



## STRONG SALES GROWTH AND AUDIENCE FIGURES FOR THE TV4 GROUP

TV4 Group, 1 January – 31 December 2011

- TV4 Group sales rose in 2011, although earnings fell. Group sales totalled SEK 5,555 million (SEK 5,265 million the previous year), an increase of just over 5 per cent. Operating profit totalled SEK 529 million (SEK 826 million), representing an operating margin of 10 per cent (16 per cent). The operating profit not including C More/Canal+ totalled SEK 654 MSEK (666 MSEK).
- 2011 was the TV4 Group's best year in the ratings since MMS began monitoring in 1994. Viewing time for TV4 Group channels rose to 31.4 per cent among the main 12 – 59-year-old target group.
- Viewing of TV4 Group channels increased, making the TV4 Group the operator viewed for the highest number of minutes per person and day among the 12 – 59-year-old target group, and the only operator whose viewing time was up on the previous year.
- With an audience share of 19.2 per cent, TV4 remains easily the most-watched TV channel in Sweden among the main target group, with a sharp rise in viewer numbers, both in its own and other channels' target groups, and among the population as a whole.
- TV400 was relaunched as TV11 in 2011, and TV4 Plus was renamed Sjuan. These changes have been successful, and viewing of both channels increased substantially.
- According to IRM (the Institute for Advertising and Media Statistics), spending on TV advertising rose by 10.5 per cent in 2011. This means that TV accounted for almost 70 per cent of total growth among traditional media. The TV4 Group saw an increase of 13.1 per cent, thus increasing its market share as a proportion of total spending on TV advertising.
- TV4 Sverige, the TV4 Group's local TV operations, had a highly successful year, capturing market share in the local advertising markets, where the main competition is the local daily press. Total advertising and sponsorship sales were approximately 20 per cent up on the previous year. Local breakdown of Sjuan was also launched during the year, which met with a very positive reception, and sales have exceeded expectations.
- The premium TV operations of C More/Canal+ made a loss in 2011, largely because of a lower initial balance of subscribers than the previous year, but also due to larger investment in programme content. In the second half of the year Canal+ reversed the downward trend in subscriber numbers that had been triggered when Premier League rights were not renewed from the autumn of 2010, and subscriber growth in late 2011 exceeded expectations.
- Canal+ strengthened its rights portfolio during the year, among other things through its purchase of Tippeligan football matches, of great importance in the Norwegian market.

- TV4 Digital Media's earnings were better than in 2010. Advertising revenue rose by 59 per cent and consumer revenues by 100 per cent. 2011 saw the launch of the TV4 Play Premium subscription service and a TV4 Play app for iPad. TV4 Play's traffic, and traffic for the group's web services in total, continued to increase.
- During the year preparations were made for the launch of the new company Nyhetsbolaget Sverige AB, which began operations on 1 January 2012. The first month of 2012 also saw the launch of TV4 News, Sweden's only dedicated news channel broadcasting around the clock.
- In December Casten Almqvist took over from Jan Scherman as CEO of the TV4 Group.

## EARNINGS

SEK millions	Full year	Full year	Change
	2011	2010	
<b>Income</b>			
Advertising and pay-TV	5 285	5 021	264
Other income	271	245	26
<b>Total income*</b>	<b>5 555</b>	<b>5 265</b>	<b>290</b>
<b>Expenses*</b>	<b>- 5 026</b>	<b>- 4 438</b>	<b>- 588</b>
<b>Operating profit**</b>	<b>529</b>	<b>826</b>	<b>- 298</b>
<b>Margin</b>	<b>10%</b>	<b>16%</b>	<b>- 6%</b>

\* Income and expenses are reported net, i.e. after deduction of C More's distribution fees.

\*\* Operating profit before affiliates, structural costs and other items affecting comparability.

According to IRM, the TV4 Group's share of advertising and sponsorship revenues in the Swedish commercial TV market was 55.2 per cent (54.0 per cent). Thus, the decision to further increase programme spending helped the TV4 Group to strengthen its existing position as market leader.

The 13,2 per cent increase in Group operating expenses was mainly due to the TV4 Group's continuing commitment to programme content, such as sport, drama and other entertainment.

TV4 Group operating margin before items affecting comparability was 9.5 per cent (15.7 per cent).

Not including C More, operating profit for the TV4 Group was SEK 654 million (SEK 666 million), representing an operating margin of 16.2 per cent (18.6 per cent).

## THE MARKET

According to IRM, spending on traditional media (daily press, popular press, trade press, TV, radio, outdoor, cinema advertising, addressed and unaddressed direct advertising) rose by 3.3 per cent. Spending on TV advertising rose by 10.5 per cent during the same period. This means that TV accounted for almost 70 per cent of total growth of traditional media. Trade press and unaddressed direct advertising contracted, whereas TV and radio reported two-digit growth. Advertising in other media grew by between 0.4 and 6.2 per cent. TV4 Group advertising revenues grew by 13.1 per cent.

## VIEWING

2011 was the TV4 Group's best year in the ratings since MMS began monitoring in 1994. Viewing of TV4 Group channels increased to 31.4 per cent among the main 12 – 59-year-old target group. On its own, the TV4 channel, with an audience share of 19.2 per cent, remains easily the most-watched channel among the main target group, with a sharp increase in viewers, both in its own and other channels' target groups, and among the population as a whole. At the same time, SVT1, SVT2, TV3 and Kanal 5 are losing viewers in all these target groups. Audience figures for Sjuan and TV11 rose sharply during the year.

The TV4 Group is the operator viewed for the highest number of minutes per person and day in the 12 – 59-year-old target group – 45 minutes, compared with 44 minutes in 2010. The TV4 Group is thus the only TV operator whose audience figures are up on the previous year.

While traditional TV viewing overall thus declined in 2011, time shift and play viewing increased. Shifts in viewing trends are exemplified by an episode of *Så mycket bättre*, which had 1.9 million viewers when first broadcast on TV, over 150,000 time shift viewers, more than 320,000 people who started TV4 Play streaming a week after the original broadcast, and almost 25,000 who started streaming on TV4 Play's mobile app.

## KEY PROGRAMMES

Solsidan, *Så mycket bättre*, *Let's dance*, *Halv åtta hos mig*, TV4Nyheter, 112 and *Big Brother* are some of the programmes that made 2011 a record year for the TV4 Group, with a higher audience share among the main 12 – 59-year-old target group, our commercial competitors' main target groups, and the population as a whole.

As usual, the top ten TV programmes during the year featured many SVT standards, with the top eight slots occupied by the Disney Christmas special and the Eurovision regional heats and final. But SVT's dominance was considerably less marked than previous years, and the most-watched programme on Swedish television during the year, aside from Disney and Eurovision, was *Solsidan*, which was seen by 2,589,000 people. *Solsidan*, *Så mycket bättre*, the European Football Championship qualifiers, *Time out*, *Let's dance* and the Women's World Cup meant that TV4 had 26 programmes in the top hundred during the year, a fivefold increase on the previous year. TV4 broadcast 97 of the top hundred programmes broadcast on commercial channels.

## TV4 GROUP DIVISIONS

### TV CHANNELS

In 2011 the TV4 Group achieved its highest ever audience share since MMS began monitoring, with 31.4 per cent of viewers among the main 12 – 59-year-old target group. 2011 was also the first year since 2001 that the TV4 channel increased its audience share – from 18.7 to 19.2 per cent. The above key programmes contributed to this trend reversal. The newly introduced news hour on weekdays from 10.00 to 11.00 pm was also a success and helped to lift total viewing. TV4 was the single most-watched channel among its own target group and its competitors' target groups. TV4 was also the only one of the "big five" channels (SVT1, SVT2, TV3, TV4 and Kanal 5) to increase its viewing figures over the year.



During the year TV400 was revamped and relaunched as TV11, and TV4 Plus was renamed Sjuan. At the same time, the penetration of these two channels was increased. These changes were very successful. Sjuan increased its audience share by over 17 per cent during the year, from 3.8 per cent to 4.4 per cent. TV11 more than doubled its share, from 0.7 per cent to 1.6 per cent. Among TV11's main 15 – 39-year-old target group, audience share tripled, from 0.7 to 2.1 per cent.

TV4 Sport's viewing figures rose, albeit very marginally, and the channel cemented its position as Sweden's most-watched sports channel.

TV4 Fakta lost audience share in 2011, falling from 1.5 to 1.2 per cent.

#### **TV4 NEWS AND CURRENT AFFAIRS**

Intensive preparations for the launch of Nyhetsbolaget Sverige AB were made during the year, and on 1 January 2012 all staff were transferred from TV4's news and current affairs department, and all editorial staff moved from TV4 Sverige's 25 local stations to the new company.

The company will be producing the programmes included in TV4's current offering, together with new programmes, services and content, for TV4, the new channel TV4 News, and for external parties.

#### **TV4 SVERIGE**

TV4 Sverige, responsible for the TV4 Group's local TV operations, continued to grow and became more profitable in 2011. Sales were 20 per cent up on the previous year, representing an increased share of the local advertising market.

The launch of the local breakdown of Sjuan was a great success, exceeding expectations. TV4 Sverige is now able to offer local advertising also in Sjuan and can therefore reach new categories of customers, primarily small advertisers.

TV4 Sverige started a new division during the year: Out of Home TV (OOH TV). OOH TV will enable the TV4 Group to offer viewers and advertisers content and advertising space in stores, on and around public transport and in waiting rooms. OOH TV now has sales rights at 17 airports, on the Arlanda Express train and in over 1,000 dentists' and health centre waiting rooms. The service is also available on Skånetrafikens local trains in the south of Sweden and Norrtåg's trains in the north.

#### **TV4 DIGITALA MEDIER**

TV4 Digital Media's earnings in 2011 were up on 2010.

TV4 Play grew very strongly during the year. Advertising revenues rose by 59 per cent, and consumer revenues by 100 per cent.

TV4 Play Premium was launched during the year. This is a pay service offering viewers entire seasons of the most popular TV4 Group programmes. They are able to see exclusive content, live sport and previews with premium sound and picture quality. 2011 also saw the launch of a TV4 Play app for iPad. Both these launches were highly successful.

The number of unique weekly TV4 Play visitors continued to increase in 2011. During an average week in the autumn TV4 Play had around 700,000 unique visitors. The number of streaming starts rose by some 15 per cent at the same time; including Big Brother, the increase was no less than 70 per cent. A high for the year was reached in the autumn, when Idol added no fewer than 5.3 million streaming starts in a single week.

Recept.nu continued to see rising visitor numbers (+11 per cent), reaching a new all-time high in December, with 658,257 unique visitors. fotbollskanalen.se also saw its traffic increase during the year, with a slight rise in visitor numbers, even though there were no championships in 2011.

Traffic across the entire network was 6.5 per cent up on the previous year.



## C MORE/CANAL+

During the year C More, which supplies premium TV services under the Canal+ brand, continued to broaden its offering, among other things by launching the new channel Canal+ Family, which mainly shows BBC children's programmes. December also saw the launch of Canal9 in Norway. The channel is distributed as a mini-pay channel by the main distributors in the Norwegian market, and offers a mix of series, documentaries and sport.

In the second half of the year C More reversed the decline in subscriber numbers that had begun when Premier League rights were not renewed in the autumn of 2010. Nonetheless, earnings were down on 2010, mainly due to a lower initial balance of subscribers than in 2010, as well as substantial investments in programme content.

During the year C More acquired the rights to Norwegian first division (Tippeligan) for 2013 – 2016, six out of eight football matches per match week will be broadcasted, including the best match of the week. This means that the company is assured of a strong, long-term sporting rights portfolio in the Norwegian market. Also acquired were the rights to the UEFA Europa League in Norway and Denmark as from autumn 2012. Other rights were also renewed, including those to the Danish Superligaen and La Liga in Spain.

Johan Kleberg took over from Jonas Eriksson as CEO of C More in January 2011. Three country organisations and the organisation of a Nordic production department were more clearly delineated at that time.

## MISCELLANEOUS

Work on streamlining and rationalising TV4 Group operations continued in 2011. Among other things, the TV4 Group and The Chimney Pot concluded an agreement under which The Chimney Pot has taken over TV4 Group advertising, profile and graphic operations from the beginning of 2012. These operations are now the responsibility of a newly started company called Fireplace. In addition, the TV4 Group and the UK company Red Bee Media concluded an agreement under which Red Bee Media took over production, publication and distribution of the TV4 Group's metadata information in late 2011.

The TV4 Group and the Expressen newspaper disposed of their stakes in GI Viktkoll during the year.

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The TV4 Group has delivered engaging news, grand entertainment of great variety and quality, live sport and top-class drama to Swedish viewers for two decades. In addition to the main channel TV4, the group's portfolio includes 40 TV channels in the Nordic region - in the free-TV, basic cable and premium segments - and 25 local stations in Sweden, as well as a wide range of web and mobile sites and on demand services, for example TV4 Play, where programs from the group's different channels are available online. For more information, visit [tv4group.se](http://tv4group.se).