



FOR IMMEDIATE RELEASE

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## **MTG ACQUIRES 50% OF CZECH MEDIA GROUP**

**Modern Times Group MTG AB, the international entertainment-broadcasting group, today announced that it has signed an agreement to acquire 50% of the issued share capital of GES Media Holding a.s. (“GMH”) in the Czech Republic from GES Media Europe B.V., for a total cash consideration of €96 million. GMH owns 100% of FTV Prima, spol. s r.o. (“TV Prima”), which is the second largest national television channel in the Czech Republic. GMH’s gross sales in 2004 amounted to Czech Koruna 1,542 million (€48.3 million) and GMH reported earnings before interest and taxes of CZK 291 million (€9.1 million).**

TV Prima was launched in 1993 as the first privately owned commercial TV channel in the Czech Republic. The channel has a nationwide technical penetration of over 98% of the 4 million TV viewing households, and is broadcast under a national terrestrial licence until 2018. The channel broadcasts a well diversified schedule of family oriented entertainment programming, and features a range of local and international content including films, series, news and sports coverage. TV Prima’s target audience group is ‘15+’, and the channel has a particularly strong representation amongst ‘Women 18+’ and in the principal Prague region.

The channel’s share of viewing amongst the 15+ universe of viewers was 21.6% in 2004, and the launch of the 2005 Fall schedule has seen ratings leap forward to an increased audience share of approximately 28% in September 2005. The channel had an 18.1% TV advertising market share in 2004.

The Czech free-to-air market comprises four channels, of which two are operated by commercial broadcasters. TV Nova is the largest channel and had a 42% share of viewing in 2004, whilst state broadcaster Ceska televize operates two channels – CT1 and CT2, with viewing shares of 21% and 9% respectively. There are no other national free-to-air frequencies currently available. In addition, local legislation has been passed that will partially prohibit the sale of advertising airtime on the two state channels from 2007, and in full from 2008. The annual gross Czech advertising market was worth CZK 17.1 billion (€536 million) in 2004, of which television advertising accounted for 49% or CZK 8.3 billion (€260 million).

The Czech Republic has a population of 10.2 million people and generated gross domestic product (GDP) of approximately €86 billion in 2004. It is one of the most prosperous economies in Central and Eastern Europe with a stable political climate, healthy GDP growth, low inflation and has been a member of the European Union since May 2004.

MTG will be represented on the Supervisory Board of GMH with three out of the six Board seats. MTG will appoint the Chief Executive of the Company and have management control of the business. The transaction is subject to regulatory approval and MTG would, therefore, consolidate the operation in its accounts with effect from such approval and the closing date of the transaction.

Hans-Holger Albrecht, President and CEO of MTG, commented: “The Czech TV market has unique characteristics that make it very attractive for MTG. It is dominated by a few key players, with a resulting concentration of TV advertising spend. TV Prima’s share of viewing and advertising spend has been largely constant over the past few years, but the channel is now investing significantly in programming to boost both viewing and market shares and change the dynamic structure of the market. The channel will also benefit from the discontinuation of advertising on the two state channels from 2008, which accounted for 12% of annual TV advertising revenues in 2004. TV Prima is well positioned with national coverage, as well as carriage in the major cable and DTH networks.”

“This acquisition follows the successful expansion of our free-to-air and pay-TV broadcasting operations in Central and Eastern Europe, which began in the Baltic states over ten years ago and has included the acquisition of shareholdings in channels in Russia and Hungary, the launching of our own Viasat satellite pay-TV platform in the Baltics, and the rapid development of a ‘mini-pay’ business across 15 countries in the region. We will bring this considerable accumulated operating knowledge and experience, as well as our position as a major international acquirer of programming content, to bear on our interest in TV Prima.”

WOOD & Co has acted as financial adviser to MTG on this transaction.

**For further information, please visit [www.mtg.se](http://www.mtg.se), email [investor.relations@mtg.se](mailto:investor.relations@mtg.se) or contact:**

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*Modern Times Group is an international entertainment-broadcasting group with operations in more than 30 countries around the world. MTG is the largest Free-to-air and Pay-TV operator in Scandinavia and the Baltics, the largest shareholder in Russia’s fourth largest television network, and the number one commercial radio operator in the Nordic region. The Viasat DTH satellite TV platform offers digital multi-channel TV packages of 50 own-produced and third party entertainment channels to viewers in 19 countries across Europe and Viasat TV channels now reach over 60 million people every day.*

*Modern Times Group MTG AB class A and B shares are listed on the Stockholmsbörsen O-list under the symbols ‘MTGA’ and ‘MTGB’.*