



FOR IMMEDIATE RELEASE

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## **MTG ACQUIRES NOVA TV BULGARIA FOR EUR 620 MILLION**

- **Acquisition of 100% of Nova Televisia Bulgaria, owner of Nova, the 2<sup>nd</sup> largest TV channel in Bulgaria**
- **Nova attracted 18% share of viewing in first half of 2008 & 32% advertising market share in 2007**
- **Nova generated 54% year on year sales growth & 49% EBITDA margin in 2007**
- **Acquisition of scale asset in one of Emerging Europe's fastest growing TV advertising markets and economies**
- **Continued roll-out of 'media house' approach & significant synergies with MTG's existing Bulgarian TV operations**

**Modern Times Group MTG AB (publ.) ('MTG' or 'the Group'), the international entertainment broadcasting group, today announced that it has signed an agreement to acquire 100% of Nova Televisia Bulgaria for EUR 620 million in cash, on a cash and debt free basis and subject to closing adjustments, from Antenna Bulgaria, a member of the Kyriakou-owned Antenna Group.**

Nova Televisia Bulgaria was established in 1994 and owns 100% of 'Nova', the second most watched TV channel in Bulgaria, as well as 80% of leading Bulgarian women's magazine 'EVA'.

The Nova commercial TV channel had an 18.2% share of viewing amongst the target audience group of 18-49 year olds in the first half of 2008, and an approximately 32.4% share of the EUR 125 million Bulgarian net TV advertising market in 2007. Nova has an urban-focused, young and predominantly female audience profile, and broadcasts a wide range of local content, as well as successful international formats such as 'Big Brother', 'CSI', 'House', 'Prison Break' and 'Ugly Betty'. Nova is broadcast under a national terrestrial free-TV license, as well as on cable and satellite networks, and is available to 99% of people meter panel households in Bulgaria.

MTG already operates the family of Diema channels in Bulgaria through its 50% controlling interest in Balkan Media Group Limited. The Diema channels had a 10.0% combined share of viewing (18-49) in the first half of 2008. The transaction is expected to yield significant synergies for MTG's Bulgarian TV operations going forward, and to facilitate the further development of MTG's 'media house' approach in the Bulgarian TV market.

The Bulgarian TV advertising market grew by 30% in 2007 and is expected to continue to demonstrate high levels of growth in the coming years. Nova Televisia Bulgaria generated a 54% year on year increase in net sales to EUR 42.0 (27.3) million in 2007, and a more than doubling of EBIT to EUR 19.1 (8.1) million with an increased operating margin of 45.5% (29.7%).

The acquisition will be financed from MTG's existing available liquid funds and from new debt financing. MTG is in the process of arranging approximately SEK 3 billion of additional debt funding, in order to fully finance the transaction and provide continued flexibility for the Group. MTG generated SEK 2.0 billion of EBIT in 2007 and SEK 2.4 billion in the first six months of 2008 (including a SEK 1.2 billion gain from the sale of DTV Group Russia).

The transaction is subject to approval by the relevant regulatory authorities and is expected to be completed within approximately three months.

Hans-Holger Albrecht, President and CEO of MTG, commented: "The acquisition is our largest to date, and substantially strengthens our position in one of Europe's fastest growing and most attractive broadcasting markets. It further demonstrates our commitment to expand our operations into high growth emerging markets, and to extend our successful multi-channel multi-country business model. Nova has outperformed the growth in the Bulgarian advertising market and generates healthy margins. Its market position as the primary challenger to the incumbent, as well as the channel's complementary programming mix and audience profile, fit well with our existing operations. We look forward to further accelerating the channel's development and capitalising on its potential.

"The acquisition will create significant synergies for us as a media house, as we already operate the Diema group of TV channels in Bulgaria. It will not only boost MTG's sales growth and operating margins, but also accelerate our progress towards the achievement of the five year strategic objectives that we set last year.

"We have historically strengthened our balance sheet precisely in order to have the financial flexibility to seize opportunities such as this. The gearing levels that will result will optimise our overall capital structure, and are moderate when compared with the strong cash flow generation from our existing operations".

MTG is being advised on the acquisition of Nova Televisia Bulgaria by JP Morgan.

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*Modern Times Group is a leading international entertainment broadcasting group with the second largest geographical broadcast footprint in Europe. MTG's Viasat Broadcasting is the largest free-TV and satellite premium pay-TV operator in Scandinavia and the Baltics, and also operates channels in the Czech Republic, Hungary, Slovenia and the Balkans. MTG's TV assets are broadcast in a total of 24 countries and reach over 100 million people. MTG is also the major shareholder in Russia's largest independent television network (CTC Media - Nasdaq: CTCM), and the number one commercial radio operator in the Nordic and Baltic regions.*

*Modern Times Group MTG AB class A and B shares are listed on the OMX Nordic Exchange Large Cap market ('MTGA' and 'MTGB').*

The information in this announcement is that which Modern Times Group MTG AB is required to disclose under the Securities Market Act and/or the Financial Instruments Trading Act. It was released for publication at 08.00 CET on 31 July 2008.

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