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MTG ACQUIRES SLOVENIAN TELEVISION CHANNEL

Modern Times Group MTG AB, the international entertainment-broadcasting group, today announced that it has signed agreements regarding the acquisition of 100% of the shares of Prva TV d.o.o., which owns PRVA TV ("PRVA") in Slovenia, for a total cash consideration of EUR 8.1 million. PRVA is the third largest private commercial free-to-air TV broadcaster in Slovenia and is being acquired from a group of individuals and legal entities.

The channel was rebranded and relaunched in June 2005 and reported gross sales of approximately EUR 0.7 million for the twelve months ended 31 December 2005 and an operating result (earnings before interest and taxes) of approximately EUR -1.7 million. PRVA has a nationwide technical penetration of 83% of the 640,000 viewer households in Slovenia through a series of local terrestrial broadcasting licences, as well as carriage in third party cable networks. PRVA operates a single station and channel feed that is rebroadcast through 11 local frequencies across the country. PRVA's commercial share of viewing amongst the target group of 15–49 year olds was 3.4% in 2005, and the channel's entertainment focused programming format and schedule feature a range of drama and comedy series, movies, sports and talk shows.

The gross Slovenian advertising market was estimated to generate USD 90-110 million in annual advertising revenues in 2005, of which television accounted for USD 55-65 million. The free-to-air television market comprises five channels, including two state channels, all of which run advertising. Pop TV and Kanal A are owned by Central European Media Enterprises and had 39.0% and 16.0% commercial shares of viewing (15-49) respectively in 2005. The two public service channels – RTV SLO 1 and RTV SLO 2 – had 28.5% and 13.1% respective commercial shares of viewing in 2005 but are able to carry less advertising as a proportion of total airtime.

The Republic of Slovenia has a population of approximately two million people and generated GDP growth of 3.7% in 2005. The country has been a member of the European Union since 1 May 2004 and will join the European Monetary Union (EMU) on 1 January 2007.

The transaction is subject to regulatory approval by the Ministry of Culture. On the subsequent completion and closing of the transaction, MTG would assume full operational control of the station and consolidate the results of PRVA in its accounts within the Viasat Broadcasting business area.

MODERN TIMES GROUP MTG AB
Skeppsbron 18, Box 2094, SE-103 13 Stockholm, Sweden
Tel. +46 8 562 000 50 Fax. +46 8 20 50 74 (Publ) Registration No. 556309-9158
www.mtg.se

Hans-Holger Albrecht, President and CEO of MTG, commented: “Slovenia represents an excellent opportunity for MTG. This opportunity is to increase viewing and market shares by exploiting MTG’s multinational programming acquisition, scheduling and sales experience and expertise. PRVA will further increase our presence in the emerging Central and Eastern European economies, and builds on our free-to-air TV presence in the Baltic, Russian, Hungarian and Czech markets, as well as the pan-regional presence of our Viasat pay-TV channels. Slovenia is a changing market with growing consumer spending, low inflation, a stable political climate and increasing integration into the EU.”

“PRVA has a high technical penetration and the other commercial channels have enjoyed a largely unchallenged market position. Our focus will be on enhancing the content offered to viewers and the operating efficiency of the overall business, in order to drive sales moving forward. The Slovenian market presents considerable potential for MTG over the coming years, as well as a platform for potential further expansion into the former Yugoslav republics.”

For further information, please visit www.mtg.se, email info@mtg.se, or contact:

Hans-Holger Albrecht, President & CEO

tel: +46 (0) 8 562 000 50

Matthew Hooper, Corporate Communications

tel: +44 (0) 20 7321 5010

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 largest independent 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. Viasat TV channels now reach over 80 million people every day to viewers in 21 countries across Europe.

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