

May 4, 2007

Key Metrics

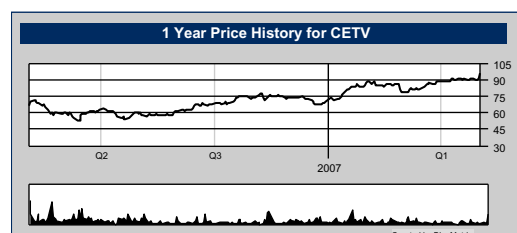
CETV - NASDAQ	\$95.86
Pricing Date	05/03/2007
Price Target	\$110.00
52-Week Range	\$96.92-\$51.30
Shares Outstanding (mm)	40.8
Market Capitalization (\$mm)	\$3,911.1
3-Mo Average Daily Volume	132,044
Institutional Ownership	50%
Debt/Total Capital	33.5%
ROE	NM
Book Value/Share	\$25.26
Price/Book	3.8x
Dividend Yield	NM
LTM EBITDA Margin	NM

EPS(\$) FY: December

	2006A	Prior 2007E	Curr. 2007E	Prior 2008E	Curr. 2008E
1Q-Mar	(0.38)	0.05E	(0.01)A	--	--
2Q-Jun	0.18	0.87E	1.02E	--	--
3Q-Sep	0.15	0.06E	0.13E	--	--
4Q-Dec	0.64	1.64E	1.81E	--	--
FY	0.59	2.64E	3.18E	3.54E	4.05E
P/E	NM		30.1x		23.7x

Revenue(\$mm)

	2006A	Prior 2007E	Curr. 2007E	Prior 2008E	Curr. 2008E
1Q-Mar	119.8	141.2E	147.9A	--	--
2Q-Jun	156.6	193.9E	206.7E	--	--
3Q-Sep	112.5	134.4E	143.5E	--	--
4Q-Dec	214.3	258.0E	275.2E	--	--
FY	603.1	727.4E	773.3E	850.8E	905.0E



Company Description: Central European Media Enterprises (www.cetv-net.com) is a TV broadcasting company with leading networks in six Central and Eastern European countries reaching an aggregate of approximately 82 million people. The company's television stations are located in Croatia (Nova TV), Czech Republic (TV Nova, Galaxie Sport), Romania (PRO TV, Acasa, PRO Cinema), Slovakia (Markíza), Slovenia (POP TV, Kanal A) and Ukraine (Studio 1+1). CME is traded on the NASDAQ and the Prague Stock Exchange under the ticker symbol "CETV."

Central European Media Enterprises

Rating: Buy

Strong 1Q07 Results; Strong 2007 Guidance; Raising PT to \$110 from \$90

Investment Highlights:

- CME 1Q07 results far exceed our estimates.** Revenue and segment EBITDA came in at \$147.9mm and \$40.1mm vs. our estimates of \$141.2mm and \$31.7mm. EBITDA margins were 27.1% and EPS was (\$0.01) vs. our \$0.05 estimate. Even with the currency benefit, EBITDA of \$37.8mm far exceeded our estimates. Despite weather-driven viewership decreases across CME's footprint, audience share gains were particularly healthy. We believe CME remains one of the world's best positioned broadcaster. We reiterate our Buy rating and are raising our price target to \$110.00 from \$90.00.
- Development of Croatian market impressive.** Revenues grew 89.8% Y/Y to \$7.2mm while the segment's EBITDA loss came in at (\$4.7mm) vs. (\$6.3mm) a year ago. NOVA TV reported 1Q07 prime time ratings of 8.4% and an audience share of 19.5%, driving solid financial results. We expect Croatia to hit breakeven in 4Q08.
- Czech Republic remains the company's core driver.** While TV Nova revenues grew 27.1% to \$51.5mm, EBITDA grew an incredible 100.1% to \$25.7mm. In our view, a new advertising sales policy and an increase in pricing over the past few quarters have now proven to be prudent moves given the financial performance of the station. Furthermore, prime time audience share rose to 45.2% from 43.0% and CME's leadership of the market continued during the quarter.
- Ukraine and Slovenia take competition hit.** The two markets saw revenue and EBITDA growth take a hit from higher competitive pressures (from both state and commercial television). In particular, core revenue in the Ukraine was only slightly positive after excluding a 2006 political advertising bump. However, the company continues to maintain and grow its audience share in both markets.
- Outlook for 2007 better-than-expected.** CME expects its established markets (Czech Republic, Romania, Slovak Republic, Slovenia, and Studio 1+1 in Ukraine) to generate net revenues of \$730.0mm-\$750.0mm and segment EBITDA of \$320.0mm-\$330.0mm. It also expects Croatia to generate net revenues and segment EBITDA of \$30.0mm and (\$17.0mm) while it expects KINO and CITI in Ukraine to generate net revenues and segment EBITDA of \$4.0mm and (\$7.0mm). Furthermore, the company expects to invest \$10.0mm in developing its non-broadcast (Internet) operations.
- Adjusting estimates.** Our 2Q07 total revenue and EBITDA estimates move to \$206.7mm and \$88.9mm from \$193.9mm and \$81.9mm while EPS moves to \$1.02 from \$0.87. For the full year, our revenue and EBITDA estimates move to \$773.3mm and \$306.2mm from \$727.4mm and \$279.1mm while EPS moves to \$3.18 from \$2.64.

CME announces yet another strong quarter of financial results. Yesterday, the company reported better-than-expected 1Q07 revenue and segment EBITDA of \$147.9mm and \$40.1mm, well-above our Street-high estimates of \$141.2mm and \$31.7mm. EBITDA margins were a very solid 27.1% (vs. our 22.4% estimate). Even with the currency benefit, EBITDA would have far outpaced our estimates at \$37.8mm though revenue would have been light at \$135.8mm. 1Q07 EPS came in at (\$0.01) vs. our \$0.05 estimate due in large part to foreign currency losses. Like the prior quarter, Ukraine was weaker-than-expected while the company's core stations continued to deliver strong results and impressive growth. Despite an overall decrease in viewership across Central and Eastern Europe, CME's stations saw healthy audience share in prime time and among the company's core demographic target. Also, the company announced that it will, through a private placement, sell €150.0mm in senior floating rate notes over the coming weeks. CME will use the funds raised in the private placement for general corporate purposes and we believe it will continue to look to buy back its local minority partners in its current operations across its footprint. In our view, CME's operational excellence continues and we reiterate our belief that CME is one of the world's best-positioned broadcasters. Furthermore, we believe the company's new media initiatives and multi-channel strategy will continue to deliver solid financial results going forward. We reiterate our Buy rating on CME shares and are raising our price target to \$110.00 from \$90.00. We also note that management has tended to raise guidance on its 2Q conference call in the past.

Some positive signs out of Croatia; growth leads the CME portfolio. During the quarter, revenues grew 89.8% Y/Y to \$7.2mm while the segment's EBITDA loss came in at (\$4.7mm) vs. (\$4.4mm) a year ago. We note that revenue outpaced our \$4.8mm estimate while EBITDA was a bit below our (\$4.1mm) forecast. During the quarter, NOVA TV reported 1Q07 prime time ratings of 8.4% and an audience share of 19.5%, significantly up from 7.6% and 16.0% a year ago. This performance was among the best in CME's entire station portfolio. We believe this ratings performance was the primary driver of the impressive financial results during the quarter and expect the station to continue to grow going forward. We finally highlight that CME continues to believe its station in Croatia will hit breakeven during 4Q08 and will be breakeven for the full year in 2009.

TV Markiza in the Slovak Republic posts impressive growth. The company saw its Slovak Republic revenue grow 66.7% to \$18.7mm, far above our \$12.4mm estimate. On the EBITDA line, it reported EBITDA of \$5.8mm and an EBITDA margin of 30.8%, also well above our (\$0.6mm) and (5.0%) estimates. We note that the company's EBITDA results were a significant improvement over its (\$1.0mm) loss in the prior year. Like Croatia, ratings performance in the Slovak Republic was solid as TV Markiza continues to dominate the market and even widened the gap between itself and the rest of the competitors in the market. During the quarter, prime time ratings and audience share rose to 15.9% and 38.1%, up nicely from 14.6% and 33.3% in the prior quarter, respectively.

Romania's growth remains healthy; acquisition of fifth network furthers multi-channel strategy. For 1Q07, the company's Romanian stations generated revenues and EBITDA of \$39.3mm and \$15.1mm, up 31.7% and 30.3%, respectively, from \$29.9mm and \$11.6mm a year ago. These results were better than our \$37.3mm and \$14.9mm expectations. In addition, the EBITDA margin of 38.5% fell slightly below our 40.0% estimate. The Romanian market remains highly competitive and the company's results during the quarter were solid despite the highly competitive environment. As in the prior quarter, CME's popular sports programming continues to lead the way and, to that end, CME acquired a license during the quarter to operate a television sports station. The station, known as Sport.ro, is now broadcasting under CME's leadership and should continue to prove that the company's sports programming is a key differentiating factor in its Romanian station portfolio. Finally, we note that the company's Internet portal in Romania saw 1.8mm unique users in April,

which we believe demonstrates the prudence of the company's decision to invest in the Internet.

EBITDA performance in the Czech Republic was, as the company said, spectacular. While TV Nova reported a 27.1% increase in revenue to \$51.5mm during the quarter, EBITDA grew 100.0% to \$25.7mm. This is well above our estimates of \$46.6mm and \$18.2mm. In addition, the segment's EBITDA margins were an impressive 49.8%, far better than the 31.6% recorded a year ago. We believe the company's new advertising sales policy and advertising price increases, while impacting EBITDA slightly in the near-term, played a significant role in driving the impressive margins and EBITDA performance during 1Q07. The other key issue that helped improve EBITDA performance was the reduction of programming expenses during the quarter. In our view, the Czech Republic is clearly a key growth engine for CME as the company's largest network and we see its viewership results as very positive. From a viewership standpoint, prime time audience share rose to 45.2% from 43.0% despite a small decrease in overall ratings. According to CME, the weather throughout Central and Eastern Europe in the early part of the year was very mild and dry, which led to an overall decrease in viewership. However, CME and TV Nova were able to increase its share in the market.

Ukraine hit by competition; multi-channel strategy helps CME maintain leadership in the market. Increased competition in the Ukraine market drove Y/Y declines for both revenues and EBITDA at the company's core channel, Studio 1+1 (though we do note that the company benefited from \$8.4mm in political advertising in the year-ago period and that, excluding that benefit, revenues would have been up Y/Y). Revenue and EBITDA at that station were \$18.1mm and (\$2.4mm) vs. our \$28.4mm and \$2.8mm estimates. For the company's newest stations (KINO and CITI), revenues and EBITDA were \$0.4mm and (\$2.4mm). During the quarter, the company saw increased competition and an increase in political uncertainty, which has led to a pause in advertising spending by many advertisers in the country. Despite this, the company maintained its leadership position in its target demographic group (14–49 year-old) in prime time. We expect KINO and CITI to begin driving growth going forward as the company's multi-channel strategy begins to take root. Today, KINO reaches 40.0% of the Kiev market and generated a 2.8% share all-day in the key demographics while CITI reaches 88% of the Kiev market with a 1.5% all-day share. We expect these ratings to improve going forward and should see KINO and CITI gain traction.

Slovenia results disappoint; new media portal gaining traction on the strength of Big Brother. Competition from state television and new commercial channels continues to increase, which has hit results a bit. During the quarter, revenues came in at \$12.7mm and EBITDA was \$3.0mm with an EBITDA margin of 23.7% (we note that Slovenia's US dollar results were positively skewed during the quarter from currency effects). The combined share of both channels continues to rise and we note that the company saw a significant boost from its airing of Big Brother in the Slovenian market. Big Brother is now the most popular reality show in Slovenia, with high ratings and a significant Web boost as well. On the Web, Big Brother drove 3.2mm page views last month and over 100,000 new unique users per day. In addition, some users are paying as much as €10.00 to access premium content including photo galleries and exclusive video clips.

Central European Media Enterprises - Quarterly and Annual Income Statements 2004-2008E (\$ in millions)

	2004	1Q05	2Q05	3Q05	4Q05	2005	1Q06	2Q06	3Q06	4Q06	2006	1Q07	2Q07E	3Q07E	4Q07E	2007E	2008E
Total Revenues	\$182,339	\$48,304	\$113,109	\$87,067	\$152,498	\$400,978	\$119,754	\$156,589	\$112,482	\$214,290	\$603,115	\$147,912	\$206,699	\$143,498	\$275,223	\$773,333	\$904,996
Yr/Yr Change in \$ Revenue	53.8%	34.7%	152.0%	138.3%	134.4%	119.9%	147.9%	38.4%	29.2%	40.5%	50.4%	23.5%	32.0%	27.6%	28.4%	28.2%	17.0%
Qtr/Qtr Change in \$ Revenue	NA	-25.8%	134.2%	-23.0%	75.2%	NA	-21.5%	30.8%	-28.2%	90.5%	NA	-31.0%	39.7%	-30.6%	91.8%	NA	NA
Station Expenses																	
Other Operating costs and Expenses	\$33,615	\$11,285	\$18,117	\$15,331	\$20,405	\$65,138	\$22,972	\$26,042	\$22,073	\$18,973	\$90,060	\$25,657	\$36,556	\$32,400	\$45,670	\$140,283	\$158,000
Amortization of Programming Rights	71,793	22,322	32,081	40,470	53,964	148,837	48,418	52,850	47,920	78,321	227,509	66,353	62,752	56,774	66,904	252,783	293,439
Percentage of Revenues	39.4%	46.2%	28.4%	46.5%	35.4%	37.1%	40.4%	33.8%	42.6%	36.5%	37.7%	44.9%	30.4%	39.6%	24.3%	32.7%	32.4%
Depr. of station fixed assets and other intang	6,663	2,213	4,623	8,908	6,300	16,367	5,702	6,059	6,080	7,954	25,795	6,899	6,500	6,500	6,500	26,399	34,000
Total Station Op. Costs and Exp.	\$112,071	\$35,820	\$54,821	\$64,709	\$80,669	\$230,342	\$77,092	\$84,951	\$76,073	\$105,248	\$343,364	\$98,909	\$105,808	\$95,674	\$119,074	\$419,465	\$485,439
% of Total Revenue	61.5%	74.2%	48.5%	74.3%	52.9%	57.4%	64.4%	54.3%	67.6%	49.1%	56.9%	66.9%	51.2%	66.7%	43.3%	54.2%	53.6%
SG&A Exp.	22,112	6,928	12,562	12,766	14,126	46,382	14,166	14,541	16,481	20,224	65,412	15,781	18,472	19,000	20,785	74,038	85,000
% of Total Revenue	12.1%	14.3%	11.1%	14.7%	9.3%	11.6%	11.8%	11.0%	14.7%	9.4%	10.8%	10.7%	8.9%	13.2%	9.0%	11.0%	9.4%
Corporate Expenses:																	
Corporate Operating costs and expenses	19,085	4,631	4,851	4,200	8,692	22,374	7,281	6,996	7,342	8,885	30,504	7,604	7,500	7,500	7,500	30,104	31,500
Net Arbitration related proceeds/(costs)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Stock based compensation	10,100	3,100	(1,400)	600	700	3,000	700	700	1,000	1,200	3,600	1,200	600	600	600	3,000	3,000
Amortization of license costs/Goodwill	231	77	82	0	5,344	11,180	4,332	4,620	5,015	4,846	18,813	5,162	5,000	5,000	5,000	20,162	22,000
Operating Income	\$18,740	(\$2,252)	\$42,193	\$4,792	\$42,967	\$87,700	\$16,183	\$44,781	\$6,571	\$73,887	\$141,422	\$19,256	\$69,319	\$15,724	\$122,264	\$226,564	\$278,057
% of Revenues	10.3%	NM	37.3%	5.5%	28.2%	21.9%	13.5%	28.6%	5.8%	34.5%	23.4%	13.0%	33.5%	11.0%	44.4%	29.3%	30.7%
Interest (Expense) Income	3,115	772	(5,865)	(9,858)	(10,312)	(25,263)	(9,065)	(9,596)	(9,512)	(9,690)	(37,863)	(9,982)	(9,500)	(9,500)	(9,500)	(38,482)	(24,000)
Equity in income/loss of affiliate	10,619	834	4,049	(63)	3,418	8,238	(730)	0	0	(730)	0	0	0	0	0	0	0
Other Income (expense)	(1,272)	(4,730)	(4,860)	16	7,506	(2,068)	(11,410)	(23,082)	4,725	(25,390)	(55,157)	(4,825)	0	0	0	0	0
Pretax Income	\$31,202	(\$5,376)	\$35,517	(\$5,113)	\$43,579	\$68,607	(\$5,022)	\$12,103	\$1,784	\$38,807	\$47,672	\$4,449	\$59,819	\$6,224	\$112,764	\$188,082	\$254,057
Pretax Income Margin	17.1%	-11.1%	31.4%	NM	28.6%	17.1%	-4.2%	7.7%	NM	18.1%	7.9%	3.0%	28.9%	NM	41.0%	24.3%	28.1%
Income Tax	(11,089)	(2,341)	(3,565)	(2,206)	(8,579)	(16,691)	(3,994)	(3,582)	(1,235)	(6,151)	(14,962)	(5,059)	(12,580)	819	(25,816)	(37,400)	(57,514)
Net Income Before Minority Interest	\$20,113	(\$7,717)	\$31,952	(\$7,319)	\$35,000	\$51,916	(\$9,016)	\$8,521	\$549	\$32,656	\$32,710	(\$610)	\$47,240	\$7,043	\$86,948	\$150,682	\$196,543
Minority Interest in (Loss)/Gain	(4,106.0)	(577.0)	(4,104.0)	1,037.0	(5,264.0)	(8,908.0)	(5,441.0)	(1,276.0)	5,718.0	(6,424.0)	(7,423.0)	360.0	(5,318.1)	(1,464.0)	(10,504.5)	(18,390.5)	(24,393.9)
Net income(loss)	\$16,007	(\$8,294)	\$27,848	(\$6,282)	\$29,736	\$43,008	(\$14,457)	\$7,245	\$6,267	\$26,232	\$25,287	(\$250)	\$41,922	\$5,579	\$76,444	\$132,291	\$172,149
EPS (weighted average) (\$)	\$0.57	(\$0.29)	\$0.81	(\$0.17)	\$0.78	\$1.24	(\$0.38)	\$0.18	\$0.15	\$0.64	\$0.60	(\$0.01)	\$1.02	\$0.13	\$1.81	\$3.18	\$4.09
EPS (fully diluted) (\$)	\$0.55	(\$0.29)	\$0.79	(\$0.17)	\$0.77	\$1.21	(\$0.38)	\$0.18	\$0.15	\$0.64	\$0.59	(\$0.01)	\$1.02	\$0.13	\$1.81	\$3.18	\$4.05
EPS Growth	NA	-261.1%	295.0%	NA	97.4%	120.7%	31.0%	-77.2%	NA	-16.9%	-51.4%	NM	466.7%	-13.3%	182.8%	439.7%	27.1%
Shares (weighted average)	27,871	28,385	34,274	37,883	37,972	34,664	38,100	40,597	40,651	40,725	40,018	40,793	41,293	41,793	42,293	41,543	42,043
Shares (fully diluted)	29,100	28,385	35,145	37,883	38,554	35,430	38,100	41,186	41,188	41,276	40,438	40,793	41,293	41,793	42,293	41,543	42,543

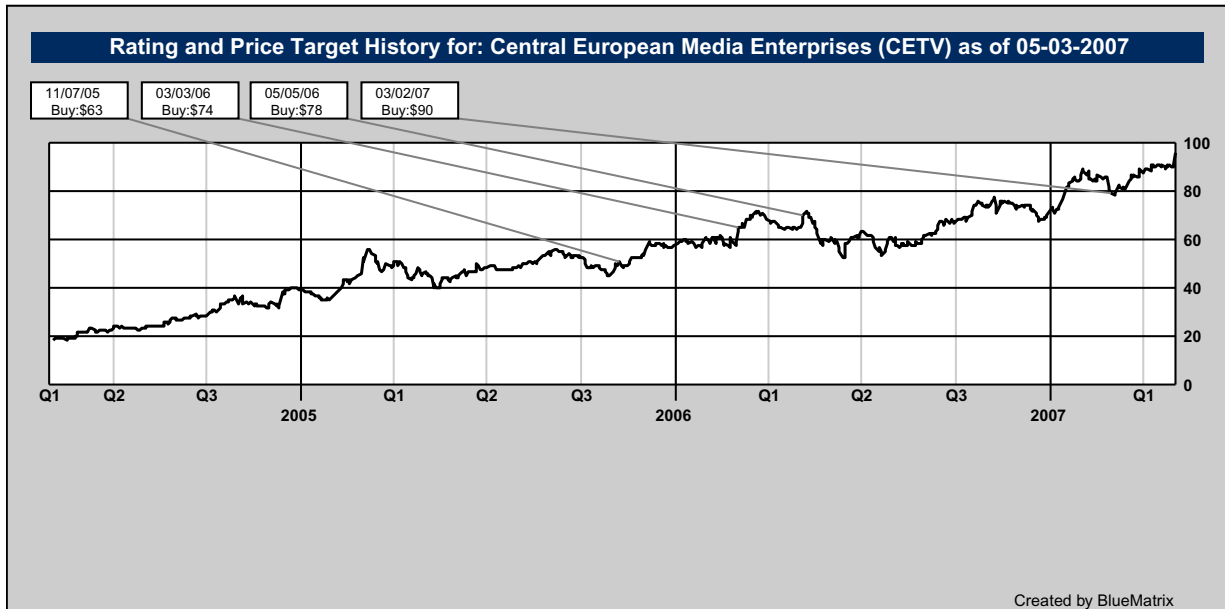
Source: Company reports and Morgan Joseph & Co. Inc. estimates

Central European Media Enterprises - Quarterly and Annual Revenue Support 2004-2008E (\$ in millions)

	2004	1Q05	2Q05	3Q05	4Q05	2005	1Q06	2Q06	3Q06	4Q06	2006	1Q07A	2Q07E	3Q07E	4Q07E	2007E	2008E
Television Operations																	
Net Revenue:																	
Romania	\$76,464	\$19,649	\$26,592	\$21,138	\$36,535	\$103,914	\$29,871	\$37,769	\$29,298	\$51,679	\$148,617	\$39,342	\$49,100	\$38,087	\$67,183	\$193,712	\$232,454
Slovak Republic (Markiza TV)	61,576	12,644	19,627	11,720	20,276	64,267	11,206	20,046	13,895	28,273	73,420	18,677	25,058	17,369	35,341	96,445	107,053
Slovenia (POP TV and Kanal A)	45,388	9,933	13,920	7,655	17,261	48,769	10,227	15,555	9,101	19,651	54,534	12,669	17,898	10,466	22,599	63,622	68,712
Czech Republic			47,787	40,883	65,363	154,013	40,549	56,312	40,141	71,384	208,386	51,519	71,516	50,979	90,658	264,672	312,313
Croatia	9,758	4,955	7,652	4,183	5,239	22,029	3,810	5,647	4,288	8,565	22,310	7,232	7,059	5,360	10,706	30,357	37,946
Ukraine (Kino, CITI)										441	441	398	1,000	750	3,898	7,796	
Ukraine (Studio 1+1 Group)	53,350	14,360	17,178	13,208	28,100	72,846	25,852	21,260	15,759	34,297	97,168	18,075	35,079	20,487	46,987	120,628	138,722
Total Net Revenue	\$246,536	\$61,541	\$132,736	\$98,787	\$172,774	\$465,838	\$121,515	\$156,589	\$112,482	\$214,290	\$604,876	\$147,912	\$206,699	\$143,498	\$275,223	\$773,333	\$904,996
Other Consolidated Entities:																	
Ukraine (Studio 1+1 Group)																	
Slovak Republic (Markiza TV)	(61,576)	(12,644)	(19,627)	(11,720)	(20,276)	(64,267)	(1,761)	0	0	0	(1,761)	0	0	0	0	0	0
Media Pro - Romania	(2,621)	(593)	0	0	0	(593)	0	0	0	0	0	0	0	0	0	0	0
Station Depreciation																	
Reportable Revenue	\$184,960	\$48,304	\$113,109	\$87,067	\$152,498	\$400,978	\$119,754	\$156,589	\$112,482	\$214,290	\$603,115	\$147,912	\$206,699	\$143,498	\$275,223	\$773,333	\$904,996
Net Revenue Growth																	
Romania	49.4%	39.5%	42.2%	31.4%	32.4%	35.9%	52.0%	42.0%	38.6%	41.5%	43.0%	31.7%	30.0%	30.0%	30.0%	30.3%	20.0%
Slovak Republic (Markiza TV)	21.2%	6.3%	12.5%	18.5%	-9.2%	4.4%	-11.4%	2.1%	18.6%	39.4%	14.2%	66.7%	25.0%	25.0%	25.0%	31.4%	11.0%
Slovenia (POP TV and Kanal A)	22.1%	2.9%	1.2%	1.0%	19.8%	7.4%	3.0%	11.7%	18.9%	13.3%	11.8%	23.9%	15.0%	15.0%	15.0%	16.7%	8.0%
Czech Republic						100.0%	NA	17.9%	-1.8%	9.2%	35.3%	27.1%	27.0%	27.0%	27.0%	27.0%	18.0%
Croatia	NA	100.0%	100.0%	100.0%	-12.9%	125.8%	-23.1%	-26.2%	2.5%	63.5%	1.3%	89.8%	25.0%	25.0%	25.0%	36.1%	25.0%
Ukraine (Kino, CITI)										NM	100.0%	100.0%	100.0%	100.0%	296.8%	783.9%	100.0%
Ukraine (Studio 1+1 Group)	45.6%	18.6%	29.7%	33.0%	55.5%	36.5%	80.0%	23.8%	19.3%	22.1%	33.4%	-30.1%	65.0%	30.0%	37.0%	24.1%	15.0%
Total Net Revenue	40.2%	28.9%	110.2%	109.2%	95.4%	89.0%	97.5%	18.0%	13.9%	24.0%	29.8%	21.7%	32.0%	27.6%	28.4%	28.2%	17.0%
Segment EBITDA:																	
Romania	25,197	5,901	11,974	7,831	17,834	43,540	11,613	16,424	11,719	26,106	65,862	15,136	19,640	15,235	34,599	84,610	99,955
Slovak Republic (Markiza TV)	18,975	2,170	7,956	876	6,238	17,240	(977)	7,827	2,408	11,547	20,805	5,756	10,148	3,126	15,904	34,934	34,257
Slovenia (POP TV and Kanal A)	19,077	2,680	6,490	1,032	9,135	19,337	3,033	6,430	1,225	9,155	19,843	3,001	7,513	1,518	9,378	21,410	24,049
Czech Republic			28,287	11,940	31,318	71,545	12,826	29,509	17,234	40,916	100,485	25,667	44,340	24,470	60,741	155,218	193,634
Croatia	(3,755)	(3,422)	(1,337)	(4,786)	(6,319)	(15,864)	(4,442)	(2,639)	(4,558)	(2,774)	(14,413)	(4,652)	(3,500)	(6,000)	(3,100)	(17,252)	(24,665)
Ukraine (Kino, CITI)										0	(1,977)	(2,370)	(1,500)	(2,000)	(1,500)	(7,370)	(10,000)
Ukraine (Studio 1+1 Group)	14,729	2,348	4,935	2,483	12,035	21,801	10,862	5,605	(2,020)	13,799	28,246	(2,417)	12,278	(1,024)	25,843	34,679	51,327
Total EBITDA	\$74,223	\$9,677	\$58,305	\$19,376	\$70,241	\$157,599	\$32,915	\$63,156	\$26,008	\$96,772	\$218,851	\$40,121	\$88,919	\$35,325	\$141,865	\$306,229	\$368,558
<i>Yr/Yr Growth</i>		NA	NA	NA	NA	NA	240.1%	8.3%	34.2%	37.8%	38.9%	21.9%	40.8%	35.8%	46.6%	39.9%	20.4%
EBITDA Margins																	
Romania	33.0%	30.0%	45.0%	37.0%	48.8%	41.9%	38.9%	43.5%	40.0%	50.5%	44.3%	38.5%	40.0%	40.0%	51.5%	43.7%	43.0%
Slovak Republic (Markiza TV)	30.8%	17.2%	40.5%	7.5%	30.8%	26.8%	-8.7%	39.0%	17.3%	40.8%	28.3%	30.8%	40.5%	18.0%	45.0%	36.2%	32.0%
Slovenia (POP TV and Kanal A)	42.0%	27.0%	46.6%	13.5%	52.9%	39.7%	29.7%	41.3%	13.5%	46.6%	36.4%	23.7%	42.0%	14.5%	41.5%	33.7%	35.0%
Czech Republic	0.0%	0.0%	59.2%	29.2%	47.9%	46.5%	31.6%	52.4%	42.9%	57.3%	48.2%	49.8%	62.0%	48.0%	67.0%	58.6%	62.0%
Croatia	-38.5%	NA	NA	NA	NA	NA	NA	NA	NA	NA	-64.6%	NA	-49.6%	-111.9%	-75.0%	-56.8%	-65.0%
Ukraine (Kino, CITI)										NA	NM	NM	NM	NM	NM	NM	NM
Ukraine (Studio 1+1 Group)	27.6%	16.4%	28.7%	18.8%	42.8%	29.9%	42.0%	26.4%	-12.8%	40.2%	29.1%	-13.4%	35.0%	-5.0%	55.0%	28.7%	37.0%
Total EBITDA Margins	30.1%	15.7%	43.9%	19.6%	40.7%	33.8%	27.1%	40.3%	23.1%	45.2%	36.2%	27.1%	43.0%	24.6%	51.5%	39.6%	40.7%

Source: Company reports and Morgan Joseph & Co. Inc. estimates

Required Disclosures



Price Target

Our price target is \$110.00.

Valuation Methodology

We are raising our price target to \$110.00 from \$90.00. Our target represents a 13.8x multiple of our 2008E attributable segment TEV/EBITDA vs. the current 12.0x 2008E TEV/EBITDA multiple. We also note that the stock appears attractive on a P/E multiple basis. We are estimating EPS of \$4.05 in 2008, which we believe currently reflects a very reasonable 23.7x multiple on 2008E earnings. We note that our analysis does not account for the value that could be derived from additional acquisitions, new channel additions, or increases in ownership percentages of current properties.

Risk Factors

- **There exists an emerging-market volatility and currency risk.** CETV operates in the emerging markets of Slovenia, Croatia, the Czech Republic, the Slovak Republic, Romania, and Ukraine. These newly independent countries could revert back towards their old economic and legal systems, complicating CETV's ability to operate effectively. On a credit basis, Slovenia, Croatia, the Czech Republic, and the Slovak Republic are highly rated, while Romania and Ukraine are generally more risky. An investment in CETV is subject to currency volatility. A strengthening of the dollar could negatively impact results. However, while CETV is paid in local currency in its most risky markets, Ukraine and Romania, these payments are pegged to the US dollar, which mitigates some of the risk.
- **There is always the potential for a bad acquisition.** One of the company's key strategies is to pursue acquisitions of broadcasters in Eastern Europe. An ill-advised acquisition would burn capital and could waste management resources. The acquisition of NOVA TV in Croatia has been disappointing, since it is now expected that it will take longer than previously anticipated to reach EBITDA breakeven.
- **Two shareholders effectively controls the company.** Chairman Ronald Lauder and APAX own roughly 20% of the equity, but have 71% of the vote because of his ownership of super-voting Class B shares. Therefore, the two have effective control of the company.

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Rating	Investment Banking Services/Past 12 Mos.	
	Percent	Percent
BUY [B]	59.14	29.09
HOLD [H]	37.63	14.29
SELL [S]	3.23	0.00

Meaning of Ratings

- A) Buy means reasonable outperformance relative to the market over 12-18 months.
- B) Hold means market-type risk adjusted performance; potential source of funds.
- C) Sell means expected to underperform the market.

Other Disclosures

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