

28 July 2015

## CETV – 2Q15 Results Preview

### Operational Trends Set to Improve, Dilution Risk Still High

Media  
CEE REGION / CZECH REPUBLIC

CURRENT PRICE 1.99 USD  
TARGET PRICE 1.90 USD

**SELL**  
CURRENT RATING

Bloomberg CETV CP  
Reuters CETVbl PR  
www.cetv-net.com  
Market Cap USD 264.0m  
Shares outst. 135.3m  
Free float 16.4 %  
Next corporate event  
Results 2Q15: 29 July 2015  
**Performance** 1M 3M 12M  
Absolute -1% -26% -19%

#### 2Q15 Results Preview

We expect revenues to come lower by 16.2% y/y in 2Q15 due to strong dollar having a negative impact on CETV's top line. Revenues in local currencies should improve y/y in the co.' key market in the Czech market.

We expect OIBDA to reach 47.3mn USD versus a gain of 41.3mn. USD a year ago as a result of stronger profitability of Czech operations and improved cost efficiency across the group. Interest expenses should rise by quarter y/y to some 40mn USD as a result of 2014 debt restructuring drawing the bottom line into red.

Net loss should narrow to some 2.7 mn USD compared to a loss of 52.5 mn USD a year ago. However, note, our estimates do not include potential charges related to ongoing audit at PRO TV in Romania as CETV warned there may be material additional charges in Q2. As for the outlook, the co. said after 1Q it expected full-year OIBDA to grow 40-50% at constant exchange rates in 2015 and this could be reiterated, in our view.

CETV's shares steadily decline towards our TP of USD 1.9 despite improving trends in its business this year. We continue to believe that TW's position as a CETV's major noteholder (also 49.9% stakeholder) will in the future lead to a massive dilution of minority shareholders as the company will not be able to significantly reduce its debt in coming years.

#### CETV - 2Q15 preview

USD mln.	2Q14A	2Q15E Patria	2Q15E Cons.	y/y Patria
Total revenues	204,9	171,8	181,0	-16,2%
OIBDA	41,6	47,3	46,7	13,7%
EBIT	22,6	37,3	36,0	65,0%
Net profit	-52,5	-2,7	-11,7	n.a.

Conference call: Wednesday, July 29, 2015 @ 3 pm CET; Dial-in: +1 785-424-1052; ID: CETVQ215

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The company disclosures can be consulted on our website <http://www.patria.cz/stocks/research/recommendation.html>

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