

Monthly Report Extract

February 2009



impulsa tdt

At the start of 2009, Spain's technical coverage of the digital signal reaches over 92% of the population which means that in terms of equipment, well over 15 million tuners have been sold since the relaunch of DTT. Work to modify community antennas has grown to the point where 65.6% of buildings have already been converted (two thirds of the buildings that still have such installation work pending in order to pick up the digital terrestrial signal have already done so).

HIGHLIGHTS

- At the close of 2008, DTT coverage is confirmed to have reached 92.38% of the Spanish population.
- At the close of 2008, 629,626 buildings with three or more homes that share a collective antenna have converted them to receive the digital terrestrial signal correctly in Spain. This means that an estimated 34.4% of the total number of buildings have this task still pending.
- December broke all the sales records for DTT equipment with over a million new tuners sold. The overall figure for controlled receivers comes to 15.2 million units.
- The price of DTT terminals fell sharply throughout 2008: Flat-screen TVs with DTT cost 37% less than they did one year ago, while the cost of a decoder has dropped 16.5%.
- According to figures from Gfk, DTT equipment, which has seen a yearly sales increase of over 50%, proves to be an exception to the rule in the changing demand for electrical appliances and technological equipment.
- According to information by TNS, in January 47.3% of Spanish homes have DTT.
- New progress is seen with regard to DTT screen share that grows by almost two points in January to make up 23.8% of total viewing.
- The daily reach of DTT increases to reach 11 million people in January.

DTT COVERAGE

DTT coverage reached 92.38% by the end of January 2008

In recent weeks, the network operator Abertis has confirmed that **at the close of 2008, DTT coverage was placed at 92.38% of the population, which means that 42.6 million people** are able to access DTT broadcasts from home.

This new reference figure is 2.4 points higher than the proposed commitments set out in the National Technical Plan for DTT which had set the target at 90% for the end of the so-called 'Phase IV' of coverage expansion. This means that in 2008, there has been an increase of at least three million more people who are able to receive the DTT signal. Furthermore, this figure does not take into account the expansion work that could have been seen to by local firms that used operators or contractors unconnected to Abertis.

ANTENNA CONVERSION

Two thirds of buildings have had their antennas converted for DTT

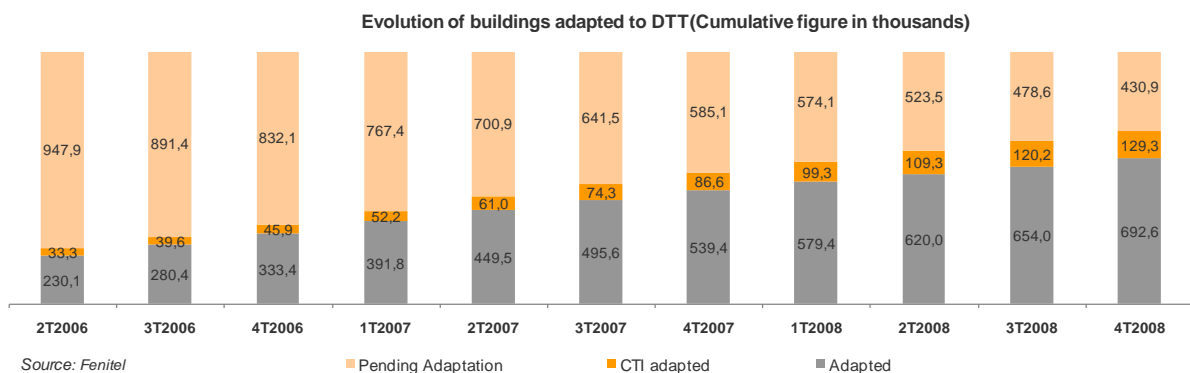
According to figures from FENITEL that correspond to the fourth quarter of 2008, **65.6% of buildings that have a collective antenna currently meet the necessary conditions to receive DTT.**

This figure includes both older buildings that are in need of technical modifications on a larger scale, as well as buildings that have been constructed more recently (after 2001), where antennas need either very limited work done to them or none whatsoever.

51.7% of buildings had been converted at the end of 2007. Therefore, over the past year, 13.9% of the overall number of buildings that had antennas that needed converting for DTT reception have done so and can be termed as "ready" for DTT. This rate of growth, somewhat lower than expected, can partly be explained by the complexity of the work at hand. Quite often, it is a case of buildings with very few homes that are located in rural areas and with old installations, which calls for either a complete conversion or even having all the cables changed

In the months ahead, there are some 431,000 buildings that have such a modification pending and in order for this to be accomplished the current pace of the installation process seen so far must step up a gear. This especially applies to buildings that are located in towns where broadcasts will soon end, such as Phase I (30/06/09) and II (31/12/09).

Faced with this situation, we remain alert to what could become a “bottle-neck” effect caused by the inevitable amount of necessary time that is needed for everyone involved to carry out the necessary work: neighborhood associations, property administrators, technicians,



DEVELOPMENT IN THE SALE OF DTT TUNERS

Sales record for December: over a million set of DTT equipment

December 2008 has seen viewing figures break all previous records set for the sale of DTT equipment, **as over one million devices were sold in a one-month period for the very first time.**

This is significant progress as it places the overall figure for receivers sold at **15.2 million units by the end of 2008** and therefore the year ends with a cumulative sales figure of **7.1 million DTT systems. This works out to be 2.4 million higher than what was recorded for the previous period.**

All-time highs recorded for all types of DTT receivers

While inbuilt equipment continues to dominate sales, we also find that **external decoders have achieved noteworthy figures: 369,000 units to be exact**, which means that in

December 2008, DTT tuners have doubled the average monthly sales figure that marked the rest of the year.

In the category of inbuilt terminals, most sales correspond to TVs with DTT that have seen an increase of some 444,000 units in the month of December. Sales for this type of tuner thus grow by over 52% in 2007.

The last month of the year sees a progressive price fall for tuners

The fall in the price of DTT receivers has undoubtedly been an important factor in the sales increase for this equipment. The downward trend in terms of pricing has held and in the month of December recorded **an all-time low:**

Flat-screen TVs with digital terrestrial capacity showed a 37% fall in price last year. While DTT external decoders cost, on average, 35.85€ in December 2008, which proves to be some 16.5% lower in price to the one recorded for the same month in 2007.

DTT PENETRATION IN HOMES

According to information from TNS Audiencia de Medios, DTT penetration in homes **reaches 47.3% in January**, which is an increase of **3.6 net points over the previous month, thus proving to be the highest monthly rate ever recorded.**

Furthermore, there are three communities where homes with DTT exceed 50%: **Madrid (58.1%), Catalonia (57.5%) and from the month of January the Canary Islands can be added with a penetration of 52.2%.** Other Communities such as Andalucia and Valencia find themselves very close to the halfway-mark in terms of homes that have converted to DTT with 49.3% and 48.4% respectively.

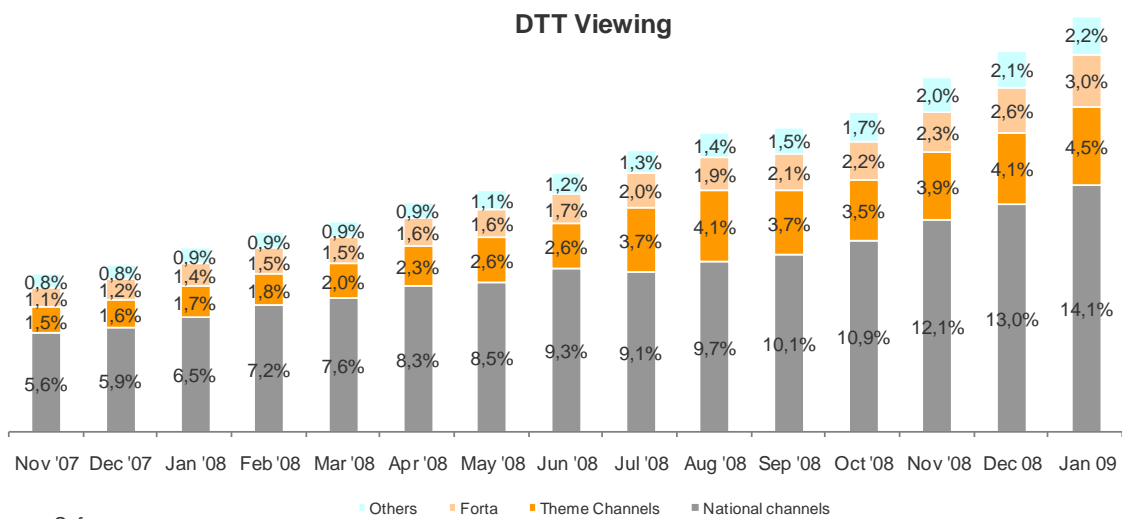
DTT VIEWING

DTT share grows nearly two whole points to reach 23.8% of TV viewing

With regard to viewing, the opening month of 2009 has been marked by a new record: an average of 254 minutes watched daily which works out to be 21 minutes higher than the same period recorded the year before. However, the most noteworthy progress has been made **by DTT** which has risen **1.9 points to make up 23.8% of total TV viewing**.

All types of channels experience an increase

Out of these 23.8 share points obtained by DTT as a whole in January, 14.1 correspond to the national public channels broadcast in simulcast, as national theme-based channels already make up 4.5% of total TV viewing, some four tenths higher than the figure recorded at the close of 2008. FORTA autonomous channels achieved a share of 3% that is also several tenths higher than the month before.



CONCLUSIONS AND EVALUATIONS

On studying the complete information that outlines the changeover to DTT that is taken from principal sources, we find 2009 starts with encouraging prospects as to the definitive implementation of the new audiovisual technology in our country:

- DTT technical coverage reaches 92,38% of national territory.
- Over 45% of homes now have access to DTT.
- Over 15 million DTT tuners have been sold since 2005.
- DTT share makes up 23.8% of total TV viewing.

Although it must be stressed that when it comes to the towns affected by the first analogue switch off (ASO) in Spain, that is scheduled for 2009, we find that given the closeness to Phase I (June 30) and Phase II (31 December) figures do not reveal the same situation in some cases.

In view of this, throughout 2009, the top priority for Impulsa TDT will be to keep the public properly informed as to the necessary steps that need to be taken towards converting to DTT, especially for those residents in areas that are covered in Phases I and II, so that their right to enjoying free TV can continue:

1. **The conversion of collective antennas in community buildings:** It is of utmost importance that Spanish people are made aware of the need to carry out modifications to their collective antennas urgently. The time factor should also be understood especially when older buildings are involved. Some of the towns in Phase I find themselves to be well behind the rest of Spain and for the most part, they tend to be in either rural or not densely populated areas, not to mention buildings with fewer homes. Therefore, the fact that there is very little time left to get these affected homes ready can not be stressed enough.

So then, Impulsa DTT wish to encourage all the technicians to carry out their work in a proactive manner in order to get the pending conversion work done in the buildings as soon as possible.

2. **Household equipment:** In order to receive the digital signal, it is also necessary to convert the audiovisual equipment in homes, either by replacing the TV or by means of an external DTT receiver.

Last of all, we wish to stress that DTT is a transitional technological process that is taking place worldwide. The United States is preparing for the complete analogue switch off that is set to take place this year and most South American countries have started to make the necessary decisions that will permit the changeover process to commence as soon as possible. The implementation process in Europe is an EU mandate that the different State members have adapted to the characteristics of their audiovisual markets. Some countries such as Luxembourg, Holland, Finland, Sweden, Andorra, Switzerland and Germany have done already the ASO and Denmark and Norway will do so this year. Although Spain has the deadline set for the analogue switch off on April 3, 2010, it is phasing out the process in stages and areas. The first ASO took place on July 23, 2008 as part of the Soria Pilot Project.

Phase	Deadline	Inhabitants		Inhabitants (cumulative)*	
0 (Pilot project)	31-12-2008	447,000	1.0%	447,000	1.0%
I (32 Technical projects)	30-06-2009	5,181,000	11.6%	5.628,000	12.6%
II (25 Technical projects)	31-12-2009	8,847,000	19.8%	14,475,000	32.4%
III (33 Technical projects)	03-04-2010	30,230,000	67.6%	44,705,000	100%

Document compiled with data from Abertis Telecom, Gfk, Sofres, Fenitel and the collaboration of

Aptivo and Corporación Multimedia. For additional information: www.impulsatdt.es