

Monthly Report Extract

January 2010



With fewer than 85 days remaining before the long-awaited ASOs (April 3, 2010), the year has kicked off with a radically new audiovisual panorama which has opened up due to the changeover to DTT. Most viewers are adapting their viewing habits as a result of the free multi-channel offer which, in turn, is speeding up the fragmented viewing process. This situation is clearly seen when 2009's leading channel failed to achieve a screen share that exceeded 17%.

HIGHLIGHTS

- December marked the start of the first selective switch-offs under Phase II.
- The number of DTT tuners that were sold in November was 784,000, and therefore keeps up with the average monthly sales recorded for 2009. The cumulative figure is as high as 24.2 million units.
- DTT penetration reached 77.4% of homes in December. Also in this month, over 85% of homes in Aragón and The Canaries are now connected to DTT.
- DTT screen share in December achieved 52.8% which is some 3.7 points higher than November. Not only was the 50% milestone passed for the very first time, but it also proves to be the second highest increase of the year, with a higher figure only seen in July.
- Almost 22 million people -over 50% of the population- watched DTT each day in December. Average daily DTT viewing comes to 132 minutes per person, although when homes that have DTT are only taken into account, this figure increases to 169 minutes.
- The first mergers between national TV operators are taking place which will have a noticeable affect on the way DTT's offer is shaped in the future.

DTT PENETRATION IN HOMES

77.4% of homes have access to DTT

DTT penetration in homes continues to grow each month. In December, this category- provided by the viewing panel at TNS Audiencia de Medios- reached 77.4% of the homes in the country, after enjoying a monthly increase of 2.7 points.

Throughout the year, developments were seen in homes that adopted the new system that DTT offers, showing a very positive 33.7%. This means that 2009 consolidated 43.5% of the total penetration that digital TV enjoys at present.

The most significant milestones of the year in this field were seen in:

- **March**; when half of the total number of homes with access to DTT was passed.
- **November**; when DTT penetration reached three-quarters of Spanish homes.

Aragón is the leading Autonomous Community ranking first in terms of DTT penetration in homes. At the close of 2009, it achieved 86.1% of effective DTT implementation. The Canaries comes a close second with 85.3% of homes now connected to DTT. Madrid and Catalonia also pass the 80% mark.

DEVELOPMENTS IN THE SALE OF DTT TUNERS

785,000 DTT tuners were sold in November

785,000 new DTT devices were purchased in November (figures provided by the Gfk retail panel), thus bringing the cumulative sales figure to close to 24.2 million units. However, sales in The Canaries or Ceuta and Melilla are not included in this figure, and neither is the distribution of DTT receivers by other means. By this we mean when the sale of these devices is not the main activity.

On analysing the DTT tuners that have been sold, we find that inbuilt equipment continues to dominate sales and recorded 488,000 devices in November, whereas external decoders or *set top boxes* saw sales that came close to 300,000 units in the same month.

The range of equipment that allows homes to access DTT at present, according to typology of the tuner sold from 2005, can be broken down in the following way:

- 40% represents inbuilt TVs especially equipment with LCD flat-screens. In 2009, they made up 95.4% of TVs with integrated DTT which were purchased by the Spanish public.
- Another 40% is made up by external decoders, which is the typology the Spanish public prefers to extend the life of their analogue TVs.
- “Alternative” equipment, such as DVDs or tuners which are adapted to IT equipment, makes up the remaining 20%. (Figures for equipment sold up to November 2009).

DIGITAL TERRESTRIAL VIEWING

General Context

In spite of the influence that this new means of technology is having on children and youths alike, TV viewing has grown slightly in this sector of the population by a minute per person per day.

At the same time, viewing continues to fragment. For the very first time, 2009's leader achieved a share of “just” 16.4% which proved to be the lowest figure ever recorded. Meanwhile, such a fragmented viewing comes primarily as a result of the theme-based and alternative channels DTT offers. Such channels have grown in weight in terms of viewing jumping from 7.3% in January to 12.6% in December.

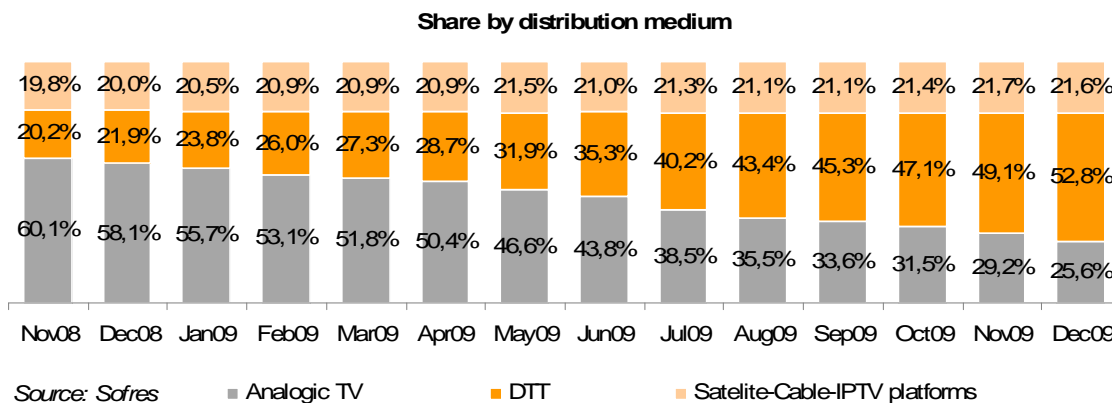
DTT Now Has “Absolute Majority” in Terms of Viewing

Combined DTT broadcasts, with a 52.8% screen share, passes the half-way mark for viewers in Spain for the first time in December. In addition, this feat was achieved with an important monthly increase of 3.7 points which was the second highest of 2009, with a higher figure only seen in July.

DTT grew by some 30.9 points in terms of share throughout last year. This means that in December 2009, viewing was 2.4 times higher than the share that was enjoyed in the same month the year before. This, therefore, underlines the efforts that viewers are making to

convert to the new reality that offers over 30 channels and the use of several TV remote controls.

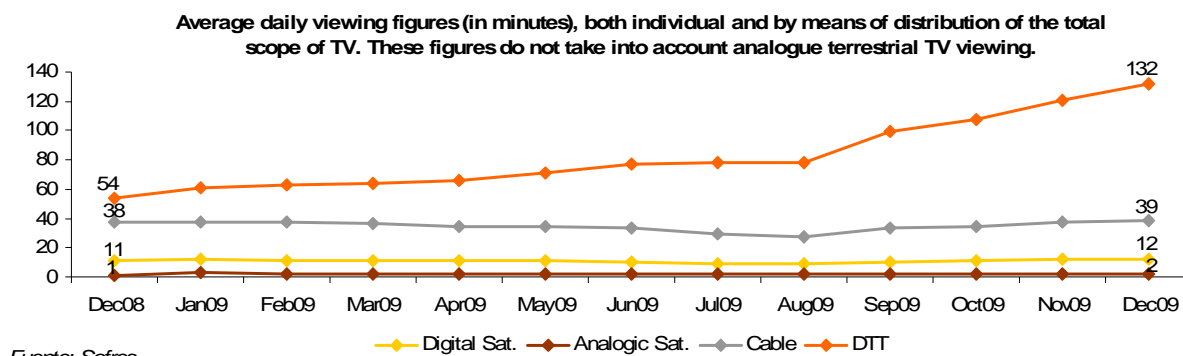
Whereas at the beginning of last year, traditional TV viewing still made up 55.7% of total TV viewing, the screen share dropped to as low as 25.6% in December.



Data on Autonomous Communities once again ranks Aragón in first place with a 64.3% screen share, The Canaries second (63.7%) and Catalonia in third place with 60.7%. However, what we find even more important is the fact that in December, most Autonomous Communities now record a share that exceeds 50%. (Andalucía, Aragón, The Balearic Islands, The Canaries, Catalonia, Valencia, Madrid, Murcia, La Rioja, Navarra, Castilla and León and Cantabria).

Over Two Hours of DTT Watched Daily

Figures reveal that DTT viewing among the Spanish public makes up 132 of the 251 minutes of TV that is watched daily. When compared with the same month one year ago, this indicator was 54 minutes ‘per capital,’ which means it has more than doubled throughout the year. The annual development in DTT viewing figures shows that most of the growth has taken place during the final part of the year, from September onwards. The two-hour daily viewing figure was finally passed last November in terms of DTT viewing per person and jumped to 169 minutes each day in December. This figure takes into account people that have DTT installed in their homes.



DTT: OTHER POINTS OF INTEREST

Impulsa TDT's Advertising Campaign and Sales of DTT Tuners

Impulsa TDT's campaign, which was launched on November 25 last year and ran until January 6, was designed to act as a reminder to get all Spanish homes converted to DTT before the fast-approaching and definitive ASO on April 3, 2010.

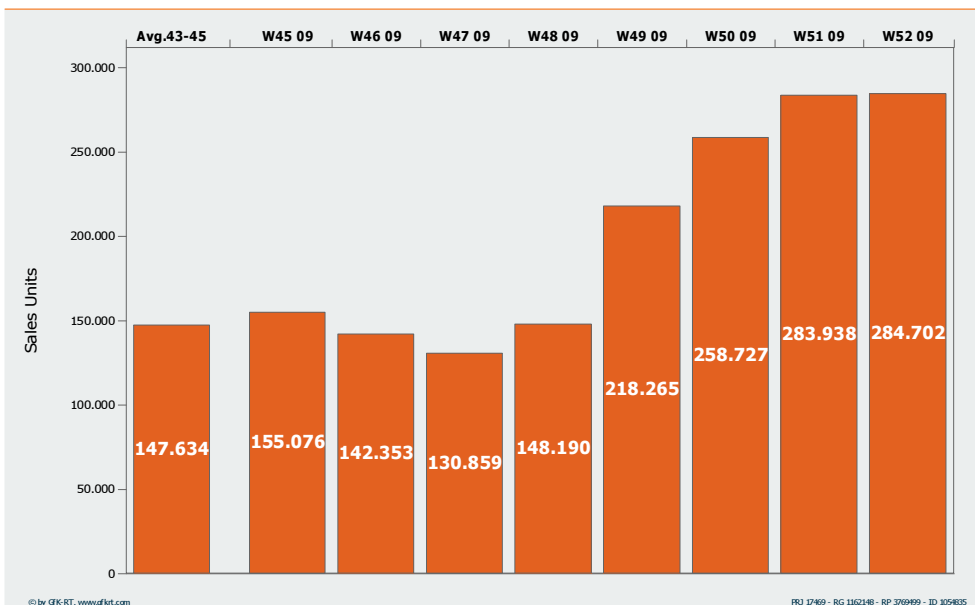
The weekly tracking of DTT receiver sales recorded by the Gfk panel shows the campaign has paid off, as an increase in growth rate was experienced from December onwards. Therefore, in week 49 (Nov 29 – Dec 6), the sale of DTT tuners rocketed with 218,265 devices purchased, some 48% higher than the weekly average sales figure that was taken as a reference (Oct 18th – Nov 7th, 2009). From then on, the increase seen in DTT equipment has continued to rise progressively each week to reach a record figure that comes close to 285,000 DTT receivers in week 52 (Dec 20-26), which is nearly twice as high as the weeks that were taken as a reference.

RECEPTORES TDT WEEKLY

Sales Units

Total Mercado

Avg.43-45 - W52 09



CONCLUSIONS AND EVALUATIONS

Although the start of the changeover process to DTT, which began back at the end of 2005, now seems light years away, the change that the audiovisual sector was up against spelt out a radical transformation for TV which affected not just the industry, but also the people. 2009 proved to be a key year in this technological change and therefore it is so encouraging to have started 2010 with such crystal-clear prospects, as the remarkable progress in the changeover process was brought out into the open at the close of 2009.

Whereas 2006 and 2007 were years that marked the defining of the framework development of Digital Terrestrial TV in addition to furthering its awareness, 2008 turned into a crucial year for the Spanish public as they became aware of the changeover process to DTT. 2009 has proved to be the grand year of implementing the new television. Triggered on by the start of the first ASOs half-way through the year, the process sped up even further thanks to a favourable response on the part of the viewers.

Practically 10 million DTT devices were purchased over the last 12 months (Dec 08 - Nov 09) and from the month of May the growth intensified even further due to the approaching date that was set for towns included in Phase I. Six million receivers were sold from May to November which made up some 60% of the year-on-year sales.

DTT penetration in homes closed the year with 77.4% of Spanish homes converted to the new technology, which means that they either have DTT coverage, an antenna which is ready to receive the DTT signal or at least one audiovisual device in their home. 2009 started with 43,7% of Spanish homes with access to DTT, however, by March this figure had already passed 50% and by the close of the year the net total increase figure was 33.7 percentage points.

DTT screen share started 2010 practically reached 53% of total TV viewing and most of the Autonomous Communities now have a DTT share that passes the 50% mark. The idea of viewers being able to handle two remote controls with the ability to choose from over 20 channels seemed unachievable. Nevertheless, viewing by means of the new signal in 2009 has grown at an average rate of 2.2 percentage points during the first quarter to reach 2.9 in the second half of the year. Such an increase has primarily resulted in the unavoidable erosion of analogue TV which closes the year with the lowest figure ever recorded (25.6%). This situation is a result of two factors; firstly, the improved contents which are being broadcast on the digital channels, as well as the ASOs which are taking place progressively in accordance with the technical specifications set out by the PNT.

The definitive end of analogue broadcasts from April 3, 2010 will mark the end of an age and, in turn, will officially open a new era for the Spanish audiovisual sector. Therefore, only 80 days remain, or just two and a half months, where we will certainly find determining novelties in this exciting future which is clearly upon us.

Document compiled with data from Abertis Telecom, Gfk, Sofres, Fenitel, AIMC and the collaboration of Activo y
Corporación Multimedia

For further information: www.impulsatdt.es