

# Monthly Report Extract

## November 2009



With less than five months to the date set for the total digitalization of television (April 3, 2010), we find a commitment in Spain not only on the part of the public, but also by institutions and companies that are involved in the adaptation process. This is the key factor to ensuring the success of the switch-off whereby nobody is left without TV. Over the last five months (June to October), the main categories have enjoyed a sharp acceleration in growth-rate and mainly comes as a result of the start of the ASOs in towns that are included in Phase I. An analysis of this phase is a key point of reference for the start of Phase II which will take place in December and January.

#### HIGHLIGHTS

- **77.4% of community buildings have** already had the **antennas converted** in order to properly receive DTT.
- **In September, 696,000 new set of DTT equipment was sold**, therefore taking the cumulative figure to almost 22.5 million tuners.
- Special decoders to access DTT premium make their debut on the consumer market and register sales of some 1,500 sets in September.
- The **average price of DTT decoders drops below 34€** for the very first time. Since the launch of DTT back in 2005, prices have fallen by some 58%.
- **In October, DTT penetration reaches 72.1% of homes.**
- DTT **screen share** rises nearly two points in the month of October to make up **47.1%** of total TV viewing.
- **DTT average reach** approaches **20 million people** in October.
- **All the private national channels that broadcast in simulcast now enjoy a DTT share which is higher than that of analogue** and the public broadcasters register DTT shares which come very close to the analogue share.
- DTT broadcasts that have two million viewers are becoming more common.

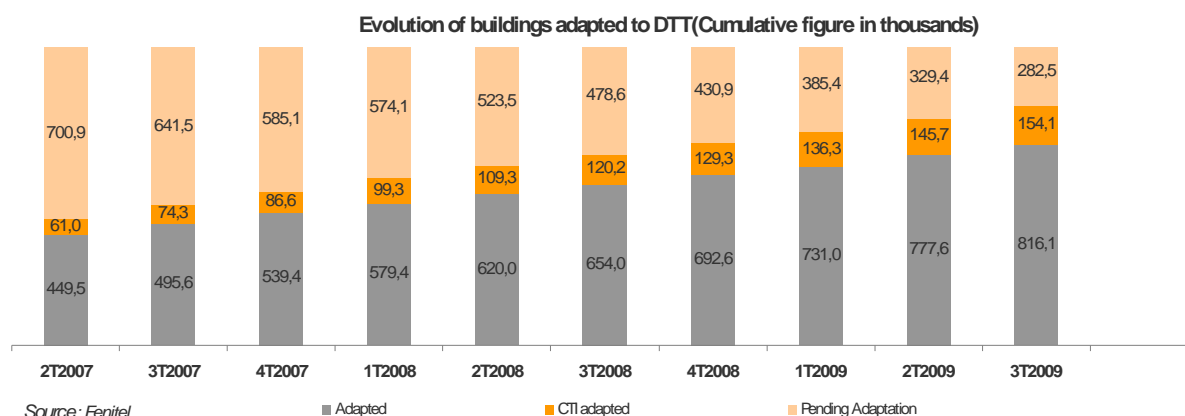
## ANTENNA CONVERSION CONTINUES TO MAKE PROGRESS

### 77.4% of community buildings have had the antennas converted for DTT reception

The latest figures from FENITEL, that correspond to the close of the third quarter of 2009, show that there are now more than 816,111 community buildings that have had their antennas converted to be able to receive DTT broadcasts correctly. Another 154,107 buildings can be added to this number which pertains to recently constructed buildings. Although these do not need converting, they do require either a simple service or light technical work. In terms of percentage, when both segments are added together we find that 77.4% of the total number of community buildings in the country, which have more than three homes, are now adapted to receive DTT.

Furthermore, if these figures are analysed with not just buildings in mind but rather neighbourhood communities with more than 3 homes, we find that 94.1% of Spanish families are now ready to receive DTT broadcasts correctly.

This means, however, there are still some 282,500 buildings that need converting in the remaining five months before the definitive ASO, most of which present levels of greater technical difficulty that may include a total change of antenna cable. Tasks such as these accounted for 29% of all the work carried out on buildings in the third quarter.

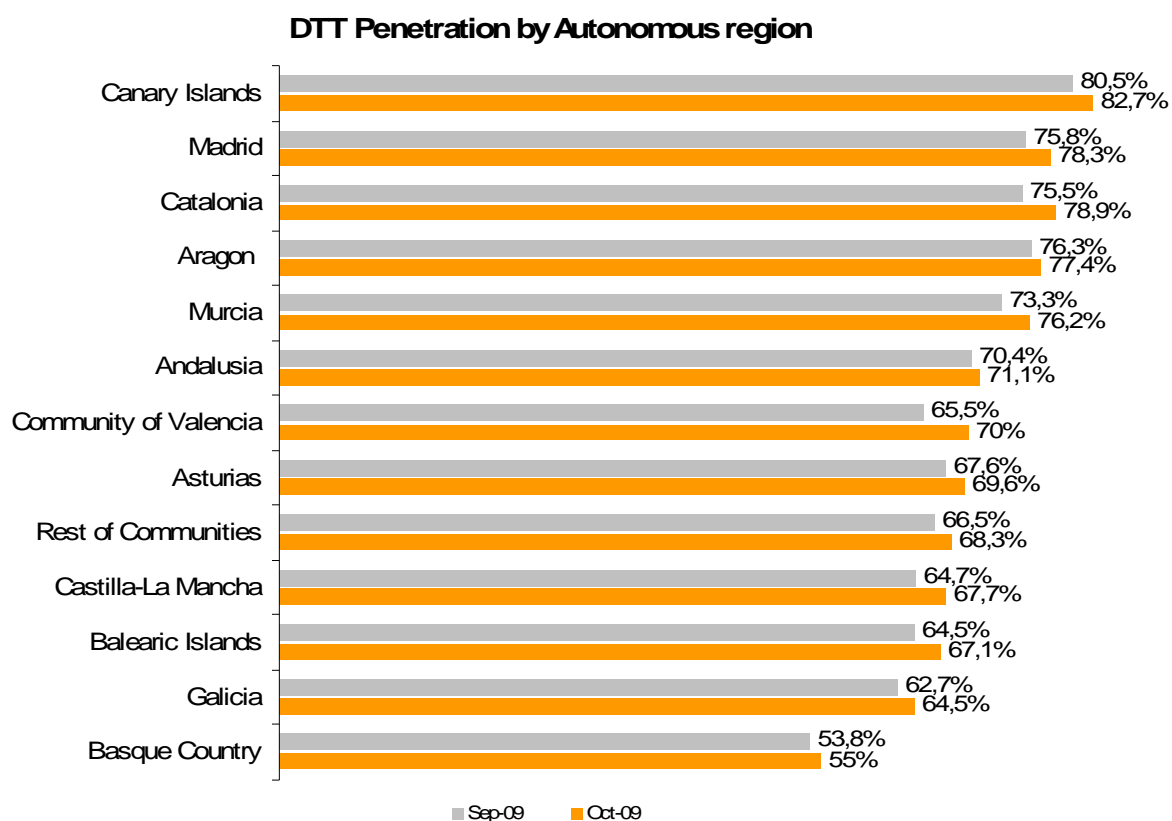


## DTT PENETRATION IN HOMES

### DTT penetration in homes passes 72%

Information provided by TNS for October reveals that DTT is now installed and operative in 72.1% of Spanish homes. This figure is 2.1 points higher over the previous month and thus consolidates an increase of 28.4 percentage points for the year in progress, 2009.

When it comes to Autonomous Communities, the Canaries reach pass the 80% mark (82.7%). Catalonia records the slightly lower figure of 78.3%, Aragon 78.9% and Madrid 77.4%. Andalusia and Murcia also pass the 70% mark of homes which are ready for DTT.



Source : Sofres

## DEVELOPMENTS IN THE SALE OF DTT TUNERS

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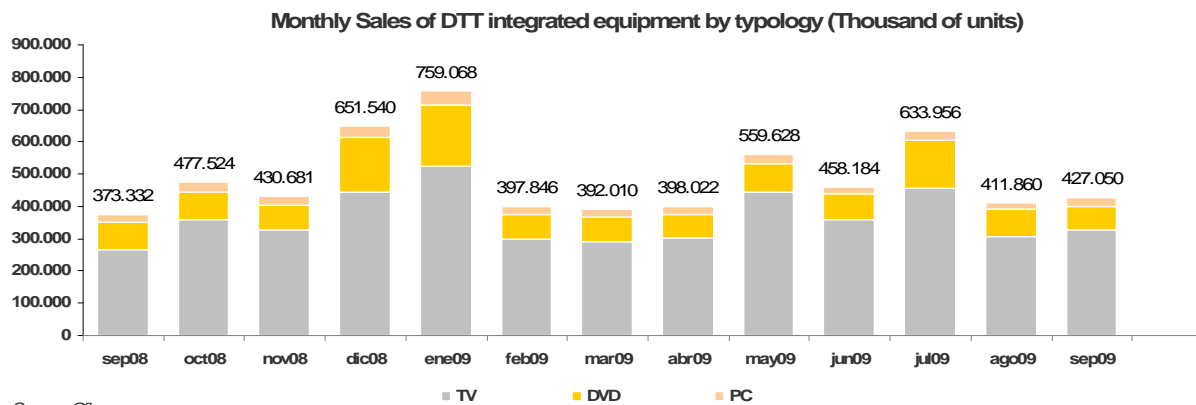
### September shows a slight increase in the sale of equipment

Almost **690,000 DTT tuners** were sold in September which is some **2.3% more than in August**. Therefore, according to data provided by the retail panel at Gfk, the cumulative sales figure approaches 22.5 million set of equipment, of which 32.2% - **or some 7.2 million units - have been purchased so far in 2009**. These figures mean that the cumulative annual figure for the whole of 2008 (7.1 million) has been passed in just nine months.

### Types of DTT tuners

With regard to distribution by types of tuners in September, we find the situation to be similar to what has happened in previous months:

- Once again TVs with inbuilt DTT set the pace and in September make up 46.8% of the total sale of DTT-related electronic equipment. LCD TVs are still top of the consumer preference list and record the sale of 310,000 new units during the month.
- In the field of IT equipment, the sales of receivers picked up a little with a monthly figure of 27,511 units- which include both PCs with inbuilt DTT in addition to cards and external USBs. Although these devices only represent 4% of the total sale of DTT equipment, the growth percentage is still significant in terms of the “digital convergence’ between TV and other IT equipment.
- The purchase of external DTT decoders in September hits 268,971 units which is sees very little change when compared to the previous month.
- New tuners that permit premium DTT channels to be accessed make a debut in the market although currently only Gol TV (Goal TV) is available. 1,473 units have been sold during a launch that is characterized by the scarce availability of the equipment in stores.



**The price of decoders continues to fall**

The cost of the simplest and most readily available equipment to convert homes to DTT continues its downward trend as time goes on. As data from GfK shows, the average price of these gadgets fell to 33.96€, which is the lowest ever recorded. The price of decoders has fallen by 58% since DTT was re-launched in November 2005.

## DIGITAL TERRESTRIAL VIEWING

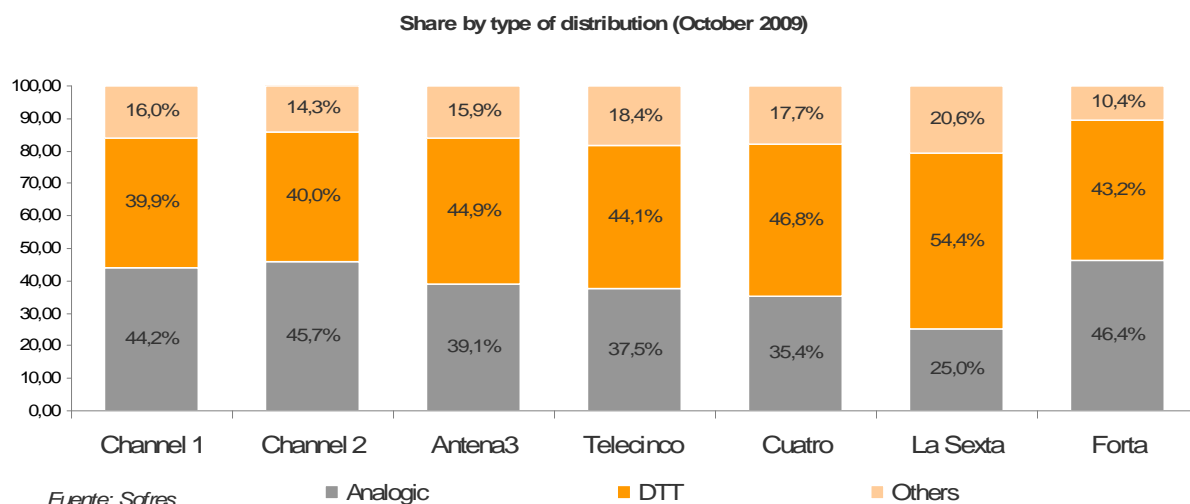
### DTT Screen Share Hits 47.1%

In October, DTT share enjoyed another important monthly increase (1.8 points on this occasion) to represent 47.1% of the total TV viewing figure. In global terms, DTT share has seen a growth of more than 25 points throughout 2009 which means that over half of the current viewing volume has been achieved in the first ten months of the year in progress.

The three Communities where we find DTT viewing to have progressed the most are; The Canaries (once again) with 61.9%, Aragon with 61.5% and Catalonia with 54.8%. The record that DTT experienced in October coincides with a new high in the viewing of multi-channel pay platforms which achieved a share of 21.4% that month. As a result of this, viewing of analogue broadcasts is down to 31.5%, which proves to be an all-time low, and does not even make up a third of the viewing total.

### Private Channels That broadcast in Simulcast See an Increase in Viewing with DTT

Up till now, the fastest growth in viewers that were changing over in favour of DTT had been experienced by the youngest “public” channels of analogue broadcasts. Nevertheless, this trend came to an end in October as all private broadcasters in simulcast also came to be included in this bracket.



La Sexta channel enjoys the highest DTT viewing and in October they achieved a DTT audience of 54.4% which doubled that of analogue (25%). Cuatro, which is the other young public channel, came second and enjoyed a DTT screen share of almost 47% against an analogue viewing figure of 35.4%. Antena 3 and Telecinco record digital viewing figures which exceed 44% in both cases, therefore leaving their analogue share below the 40% mark. Digital viewers are becoming more and more common among the “traditional” public channels such as; La Forta and Channel 2, which have seen how their digital viewers have grown from September to October by almost 3 points. At the same time, Channel 1 managed a monthly increase of 2.3 points.

**Average daily reach achieves 20 million people**

In the month of October, the number of people (4 years and over) that watch DTT each day has also experienced outstanding growth and passes 19.8 million viewers for the very first time. In relative terms, this figure means that 46% of the Spanish population, on average, watches DTT each and every day.

## CONCLUSIONS AND EVALUATIONS

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Two processes are becoming clearly evident; firstly, the rate of the changeover process to DTT is increasing in speed and secondly, the united efforts of the different players involved in the transition process to DTT which in turn is allowing the migration process to be carried out without hindrance.

Governments at an autonomous level are stepping up the development of programs and local tasks which are specifically designed to help those who are most at risk of being excluded from DTT; persons over the age of 65 that live alone and whose income is below to what is considered as “minimum,” in addition to those who are second or third grade dependants, in addition to people who are either visually impaired or suffer from some type of hearing problem. Also, most regions are still making aid programs available and are therefore contributing both to the purchase of equipment as well as the conversion of antennas.

On analyzing the events of 2009, we can conclude that the process is not only well and truly in motion but also one that is now unable to be stopped. On top of the incredible increases that the ASOs have generated in the towns that are included in Phases I and II, the preparation we see that is taking place in Spanish homes is well rooted to guarantee both stable and constant growth. A changeover is taking place, which is overcoming any drawbacks, and undoubtedly comes down to the willingness on the part of the public. Thanks to them, with just five months remaining before April 3 2010, all the indicators of the changeover process point to a new audiovisual reality:

- DTT penetration in Spanish homes now passes 72% and in only the last five months the percentage of homes that has connected to DTT makes up 47.6% of the total number that was reached in 2009.
- From the beginning of 2009, screen share has continued to pick up the pace to the point of reaching a monthly average increase of 2.4 points which proves to be a high rate when compared to the leisurely growth that has characterized the last few years. Furthermore, in 2009, screen share has risen by 25.2 points and the average monthly growth is presently 2.5 points, whereas the average growth of 2008 was 1.03.
- 7.2 million DTT receivers have been purchased by the Spanish public since January of this year.

Due to this, it can be said that the general attitude of the Spanish public has revolutionized in a kind of phenomenon which has meant that assimilation of the change which once seemed to be distant is now a reality. However, such a reality also brings to light two points which with each passing day proves to hinder the correct transition process even further:

1. The sale of analogue TVs. In September, some 3,786 set of audiovisual equipment was still purchased, none of which is prepared for the broadcast of digital contents and whose future use, if not “life,” requires the further purchase of an external decoder. So far this year a total of 81,794 analogue TV sets have been sold. None of us at Impulsa TDT can find a logical explanation to why this equipment is still prevalent in the market, as the person who will suffer the most is the very own viewer, when the truth of the matter is that they should be the ones who are most protected in this tremendous switchover process.
2. The necessary antenization and connection work that goes with it. Although most of the Technical Projects of Phase I have been carried out and are now digitalized, less than 50 days remain before the ASOs take place in towns that are included in Phase II, which will affect over 10 million people in 2,652 towns, most of which are already well-informed and making the necessary preparations so as to avoid being left behind and without the basic right that all Spaniards have to watch free TV. Converting antennas in community buildings to receive the digital terrestrial signal can not be stressed enough and is becoming an increasingly urgent and critical task.

Spain's great leap into DTT will mean the definitive launch towards the future of communication in the audiovisual world and therefore goes much further than a mere changeover to a new system of watching free TV. From April 3, 2010 such a future will be compulsory and right now it is totally accessible to a Spanish public that is willing to both enjoy and take full advantage of the new possibilities of being connected to the world by means of the most widespread media: television

Therefore, it is important that everyone involved continues to work together so that this long journey that is being made, which goes much further than Digital Terrestrial TV, and whose main objective is the forming of a total society network that is specifically adapted to each user's individual needs.

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

Further information: [www.impulsatdt.es](http://www.impulsatdt.es)