

# PINES AND CYPRESSES

**Maurizio Carlotti** Chief Executive Officer

岁寒，然后知松柏之后凋也

 *QUE VENGA EL INVIERNO Y SE VERÁ QUE PINOS Y CIPRESSES NO PIERDEN LAS HOJAS*

# Audiovisual Landscape



ONO + AUNA cable

Free Press

Local TV

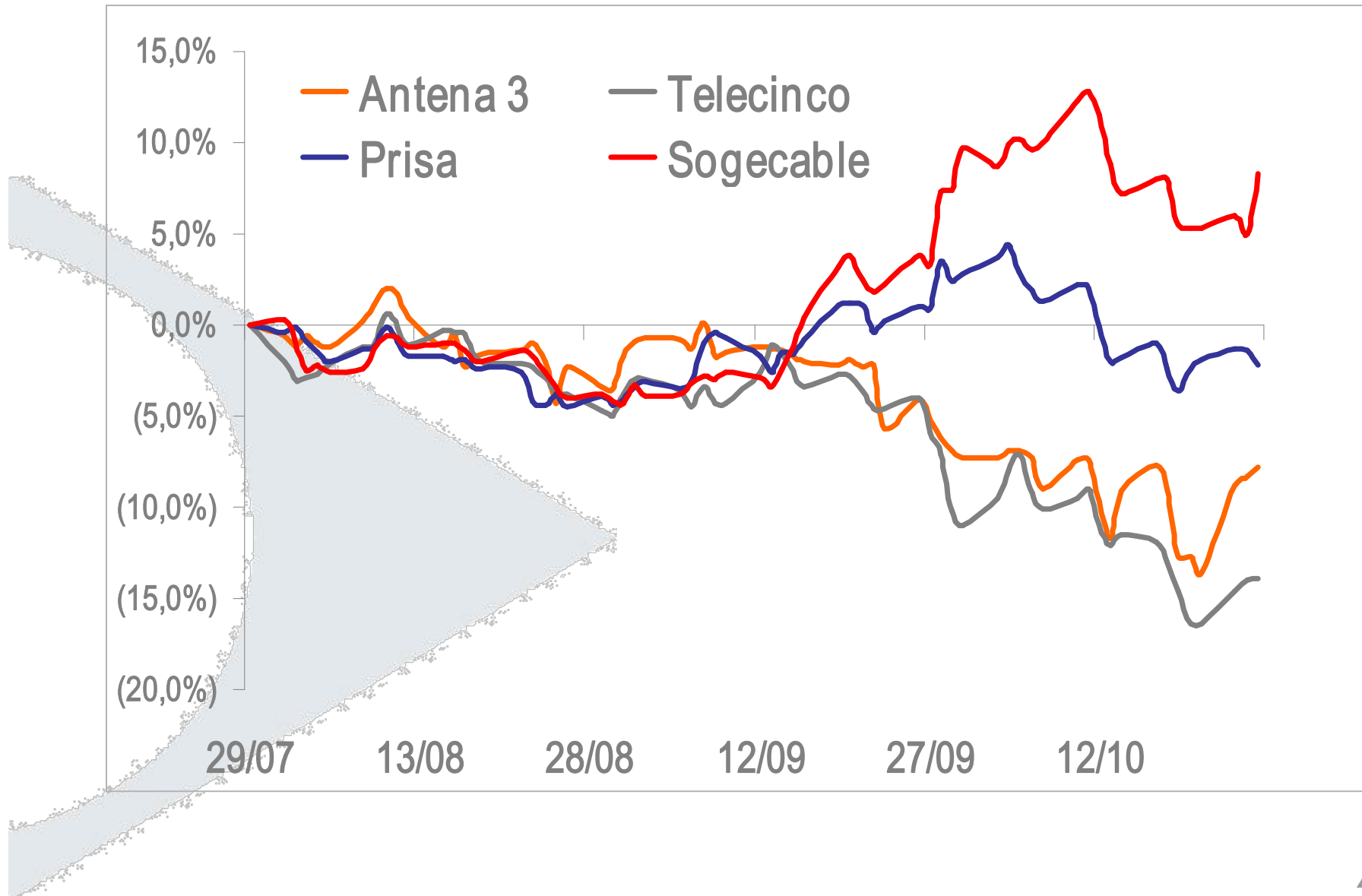
Cuatro

TDT



**IMPORTANT CHANGES**

# Share performance of Spanish Media Stocks



# Audiovisual Landscape



## FUNDAMENTAL TV VARIABLES

### REVENUE

1. Market
2. Audience
3. Price
4. Competition

### COSTS

5. Programming Costs
6. Structure Costs

# Audiovisual Landscape



## FUNDAMENTAL TV VARIABLES

### REVENUE

1. Market
2. Audience
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4. Competition

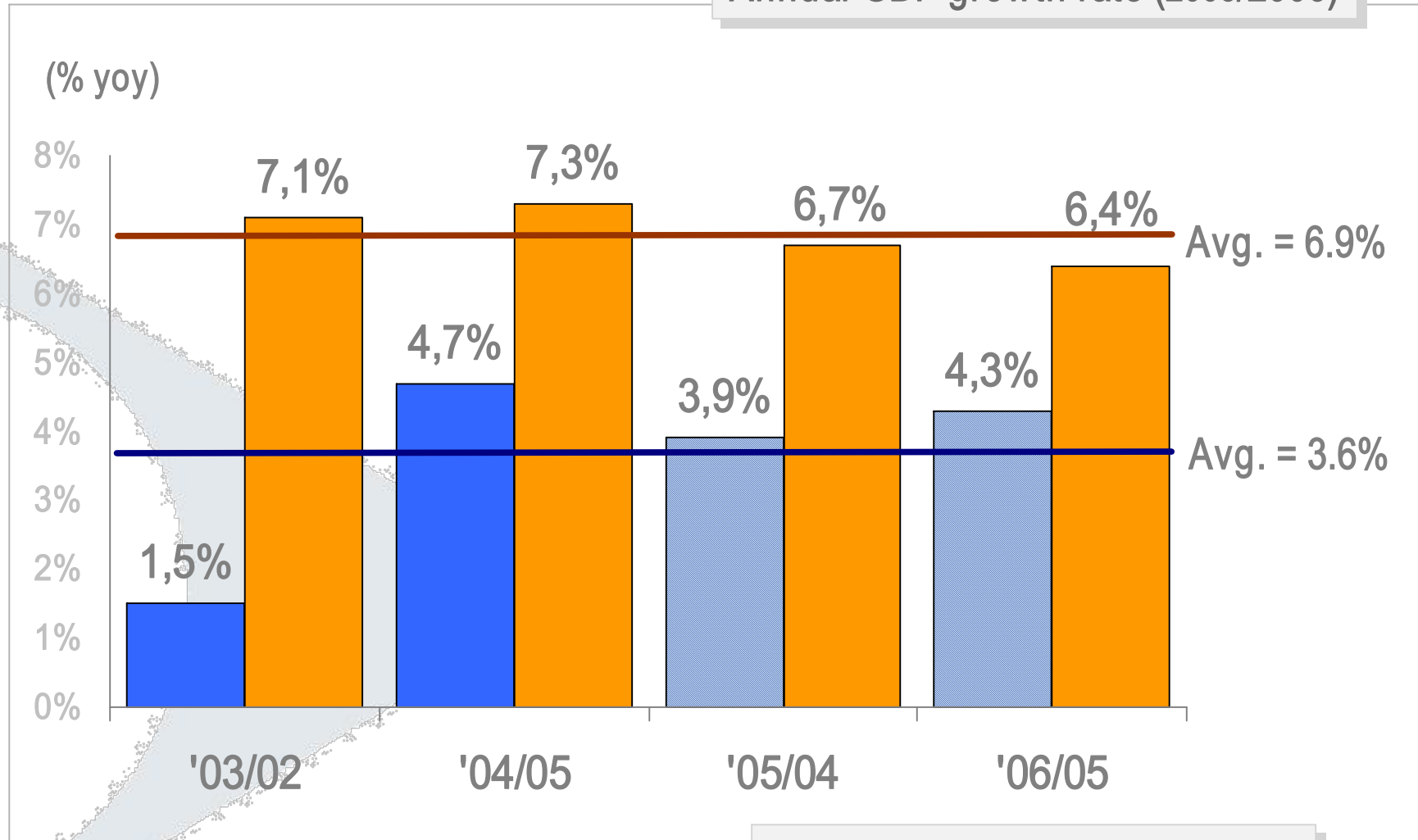
### COSTS

5. Programming Costs
6. Structure Costs

# 1. Market



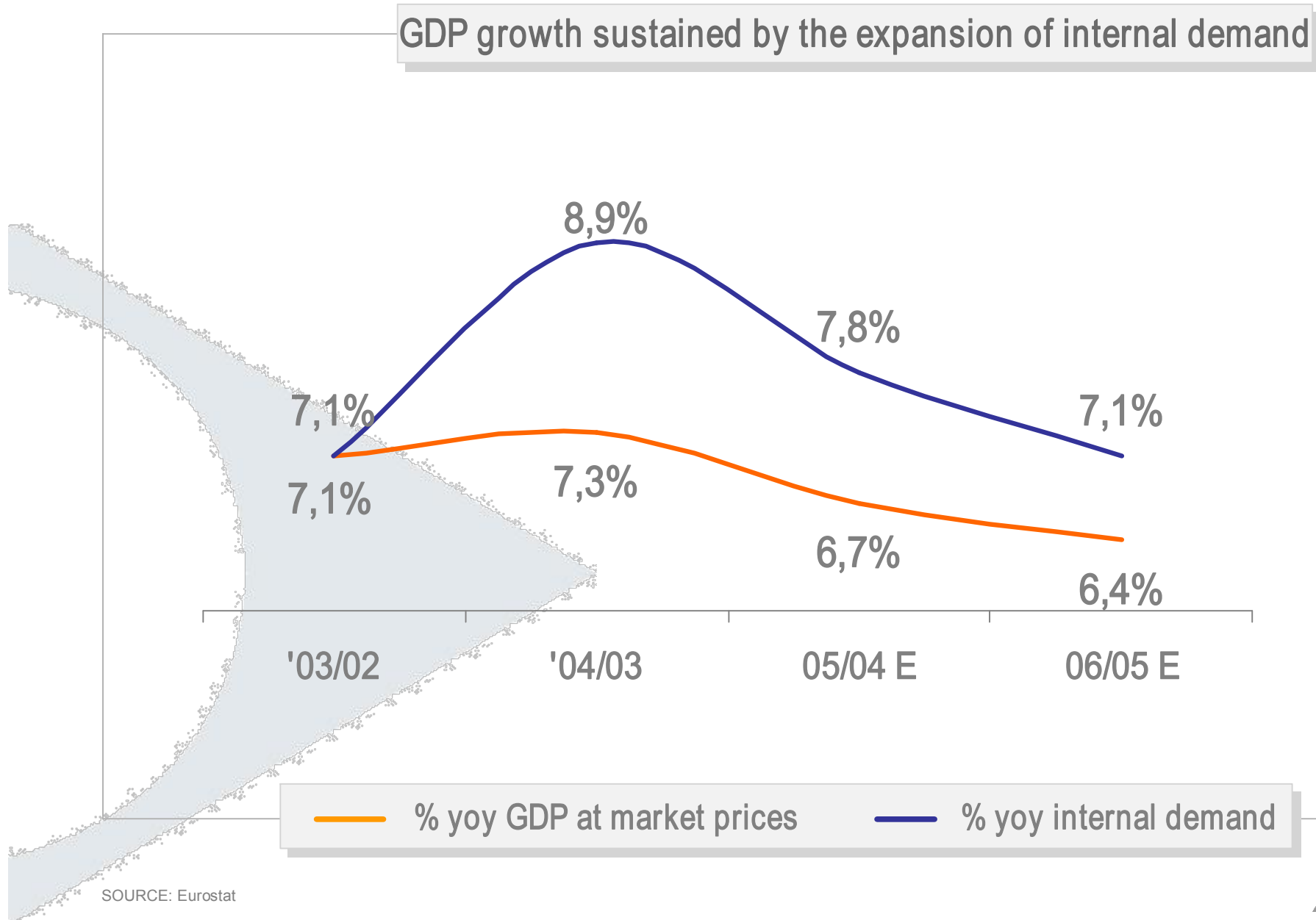
Annual GDP growth rate (2003/2006)



Spain EU (25 countries)

SOURCE: Eurostat

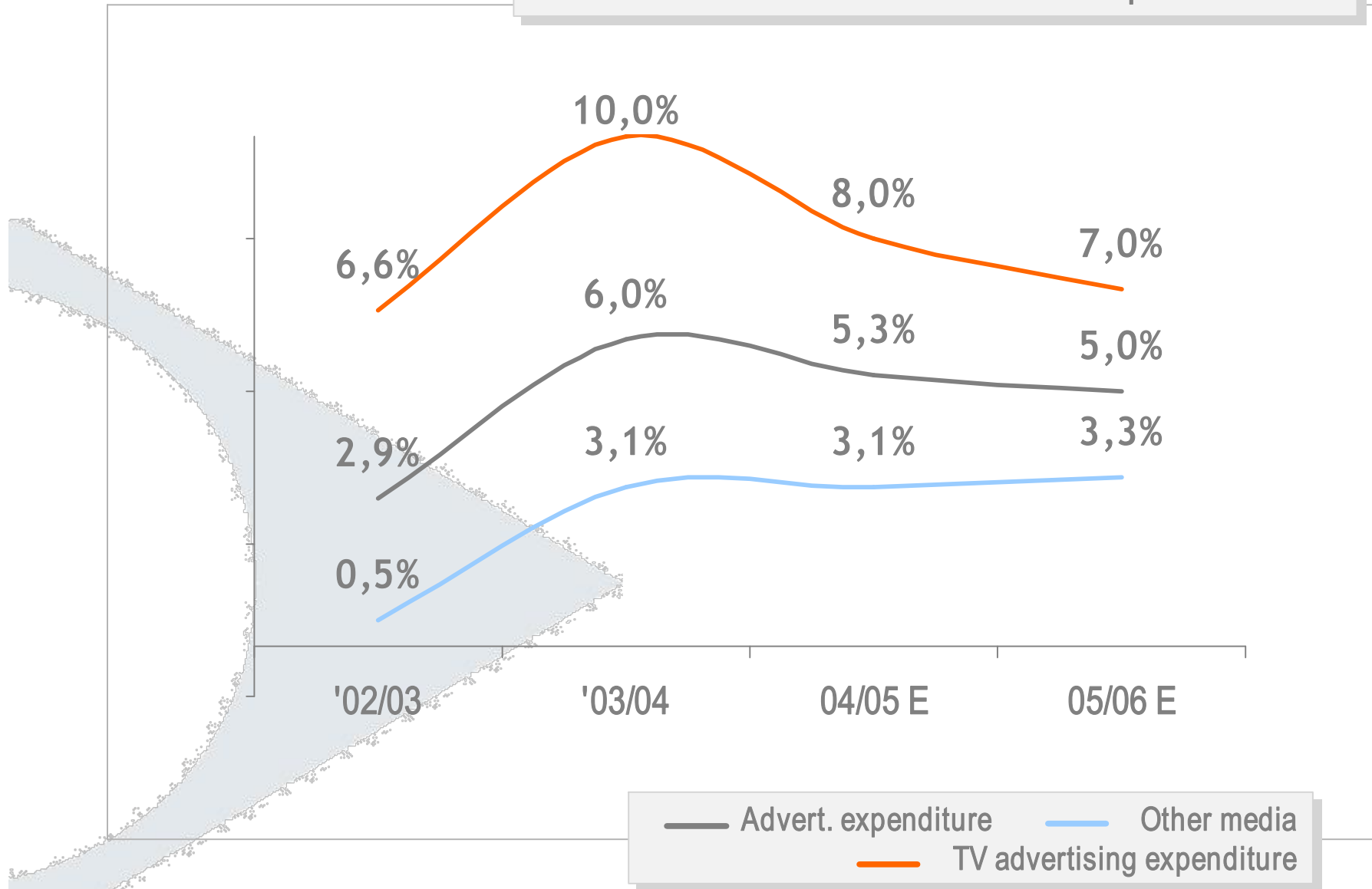
# 1. Market



# 1. Market



SPAIN: annual increase of media ad spend vs. total



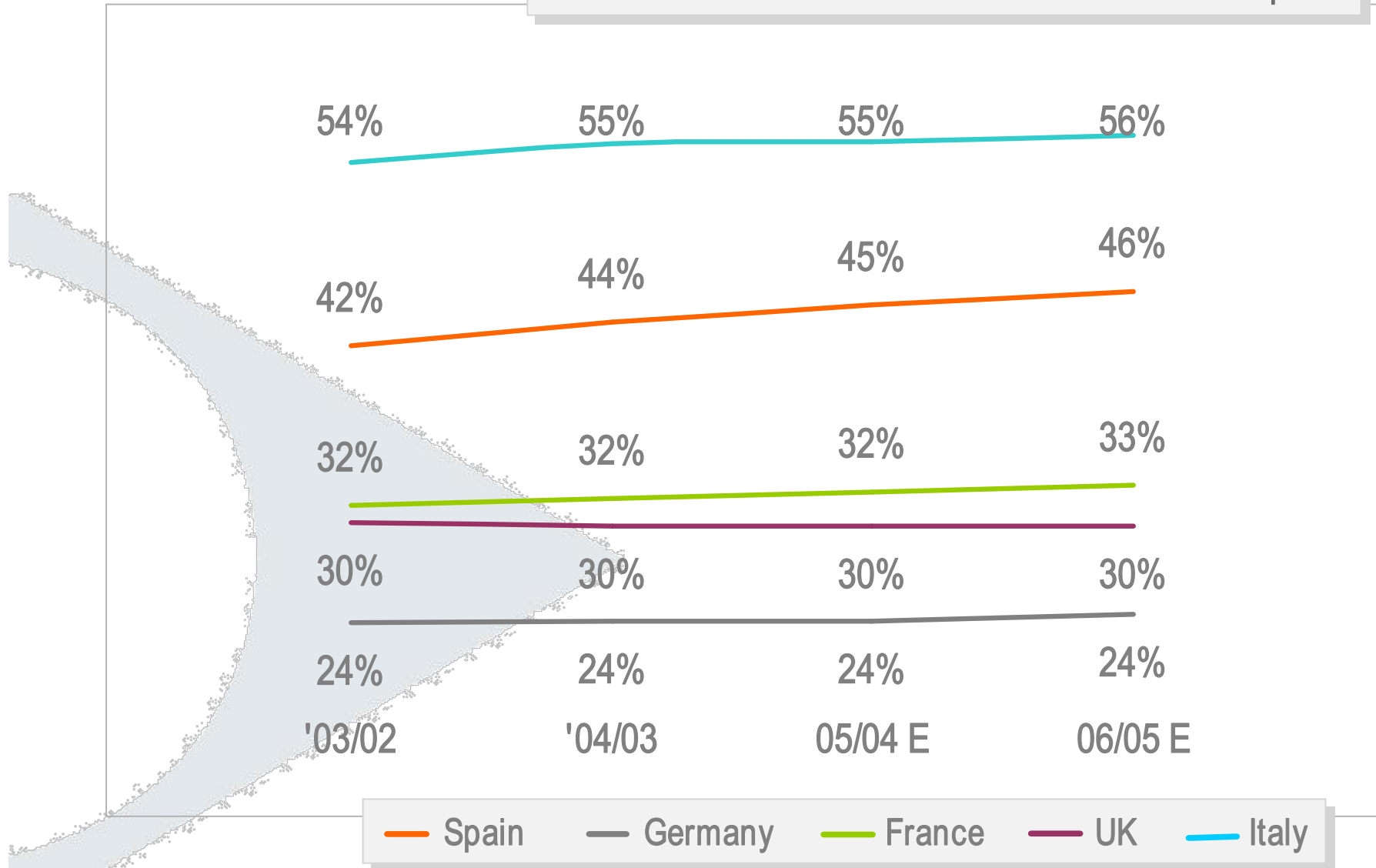
SOURCE: Zenith Optimedia)



# 1. Market



Performance of TV ad market share over total ad spend



SOURCE: Zenith Optimedia

## 1<sup>st</sup> CONCLUSION

- ✓ *Spanish Economy is more dynamic than the EU average*
- ✓ *Greater propensity towards consumption*
- ✓ *Advertising investment is growing and strong recovery vs. EU average*
- ✓ *Tv advertising market share is growing and in line with EU*

*“For Television in Spain, the Winter won’t be as cold as in the rest of Europe”*

*The Weather Forecast*



2006

- ✓ Consistent increase of Total Advertising Market
- ✓ Increase of TV quota

# Audiovisual Landscape



## FUNDAMENTAL TV VARIABLES

### REVENUE

- ✓ Market
- 2. Audience
- 3. Price
- 4. Competition

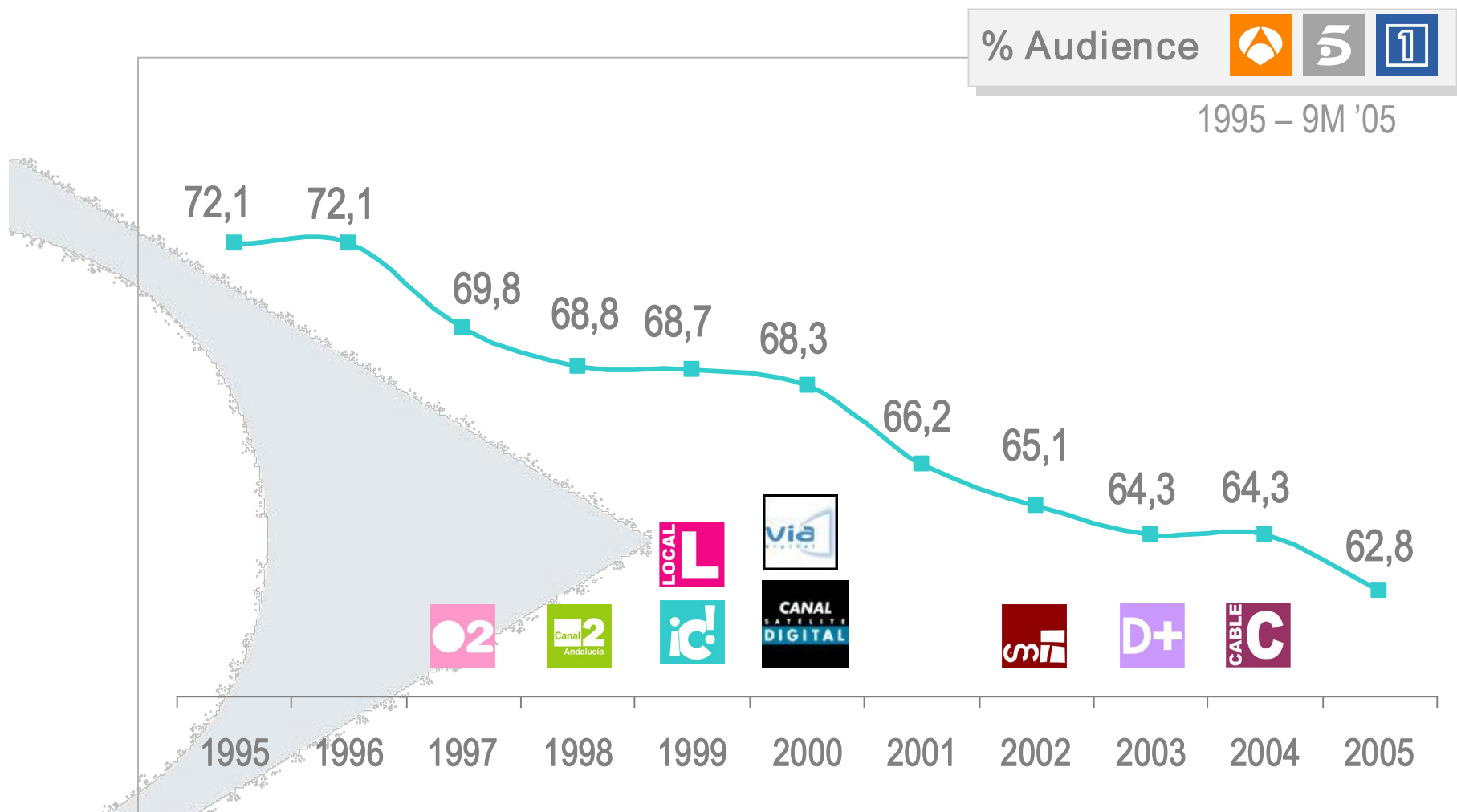
### COSTS

- 5. Programming Costs
- 6. Structure Costs

# 2. Audience



→ New competitors in TV are not a new phenomenon, and...

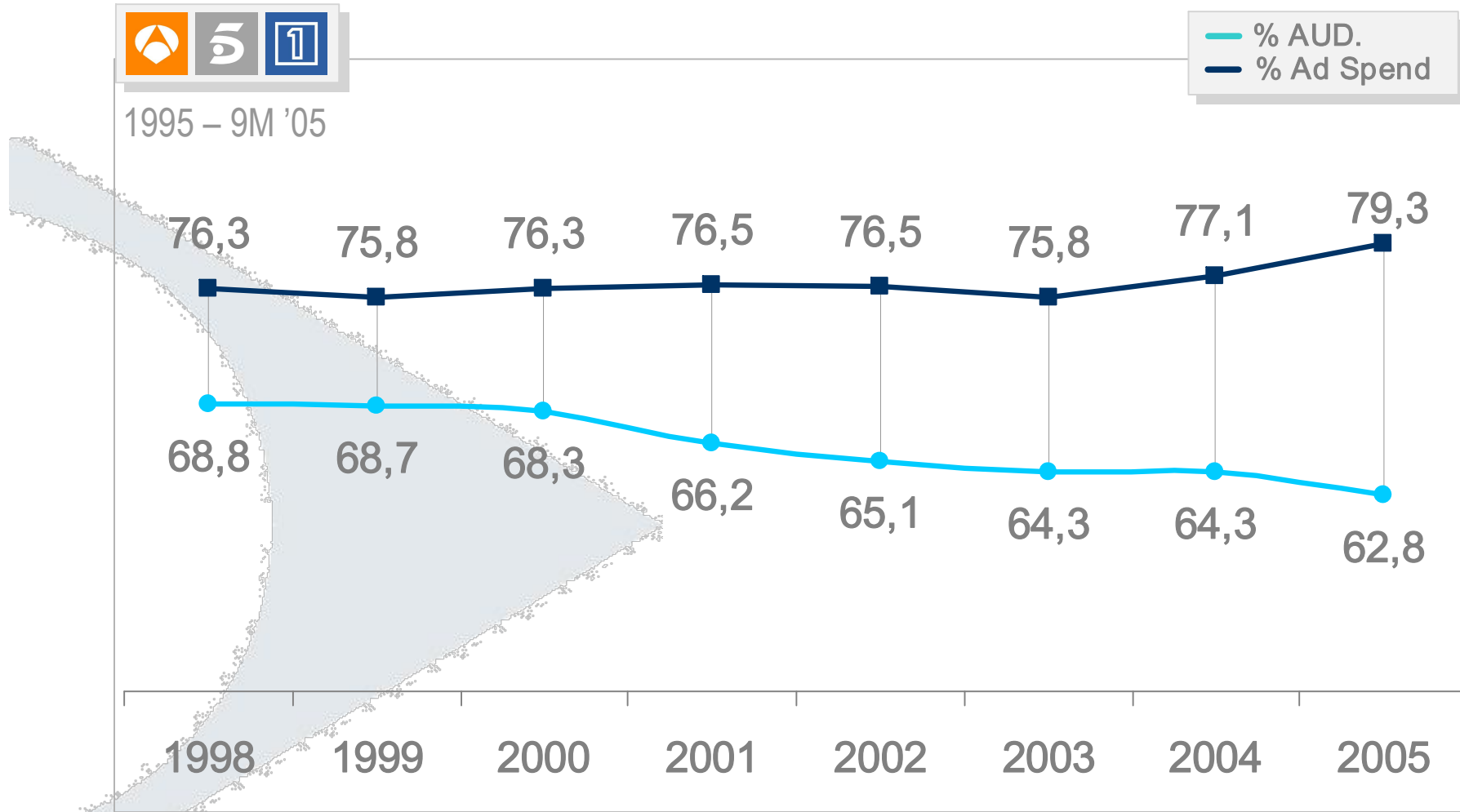


SOURCE: TNS

# 2. Audience



➔ ... have not had any impact on the ad share of the generalists TV channels



SOURCE: TNS + Infoadex + MKTG Forecast. ATRES advertising

## 2. Audience



The new operator will start off with a handicap:

- ✓ **Partial reach:** would begin with a 20% average but its maximum, in any case, will be 70%
- ✓ **Will use occupied frequencies**
- ✓ **Needs antenna recalibration**
- ✓ **Low target: 7% in 5 years**

## 2. Audience



**cuatro**

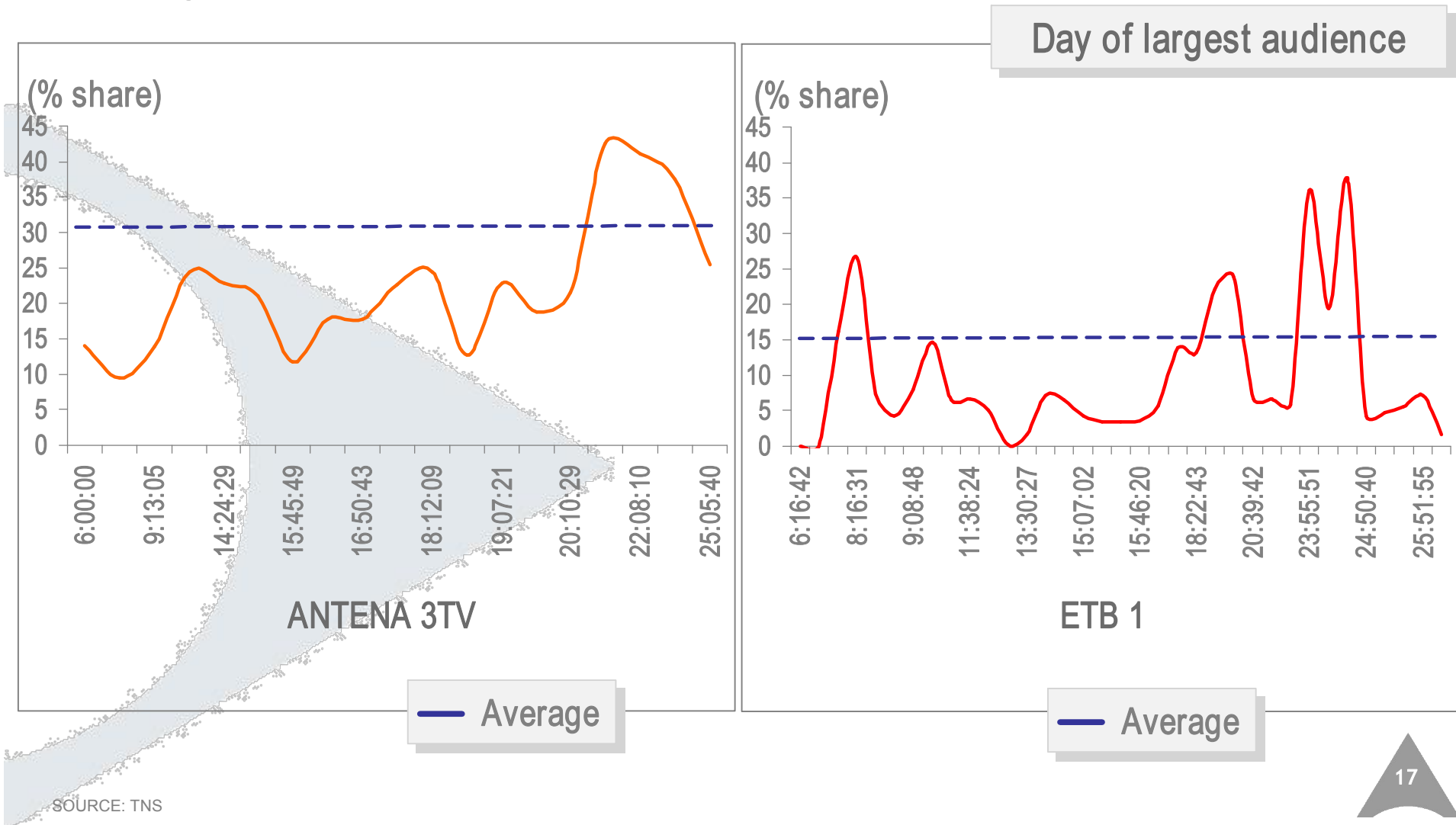
- ✓ Inherited from Canal Plus: 1.7% including movie premiers and Football
- ✓ Shows objectives of 6% for an urban and young target
- ✓ Nevertheless, to reach an average of 6%, it's necessary to....



# 2. Audience



➔ Audience dispersion in channels with less <10% share is much higher than those with >20%

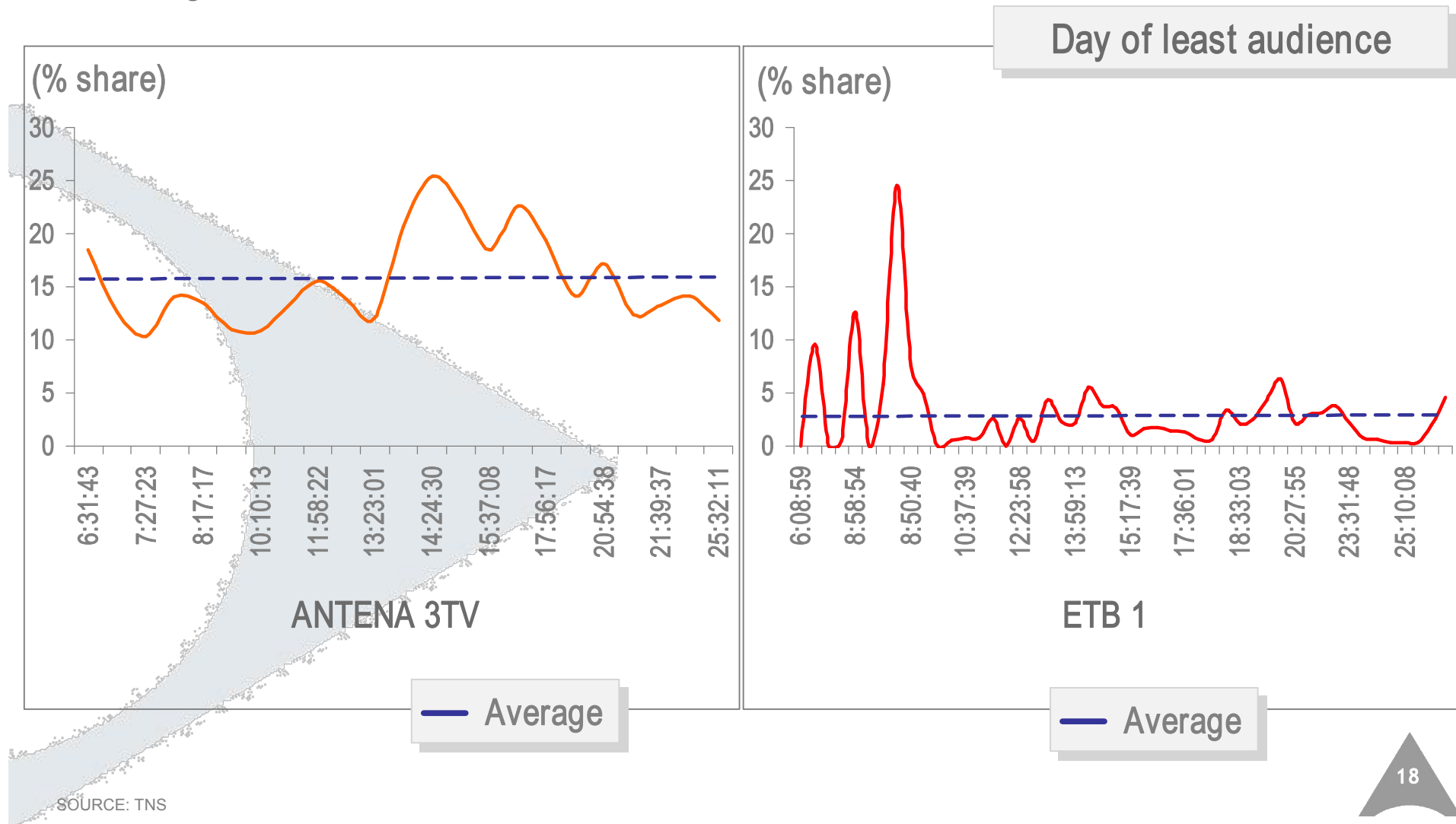


SOURCE: TNS

# 2. Audience



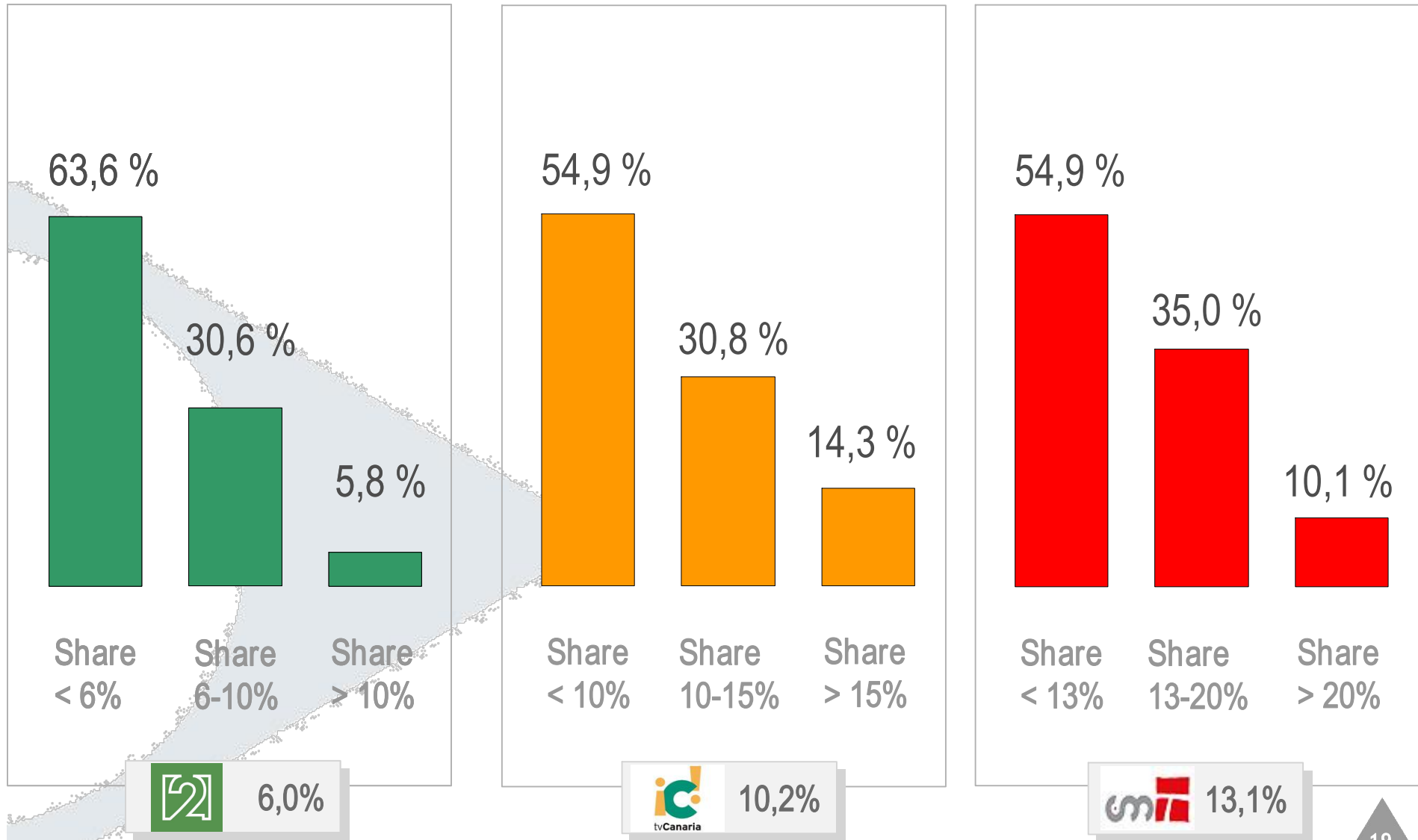
➔ Audience dispersion in channels with less <10% share is much higher than those with >20%



# 2. Audiencia



➔ Distribution of hours broadcasted according to audience share



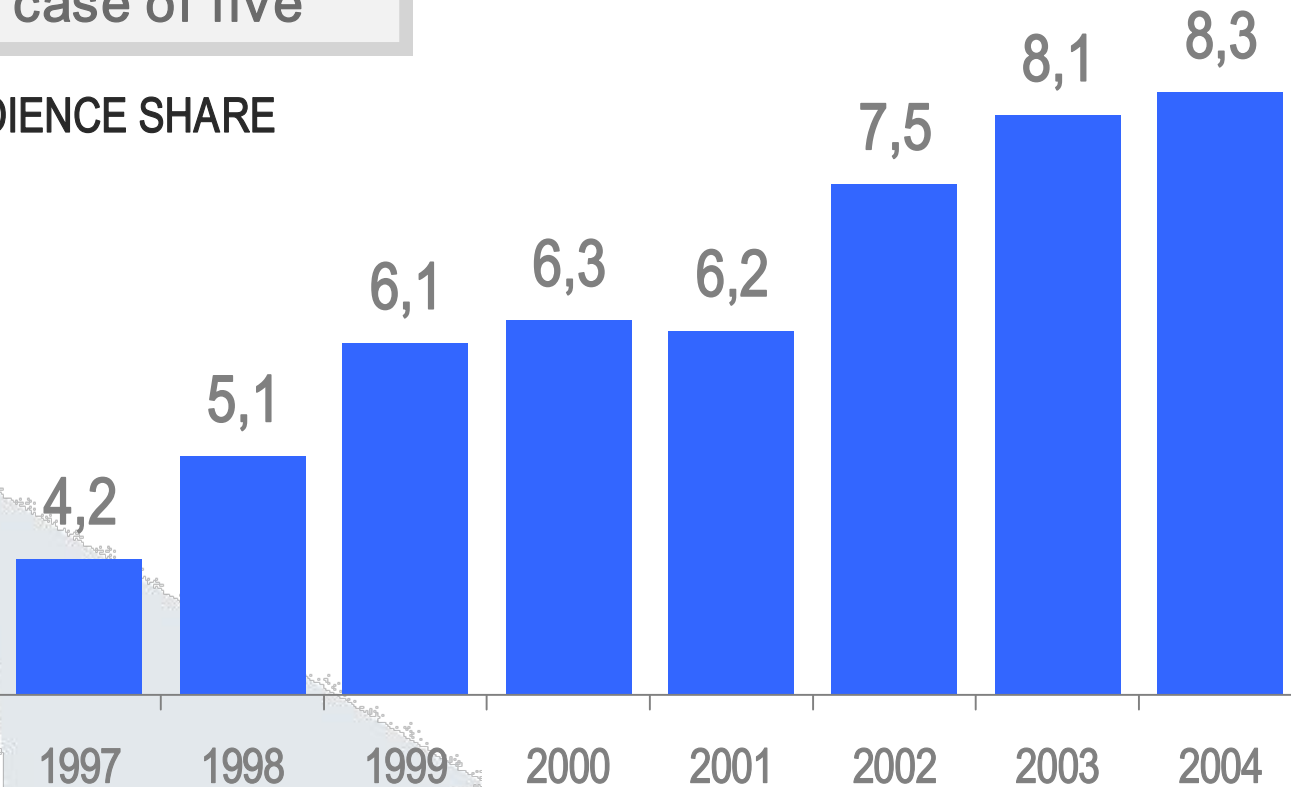
SOURCE: TNS

## 2. Audience



### The case of five

% AUDIENCE SHARE



- First positive EBITA in 2003
- Not very competitive Market and without participation of public TV
- It was the only new operator
- Backed by one of the largest groups in Europe

SOURCE: RTL GROUP, report

## 2<sup>nd</sup> CONCLUSION

*“On the battlefield, luck is decisive. But the side with more cannons usually has it”*

*Napoleon*



2006

- ✓ Slight reduction of A3 audience share
- ✓ No change in A3 market share
- ✓ Improving power ratio

# Audiovisual Landscape



## FUNDAMENTAL TV VARIABLES

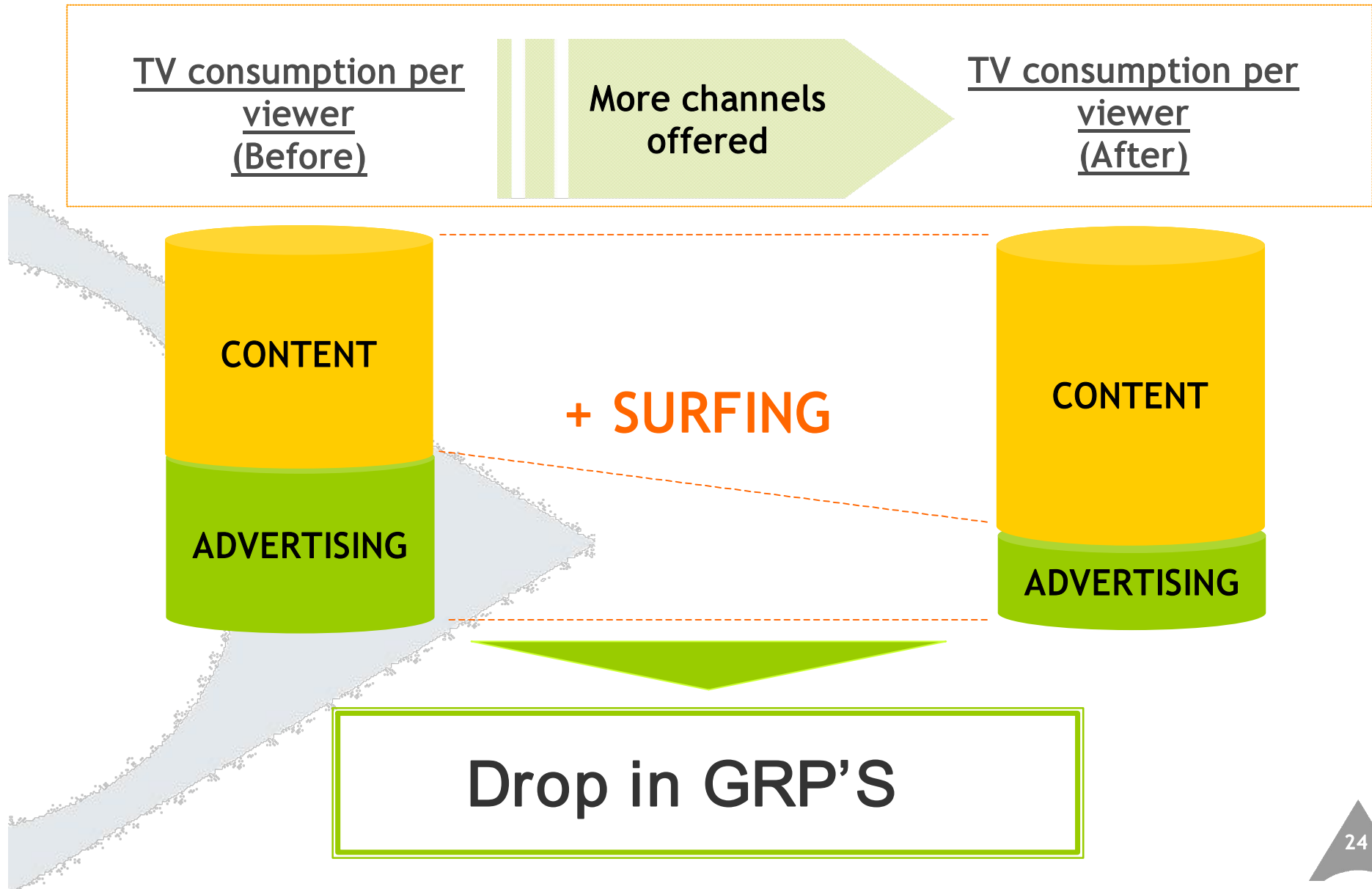
### REVENUE

- ✓ Market
- ✓ Audience
- 3. Price
- 4. Competition

### COSTS

- 5. Programming Costs
- 6. Structure Costs

# 3. Price

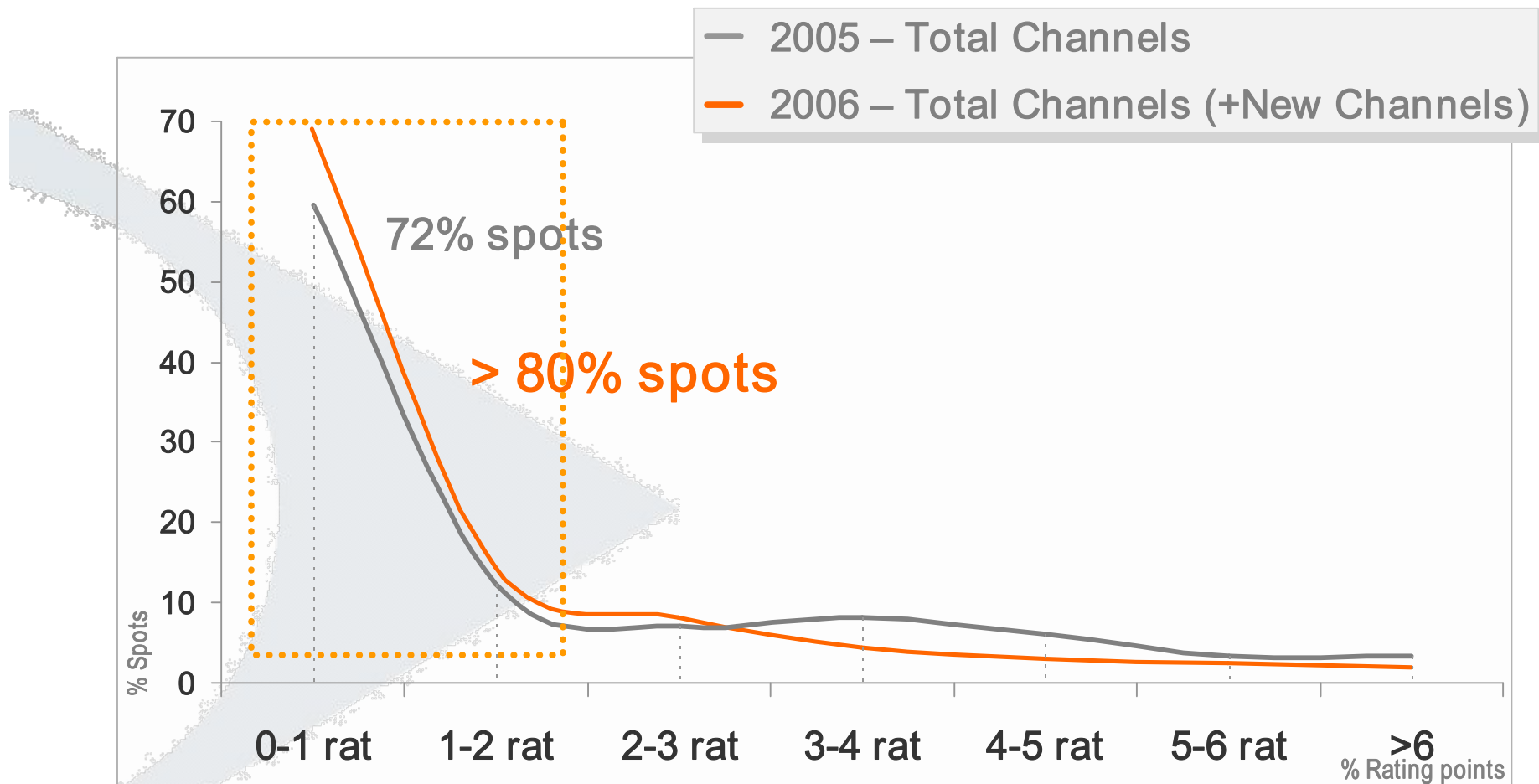




# 3. Price



→ There shall be an increasing % of spots with a low advertising rating



SOURCE: TNS / MAY 2005. 2006 ESTIMATED  
All channels: A3 / T5 / TVE1 / LA2 / C+ / THEME

# 3. Price



**cuatro**  
 Noviembre / Diciembre 05  
**tarifas de publicidad**  
**PUBLICIDAD CONVENCIONAL**  
**PREVISIÓN AUDIENCIAS NOVIEMBRE**

| FRANJAS            | ADULTOS | CORE T. COMERCIAL | T. COMERCIAL | AMAS | AMAS COMERCIAL | MUJERES +45 | MUJERES COMERCIAL | JÓVENES 15-24 | Niños 4-12 |
|--------------------|---------|-------------------|--------------|------|----------------|-------------|-------------------|---------------|------------|
| noticias mañana    | 0,1     | 0,1               | 0,1          | 0,1  | 0,1            | 0,1         | 0,1               | 0,1           |            |
| mañana cuatro      | 0,1     | 0,1               | 0,1          | 0,1  | 0,1            | 0,1         | 0,1               | 0,1           |            |
| series mediodía    | 0,6     | 0,8               | 0,7          | 0,7  | 0,7            | 0,8         | 0,9               | 0,8           |            |
| juvenil fs         | 0,3     | 0,3               | 0,2          | 0,4  | 0,2            | 0,2         | 0,2               | 0,5           |            |
| serie especial     | 1,1     | 1,3               | 1,2          | 1,1  | 1,2            | 1,2         | 1,5               | 1,0           |            |
| noticias mediodía  | 1,0     | 1,2               | 1,1          | 1,0  | 1,1            | 1,1         | 1,3               | 0,8           |            |
| tarde lv           | 1,1     | 1,3               | 1,2          | 1,1  | 1,2            | 1,3         | 1,5               | 0,8           |            |
| series tarde       | 0,9     | 1,2               | 1,1          | 1,0  | 1,0            | 1,1         | 1,4               | 0,7           |            |
| tarde 1 fs         | 1,0     | 1,3               | 1,2          | 1,0  | 1,1            | 1,2         | 1,5               | 0,8           |            |
| tarde 2 fs         | 1,1     | 1,4               | 1,3          | 1,1  | 1,2            | 1,3         | 1,6               | 0,8           |            |
| noche 1 lv         | 1,4     | 1,7               | 1,6          | 1,5  | 1,6            | 1,7         | 1,9               | 1,1           |            |
| noche 1 fs         | 1,2     | 1,4               | 1,3          | 1,2  | 1,3            | 1,4         | 1,7               | 0,8           |            |
| noticias noche     | 1,7     | 1,9               | 1,9          | 1,7  | 1,8            | 2,0         | 2,1               | 1,3           |            |
| noche lunes        | 1,4     | 1,7               | 1,6          | 1,5  | 1,6            | 1,7         | 1,9               | 1,1           |            |
| noche martes       | 1,3     | 1,6               | 1,5          | 1,4  | 1,5            | 1,6         | 1,8               | 1,0           |            |
| noche miércoles    | 1,3     | 1,6               | 1,5          | 1,4  | 1,5            | 1,6         | 1,8               | 1,0           |            |
| noche jueves       | 1,3     | 1,6               | 1,5          | 1,4  | 1,5            | 1,6         | 1,8               | 1,0           |            |
| noche viernes      | 1,3     | 1,6               | 1,5          | 1,4  | 1,5            | 1,6         | 1,8               | 1,0           |            |
| noche sábado       | 1,2     | 1,5               | 1,4          | 1,2  | 1,3            | 1,4         | 1,7               | 0,9           |            |
| noche domingo      | 1,5     | 1,9               | 1,8          | 1,6  | 1,7            | 1,8         | 2,2               | 1,1           |            |
| noche 2 lv         | 0,6     | 0,7               | 0,7          | 0,7  | 0,7            | 0,7         | 0,8               | 0,5           |            |
| noche 2 fs         | 0,9     | 1,1               | 1,0          | 0,9  | 1,0            | 0,9         | 1,2               | 0,7           |            |
| medianoche 1 lv    | 0,4     | 0,5               | 0,4          | 0,4  | 0,4            | 0,4         | 0,5               | 0,3           |            |
| medianoche 1 fs    | 0,6     | 0,7               | 0,7          | 0,6  | 0,7            | 0,6         | 0,8               | 0,5           |            |
| medianoche 2 lv    | 0,1     | 0,2               | 0,1          | 0,1  | 0,2            | 0,1         | 0,2               | 0,1           |            |
| medianoche 2 fs    | 0,2     | 0,3               | 0,3          | 0,2  | 0,3            | 0,2         | 0,3               | 0,2           |            |
| infan.-juven.lv    |         |                   |              |      |                |             |                   | 0,1           | 0,6        |
| infan.-juven. 1 fs |         |                   |              |      |                |             |                   | 0,1           | 0,5        |
| infan.-juven. 2 fs |         |                   |              |      |                |             |                   | 0,2           | 1,0        |

Coret. Comercial: 16.44. BAIA - 50.000 HAB

**CUATRO**  
**ADULTS, WEDNESDAY NIGHT**

Tarifas de Publicidad - 5 Septiembre / Diciembre 2005  
 Previsiones de Audiencia Noviembre  
**advertising**  
**PENÍNSULA Y BALEARES**

| FRANJAS           | Amas | Muj +45 | Adultos | Jóvenes | T. Familiar | FRANJAS        | Niños |
|-------------------|------|---------|---------|---------|-------------|----------------|-------|
| NOCHE LUNES       | 7,9  | 6,9     | 6,9     | 5,6     | 6,5         | 1-13 Noviembre |       |
| NOCHE MARTES      | 7,4  | 6,5     | 6,5     | 4,9     | 6,2         | INFANTIL FS I  | 0,8   |
| NOCHE MIÉRCOLES   | 11,5 | 10,3    | 10,3    | 8,4     | 7,6         | INFANTIL FS II | 3,2   |
| NOCHE JUEVES      | 6,6  | 5,6     | 5,6     | 4,1     | 5,0         |                |       |
| NOCHE II          | 7,2  | 6,4     | 6,4     | 4,1     | 5,0         |                |       |
| NOCHE VIERNES I   | 8,2  | 7,4     | 7,4     | 2,1     | 2,1         |                |       |
| NOCHE SÁBADO      | 4,9  | 4,4     | 4,4     | 1,1     | 3,1         |                |       |
| NOCHE DOMINGO I   | 6,6  | 5,8     | 5,8     | 3,1     | 3,1         |                |       |
| NOCHE DOMINGO II  | 4,5  | 4,2     | 4,1     | 1,1     | 1,1         |                |       |
| NOCHE A3          | 7,5  | 6,9     | 6,9     | 5,2     | 5,2         |                |       |
| NOCHE FS          | 7,1  | 6,7     | 6,7     | 3,0     | 4,0         |                |       |
| NOTICIAS II       | 7,5  | 6,8     | 6,8     | 3,5     | 5,0         |                |       |
| MEDIANOCHES A3 I  | 4,6  | 4,1     | 4,1     | 3,4     | 3,4         |                |       |
| MEDIANOCHES A3 II | 1,7  | 1,5     | 1,4     | 1,4     | 1,2         |                |       |
| NOCHE VIERNES II  | 4,4  | 3,9     | 3,9     | 1,2     | 2,0         |                |       |
| MEDIANOCHES FS I  | 3,4  | 3,0     | 2,5     | 1,7     | 2,1         |                |       |
| MEDIANOCHES FS II | 1,6  | 1,3     | 1,1     | 1,0     | 1,1         |                |       |
| SERIES A3         | 4,6  | 4,5     | 4,1     | 6,2     | 5,0         |                |       |
| NOTICIAS I        | 4,7  | 4,3     | 4,1     | 4,1     | 4,0         |                |       |
| SOBREMESA A3      | 5,0  | 5,3     | 4,0     | 5,7     | 4,3         |                |       |
| TARDE A3 I        | 3,2  | 3,0     | 2,3     | 1,2     | 1,5         |                |       |
| TARDE A3 II       | 6,6  | 6,0     | 4,7     | 1,9     | 2,4         |                |       |
| MEDIODÍA FS II    | 4,7  | 4,8     | 4,8     | 8,2     | 6,4         |                |       |
| MULTICINE         | 6,2  | 5,9     | 5,2     | 4,6     | 4,7         |                |       |
| TARDE FS          | 6,5  | 6,1     | 5,1     | 2,8     | 3,7         |                |       |
| MAÑANA A3 I       | 0,5  | 0,3     | 0,3     | 0,2     | 0,4         |                |       |
| MAÑANA A3 II      | 0,6  | 0,4     | 0,4     | 0,2     | 0,3         |                |       |
| MAGAZINE I        | 1,6  | 1,4     | 1,0     | 0,4     | 0,7         |                |       |
| MAGAZINE II       | 2,3  | 2,0     | 2,3     | 0,5     | 1,0         |                |       |
| MEDIODÍA FS I     | 2,1  | 2,2     | 1,9     | 2,7     | 2,2         |                |       |
| NOTICIAS III      | 0,9  | 0,7     | 0,7     | 0,7     | 0,7         |                |       |
| MADRUGADA LV I    | 0,6  | 0,5     | 0,5     | 0,4     | 0,4         |                |       |
| MADRUGADA FS I    | 0,8  | 0,7     | 0,7     | 0,6     | 0,6         |                |       |

**8,9 GRP's**

**ANTENA 3**  
**ADULTS, WEDNESDAY NIGHT**

# 3. Price



**cuatro**

Noviembre / Diciembre 05  
tarifas de publicidad

**PUBLICIDAD CONVENCIONAL**  
PREVISIÓN AUDIENCIAS NOVIEMBRE

| FRANJAS            | ADULTOS | CORE T. COMERCIAL | T. COMERCIAL | AMAS | AMAS COMERCIAL | MUJERES +35 | MUJERES COMERCIAL | JÓVENES 15-24 | Niños 4-12 |
|--------------------|---------|-------------------|--------------|------|----------------|-------------|-------------------|---------------|------------|
| noticias mañana    | 0,1     | 0,1               | 0,1          | 0,1  | 0,1            | 0,1         | 0,1               | 0,1           |            |
| mañana cuatro      | 0,1     | 0,1               | 0,1          | 0,1  | 0,1            | 0,1         | 0,1               | 0,1           |            |
| series mediodía    | 0,6     | 0,8               | 0,7          | 0,7  | 0,7            | 0,8         | 0,9               | 0,6           |            |
| juvenil fs         | 0,3     | 0,3               | 0,2          | 0,4  | 0,2            | 0,2         | 0,2               | 0,5           |            |
| serie especial     | 1,1     | 1,3               | 1,2          | 1,1  | 1,2            | 1,2         | 1,5               | 1,0           |            |
| noticias mediodía  | 1,0     | 1,2               | 1,1          | 1,0  | 1,1            | 1,1         | 1,3               | 0,8           |            |
| tarde lv           | 1,1     | 1,3               | 1,2          | 1,1  | 1,2            | 1,3         | 1,5               | 0,8           |            |
| series tarde       | 0,9     | 1,2               | 1,1          | 1,0  | 1,0            | 1,1         | 1,4               | 0,7           |            |
| tarde 1 fs         | 1,0     | 1,3               | 1,2          | 1,0  | 1,1            | 1,2         | 1,5               | 0,8           |            |
| tarde 2 fs         | 1,1     | 1,4               | 1,3          | 1,1  | 1,2            | 1,3         | 1,6               | 0,8           |            |
| noche 1 lv         | 1,4     | 1,7               | 1,6          | 1,5  | 1,6            | 1,7         | 1,9               | 1,1           |            |
| noche 1 fs         | 1,2     | 1,4               | 1,3          | 1,2  | 1,3            | 1,4         | 1,7               | 0,8           |            |
| noticias noche     | 1,7     | 1,9               | 1,9          | 1,7  | 1,8            | 2,0         | 2,1               | 1,3           |            |
| noche lunes        | 1,4     | 1,6               | 1,5          | 1,4  | 1,5            | 1,6         | 1,9               | 1,0           |            |
| noche martes       | 1,4     | 1,7               | 1,6          | 1,5  | 1,6            | 1,7         | 2,0               | 1,1           |            |
| noche miércoles    | 1,3     | 1,5               | 1,5          | 1,3  | 1,4            | 1,5         | 1,8               | 1,0           |            |
| noche jueves       | 1,4     | 1,7               | 1,6          | 1,5  | 1,6            | 1,7         | 2,0               | 1,0           |            |
| noche viernes      | 1,6     | 1,9               | 1,8          | 1,6  | 1,7            | 1,9         | 2,2               | 1,1           |            |
| noche sábado       | 1,2     | 1,5               | 1,4          | 1,2  | 1,3            | 1,4         | 1,7               | 0,9           |            |
| noche domingo      | 1,5     | 1,9               | 1,8          | 1,6  | 1,7            | 1,8         | 2,2               | 1,1           |            |
| noche 2 lv         | 0,6     | 0,7               |              |      |                |             |                   | 0,5           |            |
| noche 2 fs         | 0,9     | 1,1               |              |      |                |             |                   | 0,7           |            |
| medianoche 1 lv    | 0,4     | 0,5               |              |      |                |             |                   | 0,3           |            |
| medianoche 1 fs    | 0,6     | 0,7               |              |      |                |             |                   | 0,5           |            |
| medianoche 2 lv    | 0,1     | 0,2               | 0,1          | 0,1  | 0,2            | 0,1         | 0,2               | 0,1           |            |
| medianoche 2 fs    | 0,2     | 0,3               | 0,3          | 0,2  | 0,3            | 0,2         | 0,3               | 0,2           |            |
| infan.-juven.lv    |         |                   |              |      |                |             |                   | 0,1           | 0,6        |
| infan.-juven. 1 fs |         |                   |              |      |                |             |                   | 0,1           | 0,5        |
| infan.-juven. 2 fs |         |                   |              |      |                |             |                   | 0,2           | 1,0        |

COBET.COMERCIAL:16-44.SAIA:50.000.HAB

**2 GRP's**

**CUATRO**  
**ADULTS, WEDNESDAY NIGHT**

Tarifas de Publicidad - 5 Septiembre / Diciembre 2005

Previsiones de Audiencia **Noviembre**

**ATRES** advertising

**PENÍNSULA Y BALEARES**

| FRANJAS           | Amas | Mañ +16 | Adultos | Juveniles | T. Familiar | Niños |
|-------------------|------|---------|---------|-----------|-------------|-------|
| NOCHE LUNES       | 7,9  | 6,9     | 6,9     | 5,6       | 6,5         |       |
| NOCHE MARTES      | 7,4  | 6,6     | 6,2     | 4,9       | 6,2         |       |
| NOCHE MIÉRCOLES   | 11,5 | 10,3    | 8,9     | 5,4       | 7,6         |       |
| NOCHE JUEVES      | 6,6  | 5,6     | 5,8     | 4,1       |             |       |
| NOCHE VIERNES I   | 8,2  | 7,4     | 6,0     | 2,1       |             |       |
| NOCHE SÁBADO      | 4,9  | 4,4     | 4,1     | 3,1       |             |       |
| NOCHE DOMINGO I   | 6,6  | 5,8     | 5,6     | 3,1       |             |       |
| NOCHE DOMINGO II  | 4,5  | 4,2     | 3,1     | 1,1       |             |       |
| NOCHE A3          | 7,5  | 6,9     | 5,5     | 2,1       |             |       |
| NOCHE FS          | 7,1  | 6,8     | 5,3     | 3,0       | 4,0         |       |
| NOTICIAS II       | 7,5  | 6,8     | 5,9     | 3,5       | 5,0         |       |
| MEDIANOCHES A3 I  | 4,6  | 4,1     | 3,9     | 3,4       | 3,4         |       |
| MEDIANOCHES A3 II | 1,7  | 1,4     | 1,4     | 1,4       | 1,2         |       |
| NOCHE VIERNES II  | 4,4  | 3,3     | 3,1     | 1,2       | 2,0         |       |
| MEDIANOCHES FS I  | 3,4  | 3,0     | 2,5     | 1,7       | 2,1         |       |
| MEDIANOCHES FS II | 1,6  | 1,3     | 1,2     | 1,0       | 1,1         |       |
| SERIES A3         | 4,6  | 4,5     | 4,1     | 6,2       | 5,0         |       |
| NOTICIAS I        | 4,7  | 4,3     | 4,1     | 4,1       | 4,0         |       |
| SOBREMESA A3      | 5,0  | 5,3     | 4,0     | 5,7       | 4,3         |       |
| TARDE A3 I        | 3,2  | 3,0     | 2,3     | 1,2       | 1,5         |       |
| TARDE A3 II       | 6,6  | 6,0     | 4,7     | 1,9       | 2,4         |       |
| MEDIODÍA FS II    | 4,7  | 4,8     | 4,8     | 8,2       | 6,4         |       |
| MULTICINE         | 6,2  | 5,9     | 5,2     | 4,6       | 4,7         |       |
| TARDE FS          | 6,5  | 6,1     | 5,1     | 2,8       | 3,7         |       |
| MAÑANA A3 I       | 0,5  | 0,3     | 0,3     | 0,2       | 0,4         |       |
| MAÑANA A3 II      | 0,6  | 0,4     | 0,4     | 0,2       | 0,3         |       |
| MAGAZINE I        | 1,6  | 1,4     | 1,3     | 0,4       | 0,7         |       |
| MAGAZINE II       | 2,3  | 2,0     | 2,3     | 0,5       | 1,0         |       |
| MEDIODÍA FS I     | 2,1  | 2,2     | 1,5     | 2,7       | 2,2         |       |
| NOTICIAS III      | 0,9  | 0,7     | 0,7     | 0,7       | 0,7         |       |
| MADRUGADA LV I    | 0,6  | 0,5     | 0,5     | 0,4       | 0,4         |       |
| MADRUGADA FS I    | 0,8  | 0,7     | 0,7     | 0,6       | 0,6         |       |

**6,8 GRP's**

**ANTENA 3**  
**ADULTS, WEDNESDAY NIGHT**

# 3. Price



BEFORE

Slots according  
HOUR OF DAY

|             | Lun | Mar | Mié | Jue | Vie | Sáb | Dom |
|-------------|-----|-----|-----|-----|-----|-----|-----|
| 6:00-7:00   | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 7:00-8:00   | 0.3 | 0.3 | 0.3 | 0.3 | 0.2 | 0.1 | 0.1 |
| 8:00-9:00   | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 | 0.2 | 0.2 |
| 9:00-10:00  | 0.4 | 0.5 | 0.5 | 0.4 | 0.4 | 0.5 | 0.4 |
| 10:00-11:00 | 0.7 | 0.7 | 0.7 | 0.6 | 0.6 | 0.8 | 0.9 |
| 11:00-12:00 | 1.1 | 0.9 | 0.9 | 0.9 | 0.8 | 1.2 | 1.4 |
| 12:00-13:00 | 1.4 | 1.4 | 1.4 | 1.3 | 1.1 | 1.3 | 1.6 |
| 13:00-14:00 | 2.4 | 2.4 | 2.4 | 2.4 | 2.3 | 1.9 | 2.3 |
| 14:00-15:00 | 4.5 | 4.5 | 4.4 | 4.4 | 4.4 | 5.5 | 5.3 |
| 15:00-16:00 | 3.6 | 3.5 | 3.4 | 3.3 | 3.4 | 5.4 | 5.5 |
| 16:00-17:00 | 2.7 | 2.7 | 2.7 | 2.7 | 2.8 | 5.3 | 5.9 |
| 17:00-18:00 | 2.7 | 2.8 | 2.8 | 2.8 | 2.8 | 4.9 | 6.6 |
| 18:00-19:00 | 2.7 | 2.7 | 2.8 | 2.8 | 2.8 | 5.3 | 5.9 |
| 19:00-20:00 | 4.9 | 4.8 | 5.1 | 4.7 | 4.8 | 4.9 | 6.6 |
| 20:00-21:00 | 6.5 | 6.4 | 6.5 | 6.2 | 6.2 | 4.5 | 6.6 |
| 21:00-22:00 | 5.9 | 5.9 | 5.9 | 5.9 | 5.9 | 5.2 | 5.8 |
| 22:00-23:00 | 7.4 | 7.4 | 7.4 | 7.4 | 7.4 | 5.2 | 5.2 |
| 23:00-24:00 | 6.7 | 5.4 | 4.9 | 4.9 | 5.9 | 5.2 | 4.7 |
| 24:00-25:00 | 4.9 | 4.9 | 4.9 | 4.9 | 4.9 | 4.4 | 4.3 |
| 25:00-26:00 | 0.9 | 1.2 | 1.3 | 1.0 | 2.7 | 1.4 | 1.4 |
| 2:00-3:00   | 0.6 | 0.7 | 0.8 | 0.6 | 0.4 | 0.9 | 0.8 |
| 3:00-4:00   | 0.4 | 0.2 | 0.3 | 0.4 | 0.3 | 0.5 | 0.6 |
| 4:00-5:00   | 0.2 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.5 |

DAY TIME

SECOND TIME

PRIME TIME

NOW

Groups according to  
AVERAGE RATING  
DEMAND

|       | LLUN             | MAR    | MÉ        | JUE    | VE         | SÁB             | DOM        |
|-------|------------------|--------|-----------|--------|------------|-----------------|------------|
| 8:00  | MAGAZINE I       |        |           |        |            | INFANTILFS I    |            |
| 8:30  | MAGAZINE I       |        |           |        |            |                 |            |
| 9:00  | MAGAZINE I       |        |           |        |            | INFANTILFS II   |            |
| 9:30  | MAGAZINE I       |        |           |        |            |                 |            |
| 10:00 | MAGAZINE I       |        |           |        |            |                 |            |
| 10:30 | MAGAZINE II      |        |           |        |            |                 |            |
| 11:00 | MAGAZINE II      |        |           |        |            |                 |            |
| 11:30 | MAGAZINE II      |        |           |        |            | INFANTILFS III  |            |
| 12:00 | MAGAZINE II      |        |           |        |            |                 |            |
| 12:30 | MAGAZINE I       |        |           |        |            | MEDICIAFS I     |            |
| 13:00 | MAGAZINE II      |        |           |        |            |                 |            |
| 13:30 | MAGAZINE II      |        |           |        |            | MEDICIAFS I     |            |
| 14:00 | MAGAZINE II      |        |           |        |            |                 |            |
| 14:30 | SERIES A         |        |           |        |            | MEDICIAFS II    |            |
| 15:00 | NOTICIAS I       |        |           |        |            |                 |            |
| 15:30 | NOTICIAS I       |        |           |        |            |                 |            |
| 16:00 | NOTICIAS I       |        |           |        |            |                 |            |
| 16:30 | SOBREMESA A3     |        |           |        |            |                 |            |
| 17:00 | SOBREMESA A3     |        |           |        |            |                 |            |
| 17:30 | SOBREMESA A3     |        |           |        |            | MULTI ONE       |            |
| 18:00 | SOBREMESA A3     |        |           |        |            |                 |            |
| 18:30 | TARDE A3 I       |        |           |        |            |                 |            |
| 19:00 | TARDE A3 I       |        |           |        |            |                 |            |
| 19:30 | TARDE A3 I       |        |           |        |            |                 |            |
| 20:00 | TARDE A3 II      |        |           |        |            | TARDEFS         |            |
| 20:30 | NOCHE A3         |        |           |        |            | NOCHEFS         |            |
| 21:00 | NOTICIAS II      |        |           |        |            |                 |            |
| 21:45 | TOP GROUP        |        |           |        |            |                 |            |
| 22:00 | TOP GROUP        |        |           |        |            |                 |            |
| 22:30 | TOP GROUP        |        |           |        |            |                 |            |
| 23:00 | TOP GROUP        |        |           |        |            |                 |            |
| 23:30 | LUNES            | MARTES | MIÉRCOLES | JUEVES | VIERNES I  | SÁBADO          | DOMINGO I  |
| 0:00  | NOCHE II         |        |           |        | VIERNES I  | SÁBADO          | DOMINGO II |
| 0:30  | MEDIANOCHE A3 I  |        |           |        |            | MEDIANOCHEFS I  |            |
| 1:00  | MEDIANOCHE A3 I  |        |           |        |            |                 |            |
| 1:30  | MEDIANOCHE A3 II |        |           |        | VIERNES II | MEDIANOCHEFS II |            |
| 2:00  | NOTICIAS III     |        |           |        |            | MADRUGADAFS I   |            |
| 2:30  | NOTICIAS III     |        |           |        |            |                 |            |

GROUP <2

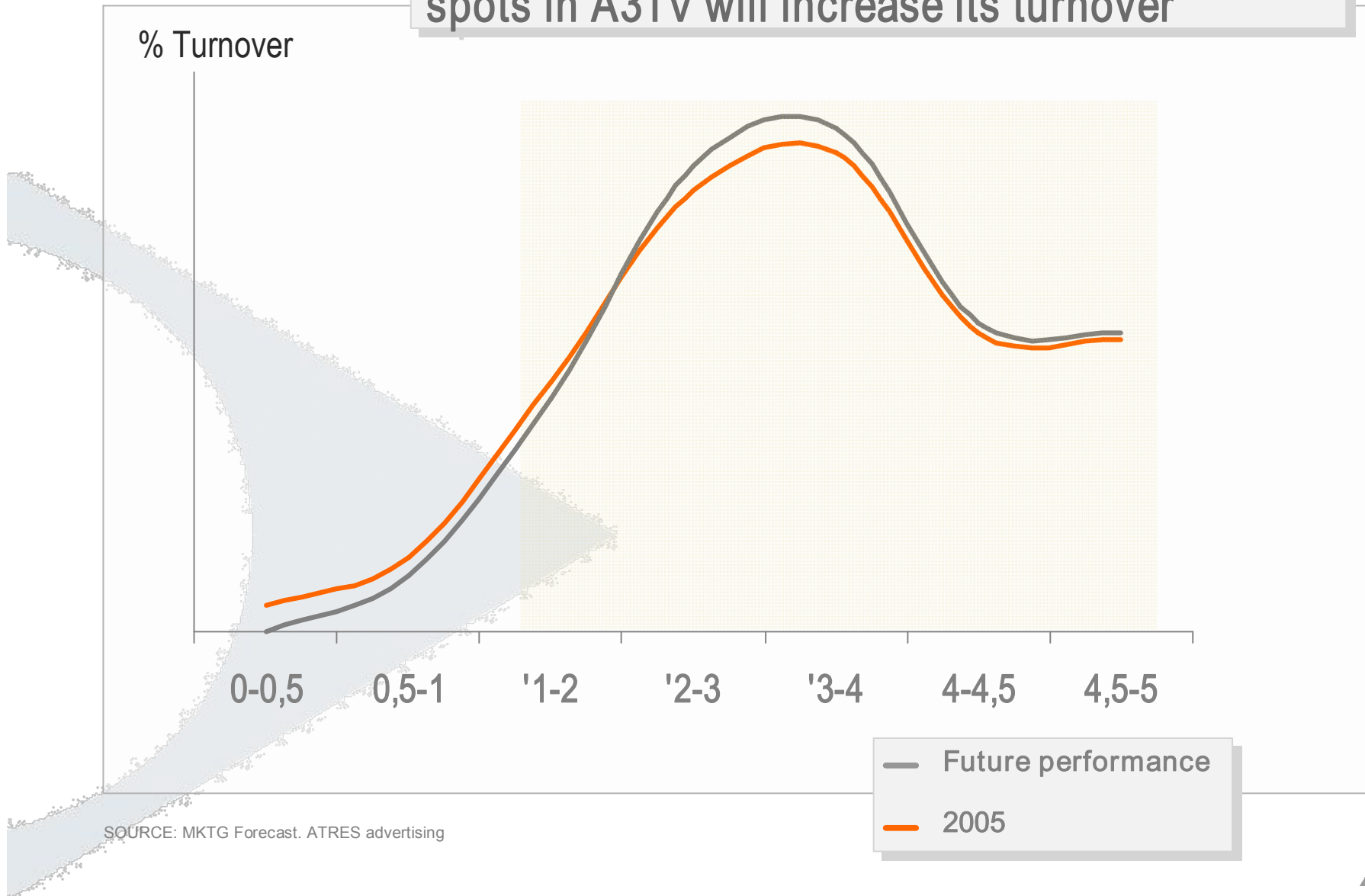
AVERAGE GROUP

TOP GROUP

# 3. Price



The greater availability of the most demanded spots in A3TV will increase its turnover



*“When the demand is the same,  
the scarcity of a product leads  
its price to increase”*

*Law of supply and demand*

# 3. Price



- ✓ In September 2004, for the first time, two private operators were ranked ahead of TVE
- ✓ This broke the trend of uneven competition which allowed:
  - **Before:** Public TV to:
    - ✓ Limit the competitive capacity of other operators
    - ✓ Partially cover an excessive cost structure
  - **After:** Private TV:
    - ✓ To undertake a price increase policy that raises advertising price up to the levels of 2000. A3TV took the following measures:
      - ✓ Elimination of agency discount
      - ✓ Offering selected targets

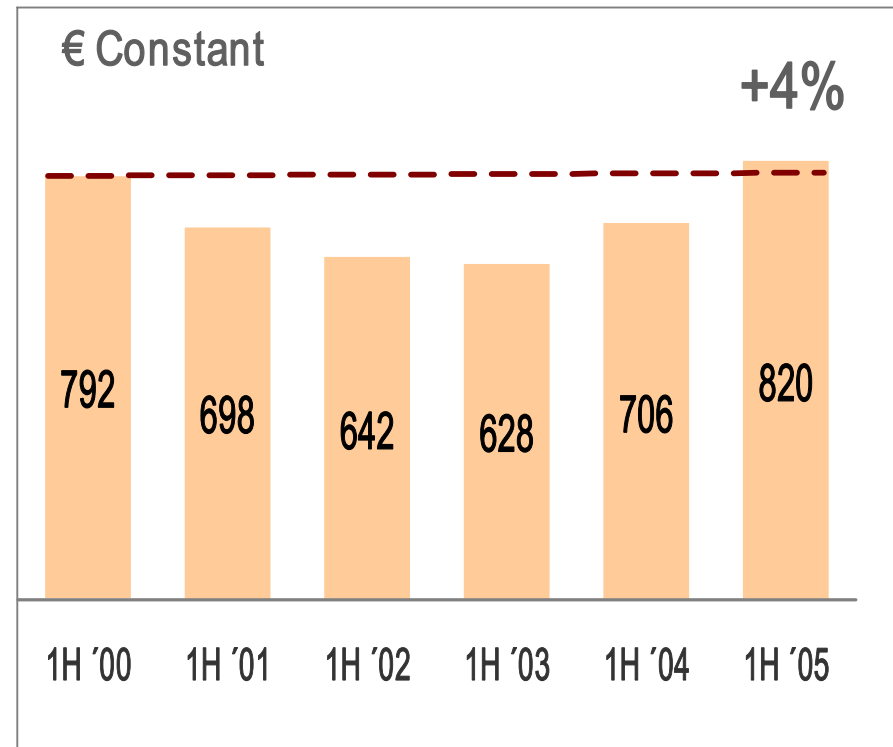
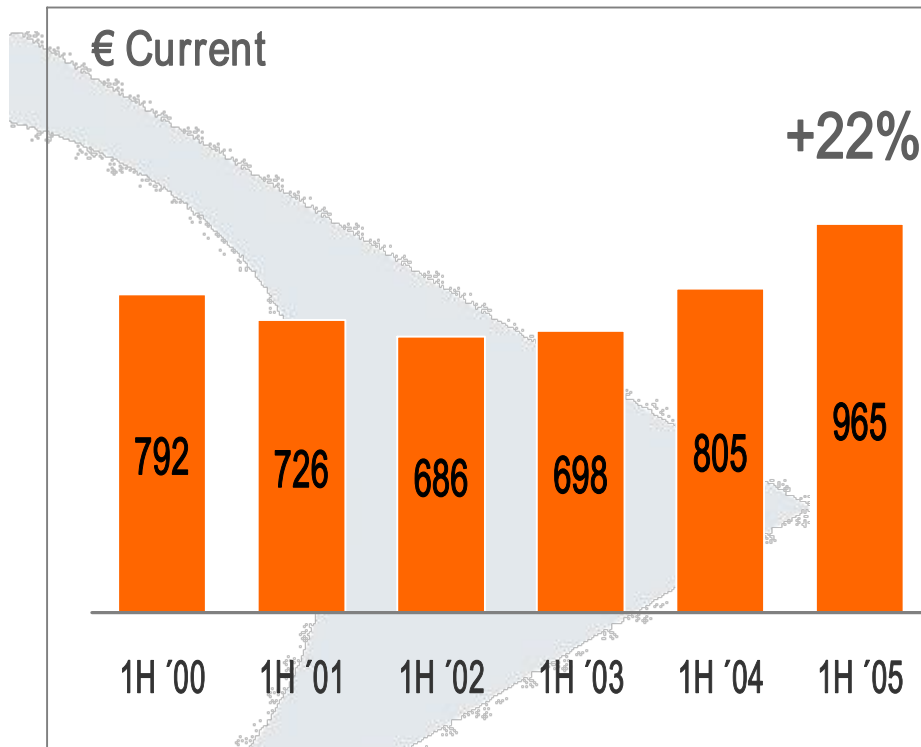


# 3. Price



→ Growth of advertising prices

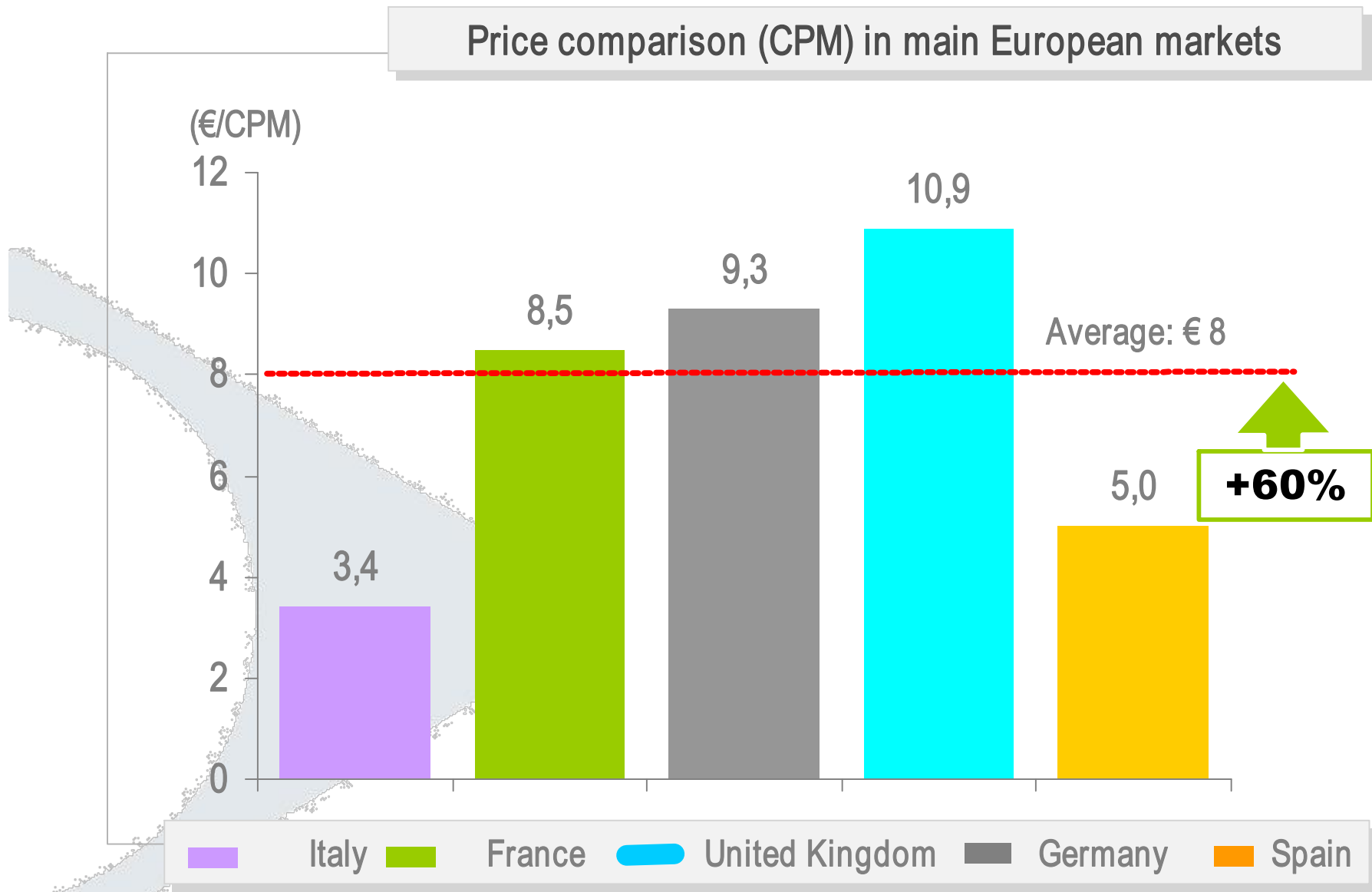
Analysis of national conventional GRP cost (A3+T5+TVE)



SOURCE: Mkt. estimate ATRES advertising  
GRP's 20" all the campaigns in Adults



# 3. Price

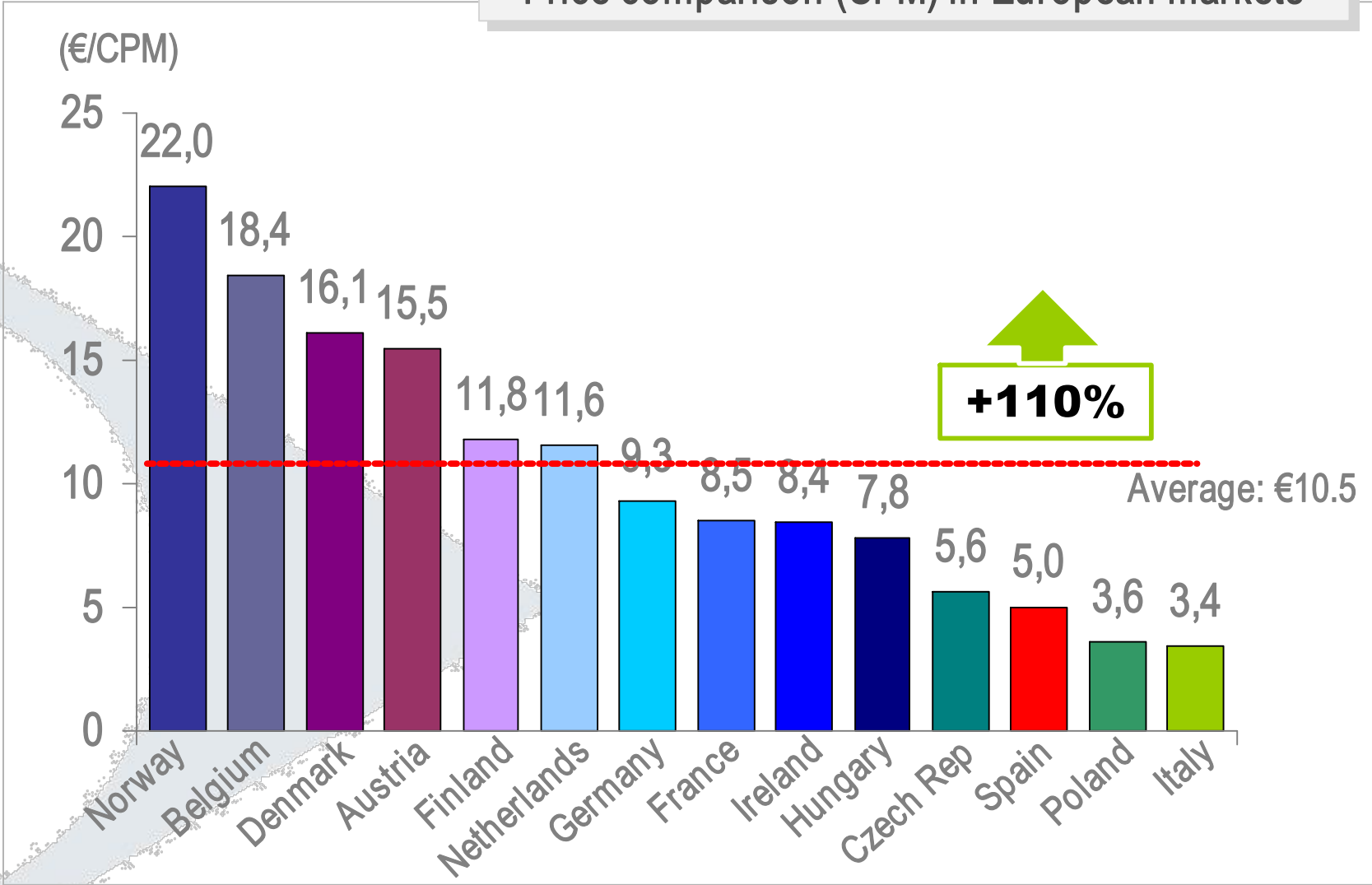


SOURCE: EGTA (European Group for Television Advertising)

# 3. Price



Price comparison (CPM) in European markets



SOURCE: EGTA (European Group for Television Advertising)

### 3<sup>th</sup> CONCLUSION

*“Even though you have bread in your hands, you can’t spread butter on it if it’s bread crumbs”*

*Popular wisdom*

# Audiovisual Landscape



## FUNDAMENTAL TV VARIABLES

### REVENUE

- ✓ Market
- ✓ Audience
- ✓ Price
- 4. Competition

### COSTS

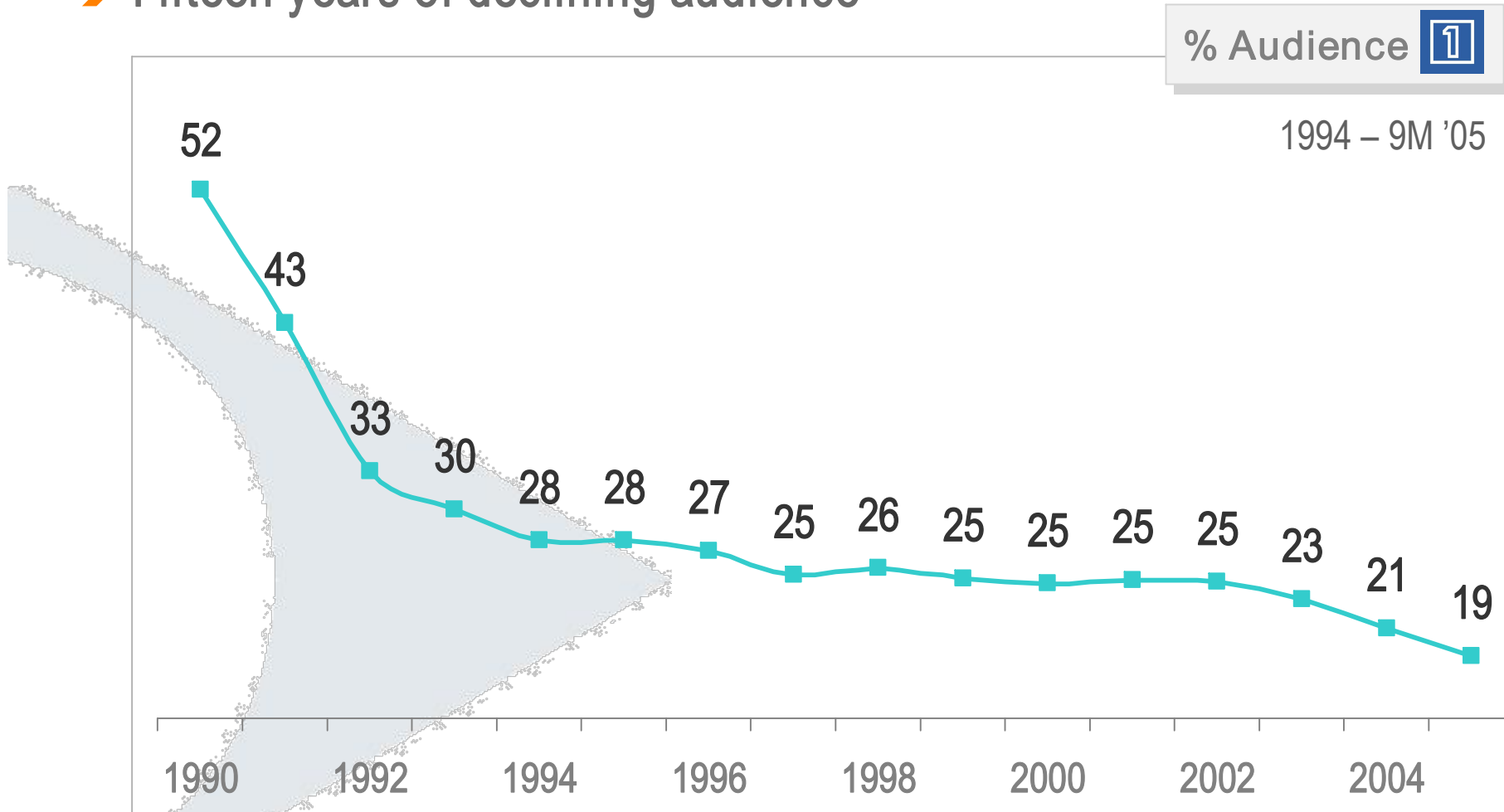
- 5. Programming Costs
- 6. Structure Costs

# 4. Competition

## TVE 1 Audience



➔ Fifteen years of declining audience



SOURCE: TNS

# 4. Competition

## TVE 1 Audience Target



|       |      | SEX |
|-------|------|-----|
| Men   | 42.3 |     |
| Women | 57.7 |     |

|                |      | AGE |
|----------------|------|-----|
| 13 to 24       | 7.8  |     |
| 25 to 34 years | 12.7 |     |
| 35 to 44 years | 14.3 |     |
| 45 to 54 years | 13.6 |     |
| 55 to 64 years | 14.5 |     |
| > 64 years     | 32.9 |     |

|                        |      | SOCIAL CLASS |
|------------------------|------|--------------|
| Upper/Up Middle Class  | 17.7 |              |
| Middle Class           | 36.3 |              |
| Low Middle/Lower Class | 46.0 |              |

|                     |      | SCOPE |
|---------------------|------|-------|
| <50,000 inhabitants | 51.7 |       |
| 50,000 to 500,000   | 32.8 |       |
| >500,000            | 15.6 |       |


SOURCE: SOFRES (January-September 2005). Data in percentages.



## 4. Competition

### TVE 1 Ranking in areas with Regional TV

- With the only exception of Castilla La Mancha, TVE1 is the third or fourth option in all the Regional Communities that have their own public programming.



**1**

|                    | Share | Ranking |
|--------------------|-------|---------|
| SPAIN              | 19.4  | 3       |
| ANDALUSIA          | 16.2  | 4       |
| CATALONIA          | 15.5  | 4       |
| BASQUE COUNTRY     | 15.5  | 4       |
| GALICIA            | 19,8  | 3       |
| MADRID             | 19.8  | 3       |
| VALENCIA           | 17.5  | 3       |
| CANARY ISLANDS     | 16.3  | 3       |
| CASTILLA LA MANCHA | 24.5  | 1       |

SOURCE: SOFRES (January-September 2005).

# 4. Competition



**TVE: Possible changes in its business model:**

- ✓ Could lead it to instability
- ✓ Private operators might be able to take advantage of this situation
- ✓ Reducing advertising by 3 minutes may mean...



## 4<sup>th</sup> CONCLUSION

*“No opponent is so strong that he doesn't have any weak points. The art of war consists of turning them into his destruction”*

*Sun Tzu*

# Audiovisual Landscape



## FUNDAMENTAL TV VARIABLES

### REVENUE

- ✓ Market
- ✓ Audience
- ✓ Price
- ✓ Competition

### COSTS

5. Programming Costs
6. Structure Costs



## Meeting past commitments:

- ✓ Reaching earnings levels comparable with sector
- ✓ Make Uniprex a profitable company
- ✓ Transform A3TV into a multimedia Group
- ✓ 0% increase in Group expenses in 2005

## Underlying Philosophy in every commitment:

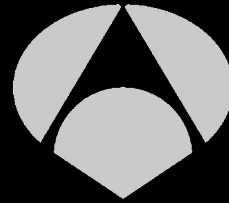
- ✓ Be cautious in revenues
- ✓ Be rigorous in expenses (2006 growth below inflation)

## FINAL CONCLUSION

*“Let the cold winter come and you will see that the pines and cypresses haven't lost their leaves”*

*Mao Zedong*

岁寒，然后知松柏之后凋也



# PINES AND CYPRESSES

**Maurizio Carlotti** Chief Executive Officer

岁寒，然后知松柏之后凋也

 *QUE VENGA EL INVIERNO Y SE VERÁ QUE PINOS Y CIPRESSES NO PIERDEN LAS HOJAS*