GRUPO ANTENA 3

Change, Innovation and Growth

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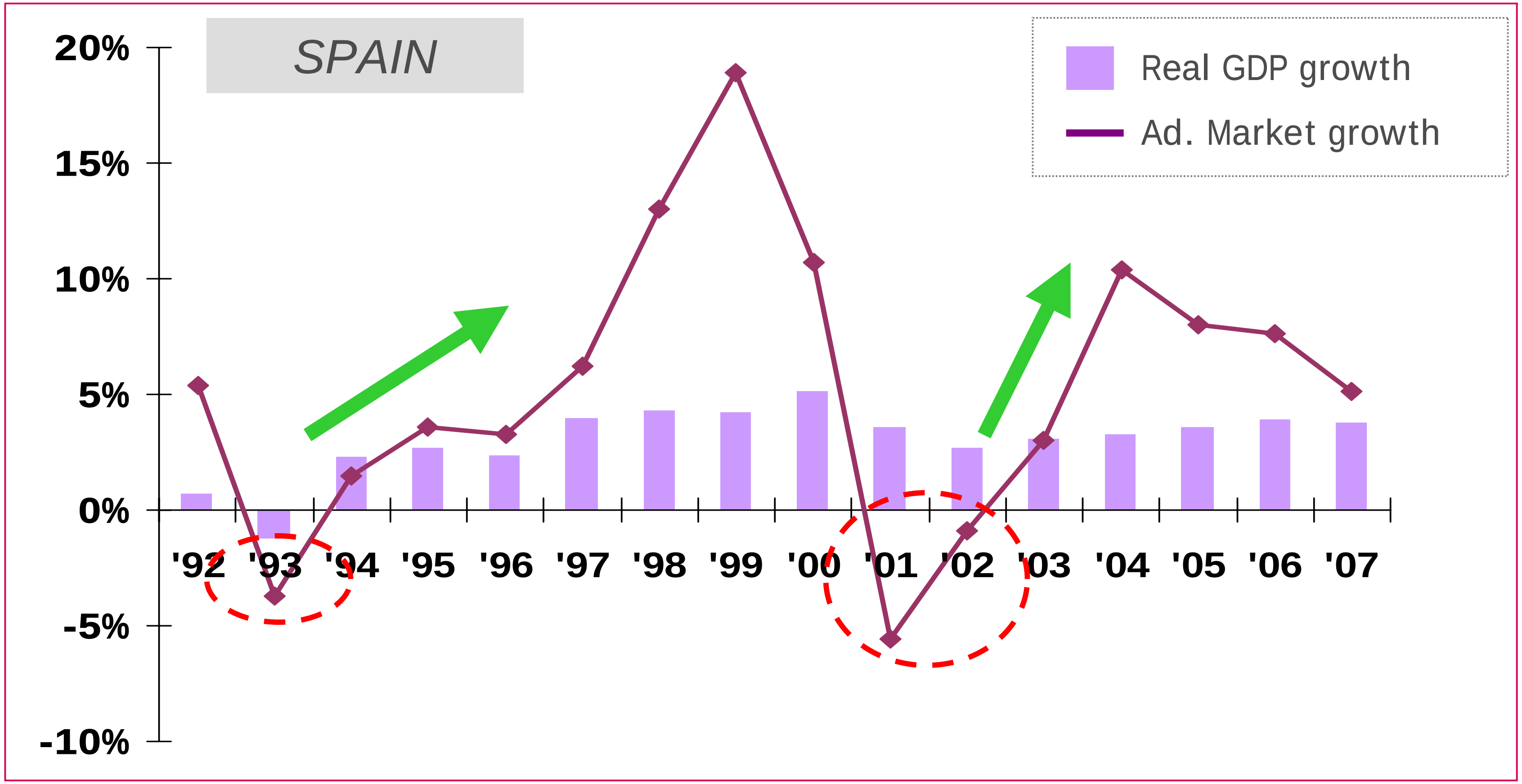
"Climb mountains to see lowlands"

(Chinese Proverb)

Climb mountains to see lowlands

Cyclical Business

➔ **4 to 6 quarters recessions lead to sharp recoveries and long-lasting healthy markets**



Source : Banco de España (GDP) and INFOADEX (Advertising Market) recession GROWTH

"But after the ~~rain~~ there will be ~~sunshine~~"

(Spanish Proverb)

Change!

➔ **Every player ought to be preparing to adapt to the new environmental conditions**

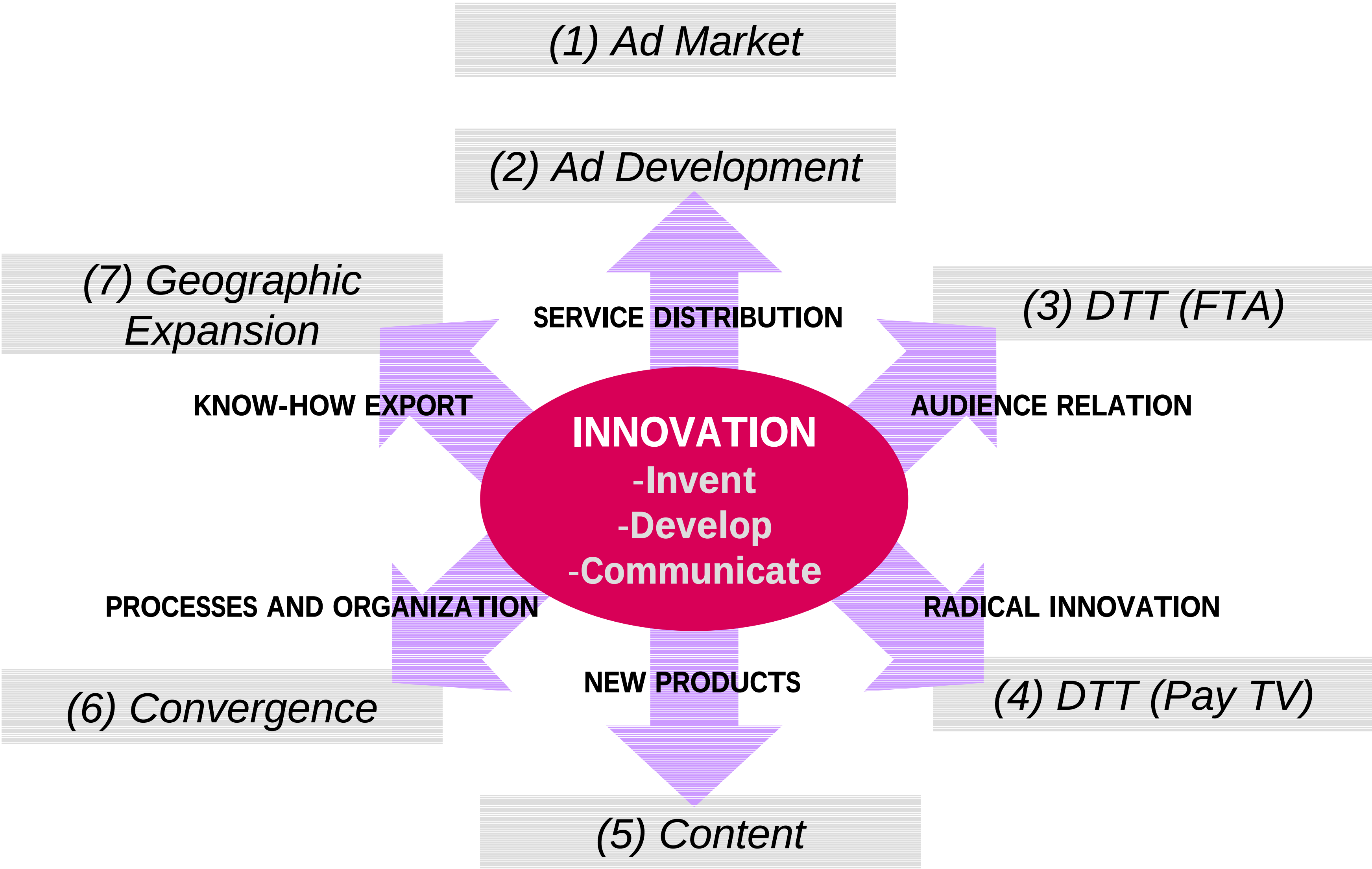
Main Changes

Short Term	Long Term
Consolidation of new FTA analogue players	IPTV consolidation
Developing DTT offer	Massive use of mobile devices for consuming contents
Emerging experiences in Mobile TV and TV over Internet (IPTV)	New non-traditional competitors (Telcos, Portals, etc.)

“Innovation is the tool that exploits change to create opportunities"

(Peter Drucker)

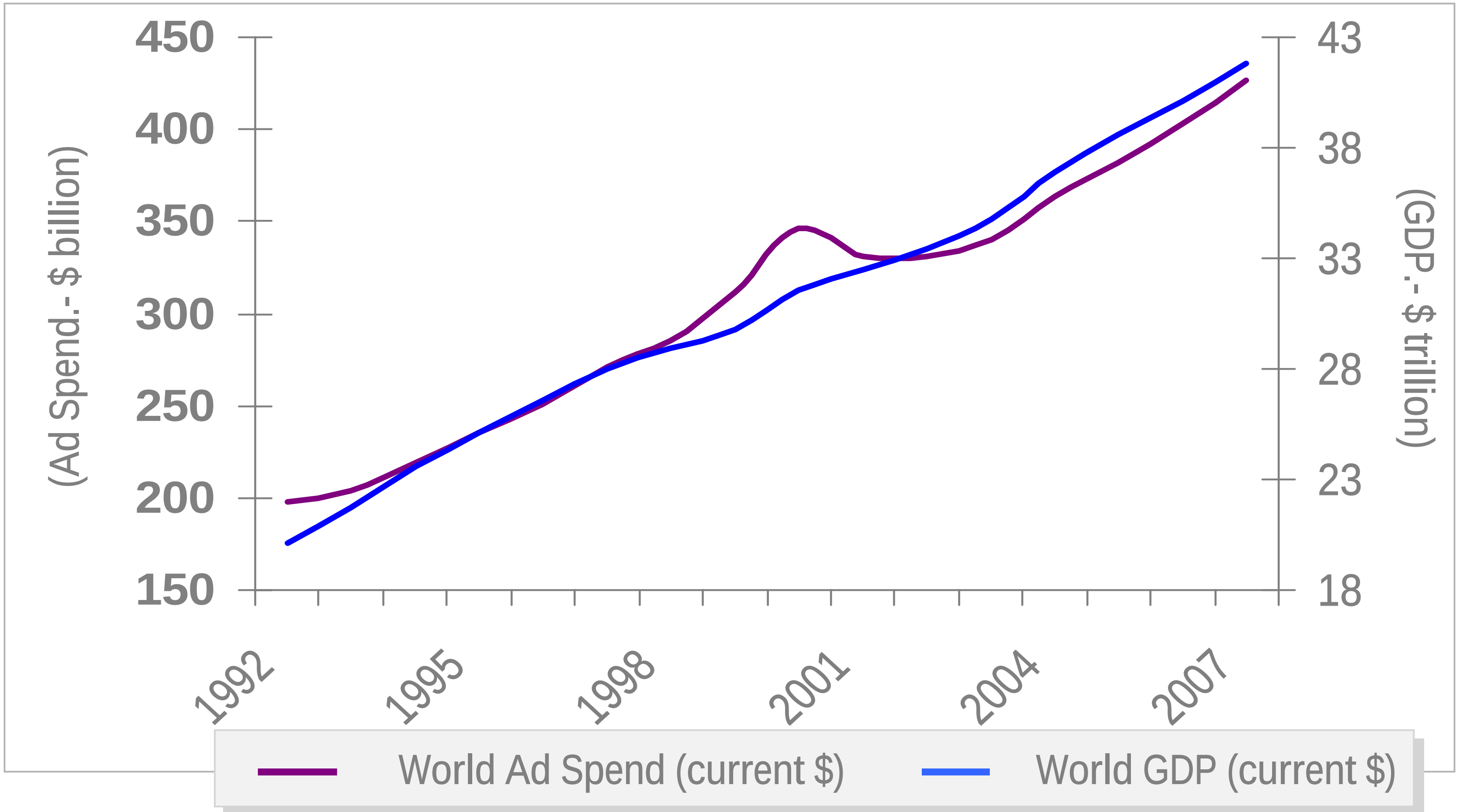
7 Ways of Growth



1.-Ad Market

Growing Trend

➔ **Clear correlation between World GDP and World Adspend**

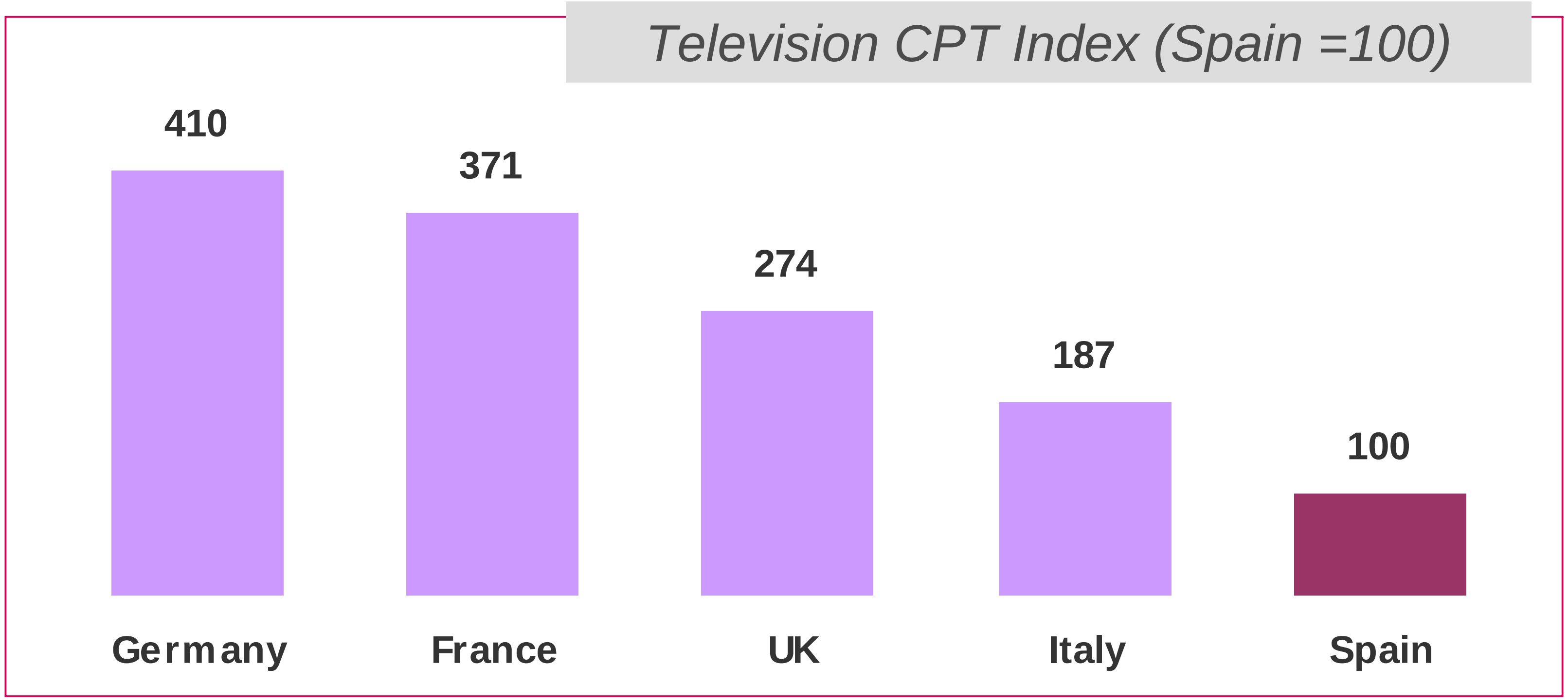


SOURCE: Zenith

1.-Ad Market

Television CPT index (Europe)

➔ **Television ad prices in Spain are still undervalued in comparison with its main peers in Europe.**

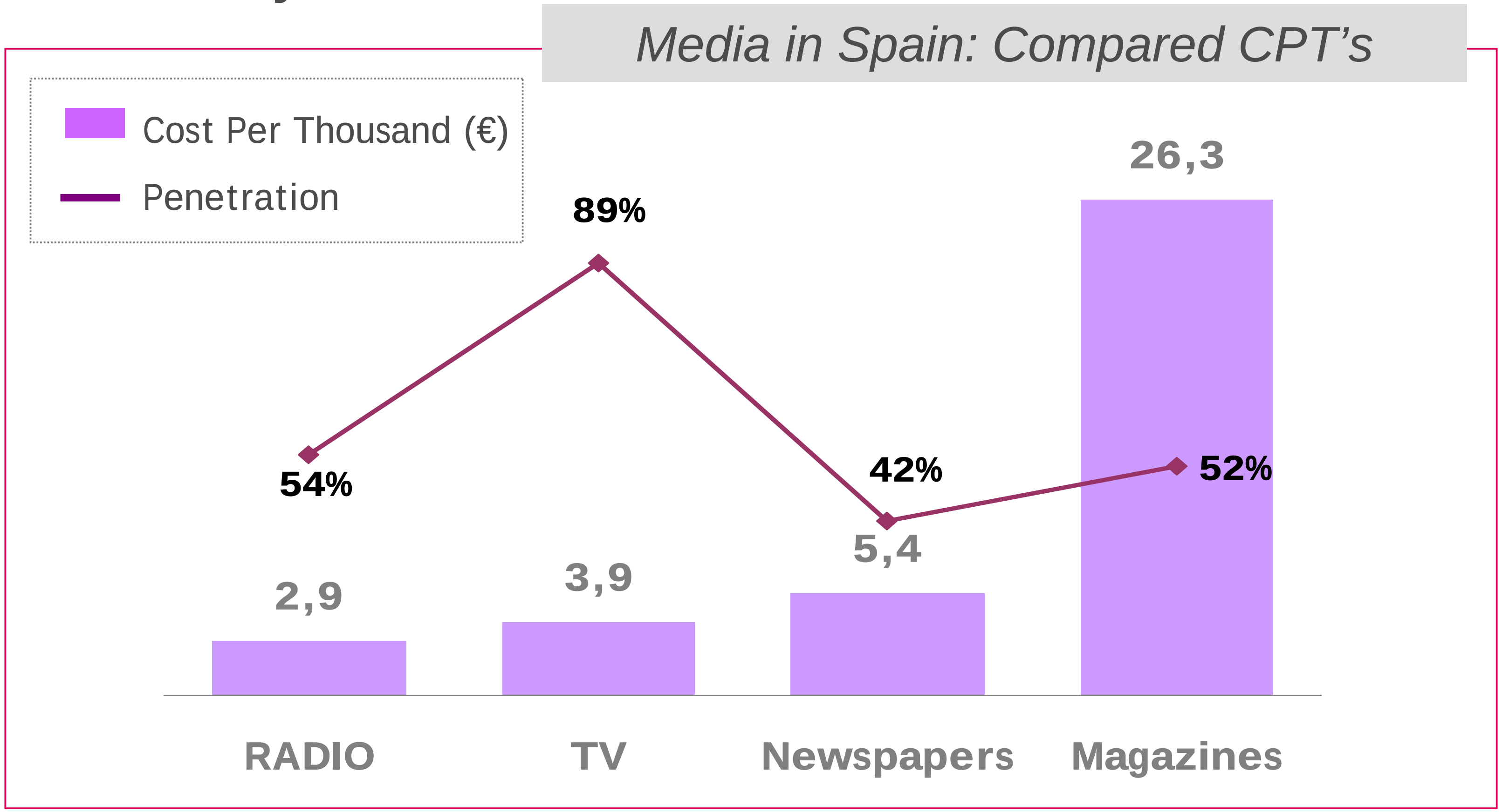


Source: UTECA, based in a Aegis International and Carat Expert research.
Considers gross CPT for conventional spots aimed to Adult target (+15) and average campaigns in terms of mix of channels and time slots. Year 2006

1.-Ad Market

Media CPT's

→ **Television and Radio are unbeatable in terms of advertising efficiency.**

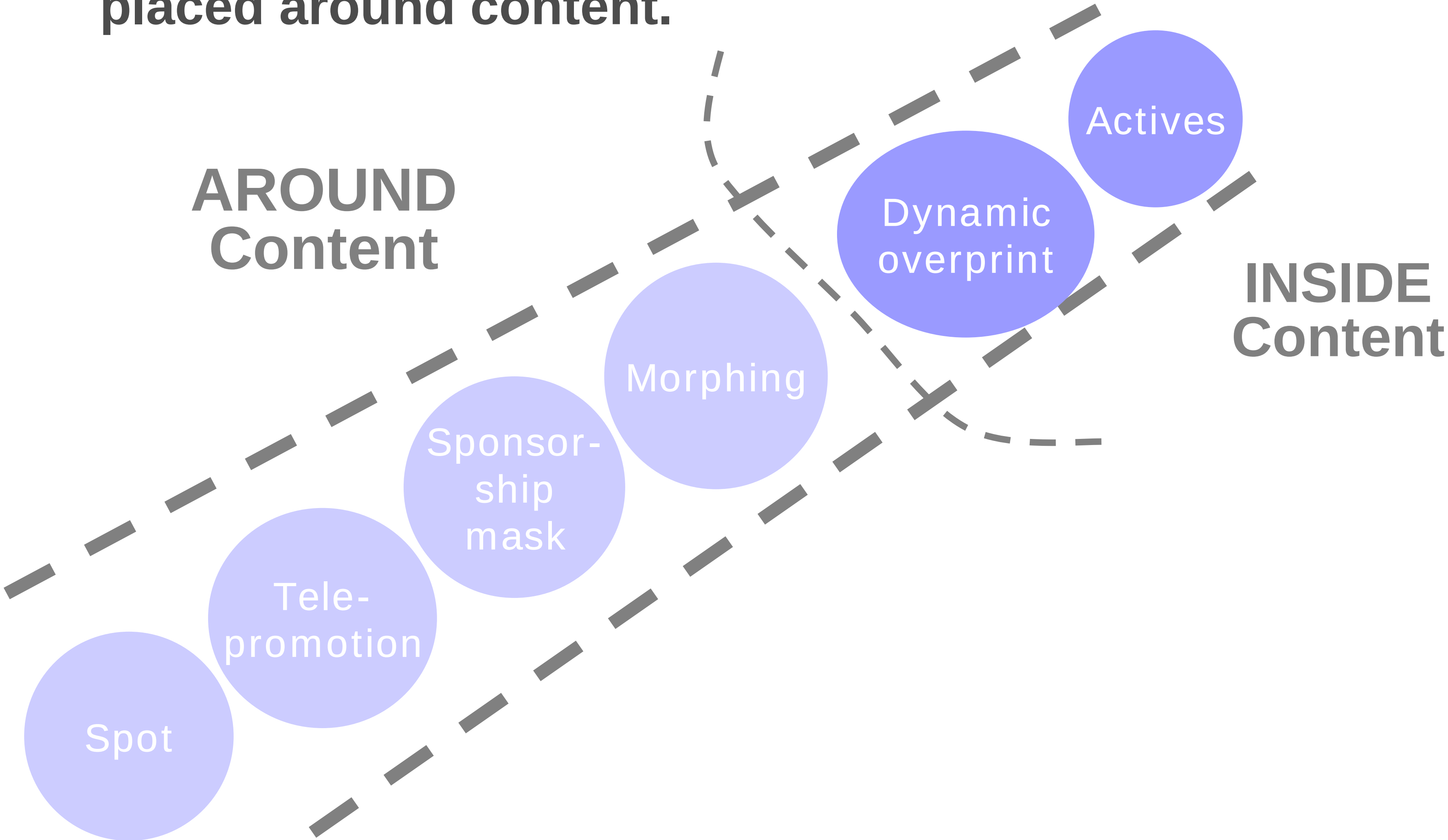


Source: EGM 3 ACUM 2007 – Infoafex Media Discounts, save for TV= GRP Base costs 1.450
Radio: OCR-SER-Cope-P.Radio, 1 spot per hour, from 8 to 25 hours, Monday through Friday. Magazines: All natl. magazines.
Daily newspapers: Free + General Domestic TV Information.

2.-Ad Development

Nowadays

→ **The bulk of the advertising products are currently placed around content.**

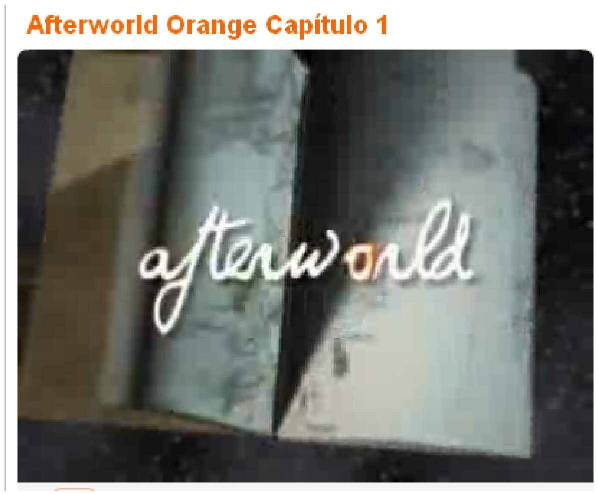


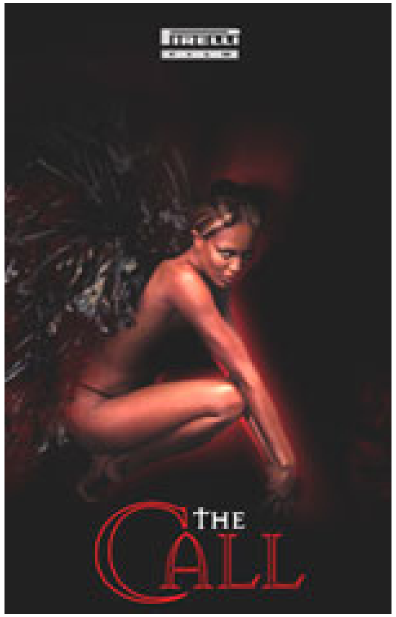
2.-Ad Development

The trend towards Branded Content

- ➔ **Goal 1: Fight advertising SATURATION**
- ➔ **Goal 2: Tighten the bond between BRANDS and CONSUMERS.**

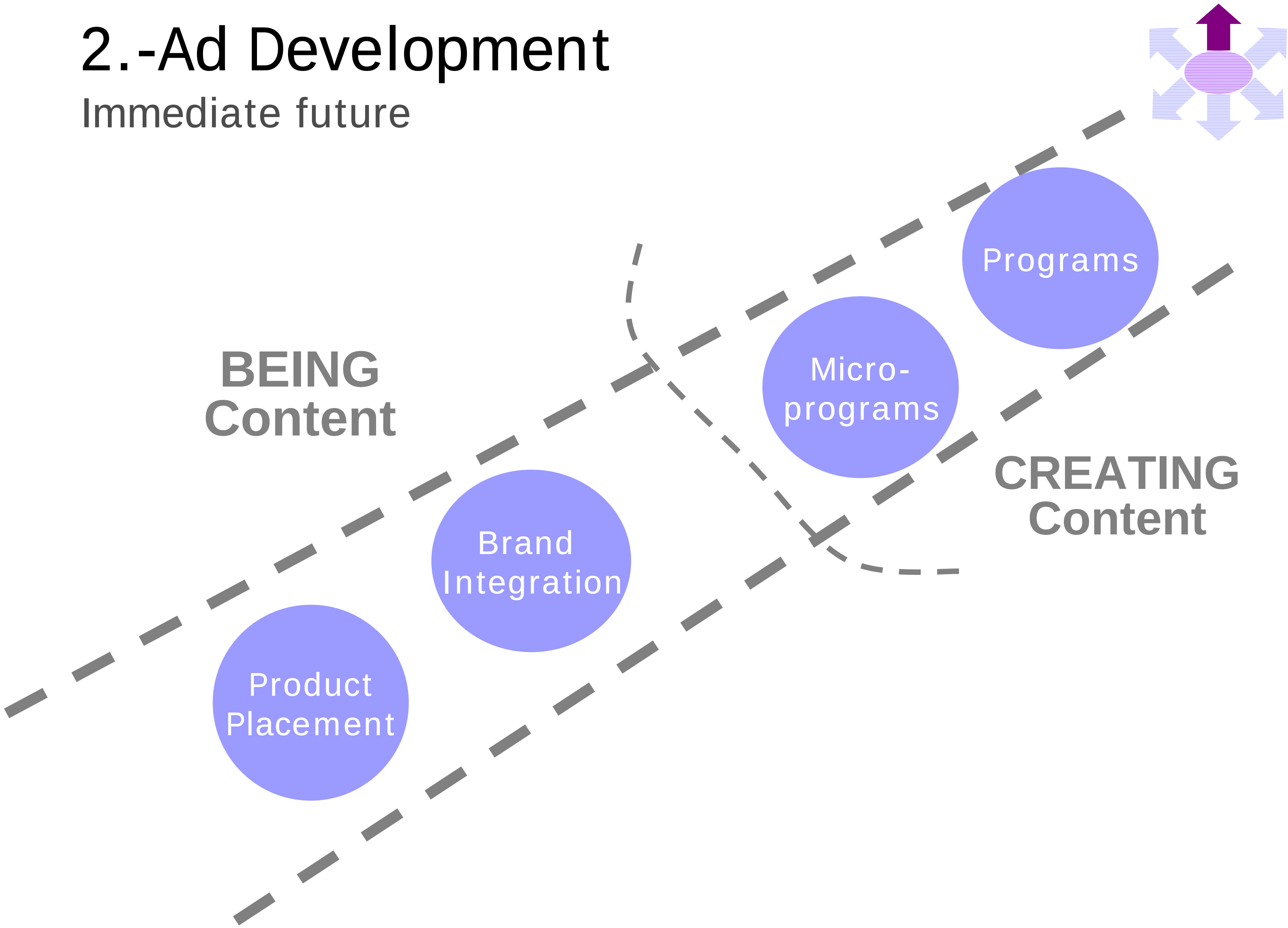
ADVERTISING AND CONTENT INTEGRATION	CONTENT CREATED BY ADVERTISER





2.-Ad Development

Immediate future



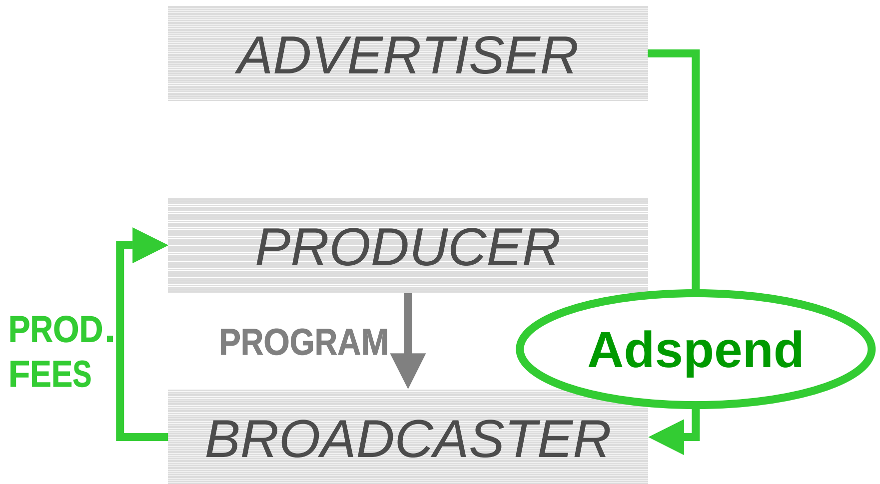
2.-Ad Development

Product Placement: From Producer to Broadcaster

- **DIRECTIVE 2007/65/EC (to be transposed in Spain by 19th December 2009 at the latest) admits product placement (*).**

- **That admission would change business model (from producer to Broadcaster).**

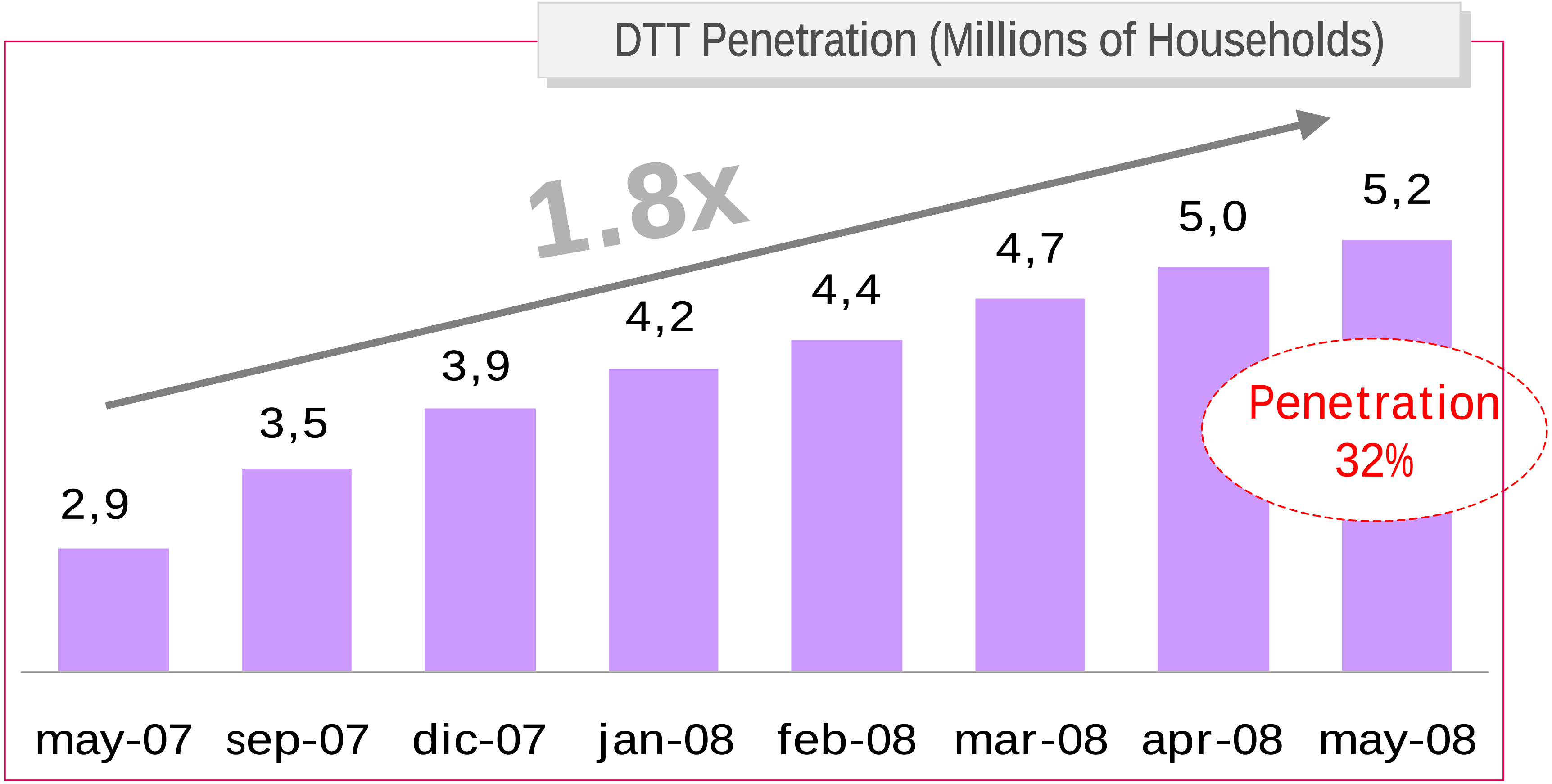
FUTURE?



(*) DIRECTIVE 2007/65/EC; Art. 3g: "By way of derogation from paragraph 1, product placement shall be admissible unless a Member State decides otherwise: in cinematographic works, films and series made for audiovisual media services, sports programmes and light entertainment programmes".

3.- DTT (Free To Air)

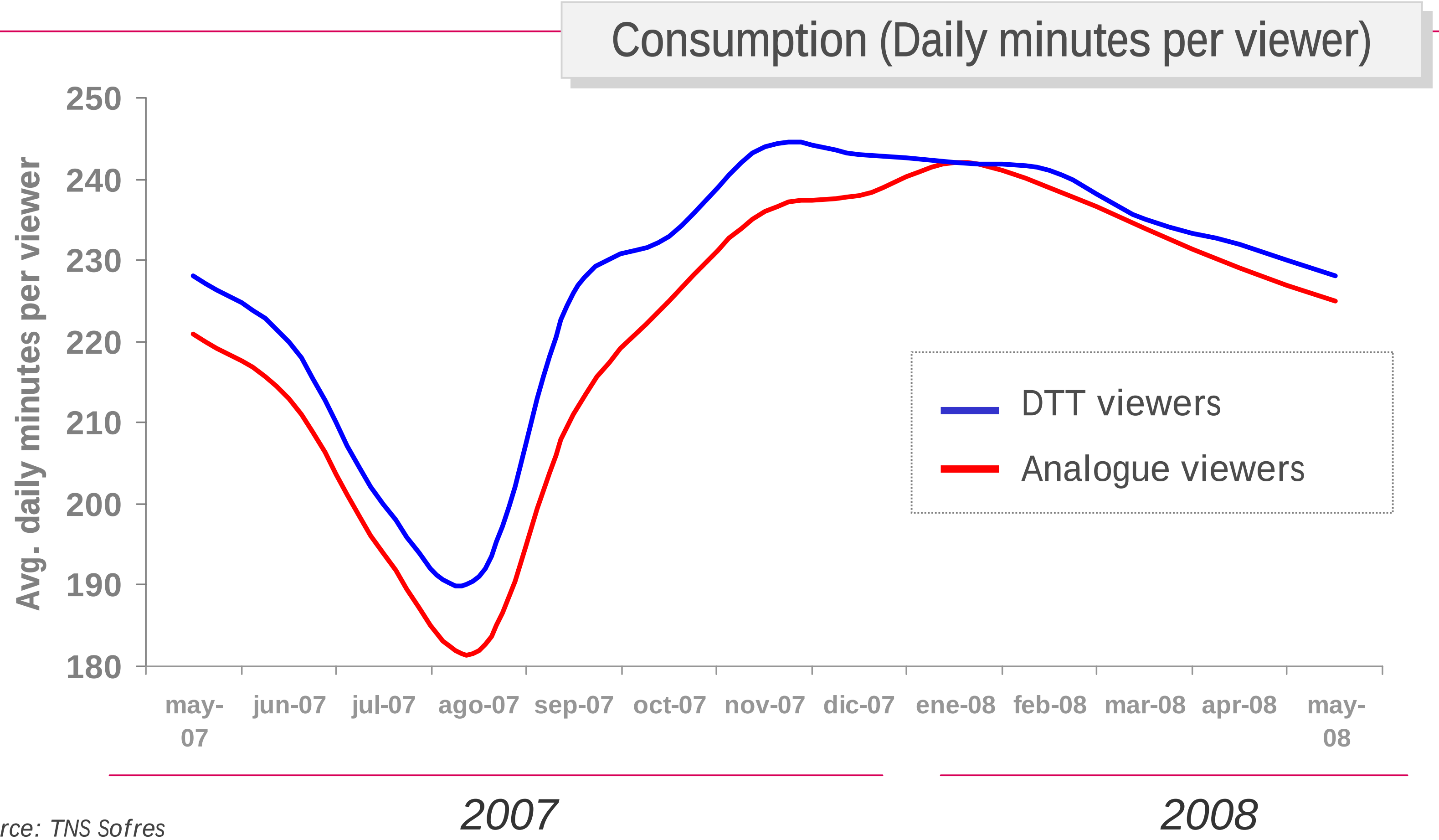
➔ DTT penetration in Spain doubled in one year



Source: TNS Sofres

3.- DTT (Free To Air)

➔ **TV Consumption among digital viewers is a 3% higher than in analogue households.**

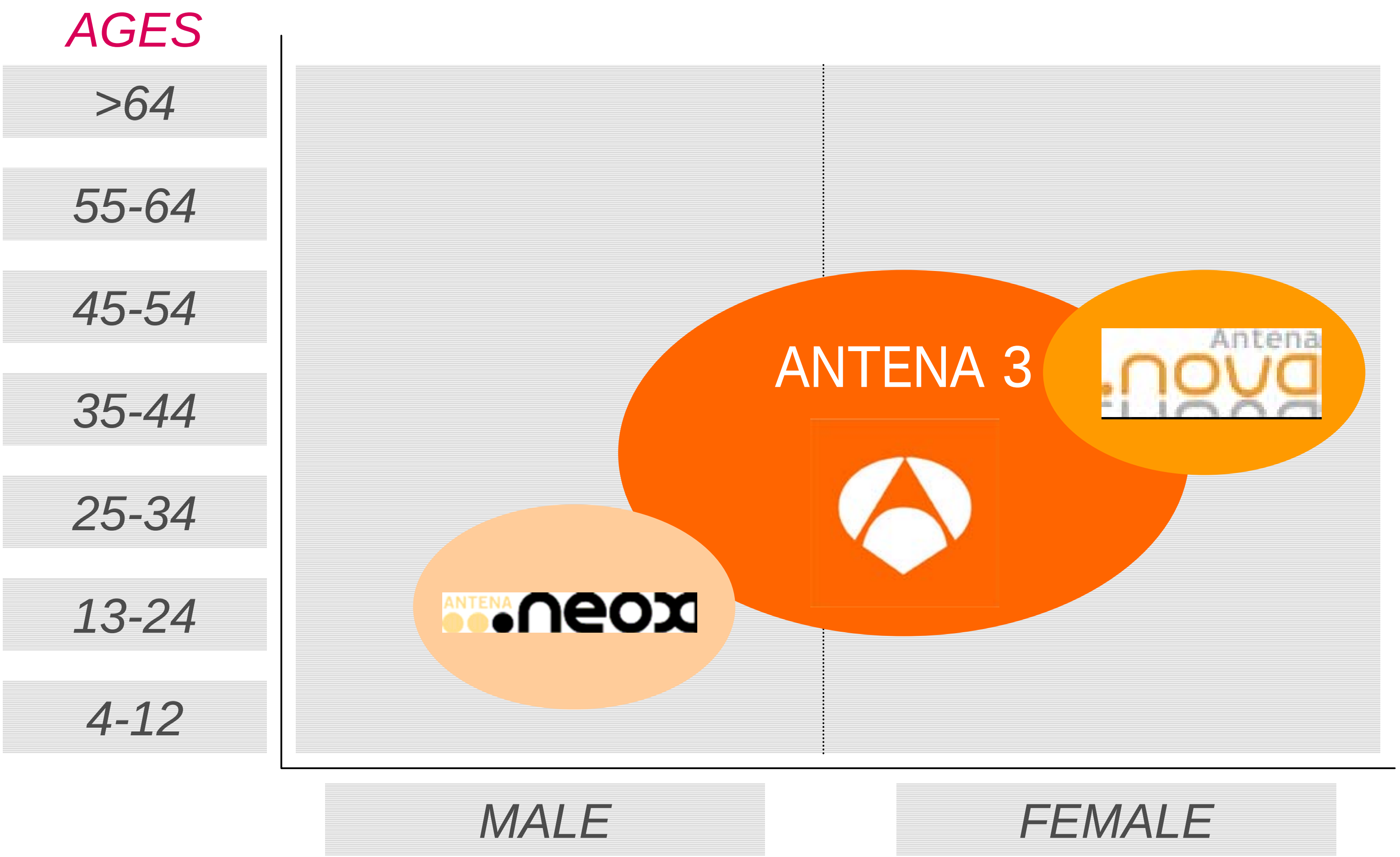


Source: TNS Sofres

3.- DTT (Free To Air)

Antena 3 Strategy

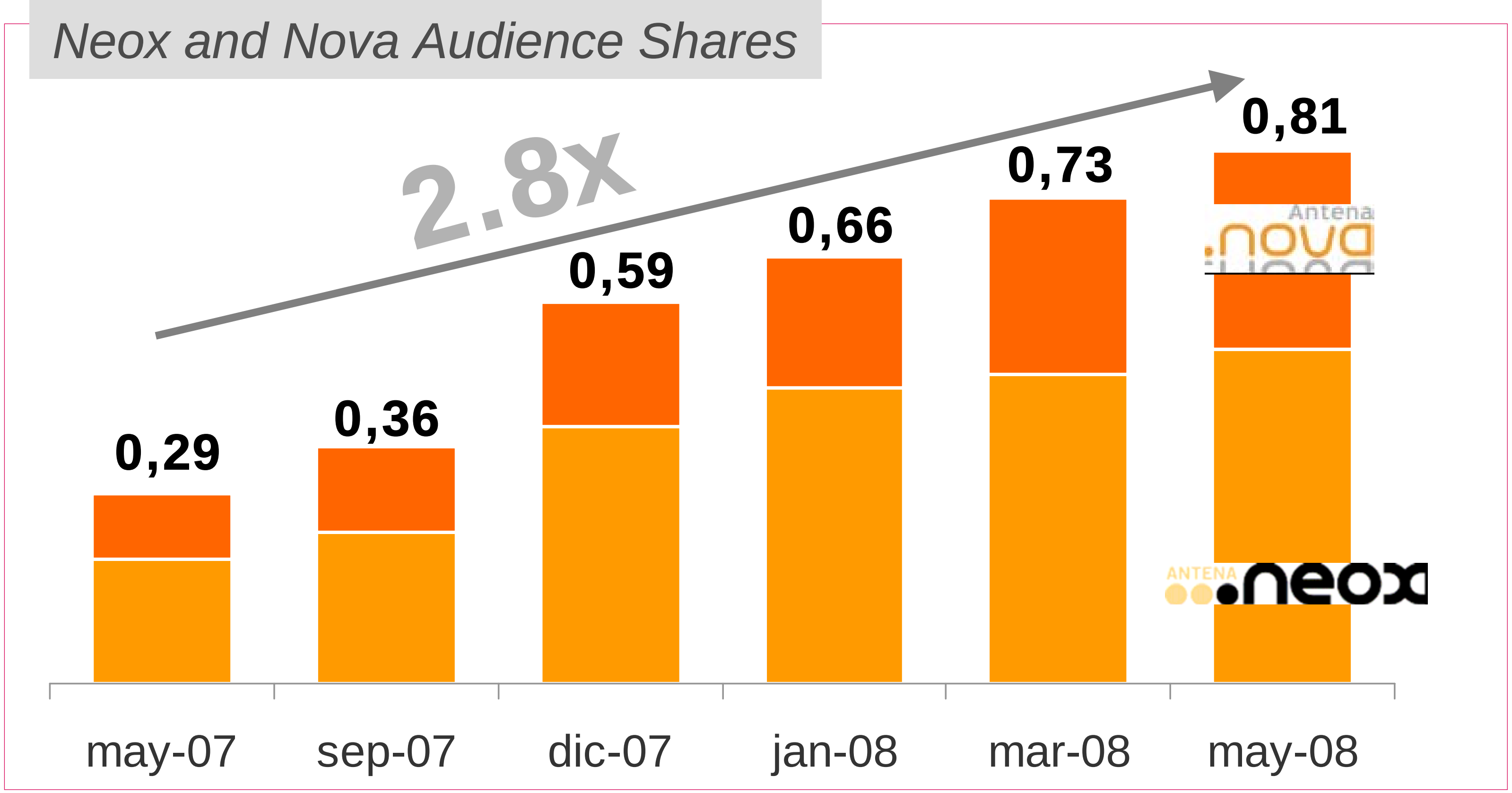
➔ **Developing complementary commercial spectrum without cannibalising main signal potential**



3.- DTT (Free To Air)

Leadership in DTT

→ **A3 DTT channels have tripled their audience in one year.**

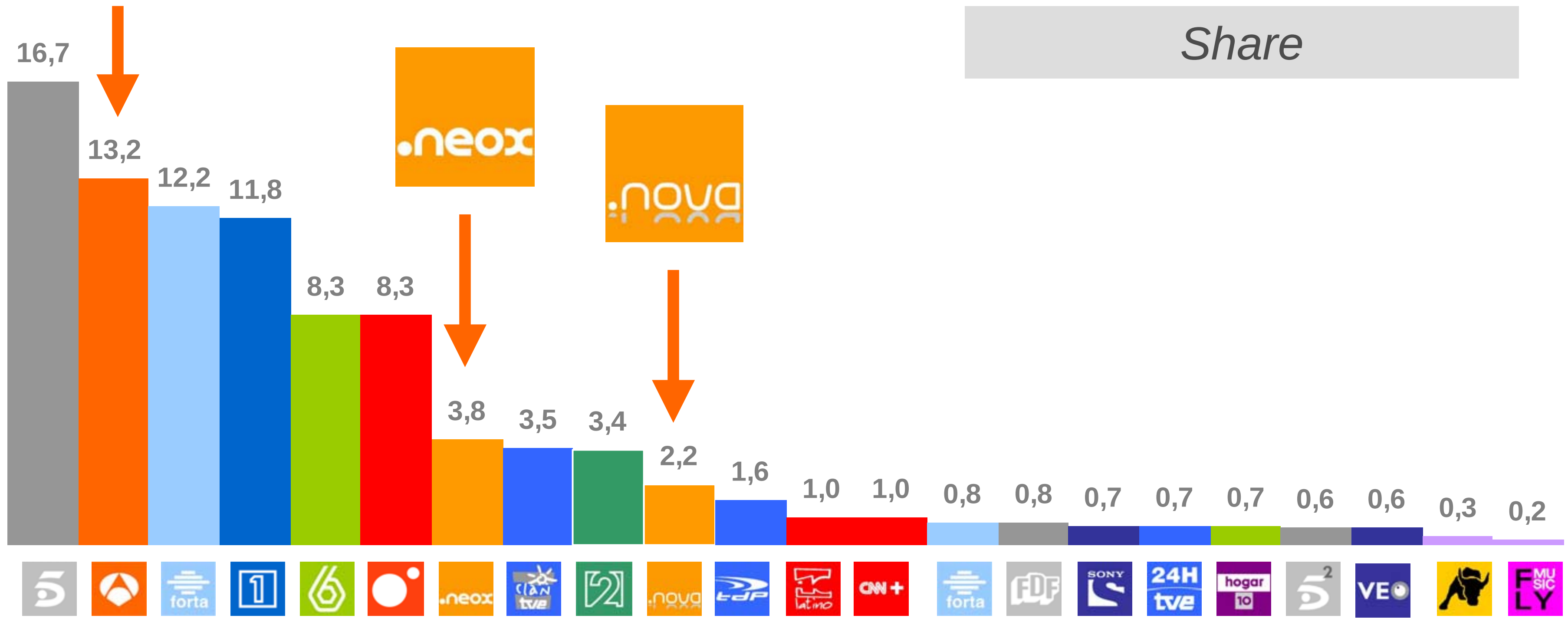


Source: TNS Sofres.

3.- DTT (Free To Air)

Leadership in DTT

➔ **Neox leads pure DTT channels' ranking and consolidates as 7th option (6th national) among DTT viewers. Nova ranks in the Top 10.**

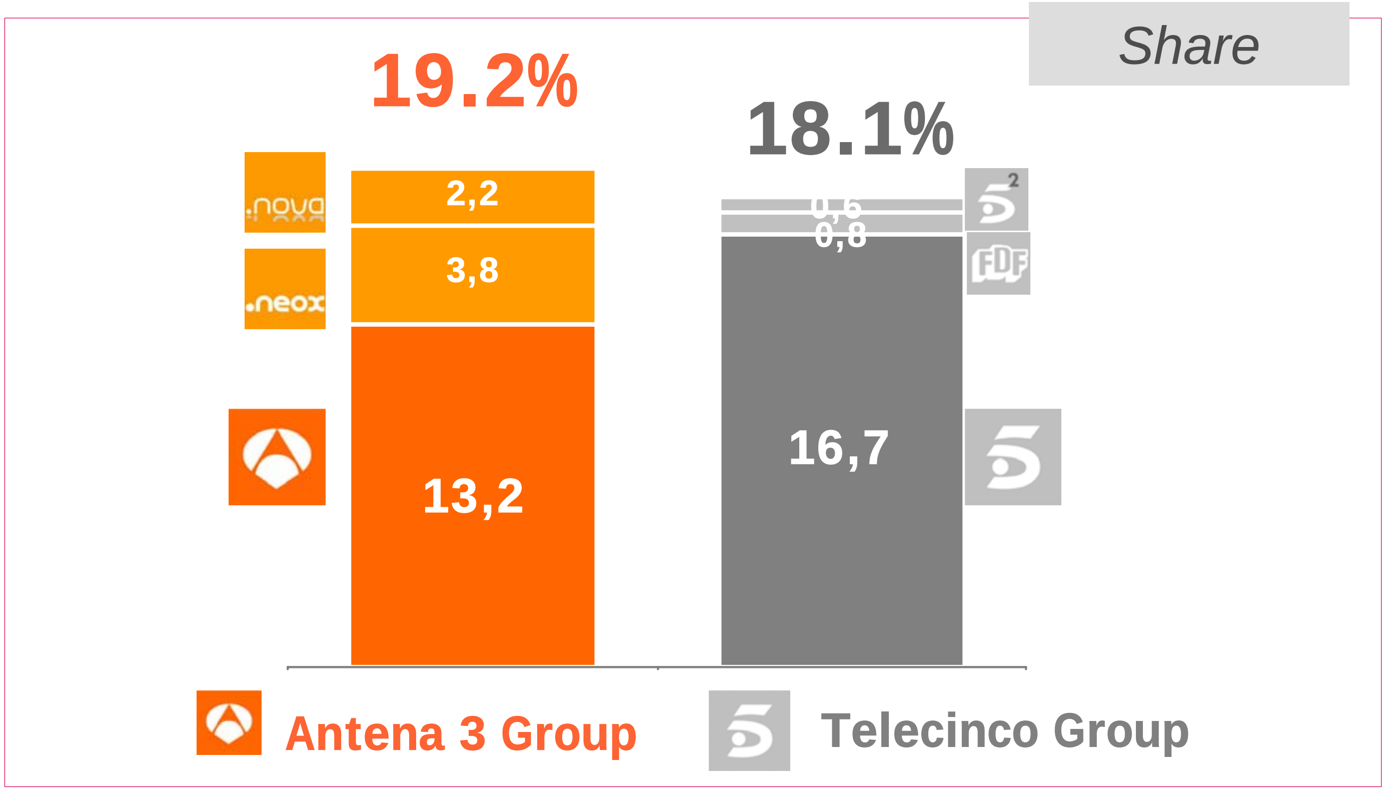


Share Total DTT (Total DTT: 100). 2008 data as of June 24th
Source : TNS Sofres

3.- DTT (Free To Air)

Leadership in DTT

- **Our multichannel strategy has already started to pay off.**
- **It aims to build long term competitive advantages against our main rivals.**

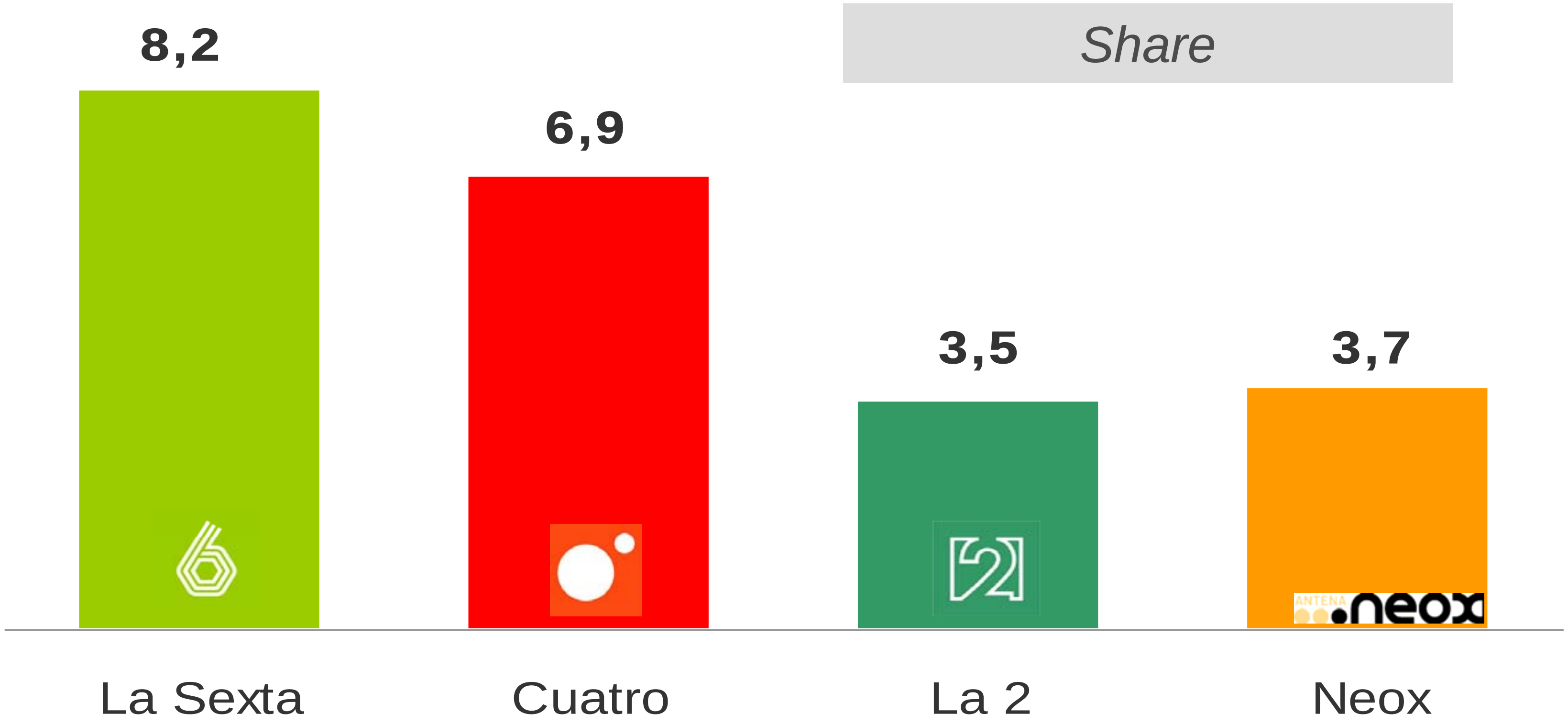


Share Total DTT (Total DTT: 100). 2008 data as of June 24th. Source : TNS Sofres

3.- DTT (Free To Air)

Leadership in DTT

➔ **In a digital household, Neox is already competing with medium size channels**



Share Total DTT (Total DTT: 100). May '08

Source : TNS Sofres

3.- DTT (Free To Air)

Principles

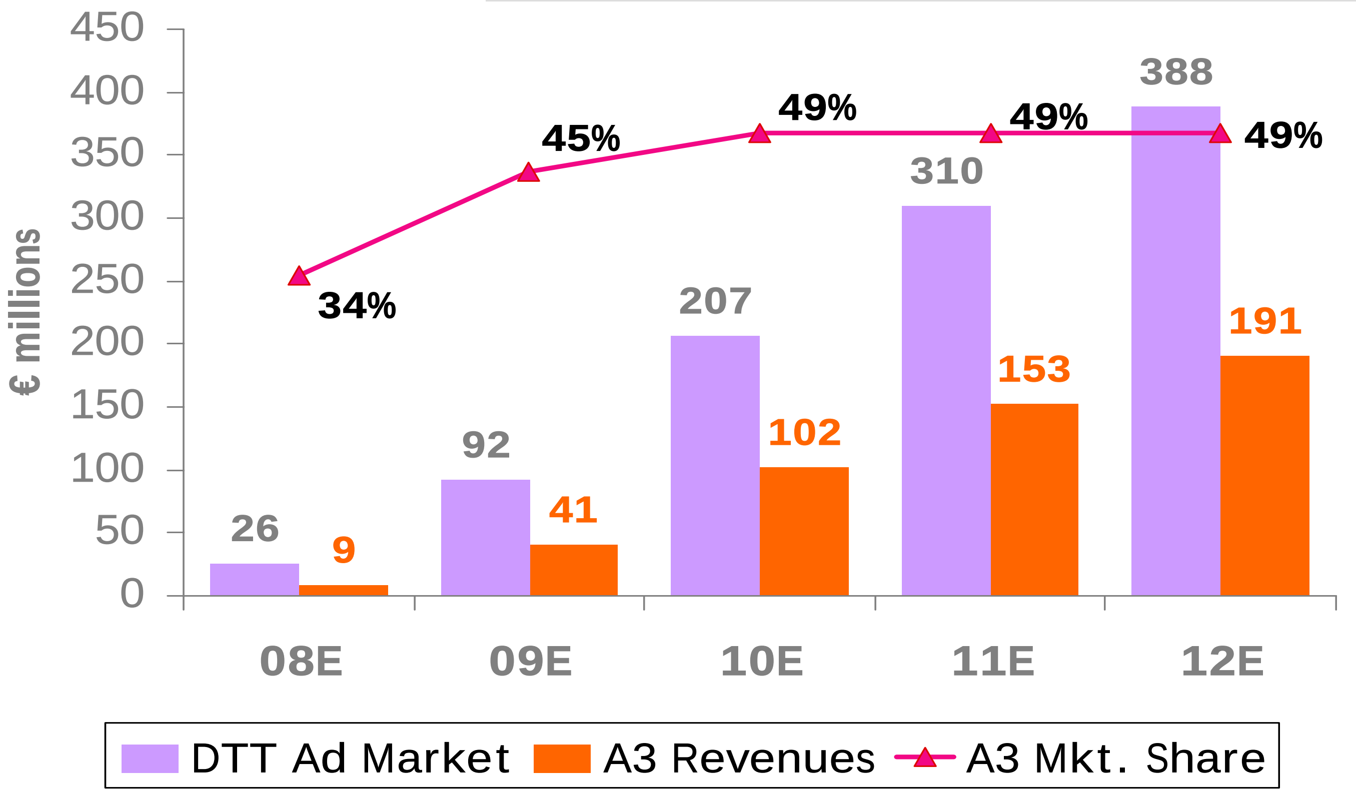
1	**One step ahead of competitors** Clear determination to build a leading offer in DTT
2	**Creative autonomy**
3	**Audience oriented (not thematically restricted)** Differentiation strategy by channel's positioning allows to create competitive advantage without narrowing targets
4	**Size: Our competitive advantage** Taking advantage of a large group's economies of scale

3.- DTT (Free To Air)

Outlook

➔ **Independent analysts already valuing Antena 3 DTT potential.**

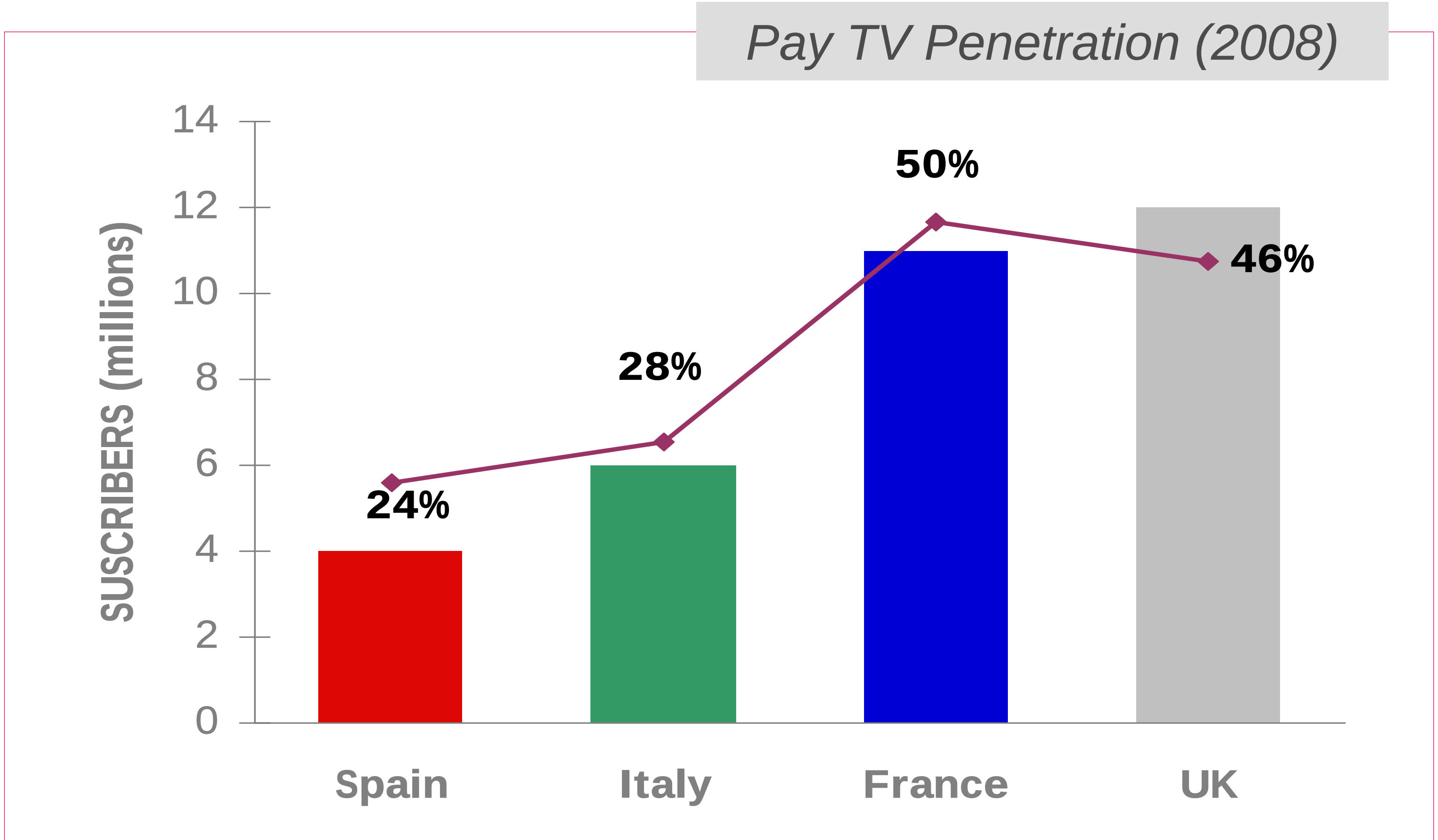
Pure DTT Ad Market Projections



Source: Morgan Stanley (March 31st, 2008)

4.- DTT (Pay TV)

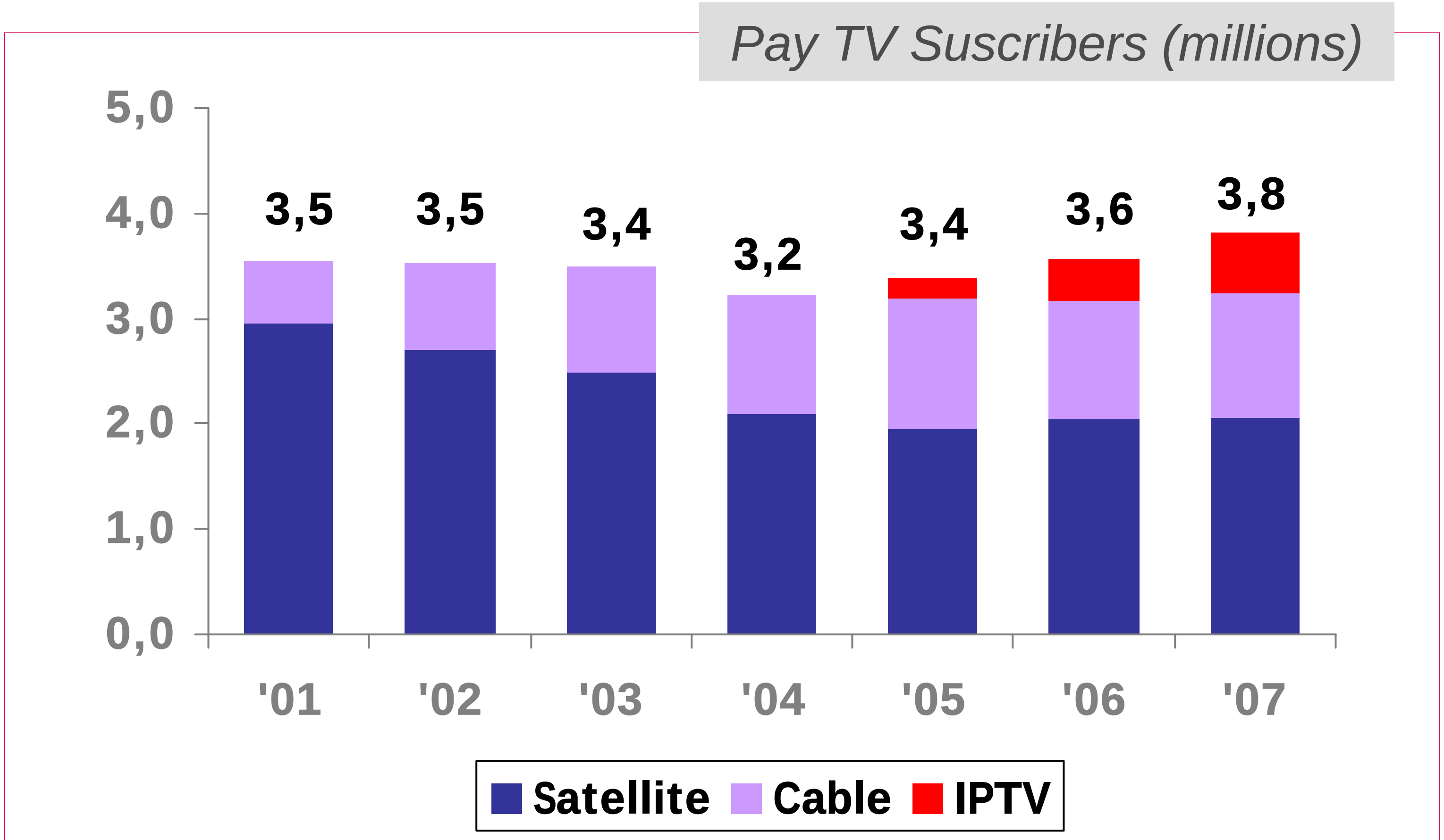
➔ **Pay TV in Spain a failure: penetration well bellow its european peers.**



Sources: CMT, OFCOM, ADL, MEDIASET/SKY ITALY

4.- DTT (Pay TV)

➔ **Pay TV in Spain a failure: a stagnant market.**



Sources: Companies' data and CMT

4.- DTT (Pay TV)

Pay TV in Spain: Reasons for a failure

- **Initial competition between first DTH platforms led to excessive cost inflation and rigid structures.**
- **Expensive offer: tight cost structures demanded high ARPU targets, at the cost of penetration.**
- **Secondary players are telcos: television mainly a marketing tool to complete their triple play offer.**

4.- DTT (Pay TV)

A window of opportunity might open

- **After the switch-off there will be more than 30 DTT channels run by >10 players in each region.**
- **How all of them are going to find an advertising funded business model?**
- **Pay DTT is a technical reality. Only political will is required to approve it.**
- **An attractive offer would be focused on the viewer: premium CONTENT at a reasonable PRICE.**
- **Only a non cost-handicapped player can achieve it.**

5.- Content

5.- Content

A factory of contents

- **More than 470 fiction hours and 130.000 minutes of news produced per year.**
- **c.70% of airtime covered with in-house production.**
- **Library with more than 15.000 hours of footage.**

Don’t you think we could do something more with this than add some advertisements?

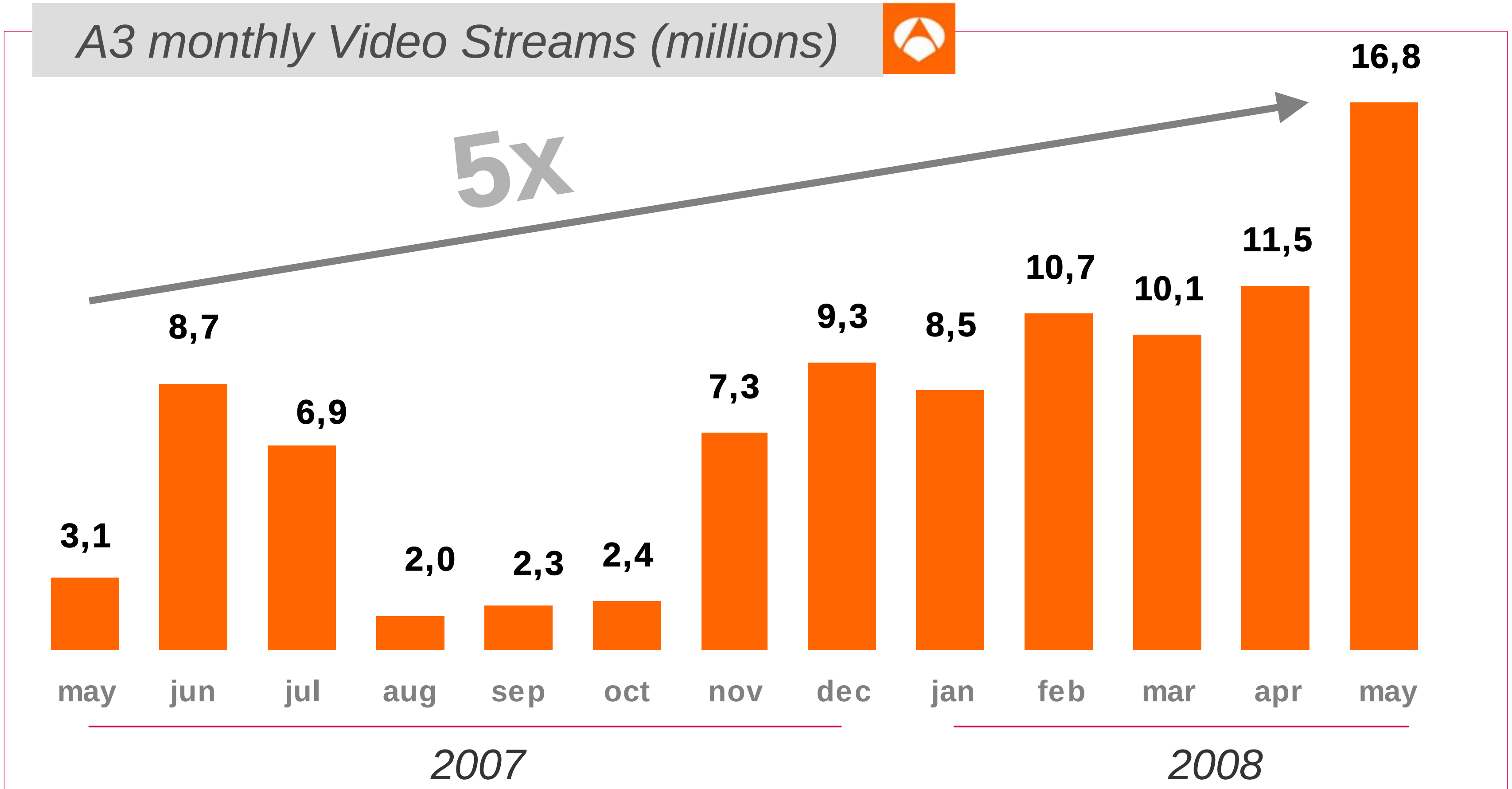
5.- Content

Key strategic points

1	**Align the organization toward multichannel production**
2	**Stop producing TV shows! Produce MULTIPLATFORM content**
3	**Use Cross-media promotion capabilities**
4	**Optimize your Newsroom**
5	**Seek to interact with your audience**

6.- Convergence

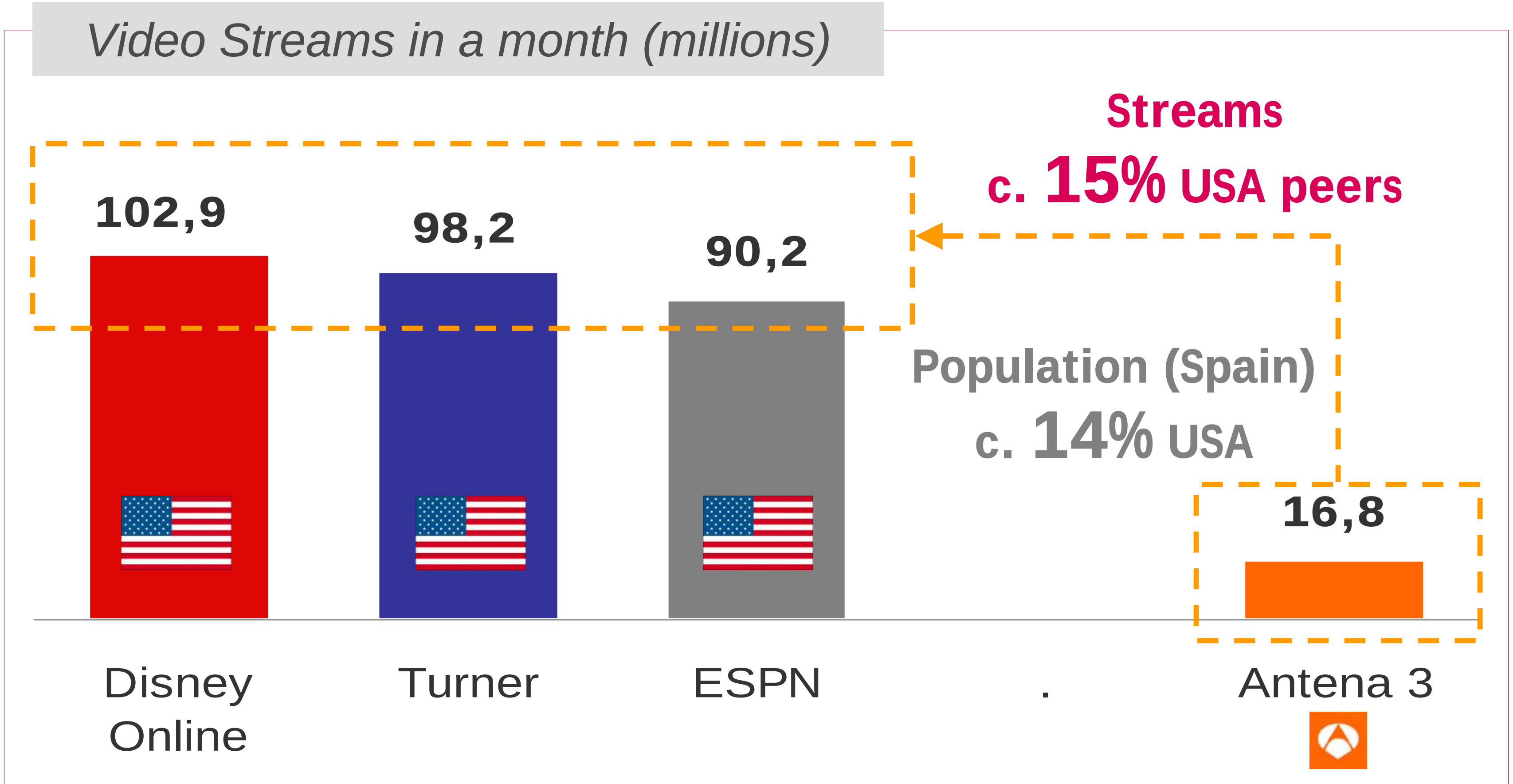
➔ **Attractive audiovisual content demonstrates its appeal to attract eyeballs on the net**



Source: Akamai and Flumotion. Does not include Antena 3 videos downloaded throughout Youtube.

6.- Convergence

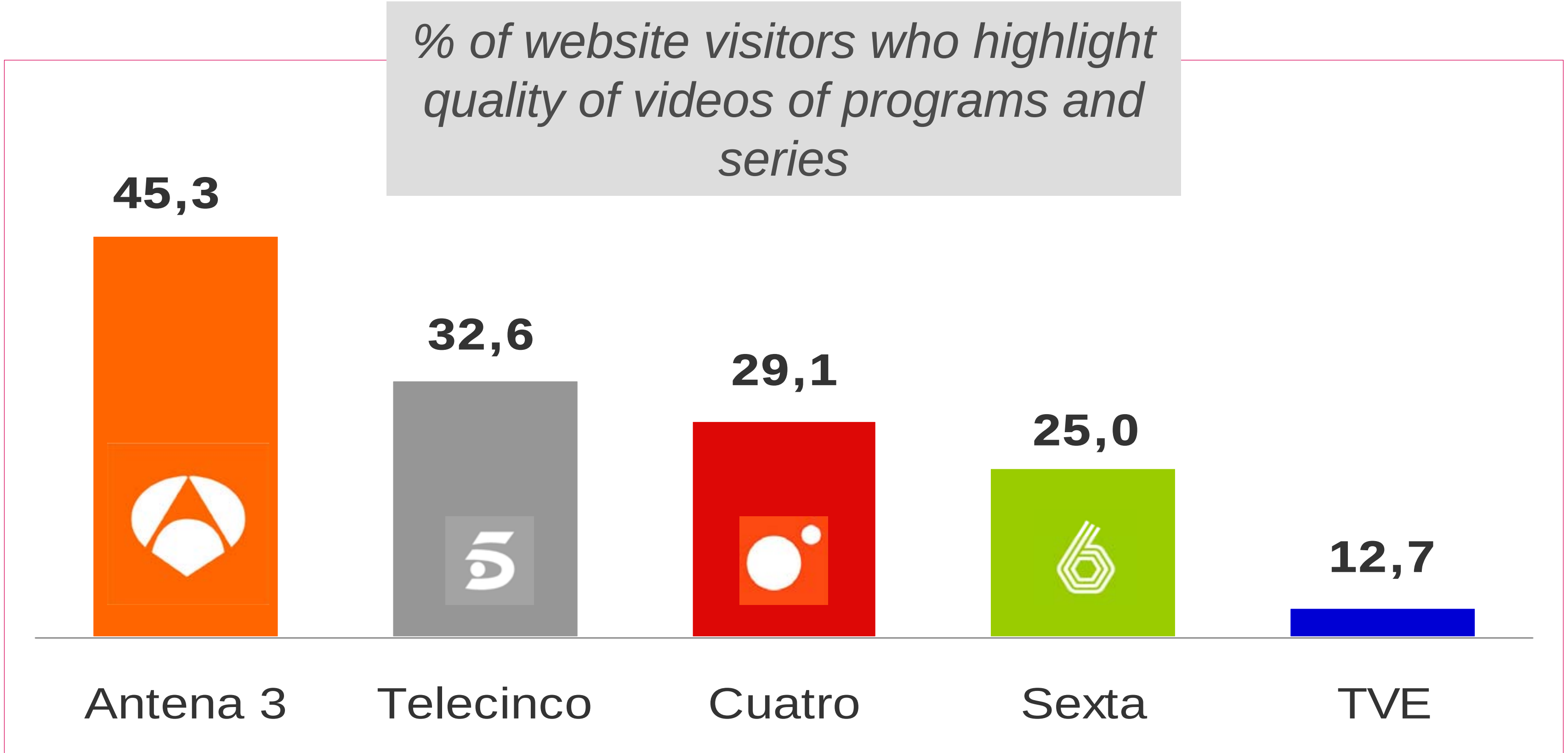
➔ **Antena 3 has achieved a high internet audiovisual profile, at the level of international players.**



Sources: Akamai and Flumotion (Antena 3) May08; Nielsen Online, VideoCensus (USA) Jan08.

6.- Convergence

➔ **Antena 3 website is perceived by its visitors as the most attractive among spanish networks by the quality of its audiovisual content.**



Source: Instituto Sondea May08.

6.- Convergence

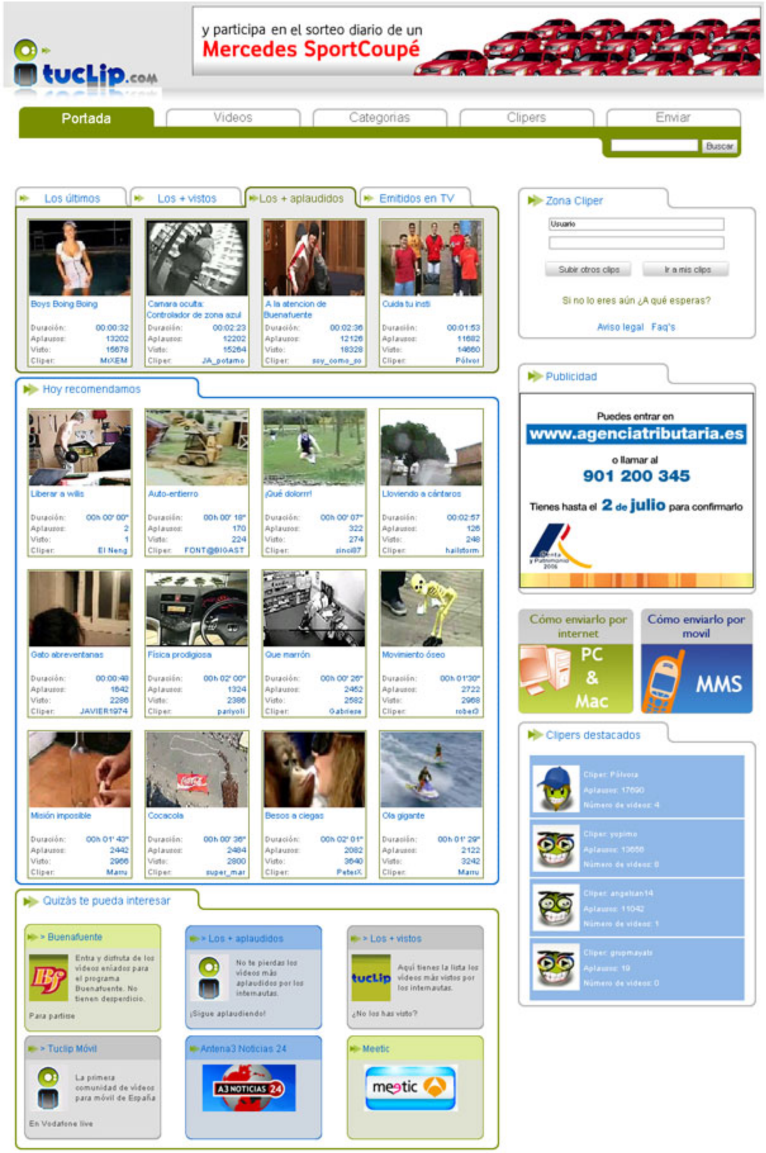
Own Content: ANTENA 3 – YOUTUBE CHANNEL

- **First Youtube channel created in Spain by a broadcaster**
- **Conceived as a promotion tool and potential source of commercial collaboration**

6.- Convergence

User Generated Content: TUCLIP.com

- ➔ **Website of user generated videos**
- ➔ **Source of free content for TV channels**
- ➔ **Version for mobile phones (Vodafone Live) available**



7.- Geographic Expansion

- **Although there has been a permanent lack of opportunities, we have always considered expansion in LATAM as a way to grow.**

- **Despite many differences, our common language and cultural connections can fill the gap and allow knowledge exchange.**

- **Spain is a very sophisticated advertising market which could export its experience to develop other markets.**

- **Radio has already started an expansion project: 7 new licenses have been granted to Uniprex (4 in the Balearic Islands, 1 in Rioja, and 2 in Aragón). Other 9 regions’ tendering processes are still open.**

7.- Geographic Expansion

Colombia 

- The Government of Colombia has opened a tendering process to grant a new FTA license with national coverage.

- That license will authorize a 3rd national broadcaster (after RCN and Caracol).

- Likely roadmap points to 4Q08 to present proposals, first months of 2009 to announce the winner bid, and end of 2009 to start broadcasting.

- Antena 3 will present a joint bid together with CEET (leading colombian editorial group, partially owned –40%- by Planeta).

7.- Geographic Expansion

Colombia

Population	**47 million** (75% in cities >100.000 inhab.)
GDP per capita	**8.900 $** (1/3 that of Spain)
Real GDP growth 08E	**4,5% - 5%**
Unemployment	**11%**
Advertising Market	**900 $m**
FTA Advertising Share	**49%**
2 main players FTA ad share	**93%**

Conclusions

- Advertising is a cyclical business, but there's a hiking trend in the long term. Four to six quarters recessions lead to years of sustained growth.
- Media is changing. But a definitive commitment to innovation will transform changes into opportunities.
- Advertising and content will be merge to create hybrid products (and juicy business).
- Multichannel environments are fragmenting audiences. Adapt and lead that change to serve those fragments better than others.
- There are other revenue sources apart from advertising (and other countries apart from Spain). Now is the moment to explore them.

“Don’t dream it: Be it"

(Richard O’ Brien)