# Sogecable

## One year after integration

Madrid November 16th 2004

This presentation contains forward-looking statements subject to risks, uncertainties and assumptions. Statements about beliefs and expectations are not guarantees of future performance. Please note that our results could differ materially from those shown in the following forward-looking statements.

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# One year after integration

## Phase – 1: Integration approval

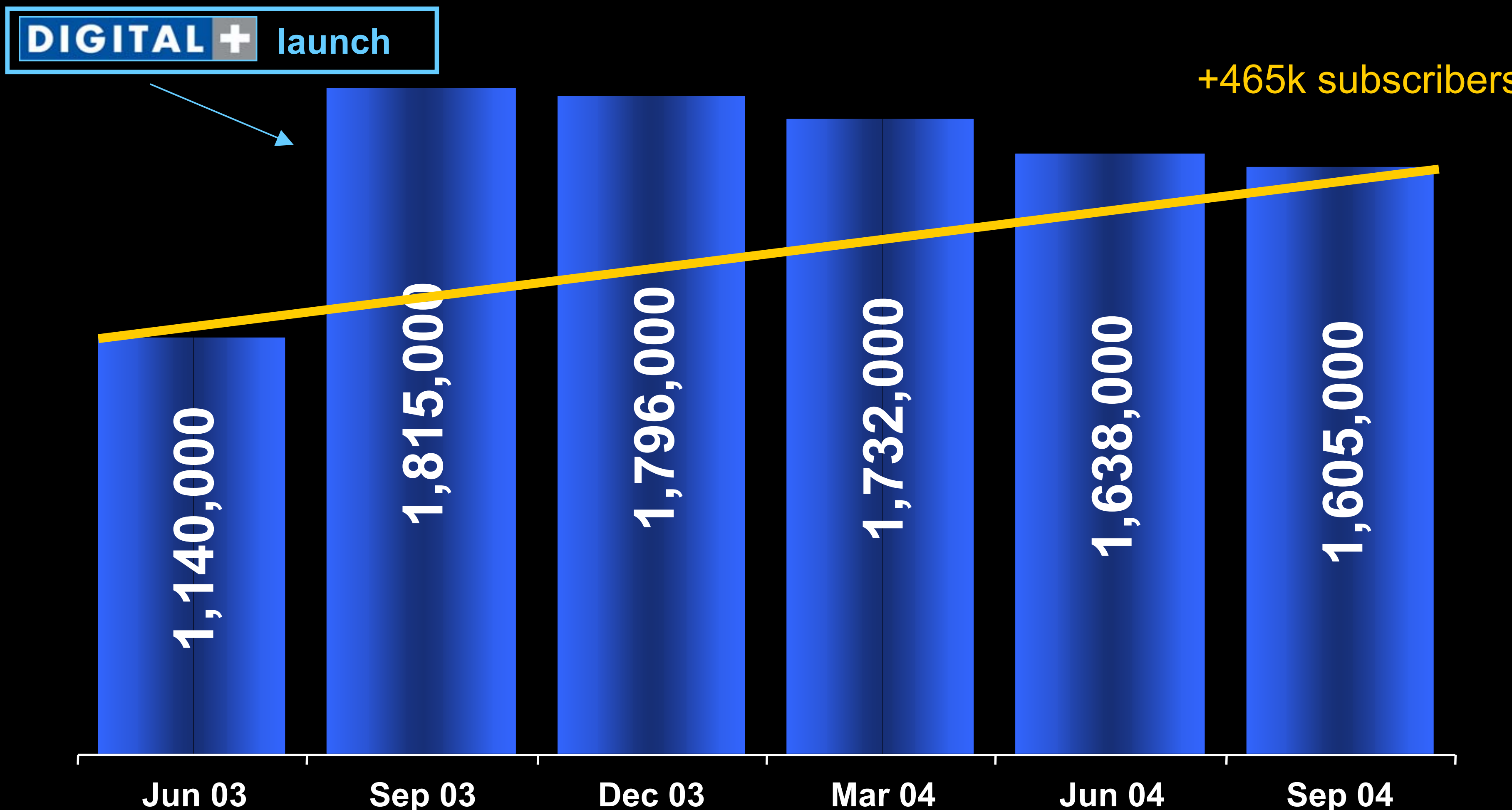
## Phase – 2: Restructuring period

- Subscribers: Reallocation completed
- Economics: Benefits already showing

## Phase – 3: Resuming growth

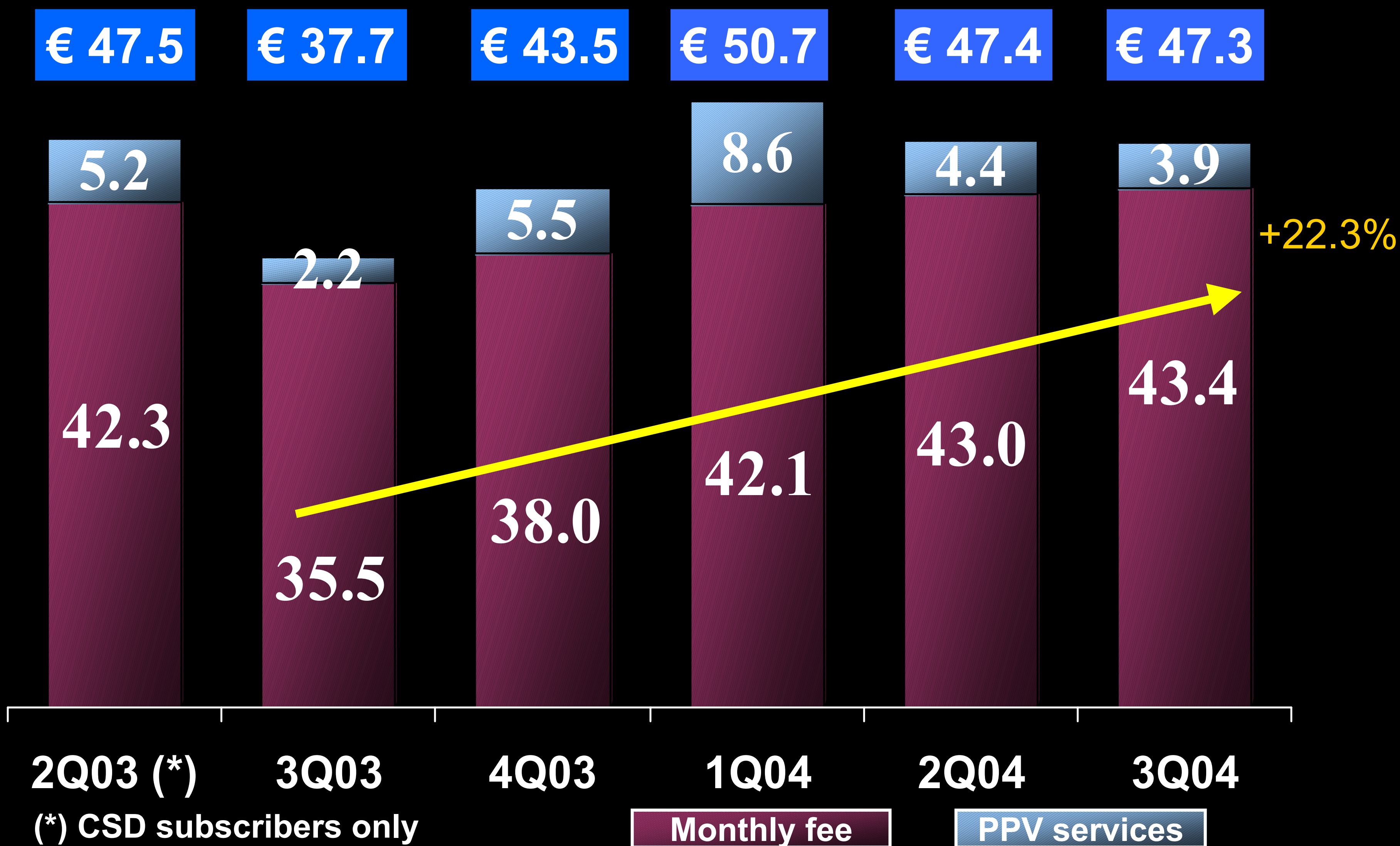
- Update on Sogecable’s targets

# Integration of VD subscribers fully accomplished




Net subscriber growth resuming in Sep.04

# ARPU back to original CSDlevels ( € / month)



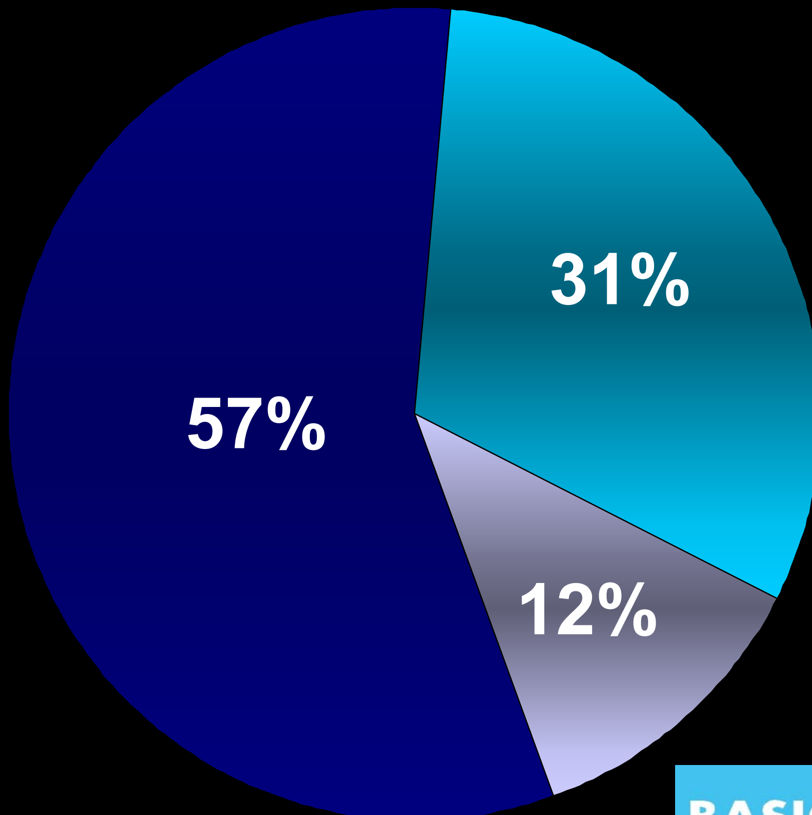

(*) CSD subscribers only

**Recruitments & upgrades helping revenue evolution**

# Very attractive subscriber mix

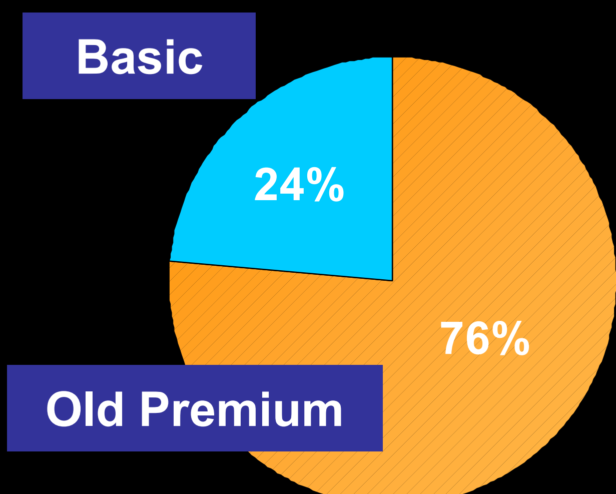
DIGITAL+ TOTAL
DIGITAL+ DEPORTE
DIGITAL+ CINE
DIGITAL+ FAMILIAR

**Breakdown as of September 30th 2004**




CANAL+ TOTAL
CANAL+ DEPORTE
CANAL+ CINE
CANAL+ FAMILIAR

BASICO
BASICO CINE




**Initial breakdown in July 2003**

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# New commercial scenario

| Pre-merger | Now |
| --- | --- |
| Fierce rivalry & high marketing costs to recruit subscribers | MORE EFFICIENT MARKETING CAMPAIGNS |
| Unprofitable promotions & free trials for subscribers | RATIONAL DISCOUNT POLICIES |
| Low sector ARPU | ARPU EXCEEDING TARGETS |
| High sector churn rates | CHURN RATES DROPPING |
| High price sensitivity | CONTENTS, KEY ROLE AGAIN |
| Customers missing other operator’s contents | A COMPLETE OFFER PUTTING CONTENTS TOGETHER |
| Programming grid built to face competitors | CHOICE ACCORDING TO SEGMENTED DEMANDS |

# Sogecable's 2004 results as of September 30th

| 3Q04 | 3Q03 | *(Million euros)* | 9 months 2004 | 9 months 2003 |
|---|---|---|---|---|
| 303.9 | 290.2 | Net Turnover | 1,025.3 | 813.5 |
| 81.0 | 44.9 | EBITDA | 220.4 | 113.2 |
| -18.0 | -126.9 | Restructuring Costs | -50.5 | -126.9 |
| -27.0 | -136.5 | Net Results | -109.0 | -143.8 |

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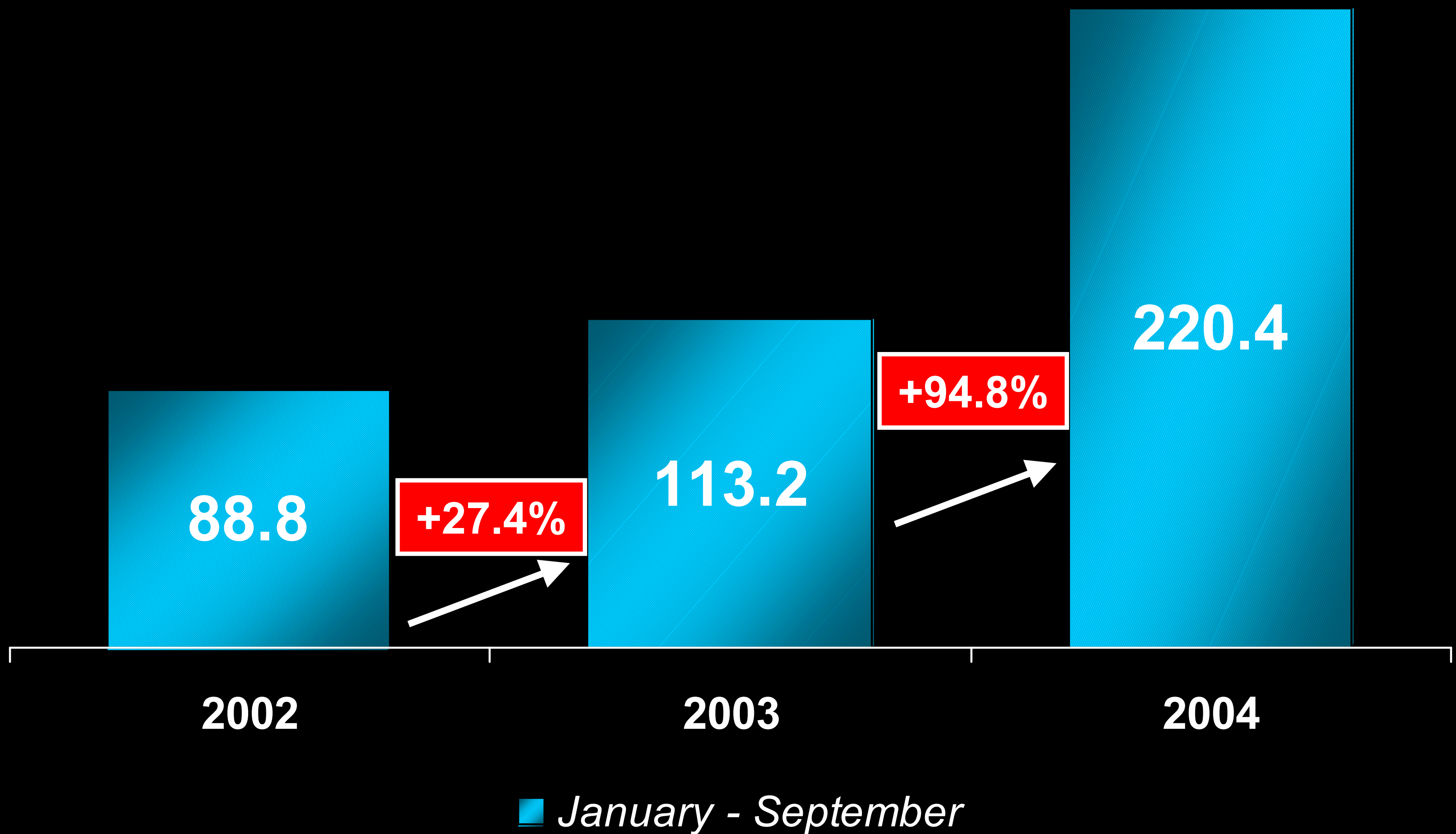
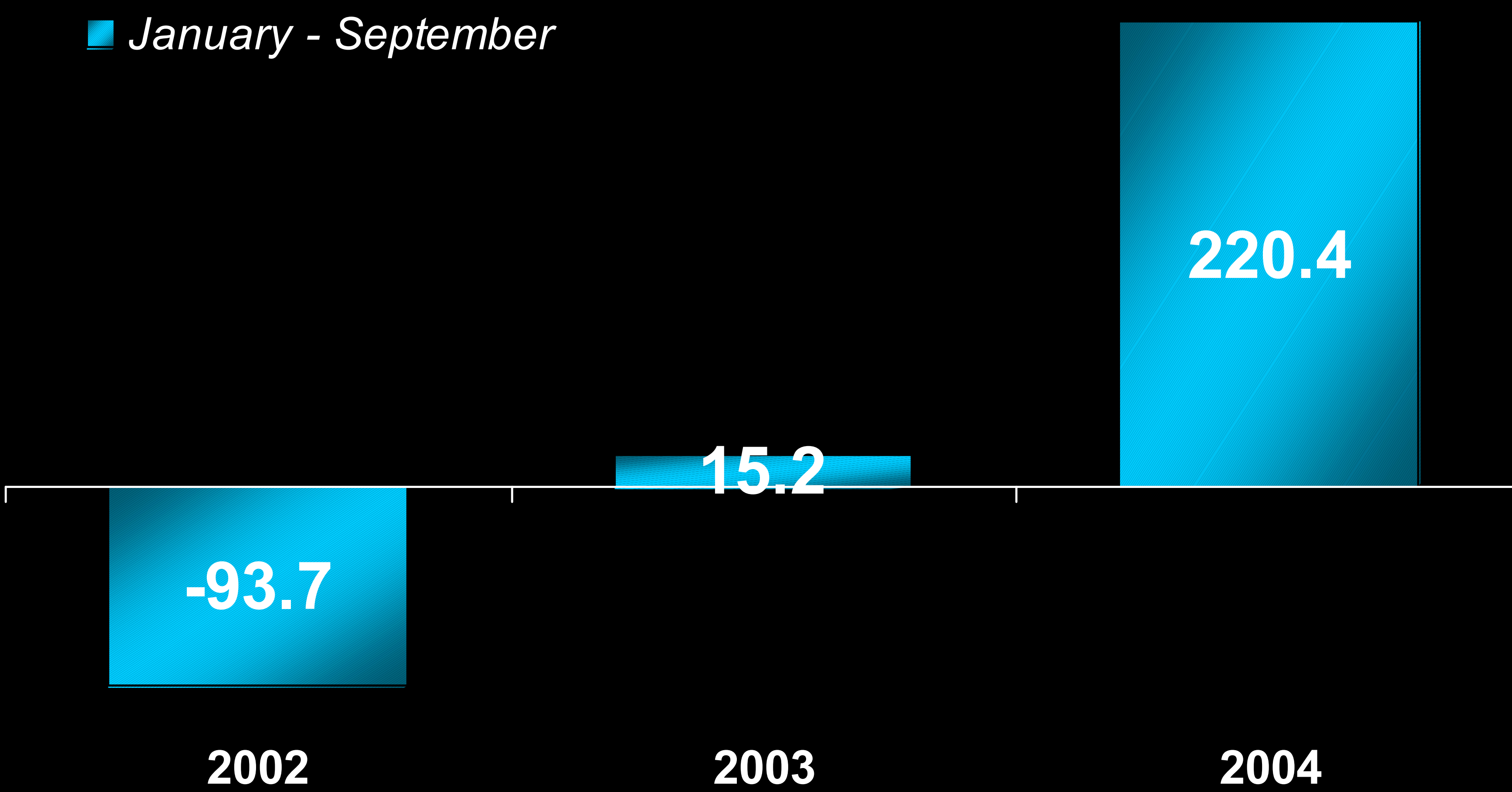
# 9-month EBITDA comparison

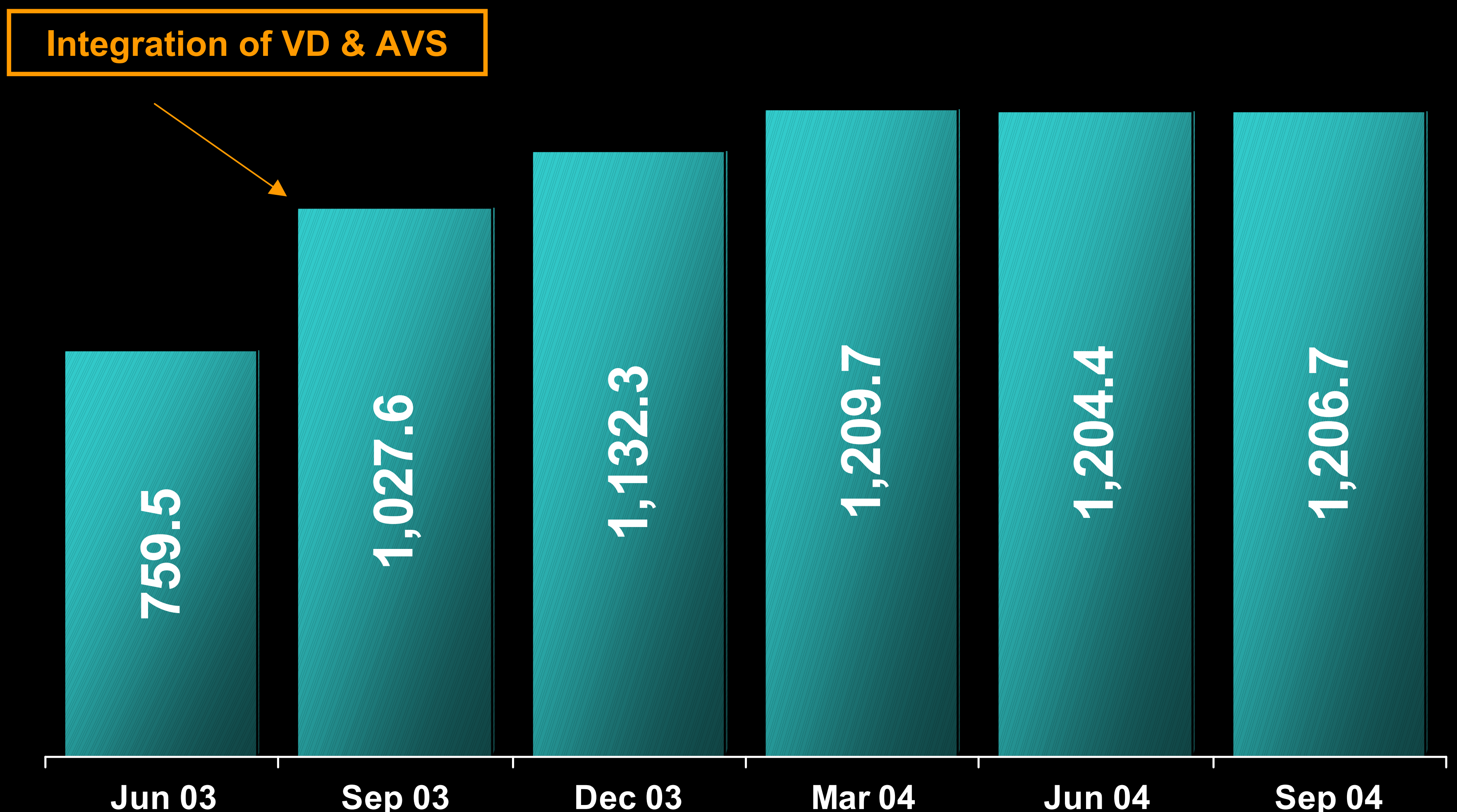


# 9-month added EBITDA comparison

2002 & 1H03 data add VD, AVS & SGC standalone EBITDA



# Integration & restructuring process impact on debt




Restructuring: €317m to absorve & erase future commitments

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# Cost restructuring - Programming

| Pre-merger | Now |
|---|---|
| Content price inflation affecting at any renewal | CONTENT RENEWALS, OPPORTUNITIES FOR REDUCING COSTS |
| Content deals at prices of bigger countries | CONTENT COSTS TO BE LINKED TO MARKET SIZE |
| All contents paid as premium rights | CONTENT COSTS BASED ON ATTRACTIVENESS AND CONSUMER'S DEMANDS |
| Operators subsidising contents expecting growth | REASONABLE AGREEMENTS TURNING CONTENT COSTS TO REFLECT MARKET CHANGES |

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# Resuming growth: update on Sogecable's targets

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# Future perspectives 2005-2008

Only profitable subscribers being targeted

Current ARPU levels to be sustained

Churn rates to decline rapidly

Further programming cost reduction opportunities

Limited CAPEX expected will maximize FCF

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# Targets 2008

DIGITAL+

| | 2008 E |
|---|---|
| **DTH Subscribers** | 2,500,000 |
| **DTH ARPU** (monthly) | €48.0 – €50.0 |

Expected DIGITAL+ penetration rate by 2008: 16%

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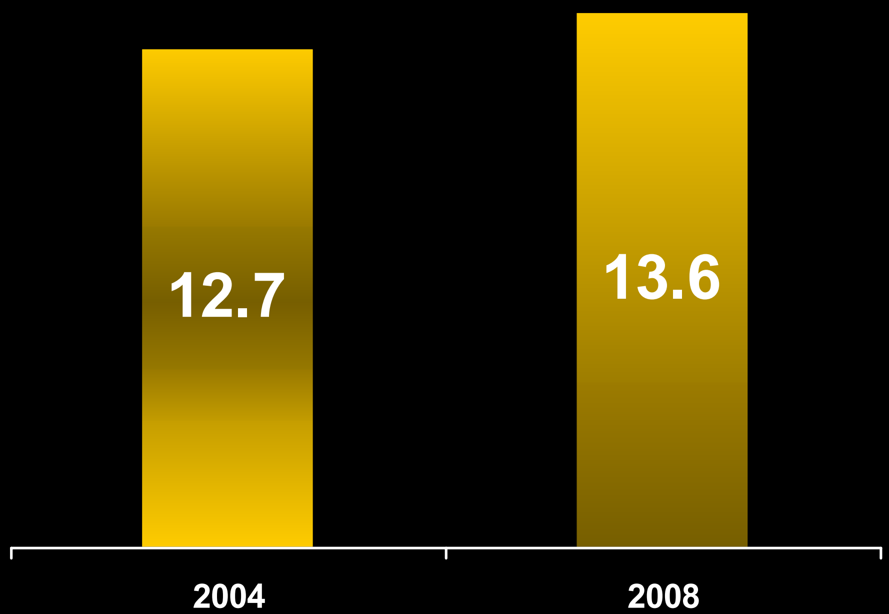
# Significant room for growth

DIGITAL+

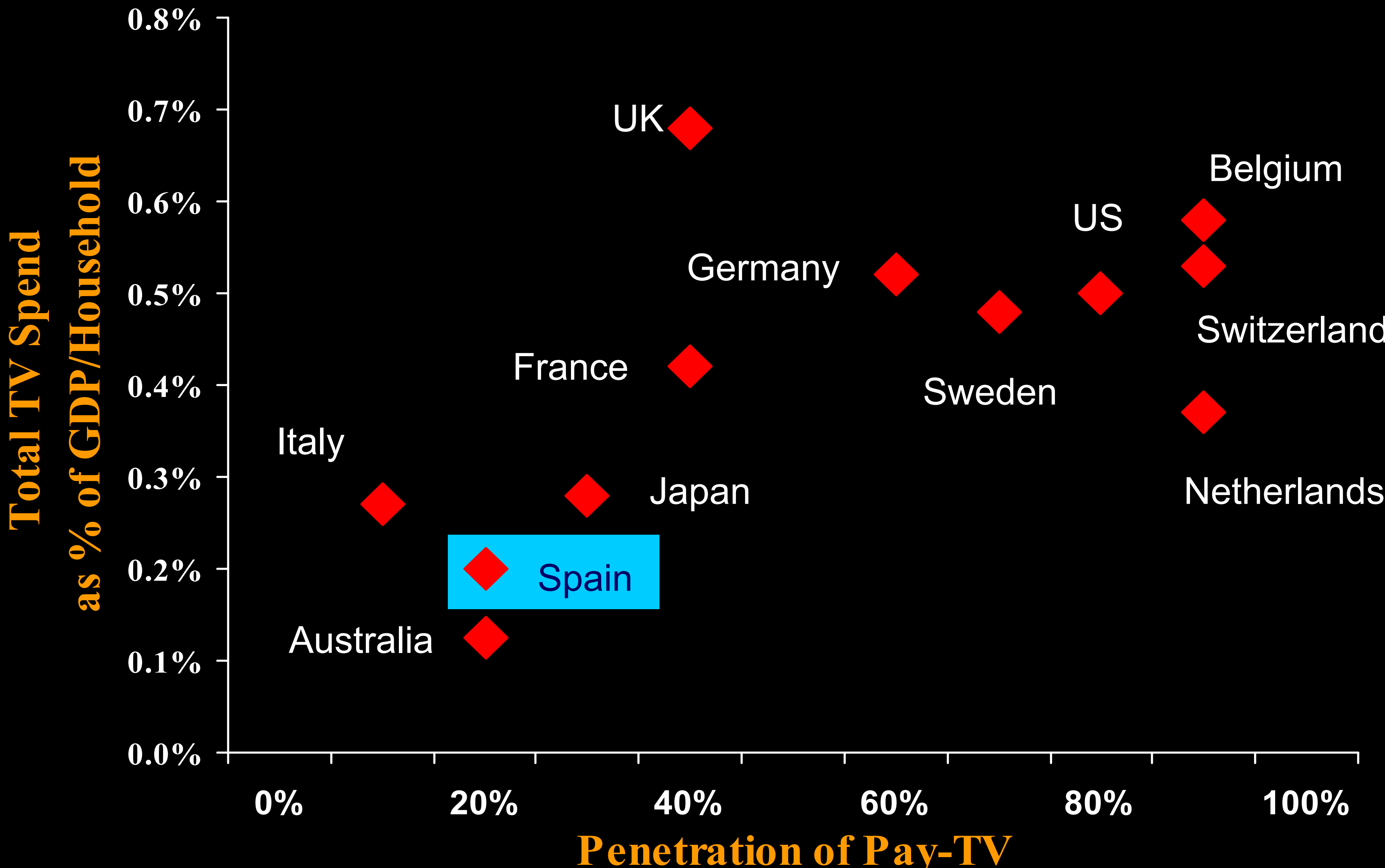
| | Sep.04 | 2008 E |
|---|---|---|
| DIGITAL+ Subscribers | 1.6 m | 2.5 m |
| *Penetration rate:* | *11%* | *16%* |

**Non- Subscriber households**




Sources: Main houses data from INE (Spain's Official Statistic Board) 2001 research.

# Spain's spending on TV still far from peers




Source: European Audiovisual Laboratory, Morgan Stanley Research June, 2004

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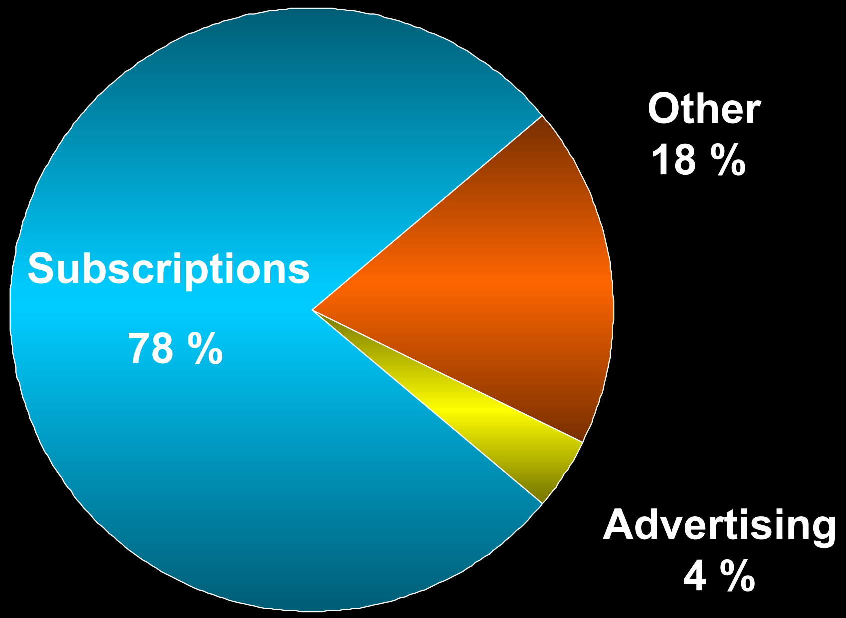
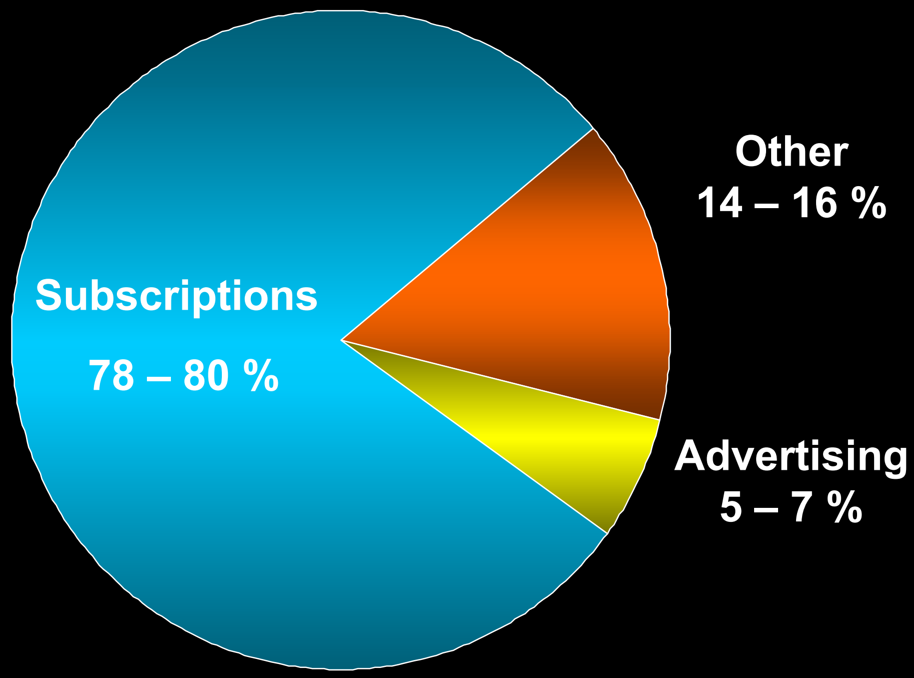
# Growth plan 2005-2008

DIGITAL+

## Sep.04




## 2008 E




Football wholesale & advertising likely to remain other main lines of activities

# Growth plan 2005-2008



| | 2008 E |
|---|---|
| **EBITDA Margin** | 32% - 34% |
| **FCF Margin** | 26% - 28% |

FCF generation in 2005

Cost base allowing significant operating leverage

Meaningful opportunities from programming renegotiations to come

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# Strengths after integration process

Sound portfolio of 1.6m profitable subscribers

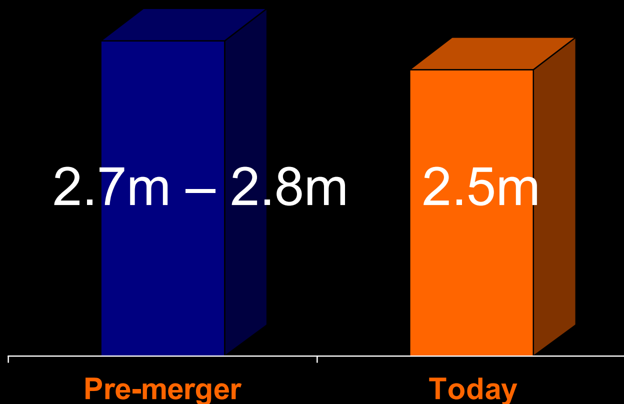
Reputable & well-known offer of exclusive premium contents

Restructuring period leading to strong EBITDA performance

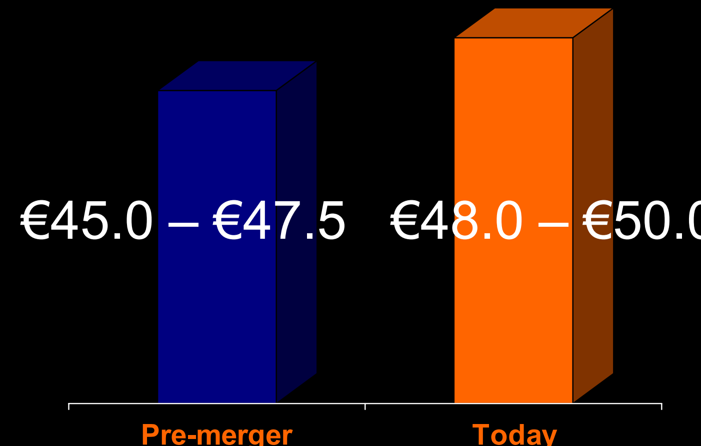
€1.3bn tax credit allowing long-term cash savings

# Growth plan 2005-2008

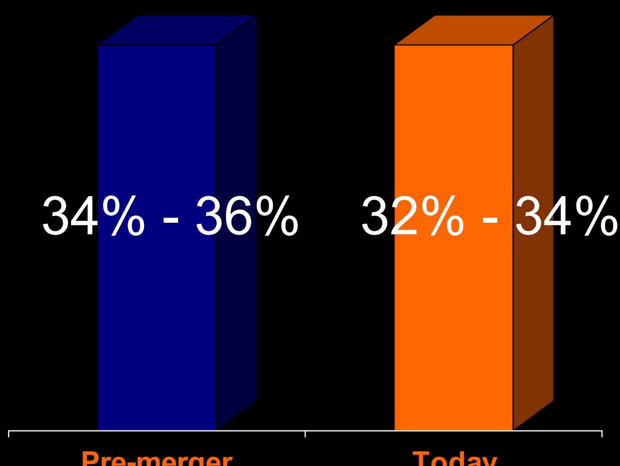
## DTH Subscribers 2008



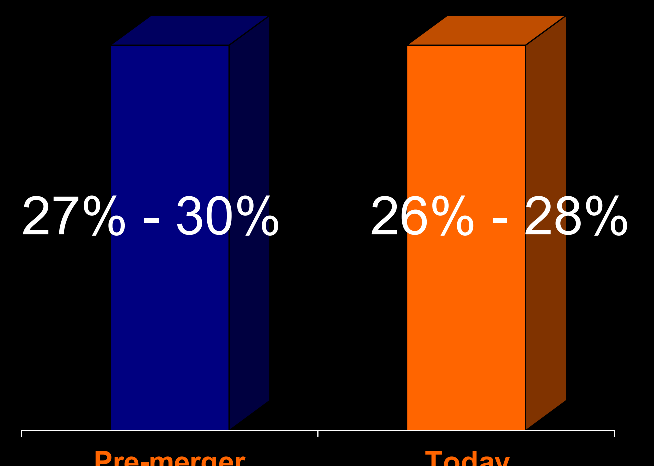

## DTH ARPU 2008




## EBITDA margin 2008




## FCF margin 2008



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# Additional opportunities

*The previous targets do not consider potential impacts from:*

✓Wholesale of additional content to other operators

✓Regulatory – legal changes:

- Price – cap restriction
- VAT rates
- DTT
- Football rights exploitation

✓New pay-tv activities: PVR, multi-room STB, HDTV, ...

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## One year after integration

Madrid November 16th 2004