WHAT'S UP, ANTENA 3 ?!

Maurizio Carlotti, Chief Excutive Officer

Analysing the TV Business

FUNDAMENTAL TV VARIABLES

REVENUE	COSTS
1. **Market**	5. **Programming Costs**
2. **Audience**	6. **Structural Costs**
3. **Price**	
4. **Competition**	

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1. Market

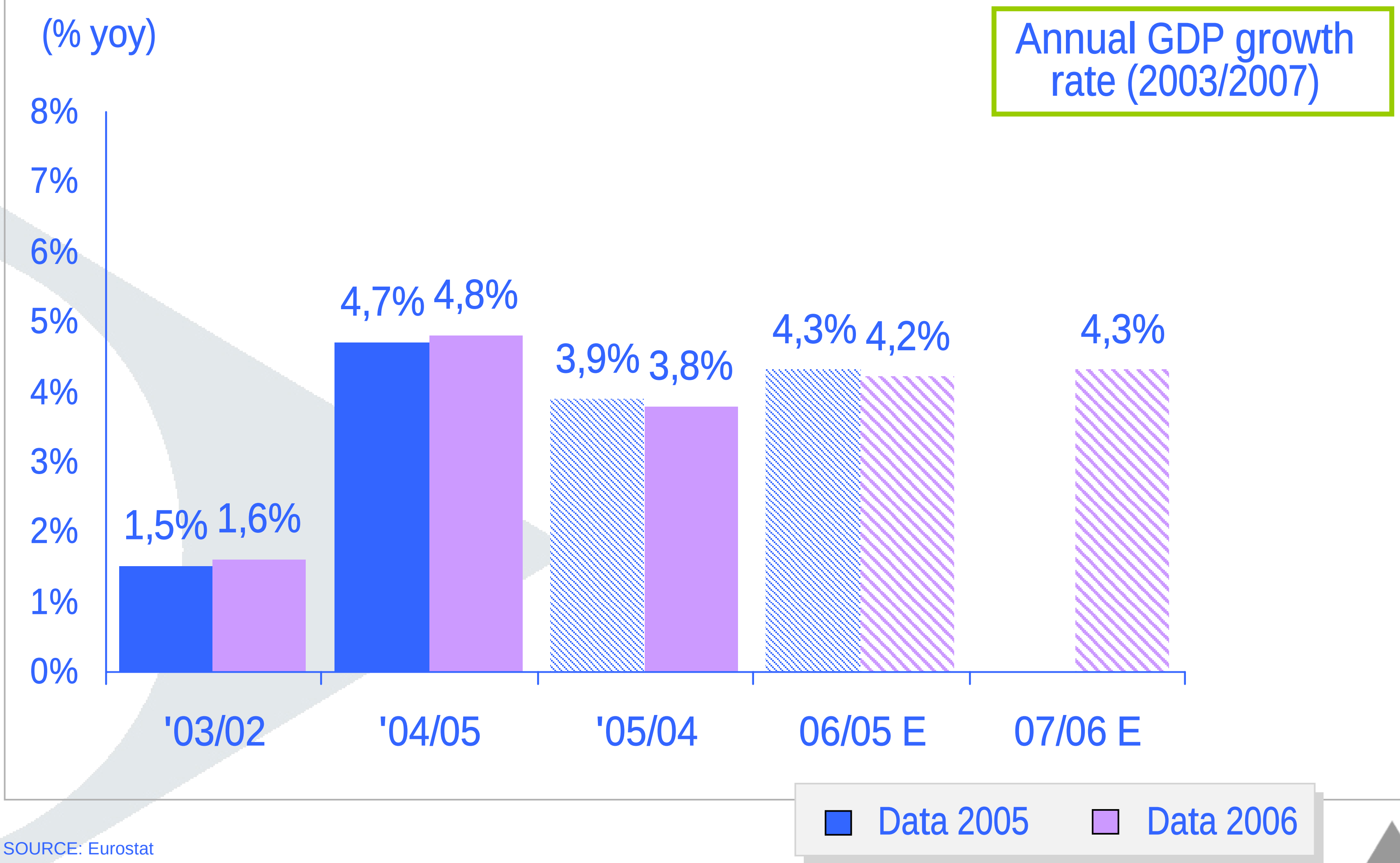
1.0 - Confirming our forecasts on both, macro-economics and the specifics of the TV sector

- ✓ GDP growth
- ✓ Advertising contribution to GDP
- ✓ TV Share over total advertising expenditure

The growth parameters for the advertising market prove to be sustainable one year later

1. Market

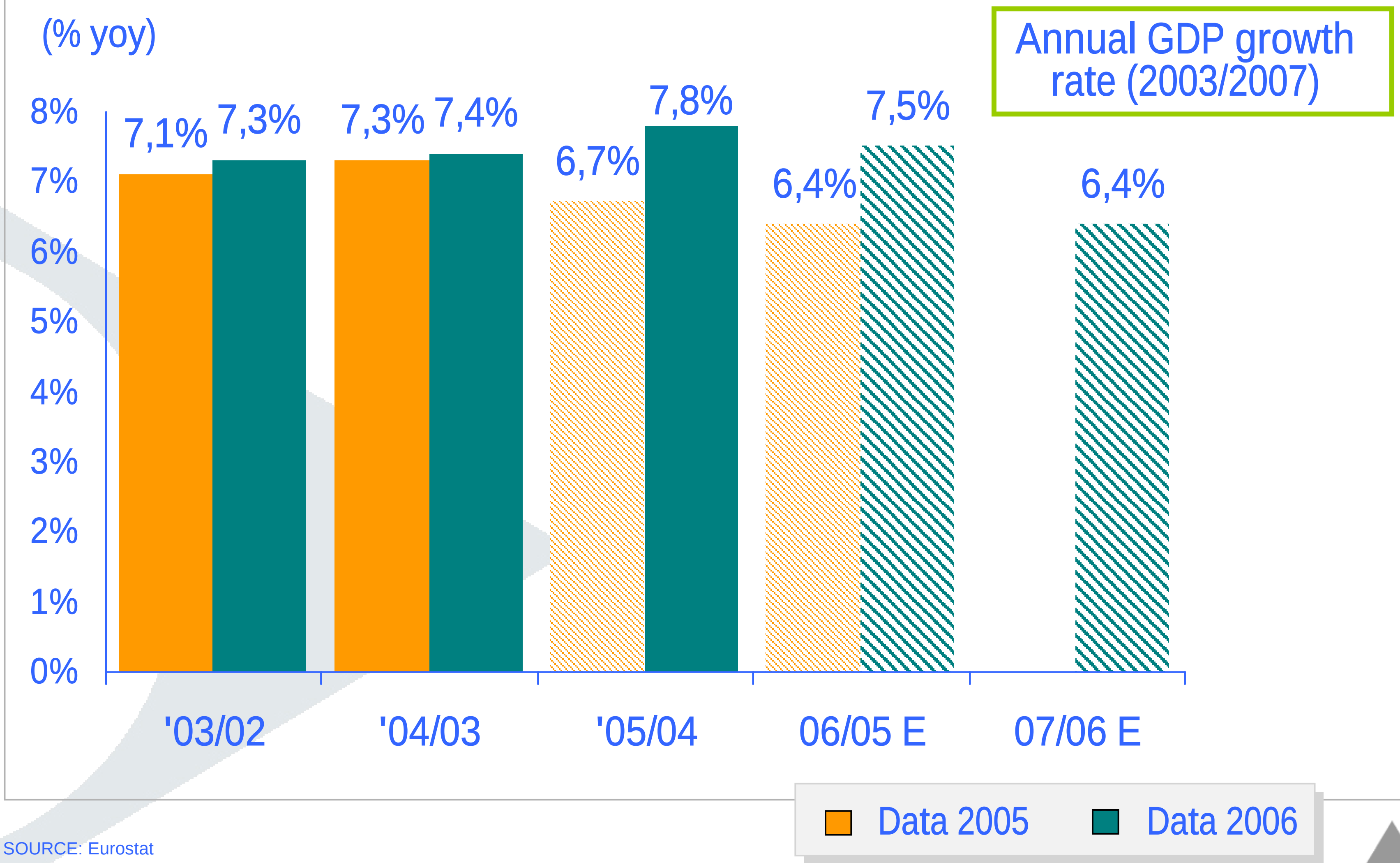
1.1 EU (25 countries)



SOURCE: Eurostat

1. Market

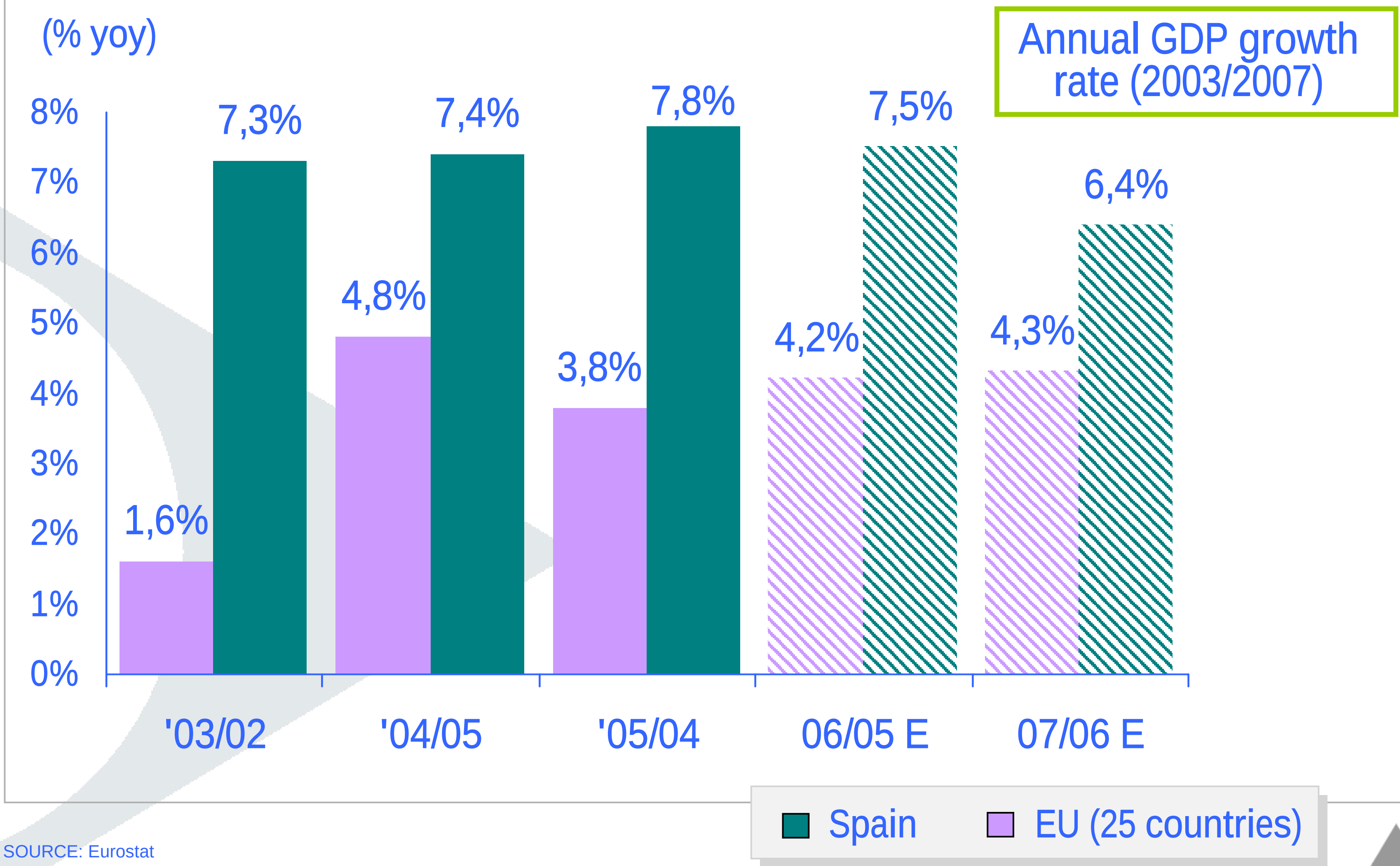
1.2 SPAIN



SOURCE: Eurostat

1. Market

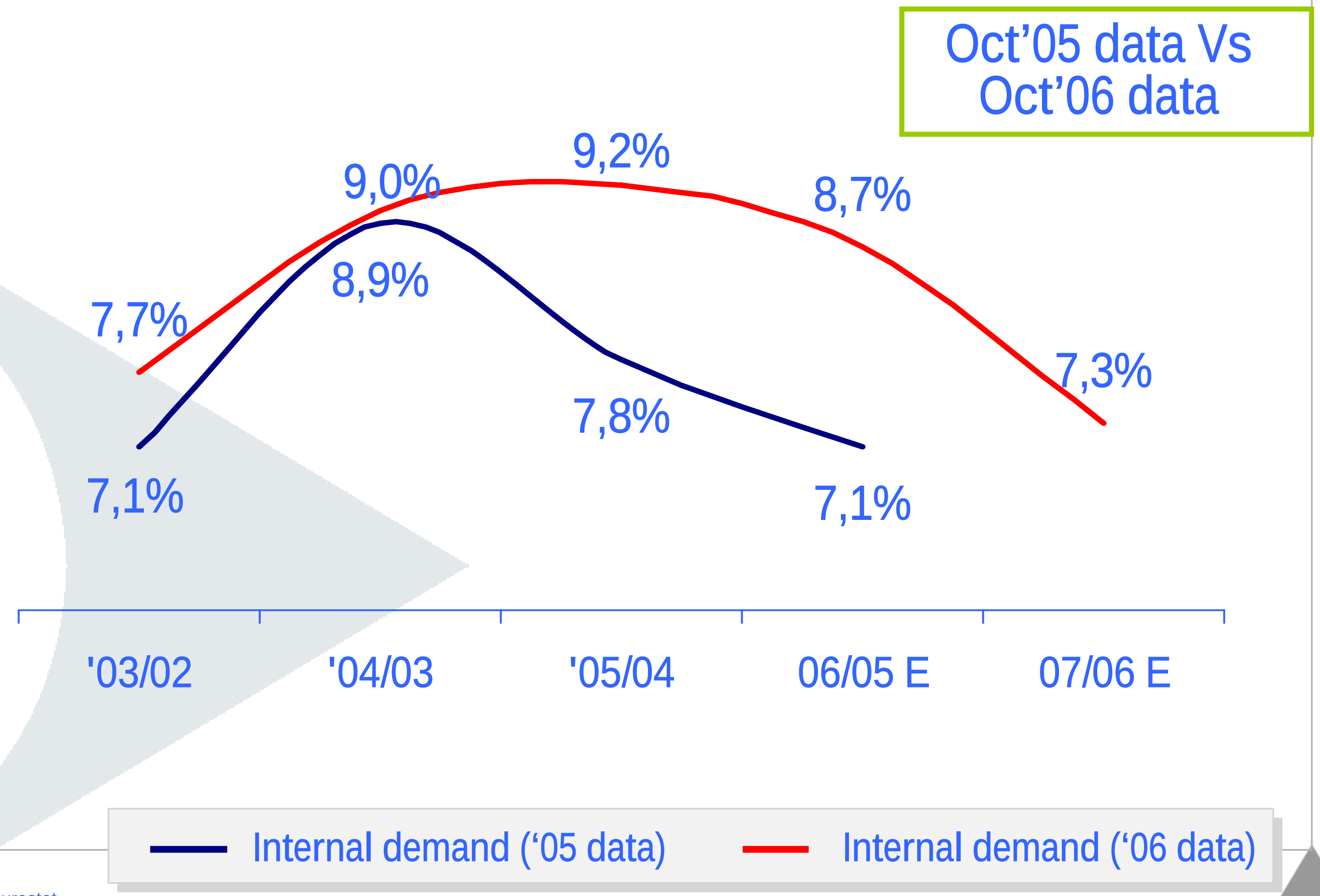
1.3 SPAIN Vs. EU25



SOURCE: Eurostat

1. Market

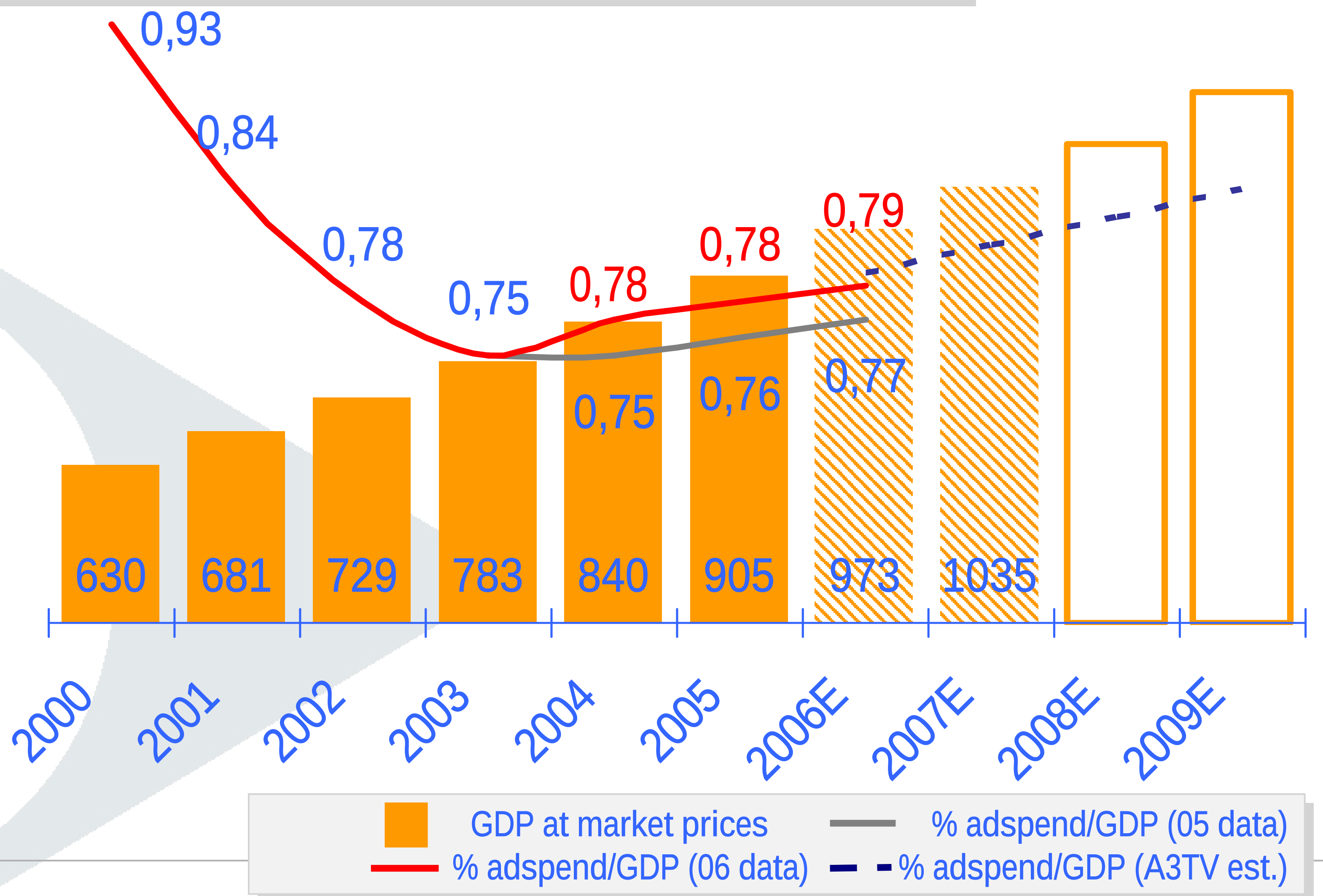
1.4 INTERNAL DEMAND



SOURCE: Eurostat

1. Market

1.5 ADVERTISING EXPENDITURE OVER GDP

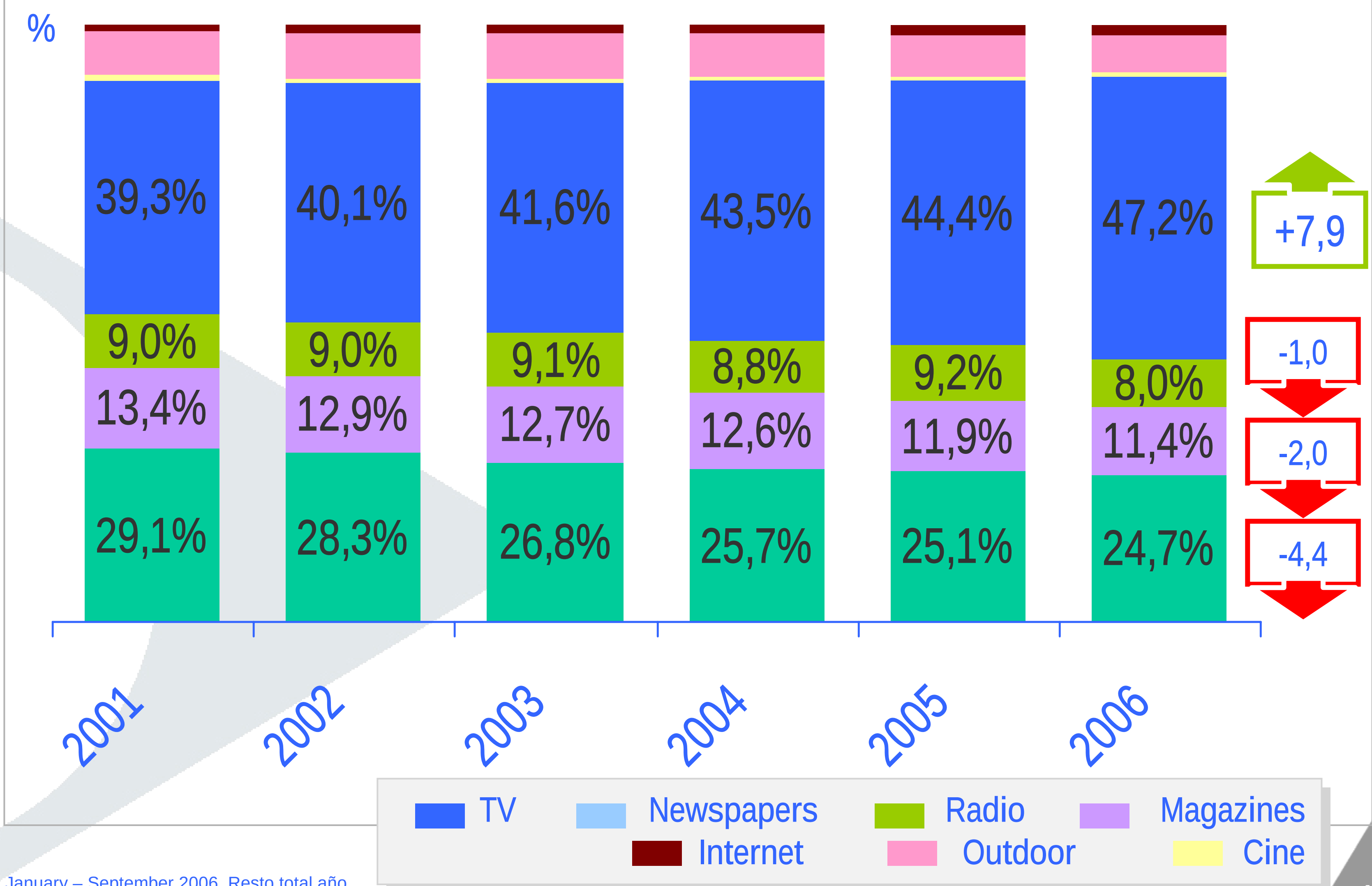


SOURCE GDP: Eurostat (excl.'09/08 A3 est.)

SOURCE % investment on GDP: Zenith Optimedia (excl.'09/07 A3 est.)

1. Market

1.6 CONVENTIONAL MEDIA AD SHARES



January – September 2006. Resto total año

Source: Infoadex + ATRES ADVERTISING Marketing Department Estimates. Cuota sobre medios convencionales

1. Market

2007

- ✓ Spanish Economy remains more dynamic than the EU average
- ✓ Consumer expenditure continues to be the main driver of GDP growth
- ✓ Sustained increase of the total advertising market
- ✓ TV expands its stake of the overall advertising cake

The Spanish TV market reaffirms its growth prospect ahead of 2007, which will again be a very good year in terms of advertising expenditure

Analysing the TV Business

FUNDAMENTAL TV VARIABLES

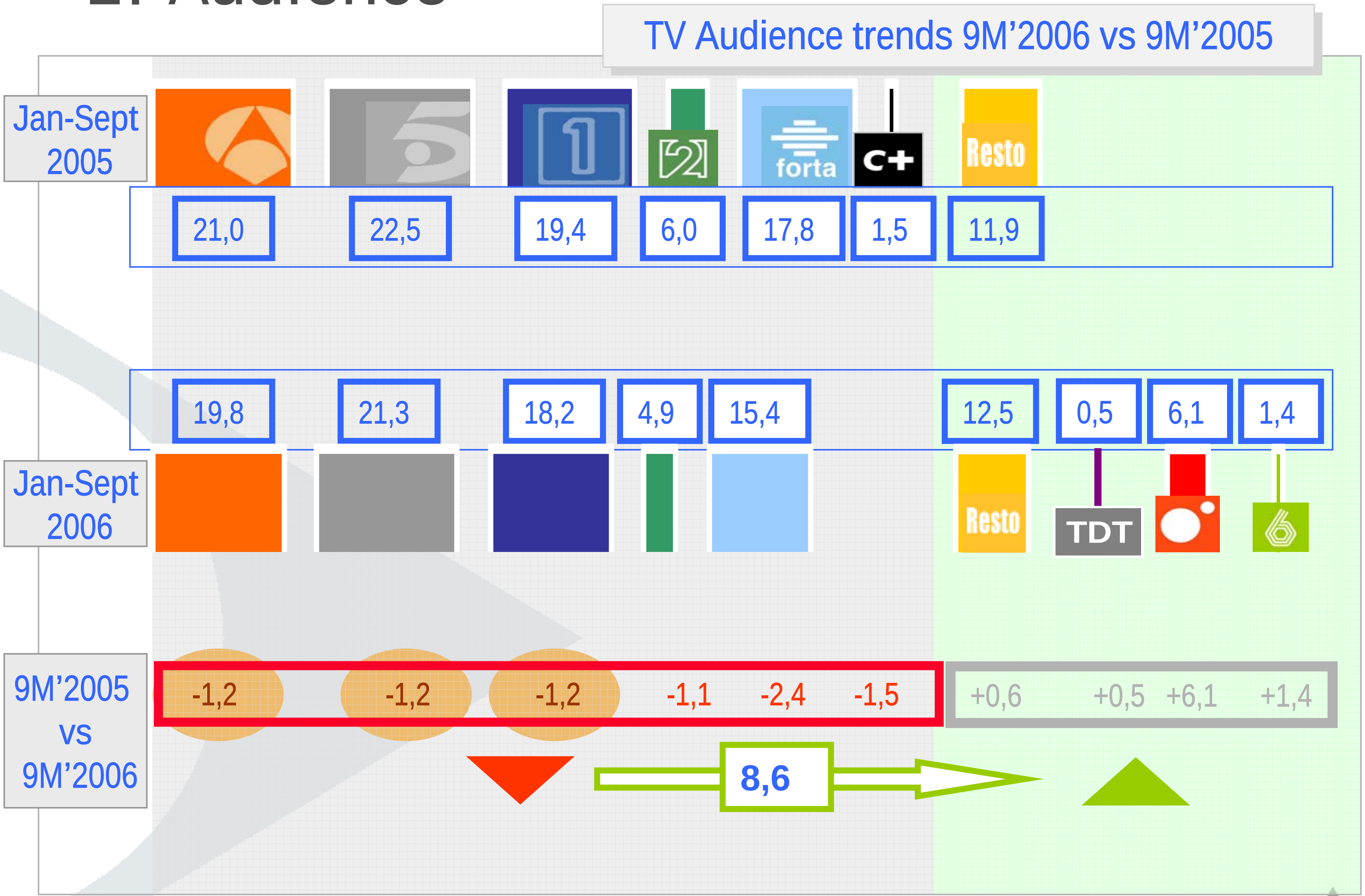
REVENUE

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

COSTS

5. Programming Costs
6. Structural Costs

2. Audience

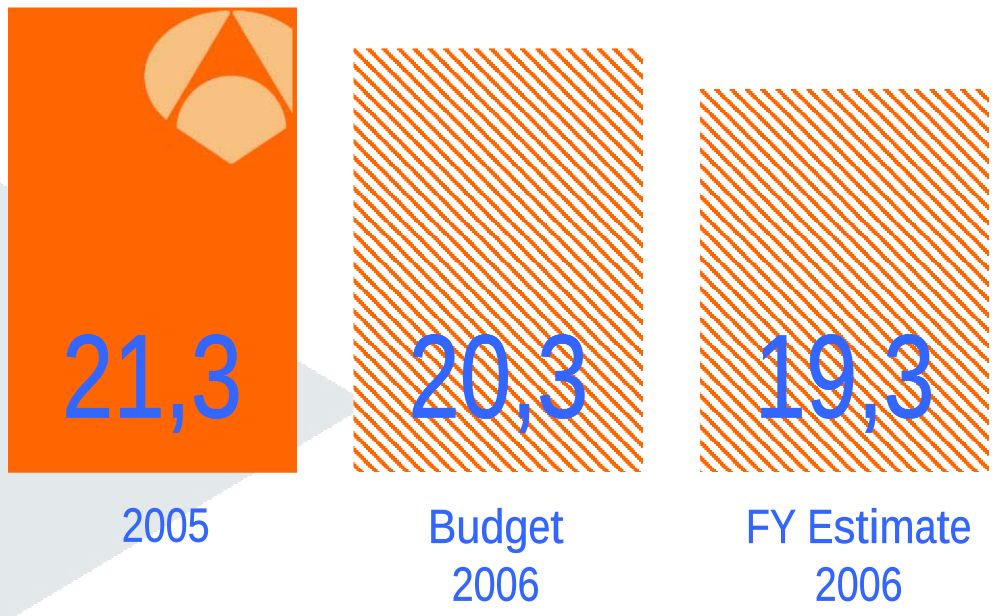


SOURCE: TNS SOFRES AM

2. Audience

Impact of fragmentation on 2006 audience shares

% Audience Share in All Ind.

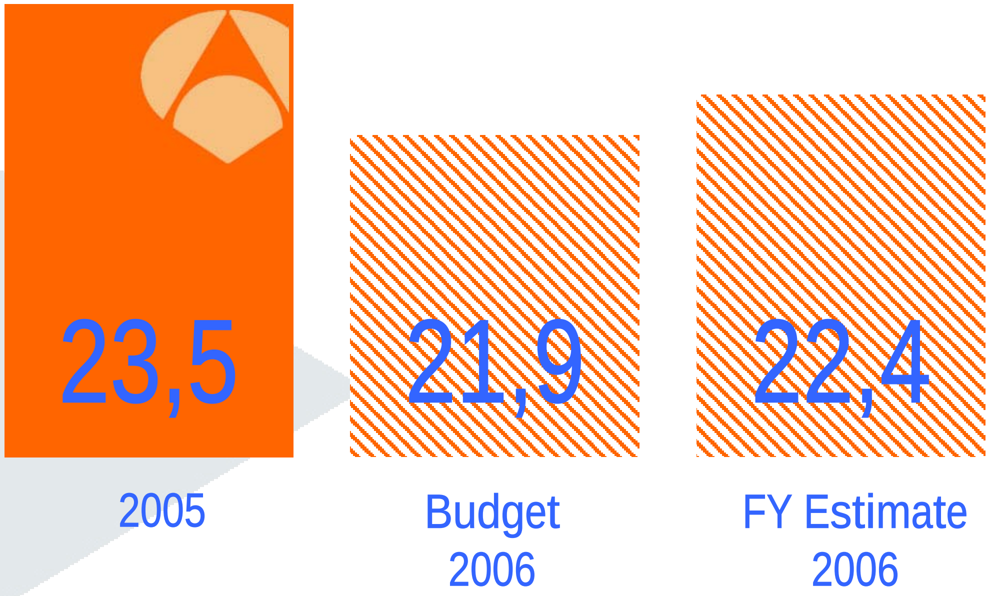


SOURCE: TNS SOFRES AM (2005) + MKTG Forecast. Antena 3TV

2. Audience

Impact of fragmentation on 2006 audience shares

% Audience share in Family target

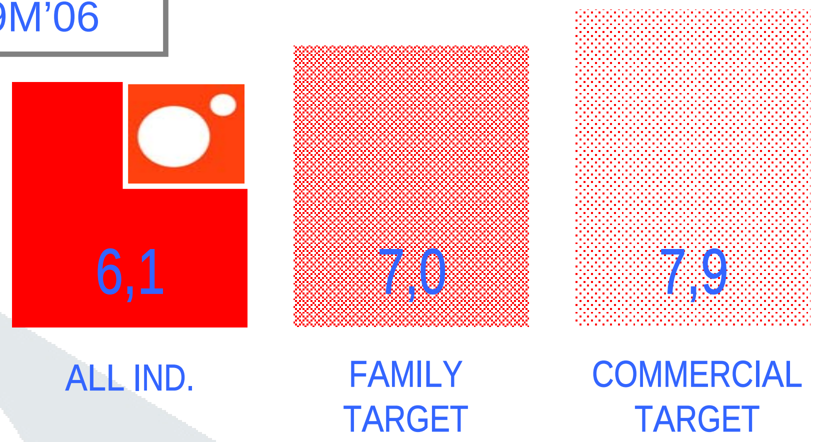


SOURCE: TNS SOFRES AM (2005) + MKTG Forecast. Antena 3TV

2. Audience

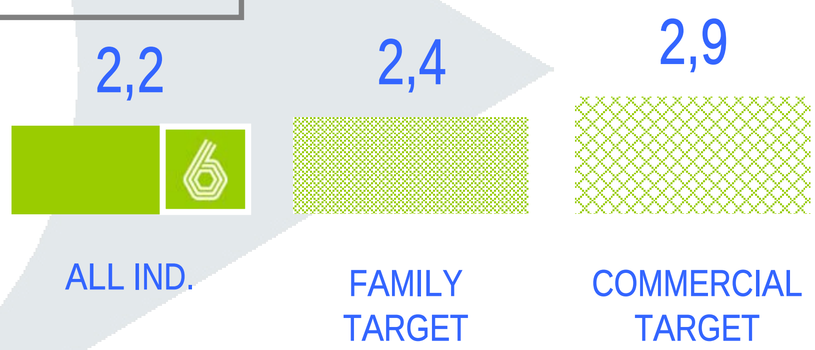
Audience performances of Cuatro and la Sexta in 2006

9M'06



	Improvement vs. ALL IND. (%)
FAMILY T.	15 %
COMM. T.	30 %

1/4 a 30/9

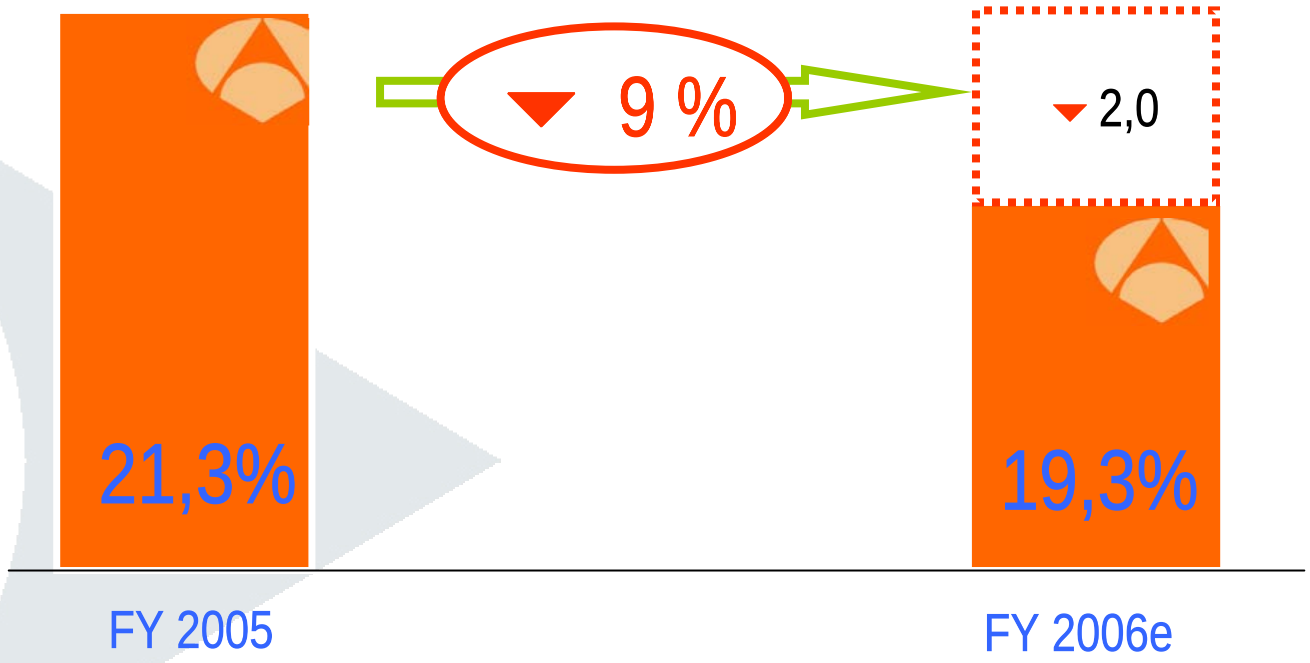


	Improvement vs. ALL IND. (%)
FAMILY T.	9 %
COMM. T	32 %

SOURCE: TNS SOFRES AM (2005)

2. Audience

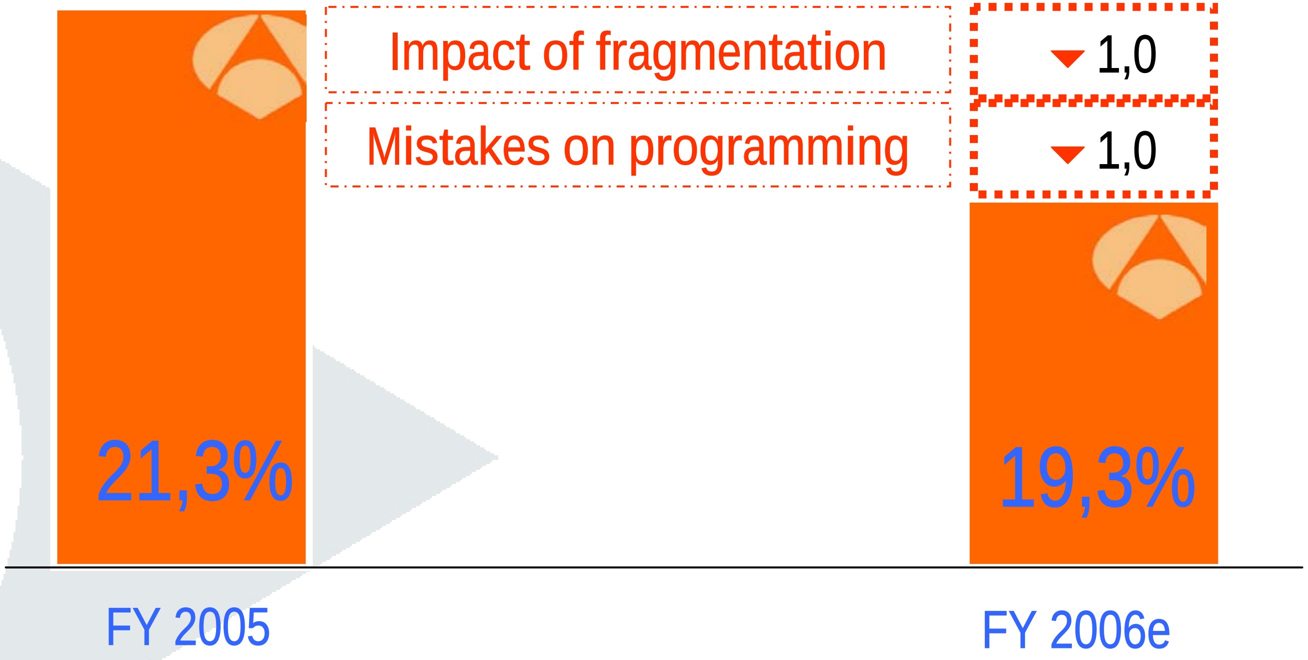
Impact of fragmentation on 2006 audience shares



SOURCE: TNS SOFRES AM (2005) + MKTG Forecast. Antena 3TV

2. Audience

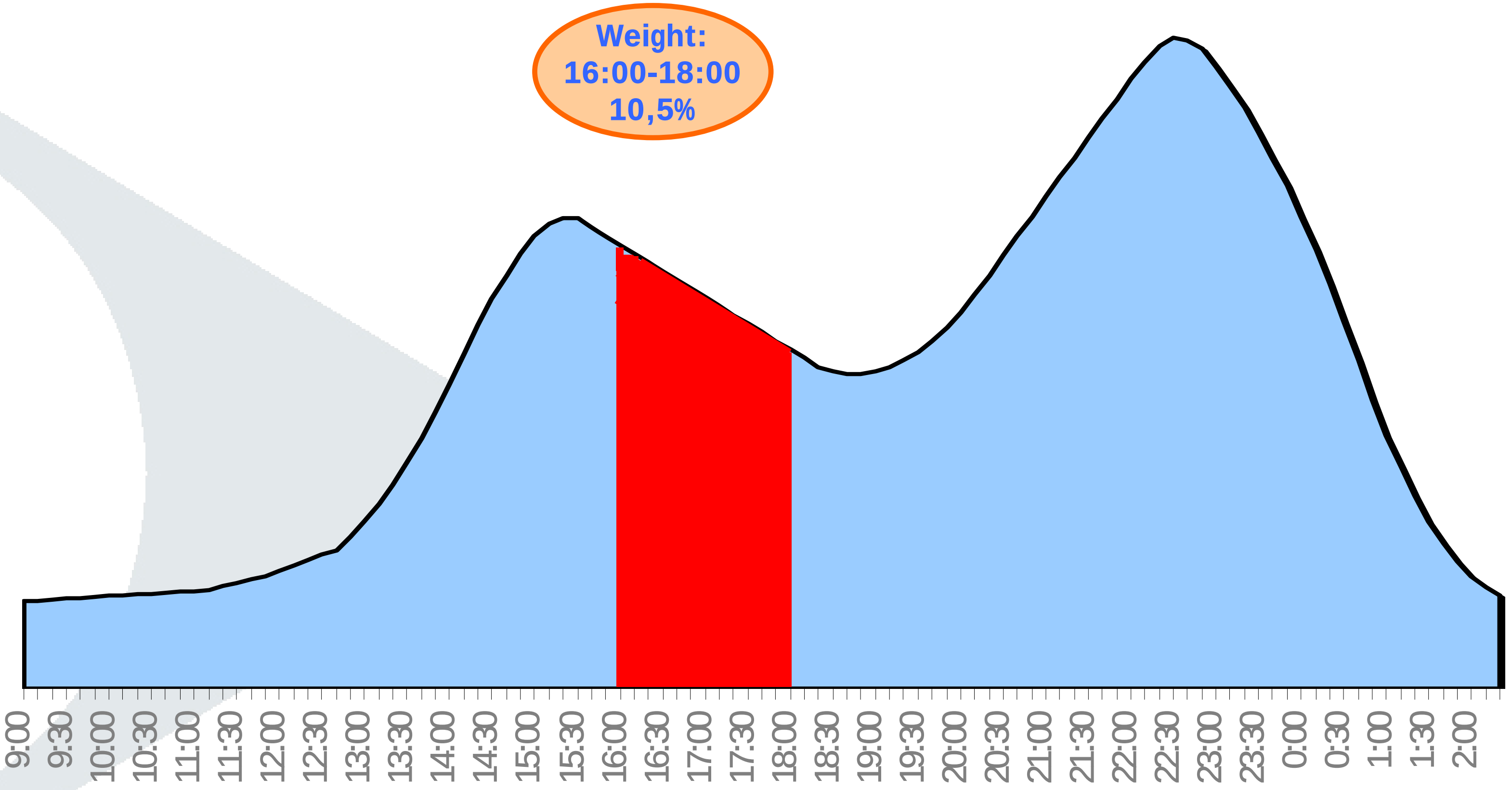
Impact of fragmentation on 2006 audience shares



SOURCE: TNS SOFRES AM (2005) + MKTG Forecast. Antena 3TV

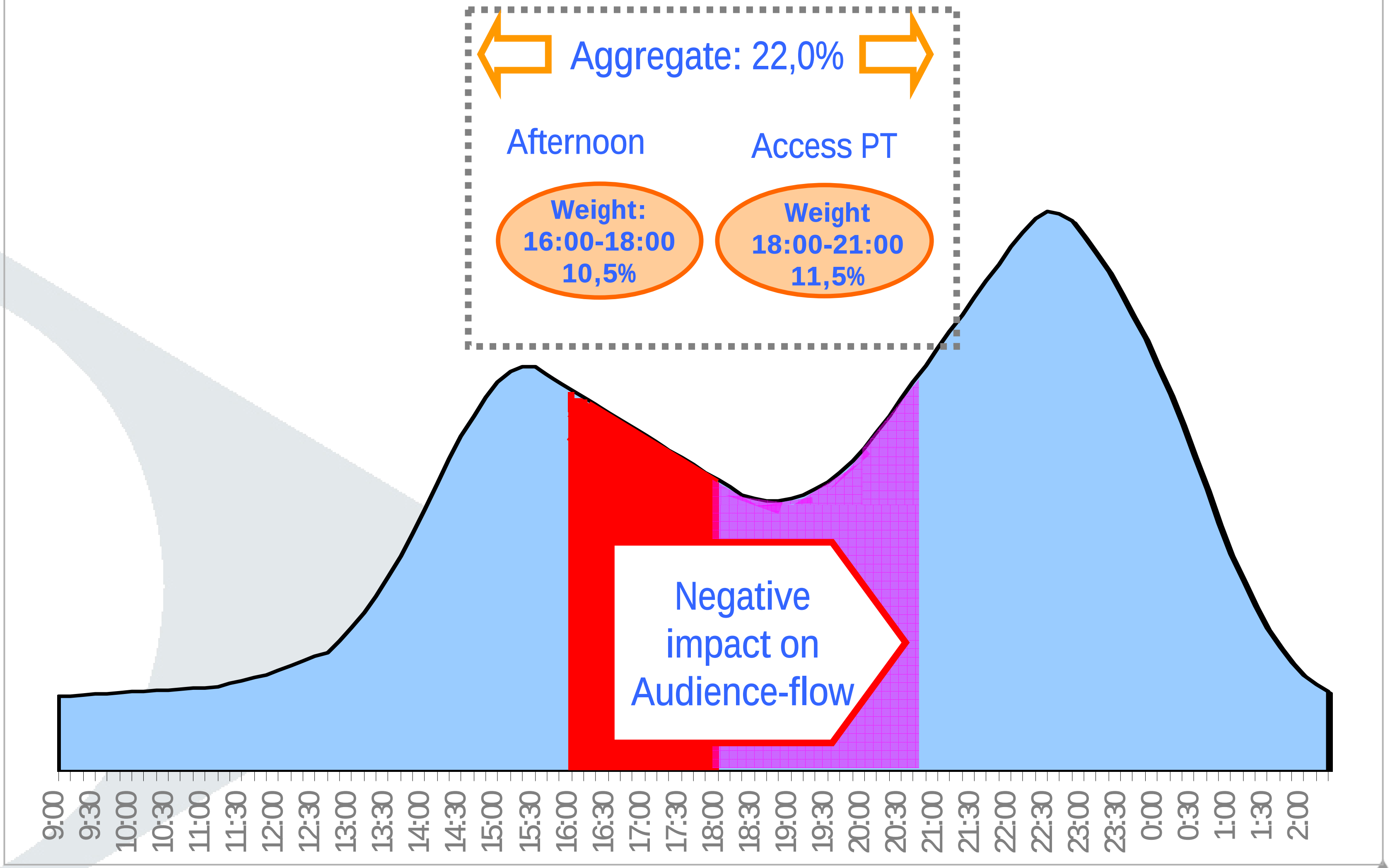
2. Audience

Analysis of the time-frame 16:00-18:00



2. Audience

Analysis of the time-frame 18:00-21:00



2. Audience

Analysis of the time-frame 16:00-18:00

Time-frame
16:00 – 18:00

1-Jan | 30-Apr | 18-Oct

1-Jan → 30-Apr: 22,1 %

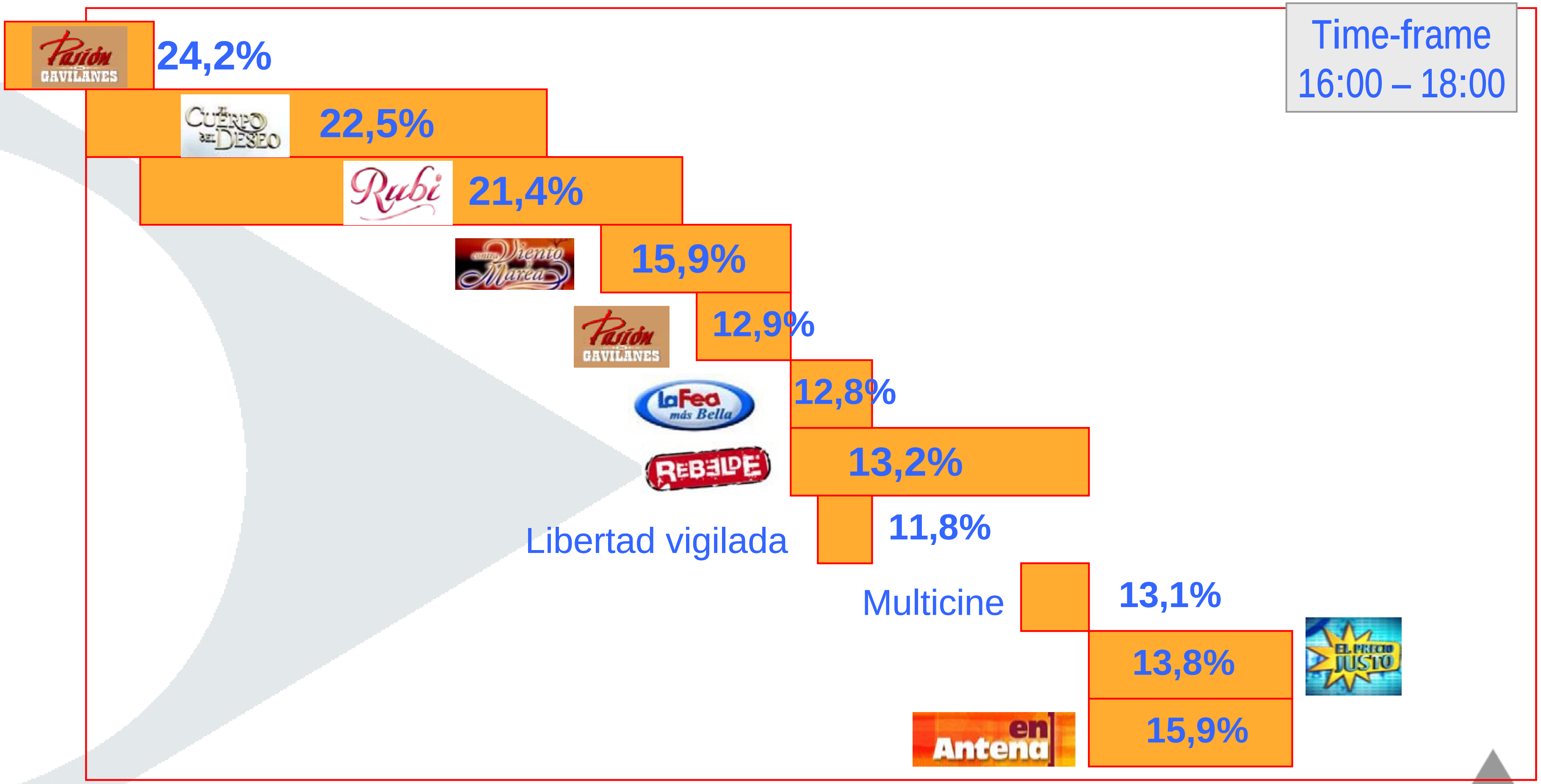
30-Apr → 18-Oct: 14,0 %

SOURCE: TNS SOFRES AM (2005)

2. Audience

2006

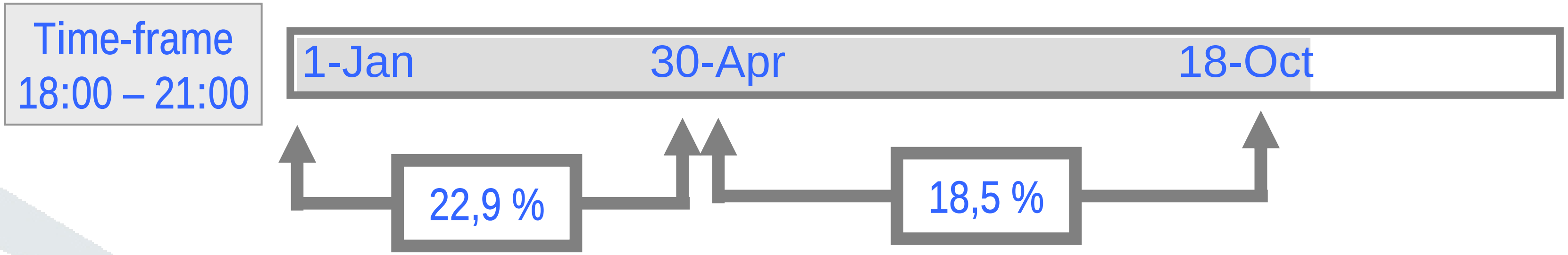
ene	feb	mar	abr	may	jun	jul	ago	sep	oct	nov	dic
24,5	21,6	20,9	21,1	18,2	13,4	12,7	12,8	13,3	13,4		



SOURCE: TNS SOFRES AM (2005)

2. Audience

Analysis of the time-frame 18:00-21:00

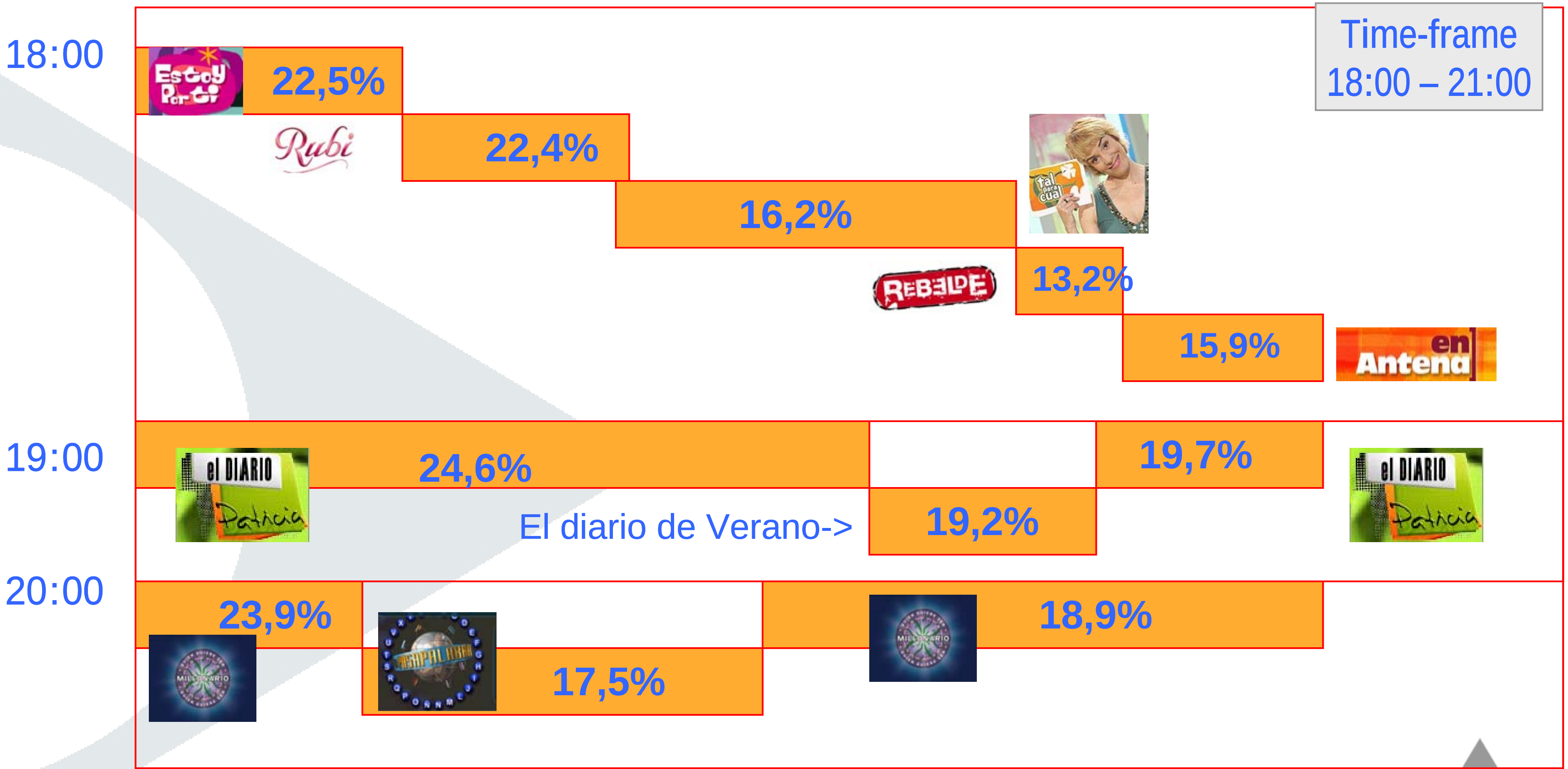


SOURCE: TNS SOFRES AM (2005)

2. Audience

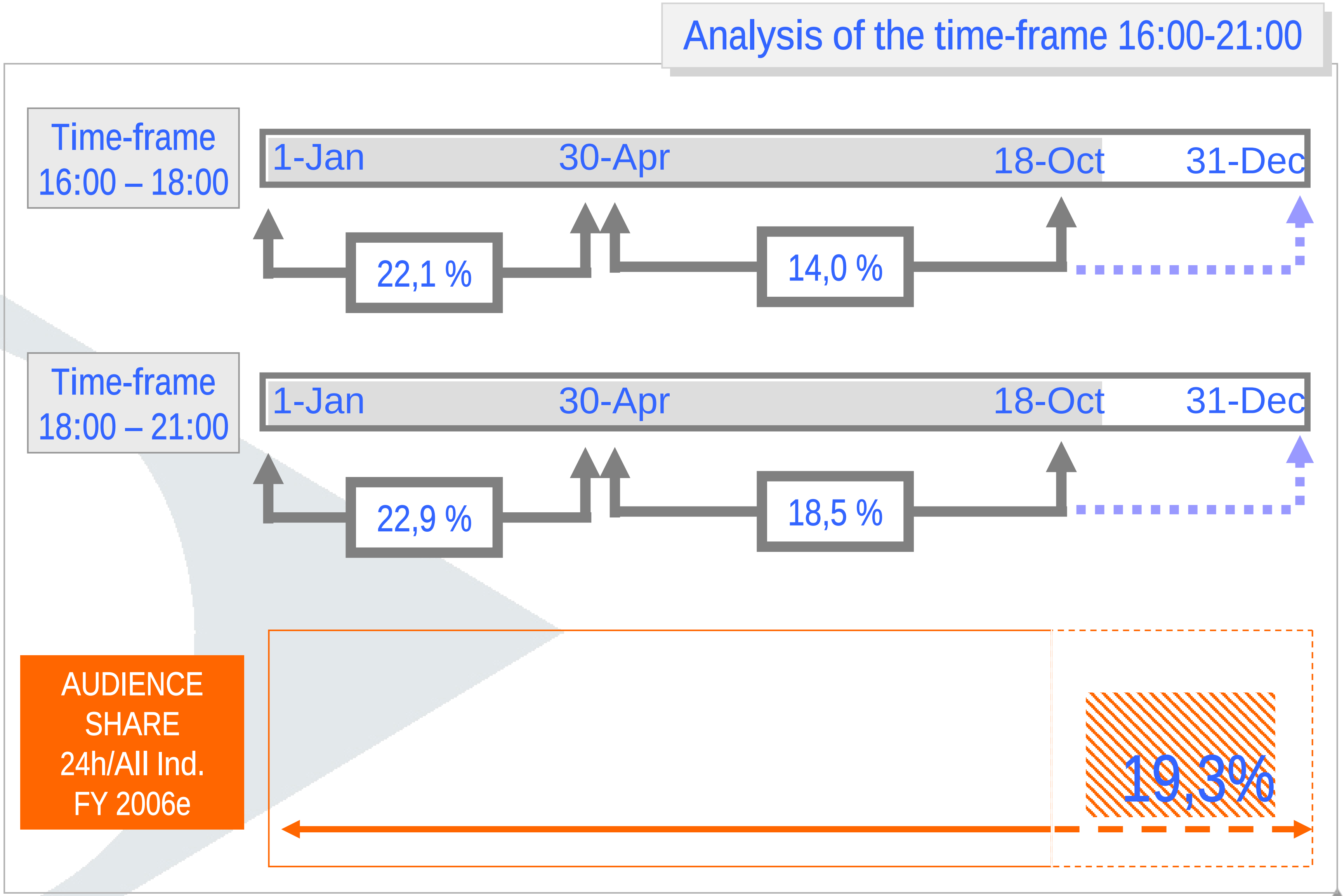
2006

ene	feb	mar	abr	may	jun	jul	ago	sep	oct	nov	dic
23,8	22,4	22,8	22,4	20,5	17,6	18,6	16,6	17,6	20,3		



SOURCE: TNS SOFRES AM (2005)

2. Audience



SOURCE: TNS SOFRES AM (2005) + MKTG Forecast. Antena 3TV

2. Audience

Analysis of the time-frame 16:00-21:00

Time-frame 16:00 – 18:00

1-Jan 30-Apr 18-Oct 31-Dec

22,1 %

20,0 %

Time-frame 18:00 – 21:00

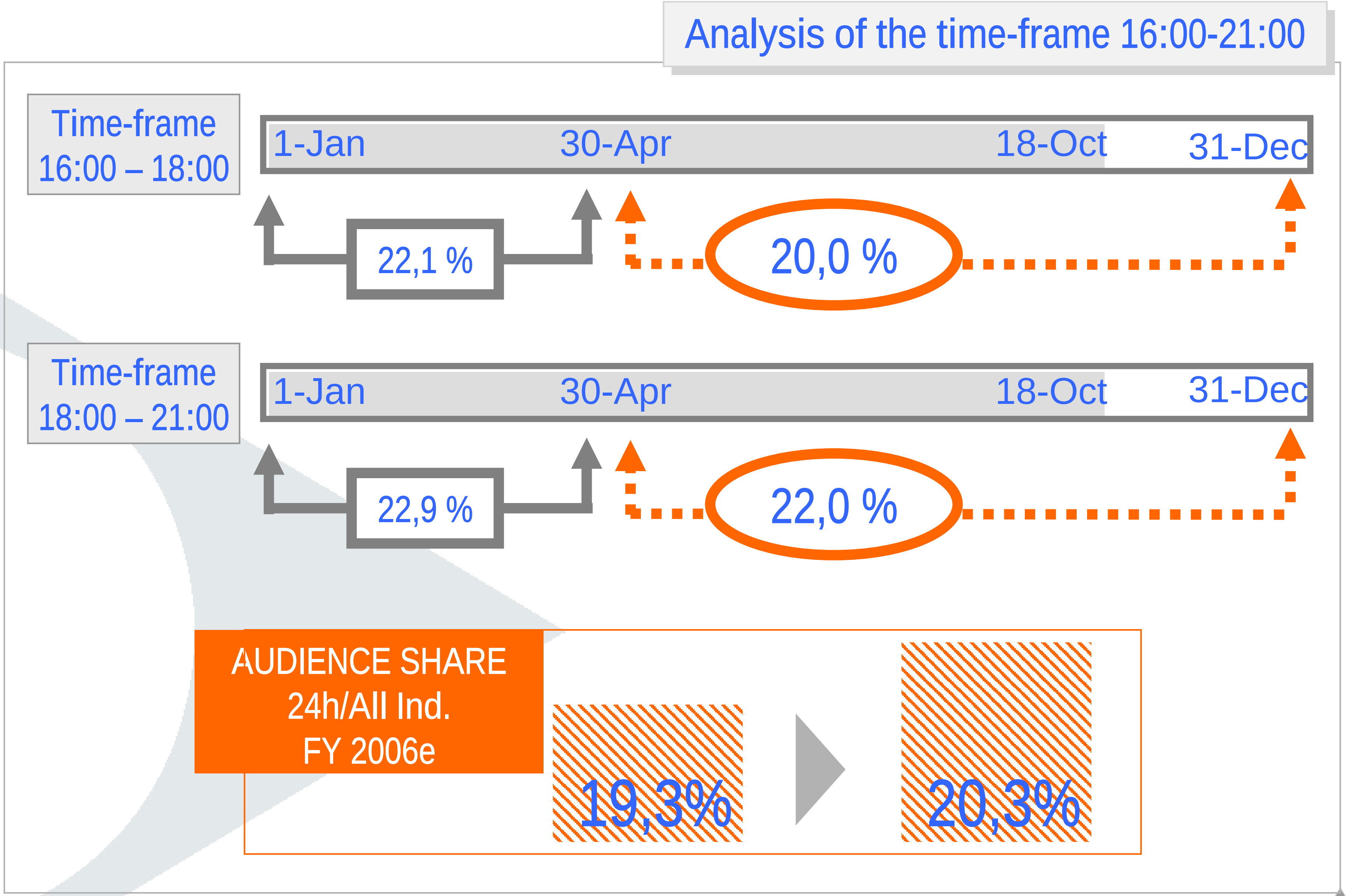
1-Jan 30-Apr 18-Oct 31-Dec

22,9 %

22,0 %

What if...?

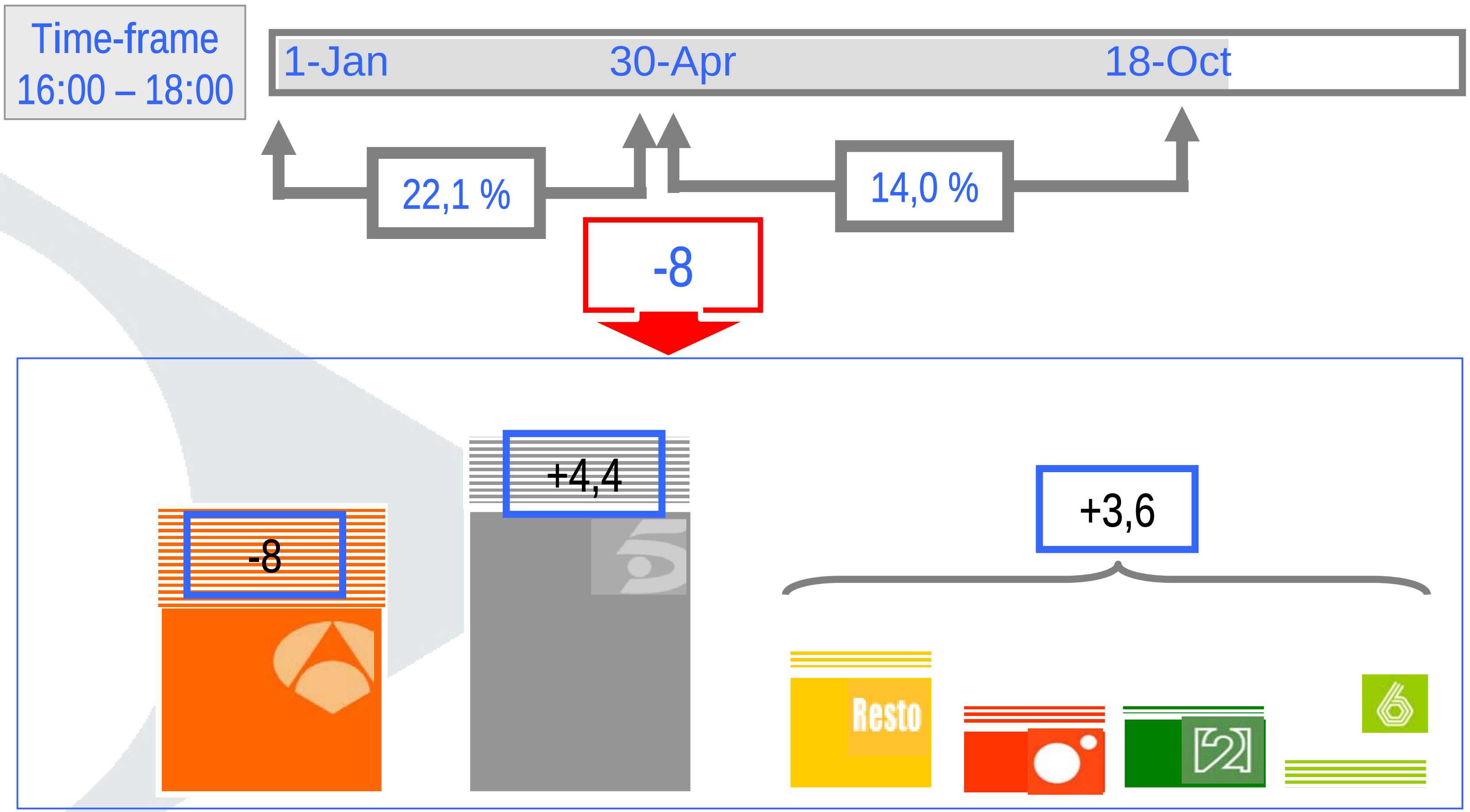
2. Audience



SOURCE: TNS SOFRES AM (2005) + MKTG Forecast. Antena 3TV

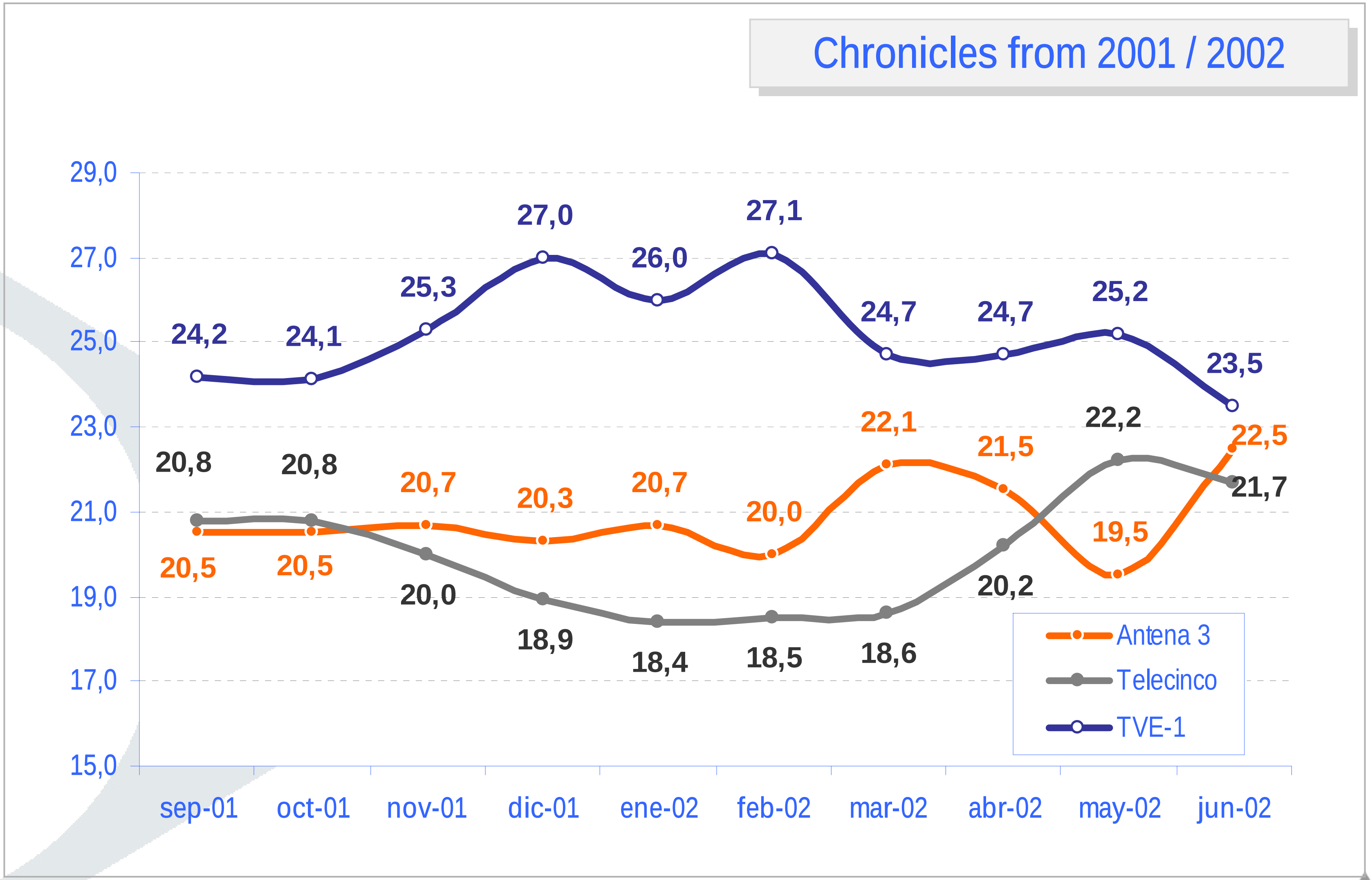
2. Audience

Analysis of the time-frame 16:00-21:00



SOURCE: TNS SOFRES AM (2005)

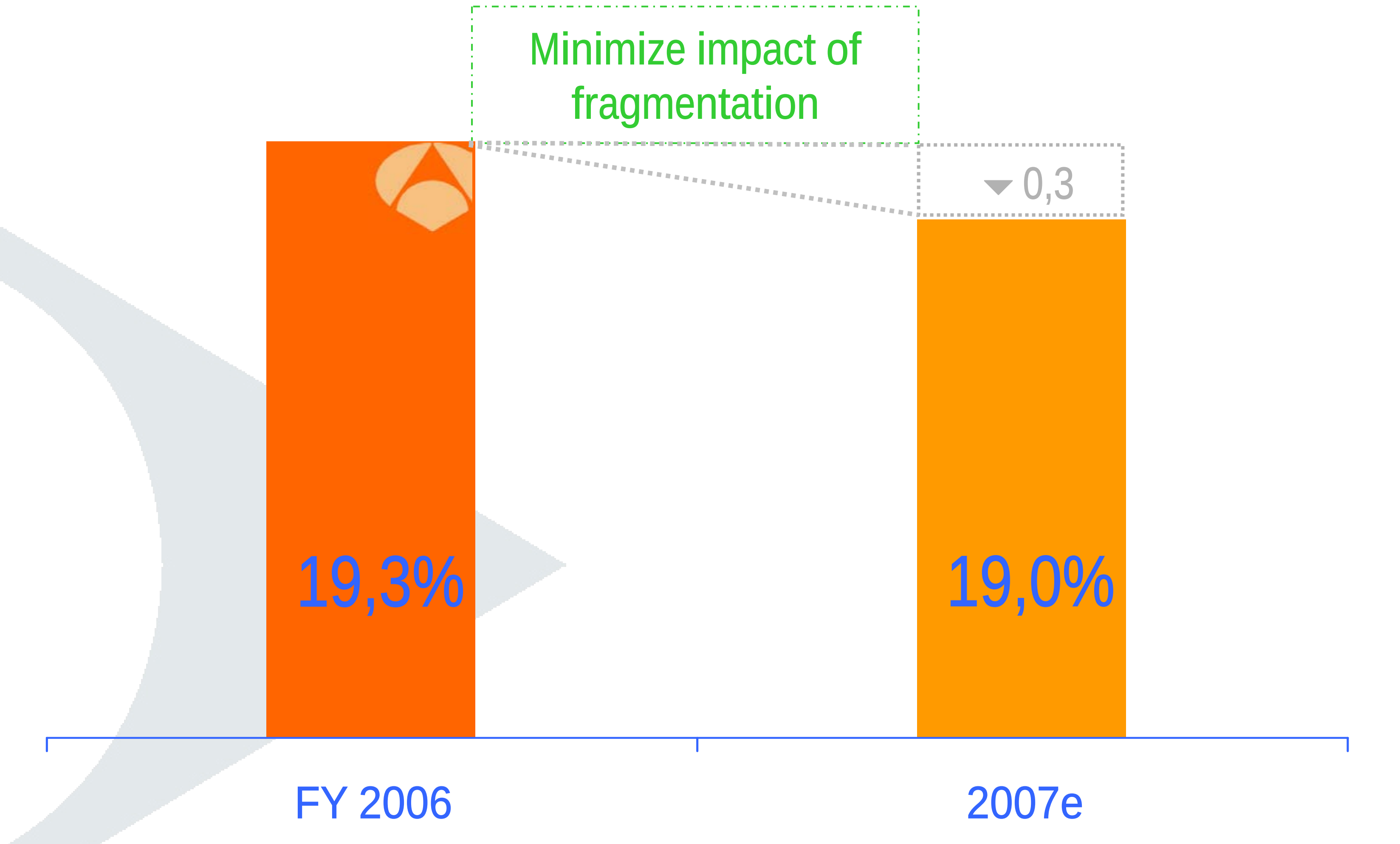
2. Audience



SOURCE: TNS SOFRES AM (2005)

2. Audience

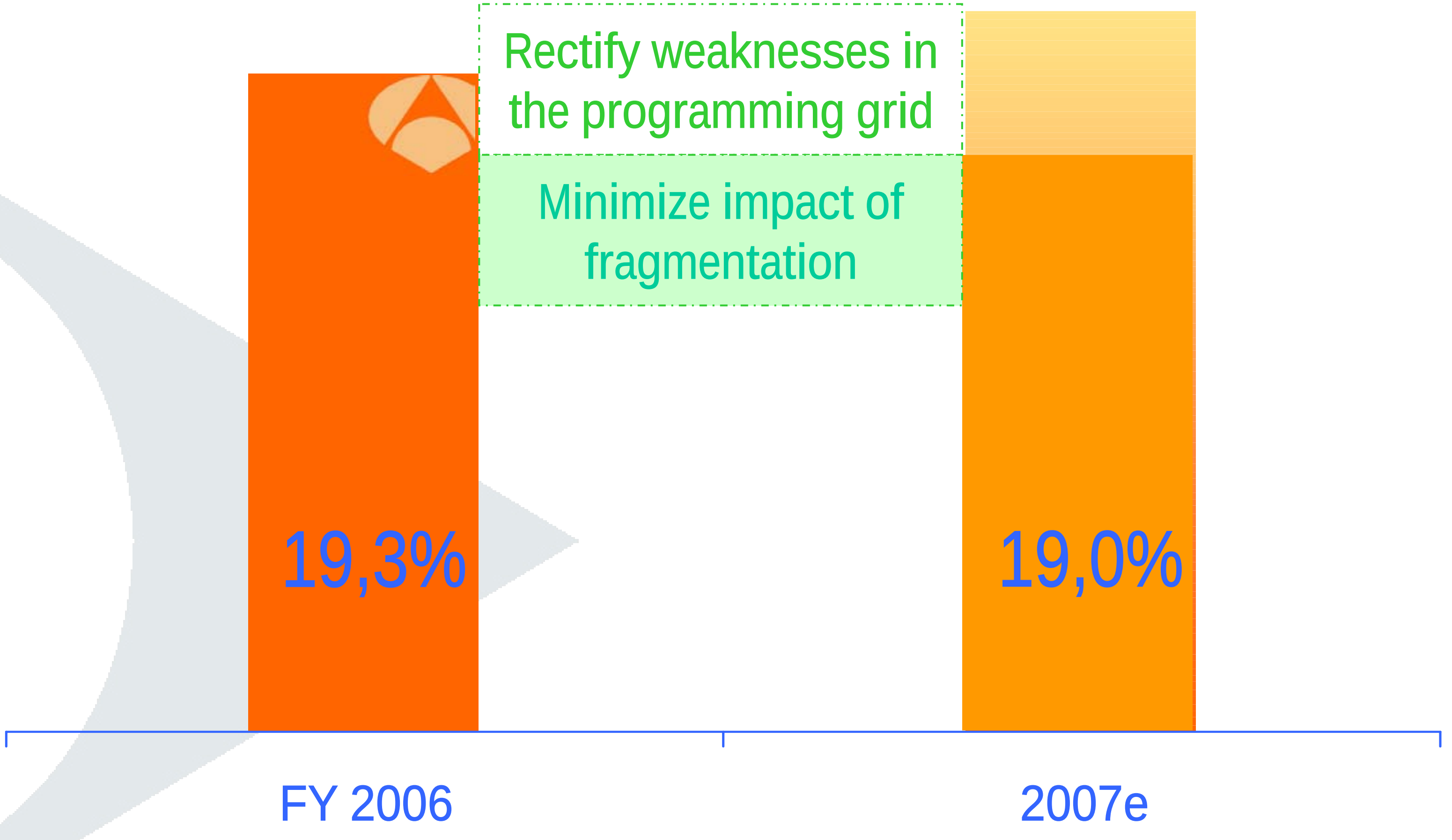
2007 Audience target



SOURCE: TNS SOFRES AM (2005) + MKTG Forecast. Antena 3TV

2. Audience

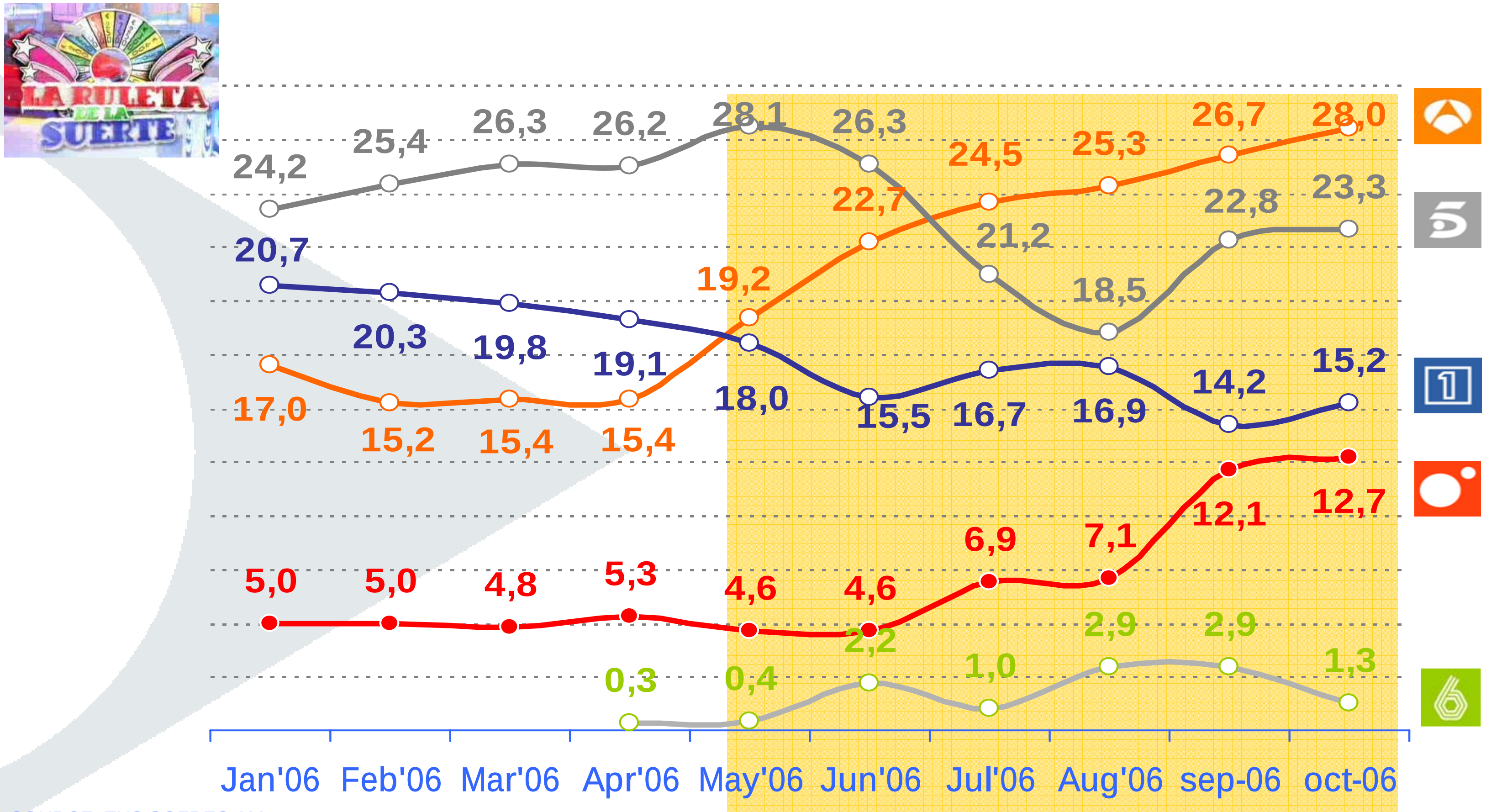
2007 Audience target



SOURCE: TNS SOFRES AM (2005) + MKTG Forecast. Antena 3TV

2. Audience

- "The wheel of fortune" was relaunched in April 2006 and achieved solid audience leadership from July 2006 onwards
- The format furthermore improves the audience shares of its follow-ups "The Simpsons" and "Antena 3 Noticias 1"



SOURCE: TNS SOFRES AM

2. Audience

2007

- ✓ The audience decline related with specific programming issues has been detained
- ✓ The main structural erosion of audiences due to new competitors has already happened in 2006 and a new equilibrium has been set up
- ✓ Clear ambition to chase its implied upside potential for 2007

Analysing the TV Business

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✓ **Market**	5. **Programming Costs**
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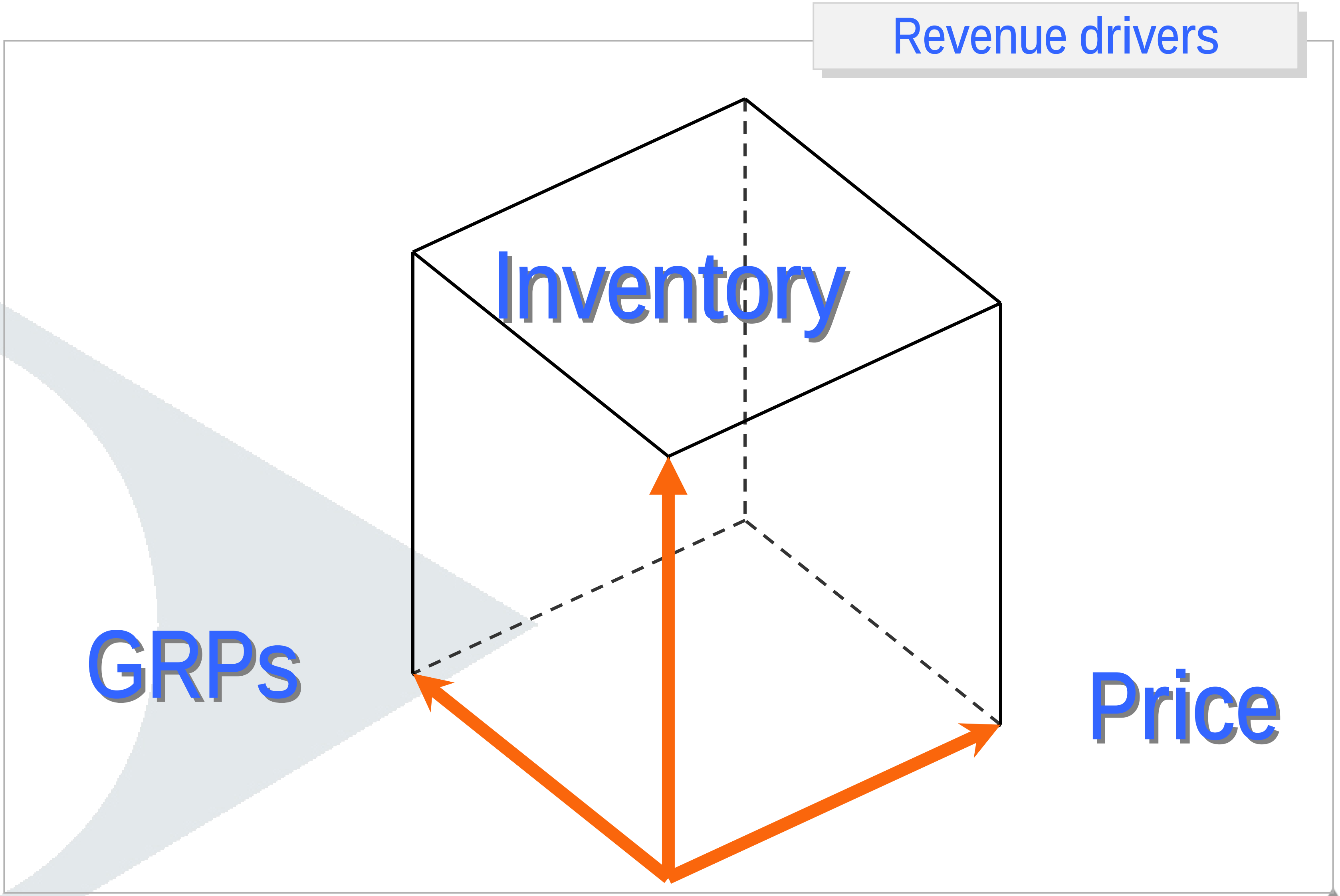
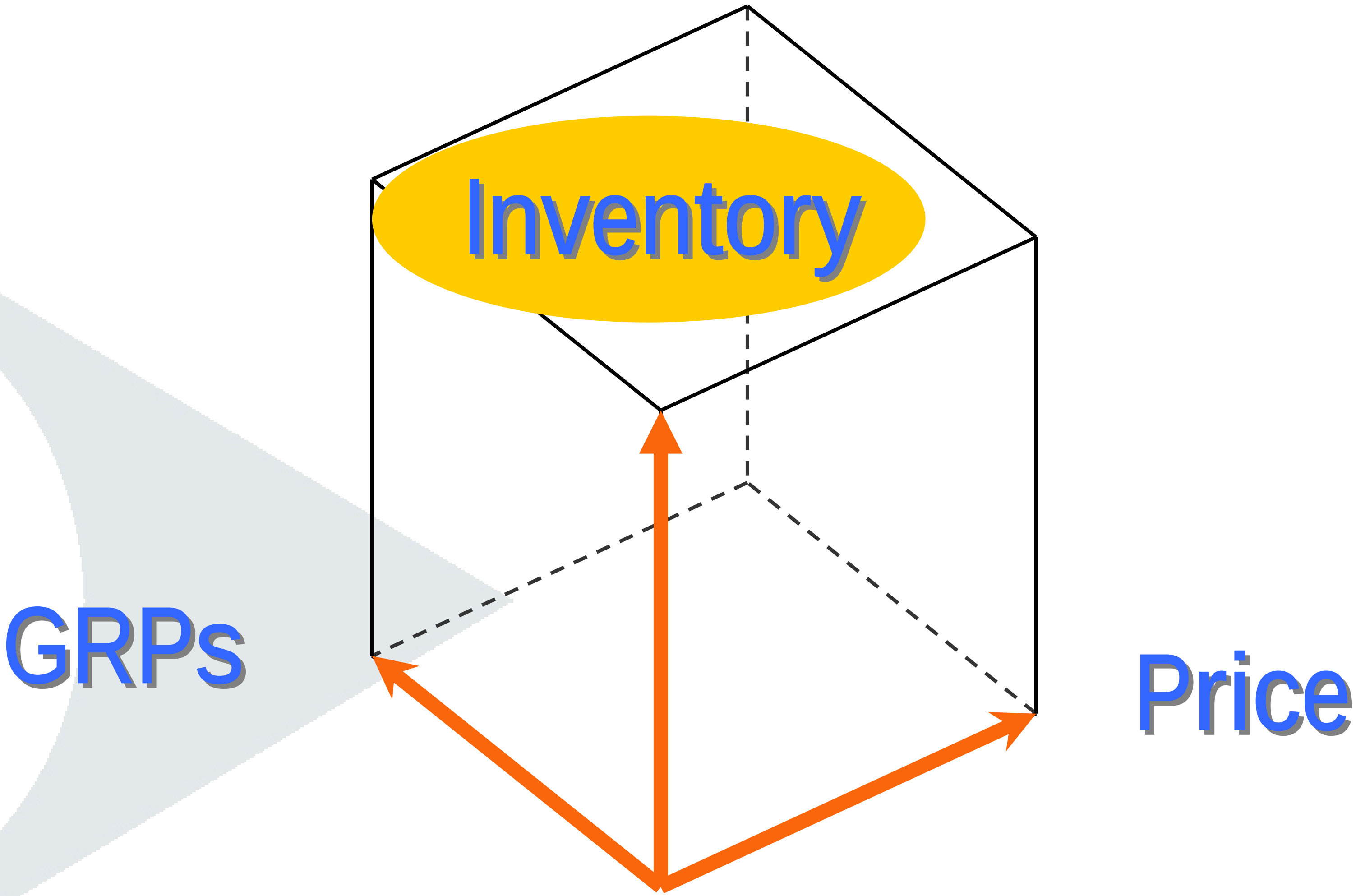
3. Price



3. Price

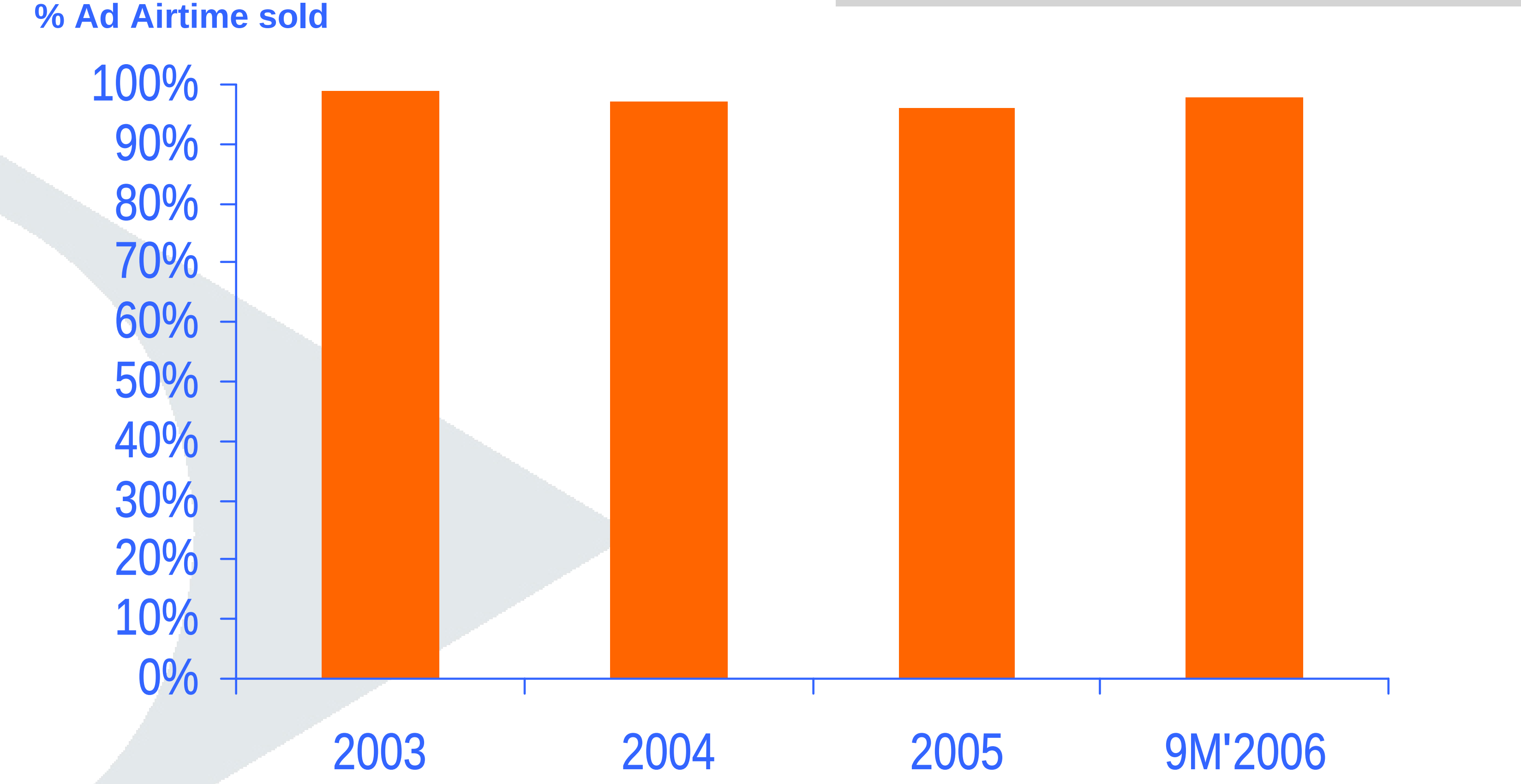
Revenue drivers



3. Price

➔ There is no significant upside in growing revenue by increasing advertising airtime

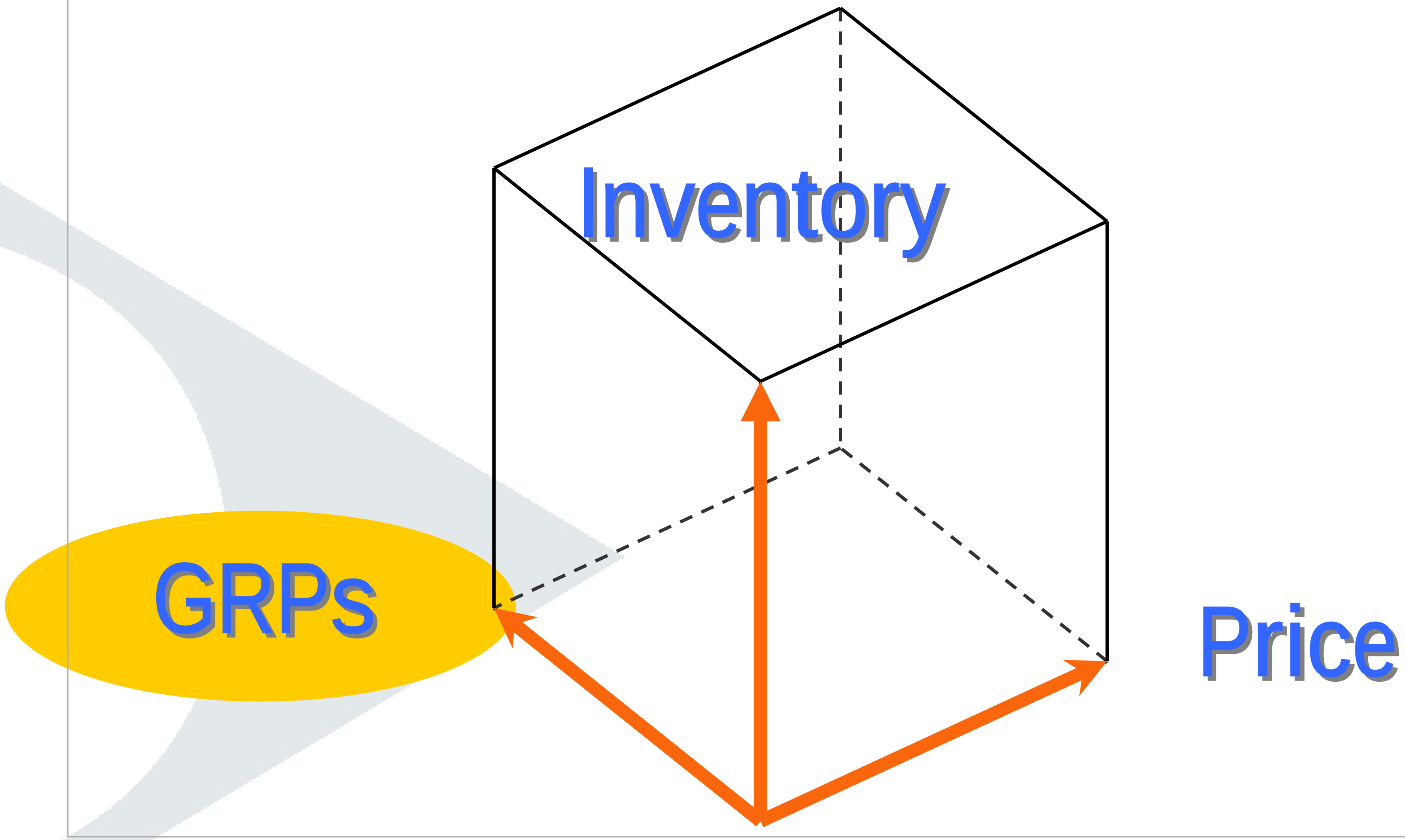
Inventory sold in Prime Time



SOURCE: Departamento Marketing ATRES ADVERTISING

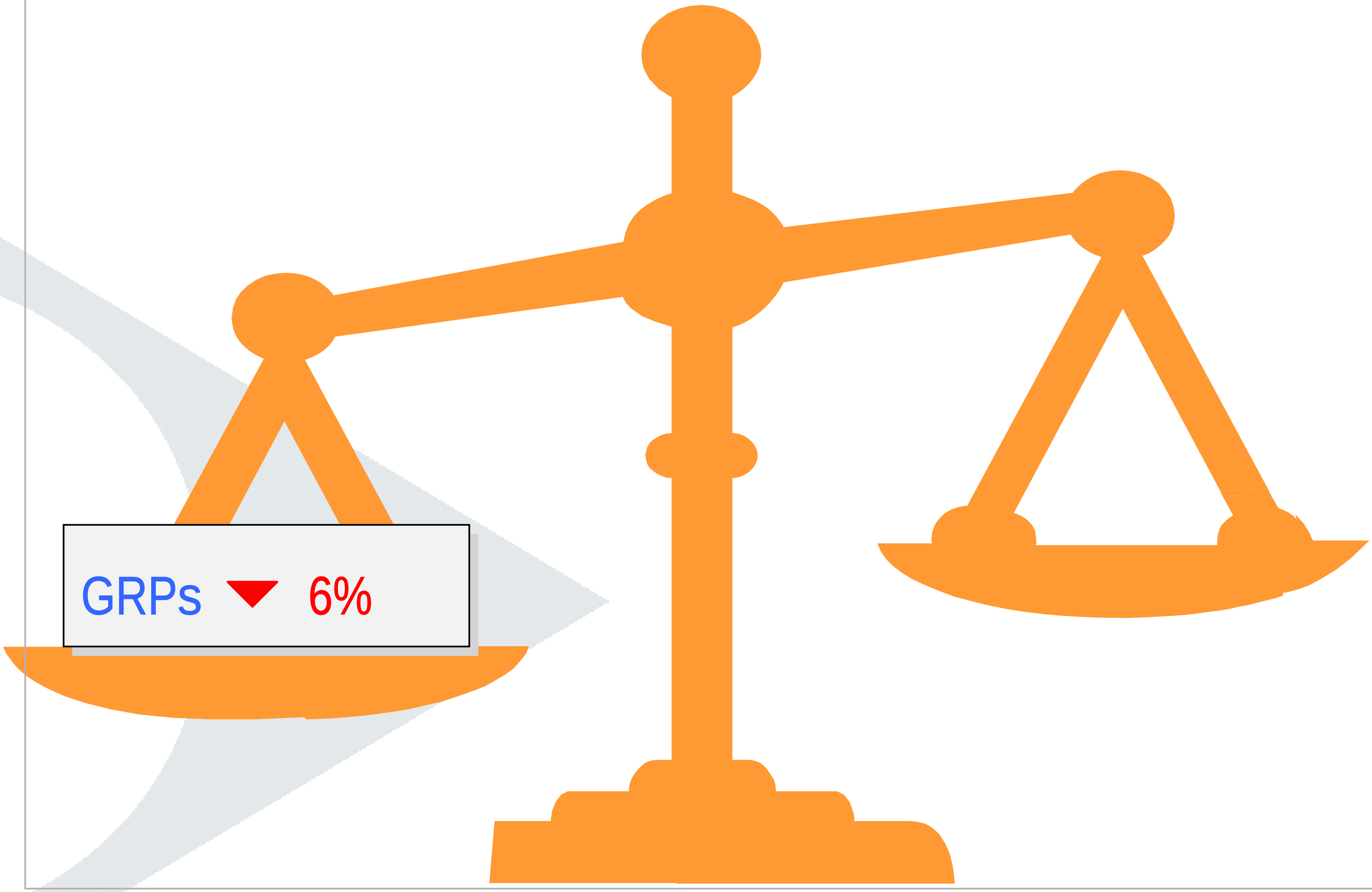
3. Price

Revenue drivers

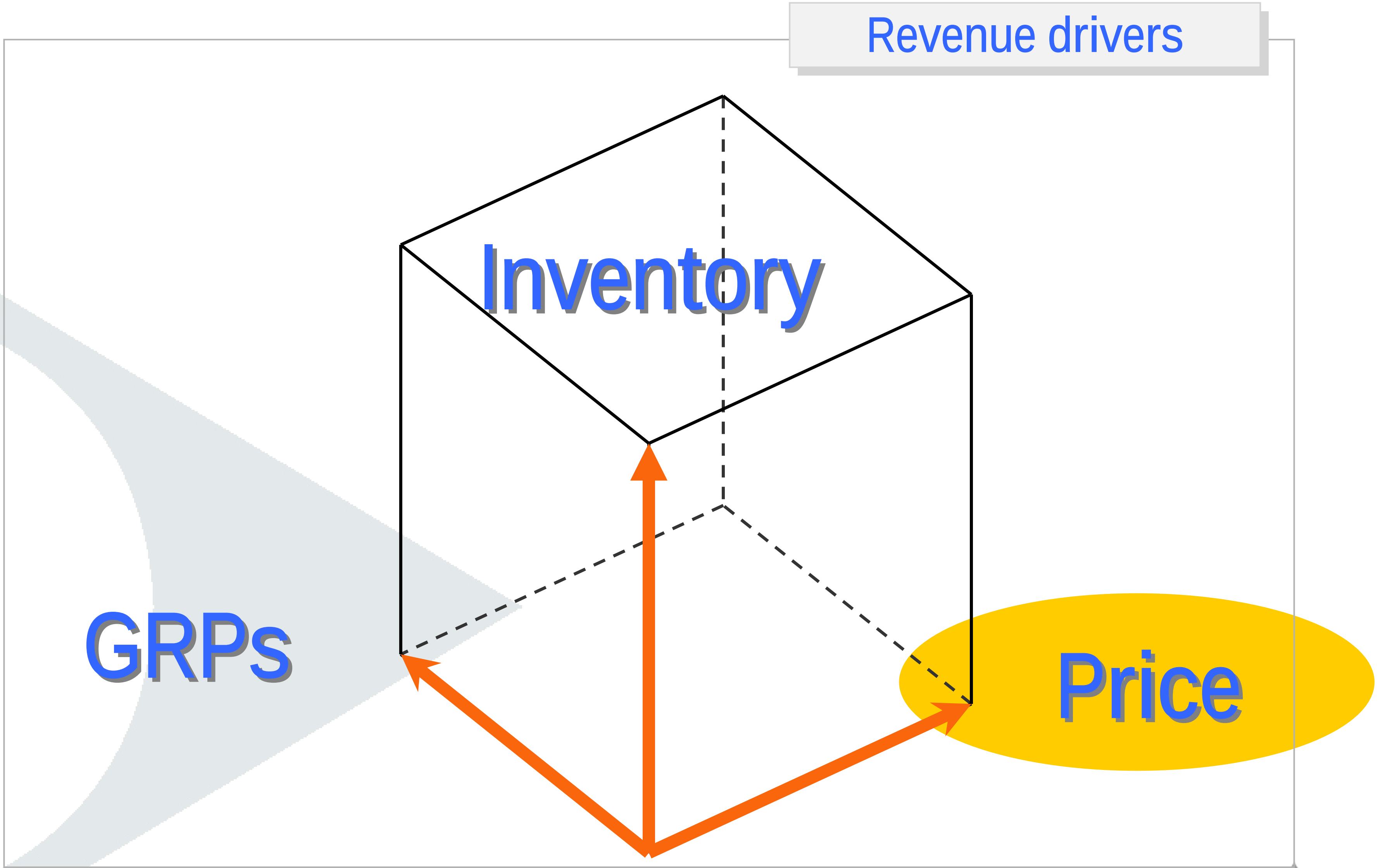


3. Price

The balance of TV renenues

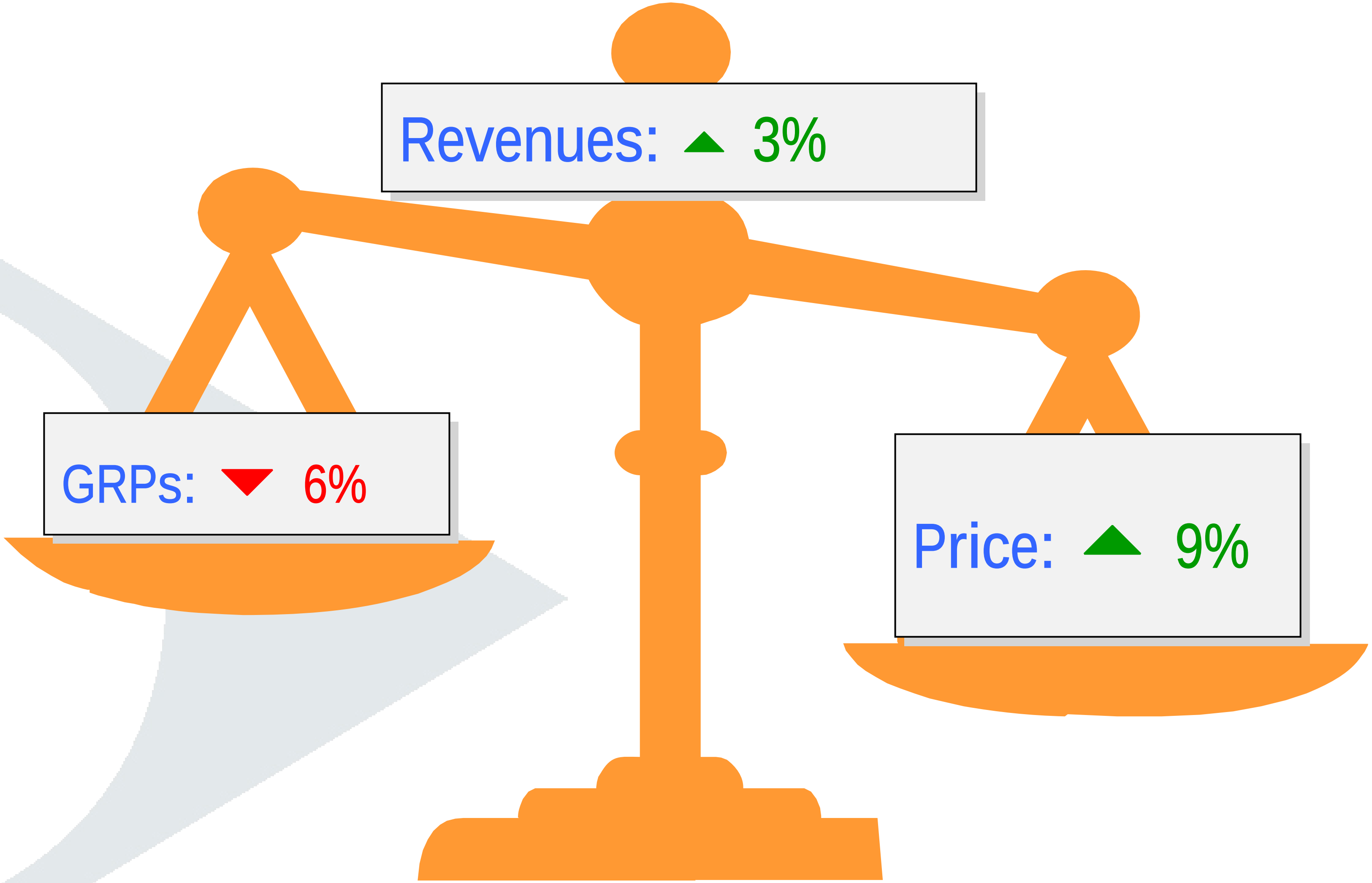


3. Price

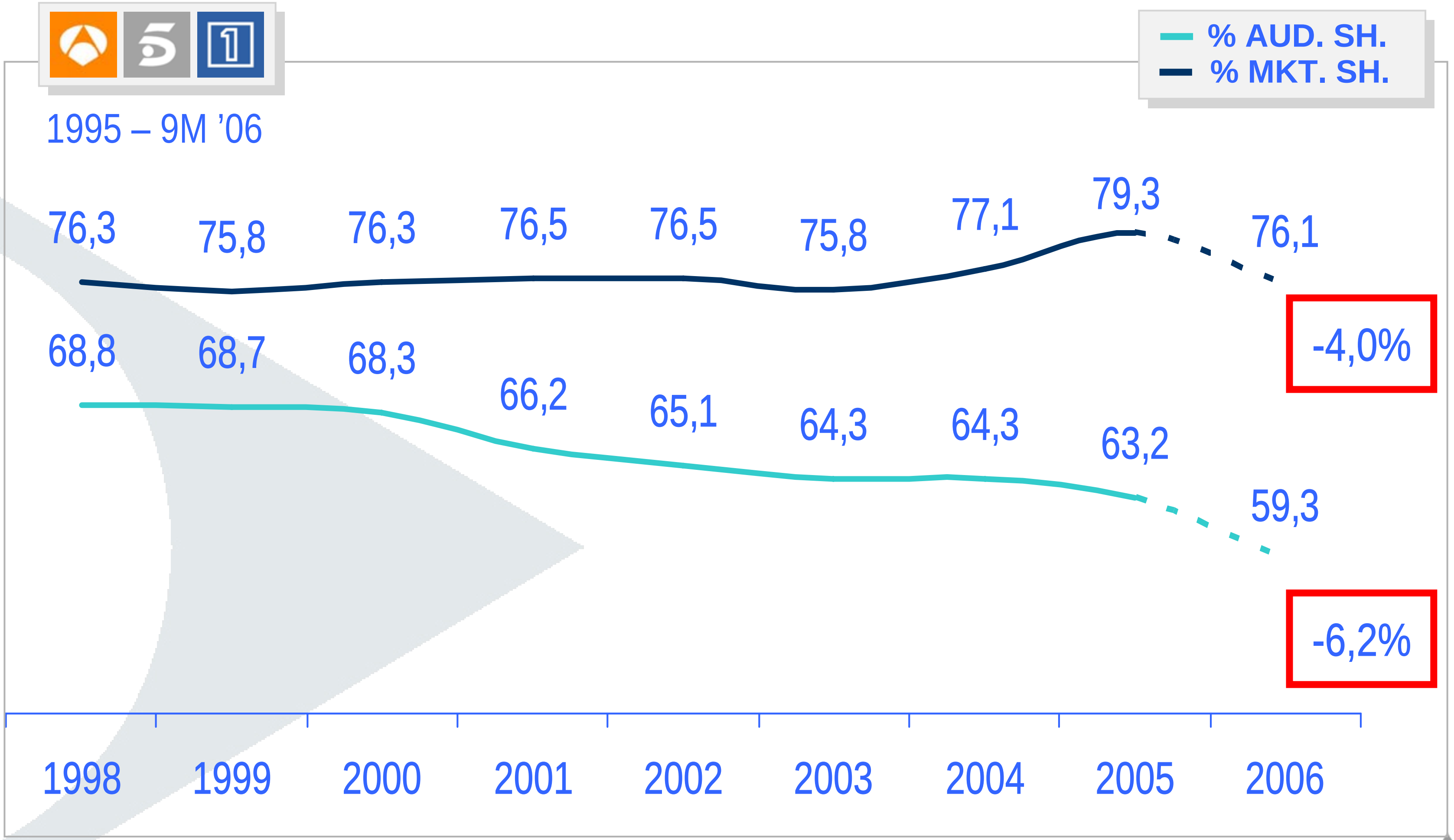


3. Price

The balance of TV renenues



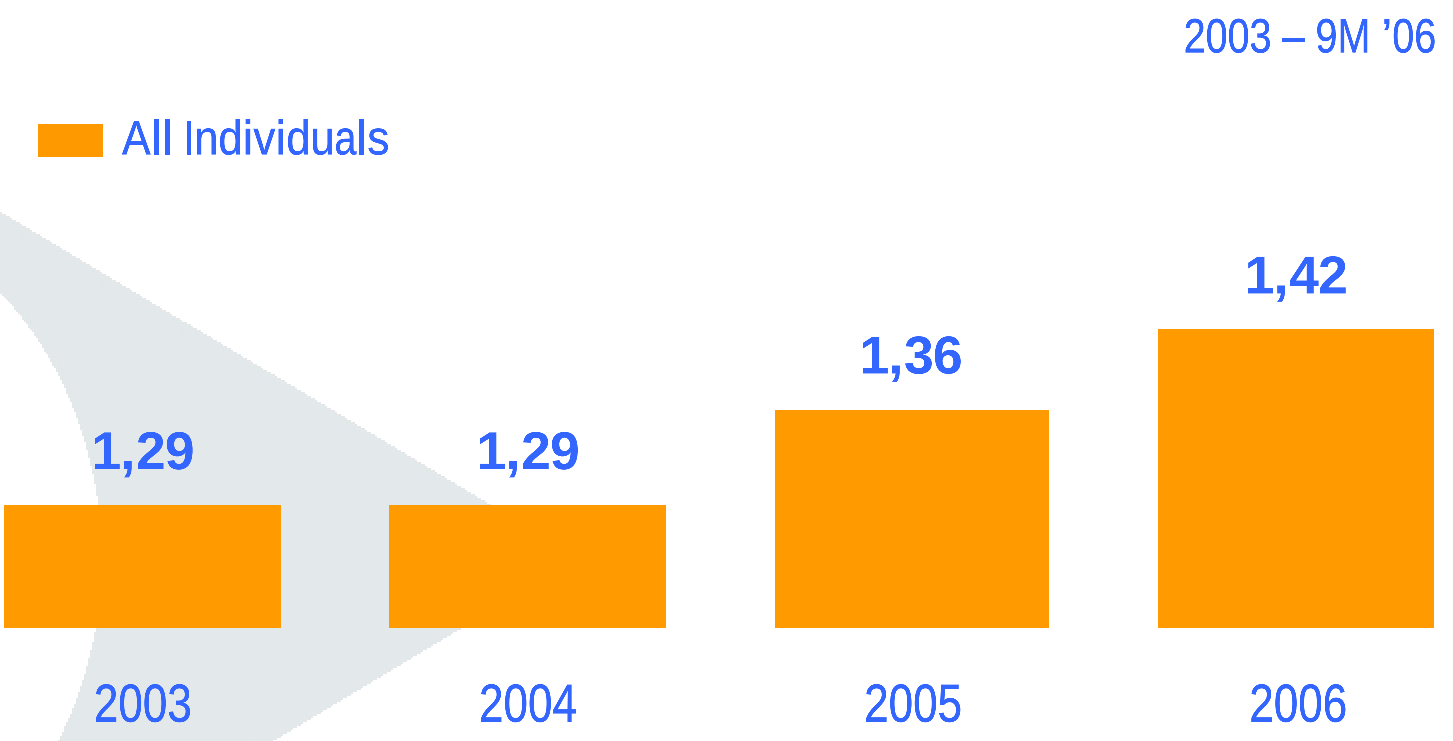
3. Price



SOURCE: TNS + Infoadex + MKTG Forecast. ATRES advertising

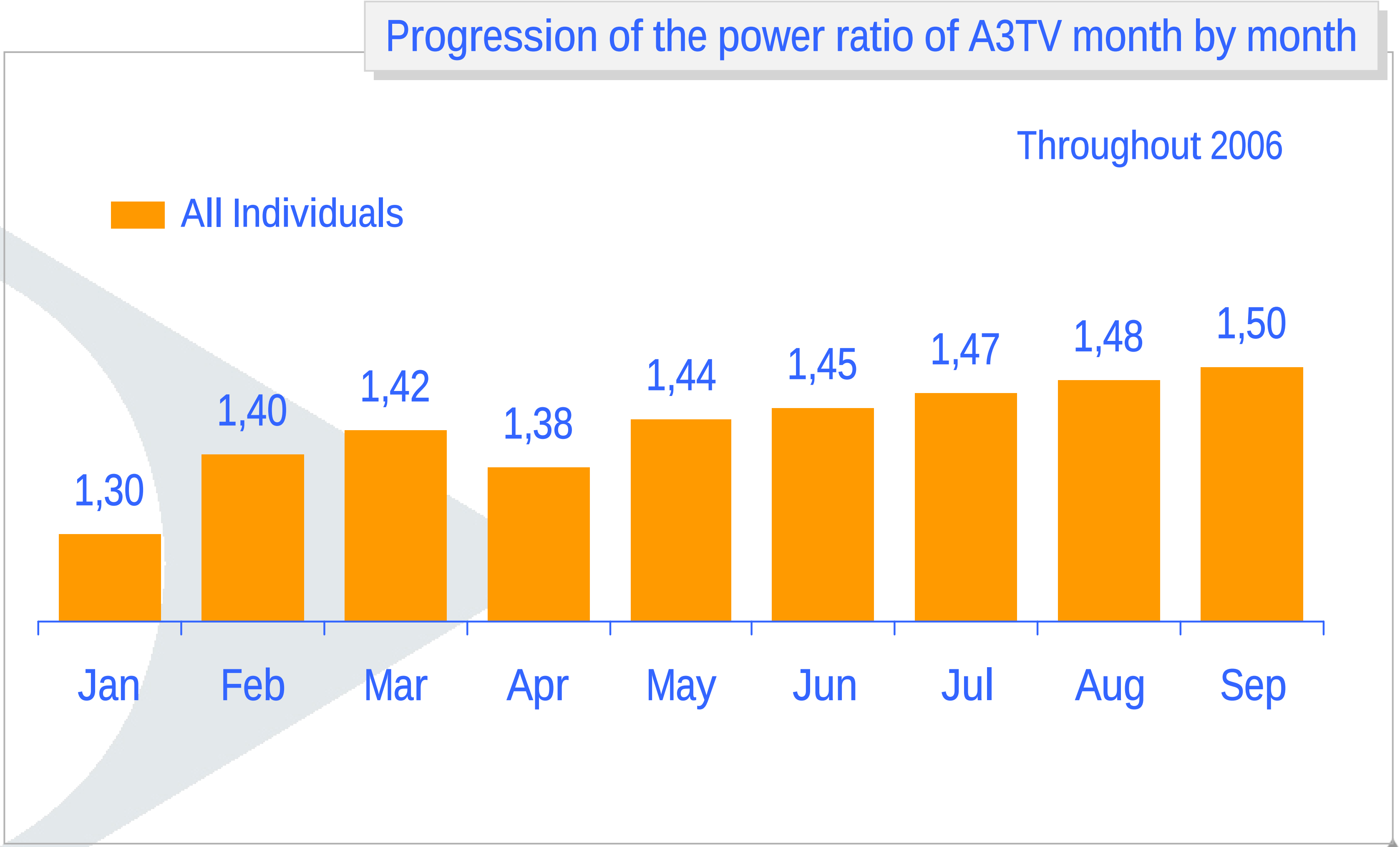
3. Price

Progression of the power ratio of A3TV



Sourece: Internal Estimates Marketing Department ATRES ADVERTISING

3. Price



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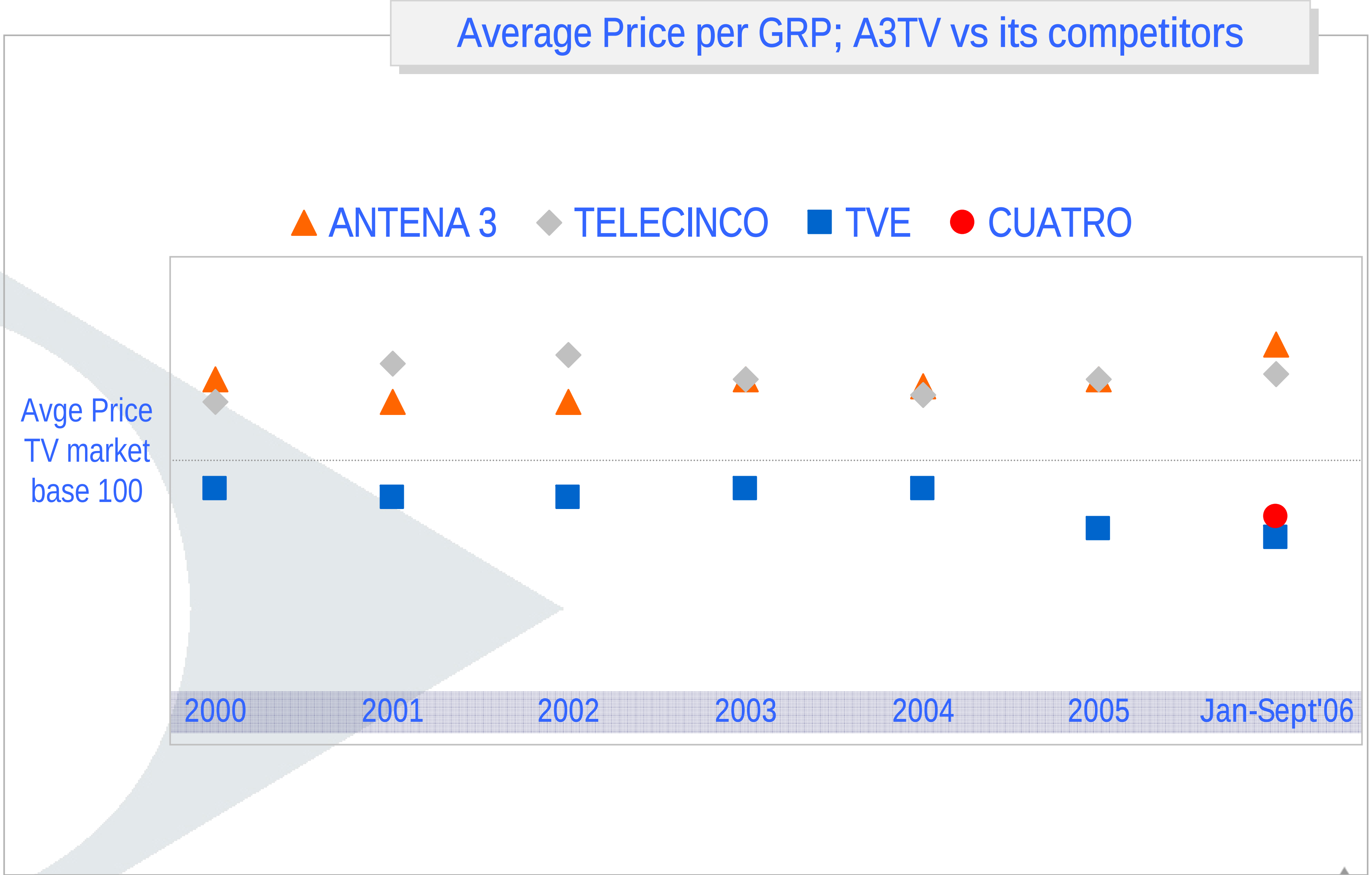
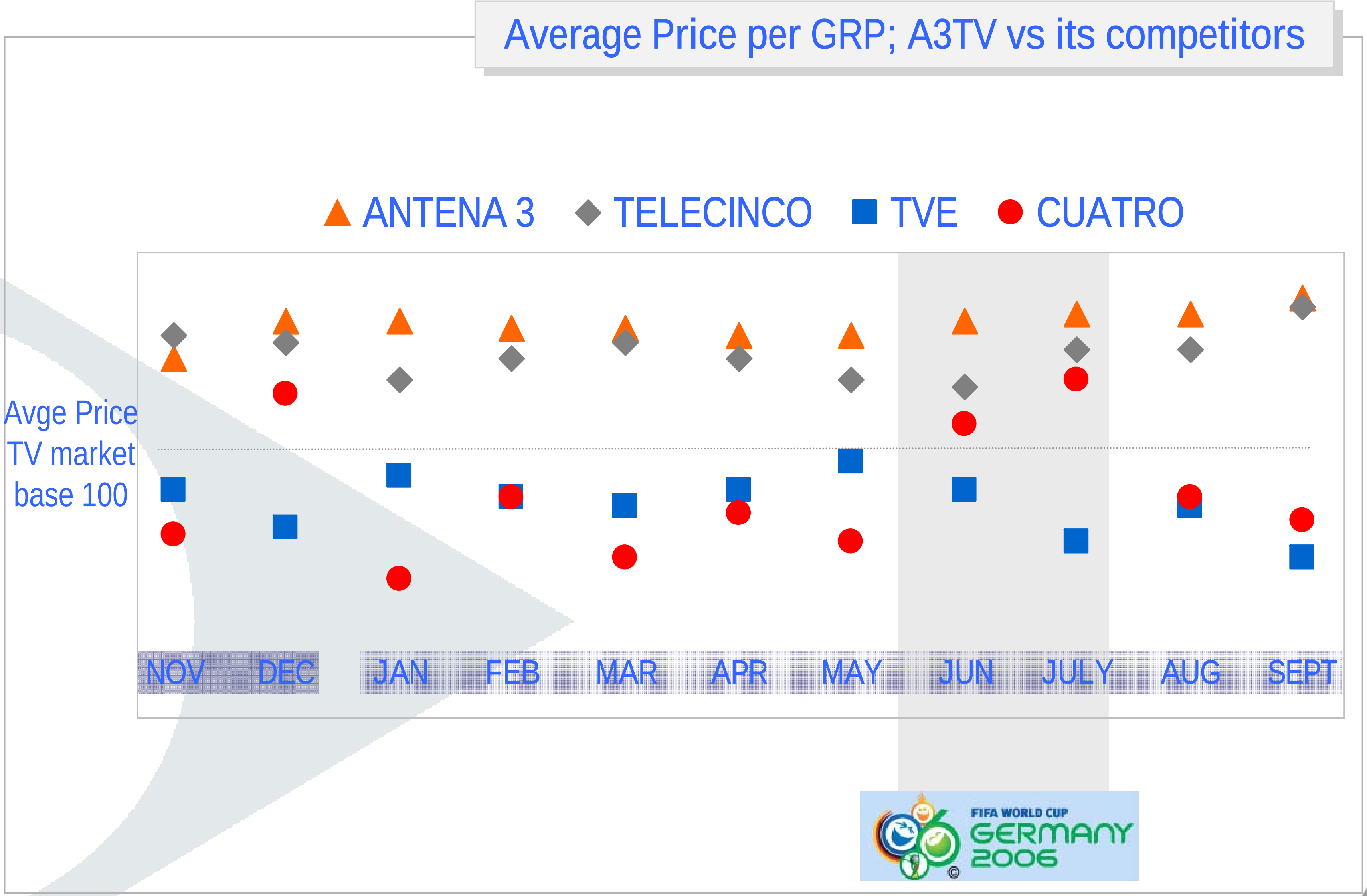
3. Price



Source: ATRES ADVERTISING Marketing Department Estimates

Natl. Conventional Prices. All GRP´s evaluated for Adults

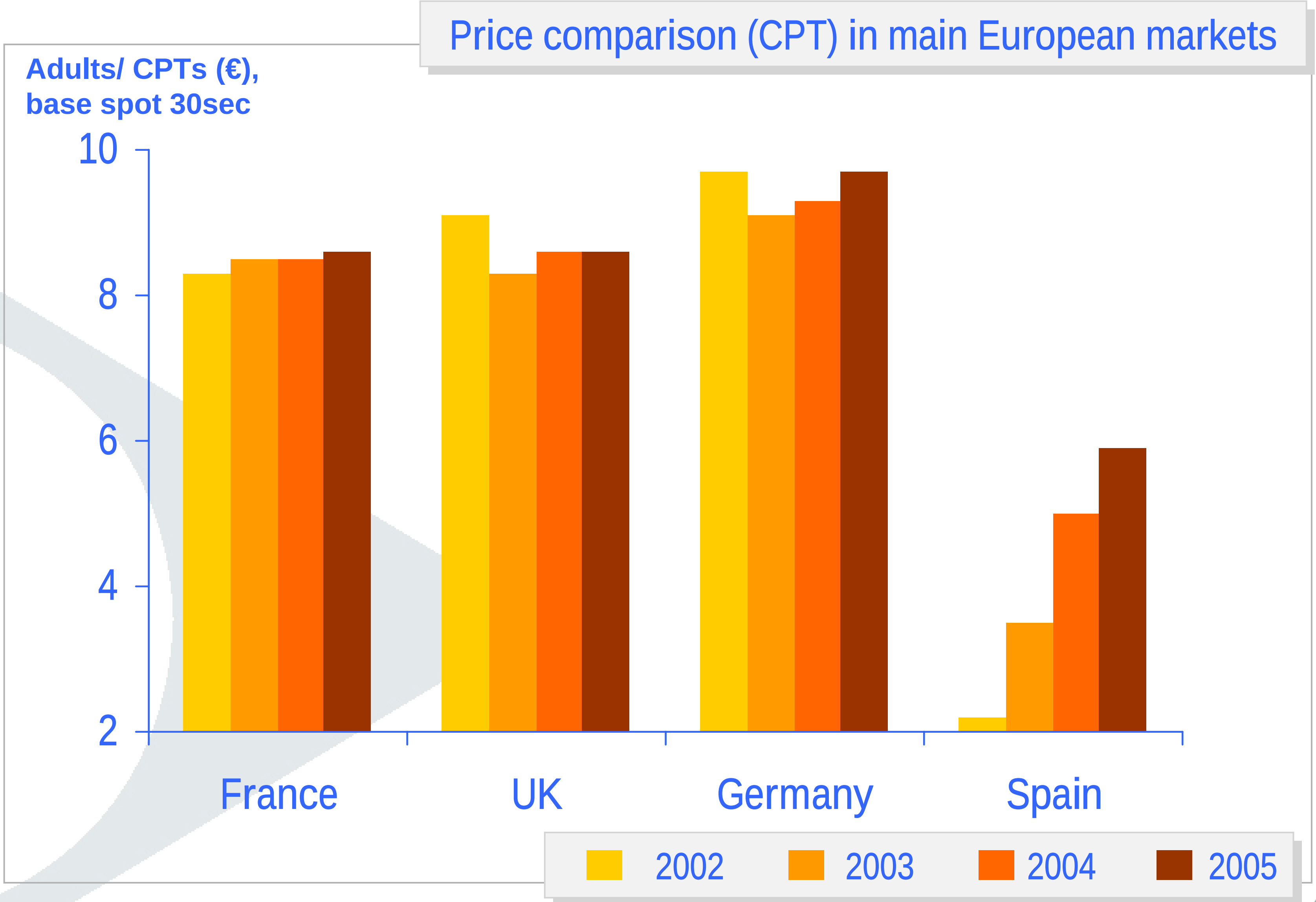
3. Price



Source: ATRES ADVERTISING Marketing Department Estimates

Natl. Conventional Prices. All GRP´s evaluated for Adults

3. Price



SOURCE: 2002:Anuario IP Network + Global Insights
2003: Internal Research
2004: EGTA (European Group for Television Advertising)
2005: EGTA 2005 / España: ATRES

3. Price

- ✓ Antena 3 TV is leading the TV ad market with its forceful pricing policy exploiting price rises as the main revenue driver
- ✓ Audience erosion due to fragmentation does not translate into a loss of ad market share of the same proportion, consequently an enhanced Power Ratio represent sustained growth
- ✓ There is still ample upside potential regarding further price rises, an assessment which will be reflected in ATRES advertising’s sales strategy 2007

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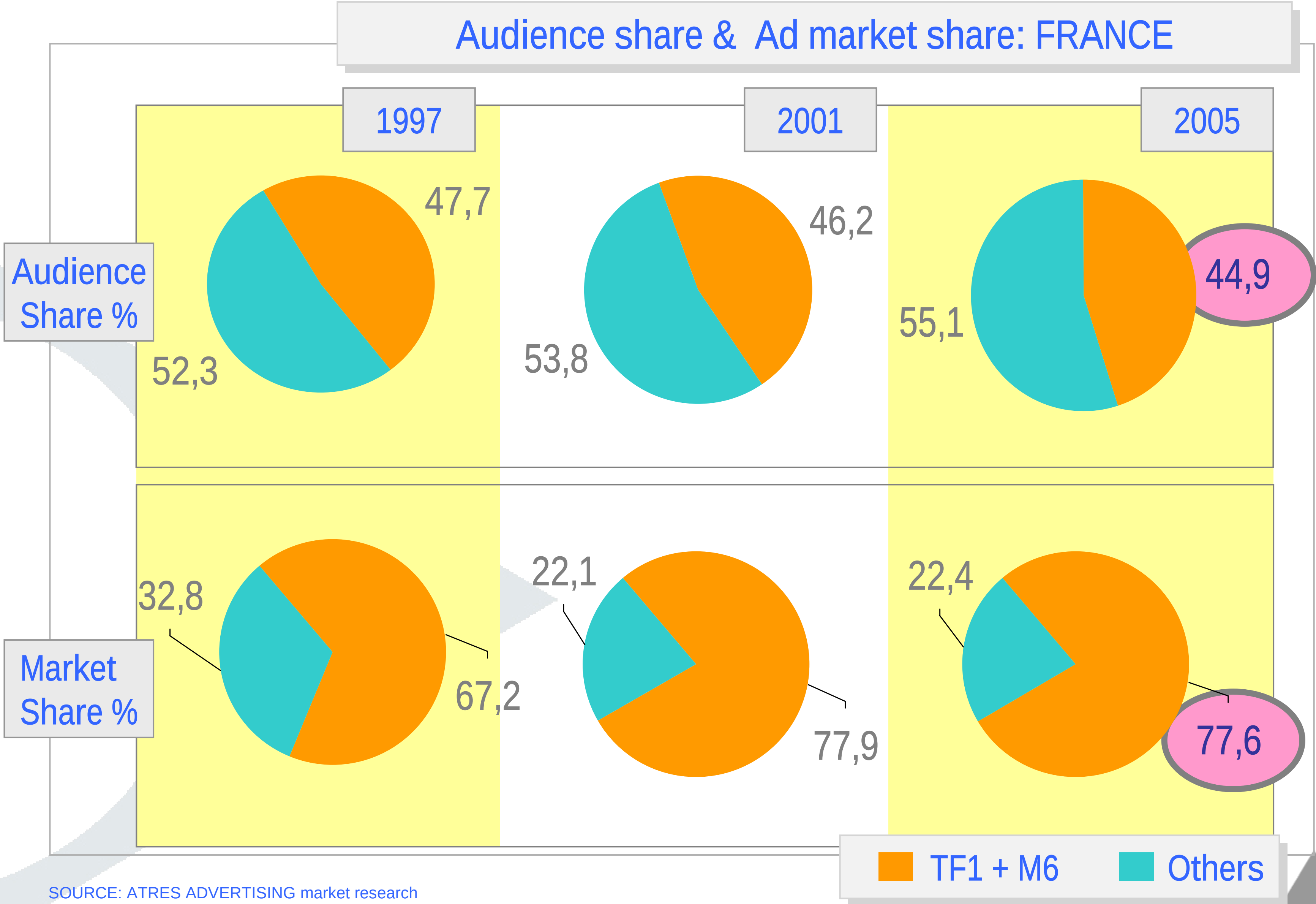
REVENUE	COSTS
✓ **Market**	**5. Programming Costs**
✓ **Audience**	**6. Structural Costs**
✓ **Price**	
4. Competition	

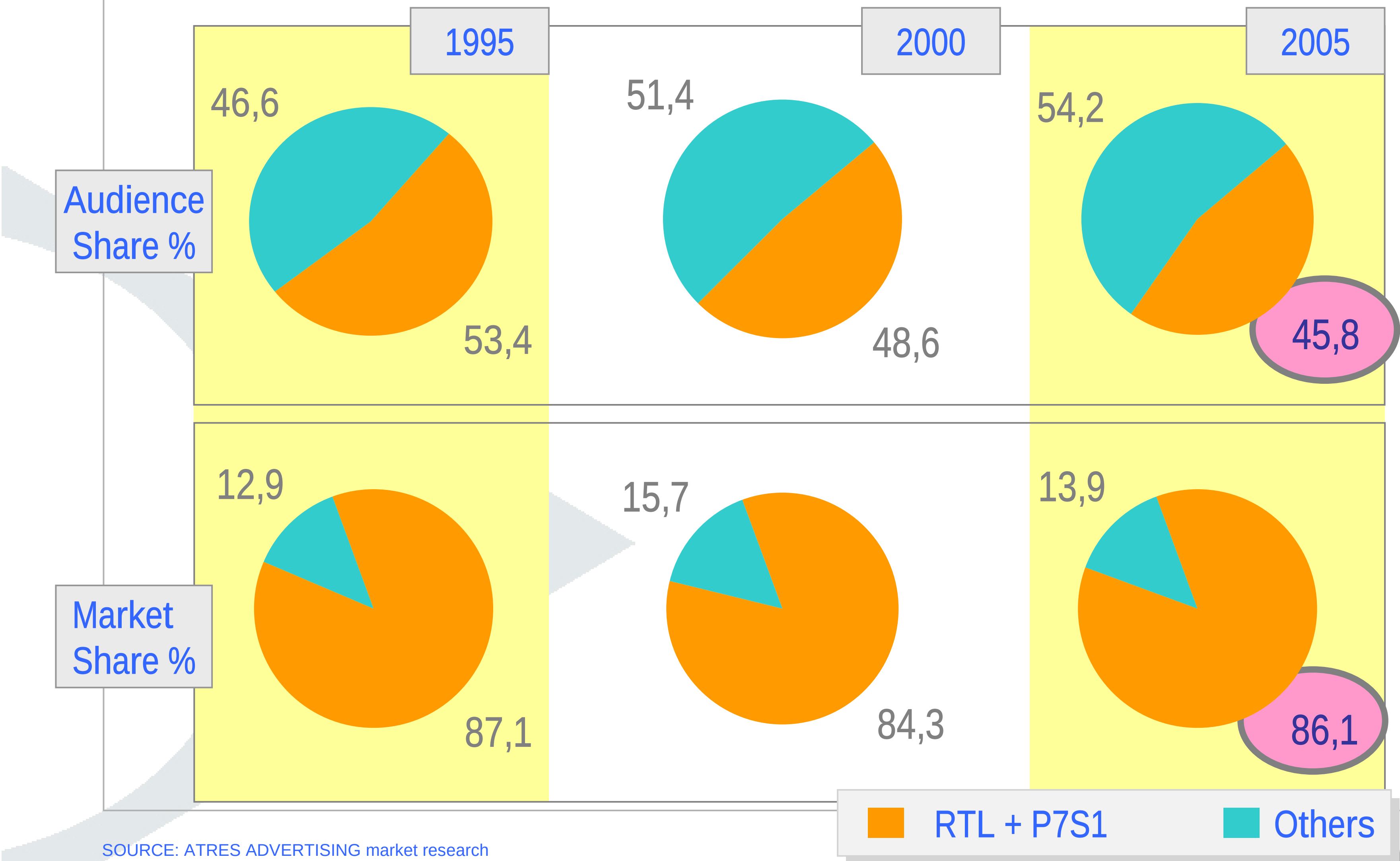
4. Competition



SOURCE: ATRES ADVERTISING market research

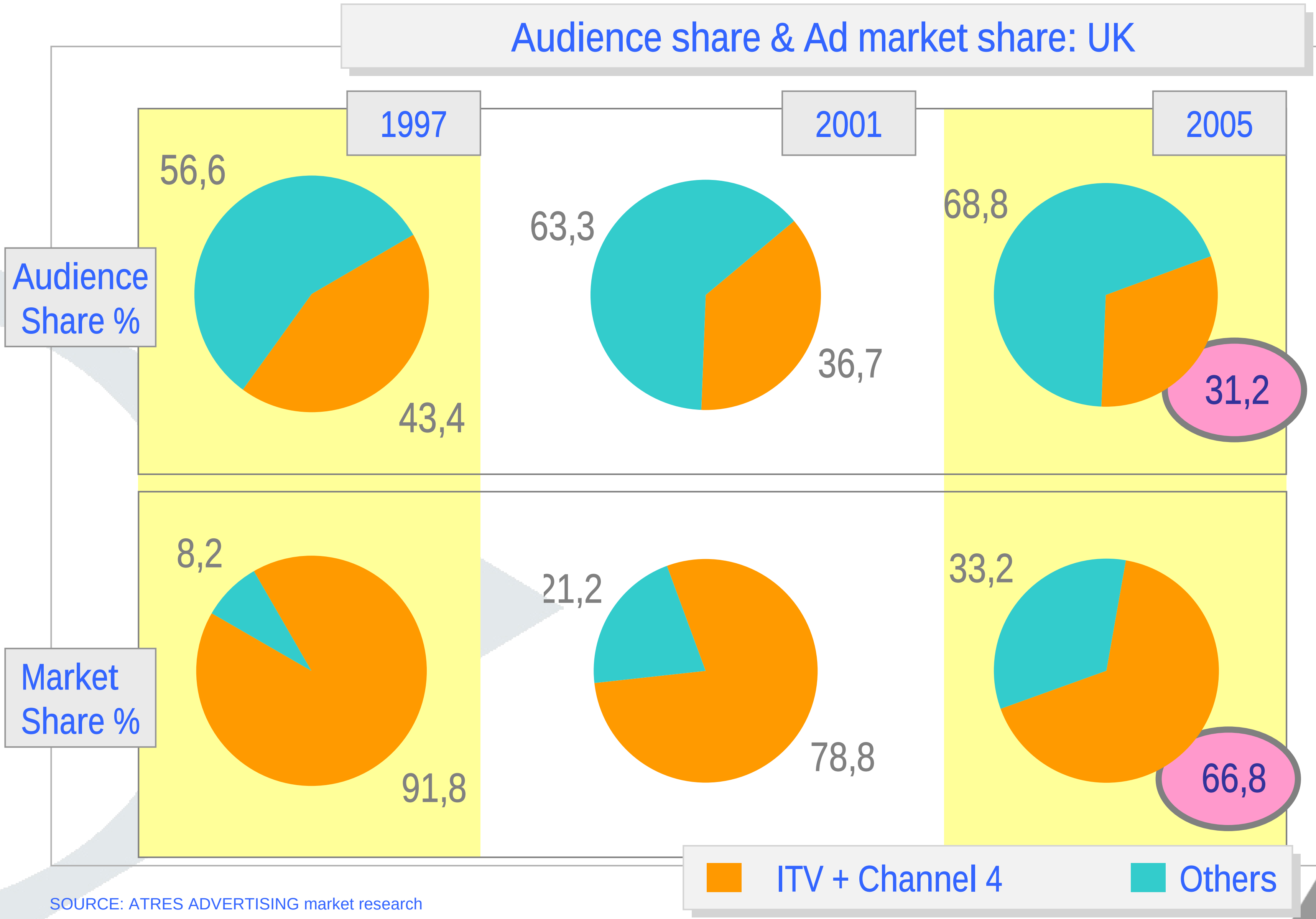
4. Competition

Audience share & Ad market share: GERMANY



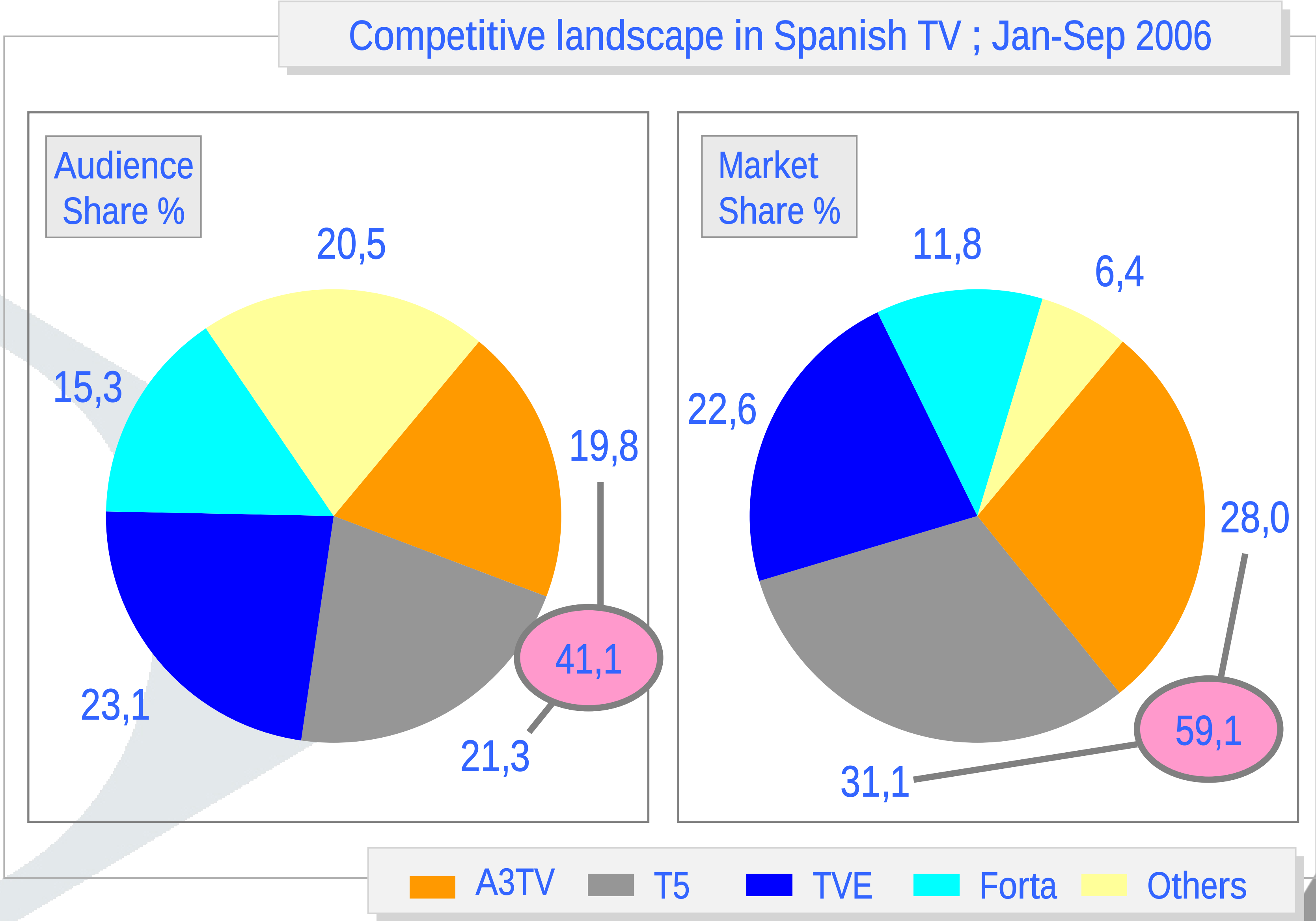
SOURCE: ATRES ADVERTISING market research

4. Competition



SOURCE: ATRES ADVERTISING market research

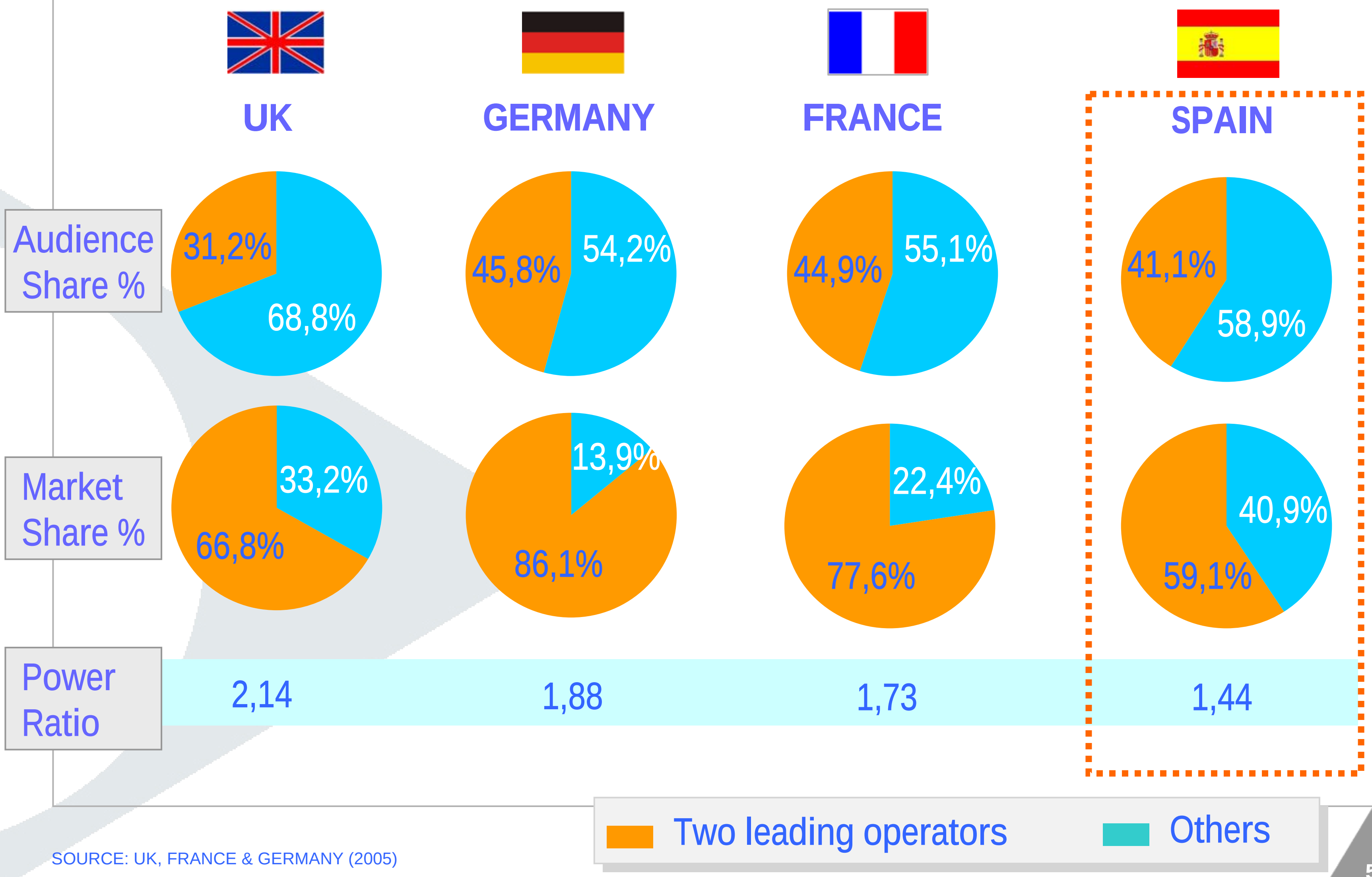
4. Competition



SOURCE: ATRES ADVERTISING market research

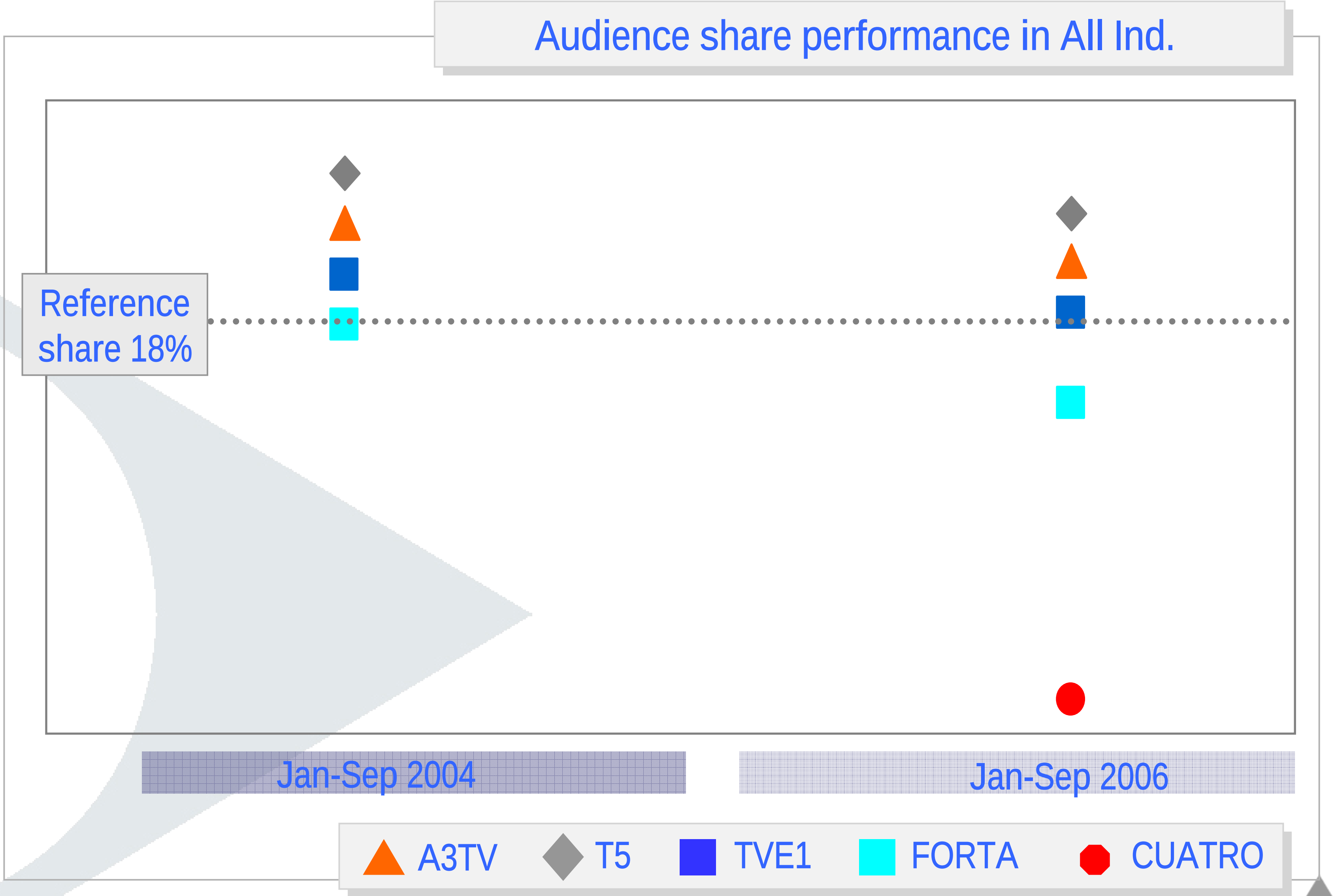
4. Competition

Comparison of the main European TV markets



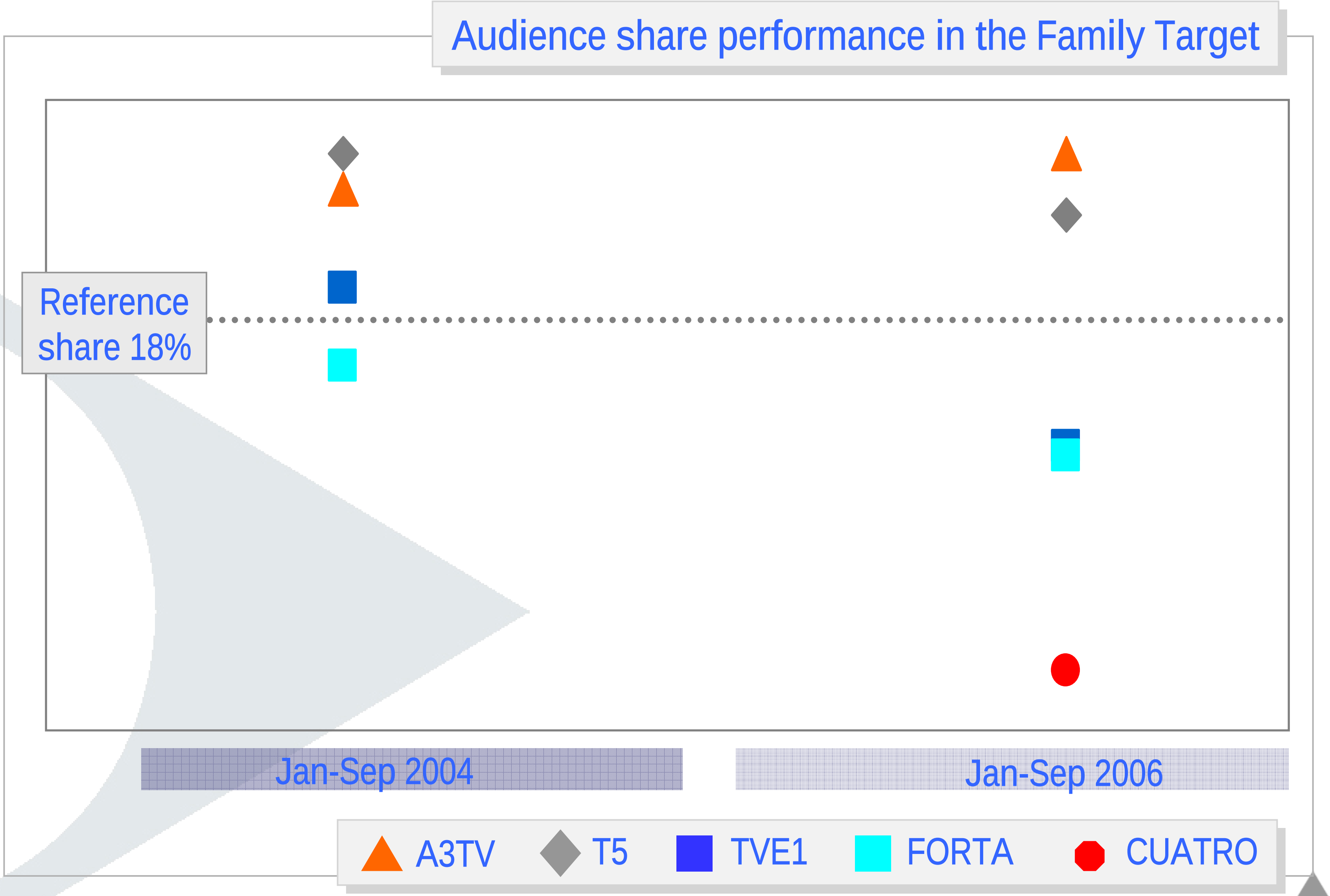
SOURCE: UK, FRANCE & GERMANY (2005)
SPAIN (JAN-SEPT'06)

4. Competition



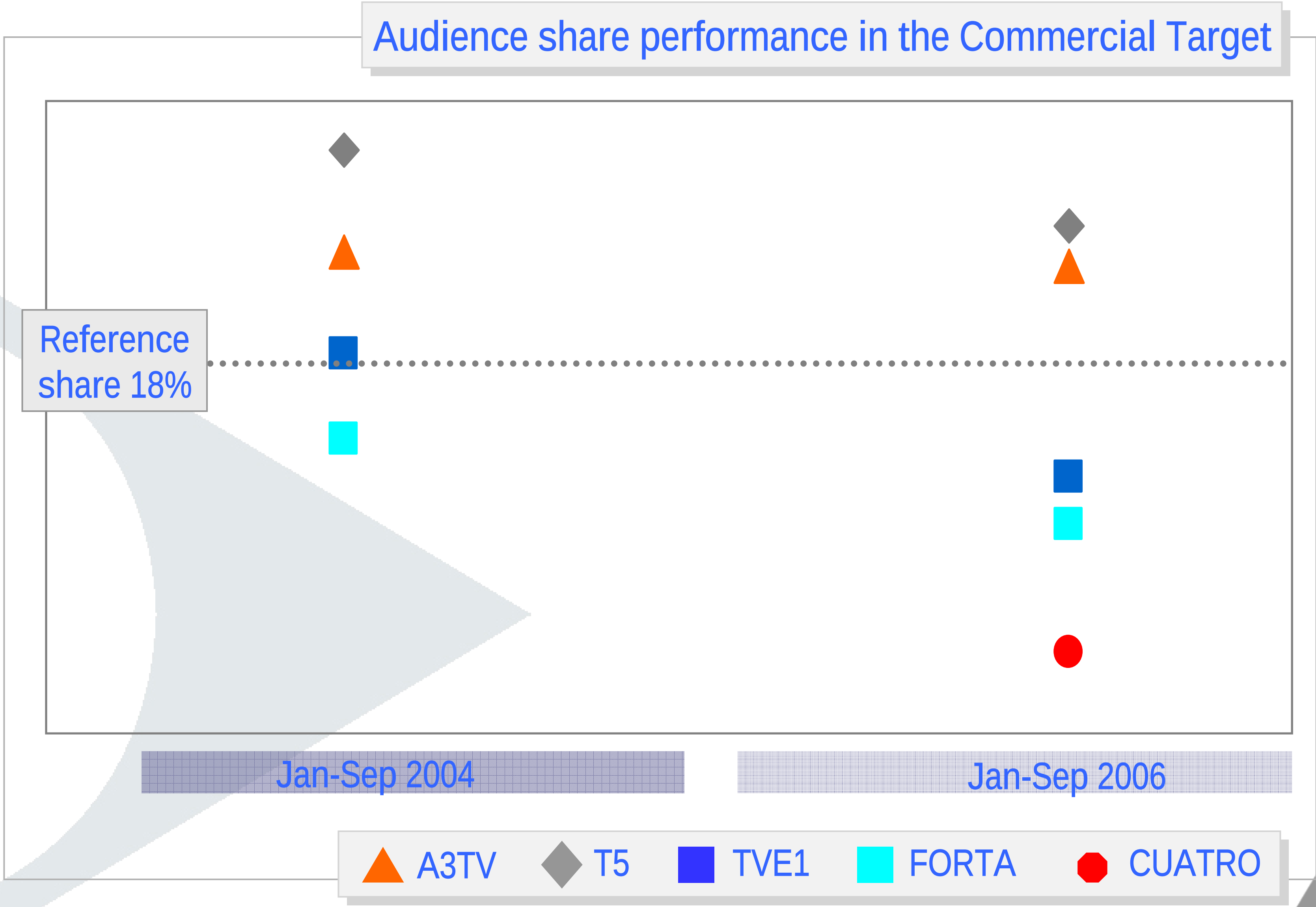
SOURCE: TNS

4. Competition



SOURCE: TNS

4. Competition



SOURCE: TNS

4. Competition

- ✓ Advertisers are more dependent than ever before on the shares of the two big commercial broadcasters
- ✓ Neither the new competitors (lack of coverage) nor the PSB (poor profile) are feasible alternatives for advertisers to run national campaigns
- ✓ Spanish Television is approaching a market reality similar to all other relevant European TV markets: Two big networks dominating the scenery !
- ✓ Upside potential for A3TV's power ratio if compared to the ones posted by its main European peers.

Analysing the TV Business

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REVENUE	COSTS
✓ Market	5. Programming Costs
✓ Audience	6. Structural Costs
✓ Price	
✓ Competition	

Costs

TARGETS		
2004	Turnaround	✓
2005	Zero % Cost Increase	✓
2006	Cost increase = Inflation	✓

Overdelivery!

A3TV posts excellent cost performances year after year!

Cost control targets are effectively treated as a strong management commitment with the financial markets

Analysing the TV Business

FUNDAMENTAL TV VARIABLES

REVENUE

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

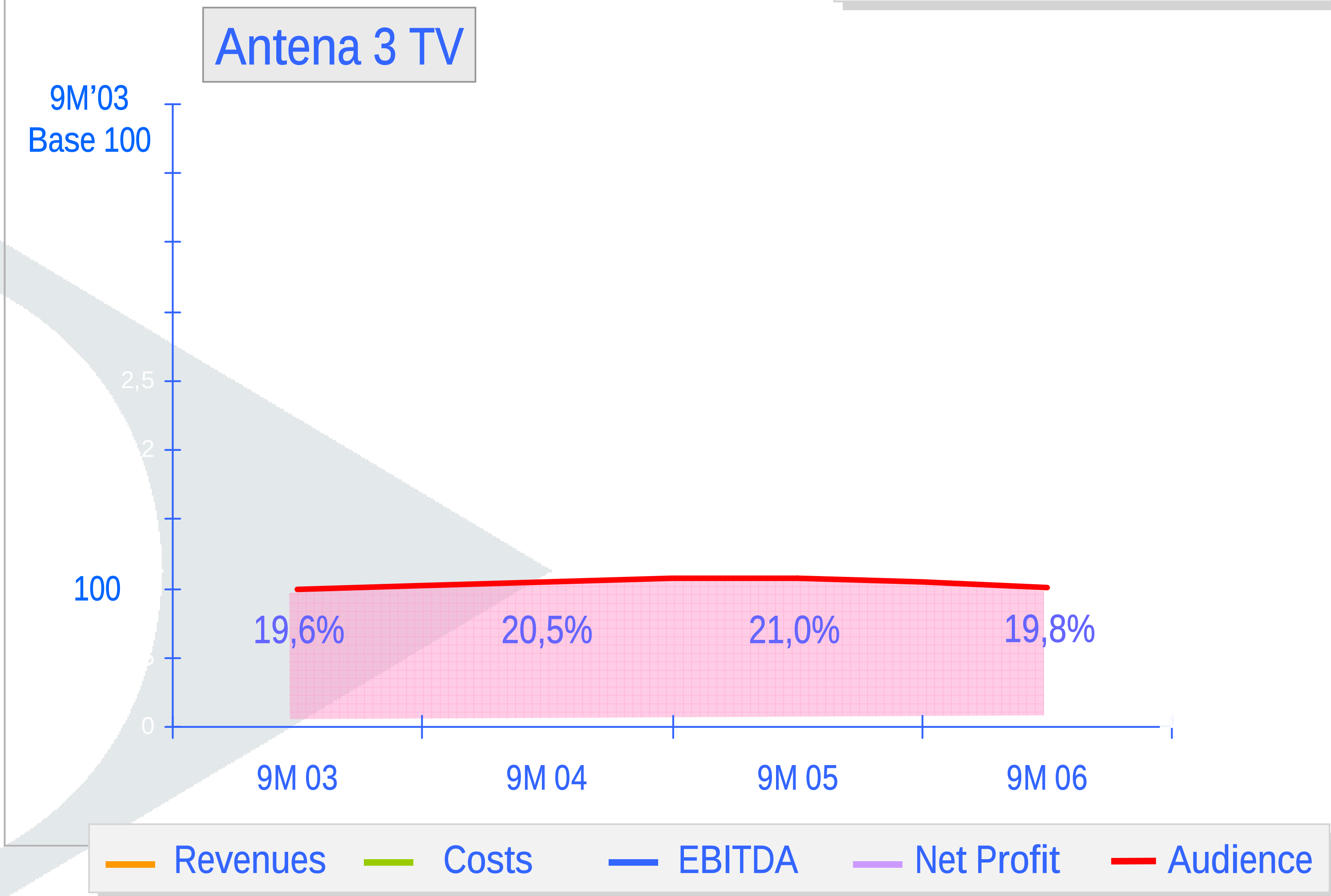
COSTS

- ✓Programming Costs
- ✓Structure Costs

PROFITABILITY

7. Profitability

Profitability parameter



* Excl. Net Profit: (9M'04 Base)

7. Profitability

- The audiovisual panorama of 2006:
  - ✓ Merger of the two Cable TV Platforms (ONO and AUNA)
  - ✓ Emergence of IPTV players: Imagenio, Jazztelia, Orange TV
  - ✓ Launch of new regional FORTA Channels
    - Balearic Islands, Asturias, Murcia, Extremadura and Aragon
  - ✓ New analogue national FTA licences awarded to
    - Cuatro
    - Sexta
  - ✓ Re-launches and Start-ups of new DTT channels
  - ✓ Granting further DTT license of local and regional nature

7. Profitability

Formula 1
Fernando Alonso

Tennis (Roland Garros, Master Series, Davis Cup)
Rafa Nadal

Football: Champions League
Winner: FC Barcelona
Football: UEFA CUP
Winner: FC Sevilla

Motorcycle
Dani Pedrosa
Álvaro Bautista
Sete Gibernau
Héctor Barberá
etc...

Tour de France
Oscar Pereiro

Basketball World Champioship
World Champion: Spain

FIFA World Cup Germany 2006

FIFA WORLD CUP GERMANY 2006

7. Profitability

➢ In this unfavorable cycle Antena 3 TV expects:

- ✓ Increases its revenues
- ✓ Succeeds a cost containment performance below inflation rate
- ✓ Obtains a net profit which comes in way better than in the previous year

Analysing the TV Business

1. **We prove our high capability of understanding and forecasting macro-economic tendencies and sector specific phenomenon**

2. **We are leaders within the market, regarded by the advertising players as most capable in taking risks and being proactive**

3. **We manage the cost structure better than anybody else**

4. **We interpret the competitive framework more accurately than others**