



# Capital Markets Day

13 February - 2004

Broadcast

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# Agenda

1. Overview
2. TV Distribution
3. Nordic TV Distribution growth opportunities
4. Transmission
5. Summary



## Overview 2003

# Delivered as promised

- ✓ Continued subscriber growth
- ✓ Streamlined organisation
- ✓ Reduced churn
- ✓ Piracy control
- ✓ Number 1 Nordic content provider

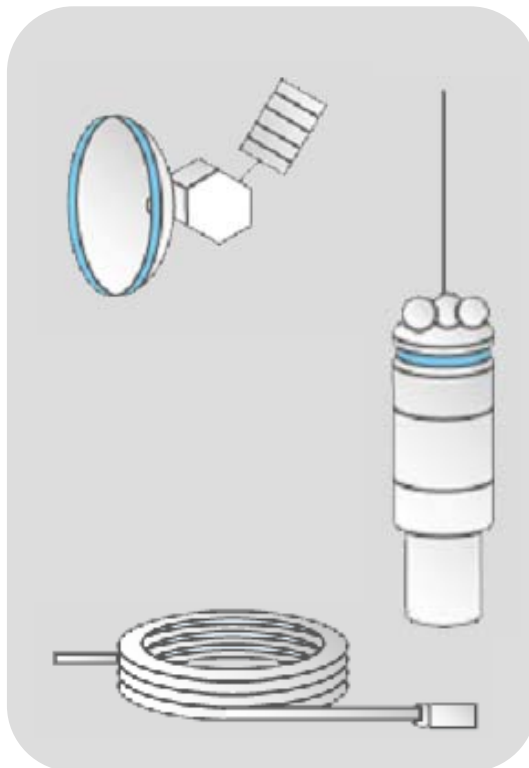
**Operating cash flow of 1 billion NOK in 2003**

# Overview

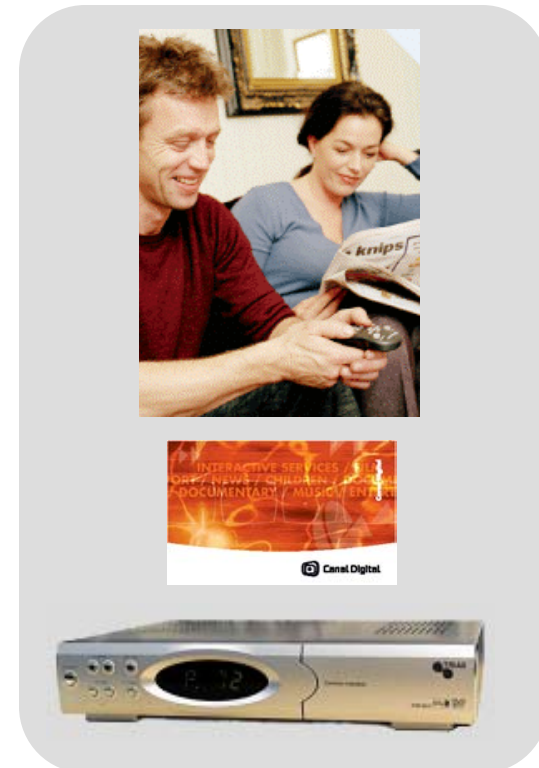
## Leading positions throughout the value chain



Content



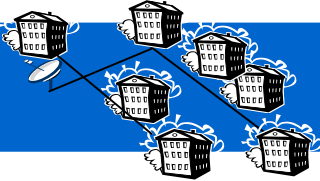



Transmission



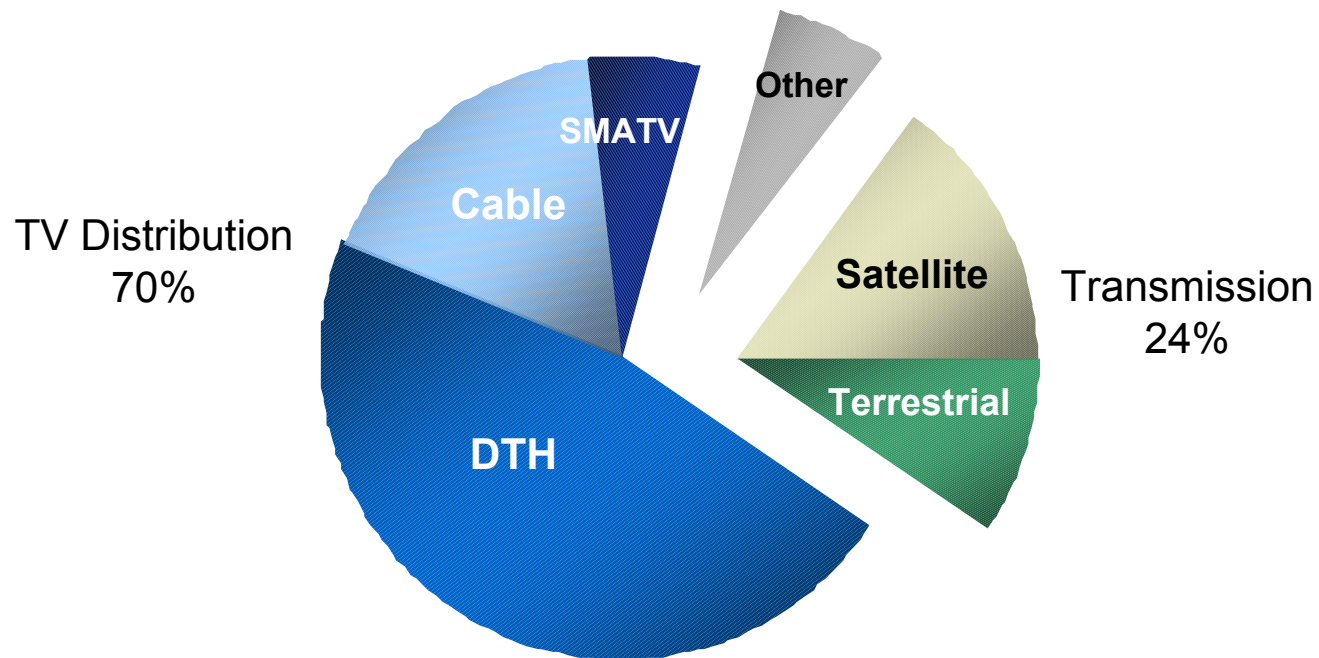
Distribution

# Reaching customers across different access platforms

			Households:	Monthly ARPU:
DTH	Subscribers with satellite dish		763 000	294 NOK
Cable	Cable TV subscribers		604 000	128 NOK
SMATV	Households in small antenna TV-networks		1 098 00	25 NOK
DTH cards only	Free to air channels only to DTH households		242 000	

## Overview

# Revenue distribution 2003



**Gross revenue of 5.4 billion NOK**

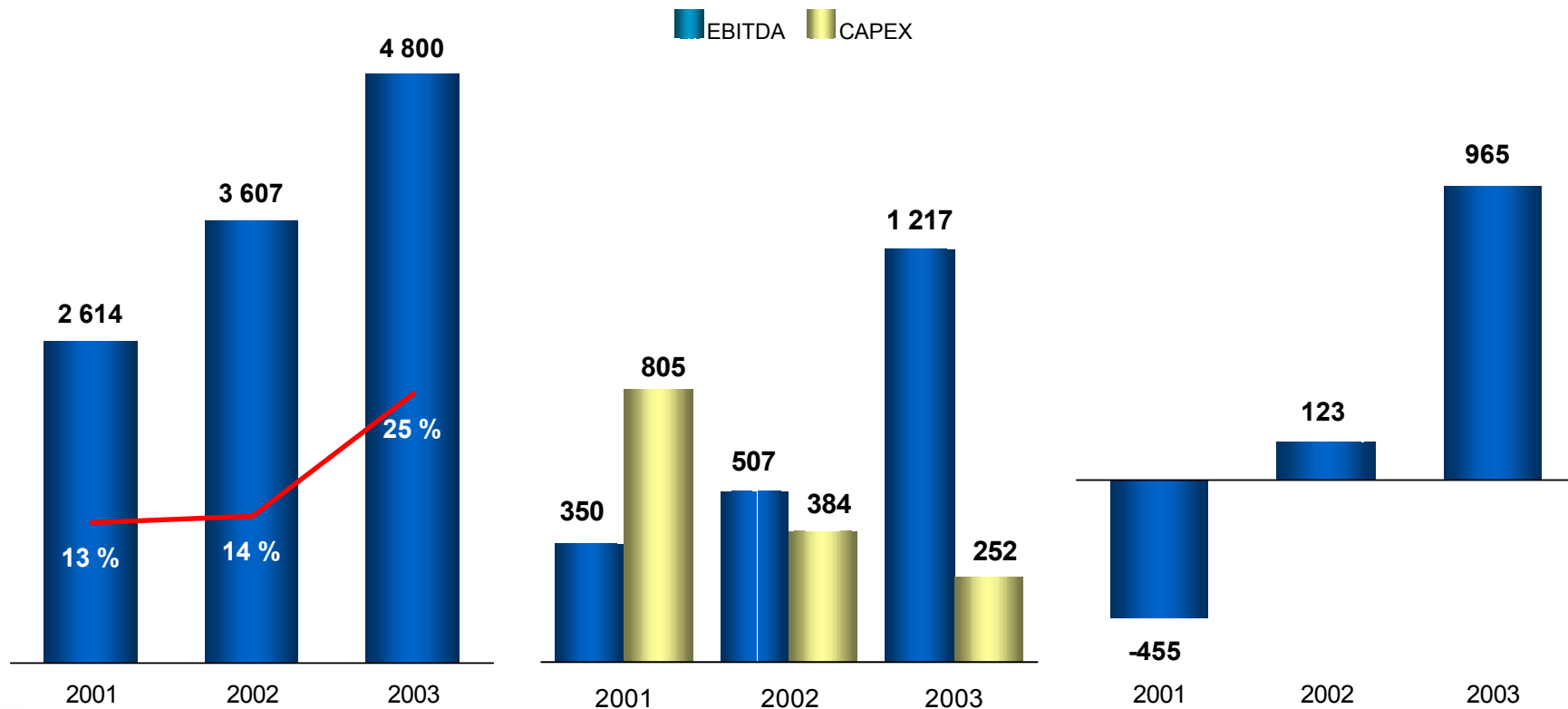
## Financial Overview

# Top line growth and margin expansion

Revenues (NOKm) / EBITDA %

EBITDA and Capex (NOKm)

Operating Cash Flow (NOKm)



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Excludes sales gains / losses  
Operating Cash Flow = EBITDA - CAPEX

# Financial Overview

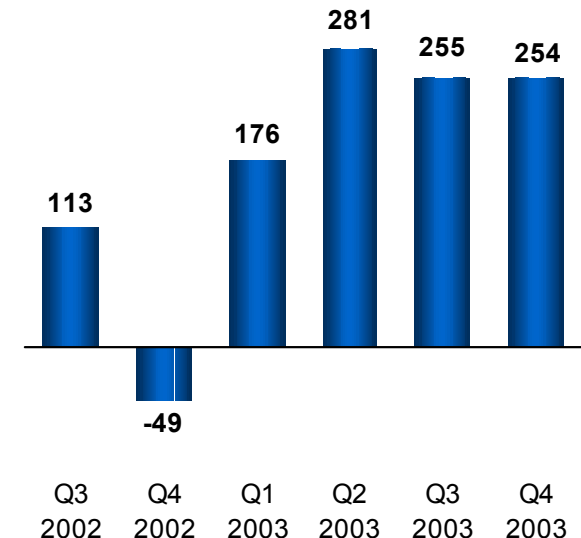
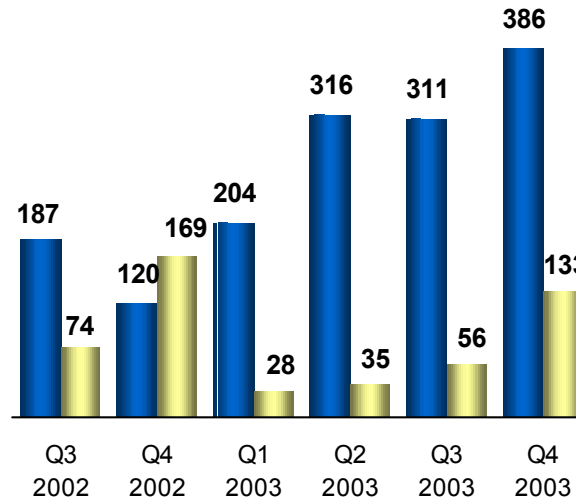
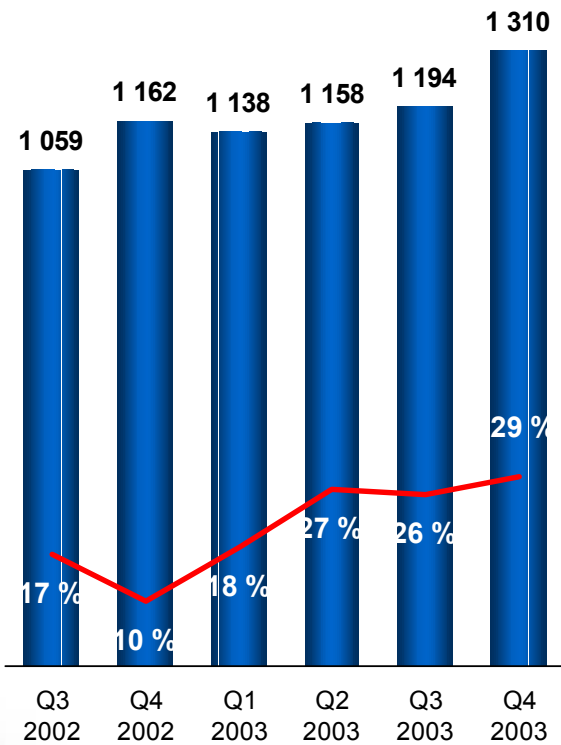
## Improved operations quarter by quarter

Revenues (NOKm) / EBITDA %

EBITDA and Capex (NOKm)

Operating Cash Flow (NOKm)

■ EBITDA ■ CAPEX



Excludes sales gains / losses  
Operating Cash Flow = EBITDA - CAPEX





# Agenda

1. *Overview*
2. **TV Distribution**
3. *Nordic TV Distribution growth opportunities*
4. *Transmission*
5. *Summary*



## TV Distribution

# Continuous growth and improved operations in 2003

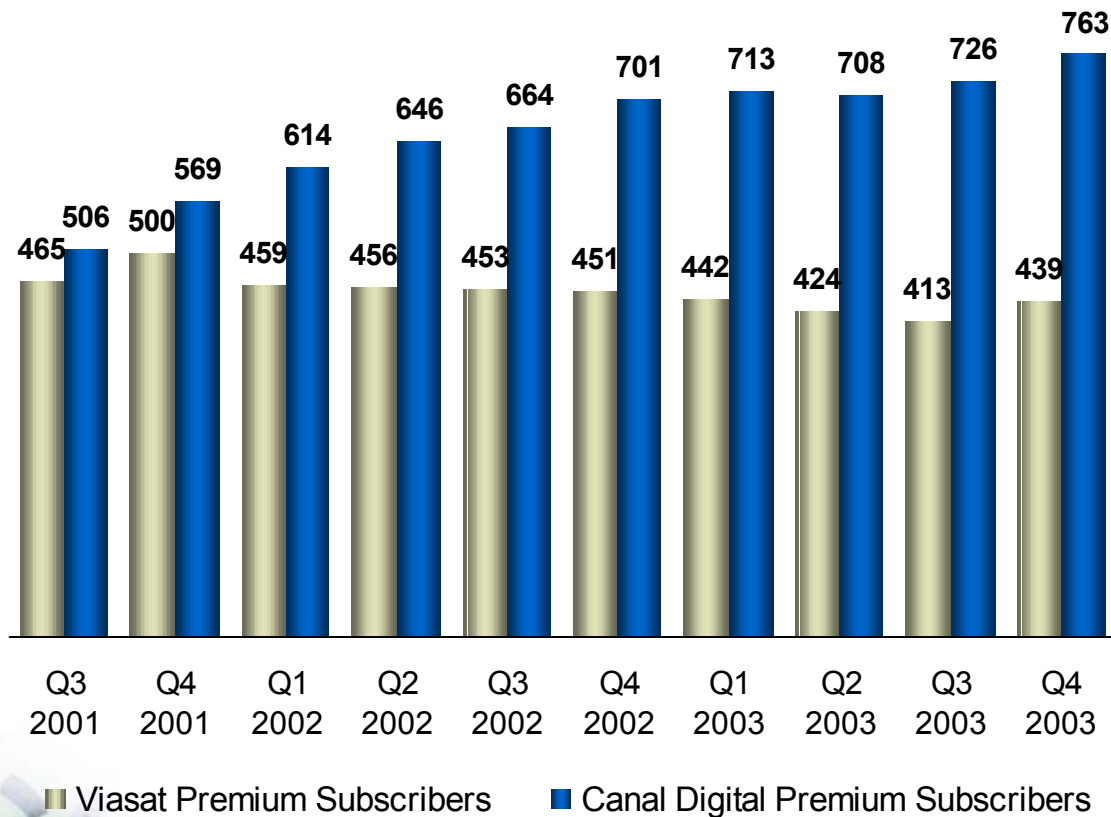
- DTH subscriber base increased 9%
- DTH pay TV market share increased from 61% to 63%
- DTH ARPU increased 9%
- Cable ARPU increased 13%
- DTH churn down from 19% to 16%
- Streamlined operations after Canal Digital integration



## TV Distribution

# Market share increased quarter by quarter

### Nordic DTH Subscribers ('000)



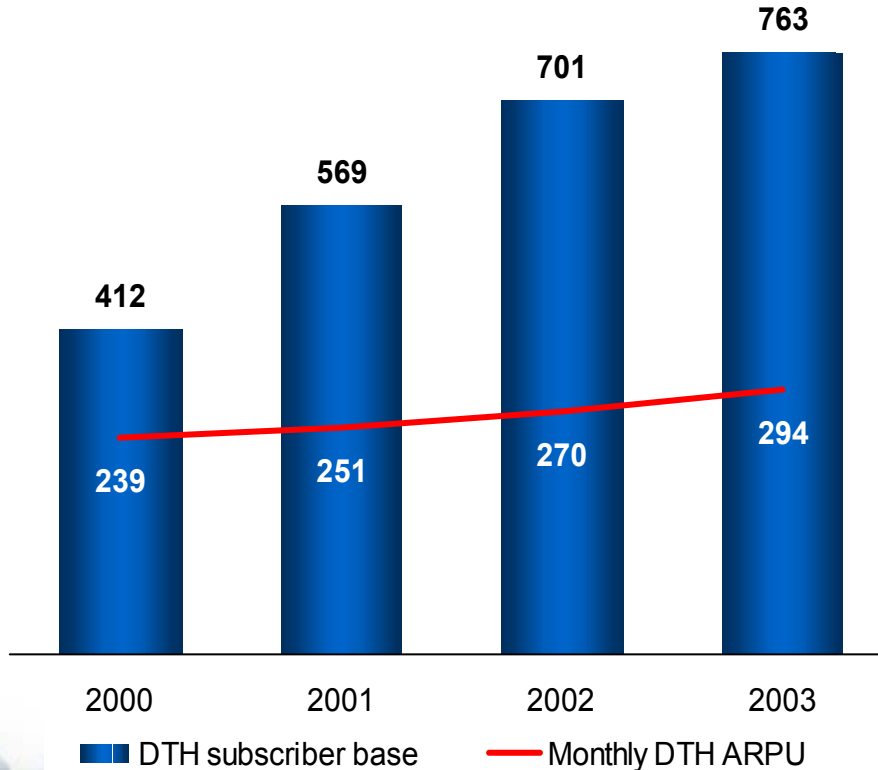
### Observations

- Canal Digital's subscriber CAGR exceeds 20%
  - primarily due to premium content
- Canal Digital's packaging strategy different from MTG/Viasat's

## TV Distribution

# DTH subscriber and ARPU growth

### DTH subscribers ('000) and ARPU (NOK)



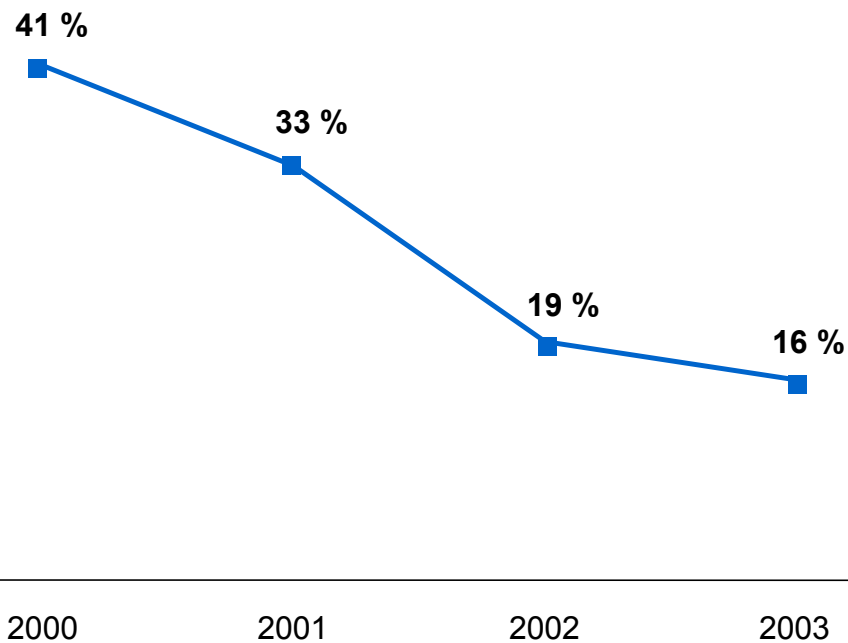
### Observations

- Extended content offering contributed to subscriber and ARPU growth
- ARPU expected to level out as new customer have lower priced subscriptions

## TV Distribution

# DTH churn reduced to 16%

### DTH Churn Development



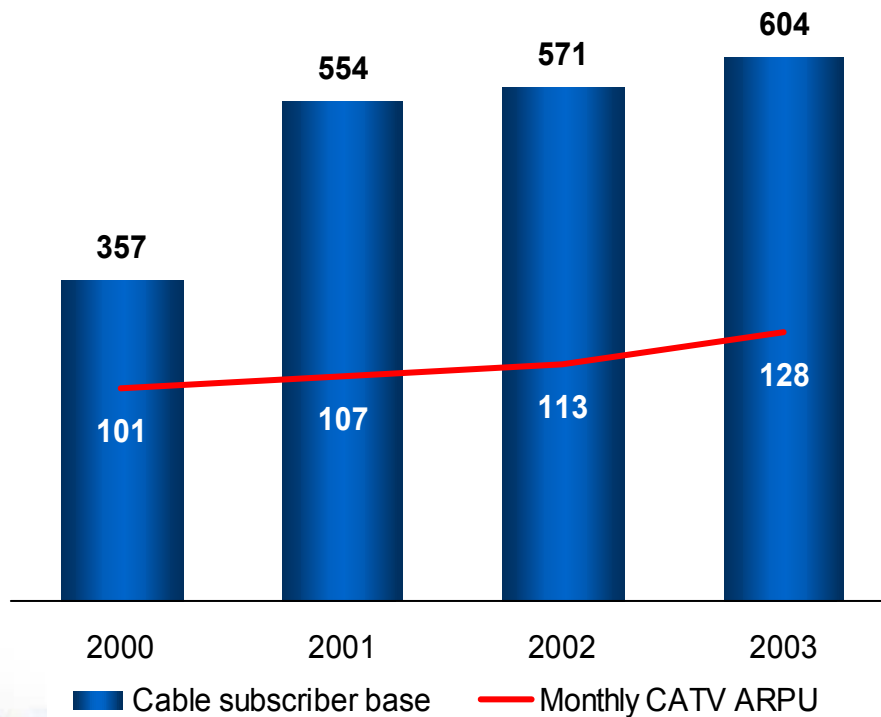
### Strategy

- Increased customer satisfaction
  - Content and pricing
  - Operational excellence
- Piracy control through Conax system

## TV Distribution

# Cable subscriber and ARPU growth

### Cable subscribers ('000) and ARPU (NOK)

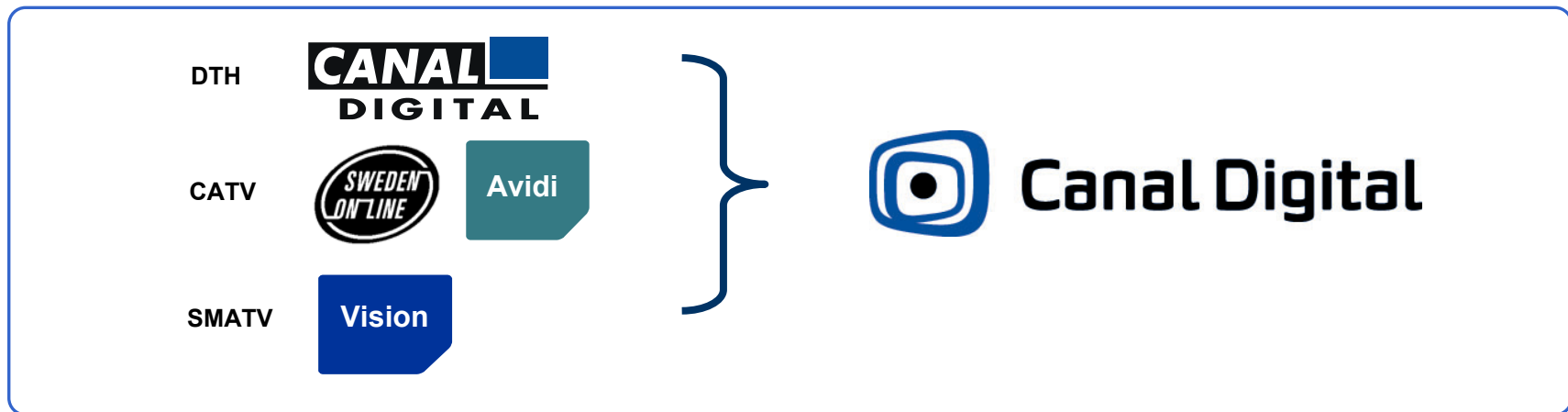


### Observations

- High speed internet and digital TV drives Cable TV revenue
- Pricing and packaging
- Organic subscriber growth

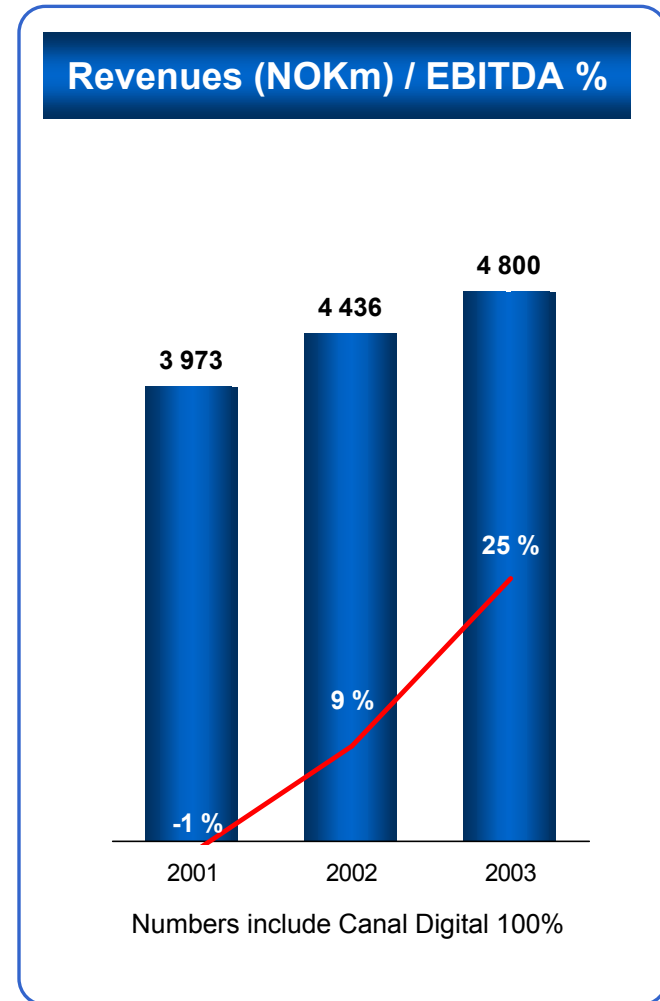
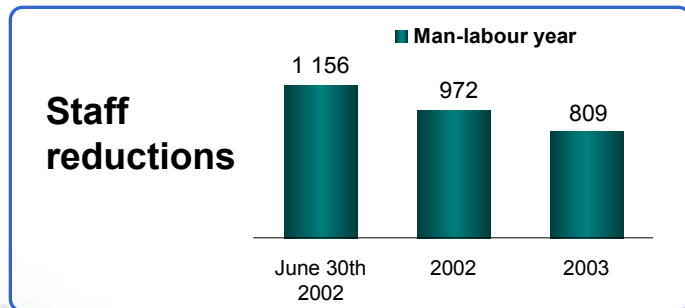
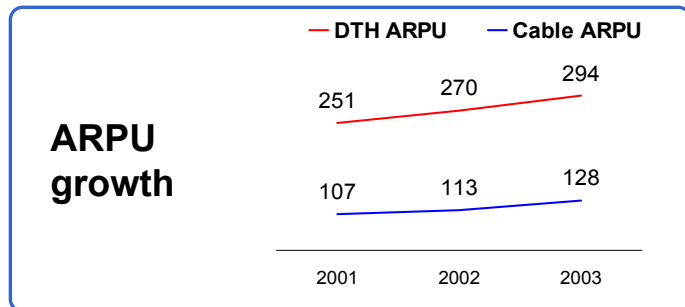
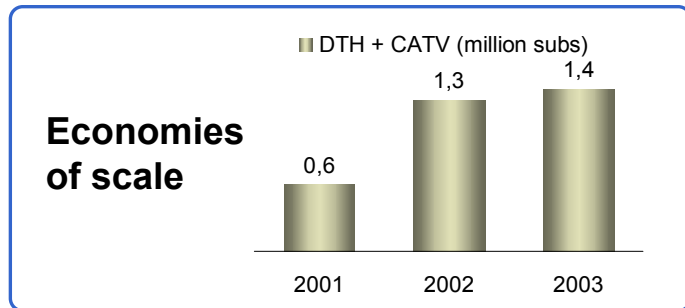
## TV Distribution

# Streamlining increases profitability



- Promotion of Canal Digital as joint TV brand
- Headcount down 30% after Canal Digital integration
- Economies of scale in content purchase
- Optimising pricing and product mix

# Improved operations with Canal Digital 100%



Excludes sales gains / losses, proforma numbers



# TV Distribution

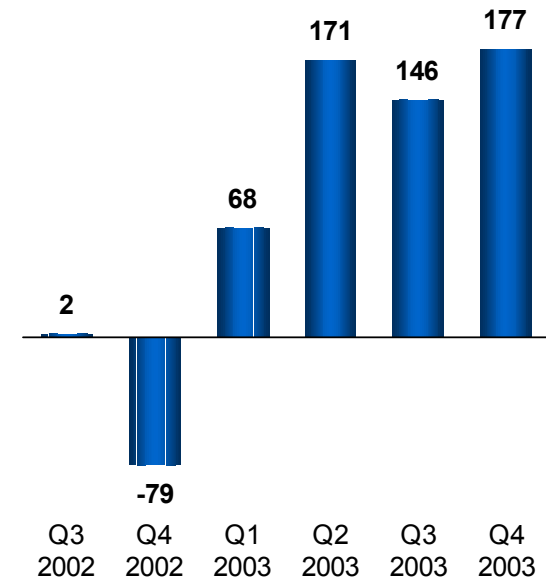
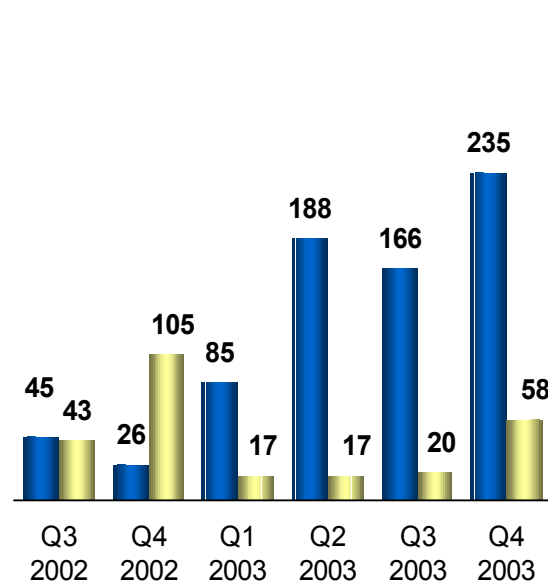
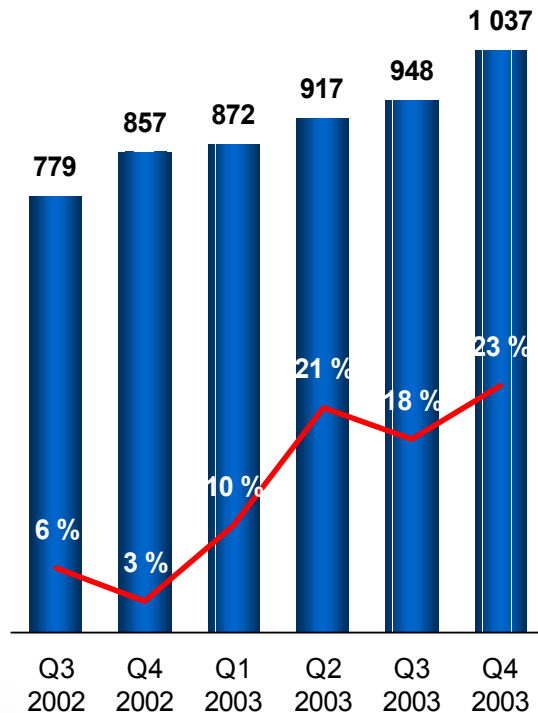
## Stable growth and operational turnaround

Revenues (NOKm) / EBITDA %

EBITDA and Capex (NOKm)

Operating Cash Flow (NOKm)

■ EBITDA ■ CAPEX



Excludes sales gains / losses  
Operating Cash Flow = EBITDA - CAPEX



## TV Distribution

# Potential for increased margins

DTH Benchmarks 2003	Canal Digital	BSkyB
EBITDA-margin	18 %	18 %
DTH subscribers	763 000	7 200 000
Subs growth 2002-2003	9 %	10 %
Monthly ARPU (NOK)	294	398
Churn	16 %	9 %

- Both Canal Digital and BSkyB have potential for increased margins after expansion phase
- Canal Digital is best practice on important cost parameters and rivals BSkyB on profitability
- BSkyB is best practice on ARPU and churn due to monopoly and economies of scale

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## TV Distribution

# 3 million households will convert to digital TV

TV Households ('000)	Norway	Sweden	Denmark	Finland	Total
Cable	860	2 560	1 160	1 070	5 650
DTH (inkl. cards only)	570	780	470	130	1 950
Terrestrial Digital (DTT)	0	250	0	200	360
<b>Terrestrial Analogue only</b>	<b>530</b>	<b>710</b>	<b>780</b>	<b>800</b>	<b>2 910</b>
Nordic TV Market	1 960	4 300	2 410	2 200	10 870

- Opportunity for TV Distribution
- Opportunity for Norkring

DTH

## Fighting piracy increases the addressable market



Picture: Buena Vista International Norge

- Canal Digital is not commercially hacked today, due to:
  - intensive work on encryption technology
  - frequently change of smart cards
- Piracy and MTG/Viasat are major competitors
- Estimated 300 000 pirate MTG/Viasat cards in the Nordic region

## TV Distribution

# Content uniqueness will still drive revenue

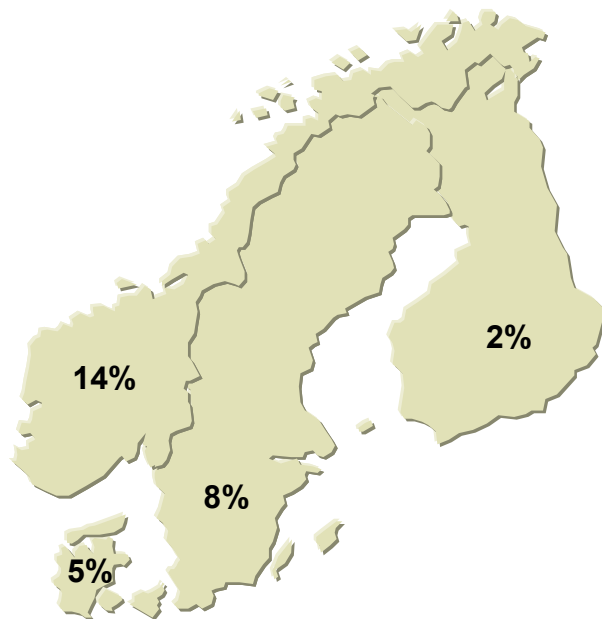


- Canal Digitals leading Nordic position ensures access to the best content
  - effects on recruitment and churn
- Opportunities to repack and extend the program packages
  - increase margins
- Canal Plus in final rounds to retain Premier League

## TV Distribution

# Sweden and Norway are our strongest markets

### Canal Digital's DTH subscribers as a % of total TV households



### Key Observations and Strategy

- Finland and Denmark are growth opportunities
- CRM operator role for DTT in Finland will strengthen our Finish position

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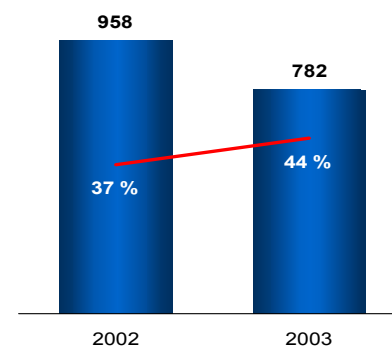
## Transmission

# Steady profitable development

- Satellite Broadcasting

- New business compensates for analogue shut down
- Cost reductions to compensate revenue drop

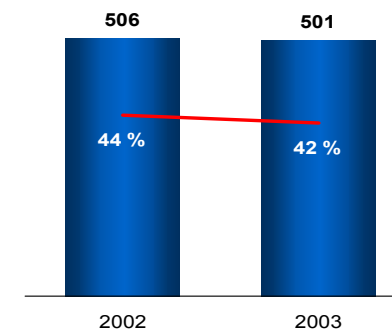
Revenues (NOKm) / EBITDA %



- Norkring (terrestrial transmission)

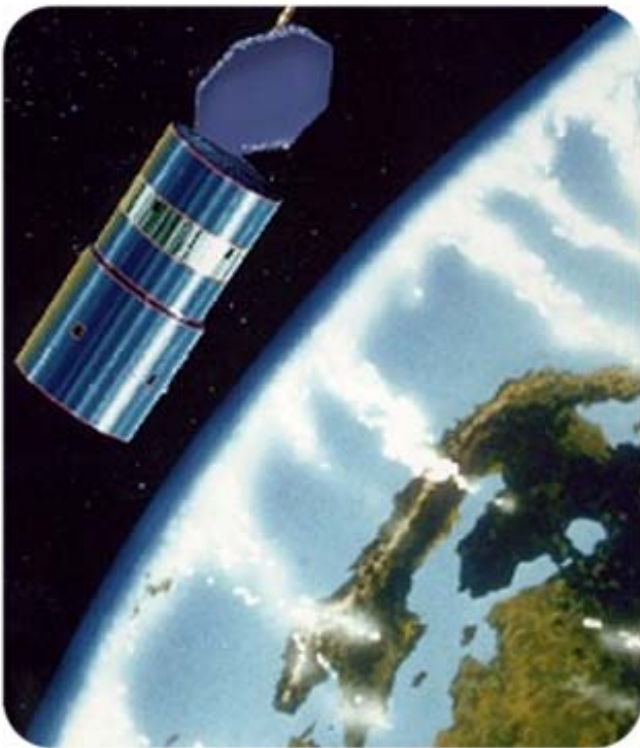
- New radio contract from 2004
- Potential for new revenues in new digital services

Revenues (NOKm) / EBITDA %



Transmission

## Satellite Broadcasting is the leading Nordic satellite operator



- Analogue to digital migration completed
- Intensified sales of new products and services in 2003
- Intelsat 10-02 investment of 88 USDm will improve profitability from H2 2004
- Evaluation of ownership strategy for Satellite Broadcasting

## Transmission

Digitization is an opportunity for increased revenues in terrestrial transmission



- New radio station and digital radio (DAB) have extended existing contract portfolio
- Digital transmission TV (DTT) gives expansion opportunities
- Norkring excels in Benchmark analysis

# Transmission

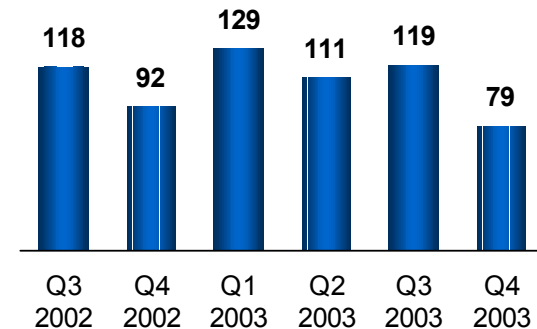
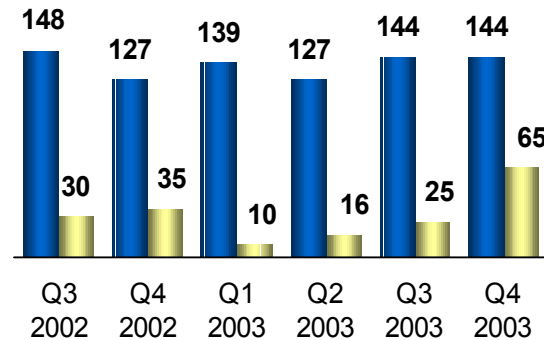
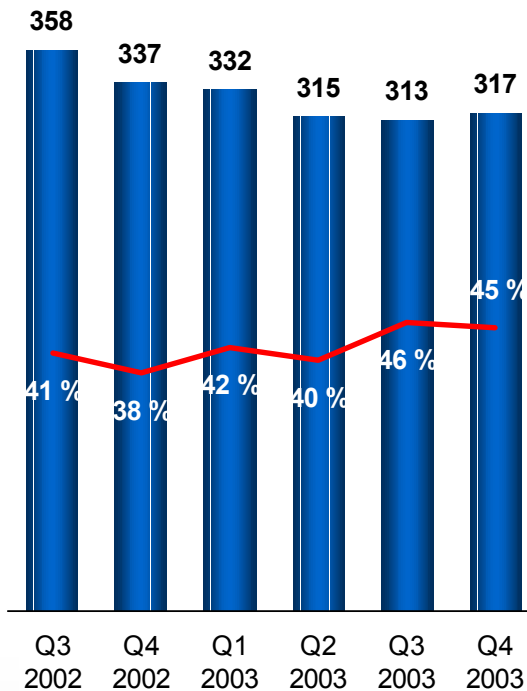
## Steady profitable development

Revenues (NOKm) / EBITDA %

EBITDA and Capex (NOKm)

Operating Cash Flow (NOKm)

■ EBITDA ■ CAPEX



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# Broadcast Summary

- Substantial growth within TV Distribution
- Improved operations in TV Distribution
- Stable profitability in Transmission
- Potential for further Nordic growth

# Broadcast Outlook

## 2004

- Revenue
- EBITDA
- Capex

## Expectations

- Continuing revenue growth
- Targeting an improved EBITDA margin from 2003
- Capex (ex. Satellite and DTT) at 2003 level



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