

ProSiebenSat.1 Media AG

The power of television



Is Television Broken?

Strategic & Operational Challenges
Facing TV Broadcasters

Zoltan A. Vardy

CEO/Central & Eastern Europe Television

ProSiebenSat1 Media AG

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Today's Topics



- **The new TV broadcasting environment**
- **Challenges facing TV broadcasters**
- **How regulators can help the transition**

About ProSiebenSat.1 Media



- 26 TV channels in 13 countries, 3 bil EUR annual revenues
- Hungary
 - TV2: general entertainment, national coverage, 22% viewing share, 33% ad market share
 - FEM3: female-targeted general entertainment, launched Jan, 2010, 30% coverage, 0.5% viewing share



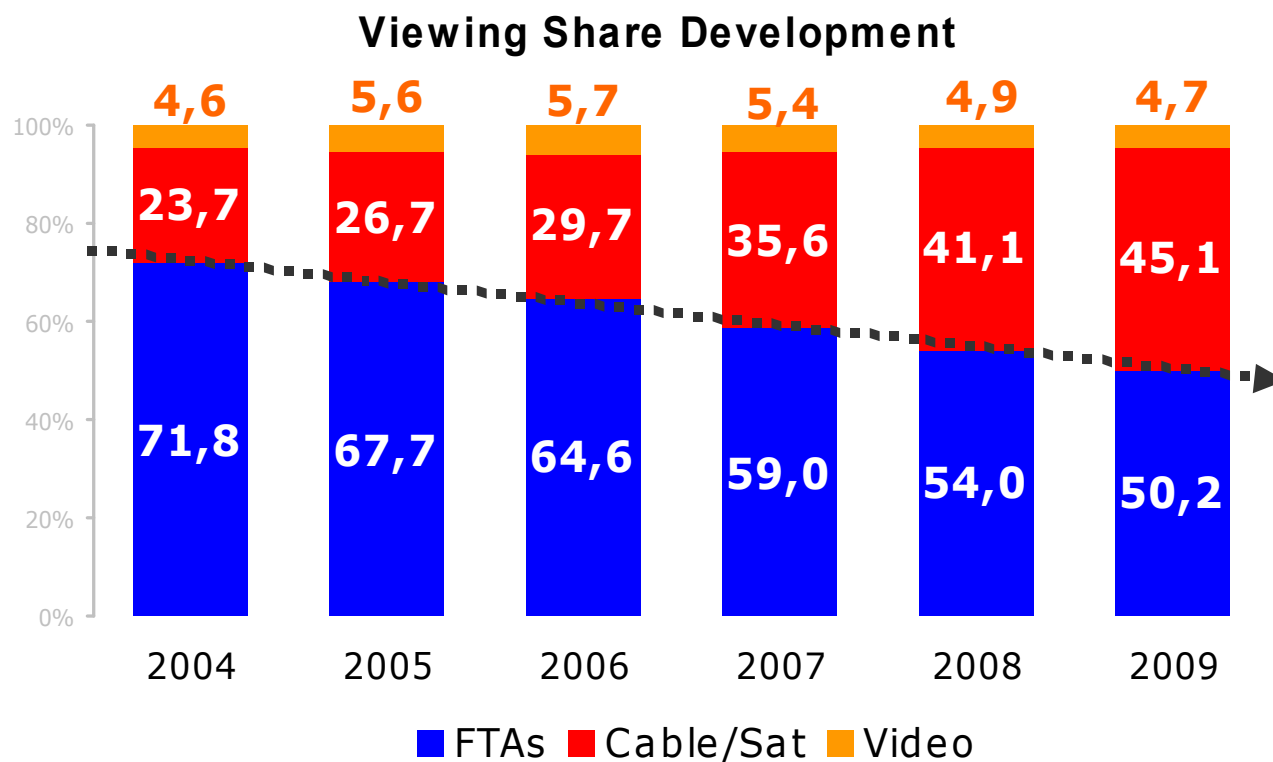


I. The New TV Broadcasting Environment

Media Industry Key Forces



- Fragmentation → new channels, new content, more choice



Source: AGB Nielsen Media Research, January 1, 2004 – December 31, 2009, Whole Day, 18-49

Media Industry: Key Forces



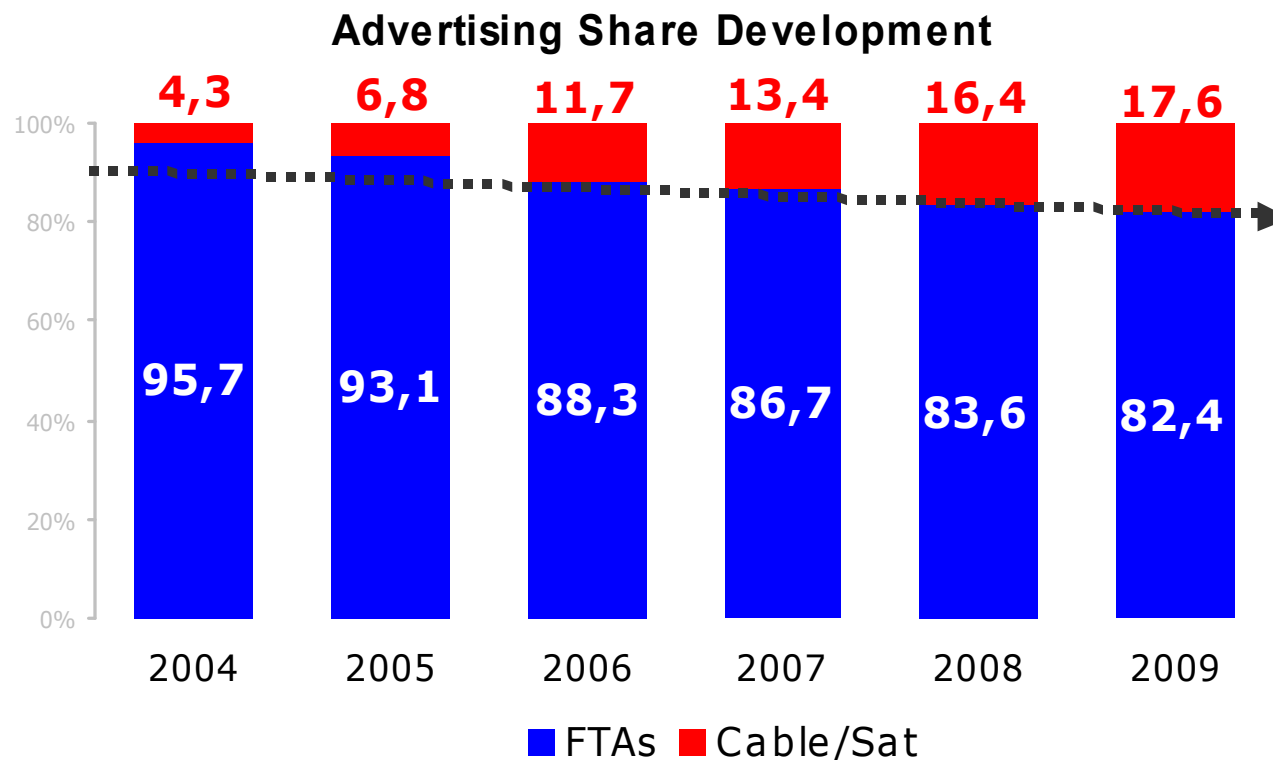
- “Boundry-less” platforms → YouTube, iTunes, online
- Portable technology → anytime, anywhere consumption
- Advertising erosion → cable/sat advertising, ad skipping



Media Industry: Key Forces



- Advertising erosion → cable/sat advertising, ad skipping

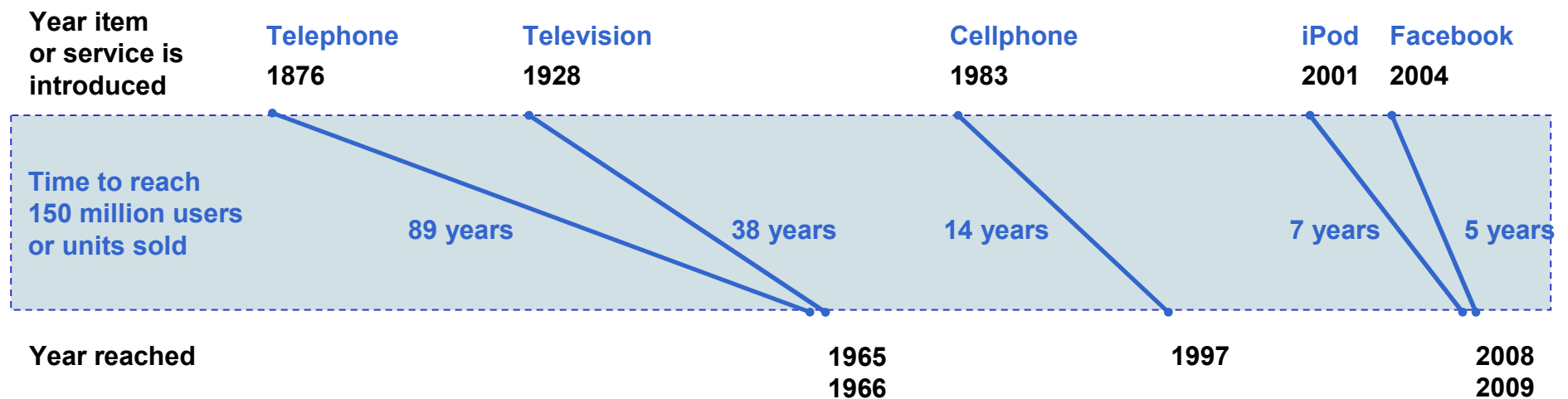


Source: TV2/market estimates, 2004-2009 Forecast

Speed of Change



- Facebook reached 150m global users in 5 years!

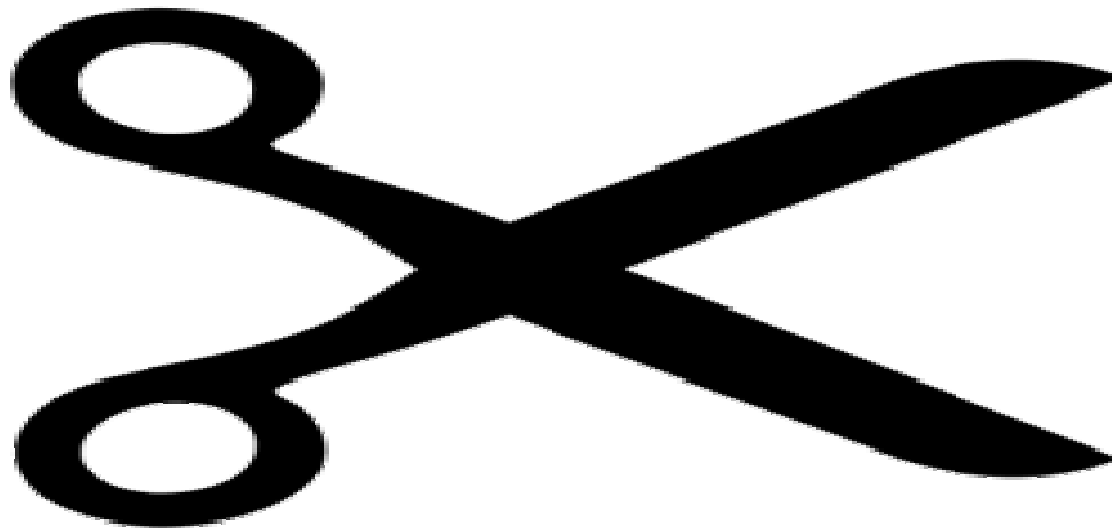


Source: Portio Research

Economic Crisis: Key Effects



- Advertising market down → -17% drop vs 2009 in Hungary
- Pricing pressure up → avg TV price -10% vs 2009 in Hungary



II. Challenges facing TV broadcasters



- Reduced program investment → local productions, series/films, reruns, news
- Fewer people, more work → lay-offs, costs, morale
- New revenue streams, weak legal framework → spot advertising, other advertising, non-advertising revenues



III. What regulators can do



- Allow easy implementation of AVMS at national level
- Support investment in programming
- Allow innovation in advertising
- When in doubt, liberalise!