Nordic Pay TV – Evolving Dynamics

DTH Satellite: Status & Opportunities

Hein Espen Hattestad
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Anytime, Anywhere

- **DTH Satellite**
  - **– Viasat's owned & operated platform is the leading packager and distributor of premium content & is benefiting from digitalisation & rising ARPU levels**
- **3rd Party Pay-TV Networks**
  - **– New distribution platforms provide an opportunity for the Nordic region's leading channel content provider**
- **Online**
  - **– Video is driving data traffic with broadband capacity and speeds increasing exponentially, offering Viasat the opportunity to make content available in a network independent environment**

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Hein Espen Hattestad

Background

- CEO of MTG Norway since 2001
  - Joined MTG in 2001
  - CEO of P4 Norway (1999-2001)
  - Vice President of The Bates Group, Norway (1994-1999)

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Key Issues

- **DTH Subscriber growth?**
- **DTH ARPU growth?**
- **Impact of developments in Norway?**

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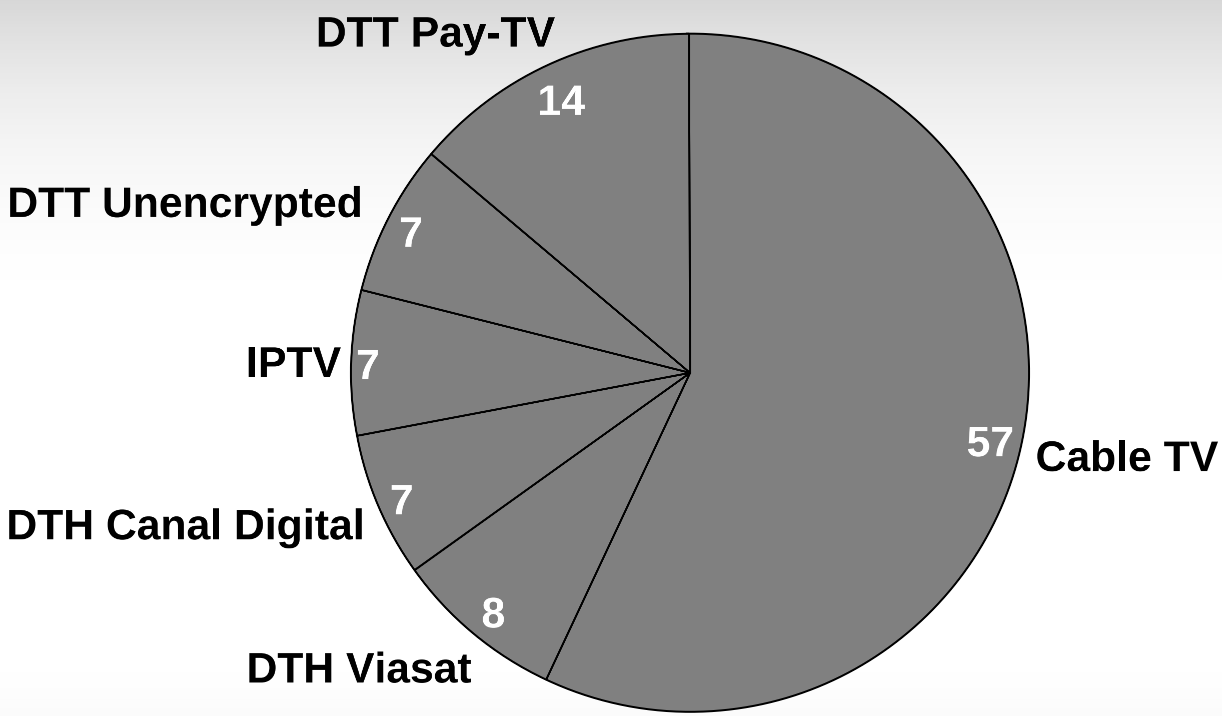
The Competitive Landscape
Swedish case study

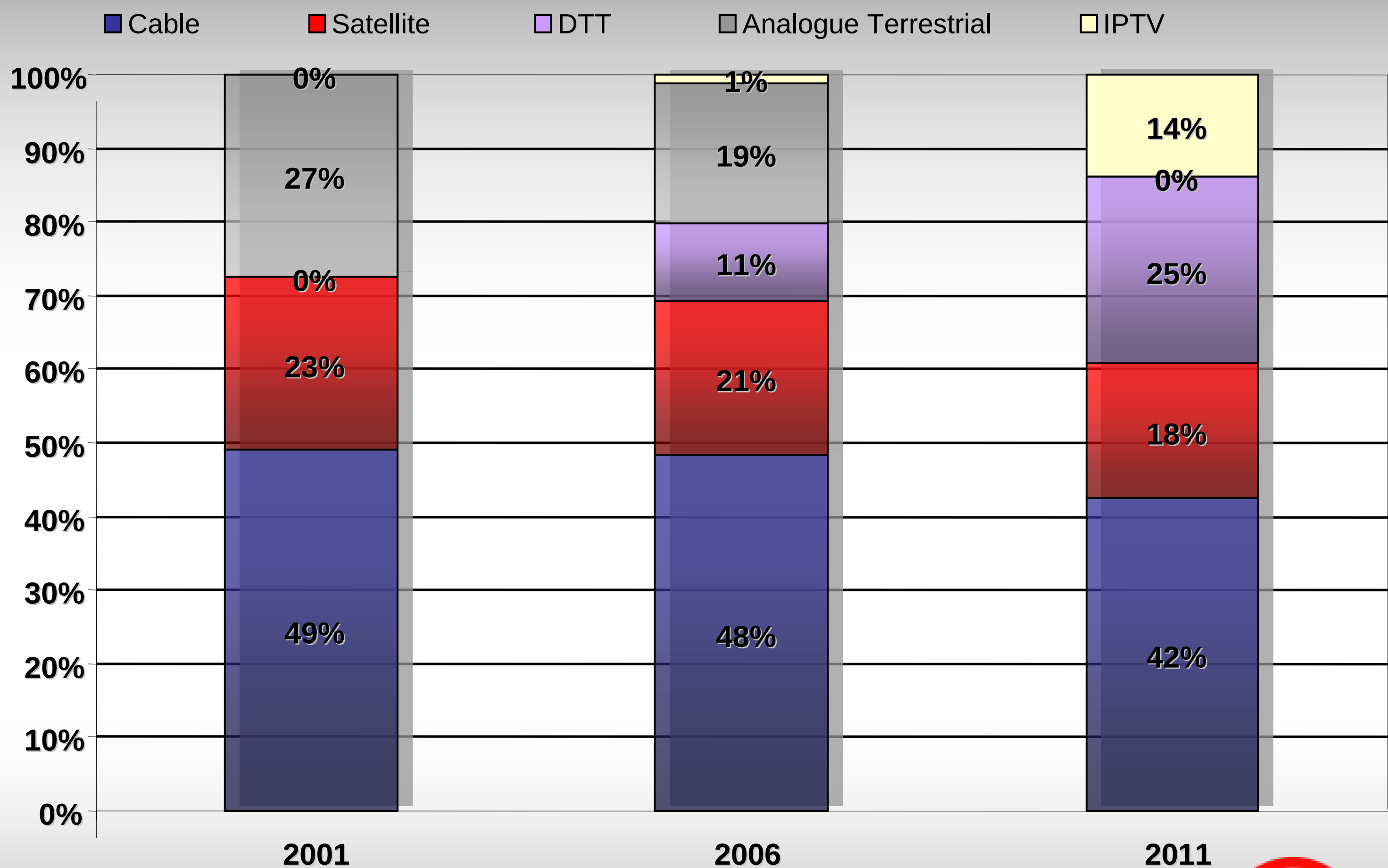
100% = 4.2 million Swedish households



Source: Internal market estimates

The Competitive Landscape

Distribution Market Share (Scandinavia)



Source: Data Intelligence research

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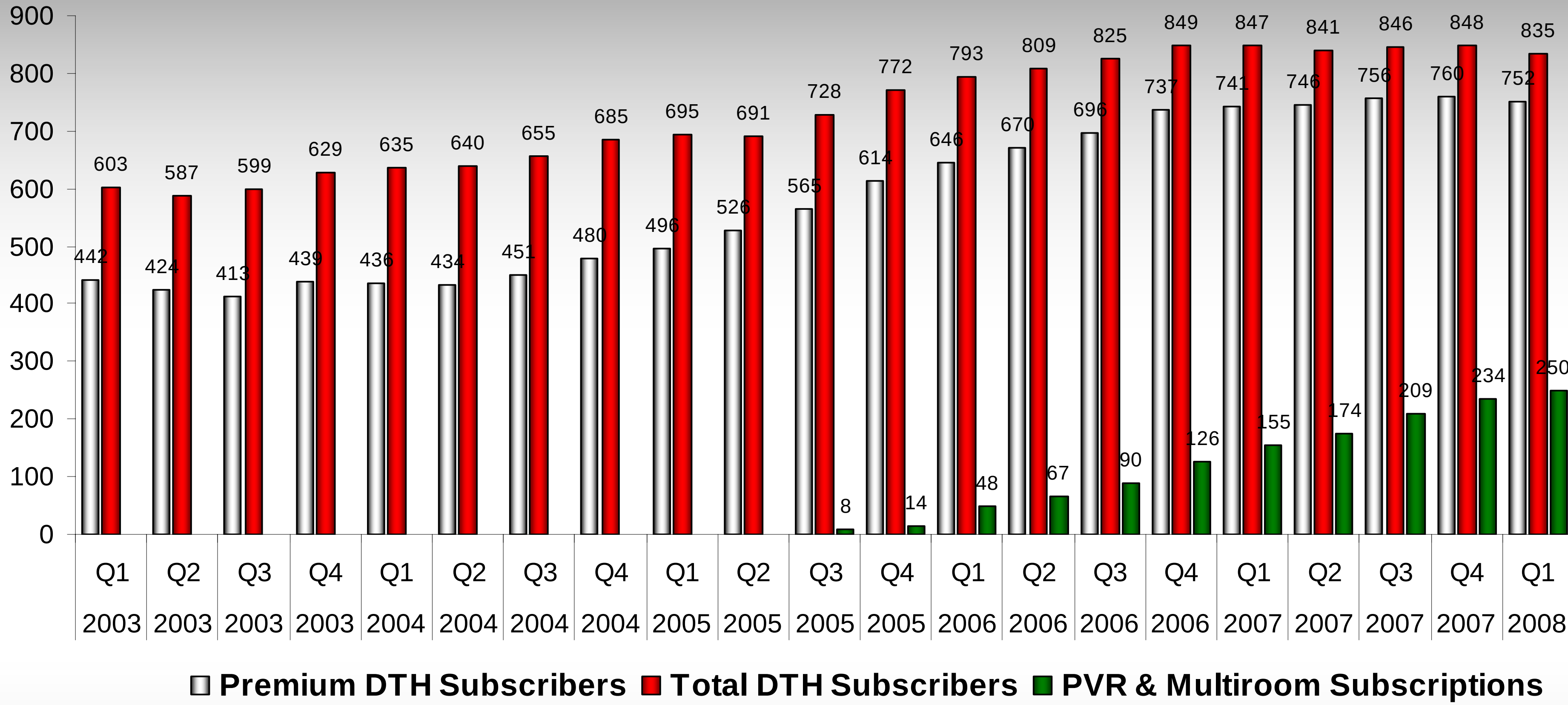
Viasat DTH Satellite TV Platform

Nordic subscriber base



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DTH Satellite's Competitive Advantage

- **Ability to cover whole territory – not constrained by geography + reaching areas that other operators cannot afford to**
- **Capacity – digital satellite transponders can deliver more content at higher speeds than cable, DTT or broadband / ADSL**
- **Pricing & Marketing – Viasat does this better than competitors because it is our core business and we have been doing it for > 15 years**
- **Content & Services - constantly upgrading offering with new premium channels & exclusive rights + new value-adding technologies**
- **Cross promotional capability – MTG has unrivalled ability to market Viasat product via 'free' media**

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The Premium Content Market Leader

Sports rights

FOOTBALL

- **UEFA Champions League**
- **EURO 2008 / SC 2010 qualifying games**
- **Danish National Football**
- **Swedish National Football – away matches**
- **Norwegian National Football – away matches**
- **UEFA Cup Final & Super Cup Final**
- **Bundesliga**
- **FA Cup**
- **Manchester United**
- **Chelsea FC**

GOLF

- **British Open**
- **Evian Masters**
- **PGA European Tour**
- **Ryder Cup**
- **Scandinavian Masters**
- **USPGA Tour**

ICE HOCKEY WORLD CHAMPIONSHIP

MOTOR RACING

- **Formula One**
- **Nascar**

TRACK & FIELD

- Athletics IAAF Super Grand Prix

AMERICAN FOOTBALL

- NFL

TENNIS

- ATP Tennis Tour
- Tennis Master Series

OTHER

- K1
- Boxing
- Cycling

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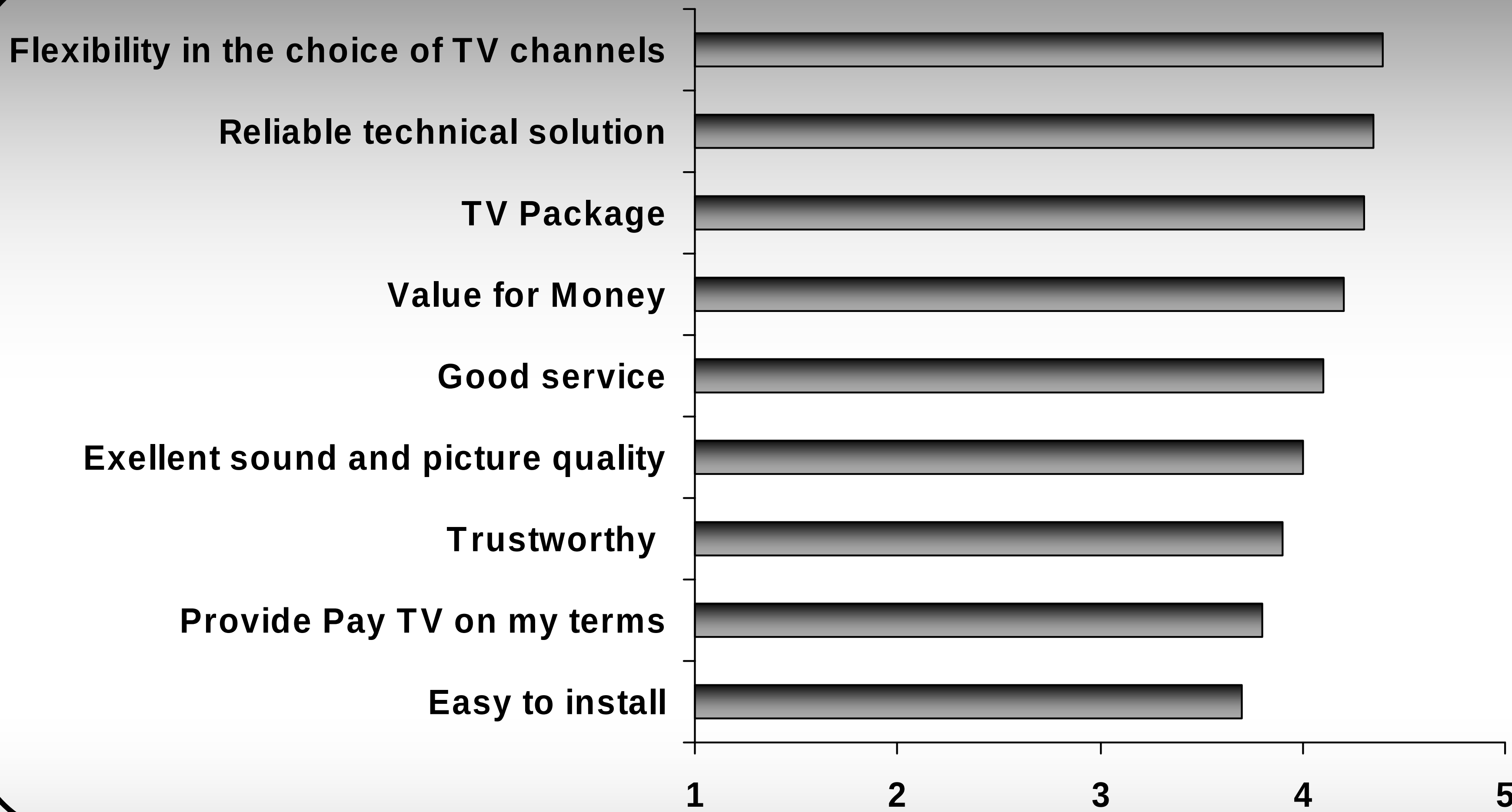
The Premium Content Market Leader

Movies

- **Pirates of the Caribbean: Dead Man's Chest**
- **Chronicles of Narnia: The Lion, the witch and the wardrobe**
- **Harry Potter and the Goblet of Fire**
- **The Da Vinci Code**
- **Charlie and the Chocolate Factory**
- **Batman Begins**
- **Talladega Nights: The Ballad of Ricky Bobby**
- **Click**
- **Ocean's Twelve**
- **Fun With Dick and Jane**

Importance of Flexibility

Fundamental shift in consumer behaviour



Source: Data Intelligence conjoint analysis 2007

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Flexible Packaging Structure

Swedish case study

Entertainment | **Documentary** | **Children** | **Sports** | **Movies**

The Escalator

Swedish case study

Entertainment + Documentary + Children + Film + Sports SEK 319

Entertainment + Documentary + Children + Film SEK 289

Entertainment Documentary Children 2 out of 3 and Film + Sports SEK 279

Entertainment + Documentary + Children + Sports SEK 269

Entertainment Documentary Children 2 out of 3 and Film SEK 259

Entertainment Documentary Children 2 out of 3 and Sports SEK 239

Sports + Film SEK 219

Entertainment Documentary Children 3 out of 3 - SEK 199

Entertainment Documentary Children 2 out of 3 - SEK 179

Entertainment Documentary Children 1 out of 3 - SEK 129

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Competitive Position
Swedish example

VIASAT — DTH satellite offering of up to 55 Channels for SEK 319

Canal Digital — DTH satellite offering of up to 55 Channels for SEK 419

com hem — Cable TV offering of up to 64 Channels for SEK 299*

** No premium sport or movie channels included*

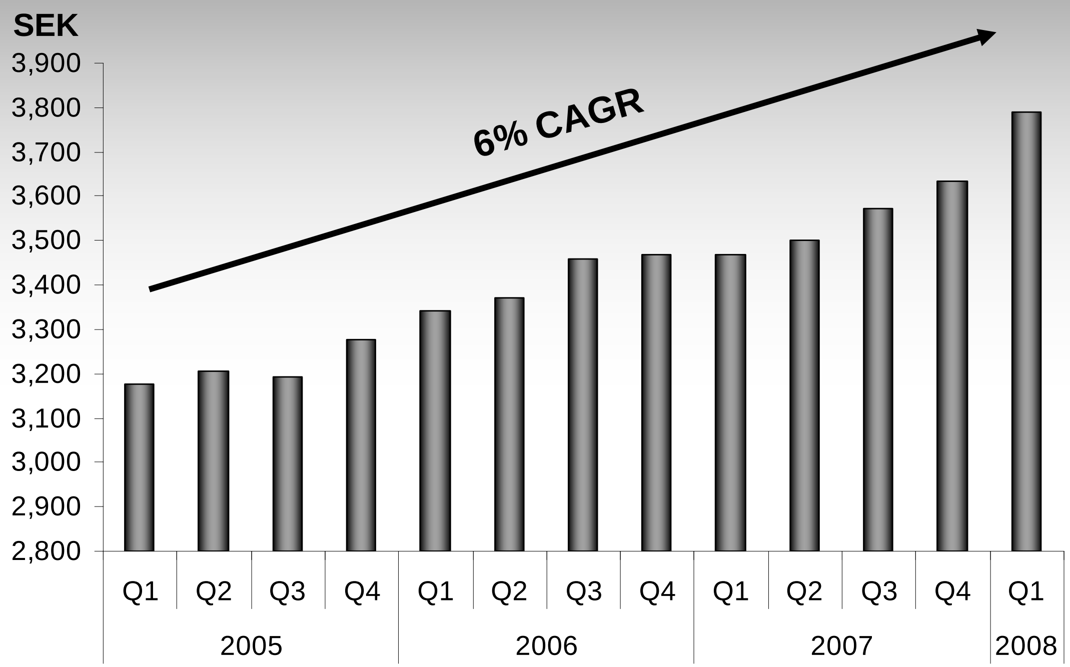
TELIA — IPTV offering of up to 45 Channels for SEK 249*

** Not including Viasat channels - 35% of CSOV*

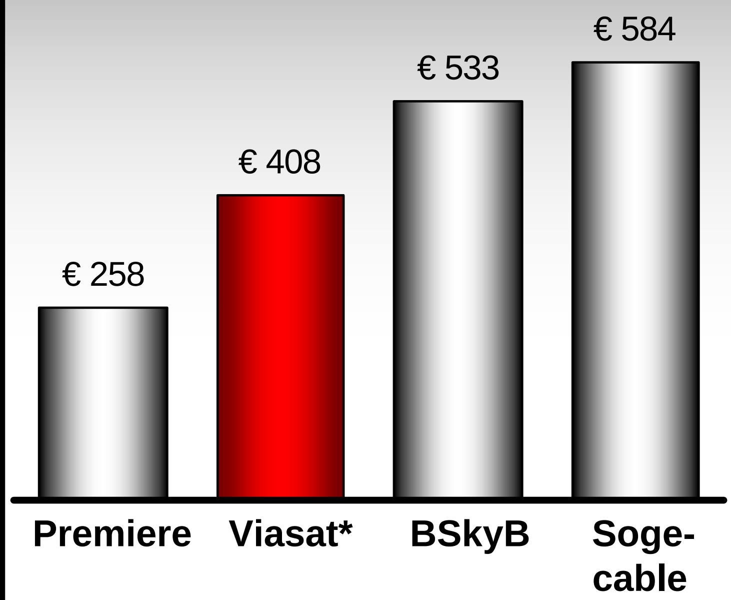
BOXER — DTT offering of up to 37 Channels for SEK 378

Premium ARPU Development

Continued growth with room for improvement



Premium ARPU of SEK 3,790 = EUR 408

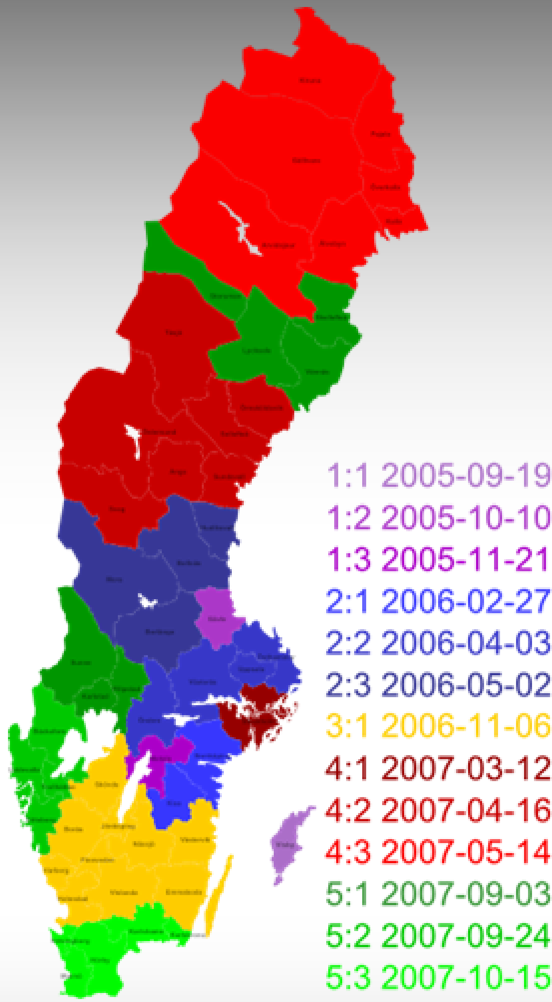


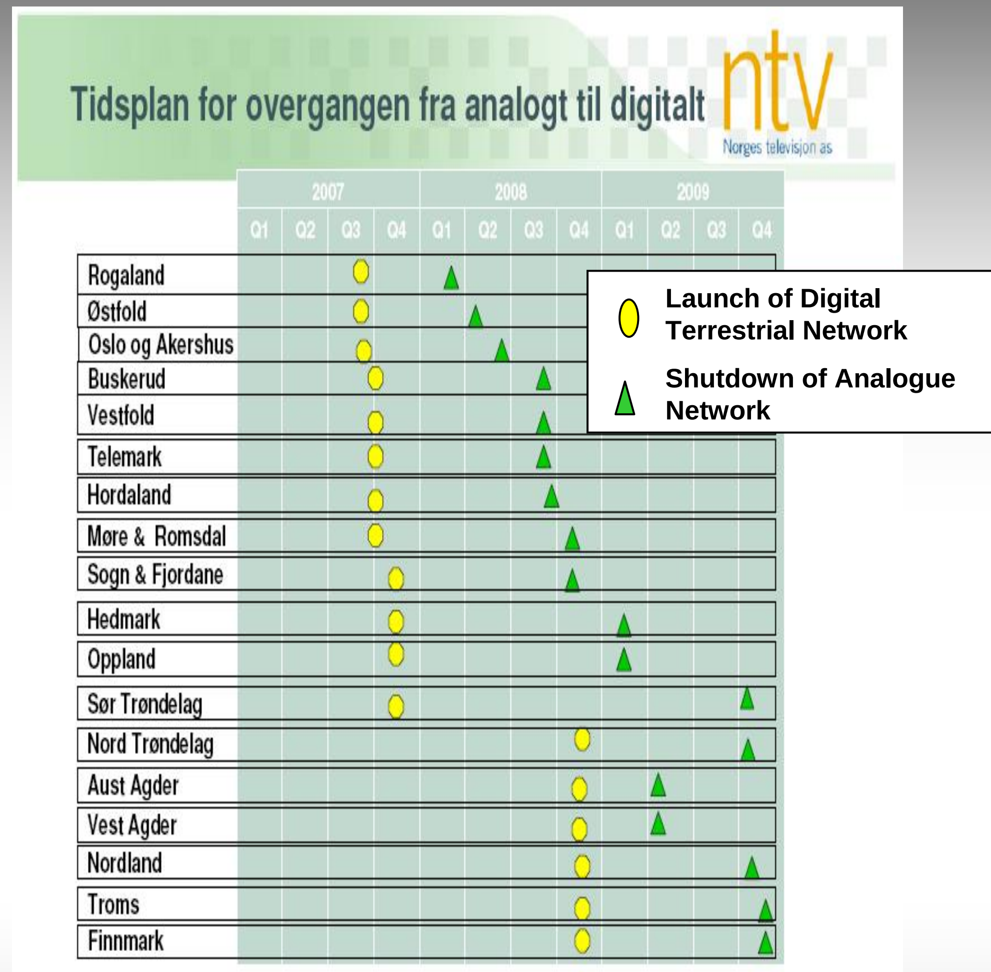
ARPU Drivers

- **Price increases**
  Premium package prices raised in each of last 3 years with 19% price increase over the period
- **Increasing penetration of PVR & multi-room subscribers**
  Viasat+ launched in 2005 & multi-room in 2003 - now represent 12% and 19% of premium sub base, respectively – multi-room incremental price of 88-99 Kr per month
- **Addition of top-up channels**
  Viasat Golf launched in 2007 and already has 29,000 subscribers at 99 Kr per month
- **Launch of high definition services**
  4 HD channels launched in 2008 - already attract 4,000 subscribers at 99 Kr per month – more to follow
- **Push-VOD Services**
  New generation of set-top boxes with ethernet connections enable push services to reserved hard drive capacity
- **Upselling**
  New Flexi-packaging creates stronger basic tier & facilitates escalator

Analogue Switch-off

Sweden complete/Norway just starting





Sweden: 800,000 households transitioned
Norway: 250,000 out of 450,000 households to be transitioned

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Recent Changes

Norwegian transformation

- Swap deal with Canal Digital makes Big 5 channels available on all platforms
- Inclusion of TV2, TV2 Film, TV2 Nyhetskanalen, TVN & FEM on Viasat DTH platform from March 08
- Resolves issue that channels with > 40% share of viewing previously exclusively available on Canal Digital DTH platform
- TV2 exclusivity dates back to 1998 – both DTH platforms therefore have proportion of double subscribers who are now choosing which subscription to hold
- Positive subscriber effect from Q4 as package offering highly competitive vs. Canal Digital and Riks-TV
- Currently In the middle of digitalization with ~250,000 households left to transition – majority will initially choose DTT Freeview or basic tier
- Viasat can now compete in basic tier due to swap & is promoting entry level offering during analogue switch-off with view to subsequent up-selling

Summary

- Market leading position as premium content provider via satellite
- Level playing field following addition of major channels
- Digitalization provides access to potential new subscriber universe
- Stable subscriber base with ARPU as the driver
- Norway offers potential for subscriber growth in due course following content investments

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