

‘HDTV-across-Europe’ Conference

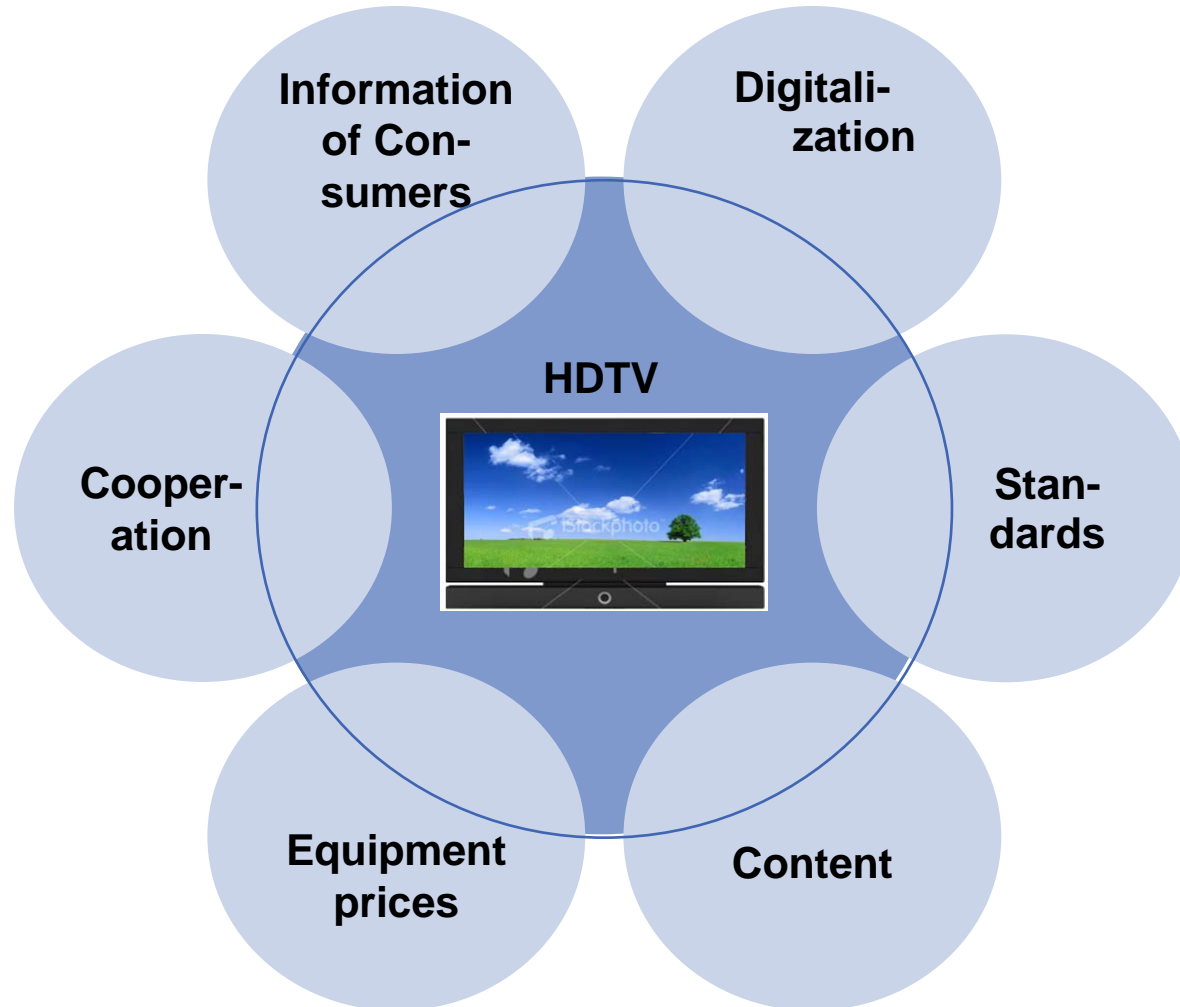
The International Availability of HD Content

Deloitte Consulting GmbH

Berlin, October 14, 2008

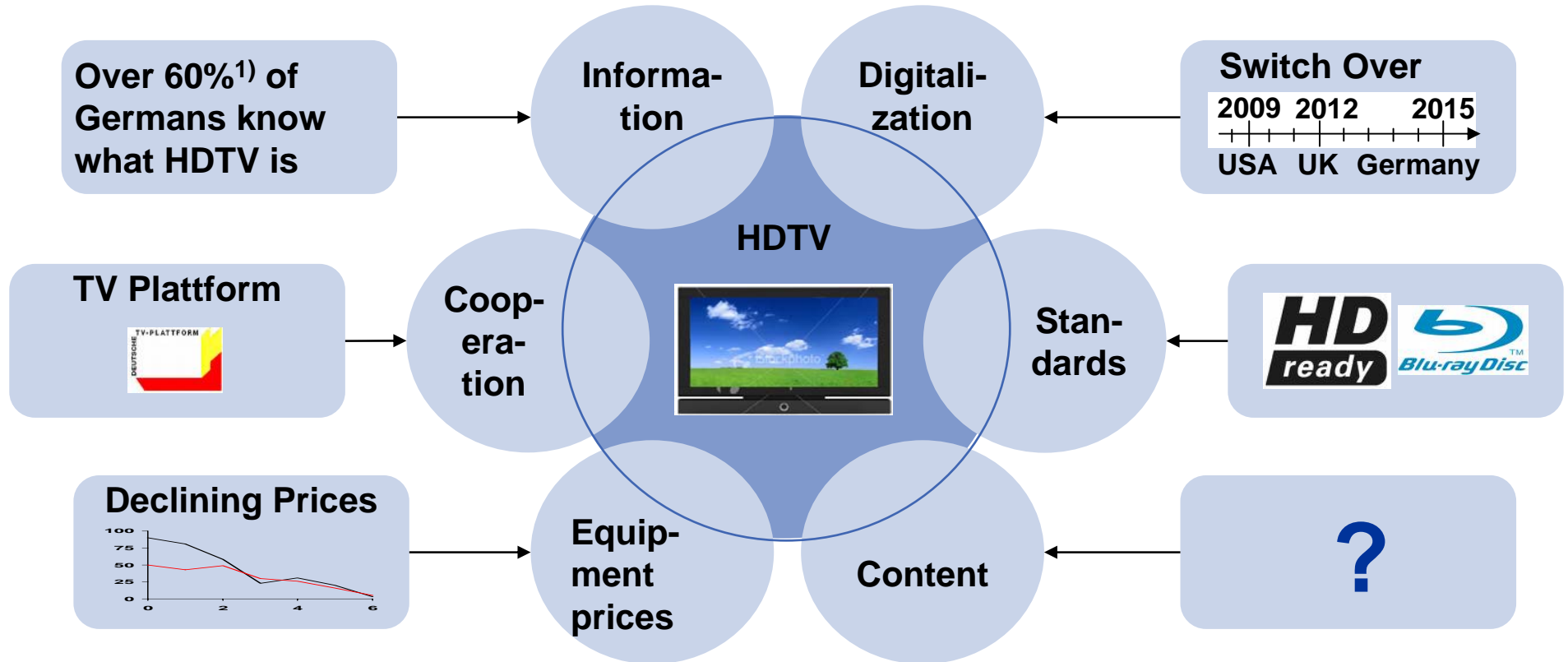
The successful implementation of HDTV is driven by six key levers

Key Levers for Successful HD Roll-out

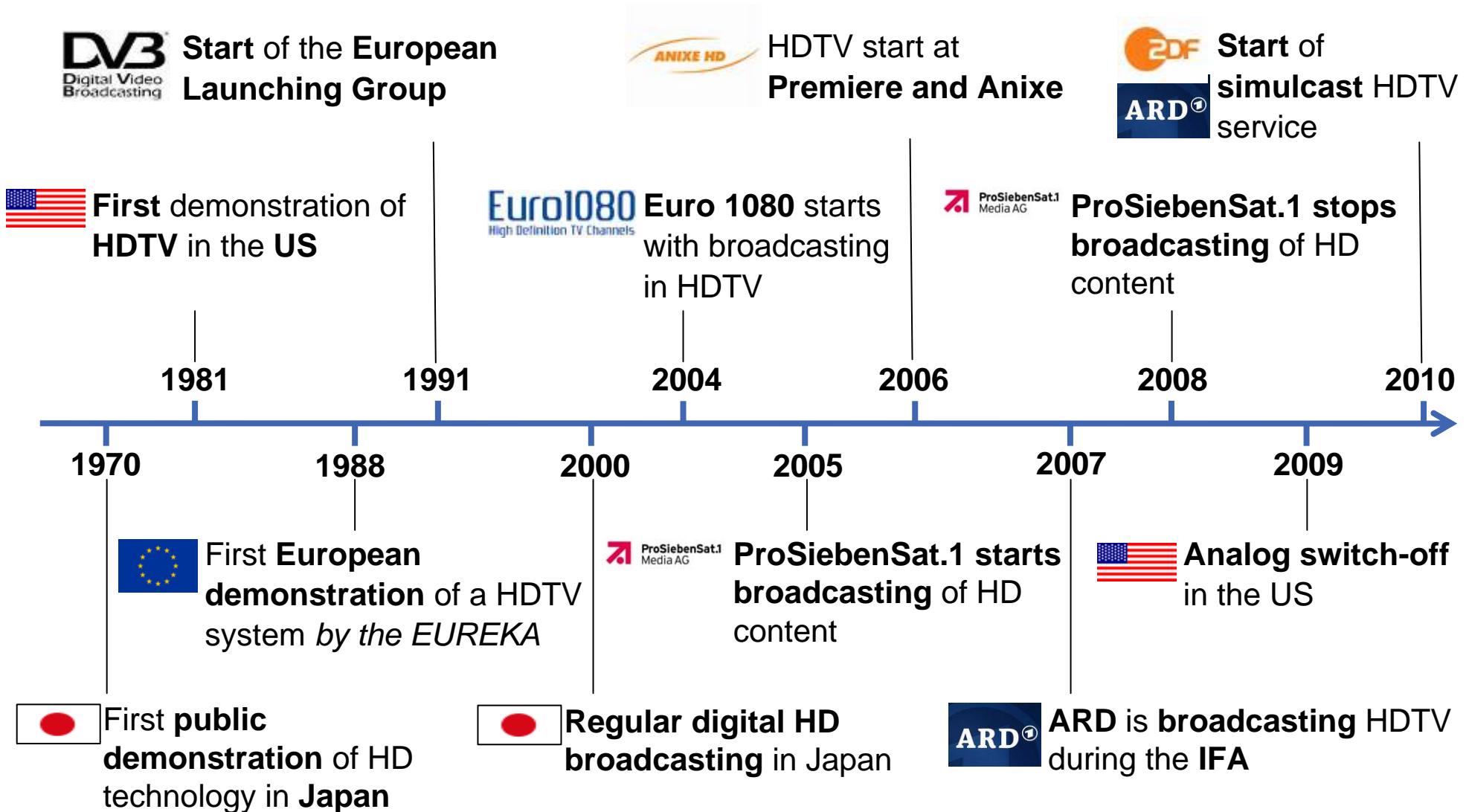


The successful implementation of HDTV is driven by six key levers

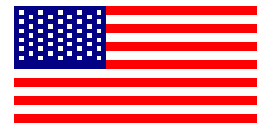
Key Levers for Successful HD Roll-out



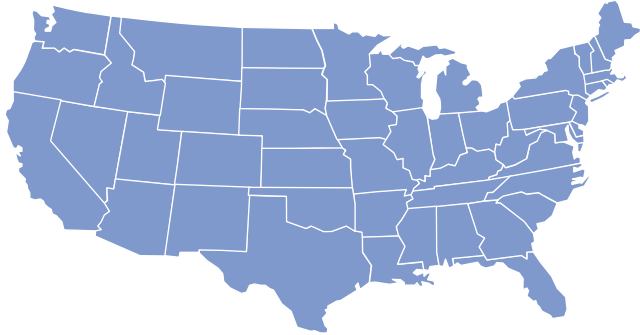
HD technology launched in Japan. Here the first public demonstration was already shown in 1970



The development of HD in the US was driven in the beginning by the fear to fall behind other countries



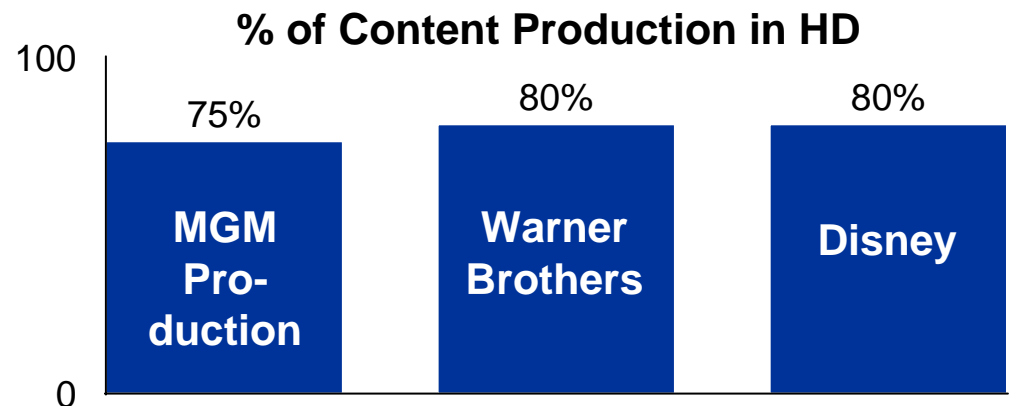
Key Levers



- ➔ The low quality of NTSC resulted in the fear to fall behind Japanese and European efforts
- ➔ Customer awareness and readiness of households
- ➔ Competitive deals on HD packages and equipment of pay TV operator
- ➔ Fast adoption of the digital/ HD broadcasting idea
- ➔ The FCC regulated the industry in favor of HD broadcast

Current Situation

- All major TV production companies produce mainly in HD
- Main programs available in HD
- Even news programs in HD
- Analog switch-off in 2009 will be the starting point for HD only



Source: Deloitte Research, screendigest, IMS Research

With digital switchover and healthy HD pay TV, HDTV is now entering into the free TV domain



Key Levers



- ➔ The high number of HDTV stations (15) shows that a noticeable level of HD content is already available
- ➔ The digital switchover is boosting HDTV in UK
- ➔ Macro effects (e.g. demand for more services, US broadcasters are not willing to buy non HD content)
- ➔ Pressure on broadcasters due to increasing awareness and rising number of HD ready households

Current Situation

- BBC currently produces about 15% of their programs in HD tendency increasing; aim is to produce all prime-time content in HD by 2010
- The Olympics and Euro 2008, are produced in HD by BBC
- The five terrestrial channels currently broadcast in SD
- But outlets are available in HD
- Sky plans 30 HD channels till 2009 and announced major investment in original HD dramas

The German HDTV broadcast is far behind the US and other major European HD markets



Key Levers



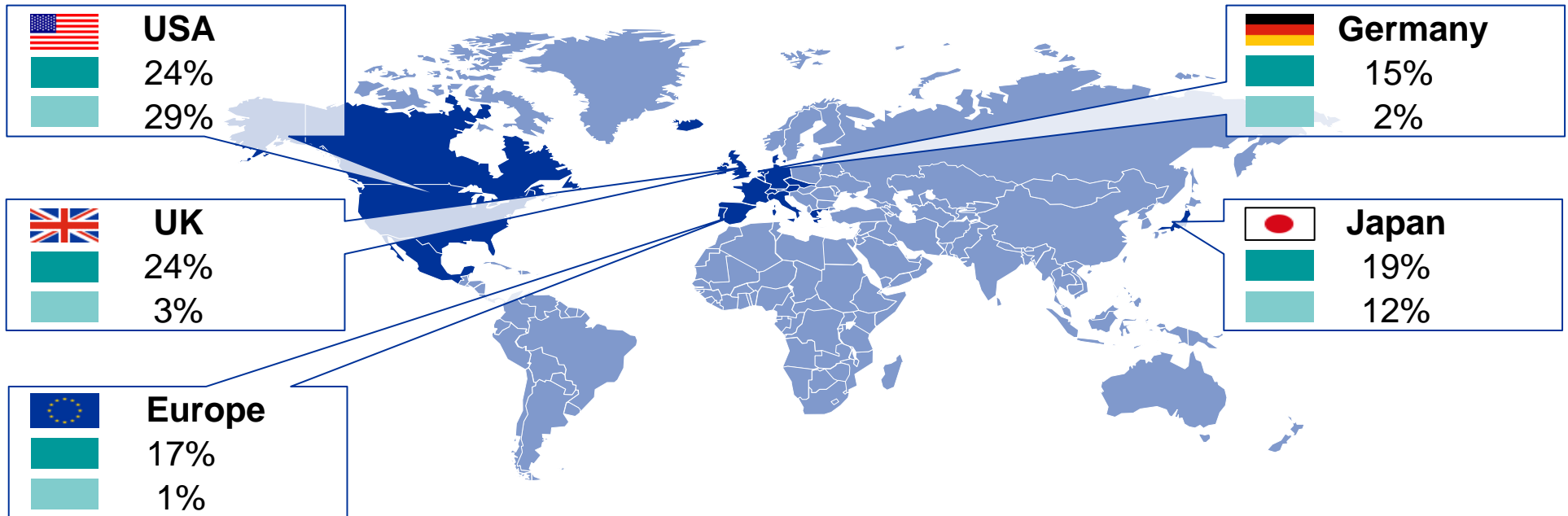
- ➔ With the plan of ARD and ZDF to broadcast in HD from 2010 on, HD production will increase significantly
- ➔ The position of RTL and now also ProSiebenSat.1 slows down the development
- ➔ Impulses from outside Germany (i.e. digital switchover in UK; HD content productions in the US; international sales)
- ➔ Increasing pressure from devices industry on broadcast stations
- ➔ 2012 analog switch-off in the EU

Current Situation

- ProSiebenSat.1: HD productions since 2004 (2006 already 120 blockbuster, documentations and sport events). Noticeable percentage of HD content in their archives
- ARD/ ZDF: Since 2004 sporadically production in HD (documentaries in HD). By 2009 25% of the content is supposed to be in HD
- Arte: Since July broadcasts in SD and HD simultaneously
- Premiere: Since 2005 yearly over 17 000 hours HD content on Premiere HD and Discovery HD
- Anixe HD: Broadcast of over 100 hours HD content during the Olympic Games; Astra: HD-Demo
- MTV: Start of HDTV station family on European level



Besides the US in major broadcast markets there is still a gap between HD ready and HD watching

Spread of HD Ready and HD Watching Households in Selected Countries



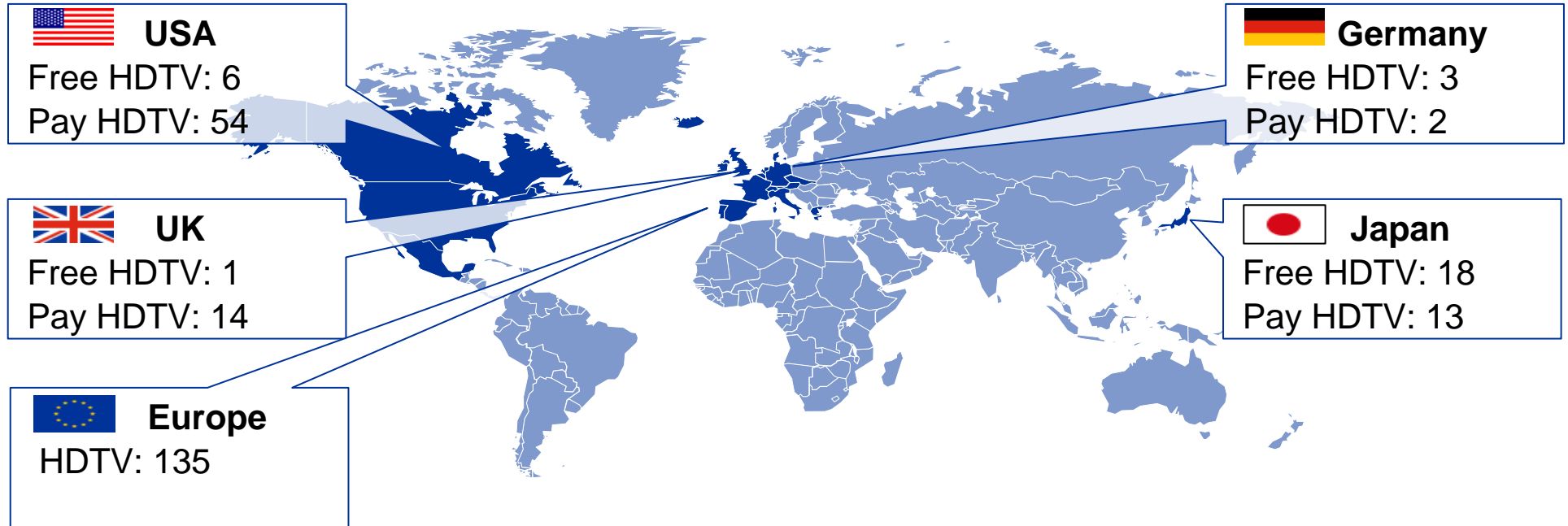
In the US the amount of HD watching households is greater than the amount of HD ready households, this drives the demand for HD equipment

In Europe there is a disconnect of HD ready and HD watching households. HD equipment is mainly bought due to other factors, like wide screen

 HD ready  HD watching in % of total TV households per country

In the US and Japan HD is the dominant broadcasting standard

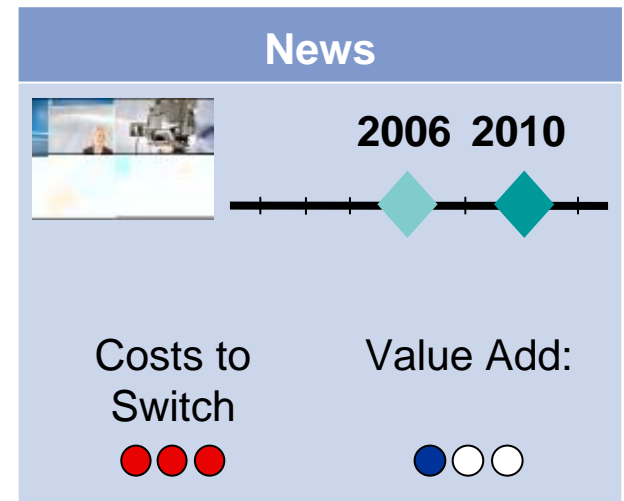
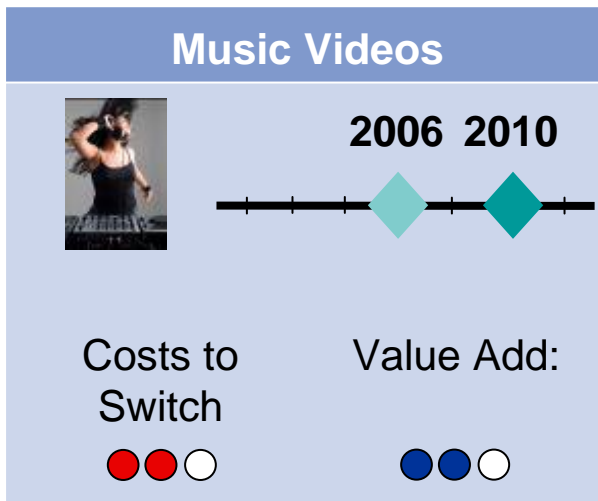
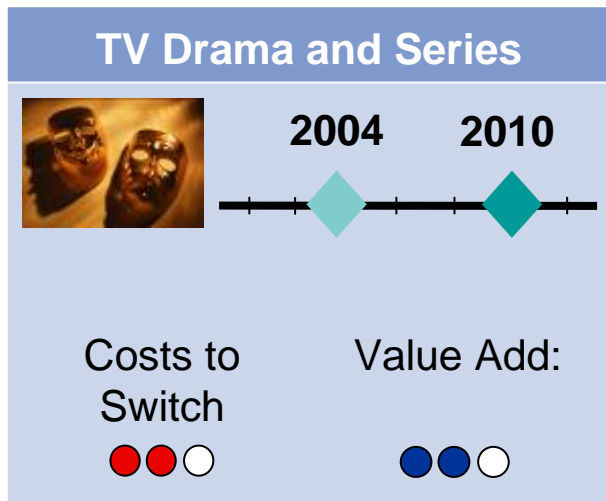
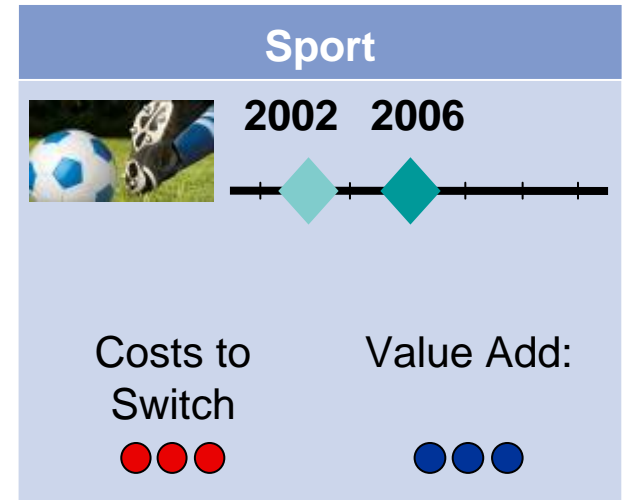
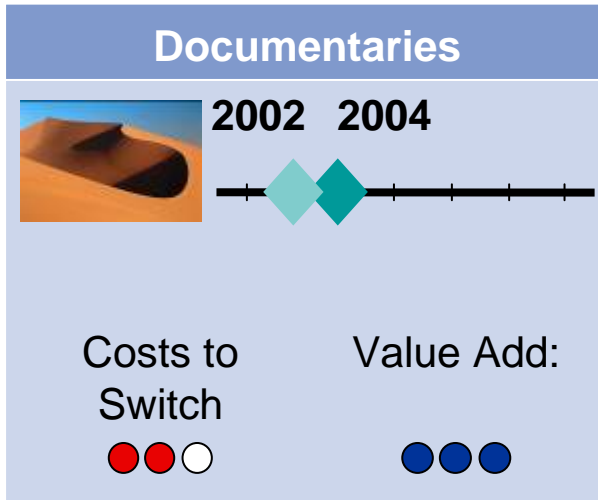
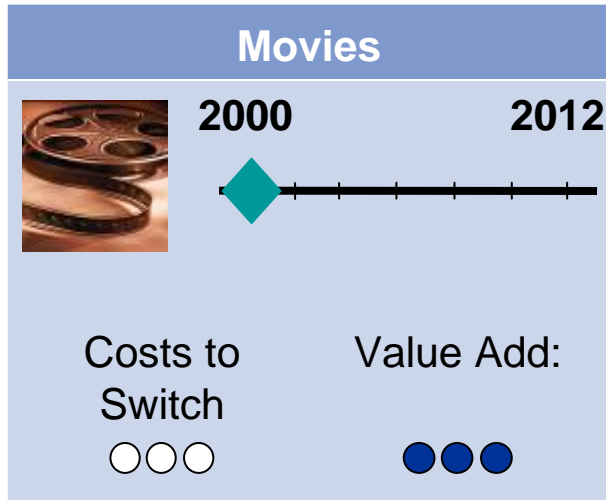
HDTV broadcasting stations in the world



With five HD TV channels Germany is far behind other countries like US and Japan

UK is leading in Europe with in total 15 available HD offerings

By 2010 HD will be the dominant production type over all genres. Movies, documentaries and sport are today already predominately produced in HD



◆ Partial HD production

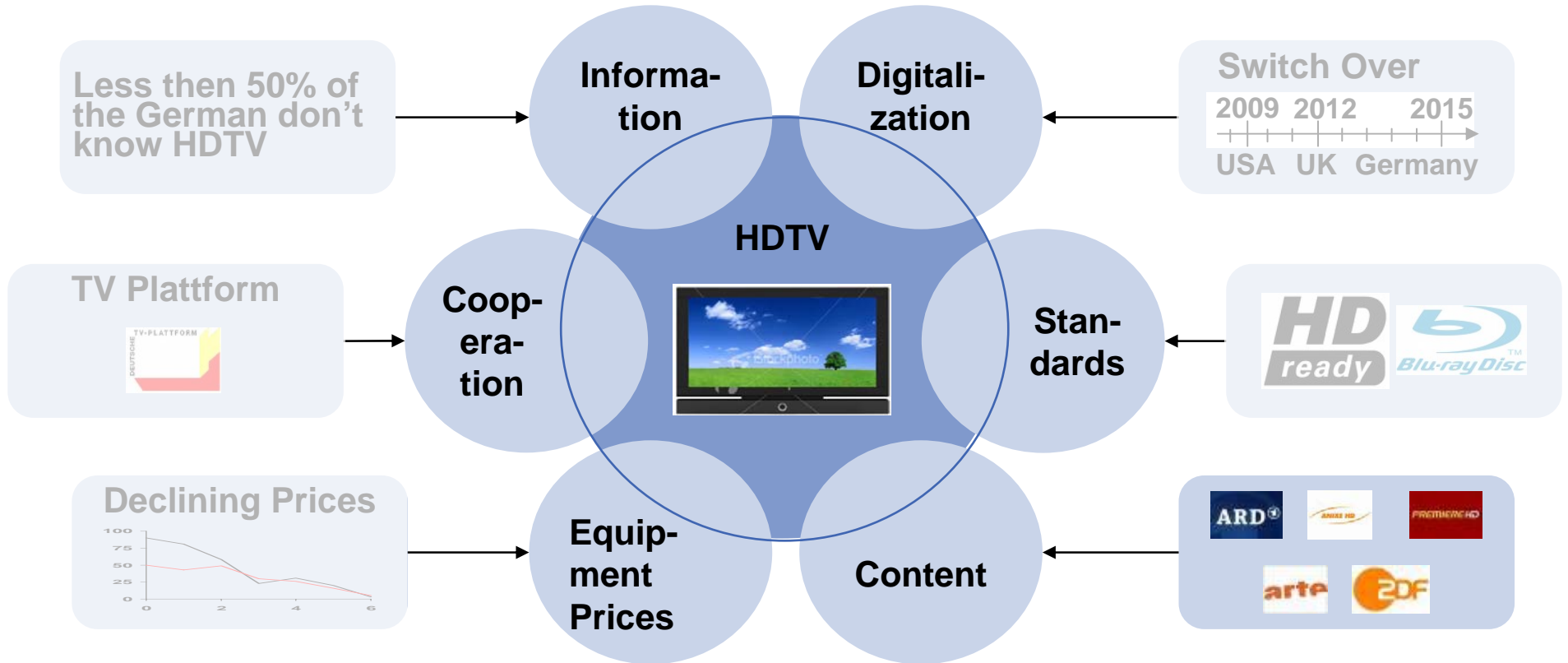
◆ Mainly HD production

- Low
- Medium
- High
- Very high

Source: Deloitte Research, screendigest, IMS Research

Broadcasters already have a considerable amount of HD content in their archives, the launch of HDTV by ARD and ZDF will further increase the available HD content

Key Levers for Successful HD Implementation



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Logo: Lin & Berg, ASTRA, Ustream.com, IPTV

HDTV – Aufbruch in ein neues TV-Zeitalter?




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