

Digital Switchover: A strategic challenge for Romania

International Digital Forum
May 11th, 2010 - Bucharest

We are the leading Austrian technical service provider for end to end solutions for digital television



Shareholders:

60%

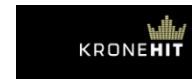
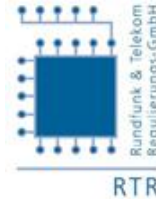
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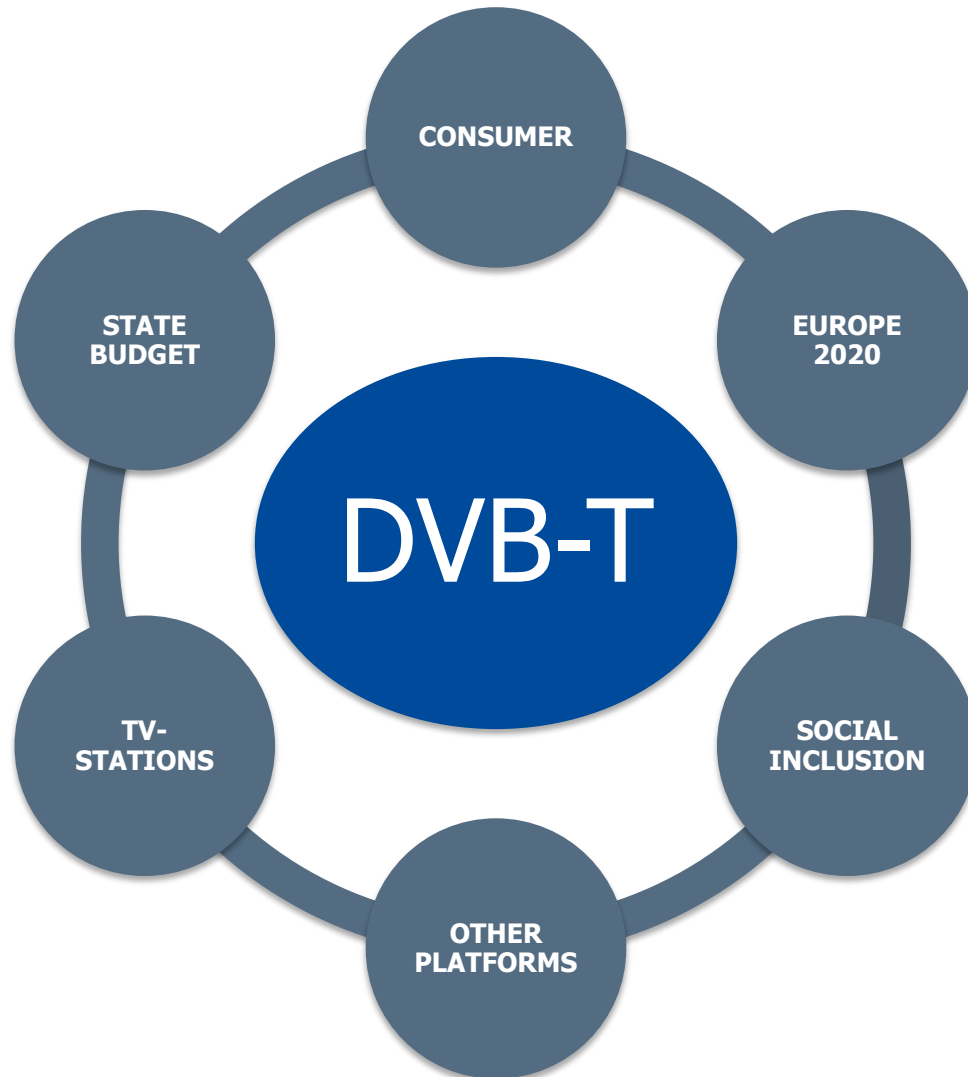
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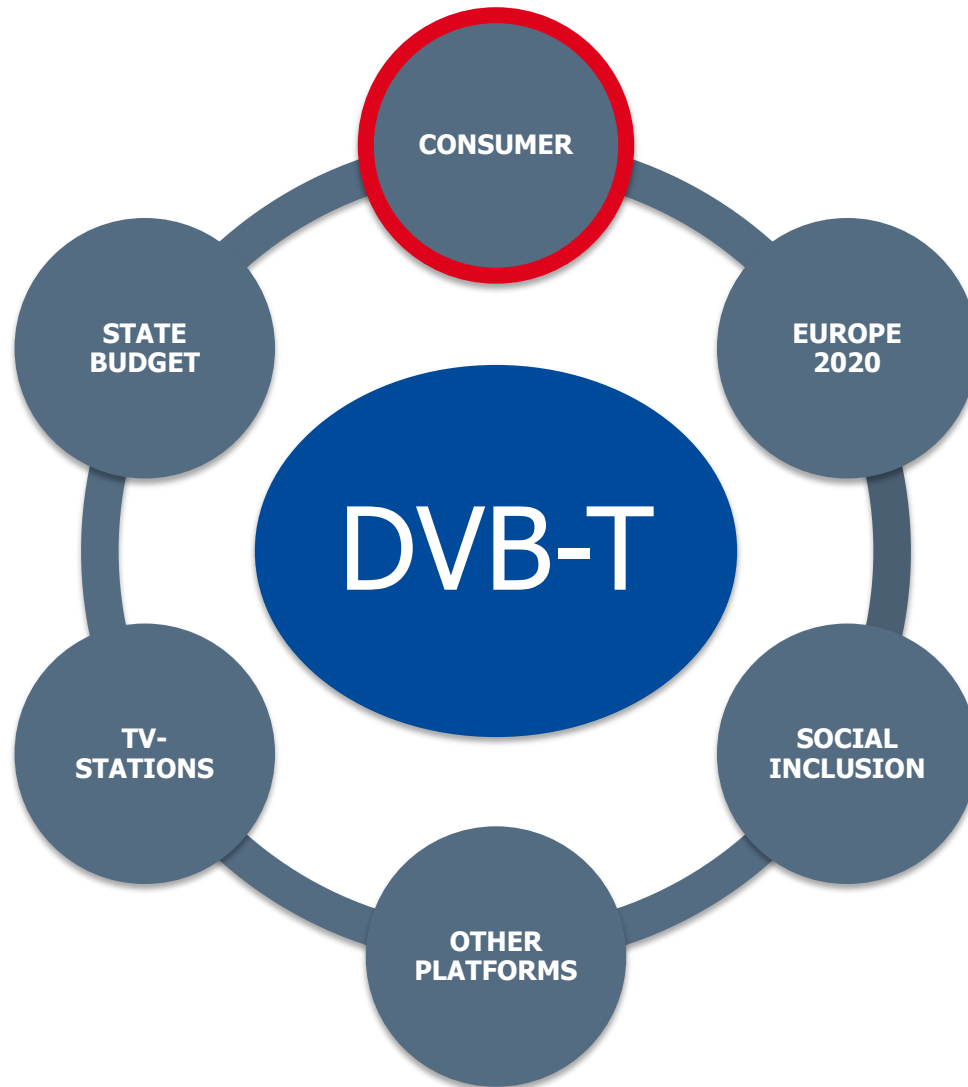
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Customers & Partners

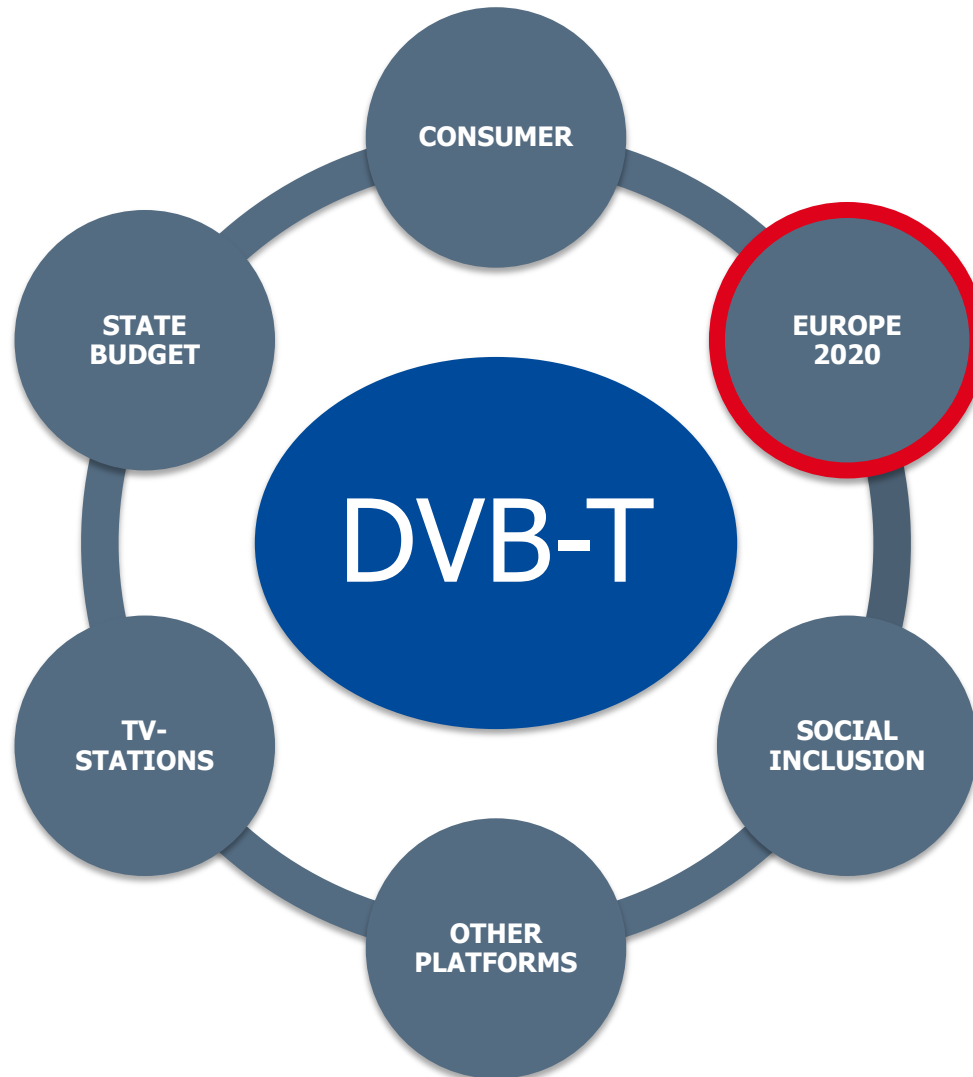






- Better picture, better sound
- Greater variety of TV-programs
- No appetite for Interactivity
- Low total costs of ownership (no running costs)
- 8,1 Mio TV Households
- 20% of which rely on analog Terrestrial TV
- Market potential for DVB-T: 1,6 Mio Households





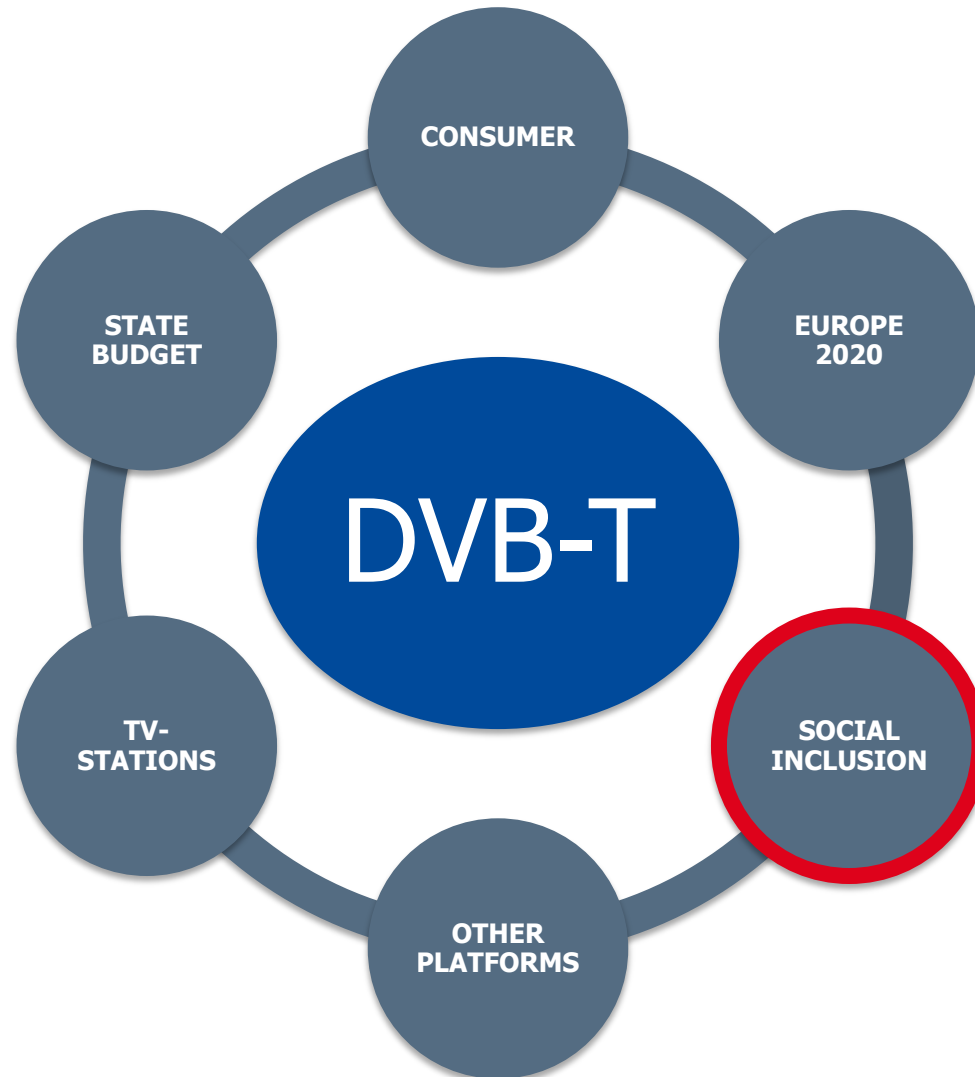
New EU Strategy for jobs and growth, with 5 key targets:

- Lower Unemployment
- Foster R&D and Innovation
- Push green energy
- Improve education levels
- Fight Poverty (Social Inclusion)

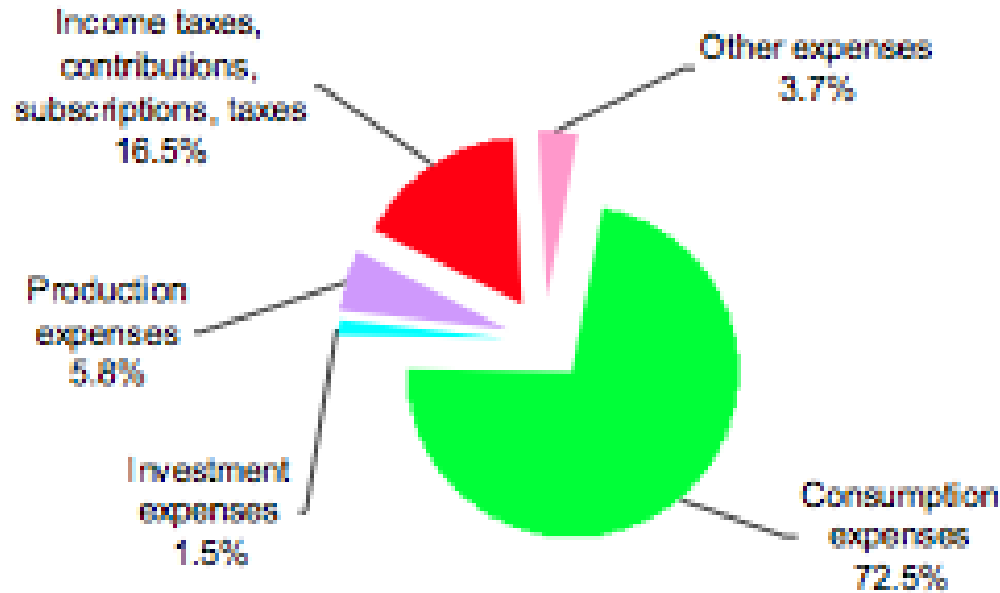


Digital Switchover until 2012 is part of Europe 2020:

- Goal: to free up spectrum (upper UHF Band 790-862 MHz) for Mobile Broadband in rural areas
- Introduction of Mobile Broadband in neighboring countries depend on switchover in Romania!



Monthly Consumption Expenses per Household – Quarter III 2009



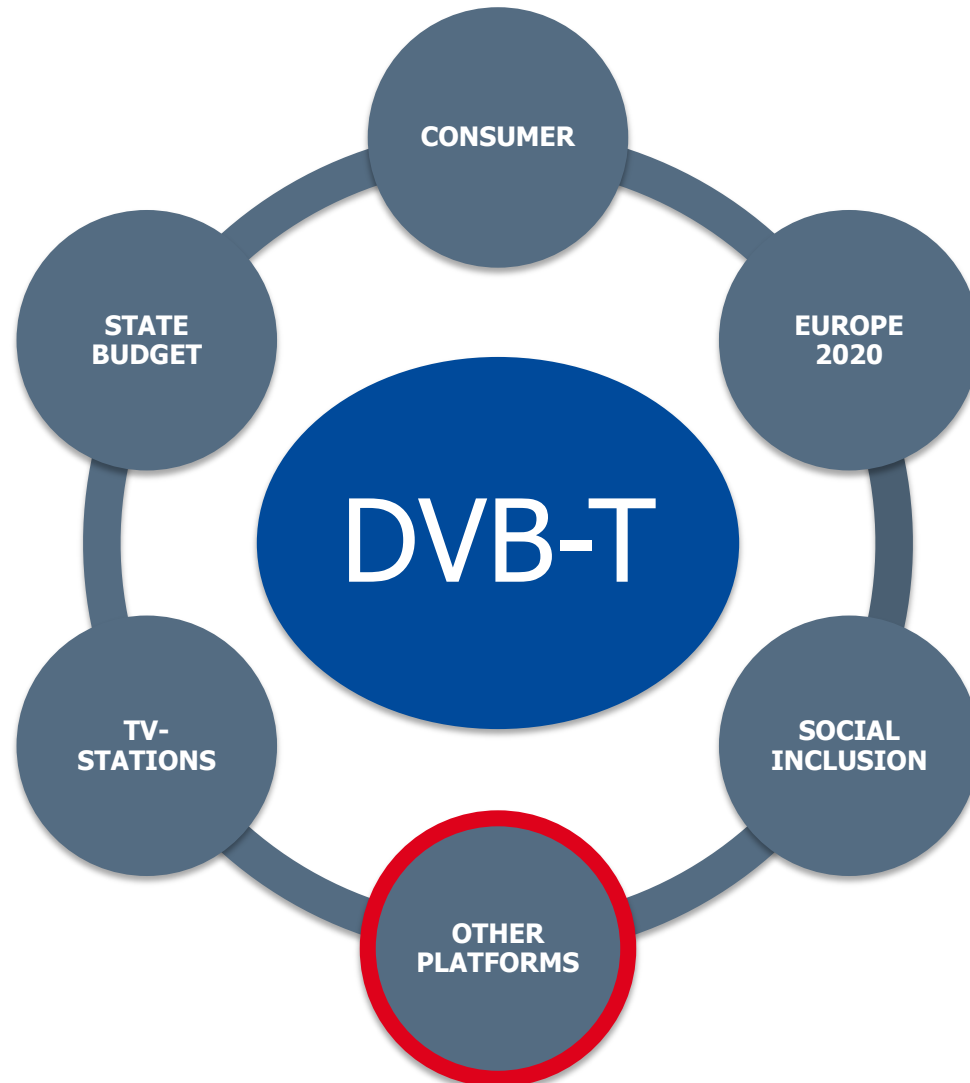
| (Lei) | Urban areas | Rural areas |
|----------------------|-------------|-------------|
| Total money expenses | 1275 | 924 |
| Non-food products | 480 | 395 |
| services | 334 | 191 |

Source: Romanian National Institute of Statistics

Eurostat Report 2008:

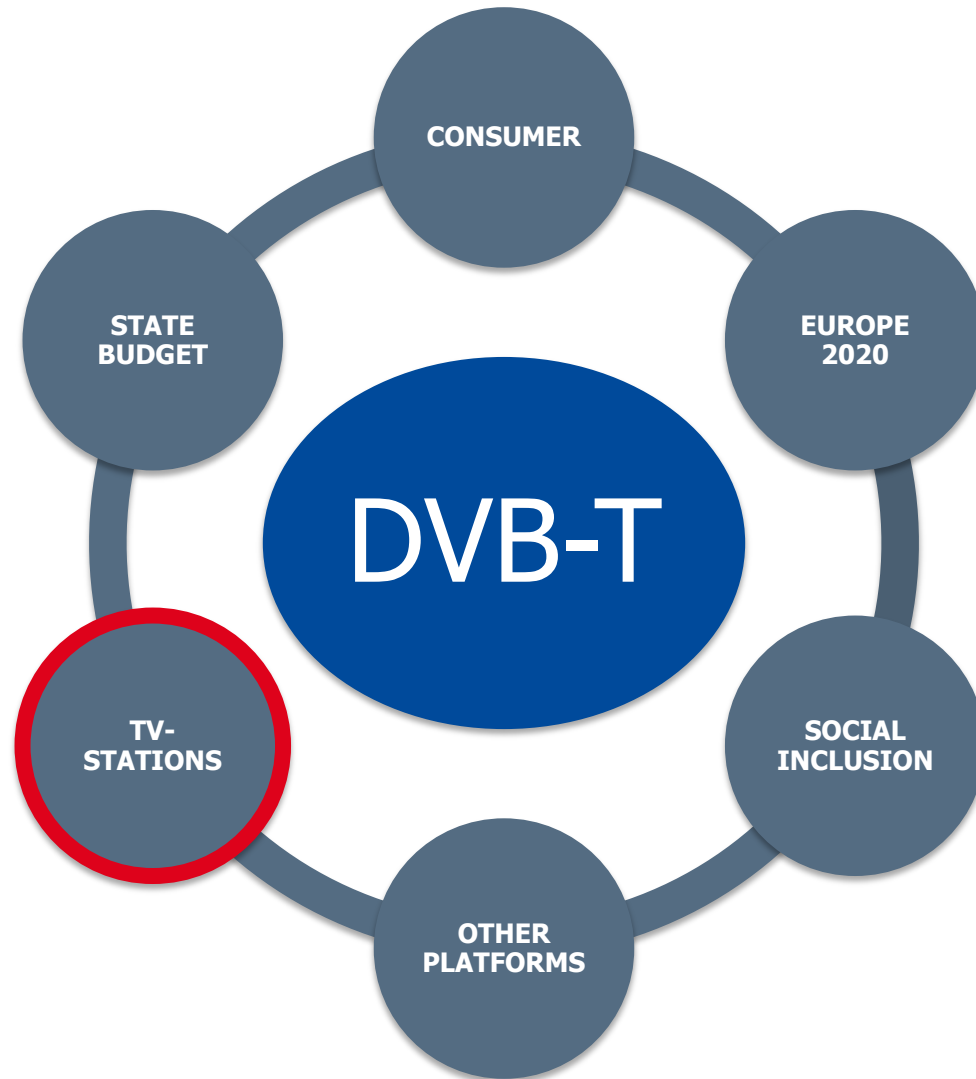
- 23% of population at risk of poverty
- 50% of population affected by material deprivation (no week of holiday, no fish or meat every second day etc)
- 75% of population live in low income rural areas

- 1,6 Mio analogue TV-Households predominantly in rural areas
- Cannot afford low budget DVB-T MPEG4 STB for app. 340 Lei
- Subsidy program for at least 1,0 Mio TV Households needed
- Amounts to app. 340 Mio Lei plus costs of logistics and communication



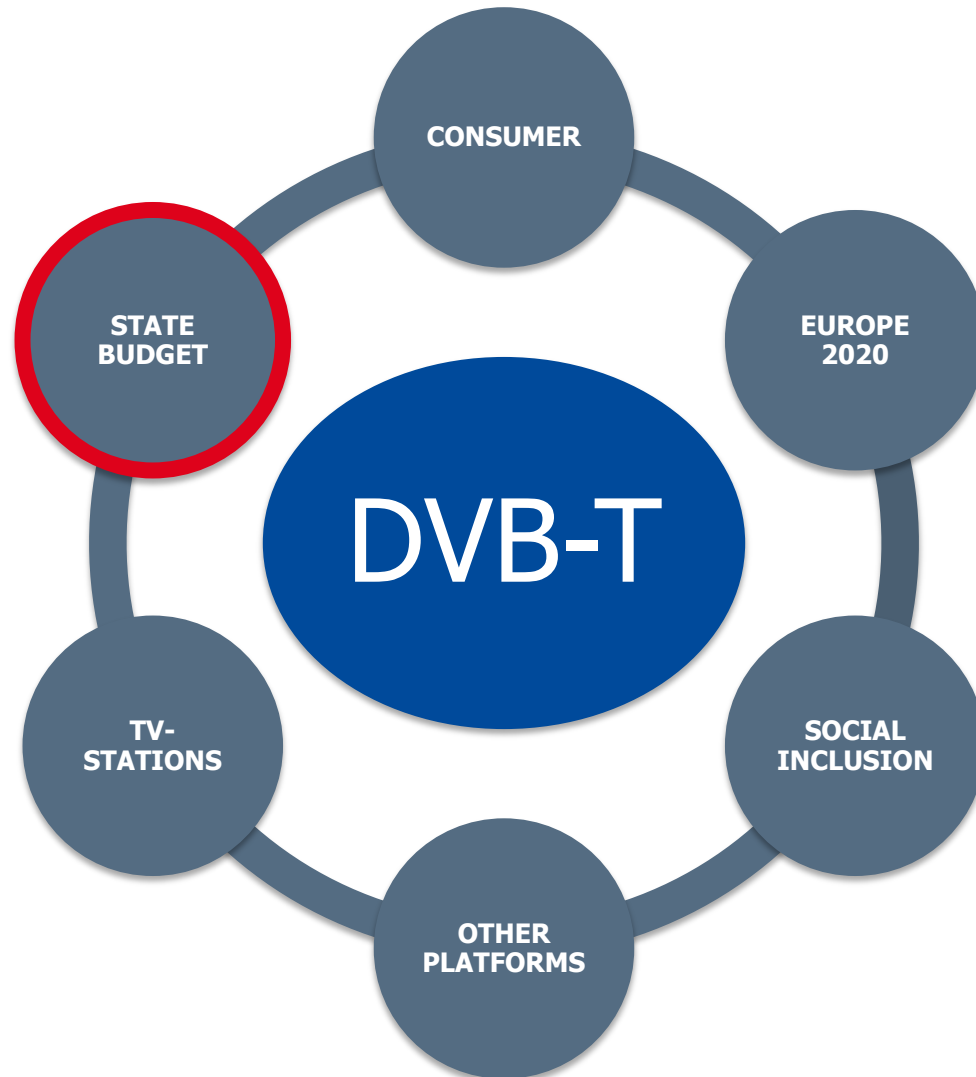
- Question: Will DVB-T negatively influence Business Models of Satellite-, Cable or IPTV platforms?
- Cable- and IPTV platforms focus on urban areas
- Satellite equipment (including Dish and installation) is rather expensive
- DVB-T is limited in terms of program variety
- Answer: No, DVB-T will complement the offers of existing platforms





- Increase picture (HDTV) and sound quality
- Enhance existing Coverage
- Reduce Distribution costs per channel
- No additional simulcast costs
- Implement Multi-channel Strategy
- Fulfill public remit (TVR)



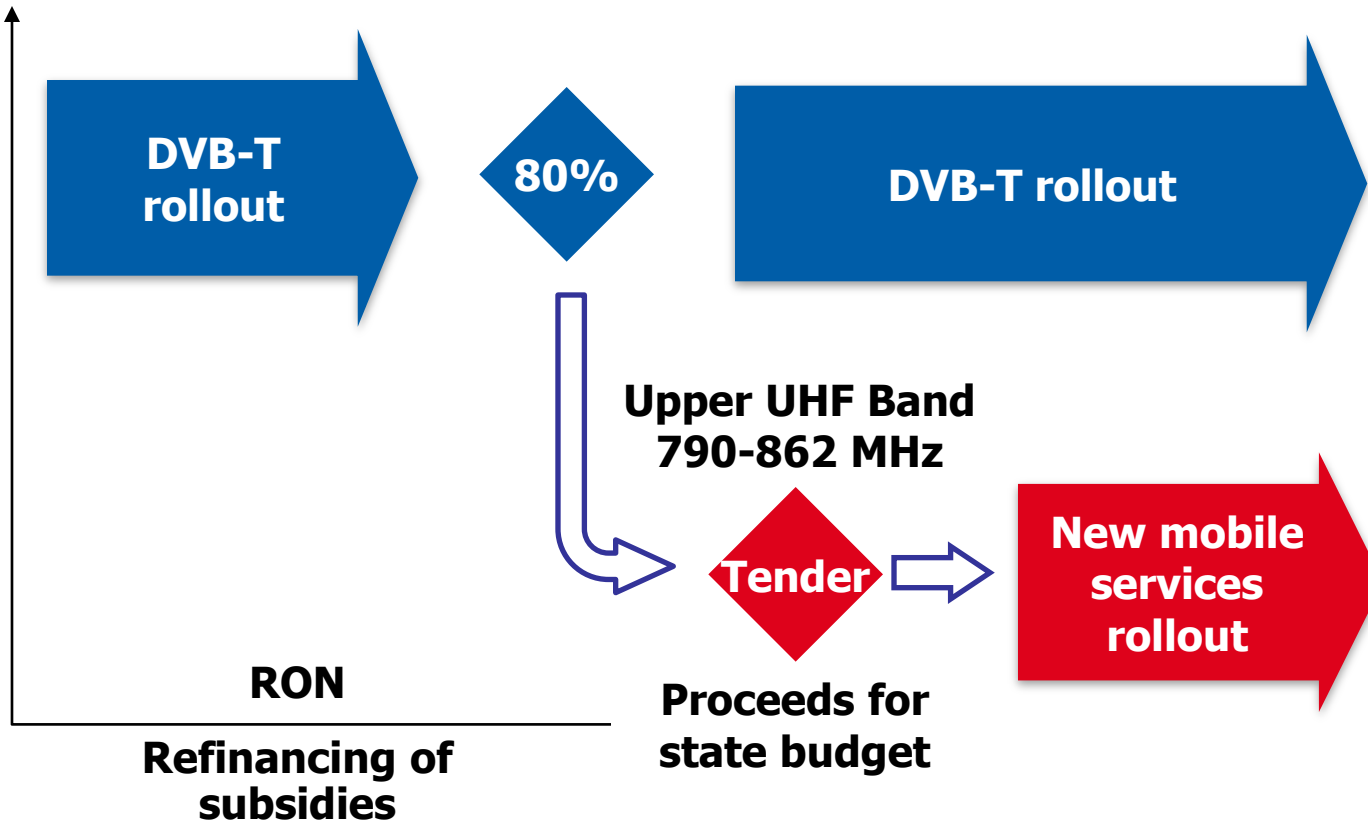


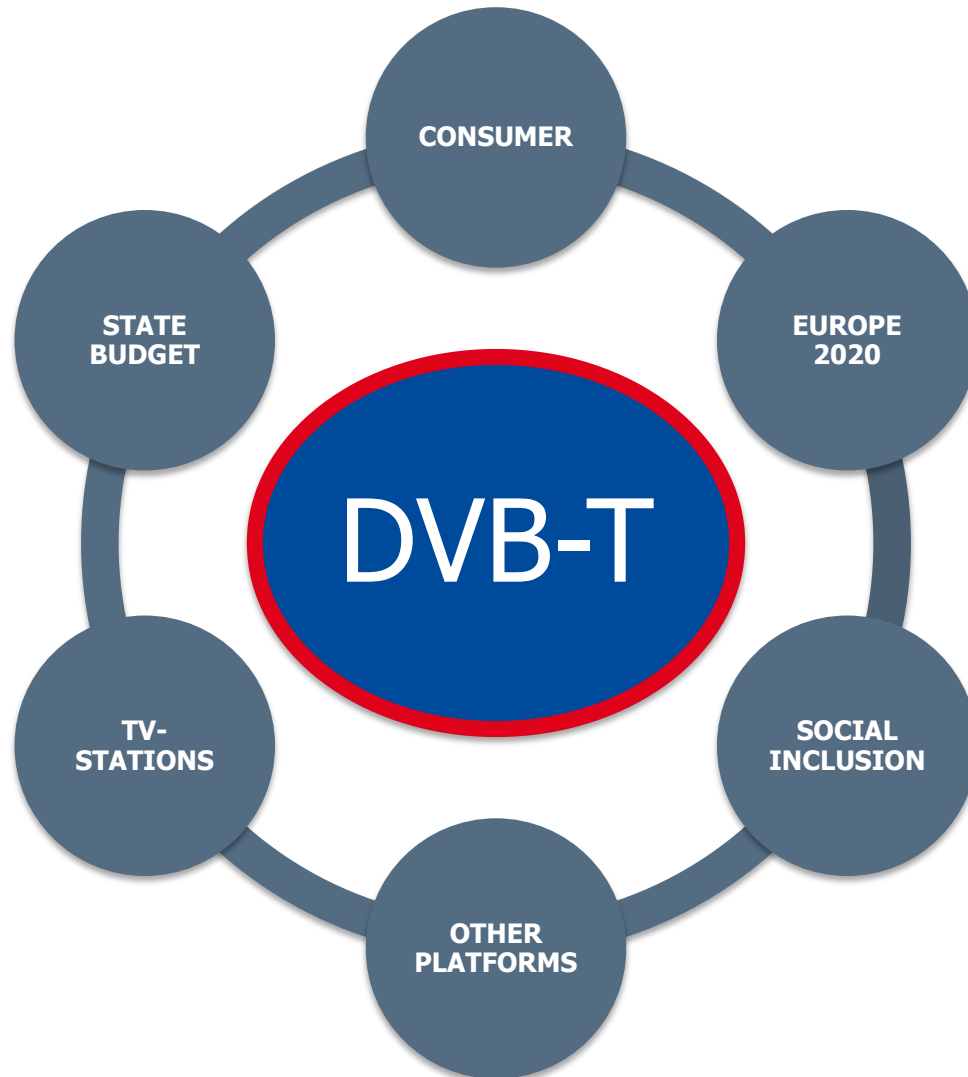
- Global Financial Crisis hit Romania severely
- Budget consolidation key target
- Costs of Subsidy program = investment to free up Spectrum
- Strong appetite of Mobile Network Operators in upper UHF Spectrum
- Ongoing tender Process in Germany – 8 Billion Euros proceeds projected



**(Bank)
Financing of
Subsidy
Program**

**Switch-over
of urban
areas**





Cornerstones of successful Digital Switchover

- ⊙ **Subsidy program** for low income TV-Households
- ⊙ **Refinancing** of subsidies via Digital Dividend
- ⊙ Relevant players (Regulators, Ministries, SNR, TVR, Private TV etc) **to close ranks**
- ⊙ Coordinated by **independent and experienced player** in the field of switchover
- ⊙ Strong Commitment of state to long-term development of **“national TV-Infrastructure”**

