

## NEWS AND DATA ON DIGITAL TERRESTRIAL TV FROM ITALY AND EUROPE

### ON THE EVE OF SWITCH-OFF SEASON: IN JUST 90 DAYS 7 MILLION HOUSEHOLDS (30% of the population) WILL SWITCH TO DIGITAL

With the next issue of Digita we will already be in switch-off season, starting with Val d'Aosta, Piedmont, then intervalled by switch-over in Naples and followed by Trento and Bolzano, Lazio and Campania. In just 90 days, between the 14th September and the 16th December, 30% of Italian viewers (nearly 7 million households) will be switching to digital TV and giving up analogue transmissions for good.

The conditions are perfect. From a penetration point of view the figures available for Rome and Turin following switch-over are impressive, with almost 70% of households owning a DTT receiver, as well as in Naples where, even before switch-over operations have begun, DTT alone has a 40% penetration. Even on a national level the overall growth has been truly significant: in fact in May alone over 1 million DTT receivers were sold (twice the number of the previous month). DTT usage is also growing rapidly, currently standing at over 13% of daily audience share (just one year ago it stood at 5%).

But aside from the numbers, the notion that switching to digital is an irreversible process seems to have become firmly entrenched among institutions, businesses and viewers as well as the idea, as stated by president of AGCOM, that it should, where possible, be further accelerated.

Enjoy you're the summer break! We will be back in September for an intense, busy and truly decisive moment in the digital history of Italy.

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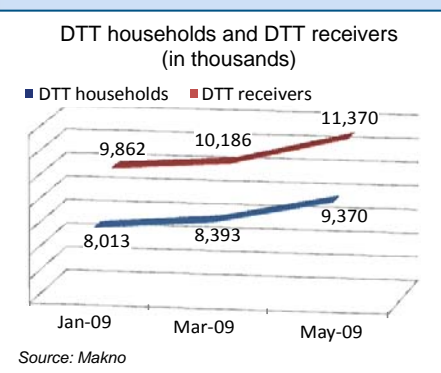
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### DTT PENETRATION

#### OVER 9 MLN DTT HOUSEHOLDS

DTT penetration grew rapidly in May. According to the latest data provided by research firm Makno, the number of DTT households (those with at least one DTT receiver in the main family home) had risen to 9,370,000. An increase of around 650,000 units with respect to April and almost 1 million since March.

Moreover, in May the overall number of DTT receivers in households stood at 11,350,000 implying a growth of around 800,000 units with respect to April 2009.

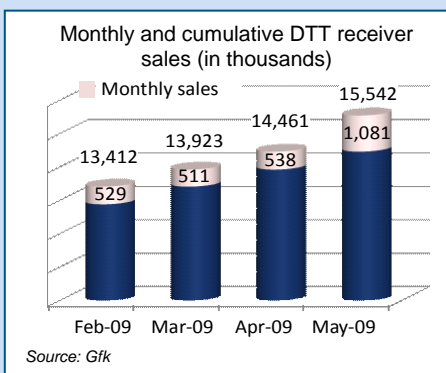


### SALES OF DTT RECEIVERS

#### MONTHLY SALES HAVE DOUBLED

According to the latest data provided by GfK, in May 2009 the sale of DTT receivers grew substantially: in fact over 1 million units were sold implying double the figure of April sales. Of these 456,000 (42%) were integrated DTT receivers.

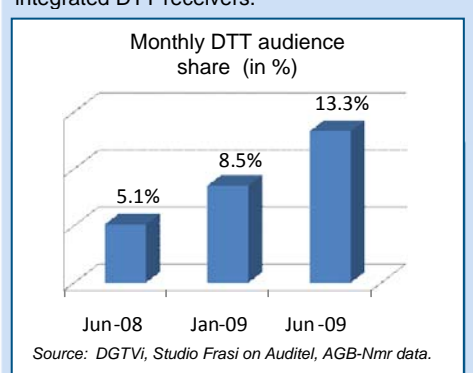
In May 2009 the cumulative sales of DTT receivers sold since February 2004 overtook the 15 million mark standing at 15,542,070. Of these 55.4% (8.6 million) are stand-alone STBs and 44.6% (6.9 million) are integrated receivers.



### DTT AUDIENCE FIGURES

#### DTT AUDIENCE SHARE OVER 13%

DTT viewing has overtaken the 13% mark: according to Studio Frasi processing of Auditel-Agb data, in June 2009 audience share touched 13.3% including the so called "undefined" platform: that is receivers that Auditel cannot identify exactly (integrated, USB decoders, hybrid decoders). This "undefined" quota was down from 5.5% in May to 1.2% in June implying that, ten months since it was first introduced, 99% of the "undefined" quota is attributed to DTT as claimed since the start by this newsletter which has always provided the cumulative figure. This re-alignment has been influenced by the fact that, since the beginning of April, all new TV sets must be sold, by law, with integrated DTT receivers.



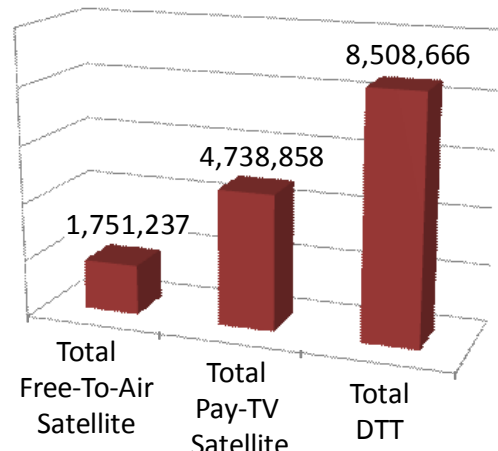
# DIGITAL TERRESTRIAL TV VIEWING

(by Studio Frasi)

Auditel has provided August 2009 figures for the TV universes, showing that the number of Italian households with integrated or STB DTT receivers are 8,508,666, therefore substantially confirming the penetration figures provided by Digita and based on a Makno survey. The survey that Ipsos carried out for Auditel does not simply consider the purchase of a receiver or the presence of one in the household but rather the fact of whether it is actually positioned next to the TV set: figures therefore refer to households that are able to watch TV programmes on DTT.

The numbers show that DTT is present in 35% of Italian households, double the figure for last year (August 2008). Within these households, as well as watching generalist and local channels on DTT, there is also an increase in the audience share for the new DTT free-to-air channels: Boing (for children) stands at 3.1%; Rai 4 at 1.3% (June 2009 figures).

**New Auditel universes – digital TV equipment**  
(number of households – August 2009)



Source: Studio Frasi on Auditel, AGB-Nmr data.

## NEW IN ITALY

### LAZIO POST SWITCH-OVER: 2 OUT OF 3 HOUSEHOLDS HAVE DTT

Rome and the Lazio region switched-over on the 16<sup>th</sup> June (Rai 2 and Rete 4 can now only be received in digital). A telephone survey carried out by Makno shortly after this transition has revealed that:

- ✓ Immediately after switch-over, the overall penetration of digital TV (Satellite, lptv, DTT) in Lazio was 82,5% on total households (three weeks before switch-over it stood at 47.1%);
- ✓ Immediately after switch-over, the number of analogue-only households confirming their intention of equipping themselves with at least one digital TV service within six months was 94.5% (three weeks before switch-over the estimate was 86%).

The fast uptake of DTT has been helped by the efficient communication campaign: according to Makno less than 1% of those interviewed “knew nothing about the switch-over”, whereas 70% found the information provided was “very” or “reasonably” adequate.

Similar results were obtained in Piedmont where switch-over took place on the 21<sup>st</sup> May. The decision to commence switch-over with two national channels, prior to definitive switch-off, has been confirmed as an ideal way for preparing the population, the equipment and the transmitters.

### 14<sup>th</sup> OCTOBER: RAI 2 AND RAI 4 SWITCH-OVER IN CAMPANIA

In a joint press conference held in Naples on the 17<sup>th</sup> July Paolo Romani, the Vice Minister for Communications, and Antonio Bassolino, the President of the Regione Campania, announced the forthcoming steps that will lead Campania to definitive switch-off to DTT.

With 5.8 million inhabitants it is the most densely populated region so far, out of those in the calendar, to switch-over. On the 14<sup>th</sup> October Rai 2 and Rete 4 will switch-off their analogue signal in 252 municipalities including the cities of Naples, Salerno and Caserta. As pointed out by Andrea Ambrogetti, President of DGTVi, Campania is entering this phase with a digital TV penetration of 62% (above the national average of 60.2%) and a DTT penetration of 41% (data collected by Makno in July 2009).

The definitive switch-off of all channels in the entire Campania region will take place between 1<sup>st</sup> and 16<sup>th</sup> December. Subsidies have been confirmed for citizens, who are over the age of 65, with up to date Rai TV licences and with a gross annual income of less than €10,000.

The Department of Communication estimates that 150.000 citizens are eligible for these incentives. The benefits will be issued starting on the 10<sup>th</sup> September. A joint information campaign organised by the Ministry for Economic Development and the Regione Campania will start on the 15<sup>th</sup> September.

Announcements will be made on local TV and radio stations, on local daily papers and on the regional transport network (trains, buses, underground). The campaign will provide information to citizens concerning the 14<sup>th</sup> October switch-over. Finally, the Regione Campania has also announced a subsidy of €10 million to support local TV channels with the technological upgrade required for switching to DTT.

## DTT: STATE BENEFITS FOR THE WEAKER SEGMENTS

The comparative analysis of state policies for supporting the switch to digital TV, highlights how all the main European countries have provided some kind of system for assisting the weaker population groups, particularly for the elderly, those with disabilities or with low incomes.

In the **UK**, the Department for Culture Media and Sport, in collaboration with the BBC, has drawn up a *Digital Switch-over Help Scheme*. The plan, which will cost an estimated £600 million, includes home assistance for certain population groups and includes the installation of a receiver and a practical demonstration of how to use it.

The 7 million potential recipients must be 75, or over or have lived in a nursing home for at least 6 months, or have a significant disability. There will be a flat charge of £40 to the user, with the exception of those receiving any form of income-benefit or unemployment benefit.

In **Spain**, the Ministry for Industry, Tourism and Commerce has set up a scheme to provide assistance to families who risk being excluded from the transition to digital process. People aged 65 or over with a certified grade II or III disability, people with impaired sight or hearing of 33% (or more), or people aged 80 or over living alone (or with another person aged 80 or over) will be eligible for a free receiver. The scheme only allocates one receiver per household. To date this scheme is only operative in the areas involved in Phase I of switch off which is currently taking place.

In **France** a Ministry-approved decree should be passed by the end of 2009 stating the entity and designation of the funds allocated by law 2007-309 and

aimed to incentivate the transition to DTT in certain groups of users, particularly those already exempt from paying the TV license (OAPs, low income brackets etc) and who currently can only watch analogue terrestrial TV.

Meanwhile, on occasion of the pilot switch-off schemes in the areas of Coulommiers and Kaysersberg, a trial €25 voucher is being provided for the purchase of a DTT receiver and a €120 voucher for the purchase of satellite equipment.

The Ministry for Culture and Communication has also made plans for the creation of an additional aid scheme called *accompagnement renforcé*. According to initial information this financial support will primarily concern citizens aged 70 or more and those with a certified disability over 80%.

And lastly **Italy** where, after an initial phase (2005-2006) in which general subsidies for the purchase of DTT receivers had been introduced, financial aid has since been channelled more specifically to the various regions as and when they undertake switch-off.

Law 296/2006 (2007 budget law) set up a "Fund for Transition to Digital" managed by the Ministry for Economic Development – Department for Communication. Financial aid for 2009 is effectively a €50 voucher for the purchase of a receiver, to the net of other applicable discounts, and which is refunded directly to the retailer. The general requirements to be eligible for this voucher, subject to minor regional variations, are age 65 or over (75 in the Trento Province) and a gross annual income of less than €10,000. In all cases claimers must hold a valid radio-TV licence.

Measures taken to support DTT penetration among the weaker segments

Country	Measures of support	Eligible categories
<b>FRANCE</b>	Still being defined. In the pilot switch-off areas (Coulommiers and Kaysersberg) a discount is being provided for the purchase of a receiver.	Subsidies should be available to: <ul style="list-style-type: none"> <li>✓ Users already exempt from paying the radio-TV license;</li> <li>✓ Individuals aged 70 or over or individuals with a certified disability of 80% or more (known as <i>accompagnement renforcé</i>).</li> </ul>
<b>ITALY</b>	A €50 discount for the purchase of a receiver in 2009, valid for those areas involved in switch-off in 2009).	<ul style="list-style-type: none"> <li>✓ Individuals aged 65 or over (75 in the Province of Trento);</li> <li>✓ Individuals with an annual income of less than €10,000 (available in the areas of Lazio, Western Piedmont and Campania).</li> </ul>
<b>UK</b>	A subsidy for the cost of adjusting a TV set. A single £40 charge will give access to a DTT receiver, its installation and a free demonstration on its function and use.	<ul style="list-style-type: none"> <li>✓ Individuals aged 75 or over;</li> <li>✓ Individuals with a significant disability (i.e. those on invalidity benefits)</li> <li>✓ The registered blind or partially sighted.</li> </ul>
<b>SPAIN</b>	A free receiver is supplied (only in Phase I areas of switch-off)	<ul style="list-style-type: none"> <li>✓ Individuals aged 65 or over with a disability;</li> <li>✓ Individuals with impaired sight or hearing of 33% or more;</li> <li>✓ Individuals aged 80 or over or who live with another person aged 80 or over.</li> </ul>

Source: e-Media Institute on various sources