

Norway

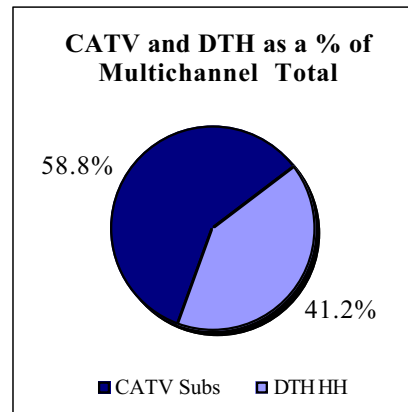
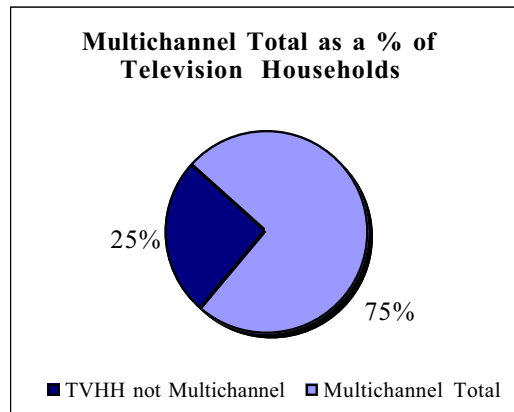
Market Overview

The Norwegian multichannel market is split between cable and satellite with digital terrestrial television yet to be launched. Over the past three years cable has increased its share of the sector at the expense of satellite.

Norway Multichannel Market Summary

		YE2002	YE2003	YE2004	Change 2003-2004
Population	(000)	4,514	4,532	4,552	0.4%
HH	(000)	1,998	2,023	2,050	1.3%
TVHH	(000)	1,925	1,951	1,980	1.5%
Multichannel Total	(000)	1,473	1,465	1,476	0.8%
CATV Subs	(000)	839	854	868	1.6%
CATV Subs/ Multichannel Total	(%)	57.0%	58.2%	58.8%	
DTH HH	(000)	634	612	608	-0.7%
DTH HH/ Multichannel Total	(%)	43.0%	41.8%	41.2%	
DTT HH	(000)	-	-	-	-
DTT HH/ Multichannel Total	(%)	0.0%	0.0%	0.0%	

Source: ©2005 Advanced Television. All rights Reserved. Multichannel Total = CATV Subs + DTH HH + DTT HH.



There are two satellite platforms in Norway, Modern Times Group's Viasat operation and Telenor's Canal Digital service.

Norway Subscription Multichannel Market Summary

		YE2002	YE2003	YE2004	Change 2003-2004
Subscription-Total	(000)	1,417	1,415	1464	3.5%
Subscription-Total/TVHH	(%)	73.6%	72.5%	73.9%	
CATV Subs	(000)	839	854	868	1.6%
CATV Subs/TVHH	(%)	43.6%	43.7%	43.8%	
CATV Subs/Subscription-Total	(%)	59.2%	60.3%	59.3%	
DTH Subs	(000)	578	562	596	6.0%
DTH Subs/TVHH	(%)	30.0%	28.8%	30.1%	
DTH Subs/Subscription-Total	(%)	40.8%	39.7%	40.7%	
DTT Subs	(000)	-	-	-	-
DTT Subs/TVHH	(%)	0.0%	0.0%	0.0%	
DTT Subs/Subscription-Total	(%)	0.0%	0.0%	0.0%	

Source: ©2005 Advanced Television. All rights Reserved. Subscription Total = CATV Subs + DTH Subs + DTT Subs.

Satellite television is currently the sole form of free to air multichannel television available in Norway.

Regulations

Satellite television services based in the territory are governed by the Mass Media Authority and the Norwegian Post and Telecommunications Authority. Despite the fact that Norway voted against EU membership, the UK based satcaster Viasat can continue to broadcast into the territory under the Council of Europe's Transfrontier Television Convention.

The Norwegian Mass Media Authority and Ministry of Culture of Affairs have been working steadily towards a launch of DTT, however, the difficulties with the services in Sweden and Finland, appear to have pushed back the date of launch; the government passed legislation in March 2004 that set a nationwide launch date for January 1, 2008.

DTH Market

Canal Digital (Norway)

Canal Digital

CEO	Christian Albech
CFO	Svein Hedels
COO Sales and Marketing	Jarl Søderman
COO Content Acquisition	Arne Kvalheim
COO Cable & SMATV	Svein Aarvik
Office Manager/PA	Anne-Beth Viken

Canal Digital Norge

CEO	Svein Erik Davidsen
Financial Manager	Morten Fjeldstad
Sales Manager DTH	Petter Carlsen
Sales Manager CATV	Håkon Li Dragland
Marketing Manager	Andreas Røkke
CRM Manager	Hans Horndalsveen
Technical Manager	Egil Dischler
Ownership	Telenor 100%

Overview

Norwegian telco Telenor took full control of the Canal Digital platform in June 2002, by buying out its former joint venture partner Vivendi Universal's Canal+ Group.

Despite the sale, Canal+ Group retained ownership of Canal+ Television SA, which produces the Canal+ premium channels for the Scandinavian region. In 2003 it sold Canal+ Television SA to a private equity consortium, including Baker Capital and Nordic Capital who renamed the holding company C More Entertainment. In 2005 they sold this entity onto SBS Broadcasting SA for 393m.

Norway is Canal Digital's second largest market in terms of subscribers.

Canal Digital (Norway) DTH Growth

		1999	2000	2001	2002	2003	2004
Total Subs	(000)	151.2	188.9	212.0	280.0	275.0	308.0
Digital Subs	(000)	41.1	113.1	212.0	280.0	275.0	308.0
Digital as a % of Total Subs	(%)	27.2	59.9	100.0	100.0	100.0	100.0

Source: Telenor.

Canal Digital Total DTH Growth

		1999	2000	2001	2002	2003	2004
Total Subs	(000)	405.0	506.0	568.0	738.0	764.0	824.3
Digital Subs	(000)	110.0	303.0	568.0	738.0	764.0	824.3
Digital as a % of Total Subs	(%)	27.2	59.9	100.0	100.0	100.0	824.3

Source: Telenor.

Canal Digital offers its Norwegian subscribers three basic thematic channel packages local, Family and Extra Adventure, offering terrestrial channels, a wide selection of themed channels and four channels from Discovery Communications, respectively. Subscribers also have the opportunity to subscribe to the Canal+ bouquet of channels at a reduced price when they take the basic Family package, and the chance to choose from several standalone premium channels as well as the chance to access the Kiosk pay per view service. The cost of renting a digital satellite decoder from Canal Digital is Nkr69.00 a month

Canal Digital (Norway) Channel Packages

Package	Price (Nkr)	Channels
Local	0.00	NRK1, NRK2, TV2, TV 2 Extra, TV Norge
Family	211.00	Local plus: Adult Channel, Animal Planet, BBC Food, BBC Prime, BBC World, Bloomberg Television, Cartoon Network, CNBC, CNN International, Discovery Channel, Eurosport, Eurosport 2, Extreme Sports, Jetix, Hallmark Channel, MTV, Music Choice, National Geographic Channel, Nickelodeon, Sky News, Star, TCM, The Voice, Travel Channel, Tvins, VH1, VH1 Classic
Entertain	413.00	Family plus: Canal +, Canal + Film 1, Canal + Film 2, Canal + C more Film, Canal + Sport, Showtime
Extra Adventure	89.00	Adventure One, Discovery Civilisation, Discovery Science, Discovery Travel & Adventure
Premium Channels		
Canal+	251.00	Canal +, Canal + Film 1, Canal + Film 2, Canal + C more Film, Canal + Sport
Dansk TV 1	129.00	DR1
Dansk TV 1	129.00	DR2
Rikstoto Direkte	199.00	Rikstoto Direkte
TV Finland	99.00	TV Finland
Pay Per View		
Kiosk	29.00	Blockbusters

Source: Canal Digital.

Interactive Services

The Canal Digital satellite platform uses the Media Highway middleware, now controlled by NDS, to deliver its interactive television services.

Financial Information

Canal Digital Revenue (€ mil.)

	2000	2001	2002	2003	2004
Revenue	N/a	217.8	315.5	N/a	N/a

Source: Telenor.

Viasat (Norway)

MTG CEO	Hans-Holger Albrecht
MTG CFO	Mia Brunell
MTG COO	Andrew Barron
MTG Head of Communications	Henrik Persson
Ownership	Modern Times Group 100%

Overview

Viasat operates as a wholly owned subsidiary of Modern Times Group and has done so since it was formed back in 1991. Whilst its leading DTH competitor in the Scandinavian region Canal Digital introduced a digital service in December 1998, Viasat did not introduce its own digital platform until April 2000.

While Canal Digital simply ran both platforms in parallel, waiting for subscribers to move to the new service attracted by the greater breadth of the digital offer, Viasat, pursued an aggressive strategy distributing free digital receivers to its premium channel subscribers. It switched off its premium analogue offer in May 2001 ahead of Canal Digital but has continued to offer a basic analogue service to existing subscribers. It aims to complete the transition to a digital only operation by the end of 2005.

In 2002 Viasat suffered a significant piracy problem and transferred to NDS Videoguard. Viasat's bouquet is assembled in London from the Viasat Broadcasting Centre.

Norway is Viasat's second largest player in terms of total subscribers. Whilst it is estimated that the firm lost less subscribers in 2002 and 2003 than in Sweden, the firm is still estimated to have lost a total of 68,800 subscribers in Norway over the past two years to reach 286,900 by the end of 2003.

Viasat (Norway) DTH Growth

		1999	2000	2001	2002	2003	2004
Total Subs	(000)	347.0	346.0	355.7	297.7	286.9	288.0
Digital Subs	(000)	0.0	120.9	173.9	194.5	198.1	230.3
Digital as a % of Total Subs	(%)	0.0%	34.9%	48.9%	65.4%	69.0%	80.0%

Source: Advanced Television Estimates based on Viasat data.

Viasat Total DTH Growth

		1999	2000	2001	2002	2003	2004
Total Subs	(000)	1,077.0	1,093.0	1,125.0	944.0	911.0	854.0
Digital Subs	(000)	0.0	382.0	550.0	617.0	629.0	680.0*
Digital as a % of Total Subs	(%)	0.0%	34.9%	48.9%	65.4%	69.0%	72.6%

Source: Viasat/MTG. *Excluding 9,000 Premium Pay-TV subscribers yet to migrate to new VideoGuard encrypted signal.

The range of packages offered by Viasat roughly mirrors that available from its rival Canal Digital, with a package of local channels, a big basic package and a premium channel bouquet as well as pay per view services. The most significant difference from a business perspective is that Viasat produces its own premium channels, Canal Digital meanwhile has to rely on the supply of the Canal+ bouquet from Canal+ Television SA.

On February 1, 2004 MTG revealed that two premium sports channels had been added to its line up across Scandinavia, Viasat Sport 2 and Viasat Sport 3. Along with Viasat Sport 1 (formerly Viasat Sport) the channels provide coverage of several leading sporting competitions including Champions League, Wimbledon and the Swedish Football Premier League. It claims that Viasat Sport provides the most comprehensive sports coverage in the region.

Viasat (Norway) Channel Packages

Package	Price (Nkr)	Channels
Start	69.00	CNN, NRK1, NRK2, TV3, Viasat Explorer, Viasat Sport 1, ZTV
Silver	199.00	Start plus: 3+, BBC World, Bloomberg, Disney Channel, Fox News, Hallmark, MTV, Nickelodeon, PIN24.com, Reality TV, The History Channel, Travel Channel, TV8, VH1, Viasat Action, Viasat Explorer, Viasat Nature
Premium Channels		
Gold	299.00	Silver plus: Playboy TV, Playboy TV Plus, Sport 2, Sport 3, TV1000, TV1000 Nordic, TV1000 Family, TV1000 Action, TV1000 Classic, TV1000 Plus One, Viasat Xtra
TV Chile	149.00	TV Chile
Viasat Russia	149.00	Viasat Russia
Pay Per View		
Viasat Ticket	39.00/day	Movies

Source: Viasat.

Interactive Services

Using the OpenTV interactive middleware, Viasat offers a range of services including an electronic programme guide, interactive games and innovations such as interactive adverts.

To date Viasat has broadcast a number of interactive campaigns for clients including Adidas and Coca-Cola.

Financial Information

MTG does not publish specific financial data relating to either the Viasat satellite platform, specifically in Norway or as a whole. Instead, the media conglomerate groups the results for all of its broadcasting businesses under the Viasat Broadcasting banner, incorporating its free to air channels, pay TV channel and the DTH services. Revenues for Viasat Broadcasting fell to €475.2 million across Scandinavia in 2002 down from €489.0 million in 2001.

Viasat Broadcasting Revenue (€ mil.)

	2000	2001	2002	2003	2004
Revenue	427.7	489.0	475.2	506.1*	565.7*

*Source: Viasat/MTG. *converted from SKr*

DTT Market

A pilot project has been underway in the Trondheim, Bergen and Oslo regions since June 2000, but in comparison to its neighbours Sweden and Finland progress towards the launch of digital terrestrial television has been slow. However, in early 2004 a significant step was made when the Norwegian government passed legislation that set a nationwide launch date of January 2008.

Approval of the act had been held up by worries over the potential cost of upgrading the transmitter network, but these concerns were offset by government concessions to increase the targeting coverage level from 92% to 95% and guarantees over the provision of regional DTT services.

The government has made provisions for three multiplexes only one of which would offer national coverage. But currently there is only bidder for DTT capacity, Norge Television, a partnership between the national pubcaster NRK and commercial broadcaster TV2. The venture is now proposing it should adopt a Freeview model, where it would offer free access to the channels on its multiplex. Whilst a national switch off date has not yet been set, the government proposes that analogue transmissions are shut down on a regional basis just a few months after DTT services become available.