

**Investor Day – April 2010**

**ABERTIS TELECOM**

**Mr. TOBIÁS MARTÍNEZ**  
Managing Director

**Mr. CARLOS ESPINÓS**  
Managing Director Satellites Division

## { abertis telecom

1. **abertis telecom overview and business performance**
2. abertis telecom terrestrial unit
3. abertis telecom satellite unit
4. Outlook for **abertis telecom group**

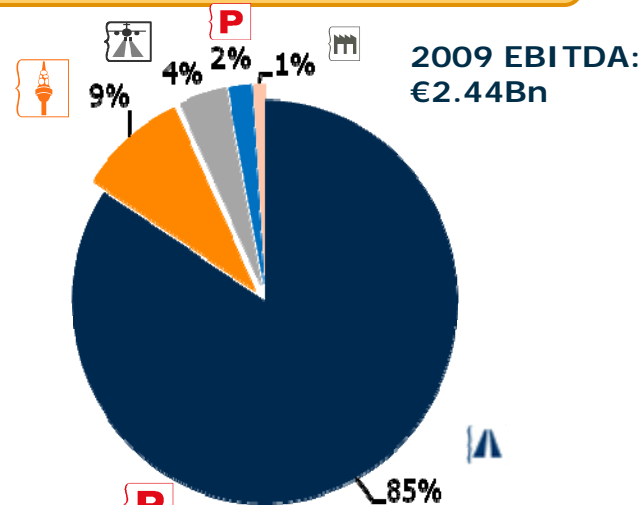
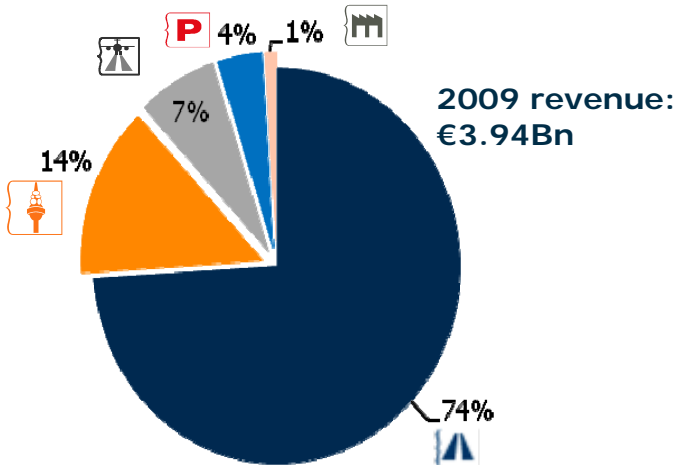


abertis telecom is the abertis group's telecommunications infrastructure operator

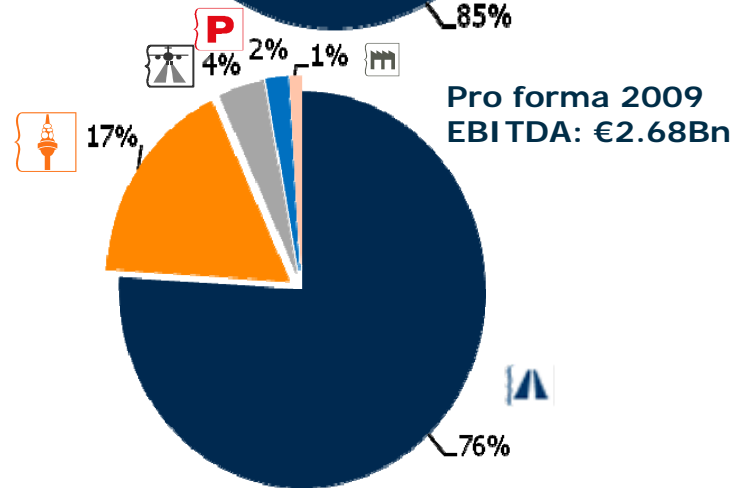
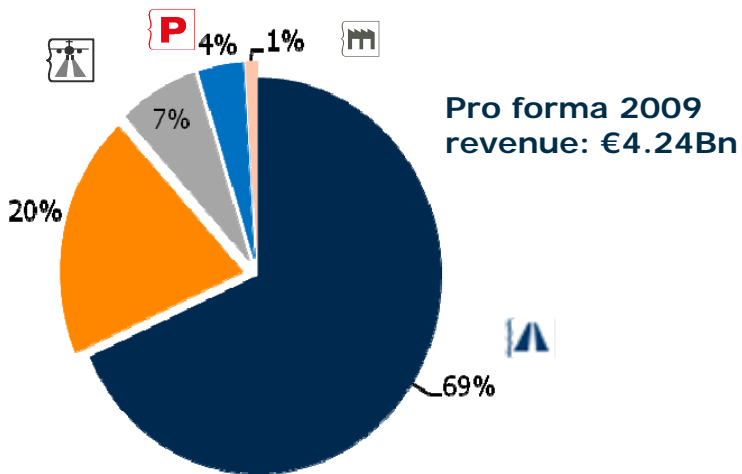
abertis group revenue

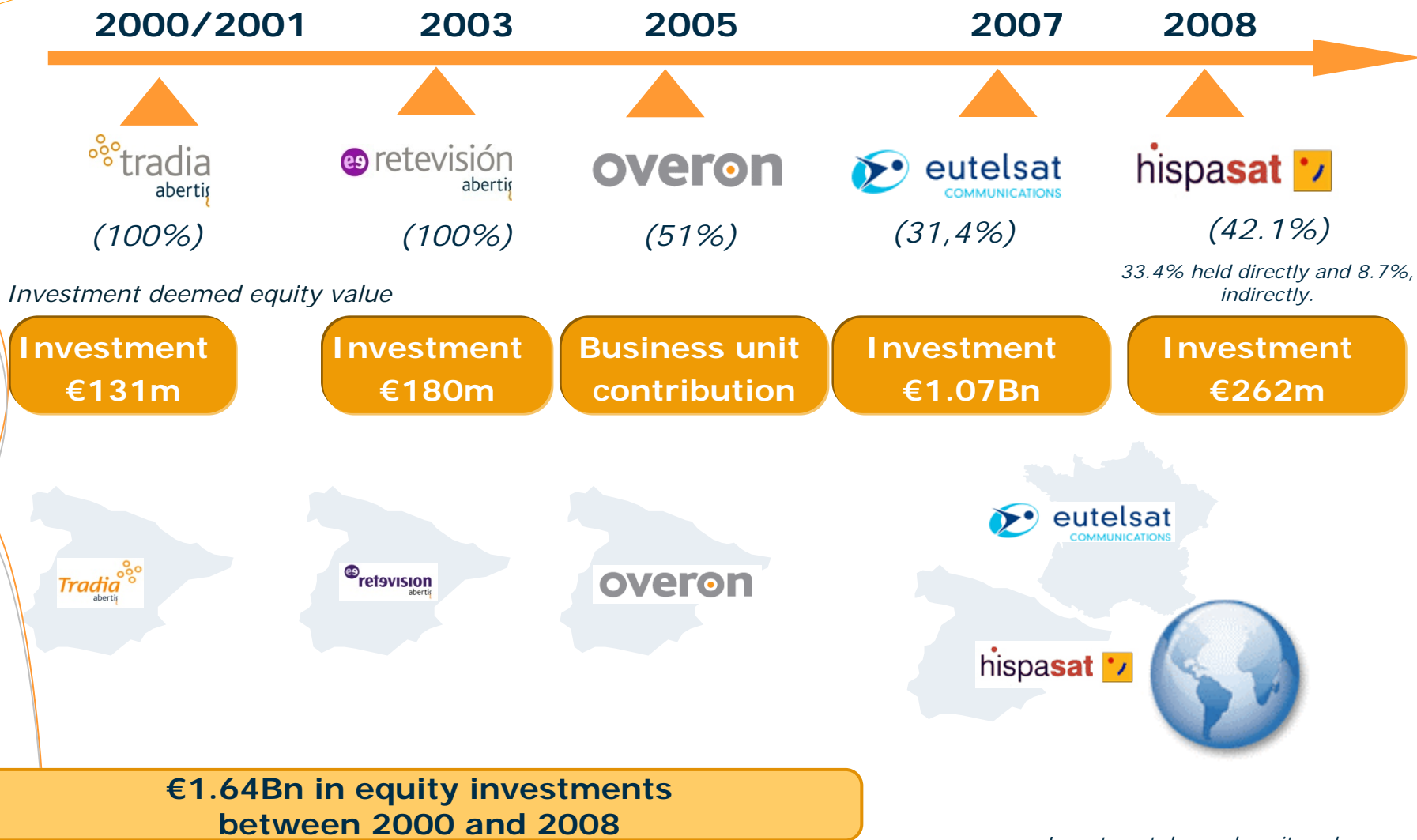
abertis group EBITDA

Year-end 2009 figures

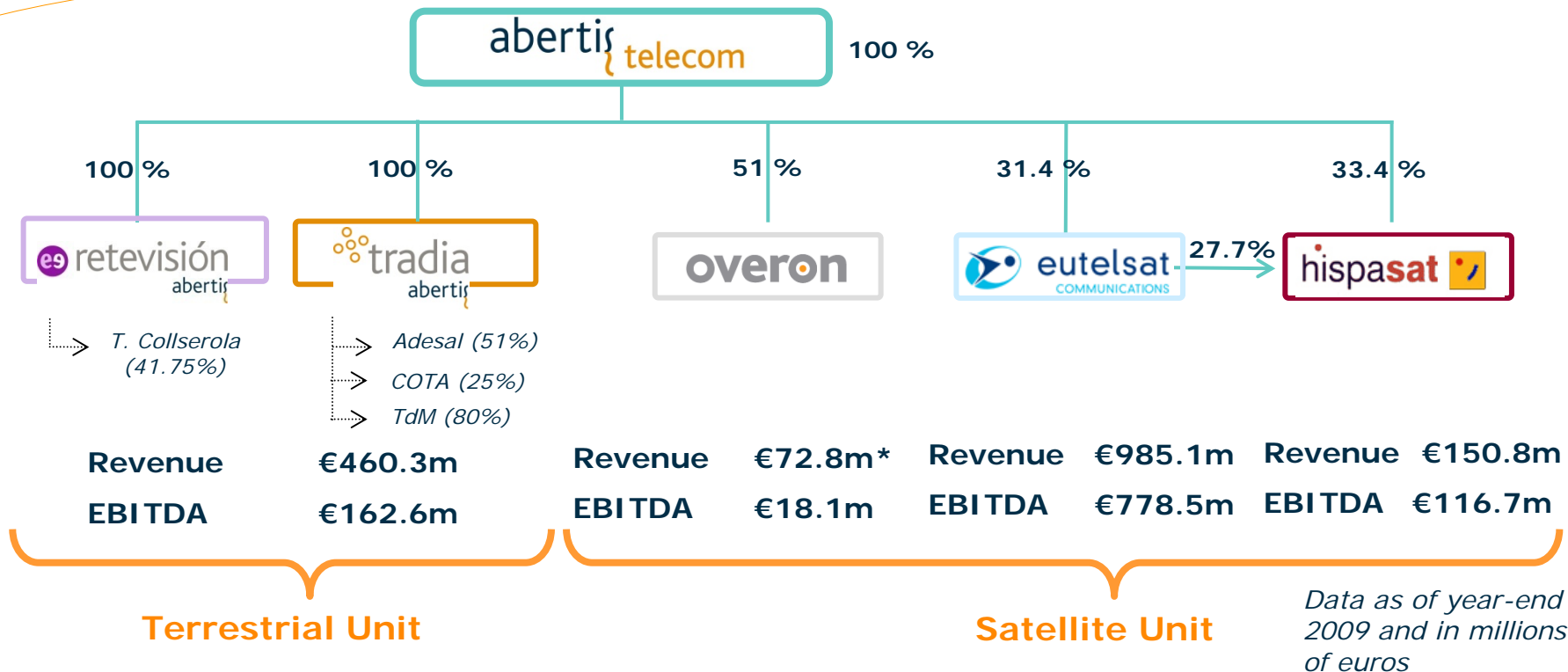


Year-end 2009 figures consolidating Eutelsat using proportionate method (31.4% stake)





33.4% held directly and 8.7%, indirectly.



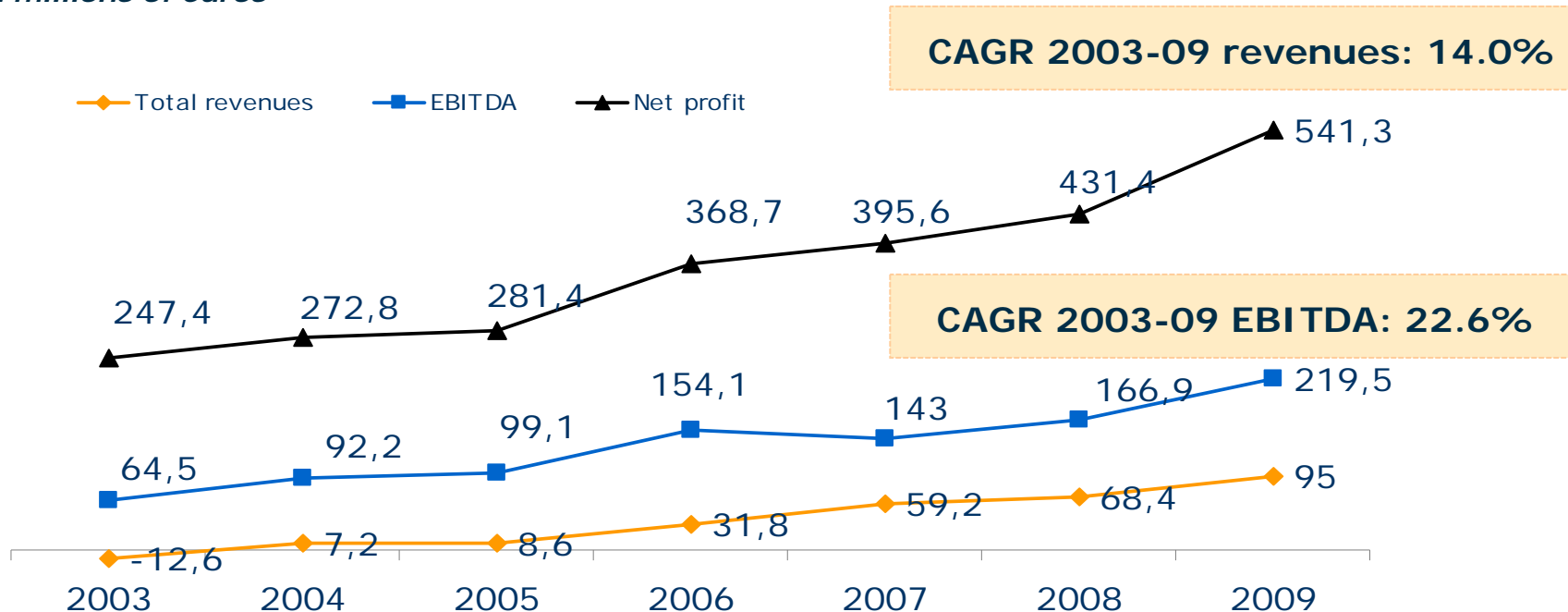
## abertis telecom's consolidated earnings performance

**YE 2009:**  
**Revenue:** €541.3m  
**EBITDA:** €219.5m  
**Headcount:** 1,368

**YE09 figures pro forma for proport. consol. of Eutelsat:**  
**Revenue:** €849.9m  
**EBITDA:** €463.2m

(\* ) From 2010, the figures presented by Overon will be included under the satellite unit

Data in millions of euros



(\*) 2003 - Aggregate of Retevisión + Tradia under old Spanish GAAP. From 2004, abertis telecom group under IFRS

(\*\*) Eutelsat consolidated using the equity method

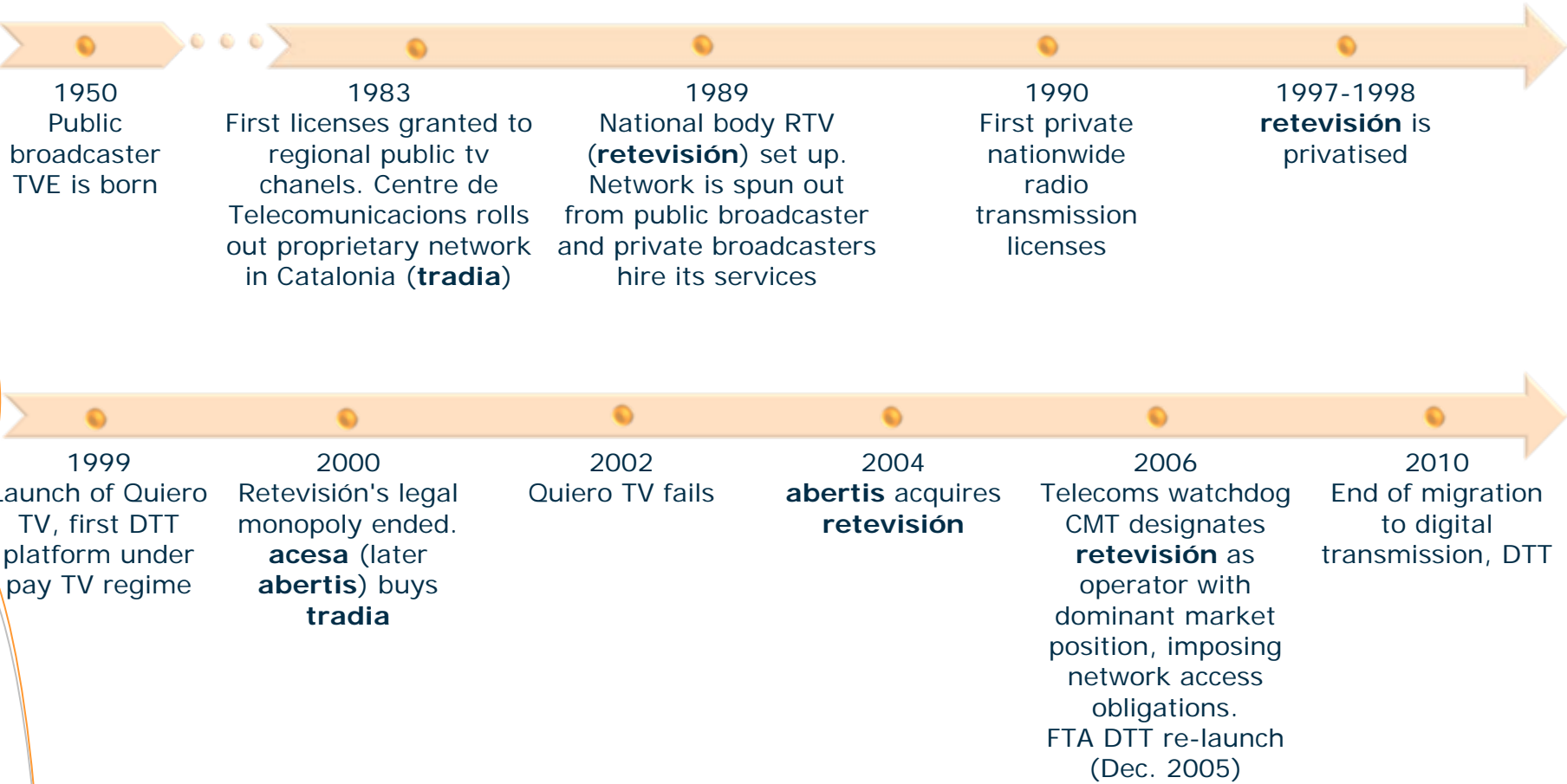
€573m M&A spend between 2000 and 2008 on retevisión+tradia+Hispasat (proportional consolidation)  
 €1.07bn investment in Eutelsat (Eutelsat consolidated using the equity method)

*Investment deemed equity value*

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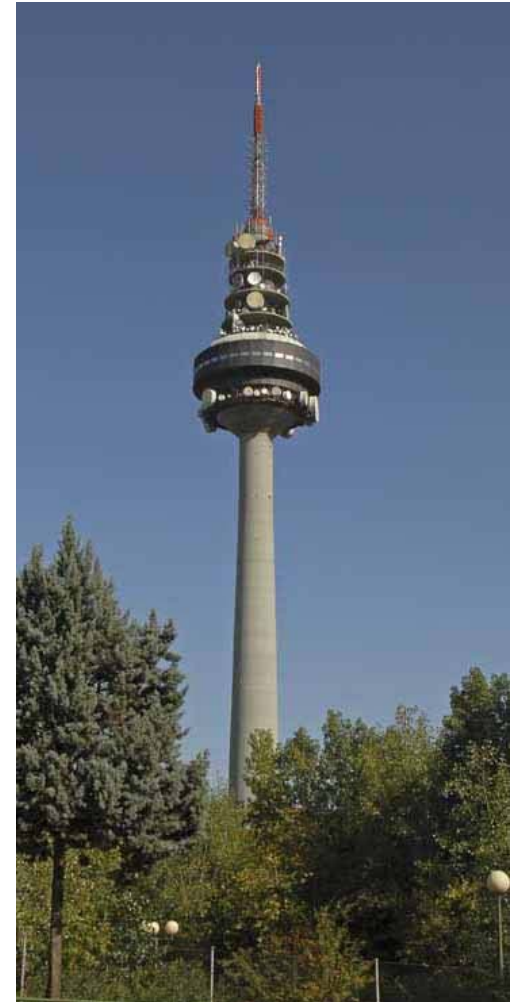




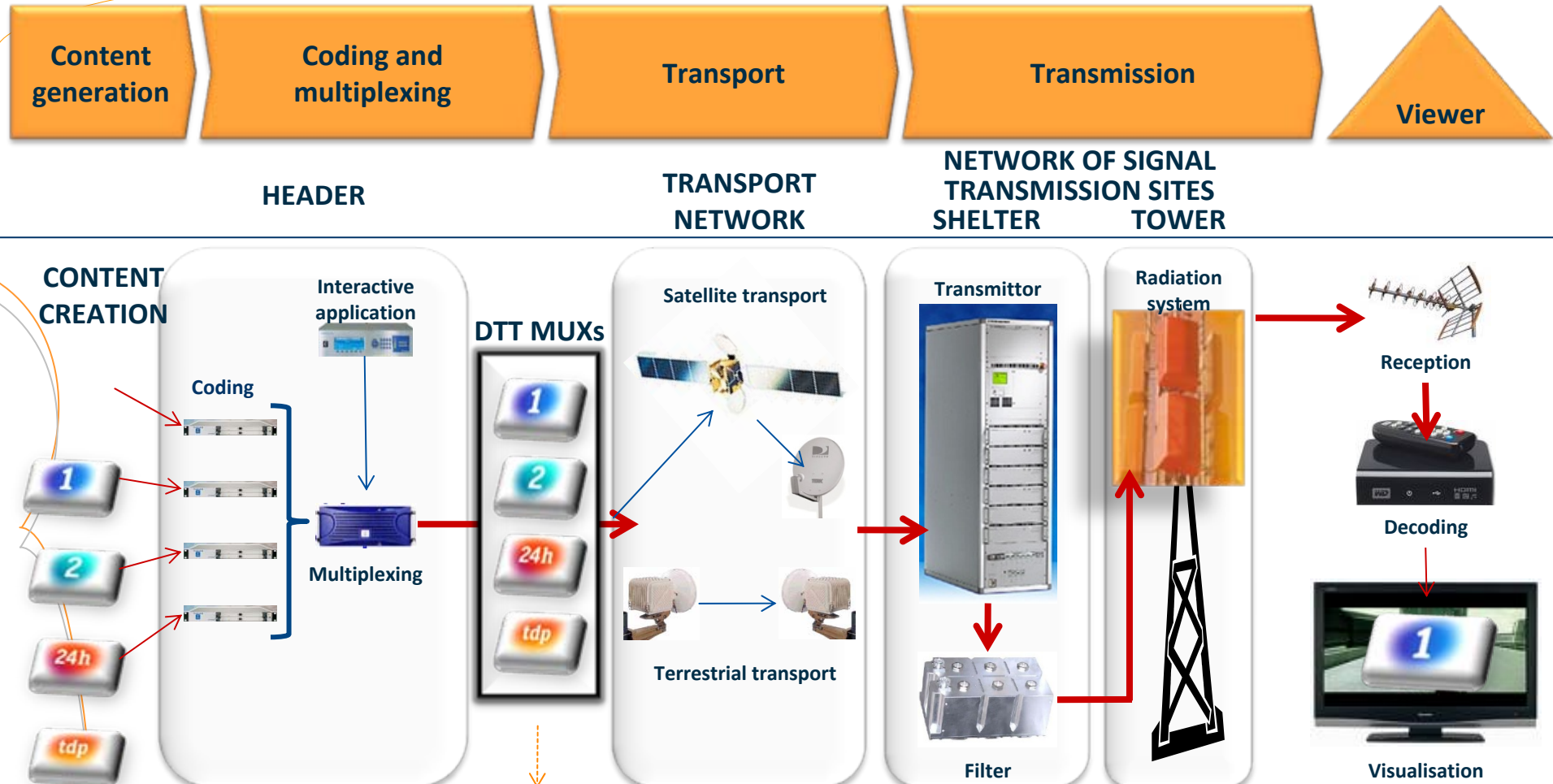
In the **audiovisual sector**, in contrast to the telecommunications sector, the **network operator business model has already been overhauled: it is no longer a vertically integrated operator but rather a neutral player**



- It is the **audiovisual market leader in Spain**
- It boasts the **largest network of sites** for the transmission and broadcast of radio and TV signals
- It offers the **latest in audiovisual services** in digital television and radio broadcasting
- It leads the rollout and management of **wireless emergency communications networks**
- It develops **special ad-hoc projects** in radio communications and control centres (merchant marine, wifi, etc)
- It provides **telecommunications services** to telephony operators

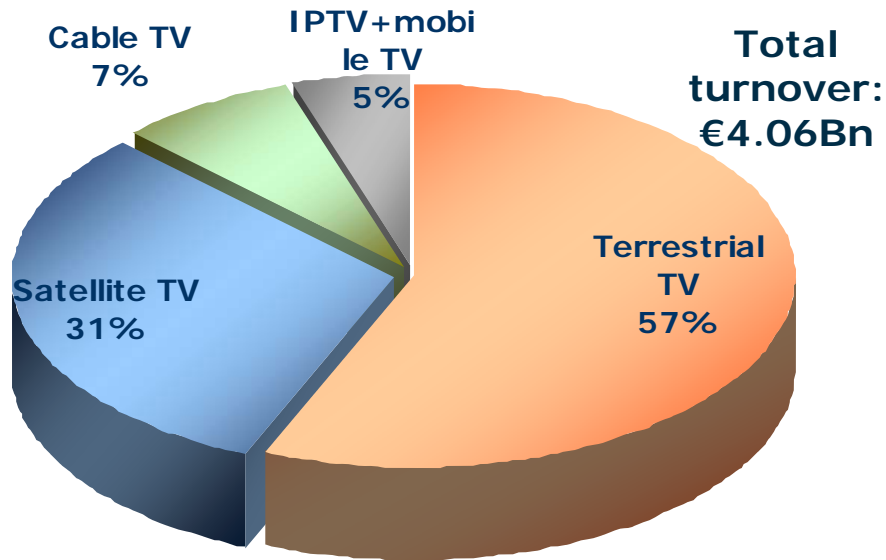


- **Business based on high-quality infrastructure and service**
- **Track record of technological excellence**
- **Stable, predictable cash flows from long-term contracts**  
(typically 5-10 years)
- **Partnership customer relationships**
- **Project returns based on IRR and contribution margins:**  
minimum IRR of 300bp over the target IRR in the toll road sector
- **Investments tied to signed contracts:** Investments committed only after securing revenue under contract
- **Prices reset annually in line with CPI**

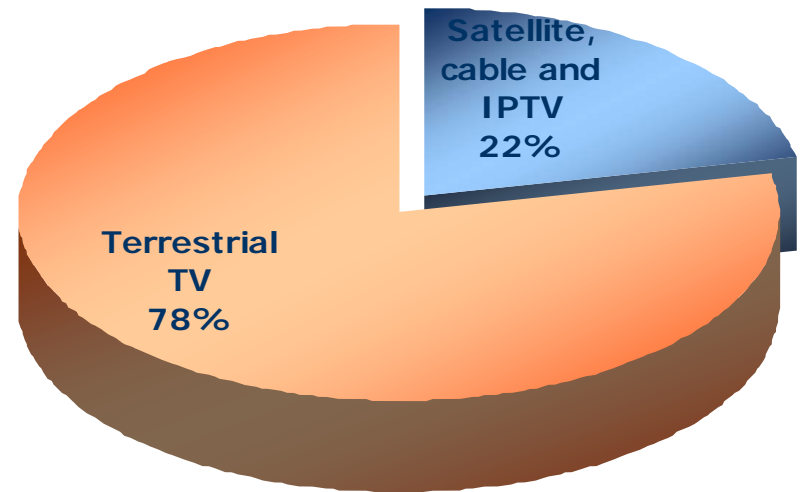


Digital multiplexers or MUXs currently aggregate four or more digital TV channels and other radio and data content.

**Breakdown of retail television market turnover\* (no grants) by technology (2009)**



**TV screen share by technology (2009)**



\* Includes revenue from advertising, share of pay TV market, PPV and other streams. Does not include grants.

Source: CMT

Source: Kantar Media

**Terrestrial television accounts for 57% of total audiovisual TV sector turnover (excluding grants) and a 78% screen share**

**Audiovisual market**

Leader in audiovisual signal transmission and broadcasting



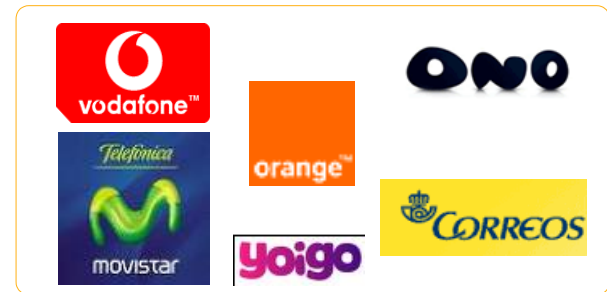
**Public authorities**

Radio communications services to safety forces and emergency services

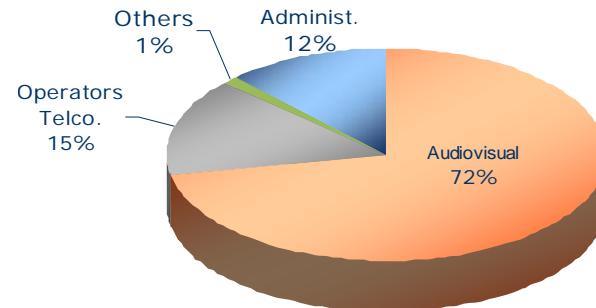


**Telecommunications operators segment**

Provision of services and infrastructure to third parties all over Spain



**Breakdown of FY09 revenue by market segment**



**Total revenue: €460m**

|  | Definition   | % revenue (2009) | Revenue drivers   | Average contract duration | Regulated service  |
|--|--|------------------|---|---------------------------|--|
| <b>Analog &amp; Digital television</b> | Transmission and broadcasting of television signal.                            | 54%              | <ul style="list-style-type: none"> <li>• Number of MUXs</li> <li>• Population coverage</li> <li>• Prices reset with CPI</li> </ul>  | + 5 years                 | Declared DMP operator**<br><br>Obligated to provide access to broadcasting centres at regulated prices |
| <b>Radio (FM)</b>                      | Transmission and broadcasting of radio signal.                                 | 5%               | <ul style="list-style-type: none"> <li>• Frequencies</li> <li>• Prices reset with CPI</li> </ul>  | Between 3 and 5 years     | No   |
| <b>Radio-communications</b>            | Communications services via radio to security and emergency service providers  | 5%               | <ul style="list-style-type: none"> <li>• Number of networks awarded to regional and local governments</li> <li>• Custom projects (e.g. merchant marine)</li> <li>• Prices reset with CPI</li> </ul> | Between 5 and 10 years    | No   |
| <b>Transport</b>                       | TV signal transmission<br>Dedicated circuits                                   | 11%              | <ul style="list-style-type: none"> <li>• No. of transport circuits and capacity contracted</li> </ul>   | Between 1 and 5 years     | No   |
| <b>Wholesalers</b>                     | Co-location at sites.<br>Telecommunications operation and maintenance services | 14%              | <ul style="list-style-type: none"> <li>• Number of co-locations and space contracted</li> <li>• Custom O&amp;M projects</li> <li>• Prices reset with CPI</li> </ul>                                 | Between 5 and 10 years    | No   |
| <b>Other services</b>                  | Rebiling<br>Engineering/<br>consultancy  | 11%*             | <ul style="list-style-type: none"> <li>• Custom projects</li> </ul>   | -                         | No   |

\* Re invoiced TV service revenue account for 10% of total FY09 revenue.

\*\*DMP: operator with dominant market position

**Satellite**

Radio & TV distribution (backup services and Canary Islands)  
Digital TV broadcasting

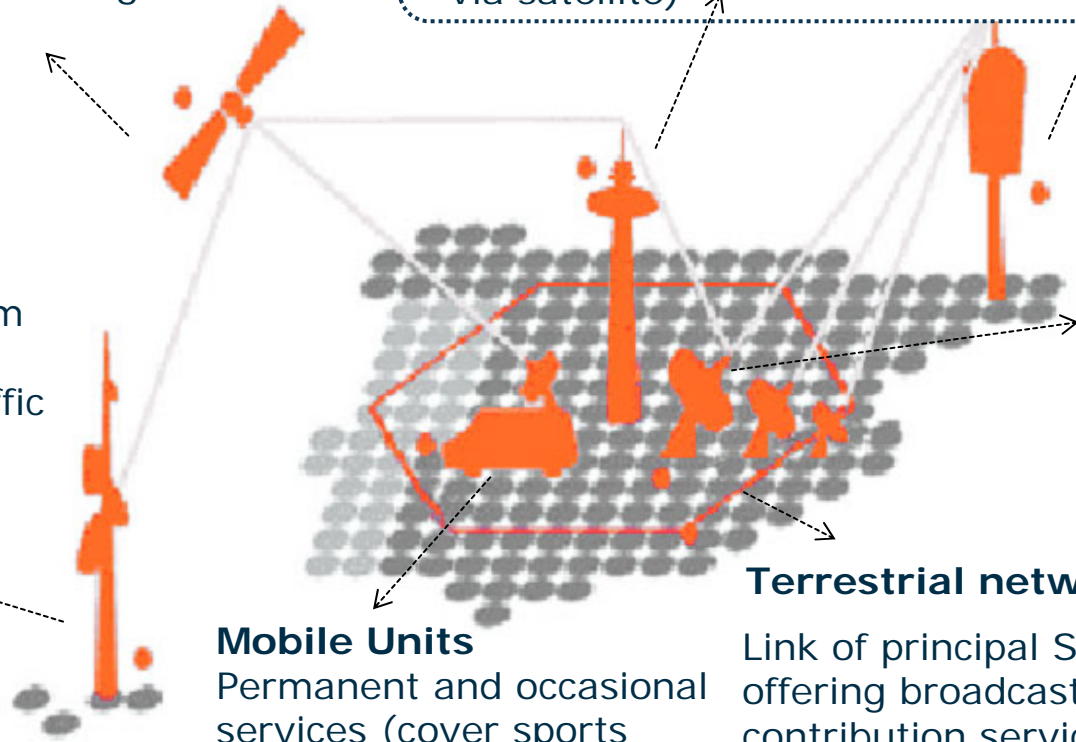
**Isleta**

Node & transmitter from where the audiovisual traffic for the Canary Islands is channeled, via satellite

**3,200 Sites**

**Torrespaña**  
Co-ordination of all resources within **abertis telecom**.  
Broadcasting node transmitter & teleport (Canary Islands reached via satellite)

**Collserola**  
Transmitter and node for Barcelona urban area



**International Arganda Teleport**

Main interface between TV-Broadcasting's terrestrial network and the satellite frame

**Terrestrial network**

Link of principal Spanish towns, offering broadcasting distribution and contribution services

**Mobile Units**

Permanent and occasional services (cover sports events, ...)

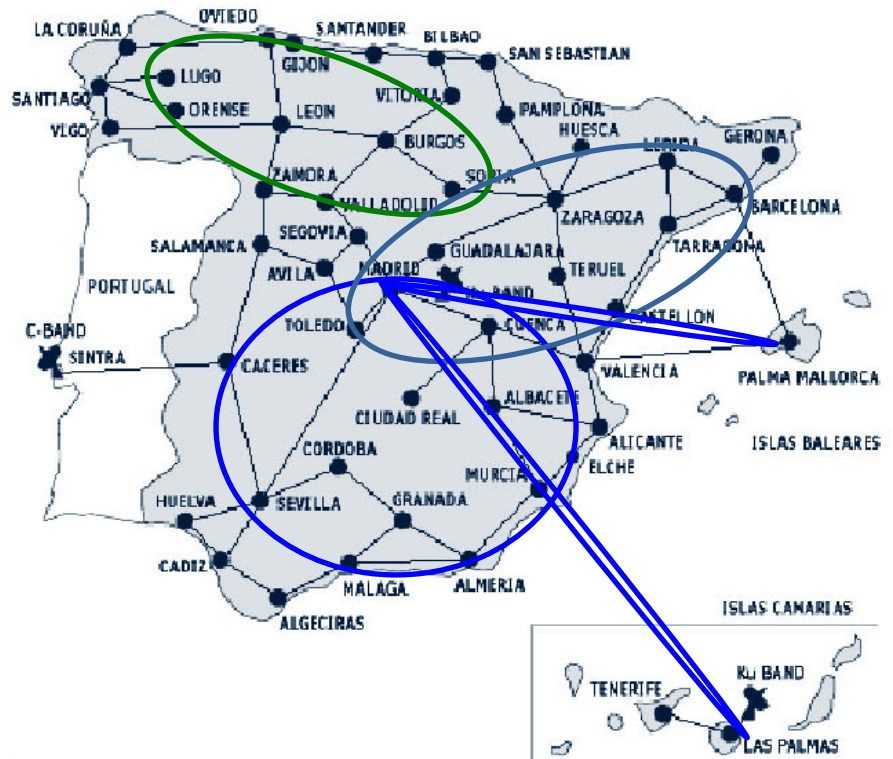
abertis telecom has over 3,200 telecommunications sites nationwide....

...and a national transport network comprising 200,000km of radio links and 50,000km of fibre optics (FO).

## Abertis Telecom sites



## Audiovisual FO distribution network



Out of an estimated network of **5,700 DTT transmission sites** in **Spain**, 52% are managed by abertis telecom (**2,939 sites**).



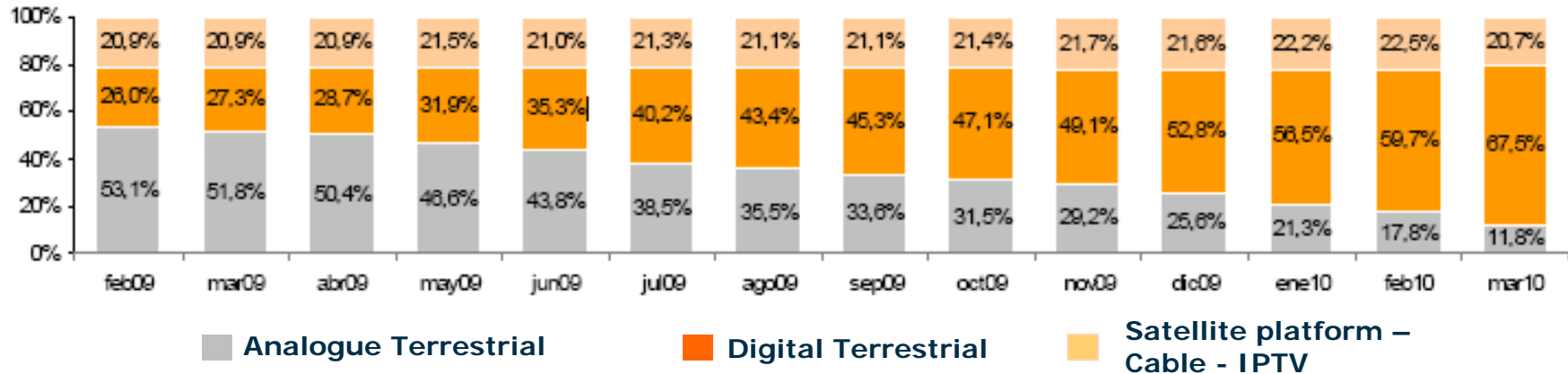
- The process of migrating from **analogue to digital technology** in terrestrial television is in process **worldwide**
- **In Europe the DTT rollout is EU-mandated**, with the deadline set for 2012
- **In Spain the migration process has had a major impact on society** as this television service is virtually universal, **affecting 46,187,000 inhabitants**
- The process has been **highly complex technically and logistically**. The rollout of a **new digital broadcasting network**, based on existing and new sites, to replace the analogue network built over the last 50 years, was staggered since 2005
- Out of an estimated **network of 5,700 DTT sites in Spain, 52% are managed by abertis telecom (2,939 sites)**. Of the centres managed by **abertis telecom, 2,200 are managed under contracts** with the public and private nationwide broadcasters. These provide **coverage of 98% of the population**; the remaining sites complement this coverage to raise the overall figure **to 98.5%**

**The analogue blackout concluded successfully this April**

Although **terrestrial TV** has been immersed in the switchover from an analogue to a digital platform over the past two years, **its market share (TV screens)** has held steady with respect to pay TV

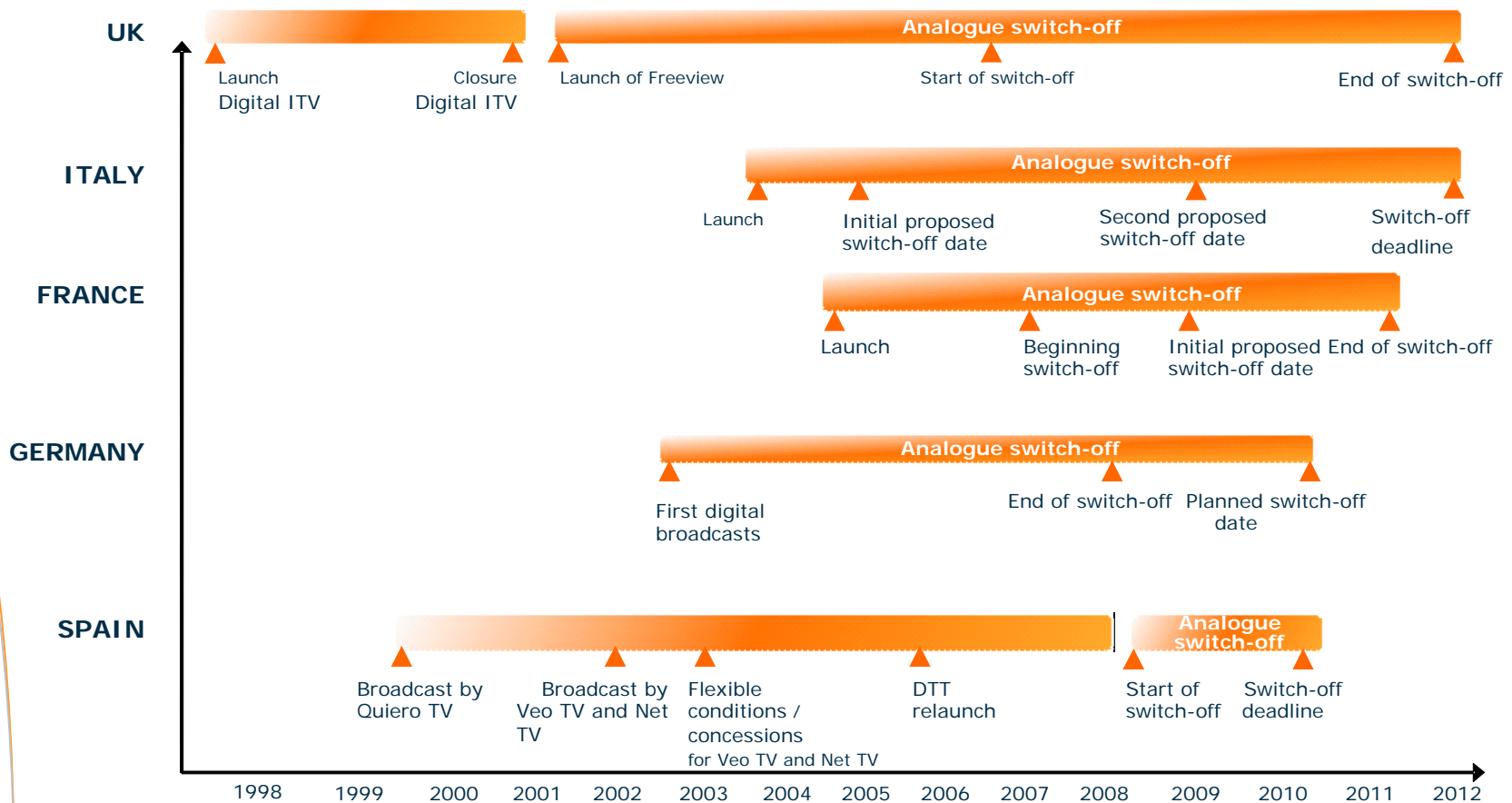
## TV screen share by format

Cuota de pantalla por medio de distribución



Source: Kantar Media

Spain is the first European nation where the analogue-digital switchover process has had major social ramifications and entailed logistical complexity. Elsewhere in Europe the switchover has concluded only in countries dominated by cable or satellite television (Luxembourg, Netherlands, Finland, Switzerland and Germany)



In Spain the public and private nationwide television broadcasters transmit over 5 digital MUXs. abertis telecom broadcasts the television signal for these 5 digital multiplexers with nationwide coverage and also for the MUXs of several regional TV broadcasters

Nationwide MUX with **public channels** with territorial disconnection



Population coverage: 98%

Nationwide MUXs including **private channels** without territorial disconnection



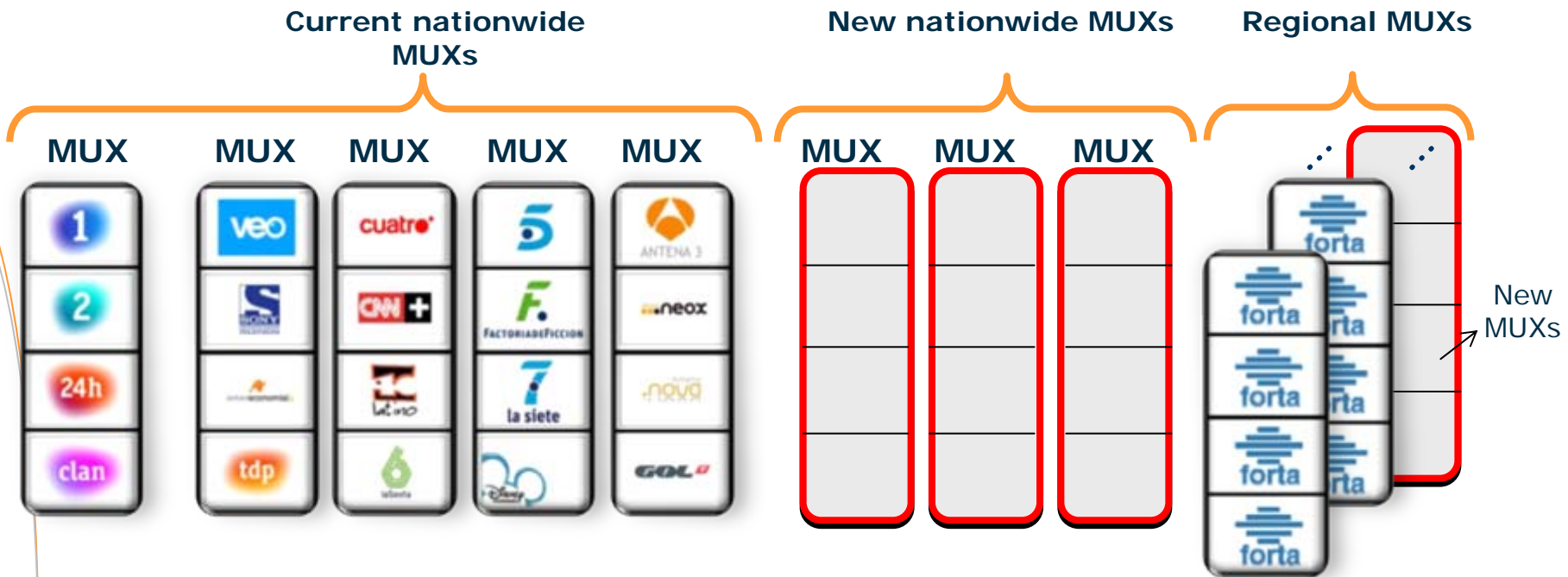
Population coverage: 96%

**Gol TV: premium DTT channel**

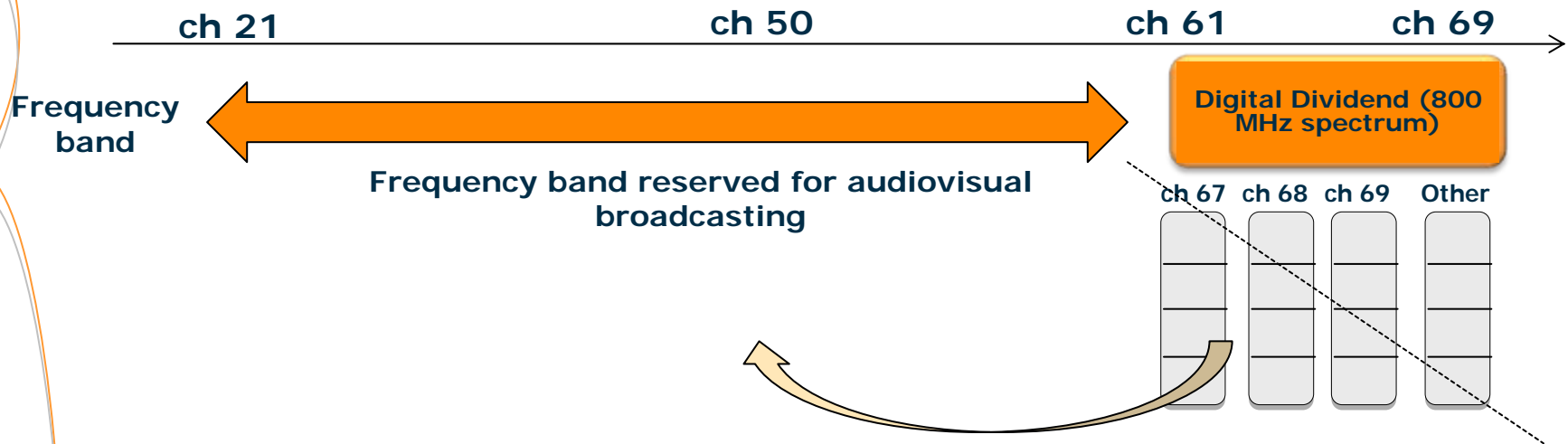
Regional MUXs



- On **3 April 2010 the Spanish government published** RD 365/2010, of 26 March 2010, regulating the allocation of new DTT multiplexers following the analogue black-out
- This legislation defines the process for creating new **DTT multiplexers: 3 nationwide MUXs in addition to today's 5, 1 additional regional MUX** in addition to that in existence and **1 MUX for wireless TV**
- The allocation of the three nationwide multiplexes is slated for mid-2010, for which the coverage requirements are estimated at 90% by 4Q10 and 95% by 1Q11



- RD 365/2010 of 26 March 2010 also stipulates the **release of channel frequency above channel 60 before 1 January 2015** to be earmarked for advanced electronic communications services (mobile operators)
- To this end the government has announced a **DTT Migration Plan** for Technical Projects and the need for **Simulcast DTT broadcasting** for as long as necessary to ensure the penetration of household antennas enabled for reception of the the new MUXs in line with existing antenna penetration



**High revenue potential for abertis telecom in 2011-2014**

Premium content



IPTV (\*)



High-definition

IP Connectivity (\*)



3D Television! (\*)

Mobile television (\*)



(\*) Services not included in Abertis Telecom's projections

## Merchant Marine Project (revenue of €42.5m during 4 years)

Contract awarded to **abertis** in July 2008. Comprises audio transmission 365d x 24h of the maritime relief channels and, in emergency situations, coordination of rescue operations with SASEMAR via the provision of communications support.

## Valencia Tetra Network (revenue of €72.0m during 10 years)

Rollout and end-to-end service for the COMDES Network (Emergency and Safety Digital Communications) for the region of Valencia through Group company ADESAL.

## Line 9 - Barcelona Metro (revenue of > €21.0m)

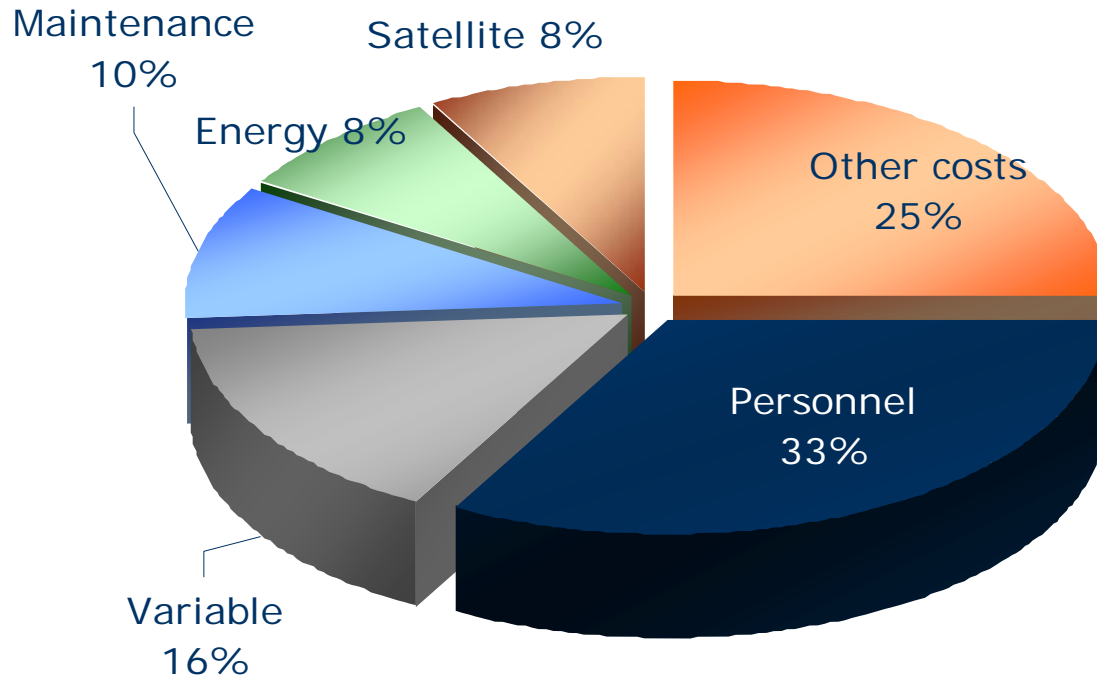
Supply and commissioning of TETRA railroad and RESCAT emergency and data transmission networks for L-9 of the Barcelona underground.

## Other projects

- **Navarra Tetra Network** (revenue of >€4.5m)
- **Wimax Malaga Network Clearwire Project** (revenue of €10.0m over 7 years)
- **WIFI Barcelona Project**
- **ICS Project**



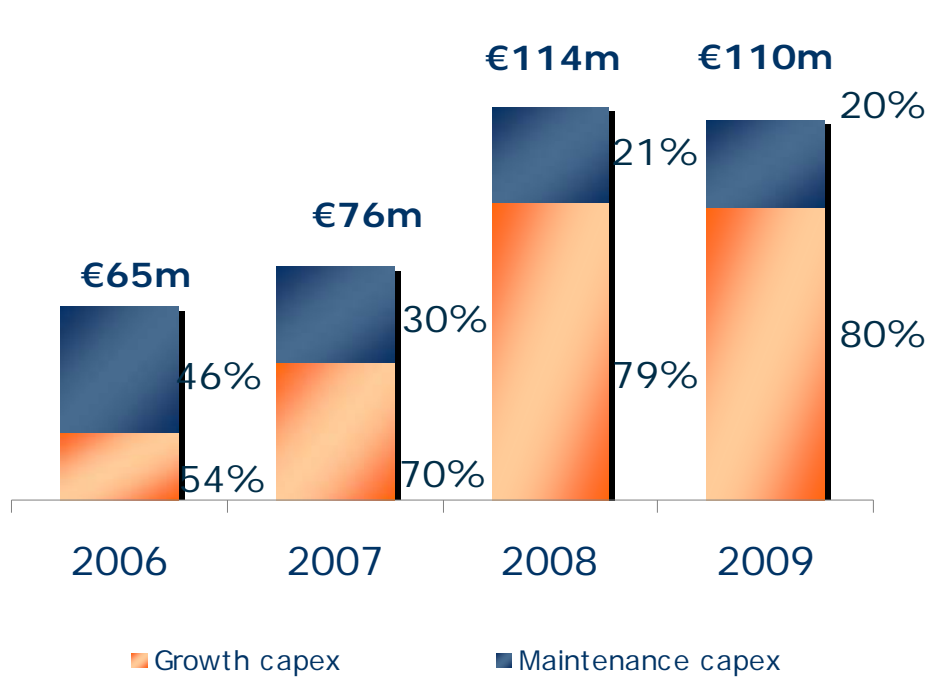




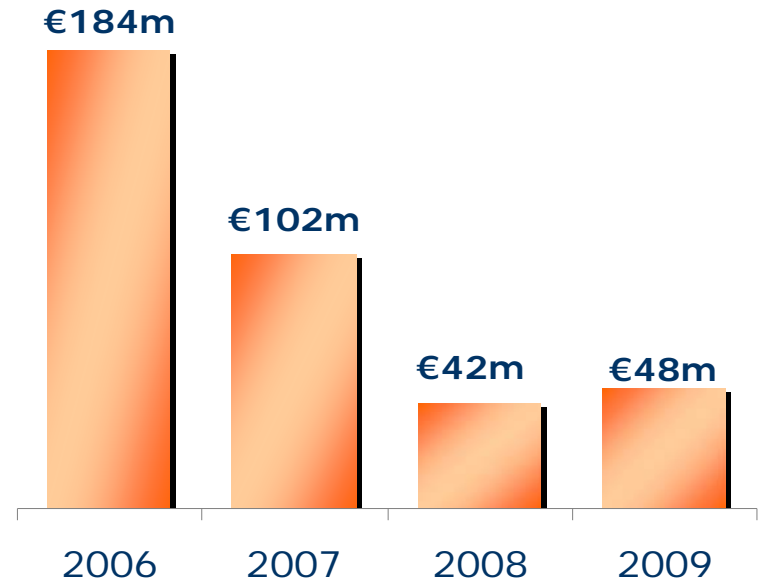
**Total expense 2009: €298m**

- Personnel costs include the costs of maintaining a headcount of 1,368
- Maintenance costs include site and network O&M expenses
- Energy costs include the power consumed at the sites
- Satellite costs: lease of satellite capacity from Hispasat
- Variable costs primarily reflect the cost of merchandise sold
- Other costs include circuit leases, site rentals, general expenses, etc.

abertis telecom terrestrial: organic capex  
(Figures in millions of euros)



abertis telecom terrestrial: net debt  
(Figures in millions of euros)



**DTT Forecast CAPEX for 2000 to 2010 is €356m, of which €268m represents the outlay in 2000-2009**

**Significant reduction in net debt between 2006 and 2009**

## Case overview

## abertis criteria

### Axion claim

- Anti-trust case number CNC 2644/05, 2748/06 regarding **alleged abuse of dominant market position** in relation to contracts arranged with **nationwide TV broadcasters for DTT transmission services**
- Sentence imposing fine of €22m
- **Administrative appeal lodged** and request for injunction against ruling. **In process**

The contract terms are neither **abusive nor do they close the market**; in addition, they were **imposed by the television broadcasters themselves** in tenders called to engage these services

### Astra claim

- Anti-trust case number CMT 1979/09 and CNC 207/09 regarding **alleged abuse of dominant market position in relation to terms of access to abertis sites**. In process

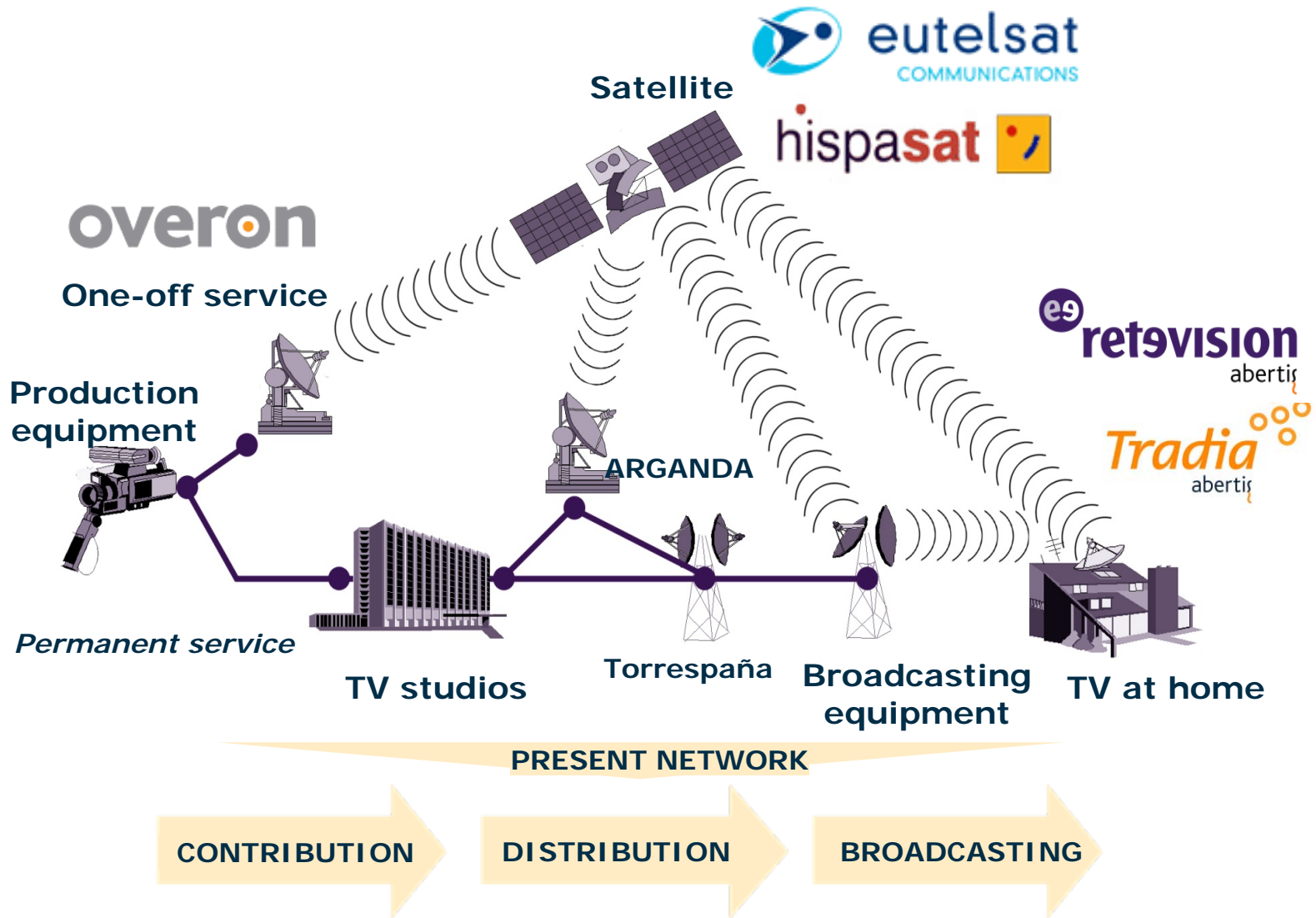
The access **terms** offered by **abertis** are those **approved by the industry watchdog (CMT)** by virtue of its condition as operator with a dominant market position, and are therefore **legal**

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# Why satellite infrastructure?



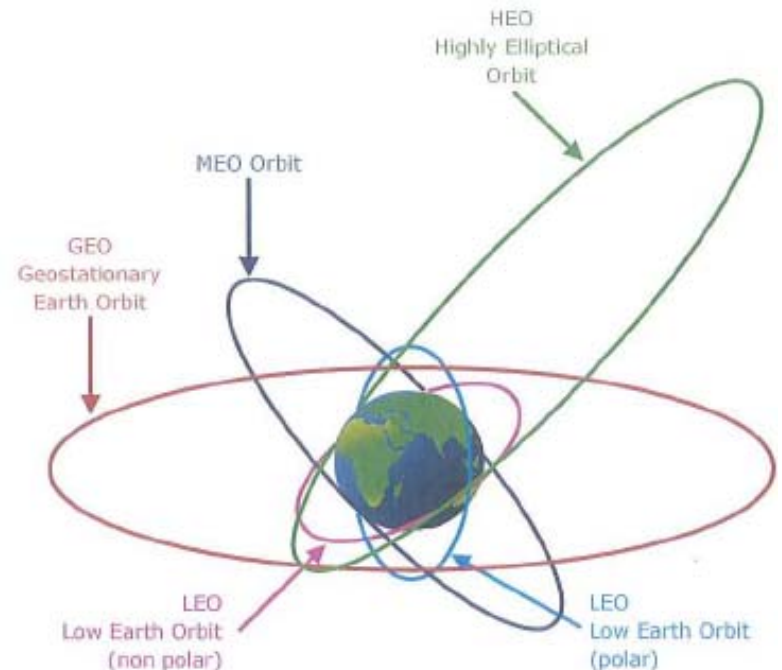
## This business fits abertis telecom's role as Infrastructure and Telecommunications Network Operator

- Capital intensive:
  - €200-300m investment per satellite
  - Long-term returns
- Strong relationship with central government:
  - International planning and regulation
  - Finite resources: orbital slots and frequencies
  - Concessions in a country by country basis
- Not HR intensive
- Complementary:
  - Audiovisual sector
  - Terrestrial infrastructure
  - Support services from abertis business lines
- High backlog. Visible cash flows
- Economies of scale in CAPEX and OPEX



A commercial satellite always moves across a fixed plane (orbital plane) which always passes over the centre of the earth:

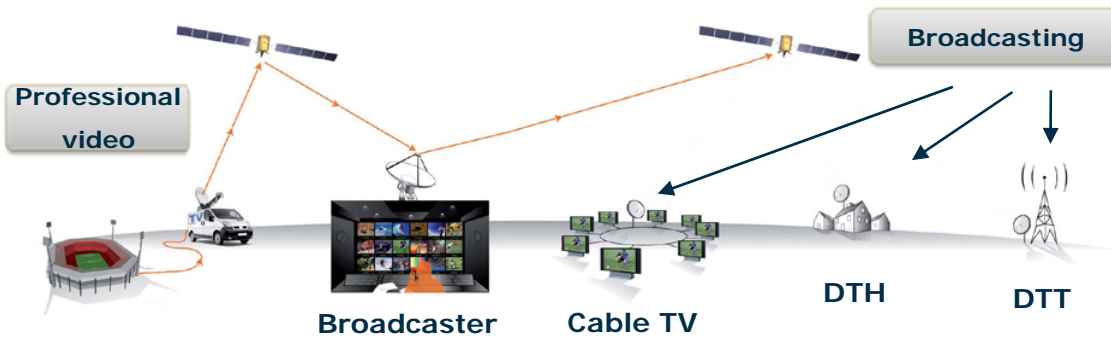
- LEO/MEO (Low Earth Orbit/Medium Earth Orbit)
- HEO (High Elliptical Orbit)
- GEO (Geostationary Earth Orbit):
  - Scant resources (collocation) + premium positions



- The ITU regulates the use of filings: frequencies available for different orbital slots
  - Mechanisms for assigning orbit / spectrum:
    - Planning (planned frequencies): Equal access for all countries / planning future use
    - Co-ordination (unplanned frequencies): "First Come – First Served"
    - International planning → Domestic concession → Operator
- Domestic concession → Operator:
  - Landing Rights (depending on service and country)
  - Up-link
- Of particular note is the public tender across Europe to operate on the S frequency:
  - Satellite S frequency to operate across Europe + associated terrestrial frequency component



• **Broadcast**



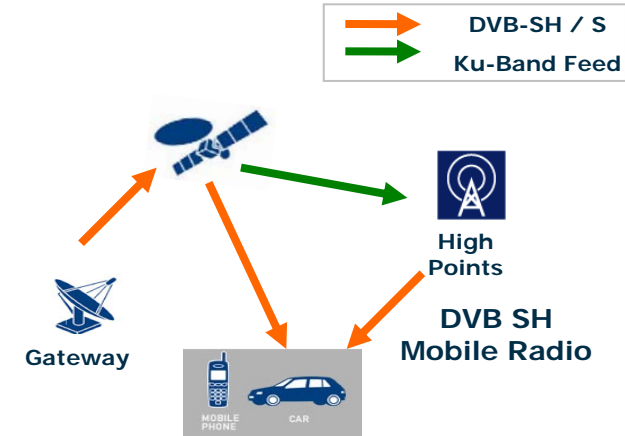
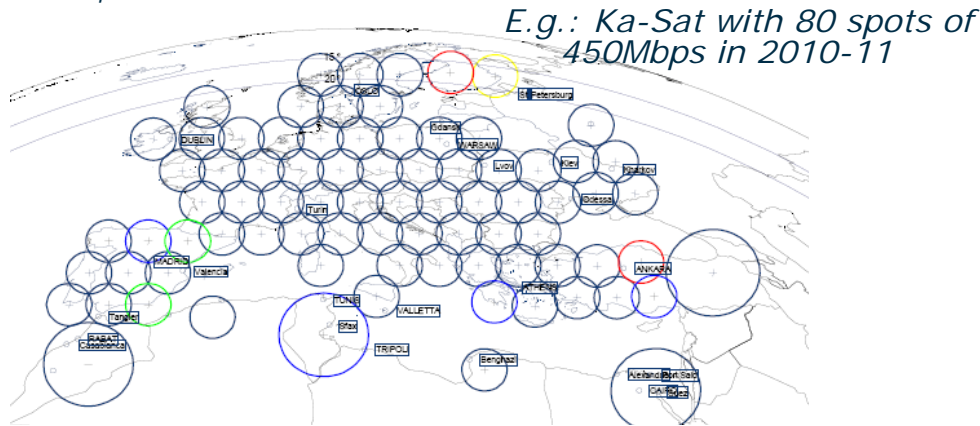
- Global coverage:
  - Technological efficiency
  - Generates live content
- Contribution, Distribution, Broadcast, DTH
- Standard, high and 3D definition

News • **Data**

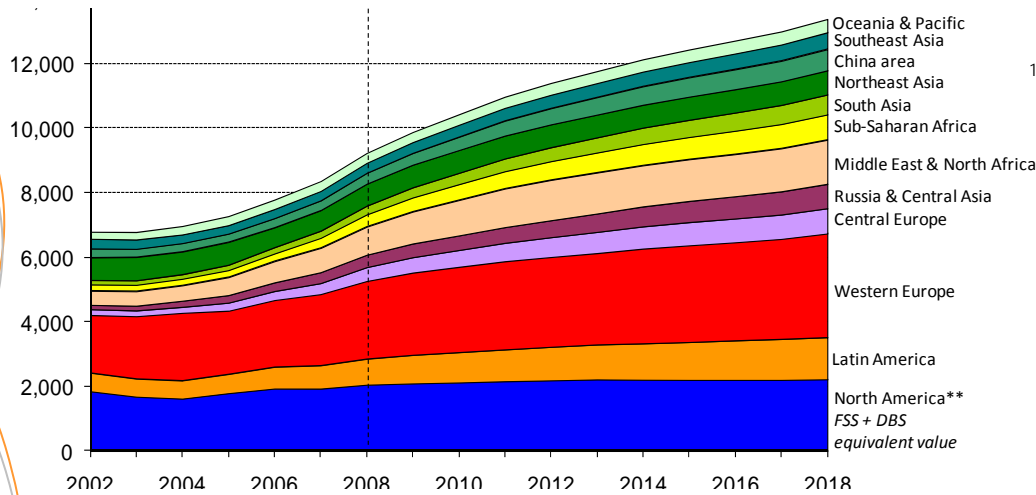
- Complementary fixed infrastructures
- Areas with poor terrestrial infrastructures
- User equipment needs to be smaller
- VPN, Broadband

• **Mobility**

- Connectivity:
  - Trains, planes, boats
  - TV and mobile radio / portable

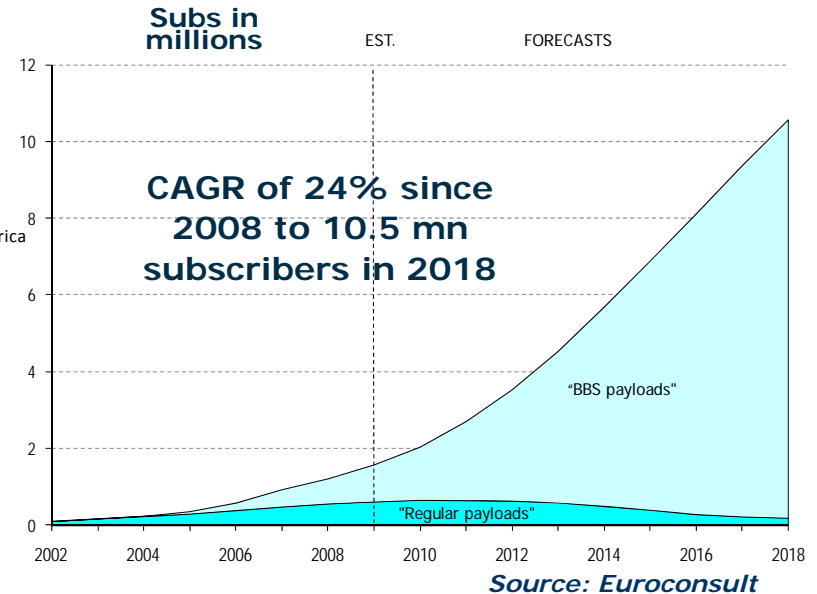


**Broadcast Services: Fixed Satellite Services**



**Growth drivers: HDTV, 3DTV, backhaul GSM and IP, commercial capacity for military use, mobility services and regional markets with high growth potential**

**Broadband Services**



**Growth drivers: subscriptions, speeds offered and efficiency of satellites**

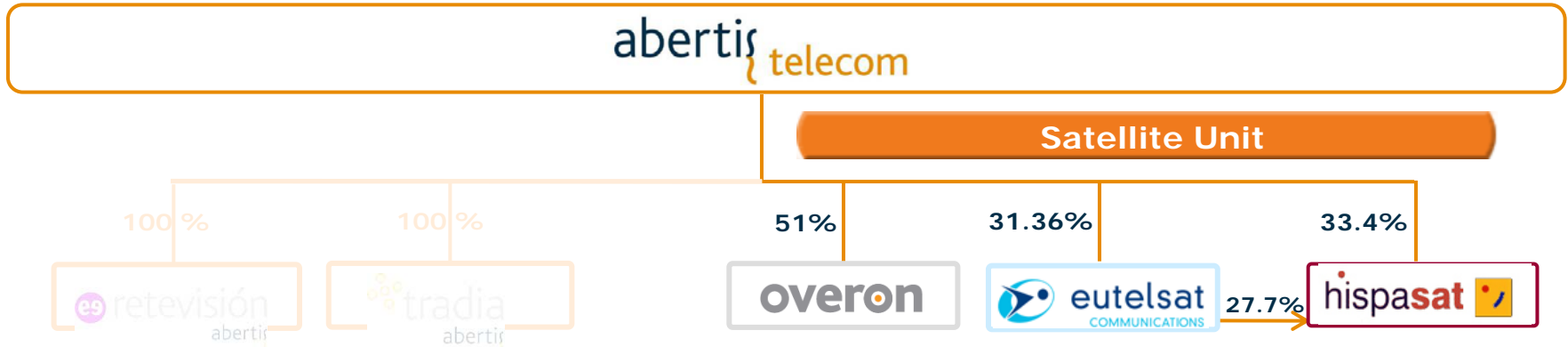
- **Competition**

- Leading FSS operators (Fixed Satellite System), by income: Intelsat, SES Global, Eutelsat
- Smaller operators are dispersed, mainly those related to central administrations

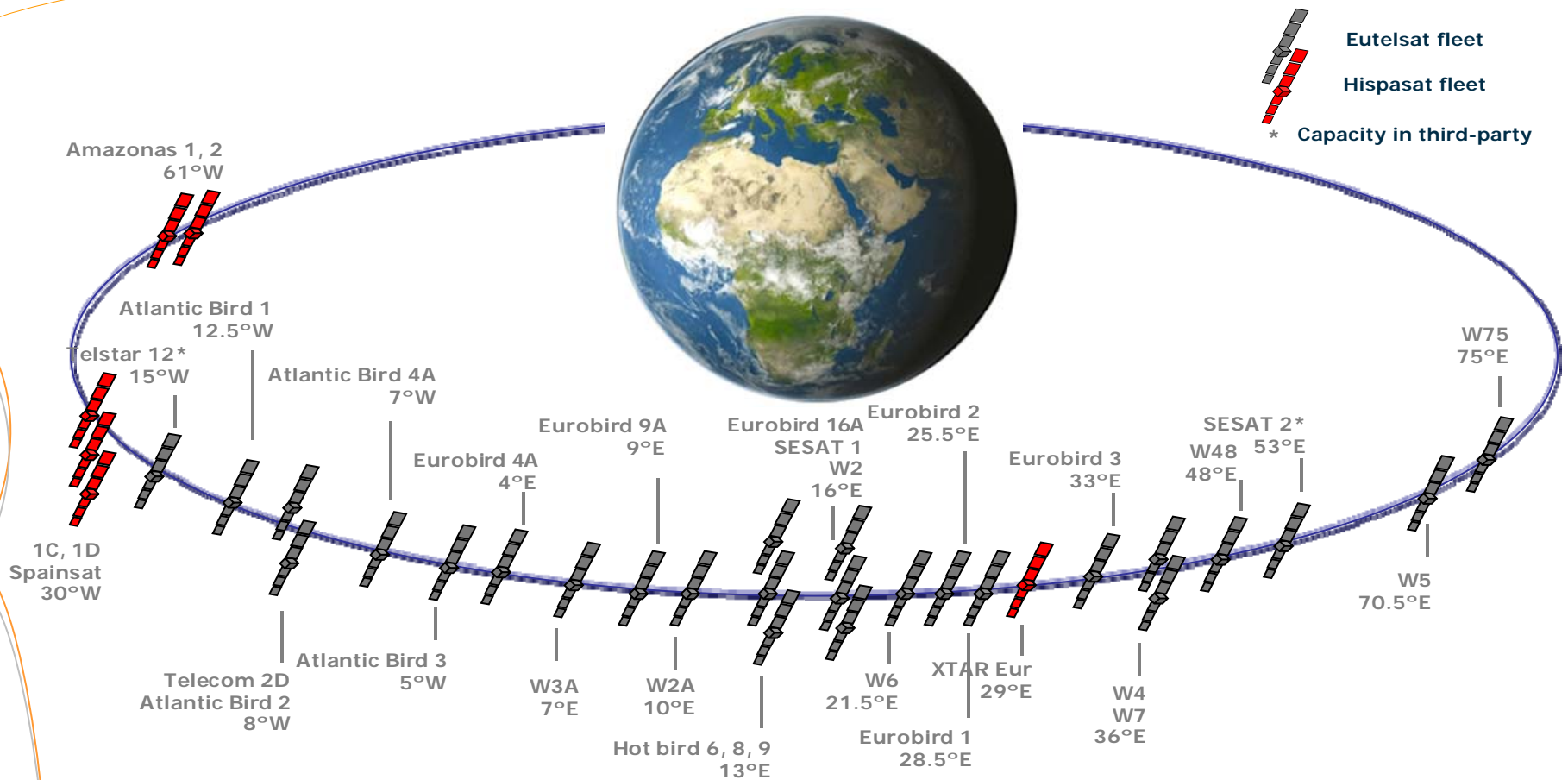
- **Suppliers** - Small number of players:

- Main launchers: Ariane, Proton, Sea Launch, ILS, Atlas, Delta, Boeing, Orbital
- Main manufacturers: Boeing, Lockheed Martin, Thales, EADS, SS/L
- Brokers: Marsh, ISB, Aon, Willis, TBA

- The **space agencies** play an important role in the satellite market (project financing, regulation): ESA (Europe), NASA (US), Rosaviakosmos (RUS), ISRO (India), ...



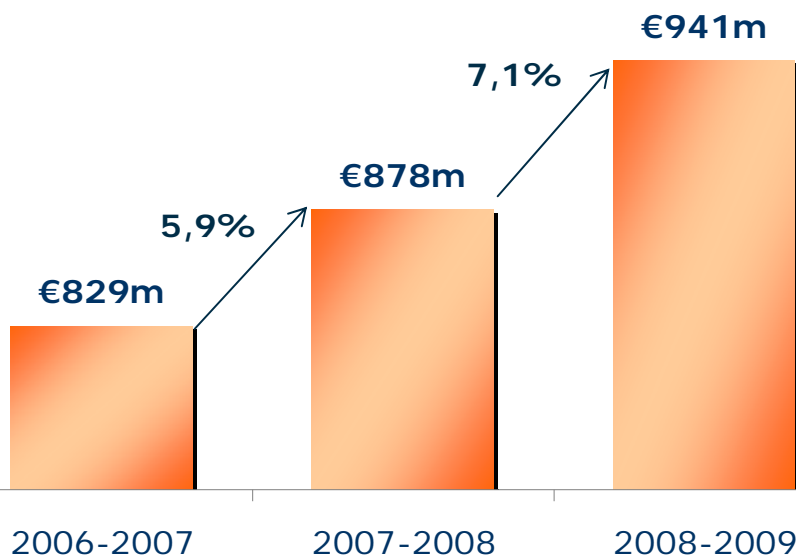
- Monitoring of investees
  - Defining strategy
  - Monitoring master plan, guidelines
- Ensure compliance with expectations of the business
- Analyse new investments
- Leverage synergies between companies and terrestrial business
- Grow in the satellite infrastructure market



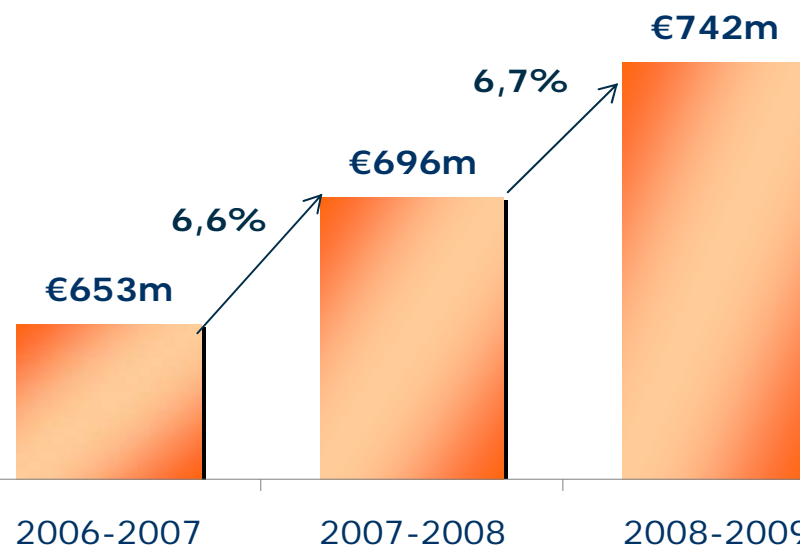
- 32 satellites in 23 orbital slots
- 5 satellites under construction for launch 2010-2011
- Present in markets in Europe, Africa, Asia and America
- Covers over 90% of world's population

Revenue (€ m)

EBITDA (€ mn)



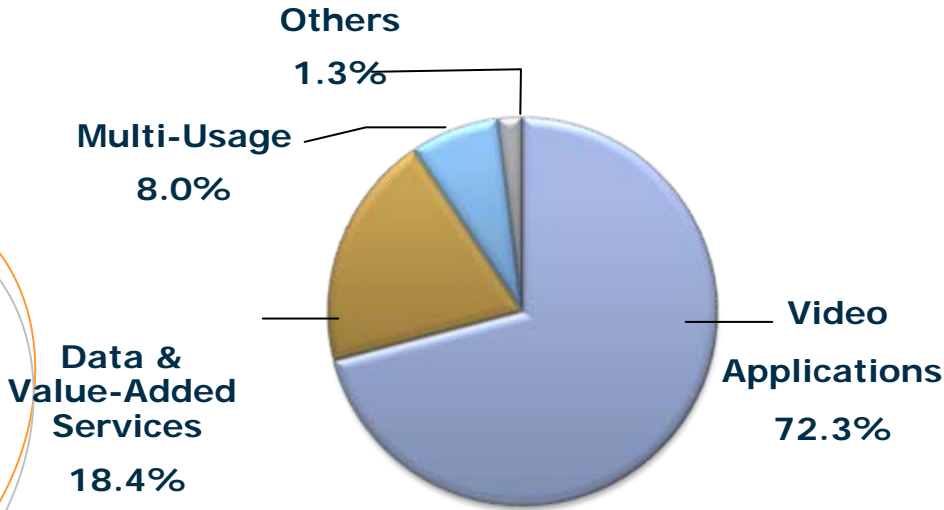
Source: Eutelsat



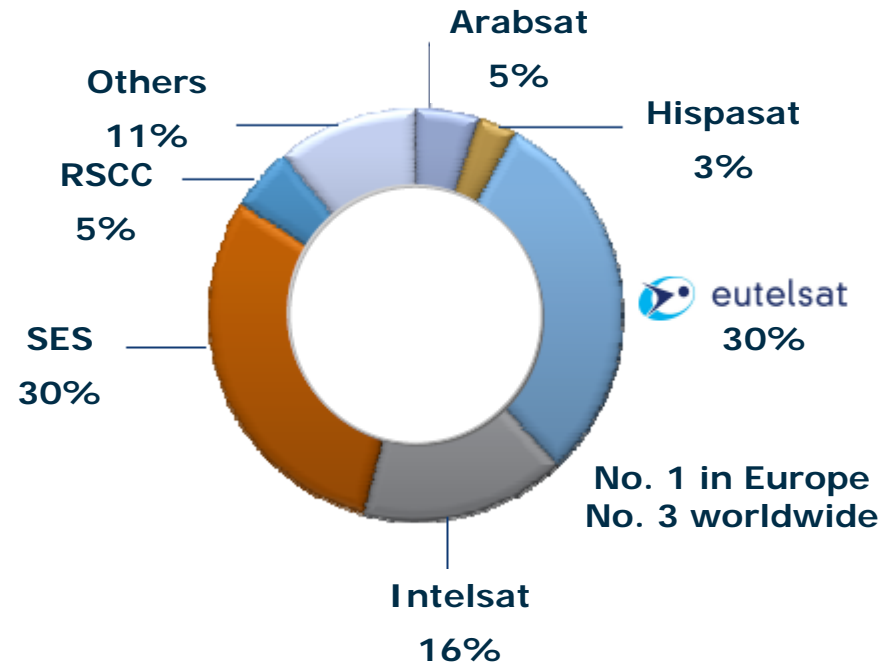
Source: Eutelsat

Note: amounts refer to Eutelsat's financial year (July-July)

Revenue by type of service (June 09)



Extended Europe market share



Figures 2008-2009

|               |         |   |
|---------------|---------|---|
| ▪ Revenue:    | €940.5m | } |
| ▪ EBITDA:     | €742.1m |   |
| ▪ Net Profit: | €247.3m |   |

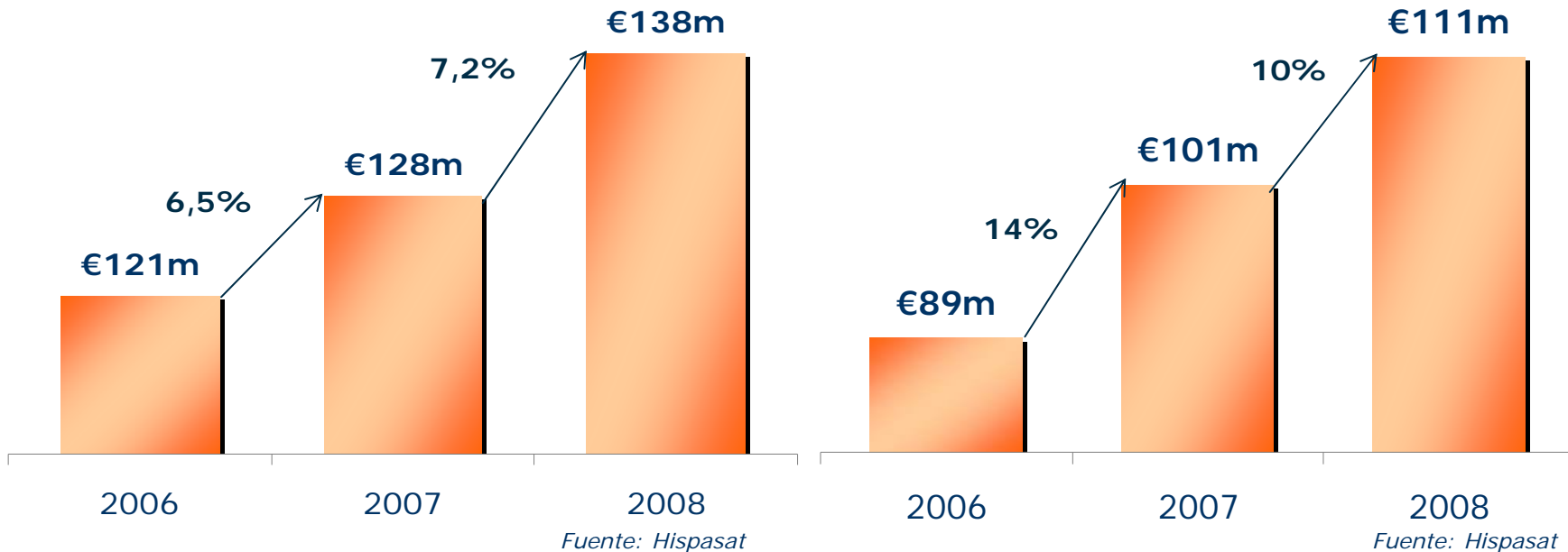
7.2% revenue and 43.6% net profit growth vs. previous financial year fiscal anterior  
EBITDA of 78.9%, leading satellite operator

Extended Europe = Western and Central Europe, Russia , Central Asia, Middle East, North Africa

Source: Eutelsat; amounts refer to Eutelsat's financial year (Jul-Jul)

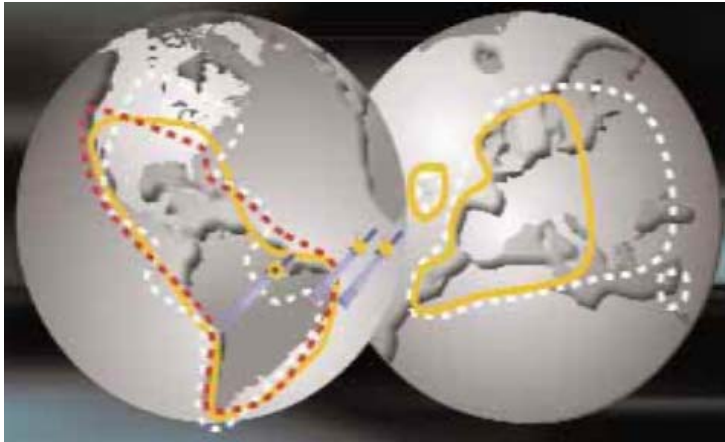
Revenue (€ mn)

EBITDA (€ mn)





- 5 satellites in 3 orbital slots:
  - 30° West: provides commercial services to Europe and Spainsat for government services
  - 61° West: provides service to American continent, specially to South America
  - 29° East: government services
- Services



— — —Ku 61°W frequency— — —Ku 30°W frequency— — —C frequency

**Main clients:**

**30° West**



**61° West**



**2009 figures**

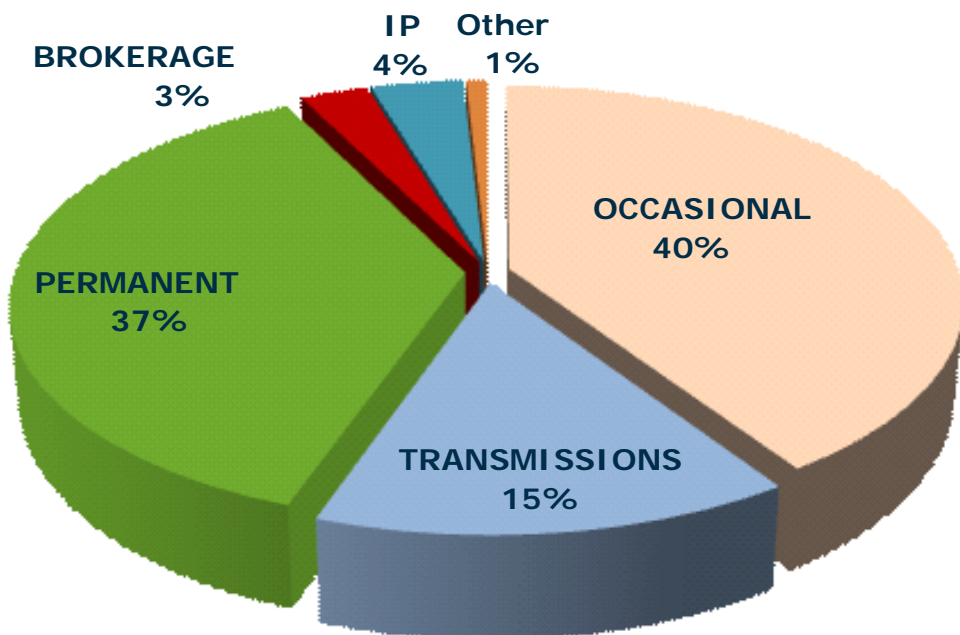
- **Revenue:** €151m
- **EBITDA:** €117m
- **Net Profit:** €71m

10% revenue and 51% net profit growth vs. previous financial year. Hispasat ranks among the top 10 companies worldwide by revenue  
 EBITDA margin of 77.4%, one of the most efficient in the sector

Source: Hispasat

Overon was set up by **abertis telecom** and Mediapro to provide audiovisual services

Revenue by services (2009)



Source: Overon

Shareholder structure



2009 figures

- Revenue: €73m
- EBITDA: €18m
- Net Profit: €9m



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3. abertis telecom satellite unit
4. **Outlook for abertis telecom group**



Increase in **non-recurring DTT revenue** for extending coverage of the 5MUXs.

**Analogue switch-off** in April (-€107m)

Start-up of the **3 new MUXs**.

Decrease in **analogue TV** (revenue Jan-April 2010; -€33m).

Start-up in 2011 of the **Hispasat 1E satellite** with 46 tpx\*.

Development of the **Digital Dividend** (release of frequency).

Growth in **Public Administrations and Operator segments**.

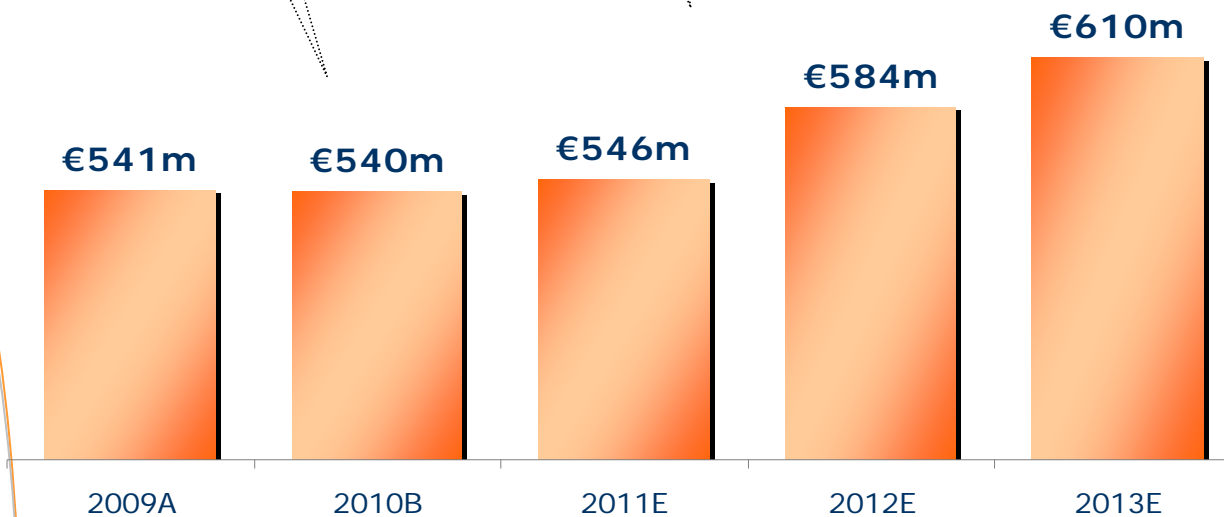
Replacement of **Amazonas-1** in conjunction with the launch of the Amazonas 3 with **64 tpx\*** at the end of 2012.

Ongoing development of the **Digital Dividend**.

Growth in **Public Administrations and Operator segments**.

Start-up in 2013 of the **Hispasat 2A satellite** (AG-1) with 20 tpx\*.

Replacement of the **Hispasat 1C and Hispasat 1D** satellites with the single **Hispasat 1F** satellite with 58 tpx\* marketable and 7 tpx\* of reserve capacity.



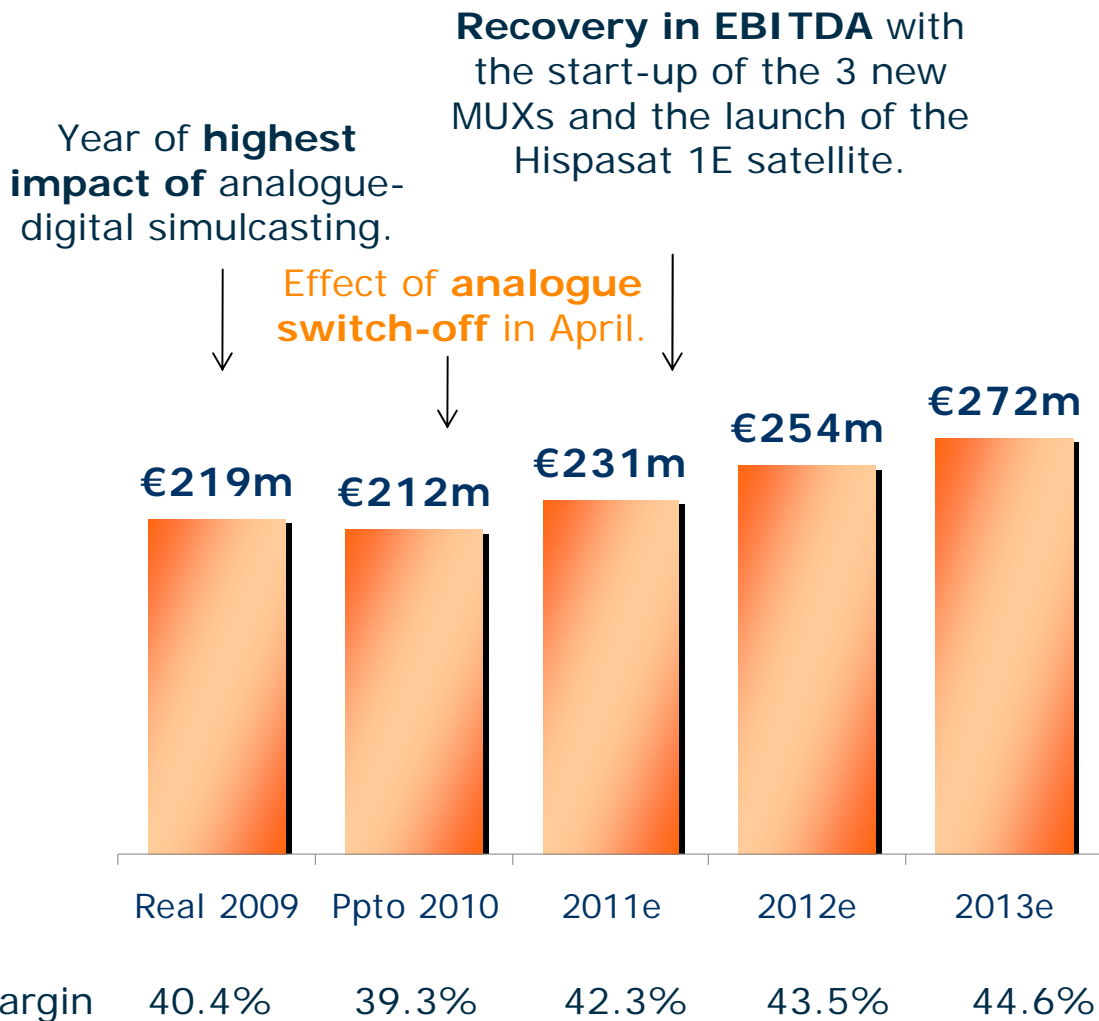
**CAGR 2010-13: +4.1%**

NOTE= the CPI assumptions used are 1.5% in 2011, 1.75% in 2012 and 2% in 2013.

*Figures in millions of euros*

*\*tpx: transponders*

Note: The revenue projections do not contemplate **Eutelsat** which is consolidated using the equity method



**CAGR 2010-13: +8.6%**

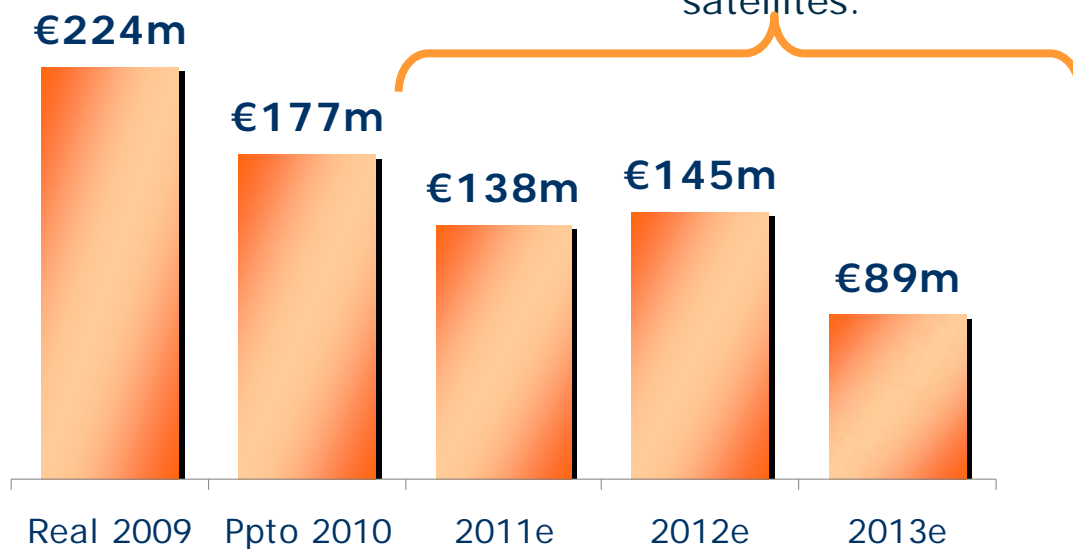
NOTE= the CPI assumptions used are 1.5% in 2011, 1.75% in 2012 and 2% in 2013.

*Figures in millions of euros*

Note: The EBITDA projections do not contemplate **Eutelsat** which is consolidated using the equity method.

Capex scaling down due to completion of development of DTT MUXs.

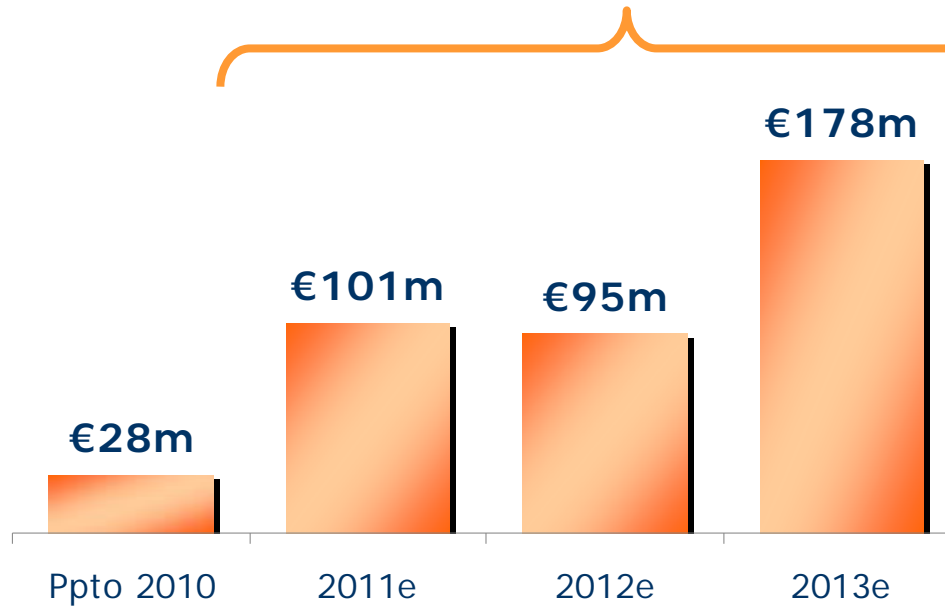
Development of Amazonas 1, Hispasat 1F and Hispasat 2A satellites.



*Figures in millions of euros*

Note: The capex projections do not contemplate **Eutelsat** which is consolidated using the equity method

**Significant growth in FCF** due to the downtrend in maintenance capex and growth in the dividend received from Eutelsat.



*Figures in millions of euros*

- **Successful M&A track record**
- **Diversified investment portfolio** bringing exposure to fast growing sectors and scope for operating synergies
- Infrastructure risk profile coupled with **attractive returns**
- **High free cash flow**
- Growth opportunities not included in the projections:
  - In the **audiovisual business** due to the shift towards:
    - **pay TV** (premium DTT) - new channels
    - **High definition (HD) TV**, the major qualitative leap afforded by DTT, enabling it to be a competitive platform
    - The **internet DTT and mobile DTT platforms** which will be necessary complementary outlets for broadcasting DTT content
    - **3D TV** slated for mass launch for household televisions in 2012
  - As an **operator of infrastructure shared** with other operators
  - As an **infrastructure provider** to support growing bandwidth requirements **in NGNs, fixed and mobile**