



# Screen Service

## First Half 2008 Results Presentation

Conference Call 3<sup>rd</sup> June 2008 at 15h00



InnovAction



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# Presenter

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## **Giovanni Saleri, Vice Chairman & CEO**

He met Carlo Bombelli (Chairman of Screen Service Broadcasting Technologies "SSBT") in 1981, with whom he started a cooperation in the installation and maintenance of broadcasting facilities.

In 1986, he became the Technical Manager of the broadcasting studios of Telemarket. In 1988, along with other partners, he founded Albatros Film & Video, a film/broadcasting company, of which he became Technical Manager.

Since 1996, he is Vice Chairman and CEO of SSBT, formerly Screen Service Italia ("SSI"). Over the past years, in addition to administrative, strategic and financial tasks and to the relations with banks, he has also carried out a well-focused marketing activity by concentrating on public and private tenders.

He acts as Director at MB International Telecom Labs "MBITL", Screen Service America "SSA", Screen Service Systems "SSS" and Screenlogix.



*Section I*  
Company Overview

# From IPO till date

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## IPO

- **11-Jun-2007:** first day of listing on the Milan Stock Exchange "Expandi Market".

## 2007

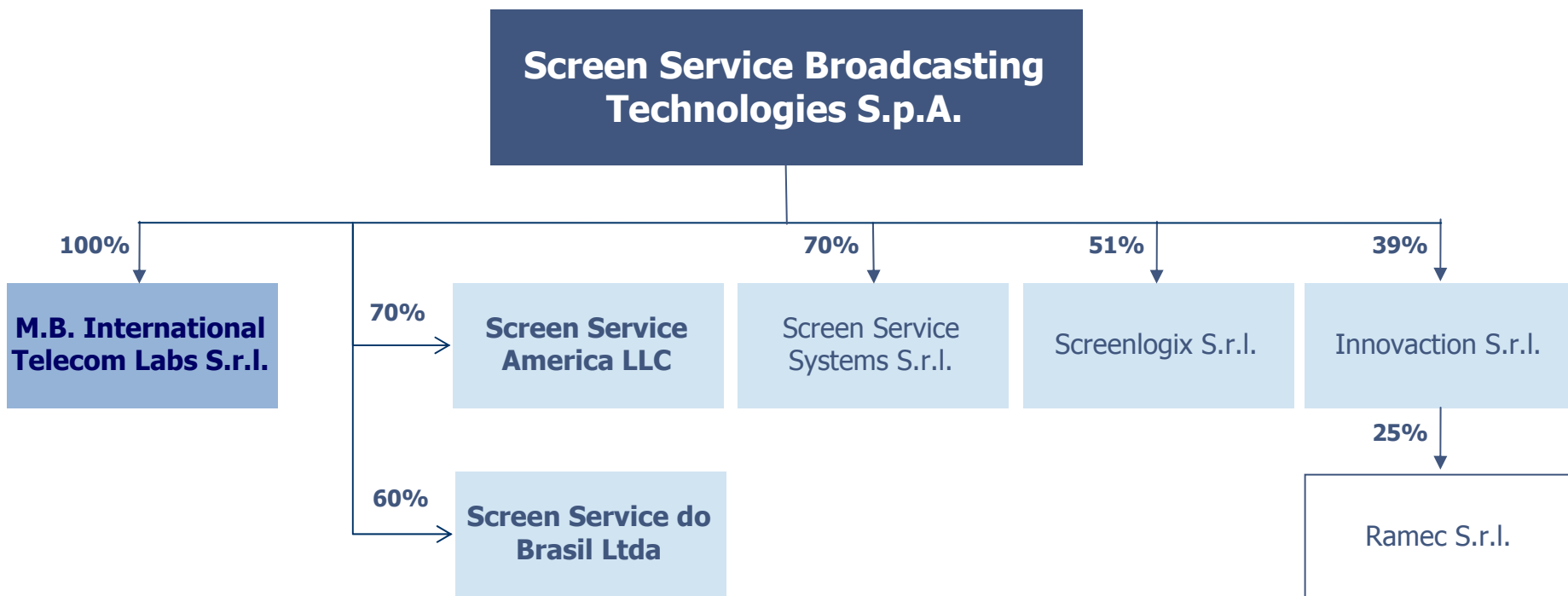
- **Jun-2007:** **MBITL** signs **agreement** with **Xilinx** (NASDAQ – XLNX) as R&D partner for the development of several protocols in order to allow IPTV (Internet Protocol Television) to function on Xilinx's Platform.
- **Jun-2007:** **Screenlogix** is established and is expected to be involved in the development of a new generation of Hi-speed SuperComputers for number crunching, virtual servers and computer graphics.
- **Sep-2007:** at the IBC Convention, **MBITL** and **Xilinx** demonstrate a showcase new reference design for **Multichannel Video-Over-IP and IPTV**.
- **Oct-2007:** SSBT **acquires order** from an important System Integrator for the supply of innovative transmitters for the broadcasting of digital terrestrial TV and mobile TV, manufactured according to the Software Defined Transmitter (SWDT) technology. The order has a value comprised between **11 and 16 million Euro** during the next three years.
- **Oct-2007:** **MBITL** signs agreement with **Analog Devices** (S&P 500) to develop software on embedded/digital signal processing family named "Blackfin", by utilizing the concept of "Software Defined Radio" of which MBITL is a pioneer.

## 2008

- **Jan-2008:** **first order from Nokia Siemens Networks** to provide two high power (10 kW) DVB-H transmission stations in Indonesia.
- At the end of **January 2008**, **Screen Service do Brasil** (SSB) is incorporated and is already in a position to deliver the ISDB-T standard (also used in Japan) that has been adopted in Brazil for the digital transmission.
- **Mar-2008:** **record contract signed with RRD and Profit Group worth 14,5 million Euro** (duration of 30 months w.e.f. 1-Apr-2008) for the supply of DVB-T equipment necessary to complete and define the digitalization process of the interregional broadcasters controlled by Profit Group.
- **Mar-2008:** financial loan of **8 million Euro granted to Profit Group** (expired date 17-Mar-2011) which entitles SSBT to be the privileged supplier (first call-last refusal) of equipment necessary to the construction of the **Wi-Max network** of the following Italian Regions: Liguria, Toscana and the Province of Trento.
- **Mar-2008:** a **call option** has been **granted by Profit Group** for the purchase of **30% of share capital of RRD**, leader in the supply of large scale solution by using DVB-H technology. The call option can be exercised within March 2011 at a price of 7 million Euro.

# Current Group's Structure

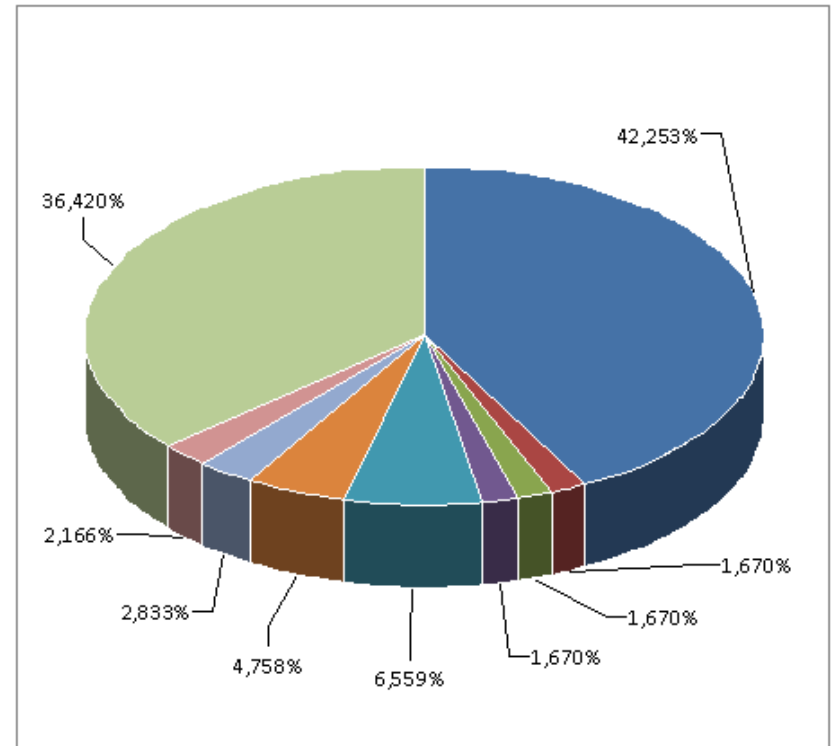
- Screen Service is controlled by Screen Group S.p.A. (42.253%) which is a holding company controlled by two private equity funds: Cape Natixis Private Equity Fund (53%), Fondamenta SSGI (5.3%) and the company's management (41.7%).
- Group structure is focused on R&D and commercial marketing activities



# Company's Shareholders



As of 30-May-2008 the Company has purchased n. 1,612,074 shares, which represent 1.164% of the Share Capital.



*Situation as of 30-May-2008*

# Comprehensive Product Portfolio

## All customer needs met via comprehensive product portfolio

### Digital Equipment



**DVB-T  
ATSC  
MPEG-2  
ISDB-T**

- Full range of Digital Video Broadcasting products
- European market top-player
- Top-tier R&D development
- Innovative products and solutions



**DVB-H  
MediaFlo**

- First-to-market in Italy
- Well established track record in low power digital equipment (gap fillers with echo cancelling or regeneration)

### Analogue Equipment



**PAL  
SECAM  
NTSC**

- Full range of Analogue Video Broadcasting
- Foothold in key analogue markets (South-America, Eastern Europe, North-Africa)

### Microwave Links



**QPSK  
QAM  
COFDM  
Analogue**

- Full range of Analogue and Digital Microwave Links
- Fixed and Mobile Radiolinks
- Up to 24 GHz

### Other



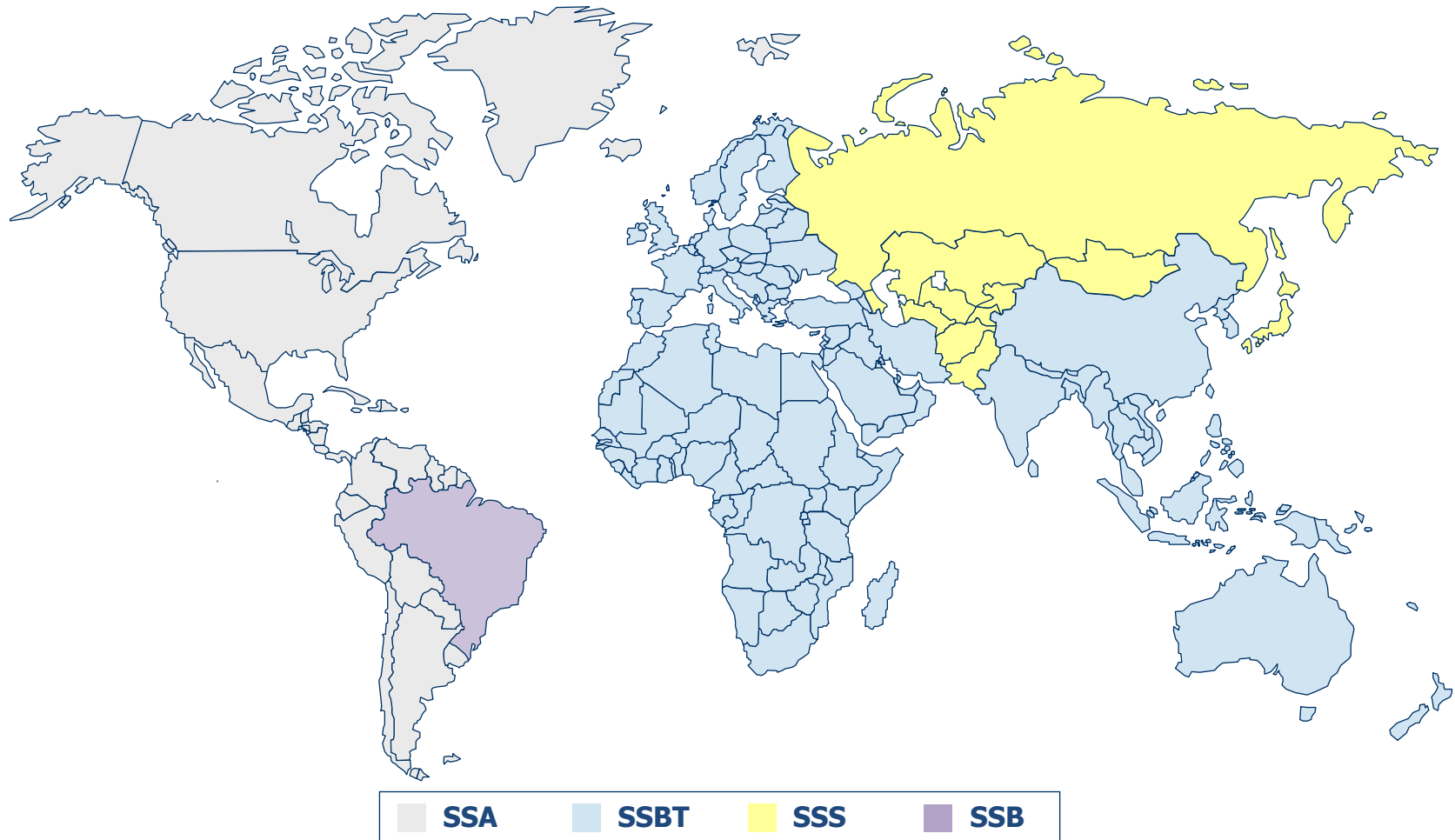
**Spare parts  
Services  
Other Equipment**

- Other Equipment: remote control, synchronization, etc.
- Spare part supply
- Support in public contract offers, feasibility studies, network development planning, System Integration services
- Training courses



# Sales & Customers – Broadening the Direct Presence

- The sale and after sales channels employed to reach customers vary according to product destination
  - **Italian customers** are managed directly by Screen Service's senior management
  - **Non-Italian customers** are managed by a network of 48 local distributors, typically systems integrators

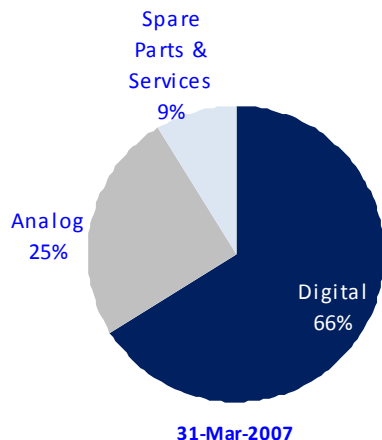
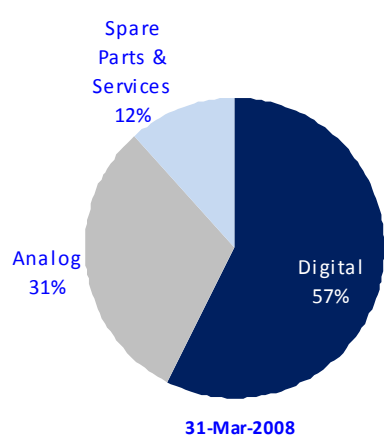


# Sales & Customers – Highlights

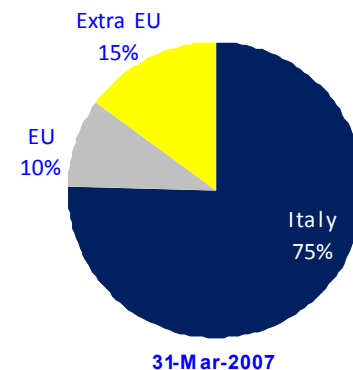
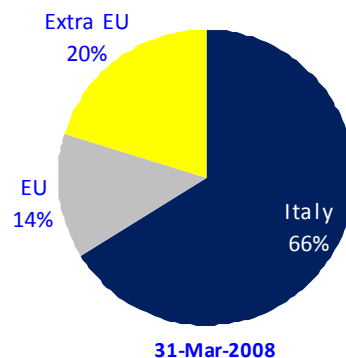
## Customers

- Screen Service's main analogue and digital TV equipment **customers** are: National TV broadcasting networks, OEMs (Original Equipment Manufacturers), System integrators, Local TV broadcasters
- **Customer concentration:** top customers vary from year to year due to investment cycles and network operators investments

## Sales by product



## Sales by country



\* Spare parts & services include third party equipment re-sold to customers

\*\* Italian sales include several system integrators: final country destination of SSBT products may vary according to the operator's activity

# Sales & Customers – Partnership Approach

## Long-term agreements

### Arqiva

Screen Service has been selected as preferred partner for its digital transmission equipment requirements as part of the Digital Switch Over project. Screen Service has already started initial equipment supply to Arqiva.

### Irte RRD

Supply agreement for DVB-H gap-filler equipment

### Nokia-Siemens Networks\*

Screen Service has recently been identified as one of the three DVB-H “preferred partners” by Nokia-Siemens Networks. In January 2008, two high power (10kW) transmitters with water cooling were ordered, which will be installed to cover the Jakarta area.

### Analog Device

R&D contract to develop special algorithms for the automotive and consumer markets, Screen Service is entitled to receive royalties from the distribution of this technology.

### Important Public Broadcaster

Three years frame agreement for the supply of analogue and digital Dual Mode transmitters and transposers.

### National Interregional Broadcaster

Two and a half year frame contract for the supply of DVB-T equipment with Profit Group SpA

\* Nokia-Siemens Networks started operations on 1<sup>st</sup> April 2007



Las Vegas  
Amsterdam  
Dubai  
Istanbul  
Sao Paulo  
Singapore  
Miami  
Washington  
Stockholm  
Beijing  
Melbourne  
Jakarta  
Moscow

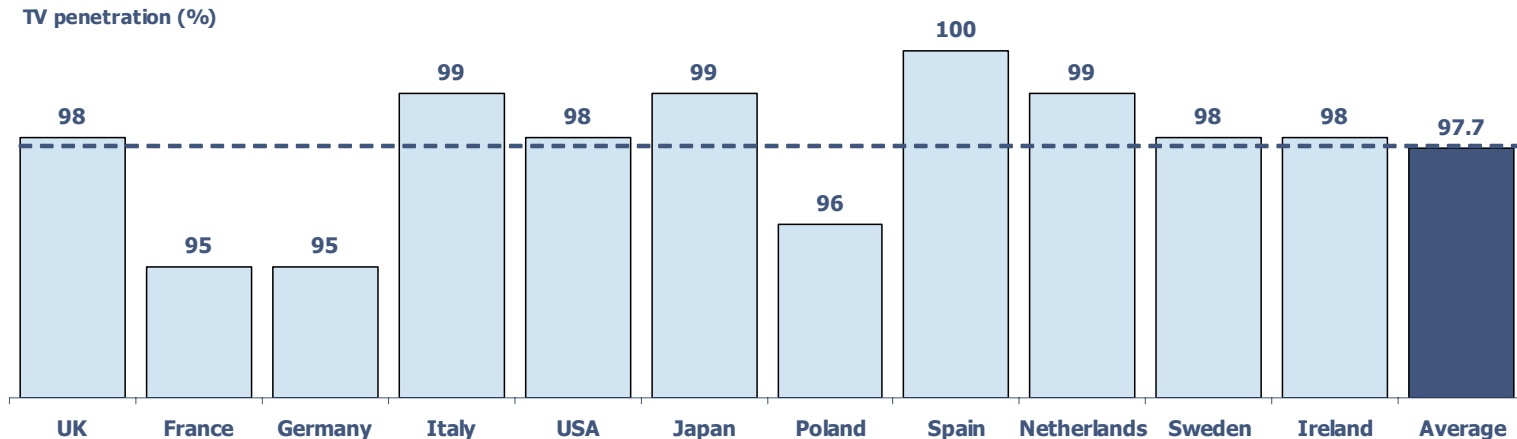


## *Section II* Market Overview

# Market Overview - TV Broadcasting Technologies

- AV signals from TV production studios to end-consumers can be transmitted through Terrestrial, Satellite and Cable networks
- Terrestrial transmission is the most common worldwide broadcasting technology; 97.7% average penetration of Television sets
- Two different kinds of terrestrial television are in use today
  - **Analogue Terrestrial Television** (ATT; still widely used) and
  - **Digital Terrestrial Television** (DTT; the future terrestrial TV standard)
- As pervasive as ATT is, it will be equally important to invest in converting the TV chain to digital
- The advantages of DTT compared to ATT have caught the attention of operators and countries' regulators: transmission efficiency, higher quality, new services, encryption, geo-localization, interactivity, electro-smog reduction

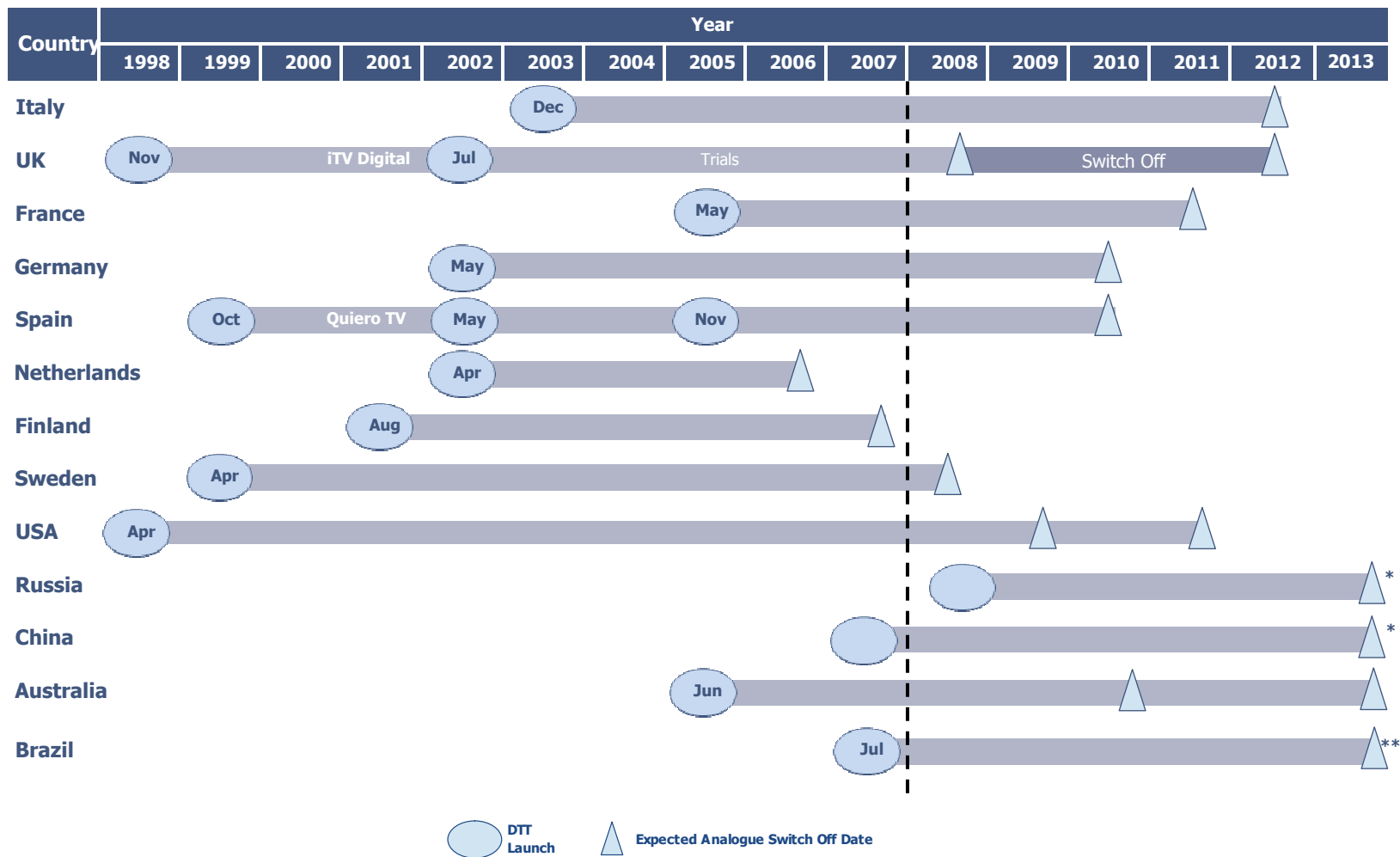
## Homes that have at least one television set



Source: Ofcom Research

# Market Overview – Analogue Switch-Off Date

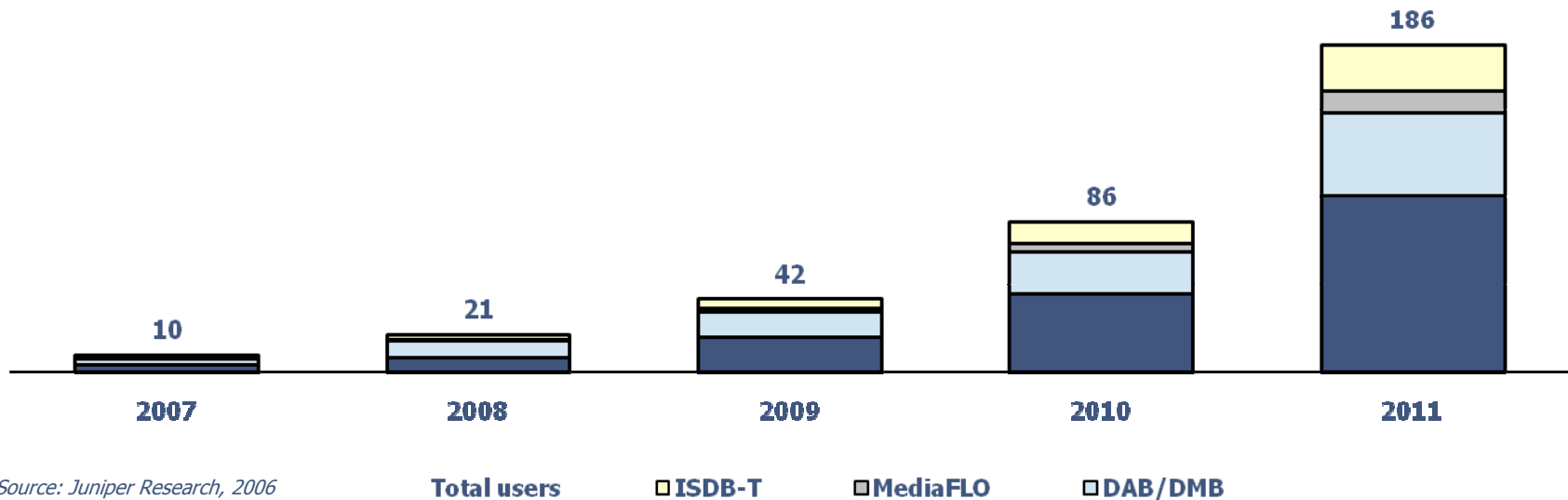
- From ATT to DTT: a non-reversible process fixed by mandatory Analogue Switch-Off Date
- By 2012 most of the European analogue networks will be switched-off in favour of digital terrestrial broadcast networks
- \* By 2015 Russia and China, one of the highest potential markets, will join DTT technologies
- \*\* Brazil Government plans to complete the Switch off within August 2016



# Market Overview - Mobile TV a Brand New Opportunity

- DTT adoption and mobile TV enabled handheld devices have made Mobile TV opportunity possible
- By 2010 there will be 3.1bn mobile subscribers around the world ("only" 1.1bn TV devices by then)
- Many countries are currently testing, and analysts forecast nearly 186m Mobile TV users and € 12bn related revenues by 2011
- Screen Service is first-mover in DVB-H equipment (gap-filler or secondary transmitters) and is seamlessly integrating a DVB-T/DVB-H offering, optimizing the two standards' common chain components for the transmission system
- The gap-filler market, which is larger than the primary transmitters market, is showing a steep growth (3,120 units installed in Italy during 2006 and 2007)

## Mobile TV users per standard - forecast (m)



# Screen Service Market Position – Competitive Arena

## Multinational players

Harris, Rohde & Schwarz,  
Larcan, Nec, Thomson,  
Toshiba

- Global offering for a wide range of end-users: government, military forces, aerospace, telecoms, media
- Typically high-power equipment

## National players

DMT, Electrosys,  
ABE Electronica, Eurotel,  
Electronika

- Usually specialize in specific equipment
- Set up to meet demand from local TV networks, grew by expanding their international presence

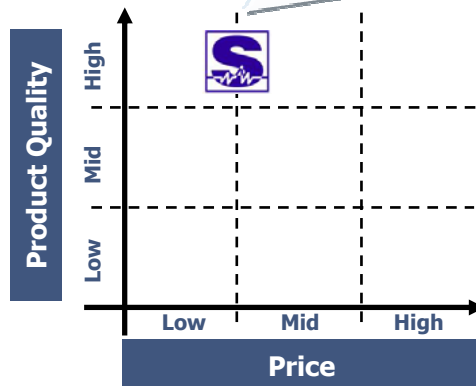
**Competitive advantages give Screen Service higher profitability than multinational and national players**

### Competitive Advantage

Typical global multinational offering favoured by prices at a national level...

### High Profitability

...innovation-backed, optimal quality/cost ratio,  
due to world leading research laboratories



- **Offering**  
Leader among national competitors in terms of quality and breadth of offering  
Same end-to-end transmission equipment product portfolio as multinational players  
More balanced focus between catalogue composition and innovation patterns
- **Cost/Quality**  
Excellence over global players at cost benchmark  
Standard common chain components, enabling synergies and economies of scale
- **Innovation**  
Indepth know-how from past technical experiences  
High problem-solving and fast time-to-delivery skill  
Innovation focus and fast reaction to major changes in technology, to tailor ready-to-sell products



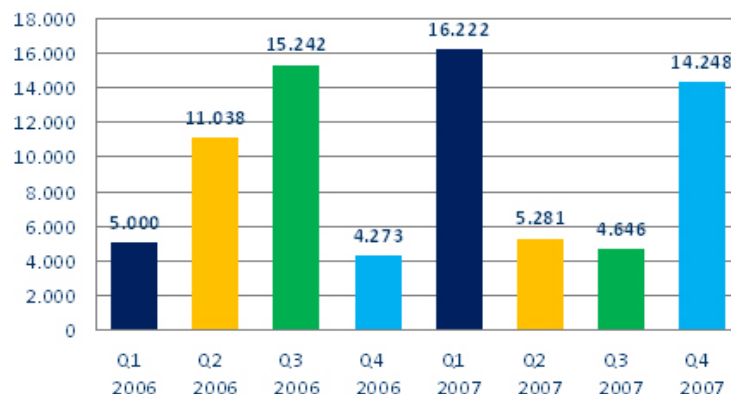


## *Section III* Financials

# Group Key Figures – Half Year Results

	31-Mar-2008 (H12008)		YOY	31-Mar-2007 (H12007)	
	(€ '000)	(as % of Net Sales)		(€ '000)	(as % of Net Sales)
Net Sales	10,943	100.0%	-49.1%	21,503	100.0%
Ebitda	1,997	18.2%	-83.4%	12,018	55.9%
Ebit	1,729	15.8%	-85.3%	11,796	54.9%
Ebt	1,242	11.3%	-89.2%	11,545	53.7%
Net Profit	271	2.5%	-96.4%	6,949	32.3%

- Revenues from sales decreased to € 10.9m mainly due to the current economic situation, in particular, in Italy, from a go-slow of the investment plans (due also to the recent elections) and with regards to the markets abroad, from the outcome of difficulties in financing projects
- The below picture shows a trend which is not homogeneous of the quarterly net sales achieved during these last two years:



- Our business cannot be measured on a quarterly and/or half yearly basis as there is no clear seasonal trend
- Based on our historical data, there have always been a couple of quarters which have been low in net sales as we work on medium term projects and the turnover is not always aligned to the work in progress
- EBIT decreased to € 1.7m, after fixed costs amounting to € 5m (expected to be approx. the same value in the second half of the current year). Expected growth in net sales during the second half of the current year will translate in the improved operating margin due to the high operating leverage

# Group Key Figures – Half Year Results

	31-Mar-2008	30-Sep-2007
	(€ '000)	(€ '000)
Non-Current Assets	30,094	21,604
Current Assets	47,306	55,634
<b>Total Assets</b>	<b>77,400</b>	<b>77,238</b>
Shareholders' Equity	57,531	58,034
Non-Current Liabilities	8,526	9,950
Current Liabilities	11,343	9,254
<b>Total Equity and Liabilities</b>	<b>67,400</b>	<b>77,238</b>
<b>Net Financial Position</b>	<b>(4,910)</b>	<b>(7,876)</b>

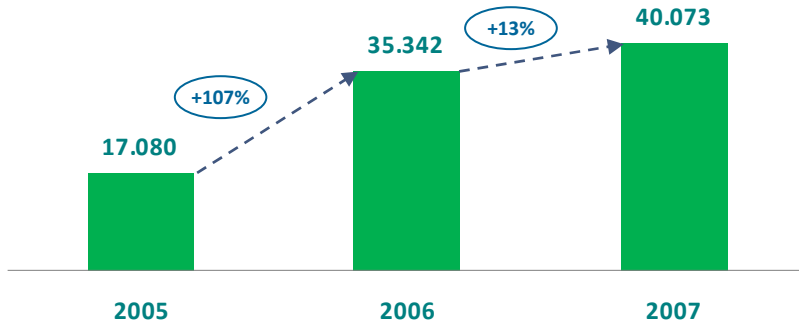
- Non Current Assets increased from € 21.6 to € 30,1m, mainly due to € 8m of loan granted to Profit Group
- Current Assets decreased from € 55.6m to € 47.3m, mainly due to the decrease in liquid assets amounting to € 10.4m, inclusive of the above mentioned € 8m loan granted to Profit Group and classified as non-current assets
- Net Financial Position down from negative € 7.9m in 2007 to negative € 4.9m



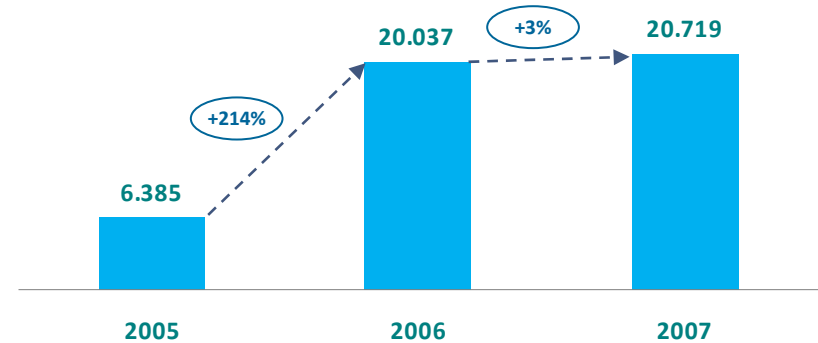
*Section IV*  
Annex

# Annex / I – Financial Highlights

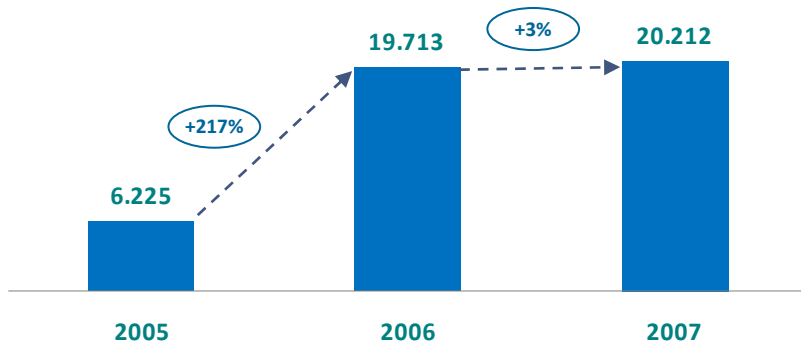
## Sales (€ Million)



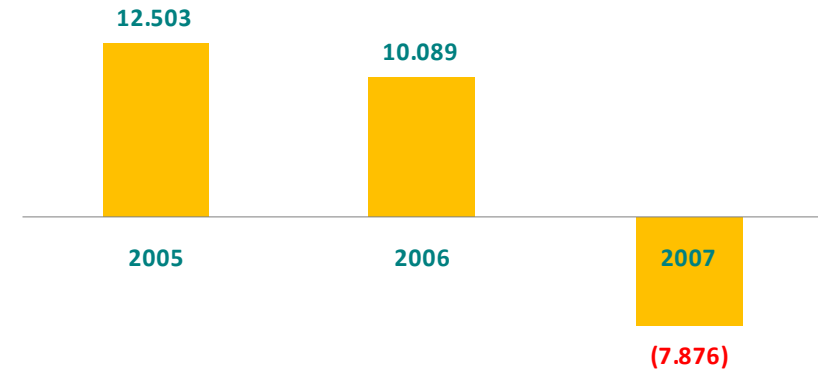
## EBITDA (€ Million)



## EBIT (€ Million)



## Net Financial Position (€ Million)



# Annex / II – Group Key Figures Year Results

	30 September 2007		YOY	30 September 2006	
	(€ Million)	(as % of Net Sales)		(€ Million)	(as % of Net Sales)
Revenues from sales	40,073	100.0%	13.4%	35,342	100.0%
EBITDA	20,719	51.7%	3.4%	20,037	56.7%
EBIT	20,212	50.4%	2.5%	19,713	55.8%
EBT	19,588	48.9%	4.6%	18,720	53.0%
Net Profit	11,709	29.2%	2.8%	11,394	32.2%
Non-Current Assets	21,604		3.3%	20,923	
Current Assets	55,634		89.5%	29,362	
<b>Total Assets</b>	<b>77,238</b>		53.6%	<b>50,285</b>	
Shareholders' Equity	58,034		118.5%	26,560	
Non-Current Liabilities	9,950		-13.2%	11,459	
Current Liabilities	9,254		-24.6%	12,266	
<b>Total Equity and Liabilities</b>	<b>77,238</b>		53.6%	<b>50,285</b>	
<b>Net Financial Position</b>	<b>(7,876)</b>		<b>-178.1%</b>	<b>10,089</b>	

- Revenues from sales increased to € 40.1m; EBITDA increased to € 20.7m; EBIT increased to € 19.6m; Net Profit increased to € 11.7m
- Non-Current Assets increased of € 0.7m mainly due to tax assets accrued
- Current Assets increased from € 29.4m to € 55.6m, due to the IPO proceeds (liquid assets amounting to € 18.3m) and an increase in revenues from sales in the period and
- Shareholders' Equity increased to € 58m, due to the IPO proceeds, € 3m increase in share capital and the 2007 net profit
- Net Financial Position down from € 10.1m in 2006 to negative € 7.9m in 2007, mainly due to the IPO proceeds and cash-ins from existing projects
- 2005 results: Revenues from sales € 17.1m, EBITDA € 6.4m, EBIT € 6.2m, Net Profit € 3.4m

# Contacts

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## Screen Service

If you require additional financial info or if you would like to provide us with financial suggestions and comments, please contact us at the following address:

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