



Screen Service

Company Presentation

Edinburgh Roadshow 2010

Agenda

- Company overview

- Screen Service: key differentiators
- Growth strategy – Technology & Service Provider
- Growth strategy – Network Operator
- Financial Results

Screen Service Group: the new software company



Screen Service



tivuitalia

Digitalization around
the world

Services

Network Operator

- Global presence in the digitalization process thanks to our experience and R&D's know-how
- We are ready to catch the huge opportunities in Latin American market thanks to our Brazilian plant

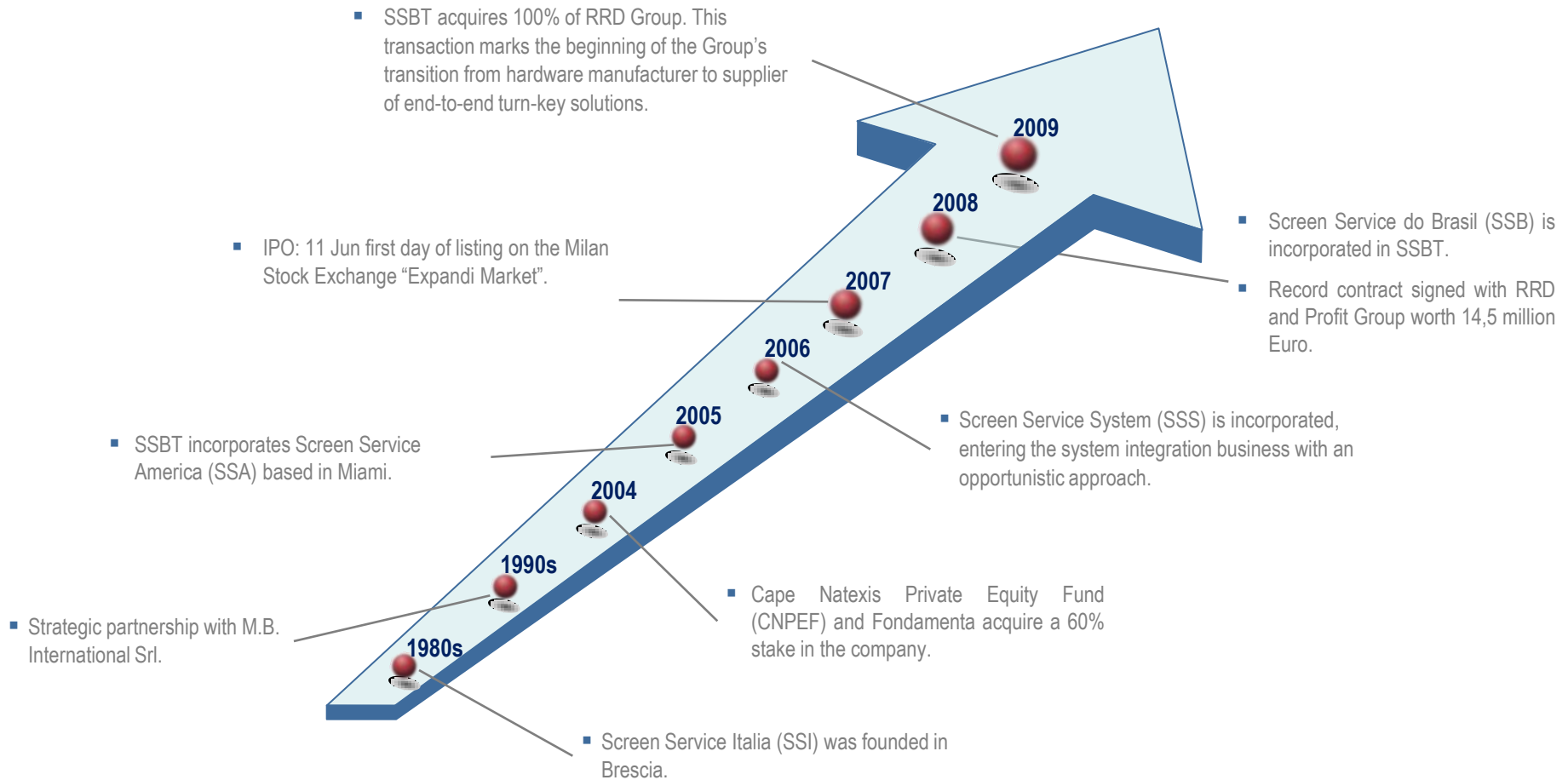
- Thanks to the RRD's ability, now we support Broadcasters and Telecom Operators in establishing their business
- We can offer a complete service portfolio (Network planning, system implementation, operation, procedures, implementation and on-going service monitoring)

- Benefit from digitalization and competitive industrial cost base advantage to become connectivity provider and network operator in Italian context
- Starting from own microwave backbone, Tivuitalia can build national DTT network; it has right to transmit, has infrastructure and has expertise.



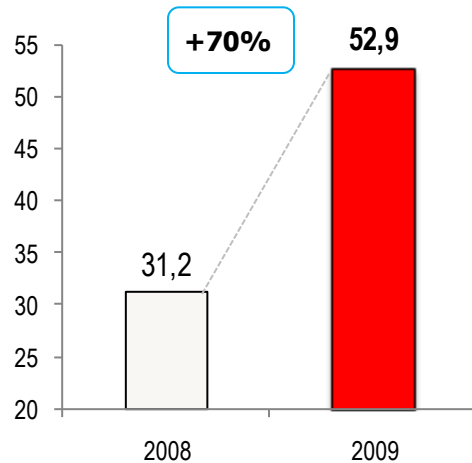
Screen Service

Company Overview – Historical Milestones

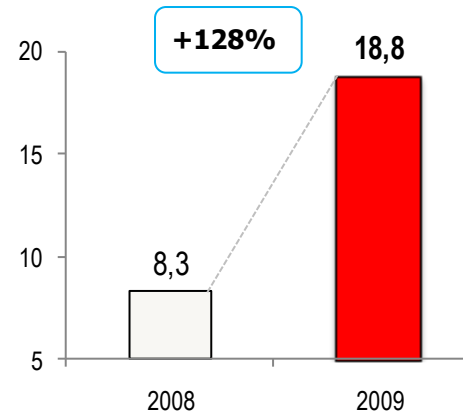


FY 2009 Financial Highlights

Revenues



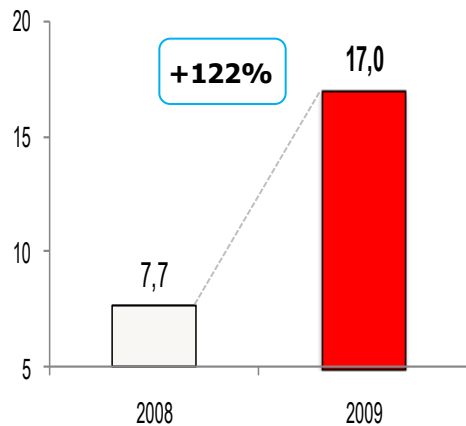
Ebitda



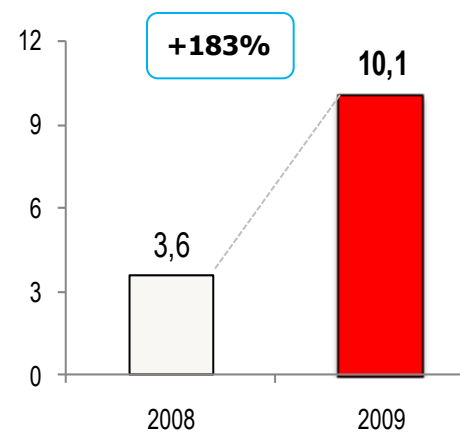
**Ebitda
Margin:**

2009: **35.6%**
2008: 26.5%

Ebit



Net Result



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-
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Screen Service: key differentiators

Focus on R&D activities

- R&D staff: more than 30% of total group workforce
- Research teams (based in Brescia, Milano and Lamezia (CZ)) focuses into both basic and pre-competitive research on new technologies and solutions
- Research activity is key to future technologies and enables wide international partnership

Anticipate market needs

- Innovation activity aims to meet customer needs with a pro-active approach, anticipating their future needs

Faster-to-market with new technology

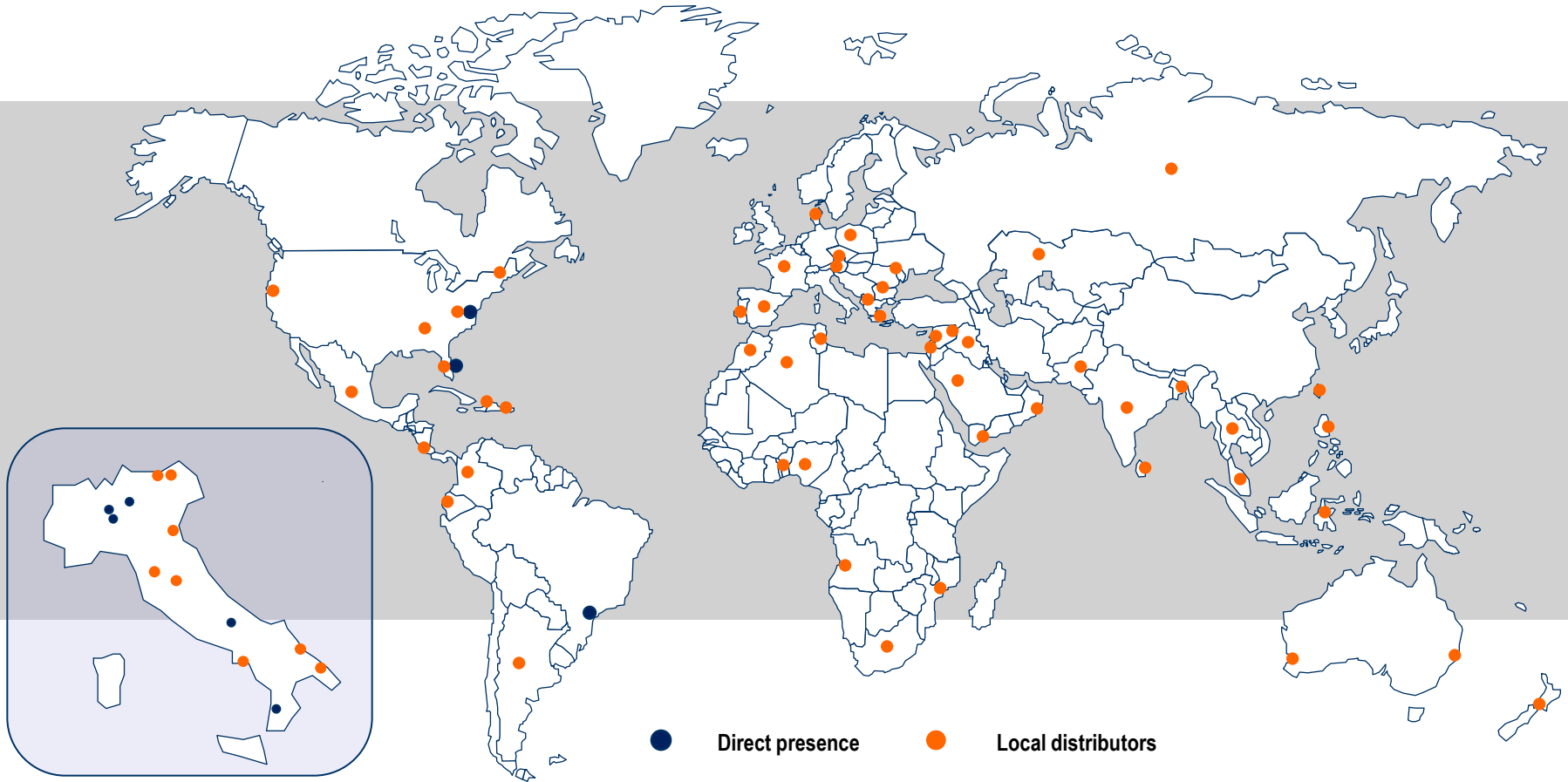
- Outsourcing of low-added value and labour intensive manufacturing processes
- High operational flexibility

New capabilities thanks to RRD integration

- SSB can leverage on RRD's experience to offer its customer best in class services as:
 - Head-end and Playout, Digital TV terrestrial network planning, Mobile TV business, Business Support System integration

Small but Global

Global positioning close to our customers.
Direct presence in strategic areas and a network of 48 local distributors



Customers

Screen Service's customers are:

- National TV broadcasting networks
- Local TV broadcasters
- System integrators
- OEMs (Original Equipment Manufacturers)

Screen Service is an ideal partner for clients providing solutions to their specific needs.

We are binding partnerships by turning them into long-term agreements (ex. Arqiva, Nokia Siemens Networks, RaiWay Spa, etc.)



Agenda

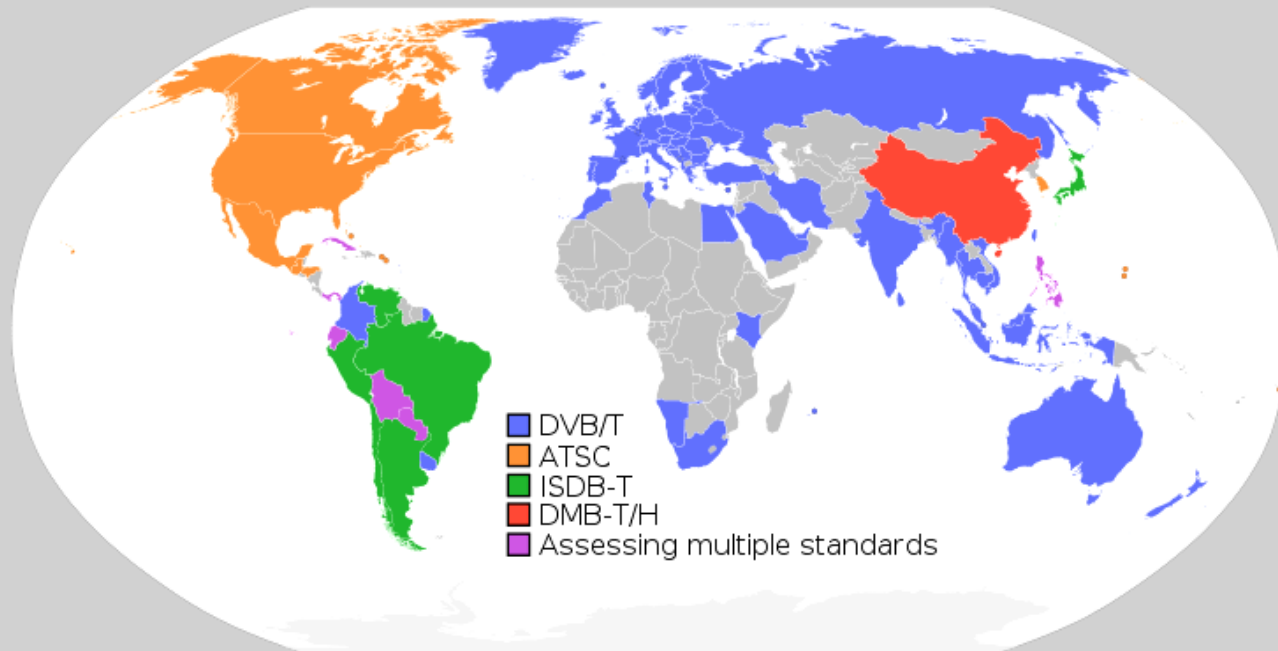
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Analog switch-off: a long wave

As of late 2009, just 10 countries had completed the process of turning off analog terrestrial broadcasting. Many other countries had plans to do within 2020. Analog switch-off dates for macro regions are

- 2012 Europe
- 2016 Latin America and Russia
- 2020 Major Asian countries (including: China, India, Malaysia, Indonesia)

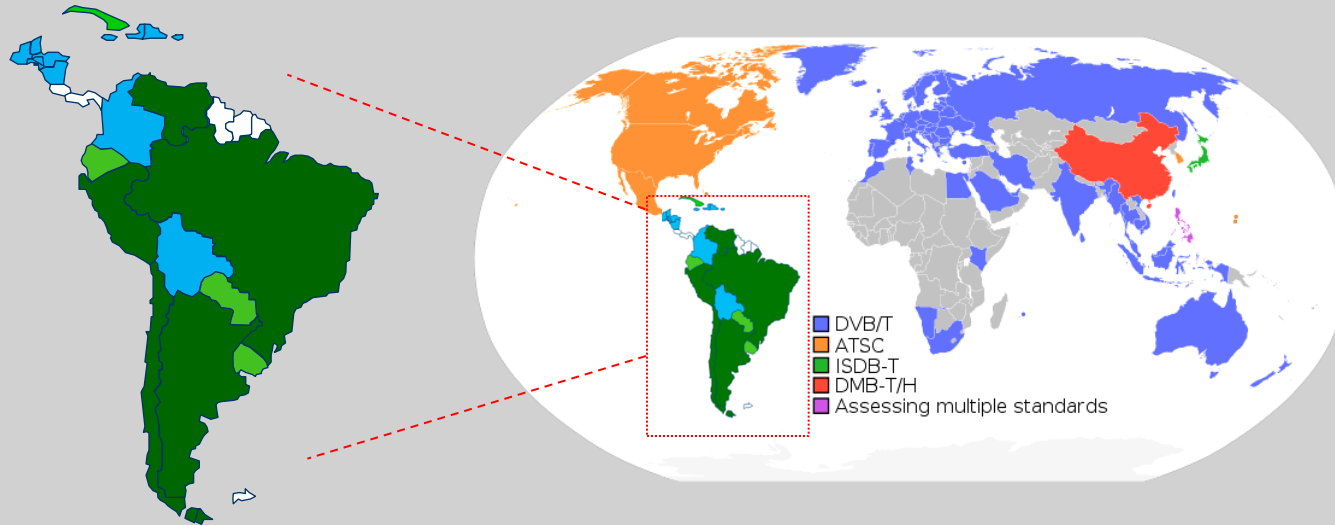
Screen Service is expanding its international presence to exploit growth opportunities in various geographical markets and boost revenue also after Italy's switch-off.



South American Market

Screen Service has been pioneering the **ISDB-T standard** which has been adopted in Brazil for terrestrial digital television transmission.

With Screen Service contribution, such standard is now becoming leader in the other South American countries.








Countries which have already chosen ISDB-T standard:

-  Brazil
-  Peru
-  Argentina
-  Chile
-  Ecuador
-  Costa Rica
-  Venezuela

Potential Countries which are moving to ISDB-T standard:

-  Colombia
-  Uruguay
-  Paraguay
-  Cuba
-  El Salvador

Countries which are thinking to move to ISDB-T standard:

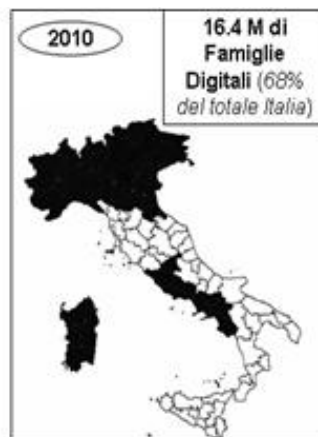
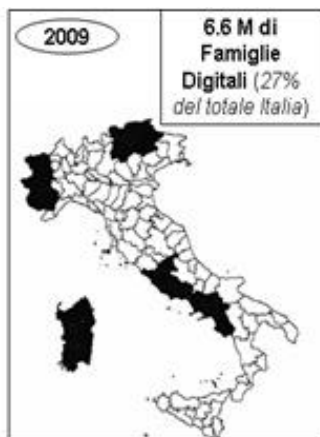
-  Nicaragua
-  Bolivia
-  Honduras
-  Caribbean isle
-  Belize



DTT adoption in Italy

By end of 2010, 68% of Italian families will have switched to DTT

Source: Terzo Rapporto sulla Televisione Digitale Terrestre in Europa



2008

Sardegna – ottobre

2009

Valle D'Aosta – settembre
Piemonte Occ. – sett/ott
Trentino – ottobre
Alto Adige – ott/nov
Lazio – novembre
Campania – dicembre

2010

Lombardia – sett/ott
Piemonte orientale – sett/ott
Piacenza – sett/ott
Parma – sett/ott
Emilia Romagna – ott/nov
Veneto – ott/nov
Friuli VG – ott/nov
Liguria – nov/dic

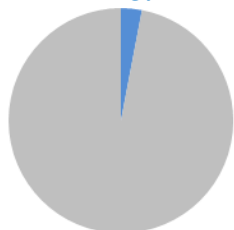
2011

Marche – gen/giu
Abruzzo – gen/giu
Molise – gen/giu
Basilicata – gen/giu
Puglia – gen/giu

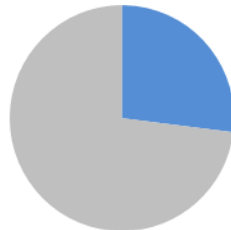
2012

Toscana – gen/giu
Umbria – gen/giu
La Spezia – gen/giu
Viterbo – gen/giu
Sicilia – lug/dic
Calabria – lug/dic

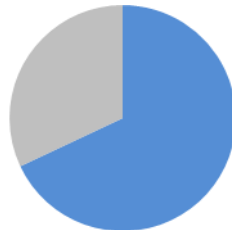
3%



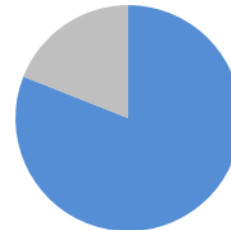
27%



68%



81%



100%



Besides Analog switch-off

In addition to the plant replacement related to the switch-off of the analog TV system, there are other revenue streams that will ensure a sustainable growth for the Technology & Service Provider business

Maintenance & assistance service

- The widespread use of its plants assures that a part of revenues will come from maintenance & assistance service for customers

Network planning

- With the aim of fully implementing the service side, in 2009 Screen Service acquired RRD to become a complete end-to-end solution provider covering network planning, deployment and management service

Technology upgrade

- Technology upgrade is much more frequent in digital systems compared to analog ones. Increase of bandwidth demand and introduction of new standards will boost the switch to a further technological innovation and therefore to further investments in transmission plants.
 - The next step is represented by the introduction of the DVB-T2 technology (today the analog switch off is done using DVB-T technology) that allow better coverage, wide flexibility and 40% more capacity compared to DVB-T. Upgrade will be crucial for broadcasters to meet high quality TV requirements like HDTV and 3DTV
 - IT broadcaster Europa7 is going to launch DVB-T2 multiplex by 2010
 - UK national broadcaster BBC is going to launch DVB-T2 multiplex by 2011

**HD
TV**



DVB T2

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Network Operator - Tivùitalia



tivùitalia



RRD
RADIOTELEVISIVE
DIGITALI

Screen Service tivùitalia

Starting from a great assets

Growth Strategy: Network Operator as business opportunity

Current Tivùitalia's business model is based on "interchanging" audio and video for local broadcaster

- Analog microwave backbone (over 160 sites)
- TV licenses in some Italian regions

Digitalization and the changing competitive landscape might set Tivùitalia in a condition to exploit its capabilities and assets in a value-enhancing way by applying them to new contexts

The aim of the Network Operator Unit - Tivùitalia – is to manage at least one national wide multiplexer (MUX) covering at least 80% of the Italian population

Leverage connectivity asset

- Digitalize analog microwave backbone to offer new services
- Increase capacity of 155MB when utilization level reaches maturity
- Enable incumbents and local operator to transfer audio-, video, data-feeds across Italy
- Enable new entrants in Italian market to distribute content

Acquire/obtain frequencies

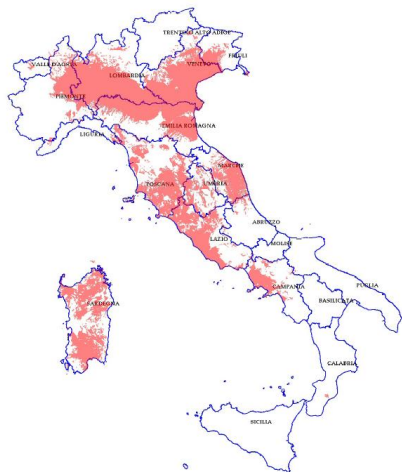
- Acquisition and aggregation of local frequencies
- Participation to the beauty context for the allocation of 5 MUX's resulting from the digital dividend after analog switch Off

Tivuitalia: first step is done



Network Operator as business opportunity

Screen Service can benefit from digitalization and competitive industrial cost base advantage to become network operator in Italian context



Acquire/obtain frequencies

Italian law foresees that local players, who own frequencies for a total coverage of at least the 50% of Italian population, have the right to obtain the license to operate as a national operator.

Tivuitalia reached 56% population coverage

Screen Service (Tivuitalia) can operate as a national operator.



Screen Service

RRR
RETI
RADIOLEVISIVE
DIGITALI

tivuitalia

Screen Service now can be a full-scale network operator, conveying third-party content (foreign new-entry broadcasters or Italian incumbents needing further capacity) on its frequency.

Regulatory framework



In April 2009 the AGCOM (the Italian telecommunications regulator) approved a resolution establishing the criteria for full digitalisation of the national television networks.

The resolutions decrees conversion of a total of 21 networks to DVB- T technology for national transmission of TV signals

- **8 MUXs from digitalisation of analogue networks assigned to existing national operators.** Of these 2 MUX are assigned to RAI (public TV), 2 to Mediaset, 1 to Telecom Italia Media, 1 to Rete A, 1 to Europa 7, and 1 to Rete Capri.
- **8 MUXs from conversion to single frequency of previous multi-frequency digital networks.** Each operator owning a network has the right to conversion of existing digital networks. Of these 2 are assigned to RAI, 2 to Mediaset, 2 to Telecom Italia Media, 1 to Rete A, and 1 to DFree
- **5 MUXs coming from the digital dividend** created as a result of more efficient band use following digitalisation, freeing up frequencies historically assigned to the TV system. These will be assigned via a beauty contest scheduled by the Italian government.
 - Beauty contest will be divided into two lots. The first lot (2 MUXs) will be open to all operators, whereas the second (3 MUXs) will be open only to new entrants, thus excluding operators that already have 2 or more MUXs).

In addition, the AGCOM has fixed a maximum limit of 5 MUXs for each player. It has also established the obligation for those operators that currently operate 3 nationwide analogue networks and have been awarded a multiplex to let 40% of the latter's transmission capacity to independent content providers.

Strong demand for DTT capacity in Italian context



Each MUX (24Mbit/s) is able to transmit 6-8 channels. When the transition is complete there will be 500Mbit/s, roughly 120-160 channels.

The different MUX will be saturated due to:

Multinational competition

Once Mediaset and RAI have saturated their own capacity they are likely to lease capacity from other network operators (this is already happening).

HD

HD is very popular with TV viewers and currently promoted as a distinctive feature. This puts further pressure on players to offer programs in HD. HD require more capacity: 3 channels/MUX instead of 6-8 channels. Saturation of capacity obtained prior.

Pay-per-view

PPV on DTT is today very popular in Italy if compared to the rest of the world. PPV is set to continue to absorb capacity.

Foreign TV players and Non-TV players

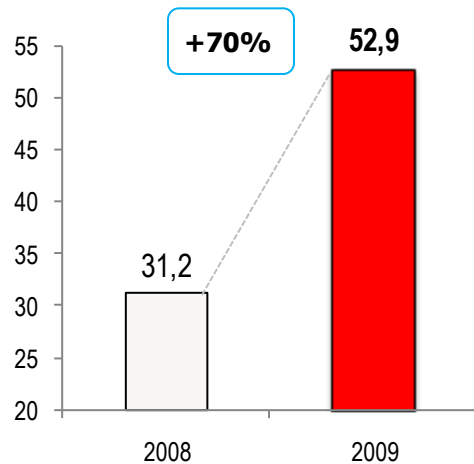
Foreign players are entering Italian market and have already expressed demand. Furthermore, radio networks can host capacity to broadcast their programming schedule through TV with very low marginal costs.

Agenda

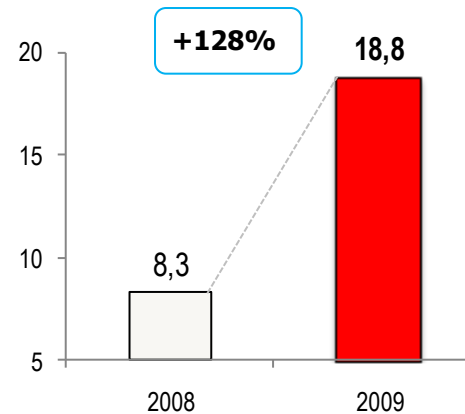
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FY 2009 Financial Highlights

Revenues



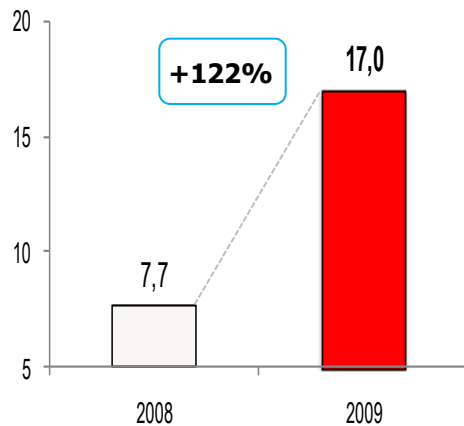
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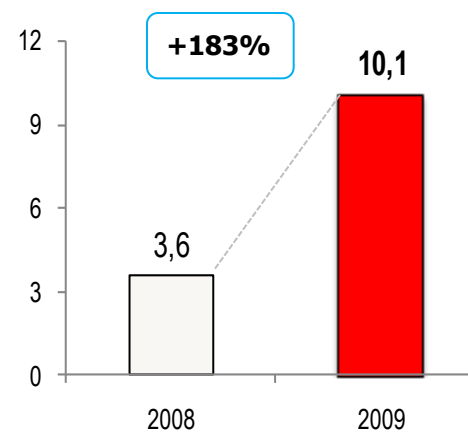
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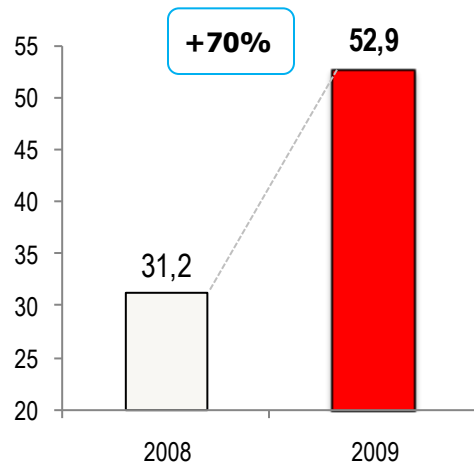


Net Result

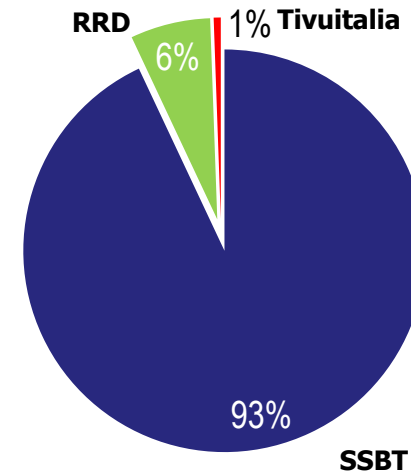


FY 2009 Revenues

Revenues

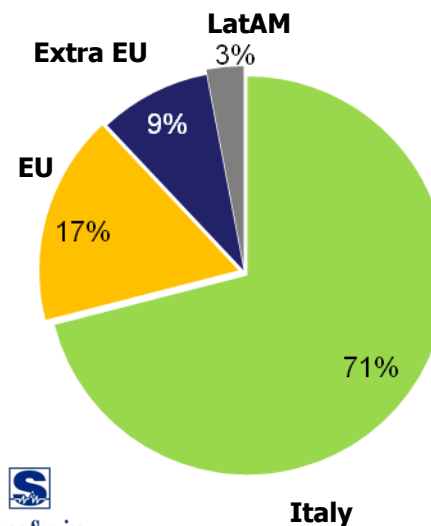


Revenues Breakdown for Division



Division	Revenues
SSBT	49.2
RRD	3.4
Tivuitalia	0.3
Total	52.9

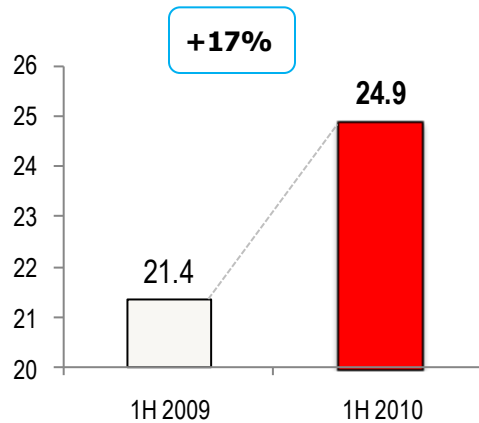
Revenues Breakdown for Geographic Area



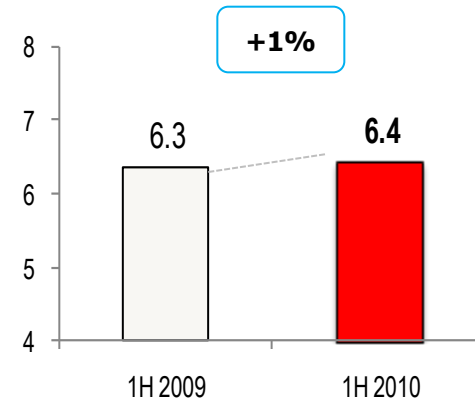
Area	Revenues
Italy	37.6
EU	9.0
Extra EU	4.6
LatAm	1.7
Total	52.9

1H 2010 Financial Highlights

Revenues



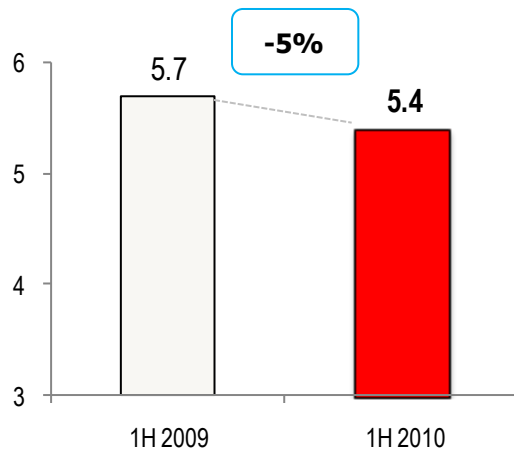
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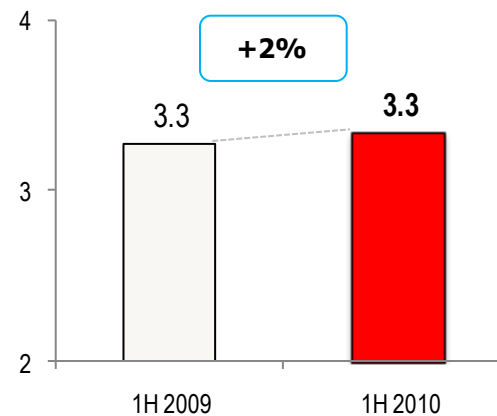
Ebitda Margin:

1H 2010: **25.9%**
1H 2009: 29.8%

Ebit

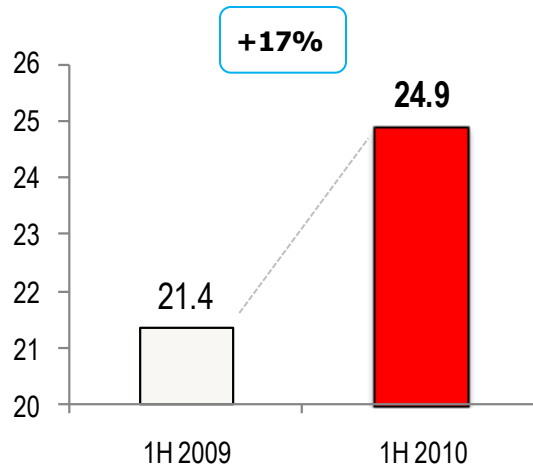


Net Result

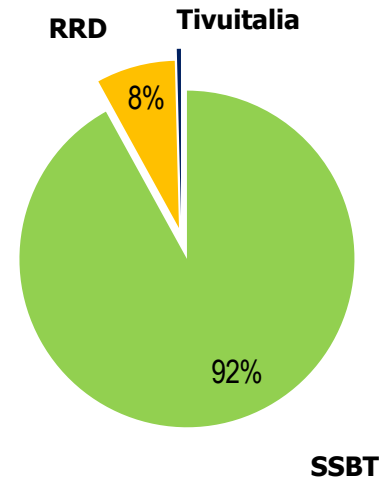


1H 2010 Revenues

Revenues

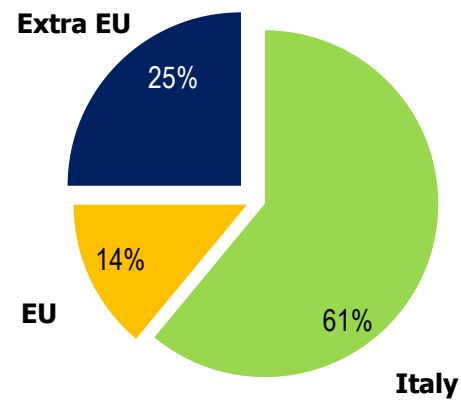


Revenues Breakdown for Division



Division	Revenues
SSBT	23.0
RRD	1.9
Tivuitalia	n.m.
Total	24.9

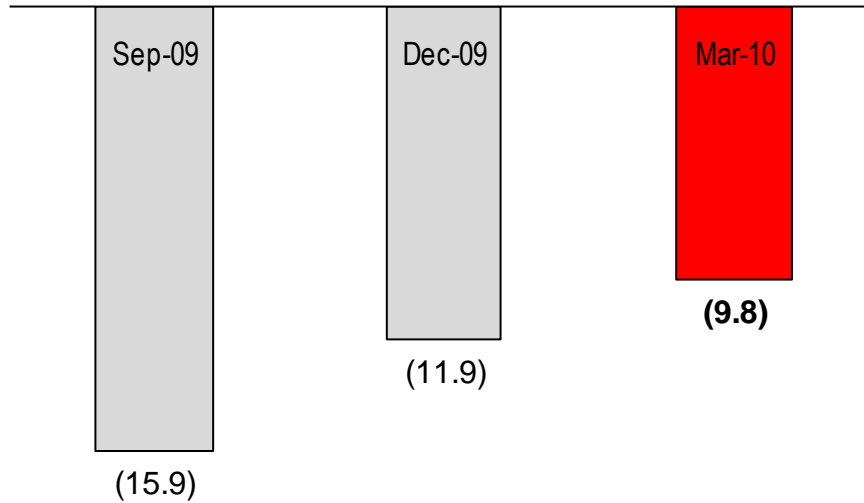
Revenues Breakdown for Geographic Area



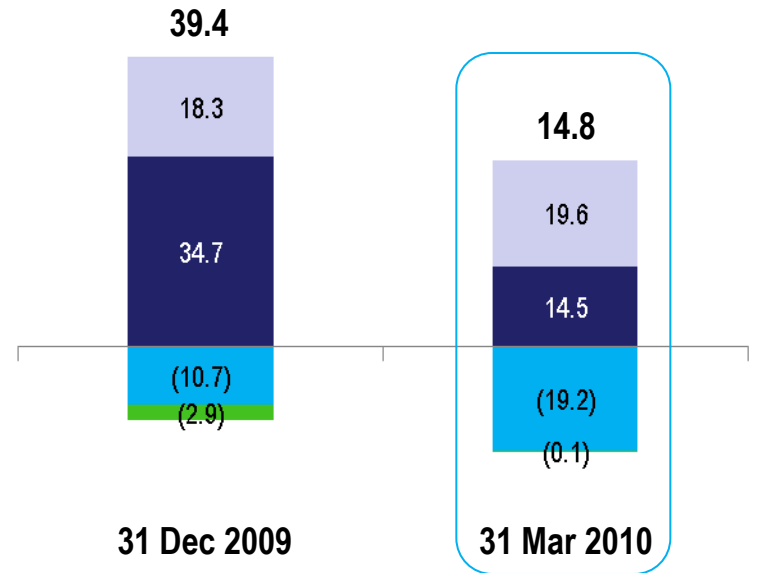
Area	Revenues
Italy	15.2
EU	3.5
Extra EU	6.2
Total	24.9

NFP and WC

Net Financial Position



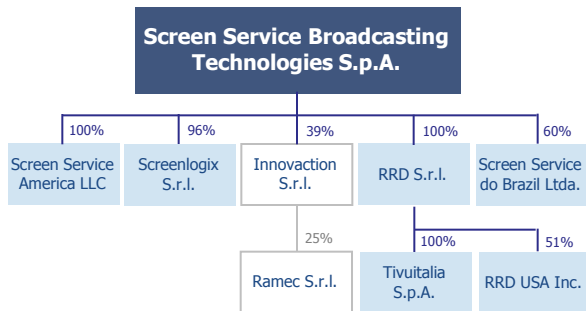
Net Working Capital



- Trade Receivables
- Inventory
- Trade Payables
- Other Current Assets/Liabilities

Company Profile

Group's structure



Top Managers



Investor Relations

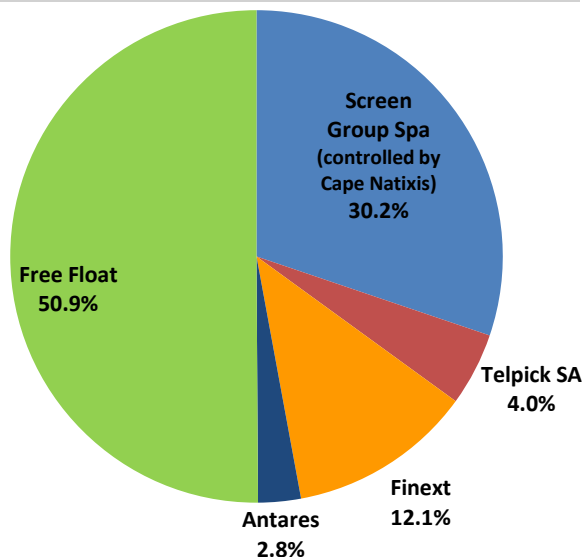
Investor Relations Contacts:

Carla Sora – CFO and IR
Tel: +39 030.35.82.225

Barabino&Partners IR
Marco Lastrico
Tel: +39 02.72.02.35.35

investors@screen.it

Shareholding



Share Informations

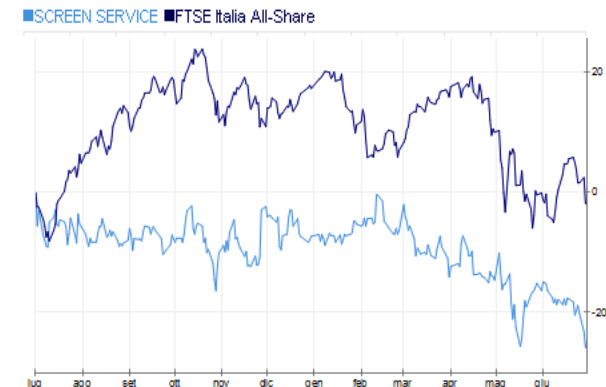
N. of shares outstanding: 138.5 m

Price as of 30/06/10: € 0.55

Capitalization: € 76 million

Italian Stock Exchange – MTA

Stock Chart



Annexes

FY 2009 Highlights

Profit and Loss

€m	FY 2009		FY 2008		YoY %
Revenues	52.9	100.0%	31.2	100.0%	+69.7%
Ebitda	18.8	35.6%	8.3	26.5%	+128.1%
Ebit	17.0	32.1%	7.7	24.6%	+122.0%
Ebt	15.8	29.9%	7.4	23.6%	+115.4%
Net Result	10.1	19.2%	3.6	11.5%	+183.0%

Balance Sheet

€m	FY 2009	FY 2008
Non Current Assets	54.2	27.1
Current Assets	52.4	58.3
Total Assets	106.6	85.5
Shareholders' Equity	70.3	60.1
Non Current Liabilities	9.0	7.6
Current Liabilities	27.3	17.8
Total Equity and Liabilities	106.6	85.5

Market Overview – Analogue Switch-Off Date

Country	Population mln	Switch-off date
Argentina	40.1	2016
Australia	21.1	2013
Brazil	187.5	2016
Bulgaria	7.6	2012
Chile	16.9	2017
Colombia	45.9	2020
Costa Rica	3.8	2018
Czech Rep.	10.3	2012
El Salvador	6.5	2014
Hong Kong	7.0	2012
Hungary	10.0	2012
Kenya	31.1	2012
Ireland	4.3	2012
Italy	59.2	2012
Lithuania	3.4	2012
Mexico	111.2	2022
Peru	29.2	2020
Philippines	93.0	2015
Poland	38.1	2013
Romania	22.2	2012
Russia	142.7	2015
Serbia	10.1	2011
Slovakia	5.4	2012
South Africa	48.6	2011
South Korea	49.0	2012
Ukraine	46.2	2015
UK	60.6	2013

Digitization will significantly influence dynamics of TMT industries

What is digitization?

- Digitization is the process of converting information from analogue into digital formats (discrete units and groups of data called bits and bytes)
- Digital television (DTV) uses digital modulation and compression to broadcast video, audio and data signals to television sets

Digital capabilities

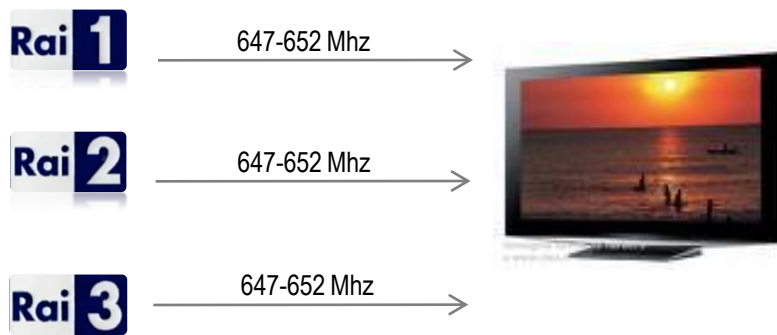
- Number of channels: DTV can carry up to 8x more channels in the same amount of bandwidth and receive high-definition programming.
- Picture quality: DTV signal eliminates common analog broadcasting effects such as "ghosting", "snow" and static noises in audio.
- Format: DTV often coincides with a change in picture format from an aspect ratio of 4:3 to one of 16:9, enabling TV to get closer to the aspect ratio of movies and human vision.
- Functionality: DTV offer interactive functionality and active involvement of the viewer in specially designed TV formats.
- Technological platforms: DTV is can be delivered via satellite, cable and terrestrial as well as IPTV (via typical telecom broadband technologies e.g. XDSL, etc.)

Digital impact

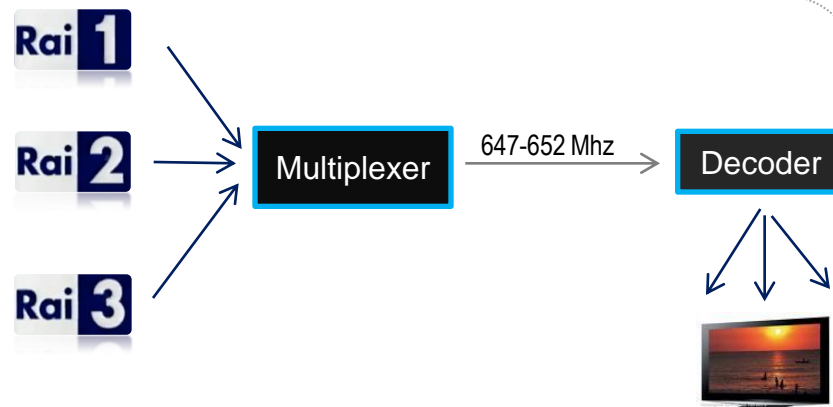
- The present TV broadcasting system will change into an interactive digital multicasting system allowing a transformation of the current free to air (FTA) but also pay TV (PTV) and pay per view (PPV) offers.
- New characteristics of broadcasting services will be ubiquity, accessibility, convenience, localization, personalization, better access to more information with a high level of individual interaction.
- FTA will still take a major role of the broadcasting service, however interactive services are expected to push PTV and PPV into a larger dimension.
- Convergence between telecommunication, media and technology industries will be further enhanced - the multi media value chain will be characterized by co-existence of content, network and service-providers that actively competing against each other for the client – the ability to offer appealing interactive content will become the "killer application".

Multiplexer - MUX

Analogic Broadcasting



Digital Broadcasting



- **A MUX or multiplex is a portion of radio spectrum in which analogical or digital signaling can be put**
 - Analogical: whole bandwidth for a single audio-/video- + text-content (i.e. RaiUno) is used.
 - Digital: “Multiplex” more content and compress it: flow can be delivered through a single signaling and, once “de-Multiplexed” by our encoder, it contains many channels. The number of channels on TV is multiplied
- **A single frequency carries 24 Mbits / second bandwidth.**
- **A single audio/video content needs:**
 - 3/4 Mbits/sec bandwidth in standard definition: 6-8 channels/MUX
 - 8 Mbits/sec bandwidth in high definition: 3 channels/MUX

