

United Kingdom

Hugh Laurie's Golden Globe award winning performance in *House* helped bring large audiences to Five

Continuing improvement in programme quality is helping to drive revenue growth at Five, which is now wholly owned by RTL Group.

Revenue 2005

€370m

2004 €276m

EBITA 2005

€36m

2004 €18m

Advertising market share 2005

8.8%

2004 8.3%

Audience share 2005*

6.6%

2004 6.7%

* Target : 16+

United Kingdom Television

2005 was another successful year. Five delivered an outstanding commercial performance, although increased competition from digital channels prevented further growth in audience share. Revenue, EBITA and advertising market share all reached record levels, and the rise in net advertising revenue from 8.3% to 8.8% in 2005 was the largest year-on-year increase of any terrestrial broadcaster. Airtime sales were up 9.8% – three times the growth of the advertising market as a whole.

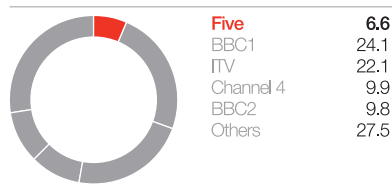
The improvement in profitability was achieved in spite of a further increase of nearly 10% in programme investment. Overheads were kept under tight control – several key contracts were renegotiated and a favourable revision to the financial terms of the Digital Replacement Licence helped to keep costs down.

Five's diversification revenues grew year-on-year, helped by the success of the channel's interactive advertising facilities. These allow digital viewers to respond directly to commercials by using the interactive red button on their remote controls or by sending text messages.

A major strategic step forward was achieved in September 2005, when the acquisition of the 35.4% shareholding in Five previously held by United Business Media (UBM) was completed. This took RTL Group's ownership of Five to 100%.

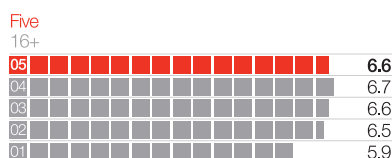
National audience breakdown 2005 (%)

Source: BARB
16+



Audience share 2001/2005 (%)

Source: BARB



Digital development

Digital TV has developed rapidly in the UK, and is more advanced than in any of Europe's other major markets. The Freeview digital platform continued to grow in 2005, and by the end of the year was reaching an estimated six million homes. Five does well in Freeview homes, where it has an 8.3% share of viewing, so it is important for Five that the growth in Freeview homes continues. The growth in digital penetration has also contributed

Holding

Five: 100%

01 Daily talk show host Richard Wright in *The Wright Stuff*

02 The daily show *Home and Away* continues to be a ratings winner

03 The hugely successful *CSI* series now includes "CSI Miami" as well as the original "Vegas" and the recently launched "New York"

five



to Five's increase in reach, which rose more than two percentage points to 88.5%.

The multichannel environment in the UK has had a negative impact on the main terrestrial channels, all of which lost audience share in 2005. However, Five's share of viewing was only slightly down at 6.6% (6.7% in 2004) – a better year-on-year performance than any of its terrestrial competitors.

Five is committed to strengthening its digital presence and is planning to build a family of channels around the franchise. In November 2005, Five reached an agreement with Top Up TV that will enable both parties to explore and develop a number of free and pay services on Freeview and other platforms.

Programme investment

Five continued to invest in the breadth and quality of its output. It commissioned more original programming, developed new comedy and drama, and scheduled a range of arts, science, history and current affairs shows in peak time.

One of the year's highlights was the new acquired series *House* starring Hugh Laurie, who won a Golden Globe for his performance. Another strength was the continuing success of the *CSI* brand, which now includes *Vegas*, *Miami* and *New York*. Another US series, Matt Le Blanc's *Joey*,

attracted more than four million viewers for its launch show – the channel's best ever audience outside football and films.

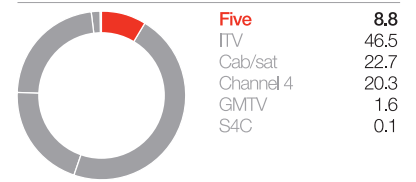
Five was also successful with lifestyle programmes. *Build A New Life In The Country*, *Call Yourself A Property Developer* and *How Not To Decorate* were outstanding, especially with ABC1 adults. Other factual programmes to perform strongly were *Extraordinary People*, *Fifth Gear* and *Hidden Lives*.

Kirsty Young's interviews with the Prime Minister and the leaders of the opposition parties during the General Election were a highlight of Five's news and current affairs coverage. Five News was relaunched at the start of 2005 from a purpose-built studio and newsroom in Osterley, home of Five's new supplier Sky News. Five also pioneered a new style of polemical programming with *Don't Get Me Started*, in which public figures put forward strong, sometimes controversial views about topical issues.

Spiderman, *Men in Black 2* and repeats of *Terminator 3* and *Gladiator* were some of the movies to score well. The original *Willy Wonka* film achieved an exceptional share of 22%.

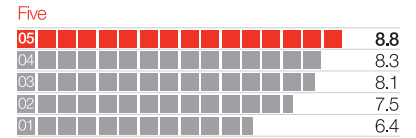
National advertising breakdown 2005 (%)

Source: TV Industry



Advertising share 2001/2005 (%)

Source: TV Industry



02



03

