



**Holding**  
Five : 64.6%

**In spite of the difficult environment for the UK's commercial terrestrial channels, Five continued to grow revenues and audiences while enhancing its reputation for innovative programming.**

- Five increases revenue in a tough marketplace.
- Improved audience share.
- First full year of EBITA profitability.

Five was the only UK terrestrial channel to increase its share of adult viewing in 2003, which rose to 6.6%, and it also increased its share of the key 16 to 34 group. Five performed particularly well on Freeview, the fast-growing digital platform that now reaches over 2.2 million (source: OFCOM) UK homes, as well as growing its share in satellite and cable homes. The increase in multichannel penetration, which reached the 50% mark by the end of 2003, plus further investment in transmitters in the South of England enhanced Five's reach to nearly 85% of UK homes.

Five delivered another extremely strong sales performance in the face of increased competition from multichannel services. Its share of net advertising revenue grew from 7.5% to 8.1% (source: Five estimate). This was by far the largest increase of any of the commercial terrestrial broadcasters. The overall UK TV advertising market was broadly flat in 2003, but Five's earnings performance was substantially ahead year on year, resulting in its first positive full year EBITA since launch in 1997. The channel is progressing its strategy to maximise secondary revenues and will be launching interactive services and programming initiatives during 2004.

The strong focus on cost control continued in 2003. Five renegotiated the terms of its broadcasting licence and was able to secure an immediate reduction to its analogue licence payments.

**Investing in quality**

Five raised its programming spend by over 5% in 2003, with an even greater increase committed for 2004. The channel's investment in programme quality has been well rewarded. Not only has its overall share of the adult audience improved, it has also made good progress in developing its demographic profile.

The success of Five's factual programmes has been a major factor in attracting a more upmarket audience. *World War 1 in Colour* and *Britain's Finest* received great critical acclaim as well as providing highly satisfactory ratings. Five extended its reputation for factual entertainment, with *The Curse of...* documentary series drawing large audiences. The channel's

well-regarded arts programming continued with a second series of Tim Marlow's *Great Artists* among the highlights. Five is maintaining its increased focus on the factual and factual entertainment genres under Dan Chambers, who took over as Director of Programmes during the year.

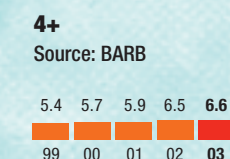
The terrestrial premieres of *Erin Brockovich* and *Gladiator* were among Five's movie successes. However, it was a repeat of the Christmas favourite, *Miracle on 34th Street*, that drew the highest share with around 20% of the audience and 4.8 million viewers. The channel's future movie slate was strengthened with the acquisition of the rights to

Columbia Tristar's 2003 theatrical releases which will be available for payout from 2005. Acquired series performed extremely well, with the new series of *CSI Miami* and *Crime Scene Investigation* regularly drawing over 3 million viewers.

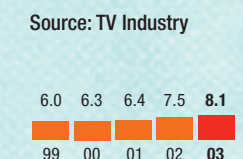
One of Five's largest audiences of the year was for the UEFA Cup football match between Celtic and Liverpool, which attracted enormous interest across the UK and was watched by almost 5 million viewers.

Television **UK** Five

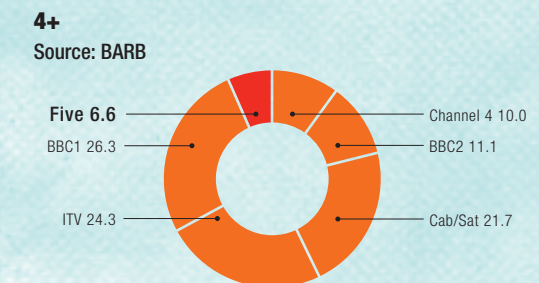
**Audience share 1999/2003 (%)**



**Advertising share 1999/2003 (%)**



**National audience breakdown (%) - 2003**



**National advertising breakdown (%) - 2003**

