Good afternoon and thank you for joining us at the 2nd Annual ACT Conference today.

[ACT President/RTL Belgium/RTL Group]

I was elected as President of the ACT in June 2009, following my predecessor Nicolas de Tavernost, who had held this position for the last six years. I am very pleased to take over this position, as I am convinced that Europe is of key importance to us as businesses and as citizens. As a Belgian national, I was brought up in the multicultural environment close to the heart of the EU institutions and have worked in the media industry in Belgium for more than twenty years. Discussions about media policy are familiar to me and I am glad to contribute to this debate now in my new function as ACT President representing the entire commercial broadcasting industry. Specifically, the ACT represents the interests of 27 businesses active in 34 European countries, comprising both free-to-air and Pay-TV operators. In today's fast changing technological environment most of us are now transforming into multiplatform operations, a point I will return to when considering the key challenges which commercial broadcasters face today.

I have been CEO of RTL Belgium since March 2002 and from the exchanges with my colleagues from RTL Group in other countries, as well as with ACT members, I have witnessed how audiovisual markets differ between Member States. This is true as regards TV distribution (cable, terrestrial, satellite or other) as well as regards programme offer and demand from audiences. And, of course, regulation.

However, there are also common trends throughout Europe. Today I would like to outline with you:

- What is the situation of the TV industry in Europe today?
- What are the trends for its development in the years to come?

Before doing so, I would like to mention the theme of today's conference: the celebration of 20 years of commercial television in Europe.

In commercial television, we don't spend too long looking back at where we came from. Partly because there is such a strong business, technological and consumer demand to move forward, to discover the next big thing. But also because we sincerely believe that television today is better than ten or twenty years ago – and that the television of five or ten years' time will be better again than today's. We have no sympathy for any romantic notion of a "Golden Age of television".

Yet we should not completely ignore the past. Not only because, like any company, we should pay tribute to those who set us on our current path, but also because, in programming, in commercial strategy and in regulation, there are important lessons to be learned from the early days of commercial television.

When taking a look back, we can be proud of what has been achieved over the last twenty years:

- When launching the AVMS-Directive in December 2005, Commissioner Reding mentioned at the time that European television had gone from 47 to more than 1600 channels in sixteen years. From the old world of 47 national TV channels, we now have a pluralistic, diverse media landscape with channels both generalist and thematic: viewers are today served with 24h news channels, with children's channels and with many other programmes catering for practically every niche interest.
- Four years on, since 2005, the number of channels has doubled again: we now calculate that there are over 3300 channels.
- Yesterday, the European Audiovisual Observatory estimated that there are now 700 on-demand services across Europe.
- I'd like also to mention the wide range of socially responsible initiatives which TV channels undertake. To pick-up an example from my own home market: look

> at the great success of the TELEVIE initiative, This year, the funds collected in Télévie's 21 years of existence have surpassed the 100 million Euros mark, with the entire amount being turned over to the Belgian National Scientific Research Fund. These donations make it possible for a hundred scientists to work full time in cancer research.

It is in this context that I am looking forward to watching together with you the **ACT-movie** later on today, produced with the support from many of our members.

We have also - for the first time - produced an **Annual Report** on behalf of the ACT. Why did we do this? The short answer is that I believe it important for the ACT and our member companies to become more visible in the EU process. Beyond the obvious decisions on advertising, sports rights and state aid, European influence will continue to grow on our sector, even in policy areas which may at first sight appear rather distant from the media industry such as energy efficiency.

So, as the EU and its legislative decisions grow in importance, we need to inform you better about what we do, and about the often bewildering pace of change in our industry. In order to explain in a more profound and different way what television is about, what kind of business models underpin its concept, the key economic and strategic drivers, what our CEOs are saying at conferences around Europe, we have presented this Report to give you a detailed insight into commercial television all over Europe. The Facts & Figures section has been largely extended and covers a wide range of data. We very much hope that this is helpful for you and have included the Report in your packs.

[Key challenges TV sector today]

But as well as celebrating 20 years of commercial television, I would like to offer you an overview of the state of our industry today. The situation is **mixed,** on the one hand our sector is faced with huge challenges due to the economic crisis and the pace of technological change. On the other hand we see very positive developments, mainly stemming from viewers' behaviour.

Our main challenges today are:

- **The economic crisis:** This has hit our sector badly with a double digit decline in advertising in almost all European countries (though not, I am pleased to say, in my own market) and **no certainty** as to when the market will recover. Combined with the inevitable **audience fragmentation,** this raises the key challenge of how to continue to finance content in the future.

- **Growing competition with other players in the market**, on the one hand from public broadcasters using heir guaranteed funding to expand in the digital environment and on the other hand from new entrants, including telecoms companies. You occasionally hear that we broadcasters are "afraid of the competition posed by telecoms-supported mobile TV services" – frankly this is a ridiculous statement. Competition is a fact of life and broadcasters are confident that our understanding of the content business – the knowledge of what consumers want to watch, and when – is our strongest card in this new world of increased competition. That is why, although our advertising revenues are down, we continue our strategy of investing in programming,

- **The sharp rise of piracy**, including of our own signals and of our programming.

- And finally, and perhaps contrary to expectations, the enthusiasm of regulators to intervene in and shape our sector shows little sign of diminishing – whether with regard to advertising or content.

Obviously these are not easy times for any commercial operation and you might think that the TV sector is a pretty gloomy place right now.

But, at the same time, there are many reasons for optimism.

- **People like to watch TV.** Our programming remains more popular than ever. The average time consumers spent watching television across Europe is still increasing and people tend to watch more than less TV. Not only that, they tend to watch television programmes – our content - differently. Viewers watch TV on a variety of platforms and use different media platforms at the same time.

- **Despite the phenomenal rate of fragmentation in the sector, we are still delivering the mass audience** – 45 million across Europe for the Champions League final and 14.6 million people watched an edition of the talent show X-Factor on ITV last month. In French speaking Belgium, RTL-TVI news reaches a daily average of 43,6% audience for its 1pm news (which is twice the audience of the RTBF) and 46% average audience for its evening edition. So each day our news bulletin reaches 170 000 more people than the public broadcaster. I am confident that as the global recession recovers, these outstanding performances will once again translate into growth in the TV advertising market, to be supplemented – regulation permitting – with revenues from new advertising techniques.

- **Not only viewers continue to enjoy the content we produce** – the offer of that content is increasing. Notably as some pay-TV operators – whose model, while not immune from recession, is holding up well in many markets - are increasing their investment in original content.

- **Audiences are just as keen to explore other ways of consuming our content –** look at the phenomenal growth of catch-up TV in recent years – M6 Replay in

France for example records more than 15 million video downloads per month and attracts around 2 million *unique* visitors per month. When looking at all online platforms of RTL Group, we have seen more than 470 million video downloads in the first half of 2009, an increase of 97% when compared to the same period last year. There are signs, at a time when the challenge of how to persuade people to pay for professional content is preoccupying many in the media business, that television companies are well placed in this battle. Not only have the models of established pay-TV players proved resilient, there are also a range of promising experiments, both from pay-TV companies offering a wider choice of material such as BSkyB investing in arts and original content, but also from companies launching pay services for the first time such as Mediaset with its Premium service. Again, no lack of innovation.

- And finally - even if people watch more content online, the **TV set remains trusted and is still the preferred screen for European consumers.** TV is a strong, reliable and independent source of information and entertainment. As such, we are a key component of a pluralistic media landscape.

[The Future & Challenges for regulators]

So what will commercial television look like in the future?

Consumer demand is evolving at a speed we have never seen before. The only safe prediction I can make is that we will see more changes in the next couple of years than in the previous twenty. Much of the debate we will have here today, and over the next few years, will be about issues such as user generated content or catch up TV.

But how many of us remember just how new these phenomena are? That You Tube has been in business for less than four years? Or Europe’s biggest catch-up TV service, the BBC i-Player, for less than two years? In sectors adjacent to our own, the i-Pod Nano is only four years old, Twitter barely three…

As businesses, we are challenged every day to keep up, to anticipate, to respond to this demand. As regulators, I would argue you have an even harder task, because of the long timelines necessary to get legislation right. Some in the audience may at this point expect me, as a representative of by far the most heavily regulated media sector in Europe, to call for a programme of radical deregulation, of leaving everything to the market.

In fact, I see the challenge facing European legislators as even more complicated than simply abolishing vast swathes of regulation. **Together, we need to embark on an audit of which legislation remains fit for purpose in tomorrow's media landscape. Frequently, the goals will remain valid, but the ends used to reach those goals will change.**

Let me give you three examples:

- Protection of minors
- Consumer protection and, perhaps the most controversial,
- Media pluralism.

These goals were at the forefront of policymakers' minds twenty years ago when the TVWF-Directive was adopted. They are still relevant today and, I believe, will be so in twenty years' time. But the tools we use to deliver these goals have changed.

- Twenty years ago, we protected children via a scheduling watershed and delivered consumer protection by ensuring that only a carefully rationed number of advertisements, at least on television, could be seen by the viewer. Today's world of timeshifted television means we must develop additional tools to protect children beyond the watershed.
- Similarly, the focus of consumer protection has moved from worrying about when an advertising break can be scheduled to more fundamental issues like identity theft and data protection when online.

- Even the debates about media pluralism from 1989 seem rather old-fashioned today, with the 1980s emphasis on how many TV stations a company could own, and whether newspapers and TV could be in common ownership. Tomorrow's debates about pluralism, I would suggest, need to move beyond this mindset and instead address issues relevant to the multiplatform, all-media market such as net neutrality, and exclusivity in a P2P world.

Our regulatory wish-list

Turning to our regulatory wish-list, **let me first say regulators cannot expect us to do the homework of the parents – TV cannot and should not be considered merely as a tool of social policy.**

It is human nature to prefer evolutionary changes to revolutionary ones. And much of the welcome deregulation we have seen so far in European television has been cautious. But the successful media companies of tomorrow will be those who have the imagination not only to understand the revolutionary impact of the digital future, but also quickly to adapt the best of what we currently do to that future.

This dual approach, of thinking more radically but of retaining the essence of our current systems, I believe, applies not only for businesses but also to regulators. The regulatory audit I referred to must move away from prescriptive micro-management and instead provide outcomes which work with the flow of technological change.

On the business side, for commercial television to flourish in the future, it will be crucial for us to:

- **Sustain programme financing:** In order to do so, we need to overhaul our business models and experiment with new advertising techniques. We also need to develop new activities to diversify our revenues. While advertising was funding 100% of free-to-air TV some years ago, this is not sustainable anymore – a trend, which we see all over Europe.

- **Keep exclusivity of our programming and control of our signal:** The content we offer must remain exclusive. Otherwise the incentive to invest will disappear, which is a threat to creativity. In a multiplatform environment it will be crucial to control the integrity of our signal. It is essential that it will not be retransmitted online without our permission.

- **To compete on an equal footing with our competitors:** This relates particularly to our state funded competitors and to new entrants to our sector.

- **To fight against piracy:** A problem of ever greater concern to all content providers in the media sector.

If we can work towards our wish-list – financing, exclusivity, competition and anti-piracy – then I am convinced that the European TV industry can deliver our side of the bargain in achieving certain very important shared goals.

[Conclusion]

Let me conclude, ladies and gentlemen. Nobody knows what will happen next. But politicians and we as commercial broadcasting industry do share common goals – the goal above all of a digital Europe, which is rich in original content founded on fair competition and respect for the creative process. We look forward to working towards this shared goal with you and will take our responsibility seriously when defining the rules for tomorrow's television landscape for our viewers all over Europe.

Thank you.