

News Release  
26 November 1998

#### CANAL+, KANAL 5, TV3 and TV8: "DIGITAL TV START POSTPONED"

This morning, in a letter addressed to the Swedish Government, the four commercial TV companies - Canal+, Kanal 5, TV3 and TV8 - stated that they intended to postpone the start-up of the Swedish national digital terrestrial TV network. Originally the network was due to be commissioned on January 1 1999, but this has now been postponed until further notice. The program companies also requested that the Government delay the start of the entire digital TV project.

This decision taken by the four TV program companies is a consequence of what they consider to be several serious problems affecting their chances of operating digital terrestrial broadcasting successfully.

**Lack of viewers** One decisive precondition for transmission start on January 1, 1999 was that the technology should be available on the market. Viewers cannot receive digital TV unless they have the relevant digital reception equipment. Nokia, the sole receiver manufacturer, has stated that only limited numbers of receivers will be available during the first quarter of 1999, and then only from February barring any production problems.

**Lack of viewers** With only eight channels available on the digital terrestrial network, it is essential that all the program companies start their transmissions at the same time. The reason the program companies have invested program services in the terrestrial network is so that the entire package of channels will be attractive to the consumer. Kunskaps TV (an educational channel) has already been granted dispensation from the general start date in January, 1999. SVT 24 has previously stated that they will not begin transmission on that date, the same decision has been taken by Cell.

The administration and distribution company Senda has taken a unilateral decision to delay the transmission of the EPG - the Electronic Program Guide - until 200 000 households have been connected to the terrestrial TV network. According to their calculations, this will not be the case until after the turn of the century. The EPG is one of the most important arguments for households to select digital TV.

**Senda not neutral** Originally, Senda as a company was to operate neutral, non profit administration and distribution. When licenses were issued, Senda's owners stated that its ownership structure could well be broadened to include all the commercial program companies. This promise has not been fulfilled. There is currently only one commercial program company within its ownership structure - TV4. A fundamental requirement must be that Senda becomes a neutral distribution company owned by parties neutral to the TV program market.

**Scrutiny by the Swedish Competition Authority necessary** When the cooperation agreement was signed with Senda, the company promised that this document would be scrutinized by the Swedish Competition Authority. Consequently, four of the commercial program companies have now requested such scrutiny of the agreement. No operations should be initiated until this scrutiny has been carried out.

**Time shortage** The agreement presented by Teracom arrived at the program companies far too late in the process - the first draft having been received on 28th October this year. This contract must be finalized and signed before transmissions can begin. Neither is the price to be paid to Teracom by the program companies linked to the actual number of households connected to the network which is also considered to be an unsatisfactory situation.

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