



Cricket on Five

Five is the new home of terrestrial cricket coverage in the UK, bringing highlights of England's 2006 clashes with Pakistan and Sri Lanka to the nation.

New



Extraordinary people

Five's critically-acclaimed documentary strand. The most popular episode in 2006 was *The Seven Year Old Surgeon* with 2.9 million viewers.

No. of viewers
in million

2.9m



Fifth Gear

Five's motoring show, featuring its trademark authoritative tests of the world's most spectacular cars.



CSI

The latest series attracted up to 4.5 million viewers and an audience share of 18.8 per cent making it the most popular transmission of the US drama on the channel.

Peak audience share

18.8%



Home and Away

Five's highly popular Australian soap opera has been successfully extended to the new digital channel Five Life.



Respectable

A new comedy series following a group of young women working together, squabbling, chatting and bonding, like any other workforce. There's just one difference ... they work in a brothel.

New



Rupert the Bear

Rupert Bear is one of the most recognisable children's characters in the world. Created in 1920 he still enjoys an avid following 86 years after first appearing as a cartoon strip.



How Not To Decorate

Interior design gurus Colin McAllister and Justin Ryan question the dubious style choices made by the British public and attempt to rectify them with a team of builders, project managers and homeowners.

Highlights 2006

Difficult market conditions

The significant decline in the UK advertising market in 2006 affected the profitability of Five. As a result, underlying EBITA of the main channel declined to €21 million. In addition, the launch of two new digital channels in October 2006, incurred start up costs of €22 million, and so the EBITA for the profit centre was a small loss of €1 million.

Serial success

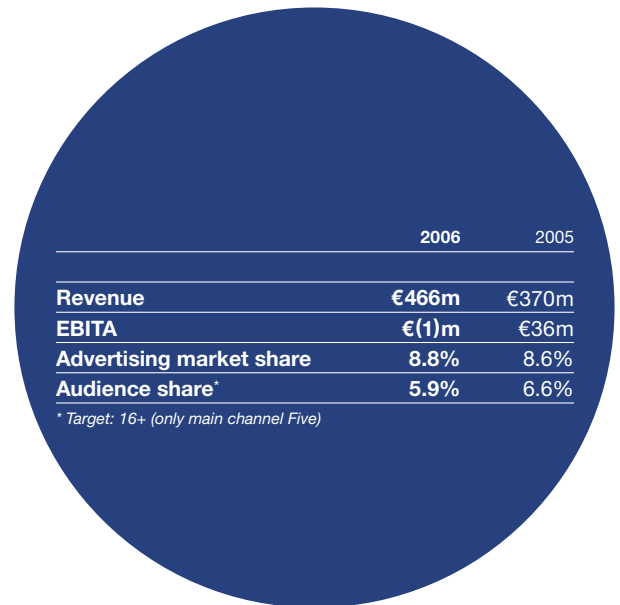
Five's most successful programmes in 2006 included *Home and Away*, *House* and, above all, the *CSI* brand. Other successful US dramas included *Law & Order*, *Prison Break*, *Criminal Minds* and *NCIS*.

Five Download

In October 2006, Five launched its video on demand service, Five Download, incorporating the *CSI* franchise. The service offers exclusive online access to the most recent series of all *CSI* brands. Ultimately the entire back catalogue will become available.

Multi channel penetration in the UK

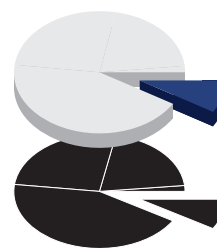
Multi channel TV had reached over 75 per cent of homes at the end of 2006, mainly helped by the growing success of the Freeview platform. To strengthen Five's market position in a highly competitive landscape, Five launched two new digital channels, Five US and Five Life (see over).



National advertising breakdown

Source: TV Industry

2006 (%)

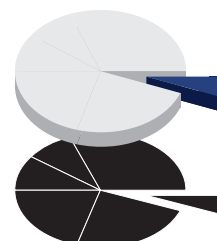


Five	8.8
ITV	43.2
Cable/Satellite	26.2
Channel 4	20.2
GMTV	1.6

National audience breakdown

Source: BARB, Target: 16+

2006 (%)



Five	5.9
BBC 1	23.7
ITV 1	20.3
Channel 4	9.8
BBC 2	9.1
Others	31.2



Five + two = three

Five has come a long way in a relatively short time. For nine years it has been a growth business as a single channel, and an established part of the British television landscape, all in the face of huge and constantly growing competition. But with more than 75 per cent of the market already digital, and counting, 2006 was the year to make digitalisation an opportunity rather than a threat.

The answer was two new digital channels, Five Life and Five US, launched in October 2006. Within a month both had established themselves within peaktime as two of the top 15 UK non-terrestrial channels. While Five's CEO Jane Lighting had been developing a multi-channel strategy for some time, the catalyst was the growth of the Freeview platform. According to Mark White, Five's Executive Director of Sales and project manager of the multi-channel launch: "Compared to satellite and cable, the Freeview digital terrestrial platform was the fastest growing by a mile. Every new customer was a home going from four or five channels to about 50, where Five was open to competition from the new digital channels launched by ITV and Channel 4." Much of the viewing the terrestrial channels are losing is being picked up by their own multiple channels, so getting the new channels on Freeview was a priority, and an integral part of the planning process.

The move was perhaps a little late in the day in the view of some media commentators, but becoming wholly owned by RTL Group in July 2005 had made the task easier. And Five had put the time to good use, learning from the experience of others in the market. Says Mark: "As well as that, we were particularly conscious of where we thought there were gaps in the market. We thought especially about what free-to-air customers already had on the Freeview platform, and what extra channels they might want, even though we would be on the other platforms as well."

“Two channels that built on Five’s established strengths and reputation.”

Mark White,
Five’s Executive Director of Sales



Five settled on two areas that both built on its established strengths and reputation, but have clear identities of their own. Five Life is definitely skewed toward the female audience. “We saw the satellite channels had the female 25–40 audience well covered,” says Mark White, “but there was definitely a gap in the Freeview offering for this market.” The channel offers a mixture of emotionally engaging content that reflects its audience’s modern lives – leisure, lifestyle, documentary, movies, with some US and Australian dramas exclusive to Five Life, and personalities like Trisha and Ellen Degeneres, and high ratings shows like *Home and Away*. Mark offers some more rationale: “As well as the many advertisers who target young women and housewives with children there’s also an opportunity to take FMCG (fast moving consumer goods) advertising revenue in these segments. And we’re not ignoring men, they will still find plenty to engage with.”

Five US is slightly more male though. With this channel it’s not such a case of identifying a gap in the market, but one of playing to Five’s strengths. “Yes,” says Mark, “viewers believe Five has the best of American content. And this is ‘smart America’ – intelligent drama like the *CSI* franchise, *Shark*, *Vanished*, and *Conviction*, documentaries, comedy with *Joey*, and the US sports shown overnight on Five packaged in a highlights programme on Five US.”

Each channel has its own identity and leans towards a particular audience. But both are clearly linked with Five and feel part of the Five family. This principle has been an important strand of the marketing campaign – and it’s not an easy task raising awareness of two new channels when there are already so many available. For Mark White: “The names were important. We’ve created the association with the main channel but

used names instead of numbers to give the channels their own personalities, and it has worked – people know the identities and are much clearer about what our channels stand for compared to channels which use numbers. The marketing supported this. Our ad and poster campaign used the power of the terrestrial Five brand, built understanding of the two new channels’ propositions, and clearly linked them together as a family of channels.”

Both new channels are already in the top 15 of the UK’s non-terrestrial channels across peaktime, and both have been seen by 15 million viewers so far. So it’s a good start, as the saying goes. The launch of the two new digital offerings gives Five itself more flexibility as a channel. “Yes,” says Mark, clearly getting excited at the prospect, “We will look and act even more as a family of complementary channels. We can make decisions with the family in mind – buying programmes which allow us to maximise the value of rights and transfer viewers between our family of channels through tactical scheduling, retaining viewers we otherwise would have lost.” He laughs at the thought: “It’s already like a giant jigsaw on the office floor!”

The other important factor in the success according to Mark White, is the people at Five: “Launching a portfolio of channels is very motivational.” There’s a definite pause as Mark recalls the demands of the past months: “Yes it was a lot of incredibly hard work for everybody, but it was also very exciting. New shows, new strategies, new propositions and about 50 new people – we’ve now got about 310 permanent staff. It’s all very positive, especially now we’re on air. Now we’ve got to build on the original thinking and continue to evolve in the ever changing digital world.” As Mark likes to say, “A channel is for life, not just for launch!”