

**CANAL+ SA - 2008**  
**Consolidated net income of €47.1 million**

At its meeting on February 23, 2009, the Board of Directors of CANAL+ SA approved the Company's accounts for the year that ended December 31, 2008, as follows:

<i>(in millions of euros)</i>	<b>Dec. 31, 2008</b>	<b>Dec. 31, 2007</b>	<b>Change</b>
Subscriptions	1,636	1,581	55
Advertising	128	111	17
Other revenues	49	48	1
<b>Total revenues</b>	<b>1,813</b>	<b>1,740</b>	<b>73</b>
Operating expenses	(1,493)	(1,548)	55
Distribution commission	(264)	(137)	(127)
<b>Operating income</b>	<b>56</b>	<b>55</b>	<b>1</b>
Other income from ordinary activities	0	0	0
Net interest income	16	17	(1)
Income tax	(25)	(25)	0
<b>Consolidated net income</b>	<b>47</b>	<b>47</b>	<b>0</b>

**Highlights for the year:**

The main events of the year were:

- The award on February 6 of nine of the ten television broadcast packages for French League 1 soccer matches, auctioned by the Ligue de Football Professionnel during its tender for the 2008/09 to 2011/12 seasons.
- The renegotiation of the rights to broadcast Champions League matches for the period 2009-2012. Groupe CANAL+, which has been the League's official broadcaster since 1999, will offer exclusive, live coverage of 133 matches, 21 more than under the previous contract. Groupe CANAL+ was also awarded exclusive rights to the programs that broadcast the highlights of all Champions League matches.

**Key indicators:**

CANAL+ is the only direct-to-air channel that has held its own against the ramp-up of France's digital terrestrial TV network. CANAL+ holds a 3.3% share of French viewers aged four and over. In 2008, the LES CHAINES CANAL+ package increased its audience share by 0.1 point to 4.2%.

The total subscription portfolio, which includes home and institutional subscriptions in France and its overseas departments and territories and Africa, came to 5.3 million subscriptions at December 31, 2008. During the year, the digitization of the CANAL+ subscriber base picked up pace, with nearly 350,000 analog subscriptions making the switch. The percentage of digital CANAL+ subscribers rose above 80% for the first time, compared with 71% at year-end 2007.

Subscriber recruitment remained very high during the year, comparable to the figures recorded in 2007, with around 600,000 new home subscriptions in France.

A positive subscription performance, despite the current economic downturn, was achieved by offering flexible solutions to subscribers. This flexibility primarily impacted the churn rate of recent subscribers while the over-one-year subscriber base was loyal with a satisfying churn rate of 10.9%. In average, over the total subscription base and after a one-time portfolio adjustment to include viable contracts only, churn rate was 15.5%.

Subscriber satisfaction with the programs broadcast as part of the LES CHAINES CANAL+ package remained very high, at 86%.

## **Total revenues**

Quarterly data (in €m)

	<b>Q1 2008</b>	<b>Q1 2007</b>	<b>Q2 2008</b>	<b>Q2 2007</b>	<b>Q3 2008</b>	<b>Q3 2007</b>	<b>Q4 2008</b>	<b>Q4 2007</b>
Subscriptions	411	389	407	394	411	399	407	399
Advertising	34	28	37	32	21	20	36	32
Other revenues	12	10	12	13	12	12	12	12
<b>Total revenues</b>	<b>457</b>	<b>427</b>	<b>456</b>	<b>439</b>	<b>445</b>	<b>431</b>	<b>455</b>	<b>443</b>

Consolidated revenues for the 2008 totaled €1,813 million, up €73 million from the €1,740 million reported in 2007. This 4.2% rise was led by increases in both subscription and advertising revenues in a less favorable economic environment.

## **Earnings:**

Operating expenses, other than the distribution commission, declined by €55 million from the previous year. The decline mainly involved program costs, notably with the impact of the renegotiated rights to French League 1 football matches. At the same time, CANAL+ stepped up its development of French fiction programs, in line with its editorial policies. Film program costs were also higher with the broadcast of French box-office hits like *Taxi 4* and *Arthur and the Invisibles*. Taxes and royalties were lower because of changes in French legislation concerning TV tax, which is now also applied to television programming providers. Broadcast costs were higher because of the expanded presence of the LES CHAINES CANAL+ package in a full range of delivery channels.



In light of these developments and the change in the guaranteed income cap and floor, the distribution commission paid to CANAL+ DISTRIBUTION came to €264 million, up €127 million from the prior year. After other revenue from ordinary activities, net interest expense and income tax, consolidated net income amounted to €47.1 million, on a par with 2007.

At the Annual Meeting on April 9, 2009, shareholders will be asked to approve a dividend of €0.26 per share, representing an increase of 4% from 2007. If approved, the dividend will be paid on April 22.

The Company's 2008 financial statements and notes will be published in the BALO journal of record. The full-year financial report will be available in early April on the CANAL+ website at the address below.

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