Comparison of SBS model ($20-30m) with FreeTV model ($190m)

	SBS Assumption	FreeTV Assumption	$ impact*
Time period	• The period used by SBS revenue modelling is across 4-financial years (FY15-16 to FY18-19), the period covered by the forward estimates	• Appears to assume that SBS earns revenue over the "next 5-years" (ie through to FY19-20)	**$40m**
Fill Rates	• SBS is not currently "full" across all channels and markets. SBS can only sell incremental minutes where our fill rates are already high (eg SBS ONE metro)	• Assumes this incremental inventory can be sold across all our Channels and markets	**$34m**
	• Not all of our content is attractive to commercial advertisers	• Assumes we can sell this new inventory against all our content and prime-time slots	**$18m**
	• SBS modelling anticipates a gradual increase in fill-rates of the incremental advertising minutes	• The FreeTV analysis assumes that SBS can sell the incremental inventory into the market in Y1 at 70%	**$16m**
Type / Source of revenue	• The SBS model backs out sponsorship revenue and takes into account the impact of specific properties such as the World Cup and A-League	• Assumes all revenue is equal, which is unrealistic • Does not appear to exclude sponsorship revenue or that associated with particular properties (eg World Cup or A-League)	**$20m**
Effective CPM / Ratecard	• SBS is currently a premium buy for advertisers. • In order to attract new advertisers, it is likely that SBS will have to discount the existing ratecard (our model assumes 15%)	• Assumes that there is no discount on our current rates to the market, which is unrealistic	**$10m**
Growth	• Audiences on primary channels, including SBS ONE, are declining at >5% pa. The traditional ad-spot sell is being replaced by integrated brand campaigns • SBS's modelling reflects this trend	• Assumes a constant growth rate of 1.4% over the period (based on the most recent PwC media outlook)	**$10m**
Cost of sales	• The $28.5m over 4-years is revenue net of cost of sales and commissions directly related to earning the incremental revenue.	• The FreeTV is effectively a gross revenue figure, which excludes cost of sales and agency commissions	**$13m**

Notes: * SBS's internal estimate of the dollar value difference between the underlying assumptions of the respective models