

PRESS RELEASE

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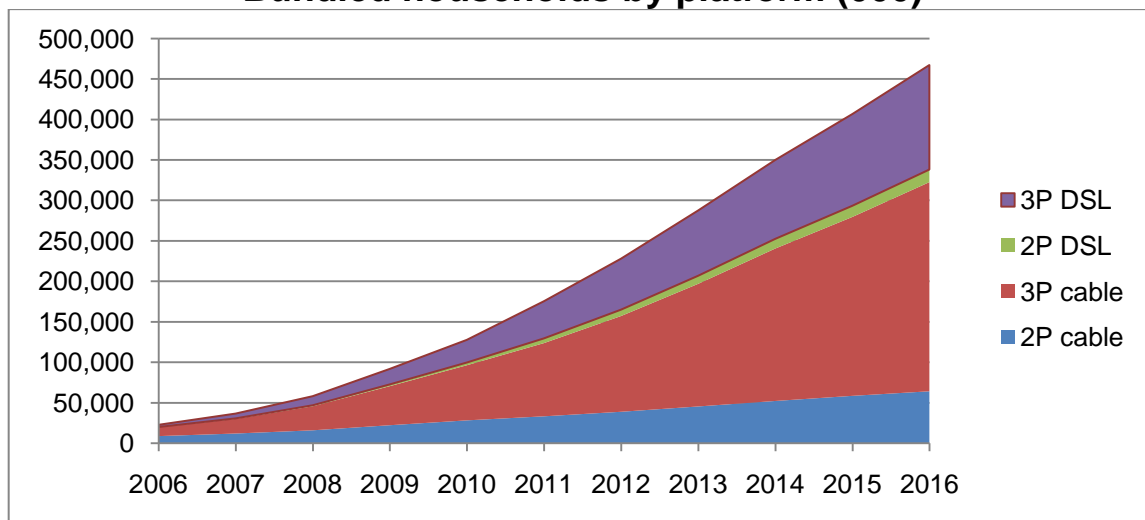
for immediate release

Triple-play subscriptions to quadruple

More than a quarter of the world's TV households will subscribe to triple-play services (3P - TV, broadband and telephony) by 2016, according to Digital TV Research. The *Triple-Play Forecasts* report (covering 73 countries) estimates that this is up from only 7.1% penetration at end-2010.

Report author Simon Murray said: "The 2016 3P penetration doesn't sound too impressive until you realize that this represents 387 million homes, up from 96 million at end-2010."

Bundled households by platform (000)



Source: Digital TV Research Ltd

Rapid expansion means that Asia Pacific's 3P subs will represent 58% of the total by 2016, up from 35% in 2010. Of the 291 million additional subscribers, 147 million will be in China alone, followed by an additional 24 million in the US, 18 million more in India and 13 million extra in Russia. China will supply 44% of global 3P subs by 2016.

Furthermore, there will be 80 million dual-play subscribers (2P – TV and broadband in this report) by 2016, up from 32 million at end-2010. Global 2P penetration will reach 5.4% by end-2016, up from 2.3% at end-2010. China (30 million subs) will be the largest 2P country in 2016, followed by the US (13 million) and India (12 million). These three countries will represent 69% of global 2P subs.

There will be twice as many 3P cable subscribers (258 million) than DSL/fiber ones (129 million) by 2016 – a four times as many 2P cable subs than 2P DSL ones.

Murray added: “Rivalry for pay TV and broadband subscribers has never been so fierce – and it’s going to get even more competitive. Operators are pushing their bundled packages hard to attract new subscribers and to retain existing ones.”

“These operators are not just competing with each other, but they also have to deal with widespread take-up of digital terrestrial TV (with its channel choice often nearly replicating the basic pay offer) and over-the-top (OTT) internet-delivered video. Furthermore, satellite TV providers are pushing newer services such as DVRs, HD and 3D to differentiate themselves from their fixed line counterparts.”

“The effect of all of this competition is reasonably-priced bundles, which increases overall [blended] ARPU for operators but lowers revenues from the component parts: TV, broadband and telephony. So operators will (and have already started to) reduce TV channel choice (sometimes to just what is offered on DTT) and will be more reluctant to pay carriage fees for basic channels. This will impact channels revenue streams. Furthermore, operators are providing faster broadband speeds as standard.”

Triple-play penetration will be highest in North America, reaching 46% by 2016, though growth will flatten from 2014. 3P penetration will exceed 50% of TV households in nine countries by 2016, led by Belgium (67%) and Hong Kong (60%). Singapore (21%) will be the dual-play leader.

Triple-play revenues will reach US\$170 billion by 2016, nearly US\$100 billion more than the 2010 total. The US will supply US\$39 billion of the additional revenues, with Japan up by US\$9 billion and China increasing by US\$8 billion. China’s 2016 total will be 10 times its 2010 total.

The US (US\$87 billion) will account for half of the world’s 3P revenues by 2016, and the US (US\$13 billion) will also take half the global 2P revenues by 2016. Global 2P revenues will reach US\$26 billion in 2016, up by US\$10 billion on the 2010 total.

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About Digital TV Research Limited:

Digital TV Research Ltd specializes in providing cutting-edge business intelligence for the television industry. This boutique firm is flexible and fresh and can react swiftly to new trends and technologies.

Digital TV Research Limited was established by Simon Murray in January 2011. Simon's extensive international industry knowledge and contacts have been built up since he began covering global media developments in 1988.