

IPTV: ***European Market Overview***

Dan Cryan – Research Analyst

19th October 2005

Screen Digest

Market research firm covering the global entertainment sector

- **The research journal**

- Research, intelligence, analysis
- Since 1971
- The international media business's leading news and market research journal covering:
 - Free & Pay TV
 - Video and DVD
 - Cinema & D-cinema
 - Video games
 - Digital media
 - Broadband
 - Film production & distribution
 - Video-on-demand
 - Wireless (mobile) content
 - Technology & Content deals

- **Market reports**

- **Consultancy**

- **Online Intelligence services**

The market today

38.7m broadband subscribers in Western Europe

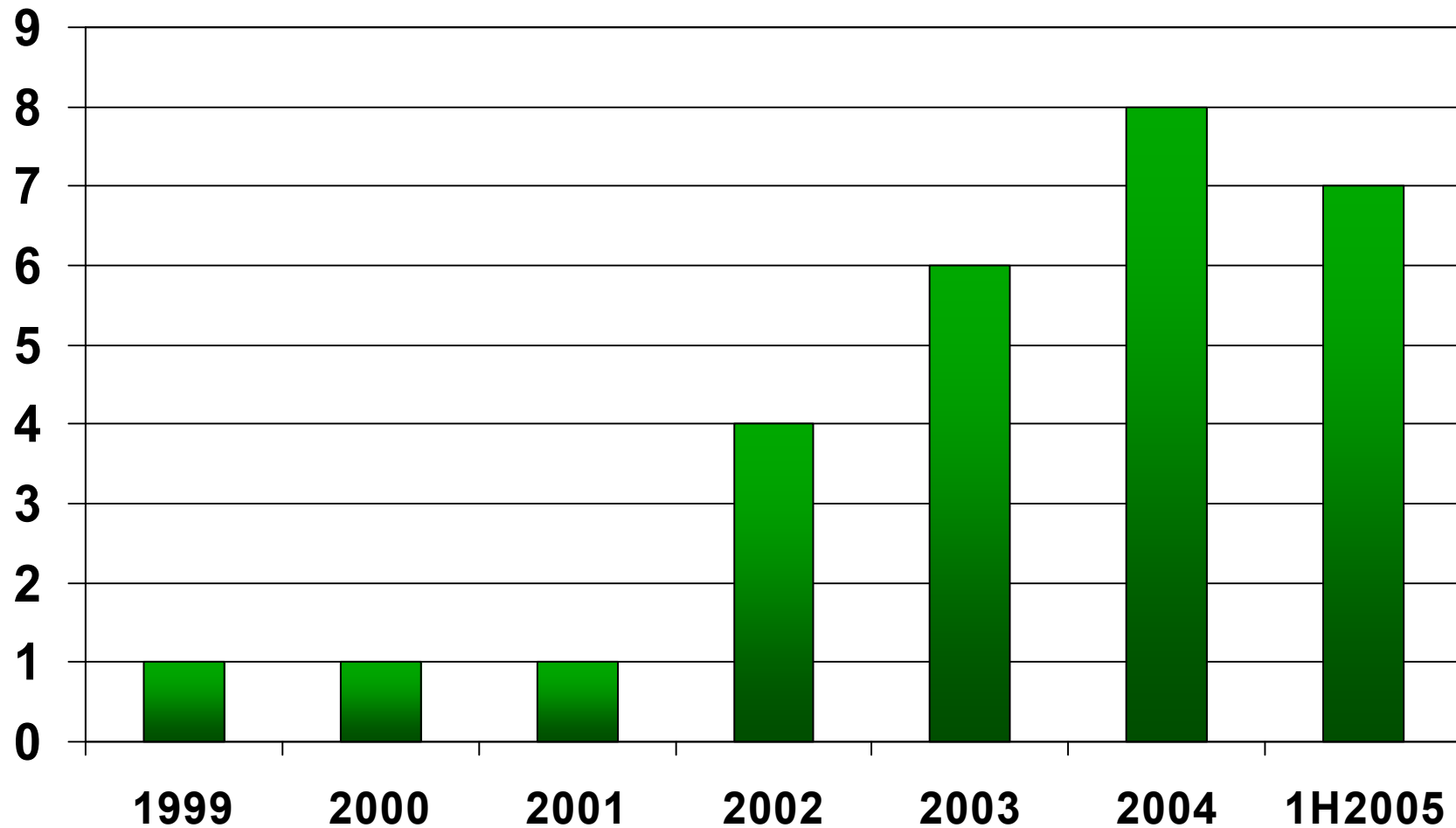
Over 85.6m pay TV households

657,000 IPTV subscribers

0.42% of European TV households have IPTV

8.8m IPTV subscribers at the end of 2009

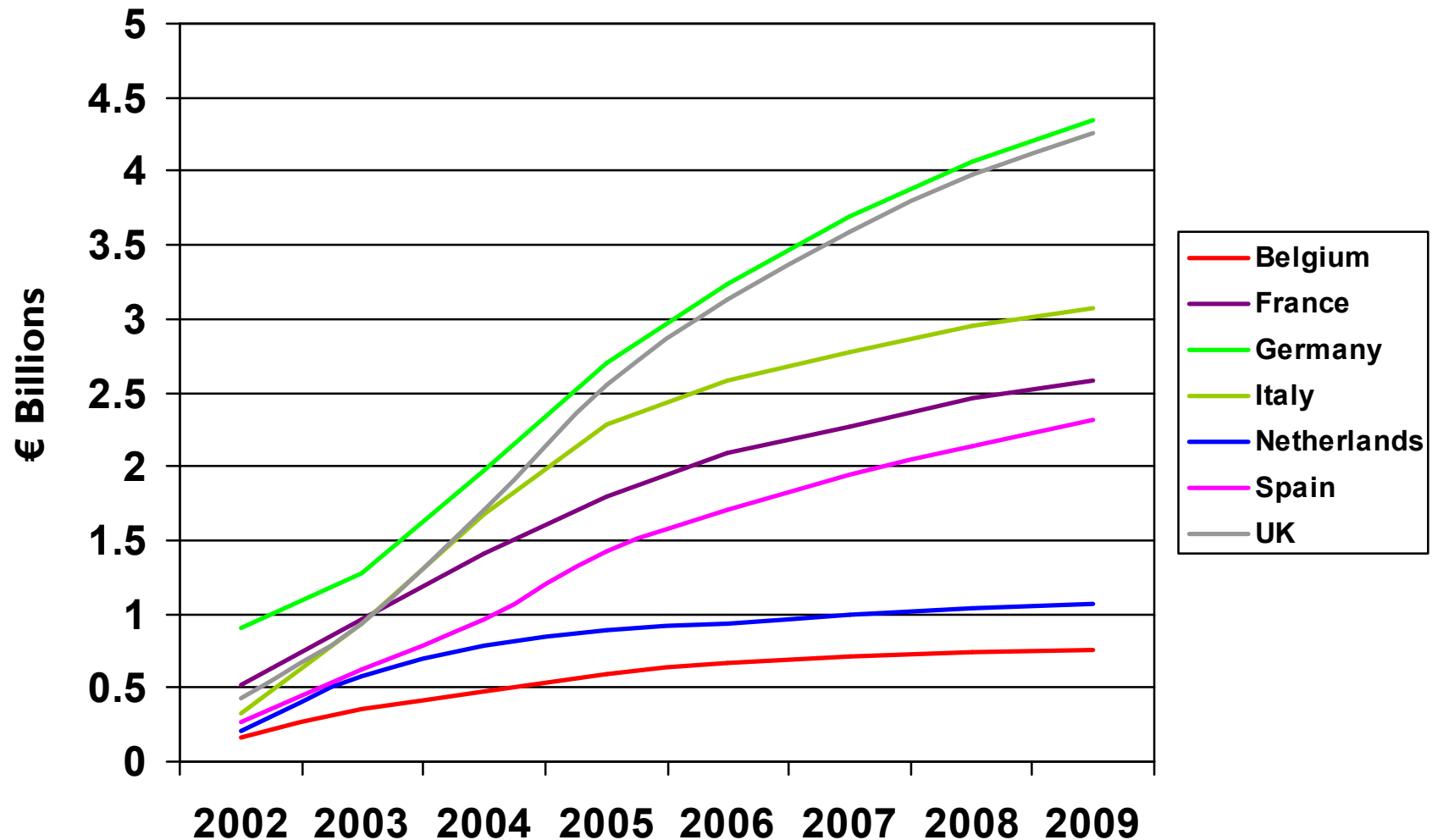
IPTV service launches per year



Live IPTV services

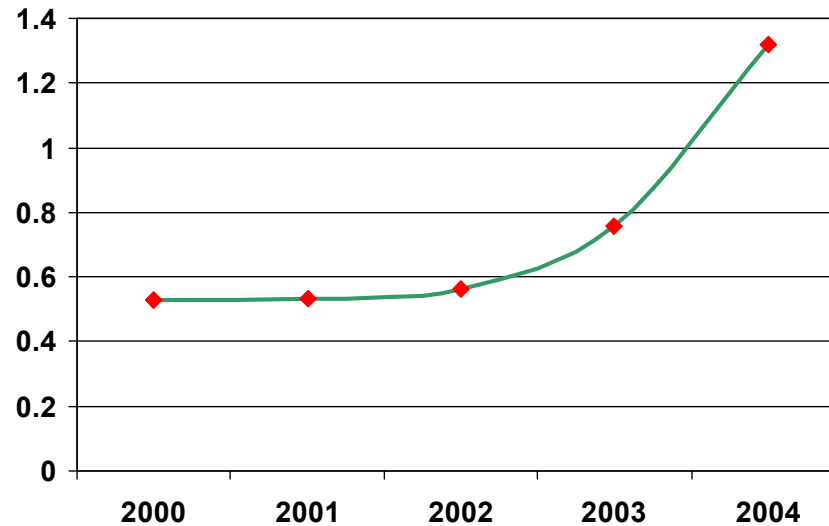
<i>France</i>	<i>France Telecom Maligne TV, Free Telecom, Neuf Telecom , Canal Plus, TPS</i>
<i>Germany</i>	<i>T-Online Vision, Alice Movie</i>
<i>Italy</i>	<i>Fastweb</i>
<i>Netherlands</i>	<i>Versatel</i>
<i>Spain</i>	<i>Telefonica Imagenio</i>
<i>Sweden</i>	<i>Canal Digital, Telia Digital TV, Viasat</i>
<i>UK</i>	<i>Kingston Interactive TV, Homechoice</i>

As broadband market grows, so will annual broadband access revenues

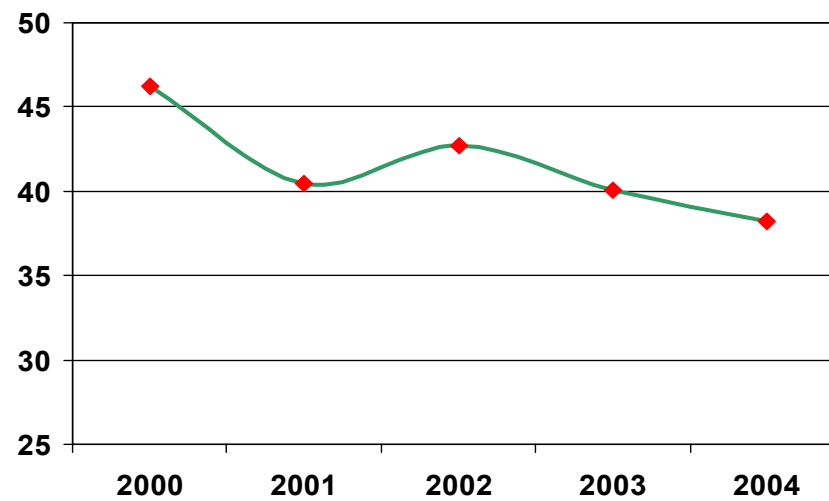


Connection Speeds vs Subscription Cost

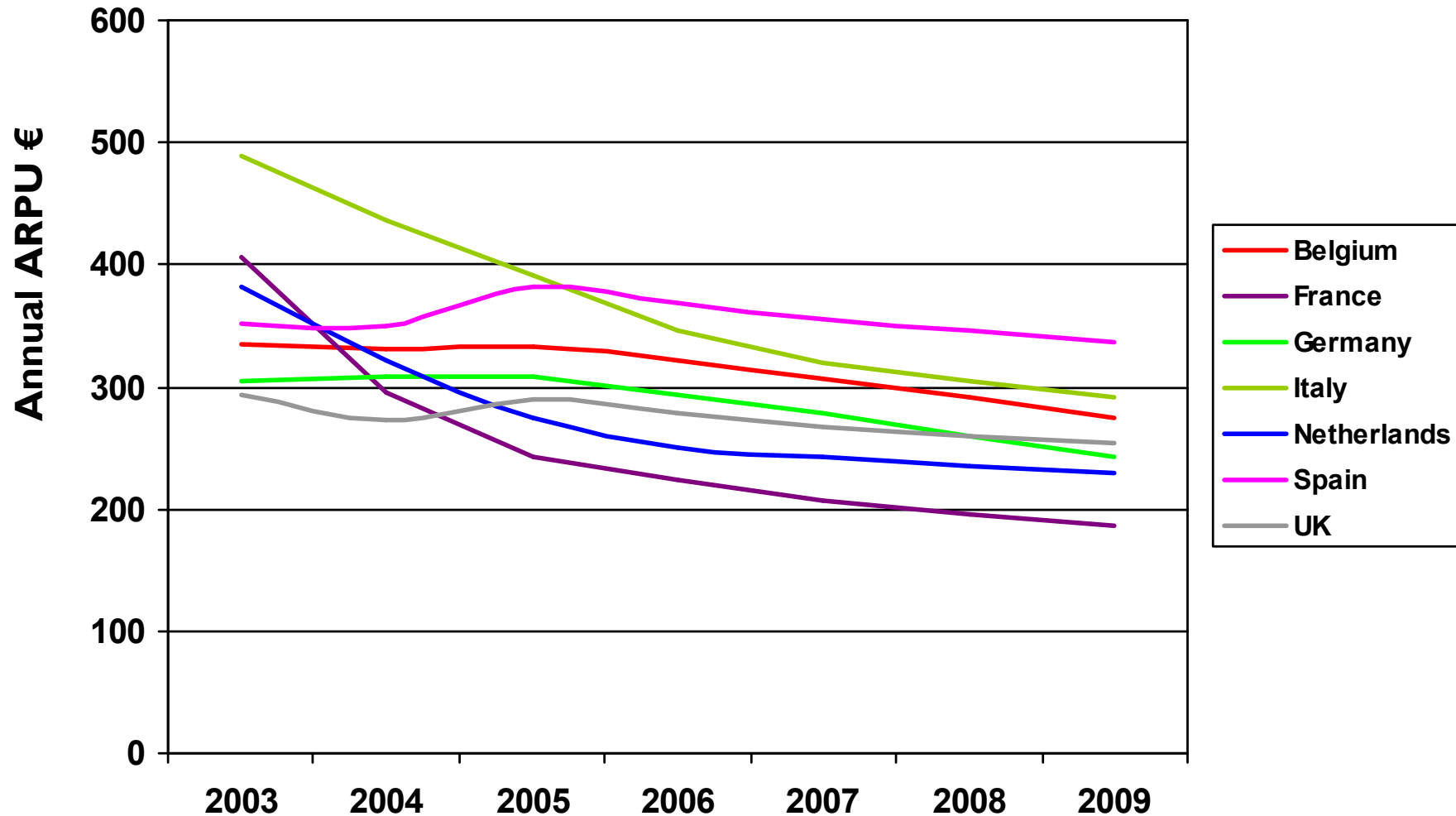
Average downstream connection speed (Mb/s)



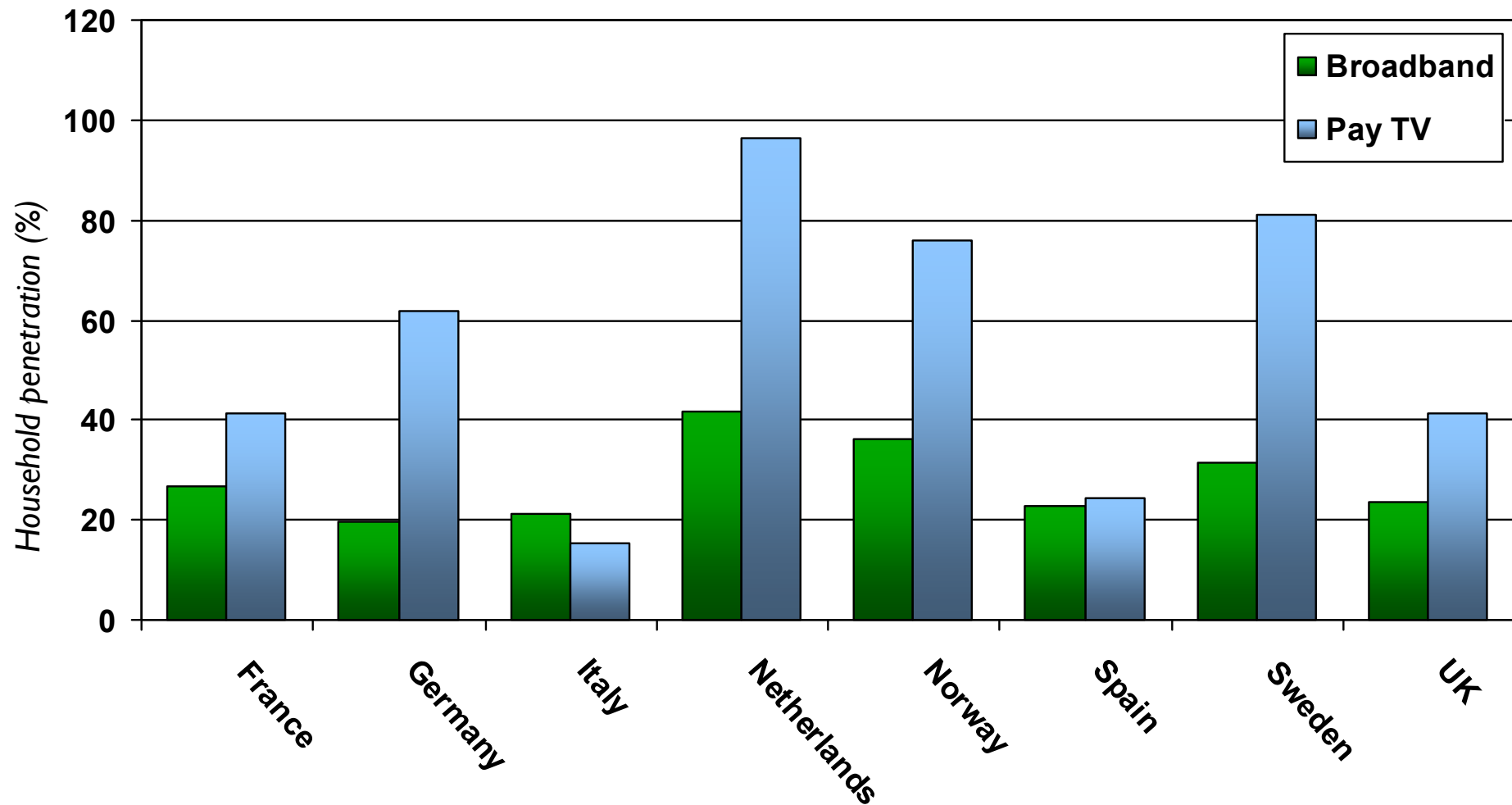
Average subscription cost (€ / month)



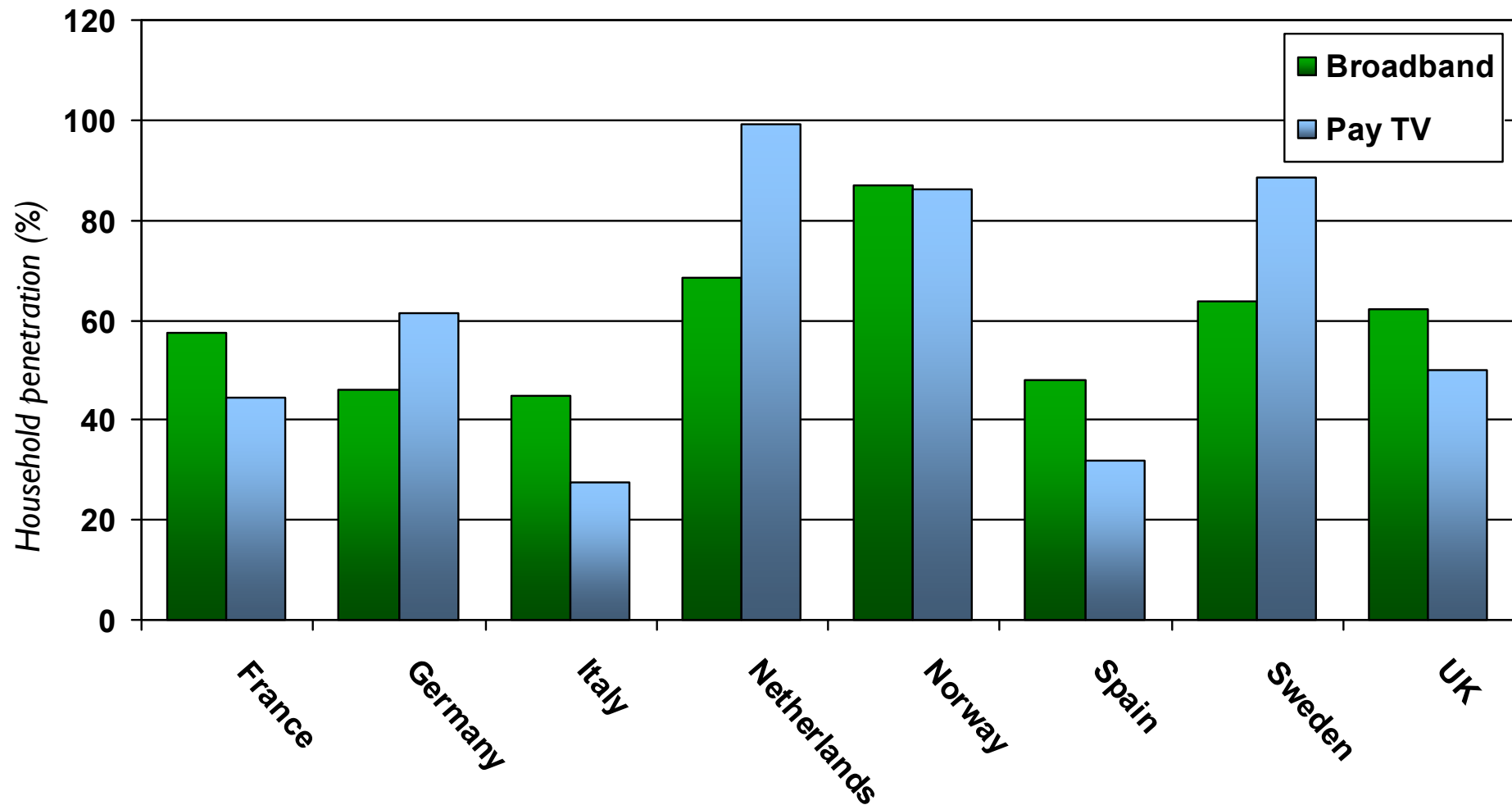
Annual broadband access ARPU on the decline – service providers need value-added services to make up shortfall



Broadband penetration vs Pay TV penetration 2004



Broadband penetration vs Pay TV penetration 2009



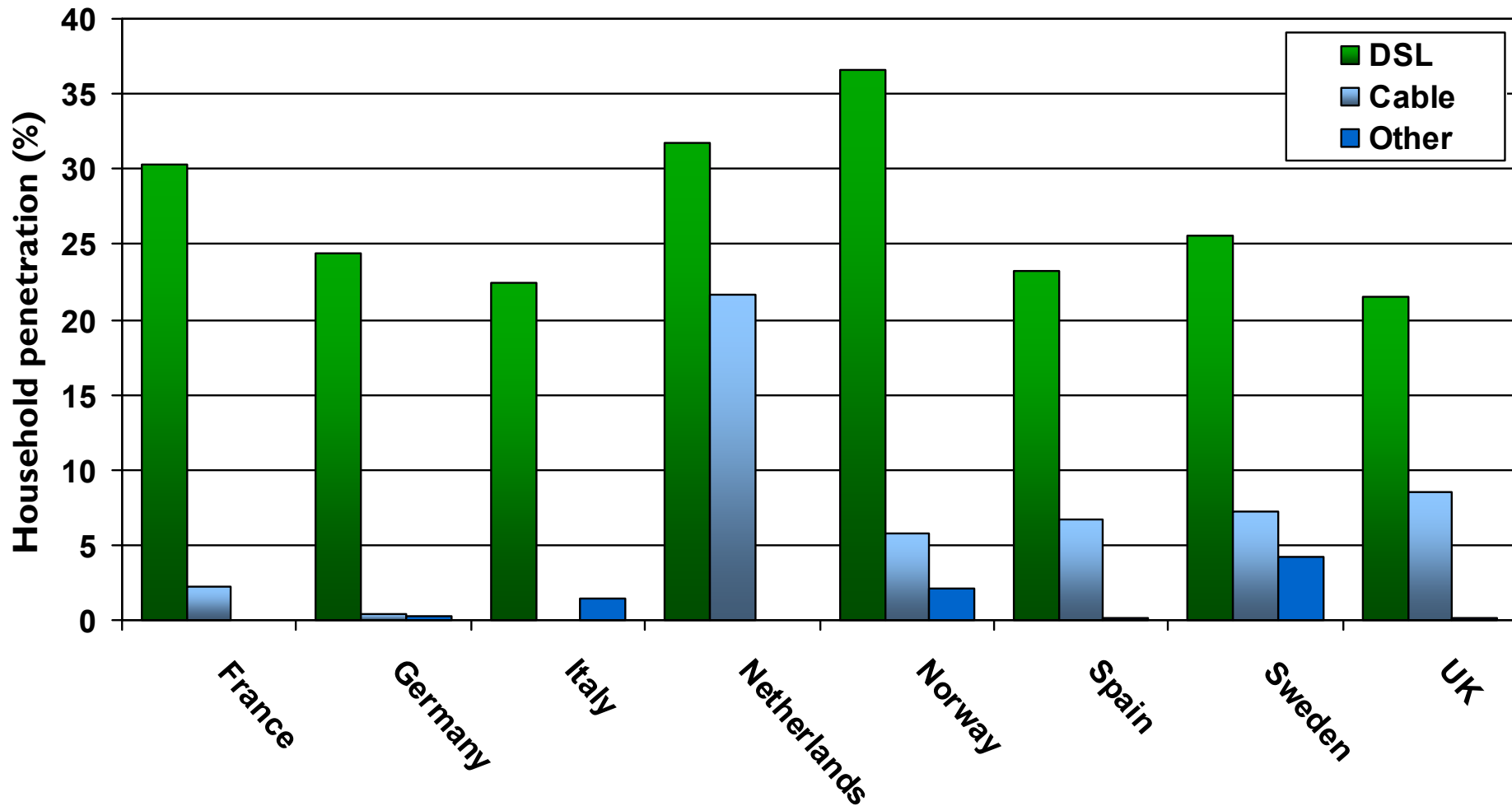
IPTV: the space for growth

Cable TV services offer the closest product to IPTV

Countries with low cable TV penetration (Italy, France, Spain and UK)

Low digital cable penetration (Belgium, Germany)

Access technology market share IH 2005



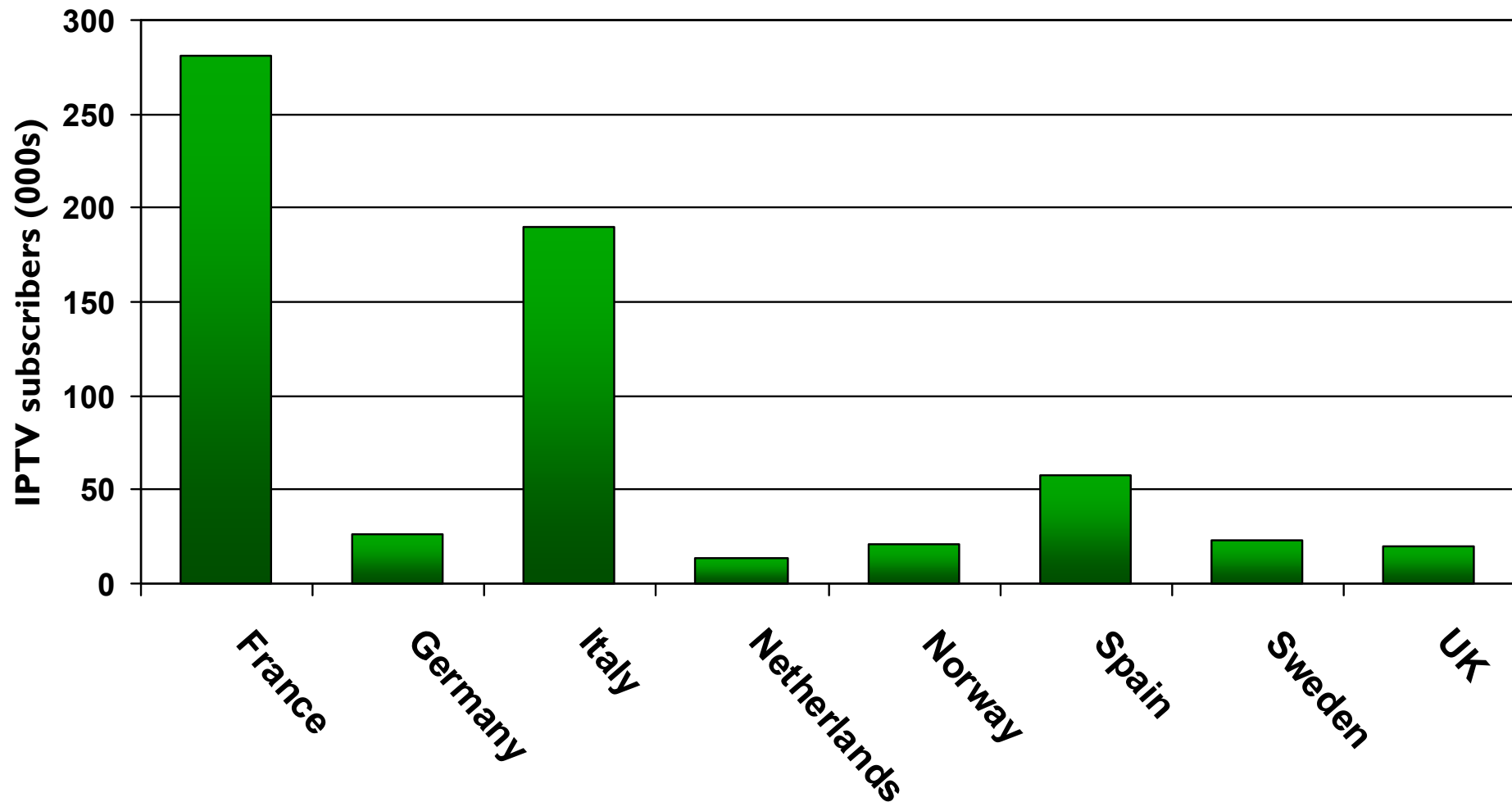
Access Technology

DSL dominates the market - Europe-wide over 90% of 'homes passed'

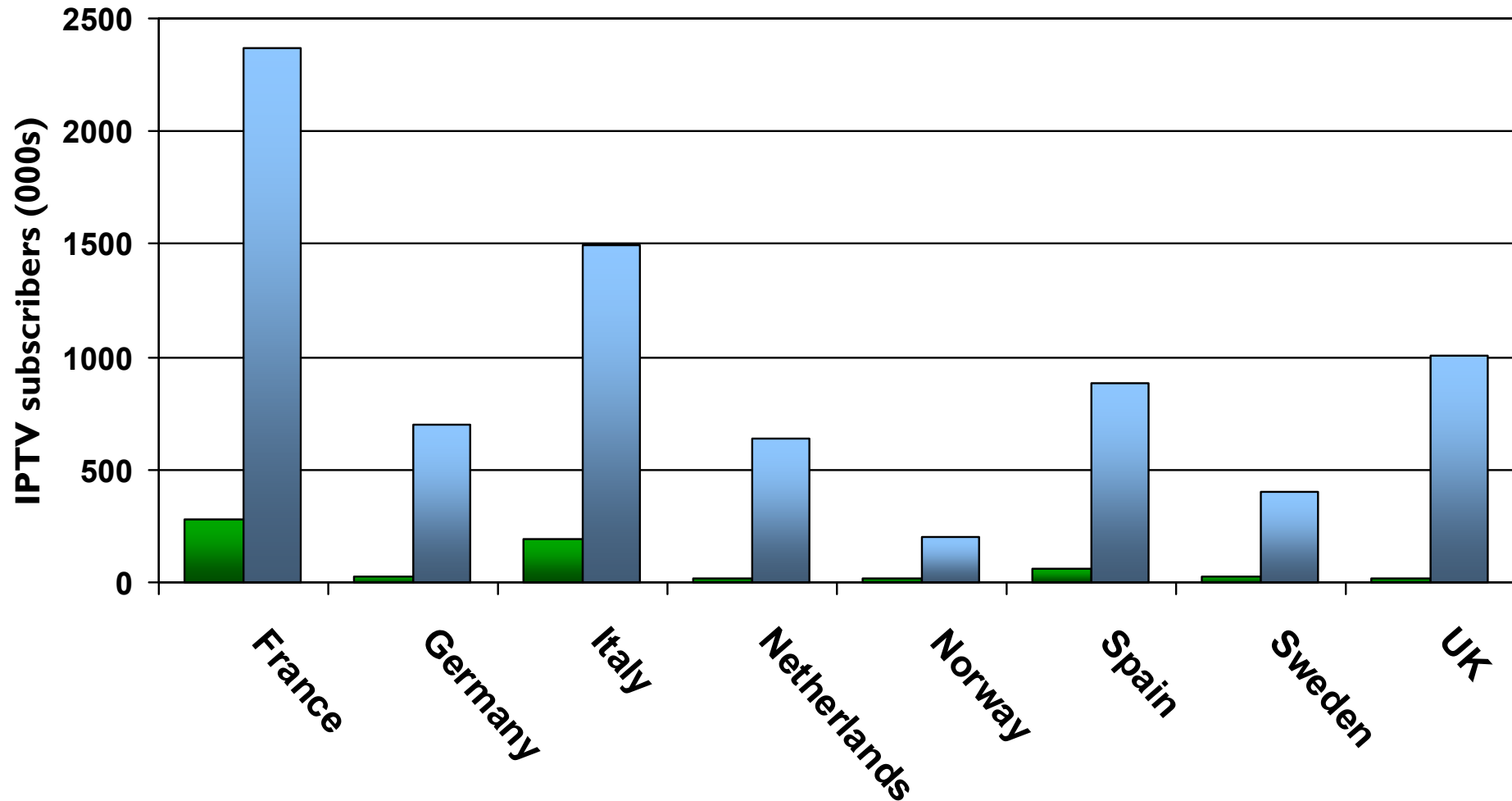
Good quality, (i.e. reliably greater than 4Mb/s), connection is required

Standard ADSL not enough for HDTV which requires FTTH or 2nd generation xDSL (ADSL 2+, VDSL, VDSL 2)

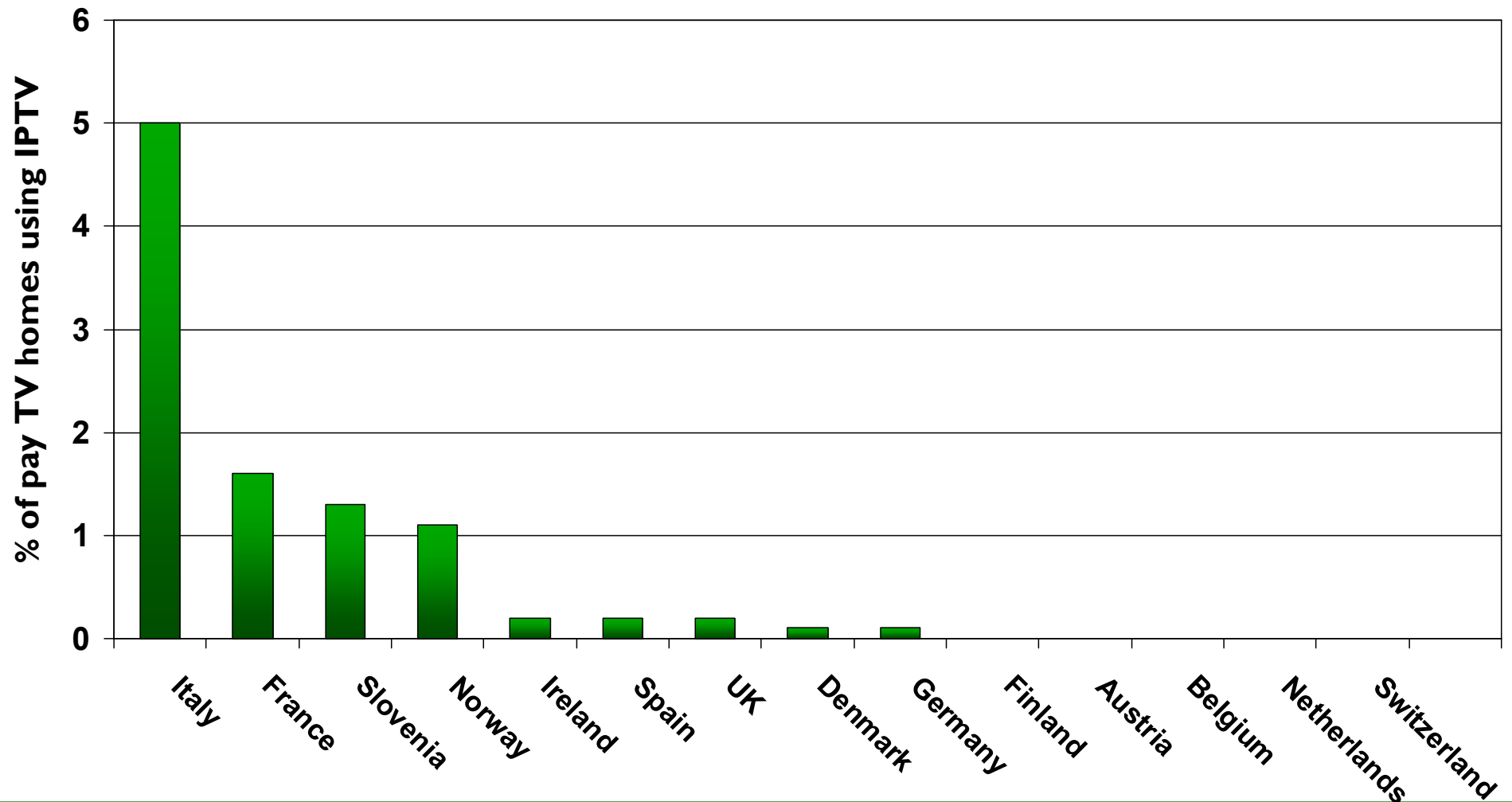
The European IPTV market IH 2005



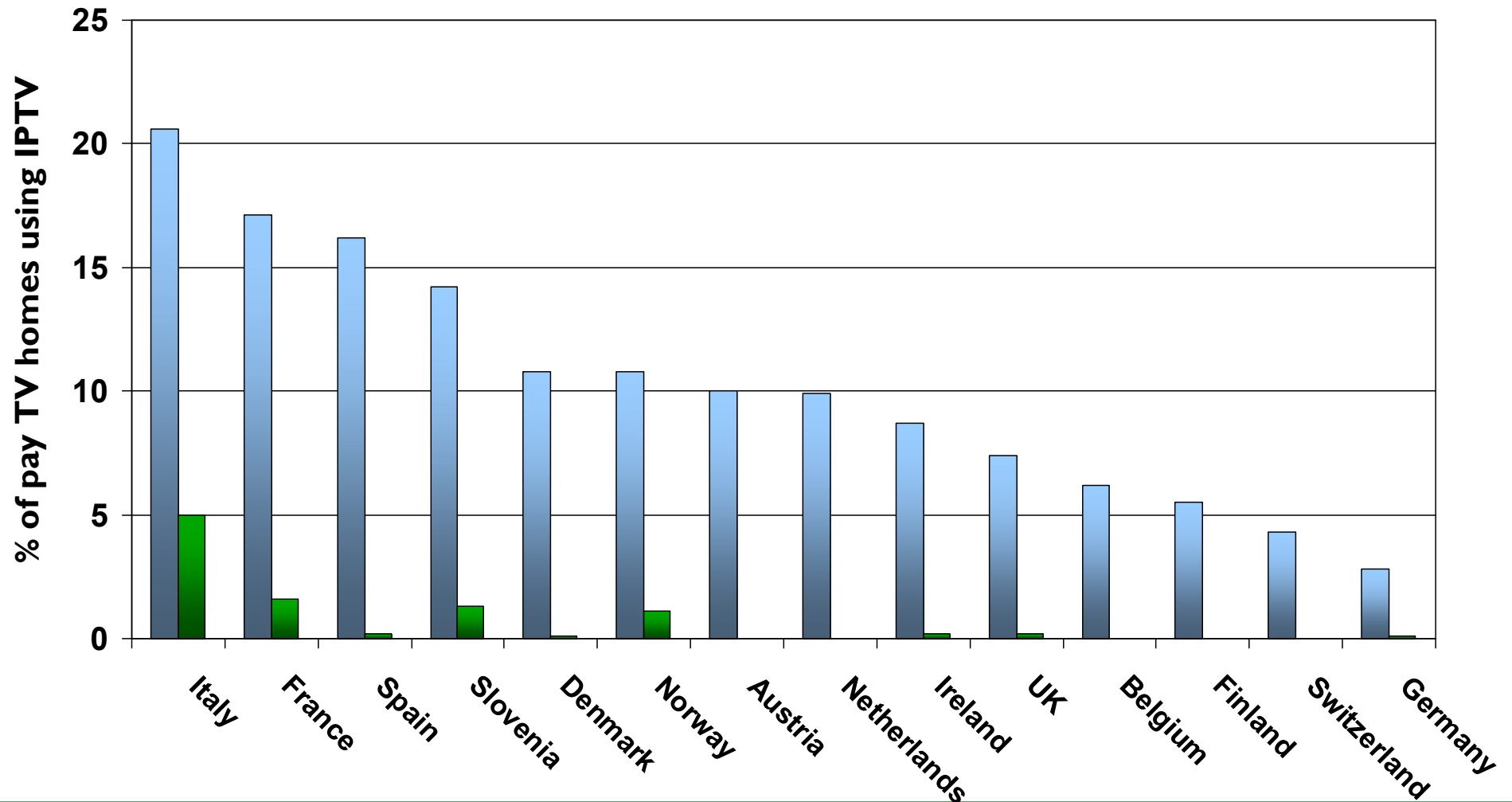
The European IPTV market IH 2005 and 2009



IPTV share of pay TV market (2004)

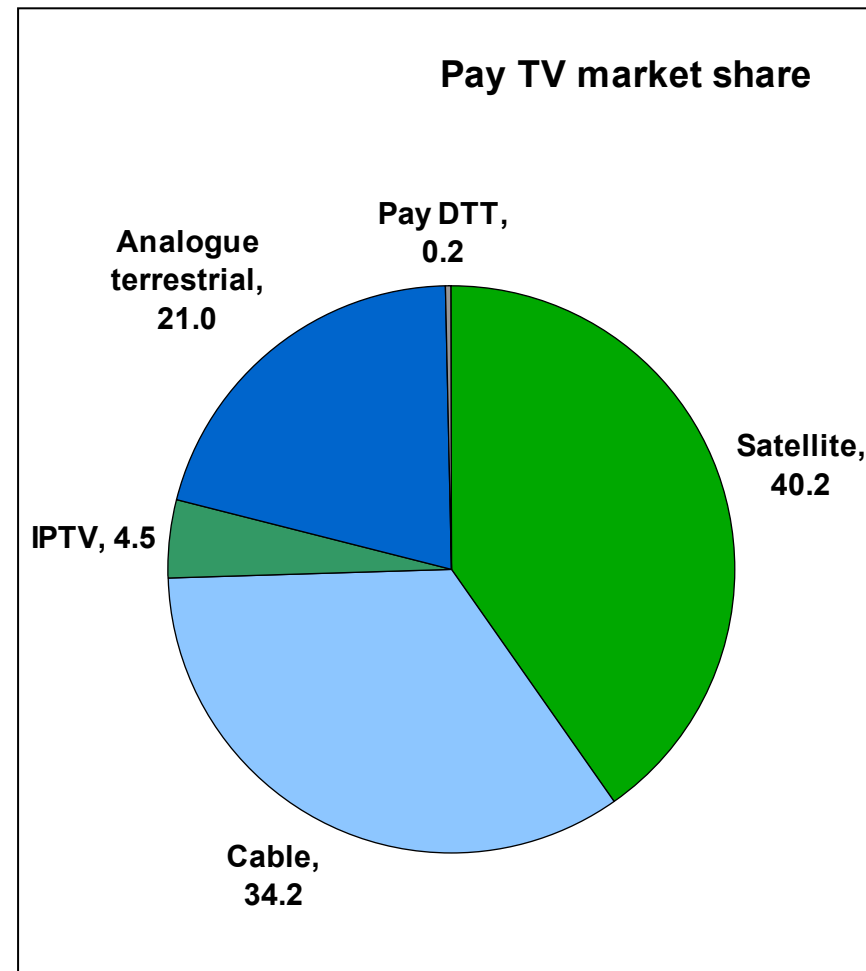


IPTV share of pay TV market (2009)

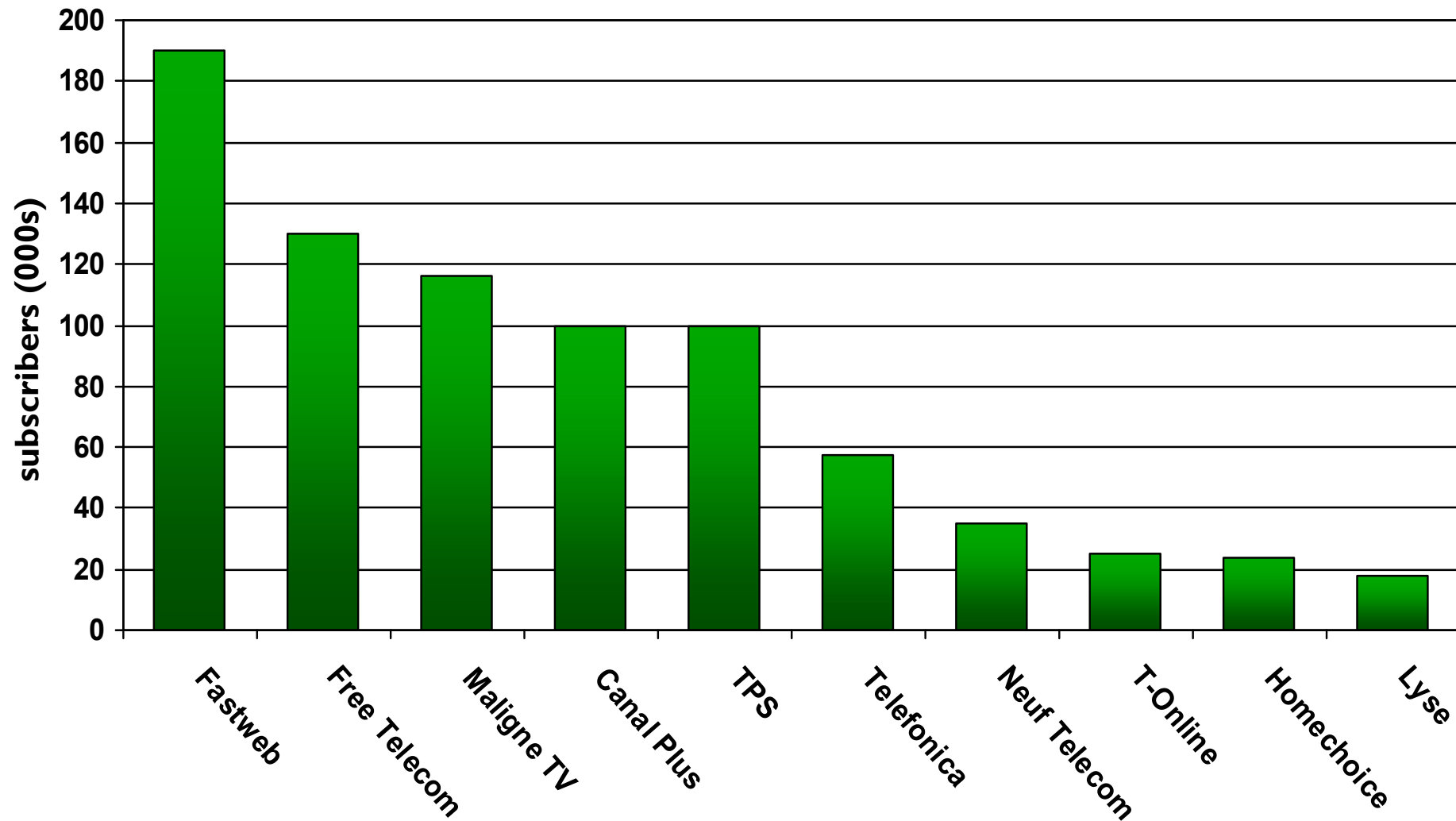


France

- *The largest IPTV market in Europe (281,000 subscribers)*
- *Very competitive telecoms market*
 - *Roughly 2.3m unbundled lines at the end of 1H 2005*
 - *3 telcos have launched IPTV*
- *Competitive DTH Market*
 - *16.8% of TV HH*
 - *Canal Satellite and TPS have both launched IPTV services*
- *Small but dynamic cable market*
 - *14.6% of TV HH*
- *Low pay TV penetration should give space for growth*



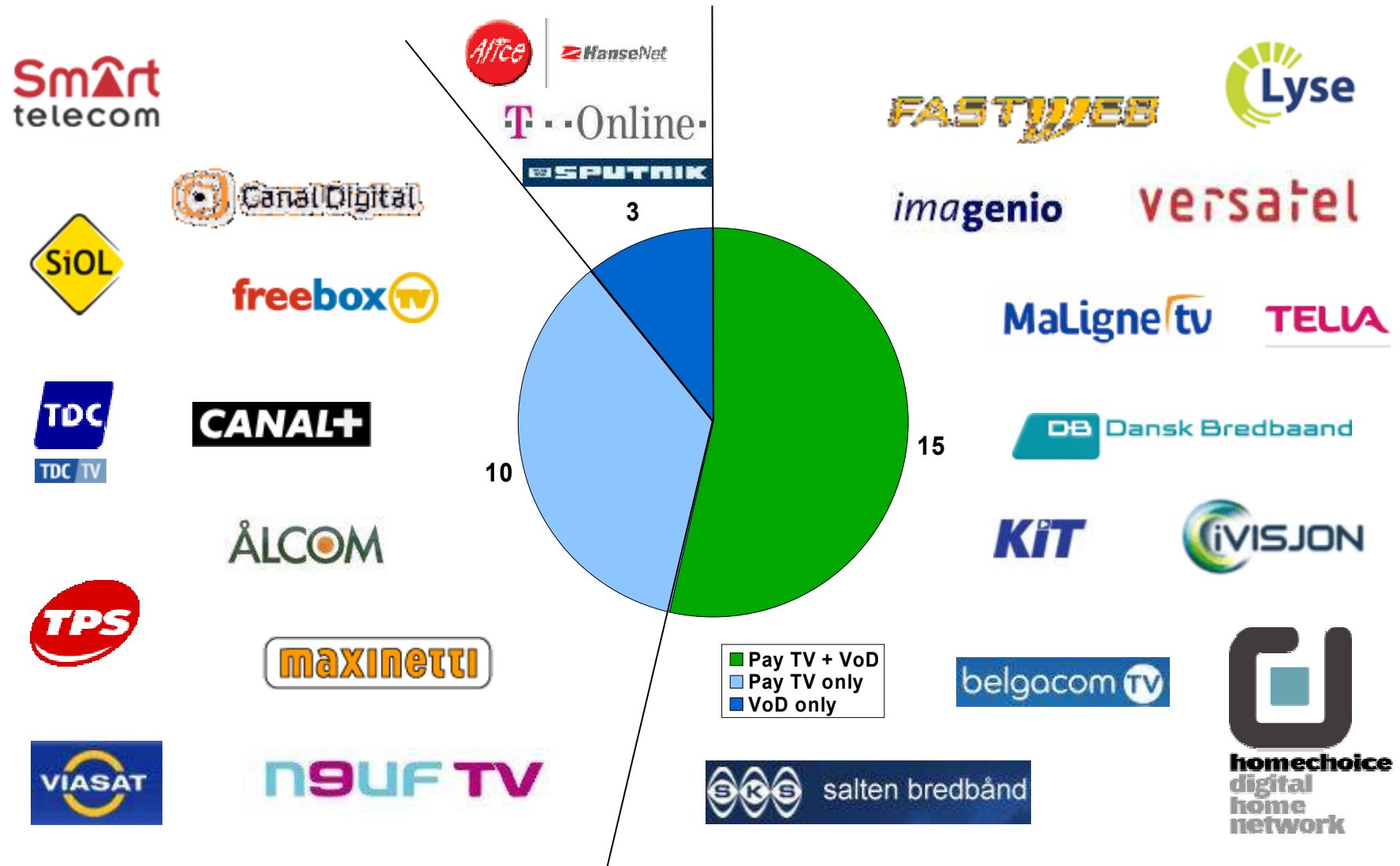
The European IPTV market IH 2005



Germany

- *Consumers traditionally unwilling to pay much for TV*
 - *High free satellite penetration (37% of TV HH)*
 - *High analogue cable penetration (58% of TV HH), available for a small monthly fee*
- *IPTV services from T-Online and Hansenet offer VoD only*
- *T-Online*
 - *Service available to both the TV and PC*
 - *Sold 36,000 titles in February 2005 rising to 72,000 in June*
 - *Running trials for HDTV to the PC over ADSL 2+ and VDSL in Hamburg and Stuttgart*
- *Hansenet*
 - *Hansenet only offer Alice Movie in Hamburg*
 - *Encoded at 1.5Mb/s in MPEG 1*
 - *Signed up 1,100 subscribers since launch in mid-2003*
 - *Buy rate of 0.45*

European IPTV services by service offering



Netherlands

- *High cable penetration (94.3% of TV HH)*
- *Digital cable and DTH satellite take up slow due to the high quality of the analogue cable offer*
- *Versatel entered the IPTV market in January 2005*
 - *Bought the rights to Dutch football until 2008 for €30.5m per year*
 - *At the end of July 20,000 had signed up*
 - *The service launched in at the start of the football season in August*

Content options

- *Team up with established pay TV operators*
 - *French model: France Telecom, Free Telecom and Neuf Telecom IPTV subscribers can access Canal Plus/CanalSat and TPS packages*
 - *Sweden: Canal Digital and Viasat partner various network operators to offer their packages over IP*

- *Aggregate the content yourself*
 - *Versatel (NL) and Belgacom (BE) have bought exclusive football rights*
 - *T-Online signed its own deal with the film studios*

- *Hybrid solution*
 - *Neuf Telecom (F) uses the national digital terrestrial television network for delivering content not available over IP*

Thank You

dan.cryan@screen Digest.com