



Sports video powers online TV growth in UK & US by 2012

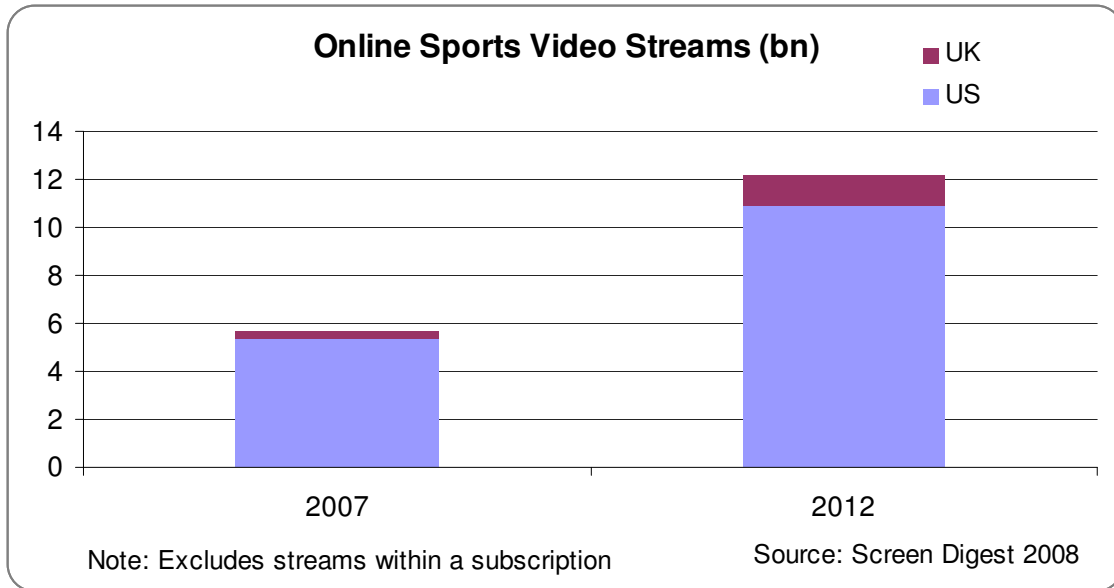
- *Sports rights holders set to benefit from increasing competition for new media rights*
- *Advertising, not subscriptions, will generate lion's share of revenues*
- *Major sports leagues, clubs and associations will use the internet to tap into global audiences and bypass traditional sports networks and broadcasters*

London 20th February 2008: Media analyst firm Screen Digest (www.screendigest.com) releases its latest report, entitled 'Online Sports Video: Rights, Revenues and Forecasts' today. The report examines the online sports video (OSV) market in the US and UK, with forecasts for both revenues and the volume of downloads to 2012. In particular, it includes the contribution made to revenues for the next five years by advertising and subscriptions, as well as pay-per-view and download-to-own.

Premium sport will be the content of choice online

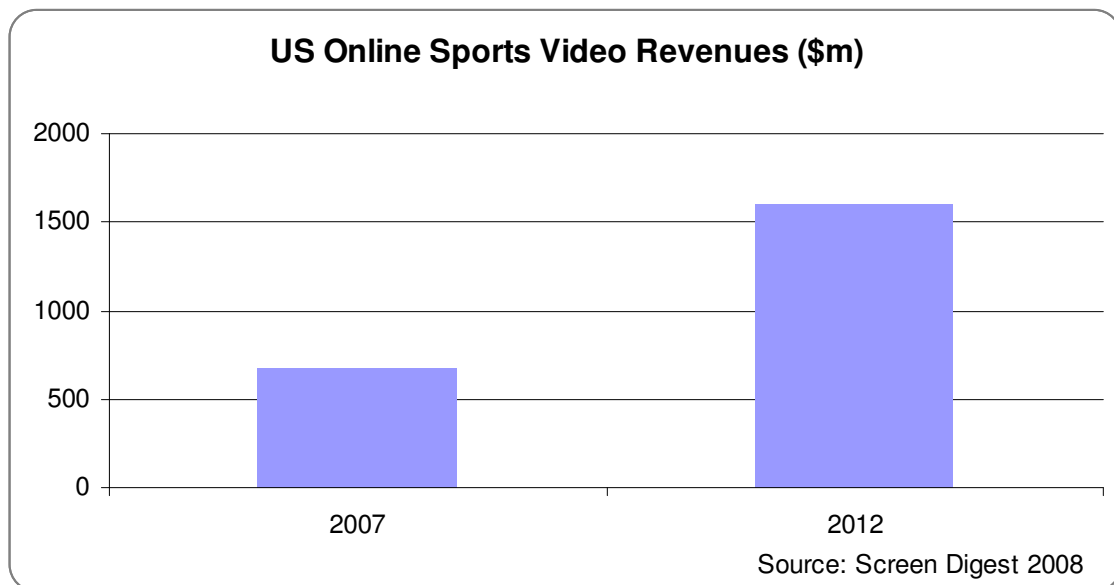
In the same way that sport content was a major driver of pay-TV adoption, sports will be the single biggest driver of consumption for online video. Screen Digest forecast that the number of OSV streams/downloads served in the domestic US market will increase from 5.3bn last year to 10.9bn by 2012. In the UK the number of streams/downloads will more than treble from 399m in 2007 to 1.3bn in five years time. Most significantly, OSV accounted for 35% of all online TV streams/downloads consumed in the US in 2007. In the UK, OSV constituted a 46% share of all online TV consumed in 2007.

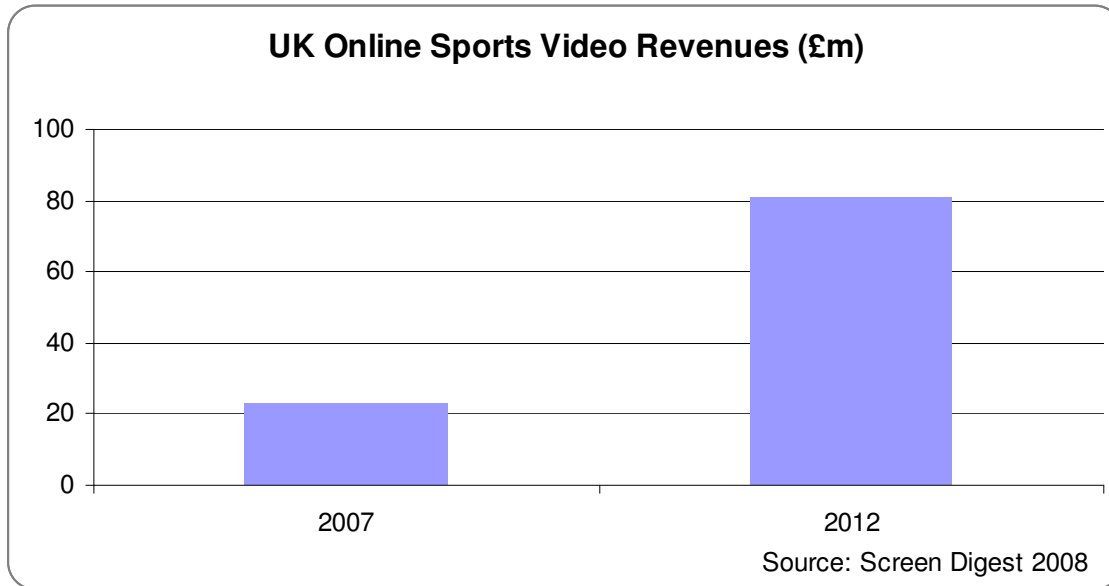
OSV includes live online simulcasts, delayed game coverage, highlights, clips, sports news, review shows, talking heads and analysis programming among other sports related video content. The analysis takes in all sports, from major branded 'premium' sports, such as the English Premier League, UEFA Champions League, Wimbledon Tennis, National Football League (NFL) and Major League Baseball (MLB), to more 'niche' sports such as the Nation Lacrosse League (NLL).



Advertising will be the dominant revenue model

Screen Digest forecast that US revenues from domestic OSV consumption will increase from \$677m in 2007 to \$1.6bn in 2012. In the UK, OSV revenues will treble from £23.2m (\$42.8m) to £80.9m (\$149m). Yet it will be advertising, not subscriptions that will generate the lions share of the revenue from OSV. In the UK advertising will account for 60% of revenue by 2012, up from for 46.6% five years earlier. That will be twice the value of subscriptions. By comparison in the US advertising will contribute 58% of revenue by 2012, whilst subscriptions will contribute 20% (see chart).





Unlike pay-TV sports, consumers have not been willing to separately subscribe to online platforms offering a ‘TV bouquet-style’ range of aggregated OSV content across multiple sports. Platforms such as ESPN and Sky Sports have moved towards offering online propositions as a mix of free ‘value-add’ to their existing pay-TV sports customers, or free ad-supported content to the entire domestic internet market.

As a standalone proposition, the OSV subscription model has only found a degree of consumer favour when it has been presented as a single sports, single event or single club proposition; for example, tournament subscriptions to Wimbledon Tennis or the Rugby World Cup, or long term subscription to club sites such as Liverpool FC’s Liverpoolfc.tv. Notably, in the US, major branded sports like the MLB have restructured their ‘single interest’ content and online access into very effective subscription propositions, successfully signing up fans directly through their own web properties.

Sport is a global business, with global fan base

The internet is an open, global platform, and as we’ve seen from other content such as music and TV shows, it has revolutionised the way people access media. Sport is no different. The internet has given sports rights holders the means to take their content direct to the end viewer, anywhere in the world, completely bypassing third party aggregators and broadcasters like ESPN and Sky Sports, and even potentially new online platforms such as Yahoo!, YouTube and Joost. Sports fans can choose to watch wherever they are, unhindered by time differences or the limitations of national

broadcasters. Though the value of rights are increasing, sports rights holders are increasingly in a privileged position to assess the value of selling their rights to third parties against the revenue potential of offering services directly to fans wherever they may be in the world. For major global brands such as the English Premier League, the NFL, MLB and NBA, this pressure on aggregators means that they will realize ever higher values for their new media rights on a territory-by-territory basis across the world.

Arash Amel, author of the report says “The internet has revolutionised how and where people access content, and whilst attention has tended to focus on the impact that has had on the business of music and film, sport content has also been dramatically affected. The experience of pay-TV shows us that sports fans are prepared to pay for to watch their favourite game or team. However, the ‘democratisation of distribution’ created by the internet means that the sports rights holders can, for the first time in history, provide their own sports video services and directly compete with the very broadcasters and sports networks that traditionally pay huge sums for sports rights.

It’s a careful balancing act, but it’s not inconceivable that in the not-too-distant future some broadcasters, unless they can continue to pay higher sums and deploy successful online propositions to monetize those rights, may find it harder to acquire premium sports programming. With the development of broadband-enabled living room devices which can provide online content direct to the TV set, such as the Playstation 3 and internet-connected Freeview/DTT boxes, the future becomes very uncertain. In this scenario, the consumer will effectively have the clear choice of viewing sport regardless of whether it’s delivered via broadcast TV or the internet, or if it’s served by a broadcaster or the sports rights holder directly, all on the same living room screen.”

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About this report

The research in this press release is taken from Screen Digest report 'Online Sports Video: Rights, Revenues and Forecasts', published in Feb 2008. This comprehensive report includes a full analysis of the consumer market for online sports video (OSV) in the USA, UK, France and Germany. It also includes all of Screen Digest's proprietary market data and forecasts for the take-up of different types of online sports video offerings, the growth of consumer broadband and the online video boom, an introduction to sports media right and an overview of technology as well as the infrastructure in the OSV market.

About Screen Digest

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