



Russia will drive growth in the Eastern European pay TV market over the next five years

By 2012 almost half of Eastern European pay TV subscribers will be in Russia

London 8th May 2008: The latest report from media analyst Screen Digest (www.screendigest.com) examines the market for pay TV in 12 Central and Eastern European (CEE) countries, and Russia. *Eastern European Pay Television* reveals that, driven by continued strong growth in both cable and satellite markets, total pay TV penetration will increase rapidly in the region from 40 per cent at the end of 2007 to 60 per cent by 2012 with a total of 63m homes subscribing to pay TV services. This impressive growth will be driven by a strong pay TV market in Russia which will account for 28m of the region's pay TV subscribers by 2012.

Andrew Katolo Screen Digest Research Analyst comments "The opportunities for investors, particularly in satellite pay TV platforms, are improving rapidly. However, aggressive pricing poses challenges for the future and consolidation, in both the cable and satellite markets, is likely."

Since 2004 the CEE country economies and Russia have enjoyed rapid expansion, growing at more than double the rate of markets in Western Europe. 2007 saw the market growing at its fastest rate, with 18 percent growth of total pay TV subscribers.

The Eastern European pay TV market is dominated by cable, which accounts for 80 per cent of all pay TV homes with almost one third of the region's homes taking cable services. A few operators control the majority of the market, sharing it with many smaller players. Screen Digest believes that the market will experience consolidation over the next five years as the major operators grow their market share through acquisition. Whilst the mature cable subscriber base is not growing as fast as the newer satellite platforms, average revenue per user continues to rise, increasing by 10 per cent on average in 2007.

Screen Digest predicts that cable penetration will increase to 40 per cent of homes in 2012 from 32 per cent at the end of 2007. Over the next five years, the number of digital cable subscribers will have increased from its present two per cent to 18 per cent of TV homes.

By contrast, satellite pay TV is a small market, enjoyed by only eight per cent of homes in the CEE at the end of 2007. Screen Digest expects this to more than double to 16 per cent by 2012, with all satellite homes being digital. The demand for pay TV from consumers has grown with the improving economy and been driven partly by the increased number of channels on offer. In Russia the satellite pay TV market will grow particularly rapidly; Screen Digest forecasts there will be five million pay satellite customers by 2012, up from less than 1.5m at the end of 2007.

Other forms of pay TV are much less advanced in the region, and Screen Digest expects that to remain the case to 2012. Digital terrestrial television is still in its infancy and by 2012, less than six per cent of the region's homes will rely on DTT as their primary means of TV viewing. IPTV is a nascent platform in Eastern Europe and although growth will begin to take off in 2009, less than three per cent of homes will make use of IPTV as their primary TV reception method by 2012.

Andrew Katolo comments "Whilst Western European Pay TV markets are almost at saturation point, there is still huge potential for growth in the Eastern European markets and Russia especially. Growth comes as more subscribers are attracted to the satellite platform and new channels are launched to meet demand. Cable operators too are starting the process of digitisation which will enable them to reap the rewards of an improved viewer experience."

Ends

For more information please contact:

Media enquiries: Lucy Green

Tel: +44 (0) 7817 698366 lgreen@greenfieldscommunications.com

Screen Digest: Fay Hamilton, PR and Promotions Manager

Tel: +44 (0) 20 7424 2847 fay.hamilton@screendigest.com

About this research

The research in this press release is taken from Screen Digest's report 'Eastern European Pay Television.' Published in May 2008, the report provides profiles of the pay TV markets in ten central and Eastern European markets and Russia. The report covers all pay TV platforms and covers a time span from 2002 to 2012.

Screen Digest

Screen Digest is the pre-eminent firm of industry analysts covering global media markets. Headquartered in London, with offices in New York and Carmel, California, we employ a team of 40 specialist analysts covering film, television, broadband, mobile, cinema, home entertainment and gaming. Our online services and reports provide the information and analysis that hundreds of media companies worldwide base their decisions on. Most recently we have launched Global Media Intelligence (GMI), a new service which provides research and analysis specifically for media-focused institutional investors. www.screendigest.com.

To find out more, please contact Screen Digest sales team at sales@screendigest.com or phone +44 20 7424 2820