



Heavy investment in Europe's cable industry begins to pay off

London 22nd July 2008. Europe's cable industry is now in a position to compete in the increasingly competitive pay TV market place according to the latest report from media analyst Screen Digest (www.screendigest.com).

European Broadband Cable 2008, shows that a period of consolidation in the industry has been followed by heavy investment from private equity groups. Telephony and Internet services are becoming increasingly important for cable players across Europe as growth in the groups' television business begins to ease. In particular, reasonably-priced high speed broadband is being used as a key differentiator between cable and competing technologies and this space looks set to be a key battleground in 2008.

Screen Digest Senior Analyst and author of the report, Guy Bisson, comments: "With the onslaught of competition in the form of IPTV, DTT and freesat, as well as the older adversary of pay satellite, Europe's cable industry has had to get its act together. Heavy investment over the past few years has allowed it to focus on offering triple-play services – with a great deal of success in some markets, most notably the UK and Spain.

But more investment will be required in Eastern Europe and Germany where much of the cable is still analogue. While digital television has not been a core focus in many cable markets, things are changing rapidly. Rising awareness of digital terrestrial television in particular has made digital a must-have in many markets where analogue cable still dominates. With a rapid roll-out of HD

services by satellite operators, cable providers will also have to make investments to compete here.“

The report finds that Europe's cable operators have been focusing on triple-play services – with telephony rolling out at a rapid rate. Spain and the UK lead in triple play, with over 80 per cent of cable homes taking telephony and more than 60 per cent per cent taking broadband services.

However, the provision of subscription television services remains core to the cable industry's income. The report identifies that telecoms services (telephony and fast Internet) account for 20 per cent of the cable industry's €17bn in revenue across the 27 member states of the EU. Triple-play is now the norm across Europe with Eastern European cable groups in the EU's newest member states increasingly aping the lead of the UK's Virgin Media, Spain's Ono and pan-European Liberty Global.

Overall, 36 per cent of TV homes in the EU take cable services, with 62m cable TV customers and 69m cable homes in the EU. Cable uptake among the homes to which it is available is relatively high in the EU with 52 per cent of homes passed by cable taking the services.

Other key findings from the report include:

- 23 per cent of European Union cable TV customers are digital; 17 per cent of European Union cable homes take cable telephony services and 23 per cent take cable Internet
- European Union cable customers generate an average monthly cable ARPU of just over €20
- Of the multi-channel platforms, cable is the dominant technology in the EU
- Satellite accounts for 40m homes in the EU, of which 19m are pay-TV homes. When cable service contracts are included, the figure for cable rises to 89m

- In the telecoms space, cable is dwarfed by traditional telecoms operators. There are 69m people using DSL services for fast Internet access; in comparison there are only 15.7m cable Internet customers in the EU and 11.6m cable telephony customers.

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About this research

The analysis in this press release is taken from Screen Digest's latest report – European Broadband Cable 2008. The eighth edition of this best selling report is the only study of the European cable industry that is fully endorsed by Cable Europe and its members. The report contains a detailed analysis of 27 Western and Eastern European cable markets - for each country coverage includes homes passed, cable TV, telephony, Internet, unique cable homes, digital versus analogue as well as breakouts for cable TV, telephony and Internet revenues.

About Screen Digest

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