

Is Europe's cable industry now in a position to compete on even terms with satellite?

London, UK, 1st July 2005: According to new research published by Screen Digest, true video-on-demand and HD services place the European cable industry in a strong position to exploit its maturing networks. In key European markets (UK and Germany), cable's share of the television market has shrunk in recent years.

A new report from Screen Digest and ECCA (European Cable & Communications Association) – *European Broadband Cable 2005* - indicates that new technology has come together with re-invigorated balance sheets to generate a positive outlook for the European Cable industry. With financial restructuring well and truly behind them, many of the larger national and international cable groups are again looking to new service launches, infrastructure investment and growth through acquisition as a way to increase their market shares.

Improved prospects for the industry are highlighted by the returning interest of private equity groups and for the first time since 2000, cable can again be seen as a 'player' in the European market.

On a service level the holy grail of true video-on-demand has become a reality in the UK and will soon follow in continental Europe, while cable Internet continues to drive growth as part of a double play (TV and Internet) offering. There are now nearly 8 million broadband cable Internet subscriptions in Europe – with nearly 2 million in the UK and just over one million in the Netherlands.

However, Internet and telephony services have some way to go before catching TV. As a percentage of total revenue contribution TV accounts for 65% whilst telephony accounts for 18% and internet 16%.

Another significant development is the emergence of HD which looks set to breathe life into digital cable. Pioneering European HDTV channel HD1 (formerly Euro 1080) is already available on the networks of a number of European cable operators.

Cable operators will be hoping that by exploiting the competitive advantage tied up in these emerging technologies they will reverse the decline in penetration seen in recent years. In the UK cable penetration of TV households has fallen from a high of 14.3% in 2001 to 12.9% at the end of last year 2004, whilst in Germany it has dropped from 59.2% in 2001 to 57.8% in 2004.

Dr Guy Bisson, Screen Digest Analyst and author of the report states: "The European cable industry has found itself at a crossroads many times over the last five years. With the recent turmoil now at an end and financial restructurings complete, the cable industry in Europe is back in business with a vengeance. Ambitions may be reduced, but new technologies mean cable companies are finally able to leverage the infrastructure investments they made to launch broadband Internet services to bring an exciting array of new offers to the cable subscriber. IP telephony and Video-on-Demand are already a reality in Europe and the promise of HDTV means more compelling new services are to come"

Editors' Notes

The data, forecasts and analysis contained in this press release are taken from the new Screen Digest report: "European Broadband Cable 2005." The report is the definitive yearly review of the European Cable industry published in conjunction with the European Cable Communications Association (ECCA).

To find out more about this please contact sales@screendigest.com or call +44 20 7424 2820

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