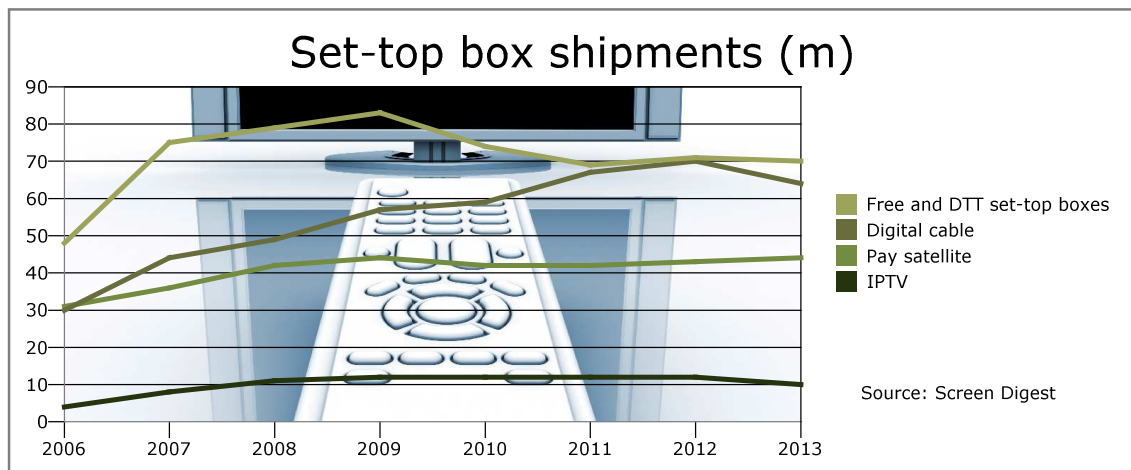




Global pay set-top box market to peak in 2012

London 27th April 2009: Media analyst Screen Digest (www.screendigest.com) forecasts that the global pay TV set-top box (STB) market will peak within the next four years, reaching annual shipments of 127m units in 2012, before the market declines in 2013. The new forecasts are published in the company's TV Technology Intelligence Service, which provides clients with comprehensive market data and analysis on the entire TV technology value chain.



The continuing thrust by pay TV operators to convert their customers from analogue to digital and upgrade them to high definition and PVR services is driving the demand for new set-top boxes. Screen Digest forecasts the market will grow from 104m units in 2008 to 127m units in 2012, in this time reaching over €10bn in value. However this will be followed by a decline to 119m units in 2013 although market value will be largely unchanged. In addition to the pay TV market, there will be almost 70m units shipped in the global free-to-air market in 2013. Much of this

new unit demand will be driven by service extensions and digitisation of pay TV platforms in Eastern Europe and the major emerging BRIC markets.

Although growth to 2012 will be driven by all platforms, the decline in 2013 will be primarily caused by a drop in demand from Chinese cable operators following the rapid growth in the next few years. These low-value boxes will impact the global volumes but will have little impact on revenues which will continue to grow across all other regions. In addition, IPTV is expected to experience a significant decline in 2013 from 12m units shipped to 10m units. Between these two trends the global industry volume will fall by almost 7m.

The IPTV market, defined as 'walled-garden' or 'telco' TV, will continue to experience slow consumer uptake and low ARPUs, gradually eroding investment by major telcos. The real opportunity for IP technology is likely to come in hybrid broadcast DTT, satellite and DOCSIS 3.0 cable services. In Western Europe, the leading region for hybrid services, hybrid IP-broadcast boxes account for 20 per cent of total pay TV box shipments, and over 70 per cent of shipments to telcos. Globally, 40 per cent of IPTV boxes for telco services are also broadcast receivers.

While volume growth may come from emerging markets, additional value is being added across all markets. In the mature of Western Europe and North America, value is driven by a shift towards high-end HD and PVR boxes. Where these globally accounted for a quarter of the volume shipments and over half total revenue in 2008, by 2013 premium units will account for almost 50 per cent of total shipments and almost 80 per cent of revenue.

Tom Morrod, Senior Analyst at Screen Digest says "There is still a massive opportunity in the pay TV market for set-top box vendors, both in premium HD and PVR boxes and through new demand in emerging markets. Although unit growth in the mature markets is starting to slow compared to the last five years, value growth will continue, driven by premium devices integrating HD, PVR and additional

technologies such as home networking, hybrid service and widgets. While the opportunity presented by IP technology is very real, walled-garden IPTV will not overturn the traditional pay TV operators. The real growth in IP sales will come through traditional satellite and cable operators and is likely to benefit vendors with relationships in the traditional TV market and strong IP technologies.”

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About this research

The research in this press release is taken from Screen Digest's TV Technology service.

Tom Morrod, Senior Analyst

Tom is the senior analyst for TV and broadcast technology at Screen Digest. Tom has developed the TV Technology Intelligence service and is responsible for all related projects focused on the technology value chain. In 2008, Tom authored a major report on the global broadcast and media technology industry for the IABM, having co-authored the report's first edition in 2006.

Along with work on the core intelligence service, Tom has been involved in many consultancy projects across industries such as set-top boxes, conditional access and middleware, infrastructure and distribution, codecs and licensing, t-commerce and broadcast hardware and software.

About 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 Monterey, 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, contact Screen Digest sales@screendigest.com Tel: +44 (0) 20 7424 2820