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Cable Market in European Union Grows to €22.4 Billion Amidst Increasing Competition, IHS Markit Says

LONDON (19 December 2016) – The cable industry in the European Union has continued to grow amidst increasing competition from traditional and Over-The-Top (OTT) players, according to a [report](#) released today by IHS Markit (Nasdaq: INFO), a world leader in critical information, analytics and solutions and Cable Europe, the European cable trade association. The report releases for the first time the consolidated full year European figures for 2015.

Key findings from the **2016 European Broadband Cable Yearbook**

- Gross cable revenues totaled €22.4 billion in 2015, up from €21.2 billion in 2014;
- Germany and the UK were the largest markets in terms of revenue, generating €4.7 billion and €4 billion;
- TV's €10.5bn in revenue for 2015 accounted for almost half of total cable revenue;
- The contribution of internet and telephony services in the European Union has risen over recent years, from 47 percent in 2010 to 53 percent in 2015.

"In response to challenges posed by other platforms, 2015 saw a determined effort by many operators to invest in infrastructure and significantly improve their offerings," said the report's author, Maria Rua Aguiete, research director at IHS Technology. "Perhaps the most ambitious was Project Lightning, a huge broadband expansion programme undertaken by Virgin Media in the UK."

Funded by a £3 billion investment, Project Lightning aims to connect an additional four million UK homes and businesses, extending Virgin Media's cable homes passed from 13 million today to 17 million by the end of 2019. Leading operators across Europe have upgraded broadband networks in recent years allowing operators to offer internet download speeds of up to 1Gbps.

Faster speeds will go hand-in-hand with the rollout of Ultra HD services and data hungry SVoD services, the report said.

"Liberty Global's pan operational deal with Netflix in 2016 shows a level of collaboration between cable and SVoD," Rua Agnete said. "Our research concluded that the integration of Netflix into pay TV is having a positive impact on cable operators' key performance indicators, generally benefitting their business while co-existing well with more traditional parts of the bundle."

Internet revenue grows

In 2015, internet revenue continued to grow, with cable internet revenue totaling €7.2 billion, 9.7 percent higher than a year earlier. The UK led the way with €1.5 billion, followed by Germany (€1.1 billion) and Spain (€0.8 billion). The majority of European markets saw growth in internet revenue, though two Central and East European markets (Poland and Romania) saw slight declines in comparison to 2014.

Take up of digital TV services on the rise

Although the total number of cable TV subscribers in the European Union continued to fall – the total at end of 2015 was 55.1 million, down from 55.7 million a year earlier – the take-up of digital services was on the rise. By the end of 2015, close to two-thirds of cable homes opted for digital TV.

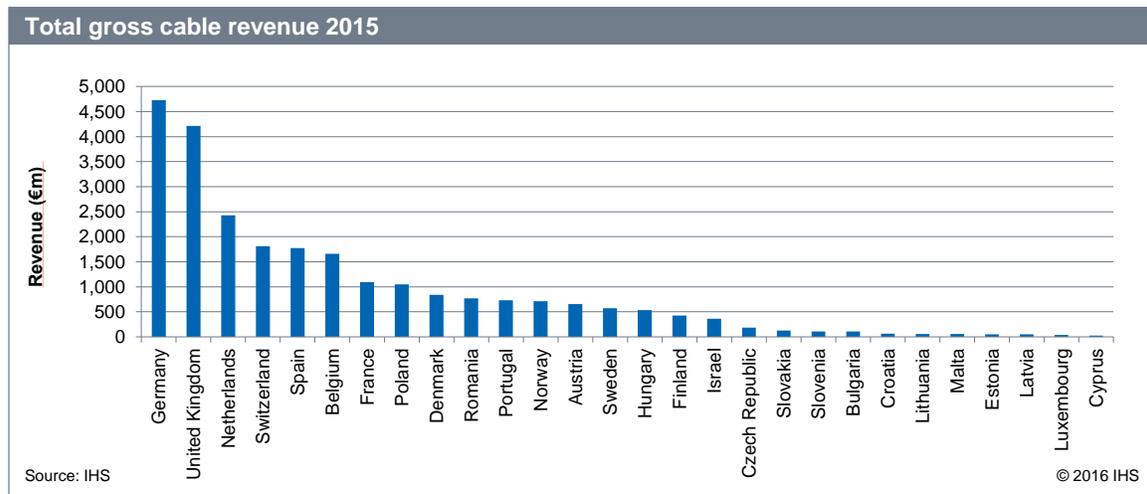
High Definition TV (HDTV) was a service taken by the majority – 54 percent – of European digital cable homes, while Ultra High Definition (UHD) was still in its infancy. Only a few operators including Portugal's NOS, added UHD channels to their line-ups. The take-up of High Definition bodes well for acceptance of the new formats such as UHD and 4k in the years to come.

Consolidation trend continues

Important mergers and acquisitions continued to take place in a number of European cable markets in 2015, the IHS Technology report said.

In Germany, the third-largest cable operator Tele Columbus entered into an agreement to buy Primacom, in France, Altice gained complete control of Numericable-SFR, and in Spain saw several important deals. Euskaltel, bought the Galicia-based operator R for €1.2 billion, while UK investment group Zegona bought Telecable for €640 million.

“Further consolidation in the sector can be expected, with cable remaining fragmented compared to the platforms it competes with,” Rua Aguite said.



About the IHS Technology report

The European Broadband Cable Yearbook, produced in association with trade body Cable Europe, is widely recognised as the definitive guide to the European Cable Industry. Published continuously for over a decade, this annual report contains detailed data on the size and value of the cable industry in all European Union countries as well as other European Economic Area markets. With company-level information and market-wide analysis, it shows trends in cable uptake, digital progression, revenue and ARPU, broadband cable and cable telephony. Also includes a written summary of the cable industry developments within each country over the last year.

About IHS Technology’s TV Intelligence Service

IHS TV Media Intelligence Service provides on-line access to constantly updated and detailed company and market level data analysis on the pay and free television industry across 70+ countries worldwide. This data is compiled and presented company-by-company, platform-by-platform, providing our clients extremely detailed information on both operators and markets. Our market-level data, the result of painstaking data collection and checking processes, are fully underpinned by company-level data and individual

company-level forecasts. Forecasts are based on a thorough knowledge of historic and current data, combined with the in-depth market understanding of our expert analysts.

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About IHS Markit (www.ihsmarket.com)

IHS Markit (Nasdaq: INFO) is a world leader in critical information, analytics and solutions for the major industries and markets that drive economies worldwide. The company delivers next-generation information, analytics and solutions to customers in business, finance and government, improving their operational efficiency and providing deep insights that lead to well-informed, confident decisions. IHS Markit has more than 50,000 key business and government customers, including 85 percent of the Fortune Global 500 and the world's leading financial institutions. Headquartered in London, IHS Markit is committed to sustainable, profitable growth.

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About Cable Europe (www.cable-europe.eu)

Cable Europe is the trade association that connects leading broadband cable TV operators and their national trade associations throughout the European Union. The regulatory and public policy activities of Cable Europe aim to promote and defend the industry's policies and business interests at European and international level. The European cable industry provides high speed broadband internet, TV services, and telephony into the home of 64.5 million customers the European Union.