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London, October 19, 2006

GROWTH PROSPECTS FOR IPTV SERVICES IN EUROPE

- AT END-2006 THERE WILL BE MORE THAN **2** MILLION SUBSCRIBERS TO IPTV SERVICES IN WESTERN EUROPE

According to a study published today by e-Media Institute on Western European countries, there will be about **2.1** million (minimum estimate) subscribers who are able to receive IPTV (Internet Protocol Television) services at end-2006. This is a **90%** increase compared to end-2005.

At end-2008 there could be between **5.3** million (minimum estimate) and **7.4** million (maximum estimate) subscribers to IPTV services. Although the expected growth of the IPTV market is significant, it will not alter the structure of the Digital TV market: in 2008 less than **5%** of TV households in Western Europe will use IPTV services.

The e-Media Institute analysis highlights opportunities and critical factors for the new market of IPTV services. The principal actors in the market are telecommunications companies that seek to position themselves as aggregators of TV contents, offering *Triple Play* and *Quadruple Play* services (integrated offering of Telephony, Internet connection and TV).

According to Emilio Pucci – director of e-Media Institute – there are still a number of issues to be resolved for the development of IPTV: "For telecommunications operators, the strategic prospects of their positioning on television markets appear to be attractive but are neither simple nor discounted, also as far as profitability levels are concerned. The pay television services market is dominated by satellite and cable offerings and not always do the television packages offered via DSL emphasise the characteristics of clear convenience for the final user. Such characteristics, other than involving the greater variety of consumption means offered by IPTV (interactive services, *shift*, *digital video recording, video on demand* programming, etc.) must also include a clear economic advantage (savings) for the final user."

Moreover, following the British example of BSkyB (which offers telephony and broadband connection services to its satellite subscribers) for many pay television operators the prospects of a "reverse" *Triple Play,* and that is of the discounted offering of broadband and telephone connection services tied to pay television packages, seems to be gaining ground. Meanwhile, both Tlc and television operators are also evaluating the impact that audiovisual consumption via World Wide Web could have on the TV market.

Growth and growth forecasts for the number of subscribers to IPTV services in Western Europe (figures in millions)

	2004	2005	2006	2007	2008
Minimum Estimate	0.384	1.101	2.087	3.500	5.285
Maximum Estimate	0.384	1.101	2.400	4.550	7.399

Source: e-Media Institute

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