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MPA REPORT: APAC EX-CHINA PAY-TV REVENUES TO REACH US\$35B BY 2027, A CAGR OF 1.7%

Key Highlights

- 1.0 mil. net new subs over 2022-27, driven by India and parts of South and Southeast Asia but offset by contraction in all other regions
- India will remain the largest market in size ex-China with growth powered by DTH satellite platforms; Korea is the second largest contributor, driven by telco IPTV
- Revenue growth in 2022 driven by India, Korea and the Philippines. India and Korea will contribute the most to incremental revenue growth between 2022-27
- India, Korea and Japan will remain the largest revenue generating markets in Asia Pacific ex-China, contributing 78% to the total revenue pie by 2027
- 41 mil. new IPTV subscriptions in China between 2022 and 2027. Market remains regulated and utility oriented with only 20% of customers subscribing to pay channels

(SINGAPORE, DECEMBER 5, 2022). A new report published today by Media Partners Asia (MPA) indicates that ex-China, Asia Pacific pay-TV subscriber growth will be relatively flat in 2022 with an estimated 106,000 subscribers cutting the cord. Cord cutting peaked between 2019 and 2021 with an aggregate 9.1 mil. subs cancelling subscriptions, according to MPA analysis, driven by erosion in key markets such as Australia, Malaysia and Thailand as well as the contraction of the cable universe in India. Going forward, MPA estimates 1.0 mil. net new subs being added in total over 2022-27, driven by India and parts of South and Southeast Asia but partially offset by contraction in all other regions. India and the Philippines will lead in terms of net new subscriber growth over the 2022-27 period.

The report, entitled *Asia Pacific Pay-TV Distribution 2022*, focuses on the economics of pay-TV and fixed broadband industries in 17 APAC markets with analysis of subscribers, consumer & advertising spending, content investments and future growth across Cable, DTH & IPTV sectors.

Ex-China, total Asia Pacific pay-TV subscribers will grow from 232.9 mil. in 2022 to 234.7 mil. by 2027 with penetration of TV homes, adjusted for multiple subscriptions, reaching 48% versus 50% in 2022. India will remain the largest market in size, accounting for 52% of total subs by 2027 with most of its growth powered by DTH satellite platforms as overall penetration will remain flat. Korea is the second largest contributor with 16% of subs by 2027, driven by telco IPTV operators. Pakistan and Vietnam follow, each with 6% of total pay-TV subs by end-2027 while Japan's high ARPU but declining subs base will contribute 5% by 2027.

Commenting on the report's findings, MPA executive director Vivek Couto said:

“Pay-TV's future sustainability is anchored to bundled IPTV and home broadband services with telcos and pay-TV operators also integrating premium online SVOD services through the launch of Android platforms, hybrid STBs and various new packages. Linear TV remains important with local and Asian content, sports, and niche international channels driving viewership. However, the growth of legal and affordable online SVOD options as well as the pervasiveness of piracy means that the value of premium sports and entertainment is migrating rapidly away from pay-TV to online. Operator consolidation grew between 2019 and 2021 and we expect more to occur in markets such as China, India, Indonesia, Japan, Korea, Malaysia and Taiwan. Linear channel products are being rationalized in many markets across Southeast Asia as well as India, Hong Kong, Japan and Taiwan.”

China remains the largest pay-TV market in Asia Pacific but remains inaccessible to international investors and content providers. The high volume, low-ARPU pay-TV market continues to grow with total pay-TV subscribers reaching 578 mil. in 2022, 90% penetration of TV households, after adjusting for multiple subscriptions. After overtaking cable TV as the largest pay-TV segment in 2019, IPTV continues to gain share of subs and revenue, benefitting from popular telco fibre broadband bundles and superior content offerings (especially premium on-demand) over cable TV. MPA projects 41 mil. new IPTV subscriptions in China between 2022 and 2027, taking the total base up to 419 mil. by 2027, with 76% of the total fixed broadband base subscribing to IPTV.

Total Asia Pacific pay-TV industry revenues, including subscription and advertising, will grow by an estimated 3.5% in 2022 and is projected to grow at 2.1% CAGR over the next five years. Ex-China, the Asia Pacific pay-TV revenue pie is estimated to grow 1.4% in 2022 and at a CAGR of 1.7% between 2022 and 2027. Revenue growth in 2022 has largely been driven by India, Korea, the Philippines and Vietnam. India and Korea will continue to contribute the most to incremental revenue growth between 2022-27.

India, Korea and Japan will remain the largest revenue generating markets in Asia Pacific ex-China, accounting for a combined 74% share in 2022, growing to 78% by 2027. Australia, Malaysia and the Philippines will remain important, contributing 7% by 2027 though both Australia and Malaysia will see cord cutting and face significant structural challenges.

Telcos & IPTV Rule Ex-India

The Asia Pacific IPTV market will grow by an estimated 8% Y/Y in Asia Pacific in 2022 to reach 416.5 mil. subs, representing more than 60% of total telco fixed broadband subs. Much of the growth remains driven by China, followed by Korea, Indonesia, Thailand, Vietnam and Malaysia. Fibre broadband deployments by telcos continue to scale as high-speed connectivity becomes pervasive across households. The role of video remains important, with IPTV and VOD services critical to strengthen the broadband bundle.

MPA projections indicate that total Asia Pacific IPTV subs will grow to 464 mil. by 2027. Total Asia Pacific IPTV subscription fees will grow from US\$20.5 bil. in 2022 to US\$24.7 bil. by 2027, a CAGR of 4%, driven largely by China and Korea as well as incremental growth in Southeast Asia.

Meanwhile, demand for low-ARPU packages of TV channels, HD services and hybrid DTH/internet video services continue to drive growth for the DTH satellite pay-TV industry. India remains the largest DTH market with an estimated 56 mil. subs in 2022, accounting for 73% of total Asia Pacific DTH pay-TV subs. DTH will remain the key driver of growth in India's pay-TV market, capturing most of the new TV households entering the pay-TV ecosystem.

The Philippines DTH market continues to grow, reflecting demand for low-ARPU platforms (i.e. Signal and GSat) with national reach, aggregating local and international TV channels. In other markets (i.e. Indonesia and Thailand), the DTH pay-TV market has been severely impacted and downgraded.

DTH operators in mature markets facing competition from SVOD and broadband continue to harvest high-ARPU subscribers with HD services and next generation STBs with VOD and broadband connectivity. Examples include Foxtel in Australia, Sky TV in New Zealand and Astro in Malaysia.

MPA forecasts indicate that Asia Pacific DTH industry subscription revenue will expand at a CAGR of 1% to reach US\$6.3 bil. by 2027. India will continue to lead the region, followed by Japan, Malaysia and Australia. Philippines will be in fifth place by 2027.

About Media Partners Asia (MPA)

Media Partners Asia (MPA), established in 2001, is a leading independent provider of advisory, consulting and research services, focusing on media and telecoms in Asia Pacific and the Middle East. MPA also operates AMPD, launched in 2019. AMPD measures digital activity in 13 global markets using proprietary software, focused on video, content, advertising and connectivity sectors with detailed consumer and content insights. MPA has been involved in due diligence for M&A activity in APAC with numerous local and cross border transactions while also operating as an IC (Independent Consultant) in the IPOs of media and telecoms companies. MPA hosts and operates APOS, the leading annual summit for Asia's TMT industry with global impact.

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