



Satellite pay-TV in Eastern Europe continues to enjoy strong growth

London November 13th 2009: The latest analysis from Screen Digest (http://www.screendigest.com/online_services/intelligence/tv/updates/tvi-291009-ak/view.html#15.0) focused on the Central and Eastern European pay-TV market shows that the recent rapid growth in new satellite TV market entrants in Central and Eastern Europe shows no signs of slowing down. There are at least four new satellite players due to launch in the region in the next few weeks with new services earmarked for Russia, Macedonia, Slovakia and the Ukraine. The new players are:

1. Russian operator Orion Express will launch a new platform branded "Continent" to complement its existing Russian service Viva TV by the end of November. The Continent platform will bring a number of HDTV channels and also provide respite for the Viva service which has suffered technical problems. Whilst Orion Express has no plans to shut Viva TV, it may merge the two brands longer term
2. Mid-Europa Partners-owned Balkan satellite service Total TV is about to launch its services in Macedonia, its seventh market in the region
3. In Slovakia Deutsche Telekom's T-Home is testing a new satellite pay-TV service, MagioSat TV for launch at the end of 2009/early 2010. The service will target regions not covered by the existing Magio IPTV service, owned by Slovak Telekom, in which Deutsche Telekom is a major shareholder

4. Digital Fly Ukraine is planning to launch a 70-channel pay TV service in its home market. HDTV channels will be available from the beginning, and Digital Fly is also planning to launch PVR and pay-per-view services.

Satellite pay-TV in Central and Eastern Europe has been growing strongly in recent years and the sector is now becoming crowded with several markets now having multiple players. Prospects for growth vary by country with the underlying uptake of pay TV and plans surrounding Digital Terrestrial Television important factors in the potential for new entrants. Pay-TV penetration in Russia, Ukraine and Macedonia is still relatively low (less than 50 per cent of homes each) leading to a land-grab among new entrants. In Slovakia, where multichannel penetration currently stands at about 70 per cent of homes and there are four players, there is less opportunity but Screen Digest believes there is still room for growth.

One of the main reasons that these markets are proving attractive is that DTT has yet to launch in any of them. Experience from other markets like Romania and Poland has shown that satellite TV can expand very rapidly in DTT-free markets, taking advantage of the lack of competition rural areas and small cities. But the window of opportunity to launch without competition from a free DTT service is disappearing fast. In Slovakia Towercom, the DTT operator license holder, is required to launch a free service with 80 per cent coverage by the end of 2009. In Macedonia, Slovenia Telecom, the winner of the tender for DTT, is expected to launch by May 2010.

Guy Bisson, Head of Television at Screen Digest says "The meteoric growth of digital satellite pay TV in Central and Eastern Europe has led to a cut-throat environment among operators with aggressive price discounting and a cat-and-mouse game surrounding new service offerings and the roll-out of HDTV channels. As a result the number of digital satellite pay TV customers in the region has grown very quickly, outstripping alternative offers on cable and IPTV.

Screen Digest believes that the lack of strong DTT offers is a key factor in determining the potential for continued growth in this sector but despite on-going opportunity believes consolidation among players is now inevitable.”

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