THE CONVERGENCE RESEARCH GROUP LTD.
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The Battle for the Canadian Couch Potato: Bundling, Television Internet, Telephone, Wireless

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Commentary

Now in its 17th year of publication, The Battle for the North American (US/Canada) Couch Potato: Bundling, TV, Internet, Telephone, Wireless (123 pages) contains analysis of product offers (including prices), strategy, and subscriber/financial performance metrics (including forecasts) **by Company & Market**. In addition to Convergence analysis, sources include company interviews, annual/quarterly reports & presentations, CRTC, Innovation & Statistics Canada.

Commentary, please see Table of Contents for what is included in this Report:

We estimate 2018 Canadian Cable, Telco Satellite TV access (not including OTT) revenue declined 2% to $8.58 billion & forecast $X billion (hence ARPU should grow X%) for 2019 and $X billion for 2021. We forecast Cable, Telco, Satellite will have X%, X%, X% of Canadian TV subs YE2019. We estimate X% DVR and X% HD penetration YE2019.

We estimate 2018 saw a decline of 204,000 Canadian TV subscribers, 2017 a decline of 210,000 TV subscribers, and we forecast a decline of X for 2019 and X for 2021. Canada's TV subscriber base has been declining by 2%/annum since 2015, we forecast X%/annum for 2020-2021. We forecast the TV subscriber decline acceleration will come from less Telco additions (Cable & Satellite have not added TV subs since 2010).

As illustrated in our Canadian Cord Cutter/Never Household Model, 2012 saw the start of the rise in cord cutter/never households. As of YE2018 we estimate X million Canadian households (30% of HHs) did not have a traditional TV subscription with a Cable, Satellite, or Telco TV access provider, up from X million (27.9% of HHs) YE2017, and forecast X million (X% of HHs) YE2019 and X million (X% of HHs) YE2021. 2017 saw 351,000, 2018 346,000 and we forecast X 2019 and X 2021 cord cutter/never household additions.

2018 Canadian residential broadband subscriber additions we estimate were 387,000 and revenue grew 8% to $8.68 billion (higher than Canadian TV access revenue), we forecast X additions and $X billion for 2019; we forecast just over X/annum additions 2020-2021. Canadian residential broadband subs first surpassed Canadian TV subs in 2015. Although Cable continues to lead on residential broadband market share, Telcos well exceeded Cable on additions in 2018 and we forecast Telco will continue to exceed Cable on additions through 2021.

Canadian residential wireline telephone lines declined we estimate X% in 2018 and forecast X% on average for 2020-2021. We forecast Cable will represent X% of residential wireline telephone subs YE2019.

We estimate 1.49 million Canadian wireless subscribers were added in 2018 (the largest annual wireless subscriber additions since 2011) and wireless service revenue grew 5% to $21.2 billion, we forecast X million sub additions & wireless service revenue of $X billion in 2019, and X million additions and $X billion in 2020, as well as ARPU (weighted) growth of X% on average 2020-2021. We forecast YE2019 wireless subscriber smartphone penetration at X%. We forecast wireless-only households at X% YE2021, up from X% YE2018.

