THE CONVERGENCE RESEARCH GROUP LTD.

CONTENT • ECONOMICS • HIGH-TECH • INTERNET • TELECOM

The Battle for the American Couch Potato: Bundling, Television Internet, Telephone, Wireless

May 2021

www.convergenceonline.com

Contents

Commentary

Now in its 19th year of publication, The Battle for the American Couch Potato: Bundling, TV, Internet, Telephone, Wireless (96 pages) contains analysis of product offers (including prices), strategy, subscriber & financial performance metrics (including forecasts) by Company & Market. In addition to Convergence analysis, sources include company interviews, annual/quarterly reports & presentations, US Census.

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

We estimate 2020 US Cable, Satellite, Telco TV access revenue declined 6% to $94.7 billion and forecast a decline of X% to $X billion in 2021 (hence ARPU should grow X%), with decline increasing to X% in 2023 to $X billion. We forecast Cable, Satellite (includes DirecTV/AT&T TV & Dish), Telco will have X%, X%, X% of US TV subscribers YE2021.

We estimate 2020 saw a decline of 6.49 million US TV subscribers, 2019 a decline of 6.36 million, and we forecast a decline of 7.35 million TV subs in 2021, X million in 2022, and X million in 2023; hence US TV subscribers declined by X% in 2020, up from X% in 2019, and we forecast decline will rise to X% in 2021, X% in 2022 and X% in 2023.

As illustrated in our US Cord Cutter/Never Household Model, as of YE2020 we estimate X million US households (41.7% of HHs) did not have a TV subscription with a Cable, Satellite, or Telco TV access provider, up from X million (36.1% of HHs) YE2019, and we forecast a rise to X million (X% of HHs) YE2021, X million (X% of HHs), and X million (X% of HHs) YE2023. 2020 saw 7.81 million, 2019 X million, and we forecast X million 2021, X million 2022 and X million 2023 cord cutter/never household additions.

Extending out forecasts to YE2026 from YE2020, demonstrates a decline of more than X% of TV subscribers, more than X of annual TV access revenue, and almost a X of cord cutter/never households.

We estimate 5.02 million US residential broadband subscribers were added in 2020 (the largest annual broadband subscriber additions in over a decade) and revenue grew X% to $X billion; we forecast another strong year for 2021 with X million additions and $X billion in revenue, and X million/annum additions on average 2022-2023. Residential broadband subs surpassed TV subs in 2017. We forecast 2022 residential broadband access revenue will exceed 2022 TV access revenue.

Cable continues to add the lion's share of residential broadband subs. 2020 was the first year Telco, despite CenturyLink/Lumen & Frontier, added residential broadband subs since 2014 and we forecast continued overall Telco sub gains.

We estimate 2020 residential wireline telephone line loss was X%, we forecast X%/annum on average for 2021-2023. Telco residential wireline telephone loss continues to run in the X% range whereas Cable loss has been running in the X% range (we expect this to increase X% 2021-2023). Cable represented just over X of US residential wireline telephone subs YE2020; we forecast X% YE2023. We estimate wireless-only households at X% YE2020 and forecast X% YE2023.

T-Mobile continues to lead AT&T and Verizon on annual subscriber additions and service revenue growth, while Cable's small market share increases.