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The Battle for the North American (US/Canada) Couch Potato: Bundling, Television Internet, Telephone, Wireless

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Contents

Commentary

Since 2003, we have published our Couch Potato Report series every year. **The Battle for the North American (US/Canada) Couch Potato: Bundling, TV, Internet, Telephone, Wireless**, **May 2022**, (191 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, CRTC, ISED & Statistics Canada, US Census.

US Commentary (Canadian Commentary follows), please see Table of Contents for what is included in this Report:

We estimate 2021 US Cable, Satellite, Telco TV access revenue declined 4% to $91 billion and forecast a decline of 6% to $X billion in 2022 (hence ARPU should grow X%), with decline increasing to X% in 2024 to $X billion. We forecast Cable and Satellite/Telco will have X% and X% respectively of US TV subscribers YE2022.

We estimate 2021 saw a decline of 6.47 million US TV subscribers, 2020 a decline of 6.49 million, and we forecast a decline of 7 million TV subs in 2022, X million in 2023, and X million in 2024; hence US TV subscribers declined by X% in 2021, up from X% in 2020, and we forecast decline will rise to X% in 2022, X% in 2023 and X% in 2024.

As illustrated in our US Cord Cutter/Never Household Model, as of YE2021 we estimate X million US households (47% of HHs) did not have a TV subscription with a Cable, Satellite, or Telco TV access provider, up from X million (42% of HHs) YE2020, and we forecast a rise to X million (53% of HHs) YE2022, X million (X% of HHs) YE2023, and X million (X% of HHs) YE2024. 2021 saw X million, 2020 X million, and we forecast X million 2022, X million 2023 and X million 2024 cord cutter/never household additions.

Extending out forecasts to YE2027 from YE2021, demonstrates a decline of more than X% of TV subs, close to X of annual TV access revenue, and a X of cord cutter/never households; hence by YE2027 under X% of US homes will be traditional TV subs down from X% YE2024 and X% currently.

We estimate 3.715 million US residential broadband subscribers were added in 2021 (down from X million in 2020) and revenue grew X% to $X billion. We forecast X million residential broadband subscriber additions in 2022 and X% revenue growth to $X billion, and X million/annum additions on average 2023-2024. While Cable dominates residential broadband and continues to add the largest share of residential broadband subs (we forecast X% on average 2022-2024, down significantly from 2021 and prior) 2020 & 2021 saw Telco add modest residential broadband subs, the first time since 2014, a trendline that we project will continue to improve. Fixed-wireless is also making an impactful contribution.

We estimate 2021 residential wireline telephone line loss was X%, we forecast X%/annum on average 2022-2024. Cable represented X% of US residential wireline telephone subs YE2021; we forecast X% YE2024. We estimate wireless-only households at X% YE2021 and forecast X% YE2024.

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

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

We estimate 2021 Canadian Cable, Telco, Satellite TV access revenue declined 3% to $7.86 billion and forecast a X% decline to $X billion in 2022 (hence ARPU should grow X%) and a X% decline in both 2023 and 2024. We forecast Cable, Telco, Satellite will have X%, X%, X% of Canadian TV subs YE2022.

We estimate 2021 saw a decline of 305,000 Canadian TV subscribers, 2020 a decline of 336,000 TV subscribers, and we forecast further declines of 316,000 in 2022, X in 2023, and X in 2024. Canadian TV subscribers declined by X% in 2021, X% in 2020, and we forecast X% in 2022, X% in 2023, and X% in 2024.

Canadian TV subscribers and access revenue are currently not seeing as steep a rate of decline as the US, but this could change in the medium term- dependent on new or expanded OTT offers in Canada.

As illustrated in our Canadian Cord Cutter/Never Household Model, as of YE2021 we estimate X million Canadian households (38% of HHs) did not have a TV subscription with a Cable, Satellite, or Telco TV access provider, up from X million (35% of HHs) YE2020, and we forecast a rise to X million (X% of HHs) YE2022, X million (X% of HHs) YE2023, and X million (X% of HHs) YE2024. 2021 saw X, 2020 X, and we forecast X 2022, X 2023, and X 2024 cord cutter/never household additions.

2021, 2020 and 2019 have been banner years for Canadian residential broadband subscriber additions, with 2008 and prior being the last time Canada saw better additions. We forecast 2022-2024 will continue to see robust additions. We estimate 2021 Canadian residential broadband subscriber additions were X (2020 saw X) and revenue grew X% to $X billion; we forecast X additions and $X billion for 2022. Although Cable continues to lead on residential broadband market share, Telco has added on average well over double the subscribers as Cable 2019-2021. We forecast Telco will continue to well exceed Cable on annual additions through 2024. Canadian residential broadband revenue first exceeded TV revenue in 2018, Canadian residential broadband subs surpassed TV subs in 2015, and at current run-rate Canadian residential broadband ARPU should slightly better TV ARPU by YE2022.

Canadian residential wireline telephone lines declined we estimate X% in 2021 and we forecast X%/annum on average 2022-2024. We forecast Telco residential wireline telephone market share will increase to X% YE2024 from X% YE2021. Wireless-only household penetration continues to see strong growth, we estimate 60% of Canadian households no longer have a landline and forecast X% YE2024.

We estimate 2021 Canadian wireless service (weighted) ARPU declined by .4% (a major step forward from 2020), and forecast growth of X% for 2022, X% for 2023, and X% for 2024. We estimate 2021 wireless service revenue grew 3% to $X billion (after 2020's 3% decline), and forecast $X billion for 2022, $X for 2023 and $X billion for 2024. We estimate X million wireless subscribers were added in 2021 (2020 saw X), and forecast X million additions for 2022, X million for 2023 and X million for 2024.