THE CONVERGENCE RESEARCH GROUP LTD.

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

May 2022

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Commentary

Since 2003, we have published our Couch Potato Report series every year. **The Battle for the Canadian Couch Potato: Bundling, TV, Internet, Telephone, Wireless**, **May 2022**, (107 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.

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.

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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.

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