THE CONVERGENCE RESEARCH GROUP LTD.

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

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Commentary

Since 2003, we have published our Couch Potato Report series every year. **The Battle for the American Couch Potato: Bundling, TV, Internet, Telephone, Wireless**, **May 2022**, (89 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 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.