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

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 2023**, (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 2022 Canadian Cable, Satellite, Telco TV access revenue declined 4% to $X billion and forecast X%/annum declines through 2025 (we project X ARPU growth).

We estimate 2022 saw a decline of 2% of Canadian TV subscribers (X subs), rising we forecast to on average X%/annum declines 2023-2025. Both Cable and Satellite continue to lose market share to Telco.

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.

Canadian population/immigration increases we believe are also having (and will have) a positive impact on limiting TV subscriber losses and increasing broadband & wireless gains.

As illustrated in our Canadian Cord Cutter/Never Household Model, as of YE2022 we estimate 6.3 million Canadian households (40% of HHs) did not have a TV subscription with a Cable, Satellite, or Telco TV access provider, and forecast a rise to X% YE2025.

2019-2022 have been banner years for Canadian residential broadband subscriber additions, with 2008 and prior being the last time Canada saw better additions. We forecast 2023-2025 will continue to see robust additions (X/annum on average) as well as sustained broadband revenue & ARPU growth (in the XX% and XX% range respectively). Although Cable continues to lead on residential broadband market share, Telco continues to chip away adding since 2019 on average/annum more than double Cable's subs.

Canadian residential annual wireline telephone lines continue to decline in the upper single digit range, while Cable market share continues to decline. Wireless-only household penetration continues to rise, we estimate X% of Canadian households will no longer have a landline YE2025.

We estimate 2022 Canadian wireless service (weighted) ARPU grew 2% while wireless service revenue grew 7%. We estimate 1.8 million wireless subscribers were added in 2022 (the largest additions since 2010). Our 2023-2025 forecasts, except for X, are X.