

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

March 2024

This document contains valuable confidential information of
The Convergence Research Group Limited,
which is licensed for internal review only.

© 2024, The Convergence Research Group Limited.
All rights reserved.

CLIENT CONFIDENTIAL

www.convergenceonline.com

Contents

COMMENTARY	6
SECTION ONE: CANADIAN TV MARKET BATTLE	8
Estimated Canadian Total TV Subscribers by Cable, Satellite, Telco, 2022-2026	8
Canadian Cable Versus Satellite Versus Telco Subscribers: Estimated TV Market Share, 2022-2026	8
Estimated Canadian Cable, Satellite, and Telco TV Net Subscriber Additions and Growth, 2022-2026.....	9
Estimated Canadian TV Subscribers by Bell (by IPTV & Satellite), Cogeco, EastLink, Rogers, SaskTel, Shaw (by Cable & Satellite), Telus, Videotron, 2022-2026	9
Estimated Canadian TV Access Revenue by Cable, Satellite, Telco, and ARPU, 2022-2026.....	10
Estimated TV Access Revenue by Bell IPTV, Bell Satellite, Telus, Rogers, Shaw Cable, Shaw Direct, Videotron, Cogeco, EastLink, 2022-2026	10
Estimated TV ARPU by Bell IPTV, Bell Satellite, Telus, Rogers, Shaw Cable, Shaw Direct, Videotron, Cogeco, EastLink, 2022-2026.....	11
Canadian Cord Cutter/Nevers: Growing	12
Canadian Cord Cutter/Never Household Model, 2012-2026	12
The Canadian Regulatory Environment: Limits On Vertically Integrated Players' Competitive Advantage...Amendments to the Broadcasting Act & Sales Tax	13
Canadian Cable, Satellite, Telco TV: TV Sub Decline, Telco Market Share Gains, ARPU and Revenue Declines.....	18
Bell Satellite TV & Rogers' Shaw Direct: Subscriber Declines, High ARPU, Offers, Rate Increases	19
Canadian Cable TV: Annual Cable TV Subscriber Losses, Telco Market Leader Reckoning.....	20
Rogers, Shaw, Videotron, Cogeco, EastLink: Subscriber Trajectories, Rate Increases, Offers	21
Canadian Telco TV: Bell, SaskTel, Telus.....	23
Estimated Canadian Telco TV Subscribers Broken Out by Bell, SaskTel, Telus, Other, 2022-2026	23
Bell Fibe: TV & Internet Gains, FTTP Expansion, Ontario, Quebec, Atlantic, MB Offers, Rate Increases	24
SaskTel MaxTV: Moderate Losses, FTTP Improvement, Offers	26
Telus Optik: TV & Internet Subscriber Gains, FTTP Expansion, Offers	27
SECTION TWO: CANADIAN INTERNET ACCESS BATTLE.....	28

Estimated Canadian Residential Internet Subscribers by Cable, Telco, Other Broadband, and as Percentage of Canadian Households, 2022-2026	28
Canadian Residential Cable Versus Telco Versus Other Broadband Subscribers: Estimated Market Share, 2022-2026	29
Canadian Residential Cable Versus Telco Internet Subscribers: Estimated Market Share, 2022-2026.....	29
Estimated Canadian Residential Cable, Telco, Other, and Total Internet Subscriber Additions and Growth, 2022-2026	30
Estimated Share of Canadian Residential Internet Subscriber Additions by Cable, Telco, Other, 2022-2026.....	30
Estimated Residential Internet Subscribers by Rogers, Shaw, Videotron, Cogeco, Bell, Telus, SaskTel, 2022-2026	31
Estimated Non-Residential Internet Subscribers by Bell, SaskTel, Telus, Cogeco, Rogers, Shaw, Videotron, 2022-2024	31
Estimated Canadian Residential Internet Access Revenue by Total Internet, Cable, Telco, Other Broadband, and ARPU, 2022-2026	32
Estimated Residential Internet Access Revenue by Rogers, Shaw, Videotron, Cogeco, Bell, SaskTel, Telus, 2022-2026	32
Estimated Residential Internet Access ARPU by Rogers, Shaw, Videotron, Cogeco, Bell, SaskTel, Telus, 2022-2026	33
Canadian Cable Versus Telco Broadband: Robust Subscriber Additions, Revenue/ARPU Growth, Telco Continues to Outpace Cable, Market Share Reckoning, Other Providers, Market Maturation/Penetration	34
Bell (Ontario, Quebec, Atlantic, MB), Telus, SaskTel: Prices, Speeds, Caps/Overage, Bundle Offers, Network & Subscriber Trajectory	37
Rogers (Ontario, Atlantic), Shaw, Videotron, Cogeco, EastLink: Prices, Speeds, Caps/Overage, Bundle Offers, Network & Subscriber Trajectory	41
SECTION THREE: CANADIAN WIRELINE TELEPHONE BATTLE	46
Estimated Wireline Canadian Cable Telephone, Residential Cable Telephone, Residential Telco, Total Residential Telephone Subscribers, Cable Residential Telephone Market Share, 2022-2026.....	46
Estimated Canadian Residential Wireline Telephone Line Loss by Cable, Telco, Total, 2022-2026	46
Estimated Wireline Telephone Subscribers by Cogeco, Rogers, Shaw, Videotron, Other Cable, and Percentage Loss/Gain, 2022-2026.....	47
Estimated Wireline Canadian Residential Telephone Lines and Line Loss by Bell, SaskTel, Telus, Other Telco, and Percentage Loss, 2022-2026	47
Estimated Canadian Wireless-Only Household Penetration, 2022-2026	48
Canadian Residential Wireline Telephone: Cable & Telco Line Loss, Telco Market Share Gain, Wireless Substitution Progresses.....	49
Rogers (Ontario, Atlantic), Shaw, Videotron, Cogeco, EastLink: Offers/Prices, Subscriber Trajectories	50
Bell (Ontario, Quebec, Atlantic, MB), Telus, SaskTel: Offers/Prices, Subscriber Trajectories	54

SECTION FOUR: CANADIAN WIRELESS TELEPHONE BATTLE 58

Estimated Canadian Wireless Subscribers, Net Additions, Subscriber Growth, Population, Penetration of Population, 2022-2026	58
Estimated Wireless Subscribers and Market Share by Bell, Rogers, SaskTel, Telus, EastLink, Shaw, Videotron, and by Incumbents, New Entrants, Total, 2022-2026	59
Estimated Net Subscriber Additions by Bell, Rogers, SaskTel, Telus, EastLink, Shaw, Videotron, 2022-2026.....	59
Estimated Bell, Rogers, Telus, Subscribers by Postpaid and Prepaid, 2022-2026	60
Estimated Service Revenue and Share of Total Service Revenue by Bell, Rogers, SaskTel, Telus, EastLink, Shaw, Videotron, 2022-2026	60
Estimated Equipment Revenue by Bell, Rogers, Telus, Shaw, Videotron, 2022-2026	61
Estimated ARPU by Bell, Rogers, Telus, SaskTel, EastLink, Shaw, Videotron, and Total Weighted Average, 2022-2026	61
Estimated EBITDA and EBITDA Margin as % of Service Revenue, by Bell, Rogers, Telus, Videotron, 2022-2026	62
Estimated Churn (Blended), by Bell, Rogers, Telus, 2022-2026	62
Estimated Canadian Wireless Subscriber Smartphone Penetration, 2022-2026	62
Estimated Canadian Wireless-Only Household Penetration, 2022-2026	63
Wireless Pricing by Player & Region: Bell, Rogers, Telus, MTS, SaskTel, Lucky, Virgin, Fido, Chatr, Koodo, Public, Lum, EastLink, Videotron, Freedom, Fizz	64
Wireless Dynamics: Subscriber Additions, ARPU Pressure, Elevated Incumbent Churn, MVNOs, Rogers-Shaw-Videotron Conditions and a New Chess Board	70
Auction Results: 2023 3800 MHz, 2021 3500 MHz, 2019 600 MHz, 2015 2500 MHz, 2015 AWS-3, 2014 700 MHz.....	73
600 MHz 2019 Auction License Winners, # of Licenses Won, Price, Population Covered.....	75
2500 MHz 2015 Auction License Winners, # of Licenses Won, Price, Population Covered, and 2018 Residual Winners	76
AWS-3 2015 Auction License Winners, # of Licenses Won, Price, Population Covered.....	77
2015 AWS-3 Auction by Bidder, Service Area & Block.....	78
700 MHz 2014 Auction License Winners, # of Licenses Won, Price, Population Covered.....	79
700 MHz 2014 Auction by Bidder, Service Area & Block	79

SECTION FIVE: PROFILES 80

BCE Inc./Bell Canada/Bell Aliant/Bell MTS.....	81
Cogeco	86
EastLink.....	88
Rogers Communications Inc./Shaw	90

Saskatchewan Telecommunications.....	96
Telus Corp.....	98
Videotron/Quebecor Inc./Freedom Mobile.....	101

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, March 2024**, (106 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 2023 saw a decline of 2.6% of Canadian Cable, Satellite, Telco TV subscribers (X subs), and forecast increasing declines through 2026. Both Cable and Satellite continue to lose market share to Telco. At current run-rate Telco will have more TV subs than Cable by X.

We estimate 2023 Canadian Cable, Satellite, Telco TV access revenue declined 3% to \$7.2 billion and forecast X% / annum declines through 2026 (we project X ARPU growth).

As illustrated in our Canadian Cord Cutter / Never Household Model, as of YE2023 we estimate X million Canadian households (42% of HHs) did not have a TV subscription with a Cable, Satellite, or Telco TV access provider, and forecast a rise to 50% YE2026.

Canadian TV subscribers and access revenue are currently not seeing as steep a rate of decline as the US, but this could change, 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 maintaining broadband & wireless gains.

2019-2023 have been banner years for Canadian residential broadband subscriber additions, with 2008 and prior being the last time Canada saw better additions. We forecast 2024-2026 will continue to see robust additions (X/ annum on average) as well as sustained broadband revenue & ARPU growth (in the X% and X% range respectively). Although Cable continues to lead on residential broadband market share, Telco continues to chip away adding since 2018 on average/ annum double Cable's subs and is on pace to have more residential broadband subs than Cable by X.

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 YE2026.

2023 Canadian wireless service (weighted) ARPU growth was slight and wireless service revenue grew at slower rate than 2022. We forecast continued ARPU pressure through 2026. We forecast slightly better sub additions and revenue growth in 2024 than 2023 but less than 2022.