

PRESS RELEASE

goetzpartners analysis: Excellent growth expectations for cable network operators in Europe

Munich, 11 May, 2010. Since 2005, the market of cable network operators has been growing by approximately 8 percent per year. This positive development should continue if cable network operators manage to convert their excellent starting positions on a competitive platform into revenues and market shares. goetzpartners provides strategies and helps implement measures which cable network operators can use to reach an EBITDA increase of up to 25 percent within two years.

Cable as a multimedia platform is positioned very well in all EU-countries and competes well with other platforms and meets the multimedia demands of customers. This is the result of a recent study by goetzpartners that analyzed the cable markets of EU-countries. In the considered developed cable markets, (with a cable penetration of 25 to 75 percent) the number of cable based internet and telephony contracts has increased by an average 41 percent per year; the number of cable-TV contracts has increased by almost 2 percent per year. Currently, the share of cable-TV households in total households is already over 50 percent in 10 EU-countries.

In view of the current increasing broadband demand and the growing convergence of TV, internet and telephony, goetzpartners also predicts that this upward trend will continue over the coming years: "In most European countries, cable is the only platform which can offer TV/digital TV, broadband internet and telephony from one source on a major scale. Besides that, in the DOCSIS 3.0 standard the cable platform offers the possibility to provide bandwidths of more than 100 MBit/s. Considering the growing demand for bandwidths, this is a clear competitive advantage moving further towards the current predominant xDSL technology," says Ulf Rieckhoff, Senior Manager at goetzpartners.

In the study goetzpartners analysed, among other things, the technical coverage as well as the contractual penetration of the network area. The consultancy firm derived three growth strategies from the results:

- **A: "Expand"**: Expansion of network areas, provided that the penetration of the existing network is relatively high and the network area is reasonably expandable. In doing so, the increase of returns of existing customers should not be neglected.

- **B: "Penetrate"**: Increase of the contractual penetration within the existing network areas.
- **C: "Leverage"**: Increase of returns per customer (*average revenues per user, ARPU*), since network expansion as well as contractual penetration is extensively exhausted.

Today, about 75 percent of all households have cable in Germany, which corresponds to 30 million households. However, only two thirds of them (approximately 19 million households) have a contract with a cable network operator. "The strategy in this country must be to increase the contractual penetration and the ARPU," says Dr. Alexander Henschel, Managing Director, who is responsible for the study.

For the implementation of the prevailing growth strategies, goetzpartners has developed specific optimization approaches, which according to their opinion are expected to lead to EBITDA increases of up to 25 percent within two years: Especially an extensive and actively marketed offer in additional digital services as digital TV, video on demand, internet and telephony, dedicated measures for sales optimization, and increase of efficiency of customer service, secure sustained increase in value for cable network operators.

In future, as digitalisation and HD-input progresses, quality and programme variety in cable will increasingly reach those standards of satellite and IPTV. Furthermore, cable network operators will also offer many new and for the most part fully integrated interactive features such as an electronic programme guide (EPG), video on demand (VoD), time shift, catch up TV, personal video recorder (PVR) and so on. According to Henschel, "Cable network operators will in the future also act as content aggregators, in order to generate additional returns and attract customers with self-composed pay-packages."

About goetzpartners (www.goetzpartners.com)

goetzpartners is one of the leading independent advisory firms in Europe, offering M&A (mergers & acquisitions) and management consulting services under one roof. The group stands for an innovative consulting approach and tailor-made solutions that are successfully implemented together with their clients. goetzpartners has offices in Munich, Düsseldorf, Frankfurt, Zurich, London, Paris, Madrid, Moscow and Prague as well as co-operations in New York, San Francisco, Los Angeles, Bangalore, Mumbai, and Budapest. goetzpartners CORPORATE FINANCE is focused on M&A. goetzpartners MANAGEMENT CONSULTANTS specializes in the fields of strategy, organization, operational excellence, sales and marketing, restructuring and strategic due diligence.

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