

PRESS RELEASE

goetzpartners analysis

Opening up new areas of business and revenue potential with over-the-top content

Munich, December 19, 2011. Internet-enabled, hybrid devices will increase by 29% a year on average until 2015 in German households. Today, 17.1% are already using web-TV offerings on their hybrid TV sets. There is great consumer interest in traditional functions, such as time-shift TV and video-on-demand (VoD), as well as surfing the internet or access to preselected apps. This over-the-top (OTT) content offers market participants attractive new opportunities. Content providers can generate new revenue potential via subscription, transaction and advertising-based business models in which device manufacturers and infrastructure operators can also participate through advertising and revenue shares. However, digital content can only be monetized if it is made available independently of proprietary platforms. These are the results of the latest IPTV study by goetzpartners based on a representative consumer survey conducted in Germany, the UK and France.

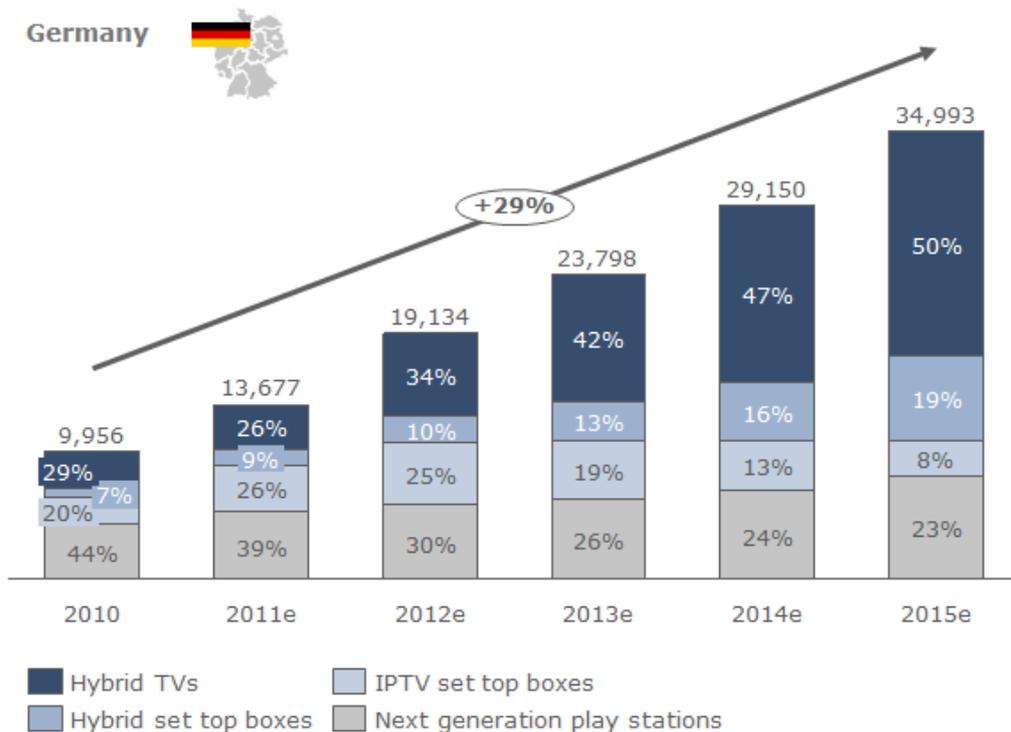


Fig. 1: Development of the market penetration of hybrid devices in Germany [k]; Source: goetzpartners analysis

Use of OTT content increases significantly

With penetration of hybrid devices in Germany reaching around 13.7 million devices in 2011, the regular use of non-infrastructure-bound IPTV offerings also rose. It has increased significantly - by 54% on average - in Germany compared to 2008. There was a significant

rise in the regular use of special VoD offerings - 7.1% of those surveyed – thanks to intensified marketing activities and direct integration in the portals of hybrid devices. This represents an increase of 128% compared to 2008.

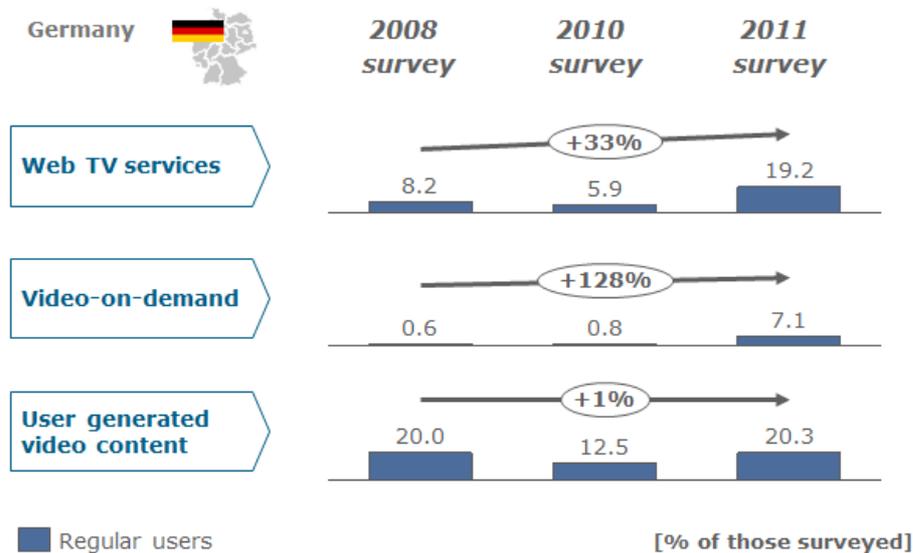


Fig. 2: Use of non-infrastructure-bound IPTV offerings in Germany; Source: goetzpartners consumer surveys 2008-2011

Video content can now be consumed on the most attractive, largest screen in the household via hybrid TV sets. A total of 8.9% of the individuals surveyed already indicate regular use of web TV content via a hybrid TV set and a further 8.3% irregular usage. These offerings attracted even greater interest in the UK and France, reflected by 14.2% and 15.4% regular usage respectively.

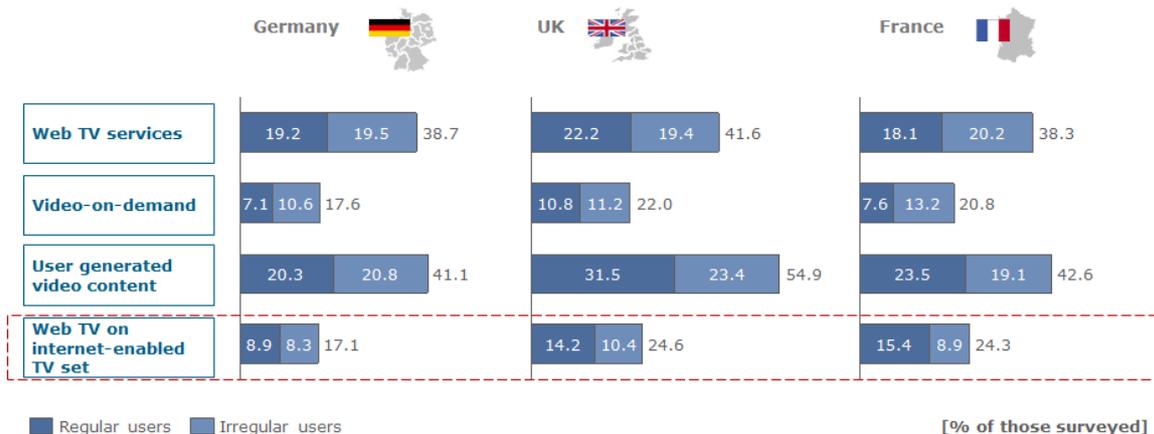


Fig. 3: Use of infrastructure-independent IPTV offerings in Germany, the UK and France; Source: goetzpartners consumer survey 2011

Greatest opportunities in the OTT market for content providers

Content providers have the opportunity to reach a larger target group through the OTT portals of hybrid devices with their subscription, transaction and advertising-based offerings.

In addition to the web-TV content of news sites, such as a Bild.de application, the growth segment of online video libraries in particular is also benefiting from this development. “OTT portals are also attractive to linear content providers as well as non-linear content providers,” said Marcus Worbs-Remann, Senior Manager at goetzpartners and the person responsible for the study. This is also underlined by Microsoft’s announcement to introduce linear live TV and entertainment content on the Xbox360 by the end of 2011 with more than 40 providers worldwide.

Device manufacturers and infrastructure providers as enablers

Attractive potential is also opening up for device manufacturers. They can use OTT content on their portals based on advertising and revenue shares agreed with providers. The provision of frameworks for the integration of display and video advertising as well as subscriber management systems supports the monetization of their portals. They will also achieve higher user numbers by gearing their content portfolio to the specific requirements of their target group. In addition to providing well established “must have” content, they can also achieve differentiation on the market by offering target-group-specific content so far largely overlooked by the competition.

Infrastructure operators, as the enablers of IP-based OTT content, can also benefit from the use of offerings on their portals through advertising and revenue participation. This also enhances the value of their own content portfolio with complementary content, such as the media libraries of TV stations.

Challenges

The market participants are nevertheless faced with major challenges. Digital content can be sustainably monetized if it is provided on as many platforms as possible. “However, this is only possible if it is made available independently of proprietary set-top boxes and digital rights management (DRM) systems can also be used on various devices without dedicated hardware,” summed up Dr. Alexander Henschel, Managing Director of goetzpartners and head of the Industry Line TIME.

About goetzpartners

goetzpartners is a leading independent European consulting company that combines M&A (mergers & acquisitions) advisory and management consulting under one roof. With this unique service offering goetzpartners advises companies along their whole value chain, thus creating sustainable value for them. The Group is represented with offices in Munich, Düsseldorf, Frankfurt, London, Madrid, Moscow, Paris, Prague and Zurich, and maintains international cooperation ventures. goetzpartners Management Consultants concentrates mainly on the fields of strategy, operational excellence, and business transformation. goetzpartners Corporate Finance focuses on M&A advisory services.

Contact person:

goetzpartners Management Consultants GmbH

Manuela Nikui

Director Marketing/PR

Prinzregentenstr. 56

80538 Munich

Tel.: +49 89 29 07 25-117

Fax: +49 89 29 07 25-215

Email: nikui@goetzpartners.com

www.goetzpartners.com