

MPA REPORT: ASIA PACIFIC PAY-TV INDUSTRY REVENUE TO GROW AT 3% CAGR IN 2019-2024, REACHING US\$66 bil. BY 2024

- India will continue to power future growth, followed by China & Korea
- By 2024, pay-TV revenue will total US\$27 billion in China, US\$15 billion in India, US\$8 billion in Korea and US\$7 billion in Japan
- Cord cutting will start to stabilize after 2021 but revenue declines will continue in Australia & New Zealand, key Southeast Asia markets and Taiwan

(HONG KONG/SINGAPORE, JANUARY 13, 2020) Total pay-TV industry revenue, comprised of subscription fees and local & regional advertising sales, grew 6% in Asia Pacific in 2019 to reach US\$57 billion in 2019, according to *Asia Pacific Pay-TV Distribution 2020*, a new report published by leading industry analysts Media Partners Asia (MPA). Projections from MPA indicate that total pay-TV industry revenues will grow at a CAGR of 3% between 2019-24 to top US\$66 billion by 2024.

Over the 2019-24 period, the utility China market will grow at a CAGR of 3% to reach US\$27 billion by 2024. In comparison, the more commercial India market will grow at a CAGR of 6% to reach US\$15 billion by 2024, ensuring India remains the highest growth and most scalable pay-TV market in the region. There remains significant near term uncertainty in India however due to the impending enforcement of recent regulations by the Telecom Regulatory Authority of India (TRAI). Korea will grow at a CAGR of 3% to reach US\$8.3 billion in revenue by 2024 while Japan will climb 1% to US\$7 billion by 2024.

Excluding China & India, total Asia Pacific pay-TV revenue grew only 1.3% in 2019 to reach US\$23 billion and is projected to climb 1.1% CAGR to reach US\$25 billion by 2024. Australia, Hong Kong, New Zealand, Malaysia, Singapore, Taiwan and Thailand will register CAGR revenue declines in the range of 1-5% over 2019-24 while growth will moderate in the Philippines and Vietnam.

Asia Pacific, including China & India, added 12.8 million net new subs in 2019 with India contributing 47% and China, 37%. The total Asia Pacific pay-TV subs base grew 2% in 2019 to reach 630 million, representing 62% penetration of total TV homes, adjusted for multiple subscriptions in a home. MPA projections indicate that total Asia Pacific pay-TV subs will grow at a CAGR of 1% between 2019-24 to reach 663 million by 2024, representing 63% penetration, adjusted for multiple subscriptions.

India will contribute almost half of net subscriber additions in Asia Pacific over the next five years. Net additions across Asia Pacific ex-China and India came in at 2 mil. in 2019 with Korea contributing 42% (driven by telco IPTV) while Australia, Hong Kong, Malaysia, New Zealand, Singapore and Thailand all registered declines. MPA projections indicate that pay-TV subs in Asia Pacific ex-China & India will grow at a CAGR of 1.3% between 2019-24. Subscriber declines will continue though moderate in Australia, Hong Kong, Malaysia, New Zealand, Singapore and Thailand as cord cutting stabilizes after 2021. 2019 was a peak year of cord cutting with a net decline of almost 1 million subs across the six markets. As the pace of subscriber erosion moderates in key territories after 2021, there are potential downside risks to the MPA forecast in markets such as Australia and Singapore. In addition, incremental growth markets such as Indonesia are fragile due to funding requirements and the management of currencies and content costs.

Commenting on the **Asia Pacific Pay-TV Distribution 2020** report, MPA executive director Vivek Couto said:

“Mushrooming consumer choice and piracy across the digital ecosystem has created cracks in the traditional pay-TV ecosystem. Business models remain dependent on the monetization of branded channels and sports rights in the pay-TV window. But the growth of legal online video services means that pay-TV operators and content providers are striving to distribute and monetize online. Inevitably, this strategy is being executed at a significant potential cost with the risk of cannibalization and growth at the expense of household-based pay-TV. For pay-TV operators with a broadband business, such a strategy could lead to fresh opportunity as key players reaggregate new bundles of branded channels and OTT video. For others, long-term subscriber erosion is a reality with the emphasis on serving and retaining existing premium customers and managing content costs and where possible, entering into partnerships and M&A with telcos and broadband operators. Operators are increasingly focused on tighter bundles & packages, stronger brands and flexible options for customers, anchored to improved technology with online options. The pace of operator execution is uneven however, which becomes time critical when measured against the impact of disruptive change and the management of legacy infrastructural costs.”

About Asia Pacific Pay-TV Distribution 2020

Asia Pacific Pay-TV Distribution 2020, published by Media Partners Asia, tracks the commercial distribution of pay-TV and fixed broadband in 17 markets, including analysis of 80 pay-TV and broadband operators with KPIs. The report provides historical data and five-year forecasts for subscribers, ARPUs and revenues across all pay-TV platforms, including on-demand, HD and DVR services, as well as for subscription and advertising revenue for pay channels. The report also contains a breakdown of channel packaging and pricing from pay-TV and broadband operators. The 17 markets covered are: Australia, China, Hong Kong, India, Indonesia, Japan, Korea, Malaysia, Myanmar, New Zealand, Pakistan, Philippines, Singapore, Sri Lanka, Taiwan, Thailand and Vietnam.

About Media Partners Asia (MPA)

Media Partners Asia (MPA) is the leading independent provider of research, advisory and consulting services across media, telecoms and technology industries in Asia Pacific. As digital distribution recalibrates revenues, costs and valuations, we help our clients and customers grow across a US\$500 billion consumer media and telecoms industry in Asia Pacific. MPA provides customized research with strategic recommendations to help clients launch new products & services, enter new markets, as well as acquire and sell businesses.

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Contact

Lavina Bhojwani
VP & GM
Media Partners Asia
E: lavina@media-partners-asia.com

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