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Update on Digital Terrestrial TV (DTT)



March, 2016

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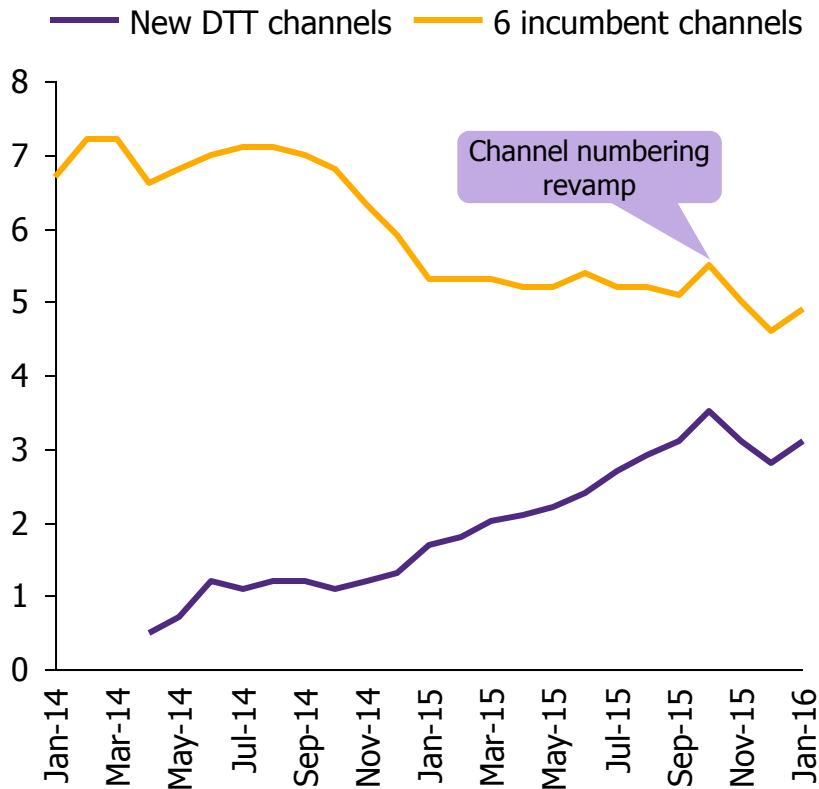
Agenda

- **Update on DTT**
 - **USA case study: Threats from new media**
-

New DTT seems to be the rising star, at the expense of incumbent TV

DTT aggregate rating is increasing while incumbent players are losing share

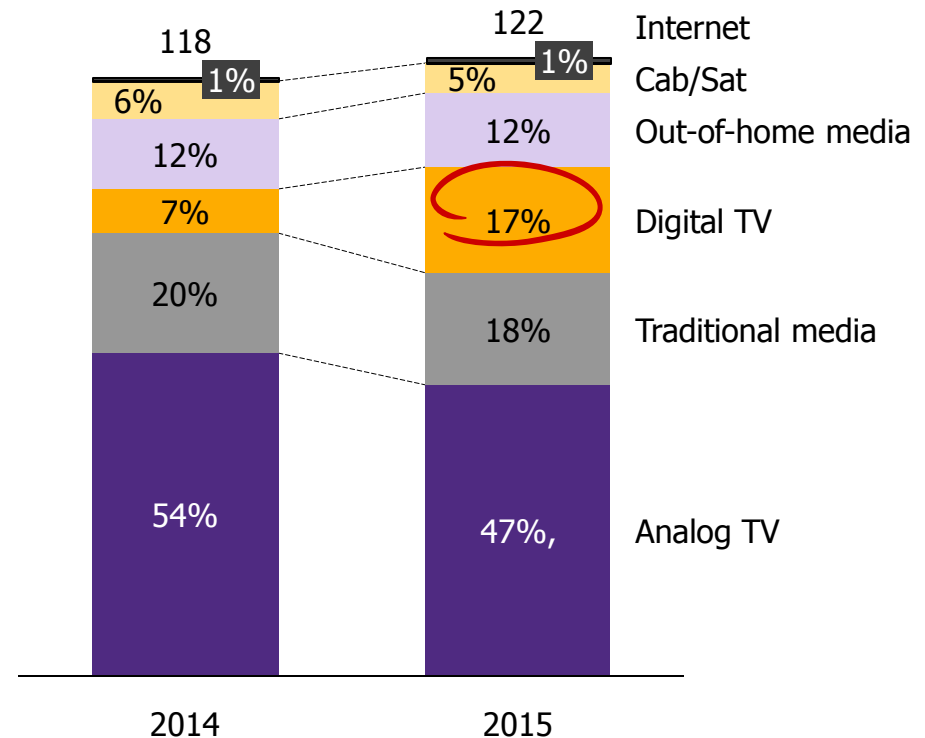
Unit: point



Source: EIC analysis based on data from AGB Nielsen

Better rating boosts DTT ad expenditure to grow more than double in 2015

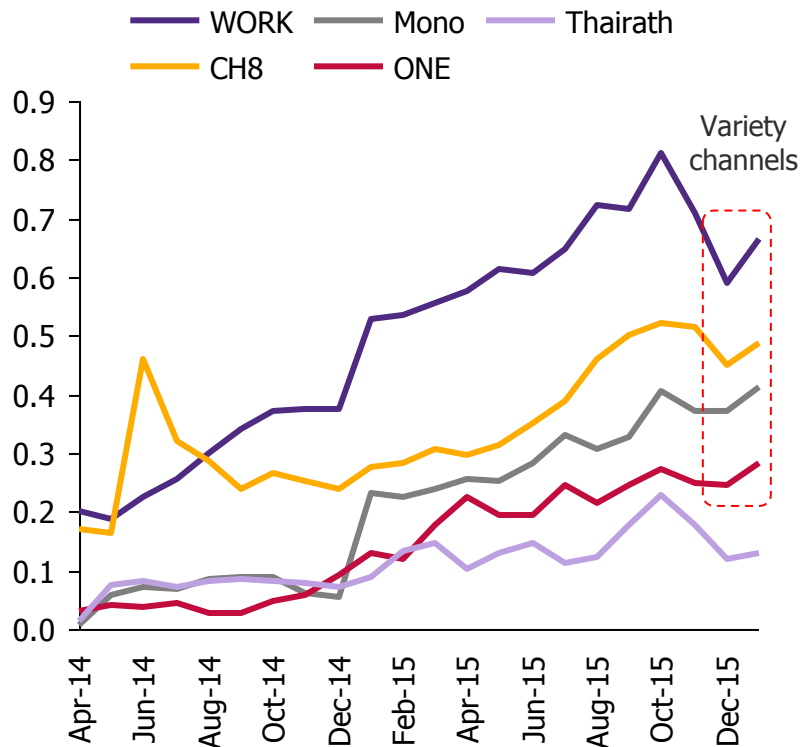
Unit: %, Bn THB



However, high ratings are concentrated in only some DTT channels and this might force some channels to exit the business

There are only 5 new DTTs that gain better ratings and can stand among the top 10

Unit: point

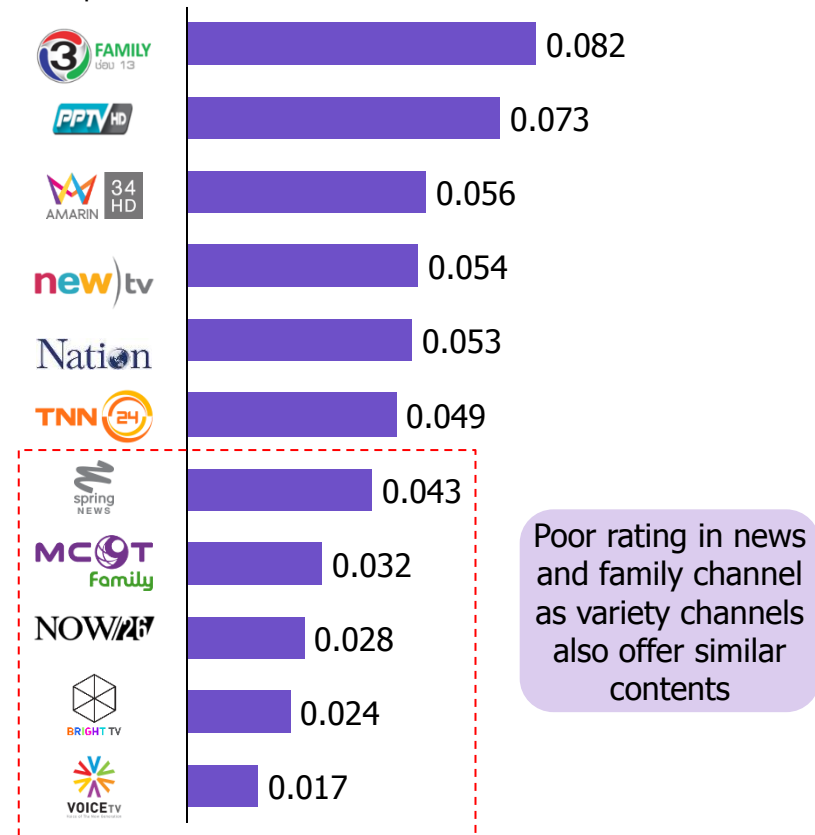


Note: Other channels in the top 10 are incumbent operators (CH7, CH3, MCOT, CH3 SD, CH3 Family)

Source: EIC analysis based on data from AGB Nielsen

11 channels have avg. rating below 0.1 last year, suggesting lower eyeballs and income

Unit: point



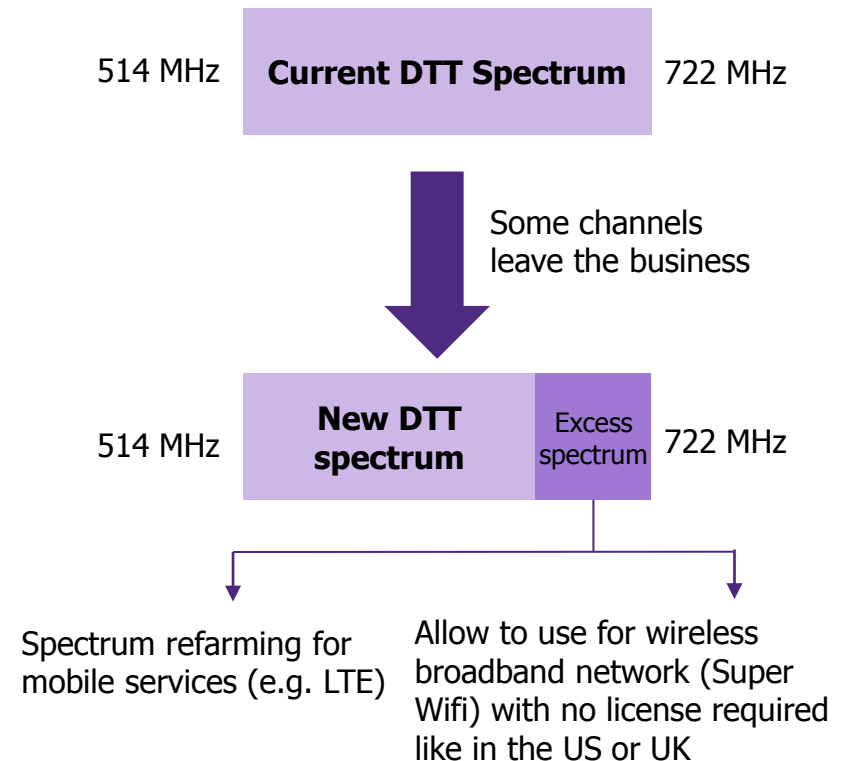
Poor rating in news and family channel as variety channels also offer similar contents

Even with remedies, some channels may still quit. If no re-auction, spectrum left can be refarmed for mobile services

Ten remedies as proposed by the working group

- 1 Postpone the 3rd payment of license fee
- 2 Extend license life
- 3 Return license to NBTC without having to pay the rest of license fees
- 4 Subsidize TV operators
- 5 Arrange the same channel numbering rule in all platforms
- 6 Distribute digital TV coupons to all 22 million households
- 7 Promote digital TV
- 8 Implement a TV rating system
- 9 Charge fees for R&D funds to be less than 2%
- 10 Subsidize expenses of MUX network operators

If some channels quit without re-auction, there will be excess spectrum left



Source: EIC analysis based on data from press search



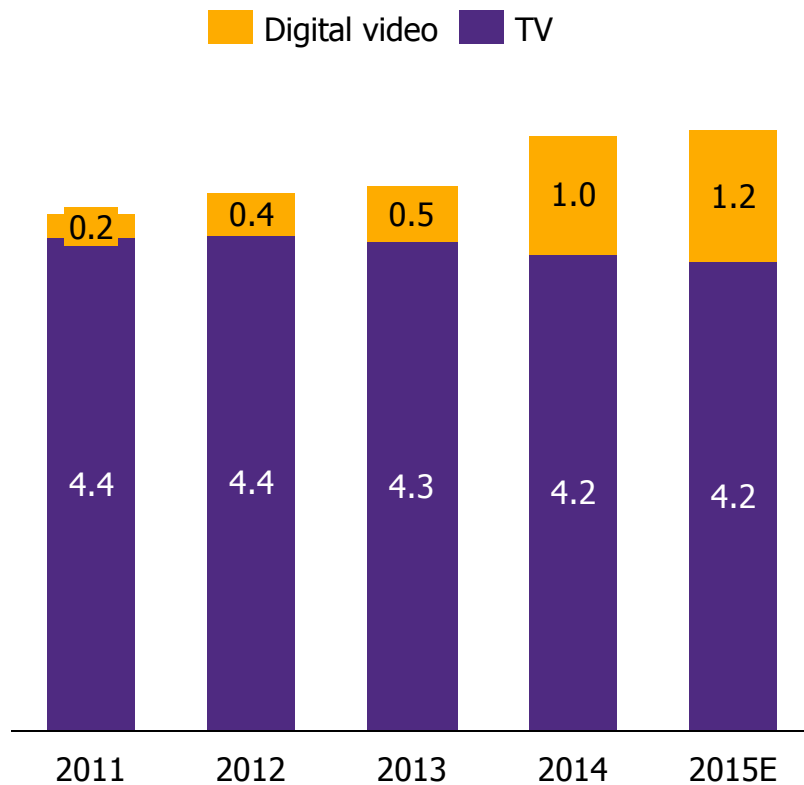
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TV consumption in the US is shifting towards "digital" era

US consumption of digital video is increasing

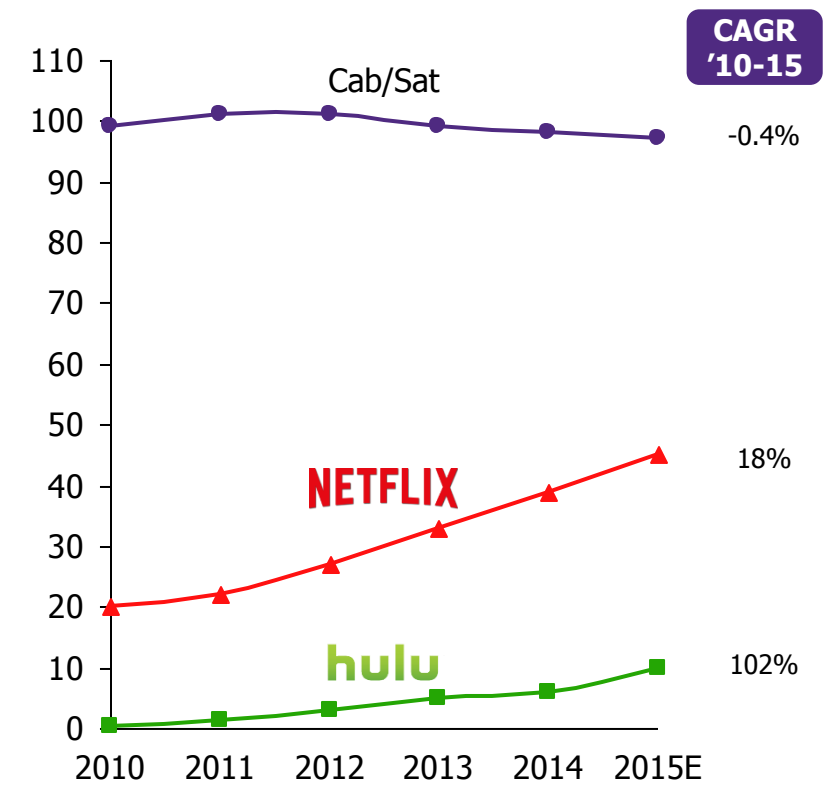
Unit: hours/day



Source: EIC analysis based on data from eMarketer.com (Sep, 15)

Pay TV subscribers are declining, while OTT service is rising

Unit: million subscribers



Source: EIC analysis based on data from Statista, TDG Research and Netflix

Incumbent TV operators have responded to the digital disruption in different ways

1 Locking in long term deals with content provider



Comcast, cable TV operator, signed a 10 year deal with Disney to cover all of Disney's television content, including on-demand and out-of-home streaming

2 Locking in sport rights



TV Channels i.e. FOX, CBS, and NBC (Comcast) signed a 9-year deal with NFL

3 Trying to improve the viewer experience



1. **Better packaging** e.g. offering cheaper bundles
2. **Better multiplatform offering** All 5 of the major broadcasters have released TV everywhere applications

4 OTT offering from the traditional network



Dish Network, major Satellite service provider, launched Sling, offering over 50 TV channels via broadband streaming

5 Increasing investment in studio content



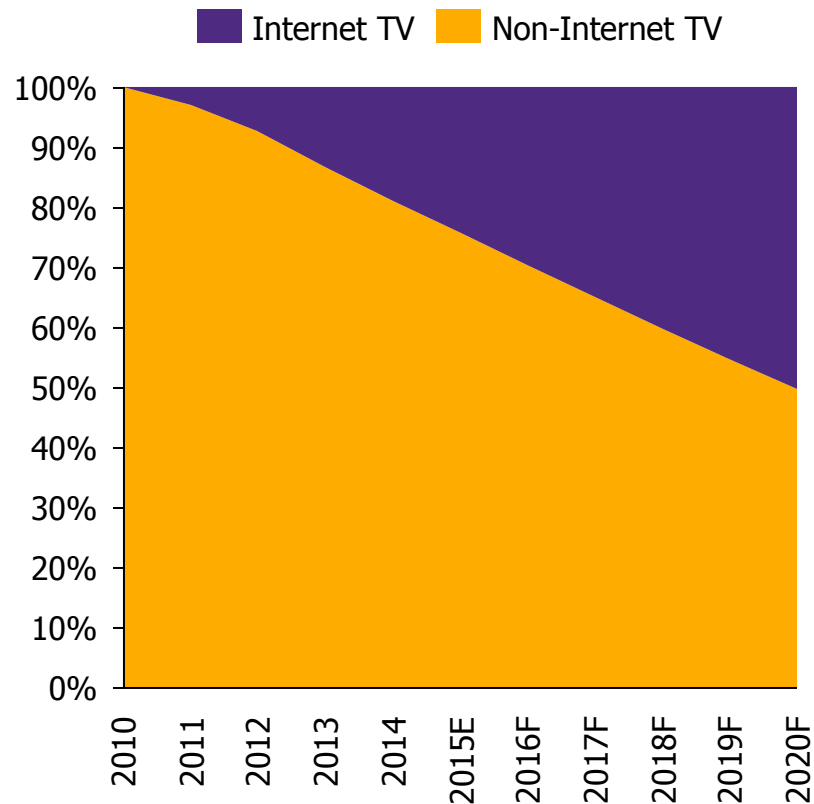
Many TV studios have invested in the content heavily in order to attract more viewers

Source: EIC analysis basde on data from press search, and Macquarie Research

This trend might be replicated in Thailand as the penetration rates to “digital” devices have been increased continuously

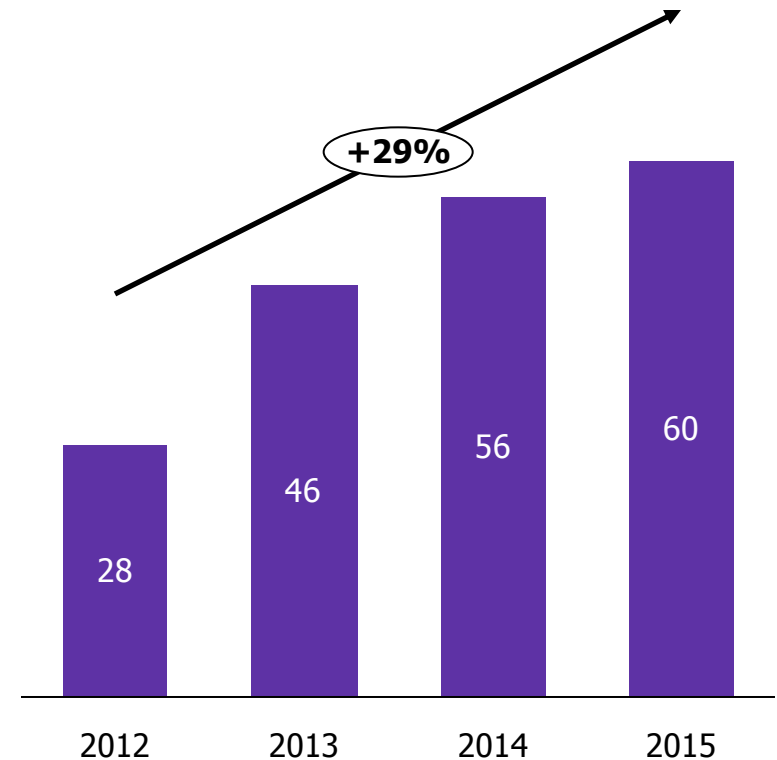
The sales of internet TV will be close to non-internet TV by 2020

Unit: %



Smartphone penetration rate in 2015 is almost double that in 2012

Unit: %



Source: EIC analysis based on data from Euromonitor

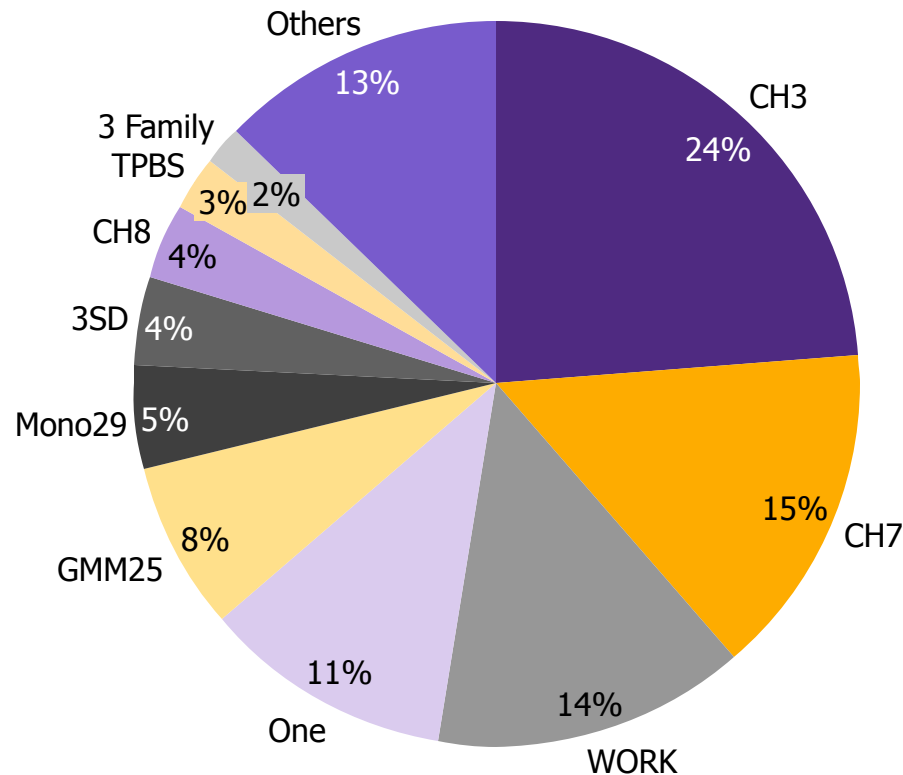
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Appendix

Apart from incumbent operators, new gen is more familiar with TV channels of WORK and GRAMMY

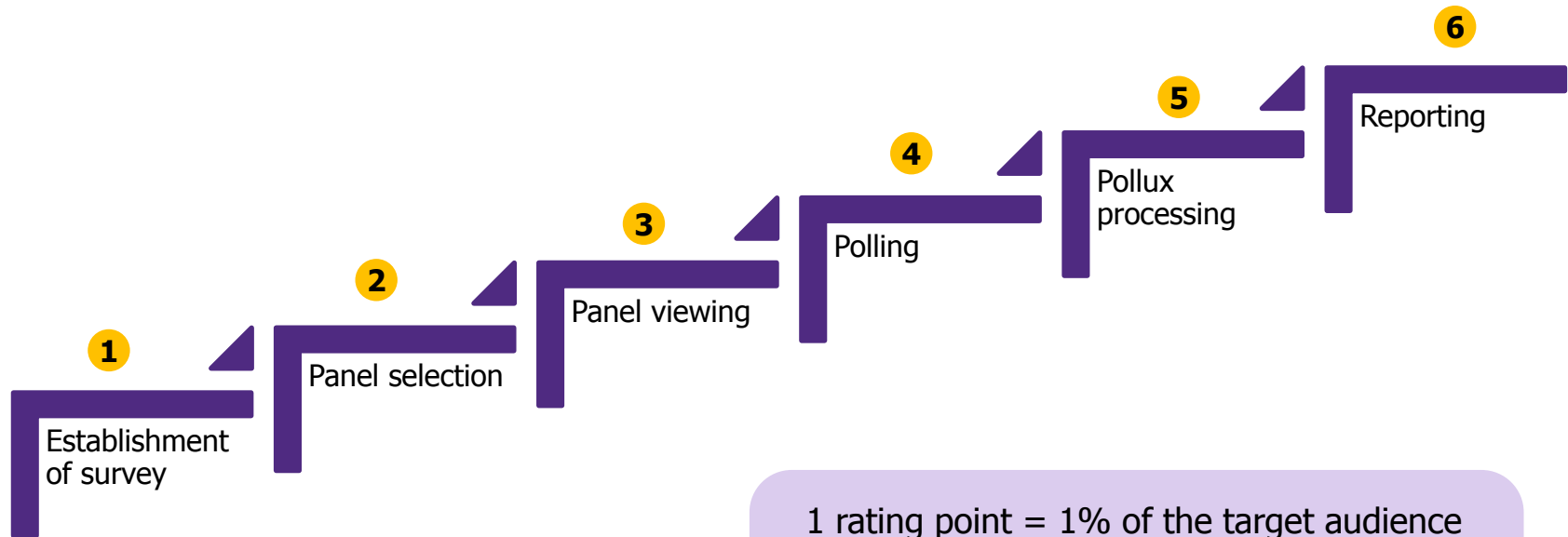
UTCC's poll on the favorite channels for teenagers in Bangkok and metropolitan area

Unit: %



Source: EIC analysis base on data from UTCC

There are 6 steps to evaluate TV ratings



1 rating point = 1% of the target audience

$$\text{Rating point} = \frac{\text{No. audience achieved} \times 100}{\text{Defined universe}}$$

Source: EIC analysis base on data from Media Intelligence



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