

# European Digital Pay Television Platforms

Market assessment and forecasts to 2006

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screen Digest

# Greece



## Market overview

Greece is one of the poorest members of the European Union and also has the lowest development of cable and satellite television—their combined penetration is a mere 8.9 per cent. Another specific is that the domestic public broadcaster, ERT, has the lowest audience share of its kind in Europe.

In the 1980s there was a massive squat of the airwaves by unlicensed operators, similar to that which occurred in Italy in the 1970s. In a second stage in the 1990s the operators consolidated and a few big players emerged, including an analogue pay TV package. In 2001 the government licensed seven national broadcasters, though dozens of unauthorised channels remain in operation.

The four main commercial television players are

- Alpha TV, controlled by Efstathios Tsotsoros,
- Antenna 3, owned by Minos Kyriakou, —both with minority stakes in the pay TV operator Netmed,
- Mega Channel, backed by the Teletypos publishing house and
- Star TV, owned by the Vardinoyiannis family.

The only multi-channel distribution technology is satellite with a single digital platform, Nova. Plans for digital terrestrial television are at a very early stage and will not materialise before the second part of this decade. Experimental digital cable systems in Athens are run by the ministry of public works and there is little prospect of commercial developments of the technology.

## Satellite

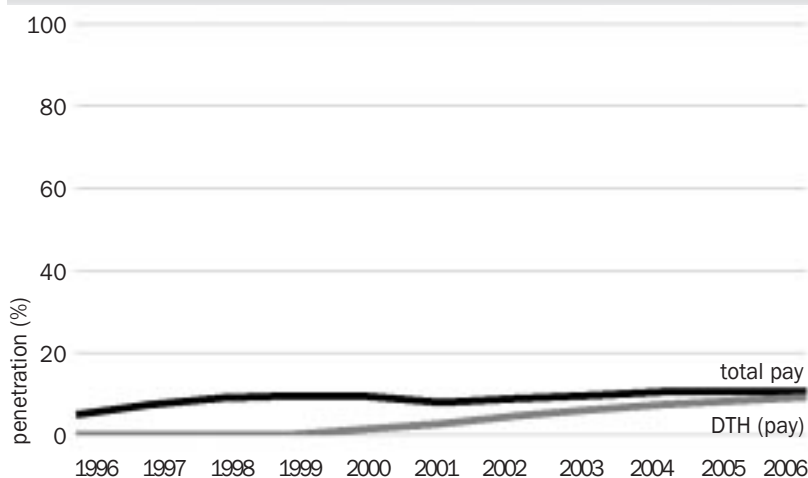
Throughout the 1990s a succession of fiercely nationalist Greek governments worked to avoid the creation of a DTH platform that would not be controlled by domestic regulators. A ban on satellite reception equipment was considered.

Plans to put cable and satellite development under state-owned companies' responsibility faltered. Finally in 1998 the government decided to open up and licence national DTH platforms.

## Nova: Back in monopoly position

The pay TV market is dominated by a single operator, the Netmed group, a unit of MHI Holdings, a company quoted on the Johannesburg stock market. The rival Alpha

Greece: Penetration of pay television platforms



Source: Screen Digest

## Greece



## Greece: Market overview 1996-2001

|                                   |      | 1996   | 1997   | 1998   | 1999   | 2000   | 2001   |
|-----------------------------------|------|--------|--------|--------|--------|--------|--------|
| population                        | 000s | 10,485 | 10,511 | 10,533 | 10,543 | 10,565 | 10,585 |
| households                        | 000s | 3,875  | 3,833  | 3,836  | 3,886  | 3,993  | 3,971  |
| TV households                     | 000s | 3,360  | 3,380  | 3,400  | 3,400  | 3,500  | 3,500  |
| cable penetration                 | %    | 0.00   | 0.00   | 0.00   | 0.00   | 0.00   | 0.00   |
| DTH penetration (pay)             | %    | 0.00   | 0.00   | 0.00   | 0.19   | 1.55   | 2.74   |
| DTH penetration (free)            | %    | 0.00   | 0.00   | 0.00   | 0.00   | 0.00   | 0.00   |
| DTH (total)                       | %    | 0.00   | 0.00   | 0.00   | 0.19   | 1.55   | 2.74   |
| DTT penetration                   | %    | 0.00   | 0.00   | 0.00   | 0.00   | 0.00   | 0.00   |
| total analogue pay TV penetration | %    | 5.11   | 7.35   | 9.12   | 9.52   | 7.87   | 5.18   |
| total digital pay TV penetration  | %    | 0.00   | 0.00   | 0.00   | 0.19   | 1.55   | 2.74   |
| pay TV penetration                | %    | 5.11   | 7.35   | 9.12   | 9.72   | 9.42   | 7.93   |

Source: Screen Digest

## Greece: Pay TV subscribers 1996-2001

|                                   |      | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 |
|-----------------------------------|------|------|------|------|------|------|------|
| analogue cable                    | 000s | 0    | 0    | 0    | 0    | 0    | 0    |
| digital cable                     | 000s | 0    | 0    | 0    | 0    | 0    | 0    |
| analogue DTH                      | 000s | 0    | 0    | 0    | 0    | 0    | 0    |
| digital DTH                       | 000s | 0    | 0    | 0    | 7    | 54   | 96   |
| analogue terrestrial              | 000s | 172  | 248  | 310  | 324  | 275  | 181  |
| digital terrestrial               | 000s | 0    | 0    | 0    | 0    | 0    | 0    |
| total cable pay TV                | 000s | 0    | 0    | 0    | 0    | 0    | 0    |
| total DTH pay TV                  | 000s | 0    | 0    | 0    | 7    | 54   | 96   |
| total terrestrial pay TV          | 000s | 172  | 248  | 310  | 324  | 275  | 181  |
| total analogue pay TV subscribers | 000s | 172  | 248  | 310  | 324  | 275  | 181  |
| total digital pay TV subscribers  | 000s | 0    | 0    | 0    | 7    | 54   | 96   |
| total pay TV                      | 000s | 172  | 248  | 310  | 330  | 330  | 277  |
| ADSL Video                        | 000s | 0    | 0    | 0    | 0    | 0    | 0    |
| Cable modem                       | 000s | 0    | 0    | 0    | 0    | 0    | 0    |
| ADSL Internet                     | 000s | 0    | 0    | 0    | 0    | 0    | 0    |
| total two-way homes               | 000s | 0    | 0    | 0    | 0    | 0    | 0    |

Source: Screen Digest

## Greece



Digital Synthesis platform went bankrupt and closed in September 2002. A merger deal that would have allowed Nova to take over Alpha's 40,000 subscribers collapsed because Nova assumed it would be cheaper to recruit Alpha's subscribers individually.

In 1994 Netmed launched a mini-package on analogue terrestrial television featuring its Filmnet and Supersport channels and a children's service, now supplied by Fox Kids. The company claims that 70 per cent of the Greek population is technically reached by the signal, as well as 70 per cent of the Greek Cypriot population. In Greece the terrestrial service is not licensed but operated under contract from state-owned ERT, which has legal authority over encrypted television.

In December 1999 Netmed launched a digital satellite platform under the Nova brand,

distributed in Greece and in Cyprus. In Cyprus operations are handled by a local subsidiary quoted on the Limassol stock market. The company owns a 14-year Greek national licence.

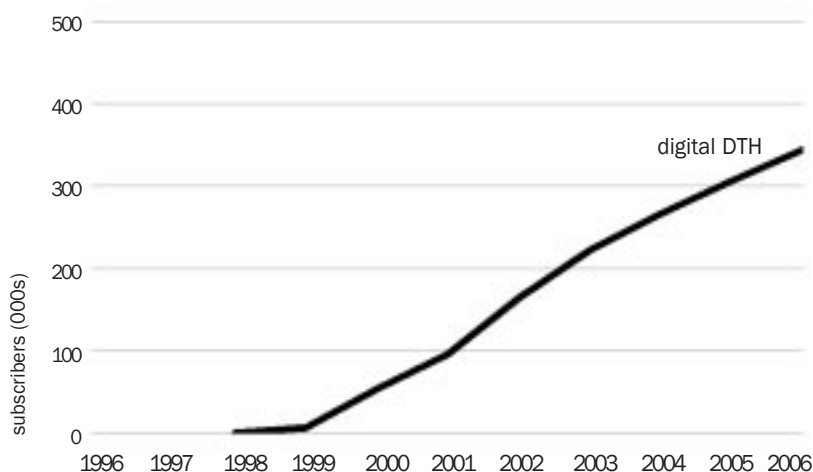
The October 2001 launch of Alpha Digital dramatically affected Netmed. Its total subscriber count fell by 68,000 in the financial year ending March 2002, to 317,000. Of these 52,000 were in Cyprus—including homes hooked to the terrestrial analogue network. The DTH platform had 100,000 subscribers, up 31,000 in twelve months, while there were 165,000 analogue terrestrial subscribers in Greece, down 100,000 in one year.

Netmed says that the Alpha launch caused much confusion in consumers' minds, notably in regards to sports rights. The recruitment of Alpha subscribers by Nova should have enabled the platform to communicate a clearer message about satellite television.

There is also a systemic high churn problem in Greece during the months of May, June and July.

The Nova platform's offering includes the premium services Filmnet and Supersport. The former has first-run licence deals with most Hollywood studios, while the latter carries domestic football and basketball in exclusivity. A pay-per-view service called Nova Cinema is also available; orders are by phone or SMS. Basic channels include international services like Discovery, Eurosport, Animal Planet, National Geographic and Fox Kids. Most have a Greek sound track. The interactive services feature a range of text and still information services, and games, but there is no return path. Most Greek national free-to-air channels are carried on the platform.

## Greece: Pay TV subscribers: Analogue and digital DTH



Source: Screen Digest

## Greece: DTH subscribers by operator

|                              | 1996 | 1997 | 1998 | 1999 | 2000  | 2001  | 2002   | 2003   | 2004   | 2005   | 2006   |
|------------------------------|------|------|------|------|-------|-------|--------|--------|--------|--------|--------|
|                              | 000  | 000  | 000  | 000  | 000   | 000   | 000    | 000    | 000    | 000    | 000    |
| Nova (analogue DTH)          | 0.00 | 0.00 | 0.00 | 0.00 | 0.00  | 0.00  | 0.00   | 0.00   | 0.00   | 0.00   | 0.00   |
| Nova (digital DTH)           | 0.00 | 0.00 | 0.00 | 6.54 | 54.11 | 88.07 | 165.00 | 222.75 | 267.30 | 307.40 | 344.85 |
| Nova (total DTH)             | 0.00 | 0.00 | 0.00 | 6.54 | 54.11 | 88.07 | 165.00 | 222.75 | 267.30 | 307.40 | 344.85 |
| Alpha Digital (analogue DTH) | 0.00 | 0.00 | 0.00 | 0.00 | 0.00  | 0.00  | 0.00   | 0.00   | 0.00   | 0.00   | 0.00   |
| Alpha Digital (digital DTH)  | 0.00 | 0.00 | 0.00 | 0.00 | 0.00  | 8.00  | 0.00   | 0.00   | 0.00   | 0.00   | 0.00   |
| Alpha Digital (total DTH)    | 0.00 | 0.00 | 0.00 | 0.00 | 0.00  | 8.00  | 0.00   | 0.00   | 0.00   | 0.00   | 0.00   |

Source: Screen Digest

## Greece



## Greece: Market overview and forecast 2001-2006

|                                   |      | 2001   | 2002   | 2003   | 2004   | 2005   | 2006   |
|-----------------------------------|------|--------|--------|--------|--------|--------|--------|
| population                        | 000s | 10,585 | 10,635 | 10,686 | 10,737 | 10,788 | 10,839 |
| households                        | 000s | 3,971  | 3,989  | 4,031  | 4,073  | 4,116  | 4,159  |
| TV households                     | 000s | 3,500  | 3,531  | 3,584  | 3,637  | 3,692  | 3,747  |
| cable penetration                 | %    | 0.00   | 0.00   | 0.00   | 0.00   | 0.00   | 0.00   |
| DTH penetration (pay)             | %    | 2.74   | 4.67   | 6.22   | 7.35   | 8.33   | 9.20   |
| DTH penetration (free)            | %    | 0.00   | 0.00   | 0.00   | 0.00   | 0.00   | 0.00   |
| DTH (total)                       | %    | 2.74   | 4.67   | 6.22   | 7.35   | 8.33   | 9.20   |
| DTT penetration                   | %    | 0.00   | 0.00   | 0.00   | 0.00   | 0.00   | 0.00   |
| total analogue pay TV penetration | %    | 5.18   | 4.25   | 3.35   | 3.27   | 2.17   | 1.60   |
| total digital pay TV penetration  | %    | 2.74   | 4.67   | 6.22   | 7.35   | 8.33   | 9.20   |
| pay TV penetration                | %    | 7.93   | 8.92   | 9.56   | 10.62  | 10.49  | 10.80  |

Source: Screen Digest

## Greece: Pay TV subscribers and forecast 2001-2006

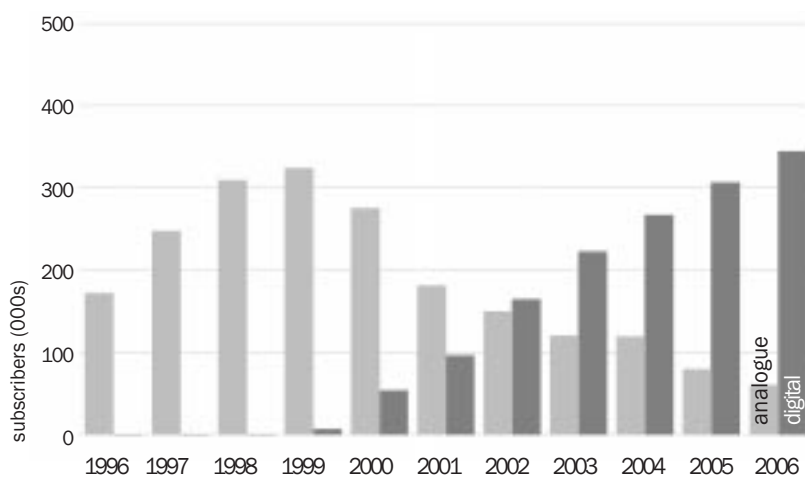
|                                   |      | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 |
|-----------------------------------|------|------|------|------|------|------|------|
| analogue cable                    | 000s | 0    | 0    | 0    | 0    | 0    | 0    |
| digital cable                     | 000s | 0    | 0    | 0    | 0    | 0    | 0    |
| analogue DTH                      | 000s | 0    | 0    | 0    | 0    | 0    | 0    |
| digital DTH                       | 000s | 96   | 165  | 223  | 267  | 307  | 345  |
| analogue terrestrial              | 000s | 181  | 150  | 120  | 119  | 80   | 60   |
| digital terrestrial               | 000s | 0    | 0    | 0    | 0    | 0    | 0    |
| total cable pay TV                | 000s | 0    | 0    | 0    | 0    | 0    | 0    |
| total DTH pay TV                  | 000s | 96   | 165  | 223  | 267  | 307  | 345  |
| total terrestrial pay TV          | 000s | 181  | 150  | 120  | 119  | 80   | 60   |
| total analogue pay TV subscribers | 000s | 181  | 150  | 120  | 119  | 80   | 60   |
| total digital pay TV subscribers  | 000s | 96   | 165  | 223  | 267  | 307  | 345  |
| total pay TV                      | 000s | 277  | 315  | 343  | 386  | 387  | 405  |
| ADSL Video                        | 000s | 0    | 0    | 0    | 0    | 0    | 0    |
| Cable modem                       | 000s | 0    | 0    | 0    | 0    | 0    | 0    |
| ADSL Internet                     | 000s | 0    | 0    | 0    | 0    | 0    | 0    |
| total two-way homes               | 000s | 0    | 0    | 0    | 0    | 0    | 0    |

Source: Screen Digest

## Greece

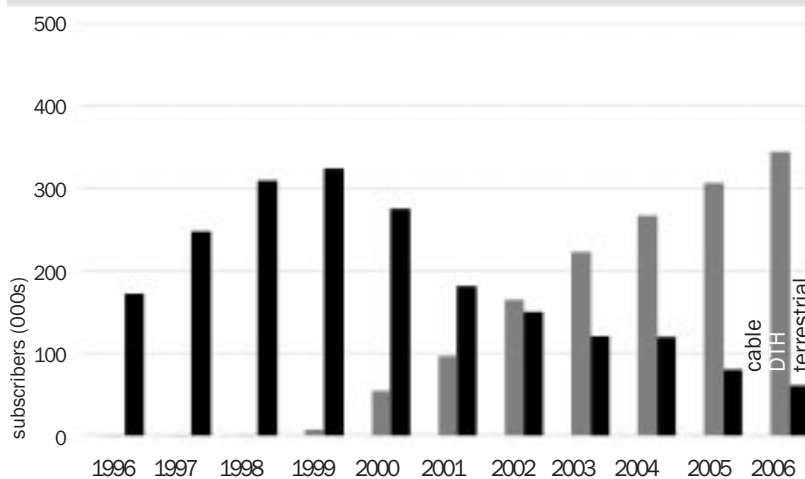


## Greece: Pay TV subscribers: Total analogue and digital



Source: Screen Digest

## Greece: Pay TV subscribers: Total cable, DTH and terrestrial



Source: Screen Digest

## Greece: Pay TV market share by delivery platform

|             |   | 1996   | 1997   | 1998   | 1999  | 2000  | 2001  | 2002  | 2003  | 2004  | 2005  | 2006  |
|-------------|---|--------|--------|--------|-------|-------|-------|-------|-------|-------|-------|-------|
| DTH         | % | 0.00   | 0.00   | 0.00   | 1.98  | 16.42 | 34.62 | 52.38 | 64.99 | 69.19 | 79.35 | 85.18 |
| Cable       | % | 0.00   | 0.00   | 0.00   | 0.00  | 0.00  | 0.00  | 0.00  | 0.00  | 0.00  | 0.00  | 0.00  |
| terrestrial | % | 100.00 | 100.00 | 100.00 | 98.02 | 83.58 | 65.38 | 47.62 | 35.01 | 30.81 | 20.65 | 14.82 |
| total       | % | 100    | 100    | 100    | 100   | 100   | 100   | 100   | 100   | 100   | 100   | 100   |

Source: Screen Digest

## Alpha Digital: RIP

The Alpha Digital platform launched in October 2001 and closed less than a year later, in September 2002. Its 40,000 subscribers migrated to its rival Nova. The launch had brought competition for the first time to the Greek pay TV market, but it was doubtful from the outset whether such a small territory could support two rivals.

Through the Fidelity Management financial vehicle, the company was owned 40 per cent by Efstathios Tsotsoros, a local entrepreneur, 40 per cent by George Kontominas and 15 per cent by the Onassis Foundation. Tsotsoros also control the terrestrial Alpha TV channel. Like its rival, the Alpha platform used the Open TV middleware and broadcast off the Hot Bird satellite platform, but a module still had to be installed on its set-tops to allow them to receive Nova programmes.

Alpha had created its own premium channels, Alpha Sports 1 and 2 and Alpha Cinema, which were folded into existing Netmed services. It had also signed licence deals to broadcast football games from some of the country's most popular clubs, leading to a court battle with Nova which claimed these overrode previous contracts.

## Market assessment

Satellite distribution is the only commercial digital transmission system and none is expected to challenge it for the foreseeable future. As in other markets, where terrestrial television channels are numerous (like Italy and Germany), pay TV is a tough sell in Greece.

Thus we expect only a slow growth in DTH penetration to 10 per cent of homes in 2006.

## Greece



## Greece: Pay TV services

| platform    | distribution | launch date | ownership  |
|-------------|--------------|-------------|--|
| Filmnet Box | terrestrial  | 1994        | NetMed NV (40%); Teletypos SA (40%); Lumiere Television Limited (18%) and Sunspot Leisure (2%) |
| Nova        | satellite    | 1999        | NetMed NV (40%); Teletypos SA (40%); Lumiere Television Limited (18%) and Sunspot Leisure (2%) |

Source: Screen Digest

## Greece: Pay-per-view and VoD services

| platform    | type | content | distribution | launch date | ownership  |
|-------------|------|---------|--------------|-------------|--|
| Nova Cinema | PPV  | movies  | satellite    | Jul 2000    | NetMed NV (40%); Teletypos SA (40%); Lumiere Television Limited (18%) and Sunspot Leisure (2%) |

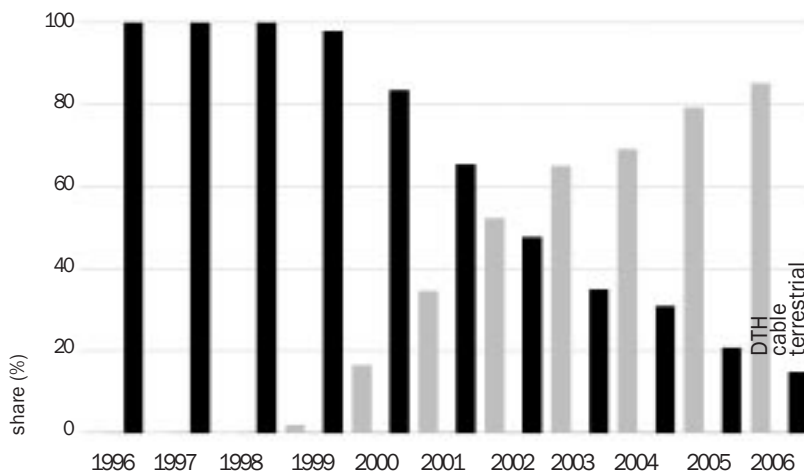
Source: Screen Digest

## Greece: Set-top box technology suppliers

| operator | middleware | CA system | set-top suppliers | cable modem suppliers |
|----------|------------|-----------|-------------------|-----------------------|
| Nova     | Open TV    | Irdeto    | Panasat           |                       |

Source: Screen Digest

## Greece: Pay TV market share by delivery platform



Source: Screen Digest



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