



PRESS RELEASE

STRATEGY ANALYTICS: DIGITAL TV IN 73% OF EUROPEAN HOMES BY 2008

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Market Will Recover From Recent Setbacks, Say Analysts

London, England - Following recent market turmoil, Strategy Analytics today unveils its latest European digital television forecast, and predicts solid growth for the industry as a whole. Digital terrestrial TV will continue to play a limited role, helped by rising demand for free-to-air digital TV converters.

These findings are presented in research published recently by Strategy Analytics within its strategic advisory service, Broadband Device Strategies.

After several months of turmoil and failed services, some observers have cast doubt on digital television's future. However, Strategy Analytics concludes that the net impact of recent developments will be only a slight reduction in overall digital TV uptake during 2002.

The number of European homes acquiring digital TV this year will now reach 7.3 million, 0.1 million fewer than the previous Strategy Analytics forecast. 58% of new digital TV customers will choose a satellite service, while 36% will opt for cable.

The biggest impact of recent developments, such as the collapse of ITV Digital and Quiero TV, is that only 300,000 European households will acquire digital terrestrial television this year, compared to an earlier estimate of 600,000. Consumer confidence in this technology is likely to have been severely eroded, and there are continued doubts over a viable business model to support it.

In the longer term, dedicated free-to-air set-top boxes such as Pace's DTV Adapter will secure a market niche. In the UK, for example, demand for such devices will reach over 200,000 units this year, and 900,000 annually by 2008. 11% of European homes will have digital TV via terrestrial by 2008, compared to 32% via cable and 29% via satellite.

"The collapse of digital terrestrial TV services was always inevitable," notes David Mercer, the Strategy Analytics Vice President for Broadband. "However their failure should be seen in the context of continued consumer demand for better television, a gap which satellite and cable platforms will fill."

Digital TV Ownership In Europe

	2000	2001	2002	2003	2004	2005	2006	2007	2008
Household Penetration	12%	16%	21%	27%	34%	43%	53%	63%	73%
No. of households (Millions)	18.9	25.8	33.0	42.8	54.9	70.0	87.0	104.8	122.2

Note: includes all digital TV platforms - terrestrial, satellite, cable, DSL and other

Source: Strategy Analytics' Broadband Device Strategies Service

Company Background:

Strategy Analytics, Inc. provides information and insights to help develop business strategies in broadband, consumer electronics and media, wireless communications, ebusiness, automotive electronics, and enabling technology business.

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