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Leichtman Research Group

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MULTI-CHANNEL VIDEO INDUSTRY HAS FIRST-EVER ANNUAL NET SUBSCRIBER LOSS

Major Providers Added About 195,000 Subscribers in Q1 2013 – Down From Recent First Quarters

Durham, NH – May 20, 2013 – Leichtman Research Group, Inc. (LRG) found that the thirteen largest multi-channel video providers in the US – representing about 94% of the market – added about 195,000 net additional video subscribers in Q1 2013. Quarterly net multi-channel video gains in Q1 2013 were down compared to a net gain of about 445,000 in Q1 2012, and a net gain of about 470,000 in Q1 2011.

These Q1 gains were not enough to offset subscriber losses from Q2 and Q3 2012, leaving major multi-channel video providers with a net loss of about 80,000 subscribers over the past year, compared to a net gain of about 380,000 over the prior year. This marks the first time there has been a net industry-wide subscriber loss over a four-quarter period (since LRG began tracking the industry over a decade ago).

Other key findings include:

- The top multi-channel video providers account for about 94.9 million subscribers – with the top nine cable companies having over 51.0 million video subscribers, satellite TV companies having 34.2 million subscribers, and top telephone companies having nearly 9.7 million subscribers
- The top nine cable companies lost about 264,000 video subscribers in Q1 2013, and about a 1,560,000 over the past year – compared to a loss of about 1,535,000 subscribers over the prior year
- The top telephone providers added 401,000 video subscribers in Q1 2013, and 1,319,000 over the past year – compared to 1,475,000 net additions over the prior year

- Satellite TV providers added 57,000 subscribers in Q1 2013 – the fewest in any Q1 over the past decade
- Satellite TV providers added 160,000 subscribers over the past year – compared to a gain of 439,000 over the prior year

“First-time ever annual industry-wide losses reflect a combination of a saturated market, an increased focus from providers on acquiring higher-value subscribers, and some consumers opting for a lower-cost mixture of over-the-air TV, Netflix and other over-the-top viewing options,” said Bruce Leichtman, president and principal analyst for Leichtman Research Group, Inc. “The traditionally weak second quarter is sure to show additional net subscriber losses, but it is unlikely that these modest industry losses are a harbinger of a more dramatic near-term market decline.”

Multi-channel Video Provider	Subscribers at the end of Q1 2013	Net Adds in Q1 2013	Net Adds in Past Year
Cable Companies			
Comcast	21,935,000	(60,000)	(359,000)
Time Warner	12,100,000	(118,000)	(553,000)
Charter	4,124,000	(34,000)	(217,000)
Cablevision [^]	3,191,000	(6,000)	(66,000)
Suddenlink	1,211,900	700	(35,300)
Mediacom	999,000	(1,000)	(60,000)
Cable ONE	588,180	(5,435)	(34,159)
Other major private companies*	6,895,000	(40,000)	(235,000)
Total Top Cable	51,044,080	(263,735)	(1,559,459)
Satellite TV Companies (DBS)			
DirecTV	20,105,000	21,000	139,000
Dish Network	14,092,000	36,000	21,000
Total Top DBS	34,197,000	57,000	160,000
Telephone Companies			
Verizon FiOS	4,895,000	169,000	542,000
AT&T U-verse	4,768,000	232,000	777,000
Total Top Phone	9,663,000	401,000	1,319,000
Total Multi-channel Video	94,904,080	194,265	(80,459)

Sources: The Companies and Leichtman Research Group, Inc.

* Includes LRG estimates for Cox, and Bright House Networks

[^] Includes former Bresnan properties with sale pending to Charter

Net additions reflect pro forma results from system sales and acquisitions

Top multi-channel video providers represent approximately 94% of all subscribers

Top cable companies do not include WOW

Company subscriber counts may not solely represent residential households

Note that LRG consumer research finds that about 1% of households subscribe to both cable and DBS

About Leichtman Research Group, Inc.

Leichtman Research Group, Inc. (LRG) specializes in research and analysis on broadband, media and entertainment industries. LRG combines on-going surveys and analysis with years of hands-on industry experience to provide companies with a richer understanding of the potential impact and adoption of new products and services. For more information about LRG, please call (603) 397-5400 or visit www.LeichtmanResearch.com.

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