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SATELLITE COMMUNICATIONS & BROADCASTING IN LATIN AMERICA

TRENDS, FORECASTS & STRATEGIES

2015 Edition | A Euroconsult **Strategic Review**

A comprehensive assessment of strategic trends in one of the most rapidly growing satellite markets.

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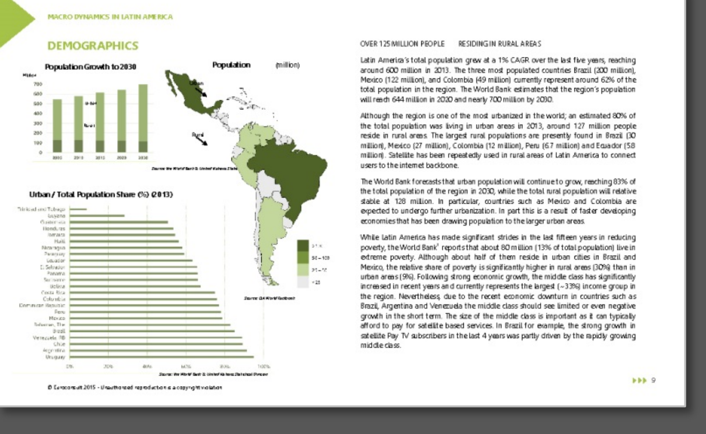
Total satellite capacity usage increased at an 8% CAGR over 2009-2014, driven by growing requirements for satellite pay-TV (+1,600 channels), VSAT services (+50,000 VSATs), trunking and backhaul. Euroconsult projects total capacity leased to grow at a 10% CAGR over the next decade, translating to a total of over 330 Gbps of traffic flowing over satellite by 2024.

Following strong growth in demand, operators have invested heavily in expansion satellites causing total regular capacity supply in Latin America to double by 2017 (from 2010 levels), while HTS capacity will increase eight-fold to over 370 Gbps by 2017.

As supply additions are projected to outpace growth in demand, the average regular capacity fill rate should decrease from 80% in 2014 to 70% in 2017. The trend of falling fill rates is most profound in Ku-band, where utilization levels are dropping from 86% in 2010 to an expected 64% by 2017, causing serious concerns for oversupply.

There is a growing trend of large upfront capacity commitments to facilitate new initiatives (universal access projects, DTH platforms, consumer broadband services) that typically require some time to develop. The risk of a temporary situation of oversupply is anticipated to place downward pressure on capacity prices in the next three years. Prices, especially for regular Ku-band capacity in Brazil and the Andean region, should soften as fill rates drop below 70% from 2016.

Although demand is relatively equally distributed across the three sub-regions (Central America, Mexico, Caribbean; Brazil; Rest of South America), the two largest countries, Mexico and Brazil, are projected to represent more than half of total capacity demand by 2024. In the short to medium term, market growth will be hampered by the economic slowdown that should limit the progress of the middle class and may potentially cause instability or delays to government programs and funding. Furthermore, the analog switch-off process will somewhat temper the capacity additions from 2018 until 2022.


MACRO DYNAMICS IN LATIN AMERICA

DEMOGRAPHICS

OVER 125 MILLION PEOPLE RESIDING IN RURAL AREAS

Latin America's total population grew at a 1% CAGR over the last five years, reaching around 600 million in 2013. The three most populated countries Brazil (200 million), Mexico (122 million), and Colombia (49 million) currently represent around 62% of the total population in the region. The World Bank estimates that the region's population will reach 644 million in 2020 and nearly 700 million by 2030.

Although the region is one of the most urbanized in the world; an estimated 80% of the total population was living in urban areas in 2013, around 127 million people reside in rural areas. The largest rural populations are presently found in Brazil (30 million), Mexico (27 million), Colombia (12 million), Peru (6.7 million) and Ecuador (5.8 million). Satellite has been repeatedly used in rural areas of Latin America to connect users to the internet backbone.

The World Bank forecasts that urban population will continue to grow, reaching 83% of the total population of the region in 2030, while the total rural population will relative stable at 128 million. In particular, countries such as Mexico and Colombia are expected to undergo further urbanization. In part this is a result of faster developing economies that has been drawing population to the larger urban areas.

While Latin America has made significant strides in the last fifteen years in reducing poverty, the World Bank[1] reports that about 80 million (13% of total population) live in extreme poverty. Although about half of them reside in urban cities in Brazil and Mexico, the relative share of poverty is significantly higher in rural areas (30%) than in urban areas (9%). Following strong economic growth, the middle class has significantly increased in recent years and currently represents the largest (~33%) income group in the region. Nevertheless, due to the recent economic downturn in countries such as Brazil, Argentina and Venezuela the middle class should see limited or even negative growth in the short term. The size of the middle class is important as it can typically afford to pay for satellite based services. In Brazil for example, the strong growth in satellite Pay TV subscribers in the last 4 years was partly driven by the rapidly growing middle class.

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ABOUT SATELLITE COMMUNICATIONS & BROADCASTING IN LATIN AMERICA 2015

HIGHLIGHTS OF THE REPORT:

The Executive Report is a detailed assessment of strategic trends in Latin America's competitive satellite market. It includes a review of the complete value chain, from service development and equipment rollout in six key vertical segments to the supply and use of satellite capacity. In addition to regional trends within three sub-regions, the report includes five profiles of key national markets in Latin America.

VERTICAL SEGMENTS

- Rural Connectivity & Government Services
- Cell backhaul and trunking
- Other corporate networks
- Consumer broadband
- Energy
- TV services

COUNTRY PROFILES

- Argentina
- Brazil
- Colombia
- Mexico
- Peru

METHODOLOGY

The analysis, data and estimates for this report relied on two complementary approaches:

- Primary research involving interviews with over 15 stakeholders operating in Latin America
- Secondary research involving a broad review of public information, including reports from government organizations, press releases, articles and other sources, some of which are listed at the end of the report.

THE THREE REGIONS CONSIDERED

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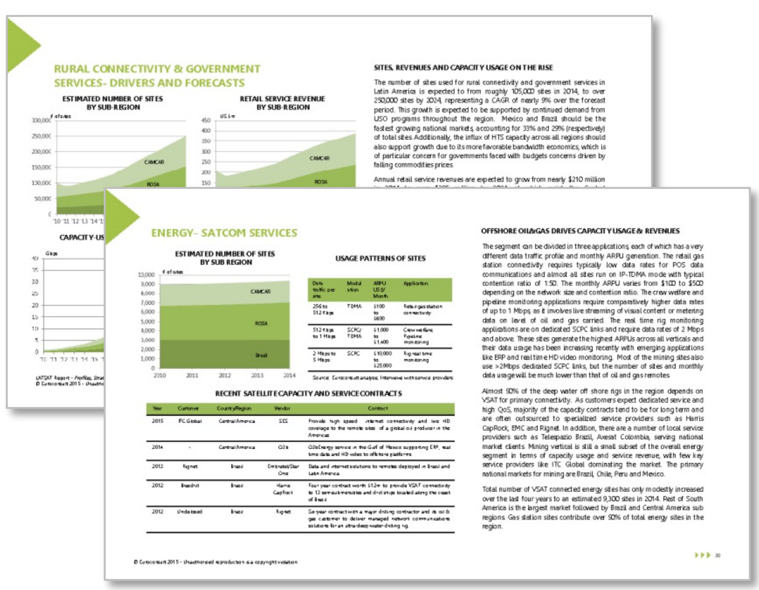

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