

## **Results of Broadcasting Industry Survey 2010**

- **Pay TV subscriber count and broadcasting industry profits exceed 22 million and KRW 8,947.4 billion respectively in 2009**

Korea Communications Commission announced the results of Broadcasting Industry Survey 2010 (as of the end of 2009) on the status of broadcasting industry in Korea.

Broadcasting Industry Survey is conducted each year to secure basic data per broadcasting industry field in Korea. Internet survey and analysis were conducted from May 17 to Nov. 30 by Korea Information Society Development Institute (KISDI) targeting 448 broadcasting service providers.

The survey items cover a variety of contents relating to broadcasting industry, such as ▲ broadcasting industry sales status, ▲ pay TV subscriber status, ▲ personnel (worker) status and ▲ program production and distribution status.

According to the results of this survey, broadcasting industry profits in Korea of 2009 were KRW 8,947.4 billion, which was an increase by 3.7% from the previous year due to the increase in profits from license fees for pay TV including IPTV.

Pay TV subscriber count was 22.06 million, which was an increase by 13.6% from the previous year. This significantly exceeded the recent trend (2005 ~2008) of growth rate at around 5%. In particular, the count of digital CATV subscribers was 2.68 million, an increase by approximately 40% from the previous year. This indicated acceleration of digital

switchover in the pay TV field.

The count of broadcasting industry workers was 29,966 including those of the IPTV industry. This was an increase by 1.0% (297 persons) from the previous year. While the worker counts of terrestrial broadcasting and CATV industries decreased by 1.7% and 0.8% respectively, the count of workers in program provider (PP) industry increased by 2.2%.

The annual program production and purchase cost was KRW 1,319.5 billion, which decreased by 9.6% from the previous year due to the impact of economic stagnation triggered by global financial crisis.

The amount of program export was \$170 million and of import was \$120 million. The export amount increased by 6.3% from the previous year to record active trade balance for 5 consecutive years.

Korea Communications Commission anticipates that the results of this survey will be widely used not only in establishing government policies, but also for management strategies of private businesses and academic research activities of the academic sector and research centers.

Attachment: A copy of the Results of <Broadcasting Industry Survey 2010>

**[Attachment]**

Results of the Broadcasting Industry Survey 2010

**1. Broadcasting Industry Sales Status**

- o In 2009, the profits of broadcasting service providers were KRW 8,947.4 billion, which was an increase by 3.7% from 2008.

**<Table 1> Domestic Broadcasting Market Status**

Figures in ( ) represent statistics of 2008.

Classification	Service Provider Count	Worker Count	Pay TV Subscribers	Sales <sup>1)</sup> (KRW)	Broadcasting Business Profits <sup>2)</sup> (KRW)
Terrestrial Broadcasting	54 (47)	13,646 (13,877)	-	3627.6 billion (3817.8 billion)	3256.4 billion (3397.1 billion)
Terrestrial DMB <sup>3)</sup>	6 (6)	111 (136)	-	13.1 billion (17.1 billion)	11 billion (16 billion)
CATV Broadcasting	100 (103)	5,332 (5,376)	15.05 (15.01 million million)	2525.2 billion (2401.8 billion)	1804.7 billion (1679.5 billion)
Relay Operator Broadcasting	99 (108)	310 (319)	180,000 (220,000)	15.7 billion (16.4 billion)	12.1 billion (11.7 billion)
General Satellite Broadcasting	1 (1)	284 (285)	246 (2.34 million million)	397.5 billion (387 billion)	350.3 billion (349.8 billion)
Satellite DMB	1 (1)	159 (166)	2 (1.85 million million)	133.4 billion (119.3 billion)	133.4 billion (119.3 billion)
Program Provider <sup>4)</sup>	184 (187)	9,718 (9,510)	-	1070.25 billion (9235.3 billion)	3300.4 billion (353.7 billion)
IPTV <sup>5)</sup>	3 ( - )	406 ( - )	2.37 million ( - )	79 billion ( - )	79 billion ( - )
<b>Total</b>	<b>448 (453)</b>	<b>29,966 (29,669)</b>	<b>22.06 (19.42 million million)</b>	<b>1749.4 billion (1599.46 billion)</b>	<b>8947.4 billion (8627.2 billion)</b>

Note 1) Sales figure includes license fees, advertising, other broadcasting business profits (sponsorship, program sales, etc.) and other non-broadcasting business profits (Internet access business, real estate leasing service, etc.).

Note 2) Broadcasting business profits include profits from license fees, advertising, sponsorship, program sales and TV home shopping sales, etc.

Note 3) Data on terrestrial DMB are of worker counts and sales of YTN, UKBS and U1Media excluding the 3 terrestrial broadcasting stations (KBS, MBC and SBS).

Note 4) The data PP sales of KRW 5442.2 billion include the sales of KRW 3764.2 billion (broadcasting business profits of KRW 40 million) of communications service providers (LG Telecom, SK Broadband). Data PP worker count includes the broadcasting-related worker count only.

Note 5) Broadcasting business profits of PP in 2009 increased by 0.9% due to the new IPTV service

introduction. If IPTV is excluded, broadcasting business profits of PP are KRW 8868.4 billion, which is an increase by 2.8% from 2008.

- o While broadcasting business profits of terrestrial broadcasting display a trend of decrease, broadcasting business profits of pay TV are on an increasing trend.
  - Broadcasting business profits of terrestrial broadcasting stations are KRW 3256.4 billion, which decreased by 4.1% from the previous year due to the decrease of advertising revenues. Broadcasting business profits of terrestrial DMB (YTN, UKBS and U1Media) are KRW 11 billion, which decreased by 31.1% from the previous year due to the decrease of sponsorship and other broadcasting business profits.
  - Broadcasting business profits of wire broadcasting service providers (SO, RO) are KRW 1816.8 billion. This is an increase by 7.4% from the previous year due to the increase of license fees and TV home shopping transmission fees.
  - Broadcasting business profits of program providers are KRW 3300.4 billion. This is an increase by 8.1% from the previous year due to the increase of revenues from license fees and TV home shopping sales.
  - Broadcasting business profits of general satellite broadcasting (SkyLife) are KRW 350.3 billion. This is an increase by 0.1% from the previous year due to the increase of advertising revenues. Broadcasting business profits of satellite mobile multimedia (TU Media) are KRW 133.4 billion, which increased by 11.8% from the previous year due to the increase of revenues from license fees.

## **2. Pay TV Subscriber Status**

- o As of the end of December 2009, the total pay TV subscriber count is 22.06 million. This is an increase by 13.6% from the end of 2008 (19.42 million) due to

the IPTV service commencement.

- The CATV broadcasting subscriber count is 15.05 million. This is an increase by 0.3% from the previous year (15.01 million in 2008).
- The digital CATV broadcasting subscriber count is 2.68 million. This is an increase by approx. 40% from the previous year (1.91 million in 2008). On the contrary, the analog CATV subscriber count is 12.38 million. This is a decrease by 5.5% from the previous year indicating the acceleration of digital switchover.
- The general satellite broadcasting subscriber count is 2.46 million, which is an increase by 5.1% from the previous year. The satellite DMB subscriber count is 2 million. This is an increase by 8.1% from the previous year.
- The subscriber count of IPTV, which commenced service in November 2008, is 2.37 million as of the end of December 2009 (Real-time broadcasting: 1.74 million, PreIPTV: 630,000).

**[Fig. 1] Pay TV Subscriber Status**

### **3. Personnel (Worker) Status**

- o The count of broadcasting industry workers is 29,966 including those of IPTV, the new medium. This is an increase by 1.0% from the previous year (increase by 297 workers).
  
- The terrestrial broadcasting worker count decreased by 1.7% from the previous year due to the decrease of other broadcasting jobs including production support. The CATV broadcasting worker count decreased by 0.8% due to the decrease of production-related personnel. On the contrary, the worker count of PP increased by 2.2% from the previous year. In addition, the worker count of IPTV increased by 406 workers.

[Fig. 2] Annual Trend of Worker Count per Broadcasting Medium

### **4. Program Production and Distribution Status**

- o The cost of broadcasting program production and purchase is KRW 1319.5

billion. This is a decrease by 9.6% from the previous year due to the impact of economic stagnation triggered by global financial crisis.

- The production cost of terrestrial broadcasting stations is KRW 773.5 billion, which is a decrease by 17.4% from the previous year. All of independent production (joint production cost included,  $\Delta$ 13.3%), subcontract production ( $\Delta$ 19.3%) and purchasing ( $\Delta$ 52.9%) costs decreased.
- For PP, the cost increased by 4.3% from the previous year to KRW 546 billion.
- o The amount of program export is \$170.23 million and of import is \$121.73 million. Export amount increased by 6.3% from the previous year to record active trade balance for 5 consecutive years.
- The amount of broadcasting program<sup>1)</sup> export is \$104.25 million and of import is \$121.65 million. Export amount increased by 11% from the previous year, while import amount increased by 55% due to the extensive increase in the amount of import by PPs.
- For terrestrial broadcasting, export was mainly to Japan (63.4%) and Taiwan (11.4%), while import was mainly to the U.S. (45.2%) and the U.K. (23.3%). For PP, export was mainly to the U.S. (39.3%) and Japan (33.8%), while import was mainly to the U.S. (90.4%).

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1) The amount of broadcasting program export does not include broadcasting support fund for the overseas Koreans, video/ DVD sales and time block or format sales.

[Fig. 3] Broadcasting Program Export and Import

## 5. Verticalization · Horizontalization of Broadcasting Service Providers

- o While market share of multiple system operators (MSO) increased, market share of multiple program providers (MPP) decreased.
- Based on the broadcasting business profits of the top 7 MSOs including TB Road (acquired Qrix), the market share is 83.7%, which increased from the previous year (81.9%).

<Table 2> MSOs and Market Share Status

Classification	SO Count		Broadcasting Business Profits <sup>1)</sup> (KRW 100 million)		Market Share	
	2008	2009	2008	2009	2008	2009
TB Road	15	22	3,575	4,681	21.3%	25.9%
Qrix <sup>2)</sup>	7	-	755	-	4.5%	-
CJ	14	14	3,125	3,476	18.6%	19.3%
CNM	15	16	2,952	3,290	17.6%	18.2%
HCN	10	8	1,276	1,541	7.6%	8.5%
CMB	12	12	938	955	5.6%	5.3%
GS Affiliates	2	2	637	660	3.8%	3.7%
On Media	4	4	489	511	2.9%	2.8%
<b>MSO Scale</b>	<b>79</b>	<b>78</b>	<b>13,747</b>	<b>15,114</b>	<b>81.9%</b>	<b>83.7%</b>
<b>SO Total</b>	<b>103</b>	<b>100</b>	<b>16,795</b>	<b>18,047</b>	100.0%	100.0%

Note 1) Broadcasting business profits include profits from license fees, advertising fees, sponsorship, TV

home shopping transmission charges, facility installation fees, terminal rental fees, RO license fees and other broadcasting business profits. Other non-broadcasting business profits (telecommunication business profits = Internet access business profits and other profits) are excluded.

Note 2) The Qrix-affiliate system operators were taken over by TB Road in 2009 and therefore are marked as '-'.  
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- Based on the broadcasting business profits of terrestrial PPs and major MPPs including CJ (acquired On Media), the market share is 59.7% (TV home shopping PPs excluded), which decreased from the previous year (64.7%).

**<Table 3> Major MPPs and Market Share Status**

Governing Stockholder	Channel Count		Broadcasting Business Profits (KRW 100 million)		Market Share	
	2008	2009	2008	2009	2008	2009
CJ <sup>1)</sup>	18	29	2,944	3,762	19.6%	27.1%
On Media <sup>2)</sup>	13	-	2,692	-	17.9%	-
SBS	8	9	1,603	1,980	10.7%	14.3%
MBC	5	5	1,651	1,530	11.0%	11.0%
KBS	5	5	822	1,007	5.5%	7.3%
<b>Broadcasting Business Profits of Major MPPs</b>			<b>9,712</b>	<b>8,279</b>	<b>64.7%</b>	<b>59.7%</b>
<b>Broadcasting Business Profits of PPs (TV Home Shopping PPs excluded)<sup>3)</sup></b>			<b>15,004</b>	<b>13,864</b>	100.0%	100.0%

Note 1) For CJ-affiliate PPs, broadcasting business profits from CJ Home Shopping are excluded.

Note 2) On Media-affiliate PPs were taken over by CJ in 2009 and therefore are marked as '-'.  
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Note 3) Broadcasting business profits of PPs include license fees, advertising fees, sponsorship, program sales, broadcasting facility rental fees, revenues from events and other broadcasting business profits. Broadcasting business profits of TV home shopping PPs are excluded.

- The sales of top 6 MSPs including CJ, which holds shares of the 14 SOs, are 60.9% of the broadcasting business profits of entire SOs and PPs (TV home shopping PPs excluded). This is similar to last year's 61.1%.

**<Table 4> Broadcasting Business Profits and Market Shares of SO and PP Combined Service Providers (MSP)**

Classification	SO Count <sup>1)</sup>		Broadcasting Business Profits of Affiliate SO + PP (Unit: KRW 100 million)		Market Share	
	2008	2009	2008	2009	2008	2009
CJ	14	14	8,761	7,238	27.6%	22.7%
TB Road	15	22	4,670	5,210	14.7%	16.3%
CNM	15	16	3,070	3,654	9.7%	11.5%
HCN	10	8	1,276	1,582	4.0%	5.0%
CMB	12	12	1,029	1,079	3.2%	3.4%
GS	2	2	637	660	2.0%	2.1%
<b>MSP Total</b>	<b>72</b>	<b>78</b>	<b>19,443</b>	<b>19,423</b>	<b>61.1%</b>	<b>60.9%</b>
SO Broadcasting Business Profits + PP Broadcasting Business Profits <sup>2)</sup>			31,799	31,911	100.0%	100.0%

Note 1) SO Count: SOs with the largest equity holding or substantial management right

Note 2) PP broadcasting business profits exclude broadcasting business profits of TV home shopping PPs.

**※ Overview of 'Broadcasting Industry Survey 2010' (as of the end of 2009)**

- Objective: To secure basic statistics per broadcasting industry field in Korea
- Cycle: Yearly
- Target: Complete enumeration survey on 476 broadcasting service providers (448 collected)
- Period: May 17 ~ Jun. 18, 2010
- Method: Internet survey
- Survey/ Analysis by: Korea Information Society Development Institute (KISDI)