Paid television service

This chapter presents the evolution of the paid TV service during 2007 and the previous years.

The paid TV service includes TV distribution services using cable distribution networks, satellite distribution networks (DTH), the public switched telephone network, and radio frequencies (FWA).[67]

The Mobile TV service is presented in the chapter concerning mobile services since it is currently considered a *unicast* service.

Main evolution items in 2007

This service's offer structure suffered several major changes. On one hand, TV Cabo/Zon announced the acquisition of TVTel, Bragatel, and of the Pluricanal companies.

On the other hand, there was the spin-off of TV Cabo/ZON by PT Group. Within the scope of the spin-off strategy, PTC entered these services' market directly with an IPTV offering. It also announced the launch of FTH offers and in 2008 it applied for TDT licences.

Previously, TVTel had also launched a DTH offer.

In spite of these changes, TV Cabo/ZON Group maintained a 74 per cent share of cable TV subscribers. Should the above mentioned acquisition processes be concluded, TV Cabo/ ZON Group's share will increase about 6 per cent. Regarding DTH, TV Cabo's share was about 99 per cent.

The amount of paid TV customers surpassed 2 million in 2007, having increased about 8.3 per cent, standing for about 36 per cent of households in Portugal.

The service grew about 8.3 per cent in 2007, fuelled by DTH, which at the end of the year stood for 24 per cent of the overall amount, and by IPTV and similar services[68], which, after PTC's entry on these markets and in spite of representing only 2 percent of the total amount, was responsible for about 24 per cent of the service's new customers.

Paid TV service's revenues grew about 9.4 per cent in 2007. Estimates indicated that the cable TV distribution service represents 72 per cent of total revenues, while DTH is responsible for 27 per cent of revenues. IPTV and similar services stood for 1 per cent of the overall amount.

According to the most recent information, cable TV and DTH penetration in Portugal stands on the second half of EU27 rankings.

Paid television services' offer

The activity of paid TV distribution service operators is the transmission and re-transmission of data, namely comprising the distribution of television and audio broadcastings, either their own or from third parties, codified or not.

Paid TV services and platforms

At first, the television broadcasting service in Portugal was offered using the radio network. Currently consumers have access to the four open-air signal channels, without further payments, through the two existing networks: PT Group's, mostly supporting broadcasting from RTP and SIC, and RETI, which belonged to TVI[69].

Paid television was introduced in Portugal with the development of cable distribution networks. The first licences were granted on 1995, on a free system and on a regional a local basis.

Currently, the paid television service reaches consumers through the following platforms:

- Cable television CATV – hybrid optical fibre and cable networks that distribute the TV signal received at the *Head end* through the cells that make up the local access networks, containing a few hundred households each.

67 The service grouping presented on this chapter does not intended to anticipate any possible decision regarding the definition of relevant markets that can be made within other contexts.
68 Specifically, paid television services using own Technologies and FWA.
69 According to the media, RETI's management was transferred to PTC on April 2008.

- Satellite television (DTH) – operators have been providing, since 1998, a satellite service alternative to cable, for non-cabled areas. In order to have this service, the customer needs a satellite dish, a receiver/decoder and an access card. This offer enlarged the geographical coverage of paid television services, and the corresponding amount of subscribers has been considerably growing. Currently, the commercial offer for television is identical to the cable offer. However, interactivity is not possible.

  This offer is part of the cable TV network operator's portfolio and it complements this service's offer geographically. PTC also launched a DTH offer in 2008.

- IPTV and DVB-T – At the end of 2005, two new television distribution services offers were launched: SmarTV by Novis (Clix), and TV.NET.TEL by AR Telecom. While the first one is an IPTV offer, the service provided by AR Telecom uses a special technology called Tmax. Tmax is a digital, wireless technology with a high transmission capacity supported on the DVB-T telecommunications standard and on the IP standard. Although using different technologies from those used by cable television network operators, these services have similar characteristics to cable television.

  It should be mentioned that in June 2007, PT Group launched an IPTV commercial offer, only available in specific geographic zones of Lisbon, Porto and Castelo Branco.

- Mention should be made to the launch of television distribution offers based on 3G and 3.5G mobile services and on the DVB-H (Digital Video Broadcasting – Handheld) standard. The DVB-H standard is based on DVB-T, and enables the use of interactive services and the access to "on demand" programmes. The evolution of this type of mobile television offers is thus analyzed on this report's chapter concerning mobile services.

- Lastly, on February 2008, public tenders were launched for granting rights of frequency use for the digital television broadcasting service, and for the distribution operator's licence. This new platform will not be included in this report.

In general, paid television service operators provide:

- television channel packages comprising several dozens of channels, including the four national open channels, generalist channels, entertainment, information, documentary, movies, channels for children, history, music, health channels, etc.

- "premium" or "supplementary" services – service that offers conditioned access channels and that are subject to the payment of an additional amount, such as Sport TV, movie channels, and Disney Channel among others.

Services offered in areas covered by digital head-ends, further to the installation of a power box, such as:

- Near video-on-demand – possibility of watching movies on demand, by user request, at given schedules;

- TV Guide or EPG (electronic program guide);

- Interactive programming and multi-cam football – access to interactive channels and programmes.

This service implies the payment of an installation price and a monthly fee.

Some of these services are marketed in a package, together with the broadband Internet service and/or the voice telephony service.

Active operators

Following we present the list of Cable TV Distribution Service (CDS) providers.

Cable TV Distribution Service Providers - 2007

Table 83

Name	
Associação de Moradores do Litoral de Almancil*	A
Associação de Moradores da Urbanização Quinta da Boavista*	A
Bragatel – Comp. Televisão por Cabo de Braga, S.A.	A
Cabo TV Açoreana, S.A.	A
Cabo TV Madeirense, S.A.	A
Cabovisão – Sociedade de Televisão por Cabo, S.A.	A
CATVP – TV Cabo Portugal, S.A[70]	A
Entrónica - Serviços na Área de Telecomunicações, Lda.	A
Pluricanal Leiria – Televisão por Cabo, S.A.	A
Pluricanal Santarém – Televisão por Cabo, S.A.	A
TVTel Grande Porto – Comunicações S.A.	A
Total active	**11**
Total non active	**0**
Total	**11**

Source: ICP-ANACOM.
Legend: A – Active; NA – Non Active.
* Cable distribution networks not accessible to the public.

Since cable distribution network operators' authorizations where granted until the end of 2003 by geographic area (municipality), the table below shows the list of entities operating in each region[71]. It should be highlighted, however, that the presence of the operator in certain regions does not imply that they are present in all of those regions municipalities.

Cable distribution network operators authorized to operate, by NUT II

Table 84

NUTS II	Active operators
North	Bragatel, Cabovisão, CATVP, TVTEL
Centre	Cabovisão, CATVP, Entrónica, Puricanal Leiria, Pluricanal Santarém
Lisbon	Cabovisão, CATVP, Pluricanal Leiria, TVTEL
Alentejo	Cabovisão, CATVP, Pluricanal Santarém
Algarve	Associação de Moradores do Litoral de Almancil, Associação de Moradores da Urbanização Quinta da Boavista, Cabovisão, CATVP
Autonomous Region of Madeira	Cabo TV Madeirense
Autonomous Region of the Azores	Cabo TV Açoreana

Source: ICP-ANACOM.

Between 2000 and 2006 there were no major changes in the amount of cable TV distribution network operators. Indeed, the decrease in the number of active operators occurred in 2002 resulted from the replacement of CATVP regional companies operating in the mainland for one single company. The increases registered in the recent years are explained by the authorizations granted to residents associations, which networks are of small size and are not available to the public.

70 After October 2005 the full capital of CATVP – TV Cabo Portugal, S.A., previously held by PT – Televisão por Cabo SGPS, S.A., became the property of PT Multimédia – Serviços de Telecomunicações e Multimédia, SGPS, S.A.
71 Level 2 units of the Nomenclature of Territorial Units for Statistical Purposes (NUTS), established by Decree-Law no. 244/2002 of 25 November. Under the terms of that diploma, the following 7 NUTS II were established in Portugal: North (Minho-Lima Cávado, Ave, Grande Porto, Tâmega, Entre Douro e Vouga, Douro and Alto-Trás-os-Montes), Centre (Baixo Vouga, Baixo Mondego, Pinhal Litoral, Pinhal Interior Norte, Pinhal Interior Sul, Dão-Lafões, Serra da Estrela, Beira-Interior Norte, Beira Interior Sul, Cova da beira, Oeste and Médio Tejo), Lisbon (Greater Lisbon and Setúbal Península), Alentejo (Lezíria do Tejo, Alentejo Litoral, Alto Alentejo, Alentejo Central and Baixo Alentejo), Algarve, ARA and ARM..

In 2007 TV Cabo/ZON announced the acquisition of TVTel, Bragatel and the Pluricanal companies. These entities were held by the Parfitel Group. In 2008 the Competition Authority conducted a profound investigation on this market concentration operation, since according to the available information it could create or strengthen a dominant position which may lead to considerable competition barriers within the paid television market nationwide.

The table below shows the companies that provide the paid television service using DTH.

Following the spin-off from PT Multimédia (TV Cabo/Zon), PTC announced the launch of a DTH offer already in 2008.

Television Distribution Service Providers using DTH - 2007

Table 85.

Name	
Cabo TV Açoreana, S.A.	A
Cabo TV Madeirense, S.A.	A
CATVP – TV Cabo Portugal, S.A[72]	A
TVTel Grande Porto – Comunicações S.A.	A
Total active	**4**
Total non active	**0**
Total	**4**

Source: ICP-ANACOM.
Legend: A – Active; NA – Non Active.

Besides the cable TV network operators, as previously mentioned, the company AR Telecom - Acessos e Redes de Telecomunicações, S.A. is licensed to provide the television signal distribution service since April 2005, and Novis Telecom, S.A. is licensed to provide the television signal and video distribution service since November 2005. Following the spin-off from PT Multimédia (TV Cabo/Zon), PTC launched an IPTV service included in a *triple-play* offer during July 2007.

Television Distribution Service Providers - 2007

Table 86.

Name	
AR Telecom - Acessos e Redes de Telecomunicações, S.A. 1)	A
SONAECOM - Serviços de Comunicações, S.A. 2) 3)	A
PT Comunicações, S.A. 3)	A
IPTV Telecom - Telecomunicações, Lda	NA
Total active	**3**
Total non active	**1**
Total	**4**

Source: ICP-ANACOM.
Legend: A – Active; NA – Non Active.
1) AR Telecom provides digital television using TMAX technology.
2) Following the Novis/Optimus merger, Novis Telecom, S.A. changed its name to SONAECOM - Serviços de Comunicações, S.A.
3) Sonaecom and PTC provide digital television using ADSL.

72 After October 2005 the full capital of CATVP – TV Cabo Portugal, S.A., previously held by PT – Televisão por Cabo SGPS, S.A., became the property of PT Multimédia – Serviços de Telecomunicações e Multimédia, SGPS, S.A.

The offer's structure

Specifically regarding the cable TV distribution service, TV Cabo/ZON Group's cabled household share was close to 70 per cent. In 2007 it decreased 1 per cent, standing at 68 per cent.

TV Cabo/ZON Group's cabled household share

Table 87.

2003	2004	2005	2006	2007
71	70	71	69	68

Unit: %.
Source: ICP-ANACOM.

Considering the amount of cable television subscribers, TV Cabo/ZON Group's share reached 74 per cent, 1 per cent less than a year before and 7 per cent less than in 2003.

TV Cabo/ZON Group's cable television subscriber share

Table 88.

2003	2004	2005	2006	2007
81	79	78	75	74

Unit: %.
Source: ICP-ANACOM.

It should be mentioned that these figures still don't reflect the effects from the acquisitions of Bragatel, TVTEL and the Pluricanal companies, since the Competition Authority hasn't yet authorized the operation. If the effects of this concentration were considered, TV Cabo/ZON Group's customer share would have increased 6 per cent in 2007.

Concerning DTH, which stands for about 24 per cent of the total amount of paid TV subscribers, TV Cabo/ZON Group was the only provider of this service until 2007. In 2007 provider TVTel started offering this service. This operator's share is still considerably low.

Regarding the remaining paid TV distribution platforms, they stood for about 2 per cent of total paid TV by the end of 2007.

The profile of the paid television service subscriber

This section characterizes the paid television subscriber, according to the data of the electronic communications consumer survey of December 2006[73].

The paid TV service subscriber resides mainly in the autonomous regions and in the most populated urban areas.

Percentage of households subscribing television by geographical location

Table 89.

North	Centre	Lisbon	Alentejo	Algarve	Azores	Madeira
41,4	37,1	69,5	44,8	46,1	81,4	80,8

Unit: %.
Source: ICP-ANACOM, Electronic communications consumer survey December 2007.

73 2007 Electronic communications consumer survey - The Universe defined for this survey was made up of users 15 years old or older, living in Mainland Portugal and in the Autonomous Regions of Madeira and the Azores. The sample was made up of 3504 interviews, with a semi-proportional distribution by NUT II region. Households were selected randomly from a stratified matrix including the Region (7 NUT II regions) and the Habitat/Size of the population aggregates (5 groups). Crossing these variables ensured a proportional distribution of the sample by region regarding the Portuguese population in general. Results were later weighted in order to grant each region its real weight within the Portuguese population. Quotas were defined with base on the General Population Census (2001) by Instituto Nacional de Estatística (I.N.E.). Interviewees at each household were selected using the quota method, based on the crossing of variables Sex, Age (3 groups), Education (3 groups: primary education or less, more than primary education and less than higher education, and more than higher education – according to the categorization requested by ICP-ANACOM), and Occupation (2 groups). Data was collected by telephone interviews, made to fixed network numbers and mobile phone numbers, using the CATI (Computer Assisted Telephone Interview) system. The fieldwork was conducted between 1 November 2007 and 17 December 2007 and carried out by company GFK Metris. The results obtained for each of the four services considered (fixed telephone service, mobile telephone service, Internet access service, and paid TV service) have a maximum error of 4 per cent (for a confidence level of 95 per cent).

Percentage of households subscribing television per habitat size

Table 90.

Less than 2,000 inhabitants	From 2,000 to 9,999 inhabitants	From 10,000 to 99,999 inhabitants	City of Porto	City of Lisbon
15,8	33,0	47,6	62,7	64,9

Unit: %.
Source: ICP-ANACOM, Electronic communications consumer survey December 2006.

On the other hand, the higher the socio-economic level of the interviewee, the higher the probability that he/she will have access to a paid television service.

Percentage of households subscribing television per socio-economic level

Table 91.

Status social	Dec. 2007
Class A	74,3
Class B	66,0
Class C	58,0
Class D	44,2
Class E	41,1

Unit: %.
Source: ICP-ANACOM, Electronic communications consumer survey December 2007.

There is also a positive relation between the interviewee's education level and the percentage of households subscribing a television service.

Percentage of households subscribing television per education level

Table 92.

4th grade	6th grade	9th grade	12th grade	Higher education
26,1	33,3	49,8	49,9	66,1

Unit: %.
Source: ICP-ANACOM, Electronic communications consumer survey December 2006.

Barriers to service subscription

Geographical location and the income level are the main barriers to subscribing the service.

In fact, the cable TV distribution service is available in the urban areas of Lisbon, Porto, Algarve, the Northern coastline and the autonomous regions. In the remaining regions, namely in the country's inland, there are no cable distribution networks available. These regions also show lower income levels. However, the massive take up of satellite TV and IPTV offerings will tend to eliminate the barrier connected to geographic location.

The evolution of the paid TV service in 2007

Below are some elements on the evolution of this service in 2007: geographic availability and penetration, service usage level, prices and quality of service.

Geographic availability of the service

Concerning the service's geographical availability, we analyse below the geographical distribution of cabled households and the evolution of cabled household penetration in time. However, we highlight the fact that satellite TV and IPTV offerings will make it possible to access the service from almost any location in the country.

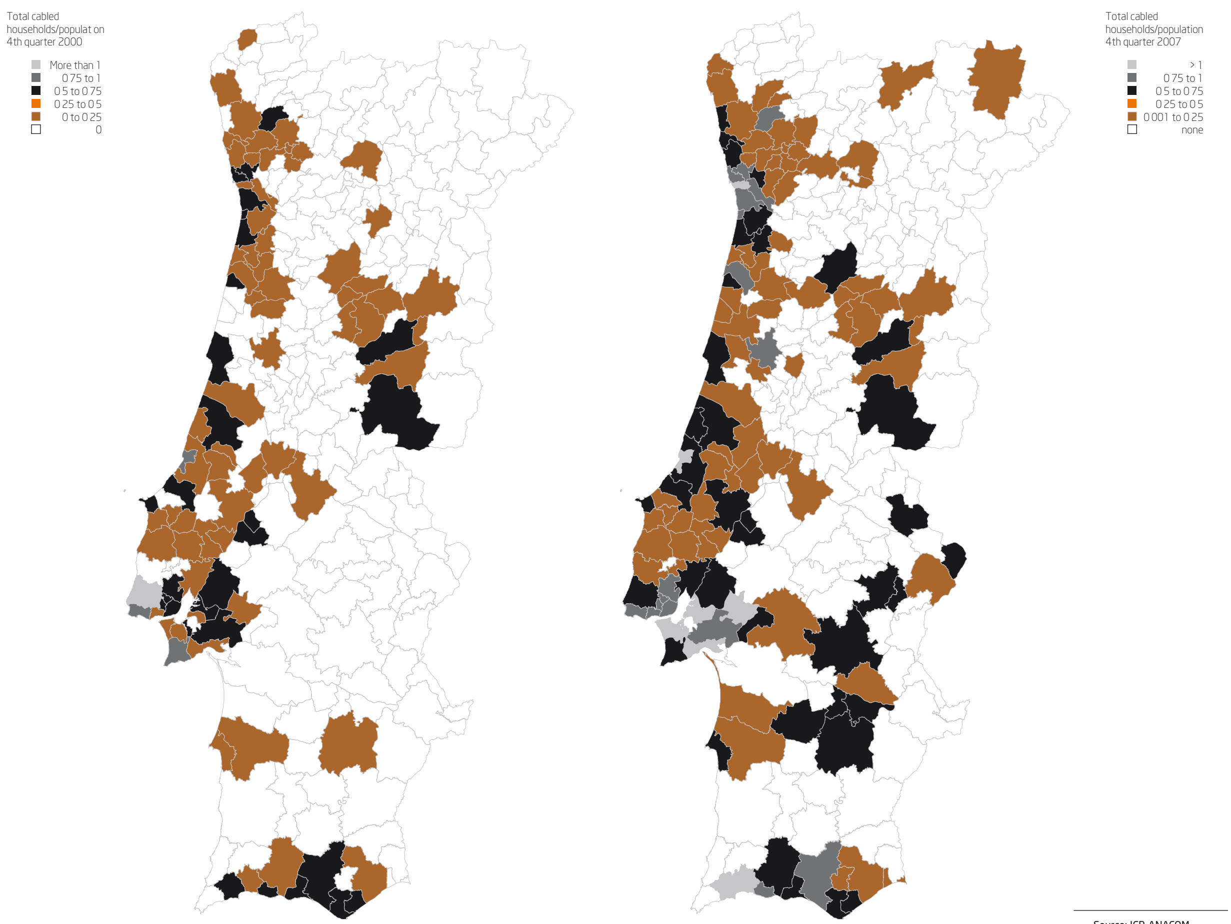
The evolution of cabled households[74]

The following maps show CDS's geographical availability at the end of 2000 and at the end of 2007..

We conclude that cable distribution network operators installed their networks in the most populated areas, namely on Greater Lisbon, Greater Porto, the Setúbal peninsula, the Northern coastline and in the Algarve. More recently, there was an increase in the investment in less heavily populated areas (North and Algarve), and in areas where cable TV networks had little development previously (Alentejo).

Geographical distribution of cabled households

Graph 112.



Source: ICP ANACOM.

74 The offer of the service by more than one operator in the same region implies that a same household may have multiple cabling. This means that when adding all operators cabled households may result in double counting. This is evident, for example, in the Lisbon region, where the sum of all operators' cabled households is higher than the total amount of households. This fact has become more relevant with the increase of competition between operators..

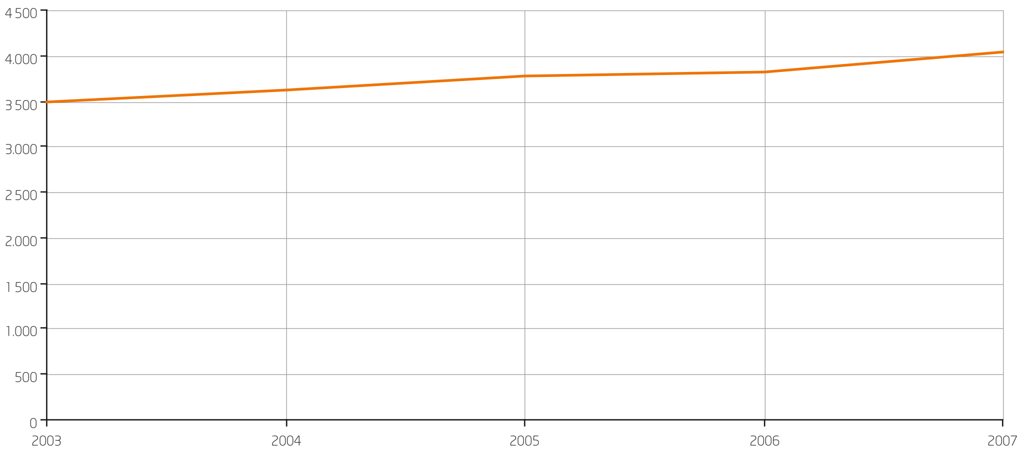
Distribution of cabled households per NUTS II - 2007

Graph 113.

Unit: %.
Source: ICP ANACOM.

Evolution of cabled households

Graph 114.



Unit: thousand households.
Source: ICP ANACOM.

This service's current geographical distribution is explained by the following factors:

- This business' economy favours the installation of networks in more populated areas and with a much higher economic level, and the intensive use of the already installed infrastructures. In this feature, this service's spatial development is not different from other network industries demanding high initial investment and with cost structures with a higher fixed costs rate;
- The inter-relation between the incumbent operator's strategy and the new operators' strategies. The incumbent operator started installing its networks in larger urban areas. New operators, on an early stage, started to operate in smaller size urban areas and/or in municipalities where the incumbent operator was not yet installed or where its presence was less important. Later, operators started providing services in areas surrounding their initial areas or in less populated areas, and currently there are several areas with more than one operator;

• The emergence and development of DTH as a less expensive alternative for the provision of a television distribution services in less populated or remote areas..

In 2007, specifically, the sum of new households cabled by the operators was 214 thousand, a figure above that recorded in the 2003-2007 period (136 thousand households). The growth rate of all cabled households reported by the operators reached 5.6 per cent in 2007.

Cabled households

Table 93.

	2006	2007	2006/2007 Var. (%)	2003/2007 average annual Var. (%)	2003/2007 Var. (%)
North	1.125.211	1.208.386	7,4%	7,4%	32,9%
Centre	530.966	563.516	6,1%	4,1%	17,7%
Lisbon[1)]	1.708.294	1.768.867	3,5%	1,6%	6,5%
Alentejo	122.282	147.747	20,8%	4,9%	21,0%
Algarve	194.824	204.791	5,1%	2,7%	11,2%
Autonomous Region of the Azores	55.891	55.891	0,0%	0,8%	3,1%
Autonomous Region of Madeira	87.711	90.594	3,3%	1,7%	6,8%
Total	**3.825.179**	**4.039.792**	**5,6%**	**3,7%**	**15,6%**

Unit: 1 household, %.
Source: ICP-ANACOM.
1) The offer of the service by more than one operator in the same region may imply the multiple cabling of the same household. This fact has gained relevance, namely in the Lisbon region.

Service's usage level

Below we present the evolution in the amount of CDS subscribers and the corresponding penetration. We also present the evolution in the amount of customers of the television distribution service using DTH, IPTV and DVB-T technology.

CDS evolution: amount of subscribers

At the end of 2007 there were over 1.49 million subscribers to the cable television distribution service in Portugal, 69 thousand more than a year before (a 4.9 per cent growth).

In absolute terms, it was the North region that most contributed to the registered growth. Alentejo, Algarve and the Centre regions – were service penetration is lower than the average and cable distribution networks are less developed – also presented growth rates above the average.

In general, between 2003 and 2007 this service was subscribed by an average of 39 thousand subscribers per year, which corresponds to a 2.8 per cent average annual growth rate. Factors such as the development of ADSL access as an alternative means for broadband Internet access could have influenced this evolution during the mentioned period.

Amount of CDS subscribers

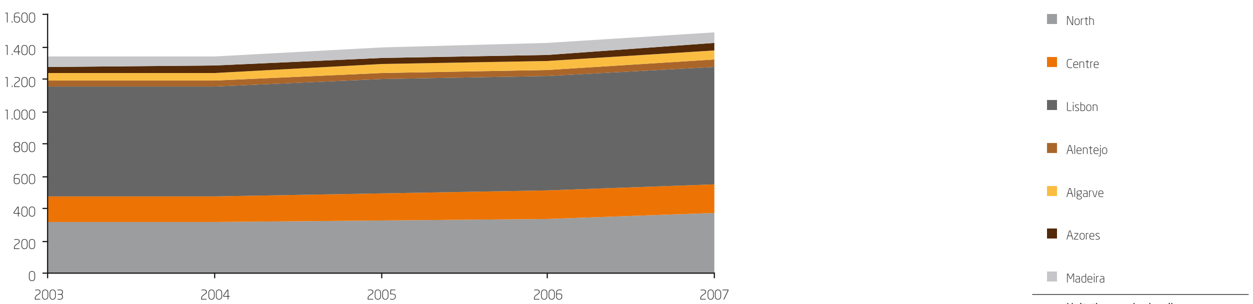
Table 94.

	2006	2007	Year-on-year variation)	2003/2007 average annual variation	2003/2007 variation
North	336.320	368.465	9,6	4,0	17,0
Centre	170.722	179.362	5,1	2,6	10,9
Lisbon	708.984	723.019	2,0	1,6	6,6
Alentejo	39.718	46.998	18,3	7,6	33,9
Algarve	52.600	56.082	6,6	2,6	10,8
Autonomous Region of the Azores	43.827	45.695	4,3	4,8	20,6
Autonomous Region of Madeira	68.367	70.277	2,8	5,6	24,5
Total	**1.420.538**	**1.489.898**	**4,9%**	**2,8%**	**11,6%**

Unit: 1 subscriber, %.
Source: ICP-ANACOM.

Evolution of CDS subscribers

Graph 115.



Unit: thousand subscribers.
Source: ICP ANACOM.

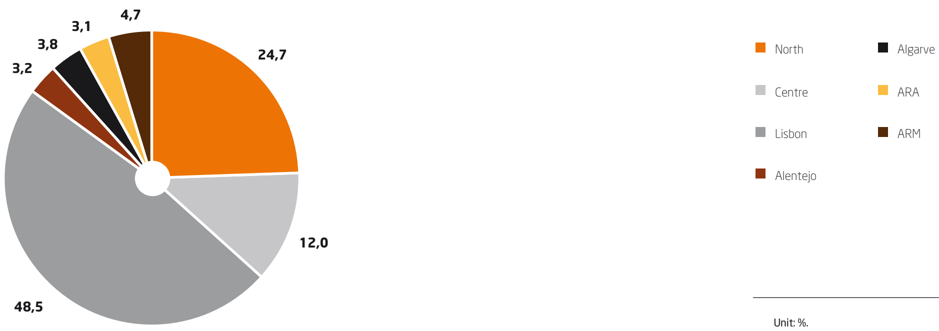
The considerable growths that occurred in the autonomous regions of the Azores and Madeira were directly influenced by the protocols signed between the General Government, the Regional Governments, ICP-ANACOM and the only television distribution network operator currently operating in each of the autonomous regions. The protocol in force in Madeira was signed on 6 August 2004, influencing the number of cable television service subscribers since the fourth quarter of that year.

The Azores protocol was signed on 5 November 2006, with the validity of one year, with its effects being reflected during 2006, namely in the increase in the number of cable television service subscribers.

Concerning the spatial concentration of cable TV distribution subscribers, Lisbon concentrates 49 per cent of subscribers, directly followed by the North region (25 per cent).

Distribution of subscriber by NUTS II - 2007

Graph 116.



Unit: %.
Source: ICP ANACOM.

CDS evolution: Penetration

In 2007, the penetration rate of cable television subscribers reached 27 subscribers per 100 households. In the period between 2003 and 2007, cable television subscriber penetration versus all Portuguese households grew 1.6 per cent.

Once again the highlight goes to growths registered in the Azores and Madeira, (5.4 and 6.1 per cent, respectively), here also due to the impact of the entry into force of the protocols signed with both autonomous regions.

Cable TV subscriber penetration versus total households

Table 95.

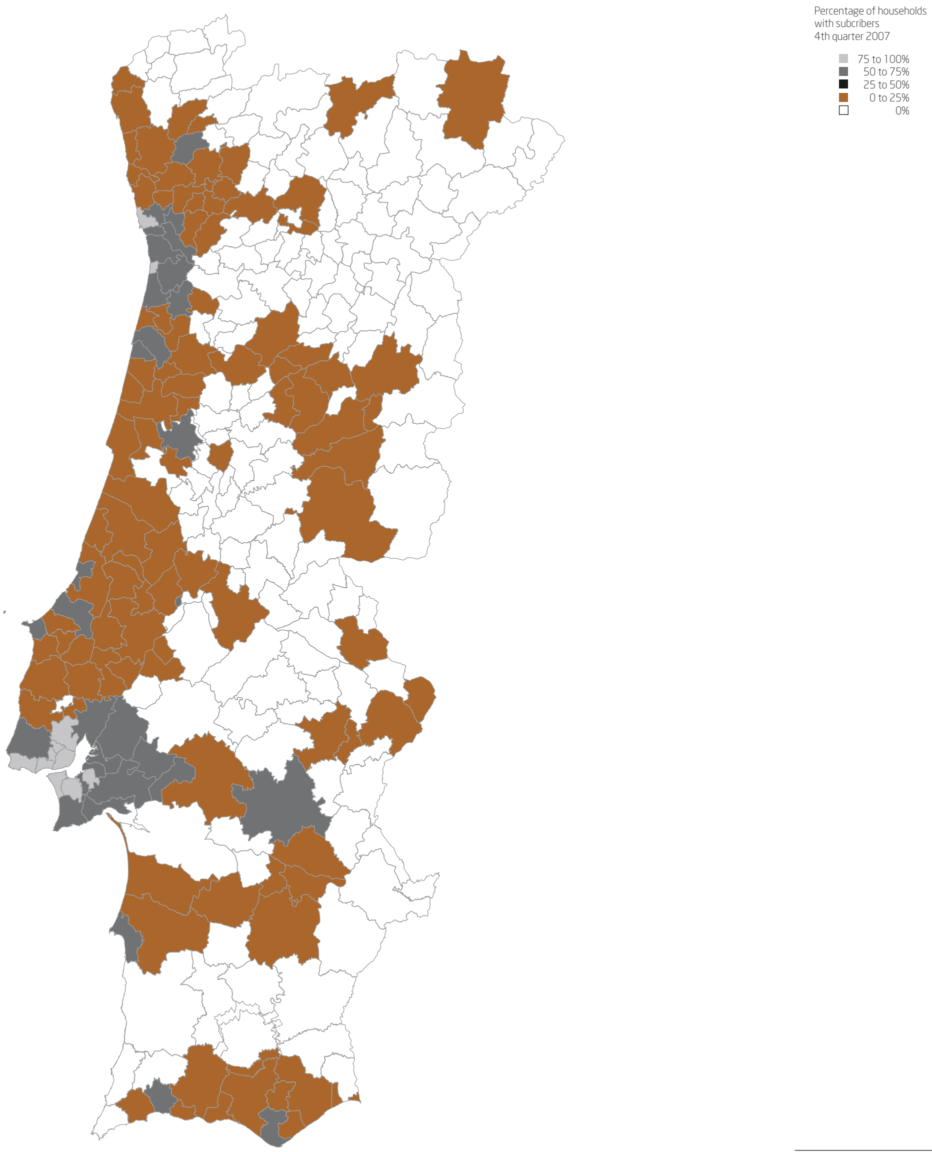
NUTS II	2006	2007	2006/2007 Var. (%)	2003/2007 average Var. (%)	2003/2007 Var. (%)
North	18,7	20,3	1,6	0,5	2,1
Centre	12,5	13,0	0,5	0,2	0,7
Lisbon	51,3	51,9	0,6	0,3	1,4
Alentejo	8,8	10,3	1,5	0,6	2,3
Algarve	16,1	16,8	0,7	0,0	0,1
Autonomous Region of the Azores	43,1	44,3	1,2	1,3	5,4
Autonomous Region of Madeira	59,8	59,8	0,0	1,5	6,1
Total	**25,7**	**26,7**	**1,0**	**0,4**	**1,6**

Unit: subscribers per 100 households.
Source: ICP-ANACOM.

The map below shows this service's subscribers geographical distribution.

Geographical distribution of cable TV subscribers (Mainland Portugal)

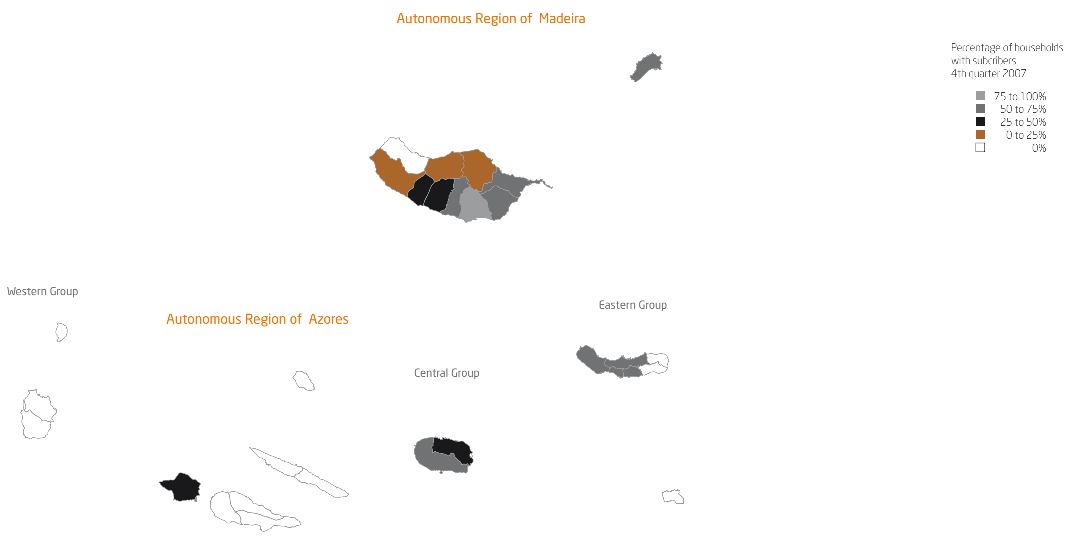
Graph 117.



Source: ICP ANACOM.

Graph 6-7 - Geographical distribution of cable TV subscribers (Autonomous Regions of the Azores and Madeira)

Graph 118.



Source: ICP ANACOM.

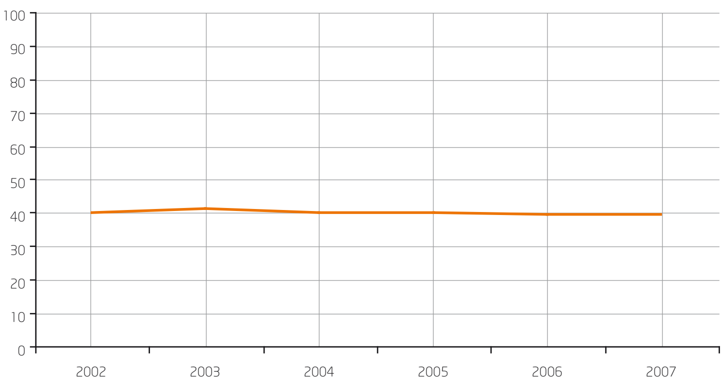
This service's subscriber penetration presents a pattern similar to that of cabled households: this service's subscribers are concentrated in the larger urban centres such as Greater Lisbon and Greater Porto, the Setúbal peninsula, Northern coastline, and Algarve, while the autonomous regions of Madeira and Azores also present a considerable amount of subscribers, particularly in the main cities.

It is also possible to measure cable TV subscribers' penetration versus all cabled households.

As shown, service penetration in cabled households is slightly below 40 per cent, a steady figure during the latest years.

Evolution of CDS penetration versus cabled households

Graph 119.



Unit: %.

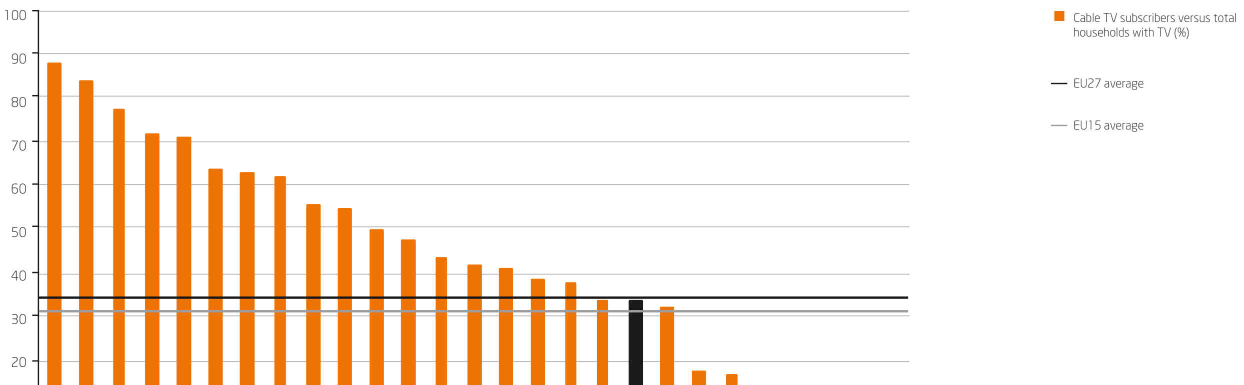
Source: ICP ANACOM.

Note: reckoning by approximation, due to the multiple cabling occurring in several municipalities.

On the other hand, paid TV penetration in households with TV is still quite modest when compared with that registered in other countries of Europe.

Cable TV subscriber penetration rate versus households with TV

Graph 120.



Unit: %.
Source: EC, Special Eurobarometer E communications Household Survey (November/December 2007).

DTH service

The DTH service is an important component of the activity of some cable distribution network operators (CATVP, Cabo TV Madeirense and Cabo TV Açoreana). Recently, as mentioned before, TVTel and PTC also launched or announced the launch of this service.

By the end of 2007 the amount of satellite television distribution service subscribers reached around 484 thousand. In 2007 this services registered an 11 per cent growth, which translates in to 48 thousand new subscribers. North, Centre and the Azores were the regions that contributed most to this growth.

Amount of DTH subscribers

Table 96.

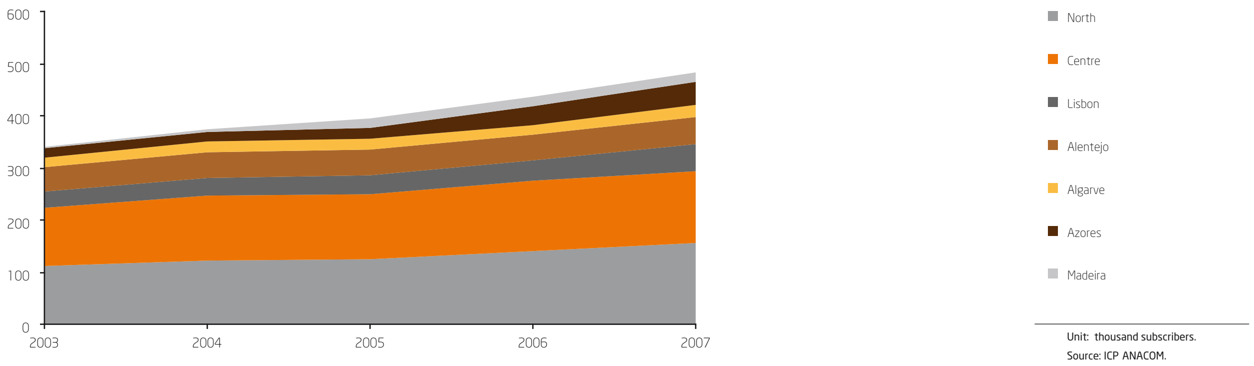
	2006	2007	Year-on-year variation	2003/2007 average annual variation	2003/2007 variation
North	141.296	156.738	10,9	9,0	41,1
Centre	124.131	136.918	10,3	6,7	29,7
Lisbon	48.693	51.351	5,5	7,8	34,8
Alentejo	48.422	52.439	8,3	3,7	15,6
Algarve	20.454	22.185	8,5%	3,5	14,7
Autonomous Region of the Azores	34.545	44.576	29,0%	25,3	146,5
Autonomous Region of Madeira	18.020	19.325	7,2	48,7	389,4
Total	**435.561**	**483.532**	**11,0**	**9,1**	**41,6**

Unit: 1 subscriber, %.
Source: ICP-ANACOM.

Between 2003 and 2007, the DTH service registered year-on-year growth rates above those registered by the cable television distribution service, and recorded an average of 36,000 new subscribers per year, which corresponds to a 9 per cent average annual growth rate.

Evolution of DTH TV subscribers

Graph 121.



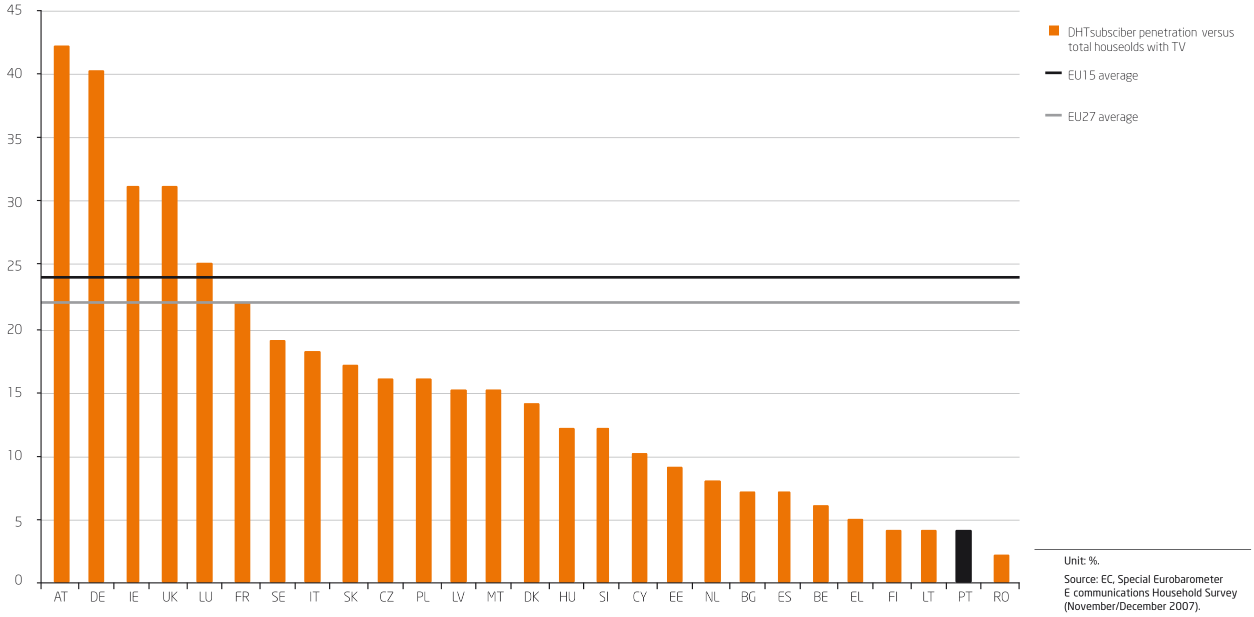
Unit: thousand subscribers.
Source: ICP ANACOM.

It should be mentioned that these growth rates are explained by the influence of the protocols signed with the autonomous regions, previously mentioned.

According to the most recent data, Portugal ranked 25th in the European ranking regarding satellite television service subscriber penetration, with a penetration of 4 subscribers per 100 households equipped with TV.

DTH subscriber penetration versus households with TV

Graph 122.



Unit: %.
Source: EC, Special Eurobarometer E communications Household Survey (November/December 2007).

The graph bellow shows the geographical distribution of DTH technology subscribers at the end of 2007, where the North and Centre regions continue to concentrate the larger percentage of users of this technology.

Distribution of DTH TV subscribers by NUTS II - 2007

Graph 123.

Unit: %.
Source: ICP ANACOM.

IPTV and similar services

As mentioned previously, new TV distribution services emerged in 2005 using IPTV and DVB-T.

The following table shows the total amount of subscribers of the new television signal distribution offers marketed since 2006 (in 2005 there were only test customers).

Subscribers to the new television signal distribution offers

Table 97.

	2005	2006	2007
IPTV and similar (Tmax) subscribers	348	3.292	40.642

Unit: 1 subscriber
Source: ICP-ANACOM.

These services' penetration is still very low, although it has been growing at considerable rates since PTC entered these markets.

The paid TV service's usage level: an integrated perspective

The amount of paid TV customers surpassed 2 million in 2007, having increased about 8 per cent.

The service with the greatest growth was CDS, however, DTH is growing at higher rates (11 per cent in 2007, and 42 per cent since 2003), thus reflecting the operators' commercial strategy. It should me mentioned that these new paid TV services (IPTV and similar) were responsible for over 24 per cent of this service's new customers in 2007.

Amount of paid TV subscribers

Table 98.

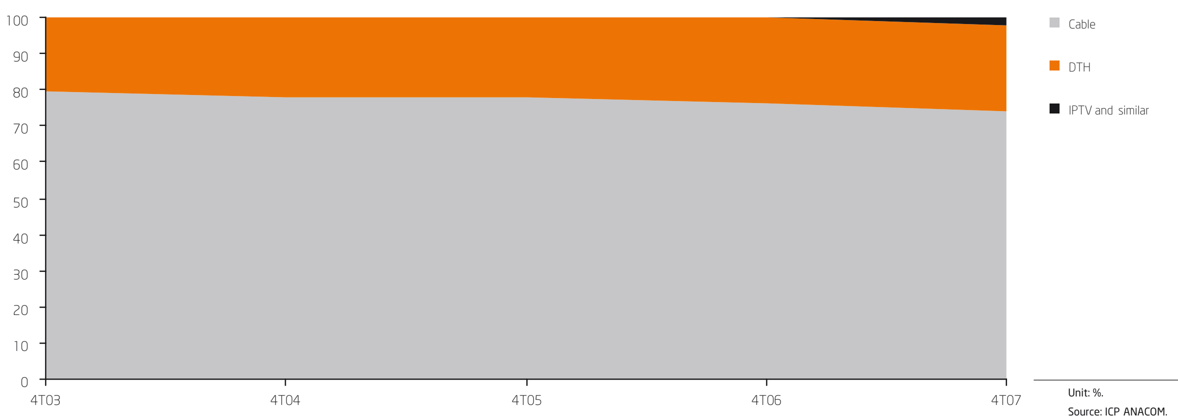
	2006	2007	Year-on-year variation	2003/2007 average annual variation	2003/2007 variation
Cabo	1.420.538	1.489.898	4,9	2,8	11,6
DTH	435.561	483.532	11,0	9,1	41,6
IPTV and similar	3.292	40.642	1134,6		
Total	**1.859.391**	**2.014.072**	**8,3**	**4,7**	**20,1**

Unit: 1 subscriber, %.
Source: ICP-ANACOM.

By the end of 2007, households subscribing the cable television service stood for about 74 per cent of total paid TV subscribers, leading to the conclusion that cable TV is the main access technology. However, and as mentioned above, during the period under review Dutch's growth was faster than that of cable networks. At the end of 2007, DTH stood for 24 per cent of this service's total customers. The new IPTV and similar services were subscribed by 2 per cent of the customers.

Evolution of the percentage of paid TV subscriber by technology

Graph 124.



Unit: %.
Source: ICP ANACOM.

In relative terms, DTH is mainly present in Alentejo, were it stands for 53 per cent of all households with access to paid TV services, in the Autonomous Region of the Azores (49 per cent), and in the Autonomous Region of Madeira (43 per cent). In the remaining regions, the paid TV service represents between 70 per cent and 9 per cent of the overall amount. DTH geographic distribution partly complements cable services.

Distribution of (cable + DTH) subscribers by technology - 2007

Table 99.

NUTS II	Television services subscriber rate	
	Cable	DTH
North	70,2	29,8
Centre	56,7	43,3
Lisbon	93,4	6,6
Alentejo	47,3	52,7
Algarve	71,7	28,3
Autonomous Region of the Azores	50,6	49,4
Autonomous Region of Madeira	78,4	21,6
Total	**75,5**	**24,5**

Unit: %.
Source: ICP-ANACOM.

As shown, paid TV service's revenues have been growing at high rates. In 2007, revenues grew 9.4 per cent. According to estimates, the cable TV distribution service stands for 72 per cent of overall revenues. IPTV and similar services contributed with 1 percent of the overall figure.

Paid TV service's revenues

Table 100.

	2006	2007	Year-on-year variation	2003/2007 average annual variation	2003/2007 variation
Cable TV distribution service	366 616	392 701	7,1	7,3	32,5
Satellite distribution service (DTH)	129 597	144 820	11,7	11,3	53,7
IPTV and similar	572	5.718	898,8		
Total	**496 785**	**543 240**	**9,4**	**8,6**	**39,0**

Unit: 1000 euros, %.
Source: ICP-ANACOM.

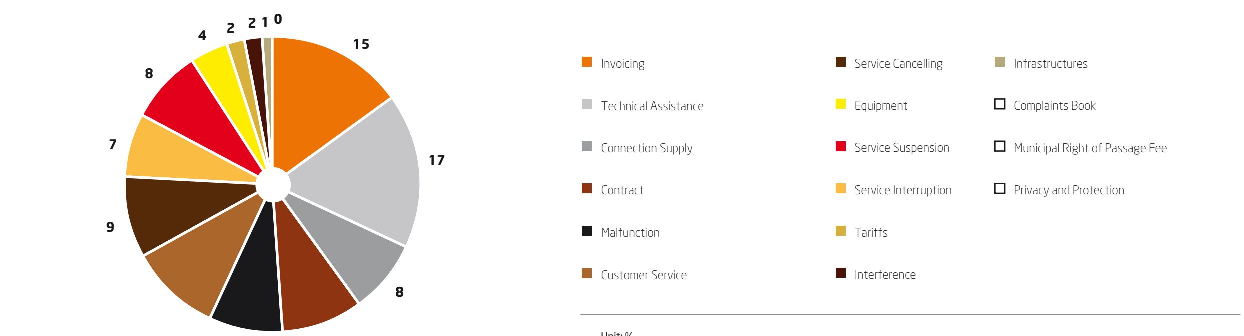
Complaints

During 2007, ICP-ANACOM received 1,696 complaints concerning the television distribution service and its operators. The cable TV distribution service is the 4th service receiving more complaints.

The main reasons why the service's users are not satisfied relate to technical assistance, invoicing and public attendance.

Complaints on the television distribution service - 2007

Graph 125.



Unit: %.
Source: ICP ANACOM.