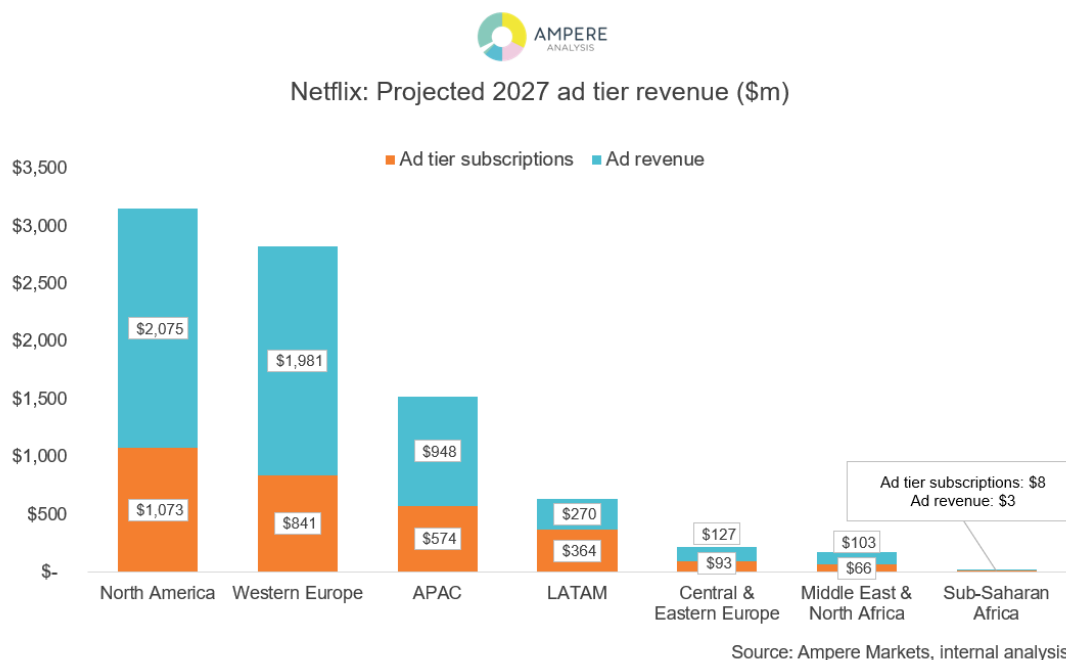


Netflix to approach \$1bn in ad revenue in APAC by 2027

APAC will see the strongest growth and biggest ARPU uplift from Netflix's ad tier

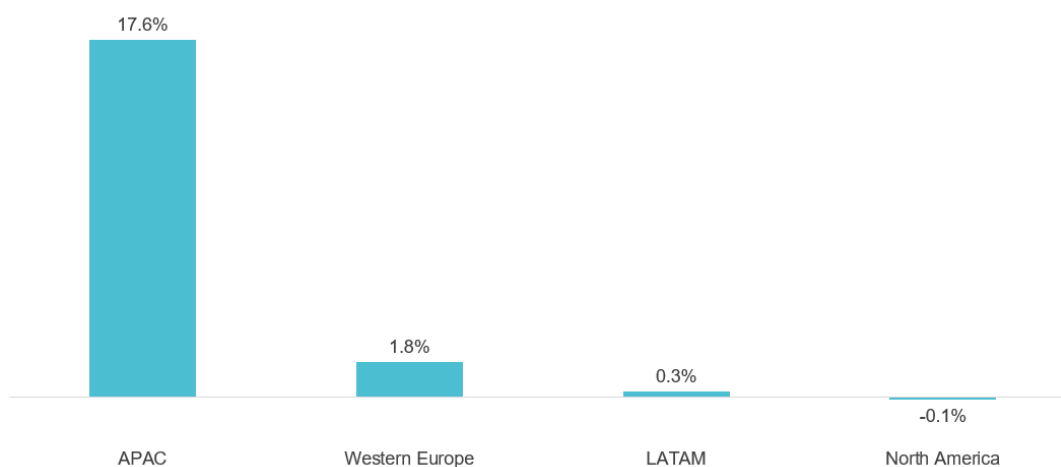
London, 25th August 2022: Asia Pacific will be the strongest growth region for Netflix's ad tier, with one of the largest increases in revenue and the greatest average revenue per user (ARPU) uplift, according to a new report by Ampere Analysis. High tolerance of advertising in APAC will see the region near \$1bn in ad revenue by 2027. In addition, \$574m will be generated by ad tier subscription fees.



Among the three biggest regions globally, Asia Pacific will earn a greater percentage of its ad tier revenue from subscriptions (38% vs. 34% in North America and 30% in Western Europe) due to relatively low advertising rates. A rapid rise in subscribers in the region will see overall ad-tier revenue grow quickly.

Ampere explains that APAC viewers are the most positive about advertising with four in 10 (41%) saying they do not mind ads. The comparative figures are 35% in North America and 24% in Western Europe. Ampere predicts that 22% of users in the region will take the ad tier option. Coupled with a subscriber growth of 17.6% by 2027, Asia Pacific will be one the fastest growth market for advertising income.

Netflix: Projected subscriber growth with ad tier, by region 2023 – 2027



Source: Ampere Markets

Globally, Netflix will earn \$5.5bn in annual advertising income by 2027, boosted to \$8.5bn a year by ad tier subscription fees. The launch of an ad tier will see Netflix earn \$2.2bn more by 2027 versus a purely subscription-only model, driven by an ARPU uplift combined with a modest increase in the overall subscriber base. Ampere estimates that total customers will be 3.2% higher than they would have been had Netflix not launched an ad tier.

Analyst at Ampere Analysis Ben French says: “Although not as valuable as the US market, Asia will be a particularly strong region for Netflix’s ad model. The high tolerance of advertising will see the strongest uptake of the ad tier and although rates charged for advertising are lower than other regions, strong subscriber growth will ensure Asia remains central to the success of Netflix’s new strategy.”

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About Ampere Analysis

Founded in January 2015, Ampere Analysis is a new breed of media analyst firm. The company's experienced team of sector-leading industry analysts specialises in sport, games, pay and multiscreen TV and next-generation content distribution. Our founders have more than 60 years combined experience of providing data, forecasts and consulting to the major film studios, telecoms and pay TV operators, technology companies, TV channel groups and investment banks. www.ampereanalysis.com

