

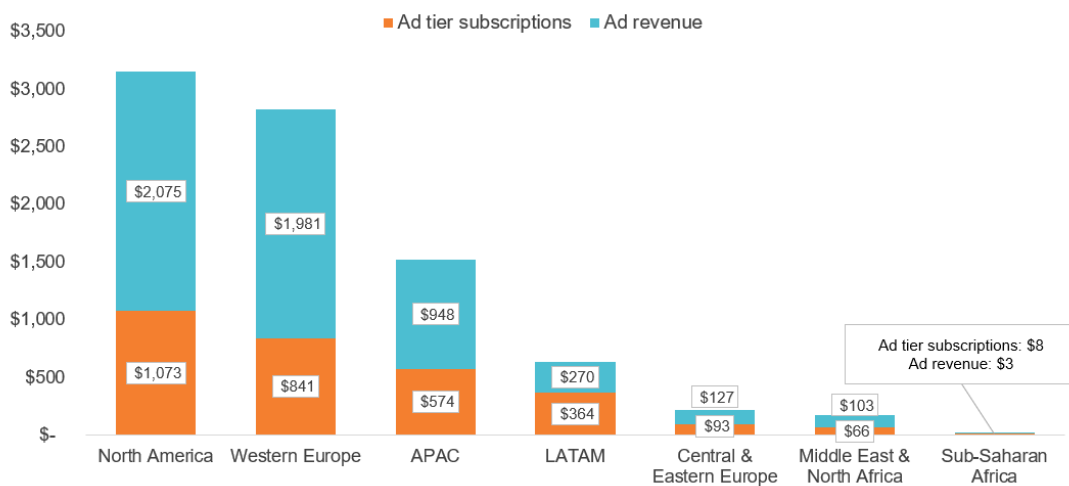
Netflix will earn more from advertising in Western Europe than the US by 2027

Almost one in five of W Europe's Netflix users will be on the ad tier by 2027

London, 25th August 2022: Western Europe will generate annual revenues of \$1.9bn for Netflix from advertising by 2027, more than the US and almost as much as North America (\$2.1bn when Canada is included), according to a new report by Ampere Analysis. The study forecasts that an additional \$841m will be earned from ad tier subscription fees in Western Europe (\$1bn in North America).



Netflix: Projected 2027 ad tier revenue (\$m)



Source: Ampere Markets, internal analysis

Ampere believes that Netflix in Western Europe will experience an increase in average revenue per user (ARPU) as a result of the launch of the ad tier. Specifically, the firm predicts that 2023 ARPU will be 4.9% higher than without it, rising to 8.6% higher by 2027.

Western European viewers have the highest price sensitivity among Netflix's customers which combined with relatively high advertising rates on a Cost per Thousand (CPM) basis makes advertising in the region a strong opportunity for the streaming giant.

Almost one in five (19%) of W European users will be on the ad tier by 2027

According to Ampere's report, 19.3% of Netflix users in this European region will view content via the ad tier by 2027, most of them from the existing customer base. The ad tier will stabilise this saturated region. Ampere estimates a subscriber growth (with ad tier) in Western Europe of 1.8% above a subscription only model. A relatively strong increase in the value of advertising-supported customers will boost the overall revenue gain.

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 will see Netflix earn \$2.2bn more by 2027 than it would with purely a 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 without an ad tier.

Analyst at Ampere Analysis Ben French says: "Very strong advertising rates for streaming in Western Europe will contribute to a significant uplift in the value per customer for those taking the ad tier. Although the overall boost to subscriptions is predicted to be modest in the region, this increased customer value will see Western Europe exceed the value of the US market by 2027."

Ends

For more information, please contact Greenfields Communications:

Rocio Anton rocio@greenfieldscommunications.com T : +41 78 335 00 30

Corinna Staedel: corinna@greenfieldscommunications.com +1 912 506 5674

Lucy Green lgreen@greenfieldscommunications.com T: 0208 778 3784/07817 698366

Ampere Analysis

Roya Sanei T: 020 3848 6400 roya.sanei@ampereanalysis.com

Dan Stevenson T: 020 3848 6400/07973 157317 dan.stevenson@ampereanalysis.com

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

