China’s Appetite for Broadband Fuels Growth in CPE Market, Reports IHS

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CAMPBELL, Calif. (September 23, 2015)—IHS (NYSE: IHS) raised its outlook for the broadband customer premises equipment (CPE) market, which includes DSL, cable, fiber-to-the-home (FTTH), residential gateways and mobile broadband CPE. In a September report, the firm noted it increased its 2019 worldwide broadband CPE forecast by 8 percent, to US$12.4 billion.

“The primary source for raising our global broadband CPE forecast is the massive investment currently ongoing in China. Despite reported economic headwinds, the Chinese government continues to subsidize telco investments in fiber infrastructure to expand accessibility and throughput. The result is heavy spending on GPON and EPON ONTs,” said Jeff Heynen, research director for broadband access and pay TV at IHS.

BROADBAND CPE MARKET HIGHLIGHTS

The big story this quarter is FTTH optical network terminals (ONTs) in China, unit shipments of which more than doubled year-over-year, from 9.8 million to over 20 million from 2Q14 to 2Q15.

In 2Q15, the global broadband CPE market grew 5 percent from the previous quarter, to $2.9 billion; unit shipments grew 11 percent, to 61 million.

Worldwide total broadband CPE revenue is up 7 percent from the year ago second quarter, when it was just under $2.7 billion.

Quarter-over-quarter, from 1Q15 to 2Q15:
- DSL CPE unit shipments were down 1 percent to 23 million, with VDSL IADs posting the highest growth (+11 percent).
- Cable CPE units were up 1 percent to 11.6 million (90% of which were WIFI-enabled), with DOCSIS 3.0 modems posting the highest growth (+13 percent).
- Fixed LTE CPE shipments grew 4 percent.

ANALYST CONFERENCE CALL FOR CLIENTS

Clients: Log in to view analyst Jeff Heynen’s broadband CPE market recap and outlook, live Sept. 24 at 11:00 AM ET or on-demand: www.infonetics.com/cgp/login.asp?id=94.
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