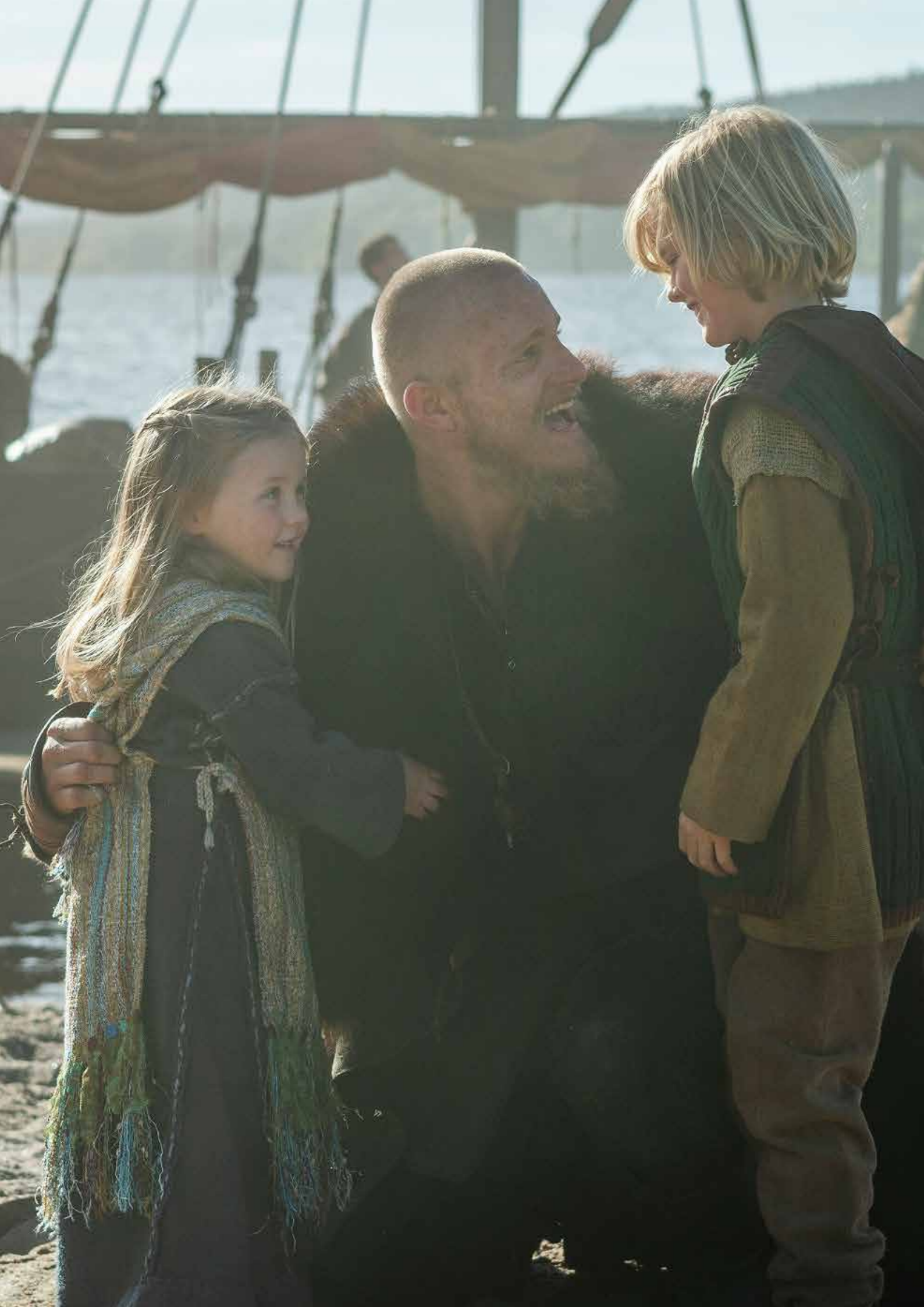


THE RISE AND RISE OF STREAMING VIDEO IN THE MENA MARKET



A report with data analysis
by PSB Research for STARZPLAY



CONTENTS

Introduction	02
Top 10 Findings	04
SVOD in the New Reality	06
Growth Trends during Ramadan	08
Content & Consumption Trends	18
Commentary	28
Methodology	30
About STARZPLAY / About PSB Research	32

INTRODUCTION

This study offers evidence-based insights into some of the key trends in SVOD consumption in the new reality

This study comes at a time of considerable change across the Middle East and North Africa (MENA) region. The impact of COVID-19 follows of already extensive changes in society, and no less so than in the way people across the region consume entertainment.

The lockdown measures implemented following the coronavirus outbreak have been significant for Subscription Video-on Demand (SVOD) services in MENA.

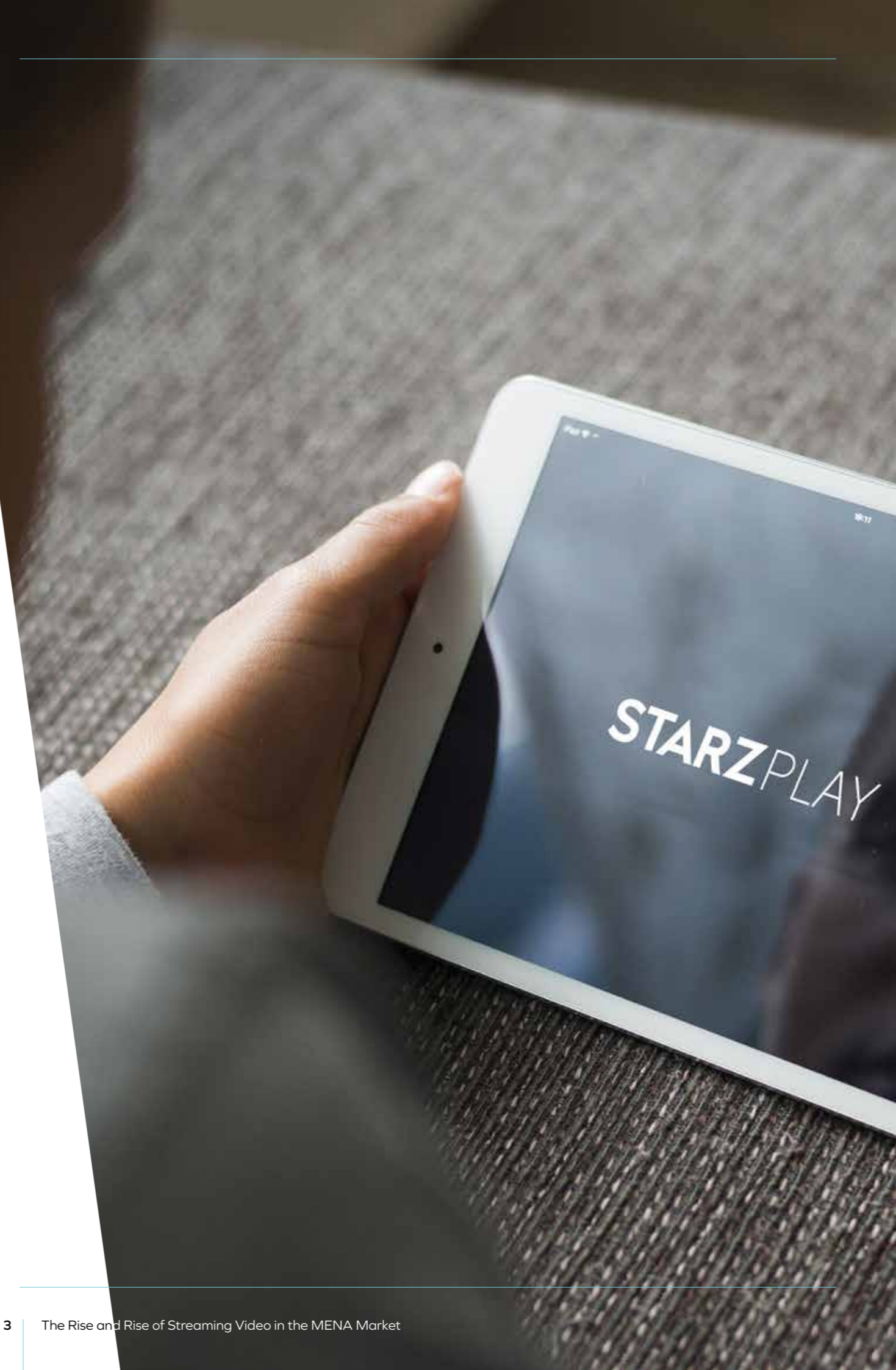
This report highlights the impact, along with the inherent growth of STARZPLAY, the region's homegrown SVOD platform, even before COVID-19.

STARZPLAY shared data with PSB, a global insights and analytics consultancy. PSB conducted a comprehensive analysis of SVOD consumption patterns in the region using this data.

PSB appreciates the support from STARZPLAY providing us extensive access to their data on consumption patterns – among its subscribers – new and carryover. This included several number of data points across 17 months of data covering STARZPLAY's footprint in the MENA region.

The study covered the full range of STARZPLAY's programming, including series and movies as well as children's entertainment, leading to informed insights on consumption trends.

The results offer evidence-based insights into some of the key trends in SVOD consumption in the new reality, and gives a unique perspective on SVOD in the region.



TOP FINDINGS

SECTION 1 SVOD in the New Reality

1

STARZPLAY recorded strong and sustained growth in the number of unique users from 2019, peaking at 141 per cent during COVID-19

2

Subscribers consumed more content during COVID-19, with an increase of 50 per cent in streaming hours per unique user

3

English-language series was most popular during COVID-19 among STARZPLAY subscribers; action, comedy and drama are top 3 popular genres

SECTION 2 SVOD Growth Trends during Ramadan

4

Streaming levels in Ramadan 2020 spiked with total consumption tripling over 2019

5

More STARZPLAY subscribers binged on comedy content during Ramadan 2020

SECTION 3 Overall Content & Consumption Trends

6

Arabic content is growing in popularity, doubling its share of total hours consumed across STARZPLAY users in MENA; five times more Arabic content was streamed during COVID-19 months than at start of the year

7

STARZPLAY now offers more balanced portfolio of genres

8

While watching STARZPLAY content on mobile phones is growing, TV is a preferred platform for its users

9

STARZPLAY is a primetime player in TV entertainment with bulk of viewing taking place during evening and night

10

STARZPLAY's top market Saudi Arabia outpaced the average growth in hours per user; UAE emerged as top growth market in the region nearly doubling both hours and unique users

SECTION 1

SVOD in the New Reality

1

STARZPLAY recorded strong and sustained growth in the number of unique users from 2019, peaking at 141% during COVID-19

An evaluation of consumption trends during the peak of the COVID-19 crisis, when severe travel restrictions and lockdowns were enforced in the key markets, STARZPLAY recorded a surge in new subscribers.

Between January 2019 and April 2020, STARZPLAY's active user base increased by 141 per cent, the growth gaining traction from January 2020 (42 per cent), February (41 per cent), March (89 per cent) and April (141 per cent) compared to the baseline of January 2019.

The direct influence of COVID-19 on STARZPLAY's user base was evaluated. The number of new subscribers across all markets increased by 58 per cent between February and April 2020, and continued to maintain growth levels in May, higher than the pre-COVID months.

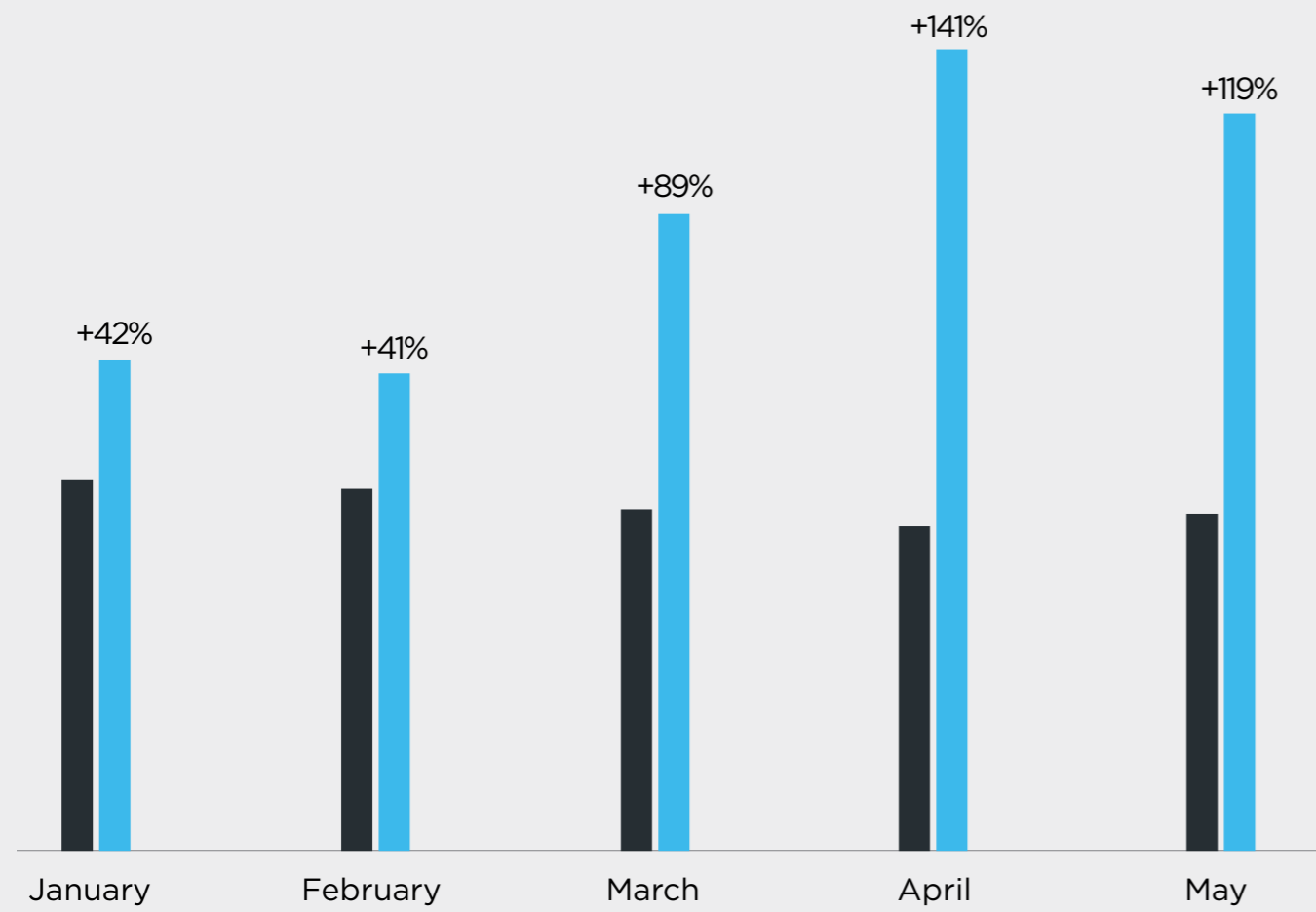
Compared between February and May 2020, the number of subscribers increased by 45 per cent, highlighting that the gains made during COVID-19 will be durable, and reflected in the growth in the number of carryover users by 37 per cent from February to May 2020.

Saudi Arabia, one of the largest markets of STARZPLAY, recorded a growth in the number of subscribers at a steady rate of 50, 53 and 40 per cent in March, April and May, respectively, while the UAE reported one of the lowest ratios of new subscribers to carryover users, even during COVID-19, highlighting growth via retention and the future potential of the market. In the UAE, carryover subscriptions reported a consistent growth of 76, 63 and 72 per cent in March, April and May, respectively.

While most markets experienced growth in their user base, STARZPLAY's overall growth was driven primarily by three markets - KSA, UAE, and Morocco. Kuwait and Lebanon more than doubled their user bases.

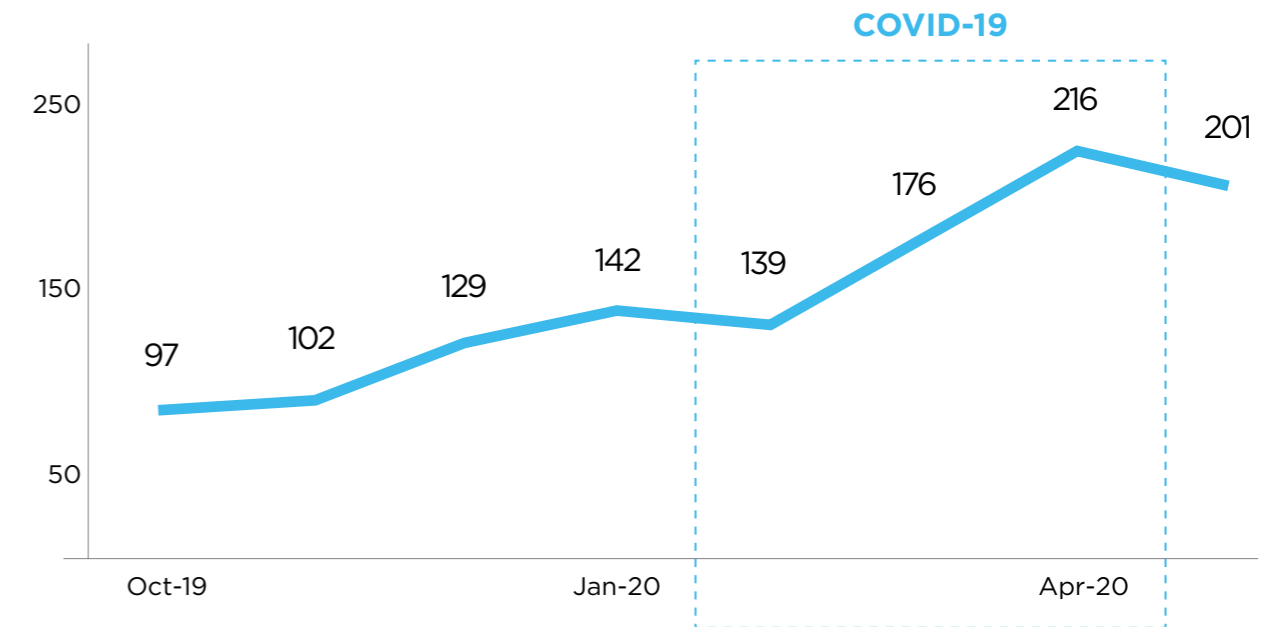


User Gain YOY Comparison



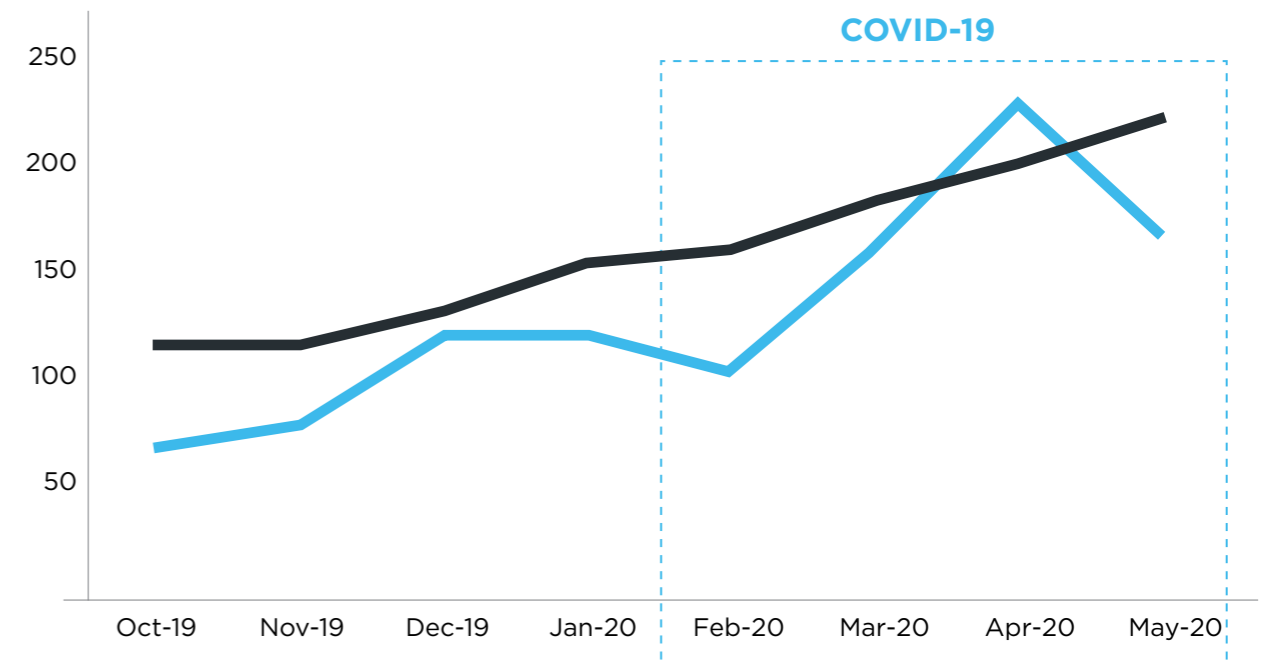
Driven by a strong uptick in active users during Q4, STARZPLAY grew its user base by over 40% during 2019. With the pandemic and COVID related quarantines, growth took off with the active user base more than doubling from January 2019 to April 2020.

STARZPLAY Unique Users
Indexed Score Oct 2019 - May 2020



Both carryover and new subscribers showed steady growth that intensified during COVID-19, suggesting gains from the crisis will be durable rather than temporary

STARZPLAY Subscriber Mix
Indexed Score January 2019 - May 2020



2

Subscribers consumed more content during COVID-19, with an increase of 50% in streaming hours per unique user

Prior to the pandemic, STARZPLAY users averaged around 12 hours per month in 2019. From February to April 2020, the number of streaming hours per unique increased 50 per cent. Compared to 11.78 streaming hours per unique user in January 2019, consumption increased to 13 hours in February 2020, 15 hours in March and 17 hours in April.

Year-on-year, the increase in consumption was most remarkable during these three months. More of its subscribers watched STARZPLAY content in May 2020 too, recording a peak of 19 hours, coinciding with Ramadan.

Significantly, the increase in the active user base and hours spent on the platform resulted in a 200 per cent growth in the total number of hours spent on STARZPLAY from January 2019 to May 2020.

Over 2.6 million hours were enjoyed by users on the platform in May 2020, an increase of more than 1.8 million hours from May 2019. The number of STARZPLAY streaming hours peaked in April 2020, a growth of over 2.1 million hours compared to April 2019.

Underpinning the increasingly loyalty of users, STARZPLAY streaming hours was higher in May 2020 than in March 2020, even though travel restrictions and lockdowns were increasingly being relaxed across many nations in the MENA region in May.

While carryover and new subscribers trended closely together during much of 2019 in the number of streaming hours per user, carryover users consistently consume more content on STARZPLAY, a trend that persisted during COVID-19.

Compared to 12.39 streaming hours per subscriber in January 2019, carryover users watched STARZPLAY content for 13.13 hours in January 2020, before spiking to 16.03 hours in March and 18.56 hours in April. New users also reported a similar uptick in consumption.

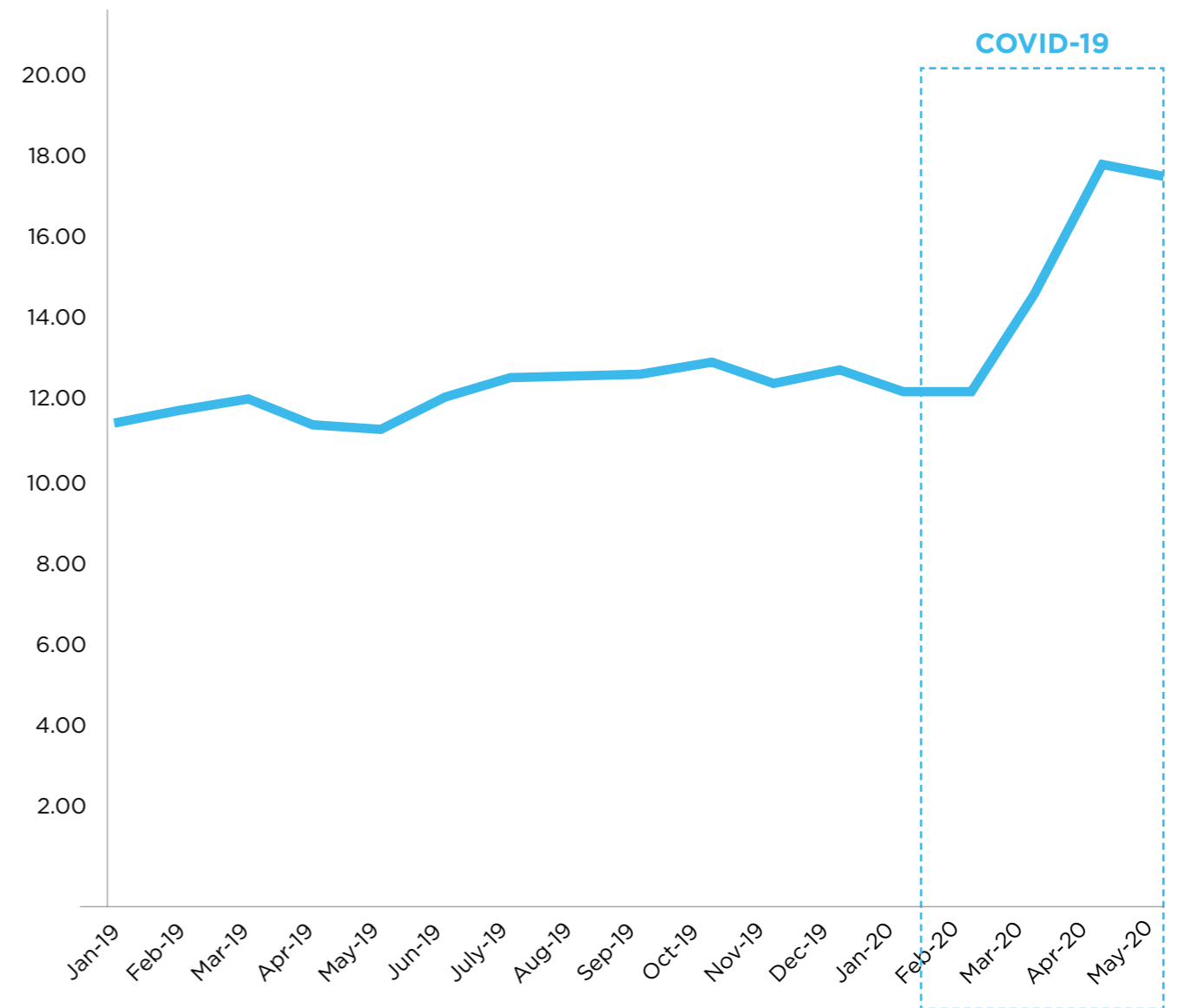
During COVID, the share of hours consumed by TV users grew larger and remained high during the three-month period. In March, April and May 2020, the number of unique users watching STARZPLAY content on TV were 28, 27 and 29 per cent compared to 24 per cent during the same three months in 2019.

Similarly, the streaming hours on TV were in fact more than via mobile for the same period at 49, 47 and 46 per cent during the COVID-19 months compared to 36, 39 and 40 per cent during the same months in 2019.

The UAE reported the highest TV usage during COVID-19, with one in three STARZPLAY subscribers watching content on TV while consumption one in two watched content on their mobiles during the pandemic. Only an average 15 per cent preferred to watch STARZPLAY content on their computers/tablets.



Streaming Hours Per Unique User



3

English-language series was most popular during COVID-19 among STARZPLAY subscribers; action, comedy and drama are top 3 popular genres

STARZPLAY users binged on action, comedy and drama series in English during COVID-19.

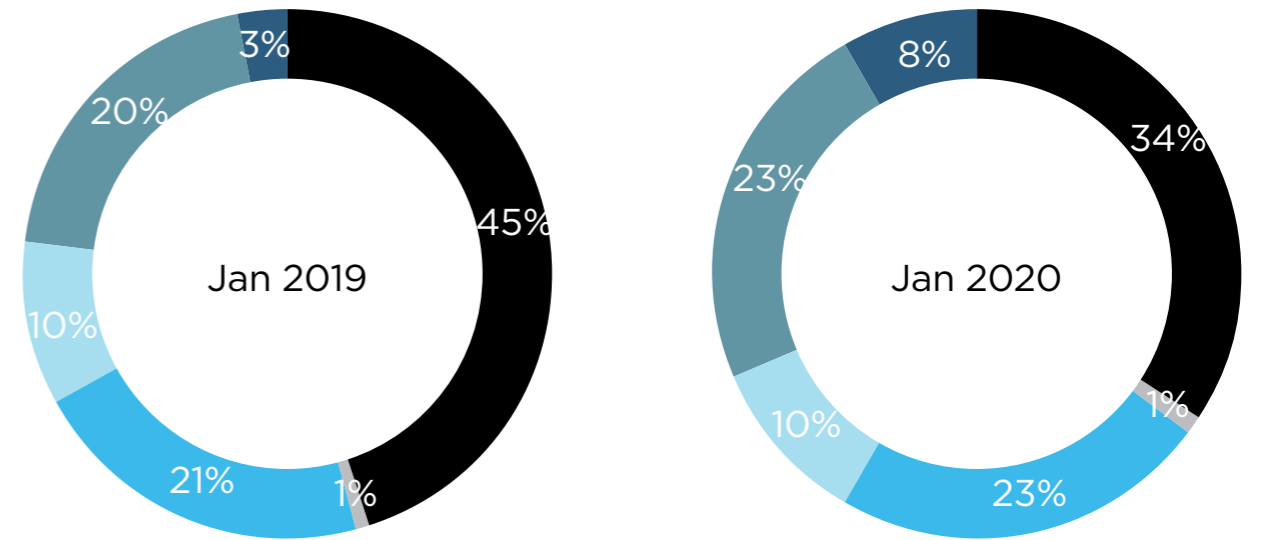
Action/adventure series were widely watched in February, March, April and May 2020, on average by 27 per cent of all subscribers. While one in three users (about 30 per cent) watched action/adventure series in March 2020, comedy series gained in popularity in May 2020, when 35 per cent users switched to their favourite comedy series, compared to 25 per cent users binging on action/adventure. Drama series maintained a steady following with nearly one-third of the total streaming hours during all four months.

While series were most popular among STARZPLAY subscribers, accounting for 80 per cent of the total viewing on average, the share of movie viewers viewing reported an increase in March, April and May 2020, compared to the previous five months.

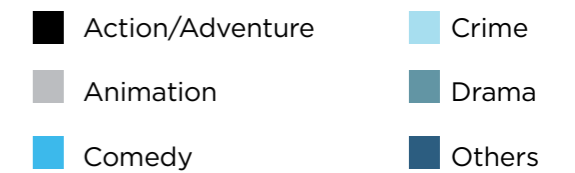
STARZPLAY had enhanced its movie and series offering in 2020, offering full box sets of the best shows, to the latest must-watch Hollywood blockbusters as well as continuing hit titles. For example, the cult classic sitcom, The Big Bang Theory, remained a top choice for comedy fans, in addition to the much-loved American sitcom The Office. Similarly, fans of the epic historical drama Vikings were treated exclusively to the sixth and final season of the epic action adventure in addition to all previous five seasons.



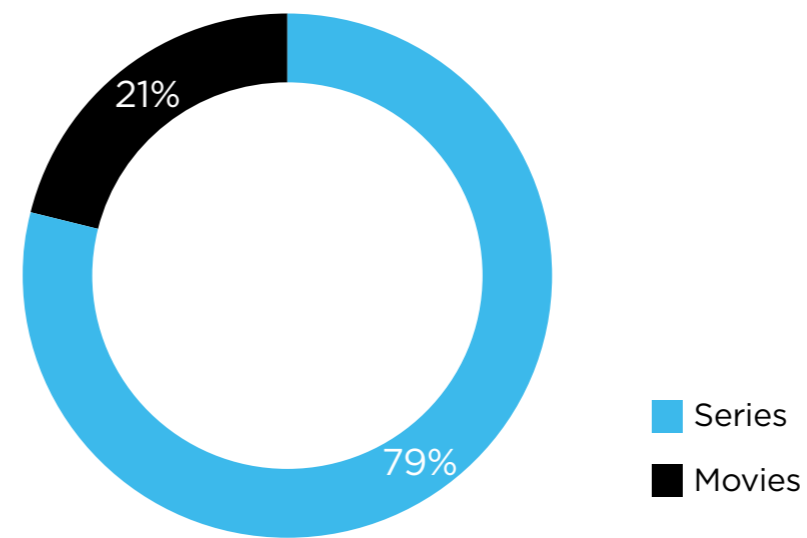
STARZPLAY Genre Mix in English
(Genres streamed in English in Jan 2019 & 2020)



Consumption of movies in English increased by only 15% in 2019, while consumption of TV series in English increased by nearly 50%; comedy and drama series nearly doubled their volume in 2019. While action/adventure lost share overall, viewing of action movies in English grew by over 30%.



Series consistently represent about 80% of total viewing. Movies were most popular during summer when they increased their share slightly to about a quarter.



4

Streaming levels in Ramadan 2020 spiked with total consumption tripling over 2019

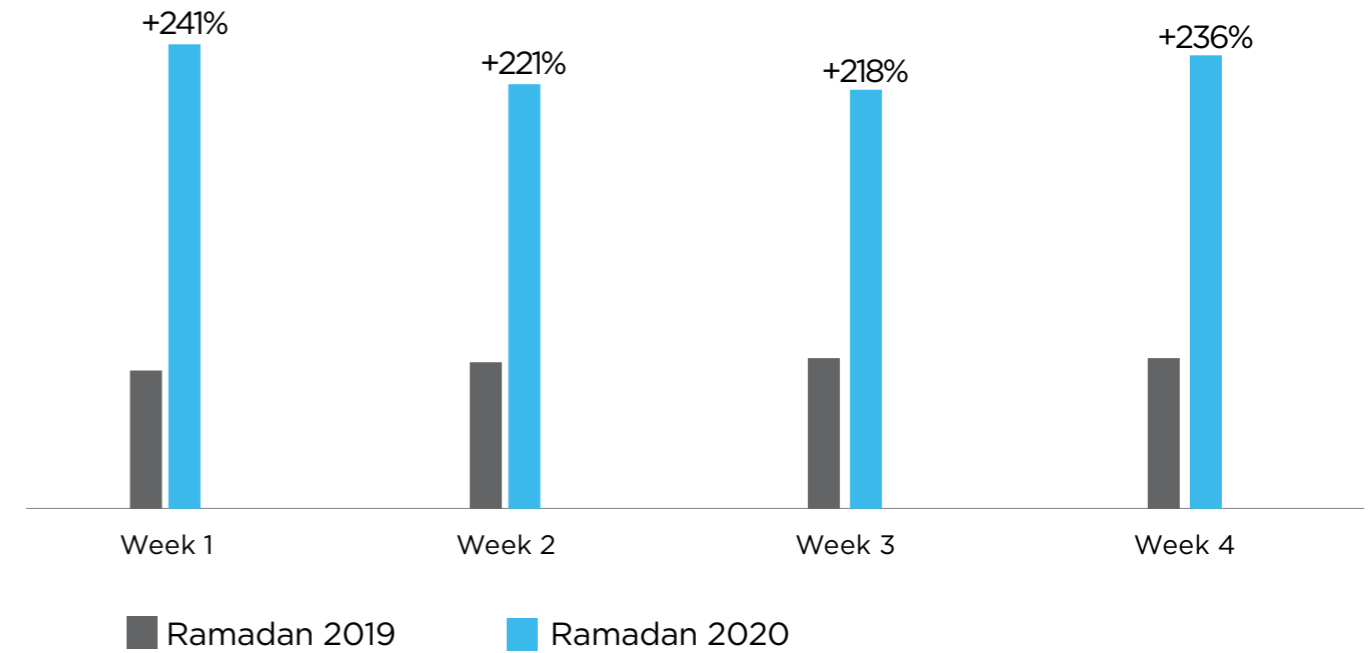
While Ramadan 2019 had the lowest usage by STARZPLAY subscribers during the year, 2020 saw streaming levels spike. A week-on-week comparison of the four weeks Ramadan in 2019 and 2020, indicate a significant surge in consumption of STARZPLAY content by its users.

While the number of STARZPLAY hours streamed weekly increased by 241 per cent during the first week of Ramadan in 2020, compared to the same period in 2019, the second week saw an increase of 221 per cent, the third week 218 per cent and the fourth week 236 per cent, over the same period in the previous year. The total consumption of STARZPLAY content during Ramadan 2020 more than tripled compared to the same period in 2019.

Predictably, service usage shifts heavily towards night hours during Ramadan. Compared to 35 per cent hours streamed during March 2020 at night, during Ramadan, the proportion of hours streamed at night increased to 42 per cent.

Afternoon continued to be the second popular time for STARZPLAY users, with 22 per cent of hours streamed during Ramadan, compared to 26 per cent during March 2020. This trend was similar to the proportion of content streamed on any day during 2019 Ramadan.

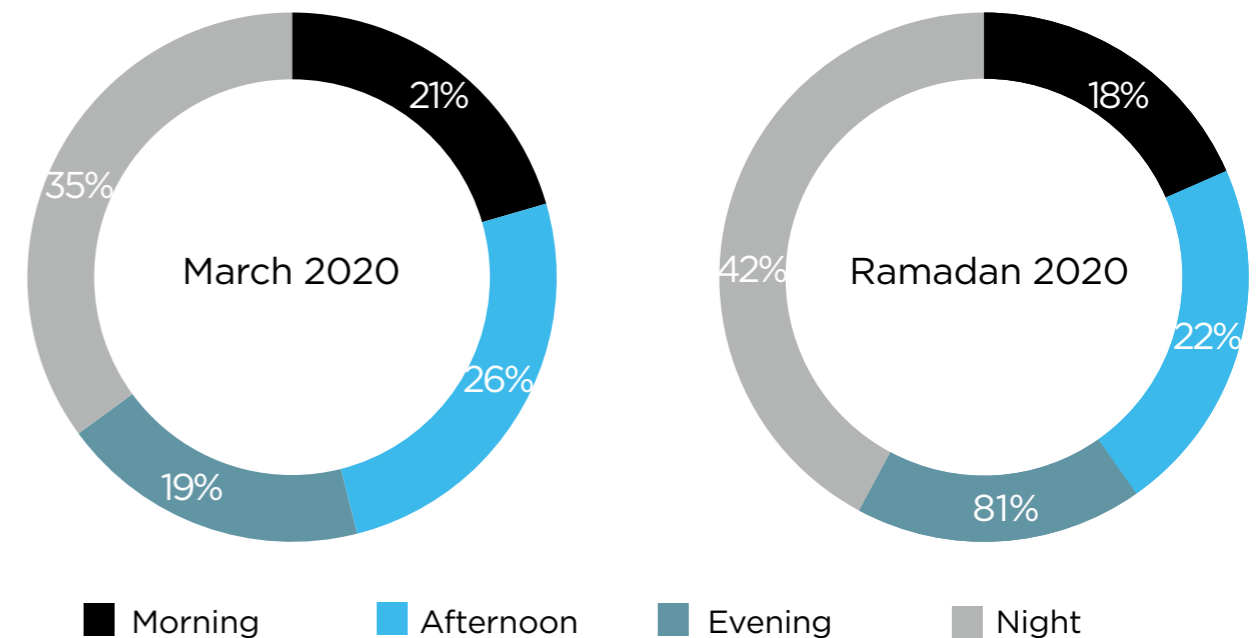
Ramadan 2019 v. Ramadan 2020 Comparison
STARZPLAY Hours Streamed Weekly During Ramadan



*Showing Δ over same week of Ramadan in 2019

Predictably, Service Usage Shifts Heavily Towards Night Hours During Ramadan

STARZPLAY Content Time of Day Mix During Ramadan 2020
Proportion of Hours Streamed



5

More STARZPLAY subscribers binged on comedy content during Ramadan 2020

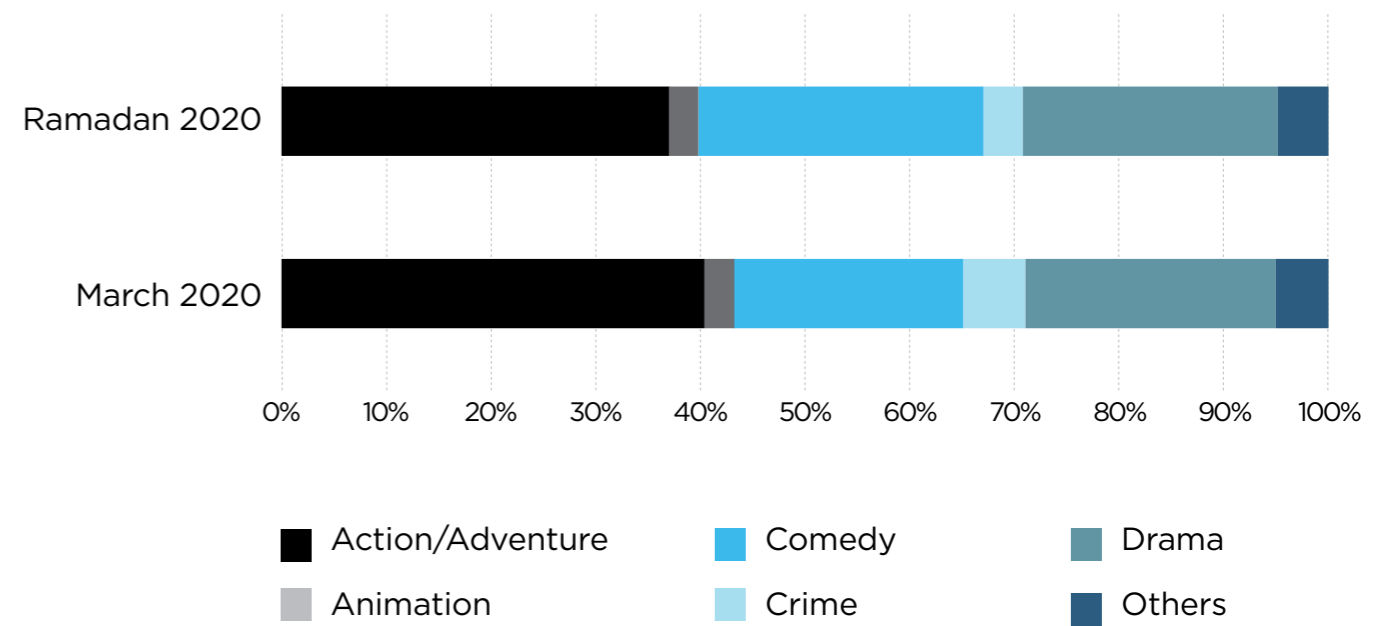
Comedy content grew in popularity among STARZPLAY users in 2020. While 79 per cent of all subscribers watched series during Ramadan, comedy series in English gained popularity at the expense of action/adventure, which, however, continued to be the most popular.

Drama series retained a steady 24 per cent of total hours streamed during Ramadan as in previous months.

Compared to March 2020, when 40 per cent of total hours streamed were action/adventure, during Ramadan, it dropped to 37 per cent, while comedy, which accounted for 22 per cent during March, increased to 27 per cent during Ramadan.



STARZPLAY Genre Mix During Ramadan
Hours Streamed During Ramadan



Comedy series in English were the biggest driver of this shift

SECTION 3

Overall Content & Consumption Trends

6

Arabic content is growing in popularity, doubling its share of total hours consumed across STARZPLAY users in MENA; five times more Arabic content was streamed during COVID-19 months than at start of the year

Though English content remains the dominant choice, Arabic content doubled its share of total consumption reaching a peak in the early stages of the pandemic. Growth of Arabic language content is a significant marker of long-term growth potential for the platform. Today, STARZPLAY offers a wider choice of series, movies and children's entertainment in Arabic, ramping up the platform's popularity in the region.

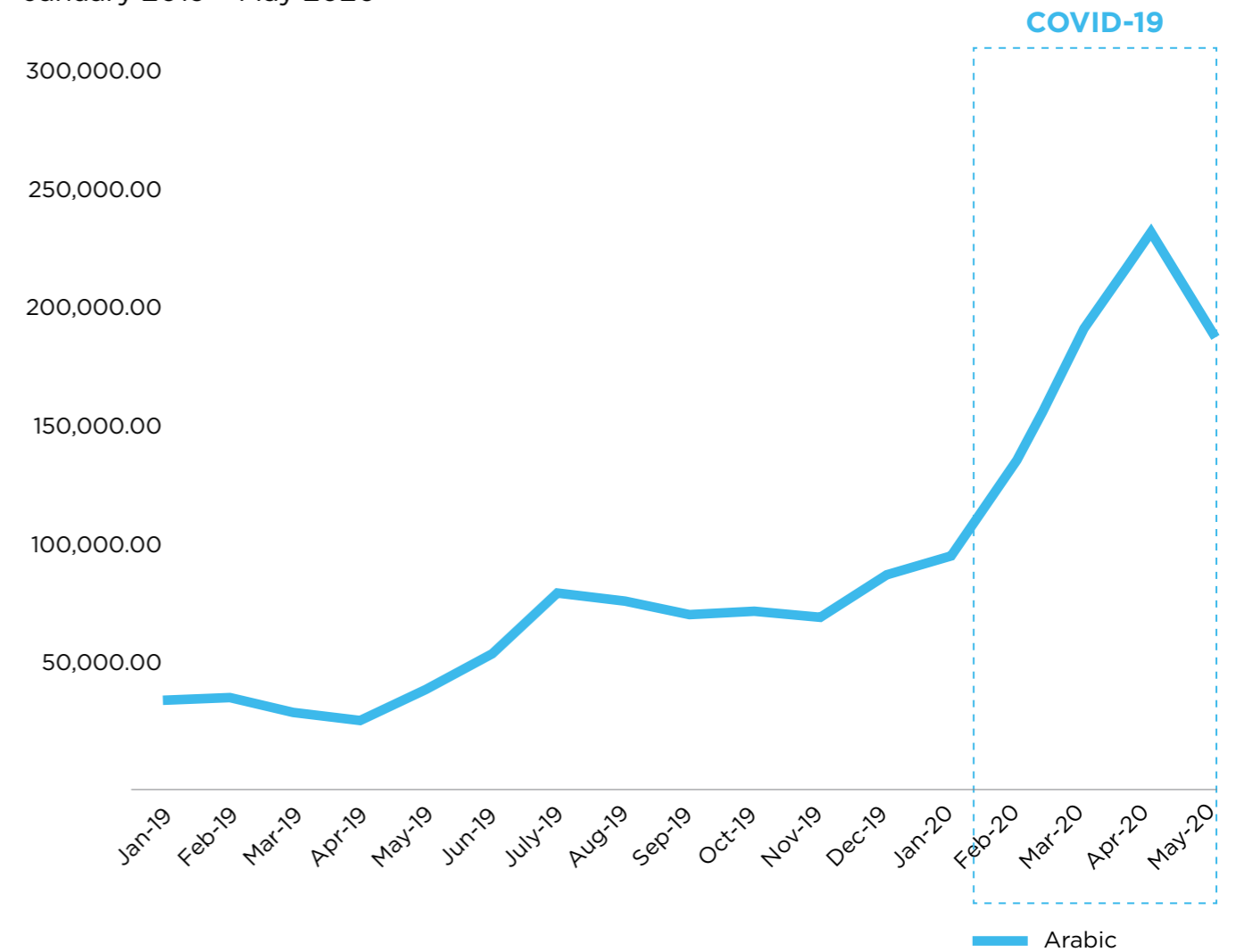
Although English language content increased in popularity during COVID-19 months, typically the hours of Arabic content streamed have steadily increased since 2019. On average, the hours streamed in Arabic has increased from just about 5 per cent in January 2019 to about 10 per cent in January 2020.

Arabic comedy series and animation series also gained popularity in 2019, and the lineup of Arabic content became more balanced over the year. Compared to Jan 2019, when Arabic drama series accounted for 56 per cent of all genres streamed, in January 2020, its share declined to 13 per cent.

Heavy advances were made by Arabic action/adventure series - gaining from 20 per cent in January 2019 to 39 per cent in Jan 2020; animation series gaining from 8 to 28 per cent and comedy more than doubling from 7 to 16 per cent. The shift indicates more young people as well as children watching STARZPLAY content.



Hours Streamed by Language
January 2019 - May 2020



English language content increased in popularity during COVID-19

SECTION 3

Overall Content & Consumption Trends

7

STARZPLAY now offers a more balanced portfolio of genres

Action movies and comedy series saw most growth among English language content on STARZPLAY. While consumption of movies in English increased by 15 per cent, streaming of TV series in English increased by nearly 50 per cent. Both comedy and drama series nearly doubled their volume in 2019, a trend that continued through the first five months of 2020.

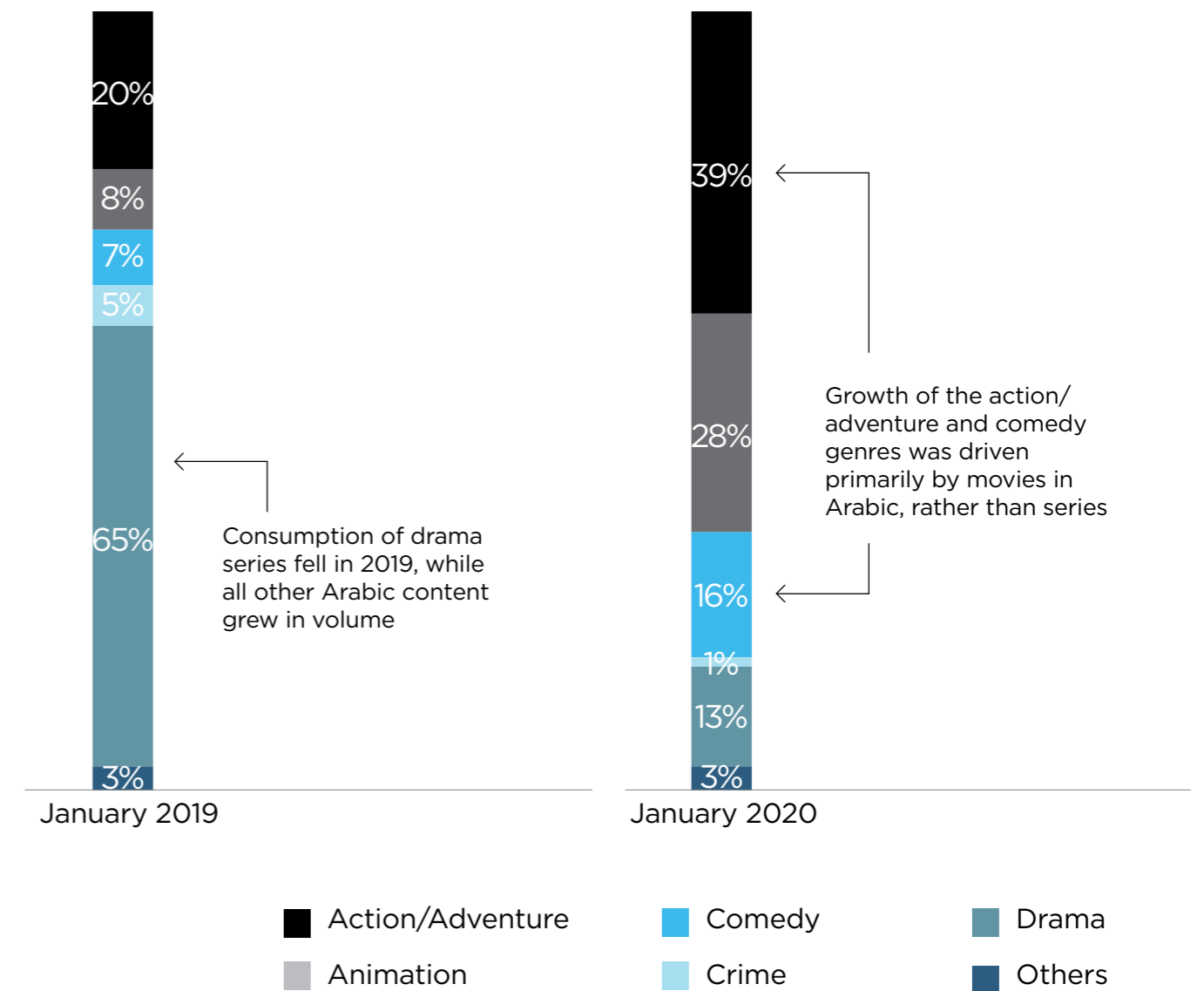
However, overall, STARZPLAY now offers a more balanced portfolio of genres. Compared to 45 per cent action/adventure genre streamed in English in January 2019,

the proportion decreased to 34 per cent in January 2020. Meanwhile, streaming hours of comedy increased from 21 to 23 per cent, as did drama from 20 to 23 per cent and other genres gaining their share from 3 to 8 per cent.

While still a small proportion of total consumption, children's content doubled as a share of total viewing, going from about 5 per cent in early 2019 to a steady 10 per cent since July 2019.



STARZPLAY Genre Mix in Arabic 2019
Genres Streamed in Arabic from January 2019 to January 2020



SECTION 3

Overall Content & Consumption Trends

8

While watching STARZPLAY content on mobile phones is growing, TV is a preferred platform for its users

In July 2019, TV overtook mobile as the preferred platform for viewing. Throughout 2019, TV experienced steady gains while mobile had a slight dip in the first quarter, after which it remained steady until the last few months of the year.

With the pandemic, the trend of TV leading as the platform to watch STARZPLAY content has intensified. The growing lead of TV during COVID-19 suggests that STARZPLAY increasingly competes with linear TV for the attention of viewers.

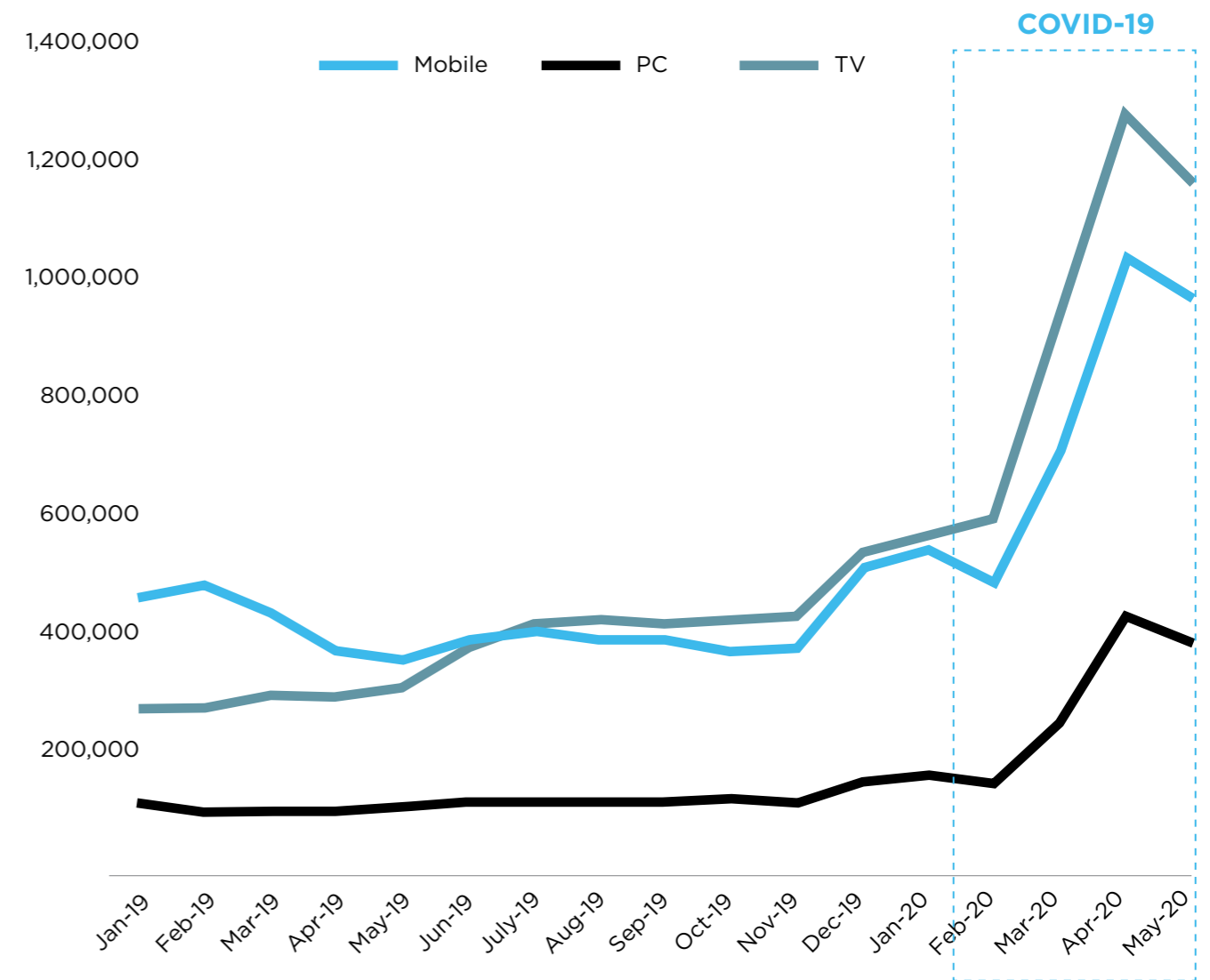
TV usage is crucial to the growth potential of STARZPLAY as TV users consume at a much higher rate than mobile users. In fact, despite being less than 30 per cent of the total unique users, TV viewers represented nearly half the time spent watching STARZPLAY in January 2020.

Compared to Jan 2019, when 69 per cent unique users watched STARZPLAY content on mobile, in January 2020, the share of unique users dropped to 60 per cent, as the share of STARZPLAY subscribers watching on TV increased from 19 to 29 per cent.

The number of hours watched too showed a corresponding trend. In January 2019, when 55 per cent of streaming hours were on mobiles, it declined to 43 per cent in January 2020, while the unique streaming hours increased from 33 to 45 per cent on TV in January 2020 compared to the same month in 2019.



STARZPLAY Hours Streamed by Platform
January 2019 to May 2020



9

STARZPLAY is a primetime player in TV entertainment with bulk of viewing taking place during evening and night

Despite the phenomenal growth in STARZPLAY's user base and hours streamed, the proportion of viewing occurring at different times of the day has remained constant. Even during the COVID-19 period, with huge increase in hours streamed, users broke up their viewing hours in a similar manner as before.

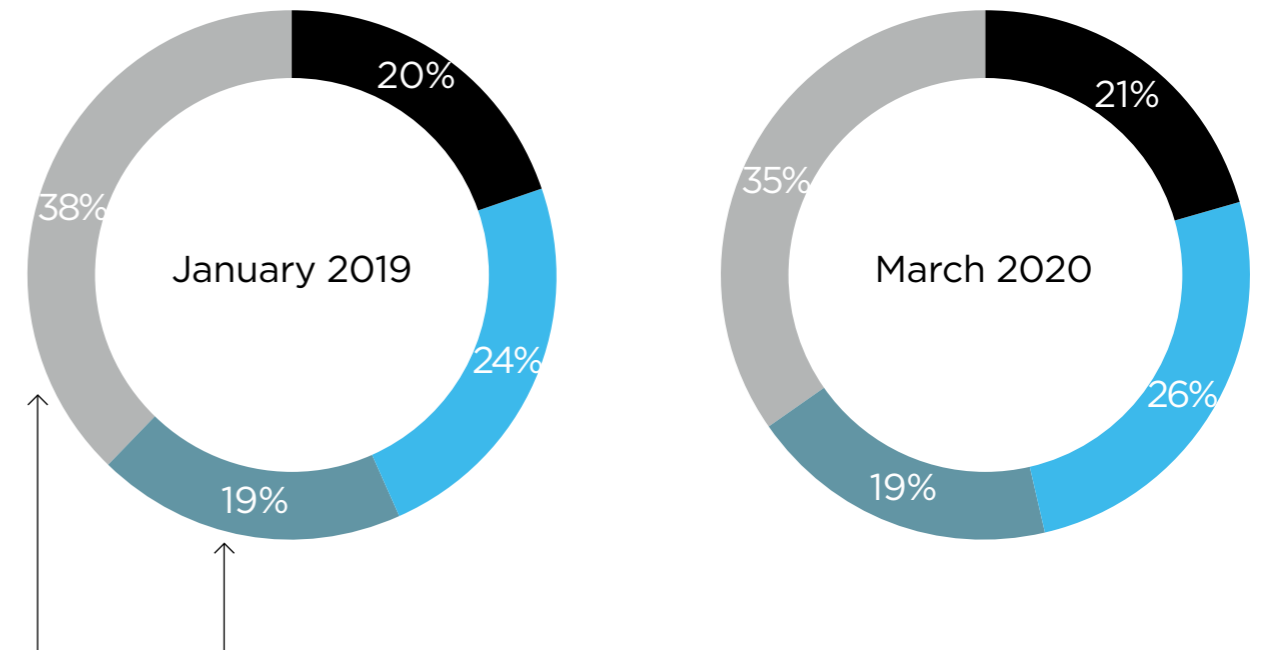
For example, compared to January 2019, when 24 per cent users watched during afternoon, the number remained relatively consistent at 26 per cent in March 2020.

Similarly, evening viewers were the same 19 per cent in January 2019 and March 2020, while nighttime viewers - who account for the most among STARZPLAY users, were 38 per cent in Jan 2019 and 35 per cent in March 2020.

The bulk of viewing on the platform continues to take place during evening and nighttime hours, making it clear that STARZPLAY is a "primetime" player in the TV space.



STARZPLAY Content Time of Day Mix
Proportion of Hours Streamed



The bulk of viewing on the platform takes place during evening and night time hours, making it clear that STARZPLAY is a "primetime" player in the TV space.

- Morning
- Evening
- Afternoon
- Night

SECTION 3

Overall Content & Consumption Trends

10

STARZPLAY's top market Saudi Arabia outpaced the average growth in hours per user; UAE emerged as top growth market in the region nearly doubling both hours and unique users

Evaluating the consumption trends of STARZPLAY in individual markets, Saudi Arabia, already the largest market of the platform, showed strong growth in 2019 in hours per user. Number of hours per user increased from 11.38 in January 2019 to 12.77 in January 2020, spiking to 18.06 hours in May.

Nearly half of users in Saudi Arabia are consistently new subscribers, a ratio that remained relatively steady during COVID-19. Despite the high rates of consumption per user, Saudis are more likely than average to view content on mobile phones.

The number of unique users consuming content on mobile phones has been relatively consistent - 71 per cent in January 2019 and 68 per cent in January 2020. During the COVID-19 months, there was a marginal decline to 66, 65 and 62 per cent each in March, April and May, with consumption of STARZPLAY content on televisions making gains.

The UAE is the largest growth market for STARZPLAY with users growing 70 per cent year-on-year and hours growing nearly 80 per cent with the number of hours by user increasing from 14.39 in January 2019 to 24.61 in May 2020.

The second largest market of STARZPLAY, UAE also has one of the lowest ratios of new subscribers to carry-over users even during COVID-19, a strong indicator of growth via retention and the future potential of the market.

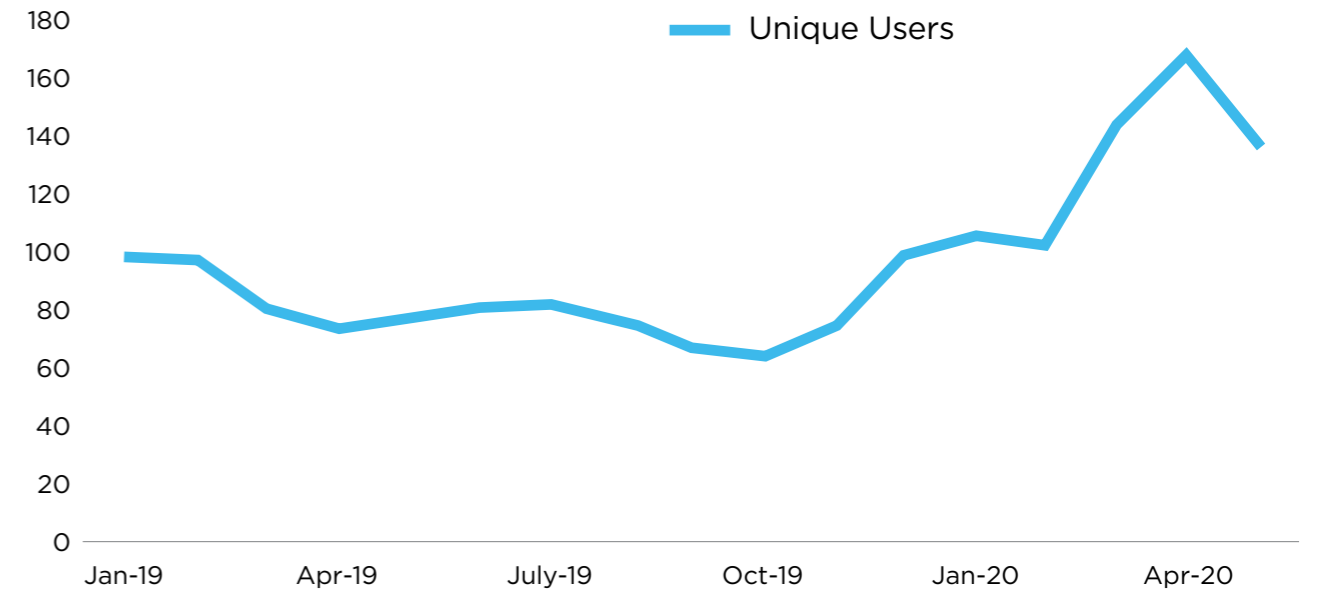
UAE also saw an increase in STARZPLAY content consumption on TV during COVID-19. TV usage rates are highest in the UAE with nearly one in three unique users watching STARZPLAY content on television while one in two preferred watching on mobile phones.

In other GCC markets, Kuwait saw explosive growth during COVID-19 with new subscriptions increasing each month of the quarantine period. Total hours grew nearly 30 per cent during Ramadan. Kuwaitis are also most likely to watch via TV compared to any other market in the region.

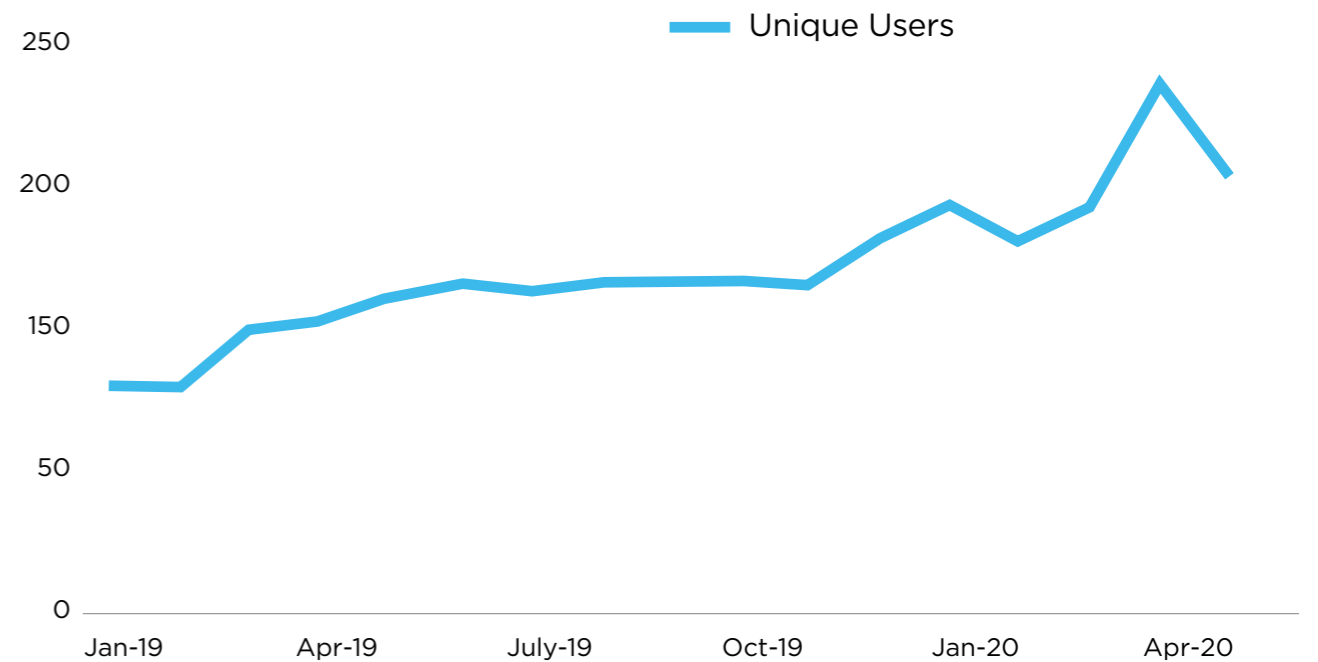
Oman too more than tripled its user base by the start of COVID-19; despite the growth in TV viewership year-on-year, subscribers in Oman are more likely to watch their favourite STARZPLAY content on mobile phones. Bahrain also showed strong conversion of new subscribers into carry-over users, even during COVID-19. Users in Bahrain are likely than average to consume their content via television.

In other core markets, Egypt saw a notable uptick in TV users year-on-year and during COVID-19 while Jordan outgrew other states with comparable populations and wealth levels, especially during the pandemic. Lebanon also recorded rapid growth in users as well as an increase in hours per user. Lebanon's growth in 2019 was primarily via mobile users although TV usage gained in popularity during COVID-19.

STARZPLAY in Saudi Arabia
Indexed Score January 2019 - May 2020



STARZPLAY in UAE
Indexed Score January 2019 - May 2020



COMMENTARY

By Maaz Sheikh

Co-founder and CEO
of STARZPLAY

Being homegrown is our differentiating strength

In 2015, when we blazed the trail as the region's pioneering homegrown subscription video on demand (SVOD) service, the world was a different place.

Free-to-air television dominated the landscape, and pay-TV was making incremental gains. Yet, the biggest driver of our growth was that we were an idea that came of age - just in time to meet the aspirations of the region's fast-growing demography of tech-savvy, digital-first young people.

We brought entertainment to their mobile phones, delivering content relevant to them to enjoy anytime, anywhere.

Since then, we have recorded phenomenal year-on-year growth reaching around 1.7 million paying subscribers as of end-2019 and installed on more than six million devices.

Today, we are the market leader with 32 per cent share, the result of our exclusive, premium and popular content and our team's ability to secure deals from telecom operators and device manufacturers regionally.

Being homegrown is our biggest differentiator: We understand the region, its audiences and their entertainment preferences. And we look to consistently enhance our offering.

The only way we can stay relevant to our audiences is by studying their consumption patterns and preferences. That is why we have invested in this important study, a first-of-its-kind on the SVOD sector of the region, conducted by PSB, an independent research agency, evaluating the consumption patterns.

A defining moment for SVOD and the home entertainment sector in general was the unprecedented pandemic that resulted in extended lockdowns and quarantines. The scope of this study also evaluated the impact of COVID-19 on the SVOD sector as well as user preferences during Ramadan, a period when television consumption typically spikes.

The findings offer us exceptional insights on how we can further scale up our offering - both in terms of content and tech-innovation - to deliver more value for our subscribers.

And as the study reveals, more people, from across the region, realise the real difference that STARZPLAY brings - and we will continue to surprise and delight them.



METHODOLOGY

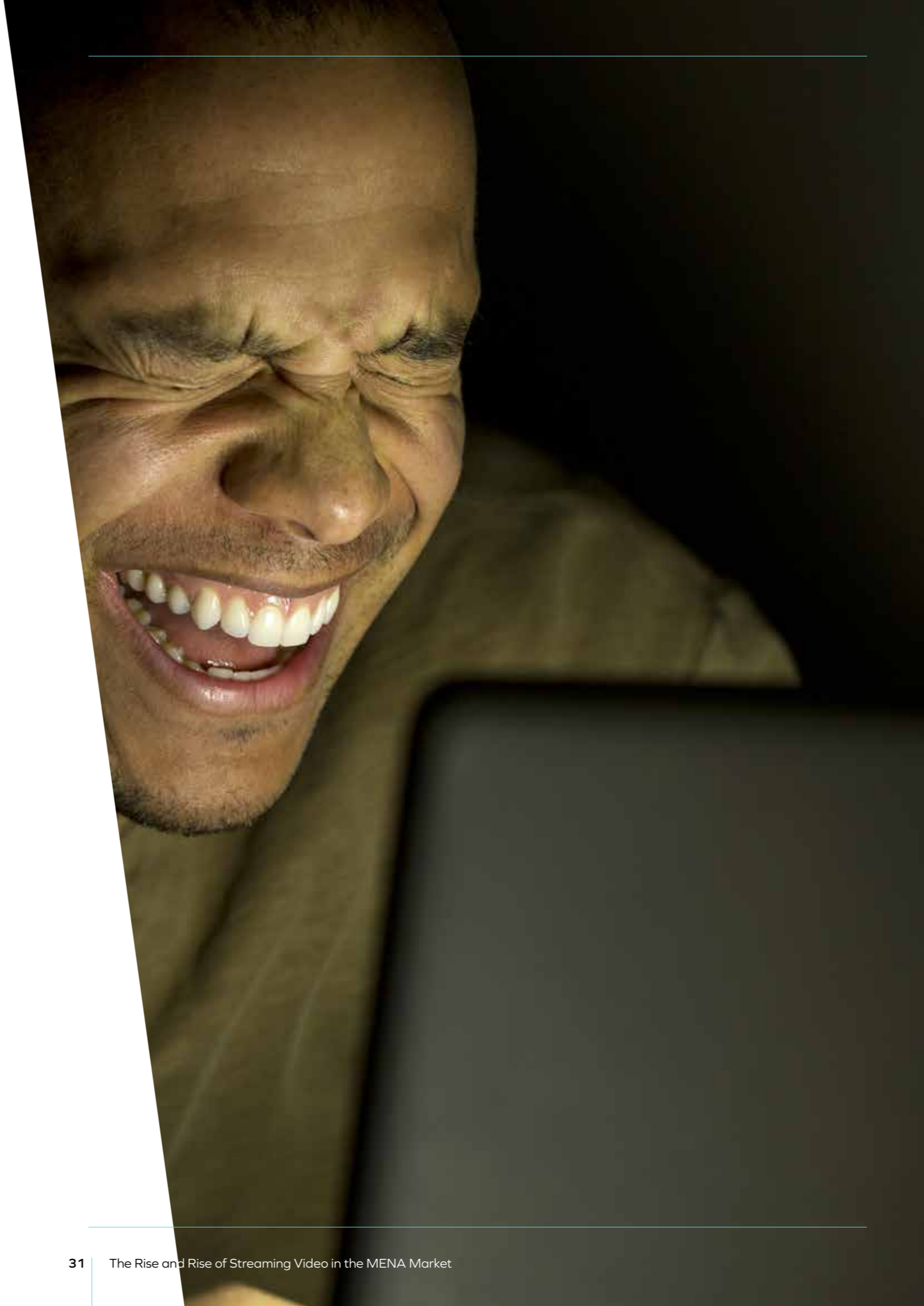
PSB's analysis focused primarily on the monthly level, except for Ramadan



STARZPLAY supplied PSB with a data set including total viewing time and unique users, both at the weekly and monthly levels, from January 2019 to May 2020.

PSB's analysis focused primarily on the monthly level, except for Ramadan, where the analysis is reflective of the most proximal whole weeks inclusive of the holiday in 2019 and 2020.

Analysis was conducted at the levels of content section, country, genre, language, programme type, platform, time of day and user tenure, as well as various permutations of the above.



STARZPLAY

STARZPLAY (www.starzplay.com) is a subscription video on demand service that streams Hollywood and Arabic movies, TV shows, documentaries, kids' entertainment and STARZPLAY original content - to 20 countries across MENA and Pakistan.

STARZPLAY has seen phenomenal year-on-year growth since its launch in 2015, reaching over a million paying subscribers and installed on more than six million devices. STARZPLAY has secured US\$125 million in equity funding through STARZ, a Lionsgate company (NYSE: LGF.A), State Street Global Advisors (NYSE: STT), and technology investment firms SEQ Capital Partners and Delta Partners.

The service carries thousands of premium titles including original hit shows like Baghdad Central, Power, Outlander, and Spartacus. STARZPLAY has long term licensing partnerships with a host of leading, global studios including Disney, Warner Bros, CBS, Showtime, Sony, Universal, MGM, and Fremantle.

STARZPLAY allows subscribers to watch its full HD and 4K content via a range of internet-enabled devices, smart TVs and game consoles, and is widely available on regional IPTV services. Its iOS and Android apps - installed on more than six million devices - also allow downloads for offline playback.

www.starzplay.com



PSB is a global insights and analytics consultancy. For more than 40 years, PSB has provided actionable insights and guidance for corporate, government and public sector clients in over 100 countries. With deep expertise across qualitative and quantitative research and social and predictive analytics, PSB brings an integrative approach to helping clients solve their most complex challenges and win in highly competitive situations. PSB is a member of the BCW Group of companies, which is part of WPP (NYSE:WPP), a creative transformation company.

www.psbresearch.com



