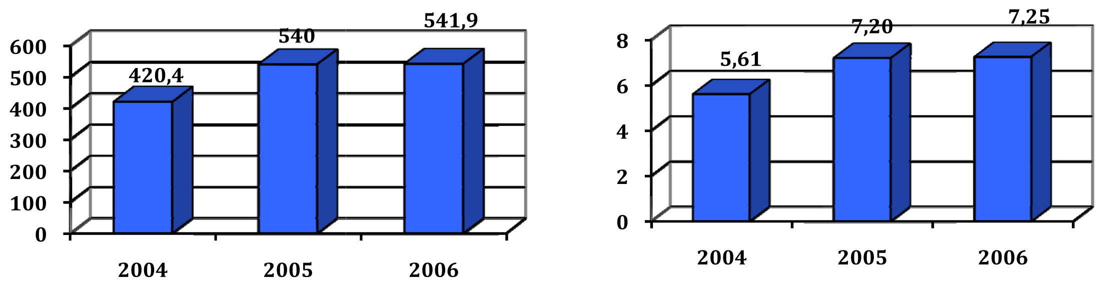
8. CABLE SYSTEMS

The largest cable system operators are SBB and PTT KDS. SBB has 46.5% of market share, whereas 16.37% goes to PTT KDS. They are immediately followed by IKOM with 13.4% market share. Currently, there are more than 540,000 cable network users. The majority of subscribers have been connected in the past few years, and the networks are mainly coaxial enabling solely one-way operation (radio and TV program distribution). By the end of 2010, the number of users is expected to reach 2,000,000.

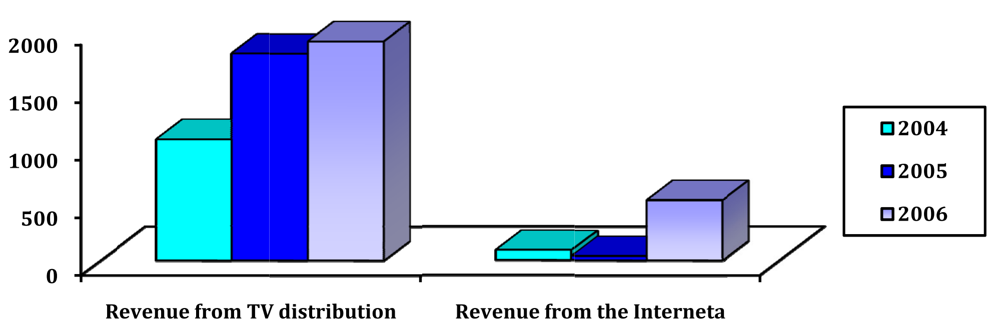
Figure 54. Total number of users (thousands)/Penetration



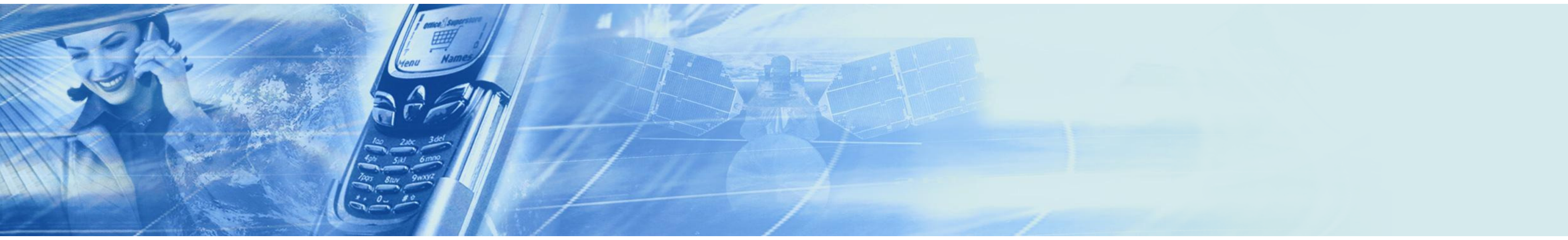
Izvor: RATEL

The total revenue was increased by 32%. This growth is primarily owed to the increased volume of the Internet service provision via cable network. Many ISPs who used to provide TV program distribution only are now providing the Internet service using the same infrastructure. The revenues form the Internet service provision was increased as much as 14 times, while the revenue from TV program distribution by mere 6%.

Figure 55. Increase in revenues of ISPs

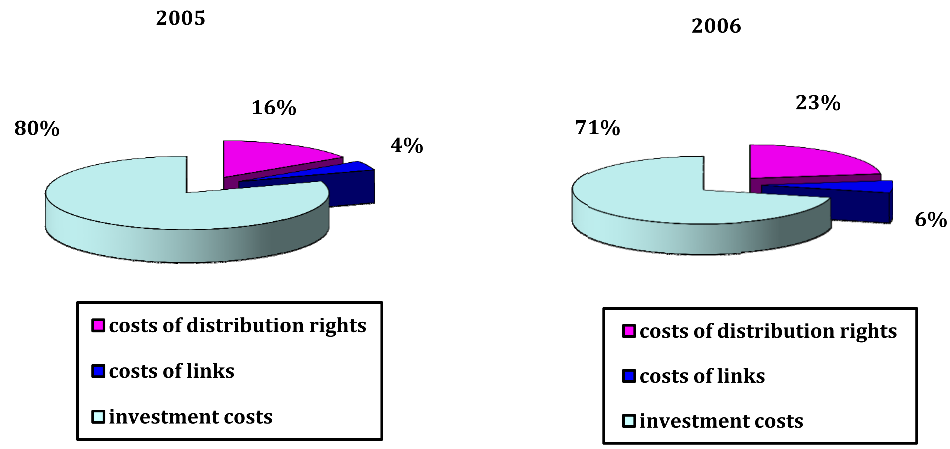


Izvor: RATEL



The total costs amount to approximately EUR 6.5 million, which is an increase of 62% compared with the previous year. Most assets were spent on investments, followed by costs of distribution rights. In 2006, the investments amounted to over EUR 16 million, which is approximately equal to the amount spent in 2005.

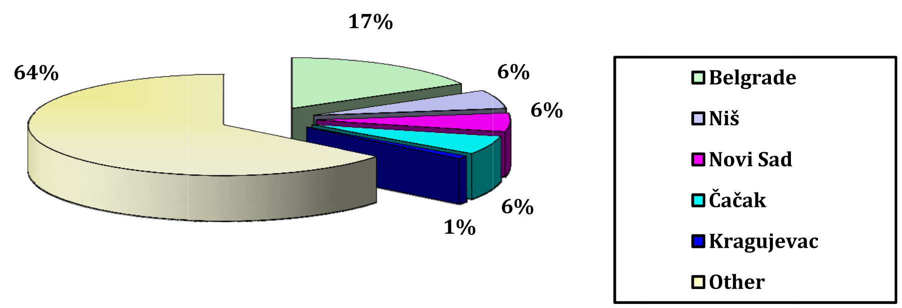
Figure 56. Cost allocation (RSD mil)



Source: RATEL

The geographic distribution of cable operators in Serbia is rather even – 1/6 operate in Belgrade, 1/6 in other large towns and 40% in the rest of Serbia.

Figure 57. Geographic distribution of cable operators



Source: RATEL