



## 5. PUBLIC MOBILE TELECOMMUNICATIONS AND SERVICES

There were significant developments in public mobile telecommunications networks in 2006, which concern changes in ownership structure, license issuance and replacement, that involve the following operators:

- **Telecommunications company Telekom Srbija a.d. - Mobilna telefonija Srbije MTS**, owned by Public company for PTT traffic Srbija (80%) and OTE, Greece (20%) (license replaced on 01.08.2006)
- **Telenor d.o.o. Belgrade**, 100% owned by Sonofon, Danmark (license issued on 01.09.2006)
- **Mobikom Austria**, owned by Telekom Austria group, Austria (license issued on 01.12.2006)

All three operators were granted a license for public mobile telecommunications network and public mobile telecommunications network services in accordance with GSM/GSM1800 and UMTS/IMT-2000 standards, issued by the Republic Telecommunication Agency. The licenses were issued for the territory of the Republic of Serbia, for a period of 10 years, which can be extended for another 10 years. Mobikom Austria was granted a license on 01.12.2006, but began operating in July 2007, under the name VIP Mobile d.o.o.



**Figure 30. Mobile operators - Telenor**

**Coverage Map**

■ Area covered by signal.



**Official data**



Name	<b>Telenor</b>
Head office	Belgrade
Founded	1994
Ownership	100% Sonofon AS
Number of employees	1025
Percentage of territory coverage	75%
Percentage of population coverage	92%
Number of base stations	879

**Source: Telenor Serbia**

The Norwegian company Telenor purchased the company Mobi63 in a public bidding procedure on 31 July 2006, thus becoming a 100% owner of a mobile operator in Serbia. In this way, Mobi63 became thirteenth company within Telenor telecom group, which also includes two networks from the region: Panon, Hungary and Promonte, Montenegro. Telenor began its business in the Republic of Serbia on 1 September 2006, after being granted a license for mobile telephone service provision for the territory of the Republic of Serbia by RATEL.

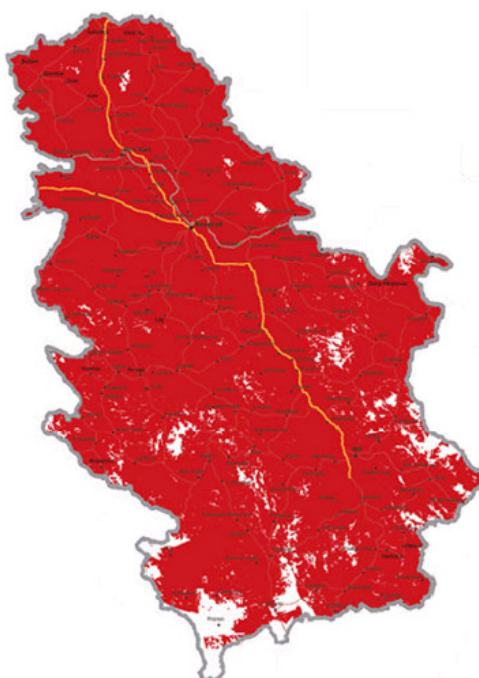
The company Telenor increased the coverage of territory by 2% compared with 2005, by building 48 new base stations. (Figure 30.).



**Figure 31. Mobile operators – Telekom Srbija**

### Coverage Map

■ Area covered by signal.



### Official data



Name	<b>Telekom Srbija a.d.</b>
Head office	Belgrade
Founded	1997
Ownership	80% JP PTT Srbija 20% OTE, Greece
Number of employees	537
Percentage of territory coverage	90.78%
Percentage of population coverage	97%
Number of base stations	1085

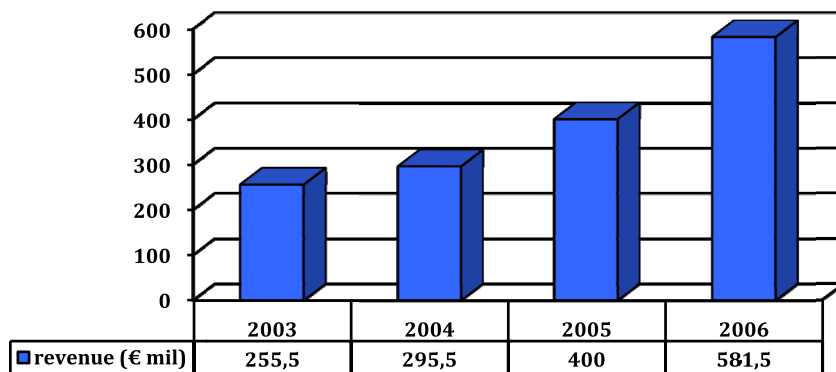
Source: Telekom Srbija

Telekom Srbija increased the coverage of territory by almost 4% compared with 2005, by building as many as 350 new base stations, in this way also increasing the coverage of population by 2% (Figure 31). In December 2006 they were the first to put 3G network into commercial operation, using the latest HSDPA technology. Third generation network enables a series of new services, such as real-time video calls and value-added services like video streaming, traffic cam and cinema clip.

In 2006, mobile telephony was the most profitable telecom branch in Serbia, with share in the total business volume of as much as 48%. Even more interesting is the fact that the increase in revenue compared with the previous year was over 45%.



**Figure 32. Increase in total revenue from mobile telephony (EUR mil)**



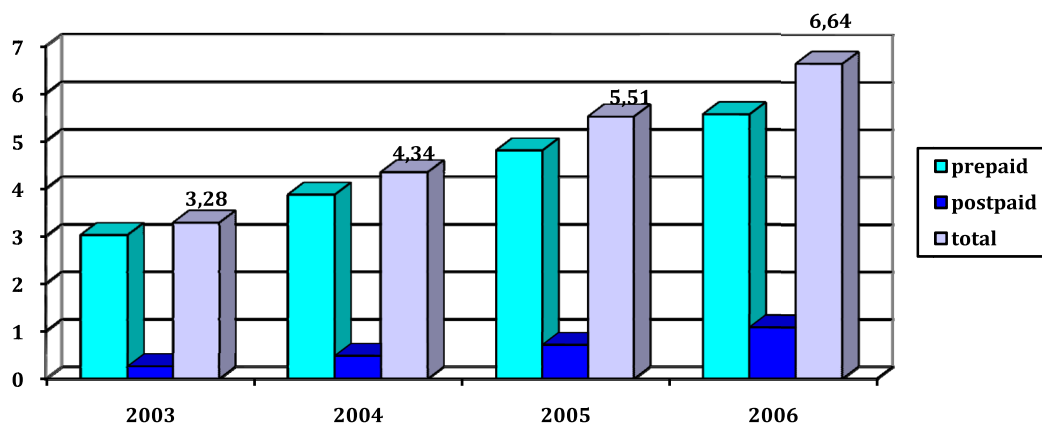
Source: RATEL  
\* estimated value

At the end of 2006, the total number of mobile users amounted to 6,643,722, which is an increase of 21% compared with the previous year. This number of corresponds to the percentage of 88.6%, which is above average in the region.

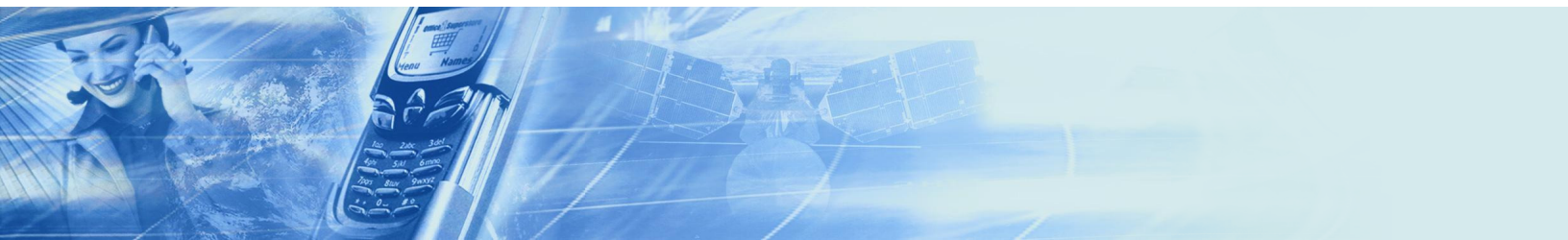
**6.64 million  
users**

The share of postpaid users in the total number is 16.3%, which is an increase of 3.5% compared with the previous year.

**Figure 33. The total number of mobile telephony (mil)**

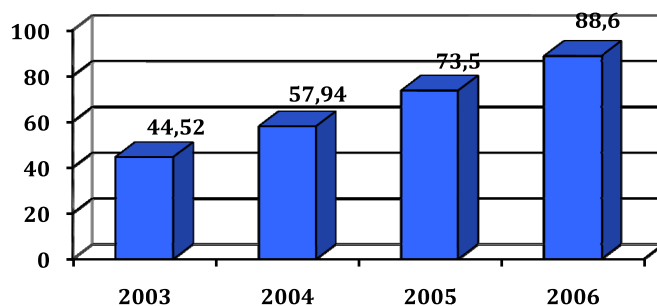


Izvor: RATEL



In 2006, there was a significant increase in mobile penetration, reaching 88.6% (Figure 34).

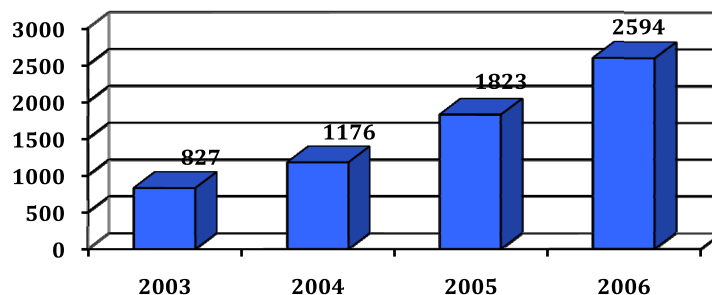
**Figure 34. Mobile penetration**



Source: RATEL

With the increase in number of users there was an increase in traffic as well, so that the consumed minutes amounted to 2.6 billion, which is an increase of 42%. Accordingly, the annual average is about 390 consumed minutes per user, compared with 330 minutes of outgoing traffic per user in 2005.

**Figure 35. Total outgoing traffic (mil. min)**



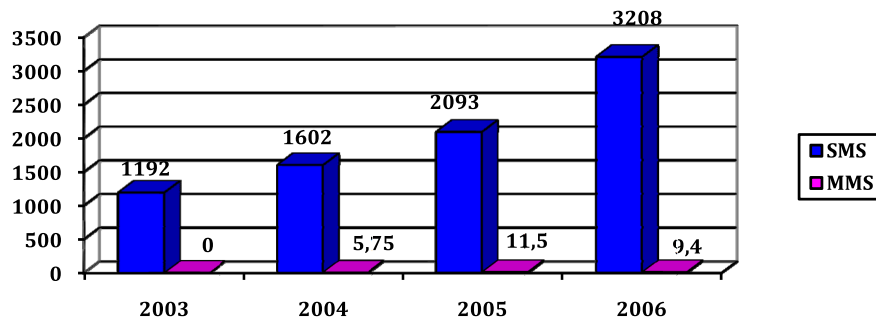
Source: RATEL

The number of SMS is constantly growing, arriving at 480 text messages per user a year in 2006, which is an increase of 50%. The number of MMS was reduced compared with the previous year. The total GPRS traffic was increased by nearly 8%, with over 8.2 Tbit/s for the whole year.



On 27 December 2006 Telekom Srbija began with commercial provision of the third generation mobile telephony, attracting 8,442 users by the end of the year.

**Figure 36. Number of sent SMS/MMS (mil.)**

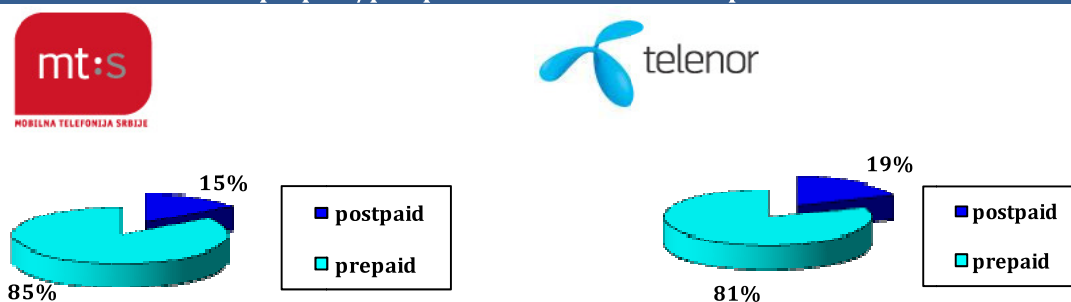


Source: RATEL

The operators provide a wide range of additional services to users, such as: voice mail, call divert, call waiting, conference call, sending and receiving of short messages (SMS), data transfer, fax, incoming call identification, hidden identification, itemised monthly bills, disconnection on request, connection on request, change of tariff package, replacement of damaged or lost SIM card, WAP, multimedia messages transfer (MMS), etc. With the introduction 3G network, new services emerged as well: real-time video calls, video streaming, cinema clip, etc.

Figures 37.-41. below show the market share of the two mobile operators in terms of the number of users, income and traffic.

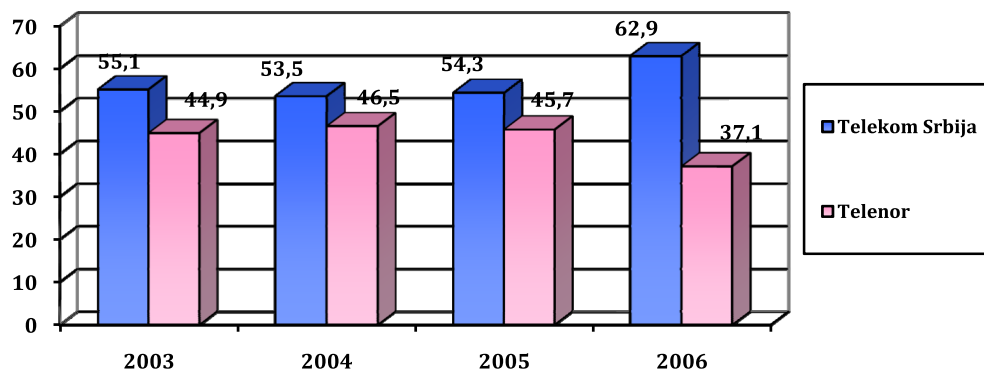
**Figure 37. Distribution of prepaid/postpaid users between the operators**



Source: RATEL

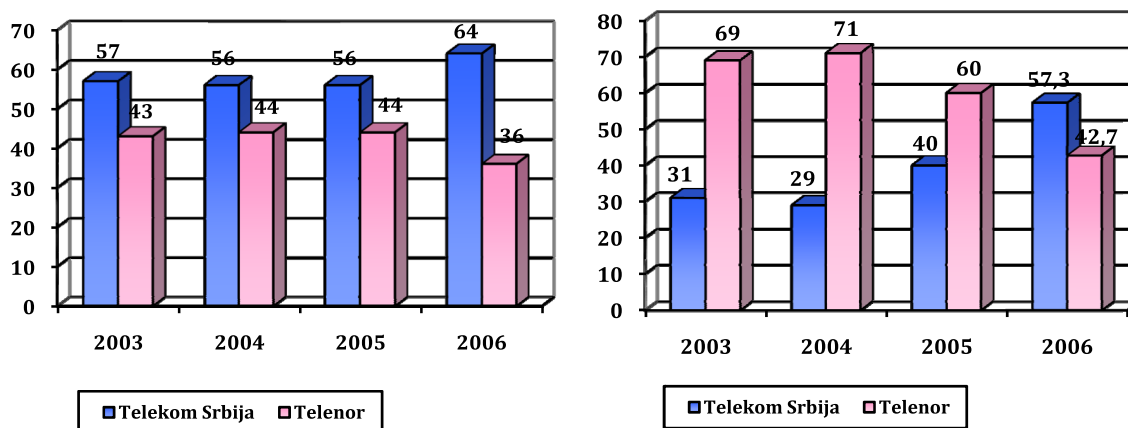


**Figure 38. Market share – total number of users (%)**



Source: RATEL

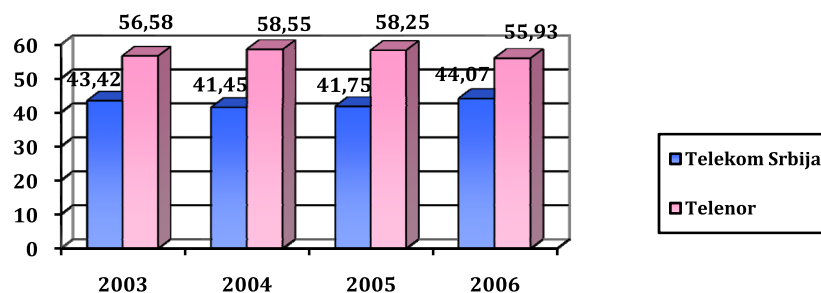
**Figure 39. Market share – number of prepaid/postpaid users (%)**



Source: RATEL

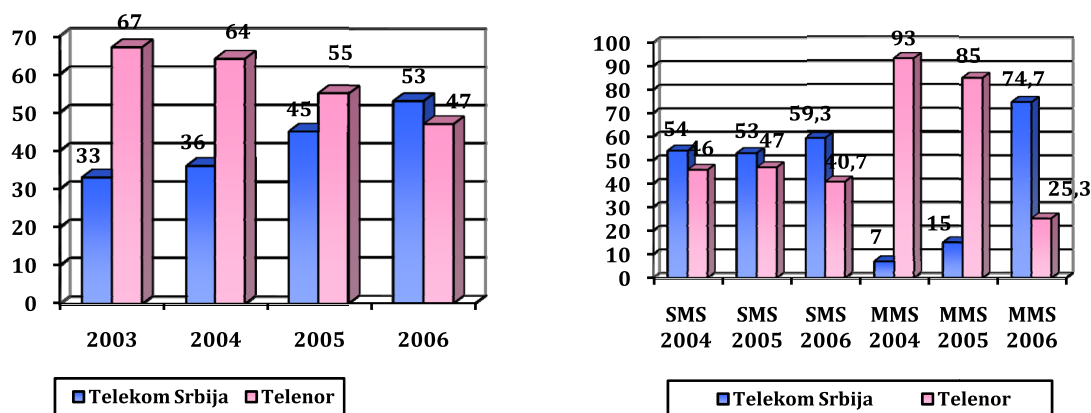


**Figure 40. Market share – revenue (%)<sup>1</sup>**



Source: RATEL

**Figure 41. Market share – outgoing traffic/ SMS-MMS (%)**



Source: RATEL

Mobile telephony is a typical segment which proves the often mentioned principle that the regulation leads to competition, which then enhances investments, resulting in increased penetration. During 2006, on the basis of the adopted regulations, the conditions were created for launching a public bidding procedure for license issuance. Three licenses were granted in this procedure (one license was replaced) bringing about full competition. This resulted in new services, new tariff packages and lower prices. The overall outcome was that in 2006 the number of mobile users reached nearly one million.

<sup>1</sup> Since Telenor began with its work in September 2006, the data for 2006 are estimation.