Republic of Serbia
RATEL
Regulatory Agency for
Electronic Communications
and Postal Services

AN OVERVIEW OF THE ELECTRONIC COMMUNICATIONS MARKET IN THE REPUBLIC OF SERBIA

The First Quarter of 2018

The Overview presents the data for the first quarter of 2018 along with comparative data for the second, third and fourth quarter of 2017.

The presented data reflect the overall market status for each given quarter, including the actual quarterly data for the leading electronic communications operators in the Republic of Serbia, whereas the data for the rest of the market were estimated based on the data for 2017 collected in the annual questionnaires. Therefore, the total quarterly report may show discrepancies with respect to the data collected in the regular annual questionnaires. The Agency shall not be held responsible for the correctness of the data submitted by the operators in the quarterly questionnaires.

Quarterly electronic communications market indicators referring to fixed telephony include the data on the operators that make up 99% of the market, in terms of the number of subscribers. The data on the market situation include CDMA subscribers and the effectuated traffic.

Quarterly electronic communications market indicators referring to mobile networks include the data on three mobile operators and since Q1 2018 the Agency has started to collect the data on mobile virtual operators, as well.

Quarterly electronic communications market indicators referring to Internet services include the data for the leading operators that make up approximately 91% of the market, in terms of the number of subscribers, whereas the data for the remaining 9% of the market were estimated based on the data for 2017 collected in the annual questionnaires.

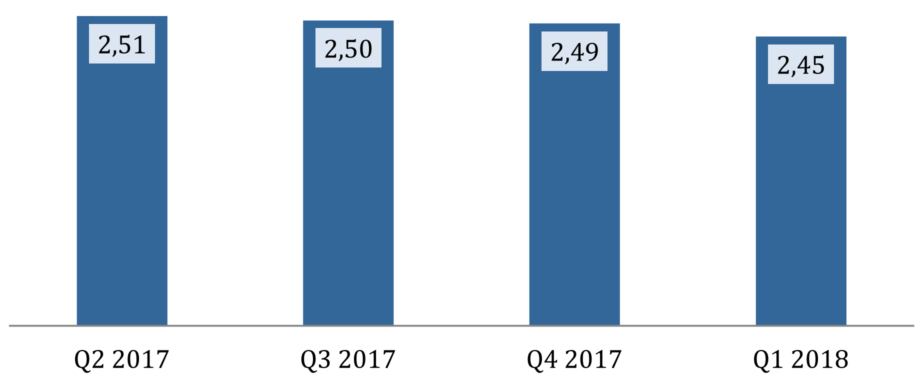
Quarterly electronic communications market indicators referring to media content distribution include the data for the leading operators that make up approximately 92% of the market, in terms of the number of subscribers, whereas the data for the remaining 8% of the market were estimated based on the data for 2017 collected in the annual questionnaires.

Quarterly electronic communications market indicators referring to bundle services include the data for the leading operators that make up approximately 98% of the market, whereas the data for the remaining 2% of the market were estimated based on the data for 2017 collected in the annual questionnaires.

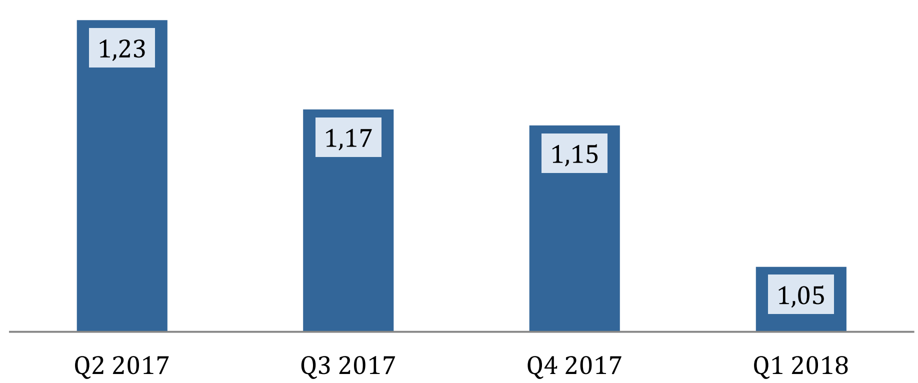
Public Fixed Telecommunications Networks and Services

The number of fixed telephony subscribers and the generated traffic in the Q1 2018 continue to decrease compared to the previous quarters. Slightly less than 2.5 million of fixed telephony subscribers generated approximately 1.05 billion minutes of traffic, which means that a fixed telephony subscriber on average spent 4.7 minutes a day on calls.

Number of fixed line subscribers (million)

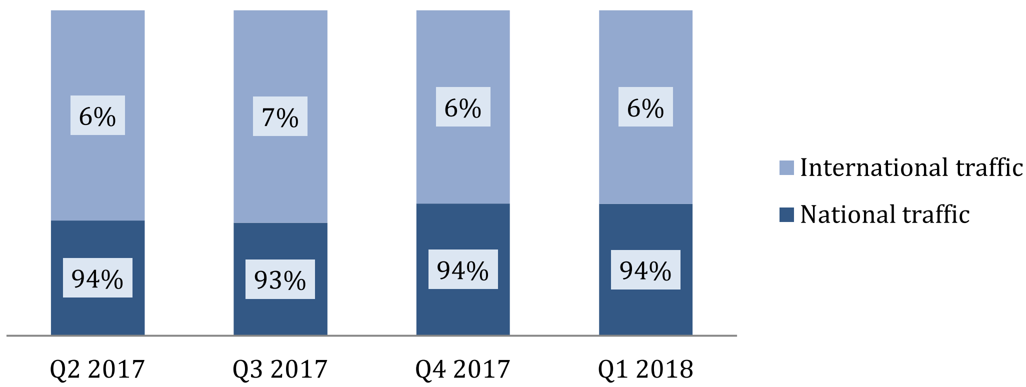


Total fixed telephony traffic (billion minutes)



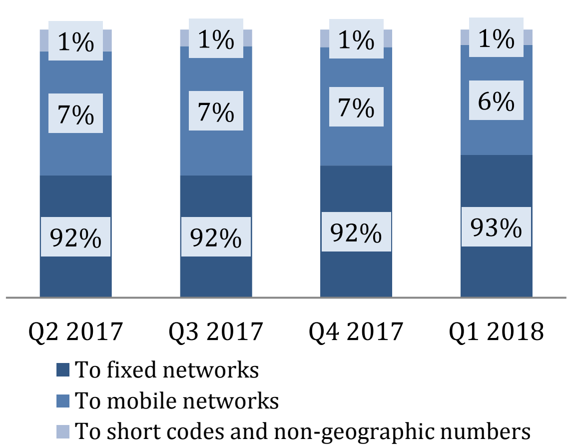
89% of the fixed telephony subscribers are residential users, i.e. natural entities, and the subscriber structure remains constant in the analyzed quarters. The largest share of the fixed telephony traffic is accounted for by the national traffic, with 94% in Q1 2018.

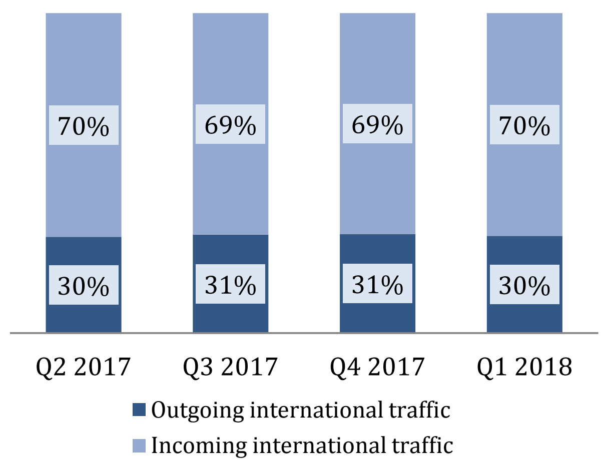
Fixed telephony subscriber structure



The outgoing telephone calls are mainly directed towards other fixed networks, while the international traffic is dominated by incoming calls.

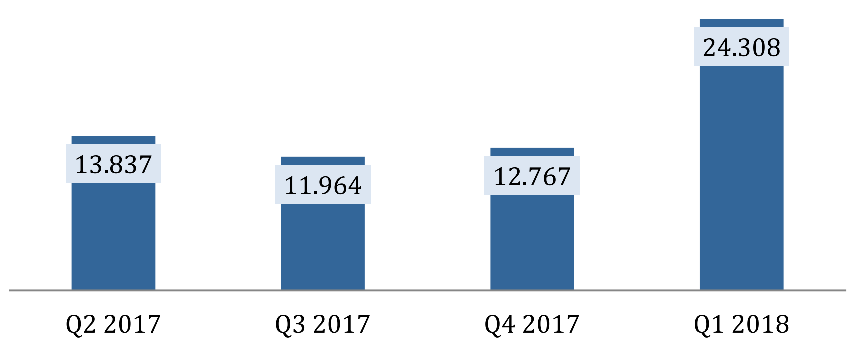
Structure of the national and international traffic in fixed telephony





The number of portings in Q1 2018 was approximately 24 308 (ca. 8 100 a month), which is a significant increase compared to the previous quarters.

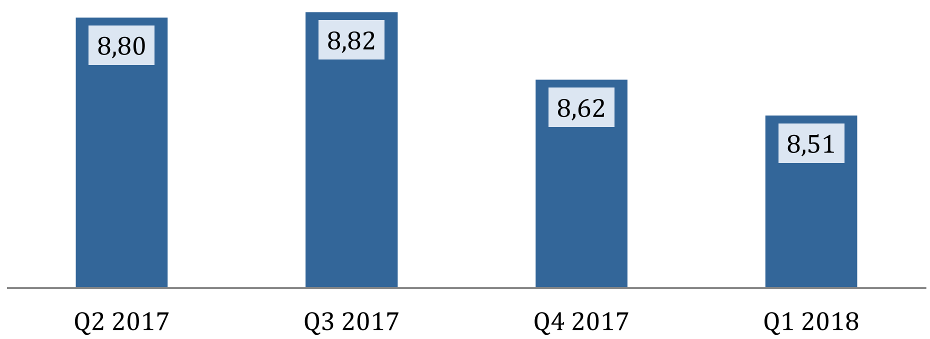
Fixed telephony number portings per quarter



Public Mobile Telecommunications Networks and Services

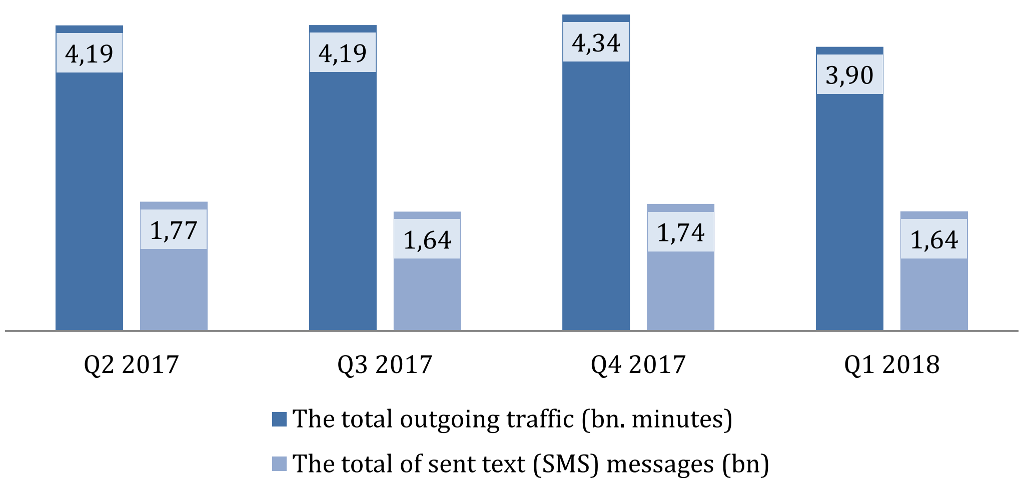
In Q1 2018, there were 8.5 million of active mobile telephony subscribers, who generated approximately 3.9 billion minutes of national and international voice traffic and sent approximately 1.64 billion text messages (SMS). On average, a mobile user spends 5 minutes a day on calls and sends 2 text messages. Mobile network market shows a drop in the number of active subscribers, mostly due to decreasing number of prepaid users, which decreases more rapidly than the number of postpaid users increases.

Total number of active mobile telephony subscribers (million)



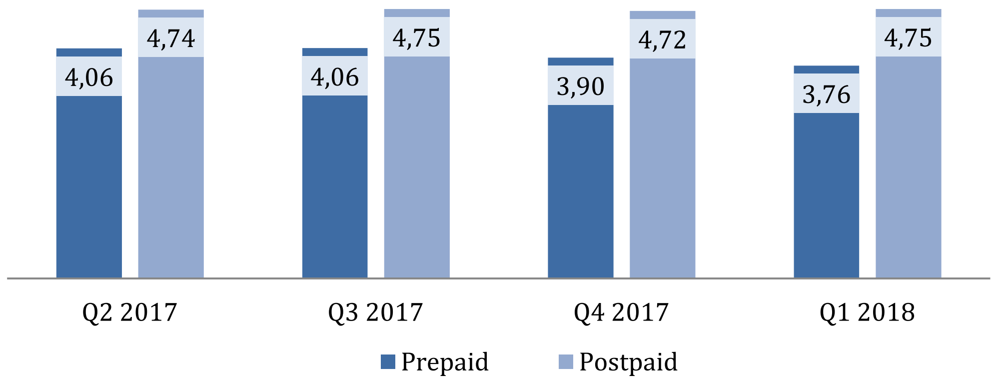
Compared to the previous quarter, voice and SMS traffic made on mobile network also showed a decrease in Q1 2018.

Generated voice and SMS mobile telephony traffic



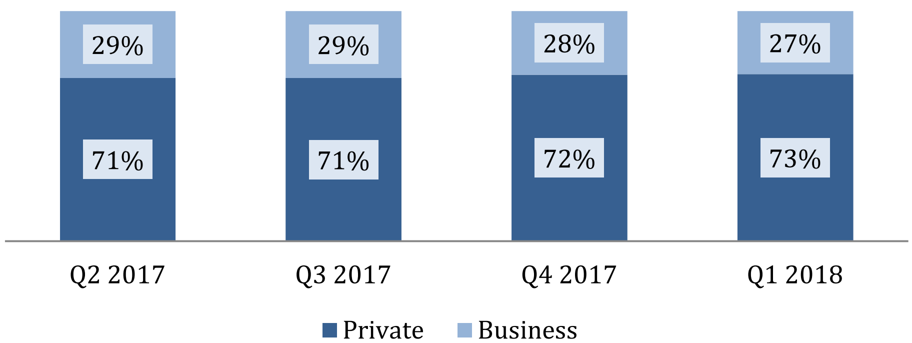
The number of prepaid users continues to drop in Q1 2018, the same as in all analysed quarter in the previous year. The number of postpaid users has increased compared to Q4 2017.

Number of prepaid and postpaid users (million)



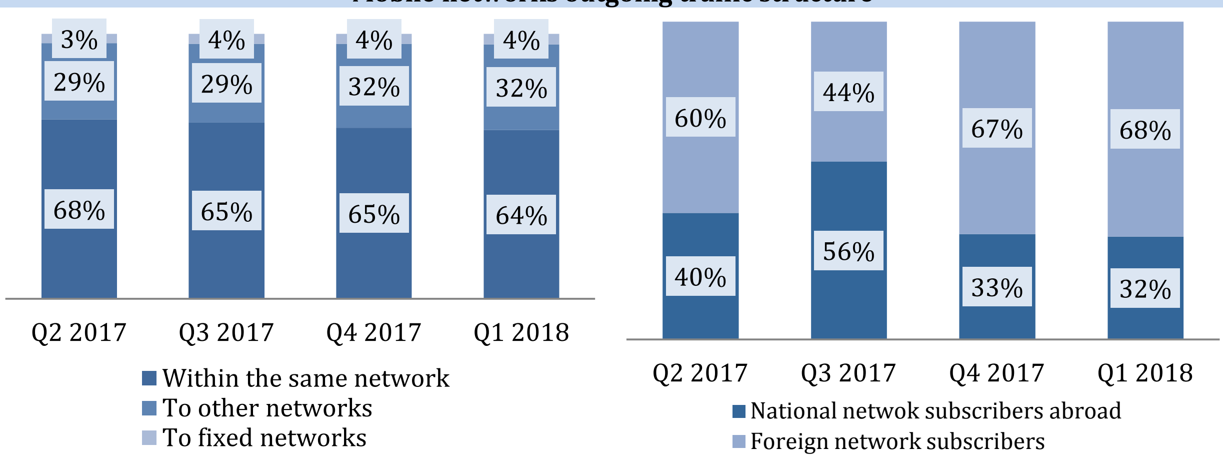
The majority of postpaid subscribers are still residential users. The number of postpaid subscribers continues to grow in Q1 2018.

Mobile telephony subscriber structure



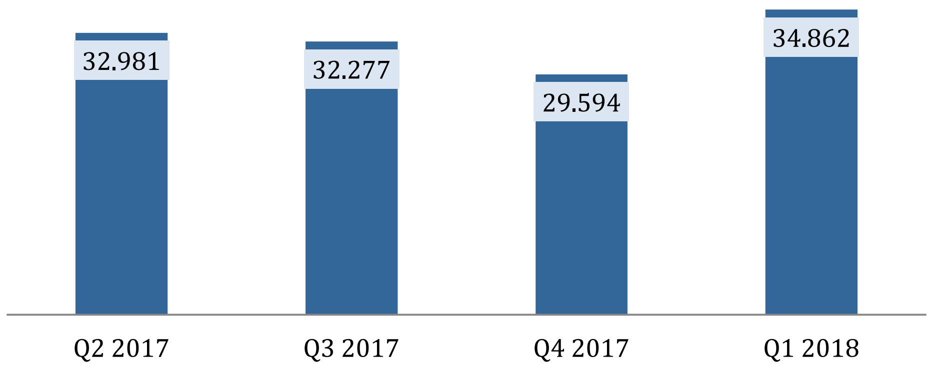
Most outgoing traffic is generated within the same network (64% in Q1 2018). As for roaming, the subscribers of foreign networks generated more roaming traffic than the subscribers of national networks abroad.

Mobile networks outgoing traffic structure



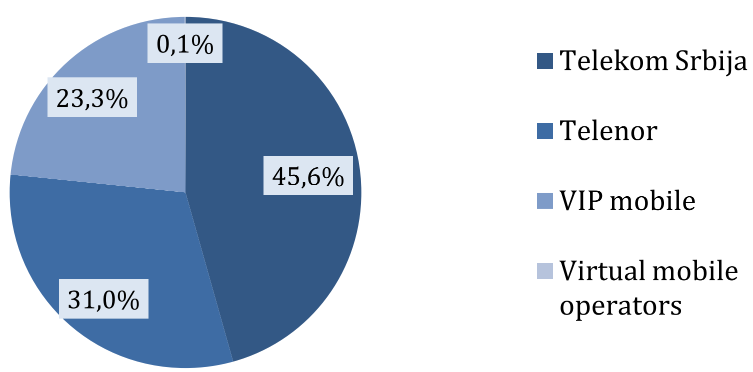
The number of mobile telephony number portings was nearly 35 thousand in Q1 2018, or almost 12 thousand per month, which is an increase compared to the previous quarter.

Mobile telephony number portings per quarter



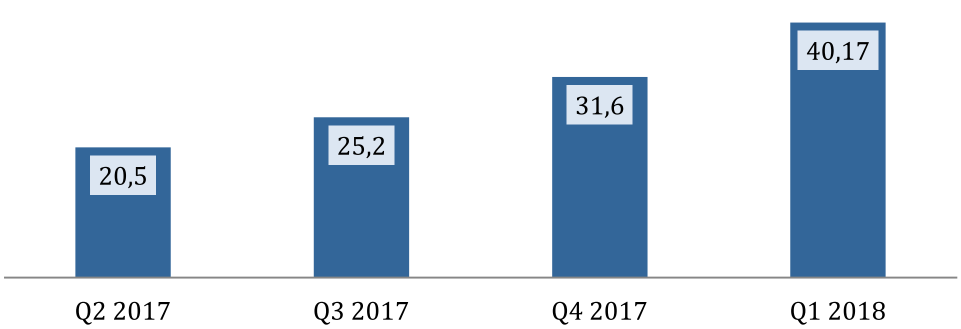
There haven't been any significant changes in market shares in terms of the number of users, compared to the previous quarters.

Market share in terms of the number of users – Q1 2018



Data transmission over mobile network showed growth in the analyzed period, amounting to approximately 40 million GB in Q1 2018, which means that a mobile Internet user spent on average 82 MB a day, or approximately 2.5 GB a month.

Mobile Internet traffic (million GB)*

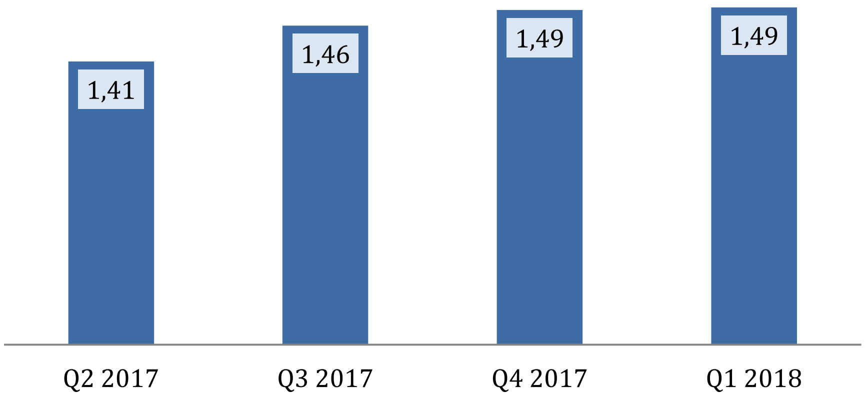


*Data for the last three quarters of 2017 have been corrected according to the data provided in 2017 annual reports.

Broadband Internet Services

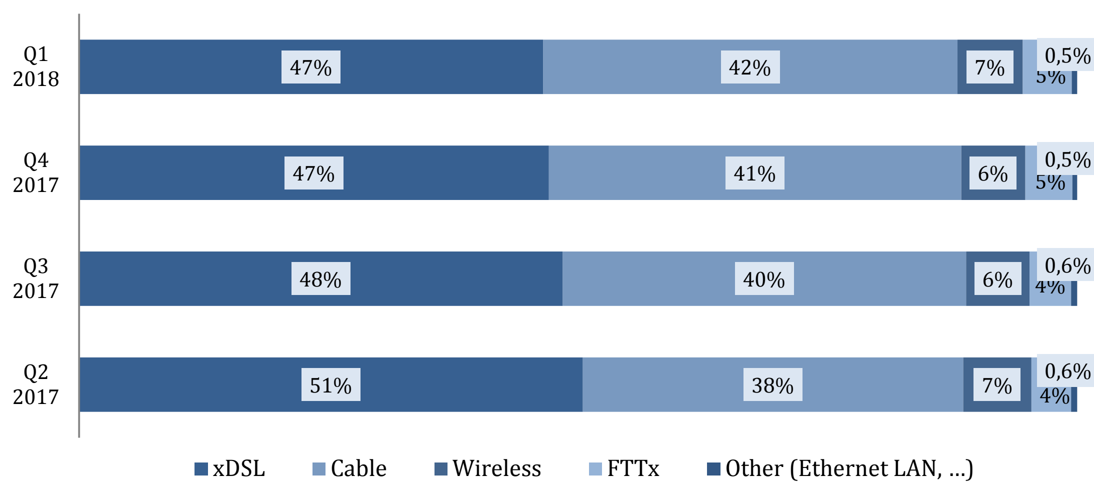
The number of fixed broadband Internet access subscribers showed a slight increase in the last three quarters of 2017 and a stagnation in 1Q 2018, amounting to approximately 1.5 million.

The number of fixed broadband subscribers (million)



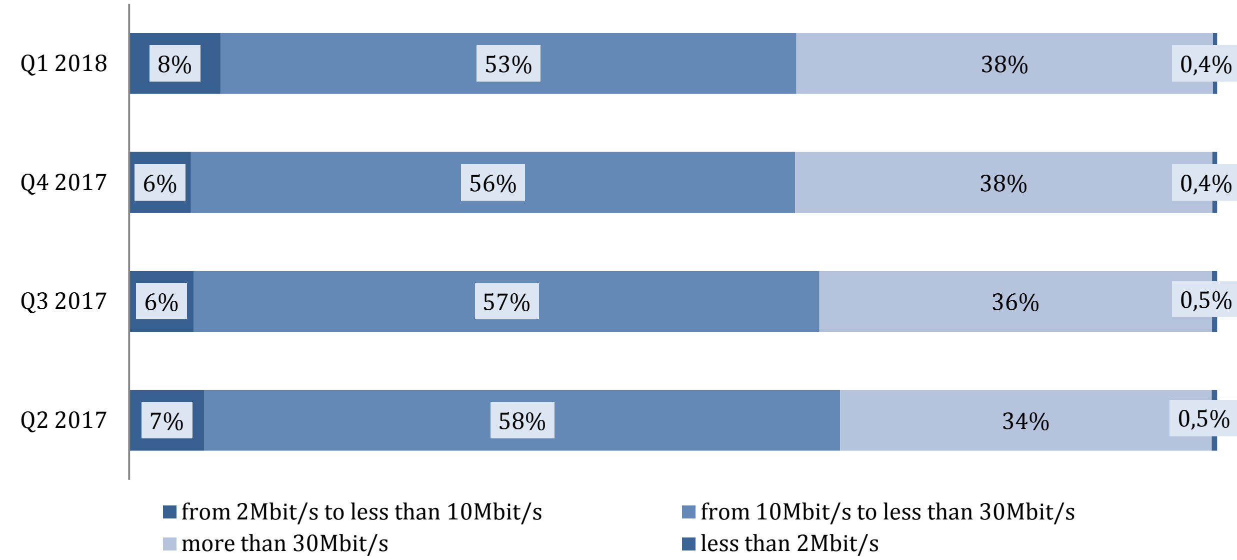
The majority of fixed broadband subscribers have xDSL or cable access. The number of xDSL subscribers showed a slight drop and the cable access a slight rise in the analyzed period.

Number of subscribers according to type of access



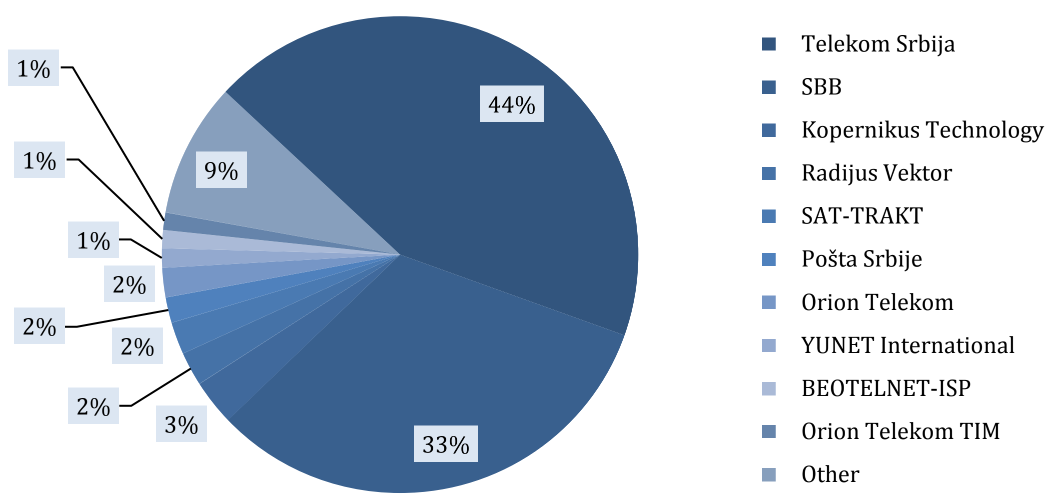
The majority of subscribers in all four analyzed quarters had access rates between 10 Mbit/s and less than 30 Mbit/s, while the number of subscribers with access rate of over 30 Mbit/s is also rising.

Number of fixed broadband Internet subscribers according to access rate



There haven't been any significant changes in the market shares over the analyzed quarters, in terms of the number of subscribers.

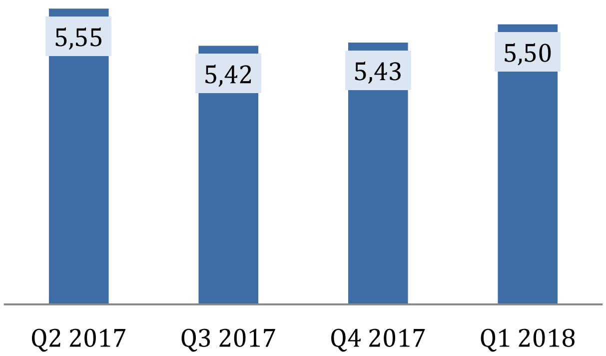
Market share in terms of number of fixed broadband subscribers – Q1 2018



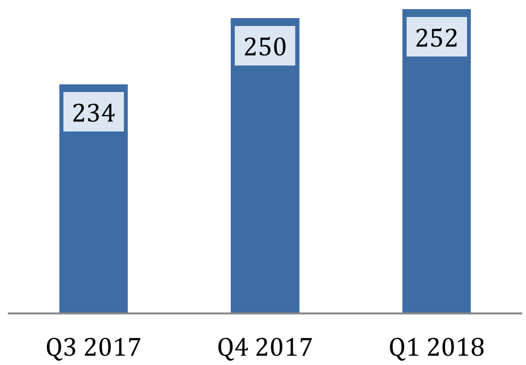
The number of mobile broadband users in 1Q 2018 was slightly higher in respect to the end of 2017, amounting to approximately 5.5 million. The number of M2M also showed a slight increase, amounting to approximately 252 thousand.

Number of active mobile broadband users and M2M subscription

Total number of active mobile broadband subscribers (in million)



M2M subscriptions (in thousand)

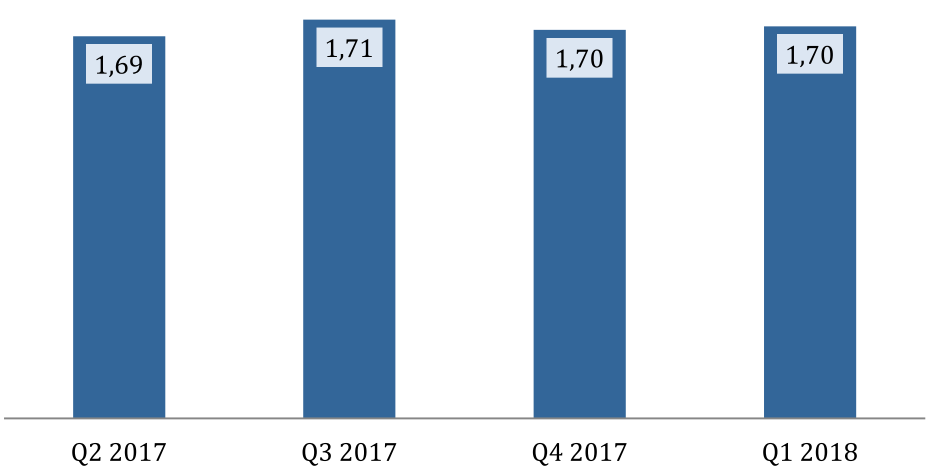


*Active mobile broadband users include data transmission service agreements that either include voice service or involve an extra package in addition to the voice tariff plan, and also single data transmission service agreements subscribed to separately from voice service (data card, dongle etc.).

Media Content Distribution

There have been no significant changes in the number of media content distribution service subscribers, amounting to approximately 1.7 million in Q1 2018.

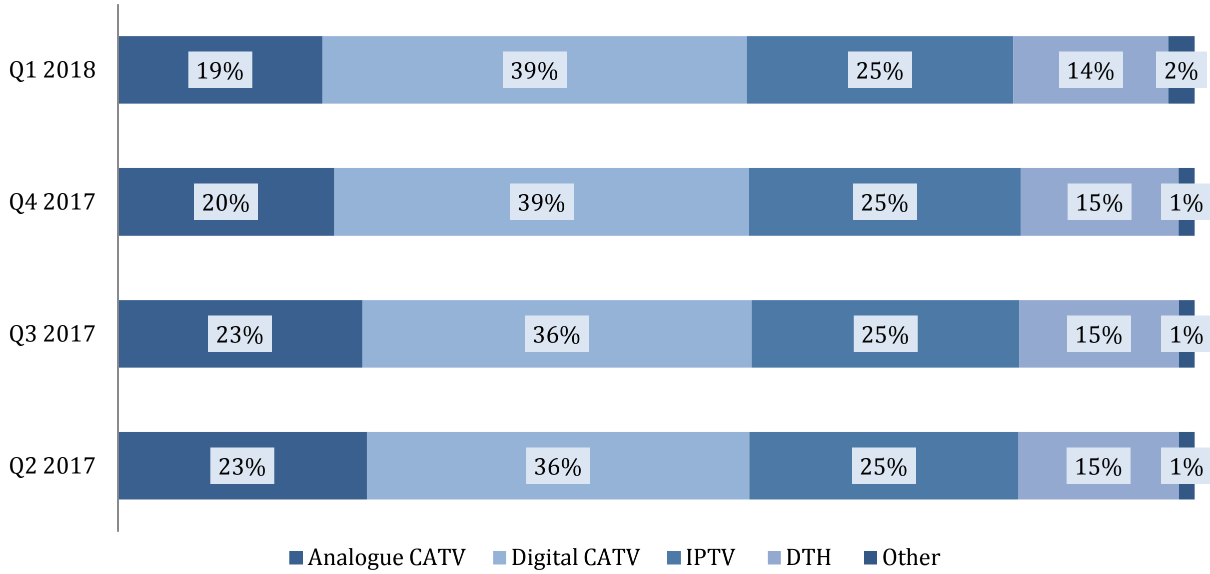
The number of media content distribution service subscribers (million) *



* Data for Q4 2017 have been corrected according to the data provided in 2017 annual reports.

In Q1 2018, the majority of subscribers used CATV distribution, either analogue or digital (almost 60%), whereas wireless network and Internet content distribution were leased used.

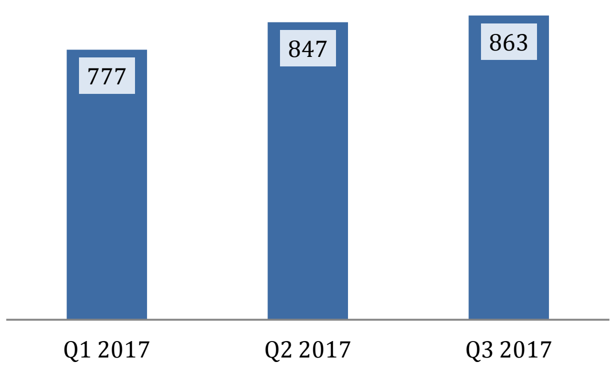
Media content distribution subscribers by type of distribution *



* Data for Q4 2017 have been corrected according to the data provided in 2017 annual reports.

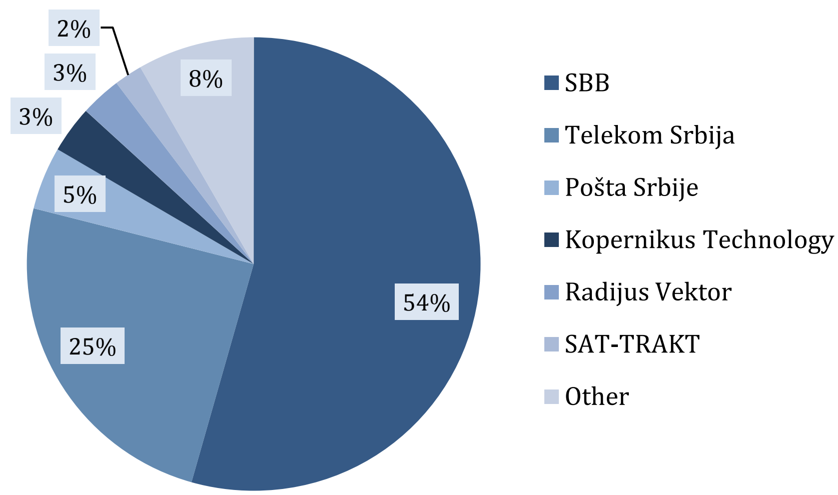
Number of met requests for additional services, including video on demand, recording, TV on mobile devices, playback, etc. continues to grow in the 1Q 2018, amounting to 69 million requests, or approximately 20 requests a month per user. The number of met VoD requests in 1Q 2018 was around 2.7 million.

Number of subscribers of the additionally charged channels (thousand)



There haven't been any significant changes in market shares over the three-month period, in terms of the number of subscribers. The leading operators make up approximately 92% of the media content distribution market.

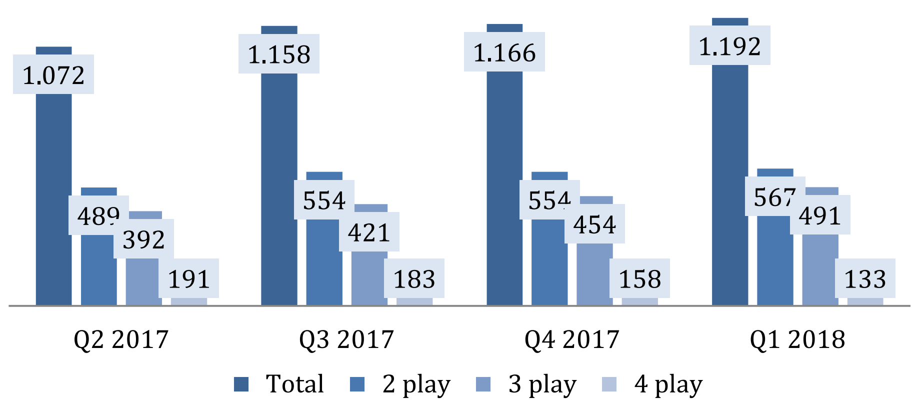
Market share in terms of the number of subscribers in Q1 2018



Bundled Services

The number of bundled service subscribers in Q1 2018 was almost 1.2 million. Packages offering two services were the most used, whereas the least used were quad-play packages that include mobile telephony.

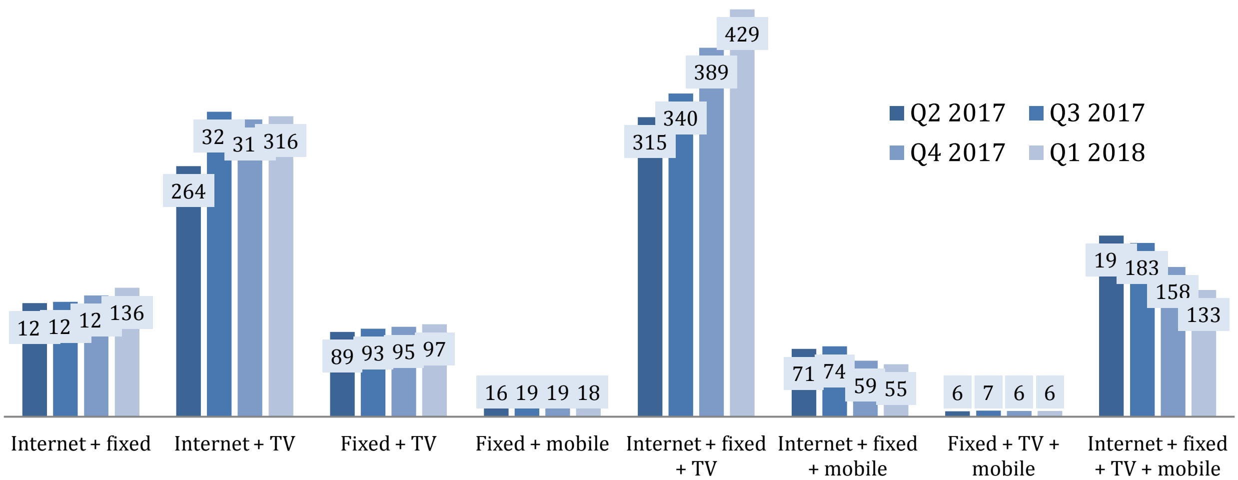
The number of bundled service users (thousands)



Most subscribers of double-play bundles used broadband Internet and media content distribution, whereas the most popular triple-play package included broadband Internet, fixed telephony and media content distribution. The number of quad-play users has dropped, as this service is no longer available for new users since mid 2017.

As for services, the most popular bundle is triple-play consisting of the Internet, fixed telephony and media content distribution, whereas there are less subscribers of bundles offering mobile telephony, as such bundles are no longer available for new users since mid 2017.

The number of bundled service users, by type of service (thousands)



Internet is usually purchased as a bundled service, whereas mobile telephony is generally purchased as a stand-alone service.

The share of services purchased as bundled and stand-alone in Q1 2018