Market Overview and Regulation in Albania

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AUTORITETI I KOMUNIKIMEVE ELEKTRONIKE DHE POSTARE

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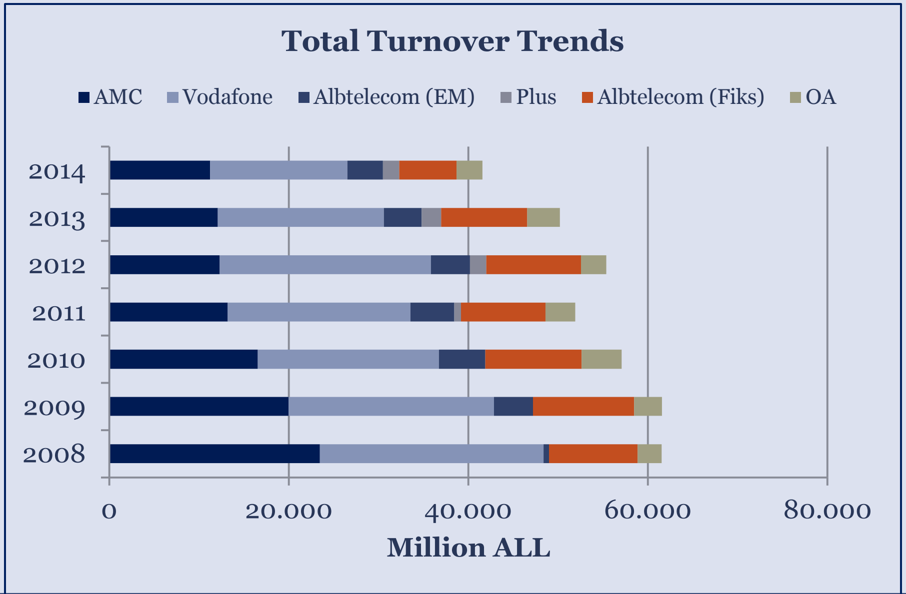
Market Development: Main trends

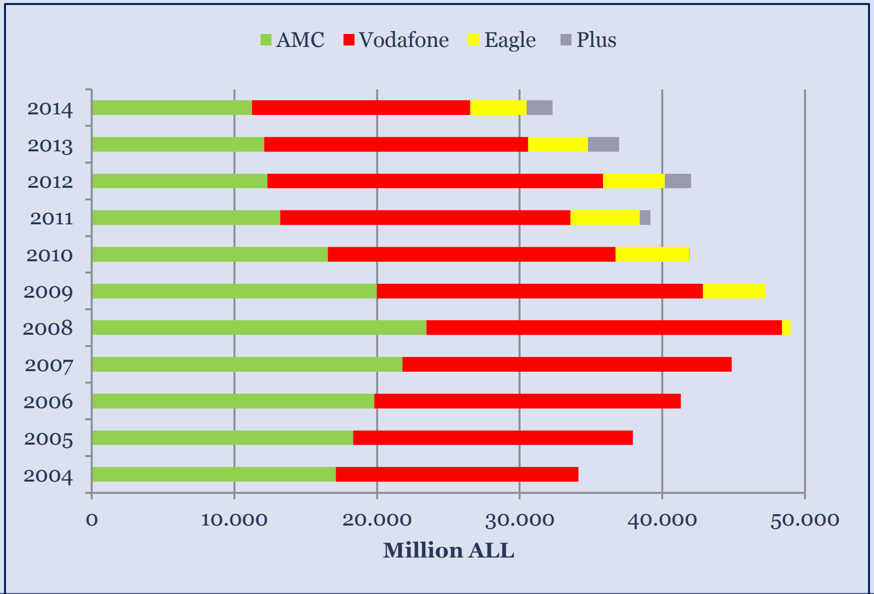
- Market turnover in decline since 2009 (exc. 2012)
- Fixed broadband subscribers: Growing trend (rate of growth slowing down)
- Mobile subscribers:
  - Increased usage of broadband
  - Lower number of GSM Subscribers/higher usage
- Fixed telephony subscribers: in decline since 2009
- Increased usage of bundled services: double and triple play, even 4-play offers lately from Albtelecom

Market TURNOVER

- Total market Turnover 2014: € 297 mil.
- 17% annual decline
- Main operators revenues in decline since 2009 (with some exceptions in 2012)

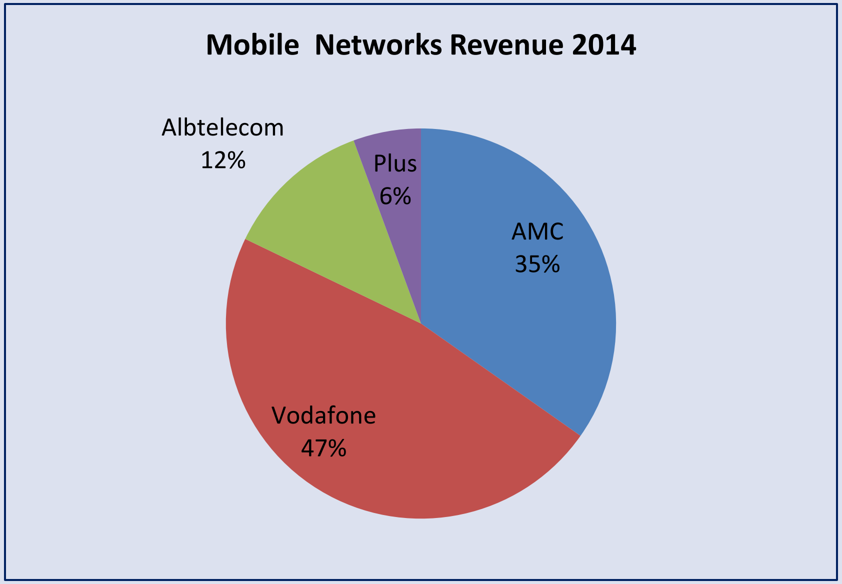


- Revenue from mobile v fixed networks: 78% v 22%
- Mobile networks: 13% decrease
- Fixed networks: 27% decrease
  - Albtelecom: -33%
  - AO: -11%

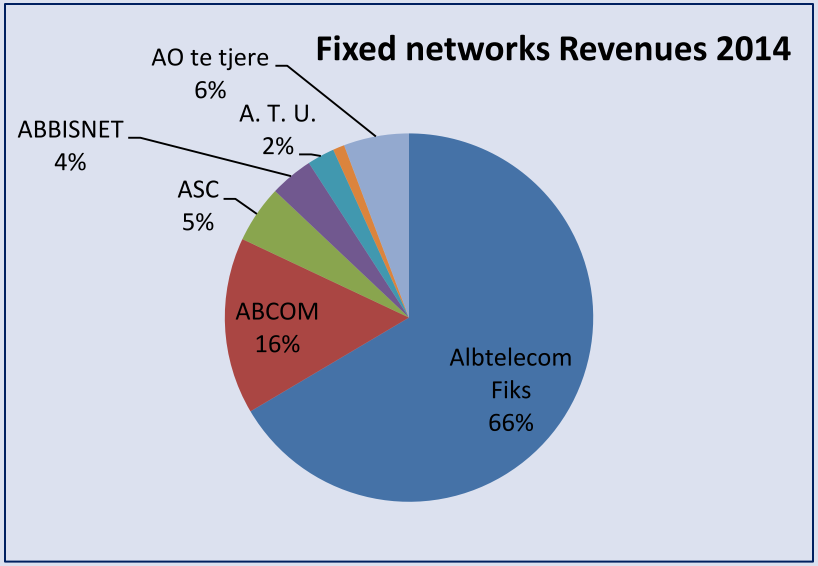


Revenue Market Shares

- Vodafone: 47% (50% in 2013)
- AMC: 35% (33% in 2013)
- EM 12% (11% 2013)
- Plus 6% (6% 2013)



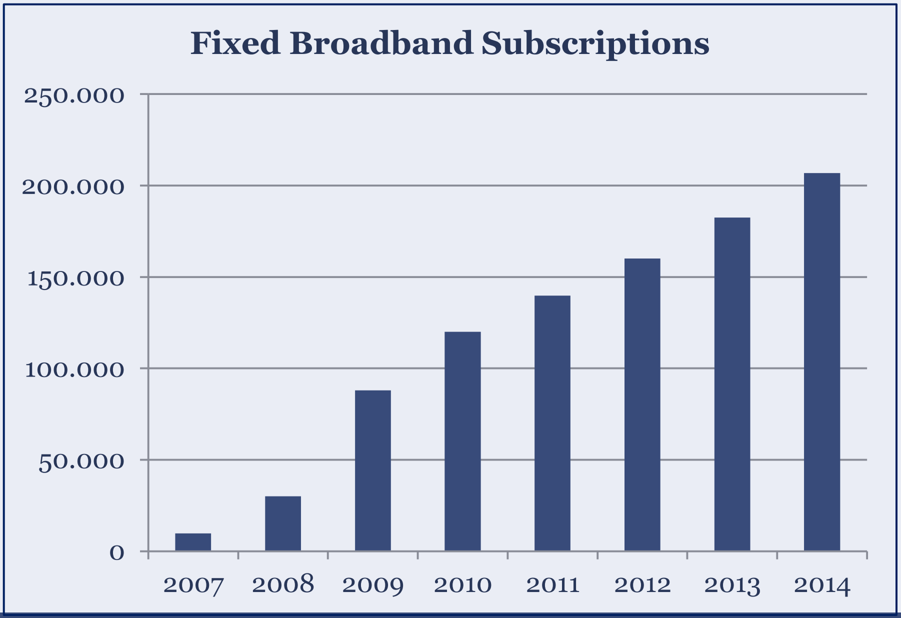
- Albtelecom (fix): 66% (72% in 2013)
- Abcom
  - 16% of total Fixed
  - 46% of total AO (35% in 2013)

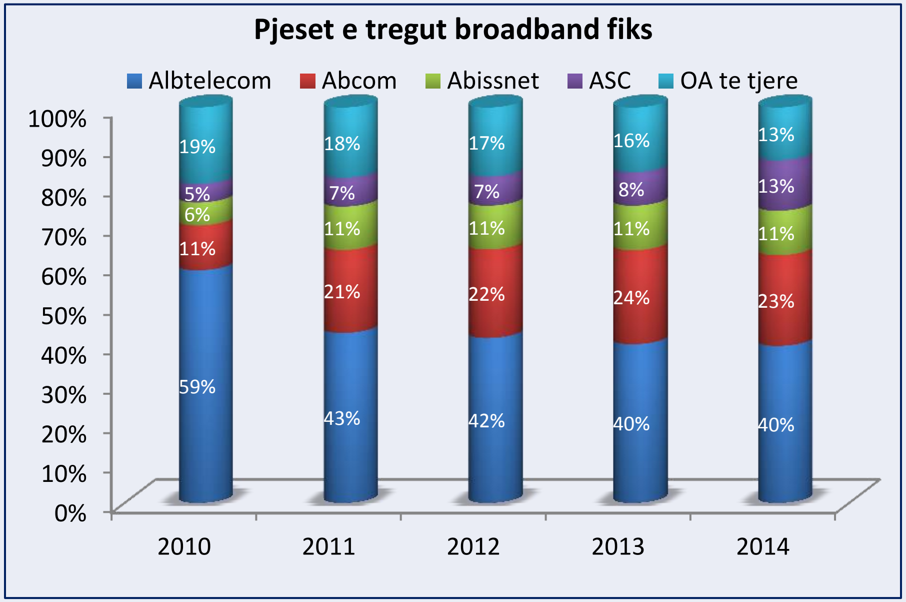


Fixed Broadband

- End of 2014: 207 000 Subscribers
- Annual Growth: 13% .
- 7.3% subscribers per 100 population
- 26% subcribers per 100 HH

- Market shares:
  - Albtelecom 40% market share
  - Three main alt.nets: 11-23% each
- Four main operators: triple play (Internet, telephony, TV)
  - Albtelecom IPTV subscribers 19% of total broadband subscribers



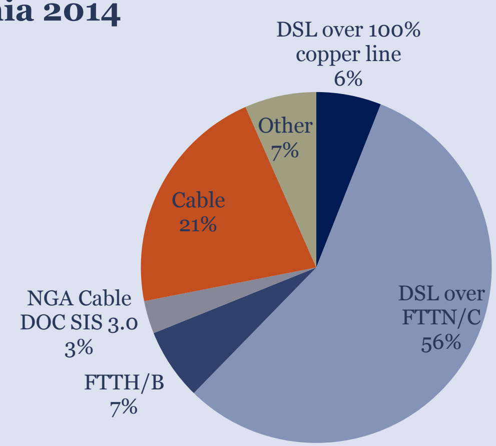


Fixed broadband by technology

Albania

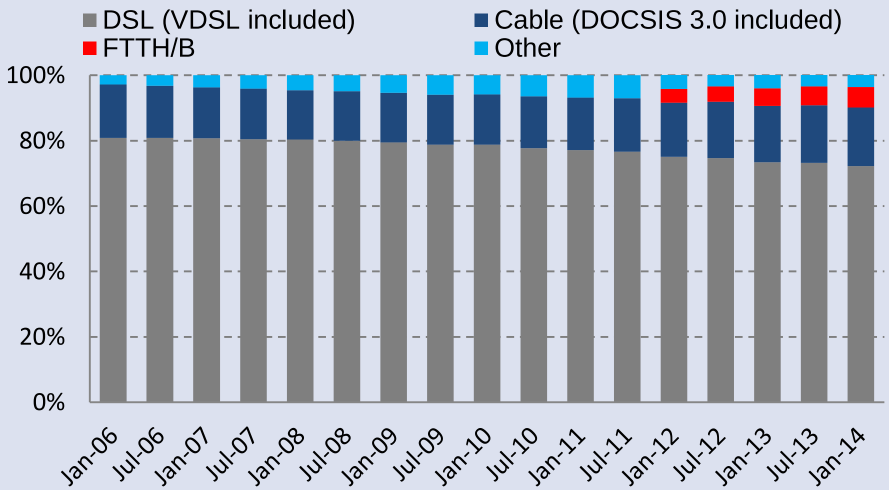
- DSL: 62% (FTTN/C 56%)
- Cable 24%
- Cable DOC SIS 3.0: 12% of total cable
- NGA Subscribers: 66% **mostly FTTN/C➔ scope for more speed (VDSL?)**

Albania 2014



EU

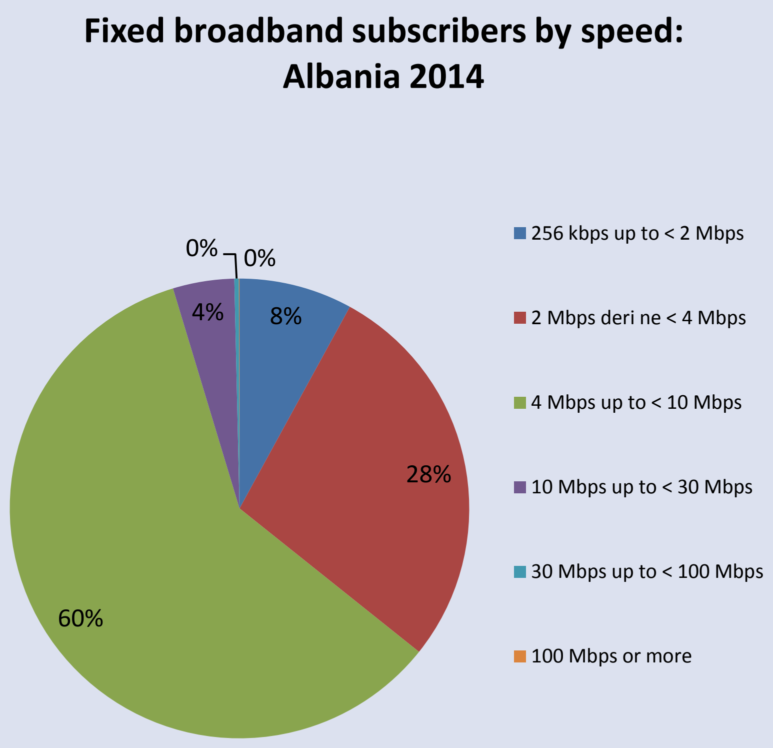
- DSL: 72% (VDSL included)
- Cable 18%
- Cable DOC SIS 3.0: 80% of total cable
- NGA: 27% mostly VDSL, FTTH/B and Cable DOC SIS 3.0



Source:

Fixed broadband by Download Speed

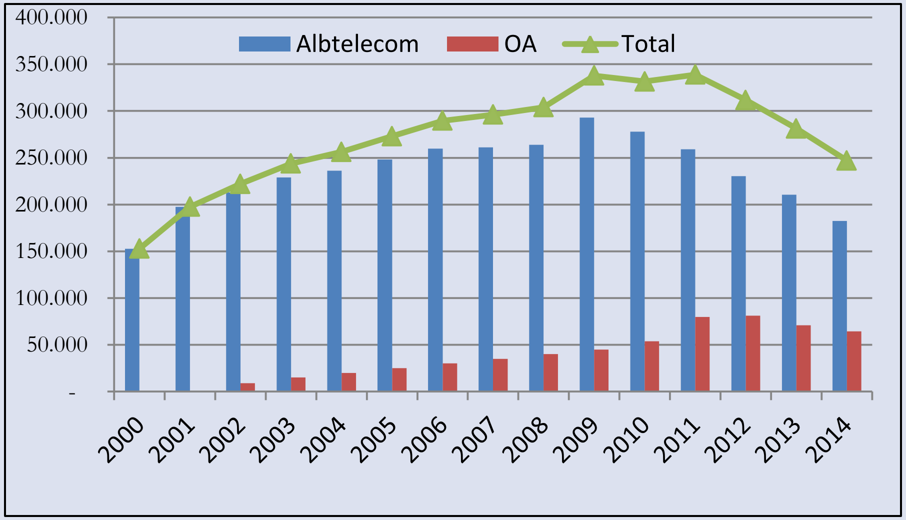
- 60% of fixed broadband subscribers on 4-10 Mbps
- Fast (30 Mbps) and ultrafast (100 Mbps) broadband:
  - Albania: insignificant (very close to 0%)
  - EU:
    - Ultrafast: 3% of HH
    - Fast: 15% of HH



Fixed telephony and broadband

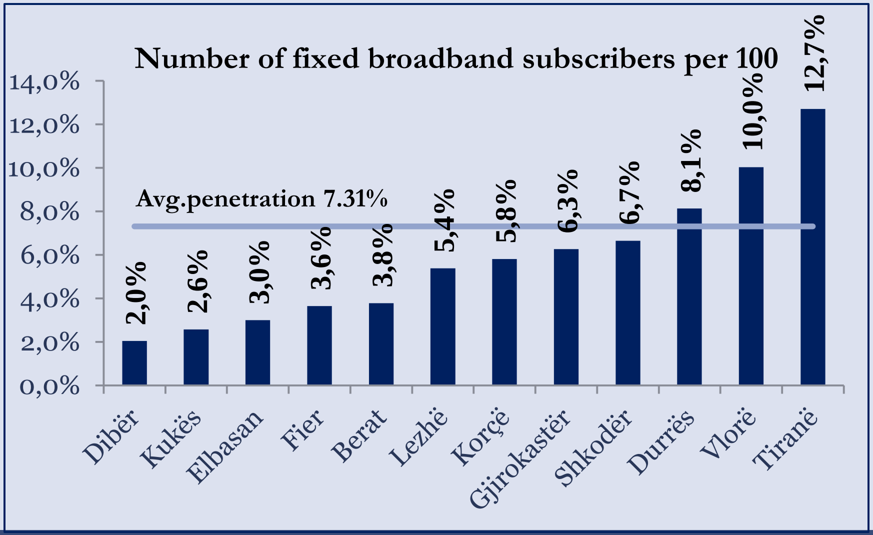
Fixed telephony

- 247000 subsc./12% decrease
- Urban/Rural Areas: 95% v 5%
- 41% of Subscribers in Tirana Region
- Penetration by region: 2.7-13.4%



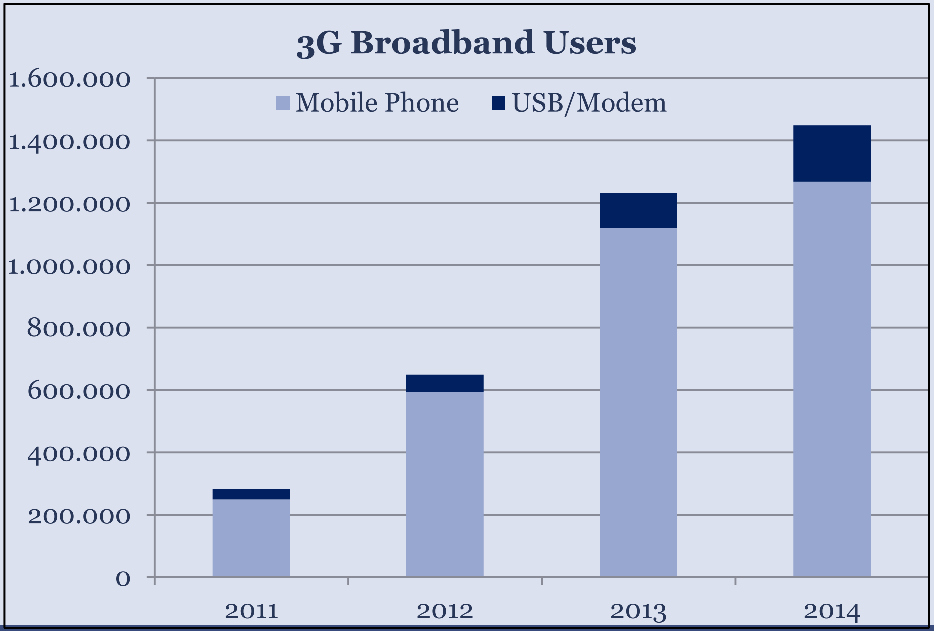
Fixed broadband

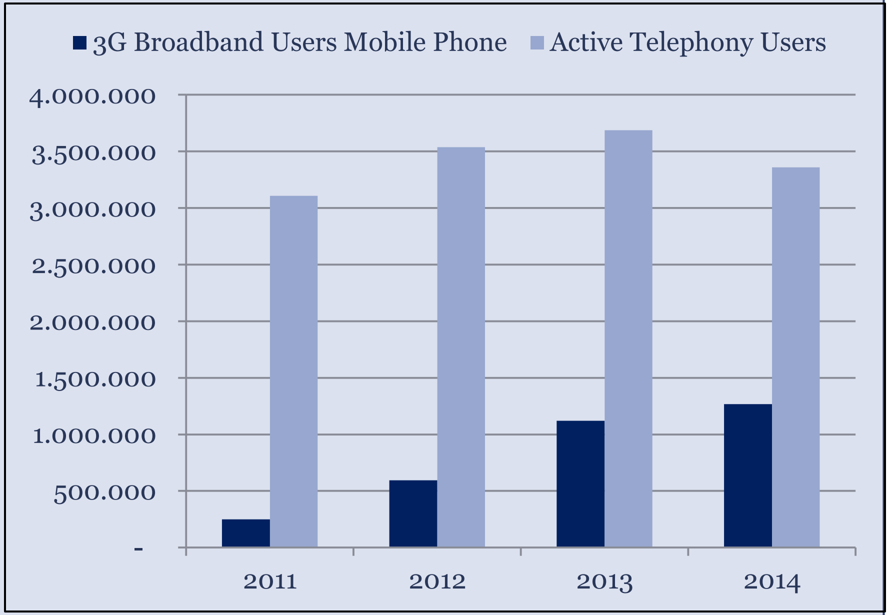
- 207000 subsc./13% increase
- Urban/Rural Areas: 93% v 7%
- 47% of Subscribers in Tirana Region
- Penetration by region: 2-13%



Mobile Broadband 2014

- 1.4 million users
- 18% Annual Growth:
  - Mobile Phones: 13% increase
  - USB/Modem: 63% increase
- 51% penetration per 100 population
- 38% of active telephony subscribers used 3G services in 2014
- Mobile data increase by 148%

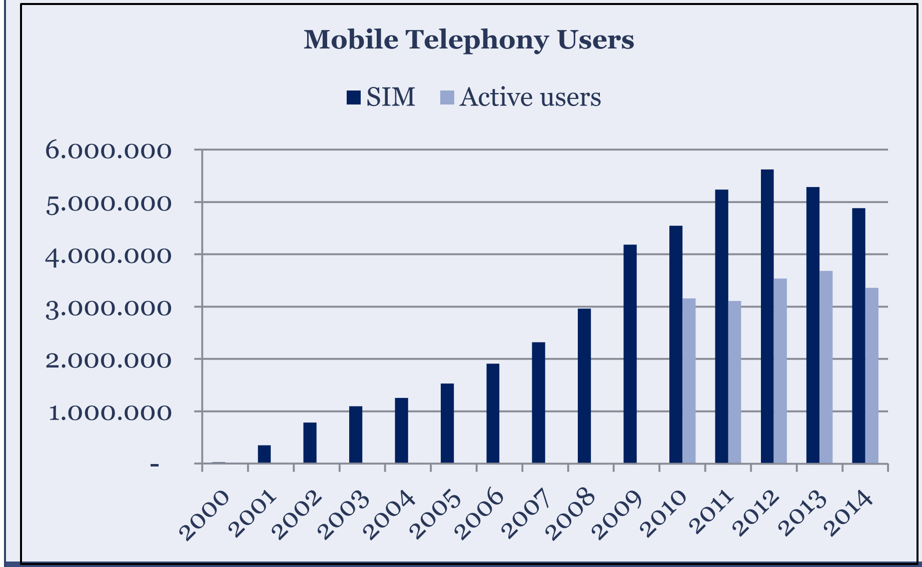


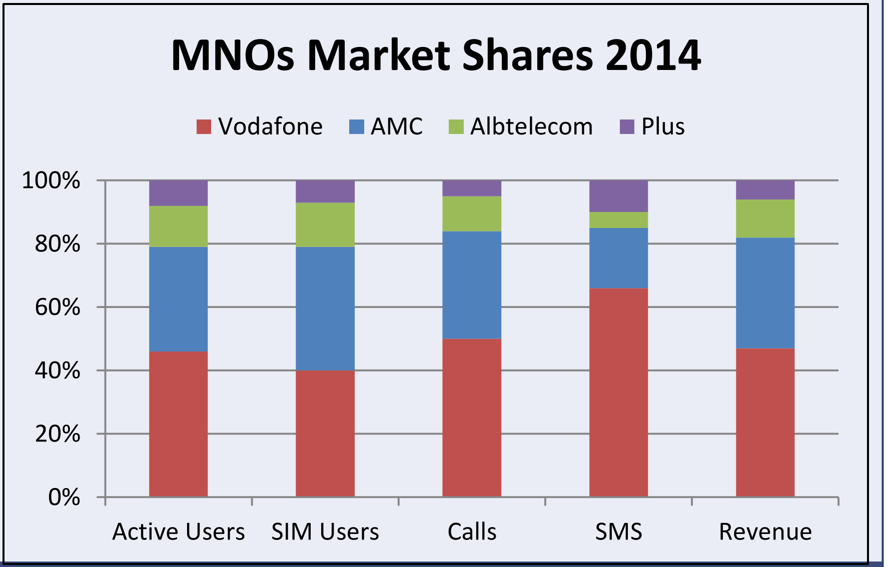


Mobile Telephony

- 4.8 million SIM users/172% penetration
- 3.4 million active users/119% penetration
- 8-9% reduction in subscribers
- Increased proportion of prepaid users: from 91% to 94%

- 8% increase of Calls and SMS
- 11% increase of outgoing calls and SMS per active user
- On-net calls: from 93% in 2013 to 83% in 2014
- Increased proportion of International and off-net calls (the latter still very low compared to on-net)
- ARPM/ARPU the lowest in EU and decreasing trend





Broadband/Infrastructure Market

- Most fixed operators with their own networks➔ Infrastructure based competition
- LLU not effective
- Bitstream Access: is starting to take place
- Very low passive infrastructure sharing in place:
  - 927 km access to dark fiber
  - 19 km: access to ducts (shared usage)

Market Analyses 2014-2015

Completed 2014:

- Wholesale Leased Lines
- Wholesale Broadband Access
- Wholesale Mobile termination and Retail Mobile Market
- Wholesale SMS termination

On-going 2015:

- Fixed telephony markets
- Wholesale Leased Lines
- Wholesale Broadband Access

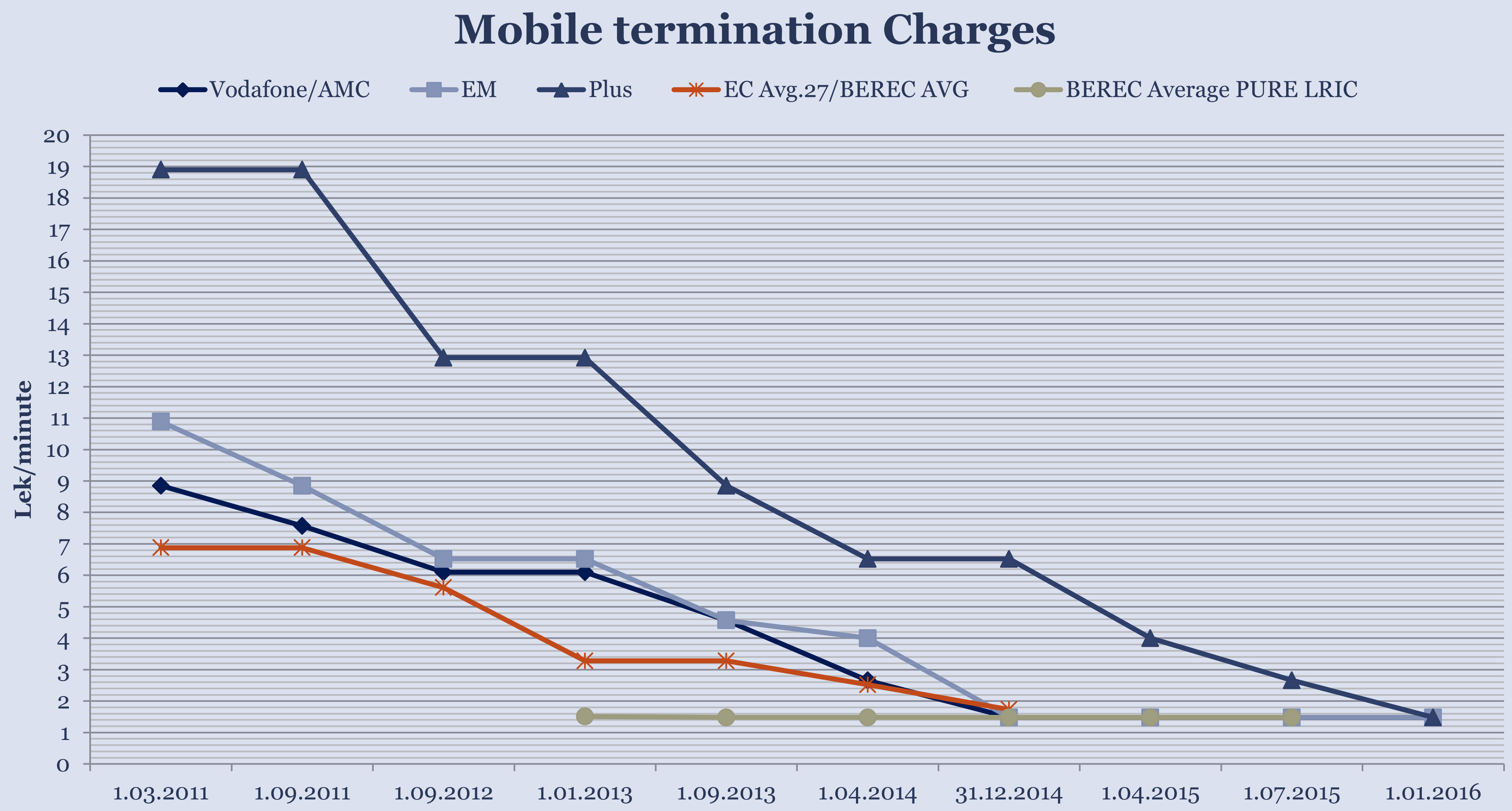
Leased Lines/Broadband Markets

- Albtelecom SMP:
  - Wholesale Terminating Segments of Leased Lines
  - LLU
  - Bitstream
- Main Remedies focus also on NGN/NGA:
  - Access to Ethernet leased Lines (Traditional (temporary) and NGN/NGA network)
  - Access to leased lines to connect MSAN-s aggregation node with individual MSAN
  - Access to LLU (full and shared), including access to MSAN-end users (regulated prices)
  - Access to passive infrastructure CE-MSAN (in place since 2012). Tariffs under commercial negotiation
  - Bitstream access, under ‘retail minus’ regulation
    - 31.03.2015: approx.1000 connections/2 concluded agrrements+2 on-going

Mobile Market Analysis 2014

- Wholesale SMS termination
  - SMP all 4 MNO-s
  - SMS termination charge: reduction from 1 eurocent to 0.7 eurocent/SMS
- Wholesale voice termination
  - SMP all 4 MNO-s
  - Voice termination charges:
    - Orientation to Pure LRIC, based on benchmark: glidepath started on 1.04.2014
    - 1.12.2014: 3 main MNO=AVG Pure LRIC (1.06 eurocent/minute)
    - 1.01.2046: Plus=AVG Pure LRIC
  - From 1.07.2015: non-discrmination between on-net/off-net charges

Mobile termination charges regulation



On-going processes 2015

- Market analysis for fixed telephony markets
- Market analysis for broadband and leased line markets
- Regulations on Passive Infrastructure Sharing.
- Feedback from the operators required/very important

Thank you

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