Market Overview and Regulation in Albania

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AKEP
AUTORITETI I KOMUNIKIMEVE ELEKTRONIKE DHE POSTARE

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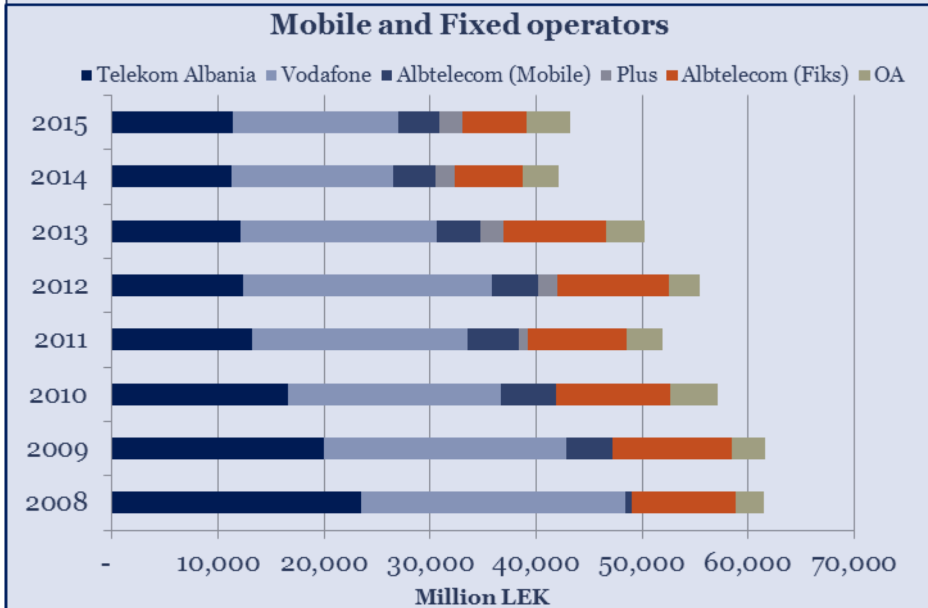
Market Main trends

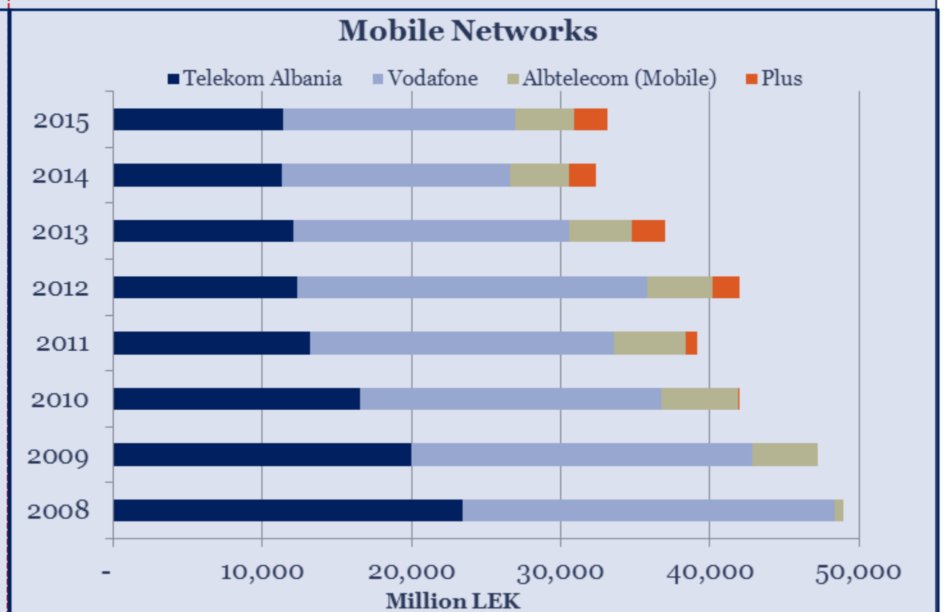
- Revenue growth for the sector (after many years of decline)
- Steady growth of fixed broadband
- Significant growth of mobile broadband due to 4G
- Higher substitution of mobile voice and SMS with OTT services
- Fixed telephony subscribers: in decline since 2009
- Number of subscribers to triple play bundles increased 3 times
- IPTV important driver for increased broadband connections

Market TURNOVER 2015

- Total market Turnover: € 309 mil.
  - 3% annual growth
  - Growth after decline since 2009 (exc.2012)
- Main operators revenues stable
- Revenue from mobile v fixed networks: 77% v 23%

- Mobile networks: 2% growth
  - Vodafone, Telekom, EM: 0-2% increase
  - Plus: 20% growth
- Fixed networks: 3% growth
  - Albtelecom: -6%
  - AO: +22%



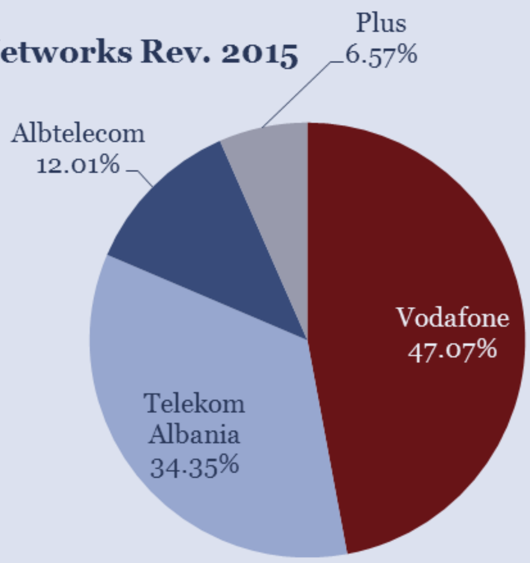


Revenue Market Shares

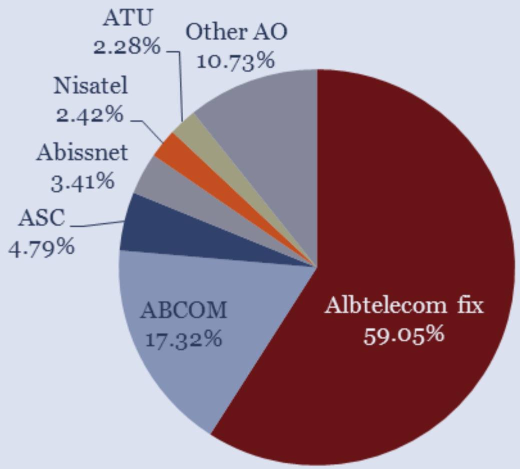
- MNO-s market shares stable in 2014-2015
- 62% of MNO investments in 2015 for broadband

- Albtelecom market share in fixed sector declined from 66% in 2014 to 59% in 2015

Mobile Networks Rev. 2015



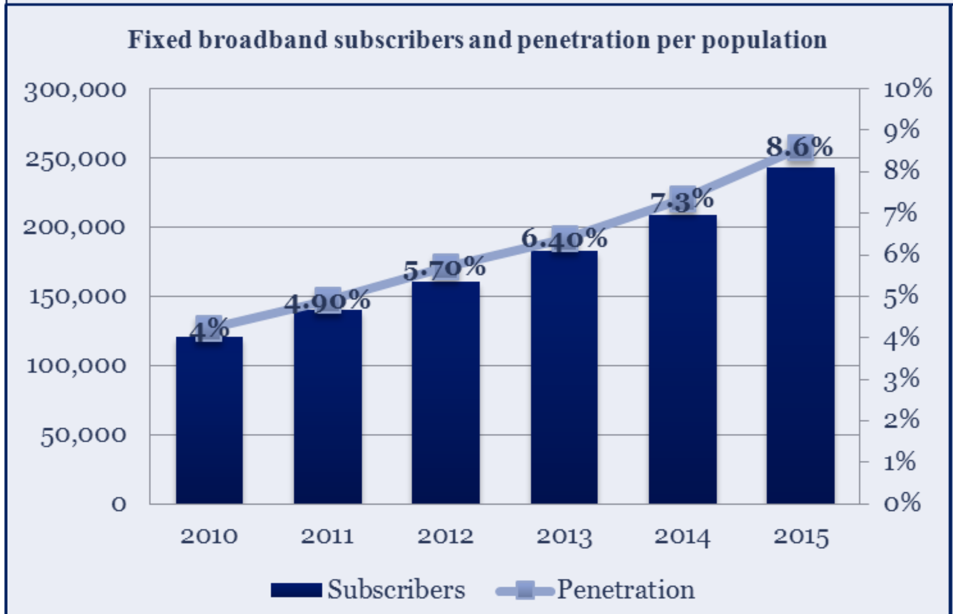
Fixed Networks Rev. 2015

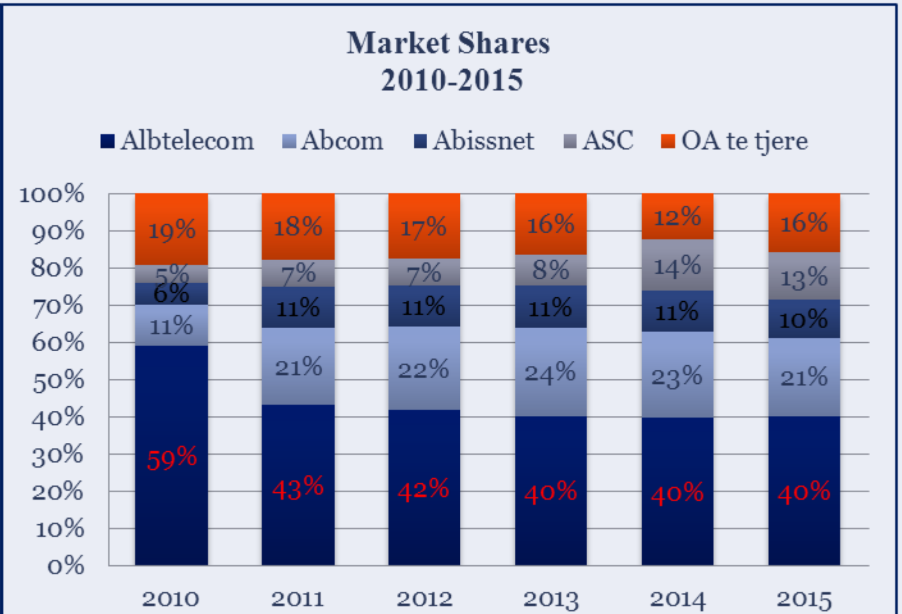


Fixed Broadband 2015

- End of 2015: 243 thousands subscribers
- 2010-2015: steady annual growth 14-17%.
- 8.6% subscribers per population
- 31% subscribers per HH

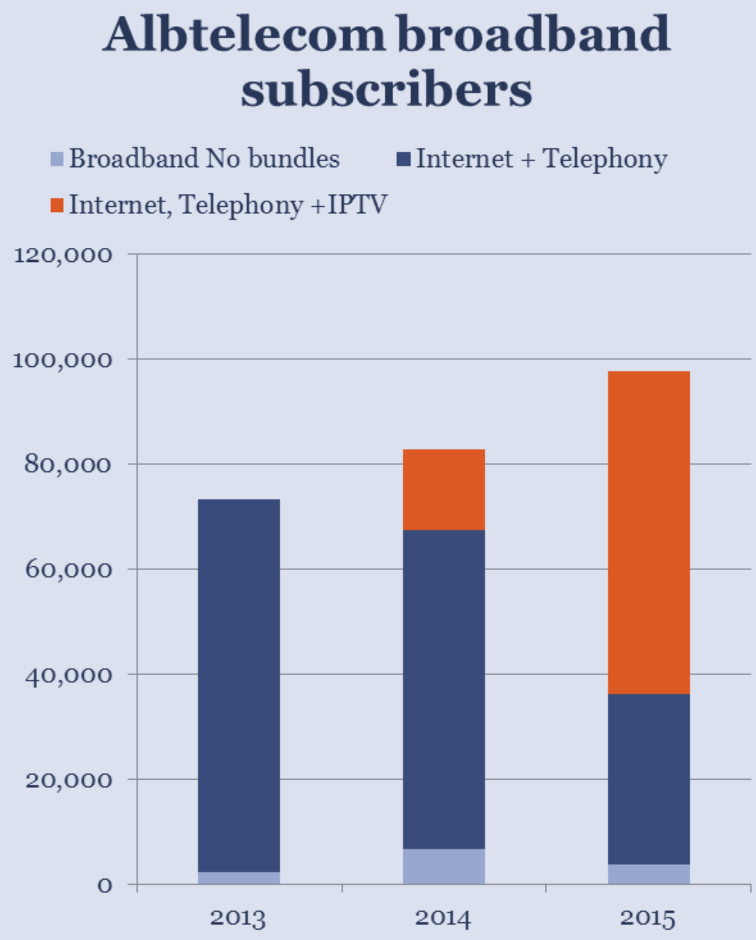
- International Connectivity: 77Gbps (61 Gbps 2014)
- Market shares:
  - Albtelecom 40%
  - Abcom 21%
- Four main operators:
  - 84% of the total market
  - Triple play offers (Internet, telephony, TV)





Broadband and IPTV

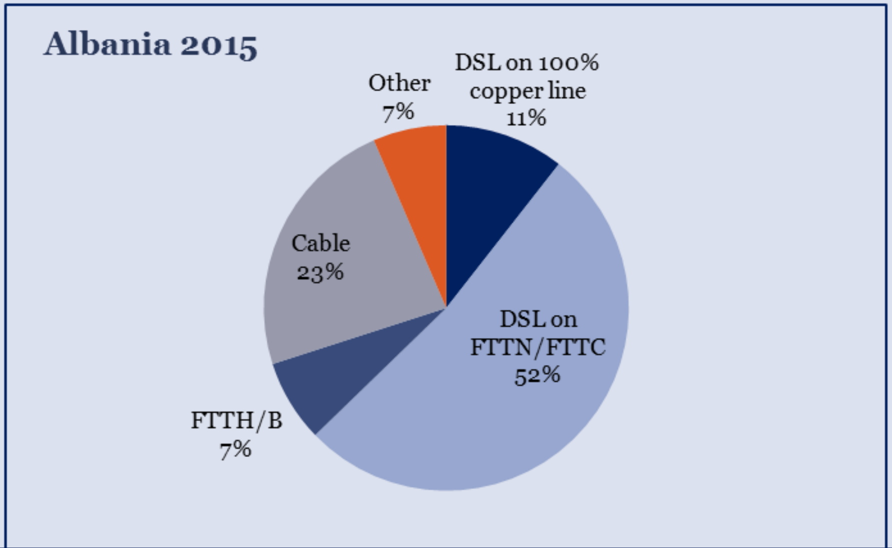
- Broadband subscribers: + 17%
- Triple Play (Internet, Tel, +TV (IP/CATV) subscribers: 3 times (from 23 thous. To 69 thous.)
- Albtelecom: increase 4 times of triple play (with IPTV), and 63% of total broadband subscribers



Fixed broadband by technology

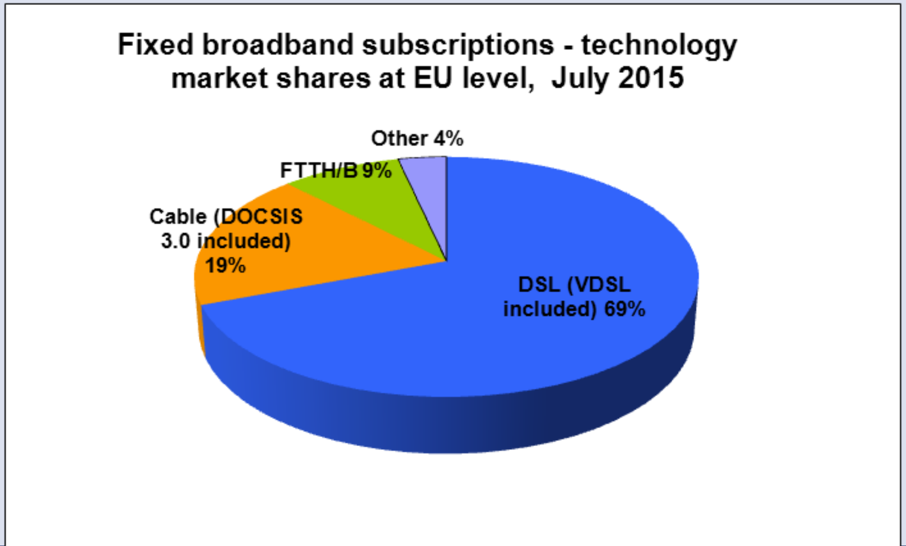
Albania

- DSL: 63% (FTTN/C 52%)
- Cable 23%
- Cable DOC SIS 3.0: 14% of total cable
- NGA Subscribers: 63% **mostly FTTN/C**



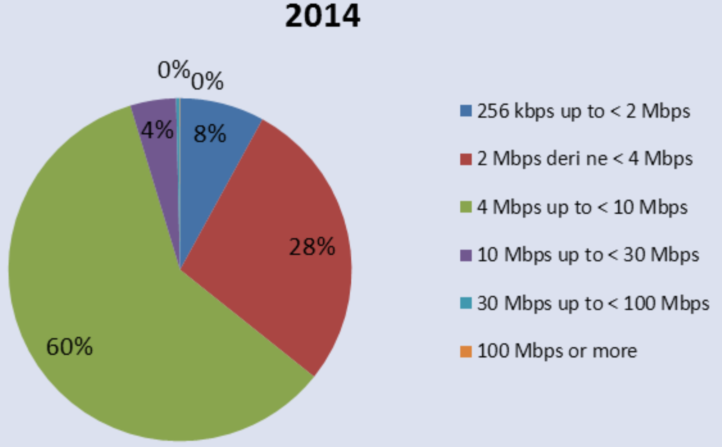
EU

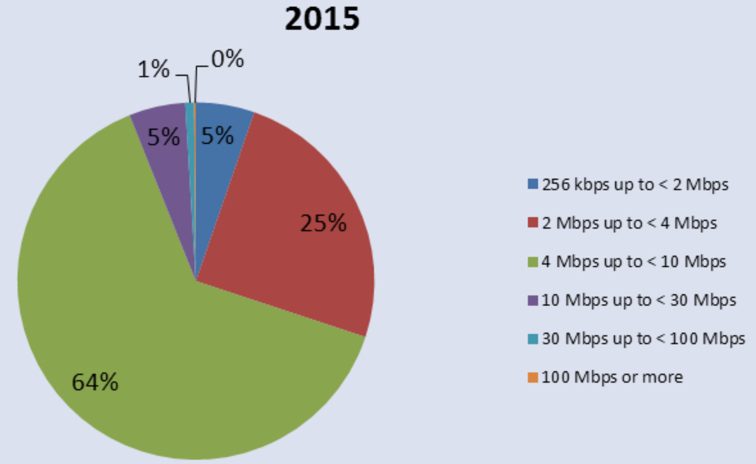
- DSL: 69% (VDSL included)
- Cable 19%
- Cable DOC SIS 3.0: 80% of total cable
- NGA: 35% mostly VDSL, FTTH/B and Cable DOC SIS 3.0



Fixed broadband by Download Speed

- Moving up from 1-2 Mbps to 4-10 Mbps
- 64% of subscribers on 4-10Mbps
- 256kbps-4Mbps: from 36% in 2014 to 30% in 2015
- Fast (30 Mbps) and ultra fast (100 Mbps): 1% of total concetions

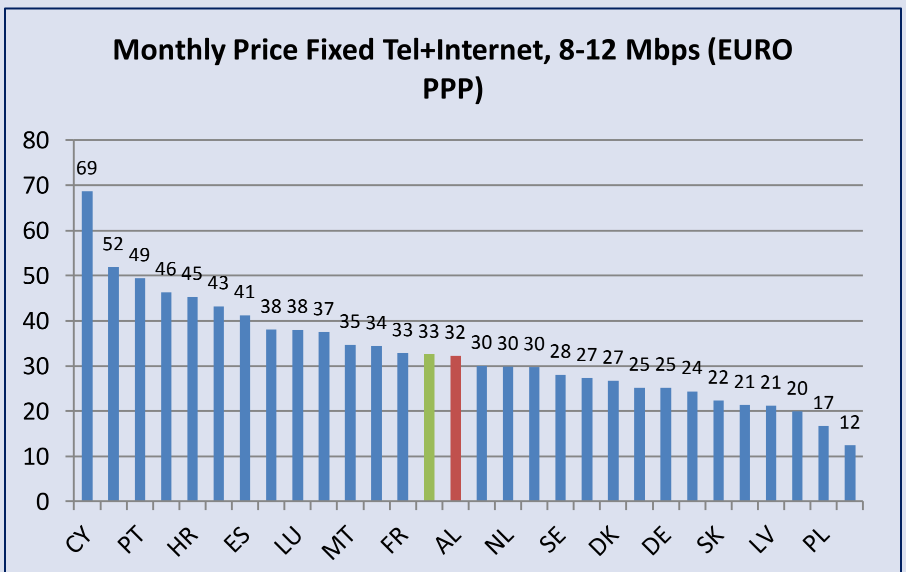


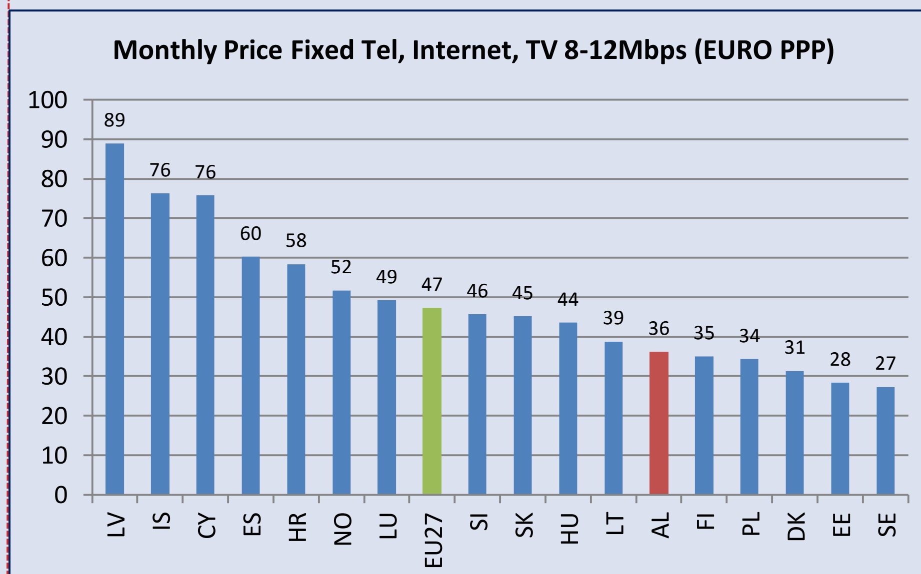


Broadband prices (PPP adjusted)

- Bundles of Telephony+Broadband access
  - comparable to EU average for 8-12Mbps
  - Affordable at 5Euro/Month for 1Mbps

- Pices for triple play comparable or lower than EU average

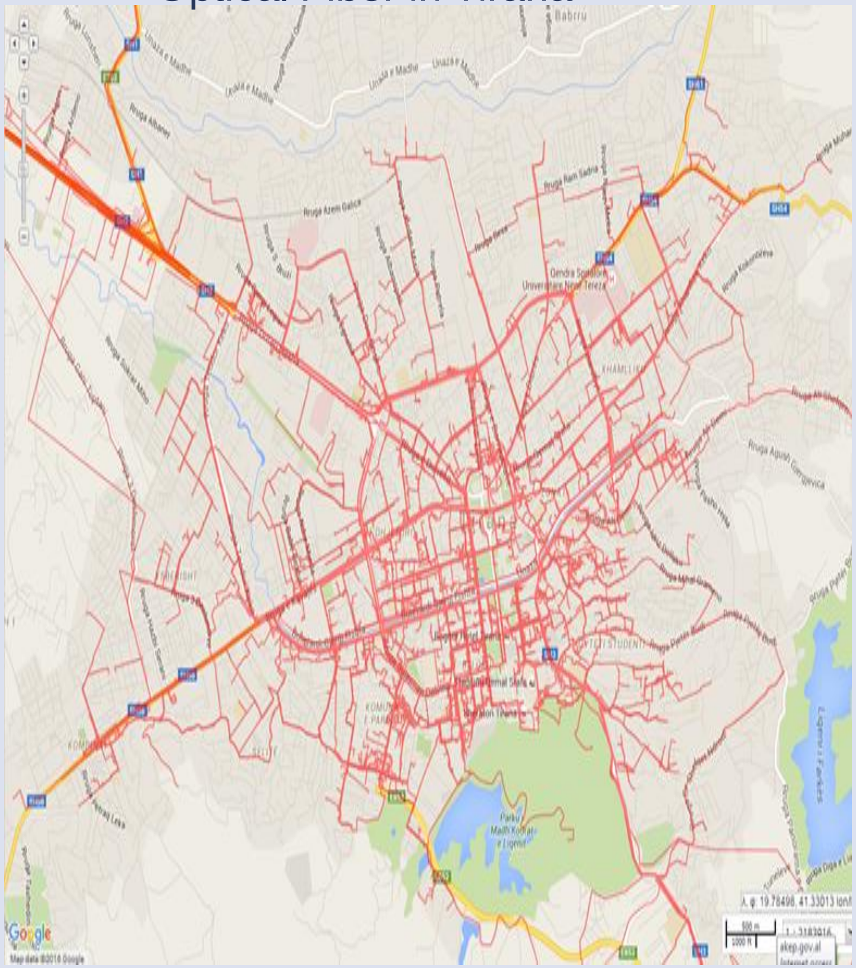




Infrastructure

- Good coverage in main urban areas with optical fibers: Tirane, Durres, Vlore, Shkoder etc
- Many operators have their own urban/local FO infrastructure
- Inter-urban area only Albtelcom and ATU present

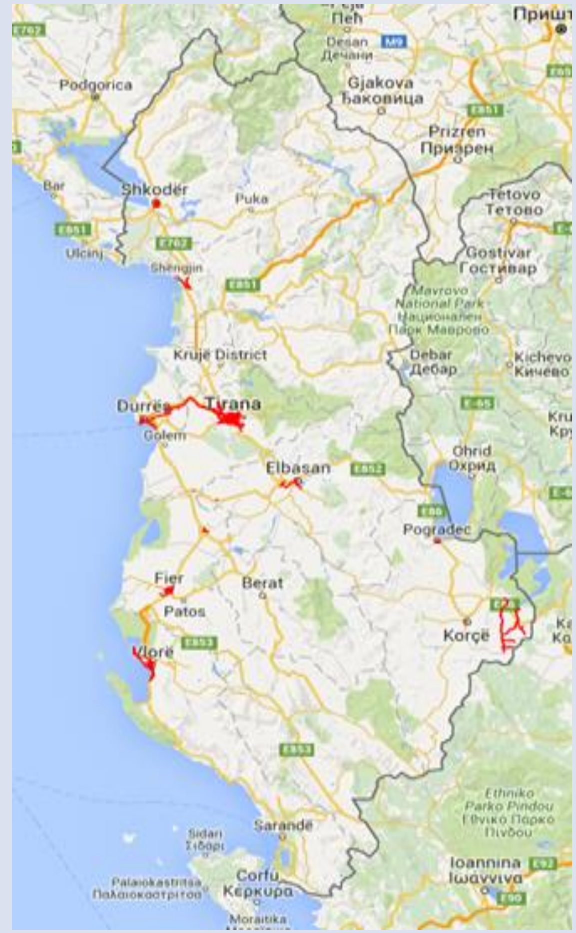
Optical Fiber in Tirana



Optical Fiber: Interurban

- Optical Fiber: all operators

- Optical Fiber: All operators except Albtelecom and ATU

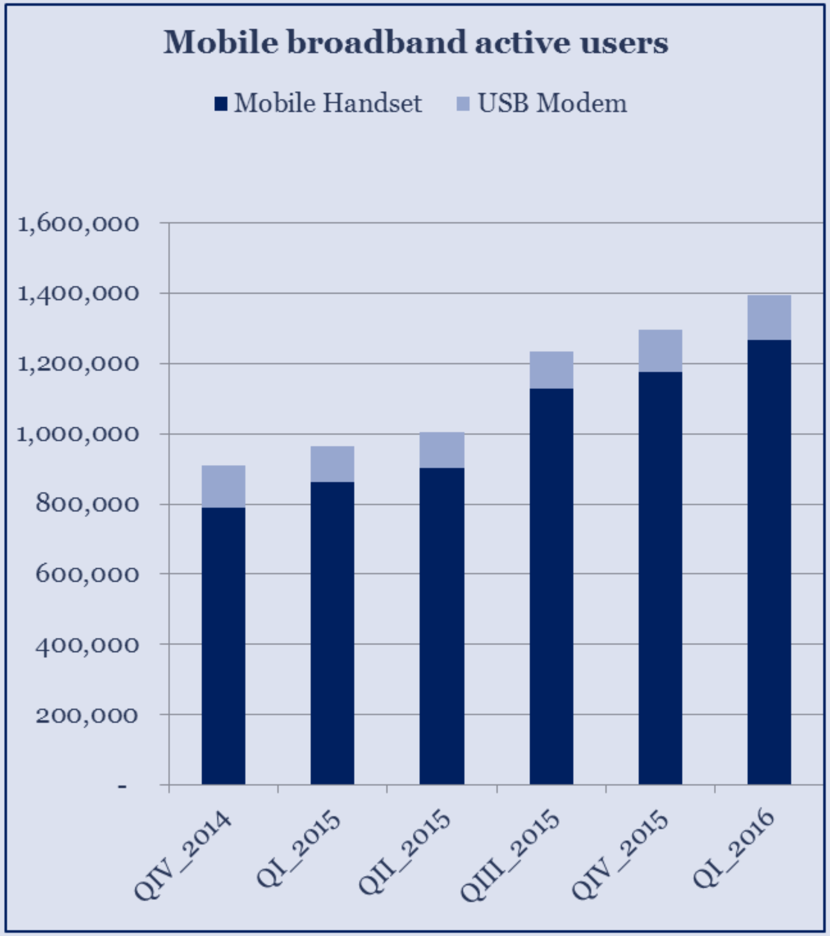


Broadband/Infrastructure Market

- Most fixed operators with their own networks➔ Infrastructure based competition
- LLU not effective
- Bitstream Access:
  - Albtelecom has signed agreements with 4 operators
  - End 2015 approx.2000 connection
- Passive infrastructure sharing:
  - 924 km access to dark fiber (no change ffrom 2014)
  - 61 km: access to ducts (19 km in 2014)
- AKEP approved a Regulation for passive infrastructure sharing in 2015

Mobile Broadband 2015

- 4 MNO-s with 3G services
- 3 MNO-s launched 4G services in July-September 2015
- 2 million users of mobile broadband
- 1.4 million active users
  - 43% Annual Growth: mostly access from mobile phones
  - QIII 2015: 23% growth Impact of 4G
- 46% penetration per population for active mobile broadband users
- 550 MB average download per user



Impact of OTT

- Number of GSM users (active/SIM: +1%/-3%
- Number of active mobile broadband users: +43%
- Voice calls: + 1% (-15% Q1 2016/15)
- SMS: -12%
- DATA downloaded:
  - +148% 2014
  - +100% 2015
- Albanian MNO-s are feeling the decrease in voice/SMS traffic and surge in data traffic

On-going processes 2015

- Market analysis for broadband and leased line markets
- Review of Universal Service (inclusion of Broadband??)

Thank you

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