ANRCETI

National Regulatory Agency for Electronic Communications and Information Technology of the Republic of Moldova

84%

Evolution of Investments

18%

Internet Revenues

2,4%

Dynamics of Revenues

EVOLUTION of Electronic Communications Market in 2014

Contents

Preface

The Report of the National Regulatory Agency for Electronic Communications and Information Technology (ANRCETI) **Evolution of electronic communications market in 2014** was developed based on the data collected from statistical reports submitted by electronic communications providers. In drafting the report, ANRCETI also used the data from a number of market studies, published by European and international ICT bodies (International Telecommunications Union).

ANRCETI started to collect from providers, pursuant to Law on Electronic Communications no.241 of 15.11.2007 (hereinafter - Law 241/2007), statistical data regarding the quarterly situation on all electronic communications market segments. On basis of reported data, ANRCETI specialists collect the necessary information for the evaluation of development trends of market segments and for the market analysis process. Quarterly, ANRCETI publishes on its official Web page charts and reports as to the market situation, while yearly, before April 30, makes publicly available the Report on market evolution for the preceding year.

Although ANRCETI specialists make thorough verifications of the statistical reports presented by providers, the authors of this report do not exclude the possibility that certain statistical indicators might contain minor errors. Those errors can be subsequently detected, when ANRCETI will compare the evolution of some indicators across time.

Readers are welcome to provide comments and ask questions on the contents and format of this Report to the e-mail address: raport.statistic@anrceti.md

Key-indicators of the electronic communications market

Indicators	2013	2014	Change
MOBILE TELEPHONY			
Subscriptions	4.430.778	4.373.328	-1,3%
- active users - individuals	3.464.180	3.500.494	1,0%
- active users - businesses	232.654	237.631	2,1%
In-networks traffic (million minutes)	5.651,0	6.092,1	7,8%
MoU (monthly minutes per users)	200	211	5,5%
SMS (million)	760,0	1.162,1	52,9%
MMS (million)	2,12	2,13	0,4%
Penetration rate	124,48%	122,86%	-1,62 p.p.
Revenues (million lei)	3.491,26	3.453,35	-1,1%
ARPU (monthly)	68,2	65,1	-4,5%
Mobile broadband traffic, TB	820,80	2.146,85	161,6%
DEDICATED MOBILE BROADBAND			
Subscriptions	259.613	299.518	15,4%
Penetration rate	7,29%	8,41%	1,12 p.p.
Revenues (million lei)	259,68	291,28	12,17%
ARPU (monthly)	98,8	86,8	-12,1%
Dedicated mobile broadband traffic (TB)	20.175,70	26.718,98	32,43%
FIXED TELEPHONY			
Subscriptions, total	1.221.474	1.218.274	-0,3%
- individuals	1.078.598	1.083.351	0,4%
- businesses	142.876	134.923	-5,6%
Penetration rate	34,3%	34,2%	0,1 p.p.
In-network traffic (million minutes)	2.684,5	2.262,0	-15,7%
MoU (monthly minutes per users)	301	250	-16,6%
Revenues (million lei)	1.114,73	1.002,15	-10,1%
ARPU (monthly)	76,47	68,46	-10,5%
FIXED BROADBAND			
Subscribers	467.072	509.195	9,0%
- individuals	443.726	481.435	8,5%
- businesses	23.346	27.760	18,9%
Penetration rate	13,1%	14,3%	1,2 p.p.
Revenues (million lei)	785,26	927,65	18,1%
ARPU fixed broadband (monthly)	150,1	160,5	6,9%
Capacity total external Internet (Gbps)	143,54	239,75	67,03%
Revenues data transmission (million lei)	94,79	68,79	-27,4%
BROADCASTING AND RE-TRANSMISSION OF AUDIO-VISUAL PROGRAMS			
Pay TV subscribers	286.509	274.039	-4,4%
Pay TV penetration rate	8,05%	7,67%	0,38 p.p.
Revenues (million lei)	352,84	370,17	4,9%
ARPU Pay TV (monthly)	49,2	48,3	-2,0%
Revenues from other electronic communications activities (million lei)	544,00	688,30	26,5%
Total revenues in electronic communications market (million lei)	6.642,60	6.801,70	2,4%
Total investments in electronic communications market (million lei)	1.290,92	2.375,40	84,0%

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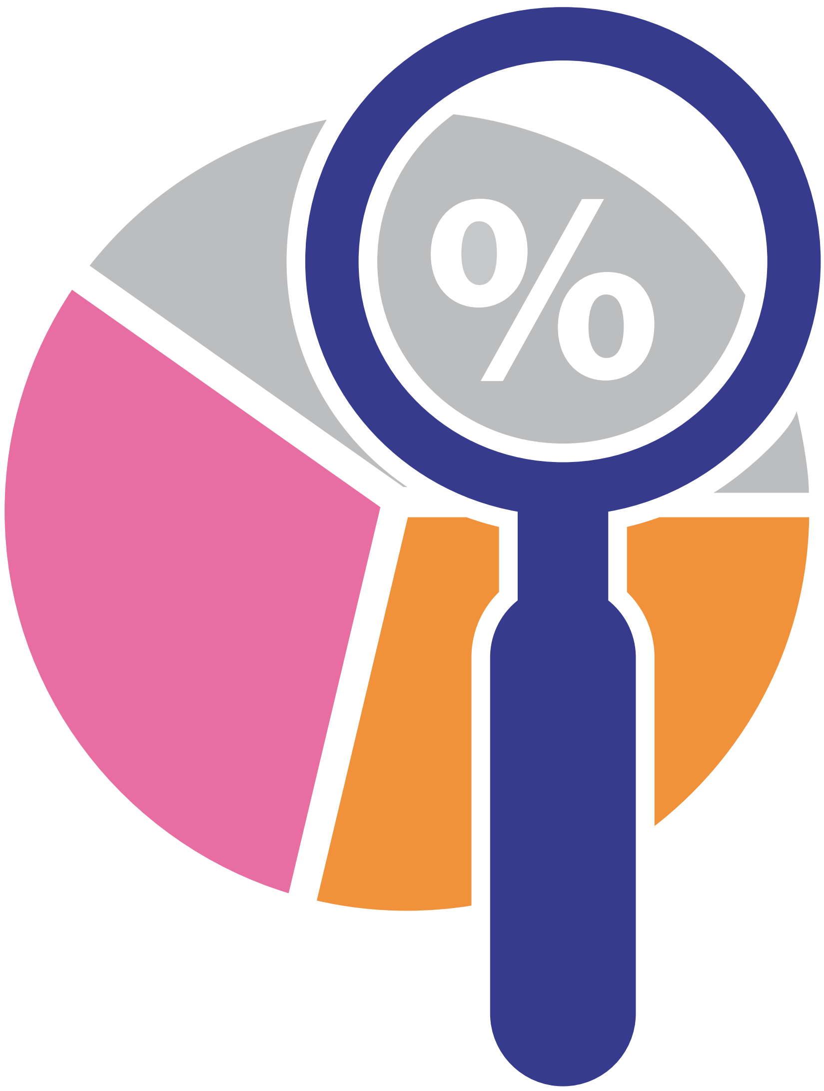
General Overview of the Market



1 General Overview of the Market

1.1 Main events of 2014

The main event of the year in the electronic communications sector was the application of the new licenses for 800 MHz, 900 MHz and 1800 MHz spectrum for the provision of public terrestrial mobile communications networks and services, with effect from November 6, 2014. It is for the first time that ANRCETI issued the licenses to the three mobile providers – Joint Stock Companies Orange Moldova, Moldcell and Moldtelecom, under technological neutrality conditions, for a 15-year timeframe. This means that the license holder may choose and apply any technology compatible with the GSM-UMTS / HSPA, WIMAX (known as 3G), LTE (known as 4G) and enhanced technologies based on the mentioned standards family in the given frequency bands and without an administrative permissive decision.

In 2014, the most significant moves occurred on the mobile and fixed broadband access market. Statistical data show that Moldovans downloaded a greater volume of data and more frequently used mobile devices to access the Internet. Thus, in a year's time, the Internet traffic via mobile phones doubled, the number of users 4G increased six times: from 4000 subscribers at end 2013 to 26,000 at the end of 2014.

It should be mentioned that in 2014, the top most popular with end-users was the connection to high-speed Internet (over 30 Mbps or 100 Mbps). The average fixed broadband speed (download) increased by about 10 Mbps for the second successive year and made up 41,5 Mbps, which indicator ranked Moldova 17th in the world. The average mobile broadband access speed (download) was 10,4 Mbps, which ranked Moldova 58th at global level.

The cumulated volume of fixed and mobile broadband revenue grew significantly over 2013: fixed broadband revenue increased 18% up to 0,92 billion lei, while mobile broadband revenue - about 19%, up to 0,48 billion lei. The total turnover on this market segment amounted to 1,4 billion lei.

ANRCETI considers that the main factors enhancing the development of the broadband access services are the variety of high-speed Internet connection offers in fixed and mobile networks, the tariff plans with a bigger volume of included traffic, higher speeds of access and more attractive bundled offers.

It is notable that the number of digital TV service users started to grow fast – an event largely determined by the wide range of digital TV offers, which include high quality channels (HD), a growing and more varied number of channels and bundled offers (TV services, Internet access and fixed telephony).

1.2 Dynamics of revenues

According to the statistical data, reported to ANRCETI by electronic communications providers (386 active providers), in 2014, the turnover of the electronic communications (EC) sector (fixed and mobile telephony, fixed and mobile Internet access, broadcasting and re-transmission of audio-visual programs, other electronic communications activities increased over 2013 by 2,4% and totaled 6 billion 801,7 million lei.

The most significant sales increase were attested on the following market segments: sales of broadband access at fixed locations and data transmission increased by 13,2% up to 996,4 million lei, sales of access to dedicated mobile broadband – by 12,2% reaching 291,3 million lei, sales of broadcasting and re-transmission of audio-visual programs – by 4,9% and made up 370,2 million lei, while the revenues from other EC activities[1] increased by 26,5% up to 688,3 million lei. As well, the biggest volumes of sales were recorded on the mobile and fixed telephony markets – 3 billion 453,4 million lei (drop by 1,1%) and, accordingly, 1 billion 2,1 million lei (drop by 10,1%) (Chart 1).

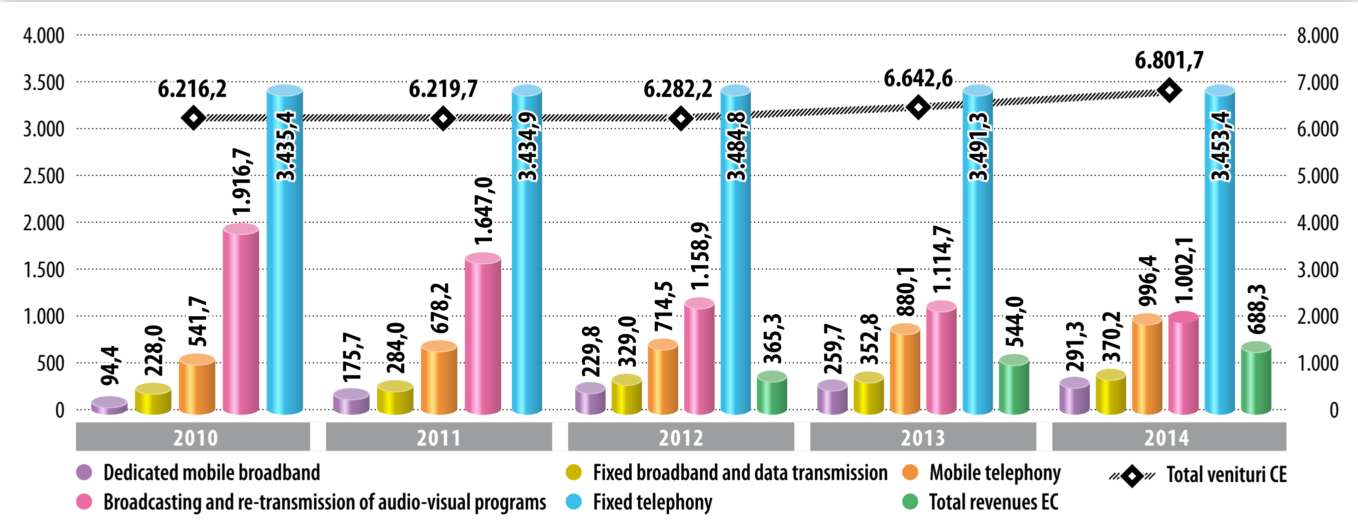


Chart 1 Evolution of revenues in EC sector (million lei)

Source: **ANRCETI**

As a result of this evolution, the share of revenues from mobile telephony within the structure of the total electronic communications revenues was 50,8%, fixed telephony – 14,7%, fixed broadband and data transmission – 14,6%, broadcasting and retransmission of audiovisual programs – 5,4%, dedicated mobile broadband – 4,3% and revenues from other electronic communications activities – 10,1% (Chart 2).

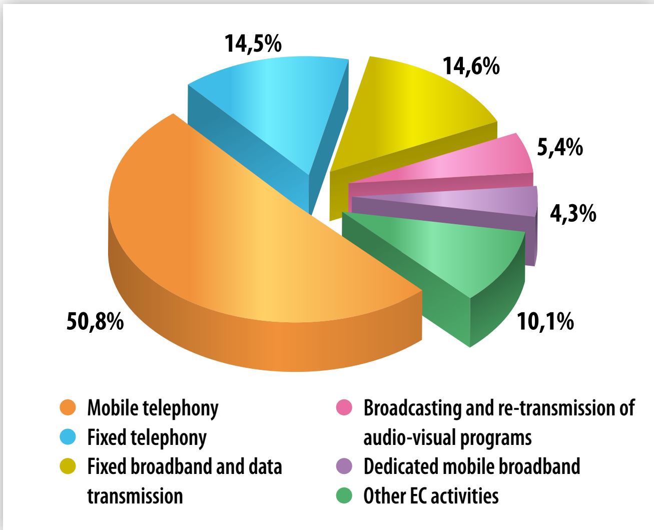


Chart 2 Structure of the electronic communications market, by revenues

Source: **ANRCETI**

[1] Revenues from other electronic communications activities include the revenues of the electronic communications network providers that are not part of the five basic markets and are generated by installation, operation, management or provision of electronic communications networks or associated infrastructure to a third party (Art.2 of Law on Electronic Communications 241/2007).

In 2014, the fixed broadband market accounted for the most significant monthly average revenue per user (ARPU) – 160,1 lei. This indicator for the dedicated mobile broadband market was 86,8 lei, fixed telephony market – 68,5 lei, mobile telephony market – 65,1 lei, pay TV market – 48,3 lei (Chart 3).

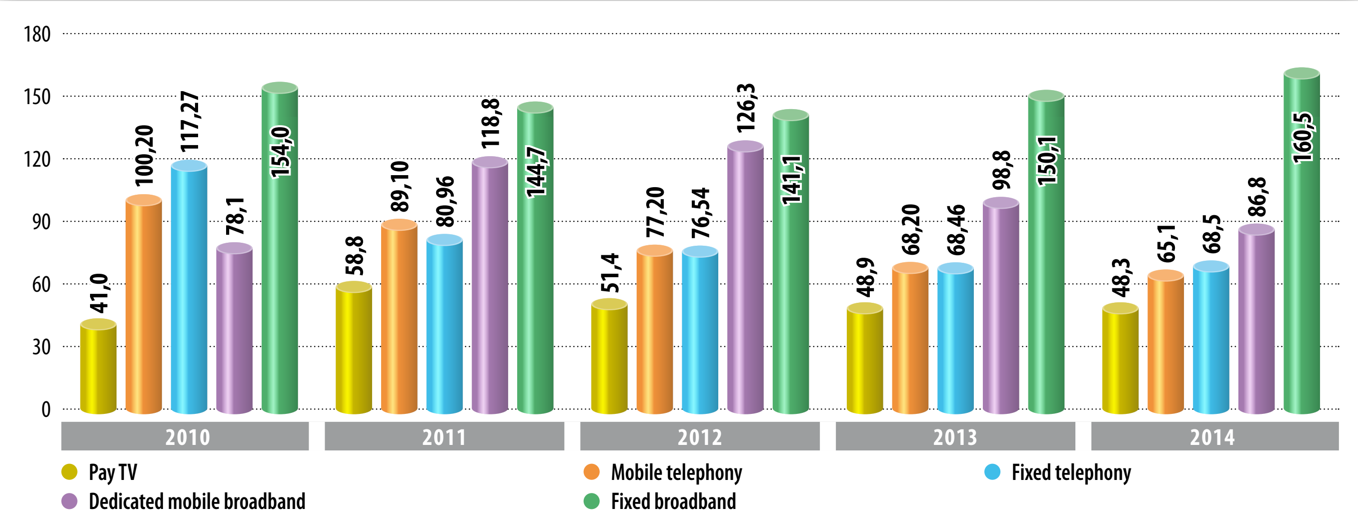


Chart 3 Evolution of average monthly revenue per user - ARPU (lei)

Source: **ANRCETI**

In 2014, Orange Moldova made the highest volumes of sales (2 billion 544,9 million lei or 37,4% of the total), followed by Moldtelecom (1 billion 824 million lei or 26,8% of the total) and Moldcell (1 billion 35,8 million lei or 15,2% of the total). The cumulative sales of other providers was 1 billion 396,4 million lei or 20,5% of the total of revenues generated by the electronic communications sector. (Chart 4).

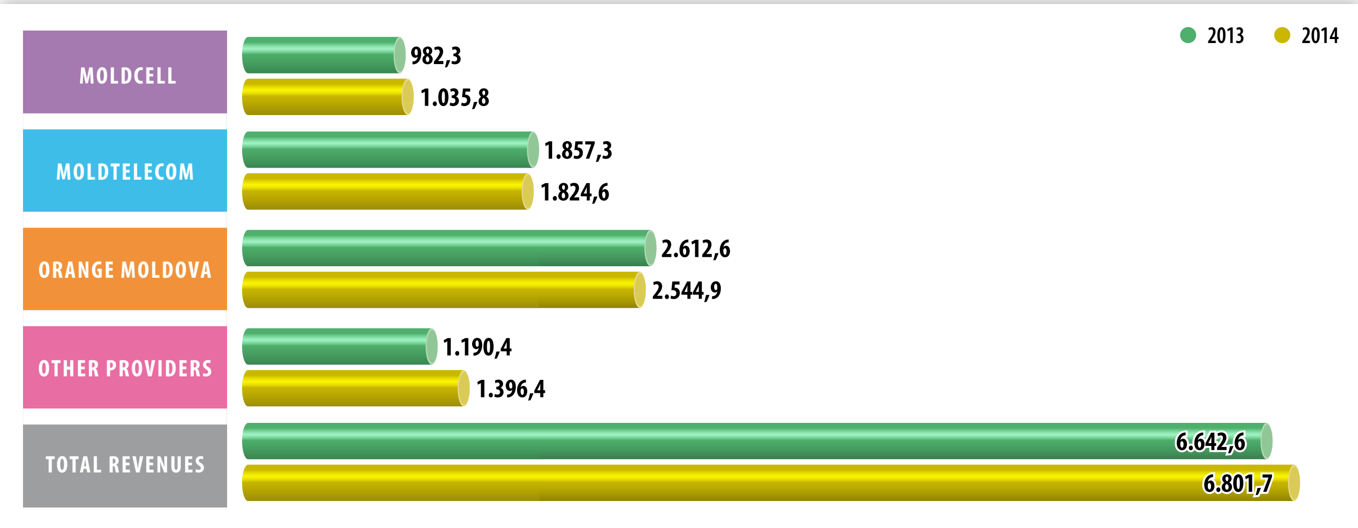


Chart 4 Dynamics of providers' revenues in 2013-2014 (million lei)

Source: **ANRCETI**

1.3 Evolution of the number of end users

In 2014, the number of end users of the services provided on the five electronic communications market segments differed in their evolution (Chart 5). So, on the Internet access markets the number of users increased, while on the mobile and fixed telephony markets, for the first time, slightly decreased. As a result, the number of subscribers to dedicated mobile broadband access services grew 15,4% over 2013, up to 299,5 thousand, while the number of fixed broadband access services grew 9% up to 509,2 thousand. On the other hand, the number of mobile telephony users dropped 1,3%, the number of fixed telephony subscribers dropped 0,3%, or cumulatively – by about 60 thousand people. This development was caused by the market saturation phenomenon and the effects of telephone number portability, which enable users to keep their telephone numbers when switching to other providers. As to the evolution of the number of subscribers to the pay TV service, their number dropped 5,8%.

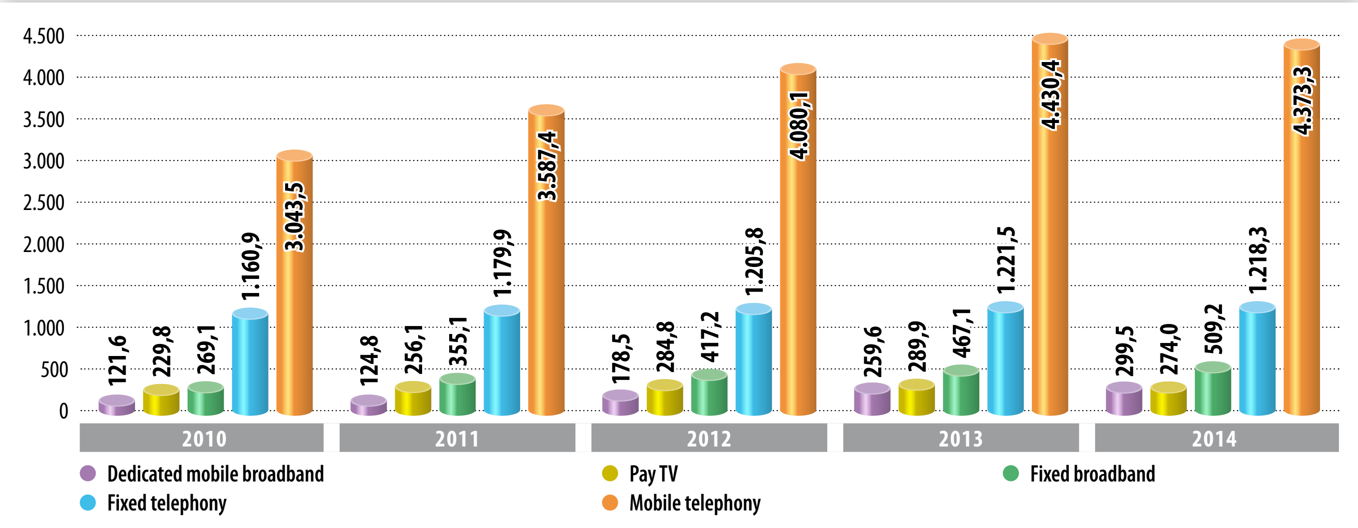


Chart 5 Evolution of the number of end users of EC services (thousand)

Source: **ANRCETI**

The different evolution of the number of end-users brought about changes of penetration rates per 100 population. The value of this indicator on the mobile telephony market was 122,9%, fixed telephony market – 34,2%, fixed broadband market - 14.3%, dedicated mobile broadband - 8,4% and Pay TV market – 7,7% (Chart 6).

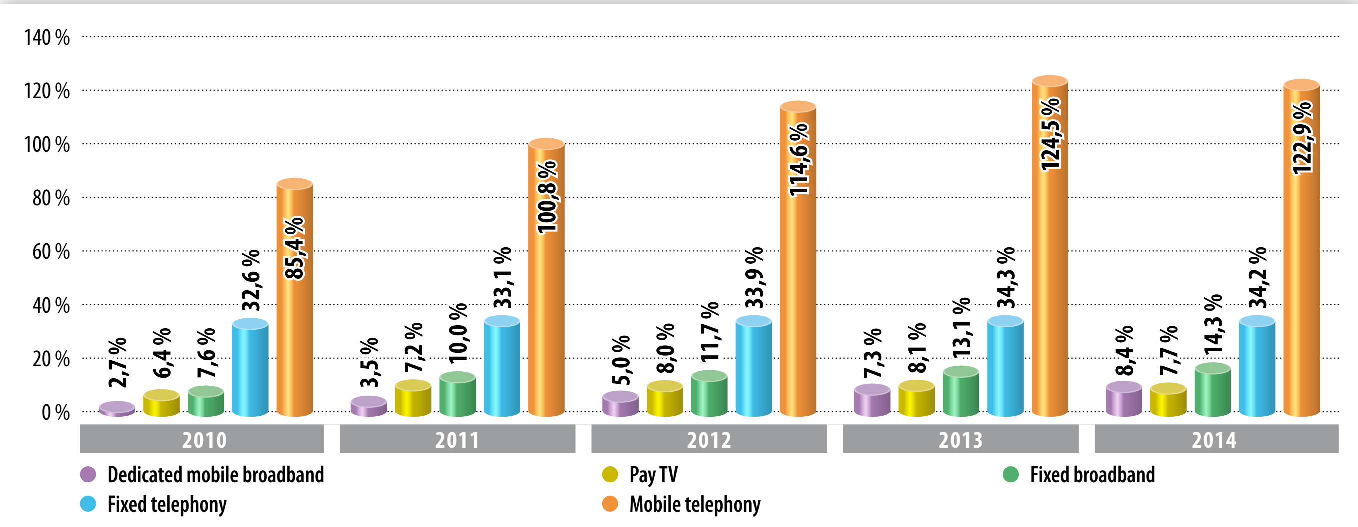


Chart 6 Evolution of EC service penetration rates

Source: **ANRCETI**

1.4 Evolution of voice traffic

In 2014, mobile and fixed telephony users generated 8,35 billion minutes total voice traffic, which is 0,2% increase over 2013. The voice traffic in mobile telephony networks increased 7,8% and reached 6,09 billion minutes, while the traffic in fixed telephony networks dropped 15,7% and constituted 2,26 billion minutes. (Chart 7).

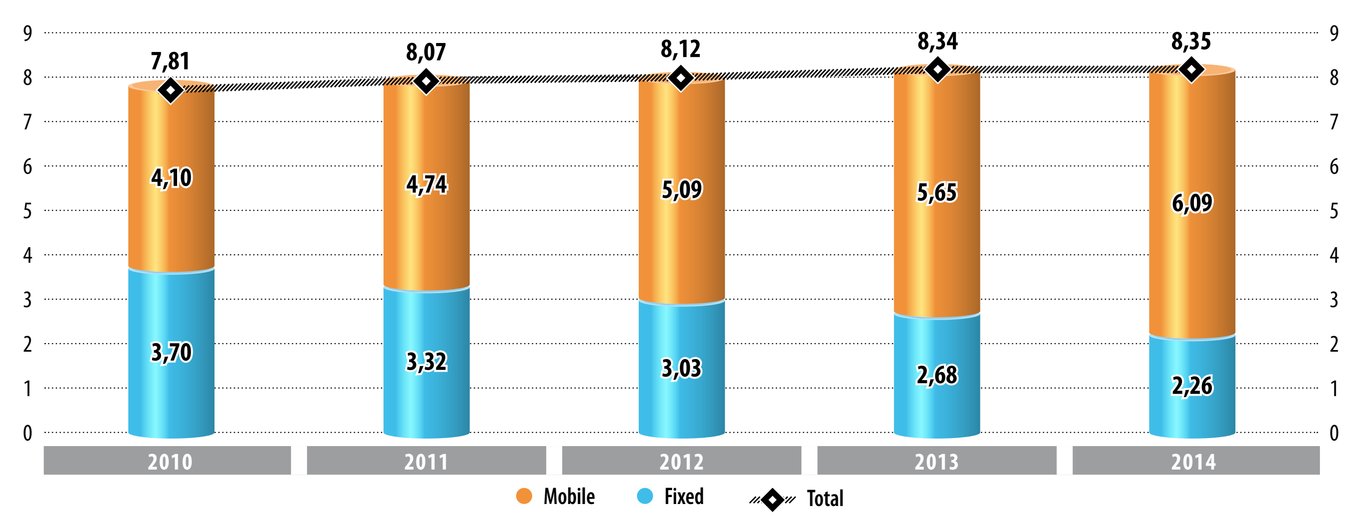


Chart 7 **Evolution of voice traffic in mobile and fixed telephony networks (billion minute)**

Source: **ANRCETI**

The data in the Chart above show that in 2014 the rate of annual voice traffic growth was the lowest - 0,2%, compared to the rate during the recent five years (3,6%). This is explained by the fact that a part of voice traffic from telephony network migrate to the Internet, while owners of smartphones makes calls for free (by apps), both factors having a negative impact on the revenues of telephony service providers.

The share of the traffic generated in mobile networks (this includes in-network traffic and mobile to mobile network traffic) and the traffic generated in fixed networks was 61,7% and, accordingly 19,9% within the structure of the total voice traffic.

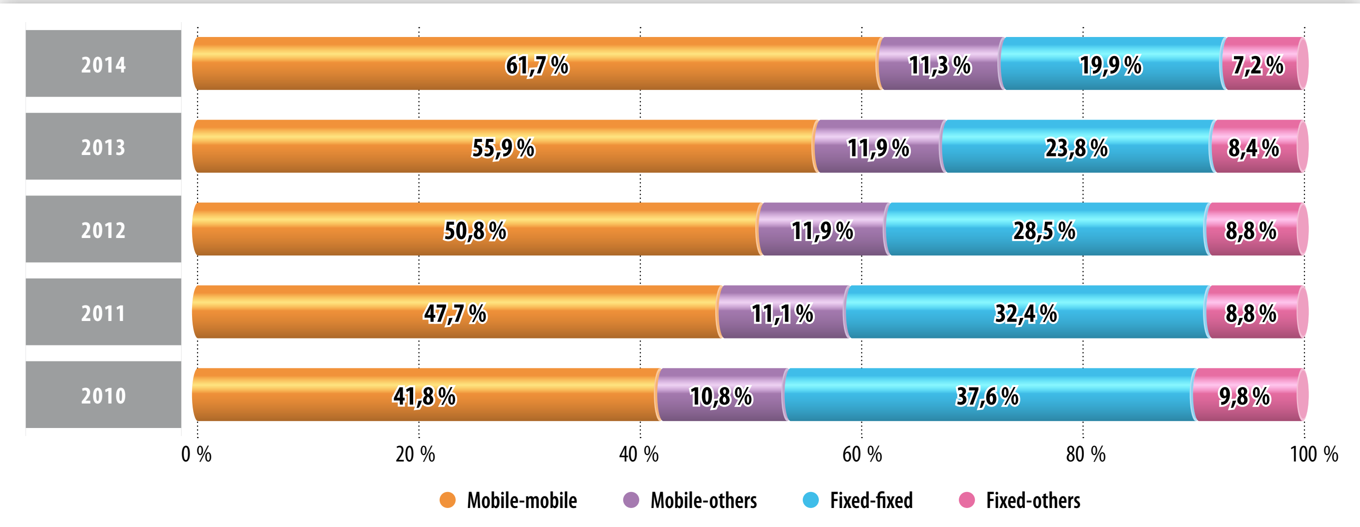


Chart 8 **Shares of types of traffic in the structure of total voice traffic in mobile and fixed telephony networks**

Source: **ANRCETI**

The increase of the share of traffic generated in mobile networks as related to fixed networks reflects the global trend in the recent years of traffic migration from fixed to mobile networks. This trend occurred due to the advantages of mobile service: accessibility everywhere, mobility and possibility, with the increasing adoption of smartphones, to access the Internet via mobile phone, which is not possible with a fixed terminal telephone.

1.5 Dynamics of investments

In 2014, the total volume of investments in the EC sector increased 84%: from 1,29 billion lei, in 2013, to 2,37 billion lei, in 2014 (Chart 9).

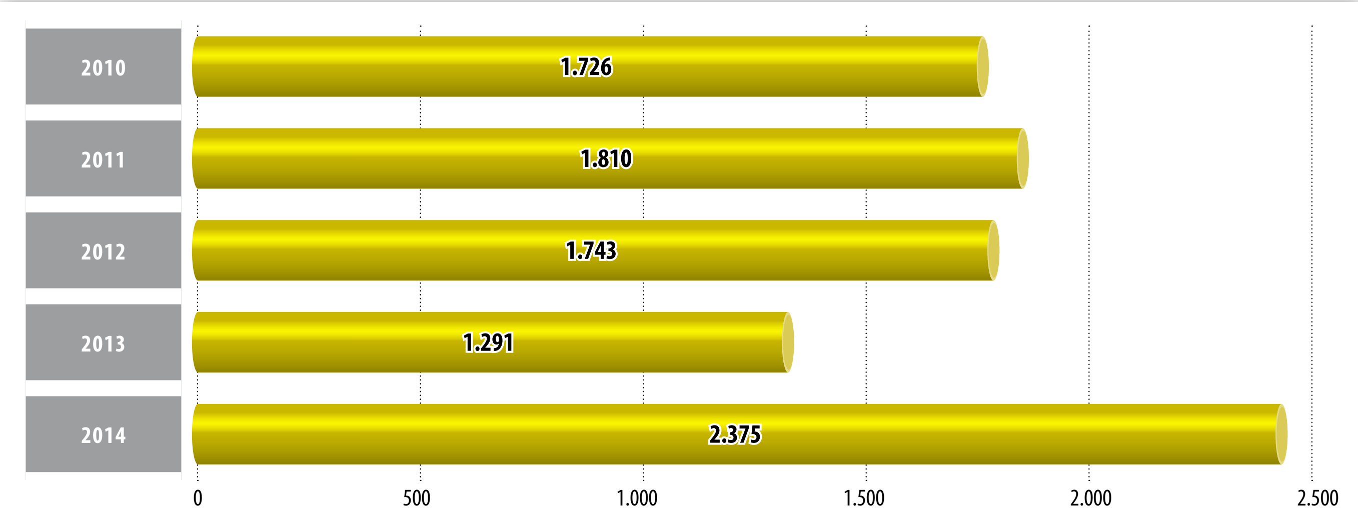


Chart 9 **Evolution of investments in EC sector (million lei)**

Source: **ANRCETI**

The most significant volume of investments was directed to the development of mobile communications networks. Their total volume grew almost three times: from 656 million lei, in 2013, to 1,7 billion lei, in 2014. Biggest part of the amount – about 1 billion lei – was disbursed by the three mobile communications providers (Orange Moldova, Moldcell and Moldtelecom) to the state budget, for the new 800 MHz, 900 MHz and 1800 MHz spectrum licenses, to be used in the provision of public mobile terrestrial mobile communications services, for a 15-year timeframe. Once being awarded the licenses, the three providers intensified the investment process in their mobile networks, in particular for the development of 3G/4G networks.

According to the statistical data, presented by the providers, the investments in the fixed networks increased 3,7% over 2013 and made up 625,3 million lei, the rate of growth on this market being lowest in 2014. Investments in broadcasting networks increased 27,5% up to 41,5 million lei.

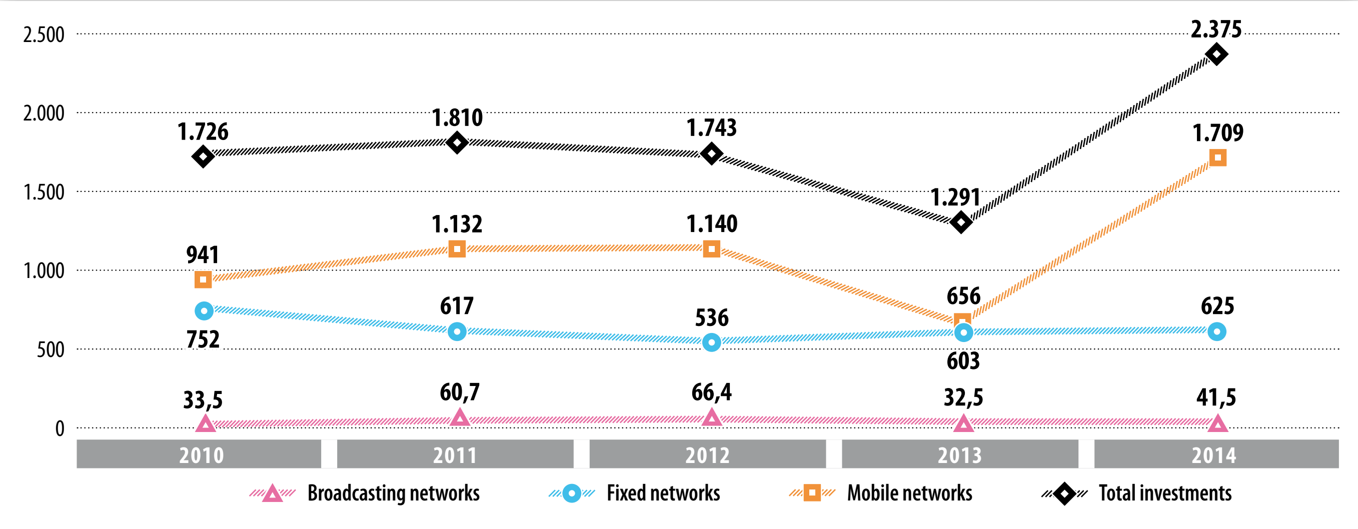


Chart 10 **Evolution of investments, depending on types of networks (million lei)**

Source: **ANRCETI**

The data from the Chart above show that about 3/4 of the total investments in EC sector went to mobile networks and 1/4 – to fixed and broadcasting networks. It is notable that in 2014 the investments – revenue ratio in EC sector was 35% (average of the last five years - 28%). This means that on average, per every 100 lei generated by electronic communications revenue, 35 lei were re-invested.

When examining this indicator per network, we find that in 2014 the ratio investments–revenue for mobile networks was highest - 46% (average of the last five years - 30%). The ratio investments - revenue for fixed networks was 31% (average in the last five years - 29%), and for broadcasting networks - about 7% (average in last years - about 8%).

2

Mobile Telephony

2 Mobile Telephony

2.1 Dynamics of the market

In 2014, the revenues from mobile telephony services, for the first time since their launch, dropped 1,1% compared to 2013, and made up 3 billion 453,4 million lei. The revenues of Moldcell increased 4,3% up to 929 million lei, the ones of Orange Moldova dropped 2,7 % and constituted 2,4 billion lei, while the revenues of Moldtelecom dropped 7,4% and made up 122,9 million lei (Chart 11).

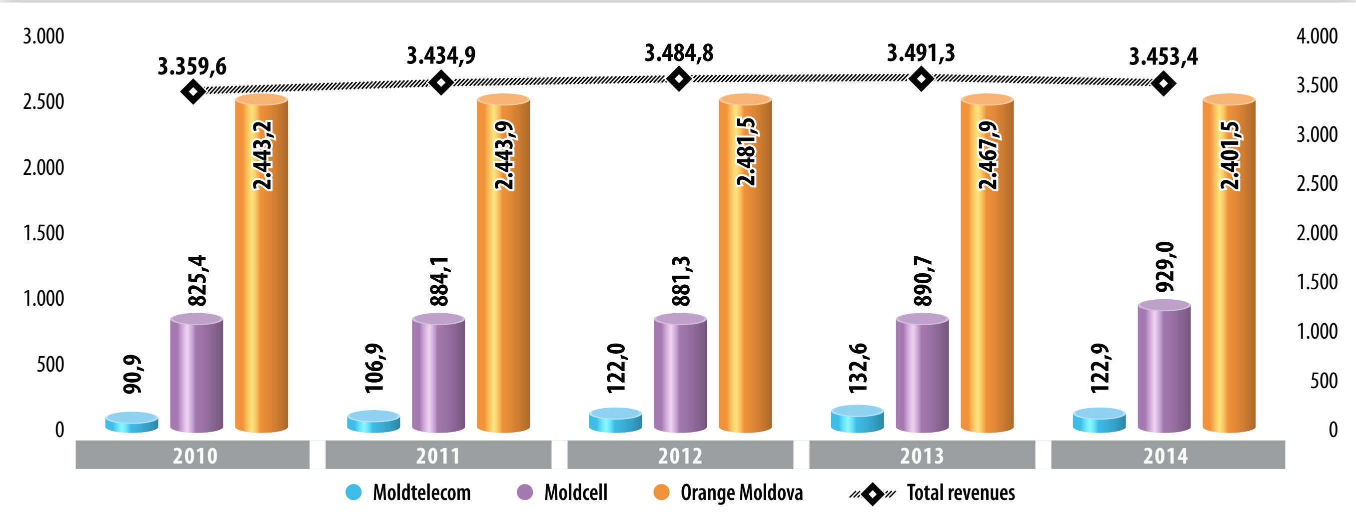


Chart 11 **Evolution of revenues obtained by mobile telephony operators (million lei)**

Source: **ANRCETI**

The table below represents the break-down of revenues per wholesale and retail mobile markets (individuals and businesses).

Table 1 **Revenues on wholesale and retail mobile markets**

	2011	2012	2013	2014	Change 2013-2014
Revenues wholesale market	1.112,15	1.161,64	1.152,04	1.264,32	9,7%
Revenues retail market:	2.215,25	2.322,82	2.270,03	2.120,63	-6,6%
including individuals	1.859,76	1.788,49	1.871,32	1.793,48	-4,2%
including businesses	355,48	457,05	398,71	327,14	-17,9%
Revenues from other services	*107,52*	*0,31*	*69,18*	*68,39*	--

Source: **ANRCETI**

Data from the table show that about 1/3 of the total revenues (37%) were generated on the wholesale market[2] and 2/3 - on the retail market[3]. The revenues generated from individuals made more than half of total mobile revenues market (52%) or 85% of the retail market. As for the dynamics revenues generated by businesses, the findings are that they paid for mobile services 17,9% less than in 2013, although the voice traffic voice volume increased about 10%.

2 The wholesale market includes interconnection services, offered to other EC providers: call/SMS/Internet termination services, traffic transit services, infrastructure access services, etc.
3 The retail market includes services provided to end users: individuals and businesses.

This is due to the fact that businesses apply technical solutions enabling them to make cheaper calls (internal PBX with SIM cards) or corporate web solutions to communicate via the Internet at low cost or even free (Skype for Business, etc.). Revenues decrease is due to the fact that mobile operators have reduced rates per minute / MB in their new tariff plans in loyalty programs or in new service package (bundle).

Table 2 Revenues on retail market: from postpaid and pre-paid cards

	2011	2012	2013	2014	Change 2013-2014
Revenues postpaid	1.135,96	1.275,32	1.225,63	1.162,28	-5,2%
Revenues prepaid	1.079,29	1.047,50	1.044,40	958,35	-8,2%

Source: **ANRCETI**

The data from the table show that the amount of revenues generated from postpaid SIM were higher (55%) than the revenues from pre-paid SIM owners, although their share in the structure of mobile users is much bigger (78%) than the share of pre-paid SIM owners.

Following this evolution, the monthly average revenue per mobile user (ARPU) decreased compared to 2013 by 4,5% and made up 65,1 lei (Chart 12). The highest ARPU was recorded by Orange Moldova – 79,9 lei. The ARPU of Moldcell was 49,7 lei and the ARPU of Moldtelecom – 29,2 lei. The average revenue per individual user[4] constituted 43,1 lei and per business user[5] – 116,6 lei.

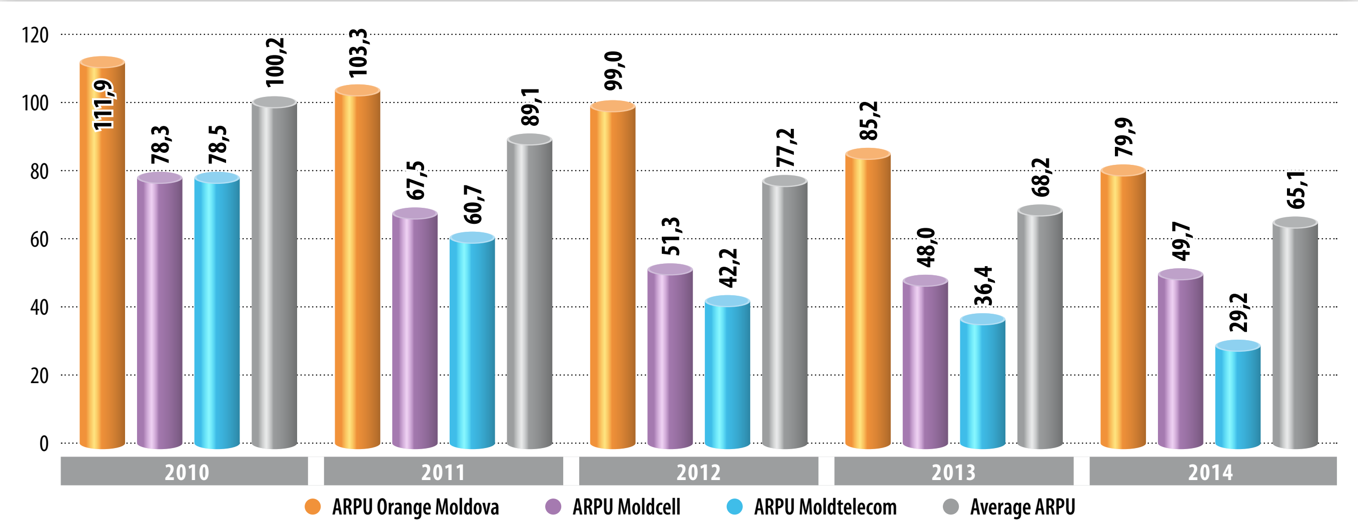


Chart 12 Evolution of average monthly revenue per mobile user - ARPU (lei)

Source: **ANRCETI**

2.2 End users and penetration rates

In 2014, for the first time since mobile services were launched, the number of mobile users dropped 1,3% compared to 2013 and totaled 4 million 373 thousand. In this timeframe, the mobile telephony penetration rate was 122,9%, decreased by 1,6 p.p. (Chart 13).

[4] Average bill value paid by an individual user, VAT excluded.
[5] Average bill value paid by a business, VAT excluded.

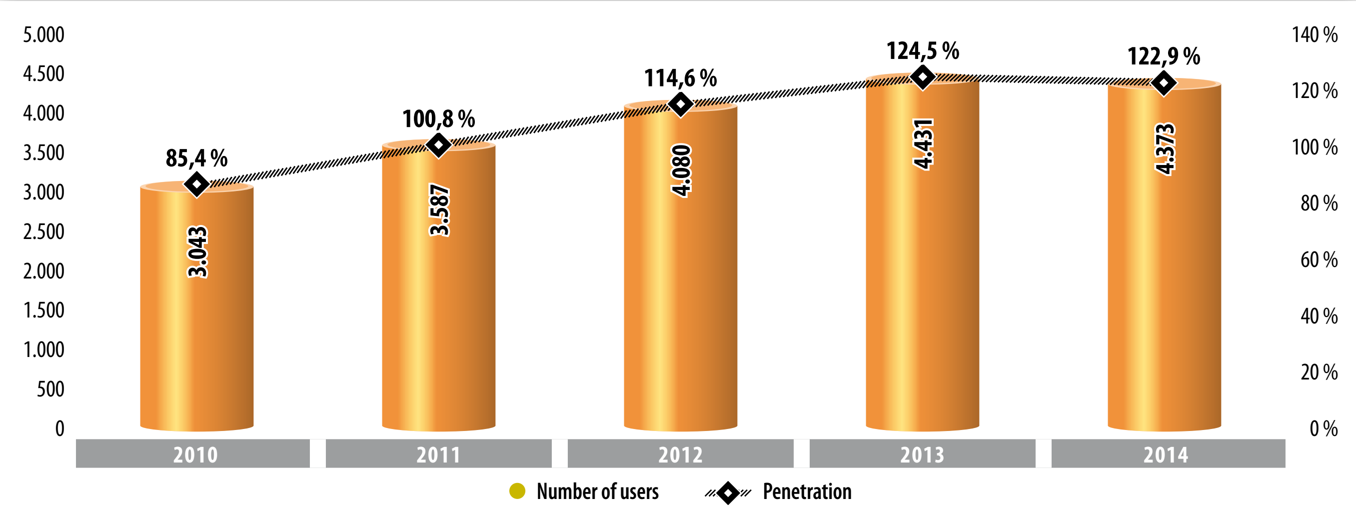


Chart 13 **Number of users (thousand) and mobile penetration rates**

Source: **ANRCETI**

In comparison with the situation in other countries/communities, the mobile telephony penetration rate in the Republic of Moldova (Chart 14) exceeds the global average (95,5%) by 27,4 p. p. This indicator is 3,7 p. p. lower than in Romania and 15,2 p.p. lower than in Ukraine. Also, this indicator is 1,8 p. p. lower than the average in EU states (124,7%) and 17,7 p. p. lower than the average in CIS countries (140,6%).

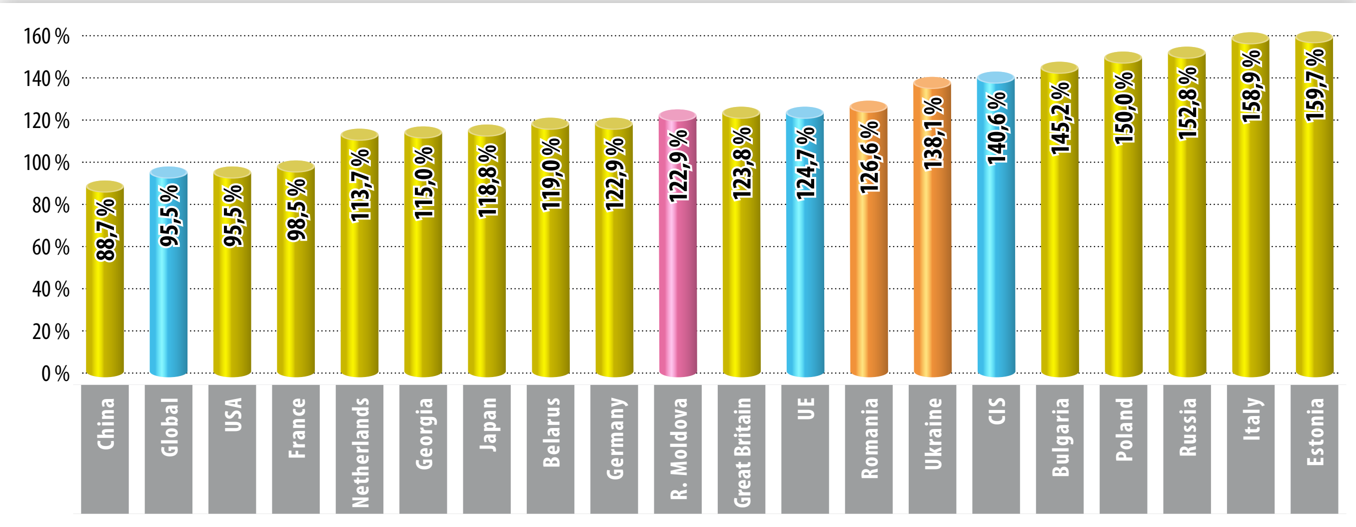


Chart 14 **Mobile telephony penetration rates[6] in R. Moldova and other countries/communities**

Source: **ANRCETI**

As per 31.12.2014, 85,5% of the total users of mobile telephony services were active[7] users, while 14,55% - passive users (Chart 15).

[6] Statistical data from 2013 ITU Report.

[7] According to ANRCETI methodology, active users are those users who consumed and paid for at least one service within the last three months before the statistical data were reported.

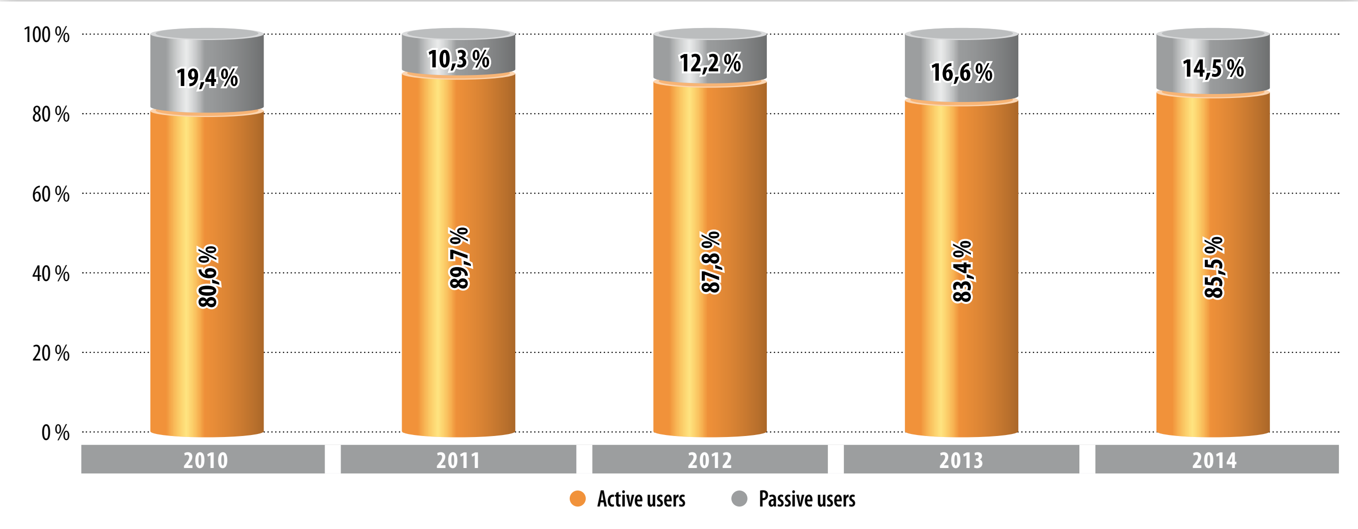


Chart 15 **Structure of the market, by types of users (active/passive)**

Source: **ANRCETI**

The share of subscription mobile telephony users was 21,8%, pre-paid users – 78,2% (Chart 16). The share of pre-paid cards in the structure of mobile telephony users is close to the value of this indicator at global level. (about 77%, Source: GSMA).

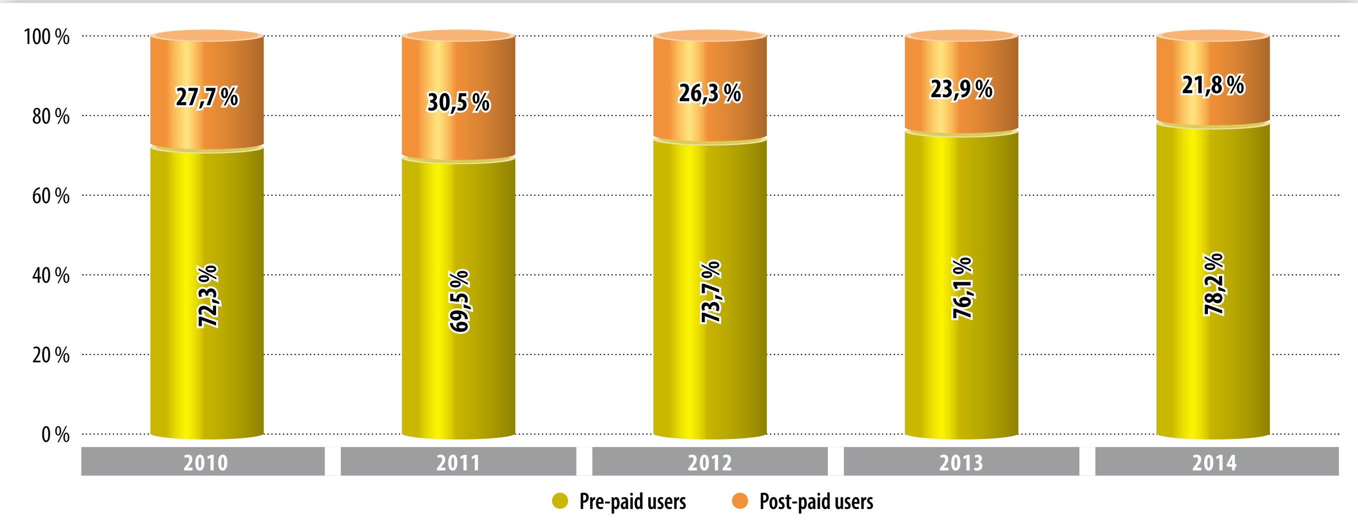


Chart 16 **Structure of the market by types of users (pre-paid/post-paid)**

Source: **ANRCETI**

1,41 million mobile telephony users have accessed the Internet via mobile devises through 2G/3G/4G networks, as an additional service to the voice service. At the same time, these users generated 2,1 million GB mobile broadband traffic, while the average monthly Internet consumption per user (AUPU) was 127 MB, increased by 157%.

2.3 Evolution of voice traffic

In 2014, the total volume of voice traffic in mobile telephony networks increased 7,8% over 2013 and exceeded 6,09 billion minutes. The traffic to mobile networks increased 62,14% up to 829,5 million minutes, while the in-network traffic increased 4,3

% up to 4,3 billion minutes. The international traffic dropped 7,9% and made up 586,5 million minutes. The traffic to fixed networks dropped 1,2% and made up 349,9 million minutes (Chart 17).

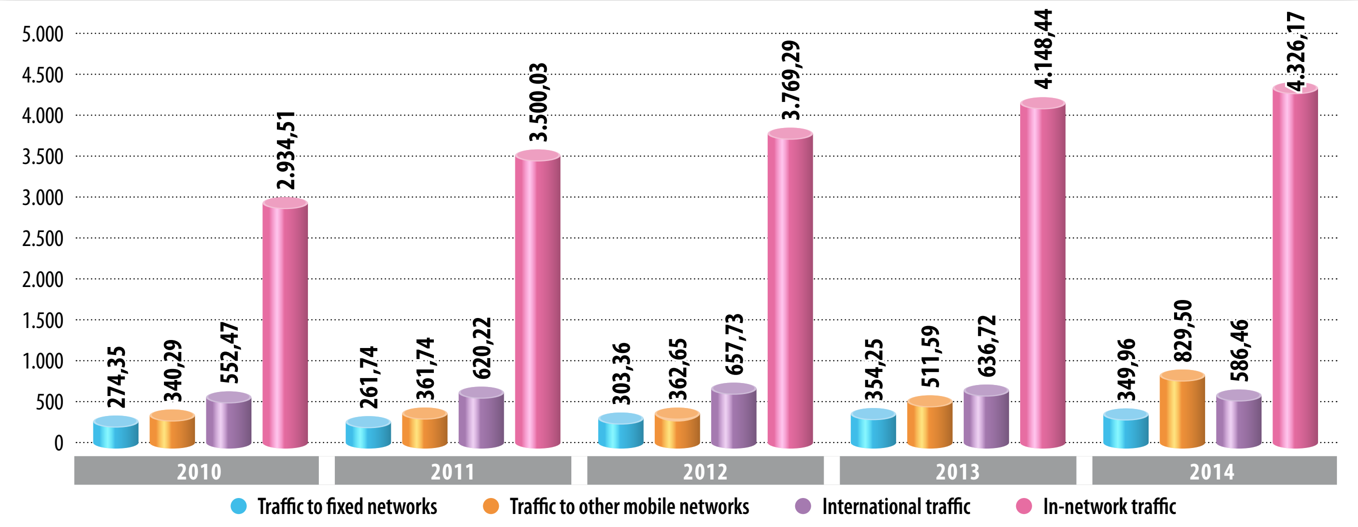


Chart 17 **Evolution of voice traffic in mobile networks (million minutes)**

Source: **ANRCETI**

The MoU indicator (average minutes of use per user per month) increased 5,4% or 11 minutes and made up 211 minutes (3 hours and 31 minutes). For Orange Moldova this indicator increased from 259 to 266 minutes, for Moldcell – from 125 to 149 minutes, while for Moldtelecom the indicator dropped from 121 to 102 minutes (Chart 18).

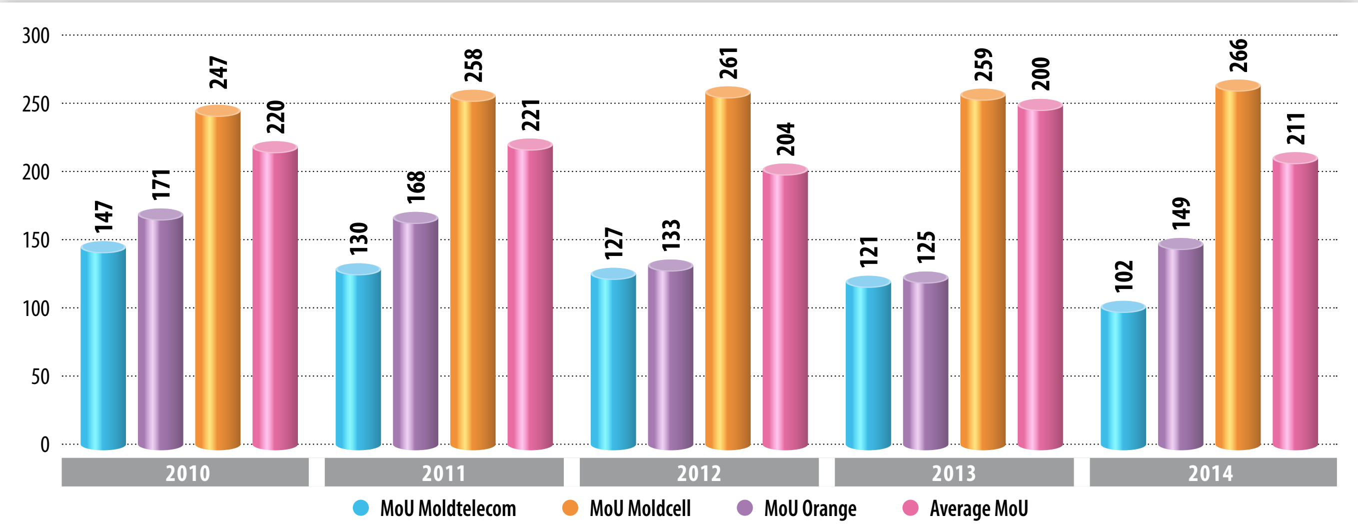


Chart 18 **Evolution of MoU indicator (minutes)**

Source: **ANRCETI**

2.4 Rates of radio signal coverage

According to the data submitted by the three mobile operators, as per 31.12.2014, Orange Moldova provided 99% of 2G territory coverage, Moldtelecom (CDMA2000 1x in 450 MHz) –98,07% and Moldcell – 97,36% (Chart 19).

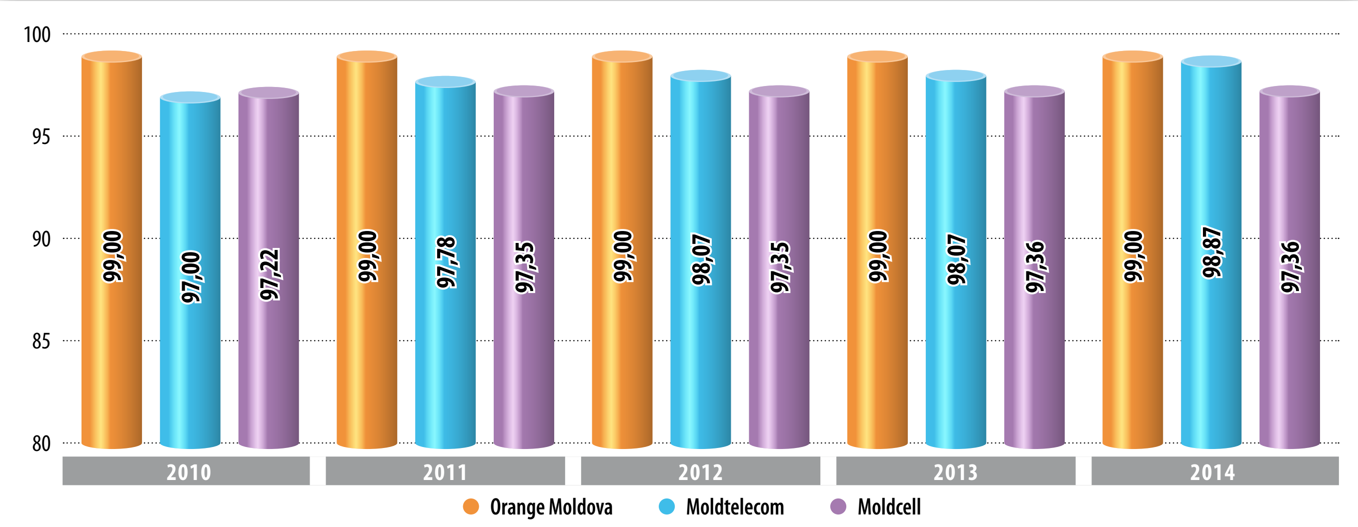


Chart 19 **Rate of 2G territory coverage (%)**

Source: **ANRCETI**

In terms of 2G population coverage, Orange Moldova reported 99% coverage at the end of 2014, Moldtelecom - 98,38% and Moldcell – 96,82% (Chart 20).

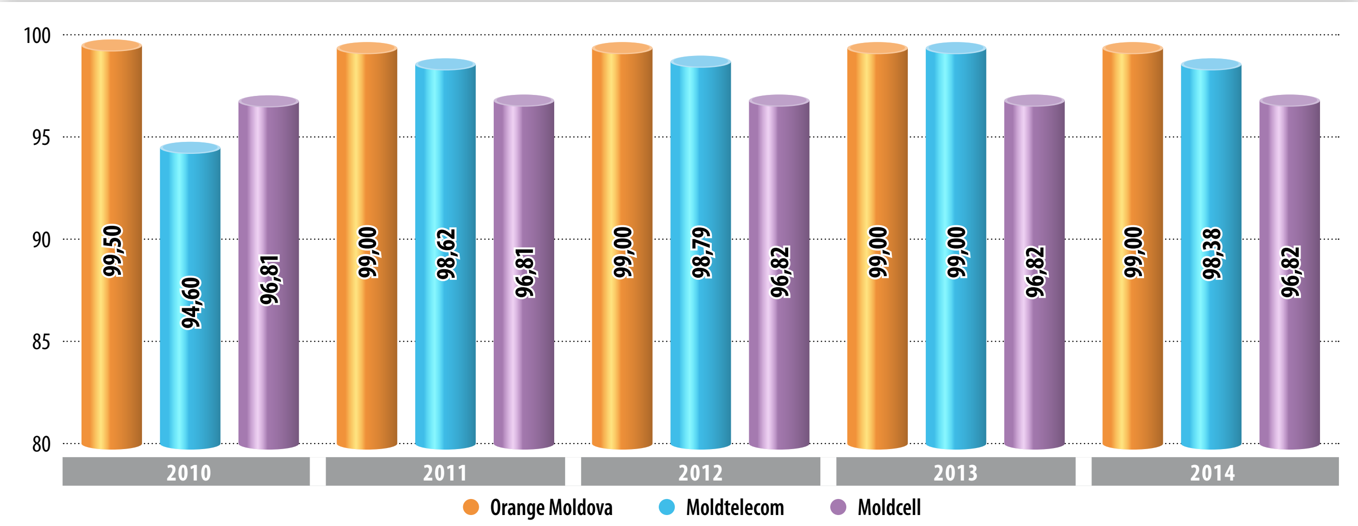


Chart 20 **Rate of 2G population coverage (%)**

Source: **ANRCETI**

In terms of 3G territory coverage, as per 31.12.2014, Orange Moldova provided 99%, Moldtelecom– 91,40% and Moldcell - 77,71% (Chart 21).

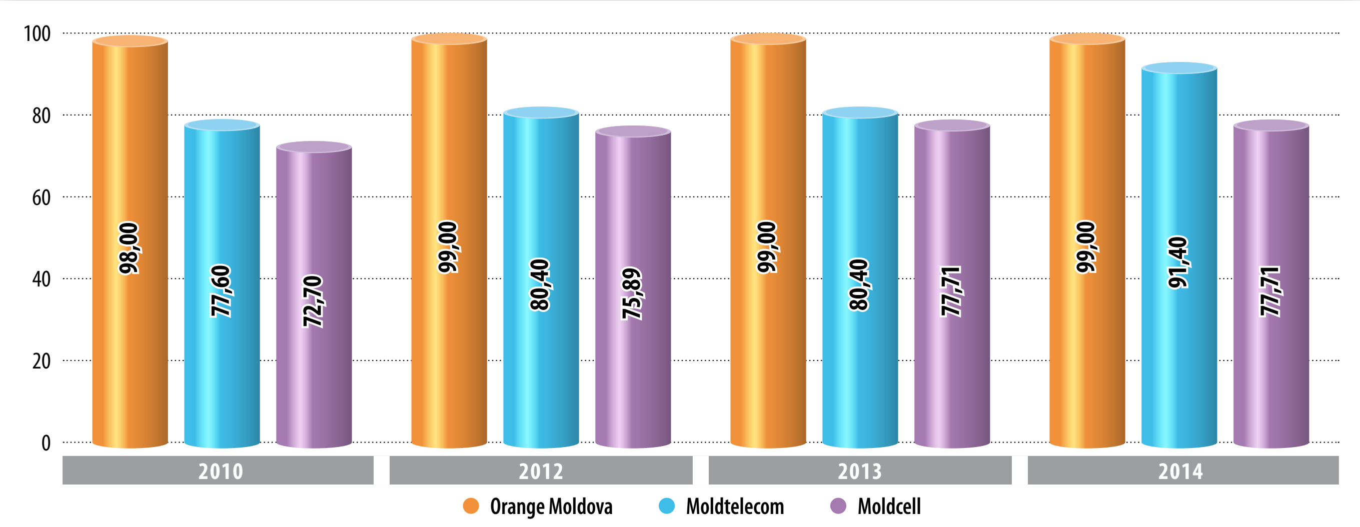


Chart 21 Rate of 3G territory coverage (%)

Source: **ANRCETI**

The data regarding 3G population coverage show that in 2014 the highest coverage rate - 99% - was provided by Orange Moldova, followed by Moldtelecom - 96,5% and Moldcell – 62% (Chart 22).

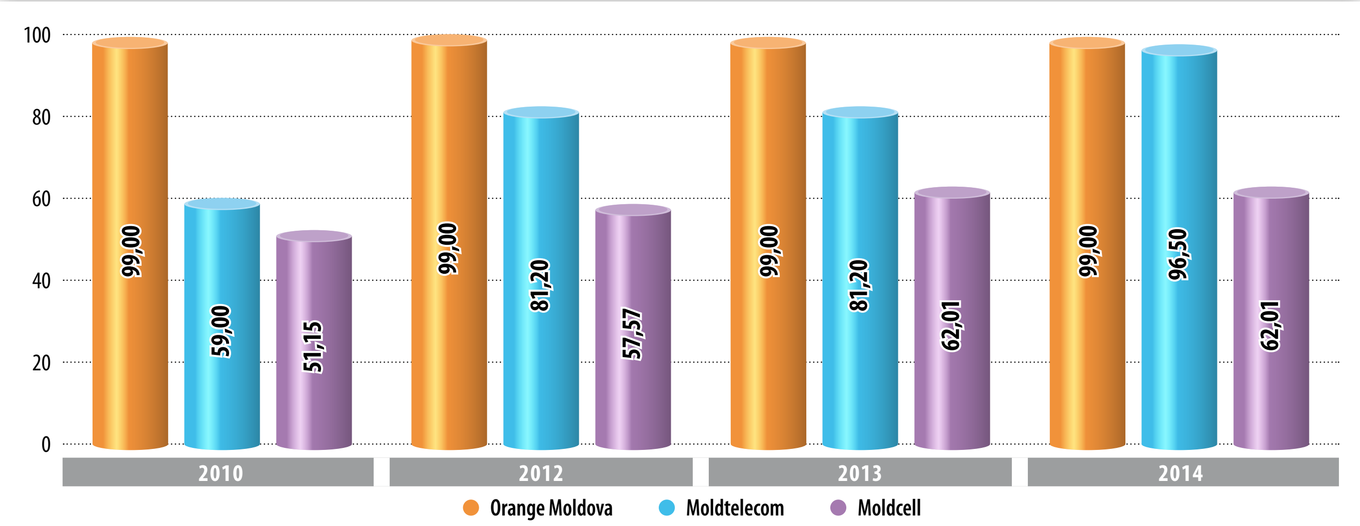


Chart 22 Rate of 3G population coverage (%)

Source: **ANRCETI**

The data from the charts above show that Moldtelecom significantly increased its 3G coverage rate, which is due to the implementation of 3G services in 900 MHz spectrum.

As for 4G/LTE population coverage, at the end of 2014 Orange Moldova provided 33% coverage rate, Moldcell – 14% (Chart 23).

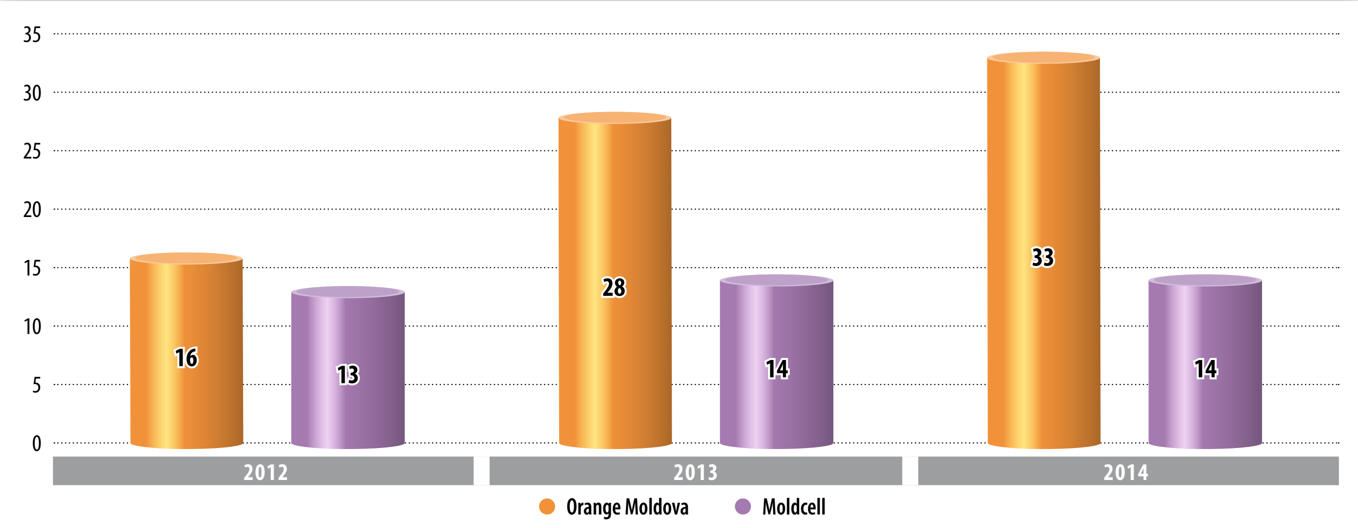


Chart 23 Rate of 4G/LTE population coverage (%)

Source: **ANRCETI**

3

Fixed Telephony

3 Fixed Telephony

3.1 Dynamics of the market

In 2014, the total volume of fixed telephony revenue decreased 10,1% compared to 2013 and totaled over 1 billion lei. The sales of the incumbent Moldtelecom dropped 11,1% and constituted 942,9 million lei, the ones of alternative providers grew 8,9% and made up 59,3 million lei (Chart 24).

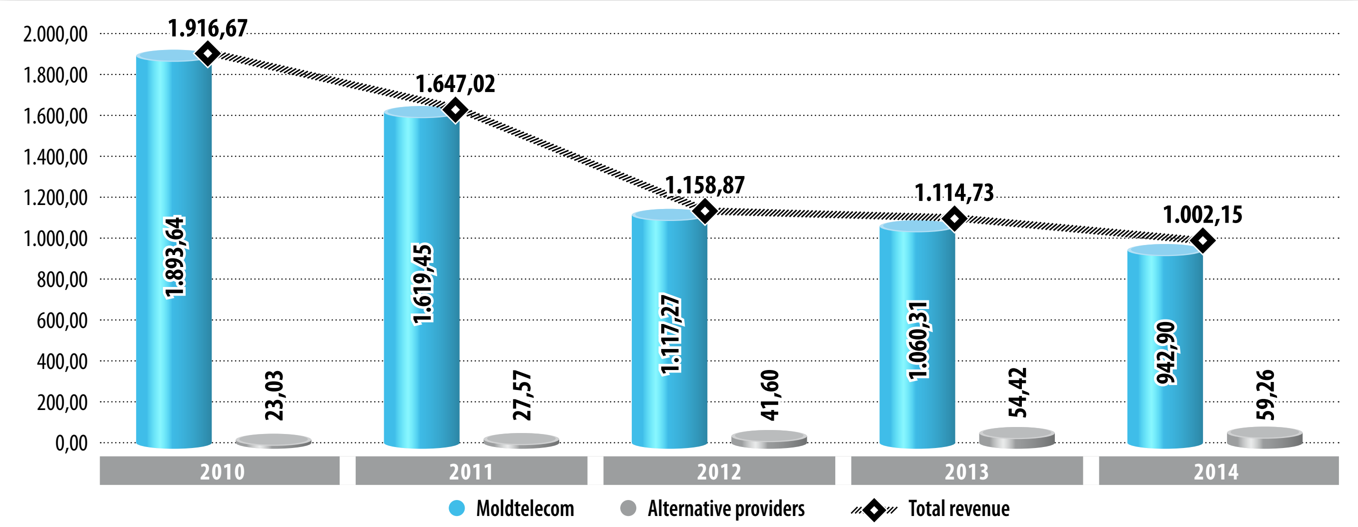


Chart 24 Evolution of revenues of fixed telephony providers (million lei)

Source: **ANRCETI**

The average monthly revenue per user (ARPU) of fixed telephony operators 68,5 lei, 10,6% decrease compared to 2013. For Moldtelecom the ARPU was 71,0 lei (decrease 10,1%), for alternative providers – 43,7 lei (decrease 9,1%). The average monthly revenue per individual users was 31,5 lei (7 lei or 18% decrease), per business - 92,9 lei (12,2 lei or 11,6% decrease) (Chart 25).

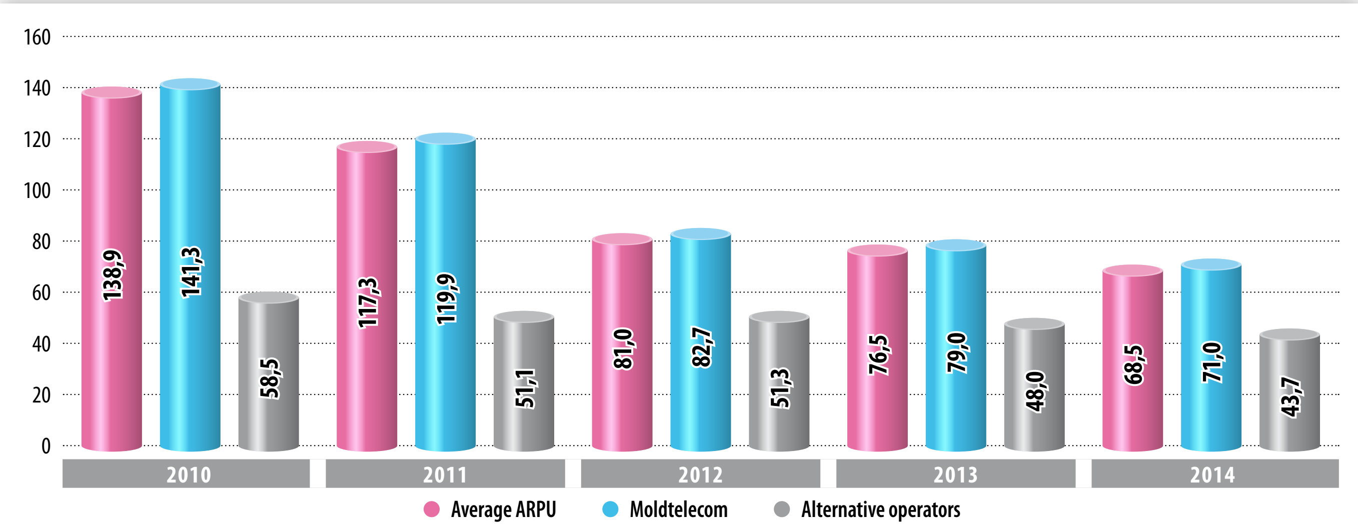


Chart 25 Evolution of average monthly revenue per subscriber - ARPU (lei)

Source: **ANRCETI**

3.2 Subscribers and penetration

The number of subscribers to fixed-telephony[8] services dropped 3,2 thousand or 0,3%, and made 1 million 218,3 thousand, of which individual subscribers - 88,9% and businesses - 11,1%. By place of residence, 675 thousand subscribers (55,4%) were urban residents and 543,3 thousand (44,6 %) - rural.

In 2014, the subscriber base of Moldtelecom decreased by 6,7 thousand customers, while the subscriber base of alternative providers increased by about 13,5 thousand. As per 31.12.2014, Moldtelecom had 1 million 98,4 thousand subscribers, alternative providers – 119,9 thousand. The fixed telephony service penetration rate per 100 population decreased 0,09 p. p. and showed 34,23% (Chart 26). For urban areas, this indicator was 45,3%, for rural – 26,2%.

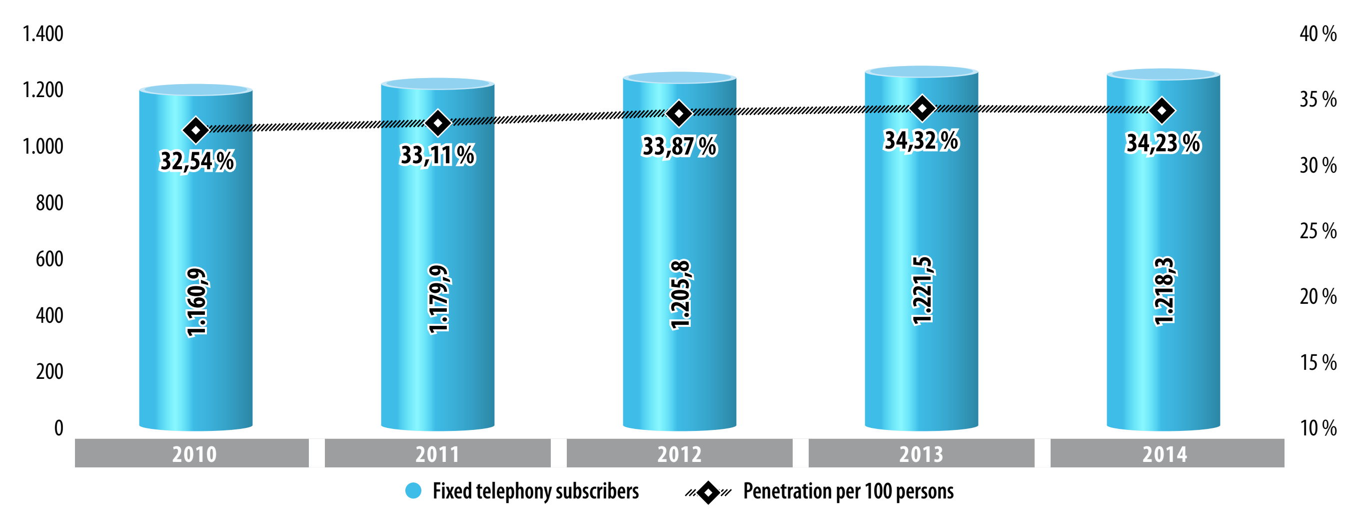


Chart 26 Number of subscribers (thousand) and fixed telephony penetration rates

Source: **ANRCETI**

As per 31.12.2014, the market share of the incumbent Moldtelecom, by subscribers, was 90,2%, six alternative providers (Starnet Solutions, Sun Communications, Orange Moldova, Arax – Impex, Riscom and Moldova Railway) had market shares between 0,23% and 3,5%, the rest of alternative providers – smaller market shares.

Compared to the situation in other states/communities, in 2014 the fixed telephony penetration rate in the Republic of Moldova was higher than in Ukraine and Romania by 8 p. p. and by 12 p. p. accordingly. At the same time, this indicator was 5 p. p. lower than the 39% average in EU countries (Chart 27).

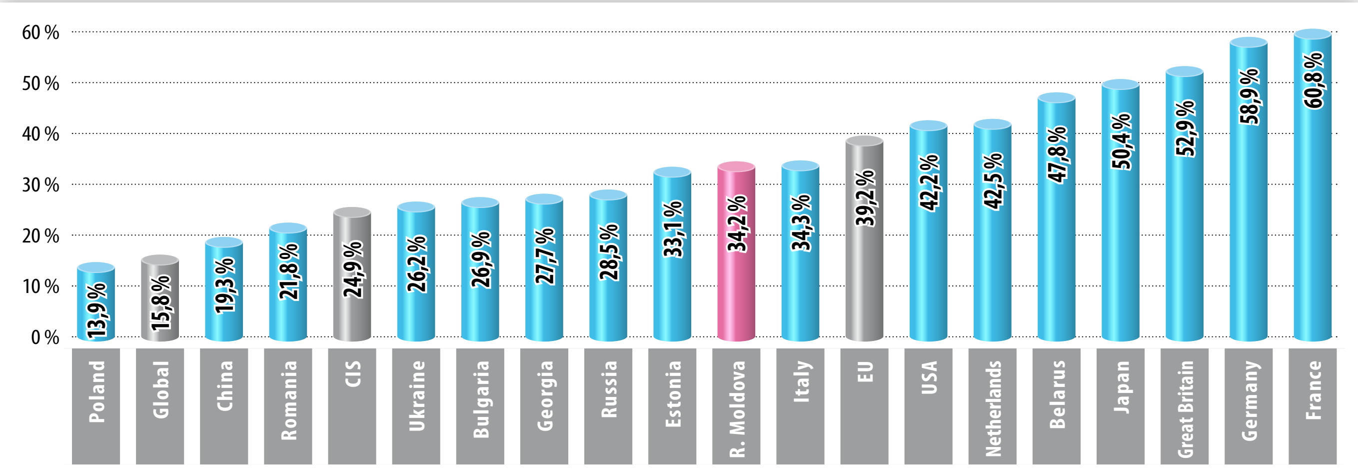


Chart 27 Fixed telephony penetration rates in Moldova and other countries/communities

Source: **ANRCETI**

[8] Calculations include fixed subscriber lines, for VoIP services – telephone numbers allocated to end users.

3.3 Evolution of traffic

The total volume of traffic in fixed telephony networks dropped 15,7% compared to 2 billion 262 million minutes. All types of traffic generated in fixed telephony networks were under decline. Thus, the voice traffic to international destinations decreased about 26,6% (to 39,1 million minutes), to mobile networks - 13% (to 98,3 million minutes) and the interconnection traffic – 12,7% (to 463,1 million minutes). (Chart 28).

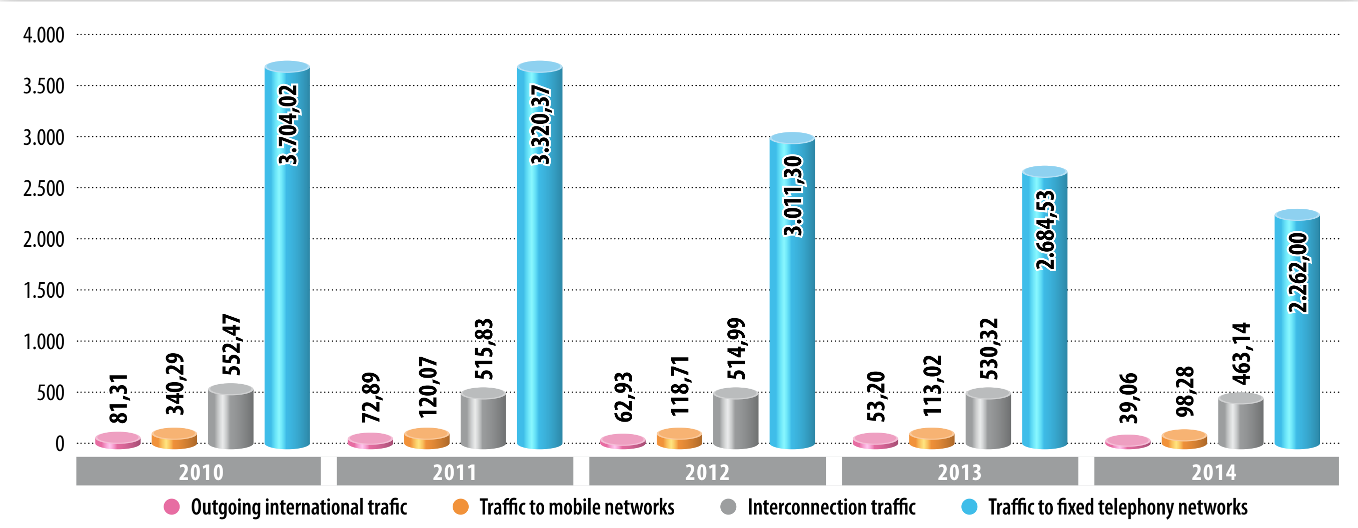


Chart 28 Evolution of traffic in fixed telephony networks (million minutes)

Source: **ANRCETI**

In the reporting timeframe, the MoU indicator (average number of minutes spent by a subscriber) on the fixed telephony market dropped 16,6% compared to 2013 and equaled 250 minutes (4 hours and 10 minutes) (Chart 29).

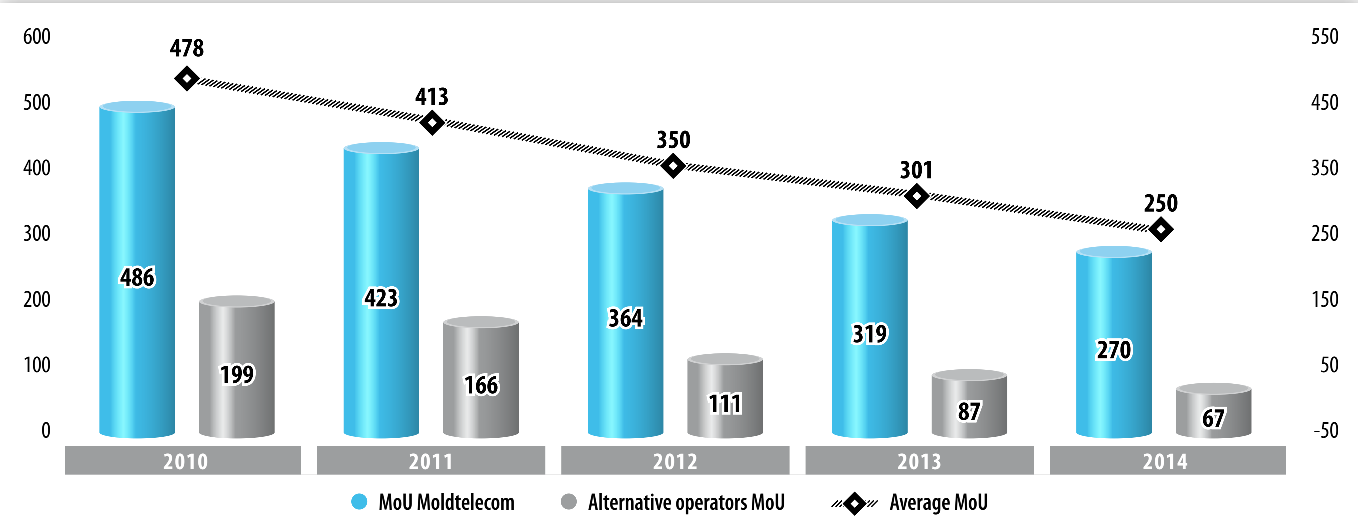


Chart 29 Evolution of MoU indicator (minutes)

Source: **ANRCETI**

4

Fixed and Mobile Internet Access

4 Fixed and Mobile Internet Access

4.1 Market feature

In 2014, the capacity of Internet access channels from R. Moldova increased 21,6% over 2013, and reached 239,7 Gbps. This evolution was caused by the increase of investments and development of fiber and 4G networks, growth of the number of broadband users and speeds, offered by providers in their tariff plans, more frequent Internet access from different devices (computer, laptop, smartphone, tablet), including for viewing video content of increasing resolution, etc.

According to the specialized site www.netindex.com, as per 31.03.2015, the average fixed broadband access speed (download) in Moldova was 41,5 Mbps (increased over 10 Mbps in one year), the global average being 22,6 Mbps, while the upload average speed – 35,3 Mbps, the average in the world being 10,2 Mbps.

Table 3 **Average speeds of fixed and mobile broadband access, according to the data of netindex.com site**

	Fixed broadband access		Mobile broadband access	
	Download (Mpbs)	**Upload** (Mpbs)	**Download** (Mpbs)	**Upload** (Mpbs)
Republica Moldova	41,5	35,3	10,4	2,9
Global	22,6	10,2	12,1	4,9
UE	28,9	9,9	16,9	6,4

Source: **ANRCETI**

The data in the table show that the average speeds of fixed broadband access in Moldova are higher than the global average and EU average. This is explained by the fact that in Moldova, along with the development of fiber networks (FTTB and FTTH), which enable up to 1Gbps access speeds, users commonly choose high-speed fixed broadband (over 30Mbps and above 100 Mbps) and less frequently - mobile broadband because the access speeds for connections of this type are lower.

4.2 Revenues

In 2014, 71 providers offered fixed Internet access services and three – mobile Internet services. According to the data reported by those providers, the total volume of sales on the market for fixed and mobile Internet access increased 18% over 2013 and exceeded 1,4 billion lei, which makes over 20% of electronic communications market value. The most significant increase of revenues - 29% - occurred on the market for mobile Internet access services via mobile phones (addons for mobile voice users).

Table 4 **Revenues from fixed and mobile Internet access**

	2011	2012	2013	2014
Fixed Internet access (broadband)	540,2	652,6	785,3	927,7
Mobile Internet access:	256,4	383,4	407,9	482,2
Including revenues from mobile voice users[9] (as addons)	*103,3*	*113,5*	*148,2*	*190,9*
Including revenues from dedicated mobile broadband access	*153,1*	*269,9*	*259,7*	*291,3*
Total revenues from fixed and mobile Internet access	**796,6**	**1.036,0**	**1.193,2**	**1.409,8**
Share of revenues from fixed broadband access (%)	67,8%	63,0%	65,8%	65,8%
Share of revenues from mobile broadband access (%)	32,2%	37,0%	34,2%	34,2%

Source: **ANRCETI**

[9] Veniturile din serviciile de acces la Internet prin intermediul tefefonului mobil sunt prezentate cu titlu informativ pentru a arăta care sunt veniturile totale pe piaţa accesului la Internet. Adiţional, aceste venituri se regăsesc ca parte componentă a volumului total de venituri înregistrate pe piaţa de Mobile telephony, dat fiind că sunt venituri din servicii adiţionale a serviciului de bază – Mobile telephony.

4.2.1 Dynamics of revenues from fixed broadband access services

The data reported by fixed broadband service providers show that the total volume of sales on this market increased 18,1% over 2013 and made up 927,66 million lei. The turnover of Starnet Solutions LLC increased 35,6% and reached 208,07 million lei, the one of Sun Communications LLC – 23,5% up to 36,14 million lei, of Moldtelecom - 15,0% and made up 603,34 million lei (Chart 30).

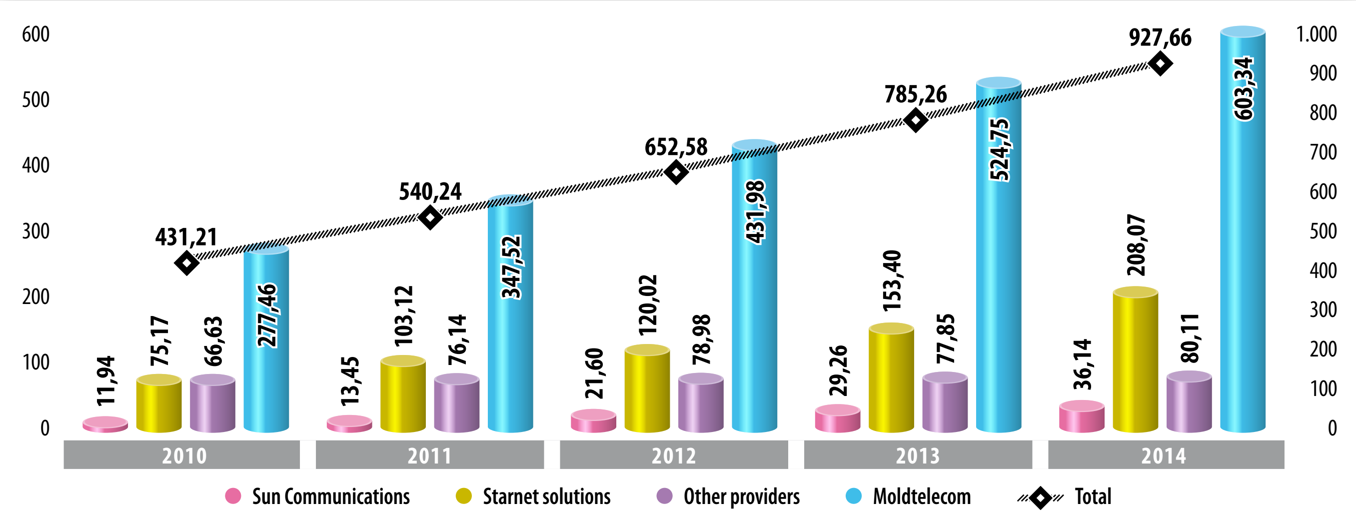


Chart 30 **Evolution of revenues collected by fixed broadband providers (million lei)**

Source: **ANRCETI**

The data in the Chart above show that in recent five years, some of the above-mentioned providers strengthened their positions. While the market share of Moldtelecom (2/3 of the market) almost stays unchanged, Starnet Solutions LLC and Sun Communications LLC expanded their market shares (Chart 31). The expansion of these providers' market shares was a result of major investments in network and service development, a factor that ensures growth of revenues from providing these services.

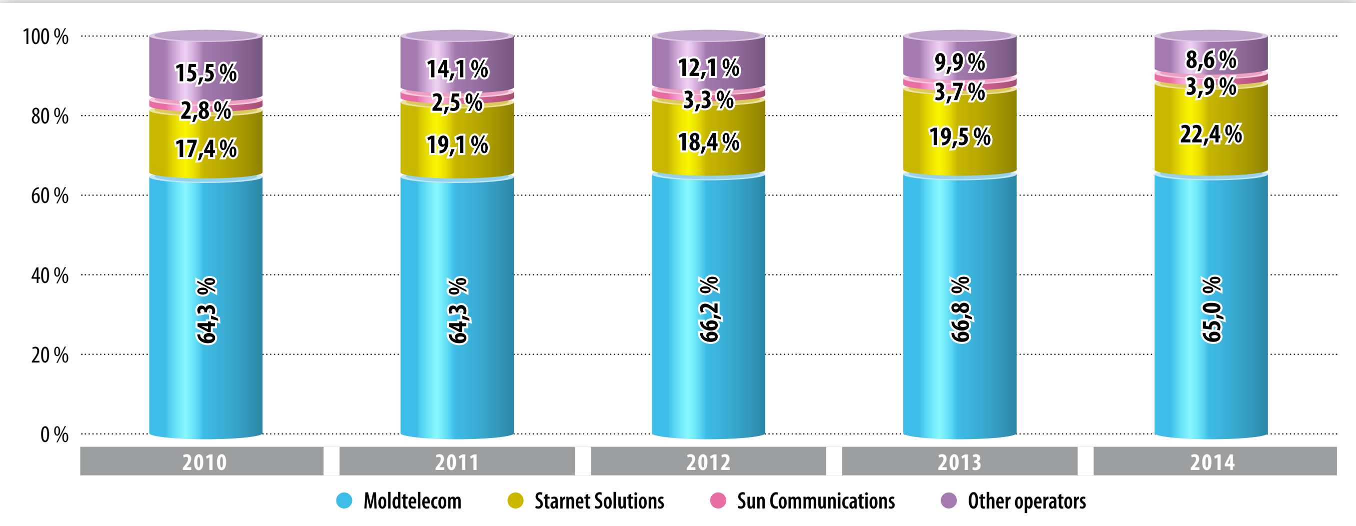


Chart 31 **Market shares of fixed broadband providers, by revenues**

Source: **ANRCETI**

The average monthly revenue per user (ARPU) of fixed broadband providers increased 6,9% over 2013, making up 160,5 lei (Chart 32). The ARPU per individual subscriber was 146,3 lei, while the ARPU per business subscriber was 605,1 lei.

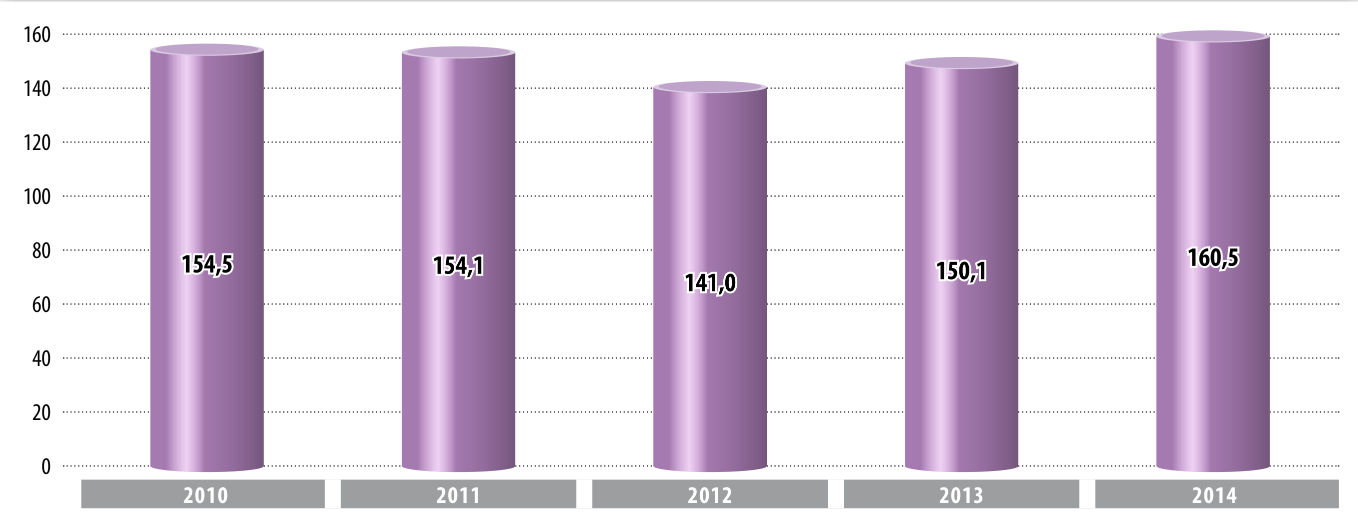


Chart 32 Evolution of average monthly revenue per user (ARPU) of fixed broadband access services (lei)

Source: **ANRCETI**

This indicator increased due to the growing number of end users prefer the advantageous packages proposed by providers that include free or at reduced rates (TV and free HD channels included, mobile broadband traffic at reduced rates, voice fixed-mobile minutes at discounted rates) and high speed broadband access.

4.2.2 Dynamics of revenues from mobile Internet access services

In 2014, the total revenues collected by the three mobile communications providers from mobile Internet access services (including dedicated broadband access and Internet access via mobile phone as additional service) increased 18% over 2013 up to 482,16 million lei. This is 1/3 of the cumulated volume of revenues collected on the market for broadband access. Orange Moldova collected 290 million lei revenues, Moldcell– 106,2 million lei and Moldtelecom – 86,1 million lei (Chart 33).

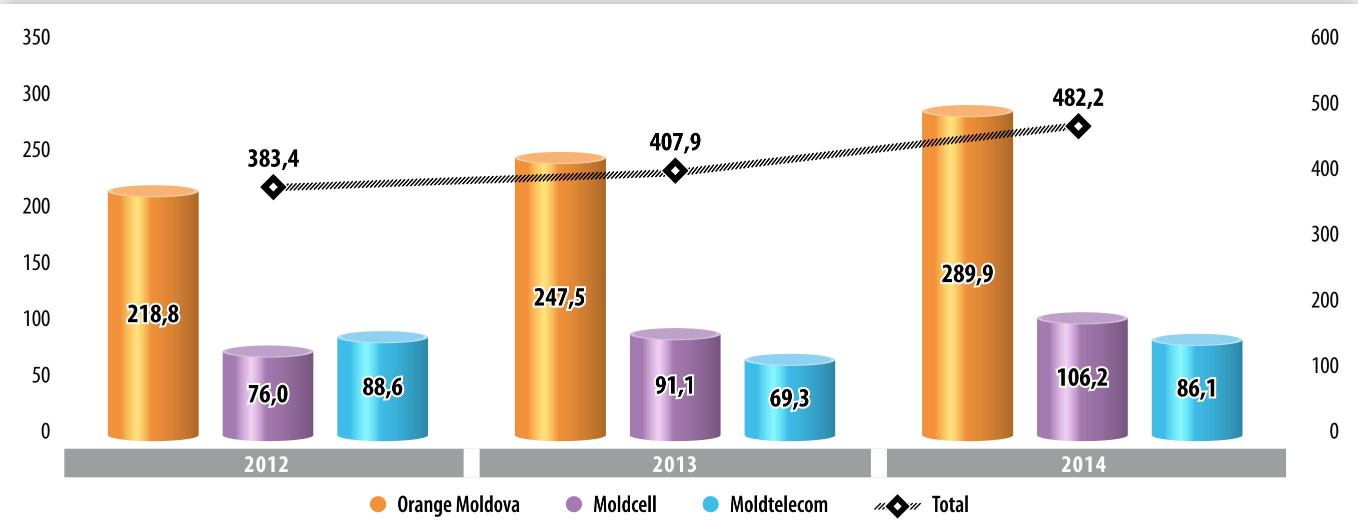


Chart 33 Revenues of mobile Internet access operators (million lei)

Source: **ANRCETI**

The largest share on the market for mobile Internet access by turnover – 60,1% - was held by Orange Moldova, followed by Moldcell with 22,3% and Moldtelecom – 17,9% (Chart 34). Compared with 2013, the market shares of the three providers have significantly changed. The market shares of Orange Moldova and Moldcell slightly dropped against a slight increase of Moldtelecom's share.

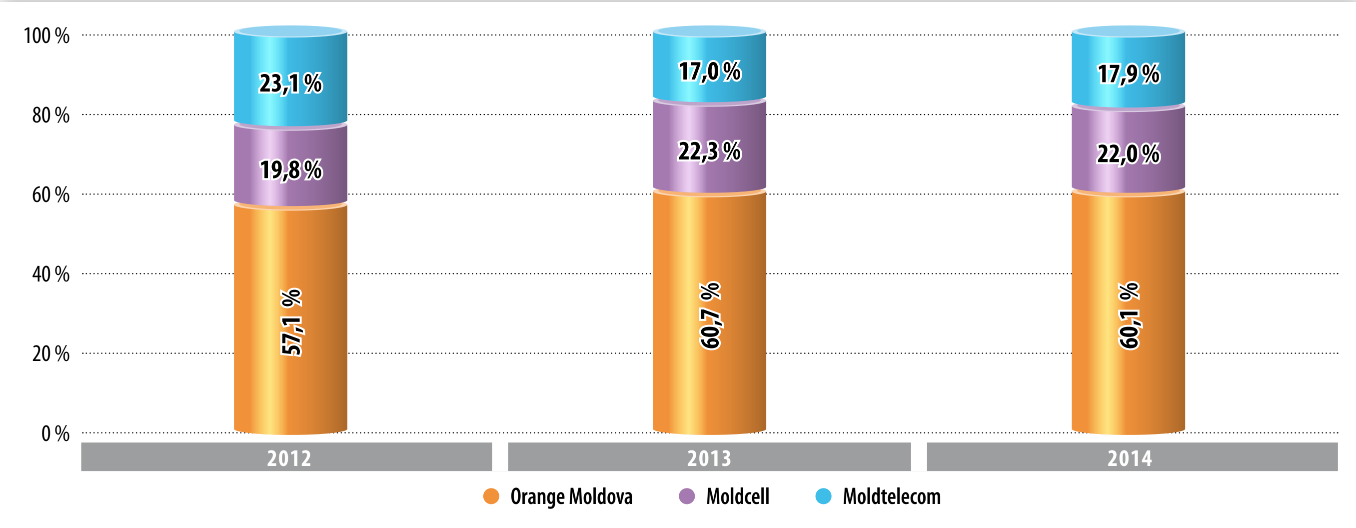


Chart 34 **Market shares of mobile Internet access providers, by turnover**

Source: **ANRCETI**

The size of Orange Moldova's market share is due to more extended population and territory coverage by its 3G and 4G networks and bigger mobile telephony subscription base.

Statistical data also show that the total of revenues collected by the three mobile operators from dedicated mobile broadband access services increased 12,2% over 2013 up to 291,3 million lei. The volume of sales for these services by Orange Moldova was 108,1 million lei, Moldcell– 103 million lei and Moldtelecom – 80,3 million lei (Chart 35).

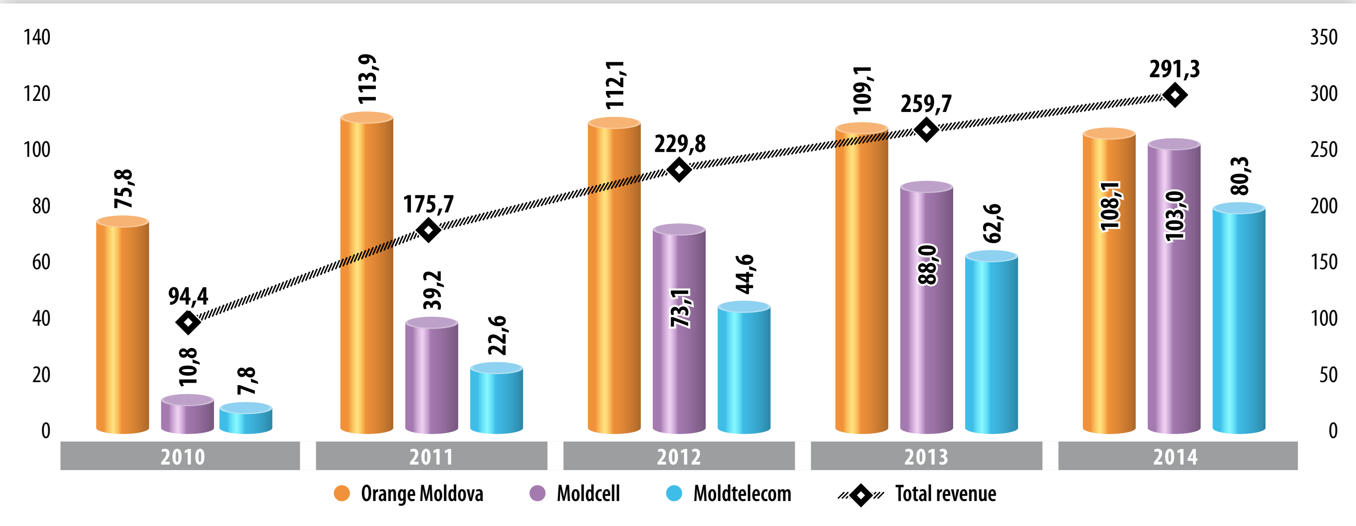


Chart 35 **Revenues of dedicated mobile broadband providers (million lei)**

Source: **ANRCETI**

In the reporting year, the largest share on the market for dedicated mobile broadband access, by turnover – 37,1% - was held by Orange Moldova. Moldcell's market share was 35,3% and Moldtelecom's – 27,6% (Chart 36). The data in the figure below shows that in the recent five years the market share of Orange Moldova declined, while Moldcell and Moldtelecom strengthened their positions on this market.

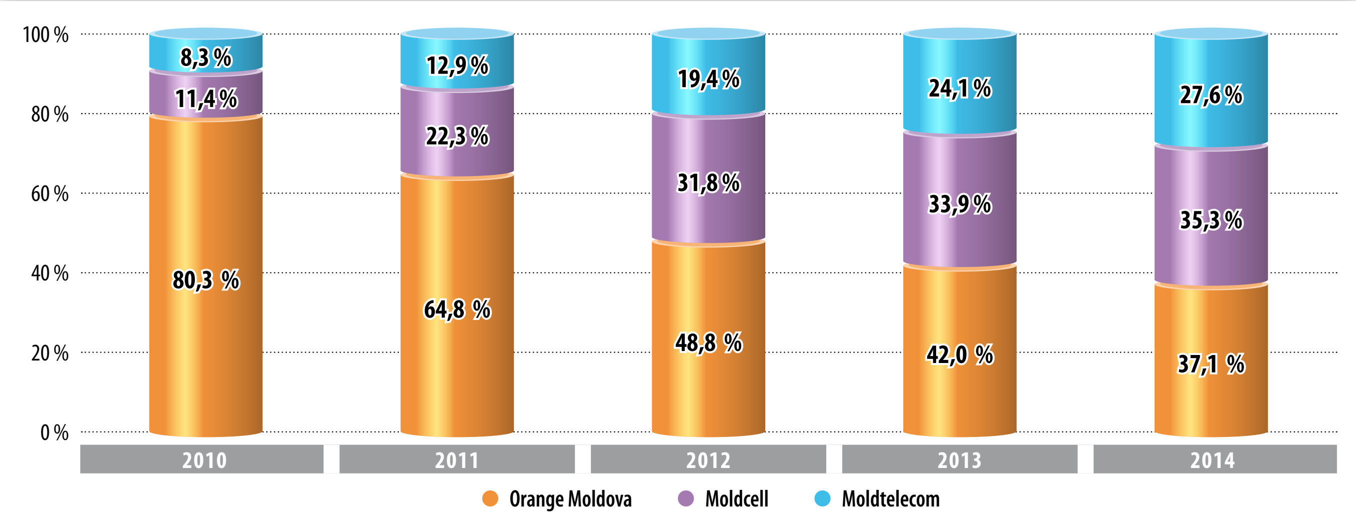


Chart 36 Market shares of dedicated mobile broadband providers, by turnover

Source: **ANRCETI**

The average monthly revenue per user (ARPU) for dedicated mobile broadband, decreased 12%, to 86,8 lei. Moldtelecom had the highest ARPU - 106,5 lei, followed by Moldcell - 92,7 lei, Orange Moldova – 72,5 lei (Chart 37).

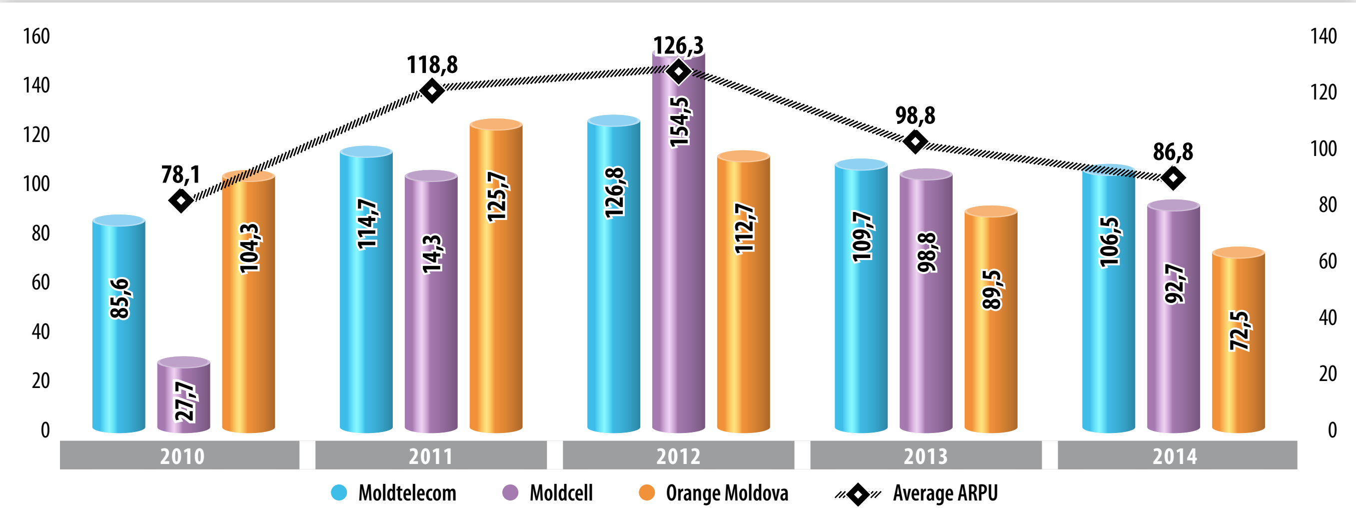


Chart 37 Average monthly revenue per user (ARPU) of dedicated mobile broadband providers (lei)

Source: **ANRCETI**

The decline of the ARPU indicator in the recent three years was caused by the reduction of price per GB included in the subscription, by the launch of prepaid dedicated mobile broadband offers, the broadband access option included in the bundled service packages, free Internet traffic offered within loyalty programs and launch of special tariff options: free Internet traffic at nighttime or weekends and free traffic offered for purchase of more expensive handsets/tablets.

4.3 Subscribers and Internet access penetration rates

In 2014, the number of fixed broadband subscribers increased 9% over 2013 and reached 509,2 thousand, while the number of mobile Internet access users (via mobile phone, modems - 2G, 3G, 4G) increased 3,7% and exceeded 1 million 708,4 thousand. The analysis of the increase of fixed and mobile connections in absolute values shows that within one year the number of mobile Internet access users increased 61,2 thousand, while the number of fixed broadband users - 42,1 thousand.

Table 5 **Subscribers to fixed and mobile broadband services**

	2010	2011	2012	2013	2014	Schimbare 2014-2013
1. Fixed broadband subscription	**269.126**	**355.099**	**417.177**	**467.072**	**509.195**	**+9,0%**
2. Mobile Internet access subscribers:	**-**	**409.760**	**1.536.074**	**1.647.262**	**1.708.430**	**+3,7%**
2.1 including users of mobile Internet access			863.839	1.032.931	1.208.429	+17,0%
2.1.1 including subscribers dedicated mobile broadband	121.599	124.813	178.459	259.613	299.518	+15,4%
2.1.2. including broadband users, voice users		-	685.380	773.318	908.911	+17,5%
Mobile Internet access users via mobile phone (2G, 3G, 4G)	-	-	1.357.615	1.387.649	1.408.912	+1,5%
1. Fixed broadband penetration	7,5%	10,0%	11,7%	13,1%	14,3%	+1,2 p.p.
2. Mobile Internet penetration			43,2%	46,3%	48,0%	+1,7 p.p.
2.1 including mobile broadband penetration			24,3%	29,0%	33,9%	+4,9 p.p.
2.1.1 including dedicated mobile broadband penetrations	3,4%	3,5%	5,0%	7,3%	8,4%	+1,1 p.p.

Source: **ANRCETI**

The data from the chart below show that the number of mobile broadband (3G/4G) users increased 17% or 175,5 thousand users, which indicates to the fact that Moldovan people prefer to access the Internet via mobile phone (once new handsets are purchased, most of them - smartphones) or tablets (Chart 38).

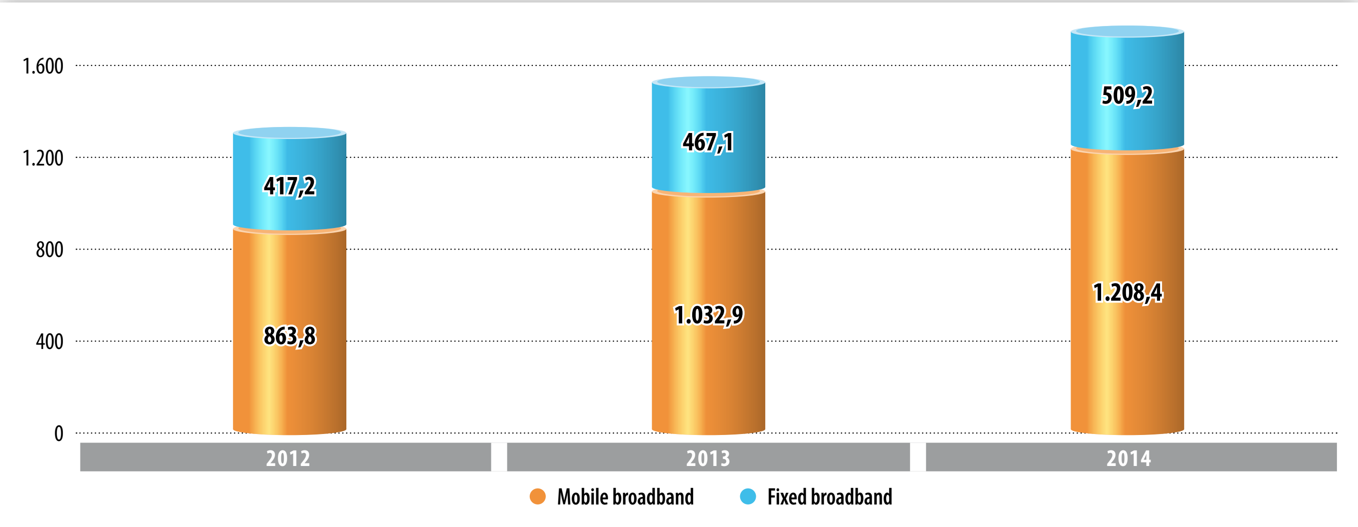


Chart 38 **Structure of fixed and mobile broadband users**

Source: **ANRCETI**

In the reporting year, the mobile broadband penetration rate was the highest - 48% (increase 1,7 p. p.). This is due to the fact that the mobile penetration rate is rather high in Moldova. However, the fixed broadband penetration rate was 14,3% (increase 1,2 p.p.), while mobile broadband access – 33,9% (increase 4,9 p.p.) (Chart 39). The penetration rate of dedicated mobile broadband services was 8,4 (increase 1,1 p.p.), which is equal to the rate in Romania.

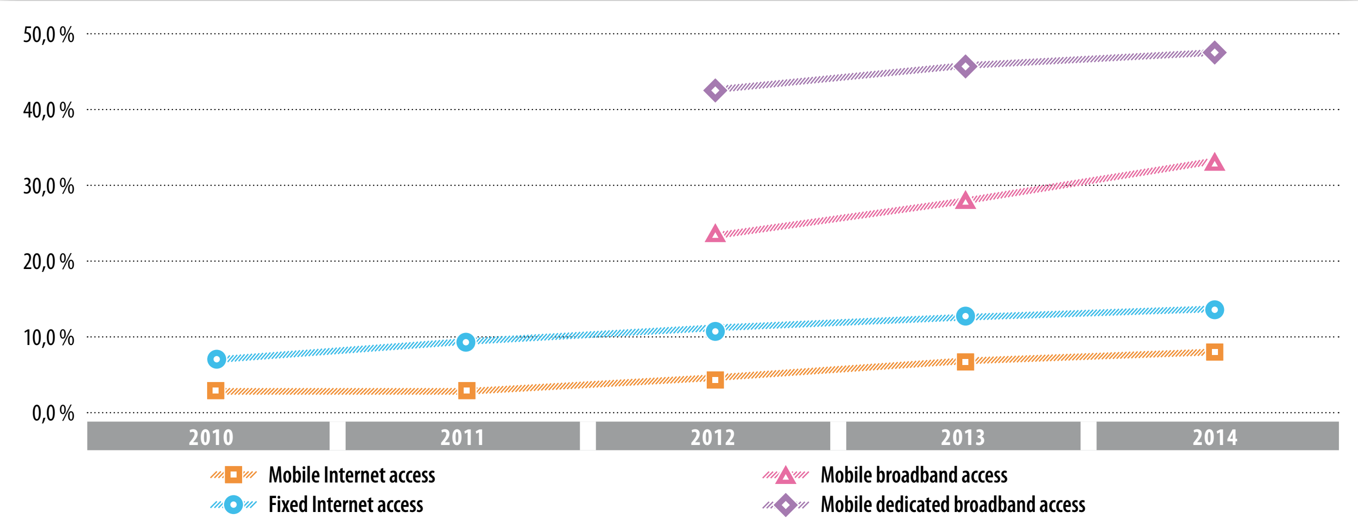


Chart 39 **Evolution of Internet access penetration rates (per 100 inhabitants)**

Source: **ANRCETI**

4.3.1 Subscribers, penetration rates and technologies of fixed Internet access

In 2014, the market shares of the main Internet access (broadband) service providers, by number of subscribers, did not significantly change. Moldtelecom had the highest share - 66,6%, followed by Starnet Solutions - 19,9%, Sun Communications - 6,4%, other providers shared 7%. (Chart 40).

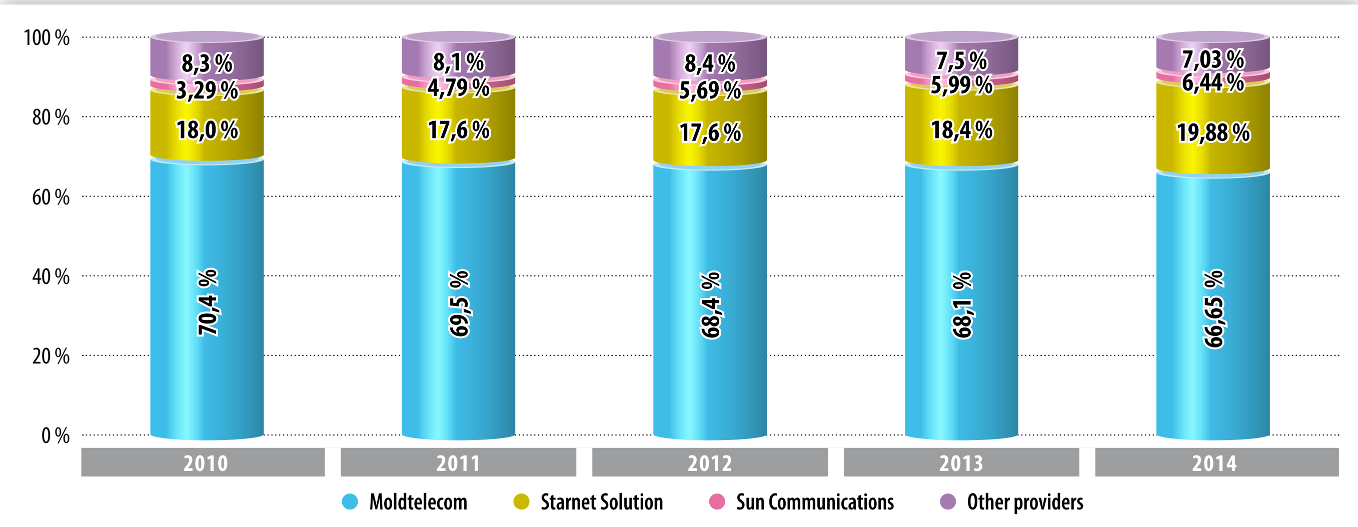


Chart 40 **Market shares of fixed broadband providers, by number of subscribers**

Source: **ANRCETI**

The penetration rate of fixed broadband services in Moldova exceeds 4,5 p. p. the global average (9,8%). This indicator is by 5,5 p. p. higher than the one recorded in the Ukraine (8,8%) and by 3 p. p. lower than the one in Romania (17,3%). The value of this indicator is similar to the average in the CIS countries and by 12,3 p. p. lower than the average 26,6 % in EU states. (Chart 41).

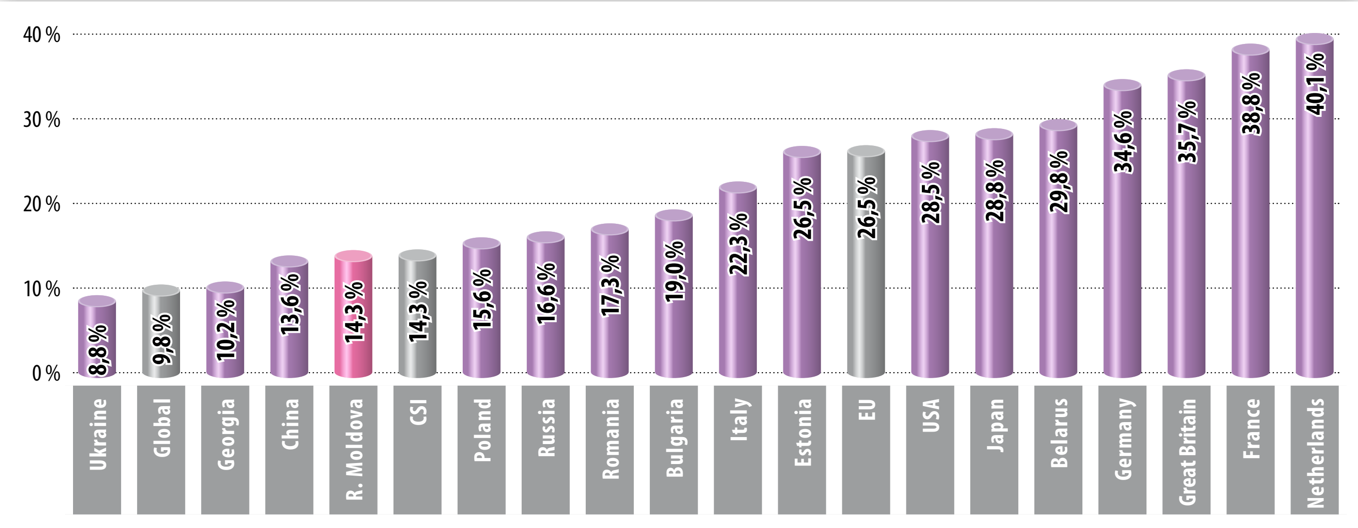


Chart 41 **Fixed broadband access penetration rates[10] in Moldova and other countries/communities**

Source: **ANRCETI**

In 2014, the most frequently used technologies of fixed broadband access were FTTx and xDSL. The number of subscribers connected to the Internet by means of FTTx increased 13,6% and reached 259,9 thousand, the number of those connected by means of coaxial cable (DOCSIS technology) - 26,8% and exceeded 35,8 thousand, while the number of subscribers connected by means of xDSL - 2% and totaled 211,8 thousand (Chart 42).

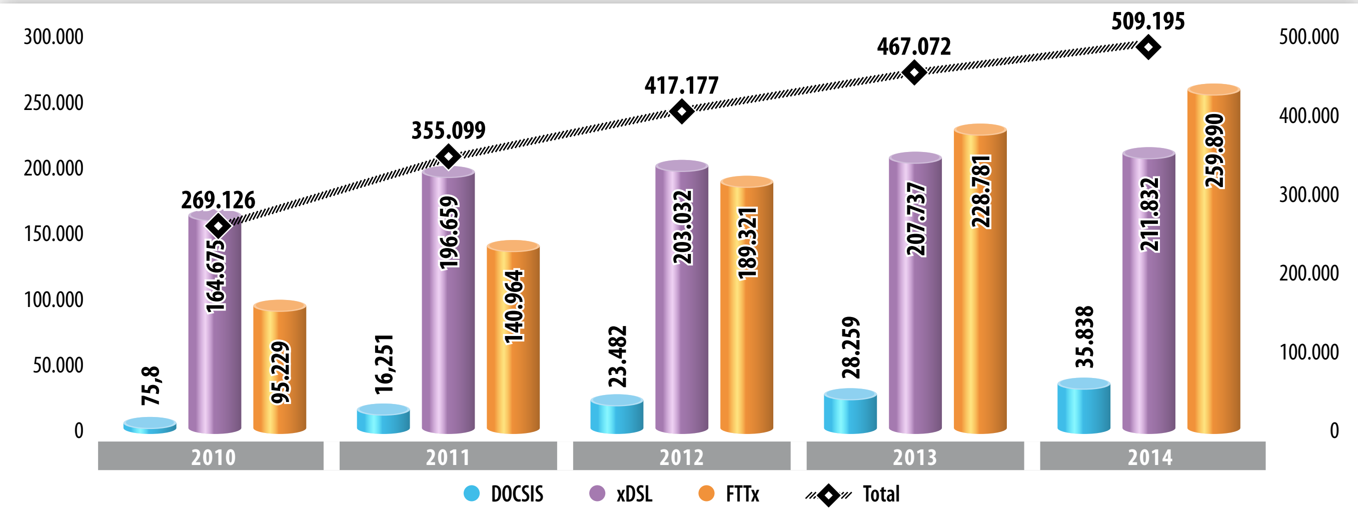


Chart 42 **Number of fixed broadband subscribers, by technology**

Source: **ANRCETI**

[10] Statistical data from ITU 2013 Report.

In the reporting timeframe, the share of FTTx-based connections 51,0%, increased 2 p. p., while the share of xDSL connections was 41,6%, down 2,9 p. p. (Chart 43).

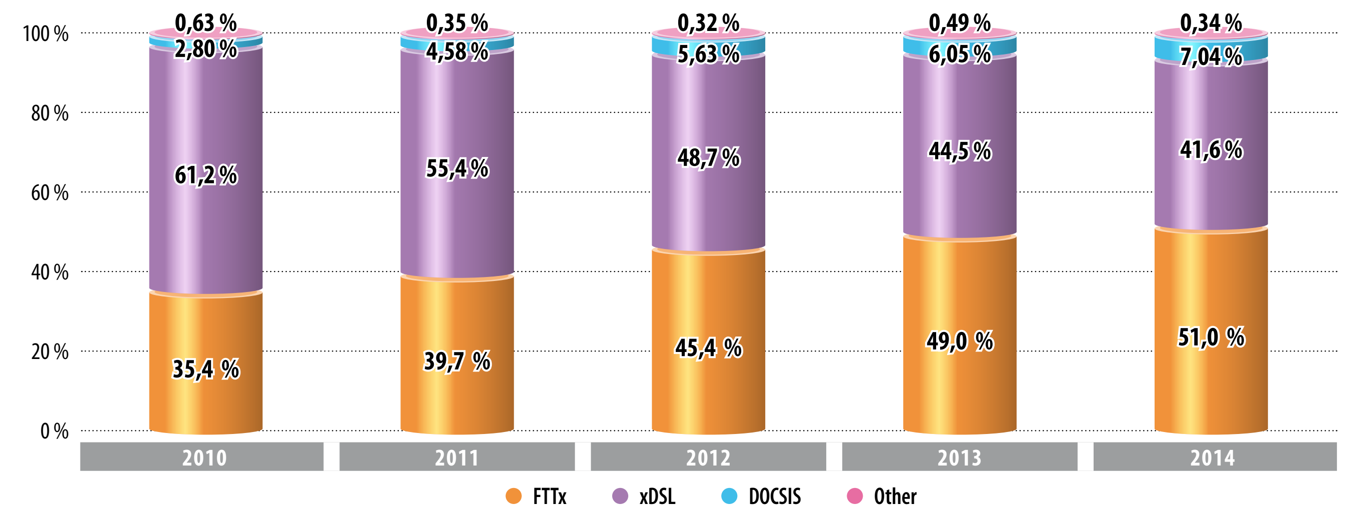


Chart 43 Use of technologies for fixed broadband access

Source: **ANRCETI**

The increase of the FTTx connections was generated by the expansion of these networks in urban and rural areas of the country and the substitution of xDSL with FTTx connections, where such networks are available. The substitution is determined by technological advantages (speed, quality) for Internet access via FTTx compared to xDSL-based access.

In terms of speed of fixed broadband Internet access, the data aggregated by ANRCETI show that, in accordance to the tariff plans chosen by subscribers, in 2014 4% had access to high speed Internet (100 Mbps), 37% - at speeds higher than 30 Mbps, 19% - at speeds of between 10 and 30 Mbps, 32% - at speeds of between 2 and 10 Mbps, and 8% - at speeds up to 2 Mbps (Chart 44).

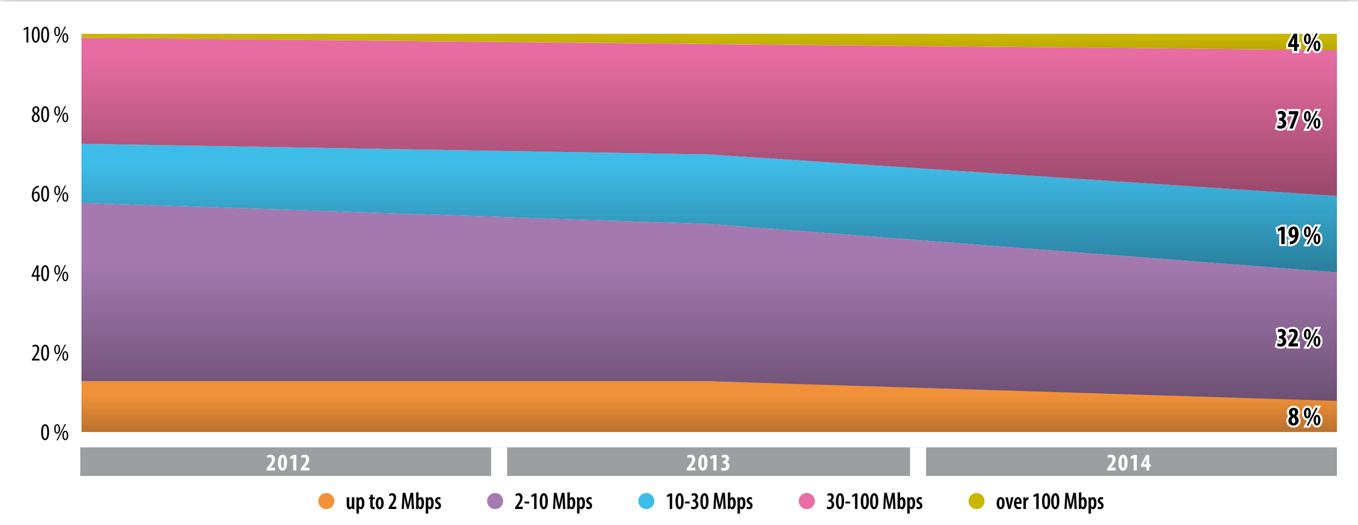


Chart 44 Structure of fixed broadband subscribers, by access speed

Source: **ANRCETI**

Statistical data show that the number of high speed internet access connections is growing, which confirms that end users prefer high speed Internet access (over 30 and 100 Mbps).

Comparing the penetration rates of fast Internet access (over 30 Mbps) in Moldova and EU countries from the Chart below, we find that the level in our country is 1.1 p.p lower than the average in EU countries and twice lower than the average in Romania (Chart 45).

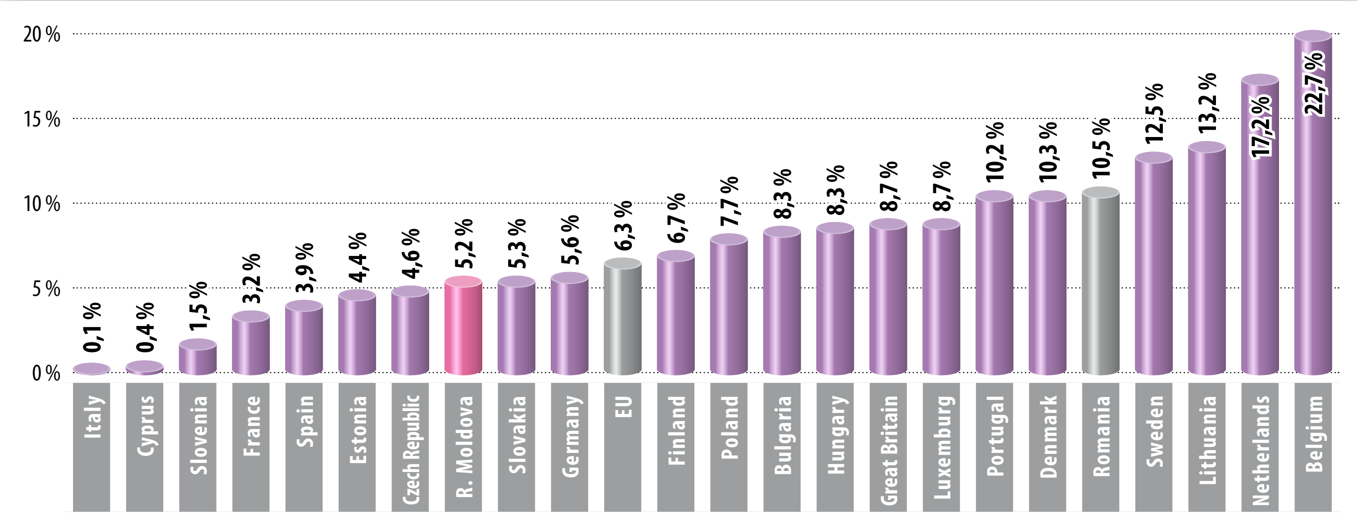


Chart 45 **Penetration rates[11] of high-speed fixed broadband access service (30 Mpbs up) – in Moldova and EU states**

Source: **ANRCETI**

The territorial development of Internet access services at fixed locations in 2014 continued to be featured by a high concentration of subscribers in Chisinau municipality, which represent more than 41,3% of the total number of subscribers to these services. According to data presented by providers, 62,4% of the total number of subscribers to these services reside in urban areas and 37,6% - in rural. At the end of 2014, the penetration rates of fixed broadband access, per 100 households, in Chisinau, was 75,6% and in other administrative units - varied between 21 and 48% (Table no. 6).

[11] Statistical data from ITU 2013 Report.

Table 6 Fixed broadband access provided in administrative-territorial units of Moldova, as per 31.12.2014

Source: **ANRCETI**

No.	Administrative-territorial unit	Total broadband subscribers	Broadband service penetration per 100 households	Subscribers				Share of broadband access technologies			
				xDSL	FTTx	Coaxial cable	Other technologies	xDSL	FTTx	Coaxial cable	Other technologies
1	Chisinau	210.595	75,55%	13.121	165.975	30.913	586	6,2%	78,8%	14,7%	0,3%
2	Balti	26.823	48,83%	4.400	20.976	1.439	8	16,4%	78,2%	5,4%	0,0%
3	Anenii Noi	9.473	34,95%	7.801	1.468		204	82,3%	15,5%	0,0%	2,2%
4	Basarabeasca	3.003	31,21%	2.651	352		0	88,3%	11,7%	0,0%	0,0%
5	Briceni	8.876	34,85%	6.811	2.065		0	76,7%	23,3%	0,0%	0,0%
6	Cahul	15.053	38,36%	9.699	5.164	166	24	64,4%	34,3%	1,1%	0,2%
7	Cantemir	6.174	33,90%	5.701	473		0	92,3%	7,7%	0,0%	0,0%
8	Calarasi	7.104	25,95%	4.938	2.161		5	69,5%	30,4%	0,0%	0,1%
9	Causeni	8.835	29,51%	8.071	763		1	91,4%	8,6%	0,0%	0,0%
10	Cimislia	6.406	33,19%	4.301	2.105		0	67,1%	32,9%	0,0%	0,0%
11	Criuleni	8.066	34,81%	6.865	1.200		1	85,1%	14,9%	0,0%	0,0%
12	Donduseni	3.993	22,28%	3.573	420		0	89,5%	10,5%	0,0%	0,0%
13	Drochia	9.201	27,99%	6.540	2.281	380	0	71,1%	24,8%	4,1%	0,0%
14	Dubasari	3.096	28,15%	3.036	58		2	98,1%	1,9%	0,0%	0,1%
15	Edinet	9.647	31,93%	5.695	3.952		0	59,0%	41,0%	0,0%	0,0%
16	Falesti	8.367	25,35%	5.956	2.410		1	71,2%	28,8%	0,0%	0,0%
17	Floresti	9.185	28,24%	6.332	2.650		203	68,9%	28,9%	0,0%	2,2%
18	Glodeni	6.193	28,85%	5.368	825		0	86,7%	13,3%	0,0%	0,0%
19	Hincesti	11.731	31,40%	8.597	3.134		0	73,3%	26,7%	0,0%	0,0%
20	Ialoveni	13.053	43,69%	7.571	4.630	851	1	58,5%	35,8%	6,6%	0,0%
21	Leova	5.242	31,03%	4.647	595		0	88,6%	11,4%	0,0%	0,0%
22	Nisporeni	5.072	24,60%	4.277	795		0	84,3%	15,7%	0,0%	0,0%
23	Ocnita	5.351	25,87%	4.897	454		0	91,5%	8,5%	0,0%	0,0%
24	Orhei	12.257	29,66%	7.542	4.711		4	61,5%	38,4%	0,0%	0,0%
25	Rezina	4.889	27,54%	3.343	1.545		1	68,4%	31,6%	0,0%	0,0%
26	Riscani	7.108	27,03%	4.692	2.416		0	66,0%	34,0%	0,0%	0,0%
27	Singerei	9.603	30,91%	6.430	3.173		0	67,0%	33,0%	0,0%	0,0%
28	Soroca	9.726	26,59%	5.738	3.987		1	59,0%	41,0%	0,0%	0,0%
29	Straseni	10.171	36,41%	7.199	2.818		154	70,8%	27,7%	0,0%	1,5%
30	Soldanesti	3.209	21,14%	3.068	140		1	95,6%	4,4%	0,0%	0,0%
31	Stefan Voda	6.600	28,38%	4.286	2.313		1	64,9%	35,0%	0,0%	0,0%
32	Taraclia	5.062	39,37%	4.570	492		0	90,3%	9,7%	0,0%	0,0%
33	Telenesti	6.204	25,72%	5.856	348		0	94,4%	5,6%	0,0%	0,0%
34	Ungheni	12.754	32,94%	6.303	6.450		1	49,4%	50,6%	0,0%	0,0%
35	Gagauzia	21.073	45,53%	11.942	9.128		3	56,7%	43,3%	0,0%	0,0%
	Total	**509.195**	**42,47%**	**211.817**	**262.427**	**33.749**	**1.202**	**41,6%**	**51,5%**	**6,6%**	**0,2%**

4.3.2 Subscribers and penetration of dedicated mobile Internet access service

In 2014, the number of dedicated mobile Internet users increased 15,4 % over 2013, and reached 299,5 thousand, while the penetration rate per 100 inhabitants grew 1,12 p. p. up to 8,41% (Chart 46).

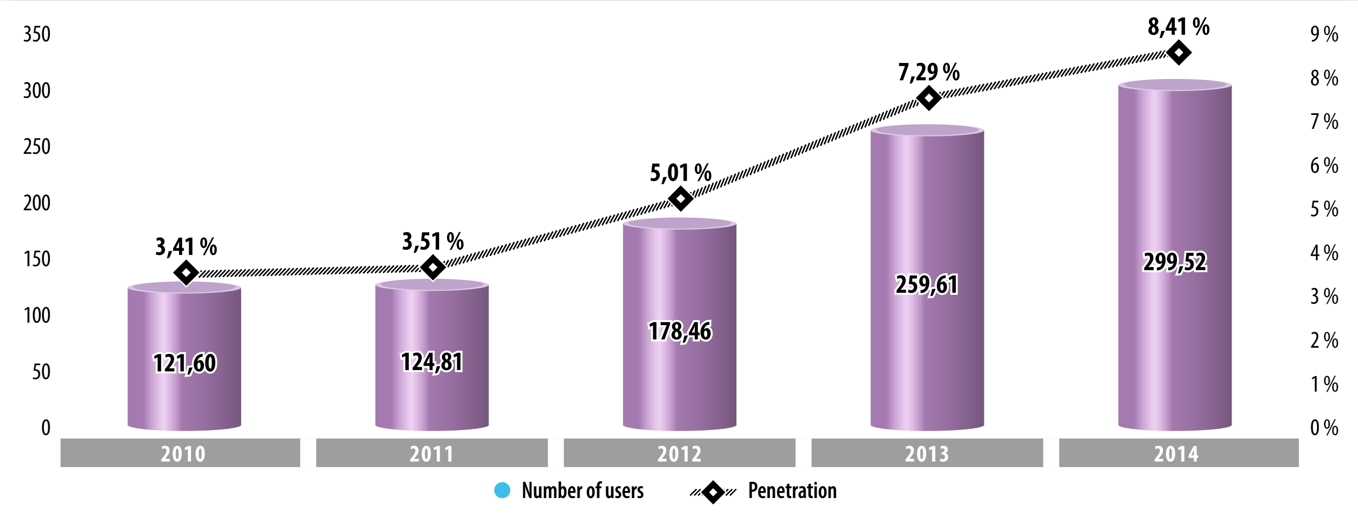


Chart 46 **Number of users (thousands) and dedicated mobile Internet penetration rates**

Source: **ANRCETI**

As per 31.12.2014, Orange Moldova had the biggest number of users of dedicated mobile Internet – 132 thousand, followed by Moldcell - 102,2 thousand, and Moldtelecom - 65,3 thousand (Chart 47).

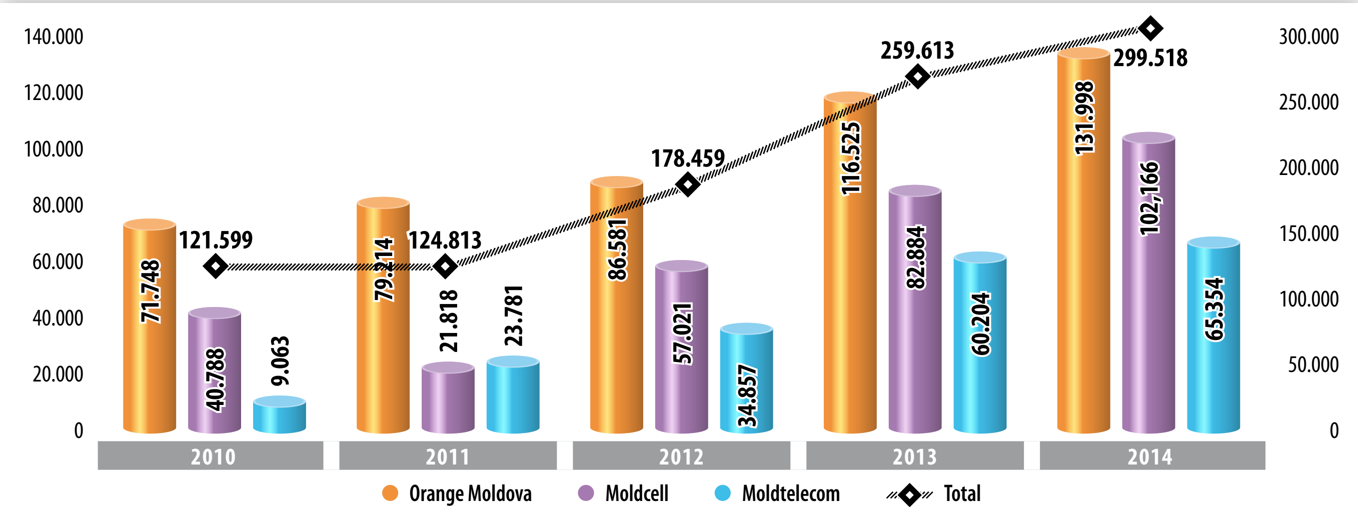


Chart 47 **Evolution of the number of users of dedicated mobile Internet access, per provider**

Source: **ANRCETI**

In 2014, the total traffic of dedicated mobile Internet services was 26 million 719 thousand GB, while the monthly average Internet traffic per user (AUPU) was 8 GB.

5

Broadcasting and Retransmission of Audiovisual Programs

5 Broadcasting and Retransmission of Audiovisual Programs

5.1 Dynamics of the market

In 2014, the market for broadcasting and retransmission of audiovisual programs was operated by 143 providers. The total volume of sales increased 4,9% over 2013 and reached 370,17 million lei. TV and radio broadcasting services had the biggest share – 56,2% (or 207,9 million lei) – in the structure of this market, followed by pay TV - 43,8% (or 162,28 million lei) (Chart 48).

Compared to the situation of 2013, the revenues collected from pay TV services dropped 3,8%. The decline was caused mainly by the decrease of the number of subscribers to this service.

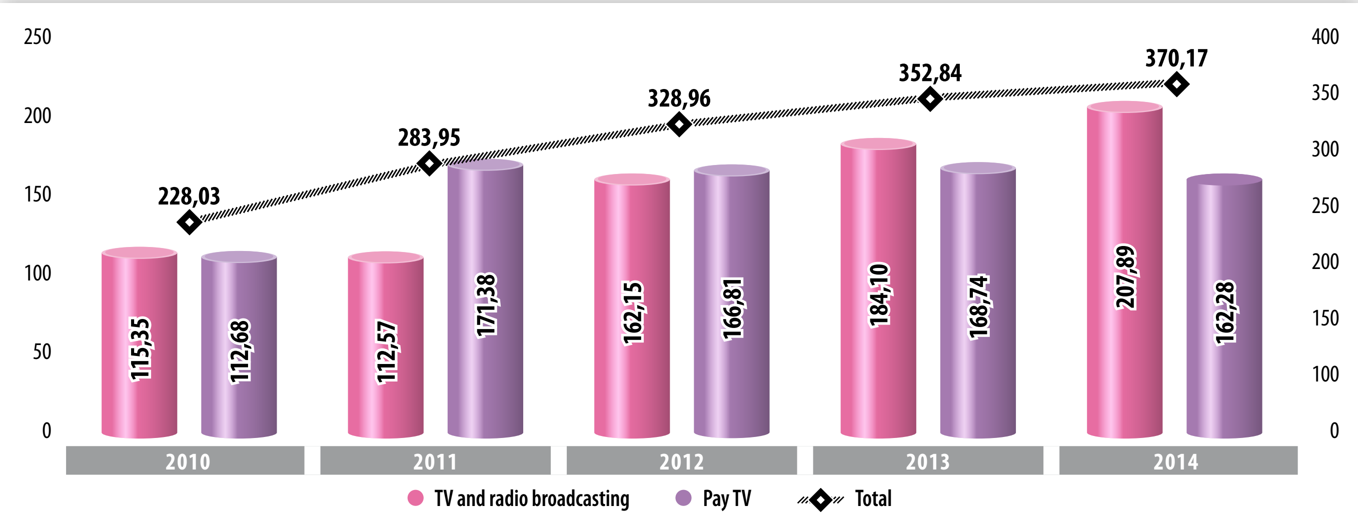


Chart 48 Evolution of revenues from broadcasting and retransmission of audiovisual programs (million lei)

Source: **ANRCETI**

As a result of decline in the revenues collected by pay TV providers, the average monthly revenue per user (ARPU) dropped (for four consecutive years), 2%, down to 48,25 lei. (Chart 49).

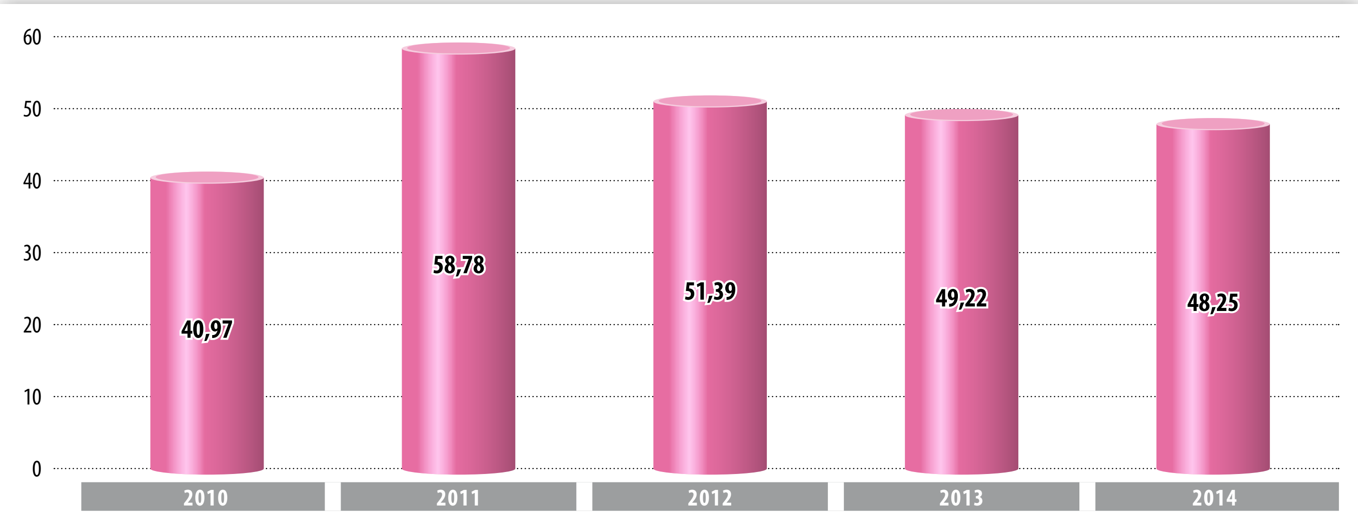


Chart 49 Evolution of average monthly revenue per user - ARPU (lei)

Source: **ANRCETI**

Statistical data prove that average monthly revenues per user (ARPU) of the biggest providers on this market – Sun Communications and Moldtelecom – have been under decline for the recent three years. In 2014, the ARPU of Sun Communications was 36,9 lei, the ARPU of Moldtelecom – 67,7 lei.

The big difference between the ARPUs of the two providers occurred due to the fact that Moldtelecom's subscribers base consists exclusively of digital TV service-IPTV users, while the subscribers base of Sun Communications includes both digital TV and analog cable TV subscribers. Also, digital TV service subscriptions are more expensive for the reason that the image quality is higher, the service includes additional functionality (missing with analogue TV), such as: choice of video content language, programs guides - EPG, video by request, video library, HD and 3D channels, etc.

Like in the previous years, in 2014 the biggest shares of the pay TV market, by turnover were held by „Sun Communications – 28,5%, Moldtelecom – 26,3% and „A.M.T. – 4,1% (Chart 50).

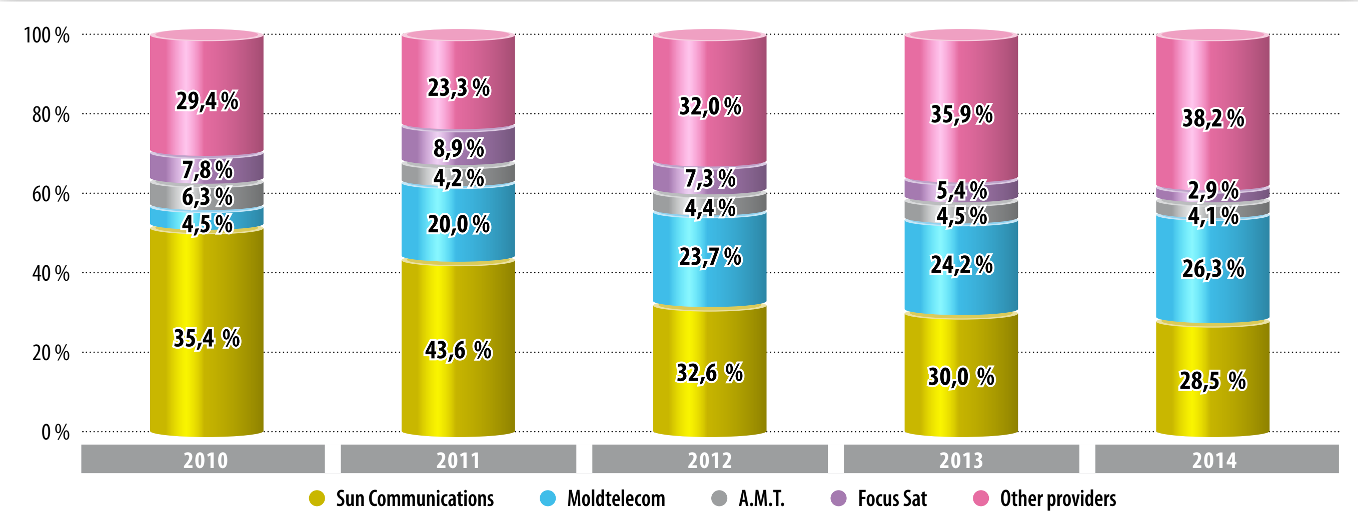


Chart 50 **Market shares of pay TV providers by turnover**

Source: **ANRCETI**

5.2 Subscribers and penetration

In 2014, for the first time in the recent years, the number of pay TV subscribers decreased, 4,4% compared to 2013, and made up 274 thousand. The situation can be explained by the preference of many people to watch video content (including online TV) on a computer, laptop, tablet or smartphone. This fact was also confirmed by the data of ANRCETI's survey in autumn 2014. According to these data, 58% of Moldovans access the Internet to watch video content.

Statistical data show that most pay TV subscribers - 81,9% - are urban residents, while 18,1% - are rural residents. The concentration of subscribers in urban area, in particular in Chisinau, where 50% of subscribers are located, occurs due to the fact that in cities, there are more pay TV providers with attractive offers, including packages with Internet access and digital TV. The situation is different in rural areas. In big villages, commonly, there is one provider who offers 30-50 analog channels, while in smaller villages, there is no TV provider. Another reason for low penetration of pay TV services in rural areas is the low purchasing power of rural population. Usually, villagers have the free TV service via common antennas or satellite services via parabolic ones.

As for the pay TV penetration rate in households, the value of this indicator in 2014 was 23,1% (drop 1 p. p.). This means that every forth household in Moldova use the pay TV service. (Table 7).

Table 7 **Number of pay TV subscribers and penetration rates**

	2010	2011	2012	2013	2014
Subscribers cable TV	196.231	211.186	227.398	220.619	209.258
Subscribers IPTV	23.124	35.111	46.847	55.500	62.652
Subscribers DTH	6.304	6.282	7.758	7.450	
Subscribers MMDS	4.179	3.539	2.824	2.940	2.129
Total subscribers	**229.838**	**256.118**	**284.827**	**286.509**	**274.039**
Penetration per 100 population	6,4%	7,2%	8,0%	8,0%	7,7%
Penetration per 100 households	**19,3%**	**21,5%**	**24,0%**	**24,1%**	**23,1%**

Source: **ANRCETI**

According to the data submitted by providers, 209,2 thousand (76%) of the total number of pay TV subscribers, are subscribers to TV coaxial cable networks, 62,6 thousand (23%) - to IPTV services and 2,1 thousand (1%) - to MMDS services (Chart 51).

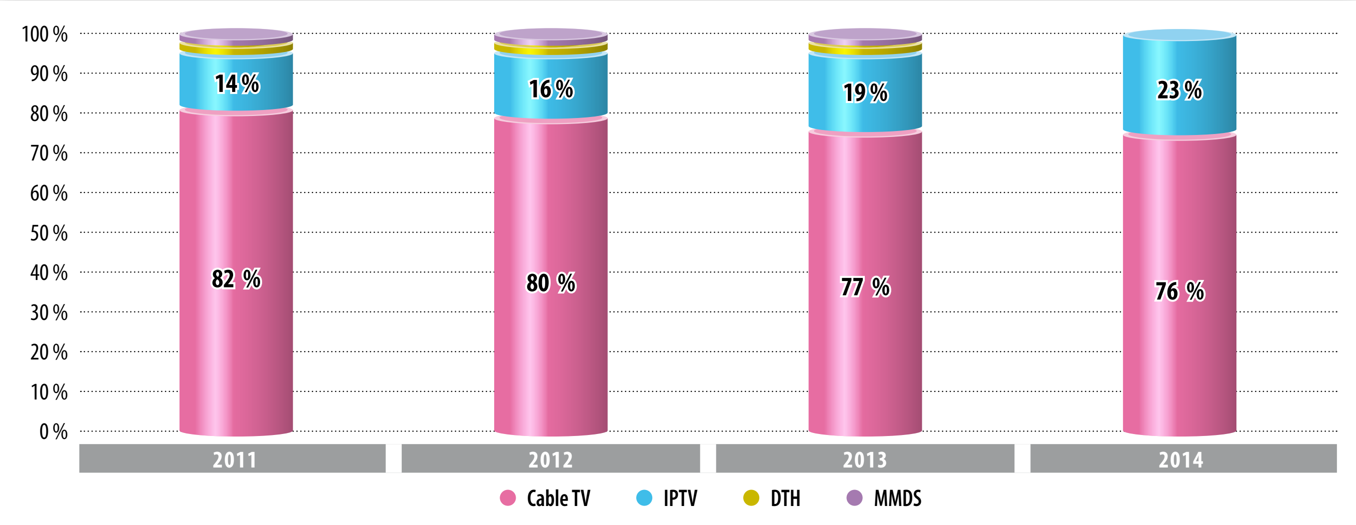


Chart 51 **Number of pay TV subscribers, by reception technology**

Source: **ANRCETI**

In 2014, the ascending trend of digital Pay TV use continued. In the recent years, the number of digital Pay TV subscribers almost doubled up to 132 thousand in 2014. At the same time, the number of subscribers to analog TV services dropped 13% (- 22 000) and was 144,7 thousand. At the end of 2014, the share of analog pay TV subscribers was 52% and the share of digital TV subscribers - was 48% (Chart 52).

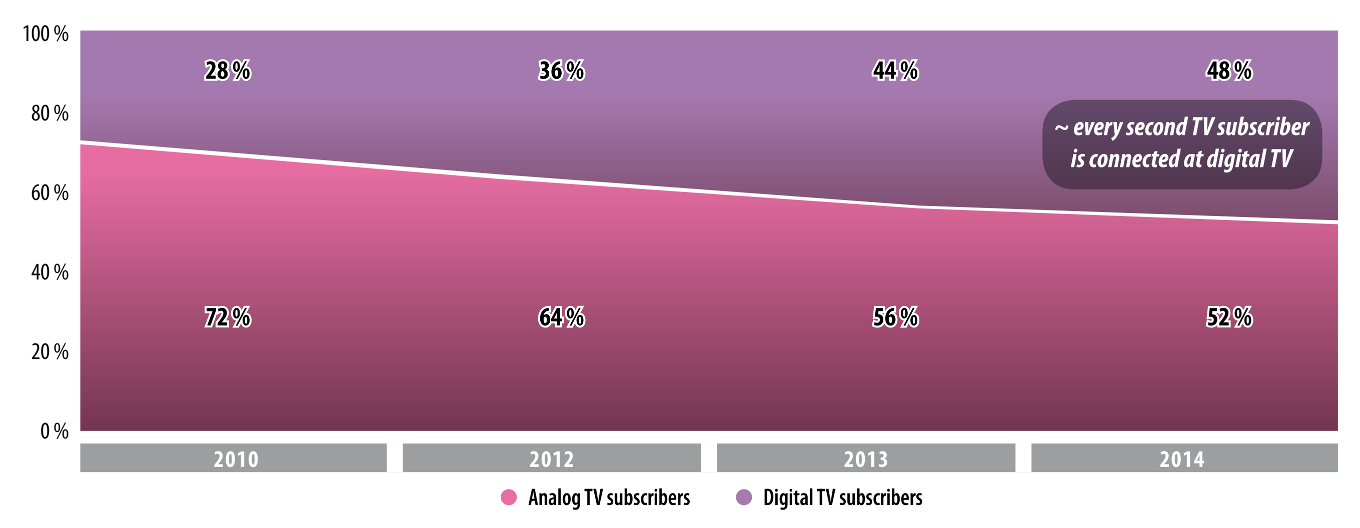


Chart 52 Share of Pay TV subscribers by reception format

Source: **ANRCETI**

Most digital TV subscribers are users of digital TV via coaxial cable and IPTV. (Chart 52). The data from the chart below show an increase in the number of digital pay TV service based on IPTV technology. This is explained by the fact that the service providers offer attractive deals with service package users to (double and triple play bundles) such as Internet access, fixed telephony and TV with HD channels. At the end of 2014, the share of subscribers to digital TV services via coaxial cable was 51% and to IPTV service - 47% (Chart 53).

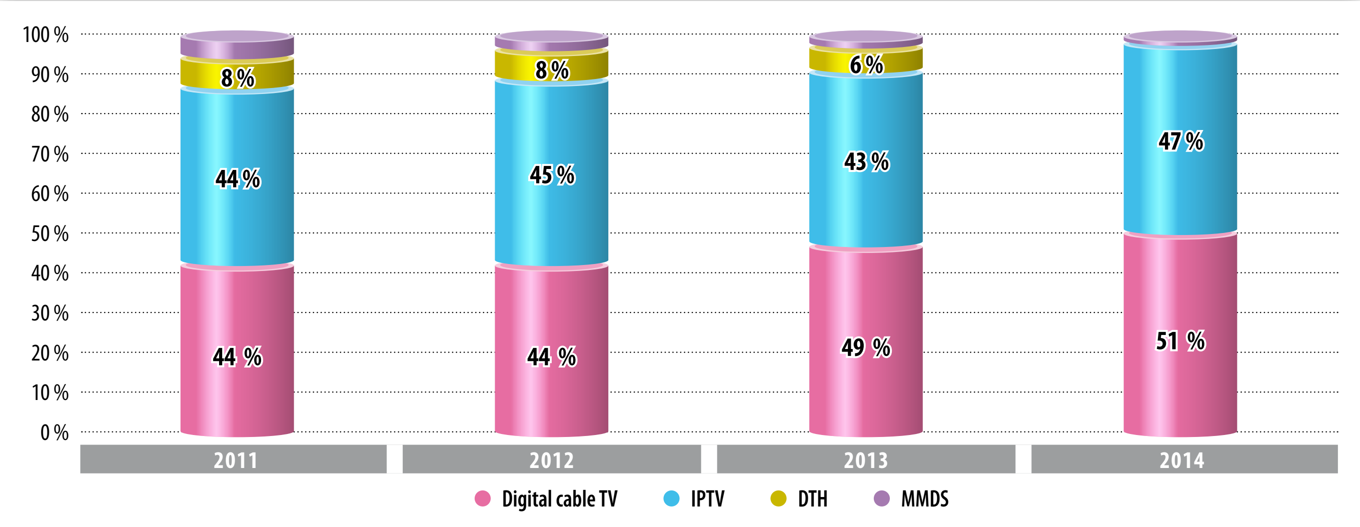


Chart 53 Shares of digital TV subscribers, by reception technology

Source: **ANRCETI**

It should be noted that most subscribers to digital TV service via coaxial cable are also receiving analogue TV signal, according to the tariff plans offered by providers, being consumers of pay TV services both in analog and digital formats.

Like in the previous years, the largest market share by number of subscribers – 37,6% (102,7 thousand) - was held by Sun Communications. Meanwhile, Moldtelecom, due to national coverage, package offers, increased number of standard definition and high definition channels (HD), including 3D format, succeeded, for five years in a row, in strengthening its market share. Thus, in 2014, this this provider increased its market share by 2,3 p.p and reached 20%. (Chart 54).

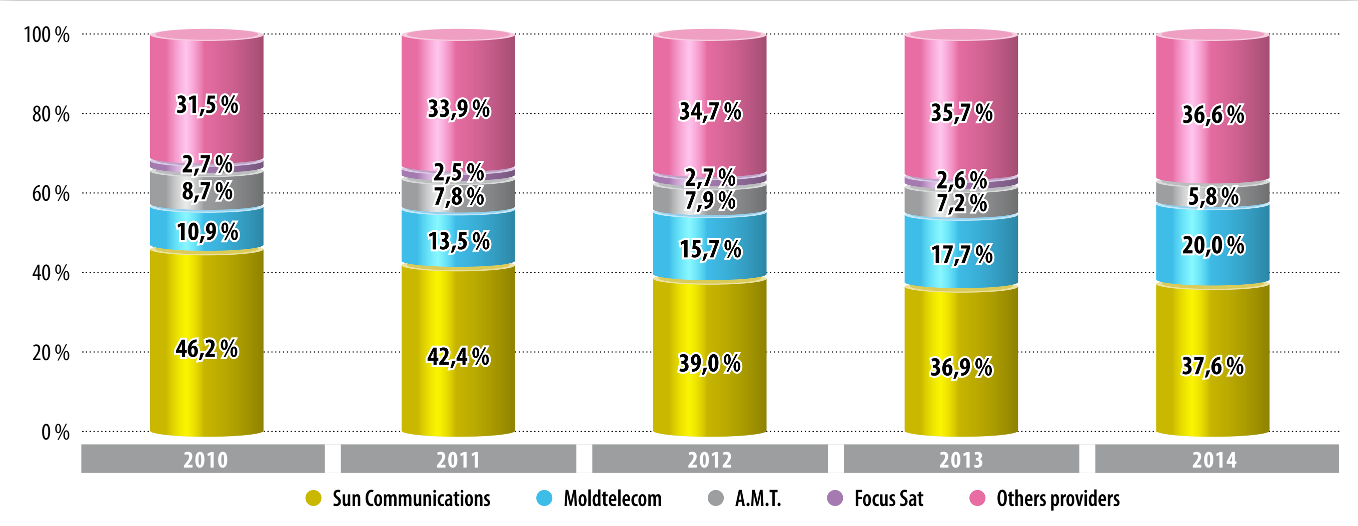


Chart 54 **Market shares of pay TV service providers, by number of subscribers**

Source: **ANRCETI**

Conclusions and forecast

In 2014, the aggregated turnover of the electronic communications sector has moderately increased – 2,4%. This evolution was caused mainly by the increasing development of the market for access to fixed and mobile broadband, which has become the main driver of the sector, by the downturn of the mobile telephony market and the recession on the fixed telephony market in the recent years.

In the reporting year, for the first time, the mobile telephony market was affected by the change of users' preferences regarding the use of voice service. The fact that a growing number of mobile users prefer voice services offered via Internet (Skype, Viber, etc.) and the impact of number portability service led to a decrease of the total number of mobile users (1,4%) and of sales volume on this market segment (by 1,1%).

ANRCETI believes that this trend, which is perceived on the global mobile market will become even more prominent in the coming years, when the number of smartphone users will increase at higher pace. Taking into account the effects of this phenomenon, ANRCETI estimates that in 2015 the basic indicators of the mobile market will evolve as in 2014.

The change of consumer's preferences in terms of the use of voice services had a stronger impact on the fixed telephony market. Thus, in 2014, the fixed telephony traffic declined 15,7%, the number of subscribers – 0,3% and the sales – 10,1%. In 2015, the indicators listed above are expected to reduce further. The negative dynamics of this market is part of a global trend of fixed telephony stagnation, caused by the use increasing use of other services, more convenient and advantageous: mobile telephony, OTT (Over The Top): Skype, Viber , etc.

The change of preferences in the use of different service led to a slight decrease (4,4%) in the number of pay TV subscribers. This trend is explained by the fact that some of subscribers migrate to alternative services of TV content viewing on the Internet (free or pay) or satellite (free or pay), these services being offered in digital format in comparison with analog TV service offered by most cable TV providers.

The report data show that in 2014 the fixed and mobile Internet market underwent the highest increase. The number of fixed and mobile Internet users of grew by about 5%, while the cumulated revenue volume of these services grew 18% and exceeded 1,4 billion lei.

ANRCETI believes that the main trends attested in the recent two years the electronic communications market will also continue in 2015. The estimates show that the fixed and mobile broadband market most will continue to be the most dynamic market in 2015, this market will increase sales, Internet traffic and speed, number of subscribers, penetration rates. The upward trend of this market is driven by the enhancing influence of the Internet on daily lives, development of the broadband access infrastructure based on 3G and 4G technologies, fiber, offers convenient and attractive for users.

Following the analysis of the evolution of electronic communications sector in 2014 and the global development trends on this market, ANRCETI estimates that in 2015 the sector turnover will keep to the level of 2014. If the sales of the mobile telephony continue to decline, the turnover in the sector could reduce by about one percent. The significant influence of the mobile telephony market on the general situation in the sector is explained by the fact that this market accounts for half of total sales in the sector. Even if the sales of the fixed and mobile broadband market grow, 15% according to ANRCETI estimates, the situation in the sector will not change significantly, as the revenues from the fixed telephony services will fall 10%, while the revenues of the market for broadcasting and retransmission of audiovisual programs will be the same level as in 2014.

Fixed broadband subscribers and use of access technologies in 2014

No.	Territorial-administrative unit	Total broadband subscribers	Penetration broadband services per 100 households	Subscribers				Share of broadband access technologies				Penetration per 100 population	Dynamics of penetration		Dynamics of technology share				Increase of subscriber number				
				xDSL	FTTx	Coaxial cable	Other technologies	xDSL	FTTx	Coaxial cable	Other technologies		xDSL	FTTx	xDSL	FTTx	Coaxial cable	Other technologies	xDSL	FTTx	Coaxial cable	Other technologies	Broadband subscribers
1	Chisinau	210.595	75,55%	13.121	165.975	30.913	586	6,2%	78,8%	14,7%	0,3%	26,50%	5,33	1,87	-2,4	1,6	1,4	-0,6	-3.814	14.914	4.923	-1.177	14.846
2	Balti	26.823	48,83%	4.400	20.976	1.439	8	16,4%	78,2%	5,4%	0,0%	17,98%	3,66	1,35	-4,7	4,7	0,1	0,0	-844	2.726	125	1	2.008
3	Anenii Noi	9.473	34,95%	7.801	1.468		204	82,3%	15,5%	0,0%	2,2%	11,40%	1,17	0,38	1,4	-1,3	0,0	-0,1	389	-69	0	-3	317
4	Basarabeasca	3.003	31,21%	2.651	352		0	88,3%	11,7%	0,0%	0,0%	10,36%	0,77	0,26	1,9	-1,9	0,0	0,0	120	-46	0	0	74
5	Briceni	8.876	34,85%	6.811	2.065		0	76,7%	23,3%	0,0%	0,0%	11,88%	3,33	1,14	-11,4	11,4	0,0	0,0	-262	1.111	0	0	849
6	Cahul	15.053	38,36%	9.699	5.164	166	24	64,4%	34,3%	1,1%	0,2%	12,05%	2,63	0,83	-1,6	1,1	0,4	0,2	436	510	62	24	1.032
7	Cantemir	6.174	33,90%	5.701	473		0	92,3%	7,7%	0,0%	0,0%	9,88%	2,69	0,78	-0,1	0,1	0,0	0,0	445	44	0	0	489
8	Calarasi	7.104	25,95%	4.938	2.161		5	69,5%	30,4%	0,0%	0,1%	9,02%	3,19	1,11	-5,0	5,0	0,0	0,0	295	576	0	2	873
9	Causeni	8.835	29,51%	8.071	763		1	91,4%	8,6%	0,0%	0,0%	9,60%	3,28	1,07	0,2	-0,1	0,0	-0,1	914	73	0	-6	981
10	Cimislia	6.406	33,19%	4.301	2.105		0	67,1%	32,9%	0,0%	0,0%	10,45%	2,64	0,83	-5,8	5,8	0,0	0,0	1	508	0	0	509
11	Criuleni	8.066	34,81%	6.865	1.200		1	85,1%	14,9%	0,0%	0,0%	11,00%	5,91	1,87	-7,8	7,8	0,0	0,0	642	729	0	-1	1.370
12	Donduseni	3.993	22,28%	3.573	420		0	89,5%	10,5%	0,0%	0,0%	8,91%	2,18	0,87	-4,2	4,2	0,0	0,0	197	193	0	0	390
13	Drochia	9.201	27,99%	6.540	2.281	380	0	71,1%	24,8%	4,1%	0,0%	10,28%	3,96	1,46	-8,3	4,2	4,1	0,0	271	652	380	0	1.303
14	Dubasari	3.096	28,15%	3.036	58		2	98,1%	1,9%	0,0%	0,1%	8,80%	1,07	0,34	-0,7	0,7	0,0	0,0	94	23	0	1	118
15	Edinet	9.647	31,93%	5.695	3.952		0	59,0%	41,0%	0,0%	0,0%	11,69%	3,25	1,19	-4,7	4,7	0,0	0,0	176	806	0	0	982
16	Falesti	8.367	25,35%	5.956	2.410		1	71,2%	28,8%	0,0%	0,0%	9,06%	2,95	1,06	-4,2	4,2	0,0	0,0	381	594	0	0	975
17	Floresti	9.185	28,24%	6.332	2.650		203	68,9%	28,9%	0,0%	2,2%	10,36%	3,57	1,29	-1,5	1,0	0,0	0,5	612	391	0	67	1.070
18	Glodeni	6.193	28,85%	5.368	825		0	86,7%	13,3%	0,0%	0,0%	10,09%	2,80	0,98	-4,4	4,4	0,0	0,0	277	325	0	0	602
19	Hincesti	11.731	31,40%	8.597	3.134		0	73,3%	26,7%	0,0%	0,0%	9,65%	2,81	0,86	-2,7	2,7	0,0	0,0	478	573	0	0	1.051
20	Ialoveni	13.053	43,69%	7.571	4.630	851	1	58,5%	35,8%	6,6%	0,0%	13,09%	4,74	1,53	-6,8	8,5	-0,8	0,0	41	1.481	0	-1	1.521
21	Leova	5.242	31,03%	4.647	595		0	88,6%	11,4%	0,0%	0,0%	9,78%	2,68	0,85	-1,0	1,0	0,0	0,0	353	100	0	0	453
22	Nisporeni	5.072	24,60%	4.277	795		0	84,3%	15,7%	0,0%	0,0%	7,62%	1,74	0,54	-10,1	10,1	0,0	0,0	-176	534	0	0	358
23	Ocnita	5.351	25,87%	4.897	454		0	91,5%	8,5%	0,0%	0,0%	9,59%	2,25	0,84	-0,3	0,3	0,0	0,0	412	54	0	0	466
24	Orhei	12.257	29,66%	7.542	4.711		4	61,5%	38,4%	0,0%	0,0%	9,74%	2,54	0,84	-0,6	0,6	0,0	0,0	580	472	0	-1	1.051
25	Rezina	4.889	27,54%	3.343	1.545		1	68,4%	31,6%	0,0%	0,0%	9,35%	1,95	0,66	0,0	0,0	0,0	0,0	237	110	0	0	347
26	Riscani	7.108	27,03%	4.692	2.416		0	66,0%	34,0%	0,0%	0,0%	10,23%	3,73	1,41	-11,7	11,7	0,0	0,0	-72	1.053	0	0	981
27	Singerei	9.603	30,91%	6.430	3.173		0	67,0%	33,0%	0,0%	0,0%	10,30%	3,36	1,12	-4,6	4,6	0,0	0,0	309	736	0	0	1.045
28	Soroca	9.726	26,59%	5.738	3.987		1	59,0%	41,0%	0,0%	0,0%	9,72%	1,52	0,56	0,9	-0,9	0,0	0,0	411	145	0	0	556
29	Straseni	10.171	36,41%	7.199	2.818		154	70,8%	27,7%	0,0%	1,5%	11,12%	2,96	0,90	-1,0	1,2	0,0	-0,1	487	339	0	0	826
30	Soldanesti	3.209	21,14%	3.068	140		1	95,6%	4,4%	0,0%	0,0%	7,46%	2,41	0,85	-0,6	0,6	0,0	0,0	333	33	0	0	366
31	Stefan Voda	6.600	28,38%	4.286	2.313		1	64,9%	35,0%	0,0%	0,0%	9,23%	3,72	1,21	-17,8	17,7	0,0	0,0	-457	1.321	0	1	865
32	Taraclia	5.062	39,37%	4.570	492		0	90,3%	9,7%	0,0%	0,0%	11,48%	1,24	0,36	-0,7	0,7	0,0	0,0	112	48	0	0	160
33	Telenesti	6.204	25,72%	5.856	348		0	94,4%	5,6%	0,0%	0,0%	8,40%	2,81	0,92	-0,2	0,2	0,0	0,0	627	50	0	0	677
34	Ungheni	12.754	32,94%	6.303	6.450		1	49,4%	50,6%	0,0%	0,0%	10,88%	2,84	0,94	-3,1	3,1	0,0	0,0	180	920	0	0	1.100
35	Gagauzia	21.073	45,53%	11.942	9.128		3	56,7%	43,3%	0,0%	0,0%	13,07%	3,27	0,94	-4,9	4,9	0,0	0,0	-105	1.617	0	0	1.512
	Total	**509.195**	**42,47%**	**211.817**	**262.427**	**33.749**	**1.202**	**41,6%**	**51,5%**	**6,6%**	**0,2%**	**14,31%**	**3,52**	**1,19**	**-2,9**	**2,6**	**0,6**	**-0,3**	**4.080**	**33.646**	**5.490**	**-1.093**	**42.123**

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