NATIONAL REGULATORY AGENCY FOR ELECTRONIC COMMUNICATIONS AND INFORMATION TECHNOLOGY

Electronic Communications Market in the Republic of Moldova

ANNUAL REPORT 2013

CONTENTS

KEY INDICATORS

Indicators	2012	2013	Change
Mobile			
Users	4.080.143	4.430.778	8,6%
Traffic in networks (million minutes)	5.093,0	5.651,0	11,0%
MoU (monthly consumption of minutes per user)	204	200	-2,0%
SMS (million)	676,2	760,0	12,4%
MMS (million)	2,7	2,1	-22,2%
Penetration	114,63%	124,48%	9,85 p.p.
Revenues (million)	3.484,77	3.491,26	0,2%
ARPU (monthly)	77,2	68,2	-11,7%
Mobile broadband traffic, TB	575,80	820,80	42,5%
Dedicated mobile broadband			
Users	178.459	259.613	45,5%
Penetration	5,01%	7,29%	2,28 p.p.
Revenues (million)	229,80	259,68	13,00%
ARPU (monthly)	126,3	98,8	-21,8%
Dedicated mobile broadband traffic, TB	15.944,00	20.175,70	26,54%
Fixed-line			
Users (lines), total	1.205.768	1.221.474	1,3%
- individual users	1.066.440	1.078.598	1,1%
- business users	139.328	142.876	2,5%
Penetration	33,87%	34,30%	0,43 p.p.
Traffic in networks (million minutes)	3.029,5	2.684,5	-11,4%
MoU (monthly consumption de minutes per user)	350	301	-14,0%
Revenues (million)	1.158,87	1.114,73	-3,81%
ARPU (monthly)	81,0	76,47	-5,5%
Fixed broadband and data transmission			
Subscribers	417.177	467.072	11,96%
- individual users	394.970	443.726	12,3%
- business users	21.514	23.346	8,52%
Penetration	11,72%	13,10%	1,48 p.p.
Revenues (million)	714,46	880,05	23,18%
ARPU fixed broadband (monthly)	141,1	150,1	6,4%
Broadcasting			
Pay TV subscribers	284.827	289.870	1,77%
Penetration pay TV	8,00%	8,14%	0,14 p.p.
Revenues (million)	328,96	352,84	7,26%
ARPU pay TV (monthly)	51,4	48,9	-4,8%
Revenues from other electronic communications activities	**365,30**	**544,00**	**48,9%**
Total revenues in electronic communications (mil.)	**6.282,17**	**6.642,60**	**5,7%**

1 GENERAL FEATURES

1.1 Main events

The main event was the launch of fixed-line and mobile number portability in July 2013. The implementation of this project started a new stage in telephone market development, bringing it closer to European standards. Number portability brought about important benefits both to users that can enjoy more attractive offers without having to change their telephone numbers, and to providers, who can increase their market share. The essential point is that number portability enhanced the competition between providers, thus contributing to a decrease of tariffs, to a larger range of services, improvement of their quality and customer support.

Important events also occurred on the mobile broadband market. The cumulative volume of sales of such services registered, in 2013, the most significant increase and, for the first time, exceeded one billion lei. Also, for the first time in Moldova, the number of subscribers connected to fixed broadband services based on optical fiber technology (FTTB, FTTH, etc.) exceeded the number of those connected on basis of xDSL, which confirms the trend of increase in the number of users who prefer high-speed Internet.

In 2013, the average speed of Internet access (download) was 31.4Mbps, 10Mbps increase. In terms of this indicator, Moldova went up four positions in one year and currently is ranked 16th in the world.

Several providers continued to launch new services, offers and tariff plans, including offers that contain several types of services in a single subscription. Thus, at the end of 2013, there were 30 providers offering such services.

In 2013, one of the mobile operators (Moldtelecom JSC) increased the maximum available speed of its 3G radio access network up to 42 Mbps using HSPA+ technology, while another operator (Orange Moldova) extended its 4G network coverage to 28% of the population, with LTE services available in Chisinau, Balti, and other nine cities and 22 rural localities.

1.2 Dynamics of revenues[1]

According to statistical data reported to ANRCETI by providers of public electronic communications networks/services (366 active providers), in 2013, the turnover of the electronic communications services (mobile telephone, dedicated broadband access, fixed-line services, broadband and data transmission, broadcasting, other electronic communications activities increased, over 2012, by 5,7% and reached 6 billion 642,6 million lei.

The values of market segments changed as follows: fixed broadband and data transmission increased by 23,2% up to 880,0 mil. lei, dedicated mobile broadband – by 13% up to 259,67 mil. lei, broadcasting – by 7,3% up to 352,8 mil. lei, the revenues from other ICT activities[2] increased by 48,9% up to 544 mil. lei. The highest volumes of sales occurred on the mobile and fixed-line market –3 billion 491,3 mil. lei (increase by 0,2%), and 1 billion 114,7 mil. lei (drop by 3,8%) accordingly. (Chart 1).

[1] Volumes of sales on fixed line, mobile data transmission and fixed broadband for 2012 au were re-calculated by ANRCETI as a result of additional clarifications.

[2] Revenues from other electronic communications activities include the revenues of the electronic communications network providers that are nor 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).

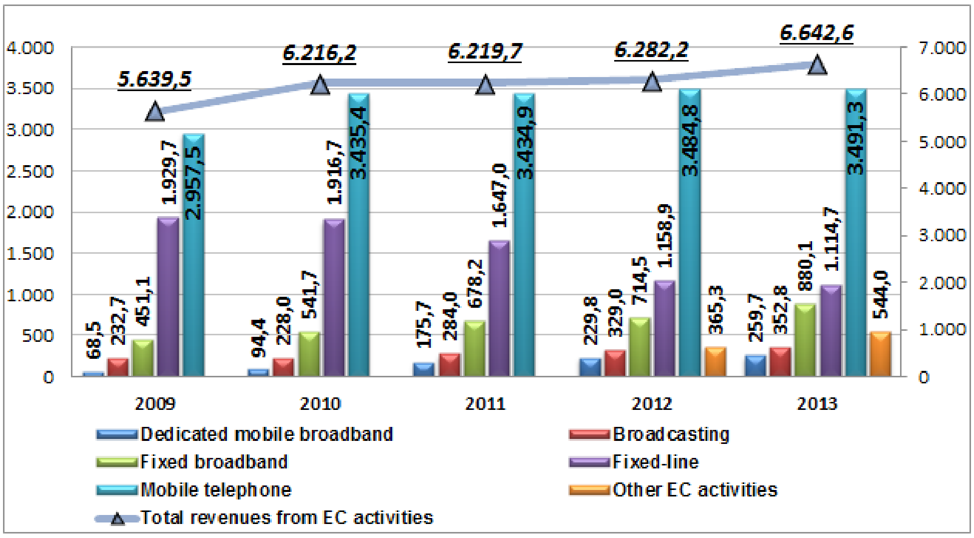

Chart 1 Evolution of revenues in electronic communications (mil. lei)

As a result of this evolution, the share of revenues from mobile telephone sales, within the structure of the global revenue in electronic communications, made 52,56%, fixed-line services – 16,78%, fixed broadband and data transmission – 13,25%, broadcasting – 5,31%, dedicated Mobile broadband – 3,91% and revenues from other electronic communications activities – 8,19% (Chart 2).

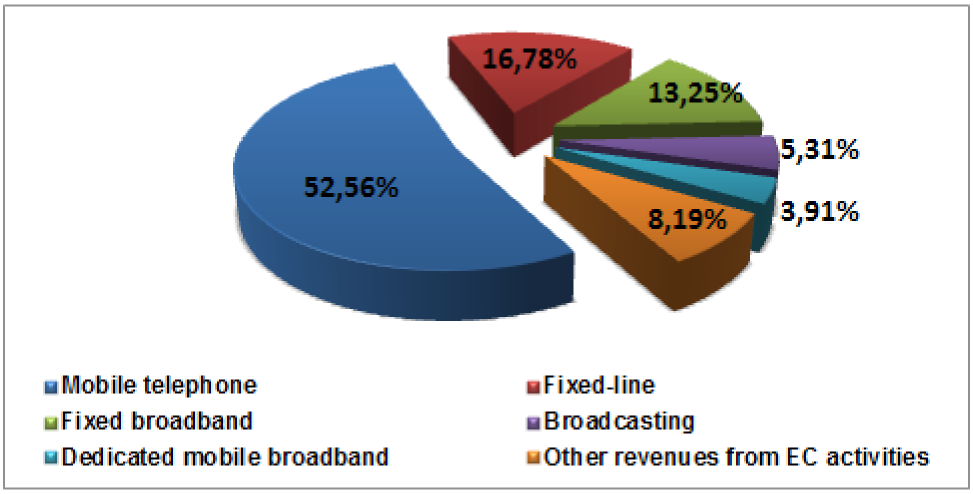

Chart 2 Structure of the electronic communications market, by revenues

In 2013, the fixed broadband market accounted for the most significant monthly average revenue per user (ARPU) –150,1 lei. This indicator for the dedicated mobile broadband market was 98,8 lei, fixed-line market - 76,47 lei, mobile telephone market –68,2 lei, pay TV market – 48,94 lei (Chart 3).

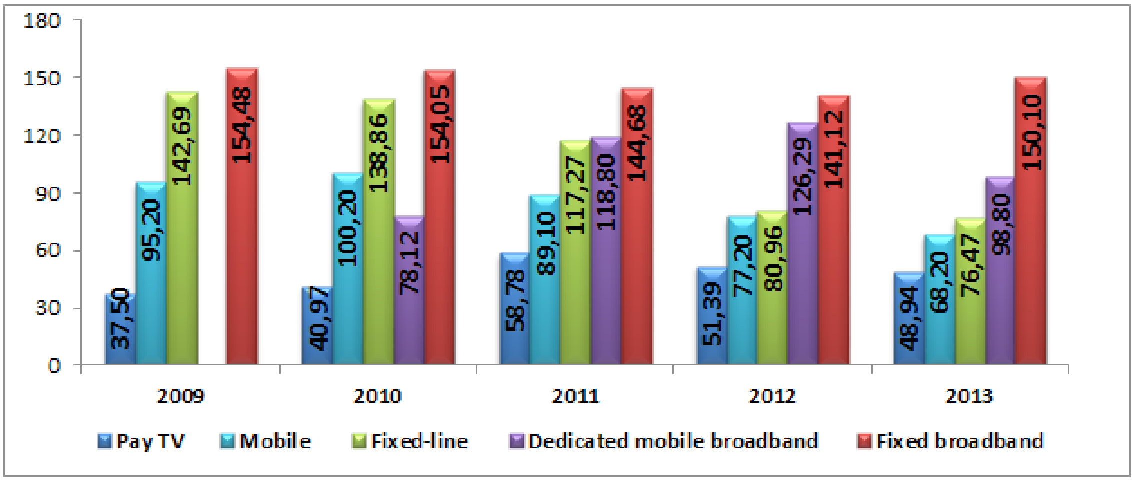

Chart 3 Evolution of the monthly average revenue per user - ARPU (lei)

The highest revenues, in 2013, were gained by JSC „Orange Moldova" (2 billion 612,6 million lei or 39,33% of the total), JSC „Moldtelecom" (1 billion 857,3 mil. lei or 27,96% of the total), JSC „Moldcell" (982,3 mil. lei or 14,79% of the total) "Starnet" LLC (158,1 mil. lei or 2,38% of the total). The other providers' cumulated revenue was 1 billion 32,2 mil. lei or 15,54% of the total of revenues in electronic communications. (Chart 4).

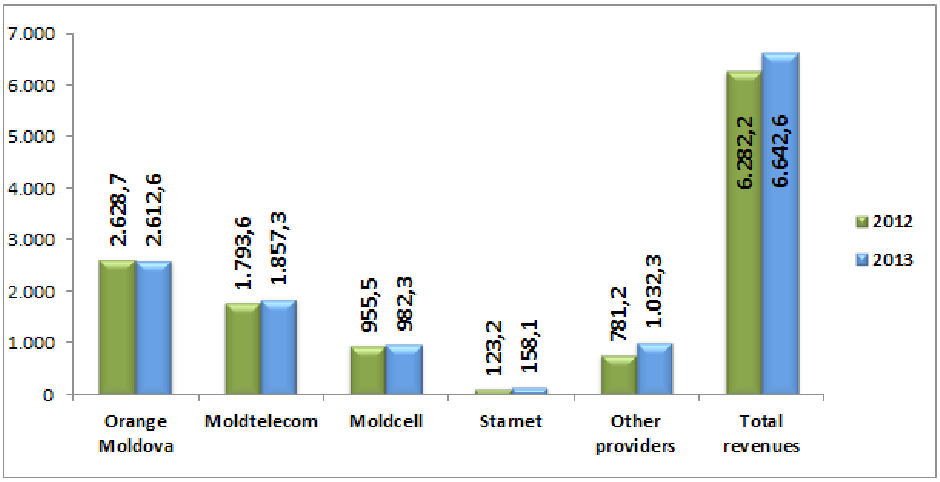

Chart 4 Dynamics of providers' revenues obtained in 2012-2013 (mil. lei)

1.3 Evolution of the number of users

Although the volumes of sales on the five segments of the electronic communications market pursued different trends, the number of users of the services provided on these segments went upward (Chart 5) by 502 thousand (8,1%) and reached 6 million 668,8 thousand. The number of users of dedicated mobile broadband registered the highest growth rate. The number of subscribers to these services went up, compared to 2012, by 45,5% and reached 259,6 thousand. The number of fixed broadband subscribers grew by 12%, mobile subscribers – by 8,6%, pay TV subscribers – by 1,8%, fixed-line subscribers – by 1,3%.

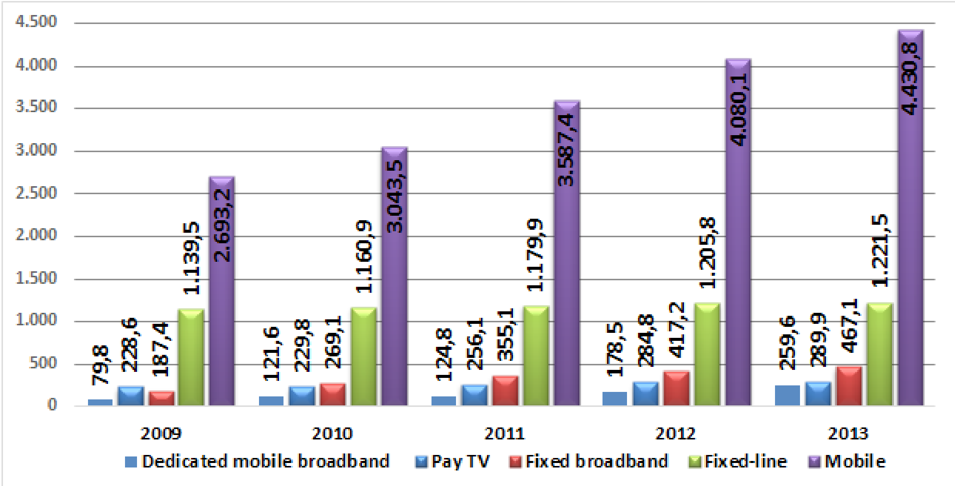

Chart 5 Evolution of the number of subscribers to electronic communications services (thousand)

66,4% of the total number of subscribers to electronic communications services are mobile cellular users, 18,3% - fixed-line users, 7% - fixed broadband, 4,3% - Pay TV and 3,9 % - dedicated mobile broadband subscribers (Chart 6).

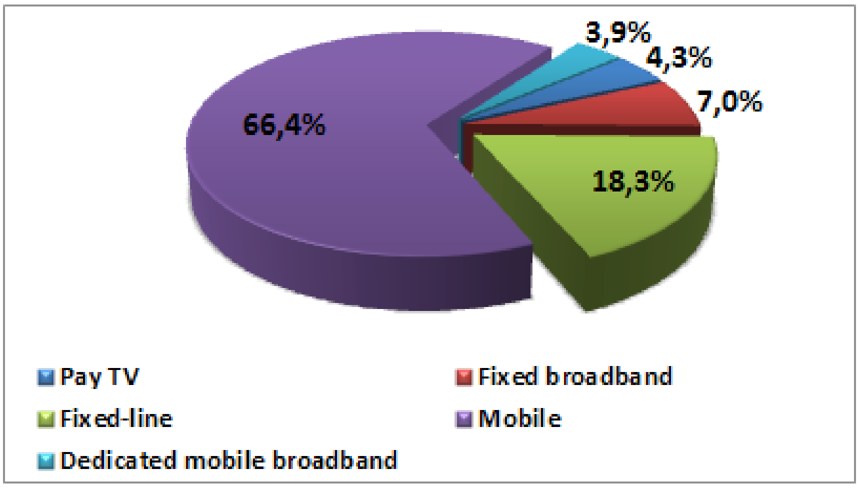

Chart 6 Structure of the market, by number of subscribers

The increase in the number of subscribers to electronic communications services led to higher penetration rates for these services per 100 population. This indicator for the mobile telephone market reached 124,48%, for the fixed-line - 34,3%, for fixed broadband 13,2%, pay TV - 8,14% and dedicated mobile broadband – 7,29% (Chart 7).

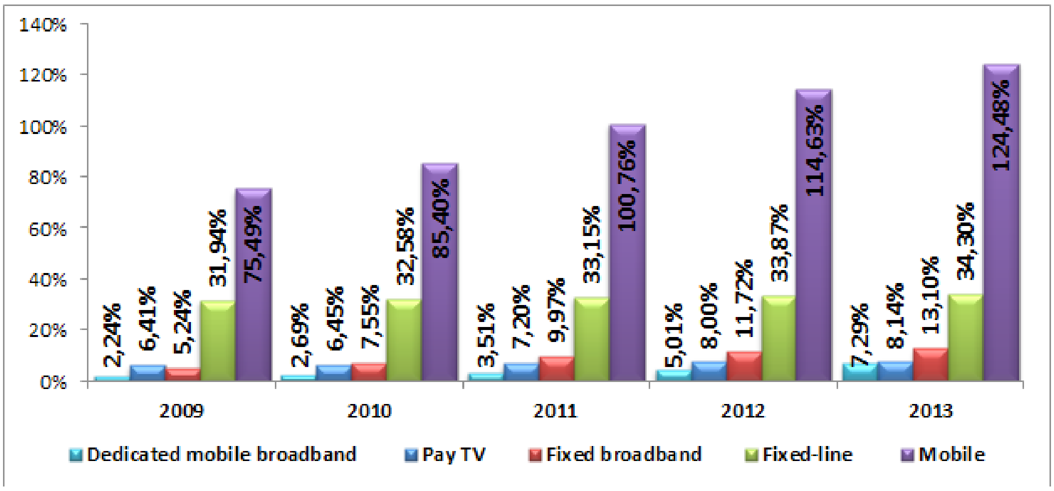

Chart 7 Evolution of electronic communications penetration rates

1.4 Evolution of voice traffic

In 2013, mobile and fixed telephone users generated a total of 8,34 billion minutes voice traffic, an increase by 2,62% over 2012. The mobile voice traffic increased by 11% up to 5,65 billion minutes, whereas the fixed-line voice traffic dropped by 11,4% down to 2,68 billion minutes. (Chart 8).

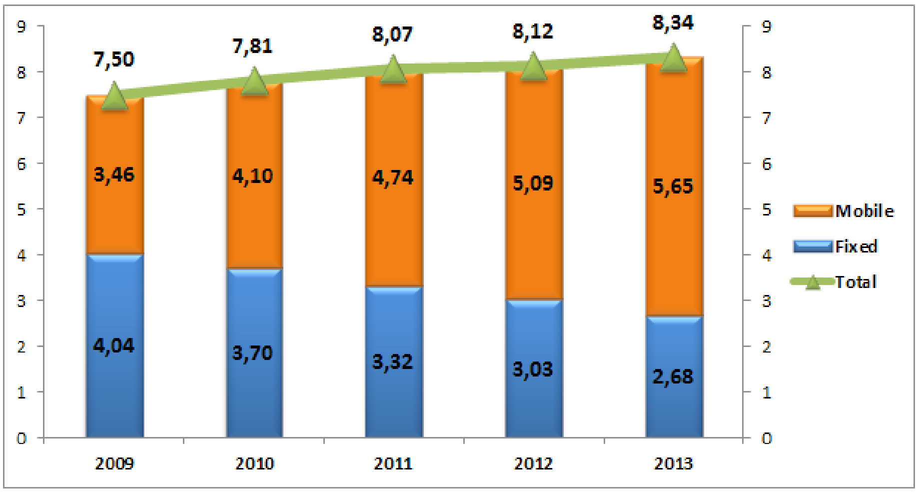

Chart 8 Evolution of voice traffic in telephony networks (minutes)

In 2013, the share of mobile traffic (in-network and out-network) within the structure of total voice traffic in mobile and fixed-line networks went up to 55,9%, whereas the share of traffic in fixed-line networks was 23,8%.

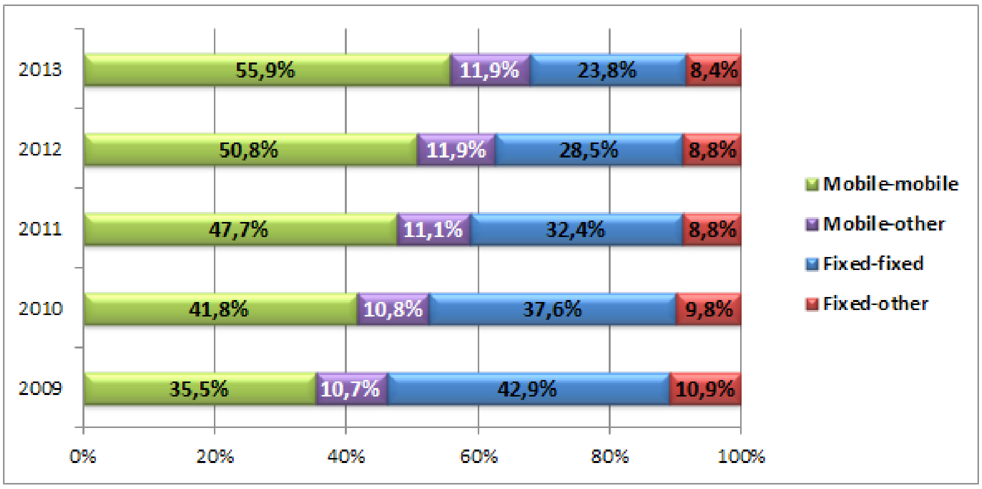

Chart 9 Share of traffic types in the structure of total voice traffic in telephone networks

1.5 Dynamics of investments

In the reporting year, the total volume of investments in electronic communications dropped by 25,9%, making 1 billion 291 mil. lei (Chart 10).

The investments in broadcasting decreased by 51%, showing 32,5 mil. lei, whereas in mobile networks – by 42%, making 655,6 mil. lei. ANRCETI specialists explain the decrease of investments by the fact that the providers are preparing to allocate significant funds for obtaining, in 2014, the licenses for the use of spectrum for mobile networks and for the transition to digital broadcasting in 2015.

The only market showing increase of investments was the fixed-line market – 602,8 mil. lei invested, which is 12% increase. This trend is part of the global evolution of the electronic communications sector and is driven by increasing demand for access to a growing volume of Internet traffic at increasing speeds.

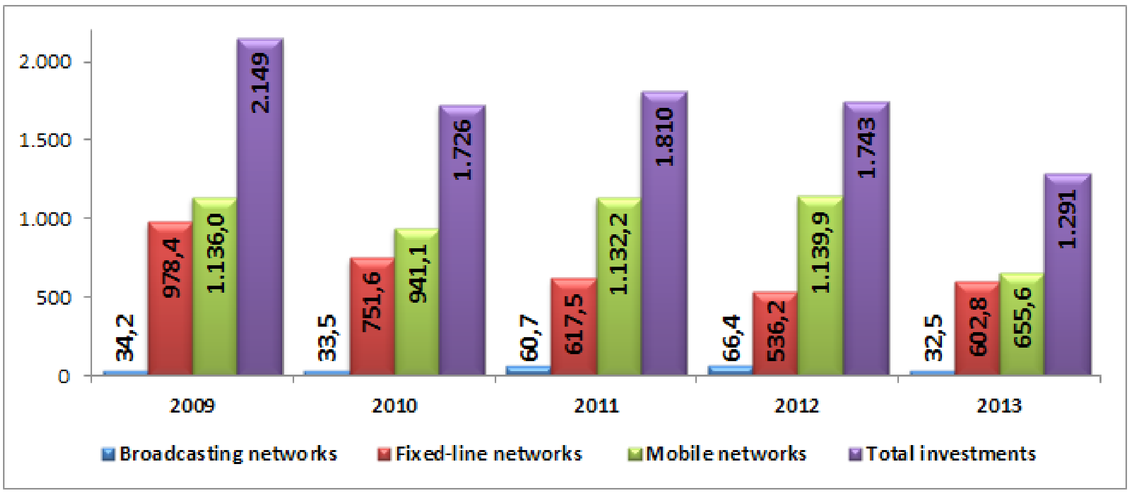

Chart 10 Evolution of investments in electronic communications sector (mil. lei)

50,8% of the total of investments were directed to mobile networks development 46,7% - to fixed-line networks and 2,5% - to broadcasting (Chart 11). ure 10).

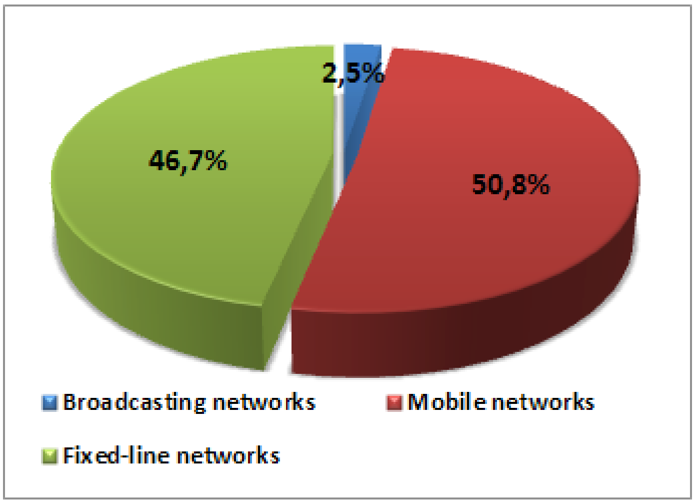

Chart 11 Destination of investments in electronic communications

2 MOBILE SERVICES

2.1 Dynamics of the market

In 2013, the three mobile providers – JSC „Orange Moldova", JSC „Moldcell" and JSC „Moldtelecom" (under "UNITE" brand), used the following service provision technologies.

Table 1 Technologies used by providers of mobile communications services

Provider	GSM	CDMA 1x/EV-DO	UMTS/HSPA	LTE
JSC "Orange Moldova"	+	-	+	+
JSC "Moldcell"	+	-	+	+
JSC "Moldtelecom"	-	+	+	-

The revenues obtained in 2013 by the three providers increased over 2012 by 0,2% up to 3 billion 491,3 mil. lei. The revenues of JSC „Moldtelecom" increased by 8,7% up to132,6 mil. lei, the ones of JSC „Moldcell" – by 1,06 % to 890,7 mil. lei. However, the sales of JSC „Orange Moldova" dropped by 0,55% down to 2 billion 467,9 mil. lei (Chart12).

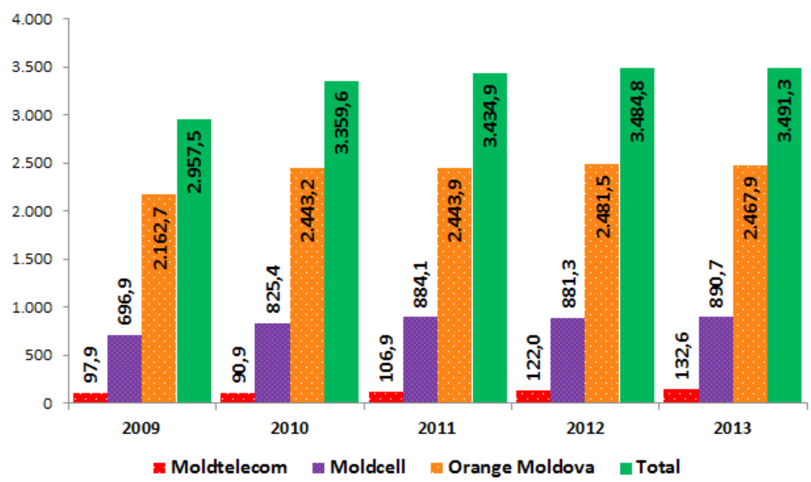

Chart 12 Evolution of mobile providers' revenues (mil. lei)

In this timeframe, the average monthly revenue per user (ARPU) decreased compared to the previous year by 11,6% and constituted 68,2 lei. The ARPU of all the three mobile providers was lower than in 2012 (Chart13). The average monthly revenue per residential user was 44,8 lei, per business user - 145 lei.

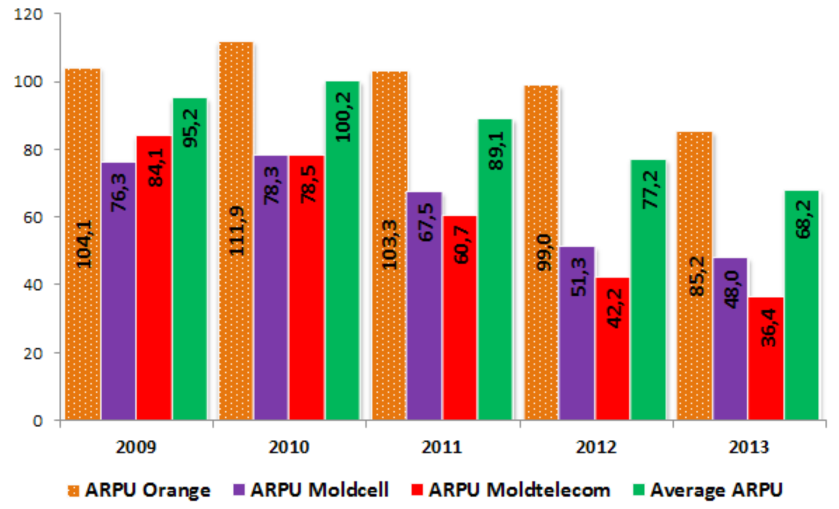

Chart 13 Evolution of monthly average revenue per mobile user - ARPU (lei)

2.2 Users and penetration

In 2013, the number of mobile users increased over 2012 by 8,6% and exceeded 4 mil. 430,8 thousand.

The penetration rate of mobile services went up by 9,9 p.p. and reached 124,5% (Chart 14).

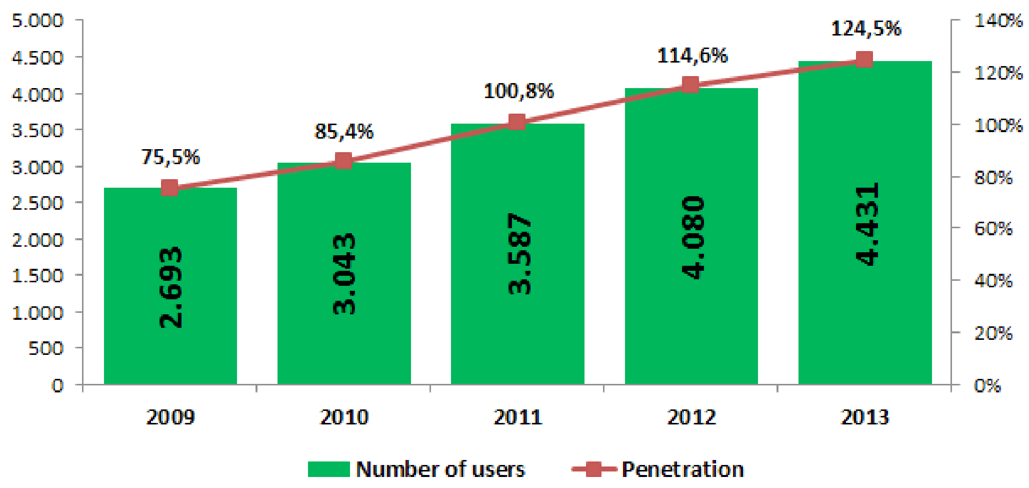

Chart 14 Number of mobile users (thousand) and mobile penetration rates

[3] The average bill paid by a residential user, VATT excluded.

[4] The average bill paid by a business users, VATT excluded.

Compared to other countries/communities, the mobile penetration rate in the R. of Moldova (Chart 15) exceeds the global average (89%) by 36%. This indicator is 19 p. p. higher than in Romania, 7 p.p. lower than in Ukraine, 4 p.p. higher than the average in EU states (121%) and 25 p. p. lower than the average in CIS countries (150%).

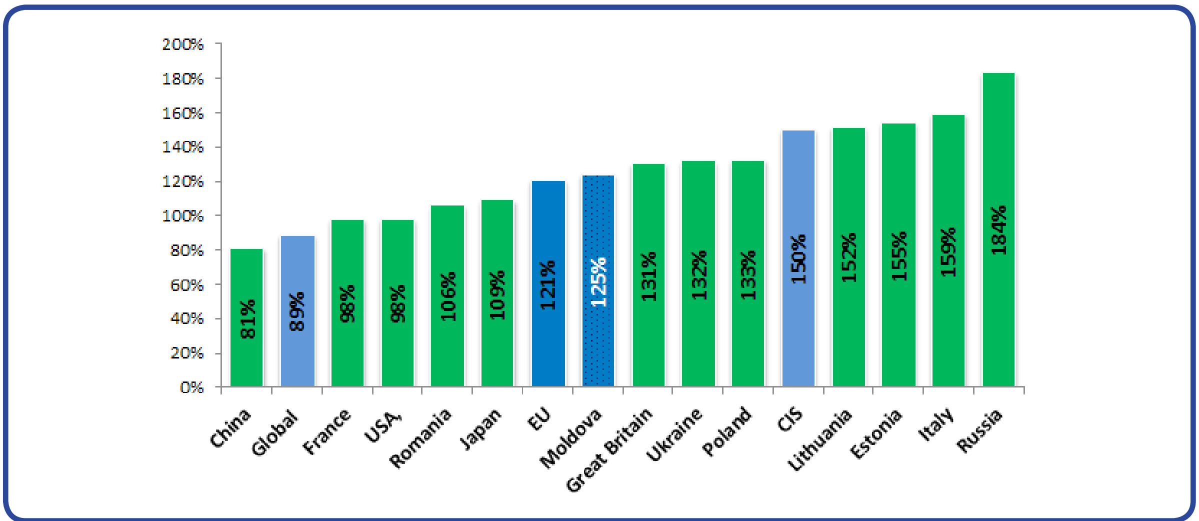

Chart 15 Penetration rates[5] of mobile services in R. Moldova and other states/communities

As per 31.12.2013, 83,44% of the total mobile users were active[6], 16,56% - passive. (Chart 16).

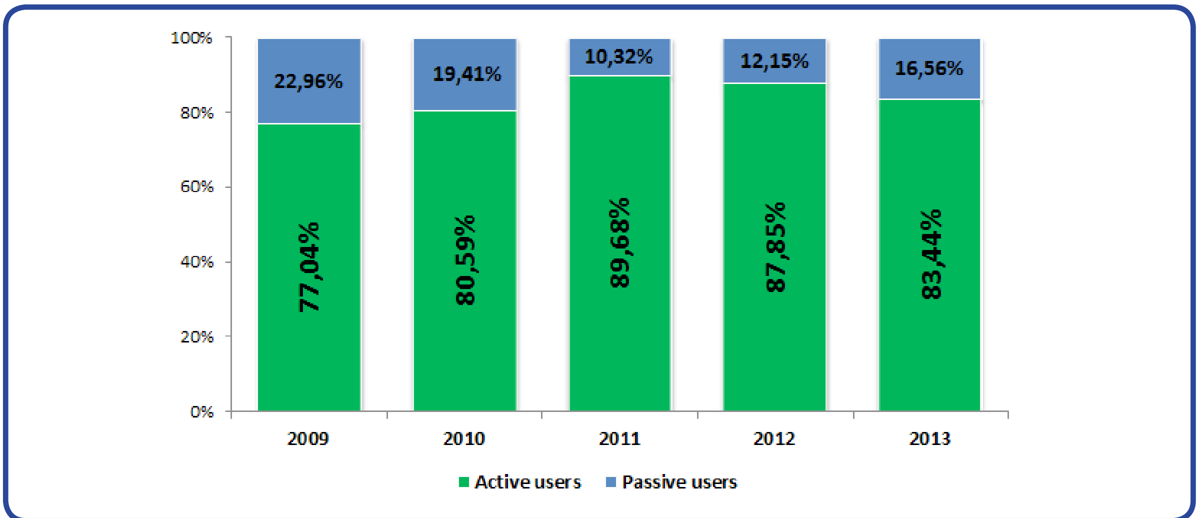

Chart 16 Structure of the market, by categories of users (active/passive)

In 2013, the share of subscribed mobile users was 21,97%, the share of pre-paid users - de 78,03% (Chart 17).

[5] Statistical data from ITU Report for 2012.

[6] According to ANRCETI methodology, users that consumed and paid for at least one service within the last three months before the reporting of statistical data are considered active users.

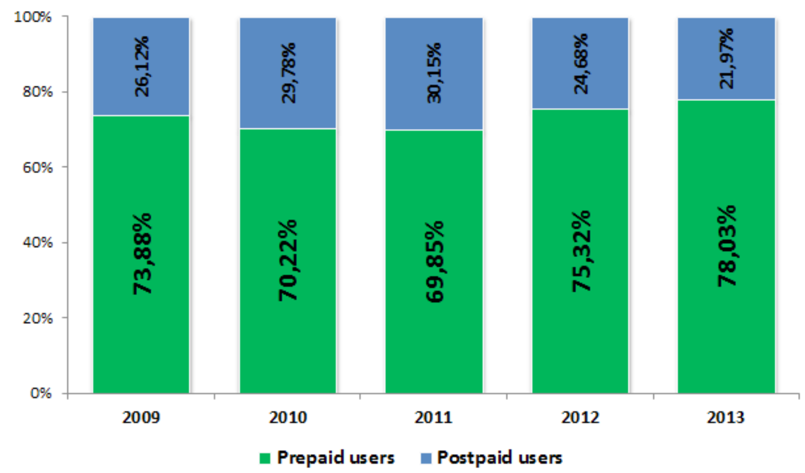

Chart 17 Structure of the market by types of users (prepaid/postpaid)

1,38 mil. users of the total of mobile users accessed the Internet by mobile phone via 2G/3G/4G networks as an additional service to the voice service. The total mobile broadband traffic generated by these users was 820,75 thousand TB, whereas the average monthly Internet traffic per user (AUPU) was 49,3 MB.

2.3 Evolution of voice traffic

In 2013, the total volume of voice traffic in mobile networks increased over 2012 by 10,1% and exceeded 5,65 billion minutes. All traffic categories grew, except international traffic, which dropped 3,19 % down to 636,72 mil. minutes. (Chart 18).

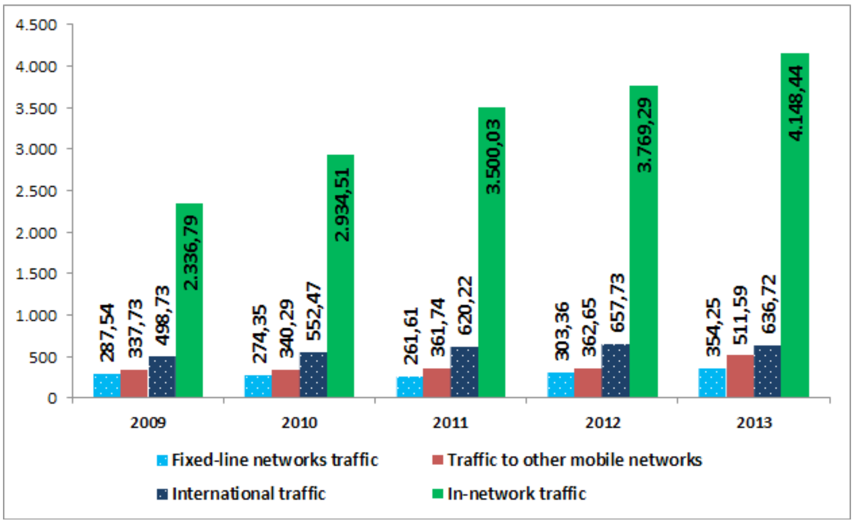

Chart 18 Evolution of voice traffic in mobile networks (mil. minutes)

In 2013, the MoU (average number of minutes consumed by a user monthly) was 200 minutes (3 hours 20 minutes), a decrease compared to 2012, by 1,5% or 4 minutes. This indicator for JSC„Orange Moldova" dropped from 261 to 259 minutes, for JSC „Moldcell"- from 133 minutes to125 minutes and for JSC „Moldtelecom" - from 127 minutes to 121 minutes. (Chart 19).

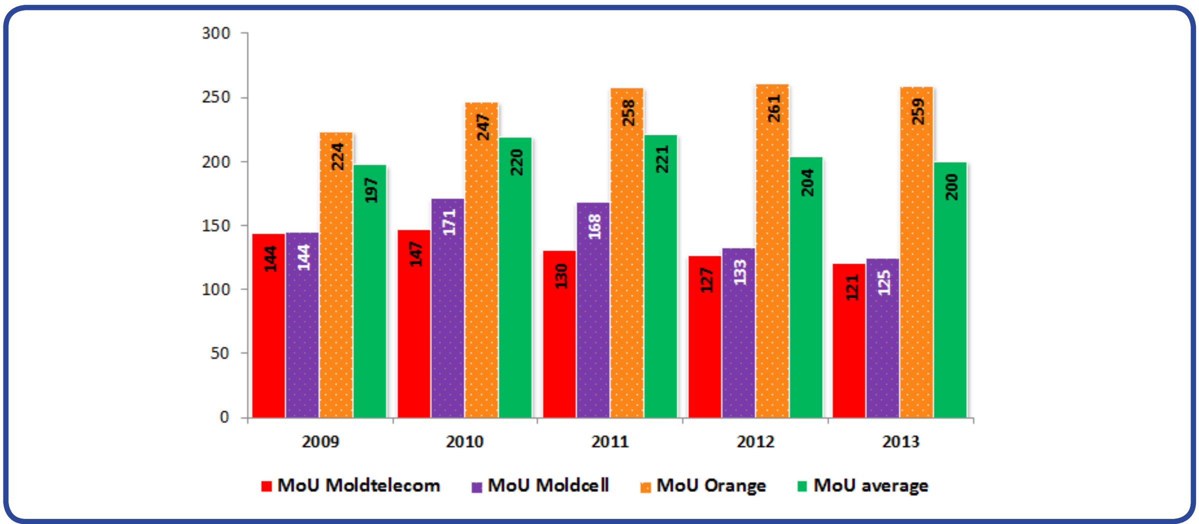

Chart 19 Evolution of MoU (minutes)

2.4 Signal coverage rates

According to the data shown by the three mobile providers, as per 31.12.2013 JSC „Orange Moldova" had 99% 2G territory coverage, JSC „Moldtelecom" (CDMA2000 1x in 450 MHz) – 98,07% and JSC „Moldcell"– 97,36% (Chart 20).

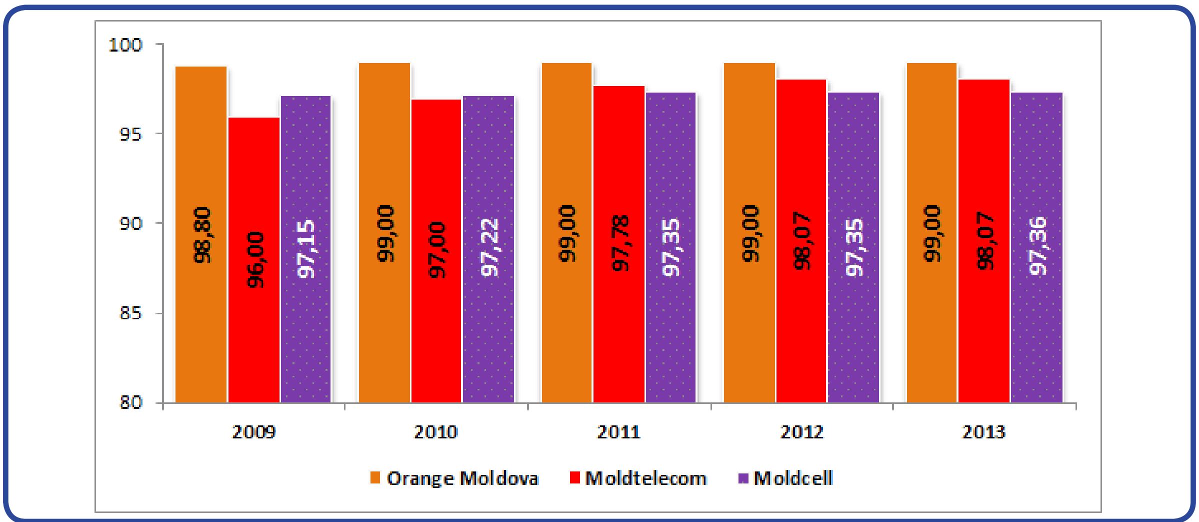

Chart 20 Rate of 2G territory coverage (%)

In terms of 2G population coverage, JSC „Orange Moldova" and JSC „Moldtelecom" by the end of 2013, both showed 99%, JSC „Moldcell" – 96,82% (Chart 21).

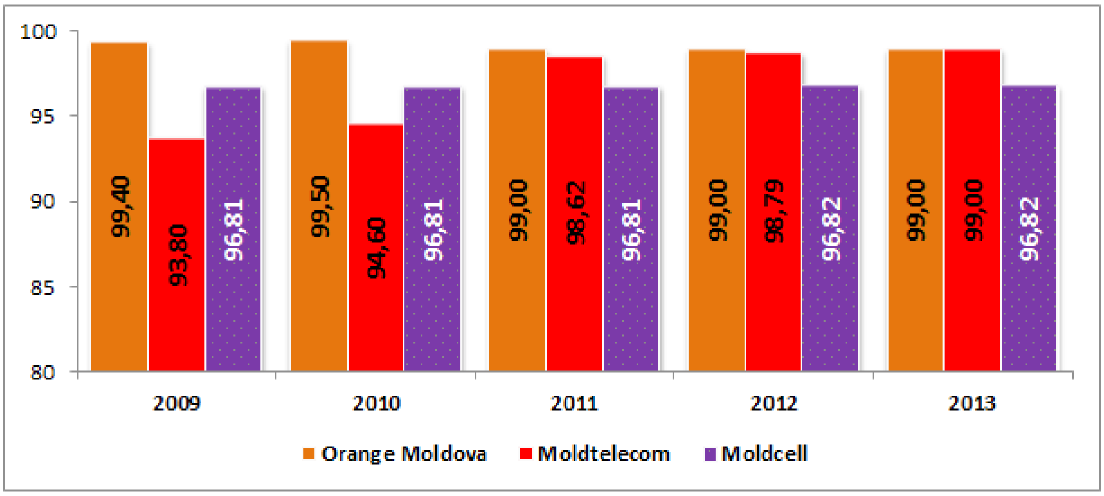

Chart 21 Rate of 2G population coverage (%)

As for 3G territory coverage, on 31.12.2013 JSC „Orange Moldova" showed 99,00%, JSC „Moldtelecom"– 80,40% and JSC „Moldcell" – 77,71% (Chart 22).

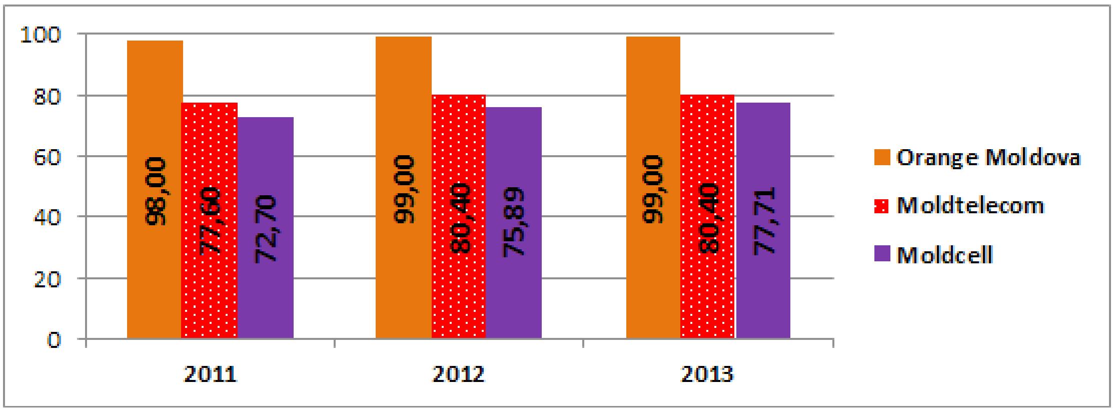

Chart 22 Rate of 3G territory coverage (%)

The data on 3G population coverage show that in 2013 JSC „Orange Moldova" covered 99%, JSC „Moldtelecom"- 81% and JSC „Moldcell" – 62% (Chart 23).

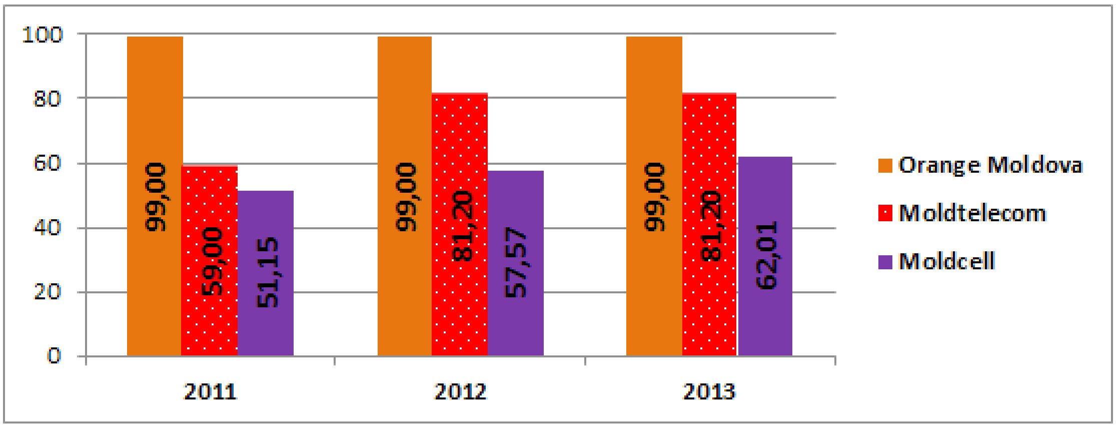

Chart 23 Rate of 3G population coverage (%)

In terms of 4G/LTE population coverage, at the end of 2013 JSC „Orange Moldova" covered 28%, JSC „Moldcell" – 14% (Chart 24).

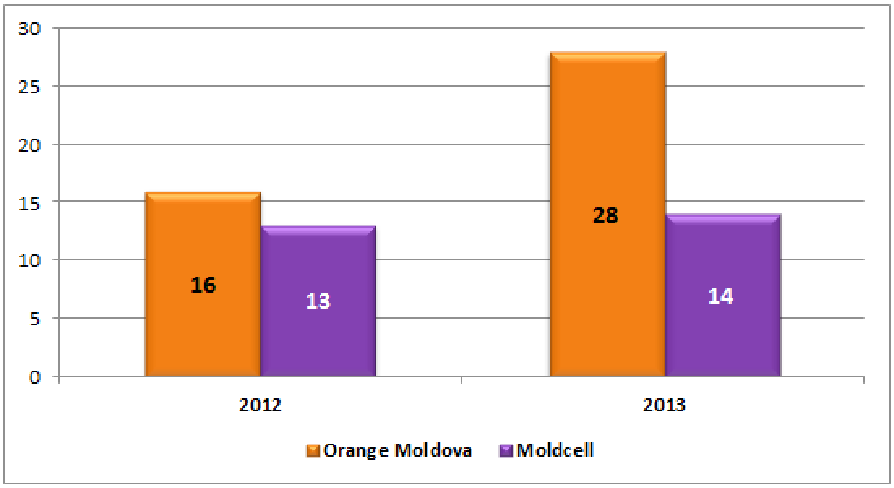

Chart 24 Rate of 4G/LTE population coverage (%)

3 DEDICATED MOBILE BROADBAND[7]

3.1 Dynamics of the market

In 2013, the total revenues obtained by the three mobile providers from dedicated mobile broadband services increased 13% over 2012, to a total of 259,68 mil. lei. JSC „Orange Moldova" obtained 109,1 mil. lei revenues, JSC „Moldcell"– 88 mil. lei, and JSC „Moldtelecom" – 62,5 mil. lei (Chart 25).

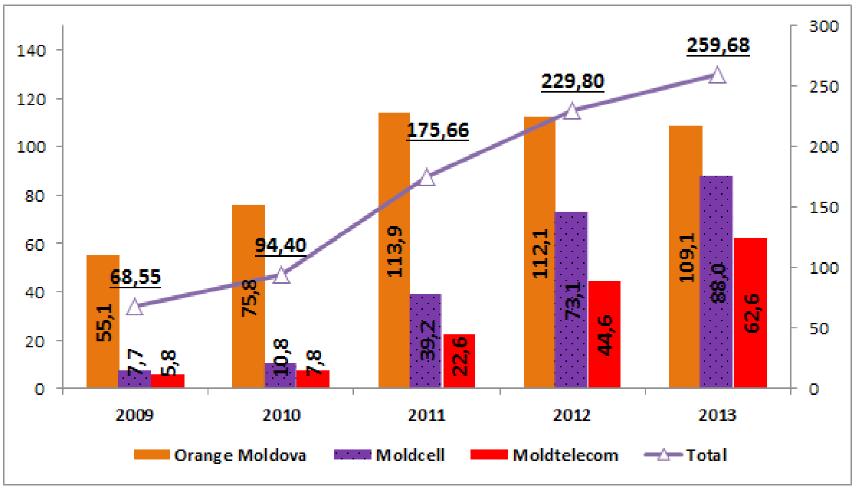

Chart 25 Revenues of dedicated mobile broadband providers (mil.)

Average monthly revenue per subscriber (ARPU) dropped by 22%, showing 98,8 lei. JSC „Moldtelecom" had the highest ARPU - 109,7 lei, followed by JSC „Moldcell" - 104,9 lei, JSC „Orange Moldova" –89,5 lei (Chart 26).

[7] The market for dedicated mobile broadband includes all users who subscribe to basic Internet access service via mobile networks, including users of M2M.

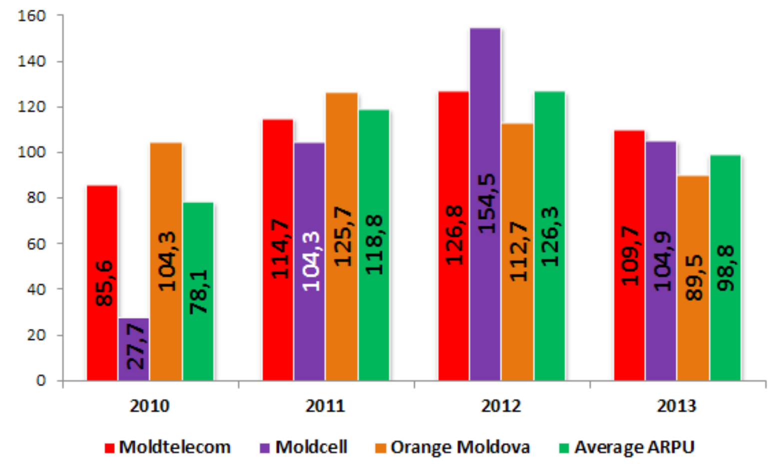

Chart 26 Monthly average revenue per subscriber (ARPU) of dedicated mobile broadband providers (lei)

In 2013, the biggest share of the dedicated mobile broadband market, by turnover, - 42 % - was held by JSC „Orange Moldova", followed by JSC „Moldcell" - 33,9 %, and JSC „Moldtelecom"–24,1 % (Chart 27).

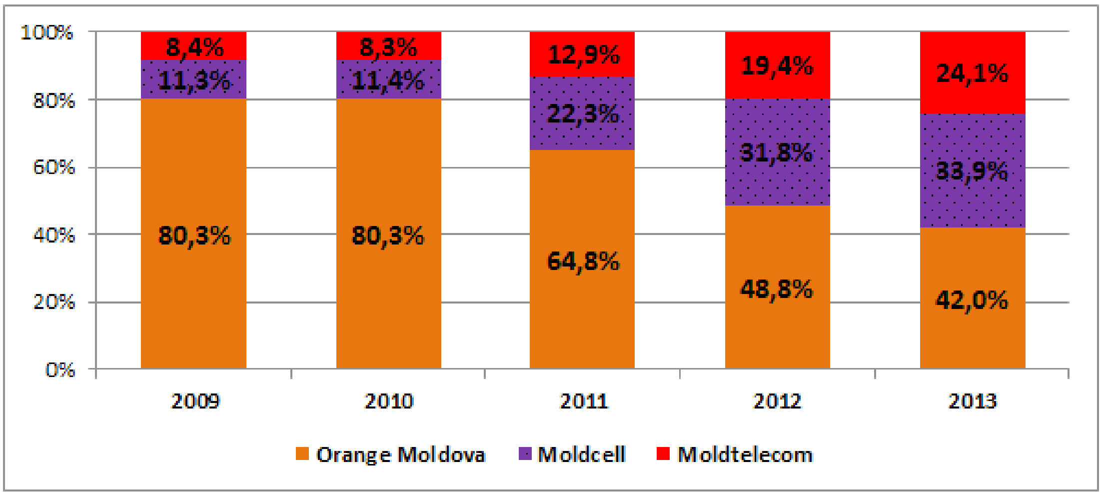

Chart 27 Market shares of dedicated mobile broadband providers, by turnover

3.2. Users and penetration

The number of dedicated mobile broadband users grew over 2012 by 45,5% and reached 259,6 thousand, while the penetration rate per 100 population increased by 2,88 p.p. up to 7,29% (Chart 28).

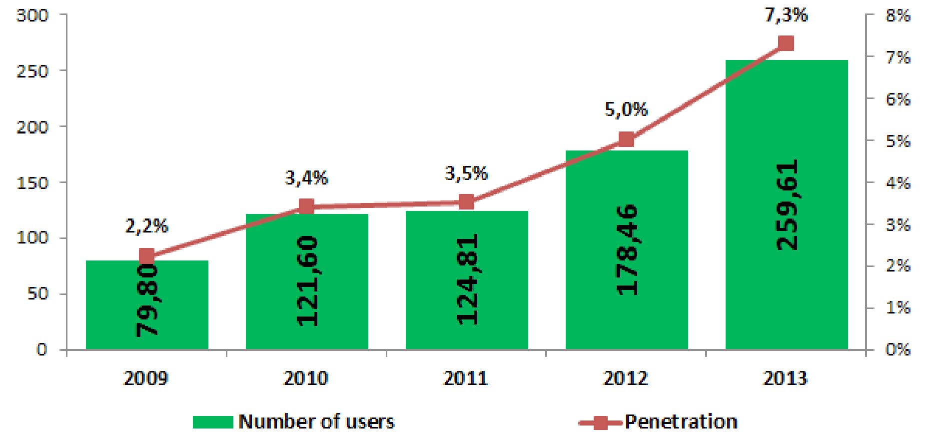

Chart 28 Number of users (thousand) and penetration rate of dedicated mobile broadband services

As per 31.12.2013, JSC „Orange Moldova" had the biggest number of dedicated mobile broadband users – 116,5 thousand, followed by JSC „Moldcell" – with 82,8 thousand and JSC „Moldtelecom" - 60,2 thousand (Chart 29).

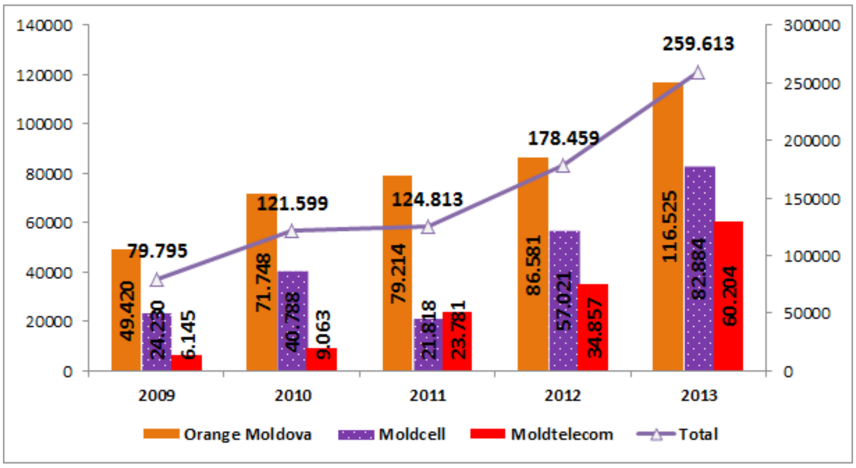

Chart 29 Evolution of the number of dedicated mobile broadband users

In 2013, the total traffic of dedicated mobile broadband users was 20 mil. 175,7 thousand GB, while the average usage per user (AUPU) was 7,7 GB.

4 FIXED-LINE SERVICES

4.1 Dynamics of the market

In 2013, 30 providers operated on the fixed-line market (the incumbent JSC „Moldtelecom" and 29 alternative providers). Comparatively with 2012, the total volume of fixed-line service sales increased by 3,8%, reaching 1 billion 114,73 mil. lei. The sales of the incumbent JSC „Moldtelecom" dropped by 5,1% to 1 billion 60,31 mil. lei, while the sales of alternative providers grew 30,8% and made 54,52 mil. lei (Chart 30).

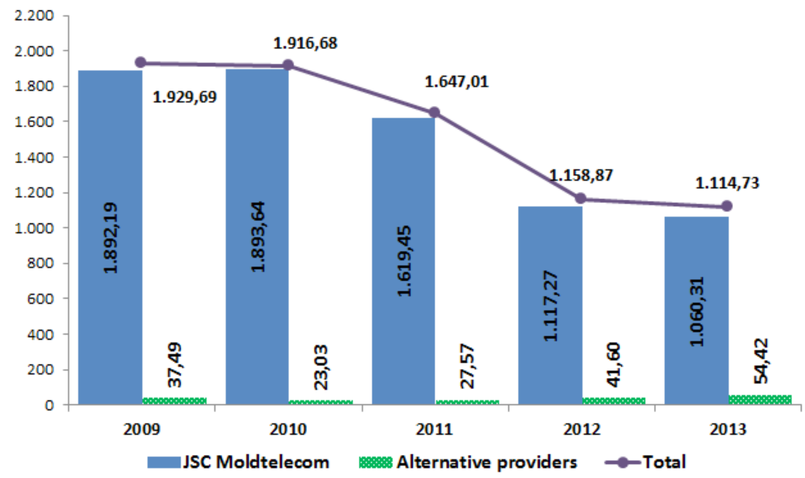

Chart 30 Evolution of revenues from fixed-line services (mil. lei)

During 2013, the average monthly revenue per fixed-line subscriber (ARPU) dropped by 5,5%, showing 76,5 lei. The ARPU of JSC „Moldtelecom" was 79,0 lei (down by 4,6%), the ARPU of alternative providers – 48,0 lei (down by 6,4%). The average monthly revenue per residential subscriber was 38,6 lei (down by 4,3 lei or 10%), per business subscriber - 105,1 lei (down by 15,1 lei or 12,6%) (Chart 31).

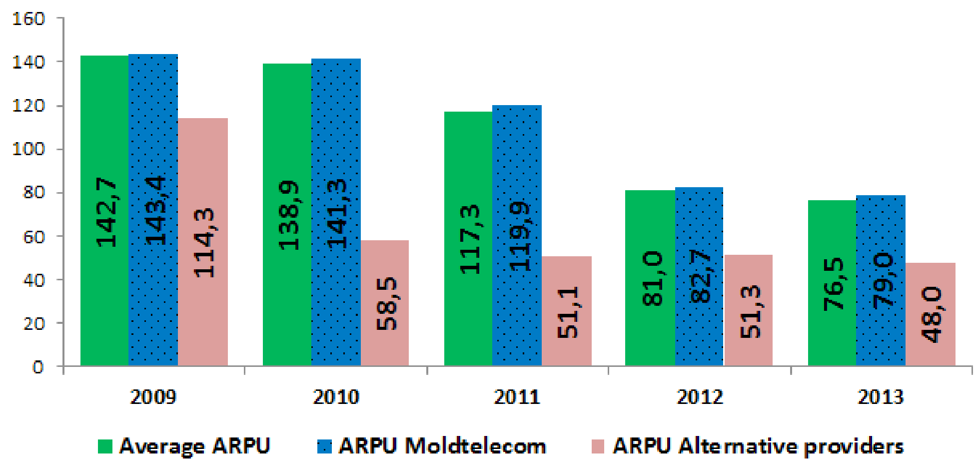

Chart 31 Evolution of monthly average revenue per subscriber - ARPU (lei)

4.2 Subscribers and penetration

The number of fixed-line subscribers[8] increased by 15,7 thousand over 2012, or 1,3% and reached 1 mil. 221,4 thousand. Of the total of fixed-line subscribers, 88,3% are individual users, 11,7% - business users. By place of residence, 656,7 thousand subscribers (53,8%) reside in urban areas and 564,7 thousand (46,2 %) in rural.

The subscriber base of JSC „Moldtelecom" decreased by 8,0 thousand clients, while the subscriber base of alternative providers increased by about 23,7 thousand. As per 31.12.2013, JSC „Moldtelecom" had 1 mil. 115,1 thousand subscribers, alternative providers –106,3 thousand. The fixed-line penetration rate per 100 population grew by 0,4 p.p. and reached 34,3% (Chart 32). In urban areas this indicator showed 44,2%, in rural - 27,2%.

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

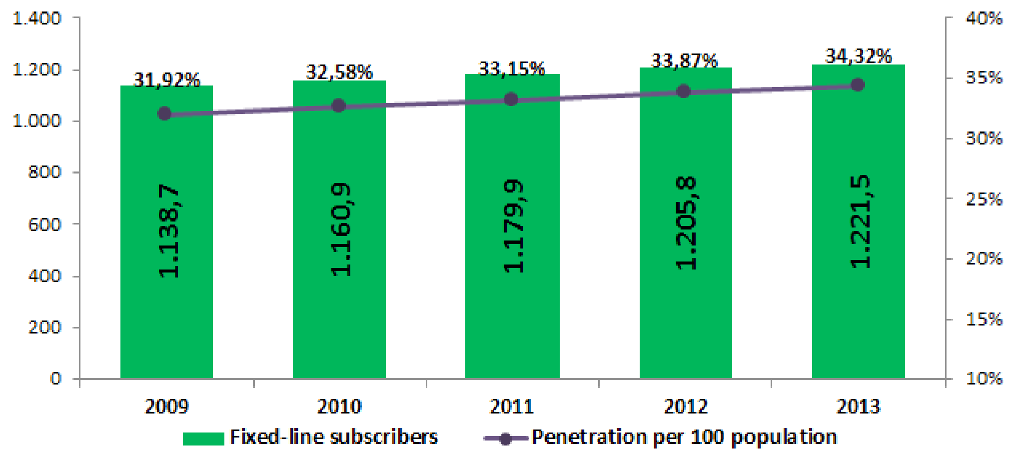

Chart 32 Number of subscribers (thousand) and fixed-line penetration rates

As per 31.12.2013, the market share of the incumbent JSC „Moldtelecom", by the number of subscribers, was 91,3%, the six alternative providers – market shares between 0,26% and 2,9%, other providers – smaller market shares.

Table 2 Market shares, by number of subscribers

Supplier	2008	2009	2010	2011	2012
Moldtelecom	97,50%	96,79%	95,54%	93,15%	91,29%
Starnet	0,04%	0,11%	0,40%	1,56%	2,90%
Sun Communications	0,07%	0,19%	1,11%	1,82%	2,21%
Orange Moldova	0,26%	0,77%	0,98%	1,12%	1,29%
Arax-Impex	0,83%	0,97%	1,07%	1,11%	1,16%
Riscom	0,30%	0,29%	0,29%	0,28%	0,27%
Calea Ferata din Moldova (Moldova Railways)	0,29%	0,28%	0,25%	0,27%	0,26%

As compared to the state of things in other countries, the fixed-line penetration rate in the Republic of Moldova is higher than in Ukraine and Romania by 7 p. p. and 12 p. p. accordingly. However, this indicator is lower by 6 p.p. than the 40% average in EU countries. (Chart 33).

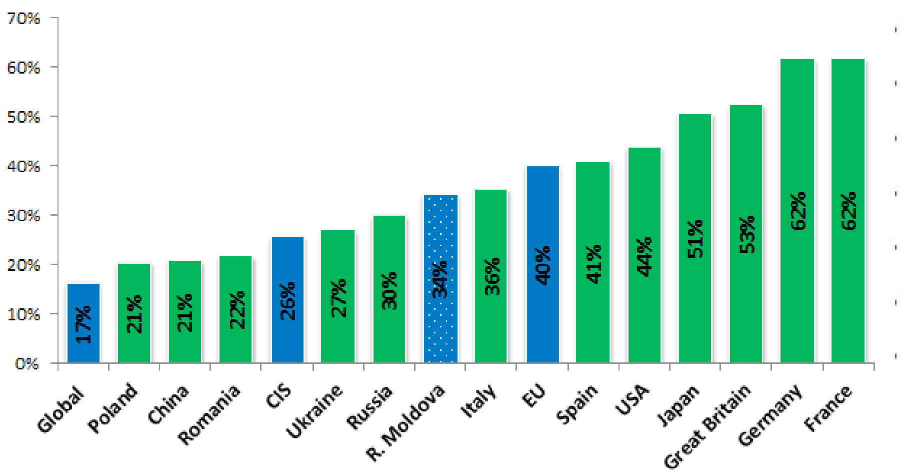

Chart 33 Fixed-line penetration rates in R. Moldova and other countries

4.3 Evolution of traffic

In 2013, the total volume of traffic in fixed-line networks decreased by 11,4% and showed 2 billion 684,5 mil. minutes. All traffic types, generated by these networks followed a decreasing trend. Thus, the voice traffic to international destinations reduced by 15,5% (53,2 mil. minutes), to mobile networks - by 4,8% (to 113,02 mil. minutes) (Chart 34).

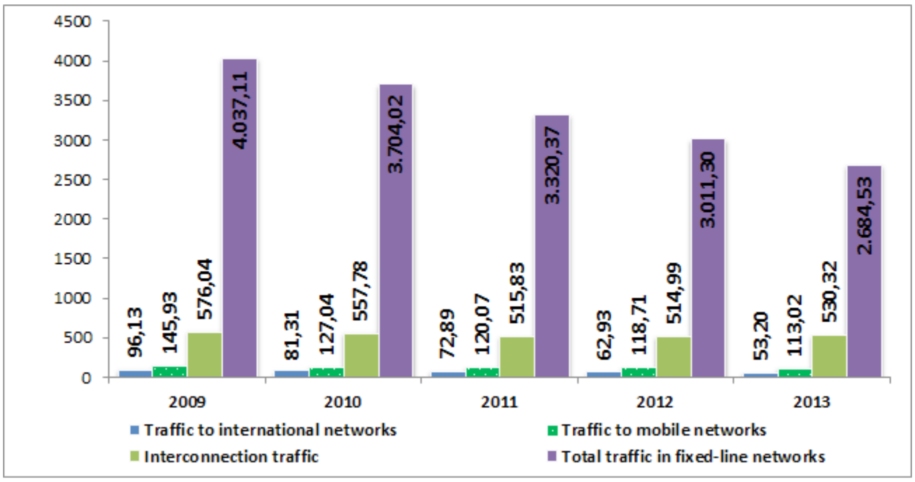

Chart 34 Evolution of traffic in fixed-line networks (mil. minutes)

In 2013, the fixed-line MoU (average monthly minutes of use per subscriber) dropped by 13,9% to 301minutes (5 hours). (Chart 35).

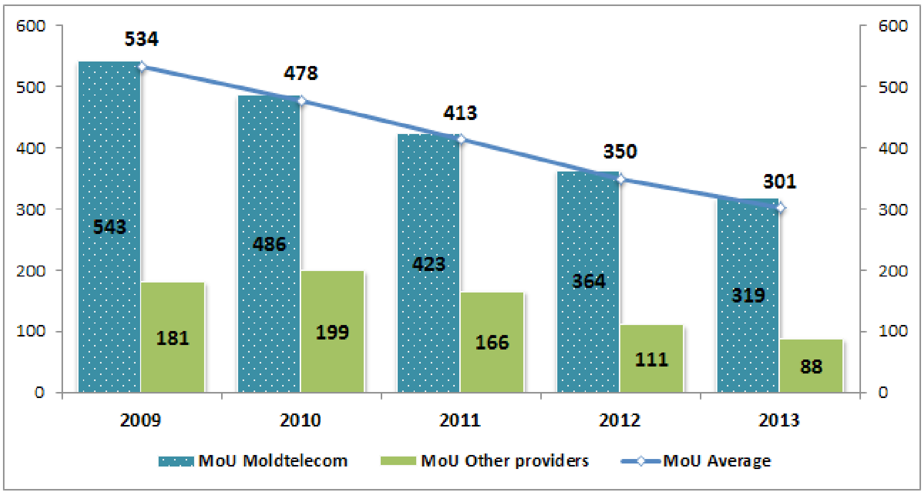

Chart 35 Evolution of MoU indicator (minutes)

5 FIXED BROADBAND AND DATA TRANSMISSION

5.1 Dynamics of the market

In 2013, the capacity of access channels from R. Moldova to external Internet increased by 37,34% over 2012, reaching 197,14 Gbps. This evolution was caused by the increase in the number of users of Internet access services, more frequent browsing of video content and electronic media, longer duration of Internet use and continual diversification of Internet access methods. (iPads and smart phones).

According to the specialized site www.netindex.com, as per 31.03.2014, the average download speed in R. Moldova was 31,4 Mbps (up by 10 Mbps in one year). In terms of this indicator, Moldova went up four positions within one year and ranked 16th in the world.

The market for fixed broadband and data transmission was operated by 55 providers. According to their reports, the total volume of sales on this market increased by 23,2% over 2012 and constituted 880,05mil.lei. the turnover of JSC „Moldtelecom" grew by 19,3% showing 561,04 mil. lei, the turnover of „Starnet" LLC – by27,5% - to a total of 153,4 mil. lei, the one of JSC „Orange Moldova" – by 0,7% to a total of 28,54 mil. lei (Chart 36).

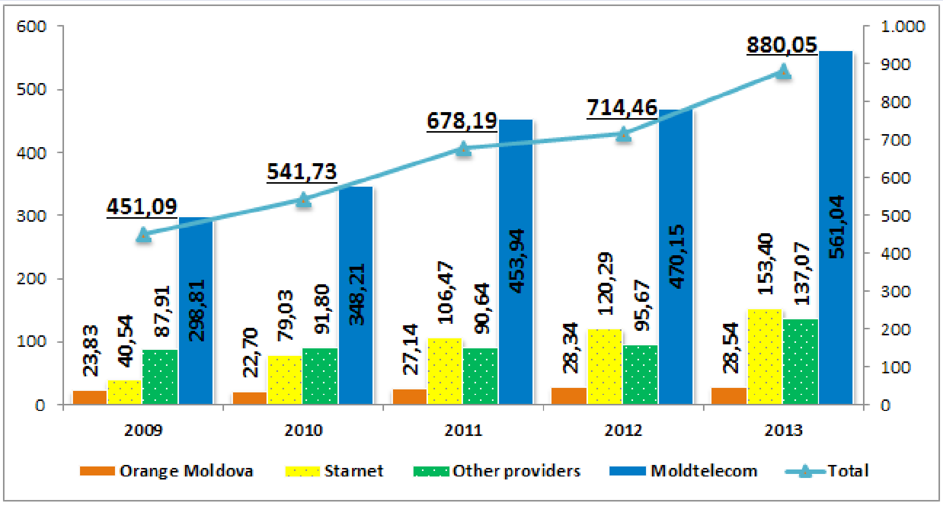

Chart 36 Evolution of revenues, fixed broadband and data transmission (mil. lei)

As a result of this development, the market shares by turnover are as follows: JSC „Moldtelecom" - 63,8%. The ones of „Starnet" LLC - 17,4% and JSC "Orange Moldova" - 3,2%. The cumulated market share of the other 52 providers is 15,6% (Chart 37).

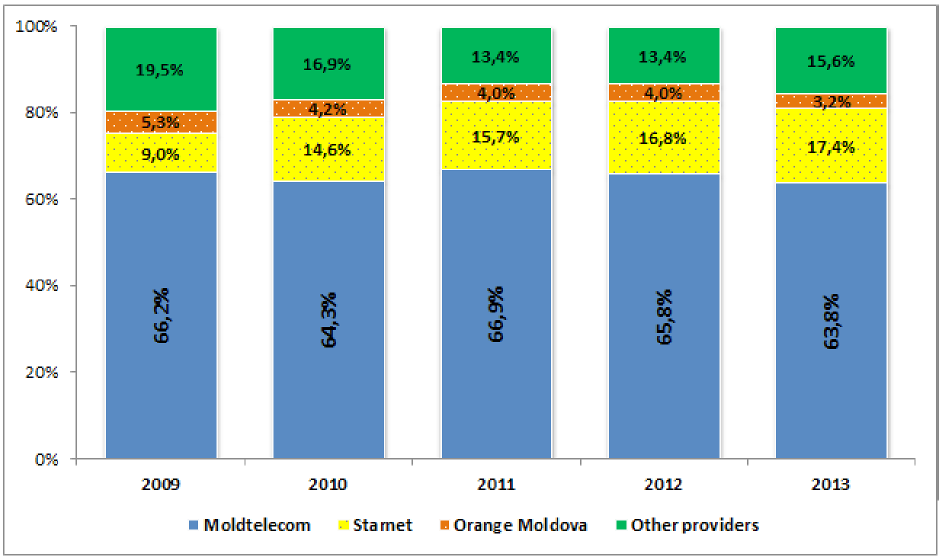

Chart 37 Market shares by turnover

According to the data reported by providers of fixed broadband and data transmission services, the total volume of sales increased by 20,3% over 2012 and constituted 785,26 mil.lei, the turnover of JSC „Moldtelecom" grew by 21,5% to 524,75 mil. lei, the one of „Starnet" LLC – by 27,8% to 153,4 mil. lei, the one of „Sun Communications" LLC – by 35,5% to 29,25 mil. lei (Chart 38).

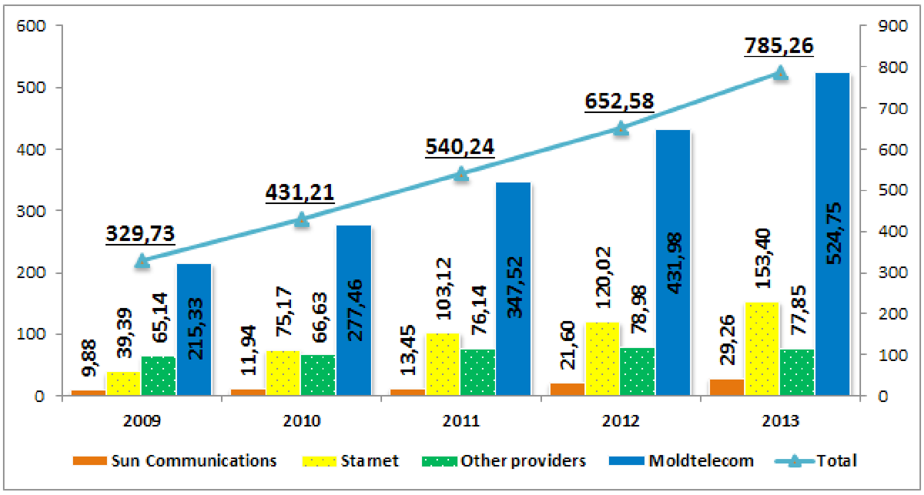

Chart 38 Evolution of revenues, fixed broadband (mil. lei)

The ARPU increased over 2012 by 6,4% to 150,06 lei (Chart 39). The residential ARPU was 126,4 lei, business ARPU - 569,5 lei.

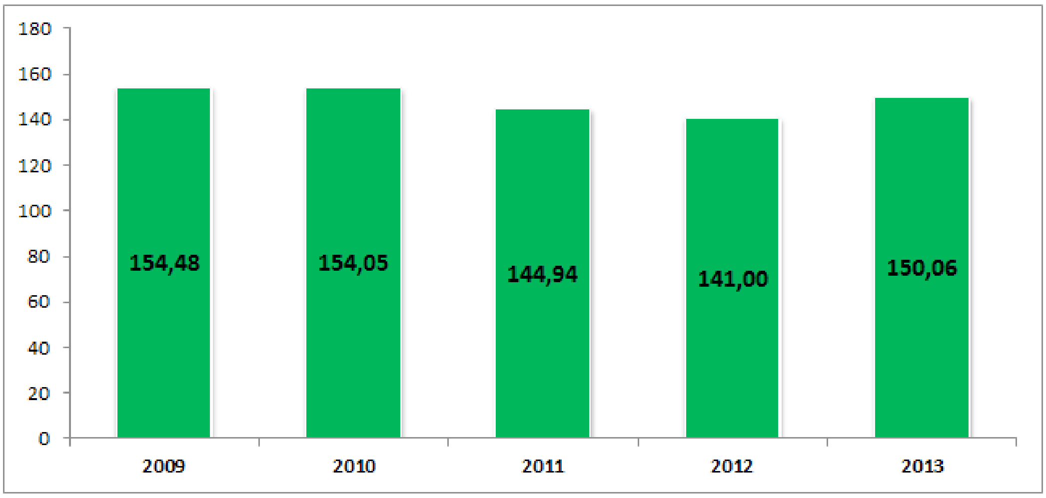

Chart 39 Evolution of average monthly revenue per user (ARPU), fixed broadband (lei)

5.2 Subscribers and penetration

In the reporting year, the total number of fixed broadband subscribers increased by 12% showing 467,1 thousand. At the end of 2013, 94,4% of the total number of fixed broadband subscribers were residential and 5,3% - business. In the same timeframe, the fixed broadband penetration rate per 100 population increased by 1,4 p.p. and constituted 13,1% (Chart 40).

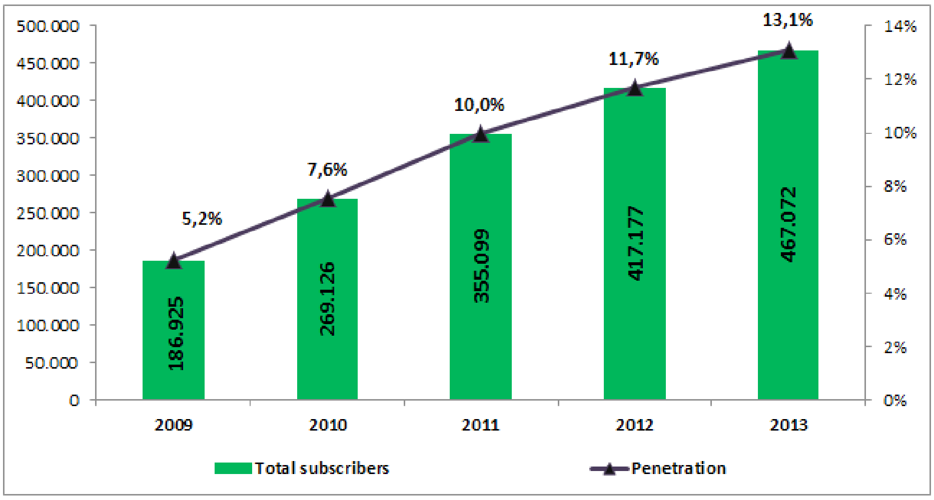

Chart 40 Number of subscribers and penetration rate, fixed broadband services

The fixed broadband penetration rate in the Republic of Moldova exceeds by 4,1 p. p. the global average (9%). This indicator is by 2,3 p. p. bigger than the one reported in Ukraine (10,86%) and by 2,8 p. p. lower than the one reported in Romania. (15,9%). This indicator is by 2,0 p.p. higher than the 11,1% average in CIS countries and by 15,7 p. p. lower than the 28,8 % average in EU states. (Chart 41).

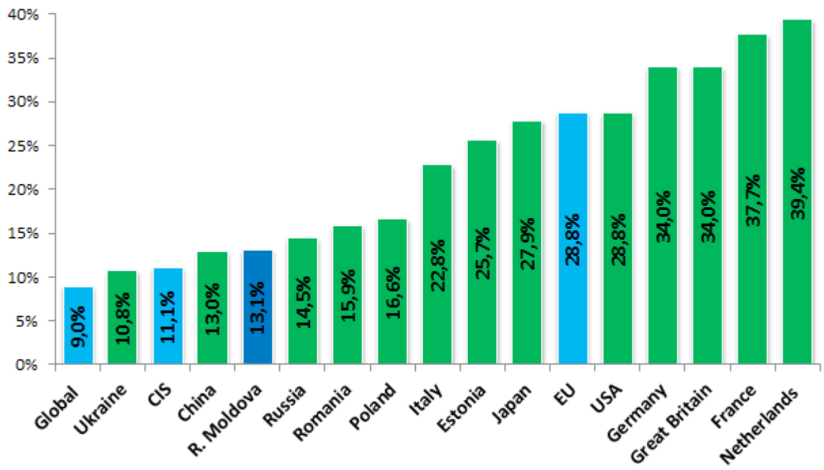

Chart 41 Penetration rates[9], fixed broadband services in the R. Moldova and other countries/communities

In 2013, the market shares of the main providers by number of subscribers did not undergo significant changes. JSC „Moldtelecom" continued to hold the biggest market share - 68,1%, followed by „Starnet" LLC with 18,4% and „Sun Communications" LLC - 6%, other providers shared 7,5% of the market. (Chart 42).

[9] Statistical data from 2012 ITU Report.

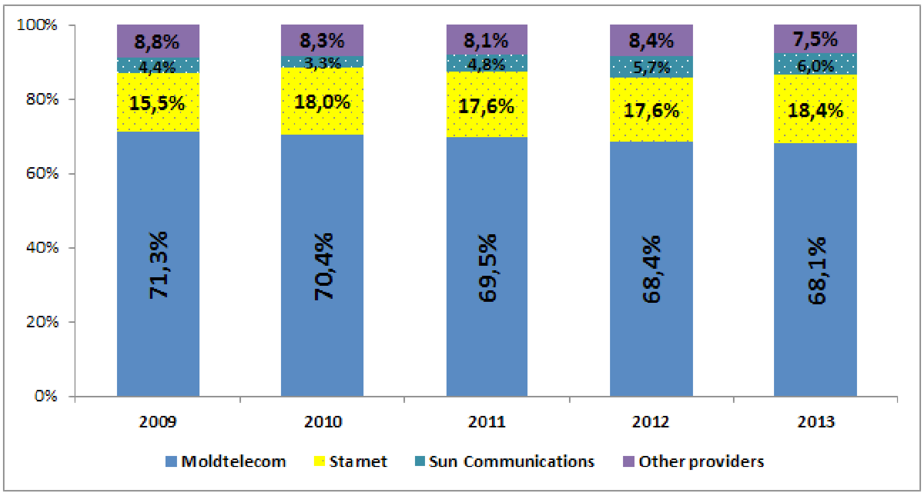

Chart 42 Market shares by number of subscribers

5.3 Technologies of access

In 2013, the FTTx and xDSL were the most frequently used technologies for fixed broadband access. The number of subscribers increased as follows: connected via FTTx - by 21% and reached 228,8 thousand, via co-axial cable (DOCSIS technology) - by 20% and exceeded 28,2 thousand and via xDSL - by 2% to a total of 207,7 thousand (Chart 43).

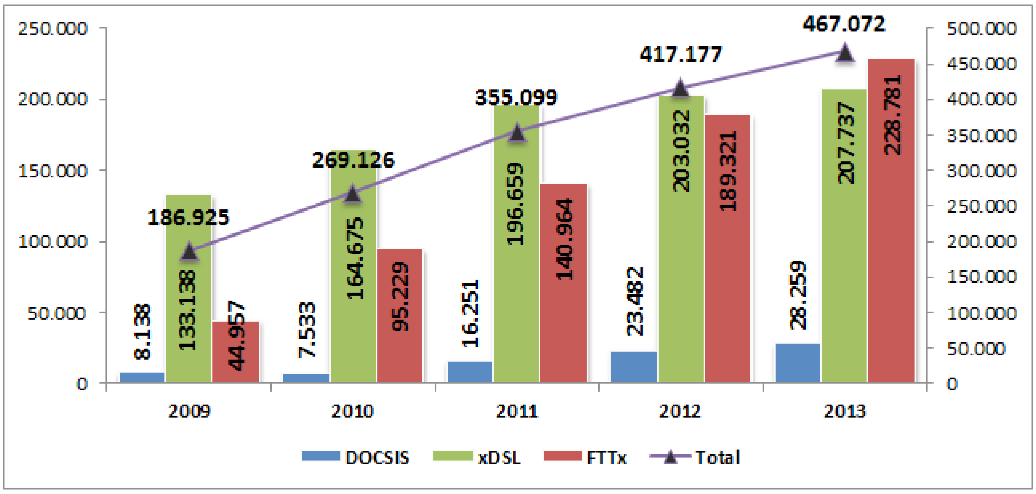

Chart 43 Number of subscribers to fixed broadband, by technology used

In the reporting timeframe, the share of Internet fixed broadband connections via FTTx increased by 3,6 p.p and showed 49,0%, while the share of xDSL connections dropped by 4,2 p.p. showing 44,5% (Chart 44).

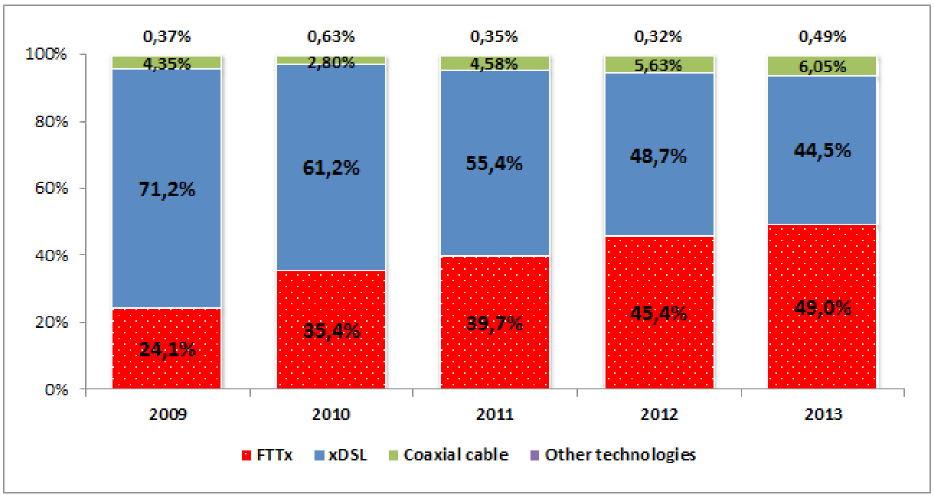

Chart 44 Use of technologies of fixed broadband access

The share of FTTx connections increased due to the expansion of these types of networks in rural and urban areas and the substitution of xDSL with FTTx connections, where such networks are available. The substitution of connections is determined by the technological advantages (speed, quality) of the FTTx over xDSL technology.

In terms of fixed broadband speed, the data aggregated by ANRCETI show that, in accordance with the tariff plans chosen by subscribers in 2013, 48,2% of them enjoyed speeds of over 10 Mbps, 39,5% - between 2 and10 Mbps and 12,3% - below 2 Mbps (Chart 45).

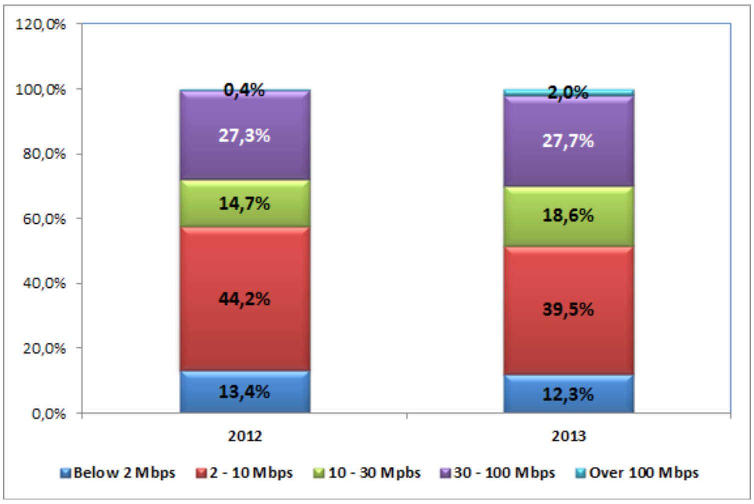

Chart 45 Structure of subscribers to fixed broadband, by speed

The territorial development of fixed broadband in 2013 continued to be highly concentrated in Chisinau municipality, place of residence for more than 41,9% of the total number of fixed broadband subscribers. According to the data of providers, 60,1% of the total number of fixed broadband subscribers live in urban areas and 39,9% - in rural areas. At the end of 2013, the fixed broadband penetration rate per 100 households in Chisinau was 70,2%, in other administrative-territorial units – between 20 and 45%. (Table 3).

Table 3 Fixed broadband services provided in administrative-territorial units of R. Moldova, as per 31.12.2013.

No.	Territorial-administrative unit	Total broadband subscribers	Penetration of broadband services per 100 households	Subscribers				Shares of technologies of broadband access			
				xDSL	FTTx	Coaxial cable	Other technologies	xDSL	FTTx	Coaxial cable	Other technologies
1	**Chisinau Mun.**	195.749	70,22%	16.935	151.061	25.990	1.763	8,7%	77,2%	13,3%	0,9%
2	**Balti Mun.**	24.815	45,18%	5.244	18.250	1.314	7	21,1%	73,5%	5,3%	0,0%
3	**Anenii Noi**	9.156	33,78%	7.412	1.537	0	207	81,0%	16,8%	0,0%	2,3%
4	**Basarabeasca**	2.929	30,44%	2.531	398	0	0	86,4%	13,6%	0,0%	0,0%
5	**Briceni**	8.027	31,52%	7.073	954	0	0	88,1%	11,9%	0,0%	0,0%
6	**Cahul**	14.021	35,73%	9.263	4.654	104	0	66,1%	33,2%	0,7%	0,0%
7	**Cantemir**	5.685	31,22%	5.256	429	0	0	92,5%	7,5%	0,0%	0,0%
8	**Calarasi**	6.231	22,76%	4.643	1.585	0	3	74,5%	25,4%	0,0%	0,0%
9	**Causeni**	7.854	26,23%	7.157	690	0	7	91,1%	8,8%	0,0%	0,1%
10	**Cimislia**	5.897	30,56%	4.300	1.597	0	0	72,9%	27,1%	0,0%	0,0%
11	**Criuleni**	6.696	28,89%	6.223	471	0	2	92,9%	7,0%	0,0%	0,0%
12	**Donduseni**	3.603	20,11%	3.376	227	0	0	93,7%	6,3%	0,0%	0,0%
13	**Drochia**	7.898	24,02%	6.269	1.629	0	0	79,4%	20,6%	0,0%	0,0%
14	**Dubasari**	2.978	27,07%	2.942	35	0	1	98,8%	1,2%	0,0%	0,0%
15	**Edinet**	8.665	28,68%	5.519	3.146	0	0	63,7%	36,3%	0,0%	0,0%
16	**Falesti**	7.392	22,40%	5.575	1.816	0	1	75,4%	24,6%	0,0%	0,0%
17	**Floresti**	8.115	24,67%	5.720	2.259	0	136	70,5%	27,8%	0,0%	1,7%
18	**Glodeni**	5.591	26,04%	5.091	500	0	0	91,1%	8,9%	0,0%	0,0%
19	**Hincesti**	10.680	28,59%	8.119	2.561	0	0	76,0%	24,0%	0,0%	0,0%
20	**Ialoveni**	11.532	38,94%	7.530	3.149	851	2	65,3%	27,3%	7,4%	0,0%
21	**Leova**	4.789	28,35%	4.294	495	0	0	89,7%	10,3%	0,0%	0,0%
22	**Nisporeni**	4.714	22,86%	4.453	261	0	0	94,5%	5,5%	0,0%	0,0%
23	**Ocnita**	4.885	23,62%	4.485	400	0	0	91,8%	8,2%	0,0%	0,0%
24	**Orhei**	11.206	27,12%	6.962	4.239	0	5	62,1%	37,8%	0,0%	0,0%
25	**Rezina**	4.542	25,59%	3.106	1.435	0	1	68,4%	31,6%	0,0%	0,0%
26	**Riscani**	6.127	23,30%	4.764	1.363	0	0	77,8%	22,2%	0,0%	0,0%
27	**Singerei**	8.558	27,55%	6.121	2.437	0	0	71,5%	28,5%	0,0%	0,0%
28	**Soroca**	9.170	25,07%	5.327	3.842	0	1	58,1%	41,9%	0,0%	0,0%
29	**Straseni**	9.345	33,46%	6.712	2.479	0	154	71,8%	26,5%	0,0%	1,6%
30	**Soldanesti**	2.843	18,73%	2.735	107	0	1	96,2%	3,8%	0,0%	0,0%
31	**Stefan Voda**	5.735	24,66%	4.743	992	0	0	82,7%	17,3%	0,0%	0,0%
32	**Taraclia**	4.902	38,12%	4.458	444	0	0	90,9%	9,1%	0,0%	0,0%
33	**Telenesti**	5.527	22,92%	5.229	298	0	0	94,6%	5,4%	0,0%	0,0%
34	**Ungheni**	11.654	30,10%	6.123	5.530	0	1	52,5%	47,5%	0,0%	0,0%
35	**UTA Gagauzia**	19.561	42,26%	12.047	7.511	0	3	61,6%	38,4%	0,0%	0,0%
	Total	**467.072**	**38,95%**	**207.737**	**228.781**	**28.259**	**2.295**	**44,5%**	**49,0%**	**6,1%**	**0,5%**

6 BROADCASTING SERVICES

6.1 Dynamics of the market

In 2013, the broadcasting market was operated by 148 providers. The total volume of sales of broadcasting services increased by 7,24% over 2012 and reached 352,84 million lei. The biggest share - 52,2% (or 184,1 mil. lei) – in the broadcasting market structure went to TV services and radio broadcasting services, whereas 47,8% (or 168,74 mil. lei) – to pay TV services. (Chart 46).

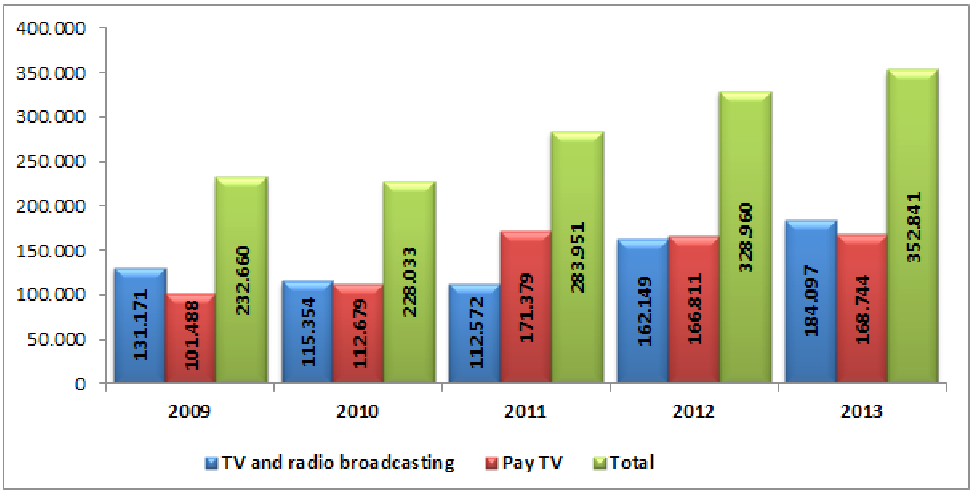

Chart 46 Evolution of revenues generated by broadcasting services (thousand lei)

As compared with the situation in 2012, the revenues from pay TV slightly grew, by 1,16%, while the average revenue per user (ARPU) dropped by 4,7% showing 48,94 lei (Chart 47).

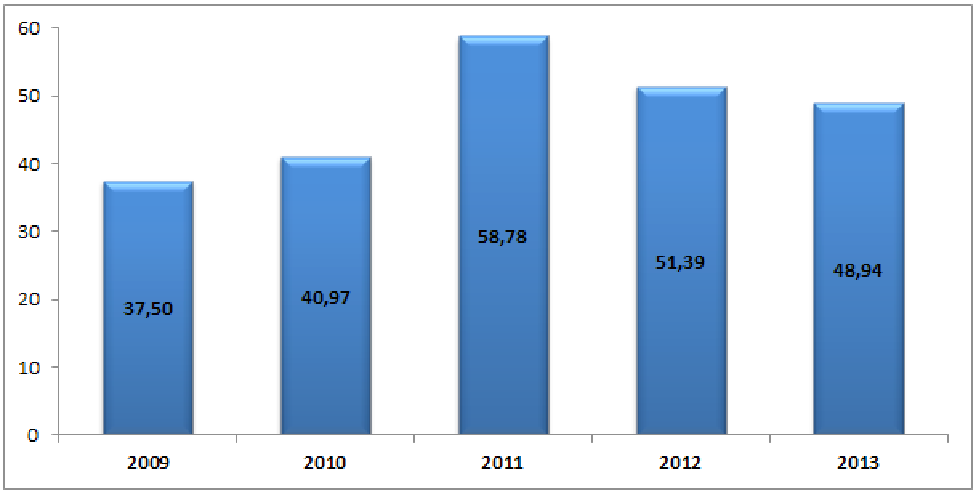

Chart 47 Evolution of average monthly revenue per user -ARPU (lei)

The ARPU of the biggest provider on this market – „Sun Communications" LLC – was 38,9 lei, while the ARPU of JSC „Moldtelecom" – 71,3 lei.

The most significant shares of the pay TV service market, in terms of turnover, were held by „Sun Communications" LLC – 30,0%, JSC „Moldtelecom" – 24,1%, „Focus-Sat" LLC – 5,4% and „A.M.T." LLC – 4,5%, (Chart 48).

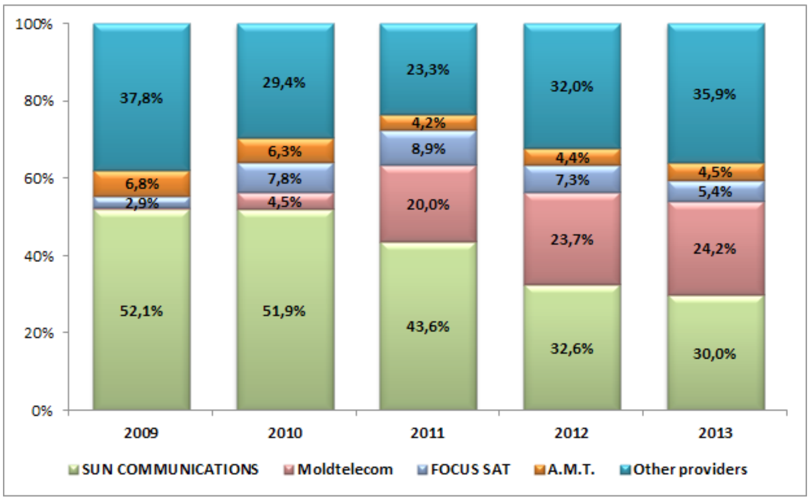

Chart 48 Shares of pay TV providers by turnover

6.2 Subscribers and penetration

In the reporting timeframe, the number of pay TV subscribers increased over 2012, by 1,8% and reached 289,8 thousand. The majority – 78,8% - live in urban areas, 21,2% - in rural. The pay TV penetration rate per 100 population increased by 0,14% and equaled 8,14% (Chart 49).

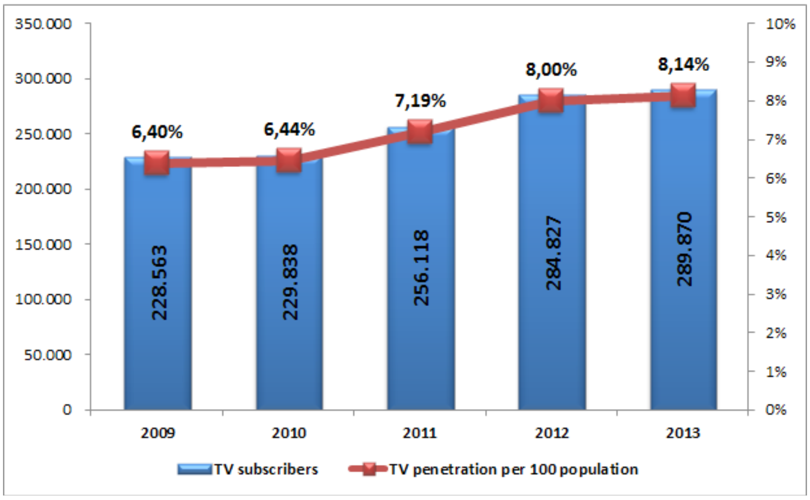

Chart 49 Number of pay TV subscribers and penetration

223,9 thousand (77,3%) of the total number of pay TV subscribers are subscribed to coaxial cable TV networks, 55,5 thousand (19,1%) – to IPTV services, 7,4 thousand (2,6%) – to satellite TV (DTH) and 2,9 thousand (1,0%) to MMDS networks (Chart 50).

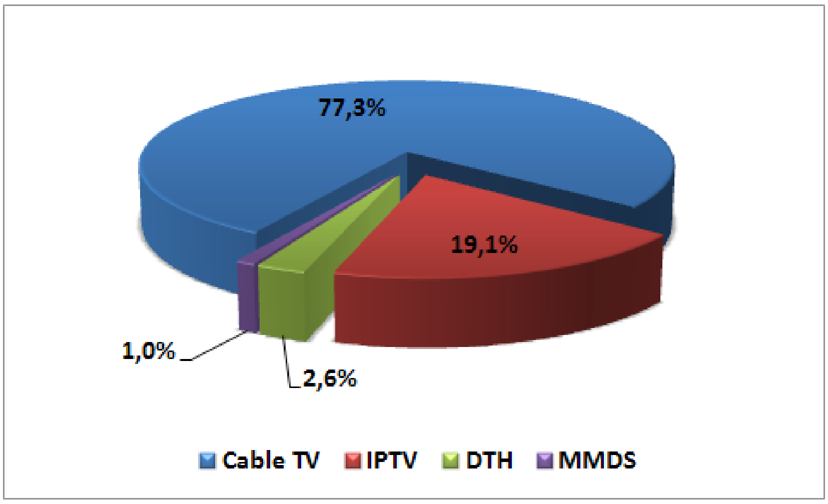

Chart 50 Number of subscribers to pay TV service by technology of reception

In 2013, the trend of increasing use of digital pay TV services became more prominent. The number of subscribers to digital TV grew by 25,1% up to 129,3 thousand, while the number of subscribers to analog TV dropped by 6,6% down to 170,3 thousand. The share of analog pay TV subscribers was 57%, to digital pay TV – de 43% (Chart 51).

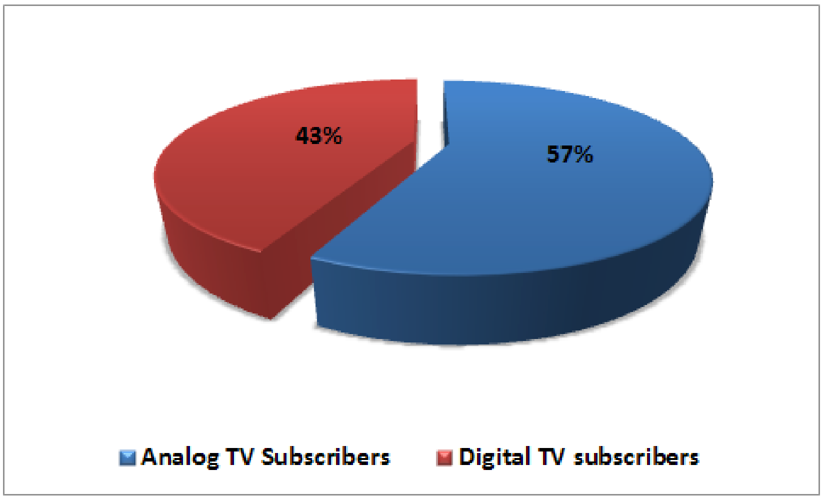

Chart 51 Share of subscribers to pay TV services by format

The majority of digital TV subscribers are users of coaxial cable or IPTV services (Chart 52). At the end of 2013, the share of subscribers to cable TV services was 49%, to IPTV - 42,9%.

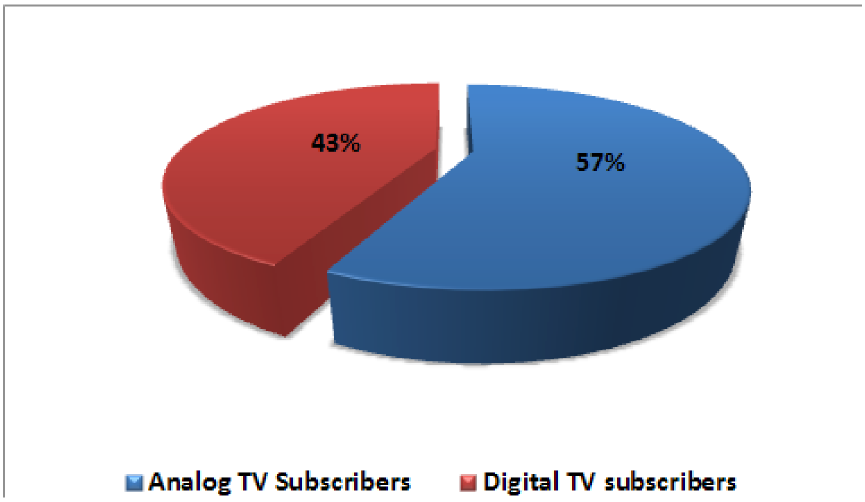

Chart 52 Share of subscribers to digital TV service, depending on reception technology

In 2013, the biggest market share, according to number of pay TV subscribers, – 36,5% (105,7 thousand) – was held by „Sun Communications" LLC. The share of JSC „Moldtelecom" was 17,5%, „A.M.T." LLC – 7,1% and „Focus-Sat" LLC – 2,6% (Chart 53).

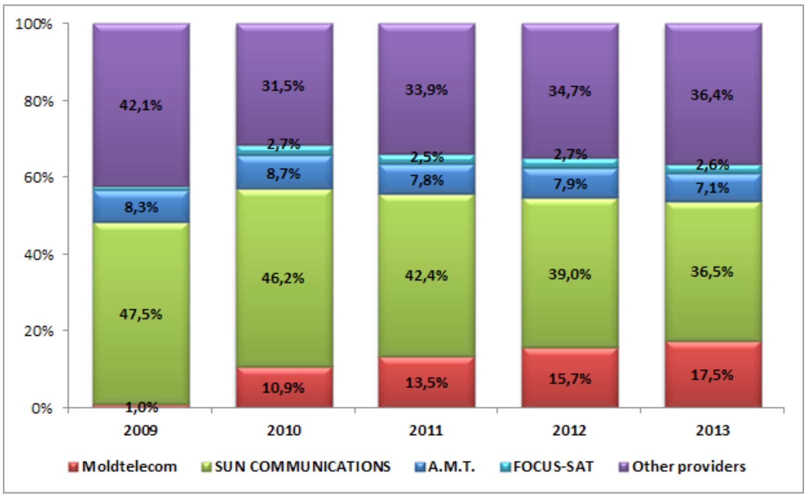

Chart 53 Market shares of pay TV providers, by number of subscribers

7 CONCLUSIONS. FORECAST FOR 2014

In 2013, the total volume of sales in electronic communications sector increased by 5,7% over 2012 and exceeded 6 billion 642,6 mil. lei. The ascending trend was caused mainly by the significant increase of revenues from fixed broadband and data transmission (+23%), Dedicated mobile broadband (+13), revenues from other electronic communications activities (+48,9%), broadcasting (+7,3%), mobile telephone services (+0,2%).

The only market where revenues continued to significantly reduce was the fixed line market (-3.8%). The decreasing dynamics of this market fits into the global trend of stagnation in fixed line services, caused by the use of other services, more convenient and cheaper (mobile, OTT applications: Skype, WhatsApp, Viber, etc..).

The slowdown in the growth of revenues from mobile services, which has made itself evident in the recent four years, is caused, on the one hand, by the maturity and saturation of this market, and on the other hand, by more frequent use of voice services via alternative devices (computer, smartphone).

ANRCETI considers that the main tendencies arising on the electronic communications market in the recent four-five years will also persist in 2014 – 2015. In this period, the most significant increase is expected to happen on the markets for fixed and mobile broadband. This dynamics fits into the global tendency of convergence of electronic communications with media, a tendency enhanced by the increasing demand for access to Internet and contents.

According to ANRCETI estimations, in 2014 the turnover in the sector will increase by over 2% and make 6,7 - 6,8 billion lei. It will be determined mainly by higher revenues from sales of fixed and mobile broadband services (by about 15-20%) and broadcasting (by about 10%). ANRCETI experts consider that the total volume of sales on the mobile market will be maintained at 2013 level, while the revenues from fixed-line services will continue to decrease. (by about 4%).

ANRCETI estimations show that the market for fixed and mobile broadband services will continue to be the most dynamic market in 2014. In the coming year, the sale, number of subscribers, Internet traffic and penetration rate will increase. The ascending trend of this market will be supported by the growing influence of the Internet on the lifestyles of citizens (social media, blogging, video sharing, cloud computing, e-services, etc.), development of fiber access infrastructure, higher access to tariffs plans, additional services included in offers, as well as reduction of tariffs per megabit.

Subscribers and technologies of fixed broadband access in 2013 (compared to 2012)

No	Administrative-territorial unit	Total broadband subscribers	Penetration of broadband services per 100 households	Subscribers				Share of broadband access technologies				Penetration per 100 population	Dynamics of penetration (p.p)		Dynamics of technology share (p.p.)								
				xDSL	FTTx	Coaxial cable	Other technologies	xDSL	FTTx	Coaxial cable	Other technologies		per 100 households	per 100 population	xDSL	FTTx	Coaxial cable	Other technologies	xDSL	FTTx	Coaxial cable	Other technologies	Subscribers BB
1	**Mun. Chisinau**	195 749	70.22%	16 935	151 061	25 990	1 763	8.7%	77.2%	13.3%	0.9%	24.63%	11.48	4.03	-6.8	4.6	1.3	0.9	-10 987	19 526	4 277	1 707	14 523
2	**Mun.Bălți**	24 815	45.18%	5 244	18 250	1 314	7	21.1%	73.5%	5.3%	0.0%	16.63%	8.72	3.21	-10.8	11.1	-0.4	0.0	-2 250	3 595	-16	-1	1 328
3	**R. Anenii Noi**	9 156	33.78%	7 412	1 537	0	207	81.0%	16.8%	0.0%	2.3%	11.02%	8.69	2.83	-5.9	3.7	0.0	2.2	427	485	0	205	1 117
4	**R. Basarabeasca**	2 929	30.44%	2 531	398	0	0	86.4%	13.6%	0.0%	0.0%	10.10%	8.85	2.94	-0.5	0.5	0.0	0.0	137	36	0	0	173
5	**R. Briceni**	8 027	31.52%	7 073	954	0	0	88.1%	11.9%	0.0%	0.0%	10.75%	9.16	3.12	0.6	-0.6	0.0	0.0	1 051	92	0	0	1 143
6	**R. Cahul**	14 021	35.73%	9 263	4 654	104	0	66.1%	33.2%	0.7%	0.0%	11.23%	12.35	3.88	-4.7	4.5	0.3	0.0	793	1 220	46	-1	2 058
7	**R. Cantemir**	5 685	31.22%	5 256	429	0	0	92.5%	7.5%	0.0%	0.0%	9.10%	7.17	2.09	-0.2	0.2	0.0	0.0	672	64	0	0	736
8	**R. Calarasi**	6 231	22.76%	4 643	1 585	0	3	74.5%	25.4%	0.0%	0.0%	7.91%	7.96	2.77	-0.9	0.9	0.0	0.0	695	302	0	1	998
9	**R. Causeni**	7 854	26.23%	7 157	690	0	7	91.1%	8.8%	0.0%	0.1%	8.54%	7.67	2.49	0.4	-0.5	0.0	0.1	1 176	77	0	6	1 259
10	**R. Cimislia**	5 897	30.56%	4 300	1 597	0	0	72.9%	27.1%	0.0%	0.0%	9.62%	8.08	2.54	-4.6	4.6	0.0	0.0	304	439	0	0	743
11	**R. Criuleni**	6 696	28.89%	6 223	471	0	2	92.9%	7.0%	0.0%	0.0%	9.14%	11.00	3.48	-0.5	0.5	0.0	0.0	982	106	0	1	1 089
12	**R. Donduseni**	3 603	20.11%	3 376	227	0	0	93.7%	6.3%	0.0%	0.0%	8.04%	7.11	2.85	-0.1	0.1	0.0	0.0	520	38	0	0	558
13	**R. Drochia**	7 898	24.02%	6 269	1 629	0	0	79.4%	20.6%	0.0%	0.0%	8.82%	6.72	2.47	-9.6	9.6	0.0	0.0	-2	853	0	0	851
14	**R. Dubasari**	2 978	27.07%	2 942	35	0	1	98.8%	1.2%	0.0%	0.0%	8.46%	19.15	5.99	-0.2	0.1	0.0	0.0	820	13	0	1	834
15	**R. Edinet**	8 665	28.68%	5 519	3 146	0	0	63.7%	36.3%	0.0%	0.0%	10.50%	8.99	3.29	-7.0	7.1	0.0	0.0	62	890	0	-1	951
16	**R. Falesti**	7 392	22.40%	5 575	1 816	0	1	75.4%	24.6%	0.0%	0.0%	8.00%	6.17	2.20	-3.3	3.3	0.0	0.0	670	492	0	0	1 162
17	**R. Floresti**	8 115	24.67%	5 720	2 259	0	136	70.5%	27.8%	0.0%	1.7%	9.07%	7.99	2.94	-5.1	5.0	0.0	0.1	422	658	0	25	1 105
18	**R. Glodeni**	5 591	26.04%	5 091	500	0	0	91.1%	8.9%	0.0%	0.0%	9.11%	7.79	2.72	0.0	0.0	0.0	0.0	748	74	0	0	822
19	**R. Hincesti**	10 680	28.59%	8 119	2 561	0	0	76.0%	24.0%	0.0%	0.0%	8.78%	9.66	2.97	-1.6	1.6	0.0	0.0	1 068	525	0	0	1 593
20	**R. Ialoveni**	11 532	38.94%	7 530	3 149	851	2	65.3%	27.3%	7.4%	0.0%	11.57%	13.22	3.93	-15.6	14.9	0.7	0.0	-363	1 936	202	2	1 777
21	**R. Leova**	4 789	28.35%	4 294	495	0	0	89.7%	10.3%	0.0%	0.0%	8.93%	5.56	1.75	-0.1	0.1	0.0	0.0	609	73	0	0	682
22	**R. Nisporeni**	4 714	22.86%	4 453	261	0	0	94.5%	5.5%	0.0%	0.0%	7.08%	5.31	1.64	-1.2	1.2	0.0	0.0	312	75	0	0	387
23	**R. Ocnita**	4 885	23.62%	4 485	400	0	0	91.8%	8.2%	0.0%	0.0%	8.75%	6.19	2.29	0.2	-0.2	0.0	0.0	563	43	0	0	606
24	**R. Orhei**	11 206	27.12%	6 962	4 239	0	5	62.1%	37.8%	0.0%	0.0%	8.91%	5.36	1.76	0.8	-0.8	0.0	0.0	581	219	0	3	803
25	**R. Rezina**	4 542	25.59%	3 106	1 435	0	1	68.4%	31.6%	0.0%	0.0%	8.68%	6.98	2.37	-3.2	3.2	0.0	0.0	404	365	0	1	770
26	**R. Riscani**	6 127	23.30%	4 764	1 363	0	0	77.8%	22.2%	0.0%	0.0%	8.82%	7.00	2.65	-5.9	5.9	0.0	0.0	520	534	0	0	1 054
27	**R. Singerei**	8 558	27.55%	6 121	2 437	0	0	71.5%	28.5%	0.0%	0.0%	9.18%	9.12	3.04	-3.6	3.6	0.0	0.0	747	655	0	0	1 402
28	**R. Soroca**	9 170	25.07%	5 327	3 842	0	1	58.1%	41.9%	0.0%	0.0%	9.16%	7.12	2.60	-6.3	6.3	0.0	0.0	265	1 048	0	0	1 313
29	**R. Strașeni**	9 345	33.46%	6 712	2 479	0	154	71.8%	26.5%	0.0%	1.6%	10.21%	7.06	2.16	2.0	-3.6	0.0	1.6	902	-28	0	153	1 027
30	**R. Soldanesti**	2 843	18.73%	2 735	107	0	1	96.2%	3.8%	0.0%	0.0%	6.61%	5.22	1.84	-2.7	2.7	0.0	0.0	500	82	0	1	583
31	**R. Stefan Voda**	5 735	24.66%	4 743	992	0	0	82.7%	17.3%	0.0%	0.0%	8.02%	7.94	2.58	-5.7	5.7	0.0	0.0	631	450	0	0	1 081
32	**R. Taraclia**	4 902	38.12%	4 458	444	0	0	90.9%	9.1%	0.0%	0.0%	11.12%	11.26	3.28	-0.4	0.4	0.0	0.0	481	67	0	0	548
33	**R. Telenesti**	5 527	22.92%	5 229	298	0	0	94.6%	5.4%	0.0%	0.0%	7.48%	5.56	1.82	0.4	-0.4	0.0	0.0	978	36	0	0	1 014
34	**R. Ungheni**	11 654	30.10%	6 123	5 530	0	1	52.5%	47.5%	0.0%	0.0%	9.94%	11.03	3.64	-0.8	0.8	0.0	0.0	786	867	0	0	1 653
35	**UTA Gagauzia**	19 561	42.26%	12 047	7 511	0	3	61.6%	38.4%	0.0%	0.0%	12.13%	15.14	4.35	-9.3	9.3	0.0	0.0	-293	2 443	0	2	2 152
	Total	**467 072**	**38.95%**	**207 737**	**228 781**	**28 259**	**2 295**	**44.5%**	**49.0%**	**6.1%**	**0.5%**	**13.12%**	**9.34**	**3.15**	**-4.1**	**3.3**	**0.4**	**0.4**	**4 931**	**38 350**	**4 509**	**2 105**	**49 895**

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