

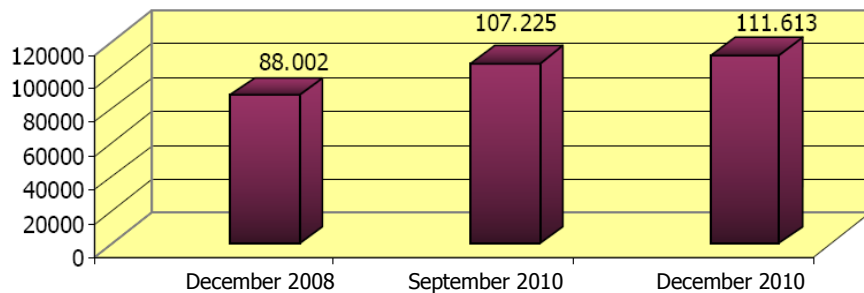
REPORT
ON THE MARKET OF RADIO AND TV PROGRAMME
DISTRIBUTION SERVICES TO THE END USERS

- DECEMBER 2010 -

Pursuant to the licences awarded by the Broadcasting Agency of Montenegro, the following six operators have the right to distribute radio and TV programmes to the end users in the authorized service zone: three cable operators, and one MMDS, IPTV and DTH operator each.

As at 31 December 2010, the number of connections for the distribution of radio and TV programmes over different CDS/MMDS/DTH/IPTV platforms was **111,613**.

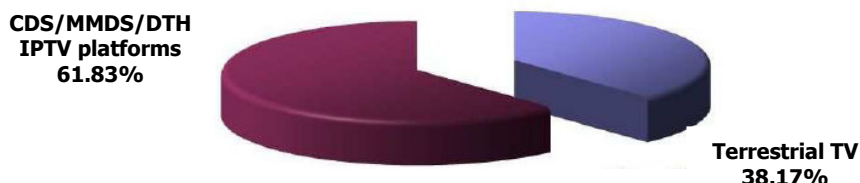
Compared to the number of connections at the end of the third quarter of 2010, a positive trend in the development of the radio and TV programme distribution services is evident. Over a period of three months, the number of connections increased by 4,388 or **4.09 percent**. In a two year period, the number of connections increased by **26.83 percent**.



Graph 1: Number of connections (CDS/MMDS/DTH/IPTV)

Given that all or most of the data related to the connections account for the users belonging to the category of households, on the basis of their cross-referencing with the number of households in Montenegro¹, we can get an approximate information about the primary technology used by Montenegrin households for the reception of radio and TV programmes.

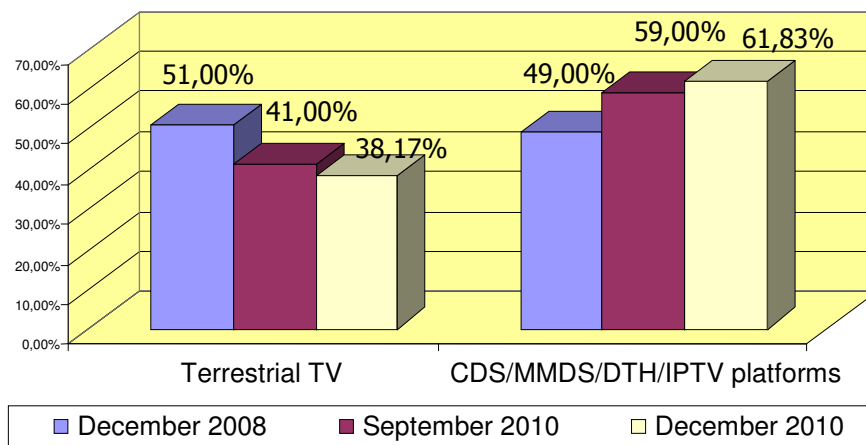
A conclusion can be drawn that **38.17 percent** of households in Montenegro use only the terrestrial (analogue), free-to-air reception of radio and TV programmes. On the other hand, the remaining households, more precisely **61.83 percent** of their total number, have opted for one of the alternative platforms for distribution of radio and TV programmes.



Graph 2: Household structure by primary platform for reception of radio and TV programmes

¹ The Census of 2003 – Source: Monstat „Statistical Yearbook 2009“

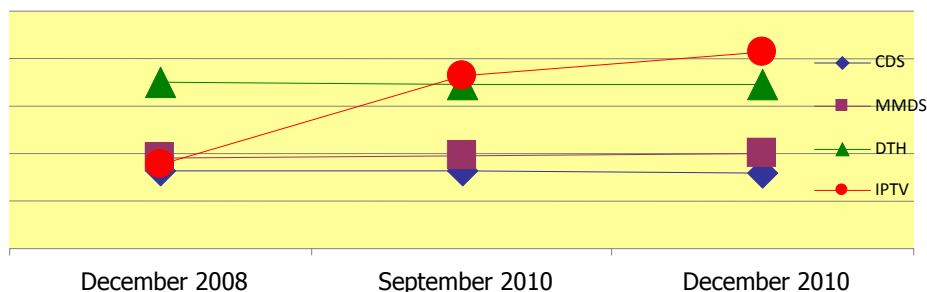
Compared to September 2010, the number of users that have terrestrial reception as their primary platform for reception of radio and TV programmes has decreased. In comparison to September 2010, the primary platform for reception of radio and TV programmes by households has changed.



Graph 3: Primary technologies for reception of radio and TV programmes

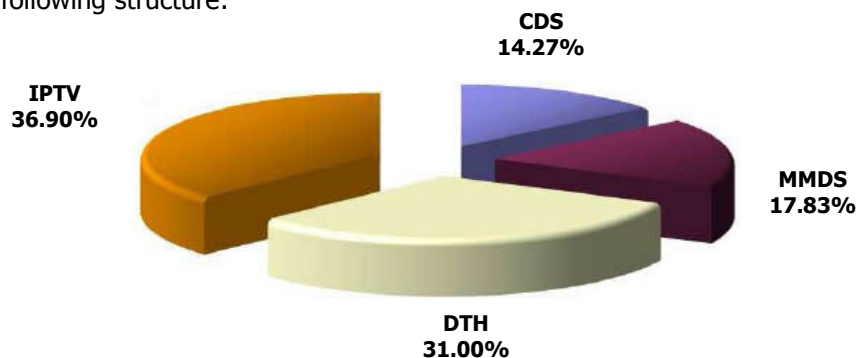
Although the entire market saw a 4.09 percent increase in the number of connections in the reporting period, different platforms had considerably different market penetrations. Cable and DTH operators saw a decrease in the number of connections (CDS operators by 3.32 percent, and DTH operator by 0.30 percent), while MMDS distribution saw a 1.12 percent increase in the number of connections.

An increase in the total number of connections in the market is primarily a result of a considerable increase in the number of IPTV users. In the three-month period, the IPTV operator saw a 12.60 percent increase in the number of its users.



Graph 4: Trend of growth in the number of connections by platforms

With a 36.90 percent market share, the IPTV operator has kept its leading position in the market of radio and TV programme distribution services to the end users. It is followed by DTH distribution (31.00 percent), CDS (17.83 percent) and MMDS operators (14.27 percent). The individual market share of different platforms has the following structure:



Graph 5: Market share of CDS/MMDS/DTH/IPTV platforms

A demand for radio and TV programme distribution service is different in the northern, central and coastal region² of Montenegro. In proportion to the number of households, the demand is highest in the coastal region, amounting to 82.19 percent. It is followed by the central region with 69.74 percent, and northern region, where 32.25 percent of households use the services of operators.

There were no changes in the prices of radio and TV programme distribution service in the last quarter of 2010.

An average price of the basic tier amounts to €7.92 (between €10 and €5.95). The basic tiers offer 52 TV channels on average (between 90 and 25). Four operators do not have any radio stations in their basic tiers, while the remaining two operators offer three and nine radio stations respectively.

Two operators do not have any additional tiers in their offer, while the remaining four operators offer five additional tiers on average (between 6 and 4). An average price of the additional tier is €5.16 (between €21.50 and €2.50).

A demand for additional tiers is also different across the regions. Compared to the number of basic tier subscribers, a demand for additional tiers is equal in the central and coastal region (39.80 percent), while it is lower in the northern region (22.58 percent). Compared to the previous quarter, a demand for additional tiers increased by 7.47 percent

According to the structure of additional tiers, film and sports channels have the highest share, followed by adult channels. The best selling additional tier on the territory of Montenegro is HBO (35.07 percent of the total number of additional tiers sold). It is followed by the ARENA sports tier (20.16 percent), and the PINK tiers (19.98 percent).

Taking into consideration the overall scope of the radio and TV programme distribution services provided to the end users, i.e. the total number of basic and additional tiers sold, a household using this service pays an average of €10.85 per month.

² *Northern region: Andrijevica, Berane, B.Polje, Kolasin, Mojkovac, Plav, Pljevlja, Pluzine, Rožaje, Savnik, Zabljak.
Central region: Cetinje, Danilovgrad, Niksic, Podgorica.
Coastal region: Bar, Budva, H.Novi, Kotor, Tivat, Ulcinj.*