



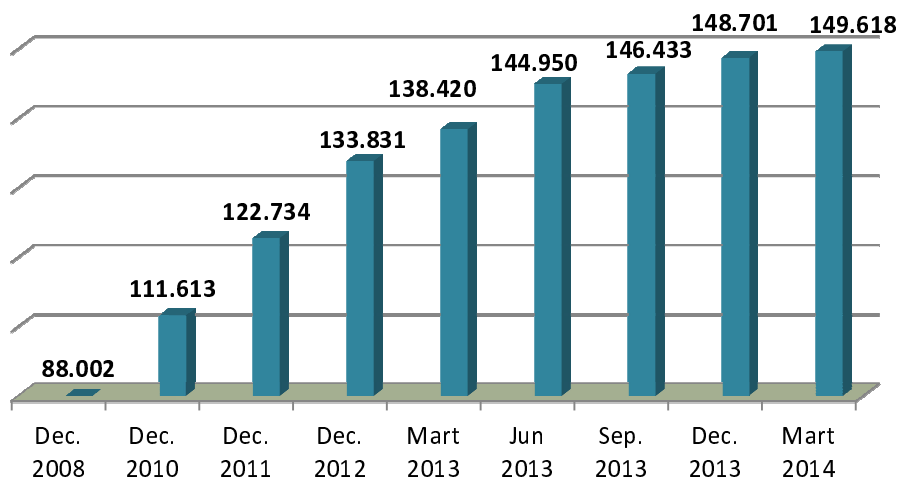
Montenegro
AGENCY FOR ELECTRONIC MEDIA
No: 02 – 478
Podgorica, 10 April 2014

MARKET REPORT
ON RADIO AND TV PROGRAMME DISTRIBUTION TO END USERS
- MARCH 2014 -

Pursuant to the licences awarded by the Agency for Electronic Media, the following eight operators have the right to distribute radio and TV programmes to the end users in the authorized service zone: four cable operators, and one MMDS, IPTV, DTH operator each and a mobile operator that provides access to AVM contents via public mobile electronic communications network to an unspecified number of users in the authorized service zone.

As at 31 March 2014, the number of connections for the distribution of radio and TV programmes over different CDS/MMDS/DTH/IPTV/mobile platforms was **149,618**.

Compared with the number of connections at the end of December 2013, a positive trend in the development of the radio and TV programme distribution services is still present. Over a period of three months, the number of connections increased by 917 or 0.62%.



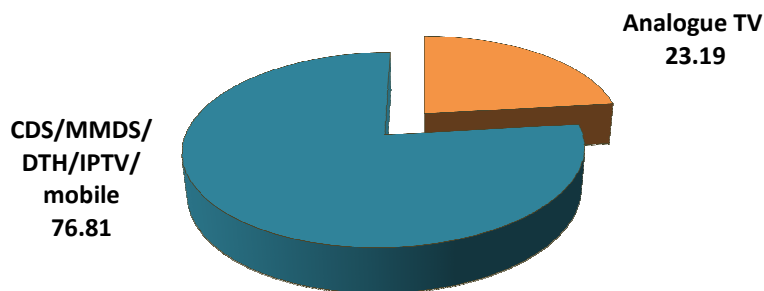
Graph 1: Number of connections (CDS/MMDS/DTH/IPTV/mobile)

Presuming that all or most of the data on connections account for the users belonging to the category of households, on the basis of cross-referencing with the number of households in Montenegro¹, it is possible to get an estimate of the primary technology used by Montenegrin households for the reception of radio and TV programmes.

There is still a downward trend in the number of households that used only terrestrial reception of radio and TV programmes. At the end of the quarter, **23.19%** of Montenegrin households used only terrestrial (analogue) i.e. free-to-air reception of radio and TV programmes. On the other hand, the

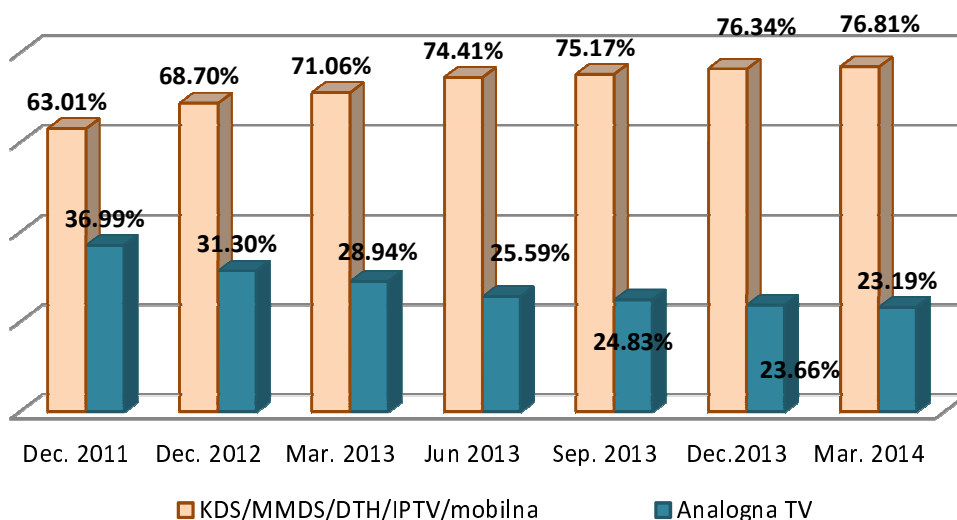
¹ Census of 2011 – Source: Monstat "2011 Census of Population, Households and Dwellings in Montenegro"

remaining **76.81%** of households 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

The following graph shows the trends in the share of households with only terrestrial analogue television and the ones using one of the available platforms, against the total number of households in Montenegro.

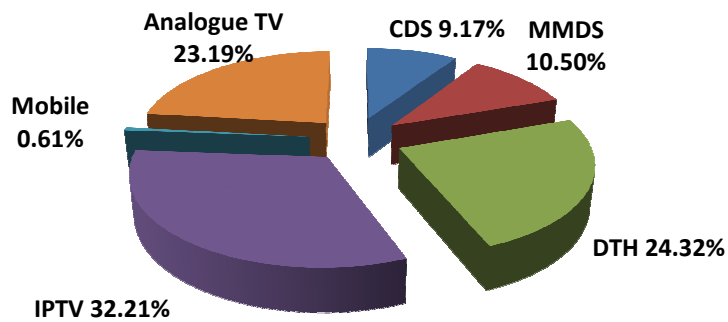


Graph 3: Comparison of the total number of households with analogue TV and radio and TV programme distribution platforms

In the reporting period, despite a 0.62% increase in the number of connections at the market level, the following two platforms saw an increase in the number of users: CDS (-0,31%) and MMDS (-6,6%).

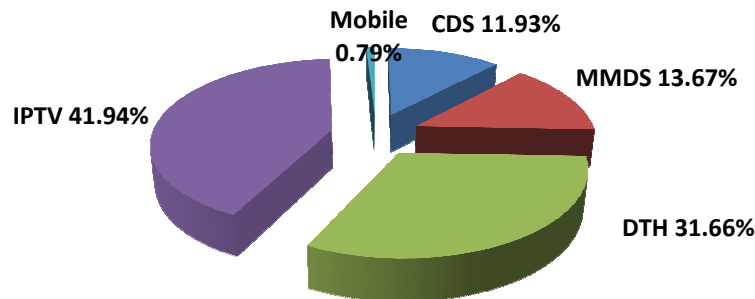
In late 2013, the Agency for Electronic Media awarded a licence for distribution of radio and television programmes to the operator that provides access to radio and television programmes via public mobile electronic communications network. This platform is in the phase of development and it saw a 272% growth in the reporting period.

Looking at the data from the aspect of individual platforms the households use for the reception of radio and TV programme, it can be concluded that the IPTV platform (32.21%) and DTH distribution (24.32%) have the highest market share compared with the terrestrial (analogue), i.e. free-to-air reception of radio and TV channels (23.19%), followed by MMDS (10.50%) and CDS platform (9.17%). Overall, the market share of mobile platform is 0.61%.



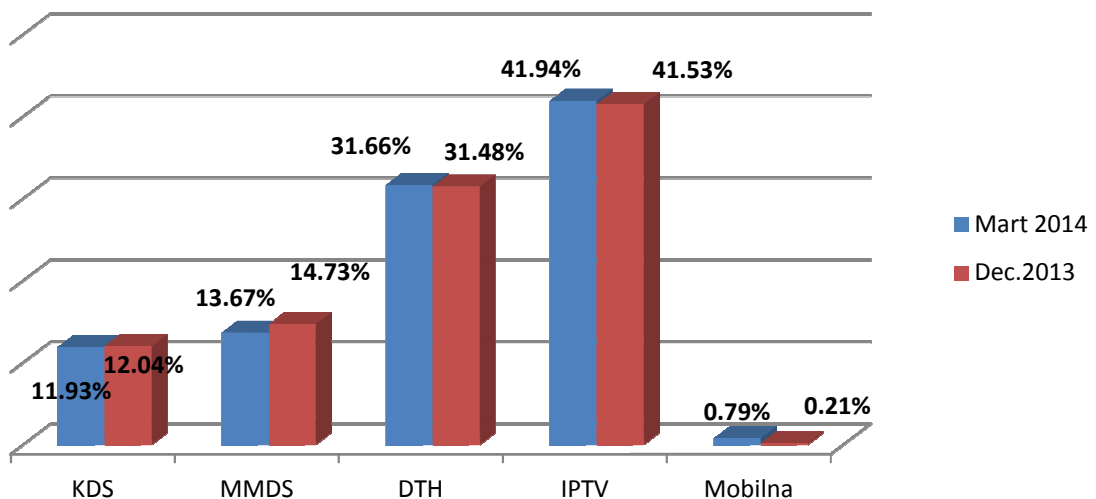
Graph 4: Market share by individual platforms

Out of the non-terrestrial platforms, with a 41.94% market share, the IPTV platform kept its leading position in the market of radio and TV programme distribution services to the end users. It was followed by DTH distribution (31.66%), MMDS (13.67%) and CDS platform (11.93%). In this quarter, the market share of the mobile operator was 0.79%.



Graph 4: Market share by non-terrestrial platforms

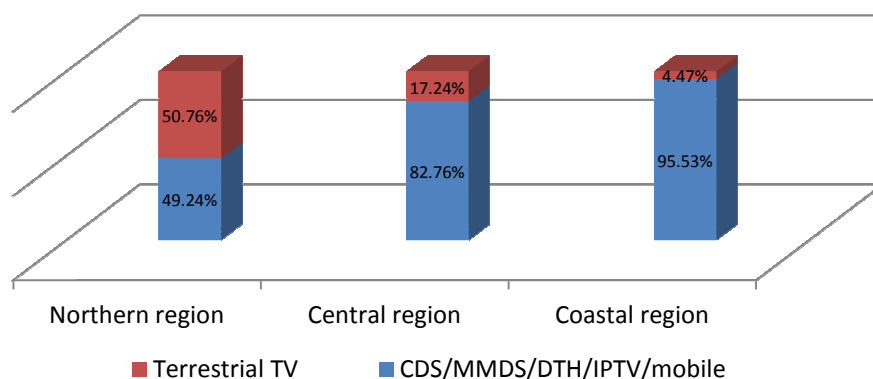
The individual market share of different platforms had the following structure at the end of 2013 and the first quarter of 2014:



Graph 6: Market share of platforms for distribution of radio and TV programmes at the end of 2013 and the first quarter of 2014

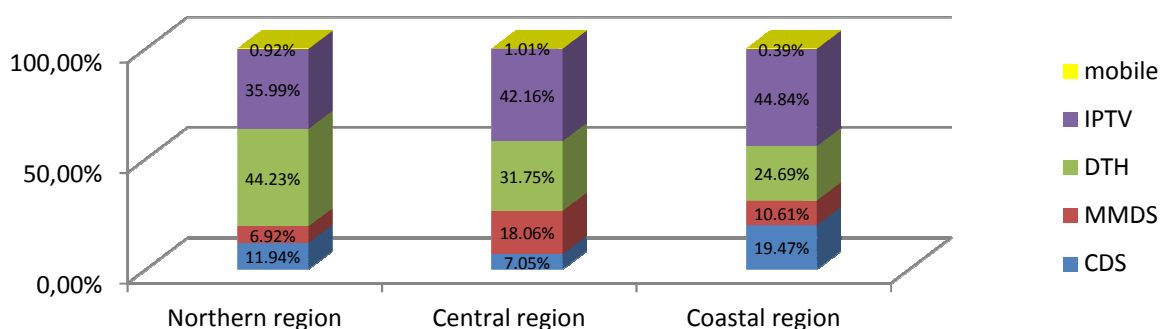
A demand for radio and TV programme distribution service is different in the northern, central and coastal region² of Montenegro. In proportion to the number of households, the demand is highest in the coastal region, with as much as 95.53%. It is followed by the central region with 82.76%, and northern region, where 49.24% of households use the services of operators.

Considering the above data from the aspect of primary technology used by households in different regions for reception of radio and TV programmes, a conclusion can be drawn that terrestrial (analogue) reception of radio and TV programmes still prevails in the northern region, with an upward trend in the number of users of radio and TV programme distribution services.



Graph 7: Structure of households by primary platform used for reception of radio and TV programs – by region

Across the regions, the share of individual platforms is slightly different compared with the overall share:



Graph 8: Market share of CDS/MMDS/DTH/IPTV/OTT platforms – by region

In the reporting period, an average price of the basic tier was €9.91 (between €11.14 and €6.05). The basic tier offers 66 TV channels on average (between 101 and 29). Six operators do not have any radio stations in their basic tiers, while the remaining two operators offer 3 and 14 radio stations respectively.

Three operators do not have any additional tiers available, while the remaining five operators offer seven additional tiers on average (between 7 and 4). An average price of an additional tier is €5.13 (between €21.87 and €2.03).

A demand for additional tiers is also different across regions. Compared with the number of basic tier subscribers, a demand for additional tiers in the coastal and central region is 37.50% and 33.90% respectively, as opposed to 15.91% in the northern region.

According to the structure of additional tiers, film and sports channels have the highest share, followed by adult channels. The best selling additional tiers on the territory of Montenegro are PINK tiers with 28.18%, ARENA sports tier with 26.14%, and HBO with 22.43%.

² The northern region: Andrijevica, Berane, B.Polje, Kolašin, Mojkovac, Plav, Pljevlja, Plužine, Rožaje, Šavnik, Žabljak.
The central region: Cetinje, Danilovgrad, Nikšić, Podgorica.
The coastal region: Bar, Budva, H.Novi, Kotor, Tivat, Ulcinj.

Six out of eight operators distribute radio and TV programmes to the end users in digital technology in the whole or part of their service zone. Although most of the operators offer the possibility of reception of a certain number of high-definition TV channels (HDTV), the share of users that opted for this possibility is comparatively small, with only 1.04% of the total number of the additional tiers sold.

Compared with the total number of connections regardless of the platform, 7.15% of users of radio and TV programme distribution services use analogue technology. Together with the analogue TV, 28.68% of households in Montenegro use analogue technology.

Two operators offer the access to their services via the internet and through mobile applications. In this way, it is possible to access a certain number of radio and TV channels offered by the operator. One operator offers the access to these services free of charge, while this service is still being tested by the other operator and is currently free of charge for all users.

Taking into account 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 type of service pays an average of €10.78 per month.
