

# Electronic communications in the Czech Republic

ITSF 2006

Prague, Nov 15, 2006

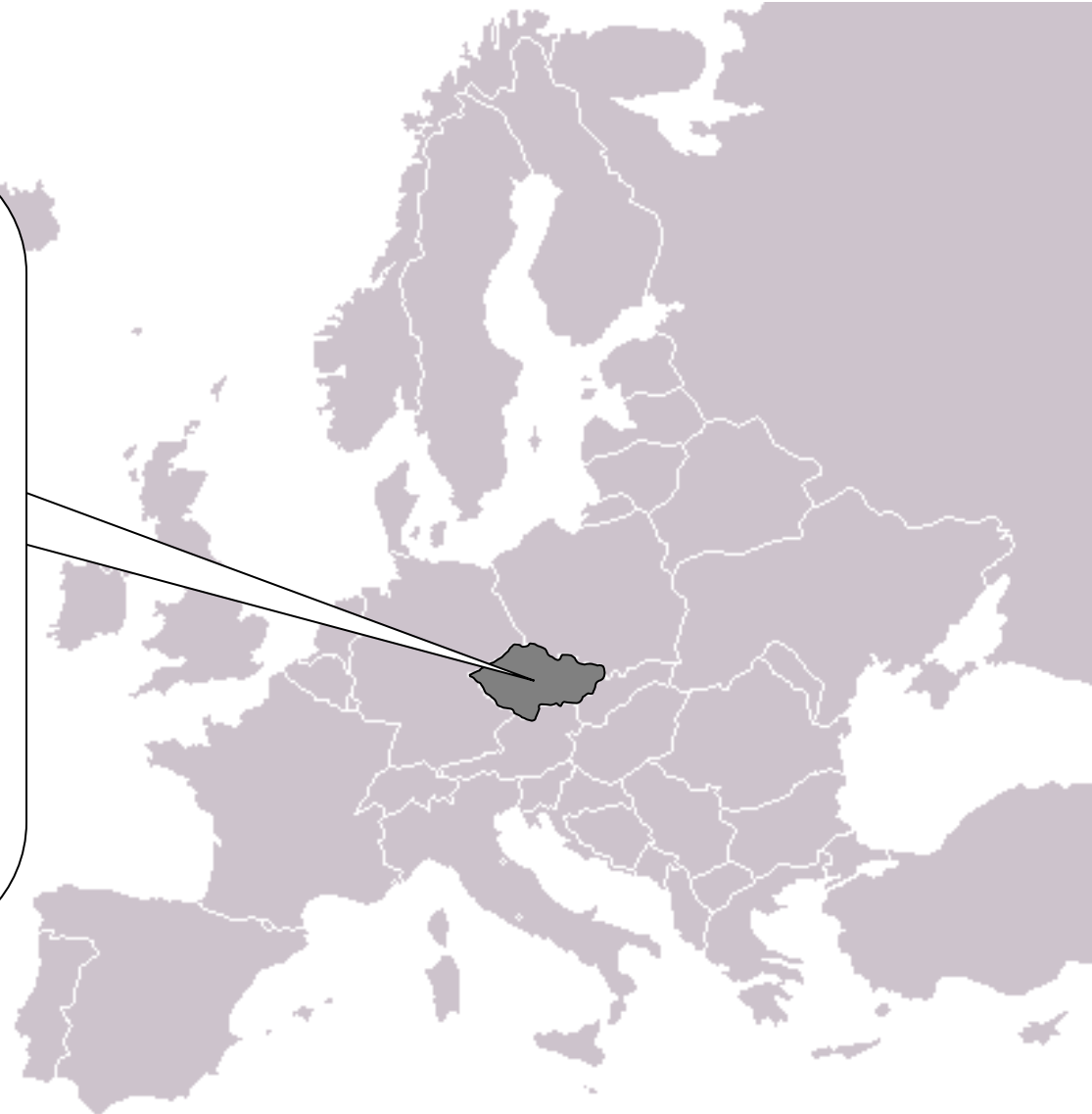
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# Czech Republic at a glance



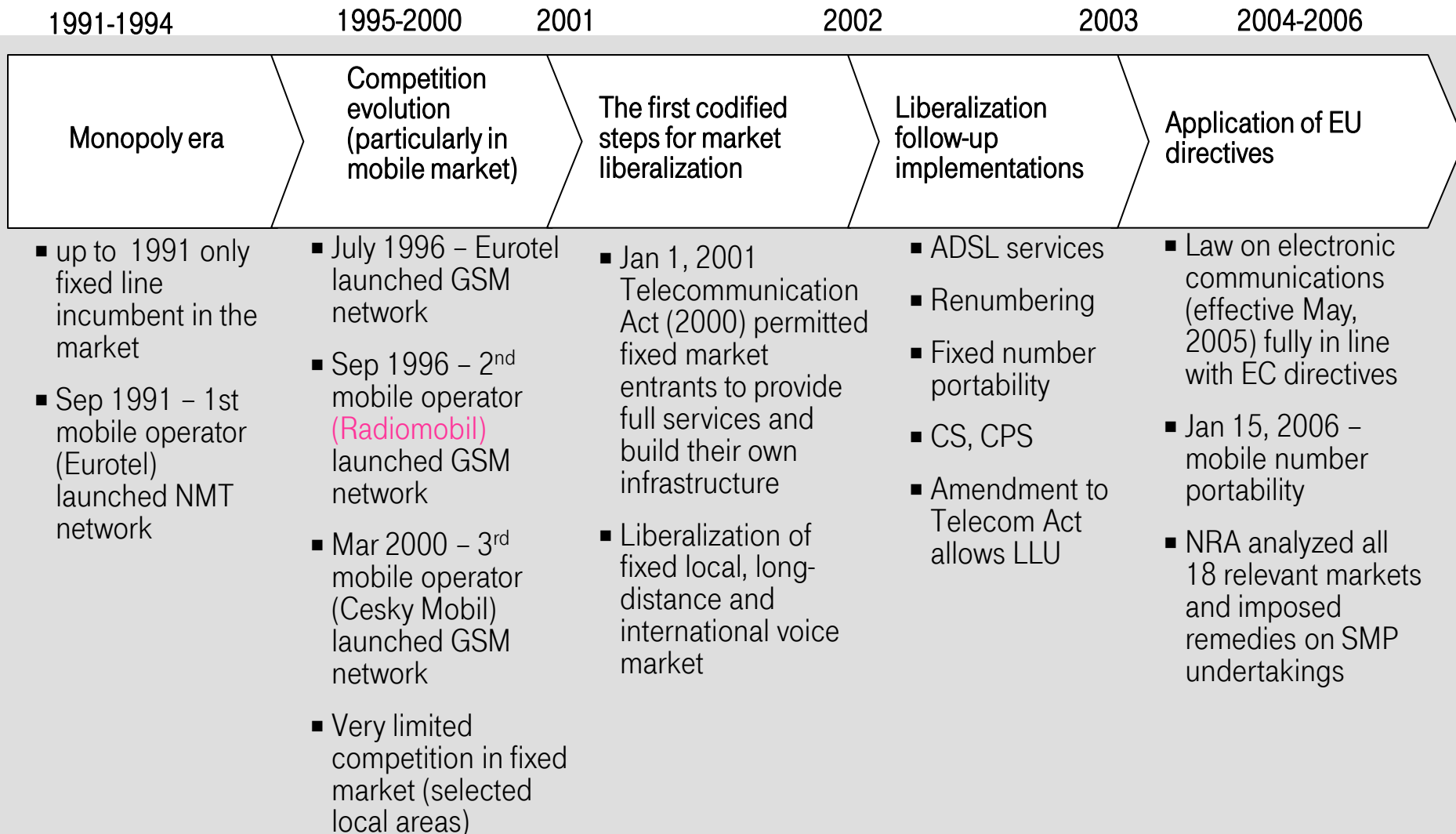
- Population: 10,2 million
- Area: 78 864 km<sup>2</sup>
- GDP per capita (PPS): EUR 17 300
- Unemployment rate: 7,9 %



# T-Mobile Czech Republic a.s. – company profile

- Was founded in 1996
- Member of a global telecommunications group T-Mobile International
- Operates a public mobile network in the GSM standard in the 900 and 1800 MHz
- Holder of a licence to operate a third generation UMTS network
  - T-Mobile has launched this service as the first operator in the Czech Republic under the brand Internet 4G
- Almost 400 roaming partners
- Overview of 3Q/2006 results:
  - Total revenues (CZK million): 21 632 (*EUR 773 thousand*)
  - EBITDA (CZK million): 9 632
  - ARPU (CZK): 490
  - Net profit (CZK million): 4 146
  - Number of customers: 4 823 million

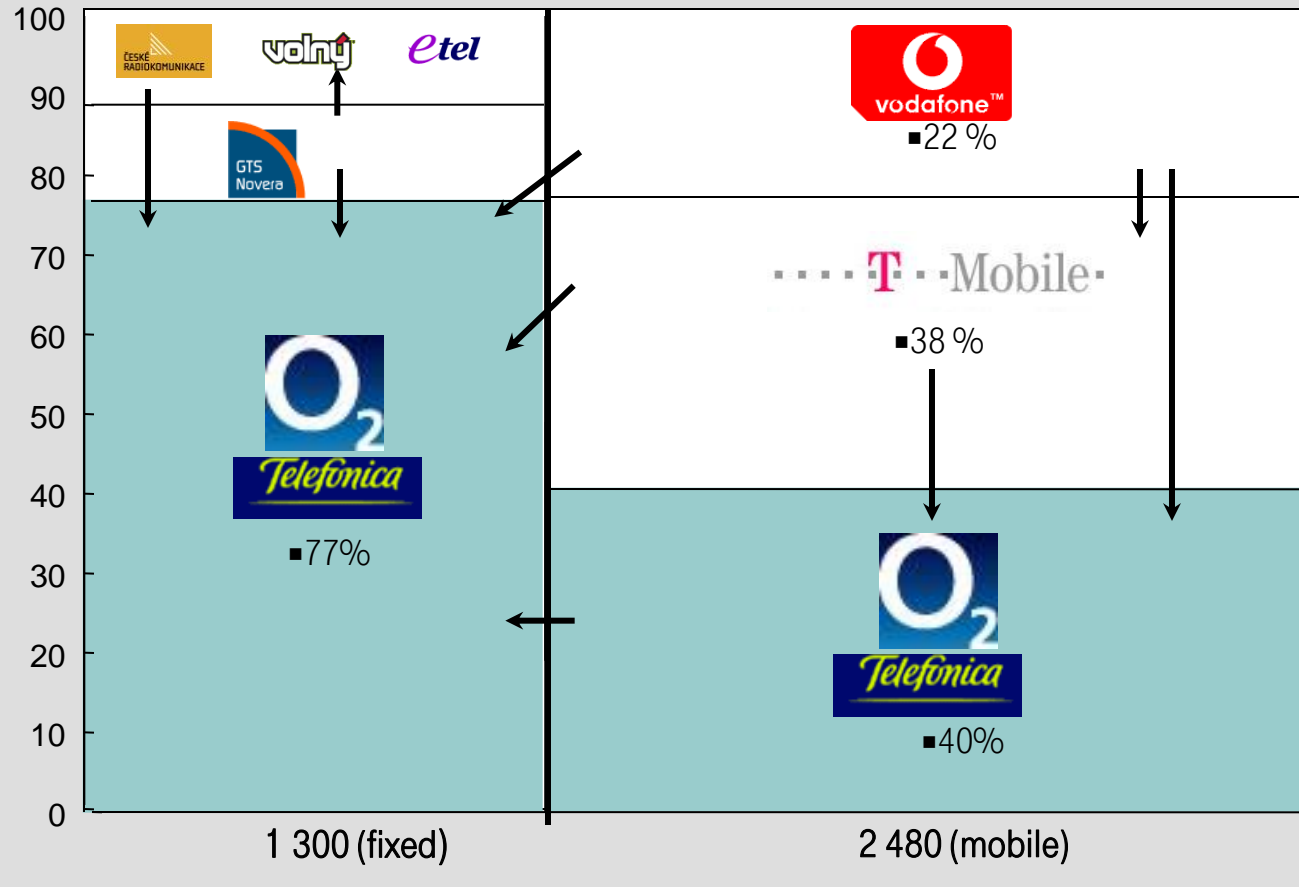
# Course of liberalization



# Competitive landscape

← Direction of expansion

Market share  
Percent

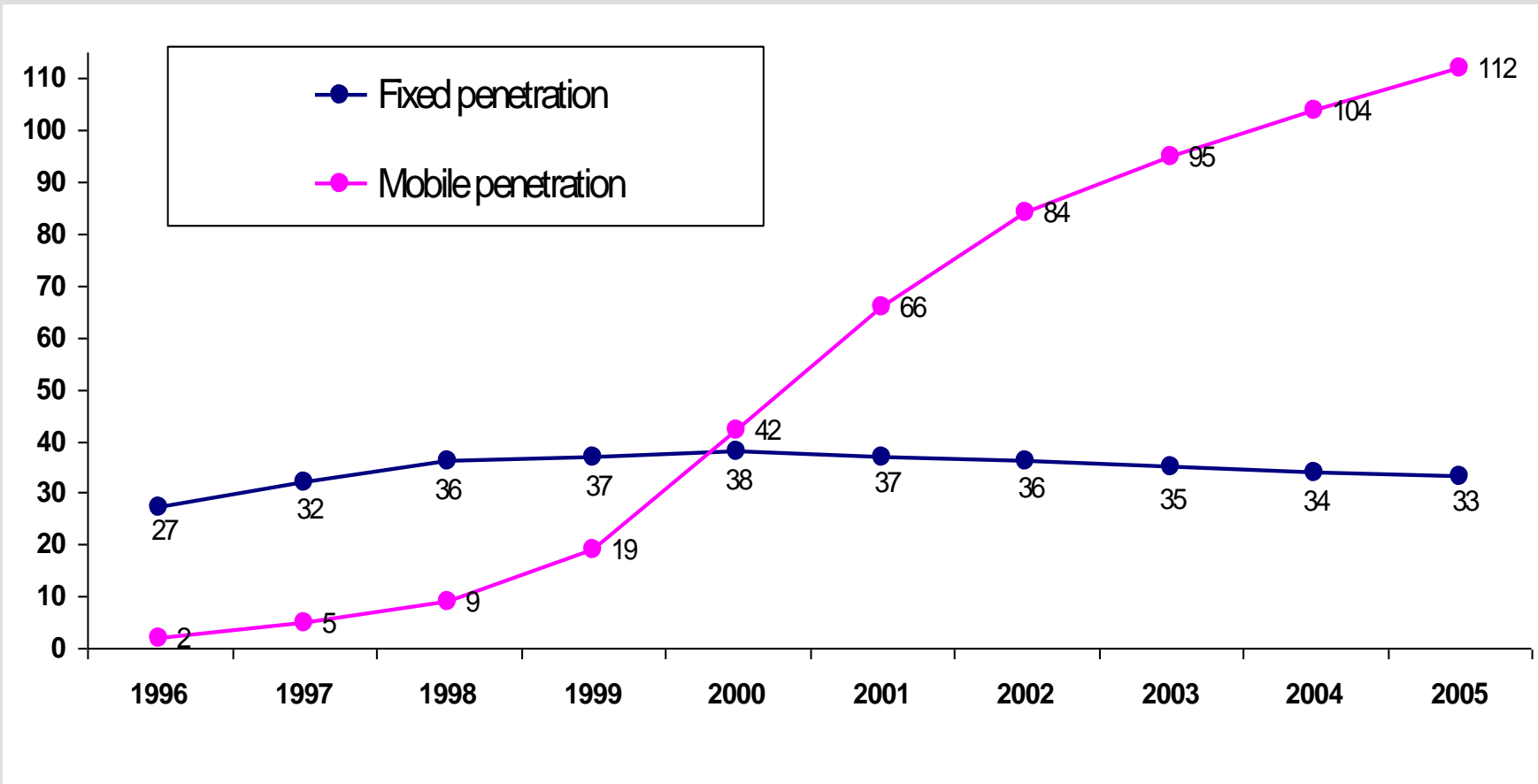


Market size in revenues, 2005  
EUR million

- Czech market is still dominated by the incumbent (Telefónica group) accounting for 53 % of combined fixed and mobile revenues
- Strong competition in mobile market
- Fixed market under pressure from mobile market due to FMS
- Alternative fixed operators focused on business clients

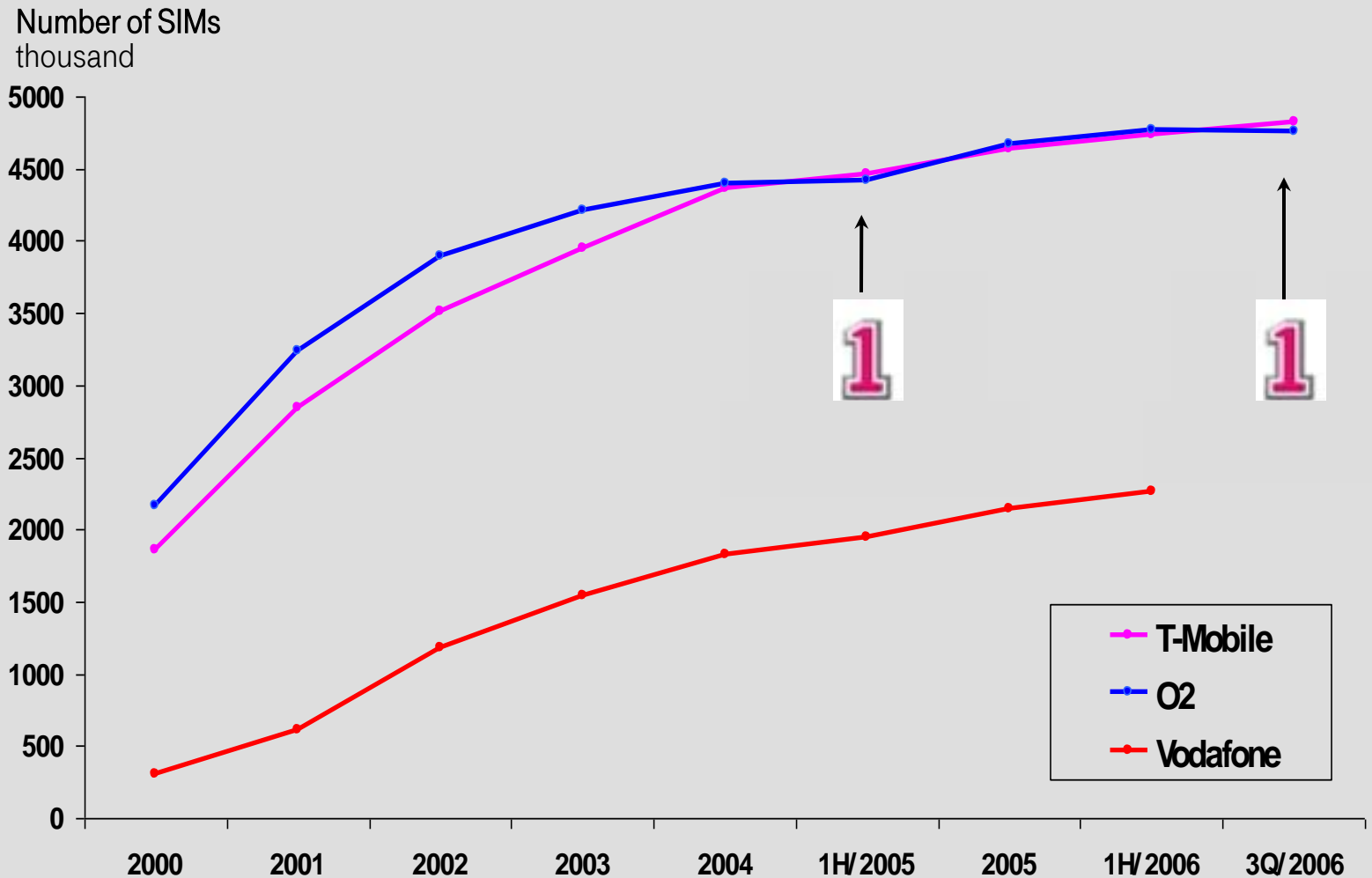
# Mobile vs. fixed penetration

■ Percent



# Mobile subscribers in the Czech Republic

## T-Mobile has assumed a leader position





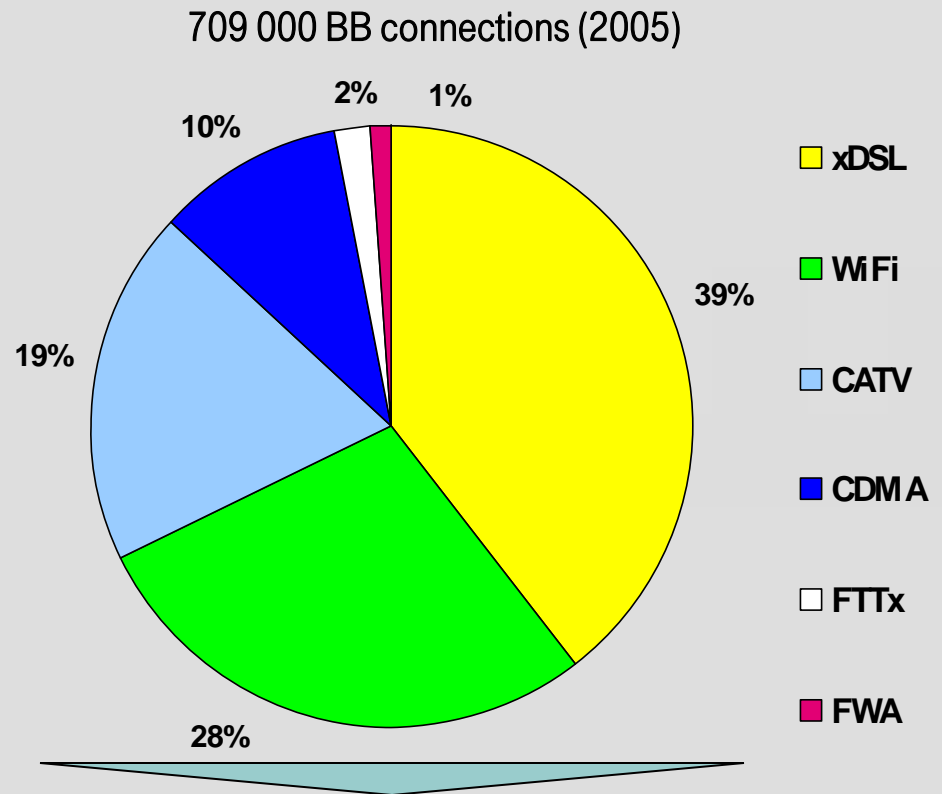
# Broadband market

## A battle of platforms

Quotation:

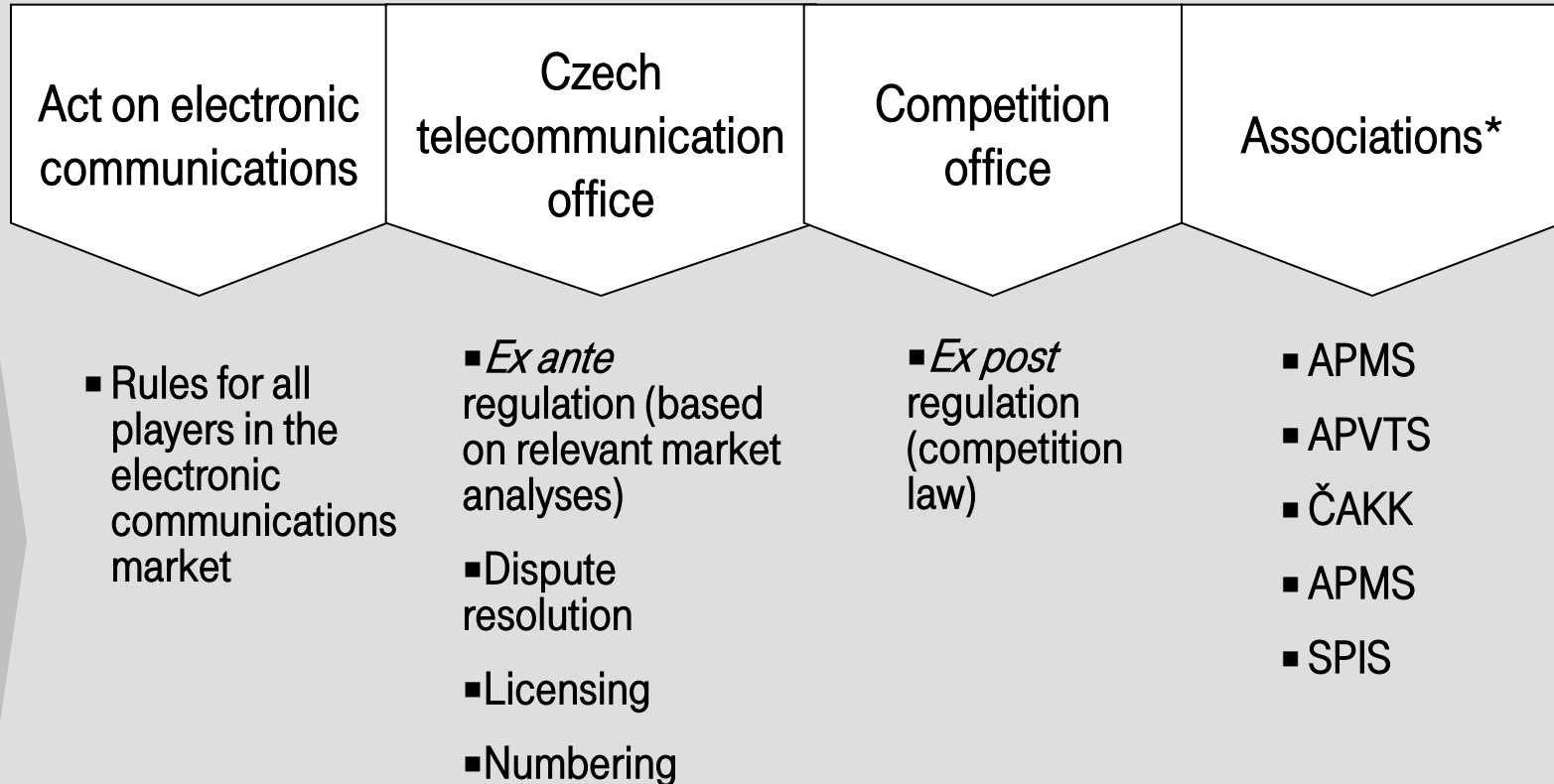
*The number of new entrants' WLL broadband access lines would therefore account for as much as approximately 66% of the total number of the new entrants' WLL broadband access lines in the whole EU-25 ... it seems that the figures on the number of new entrants' WLL broadband access lines would appear to need further scrutiny."*

(EC 11th implementation report )



regulatory intervention in 2002 delayed xDSL uptake in the Czech Republic but the hole in the market has been filled with alternative technologies

# Regulatory environment



\* APMS (Association of Mobile Network Operators; APVTS (Association of the Public Telecommunications Network Operators; ČAKK (Czech Association of Competitive Communications; SPIS (Association for Information Society)

# Relevant market analyses in the Czech Republic

## Process overview

- May 1, 2005 - Act on Electronic Communication became effective
- Sep 2005 - questionnaires on all 18 relevant markets sent by NRA to market players
- Dec 2005 - Apr 2006 – consultation on draft analyses and proposed remedies, notification to EC
- July 14, 2006 - NRA officially announced completion of analyses of all 18 markets (*as 3<sup>rd</sup> EU country, after Finland and Italy*)

# Mobile market regulation in the Czech Republic

## Market 15

- M 15 - access and call origination on mobile networks:
  - market is effectively competitive, i.e. no SMP in the market (single nor collective)
  - volatile market shares, steady decrease in prices
  - MNP implemented since Jan 2006
  - no MVNOs but some negotiations in progress
  - there are available frequencies for a potential new mobile network (1800 MHz)
  - new analysis to be conducted after 3 years
  - EC decision on market analysis: „No Comments“

# Mobile market regulation in the Czech Republic

## Market 16

- M 16 – call termination on individual mobile networks:
  - all 3 MNOs have individual SMP (one network = one market concept)
  - same remedies imposed on all 3 operators:
    - meet reasonable request to interconnect to its network
    - transparency (RIO publication)
    - non-discrimination
    - Accounting separation
    - Price control (MTR = CZK 2,99/EUR 0,1068)
  - new analysis to be conducted after 3 years
  - EC decision on market analysis: „No Comments“

# Mobile market regulation in the Czech Republic

## Market 17

- M 17 – wholesale international roaming:
  - market is effectively competitive, i.e. no SMP in the market (single nor collective)
  - Czech MNOs face countervailing buyer power potentially exercised by larger operators
  - decreasing level of market concentration
  - according to NRA, international mergers and creation of alliances will encourage operators to reduce wholesale prices
  - new analysis to be conducted after 2 years
  - EC decision on market analysis: „One Comment“:
    - *NRA is not in the position to regulate (no SMP) but to deal with high prices in roaming business, the EC has adopted on 12 July, 2006 a proposal for roaming regulation within the Community*

Questions?

Thank you for your  
attention.