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Regulatory tools – limited ways to influence the market

Market analysis

There are two relevant markets connected with mobile communication:

- Mobile origination and access – market 15 – seems to be competitive in Poland,
- Mobile termination – market 16 – naturally monopolistic.

Dispute resolution

- Obligation of NRA to solve disputes between market players, and set access condition,
- There are two disputes pending – both concerning access condition for MVNO.

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Mobile Termination Rates

MTR level

- President of UKE issued decisions setting up level of MTR and the tree years gliding path to adjust MTR to the cost level,
- In „The Regulatory Strategy for years 2008 – 2010" President of UKE decided that speed of reduction of MTR should be increased. In 2010 MTR should reach level of 0,15 PLN and be calculated based on LRIC methodology.

MTR symmetry

- Different regulatory situation – there are some market players that haven't got any regulatory obligations,
- Symmetry with the current level of MNO's MTR – rational proposal for now,
- Situation may change after market analysis procedure.

New Entrants

MVNO

- Increasing number of MVNO on Polish market – in 2007 three new MVNO entered mobile market,
- Different models of MVNO from SP to Full MVNO,
- Low market share (0,12 %) means big perspective for development,
- Active on niche markets

MNO

- There are two new entrants on a different stage of development,
- Important role in fostering competition – P4 market share is bigger then the market share of all MVNOs,
- Infrastructure based competition – lowering costs and prices.

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Convergence

There are two ways to reach the aim;

-Mobile operators start to offer fixed broadband Internet access,

-Fixed operators are looking for the opportunity to become MVNO.

The aim is:

-Extend portfolio of services,

-Reduce costs,

-Shift to all IP architecture.

DVB-H – latest initiative

-In January 2008 The President of UKE started consultation about possible use of frequency bands to offer DVB-H television,

-Those frequency bands do not create nationwide network, but allow to supply services in particular cities in Poland,

-We believe that this services will be different in nature from those based on DVB-T platform. We expect that those services will be similar to video clips, occasionally watched by end-users. This should distinguished them from traditional broadcasting.

-The main issue for now is to coordinate usage of the frequency bands with our neighbouring countries.

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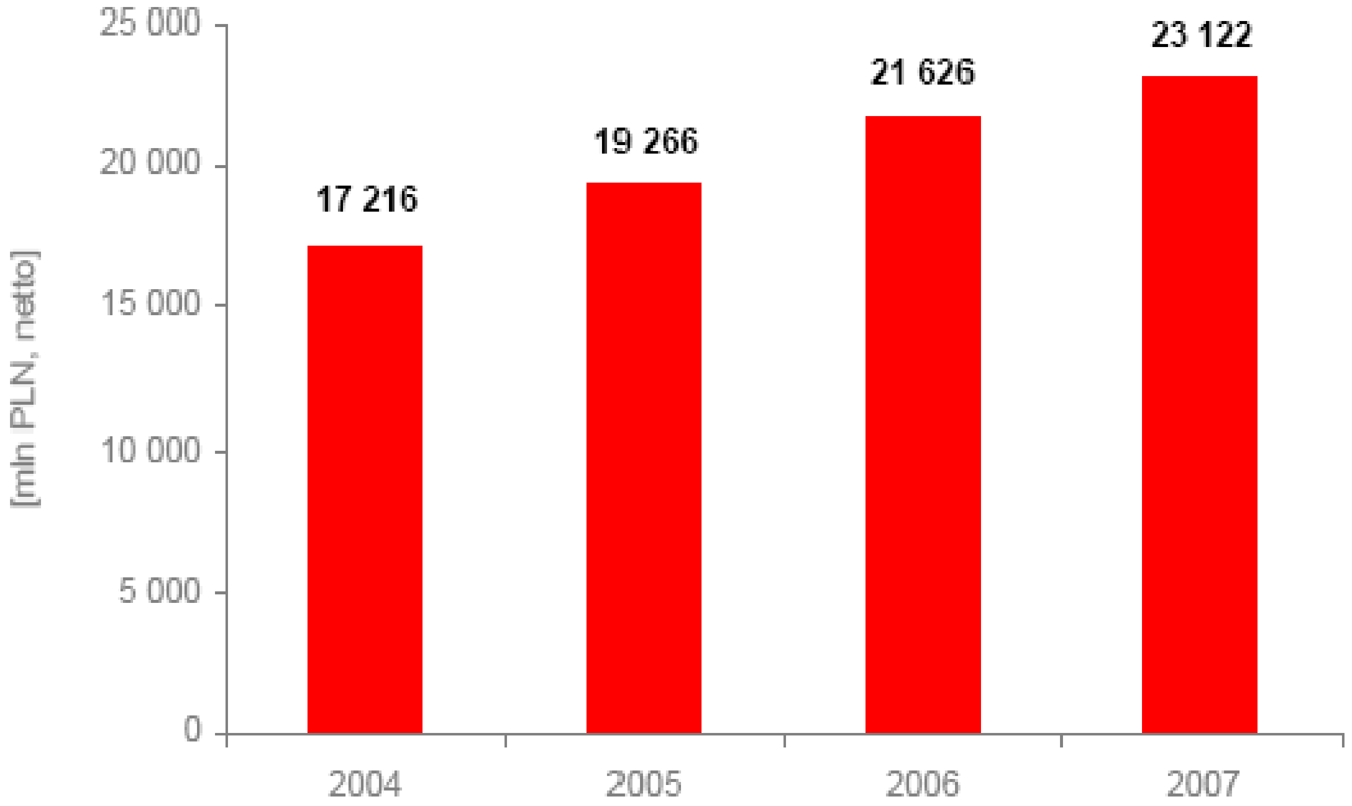
Value of the Polish mobile market in million PLN

Wykres 27. Wartość rynku telefonii ruchomej szacowana wielkością przychodów netto z działalności telekomunikacyjnej



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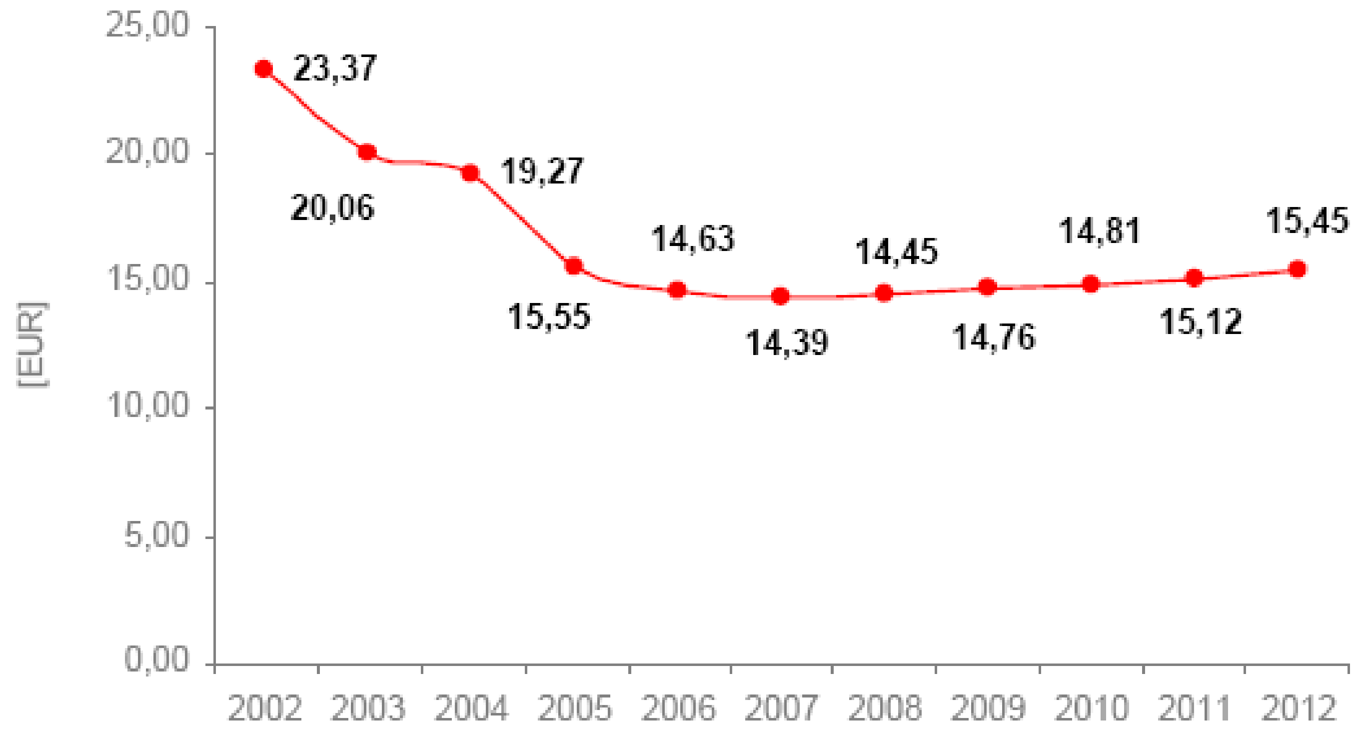
Forecast of ARPU for Polish mobile operators

Wykres 28 Prognoza średniego zagregowanego ARPU polskich operatorów telefonii ruchomej wg stanu na wrzesień 2007



Źródło: Analysys Research

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Thank You

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