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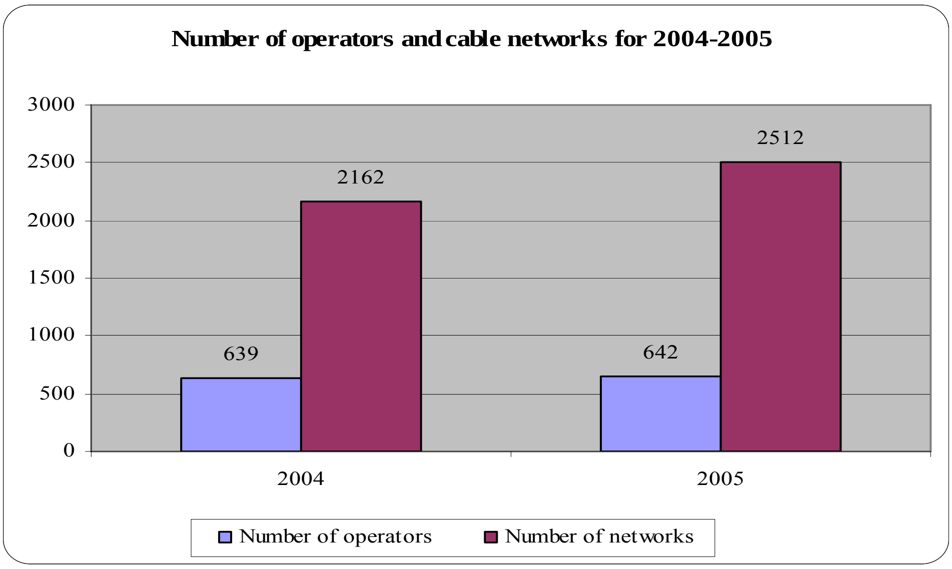
9. Cable telecommunication networks for broadcasting of radio and television programs

For second consecutive year after entering into force of the Telecommunications Act and Ordinance No 13 on determination of the types of telecommunications activities subject to individual licensing and registration under General License, in 2005, the activities of carrying out telecommunications through public cable telecommunications network for broadcasting of radio and television programs are implemented under general authorization.

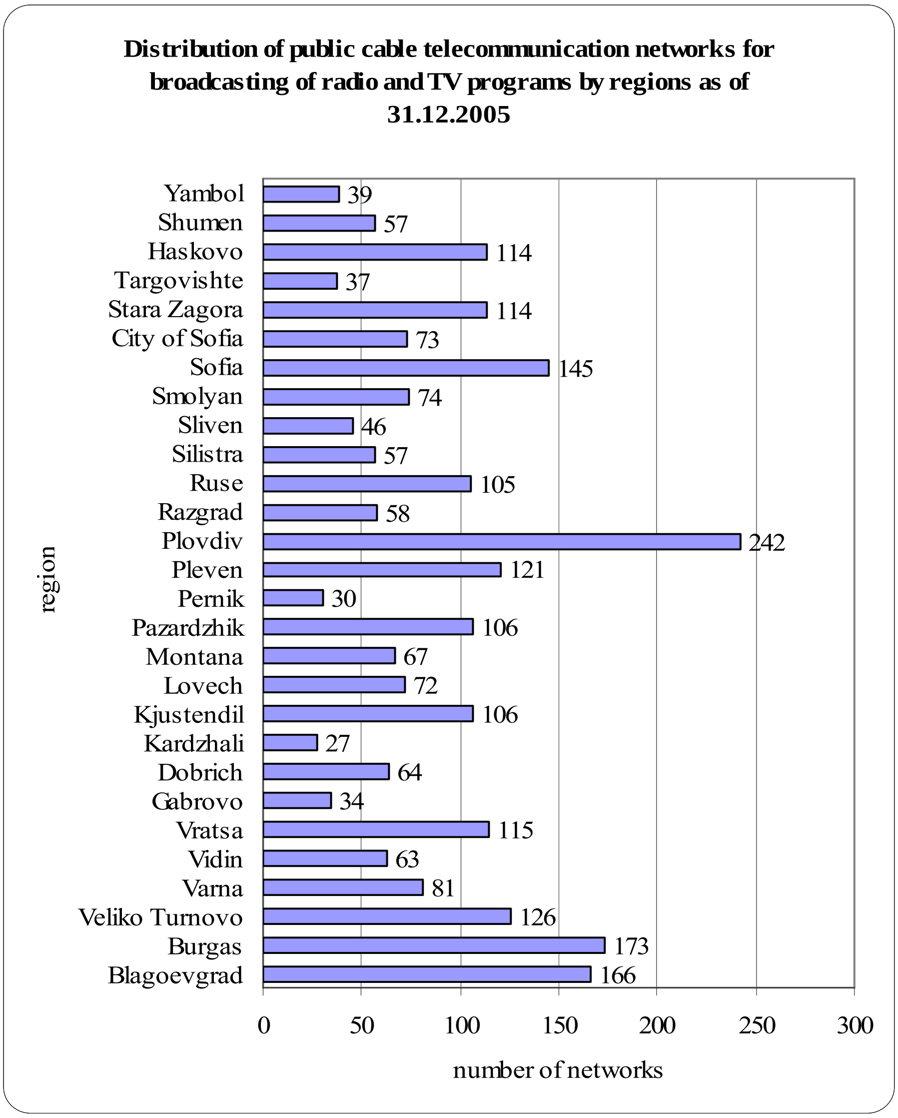
In 2005 52 new operators of public telecommunications networks are registered, which is half of their number in 2004. At the same time, 104 supplements for enlargement of the territorial range of active registrations are issued during the year. At the end of the year the total number of cable operators counted 642[1] and the number of cable networks is 2 512. 49 registrations were revoked during the year. It could be concluded that this segment of the telecommunications market has been saturated and restructured in favour of the bigger operators.



Source: *Data submitted to CRC* **Figure 88**

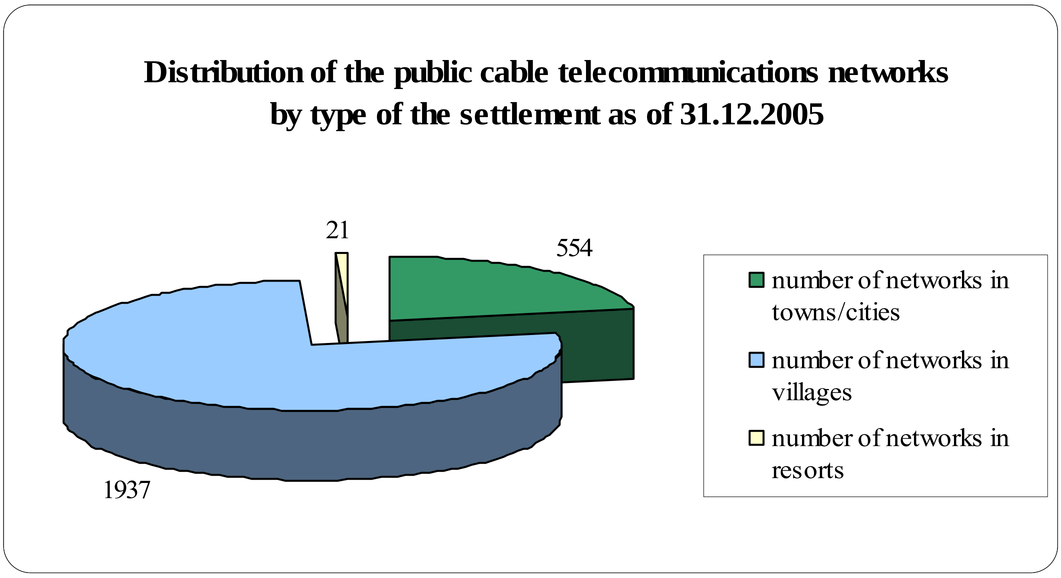
The chart above shows that the number of cable operators is almost the same compared to 2004, but the number of networks increases, what is a sign that the big operators strengthen their positions.

[1] Total number of registered operators of cable telecommunications as of end of 2005, revoked registrations are excluded.



Source: *Data submitted to CRC* **Figure 89**

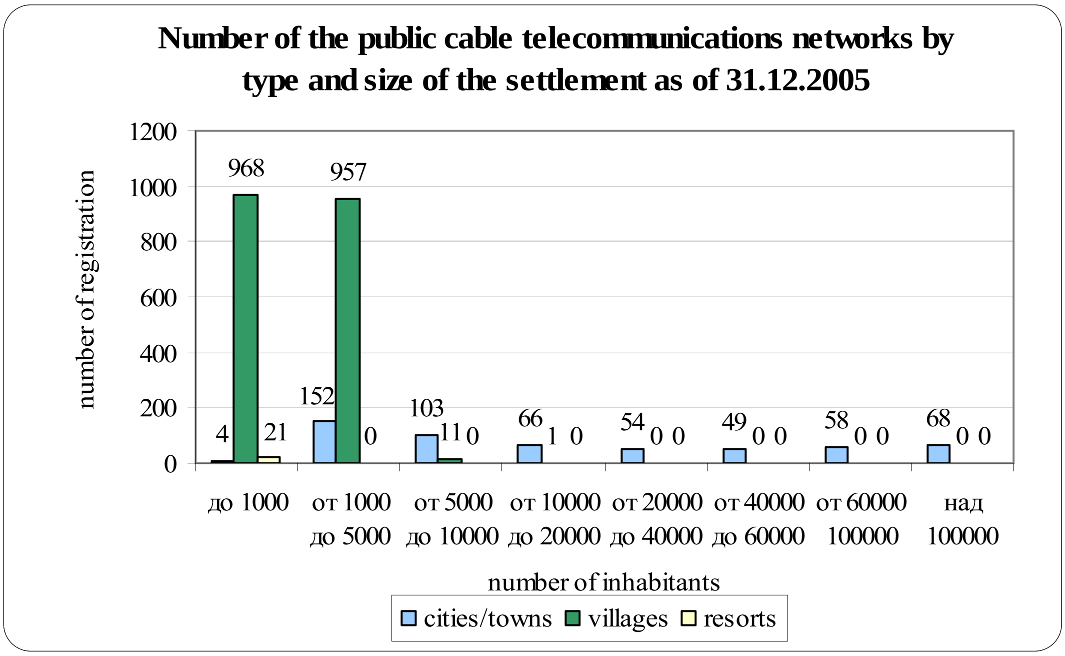
The distribution of the certificates for registration issued is uneven – more than the half of the networks are built in 20 of the 28 regions of the country (Figure 89), while the greatest part of them are in Plovdiv, Burgas, Blagoevgrad and Sofia.



Source: *Data submitted to CRC* **Figure 90**

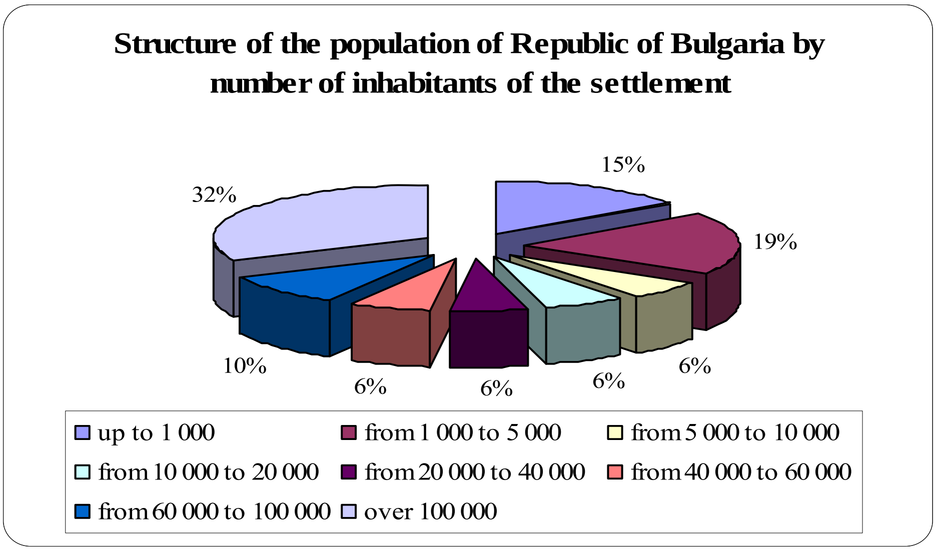
Figure 90 displays the distribution of the cable telecommunications networks by the type of the settlement they are built in. 1937 (or 77% of the registered cable networks) cover the villages, 554 of the networks are in towns or cities. In comparison to last year, the cable networks in villages have increased to 302 and there are 43 more in towns or cities.

Cable telecommunications networks for broadcasting of radio and television programs are already built up in all the towns and cities of Bulgaria, as well as in 28% of the Bulgarian villages. The number of villages with cable infrastructure has grown by 11% for one year.



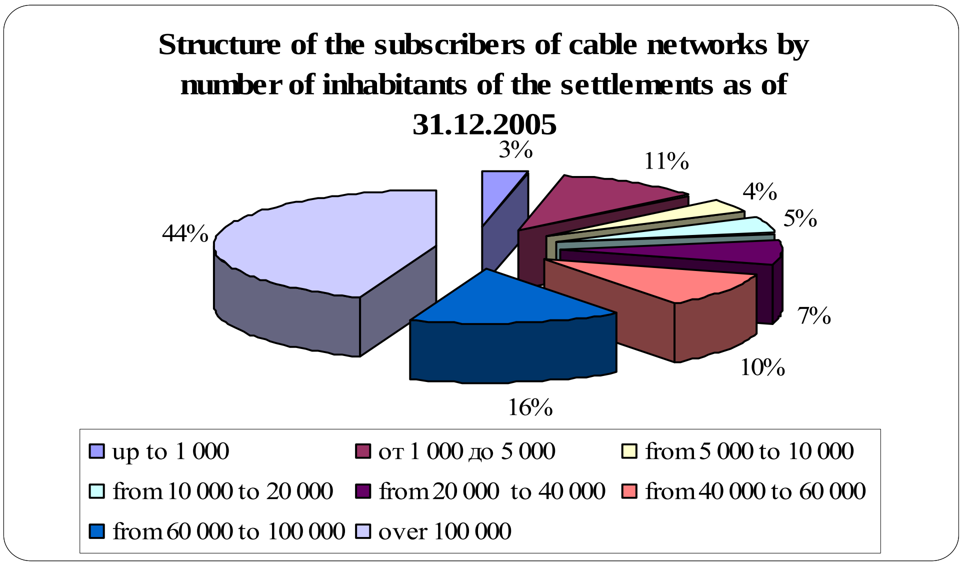
Source: *Data submitted to CRC* **Figure 91**

The number of telecommunications networks built in settlements with up to 5 000 inhabitants has grown to 2102, or by 18% more compared to 2004 (Figure 91). 84% of the networks are built up in that type of settlements, whereas in settlements with over 60 000 inhabitants, where almost half of the population is concentrated, only 5% of the networks are situated.



Source: *National Statistical Institute*[2] **Figure 92**

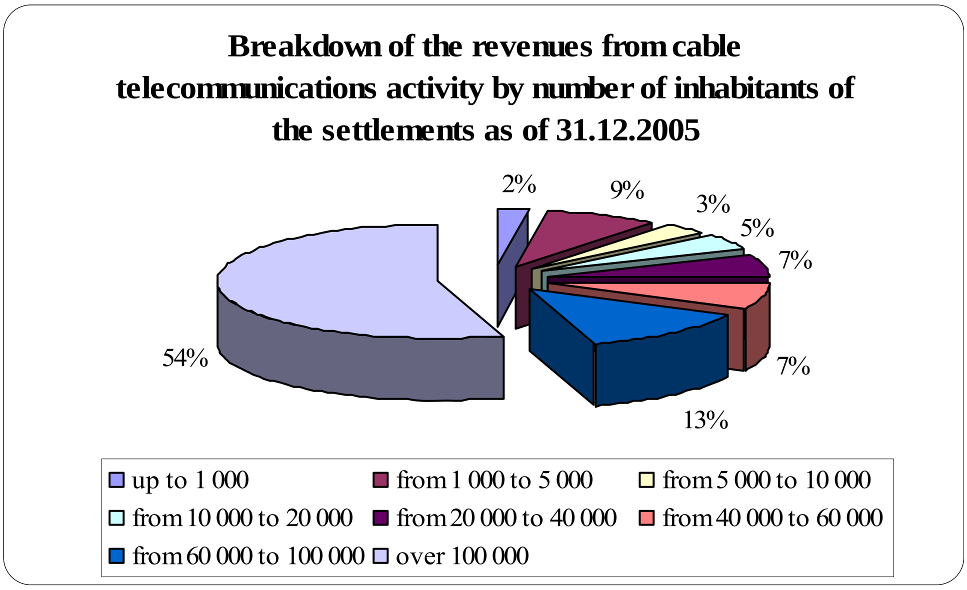
The high concentration of population in the big cities on one side, and the high standard of living there, on the other side, predetermine the bigger relative share of population taking advantage of the services provided by the cable telecommunications operators. Almost half of the subscribers are concentrated in the big cities with population over 100 000 inhabitants and their relative share in the settlements with population over 60 000 (accumulated) is 60%. For the small settlements up to 5 000 inhabitants this indicator is 14%. According to expert estimation, calculated on data received by 75% of the registered operators, including the operators with revoked registrations during the year, the total number of subscribers of cable telecommunications networks in Bulgaria as of 31.12.2005 is around 1 100 000.



Source: *Data submitted to CRC* **Figure 93**

Figure 94 presents the breakdown of revenues from cable telecommunications activity. Taking into account that half of the subscribers are located in settlements over 60 000 inhabitants, the revenues from public cable telecommunications activity there form even greater part of the total revenues of the market: 68%. For settlements up to 5 000 inhabitants this indicator is only 11%.

[2] Data from the last census in 2001



Source: *Data submitted to CRC*

Figure 94

By CRC expert estimation the total revenues from this market segment for 2005 amount to 151,5 mln.BGN, which is 30% more than 2004. The major part of them is still generated by broadcasting of radio and TV signals (76%). The share of coded programs grows (almost 6%), while the revenues from provision of Internet access has preserved their share in the total revenues of the cable operators (7%).

According to data from a survey[3] made to order of CRC, for the period November 2005 – March 2006 69,1% of the Bulgarian citizens use cable television, while 31,3% of them have Internet connection. Cable television is mostly widespread among the population in the age group 26-45: 71% of its representatives use the service. Cable television is normally available for households with monthly income 601-900 BGN (77% of all the households).

Services provided

Along with the provision of radio and television programs packages, the operators of cable telecommunications networks offer or have intentions to offer additional services such as Internet access, coded programs, data transfer, transmission of signals for security activities, video on demand, IP telephony.

Increasing number of cable operators, mainly in the big cities, orientate themselves towards provision of some of the additional services. 10% of the operators who have submitted information to CRC in 2005 have generated revenues from coded programs and around 7% from Internet access provision. The operators who have declared revenues from coded programs are 47 (34% more compared to last year), while 37 of them have earned from Internet access (their number has increased by 48% in comparison to 2004). The revenues from these services are realized through networks built up in the big cities where there is consumer demand and potential for development of that type of additional services. The Internet access through cable networks for broadcasting of radio and television programs is getting more and more popular among the consumers last years as it offers better conditions

[3] "Research and analysis of consumer demand for telecommunications services in Bulgaria", 2006, survey of the Economic faculty of Sofia University made to order by CRC

for always-on access at advantageous prices. According to *Vitosha Research*[4] survey the average monthly user's cost for cable Internet is about 27 BGN.

In 2005 the "triple play" service allowing access to cable television, fixed voice telephone service and high-speed Internet over one connection keeps on gaining positions on the Bulgarian market. The convergence of services is not only facilitating the end users, but gives them the opportunity to choose among packages offered in accordance with their individual needs and to use the services at discounted prices. Some of the cable operators offer price discounts for the triple service up to 27% compared to the standard prices. In 2005 the big cable operators such as CABLETEL AD EVROTUR SAT TV AD keep on offering the services on the territory of the capital and in some of the big cities in the country.

Some of the big operators (EVROTUR SAT TV AD, EUROKOM CABLE EAD, TELECABLE AD) offer to their subscribers digital television as well, providing broadcasting, transmission and receipt of the television signal completely in digital format. It It is an advantage of this technology that it enables interactivity, i.e. the subscriber actively defines the content and time for it. One of the most popular services of that kind is video-on-demand, allowing the user to select and watch films or programs at additional charge. The package of digital programs is usually used together with the standard packages of analogue programs while additional subscription fee should be paid for their receipt. The service is offered also in package with coded programs.

[4] "Indicators of the Information society development in Bulgaria during 2005-2006. Analysis of trends, second stage", Vitosha Research survey made to order by the State agency for information technology and communications