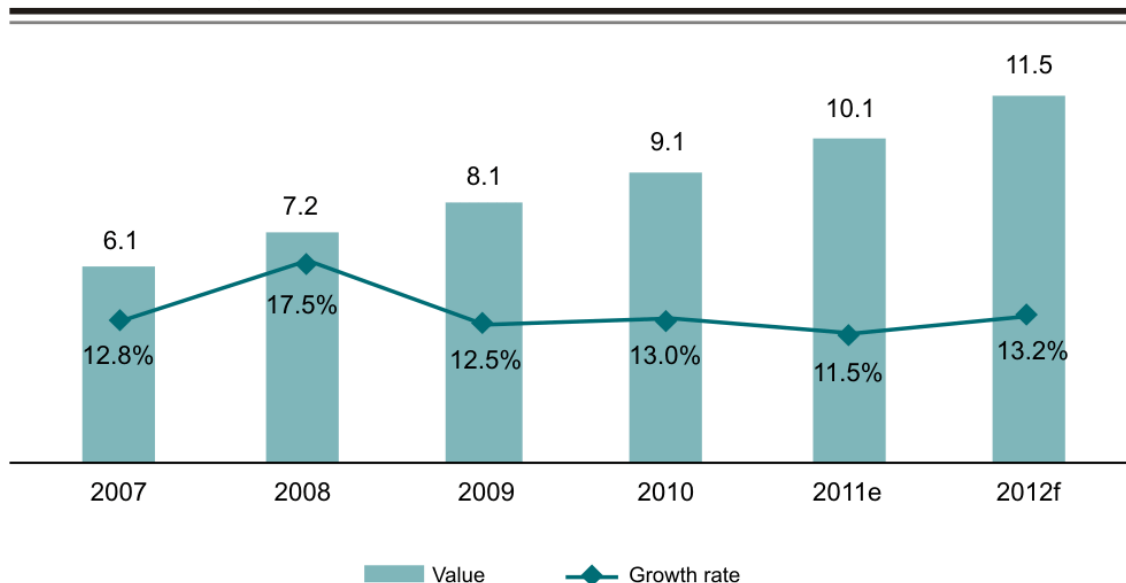


Polish VAS and multimedia market to grow to PLN 11.5bn in 2012

The Polish market of value-added and multimedia services is expected to be worth approx. PLN 1.5bn more in 2012. While pay TV and mobile internet will continue as the key segments of the market, smaller niche segments, such as mobile applications and games, will show the fastest growth.

Current situation, trends and forecasts

Value (PLN bn) of the Polish market of value-added and multimedia services and its growth rate (%)*, 2007-2012



e – estimate

f – forecast

*Including pay TV, mobile internet, value-added services and premium rate services offered by mobile and fixed-line operators

Source: PMR report "Value added and multimedia services in Poland 2012.

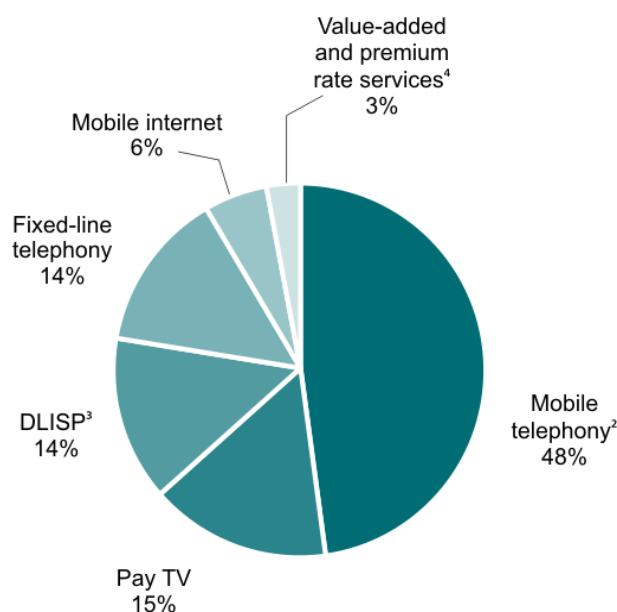
Development forecasts for 2012-2016"

PMR
www.pmrpublications.com

According to the latest report "Value added and multimedia services in Poland 2012. Development forecasts for 2012-2016" published by PMR, a market research company, last year the value of the VAS and multimedia market was estimated to have exceeded PLN 10bn, with growth rate reaching 11.5%. "Our forecasts for 2012 assume the market to grow by 13.2%, which will translate into revenues of ca. PLN 11.5bn" – comments Pawel Olszynka, PMR analyst and one of the report authors.

The largest segment in the market of value-added and multimedia services in 2011 was definitely pay TV. Merging of pay TV and telecommunication services has been a very important phenomena on the Polish market in recent years. Although pay TV will still be a dominant segment of the market in 2012, it will be losing momentum in the coming years, in favour of mobile internet and other niche segments, such as mobile games and applications, micropayments or mobile marketing.

Share (%) of individual segments in the total value of telecommunications services market in Poland¹, 2012



¹ Forecast

² Without data transmission and value-added services

³ Data transmission, line rental and internet services provision.

⁴ Including, among other things, SMS payments and premium rate numbers, interactivity (lotteries, competitions, surveys, polls, chat rooms), games, music, mobile marketing, applications, graphics.

Source: PMR report "Value-added and multimedia services in Poland 2012.

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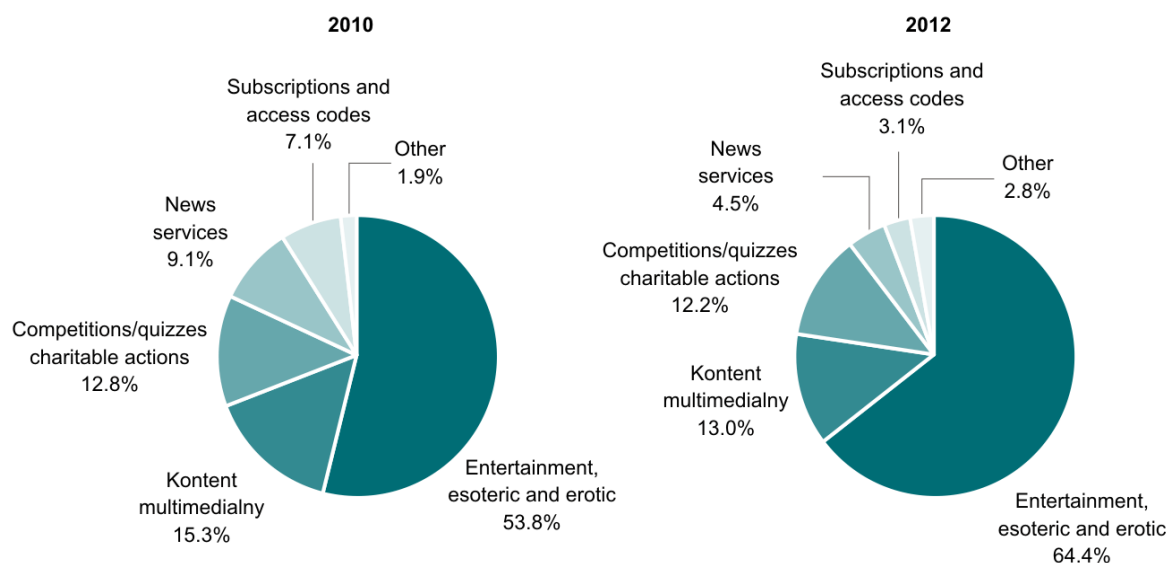
Value-added and multimedia services represent about one-fourth of the entire telecommunications market. According to PMR forecasts, pay TV, mobile internet and other value-added services will account for 15%, 6% and 3% of the Polish telecoms market this year, respectively, with each of the segments showing an improvement on 2011 figures. On the other hand, the lion's share in the market is still held by basic services, mainly mobile telephony and fixed-line internet access. This trend is not expected to change in the coming years.

Premium rate services

Analysis of the structure of mobile value-added services shows that the largest revenue generators for mobile operators are still, beside mobile internet, SMS payments and premium services. The payments are directly connected with the broadly understood access to pay websites, VoD, articles and other value-added services. The second best is the whole range of services connected with interactivity in media. It includes all sorts of lotteries, competitions, surveys or polls, as well as erotic and esoteric chat rooms, and other similar services accessed through special premium rate access numbers.

According to the records of UKE, the market regulator, the number of such premium rate numbers assigned to individual mobile operators went up by several times over the last two years. It clearly demonstrates how the traffic in telecommunication networks has changed in Poland. The growing popularity of mobiles makes them outpace fixed-line networks in the premium segment too. The outflow of revenues from premium rate numbers in fixed-line networks goes hand in hand with growing incomes from such services in mobile networks, whose great advantage is the possibility to use text messaging, rather than voice only, on a large scale.

Shares of individual service types and range of services provided through premium rate lines in mobile telephony networks in Poland (%), 2010 and 2012



Source: PMR report "Value added and multimedia services in Poland 2012. Development forecasts for 2012-2016"

"Entertainment, esoteric and erotic services" is the category which accounted for more than 60% of all premium rate mobile numbers in Q1 2012 in Poland. The figures have not changed much since 2010. What has materially changed however is the share of erotic services – it has dropped by a half since 2010 (8%). The second largest category is "multimedia and audiovisual content" (13% of numbers), which includes all sorts of services connected with distribution of multimedia content as well as ringtones, wallpapers or mobile games. A similar proportion of numbers was assigned to "competitions, quizzes and charity events" (about 12%; the same since 2010). Services from the "subscriptions and access codes" category are provided through 4.5% of all numbers in the pool, while information services represent 3.1%, having fallen considerably compared to 9.1% in 2010 (the reduction is a result of the growing popularity of other types and categories of content).

The categories and structure of services provided through premium rate numbers are different for mobile and fixed-line operators, mainly because the former have an additional channel for distributing these services, namely text messages. Thus, mobile operators focus on content that can be easily delivered through text messages, plus calls. Figures provided above indicate that the most popular premium rate services among mobile users are entertainment, esoteric and erotic services, with the last one being however the less important element, unlike among fixed-line users.

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About PMR

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