LITHUANIAN COMMUNICATIONS SECTOR 2014

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COMMUNICATIONS REGULATORY AUTHORITY OF THE REPUBLIC OF LITHUANIA

CONTENT

FOREWORD OF THE MINISTER OF TRANSPORT AND COMMUNICATIONS OF THE REPUBLIC OF LITHUANIA

Communications sector is one of the most advanced and dynamic sectors of economy, which is based on rapid development of information technology. Products created and developed in this sector essentially change the needs of residents and businesses: we are already able to pay bills using our PCs, shop in online stores of the entire world without leaving home, or manage official documents over e-government portal. Some time ago we could not even think of that, while today this is our daily life.

In retrospect, year 2014 was the year of continuation of started works and of new challenges. Having drawn up the Next Generation Internet Access Development Plan of the Republic of Lithuania for 2014–2020, the Ministry of Transport and Communications continues to pursue for the development of next generation Internet access infrastructure in areas, where the market is unable to ensure this development. In the implementation of the plan, investments will be made in so-called passive infrastructure rather than the equipment itself. All the measures used will promote competition in the broadband communication market and the use of services of this market.

It is important to note that information and communication technology (ICT) directly impacts the country's GDP. At the European Union level, ICT generates about EUR 660 billion in value added per year, while in Lithuania this amount totalled EUR 992.7 million in 2014. The contribution of ICT to the overall growth of productivity is much greater. This is determined by dynamics and innovation typical of this sector and the ability thereof to contribute to changes in other sectors.

Another important step taken in 2014 is the preparation of the Information Society Development Programme 2014–2020 "Digital Agenda for Lithuania". The goals and tasks set therein are based on possibilities provided by ICT. The programme distinguishes Internet penetration as a means of economic, social and cultural activities, the use whereof allows providing and receiving services, entertaining, working, communicating and freely expressing own opinions. The strategic goal of the programme is to improve the quality of life of Lithuania's population by exploiting possibilities provided by ICT, to increase operational productivity of companies and to achieve that at least 85 percent of residents used the Internet and at least 95 percent of businesses used high-speed Internet by 2020.

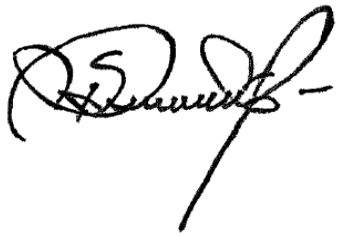
The policy conducted by state authorities is very important for the achievement of the necessary results. The number of administrative and public services transferred to the digital environment has rapidly increased in Lithuania, and more and more service recipients, who acknowledge that e-communication with state authorities is efficient and beneficial, use these services. Based on the results of the survey on the use

of e-services, in Q4 of 2014, 71 percent of 16-74 year-old residents of Lithuania used the Internet, and 32 percent of residents visited websites of state authorities. The goal of slightly less than half of visitors of such websites is to complete electronic declarations or various applications. However, there still aren't adequate possibilities for residents to actively and efficiently participate in the decision-making of public governance by electronic means: to obtain comprehensive information of interest, present comments and proposals, assess decisions and discuss them. Thus, the aim is to promote an open and comprehensive dialogue of state authorities and the public in the digital space in the future.

Great attention must be paid to performance efficiency and competitiveness of small and medium-sized enterprises on the electronic environment. Even though the indicators of the use of PCs and the Internet of Lithuanian businesses reached the EU average, certain possibilities provided by ICT, such as resource and customer relationship management solutions or e-signature, are not fully exploited by businesses. Thus confidence in the digital environment must be ensured, which will also contribute to the development of e-commerce.

Looking at prevailing trends, we can rejoice over the fact that residents of Lithuania are quite active users of digital content, thus the successful development of information society must be continued and favourable conditions for economic, social and cultural activities, better opportunities for studying, retraining, receiving and providing services, communicating with local and state authorities must be created. In order to achieve these results, innovative communication solutions based on fair competition and efficiency must be made first of all.

Minister of Transport and Communications



Rimantas Sinkevičius

FOREWORD OF THE DIRECTOR OF THE COMMUNICATIONS REGULATORY AUTHORITY OF THE REPUBLIC OF LITHUANIA

The world is changing and so are we. Innovative technologies, starting with industry and ending with solutions facilitating people's life, are rapidly advancing in today's information age. Services of the communications sector, the use whereof first of all allows to meet the need of mutual communication, play a special role in terms of the level of the country's development and well-being of its residents. Nobody can deny the fact that mutual communication is the main human expression, natural right and freedom.

One of the priorities of activities of the Communications Regulatory Authority (RRT) in 2014 was to encourage investment in next generation broadband wireless networks. Based on the experience of other countries, the emergence of 4G mobile radio communication networks and the development thereof has a huge impact on the country's gross domestic product: new jobs are created, not only macro economy, but communication habits change as well. 4G is one of the technologies of mobile radio communication, the broader installation whereof is significant to the majority of business and living areas. It is obvious that Lithuania did not slumber in this field. During 2014 alone, the number of 4G base stations increased 7.4 times (!) to 1,145 in Lithuania, and 80 percent of Lithuania's population were able to use 4G services at the end of 2014. Such growth rates are really encouraging.

Upon the approval of the Next Generation Internet Access Development Plan of the Republic of Lithuania for 2014–2020, a new stage of the development of broadband communication infrastructure started in 2014. The use of various technologies is expected to create possibilities for all residents of Lithuania to use 30 Mb/s and faster broadband Internet connection by 2020. These networks are very important for international operators, who aim to connect broadband communication networks of the Eastern and Western European countries.

However, the benefits provided by electronic communications to the end-user are characterised not only by the data transfer rate, other quality parameters of the provided services, but also the price of those services. It should be mentioned in this respect that on 1 July 2014, roaming service prices were reduced once again (hopefully this was not the last time): they decreased by about 32 percent. This was a significant change, which will have a positive impact on calling habits of travellers and encourage more intense communication while abroad.

There is a saying that a single man in a field is not a warrior, thus a comprehensive cooperation at both the national and international level is very important. That, what we've been waiting for many years, happened in 2014 – Lithuania was elected to the Council of the International Telecommunication Union (ITU) for the first time. This evaluation and confidence at the international level will constructively help in solving

radio frequency management-related issues in pursuit for an efficient planning and use of resources, at the same time encouraging the development of modern broadband communication networks in Lithuania. Not only will we use the experience of other countries, but also we will present Lithuania's achievements in the electronic communications sector to others.

The postal service market is also moving forward. Its liberalization has already rendered positive results, while an even greater benefit is expected in the future. A postal service as a means of communication has become less marketable; however, the need of consumers for the use of such postal services as sending material items has been increasing each year. This was mainly impacted by globalization processes, which leaves the way for us to buy a desired item from thousands of kilometres away. Thus, possibilities provided by e-commerce stir up not only the demand for purchased goods, but also encourage the growth of related markets.

In summary of the results of the previous year, it can be stated that we reached a new stage – a stage of maturity. Everything seems to have stabilized: service providers are competitive, consumer needs are met, and the overall result is encouraging. However, by no means can we state that there is no room for improvement. New challenges are the driving force of it all. I believe that in application of innovative technologies new products and services opening up other possibilities to both service providers and end-users will be created, while the role or RRT in this process is to ensure a variety of choice of these products and services, and to create opportunities for the development of technologies and business.

Director of the Communications Regulatory Authority  Feliksas Dobrovolskis

OVERVIEW OF THE COMMUNICATIONS SECTOR

E-mail, the Internet, calls, social networks, e-shops, online ordering of goods and services, home delivery of goods, items of correspondence, parcels – these are the services, which we use every day. As a result of the growing demand for these services, the electronic communications and the postal service sector create conditions for the creation of greater value added in the information and communication technology (ICT) sector as well as in other sectors of economy. Successful exploitation of the possibilities provided by ICT opens up broader economic and social improvement and development possibilities. The electronic communications and postal service sectors also create conditions for the creation and implementation of innovation, which directly stimulates the growth of the gross domestic product (GDP). According to the data of Statistics Lithuania, 2.9 percent of the country's GDP were generated in the ICT sector. However, indirect impact of ICT on the national economy and the competitiveness thereof is much greater. The existence of ICT has a positive impact not only on Lithuania and the European Union, but on countries of the entire world as well. The study conducted upon the order of the European Commission[1] shows that ICT has contributed to a one-third growth of the European Union's GDP. Due to the positive impact of ICT on the region's economy and its competitiveness, the ICT sector is one of the priority areas promoted by the European Commission.

Since the electronic communications sector in an integral part of the ICT sector, it can be concluded that the situation in the electronic communications sector will affect the entire ICT sector in Lithuania at the same time impacting the country's competitiveness in the short and long term. Therefore, it is important to create favourable conditions for investment, competition and development in the electronic communications sector. Although not directly related to information and communication technologies, the postal sector is closely related to the electronic communications sector, because the exchange of information is moving to the electronic space and this causes a decrease in the demand for traditional postal services – letters and other small correspondence. On the other hand, these activities complement each other: with the development of e-commerce, the demand for the collection, distribution and delivery of parcels and postal items has also been growing. Both electronic communications services and postal services together are means creating conditions for innovation, collaboration, improvement of business processes and business development, as well as encouraging the creation of value added in other sectors.

Even in presence of many positive features of the communications sector, which should lead to a versatile development of the sector, in terms of revenues[2], the communications sector has been shrinking (see Figure 1). In 2014, revenues totalled EUR 714.7 million (LTL 2,467.7 million) and, compared to revenues in 2013, declined by EUR 8.3 million (LTL 28.7 million) or 1.1 percent. Compared to 2008, when the record high revenues were generated, the revenues earned at the end of 2014 decreased by EUR 265.2 million (LTL 915.7 million) or 27.1 percent. The positive side of the matter is a declining reduction of revenues each year (see Figure 2).

[1] Unlocking the ICT Growth Potential in Europe: Enabling People and Businesses. Main Report: http://ec.europa.eu/digital-agenda/en/download-scoreboard-reports

[2] Revenues, prices and other monetary values in the report were converted to the euro (EUR 1 = LTL 3.4528), thus errors are possible as a result of rounding to one decimal place. Since the data in figures and tables presented in the report are rounded to one decimal place, the total sum of market shares is not always equal to 100 percent.

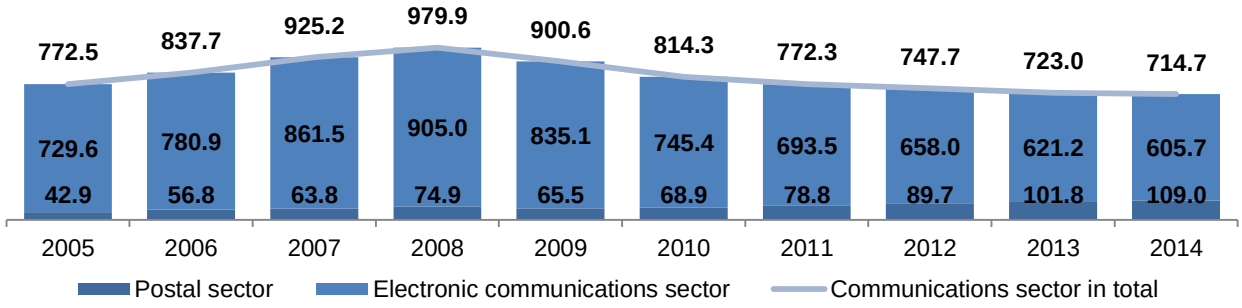


Figure 1. **Revenues of the communications sector in 2005–2014, in EUR million**
Source: RRT

The overall reduction in revenues of the communications sector is determined by the decline in revenues of the electronic communications sector, which is not offset by growing revenues of the postal sector (see Figure 1). There are several reasons for the decline in revenues of the electronic communications sector. Fierce competition in mobile communications sector has led to decreasing service prices along with revenues generated by service providers. The demand for certain electronic communications services, such as fixed communication services, has also decreased.

Another factor having led to a decline in revenues of the electronic communications sector was the start of the implementation of the decisions of the Communications Regulatory Authority (RRT) on the regulation of wholesale electronic communications services, which were adopted before the economic slowdown in Lithuania. In 2008, RRT started reducing prices for call termination in fixed communication networks, and in 2009 – prices for call termination in mobile communication networks. During the 2008–2014 period, revenues from networks interconnection decreased by 47.8 percent. The reduction of the prices of wholesale and retail roaming services was started in the European Union in the middle of 2007, and in July of 2014 they were once again significantly reduced (by an average of 32 percent). Decreasing prices of wholesale and retail services should give a positive impetus to consumption; however, as illustrated in Figure 1 and Figure 2, price reduction was not a sufficient factor for increasing demand to the extent that additionally generated revenues would offset loss of revenues experienced because of regulation. Despite of the recovery of the country's economy and growth of the national GDP since 2010, revenues from the communications sector have been declining for the 6th consecutive year (see Figure 2).

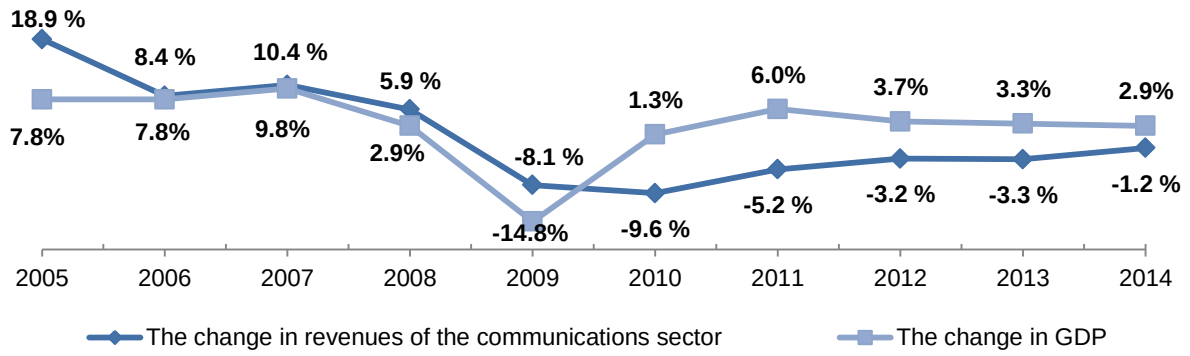


Figure 2. **Dynamics of changes in revenues of the communications sector and in GDP, 2005–2014, in per cent**
Source: Statistics Department of Lithuania and RRT

Even in presence of the above-indicated trends of declining revenues from the electronic communications sector, electronic communications services accounted for 84.7 percent, or EUR 605.7

million (LTL 2,091.4 million) of the total revenues from the communications sector. The remaining 15.3 percent, or EUR 109 million (LTL 376.4 million) were revenues from the postal sector. Of course, due to a different dynamics of revenues from the two sectors, the share of revenues from the electronic communications sector has declined in total revenues from the communications sector. In 2005, revenues from the electronic communications sector accounted for 94.4 percent of the total revenues of the communications sector, and during the period of 10 years, this share decreased by 9.7 percentage points to 84.7 percent in 2014.

At the end of 2014, there were 213 undertakings having informed the RRT about activities conducted in the communications sector, which was by 7 undertakings less than in 2013. Dynamics of undertakings engaged in communications activities shows that the number of service providers has been decreasing (see Figure 3). The decrease in the number of market players in the communications sector can be explained by the fact that both the growing competition and the formation of a long-term business strategy encourage service providers either to merge or change their activities. For example, in 2014, UAB Satela transferred its retail Internet access and cable TV services to UAB Cgates, and the latter service provider also acquired 100 percent of shares of UAB Rakaras and UAB Ukmergės Kabelinė Televizija.

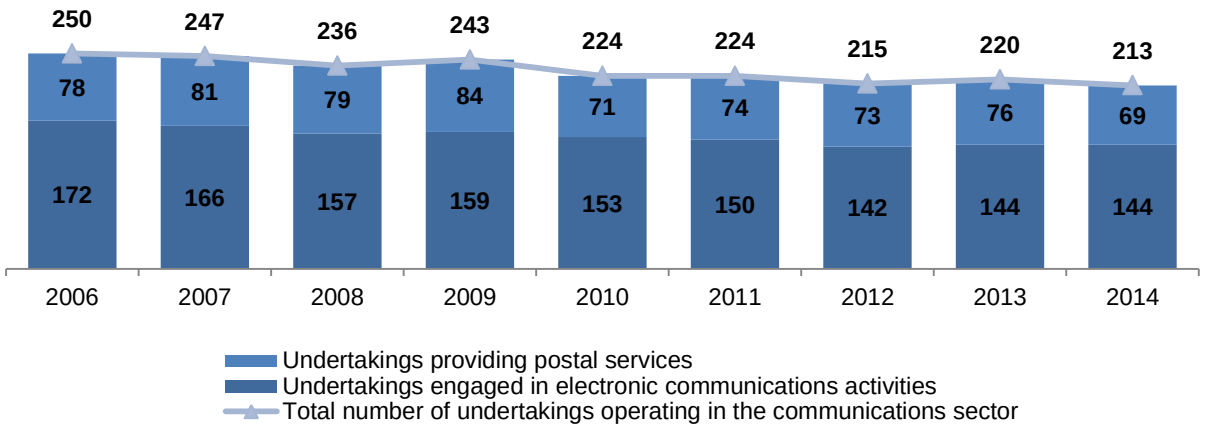


Figure 3. **Number of undertakings operating in the communications sector in 2006–2014, in units**
Source: RRT

Both the structure of the communications sector in terms of revenues and the structure of service providers according to the area of activities indicate that the sector has been dominated by electronic communications service providers throughout the entire period under examination (see Figures 1 and 3). Providers of electronic communications services also dominate in terms of the structure of the communications sector by revenues generated by service providers (see Figure 4). In 2014, out of 213 undertakings operating in the communications sector, the largest share of revenues was received by TEO LT, AB, which accounted for 23.8 percent of the total revenues of the communications sector, revenues of UAB TELE2 made up 15.7 percent, revenues of UAB OMNITEL – 13 percent, revenues of UAB Bitė Lietuva – 12.8 percent and revenues of AB Lietuvos Paštas – 6.2 percent of the total revenues of the communications sector.

Comparing revenue shares of 2014 with previous years, the share of all electronic communications service providers decreased in the total structure of revenues. Only the market share of AB Lietuvos Paštas increased by 0.3 percentage points and accounted for 6.2 percent. The total market share occupied by other service providers increased by 1.8 percentage point and totalled 28.5 percent. In terms of the revenues earned, the growing share of other communications sector service providers indicates that alternative service

providers have been bringing together an increasing customer base, providing competitive services and have been able to ensure the quality of the provided services.

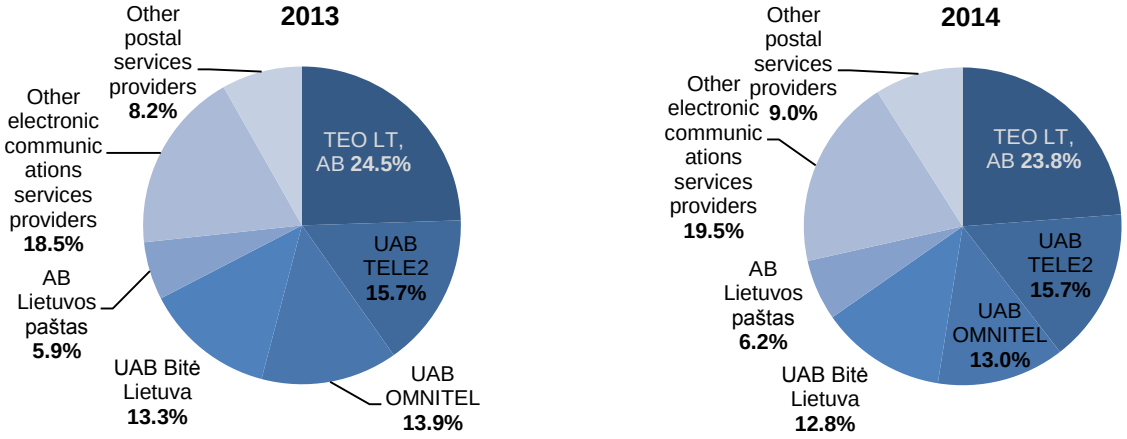


Figure 4. **Revenue shares of undertakings in the communications sector in 2013 and 2014, in per cent**
Source: RRT

A moderate decline of revenues of the communications sector shows that the market is undergoing a process of stabilization. The overall decline of revenues is associated with decreasing service prices rather than the declining demand, which comes as a result of a competitive environment with most promising service providers remaining therein. This is also confirmed by the reduction of a number of undertakings operating in the communications sector. However, expectations of the sector cannot be said to have not been met as a result of that, but, vice versa, the dynamics of the sector ensures a high quality of the provided services and the fact that needs of service recipients are met.

MARKET OF ELECTRONIC COMMUNICATIONS SERVICES

Electronic communications is one of the sectors of economy, the creation of the network whereof requires significant investment. However, due to these investments, services of particular significance to both a specific country, the European Union and the entire world have been provided and developed for several decades now. In light of this fact, not only electronic communications service providers, but the states themselves are also making investments. The aim is to create in the European Union and other countries of the world (including Lithuania) such market conditions, which would promote competition and technological progress inside the country and at the international level.

One of the 7 operating priorities planned by the European Commission, which should help achieving the goals of the "Europe 2020 Strategy for Smart, Sustainable and Inclusive Growth", is the "Digital Agenda for Europe". The implementation of tasks of the "Digital Agenda for Europe" is aimed at speeding up the development of broadband internet and enabling households and companies to take full advantage of possibilities provided by a single digital market[3]. The Information Society Development Programme 2014–2020 "Digital Agenda for Lithuania"[4] is aimed at assisting with the implementation of common principles of the European Union for the development of information society using the possibilities provided by ICT, which would improve the quality of life of residents of Lithuania and increase the productivity of operations of companies.

The electronic communications sector is not only calls or the Internet. It also covers various retail services (calls, short text messages (SMS), video messages (MMS) and the Internet) and wholesale services (network interconnection, TV broadcasting, lease of infrastructure). Given the fact that the duplication of all electronic communications networks is economically inefficient, the sharing of available resources has been encouraged and wholesale electronic communications services have been developed. The said services have been used to establish electronic communications networks and to provide retail services. In order for both service users and service providers to get the maximum benefit and to create a single market, a need for the ensurance of the provision of electronic communications services in line with the principle of competition has emerged. Ensurance of competition conditions in the electronic communications sector and promotion of the use of electronic communications services are just a few goals, which Lithuania seeks to achieve.

Such indicators as revenues of the electronic communications sector and the structure thereof, investments, market participants and structure of service demand illustrate the progress made by Lithuania in the creation of conditions for competition and investments in the electronic communications sector as well as the scope and directions of operations of sector participants themselves. These indicators allow assessing possible directions of progress and comparing the Lithuanian electronic communications sector

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[3] "Europe 2020. A strategy for smart, sustainable and inclusive growth" of the European Commission of 3 March 2010: http://ec.europa.eu/eu2020/pdf/COMPLET%20EN%20BARROSO%20%20%20007%20-%20Europe%202020%20-%20EN%20version.pdf

[4] Resolution No. 244 of the Government of the Republic of Lithuania *On the Approval of the Information Society Development Programme 2014–2020 "Digital Agenda for Lithuania"* of 13 March 2014: http://www3.lrs.lt/pls/inter3/dokpaieska.showdoc_l?p_id=467638&p_tr2=2

with other countries. Despite the grim dynamics of revenues, the decline in revenues has been more moderate each year.

During 2014, revenues earned from the provision of electronic communications services amounted to EUR 605.7 million (LTL 2,091.4 million). Compared to 2013, revenues from electronic communications services decreased by EUR 15.5 million (LTL 53.5 million), or 2.5 per cent, in 2014 (see Figure 1), and the decrease in revenues has lasted for the sixth consecutive year. Since the electronic communications sector's revenue peak, which was reached in 2008, the sector's revenues shrank by EUR 299.3 million (above LTL 1 billion). Despite the grim dynamics of revenues, the positive side of the matter is a more moderate decline of revenues each year.

The analysed services of the electronic communications sector comprise five large service groups: public mobile telephone communication services, public fixed telephone communication services, Internet access and other data transmission (including leased lines) services (collectively, these services can also be called data transmission services), television and radio services, and networks interconnection services.

Most revenues in 2014 were generated from the following three service groups: public mobile telephone communication services, data transmission services and networks interconnection services. Revenues from public mobile telephone communication services accounted for the largest share of the total revenues of the electronic communications sector in 2014, which was 36.6 percent, revenues from data transmission services – 25.5 percent, revenues from networks interconnection services – 18.2 percent. The revenues from the aforementioned services together accounted for 80.3 percent of the electronic communications sector's revenues. Revenues from the three above-mentioned service groups have accounted for the largest share of the electronic communications sector's revenues for several consecutive years now. The lowest share of revenues was from public fixed telephone communication services, which constituted 9 percent of the total revenues of the electronic communications sector. Also, a relatively small share of revenues (10.6 percent) was received by television and radio service providers.

Data on the performed electronic communications activities collected by RRT show that in 2014, revenues of the electronic communications sector decreased in four electronic communications service groups (from the provision of public fixed telephone communication services, public mobile telephone communication services, data transmission services and television and radio services), and this reduction was not offset by increasing network interconnection revenues (see Figure 5). The total electronic communications revenues in 2014 were mainly impacted by a decline of EUR 21.6 million (LTL 74.6 million), or 8.9 percent in revenues from public mobile telephone communication services. This decline in both 2014 and previous periods can be explained by an intense competition between mobile telephone communication service providers and the reduction of prices of the provided services.

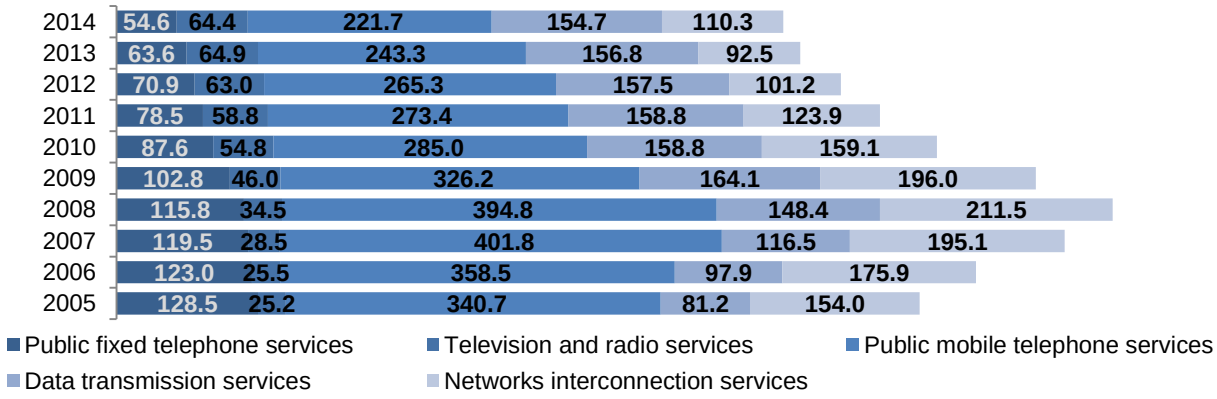


Figure 5. **Distribution of revenues of the electronic communications sector in 2005–2014, in EUR million**
Source: RRT

In 2014, revenues from public fixed telephone communication services experienced a significant decline – the reduction of revenues totalled EUR 9 million (LTL 31.1 million), or 14.2 percent. The reduction in revenues from public fixed telephone communication services can be explained by competition between service providers, competitive pressure from mobile telephone communication service providers and the decreasing demand for the services under examination. Due to their mobility and other additional services (short text messages (SMS), video messages (MMS) and mobile internet) public mobile telephone communication services are much more appealing than public fixed telephone communication services. Revenues from data transmission services and television and radio services decreased by EUR 2.1 million (LTL 7.3 million) and EUR 0.5 million (LTL 1.7 million), respectively.

In 2014, revenues from networks interconnection services increased by as much as 19.2 percent to EUR 110.3 million (LTL 380.8 million), which was mainly impacted by the demand for transit service increased by 39.4 percent, which in turn led to the increase of revenues of 27.6 percent from the latter services.

When it comes to the change in the number of electronic communications service users, in 2014, the greatest number of subscribers were using public mobile telephone communication, however, compared to 2013, their number decreased by 142.5 thousand, or 3.1 percent, and amounted to 4,423.5 thousand subscribers (see Figure 6). The overall reduction in the number of subscribers was determined by a 9.5 percent decrease in the number of subscribers using prepaid services. Also, the number of public fixed telephone communication subscribers continued to decline in 2014 and at the end of 2014 it amounted to 585.5 thousand subscribers, which is 6.3 percent less than in 2013. The drop in the number of public fixed telephone communication service users has continued throughout the entire period under examination, and even declining service prices could slow it down (see Figure 11). Pay-TV services also experienced the decrease in the number of subscribers in 2014. At the end of 2014, there were 723 thousand of recipient of pay-TV services, which is 0.9 percent, or 6.9 thousand less than in 2013. The reduction in the number of pay-TV subscribers could be determined by increased demand for free online broadcasts and by the fact that upon the expiry of TV service contracts, some subscribers were able to choose free terrestrial television. It should be noted that solely the number of Internet access service recipients increased, and in 2014 it totalled 1,257.2 thousand, which was 122.6 thousand, or 10.8 percent more subscribers than in 2013. In the assessment of the number of the latter service recipients, Wi-Fi (Wireless Fidelity) service users, who receive Wi-Fi services as additional services along with Internet access which they already use, were also included in this number. Without these Wi-Fi service recipients, in 2013, the number of Internet access

service recipients would be 1.06 million and in 2014 – 1.11 mln. The number of Internet access service recipients would increase 4.7 percent during 2014.

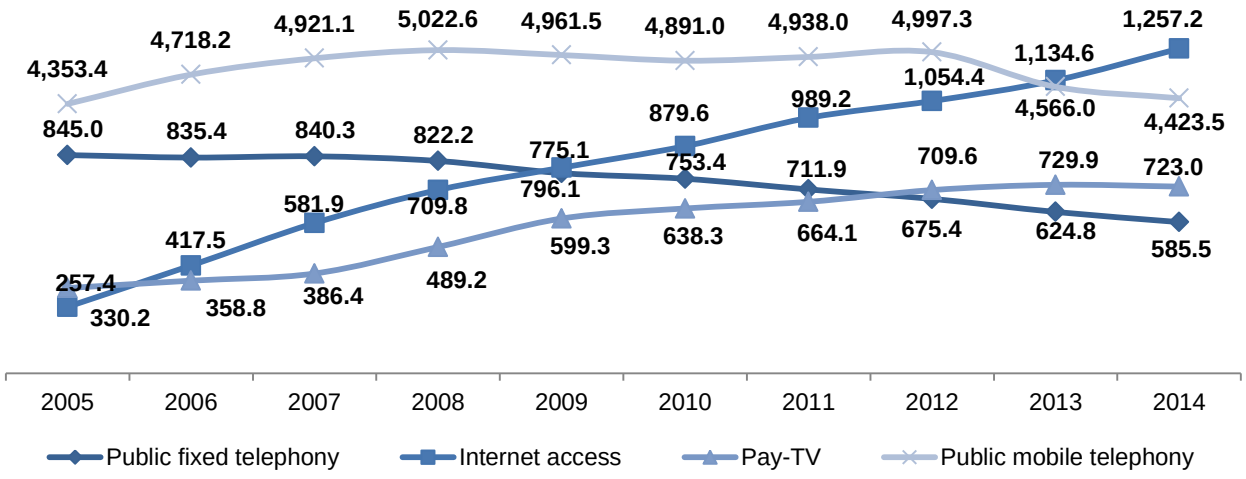


Figure 6. **Number of users of electronic communications services by individual electronic communications services from 2005 to the end of 2014, in thousands**
Source: RRT

The changing number of users of electronic communications services also influenced the penetration rate of services. The penetration rate is the ratio between the number of subscribers and the number of residents, expressed as a percentage. The penetration rate of a specific service shows the percentage of residents using the service in question. In 2014, the highest penetration rate was in public mobile telephone communication services, which accounted for 151.4 percent and was 3.7 percentage points lower than in 2013 (see Figure 7). The penetration of public fixed telephone communication services decreased by 1.2 percentage point and was 19.7 percent in 2014. The penetration of pay-TV remained unchanged in 2014 and accounted for 24.7 percent. Only the penetration of Internet access services increased in 2014 and totalled 43 percent at the end of the year, which was as much as 4.5 percentage points more than in 2013. The calculation of the latter indicator, Wi-Fi services provided as an additional service along with the already used Internet access was included in the calculation of the latter indicator. Without these Wi-Fi service recipients, in 2013, penetration would be 36 percent and in 2014 – 38 percent. Given the fact that penetration rates have been quite stable in the past few years, retail electronic communication services (except for Internet services) can be stated to have reached the stage of maturity, and a large future increase in demand is unlikely.

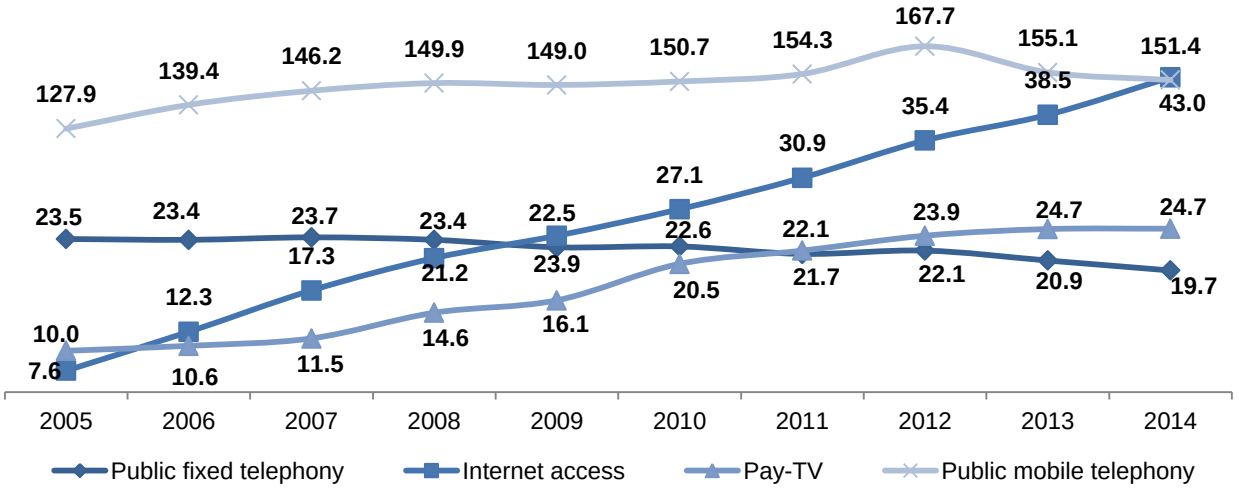


Figure 7. **Dynamics of the penetration of electronic communications services in 2005–2014, in per cent**
Source: RRT

The number of the recipients of public mobile telephone communications services having decreased in 2014 did not have an adverse effect on the duration of phone calls originated in public mobile telephone communication networks. Compared to 2013, the duration of phone calls originated in public mobile telephone communication networks increased from 7,699.9 million minutes to 8,181.5 million minutes during 2014.There were no major changes in the use of public fixed telephone communication services in 2014 – duration of calls originated in public fixed communication networks further decreased: compared to 2013, the duration of such calls decreased by 13.7 percent, or 156.8 million minutes, and amounted to 985.2 million minutes in 2014 (see Figure 14).

During 2014, investments made into the electronic communications infrastructure amounted to EUR 82.3 million (LTL 284.2 million) and were 5.1 percent lower than in 2013. Most of the investments were made in broadband communication networks – mobile 4G networks and broadband WiMAX networks. Observing the trends of changes in investments in the electronic communications infrastructure, it can be concluded that, despite the fact that revenues from the electronic communications sector have been declining each year since 2009, investments have varied cyclically – in some years investments grew, while in others they decreased. Throughout the entire period under examination from 2005 to 2014, the amount of almost EUR 1 billion (about LTL 3.3 billion) was invested in the electronic communications sector (see Figure 8).

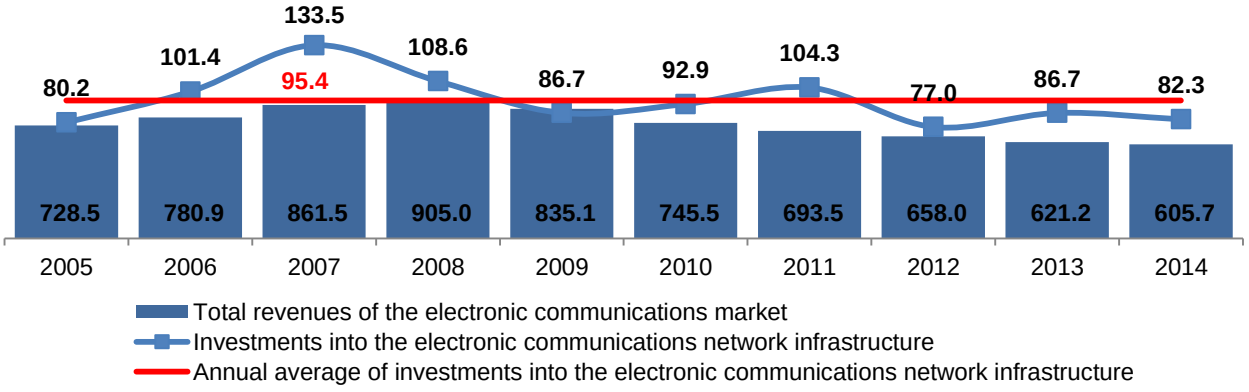


Figure 8. **Dynamics of revenues of the electronic communications sector and investments into the electronic communications infrastructure in 2005–2014, in EUR million**
Source: RRT

As previously mentioned, competition is one of the factors leading to a decline in revenues of the electronic communications sector. Competition also affects the demand for and investments into electronic communications services. The extent and sustainability of competition are well reflected by such indicators as the number of electronic communications service providers, their market shares and price trends of the provided services. At the end of 2014, 144 undertakings were engaged in electronic communications activities in Lithuania, just like in 2013. The largest share (74.3 percent) in the overall structure of the number of electronic communications service providers was occupied by Internet access service providers. Compared to 2013, their number increased by 3 providers in 2014, and there were a total of 107 Internet access providers at the end of 2014. There were 45 pay-TV service providers in 2014, which was one less than in 2013. Compared to 2013, the number of public fixed communication service providers decreased by 2 undertakings to 43. There were 14 undertakings engage in the provisions of public mobile communication services at the end of 2014, i.e. the same number of service providers as in 2013 (see Figure 9).

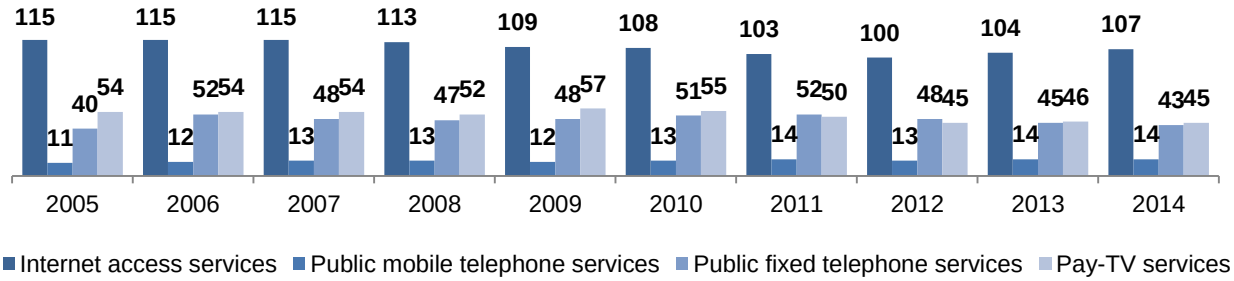


Figure 9. **Dynamics of the number electronic communications service providers in 2005–2014, in units**
Source: RRT

In 2014, the largest share of the total revenues of the electronic communications sector was earned by TEO LT, AB, and accounted for 28.1 percent of all revenues of the sector. Compared to 2013, the share of TEO LT, AB, decreased by 0.4 percentage points (see Figure 10). Revenues of UAB TELE2 accounted for 18.5 percent of the total revenues of the sector. It should be noted that UAB TELE2 was the only one of the major providers of electronic communications services to increase its share in terms of revenues. The share of revenues of UAB Cgates increased by 0.1 percentage point and totalled 2.4 percent. Revenues of UAB OMNITEL and UAB Bitė Lietuva were 15.3 and 15.1 percent of the total revenues of the sector, respectively. Revenue shares of other undertakings operating in the electronic communications sector in 2014 accounted for 20.6 percent and increased by 1.5 percentage point during the year.

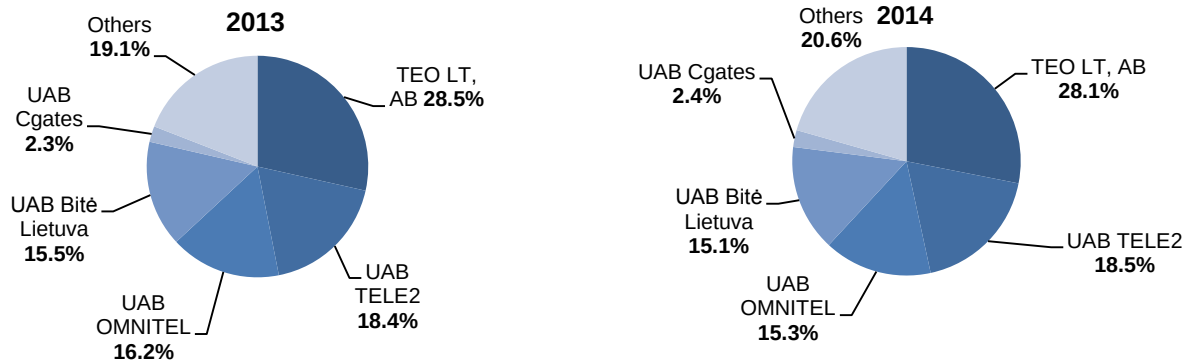


Figure 10. **Distribution of revenues of the electronic communications sector by service providers in 2013 and 2014, in per cent**
Source: RRT

One of the indicators illustrating price trends of electronic communications services is average revenues per user per month (ARPU). This indicator does not show a specific service price at a certain moment, however, changes therein very well reflect the trends of changes of the totality of prices. Compared to 2013, ARPU of the majority of retail electronic communications services decreased during 2014 (see Figure 11). Having compared the ARPU dynamics with changes in demand, electronic communications service recipients can be concluded to have received more services at a lower price.

ARPU changed differently across individual service groups. Just like in previous periods, the highest monthly average revenues per user (ARPU) were earned by public fixed telephone communication service providers – EUR 7.6 (LTL 26.2), however, compared to 2013, they decreased by EUR 0.7 (LTL 2.4) in 2014. The ARPU of Internet access services[5] were EUR 7.3 (LTL 25.2), i.e. EUR 0.7 (LTL 2.4) less than in 2013. The ARPU of public mobile telephone communications services also decreased in 2014 – by EUR 0.3 (LTL 1), and were EUR 4.1 (LTL 14.2). Only pay-TV services experienced a constant growth in the average revenues per user throughout the entire 2006–2014 period. During 2014, the ARPU of pay-TV services increased by EUR 0.1 (LTL 0.3) and were equal to EUR 7 (LTL 24.1). This increase in revenues can be explained by the fact that viewers tend to pay more for certain additional TV programmes.

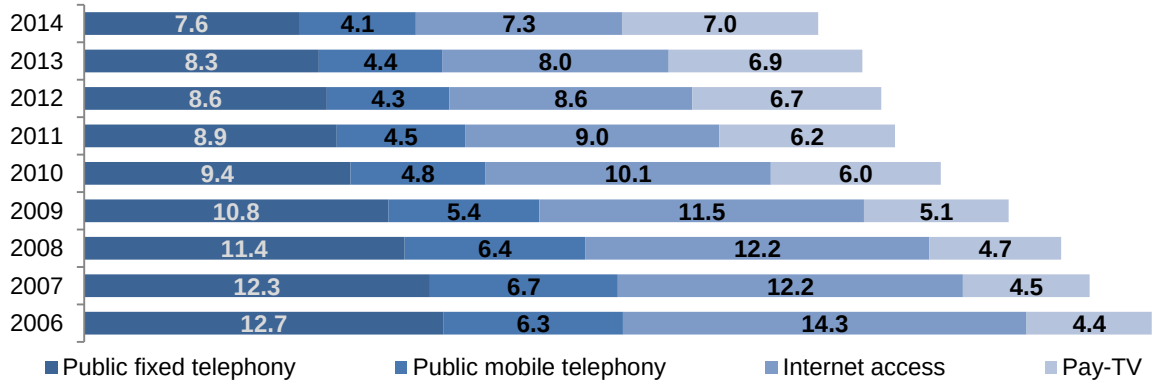


Figure 11. **Monthly average revenues per user (ARPU) in 2006–2014, in EUR per month**
Source: RRT

Summary

- In 2014, revenues from the electronic communications sector amounted to EUR 605.7 million (LTL 2,091.4 million) and, compared to 2013, decreased by 2.5 percent.
- In 2014, the share of revenues from public mobile telephone communication services accounted for 36.6 percent of the total revenues of the electronic communications sector. Revenues from the provision of Internet access and other data transmission services (including leased lines) accounted for 25.5 percent, networks interconnection – 18.2 percent, television and radio services – 10.6 percent, public fixed telephone communication services – 9 percent of the total revenues of the electronic communications sector.
- In 2014, EUR 221.7 million (LTL 765.5 million) was received in revenues from the provision of public mobile telephone communication, EUR 154.7 million (LTL 534.1 million) from the provision of data

[5] The ARPU of these services was calculated evaluating all Internet access technologies: Internet access provided via metallic twisted pair lines (xDSL), fiber-optic communication lines, cable television networks, local area networks (LAN), wireless communication lines, public mobile communication networks and leased lines.

transmission services (including Internet access, leased lines and other data transmission services), EUR 110.3 million (LTL 380.8 million) from the provision of networks interconnection services, EUR 64.4 million (LTL 222.4 million) from the provision of television and radio services and EUR 54.6 million (LTL 188.5 million) from the provision of public fixed telephone communication services.

- At the end of 2014, there were 144 undertakings engaged in electronic communications activities in Lithuania, just like in 2013. There were 107 undertakings engaged in the provision of Internet access services, 43 undertakings provided public fixed telephone communication services, 45 – pay-TV services and 14 – public mobile telephone communication services.
- In 2014, investments made into the electronic communications infrastructure amounted to EUR 82.3 million (LTL 284.2 million) and, compared to 2013, decreased by 5.1 percent.
- In 2014, the largest share of total revenues of the electronic communications sector was earned by TEO LT, AB. Revenues of this service provider accounted for 28.1 percent of the total revenues of the sector. Revenues earned by UAB TELE2 accounted for 18.5 percent, UAB OMNITEL – 15.3 percent, UAB Bitė Lietuva – 15.1 percent and UAB Cgates – 2.4 percent of the total revenues of the sector.
- In 2014, there were 4,423.5 thousand subscribers using public mobile telephone services, 1,257.2 thousand subscribers using Internet access services, 723 thousand subscribers, who used pay-TV services, and 585.5 thousand subscribers using public fixed telephone services.
- In 2014, the highest penetration rate was in public mobile telephone communication services, which accounted for 151.4 percent at the end of 2014. The penetration of Internet access services was 43 percent, while penetration of pay-TV and public fixed telephone communication services accounted for 24.7 percent and 19.7 percent, respectively, at the end of 2014.
- In 2014, the highest ARPU were received from the provision of public fixed telephone communication services – EUR 7.6 (LTL 26.2). ARPU from Internet access services amounted to EUR 7.3 (LTL 25.2), pay-TV services – EUR 7 (LTL 24.1), and the lowest ARPU were generated from the provision of public mobile telephone communication services, which totalled EUR 4.1 (LTL 14.2).

1. Telephone communication

This part of the Report overviews public mobile telephone communication services, public fixed telephone communication services and networks interconnection services, as well as the dynamics of the demand and structure of the said services. The first section covers voice telephony services, which include public mobile and fixed telephone communication services, the second section examines public mobile and public fixed communication networks interconnection services, and the last part thereof presents the services of short text messages (SMS) and video messages (MMS).

1.1. Voice services

In today's world, where there are many methods of communication and exchange of information, voice services provided over public mobile and fixed communication networks still remain one of the main forms of communication.

At the end of 2014, there were 51 voice services providers, or 35.4 percent of all providers of electronic communications services. 14 of them provided public mobile telephone communication services and 43 – public fixed telephone communication services.

In 2014, voice services remained one of the main sources of revenues of the electronic communications sector. Revenues from retail voice services provided over public mobile and fixed communication networks totalled EUR 207.3 million (LTL 715.8 million) and accounted for 34.2 percent of all the revenues generated in the electronic communications sector. Assessing retail voice services together with wholesale voice services (networks interconnection services), total revenues from voice services amounted to EUR 317.6 million (LTL 1.1 billion) or 52.4 percent of all electronic communications sector revenues in 2014. However, main trends of retail voice (call) services provided over public mobile and fixed communication networks in 2014 are presented further in the report.

Revenues from voice services having grown until 2007 decreased during the 2008-2012 period, however, the share of the revenues in the overall structure of electronic communications revenues decreased during the 2006-2012 period. In 2006, revenues from voice services accounted for 52.7 percent of the total revenues of the electronic communications services, while in 2012, the share of revenues from voice services in the total revenues of the electronic communications sector was 27.1 percent. In 2013, the total revenues of 55 voice services providers generated from voice services accounted for 38 percent of all revenues received in the electronic communications sector, or EUR 236 million (LTL 814.8 million). However, it should be noted that such an increase in revenues was determined by changes in the methodology used for calculation of revenues from voice services rather than a sudden increase in the demand for the services or price of services, as in 2013 RRT detailed the principles for distribution of monthly fees of public telephone communication services by specific services. In the implementation of the said revenue distribution principles, revenues of one type of services have been redistributed to another types of services, and these changes will allow making more accurate estimates of revenues from voice and other services in the future. Compared to 2013, revenues from voice services decreased by 12.2 percent in 2014. As previously mentioned, they accounted for 34.2 percent of the total revenues of the electronic communications sector.

The largest share of the total revenues from voice services (74.1 per cent) in 2014 was made up of the revenues received from public mobile telephone communication services (see Figure 12). Revenues from public mobile telephone communication voice services include the revenues from the provision of voice and video calls as well as revenues from roaming services. In 2013, the growth of revenues from public mobile telephone communication voice services was determined by redistribution of revenues, which took place after RRT detailed revenue distribution principles. Comparing the structure of revenues from voice services, during 2014, the share of revenues from public mobile telephone communication voice services in the total revenues from voice services increased from 73.6 percent to 74.1 percent. Revenues from the provision of public fixed telephone communication services include revenues from local, long-distance, international calls, calls to public fixed and mobile communication networks as well as other revenues that include revenues for subscriber lines. During 2014, public fixed telephone communication service revenues decreased by EUR 8.8 million (LTL 30.4 million) or 14.1 percent. A relative reduction of revenues from public fixed telephone communication voice services was greater than the reduction of revenues from public mobile telephone communication voice services, thus the share of revenues from public fixed telephone communication voice services in the overall structure of revenues from electronic communications voice services decreased from 26.4 percent to 25.9 percent.

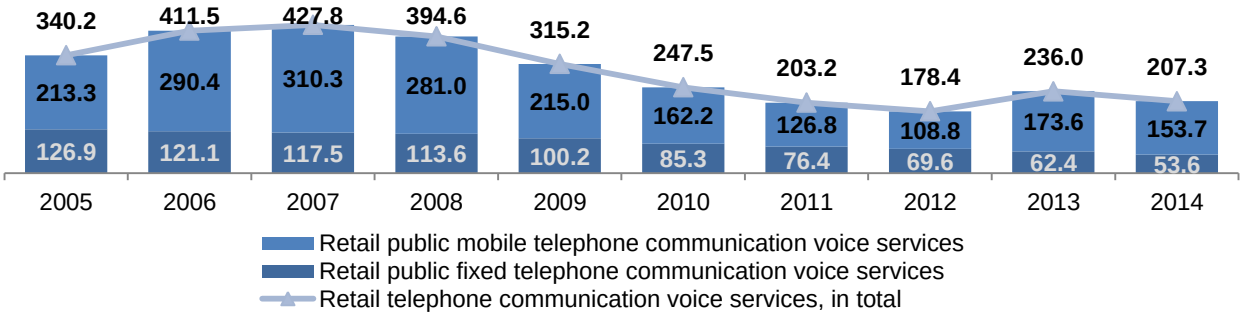


Figure 12. **Dynamics of the structure of voice service revenues in 2005–2014, in EUR million**
Source: RRT

In 2014, demand for voice services (excluding roaming calls), in terms of the duration of originated phone calls, retained the growth trends experienced in previous years (see Figure 13). Duration of originated calls increased by 324.8 million minutes during the year and was 3.7 percentage points longer than in 2013.

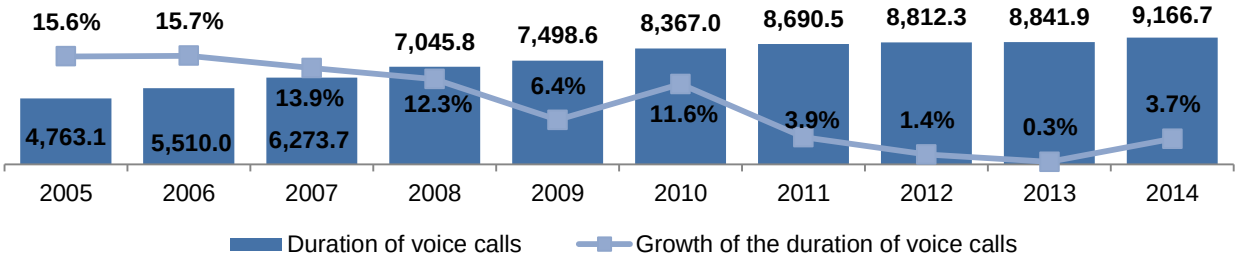


Figure 13. **Dynamics of the volumes of the voice services in terms of the duration of calls, in million minutes, and the growth rate, in per cent, in 2005–2014**
Source: RRT

Analysing the structure of originated voice calls, in 2014, just like in 2013, the duration of calls originated in public mobile communication networks increased, while the duration of calls originated in public fixed communication networks decreased. In 2014, the duration of phone calls of public mobile telephone communication subscribers accounted for 89.3 percent of the total duration of voice calls. Compared to 2013, the duration of phone calls originated in public mobile telephone communication networks increased by 6.3 percent, or 481.6 million minutes, and amounted to a total of 8,181.5 million minutes in 2014 (see Figure 14).

The duration of phone calls originated in public fixed communication networks decreased by 13.7 percent, or 156.8 million minutes during 2014 and amounted to 985.2 million minutes. This has been the largest drop throughout the entire 2005–2014 period.

The dynamics of the duration of calls during the period of 2005-2014 shows that the recipients of public mobile telephone communication voice services have been making more and more calls each year, however, it should be noted that in the beginning of the period under examination, growth rate of the duration of calls originated in public mobile communication networks was much greater than in the past three years. The rate of decline in the demand for public fixed telephone communication voice services has been growing.

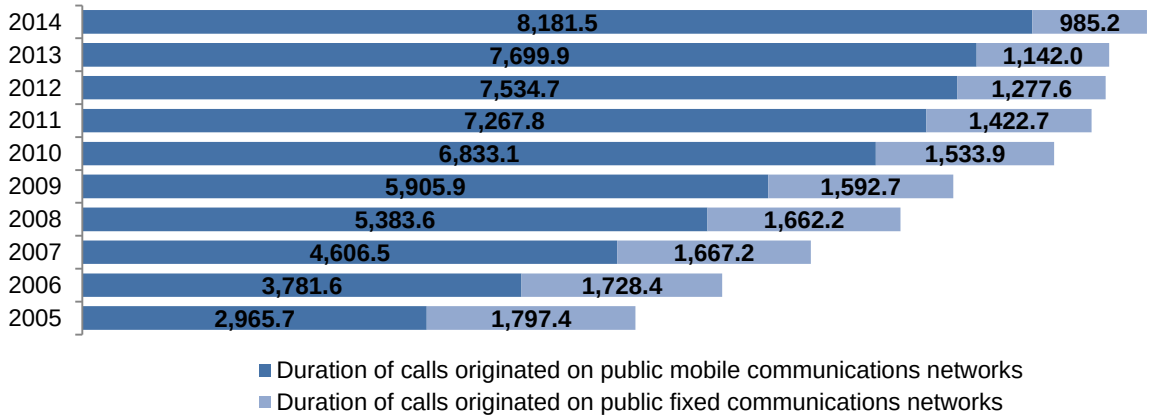


Figure 14. **Changes in the structure of voice services (excluding roaming calls) by duration of calls in 2005–2014, in million minutes**
Source: RRT

Declining revenues from voice services and increasing duration of calls implies that the average prices for voice services as well as the expenses of service recipients for voice services have been decreasing. In 2014, the average revenues per minute of public mobile telephone communication calls (revenues earned from voice services divided by the duration of originated calls) amounted to 1.87 euro cents (6.5 cents). The average revenues per minute of public fixed telephone communication calls were 5.44 euro cents (18.8 cents per minute) in 2014.

Declining revenues from voice services as well as decreasing demand for some services were not the only indicators that had a downward trend in 2014. In 2014, the number of voice service users was also decreasing. During 2014, the number of telephone communication subscribers decreased by 3.5 percent or 181.8 thousand subscribers. In 2014, the number of public mobile telephone communication subscribers made up 88.3 percent of the total number of telephone communication subscribers. Compared to 2013, the number of active public mobile telephone communication subscribers decreased by 3.1 percent, or 142.5 thousand subscribers, and totalled 4,423.5 thousand subscribers in 2014 (see Figure 15).

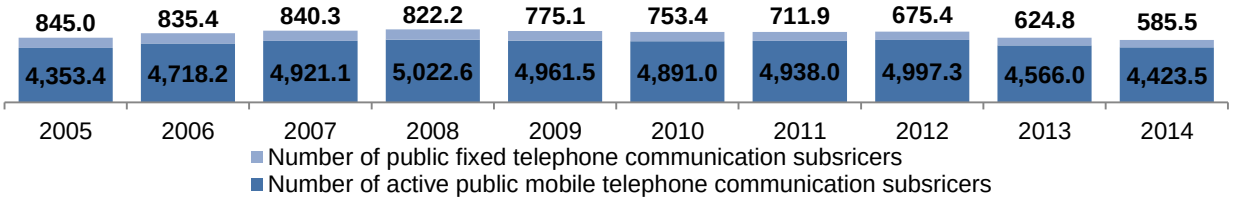


Figure 15. **Dynamics of the number of telephone communication subscribers in 2005–2014, in thousands**
Source: RRT

Downward trends of the number of public fixed telephone communication subscribers have prevailed since the time when the market was liberalized, and year 2014 was no exception in this respect. Compared to 2013, the number of public fixed telephone communication subscribers decreased by 6.3 percent or 39.3 thousand in 2014 and totalled 585.5 thousand subscribers at the end of the year.

1.1.1. Public mobile telephone communication voice services

Number of service providers. At the end of 2014, 14 undertakings were engaged in the activities of public mobile communication networks and (or) public mobile telephone communication services, which

was by one undertaking less than at the end of the previous year. 6 of these undertakings were engaged in the provision of public mobile telephone communication services and were concluding contracts with service recipients. 7 undertakings were reselling services provided by other public mobile telephone communication service providers. One undertaking was providing solely the wholesale call termination services.

Subscribers. At the end of 2014, public mobile telephone communication voice services were used by slightly more than 4.4 million active subscribers[6] (see Figure 15), i.e. 3.1 percent less than at the end of 2013. The penetration of active public mobile telephone communication subscribers decreased by 3.7 percentage points in 2014, and there were 151.4 Subscriber Identification Module (SIM) cards per 100 residents of the country at the end of 2014 (see Figure 7). However, the decrease in the number of active subscribers may be associated not only with the decreasing number of service users, but also with a wish of the subscribers to have only one SIM card for convenience purposes.

The fact that public mobile communication services are widely used, even despite the declining number of active public mobile telephone communication subscribers is confirmed by the statistics on the usage of mobile phone. The publication "Information Technologies in Lithuania 2014" issued by Statistics Lithuania[7] indicates that 97 percent of all the residents aged 16–74 used mobile telephones in 2014. Compared to the indicator of 2013, it is obvious that the use of mobile telephones increased by 1 percentage point during 2014. It should be noted that the growth in the group of elderly people was even greater: in the group of 64-74 year-olds, the use of mobile telephones increased from 84.3 percent in 2013 to 87.2 percent in 2014, in the group of 55–64 year-olds, the use of mobile telephones increased from 94.7 percent in 2013 to 95.2 percent in 2014. These statistics show that mobile telephones as well as public mobile telephone communication services are used most by younger people, however, elderly people also do not ignore mobile communication technologies, and their popularity has been constantly increasing among seniors.

Post-paid subscribers made up the largest share of the number of active public mobile telephone communication subscribers (55.6 percent) in 2014. This situation, when the number of post-paid subscribers exceeded the number of pre-paid subscribers, has recurred for the second year (see Figure 16). During the evaluation of the 2005-2014 period, the continuing upward trend of the number of post-paid subscribers has come to light. During 2014, the number of such subscribers increased by 2.6 percent or 63.2 thousand and totalled 2,460.7 thousand subscribers.

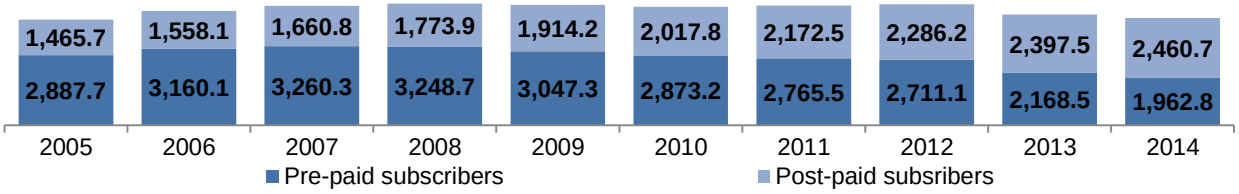


Figure 16. **Distribution of the number of active public mobile telephone communication subscribers by method of payment in 2005–2014, in thousands**
Source: RRT

In terms of the distribution of the number of active public mobile telephone communication subscribers by service providers, during 2014, the number of subscribers of all public mobile telephone communication operators decreased (see Figure 17). Compared to 2013, the number of active public mobile

[6] An active subscriber is a subscriber, who, during the time period of the previous three months, has initiated a telecommunication event (originated a call, sent a short text message or used another service).
[7] The publication "Information Technologies in Lithuania 2014": http://www.ivpk.lt/uploads/Informacinės%20technologijos%20Lietuvoje%202014.pdf

telephone communication subscribers of other providers (other than UAB Bitė Lietuva, UAB OMNITEL and UAB TELE2) decreased the most in 2014 – by 9.1 percent or 7.9 thousand subscribers. During 2014, the number of active public mobile telephone communication subscribers of UAB OMNITEL decreased by 5.7 percent, or 90.8 thousand, while the number of active public mobile telephone communication subscribers of UAB TELE2 and UAB Bitė Lietuva decreased by 1.5 percent.

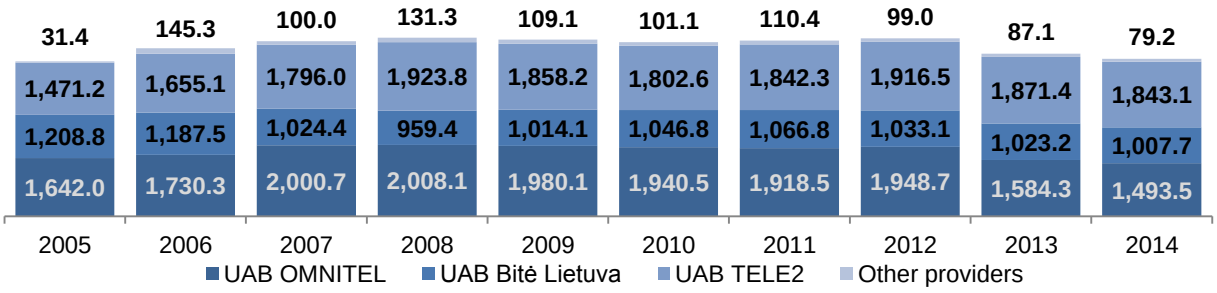


Figure 17. **Distribution of the number of active public mobile telephone communication subscribers by service providers in 2005–2014, in thousands**
Source: RRT

Analysing the distribution of the number of active public mobile telephone communication subscribers by service providers, during 2014, the market shares of the public mobile telephone communication operators remained unchanged. Just like in 2013, in 2014, UAB TELE2 was the operator with the largest market share (41.7 percent) in terms of the number of active public mobile telephone communication subscribers. In 2014, UAB OMNITEL occupied 33.8 percent of the market in terms of the number of active public mobile telephone communication subscribers. Just like in 2013, in 2014, UAB Bitė Lietuva ranked third and had 22.8 percent of the market in terms of active public mobile telephone communication subscribers.

In presence of high penetration of mobile communication subscribers and high indicators of the use of mobile communications, the increase in the number of service users as a result of new subscribers not yet using these services is impossible. The growth in the number of subscribers is possible only by luring away subscribers of other service providers. In such a case, the number portability service has the greatest influence on the changes in the number of subscribers. In 2014, 160.7 subscribers made use of this service, which was 10 percent less than in 2013. The most subscribers (33.8 percent) were ported to another network from the network of UAB Bitė Lietuva – 54.3 thousand subscribers. This was the first time when UAB Bitė Lietuva took over this position from UAB OMNITEL. In 2014, 49.4 thousand subscribers (30.7 percent) transferred from the latter operator. 47.4 thousand numbers, or 29.5 percent of all subscribers having used the number portability service, were ported from UAB TELE2 to networks of other operators (see Figure 18).

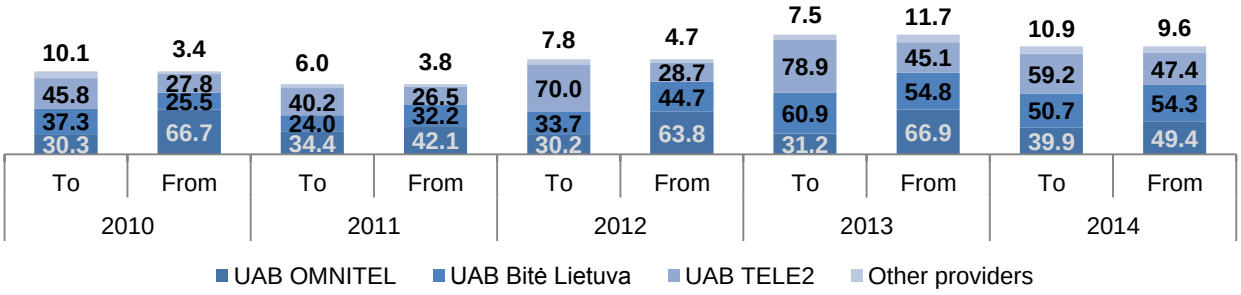


Figure 18. **Distribution of the number of subscribers having made use of the public mobile telephone communication number portability service by providers in 2010–2014, in thousands**
Source: RRT

Just like in previous years, UAB TELE2 remained the operator, which attracted the largest percentage (36.8 per cent) of subscribers to its network in 2014. 59.2 thousand subscribers chose the network of this service provider. 31.5 percent, or 50.7 thousand subscribers, selected the network of UAB Bitė Lietuva when porting their numbers from another operator's network. 39.9 thousand numbers, or 24.8 percent of all subscribers having used the number portability service, were transferred to the network of UAB OMNITEL from networks of other operators.

Table 1. **Number portability flows between the providers of public mobile telephone communication services in 2014, in per cent**

2014	To UAB OMNITEL	To UAB Bitė Lietuva	To UAB TELE2	To other networks
From UAB OMNITEL		47.4 %	49.5 %	3.1 %
From UAB Bitė Lietuva	41.1 %		53.8 %	5.1 %
From UAB TELE2	35.0 %	51.3 %		13.7 %

Source: RRT

The majority (49.5 percent) of UAB OMNITEL subscribers having used the number portability service in 2014 chose the services of UAB TELE2 (see Table 1). Most subscribers of UAB TELE2 (51.3 per cent) chose UAB Bitė Lietuva as their new service provider. The majority (53.8 percent) of the subscribers of UAB Bitė Lietuva transferred their numbers to the network of UAB TELE2. The largest share (13.7 per cent) of subscribers, who decided to use the services of an operator other than major public mobile telephone communication operators, was former subscribers of UAB TELE2.

Revenues. Intense competition, which sometimes leads to price wars, reduces prices of voice calls, which in turn leads to lower revenues from voice services. Revenues from retail public mobile telephone communication voice services have been decreasing back since 2008 (see Figure 19). During 2013, revenues received from retail public mobile telephone communication voice services increased by EUR 64.8 million (LTL 223.7 million) or 59.6 percent and amounted to EUR 173.6 million (LTL 599.4) million. It is important to clarify that the revenue increase was due to the redistribution of revenues for mobile communication services which occurred implementing the detailed revenue distribution methodology by services. The said methodology allows distributing revenues from public mobile telephone communication services more precisely, when not only voice, but also other electronic communication services are provided for a periodic fee. In the evaluation of financial results of 2014, a reduction in revenues from retail public mobile telephone communication voice services of 11.5 percent, or EUR 19.9 million (LTL 68.7 million) was recorded. The revenue dynamics shows that the downward trend of long-term revenues from public mobile telephone communication voice services has remained.

In terms of revenues generated from the provision of public mobile telephone communication services, the largest market share in 2014 (39.8 percent), just like in 2013, was occupied by UAB TELE2. The latter operator earned EUR 61.2 million (LTL 211.3 million) in revenues from retail public mobile telephone communication voice services (see Figure 19). Having generated EUR 48.2 million (LTL 166.4 million) in revenues from retail public mobile telephone communication voice services in 2014, UAB OMNITEL had 31.4 percent of the total market in terms of revenues, while UAB Bitė Lietuva, having earned EUR 41.9 million (LTL 144.7 million) during the same period, occupied 27.3 percent of the retail public mobile telephone communication voice services market.

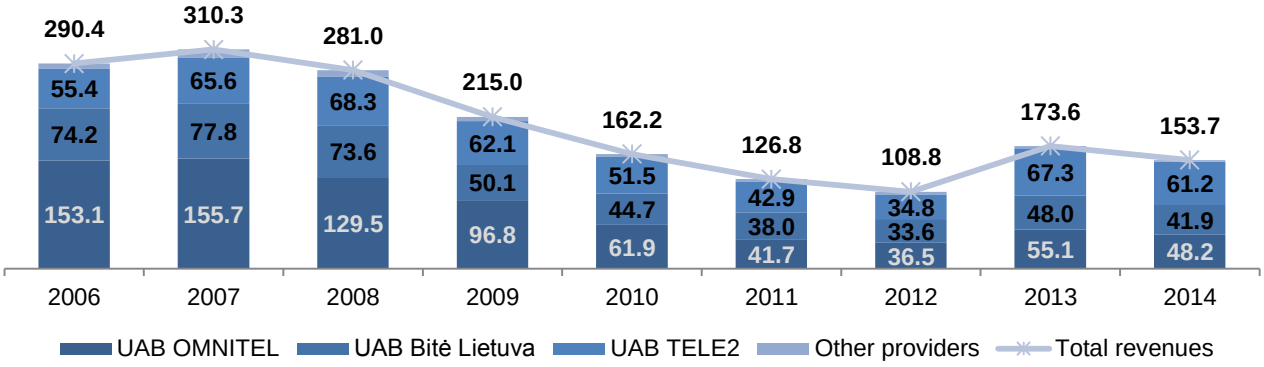


Figure 19. **Dynamics of the structure of retail public mobile telephone communication voice service revenues by providers in 2006–2014, in EUR million**
Source: RRT

The average revenues per user (ARPU) from public mobile telephone communication voice services amounted to EUR 3.2 (LTL 11) in 2013 (see Figure 20). ARPU dynamics shows that, after its long-term decline, ARPU increased in 2013, compared to 2012. The growth of ARPU in 2013 was determined by two factors: in 2013, RRT revised the revenue distribution methodology and detailed the distribution of revenues from telephone communication services; and the number of public mobile telephone communication service users decreased in 2013.

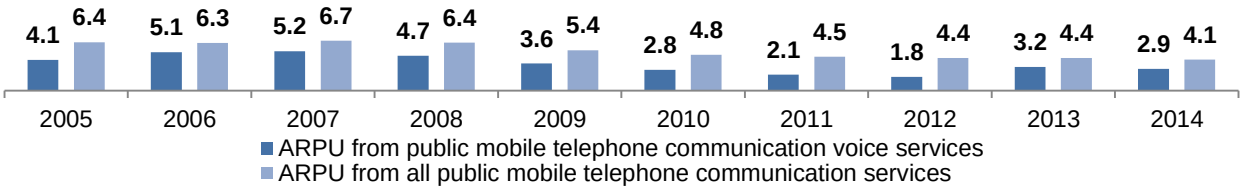


Figure 20. **ARPU from public mobile telephone communication voice services and for all public mobile telephone communication services in 2005–2014, in EUR per month**
Source: RRT

In 2014, ARPU from public mobile telephone communication voice services decreased by EUR 0.3 (LTL 1) and totalled EUR 2.9 (LTL 10). This illustrates the downward trend of ARPU, which has lasted since 2007 (except for the discussed year 2013). Total revenues from public mobile telephone communication voice services (revenues from voice, SMS, MMS, data transmission services using a device, calls from subscribers using roaming, and other services) per subscriber per month also decreased in 2014. ARPU for the latter services decreased by EUR 0.3 (LTL 1) and amounted to EUR 4.1 (LTL 14.2) in 2014.

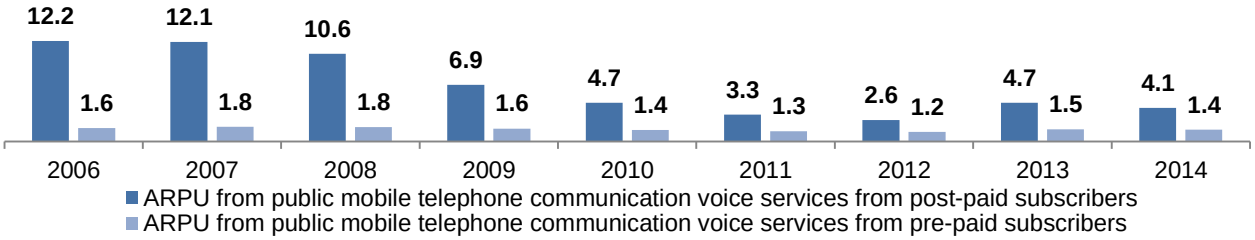


Figure 21. **ARPU from public mobile telephone communication voice services by subscribers' method of payment for services in 2006–2014, in EUR per month**
Source: RRT

As in the previous year, in 2014, the highest ARPU were earned from post-paid subscribers (see Figure 21.). In 2014, the ARPU from the above subscribers for retail public mobile telephone communication voice services amounted to EUR 4.1 (LTL 14.2), while ARPU for retail public mobile telephone

communication services from pre-paid subscribers were EUR 1.4 (LTL 4.8) in 2014. Revenues generated from the latter segment were relatively stable and ranged between EUR 1.2 and 1.8.

When analysing ARPU from public mobile telephone communication voice services by service providers, in 2014, the lowest ARPU from public mobile telephone communication voice services were received by other mobile providers – they totalled EUR 2.5 (LTL 8.6) (see Figure 22). ARPU of UAB OMNITEL were EUR 2.7 (LTL 9.3) and ARPU of UAB TELE2 amounted to EUR 2.8 (LTL 9.7) in 2014. In 2014, UAB Bitė Lietuva received the highest ARPU from the public mobile telephone communication voice services, which amounted to EUR 3.5 (LTLT 12.1) and were 29.6 percent higher than ARPU of UAB TELE2.

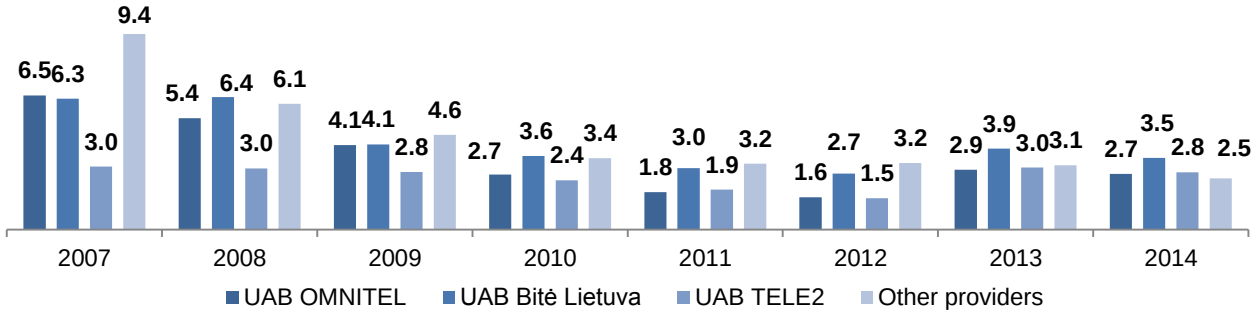


Figure 22. **ARPU from the public mobile telephone communication voice services by service providers in 2007–2014, in EUR per month**
Source: RRT

Duration and structure of calls. When analysing the structure of the duration of calls originated in public mobile communication networks in the territory of the Republic of Lithuania, calls terminated in own network, other public mobile communication networks, public fixed communication networks, networks of foreign operators, and roaming calls are considered.

The duration of calls originated by active public mobile telephone communication subscribers in Lithuania increased in 2014. Compared to 2013, the duration of originated calls grew by 6.3 percent, or 487.4 million minutes, and totalled 8,225.6 million minutes (see Figure 23). In 2014, active public mobile telephone communication subscribers of Lithuania originated 99.5 per cent, or 8,181.5 million minutes of the duration of all public mobile telephone communication voice calls in the territory of the Republic of Lithuania. 44.1 million minutes or 0.5 percent of the duration of all calls were originated abroad, when subscribers of public mobile telephone communication service providers operating in the territory of the Republic of Lithuania used roaming services when travelling. Compared to 2013, in 2014, the duration of these calls increased by 15.1 percent. Increasing duration of calls originated abroad can be associated with the regulation of prices of retail roaming services started in the middle of 2007 in the European Union and Iceland, Norway and Liechtenstein. The increasing duration of roaming calls is also associated with the increasing number of trips abroad. During 2014, the number of tourists leaving for foreign countries (including business trips) increased by 1.6 percent.[8]

[8] *Source: Statistics Lithuania*

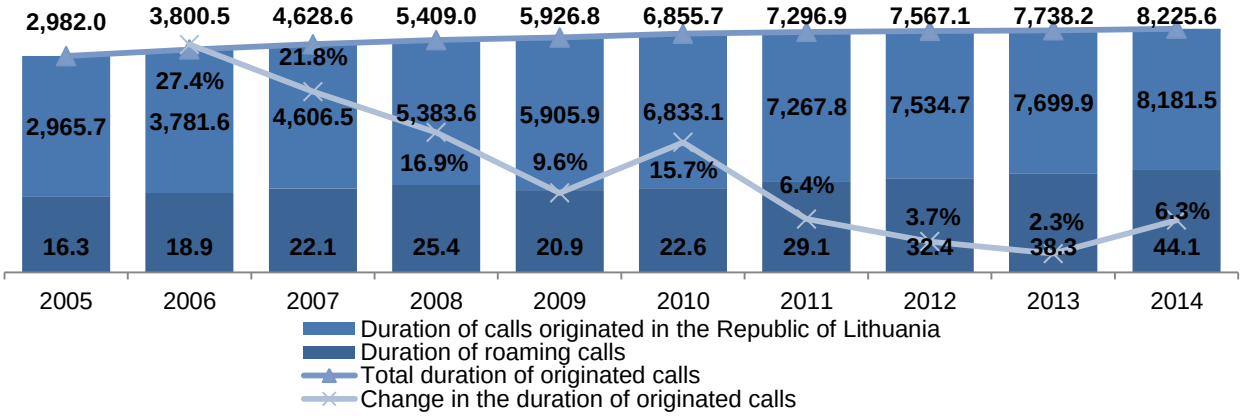


Figure 23. **Duration of calls originated by the Lithuanian users of public mobile telephone communication voice services, in million minutes, and the change in the duration of initiated calls, in per cent, in 2005–2014**
Source: RRT

In terms of the distribution of the duration of public mobile telephone communication calls originated in the territory of the Republic of Lithuania, in 2014, the longest was the duration of calls initiated in UAB TELE2 network (see Figure 24). 47.4 percent of all calls originated in the territory of the Republic of Lithuania were originated in the network of the latter provider. The shortest was the duration of calls (23.6 percent) originated in UAB Bitė Lietuva networks in 2014

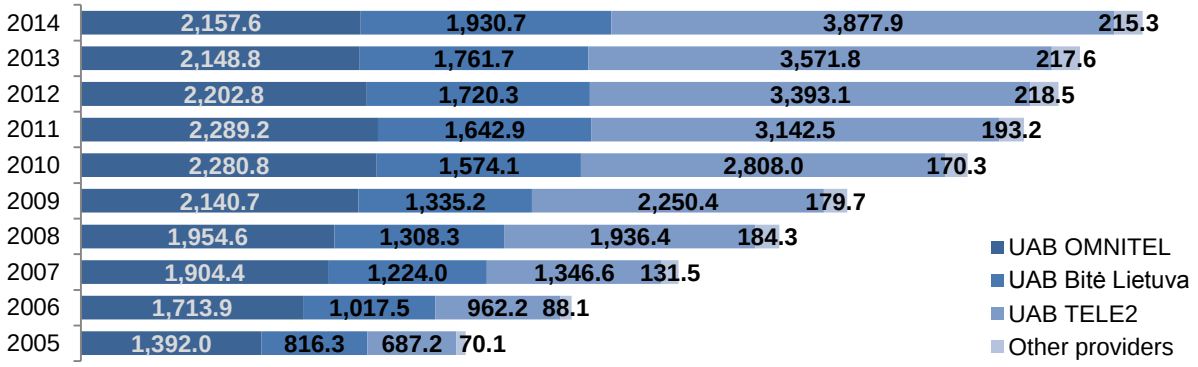


Figure 24. **Dynamics of the duration of calls originated in public mobile communications networks in the territory of the Republic of Lithuania by service providers, in million minutes, in 2005–2014**
Source: RRT

Compared to 2013, the duration of calls originated in the public mobile communication network of UAB TELE2 increased by 8.6 percent or 306.1 million minutes in 2014, while the duration of calls originated in the public mobile communication network of UAB Bitė Lietuva increased even more in 2014 – compared to 2013, it increased by 9.6 percent or 169 million minutes. The duration of calls originated in the public mobile communication network of UAB OMNITEL having decreased for several years grew by 0.4 percent, or 8.8 million minutes, in 2014.

When evaluating the structure of calls, it is important to evaluate not only the trends of the duration of calls, but also their destination. The majority (62.9 percent) of public mobile telephone calls were terminated in own network in 2014 (see Figure 25). During 2014, the duration of call terminated in other public mobile telephone communication networks grew by 23.9 percent and accounted for 33.7 percent of the total duration of all calls originated in public mobile telephone communication networks in the territory of the Republic of Lithuania. A similar situation was with calls terminated in public fixed communication networks. In 2014, the duration of calls terminated in public fixed communication networks increased the most (by 25 percent) and accounted for 2.7 percent of the total duration of originated calls. Calls terminated

in networks of foreign operators accounted for mere 0.7 percent of the total duration of calls initiated in public mobile communication networks in the territory of the Republic of Lithuania. Duration of calls to foreign countries decreased by 17.2 percent, or 12.2 million minutes, in 2014.

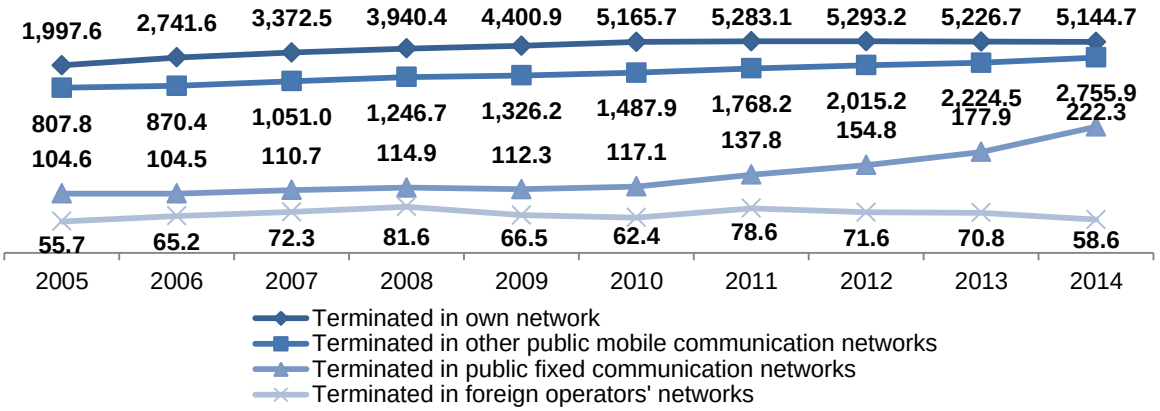


Figure 25. **Changes in the structure of calls initiated in public mobile telephone communication networks in the territory of the Republic of Lithuania in 2005–2014, in million minutes**
Source: RRT

When analysing most popular call destinations among subscribers of a particular service provider, the majority of public mobile telephone communication service recipients can be said to have made calls to service recipients of the same operator. The destinations of calls made by subscribers of different service providers have varied, but the trends have remained similar. In terms of the duration of calls, in 2014, calls between subscribers of UAB TELE2 were the longest, just like in 2013 (see Figure 26). 72.8 percent of the total duration of calls originated in UAB TELE2 network were terminated in the network of the operator in 2014.

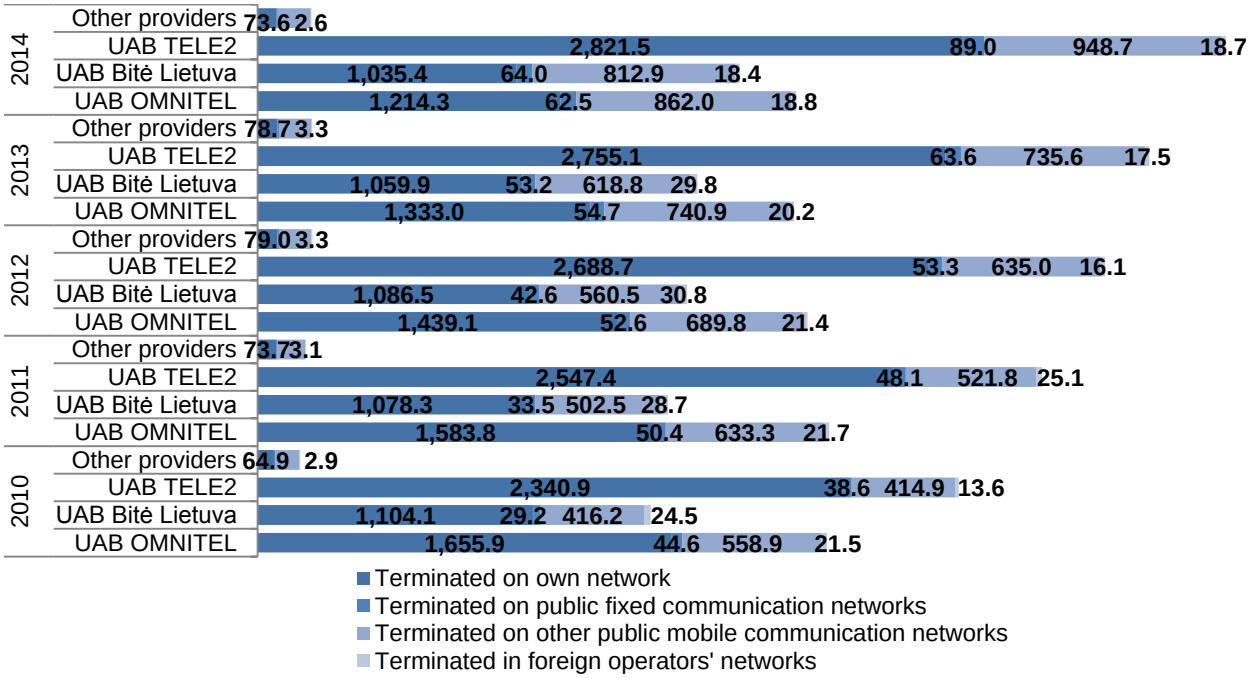


Figure 26. **Distribution of calls initiated in the networks of public mobile communication operators by the duration and destination of calls in 2010–2014, in million minutes**
Source: RRT

The duration of calls originated and terminated in UAB OMNITEL network accounted for 56.3 percent, or 1,214.3 million minutes of the total duration of calls originated in the network of the operator in 2014. The duration of calls originated and terminated in the network of UAB Bitė Lietuva was 53.6 percent of

the total duration of calls originated by subscribers of UAB Bitė Lietuva. It should be noted that the shares of the duration of originated calls terminated in own network of all operators decreased, which means that the recipients of public mobile communication services talk more with subscribers of other operators. Another phone call destination, which was popular among mobile telephone communication service users in 2014, as in previous periods, was to other public mobile communication networks.

UAB OMNITEL remained the leader of roaming services in terms of subscriber calls while abroad (see Figure 27) – in 2014, subscribers of this company originated 40.4 percent of all calls in terms of their duration. The duration of calls made by subscribers of UAB OMNITEL increased by 16.3 percent, or 2.5 million minutes. The duration of roaming calls originated by UAB Bitė Lietuva subscribers grew by 1.3 million minutes, or 11.6 percent, and accounted for 28.3 percent of the total duration of calls of all public mobile telephone communication subscribers using roaming services. The share of roaming calls originated by UAB TELE2 subscribers was 24.7 percent, or 10.9 million minutes, in 2014. During the year, the duration of roaming calls originated by UAB TELE2 subscribers increased by 19.8 percent, or 1.8 million minutes.

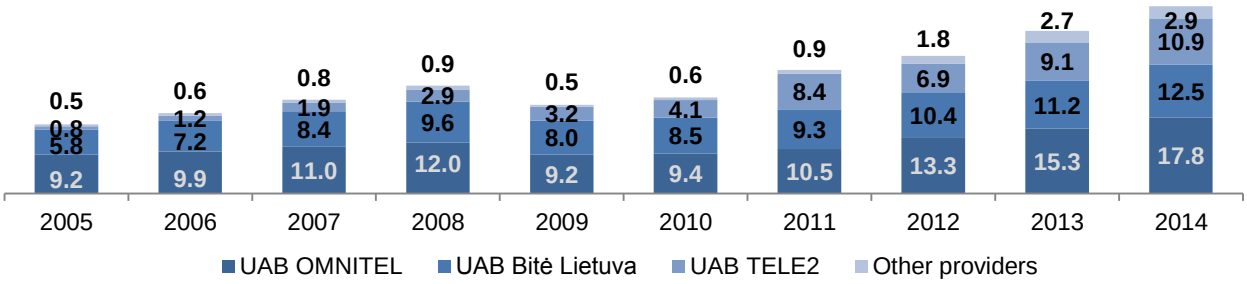


Figure 27. **Duration of calls of public mobile telephone communication subscribers using roaming services in 2005–2014, in million minutes**
Source: RRT

The increasing duration of calls originated in public mobile communication networks suggests that the average duration of calls originated by one subscriber should be longer. However, the duration of calls of the subscribers of different providers of public mobile telephone communication services have varied (see Figure 28). In 2014, the largest increase (11.3 percent) was in the average monthly duration of calls of one active subscriber of UAB Bitė Lietuva and it totalled 159.7 minutes per month. The average monthly duration of calls of one active subscriber of the other two service providers also increased: it was 10.3 percent in UAB TELE2 and 6.5 percent in UAB OMNITEL. In 2014, the average monthly call duration per subscriber of other providers of public mobile telephone communication voice services increased by 8.8 percent and amounted to 226.5 minutes per month.

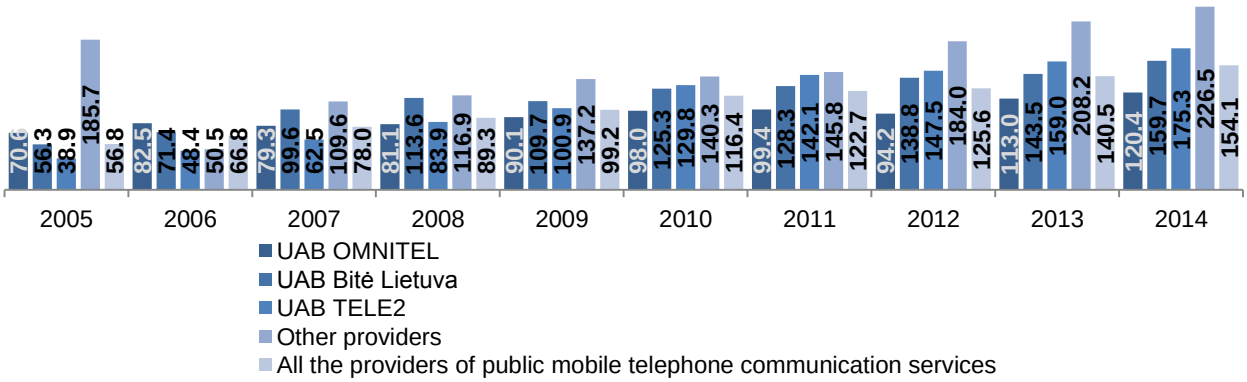


Figure 28. **Average duration of calls originated by one subscriber of public mobile telephone communication voice services in 2005–2014, in minutes per month**
Source: RRT

Price structure. The so-called "flat rate" type plans of payment for services where, at a certain periodic charge, subscribers are given a certain amount of call minutes and additional services have prevailed in Lithuania. Price wars of public mobile telephone communication service providers which broke out back in 2013 continued in 2014. The providers of public mobile telephone communication services started offering unlimited calls to all public fixed and mobile communication networks in Lithuania at a certain periodic charge. When the market offers a variety of methods of payment for services, it becomes difficult to compare the prices of services. However, the average expenses incurred by service users for calls are quite well reflected by the average revenues per minute earned by service providers.

The lowest price per minute was paid by subscribers of other mobile telephone communication services in 2014 – it cost 1.1 euro cent (3.8 cents) per minute (see Figure 29). Subscribers of UAB Bitė Lietuva and UAB OMNITEL paid the same price per minute – in 2014, the amount became equal and totalled 2.2 euro cents (7.6 cents) per minute. Subscribers of UAB TELE2 paid an average of 1.6 euro cents (5.5 cents) per minute.

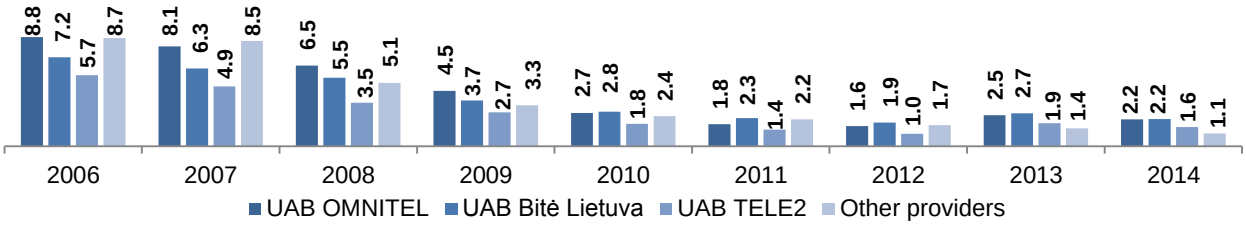


Figure 29. **Average expenses per minute incurred by one user of public mobile telephone communication services by service providers in 2006–2014, in euro cents per minute**
Source: RRT

When analysing the prices for the services offered by the providers of public mobile telephone communication voice services, it is important to note that the prices for roaming services have also decreased. Of course, they do not tend to decrease by themselves, and this decrease is mostly due to the regulation of roaming prices in the European Union. On 1 July 2014, in the implementation of Regulation (EU) No 531/2012 of the European Parliament and of the Council of 13 June 2012 on roaming on public mobile communications networks within the Union, one more reduction of roaming prices was performed in the European Union[9]. Compared to 1 July 2013, in 2014, the price per minute of an originated retail roaming call decreased by 21.0 percent and was EUR 0.23 (LTL 0.79) (including VAT). During the same period, the price per minute of an answered retail roaming call decreased by 28 percent and it was EUR 0.06 (LTL 0.21) per minutes (including VAT) on 1 July 2014.

1.1.2. Public fixed telephone communication voice services

Number of service providers. At the end of 2014, 43 undertakings were engaged in the provision of public fixed telephone communication services, which was by 2 undertakings less than at the end of the previous year. 31 undertakings indicated that they provided public fixed telephone communication services by using the Internet Protocol (IP).

Subscribers. The number of subscribers of active public fixed telephone communication lines has been decreasing for more than 10 years now. The number of public fixed telephone communication lines,

[9] http://www.rrt.lt/lt/vartotojui/telefono-rysys/tarptautinis-tarptinklinis-rysys.html

which was the highest (1,187.7 thousand) in 2001, decreased by almost half over the last 13 years, and at the end of 2014 was 574.5 thousand lines (see Figure 30). Compared to 2013, in 2014, number of active public fixed telephone communication lines decreased by 6.5 percent, or 40 thousand lines. Due to the decreasing number of lines, the penetration of public fixed communication decreased as well. At the end of 2014, there were 19.7 public fixed telephone communication lines per 100 residents. The number of public communication subscribers decreased by 6.3 percent, or 39.3 thousand subscribers during 2014 and totalled 585.5 thousand subscribers at the end of 2014.

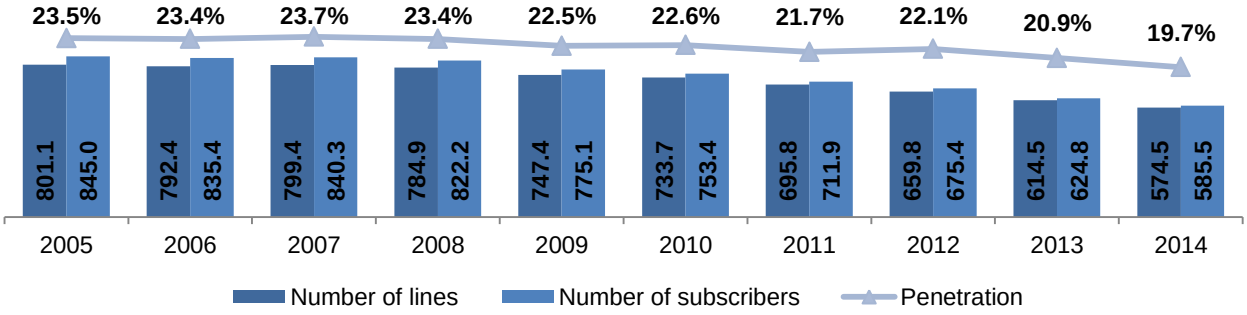


Figure 30. **Number of public fixed telephone communication subscribers, in thousands, and the penetration (number of subscribers per 100 residents), in per cent, in 2005–2014**
Source: RRT

In 2014, natural persons (users) using public fixed telephone communication services accounted for the largest share (71.1 percent) of the total number of public fixed telephone communication subscribers (see Figure 31). Compared to 2013, the number of such natural persons decreased by 7.4 percent, or 33.5 thousand, in 2014. Also, since 2009 there has been a downward trend in the number of legal persons using public fixed telephone communication services. During 2014, the number of such subscribers decreased by 3.3 per cent or 5.8 thousand.

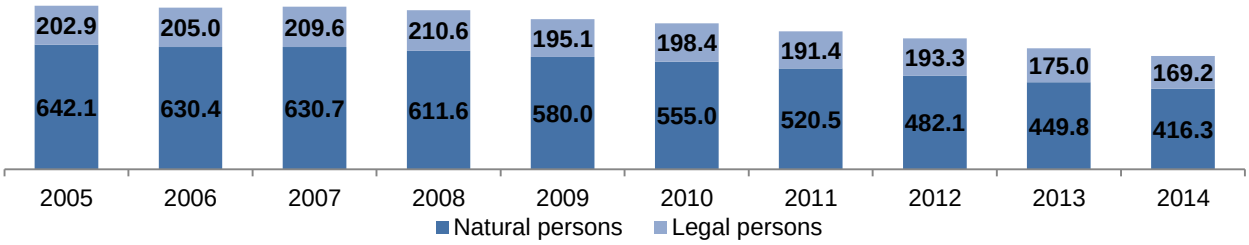


Figure 31. **Distribution of the number of public fixed telephone communication subscribers by groups of service users in 2005–2014, in thousands**
Source: RRT

In terms of the distribution of the number of public fixed telephone communication subscribers by service providers, only the number of TEO LT, AB, subscribers decreased in 2014 (see Figure 32). Compared to 2013, the number of the public fixed telephone communication subscribers of TEO LT, AB, decreased by 7 percent or 39.4 thousand in 2014. The number of the public fixed telephone communication subscribers of other providers of public fixed telephone communication services increased by 0.2 percent or 0.1 thousand subscribers in 2014. The largest alternative providers of fixed telephone communication services in terms of the number of subscribers were UAB CSC Telecom, UAB Baltnetos Komunikacijos and UAB Cgates.

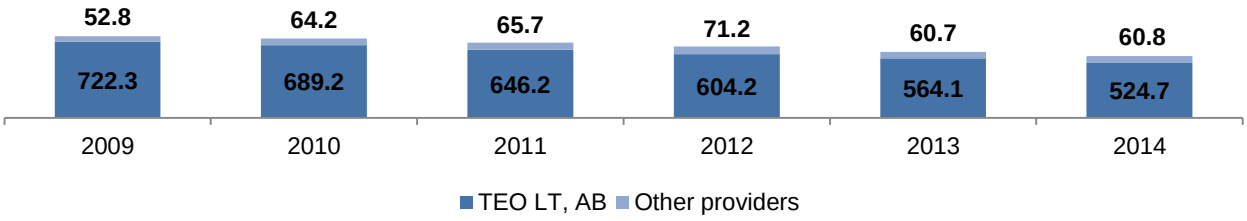


Figure 32. **Dynamics of the number of public fixed telephone communication subscribers by service providers in 2009–2014, in thousands**
Source: RRT

The decreasing total number of subscribers led to changes in the market structure in terms of groups of service recipients (see Figure 33). During 2014, the number of TEO LT, AB, subscribers using public fixed telephone communication services decreased by 7.9 percent and amounted to 400.5 thousand subscribers. As a result, the market share of TEO LT, AB, in the segment of services provided to natural persons decreased and accounted for 96.2 percent of the total market. Compared to 2013, the number of public fixed telephone communication service users of other service providers increased by 6.8 percent and totalled 15.8 thousand subscribers in 2014. The increase in the number of new subscribers increased the market share of other service providers in the segment of services provided to natural persons, and accounted for 3.8 percent of the total market in 2014.

The number of legal persons using public fixed telephone communication services provided by TEO LT, AB, and other service providers decreased in 2014 by, respectively, 3.7 percent (4.75 thousand) and 2.3 percent (1.05 thousand). Public fixed telephone communication services provided by TEO LT, AB, were used by 124.4 thousand legal persons at the end of 2014, which accounted for 73.5 percent of the market of public fixed telephone communication services provided to legal persons, while other service providers with 44.8 thousand subscribers occupied 26.5 percent of the market.

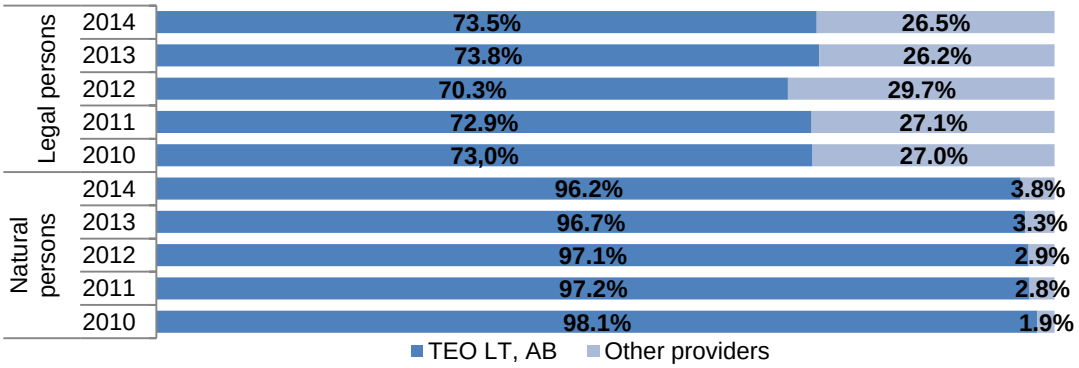


Figure 33. **Distribution of the number of public fixed telephone communication subscribers by service recipients and providers in 2010–2014, in per cent**
Source: RRT

In light of the fact that the fixed telephone communication service market has been shrinking, migration of subscribers between different providers of public fixed telephone communication services has also affected the reduction of growth of the number of subscribers. The number portability service enables migration between service providers retaining the same telephone number. Since the emergence of the number portability service in 2005 till the end of 2014, this service was used 39.9 thousand times in the public fixed telephone network. During 2014, the number portability service was used 6.1 thousand times, i.e. 3.4 percent more than in 2013. The largest share of subscribers (83.6 percent) was ported to another

network from the network of TEO LT, AB – this constituted 5.1 thousand subscribers. However, only 0.63 thousand of subscribers were transferred from the networks of other public fixed telephone communication service providers to the network of TEO LT, AB.

Revenues. Statistical data collected by RRT shows that revenues from public fixed telephone communication services have been declining since 2003, when the market of public fixed telephone communication services was liberalized. In 2005, the revenues earned from the provision of public fixed telephone communication services amounted to EUR 126.9 million (LTL 438.2 million), however, during the period from 2005 to 2014, revenues from the aforementioned services have decreased more than twice. It should be noted that revenues from public fixed telephone communication services decreased by as many as 14 percent, or EUR 8.8 million (LTL 30.4 million), and this is one of the greatest declines throughout the entire period of 2005–2014 (see Figure 34).

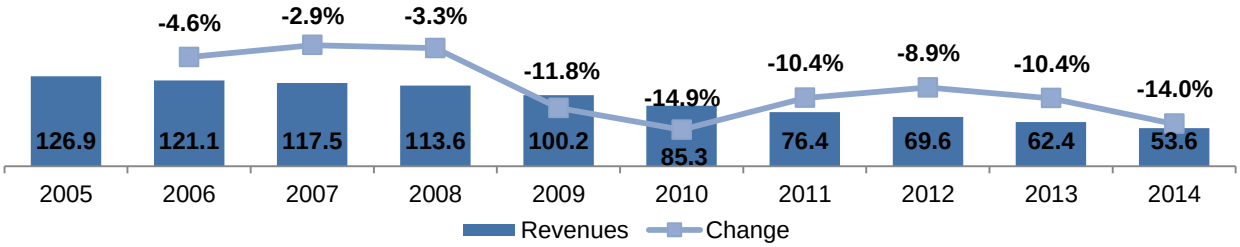


Figure 34. **Revenues from retail public fixed telephone communication voice services, in EUR million, and the change, in per cent, in 2005–2014**
Source: RRT

When analysing distribution of revenues from retail public fixed telephone communication voice services by service providers, the reduction of revenues of all public fixed telephone communication voice service providers has been observed for quite some time now. Compared to 2013, in 2014, revenues received by TEO LT, AB, from the provision of retail public fixed telephone communication voice services declined by 14.4 percent or EUR 8.6 million (LTL 29.7 million). With revenues of EUR 50.9 million (LTL 175.7 million), TEO LT, AB, occupied 95 percent of the total market of retail public fixed telephone communication voice services in terms of revenues in 2014. Revenues of other providers of public fixed telephone communication voice services declined by 6 percent, or EUR 0.17 million (LTL 0.6 million) in 2014 compared to 2013. During 2014, other providers of public fixed telephone communication voice services generated revenues amounting to EUR 2.7 million (LTL 9.3 million), which accounted for 5 percent of the total market of retail public fixed telephone communication voice services in terms of revenues.

Compared to 2013, the average revenues per user (ARPU) from retail public fixed telephone communication voice services per one month declined by 8.4 percent and totalled EUR 7.6 (LTL 26.2) in 2014 (see Figure 35). ARPU in segments of both legal and natural persons decreased in 2014.

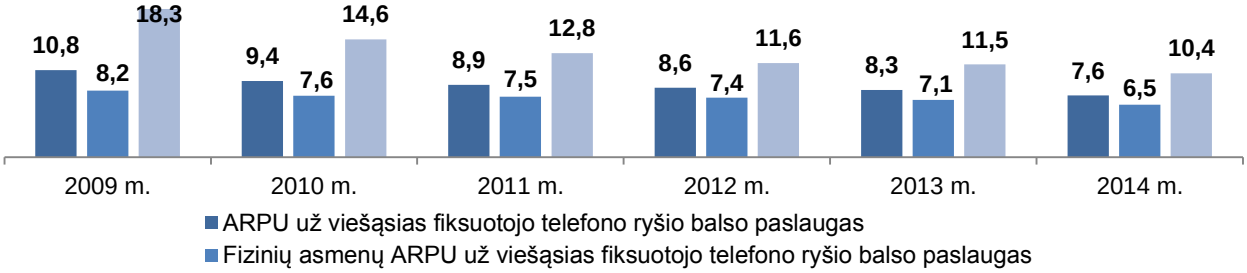


Figure 35. **ARPU from public fixed telephone communication voice services and the dynamics by groups of service users in 2009–2014, in EUR per month per line**
Source: RRT

Compared to 2013, in 2014, ARPU from legal persons decreased by 9.6 percent, or EUR 1.1 (LTL 3.8), while ARPU from natural persons from public fixed telephone communication voice services declined by 8.5 percent, or EUR 0.6 (LTL 2.1). Statistics show that rates of reduction of ARPU of services provided to legal persons have been greater than of ARPU of services provided to natural persons, which can be associated with more intense competition and better possibilities for competing in the segment of legal persons compared to the segment of natural persons.

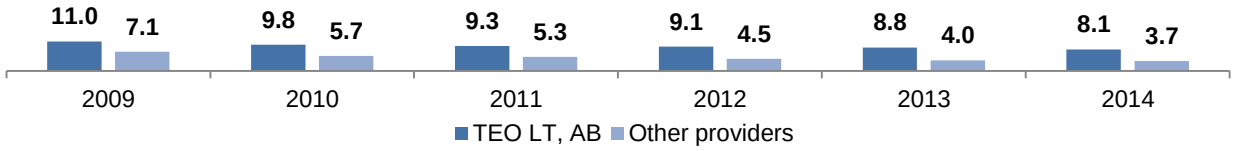


Figure 36. **ARPU from public fixed telephone communication voice services by service providers in 2009–2014, in EUR per month per line**
Source: RRT

Regardless of the reduction of revenues of both TEO LT, AB, and other providers of public fixed telephone communication voice services, ARPU received by service providers changed differently. Subscribers of TEO LT, AB, generated the greatest ARPU (see Figure 36). Compared to 2013, in 2014, ARPU of subscribers of public fixed telephone communication voice services provided by TEO LT, AB, decreased by 8 percent, or EUR 0.7 (LTL 2.4). ARPU of subscribers of other providers of fixed telephone communication voice services decreased by 7.5 percent or EUR 0.3 (LTL 1) in 2014. In terms of ARPU, other providers of fixed telephone communication voice services received average revenues from public fixed telephone communication voice services per user 54.3 percent or EUR 4.4 (LTL 15.2) lower than TEO LT, AB. Despite the fact that the ARPU of alternative providers of public fixed telephone communication services were lower than those of TEO LT, AB, it was rather difficult for alternative public fixed telephone communication service providers to expand their market share (see Figure 33). This situation shows that the service price is not the only criterion when selecting a service provider.

Duration and structure of calls. When analysing the market of public fixed telephone communication voice services in terms of the duration of originated calls, the duration of originated calls, which grew until 2005, can be stated to have continuously decreased since 2005 (see Figure 37). During 2014, the duration of calls originated by public fixed telephone communication voice service recipients decreased the most throughout the entire period under examination.

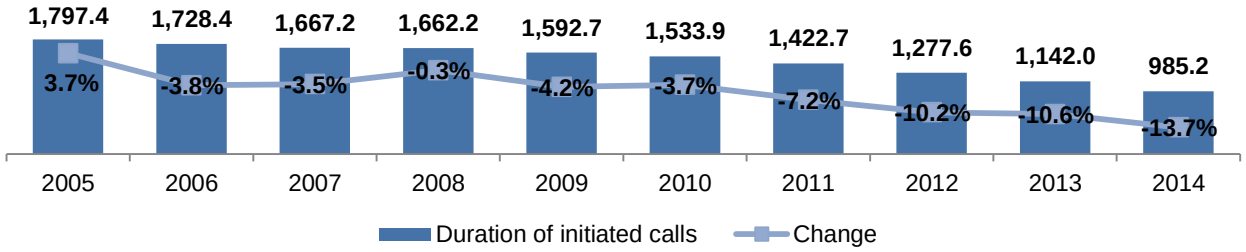


Figure 37. **Duration of calls originated by public fixed telephone communication voice service users, in million minutes, and the rate of traffic growth, in per cent, in 2005–2014**
Source: RRT

In terms of the duration of calls originated in networks of different service providers, in 2014, just like in previous periods, the public fixed telephone communication services market retained the same position, i.e. the largest market share (92.9 per cent) was occupied by TEO LT, AB, while other providers of public fixed telephone communication voice services took up 7.1 percent of the market (see Figure 38). The

decline of the market share occupied by TEO LT, AB, by 1 percentage point in 2014 can be distinguished. Recipients of voice services of other public fixed telephone communication operators originated more calls in 2014 than in previous years – they talked 0.6 percent or 0.4 million minutes more. In 2014, TEO LT, AB, service recipients talked 14.7 percent or 157.2 million minutes less than in 2013.

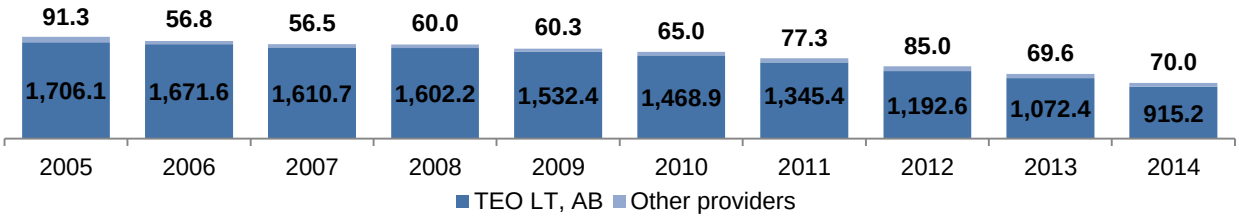


Figure 38. **Duration of calls originated by public fixed telephone communication voice service users by service providers in 2005–2014, in million minutes**
Source: RRT

When analysing the destinations of calls originated by public fixed telephone communication voice service recipients, the upward trends of the duration of calls in own network and downward trends of the duration of calls to other public communication networks have been observed (see Figure 39). In 2014, 75 percent of calls originated in public fixed communication networks were terminated in own networks. However, compared to 2013, the duration of calls originated by public fixed telephone communication service users and terminated in own network decreased by 20.3 percent or 188.3 million minutes in 2014, and the duration of calls to foreign networks decreased as well – by 8.7 percent, or 3.5 million minutes. Duration of calls abroad also occupied the lowest share (3.7 percent) of the total duration of voice called originated in public fixed communication networks. It is important to note than in 2014, the duration of calls made from public fixed communication networks to public mobile communication networks increased significantly in 2014 – by 24.4 percent, or 32.3 million minutes. Compared to 2013, the duration of calls to other public fixed communication networks also increased (by 6.4 percent, or 2.7 million minutes) in 2014.

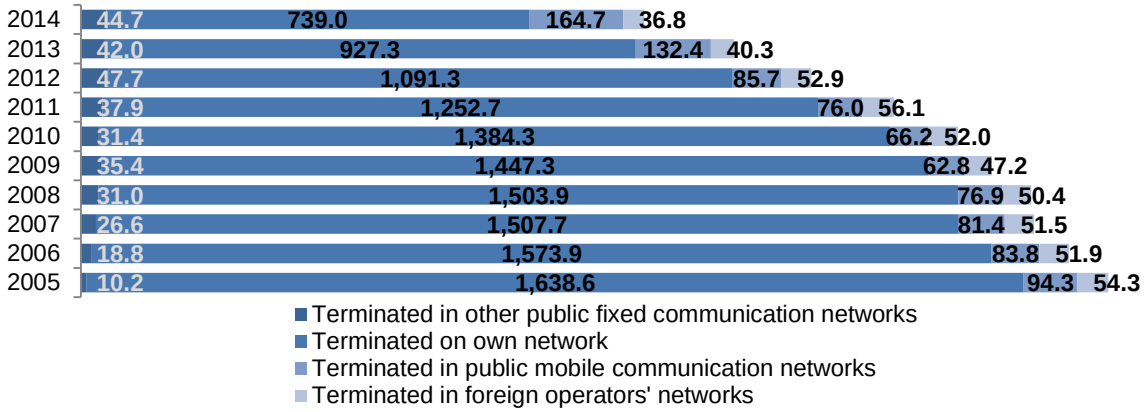


Figure 39. **Structure and dynamics of calls originated in public fixed telephone communication networks in 2005–2014, in million minutes**
Source: RRT

The duration of calls originated by the public fixed telephone communication subscribers of TEO LT, AB, in 2014 was equal to 915.2 million minutes, which accounted for 92.9 percent of the total duration of voice calls originated in public fixed telephone communication networks. However, the dynamics of the destinations of calls initiated by TEO LT, AB, subscribers since 2005 till 2014 shows that habits of service recipients of the company have changed (see Figure 40).The duration of calls of TEO LT, AB, subscribers in own network has decreased, as they call more to other public fixed and mobile communication

networks. In 2014, the duration of calls in own network of TEO LT, AB, decreased by 20.6 percent or 187.9 million minutes. Calls to mobile communication networks ranked second in terms of the destination of originated calls and they accounted for 16.7 percent of all calls originated in public fixed telephone communication networks in 2014.

In 2014, 15.7 percent of calls originated in the network of TEO LT, AB, were terminated in public mobile communication networks. Compared to 2013, the duration of these calls increased by 29.6 percent, or 32.9 million minutes, in 2014. Calls to other public fixed communication networks made up the lowest share (2.3 percent) of all calls originated in the network of TEO LT, AB. During 2014, the duration of calls terminated in other public fixed communication networks increased by 7.1 percent or 1.4 million minutes.

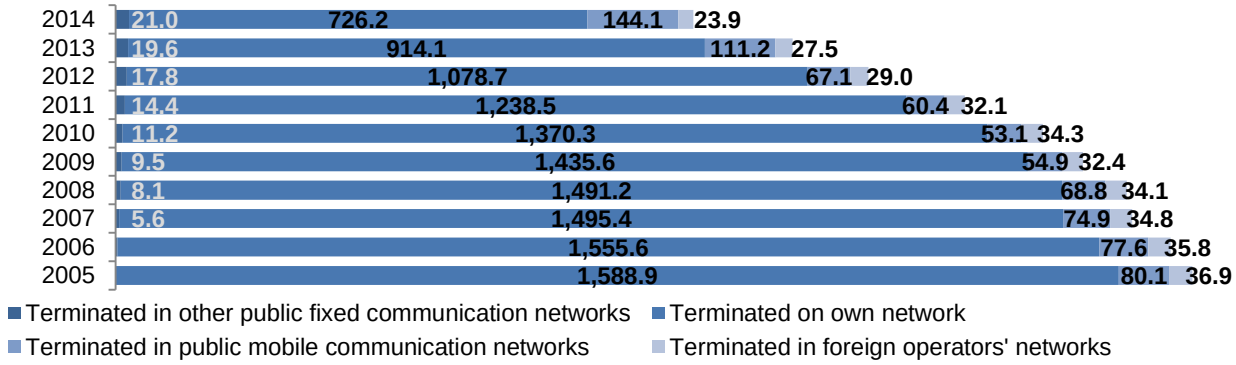


Figure 40. **Structure and dynamics of calls originated in the public fixed communication network of TEO LT, AB, in 2005–2014, in million minutes**
Source: RRT

When analysing the structure of calls originated in public fixed communication networks of other providers, slightly different trends have been observed. Contrary to TEO LT, AB, the duration of calls originated and terminated in networks of other suppliers constituted the smallest share – 18.3 percent (see Figure 41). During 2014, the duration of these calls further decreased by 2.3 percent or 0.3 million minutes. The duration of calls terminated in networks of foreign operators accounted for 18.4 percent or 12.9 million minutes. The duration of these calls remained unchanged in 2014.

It can be pointed out that the duration of the main destination of calls, i.e. calls originated in the networks of other service providers and terminated in other public fixed communication networks, increased by 6.3 percent, or 1.4 million minutes, in 2014. This destination of calls accounted for 34 percent of the duration of all originated calls. Compared to 2013, in 2014, the duration of another significant destination of calls, i.e. calls terminated in public mobile communication networks, decreased by 3.3 percent, or 0.7 million minutes. The duration of these calls accounted for 29.3 percent of the duration of calls originated in networks of all other providers in 2014.

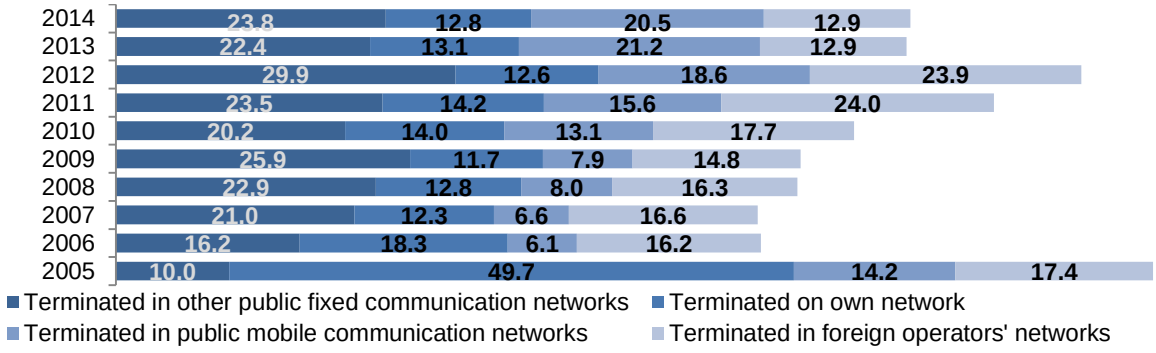


Figure 41. **Structure and dynamics of calls originated in the public fixed communication networks of other service providers in 2005–2014, in million minutes**
Source: RRT

Price structure. In 2014, average revenues per minute of a national call of different public fixed telephone communication service providers differed slightly (see Figure 42). Compared to 2013, in 2014, average expenses per call minute of TEO LT, AB, service recipients increased by 0.2 euro cent (0.7 cents) or 10 percent, while the average expenses per minute incurred by public fixed telephone communication service users of other service providers decreased by 0.1 euro cent (0.35 cents) or 4.8 percent.

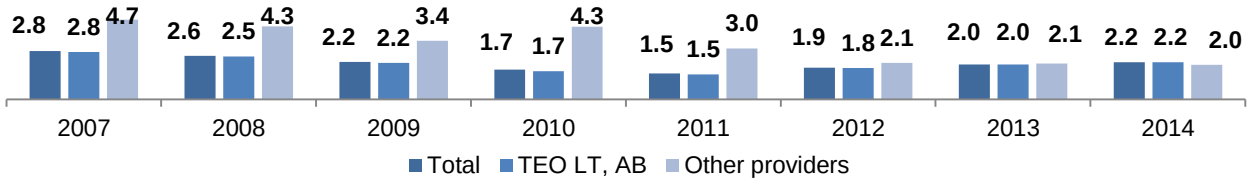


Figure 42. **Public fixed telephone communication service providers' average revenues per minute of a national call in 2007–2014, in euro cents**
Source: RRT

In terms of average revenues per minute of an international call by service providers, in 2014, just like in previous periods, the lowest average revenues per minute of an international call were received by other public fixed telephone communication service providers (see Figure 43).

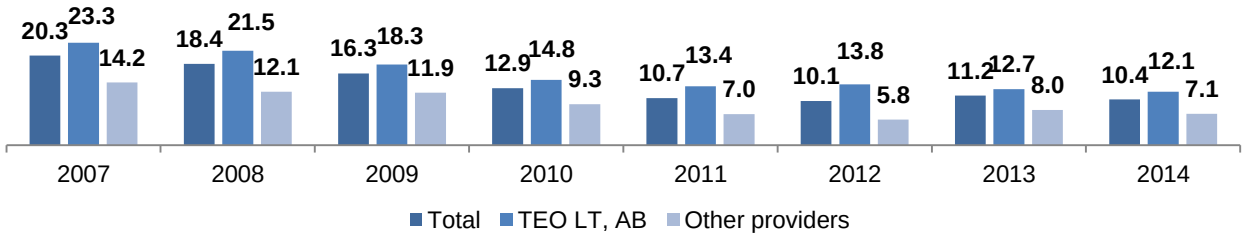


Figure 43. **Public fixed telephone communication service providers' average revenues per minute of an international call in 2007–2014, in euro cents**
Source: RRT

Summary

- At the end of 2014, there were 51 service providers, including 14 providers of public mobile telephone communication voice services and 45 providers of public fixed telephone communication voice services. Revenues of all providers of voice services received from the provision of voice services amounted to EUR 207.3 million (LTL 715.8 million) and accounted for 34.2 percent of the total revenues of the electronic communications sector.
- In terms of revenues, the voice services market shrank by 12.2 percent, or EUR 28.7 million (LTL 99.1 million) in 2014. Such the reduction of revenues was determined by decreased public mobile telephone communication voice services (by EUR 19.9 million (LTL 68.7 million), or 11.5 percent) and public fixed telephone communication voice services (by EUR 8.8 million (LTL 30.4 million), or 14.1 percent).
- The volume of voice services in terms of the duration of calls increased by 3.7 percent during 2014 and reached 9,166.7 million minutes. The duration of calls originated in public mobile communication networks increased by 6.3 percent, while the duration of calls originated by public fixed telephone communication subscribers decreased by 13.7 percent in 2014.
- In 2014, the penetration of public mobile telephone communication services in Lithuania decreased by 3.7 percentage points and reached 151.4 subscribers per 100 residents. The penetration of active fixed

telephone communication lines decreased by 1.2 percentage points during the year and was 19.7 percent at the end of the year.

- In 2014, post-paid subscribers made up the largest share (55.6 percent) of public mobile telephone communication subscribers. Their number increased by 2.6 percent and totalled 2.46 million subscribers at the end of the year. The number of pre-paid subscribers decreased by 9.5 percent during the year and totalled 1.96 million subscribers at the end of the year.
- At the end of 2014, natural persons constituted the largest share (71.7 percent) of the total number of public fixed communication subscribers, however, their number decreased by 7.4 percent during the year and totalled 416.3 thousand subscribers. Also, there was a 3.3 percent decrease in the number of legal persons using public fixed telephone communication services, and at the end of 2014, there were 169.2 thousand of such subscribers.
- In 2014, public mobile telephone communication subscribers used the number portability service 160.7 thousand times, while subscribers of public fixed telephone communication services used this service 6.1 thousand times.
- In 2014, the ARPU from public mobile telephone communication voice services was EUR 2.9 (LTL 10), while the ARPU from public fixed telephone communication voice services was EUR 7.6 (LTL 26.2).
- Compared to 2013, in 2014, the duration of calls originated in public mobile communication networks and terminated in own network totalled 5.14 billion minutes, however it decreased by 1.6 percent during the year. The duration of calls originated in public mobile communication networks and terminated in public fixed communication networks grew by 25 percent, and the duration of calls terminated in other public mobile communication networks increased by 23.9 percent. The duration of calls terminated in foreign operators' networks decreased by 17.2 percent in 2014.
- During 2014, the duration of public fixed telephone communication calls terminated in own network decreased by 20.3 percent and totalled 739 million minutes. Also, the duration of calls to foreign networks decreased by 8.7 percent of 3.5 million minutes during the year. In 2014, the duration of calls originated by public fixed telephone communication service recipients and terminated in public mobile telephone communication networks increased by 24.4 percent and totalled 164.7 million minutes, while the duration of calls terminated in other public fixed communication networks increased by 6.4 percent and amounted to 44.7 million minutes.
- In 2014, the greatest number of calls was originated by TELE2 subscribers. They initiated 47.4 percent of all calls originated in mobile communication networks. Also, this operator generated the majority (39.8 percent) of all revenues earned from public mobile telephone communication voice services. In the market of public fixed telephone communication voice services, most calls were originated in the network of TEO LT, AB, which accounted for 92.9 percent of the total duration of calls originated by public fixed telephone communication subscribers in 2014. Also, TEO LT, AB, received the largest share (95 per cent) of revenues from public fixed telephone communication voice services in 2014.

1.2. Networks interconnection

Networks interconnection services include services of the origination and termination of calls provided in public mobile and fixed communication networks, call transit, also public mobile roaming services

provided to foreign public mobile telephone communication service providers so that their subscribers were able to use public mobile telephone communication services while in Lithuania.

Networks interconnection services are wholesale services, which are necessary for enabling the provision of retail electronic communication services. Without networks interconnection services, it would be impossible for subscribers of one network to communicate with those of another network. Due to the importance of networks interconnection services, the terms of provision of these services as well as their prices are usually subject to regulation. It was namely due to the regulation of the prices of networks interconnection services that the revenues from these activities have declined during the 2008–2013 period (see Figure 44).

Since 2008, when the reduction of the prices of networks interconnection services was started, until the end of 2014, revenues from networks interconnection activities decreased by 28.4 percent, or EUR 43.7 million (LTL 150.9 million). However, in 2014, compared to 2013, revenues from these services increased by 19.2 percent and were EUR 110.3 million (LTL 380.8 million). Increased revenues from networks interconnection services respectively accounted for a larger share in the structure of the total electronic communications service revenues. In 2014, revenues from networks interconnection services accounted for 18.2 percent of the total revenues from electronic communications services compared to 14.9 percent in 2013.

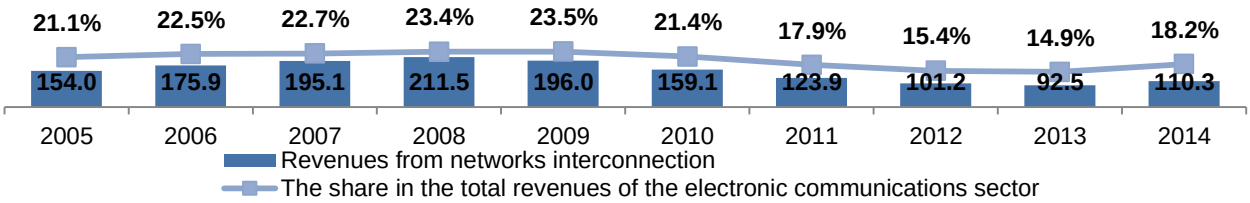


Figure 44. **Dynamics of revenues from networks interconnection services, in EUR million, and their share in the overall structure of the revenues of the electronic communications services, in per cent, in 2005–2014**
Source: RRT

In 2014, revenues from call transit services accounted for the largest share (46.5 percent) of revenues from networks interconnection services and their share increased by 3 percentage points compared to 2013 (see Figure 45). Revenues from these services increased by 27.6 percent, or EUR 11.1 million (LTL 38.3 million) in 2014. Revenues from call termination in public mobile communication networks accounted for 34.2 percent of all revenues from networks interconnection services and increased by 11.9 percent, or EUR 4 million (LTL 13.8 million) in 2014. Other revenues from networks interconnection services increased by 30.2 percent, or EUR 3.2 million (LTL 11 million) in 2014. Revenues generated from call termination in public fixed communication networks remained unchanged. Only revenues from roaming voice services experienced a decline in 2014 – they dropped by 10 percent, or EUR 0.5 million (LTL 1.7 million).

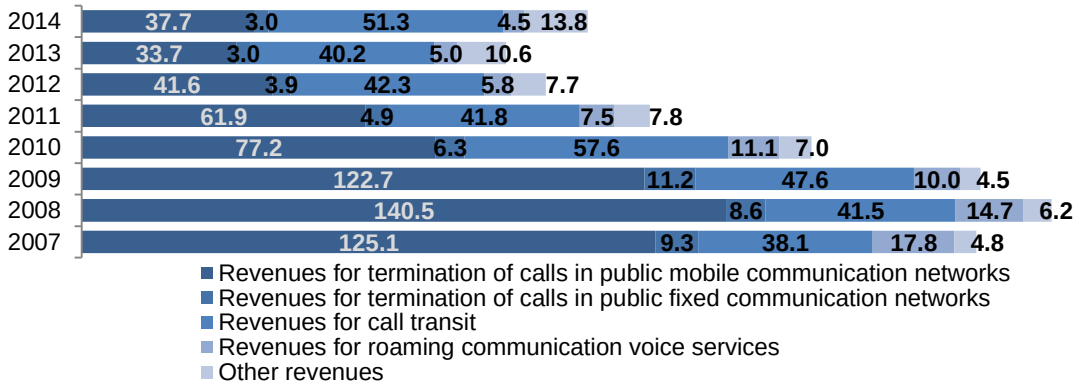


Figure 45. **Structure of revenues from networks interconnection services in 2007–2014, in EUR million**
Source: RRT

TEO LT, AB, received the largest share (25.3 percent) of revenues from networks interconnection activities in 2014 (see Figure 46). The share of revenues generated by this undertaking from networks interconnection during 2014 increased by 3.5 percent, or EUR 1 million (LTL 3.5 million) and totalled EUR 27.9 million (LTL 96.3 million). The share of revenues from networks interconnection activities received by UAB Bitė Lietuva increased by 30.3 percent, or EUR 5.4 million (LTL 18.6 million) and amounted to EUR 23.2 million (LTL 80.1 million) in 2014. Networks interconnection revenues of UAB TELE2 and UAB OMNITEL were EUR 20.8 (LTL 71.8 million) and EUR 14.7 million (LTL 50.8 million), respectively, i.e. during 2014, revenues from networks interconnection activities generated by UAB TELE2 increased by 18.3 percent, or EUR 3.2 million (LTL 11 million), and those of UAB OMNITEL increased by 6.8 percent, or EUR 0.9 million (LTL 3.1 million). UAB MEDIAFON can be distinguished for a rapid growth of its revenues from networks interconnection in both 2013 and 2014. They more than doubled (increased by EUR 9.1 million (LTL 31.4 million)) in 2014 and totalled EUR 17 million (LTL 58.7 million).

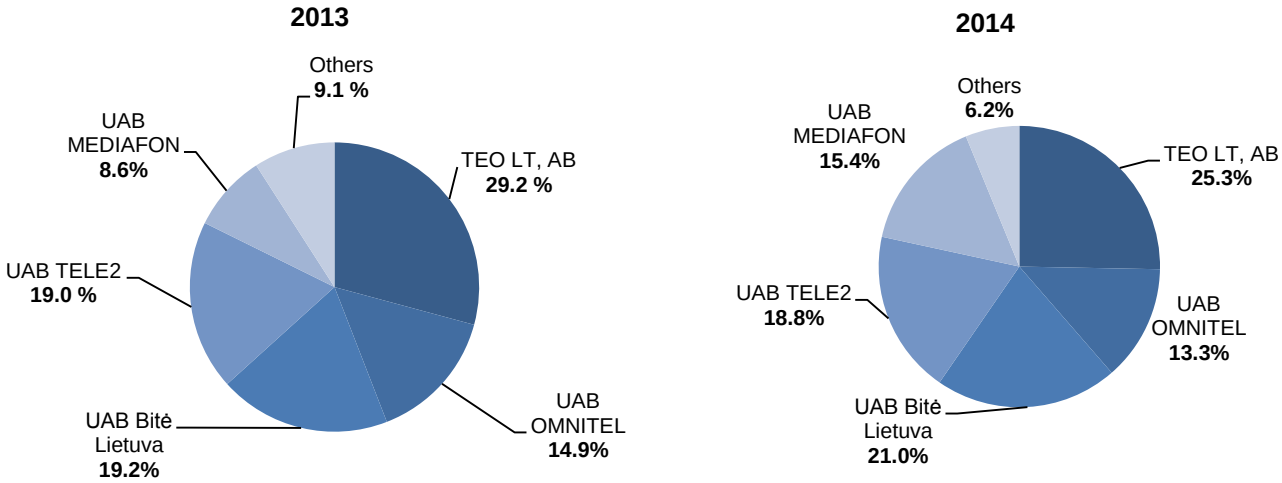


Figure 46. **Structure of the networks interconnection services market in terms of revenues in 2013 and 2014, in per cent**
Source: RRT

1.2.1. Call termination services

Call termination services consist of calls originated in the networks of Lithuanian and foreign operators and terminated in public mobile and fixed communication networks of Lithuanian operators[10]. In 2014, there were 12 operators providing call termination services: 9 of them provided the services of call termination in public fixed communication network[11] and 6 – in public mobile communication network[12]. The evaluation of call termination service statistics of 10 years revealed that the duration of call termination services has increased each year (see Figure 47). During the period from 2005 to 2014, the duration of calls terminated in public fixed and mobile communication networks increased by almost three times. During 2014, the duration of terminated calls increased by 22.8 percent, or 662.5 million minutes. The duration of calls terminated in public mobile communication networks increased by more than three times, or 2.2 billion minutes, during the 2005–2014 period. In 2014, the duration of calls terminated in public mobile communication networks increased by 25.4 percent, or 645.8 million minutes. The duration of calls terminated in public mobile communication networks accounted for 89.4 percent of the duration of calls terminated in networks of all operators in 2014.

During the period from 2005 to 2014, the duration of calls terminated in public fixed communication networks increased by 49.5 percent, or 125.5 million minutes, while during 2014, it increased by 4.6 percent, or 16.7 million minutes. The duration of calls terminated in public fixed communication networks accounted for 10.6 percent of the duration of calls terminated in networks of all operators in terms of the duration of calls. The growth in the demand for call termination services can be explained by the fact that competition between public telephone communication service providers has led to decreasing and converging retail service prices (see Figures 29 and 42), and the price level of the services no longer affects the decision of a service recipient on whether to make a call or to refrain from making it – service recipients call as much as they need.

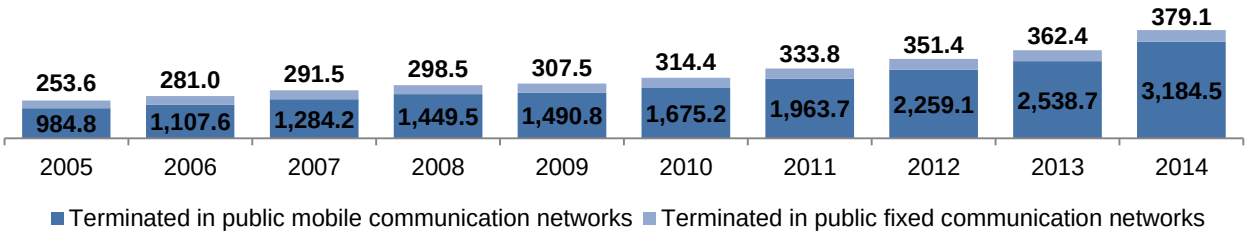


Figure 47. **Duration of calls terminated in public fixed and public mobile communications networks in 2005–2014, in million minutes**
Source: RRT

Termination of calls in public fixed communication networks. In 2014, the majority of calls (63 percent) of all calls terminated in public fixed communication networks in terms of the duration of calls were originated in public fixed communication networks (see Figure 48), which is 13.3 percentage points more than in 2013. The duration of the latter calls increased by 32.6 percent, or 58.7 million minutes, in 2014. The smallest share (15.7 percent) of calls terminated in public fixed communication networks was originated in

[10] Call termination services examined in this section of the report include only the termination of calls from other networks, while calls in own network are not considered.
[11] TEO LT, AB, AB Lietuvos Geležinkeliai, AB Lietuvos Radijo ir Televizijos Centras, UAB CSC TELECOM, UAB Digitela, UAB ECOFON, UAB MEDIAFON, UAB Nacionalinis Telekomunikacijų Tinklas, UAB Telekomunikacijų Grupė
[12] UAB OMNITEL, UAB Bitė Lietuva, UAB TELE2, UAB CSC TELECOM, UAB MEDIAFON, UAB Linkotelus.

networks of foreign operators. In 2014, compared to 2013, the duration of calls originated in networks of foreign operators and terminated in public fixed communication networks decreased by 23.1 percent, or 17.9 million minutes.

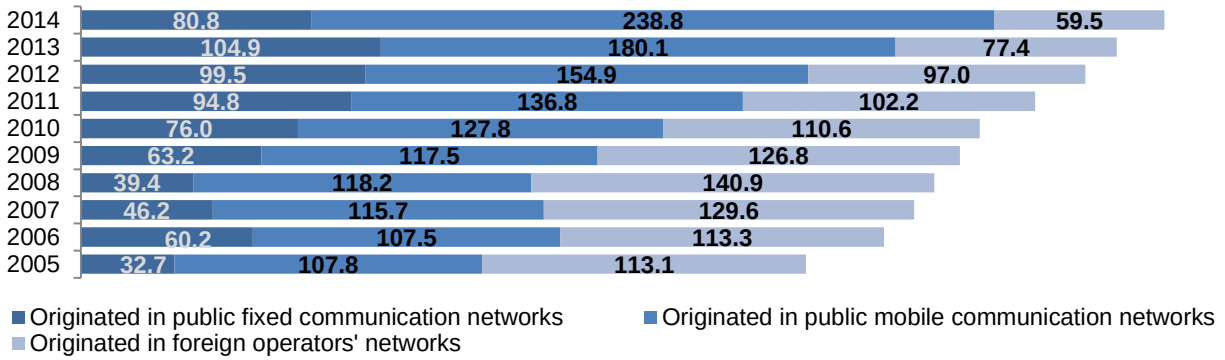


Figure 48. **Duration of calls terminated in public fixed communication networks in 2005–2014, in million minutes**
Source: RRT

Analysing the market of termination of calls in public fixed communication networks by service providers, the majority (85.3 percent) of calls was terminated in the public fixed communication network of TEO LT, AB (see Figure 49). This can be explained by the existence of a network effect, i.e. TEO LT, AB, has the largest number of public fixed telephone communication service recipients, and normally calls are made to the network, which has the largest number of subscribers. Calls originated in public mobile communication networks comprise the majority (65.8 percent) of calls terminated in TEO LT, AB, network. In 2014, the duration of calls originated in networks of foreign operators and terminated in the network of TEO LT, AB, decreased by 24.8 percent, or 18 million minutes, and it constituted the smallest share (16.9 percent) of the duration of all calls terminated in the network of TEO LT, AB.

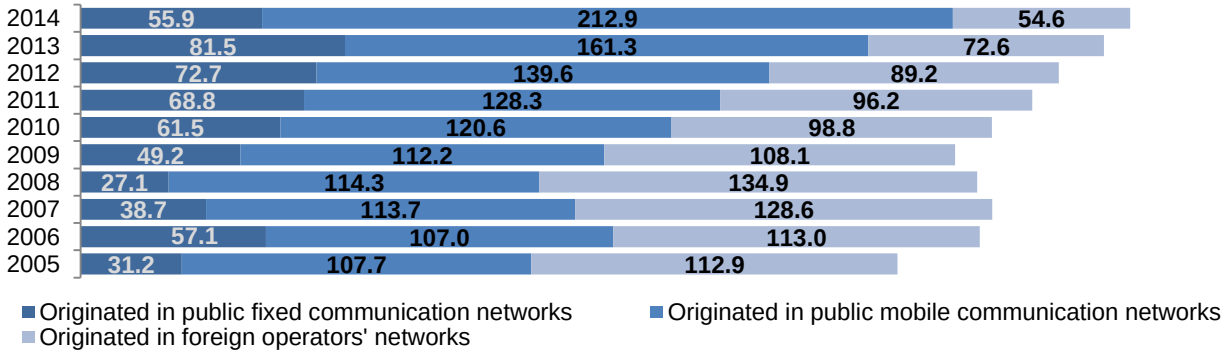


Figure 49. **Duration of calls terminated in the public fixed communication networks of TEO LT, AB, in 2005–2014, in million minutes**
Source: RRT

The duration of calls terminated in networks of other providers of fixed communication services, just like that of TEO LT, AB, increased in 2014. The growth accounted for 18.5 percent, or 8.7 million minutes, and the duration of terminated calls was 55.7 million minutes (see Figure 50). Compared to 2013, the situation changed in 2014, and calls originated in public mobile communication networks constituted the major share (46.5 percent) of calls terminated in networks of other providers.

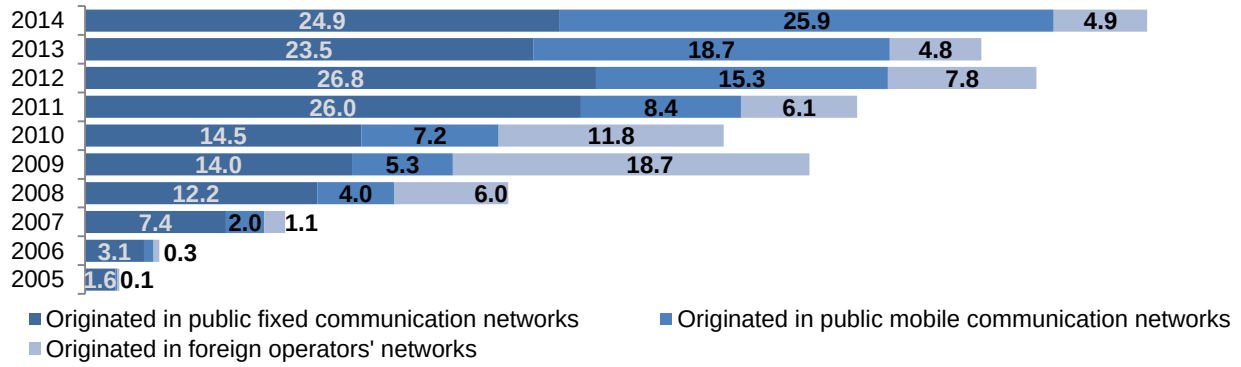


Figure 50. **Duration of calls terminated in the public fixed communication networks of other service providers in 2005–2014, in million minutes**
Source: RRT

When analysing the market of termination of calls in public fixed telephone communication networks in terms of revenues, a decline of revenues from these activities has been observed for five consecutive years, however the rate of decline has slowed down (see Figure 51). Revenues from call termination in public fixed telephone communication in 2014 remained the same as in 2013. TEO LT, AB, generated the major share (86.7 percent) of revenues from termination of calls in public fixed telephone communication networks in 2014, but it is important to note that TEO LT, AB, revenues generated from these activities decreased by 3.7 percent, or EUR 0.1 million (LTL 0.3 million) during 2014. Revenues from call termination services in public fixed telephone communication networks generated by other providers increased by 33.3 percent, or EUR 0.1 million (LTL 0.3 million) during 2014.

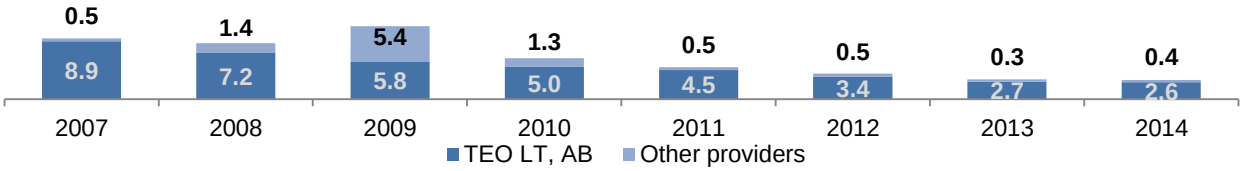


Figure 51. **Revenues from the termination of calls in public fixed communication networks in 2007–2014, in EUR million**
Source: RRT

Prices of termination of calls in public fixed telephone communication networks were not changed at the initiative of RRT in 2014 – call termination cost 0.61 euro cents per minute (2.1 cents per minute) exclusive of VAT. This price was valid since 1 April 2013, when the differentiation of call termination prices by levels of network structure (local and national) and by time (peak and off-peak) was waived.

Termination of calls in public mobile communication networks. In 2014, the major share of calls terminated in public mobile communication networks, just like those terminated in public fixed communication networks, in terms of the duration of calls, were originated in public mobile communication networks (see Figure 52). The termination of calls originated in other mobile communication networks in terms of the duration of calls accounted for 86.4 percent of the duration of all terminated calls. The duration of calls originated and terminated in networks of foreign operators was 7.8 percent, while calls originated in public fixed communication networks constituted the remaining share (5.8 percent). Considering the dynamics of the duration of calls terminated in public mobile communication networks since 2005, the duration of all types of originated calls can be concluded to have grown. However, the duration of calls originated in mobile communication networks and terminated in mobile communication networks experienced

the major increase. During the period from 2005 till 2014, the duration of the latter calls increased by more than 3.5 times, while in 2014 it increased by 26.1 percent, or 569.9 million minutes.

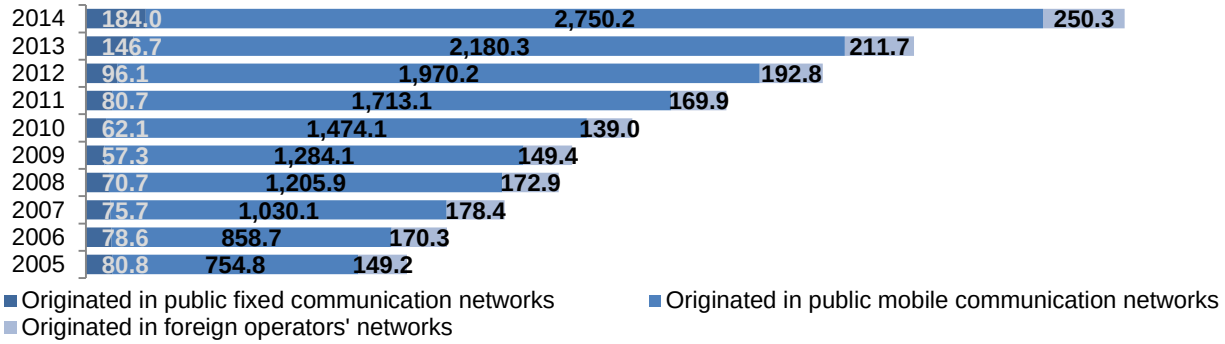


Figure 52. **Duration of calls terminated in public mobile communication networks in 2005–2014, in million minutes**
Source: RRT

In 2014, the majority of calls terminated in public mobile communication networks were terminated in the network of UAB TELE2 (see Figure 53), which accounted for 40.2 percent of all calls terminated in public mobile communication networks. The share of calls terminated in the networks of UAB OMNITEL and UAB Bitė Lietuva in the overall structure of the duration of calls terminated in public mobile communication networks accounted for 31.8 and 27.6 percent, respectively. During 2014, the largest growth, in terms of the duration of calls terminated in public mobile communication networks, was in the network of UAB TELE2. The duration of calls terminated in the network of this operator grew by 28 percent, or 280 million minutes.

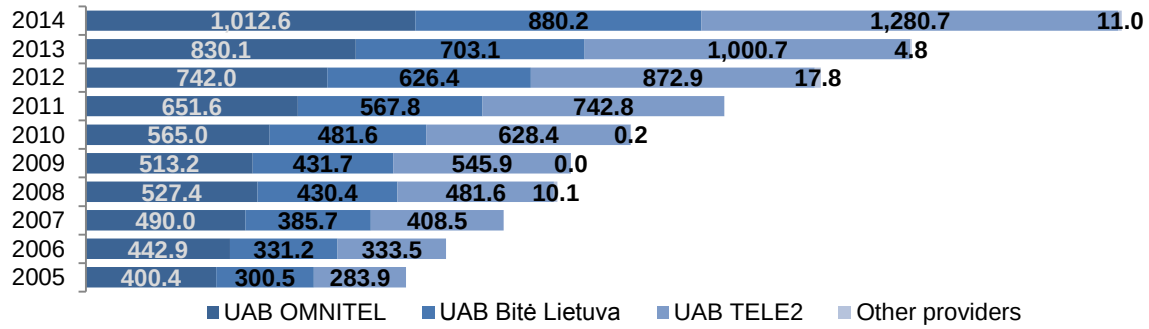


Figure 53. **Duration of calls terminated in public mobile communication networks by operators in 2005–2014, in million minutes**
Source: RRT

When evaluating the structure of revenues and changes in revenues of call termination in public mobile communication networks services, these revenues, having declined since 2008 till 2013, increased by 11.9 percent in 2014 and totalled EUR 37.7 million (LTL 130.2 million) (see Figure 54). UAB TELE2 received the largest share of these revenues (37.9 percent) from these activities in 2014 – its revenues increased by 14.4 percent, or EUR 1.8 million (LTL 6.2 million). Compared to 2013, revenues from call termination in own public mobile communication network generated by UAB Bitė Lietuva increased by EUR 1.1 million (LTL 3.8 million) in 2014. Revenues of UAB OMNITEL from the provision of the services of call termination in public mobile communication network grew by 9.8 percent, or EUR 1.2 million (LTL 4.1 million) during 2014.

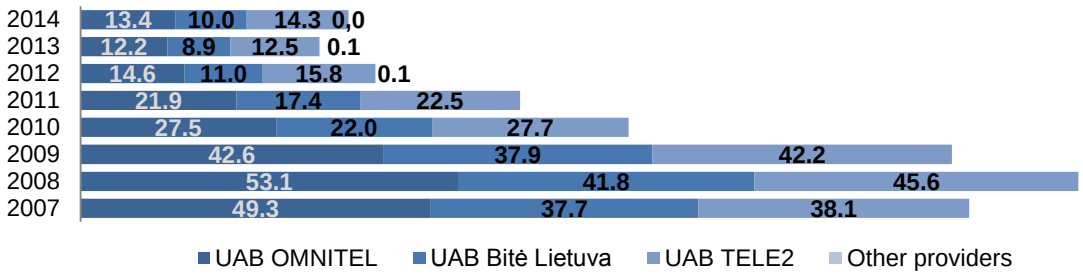


Figure 54. **Revenues from the termination of calls in public mobile communication networks by operators in 2007–2014, in EUR million**
Source: RRT

Since 1 April 2013, the price of call termination in public mobile communication networks has no longer been differentiated into peak and off-peak time, but the same price is applied regardless of the time of the day. During 2014, the price of call termination in public mobile communication networks was not changed at the initiative of RRT and the price of call termination in public mobile communication networks of 1.04 euro cents (3.6 cents) per minute (exclusive of VAT) applied.

1.2.2. Call transit services

The call transit service[13] is important for providers of public telephone communication services for the purpose of making more efficient use of existing network and financial resources, as well as in order to have alternative ways of sending calls. Call transit services make it possible to transfer calls inside the country, send calls originated inside the country to foreign countries as well as to transfer calls from abroad to a specific public communication network. Calls, which are neither originated nor terminated in Lithuania, can be forwarded by transit. At the end of 2014, call transit services were provided by 10 undertakings[14], which is one undertaking less than at the end of 2013.

In 2014, revenues from call transit services amounted to EUR 51.3 million (LTL 177.1 million) and, compared to 2013, increased by 27.6 percent, or EUR 11.1 million (LTL 38.3 million) (see Figure 55). The increase in revenues was impacted by increased duration of calls forwarded by transit in 2014, which accounted for 39.4 percent, or 386.7 million minutes. Since the price of the transit service is usually a certain percentage added to the price of the call termination service, decreasing prices of call termination services should automatically lead to the reduction of revenues earned from call transit services. However, a large growth of the duration of calls forwarded by transit was sufficient to offset the decrease in the price.

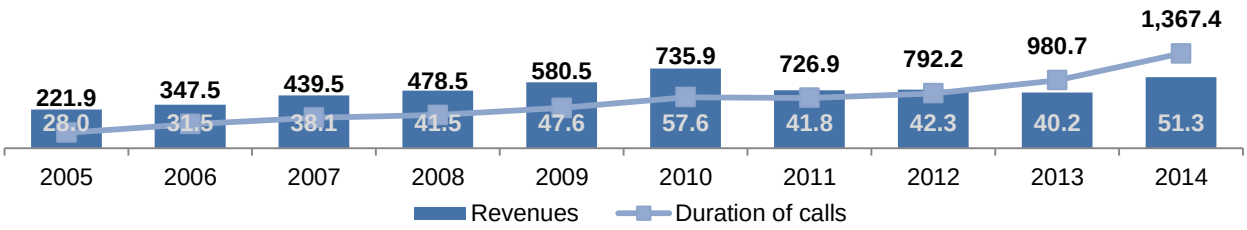


Figure 55. **Dynamics of revenues from call transit services, in EUR million, and the duration of calls forwarded by transit, in million minutes, in 2005–2014**
Source: RRT

[13] Call transit services analysed in this section of the report include the pure transit only, i.e. services when the calls are not originated or terminated in the network in which the transit service is provided.
[14] TEO LT, AB, UAB Bitė Lietuva, UAB CSC TELECOM, UAB ECOFON, UAB MEDIAFON, UAB Nacionalinis Telekomunikacijų Tinklas, UAB RAYSTORM, UAB Telco Consulting Group, UAB Telekomunikacijų Grupė, Voxbone SA

When evaluating the market of call transit services in terms of the duration of calls forwarded by transit, it can be divided into two groups: transit services, when calls are forwarded by transit to public communication networks of Lithuanian operators, and transit services, when calls are forwarded by transit to public communication networks of foreign operators. The largest share (79.2 percent) of calls forwarded by transit in 2014 was forwarded to public communication networks of foreign operators (see Figure 56). The duration of these calls increased by 55.2 percent, or 385.3 million minutes, in 2014. The duration of calls forwarded by transit to public communication networks of Lithuanian operators increased slightly in 2014 – by 0.5 percent, or 1.4 million minutes.

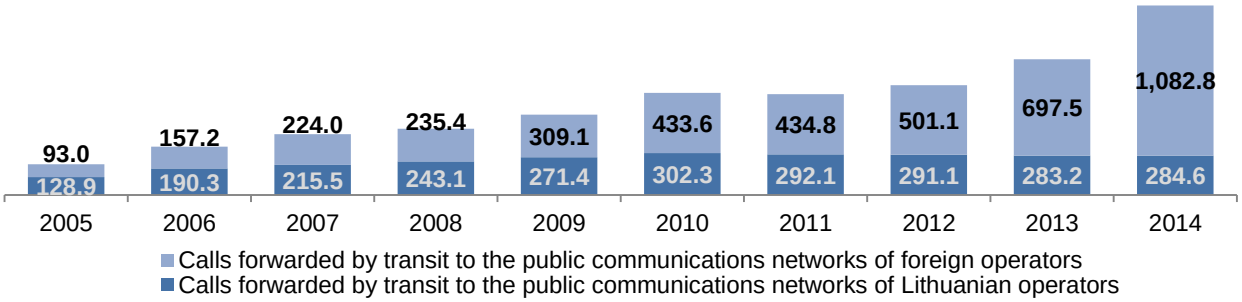


Figure 56. **Duration of calls forwarded by transit to the public communications networks of Lithuanian and foreign operators, in million minutes, in 2005–2014**
Source: RRT

When analysing the market structure of call transit services in terms of the duration of forwarded calls, it was observed that, just like in 2013, TEO LT, AB, occupied the largest share of this market in 2014, however, its market share shrunk by 2 percentage points (see Figure 57). During 2014, the duration of calls forwarded by transit by TEO LT, AB, increased by 32.8 percent, or 140.1 million minutes, and amounted to 566.6 million minutes. It can be pointed out that the duration of calls forwarded by transit by UAB MEDIAFON increased by as many as 81.7 percent, or 233.3 million minutes. Such a rapid growth significantly increased the market share of call transit services occupied by UAB MEDIAFON in terms of the duration of calls forwarded by transit. Also, a new undertaking UAB RAYSTORM entered the market of call transit services, which forwarded 60.4 million minutes by transit and had 4.4 percent of this market.

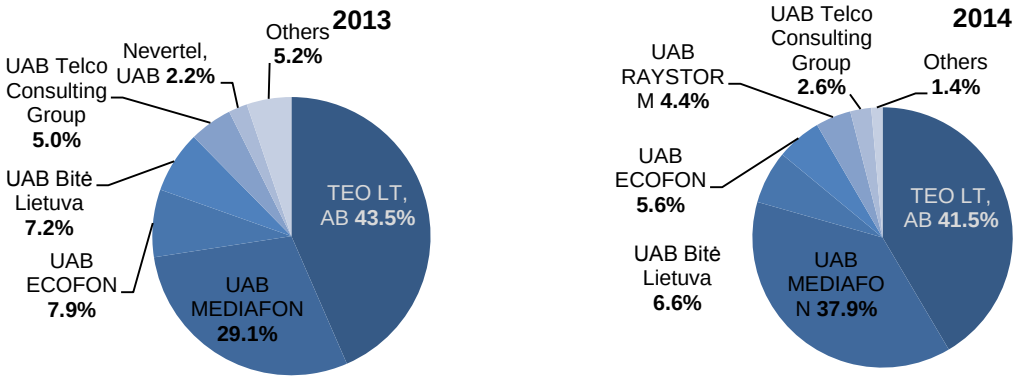


Figure 57. **Structure of the market of call transit services by the duration of calls forwarded by transit in 2013 and 2014, in per cent**
Source: RRT

Evaluating the market of call transit services in terms of revenues, in 2014, just like in 2013, the major share of revenues was received by TEO LT, AB (see Figure 58). It is important to point out that

revenues of the company received from the provision of call transit services increased by 4.1 percent, or EUR 1 million (LTL 3.5 million) in 2014 and totalled EUR 25.3 million (LTL 87.4 million). Also, the provider of call transit services UAB MEDIAFON can be distinguished here, as it increased its market share by more than 10 percentage points having generated EUR 16.9 million (LTL 58.4 million) in revenues in 2014. Compared to 2013, in 2014, revenues from call transit services of this company more than doubled (increased by EUR 9 million (LTL 31.1 million)). In 2014, revenues generated from the provision of call transit services by UAB Bitė Lietuva and UAB ECOFON increased by 6.8 percent and 76.7 percent, respectively, and totalled EUR 2.7 million (LTL 9.3 million) and EUR 2.4 million (LTL 8.3 million), respectively.

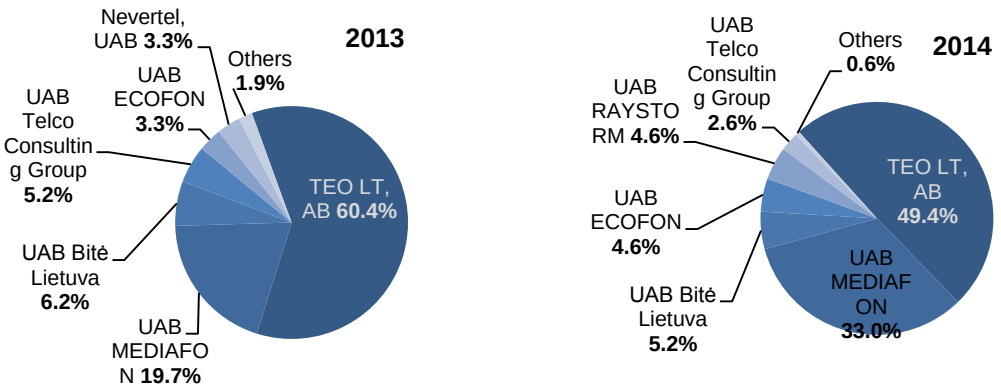


Figure 58. **Structure of the market of call transit services by revenues in 2013 and 2014, in per cent**
Source: RRT

Summary

- In 2014, revenues from networks interconnection services amounted to EUR 110.3 million (LTL 380.8 million) and, compared to 2013, increased by 19.2 percent. Revenues from networks interconnection services accounted for 18.2 percent in the overall structure of revenues of the electronic communications sector in 2014.
- In 2014, the largest share – 46.5 percent – of revenues from networks interconnection services was received from call transit services. Revenues from these services amounted to EUR 51.3 million (LTL 177.1 million) in 2014. The largest increase (EUR 4 million or LTL 13.8 million) was in revenues from termination of calls in public mobile communication networks, which amounted to EUR 37.7 million (LTL 130.2 million) and accounted for 34.2 percent of the total revenues from networks interconnection services in 2014.
- The largest share of revenues from networks interconnection services was received by TEO LT, AB, which accounted for 25.3 percent (EUR 27.9 million or LTL 96.3 million) of the total revenues from networks interconnection services in 2014. Revenues generated by this undertaking increased by 3.5 percent during the year.
- In 2014, call termination services were provided by 12 operators. The duration of terminated calls increased by 22.8 percent during 2014 and amounted to 3,563.6 million minutes. In terms of the duration of calls, 89.4 percent of calls were terminated in public mobile communications networks, which made up 3,184.5 million minutes.

- 63 percent of calls terminated in public fixed communication networks were originated in public mobile telephone communication networks, 21.3 percent of all terminated calls were originated in public fixed telephone communication networks.
- In 2014, the majority (85.3 percent) of calls terminated in public fixed telephone communication networks was terminated in the network of TEO LT, AB. The duration of calls terminated in the networks of other public fixed communication operators increased by 18.5 percent in 2014 and amounted to 55.7 million minutes.
- In 2014, the major share (86.4 percent) of calls terminated in public mobile telephone communication networks was made up of calls originated in public mobile communication networks. Their duration amounted to 2,750.2 million minutes during 2014. The lowest share (5.8 percent) of terminated calls was constituted by calls originated in public fixed communication networks. In 2014, their duration totalled 184 million minutes.
- In 2014, 40.2 percent of all calls terminated in public mobile communication networks were terminated in the network of UAB TELE2, 31.8 percent – in the network of UAB OMNITEL, 27.6 percent – in the network of UAB Bitė Lietuva and 0.4 percent – in the networks of other operators.
- In 2014, the price of call termination in public mobile communication networks was 1.04 euro cents (3.60 cents) per minute (exclusive of VAT), while the price of call termination in public fixed communication networks was 0.61 euro cents (2.11 cents) per minute (exclusive of VAT).
- There were 10 undertakings engaged in the provision of call transit services at the end of 2014. Their revenues from the provision of call transit services totalled EUR 51.3 million (LTL 177.1 million) in 2014 and increased by 27.6 percent during the year.
- In 2014, the duration of calls forwarded by transit increased by 39.4 percent and totalled 1,367.4 million minutes. The majority (79.2 percent) of calls forwarded by transit was forwarded to public communication networks of foreign operators. The duration of calls forwarded by transit to the public communication networks of Lithuanian operators increased by 0.5 percent in 2014 and totalled 284.6 million minutes.
- The major share (49.4 percent) of revenues from all transit services were earned by TEO LT, AB, in 2014. Also, the duration of calls forwarded by transit over the network of TEO LT, AB, accounted for 41.5 percent of the total duration of calls forwarded by transit. The duration of calls forwarded by transit by UAB MEDIAFON can be distinguished, as it increased by 81.7 percent and totalled 518.7 million minutes. Also, during 2014, revenues of this service provider from the provision of call transit services more than doubled.

1.3. Short message service (SMS) and multimedia messaging service (MMS)

1.3.1. Short message service (SMS)

Another popular means of communication in addition to calls is short message service (SMS). Just like a call, this alternative for the exchange of information allows receiving feedback, however, SMS messages not always reach the addressee in a timely manner. A person having sent a text message can get a response later or fail to receive it altogether. This can be one of the reasons leading to decreased

popularity of SMS in the long-term. With developing mobile communication networks and increasing use of smart devices, an increasing number of alternatives for SMS services have emerged, which also has an adverse effect on the demand for SMS services. Social networks are the main competitor of SMS services, where large flows of information are exchanged.

Since 2008, downward trend in the number of SMS services has been observed (see Figure 59), however, a slight growth (0.6 percent) in the number of SMS was noticed in 2014. 7,107.9 million SMS messages were sent in 2014 and one active public mobile telephone communication service subscriber sent an average of 134 SMS messages per month (which is 5 messages more than in 2013). In 2014, the number of SMS messages sent by one subscriber per day was the same as in 2013, i.e. – 4 SMS per day. The SMS message flow is likely to have slightly increased as a result of the offers of public mobile telephone communication operators to use unlimited SMS at a fixed monthly fee.

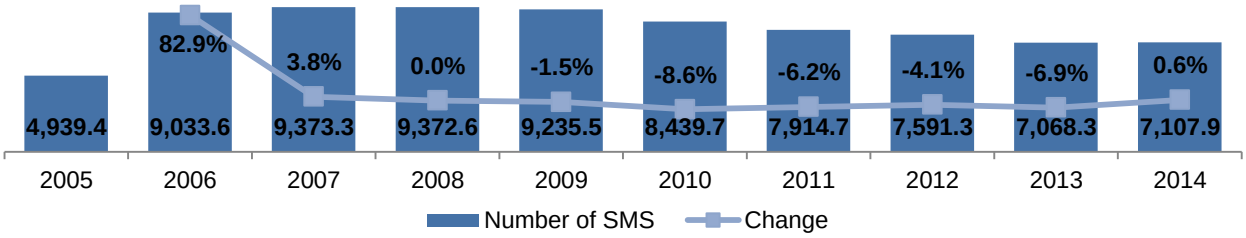


Figure 59. **Number of SMS sent, in million, and the change thereof, in per cent, in 2005–2014**
Source: RRT

Analysing the SMS service structure in terms of the number of SMS sent and their distribution by service providers, TELE2 subscribers are observed to have sent the largest number of SMS per year for eight consecutive years (see Figure 60).

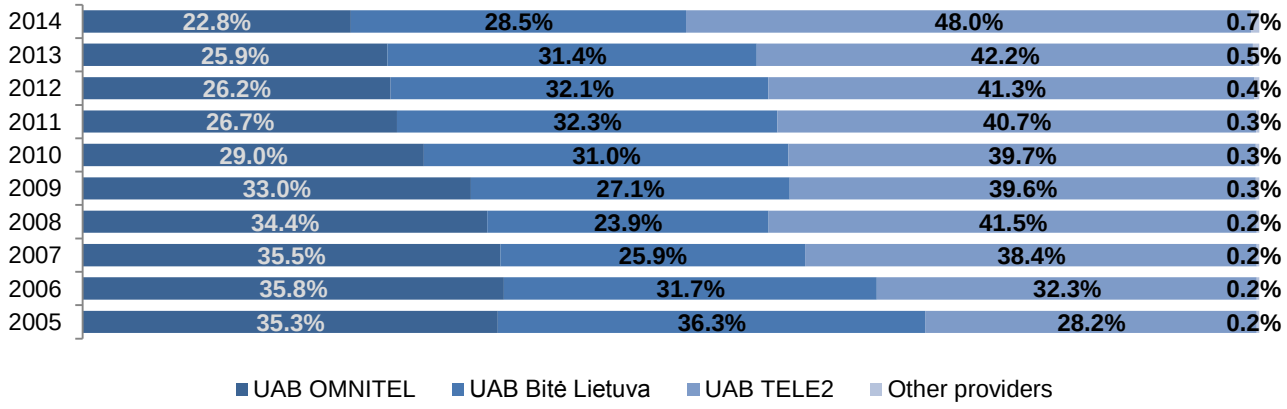


Figure 60. **Number of SMS sent by service providers in 2005–2014, in per cent**
Source: RRT

In 2014, the subscribers of UAB TELE2 sent 3.4 billion SMS. The number of SMS sent by UAB TELE2 subscribers increased by 14.3 percent, or 428 million SMS. Subscribers of UAB OMNITEL and UAB Bitė Lietuva sent by 11.5 percent and 8.7 percent, respectively, less SMS in 2014 compared to 2013. Since the number of SMS sent by UAB OMNITEL subscribers decreased the most, its market share shrank by 3.1 percentage points.

In 2014, revenues received from sending SMS amounted to EUR 26 million (LTL 89.8 million) (see Figure 61). Compared to all revenues from public mobile telephone communication services, revenues from SMS accounted for 11.7 percent of the total revenues of public mobile telephone communication services.

Since 2013, the increase in the revenues from SMS services can be explained by the changes in the methodology for distribution of revenues from electronic communications services, when RRT detailed the principles for distribution of revenues from electronic communications services in 2013.

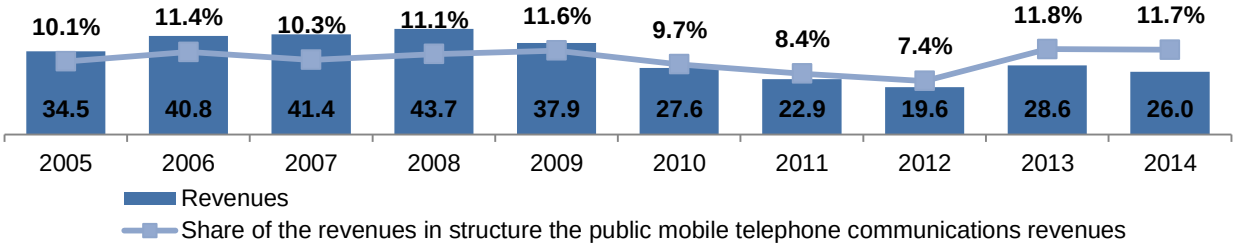


Figure 61. **Revenues received from sending SMS, in EUR million, and their share in the structure of public mobile telephone communication revenues, in per cent, in 2005–2014**
Source: RRT

In terms of revenues earned by all SMS service providers from SMS services and the number of sent SMS, the price per SMS was 0.4 euro cents (LTL 1.4 cents) in 2014. However, it should be noted that the prices of the services offered by UAB OMNITEL, UAB Bitė Lietuva and UAB TELE2 differed in 2014. UAB TELE2 subscribers had to pay the highest price per SMS in 2014, which was 0.39 euro cents (LTL 1.35 cents). The price of SMS for UAB OMNITEL subscribers was 0.37 euro cents (LTL 1.3 cents), while UAB Bitė Lietuva charged the lowest price per SMS, which was 0.3 euro cents (LTL 1 cent).

1.3.2. Multimedia messaging service (MMS)

Multimedia messaging service (MMS) is a short messaging service having more possibilities. MMS allows sending not only text, but it can also contain long texts, videos, images and audio features. Despite greater possibilities of MMS, the popularity of this service, although growing, is still lower than that of SMS.

The popularity of multimedia messages (MMS) in public mobile telephone communication networks reached its peak in Lithuania in 2014: the number of MMS sent during 2014 was the highest since 2005, and it reached almost 6.8 million MMS during 2014 (see Figure 62). The number of MMS sent throughout the entire 2005–2014 period increased by 3.4 million MMS. During 2014 alone, the number of MMS sent was 8.9 per cent, or 555.7 thousand MMS higher than in 2013. Despite the growing number of MMS sent, the number of MMS per subscriber was low. One active public mobile communication subscriber sent an average of 1 MMS in 2014.

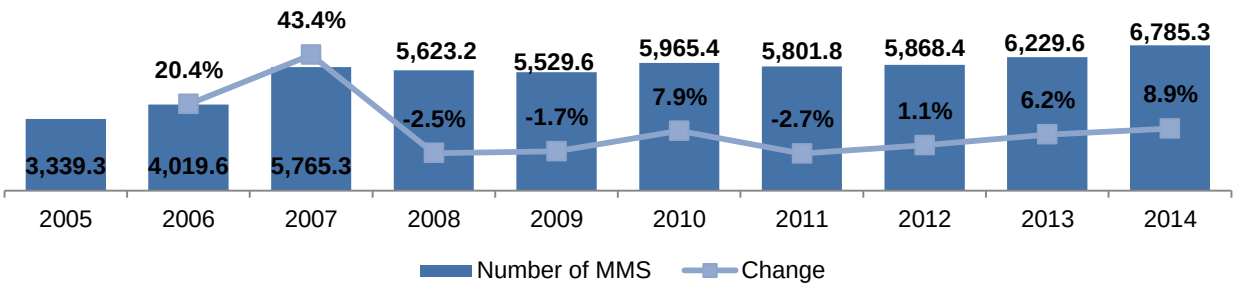


Figure 62. **Number of MMS sent, in thousands, and the change thereof, in percent, in 2005-2014**
Source: RRT

Analysing the distribution of the number of sent MMS in terms of the providers of public mobile telephone communication services, in 2014, UAB TELE2 subscribers sent the largest number of MMS (see Figure 63): the number of MMS sent by UAB TELE2 subscribers accounted for 47.7 percent of the total number of sent MMS. However, in 2014, subscribers of UAB TELE2 sent 0.7 percent, or 22.3 thousand MMS less than in 2013. 11 percent, or 191.2 thousand, more MMS were sent from the network of UAB OMNITEL and the company occupied 28.4 percent of the total market. 21.9 percent, or 241.5 thousand more MMS were sent in UAB Bitė Lietuva network in 2014, and that accounted for 19.8 percent of the total market of sent MMS.

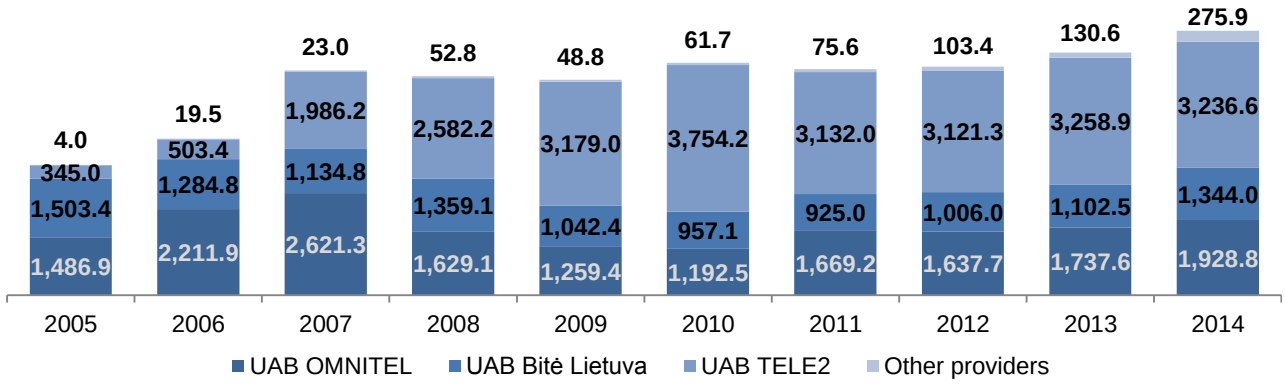


Figure 63. **Dynamics of the number of sent MMS by service providers in 2005–2014, in thousands**
Source: RRT

Revenues generated from sent MMS totalled EUR 576.4 thousand (LTL 1.99 million) in 2014. The majority of revenues (EUR 246.2 thousand, or LTL 850.1 thousand) received from sent MMS were generated by UAB TELE2, which accounted for 42.7 percent. Up until then, UAB Bitė Lietuva held this position for five years. In 2014, UAB Bitė Lietuva earned 41.8 percent, or EUR 241.2 thousand (LTL 832.8 thousand) of the total revenues from sent MMS. 14.3 percent of total revenues from sent MMS in 2014 were generated by UAB OMNITEL; its revenues increased by 10.2 percent, or EUR 7.6 thousand (LTL 26.2 thousand) and totalled 82.3 thousand (LTL 284.2 thousand).

A different number of sent MMS and distribution of revenues received therefrom among service providers allows concluding that service providers should apply different MMS prices or otherwise differentiate them. Such a presumption is confirmed by average revenues per MMS of service providers (see Figure 64).

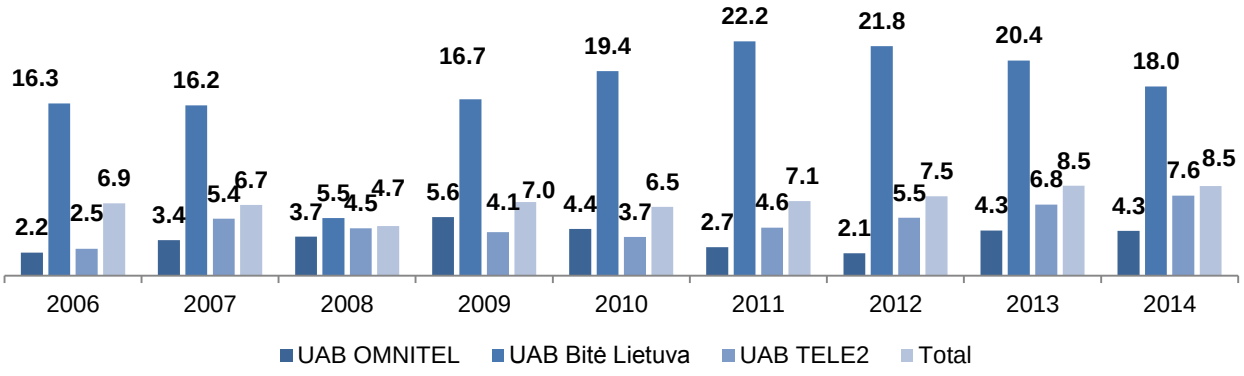


Figure 64. **Average revenues per sent MMS in 2006–2014, in euro cents**
Source: RRT

Summary

- 7,107.9 million SMS were sent in 2014, which is 0.6 percent more than in 2013. Revenues from sent SMS totalled EUR 26 million (LTL 89.8 million) in 2014.
- The largest number of SMS (48 percent of all SMS sent during the year) was sent by UAB TELE2 subscribers, and it totalled to 3.4 billion SMS. The least, 22.8 percent, or 1.6 billion SMS, were sent by subscribers of UAB OMNITEL, while subscribers of UAB Bitė Lietuva sent 28.5 percent of all sent SMS, which amounted to 2 billion SMS.
- During 2014, the number of sent MMS increased by 8.9 percent and totalled 6.8 million MMS. One active public mobile communication subscriber sent an average of 1 MMS in 2014. The revenues received from MMS services in 2014 amounted to EUR 576.4 thousand (LTL 1.99 million), and average revenues per sent MMS were 8.5 euro cents (LTL 29.3 cents).
- In 2014, the majority of MMS (47.7 percent) were sent by subscribers of UAB TELE2. UAB TELE2 also generated the most revenues (42.7 percent) from this service, and its revenues from this service totalled EUR 246.2 thousand (LTL 850.1 thousand).

2. Data transmission services

There are very few people in Lithuania, who do not use the Internet, as it is a very important means of daily activities in the 21st century, while the possibilities provided thereby are inexhaustible. However, the Internet is only one of data transmission services. Data transmission services consist of several types of services, which can be both wholesale and retail, and they include wholesale access (dark fiber services can be attributed thereto), Internet access services, leased lines services and other data transmission services.

At the end of 2014, data transmission services were provided by 110 undertakings, just like at the end of 2013 (see Figure 65). It should be noted that 76.4 percent of all undertakings operating in the electronic communications sector are engaged in the provision of data transmission services. Just like in previous years, the largest share of data transmission service providers provided Internet access services – there were 107 of them. The number of providers of dark fiber services, leased lines services and other data transmission services at the end of the previous year was several times lower than the number of Internet access services providers, i.e., respectively, 15, 9 and 18. It should be noted that the data transmission market has been sufficiently stable in terms of the number of providers.

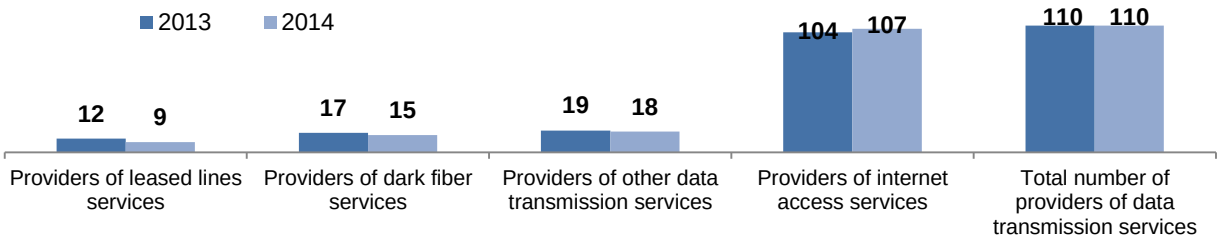
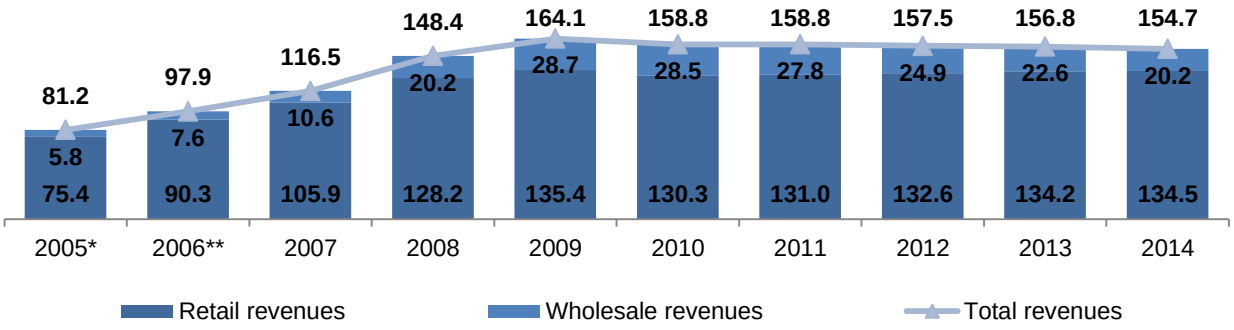


Figure 65. **Number of data transmission service providers by services provided in 2013–2014**
Source: RRT

Revenues from the provision of data transmission services totalled EUR 154.7 million (LTL 534.1 million) during 2014, which was 1.3 percent less than in 2013 (see Figure 66). Regardless of the reduction of revenues in the recent years, the activity of the provision of data transmission services still is one of the most important components of the electronic communications sector. It generates slightly more than a fourth of the total revenues of the electronic communications sector. Moreover, decreasing revenues are likely to be associated with the drop in service prices rather than the reduction in the demand.



** The accounting of revenues from other data transmission services was started in the 1st quarter of 2005.*

*** The accounting of revenues from dark fiber services was started in the 4th quarter of 2006.*

Figure 66. **Structure of revenues from data transmission services in 2005–2014, in EUR million**
Source: RRT

Retail data transmission services include retail leased lines, retail Internet access services and other retail data transmission services. Wholesale data transmission services include wholesale leased lines, wholesale Internet access services, other wholesale data transmission services and dark fiber services. Throughout the entire period under examination from 2005 to 2014, revenues from retail data transmission services constituted the majority of revenues (see Figure 66). In 2014, revenues from the latter services accounted for 86.9 percent of the total revenues from data transmission services. Compared to 2013, revenues from retail data transmission services increased by 0.2 percent and totalled EUR 134.5 million (LTL 464.4 million). The upward trend of the latter revenues has been observed since 2011. Revenues from wholesale data transmission services have been decreasing since 2010. Compared to 2013, they declined by 10.6 percent, or EUR 2.4 million (LTL 8.3 million) in 2014.

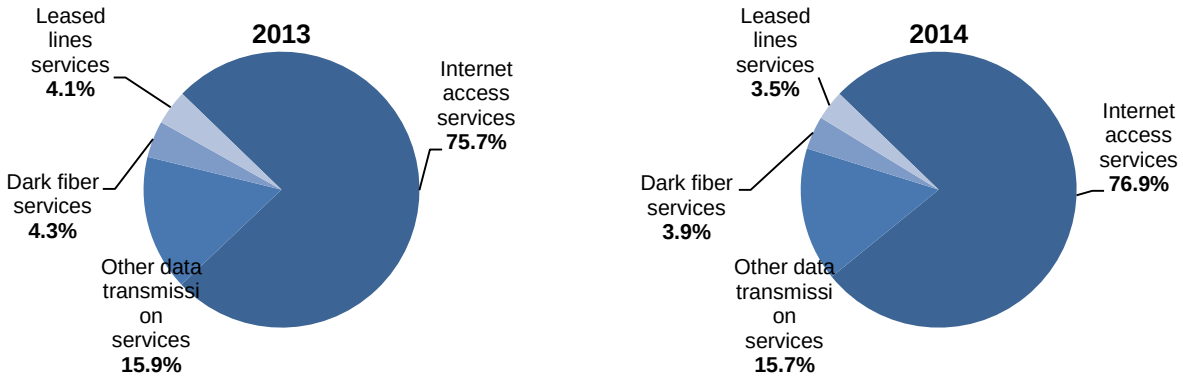


Figure 67. **Share of revenues from the provision of data transmission services by the provided services in 2013 and 2014, in per cent**
Source: RRT

When analysing the data transmission service market by revenues of service groups, the major share of revenues was generated from the provision of Internet access services (see Figure 67). Such trends were mainly impacted by a large and continuously growing demand for retail Internet access services allowing generating revenues higher than those from the provision of other services.

In the assessment of data transmission service market from a different perspective, i.e. by revenues earned by individual undertakings, the major market share was taken by TEO LT, AB, in 2014, just like in previous years (see Figure 68). During 2014, this company earned EUR 72.7 million (LTL 251 million) in revenues from the provision of data transmission services.

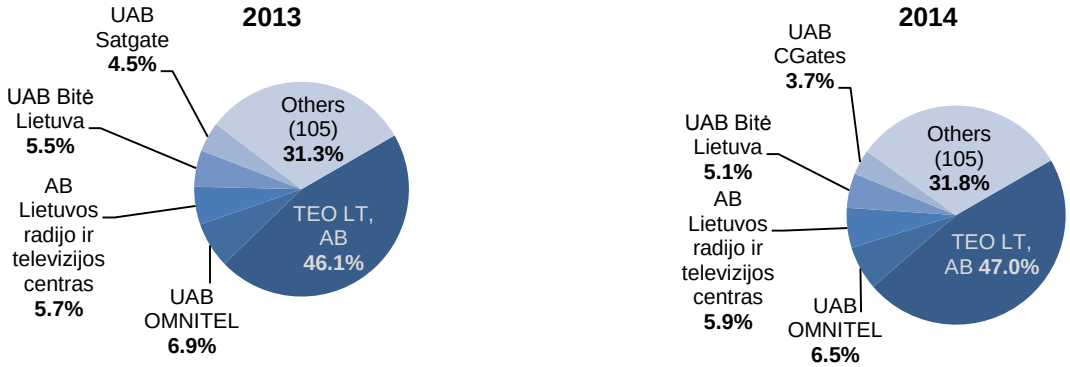


Figure 68. **Distribution of revenues from the provision of data transmission services by service providers in 2013 and 2014, in per cent**
Source: RRT

In further subsections of this section, the aforementioned data transmission services are covered in greater detail. The subsections present the situation in previous years and in 2014, i.e. the dynamics of service providers, demand, revenues and prices, and the technologies used for the provision of data transmission services. First of all, wholesale access services, which form the basis for the provision of other data transmission services, will be examined, comprehensively analysing retail Internet access services later on. Also, leased lines services and other data transmission services will be discussed individually.

2.1. Wholesale access services

Despite the fact that both Lithuania and the European Union aim at sustainable infrastructure-based competition, which encourages the development of Next Generation Networks (NGN), ensures the demand for high quality and affordable retail services, and contributes to the development of information society, the need for wholesale Internet access services has remained, because investments in infrastructure, which would allow installing NGN networks, are not always economically efficient. This gives rise to the need to create wholesale access services[15], which would enable operators to provide retail Internet access and other data transmission services over Next Generation Networks. The electronic communications regulatory framework applied in the European Union allows creating various wholesale access services, as well as obligating providers of electronic communications networks and services to provide certain wholesale access services. Wholesale access services may include physical network infrastructure (for instance, access network lines, communications cable ducts or technological premises) and electronic communications services (such as wholesale data transmission services).

At the end of 2014, wholesale access services in Lithuania were provided by 22 undertakings, i.e. by 1 undertaking less than in 2013. The total revenues generated by all these undertakings from the provision of the above-mentioned services during the year amounted to EUR 13.8 million (LTL 47.6 million) (see Figure 69). Just like in 2013, revenues from wholesale services continued to shrink in 2014 and experienced the largest drop during the 2005–2014 period, accounting for 15.3 percent.

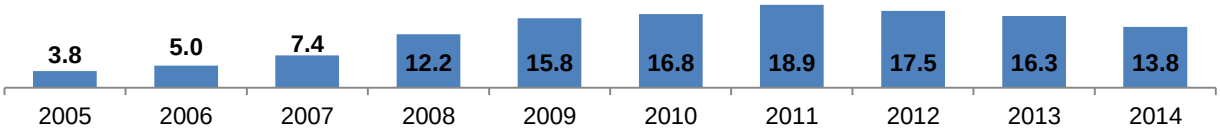
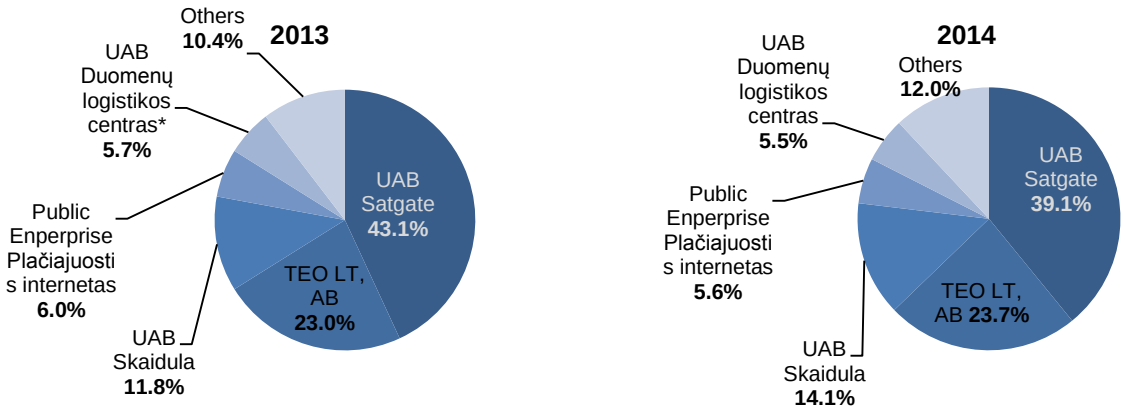


Figure 69. **Revenues from wholesale access services in 2005–2014, in EUR million**
Source: RRT

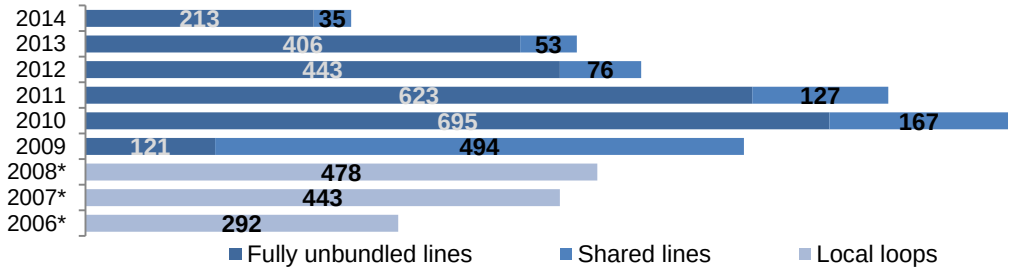
Just like in previous periods, UAB Satgate, which provided services outside Lithuania, and TEO LT, AB, remained obvious leaders among wholesale access service providers (see Figure 70). TEO LT, AB, slightly strengthened its position and increased its market share by 0.7 percentage points, while the market share of UAB Satgate dropped by 4 percentage points.

[15] Access is a concept used in the electronic communications regulatory area and means granting the right to use passive and/or active electronic communications infrastructure.



* *UAB Technologijų ir Inovacijų Centras until 4 November 2013*
Figure 70. **Structure of revenues from wholesale access services by providers in 2013 and 2013, in percent**
Source: RRT

There were only two wholesale accesses to local loops service actually used in Lithuania in 2014 – fully and shared unbundled local metallic twisted pair lines services. During the period of 2006–2010, an increase was recorded in the demand for these services, but starting from 2011 the situation changed, and a downward trend emerged (see Figure 71).



** Not differentiated according to the way of unbundling of the local loop.*
Figure 71. **Number of fully unbundled or shared local metallic twisted pair lines provided in 2006–2014**
Source: RRT

The total number of the provided local loops totalled 248 pcs at the end of 2014, or 46 percent less than in 2013. Just like in previous periods, TEO LT, AB, was the sole supplier of services of access to metallic twisted pair lines in 2014. Moreover, just like in previous years, there were only two undertakings purchasing the said services from this supplier: State Enterprise Infostruktūra and UAB BALTNETOS KOMUNIKACIJOS.

The wholesale Internet access services – data transmission from a network termination point to a corresponding concentration point – to retail Internet access service providers were provided by TEO LT, AB, at the end of 2014. These services were purchased by 5 operators in 2014, whereto TEO LT, AB, had provided 1,538 wholesale xDSL lines at the end of the year (see Figure 72). Compared to the end of 2013, when 1,567 lines were provided, the demand for the service declined by 1.9 percent in 2014. Despite the growth recorded for several years, the general trend suggests that in future the demand for these services should decline. This conclusion is based on the declining demand for xDSL as the technology used for the provision of the Internet access as well as on the growing popularity of fiber-optic, mobile and wireless communication technologies.

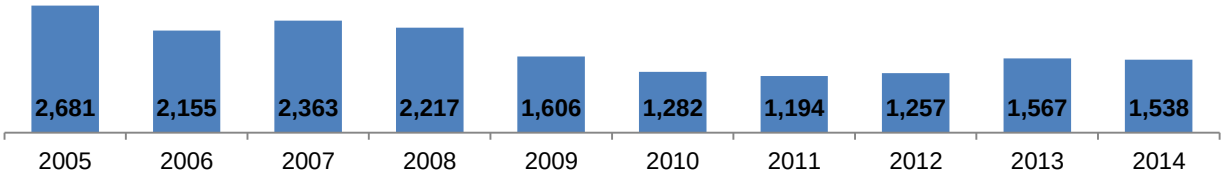


Figure 72. **The number of wholesale xDSL lines provided in 2005–2014**
Source: RRT

Another type of wholesale access can be the provision of dark fiber services (lease of physical infrastructure). There were 15 undertakings engaged in the provision of these services at the end of 2014: UAB AirnetTV, UAB Balticum TV, UAB Dokeda, UAB Duomenų Greitkelis, UAB Ektra, UAB Elekta, IĮ INLO, UAB Kavamedia, UAB Penkių Kontinentų Komunikacijų Centras, Public Enterprise Plačiajuostis Internetas, UAB Skaidula, SPLIUS, UAB, UAB Sugardas, UAB Duomenų Logistikos Centras, TEO LT, AB. At the end of 2014, the said operators had provided 3,202 dark fiber lines, which is 10.9 percent, or 390 fiber lines less compared to the end of 2013 (see Figure 73). This was the first drop throughout the entire 2006–2014 period. Revenues from the said activity also declined in 2014.

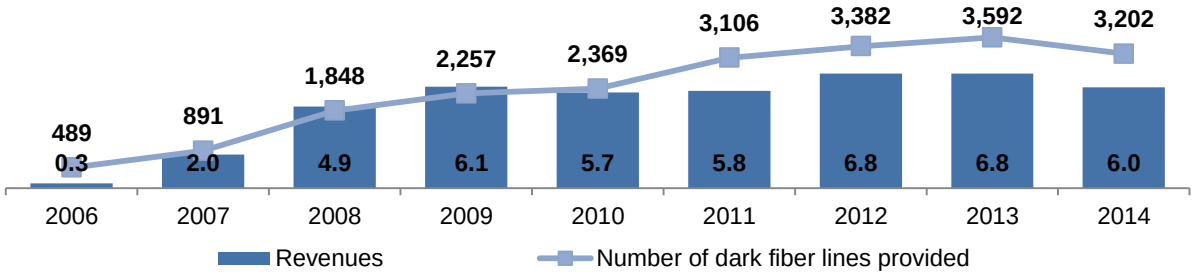


Figure 73. **Revenues from the dark fiber services, EUR million, and the number of lines provided in 2006–2014**
Source: RRT

Just like in previous periods, TEO LT, AB, remained the leader in the provision of accesses to dark fiber services in terms of the number of provided accesses in 2014, but its market share decreased by 3.3 percentage points compared to 2013 (see Figure 74).

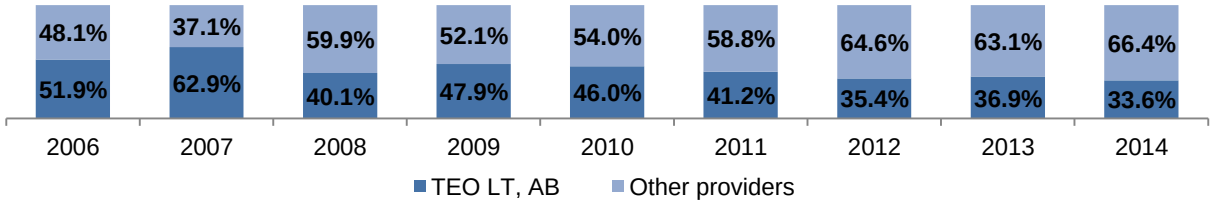
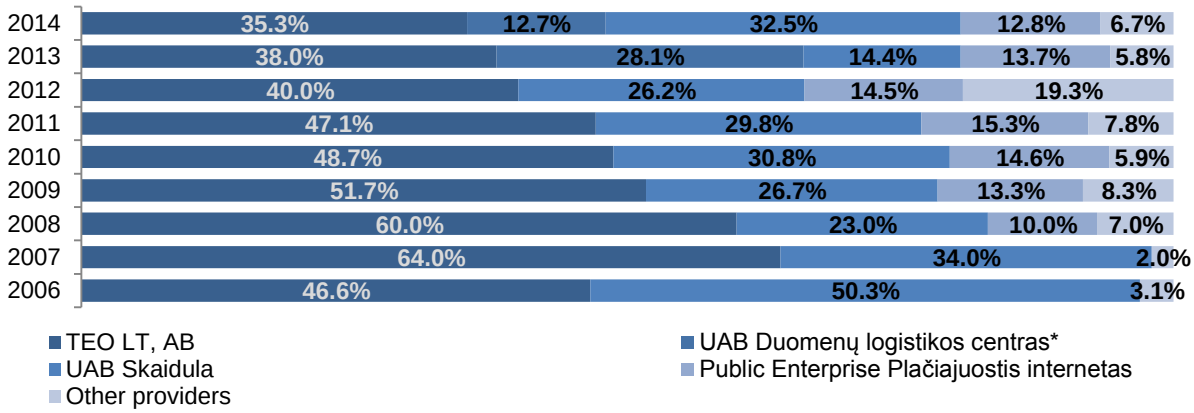


Figure 74. **Structure of the dark fiber market by service providers in 2006–2014, in per cent**
Source: RRT

In 2014, just like in previous periods, the share of revenues generated by TEO LT, AB, was the largest in the overall structure of revenues earned from the provision of dark fiber lines (see Figure 75), but it dropped by 2.7 percentage points compared to 2013. It should be noted that the position of TEO LT, AB, has been gradually weakening since 2008. Another significant change in this market is associated with the activities of UAB Skaidula. In 2014, this undertaking generated 32.5 percent of total revenues from the provision of dark fiber line services, which was 18.1 percentage points more than in 2013.



** Until 4 November 2013, UAB Technologijų ir inovacijų centras.*
Figure 75. **Structure of the dark fiber lease market in terms of revenues in 2006–2014, in per cent**
Source: RRT

2.2. Retail Internet access services

As previously mentioned, Internet access services are one of types of data transmission services. They can be both wholesale and retail. Wholesale Internet access services were discussed in subsection 2.1 as a component of the wholesale access services. This subsection will discuss retail Internet access services, for the provisions whereof 6 main technologies are used in Lithuania: metallic twisted pair lines (xDSL), wireless communication lines consisting of Worldwide Interoperability Microwave Access (WiMax), Wireless Fidelity (WiFi) and other wireless communication technologies, cable television networks, fiber-optic communication lines, local area networks (LAN) and public mobile communication networks. In addition, Internet access services can also be provided by means of other less popular technologies, such as leased lines, power lines, public satellite communication networks and other technologies.

Just like in previous periods, the Lithuanian retail Internet access services market had a large number of service providers in 2014. There were 107 undertakings engaged in the provision of Internet access services at the end of 2014, which is by three undertakings more than in 2013, when there were 104 Internet access service providers.

The analysis of the retail Internet access services market in terms of revenues shows that the revenues generated by service providers continued to maintain growth in 2014. However, it should be pointed out that revenues from the provision of retail Internet access services grew at a somewhat slower rate than in previous periods. Compared to 2013, revenues from provision of retail Internet access services grew by 1.7 percent in 2014, when in 2013, compared to 2012, they increased by 1.9 percent. In 2014, revenues of all undertakings engaged in the provision of retail Internet access services totalled EUR 111.1 million (LTL 383.6 million), which is a result greater by EUR 1.8 million (LTL 6.2 million) than in 2013 (see Figure 76). The growing revenues from the provision of retail Internet access services led to a parallel growth in the share of the revenues generated in this market in the total revenues of the electronic communications sector in 2014. It should be noted that the indicator increased not only due to the growing revenues from the provision of retail Internet access services, but also due to the decline in the total revenues of the electronic communications sector in 2014.

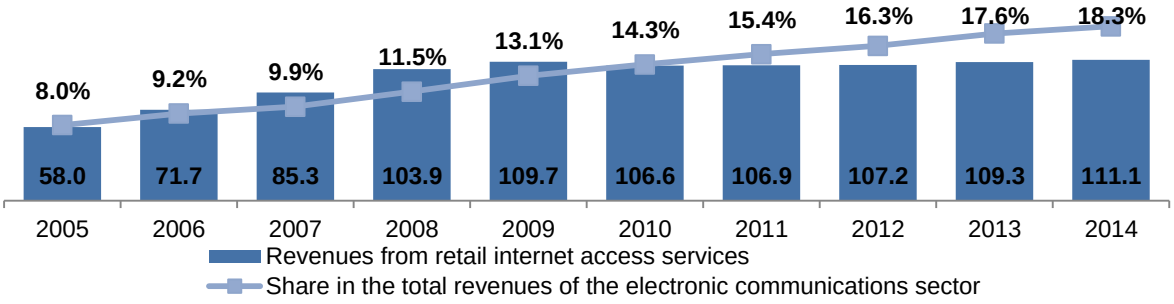


Figure 76. **Revenues from retail Internet access services, in EUR million, and their share in the total revenues of the electronic communications sector, in per cent, in 2005–2014**
Source: RRT

The retail Internet access services market experienced no significant changes in terms of the revenues generated by individual undertakings in 2014, i.e. TEO LT, AB, with 47.1 percent of the market, maintained its strong leading position, followed by UAB OMNITEL with 8.9 percent of the market (see Figure 77). However, it should be noted that the position of TEO LT, AB, in the market became stronger by 0.9 percentage point, while the market share occupied by UAB OMNITEL decreased by 0.7 percentage points. Moreover, even though providers of retail Internet access services holding more than 3 percent of the market share have remained the same – AB Lietuvos Radijo ir Televizijos Centras, UAB Bitė Lietuva, UAB Cgates and UAB Balticum TV – their market shares in terms of revenues earned also slightly changed in 2014.

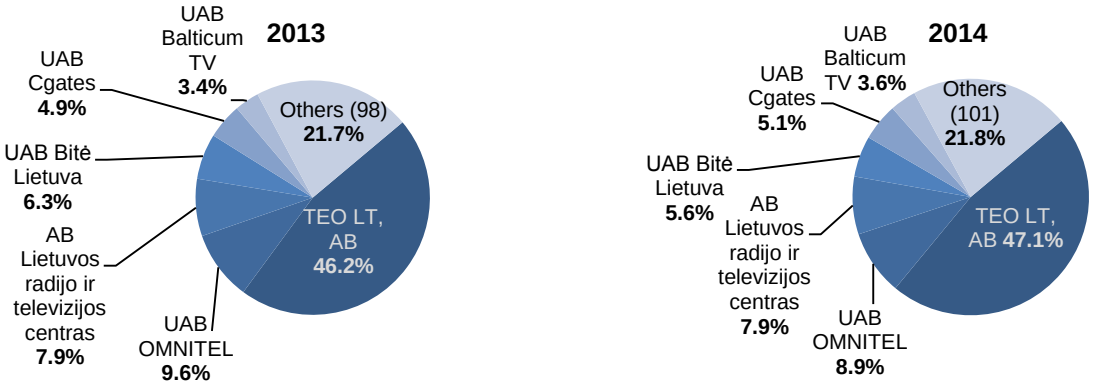
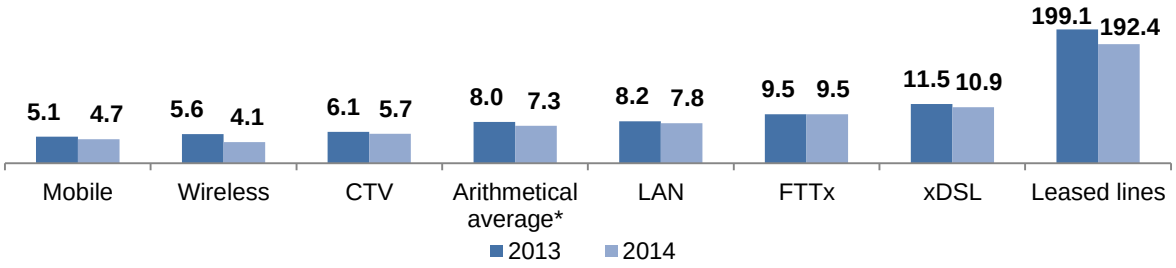


Figure 77. **Distribution of providers of retail Internet access services in terms of revenues in 2013 and 2014, in per cent**
Source: RRT

In 2014, the average revenues per user of retail Internet access services (ARPU) per month were EUR 7.3 (LTL 25.2), or EUR 0.7 (LTL 2.4) lower than in 2013 (see Figure 78). Just like in previous periods, the highest ARPU was generated from subscribers, who connected to the Internet over other – leased – lines. However, compared to 2013, ARPU from this service decreased by 3.4 percent, or EUR 6.7 (LTL 23.1) per month in 2014. The lowest revenues (EUR 4.1 (LTL 14.2)) from the provision of retail Internet access services in 2014 were generated from subscribers connected to the Internet over wireless communication lines. In 2013, this position was taken by mobile communication technologies. The ARPU of the most popular Internet access technology – fiber-optic communication lines – remained unchanged in 2014.



** Calculated by including all the technologies except for leased lines*
Figure 78. **ARPU for retail Internet access services by the technologies used in 2013 and 2014, EUR**
Source: RRT

It is important to note that expenses for connecting to the Internet of a service recipient in Lithuania are one of the lowest in the European Union. Based on electronic communications data of the European Commission[16], in 2014, the median of monthly prices for the provision of 12–30 Mb/s speed internet access services in Lithuania was the lowest among all the European Union Member States – it was equal to EUR 16.8 (LTL 58) (see Figure 79). Despite the fact that, compared to 2013, it is a EUR 2 (LTL 6.9) higher results, this value is still by EUR 19.9 (LTL 68.7) lower than the total monthly median of prices prevailing in the European Union. In addition, the price applicable in the segment of the services under review in Lithuania, as compared to the closest geographical neighbours (Estonia, Latvia and Poland), was lower, respectively, by EUR 5.6 (LTL 19.3), EUR 6.7 (LTL 23.1) and EU 33.4 (LTL 115.3).

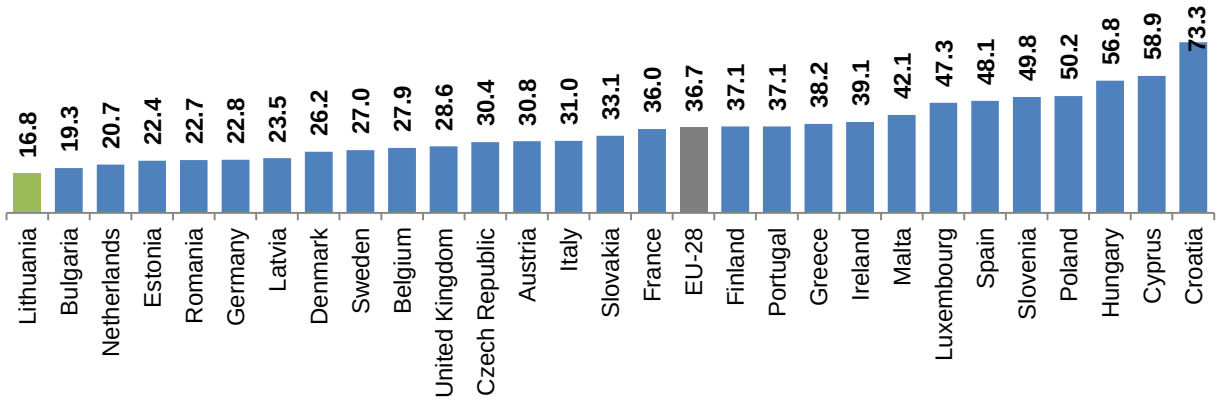


Figure 79. **Medians of prices for retail Internet (12–30 Mb/s speed rate) access services in the European Union in 2014, in EUR per month**
Source: European Commission

The situation is quite similar with the median of monthly prices of the Internet access of 30–100 Mb/s (see Figure 80). In Lithuania, the price of retail Internet access of the aforementioned speed rate was one of the lowest – ranked second – in the European Union and it amounted to EUR 22.4 (LTL 77.3) in 2014 (only slightly higher than that in Romania, where the median of monthly prices was EUR 22.2 (LTL 76.7)). The median of the 30–100 Mb/s Internet access service prices decreased by EUR 1.7 (LTL 5.9) in Lithuania during the year. The overall EU indicator was higher by EUR 11.6 (LTL 40.1). Compared to the country's closest geographical neighbours (Latvia, Estonia and Poland), in 2014, in Lithuania the median of the monthly price of the retail Internet access services of 30–100 Mb/s was lower, respectively, by EUR 0.6 (LTL 2.1), EUR 7.4 (LTL 25.6) and EUR 11.1 (LTL 38.3). Thus, the comparison of Internet access prices reveals that Internet access services, which ensure very high speed and the deployment whereof is promoted at the

[16] http://digital-agenda-data.eu/charts/analyse-one-indicator-and-compare-countries

European Union level, are one of the lowest among the European Union Member States. The latter trend was also observed in previous periods.

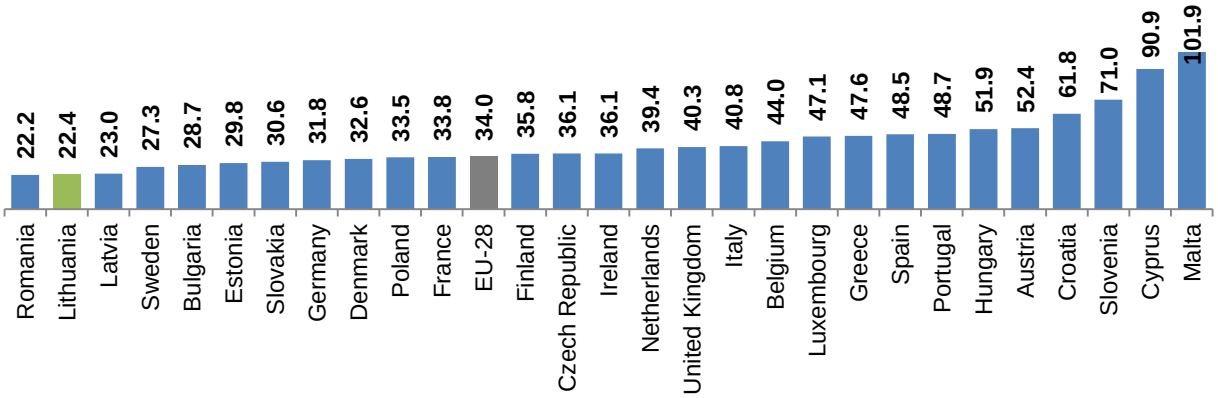


Figure 80. **Medians of prices for retail Internet (30–100 Mb/s speed rate) access services in the European Union in 2014, in EUR per month**
Source: European Commission

Low Internet access service prices speak about competition existing in the market, which can be illustrated by comparing Herfindahl index[17] values, which can range from 0 to 1 (or from 0 to 10,000). A lower value of this index indicates a stronger competition. According to the data of the European Commission, the Herfindahl index of the European Union was 0.3 in 2014 (see Figure 81). Lithuania ranked second with the value of 0.24. The highest index value (0.55) was recorded in Cyprus in 2014. The comparison of medians of retail Internet access service prices (see Figures 79 and 80) reveals that in Cyprus they were one of the highest in the EU. Weak competition in the market under review did not allow for a significant reduction of the prices.

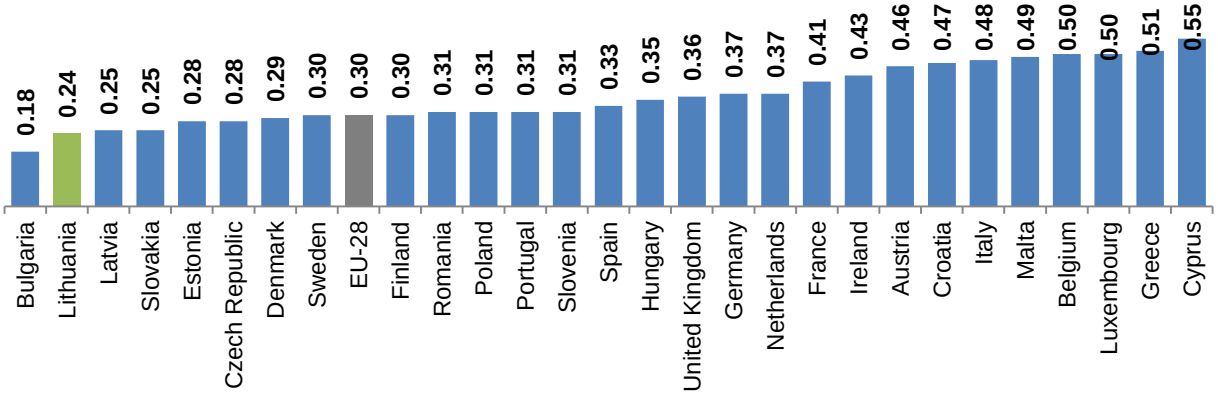


Figure 81. **Herfindahl index values for determining competition level in the broadband Internet access market in June of 2014**
Source: European Commission

The number and penetration of retail Internet access service subscribers in 2014, as in previous periods, retained the growth trend (see Figure 82). It is worth noting that the growth rate in the number of subscribers has increased for the third consecutive year, and it accounted for 10.8 percent in 2014, compared to 7.6 percent in 2013. The absolute growth in the number of subscribers during the year amounted to 122.6 thousand. The increase in the number of subscribers of Internet access services was mainly determined by the growth in the number of TEO LT, AB, *Wi-Fi* subscribers. Having assessed the total

[17] Calculation methodology: http://www.btp.vgtu.lt/index.php/btp/article/viewFile/1648-0627.2009.10.191-203/pdf

number of retail Internet access service subscribers, apart from the aforementioned TEO LT, AB, *Wi-Fi* subscribers, the number of subscribers would increase by 50.2 thousand during the year. Penetration would respectively decrease to 38 percent.

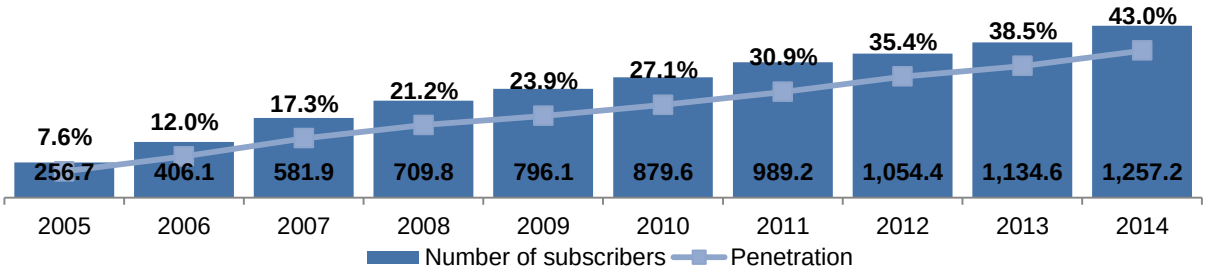


Figure 82. **Number of subscribers of retail Internet access services, in thousands, and their penetration (number of subscribers per 100 inhabitants), in per cent, in 2005–2014**
Source: RRT

According to the data of the European Commission, compared to 2013, the use of Internet in households of Lithuania increased by 2 percentage points from 64 percent to 66 percent in Lithuania (see Figure 83).

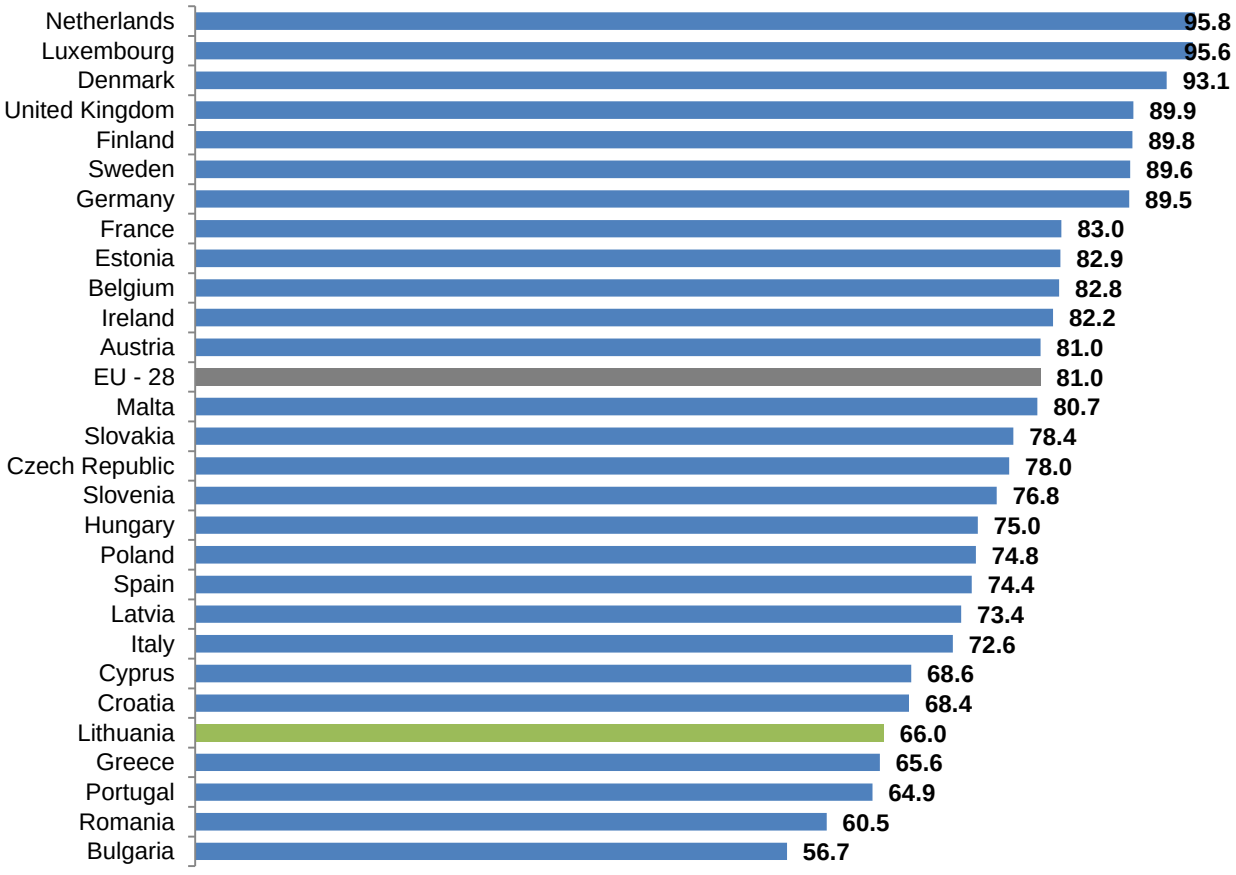


Figure 83. **Share of households using Internet access services in the EU Member States in 2014, in per cent**
Source: Eurostat

The main reason for households not having Internet access at home was the absence of the need for the use of the Internet, which was indicated by 64.7 percent of respondents[18]. The total average of the

[18] The publication of Statistics Lithuania "Information Technologies in Lithuania 2014"

use of the Internet by the EU Member States increased by 5 percentage points and totalled 81 percent, or 15 percentage points more than in Lithuania. Despite the Internet access penetration increasing each year, the country has ranked lower in the European Union in terms of the Internet usage in households. Compared to its neighbouring countries Latvia, Poland and Estonia, where the said indicator was 73.4 percent, 74.8 percent and 82.9 percent, respectively, the result of Lithuania is also the lowest. Luxembourg can be noted to have experienced the largest growth during 2014 – from 70 percent to 95.6 percent, and it ranked second in the European Union.

In 2014, the retail Internet access services market, in terms of the fixed and mobile communication technologies used by subscribers to receive Internet access services, maintained similar trends to those in 2009–2013 (see Figure 84). The majority (38 percent) of service users chose the Internet access provided over fiber-optic communication lines (FTTx), while the share of subscribers using the Internet access provided over leased lines was the smallest – the number of the users thereof was below 0.1 percent of all Internet access service recipients. The number of subscribers using the Internet access services provided over cable television (CTV) networks, local area networks (LAN), xDSL and other technologies has declined for several consecutive years.

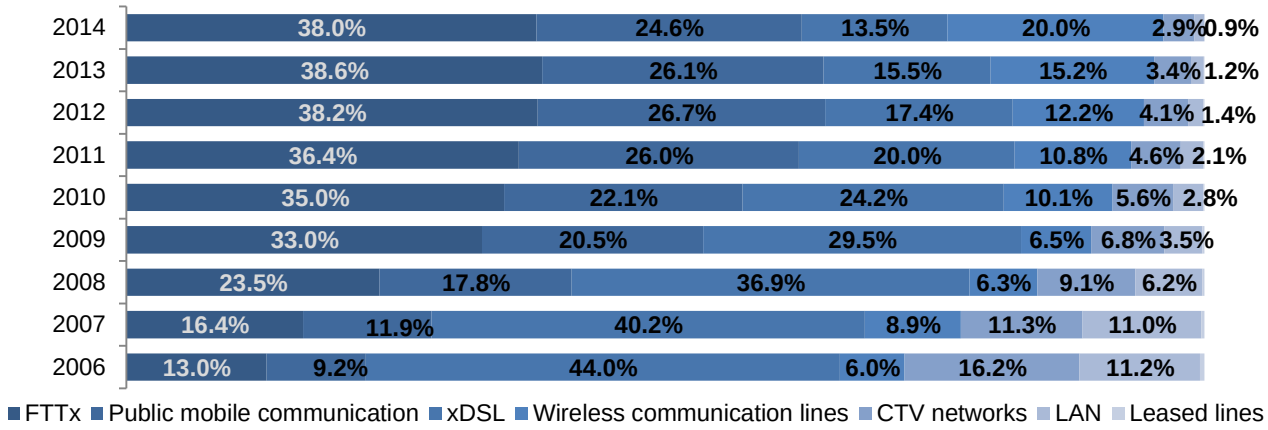


Figure 84. **Distribution of subscribers by the fixed and mobile communication technologies used for the access to Internet services in Lithuania in 2006–2014, in per cent**
Source: RRT

Increasing popularity of technologies, such as FTTx, mobile communication and wireless communication, and the decreasing popularity of other technologies, such as Internet access over cable television networks and xDSL, can be attributed to several factors. First of all, public mobile communication networks and wireless communication networks have the mobility feature, which enables access to services in places where fixed communication technologies are not available. Second, the development of 3G, 4G and WiMax networks allows ensuring a speed rate, which is close to that provided by fixed communication technologies. Third, low prices for the Internet access services provided over public mobile and wireless communication networks also encourage service users to choose these services as an additional service, using other technologies, or as an alternative to other services. Fourth, the growth in popularity of the FTTx technology is driven by the fact that this technology is capable of ensuring a very high speed rate of services (some service providers offer up to 500 Mb/s speed rate for Internet access). Finally, the prices of Internet access services provided using the FTTx technology are lower than those of other technology (xDSL), which was very popular until 2009 (see Figure 78).

Just like in previous periods, in 2014, the number of subscribers using the Internet access services provided over fixed communication technologies had a tendency to grow (see Figure 85). During the year, the number of these subscribers increased by 109.8 thousand, or 13.1 percent. The penetration of the Internet access services, provided by using fixed communication technologies, grew at an even greater rate than in 2012 or 2013, i.e. by 4 percentage points, and accounted for 32.5 percent at the end of the year. During the 10 year period, the penetration of the Internet access services provided by using fixed communication technologies, increased by 25.6 percentage points. Excluding TEO LT, AB, *Wi-Fi* subscribers, the number of subscribers of the Internet access using fixed communication technologies would total 764.4 thousand, while the penetration would account for 26 percent in 2013. In 2014, the number of subscribers of the Internet access using fixed communication technologies would total 801.8 thousand, while the penetration would account for 27.4 percent.

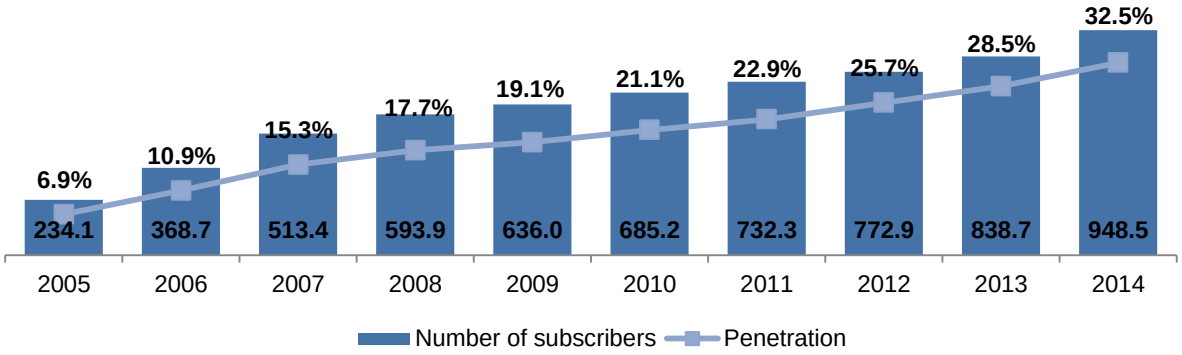


Figure 85. **Number of subscribers of the Internet access services provided by using fixed communication technologies, in thousands, and penetration (number of subscribers per 100 inhabitants), in per cent, in 2005–2014**
Source: RRT

According to the data presented by the European Commission, the penetration indicator of Internet access provided over fixed communication technologies in Lithuania was 30 percent in 2014 (Figure 86). The overall penetration rate in the EU Member States in the middle of 2014 amounted to 30.9. The said gap should be noted to have decreased by almost three times during the year. In terms of the penetration indicator of the Internet access provided using fixed communication technologies, the country ranked 11th, which was 1 position higher than in the middle of 2013. It should be noted that the penetration rate of the Internet access services provided by using fixed communication technologies is higher than that in Poland (22.7 percent), Latvia (24.8 percent) and Estonia (29.9 percent).

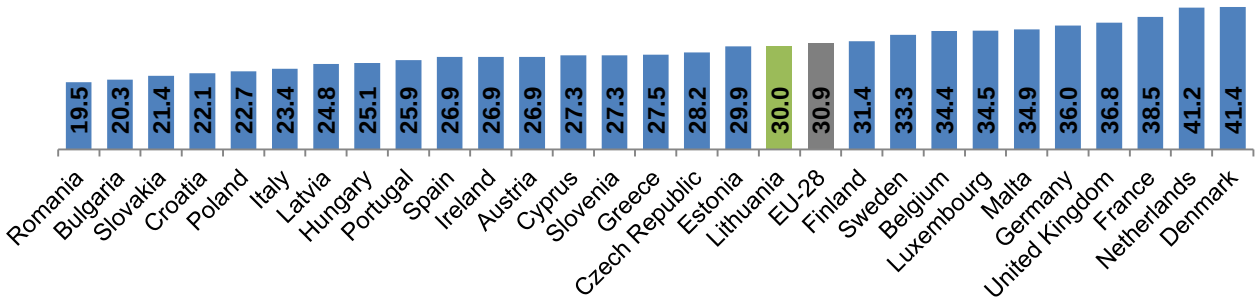


Figure 86. **Number of subscribers of the Internet access services provided by using fixed communication technologies per 100 inhabitants in the EU Member States in June 2014, in per cent**
Source: European Commission

When evaluating the competitive environment of the Internet access services provided by using fixed communication technologies, it should be noted that in 2014 such Internet access services were provided by 100 undertakings. However, more than half of the users of Internet access services provided by fixed communication technologies chose the services of TEO LT, AB. In 2014, the incumbent operator TEO LT, AB, provided the fixed communication technology-based Internet access to 54.4 percent of service recipients (see Figure 87). During the year, the market share of the above-mentioned operator increased by 3.2 percentage points. The data for 10 year period shows that the market share of TEO LT, AB, has a tendency to grow, but the growth is not constant. In 2008, 2009 and 2013, a drop was recorded in the market share of TEO LT, AB. Excluding TEO LT, AB, *Wi-Fi* subscribers, the share of subscribers of Internet access services provided by using fixed communication technologies would total 46.5 percent in 2013 and 46 percent in 2014.

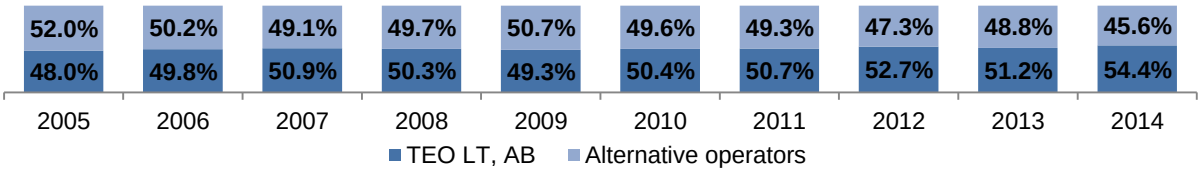
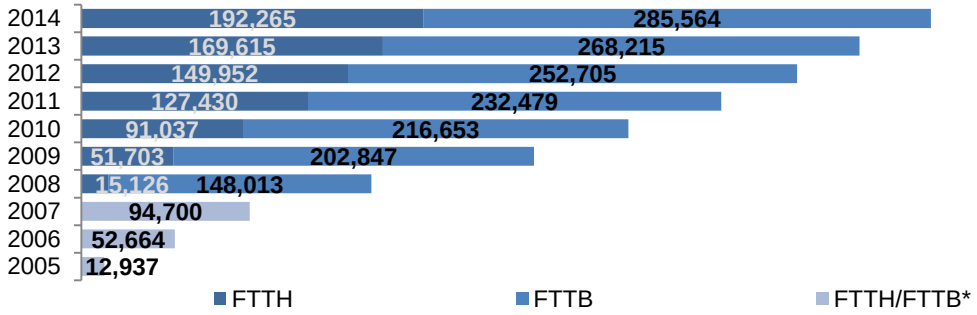


Figure 87. **Share of subscribers of the Internet access services over fixed communication technologies provided by TEO LT, AB, and alternative operators in 2005–2014, in per cent**
Source: RRT

As previously indicated, FTTx is the most popular Internet access technology in Lithuania. Compared to 2013, the number of subscribers using the Internet access services provided over fiber optic communication lines (FTTx) increased by 40 thousand in 2014 and amounted to 477.8 thousand at the end of the year (see Figure 88).



** Until 2008, data on FTTH and FTTB technologies was not collected separately.*
Figure 88. **Number of subscribers of the Internet access provided over fiber communication lines by the connection method in 2005–2014**
Source: RRT

In 2014, growth rates slightly exceeded the increase of 8.7 percent recorded in 2013 and accounted for 9.1 percent. Just like in previous periods, a larger share of fiber optic communication lines (59.8 percent) were installed up to the end user's building (Fiber to the Building, FTTB), while fiber communication lines installed up to the end user's premises (Fiber to the Home, FTTH) comprised 40.2 percent of fiber optic communication lines in 2014.

It should also be noted that in 2014 alternative operators owned 58 percent of the total number of fiber optic communication lines, while TEO LT, AB, owned 42 percent, accordingly. This trend has manifested itself since the very beginning of the start of the development of the FTTx technology in Lithuania, i.e. since 2003. Alternative operators were the first to invest in fiber optic communication lines, and

for a long time – 2003–2007 – held the largest market share (99 percent of the market). In 2008, when TEO LT, AB, started actively investing in FTTx access networks, the share of fiber optic communication lines owned by this company increased, however, as already mentioned above, TEO LT, AB, market share still is not the largest.

In 2014, popularity of the Internet access provided using xDSL technology has decreased. Compared to 2013, the number of subscribers of the Internet access provided using this technology decreased by 6.4 thousand in 2014 and totalled 169.9 thousand at the end of the year.

The volumes of the Internet access services provided over LAN and CTV networks continued to decline in 2014. During 2014, the number of subscribers of the Internet access services provided over LAN networks decreased by 2.5 thousand subscribers and amounted to 11.3 thousand at the end of the year. The number of subscribers, who received Internet access services over CTV networks, decreased by 1.3 percent and totalled 37 thousand subscribers at the end of 2014. It must be noted that the decrease in the number of subscribers using the Internet access services provided over CTV networks should not mean that CTV providers have been losing customers. CTV providers invest in FTTx technologies and their subscribers, having received the Internet access over CTV networks, migrate to FTTx technologies

An increasingly rapid development of new technologies for the provision of Internet access services in Lithuania and growing needs of consumers lead to annually increasing Internet access speed. However, 2014 can be characterized by slightly different changes. In 2014, 3 percentage points more subscribers used Internet access of a speed lower than 10 Mb/s compared to 2013, i.e. 38.8 percent of all recipients of Internet access services. Even though the demand for lower speed Internet increased, as many as 48 percent (1.1 percentage points more than in 2013) of Internet access subscribers chose the Internet access of a speed 30 Mb/s and more (see Figure 89).

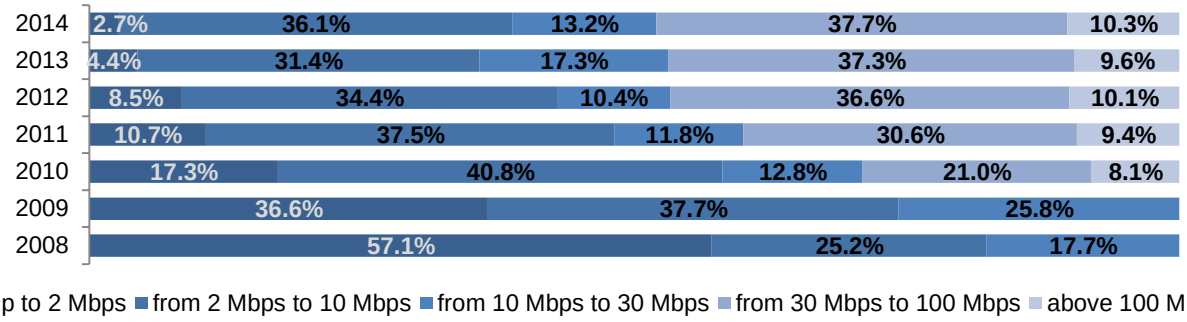


Figure 89. **Number of subscribers connected to the Internet using fixed communication technologies by speed rates in 2008–2014, in per cent**
Source: RRT

The increasing demand for high-speed Internet access and the aim to ensure proper service quality to service recipients has encouraged operators to increase the speed of data transmission channels. At the end of 2014, 13 undertakings had direct (not via other Internet access providers of Lithuania) international Internet communication channels. The total speed rate of direct international Internet communication channels by the end of 2014 was 272,220 Mb/s, which is 66,458 Mb/s more than at the end of 2013. TEO LT, AB, had the highest speed rate of international channels at the end of 2014, just like in previous periods, which amounted to 130,150 Mb/s, or by 23,000 Mb/s more than at the end of 2013. Other market participants had lower international channel speed rates: UAB Bitė Lietuva – 51,200 Mb/s, UAB Nacionalinis Telekomunikacijų Tinklas – 40,000 Mb/s, LATTELEKOM SIA branch – 29,000 Mb/s, UAB Penkių Kontinentų

Komunikacijų Centras – 10,240 Mb/s and KTU Institute of Information Technology Development – 5,120 Mb/s.

As previously mentioned, the demand for Internet access services provided using fixed communication technologies has been continuously growing. At the end of 2014, the services of broadband Internet access provided using mobile communication networks were used by 308.7 thousand subscribers and their number increased by 12.8 thousand subscribers during 2014 (see Figure 90). It should be noted that, although the number of subscribers using broadband Internet access over mobile communications networks has been increasing, the growth rates have been declining. The decline in the latter indicator shows that Internet access services provided over mobile communications networks might have reached their maturity stage. However, with an increasing popularity of smart devices, the use of data transmission services on mobile devices has been rapidly increasing: in 2014, there were 2.1 million subscribers, who used package data transmission services provided over mobile communication network, which is 0.2 million more than in 2013.

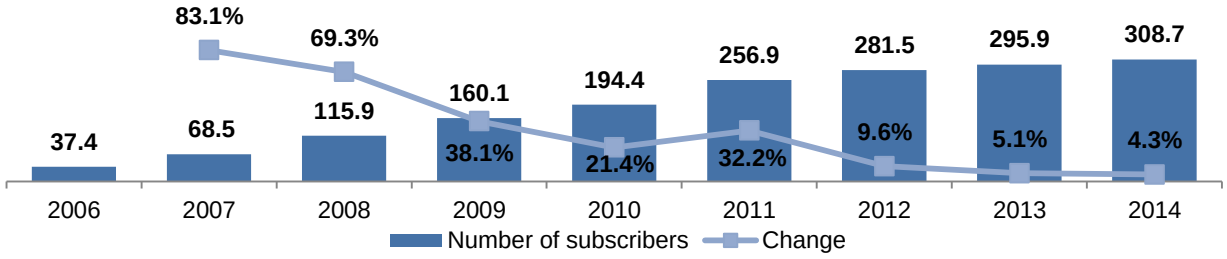


Figure 90. **Number of subscribers of the Internet access services provided by using mobile communication technologies, in thousands, and the change, in per cent, in 2006–2014**
Source: RRT

It should be noted that for several consecutive years, mobile communication operators have been investing in their networks, which in the future will ensure better geographic accessibility and quality of services. The scale of investment is also well illustrated by the growth in the number of new base stations. The growth in the number of mobile communication base stations was 3 times faster than in 2013 and accounted for 37.3 percent, compared to 12.8 percent in 2013 (see Table 2). The largest growth in the number of LTE stations was recorded in 2014, which is associated with a rapid development of LTE, otherwise known as 4G network development. According to the data of UAB OMNITEL, 80 percent of residents of Lithuania had a possibility to use LTE services provided by the company, while UAB TELE2 stated that its 4G connection covered 65 percent of the territory of Lithuania at the end of 2014.

Table 2. **Dynamics of mobile communication base stations in 2012–2014**

	2012	2013	Change between 2012 and 2013	2014	Change between 2013 and 2014
GSM/DSC stations	3,472	3,669	5.67 per cent	**3,890**	**6.0 per cent**
UMTS stations	1,678	2,136	27.29 per cent	**3,150**	**47.5 per cent**
LTE stations	133	155	16.54 per cent	**1,145**	**7.4 times**
In total:	5,283	5,960	12.81 per cent	**8,185**	**37.3** per cent

Source: RRT

Just like in previous periods, Internet access services over public mobile communication networks in Lithuania were provided by 3 main market players in 2014 – UAB OMNITEL, UAB Bitė Lietuva and UAB TELE2 (see Figure 91).

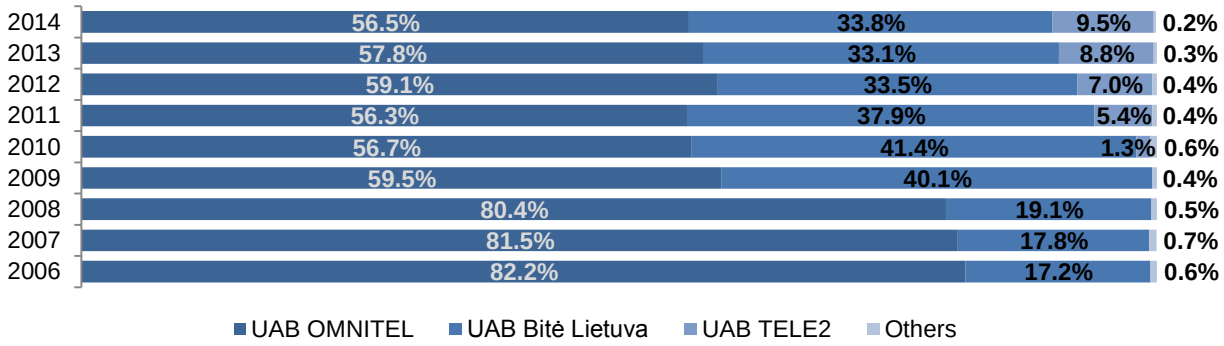


Figure 91. **Distribution of subscribers of the Internet access, provided using mobile communication technologies by undertakings in 2006–2014, in per cent**
Source: RRT

In 2014, the number of subscribers using package data transmission services provided over public mobile communication network[19] increased by 10.3 percent, or 200 thousand compared to 2013, and totalled 2.1 million. In terms of the shares of such subscribers by suppliers, TELE2 customers comprised the majority (36.8 percent) of subscribers using package data transmission services provided over public mobile communication network (see Figure 92). Compared to 2013, when this position was held by UAB OMNITEL, the market share of UAB TELE2 in terms of subscribers increased by 1.3 percentage points.

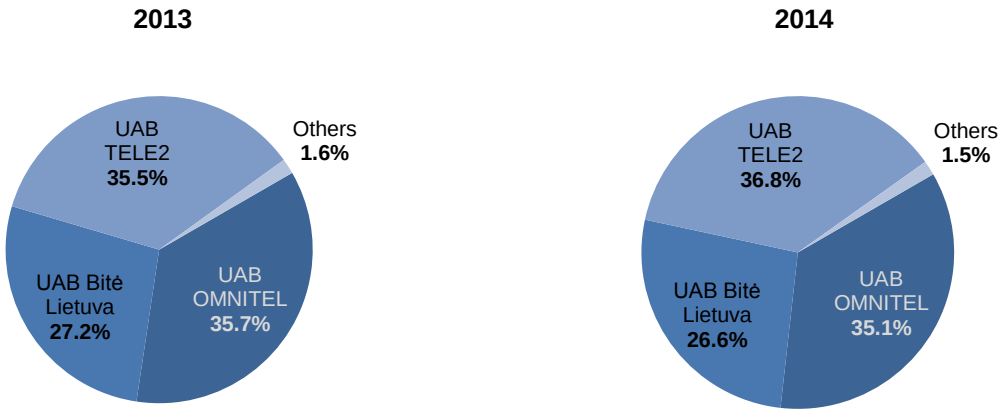


Figure 92. **Distribution of subscribers of Internet provided over mobile communication technologies having used package data transmission services by providers in 2013 and 2014, in percent**
Source: RRT

2.3. Leased lines services

Leased lines services are used by both providers and end users of electronic communications services. The latter usually use them in order to ensure high-quality communication for the purpose of transmitting data between two geographically distant points. Electronic communications providers use leased lines for geographic expansion of their electronic communications networks and for increasing resources or for provision of retail services. The trends over the past years show that the significance of leased lines as a separate service have decreased due to changing technologies, changing demand of service users and

[19] GPRS and (or) EDGE technologies, and (or) UMTS, UMTS HSDPA, LTE

development of broadband communication. Leased lines evolve and their functions are overtaken by other data transmission services.

At the end of 2014, there were 9 undertakings providing wholesale and/or retail leased lines services, i.e. by three undertakings less than at the end of 2013: TEO LT, AB, UAB Bitė Lietuva, AB Lietuvos Geležinkeliai, State Enterprise Infostruktūra, LATTELEKOM SIA branch, UAB Dicto Citius, UAB Duomenų Logistikos Centras, UAB Ektra and Hibernia Media (UK) Limited.

Revenues from leased lines services generated in 2014 totalled EUR 5.5 million (LTL 19 million) (see Figure 93). Compared to revenues of 2013, they decreased by EUR 1 million (LTL 3.5 million).

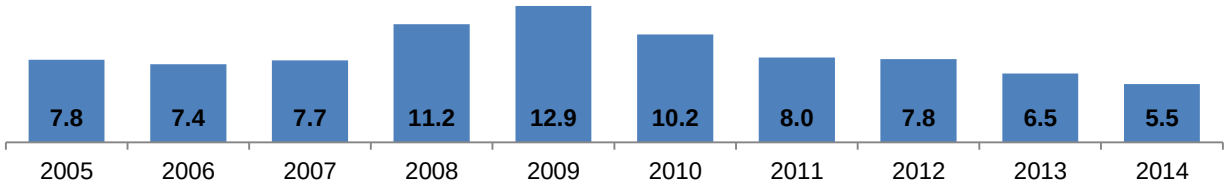
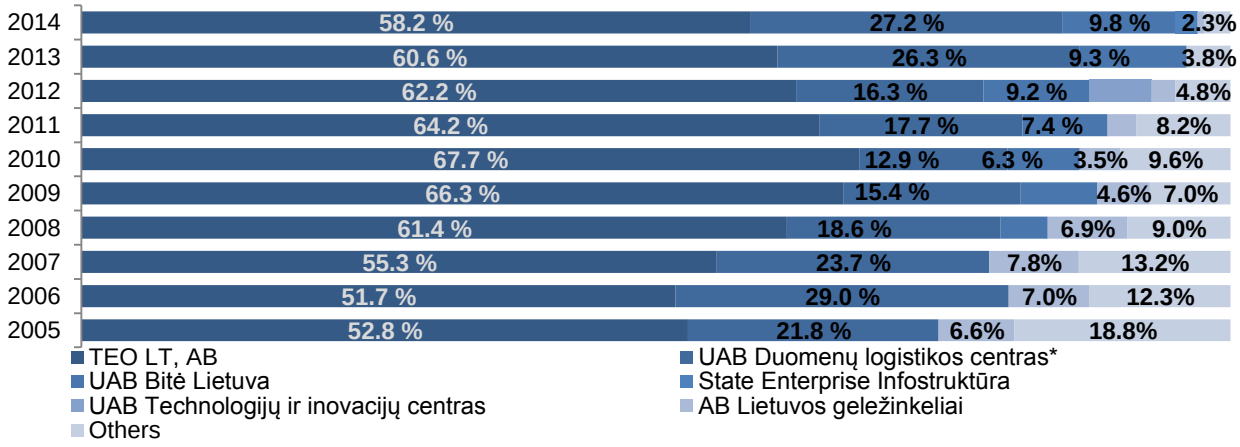


Figure 93. **Revenues from leased lines services in 2005–2014, in EUR million**
Source: RRT

The decline in revenues from leased lines was slightly smaller than in 2013: in 2014, revenues from these services decreased by 15.4 percent, while the reduction in revenues in 2013 was 16.7 percent. In terms of the structure of revenues, in 2014, EUR 3.15 million (LTL 10.9 million) in revenues were generated from the provision of retail leased lines services and EUR 2.33 million (LTL 8 million) – from the provision of wholesale leased lines services.

Throughout the entire period from 2005 to 2014, TEO LT, AB, held the largest share of the leased lines market in terms of revenues (see Figure 94). Nonetheless, the share of revenues of this undertaking having grown until 2010 started decreasing in 2011.



**Until the 4th quarter of 2010 these services were provided by AB Lietuvos energija.*

Figure 94. **Structure of revenues from leased lines services in 2005–2014, in per cent**
Source: RRT

Just like in previous year, the demand for leased lines services maintained a downward trend in 2014. Compared to the end of 2013, the number of provided leased lines decreased by 10 percent to 1,247 leased lines (1,385 leased lines were provided at the end of 2013). TEO LT, AB, which earned the largest share of revenues from leased lines services, also provided the largest number of leased lines in 2014. This number accounted for 64.7 percent of the total number of leased lines in 2014 (compared to 68.6 percent in 2013).

Wholesale leased lines constituted 44.2 percent, while retail leased lines accounted for the remaining share of 55.8 percent at the end of 2014. The gap between wholesale and retail leased lines in 2013 was slightly greater, i.e. wholesale leased lines accounted for 43.2 percent and retail – for 56.8 percent of the total number of leased lines. In terms of revenues, the distribution between wholesale and retail services was similar to that in the structure of the number leased lines: 42.5 percent of revenues were received from the provision of wholesale leased lines services (41.1 percent in 2013) and 57.5 percent – from retail (58.9 percent in 2013).

The number of both digital and analogue leased lines decreased in 2014 by 6 percent and 16.2 percent, respectively. A more moderate decrease in the number of digital leased lines led to a further increase in their share in the total number of leased lines and at the end of 2014 it accounted for 63.8 percent. Correspondingly, the share of analogue leased lines decreased to 36.2 percent (see Figure 95).

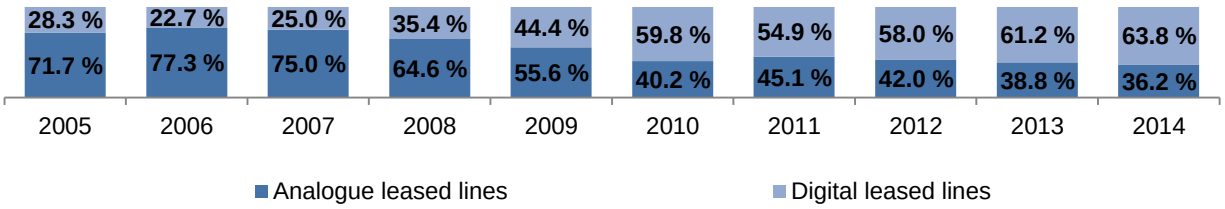


Figure 95. **Shares of digital and analogue leased lines in the total number of leased lines in 2005–2014, in per cent**
Source: RRT

In 2014, the number of digital leased lines, capable of data transmission at a speed rate of more than 2 Mb/s, continued to grow. There were 241 of such lines in 2014, i.e. 18 pcs., or 8.1 percent more than in 2013 (see Figure 96). Such growth trends have remained due to the wish of service recipients to receive data transmission services of a higher quality.

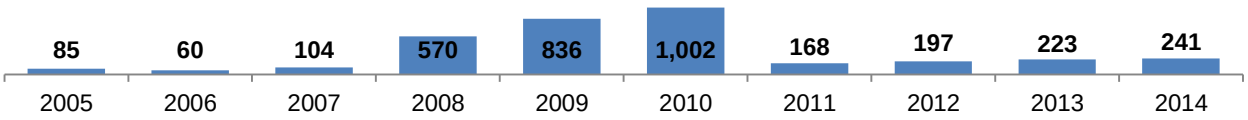


Figure 96. **Number of leased lines of a speed higher than 2 Mb/s in 2005–2014**
Source: RRT

2.4. Other data transmission services

Other data transmission services are usually the Internet protocol (IP) based services, which ensure data transmission between geographically distant points, interconnection of geographically distant points, transmission of data traffic and other services. Examples of such services are Virtual Private Network services, Frame Relay, Ethernet traffic, data traffic transmitted over the Multiprotocol Label Switching (MPLS) technology. Other data transmission services cover both wholesale and retail data transmission services. However, these services do not include Internet access and leased lines services (these services were covered in subsections 2.2 and 2.3, respectively). In 2014, other data transmission services were provided by 18 undertakings (in 2013 – 19 undertakings). The total revenues from the provision of other data transmission services had a tendency to decrease further. They totalled EUR 24.2 million (LTL 83.6 million), or 2.4 percent less than in 2013 (see Figure 97). Revenues generated from other data transmission services accounted for 15.6 percent in the total data transmission revenues, which is 0.2 percentage points less than in 2013.

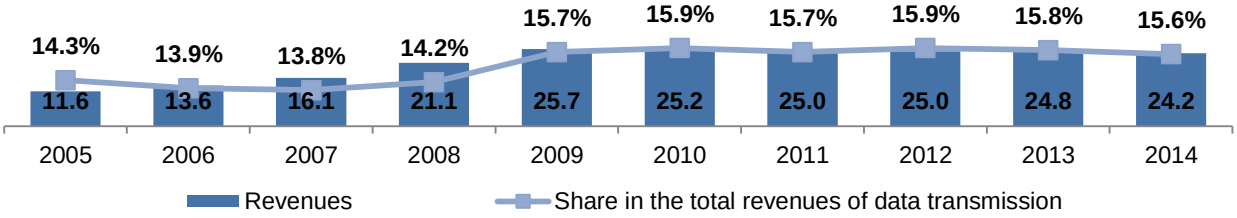


Figure 97. **Revenues from other data transmission services, in EUR million, and their share in the overall structure of revenues of the data transmission services market, in percent, in 2005–2014**
Source: RRT

Just like in previous years, the largest share of revenues from other data transmission services was received from retail services in 2014, i.e. 83.5 percent or EUR 20.2 million (LTL 69.7 million) (see Figure 98). Compared to 2013, they decreased by 4.3 percent, or EUR 0.9 million (LTL 3.1 million). Even though revenues from other wholesale data transmission services account for a small share in the total revenues, compared to 2013, these revenues increased by 8.1 percent. This is the first time after 2009, when revenues from other wholesale data transmission services did not decrease, but actually increased.

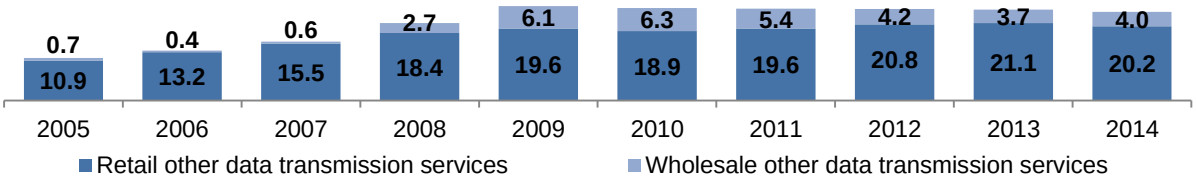
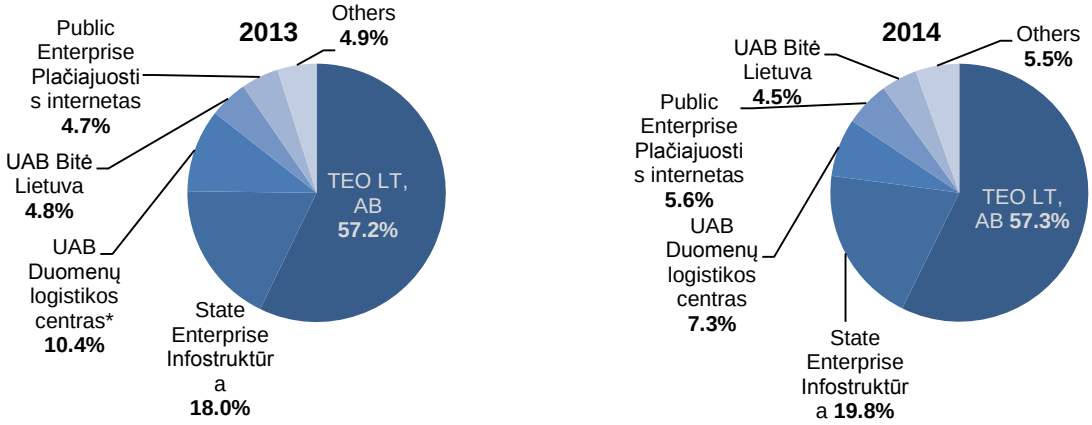


Figure 98. **Revenues from the provision of retail and wholesale other data transmission services in 2005–2014, in EUR million**
Source: RRT

In 2014, TEO LT, AB, remained a leading provider of other data transmission services (wholesale and retail) in terms of revenues (see Figure 99). The market share occupied by TEO LT, AB, increased by 0.1 percentage point during the year. Market shares of other undertakings also changed. Market shares occupied by State Enterprise Infostruktūra and Public Enterprise Plačiajuostis Internetas increased, while market shares of UAB Duomenų Logistikos Centras and UAB Bitė Lietuva decreased. The market share occupied jointly by the remaining operators increased 0.6 percentage points in 2014.



** Until 4 November 2013, UAB Technologijų ir Inovacijų Centras*
Figure 99. **Distribution of revenues earned by the providers of other data transmission services in 2013 and 2014, in per cent**
Source: RRT

Summary

- In 2014, data transmission services were provided by 110 undertakings, 107 of which provided retail Internet access services, 22 – wholesale Internet access services, 9 – leased lines services and 18 – other data transmission services.
- Compared to 2013, revenues from the provision of data transmission services decreased by 1.3 percent and totalled EUR 154.7 million (LTL 534.1 million). The largest share of revenues (76.9 percent) was earned from Internet access services.
- Revenues from wholesale access activities amounted to EUR 13.8 million (LTL 47.6 million) in 2014, which was 15.3 percent less than in 2013.
- In 2014, the number of accesses to fully unbundled or shared local metallic twisted pair lines decreased by 46 percent and totalled 248 accesses at the end of the year. Just like in previous periods, these services were provided by one undertaking – TEO LT, AB.
- At the end of 2014, 1,538 accesses were provided to wholesale xDSL lines, the number whereof decreased by 1.9 percent during the year. These services were also provided by the only undertaking – TEO LT, AB.
- Compared to 2013, revenues from the provision of dark fiber services, decreased by 11.8 percent and amounted to EUR 6 million (LTL 20.7 million) in 2014. 3,202 accesses to dark fiber lines were provided at the end of 2014, which is 10.9 percent less than at the end of 2013.
- Total revenues from the provision of retail Internet access amounted to EUR 111.1 million (LTL 383.6 million) in 2014, and, compared to 2013, increased by 1.7 percent.
- In 2014, the number of retail Internet access subscribers increased by 10.8 percent and totalled 1,257.2 thousand. The penetration of Internet access services (the number of subscribers per 100 inhabitants) amounted to 43 percent at the end of the year.
- At the end of 2014, 75.4 percent or 948.5 thousand subscribers received Internet access services over fixed communication technologies, and 24.6 percent, or 308.7 thousand – over mobile communication technologies. Penetration of the Internet access provided over fixed communication technologies accounted for 32.5 percent and over mobile communication technologies – 10.6 percent in 2014.
- At the end of 2014, the majority – 38 percent – of Internet access service subscribers used Internet access services provided over fiber optic communication lines.
- 30–100 Mb/s remained most popular Internet speed in 2014, which was selected by 37.7 percent of subscribers. 10.3 percent of Internet access subscribers chose the speed of 100 Mb/s and more.
- In 2014, EUR 5.5 million (LTL 19 million) was generated in revenues from the provision of leased lines, of which revenues from retail leased lines services totalled EUR 3.15 million (LTL 10.9 million), while revenues from the provision of wholesale leased lines amounted to EUR 2.33 million (LTL 8 million). Revenues generated in 2014 were 15.4 percent lower than in 2013.
- Compared to 2013, at the end of 2014, the total (including both wholesale and retail) number of provided leased lines decreased by 10 percent to 1,247 lines.
- TEO LT, AB, earned the most revenues from the provision of leased lines services and provided most services. In 2014, this company received 58.2 percent of all revenues from leased lines activities and provided 64.7 percent of all leased lines.

- The share of digital leased lines in the total number of leased lines continued to grow in 2014 and totalled 63.8 percent (61.2 percent in 2013). The share of analogue leased lines in the total number of leased lines decreased by 2.6 percentage points to 36.2 percent in 2014. At the end of 2014, the number of leased lines of a speed greater than 2 Mb/s totalled 241 and increased by 8.1 percent during the year.
- 18 undertakings were engaged in the provision of other data transmission services in 2014 compared to 19 undertakings in 2013. Revenues generated from the provision of other data transmission services decreased by 2.4 percent in 2014 and amounted to EUR 24.2 million (LTL 83.6 million). Just like in previous periods, the majority of these revenues – 83.5 percent – were generated from the provision of retail services. In 2014, revenues from other data transmission services totalled EUR 20.2 million (LTL 69.7 million).
- 57.3 percent of the total revenues from other data transmission services during 2014 were earned by TEO LT, AB. State Enterprise Infostruktūra ranked second in terms of the revenues earned from these services with 19.8 percent followed by UAB Duomenų Logistikos Centras with 7.3 percent ranking third.

3. Television and radio

This section covers wholesale and retail services relating to television and radio broadcasts. Retail services include pay-TV services, while wholesale services cover television and radio broadcasting transmission services.

Just like in 2013, 48 undertakings were engaged in the provision of television and radio services related to electronic communication activities in 2014 (see Figure 100). Almost all service providers operating in this market provided pay-TV services – there were 45 of them at the end of 2014 (one less than in 2013). Meanwhile, the number of wholesale service providers was lower. Television broadcasting services were provided by 5 undertakings and radio broadcasting services – by only one undertaking – AB Lietuvos Radijo ir Televizijos Centras.

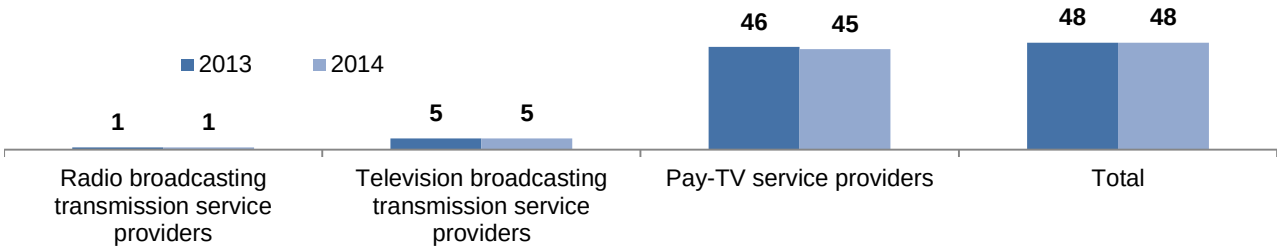


Figure 100. **Number of television and radio service providers by services provided in 2013–2014**
Source: RRT

Total revenues from both retail and wholesale television and radio services amounted to EUR 64.4 million (LTL 222.4 million) in 2014 (see Figure 101) and, compared to the result of 2013, decreased by 0.8 percent. It should be noted that throughout the entire period from 2005 till 2014 under examination, the total television and radio service market experienced a decline in revenues for the first time. It was impacted by decreased revenues from both pay-TV services and wholesale television and radio broadcasting services.

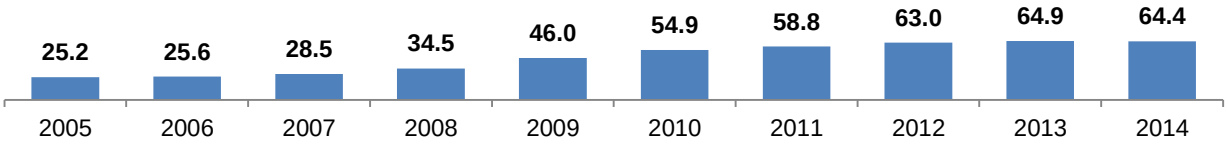


Figure 101. **Revenues from television and radio services in 2005–2014, in EUR million**
Source: RRT

In 2014, just like in previous periods, the major share of the revenues was earned from pay-TV services. The revenues generated from this activity accounted for 93.6 percent (0.7 percentage point more than in 2013) of the total revenues from the provision of radio and television services, or EUR 60.3 million (LTL 208.2 million). The revenues from wholesale services in 2014 accounted for about 6.4 percent of total revenues from television and radio broadcasting services: 5.3 percent were received from television broadcasting and 1.1 percent – from radio broadcasting services.

In terms of the structure of television and radio service activities, the 3 major service providers occupied 62.8 percent of the market, which was 0.8 percentage points more than in 2013 (see Figure 102). The only AB Lietuvos Radijo ir Televizijos Centras operating in the market under review was not engage in

the provision of television or radio broadcasting services. The remaining providers of television and radio services mostly provided television broadcasting services.

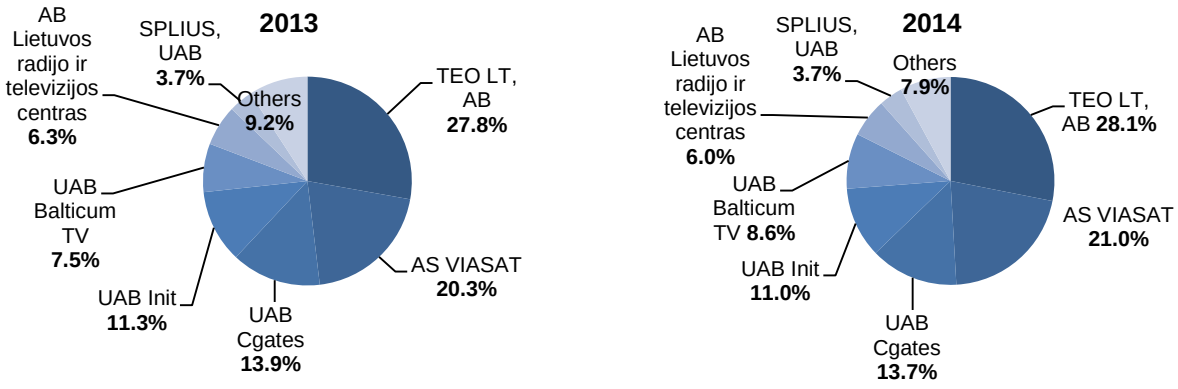


Figure 102. **Distribution of revenues from the provision of television and radio services by undertakings in 2013 and 2014, in per cent**
Source: RRT

3.1. Pay-TV services

In 2014, both free-TV and pay-TV services were provided in Lithuania. The latter ones were provided by using the following 6 technologies (or methods): cable television (CTV) networks, Internet Protocol television (IPTV) technologies, satellite TV, terrestrial television (DVB-T) networks, microwave multi-channel distribution system (MMDS) networks and television broadcasted over the Internet. Free-TV services were provided over digital terrestrial television networks. According to the data of the Radio and Television Commission of Lithuania, in 2014, users of the latter television services could watch 12 free-TV (not coded) programs throughout Lithuania: 11 of them were broadcasted over digital terrestrial television stations and networks (BTV, LNK, TV3, TV6, TV1, LRT TELEVIZIJA, LRT KULTŪRA, Info TV, LIUKS!, TV8 and Lietuvos rytas.tv) and 1 was re-broadcasted over digital terrestrial television networks (TV Polonia)[20]. It should also be noted that at the end of 2014, in Lithuania, television programmes were broadcasted by 13 local and regional broadcasters, providing their services using digital terrestrial television stations in Lithuania. Certain television broadcasters (Public Enterprise Nacionalinis Lietuvos Radijas ir Televizija, UAB Lietuvos Rytas, UAB Pūkas) broadcasted over the Internet free of charge.

Table 3. **Number of pay-TV service providers in 2012–2014**

	CTV	MMDS	DVB-T	Satellite TV	IPTV
2014	35	2	2	1	16
2013	37	2	2	1	15
2012	41	2	2	1	9

Source: RRT

As previously mentioned, the number of pay-TV service providers remained almost unchanged in 2014, i.e. pay-TV services were provided by 45 undertakings, which was 1 undertaking less than in 2013. Once again changes were recorded only among CTV and IPTV providers (see Table 3). The number of undertakings providing CTV services decreased to 35 service providers during the year, while the number of

[20] http://www.rtk.lt/lt/radijas_ir_televizija/skaitmenine_televizija

IPTV service providers increased by one and totalled 16 service providers at the end of 2014. UAB Bitosis, UAB Data Business and UAB Duomenų Greitkelis started providing IPTV services, however, UAB Infoseka and UAB Miesto Tinklas stopped the provision thereof. Just like in previous periods, MMDS and DVB-T services were each provided by 2 undertakings, and satellite TV services were provided by only one company – VIASAT, AS in 2014.

At the end of 2014, 723 thousand service recipients used pay-TV services, which is 0.9 percent less than in 2013 (see Figure 103). This is the first drop throughout the entire period from 2005 to 2014 under examination. Such a change could be impacted by the fact that users were able to view the programmes on the Internet, without purchasing pay-TV services. Analysing the structure of pay-TV subscribers in terms of the methods of the provision of television services, the number of subscribers of services provided by different methods decreased, except for IPTV. The number of the latter service increased by as many as 22.5 percent, while the number of DVB-T subscribers decreased the most – by 15.9 percent, and totalled 57 thousand.

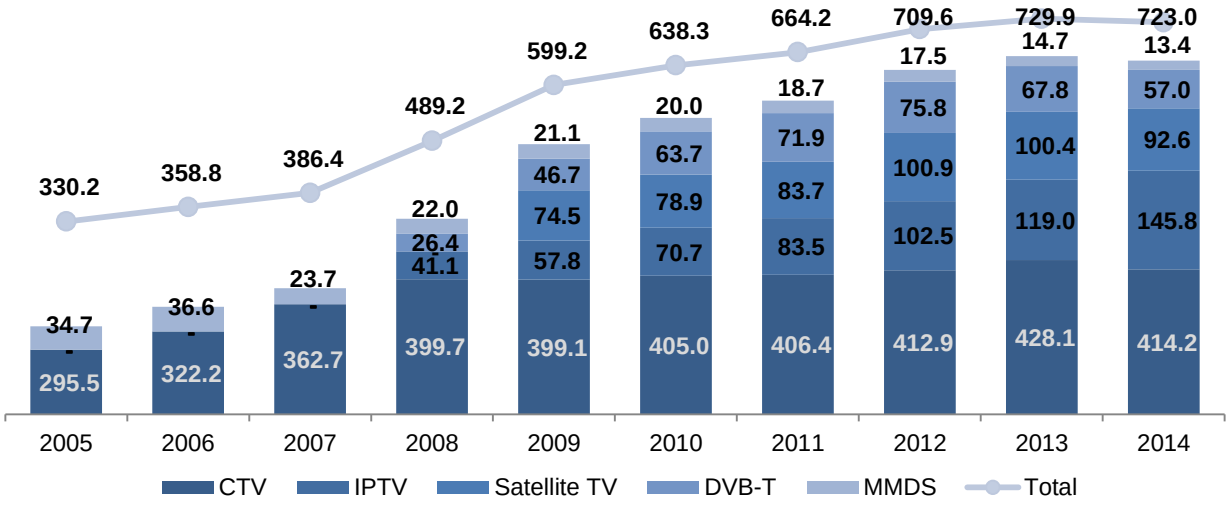


Figure 103. **Dynamics of the number of pay-TV subscribers by methods of the provision of television services in 2005–2014, in thousands**
Source: RRT

The majority of subscribers (57.3 percent of all subscribers) still choose CTV services, however, their share has decreased. Very intense competition has been felt from other methods of the provision of television services – IPTV and satellite television. 12.8 percent of television service recipients used the services of the latter television in 2014 m. MMDS remained the least popular method, the subscribers whereof accounted for a mere 1.9 percent.

Similar trends, as those in the structure of pay-TV services, have been observed in the evaluation of pay-TV market in terms of the revenues from these activities. The major share of revenues from pay-TV services were earned from CTV services, but it decreased by 0.7 percent compared to 2013 (see Figure 104).

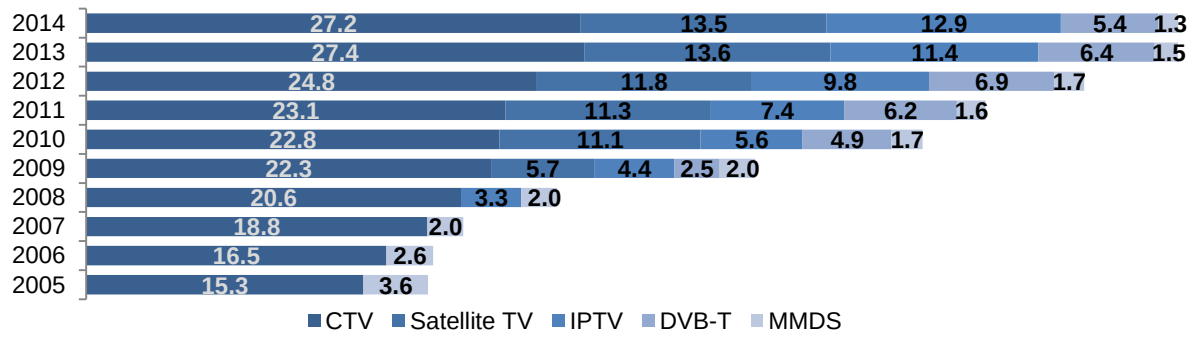


Figure 104. **Dynamics of revenues from pay-TV by methods of provision of pay-TV services in 2005–2014, in EUR million**
Source: RRT

However, the increase in revenues from the provision of IPTV services only was recorded in 2014: EUR 12.9 million (LTL 44.5 million), or 13.2 percent more than in 2013. Such changes in the distribution of revenues are likely to have been determined by service prices.

In 2014, total average revenues per user (ARPU) of pay-TV services amounted to EUR 6.95 (LTL 24), or EUR 0.09 (LTL 0.3) more than in 2013 (see Table 4). The highest ARPU in 2014, just like in previous periods, were earned by providers of satellite television services, the lowest – by CTV service providers.

ARPU allow to better disclose changes in the distribution of revenues by different provision methods of television services. When it comes to most popular methods of television provision, only the ARPU from IPTV decreased, while ARPU from CTV and satellite TV increased by 2.8 percent and 8.2 percent, respectively. The reduction in IPTV service prices may be one of the reasons having led to the increase in the number of users who chose these services.

Table 4. **Dynamics of the monthly ARPU from pay-TV services by methods of the provision of the services in 2005–2014, EUR (LTL)**

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
CTV	4.23 (14.6)	4.29 (14.8)	4.32 (14.9)	4.29 (14.8)	4.66 (16.1)	4.69 (16.2)	4.72 (16.3)	5.10 (17.6)	5.33 (18.4)	**5.48 (18.9)**
MMDS	7.96 (27.5)	5.88 (20.3)	6.92 (23.9)	7.07 (24.4)	7.82 (27.0)	7.15 (24.7)	7.12 (24.6)	7.91 (27.3)	8.72 (30.1)	**8.14 (28.1)**
IPTV	-	-	-	6.72 (23.2)	6.31 (21.8)	6.63 (22.9)	7.36 (25.4)	8.66 (29.9)	8.02 (27.7)	**7.37 (25.4)**
DVB-T	-	-	-	-	5.91 (20.4)	6.43 (22.2)	7.18 (24.8)	7.85 (27.1)	7.88 (27.2)	**7.84 (27.1)**
Satellite TV	-	-	-	-	12.71 (43.9)	11.70 (40.4)	11.24 (38.8)	10.69 (36.9)	11.27 (38.9)	**12.19 (42.1)**
Total ARPU	**4.60 (15.9)**	**4.43 (15.3)**	**4.49 (15.5)**	**4.66 (16.1)**	**5.13 (17.7)**	**6.02 (20.8)**	**6.23 (21.5)**	**6.69 (23.1)**	**6.86 (23.7)**	**6.95 (24.0)**

Source: RRT

Compared to 2013, distribution of pay-TV service providers by revenues changed slightly in 2014 (see Figure 105). Two main service providers – TEO LT, AB, and VIASAT, AS maintained their leading position in the market, which jointly earned 52.2 percent of all revenues from pay-TV services.

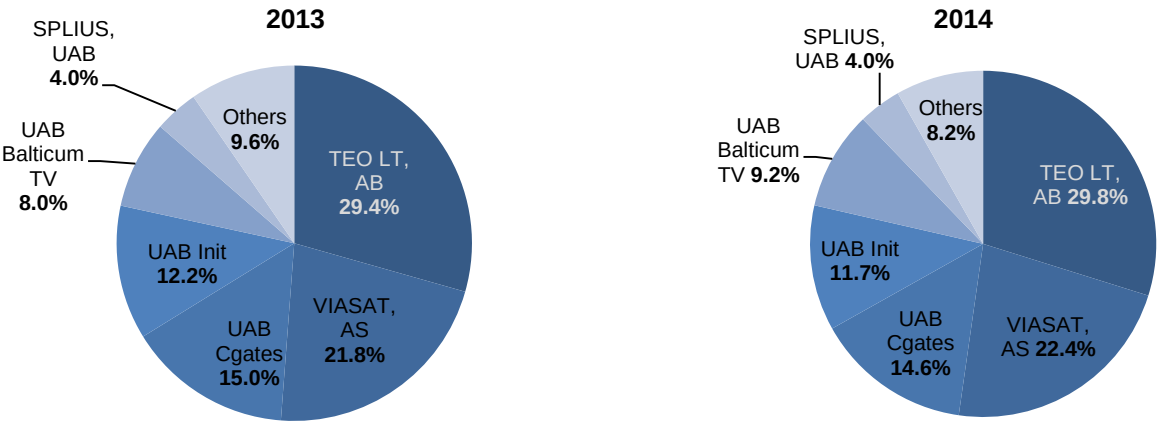


Figure 105. **Distribution of revenues from the provision of pay-TV services by service providers in 2013 and 2014 , in per cent**
Source: RRT

3.2. Television and radio broadcasting services

Just like in 2013, there were 5 undertakings engaged in the provision of wholesale television broadcasting services and 1 (AB Lietuvos Radijo ir Televizijos Centras) – in the provision of wholesale radio broadcasting services – in 2014. The latter undertaking also provided television broadcasting services. At the end of 2014, the aforementioned wholesale services were also provided by TEO LT, AB, UAB Balticum TV, UAB Šiaulių Apskrities Televizija and UAB Satgate. It should be noted that the latter service provider provided services outside the territory of Lithuania.

Compared to 2013, revenues from the provision of television and radio broadcasting services declined by 8.9 percent and totalled EUR 4.1 million (LTL 14.2 million) in 2014 (see Figure 106).

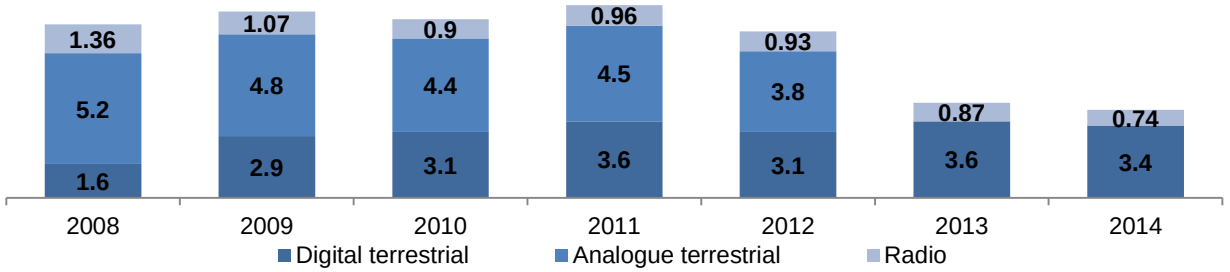


Figure 106. **Structure of revenues from the provision of television and radio broadcasting services in 2008–2014, in EUR million**
Source: RRT

The major share of revenues from the provision of television and radio broadcasting services in 2014, as in previous periods, was taken by AB Lietuvos Radijo ir Televizijos Centras. Over the above-mentioned period, this undertaking generated 93.4 percent of the total revenues from the provision of television and radio broadcasting services. TEO LT, AB, ranked the second in terms of this indicator. During 2014, the company earned 3.1 percent of the total revenues from the provision of television and radio broadcasting services. Revenues of UAB Satgate accounted for 1.8 percent, however, as mentioned above, this undertaking carried out its activities outside the territory of Lithuania. The revenues received by UAB

Šiaulių Apskrities Televizija accounted for 1.6 percent of the total revenues from the provision of television and radio broadcasting services, and those of UAB Balticum – for 0.1 percent in 2014.

At the end of 2014, there were 106 digital terrestrial television stations operating in Lithuania: 90 digital terrestrial television stations, which formed 4 digital terrestrial television networks of national coverage (2 networks operated by AB Lietuvos Radijo ir Televizijos Centras and 2 – by TEO LT, AB), and 16 digital terrestrial television stations operating in different geographical regions. It is worth mentioning that TEO LT, AB, owned one local DVB-T station in Kaunas, which was used for broadcasting high-definition television programmes. UAB Balticum TV was another undertaking owning more than one DVB-T station. This undertaking had DVB-T stations established in Vilnius, Klaipėda and Plungė.

Revenues from radio broadcasting services continued to decline in 2014 (see Figure 106). Compared to 2013, they shrank by 14.9 percent and amounted to EUR 0.74 million (LTL 2.56 million). It should be noted that the revenue decline rate was twice as fast as that in 2013.

Summary

- Television and radio services in 2014 were provided by 48 undertakings: 46 of them provided pay-TV services, 5 – television broadcasting services (one of them provided services outside the territory of Lithuania) and 1 – radio broadcasting services.
- Revenues from the provision of television and radio services in 2014 decreased by 0.8 percent and amounted to EUR 64.4 million (LTL 222.4 million), of which the major share (93.6 percent) comprised revenues from the provision of pay-TV services.
- In 2014, the growth in the number of pay-TV subscribers decreased for the first time (by 0.9 percent) and totalled 723 thousand.
- At the end of 2014, cable television (CTV) remained the most popular form of pay-TV and it was chosen by 57.3 percent of all pay-TV subscribers. The second and third places in terms of their popularity were taken by IPTV and satellite television, which were selected by 20.2 percent and 12.8 percent pay-TV subscribers, respectively.
- Slightly decreased popularity of pay-TV services also led to decreased revenues from the service. During 2014, undertakings earned 0.06 percent less in revenues from these activities compared to 2013, i.e. EUR 60.3 million (LTL 208.3 million) in revenues. The major share of revenues was generated from the provision of CTV services (45.1 percent), satellite TV services (22.4 percent) and IPTV services (21.4 percent).
- Just like in previous periods, TEO LT, AB, and VIASAT, AS earned the most from the provision of pay-TV services in 2014 – 29.8 percent and 22.4 percent, respectively.
- During 2014, providers of broadcasting services earned EUR 4.1 million (LTL 14.2 million), or 8.9 percent less in revenues compared to 2013.
- The major share of revenues from broadcasting services – EUR 3.4 million (LTL 11.7 million) – was generated from the provision of television broadcasting services in 2014. EUR 0.74 million (LTL 2.56 million) was generated from the provision of radio broadcasting services in 2014.
- The largest share of revenues from radio and television broadcasting services in 2014 was earned by AB Lietuvos Radijo ir Televizijos Centras, which earned EUR 3.8 million (LTL 13.2 million), or 93.4 percent of the total revenues of the broadcasting market during 2014.

MARKET OF POSTAL SERVICE

Postal service is one of the oldest and most common means of communication, also, one of continuously changing services: users are replacing traditional postal services by electronic alternatives, thus reducing the amount of correspondence, but, in turn, advance means of electronic communication increase the demand for postal items, thus promoting changes in the postal sector. Both inside the country and internationally volumes of e-commerce, which are directly related to the postal service sector, have increased rapidly. This trend is likely to continue in the future, which will allow for a gradual development of the postal sector.

As defined in the Postal Law of the Republic of Lithuania, the postal service shall mean the clearance, sorting, transport and delivery of postal items. It is obvious that such a long chain of service provision allows for the improvement and automation of operations of each link, search for new innovative solutions and formation of more attractive environment for the end-user. Emergence of competition also improves service quality and affordability.

The provision of postal service includes the following three main activities: posting of items of correspondence (letters and small packages), posting of postal parcels (articles and merchandise of up to 50 kg), other postal and related services (advertising information, handing in of items, newspapers, magazines, etc.). Moreover, the postal service can also be divided into universal postal service[21] and non-universal postal service.

During 2014, all postal service providers earned revenues amounting to EUR 109 million (LTL 376.4 million), which was EUR 7.2 million (LTL 24.9 million) more than in 2013 (see Figure 107). Since the economic slowdown in Lithuania in 2009 till 2014, revenues from the provision of postal services increased by as many as 66.4 percent, or EUR 43.5 million (LTL 150.2 million), which was impacted by the increased in the volume of postal service.

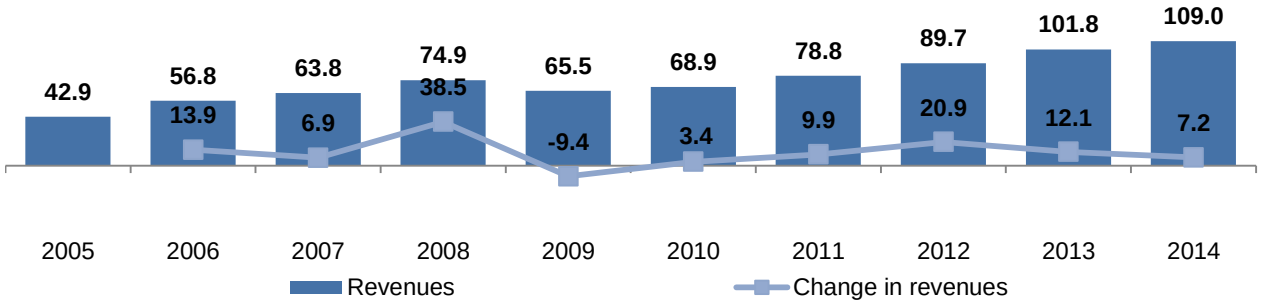


Figure 107. **Revenues from postal service and change in revenues, in EUR million, in 2005–2014**
Source: RRT

When evaluating changes in revenues from postal service in relative terms, there were no major changes recorded in 2014. The structure of revenues of the postal service market has changes since 2012: revenues from postal parcels rather than items of correspondence accounted for a greater share of

[21] Universal postal service shall mean a postal service of the quality established by legal acts that is to be provided to all users willing to be provided with such a service throughout the Republic of Lithuania for an affordable fee. The provision of the following universal postal service in the territory of the Republic of Lithuania must be ensured: 1) clearance, sorting, transport and delivery of postal items of up to 2 kg; 2) clearance, sorting, transport and delivery of postal parcels of up to 10 kg; 3) clearance, sorting, transport and delivery of registered and evaluated postal items; 4) delivery of postal parcels of up to 20 kilograms received from other Member States.

revenues. This can be explained by the growth in the volume of e-commerce (see figure 108). As previously mentioned, revenues from the dispatch of postal parcels accounted for the major share (49.4 percent) of revenues from the postal sector, while other postal and related services made up the smallest share (9 percent) in 2014.

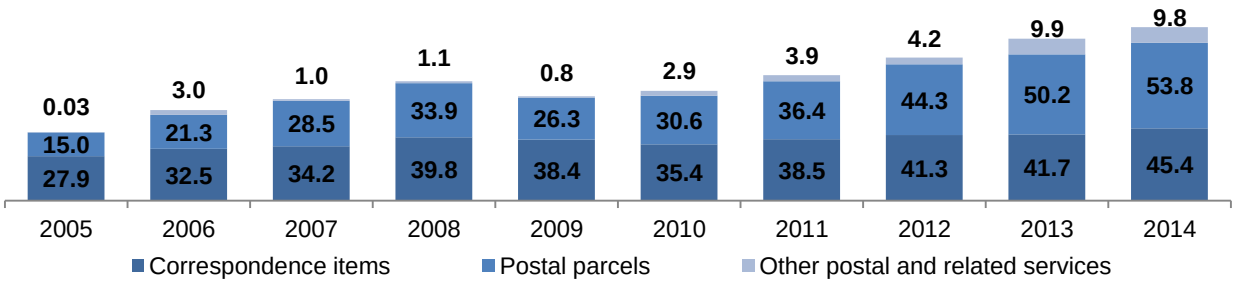


Figure 108. **Dynamics of the structure of revenues from postal services in 2005–2014, in EUR million**
Source: RRT

Revenues from the provision of the non-universal postal service continued to constitute the major share of revenues from the postal service. The decrease in the revenues from universal postal service a year ago, in 2013, may have been impacted by the liberalization of the postal sector having occurred that year, however, most likely reasons are the changed provisions of legislation related to the regulation of the universal postal service and postal services containing added value. Still, a significant increase in revenues from the universal postal service (by 9.1 percent) was observed in 2014 (see Figure 109). This could have been impacted not only by increased demand for the postal service, but also by maximum tariffs of the universal postal service newly approved by Order No 1V-1025 of the Director of RRT *On the Approval of Maximum Tariffs of the Universal Postal Service* of 29 July 2014 (see Annex). Cross-border postal tariffs changed the most: tariffs of posting items of correspondence up to 500 g and large items of correspondence weighing up to 2 kg to European Union Member States increased by an average of about 31 percent.

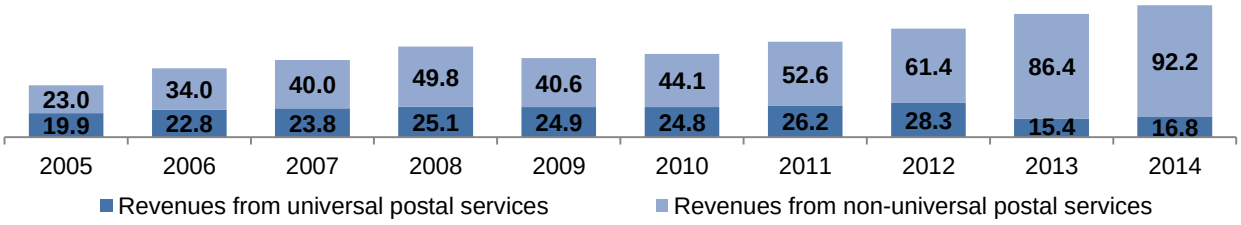


Figure 109. **Changes in revenues from universal postal service and non-universal postal service in 2005–2014, in EUR million**
Source: RRT

At the end of 2014, 69 undertakings registered as engaged in the provision of postal services in Lithuania and this was by 7 postal service providers less than at the end of 2013 (see Figure 110). During 2014, 8 undertakings started the provision of the postal service, while 15 undertakings discontinued these activities. However, at the end of 2014, postal service were actually provided by 55 out of 69 undertakings, i.e. one more than in 2013.

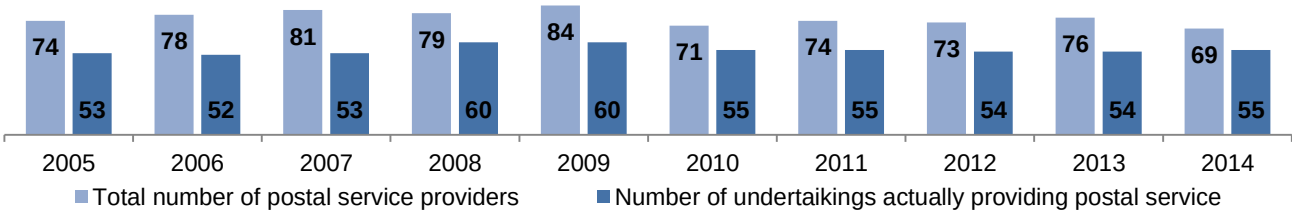


Figure 110. **Dynamics of the number of postal service providers in Lithuania in 2005–2014**
Source: RRT

The largest share (40.7 percent) of the market in terms of revenues in 2014 was taken by AB Lietuvos Paštas (see Figure 111). Its market share decreased by 1 percentage point. The second according to the share of the postal service market was UAB DPD Lietuva with the market share of 18.1 percent. UAB DHL LIETUVA with the market share of 8.3 ranked third in terms of earned revenues. Market shares of these undertakings in terms of revenues increased by 0.2 and 0.8 percentage points, respectively.

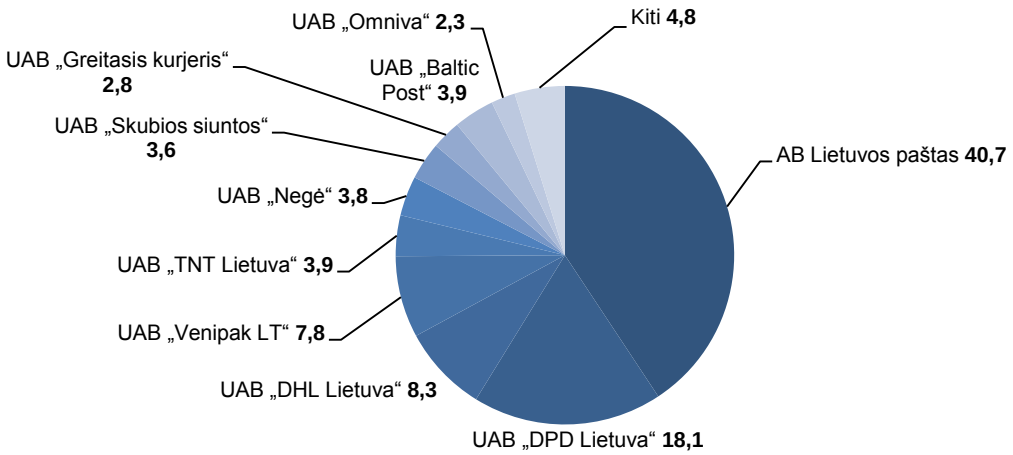


Figure 111. **Market shares of postal service market players in terms of revenues in 2014, in per cent**
Source: RRT

1. Services of items of correspondence

An item of correspondence is a postal item to be dispatched and delivered, which contains a notice inscribed on any physical material, including small packages, and has the address of the addressee indicated thereon[22].

In 2014, revenues from the services of correspondence items amounted to EUR 45.4 million (LTL 156.8 million) and increased by 8.9 percent during the year (see Figure 112).

[22] Books, catalogues, newspapers and other periodicals are not considered items of correspondence.

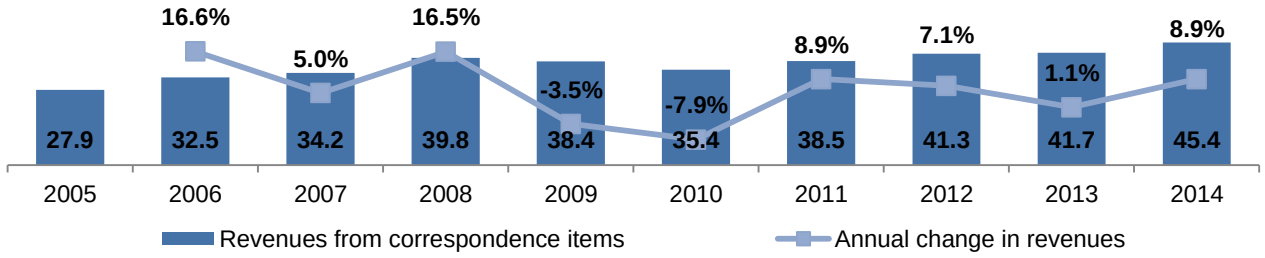


Figure 112. **Revenues from correspondence items, in EUR million, and annual changes in revenues, in per cent, in 2005–2014**
Source: RRT

Items of correspondence can be divided into universal and non-universal correspondence items. In 2014, the largest share of revenues – EUR 30.3 million (LTL 104.6 million) – was generated from the provision of non-universal correspondence items. Revenues from these services increased by 8.2 percent during the year. Revenues from the provision of universal correspondence items also increased in 2014 – EUR 1.4 million (LTL 4.8 million) more revenues was received compared to 2013 (see Figure 113).

Obvious changes in 2013 and 2014 are associated with the provision enshrined in the new Postal Law to no longer attribute postal items and parcels as well as services with added value to the universal postal service. Thus in 2014, revenues from the provision of universal items of correspondence accounted for 33.3 percent, compared to the share of 62.2 percent of these revenues in 2012.

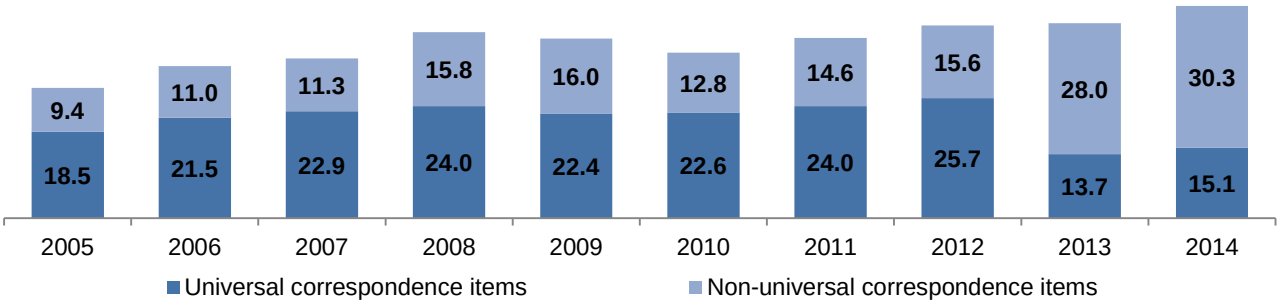


Figure 113. **Revenues from the provision of universal and non-universal services, in EUR million, in 2005–2014**
Source: RRT

71.6 million items of correspondence were sent in 2014. Compared to 2013, an increase of 3.6 percent in the number of items of correspondence was recorded in 2014 (see Figure 114).

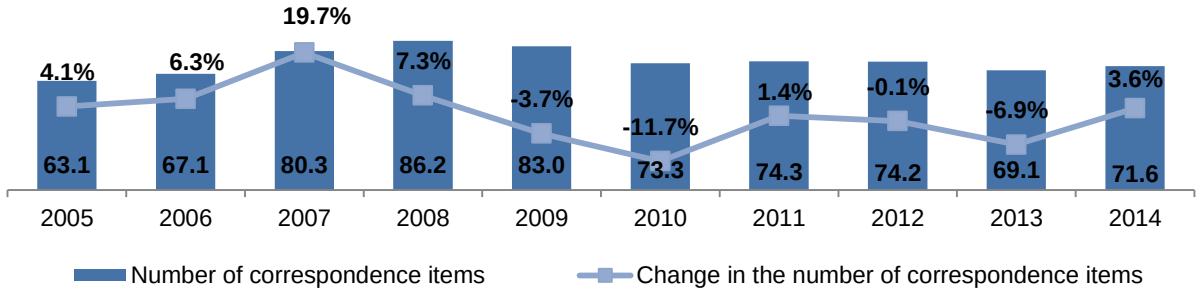


Figure 114. **Number of items of correspondence, in million pcs., and changes in them compared to the previous year, in per cent, in 2005–2014**
Source: RRT

When analysing items of correspondence in greater detail, non-universal items of correspondence constituted the major share of these items – 75.6 percent. As previously mentioned, such changes are associated with amendments of the new Postal Law. The increase in the number of items of correspondence was observed in both markets: universal – by 1.7 percent and non-universal – by 4.2 percent (see Figure 115).

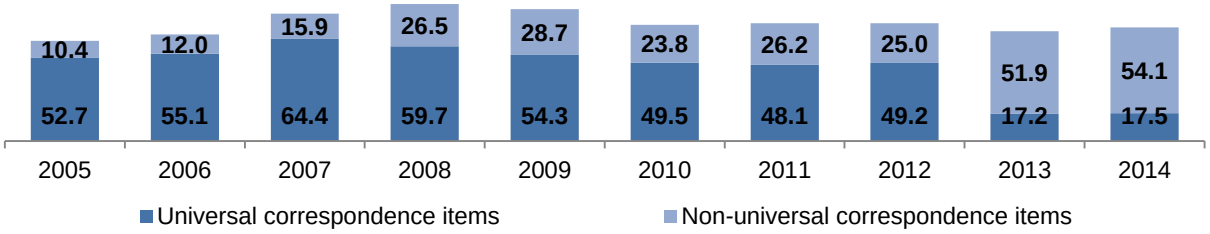


Figure 115. **Number of universal and non-universal items of correspondence in 2005–2014, in million pcs.**
Source: RRT

In 2014, there were 37 undertakings actually providing the services of items of correspondence, which is by 2 less than in 2013. The majority – 68.9 percent – of all items of correspondence were sent and received through AB Lietuvos Paštas, which is 2.2 percentage points less than in 2013. 17.8 percent of items of correspondence were sent and received through UAB Greitasis Kurjeris, which is 1.5 percentage points more than in the previous year, 4.5 percent of items of correspondence were sent and received through UAB LITPOST, 2.3 percent – through UAB BIJUSTA, 1.2 percent – through Public Enterprise Kultūros Vizija. 5.3 percent of all items of correspondence were sent and received through 32 other undertakings.

2. Services of postal parcels

In 2014, EUR 53.8 million (LTL 185.8 million) were earned in revenues from postal parcel services, which is EUR 3.6 million (LTL 12.4 million) or 7.2 percent more than in 2013. The analysis of the 2005-2014 period shows that revenues from postal parcel services have grown throughout the entire period, except for 2009, when revenues from postal parcels decreased by 22.6 percent (see Figure 116). Such a growth is directly related to the increase of scope of e-commerce, which significantly increased the demand for the postal parcel service.

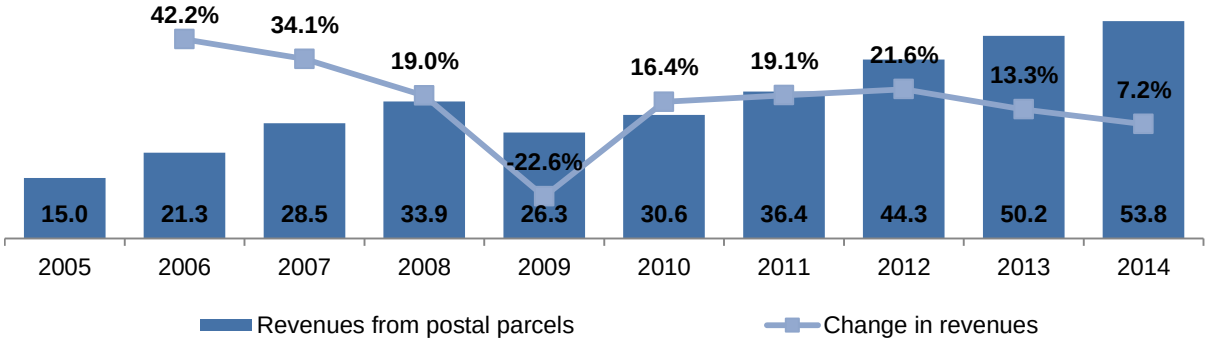


Figure 116. **Revenues from the services of postal parcels, in EUR million, and annual changes in revenues, in per cent, in 2005–2014**
Source: RRT

Compared to 2013, revenues from non-universal postal parcels increased by 7.4 percent from EUR 48.5 million (LTL 167.5 million) to EUR 52.1 million (LTL 179.9 million) in 2014. Revenues from the provision of universal postal parcels decreased slightly – by EUR 0.01 million (LTL 0.03 million) (see Figure 117).

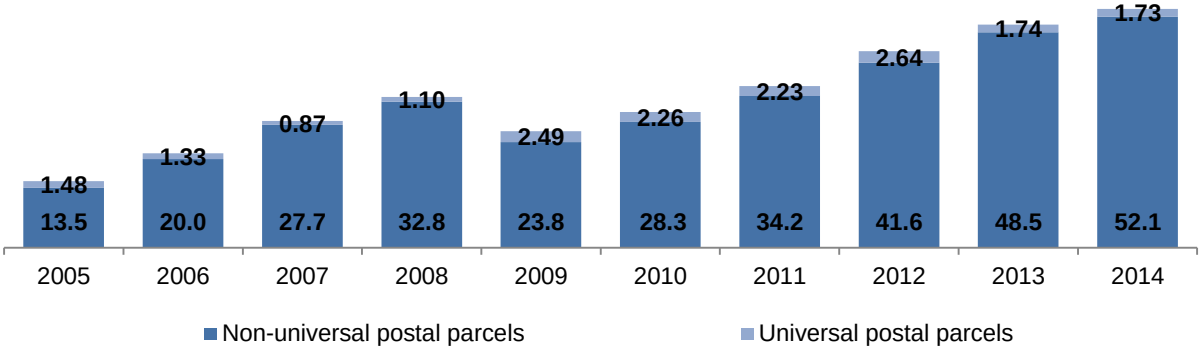


Figure 117. **Revenues from universal and non-universal postal parcels, in EUR million, in 2005–2014**
Source: RRT

In summary of the postal parcel market, it can be stated that in 2014, 96.8 percent of revenues were received from non-universal postal parcels and 3.2 percent – from universal postal parcels.

The growth in the revenues from postal parcels was impacted by the number of these parcels constantly increasing throughout the entire 2005-2014 period under examination. In 2014, 8.68 million of such postal parcels were handed over, which is 10.3 percent more than in 2013, 8.49 million non-universal postal parcels were sent and received in 2014, which is 10.8 percent more than in 2013, and 0.19 million universal postal parcels were sent and received in 2014, which is 9.5 percent less compared to the previous year (see Figure 118).

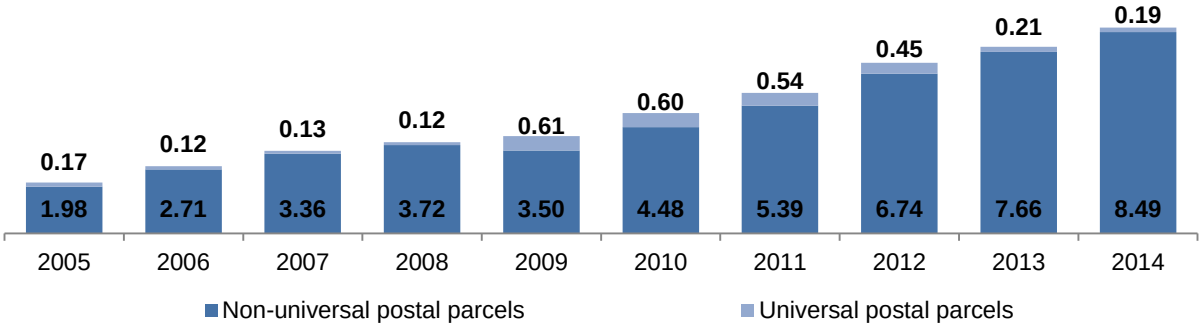


Figure 118. **Number of universal and non-universal postal parcels in 2005–2014, in million pcs.**
Source: RRT

Postal parcel services were actually provided by 32 undertakings in 2014, which is by two less than in 2013. In terms of the number of parcels, UAB DPD Lietuva occupied the major share of the postal parcel market, which accounted for 39.2 percent (3.8 percentage points less than in 2013), UAB Venipak LT had 17.9 percent of the market (0.8 percentage points less than in 2013), UAB Baltic Post – 17.5 percent (11.7 percentage points more than in 2013), UAB Omniva – 7.5 percent, UAB NĖGĖ – 5.6 percent, AB Lietuvos Paštas – 4.7 percent (4 percentage points less than in previous year), UAB Skubios Siuntos – 4.2 percent of the market. The remaining 25 undertakings had 3.4 percent of the market. Obvious changes in the market shares in terms of the number of parcels illustrate an intense competition in the market of postal parcels. Such situation is beneficial to the end-user, who has a possibility to choose not only a cheaper postal service, but also a service more appealing in terms of its quality.

3. Universal postal service

17.7 million universal postal service items were sent and received in 2014, which is 1.7 percent more than in 2013, when 17.4 million universal postal service items were sent and received (see Figure 119). The new Postal Law, which took effect on 1 January 2013 and which significantly reduced the scope of the universal postal service, led to the market drop of 65.1 percent.

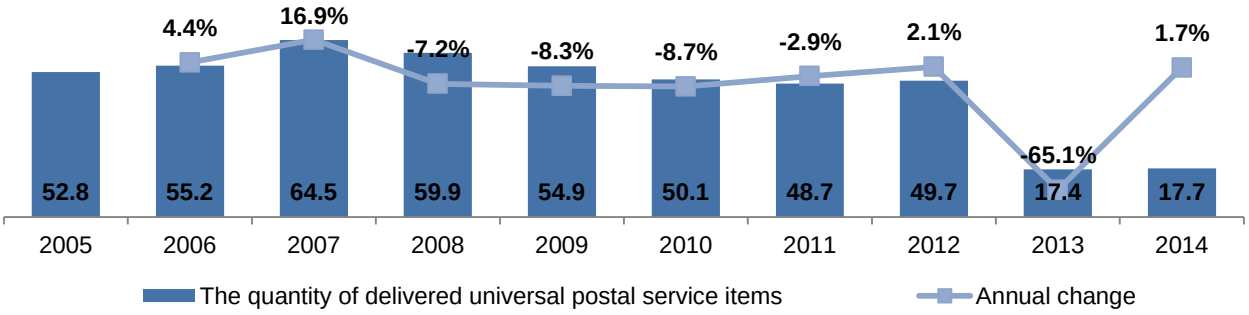


Figure 119. **Dynamics of the number of delivered universal postal service items, in millions, and annual changes, in per cent, in 2005–2014**
Source: RRT

When evaluating the structure of the universal postal service in terms of the number of items, the majority of the volume of the universal postal service – 70.56 – percent was made up correspondence items weighting up to 2 kg, however, their share decreased by 3.58 percentage points. Registered items accounted for 28.3 percent, which is 3.7 percentage points more than in the previous year. The shares of other services in the structure of the universal postal service in terms of the number of items remained almost unchanged (see Figure 120).

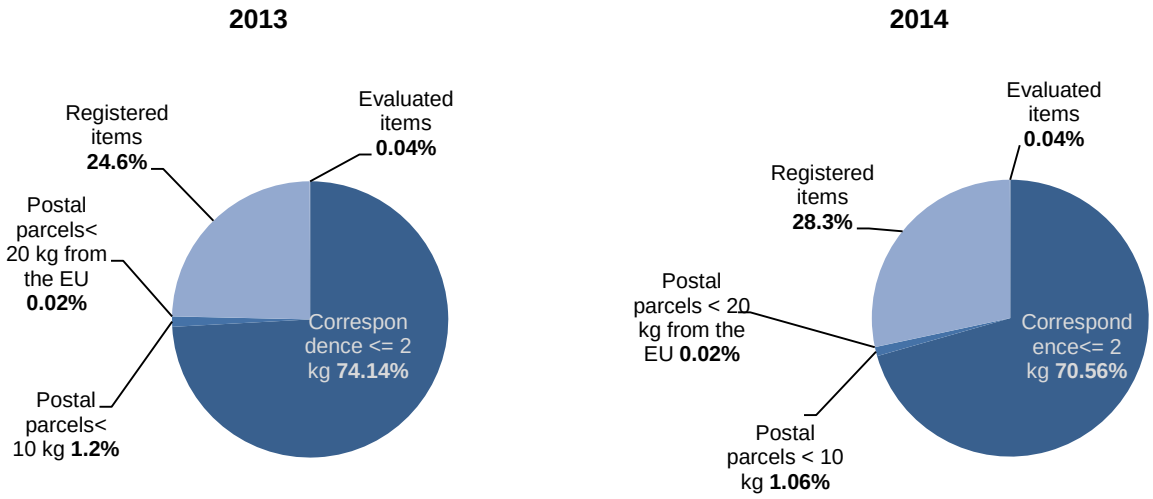


Figure 120. **Structure of the volume of provided universal postal service, in per cent, in 2013 and 2014**
Source: RRT

Revenues from the provision of the universal postal service totalled EUR 16.8 million (LTL 58 million) in 2014 and, compared to 2013, increased by 9.1 percent. It should be noted that the growth of revenues was encouraged by an increasing number of parcels of the provided universal postal service (see Figure 121).

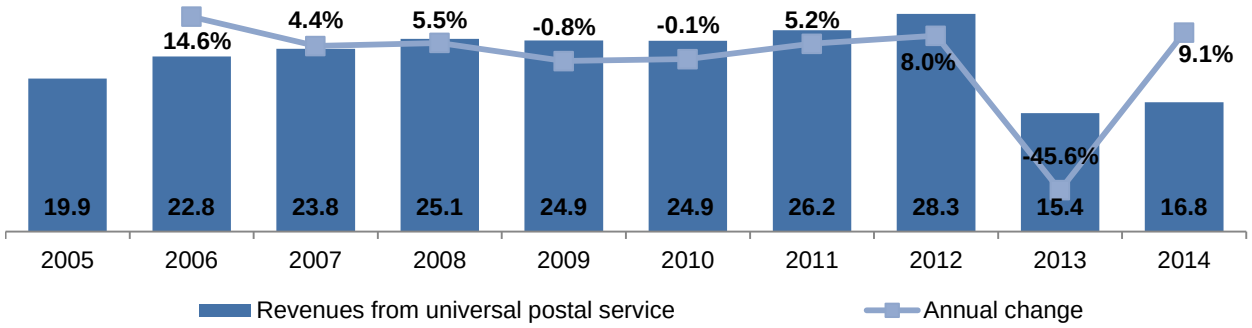


Figure 121. **Dynamics of revenues from the provision of universal postal service, in EUR million, and annual changes in revenues, in per cent, in 2005–2014**
Source: RRT

A more detailed analysis of generated revenues shows that the majority of revenues – 50.7 percent – was generated from the provision of registered parcel services, 38.5 percent in revenues was generated from items of correspondence of up to 2 kg, 10.2 percent – from postal parcels up to 10 kg, 0.5 percent – from evaluated postal items and 0.1 percent – for postal parcels up to 20 kg from European Union Member States (see Figure 122).

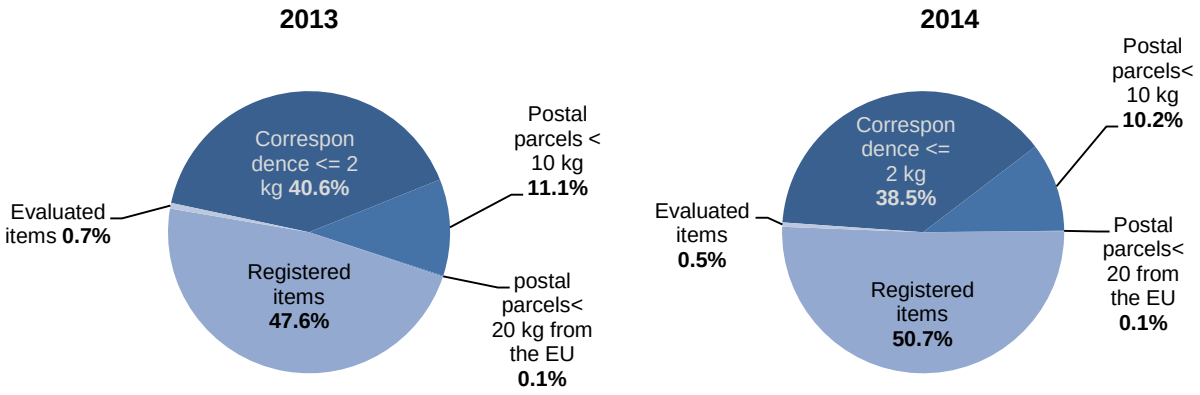


Figure 122. **Structure of revenues from universal postal service, in per cent, in 2013 and 2014**
Source: RRT

In 2014, there were 811 points of access to universal postal services in Lithuania, i.e. 18 points less than in 2013 (see Figure 123), which means that there were 0.28 universal postal service provision points per 1,000 residents of Lithuania in 2014. The number of both stationary and mobile points of access to universal postal service declined. 83.7 percent of access points were stationary and 16.3 percent – mobile.

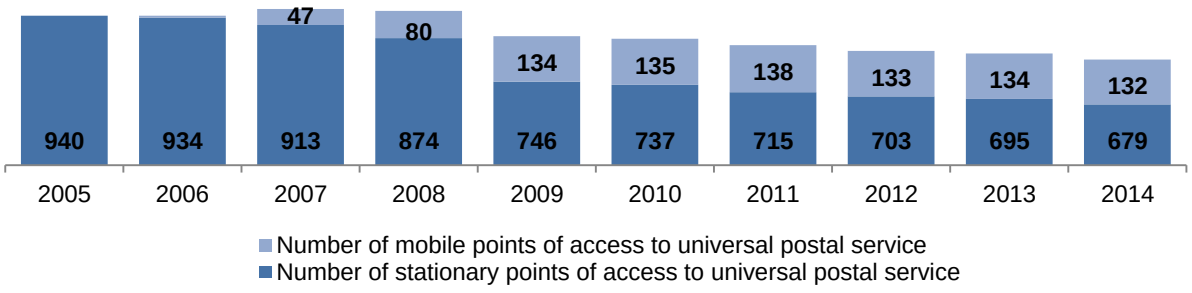


Figure 123. **Dynamics of the number of points of access to universal postal service, in units, in 2005–2014**
Source: RRT

A representative survey of residents of Lithuania was conducted in October of 2014 upon the order of RRT, the aim whereof was to explore the needs of the universal postal service users and to assess the quality of the universal postal service as well as the accessibility whereto in urban and rural areas. According to survey data, half of all the users made use of services provided by AB Lietuvos Paštas once per month, and 75–87 percent of users gave a positive evaluation for the quality of services of this service provider according to different parameters. The survey revealed that Lithuanian residents used the services of sending and receiving letters (correspondence) (63 percent), registered correspondence (52 percent) and the services of sending and receiving parcels in Lithuania (50 percent) the most. Services used less often included sending and receiving parcels to and from abroad (37 percent), while the service of sending and receiving evaluated letters was used the least (6 percent).

Also, the survey revealed that residents of Lithuania view prices of different services as average for the most part, except for sending parcels to the EU and other countries – about 75 percent of users indicated such sending to be expensive. Since 44 percent of respondents responded that a lower parcel price is important when sending a parcel, service prices are likely to decrease in the future with continuing growth of the scope of the universal postal service and increasing competition.

In 2014, there were 1,838 postage letter boxes in Lithuania, which is 220 letter boxes, or 10.7 percent less than in 2013 (see Figure 124). The number of postage letter boxes has decreased throughout the entire period from 2005 to 2014.

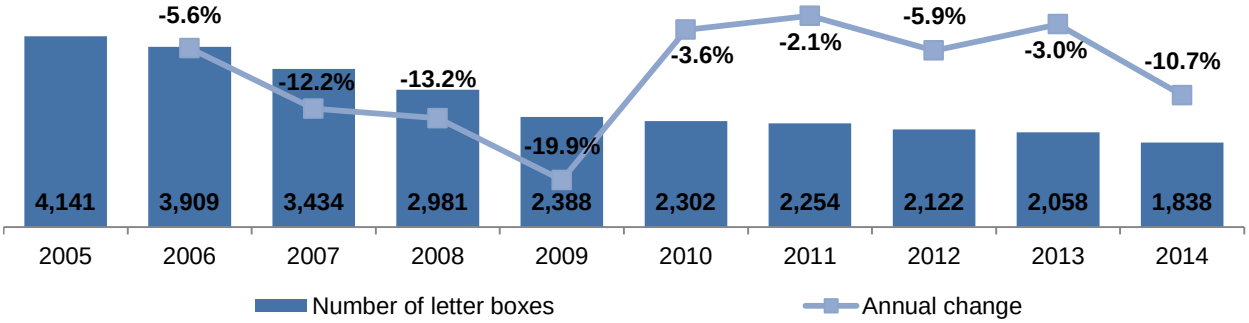


Figure 124. **Dynamics of the number of letter boxes, in units, and their annual changes, in per cent, in 2005–2014**
Source: RRT

Uninterrupted provision of the universal postal service under equal conditions to all users of the country remained one of the key legal regulation goals of the EU and Lithuanian postal sector. The postal service carries out a social function, which is important for residents of remote residential areas. In terms of the changes in the postal market, postal service can be claimed to remain important for economic and social development.

Summary

- At the end of 2014, there were 69 undertakings entitled to provide postal service, and 55 of them were actually engaged in this activity.
- Compared to 2013, the total revenues from the postal sector grew by 7.1 percent, or EUR 7.2 million (LTL 24.9 million) in 2014 and totalled EUR 109 million (LTL 376.4 million).
- AB Lietuvos Paštas generated the most revenues from the provision of the postal service in 2014. Revenues of this company accounted for 40.7 percent the total revenues of the postal sector. UAB DPD

Lietuva occupied 18.1 percent of the market, UAB DHL LIETUVA had 8.3 percent of the market, UAB Venipak LT – 7.8 percent, UAB TNT Lietuva and UAB Baltic Post – 3.9 percent of the market each.

- Revenues received from items of correspondence increased by 8.9 percent and amounted to EUR 45.4 million (LTL 156.8 million), which accounted for 41.7 percent of the total revenues of the postal sector.
- 71.6 million items of correspondence were sent and received in 2014, which is 3.6 percent more than in 2013. The majority of items of correspondence were sent via AB Lietuvos Paštas. In terms of the number of sent and received items of correspondence, this company had 68.9 percent of the market and its market share decreased by 2.2 percentage points during the year.
- Revenues from postal parcels totalled EUR 53.8 million (LTL 185.8 million) in 2014, which is 7.2 percent more than in 2013. Revenues from postal parcels accounted for 49.4 percent of the total revenues of the postal sector.
- In 2014, 8.68 million postal parcels were sent, which is 0.8 million, or 10.3 percent more than in 2013. Most postal parcels were sent through UAB DPD Lietuva. This company had 39.2 percent of the market in terms of the number of postal parcels, and its market share shrank by 3.8 percentage points during the year.
- Revenues from other postal and related services totalled EUR 9.8 million (LTL 33.8 million) in 2014 and accounted for 9 percent of the total revenues of the postal sector.
- Revenues from the universal postal service totalled EUR 16.8 million (LTL 58 million) in 2014 and were EUR 1.4 million (LTL 4.8 million) greater than in 2013. Revenues from non-universal postal service totalled EUR 92.2 (LTL 318.3 million) and were EUR 5.8 million (LTL 20 million) greater than in 2013.
- 17.7 million items of universal postal service were sent and received in 2014 (compared to 17.4 million items in 2013). Items of correspondence up to 2 kg made up the largest share of the universal postal service – 70.56 percent.
- In 2014, there were 811 access points to universal postal services in Lithuania, which is 18 points less than in 2013. Out of this number of access points, 679 of them, or 83.7 percent, were stationary and 132, or 16.3 percent of points of access, were mobile.
- In 2014, there were 0.28 points of access to the universal postal service per 1,000 residents of Lithuania.
- In 2014, there were 1,838 postage letter boxes in Lithuania, which is by 220 letter boxes, or 10.7 percent less than in 2013.
- In 2014, the price of sending items of correspondence up to 20 g was EUR 0.45 (LTL 1.55) in Lithuania.

Annex

Maximum tariffs of the universal postal service approved by Order No 1V-1025 of the Director of RRT *On the Approval of Maximum Tariffs of the Universal Postal Service* of 29 July 2014

MAXIMUM TARIFFS OF THE UNIVERSAL POSTAL SERVICE

I. MAXIMUM TARIFFS OF THE UNIVERSAL POSTAL SERVICE IN LITHUANIA

Item of correspondence[1] up to 500 grams

Seq. No.	Universal postal service	Postage tariff per one postal item, in EUR (exclusive of VAT)	
		Non-priority postal items	Priority postal items
1.	Up to 20 grams	0.39	0.45
2.	> 20 grams, up to 50 grams	0.42	0.48
3.	> 50 grams, up to 100 grams	0.45	0.52
4.	> 100 grams, up to 500 grams	0.62	0.72

Bulky item of correspondence[2] up to 2 kilograms

Seq. No.	Universal postal service	Postage tariff per one postal item, in EUR (exclusive of VAT)	
		Non-priority postal items	Priority postal items
1.	Up to 100 grams	0.68	0.78
2.	> 100 grams, up to 500 grams	0.94	1.09
3.	> 500 grams, up to 1,000 grams	1.16	1.33
4.	> 1,000 grams, up to 2,000 grams	1.56	1.80

Postal parcel[3, 4, 5] p to 10 kilograms (including the registration service)

Seq. No.	Universal postal service	Postage tariff per one postal item, in EUR (exclusive of VAT)
1.	Per each postal parcel	2.40
2.	Per each full or partial kilogram	0.14

Registration and/or evaluation of an item of correspondence[1], bulky item of correspondence[2] or a postal parcel[3, 4]

Seq. No.	Universal postal service	Postage tariff per one postal item, in EUR (exclusive of VAT)
1.	Registration of items of correspondence or bulky items of correspondence	0.58
2.	Registration and evaluation of items of correspondence or bulky items of correspondence	3.48
3.	Evaluation of postal parcels	3.48

II. MAXIMUM TARIFFS OF CROSS-BORDER UNIVERSAL POSTAL SERVICE

Item of correspondence[1] up to 500 grams

Seq. No.	Universal postal service	Postage tariff per one postal item, in EUR (exclusive of VAT)			
		Non-priority postal items		Priority postal items	
		To the European Union Member States	To other states	To the European Union Member States	To other states
1.	Up to 20 grams	0.75	0.71	0.81	0.84
2.	> 20 grams, up to 50 grams	0.84	0.75	1.00	0.97
3.	> 50 grams, up to 100 grams	1.13	0.84	1.29	1.27
4.	> 100 grams, up to 500 grams	1.98	2.09	2.37	3.40

Bulky item of correspondence[2] up to 2 kilograms

Seq. No.	Universal postal service	Postage tariff per one postal item, in EUR (exclusive of VAT)			
		Non-priority postal items		Priority postal items	
		To the European Union Member States	To other states	To the European Union Member States	To other states
1.	Up to 100 grams	1.42	1.26	1.85	1.67
2.	> 100 grams, up to 500 grams	2.52	3.13	2.93	3.91
3.	> 500 grams, up to 1,000 grams	4.63	6.95	5.21	7.82
4.	> 1,000 grams, up to 2,000 grams	6.95	10.43	7.53	11.58

Postal parcel[3, 4, 5] up to 10 kilograms (including the registration service)

Seq. No.	Universal postal service	Postage tariff per one postal item, in EUR (exclusive of VAT)	
		To the European Union Member States	To other states
	Cross-border postal parcel tariffs apply to postage of postal parcels. The share of processing postal parcels in Lithuania:		
1.	Per each postal parcel	5.07	5.07
2.	Per each full or partial kilogram	0.14	0.14

Registration and/or evaluation of an item of correspondence[1, 6], bulky item of correspondence[2, 6] or a postal parcel[3, 4]

Seq. No.	Universal postal service	Postage tariff per one postal item, in EUR (exclusive of VAT)
1.	Registration of priority items of correspondence or priority bulky items of correspondence	20.3
2.	Registration and evaluation of priority items of correspondence or priority bulky items of	3.48

	correspondence	
3.	Evaluation of postal parcels	3.48

Notes:

1. Largest possible dimensions of an item of correspondence shall be the following: length – 381 mm, width – 305 mm, height – 20 mm.

2. Largest possible dimensions of a bulky item of correspondence shall be the following: any one dimension shall not exceed 600 mm, while the sum of the length, width and height shall be no greater than 900 mm; any one dimension of a cylinder item shall be no greater than 900 mm, while the sum of length and double diameter shall not exceed 1040 mm.

3. Largest possible dimensions of a postal parcel shall be the following: any one dimension shall not exceed 1.05 m, while the sum of the length and the largest dimension measured in any other direction than the length shall be no greater than 2 m.

4. Largest dimensions of a postal parcel marked “Encombrant” (Bulky) shall be the following: any one dimension shall be no greater than 1.50 m, while the sum of the length and the largest dimension measured in any other direction than the length shall be no greater than 3 m.

5. A postal parcel marked “Encombrant” (Bulky) shall be subject to additional postage tariffs of 50 percent indicated in Table 3 or Table 7.

6. Only priority items of correspondence or priority bulky items of correspondence can be registered or registered and evaluated.

7. Items of correspondence marked as “Cécogrammes”, items of correspondence addressed to prisoners of war marked as “Service des prisonniers de guerre” and to interned civilians marked as “Service des internés civils” or sent by these persons shall be sent free of charge.