LITHUANIAN COMMUNICATIONS SECTOR IN 2023

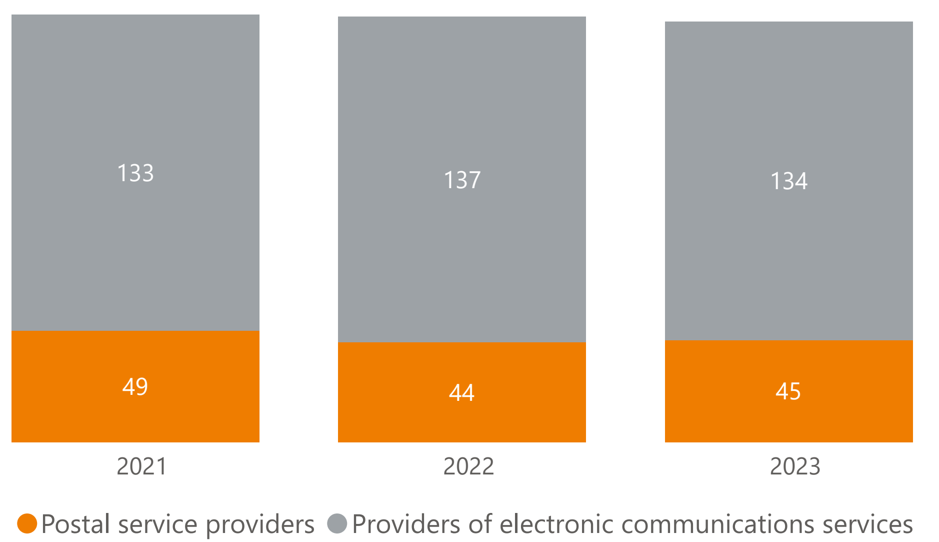
22/08/2024 No. (73.10E) ND – 13

Lithuanian Communications Sector

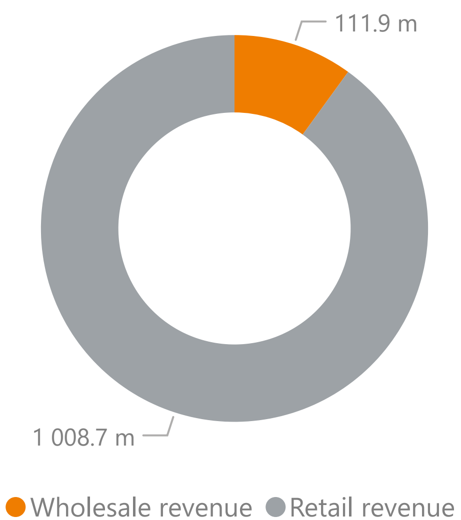
179	**1 120.6 m**	**5.6 %**	**124.2 m**	**-8.3 %**
Communications service providers	Total communications revenues	Annual change in revenue	Total investment in communications	Annual change in investment

Lithuania's communications sector consists of two services markets: the electronic communications market and the postal services market.

Number of service providers



Revenue structure

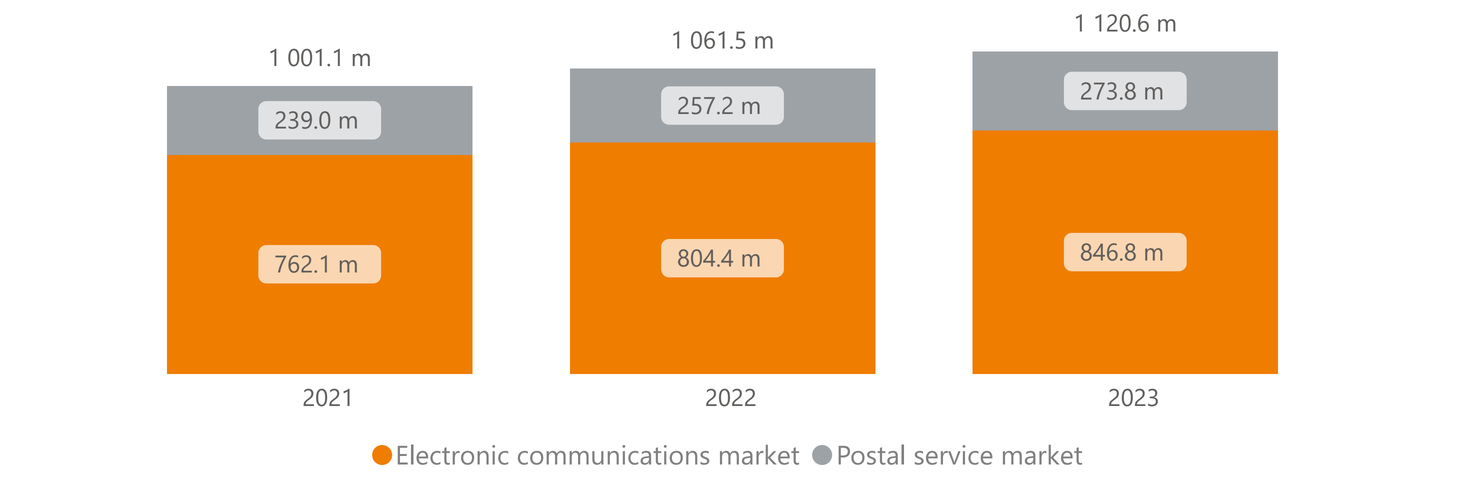


! The report "Lithuanian Communications Sector 2023" has been prepared using information provided by providers of electronic communications networks and services and postal service providers on their electronic communications and postal activities.

! Data provided by providers of electronic communications networks and services and postal service providers may be updated after the publication of the annual report for a given year, and therefore data for earlier periods may differ from one year to the next.

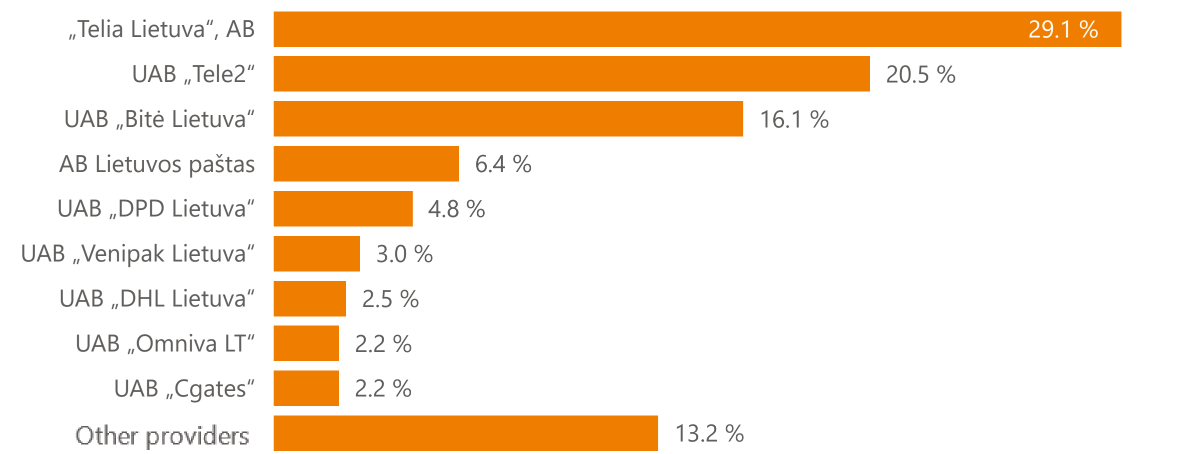
! The data in the tables and figures in the report are rounded to the nearest tenth, so that the sum of the market shares does not always add up to 100 %.

Revenue

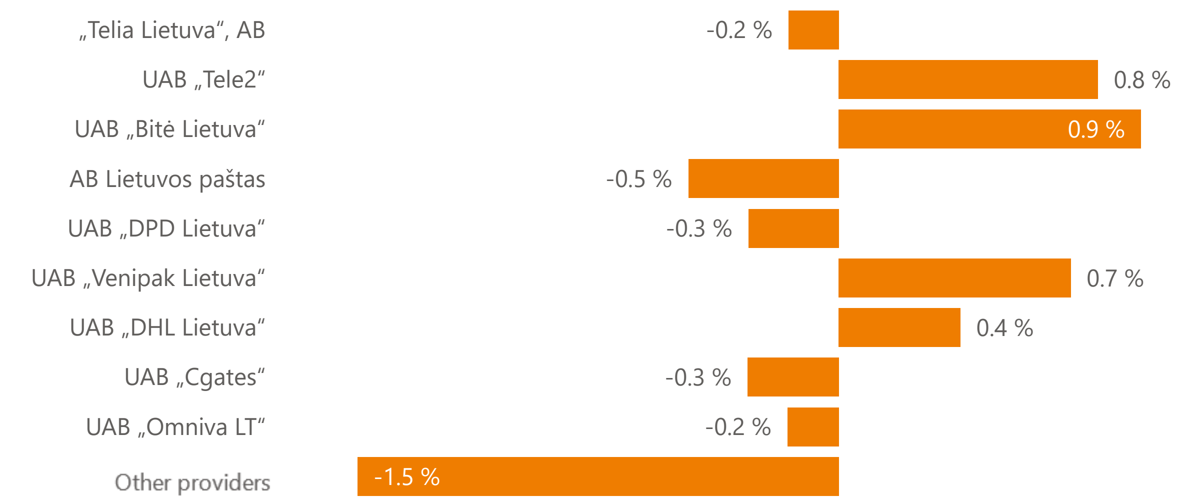


Over the period 2021-2023, revenues in both the communications sector and both markets (postal and electronic communications) grew. In 2023, compared to 2022, the revenue of the communications sector increased by 5.6% (€59.1 m) to €1 120.6 m.
Postal service revenue grew by 6.5% (EUR 16.6 m) and electronic communications revenue by 5.3% (EUR 42.5 m). The three mobile operators accounted for 65.7% of total communications sector revenue in 2023.

Market shares by revenue of service providers in the communications sector



Change

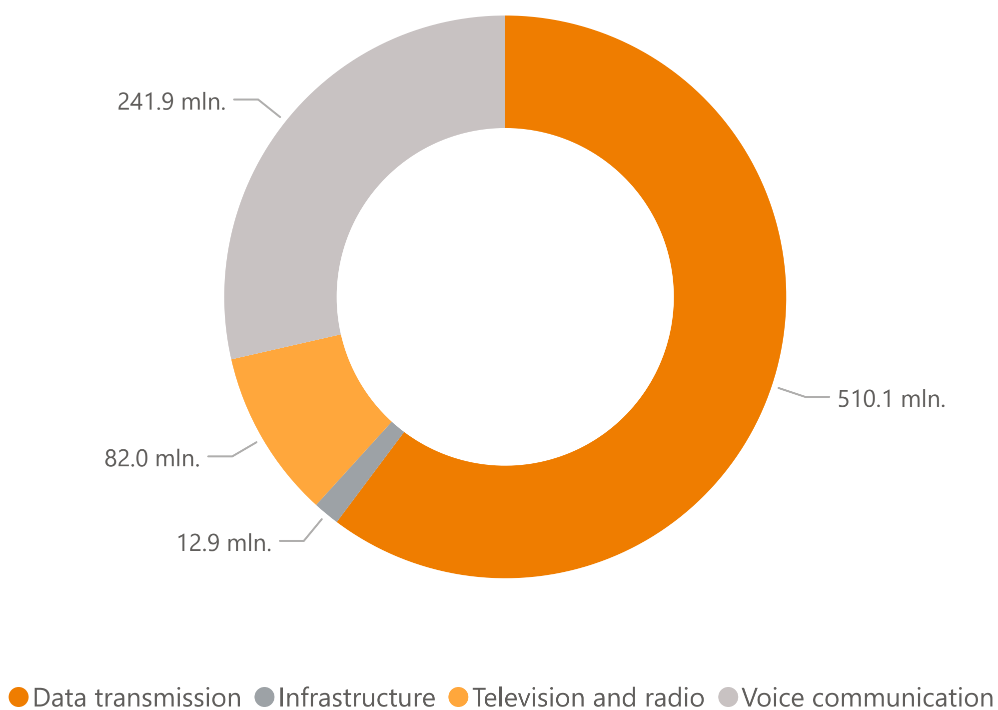


MARKET OF ELECTRONIC COMMUNICATIONS SERVICES

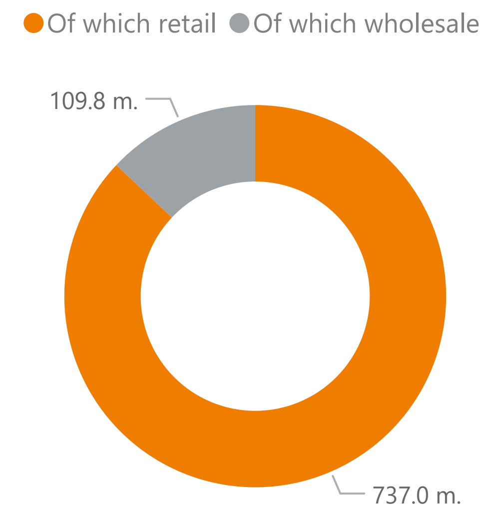
General overview of the electronic communications market

134	846.8 m.	5.3 %	111.9 mln.	- 4.0 %
Number of service providers	Total revenue	Annual change in revenue	Investments	Annual change in investments

Structure of revenue in the electronic communications market by service group



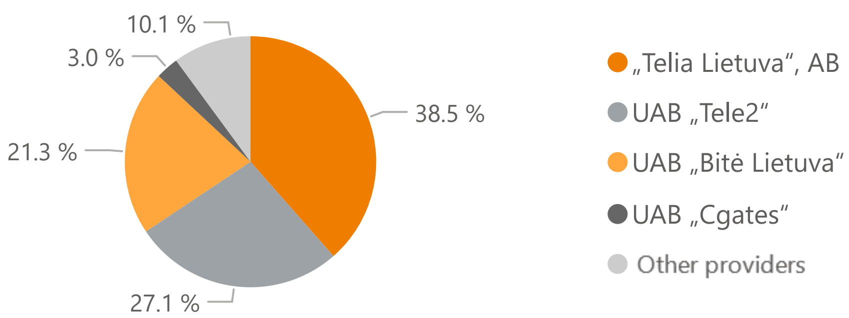
Total revenue



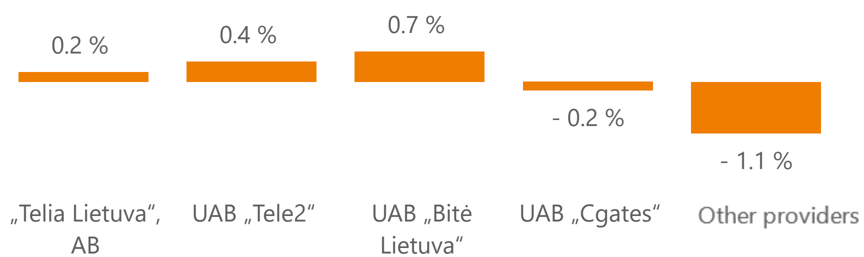
7.4 %	- 7.1 %
Annual change in retail revenue	Annual change in wholesale revenue

REVENUE AND INVESTMENTS

Market revenue structure by service provider



Annual change

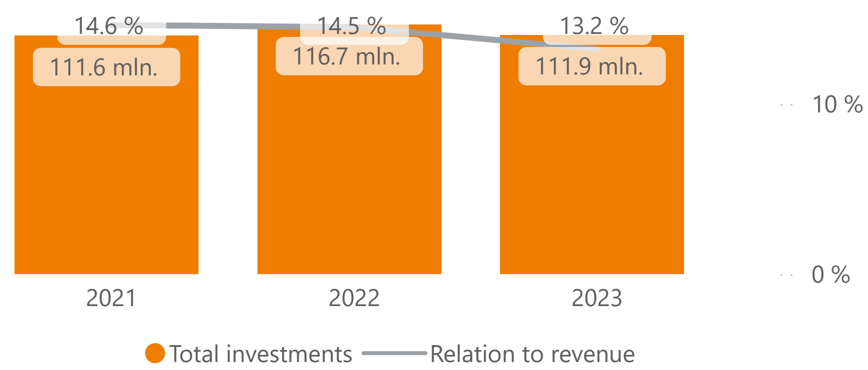


Last year, the three mobile operators accounted for the largest share of revenue from electronic communications services - 86.9% of the total revenue from the electronic communications sector. Growth in electronic communications revenue continues to be driven by data transmission services, and in particular by growth in internet access revenue.

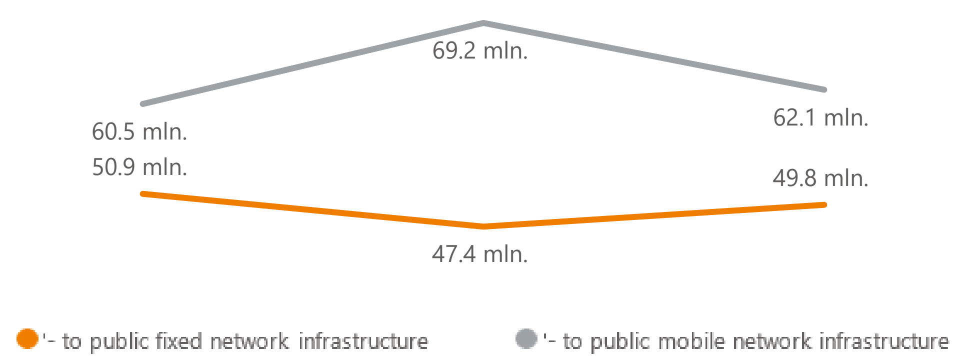
According to the State Data Agency's study "Use of Information Technologies in Households"[1], 88.6% of households in Lithuania were using internet access services in 2023. The internet was mainly used for information search, communication and banking.

[1] https://osp.stat.gov.lt/informaciniai-pranesimai?articleId=11277289

Investments



Investment



Investment in public electronic communications network infrastructure decreased by 4.0% to €111.9 million in 2023 compared to 2022. Of this, 55.4% is accounted for by investment in public mobile communications infrastructure. The main areas of investment remain the same: broadband networks (modernisation and expansion of the mobile network, fibre-optic networks).

Annual change in investments

- 4.0 %

Annual change in investments

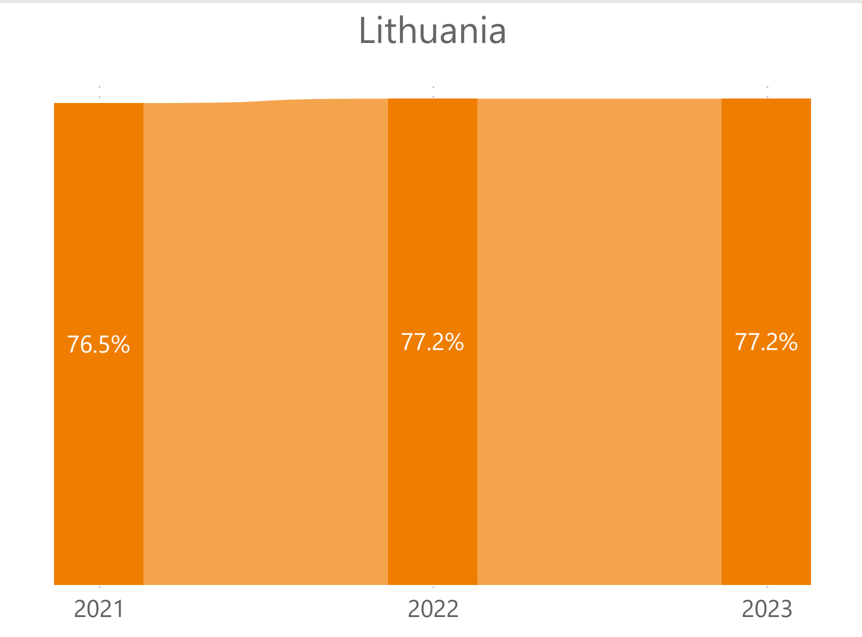
4.9 %

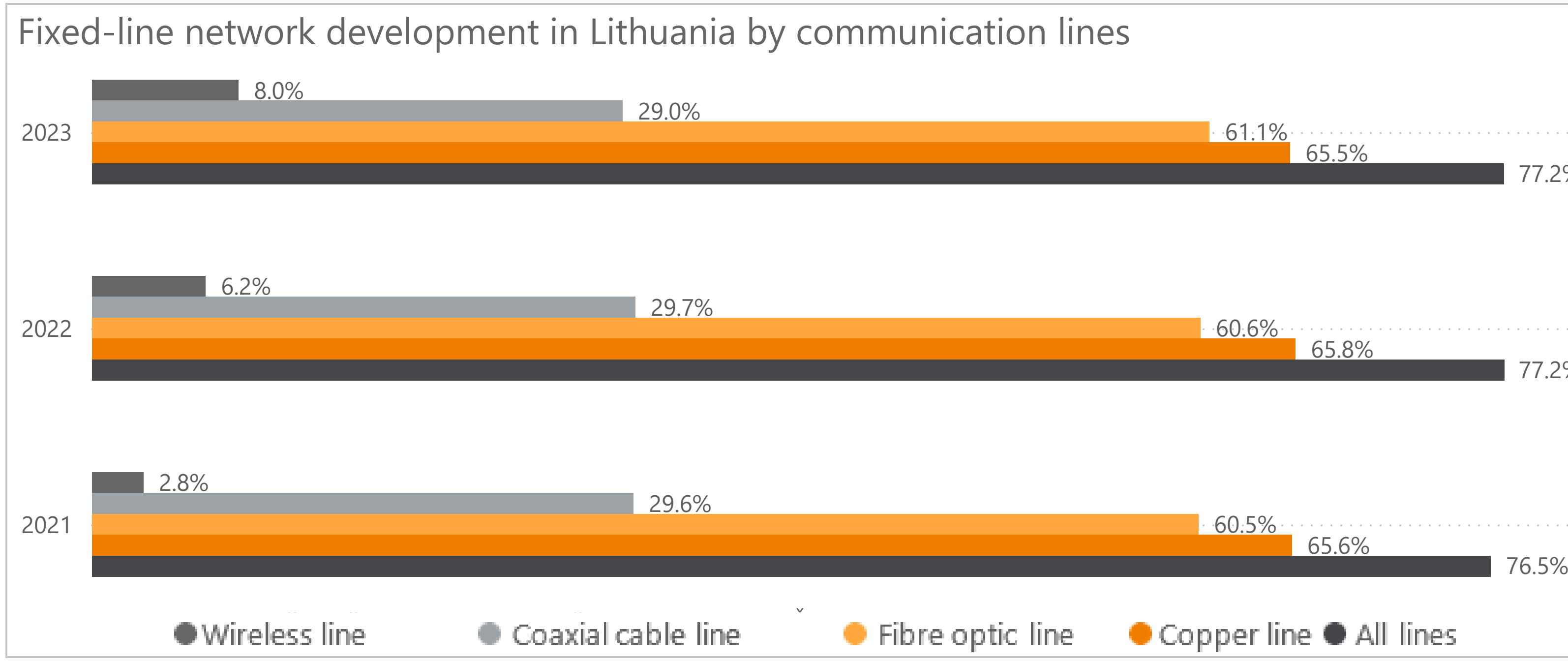
To public fixed network infrastructure

- 10.3 %

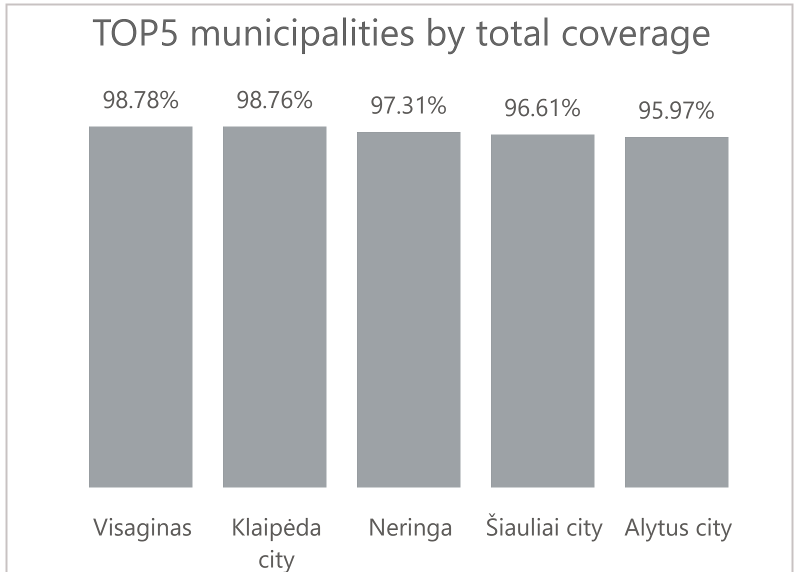
To public fixed network infrastructure

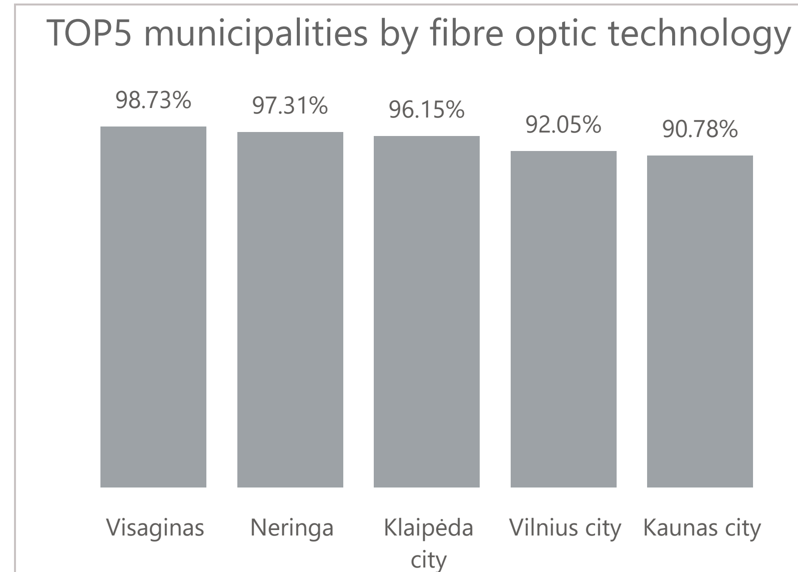
Development of public fixed-line networks



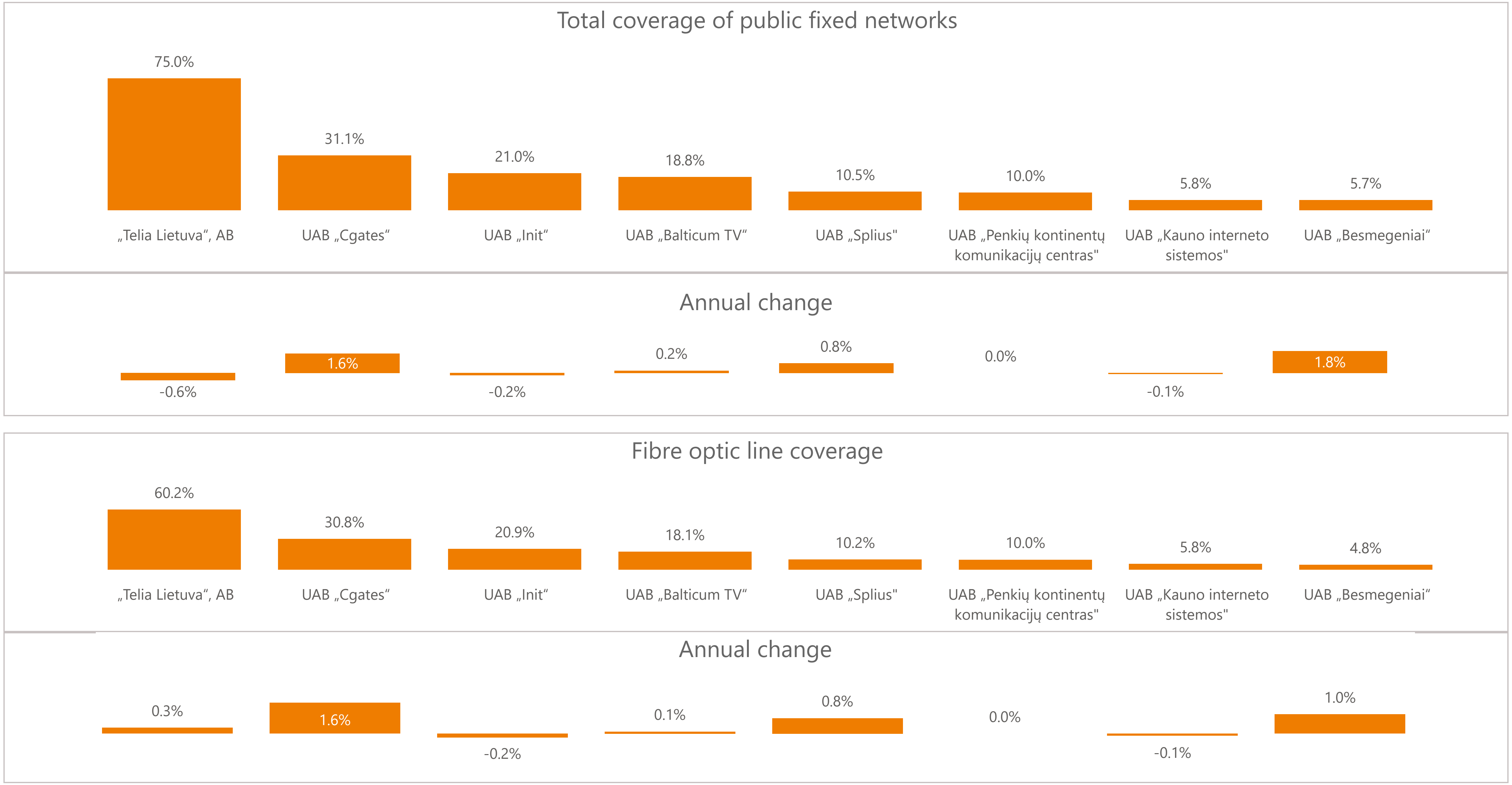


In 2023, 1 111.5 thousand (77.2%) residential premises in Lithuania were covered by public fixed-line networks, compared to 10.2 thousand residential premises in 2022.
In 2023, 880.3 (61.1%) residential premises were covered by fibre-optic lines. The development of fibre optic networks has stalled, and more public attention will be needed in more remote areas, where the cost of connecting each user is much higher than in densely populated areas.





Deployment of public fixed-line networks by operator



Data transmission on mobile networks

Revenue structure

Mobile internet retail revenue

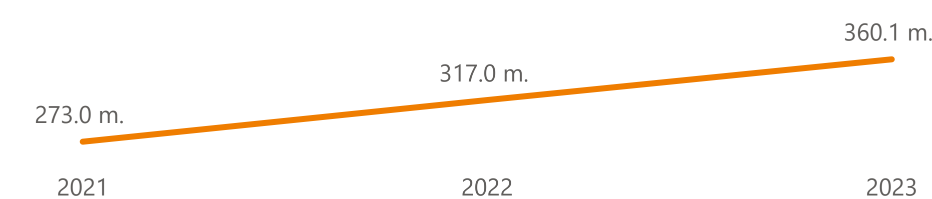
360.1 m.

Total revenue

13.6 %

Annual change

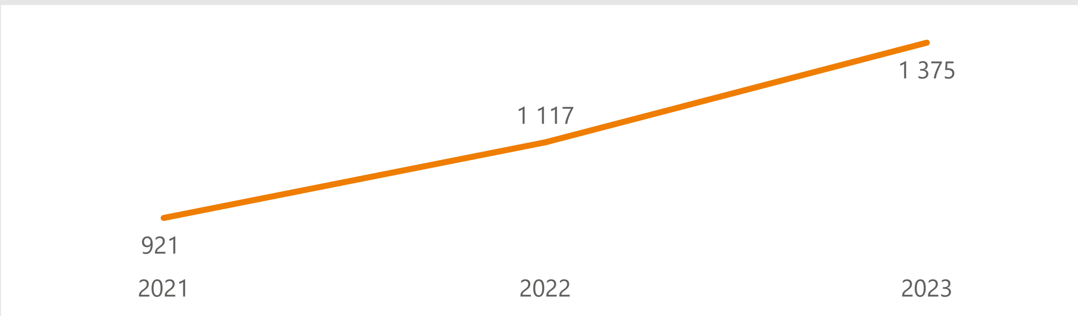
Revenue dynamics

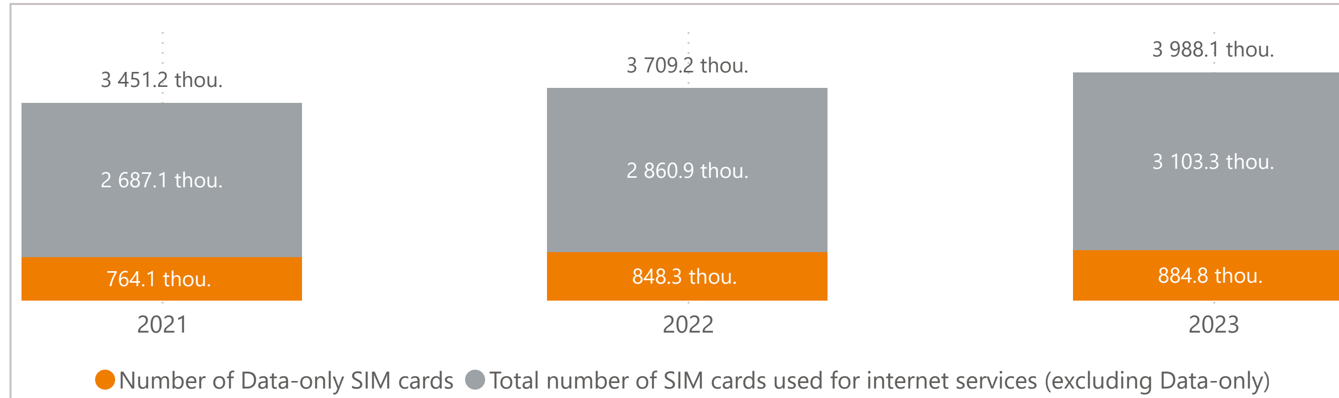


Mobile internet access services

1 375

Total amount of data sent and received per year (PB)





7.5 %

Total annual change in SIM cards

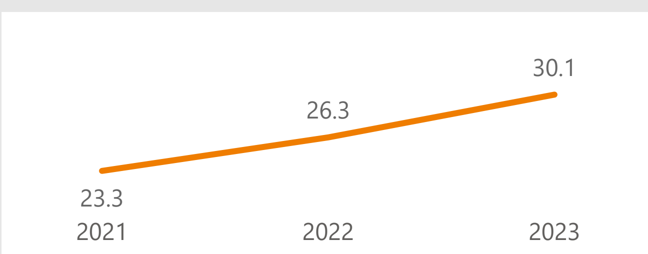
4.3 %

Annual change in data-only SIM cards

Amount of data transmitted per user

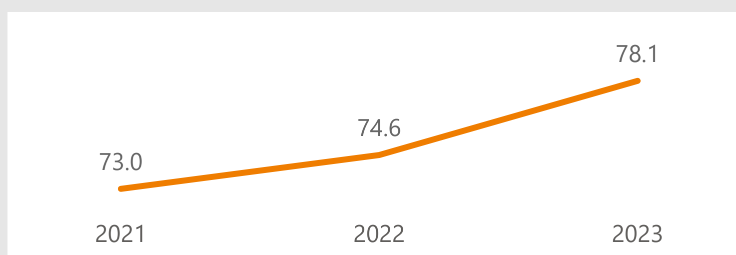
30.1

Monthly data volume per user (GB)



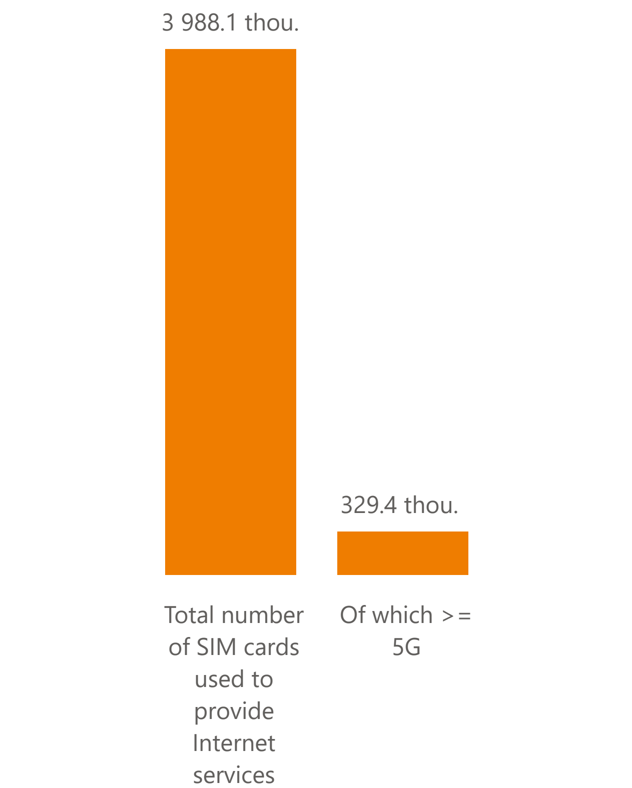
78.1

Monthly Data-only volume per user (GB)



The market for retail mobile internet access services grew strongly in 2023. The number of active SIM cards used to provide internet access services increased by 7.5% over a year. The use of these SIM cards in 2023 (number of SIM cards per 100 inhabitants) was 138.2%.
The total amount of data sent and received per year in Lithuania has been growing rapidly, increasing by 23.1% in 2023.
Data-only SIM cards accounted for 22% of all SIM cards used for internet.

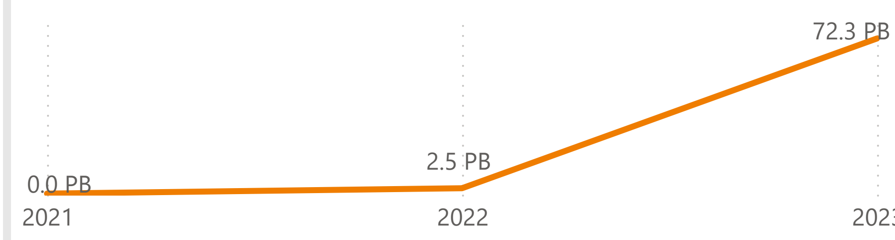
Data transmission on mobile networks



72.3 PB

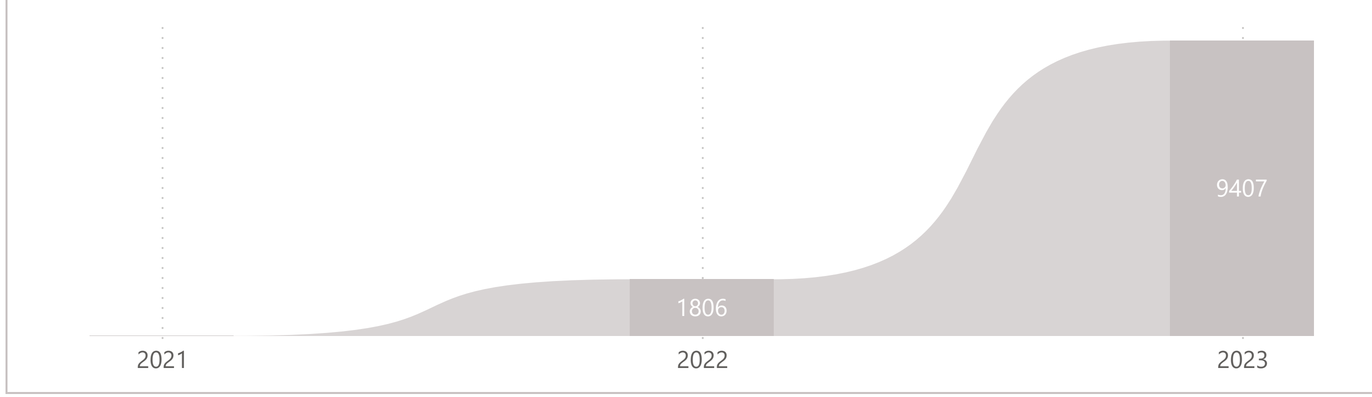
Amount of data transmitted on 5G

5G data transferred



5G technology in Lithuania grew rapidly, the amount of data sent and accepted during the year – 72.3PB, which, compared to 2022, increased 29 times.

Number of registered 5G_NR base stations

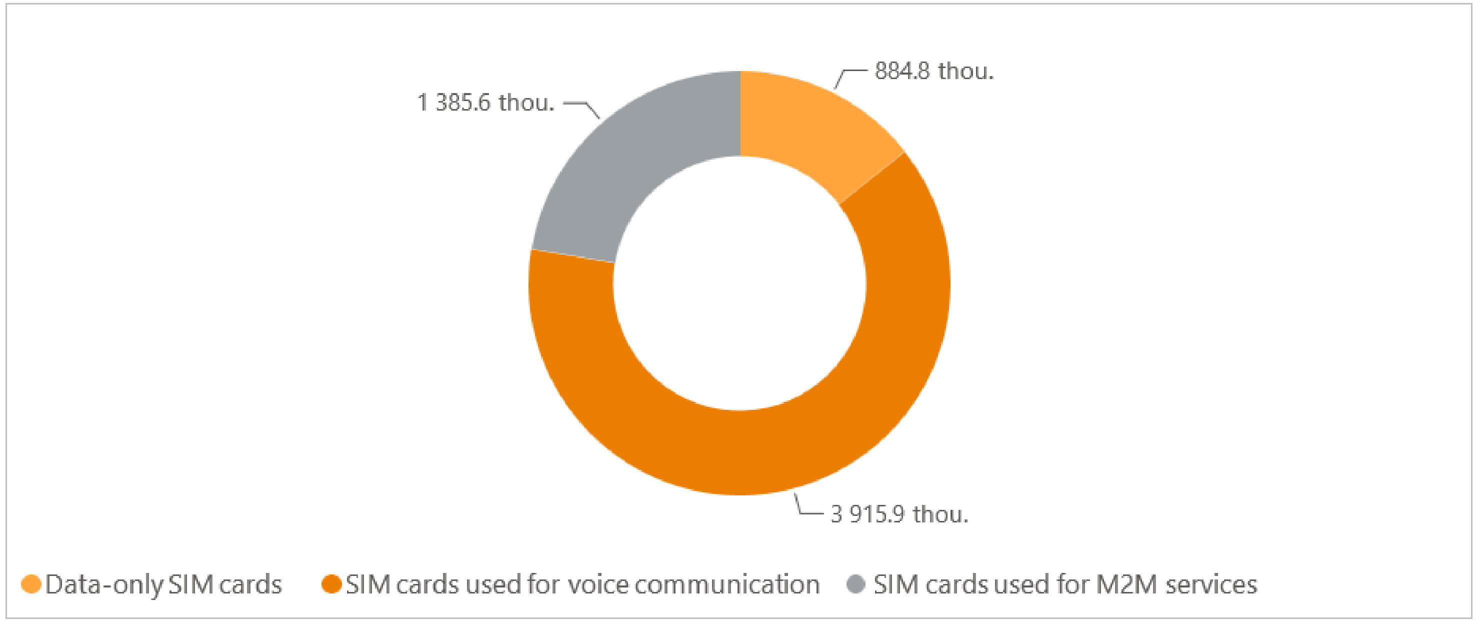


In 2023, the number of 5G base stations grew rapidly. Compared to 2022, it has increased 5 times.

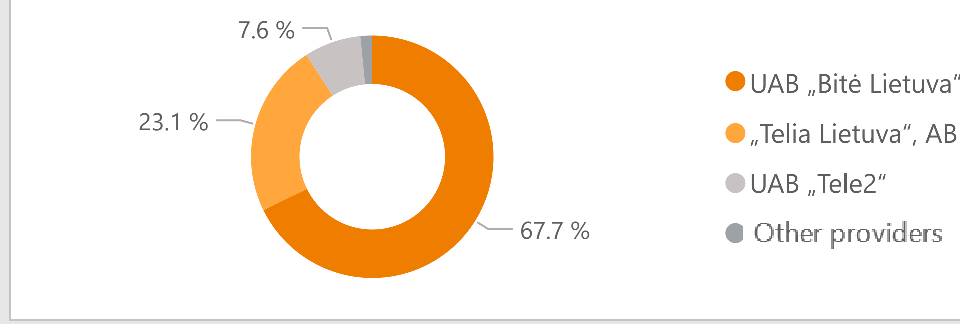
Total data sent and received per year by service provider, PB

Annual change, %

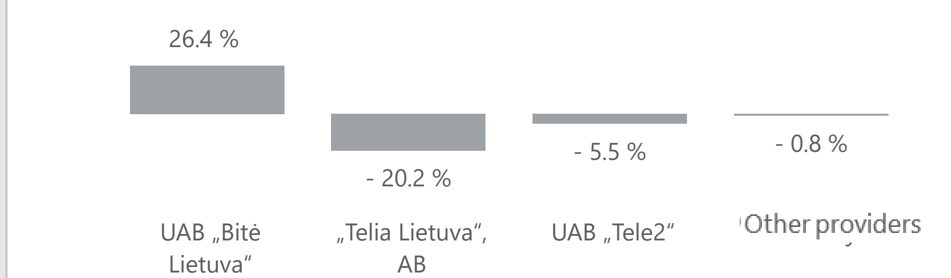
Data transmission on mobile networks



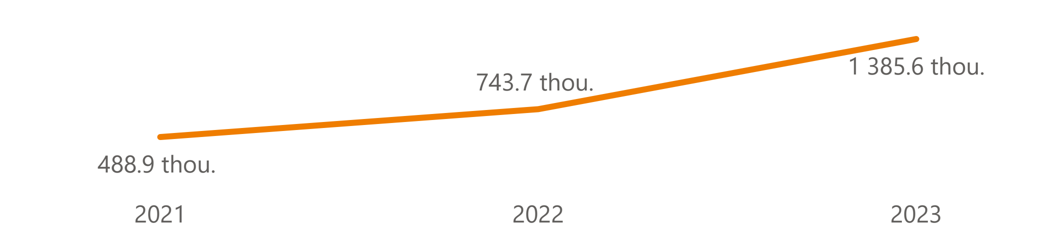
Structure of end-devices used for M2M services by service provider



Annual change



SIM cards used to provide M2M services



86.3 %

Annual change in the number of SIM cards used for M2M services

Number of M2M end-devices

2.5 times

Annual change in the number of M2M end-devices

The number of end-devices used to provide M2M (*Machine to Machine, Man to Machine, Machine to Man*) services grew rapidly year on year between 2021 and 2023, reaching 1 387,600 in 2023, almost 2 times more than in 2022.

The leader remains UAB "Bitė Lietuva" with 67.7% of M2M end-devices. Its market share grew by 26.4 percentage points over the year.

1 045,600 or 75.4% of all M2M services were device-to-device (e.g. smart meters, telemetry devices).

Data transmission in fixed and satellite networks

79

Number of service providers

122.3 m.

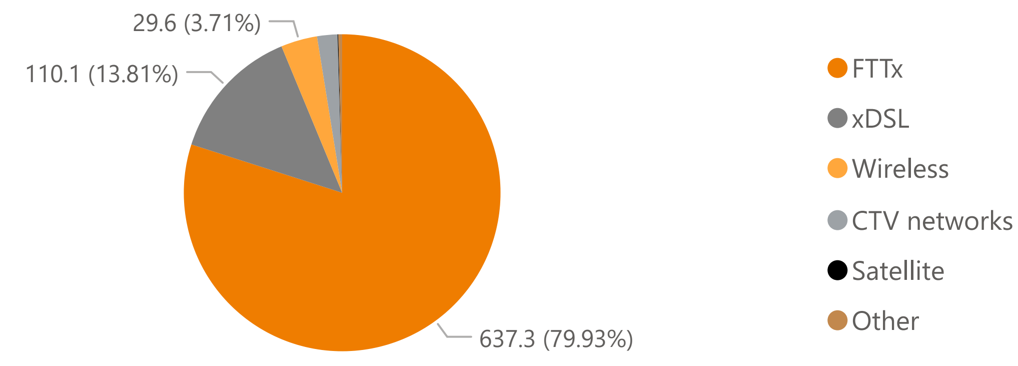
Revenue

1.5 %

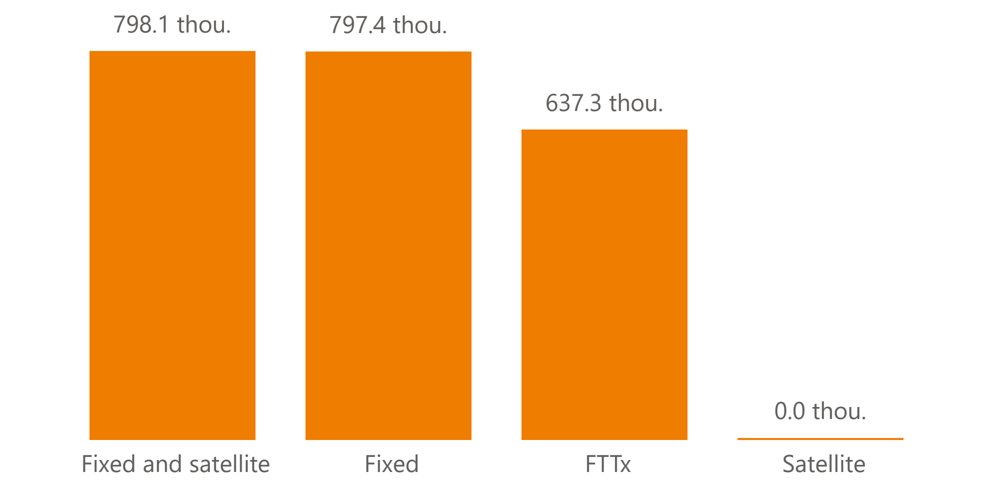
Annual change in revenue

Total revenue from fixed internet services amounted to €122.3 million, an increase of 7.9% compared to 2022. Retail revenue accounted for 98.5% of total revenue from fixed internet services.

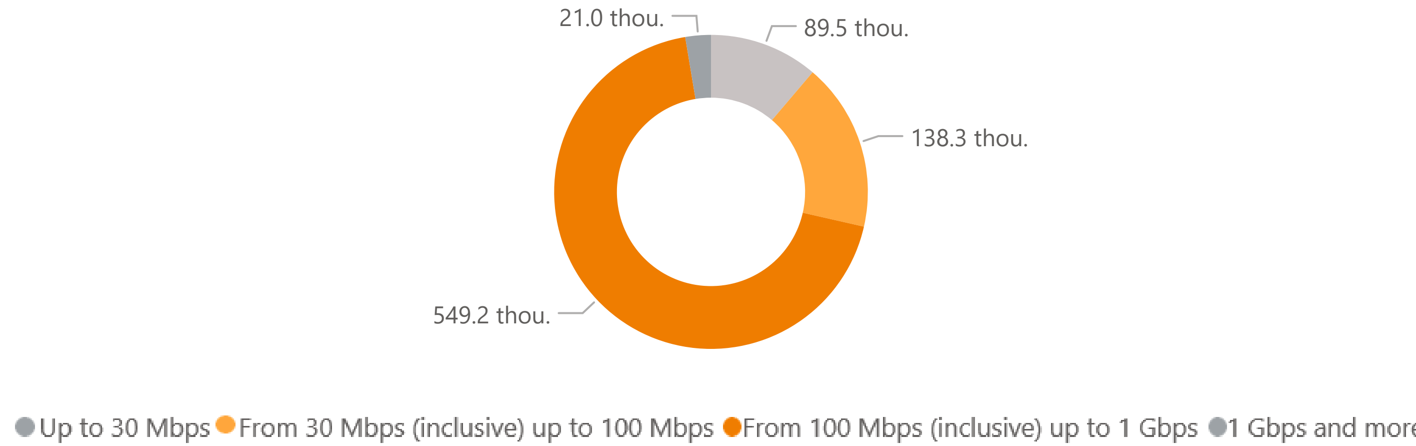
Composition of service users by technology



Number of service users



Breakdown of users of services on all technologies by speed



The number of users of fixed and satellite communication networks decreased slightly by 0.4% over the year. Looking at the distribution of fixed internet access subscribers by technology, FTTx and xDSL services are the most in demand, accounting for 93.8% of all fixed internet access subscribers.

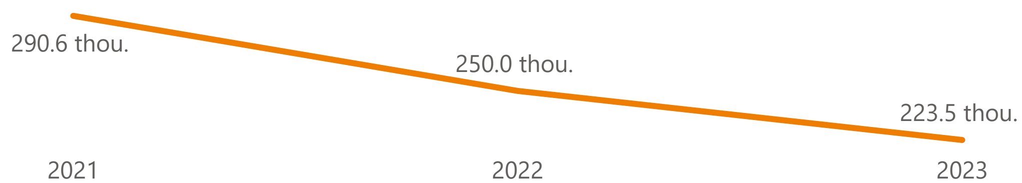
In 2023, the most popular internet access speeds (for fixed and satellite internet access services) were between 100 Mbps and 1 Gbps, chosen by 68.8% of all users.

Voice communication

SIM cards used for voice communication

2.3 %
Annual change

Fixed voice communication service users



- 10.6 %
Annual change

TOP3 mobile service providers by revenue

UAB „Tele2"

UAB „Bitė Lietuva"

„Telia Lietuva", AB

TOP3 fixed communications providers by revenue

„Telia Lietuva", AB

UAB „Baltnetos komunikacijos"

UAB „Cgates"

62
Number of service providers

From 2021, the number of fixed voice communication users is decreasing and the duration of initiated calls is shortening.
Mobile voice communication services are characterised not only by greater functionality (additional services, etc.) and mobility, but also by more attractive prices. The estimated average cost (the ratio of revenue from calls to the duration of calls) per minute of a user-initiated call on mobile networks (EUR 1.0 ct/min) is lower than on fixed networks (EUR 3.2 ct/min).

Single-user consumption

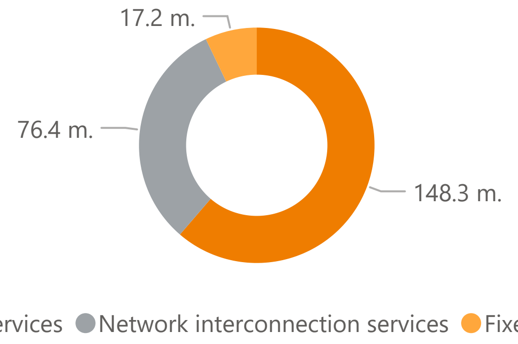
1.36 SIM cards used for voice communication	**1.4%** Annual change
208.2 min. Average monthly duration of mobile voice calls initiated per month by service provider	**-0.5%** Annual change
112.4 min. Average monthly duration of calls initiated on a fixed network by service provider	**-14.7%** Annual change
50.6 SMS sent	**-10.4%** Annual change
0.2 MMS sent	**1.4 %** Annual change

241.9 m.
Total revenue

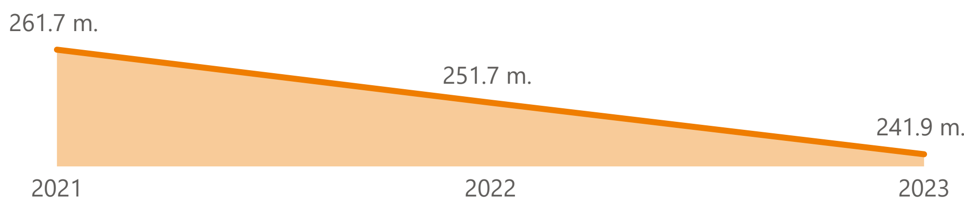
76.4 m.
Wholesale revenue

165.6 m.
Retail revenue

Revenue distribution



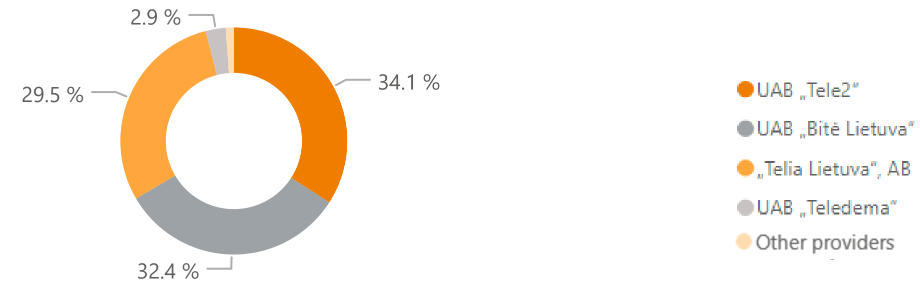
Voice communication



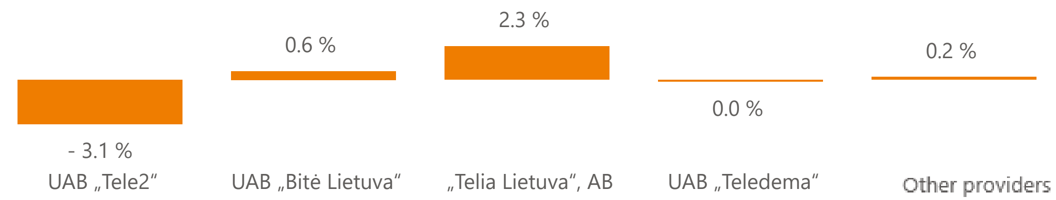
In 2023, total revenue from voice communication services (mobile, fixed and interconnection services*) decreased to €241.9 million, a 3.8% decrease compared to 2022.
Only revenue from mobile voice communication services grew by 2.2% to €148.3 million.
The total number of SIM cards for voice communication services grew by 2.3% over a year to 3 915.9 thousand.

* Wholesale public communications network services and wholesale public telephone services.

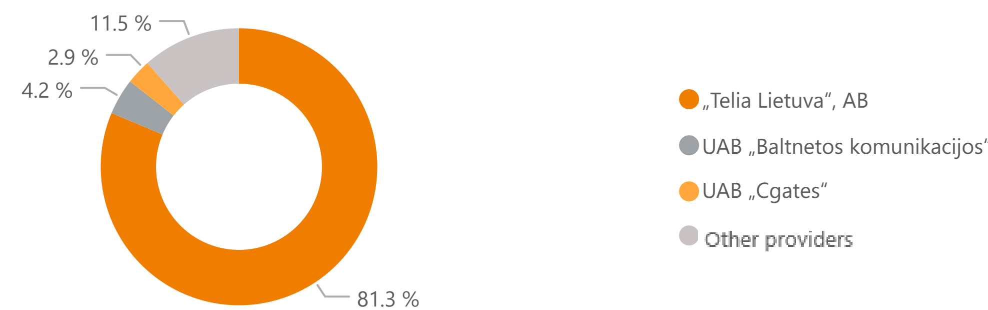
Structure of mobile communications revenue by service provider



Annual change



Fixed communications revenue by service provider



Annual change

Television and radio

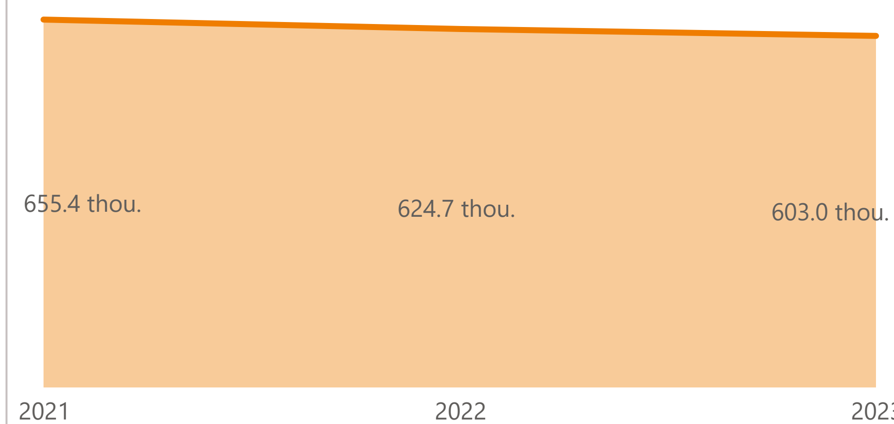
39

Number of service providers

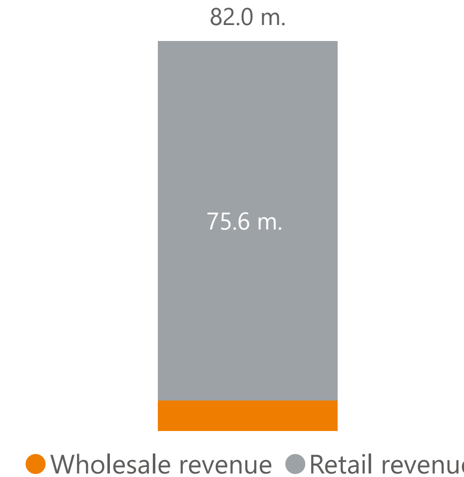
In 2023, wholesale radio and television programme transmission services were provided by 1 entity in total - AB Lietuvos radijo ir televizijos centras. At the end of 2023, the number of pay-TV (excluding online*) subscribers was the lowest in the whole 2021-2023 period at 603.0 thousand.

* The dissemination (making available) of broadcast television and/or individual programmes on the internet is not an electronic communications service. In the case of internet TV, the recipient can watch TV programmes, i.e. access content on the internet, using public electronic communications services provided by any internet access provider.

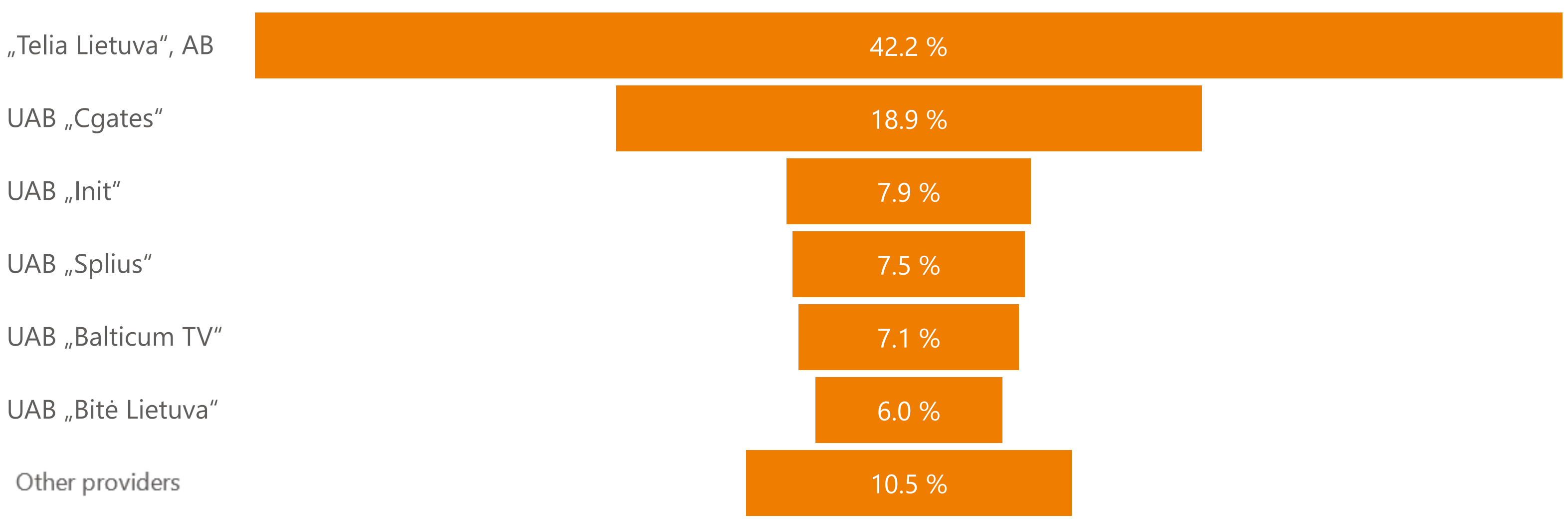
Number of service users



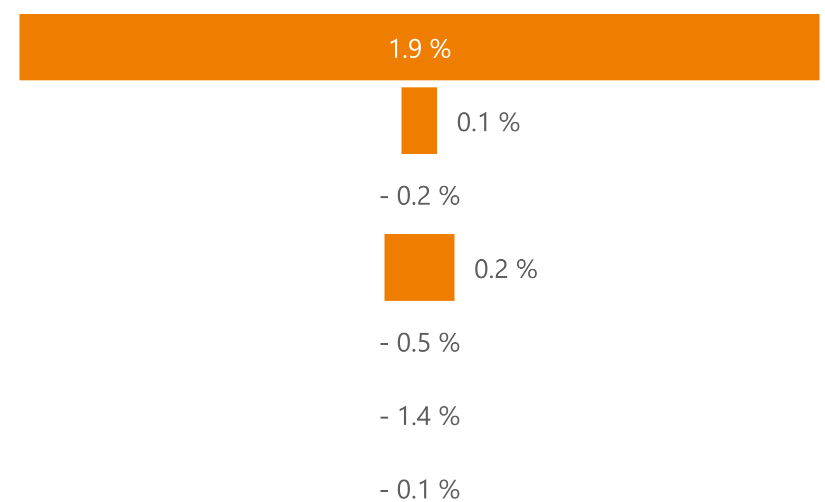
Revenue structure



Structure of pay-TV subscribers by service provider



Annual change



Wholesale services

17

Total number of service providers

12.2 m.

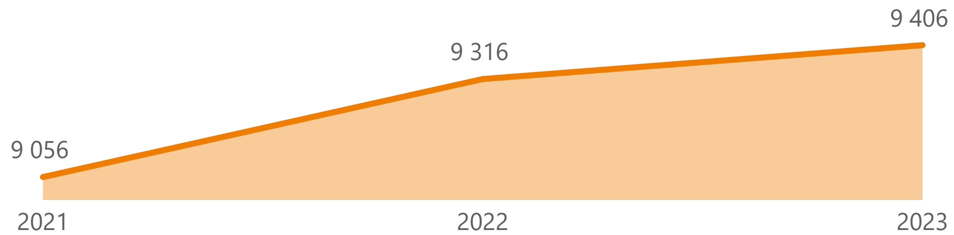
Total revenue

7.3 %

Annual change

Total revenue from the provision of physical infrastructure access services in 2023 was €12.2 million, an increase of 7.3% compared to 2022.

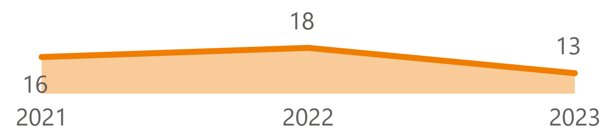
Length of communication cable duct system to which access has been provided, km



Largest service provider

„Telia Lietuva", AB

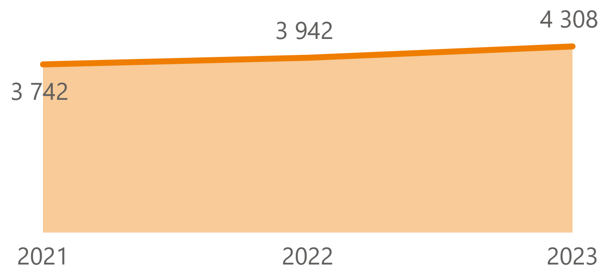
Access granted to fully and partially disconnected local line



Largest service provider

AB "LTG Infra"

Fibre optic line access granted



TOP3 largest service providers

VĮ "Plačiajuostis internetas"
UAB "Skaidula"
"Telia Lietuva", AB

The total number of local line accesses granted at the end of 2023 was 13 units or 27.8% less than in 2022. The decline in the popularity of fully and partially unbundled local line access is likely to be driven by an increase in the number of fibre optic line accesses granted.

At the end of 2023, service providers had provided 4,300 fibre optic line accesses, 9.3% more than in 2022. Total revenue from the provision of physical infrastructure access services amounted to EUR 12.2 million in 2023, or 7.3% more than in 2022. The decline in the popularity of fully and partially unbundled local line accesses is due to the growth in the number of fibre optic line accesses provided.

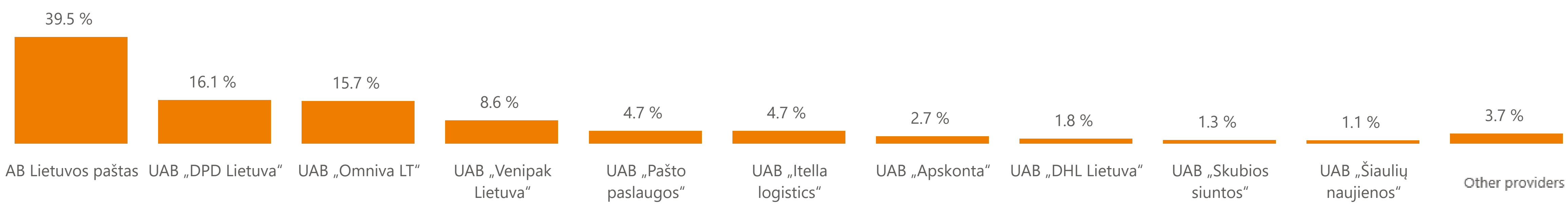
POSTAL SERVICES MARKET

General overview of the postal services market

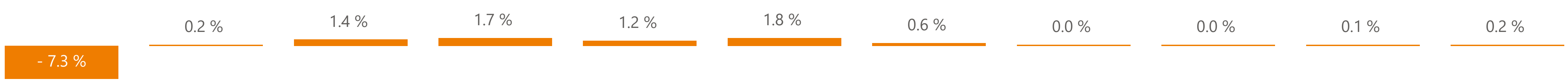
45 Providers who actually provided the postal service	**86.0 m.** Quantity of postal items	**273.8 m.** Total revenue	**271.7 m.** Retail revenue	**2.1 m.** Wholesale revenue

Revenue for the full year 2023 amounted to €273.8 million, 6.5% higher than in 2022 (€257.2 million).
In 2023, 86.0 million postal parcels were sent, 0.8% more than in 2022.
In 2023, AB Lietuvos paštas had the largest market share in terms of volumes sent, but its market share dropped the most - 7.3 percentage points compared to 2022. Such a sharp decline in market share is attributed to the year-on-year decline in correspondence items, where AB Lietuvos paštas has the largest market share.

Market share of service providers in terms of number of postal items



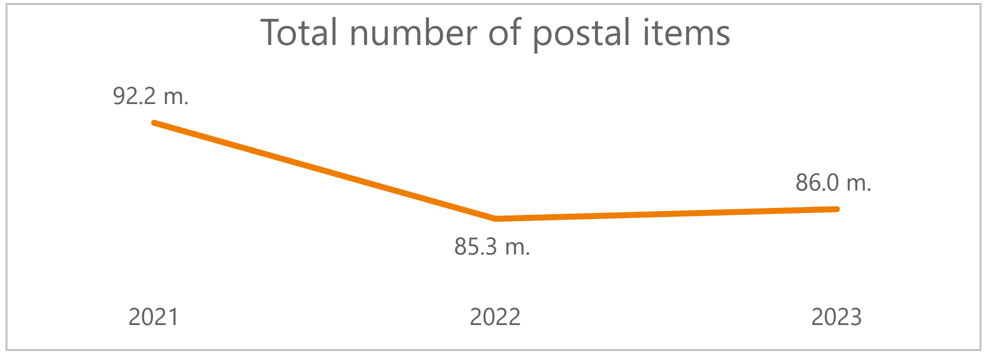
Annual change

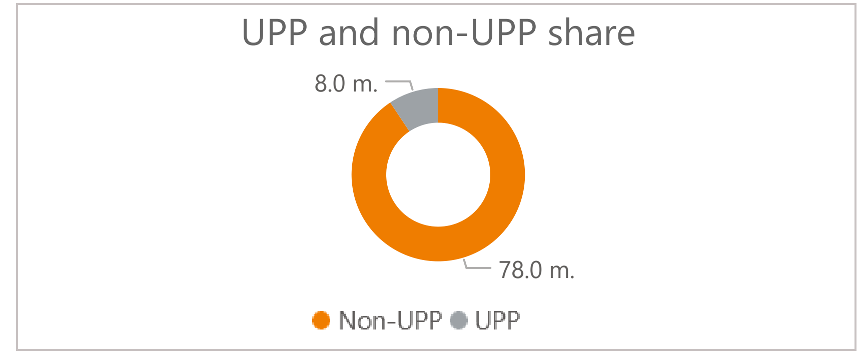


Number of postal items

0.8 %

Total change in postal items per year





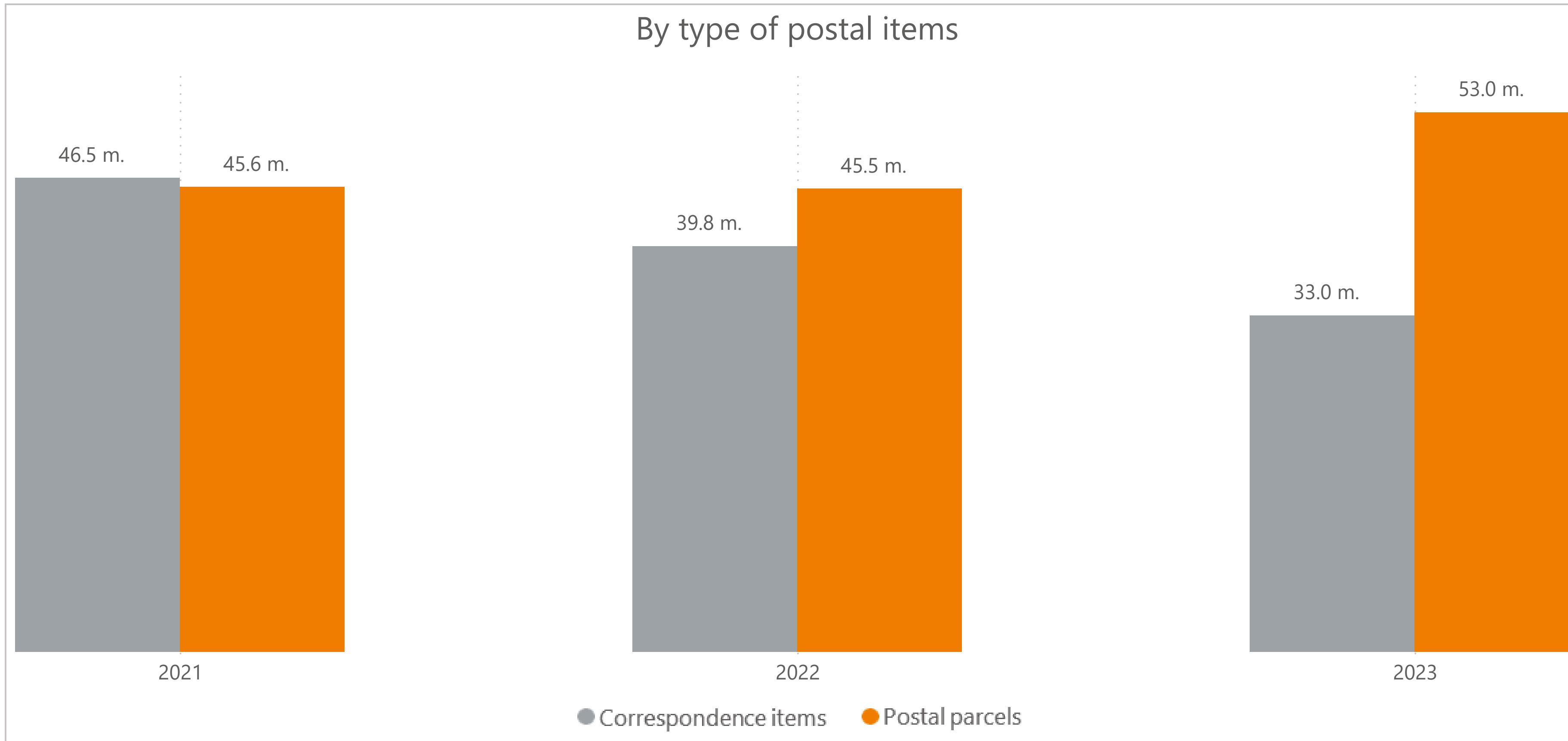
16.5 %

Annual change in postal parcels

-17.1 %

Change in correspondence items per year

The majority (61.6%) of all postal items were parcels. The number of which in 2023 increased by 7.5 million units (16.5%) compared to 2022. In 2023, the number of correspondence items continues to decline (17.1%) compared to 2022, reaching 33.0 million items.
The downward trend in the number of correspondence items will continue in the future, while an increase in the number of parcels is inevitable.



Revenue

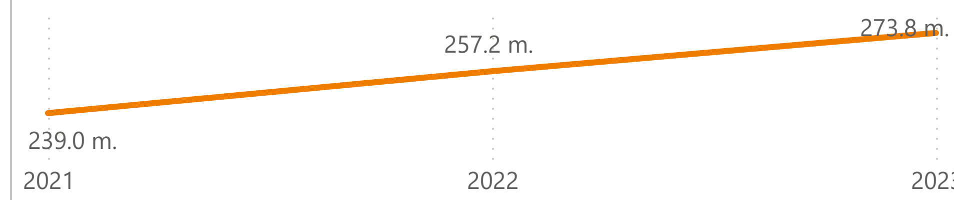
273.8 m.

Total revenue

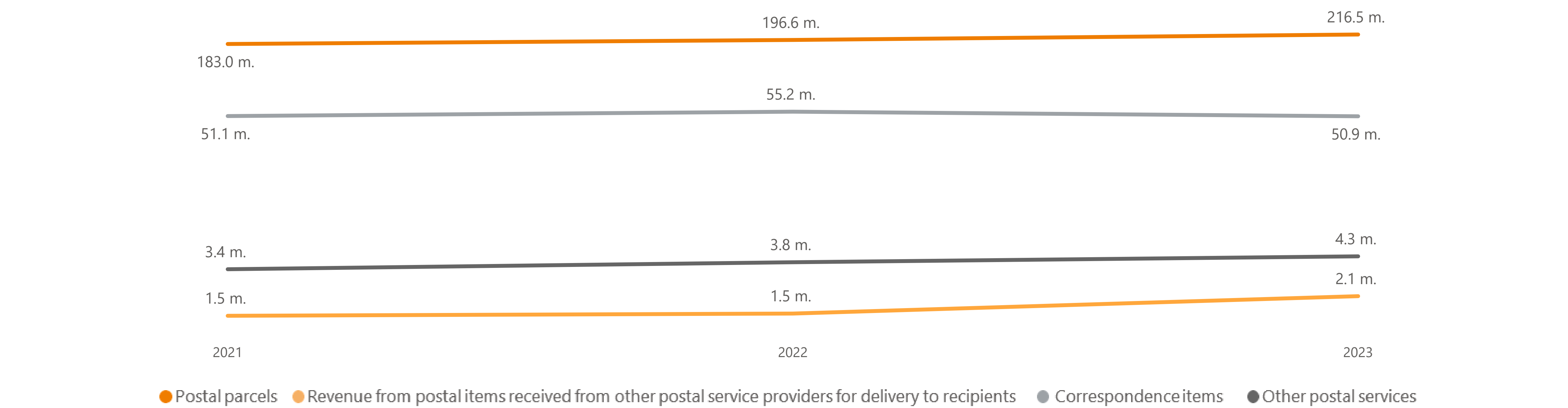
6.5 %

Annual change

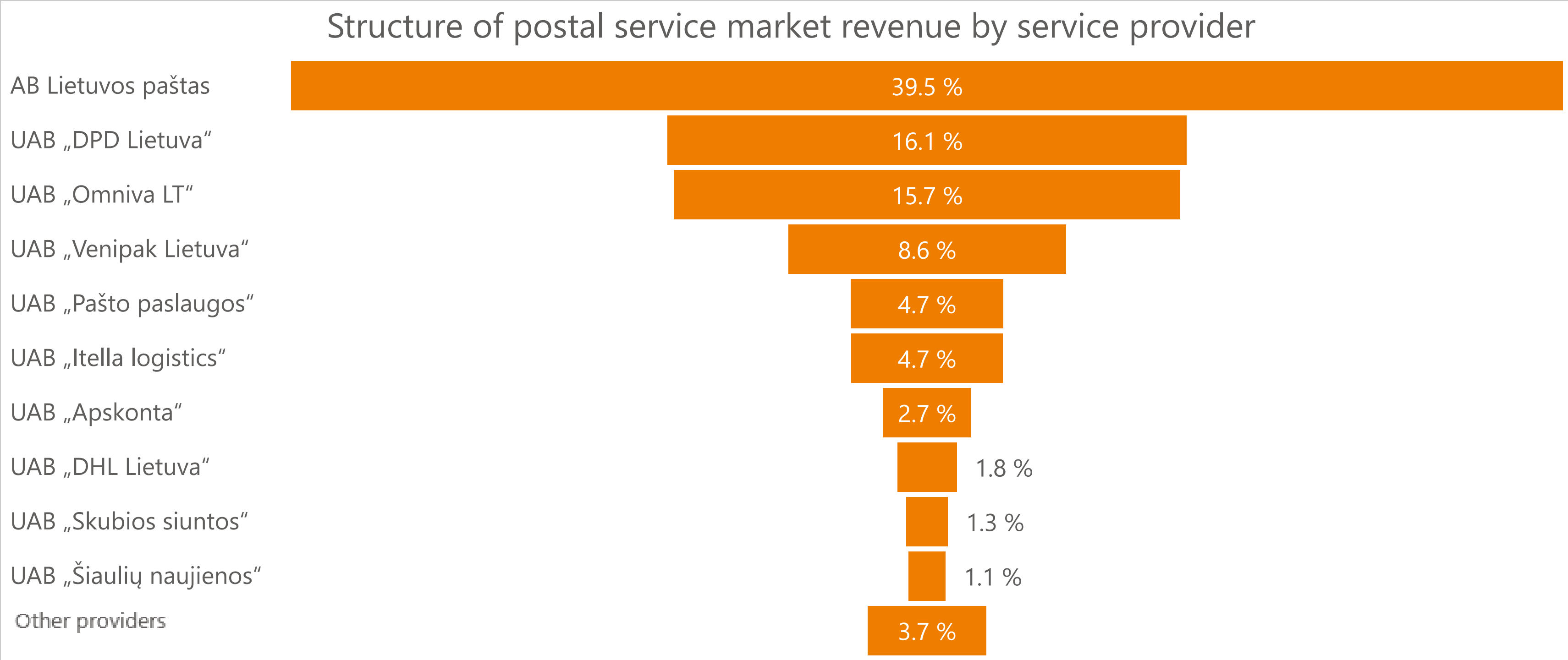
Revenue from the postal service

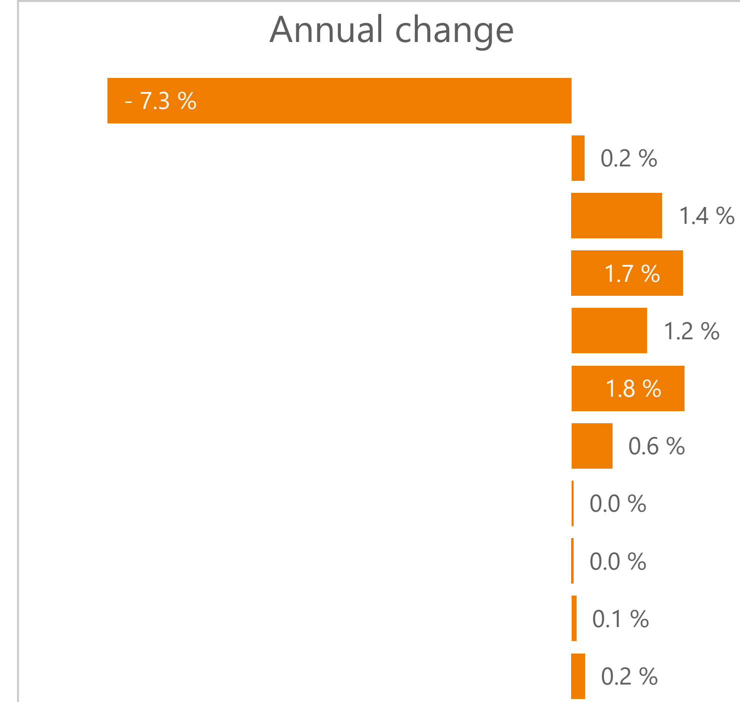


Revenue from the postal service



Revenue from correspondence items in 2023 amounted to EUR 50.9 million, or EUR 4.3 million less than in 2022 (EUR 55.2 million).
Revenue from postal parcels accounted for 79.1% of the postal sector's total revenue in 2023 and amounted to €216.5 million.



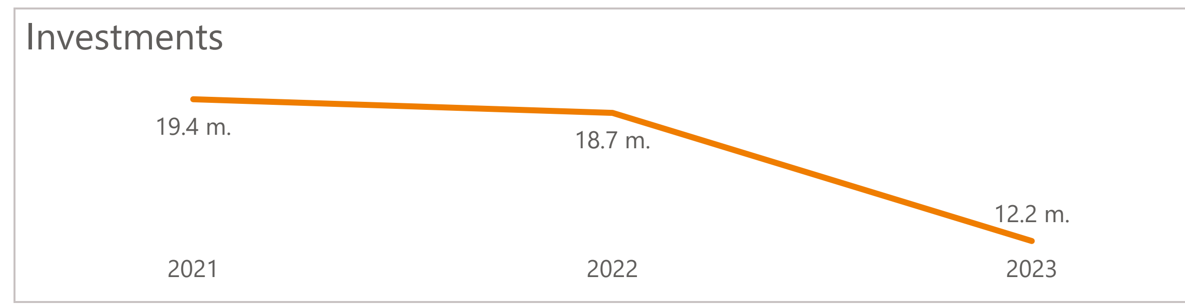


12.2 m.

Investment

-34.7 %

Annual change



Data provided by postal service providers show that investment in the expansion and modernisation of the postal network, including self-service parcel terminals, has decreased by 35% to €12.2 million in 2023 compared to 2022. The main investments in the expansion of the physical postal network have already been made in practice. Future investments are likely to be directed towards maintaining and modernising the postal network, introducing innovative technological solutions and improving logistics systems. Postal service providers are also actively expanding their activities outside Lithuania: the expansion of self-service parcel terminals in the Baltic region is underway, enabling consumers to reach more and more countries and territories around the world by sending parcels via self-service parcel terminals.

Regarding investment, it is necessary to mention the investments made by postal service providers in sustainability. Businesses are increasingly vocal and bold about their social responsibilities to reduce their environmental impact. In this area, many postal service providers have ambitious plans and are devoting financial and human resources to this.

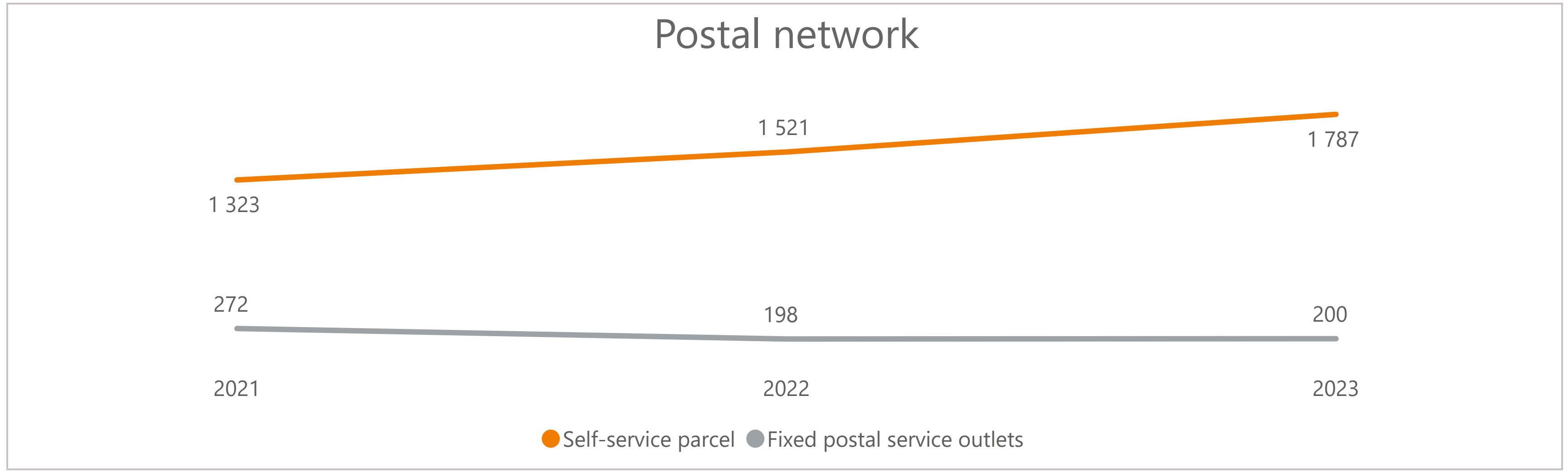
Postal network

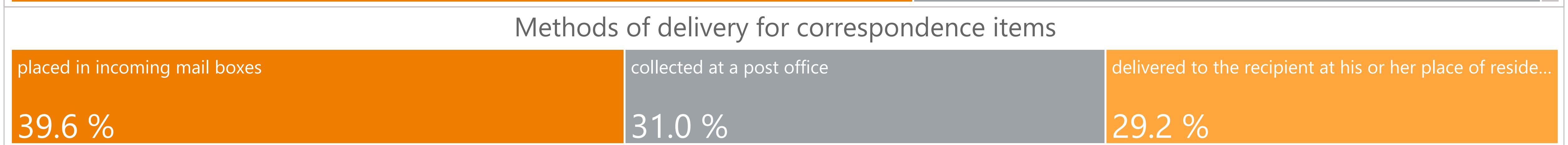
17.5 %

Annual change in self-service parcel terminals

1.0 %

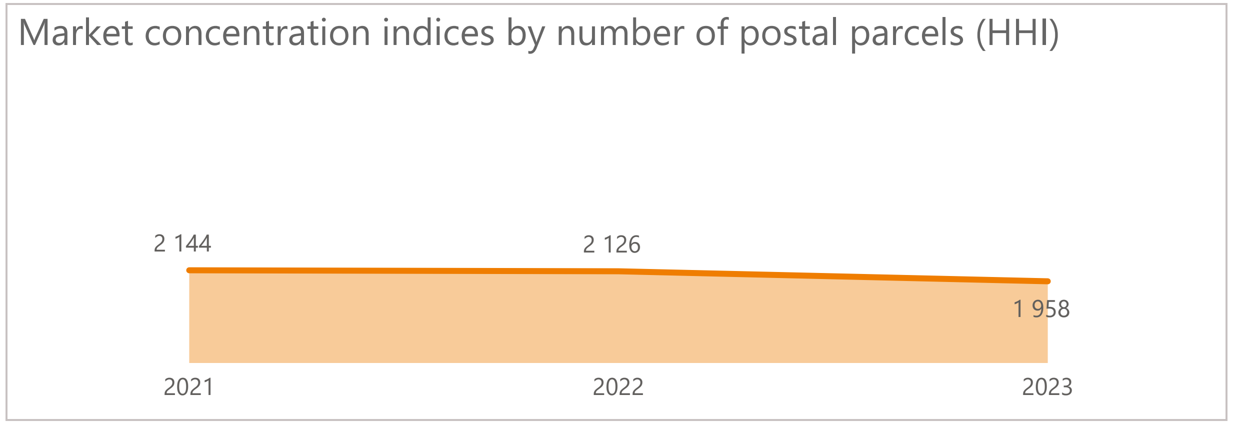
Annual change in fixed postal outlets

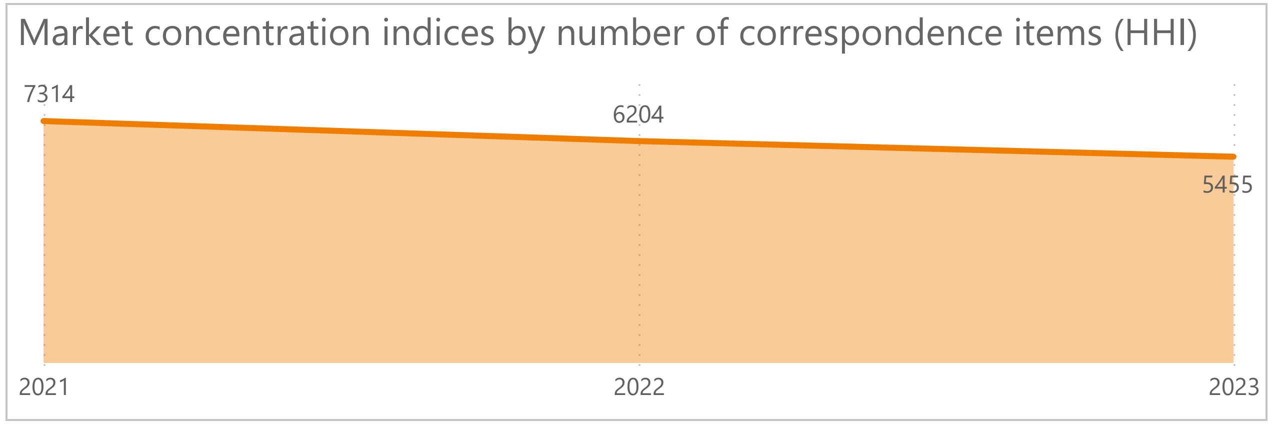


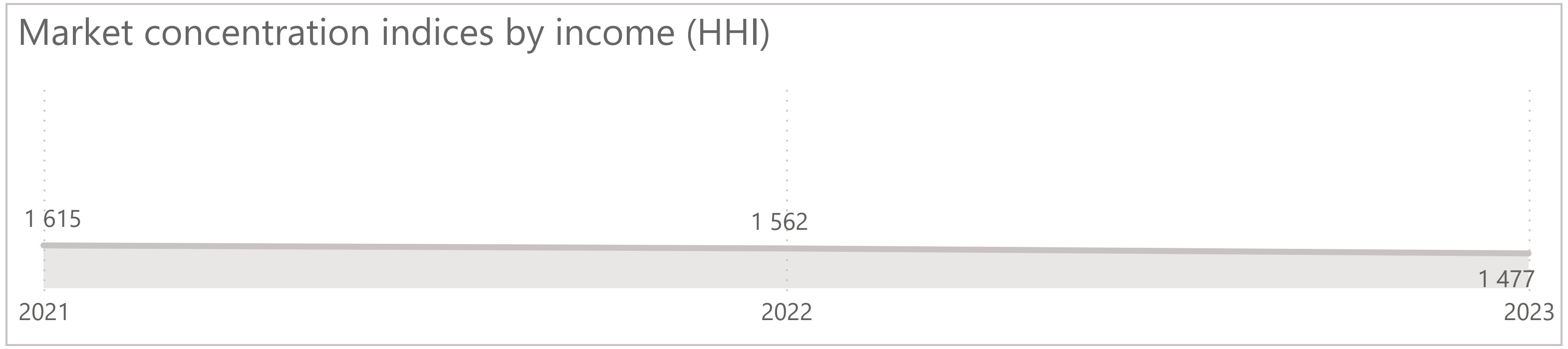


The trend towards a decrease in the number of traditional postal service outlets, such as fixed postal service outlets, post boxes and the expansion of self-service parcel terminals continues. In 2023, the number of self-service parcel terminals increased by 17.5% compared to 2022 - from 1 521 to 1 787 units (99 in rural areas). The development of self-service parcel terminals encourages consumers to use them actively. In 2023, 58.2% of parcels were collected through them. In most countries, the figure is below 50%. This shows that Lithuanian citizens are among the most active users of this service in Europe.

Competition in the postal market







Of the markets analysed, the correspondence market is the most concentrated in Lithuania. The postal parcel market is less concentrated than the correspondence market. The HHI of the postal parcels market suggests that there is a high level of concentration, but taking into account the revenue of the postal service providers, it can be concluded that the market is moderately concentrated. This situation in the postal market reflects a significant degree of competition, which promotes the provision of a value for money postal service to users.

The extent of competition in Lithuania is also demonstrated by the fact that the expansion of the major postal service providers has been observed not only in the country, but also in the Baltic region. With the growing importance of international trade, the Baltic region is perceived as a single market in the global world. In order to continue to compete effectively in the market, providers need to adapt to changing consumer needs and be able to offer more convenient solutions and services.