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Central and Eastern Europe telecoms market: trends and forecasts 2020–2025

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February 2021, based on data up to 3Q 2020

About this report

Analysys Mason provides detailed 5-year forecasts of the fixed and mobile telecoms market. Our forecasts take into consideration the likely range of economic impacts that the COVID-19 pandemic may have on operators' telecoms service revenue worldwide.[1]

This report focuses on operators' core telecoms services in Central and Eastern Europe. It includes discussion of IoT, pay-TV and operator business services. These services are discussed in detail in our other research programmes.

Our forecasts are informed by on-the-ground, regional market experts from our topic-led research programmes and our consulting division, as well as external interviews. In addition to our robust set of historical data, our forecasts draw on a unique and in-house modelling tool, which applies a rigorous procedure (reconciling different sources, standard definitions, top-down and bottom-up modelling).

DataHub This report presents commentary on the data available at the time of writing. However, we constantly refine and refresh our data, so please visit the Analysys Mason DataHub to view the latest data associated with this report.

REPORT COVERAGE		
Geographical	**Key performance indicators (around 350)**	
Region modelled	**Connections**	**Revenue/ARPU/ASPU**
▪ Central and Eastern Europe (CEE)	Mobile	Mobile
Countries modelled individually	▪ Handset, mobile broadband,[2] IoT[3]	▪ Service,[4] retail, wholesale
▪ Bulgaria	▪ Prepaid, contract	▪ Handset, mobile broadband,[2] IoT[3]
▪ Croatia	▪ 2G, 3G, 4G, 5G	▪ Handset voice, messaging, data
▪ Czech Republic	▪ Smartphone, non-smartphone	▪ Prepaid, contract
▪ Estonia	Fixed	▪ 2G, 3G, 4G, 5G
▪ Hungary	▪ Voice, broadband	Fixed
▪ Latvia	▪ Narrowband voice, VoBB	▪ Service,[4] retail, wholesale
▪ Lithuania	▪ DSL, FTTP/B, cable, FWA, 5G, other	▪ Voice, broadband, dedicated connections
▪ Montenegro	Pay TV	▪ DSL, FTTP/B, cable, FWA, 5G, other
▪ Poland		
▪ Romania	**Traffic**	ICT services
▪ Russia	Fixed and mobile	Pay TV
▪ Serbia	▪ Outgoing voice minutes, MoU	
▪ Slovakia		
▪ Slovenia	Mobile data traffic	
▪ Turkey		
▪ Ukraine		

[1] More details about the COVID-19 forecast can be found in Analysys Mason's *COVID-19 scenarios for telecoms operator service revenue: worldwide forecasts 2019–2024*. [2] Includes USB modem, and mid- and large-screen, but not handset-based data. [3] IoT connections and revenue figures include mobile services only. [4] Service revenue is the sum of retail and wholesale revenue.

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The increasing importance of household connectivity will support fixed broadband revenue growth; mobile service revenue is likely to have stagnated in 2020

Figure 1: Telecoms and pay-TV retail revenue by type and total service revenue, Central and Eastern Europe, 2015–2025

Source: Analysys Mason
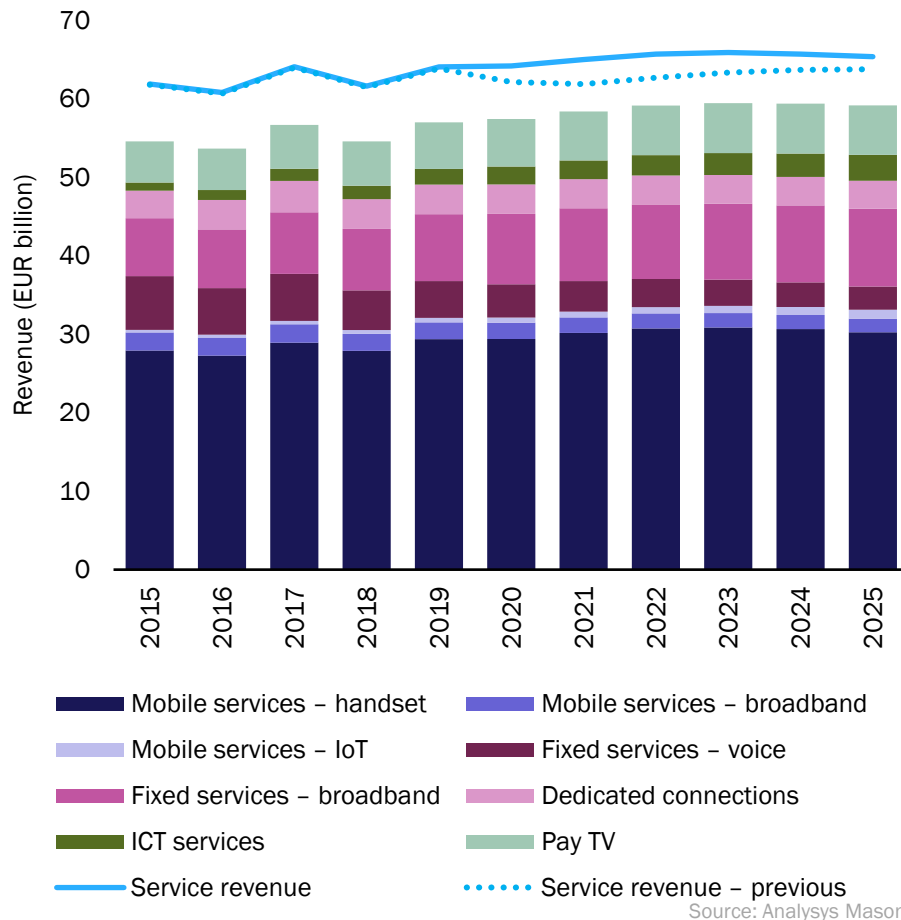
The economies of the countries in Central and Eastern Europe (CEE) will be deeply affected by the COVID-19 pandemic.

Increased unemployment and economic uncertainty will affect household and business spending on telecoms services between 2020 and 2021. The total telecoms service revenue is likely to have remained flat in 2020 (compared to 4% growth in 2019). Lockdown restrictions will have the greatest impact on telecoms revenue from the business services, mobile roaming and prepaid segments. The pandemic is also causing delays in 5G auctions, which will slow down 5G service take-up. However, the growing reliance on fast and reliable household connectivity will drive up fixed broadband revenue in many countries in the region. This will also lead to a fall in the number of mobile-only households.

The implementation of the EECC and national broadband plans will encourage investment to improve networks.

The adoption of the European Electronic Communications Code (EECC) by EU member states will help to boost further investment in high-speed networks, which will lower the cost of network roll-outs, as well as improve access to, and sharing of, civil infrastructure. The EECC will help wholesale businesses to grow by advancing the deregulation of wholesale access services and by reducing the regulatory burden on dominant operators. Only three EU member states (Greece, Hungary and Finland) have put the EECC into national legislature as of February 2021. The remaining countries have until the end of April 2021 to do so.

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Mobile: LTE network roll-outs will be the main driver of growth in both mobile revenue and the volume of handset data traffic

Figure 7: Mobile connections by plan and 5G connections, Central and Eastern Europe (million), 2015–2025
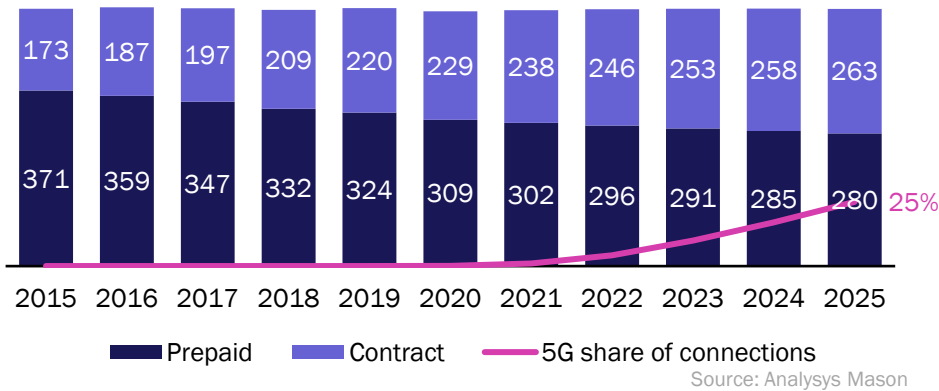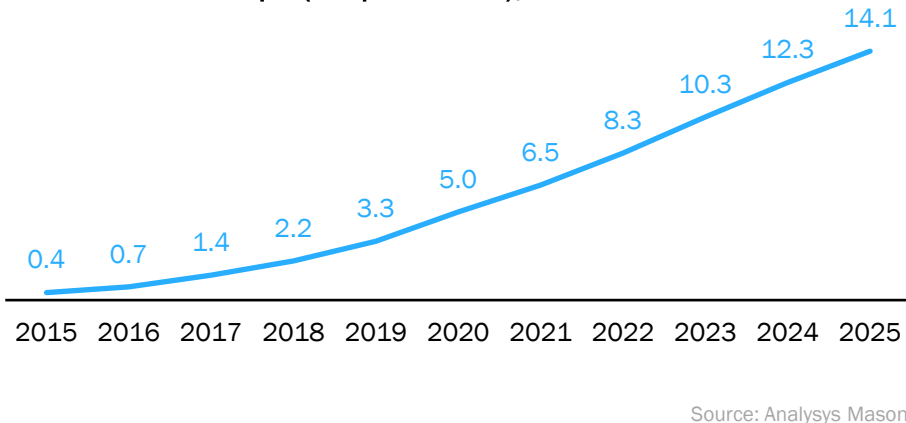
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Contract	173	187	197	209	220	229	238	246	253	258	263
Prepaid	371	359	347	332	324	309	302	296	291	285	280

5G share of connections: 25%

■ Prepaid   ■ Contract   — 5G share of connections

Source: Analysys Mason

Figure 8: Cellular data traffic per handset connection, Central and Eastern Europe (GB per month), 2015–2025

2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
0.4	0.7	1.4	2.2	3.3	5.0	6.5	8.3	10.3	12.3	14.1

Source: Analysys Mason

[1] Commercial 5G services were available in Bulgaria, Croatia, Czech Republic, Estonia, Hungary, Latvia, Poland, Romania, Slovakia and Slovenia by February 2021.

5G is already available in 10 countries in CEE, despite 5G spectrum auction delays.[1]

MNOs in countries where 5G spectrum auctions have not yet been carried out have launched commercial 5G services using dynamic spectrum sharing (DSS) technology. DSS enables MNOs to repurpose spectrum that is already used for 4G/LTE. 5G take-up will not be significant until 2022 (4% for CEE as a whole), at which point 5G coverage will be more widespread and 5G-enabled, affordable phones will be more-commonly used.

MNOs will invest in improved 4G/LTE coverage to increase data usage and ASPU.

MNOs continue to focus on strategies that allow them to defend and increase their mobile revenue, and expanding LTE networks and growing service take-up will be essential to this. 4G/LTE services (which offer faster speeds than 3G) will help MNOs to meet the growing data demand, thereby allowing them to migrate users from prepaid to contract plans and maintain ARPU growth.

The growth in data usage will slow down after 2020.

The pandemic has already resulted in increasing voice and handset data traffic and this trend will continue, especially where home broadband coverage is not satisfactory. Improved LTE access and 5G launches will drive up data traffic per handset, but this growth will not be as pronounced as in 2020 due to accelerated fibre network roll-out.

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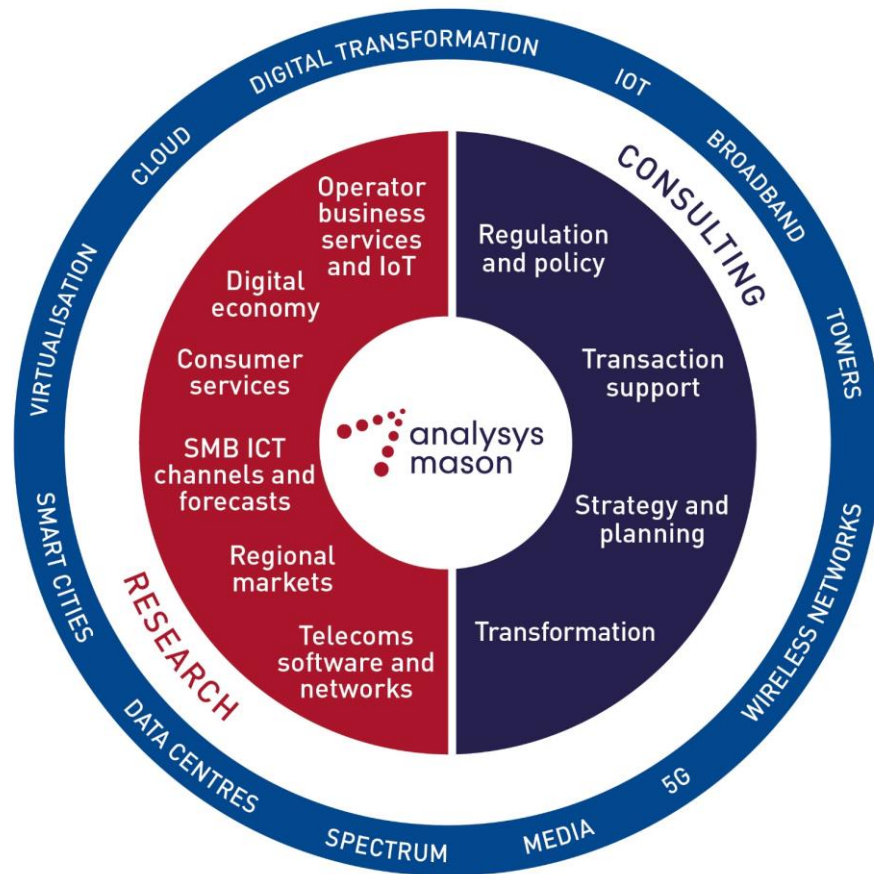

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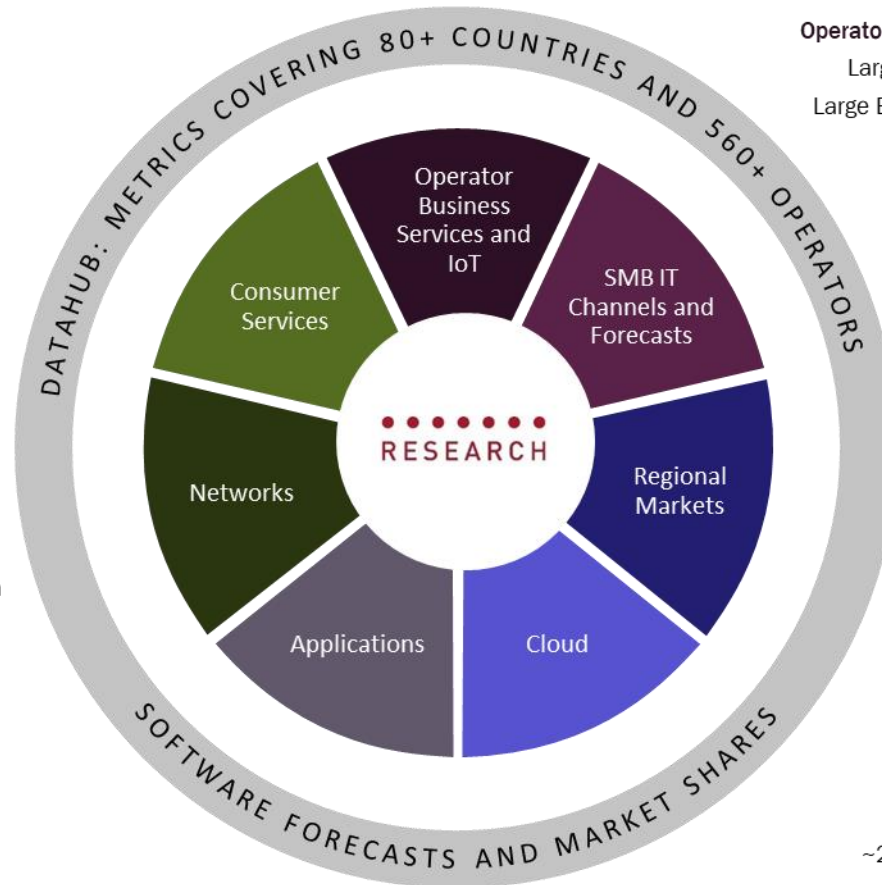
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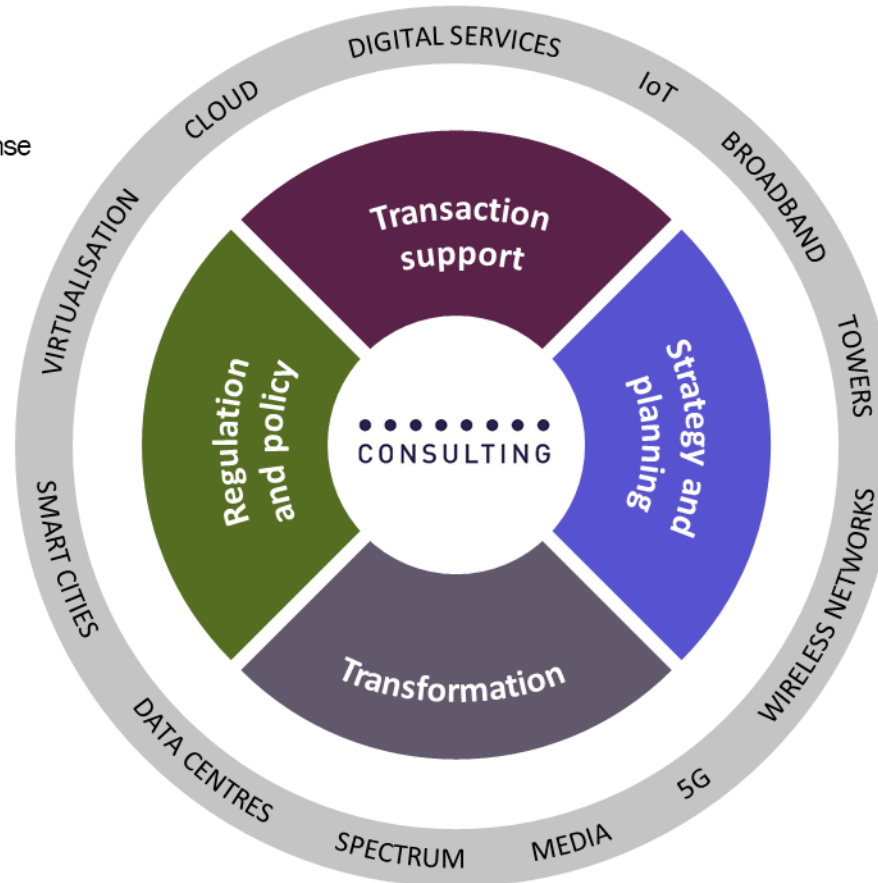
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