

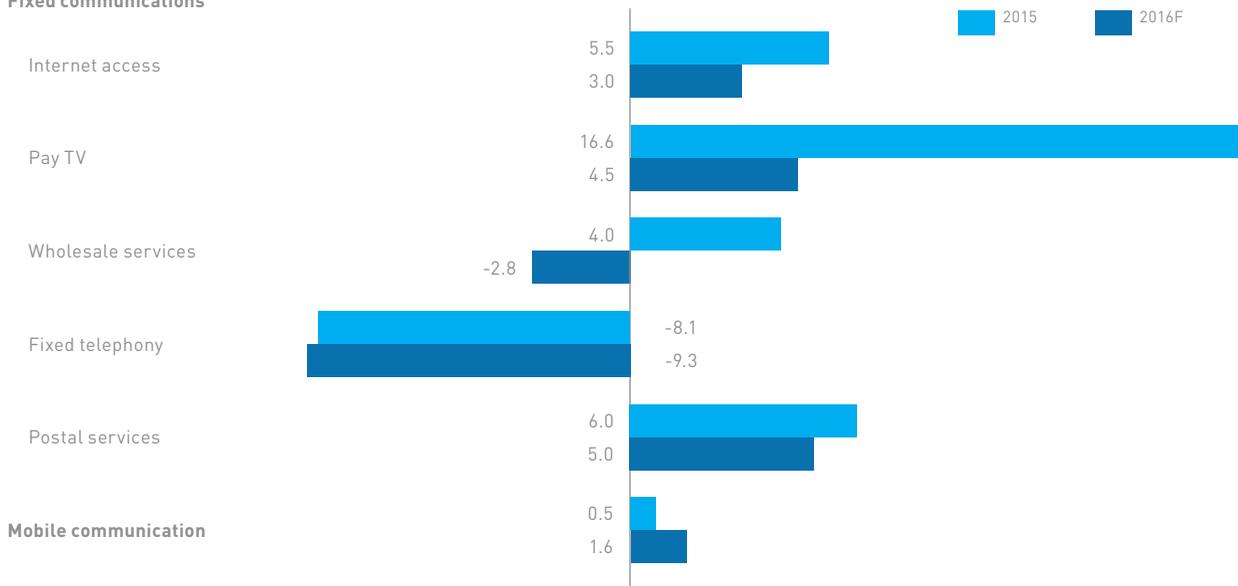
# Market Forecast for 2016

The Russian telecommunications market has pronounced oligopolistic nature: five major players form 82 % of the market, with the market share of the four market leaders (Rostelecom, MTS, MegaFon, VimpelCom) comparable.

TMT Consulting analysts predict that in general in 2016 the market will continue to grow. The rate of market growth in 2016 is expected to be 1 %.

## Market forecast for 2016, %

### Fixed communications



**Nevertheless, a number of telecommunications market sub-segments will show higher growth rates in the next 5 years:**

- mobile Internet access market;
- industrial internet market;
- SMS-mailout market;
- CDN services market;
- OTT TV services;
- other OTT services sold on fixed and mobile networks;
- services on the basis of the big data collection, storage and analysis.

There is further growth in the volume of consumed traffic. At the same time improved quality of broadband services, growth of Internet access speed, as well as the active use of OTT services contribute to the consumption of streaming audio and video content. Thus, the ability to provide Internet at high speeds is a competitive advantage that Rostelecom plans to monetize in the future. Increase in the number of devices used by subscribers to access the Internet continues to have a significant impact on the market. In addition to the PC, the families are increasingly using laptops, tablets and smartphones, as well as Smart TVs.

Further increase in penetration of bundled services has a positive impact on the general development of the market. Bundling multiple services creates advantages for the user and enables the operators not only to increase the loyalty of their own customers, but also to convince new subscribers to opt for this operator.

Intense market competition has led to equalization of tariff plans of different operators in the regions: the major players within the same region often have similar, if not identical tariff ranges. This situation determines the subscriber's choice in favour of the operator with a better service.

**Thus, the main trends are:**

1. Information transmission speed and band.
2. Ability to provide bundled offers.
3. High quality of service.