

## Bulgaria



In July 2005 the Telekom Austria Group acquired a 100% stake in MobilTel, the leading Bulgarian provider of mobile communications services, and successfully completed the integration process in 2006.

Despite a challenging economic environment, MobilTel's subscriber base in 2010 remained almost stable at 5.2 million customers compared to the previous year, reporting a market share of 49.6%. The proportion of contract customers rose from 59.0% to 64.2%. The mobile penetration rate in Bulgaria remained virtually unchanged at 140.8% compared to the previous year.

On the product side, MobilTel was able to defend its leading position both in the smartphone sales business and in the mobile broadband market, where its subscriber base grew by 110.0% to approximately 126,000 customers. Fixed-to-mobile substitution solutions such as M-Tel Home or the Office Box also continued to show strong market uptake.

As a fully integrated telecommunication provider, MobilTel is committed to fully exploiting the market potential for products like fixed line broadband, IPTV as well as convergent product packages, and VoIP. In line with the Group's strategy, MobilTel laid the groundwork for the acquisition of the two fixed line providers, Megalan Network AD and Spectrum Net AD, in the year under review and finalized the two transactions in early 2011.

The Telekom Austria Group has thus successfully taken a first step outside Austria to leverage the potential of convergent products also beyond the domestic borders. Megalan is the leading alternative provider of fixed line broadband for residential customers in the Bulgarian capital Sofia, while Spectrum offers broadband and voice services for business customers in urban areas of Bulgaria. Both companies will be consolidated in the accounts of the Bulgarian segment as of Q1 2011. The first product packages were successfully launched in the fourth quarter of 2010.

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