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The pandemic: an opportunity rather than a threat for CEE telcos

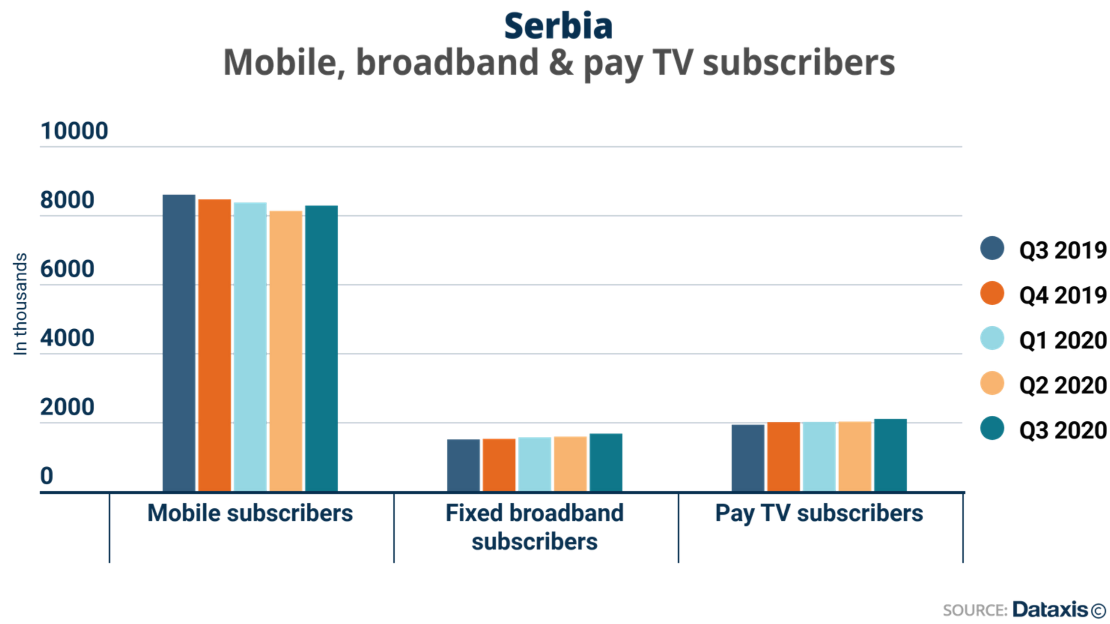
RESEARCH HIGHLIGHT | 04 December, 2020

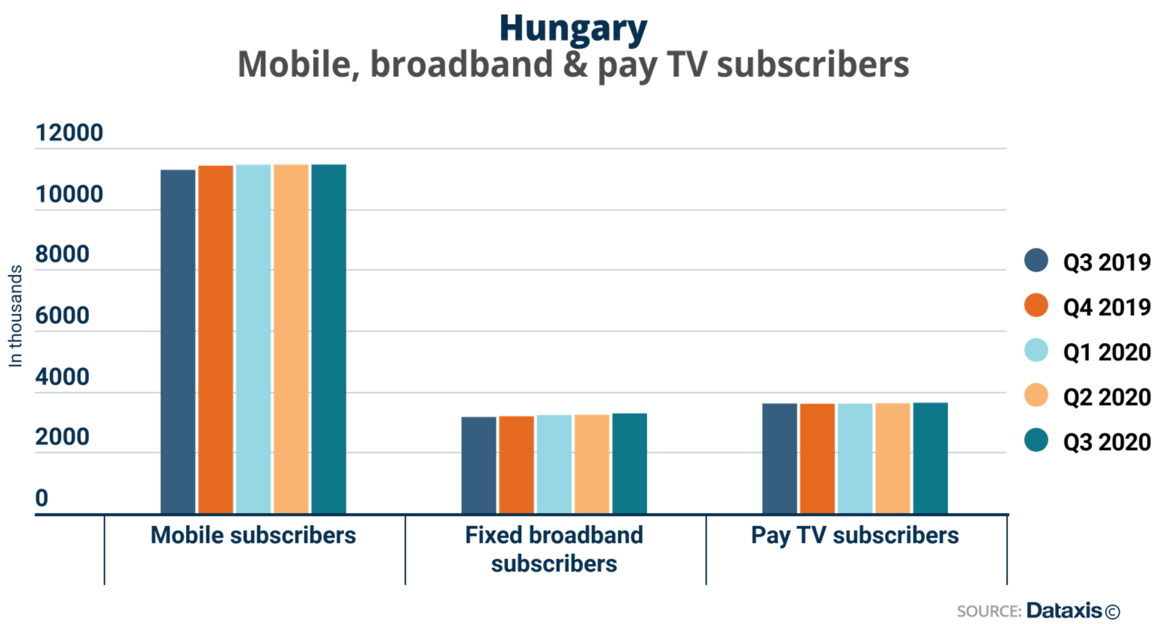
The third quarter of 2020 showed sustained growth for telecom operators all around Eastern Europe: UPC reported subscriber growth across most of its countries, while Orange reported record adds in FTTH subscribers in several countries including Poland.

Dataxis research shows that even in economies that are more affected by the COVID-19 crisis, recovery has not been long in coming. Hungary and Serbia represent meaningful examples, as they were affected by the pandemic and both implemented a lockdown between Q1 and Q2 2020.

Mobile was the most impacted market as prepaid SIM cards allow for quick and easy cancellations, but in both markets the growth trends already picked up again. On the fixed broadband side, the lockdowns had a rather positive impact linked to the spread of home-office, which likely accelerated the growth in internet subscriptions in Serbia in Q3. In Hungary on the other hand, the upward trend in the number of internet subscriptions has slowed but didn't stop, and signs of better growth are appearing in the third quarter.

Speaking at Nextv Europe and CEE 2020 two weeks ago, pay TV operators were confident that the pandemic and its effects on content consumption could represent an opportunity for the market, with Krzysztof Kaczurba, Director of Development at Orange Poland, commenting that "it will be a great time for telecoms as providers of content", and that the new consumption habits are here to stay. However, as Jaromir Glisnik, Member of the Board of Directors of M7 noted, "the readiness to pay is not always in line with the readiness to watch". Operators will need to be wary as households' revenues are diminished by reduced working hours and the economic recession.





Preliminary data for the third quarter of 2020 confirms this dual interpretation, with growth in Hungary stalling in the months going to September, whereas ARPUs have not reached their pre-pandemic levels yet. In the Serbian market on the other hand, growth was hold back by one of the tightest lockdowns in Europe in the spring and took off again in the third quarter of 2020.

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