

**ANALYSIS OF THE BROADCASTING
MARKET FOR 2013**

Skopje, July 2014

TABLE OF CONTENTS

INTRODUCTION	2
SUMMARY	4
TELEVISION INDUSTRY	8
Key findings	9
Number of television stations.....	11
Macedonian television	14
Televisions at state level.....	21
Shares in advertising revenues and the total ratings of televisions at the state level.....	28
50 most important advertisers on television stations at the state level	32
Satellite televisions	35
Regional televisions.....	40
Local televisions	50
Positions of the viewers regarding the quality of programme content on national television stations	55
Television signal reception models	56
Foreign television channels	57
Information source of Macedonian viewers	60
Average time of watching television on a daily basis	62
Most viewed programme content in 2013	62
Demographic characteristics of the audience	64
RADIO INDUSTRY	67
Key findings	68
Macedonian Radio.....	70
Radio stations at the state level.....	73
Shares in the advertising revenue and the ratings of radio stations at the state level.....	78
Demographic characteristics of the audience of radio stations at the state level	80
Radio stations at the regional level	82
Share in advertising revenues and ratings of radio stations at the regional level	86
Radio stations at the local level	88
Positions of the audience on the programme content of radio stations.....	93
LIST OF TABLES	94
LIST OF IMAGES	95

INTRODUCTION

At the meeting held on 25 December 2013, the Assembly of the Republic of Macedonia promulgated, with its Decree No.07-5068/1, the Law on Audio and Audiovisual Media Services (Official Gazette of the Republic of Macedonia No.184/13, 13/14, 44/14 and 101/14). This Law entered into force on 3 January 2014 and the Law on Broadcasting (Official Gazette of the Republic of Macedonia No. 100/05, 19/07, 103/08, 152/08, 6/10, 145/10, 97/11, 13/12 and 72/13) ceased to be valid on that same day.

Article 2 of the Law on Audio and Audiovisual Media Services states a total of 12 goals to be provided by this Law, including *"development of audio and audiovisual media services"*, *"development of the independent production"*, *"promotion and development of competition in the audio and audiovisual media services ..."* and *"economic development in the Republic of Macedonia"*.

To achieve these goals the Agency needs comprehensive knowledge of the situation which this industry is in, which should be based on accurate data on the economic performance of the entities on the market. On the other hand, Article 6 of the Law envisages as one of the Agency's competences that it should *"conduct research and analysis in relation to certain issues in the area of audio and audiovisual media services"*.

Article 13 of the Law on Media (Official Gazette of the Republic of Macedonia No. 184/13 and 13/13), which, also entered into force on 3 January 2014, envisages an obligation for broadcasters to submit to the Agency, by 31 March of the current year at the latest, among other data, *"data on the broadcaster's source of funding in the previous year (advertisements, sponsorships, sale of content, services provided to third parties, etc.)"* and *"data on the broadcaster's generated total revenues and expenditures in the previous year from performing the activity"*. Broadcasters need to submit these data on a separate form prescribed by the Agency. At the meeting, held on 4 March 2014, the Agency adopted the form *"Data on the ownership structure, editors and economic performance of the broadcaster (SUE/1)"* and on 18 March 2014, by way of a written notification, urged all broadcasters to submit the required data.

Data on the shares of television stations in total viewership, the most viewed programme content in the analysed year and other data regarding the measuring of television audience were provided by the NIELSEN AUDIENCE MEASUREMENT research agency from Skopje, while the data from the radio audience measurement were provided by the IPSOS STRATEGIC PULS agency from Skopje. The Analitika LLC research agency provided the data about the major advertisers in the television industry in 2013.

The data on the broadcasters' economic performance are analysed within the relevant market to which they belong. In defining the relevant markets, the *"Guidelines for Defining the Relevant Market for the Purposes of the Law on Protection of Competition"* were used, which were drawn up by the Commission on Protection of Competition¹ in May 2011. In accordance with Article 5

¹ The directions for defining the relevant market for the purposes of the Law on Protection of Competition are available on the website of the Commission on Protection of Competition on the following link

of the Law on Protection of Competition (Official Gazette of the Republic of Macedonia No.145/10, 136/11 and 41/14), “a relevant market of goods” is a market for all goods and/or services which are regarded as mutually interchangeable or substitutable by the consumer, according to their characteristics, their prices and their intended use”, and “relevant geographic market” is a market in an area in which the undertakings concerned are involved in the supply and demand of goods and/or services, in which the competition conditions are sufficiently homogeneous and can be distinguished from neighbouring areas, according to the conditions of the competition that are significantly different in those areas”.

Hence, in this Analysis the economic performance of the entities of the television industry (Chapter 1) was analysed separately from that of the entities within the radio industry (Chapter 2). Within these two Chapters, , the operations of the entities that perform a broadcasting activity at the national, regional and local levels were analysed in accordance with the relevant geographic markets.

Out of a total of 142 broadcasters, 137 fulfilled this obligation within the initial deadline and three in the additional period. Only two local radio stations did not provide data: the RADIO BESA LLC Trade Broadcasting Company from the village of Crnilishte, Dolneni, which lost the right to perform a broadcasting activity during the additional period, and the ENERGY RADIO LLC Import-Export Trade Broadcasting Company from Struga, the license of which, in accordance with the provisions of Article 6 of the Law on Media, was revoked by the Council of the Agency.

SUMMARY

TELEVISION INDUSTRY

- Besides the public broadcasting service that broadcasts television programme on three programme services (MRT1, MRT2 and the Assembly Channel), throughout the analysed year, programme was broadcasted by additional 64 commercial television stations. In May 2013, in order to ensure successful transition from analogue to digital broadcasting, a procedure for modification of the existing broadcasting licences was conducted. A total of 20 television stations that broadcasted locally received permission to broadcast regionally.
- In 2013, the Macedonian Television achieved the highest total revenue in the past ten years (1,285.11 million denars). The revenue from the broadcasting fee held the largest share in the revenue structure. The amount collected as broadcasting fee was 405.58 million denars, or 51.74% of the invoiced value. The sale of advertising time acquired 26.36 million denars were, or only 2.05% of the total revenues. The total expenditures of the Macedonian Television amounted to 1,222.93 million denars, which is the highest amount in the past ten years. Half of the expenditures, or more precisely 50,89%, were direct costs for production of the programme. The achieved financial result from its operation was a profit of 62.18 million denars. The average number of regular employees was 576.
- In the first five months of the year, programme at the state level was broadcasted by four commercial terrestrial television stations, while in the last seven months - by five. The total revenues of these five entities amounted to 1,290.79 million denars, of which 45% were revenues of Sitel TV. Alsat-M TV and Alfa TV achieved more revenue than in the previous year, whereas the remaining three televisions had reduced revenue. Almost 95% of the total revenue of these five televisions were realized from the sale of advertising time and teleshopping.
- The total expenditures of these five televisions amounted to 1,105.65 million denars. Of this amount, 63.65% constituted the expenditures of Sitel TV and Kanal 5 TV. In the cost structure, the greatest share was represented by the expenditures for procurement of programme (28.53%) and the cost for salaries and benefits to persons directly connected with the programme production (20%). In each of the past ten years, Sitel TV

reported the highest costs. All five television stations achieved positive financial results. The average number of regular employees in these five entities was 525.

- In the analysed year, as much as 61.90% of the total viewership belonged to the five commercial television stations at the state level and to the three programme services of the Macedonian Television. The most common choice of the Macedonian audience was the programme offered by Sitel TV.
- In 2013, these six television stations broadcasted a total of 348.452 commercials with a total length of 9,769,598 seconds.
- In 2013, the most important advertiser of these six television stations was the foreign company Procter & Gamble.
- The satellite televisions achieved total revenues amounting to 88.57 million denars. Of this amount, 76.32% was revenue of Kanal 5 Plus TV and Nasha TV. In the revenue structure of satellite televisions the dominant share was represented by the revenue from the sale of advertising time. The total expenditures of the five satellite televisions amounted to 105.20 million denars. Almost 85% of the total expenditures were direct costs of creating programme. Only two satellite televisions (Kanal 5 Plus TV and Nasha TV) achieved positive financial results. The average number of regular employees in these five televisions was 124.
- Until the month of May 2013, nine regional television stations operated on the market. In order to ensure successful implementation of the transition from analogue to digital broadcasting, in accordance with the amendments to the Law on Broadcasting in May 2013, a procedure for modification of the broadcasting licences was conducted. After the completion of this procedure, a total of 29 entities owned licences to broadcast television programmes at a regional level, including 26 via digital terrestrial multiplex and 3 via a public electronic communications network operator. The common revenues of all regional television stations amounted to 194.75 million denars. The highest revenues were generated in the region D1 - Skopje. Most of the revenues were generated from the sale of advertising time and teleshopping. The total expenditures of regional television stations amounted to 171.78 million denars. Half of these funds were spent by the eight television stations that broadcast in the region D1 - Skopje. The average number of regular employees in the regional television stations was 168.
- During the whole year, programme at local level was broadcasted by 27 television stations (by May, their number was 48). Total revenues generated in the local television market amounted to 74.83 million denars. The highest revenues were achieved in the

area covering the municipalities of Bitola, Mogila, Novaci and Resen, the municipalities of Ohrid and Debarca and the area including the municipalities of Kumanovo, Lipkovo and Staro Nagorichane. Almost 90% of the total revenue of local TV stations has been realized from the sale of advertising time. Local television stations spent together a total of 65.66 million denars. More than half of the costs of local television stations were direct costs for creating programme, most of which have been part of salaries and other benefits to persons who were directly associated with the production of the programme. At the end of the year, a total of 17 televisions achieved positive financial results from the operation, while the average number of regular employees was 109.

RADIO INDUSTRY

- Macedonian Radio realized total revenues in the amount of 242.72 million denars. Even 66.14% of this amount were obtained as broadcasting fee revenue. In 2013, from a total of 160.53 million denars, which was the amount of the invoiced value of the broadcasting fee, only 51.75% or 83.07 million denars were collected. The sale of advertising time generated only 1.21% of the total revenues. The total expenditures of the Macedonian Radio amounted to 233.54 million denars. Most of these funds were allocated for salaries and other benefits to persons directly connected with the programme production (39.36%). The result of the operation was a profit of 9.18 million denars. The average number of employees in 2013 was 270.

- In 2013, four stations had a licence to broadcast radio programmes on the territory of the whole country. Three of them (RA Antenna 5, RA Kanal 77 and RA Metropolis) broadcasted programme throughout the whole year, while RA Slobodna Makedonija began broadcasting on 11 December 2013.

The total revenues of these four radio stations amounted to 65.78 million denars. Most of these funds were profit of RA Antenna 5 (44.58%). The highest share in the revenue structure belongs to the advertising revenues (71.21%). The total costs that were incurred by these four radio stations in the analysed year amounted to 51.84 million denars. RA Antenna 5 spent more funds than the other three radio stations together. More than half of the total costs were direct costs of producing the programme (58.58%). Only RA Antenna 5 achieved a negative financial result, whereas the remaining three radio stations achieved profit. The average number of employees with regular employment in these four radio stations was 19.

- The regional radio market generated total revenues amounting to 54.04 million denars, which was 3.21% less than in the previous year. More than half of these funds were achieved by only four radio stations: RA Buba Mara, RA Fortuna, RA Vat and RA City. Compared to the previous year, only six radio stations achieved higher revenues. Most

of the revenues were generated by the sale of advertising time (81.74%). The most attractive for the advertisers were RA Buba Mara, RA Fortuna, RA Vat and RA City. In 2013, the total expenditures of the regional radio stations amounted to 55.59 million denars. Most of them were direct costs of creating the programme (60.93%). Only nine regional radio stations achieved positive financial results from the operation. In the sixteen regional radio stations, a total of 51 people were employees with regular employment status.

- The common revenues that were achieved by the 55 local radio stations in the analysed year amounted to 36.41 million denars, which was 4.18% more than in the previous year. Almost 54% of the revenues were achieved only by 12 radio stations, whereas three radio stations did not generate any revenue at all. The dominant share in the revenue structure belonged to the revenue obtained from the sale of advertising time and teleshopping (86.95%). Local radio stations spent together a total of 35.69 million denars, which was the highest amount in the past seven years. Most of these were for salaries and other benefits to persons directly connected with the programme production (40.07%). The financial results achieved from the operations of the local radio stations were a profit of 1.12 million denars. The average number of employees in this segment of the radio market was 95.

TELEVISION INDUSTRY

Key findings

Table No.1: Key findings in television industry

	Share in total ratings	Total revenues	Advertising revenues	Total expenditures	In million denars	
					Operation results	Headcount
MTV	9.00%	1285.11	26.36	1222.93	62.18	576
	MRT1 – 6.60% MRT2 – 1.10% Assemb. – 1.30%					
Sitel	28.60%	584.67	556.34	473.43	108.33	135
Kanal 5	12.80%	269.78	266.64	230.29	37.13	92
Telma	3.00%	103.37	74.29	103	0.26	81
Alsat M	5.30%	156.78	151.65	152.31	4.13	90
Alfa satellite TVs	3.20%	176.2	175.71	146.61	29.58	127
regional TVs	n/a	88.57	84.51	105.2	-23.66	124
local TVs	n/a	194.75	172.57	171.78	22.17	168
TOTAL	n/a	74.83	66.74	65.66	8.42	109
TOTAL		2934.06	1574.81	2671.21	248.54	1502

Source: AAAMS, Agb Nielsen

The most watched TV station in 2013 was Sitel TV

Of the total television viewership, 62% belongs to the television stations broadcasting at the state level. The greatest share of the total ratings of 28,60% belongs to Sitel TV. In 2013, only the first programme service of the Macedonian Television - MRT1 - and Alfa TV had greater participation in the total viewership than in the previous year.

The total revenues were by 9.99% higher than in the previous year

The public broadcasting service and the commercial television stations jointly achieved total revenues amounting to 2,934.06 million denars. Compared with the previous year's total revenue in the television industry, they were higher by 9.99%. As much as 87.79% of these funds were the total revenues of the Macedonian Television and five commercial television stations at the state level. The five satellite televisions achieved 3.02%, the regional televisions - 6.64%, while the local televisions - 2.55% of the total revenues in the television industry.

Advertising revenues increased by 6.55%

From the sale of advertising time all 65 television stations together achieved a total of 1,574.81 million denars, that is 6.55% more than in the previous year. More than half of these funds were achieved by only two televisions (Sitel TV and Kanal 5). Sitel TV achieved more revenue from advertising than all the satellite, regional and local television stations together. The Macedonian Television gained 51.45% less revenue from advertising than in 2012, whereas the commercial television stations - 8.76% more.

All television stations together spent 2,671.21 million denars

In 2013, 11.22% more funds were spent than in the previous year. The expenditures of the Macedonian Television constituted 45.78% of the total cost in the television industry. The highest expenditures among the commercial television stations were those of Sitel TV (473.43 million denars) and Kanal 5 TV (230.29 million denars). Most of the costs of the television industry were direct costs of creating programme, the highest being the costs for purchasing programme.

Positive financial results were achieved by 43 television stations

The common financial results realized from the operation of the Macedonian Television and the 64 commercial televisions indicated a profit of 248.54 million denars. The Macedonian Television and all five televisions at the state level achieved positive financial results. Only two satellite televisions (Kanal 5 Plus TV and Nasha TV) scored profit, whereas the other three made losses. Positive financial result was achieved by 18 of the 27 regional and by 17 of the 27 local TV stations respectively.

The average headcount in the television industry was 1,502 employees

As many as 73% of employees in the television industry were engaged in the Macedonian Television and in the five televisions at the state level (their number totalled 1,101 employees, of whom 576 in the public service). The average number of employees at the commercial television stations was the highest at Sitel TV (135 persons) and Alfa TV (127 persons). The five satellite television stations employed a total of 124 people, of whom more than half - at 24 Vesti (65 people). The average number of employees in the regional television stations was 168, and at the local television stations - 109.

Number of television stations

Until May 2013, the total number of commercial television stations was 67, four of which broadcasted programme at the state level through analogue terrestrial transmitters, six - at the state level through satellite, nine - regionally or within the area of the City of Skopje, while 48 television stations broadcasted programme at the local level.

In May 2013, the Alfa TV television station, which had previously broadcasted programme via satellite, received permission to perform a broadcasting activity at the state level through a terrestrial transmitter.² In the same month, the Top TV local television station from Berovo lost its licence due to failure to broadcast programme for at least six hours during the day³. The broadcaster itself submitted a written statement to the Agency informing it that it would no longer broadcast television programme.

With these changes, the number of commercial televisions was reduced to 65.

Table No.2: Number of television stations

Broadcasting level	until 23 May 2013	from 23 May 2013
State	4	5
State via satellite	6	5
Regional	9	29
Local	48	27
Total TVs	67	66

Source: AAAMS

In May 2013, amendments were adopted to the Law on Broadcasting Activity⁴, envisaging replacement of the existing television broadcasting licences, by new licences, in order to successfully implement the transition from analogue to digital broadcasting. The deadline for switching off the analogue terrestrial signal was 31 May 2013⁵. The purpose of these activities was to modify the broadcasting licences, whereby the technical means by which analogue broadcasting was performed would be replaced by a digital terrestrial multiplex, an electronic communications network or satellite. For television stations broadcasting locally a possibility was provided, whereby they could submit a request for modification of the licence, so that the

² Decision No. 07-171 dated 23 May 2013 (Official Gazette of the Republic of Macedonia No.76/13), to grant a television broadcasting license at the state level to the trade broadcasting company ALFA TV LLC Skopje

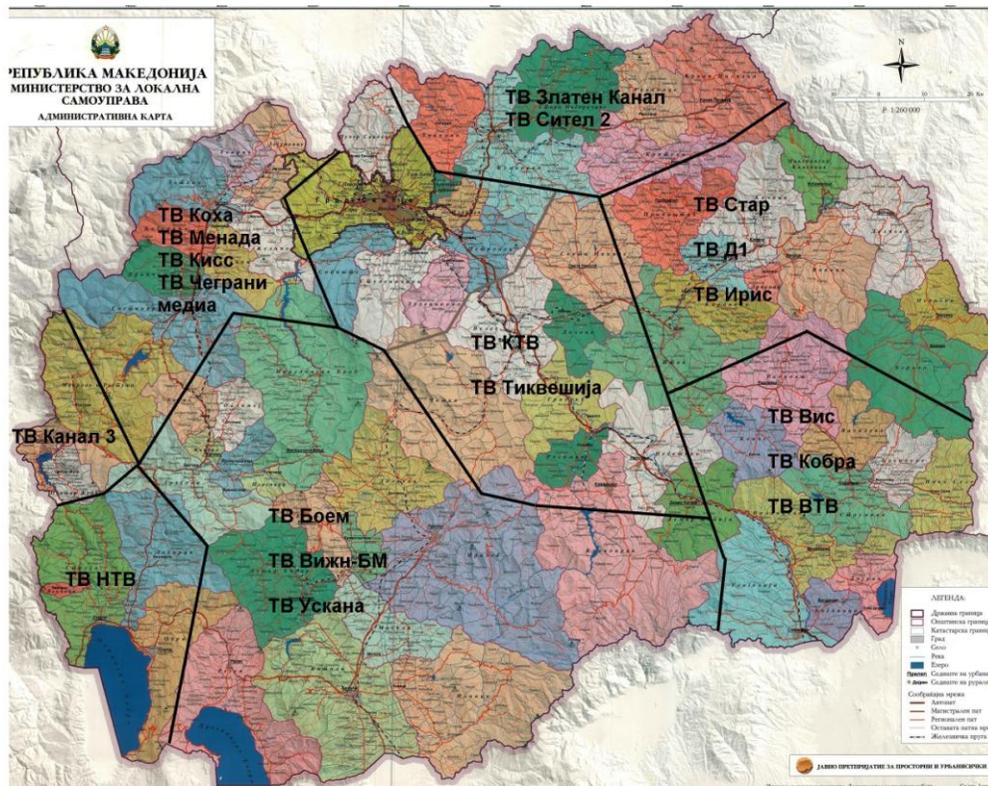
³ Decision No. 07-170 dated 23 May 2013 (Official Gazette of the Republic of Macedonia No.76/13), for revoking the broadcasting licence No.07-3449 / 1 dated 26 November 2008, to the trade broadcasting company TOP TV LLC Berovo

⁴ Law Amending the Law on Broadcasting Activity (Official Gazette of the Republic of Macedonia No.72 dated 17 May 2013).

⁵ Law Amending the Law on Electronic Communications (Official Gazette of the Republic of Macedonia No.59 /12).

local level would be replaced by a regional level. This right has been utilised by a total of 20 local TV stations.

Image No.1: Broadcasting regions



Source: AAAMS

This led to changes in the media landscape and enriching of the television offer in Macedonia, as the programme content of those local TV stations that gained the right to broadcast at the regional level became available to all citizens in that region. At the other end, the increase in the potential audience should result in viewership increase, and ultimately, growth of these televisions' revenue. However, given that, in 2013, they broadcasted programme at the regional level for only seven months, the results of the operation on the broader market will be much more evident in the following year.

The amendments to the Law on Broadcasting, which were adopted on 17 May 2013, envisaged that "the zones of distribution defined in the Geneva 06 Plan as part of the Regional Radio-Communication Conference on Planning the Digital Broadcasting Service in parts of the Regions 1 and 3, within the radio frequency bands 174-230 MHz and 470-862 MHz (RRC-06), which was accepted by the Republic of Macedonia, shall be considered as areas at the regional level for which a broadcasting licence shall be issued in accordance with Paragraph 1 of this Article".

A total of eight broadcasting regions were defined, one of which - Region D1 - consists of two sub-regions: D1 – Crn Vrv Skopje, and D2 – Crn Vrv Veles. Most TV stations broadcast on the territory of the Region D1 (Crn Vrv Skopje) - a total of eight, of which six via a terrestrial

multiplex and two through an electronic communications network. In Regions D6 (Mali Vljaj) and D7 (Stogovo), programme is broadcasted only by one regional television.

Table No.3: Broadcasting regions and regional televisions

Broadcasting region	Inhabited areas	Regional televisions
D1 - (Crn Vrv Skopje)	Skopje	Via a terrestrial multiplex: Edo TV Era TV BTR TV Shutel TV MTM TV Skopje TV + Via an electronic communications network: Skynet TV Amazon TV
D1 - (Crn Vrv Veles)	Veles, Sveti Nikole, Kavadarci, Negotino	KTV TV, Tikvesija TV
D2 - (Stracin)	Kumanovo, Kriva Palanka, Kratovo	Sitel 2 TV, Zlaten Kanal TV
D3 - (Turtel)	Shtip, Kochani, Vinica, Probishtip, Delchevo, Berovo	Star TV, D1 TV, Iris TV
D4 - (Boskija)	Strumica, Gevgelija, Radovish, Valandovo, Bogdanci	Vis TV, Ko-Bra TV, VTV TV
D5 - (Pelister)	Bitola, Prilep, Kichevo, Makedonski Brod, Resen, Krushevo	Boem TV, Vision – BM TV, Uskana TV
D6 - (Mali Vljaj)	Ohrid, Struga	NTV TV
D7 - (Stogovo)	Debar	Kanal 3 TV
D8 - (Popova Shapka)	Tetovo, Gostivar, Mavrovo	Koha TV, Menada TV, Kiss TV, Cegrani TV

Source:AAAMS

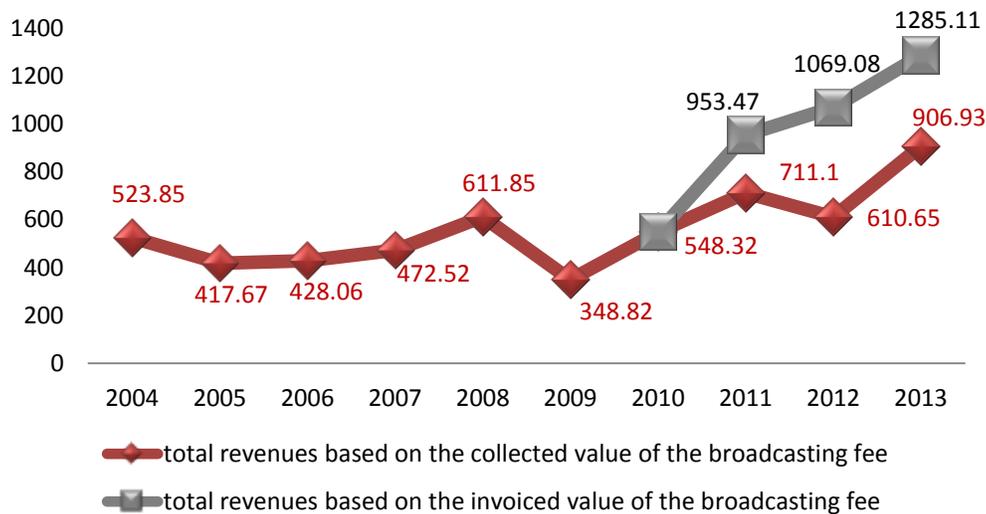
Macedonian Television

The Macedonian Radio and Television submitted the data on its economic performance in 2013 to the Agency for Audio and Audiovisual Media Services on separate forms for the Macedonian Television and for the Macedonian Radio, respectively. The public broadcasting service does not keep separate accounting records for the television and the radio programme services, but at the request of the Agency, and for the needs of the regular annual analysis of the broadcasting market, it separates the data each year.

In 2013, the total revenues of the Macedonian Television amounted to 1,285.11 million denars. This amount, and the values of the total revenue of the Macedonian Television in 2011 and in 2012 (953.47 million denars, that is 1,069.08 million denars) respectively, incorporate the invoiced value of the broadcasting fee⁶. In the period from 2004 to 2010 only the collected amount of the broadcasting fee was registered as revenue in the accounting books.

In order to facilitate comparability of data for the past ten years, the chart below displays the total revenues of the Macedonian Television in the past three years both according to the value presented in the final statement, which contains the invoiced value, and according to the value calculated only on the bases of the collected amount of the broadcasting fee, the same as the values had been calculated from 2004 to 2010..

Image No.2: Fluctuation of the total revenues of the Macedonian Television in the past ten years



Source: AAAMS

⁶ Upon recommendation of the State Audit Office, from 2011 onwards, the Macedonian Television in terms of accounting only shows the invoiced value of the broadcasting fee as revenue.

Definitely, we can only compare revenues which are calculated in the same manner, that is, only those calculated on the basis of the collected value of the broadcasting fee. In the period since 2004, the total revenues of the Macedonian Television were the highest in 2013. Lowest total revenues were generated in 2009 (only 348.82 million denars). In only three of the past ten years, the rate of growth of the total revenue was negative, as follows: in 2005 -20.27%, in 2009 - 42.99% and in 2012 - 14.13%.

The broadcasting fee revenues hold the largest share in the revenue structure of the Macedonian Television. The invoiced value of the broadcasting fee in the analysed year was 783.76 million denars, while the amount collected was 405.58 million denars, or 51.74% of the projected funds. This represents an increase in the percentage of payment of the broadcasting fee compared to the previous year, when the percentage of the collected value was only 36.75% of the invoiced amount. No doubt, the efforts to increase the fee collection yielded results, but further efforts are needed for the purpose of collecting the full fee.

The sale of advertising time generated a total of 26.36 million denars, or only 2.05% of the total revenue, while the sponsorships obtained 3.08 million denars, or 0.24% of the total revenues.

Table No.4: Revenue structure of Macedonian Television

	2013	share
Broadcasting fee	783.76	60.99%
Advertising	26.36	2.05%
Sponsorship	3.08	0.24%
Sale of content	0	0.00%
Services provided to third parties	193.15	15.03%
Other revenues	278.76	21.69%
Revenues from the main activity	1,285.11	100.00%
Revenues from other activities	0.00	0.00%
Extraordinary revenues	0.00	0.00%
Total revenues	1,285.11	

Source: AAAMS

Revenues provided to third parties constituted 15.03%, while 21.69% of the total revenues of the Macedonian Television fell under 'other revenues'. of. These were revenues from collected receivables which were written off, subsequently established revenues from the previous year, interest revenues and foreign exchange rate differences.

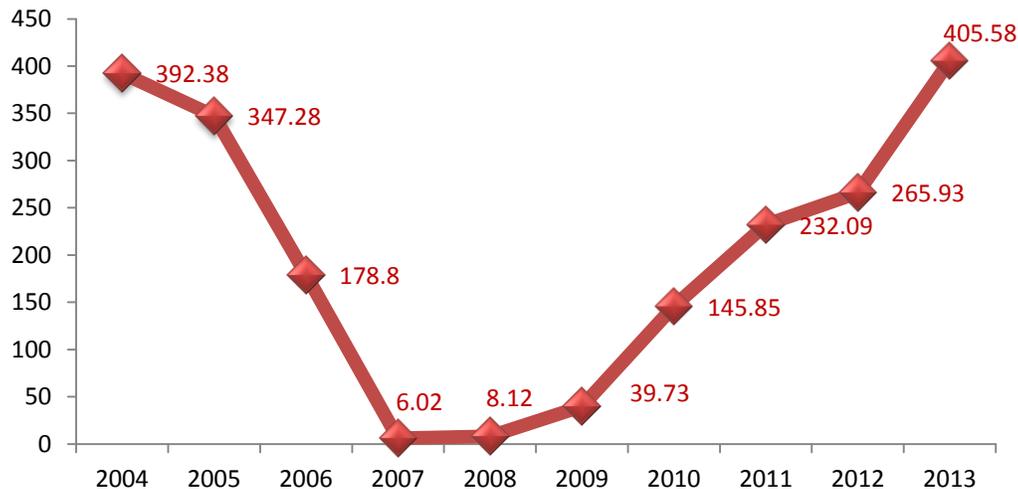
In 2013, the Macedonian Television did not realize any revenue only from selling of programme content.

During the last ten years, the Macedonian Television achieved the highest revenue from broadcasting fee collection precisely in the analysed year. From 2004 to 2007, the broadcasting fee revenues had continuously declined, reaching only 6.02 million denars in 2007, which represents a decline of 96.63%, compared to 2006. From 2008 onwards, broadcasting fee revenues have been on the rise every year.

As of 2004, the legal decisions concerning the method of calculating the amount of the broadcasting fee, the method of payment of this obligation, as well as entities that are obliged to pay the broadcasting fee, have been amended several times. Until November 2005, pursuant to the Law on Broadcasting Activity of 1997 (Official Gazette of the Republic of Macedonia No. 20/97 and 70/03), the amount of the broadcasting fee was 2.5% of the average net monthly salary for the previous three months, and was charged together with the electricity bill.

In November 2005, a new Law on Broadcasting Activity (Official Gazette of the Republic of Macedonia No. 100/05, 19/07, 103/08, 152/08, 6/10, 145/10, 97/11, 13/12 and 72/13,) entered into force, by which the method of calculating the amount of the broadcasting fee remained the same, but the payment of funds was performed directly to the account of the Macedonian Radio Television. In the next three years, the most striking decline in the broadcasting fee revenue was noted. In 2008, amendments to the Law on Broadcasting Activity⁷ were made, setting the amount of the broadcasting fee at 130.00 denars.

Image No.3: Movement of the broadcasting fee revenues of the Macedonian Television in the past ten years



Source: AAAMS

These amendments also envisaged that *"for the purpose of achieving and maintaining a higher level of programme and technological development of the public broadcasting service, funds from the Budget of the Republic of Macedonia may also be allocated"*. In the next few years, these funds had the largest share in the total revenues of the Macedonian Radio Television.

In November 2010, new amendments to the Law⁸ were adopted, whereby it was provided that *"matters relating to the calculation, assessment and collection of funds from the broadcasting*

⁷ Decree on promulgation of the Law Amending the Law on Broadcasting Activity (Official Gazette of the Republic of Macedonia No.103 dated 19 August 2008)

⁸ Decree on promulgation of the Law Amending the Law on Broadcasting Activity (Official Gazette of the Republic of Macedonia No.145 dated 5 November 2010)

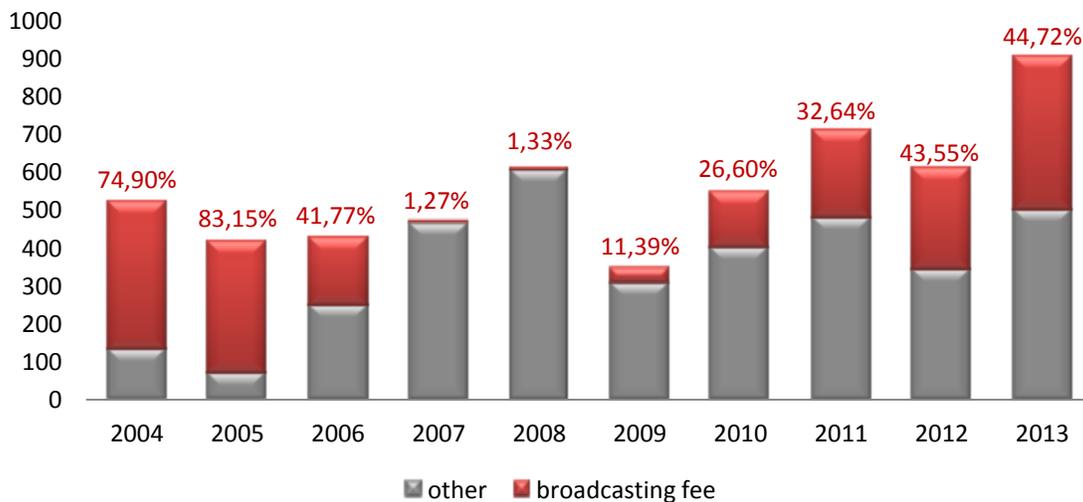
fee ... shall be performed by the Public Revenue Office (PRO) ". In January 2012, the amount of the broadcasting fee was set at 190.00 denars.⁹

By the adoption of the Law on Audio and Audiovisual Media Services in December 2013, the amount of the broadcasting fee was set at 190,00 denars and it was envisaged that this amount be changed annually, depending on the amount of the costs of living for the previous year published by the State Statistical Office.

In accordance with the new legislation, the matters relating to the calculation, assessment and collection of funds from the broadcasting fee on behalf of the Macedonian RadioTelevision shall be performed by PRO.

The broadcasting fee had the largest share in the total revenue of the Macedonian Television in 2005 (even 83.15%) and in 2004 (74.90%).

Image No.4: Share of the broadcasting fee in the total revenues of the Macedonian Television



Source: AAAMS

Since 2007, the share of the broadcasting fee in the total revenue has grown continuously, but in no year was the broadcasting fee the most important source of revenue for the Macedonian Television.

In 2013, the Macedonian Television achieved a total of 26.36 million denars from the sale of advertising time, or only 2.05% of the total revenues. This suggests that the opportunities for generating advertising revenue were not sufficiently used and that the public broadcasting service should undoubtedly make an effort to improve the sale of advertising time.

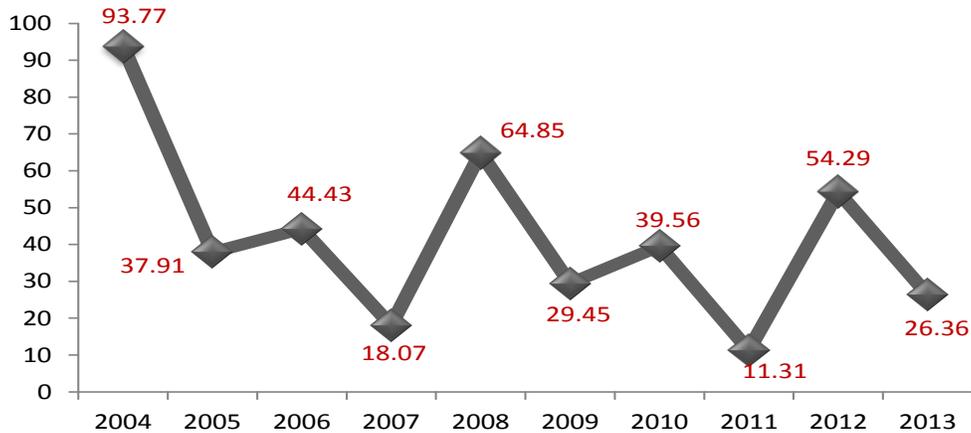
During the past ten years, less advertising revenues than in the analysed year were realized only in 2007 (by 45.88%) and in 2011 (by 133.07%). From 2004 onwards, the Macedonian

⁹ Decree on promulgation of the Law Amending the Law on Broadcasting Activity (Official Gazette of the Republic of Macedonia No.13 dated 27 January 2012)

Television achieved the greatest advertising revenue precisely in the first year. Ever since, these revenues have increased and declined alternately year after year.

Advertising revenues increased in those years when the Macedonian Television purchased the broadcasting rights for major sporting events, most commonly the Football World Cup (in 2006 and 2010), the European Championships in football (in 2008 and 2012), the Winter or Summer Olympics and the like.

Image No.5: Movement of advertising revenues in the past ten years

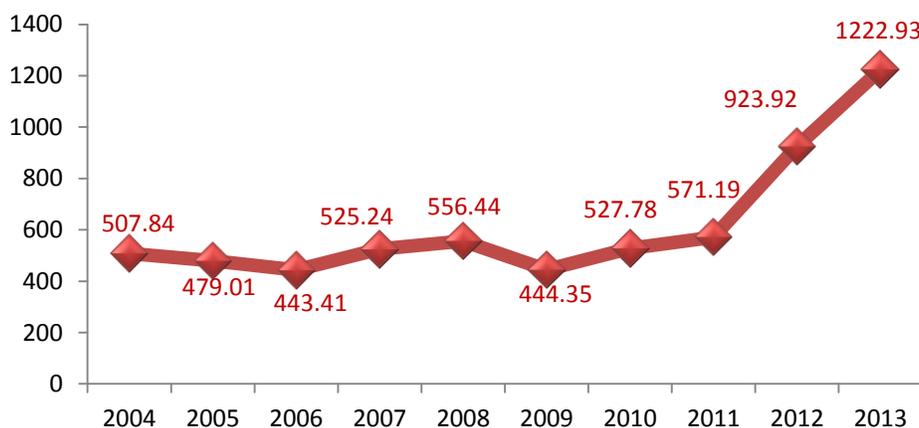


Source: AAAMS

The total expenditures incurred by the Macedonian Television in the analysed year amounted to 1,222.93 million denars, which is the highest amount in the last ten years. In the first eight years, that is, from 2004 to 2011, the total costs of the Macedonian Television did not show any significant differences (they had the lowest value in 2006 - 443.41 million denars, and the highest in 2011 - 571.19 million denars).

The highest cost increase occurred in 2012, when the expenditures were even 61.75% higher than the costs in 2011. In 2013, the Macedonian Television spent 32.36% more funds than in the previous year.

Image No.6: Movement of the total expenditures of the Macedonian Television in the past ten years



Source: AAAMS

Half of the expenditures or, more accurately, 50,89% were direct costs for programme production. Of these, almost equal share in the total costs belonged to costs for procurement of programme (20.91%), and the costs for salaries and other benefits for people who were directly associated with the production of the programme (20.43%). A significant part of the costs (almost 40%) fell within the category "all other operation costs".

Table No.5: Cost structure of the Macedonian Television

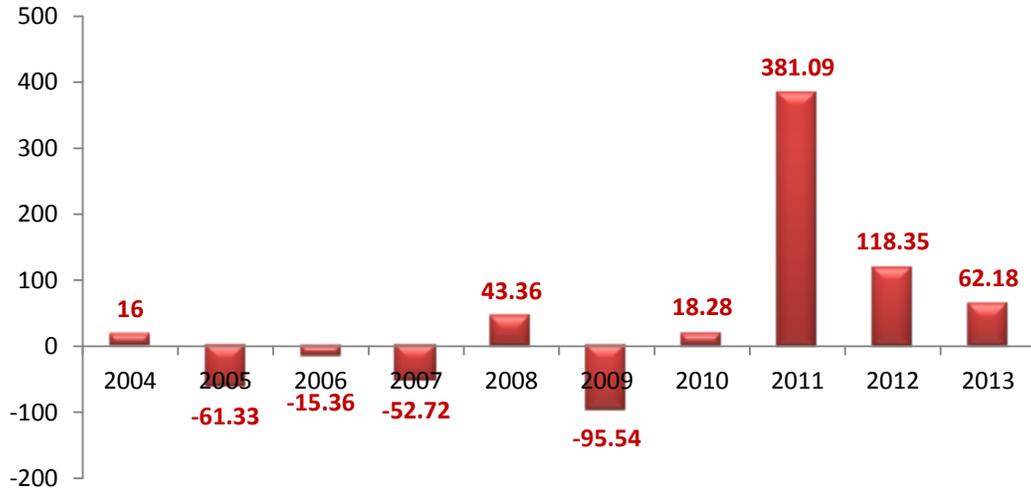
	2013	share
Tangible costs	92.67	7.58%
Costs for procurement of programme	255.74	20.91%
Intangible costs (services)	24.04	1.97%
Salaries and other benefits to persons directly connected with the programme production	249.85	20.43%
Direct costs for creating programme	622.3	50.89%
Salaries and other benefits to persons who are not directly connected with the programme production	44.57	3.64%
Depreciation of equipment	38.34	3.14%
Suspension of rights and licenses	0	0.00%
Rent and other bill-related costs	56.46	4.62%
All other not covered operation costs	461.26	37.72%
Total operation costs	1222.93	100.00%
Expenses from other activities	0	0.00%
Extraordinary expenses	0	0.00%
Total operation costs	1222.93	

Source: AAAMS

In the analysed year, the Macedonian Television realized profit of 62.18 million denars. From 2004 onwards, only four years - 2005, 2006, 2007 and 2009 negative operation result was realized.

In the remaining six years the public broadcasting service achieved profit.

Image No.7: Results of the operation of the Macedonian Television in the last ten years



Source: AAAMS

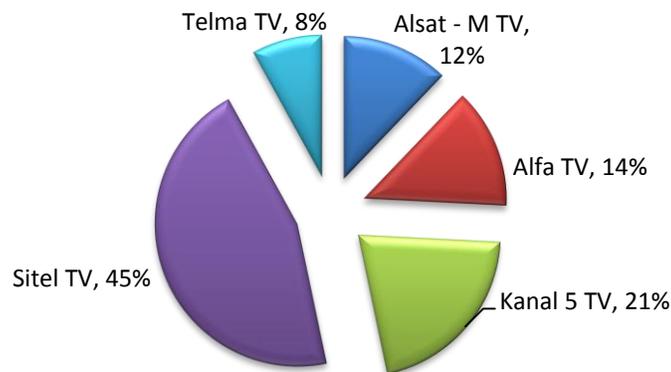
The average number of employees with regular employment status was 576 , or 21 employees less than in the previous year.

Televisions at state level

In the first five months of 2013, television programme at the state level was broadcasted by four television stations - Sitel TV, Kanal 5 TV, Telma TV and Alsat-M TV. In May, their number increased to five, when the satellite television station Alfa TV received a licence to broadcast programme via a terrestrial transmitter¹⁰.

In the analysed year, these five entities achieved revenues in the total amount of 1,290.79 million denars.

Image No.8: Share in the total revenues generated by the four TV stations at state level



Source: AAAMS

As much as 45% of these funds were generated by Sitel TV, the total revenues of which amounted to 584.67 million denars. Significant total revenues were also realized by Kanal 5 TV - in the amount of 269.78 million denars or 21% of the total revenues of this market segment. The remaining three televisions - Alsat-M TV, Alfa TV and Telma TV - achieved 34% of the total revenues.

In the analysed year, only two televisions achieved more revenue than in 2012: Alsat-M (by 5.65%) and Alfa TV (by 84.95%). The revenue of the remaining three television stations decreased, as follows: Kanal 5 TV by 25.36%, Sitel TV by 0.42% and Telma TV by 8.66%.

¹⁰ Decision No.07-171 dated 23 May 2013 (Official Gazette of the Republic of Macedonia 76/13), on granting a television broadcasting licence at the state level to the ALFA TV LLC trade broadcasting company from Skopje

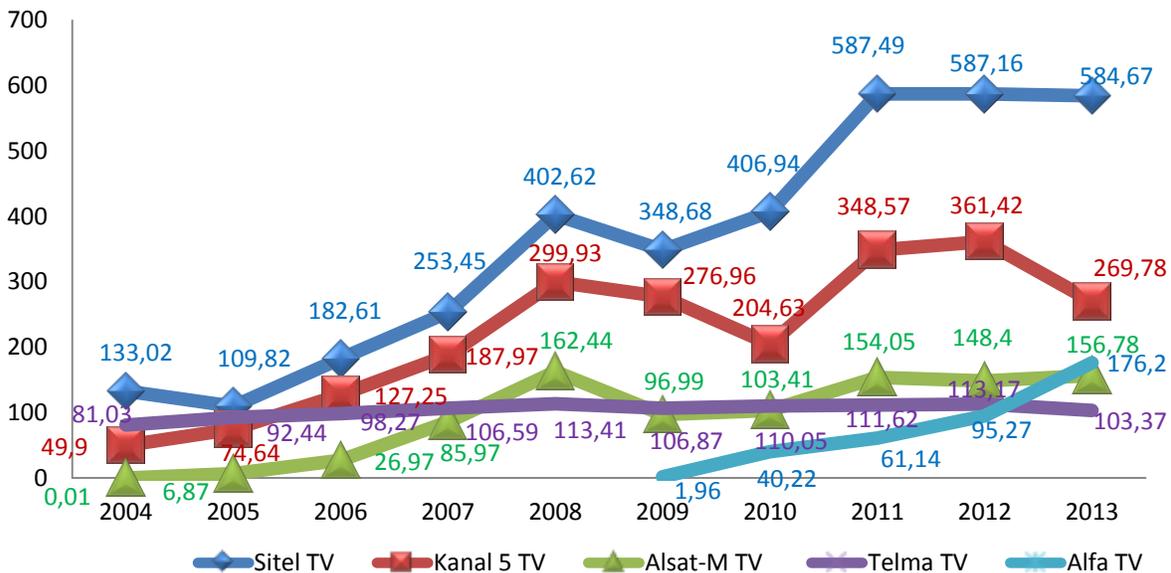
Table No.6: Total revenues growth rate of the five television stations at the state level

	Growth rate 2010/2009	Growth rate 2011/2010	Growth rate 2012/2011	Growth rate 2013/2012
Alsat – M TV	6.62%	48.97%	-3.67%	5.65%
Alfa TV	1952.04%	52.01%	55.82%	84.95%
Kanal 5 TV	-26.12%	70.34%	3.69%	-25.36%
Sitel TV	16.71%	44.37%	-0.06%	-0.42%
Telma TV	2.98%	1.43%	1.39%	-8.66%

Source: AAAMS

The following graph shows the movement of the total revenues of these five television stations in the last ten years. Only Sitel TV broadcasted programme throughout the country during the whole period (the licence, then the concession, was granted in 1998). From 1998 until July 2004, Kanal 5 TV and Telma TV worked as local television stations in the region of Skopje, to receive concessions for performing broadcasting activity at the state level in July 2004. Alsat-M TV first appeared on the market in 2004, when it received a licence to broadcast programme at the state level. Alfa TV obtained permission to operate in 2008, initially as a satellite television. Since May 2013, it has been broadcasting programme through a terrestrial transmitter at the state level.

Image No.9: Fluctuation of the total revenues in the period from 2004 to 2013



Source: AAAMS

Sitel TV and Kanal 5 TV achieved the highest revenues in 2011, Telma TV in 2012, Alsat-M TV in 2008, Alfa TV in 2013.

Almost 95% of the total revenues of these five televisions were realized from the sale of advertising time and teleshopping. Although the programme offer of all five televisions included sponsored television shows or parts of the programme, only Telma TV reported revenues from sponsorship (21.75 million denars).

This year, as well, none of the television stations realized revenue from the sale of their own programmes. In the past ten years, since the Agency started collecting data on the economic performance of broadcasters, none of these broadcasters has achieved revenues from the sale of their programmes.

Table No.7: Structure of revenues of commercial televisions at state level

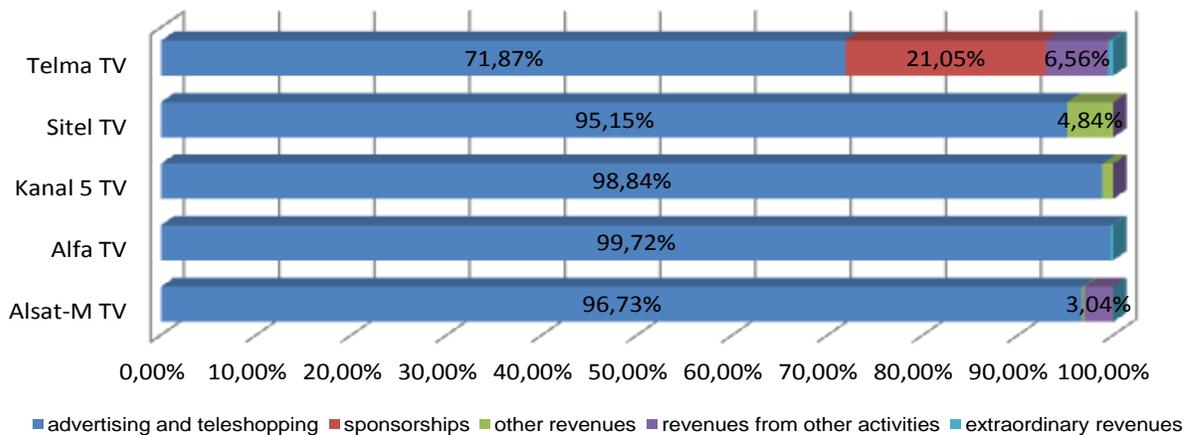
	2013	share
Advertising and teleshopping	1,224.63	94.87%
Sponsorships	21.75	1.69%
Sale of programmes	0.00	0.00%
Services provided to third parties	0.00	0.00%
Other revenues	31.76	2.46%
Revenues of the main activity	1,278.14	99.02%
Revenues from other activities	11.59	0.90%
Extraordinary revenues	1.06	0.08%
Total revenues	1,290.79	

Source: AAAMS

Revenues in the "Other revenues" category were reported by three televisions: Alsat-M TV (0.34 million denars), Kanal 5 TV (3.12 million denars) and Sitel TV (28.3 million denars)

Almost the entire amount of revenues from other activities was gained by Alsat-M TV (4.76 million denars) and Telma TV (6.79 million denars).

Image No.10: Total revenue structure



Source: AAAMS

The revenue from the sale of advertising time and teleshopping had the largest share in the revenue structure of each television separately, which ranged from 71.87% for Telma TV to 99.72% for Alfa TV.

The total expenditures of these five televisions amounted to 1,105.65 million denars.

As much as 42.82% of this amount were expenditures incurred by Sitel TV (473.43 million denars). The total expenditures of Kanal 5 TV, in the amount of 230.29 million denars, represented 20.83% of the total expenditures of the televisions at the state level. Alsat-M (13.78%) and Alfa TV (13.26%) had an almost equal share of costs, which amounted to 152.31 or 146.61 million denars. Telma TV incurred the lowest costs - 103 million denars, or only 9.32% of the total cost of this segment of the television industry.

In 2013, 60.80% of the total expenditures of the televisions at the state level were direct costs of creating programme.

Even 71.74% of the total tangible costs were reported by Sitel TV (40.77 million denars). Alfa TV did not show any tangible costs, or intangible costs (services).

Table No.8: Cost structure of commercial televisions at state level

	2013	share
Tangible costs	56.83	5.14%
Costs for programme procurement	315.49	28.53%
Intangible costs (services)	81.35	7.36%
Salaries and other benefits to persons directly connected with the programme production	218.59	19.77%
Direct costs of creating programme	672.26	60.80%
Salaries and other benefits to persons who are not directly connected with the programme production	22.89	2.07%
Depreciation of equipment	118.78	10.74%
Suspension of rights and licenses	1.88	0.17%
Rent and other bill-related costs	29.27	2.65%
All other not covered operation costs	253.97	22.97%
Total operation costs	1,099.05	99.40%
Expenses from other activities	5.82	0.53%
Extraordinary expenses	0.78	0.07%
Total operation costs	1,105.65	

Source: AAAMS

The procurement of programme (28.53%) has the most significant share in the costs structure of these five television stations.

Most funds for purchase of rights to broadcast television content were allocated by Sitel TV (130.52 million denars or even 41.37% of the total costs for purchasing programme out of all five televisions). In the analysed year, this television spent 4.69 million denars more than in the previous year for procurement of programme. Only Sitel TV and Alfa TV spent more funds for procurement of programme than in the previous year.

The total costs of Kanal 5 TV for procurement of programme amounted to 79.13 million denars. In the previous year, this television station had spent 143.75 million denars, or 64.62 million denars more for procurement of programme. According to the information provided by the broadcaster, this was due to this television station's increased domestic production in 2013 (namely, the "Zdravo Makedonijo" morning programme, the contact shows "Bilkite na Baba Rada" and "Vizita" and the game show "Samo Kes").

In 2013, Alfa TV spent a total of 45.76 million denars for procurement of programme or 28.41 million denars more than in the previous year. Alsat-M TV and Telma TV reduced this kind of expenses compared with the previous year: Alsat-M spent 24.01 million denars for procurement of programme, or 6.18 million denars less and Telma TV - 36.07 million denars, or 7.6 million denars less.

Almost 20% of the total funds spent by these five televisions were for salaries and benefits for persons directly connected with the production of programme (218.59 million denars). Most funds for this kind of expenditures were allocated by Sitel TV (57.65 million denars) and Alfa TV (53.36 million denars). Telma TV allocated 45.05 million denars for salaries and other benefits for persons engaged in the creation of its programme, Alsat-M TV 32.96 million denars, while the lowest amount of 29.57 million denars was spent by Kanal 5 TV.

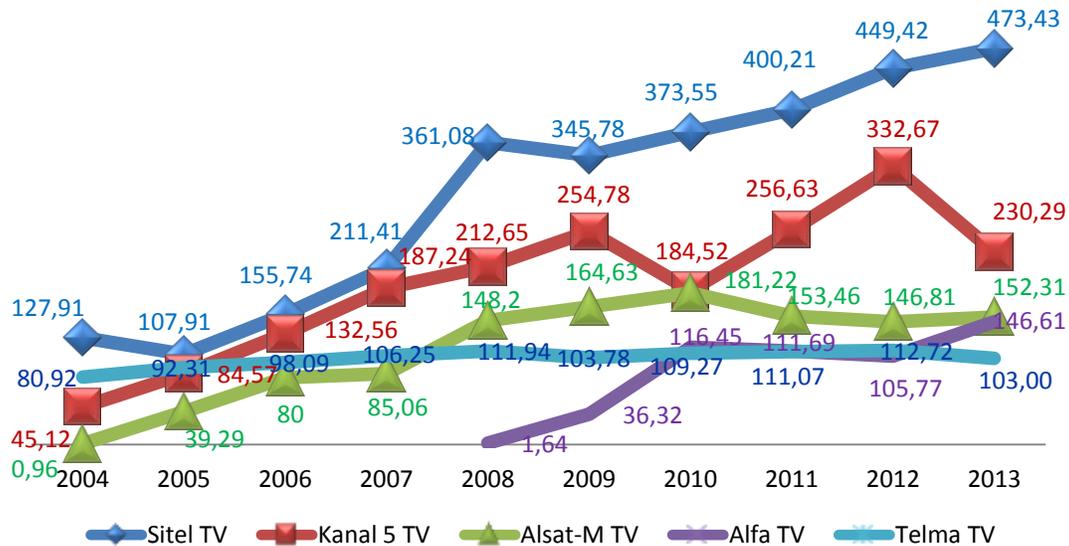
Sitel TV and Kanal 5 TV spent more funds to purchase programme (130.52 million denars and 79.13 million denars, respectively) than for salaries and benefits for persons directly connected with the production of programme (57,65 and 29.57 million denars, respectively). The costs of the other three televisions intended for salaries and other benefits for persons directly connected with the production of programme were higher than the costs for purchasing programme.

Sitel TV had the highest costs for depreciation of equipment (79.92 million denars), whereas Alfa TV – the lowest (1.45 million denars).

The high share of costs from "all other operating expenses " is due to the high amount of costs that TV Sitel reported (139.49 million denars or 55% of the total amount).

In each of the past ten years, Sitel TV has reported the highest costs. Only in 2005 and 2009, the television spent less funds than in the previous years (in 2005 it spent 15.64% less than in 2004, and in 2009, 4.24% less than in 2008). In the period from 2004 to 2009, Kanal 5 TV continuously increased its total costs, whereas cost reduction was observed in 2010 (by 27.58%) and in 2013 (by 30.77%).

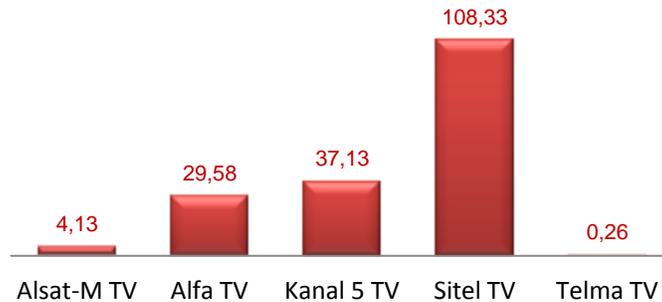
Image No.11: Fluctuation of the total costs in the period from 2004 to 2013



Source: AAAMS

From 2004 onwards, the amount of funds that Telma TV spent has slightly changed. Unlike Sitel TV, the total costs of which were almost four times higher in 2013 than in 2004, and Kanal 5 TV, which spent five times more in 2013 than in 2004, the total costs of Telma TV in 2013 were only 27,29% higher than the total costs incurred ten years ago.

Image No.12: Realised financial results in 2013

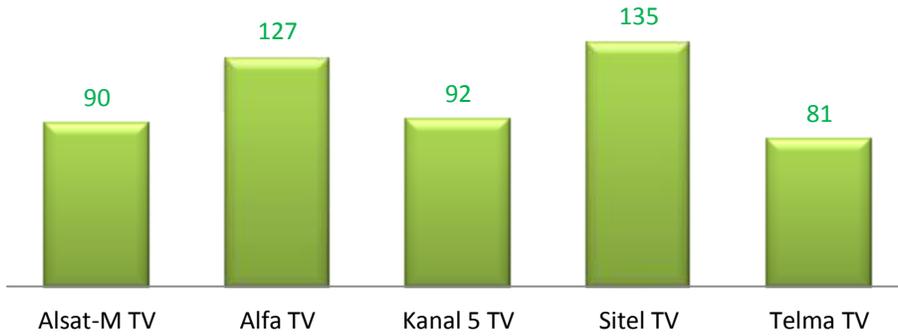


Source: AAAMS

All five television stations achieved positive financial results. Sitel TV reported the highest profit (108.33 million denars), whereas Telma TV - the lowest (0.26 million denars).

In 2013, the average number of employees with regular employment status in these five entities was 525. Most of these were employed at Sitel TV (135) and Alfa TV (127). The number of employees was almost the same in Kanal 5 TV and Alsat-M TV (92 and 90, respectively), and the lowest in Telma (81).

Image No.13: Average headcount in 2013



Source: AAAMS

Compared with the previous year, the average number of employees has increased at Alfa TV (seven persons), Sitel TV (five persons) and Telma (one person). The average number of employees at Kanal 5 TV and Alsat-M TV in 2013 was lower by five employees than in the previous year.

Table No.9: Average number of employees with regular employment status

TV station	2009	2010	2011	2012	2013
Sitel TV	113	124	119	130	135
Kanal 5 TV	88	94	95	97	92
Alsat – M TV	119	115	105	95	90
Telma TV	69	73	74	80	81
Alfa TV	72	127	121	120	127

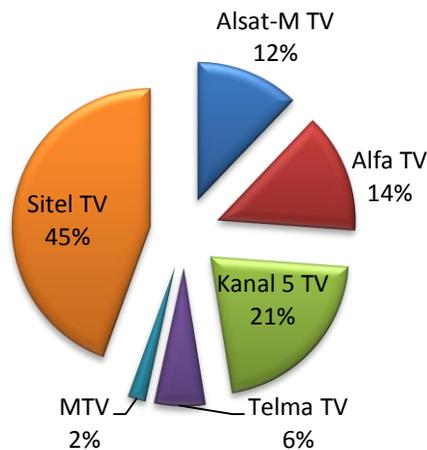
Source: AAAMS

Shares in advertising revenues and the total ratings of televisions at the state level

Starting from the concept of defining the relevant geographic market, thereby taking into account that the Macedonian Television appears on the advertising market as a direct competitor against the commercial televisions at the state level, the shares of the advertising pie are calculated based on the total revenue from the sale of advertising time on these six televisions.

The Macedonian Television and the five commercial television stations that broadcast programme across the state gained together a total of 1250.99 million dinars from the sale of advertising time.

Image No.14: Share of the total advertising revenues of televisions at the state level



Source: AAAMS

Even 45% of these funds were generated by Sitel TV. In the analysed year, TV Sitel earned a total of 556.34 million denars from selling advertising time, which was twice more than Kanal 5 TV, three times more than Alfa TV, almost four times more than Alsat-M TV, seven and a half times more than Telma TV and as much as 21 times more than the Macedonian Television.

Kanal 5 TV made a total of 266.64 million denars, i.e. 21% of the total advertising revenues from this segment of the television industry.

Revenues earned by Alfa TV from the sale of advertising time, totalling 175.71 million denars, represented 14% of the total revenue, while the revenue of Alsat-M TV - 12% of the total revenues (in the absolute amount of 151.65 million denars). Telma TV managed to achieve

only 6% of the total revenues from advertising on televisions at the state level (74.29 million denars).

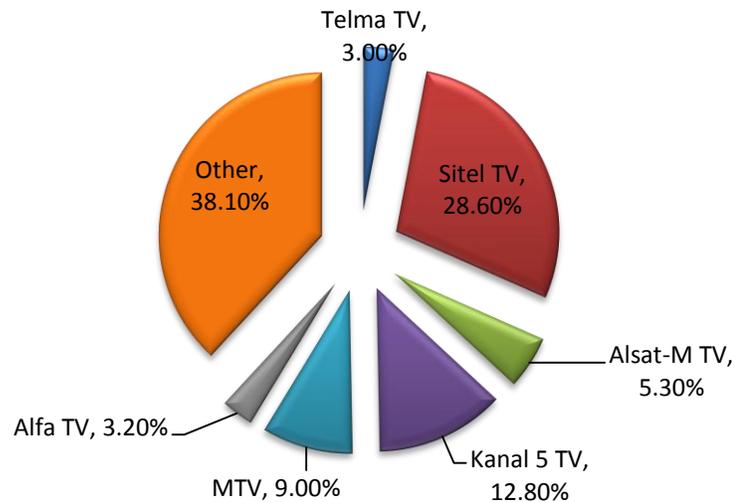
The Macedonian Television earned significantly less revenue from advertising than the five commercial television stations - only 26.36 million denars, that is, only 2% of the total revenue of these six televisions.

In the analysed year, even 61.90% of the total viewership belonged to the five commercial television stations at the state level and the three programme services of the Macedonian Television.

The most frequent choice of the Macedonian audience was the programme offer of Sitel TV (28.60%), followed by Kanal 5 TV, with a 12.80% share of the audience. . The common ratings of the three programme services of the Macedonian Television totalled 9% (the first programme service, MRT 1, - 6.60%, the second programme service, MRT 2 - 1.10%, and the Assembly Channel - 1.30%).

The participation of Alsat-M TV in the total viewership was 5.30%, while Alfa TV (3.20%) and Telma TV (3.00%) had almost equal shares.

Image No.15: Share in total ratings



Source: Nielsen Audience Measurement

During the remaining 38.10% of the time, the audience watched the contents of the satellite, regional, local and foreign television stations, or watched content through DVD, played video games on TV, and the like.

Sitel TV was the most popular television in every month of the year. This TV station had the highest share in the total viewership in April (30.48%).

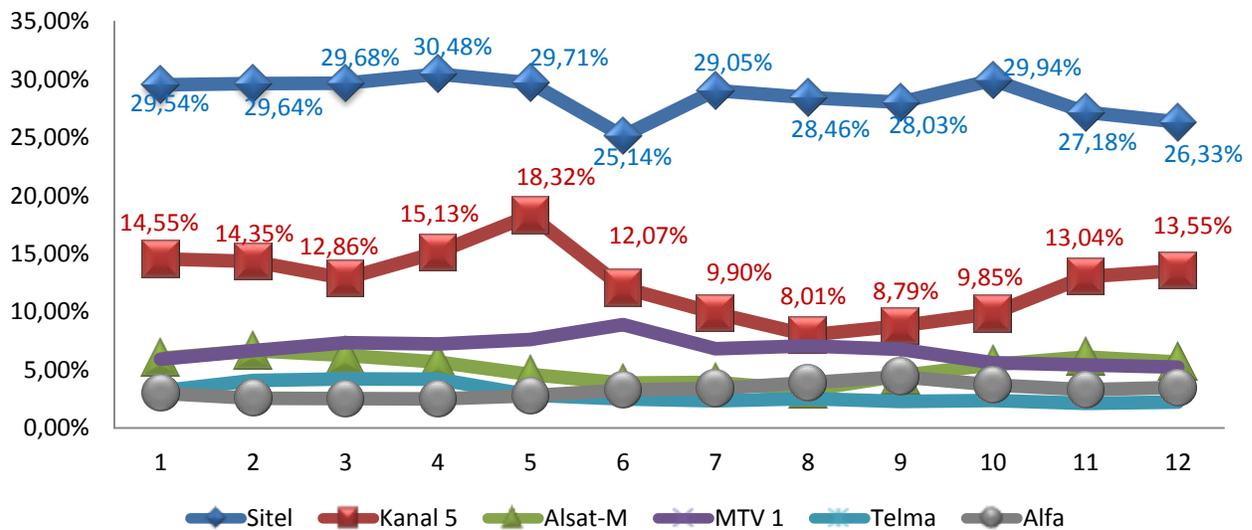
Table No.10: Monthly shares in the total ratings

month	Sitel	Kanal 5	Alsat M	MTV 1	Telma	Alfa
I	29.54%	14.55%	6.02%	5.92%	3.19%	3.01%
II	29.64%	14.35%	<u>6.65%</u>	6.65%	4.10%	2.57%
III	29.68%	12.86%	6.25%	7.35%	<u>4.23%</u>	2.54%
IV	<u>30.48%</u>	15.13%	5.67%	7.25%	4.21%	2.52%
V	29.71%	<u>18.32%</u>	4.61%	7.63%	2.83%	2.77%
VI	25.14%	12.07%	3.87%	<u>8.91%</u>	2.51%	3.27%
VII	29.05%	9.90%	3.92%	6.82%	2.34%	3.42%
VIII	28.46%	8.01%	3.27%	7.06%	2.53%	3.90%
IX	28.03%	8.79%	4.50%	6.78%	2.30%	<u>4.43%</u>
X	29.94%	9.85%	5.45%	5.63%	2.38%	3.70%
XI	27.18%	13.04%	6.13%	5.44%	2.13%	3.30%
XII	26.33%	13.55%	5.68%	5.23%	2.24%	3.49%

Source: Nielsen Audience Measurement

Kanal 5 managed to attract the most viewers in May (18.32%), and the first programme service of the Macedonian Television in June (8.91%). Alsat-M had the highest ratings in February (6.65%), Telma TV in March (4.23%), and Alfa TV in September (4.43%).

Image No. 16: Shares in total ratings by months



Source: Nielsen Audience Measurement

If we compare the data on the shares of each of these six televisions in the total viewership (calculated for all domestic and foreign channels available to the Macedonian audience) and the shares in total advertising revenues (calculated only for these six televisions), we can notice that

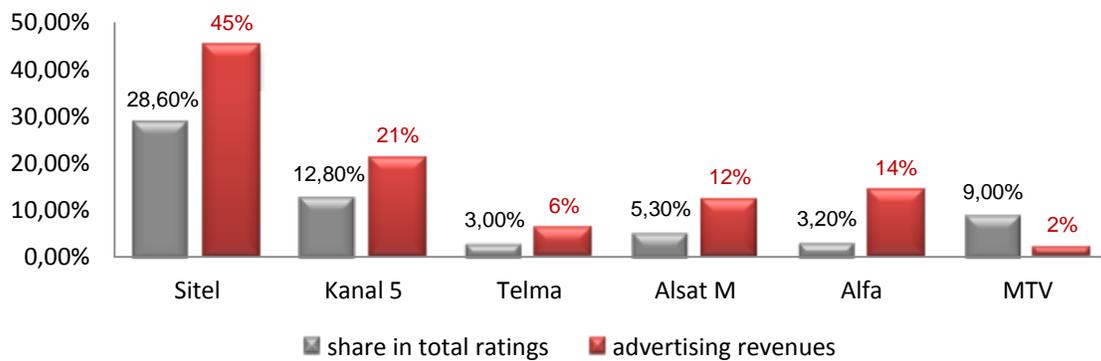
Sitel TV has a significantly higher participation in viewership and revenues than the other five televisions.

Alsats-M TV had greater share in the total viewership than Alfa TV (2.10%), and realized less revenue from the sale of advertising time.

On the other hand, the Macedonian Television was in the third place according to its share in the ratings (following Sitel TV with 28.60% and Kanal 5 TV with 12.80%), and had the smallest share of the total advertising revenue (only 2%).

The Macedonian Television managed to attract more viewers than Alsats-M TV and Alfa and Telma TV, but earned notably less advertising revenue than them. It is likely that the legal limit for broadcasting commercials, which for the public broadcaster is 8 minutes of the broadcasting time per realhour, and 12 minutes for the commercial televisions, had an influence on these results. However, the question remains whether the public service has sufficient engagement on the advertising market.

Image No.17: Shares in total rating and advertising revenues

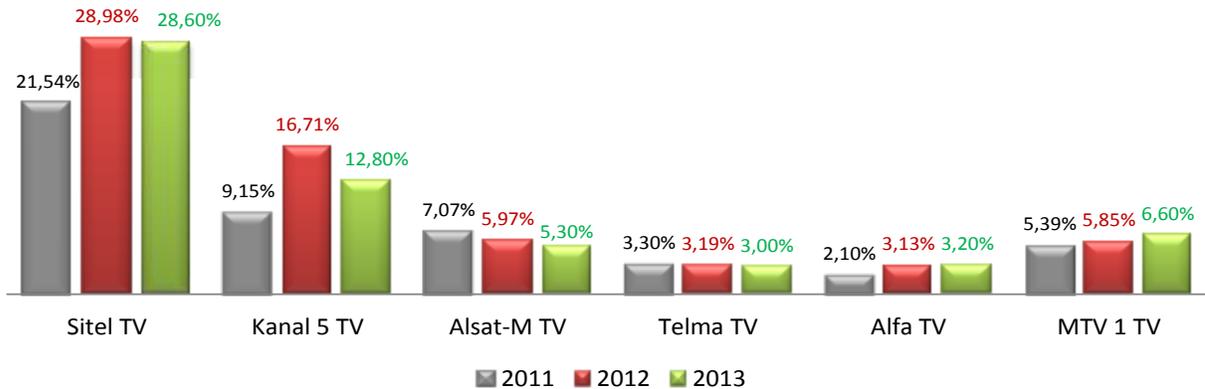


Source: AAAMS, Nielsen Audience Measurement

During the last three years, Sitel TV and Kanal 5 TV had the largest share in total ratings in 2012 (28.98% and 16.71%), Alsats-M TV and Telma TV in 2011 (7.07% and 3.30%), and MRT1 and Alfa TV in the last year (6.60% and 3.20%).

Compared with the previous year, only the first programme service of the Macedonian Television (MRT1) and Alfa TV had higher share in the total ratings in 2013 - by 0.75 percentage points and 0.07 percentage points, respectively. The remaining four televisions' participation in the total ratings in 2013 was lower than in 2012, as follows: Sitel TV by 0.38 percentage points, Kanal 5 TV even by 3.91 percentage points, Alsats-M by 0.67 percentage points and Telma TV by 0.19 percentage points.

Image No. 18: Shares in total ratings in the last three years



Source: Nielsen Audience Measurement

50 most important advertisers on television stations at the state level

The data on the 50 most important advertisers of the six television stations broadcasting at the state level (Macedonian Television, Sitel, Telma, Kanal 5, Alsat-M and Alfa) were provided by the Analitika LLC agency from Skopje.

In 2013, these six television stations broadcasted a total of 348,452 commercials, with a total length of 9,769,598 seconds.

The gross value of these commercials, calculated according to prices in the official price lists of the television stations - which means that the discounts that the television stations approved to their advertisers were not calculated into this amount - amounted to 318.07 million euros. In accordance with the data submitted to the Agency by the broadcasters, the validity of which was verified by the data included in the final statements of the broadcasters, the total advertising revenues of these six televisions amounted to 1.1250,99 million denars, or 20.51 million euros. This means that the collected value of the broadcasted commercials was fifteen and a half times lower than their value according to the prices in the official price lists of the television stations, that is, only 6.45% of the commercials' value was collected according to the official price lists.

Table No.11: 50 most important advertisers on television stations at the state level

Ordinal number	Advertiser	Share	Length in seconds	Number of broadcasted commercials	Ordinal number	Advertiser	Share	Length in seconds	Number of broadcasted commercials
1	Procter&Gamble	5.40%	681,086	31,377	26	Tinex	0.89%	62,369	2,187
2	Government of RM ¹¹	4.99%	1,361,541	17,639	27	Vitaminka Prilep	0.89%	77,396	4,008
3	Coca Cola Company	4.89%	483,711	17,062	28	Stopanska Banka	0.83%	80,393	3,172
4	Telecom Slovenia Group (ONE)	3.79%	303,480	8,953	29	Play	0.81%	41,226	1,246
5	VMRO DPMNE	2.84%	245,398	4,141	30	JSC Osiguritelna Polisa	0.73%	23,979	977
6	Magroni	2.53%	127,299	4,633	31	Makpetrol	0.70%	71,822	2,644
7	Skopska Pivara	2.52%	255,769	8,845	32	Podravka	0.61%	50,333	2,576
8	Henkel	2.27%	140,739	6,900	33	Medobil	0.59%	90,374	1,477
9	Fikosota	2.22%	269,944	11,342	34	Mik Sveti Nikole	0.53%	24,949	875
10	T-home & T-Mobile	2.06%	175,830	5,603	35	Colgate&Palmolive	0.50%	33,806	1,430
11	Herbal Plus	1.87%	111,058	5,350	36	Maestro	0.49%	15,000	397
12	Nestle	1.82%	147,965	8,088	37	Neptun	0.48%	23,583	1,196
13	Mobilkom Austria (VIP)	1.69%	144,079	6,713	38	Tutunska Banka	0.47%	29,537	1,084
14	Montenegro	1.65%	52,361	1,436	39	Soko Stark	0.47%	33,651	1,542
15	Unilever	1.57%	94,308	3,930	40	Internacional Health	0.47%	59,472	825
16	Alkaloid	1.40%	134,764	5,235	41	Krka	0.47%	35,470	2,873
17	Chipita	1.37%	138,916	6,051	42	Euroimpex	0.45%	36,271	1,440
18	Prilepska Pivara	1.36%	109,898	2,294	43	Grand Kafé	0.45%	35,034	1,742
19	Loreal	1.28%	97,810	3,941	44	Studio Moderna	0.44%	21,268	760
20	Baersdorf	1.27%	88,142	4,152	45	Ferero	0.44%	48,590	2,033
21	Johnson Wax	1.27%	92,884	5,433	46	Dijamant	0.42%	20,239	1,052
22	Rio	1.17%	64,081	2,337	47	Dukat	0.41%	43,965	1,596
23	Vivax	1.07%	86,044	3,618	48	AMC	0.40%	24,586	1,149
24	Wrigleys	0.93%	74,010	4,186	49	Zito Luks	0.38%	23,406	1,124
25	Saponija Osijek	0.92%	64,327	3,721	50	Ideal Shipka	0.37%	48,150	2,085

Source: Analitika

¹¹ These data incorporate all broadcasted spots ordered by the Government of the Republic of Macedonia, including those that were part of the government campaigns of public interest, which the TV stations usually broadcast free of charge. Although the fact that they are free of charge is clearly stated in the spots themselves, the agencies conducting measurement calculate these spots according to the broadcasting price for the period in which the bloc of ads including these advertisements was broadcasted.

In 2013, the most important advertiser of these six television stations was the foreign company Procter & Gamble. The gross value of the total of 31,377 commercials that ordered by this company constituted 5.40% of the gross value of all commercials broadcasted on these six television stations.

The second on the list of most significant advertisers of these six television stations was the Government of the Republic of Macedonia, which, in the analysed year, ordered a total of 17,639 advertisements, the value of which reached 4.99% of the total gross value.

The third place was taken by the Coca-Cola company, with 17,062 commissioned advertisements and a share of 4.89% in the total value of broadcasted advertisements.

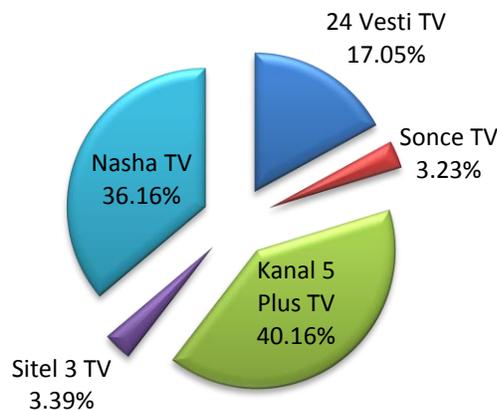
Satellite televisions

Until 23 May 2013, programme at the state level via satellite was broadcasted by six television stations (Kanal 5 Plus TV, Sitel 3 TV, 24 Vesti TV, Alfa TV, Nasha TV and Sonce TV). From then until the end of the year, the number decreased to five, after Alfa TV was given a licence to broadcast via a terrestrial transmitter.

The five satellite television stations which were broadcasting throughout the entire year achieved together total revenues amounting to 88.57 million denars.

Even 76.32% of this amount constitute the revenues of only two satellite televisions – Kanal 5 Plus TV (35.57 million denars) and Nasha TV (32.03 million denars). The revenues of 24 Vesti TV, totalling 15.10 million denars, constitute 17% of the total revenues of the satellite televisions. Lowest revenues were earned by Sitel 3 TV (3.00 million denars) and Sonce TV (2.86 million denars).

Image No.19: Share in the total revenues of satellite televisions



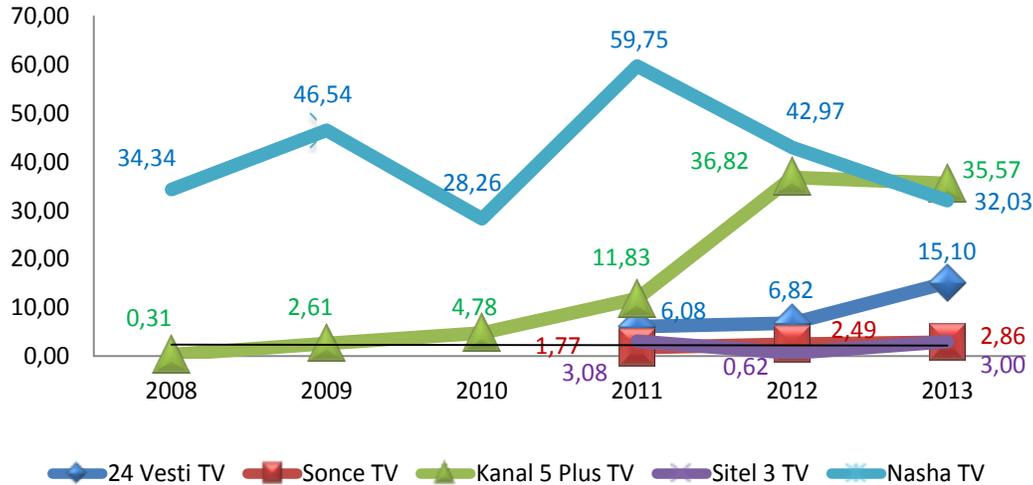
Source: AAAMS

The licences for performing a television broadcasting activity via satellite were granted in June 2008. Practice had shown that this business model was not lucrative, due to which, from a total of 17 entities that had gained licence to broadcast television programme via satellite, only five were still active on the market in 2013. Two of them started to broadcast and generate revenues that same year (Kanal 5 Plus TV and Nasha TV), two others broadcasted programme but did not generate any revenue in the initial years (Sitel 3 TV and Sonce TV), whereas one (24 Vesti TV) began broadcasting programme as late as December 2010.

The overview below represents the fluctuation of the total revenues of these five entities in the period from 2008 (when they received the licences) until 2013. In the first five years of their

operation, Nasha TV was the most successful, while, in the last year, Kanal 5 Plus TV generated the highest total revenue (35.57 million denars).

Image No.20: Fluctuation of total revenues of the five satellite televisions in the last six years



Source: AAAMS

The total revenues of Nasha TV were the highest in 2011 (59.75 million denars). In 2009 and in 2011, this television station earned more revenue than in the previous years (by 35.53% and 111.43% respectively), while, in the remaining three years, it generated less revenue, as follows: by 39.28% in 2010, by 28.08% in 2012, and by 25.46% in 2013. Kanal 5 Plus TV continuously increased its total revenues in the first five years, whereas, last year, it received 3.39% less revenues than in 2012.

Table No.12: Revenue structure of satellite televisions

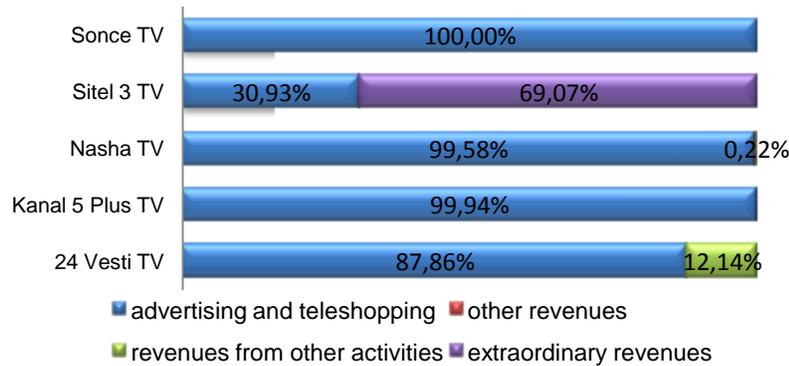
	2013	share
Advertising and teleshopping	84.51	95.41%
Sponsorships	0.00	0.00%
Sale of programmes	0.00	0.00%
Services provided to third parties	0.00	0.00%
Other revenues	0.08	0.09%
Revenues from the main activity	84.59	95.51%
Revenues from other activities	1.90	2.15%
Extraordinary revenues	2.07	2.34%
Total revenues	88.57	

Source: AAAMS

In 2013, these five TV stations created most of their revenue by selling advertising time and teleshopping, some revenues from other activities and extraordinary revenues, while only a small segment of the revenues fell within the "other revenues" Category.

The revenue from the sale of advertising time (95.41%) has a dominant share in the revenue structure of these five televisions. Advertising and teleshopping were the only sources of revenue for Sonce TV, and the most important sources of revenue for Kanal 5 Plus TV (99.94%), Nasha TV (99.58%) and 24 Vesti TV (87.86%) .

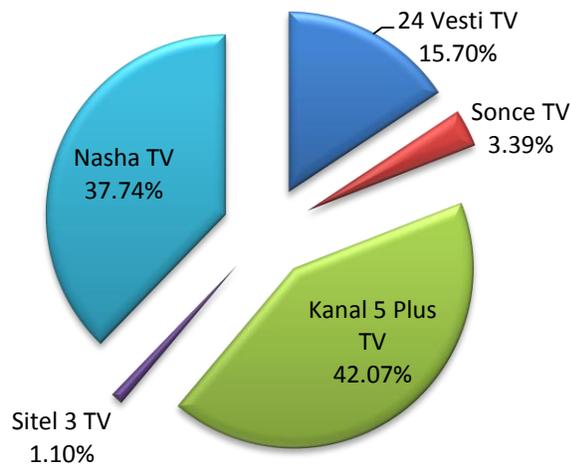
Image No.21: Structure of the total revenues of satellite televisions



Source: AAAMS

Kanal 5 Plus TV (35.55 million denars, or 42.07% of the advertising revenue in this segment in the television industry) and Nasha TV (31.89 million denars or 37.74% of the total advertising revenues) earned the highest revenues from advertising.

Image No.22: Share in advertising revenues of satellite televisions



Source: AAAMS

The advertising revenue generated by 24 Vesti TV, totalling 13.27 million denars, represents 15.70% of the total revenue. From the sale of advertising time, Sonce TV managed to earn only 2.87 million denars, constituting 3.39% of the advertising revenue of satellite televisions. Sitel 3 TV realized the lowest advertising revenues (only 0.93 million denars).

The share of revenues within the "other revenues" category in the total income of satellite televisions was 0.09%. Only Kanal 5 Plus TV (0.02 million denars) and Nasha TV (0.06 million denars) reported such revenues.

The entire amount of extraordinary revenues was made by Sitel 3 TV (2.07 million denars). The extraordinary revenues were the most important source of revenue for this television station.

Revenues from other activities were only made by 24 Vesti TV (1.83 million denars) and Nasha TV (0.07 million denars).

The total costs incurred by these five televisions in the analysed year amounted to 105.20 million denars.

24 Vesti TV spent the most funds (35,04 million). The costs of Kanal 5 Plus TV amounted to 27.77 million denars, of Nasha TV - 21,03 million denars, and Sonce TV - 18.26 million denars. TV Sitel 3 incurred the lowest costs, amounting to only 3.10 million denars.

Almost 85% of the total costs were direct costs of creating the programme.

Table No.13: Cost structure of satellite televisions

	2013	share
Tangible costs	14.80	14.07%
Costs for programme procurement	15.57	14.80%
Intangible costs (services)	20.60	19.58%
Salaries and other benefits to persons directly connected with the programme production	37.91	36.04%
Direct costs of creating programme	88.88	84.49%
Salaries and other benefits to persons who are not directly connected with the programme production	4.34	4.12%
Depreciation of equipment	3.99	3.80%
Suspension of rights and licenses	0.12	0.11%
Rent and other bill-related costs	2.91	2.77%
All other operation costs	4.60	4.37%
Total operation costs	104.84	99.66%
Expenses from other activities	0.36	0.34%
Extraordinary expenses	0.00	0.00%
Total operation costs	105.20	

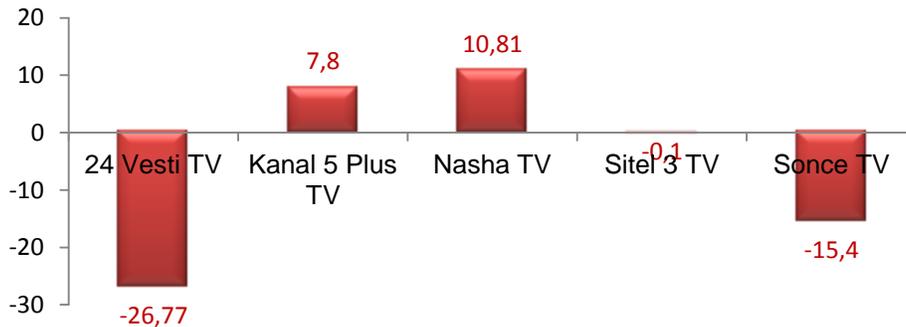
Source: AAAMS

Most funds (36.04% of the total costs) were allocated for salaries and other benefits to persons directly connected with the programme production (37.91 million denars). Most funds for salaries of employees were allocated by 24 Vesti TV (21.06 million denars). Sonce TV spent 7.52 million denars for this kind of expense, Kanal 5 Plus - TV 5.92 million denars, and Nasha TV - 3.41 million denars. Sitel TV did not report this kind of expense.

The costs of purchasing programme totalling 15.57 million denars constituted 14.80% of the total costs of satellite televisions. Even 60% of these five television stations' total costs for purchasing programme belonged to Kanal 5 Plus TV (9.23 million denars). While 24 Vesti TV and Nasha TV allocated almost equal funds (1.62 and 1.68 million denars, respectively) for this kind of expenses, Sitel 3 TV spent 3.02 million denars,

whereas Sonce TV spent the least funds to purchase programme content (only 0.01 million denars). More significant amounts of tangible costs were reported by 24 Vesti TV (7.08 million denars) and Nasha TV (7.57 million denars). As regards the intangible costs, Sonce TV 7.39 million denars and Kanal 5 Plus TV - 6.58 million denars.

Image No.23: Financial operation results



Source: AAAMS

Only two satellite televisions achieved positive financial results: Nasha TV (10.81 million denars) and Kanal 5 Plus TV (7.8 million denars). The worst financial results from their operation were shown by 24 Vesti TV (loss amounting to 26.77 million denars), and Sonce TV (loss amounting to 15.4 million denars). The loss of Sitel 3 TV amounted to 0.1 million denars.

Table No.14: Average number of regular employees

TV station	2009	2010	2011	2012	2013
24 Vesti TV	0	25	59	64	65
Kanal 5 Plus TV	37	32	28	24	26
Sonce TV	7	12	12	19	19
Sitel 3 TV	0	0	0	0	0
Nasha TV	35	35	16	14	14

Source: AAAMS

The total number of regular employees in these five televisions was 124, more than half of whom were engaged by 24 Vesti TV (65 employees). At Sitel 3 TV, there were no employees with regular employment status.

Regional televisions

Nine televisions had a licence to broadcast regionally during the first five months of 2013, all in the Skopje area. By the transition from analogue to digital broadcasting, the number of regional televisions increased to 29, after a total of 20 local TV stations used the opportunity to transfer from local to regional television stations, provided by the amendments to the Law on Broadcasting in May 2013. In June 2013, the licence of Krt TV in Skopje ceased to be valid, after the holder submitted a written statement that it would cease broadcasting television programme¹².

The analysis covered data on a total of 27¹³ television stations licenced to broadcast television programmes at a regional level, 25 of which broadcast via a digital terrestrial multiplex and only two via a public electronic communications network operator (Skynet TV and Amazon TV, both in the area of the city of Skopje and the surrounding municipalities). In 2013, the regional television market generated total revenues in the amount of 194.75 million denars.

Table No.15: Number of population, number of regional televisions and generated revenue by a broadcasting region

ZONE	Number of population¹⁴	Number of televisions	Generated revenue
D1 - Skopje	610,775	6 (+2)	50,00 (+4.71)
D1 – Crn Vrv Veles	153,554	2	16,85
D2	175,560	2	11,14
D3	178,551	3	26,62
D4	173,291	3	19,05
D5	297,966	3	15,77
D6	127,647	1	13,89
D7	36,340	1	9,19
D8	308,610	4	27,53

Source: AAAMS, SSO

The highest revenues, in the amount of 54.71 million denars, were realized in the region D1 - Skopje, which includes the city of Skopje and the municipalities of Petrovec, Arachinovo, Chucher Sandevo, Sopsishte, Studenichani, Zelenikovo and Ilinden. This situation was entirely

¹² Decision No. 07-250 dated 26 June 2013 ("Official Gazette of the Republic of Macedonia " No. 90/13) for termination of the validity of the broadcasting licence of the "Televizija KRT" LLC trade broadcasting company, Skopje

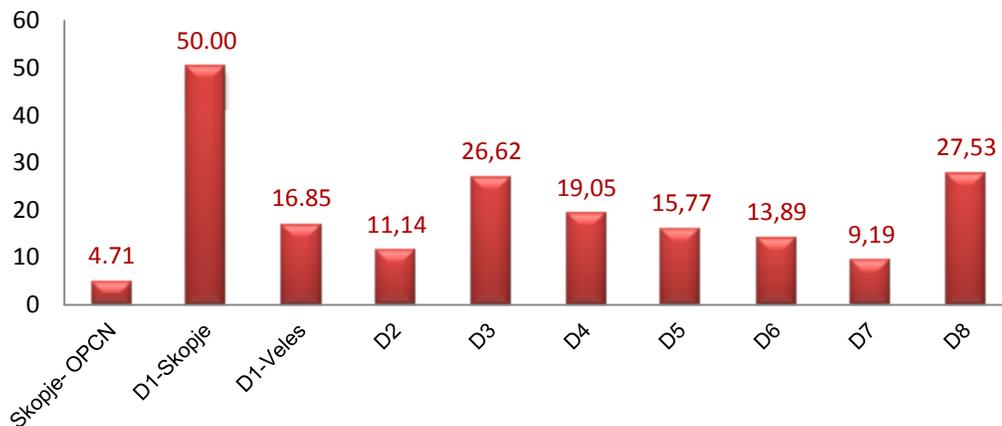
¹³ In March 2014, the license of TBC Art Kanal TV from Struga was revoked

¹⁴ <http://www.stat.gov.mk/Publikacii/2.4.13.13.pdf> Data on the number of population in each broadcasting region was provided by the publication "Population Estimates of 30 June 2012 and 31 December 2012 by Gender and Age, by Municipalities and Statistical Regions (NTES3 - 2007)" of the State Statistical Office of the Republic of Macedonia; available at <http://www.stat.gov.mk/Publikacii/2.4.13.13.pdf>

expected, given that the population number in this region, which actually represents the potential audience of the televisions (the population age four and above is considered as potential audience), is far larger than the population number in the other regions. In this region, programme is broadcasted by eight televisions, six broadcasting via a digital terrestrial multiplex, and only two through a public electronic communications network operator.

Noticeably higher revenues than in the other regions were realized in the D8 and D3 regions as well. The D8 region covers the municipalities of Tetovo, Gostivar, Vrapchista, Bogovinje, Brvenica, Tearce, Jegunovce and Zhelino, with a total population of 308,610 inhabitants. A total of four regional televisions have permission to broadcast in this region, and they earned together a total revenue of 27.53 million denars. The region D3 includes the municipalities of Shtip, Karbinci, Zrnovci, Cheshinovo-Obleshevo, Probishtip, Kochani, Makedonska Kamenica, Delchevo, Vinica, Pehchevo and Berovo, their population reaching 178,551 inhabitants. The three regional television stations operating in this region made total revenues amounting to 26.62 million denars.

Image No.24: Generated revenue by a broadcasting region



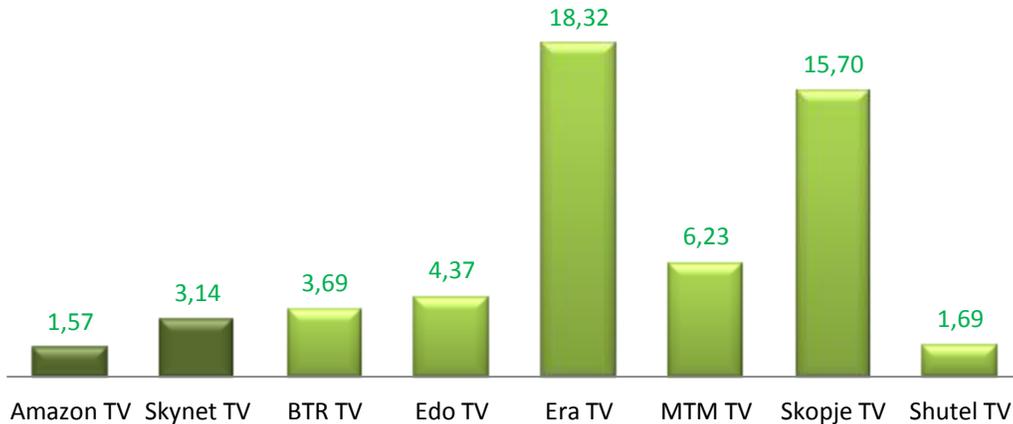
Source: AAAMS

Although the population, that is, the potential audience in the region D5, which covers the municipalities of Bitola, Resen, Demir Hisar, Prilep, Krushevo, Makedonski Brod, Kichevo, Oslomej, Zajas, Vraneshtica, Plasnica, Dolneni, Krivogashtani, Mogila and Novaci, is larger than that of the D3 region (297,966 versus 178,551 inhabitants), the three regional televisions in this region earned less revenue (15.77 million denars) than those in the region D3 (26.62 million denars).

On the other hand, the number of inhabitants in the regions D1-Veles¹⁵, D2¹⁶, D4¹⁷ and D6¹⁸ is approximately the same as in the region D3. Yet, differences were observed in the overall revenues earned in these regions.

Lowest revenues were earned in the D7 region, which includes the municipalities of Debar, Mavrovo and Rostusha and Centar Zhupa. The total population in this region is 36,340 inhabitants, almost 17 times less than in the region D1 - Skopje. In this region, only one television broadcasts programme (Kanal 3 TV from Debar), compared to the eight televisions in the region D1 - Skopje. In 2013, this television station achieved total revenues amounting to 9.19 million denars, or only six times less than the common revenues of the television stations in the region D1 - Skopje. If we compare the data for each of the eight televisions of the region D1-Skopje, it is noticeable that only two televisions (ERA TV and Skopje TV) earned higher total revenues than Kanal 3 TV from Debar.

Image No.25: Total revenues of televisions of the region D1 - Skopje



Source: AAAMS

As much as 62.19% of the total revenue of the eight TV stations in the region D1 - Skopje were earned by only two entities (ERA TV and Skopje TV). The lowest revenues were made by Shutel TV and Amazon TV.

Compared with the previous year, only two televisions managed to earn higher revenues (Edo TV by 58.30% and Skopje TV by 53.01%). The remaining six televisions made less revenue, as follows: Amazon TV by 9.40%, Skynet TV by 10.42%, BTR TV by 42.09%, Era TV by 9.13%, MTM TV by 31.59% and Shutel TV by 39.01%.

¹⁵ The region D1 - Veles includes the municipalities of Veles, Lozovo, Sveti Nikole, Chaska, Gradsko, Rosoman, Negotino, Kavadarci and Demir Kapija.

¹⁶ The region D2 includes the municipalities of Kumanovo, Lipkovo, Staro Nagorichane, Rankovce, Kriva Palanka and Kratovo.

¹⁷ The region D4 includes the municipalities of Radovish, Konche, Vasilevo, Bosilovo, Strumica, Novo Selo, Valandovo, Bogdanci, Dojran and Gevgelija.

¹⁸ The region D6 includes the municipalities of Ohrid, Struga, Debarca, Vevchani and Drugovo.

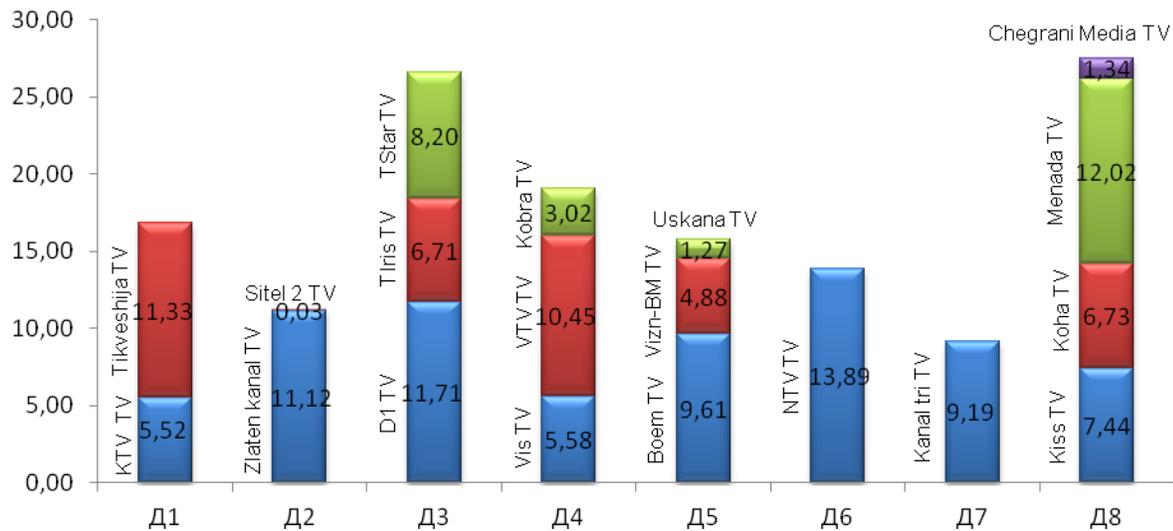
Table.16: Total revenues and growth rate

	2009	2010	2011	2012	2013	Growth rate 2013/2012
Amazon TV	1.86	1.32	1.08	1.73	1.57	-9.25%
Skynet TV	7.85	4.74	2.81	3.50	3.14	-10.29%
BTR TV	3.26	4.32	8.27	6.38	3.69	-42.16%
Edo TV	0.46	2.90	3.37	2.76	4.37	58.33%
Era TV	27.85	47.53	17.67	20.16	18.32	-9.13%
MTM TV	7.50	7.79	9.44	9.10	6.23	-31.54%
Skopje TV	35.05	12.88	10.23	10.26	15.70	53.02%
Shutel TV	2.01	1.65	2.48	2.77	1.69	-38.99%
Total	85.84	83.13	55.35	56.66	54.71	-0.30

Source: AAAMS

In the region D1 – Veles, total revenues in the amount of 16.85 million denars were generated, 32.78% of which were generated by KTV TV, and 67.22% by Tikveshija TV, both from Kavadarci.

Image No.26: Total revenues of televisions in the region D1 – Veles, D2, D3, D4, D5, D6, D7 and D8



Source: AAAMS

In the analysed year, the two television stations that broadcasted in the region D2 made a total of 11.14 million denars, out of which 99.75% were revenues of Zlaten Kanal TV from Kriva Palanka.

The common revenue of the three televisions in the region D3 totalled 26.62 million denars, of which 44% were revenue of D1 TV from Delchevo, 30.79% of Star TV from Shtip and 25.21% of Iris TV from Shtip.

In the region D4, programme was broadcasted by three televisions and their total revenues amounted to 19.05 million denars. More than half of these funds were revenues of VTV TV from Valandovo (54.84%). TV Vis from Strumica earned 29.28% and Kobra TV from Radovich - 15.87% of the total revenues in this region.

The total revenues generated by the three televisions in the region D5 amounted to 15.77 million denars. Most of these funds were earned by Boem TV from Kichevo, which broadcasts in the Macedonian language (60.96% of this amount). Vision- BM TV from Prilep,, which also broadcasts in the Macedonian language, earned 30.97%, while Uskana TV from Kichevo that broadcasts its programme in Albanian, achieved 8.07% of the total revenues in this region.

Only one television operates in each of the regions D6 and D7 (NTV TV and Kanal Tri TV, respectively) and the revenue they realized amounted to 13.89 or 9.19 million denars.

The four television stations that broadcast programme in the region D8 achieved total revenues amounting to 27.53 million denars. Two of them broadcast in the Macedonian language (Kiss TV and Menada TV from Tetovo), one - in Albanian (Koha TV from Tetovo), whereas one television station (Chegrani Media TV from Gostivar) broadcasts programme in the Macedonian, Turkish and Albanian languages. The greatest share of this amount belonged to Menada TV from Tetovo (43.68%). Kiss TV from Tetovo earned 27.02%, Koha TV from Tetovo - 24.45%, while the lowest share of the total revenue belonged to Chegrani Media TV from Gostivar - only 4.85% of the total revenue in the region.

Table No.17: Revenue structure of regional televisions

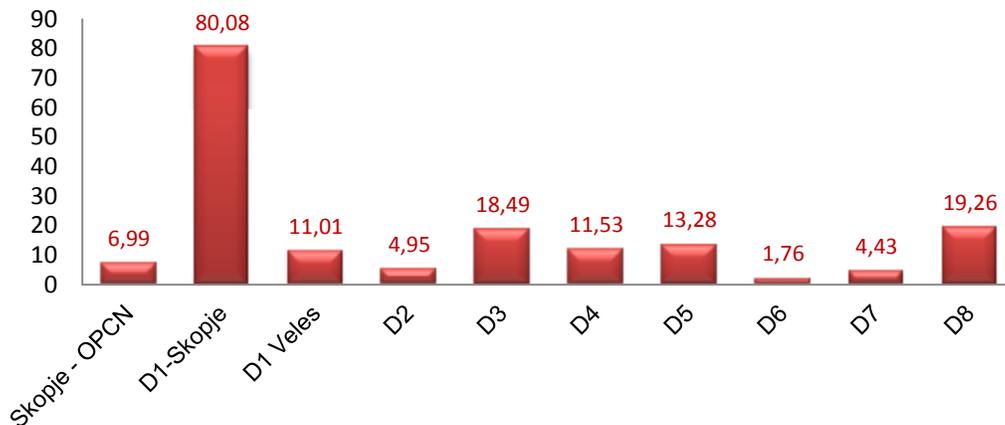
	Skopje - pcno	D1 - Skopje	D1 - Veles	D2	D3	D4	D5	D6	D7	D8
Advertising and teleshopping	3.88	39.19	15.01	11.11	26.06	18.18	11.40	11.75	9.07	26.92
Sponsorships	0.00	0.30	0.00	0.00	0.01	0.10	0.00	0.00	0.00	0.27
Sale of programmes	0.06	1.71	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.13
Services provided to third parties	0.63	1.65	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other revenues	0.10	6.63	1.84	0.00	0.24	0.49	0.00	2.14	0.12	0.17
Revenue from the main activity	4.67	49.49	16.85	11.11	26.31	18.77	11.40	13.89	9.19	27.49
Revenue from other activities	0.00	0.15	0.00	0.00	0.31	0.28	4.37	0.00	0.00	0.00
Extraordinary revenues	0.04	0.36	0.00	0.03	0.00	0.00	0.00	0.00	0.00	0.04
Total revenues	4.71	50.00	16.85	11.14	26.62	19.05	15.77	13.89	9.19	27.53

Source: AAAMS

Revenues from the sale of advertising time and teleshopping had a dominant share in the revenue structure of each regional television.

Only four regional televisions (BTR TV from Skopje, Star TV from Shtip, Chegrani Media TV from Gostivar and Kobra TV from Radovish) reported revenues from sponsorship. Only Skynet TV and MTM TV from Skopje earned revenue from the sale of programme content, and only Amazon TV and Shutel TV from Skopje generated revenue from services provided to third parties.

Image No.27: Total costs by broadcasting region



Source: AAAMS

In 2013, the total costs of regional televisions amounted to 171.78 million denars.

Half of these funds (50.69%) were spent by the eight television stations broadcasting in the region D1 - Skopje. There were significant differences among the costs of the televisions in this region. The most funds were spent by Skopje TV (37.08 million denars), Era TV (23.72 million denars) and MTM TV (10.71 million denars), whereas Shutel TV and Amazon TV spent the least (1.63 million denars and 1, 85 million denars, respectively).

TV Era reported tangible costs representing 70.32% of the total tangible costs. Only MTM TV (1.59 million denars) and Skopje TV (3.8 million denars) reported costs for purchasing programme content.

As much as 88.83% of the costs for salaries and benefits to persons who were directly involved in the programme production were reported by three televisions only: Era TV (3.57 million denars), MTM TV (3.35 million denars) and Skopje TV (4.05 million denars). Costs for salaries and benefits for people who were not directly associated with the programme production were only presented by MTM TV (0.45 million denars). Almost the entire amount of costs for equipment depreciation was presented by Skopje TV (23 million denars).

The two televisions of the region D1 - Veles spent nearly equal funds: KTV TV - 5.37 million denars and Tikveshija TV - 5.64 million denars. Only KTV TV reported costs for programme procurement, in an insignificant amount of 0.05 million denars. TV KTV spent 1.36 million denars and TV Tikveshija 1.67 million denars for salaries and benefits for employees.

Common expenses of both televisions in the region D2 amounted to 4.95 million denars. Zlaten Kanal TV spent two-and-a-half times more funds than Sitel 2 TV (3.58 vs. 1.37 million denars). None of the television stations reported costs for purchasing programme content, or costs for salaries and other benefits for employees directly associated with the programme production. Zlaten Kanal TV reported the entire amount of the costs for salaries and other benefits for people who were not directly associated with the programme production (1.06 million denars).

Table No.18: Cost structure of regional televisions

	Skopje - opcn	D1 - Skopje	D1 - Veles	D2	D3	D4	D5	D6	D7	D8
Tangible costs	0.97	10.07	1.37	0.12	2.09	2.43	1.41	1.12	0.12	7.82
Costs for programme procurement	0.00	5.39	0.05	0.00	2.07	0.29	0.34	0.00	0.00	0.60
Intangible costs (services)	1.56	2.01	1.13	2.45	1.42	1.41	2.49	0.00	0.74	4.15
Salaries and other benefits to persons directly connected with the programme production	1.41	12.36	2.97	0.00	9.41	1.58	3.46	0.00	1.88	4.72
Direct costs of creating programme	3.95	29.83	5.52	2.57	14.98	5.71	7.71	1.12	2.74	17.29
Salaries and other benefits to persons who are not directly connected with the programme production	0.00	0.45	0.06	1.06	0.00	1.49	0.11	0.27	0.00	0.00
Depreciation of equipment	0.63	25.18	2.08	0.35	1.21	0.27	2.17	0.02	0.17	0.40
Suspension of rights and licenses	0.00	2.05	0.00	0.00	0.00	0.00	1.25	0.00	0.00	0.00
Rent and other bill-related costs	0.36	3.42	0.21	0.24	0.00	0.31	0.35	0.00	0.00	0.22
All other not covered operation costs	1.58	15.98	3.14	0.73	1.83	3.75	1.58	0.00	1.52	1.28
Total operation costs	6.52	76.91	11.01	4.95	18.03	11.53	13.17	1.76	4.43	19.19
Expenses from other activities	0.00	0.92	0.00	0.00	0.31	0.00	0.00	0.00	0.00	0.00
Extraordinary expenses	0.47	2.25	0.00	0.00	0.14	0.00	0.11	0.00	0.00	0.07
Total operation costs	6.99	80.08	11.01	4.95	18.49	11.53	13.28	1.76	4.43	19.26

Source: AAAMS

In the D3 region a total of 18.49 million denars were spent. Almost equal funds were spent by Iris TV (7.5 million denars) and Star TV (7.78 million denars), whereas the costs of TV D1 were significantly lower (3.21 million denars). Almost 83% of the costs for purchasing programme were sustained by Star TV (1.71 million denars). This television also spent most funds for salaries and benefits for persons who were directly connected with the programme production (4.93 million denars). For this type of expense, Iris TV spent 3.39 million denars, and D1 TV - 1.09 million denars.

The total cost in the D4 region amounted to 11.53 million denars, nearly half of which (47.7%) were costs of Vis TV from Strumica. VTV TV spent a total of 3.28 million denars, and Kobra TV - 2.75 million denars. Only Kobra TV spent funds for programme procurement, in the amount of 0.29 million denars. TV Vis spent the largest amount of funds for employees' salaries (1.67 million denars). These costs amounted to 0.69 million denars in the case of VTV TV, while Kobra TV spent 0.71 million denars.

There are significant differences in the total costs incurred by the three televisions in the D5 region in the year analysed: TV Boem spent 6.5 million denars, Vision-BM TV - 4.76 million denars, and Uskana TV - 2.02 million denars. Most of the common costs of these three televisions (26.88%) were intended for employees' salaries. Salary costs for employees directly associated with the programme production of Vision-BM TV, amounting to 1.89 million denars, were twice as high as the cost of Uskana TV (0.93 million denars) and almost three times higher than the costs of Boem TV (0.64 million denars). For the purchase of programme, Boem TV allocated 0.19 million denars, and Vision-BM TV - 0.14 million denars. The entire amount of the costs of depreciation of equipment (2.17 million denars) was presented by Boem TV.

In the regions D6 and D7, which have programme broadcast by only one television each (NTV TV and Kanal Tri TV, respectively), the total costs amounted to 1.76 million denars, and 4.43 million denars, respectively.

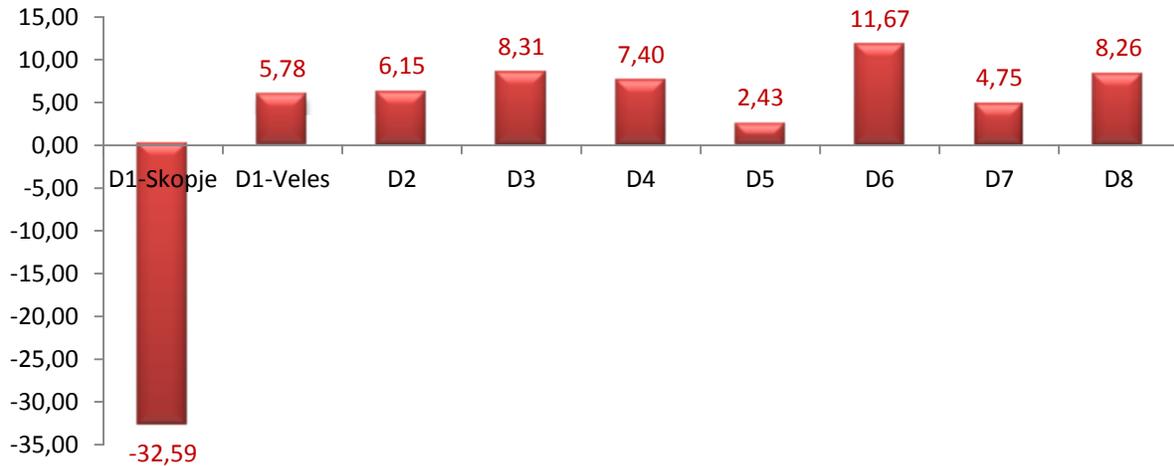
The four televisions in the D8 region spent a total of 19.26 million denars, most of which were spent by Kiss TV (8.11 million denars) and Koha TV (5.19 million denars). The total costs of Menada TV amounted to 4.64 million denars, and of Chegrani Media TV - only 1.33 million denars. The tangible costs had the most substantial share in the structure of total costs of these four televisions (40.62%), due to the high amount of this type of expenses reported by Kiss TV (5.94 million denars). Costs for purchasing programme content were only incurred by Koha TV (0.25 million denars) and Menada TV (0.35 million denars). For employees' salaries almost equal amounts were spent by Kiss TV (1.18 million denars), Koha TV (1.5 million denars) and Menada TV (1.66 million denars). Significantly less funds were incurred by Chegrani Media TV (0.37 million denars).

In 2013, negative financial results were realized only in the region D1 - Skopje. Only three of the eight television stations that broadcast programme in this region gained profit, as follows: BTR TV (0.77 million denars), Edo TV (0.35 million denars) and Shutel TV (0.06 million denars). Skopje TV achieved the worst financial result (loss amounting to 21.4 million denars). The loss of the Era TV amounted to 5.48 million denars, followed by MTM TV - 4.6 million denars, Skynet TV - 2.01 million denars, and Amazon TV - 0.28 million denars.

Both television stations in the region D1- Veles gained profit, as follows: KTV TV - 0.10 million denars, and Tikveshija TV - 5.68 million denars.

The financial result of the operation of the two televisions in the D2 region was profit of 6.15 million denars. Zlaten Kanal TV gained profit of 7.52 million denars, and Sitel 2 TV loss in the amount of 1.37 million denars.

Image No.28: Realised operation results



Source: AAAMS

In the D3 region, positive financial results were achieved by two televisions (D1 TV amounting to 8.51 million denars and Star TV in the amount of 0.41 million denars), whereas one television (Iris TV) worked with a loss of 0.6 million denars.

All three television stations in the D4 region achieved positive financial results, as follows: Vis TV – a profit of 0.05 million denars, VTV TV - a profit in the amount of 7.08 million denars and Kobra TV - a profit in the amount of 0.28 million denars.

Two televisions in the D5 region (Boem TV and Visio -BM TV) realized profit in the amount of 3.05 million denars and 0.12 million denars, respectively. Uskana TV had a negative financial result in the amount of 0.75 million denars.

The only television that broadcasted programme in the D6 region - NTV TV - gained profit in the amount of 11.67 million denars, which represents the best financial result of all regional television stations. Only one television station broadcasted programme in the D7 region as well – Kanal Tri TV - and it achieved a profit of 4.75 million denars.

The joint result of the operation of the four televisions in the D8 region was profit in the amount of 8.26 million denars. Only Kiss TV had a negative financial result (0.68 million denars), whereas the remaining three gained profit, as follows: Koha TV in the amount of 1.55 million denars, Menada TV in the amount of 7.39 million denars, while the profit on Chegrani Media TV amounted to 0.01 million denars.

Table No.19: Average number of regular employees

Ordinal number	Short name of the broadcaster	Average number of regular employees	Total in the region
1	Amazon TV	4	
2	Skynet TV	1	
3	BTR TV	1	
4	Edo Tv	4	49
5	Era TV	16	
6	MTM TV	14	
7	Skopje TV	8	
8	Shutel TV	1	
9	KTV TV	11	21
10	Tikveshija TV	10	
11	Zlaten Kanal TV	6	6
12	Sitel 2 TV	0	
13	D1 TV	5	30
14	Iris TV	15	
15	Star TV	10	
16	Vis TV	11	15
17	VTV TV	1	
18	Ko-Bra TV	3	
19	Boem TV	2	11
20	Vision – BM TV	7	
21	Uskana TV	2	
22	NTV TV	1	1
23	Kanal Tri TV	6	6
24	Kiss TV	11	29
25	Koha TV	11	
26	Menada TV	4	
27	Chegrani Media TV	3	
	total	168	168

Source:AAAMS

In 2013, the average number of regular employees at the 27 regional television stations was 168.

The largest number of these were employees of the regional television Era TV from Skopje (16), followed by Iris TV from Shtip (15), MTM TV from Skopje (14), KTV TV from Kavadarci, Vis TV from Strumica, Kiss TV and Koha TV from Tetovo (eleven employees each) and Tikveshija TV from Kavadarci and Star TV from Shtip (ten employees each).

Local televisions

In early 2013, a total of 48 entities possessed licences to broadcast television programmes at the local level. In May 2013, 20 of them submitted a request to the Agency for Audio and Audiovisual Media Services (then the Broadcasting Council) to amend the licences, whereafter in the following seven months of the year, they continued to operate as regional televisions. During 2013, one local television station - Top TV Berovo¹⁹ - lost the right to perform a broadcasting activity.

During the entire year, 27 television stations broadcasted programme at the local level.

Table No.20: Number of inhabitants, number of TV stations and generated revenue

Municipalities	population ²⁰	Total revenue	Number of TV stations
Kumanovo, Lipkovo and Staro Nagorichane	141,782	9.07	4
Kochani, Vinica, Cheshinovo – Obleshevo and Zrnovce	67,802	4.88	2
Probishtip and Kratovo	25,175	2.28	1
Radovish and Konche	32,467	2.20	1
Strumica, Vasilevo, Bosilovo and Novo Selo	94,372	4.42	1
Gevgelija, Valandovo, Bogdanci and Dojran	46,452	1.65	1
Veles, Chashka and Gradsko	66,390	6.63	2
Sveti Nikole and Lozovo	20,587	2.05	1
Dolneni, Prilep and Krivogashtani	95,105	0.29	1
Bitola, Mogila, Novaci and Resen	118,898	21.58	2
Ohrid and Debarca	57,250	10.51	2
Struga and Vevchani	67,436	2.19	2
Debar, Centar Zupa, Mavrovo and Rostushe	36,340	0.59	1
Kichevo, Plasnica and Makedonski Brod	41,646	2.17	2
Tetovo, Tearce, Jegunovce, Zelino and Brvenica	167,893	2.87	2
Gostivar, Vrapchiste and Bogovinje	140,627	1.46	2

Source: AAAMS/SSO

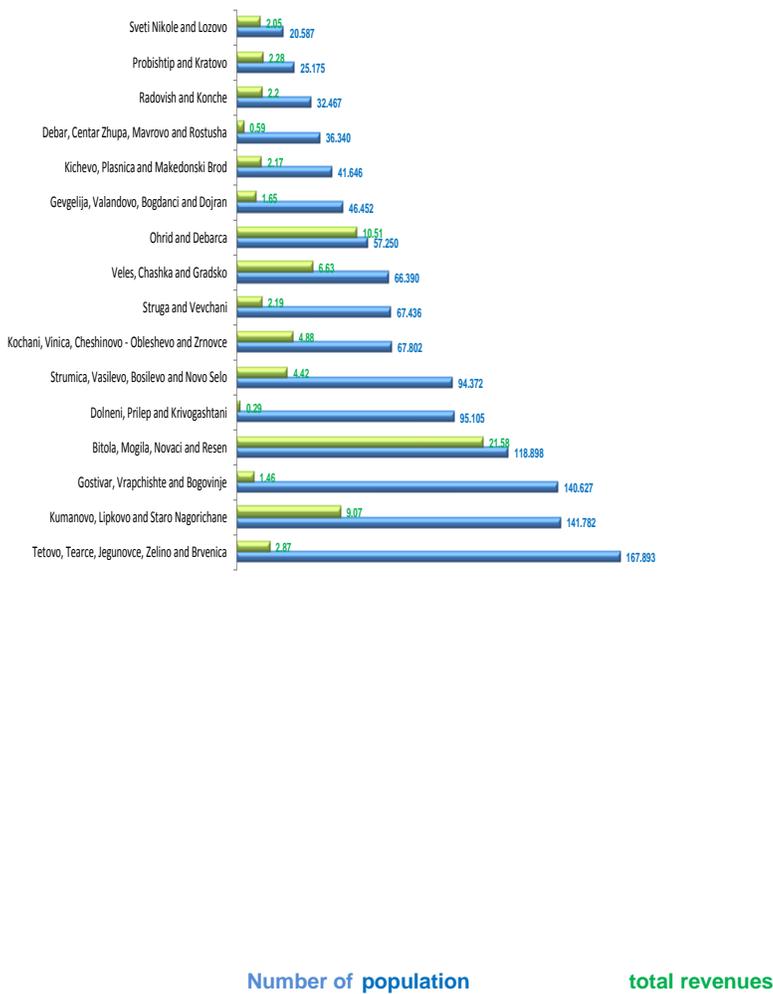
Seven out of the 16 local areas had only one local television station operating, in eight there were two televisions each, and in the area that covers the municipalities of Kumanovo, Lipkovo and Staro Nagorichane there were four local television stations.

¹⁹ Decision No.07-170 dated 23 May 2013 (Official Gazette of the Republic of Macedonia No.76/13) on revoking the broadcasting licence No.07-3449 / 1, dated 26 November 2008, issued to the TOP TV LLC Berovo trade broadcasting company

²⁰The data on the population number of every broadcasting region are provided by the publication "Population Estimates of 30 June 2012 and 31 December 2012 by Gender and Age, by Municipalities and Statistical Regions (NTES3 - 2007)" of the State Statistical Office of the Republic of Macedonia; available at <http://www.stat.gov.mk/Publikacii/2.4.13.13.pdf>

The total revenues and the potential audience (total population) in these 16 areas varied considerably. Thus, in the area with the largest population (the area covering the municipalities of Tetovo, Tearce, Jegunovce, Zhelino and Brvenica), the population is eight times larger than the population of the area that includes the municipalities of Sveti Nikole and Lozovo while the total revenues were only 1.4 times higher.

Image No.29: Generated total revenues vs. potential audience (population number) by areas



Source: AAAMS, SSO

The highest revenues were achieved in the area covering the municipalities of Bitola, Mogila, Novaci and Resen (21.58 million denars), the area covering the municipalities of Ohrid and Debarca (10.51 million denars) and the area covering the municipalities of Kumanovo, Lipkovo and Staro Nagorichane (9.07 million denars).

The total revenues generated in the local television market in 2013 amounted to 74.83 million denars. Looking at the data regarding the total revenues generated by each television station separately in the analysed year, one must observe that significantly higher revenues than those of the other local television stations were generated by Tera TV from Bitola (11.07 million denars), Orbis TV from Bitola (10.51 million denars) and TVM from Ohrid (9.74 million denars).

Table No.21: Total revenues of local television stations

Ordinal number	TV station	Generated revenues	Ordinal number	TV station	Generated revenues
1	Dalga-Krt TV, Kumanovo	1.77	15	Orbis TV, Bitola	10.51
2	Festa TV, Kumanovo	1.42	16	Reta TV, Bitola	11.07
3	Hana TV, Kumanovo	1.08	17	Moris TV, Ohrid	0.76
4	Nova TV, Kumanovo	4.81	18	TV M, Ohrid	9.74
5	Kochani-LD TV, Kochani	2.94	19	Kaltrina TV, Struga	0.85
6	Kanal 8 TV, Kochani	1.94	20	Spektra TV, Struga	1.34
7	Protel TV, Probishtip	2.28	21	Dibra TV, Debar	0.59
8	Emi TV, Radovish	2.20	22	Gurra TV, Kichevo	0.97
9	Intel TV, Strumica	4.42	23	Anisa TV, Plasnica	1.20
10	Nova TV, Gevgelija	1.65	24	Art TV, Tetovo	2.87
11	Kanal 21 TV, Veles	2.94	25	Super Sky TV, Tetovo	0.01
12	Zdravkin TV, Veles	3.69	26	Due TV, Gostivar	1.26
13	Svet TV, Sveti Nikole	2.05	27	G-TV, Gostivar	0.19
14	Lazhani TV, Lazhani	0.29	total		74.83

Source: AAAMS

The lowest revenues were earned by G-TV Gostivar (0.19 million denars) and Super Sky TV from Tetovo (0.01 million denars).

The revenues from advertising and teleshopping had the largest share in the revenue structure of the local television stations. Almost 90% of the total revenues were generated from the sale of advertising time.

Table No.22: Revenue structure of local televisions

	2013	share
Advertising and teleshopping	66.74	89.19%
Sponsorships	0.52	0.69%
Sale of programmes	0.00	0.00%
Services provided to third parties	1.02	1.36%
Other revenues	4.94	6.60%
Revenue from the main activity	73.22	97.85%
Revenue from other activities	1.30	1.73%
Extraordinary revenues	0.32	0.42%
Total revenues	74.83	

Source: AAAMS

Only two local television stations showed revenues from sponsorship – Emi TV from Radovish (0.01 million denars) and Orbis TV from Bitola (0.51 million denars), while revenues from

services provided to third parties were only presented by Hana TV from Kumanovo (0.86 million denars) and Kanal 21 TV from Veles (0.16 million denars). Most of the revenues falling within the "other revenues" category belonged to Orbis TV from Bitola.

In 2013, these 27 local television stations spent together a total of 65.66 million denars. Similarly to the situation concerning the revenue, the following three televisions spent noticeably more funds than the other 24: Tera TV from Bitola (10.78 million denars), Orbis TV from Bitola (8.75 million denars) and TVM from Ohrid (6.25 million denars). The costs of these three televisions represent almost 40% of the total costs of the local television market.

More than half of the costs of the local television stations were direct costs of creating programme (56.53%), most of which were funds intended for salaries and other benefits to persons who were directly connected with the production of the programme. Most of the funds for this kind of expenses were spent by Tera TV from Bitola (2.44 million denars).

Table No.23: Cost structure of local televisions

	2013	share
Tangible costs	8.71	13.27%
Costs for programme procurement	2.93	4.46%
Intangible costs (services)	9.66	14.71%
Salaries and other benefits to persons directly connected with the programme production	15.82	24.09%
Direct costs of creating programme	37.12	56.53%
Salaries and other benefits to persons who are not directly connected with the programme production	5.64	8.59%
Depreciation of equipment	7.42	11.30%
Suspension of rights and licenses	0.10	0.16%
Rent and other bill-related costs	2.04	3.11%
All other not covered operation costs	10.01	15.24%
Total operation costs	62.34	94.94%
Expenses from other activities	2.84	4.33%
Extraordinary expenses	0.48	0.73%
Total operation costs	65.66	

Source: AAAMS

Costs for purchasing programme were only presented by eight television stations: Hana TV from Kumanovo (0.17 million denars), Kanal 8 TV from Kochani (0.04 million), Intel TV from Strumica (0.10 million denars), Nova TV from Gevgelija (0.35 million denars), Zdravkin TV from Veles (0.10 million denars), Svet TV from Sveti Nikole (0.14 million denars), Tera TV from Bitola (1.34 million denars) and TVM from Ohrid (0.69 million denars).

At the end of the year, a total of 17 local television stations generated revenues, whereas only ten sustained losses (Hana TV and Nova TV from Kumanovo, Nova TV from Gevgelija, Lazhani TV from Lazhani, Moris TV from Ohrid, Kaltrina TV from Struga, Dibra TV from Debar, Super Sky TV from Tetovo, and the two local television stations from Gostivar - Due TV and G-TV). TVM Ohrid achieved the best financial result – a profit of 3.48 million denars.

The average number of regular employees at the local television stations was 109. Most of them were engaged by Tera TV from Bitola – 14, and TVM from Ohrid - 13 employees. Nova TV from

Kumanovo had nine employees and Kanal 8 TV from Kochani - eight employees, while Orbis TV from Bitola had seven employees. Five persons were engaged at Kochani- LD TV from Kochani, Emi TV from Radovish, Intel TV from Strumica, Kanal 21 TV from Veles and Spektra TV from Kumanovo, each. At Protel TV from Probishtip and Kaltrina TV from Struga, the average number of regular employees was four people, while at Zdravkin TV from Veles and Dibra TV from Debar - three people.

A total of six televisions (Dalga-Krt TV from Kumanovo, Nova TV from Gevgelija, Svet TV from Sveti Nikole, Gura TV from Kichevo, ART TV from Tetovo and Due TV from Gostivar) had two persons with regular employment status each.

Among the local TV stations, the most numerous were those where the average number of regular employees was only one person. This was the situation with seven local television stations: Festa TV and Hana TV from Kumanovo, Lazhani TV from Lazhani, Moris TV from Ohrid, Anisa TV from Plasnica, Super Sky TV from Tetovo and G-TV from Gostivar.

Table No.24: Average number of regular employees

Ordinal number	TV station	Average number of regular employees	Ordinal number	TV station	Average number of regular employees
1	Tera TV, Bitola	14	15	Dalga-Krt TV, Kumanovo	2
2	TV M, Ohrid	13	16	Nova TV, Gevgelija	2
3	Nova TV, Kumanovo	9	17	Svet TV, Sveti Nikole	2
4	Kanal 8 TV, Kochani	8	18	Gurra TV, Kichevo	2
5	Orbis TV, Bitola	7	19	Art TV, Tetovo	2
6	Kochani-LD TV, Kochani	5	20	Due TV, Gostivar	2
7	Emi TV, Radovish	5	21	Festa TV, Kumanovo	1
8	Intel TV, Strumica	5	22	Hana TV, Kumanovo	1
9	Kanal 21 TV, Veles	5	23	Lazani TV, Prilep	1
10	Spektra TV, Struga	5	24	Moris TV, Ohrid	1
11	Protel TV, Probishtip	4	25	Anisa TV, Makedonski Brod	1
12	Kaltrina TV, Struga	4	26	Super Sky TV, Tetovo	1
13	Zdravkin TV, Veles	3	27	G-TV, Gostivar	1
14	Dibra TV, Debar	3		total	109

Source: AAAMS

Views of the audience regarding representation and quality of programme content on national television stations

In April 2013, the Agency for Audio and Audiovisual Media Services commissioned a survey conducted by the Market Vision research agency from Skopje on the viewers' opinion on various programmes broadcasted on the national television and radio channels²¹. The questionnaire contained several questions about the positions and satisfaction of the audience with certain types of programme content.

To the question *“How satisfied are you generally with the offer of national televisions?”*, most of the respondents (45.7%) answered that they were more dissatisfied than satisfied. According to age, the most numerous were the respondents aged from 30 to 39 (23.1%), while according to place of residence, most of the respondents came from urban areas (62%). Only 17.2% of respondents said they were completely satisfied, whereas partly satisfied were 21.7%. As much as 15.5% of the audience was not at all satisfied with the programme offer of national television stations.

The only programme content that the audience thought was too prevalent on national television channels were the serials (as many as 78% of the respondents).

A significant part of the audience (48%) thought that news and information programmes were overrepresented on national television channels, while most of them (51%) thought that this programme content was adequately represented. Only 1% of respondents said that news and information programmes were not adequately represented on national television channels.

Most of the respondents answered that debates or political talk shows (46%) and cartoons (48%) were sufficiently represented

More than half of the respondents felt that national television channels should present more film programmes (51%), music shows (52%), documentaries (50%), programme designed for children (54%), educational programme (54%) and cultural programme (57%).

Regarding the quality of the programmes offered by national televisions, the audience was satisfied with the news and information programmes (even 70% of respondents said that the quality of this content was satisfactory), sports programmes (62% thought that the sports content offered by national televisions was of good quality) and children's programmes (52% said the programmes designed for children were of satisfactory quality).

Exactly half of the respondents were satisfied with the quality of the music shows.

²¹ The survey of audience opinion on various programmes of the national television and radio channels is available on the website of the Agency for Audio and Audiovisual Media Services, on the following link: http://avmu.mk/images/SRD_izveshtaj_15_04_2013_od_Market_Vision.pdf

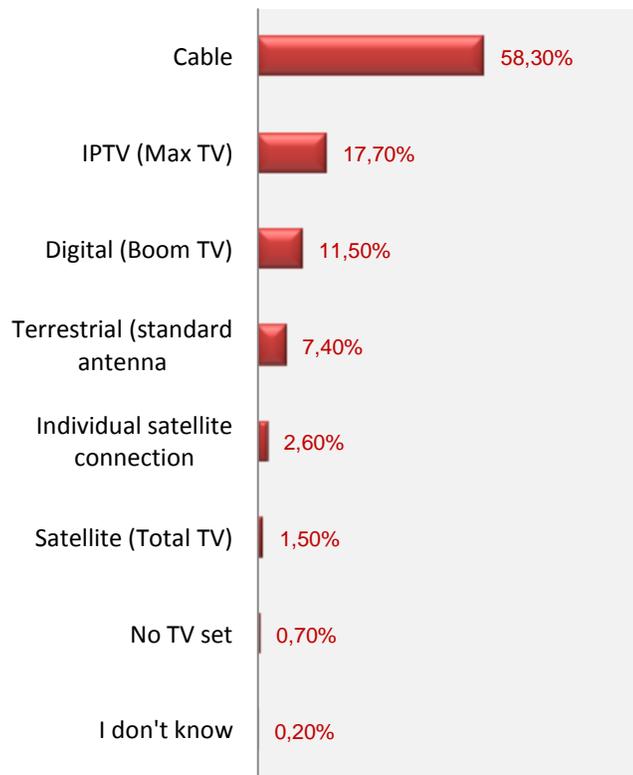
The Macedonian citizens considered that all other types of programme content were not of satisfactory quality. Most of them were not satisfied with the quality of the educational programme (81%), cultural and documentary programme (78%), cartoons and debate/political talk shows (74% each) and entertainment programmes (73%). Despite the high ratings, even 66% of the audience thought that the soap operas presented on national televisions were not of satisfactory quality, while 62% of respondents were not satisfied with the quality of the film offer.

Television signal reception models

In 2013, 99.3% of Macedonian households possessed television sets.

Only a small segment of households (7.4%) had no access to foreign television channels. They received only free national television channels through standard terrestrial antennas. Even two-thirds of them were from rural areas. In recent years, there has been a reduction in households that only use a standard antenna (23.4% in 2009, 10.6% in 2012 and only 7.4% in 2013).

Image No.30: Television signal reception models



Source: Market Vision

A total of 89% of Macedonian households had subscription agreements with some of the operators of public electronic communications networks that transmit audiovisual content

through various telecommunications platforms. More than half (58.3%) of the Macedonian households used the services of cable operators. Most of them, or 67.7%, live in urban environments. The services of the operator Makedonski Telekom (Max TV), which re-broadcasts its programme services over Internet Protocol - IPTV - were used by 17.7% of the households, and the services of the operator Digiplus Multimedia (Boom TV), which re-broadcasts via digital terrestrial wireless network were used by 11.5% of the households. Most of the Max TV subscribers came from urban areas (54.3%), unlike those of Boom TV who came from rural areas (66.1%). All subscribers of the operator Total TV, which re-broadcasts programme services via satellite, came from rural areas of Macedonia. They constituted only 1.5% of the Macedonian households.

Individual satellite connection was used by 2.6% of Macedonian households (57.1% of which were from urban areas).

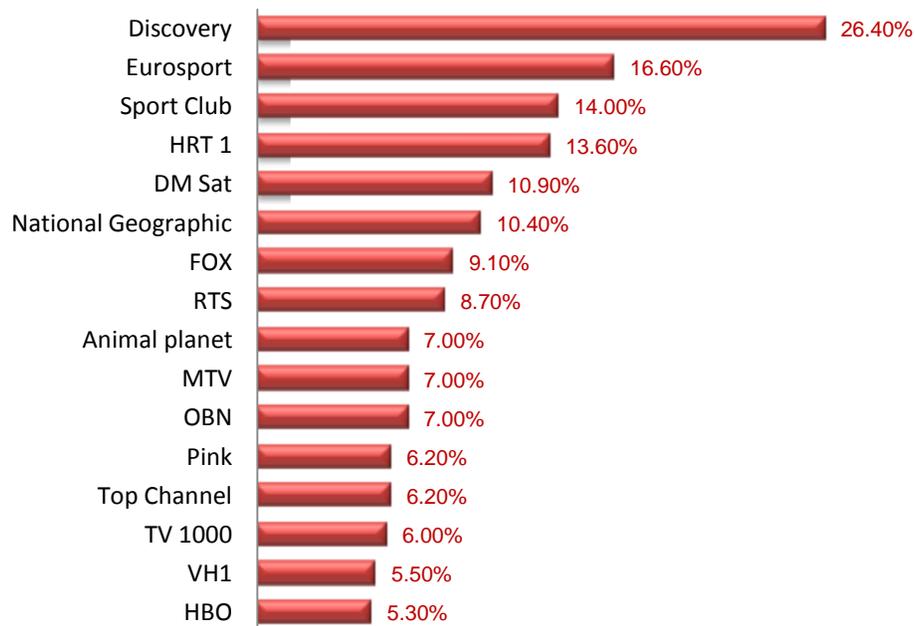
Foreign television channels

Through subscription agreements with the operators of public electronic communications networks, the Macedonian audience has access to over 400 foreign programme services. The Agency for Audio and Audiovisual Media Services has a record of programme packages registered by a total of 63 operators, 59 of which retransmit programme through cable, one through IPTV platform (Makedonski Telekom, or Max TV), one via DVB-T platform (Digiplus multimedia or BOOM TV) and two via DVB-S platform (Total TV and Tring Max). Their services were used by 89% of Macedonian households.

Due to the introduction of a new, more sophisticated system, and the disconnection of the analogue broadcasting and commencement of digital broadcasting of the television signal in June 2013, the Nielsen Audience Measurement research agency was not able to provide the Agency with precise data on the viewership of foreign channels in 2013. More specifically, due to the fact that a large proportion of households in the panel went from analogue to digital television signal reception during the period of June, July and August 2013, the data for this period are not precise enough.

In the past years, the joint participation of foreign channels in the total viewership has been relatively high. In 2007 the foreign channels had 25.30% of the total viewership, in 2008 - even 26.4%, and in 2009 - 24.98%. In 2010, the share of foreign channels in the total viewership noticeably decreased (18.4%). In 2011, the share of the total viewership was 20% and in 2012, it was 19.60%.

Image No. 31: Foreign channels most frequently watched by Macedonian viewers



Source: Market Vision

One of the questions that the respondents in the Survey of audience opinions on various programmes on the national television and radio channels were asked was *"Which foreign channels did you watch most?"*, and they could give up to three answers. The most common choice of the respondents who watched foreign channels were the specialized programme services of Discovery (26.40%) and the two sports channels Eurosport (16.60%) and Sport Club (14%). The fourth choice of the Macedonian audience was the first programme service of the Croatian public broadcasting service, HRT1.

The audience mostly watched documentaries, sports and movie content on the foreign channels.

Among the sixteen most popular foreign channels there are four music channels (DM Sat from Austria, Pink from Serbia and the two international music channels, MTV and VH1), four channels with a common format (the first programme services of the Croatian public broadcasting service HRT and the public service of Serbia - RTS, the Bosnian channel OBN and Albania's Top Channel), three movie channels (FOX, TV 1000 and HBO), three documentary or educational channels (Discovery Channel, National Geographic and Animal Planet) and two sports channels (Eurosport and Sport Club).

Table No.25: Operators of public electronic communications networks

OPERATORS OF PUBLIC ELECTRONIC COMMUNICATIONS NETWORKS – CABLE OPERATORS					
Ordinal number	Short name	Area where the services are performed	Ordinal number	Short name	Area where the services are performed
1	Studio Andes	Radovish	31	RI-GO Kabel Sat	Skopje
2	Kabel-L-Net	Labunishta, Podgorci, Borovec	32	Telenet Kom	Tetovo
3	Filadelfija-2002	Kochani,Orizari,Obleshevo	33	Pela Digital 2008	Struga
4	Kabel	Valandovo	34	Interlajf	Demir Kapija
5	Viva Net	Berovo and Pehchevo	35	Transped Trejd	Kriva Palanka v.Chelopek, municipality of Brvenica -Tetovo
6	Kanal 16	Resen, Bitola and Ohrid	36	KTV Sato-Net	Gostivar
7	Kabel Riz	Kochani,Orizari,Obleshevo	37	GIV	Struga
8	Vin Sat	Vinica	38	NGM K-Ristal	Gevgelija and Bogdanci
9	Kratelsat	Kratovo	39	Spajder-Net	Krushevo
10	Asta Plus	Kochani	40	Global-Net	Vinica
11	TO-MI	Radovish	41	KTV-69	Kumanovo
12	Super Hit	Gradsko	42	Multimedia Net	Skopje
13	KTV Peshna	Makedonski Brod	43	Spejs Tel Net	Strumica
14	Igmas net	Bitola (v.Kravari and v. Bistrica)	44	Kabel Net	Skopje
15	BIV Piramida	Delchevo (municipality and town)	45	Skupi Cable	Debar
16	Omega Net	Demir Hisar	46	Di-Kabel	Kumanovo
17	Inel Internacional	Kavadarci, Rosoman, Gradsko, Negotino	47	IP Systems	Kichevo
18	G-KTV	Territory of RM	48	DTS Kabelkall	Makedonska Kamenica
19	G-ON	Territory of RM	49	Kam Net	Chashka
20	Sistem Kabel	Skopje (v.Dolno Lisiche)	50	Imperija Sat	Gevgelija
21	Skrembl	Strumica (municipality of Novo Selo)	51	Pet Net	Krivogastani
22	Multimedia Network L	Gostivar (municipality of Vrapchiste and Rostushe)	52	Mobi Servis	Lipkovo and Kumanovo
23	Infel KTV	The whole territory of RM	53	VVV-Internet	Gostivar
24	Galavision 5	Bitola (v.Novaci)	54	AS-SAT	Territory of RM
25	KDS-BT	Probishtip	55	Fibernetworks	Bitola
26	KDS Kabel Net	Prilep and the surrounding area	56	BTV-NET	Kumanovo
27	RTD Altra Sat 2000	Ohrid	57	Kombo 2003	Kratovo
28	Blizoo	Territory of RM	58	Sanet Kabelsat	Vinica
29	Robi	Territory of RM	59	Vinsat Kabel	
30	Profi Sound	Labunishta			
OPERATORS OF PUBLIC ELECTRONIC COMMUNICATIONS NETWORKS - IPTV Platform					
1	Makedonski telekom (Max TV)	Territory of RM			
OPERATORS OF PUBLIC ELECTRONIC COMMUNICATIONS NETWORKS - DVB-T Platform					
1	Digiplus Multimedia (BOOM TV)	Territory of RM			
OPERATORS OF PUBLIC ELECTRONIC COMMUNICATIONS NETWORKS - DVB-S Platform					
1	Total TV	Territory of RM			
2	Tring Max	Territory of RM			

Source: AAAMS

Information sources consumed by Macedonian viewers

Television is still the most important source of information for the Macedonian audience. In 2013, even 79% of respondents said that they were informed by television about the domestic and foreign events daily, while 11% - several times a week.

Table No.26: Share of the audience obtaining daily information from...

	2012	2013
TV	75.40%	79.00%
Radio	13.70%	8.00%
Press	23.60%	20.00%
Internet	39.00%	44.00%
Other people	47.90%	30.00%

Source: Market Vision

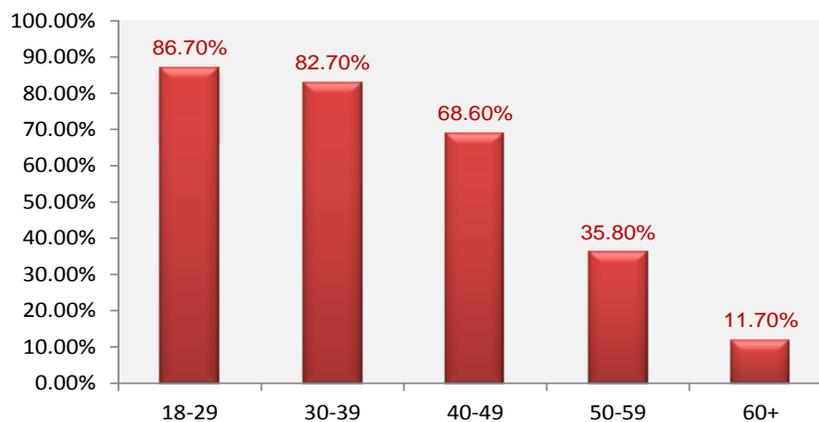
These values are significantly lower for other media: 44% of them consumed Internet news sources on a daily basis, 20% - the print media, and only 8% - the radio.

Compared with the previous year, the number of those who obtained information daily from the television increased by 3.60 percentage points, while the number of those who used Internet sources increased by five percentage points.

There is a decrease in the audience and the readership of the radio and the press, respectively, by 5.70 percentage points for the radio, and by 3.60 percentage points for the press.

The lowest number of respondents (only 2%) said they never used television as a source of information. As many as 51% never obtained information through radio, 26% never used print media and 36% never used the internet.

Image No.32: The share of people using internet at home (by age groups)



Source: Market Vision

More than half of the respondents (59.1%) used Internet at home. With the increase in the respondents' age, the number of those who used the Internet at home has gradually decreased. Even 86.7% of respondents aged 18 to 29 years and 82.7% of respondents aged 30 to 39 said they used the Internet at home.

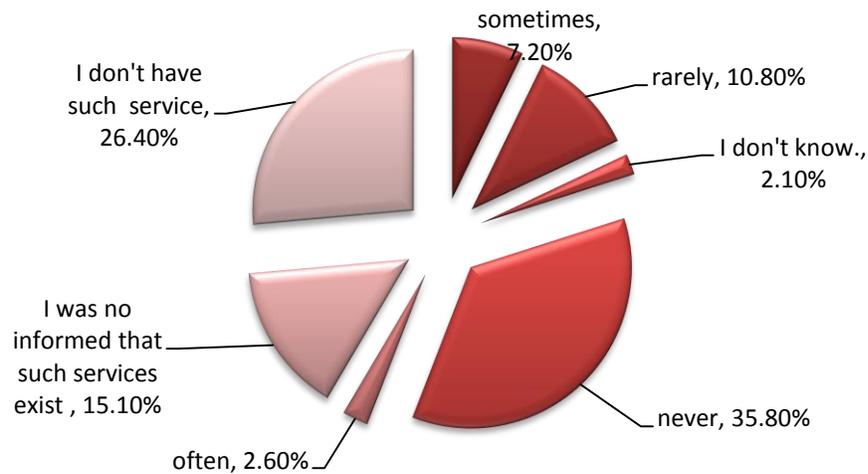
Regarding the age group between 40 and 49 years of age, it may be noticed that a smaller share uses Internet at home, while in the group aged 50 to 59 - already less than half. As expected, the lowest number of respondents aged over 60 years responded affirmatively to the question "Do you use the Internet at home?".

As many as 65% of respondents use Internet at home on a daily basis for accessing social networks, 57% - for information on daily events, 3% to listen to the radio, and only 1% to watch television.

As many as 95.1% of respondents owned a mobile phone. Of those, 18% frequently used their mobile phone for accessing the Internet and searching online, 9% - sometimes and another 9% - very rarely, whereas 24% - never. Even 40% had no such feature on their mobile phone. As for viewing television content via mobile phone, 39% of respondents did not have such a feature, 48% never used this feature, 8% rarely used it, 4% sometimes, and only 1% often watched television content via mobile phone.

The service "video on demand" was used by 20.6% of viewers, or precisely 2.6% used it often, 7.2% sometimes, and 10.8% rarely.

Image No.33: How often do you use the service "Video on demand"?



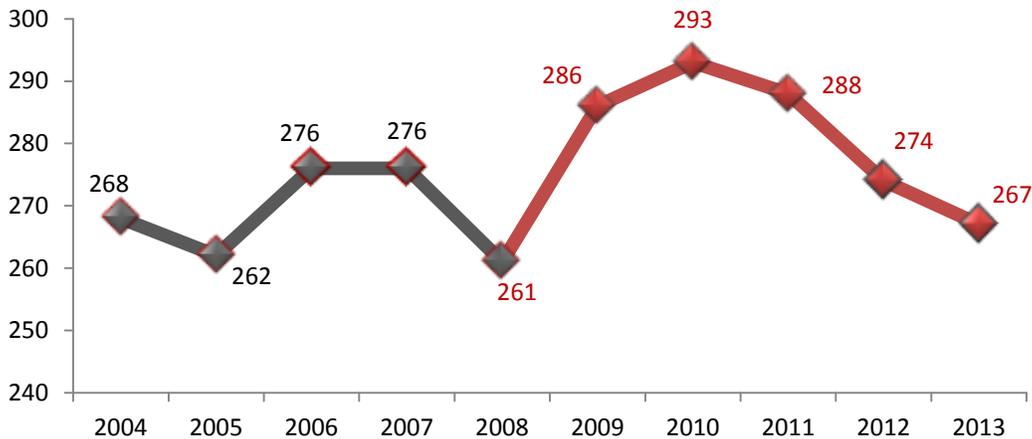
Source: Market Vision

Most of the respondents (35.80%) said that they never used that service, 26.40% had no such feature, and 15.10% were not informed that that type of service was offered.

Average time of watching television on a daily basis

In 2013, the Macedonian audience watched television daily for 4 hours and 27 minutes on the average. The graph below presents data on average daily watching of television in the last ten years. These data are not fully comparable because of the different methodologies used to calculate them.

Image No.34: Average daily watching of television in the last ten years (in minutes)



Source: Nielsen Audience Measurement

Namely, in the period from 2004 to 2008 the measuring of the television audience in Macedonia was performed according to the method of daily records, while from 2008 onwards the method of peplemeters was applied. The method of daily records covered the audience aged 10 to 70, and the weekly reach calculated in at least 15 minutes of viewing, while the method of peplemeters includes the audience over the age of four years, and the weekly reach incorporates as short as one minute of viewing.

Macedonians watched television the least in 2008 (4 hours and 21 minutes). In the following two years, this time increased, as follows: in 2009 by 25 minutes, and in 2010 even by 32 minutes. From 2010 onwards, the average daily television viewing has decreased each year. In 2013 on average during the day, the Macedonian audience watched television seven minutes less than in 2012, 21 minutes less than in 2011 and even 26 minutes less than in 2010.

Most viewed programme content in 2013

The most viewed programme content on Macedonian television stations was the episode of the Turkish serial "Burni Vreminja", (Turbulent Times) broadcasted on 4 April, on Sitel TV, with a rating of 28.3%. The common rating of all 83 episodes of this serial, aired in 2013, was 18.3%, putting them in the 15th place according to the ratings.

Top 10

The ten most popular contents in this year were broadcast on Sitel TV. Four of them were live coverages of sporting events, five were soap operas and one – live action film.

The first and the second place are occupied by the direct broadcasts of two matches of the World Men's Handball Championship (the match between the national teams of Denmark and Macedonia, with a rating of 22.5%, and the match between the national teams of Qatar and Macedonia, with a rating of 22.4%). Additional two live broadcasts of sporting events were among the ten most popular programmes (the handball match between the national teams of Macedonia and Chile and the basketball match between the national teams of Lithuania and Macedonia).

Table No.27: Most watched programme contents in 2013

Ordinal number	Programme content	AMR	AMR%	Broacts
1	WC HANDBALL MEN 2013: Denmark-Macedonia	429,737	22,5%	1
2	WC HANDBALL MEN 2013: Qatar-Macedonia	426,181	22,4%	1
3	Film: Tight Skin	410,711	21,6%	1
4	Series: Pledge	394,850	20,7%	45
5	Series: The Destiny of Fatmagjul	389,383	20,4%	57
6	Series: Asi	387,467	20,3%	132
7	EC Basketball: Lithuania-Macedonia	386,253	20,3%	1
8	Series: Destined to Love	372,104	19,5%	3
9	WC HANDBALL MEN 2013: Macedonia-Chile	361,645	19,0%	1
10	Series: Her Mother's Sin	357,620	18,8%	6

Source: Nielsen Audience Measurement

The third position belongs to the film "Tight Skin", produced in 1982 in the former Yugoslavia.

Among the ten most popular programmes, there are as many as five series, four of which are Turkish productions and one is Serbian production ("Her Mother's Sin").

Top 100

As many as 84 of the hundred most popular programmes were from the offer of Sitel TV.

Only four were broadcasted on Kanal 5 TV, including: a recording of the "Zlatna Buba Mara na Popularnost za 2013" awards ceremony (in the 27th place, with a rating of 15.9%), the broadcasting of the "Hurem of the Year" pageant (in the 58th place, with a rating of 10.8%) and the Turkish series "Valley of the Wolves – A Trap" (in the 93rd place, with an average rating of the seven broadcasted episodes of 8.5%) and "The Magnificent" (in the 96th place, with an average rating of 8.4% of a total of 93 episodes broadcasted).

The remaining 12 programmes among the 100 most watched were from the programme offer of the first channel of the Macedonian Television (MTV 1). Ten of these were coverages of sporting events (four matches of the Macedonian national team at the World Football Championship Qualifications, four broadcasts of the matches of the Champions' League, a football match of the Confederations Cup and a handball match of the European Championship Qualifications between Macedonia and Portugal), the live broadcast of the prize draw "*Fiscal Bill in Hand - Prize Without Pain*" (in the 57th place, with a rating of 10.9%) and the live broadcast of the second semi-final of the Eurovision Song Contest (in the 82nd place, with a rating of 9.2%).

Demographic characteristics of the audience

Most viewers in 2013 were women (by 7.74% more than men).

A substantially higher proportion of the total audience was above 65 years of age.

The capital and the eastern region of the country produced nearly equal numbers of viewers (28.38% and 28.32%, respectively).

More than half of the audience consisted of unemployed people aged over 15 years, while a significant proportion of them had high school education (42.18%).

Only 38.70% of the viewers of television programmes were those responsible for procurement in their households.

Almost half of the audience (45.71%) had monthly incomes equal to the average monthly income in the country.

A remarkably greater share of the audience came from urban areas.

If one looks at the data regarding the demographic structure of the audience for individual TV channels, it is noticeable that only the audience of Telma TV consisted of more men than women.

Most of the viewers of MTV 1, Sitel TV, Kanal 5 TV, Telma TV and Alfa TV were over the age of 65 years, while most of the viewers of Alsat-M TV were aged 10 to 14 years. Even 23.24% of the audience of Alsat-M TV were children aged four to 14 years.

Table No.28: Demographic characteristics of the audience in 2013

Criterion		share	Criterion		share
Gender	Male	46.13%	Employment status	Employed 15+	29.79%
	Female	53.87%		Unemployed 15+	55.76%
Age	4-10	7.48%	Education	Children 4-14	14.45%
	10-14	6.97%		Elementary or no education	27.14%
	15-19	4.53%		High school	42.18%
	20-24	4.33%	University	16.22%	
	25-29	5.17%	Children 4-14	14.45%	
	30-34	6.18%	Number of household members	1-2	21.30%
	35-39	7.92%		3-4	46.24%
	40-44	7.74%		5 and more	32.46%
	45-49	8.98%	Responsible for purchasing	Yes	38.70%
	50-54	8.49%		No	61.30%
	55-59	7.22%	Average monthly income	Bellow average	33.61%
	60-64	7.77%		Average	45.71%
	65+	17.22%		Above average	20.68%
Region	Skopje	28.38%	Surroundings	Urban	64.38%
	Northwest	22.97%		Rural	35.62%
	Southwest	20.33%	Nationality	Macedonian and other	80.99%
	Eastern	28.32%		Albanian	19.01%

Source : Nielsen Audience Measurement

As many as 72.33% of the viewers of Alsat-M TV were from the north-western part of the country. As regards the five other televisions, no such significant deviations in the structure of their audience by region were noticed (most of the audience of MTV 1, Sitel TV, Kanal 5 TV were from the Eastern region of Macedonia, and most of the audience of Telma TV and Alfa TV - from Skopje).

Regarding the employment status, more than half of the viewers of all six televisions were unemployed people over the age of 15.

In terms of education level, most viewers of Alsat-M TV had primary education or no education, while most of the viewers of the other five televisions had completed secondary education.

A substantial part of the Sitel TV, Kanal 5 TV, Telma TV and Alfa TV viewers had monthly incomes equal to the average monthly income in the country, while most of the viewers of MTV 1 and Alsat-M TV had lower monthly incomes than the average monthly income.

Table No.29: Demographic characteristics of the audience of television stations at the state level

Criterion		MTV 1	SITEL	KANAL 5	ALSAT-M	TELMA	ALFA
Gender	Male	46.67%	41.57%	44.31%	41.54%	50.87%	47.81%
	Female	53.33%	58.43%	55.69%	58.46%	49.13%	52.19%
Age	4-10	6.37%	7.43%	6.08%	11.34%	5.44%	4.28%
	10-14	6.23%	6.86%	5.94%	11.90%	4.11%	4.15%
	15-19	2.57%	3.96%	4.99%	6.65%	2.53%	2.36%
	20-24	3.24%	3.91%	4.46%	7.92%	3.48%	3.41%
	25-29	6.20%	4.34%	4.82%	7.52%	4.41%	4.42%
	30-34	5.31%	5.39%	5.71%	9.87%	5.52%	6.49%
	35-39	7.55%	7.52%	7.71%	8.27%	9.21%	7.48%
	40-44	6.23%	7.67%	7.86%	6.86%	8.11%	7.40%
	45-49	10.88%	8.35%	10.52%	6.15%	8.56%	10.90%
	50-54	8.75%	7.21%	10.08%	6.46%	9.54%	11.00%
	55-59	5.60%	7.50%	7.41%	5.75%	9.04%	7.82%
	60-64	8.12%	9.23%	8.80%	5.10%	8.96%	7.61%
	65+	22.96%	20.63%	15.61%	6.20%	21.08%	22.67%
Region	Skopje	26.24%	27.88%	30.08%	23.54%	33.50%	33.42%
	Northwest	16.61%	13.09%	16.72%	72.33%	19.20%	20.17%
	Southwest	26.92%	21.21%	20.67%	3.03%	21.29%	19.04%
	Eastern	30.23%	37.82%	32.53%	1.09%	26.01%	27.38%
Employment status	Employed 15+	29.04%	29.12%	31.06%	19.19%	34.43%	36.35%
	Unemployed 15+	58.36%	56.59%	56.92%	57.57%	56.02%	55.22%
	Children 4-14	12.60%	14.29%	12.02%	23.24%	9.56%	8.43%
Education	Elementary or no education	22.43%	27.96%	30.09%	40.57%	24.37%	17.87%
	High school	48.10%	42.27%	43.92%	26.52%	45.80%	47.43%
	University	16.87%	15.48%	13.98%	9.66%	20.27%	26.27%
	Children 4-14	12.60%	14.29%	12.02%	23.24%	9.56%	8.43%
Number of household members	1-2	28.05%	24.28%	21.87%	6.20%	28.32%	28.31%
	3-4	46.82%	47.12%	45.66%	33.00%	45.93%	48.21%
	5 and more	25.13%	28.60%	32.47%	60.80%	25.75%	23.49%
Responsible for purchasing	Yes	41.39%	41.12%	40.87%	26.52%	43.74%	45.37%
	No	58.61%	58.88%	59.13%	73.48%	56.26%	54.63%
Average monthly income	Below average	38.21%	31.58%	38.08%	48.27%	29.73%	29.53%
	Average	37.83%	48.99%	43.45%	38.11%	46.01%	41.34%
	Above average	23.96%	19.43%	18.47%	13.63%	24.26%	29.14%
Surroundings	Urban	65.67%	68.64%	60.49%	37.15%	66.15%	78.09%
	Rural	34.33%	31.36%	39.51%	62.85%	33.85%	21.91%
Nationality	Macedonian and other	94.39%	94.65%	91.44%	6.44%	88.83%	95.03%
	Albanian	5.61%	5.35%	8.56%	93.56%	11.17%	4.97%

Source: Nielsen Audience Measurement

RADIO INDUSTRY

Key findings

Table No.30: Key findings in the radio industry

	In million denars				
	Total revenues	Advertising revenues	Total expenditures	Operation results	Headcount
Macedonian Radio	242.72	2.93	233.54	9.18	270
Antenna 5	29.33	25.81	28.71	-0.05	13
Kanal 77	19.2	3.78	18.64	0.53	5
Metropolis	2.56	2.56	2.31	0.25	0
Slobodna Makedonija	14.69	14.69	2.16	12.52	1
Regional radio stations	54.04	44.17	55.59	-2.26	51
Local radio stations	36.41	31.66	35.69	1.12	95
TOTAL	398.95	125.6	376.64	21.29	435

Source: AAAMS

The most popular radio station in 2013 was Antenna 5

In the analysed year, the average weekly reach of RA Antenna 5 was 23.10%. The second was RA Kanal 77 with an average weekly reach of 10.60%, and the third – the Macedonian Radio 1 with 6.20%.

Total revenues in the radio industry were lower by 17.90 %

The total revenues in the radio industry amounted to 398.95 million denars. Compared with the previous year, this result represents a decrease of 17.90%, which was largely due to the falling revenues of the Macedonian Radio. Less total revenues than in the previous year were also earned by RA Antenna 5, RA Kanal 77 and the regional radio stations as a whole. The total revenues of the Macedonian Radio constituted 60.84% of the revenues in the radio industry. Commercial radio stations at the state level earned 16.49%, regional radio stations - 13.55%, and local radio stations - 9.13%, of the total revenues in the radio industry.

Advertising revenues decreased by 2.57%

From the sale of advertising time the Macedonian Radio and the commercial radio stations earned a total of 125.6 million denars, which was 2.57% less than in the previous year. Most advertising revenues were earned by RA Antenna 5, i.e. 25.81 million denars, comprising 20.55% of the advertising pie in the radio industry. Radio stations at the state level earned 39.63%, the sixteen regional radio stations - 35.17%, and the 55 local radio stations - 25.21% of the advertising revenues in the radio industry.

Total expenditures in the radio industry amounted to 376.64 million denars

In 2013, the total expenditures of all entities in the public and private sectors amounted to 376.64 million denars. Compared with the previous year, the total expenditures were lower by 13.83%. The costs of the Macedonian radio represented as much as 62.01% of the total costs in the radio industry. The four commercial radio stations at the state level spent 13.76%, the regional radio stations - 14.76%, and the local radio stations - 9.48% of the total costs of all stakeholders in the radio industry.

More than half of the total costs were direct costs of creating the programme (54.06%). Most funds were allocated for salaries and other benefits to employees directly connected with the programme production (125.75 million denars or 33.39% of the total costs).

More than half of the radio stations gained profit

The achieved financial result of the operation of all radio stations in 2013 was a profit in the amount of 21.29 million denars. Only the regional radio stations worked totally with losses. All other segments of the radio market achieved positive financial results, as follows: Macedonian Radio – a profit of 9.18 million denars, the commercial radio stations at the state level – a profit of 13.25 million denars, and the local radio stations - 1.12 million denars. A total of 47 radio stations achieved positive financial results.

The average headcount in the radio industry was 435 employees

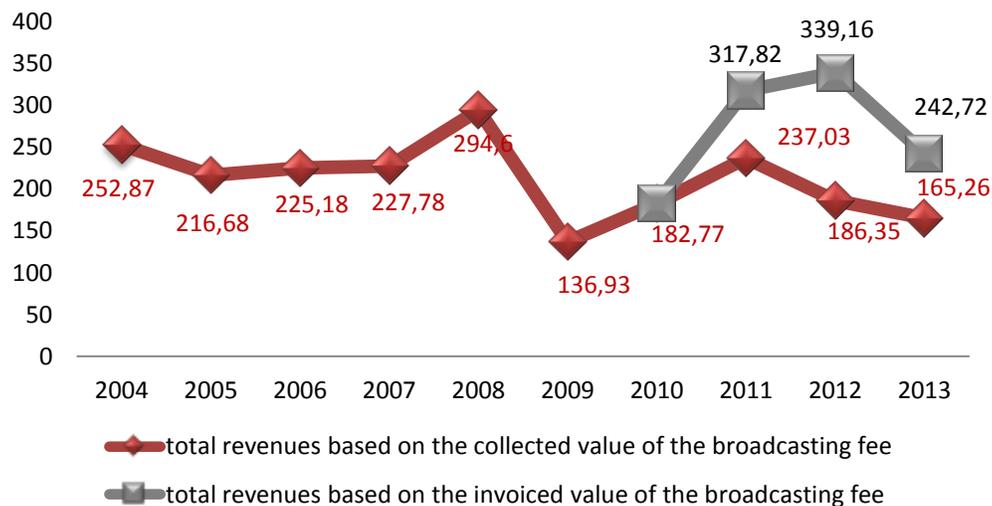
The average number of regular employees in all entities of the radio industry was 435. Most of them were engaged at the public service - 270 people. The four commercial radio stations employed 19 people, the sixteen regional radio stations - 51 people, while the local radio stations - 95 people.

Macedonian Radio

In the analysed year, the Macedonian Radio realized total revenues in the amount of 242.72 million denars. As with the data on the economic performance of the Macedonian Television, this amount includes the invoiced value of the broadcasting fee. In the last three years, that is, from 2011 onwards, on the recommendation of the State Audit Office, this public service is required to show the invoiced value of the broadcasting fee as revenue in the accounting books, and not only the actually collected value as before. In 2013, from a total of 160.53 million denars, which was the amount of the invoiced value, only 51.75% or 83.07 million denars were collected.

The display below shows the fluctuation in the total revenues of the Macedonian Radio in the last ten years, of which in the first seven years the values incorporated the collected amount of the broadcasting fee (as these revenues were then recorded in the accounting books), while in the last three years, the total revenues are shown with two values (one is the invoiced value, as presented in the final statement, and the other is the collected value of the broadcasting fee). We can compare only revenues that are calculated in the same manner, that is, only those calculated on the basis of the collected value of the broadcasting fee.

Image No.35: Fluctuation in the total revenues of the Macedonian Radio in the last ten years



Source: AAAMS

From 2004 onwards, only in 2009 did the Macedonian Radio realize less revenue than in the analysed year (by 20.69%). Compared to the previous year, the revenues were lower by 11.31%, while, compared to 2011, they were lower by 30.28%. The highest revenues in the amount of 294.6 million denars were realized in 2008.

Most of the revenues of the Macedonian Radio came from funds from the broadcasting fee (66.14%) and from revenues for services provided to third parties (19.90%). There is also

significant participation of the revenues falling within the category "other revenues" which, according to the data submitted by the public service, were generated from collected receivables that had been written off, subsequently established revenues from previous years, interest rate and foreign exchange revenues etc.

Table No.31: Revenue structure of the Macedonian Radio

	2013	share
Broadcasting fee	160.53	66.14%
Advertising	2.93	1.21%
Sponsorships	0,00	0.00%
Sale of programme	0,00	0.00%
Services provided to third parties	48.29	19.90%
Other revenues	30.97	12.76%
Revenues from the main activity	242.72	
Revenues from other activities	0,00	0.00%
Extraordinary revenues	0,00	0.00%
Total revenues	242.72	0.00%

Source: AAAMS

From the sale of advertising time 2.93 million denars were obtained, which was almost three times more than in the previous year, when these revenues had totalled only 1.04 million denars. However, the share of these revenues in the total revenues of the Macedonian Radio is very small - only 1.21% - which suggests that the opportunities for earning advertising revenue are far from being sufficiently exploited, and that the public broadcasting service should be more engaged in this respect.

Image No.36: Fluctuation in the total expenditures of the Macedonian Radio in the last ten years



Source: AAAMS

The total costs of the Macedonian Radio amounted to 233.54 million denars, representing a decrease of 23.22% compared to the costs of the previous year.

Almost half of the funds spent were direct costs for creating the programme (49.01%), of which the costs for salaries and other benefits to persons directly connected with the programme production were the highest. The costs in the category of "all other operation expenses" also have a significant share in the total cost structure.

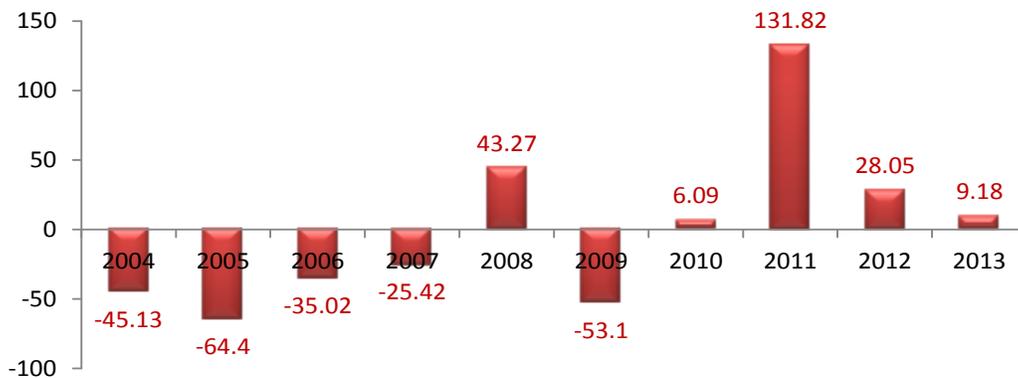
Table.32: Cost structure of the Macedonian Radio

	2013	share
Tangible costs	14.40	6.17%
Costs for procurement of programme	7.14	3.06%
Intangible costs (services)	1.01	0.43%
Salaries and other benefits to persons directly connected with the programme production	91.92	39.36%
Direct costs for creating programme	114.47	49.01%
Salaries and other benefits to persons who are not directly connected with the programme production	7.87	3.37%
Depreciation of equipment	6.77	2.90%
Suspension of rights and licenses	0	0.00%
Rent and other bill-related costs	9.96	4.26%
All other not covered operation expenses	94.48	40.45%
Total operation costs	233.55	
Expenses from other activities	0	0.00%
Extraordinary expenses	0	0.00%
Total operation costs	233.55	

Source: AAAMS

In the period from 2004 to 2013, the Macedonian Radio achieved a positive operation result in the last four years and in 2008. The best financial result was achieved in 2011 (profit in the amount of 131.82 million denars), and the worst - in 2005 (a loss of 64.4 million denars).

Image No.37: Achieved operation results in the last ten years



Source: AAAMS

The average headcount in 2013 was 270 employees.

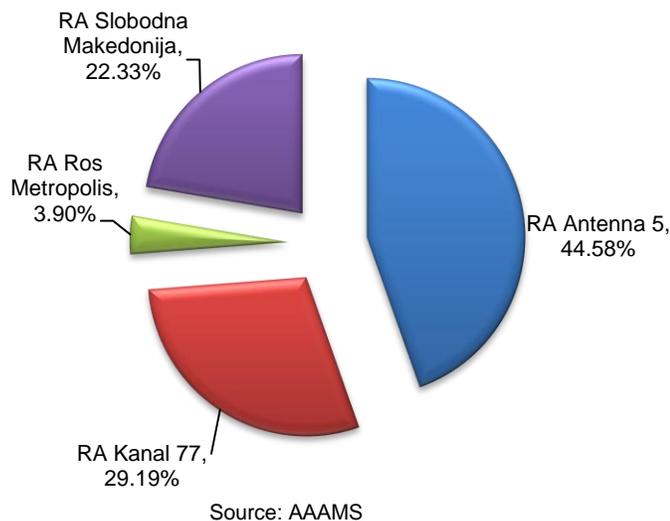
Radio stations at the state level

In 2013, radio programme on the territory of the country was aired by four commercial radio stations, three of which during the whole year (RA Antenna 5, RA Kanal 77 and RA Metropolis), and one (RA Slobodna Makedonija) only in the last month of the year.

In April 2013, a competition was announced for granting a broadcasting licence for radio at the state level. By means of the Decision No.07-321 dated 15 July 2013, the license was granted to the Radio Ravel LLC trade broadcasting company from Skopje, which later changed its name into Radio Slobodna Makedonija. This radio station began broadcasting programme on 11 December 2013.

The total revenues of these four radio stations in 2013 amounted to 65.78 million denars.

Image No.38: Share in the total revenues of radio stations at the state level



The total revenues of RA Antenna 5 represented as much as 44.58% of this amount, amounting to 29.33 million denars. RA Kanal 77 (29.19%) and RA Slobodna Makedonija (22.33%) had an approximately equal share in the total revenues, their total revenues amounting to 19.20 million denars and 14.69 million denars, respectively. The lowest share in the total revenues of the commercial radio stations at the state level was that of RA Metropolis (only 3.90%). The total revenue of this radio station amounted to 2.56 million denars.

The total revenues in this segment of the radio market increased by 17.42%, compared to the total revenues in the previous year. This was primarily due to the revenue shown by the new entity on the market, RA Slobodna Makedonija (14.69 million denars) and, to a very small extent, to the increase in RA Metropolis' total revenues (28% or in absolute terms, only 0.56 million denars).

The other two radio stations earned less revenue than in 2012, as follows: RA Antenna 5 by 2%, and RA Kanal 77 by 20,30%).

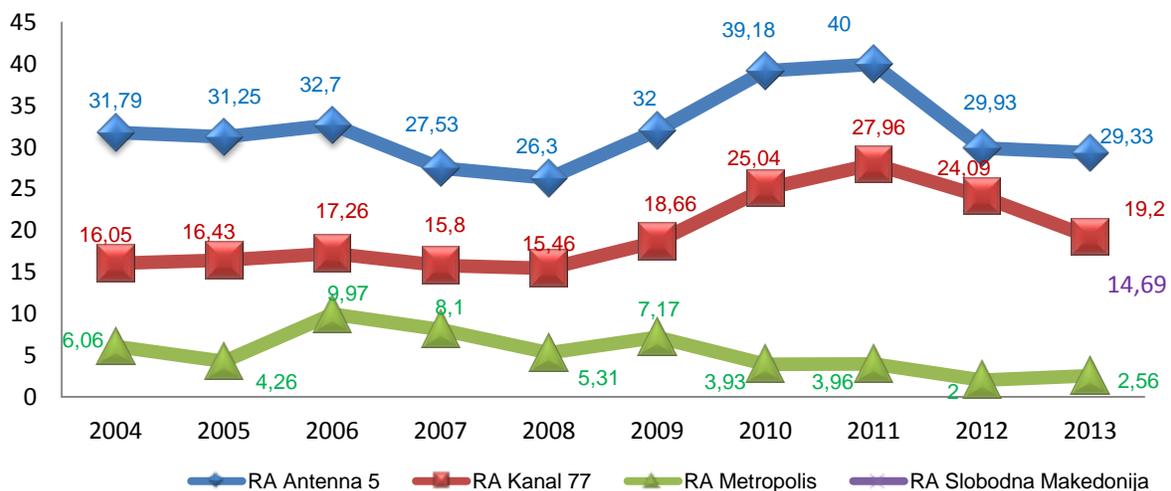
Table No.33: Growth rate of total revenues

	Growth rate 2010/2009	Growth rate 2011/2010	Growth rate 2012/2011	Growth rate 2013/2012
RA Antenna 5	22.44%	2.09%	-25.18%	-2.00%
RA Kanal 77	34.19%	11.66%	-13.84%	-20.30%
RA Metropolis	-45.19%	0.76%	-49.49%	28.00%
RA Slobodna Makedonija	-	-	-	-

Source: AAAMS

In each of the last ten years, the highest revenues were generated by RA Antenna 5, followed by RA Kanal 77. The most favourable year for these two radio stations was 2011, when RA Antenna 5 gained total revenues in the amount of 40 million denars, and Kanal 77 in the amount of 27.96 million denars. From 2004 onwards, RA Metropolis achieved the highest revenues in 2006 (9.97 million denars).

Image No.39: Fluctuation in the total revenues in the period from 2004 to 2013



Source: AAAMS

In 2013, the four commercial radio stations at the state level gained revenues only on four bases: sale of advertising time, sale of programme content, revenues from the category "other revenues" and revenues from other activities.

The advertising revenue had the greatest share in the revenue structure (71.21%). The sale of advertising time was the only source of revenue for RA Metropolis and RA Slobodna Makedonija.

RA Antenna 5 gained 88% of the total revenues by broadcasting commercials. The remaining 12% were revenues in the "other revenues" category (these were revenues from write-off of liabilities) and revenue from other activities.

Only for RA Kanal 77 were the advertising revenues not the most important source of revenue. This radio station gained most of its profit from other activities (41.11%) and sale of programme content (28,84%).

The overall amount of revenues from the sale of programme content was presented by RA Kanal 77 (5.54 million denars), while those in the "other revenues" category were reported by RA Antenna 5 (2.51 million denars) and RA Kanal 77 (1.99 million denars). Only these two radio stations showed revenues from other activities as well (RA Antenna 5 - 1.01 million denars, and RA Kanal 77 - 7.89 million denars).

Table No.34: Revenue structure of commercial radio stations at state level

	2013	share
Advertising and teleshopping	46.84	71.21%
Sponsorships	0.00	0.00%
Sale of programmes	5.54	8.42%
Services provided to third parties	0.00	0.00%
Other revenues	4.50	6.84%
Revenues from the main activity	56.88	86.47%
Revenues from other activities	8.90	13.53%
Extraordinary revenues	0.00	0.00%
Total revenues	65.78	

Source: AAAMS

The total costs incurred in the analyzed year by these four radio stations amounted to 51.84 million denars.

RA Antenna 5 spent more funds than the other three radio stations together. The costs of RA Antenna 5 amounted to 28.71 million denars, representing 55.39% of the total costs of the radio stations at the state level. Significant costs were also incurred by RA Kanal 77 (18.64 million denars, or 35.97% of the total costs). Nearly equal amounts were spent by RA Metropilos (2.31 million denars) and RA Slobodna Makedonija (2.16 million denars).

More than half of the total costs of these four radio stations were direct costs of producing the programme (58.58%). Individually speaking, the largest share in the total costs belonged to intangible costs or services (28,72%), due to the high amount of this type of expense shown by RA Antenna 5 (9.76 million denars or 65.55% of the total amount).

Costs for salaries and other benefits for people who were directly associated with the production of the programme accounted for 10.92% of the total costs. Most funds for this kind of expense were spent by RA Antenna 5 (4.03 million denars). RA Kanal 77 set aside 1.32 million denars for employee salaries, and RA Slobodna Makedonija - 0.31 million denars. Costs for salaries and other benefits for people who were not directly associated with the programme production were only presented by RA Antenna 5, in the amount of 1.78 million denars. RA Metropolis did not show any costs for salaries or benefits for engaged people, which raises the issue as to how this radio station paid the people engaged in its work.

Table No.35: Cost structure of commercial radio stations at the state level

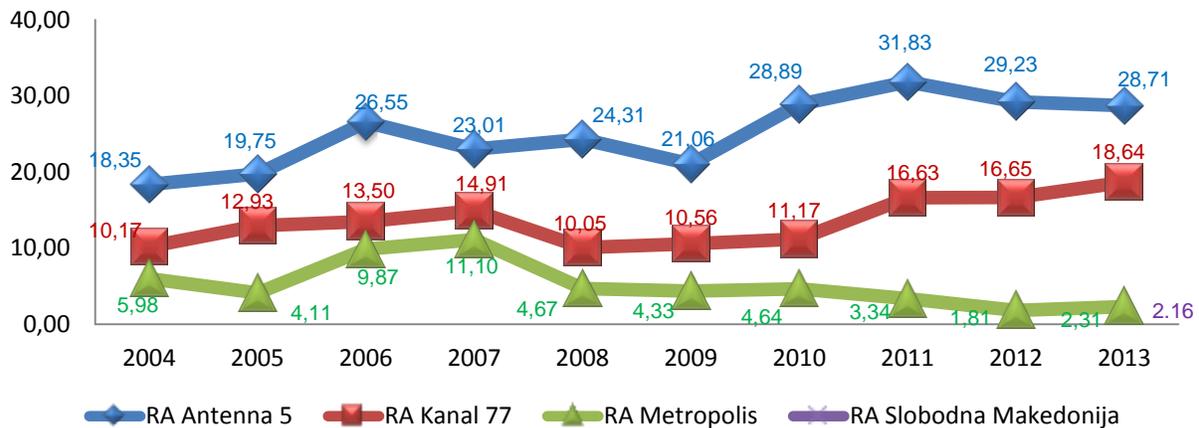
	2013	share
Tangible costs	6.07	11.72%
Costs for procurement of programme	3.74	7.21%
Intangible costs (services)	14.89	28.72%
Salaries and other benefits to persons directly connected with the programme production	5.66	10.92%
Direct costs for creating programme	30.36	58.58%
Salaries and other benefits to persons who are not directly connected with the programme production	1.78	3.44%
Depreciation of equipment	7.23	13.94%
Suspension of rights and licenses	0.00	0.00%
Rent and other bill-related costs	1.81	3.49%
All other operation expenses	10.38	20.03%
Total operation costs	51.56	99.48%
Expenses from other activities	0.27	0.52%
Extraordinary expenses	0.00	0.00%
Total operation costs	51.84	

Source: AAAMS

Almost the entire amount of "all other operation expenses" belonged to RA Antenna 5 (3.63 million denars) and RA Kanal 77 (6.65 million denars).

In 2013, RA Antenna 5 spent less funds than in the previous year (by 1.77%), whereas RA Kanal 77 and RA Metropolis increased their costs (by 11.98%, that is, 27.88%).

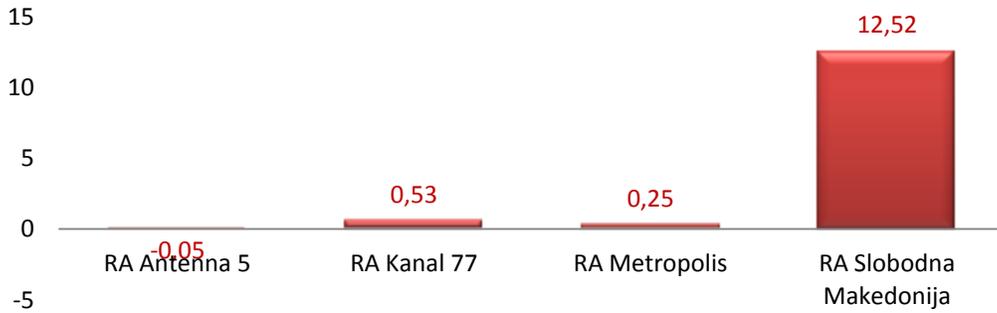
Image No.40: Fluctuation of costs of radio stations at the state level in the last ten years



Source: AAAMS

In the analyzed year, only RA Antenna 5 had a negative financial result (loss amounting to 0.05 million denars). The other three radio stations gained profit.

Image No.41: Achieved operation results



Source: AAAMS

The average number of regular employees in these four radio stations was 19, of whom 13 were employed in RA Antenna 5, five in RA Kanal 77 and one in RA Slobodna Makedonija.

RA Metropolis did not engage any employees with a regular employment status.

Table No.36: Average number of employees with a regular employment status

	2009	2010	2011	2012	2013
RA Antenna 5	13	14	14	14	13
RA Kanal 77	4	5	6	6	5
RA Metropolis	0	0	0	0	0
RA Slobodna Makedonija	-	-	-	-	1

Source: AAAMS

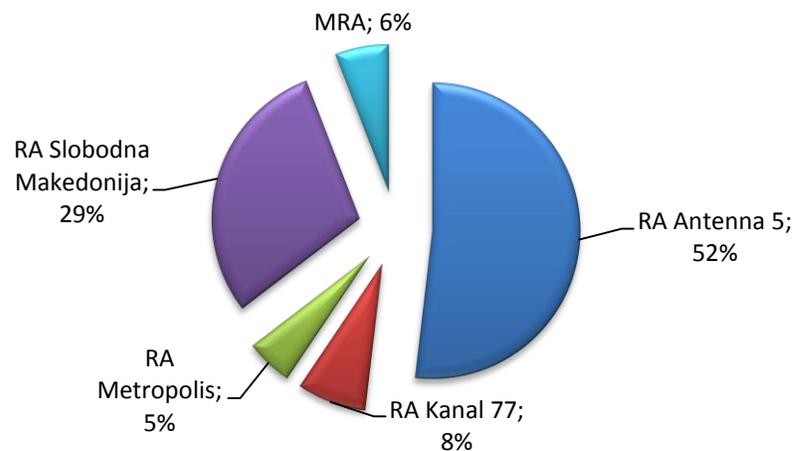
Compared with the previous year, RA Antenna 5 and RA Kanal 77 had reduced their staff by one person.

Shares in the advertising revenue and the ratings of radio stations at the state level

The total revenues from the sale of advertising time in 2013, earned by the radio stations that broadcast at the state level (the four commercial radio stations and the Macedonian Radio), were 49.77 million denars.

More than half of these funds were earned by RA Antenna 5 (52%), the advertising revenue of which amounted to 25.81 million denars. RA Slobodna Makedonija earned a total of 14.69 million denars from the sale of advertising time, which constituted 29% of the total revenue of the radio stations at the state level (these were advance payments from advertisers whose commercials were to be broadcasted in the following period). The advertising revenue generated by RA Kanal 77, in the amount of 3.78 million denars, constituted 8% of the total advertising revenues, while the revenue of the Macedonian Radio, in the amount of 2.93 million denars, accounted for 6% of the total advertising revenues. Least attractive to advertisers was RA Metropolis, which earned only 2.56 million denars or only 5% of the advertising revenue of the radio stations at the state level.

Image No.42: Share in advertising revenues



Source: AAAMS

The data for the radio ratings were provided by the IPSOS STRATEGIC PULS research agency from Skopje. For the collection of these data, the method of computer-assisted telephone survey was used, by daily data collection, that is, a survey of a sample of 44 respondents daily, or 14,780 annually. The interviewees were asked the question "Which radio station did you listen to at least five minutes last week?".

Most of the respondents, that is, 23.10% of them said that they listened to RA Antenna 5, while 10.60% of them listened to RA Kanal 77. The third position belonged to the first programme service of the Macedonian Radio.

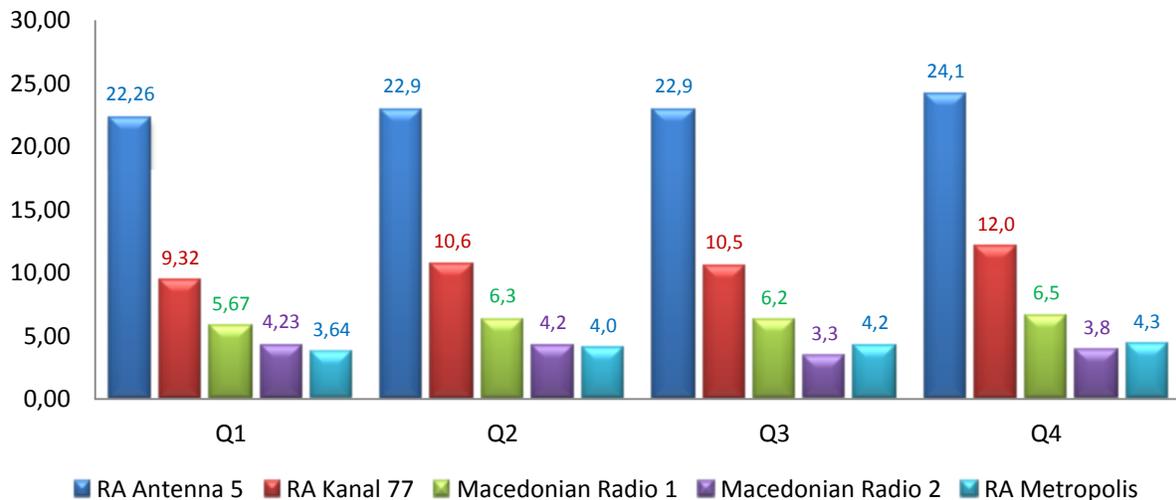
Table No.37: Average weekly reach in 2013

Radio station	WR 2013
RA Antenna 5	23.10%
RA Kanal 77	10.60%
Macedonian Radio 1	6.20%
RA Metropolis	4.10%
Macedonian Radio 2	3.80%
Macedonian Radio 3	na.
RA Slobodna Makedonija	na.

Source: Ipsos Strategic Puls

If one compares the quarterly data for the average reach of these radio stations, one must notice that, in every quarter, RA Antenna 5 had the greatest reach, the second choice of the radio audience was RA Kanal 77 and the third - Macedonian Radio 1. In the first two quarters, Macedonian Radio 2 was in the fourth place, and in the third and fourth quarters - in fifth place.

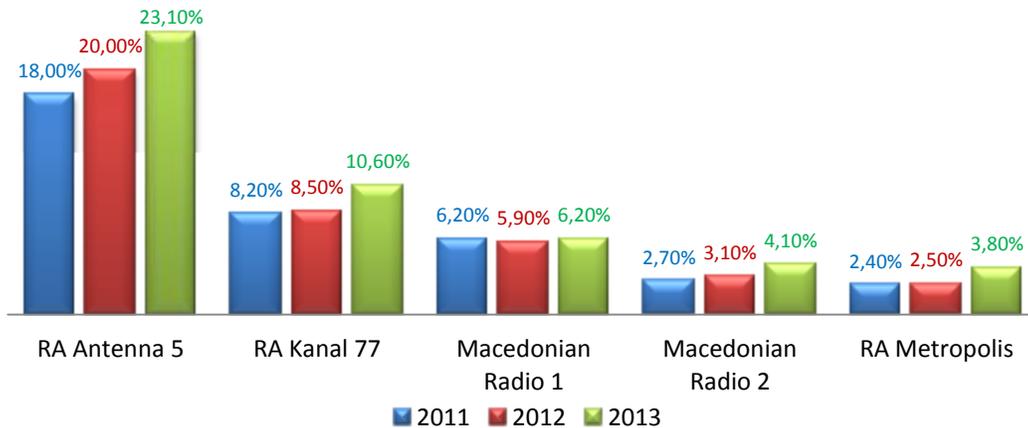
Image No.43: Quarterly data on the weekly reach of radio stations at the state level



Source: Ipsos Strategic Puls

In each of the last three years RA Antenna 5 had the highest average reach. Only in 2012 had the Macedonian Radio 1 lower reach than in the previous year. Regarding the other four radio stations, the average weekly reach had been increasing year by year.

Image No.44: Average annual reach of radio stations at the state level in the last three years



Source: Ipsos Strategic Puls

In 2013, the weekly reach of RA Antenna 5 was by 3.10 percentage points higher than in the previous year. The other four radio stations also had a higher weekly reach than in 2012, as follows: RA Kanal 77 by 2.10 percentage points, Macedonian Radio 1 by 0.30 percentage points, Macedonian Radio 2 by one percentage point, and RA Metropolis by 1.30 percentage points.

Demographic characteristics of the audience of radio stations at the state level

According to the demographic characteristics of the listeners of radio at the state level, most of the audience of each of them were men.

Among the listeners of RA Antenna 5 and Metropolis RA the most numerous were those aged 20 to 29 years, with listeners aged 30 to 49 years also taking a significant part (listeners aged 20 to 49 years constituted 67% of the audience of RA Antenna 5, and 77.8% - of the audience of RA Metropolis). Almost half of the listeners of RA Kanal 77 and of the Macedonian Radio 2 were aged between 30 and 49 years (47.6% that is, 42.2% of the total audience). The programme offer of the Macedonian Radio 1 was most frequently listened to by older listeners, those aged over 50 years.

Most of the listeners of RA Antenna 5, RA Metropolis and Macedonian Radio 2 were from Skopje, and of RA Kanal 77 and Macedonian Radio 1 - from the region of Central and Eastern Macedonia.

Prevailing in the audience of each of the five radio stations were employed people, those with finished high school, as well as, listeners who came from urban areas.

Table No.38: Demographic characteristics of the audience of radio stations at the state level

Criterion		Antenna 5	Kanal 77	MRA 1	MRA2	Metropolis
Gender	Male	57,8%	63,5%	60,1%	56,0%	58,6%
	Female	42,2%	36,5%	39,9%	44,0%	41,4%
Age	10-19	27,5%	14,3%	6,1%	16,1%	17,1%
	20-29	35,3%	17,1%	5,9%	21,6%	39,5%
	30-49	31,7%	47,6%	36,7%	42,2%	38,3%
	50-70	5,5%	20,9%	51,2%	20,1%	5,1%
Region	Eastern and Central Macedonia	28,5%	48,9%	36,1%	22,6%	20,5%
	Northwest region	20,3%	18,3%	16,4%	24,9%	18,0%
	Skopje	36,2%	10,9%	27,4%	31,2%	40,7%
	Southwest region	15,1%	21,9%	20,1%	21,3%	20,8%
Employment status	Employed	40,4%	49,7%	36,9%	41,2%	48,9%
	Unemployed	19,1%	22,1%	22,7%	19,0%	20,8%
	Retired	1,5%	8,2%	27,0%	8,7%	0,8%
	Housewife	0,5%	2,1%	5,6%	10,3%	0,3%
	Pupil/student	38,5%	17,8%	7,8%	20,8%	29,3%
Education	Elementary or no education	27,5%	26,4%	33,0%	36,3%	15,3%
	High school	52,1%	55,4%	48,7%	44,4%	53,9%
	University	20,4%	18,2%	18,4%	19,3%	30,8%
Surroundings	Urban	74,7%	72,2%	68,7%	63,6%	84,2%
	Rural	25,3%	27,8%	31,3%	36,4%	15,8%
Nationality	Albanian	9,7%	4,2%	5,0%	40,9%	2,4%
	Macedonian	84,6%	89,7%	87,9%	49,8%	93,5%
	Other	5,7%	6,2%	7,0%	9,3%	4,1%

Source: Ipsos Strategic Puls

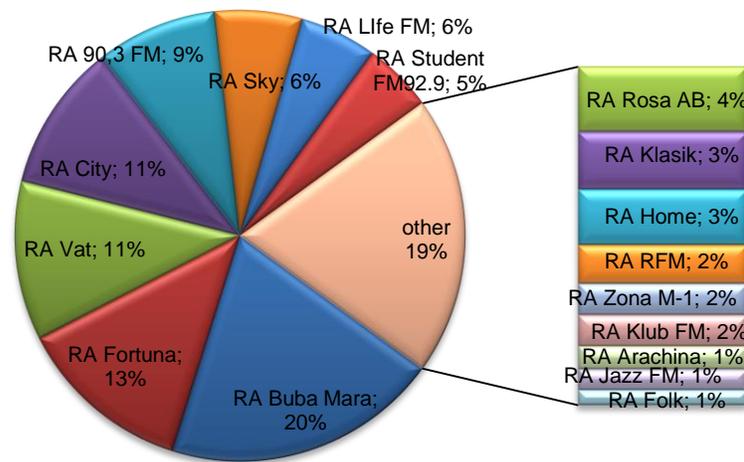
Radio stations at the regional level

In early 2013, a total of 17 commercial and one non-profit radio station had a licence to broadcast radio programme at the regional level. In January 2013, by means of Decision No.03-156/1 dated 10 January 2013, the licence of the Radio Ravel trade broadcasting company from Skopje ceased to be valid, based on a previously filed statement by the broadcaster to cease broadcasting radio programme.

The total revenues in 2013 achieved by all regional radio stations together amounted to 54.04 million denars, which was by 3.21% less than the previous year. More than half of these funds were revenues of only four regional radio stations: RA Buba Mara, RA Fortuna, RA Vat and RA City. The revenues of these four radio stations represented 54.47% of the total revenue of the 17 regional radio stations.

The highest revenues were earned by RA Buba Mara (10.73 million denars, or 19.86% of the total revenues of the regional radio market). The revenues of this radio station were almost equal to the revenues achieved by the following nine radio stations together: RA Folk, RA Jazz FM, RA Arachina, RA Klub FM, RA Zona - M1, RA RFM, RA Home, RA Klasik FM and RA Rosa AB.

Image No.45: Share in the total revenues of regional radio stations

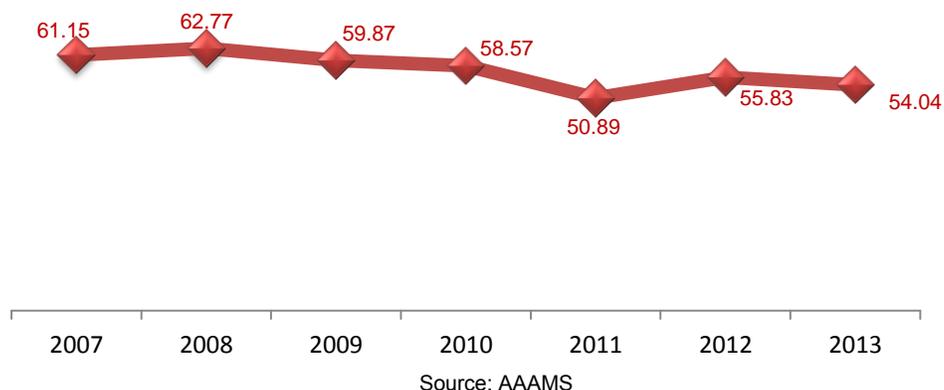


Source: AAAMS

Until May 2007, these radio stations broadcasted locally. In 2007, a procedure for transfer from the system of concessions to the system of licences was conducted. After having completed this procedure, by way of a Decision on granting licences to perform a broadcasting activity (No.02-1628/20, dated 30 May 2007), they began to broadcast radio programme at the regional level.

Since 2007, only in 2011 were the total revenues of the regional radio stations lower than in the analysed year. The year of 2008 was the most favourable, when the regional radio market generated total revenues in the amount of 62.77 million denars.

Image No 46: Total revenues of regional radio stations in the last seven years



Compared with the previous year, only six radio stations achieved higher revenues: RA Vat (by 5.65%), RA Rosa AB (by 69.92%), RA Zona M-1 (by 14.94%), RA Folk (by 4.35%), RA Jazz FM (by 1.52%) and RA Arachina (by 19.67%).

Table No. 39: Total revenues of regional radio stations

TBC	In million denars						Growth rate 2013/2012
	2008	2009	2010	2011	2012	2013	
Buba Mara	8.32	9.53	9.00	8.49	11.43	10.73	-6.12%
City	9.92	6.47	9.23	7.64	7.05	5.72	-18.87%
Fortuna	8.12	8.84	8.63	6.55	7.26	6.82	-6.06%
Vat	8.31	10.09	6.47	5.44	5.84	6.17	5.65%
Ra 90,3 FM	5.02	5.29	5.46	5.25	6.15	4.71	-23.41%
Life FM	1.35	2.76	4.17	4.11	4.93	3.00	-39.15%
Sky Radio	5.66	4.95	5.27	3.52	3.69	3.40	-7.86%
Home	3.00	2.42	2.94	2.81	2.04	1.77	-13.24%
Klub FM	1.24	0.78	0.76	2.1	1.61	1.00	-37.89%
Rosa AB	2.89	2.59	1.94	1.78	1.23	2.09	69.92%
Zona M-1	1.27	1.42	1.36	1.16	0.87	1.00	14.94%
Folk	1.24	0.82	0.87	0.77	0.46	0.48	4.35%
Jazz FM	0.86	0.68	0.77	0.63	0.66	0.67	1.52%
Arachina	0.95	0.94	1.09	0.52	0.61	0.73	19.67%
Student FM	na	na	na	na	na	2.69	-
RFM	na	na	na	na	na	1.23	-
Klasik	1.35	0.48	na	na	2.00	1.85	-7.50%
TOTAL	59.5	58.06	57.96	50.77	55.83	54.04	-3.19%

Source: AAAMS

Most of the revenues were generated from the sale of advertising time (81.74%). The most attractive for advertisers were RA Buba Mara, which earned 7.61 million denars from advertising, followed by RA Fortuna with 6.82 million denars, RA Vat with 6.16 million denars and RA City with 5.52 million denars of advertising revenue.

Revenues from sponsorships account for 6.65% of the total revenues of the regional stations. Most of these funds were earned by RA Buba Mara (3.11 million denars). Revenues from sponsorships were presented by only two more: RA FM 90.3 (0.33 million denars) and RA Jazz FM (0.15 million denars).

Table No.40: Revenue structure of regional radio stations

	2013	share
Advertising and teleshopping	44.17	81.74%
Sponsorships	3.59	6.65%
Sale of programmes	0.00	0.00%
Services provided to third parties	0.03	0.05%
Other revenues	4.38	8.11%
Revenues from the main activity	52.17	96.55%
Revenues from other activities	1.87	3.45%
Extraordinary revenues	0.00	0.00%
Total revenues	54.04	

Source: AAAMS

The high share of "Other revenues" is due to the high amount in this item showed by the non-profit radio station Student FM (2.69 million denars) and RA Home (1.19 million denars).

Almost the entire amount of revenues from other activities was reported by RA Klasik FM (1.85 million denars). In 2013, the radio station did not realize revenues from the main activity, but the only source of revenues was the revenue from other activities.

In 2013, the total costs of regional radio stations amounted to 55.59 million denars. More than half of this amount were expenses incurred only by four radio stations: RA Buba Mara (9.9 million denars), RA City (7.14 million denars), RA Fortuna (7.01 million denars) and RA Vat (6.83 million denars).

Most of the total costs were direct costs of creating programme (60.93%). Programme procurement costs accounted for 11.62% of the total costs. This kind of expenditure was presented only by five radio stations, of which RA Buba Mara reported the highest amount (5.46 million denars).

Only by RA Klasik FM and RA RFM did not report any costs for salaries and other benefits for employees who were directly associated with the programme production. Most funds for salaries for employees were allocated by RA Buba Mara (1.98 million denars), RA Fortuna (1.97 million denars) and RA City (1.79 million denars). The entire amount of costs for salaries and other benefits to people who were not directly associated with the programme production (0.93 million denars) was reported by RA Life.

Table.41: Cost structure of regional radio stations

	2013	share
Tangible costs	5.58	10.04%
Costs for procurement of programme	6.46	11.62%
Intangible costs (services)	7.97	14.34%
Salaries and other benefits to persons directly connected with the programme production	13.87	24.94%
Direct costs for creating programme	33.87	60.93%
Salaries and other benefits to persons who are not directly connected with the programme production	0.93	1.68%
Depreciation of equipment	5.06	9.09%
Suspension of rights and licenses	0.22	0.40%
Rent and other bill-related costs	5.19	9.33%
All other operation expenses	9.63	17.31%
Total operation costs	54.90	98.75%
Expenses from other activities	0.56	1.01%
Extraordinary expenses	0.13	0.24%
Total operation costs	55.59	

Source: AAAMS

In 2013, nine regional radio stations achieved positive financial operation results: RA Arachina, RA Buba Mara, RA Zona M-1, RA Klasik, RA Rosa AB, RA RFM, RA Folk, RA Fortuna and RA Jazz FM. The best financial result was achieved by RA Buba Mara (a profit of 0.83 million denars), and the worst - by RA City (a loss of 1.51 million denars).

Table No. 42: Average number of employees with regular employment status

Ra station	2008	2009	2010	2011	2012	2013
RA Fortuna	7	7	7	9	9	8
Ra City	6	8	8	9	8	8
RA Sky	4	5	5	5	6	5
RA EF-EM 90,3	6	6	5	5	5	5
RA Buba Mara	4	4	5	4	5	5
RA Rosa AB	4	4	4	4	4	4
RA Life	2	2	2	4	4	4
RA Home	5	4	7	6	6	3
RA Klub FM	3	2	2	3	3	3
RA Vat	11	10	10	8	8	2
RA Jazz FM	2	2	2	2	2	1
RA Folk	1	2	3	2	1	1
RA Zona M1	3	1	2	2	1	1
RA Arachina	1	1	1	1	1	1
RA Klasik FM	1	0	na	na	0	0
RA RFM	0	0	0	0	0	0
Total	60	58	63	64	63	51

Source: AAAMS

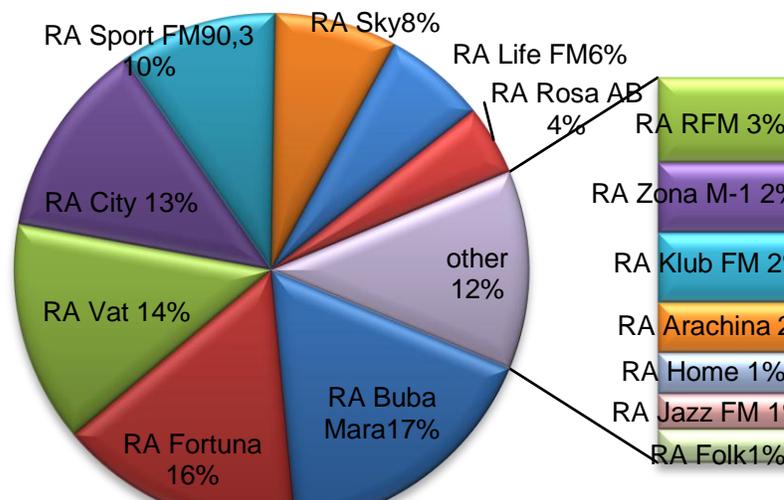
The sixteen regional radio stations had a total of 51 regularly employed persons. Most of these were employees of RA Fortuna and RA City (eight persons each). In 2013, the average number of employees was lower than in the previous year in a total of five radio stations. In RA Fortuna, RA Sky and RA Jazz FM, the average number of employees decreased by one person, in RA Home - by three people, while the greatest decrease was observed with RA Vat, by even six people.

Share in advertising revenues and ratings of radio stations at the regional level

The sixteen commercial radio stations, which aired programme in the area of the city of Skopje in 2013, earned together a total of 44.17 million denars from the sale of advertising time.

Most advertising revenues were earned by RA Buba Mara (7.61 million denars, representing 17% of the total revenues from advertising on the regional radio market). Attractive to advertisers was also RA Fortuna, which gained 16% of the advertising revenues of all regional radio stations. The advertising revenues of RA Fortuna amounted to 6.82 million denars. RA Vat was ranked third by its advertising revenues in the amount of 6.16 million denars, representing 14% of the advertising revenues of this segment of the radio industry.

Image No. 47: Share in advertising revenues



Source: AAAMS

The following table shows the data on the weekly reach of regional radio stations in the analysed year. From these data it may be established as well that the radio stations that had the highest ratings were not the most attractive for advertisers.

Thus, RA City had the greatest rating in 2013 (the average weekly reach of this radio station was 9.60%). On the other hand, even three radio stations were able to achieve higher revenues from advertising than RA City.

RA Buba Mara, which earned the most revenues from advertising, was the second most popular radio station with a weekly reach of 8.30%.

Table No.43 Average weekly reach in 2013

Radio station	WR 2013
RA City	9.60%
RA Buba Mara	8.30%
RA Zona M-1	8.00%
RA Vat	7.20%
RA Arachina	6.80%
RA Sky	5.00%
RA Fortuna	4.80%
RA Rosa AB	3.70%
RA Folk	3.30%
RA Sport Radio 90.3 FM	2.90%
PRA Life FM	2.50%
RA Klub FM	1.20%
RA Home	0.70%
RA Jazz FM	0.70%
RA Klasik FM	0.40%
RA RFM	n/a
University radio STUDENT FM 92.9	n/a

Source: Ipsos Strategic Puls

RA Zone M-1, with a share of only 2% of the total advertising revenues in this segment of the radio market, was the third most popular radio station.

Least attractive to the audience was RA Klasik FM, its average weekly reach being 0.40%. This radio station did not gain any advertising revenue.

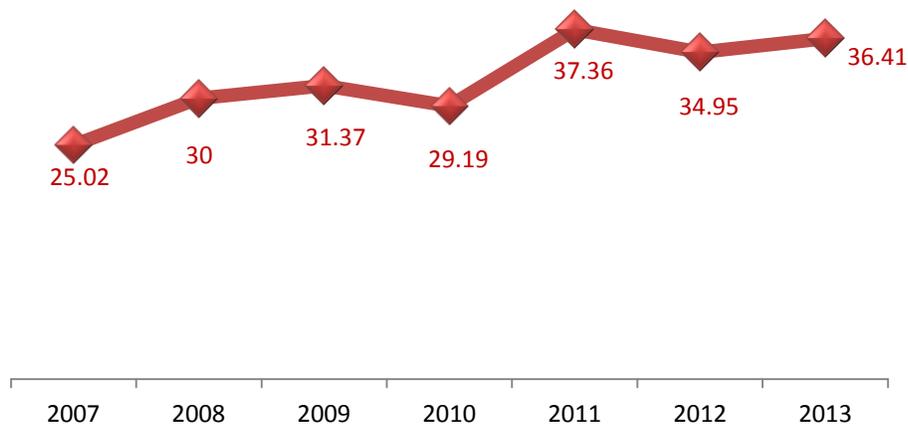
For RA RFM and for the Student FM 92.9 university radio no data on the ratings were provided.

Radio stations at the local level

In 2013, the local radio market included 57 commercial and two non-profit radio stations. The Analysis covered data on the economic performance of 55 commercial radio stations. Namely, during the preparation of this document, the Energy local radio station from Struga was stripped of its broadcasting license²², precisely because of failure to provide data on its operation, while the license of RA Besa from the village of Crnilishte, Dolneni ceased to be valid by force of law, after the bankruptcy of the licence holder.

The common revenues that the local radio stations achieved in the analysed year amounted to 36.41 million denars, which was 4.18% more than in the previous year. Higher total revenues in the last seven years were only realized in 2011 (by 2.54%).

Image No.48: Fluctuation of the total revenues of local radio stations in the last seven years



Source: AAAMS

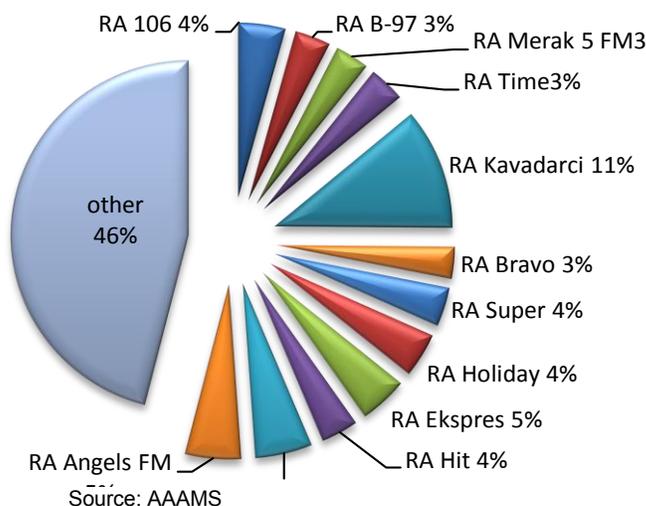
Almost 54% of the revenues of the 55 local radio stations were earned only by 12 of them (RA 106 and RA B-97 from Bitola, RA Merak 5 FM from Veles, RA Time from Gevgelija, RA Kavadarci from Kavadarci, RA Bravo from Kumanovo, RA Super from Ohrid, RA Holiday from Prilep, RA Ekspres and RA Hit from Strumica, RA Kiss from Tetovo and RA Angels FM from Shtip).

In the analysed year, even three local radio stations (RA DJ and RA Drini from Struga and RA Red FM from Tetovo) did not achieve any revenues.

The highest total revenue was realized by RA Kavadarci from Kavadarci (4.08 million denars).

²² Decision on revoking of the broadcasting licence of the trade broadcasting company ENERGY RADIO LLC eksport-import Struga No.07-280, dated 14 July 2014

Image No.49: Share in the total revenues of local radio stations



The revenue from the sale of advertising time and teleshopping had a dominant share in the revenue structure (86.95%). Most advertising revenues belonged to RA Kiss from Tetovo (1.89 million denars) and RA Angels FM from Shtip (1.85 million denars).

Table No.44: Revenue structure of local radio stations

	2013	Share
Advertising and teleshopping	31,66	86,95%
Sponsorships	0,32	0,89%
Sale of programmes	0,08	0,22%
Services provided to third parties	0,43	1,18%
Other revenues	1,96	5,37%
Revenues from the main activity	34,45	94,62%
Revenues from other activities	1,83	5,04%
Extraordinary revenues	0,12	0,34%
Total revenues	36,41	

Source: AAAMS

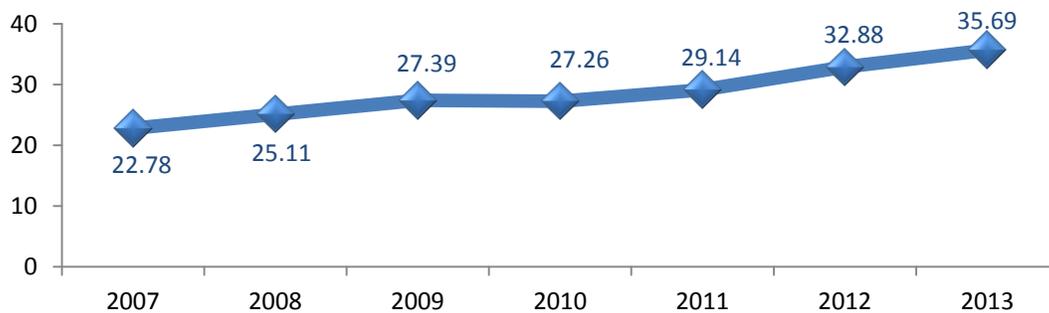
The revenues from sponsorships in the amount of 0.32 million denars were earned only by five radio stations, RA Aktuel from Bitola, RA Aljbana from Kumanovo, RA Bravo from Kumanovo, RA Jehona from Kumanovo and RA PRO-FM from Gostivar.

The entire revenues from the sale of programme content (0.08 million denars) were realized by RA Blea from Tetovo, while revenues from services provided to third parties were only reported by RA PRO-FM from Gostivar, RA Rrapi from Struga and RA Blea from Tetovo.

Of the total revenues, 5.37% were in the "other revenues" category, in the absolute amount of 1.96 million denars. More than half of these funds (55.61%) belonged to RA Kavadarci from Kavadarci. This radio station also achieved the highest revenues from other activities, as much as 95.63% of the total amount of these funds (revenues from other activities were also presented by four other entities - RA Merak 5 FM from Veles, RA Super from Ohrid, RA Sveti Nikole from Sveti Nikole and RA Fama from Tetovo).

The funds spent by all local radio stations together in the analysed year, totalled 35.69 million denars, which was 8.55% more than in the previous year. During the last seven years, the costs of the local radio stations, except in 2010 when there was an insignificant decline, increased every year.

Image No.50: Fluctuation of total costs of local radio stations in the last seven years



Source: AAAMS

Most of the funds were direct costs of creating the programme (69.80%). Most of these were set aside for salaries and other benefits to persons directly connected with the programme production. Most funds for this type of expense were spent by RA Angels from Shtip (almost one million denars) and RA Sveti Nikole from Sveti Nikole (0.70 million denars). As many as 13 local radio stations did not show any costs for salaries or other benefits to persons directly connected with the programme production.

Most of the costs for salaries and other benefits to persons who were not directly associated with the programme production, which constituted 4.43% of the total costs, were the costs of RA 106 Bitola (32.40%). A significant amount was also presented by RA Galaxy-2002 from Kavadarci (19.72%). Costs for salaries and other benefits to persons who were not directly associated with the programme production were also shown by seven other radio stations (RA Kavadarci from Kavadarci, RA Albana and RA KMR from Kumanovo, RA Ohrid from Ohrid, RA Holiday from Prilep, RA Drini from Struga and RA Plus Forte from Tetovo).

Table No.45: Cost structure of local radio stations

	2013	share
Tangible costs	6,09	17,07%
Costs for procurement of programme	0,43	1,21%
Intangible costs (services)	4,09	11,45%
Salaries and other benefits to persons directly connected with the programme production	14,30	40,07%
Direct costs for creating programme	24,91	69,80%
Salaries and other benefits to persons who are not directly connected with the programme production	1,58	4,43%
Depreciation of equipment	2,09	5,85%
Suspension of rights and licenses	0,03	0,08%
Rent and other bill-related costs	0,66	1,85%
All other operation expenses	4,48	12,55%
Total operation costs	33,75	94,57%
Expenses from other activities	0,50	1,39%
Extraordinary expenses	1,44	4,04%
Total operation costs	35,69	

Source: AAAMS

For depreciation of equipment, the local radio stations spent a total of 2.09 million denars, of which 19.62% only by RA Uskana-Plus from Kichevo.

The financial results achieved from the operation of the local radio stations showed profit of 1.12 million denars.

The best financial result was achieved by RA Kavadarci from Kavadarci (a profit of 0.87 million denars). Positive financial results from the operation were also achieved by additional 33 local radio stations.

RA MX from Ohrid had the worst operation result, showing a loss in the amount of 0.50 million denars.

The average number of employees in this segment of the radio market was 95 people. Most of them were employees of RA Ekspres from Strumica (five people). Four radio stations engaged 4 persons each as regular employees, ten engaged three people, 15 had two employees each and 18 - one employee each, whereas eight did not have any employees.

Table No.46: Average number of regular employees

Region	TBC	Average number of regular employees	Region	TBC	Average number of regular employees
Strumica	RA Ekspres	5	Tetovo	RA Bleta	2
Gevgelija	RA Time	4	Tetovo	PA Fama	2
Ohrid	RA MX	4	Berovo	Sky Radio Plus	1
Prilep	RA Holiday	4	Bitola	RA Aktuel	1
Bitola	RA 106	3	Bitola	RA Delfin	1
Veles	RA Merak 5 FM	3	Valandovo	RA Valandovo	1
Kumanovo	RA Bravo RA Produkcija- LGN	3	Veles	RA Goldy	1
Negotino	RA Super	3	Vinica	RA La Costa	1
Ohrid	RA Rrapi	3	Gostivar	RA Kometa	1
Struga	RA Hit	3	Gostivar	RA PRO-FM	1
Strumica	RA Kiss	3	Kichevo	RA A. Makedonski	1
Tetovo	RA Angels FM	3	Kichevo	RA Akord	1
Shtip	UGD FM	3	Kumanovo	RA Aljbana	1
Shtip	RA B-97	2	Kumanovo	RA Jehona	1
Bitola	RA Ce-De	2	Kumanovo	PA KMR	1
Veles	RA Zora	2	Pehchevo	PA Pehchevo	1
Delchevo	RA Galaxy-2002	2	Prilep	PA Meff	1
Kavadarci	RA Kavadarci	2	Struga	RA Drini	1
Kavadarci	RA Medison	2	Struga	RA Mi-Ni	1
Kichevo	RA Kochani FM	2	Tetovo	RA Plus Forte UNIVERSITY	1
Kochani	RA Puls	2	Bitola	RADIO UKLO FM	0
Negotino	RA Ohrid	2	Debar	RA Merlin	0
Ohrid	RA 5 Choki	2	Radovish	RA Emi	0
Prilep	RA Eko	2	Kichevo	RA Uskana-Plus	0
Probishtip	RA Modea	2	M.Brod	RA Moris Plus	0
Sveti Nikole	RA Sveti Nikole	2	Ohrid	RA Lav	0
Sveti Nikole			Struga	RA DJ	0
			Tetovo	RA Red FM	0
				TOTAL	95

Source: AAAMS

Audience viewson the programme content of radio stations

In April 2013, the Market Vision research agency from Skopje conducted a "Survey of the audience opinions on various programmes of national television and radio channels".²³ The respondents were also asked several questions about their radio listening habits and their views on the radio programme offer.

Only 46% of respondents answered affirmatively to the question "*Do you listen to the radio?*". Of these, however, only 33.3% listened to the radio every day, 26% - four to five days a week, and the remaining 40.7% - less than four days a week.

Radio stations had the most listeners in the period from 10.00 to 14.00 hrs (32.1% of respondents listened to the radio in this period). In the period from 06.00 to 10.00 hrs - 27.6% of respondents listened to the radio, in the period from 17.00 to 22.00 hrs - 17.5%, and from 14.00 to 17.00 hrs - 14.6%. Radio stations had the lowest share of listeners between 22.00 and 06.00 hrs. (only 8.1% of the total audience during the day).

Almost half of the citizens mostly listened to the radio at home (49.2%), 27.6% at work, 20.7% in their car, and the remaining 2.4% mostly listened to the radio while walking or during some other sport activity.

To the question "*What do you usually listen to on the radio?*", even 78% of respondents said that they listened to music. The morning radio programme was the most common choice for 9.8%, and the news - for 6.5% of the listeners. Fun and contact programmes were usually followed only by 3.3% of the radio audience.

Fully satisfied with the programme offer of domestic radio stations were only 23% of respondents, while 26.2% were partially satisfied. Most of the respondents said they were more dissatisfied than satisfied with the offer of domestic radio stations (37.3%), while the smallest part of them were not satisfied (13.5%).

²³ Survey available at: http://avmu.mk/images/SRD_izveshtaj_15_04_2013_od_Market_Vision.pdf

LIST OF TABLES

Table No.1: Key findings in the television industry.....	9
Table No.2: Number of television stations	11
Table No.3: Broadcasting regions and regional televisions	13
Table No.4: Revenue structure of Macedonian Television	15
Table No.5: Cost structure of Macedonian Television	19
Table No.6: Total revenues growth rate of the five television stations at the state level	22
Table No.7: Structure of revenues of commercial televisions at state level	23
Table No.8: Cost structure of commercial televisions at state level	24
Table No.9: Average number of employees with regular employment status	27
Table No.10: Monthly shares in the total ratings.....	30
Table No.11: 50 most important advertisers on television stations at the state level.....	33
Table No.12: Revenue structure of satellite televisions	36
Table No.13: Cost structure of satellite televisions	38
Table No.14: Average number of regular employees	39
Table No.15: Number of population, number of regional televisions and generated revenue by a broadcasting region.....	40
Table No.16: Total revenues and growth rate	43
Table No.17: Revenue structure of regional televisions.....	44
Table No.18: Cost structure of regional televisions	46
Table No.19: Average number of regular employees	49
Table No.20: Number of inhabitants, number of TV stations and generated revenue	51
Table No.21: Total revenues of local television stations	53
Table No.22: Revenue structure of local televisions	53
Table No.23: Cost structure of local televisions	54
Table No.24: Average number of regular employees	55
Table No.25: Operators of public electronic communications networks.....	60
Table No.26: Share of the audience obtaining daily information from.....	61
Table No.27: : Most watched programme content in 2013	64
Table No.28: Demographic characteristics of the audience in 2013	66
Table No.29: Demographic characteristics of the audience of television stations at the state level.....	67
Table No.30: Key findings in the radio industry	69
Table No.31: Revenue structure of the Macedonian Radio	72
Table No.32: Cost structure of the Macedonian Radio	73
Table No.33: Growth rate of total revenues	75
Table No.34: Revenue structure of commercial radio stations at state level	76
Table No.35: Cost structure of commercial radio stations at the state level	77

Table No.36: Average number of employees with a regular employment status	78
Table No.37: Average weekly reach in 2013	80
Table No.38: Demographic characteristics of the audience of radio stations at the state level	82
Table No.39: Total revenues of regional radio stations.....	84
Table No.40: Revenue structure of regional radio stations	85
Table No.41: Cost structure of regional radio stations	86
Table No. 42: Average number of employees with regular employment.....	86
Table No.43: Average weekly reach in 2013	88
Table No.44: Revenue structure of local radio stations	90
Table No.45: Cost structure of local radio stations	92
Table No.46: Average number of regular employees	92

LIST OF IMAGES

Image No.1: Broadcasting regions	12
Image No.2: Fluctuation of the total revenues of the Macedonian Television in the past ten years.....	14
Image No.3: Fluctuation of the broadcasting fee revenues of the Macedonian Television in the past ten years ..	16
Image No.4: Share of the broadcasting fee in the total revenues of the Macedonian Television Error! Bookmark not defined.	
Image No.5: Fluctuation of advertising revenues in the past ten years.....	18
Image No.6: Fluctuation of the total expenditures of the Macedonian Television in the past ten years	19
Image No.7: Results of the operation of the Macedonian television in the last ten years Error! Bookmark not defined.	
Image No.8: Share in the total revenues generated by the four TV stations at state level.....	21
Image No.9: Fluctuation of the total revenues in the period from 2004 to 2013.....	22
Image No.10: Total revenue structure	23
Image No.11: Fluctuation of the total costs in the period from 2004 to 2013	26
Image No.12: Realised financial results in 2013	26
Image No.13: Average headcount in 2013	27
Image No.14: Share of the total advertising revenues of televisions at the state level	28
Image No.15: Share in total ratings	29
Image No.16: Share in total ratings by months	30
Image No.17: Share in total rating and advertising revenues	31
Image No.18: Share in total ratings in the last three years	32
Image No.19: Share in the total revenues of satellite televisions	35
Image No.20: Fluctuation of total revenues of the five satellite televisions in the last six years Error! Bookmark not defined.	
Image No.21: Structure of the total revenues of satellite televisions.....	37
Image No.22: Share in advertising revenues of satellite televisions	37

Image No.23: Financial operation results	39
Image No.24: Generated revenue by a broadcasting region	41
Image No.25: Total revenues of televisions of the region D1 - Skopje	42
Image No.26: Total revenues of televisions in the region D1 – Veles, D2, D3, D4, D5, D6, D7 and D8.....	43
Image No.27: Total costs by broadcasting region.....	455
Image No.28: Realised operation results.....	48
Image No.29: Generated total revenues vs. potential audience (population number) by areas.....	51
Image No.30: Television signal reception models.....	56
Image No.31: Foreign channels most frequently watched by Macedonian viewers.....	58
Image No.32: The share of people using internet at home (by age groups)	60
Image No.33: How often do you use the service “Video on demand”	612
Image No.34: Average daily watching of television in the last ten years (in minutes).....	62
Image No.35: Fluctuation of the total revenues of the Macedonian Radio in the last ten years	70
Image No.36: Fluctuation of the total expenditures of the Macedonian Radio in the last ten years.....	71
Image No.37: Achieved operation results in the last ten years	72
Image No.38: Share in the total revenues of radio stations at the state level	73
Image No.39: Fluctuation of the total revenues in he period from 2004 to 2013.....	74
Image No.40: Fluctuation of costs of radio stations at the state level in the last ten years Error! Bookmark not defined.	
Image No.41: Achieved operation results	77
Image No.42: Share in advertising revenues.....	79
Image No.43: Quarterly data on the weekly reach of radio stations at the state level.....	79
Image No.44: Average annual reach of radio stations at the state lvel in the last three years	80
Image No.45: Share in the total revenues of regional radio stations.....	82
Image No.46: Total revenues of regional radio stations in the last seven years	83
Image No. 47: Share in advertising revenues.....	86
Image No.48: Fluctuation of the total revenues of local radio stations in the last seven years	89
Image No.49: Share in the total revenues of local radio stations	89
Image No.50: Fluctuation of total costs of local radio stations in the last seven years Error! Bookmark not defined.	

Title Analysis of the Broadcasting Market for 2013
Publisher: Agency for Audio and Audiovisual Media Services
Blvd. "VMRO" No. 3, 1000 Skopje
Тел.02/3103-400
www.avmu.mk
contact@avmu.mk

Released for: PhD Zoran Trajchevski, Acting Director

Prepared by: MA Magdalena Davidovska - Dovleva

Co-operator Katerina Donevska

Pages/tables/ images 98/46/50