Autorità per le garanzie nelle comunicazioni

Quarterly Telecommunication Markets Observatory (*)

- Updated to 30 June 2014 -

(*) – Data provided by operators and elaborated by Agcom.
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Focus – Broadband networks performances (March 2014)

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Italy fixed broadband connection speed performances (47° with an average speed of 5.2 Mbps) are lower than the "best practices" (especially South Korea and Japan) and also in comparison with other major European countries results.

The average speed of Italian connections is equal to less than a quarter with the Korean one, but the results are also much lower than with the other European country like United Kingdom and Germany.

The italian delay on fixed broadband speed is measured also with respect to the lines capable of supporting advanced video services ("4K ready"). Only 1.6% of active connections can reach a speed greater of 15 Mbps.

With respect to mobile broadband connections speed, Italy reaches a comparable level with other european countries like UK and Spain.
1. Fixed network: access lines (total) (1)

- Compared to June 2013, direct fixed access lines decreased by about 560 thousands (-1,03 millions in the last two year), slightly higher compared to the previous year (about -460 thousands).
- In the last two years the customer base of Telecom Italy, has decreased by about 1.5 million lines. Of these, only 450 thousand (30%) has been "recovered" by the OLO.
- In the last twelve months, Telecom Italia’s market share further decreased by 1.8%, to 61.4%.
- Wind's market share remains stable both on yearly and quarterly basis
- Fastweb confirms his growth trend, reaching a market share about 10% (YoY +0.8%), consolidating the gap compared to Vodafone with a market share stable at 9.5%.
- The weight of other operators has grown (+0.8%) mainly due to FWA services

Source: Agcom evaluation on data provided by operators (1) Including Telecom Italia physical access, full unbundling (voice and data), SLU, Dsl Naked, WLR, FWA and fiber lines.
2. Fixed network: access lines (new entrants)

- On a yearly basis number of accesses lines grew by about 170 thousands (450 thousands compared to June 2012), showing a quite stable dynamics on a quarterly basis.
- Full LLU lines (1) show a slightly growth mainly due to SLU services (+115 thousand) while the WLR lines decreased more than 100 thousands.
- With respect to access lines indicator, Wind ranks at the first place (34.9%), while it has experienced a decline on a YoY by 1.8%.
- In the mean time Fastweb’s market share has increased on yearly basis (+1.2%).
- FWA access are not far from 500 thousands lines, with principal operators Linkem (41.5%), NGI (28%) and Aria (26%) as the main companies in this market segment. (2)

Source: Agcom evaluation on data provided by operators

(1) – Including virtual LLU and Subloop ULL.

(2) – Including Aria, Linkem, Mandarin e Go Internet (ex WaveMax) and NGI
3. Fixed network: retail broadband access lines

- YoY, broadband lines growth of about +240 thousands (+310 thousands in 2013). Compared with last March, the customer base increased by some +60 thousands lines.
- In 1H2014 the number of xDSL lines have slightly decreased (-60 thousand).
- The access lines that use other technologies have exceeded one million, mainly due to FWA lines (+130 thousand on annual basis), fibre lines (+110 thousand) and those used to implement FTTCab (+120 thousand).
- Overall, NGA access lines with an increase of some 175 thousands during 2014, are now slightly lower of 540,000 lines, equal to 3.8% of all broadband lines (2.2% in June 2013).
- Telecom Italia market share has been reduced on a yearly basis of 0.9%, falling to 48.8%.
- Fastweb is the main beneficiary with +0.5% of growing as principal operator, and FWA operators (+0.7%) as smaller companies.
- Compared with 2Q13 Vodafone market share shows a slight increase (+0.3%), while Wind slightly decreased by 0.5%.

Source: Agcom evaluation on data provided by operators
4. Mobile lines: MNO + MVNO

- Compared to previous quarter, the customer base decreased by about 930 thousands lines.
- The reduction reaches -2.2 millions on yearly basis (-1.2 million in June 2012).
- Telecom Italy with a slight decrease (-0.4%) remain the largest operator (32.1%) followed by Vodafone (27.7%) that loses 2.1% on yearly basis and Wind that remains stable (22.9%).
- H3G exceed 10% (+ 0.5%).
- MVNO market share increased from 5.1% to 6.9% of total lines.
5. Mobile lines: MNO

- YoY, the customer base decreased by more than 3.9 millions, in the mean time showed a reduction over 2.8 million on a quarterly basis.
- YoY the “only voice” sim decreased about 10.6 millions (-15.2 million with respect to June 2012).
- YoY, the number of residential lines decreased (4.4 million), only partially offset by 600 thousands new business lines.
- In the same time, the number of prepaid lines decreased more than 3 millions, but, although to a lesser extent, also the number of postpaid lines decreased (-800 thousands).
- Over the past two years, the combined market share of the first two operators (Vodafone and Telecom Italy) decreased from 66.4% to 64.3% (-2.1%).
- On YoY basis, Vodafone market share has reduced by 1.6%, in favour of all other MNO operators, mainly H3G (+0.8%) and Wind (+0.6%)
- YoY, voice traffic (more than 79 billion minutes) increased by 7.5%.
- In the same time the SMS traffic continues to decline ( with 25 billion SMS sent, the reduction is about -42% on an yearly basis).

Source: Agcom evaluation on data provided by operators
6. Mobile lines: by customer/contract type (MNO)

Customer type (1)

- Business customers (12.81 millions of SIM in June) increased on a yearly basis by about 600 thousands lines, while the residential segment (76.0 millions of SIM) experienced a decrease by about 4.4 millions.
- The business segment’s market share increased by 1.2% (from 13.2% to 14.4% of the total customer base).
- The first operator in the residential segment is Vodafone (30.6%), followed by Telecom Italia (29.7%) and Wind (27.7%).
- In the mean time, Telecom Italia, with more than 63% of market share, is the principal operator in the business segment.

Contract type (1)

- The 79.9% of active lines are "prepaid" (weight stable compared with 2Q13).
- In two years, the prepaid lines increased, in absolute terms, by about 1 millions, while the prepaid decreased, by more than 4.5 millions.
- In the “prepaid” market with respect to june 2013, Telecom Italia (-0.5%) and Vodafone (-1.0%) decrease their market shares, while Wind has increased his market share by about 0.7% reaching an absolute value of 28.6%.
- Telecom Italia leads the "postpaid" segment with some 46.6% of market share (growing by about +3.6%), Wind and Vodafone have decreased by about -0.2% and -3.8% respectively.

Market share by customers – 2Q2014 (%)

- Residential: TI 31.5%, Voda 30.6%, Wind 24.7%, H3G 9.0%
- Business: TI 46.6%, Voda 31.0%, Wind 19.4%, H3G 19.0%

Market share by contracts – 2Q2014 (%)

- Prepaid: TI 46.6%, Vodafone 31.0%, Wind 19.4%, H3G 19.0%
- Postpaid: TI 31.5%, Vodafone 25.1%, Wind 8.9%, H3G 9.0%

Source: Agcom evaluation on data provided by operators

(1) As a result of reclassifications and updates of corporate databases operated by Wind, the data are not entirely consistent with previous Observatory’s review.
7. Mobile lines: MVNO (*)

- The MVNO subscribers continue to grow, reaching 6.6 millions (+1.67 millions YoY), with a significant acceleration in the last two quarter.

- This effect is mainly due to the entry of Lycamobile on the market, with a customer base that exceeds 800 thousands subscribers with an "ethnic" business model that is based on commercial synergies with clients in other countries.

- Consequently, market structure from the beginning of 2014 changed significantly. Poste Mobile with 47.4% of the market share with respect to June 2013 lost 7.5%, while Lycamobile reaching about 13% becomes the second mobile virtual network operator.

- YoY, voice traffic increased by 25%, while sms sent reduced YoY by 16.1%.

(*) - Starting June 2014, MVNO data include also Lycamobile (more than 20 millions customer in the world), that started up in the italian market at the beginning of 2014.
8. Mobile broadband (MNO+MVNO)

- In 1H2014, SIMs that made broadband data traffic reached some 40 millions (+24.5% YoY).
- The dedicated connect card declined by 6.0%, while in the mean time strong growth for which is foresees a dedicated “data subscription”.
- YoY, data traffic has grown by 42.9%, more than correspondingly observed last year (+32.2%).

Source: Agcom evaluation on data provided by operators
9. Mobile telephony - number portability

- At 1H14, the number of ported lines reached, for all operators are 71.5 millions.
- YoY MVNO were able to adds more than 1.7 million lines cumulatively, slightly increased with respect to March.
- YoY, a positive trend is present for H3G (+776 thousands) and MVNO (+337 thousands), a negative trend is present for Telecom Italia (-219 thousands), Wind (-261 thousands) and Vodafone (-633 thousands).
- On a quarterly basis, the indicator worsens for Vodafone (from -117 to -191 thousands), remains stable for Telecom Italia while improves for Wind (from -107 to -14 thousands and MVNO (from +42 to 131 thousands)
- YoY, the “mobility index” shows a slowdown (from 20.0% to 12.6%).