

COMMUNICATION MARKETS MONITORING SYSTEM

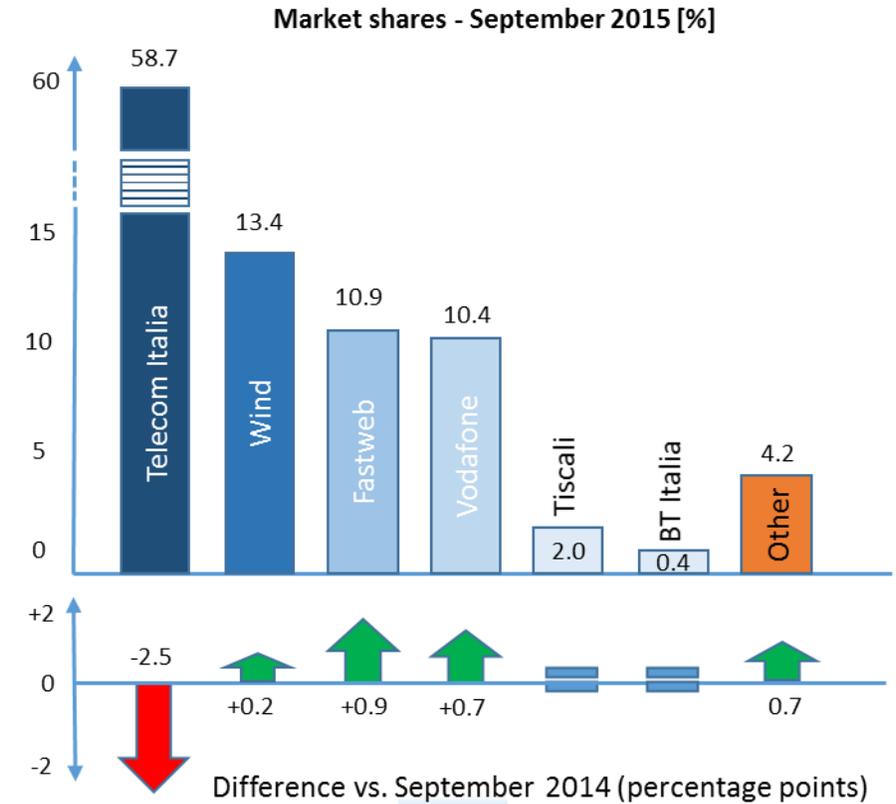
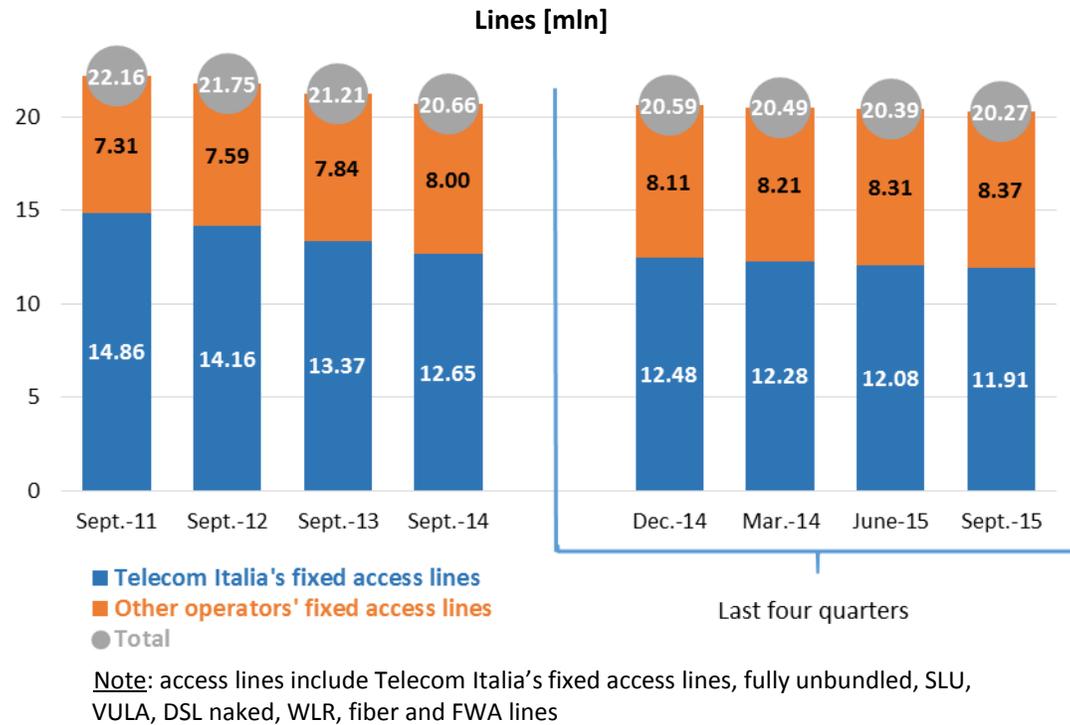
no. 4/2015



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The following figures are based on AGCOM's elaborations on firms' data and other sources (updated to September 2015)

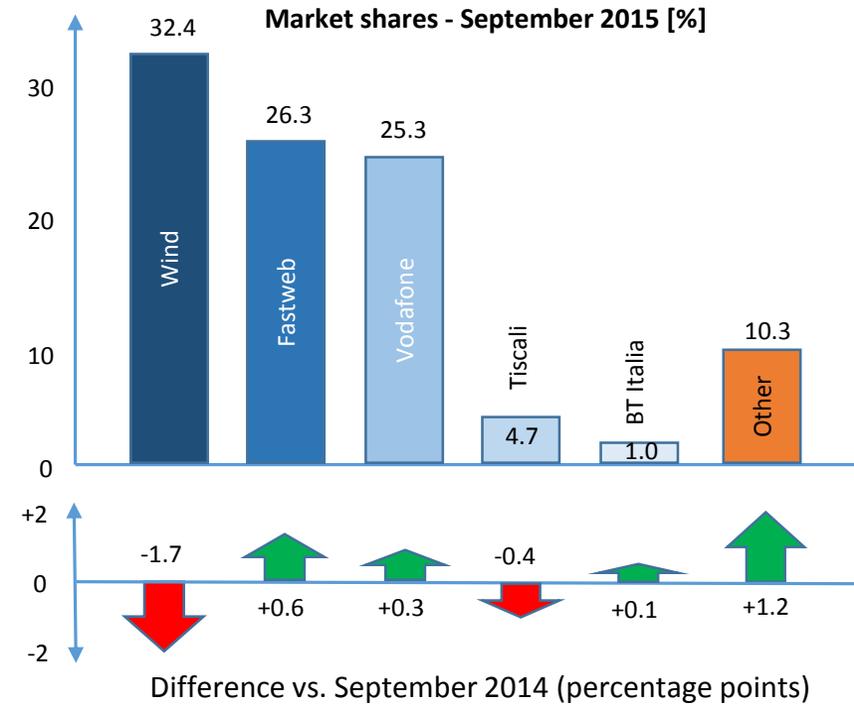
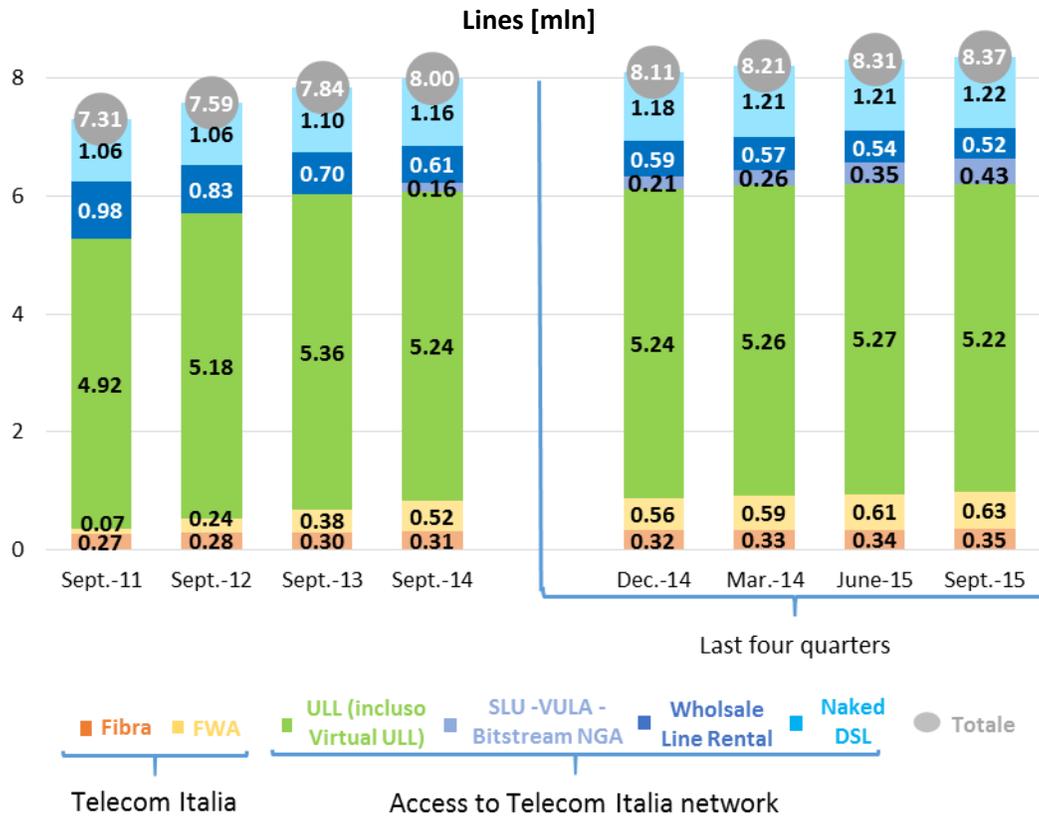
1.1 Total fixed access lines



- Total access lines have decreased by **390** thousand units over the last twelve months
- While Telecom Italia's access lines have decreased by **750** thousand units, other operators' access lines have increased by about **360** thousand units
- Over the last four years, Telecom Italia's access lines have decreased by **2.9** million units

- Telecom Italia's market share has fallen below **60%**
- Fastweb's market share has reached **10.9%**, with a growth of **0.9** pp (YoY)
- Other operators have, as a whole, increased their market share by **0.8** pp (YoY); the increase has been more evident for Fixed Wireless Access (FWA) operators

1.2 Alternative operators' fixed access lines

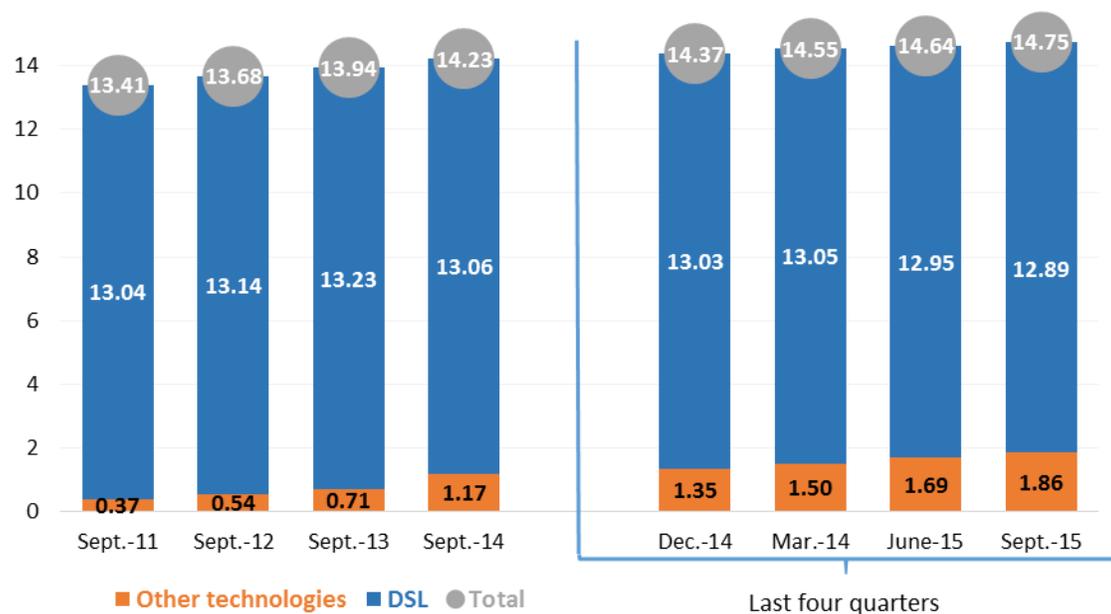


- Access lines provided by other operators have increased by **360** thousand units (YoY)
- A substantial part of this growth (**260** thousand lines) took place in the 1st half of 2015
- FWA lines have increased by **110** thousand units (YoY), and represent around **30%** of the annual increase

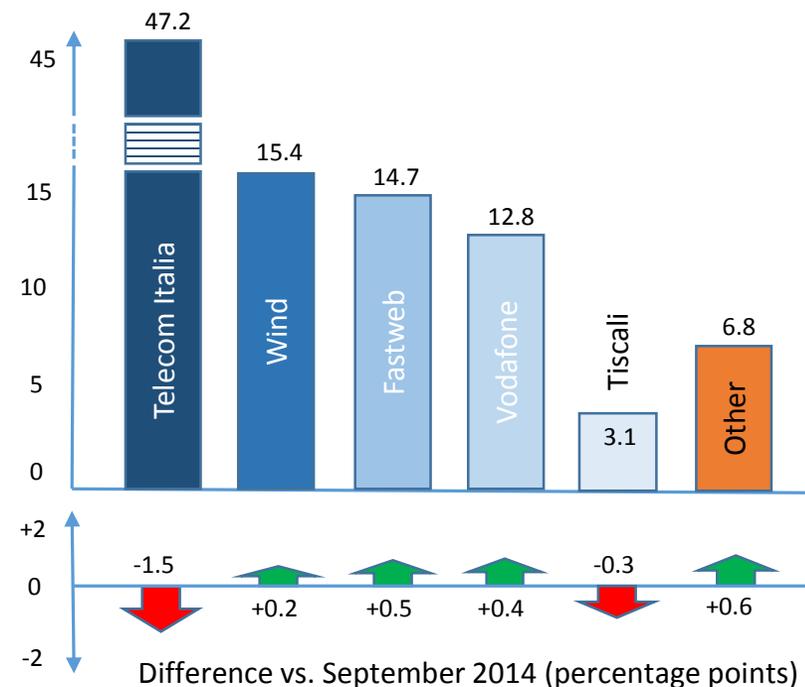
- Wind is still the first alternative operator, but its market share has shown a decrease of **1.7** pp (YoY)
- Fastweb's market share continues to growth (**+0.6** pp YoY)
- The growth of other operators' market share (**+1.2** pp YoY) is essentially due to the increase of the number of FWA lines

1.3 Broadband fixed lines

Lines [mln]



Market shares - September 2015 [%]



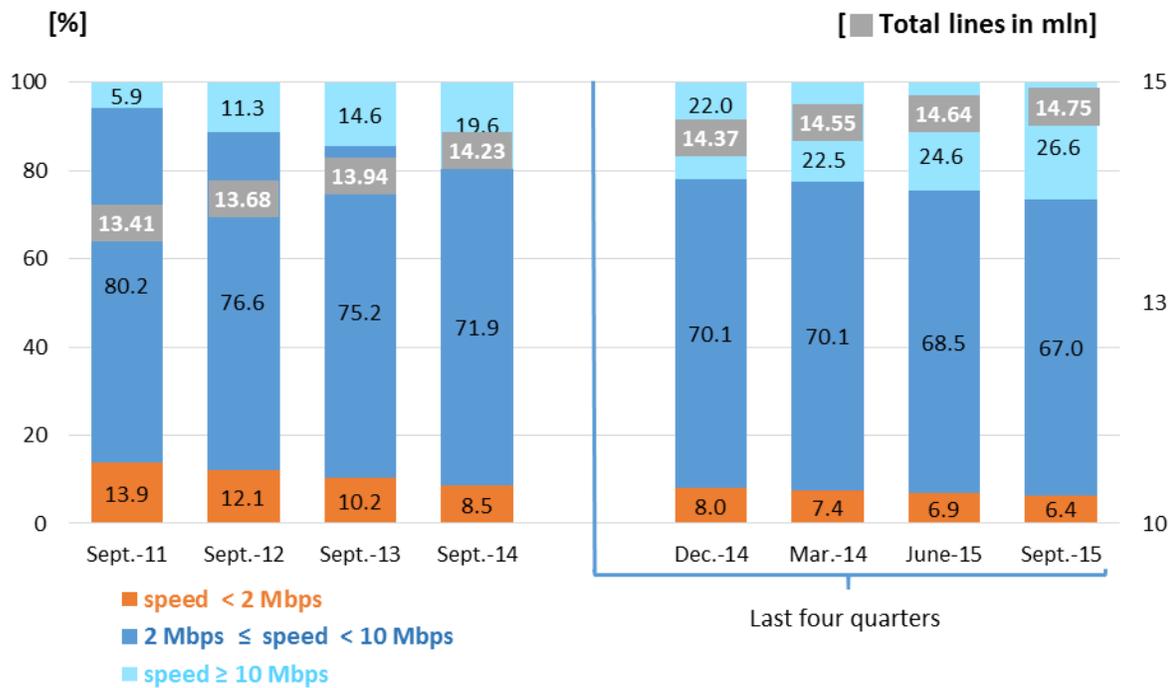
- Broadband lines have increased by about **530** thousand units YoY (+380 thousand in the 1st half of 2015)
- DSL lines have decreased by about **170** thousand units (YoY)
- NGA lines have increased by **690** thousand units (YoY)

- Telecom Italia's market share has reduced by **1.5** pp (YoY)
- Fastweb's and Vodafone's market shares have increased by **+0.5** and **+0.4** pp, respectively
- The growth of other operators' market share (**+0.6** pp) is essentially due to the increase in the number of FWA lines

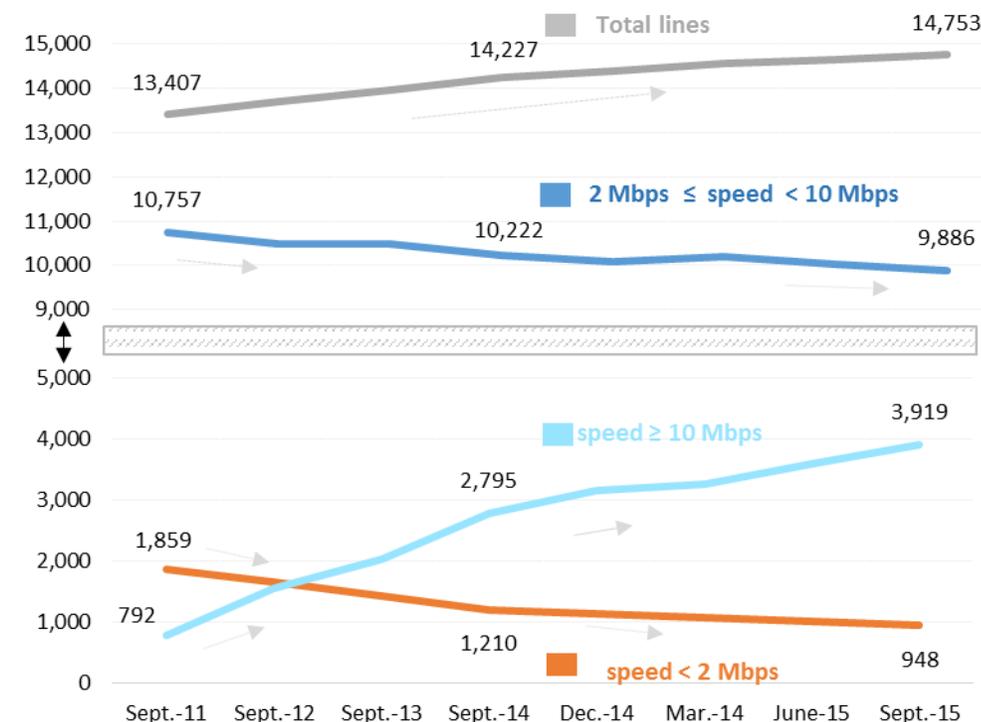
1.4 Broadband fixed lines by speed



Access lines by speed classes



Broadband access lines trend by speed classes [mln]

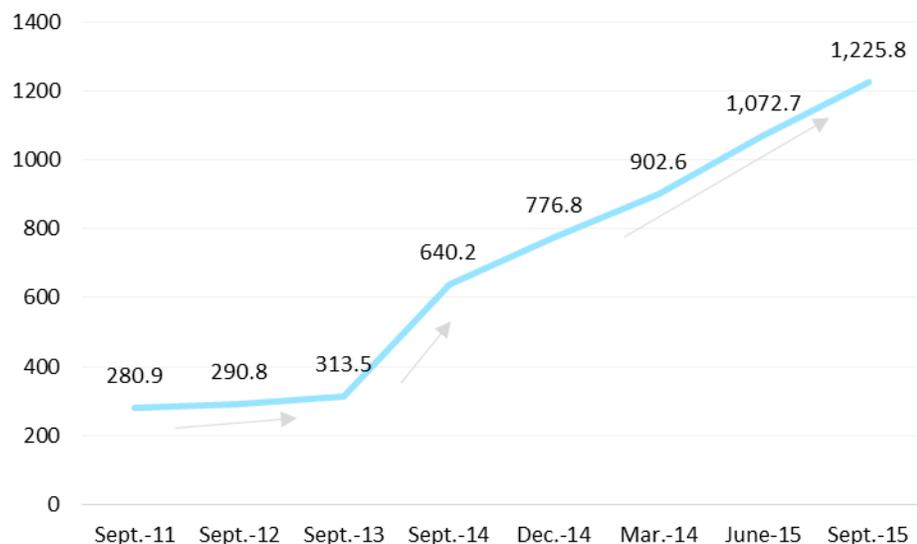


- Broadband lines with speed ≥ 10 Mbps have increased by **1.1** thousand units YoY, now accounting for the **26.6%** of overall broadband lines (**3.9** million lines)
- Telecom Italia, Fastweb, Vodafone e Wind together hold approximately more than 85% of high-speed lines (speed ≥ 10 Mbps)
- From the beginning of the year, Wind has experienced by far the most significant growth of high-speed lines (**+182** thousand)

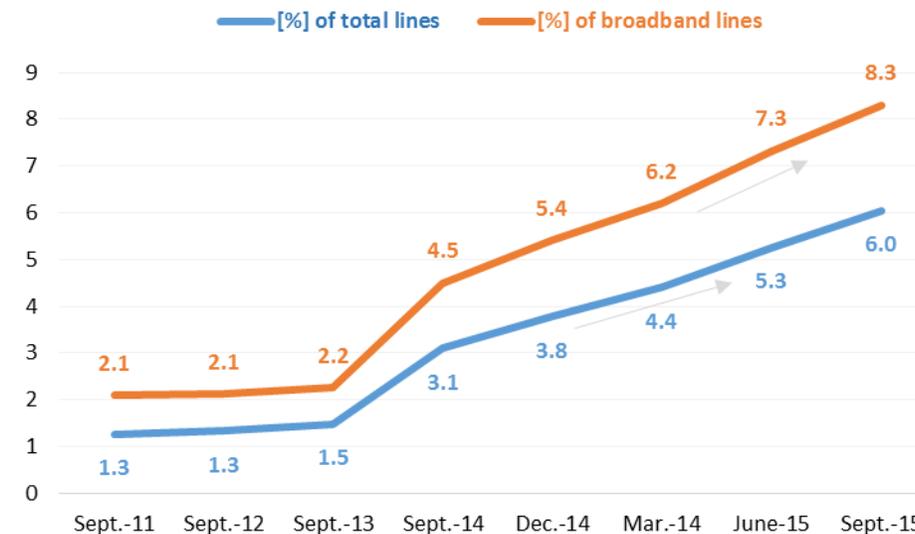
1.5 NGA broadband fixed lines



NGA broadband access lines [*1000]

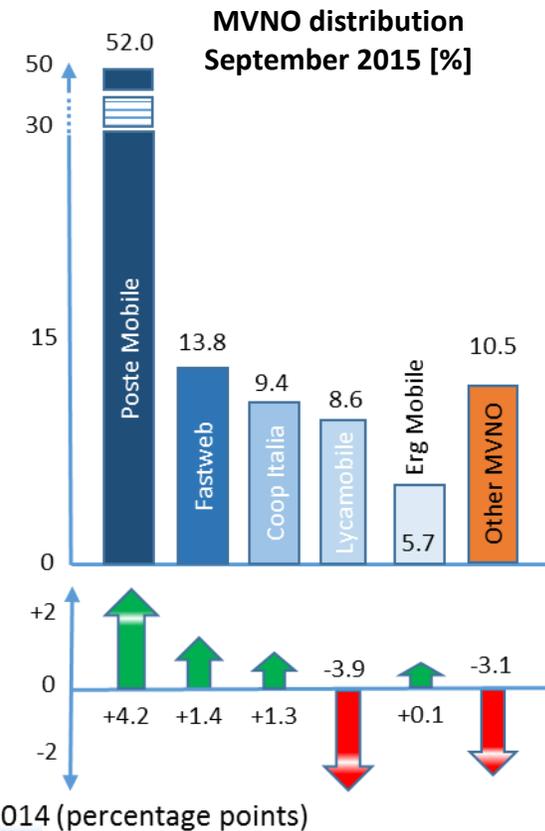
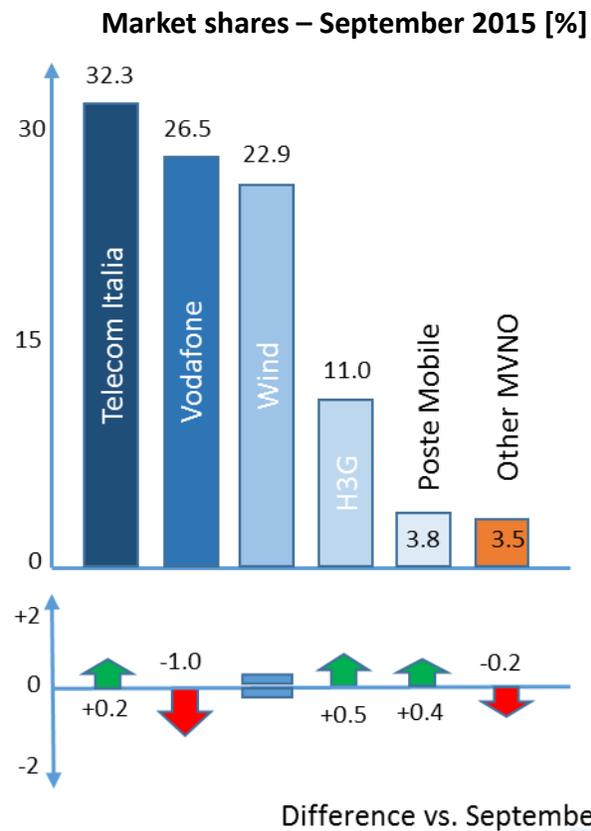
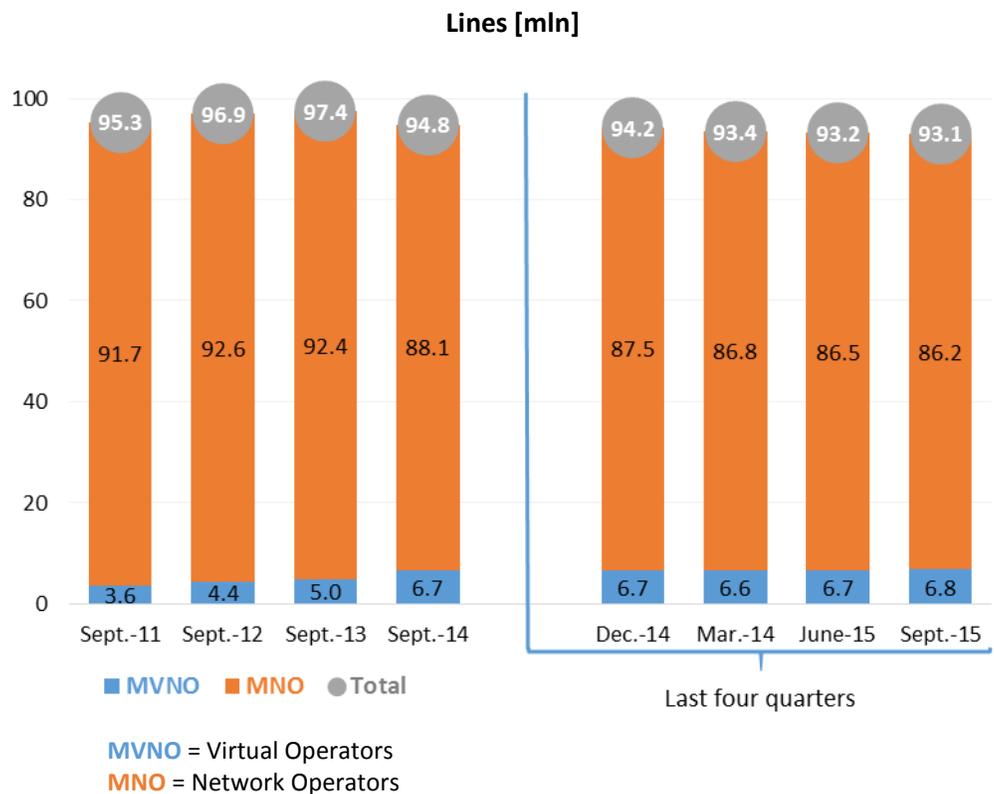


NGA broadband lines as a share of total and broadband lines



- At the end of September 2015, NGA lines exceeded **1.2** million units (+449 from the beginning of the year)
- NGA lines account for **6%** of total lines, and for **8.3%** of broadband lines
- More than **85%** of NGA lines are provided by Fastweb and Telecom Italia
- During 2015 it is possible to observe an important increase of Vodafone broadband lines (from 3,8 to 12,1% of overall broadband lines)

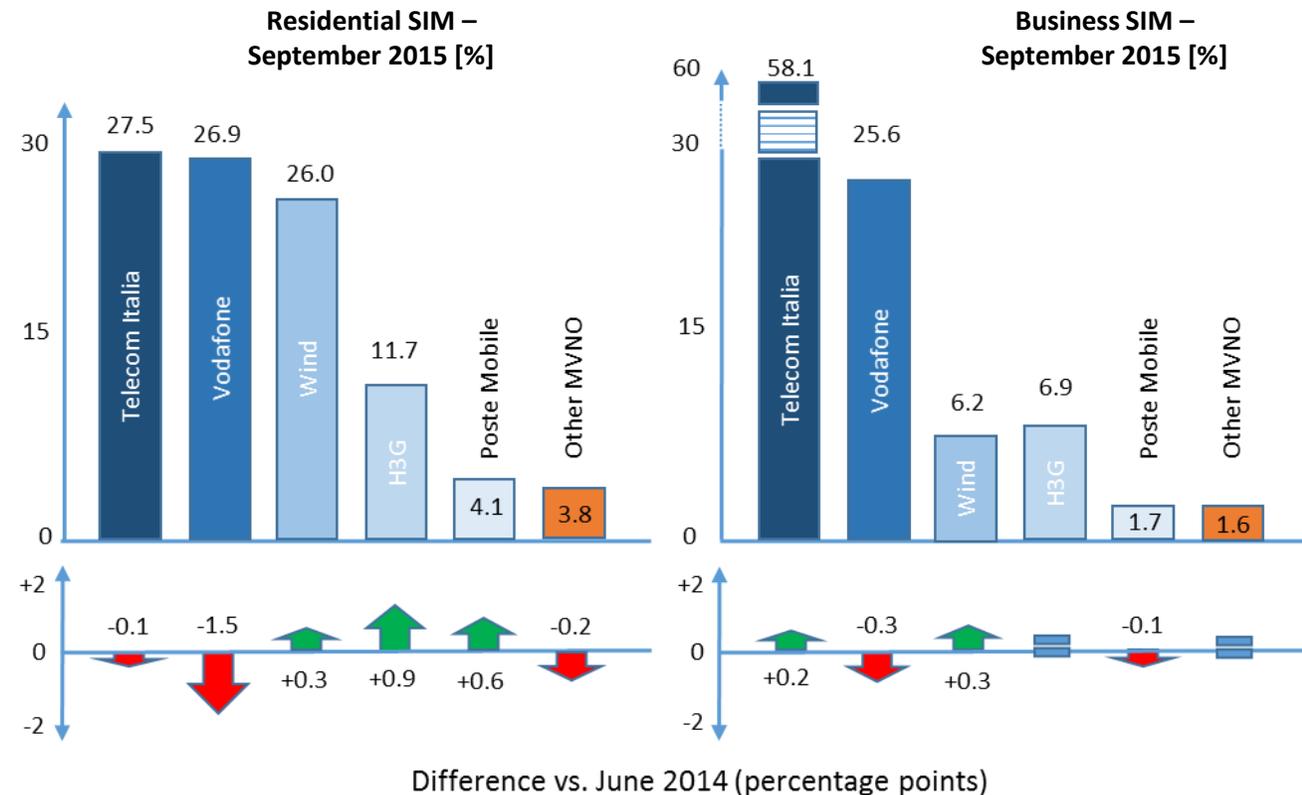
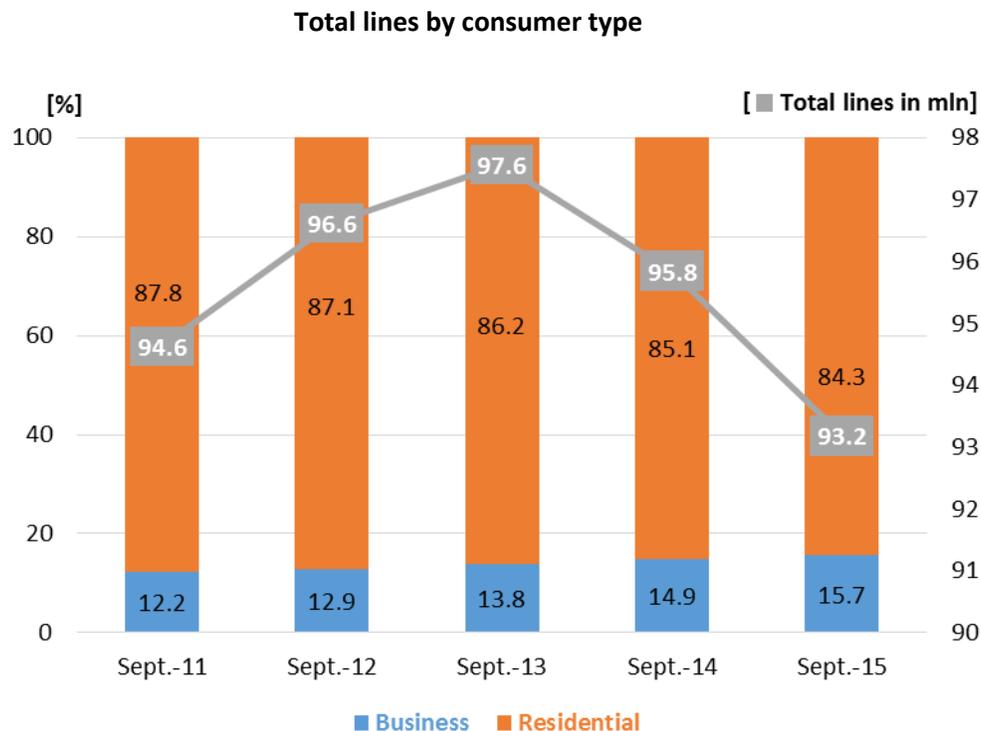
1.6 Mobile subscribers



- On a yearly basis, mobile lines have decreased by about **1.74** million units
- MNOs' lines have decreased by **1.89** million units, whereas MVNO's lines have increased by **0.15** million units
- MVNOs' lines account for **7.9%** of total lines

- Telecom Italia's market share has grown by **0.2** pp (YoY), while Vodafone's market share has decreased by **1.0** pp
- Poste Mobile's and other MVNOs' market shares show an overall increase of **0.5** pp
- Among MVNO operators, Poste Mobile holds a share of **52%** (**+4.2** pp), whereas Lycamobile's market share has decreased (**-3.9** pp)

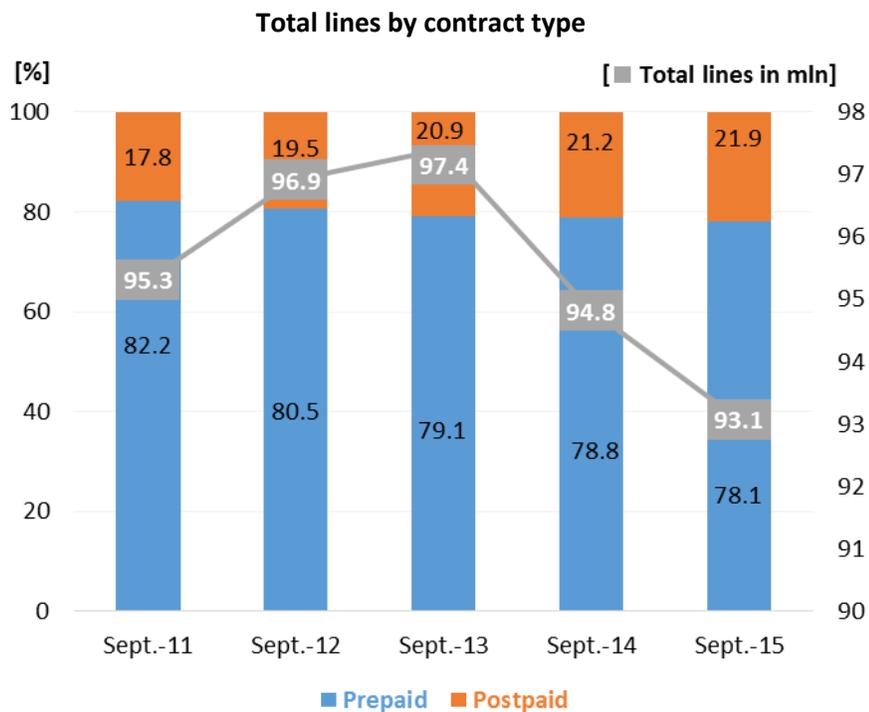
1.7 Mobile subscribers by type of consumer



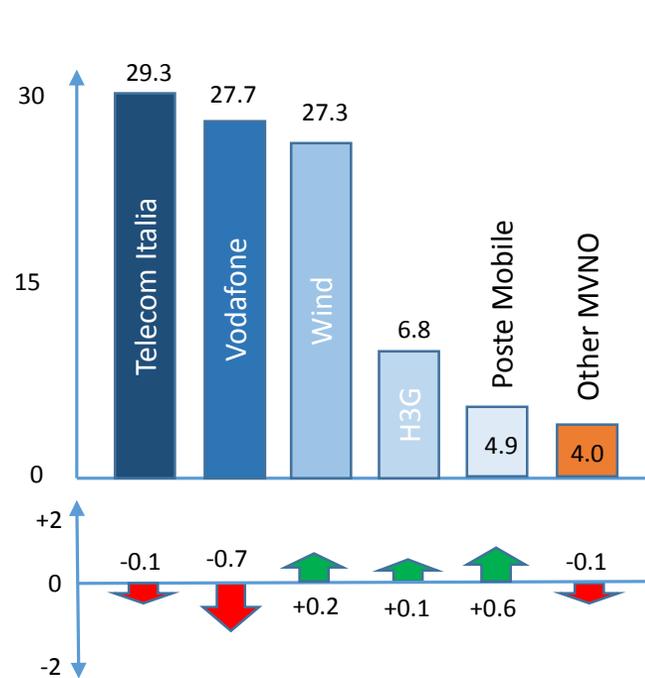
- Non residential SIMs (**14.7** million at the end of September 2015) have increased on a yearly basis by **0.6** thousand units
- Residential SIMs (**78.4** million at the end of September 2015) have decreased by **2.3** million units (YoY)

- In the residential segment, the market shares of the three main players are comparable; Vodafone's market share has reduced by **1.1** pp (YoY)
- In the business segment Telecom Italia confirmed its leadership with a market share of **58%**
- Wind's market share has increased by **+0.3** pp (YoY)

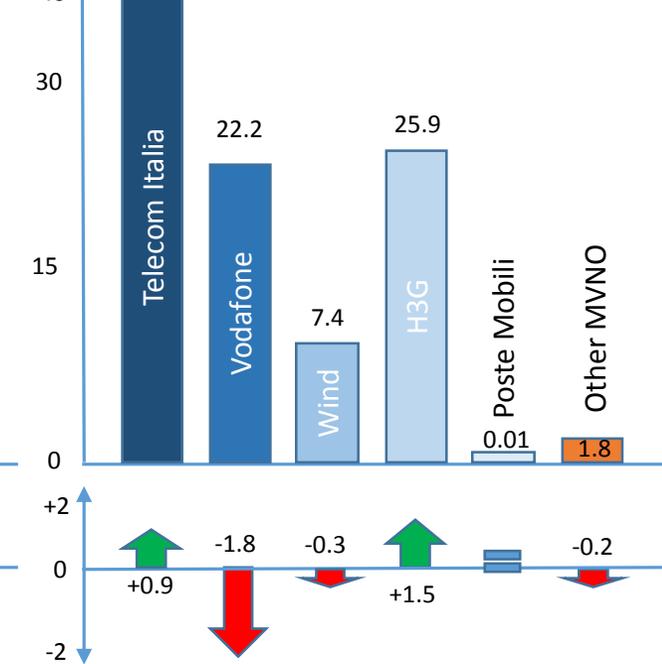
1.8 Mobile subscribers by type of contract



Prepaid SIM – September 2015 [%]



Postpaid SIM - September 2015 [%]



Difference vs. September 2014 (percentage points)



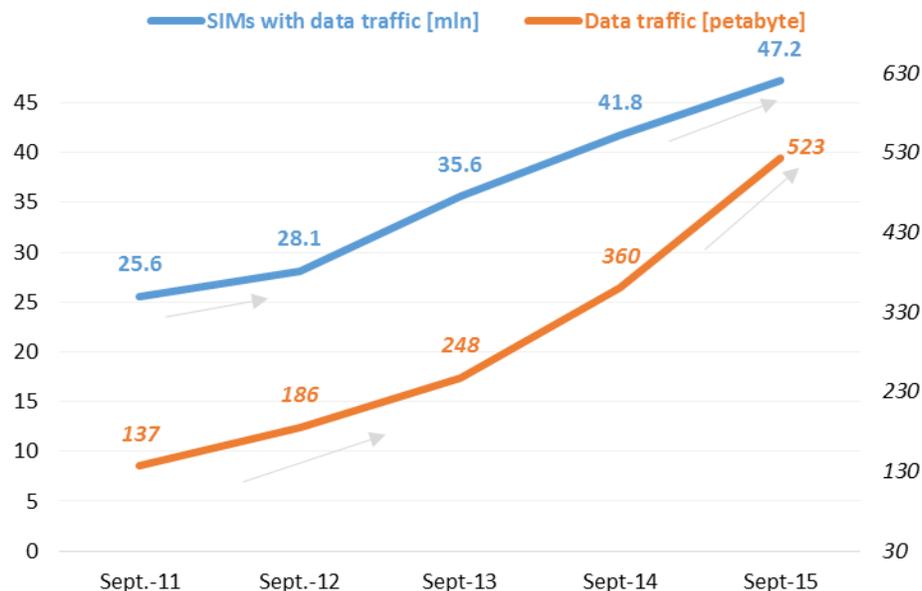
- At the end of Q3 2015, prepaid SIMs reached **72.7** million units (78% of total lines), with a decrease of **2** million YoY
- At the end of Q3 2015, postpaid SIMs reached **20** million units (22% of total lines), with a minimal increase of **+0.2** million YoY



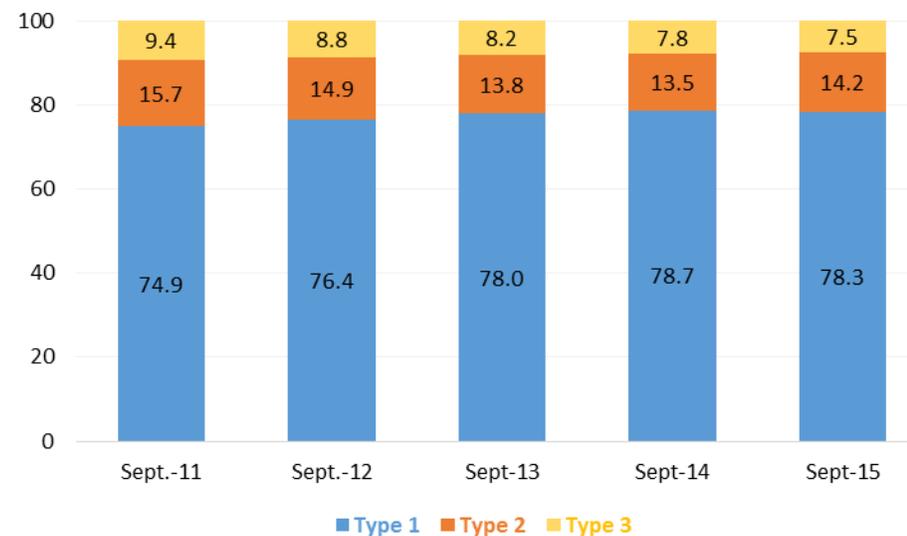
- In the prepaid segment, Wind's **+0.2** pp) and Poste Mobile's **+0.6** pp) market shares have increased (YoY)
- Telecom Italia leads the postpaid segment with a share of **42.7%** **+0.9** pp YoY)



Data traffic



SIMs with data traffic by contract type [%]



According to European Commission definitions (CoCom):

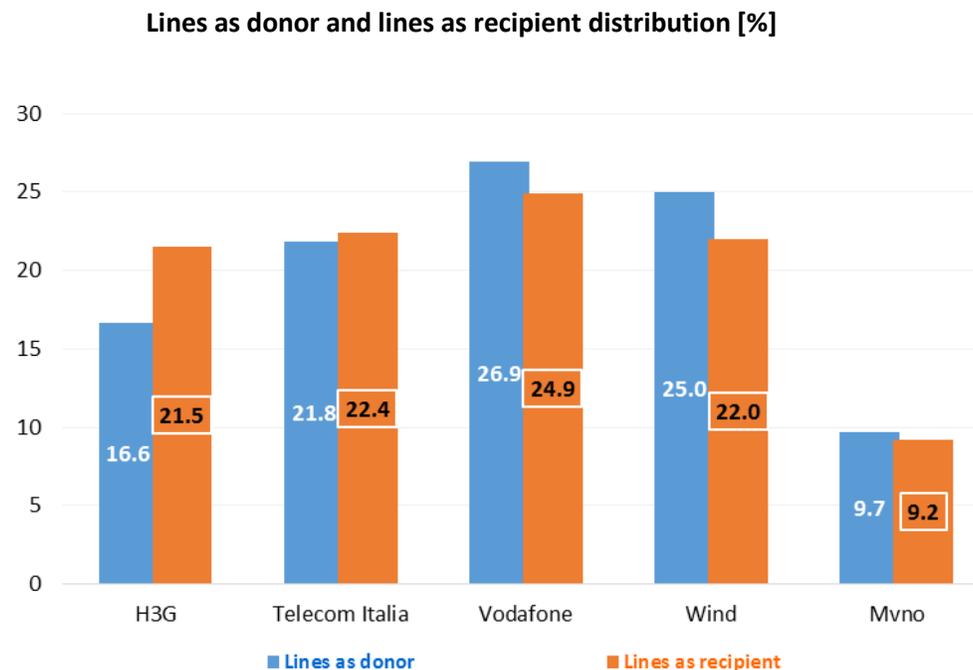
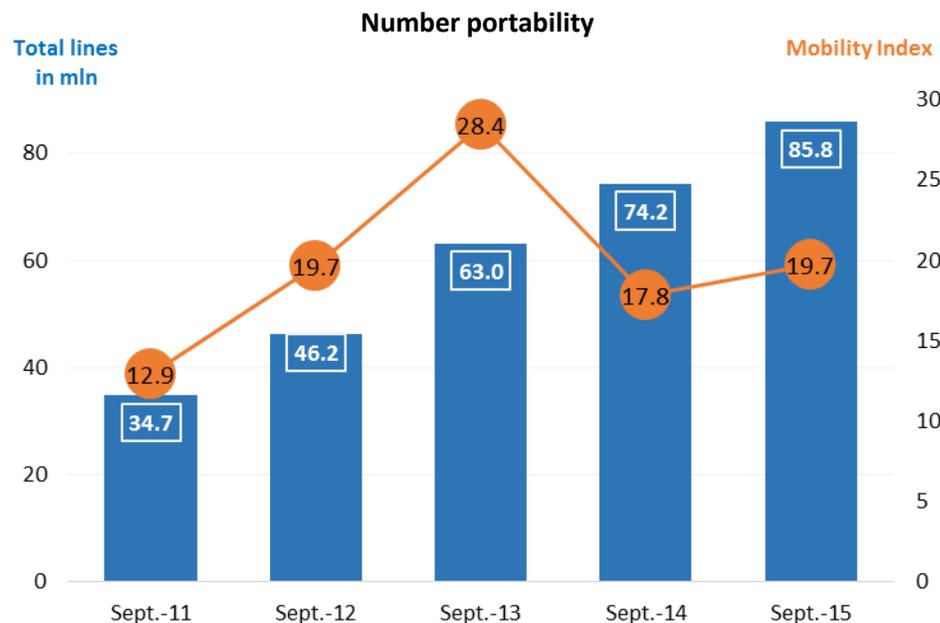
Type 1: "dedicated data subscriptions for add-on data package to a voice service requiring an additional subscription"

Type 2: "dedicated data subscriptions for stand-alone services"

Type 3: "actual usage of standard mobile subscriptions"



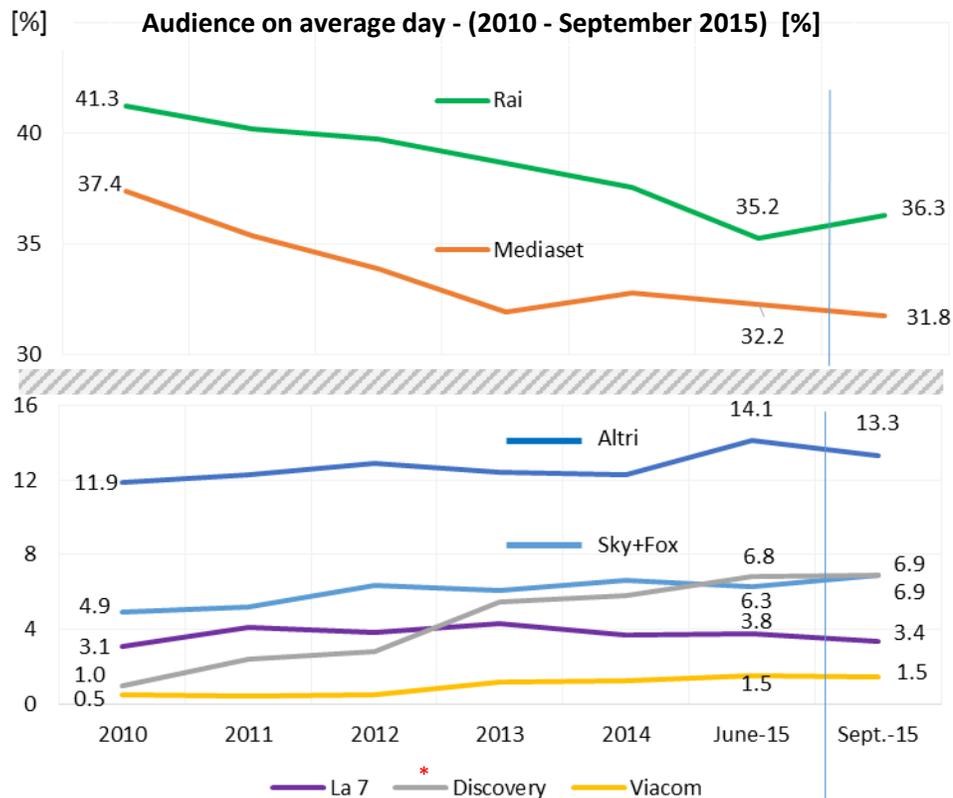
- SIMs with data traffic have increased over the last year from **41.8** to **47.2** million units, with a growth rate of **13.0%**
- In September 2015, data traffic showed a **45.2%** increase as compared to September 2014
- Since September 2011, the number of SIMs with data traffic has increased from **26.8%** to **50.6%** of the overall customer base



- At the end of September 2015, the total amount of mobile number portability operations reached a value of **85.5** million
- In line with the previous year, mobile virtual operators were able to gain **1.8** million in the number of lines
- Compared with September 2014, the total balance is negative (**-377** thousand lines)
- On a yearly basis, the net balance «donating-recipient» improved for H3G (**+315** thousand lines), MVNO (**+25** thousand lines) and Telecom (**+20** thousand lines)
- Vodafone mitigate the negative balance from **-538** thousand to **-28** thousand of lines, while the balance for Wind has worsened from **-201** thousand to **-332** thousand of lines
- Compared with September 2013, the «Mobility Index» (*), shows a significant slow down

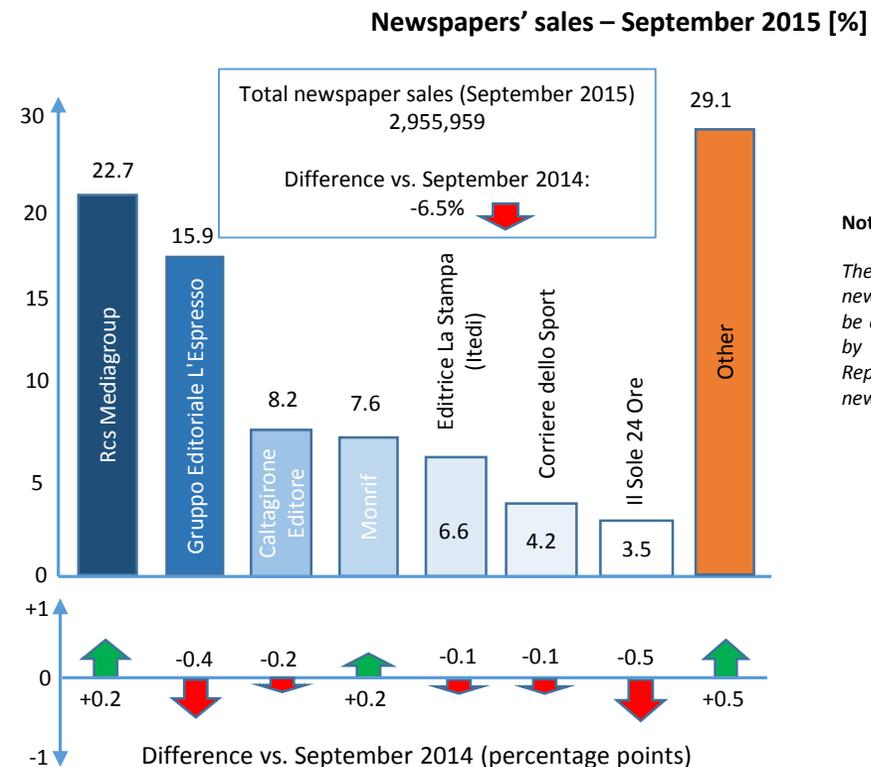
(*) – Ratio between (i) total donating/recipient lines, since the beginning of the year, and (ii) the corresponding average customer base

2.1 Media: TV audience and newspapers' sales



Source: Auditel

* Including the audience of Switchover Media acquired by Discovery in 2013



Note: AGCOM's elaborations on ADS data

They are monthly data based on 64 newspapers; the figures may not, therefore, be directly comparable with data gathered by AGCOM and published in the Annual Report which refers to the entire newspapers population

- Over the 2010-2015 period, the audience of the two most important players (Rai and Mediaset) has decreased significantly (by more than **10 pp**, from 78.7% to 68.1%)
- From the beginning of the year the audience of smaller operators has shown an increase of **1.1 pp**

- Newspapers' sales showed a **6.5%** reduction YoY
- Gruppo Editoriale l'Espresso and Rcs Mediagroup currently share the leadership of the market

2.2 Media: radio and Internet audience



Radio: listeners on average day (1st half of 2015)

Position 1st half 2015	Change on previous year	Radio station	% share
1	▬	RTL 102.5	19.3
2	↑	RDS 100% Grandi Successi	13.6
3	↓	RADIO DEEJAY	13.4
4	↑	RADIO 105	13.1
5	↓	RADIO ITALIA Solomusicaitaliana	12.0
6	▬	RAI RADIO 1	12.0
7	▬	RAI RADIO 2	8.7
8	▬	VIRGIN RADIO	6.7
9	▬	RADIO 24 - IL SOLE 24 ORE	5.6
10	↑	RADIO KISS KISS	5.3
11	▬	M2O	4.9
12	↓	RADIO CAPITAL	4.7
13	▬	RADIO R101	4.5
14	↑	RAI RADIO 3	4.0
15	↑	RMC - RADIO MONTE CARLO	3.3

Source: data collected as a part of the RadioMonitor survey



- Data show that RTL 102.5 keeps the leading position, followed by RDS and Radio DeeJay (belonging to the Espresso group, owner also of M2O and Radio Capital)

Internet: active reach (September 2015)

Position September 2015	Change on previous year	Parent*	Active Reach** (%)	Average time spent on website by visitors (hh:mm)
1	▬	Google	94.1	05:24
2	▬	Facebook	80.0	14:08
3	▬	Microsoft	70.8	01:10
4	↑	WhatsApp	60.2	09:42
5	↓	ItaliaOnline***	58.8	01:21
6	↓	Banzai	57.6	00:23
7	↑	Amazon	57.0	00:46
8	↓	Yahoo	52.8	00:49
9	↓	eBay	52.4	00:51
10	↓	Wikimedia Foundation	49.3	00:17
11	↓	Gruppo Espresso	47.3	00:28
12	↓	RCS MediaGroup	44.0	00:29
13	▬	Triboo	41.6	00:13
14	↓	Mediaset	40.7	00:28
15	↑	ilMeteo	32.1	00:17

*Parent: name of the website's parent entity. Parent provides the Parent-level information for a Brand or Channel

**Active Reach (%): is the percentage of all active unique persons who visited the site or used the application.

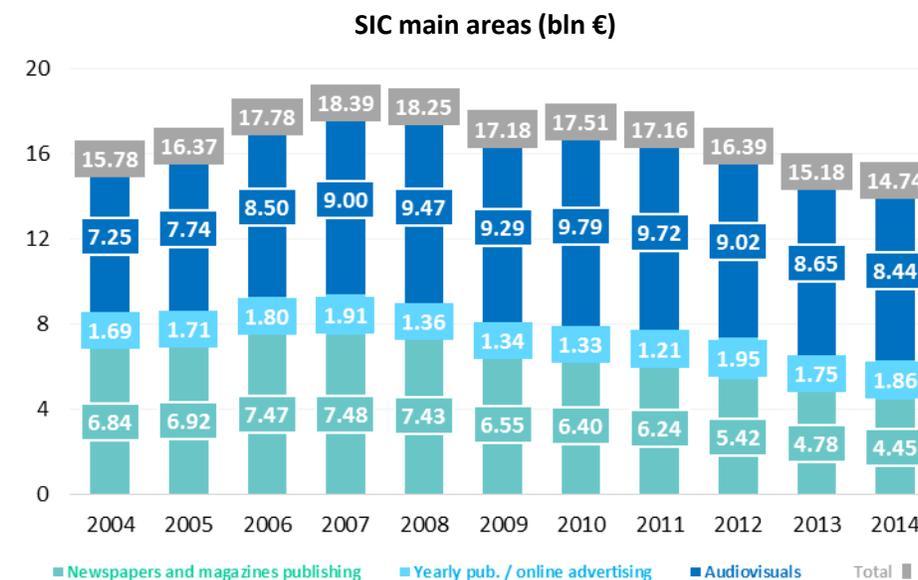
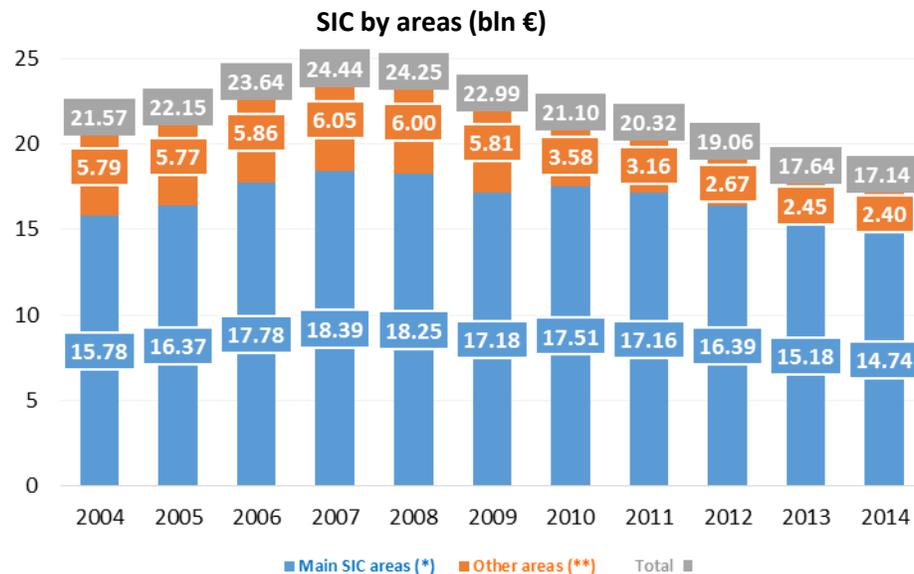
*** For ItaliaOnline the data of September 2015 are compared with those of April 2014

Source: Audiweb (June 2014 – June 2015)



- Google parent entity remains the leader with about **95.3%** of the active reach
- The main portals to web navigation show the higher active reach

2.3 Media: Integrated communications system (SIC) (1/3)



(*) – Include «audiovisual services», «newspapers and magazines publishing» and «yearly pub. / online advertising»; the data are collected via IES – the economic informative report system
 (**) – Include «cinema (including advertising)», «outside advertising» and «sponsorship»



- The law no. 112 of 3 May 2004, regarding the reform of the Italian audiovisual system (so called «Gasparri law»), introduces the SIC as a measure of the total amount of communication system revenues in order to ascertain that no operator earns more than 20% of the total revenues
- As compared to 2013, in 2014 an overall decrease of the SIC total value of around **2.8%** is estimated
- In 2014, SIC main areas' revenues decreased by **2.9%** as compared to 2013



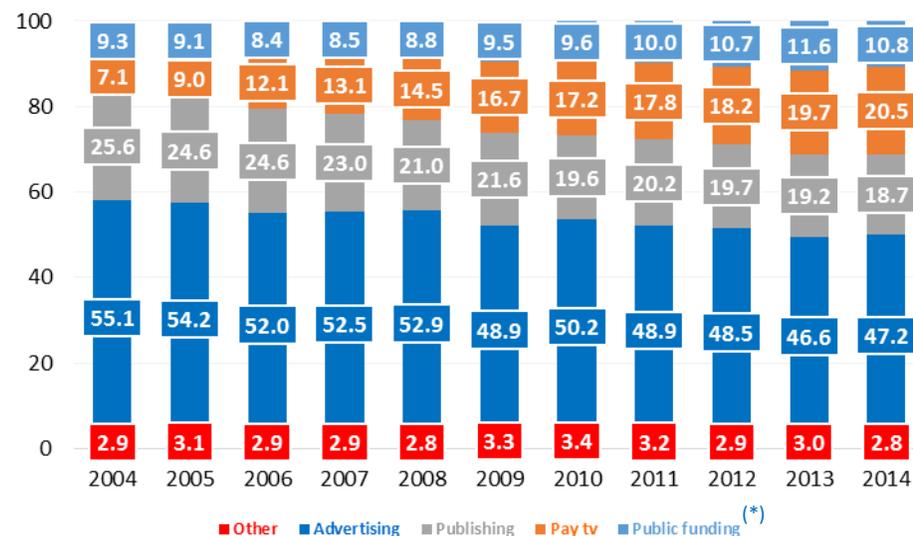
- In 2014, SIC main areas' revenues decreased by around **20%** as compared with the 2007 peak of € **18.39** billion
- Since 2004, the main SIC areas have lost over 1 billion euros
- On a yearly basis, Free TV revenues declined by about **5%**, while Pay TV revenues showed a slight growth of **1.5%**
- Newspapers' and magazines' revenues have experienced a decrease of **34.8%** from 2004 to 2014

Note: SIC economic values in the 10-year period considered are not fully comparable as a result of legislative reforms (see law 103/2012).

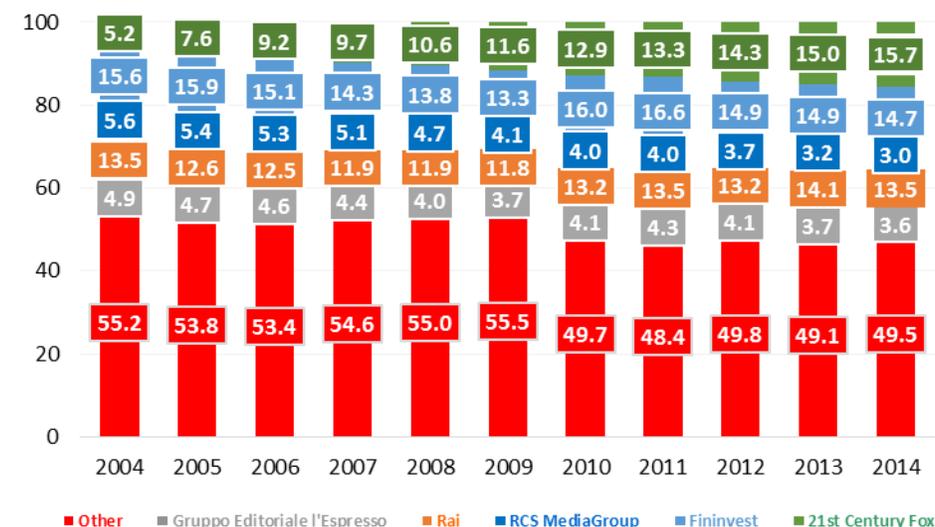
2.4 Media: Integrated communications system (SIC) (2/3)



«SIC» by source type (%)



«SIC» by main companies (%)



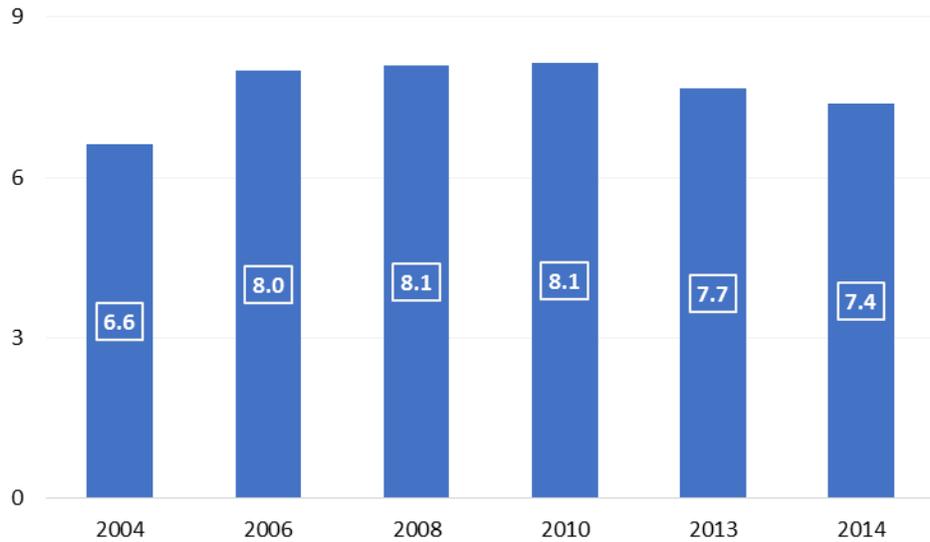
- As regards the source of the SIC main areas' revenues, despite the context of economic crisis, the weight of public funding and pay TV increased by **14.8** pp (from **16.4%** in 2004 to **31.3%** in 2014)
- Publishing revenues and advertising revenues decreased, respectively, by **6.9** pp (from **25.6%** to **18.7%**) and by **7.9** pp (from **55.1%** to **47.2%**)
- As compared to 2013, in 2014 the weight of Pay TV revenues increased (**+0.8** pp), while both publishing and public funding decreased respectively by **0.5** and **0.8** pp.

- In 2014, 21^o Century Fox (Sky) is the market leader with **15.7%** of market share (**+10.5** pp from 2004 to 2014)
- After the 2011 peak, Fininvest has currently a market share of **14.79%** (**-0.2** pp compared to 2013)
- In 2014, Rai experienced a decrease in market shares (**-0.6** pp YoY) from the **13.2%** of 2012 to the **14.1%** of 2013), due to license fee payments
- From 2004 to 2014, the market shares of RCS Mediagroup and Gruppo Editoriale l'Espresso jointly fell from **10.5%** to **6.6%**

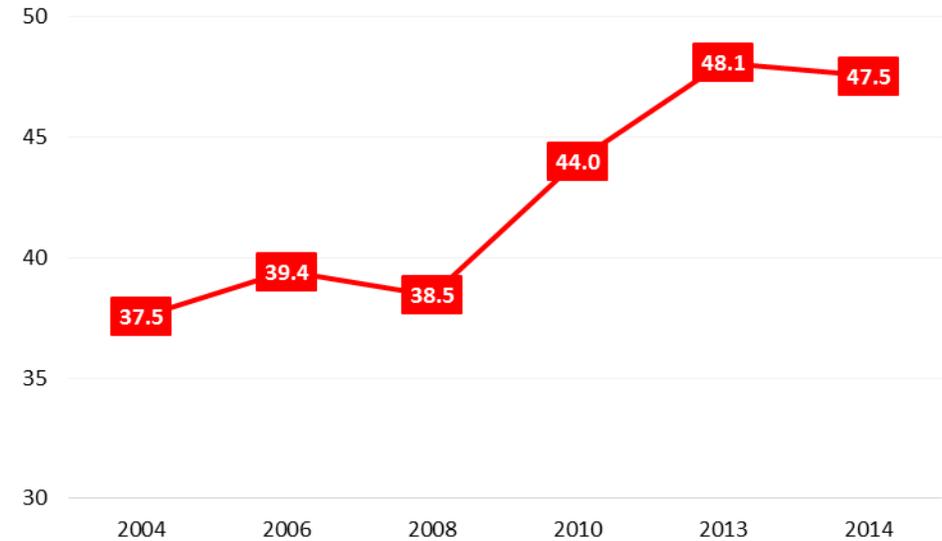
(*) - Due to Law no. 89 of 23 June 2014, Article 21 point 4, the amount of revenues which will be passed to the TV concessionaire in 2014 have been reduced by 150 million euros



Users' spending^(*) – (billions of euros)



User spending^(*) as a percentage of SIC (%)

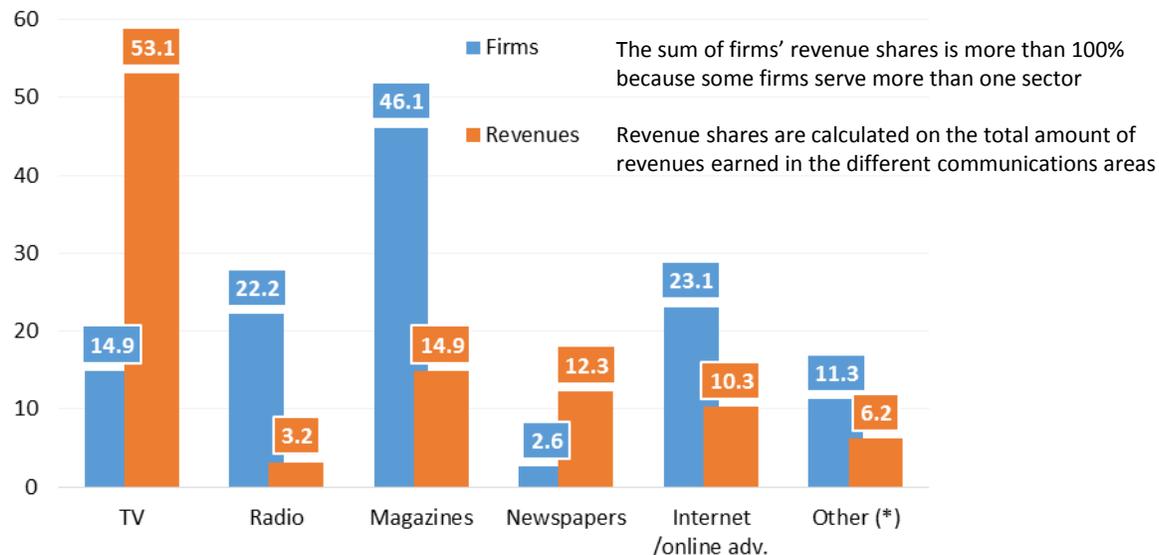


- Over the past ten years users' spending has grown by more than **12%**; however, as compared with the 2008 and 2010 peak of € **8.1** billion, there was a decline of **8.6%**
- In 2014 the users' spending reached a total value of around **7.4** billion, with a decrease of € **0.3** billion
- From 2004 to 2014, the portion of SIC attributable to users' spending has grown by **10 p.p.** (from **37.5** to **47.5%**)

(*) – Users' spending includes both households and firms expenditure in: public TV subscription, pay-tv subscription, newspapers and magazines expenditures (including add-on products) and for the cinema the consumer spending at the box and that involving home video products

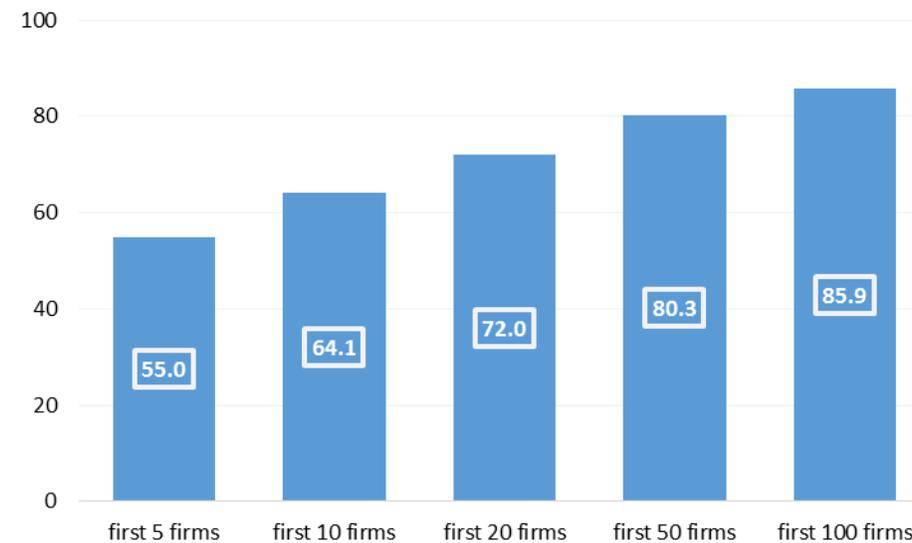


IES distribution by industry (%) - 2015



(*) – Includes advertising sales companies, press agencies

Concentration of total revenues (%) (*)



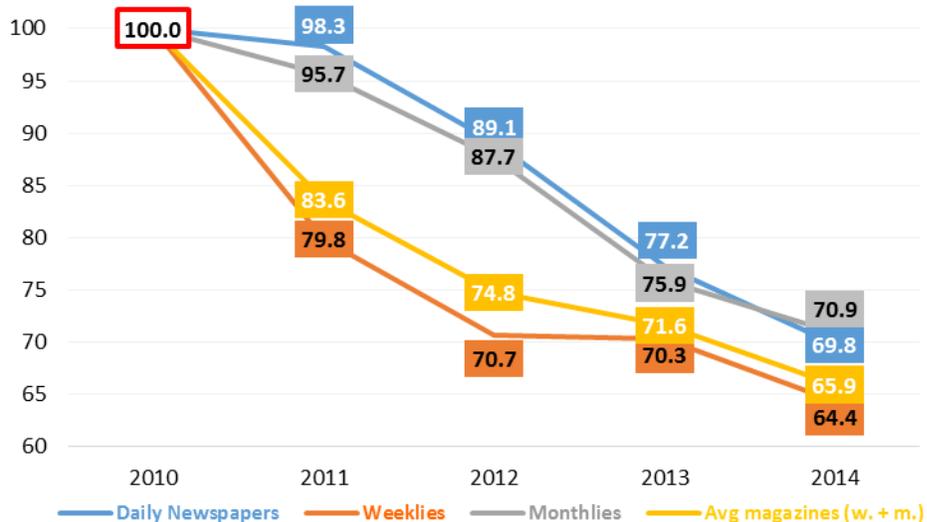
(*) – The total amount of revenues is different from that provided with the SIC (slide 2.5): in the IES are included some revenues not considered in the SIC (for example, wholesale revenues)



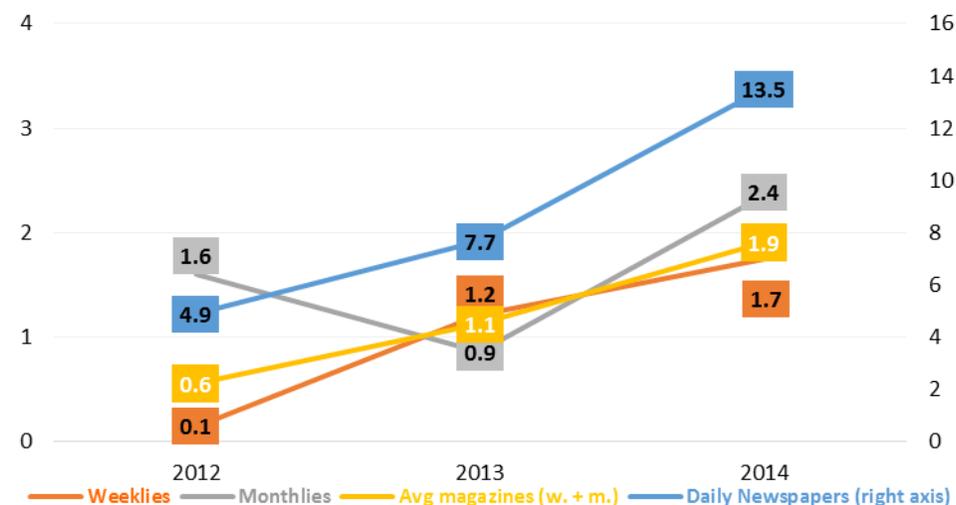
- More than **4,300** notifications received in 2015: approximately half comes from firms operating in the publishing sector (magazines and newspapers)
- Over half of IES revenues (**53.7%**) comes from the broadcasting sector
- It is possible to observe a high level of revenues concentration: the **70%** of total revenues is produced by the first 20 operators



Paid circulation 2010 – 2014 (2010=100)



Digital paid circulation (% of total)



- During the period considered, for both daily newspapers and periodicals it's possible to observe a significant decline in unit sales
- Over the last four years, daily newspapers' sales have decreased by about **30%**, and the copies sold decrease from **4.7** to **3.3** million units per day (*)
- With regard to weeklies and monthlies circulation, the figures show a **35.6%** and a **29.0%** decline respectively

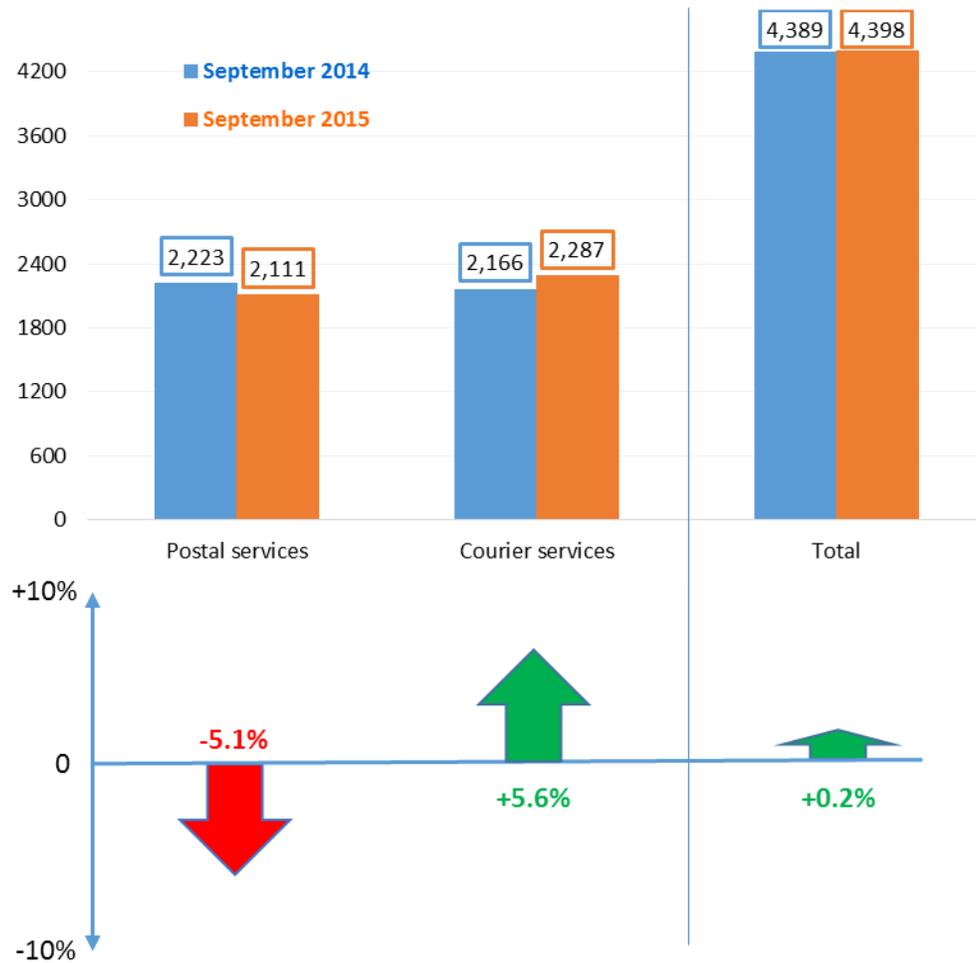
- The digital publishing area, despite the growth trend, still represents only a very small proportion of IES revenues
- In 2014, the digital editions reached an average circulation of approximately **450** thousand daily copies in 2014 (**200** thousand in 2012), exceeding **10%** of paper copies circulation
- In the periodic newspapers industry digital editions are less important ; as they only represent the **2%** of paper copies circulation

(*) – The figures are the result of the ratio between the total annual amount of copies sold (as declared and certified by operators) and an hypothetical year of 360 days

3.1 Postal services and express couriers: revenues



Revenues (millions of euros) - 2015



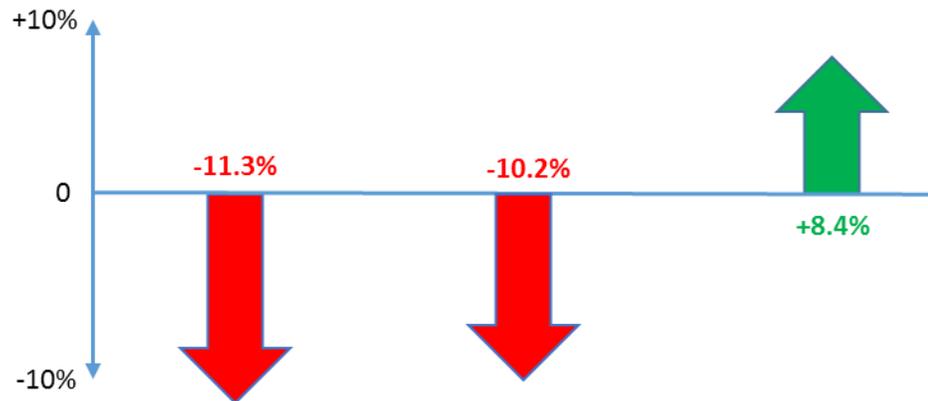
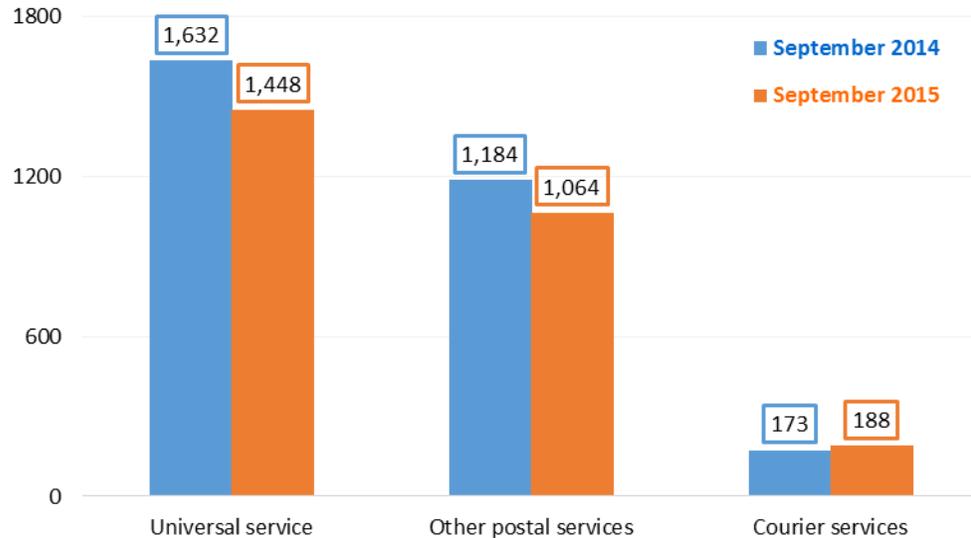
Changes in revenues % - (September 2014 – September 2015)

- At the end of Q3 2015, overall revenues are about **4,398** million euros, about the same as in the previous year
- YoY, postal services' market has shown a decline in revenues (**5.1%**), whereas the courier services' market has shown a growth in revenues (**5.6%**)
- The revenues of courier services' market (**2,287 mln**) are higher than those of the postal services' market (**2,166 mln**)

3.2 Postal services and express couriers: volumes



Volumes (2015)



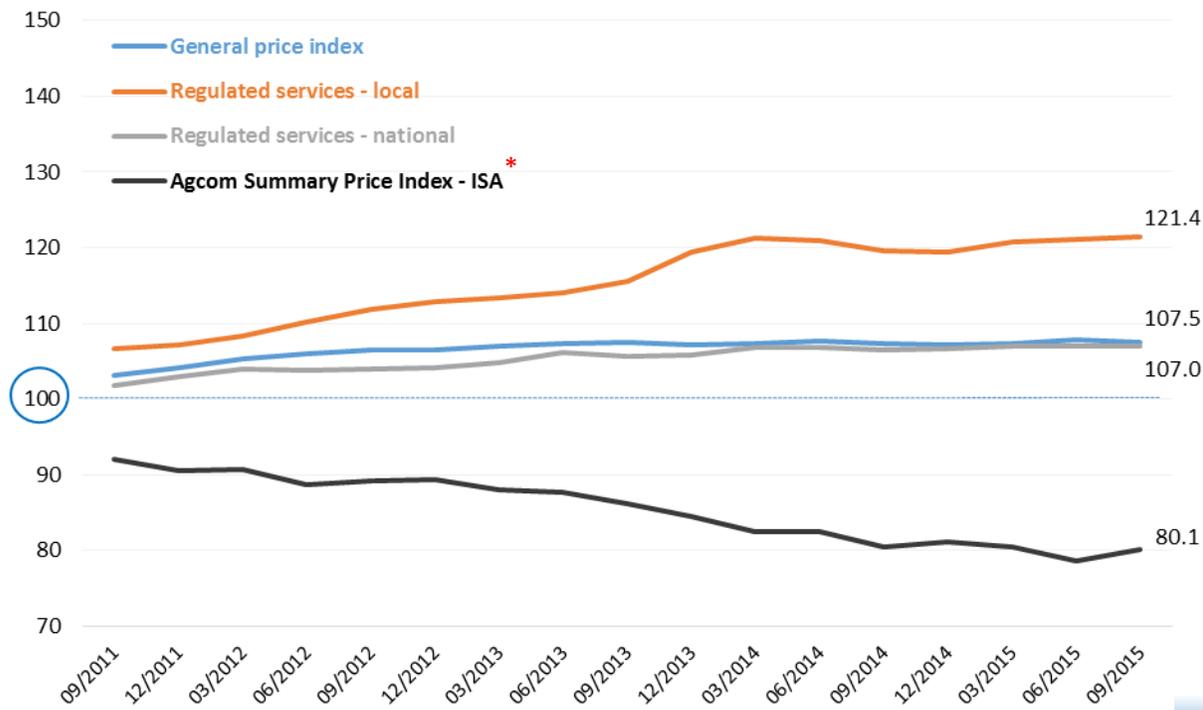
Changes in volumes % - (September 2014 – September 2015)

- In September 2015, volumes of universal services amount to less than **1.5 billion** units, showing a contraction of **11.3%** YoY
- Other postal services have shown a **10.2%** decrease in volumes YoY
- As for the courier services segment (**188 million** units from the beginning of the year), volumes have increased by about **8.4%** YoY

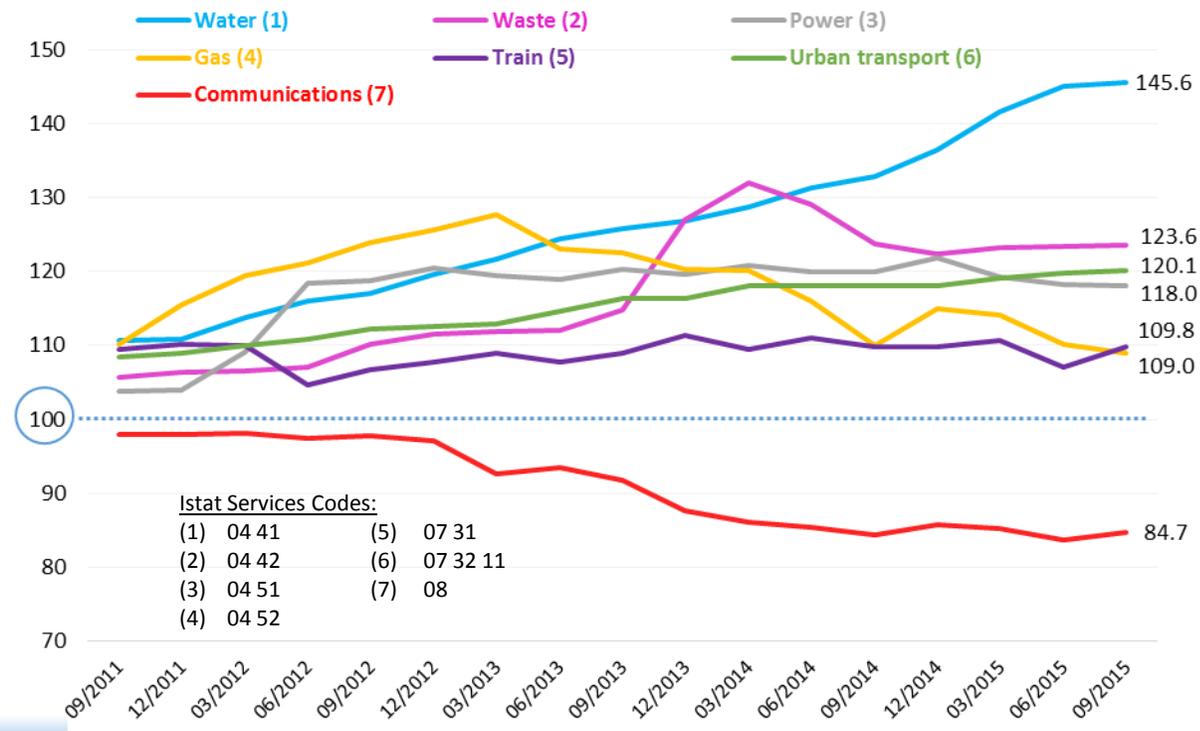
4.1 Harmonised consumer price index and other utilities price indices



Average price index (2010=100)



Utilities price index (2010=100)



Istat Services Codes:
 (1) 04 41 (5) 07 31
 (2) 04 42 (6) 07 32 11
 (3) 04 51 (7) 08
 (4) 04 52

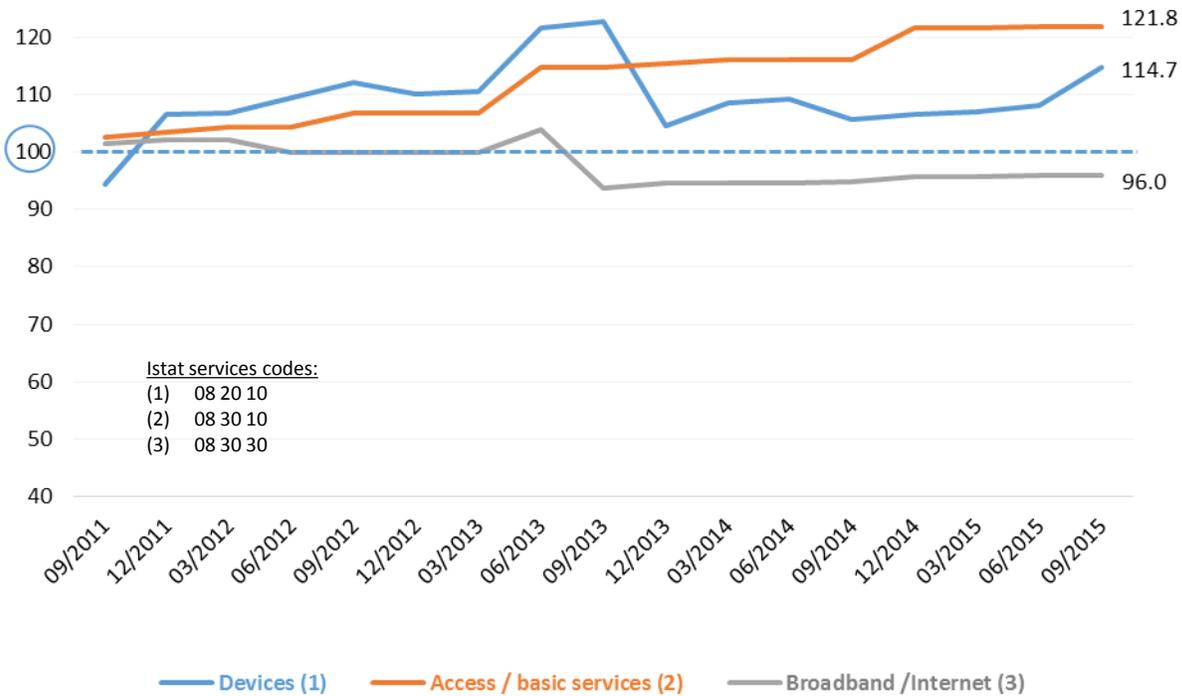
- The ISA price index has decreased at a faster pace as compared to the others price indices
- The growth rate of the prices of services regulated at the national level is comparable to the general price index, whereas the prices of services regulated at the local level show a steeper growth
- Among regulated services, communications price index is the only one showing a decrease since 2010

* The ISA («Indice Sintetico Agcom») price index includes postal services, services and devices for fixed and mobile telephony, public TV license fee, pay TV, newspapers and magazines (10 items). In compliance with the procedure adopted by ISTAT for the indices of consumer prices, the aggregate communications index is calculated by the "method of chaining", by which the system of weights assigned to the items is updated yearly.

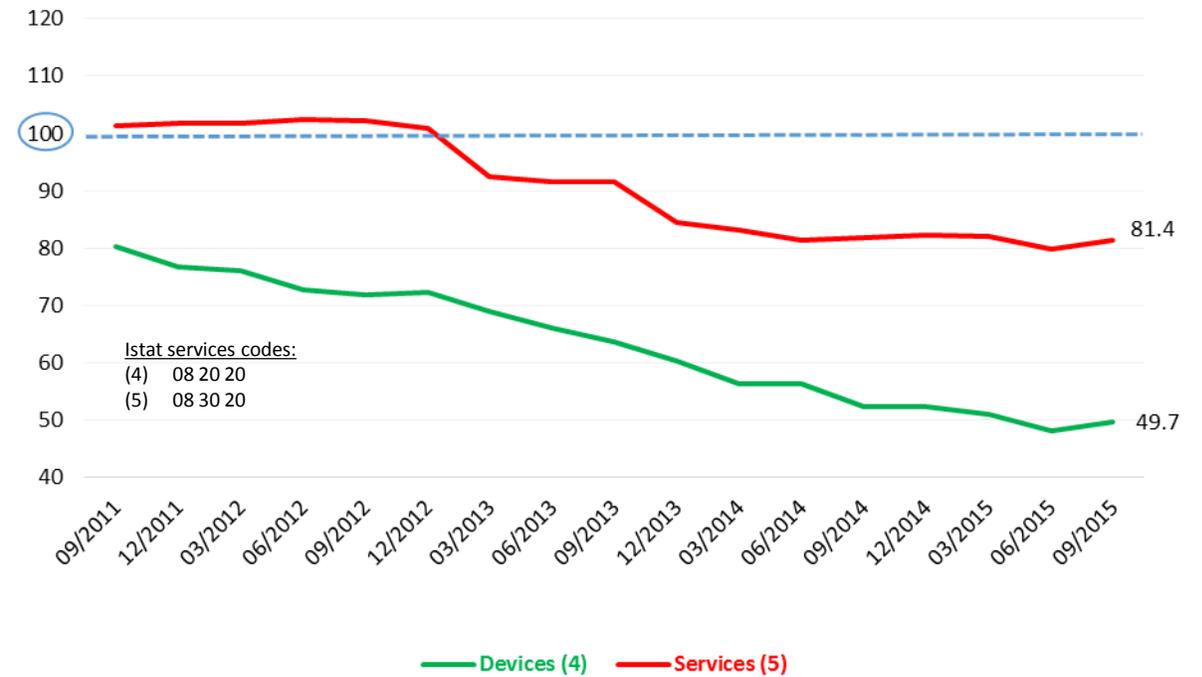
4.2 Mobile and fixed telephony price indices



Fixed telephony price indices (2010=100)



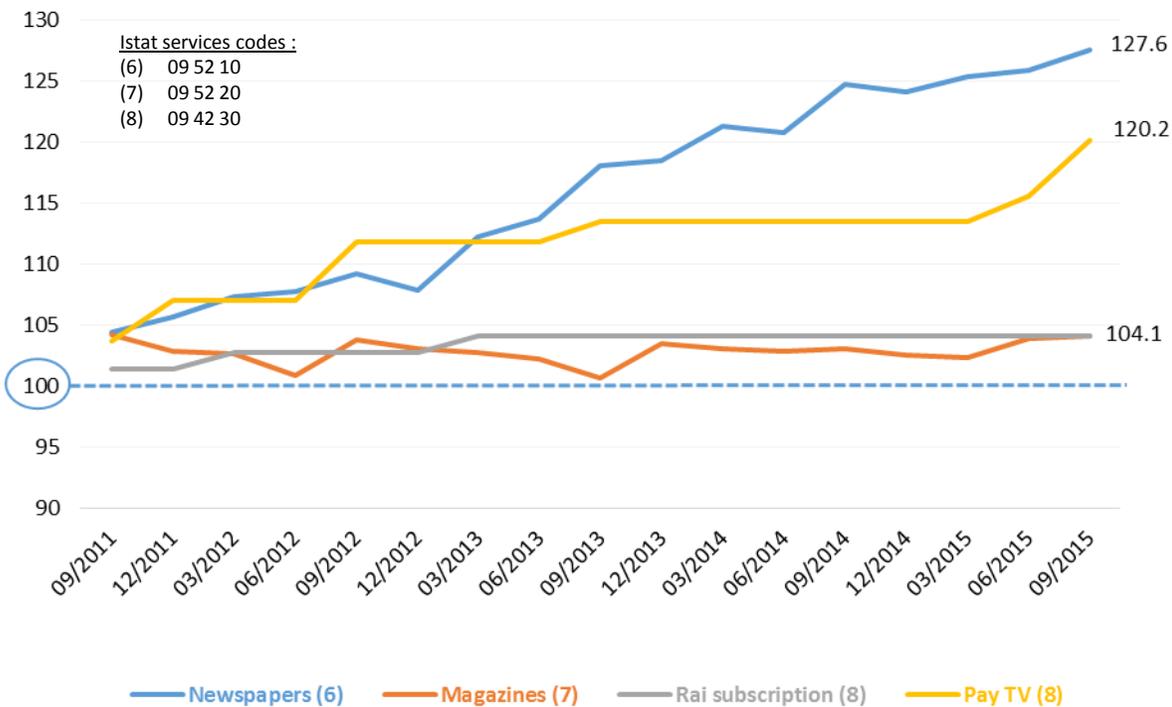
Mobile telephony price indices (2010=100)



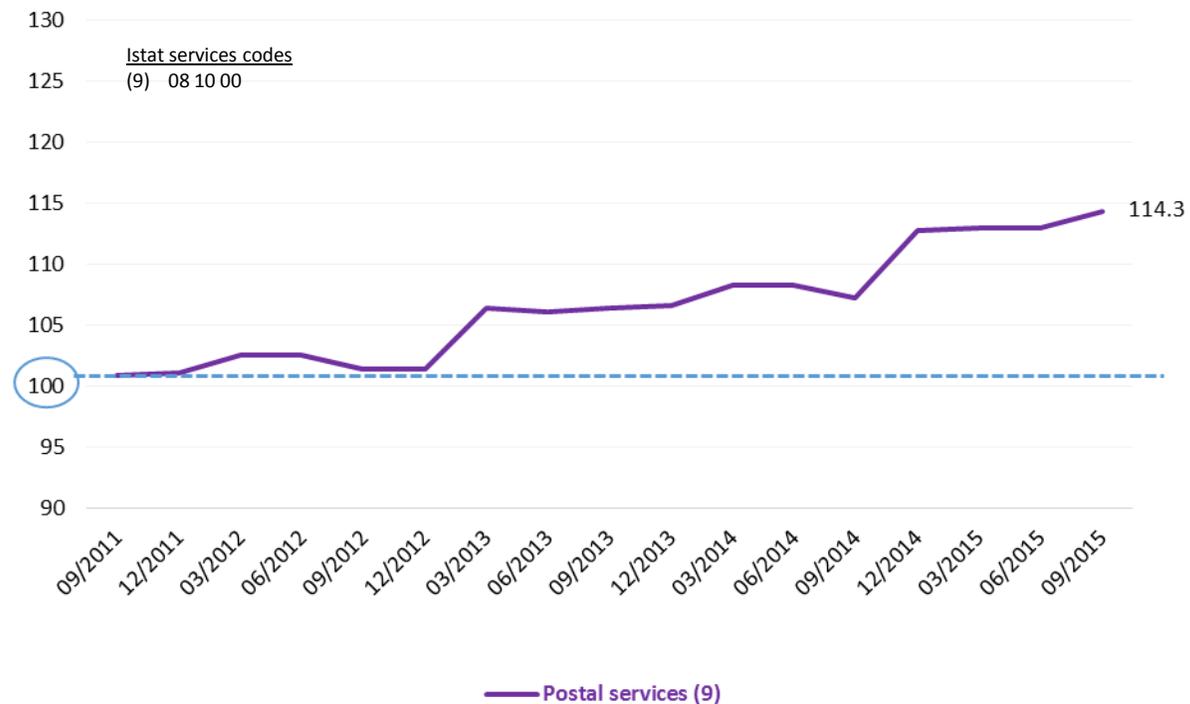
4.3 Daily newspapers, magazines, TV and postal services price indices



Newspapers, magazines, Tv price indices (2010=100)



Postal services price index (2010=100)

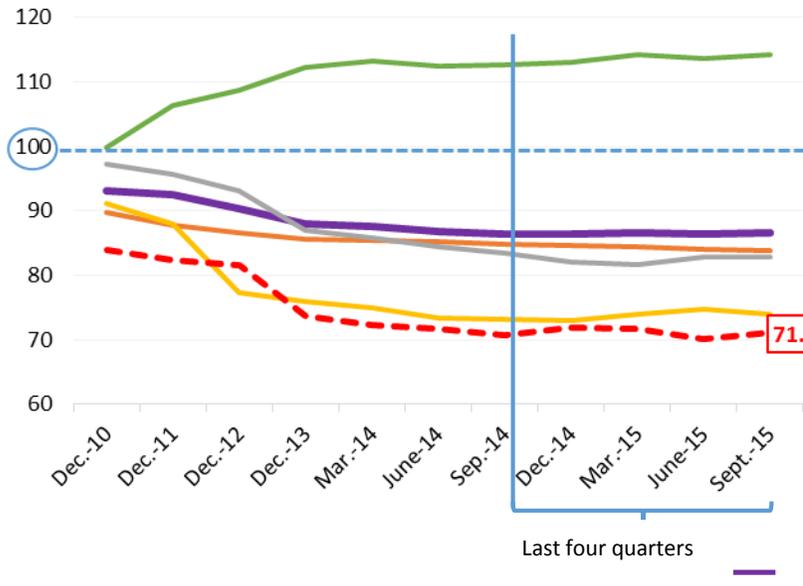


4.4 International benchmark



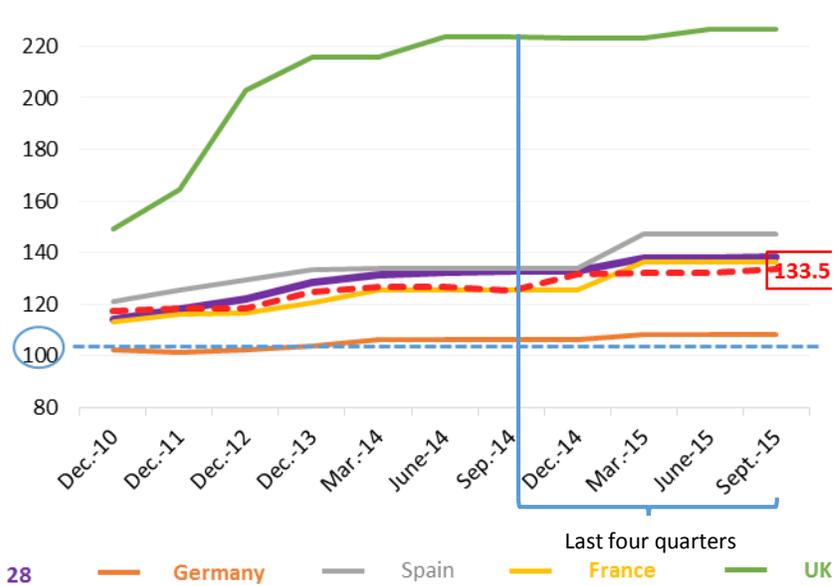
Communications – (2005 = 100)

COICOP* -08



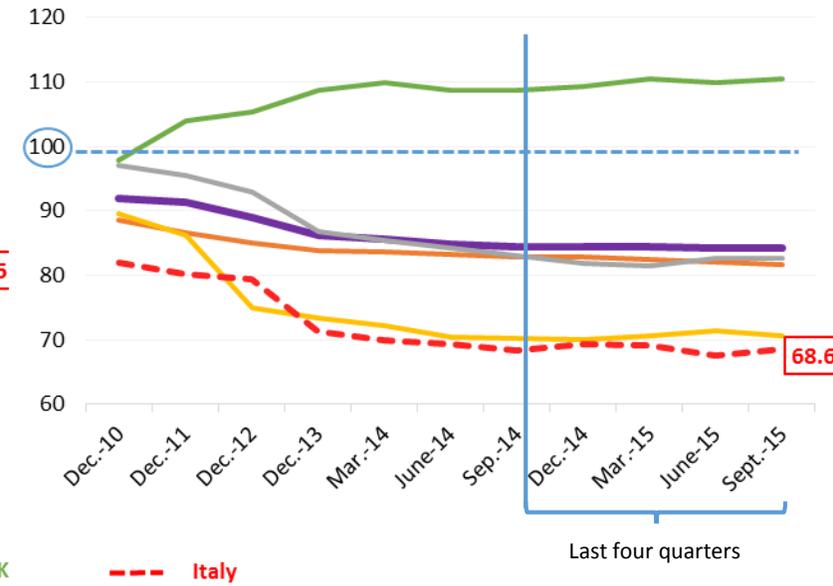
Postal services – (2005 = 100)

COICOP* -081



Telephone and telefax equipment and services – (2005 = 100)

COICOP* -082 -083



*COICOP: Classification Of Individual COnsumption by Purpose



- The Italian communications price index is much lower than the European average
- The Italian postal services price index is slightly below the European price index



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