Autorità per le garanzie nelle comunicazioni

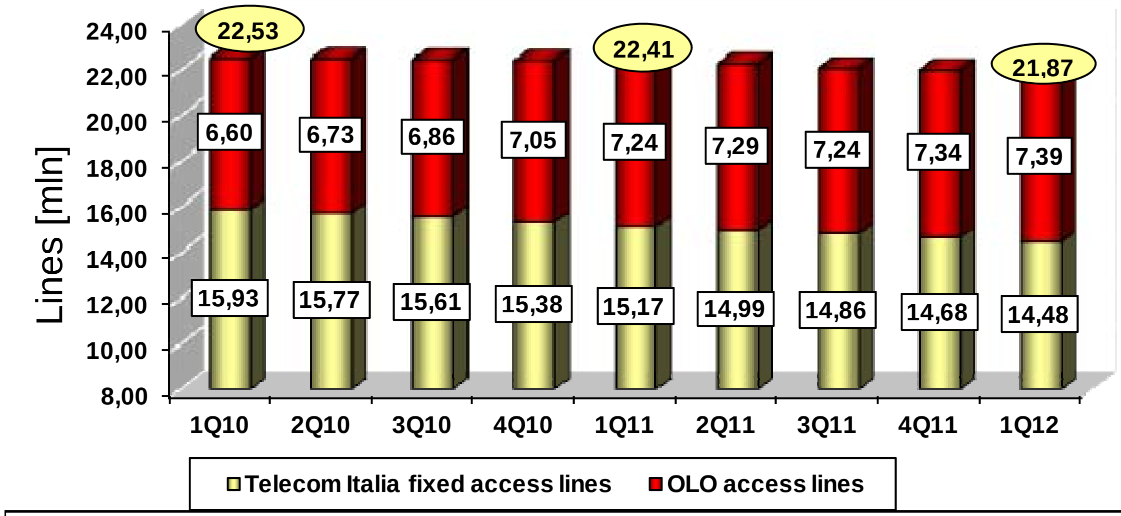
Quarterly Telecommunication Markets Observatory (*)

- Updated to 31 March 2012 -

(*) – Data provided by operators and elaborated by Agcom.

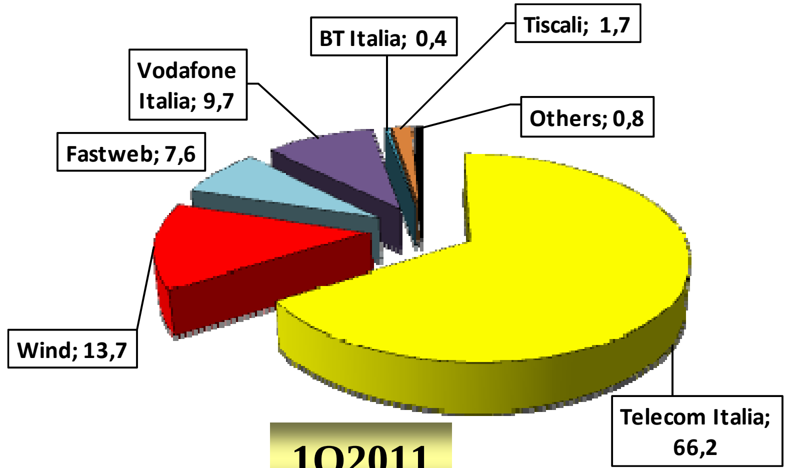
Index

1. Fixed access lines (total) (1)

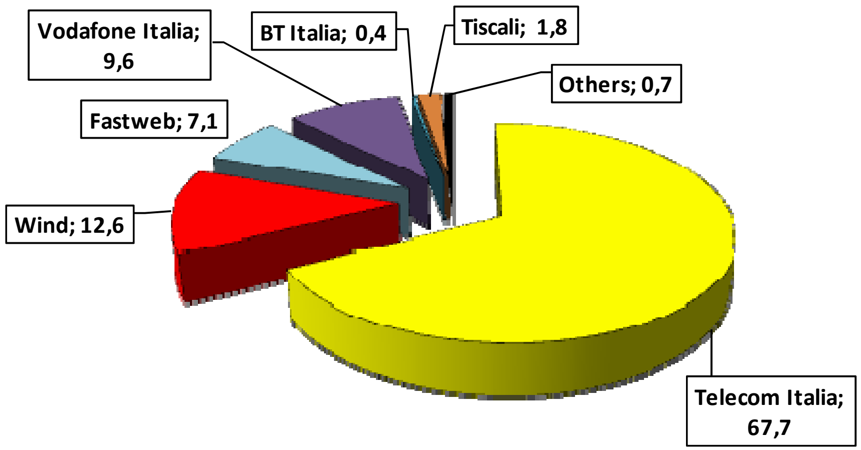


- As at 1th quarter of 2012, direct fixed access lines decreased by 540 thousand units compared with 1th 2011 (in the previously twelve months, access lines declined by 120 thousands lines).
- Telecom Italia market share in the last twelve months further decreased by 1.5%, up to ~66%.
- The Vodafone Group market position is stable: Teletu experiences a decline balanced by the growth of "Vodafone Italia" fixed network activities.
- Wind consolidated its position as the second largest fixed network operator (+0.4% compared with 4Q2011) and reached some 3 millions subs.
- Fastweb is growing, both on annual (+0.5%) and quarter basis (+0,2% respect to 4Q11).

1Q2012

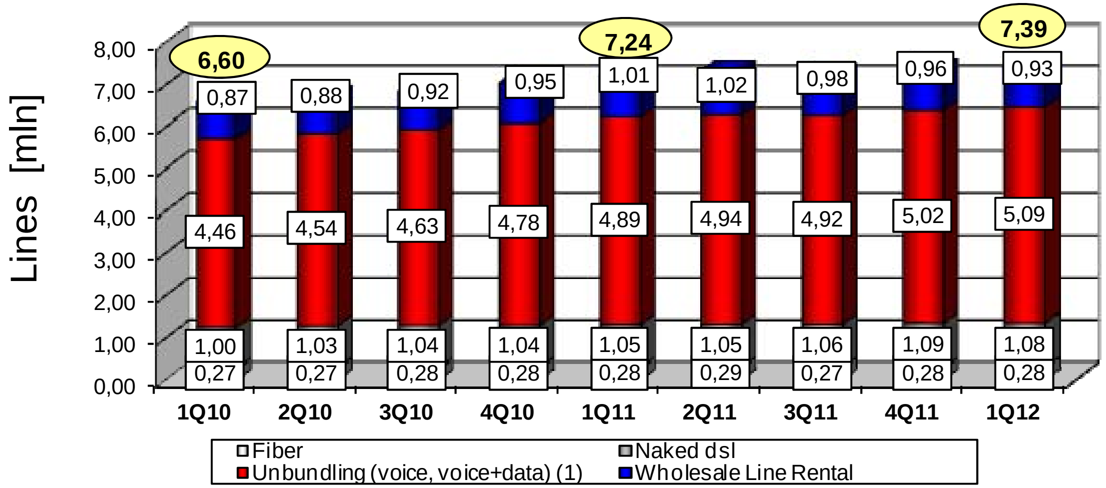


1Q2011

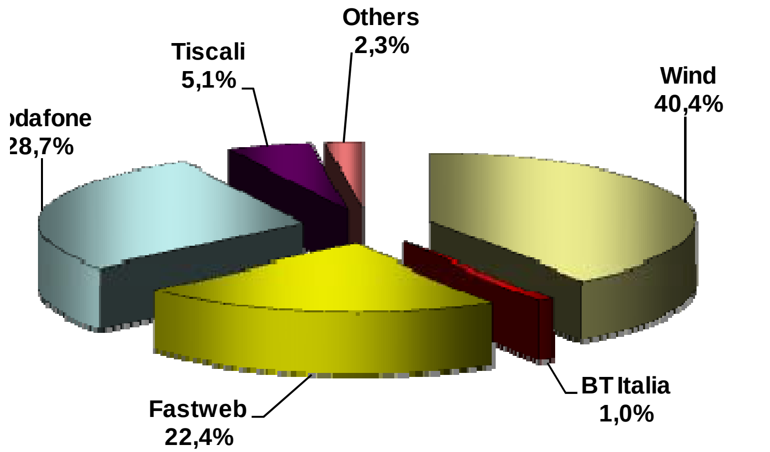


(1) – Compared with dec. 2011 update, WLR lines have been included. Therefore, fixed access lines are given by the sum of full unbundling (voice and data), Dsl Naked, WLR and Fiber. Data in the figure are in homogeneous terms.

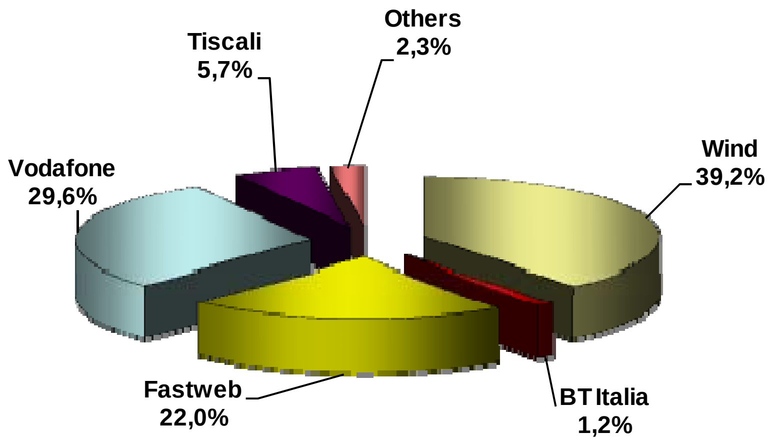
2. Fixed access lines (new entrants)



1Q2012

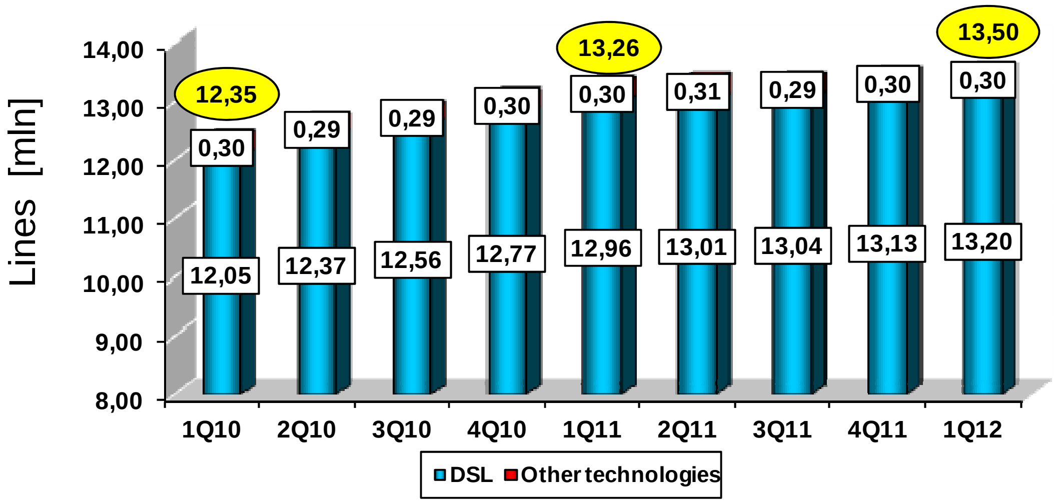


1Q2011

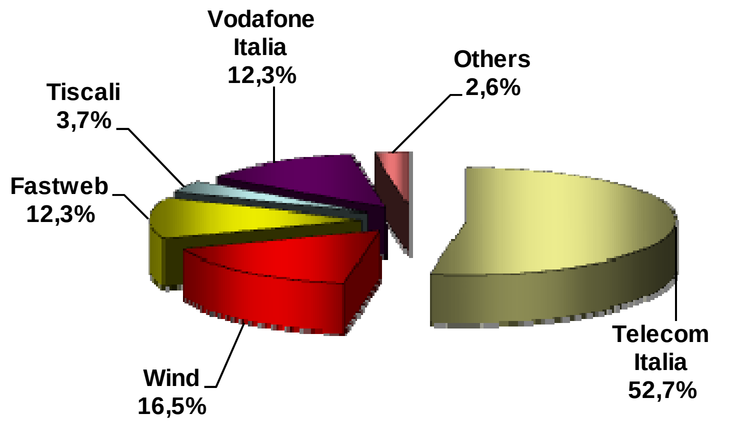


- The growth of access lines (about +50 thousands in Q1 2012) leads the overall new entrants customer base to ~7.4 millions.
- Full unbundled + Virtual ULL access lines have exceeded 5 millions.
- Wind gathers 40.4% of wholesale lines sold by Telecom Italia (+1.2% compared with 1Q2011).
- Fastweb is increasing too (+0.4%).
- All other main operators experience a reduction: -0.9% Vodafone, -0.2% BT Italia, -0.6% Tiscali.

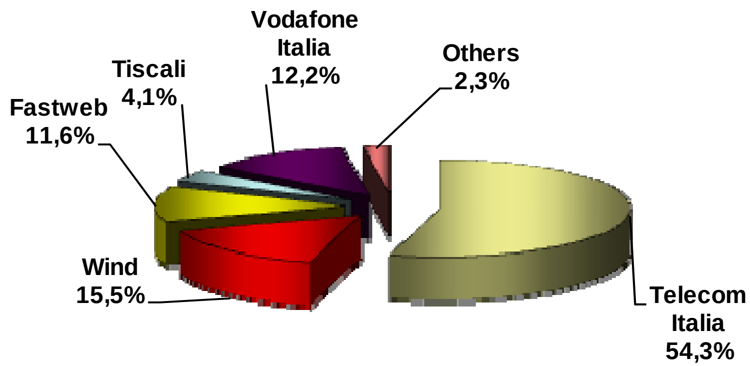
3. Retail broadband access lines



1Q2012

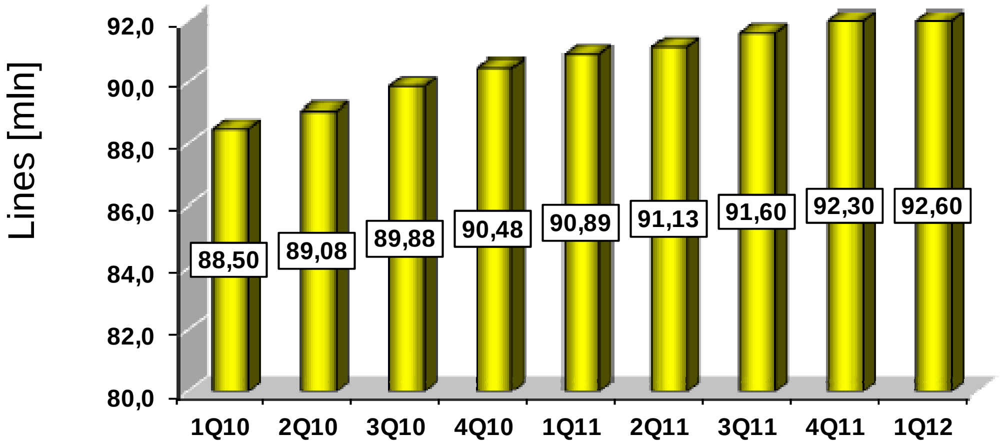


1Q2011

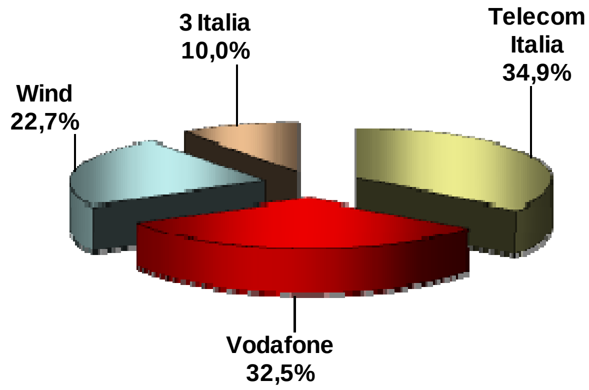


- YoY broadband growth was +240 thousands, reaching 13.5 million lines at the end of Q1.
- TI's market share (52,7%) keeps on reducing (-1.6% compared to last year); Wind (+1%) and Fastweb (+0.7%) are benefitting from a larger position.
- Vodafone subscribers are reducing (albeit marginally) with a consequent decline in market share compared to December 2011; its position is substantially stable on an annual basis.
- Avg. download speed increased: Lines with nominal speed equal to or greater than 2 Mbit/s increased from 80% to 87% in the last year.

4. Mobile subscribers – customer base (excl. Mvno, see page 9)

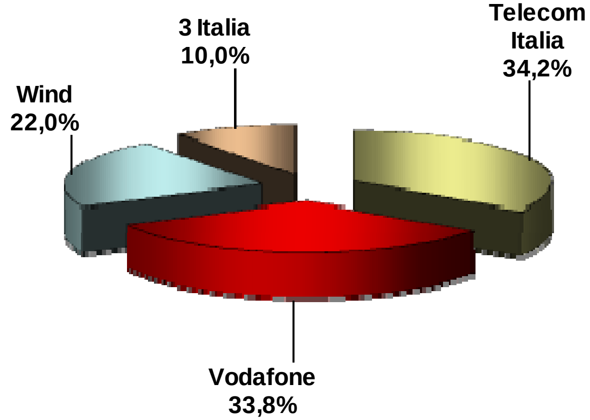


1Q2012



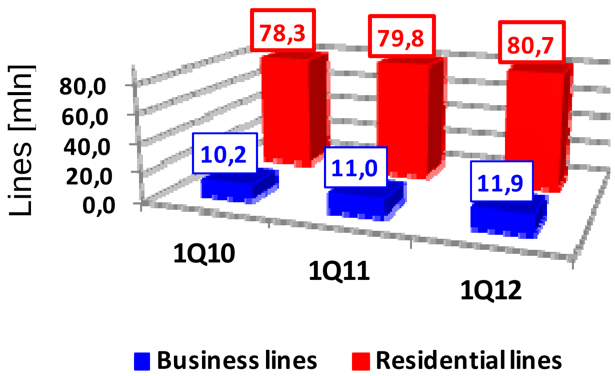
- The growth of overall SIMs slows down on an annual base (1.7 in 2012 vs. 2.4 millions).
- The increase in the number of SIMs is due to the success of postpaid contracts, while prepaid lines decreased by 100 thousands.
- More than half of the growth in the customer base is due to business customers.
- Wind and Telecom Italia volume market shares are growing (respectively +0.8% YoY and +0.5%), at the expenses of Vodafone (-1.2%).
- Voice traffic increased 7.5% YoY (34 billion minutes as a whole)
- SMSs sent increased 7% YoY (23 billions as a whole).

1Q2011

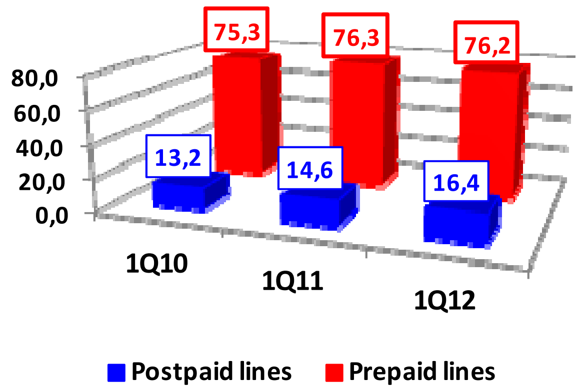


5. Mobile subscribers – by customer/contract type

Customer type

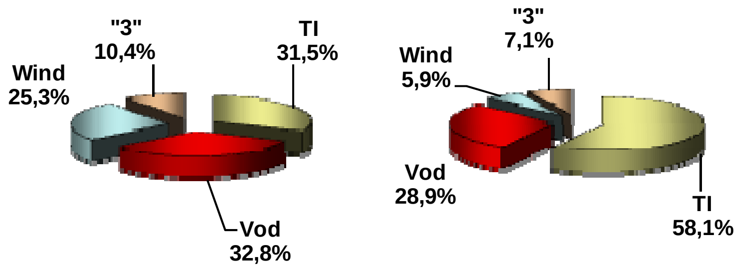


Contract type



Market share by customers – 1Q2012 (%)

Residential | **Business**

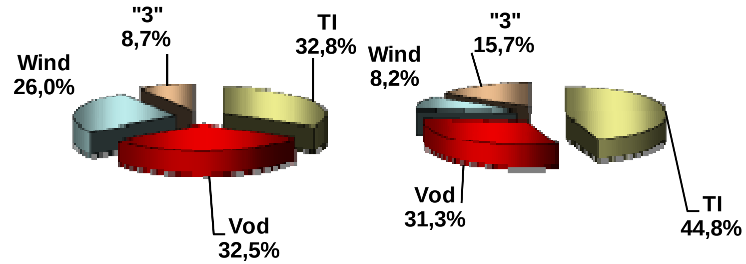


Customer type
- ➢ Business customers (11.9 mlns in March) have increased on annual basis by almost 860 thousands; in the same period, residential customers growth has been +840 thousands lines.
- ➢ The business segment share on total customer base increased by 0.7% (from 12.1 to 12.8% of total customer base)
- ➢ Vodafone leads the residential market (32.8%), followed by Telecom Italia and Wind.
- ➢ Telecom Italia holds 58% of the business segment.

Contract type
- ➢ 82.3% of total lines are prepaid, a slight decrease from the end of March 2011 share (83,9%).
- ➢ Postpaid lines increased by 3.2 millions in the last two years.
- ➢ This is mainly due to the widespread use of smartphones and tablets, usually sold in bundle with postpaid offers.
- ➢ Telecom Italia and Vodafone market shares are both slightly below 33% in the prepaid segment; 45% of the postpaid segment is controlled by Telecom Italia.

Market share by contracts – 1Q2012 (%)

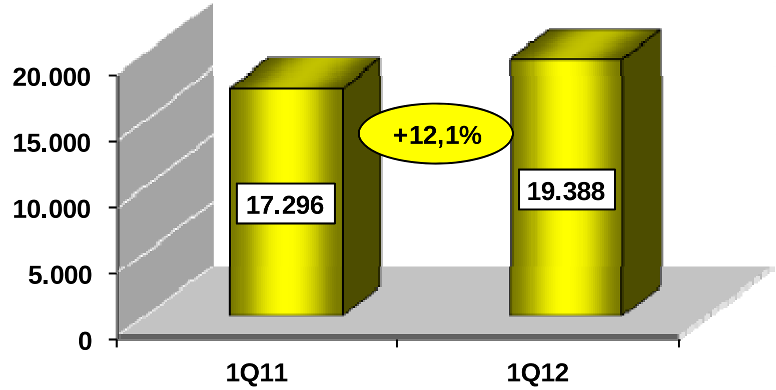
Prepaid | **Postpaid**



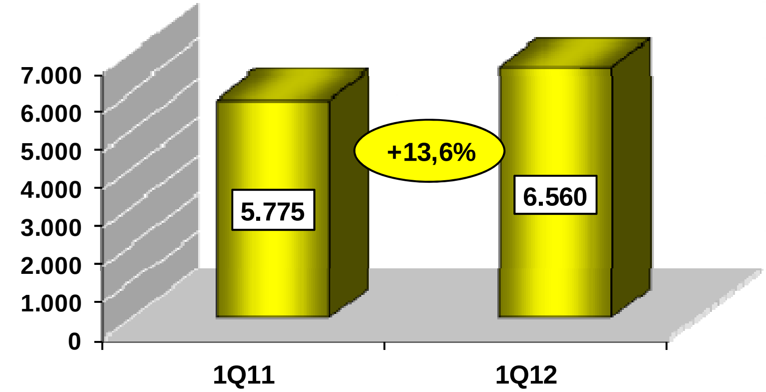
Source: Agcom evaluation on data provided by operators

6. Mobile broadband

Sim data traffic (*1000)

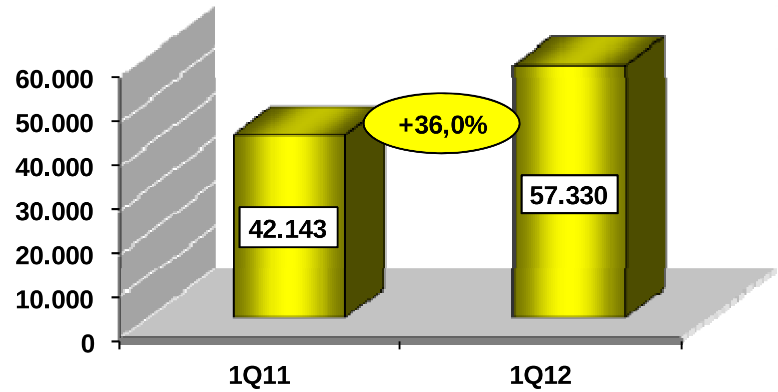


Connect card (internet key) (*1000)

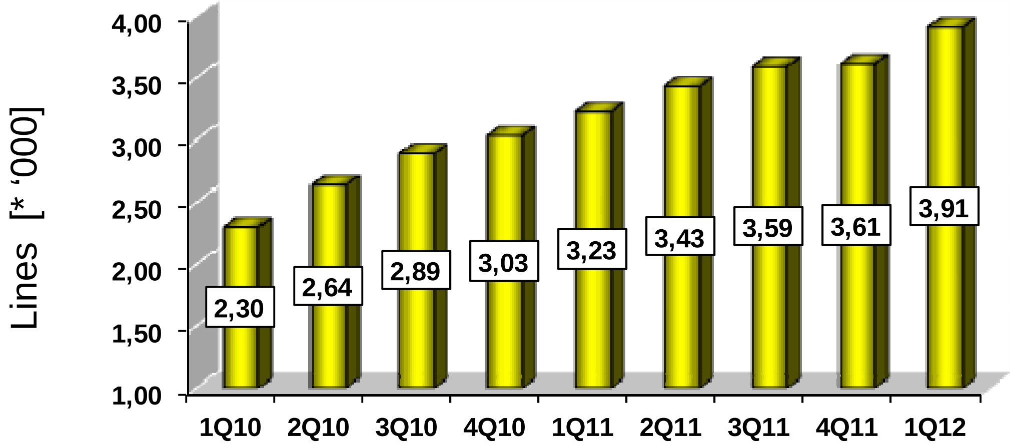


- In Q1 2012, SIMs with broadband data traffic reached 19.4 million (+12.1% compared to Q1 2011); active internet keys are about 6.6 millions (+13.6%).
- The sector experienced an increase of 2.1 million active data SIMs: 800 thousands are connected to internet keys and 1.3 millions to smartphones (with an increasing weight of tablets).
- In Q1 2012 data traffic has grown by 36%, with an increase of data traffic per SIM by about 20%.

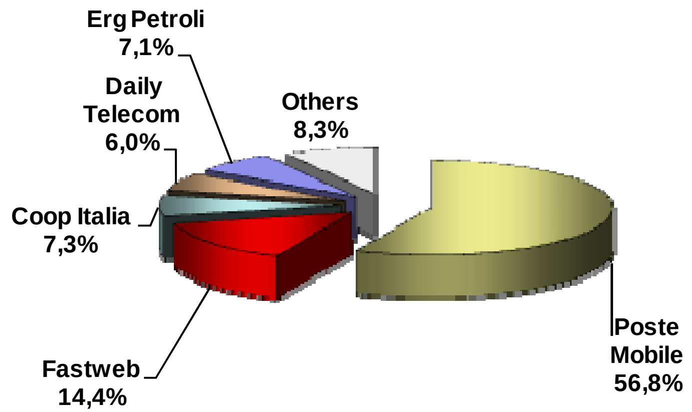
Data traffic from the beginning of the year
(terabyte)



7. Mobile virtual operators (MVNO)

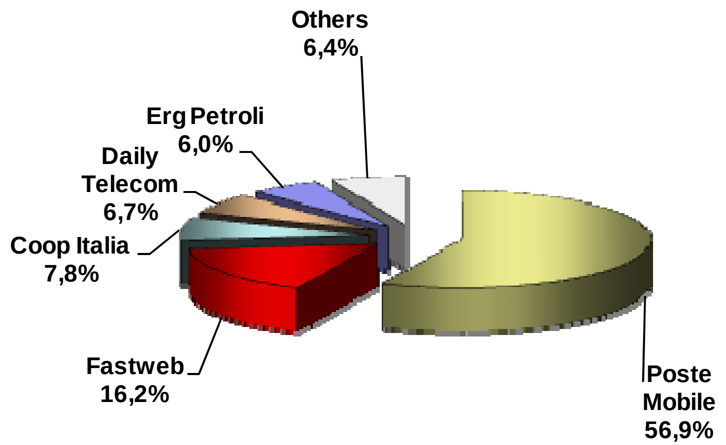


1Q2012



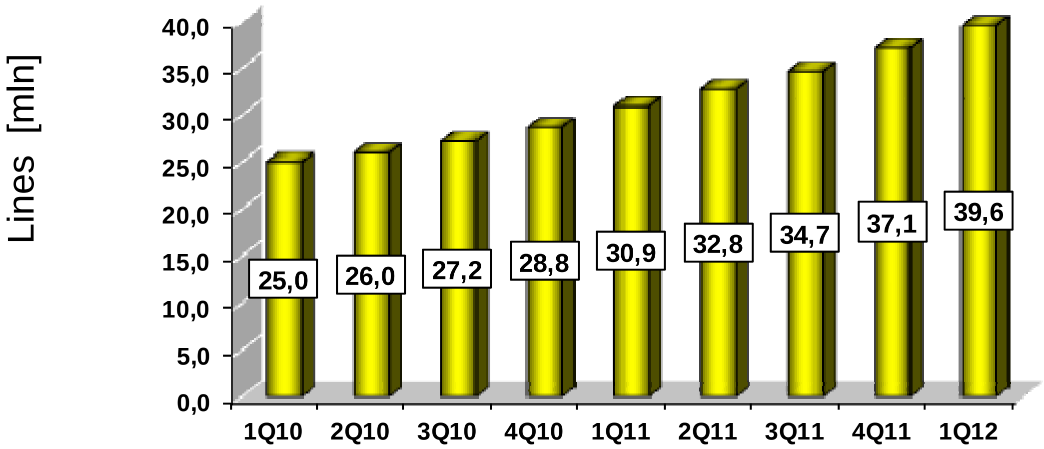
- The growth of MVNO subscribers continues (+680 thousands millions in the last twelve months), leading to a total that exceeds 3,9 millions (around 4.3% of the total customer base) **(1)**.
- Poste Mobile market share is nearly 57% due to the integration of mobile and postal services.
- Voice traffic and SMS sent increased respectively, compared with 1Q2011, by about 14% and more than 70%.

1Q2011

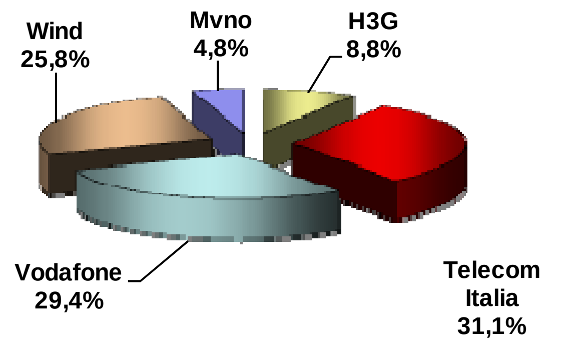


(1) - the data included in the slide are not consistent with those previously because some operators have processed some changes in their corporate databases.

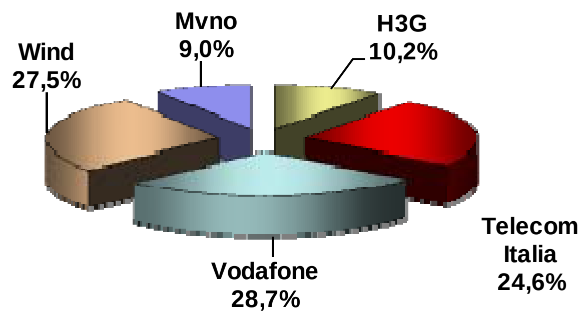
8. Mobile telephony: number portability



1Q12 - Lines as donor (in the quarter)



1Q12- Lines as recipient (in the quarter)



- In 1Q2011, the number of ported mobile lines exceed 39 million (cumulative).
- Mobile virtual operators were able to gain more than 1m net adds in the number of lines.
- On a quarterly basis, Vodafone net balance “donating-recipient" becomes negative (from +59 thousand to -19 thousand ported lines).
- In the mean time H3G balance is stable, while TI worsened (from -138 to -161 thousands ported lines) and Wind improved (from +9 to +41 thousands).