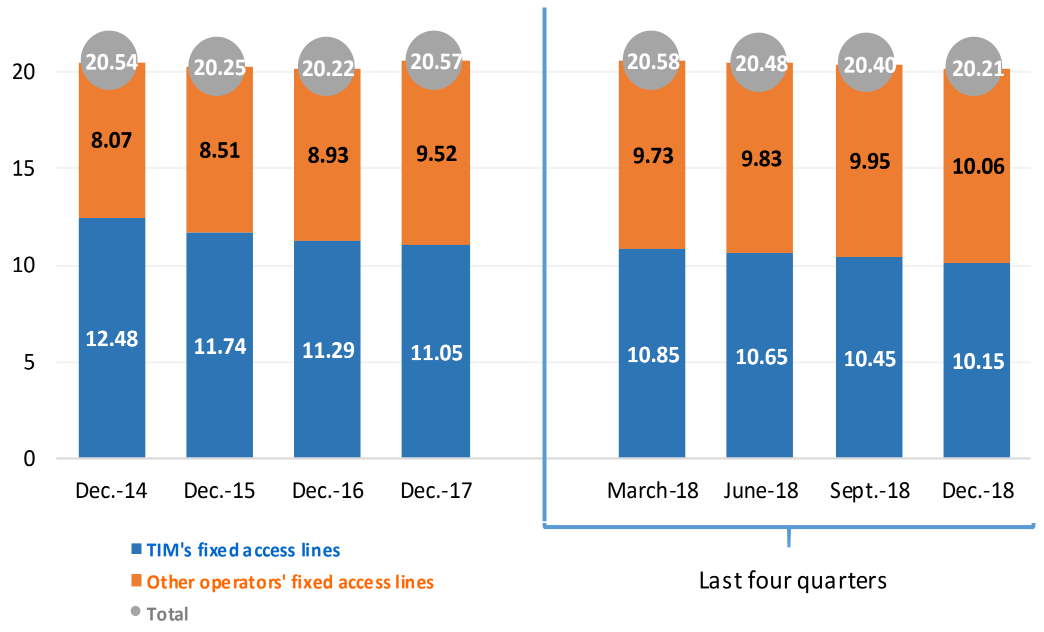
COMMUNICATION MARKETS MONITORING SYSTEM

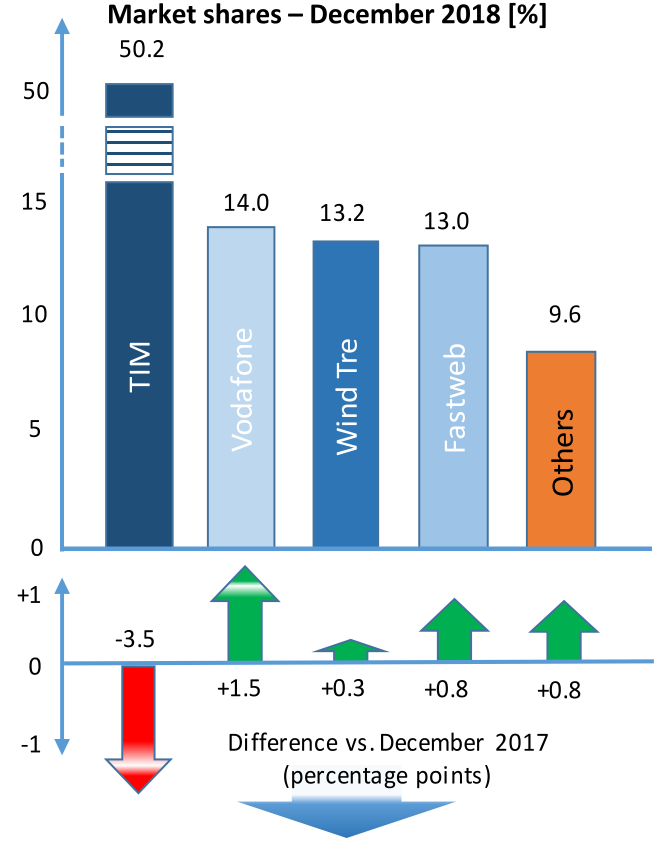
no. 1/2019

Index

The following figures are based on AGCOM's elaborations on firms' data and other sources (updated to December 2018). Due to changes in firms' accounting methods, some figures cannot be compared directly with those reported in previous issues.

1.1 Total fixed access lines

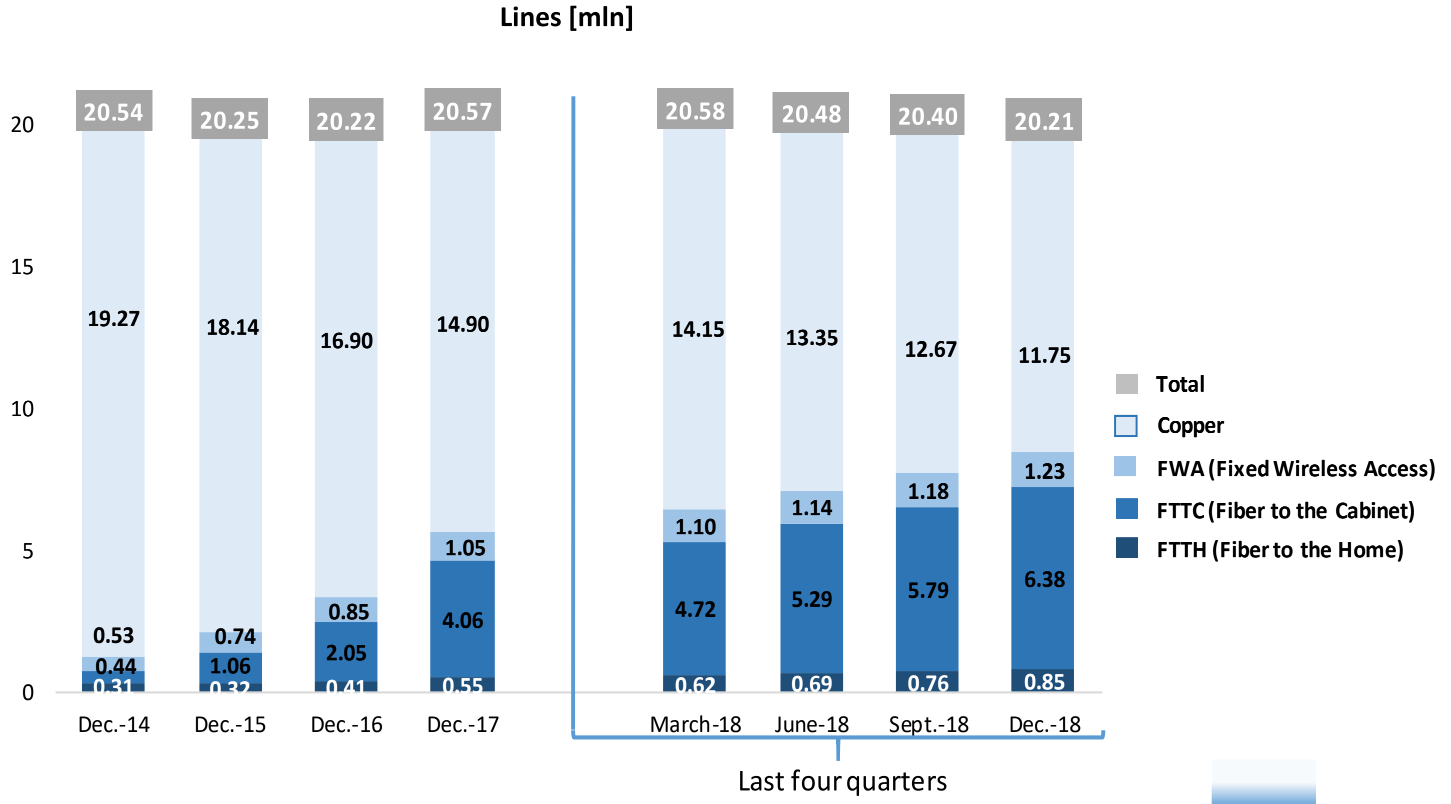


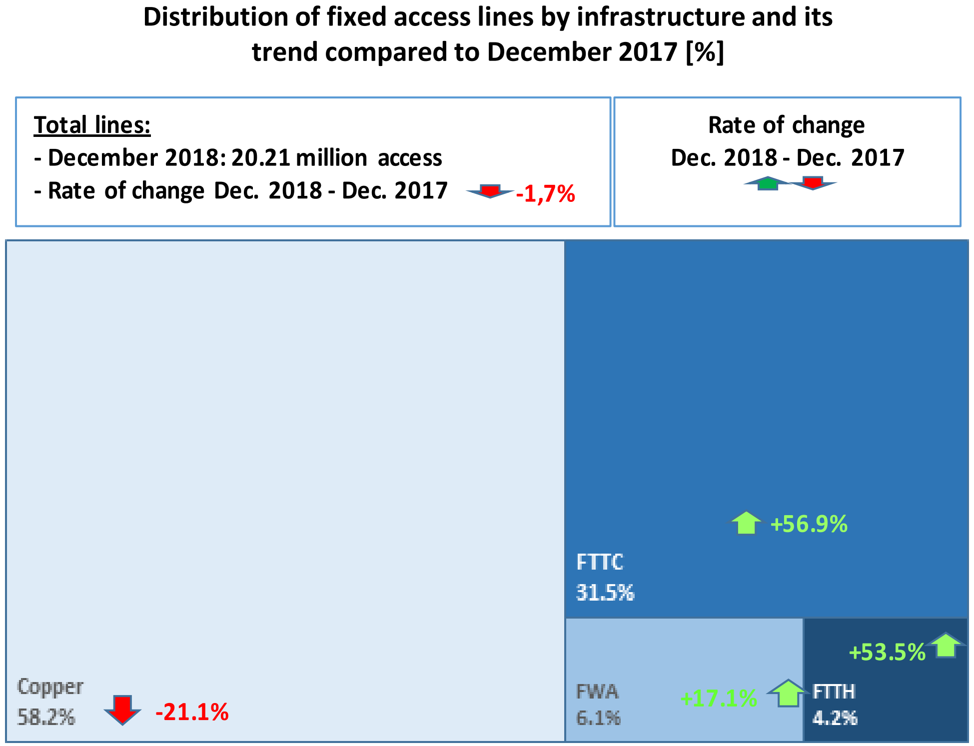


- A decrease in the total number of lines is recorded in the last quarter (**-180** thousand lines)
- On a year over year basis, while TIM's access lines have decreased by **900** thousand units, other operators' access lines have increased by about **540** thousand units

- TIM's market share dropped to **51.2%** at the end of December 2018 (**-3.5** pp)
- Vodafone's market share has reached **14%** with a growth of **1.5** pp, Wind Tre's market share has reached **13.2%**, with an increase of **0.3** pp, and Fastweb's market share amounts to **13%** with a growth of **0.7** pp
- 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

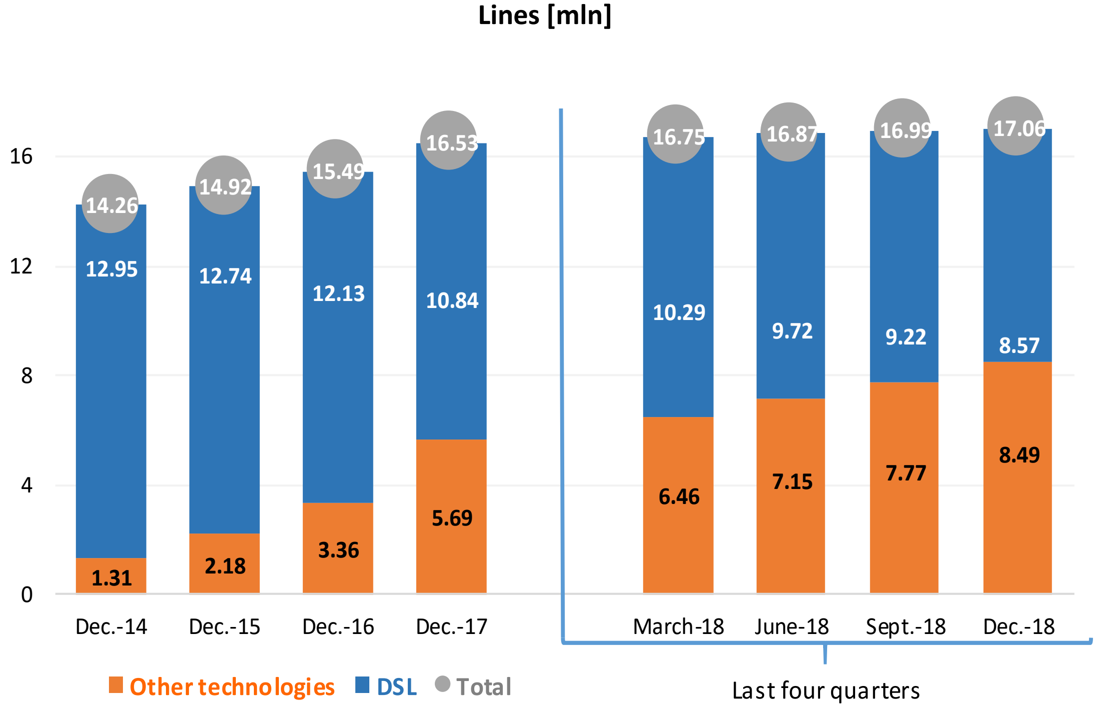
1.2 Access lines by infrastructure

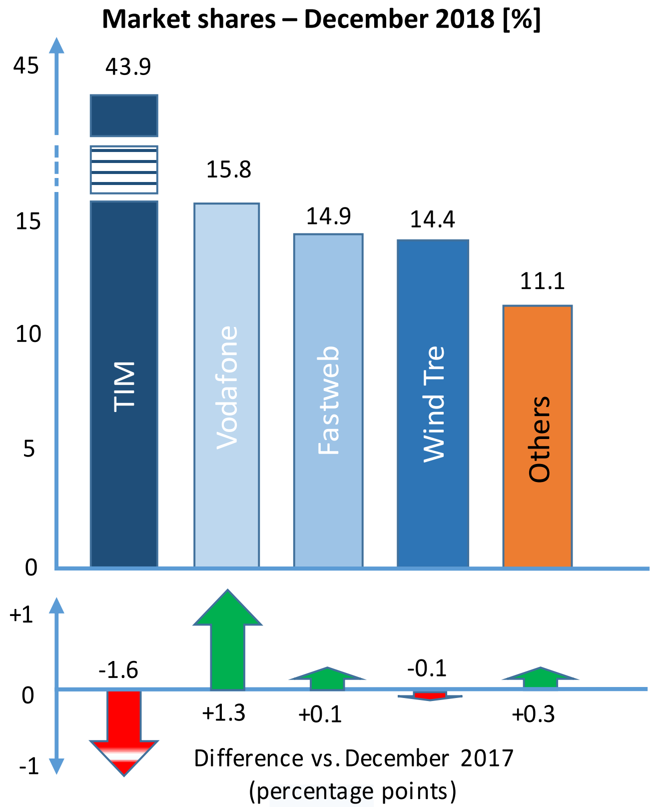




- Access lines through TIM's copper network have decreased by **21%** (YoY), and by **39%** as compared to December 2014
- FTTC access services increased by slightly less than **57%** (YoY), and, most of all, due to wholesale services offered by TIM; a similar trend was observed also for FTTH access services (**+53%**), driven by the growth of services offered by Open Fiber
- Over the entire period observed, the weight of FTTC + FTTH accesses has increased from less than **3.6%** to around **36%** of total access lines
- FWA lines have increased by **17%** (YoY), reaching an amount of **1.2** million units

1.3 Broadband and ultrabroadband fixed lines



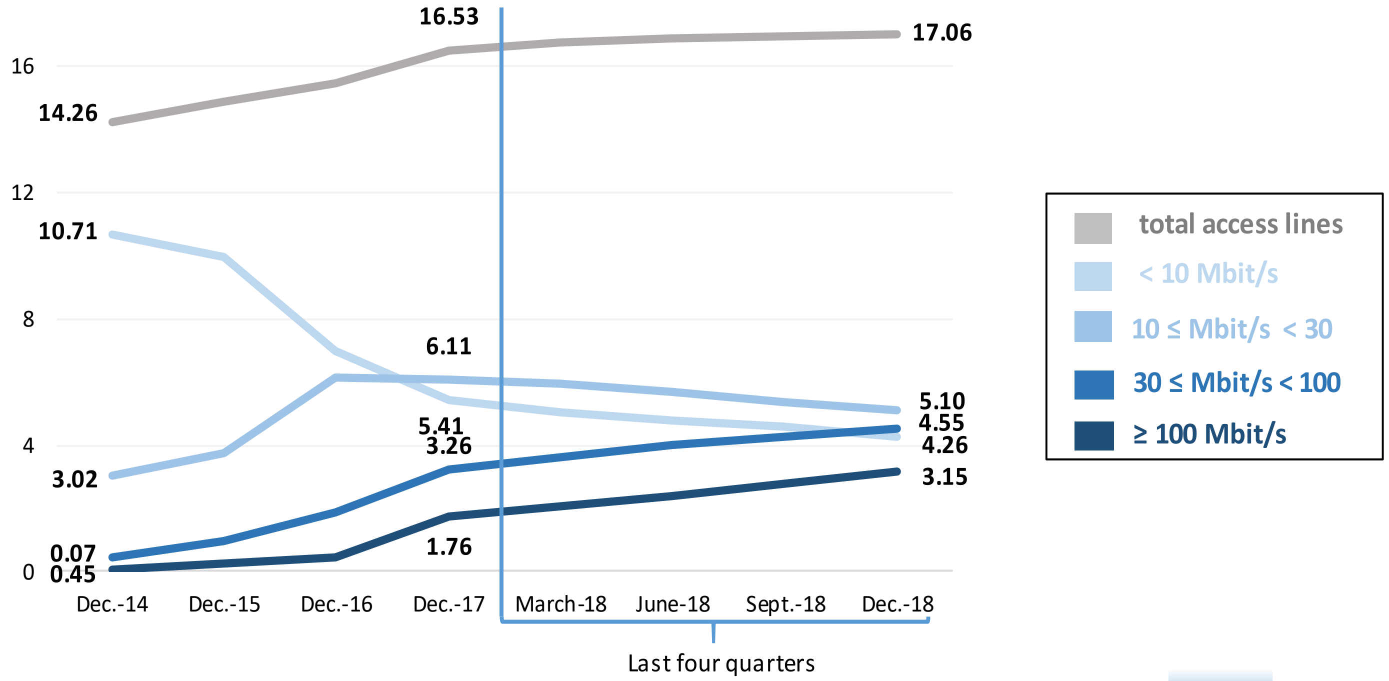


- Broadband lines have increased by about **530** thousand units YoY
- DSL lines (**8.57** million lines) have decreased by about **2.27** million units (YoY), now accounting for the **50%** of broadband lines (**65.5%** in December 2017)
- Other technologies, in particular NGA lines, grew from **5.69** to **8.49** million units (YoY)

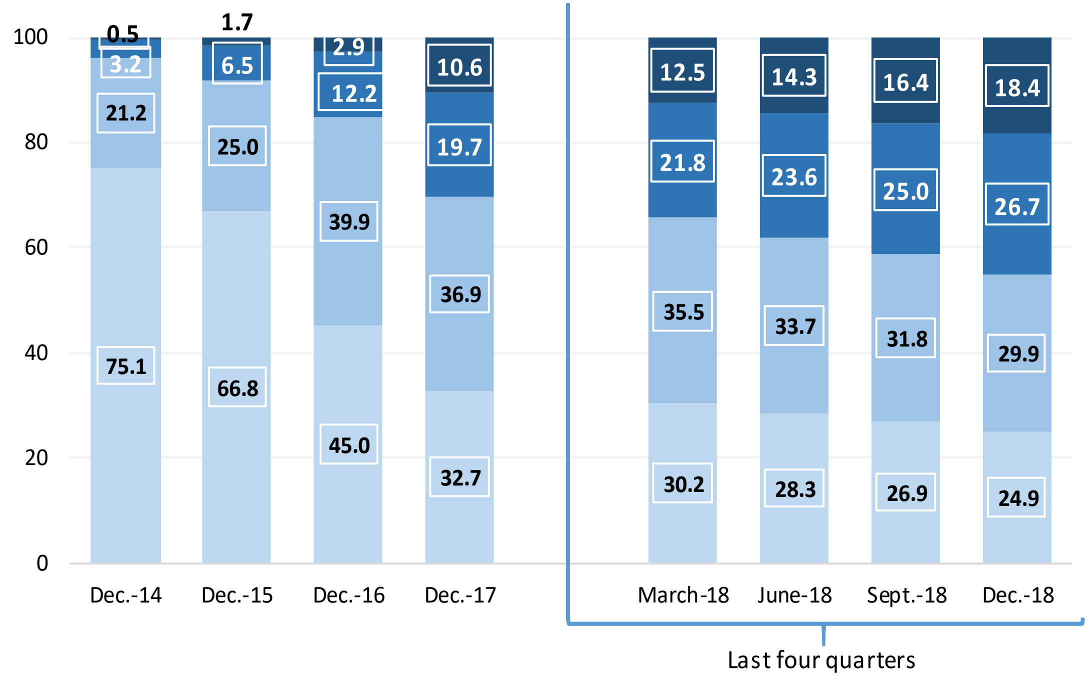
- TIM's market share (**43.9%**) has reduced by **1.6** pp (YoY)
- Vodafone's and Fastweb's market shares have increased by **1.3** and **0.1** pp (YoY), respectively, while Wind Tre's market share has decreased by **0.1**
- The cumulative growth of other operators' market share (**+0.3** pp) is essentially due to the increase in the number of FWA lines

1.4 Broadband fixed lines by speed

Broadband access lines trend by speed classes [mln]

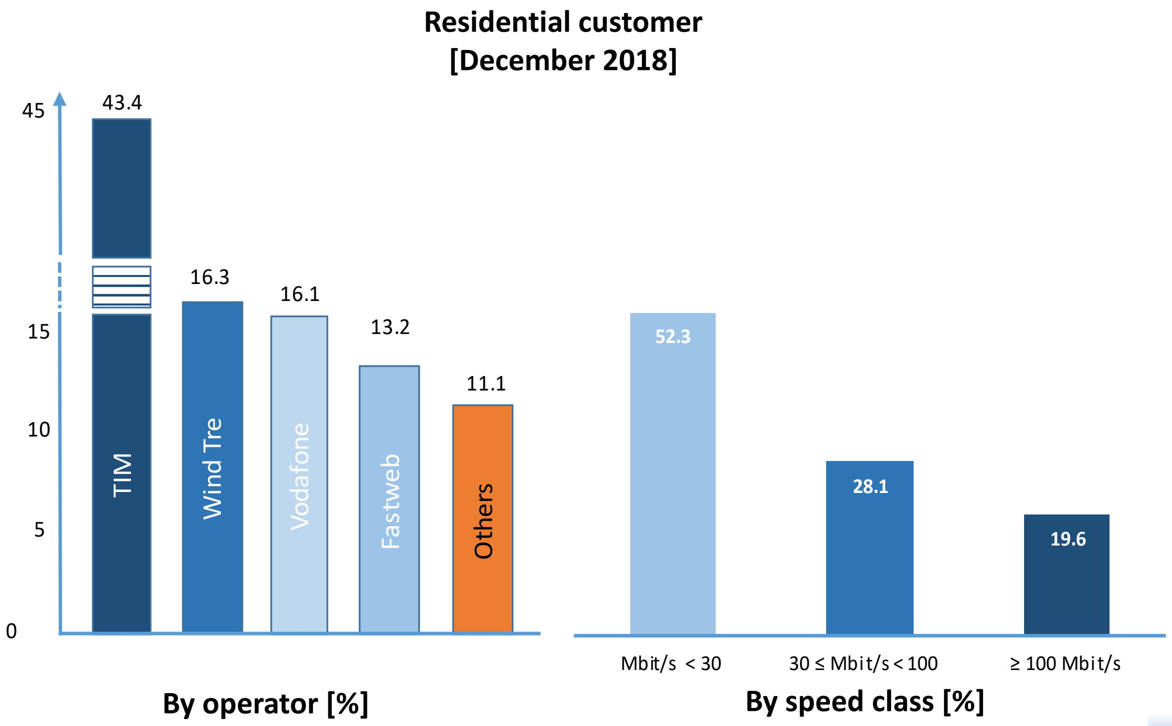


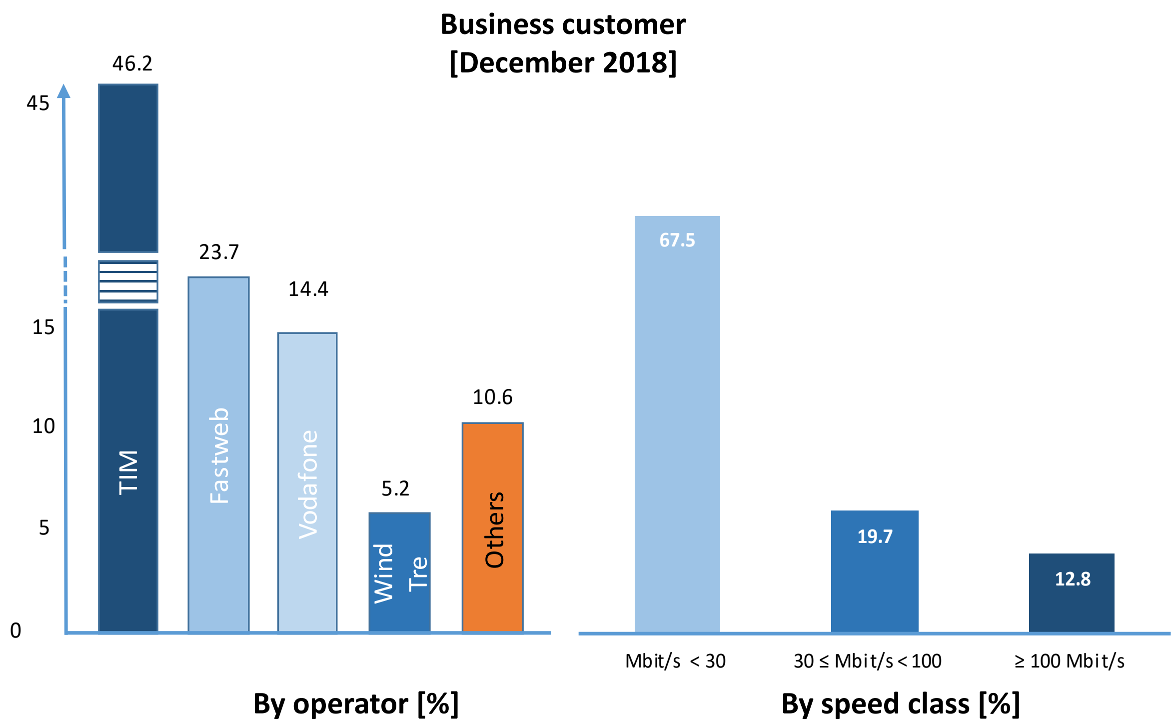
Access lines by speed classes [%]



- In December 2018, lines faster than 30 Mbps have increased by **2.68** million units (YoY) and now account for **45%** of total broadband lines
- This trend is attributable, in equal measure, to the growth of lines faster than 30 Mbit/s but below 100 Mbit/s (**+1.29** million of lines YoY) and of lines with speeds faster than 100 Mbit/s (**+1.39** million of lines YoY), now accounting for **26.7%** and **18.4%** of total broadband lines, respectively
- Broadband lines faster than 10 Mbit/s but below 30 Mbit/s have decreased by **1.0** million units YoY and now account for approximately **29.9%** of total broadband lines
- Lines below 10 Mbit/s have decreased by **1.15** million units YoY, and by about **6.46** million units over the entire period observed (Dec.-2014 - Dec.-2018)

1.5 Broadband fixed lines by type of customer

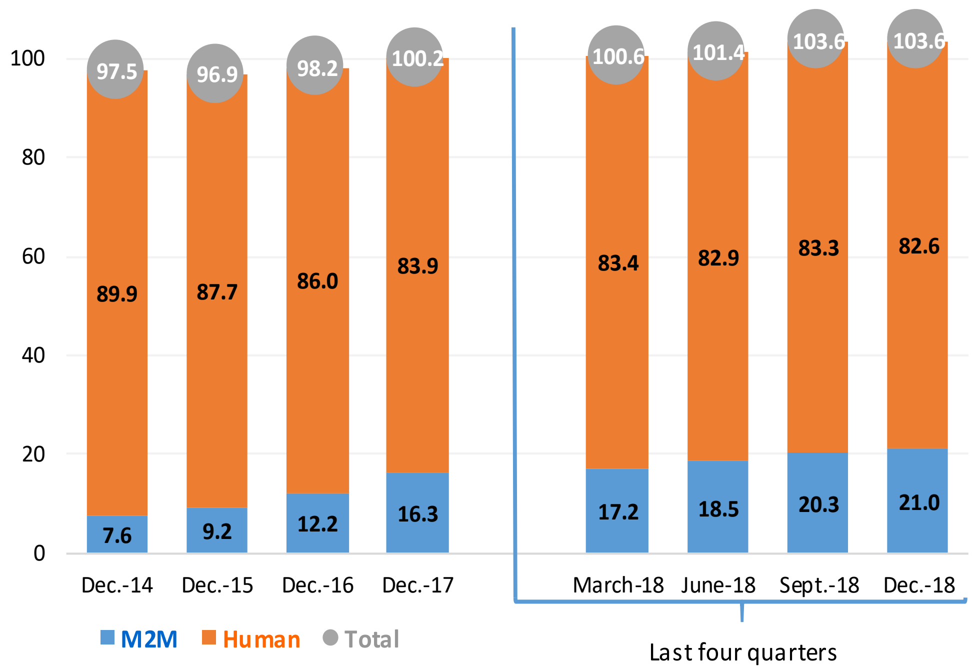




- The amount of **residential** broadband lines is **82.2%** of total broadband lines, while **business** lines represent **17.8%**
- In the **residential segment**, TIM's market share is **43.4%**, Wind Tre's and Vodafone's market shares are similar and slightly higher than **16%**; other operators cumulative market share is **11.1%**;
- Just under half of residential broadband accesses have a speed equal to or greater than 30Mbit/s
- In the **business segment**, it is possible to observe a greater concentration of market shares among the first three operators, which in fact represent around **85%** of the market
- **67.5%** of broadband business lines have a speed below 30 Mbit/s

1.6 Mobile subscribers

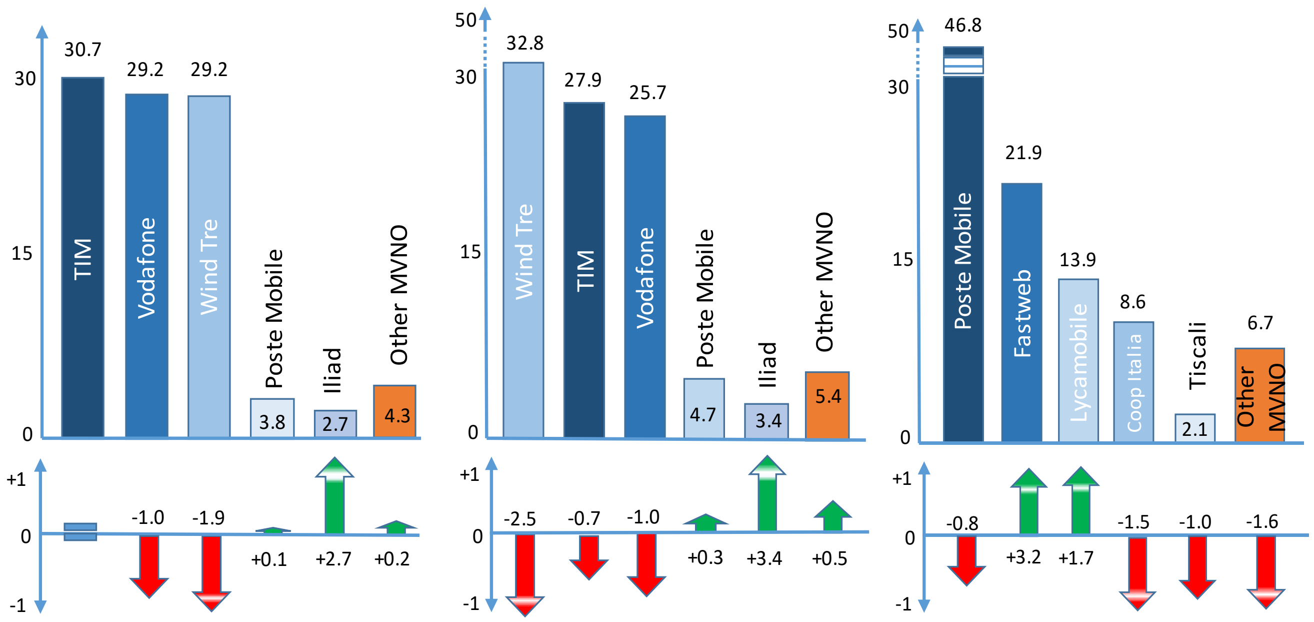
Lines [mln] (*)



M2M SIM CARDS: Machine-to-Machine SIMs are based on the technologies that enable devices and sensors or "things" (within the IoT) to communicate with each other and with other Internet-enabled devices and systems.

- Mobile lines have increased by about **3.5** million units YoY (**+6.1** million units compared to December 2014)
- During the period considered, «M2M» SIM cards have increased by **13.4** million units, now accounting for **21.0** million lines

Total SIM cards - December 2018 [%] | **«Human» SIM cards – December 2018 [%]** | **MVNO «human» - December 2018 [%]** (**)

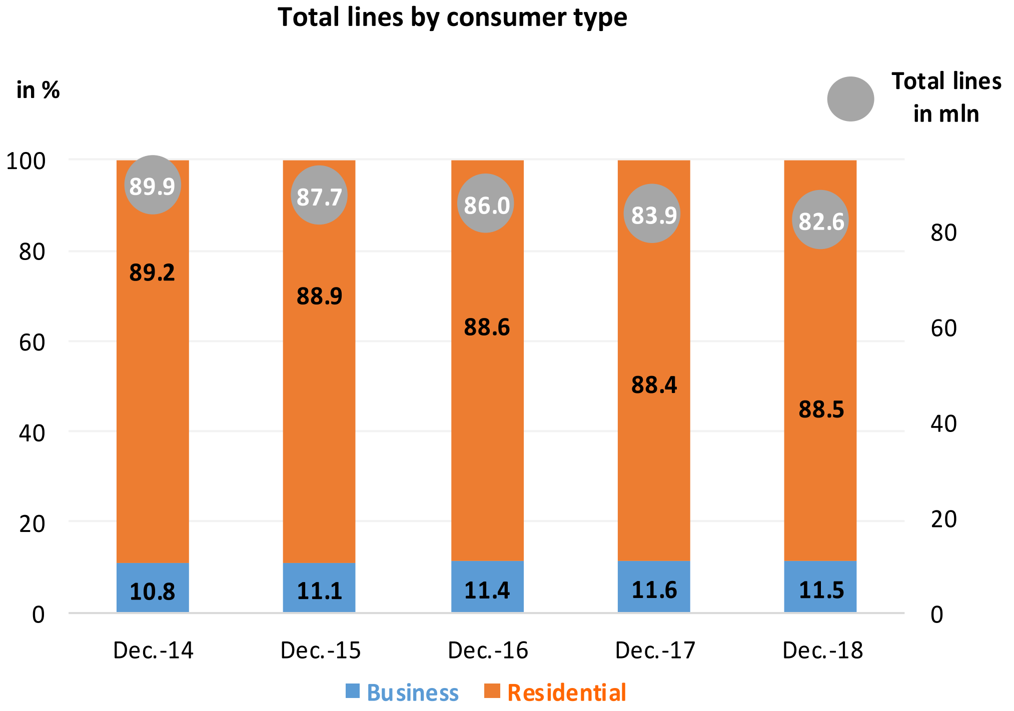


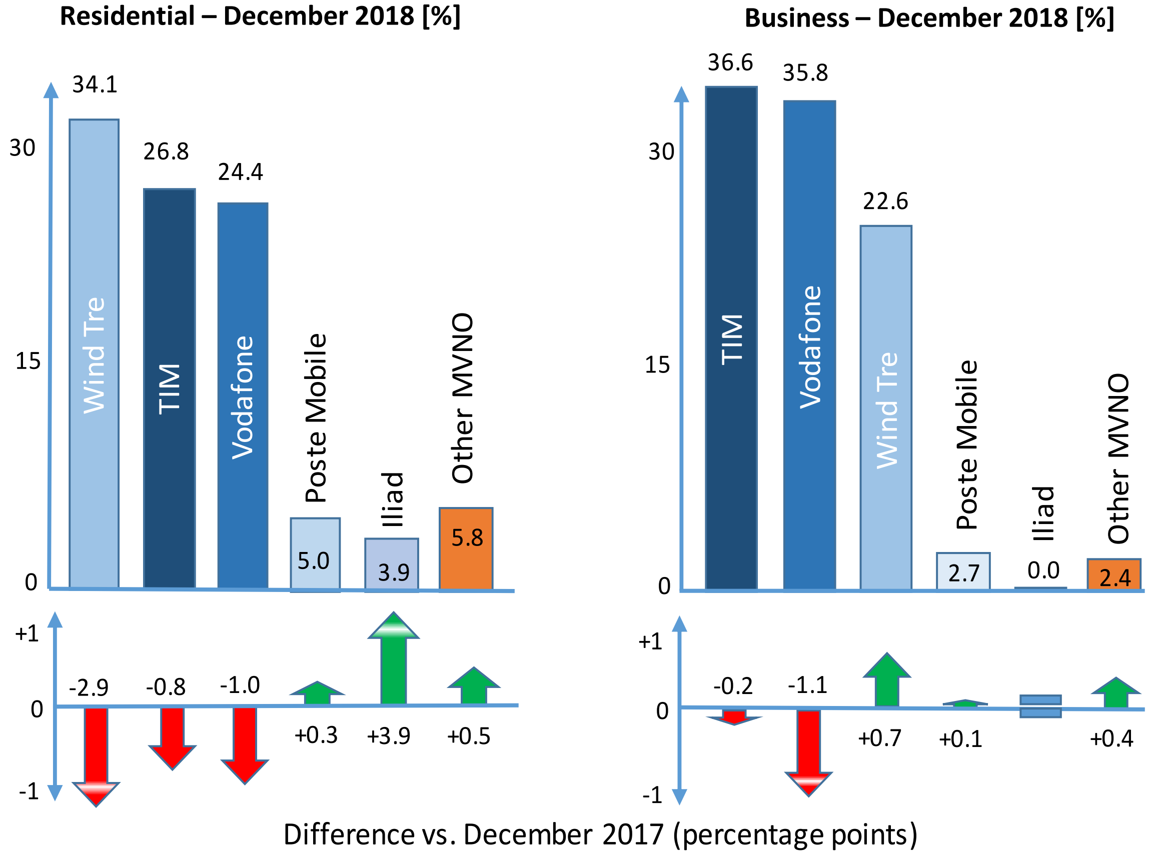
Difference vs. December 2017 (percentage points)

- TIM's market share has remained stable (YoY), while Vodafone's and Wind Tre's market share have reduced by **1** pp and by **1.9** pp, respectively
- With regard to the "human" SIM cards, at the end of the second quarter of activity, Iliad reaches a market share of **3.4%**
- Among MVNOs, Poste Mobile holds a share of **46.8%**, while Fastweb confirms the second position (**21.9%**) with a growth of **3.2** pp (YoY)

(*) - The data collected on TIM and Vodafone include the lines of the 100% subsidiaries, respectively Kena mobile and VEI (which offers mobile telephony services called .ho)
(**) - Data do not include Kena mobile and .ho (see note (*))

1.7 Mobile «human» subscribers by type of consumer

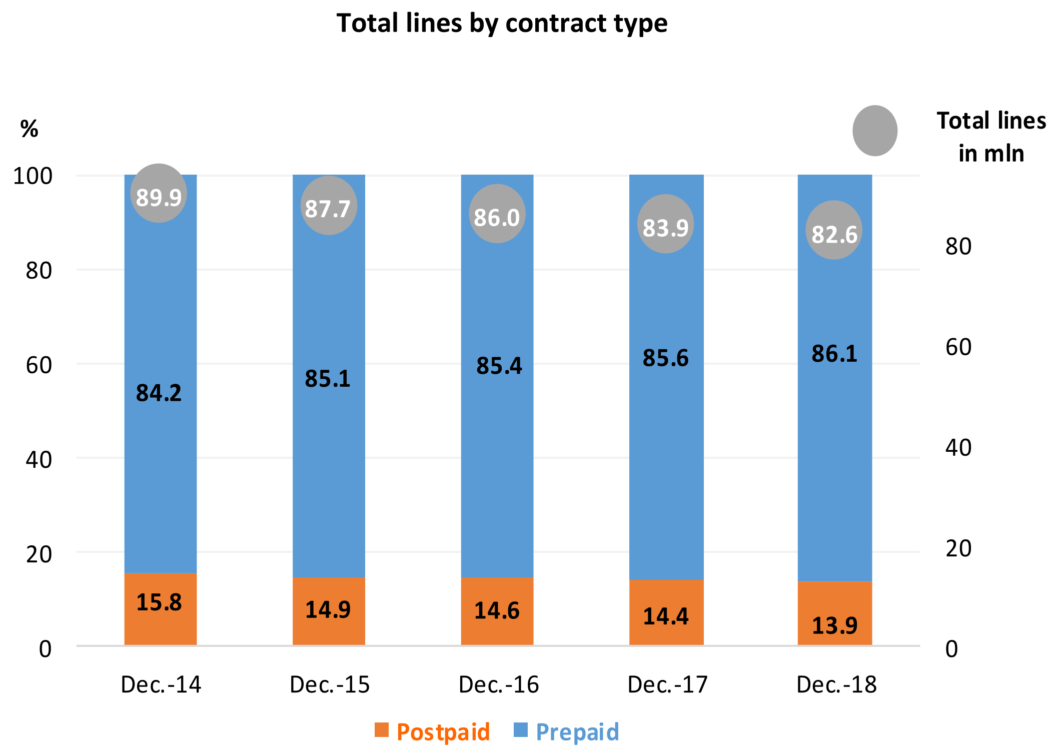


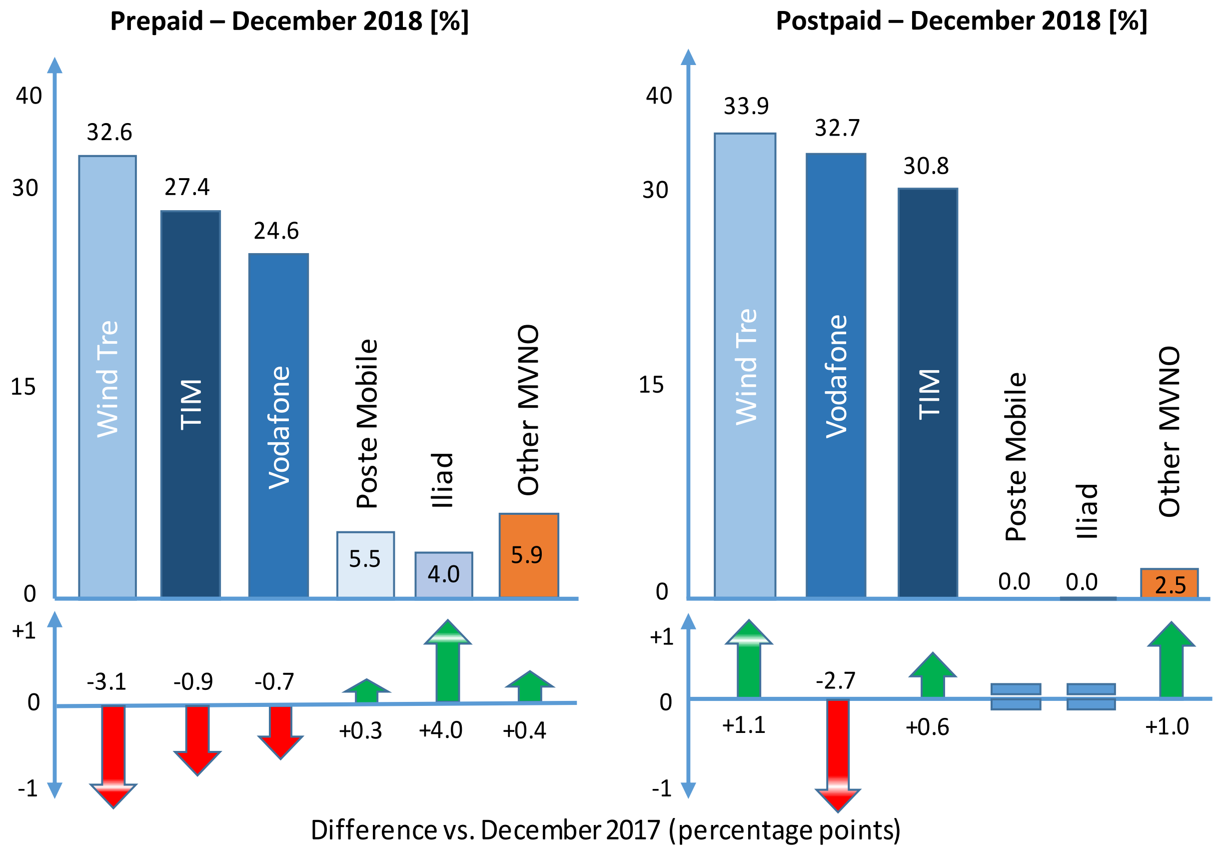


- Non residential SIM cards (**9.5** million units at the end of December 2018) remain stable on a yearly basis, whereas residential SIM cards (**73.1** million units at the end of December 2018) have decreased by **1.1** million units (YoY)

- In the **residential** segment, the shares of the first three operators have decreased, while other operators have, as a whole, increased their market share (YoY)
- In the **business** segment TIM and Vodafone hold a similar share of around **36%**, while Wind Tre's market share has is around **22.6%**

1.8 Mobile «human» subscribers by type of contract

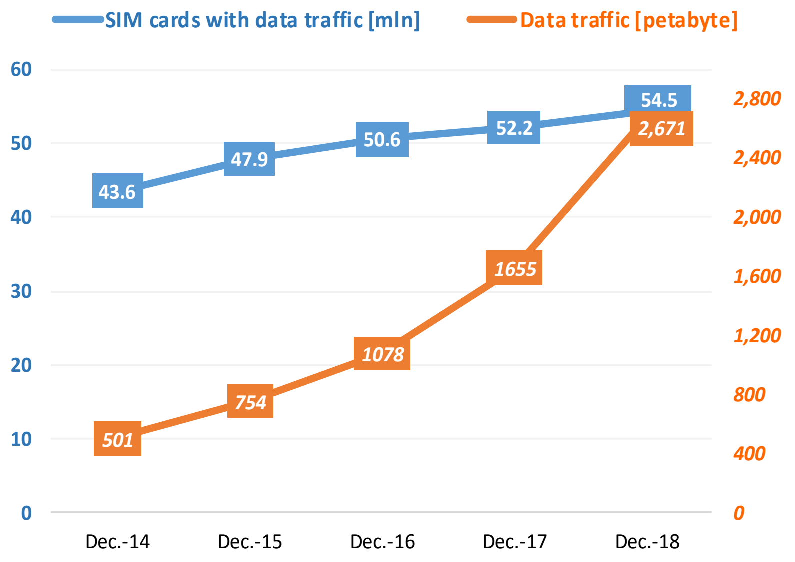




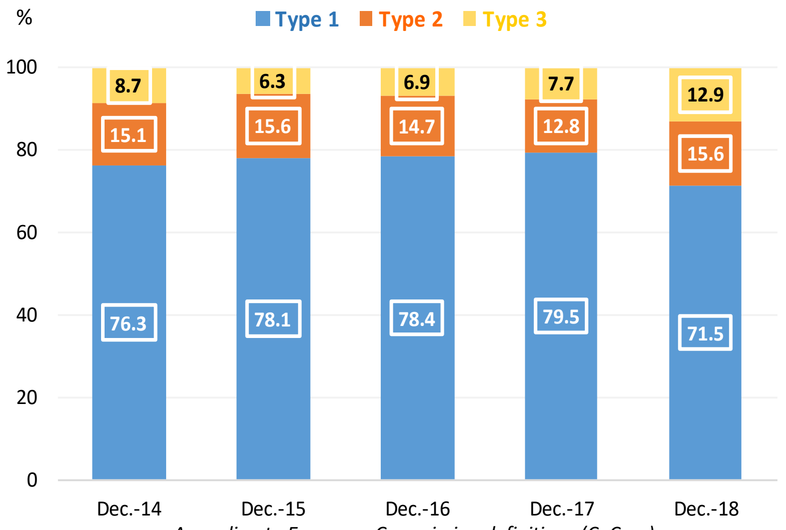
- At the end of December 2018, prepaid SIM cards reached **71.1** million units (**86.1%** of total lines), with a decrease of **0.7** million units YoY
- At the end of December 2018, postpaid SIM cards reached **11.5** million units (**13.9%** of total lines), with a decrease of **0.6** million units YoY

- In the **prepaid segment**, Wind Tre, despite a reduction (**-3.1** pp), retained the leadership position with a market share of **32.6%**
- Similarly, in the **postpaid segment**, with a share of **33.9%**, thanks to the increase (**+1.1** pp), Wind Tre leads the segment, followed by Vodafone with a share of **32.7%** (**-2.7** pp) and TIM with a share of **30.8**% (**+0.6** pp)

Data traffic since the beginning of the year



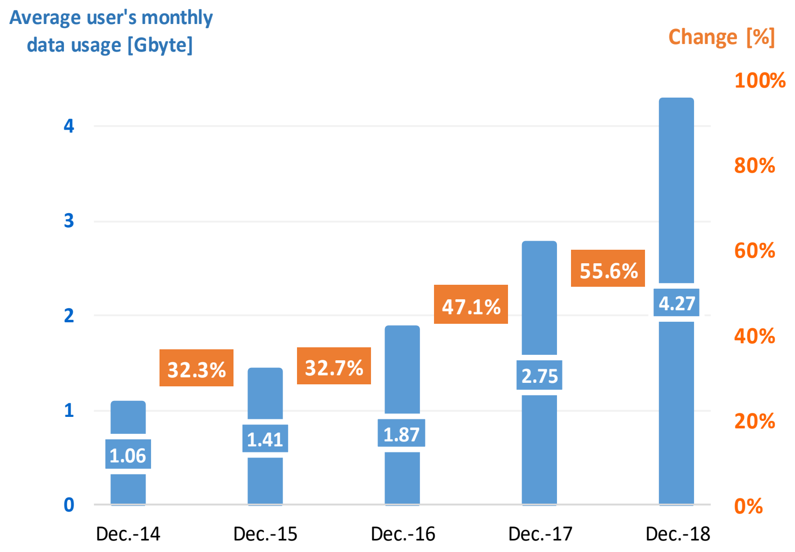
SIMs with data traffic by contract type [%]



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"

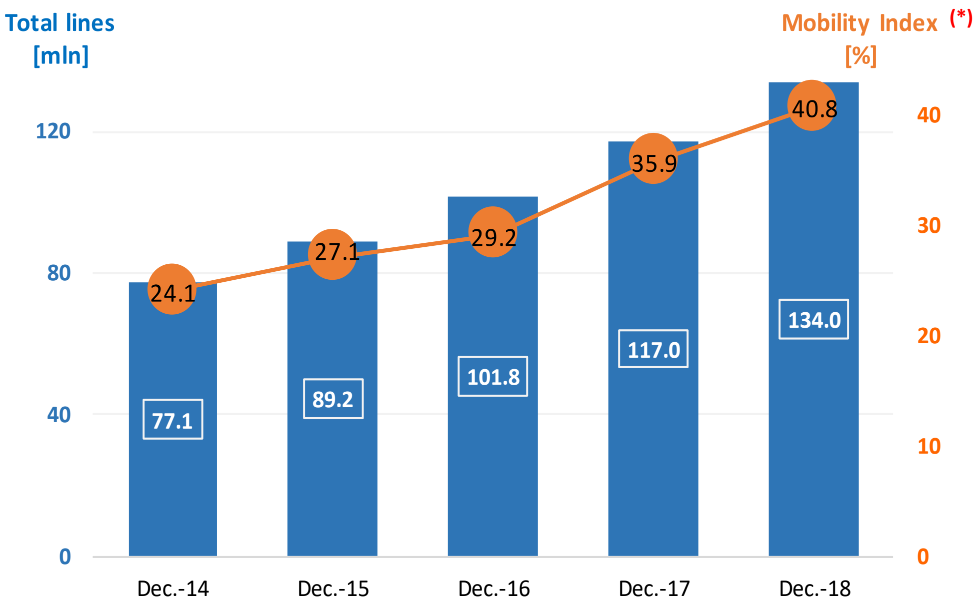
Average mobile data consumption



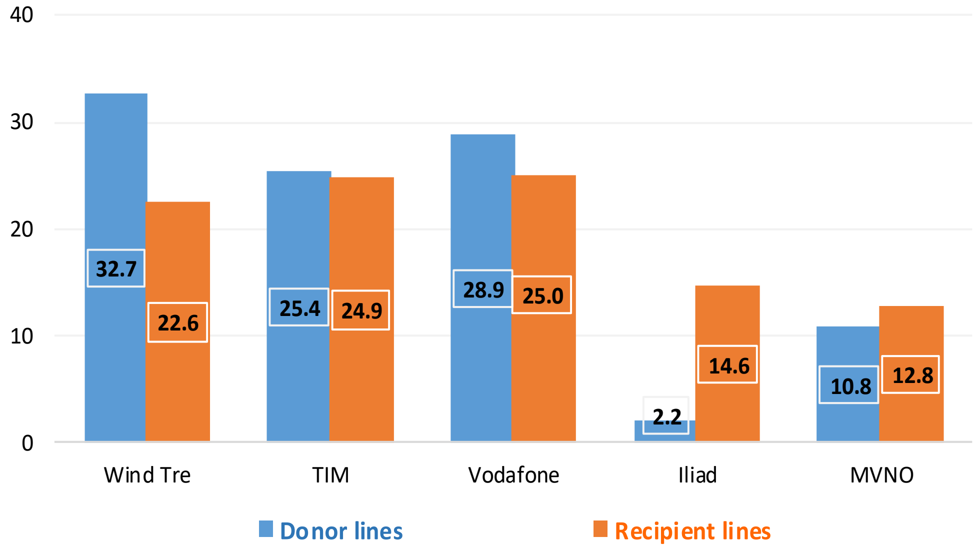
- Since December 2014, SIM cards with data traffic have increased from the **47.8%** to the **68.5%** of the overall SIM cards
- At the end of December 2018, the number of SIM cards with data traffic has increased by **4.4%** (YoY) reaching **54.5** million units
- Overall data traffic increased by about **60%** compared to December 2017
- At the end of December 2018, the average mobile data consumption per smartphone increased by **55.6%** (YoY), from **2.75** to **4.27** Giga byte per month

1.10 Mobile number portability

Number portability
(since the beginning of the year)



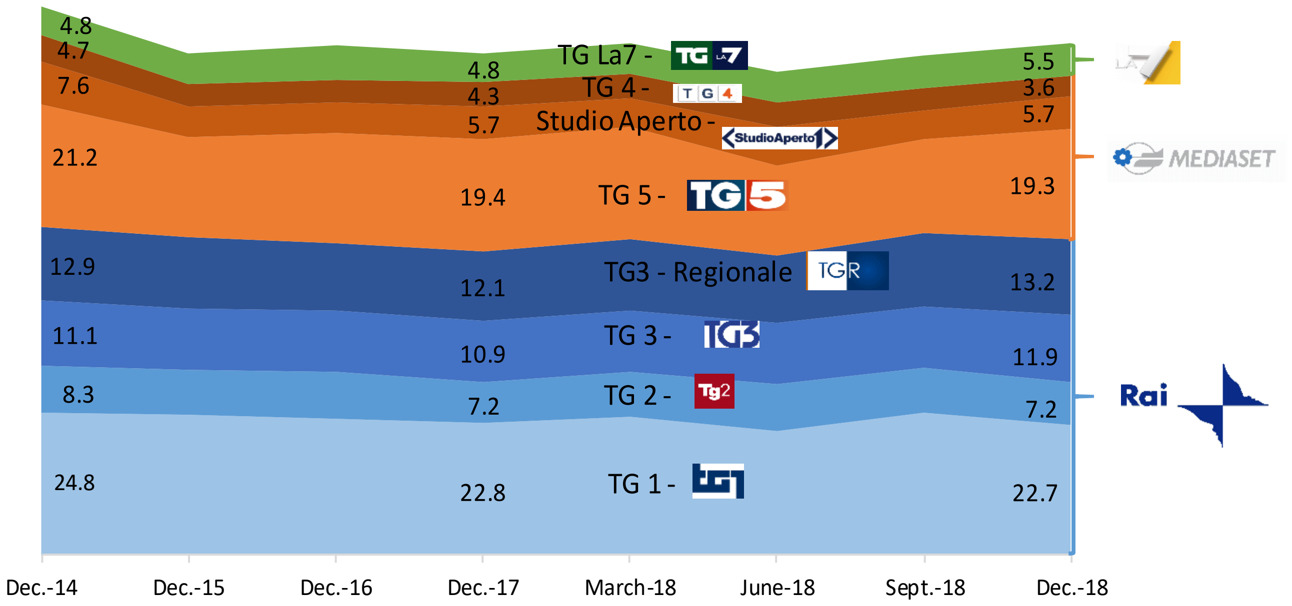
Distribution of donor and recipient lines – December 2018 [%]



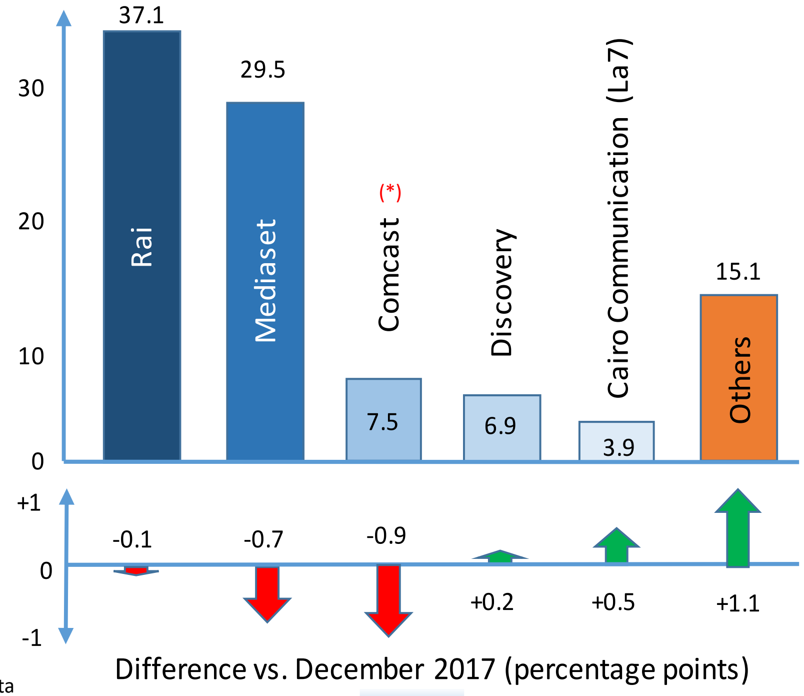
- At the end of December 2018, the total amount of mobile number portability operations exceeded **134** million units
- On a yearly basis, the net «donating-recipient» balance has improved for Iliad (**+2.122** thousand lines) and for MVNO operators (**+337** thousand lines) whereas it has worsened for Wind Tre (**-1.980** thousand lines), Vodafone (**-651** thousand lines) and for TIM (**-90** thousand units),
- At the end of December 2018, the «Mobility Index»(*) was **40.8%** greater than the value of previous year

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

Evening news programs audience on an average day - (December 2014 – December 2018) [%]



Audience on an average day – December 2018 [%]



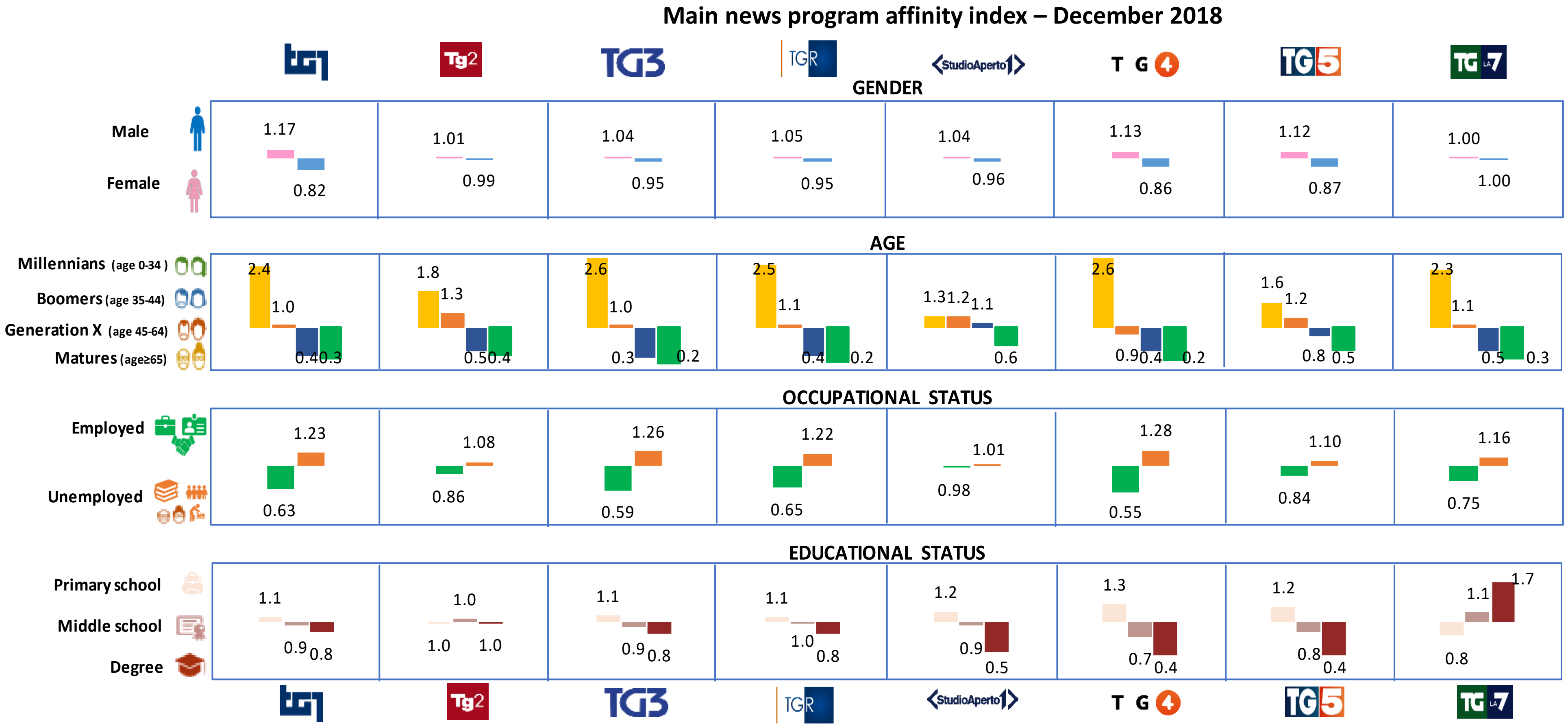
Source: Agcom elaboration on Auditel's data

- Over the whole period considered, from December 2014 to December 2018, the evening news program audience of the two most important players, TG 1 and TG5, has decreased respectively from **24.8%** to **22.7%**, and from **21.2%** to **19.3%**

- Rai, with over **3.9** million viewers on the average day, holds the leadership in terms of share (**37.1%**), despite a decrease **0.1** pp YoY
- In the same period, the audience of Mediaset (**-0.7** pp) and Comcast (**-0.9** pp) have decreased, while the audience of Discovery and Cairo have has increased respectively by **0.2** pp and **0.5** pp
- Smaller operators maintain an audience of **15.1%** (**+1.1** pp YoY)

(*) In 2018, Comcast Corporation acquired the control of Sky plc. The data refer to the corporate configuration before the merger.

2.2 Media: TV News audience by target users



Affinity Index

An "efficiency indicator" in media planning. It shows the weight of a specific Target Audience compared to the total population in case of a specific program (News program).

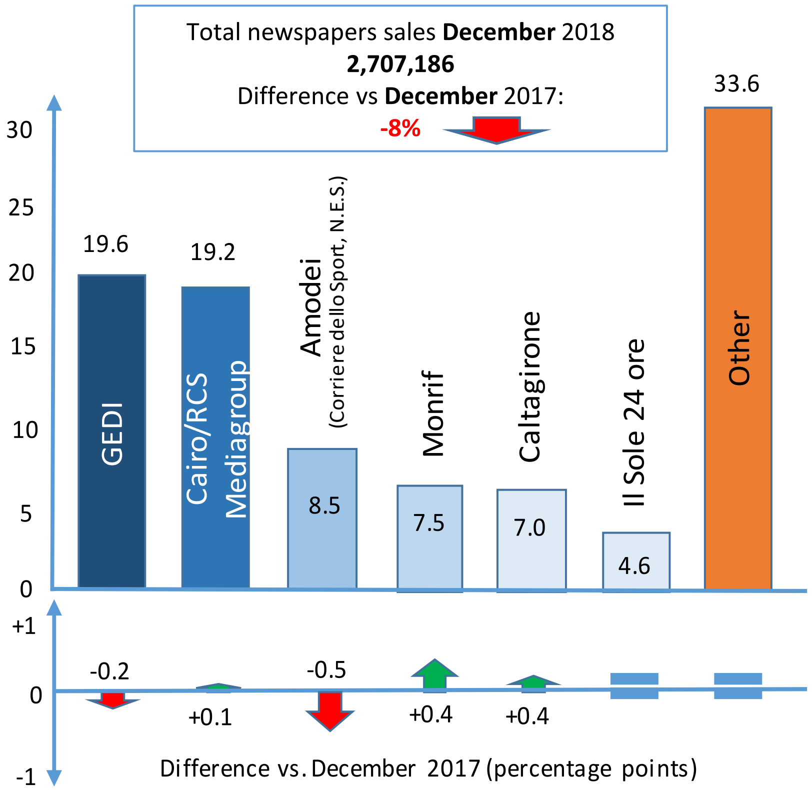
The indicator shows how much the values obtained for the target group differ from the values obtained for a different comparative group (eg. whole population).

In case this figure is higher than 1, it means that the programme/medium is well targeted for our Target Audience. The higher this index the better the targeting is.

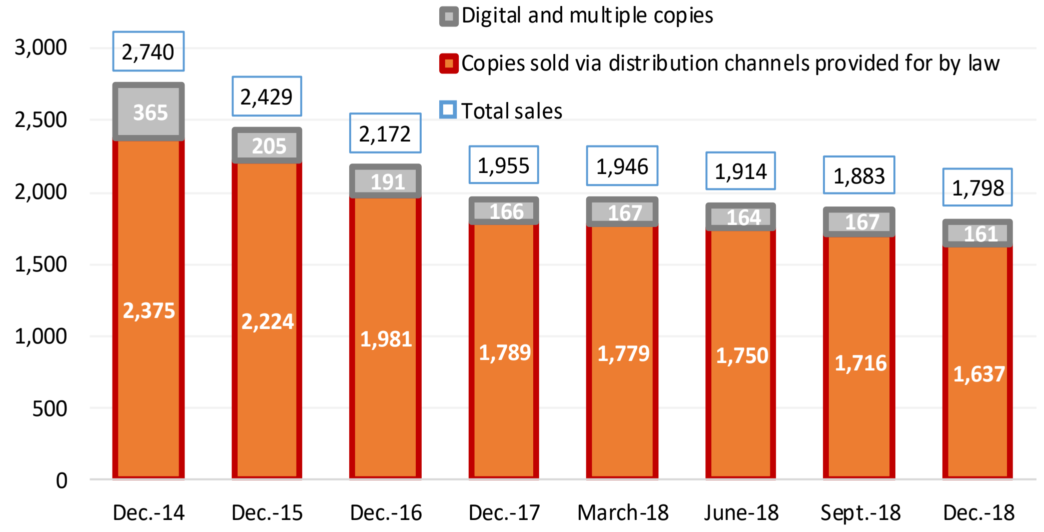
Source: Agcom elaboration on Auditel data

- **Gender:** Tg1, TG5 and Tg4 attract a wider female audience; La7 news is able to better attract the male audience
- **Age:** news programs are mainly viewed by mature population (age > 65); Studio Aperto is currently the most widespread news program among younger age groups
- **Occupational status:** given that 69% of the TV news audience is not employed, Tg2, Studio Aperto and Tg5 are, among news programs, those which attract a wider audience of employed people
- **Educational status:** Cairo's news programs (Tg La7) has a wider audience of graduates compared to the whole population

Newspapers' sales by editorial groups – December 2018 [%]



Newspapers' sales by 7 major editorial brand and type of distribution channels – December 2018 [%]

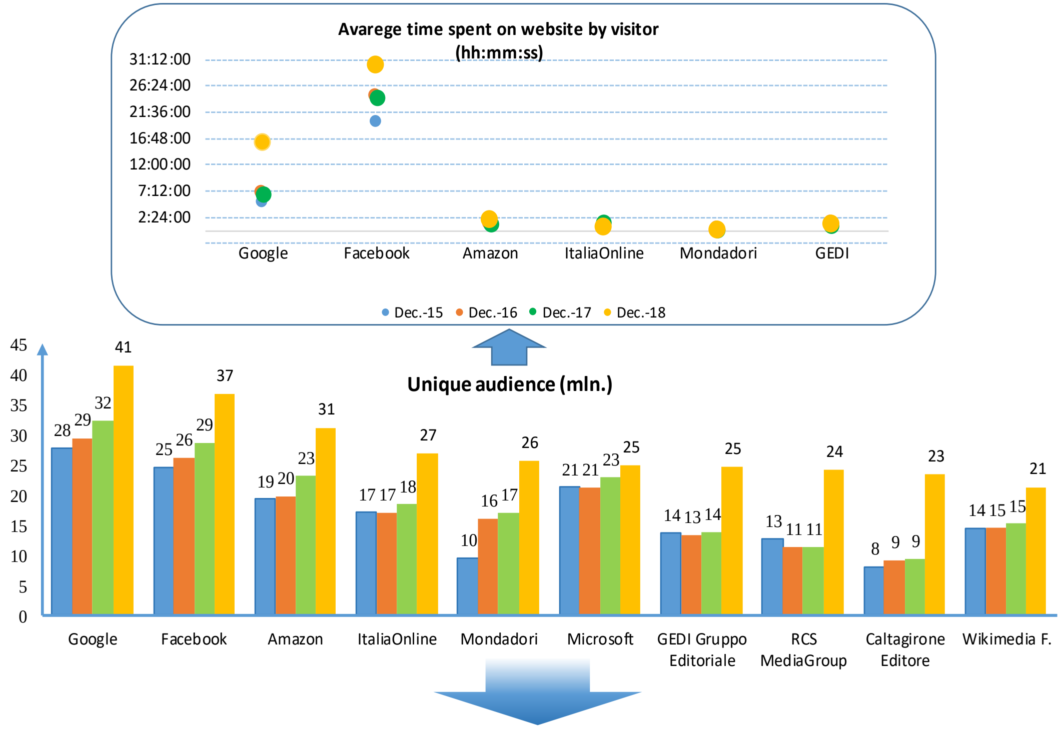


Source: Agcom elaboration on data from ADS and IES

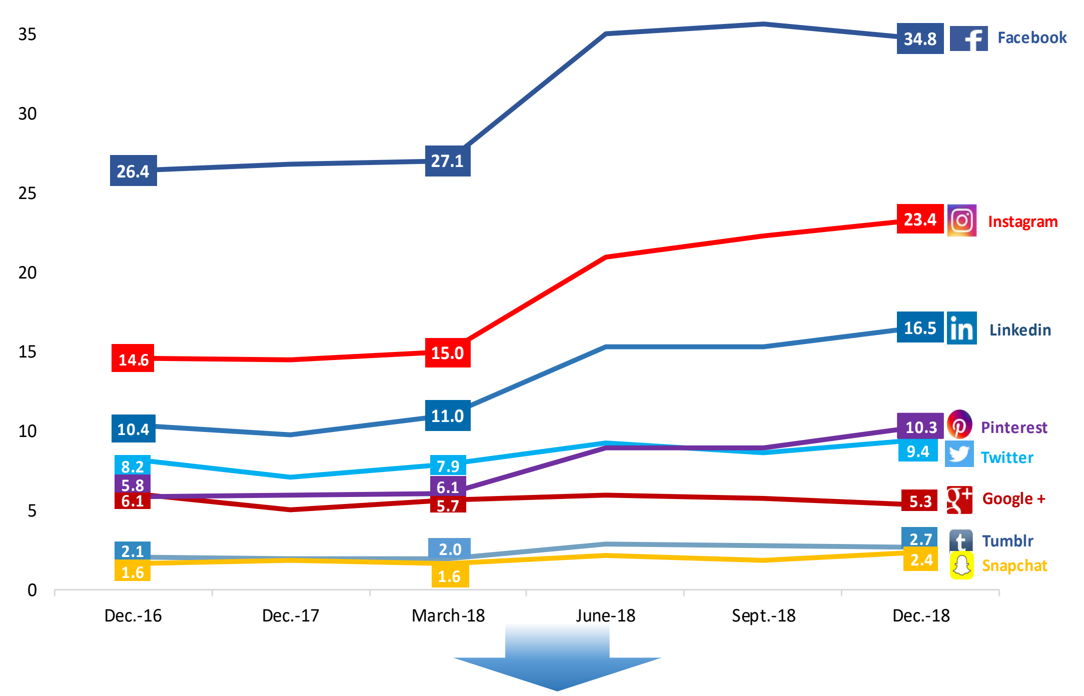
- Newspapers' sales showed an overall **8%** reduction YoY (**-238** thousand units)
- GEDI and Cairo/Rcs Mediagroup currently share the leadership of the market with a similar share

- Printed newspaper sales of the major editorial brand show a structural reduction of **8.5%** from December 2017 (**-31%** from December 2014)
- In December 2018, the number of digital copies decreased by **3.3%** compared to December 2017, whereas, compared to December 2014, they decreased by **56%**

Audience on an average day [%] and the average monthly time [hh.mm.ss.] spent on website by visitors - December 2015 - December 2016 - December 2017 - December 2018 -

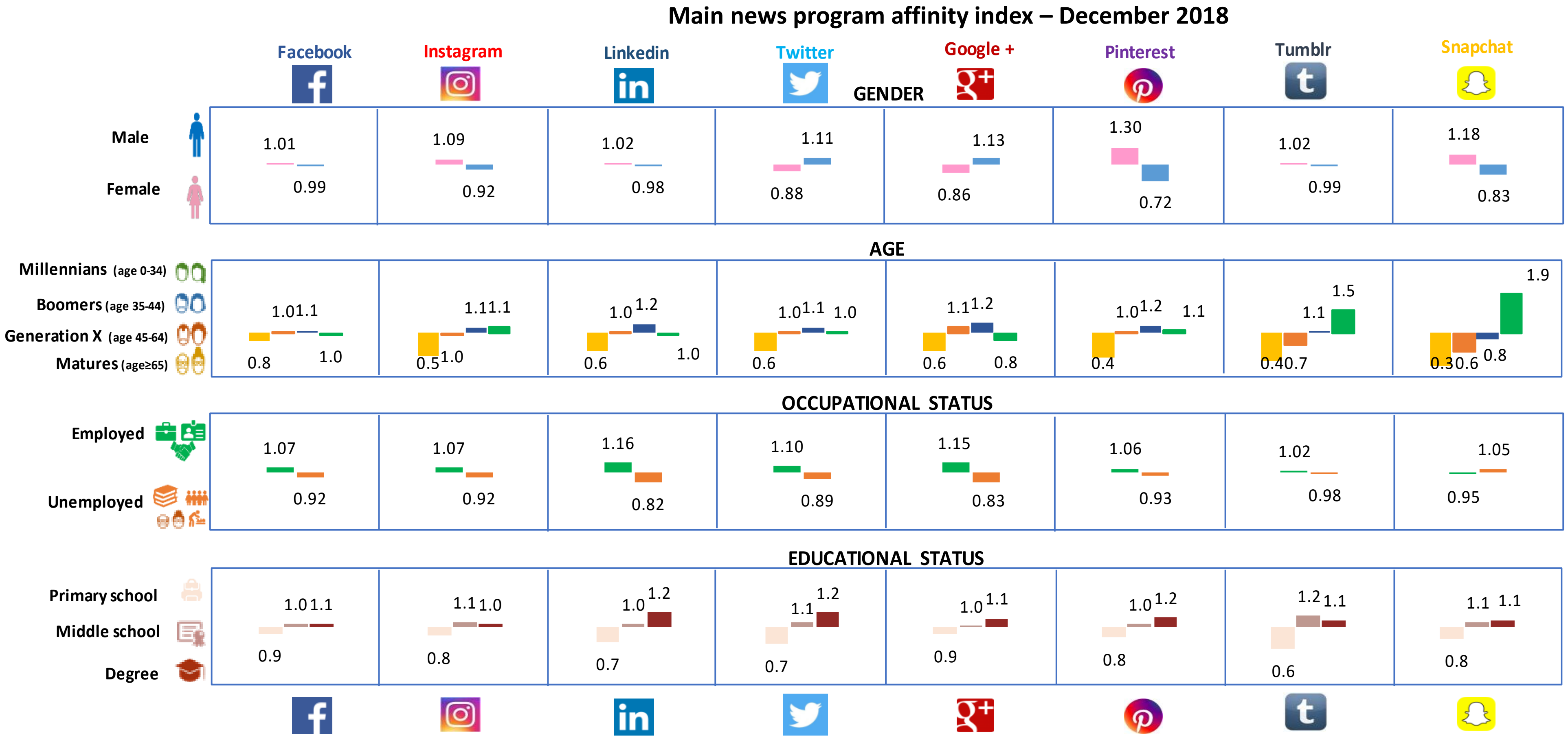


Audience of the major social network in % – December 2018



- Google and Facebook parent entities (brands aggregation) hold, with a growth trend, the leadership in terms of unique reach
- Overall, the unique audience of national platforms (Italiaonline, Mondadori, GEDI, RCS Mediagroup) show a growth
- In December 2018, **42.5** million unique users connected to the Internet, for around a total amount of **74** hours of surfing per person per month

- Among social networks, in December 2018, Facebook, with over **34.8** million unique users equal to **81%** of surfers, confirms its position as a market leader, while Instagram follows in the second place with **23.4** million unique users equal to **52%** of surfers
- In December 2018, among the social networks considered, only Google+ shows a decrease trend in the number of unique users, compared to December 2017



Composition Index

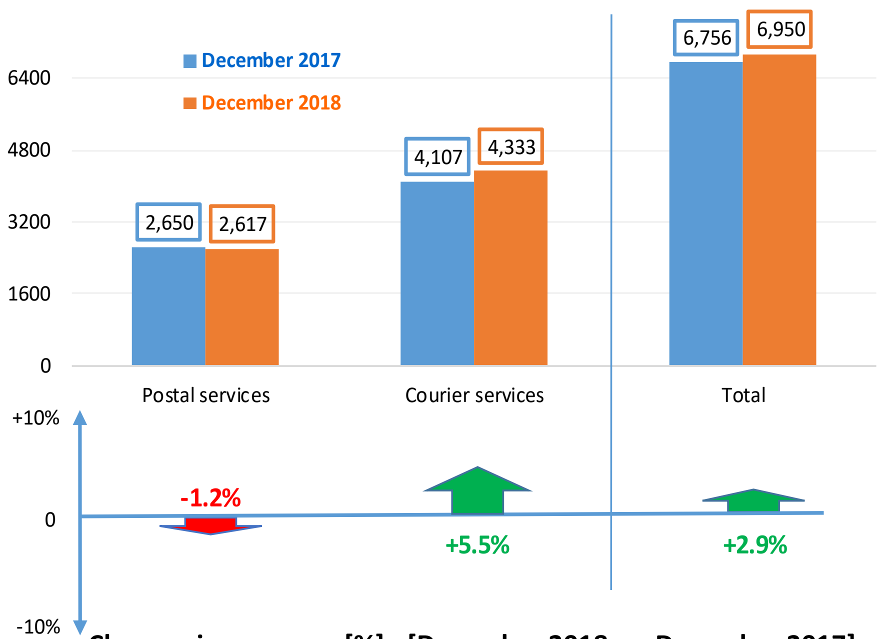
The Composition Index measures the concentration of a particular target group of consumers on a given website or ad network, compared to the concentration of that target in the total Internet population for the category "Search, Portals, Communities".

In case this figure is higher than 1, it means that the programme/medium is well targeted for our Target Audience. The higher this index the better the targeting is.

Source: Agcom elaboration on Audiweb's (Nielsen) data

- **Gender:** Twitter and Google+, among the category «Search portals and communities», are those characterized by a wider male audience
- **Age:** Tumblr and Snapchat, are the social media platforms most preferred by young people (age 0-34)
- **Occupational status:** Google+, Linkedin and Twitter are the most preferred social media by employed people
- **Educational status:** Linkedin, Twitter and Pinterest have a wider audience of graduates compared to the mean

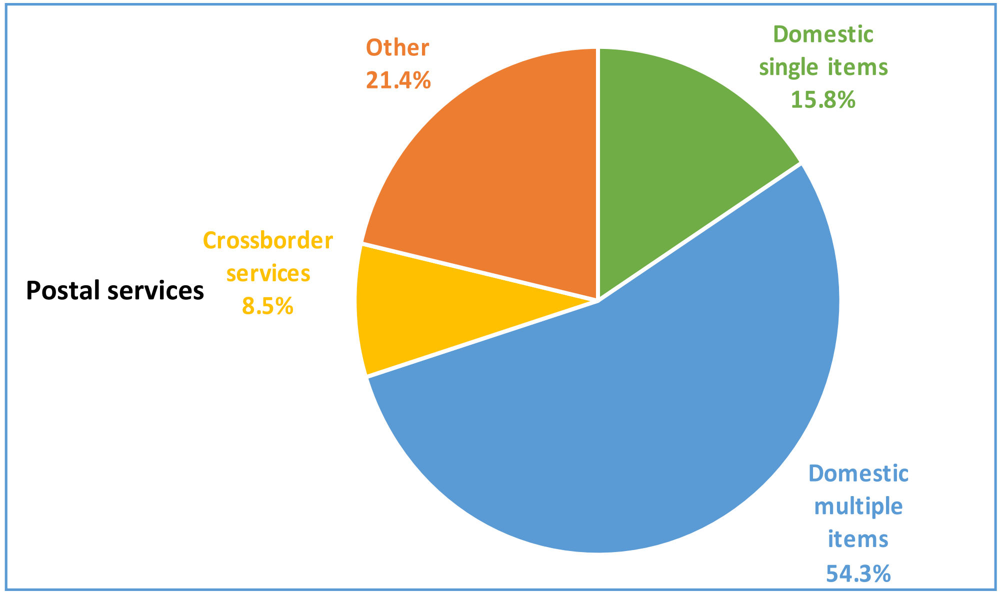
Revenues since the beginning of the year [million of €]

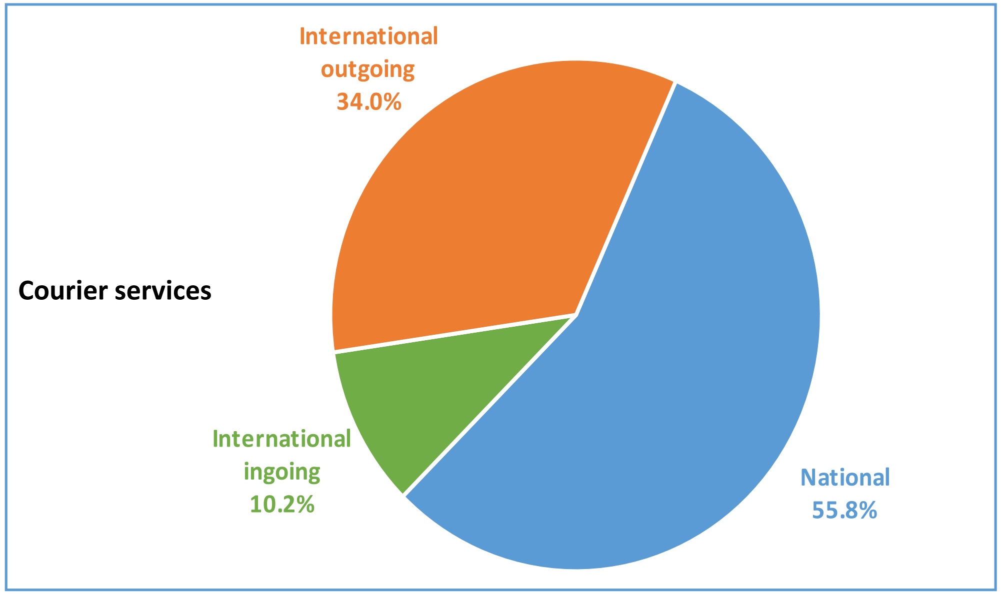


Changes in revenues [%] - [December 2018 vs. December 2017]

Note: The figures relate to the following companies: Bartolini, Citypost, DHL Express, Federal Express Europe, Fulmine Group, GLS Italy, Nexive, Poste Italiane, SDA, TNT Global Express, UPS.

Revenues by source type - December 2018 [%]

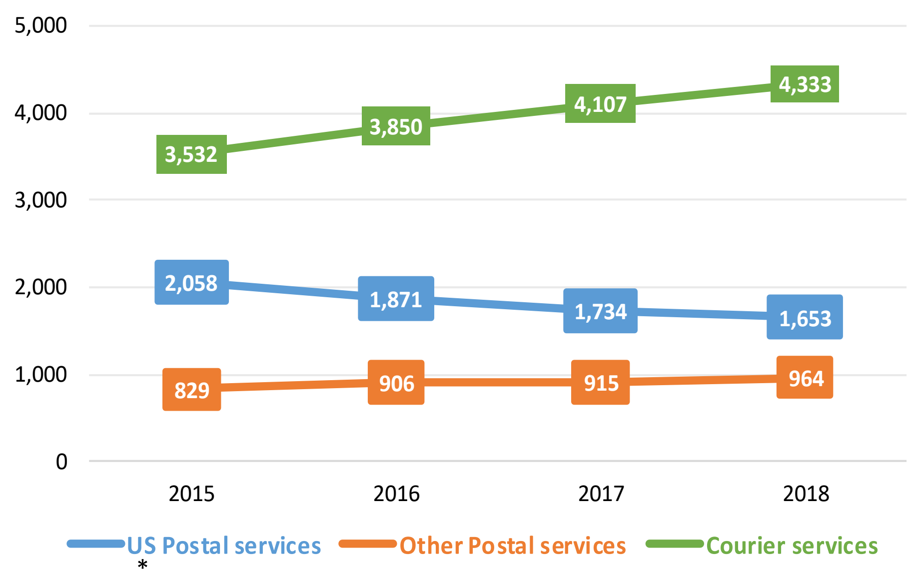




- At the end of December 2018, overall revenues are about **6,950** million of €, with an increase of 2.9% YoY
- YoY, postal services' market has shown a decline in revenues (-1.2%); nearly **55%** of revenues are represented by "Domestic multiple items" (-2.1% YoY), while revenues from "Other" services increased YoY (+2.9%), mainly due to "exclusive services" and "parcels delivery"
- YoY, courier services' market has shown a growth in revenues (5.5%); over **55%** is represented by revenues from services with national sender and receiver (+4.7%); overall international deliveries increased by 6.5%, due to the increase in revenues from both "ingoing" (+9.9%) and "outgoing" (+5.6%) deliveries

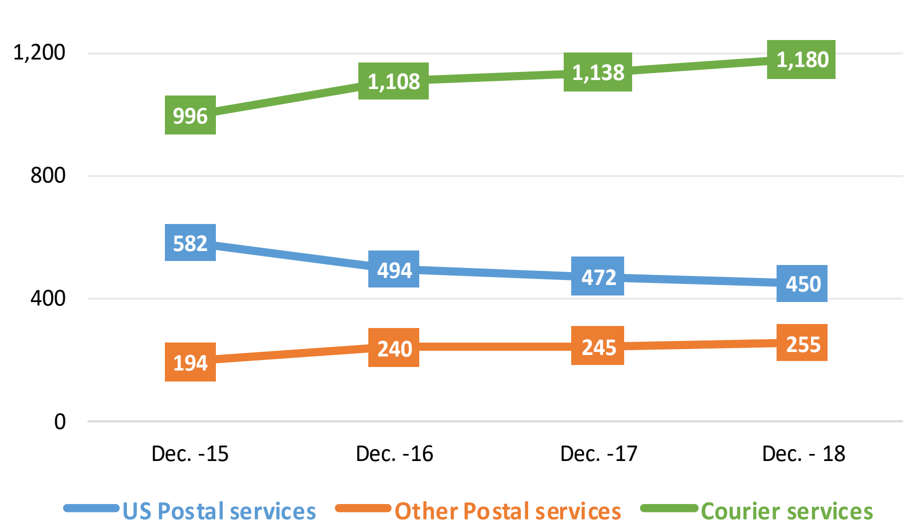
3.2 Postal services and express couriers: revenues historical trend

Revenues: annual cumulative figures [million of €]



*US = Universal Services

Quarterly revenues trends [million of €]

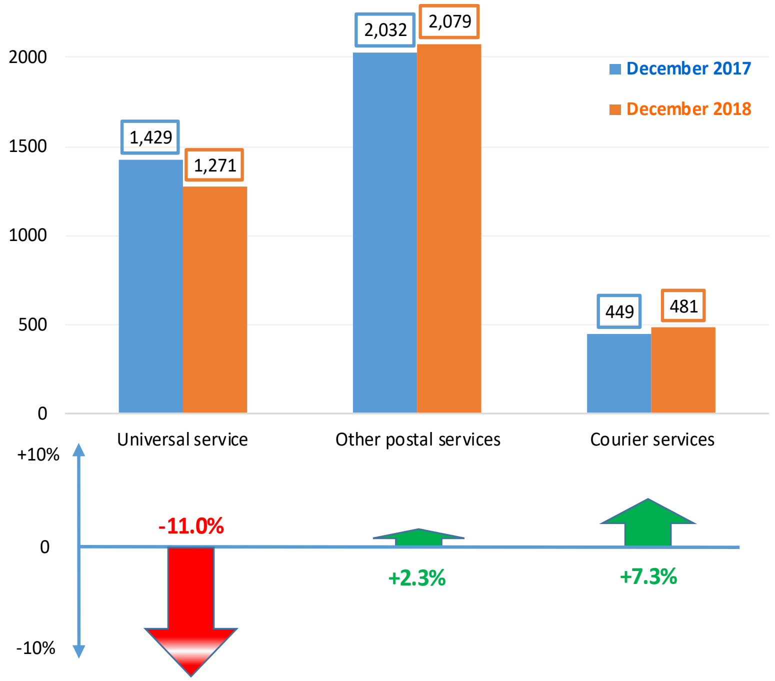


- Postal services: over the last four years, revenues from Universal postal services (US) have decreased by 19.7% (from **2,058** to **1,653** million €), while revenues related to other postal services have grown by 16% (from **829** to **964** million €)
- Courier services: over the four years, it is possible to observe a 22.7% increase in revenues (from **3,532** to **4,333** million €)

- Postal services: over the whole period considered, quarterly revenues from US have decreased by 22.7%, while revenues related to other postal services have grown by 30%
- Courier services: quarterly revenues shows a 18.4% increase compared to the last quarter of 2015

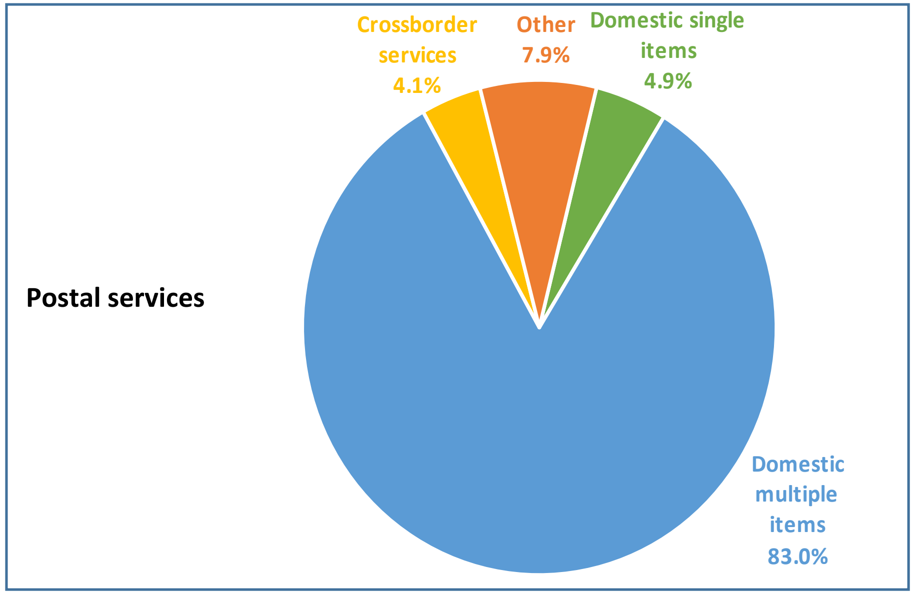
3.3 Postal services and express couriers: volumes

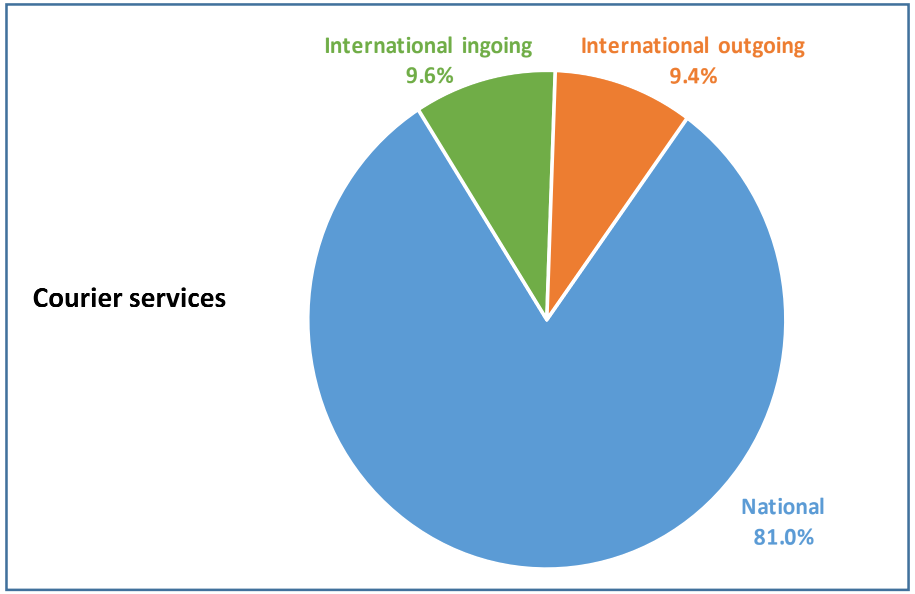
Volumes since the beginning of the year [mln of units]



Changes in volumes [%] - [December 2018 vs. December 2017]

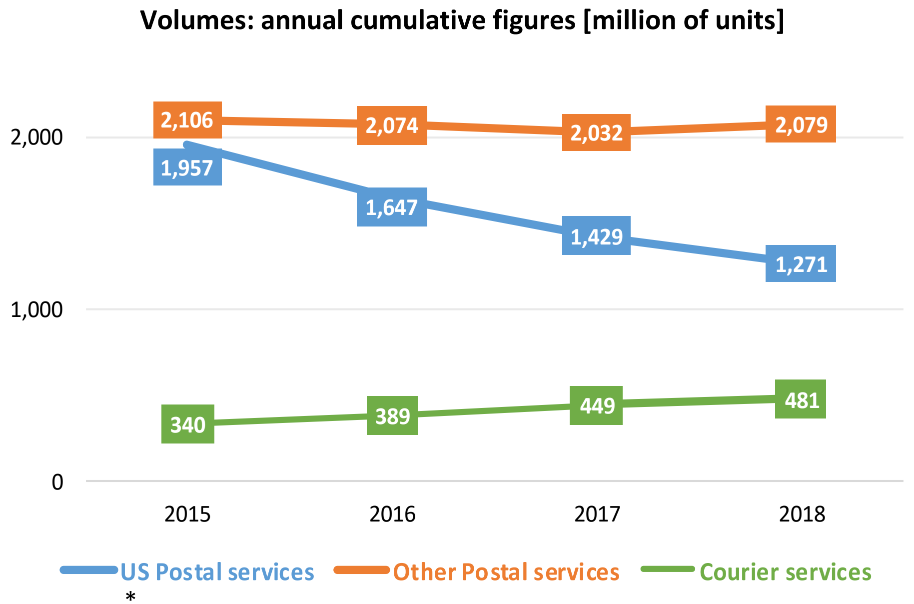
Note: The figures relate to the following companies: Bartolini, Citypost, DHL Express, Federal Express Europe, Fulmine Group, GLS Italy, Nexive, Poste Italiane, SDA, TNT Global Express, UPS.



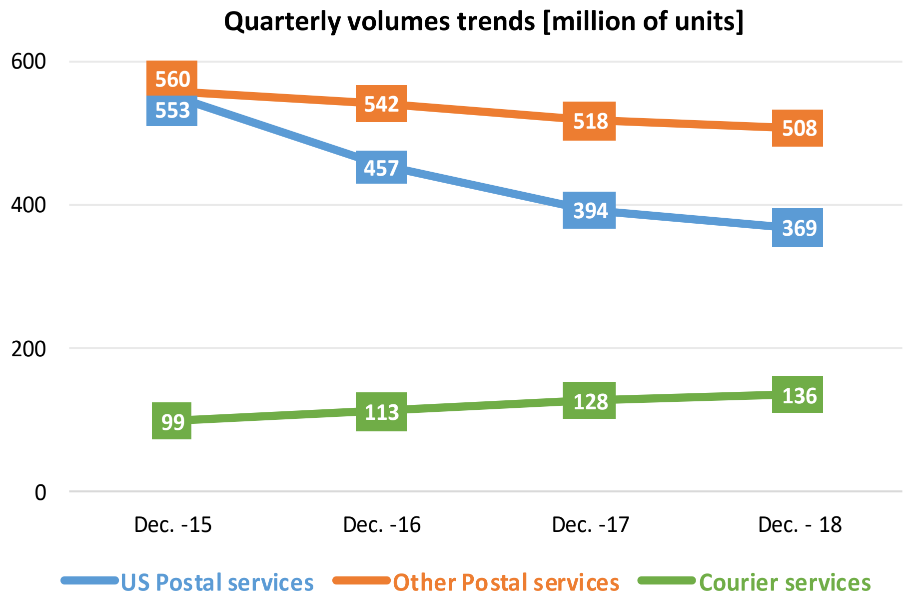


- At the end of December 2018, volumes of universal services (US) amounted to **1,271** million units, showing a contraction of **11.0%** YoY, while volumes have increased by **7.3%** YoY for the courier services segment (**481** million units from the beginning of the year) and for other postal services by **2.3%** YoY
- Postal services: "domestic multiple items" grew by **0.6%**, now accounting for about **83%** of total volumes
- Courier services: volumes on a national basis grew by **6.8%** YoY, now accounting for **81%** of total volumes; over the same period, the volumes of services based on delivery or reception to and from foreign countries show a higher growth rate (**+10.8%**)

3.4 Postal services and express couriers: volumes historical trend



* US = Universal Services

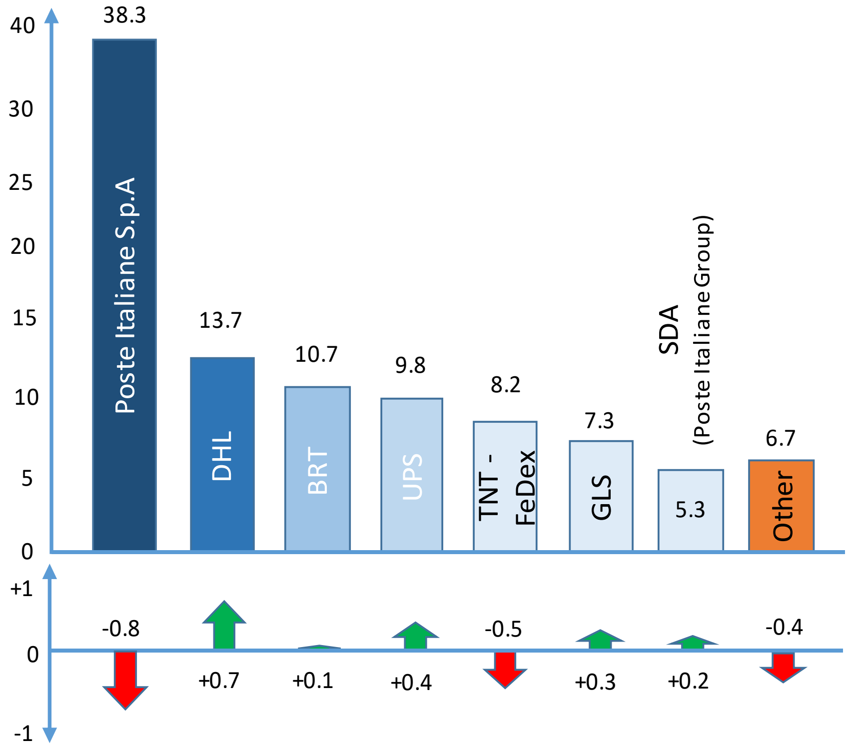


- Postal services: over the last four years, annual volumes from US have decreased by **35%**; the volumes related to other postal services remained quite stable
- Courier services: over the four years, it is possible to observe a **41.5%** increase in annual volumes

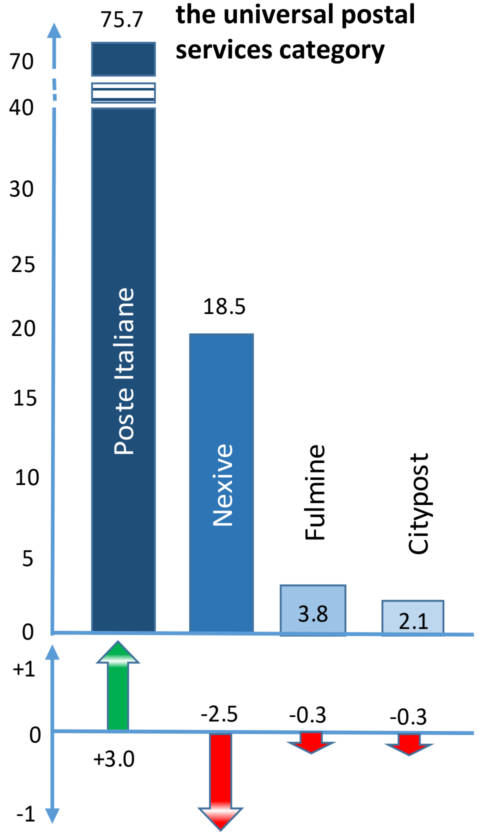
- Postal services: over the whole period considered, it is possible to observe an average reduction of **18.4%**, due to the decrease of both, US volumes (**-33.2%**) and other postal services volumes (**-9.2%**)
- Courier services: quarterly volumes show a **37.4%** increase compared to the quarterly value of December 2015

3.5 Postal services and express couriers: competitive landscape

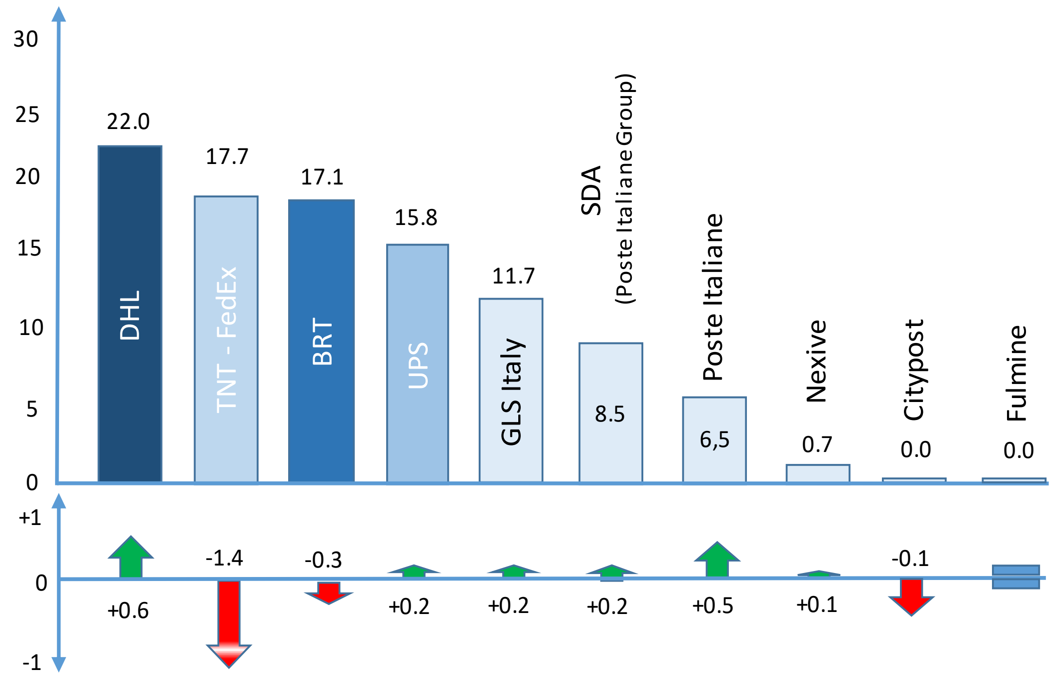
Total postal services (including express couriers)



Services not included in the universal postal services category



Express couriers

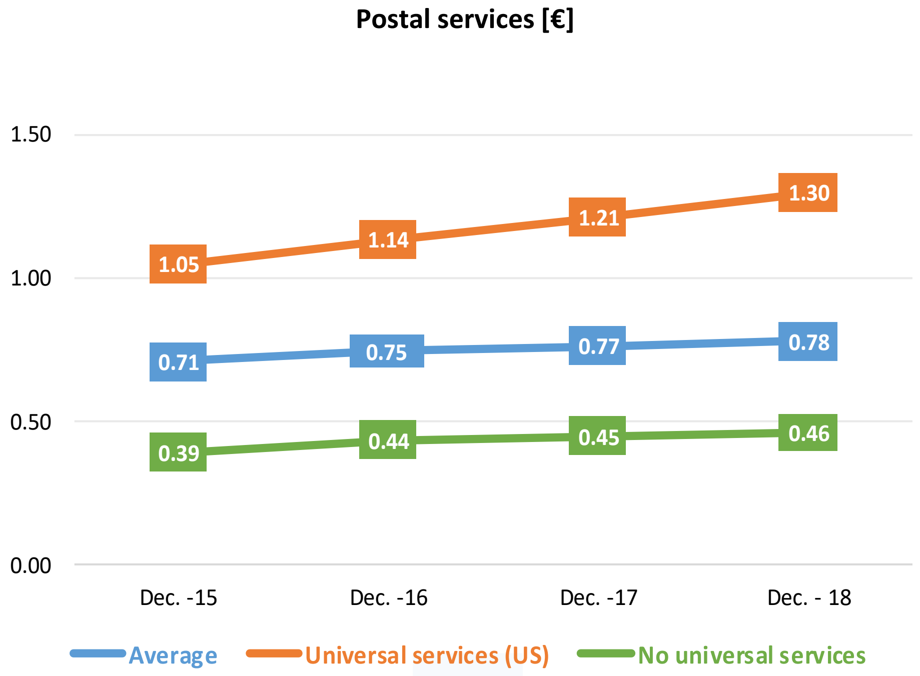


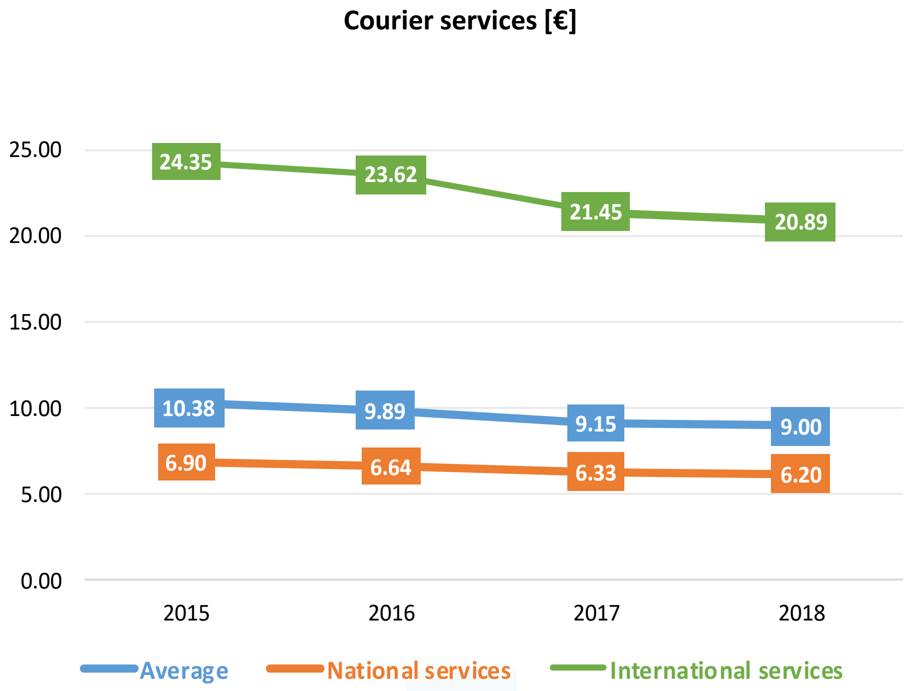
Difference vs. December 2017 (percentage points)

- Poste Italiane is still the first postal operator, but its share has shown a decrease of **0.8** pp (YoY)
- The aggregate market shares of DHL, UPS, BRT and TNT is **42.4%**

- In the segment of services not included among the universal postal services, Poste Italiane, as a consequence of its historical monopolistic position, still holds **75.7%**

- The market share's scenario of express courier services at the end of December 2018 shows a stronger competition among operators

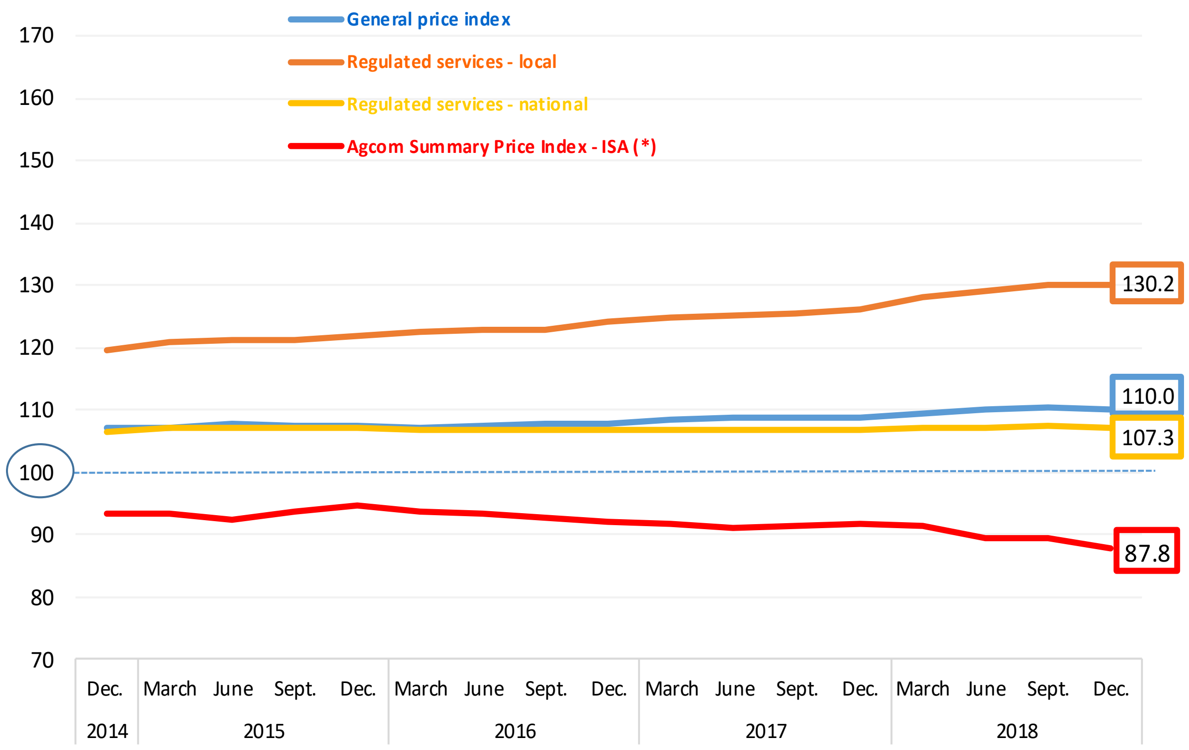




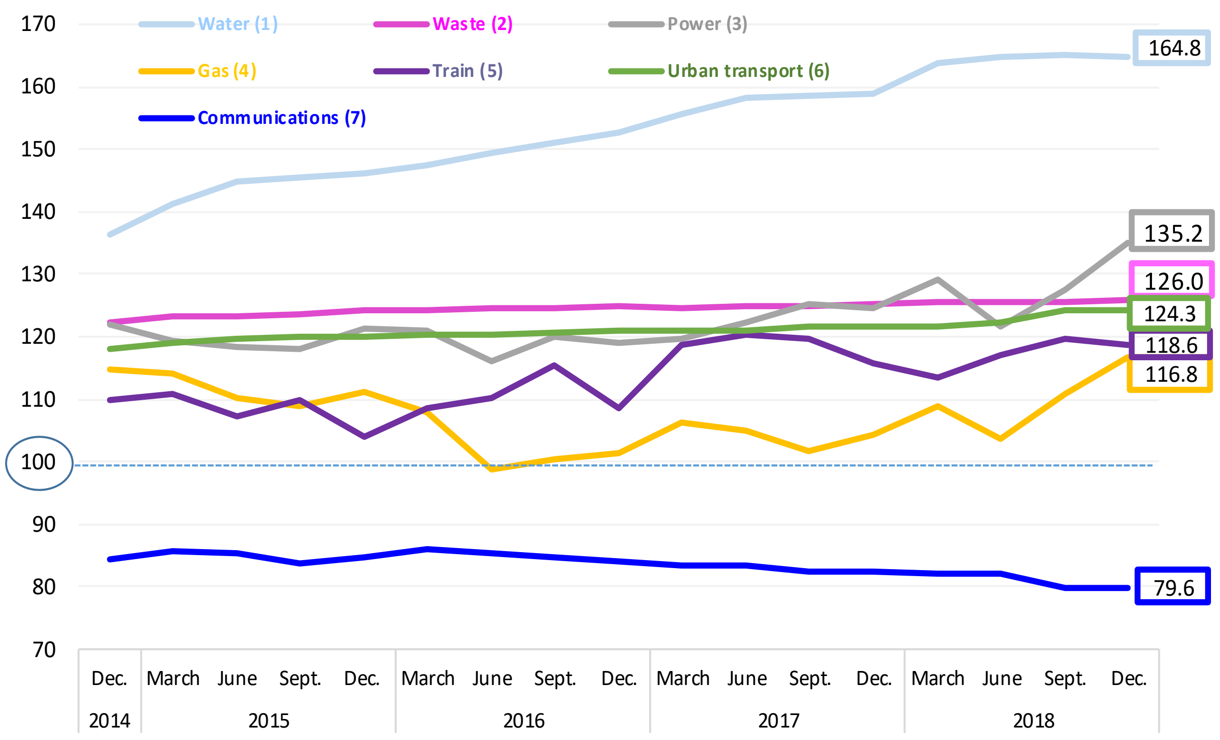
- Over the last four years, the average unit revenue has grown by 9.9% and is equal, for the period December 2017 – December 2018, to € **0.78**
- The per-unit revenue of services included in the US is above the average (**€ 1.30**), while that of other services is below the average (**€ 0.46**)

- Over the last four years, the average unit revenue has decreased by 13% and is equal to **€ 9.00** for the period December 2017 – December 2018
- Unit revenue of international services is above the average (**€ 20.89**), while that of national services is below the average (**€ 6.20**), and both show a reduction as compared to the period December 2014 – December 2018

Average price index (2010=100)



Utilities price index (2010=100)

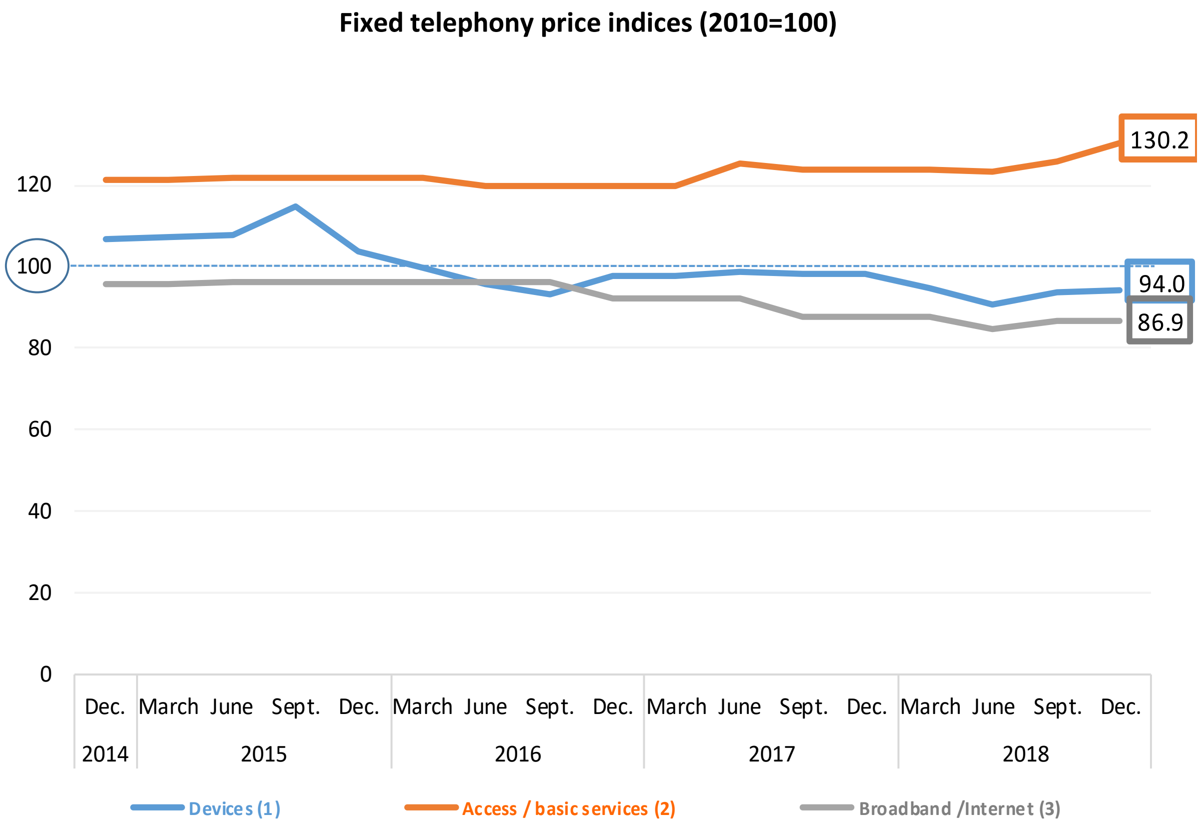


Istat Services Codes:

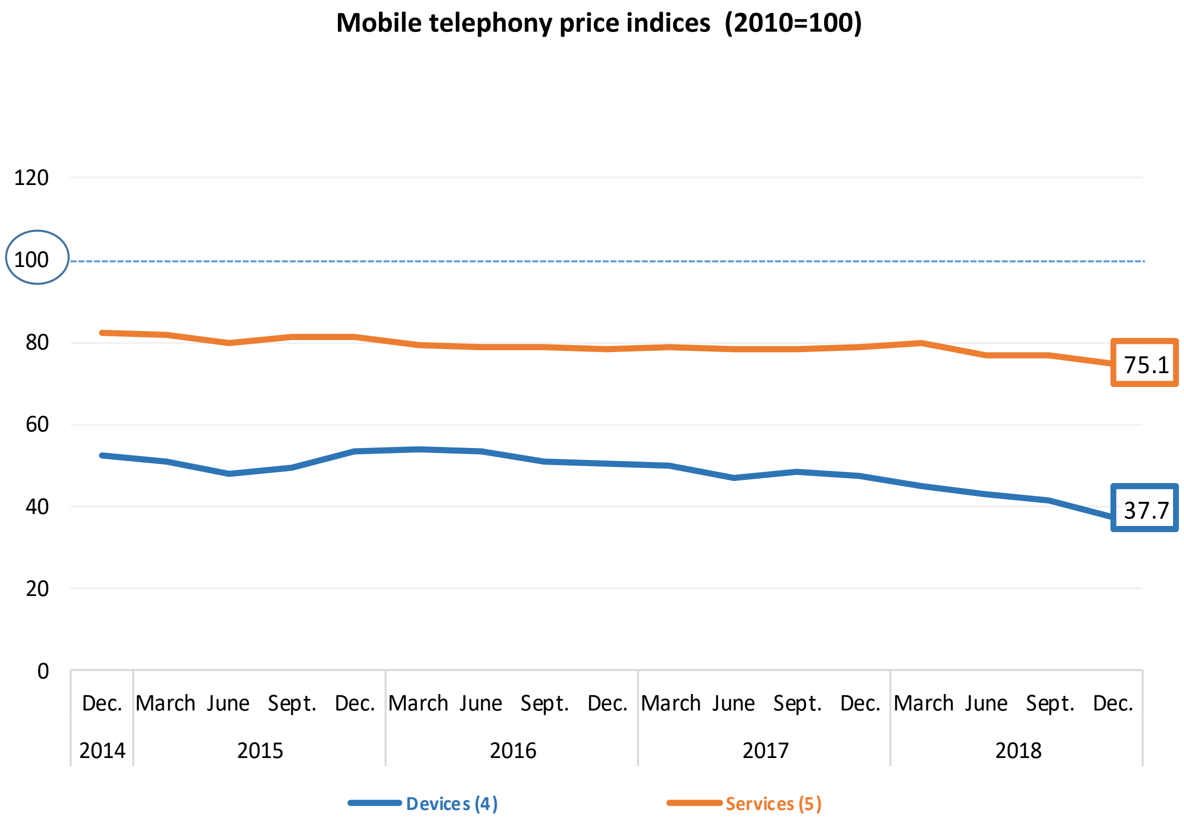
(1)	04 41	(5)	07 31
(2)	04 42	(6)	07 32 11
(3)	04 51	(7)	08
(4)	04 52		

* The ISA («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

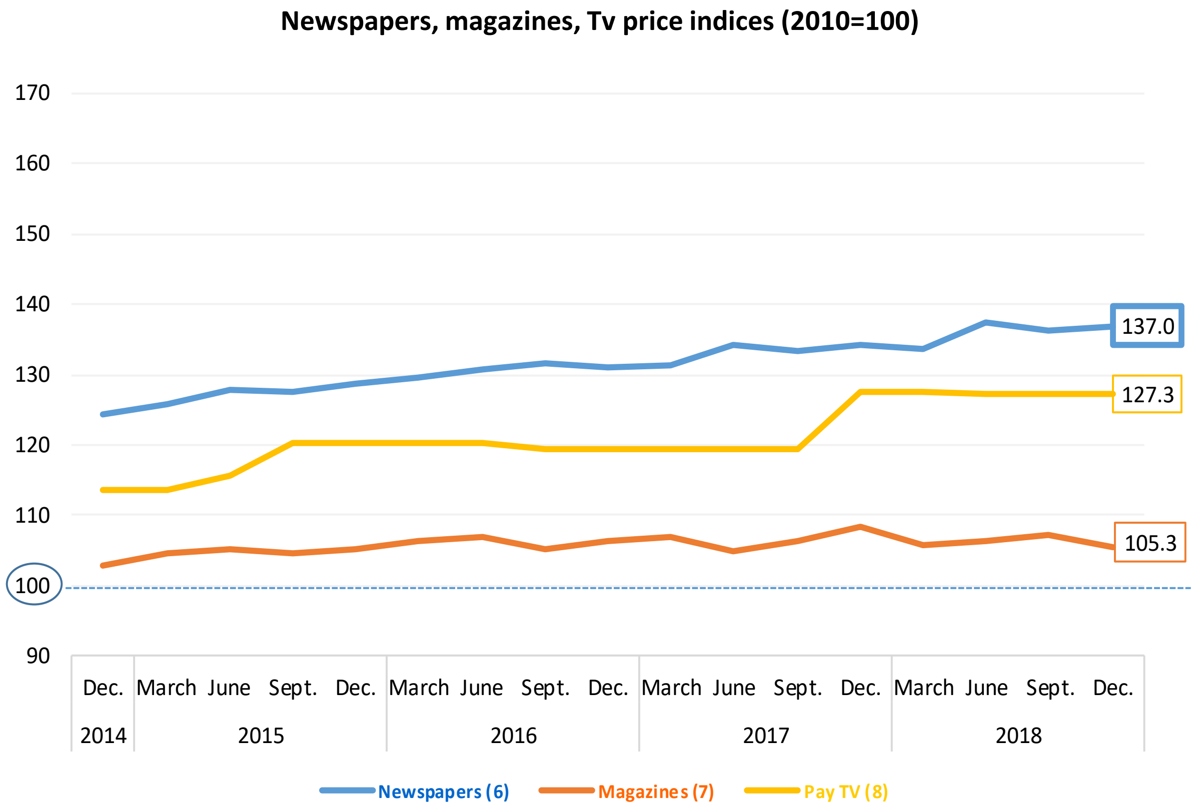


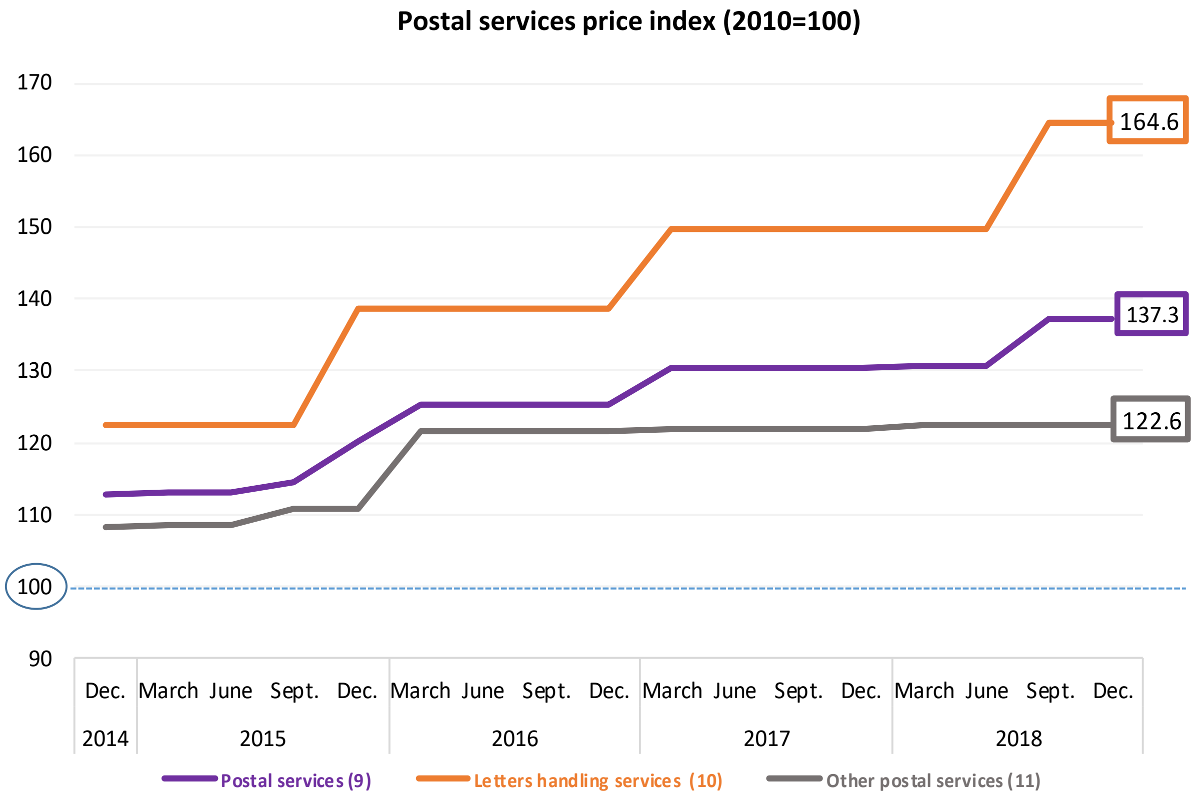
Istat services codes:
(1) 08 20 10
(2) 08 30 10
(3) 08 30 30



Istat services codes:
(4) 08 20 20
(5) 08 30 20

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





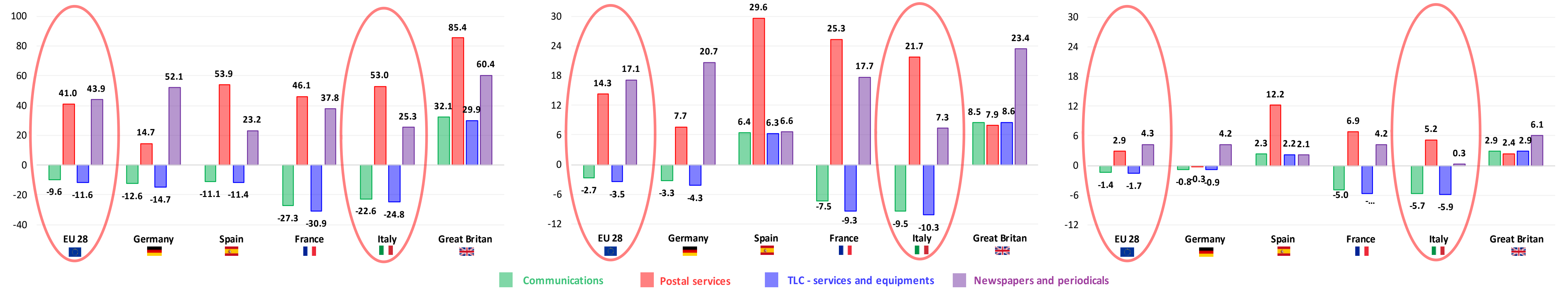
Istat services codes :

(6) 09 52 10
(7) 09 52 20
(8) 09 42 30

Istat services codes

(9) 08 10 00
(10) 08.1.0.1.0.00
(11) 08.1.0.9.0.00

Change in prices – December 2018 vs. December 2008 [%] | **Change in prices - December 2018 vs. December 2013 [%]** | **Change in prices - December 2018 vs. December 2017 [%]**



Source: Agcom elaboration on Eurostat data

- Since December 2008, in Italy the communications price index has decreased at a faster pace than the EU average: -**22.6** and **-9.6** pp, respectively; the same trend is observable also for the period between 2013 and 2018 (**-9.5** vs **-2.7**) and for the period between 2017 and 2018 (**-5.7** vs **-1.4**)
- Since December 2008, the Italian inflation rate of postal services (**+53** pp) is higher than that of EU; among the countries analyzed, Germany show the lowest increase (**+14.7** pp); a similar trend can be observed for the short and medium price comparison
- Since December 2008, in Italy the newspapers and periodicals price index has increased (**+25.3** pp) less than the EU average (**+43.9** pp)

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