Autorità per le garanzie nelle comunicazioni

Quarterly Telecommunication Markets Observatory (*)

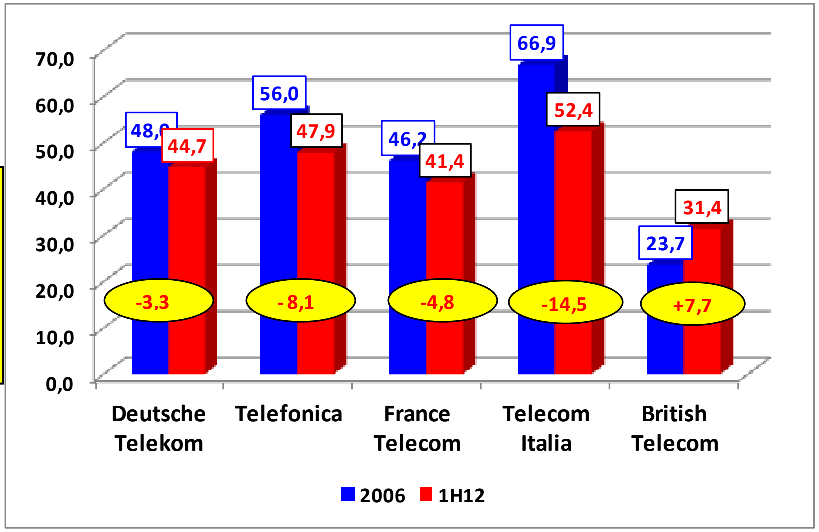
- Updated to 31 December 2012 -

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

Index

Focus - " Top Five" Incumbent - competitive trends

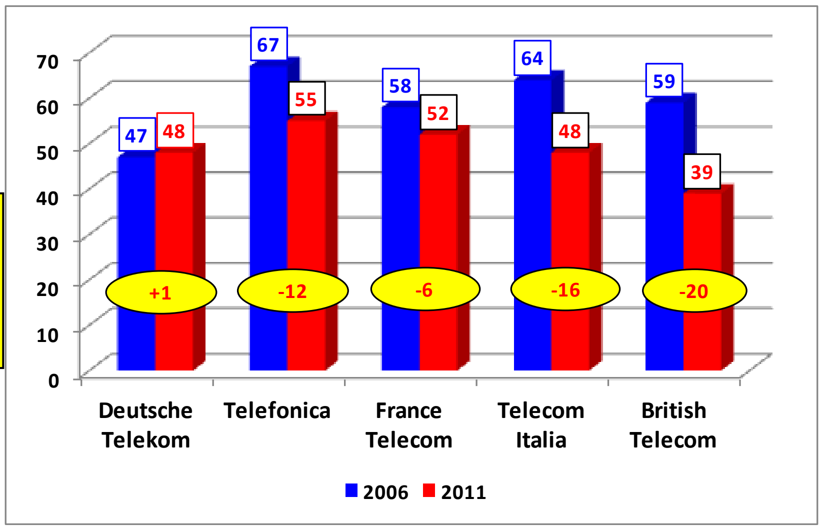
Fixed broadband lines
Market shares (%)



Source : Digital Agenda scoreboard, *http://scoreboard.lod2.eu/index.php?page=export*

- During 2006-1H2012 the difference between the market shares of the major European incumbents in the broadband access tend to shrink.
- Telecom Italy is the operator with the highest decline in market share (-14.5%), followed by Telefonica (-8,1) and France Telecom -4,8).
- British Telecom increased by 7.7 pp.

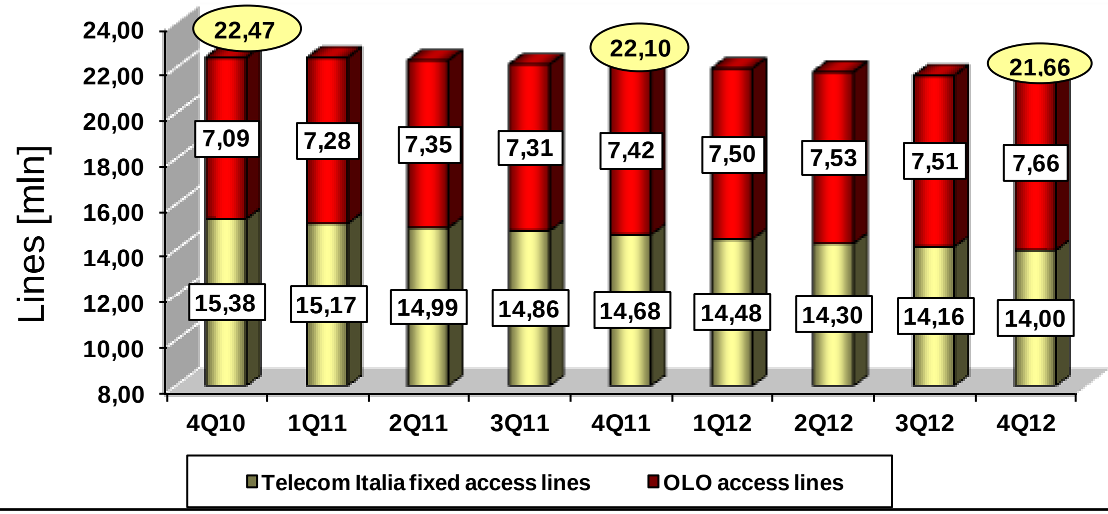
Fixed voice call volumes
Market shares (%)



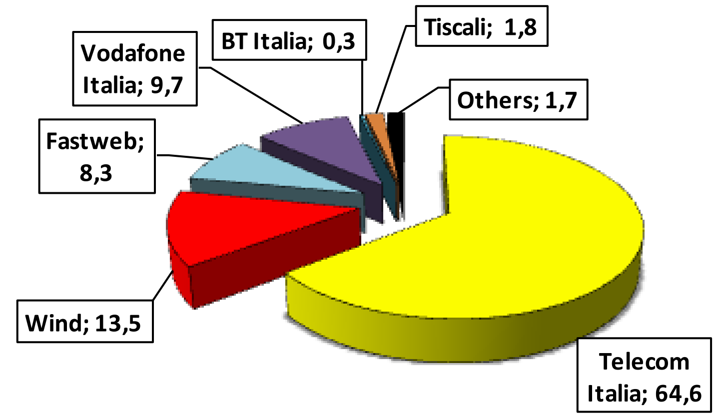
Source: Ofcom, International Communications Market Report 2012, pag. 248

- Between 2006 and 2011, with the British Telecom exception, Telecom Italia is the incumbent with the biggest decrease in the fixed network voice traffic market share (-16%).
- Telecom Italy market share (48%) is aligned with DT (up 1%), while is lower than France Telecom (52%) and Telefonica (55%) shares.

1. Fixed access lines (total) (1) (2)

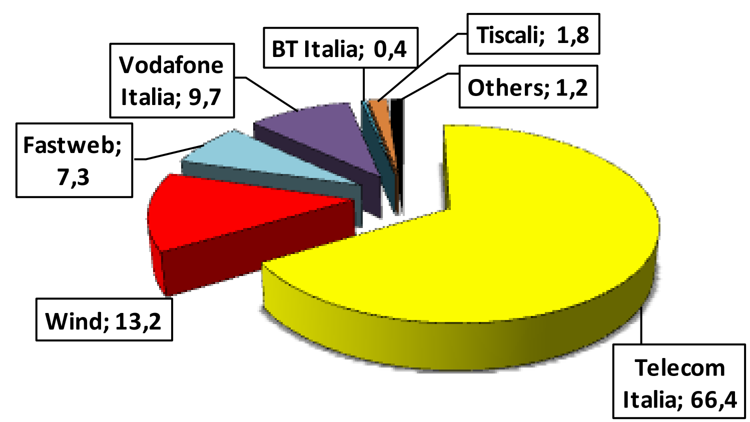


4Q2012



- Compared with December 2011, direct fixed access lines decreased by about 450 thousands, with a slight acceleration compared to the decrease observed in 2011 (-360 thousand accesses).
- In the last twelve months, Telecom Italia's market share further decreased by 1.8% to 64,6%.
- The market position of Vodafone Group is stable on annual basis with a slight increase (+0,2%) compared to last September.
- Wind has consolidated its market share on a yearly basis (+0.3% with a slight decline (-0.1%) compared to September.
- Fastweb increases market share both on annual (+1,0%) and quarterly (+0,4%) basis.

4Q2011

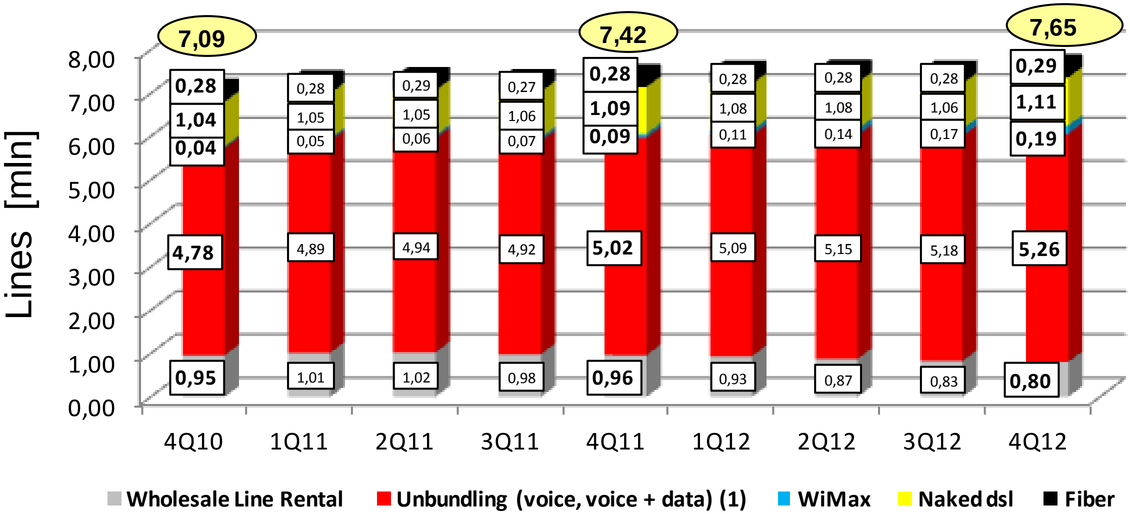


(1) – Starting from present update, fixed network include WiMax lines. Data serie is in homegenous, consequently the market shares shown are not entirely consistent with previous updates.

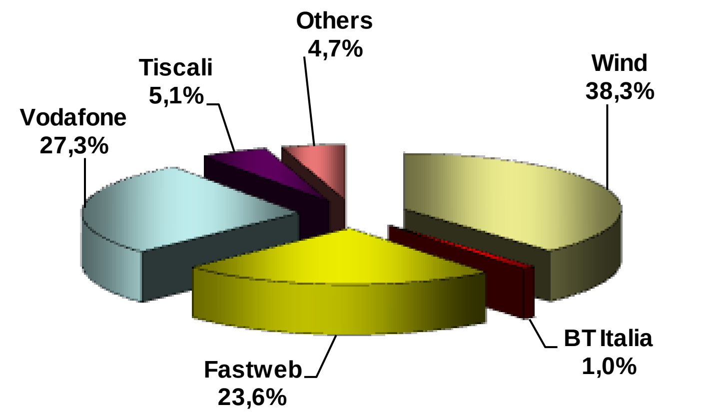
(2) Including Telecom Italia physical access, full unbundling (voice and data), Dsl Naked, WLR, Wimax and fiber lines.

Source: Agcom evaluation on data provided by operators

2. Fixed access lines (new entrants)

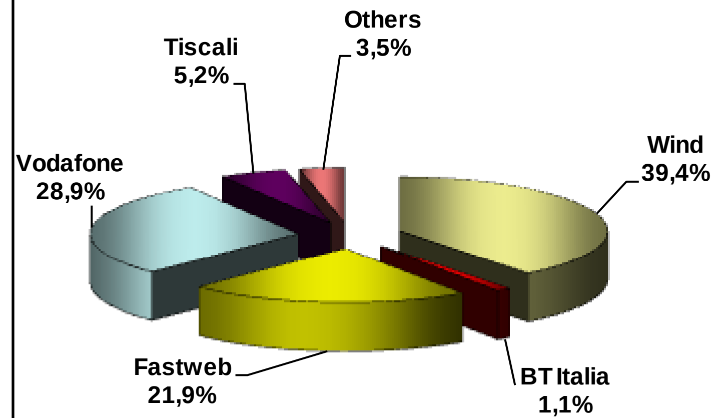


4Q2012



- On an annual basis accesses grew by about 230 thousand accesses (340,000 in 2011).
- Given the growth of the lines Full Ull **(1)** (+240 thousand on annual basis) was offset by a decline in WLR access by some 160 thousand lines. On a quarterly basis, the overall growth of approximately 140 thousand lines.
- In direct accesses distribution by operator, Wind positioned in first place (38,3%), is in decline compared both to last December (-1.1%) and to September (-1,0%).
- Grows, both on an annual and quarterly basis, the weight of Fastweb (respectively +1,7% and + 0,8%).
- Decrease, in both cases, of Vodafone market share (correspondingly -1.5% and -0.1%).
- The growth of WiMax lines, representing – with an increase of 110 thousand accesses - just under half of the total OLO line increase on an annual basis, is the basis of the increase in weight of "other actors" (+1, 2% on an annual basis).
- Linkem represents over 50% of the specific segment, which at y.e. exceed, overall, 190 thousands subs. **(2)**.

4Q2011

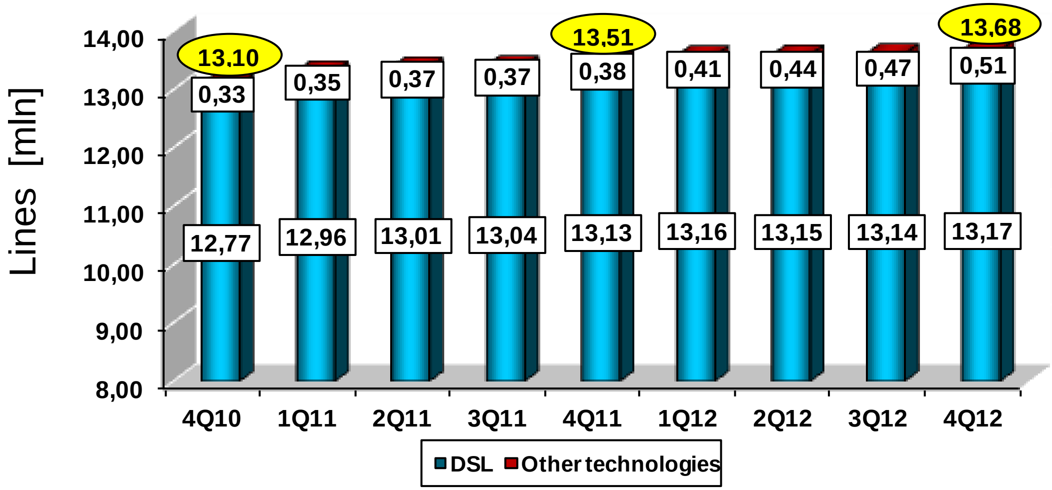


Source: Agcom evaluation on data provided by operators

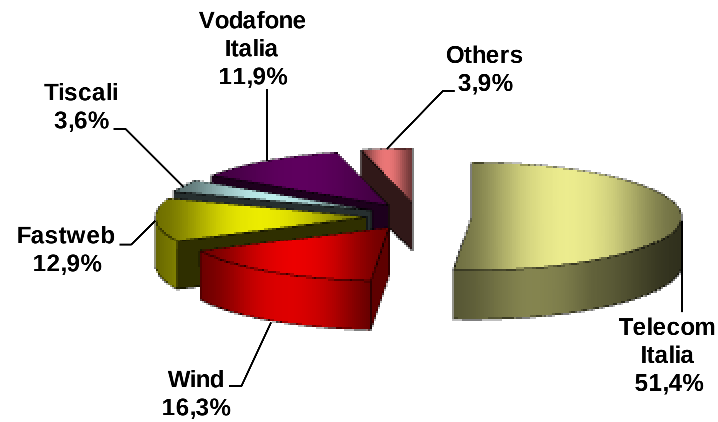
(1) – Including virtual LLU.

(2) – Including Aria, Linkem, Mandarin e WaveMax

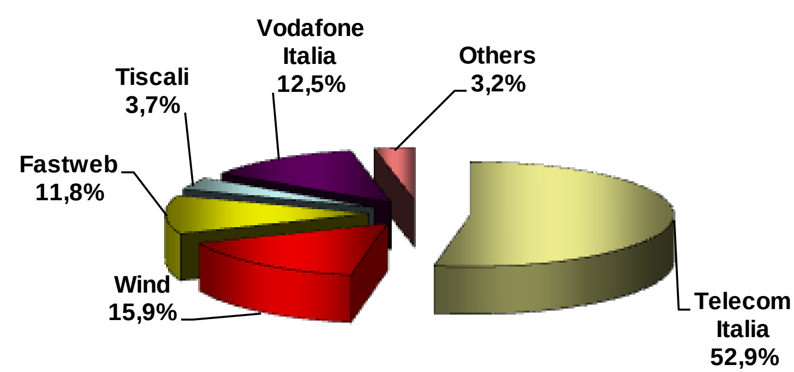
3. Retail broadband access lines



4Q2012



4Q2011

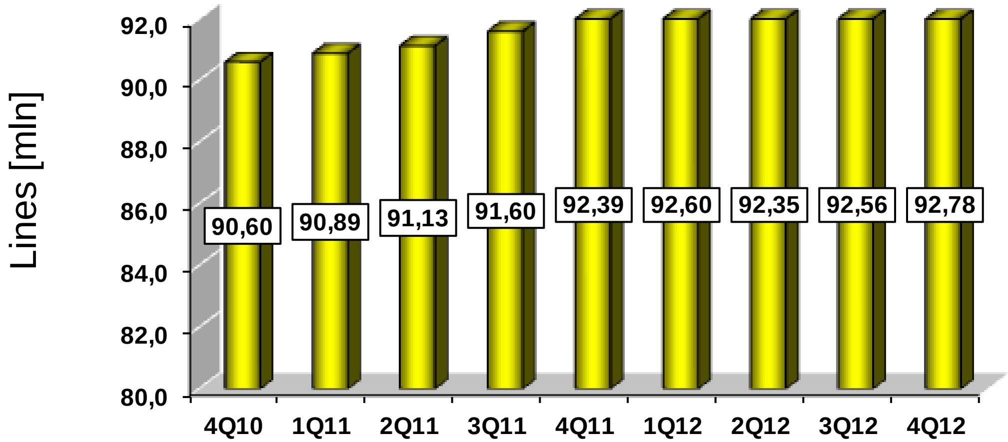


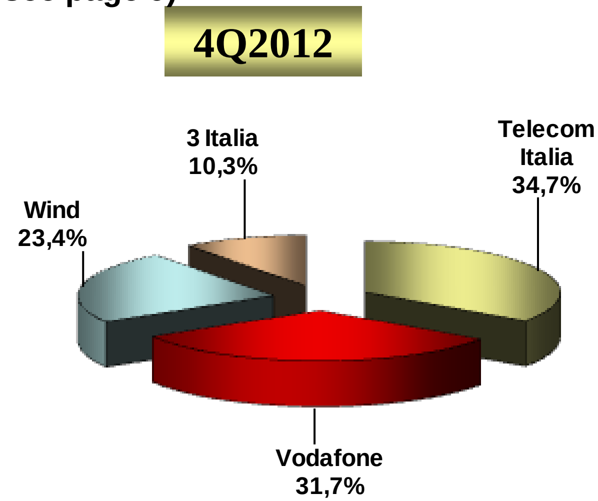
- YoY, broadband lines growth was about +160 thousands. Compared with September, the customer base increased by some 60 thousands lines **(1)**.
- Telecom Italia's market share (51.4%) falls (-1.5% compared with the last year) to the benefit of Fastweb (+1,1%) and the smaller companies, represented largerly by WiMax operators (+0,7%).
- Compared with December 2011, Vodafone has experienced a slight subscribers and market share reduction (-65 thousands and -0,6%, respectively).
- Avg. download speed increased: in the last year, lines with nominal speed equal to or greater than 2 Mbit/s increased from 86,5% to 88,5%.

(1) Starting to the present Observatory update, data including also WiMax accesses. Data serie is in homogeneous terms

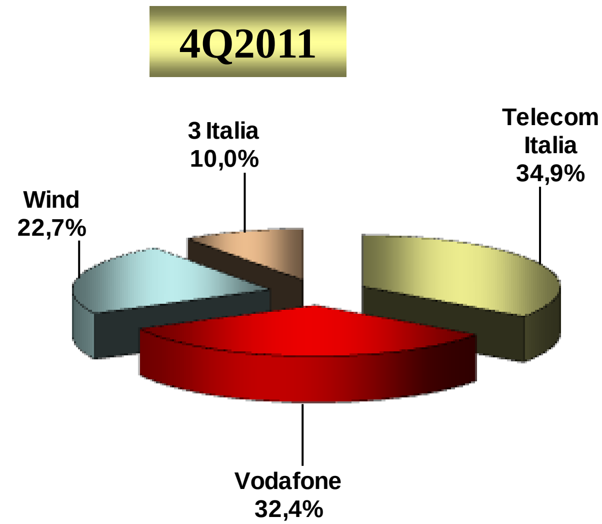
Source: Agcom evaluation on data provided by operators

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





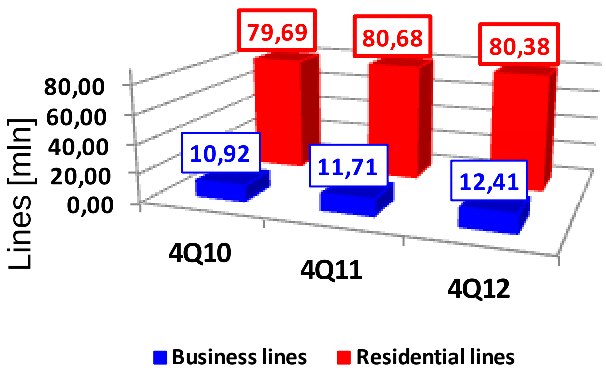
- YoY, the customer base has increased of 400 thousands and of some 200 thousands from last september.
- In 2012, the number of residential lines decreased (-307 thousands), balanced by a growth of business lines (about +700 thousands).
- In the mean time, the number of prepaid lines decreased of 1,55 million, while the number of postpaid lines increased of about 2 million, showing that the expansion of postpaid customer base continues (see the following slide).
- YoY, Telecom Italia's and Vodafone's market shares decreased by 0,2 and 0,7%, H3G's and Wind's market shares grow up (+0.3% and +0,7%, respectively).
- Voice traffic (more than 137 billion minutes in 2012) increased by 3,8%. SMS sent (more than 96 billion) increased by some 7,5%.



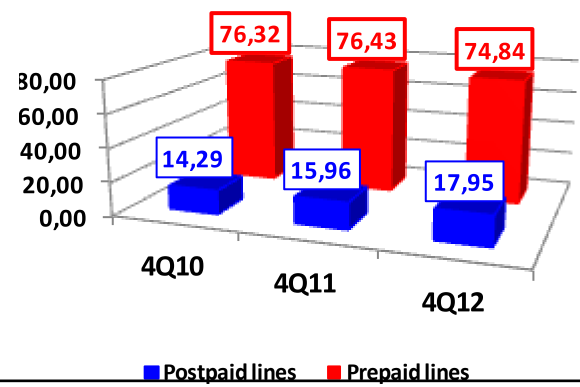
Source: Agcom evaluation on data provided by operators

5. Mobile subscribers – by customer/contract type (excl. Mvno)

Customer type

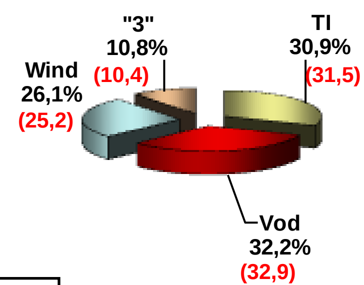


Contract type

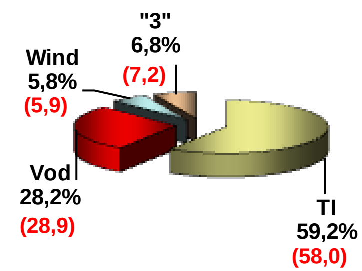


Market share by customers – 4Q2012 (%)

Residential



Business



Customer type

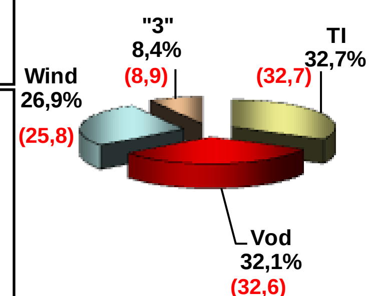
- The business customers (12,4 million in December) grew by about 700,000 lines on annual basis, while at the same time the residential segment (80,4 million of sim at year end) declined by about 300,000 lines.
- The business customers weight increased by 0.7% (from 12,7 to 13,4% of the total customer base).
- The first operator in the residential segment is Vodafone with 32.2% (32.9% in 2011), followed by Telecom and Wind.
- Telecom Italy, with 59.2% (58.0 in 2011), is widely leader in business segment.

Contract type

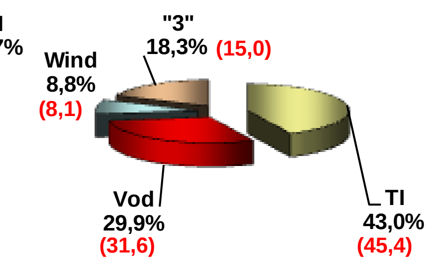
- 80, 6% of active lines about the "prepaid“ (82,7%, in December 2011).
- In two years, mainly due to growth of smartphones and tablets, postpaid lines grew by 3,7 millions and, correspondingly, the "prepaid" declined slightly less than 1,5 million lines.
- In the “prepaid” market Telecom Italy and Vodafone are both just under 33% while Wind is close to 27%, an increase of about 1% compared to 2011.
- In the "postpaid" segment Telecom Italy has confirmed market leader with 43%, but was down by 2.4%, compared to December 2011 and by 5% vs end of 2010.

Market share by contracts – 4Q2012 (%)

Prepaid



Postpaid

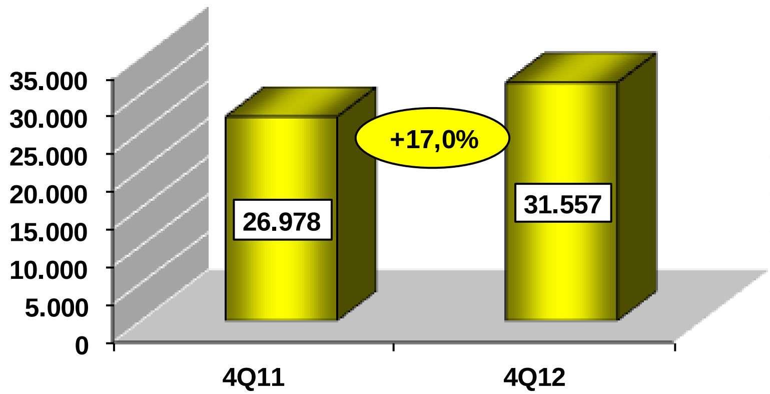


(the corresponding values for December 2011 are shown in brackets)

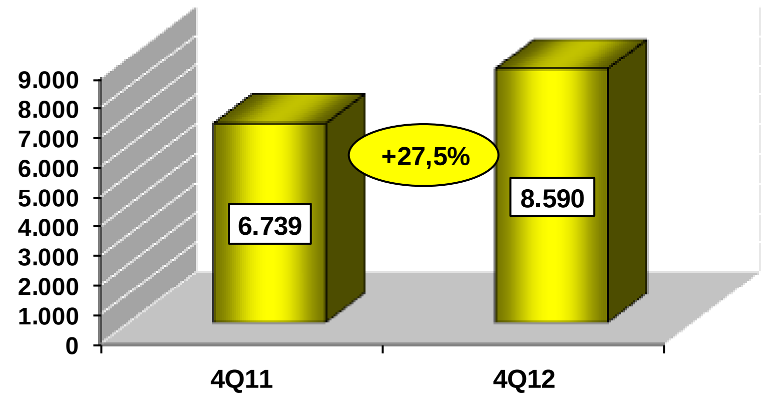
Source: Agcom evaluation on data provided by operators

6. Mobile broadband (1)

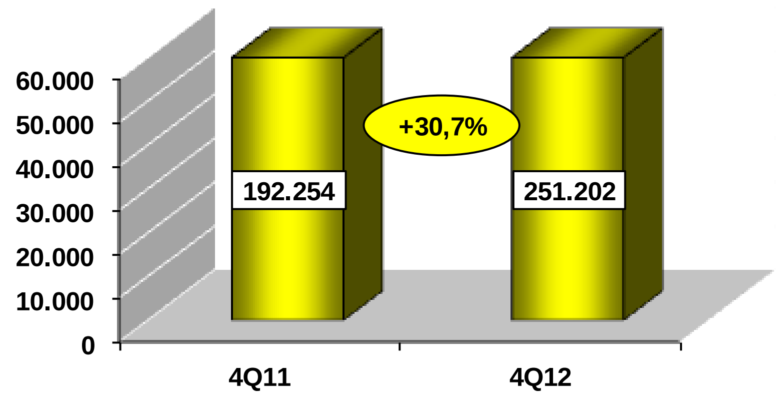
Sim data traffic (*1000)



Connect card (internet key) (*1000)



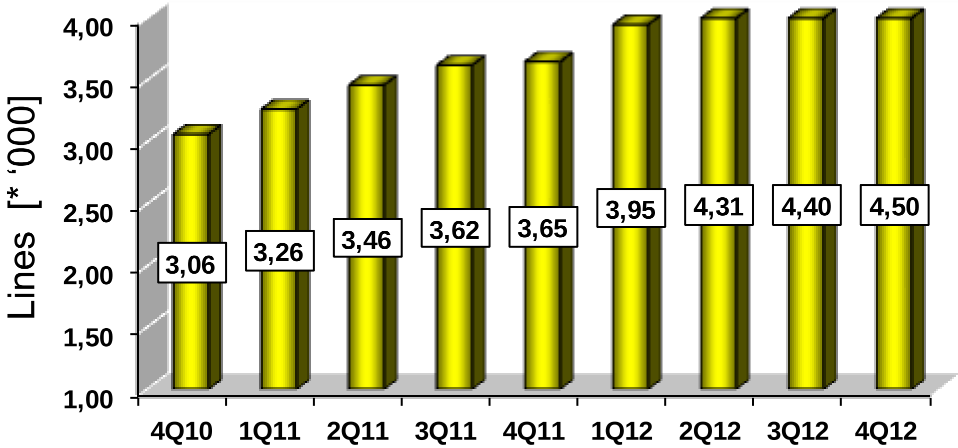
Data traffic from the b.y. (terabyte)

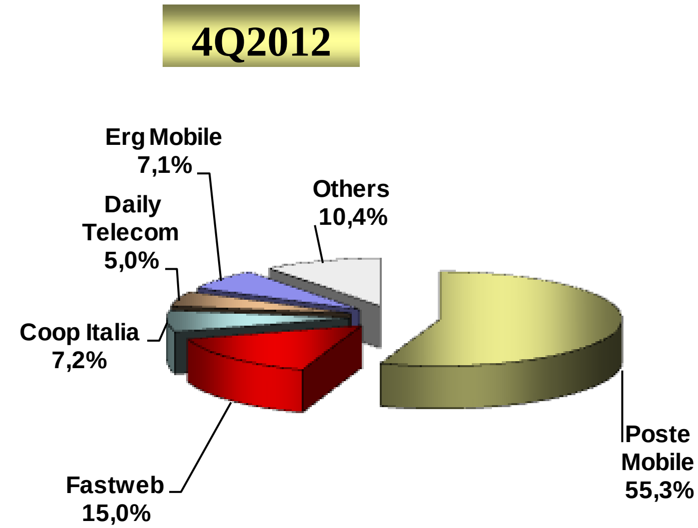


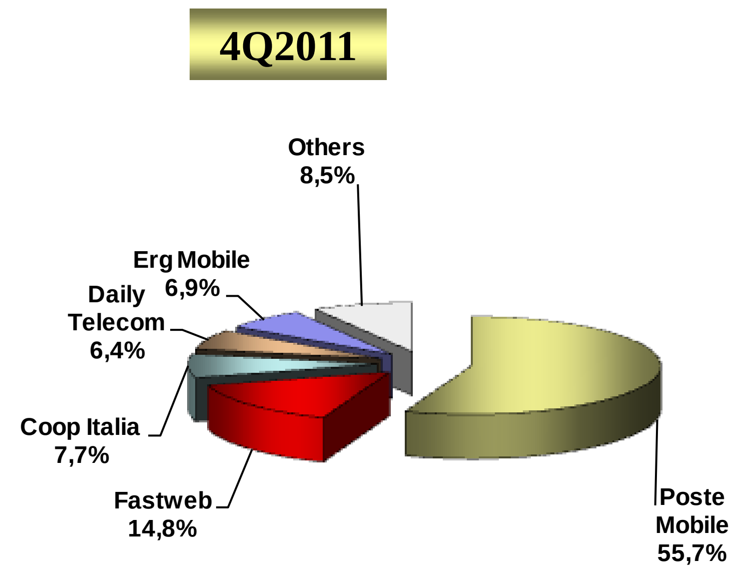
- In December, SIMs with broadband data traffic exceeded 31,5 millions (+17% compared with Dec. 2011).
- The dedicated "connect card" (the keys) reached about 8,6 millions (+27,5% compared with end 2011).
- YoY, data traffic has grown by 30.7%.

(1) As a result of a change in the methodologies used in data management by operators, the values are not consistent with the corresponding data in previous Observatory updates . Starting from present update, data included also Mvno mobile broadband,.

7. Mobile virtual operators (MVNO)



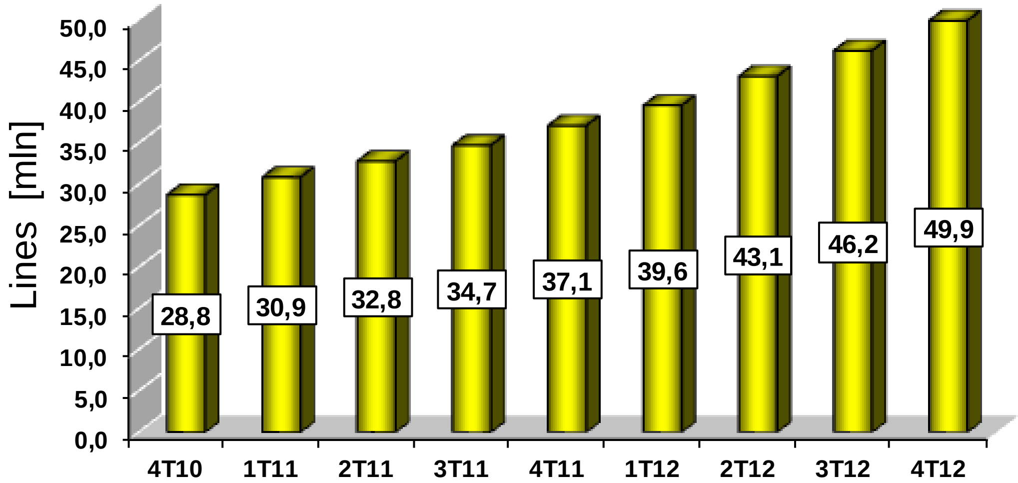




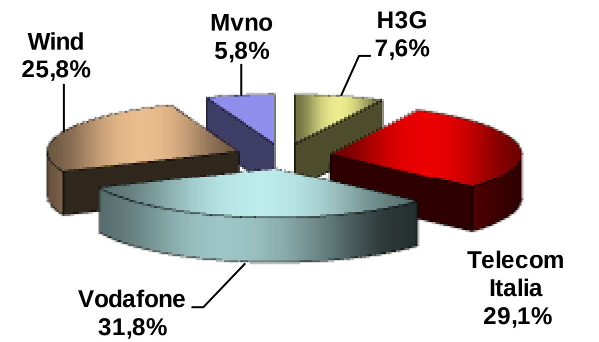
- The growth of MVNO subscribers continues (+850 thousands in 2012), total lines reached 4,5 millions (about 4.6% of the total customer base).
- Poste Mobile's market share is about 55% due to the integration of mobile and postal services. It is worth noting Noverca performance, its customer base increased, during 2012, from 20 thousand to 130 thousands subscribers.
- YoY, voice traffic and SMSs sent has increased by about 29% and 60%, respectively.

(1) – Starting from the present update, are included also Bip Mobile and Green ICN data

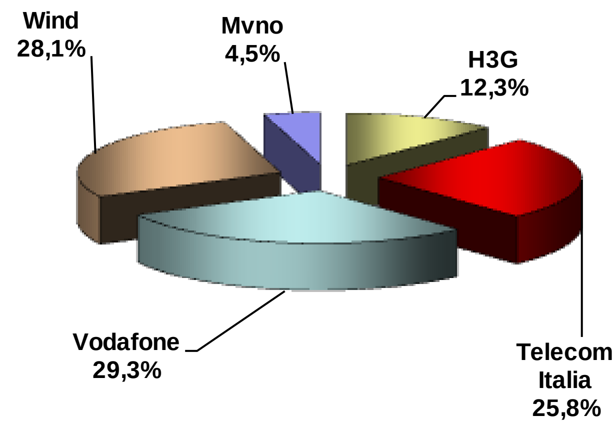
8. Mobile telephony: number portability



4Q12 - Lines as donor (in the quarter)



4Q12 - Lines as recipient (in the quarter)



- In 3Q2012, the number of ported mobile lines reached, cumulatively, some 50 millions.
- Mobile virtual operators were able to gain more than 1.3m net adds in the number of lines, a slight decrease compared to September
- On annual basis, the net balance “donating-recipient" is negative for Telecom Italy (-490 thousand sim) and Vodafone (-420 thousand) and is positive for Wind (+185 thousand), MVNOs (+278 thousand) but especially for H3G (+446 thousand)
- Correspondingly, on a quarterly basis the indicator improves only for Telecom Italy (from -353 to -118 thousand). H3G and Wind maintain, albeit reduced, a positive balance. Vodafone worsens its position (already negative in September) while for the first time the value is negative also for mvno.