

















COMMUNICATION MARKETS MONITORING SYSTEM

no. 4/2018







1. Electronic communications

- 1.1 Total fixed access lines 
- 1.2 Access lines by infrastructure 
- 1.3 Broadband and ultrabroadband fixed lines 
- 1.4 Broadband fixed lines by speed 
- 1.5 Mobile subscribers 
- 1.6 Mobile subscribers by type of customer 
- 1.7 Mobile subscribers by type of contract 
- 1.8 Mobile data traffic 
- 1.9 Mobile number portability 





2. Media

- 2.1 Media: TV 
- 2.2 Media: Newspapers 
- 2.3 Media: Daily and periodical publishing volumes trend 
- 2.4 Media: Internet 
- 2.5 Integrated Communications System (SIC) – (1/3) 
- 2.6 Integrated Communications System (SIC) – (2/3) 
- 2.7 Integrated Communications System (SIC) – (3/3) 

3. Postal services and express couriers

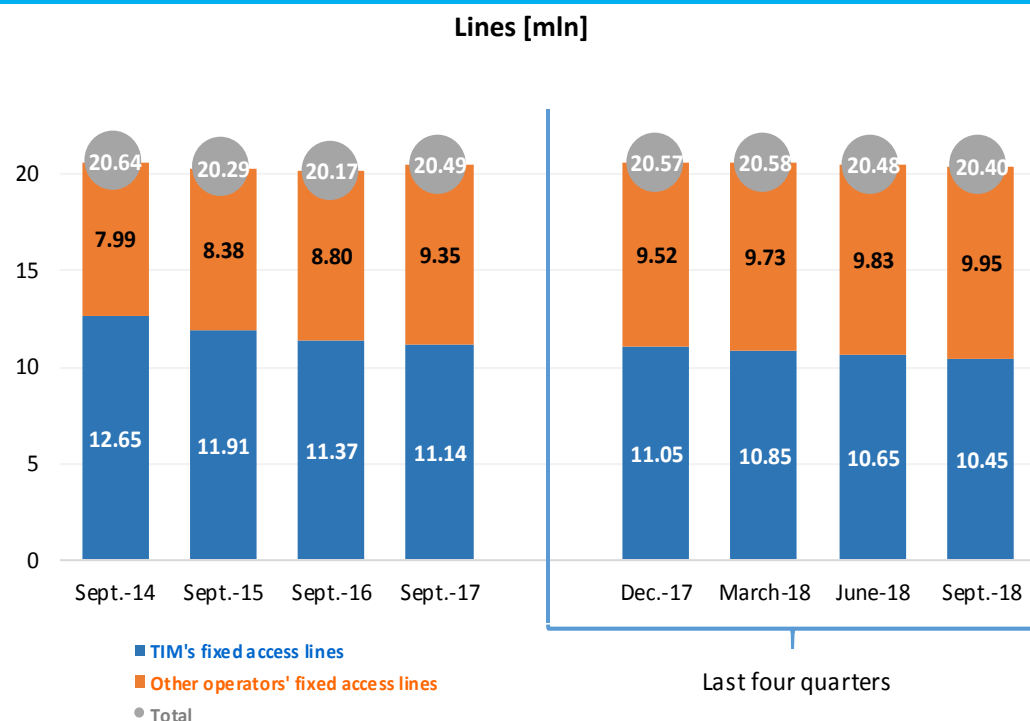
- 3.1 Postal services and express couriers: revenues 
- 3.2 Postal services and express couriers: revenues historical trends 
- 3.3 Postal services and express couriers: volumes 
- 3.4 Postal services and express couriers: volumes historical trends 
- 3.5 Postal services and express couriers: competitive landscape 
- 3.6 Postal services and express couriers: per-unit revenues historical trends 

4. Communication services' prices

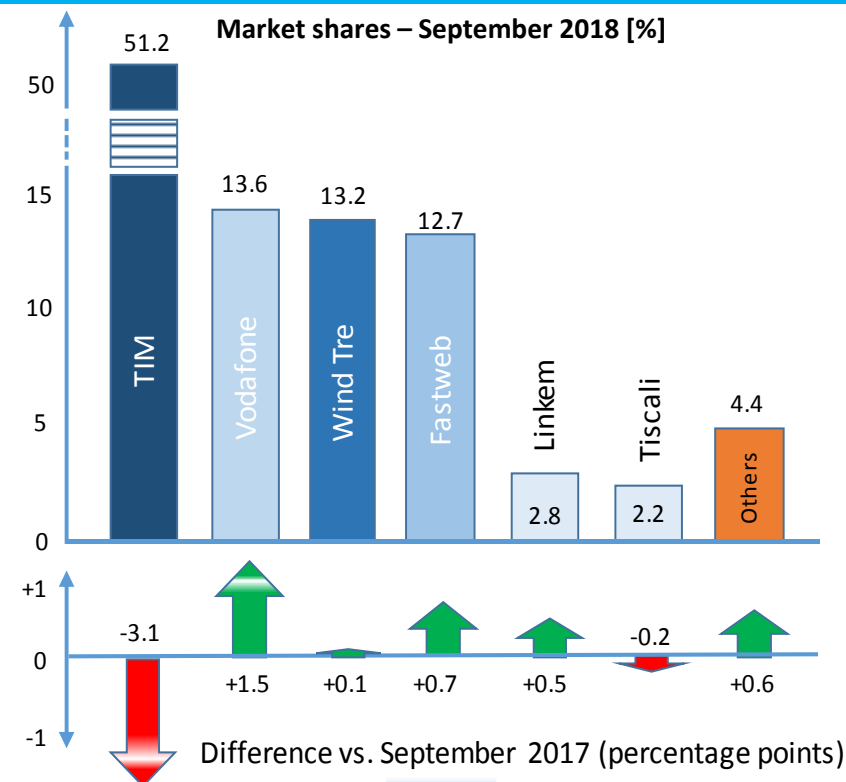
- 4.1 Harmonised consumer price index and other utilities price indices 
- 4.2 Mobile and fixed telephony price indices 
- 4.3 Daily newspapers, magazines, TV and postal services price indices 
- 4.4 International benchmark 

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

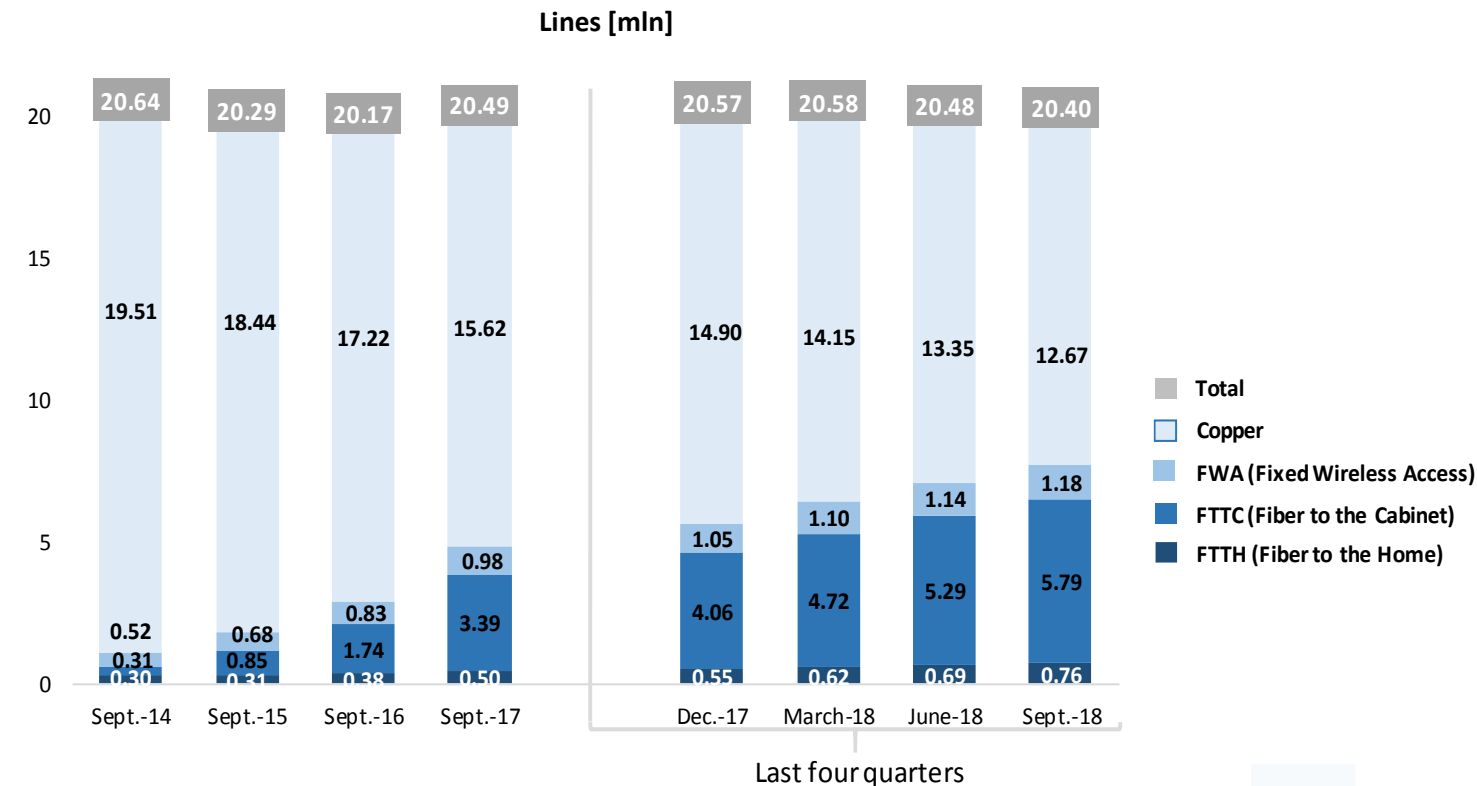


- A decrease in the total number of lines is recorded in the last quarter (**-80** thousand lines)
- On a year over year basis, while TIM's access lines have decreased by **690** thousand units, other operators' access lines have increased by about **600** thousand units

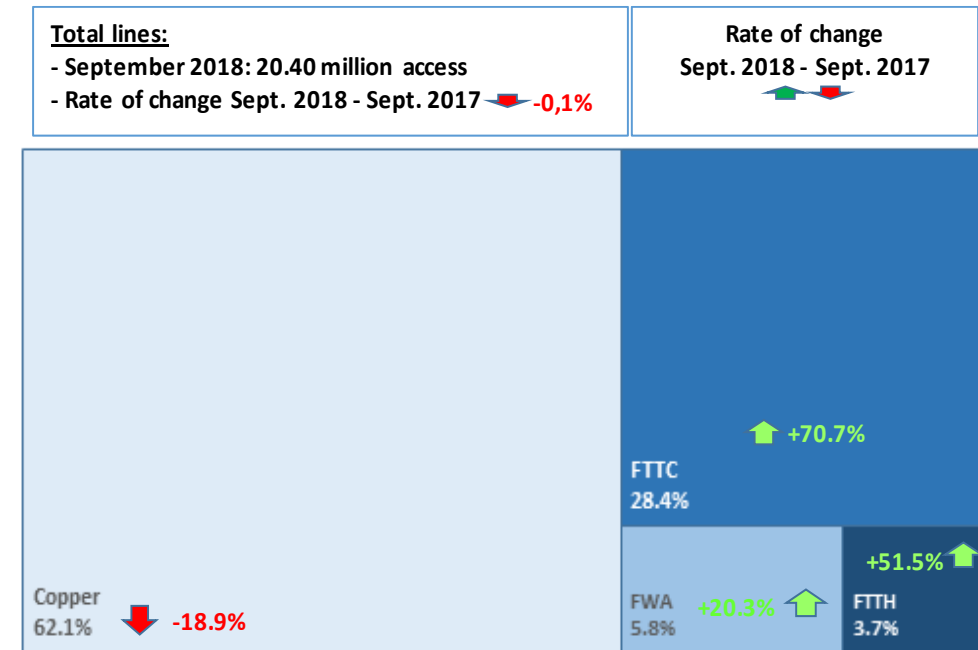


- TIM's market share dropped to **51.2%** at the end of September 2018 (**-3.1** pp)
- Vodafone's market share has reached **13.3%** with a growth of **1.5** pp, Wind Tre's market share has reached **13.6%**, with an increase of **0.1** pp, and Fastweb's market share amounts to **12.7%** with a growth of **0.7** pp
- Other operators have, as a whole, increased their market share by **0.9** pp (YoY); the increase has been more evident for Fixed Wireless Access (FWA) operators

1.2 Access lines by infrastructure



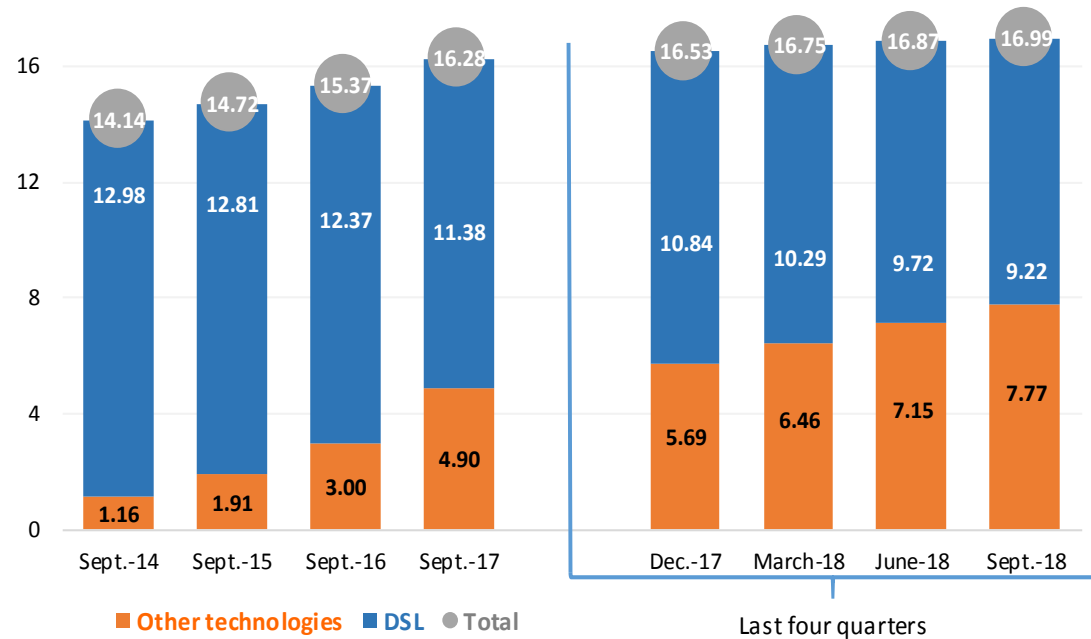
Distribution of fixed access lines by infrastructure and its trend compared to September 2017 [%]



- Access lines through TIM's copper network have decreased by **18.9%** (YoY), and by **35%** as compared to September 2014
- FTTC access services increased by **70.7%** (YoY), and, most of all, due to services offered by TIM; a similar trend was observed also for FTTH access services (**+48%**), 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 **2.5%** to around **32%** of total access lines
- FWA lines have increased by **20.3%** (YoY), reaching an amount of **1.18** million units

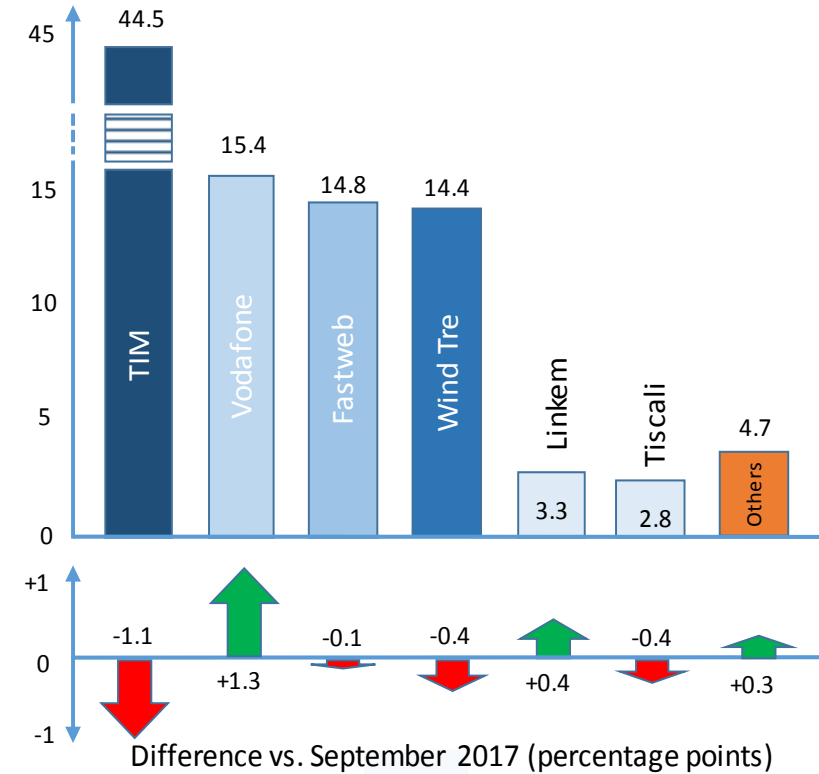
1.3 Broadband and ultrabroadband fixed lines

Lines [mln]



- Broadband lines have increased by about **710** thousand units YoY
- DSL lines (**9.22** million lines) have decreased by about **2.15** million units (YoY), now accounting for the **54%** of broadband lines (**70%** in September 2017)
- Other technologies, in particular NGA lines, grew from **4.9** to **7.77** million units (YoY)

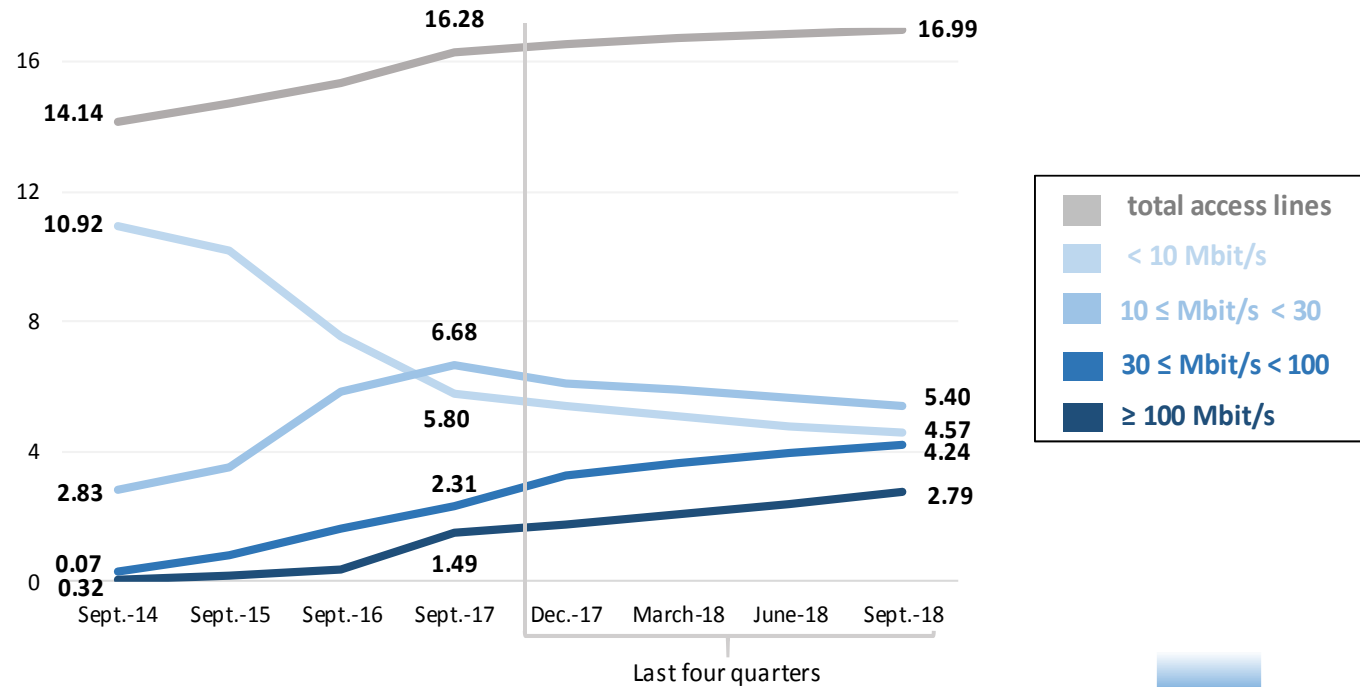
Market shares – September 2018 [%]



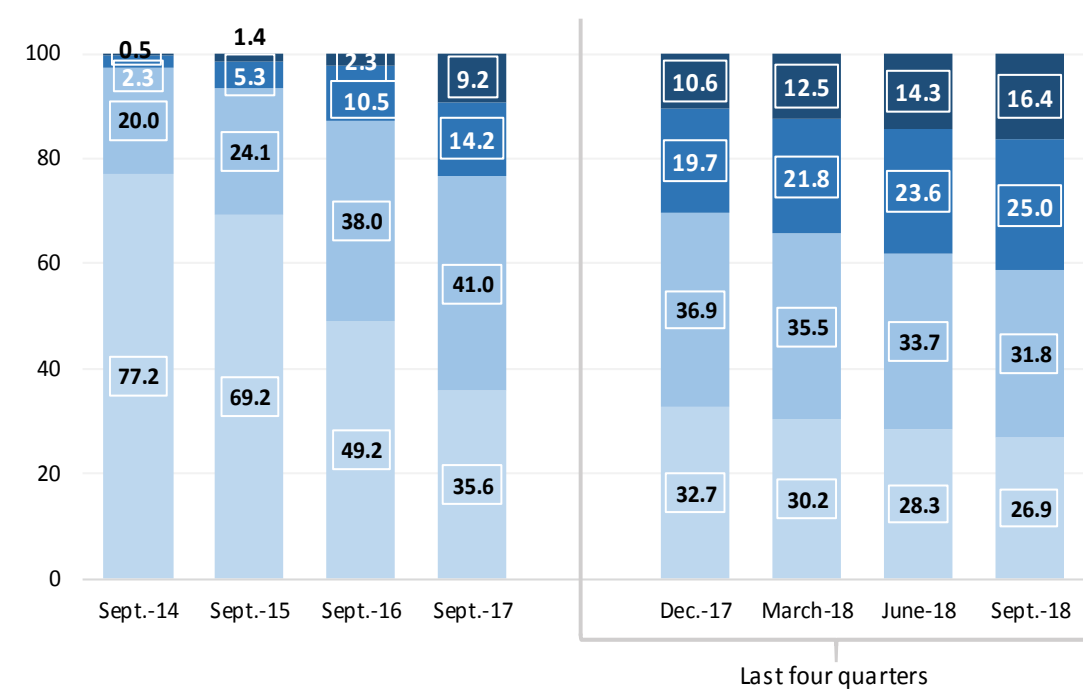
- TIM's market share (**44.5%**) has reduced by **1.1** pp (YoY)
- Fastweb's and Wind Tre's market shares have decreased by **0.1** and **0.4** pp (YoY), respectively, while Vodafone's market share has increased by **1.3**
- The cumulative growth of Linkem and other operators' market share (**+0.2** 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]

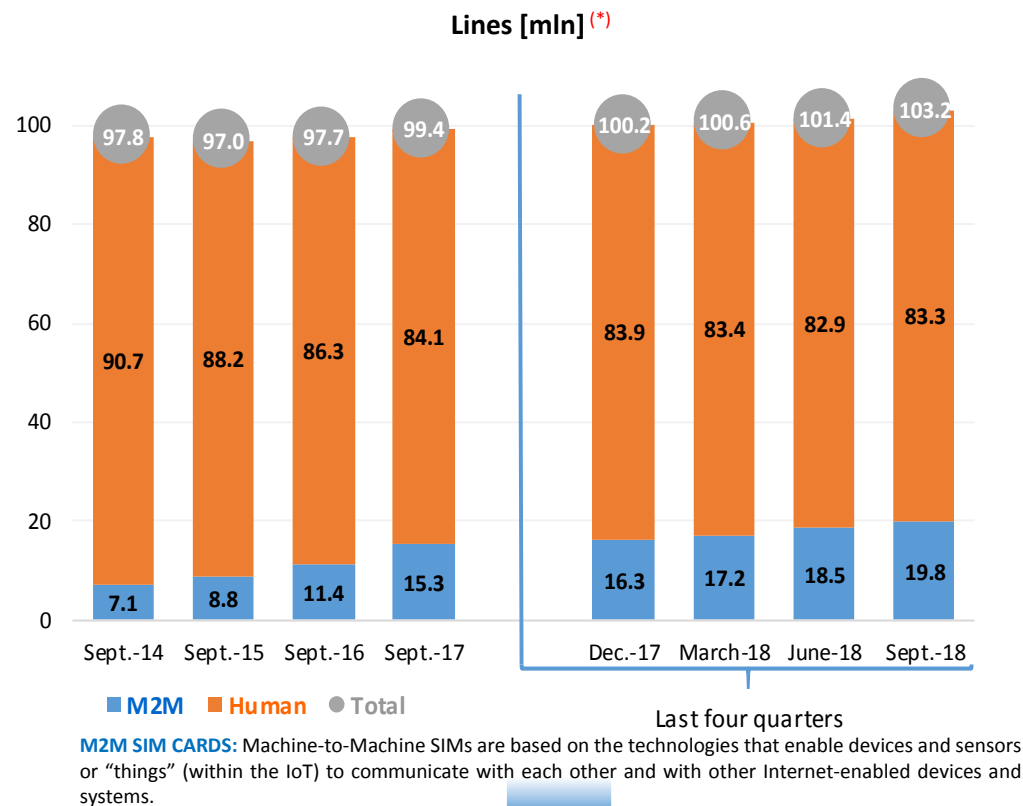


Access lines by speed classes [%]

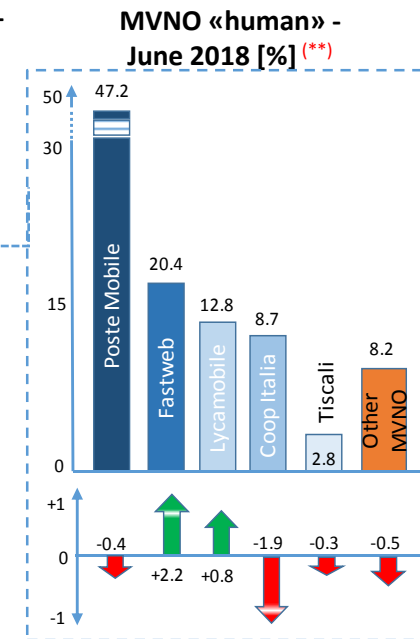
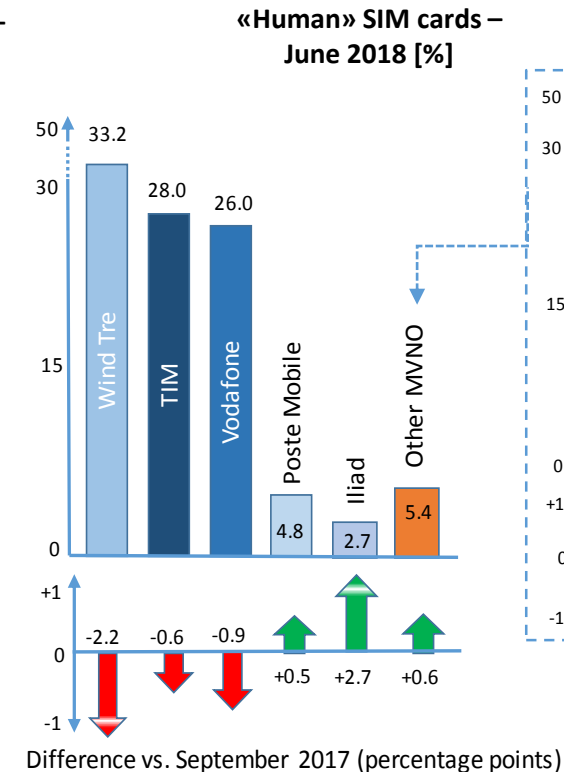
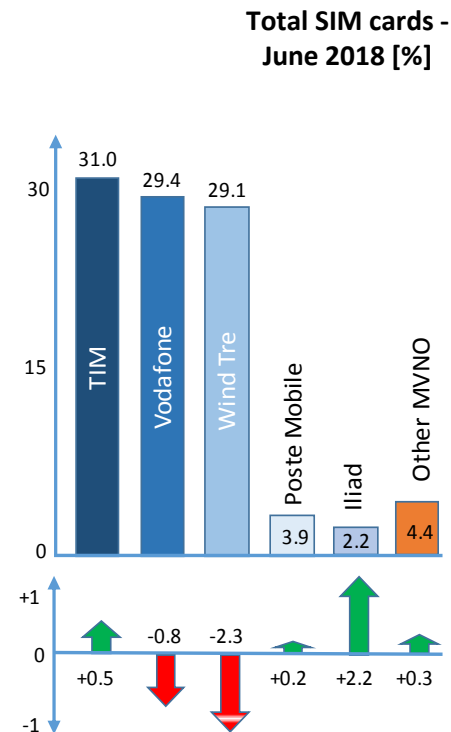


- In September 2018, lines faster than 30 Mbps have increased by **3.2** million units (YoY) and now account for **40%** of total broadband lines
- This trend is attributable, in equal measure, to the growth of lines faster than 30 Mbit/s but below 100 Mbit/s (**+1.93** million of lines YoY) and of lines with speeds faster than 100 Mbit/s (**+1.3** million of lines YoY), now accounting for **25%** and **16.4%** of total broadband lines, respectively
- Broadband lines faster than 10 Mbit/s but below 30 Mbit/s have decreased by **1.3** million units YoY and now account for approximately **32%** of total broadband lines
- Lines below 10 Mbit/s have decreased by **1.23** million units YoY, and by about **6.35** million units over the entire period observed (Sept.-2014 - Sept.-2018)

1.5 Mobile subscribers



- Mobile lines have increased by about **3.8** million units YoY (**+5.4** million units compared to September 2014)
- During the period considered, «M2M» SIM cards have increased by **12.7** million units, now accounting for **19.8** million lines



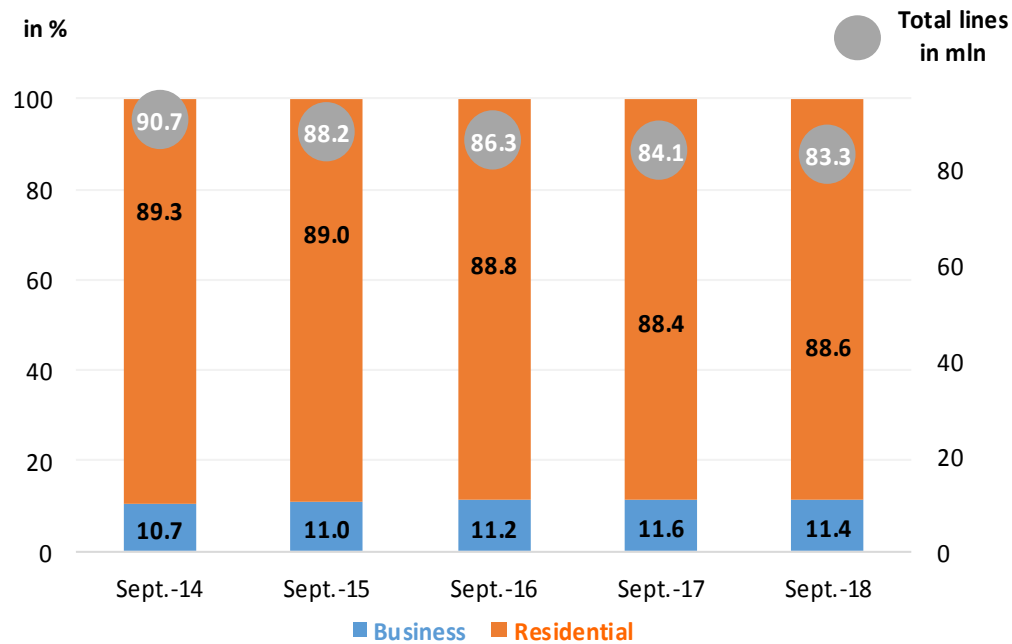
- TIM's market share has increased by **0.5** pp (YoY), while Vodafone's and Wind Tre's market share have reduced by **0.8** pp and by **2.3** pp, respectively
- With regard to the "human" SIM cards, at the end of the first quarter of activity, Iliad reaches a market share of **2.7%**
- Among MVNOs, Poste Mobile holds a share of **47.2%**, while Fastweb confirms the second position (**20.4%**) with a growth of **2.2** pp

(*) - 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 (*))

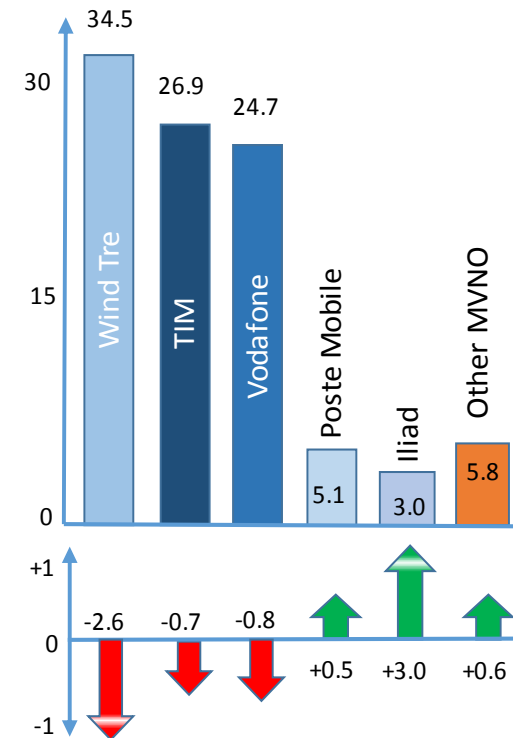
1.6 Mobile subscribers by type of consumer

Total lines by consumer type

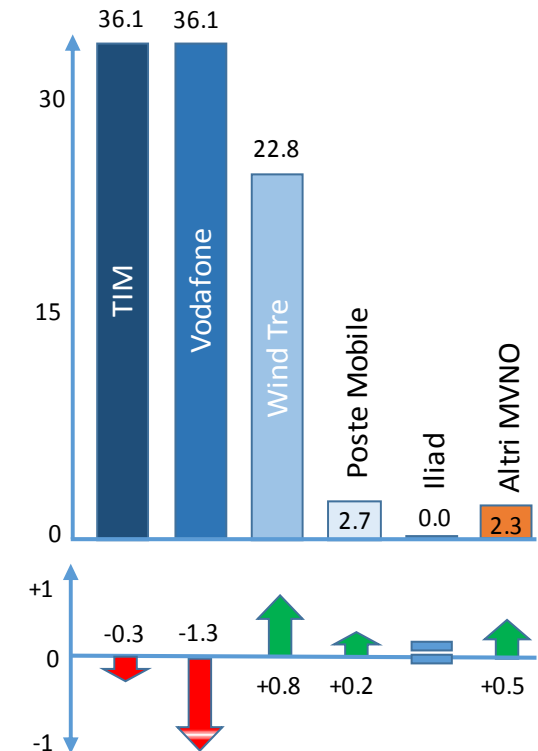


- Non residential SIM cards (**9.5** million units at the end of September 2018) remain stable on a yearly basis, whereas residential SIM cards (**73.8** million units at the end of June 2017) have decreased by **550** thousand units (YoY)

Residential – September 2018 [%]



Business – September 2018 [%]



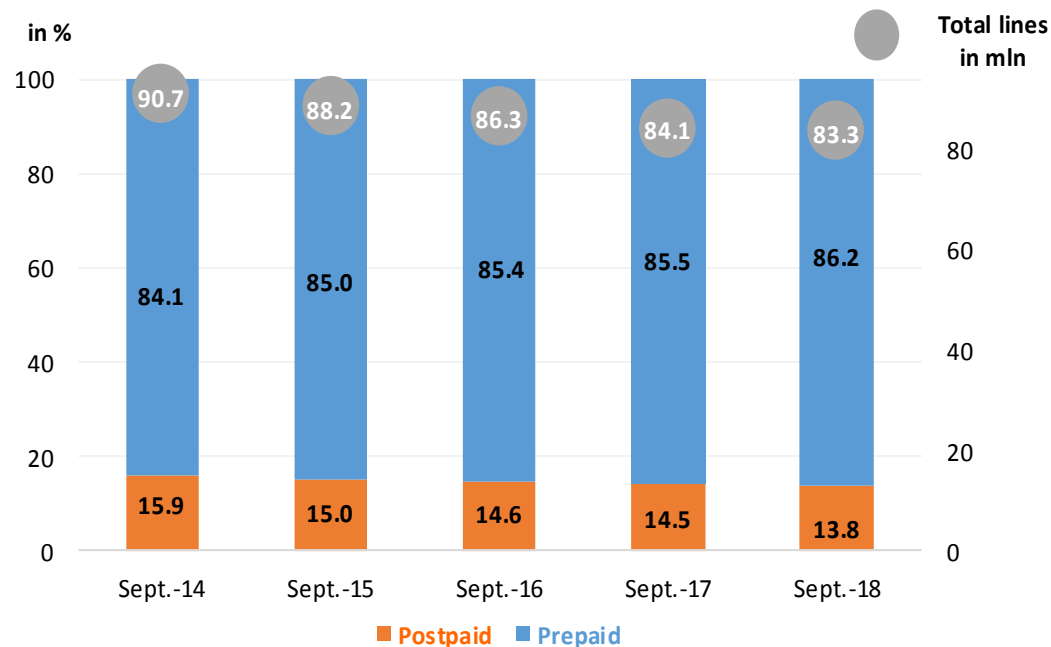
Difference vs. September 2017 (percentage points)

- In the residential segment, the shares of the first three operators have decreased, while other operators have, as a whole, increased their market share by **1.4** pp (YoY)
- In the business segment TIM and Vodafone hold a similar share of around **36%**, while Wind Tre's market share has is around **22.8%**

1.7 Mobile subscribers by type of contract

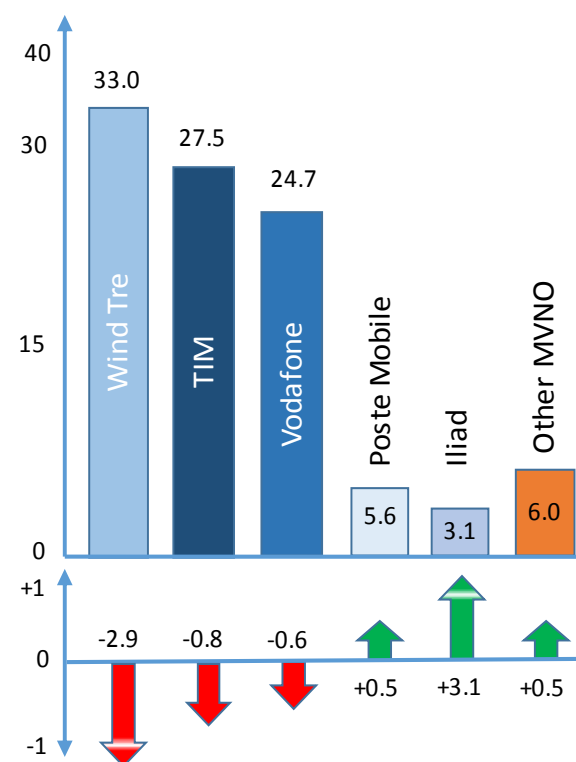


Total lines by contract type

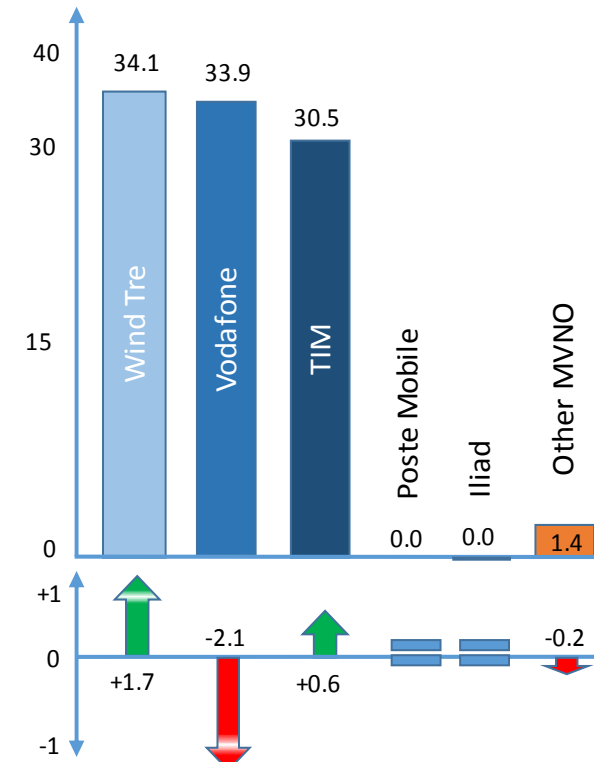


- At the end of September 2018, prepaid SIM cards reached **71.8** million units (**86.2%** of total lines), with a decrease of **88** thousand units YoY
- At the end of September 2018, postpaid SIM cards reached **11.5** million units (**13.8%** of total lines), with a decrease of **671** thousand units YoY

Prepaid – September 2018 [%]



Postpaid – September 2018 [%]



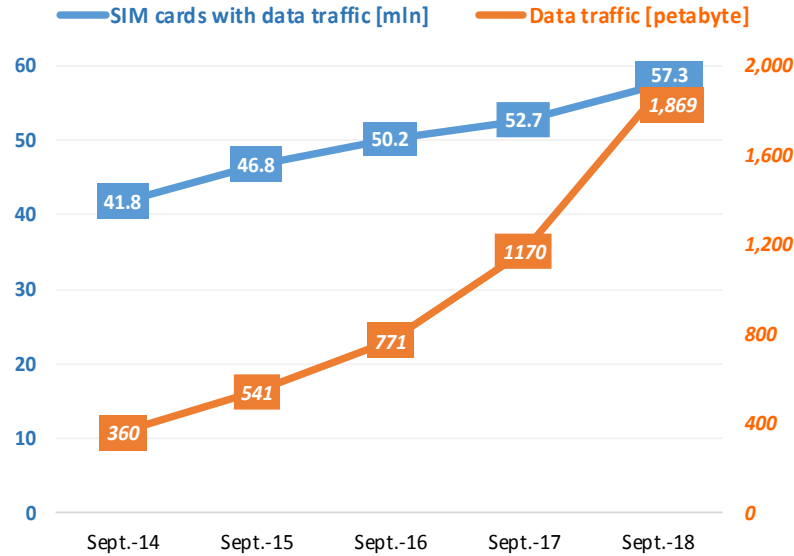
Difference vs. September 2017 (percentage points)



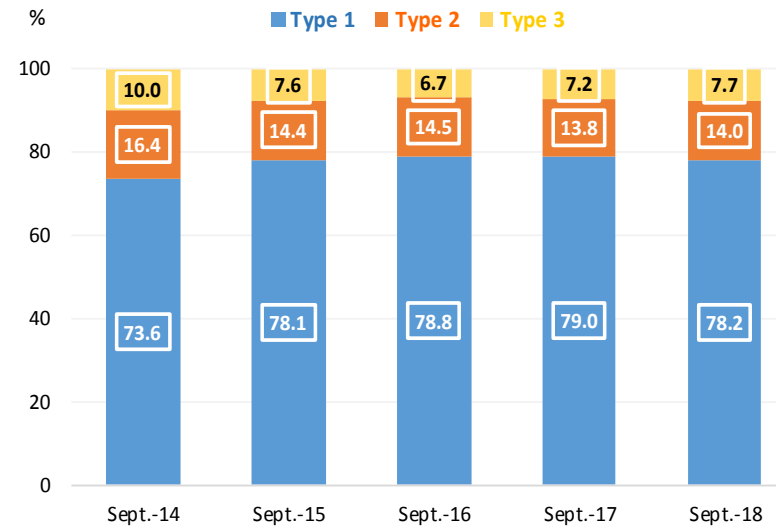
- In the prepaid segment, Wind Tre, despite a reduction (**-2.9** pp), retained the leadership position with a market share of **33%**
- Similarly, in the postpaid segment, with a share of **34.1%**, thanks to the increase (**+1.7** pp), Wind Tre leads the segment, followed by Vodafone with a share of **33.9%** (**-2.1** pp) and TIM with a share of **30.5%** (**+0.6** pp)

1.8 Mobile data traffic

Data traffic since the beginning of the year



SIMs with data traffic by contract type [%]



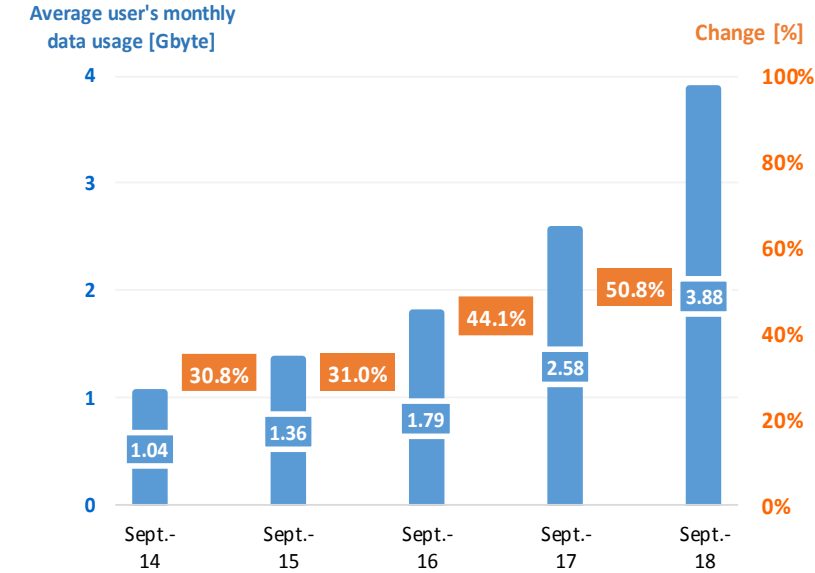
According to European Commission definitions (CoCom):

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"

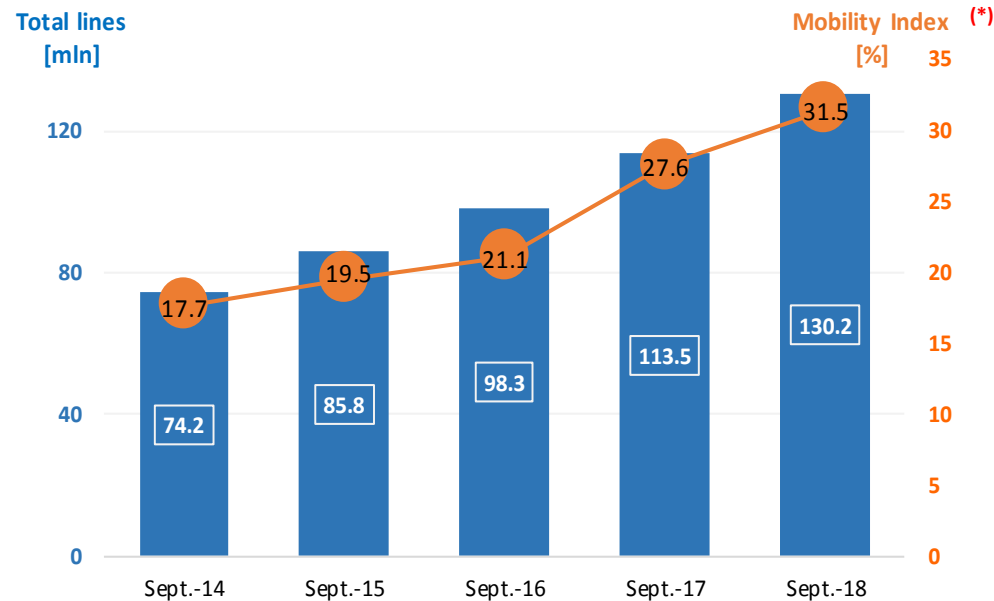
Average mobile data consumption



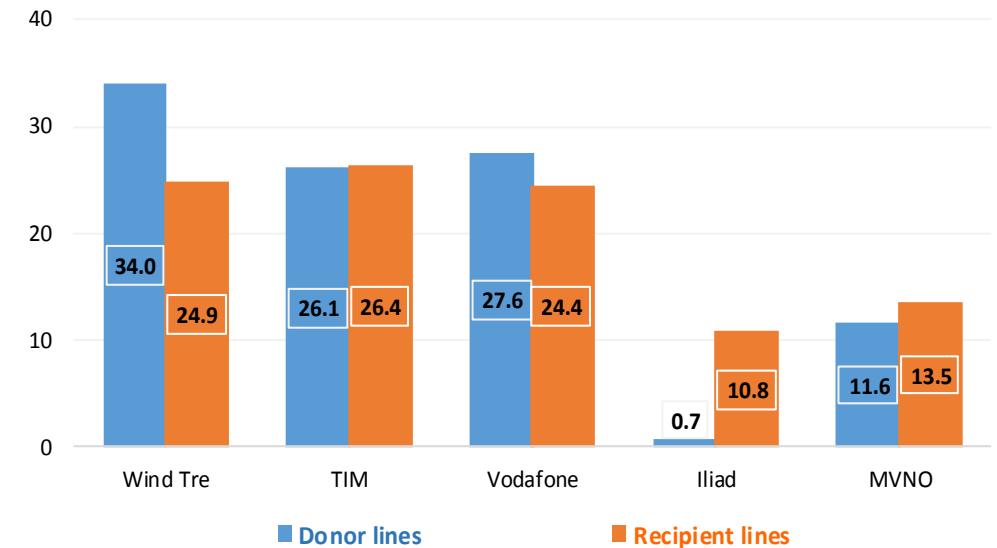
- Since September 2014, SIM cards with data traffic have increased from the **45.6%** to the **70.9%** of the overall SIM cards
- At the end of September 2018, the number of SIM cards with data traffic has increased by **3.5%** (YoY) reaching **57.3** million units
- Overall data traffic increased by about **60%** compared to September 2017
- At the end of September 2018, the average mobile data consumption per smartphone increased by **51%**, from **2.58** to **3.88** Giga byte per month

1.9 Mobile number portability

Number portability
(since the beginning of the year)



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

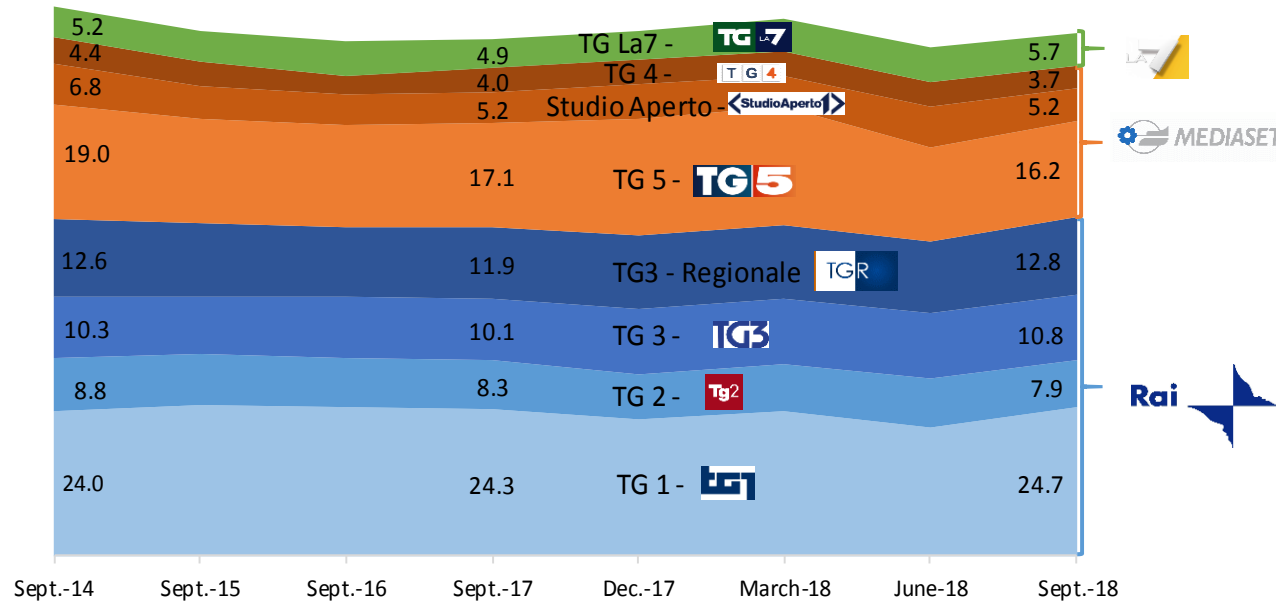


- At the end of September 2018, the total amount of mobile number portability operations exceeded **130** million units
- On a yearly basis, the net «donating-recipient» balance has improved for TIM (+63 thousand lines), for MVNO operators (+323 thousand lines) and for Iliad (+1.671 thousand units), whereas it has worsened for Wind Tre (-1.519 thousand lines) and Vodafone (-538 thousand lines)
- At the end of September 2018, the «Mobility Index»^(*) was **31.5%** 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 customer base

2.1 Media: TV

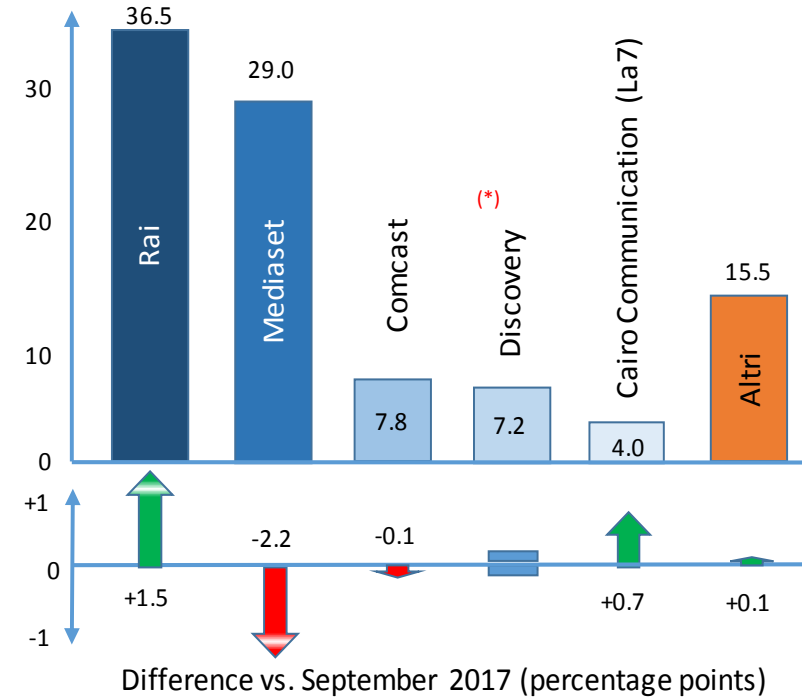
Evening news programs audience on an average day - (September 2014 – September 2018)
[%]



Source: Agcom elaboration on Auditel's data

- Over the whole period considered, from September 2014 to September 2018, the evening news program audience of the two most important players, TG 1 and TG5, has increased for the former (from **24%** to **24.7%**), whereas it decreased for the latter (from **19%** to **16.2%**)

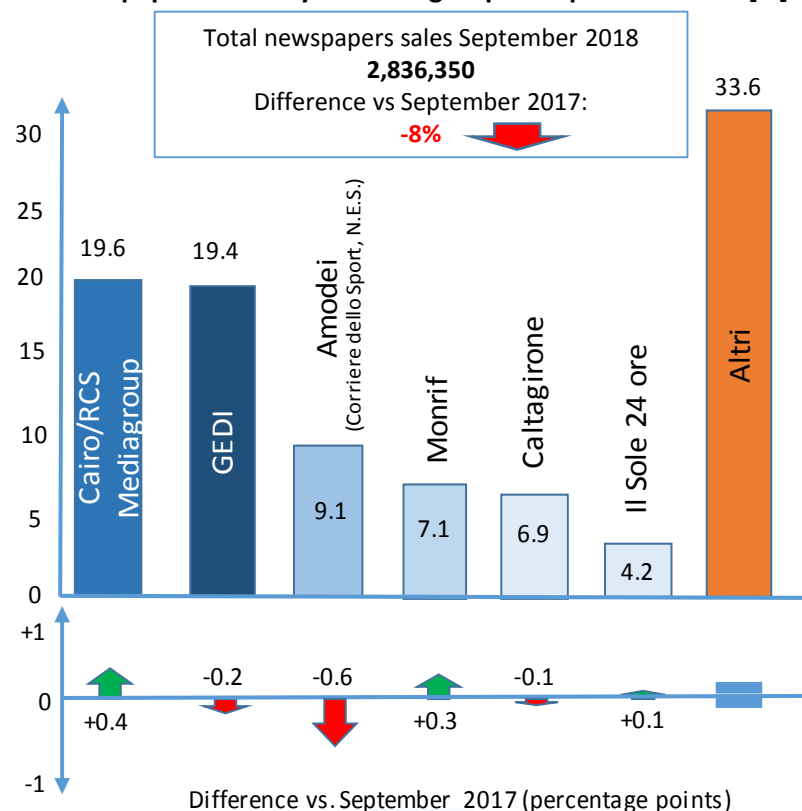
Audience on an average day – September 2018 [%]



- Rai, with over **3.4** million viewers on the average day, holds the leadership in terms of share (**36.5%**), with an increase of **1.5** pp YoY
- In the same period, the audience of Mediaset (**-2.2** pp) and Comcast (**-0.1** pp) have decreased, while the audience of Discovery has remained stable and that of La7 has increased (**+0.7** pp)
- Smaller operators maintain an audience of **15.5%** (**+0.1** pp YoY)

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

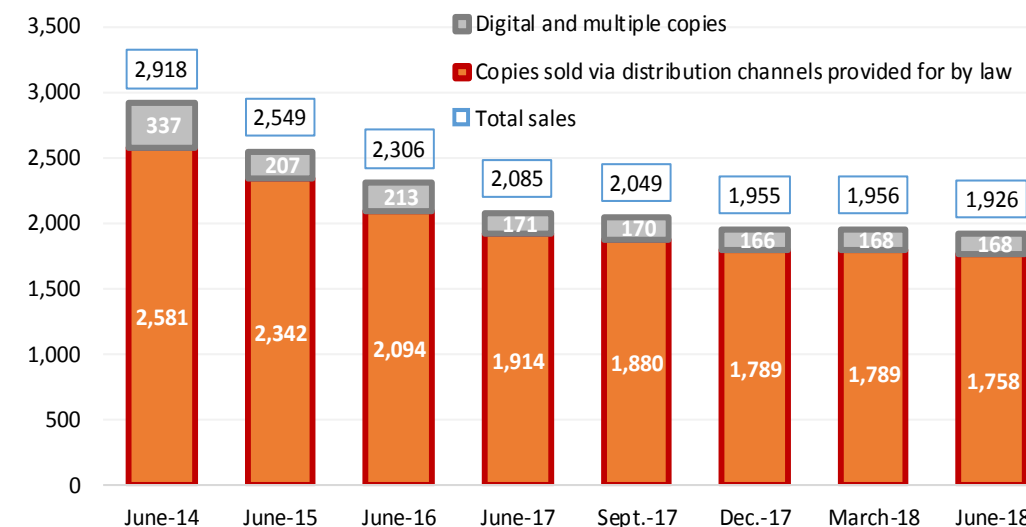
Newspapers' sales by editorial groups – September 2018 [%]



Source: Agcom elaboration on data from ADS and IES

- Newspapers' sales showed an overall **8%** reduction YoY (**-250** thousand units)
- Cairo/Rcs Mediagroup and GEDI currently share the leadership of the market with a similar share

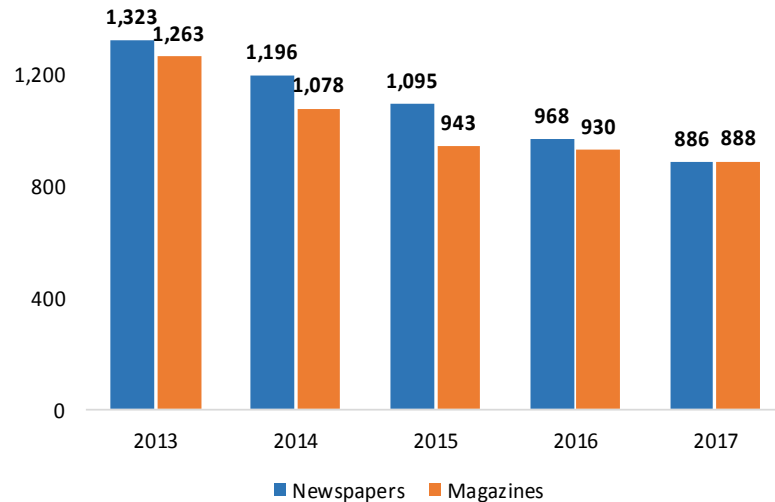
Newspapers' sales by 7 major editorial brand and type of distribution channels – September 2018 [%]



- Printed newspaper sales of the major editorial brand show a structural reduction of **8%** from September 2017 (**-34%** from September 2014)
- In September 2018, the number of digital copies sold remained stable compared to September 2017, whereas, compared to September 2014, they decreased by **52%**

2.3 Media: Daily and periodical publishing volumes trend(*)

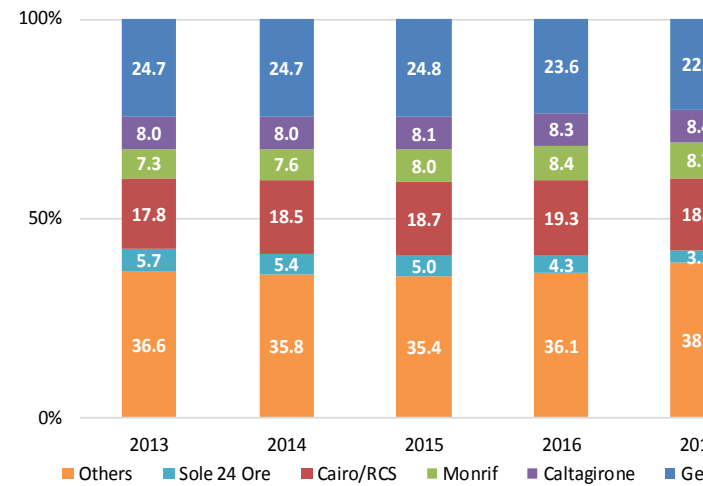
Copies sold [mln of units] (**)



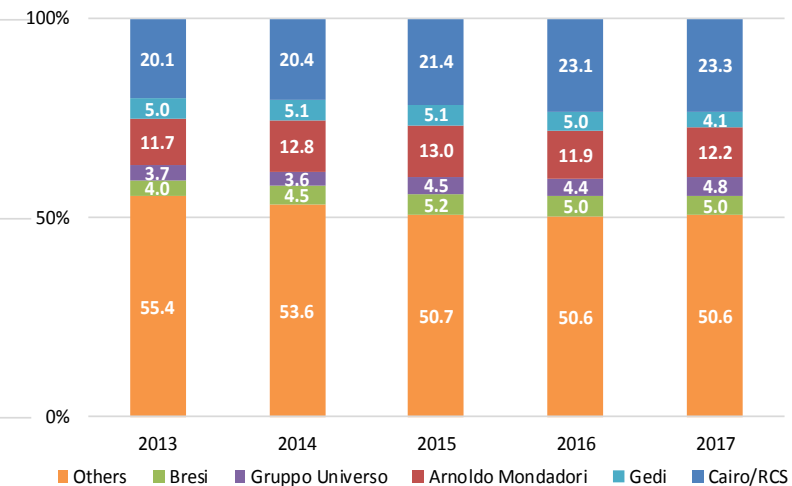
Source: AGCOM elaborations on data from IES (Informativa Economica di Sistema)

- The average annual reduction of total copies sold in daily publishing (Newspaper), in the years between 2013 and 2017, is equal to **9.5%** (-33% from 2013 to 2017)
- Similar results can be observed for periodical publishing (Magazines), with an average annual reduction rate of **8.4%**, and a decrease rate of **29.7%** from 2013 to 2017
- In 2017, for the first time, the number of copies of magazines sold exceeded that of newspapers

Daily publishing: distribution of copies [%] (***)



Periodical publishing; distribution of copies [%] (***)



- In 2017, in terms of copies sold, the main operator in the daily publishing sector is the Gruppo GEDI (**22.8%**), followed by the Gruppo Cairo/RCS (**18.3%**) and Monrif (**8.7%**)
- The periodical publishing sector, by its nature, is characterized by a greater number of publishers, consequently smaller companies represent more than **50%** of the volumes
- In 2017, in terms of copies sold, the main operator in the periodical publishing sector is the Gruppo Gruppo Cairo/RCS (**23.3%**), followed by Mondadori (**12.2%**) and Bresi (**5%**)

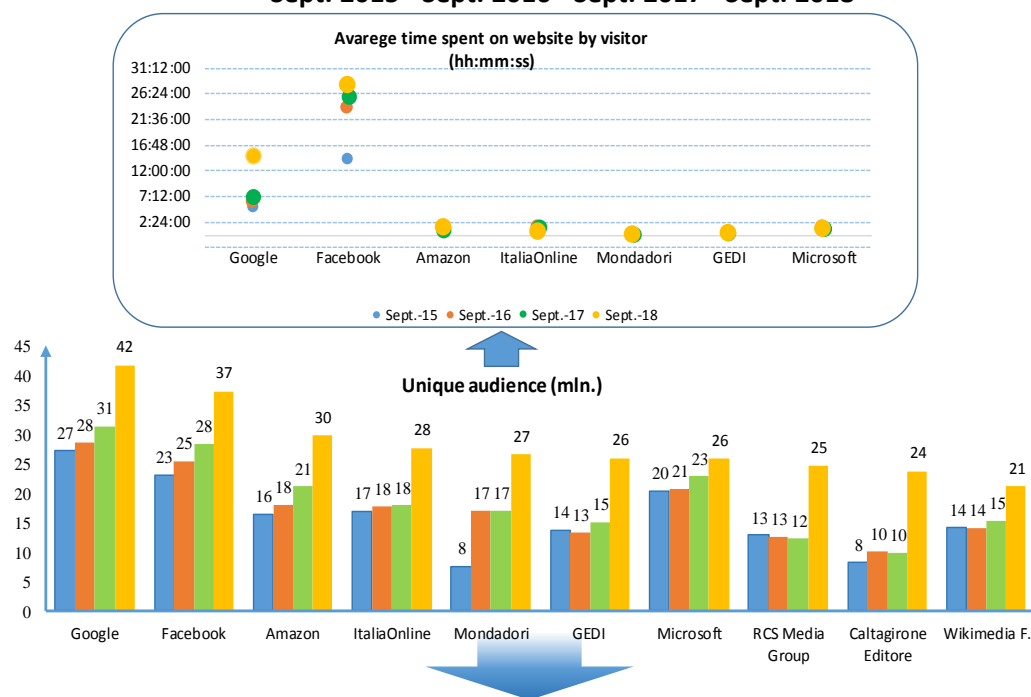
(*) - Data are census and are, therefore, not directly comparable with similar sample-based analysis

(**) - Data refer to paper copies

(***) - The historical series, to ensure the comparability of values, was built with the same market boundaries, in order to overcome the problems related to mergers and acquisitions involving the publish companies Gruppo Cairo/RCS Mediagroup and GELE/Itedi

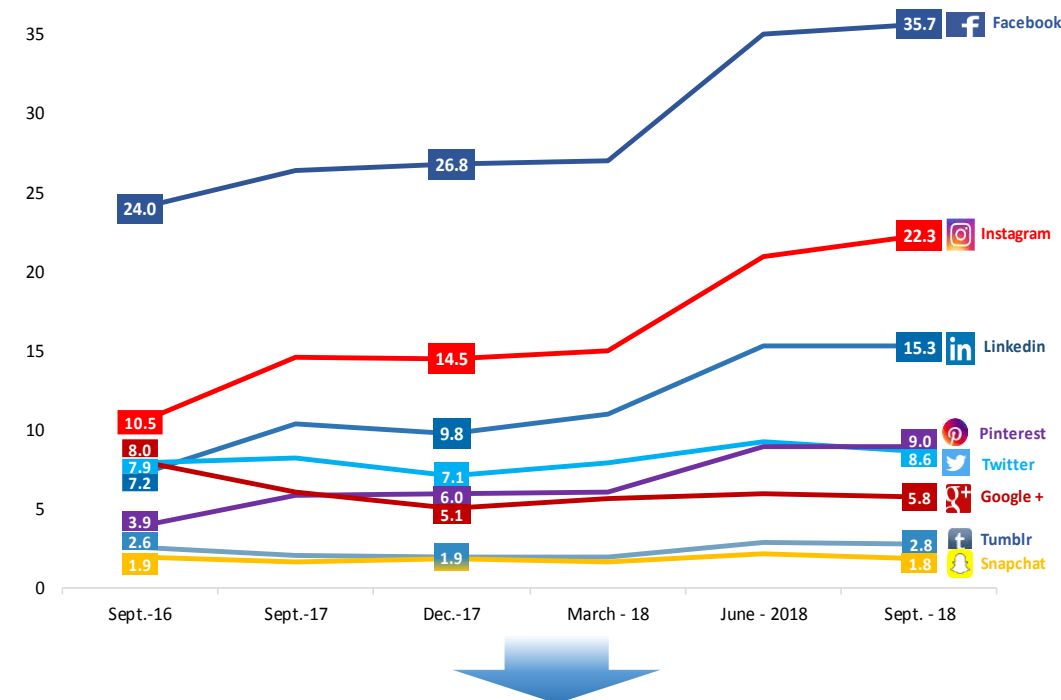
2.4 Media: Internet

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



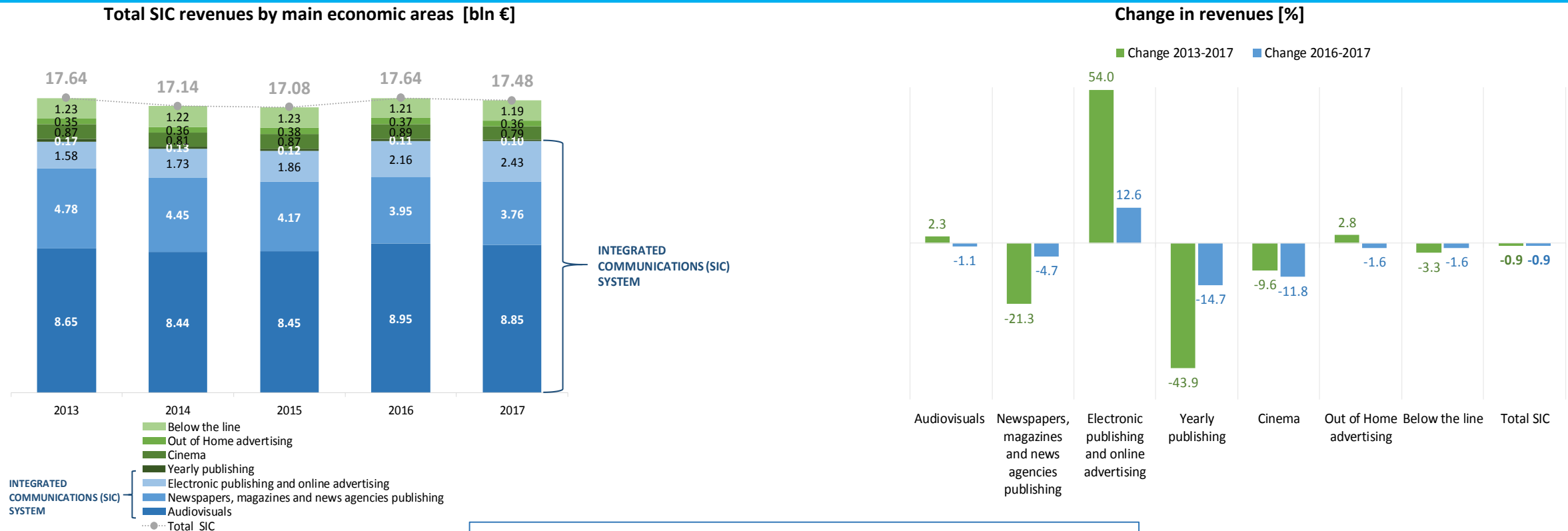
- Google and Facebook parent entities (brands aggregation) hold, with a growth trend, the leadership in terms of unique reach
- Overall, the unique audience of national platforms (Italiaonline, Mondadori, GEDI, RCS Mediagroup) show a growth
- In September 2018, Facebook has experienced an increase in the average time
- In September 2018, **42.7** million unique users connected to the Internet, for around a total amount of **70** hours of surfing per person per month

Audience of the major social network in % – September 2018



- Among social networks, in September 2018, Facebook, with over **35.7** million unique users equal to **80%** of surfers, confirms its position as a market leader, while Instagram follows in the second place with **22.3** million unique users equal to **52%** of surfers
- In September 2018, among the social networks considered, Google+ and Snapchat show a decrease trend in the number of unique users, compared to September 2016

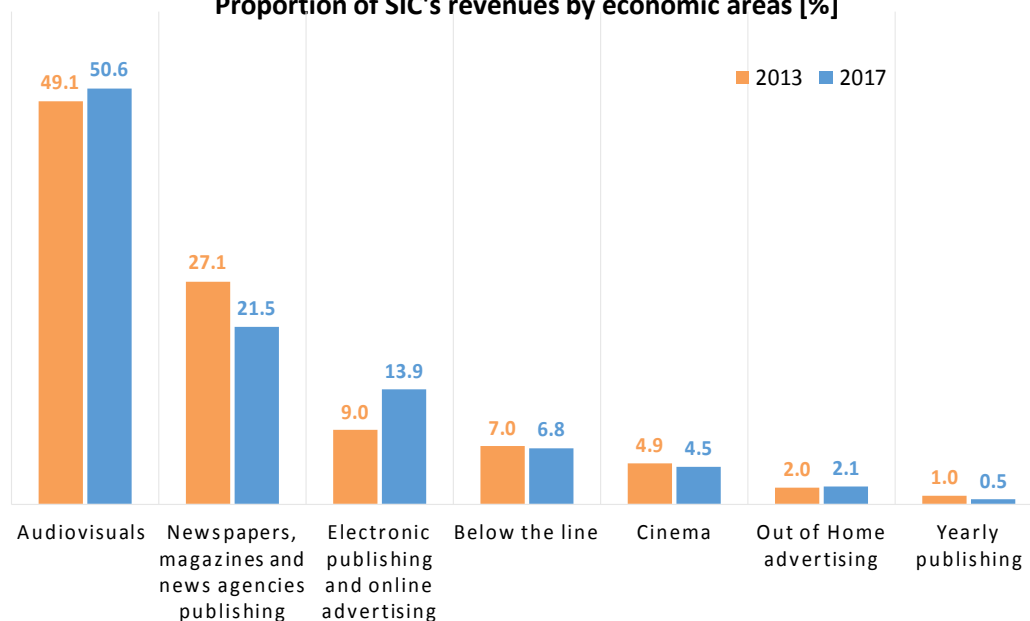
2.5 Integrated Communications System (SIC) - (1/3)



Integrated communications system (SIC): Law No. 112 of the 3rd of 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 the limit of 20% of the total revenues

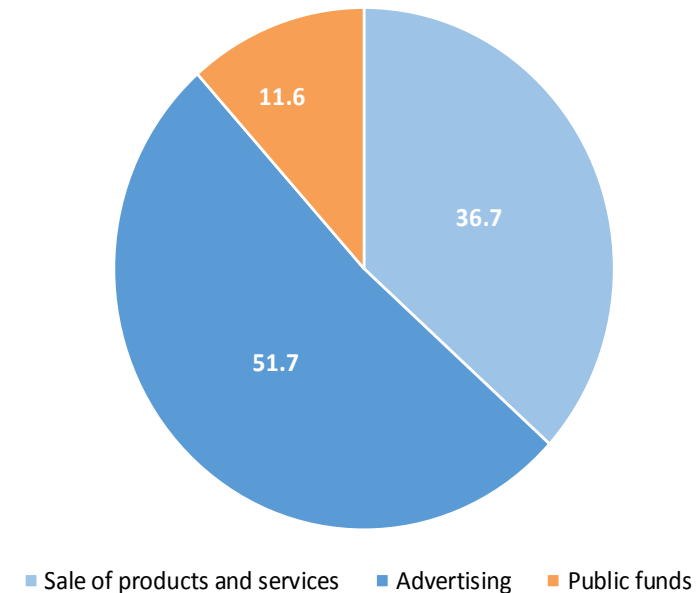
- In 2017, the SIC main areas' revenues decrease by **0.9%** as compared with 2016, for a total value of **17.48 bln €** (1.01% of national GDP)
- Newspapers' and magazines' revenues and yearly publishing' revenues have experienced the greatest decrease during the period 2013 – 2017, down **21.3%** and **43.9%**, respectively

Proportion of SIC's revenues by economic areas [%]



- Audiovisual services account for nearly **51%** of SIC revenues, and represent the main component
- In the last five year, the relevance of newspaper and magazine, in terms of revenues, decreased from **27.1%** in 2013 to **21.5%** in 2017
- Electronic publishing and online advertising represents **13.9%** of SIC's revenues, with a growth of **4.9 pp** compared to 2013

SIC by source type [2017, %]

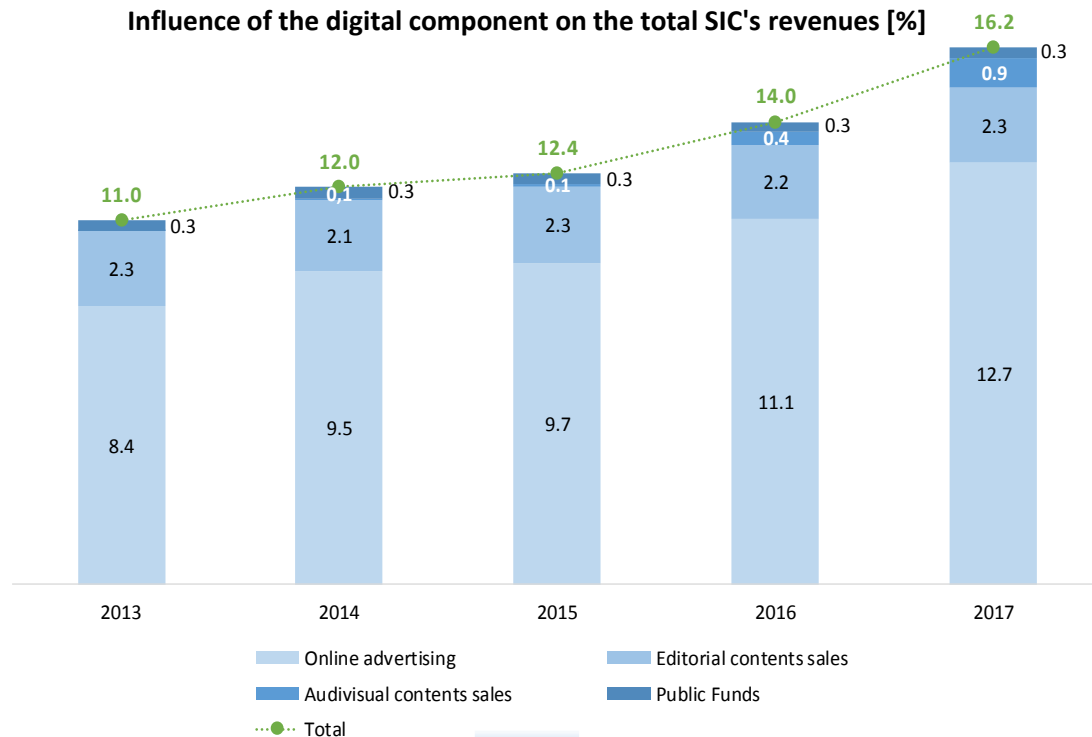


- As regards the source of the SIC areas', advertising revenues account for nearly **52%** of SIC revenues
- The sale of products and services account for **36.7%** of SIC revenues, while public funds, that include public television fee, account for **11.6%**

2.7 Integrated Communications System (SIC) - (3/3)

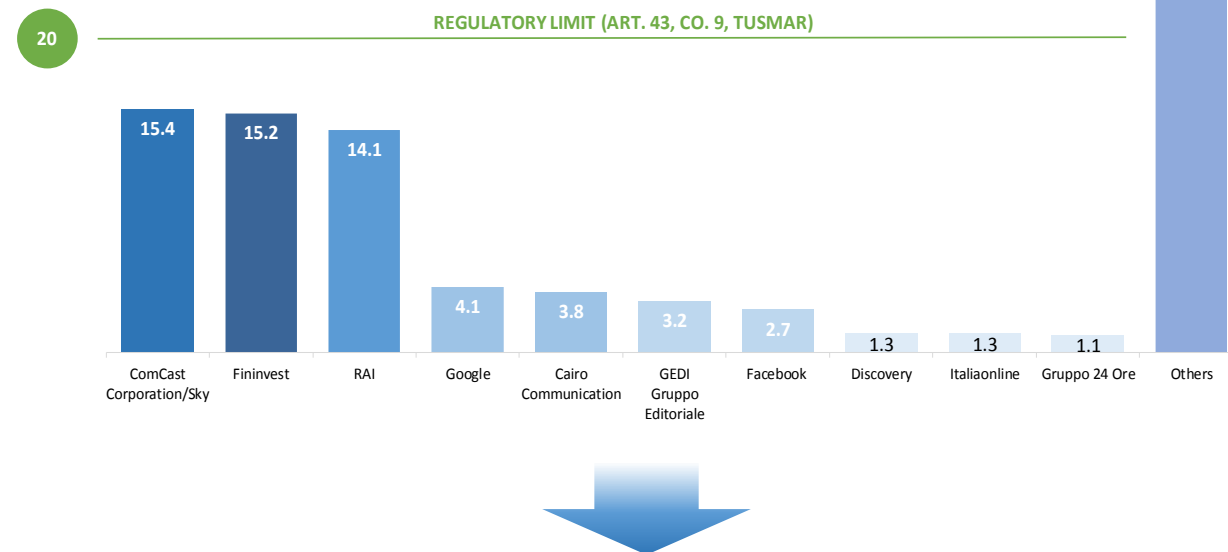


Influence of the digital component on the total SIC's revenues [%]



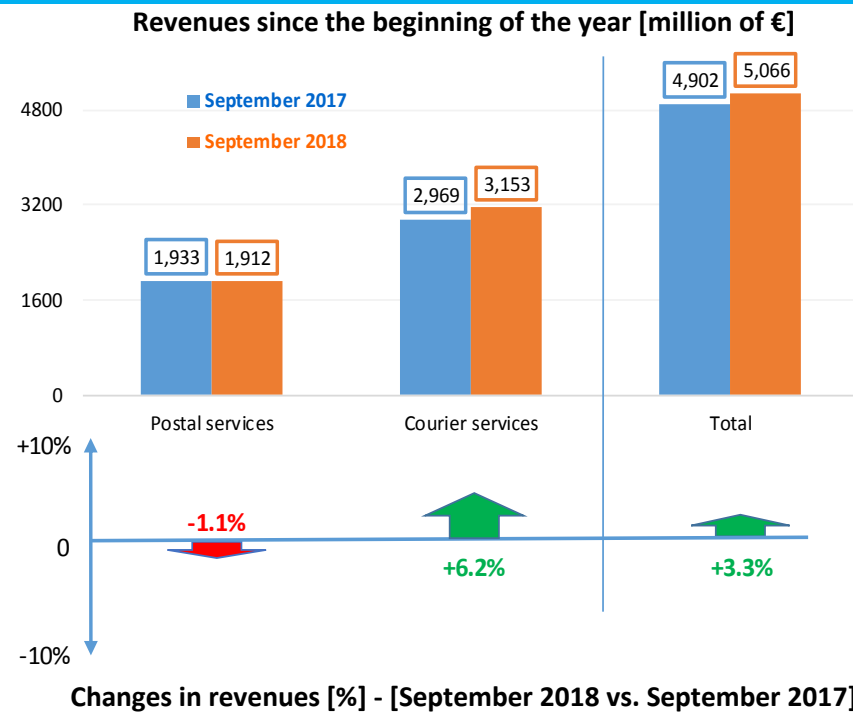
- At the end of 2017, the digital component relevance rise to **16.2%** of SIC revenues (+5.2 pp compared to 2013)
- In 2016, among the digital components, online advertising accounts for **2.23 bln €** (+14.1% compared to 2016), thanks mainly to the growth of advertising sales on digital platforms

SIC by main companies (2016) [%]



- As the figure shows, none of the companies included in the SIC as of 2017 has breached the **20% threshold**
- ComCast Corporation (Sky), Fininvest and RAI, are the market leaders with a market share that range from **14%** to **15.4%**
- In terms of market concentration, the first ten corporate groups account for **62.3%** of the SIC market (**10.88 bln €**)

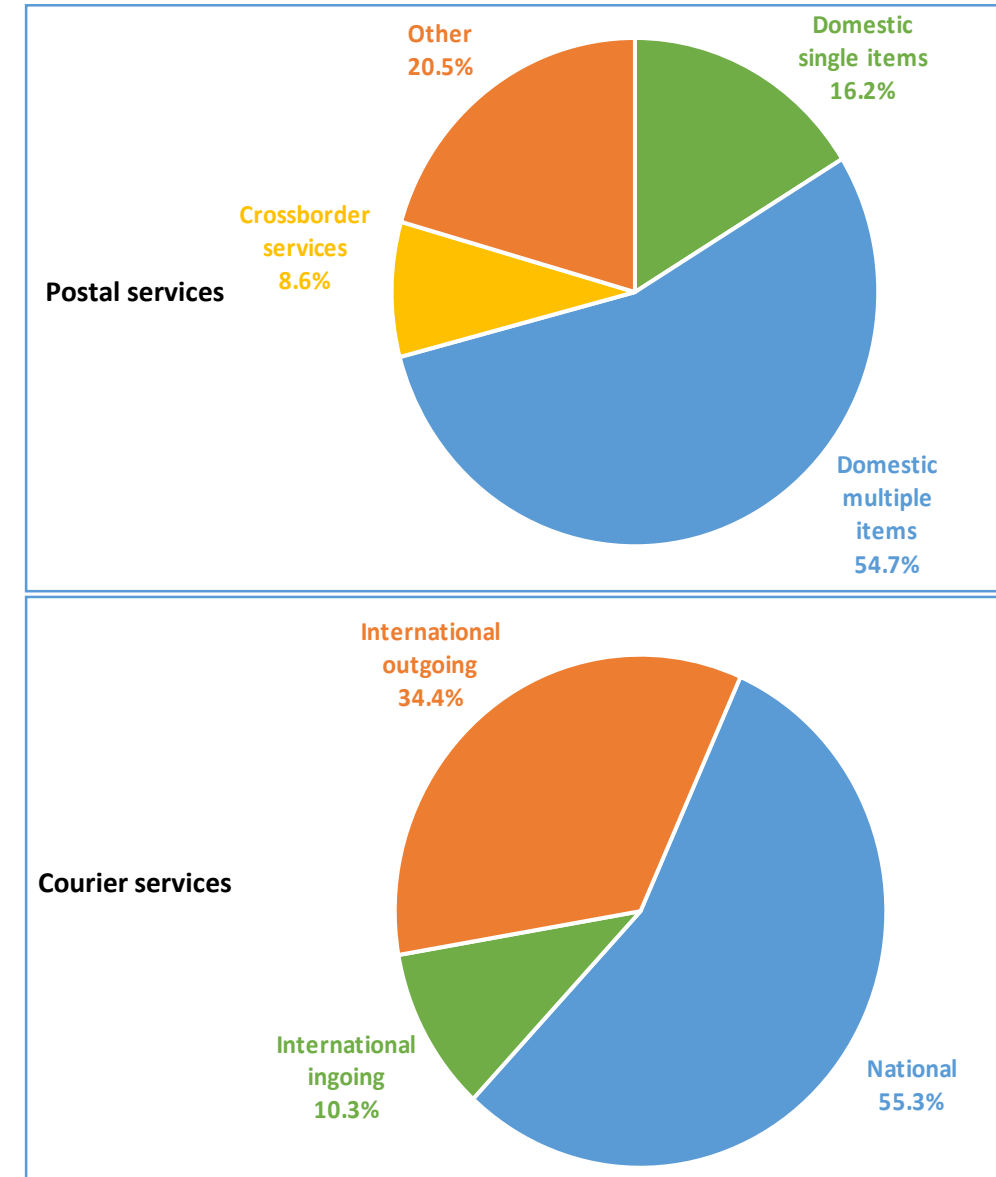
3.1 Postal services and express couriers: revenues



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.

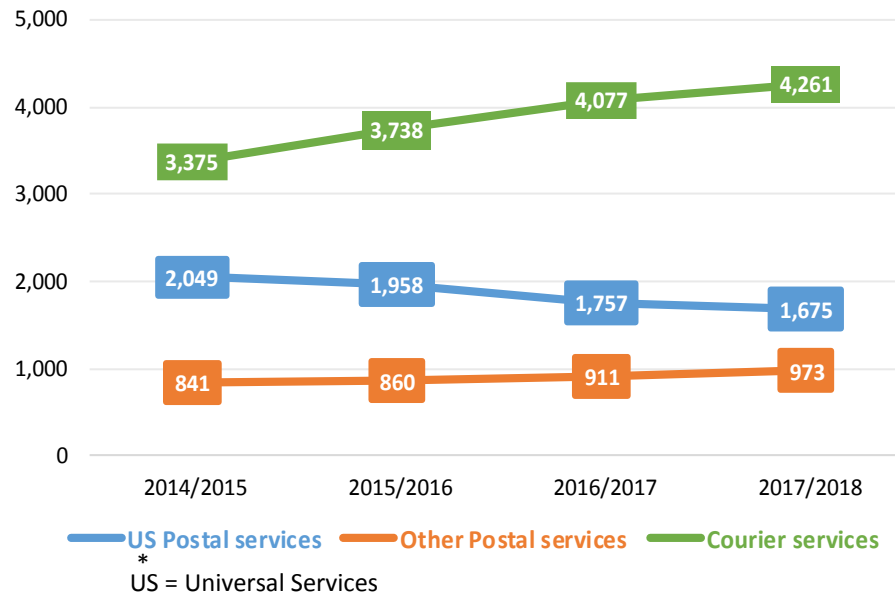
- At the end of September 2018, overall revenues are about **5,066** million of €, with an increase of **3.3%** YoY
- YoY, postal services' market has shown a decline in revenues (**-1.1%**); nearly **55%** of revenues are represented by "Domestic multiple items" (**-2.2%** YoY), while revenues from "Other" services increased YoY (**+3.4%**), mainly due to "exclusive services" and "parcels delivery"
- YoY, courier services' market has shown a growth in revenues (**6.2%**); over **55%** is represented by revenues from services with national sender and receiver (**+5.0%**); overall international deliveries increased by **7.7%**, due to the increase in revenues from both "ingoing" (**+12%**) and "outgoing" (**+6.4%**) deliveries

Revenues by source type - September 2018 [%]



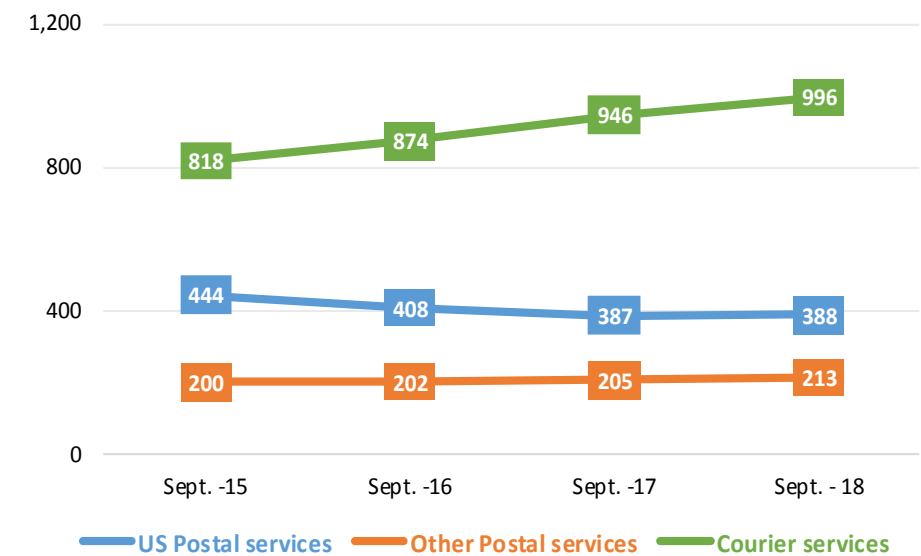
3.2 Postal services and express couriers: revenues historical trend

Revenues: annual cumulative figures [million of €]



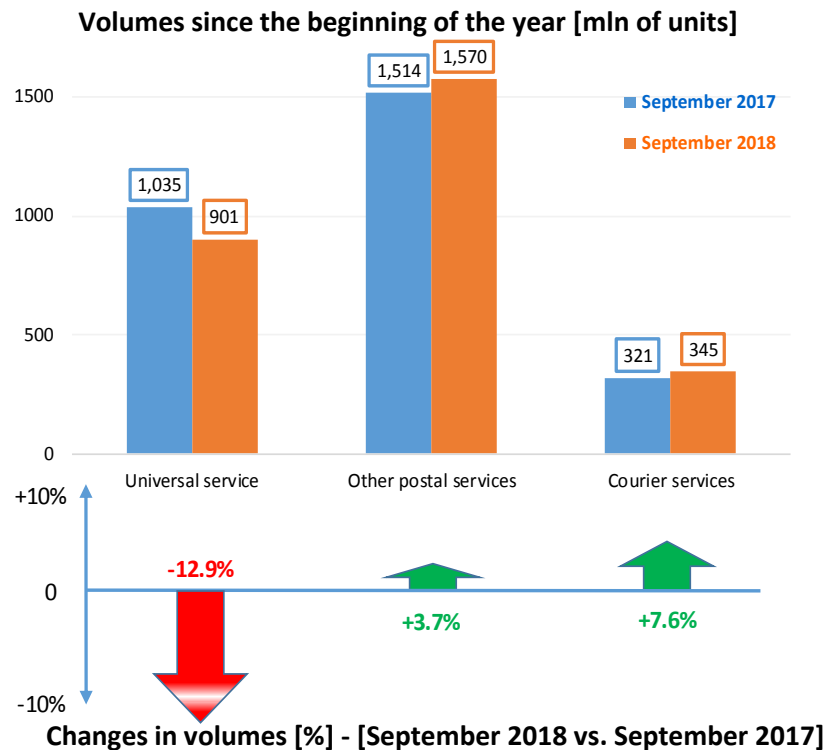
- Postal services: over the last four years, revenues from Universal postal services (US) have decreased by **18.2%** (from **2,049** to **1,675** million €), while revenues related to other postal services have grown by **16%** (from **841** to **973** million €)
- Courier services: over the four years, it is possible to observe a **26.2%** increase in revenues (from **3,375** to **4,261** million €)

Quarterly revenues trends [million of €]

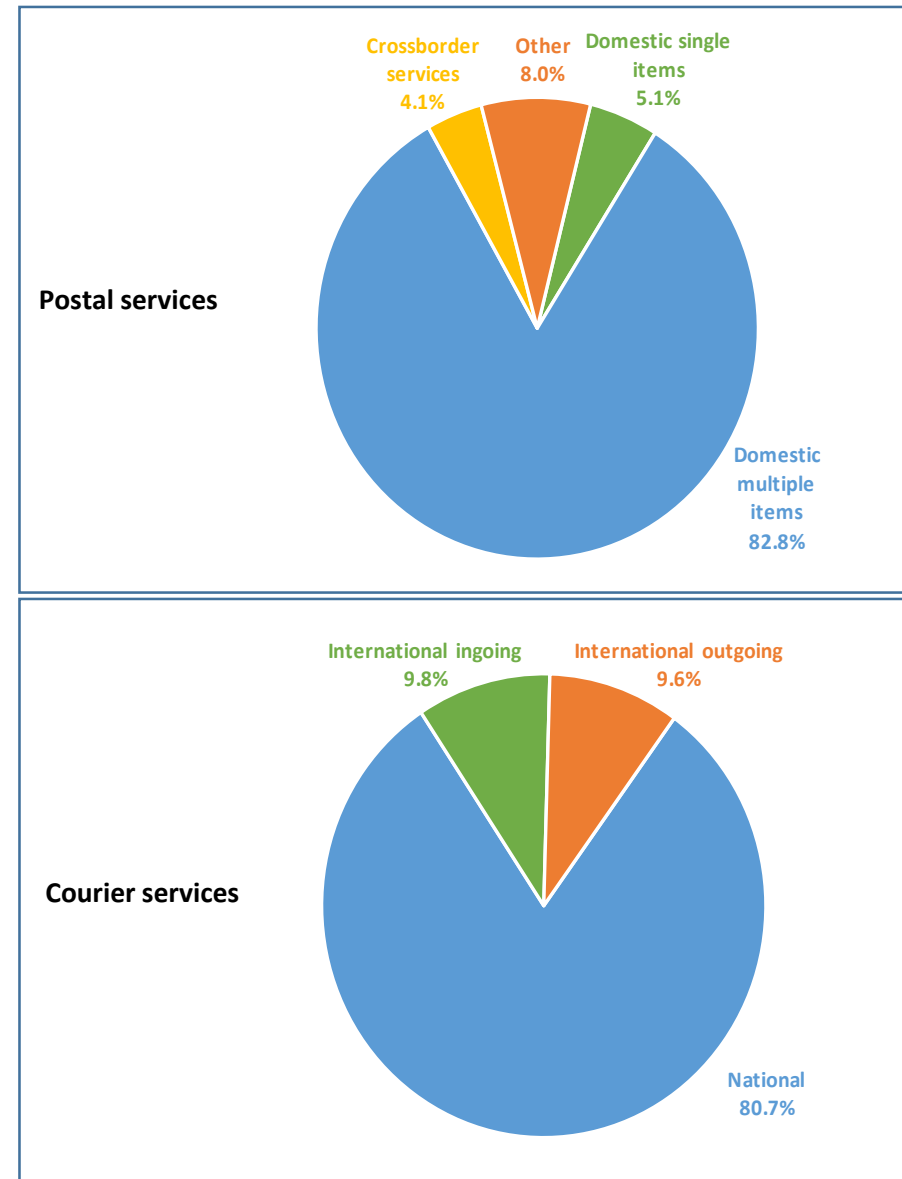


- Postal services: over the whole period considered, revenues from US have decreased by **12.6%**, while revenues related to other postal services have grown by **6.8%**
- Courier services: quarterly revenues shows a **21.8%** increase compared to the first half of 2015

3.3 Postal services and express couriers: volumes



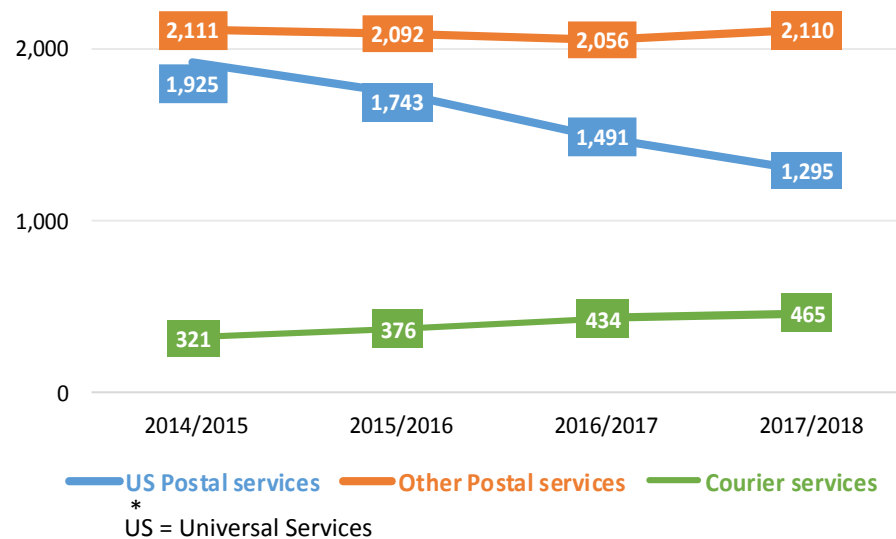
Note: The figures relate to the following companies: Bartolini, Citypost, DHL Express, Federal Express Europe, Fulmine Group, GLS Italy, Nexive, Poste Italiane, SDA, TNT Global Express, UPS.



- At the end of June 2018, volumes of universal services (US) amounted to **901** million units, showing a contraction of **12.9%** YoY, while volumes have increased by **7.6%** YoY for the courier services segment (**345** million units from the beginning of the year) and for other postal services by **3.7%** YoY
- Postal services: despite a reduction of **2.2%**, “domestic multiple items” account for about **83%** of total volumes
- Courier services: volumes on a national basis grew by **6.9%** YoY, now accounting for **80%** 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 pp**)

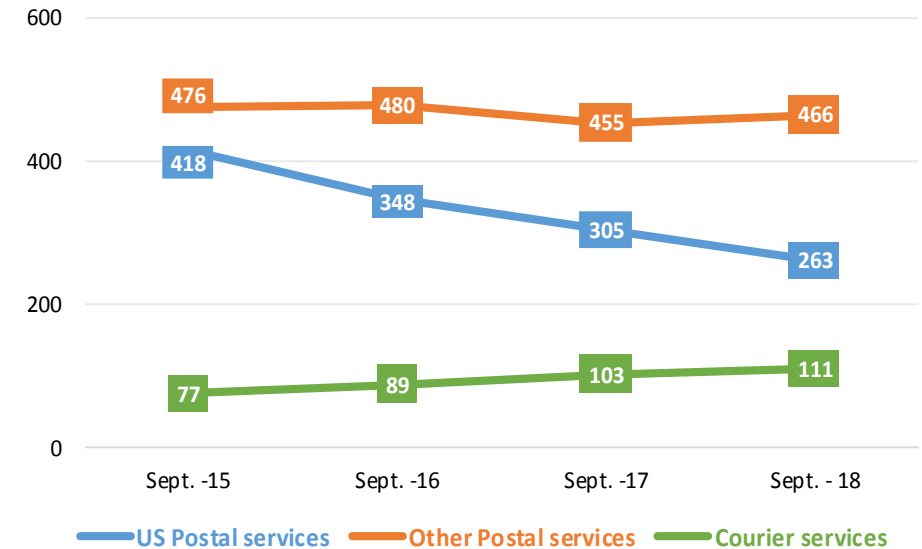
3.4 Postal services and express couriers: volumes historical trend

Volumes: annual cumulative figures [million of units]



- Postal services: over the last four years, volumes from US have decreased by more than **32.7%**; the volumes related to other postal services remained quite stable
- Courier services: over the four years, it is possible to observe a **45.0%** increase in volumes

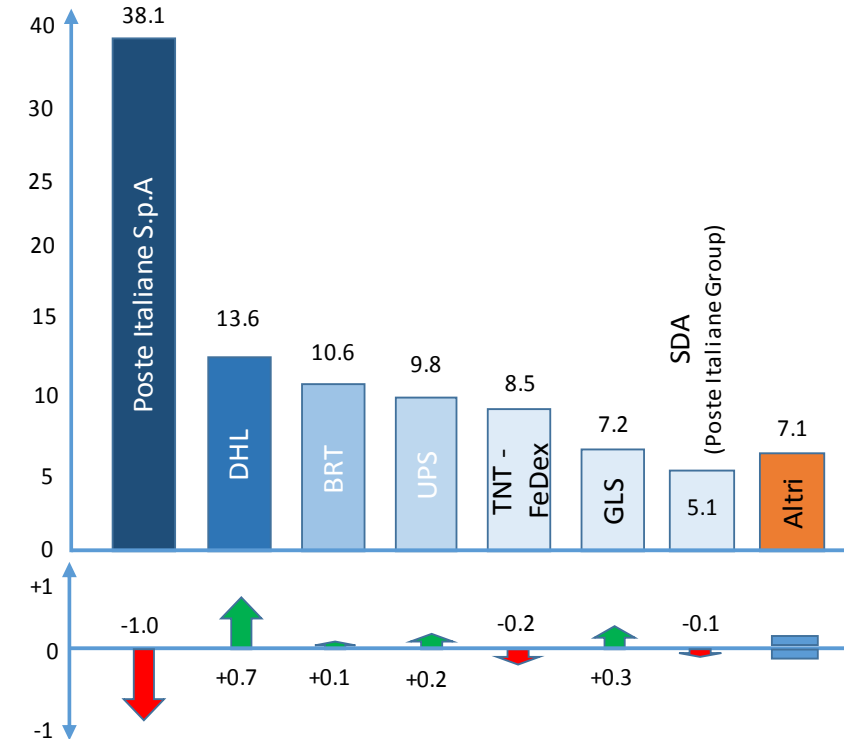
Quarterly volumes trends [million of units]



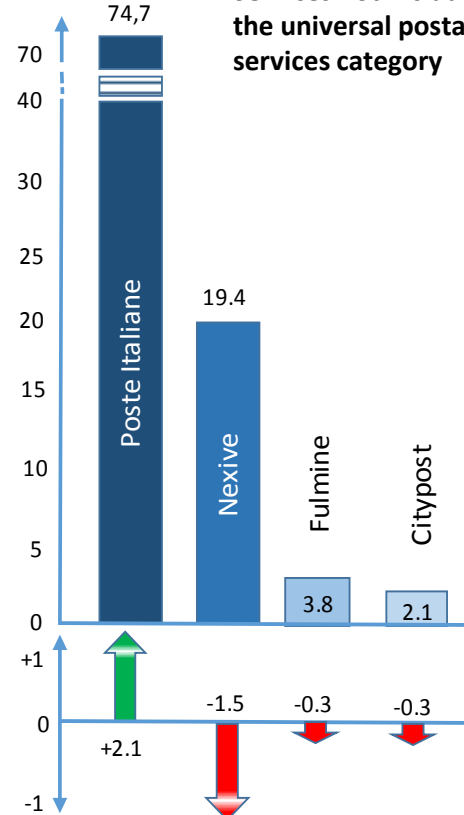
- Postal services: over the whole period considered, it is possible to observe an average reduction of **18.4%**, due to the decrease of both, US volumes (**-37%**) and other postal services volumes (**-2%**)
- Courier services: quarterly volumes show a **44%** increase compared to the quarterly value of June 2015

3.5 Postal services and express couriers: competitive landscape

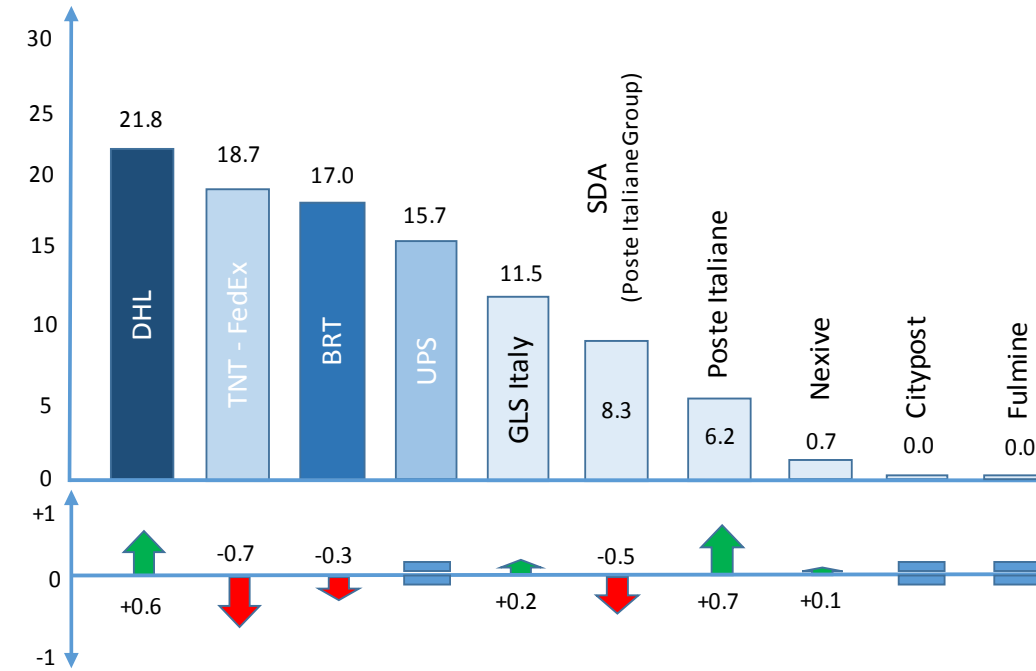
Total postal services (including express couriers)



Services not included in the universal postal services category



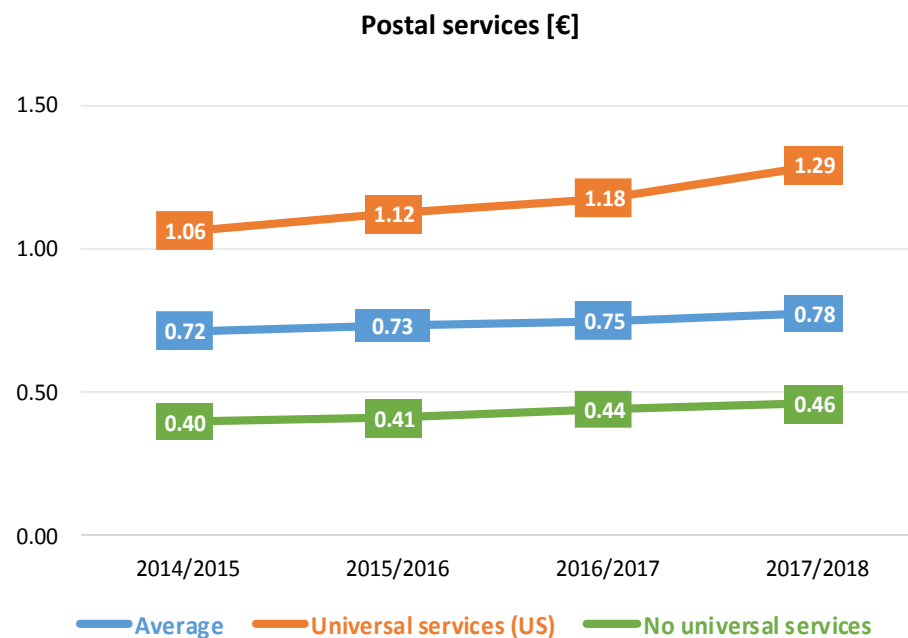
Express couriers



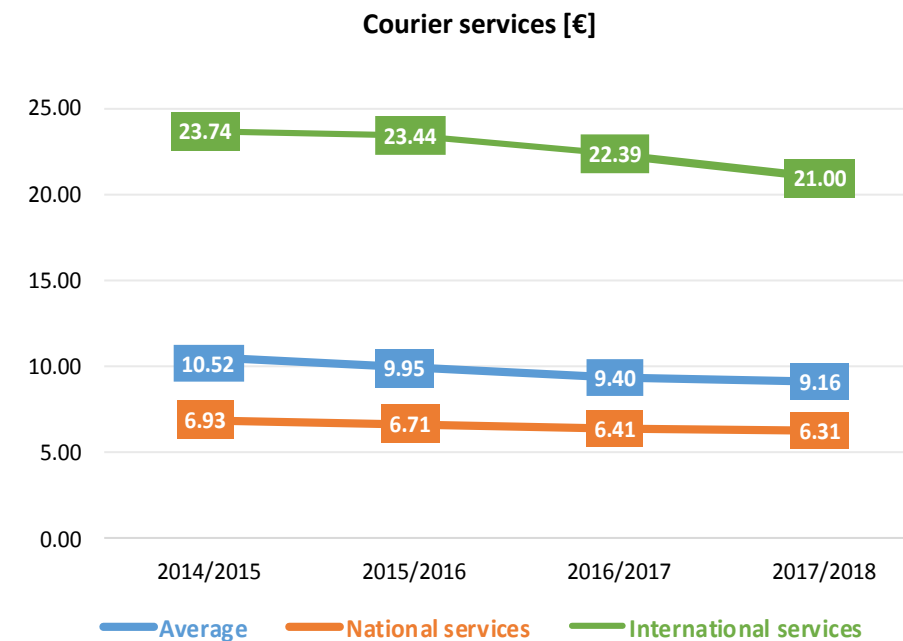
Difference vs. September 2017 (percentage points)

- Poste Italiane is still the first postal operator, but its share has shown a decrease of **1.0** pp (YoY)
- The aggregate market shares of DHL, UPS, BRT and TNT is **42.5%**
- In the segment of services not included among the universal postal services, Poste Italiane, as a consequence of its historical monopolistic position, still holds **74.7%**
- The market share's scenario of express courier services at the end of September 2018 shows a stronger competition among operators

3.6 Postal services and express couriers: per-unit revenue historical trends



- Over the last four years, the average unit revenue has grown by **8.6%** and is equal, for the period September 2017 – September 2018, to € **0.78**
- The per-unit revenue of services included in the US is above the average (€ **1.29**), while that of other services is below the average (€ **0.46**)

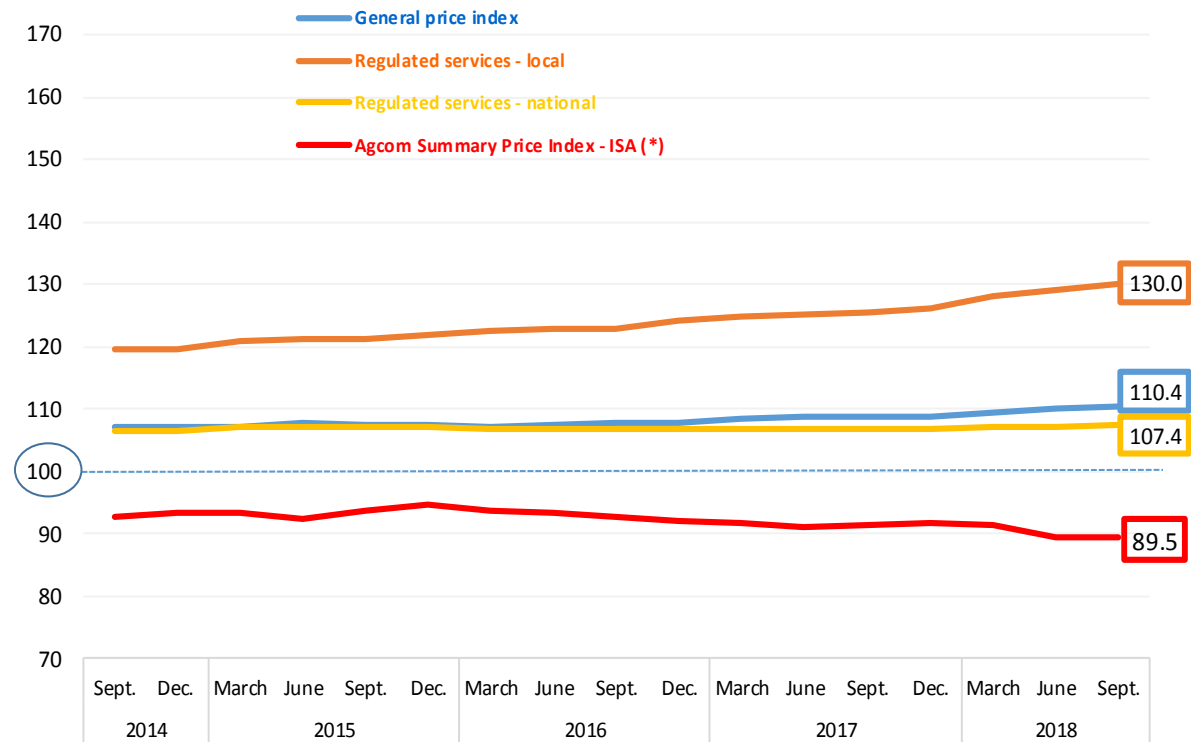


- Over the last four years, the average unit revenue has decreased by **13%** and is equal to € **9.16** for the period June 2017 – June 2018
- Unit revenue of international services is above the average (€ **21.00**), while that of national services is below the average (€ **6.31**), and both show a reduction as compared to the period September 2014 – September 2015

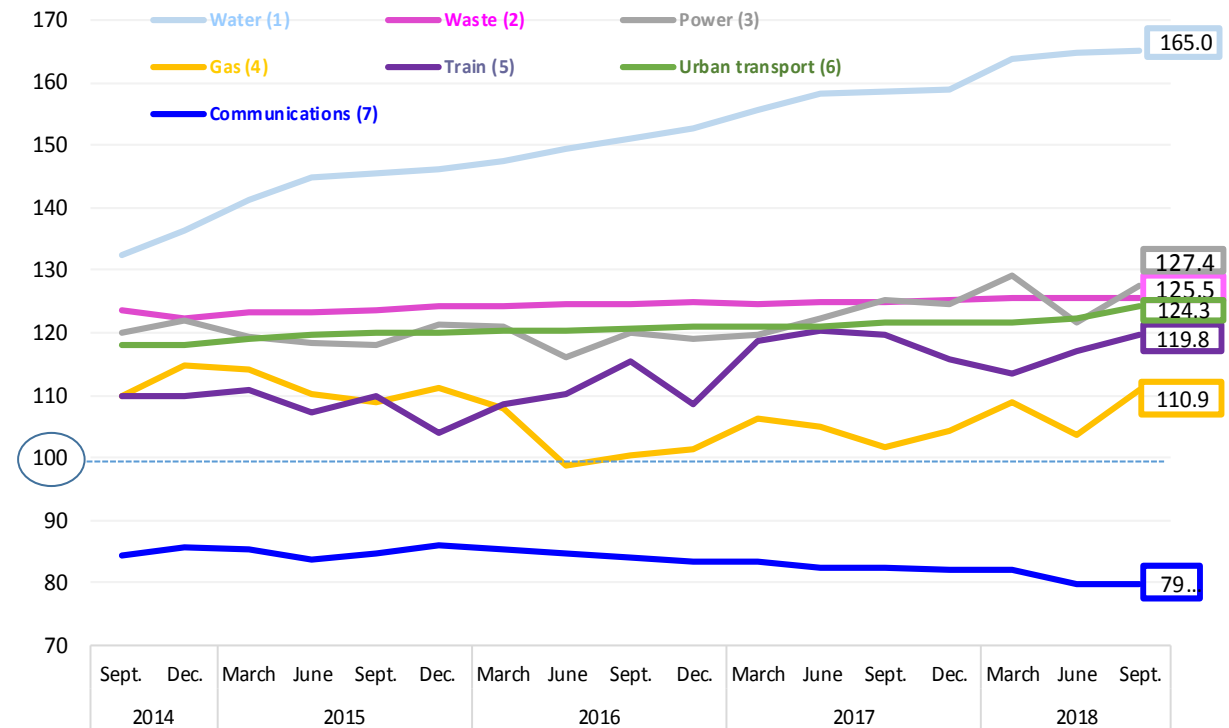
4.1 Harmonised consumer price index and other utilities price indices



Average price index (2010=100)



Utilities price index (2010=100)



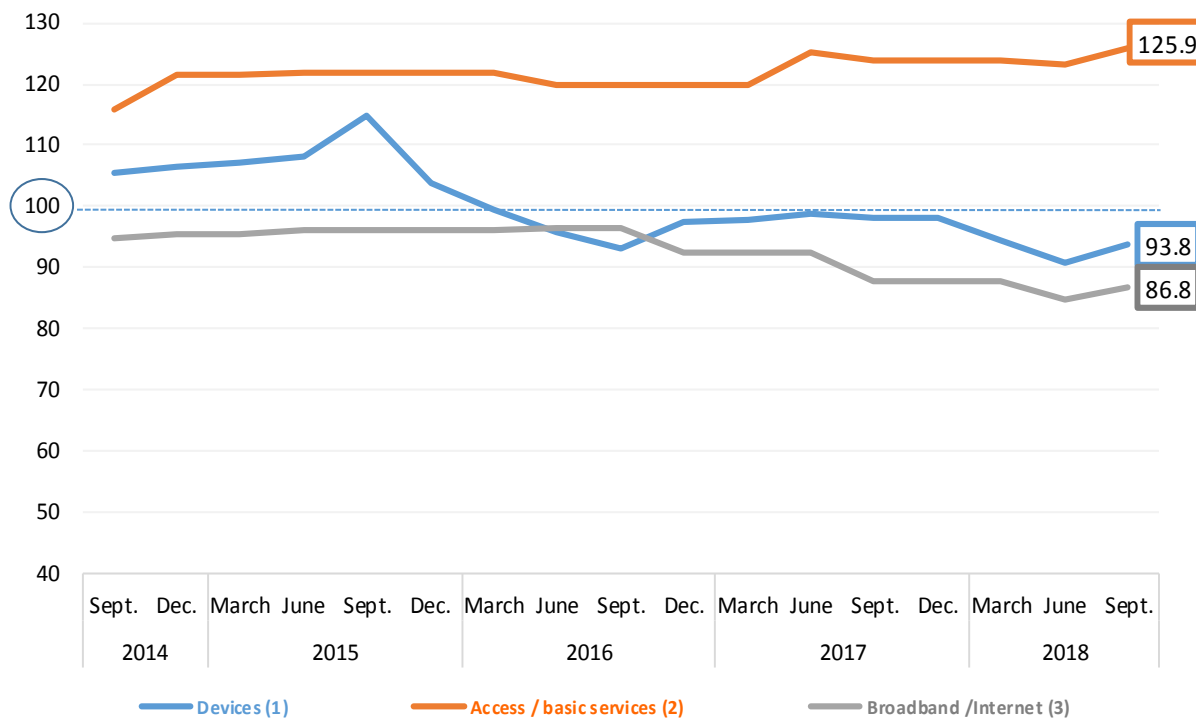
Istat Services Codes:
(1) 04 41 (5) 07 31
(2) 04 42 (6) 07 32 11
(3) 04 51 (7) 08
(4) 04 52

* The ISA («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



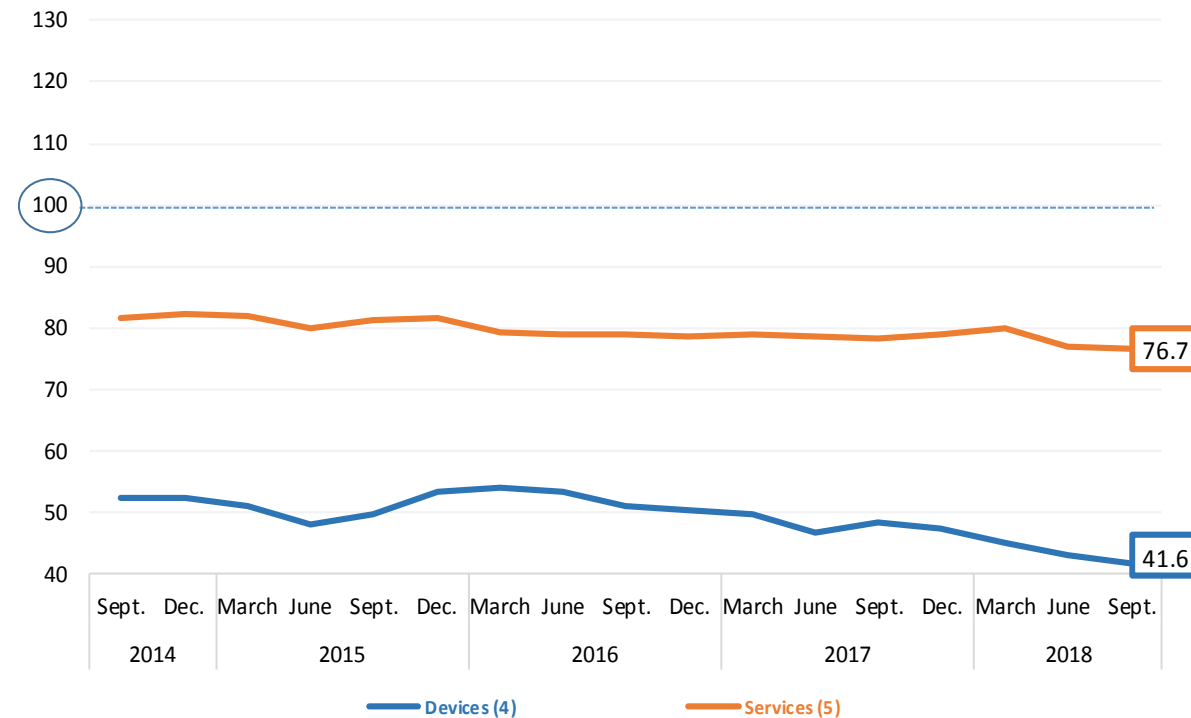
Fixed telephony price indices (2010=100)



Istat services codes:

- (1) 08 20 10
- (2) 08 30 10
- (3) 08 30 30

Mobile telephony price indices (2010=100)



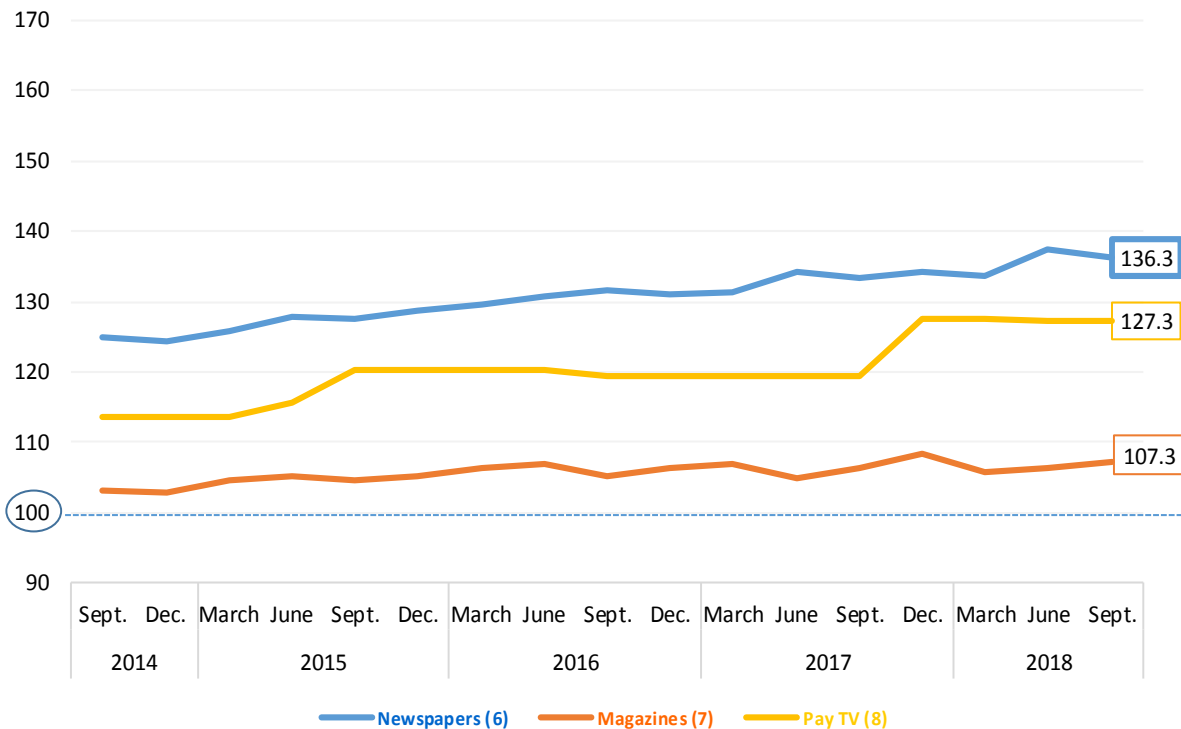
Istat services codes:

- (4) 08 20 20
- (5) 08 30 20

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



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



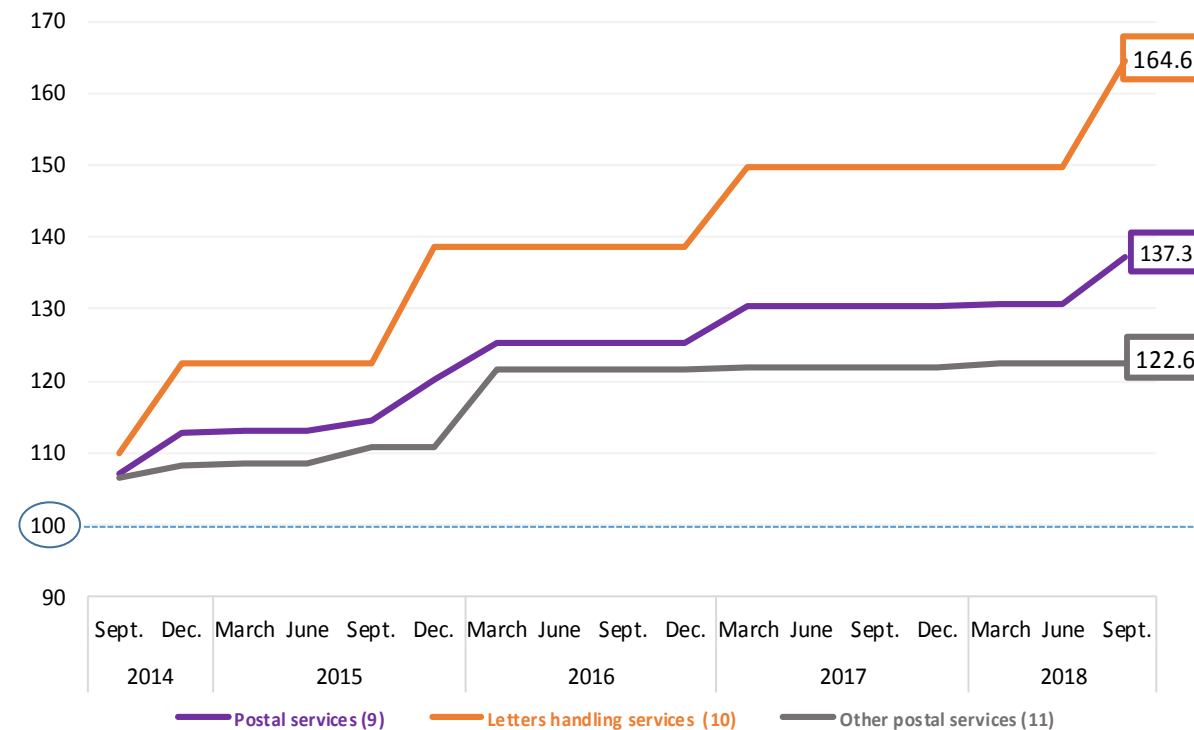
Istat services codes :

(6) 09 52 10

(7) 09 52 20

(8) 09 42 30

Postal services price index (2010=100)

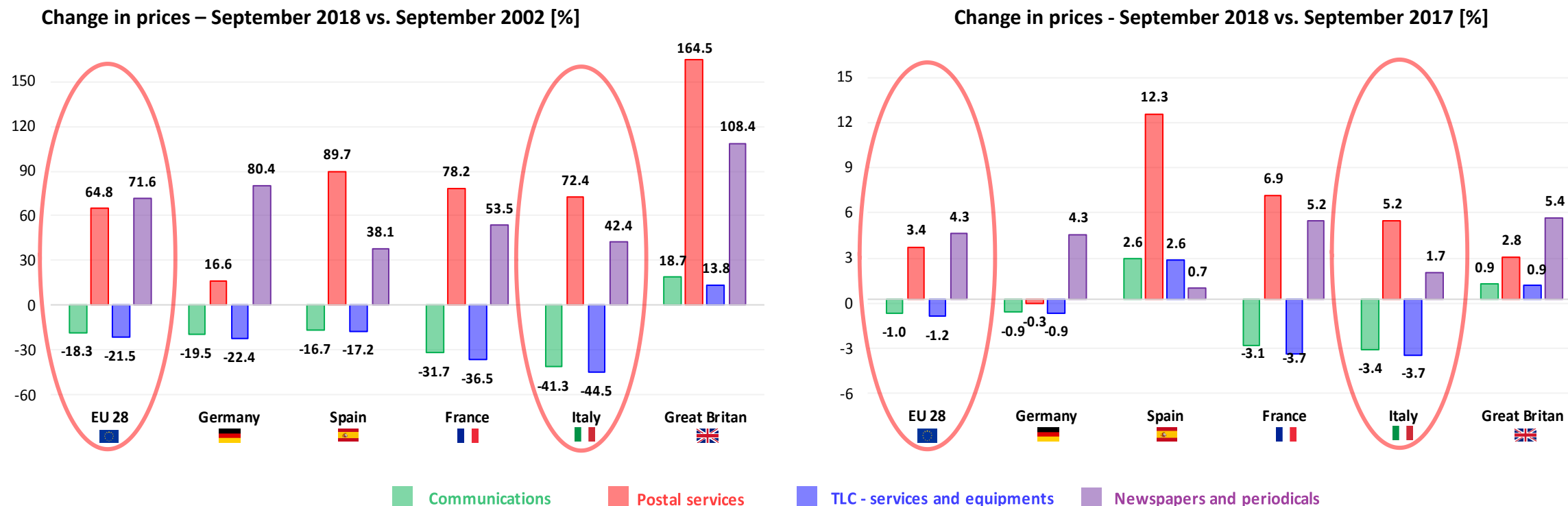


Istat services codes

(9) 08 10 00

(10) 08.1.0.1.0.00

(11) 08.1.0.9.0.00



- Since September 2002, in Italy the communications price index has decreased at a faster pace than the EU average: **-44.5** and **-21.5** pp, respectively
- Since September 2002, the Italian inflation rate of postal services (**+72.4** pp) is in it is slightly higher than that of EU; among the countries analyzed, Germany show the lowest increase (**+16.6** pp)
- Since September 2002, in Italy the newspapers and periodicals price index has increased (**+42.4** pp) less than the EU average (**+71.6** pp)



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