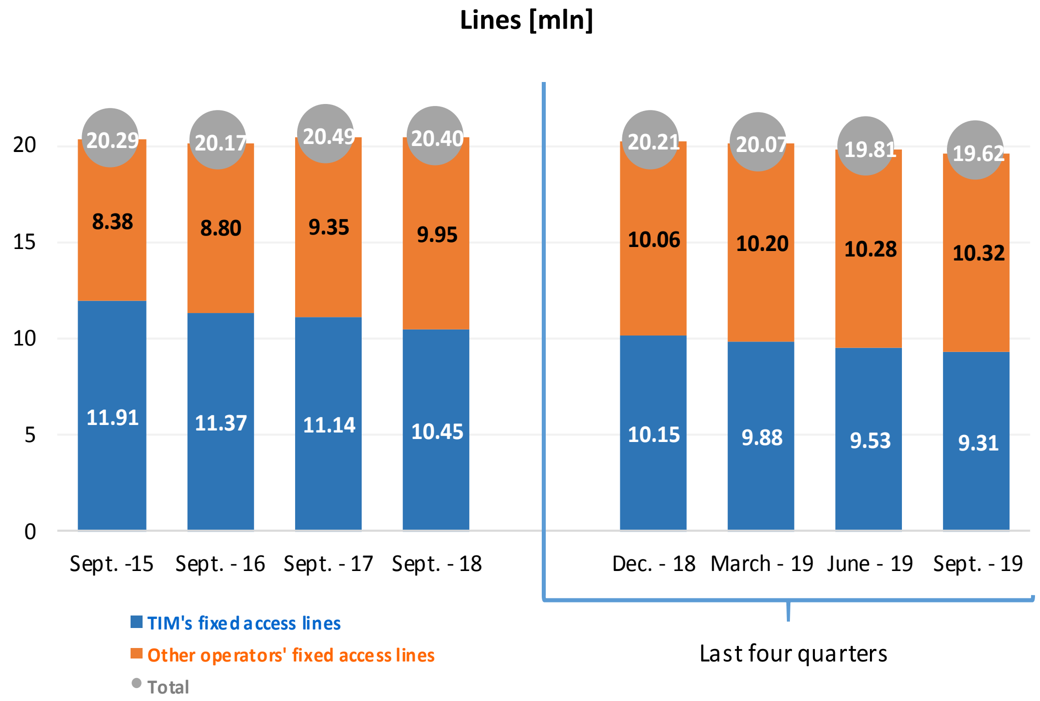
COMMUNICATION MARKETS MONITORING SYSTEM

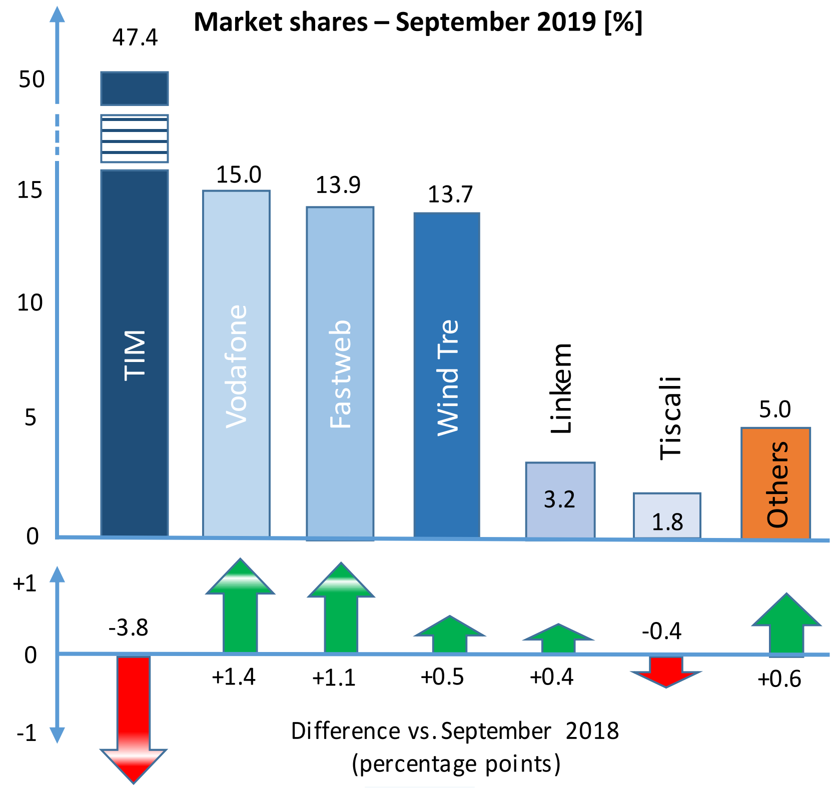
no. 4/2019

Index

The following figures are based on AGCOM's elaborations on firms' data and other sources (updated to September 2019). Due to changes in firms' accounting methods, some figures cannot be compared directly with those reported in previous issues.

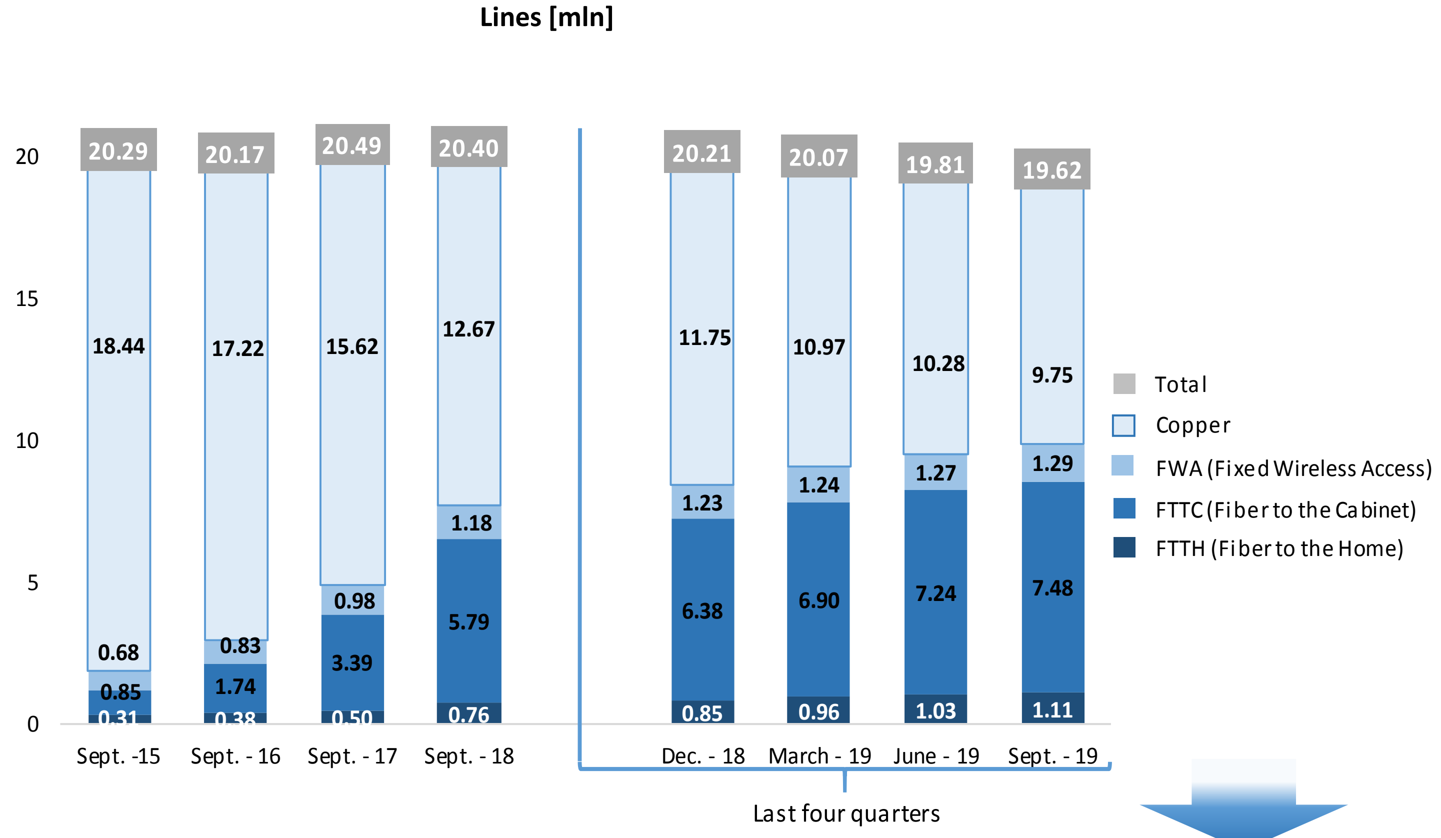
1.1 Total fixed access lines

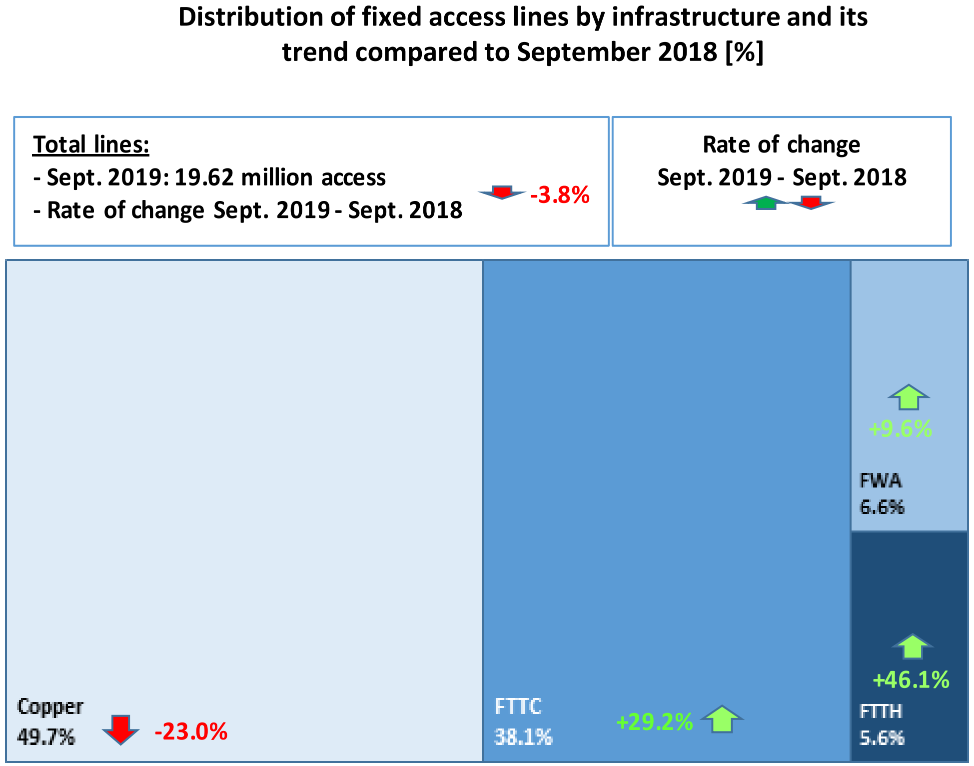




- A decrease in the total number of lines is recorded in the last year (-780 thousand lines)
- TIM's access lines have decreased by 1,150 thousand units, other operators' access lines have increased by about 370 thousand units

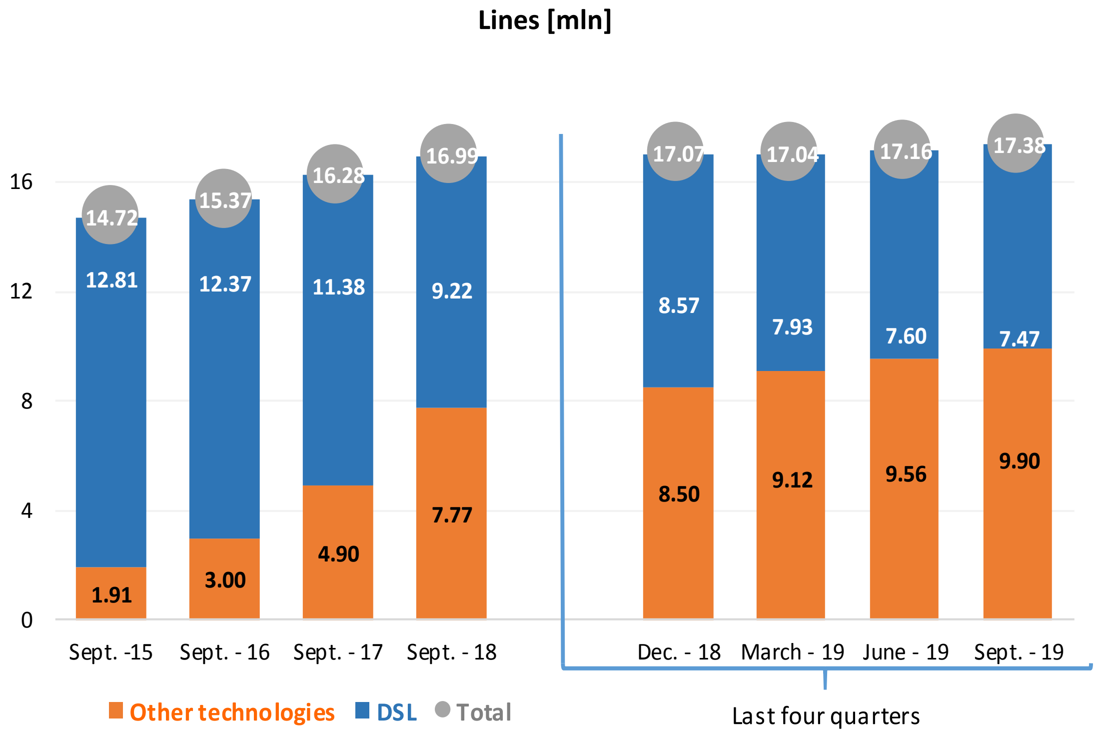
- TIM's market share dropped to **47.4%** at the end of September 2019 (**-3.8** pp YoY)
- Market shares held by the other three main operators (Vodafone, Fastweb and Wind Tre) are growing (YoY)
- Other smaller operators have, as a whole, increased their market share by **0.6** pp (YoY)

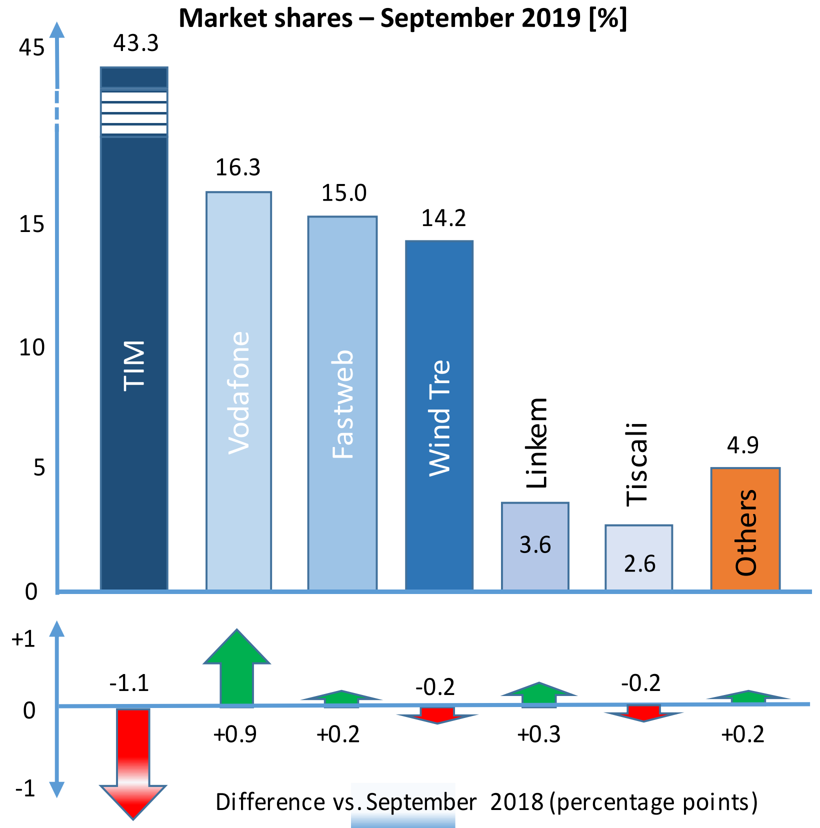




- Access lines through TIM's copper network have decreased by **23%** (YoY), and by **47.1%** as compared to September 2015
- The services offered using FTTC access technologies (fiber on a mixed copper network) grew by **29.2%** YoY, thanks in particular to the growth of the wholesale services offered by TIM, and FTTH access services by **+46.1**, driven by the growth of services offered by Open Fiber
- Over the entire period observed, the weight of FTTC + FTTH accesses has increased from **5.8%** to **43,7%** of total access lines
- FWA lines have increased by **9.6%** (YoY), reaching an amount of **1.29** million units

1.3 Broadband and ultrabroadband fixed lines



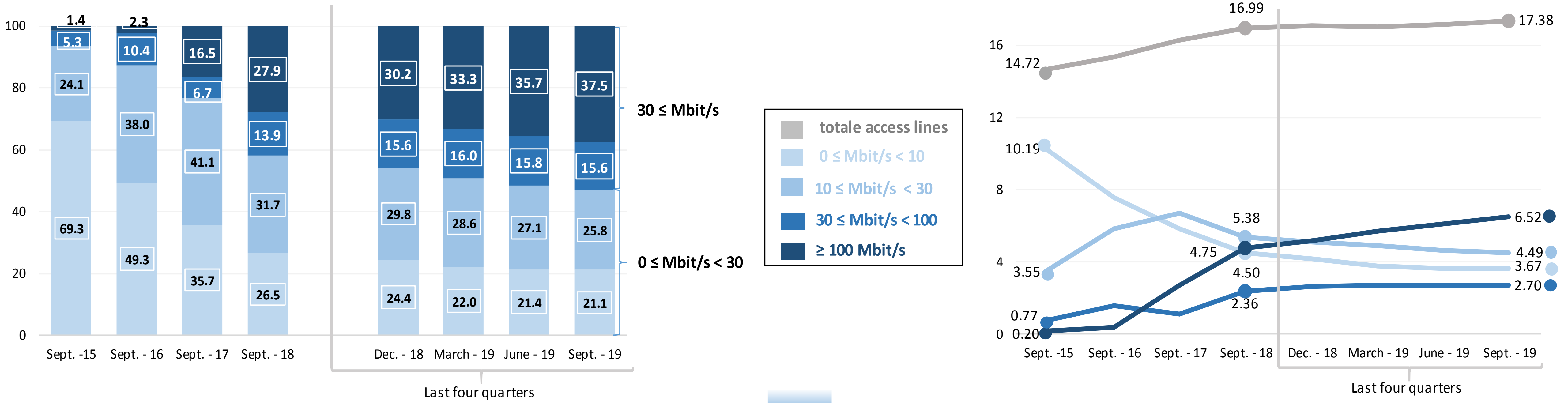


- Broadband lines have increased by about 380 thousand units YoY
- DSL lines (**7.47** million lines) have decreased by about 1.75 million units (YoY), now accounting for the **43%** of broadband and ultrabroadband lines
- Other technologies, in particular NGA lines, grew from **7.77** to **9.96** million units (YoY), now accounting for the **57%** of broadband and ultrabroadband lines

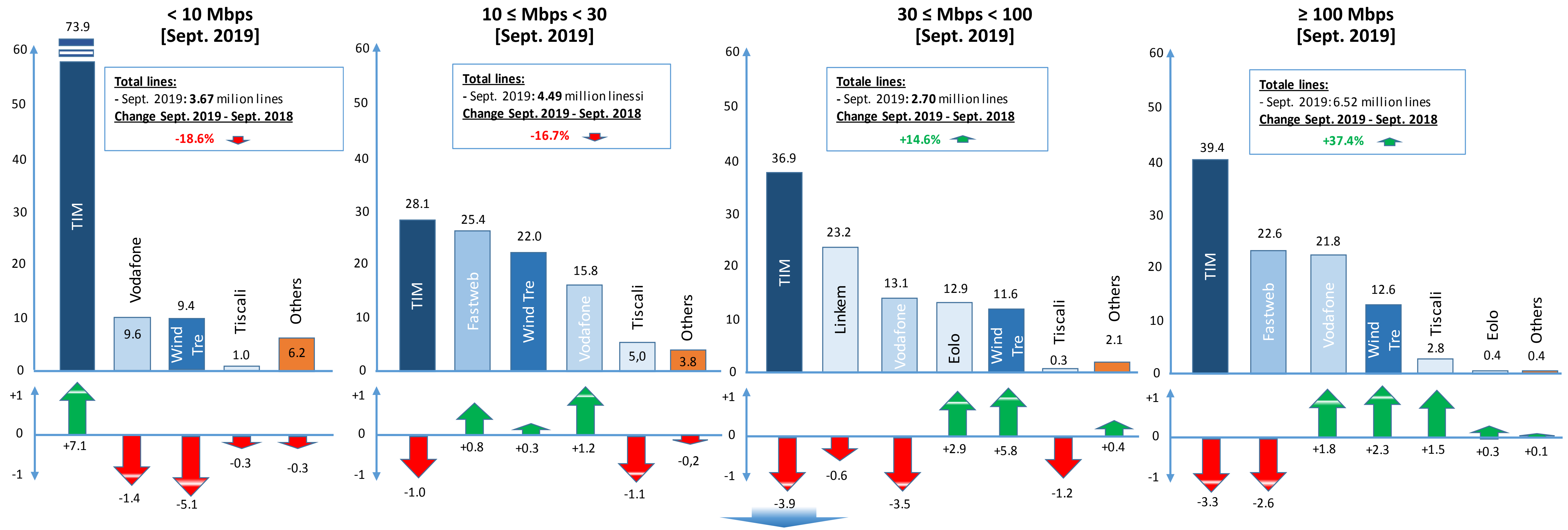
- TIM's market share has reduced by 1.1 pp (YoY)
- Vodafone's and Fastweb's market shares have increased by 0.9 and 0.2 pp (YoY), respectively, while Wind Tre's market share has decreased by 0.2 p.p.
- The cumulative growth of Linkem and other operators' (+0.3 pp) is essentially due to the increase in the number of FWA lines

1.4 Broadband fixed lines by speed

Access lines by speed classes [%] | Broadband access lines trend by speed classes [mln]

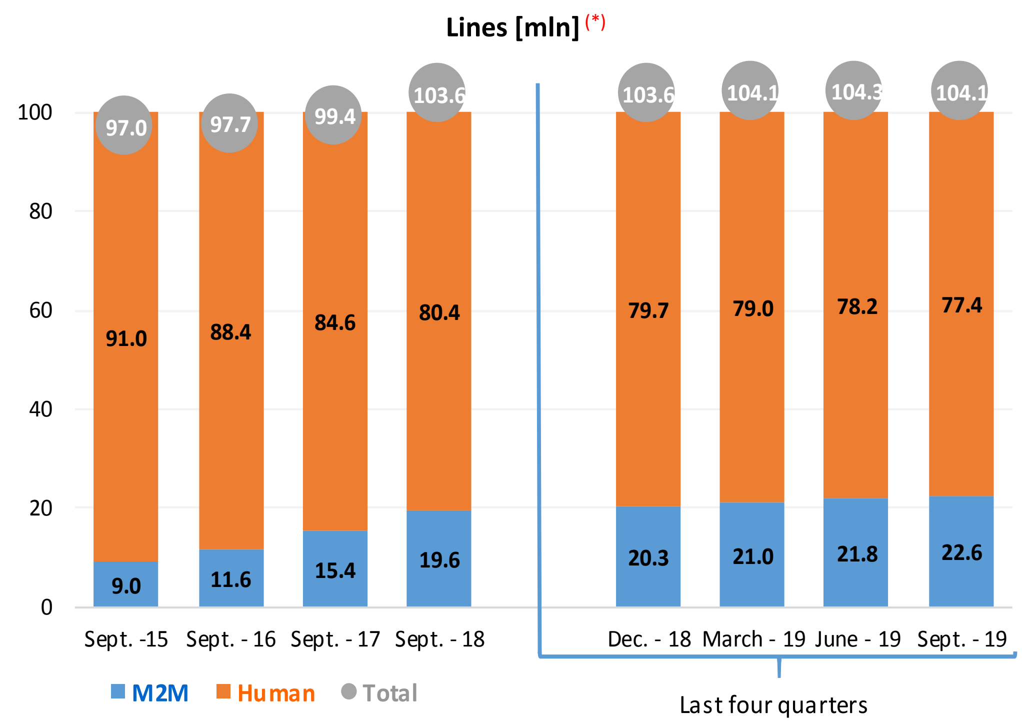


- In September 2019, lines faster than (or equal) 30 Mbps have increased by **2.12** million units (YoY) and now account for more than **53%** of total broadband lines
- This trend is attributable to the growth of lines faster than (or equal) 30 Mbps but below 100 Mbps (**+340** thousend of lines) and of lines with speeds faster than (or equal) 100 Mbps (**+1.77** million of lines), now accounting for **15.6%** and **37.5%** of total broadband lines, respectively
- Broadband lines faster than (or equal) 10 Mbps but below 30 Mbps have decreased by **0.9** million units YoY and now account for approximately **25.8%** of total broadband lines

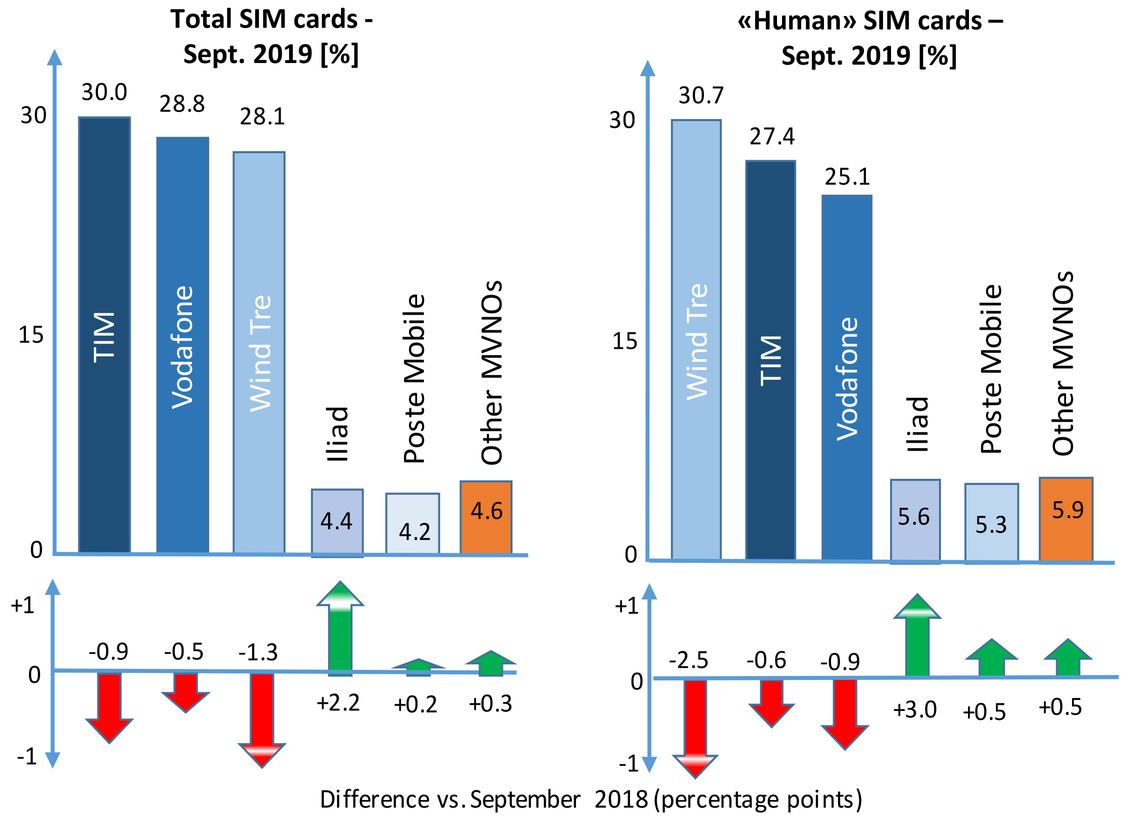


- For lines <u>up to 10 Mbps</u>, TIM's market share has reached **73.9%**
- For lines <u>faster than (or equal) 10 Mbps but below 30 Mbps</u>, it is possible to observe a higher level of competition, with the three main operators that are TIM (**28.1%**), Fastweb (**25.4%**) and Wind Tre (**22%**)
- For lines <u>faster than (or equal) 30 Mbps but below 1000 Mbps</u>, thanks to the migration towards FTTC solutions, TIM's market share has reached **36.9%**
- For lines <u>faster than (or equal) 100 Mbps</u>, despite a YoY reduction, TIM is the first operator with a market share of **39.4%**; to note that this reduction is partly due to the increase in the number of lines in the speed segment (**+37.4%** YoY) as a consequences of the migration of the lines of other operators coming from the segments at lower speeds

1.6 Mobile subscribers



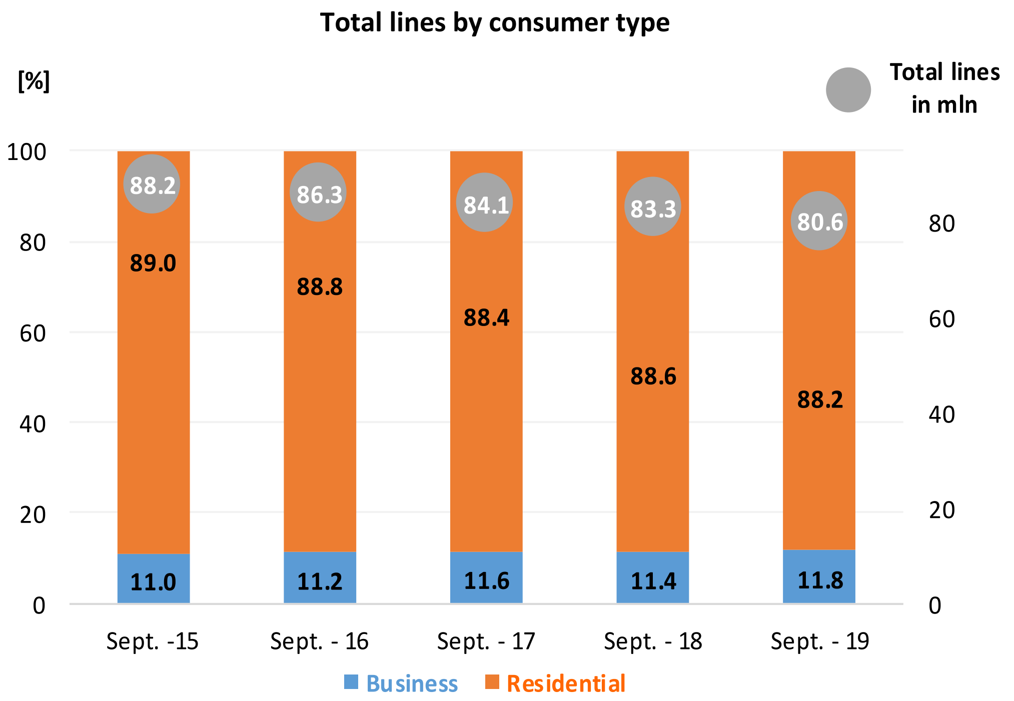
M2M SIM CARDS: Machine-to-Machine SIMs are based on the technologies that enable devices and sensors or "things" (within the IoT) to communicate with each other and with other Internet-enabled devices and systems.

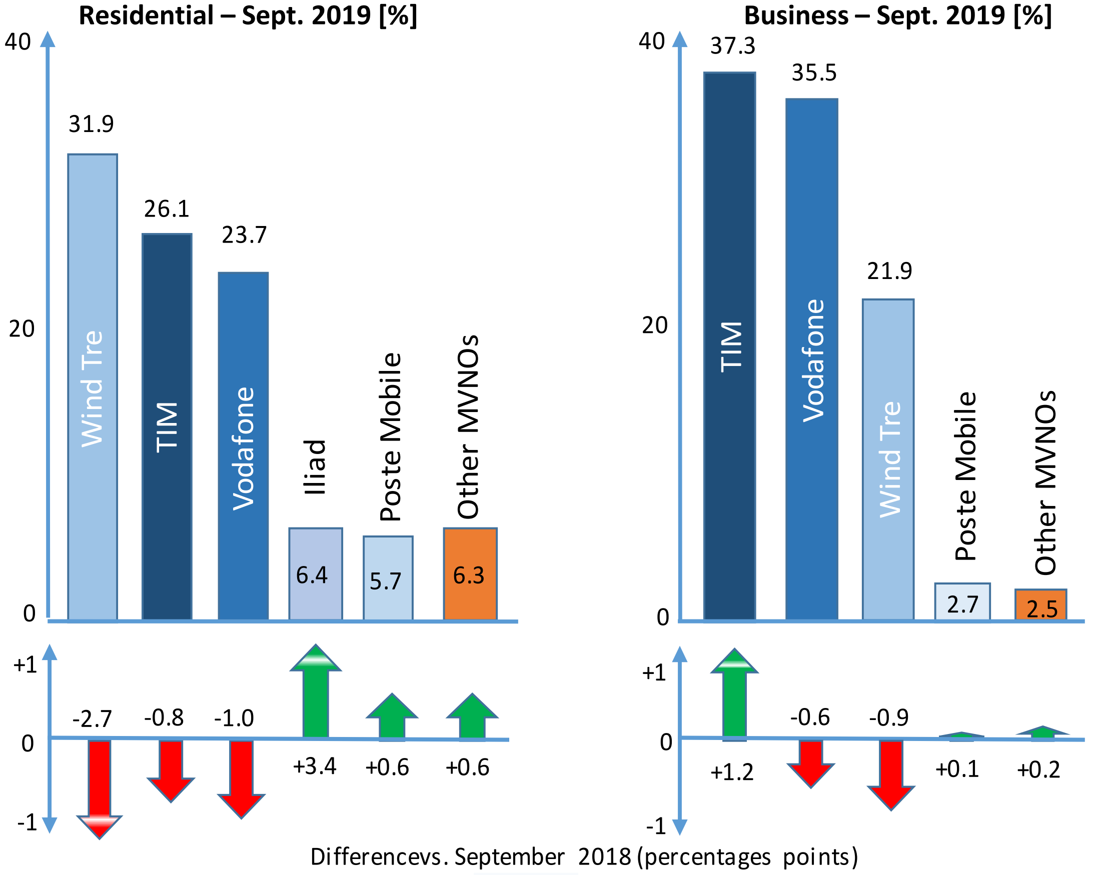


- Mobile lines have increased by about **0.5** million units YoY
- Over the last five years, «M2M» SIM cards have increased by **13.6** million units, now accounting for **22.6** million lines

- Overall, the three main operators show a reduction in market shares, while the new entrant Iliad gain **2.2** pp YoY
- A similar pattern is observed with regard to the "human" SIM cards; at the end of September 2019, Iliad reaches a market share of **5.6%**

(*) - 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)

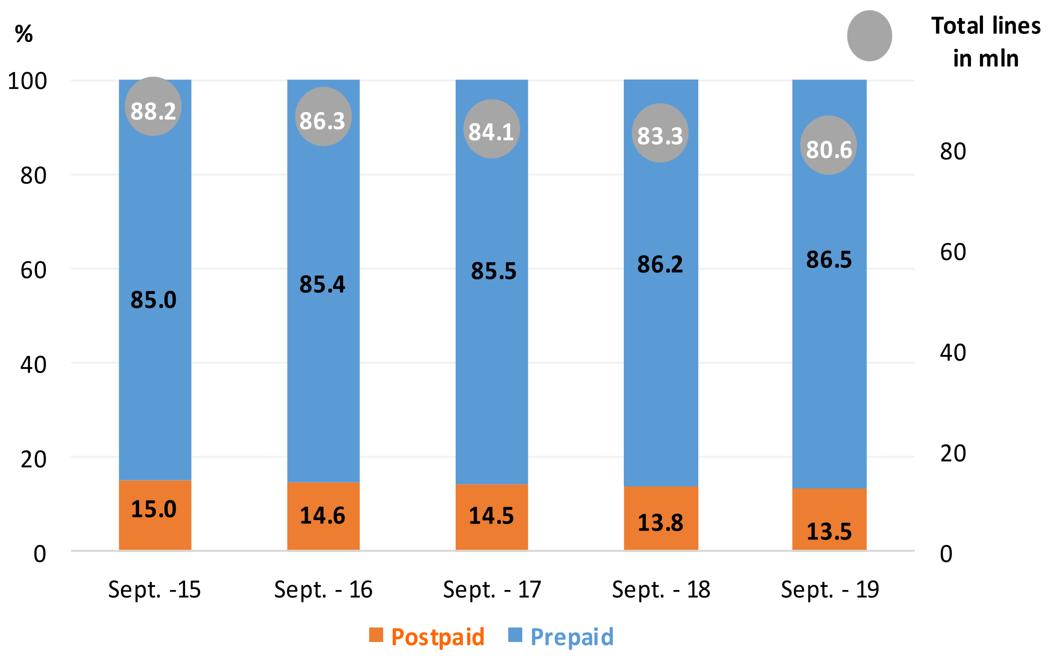


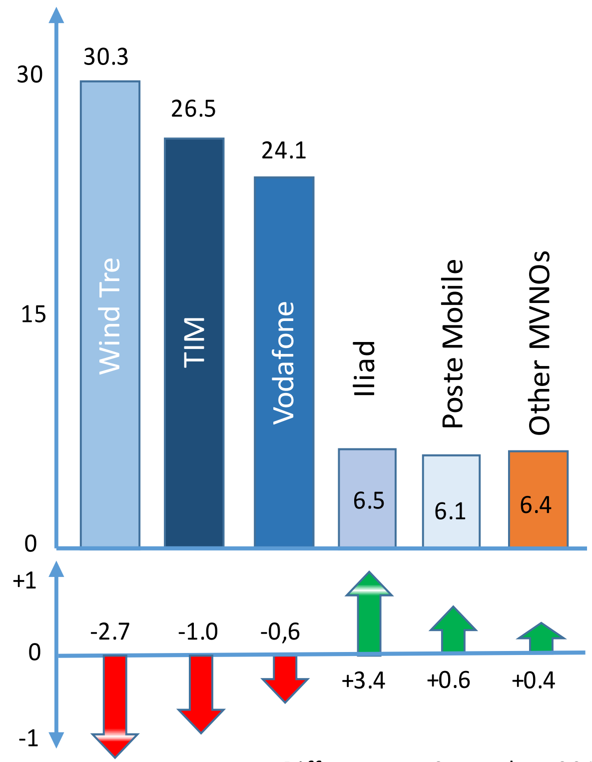


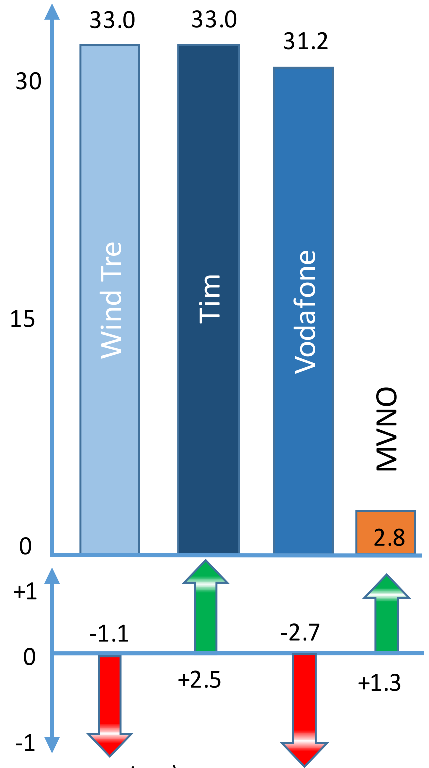
- **Non residential SIM** cards (**9.5** million units at the end of September 2019) have remained substantially stable for the period considered, and respect to September 2018
- **Residential SIM** cards (**71.1** million units at the end of September 2019) have decreased on a yearly basis by **2.7** million units YoY, and by **7.5** million units compared to September 2015

- In the **residential segment**, as a consequences of the entry of a new brand (Iliad), the main operators suffer a market share reduction
- In the **business segment** TIM has become leader of the market segment with a share of **37.6%** (**+0.4** pp)

1.8 Mobile subscribers by type of contract







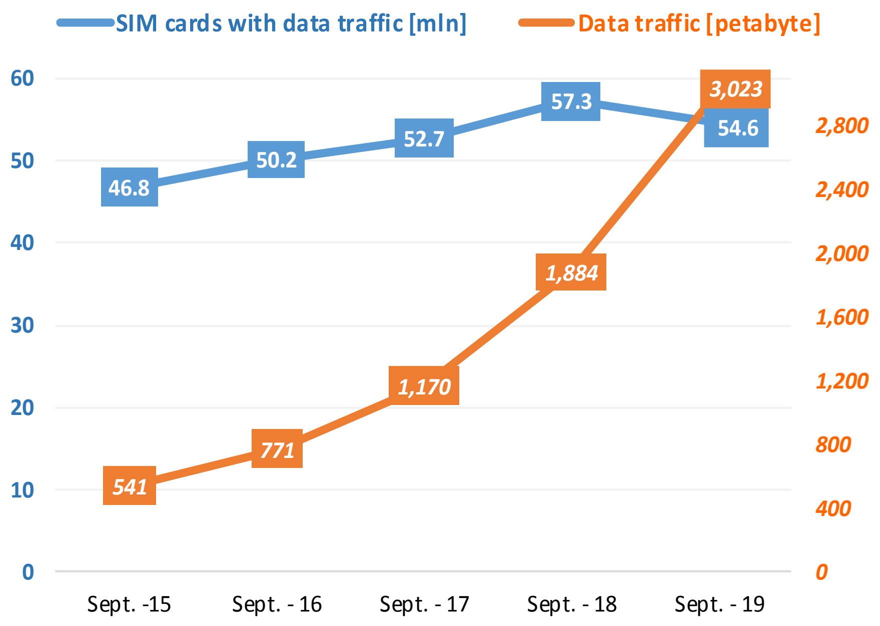
Difference vs. September 2018 (percentage points)

- At the end of September 2019, **prepaid SIM** cards reached **69.7** million units (**86.5%** of total lines), with a decrease of **2.1** million units YoY (**-5.3** million units since September 2015)
- At the end of September 2019, **postpaid SIM** cards reached **13.5** million units (**13.5%** of total lines), with a decrease of **0.6** million units YoY

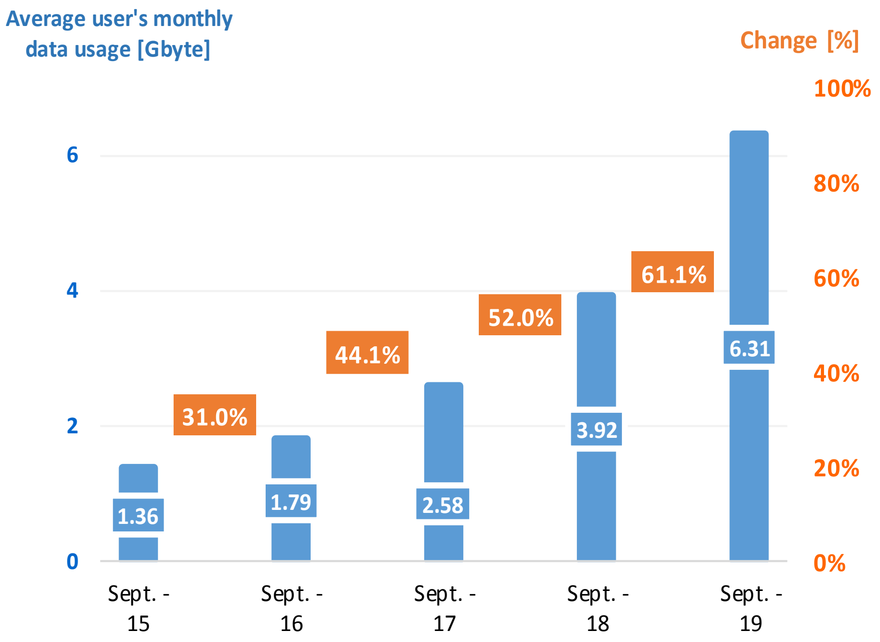
- In the **prepaid segment**, Wind Tre, despite a reduction (**-2.7** pp), retained the leadership position with a market share of **30.3%**
- In the **postpaid segment**, the three main operators represent **97%** of the segment

1.9 Mobile data traffic

Data traffic since the beginning of the year

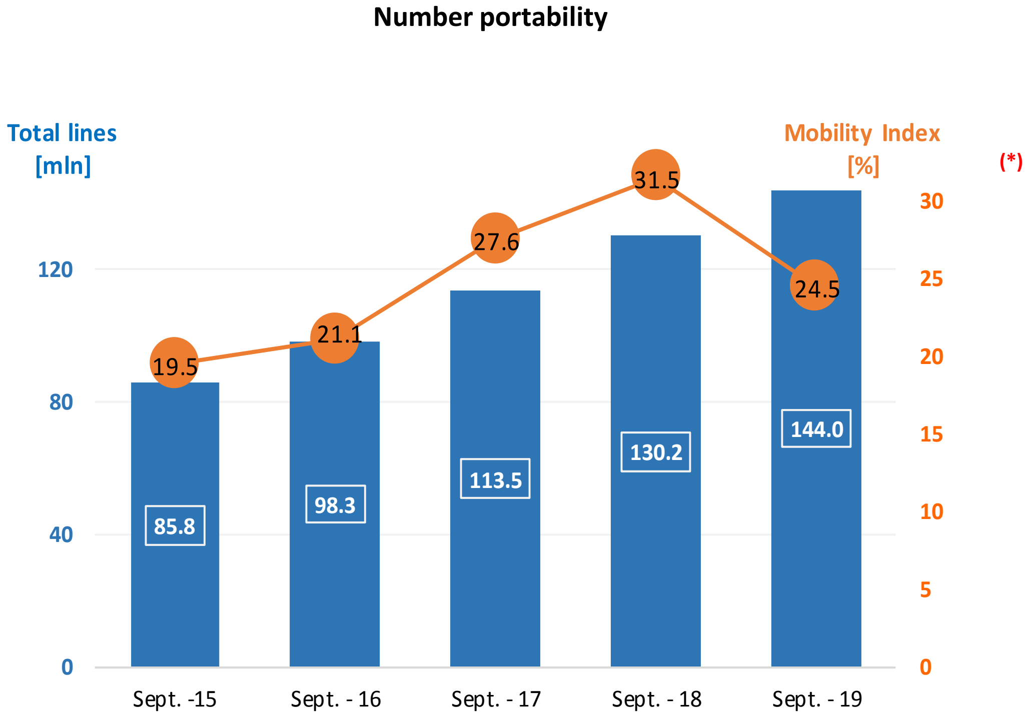


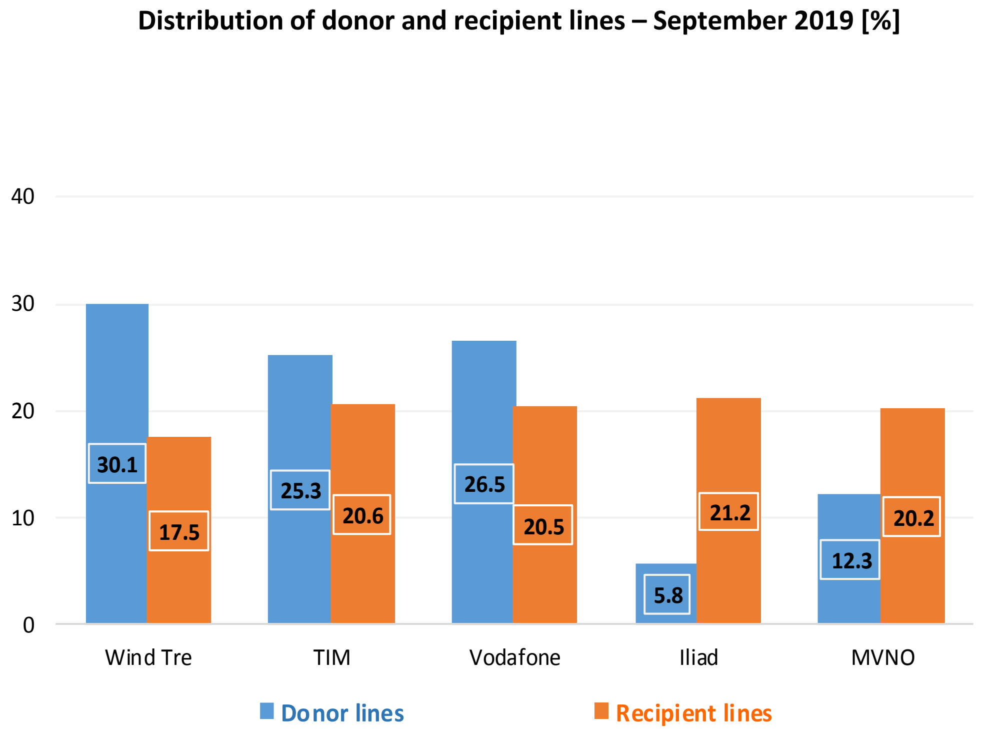
Average mobile data consumption



- Since September 2015, the number of SIM cards with data traffic has increased from the **50%** to the **70%** of the overall «human» SIM cards
- Overall data traffic increased by about **60.4%** compared to September 2018
- At the end of September 2019, the average mobile data consumption per smartphone increased by over than **60%** (YoY), from **3.92** to **6.31** Giga byte per month

1.10 Mobile number portability

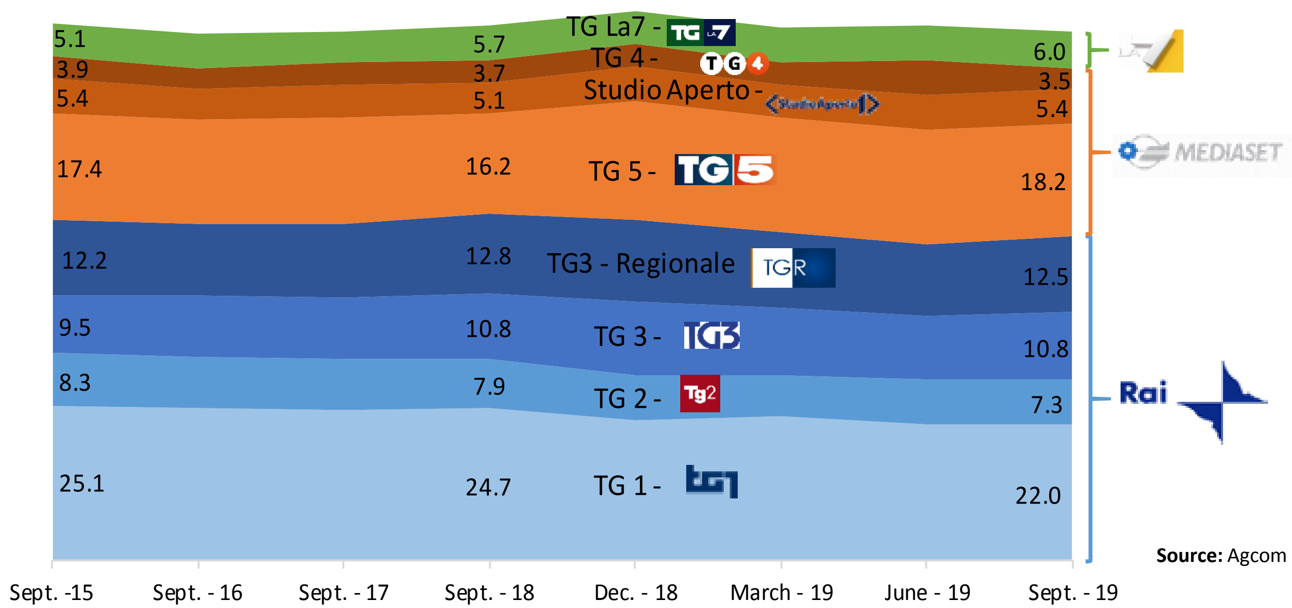




- At the end of September 2019, the total amount of mobile number portability operations exceeded **144** million of units; **13.8** million operations between September 2018 and September 2019
- On a yearly basis, the net «donating-recipient» balance has worsened for TIM (**-649** thousand lines), for Wind Tre (**-1,738** thousand lines) and Vodafone (**-831** thousand lines) whereas it has improved for Iliad (**+2,123** thousand lines) and for MVNO operators (**+1,095** thousand lines)
- At the end of September 2019, the «Mobility Index»(*) was **24.5%**

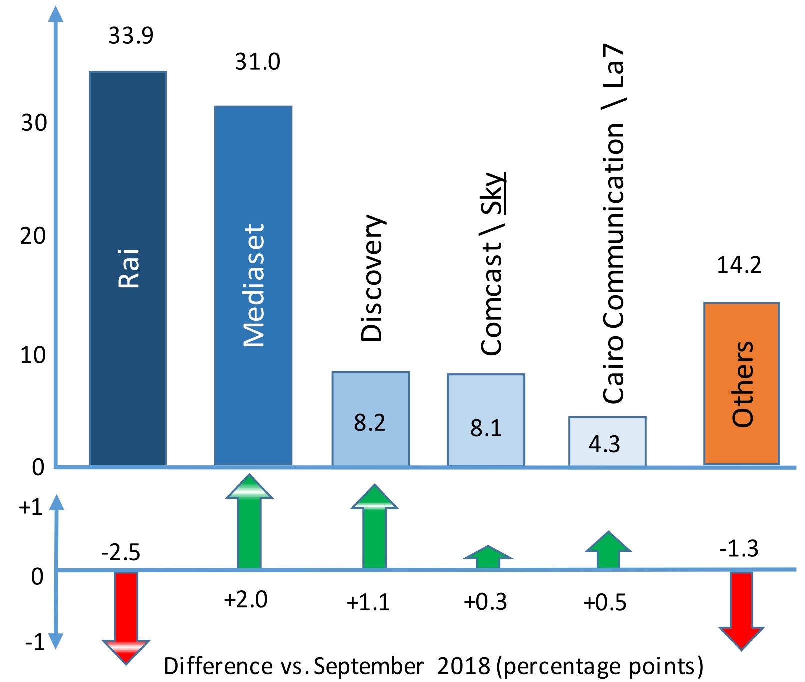
(*) – Ratio between (i) total donating lines plus total recipient lines since the beginning of the year, and (ii) the corresponding average costumer base

Evening news programs audience on an average day - (Sept. 2015 – Sept. 2019) [%]



Source: Agcom elaboration on Auditel's data

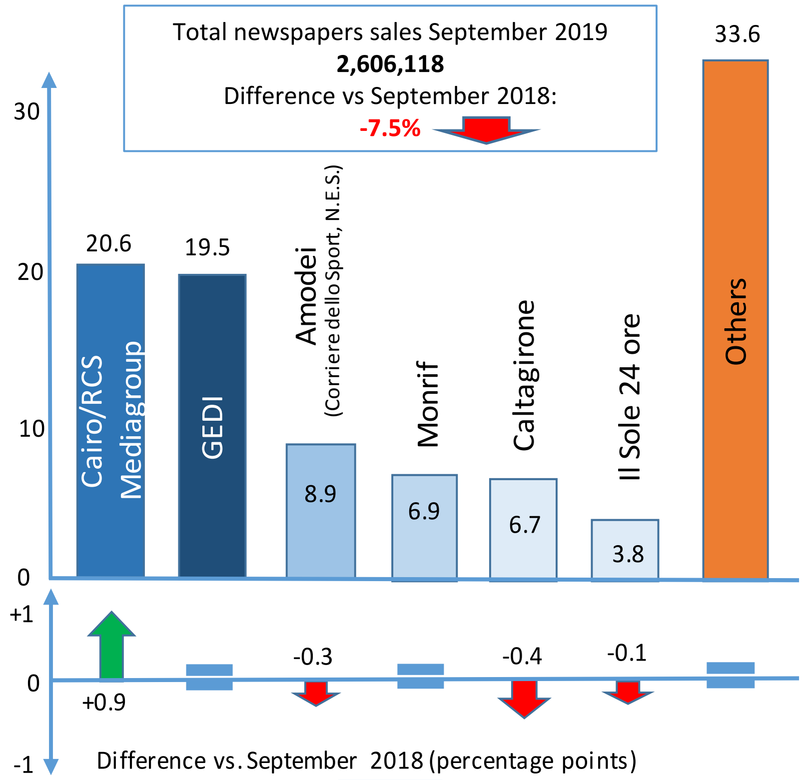
Audience on an average day – June 2018 [%]



- Over the whole period considered, from September 2015 to September 2019, the evening news program audience of the two most important players, Tg 1 and Tg5, has decreased for the first, from **25.1%** to **22.0%**, and increased for the latter form **17.4%** to **18.2%**

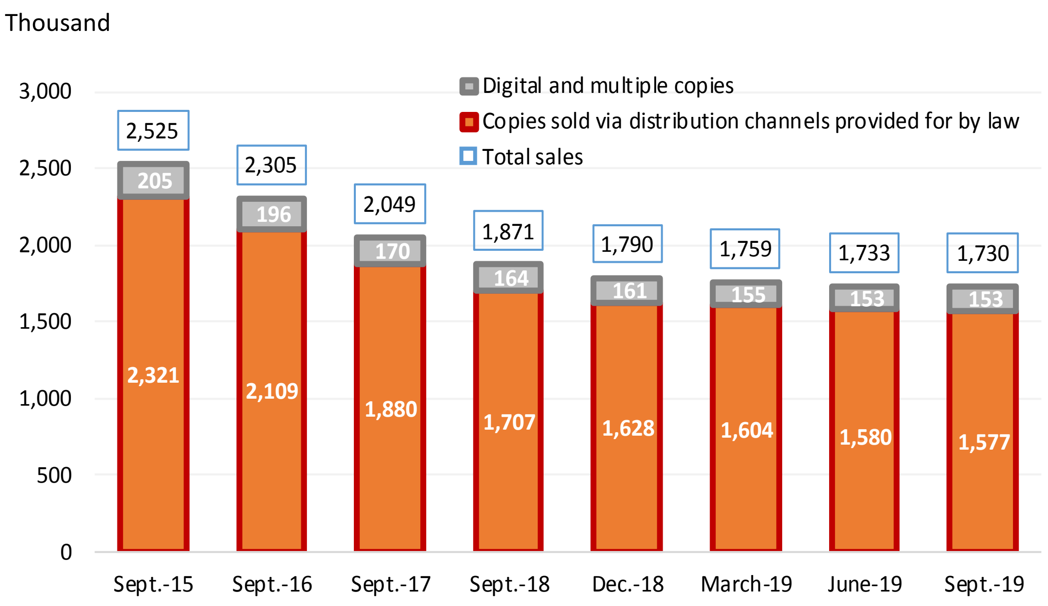
- Rai, with over **3** million viewers on the average day, holds the leadership in terms of share (**33.9%**), with a decrease of **2.5** pp YoY
- In the same period, the audience of Mediaset (**+2** pp), Discovery (**+1.1** pp), Comcast (**+0.3** pp) and La7 (**+0.5** pp) have increased while the audience of other operators has decreased (**-1.3** pp)

Newspapers' sales by editorial groups – September 2019



Source: Agcom elaboration on data from ADS and IES

Newspapers' sales by 7 major editorial brand and type of distribution channels September 2019 [%]

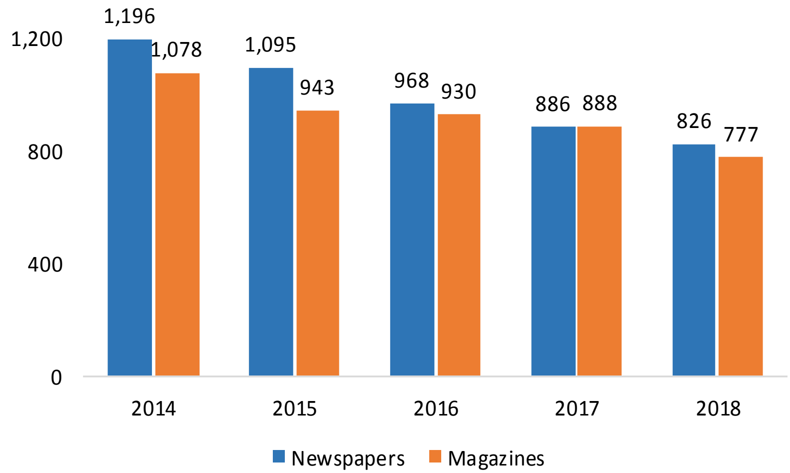


- Newspapers' sales showed an overall **7.5%** reduction YoY (**-212** thousand units)
- Only the leader in the sale of newspapers (Cairo/RCS Mediagroup) shows a positive changes YoY (**+0.8** pp)

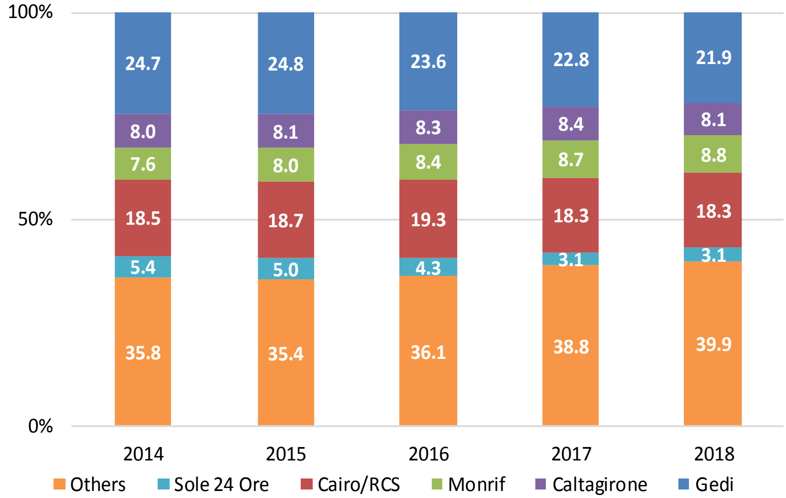
- Printed newspaper sales show a structural reduction of **8%** from September 2018 (**-32%** since September 2015)
- The number of digital copies sold remained stable compared to September 2018 (**-25%** since September 2015)

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

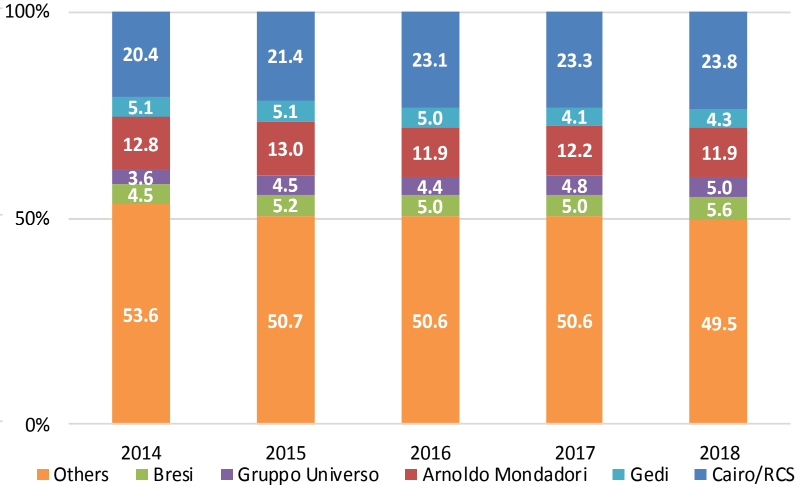
Copies sold [mln of units] (**)



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



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



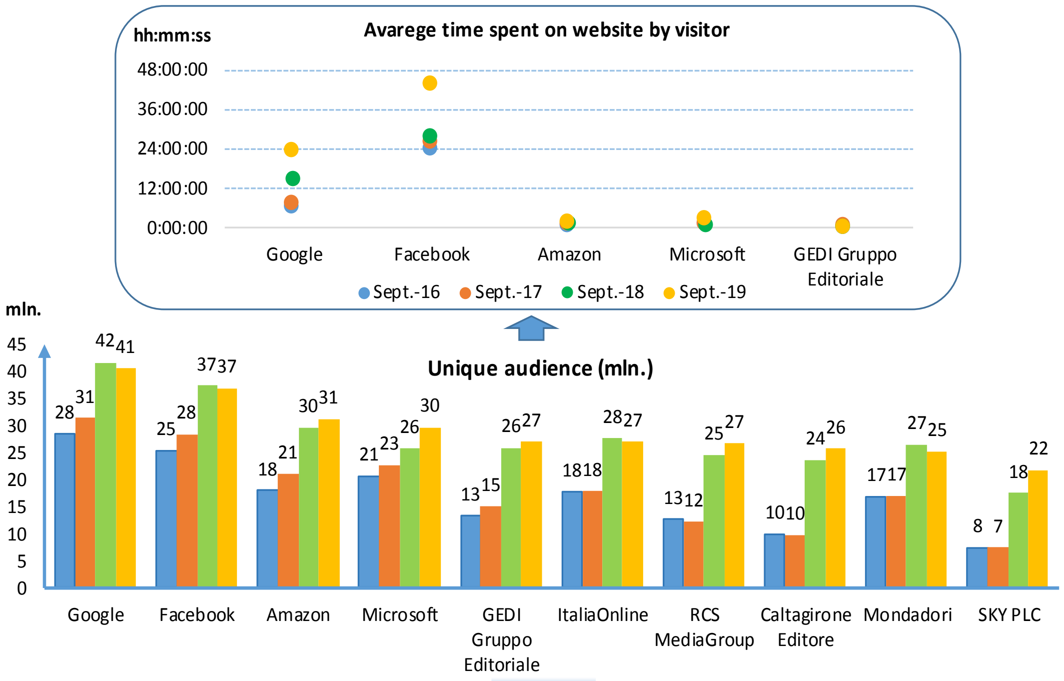
Source: AGCOM elaborations on data from IES (Informativa Economica di Sistema)

- The average annual reduction of total copies sold in daily publishing (Newspapers), in the years between 2014 and 2018, is equal to **8.9%** (**-31%** from 2014 to 2018)
- Similar results can be observed for periodical publishing (Magazines), with an average annual reduction rate of **7.9%**, and a decrease rate of **27.9%** from 2014 to 2018

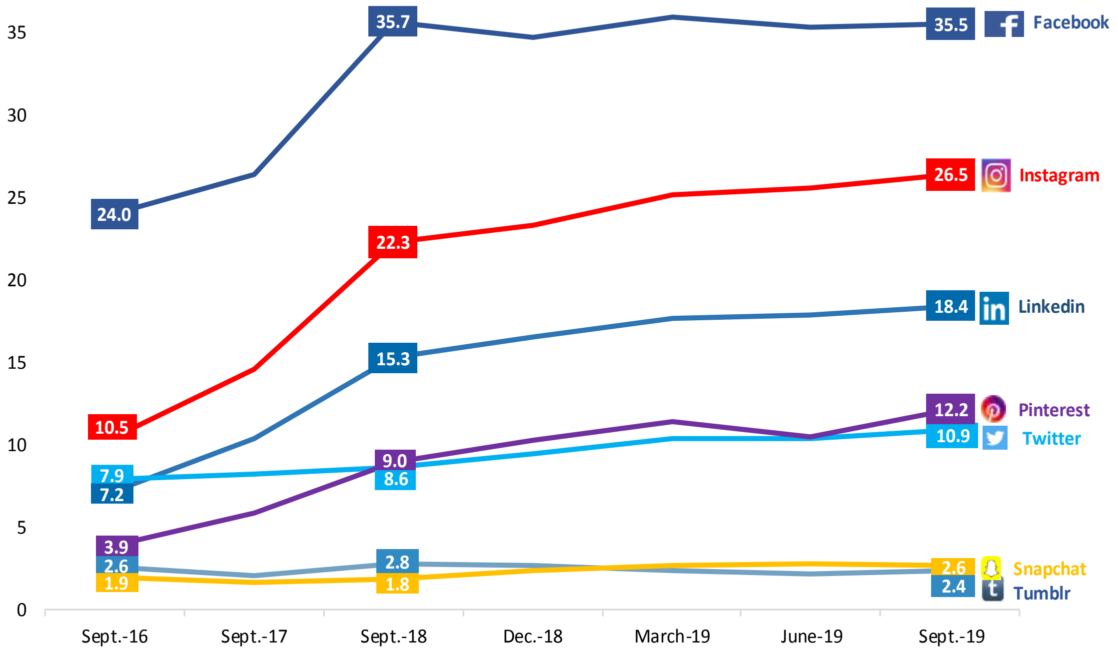
- In 2018, in terms of copies sold, the main operator in the daily publishing sector is the Gruppo GEDI (**21.9%**), followed by the Gruppo Cairo/RCS (**18.3%**) and Monrif (**8.8%**)
- The periodical publishing sector, by its nature, is characterized by a greater number of publishers, consequently smaller companies represent around the **50%** of the volumes
- In 2018, in terms of copies sold, the main operator in the periodical publishing sector is the Gruppo Gruppo Cairo/RCS (**23.8%**), followed by Mondadori (**11.9%**) and Bresi (**5.6%**)

(*) - Data are census and are, therefore, not directly comparable with similar sample-based analysis
(**) - Data refer to paper copies
(***) - The time 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

Audience on an average day [%] and the average monthly time [mln. minutes] spent on website by visitors - Sept. 2016, Sept. 2017, Sept. 2018, Sept. 2019 -



Audience of the major social network in % – September 2019

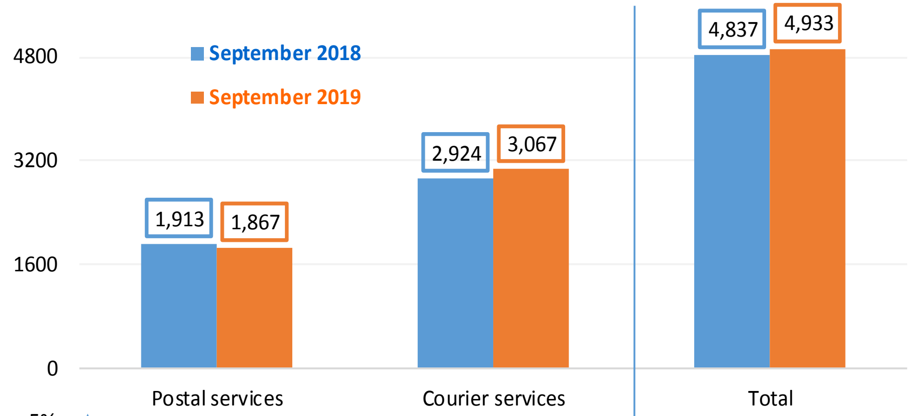


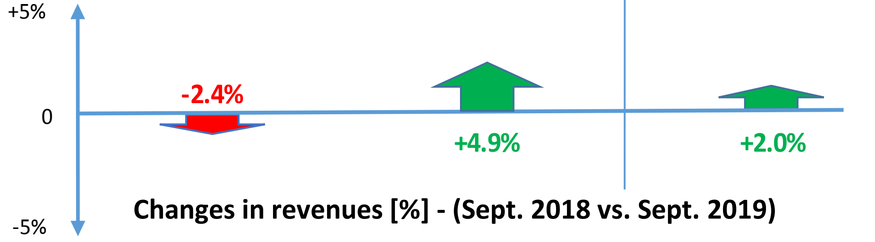
- Google and Facebook parent entities (brands aggregation) hold the leadership in terms of unique reach
- Overall, the unique audience of national platforms (Italiaonline, Mondadori, GEDI, RCS Mediagroup) show a growth
- In September 2019, Facebook has experienced an increase in the average time spent on its web page compared to September 2018
- In September 2019, **41.6** million unique users connected to the Internet, for around a total amount of **113** hours of surfing per person per month

- Among social networks, in September 2019, Facebook, with over **35.5** million unique users equal to **85.3%** of surfers, confirms its position as a market leader
- Instagram, with a growing trend year after year, follows in the second position with **26.5** million unique users

3.1 Postal services and express couriers: revenues

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

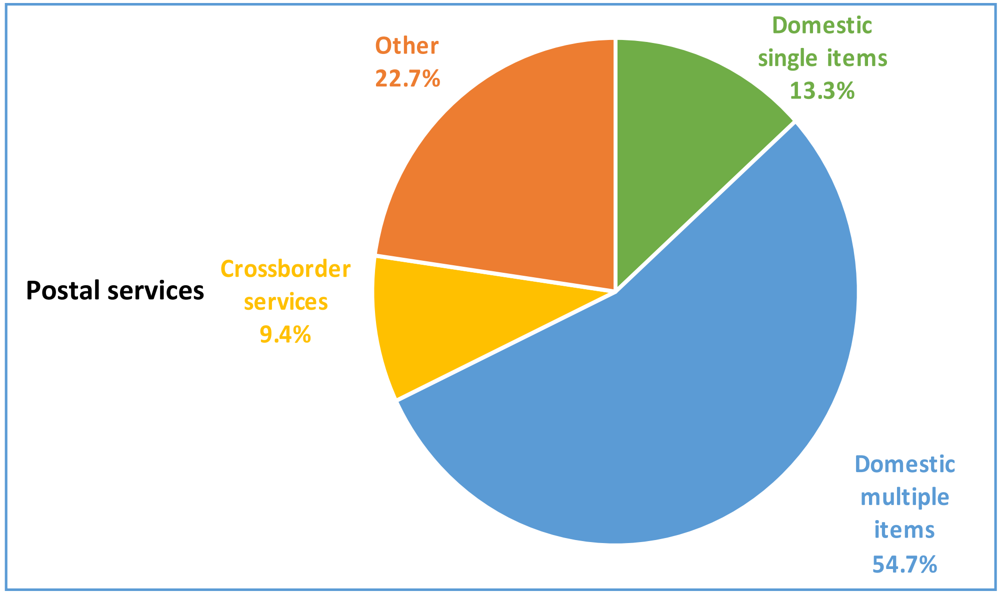


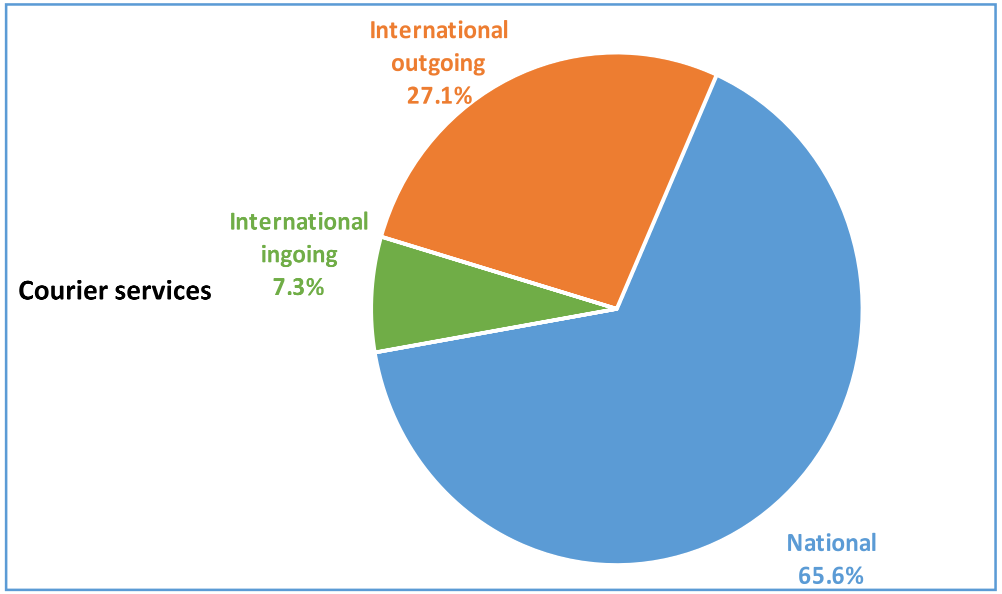


Changes in revenues [%] - (Sept. 2018 vs. Sept. 2019)

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.

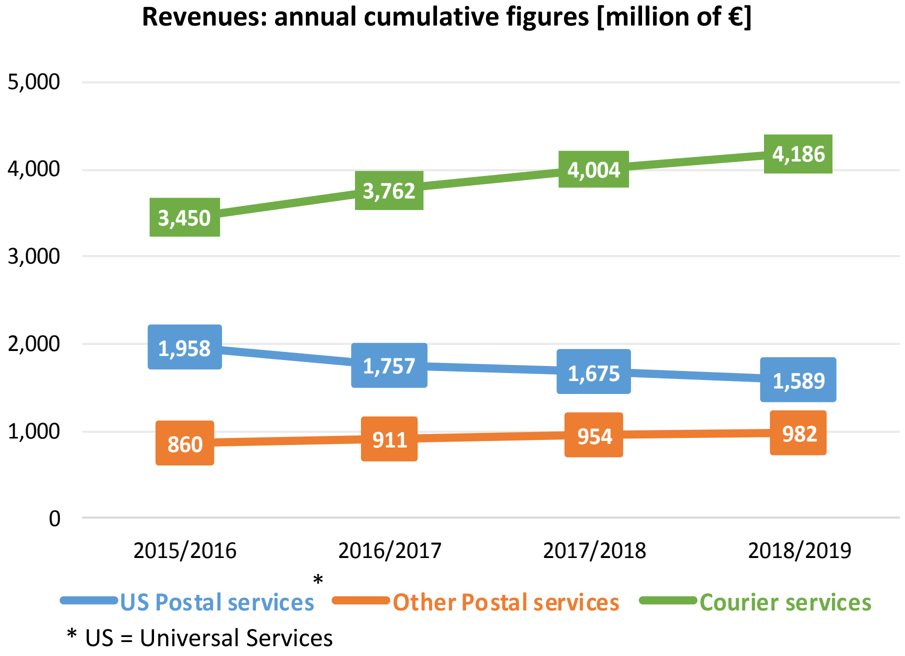
Revenues by source type - September 2018 [%]

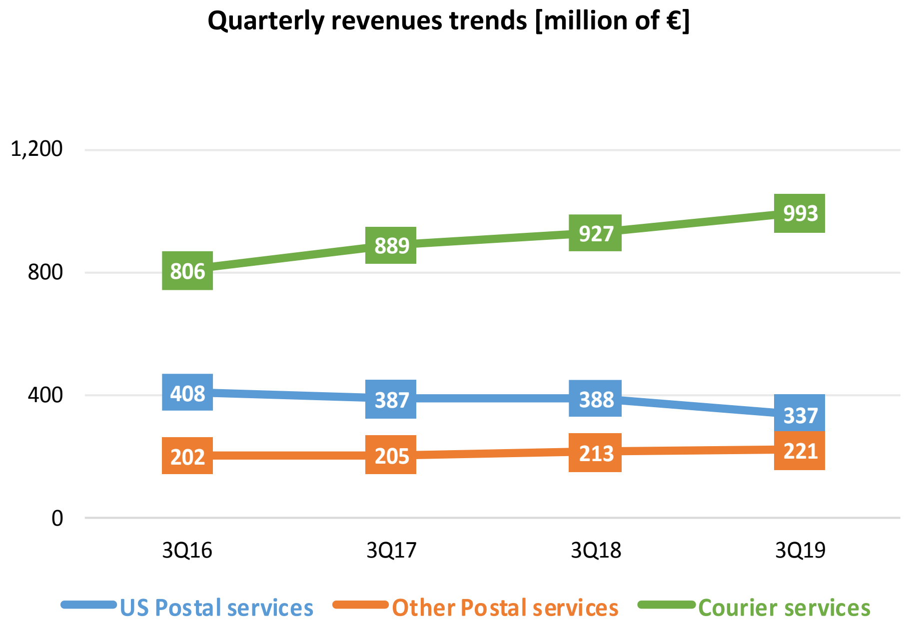




- At the end of September 2019, overall revenues are about **4,933** million of €, with an increase of 2% YoY
- YoY, postal services’ market has shown a decline in revenues (-2.4%); about **55%** of revenues are represented by “Domestic multiple items” (-20.3% YoY), while revenues from "Other” services increased YoY (+7.5%), mainly due to "exclusive services" and “parcels delivery”
- YoY, courier services’ market has shown a growth in revenues (4.9%); over **65%** is represented by revenues from services with national sender and receiver (+5.4%); overall international deliveries increased by 3.9%

3.2 Postal services and express couriers: revenues historical trend

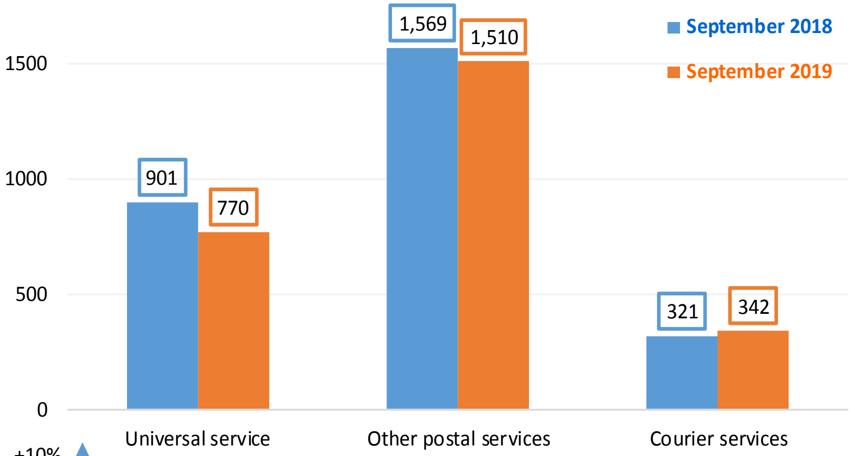


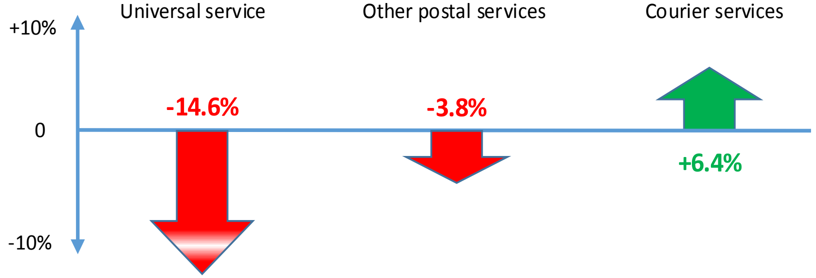


- Postal services: over the last four years, revenues from Universal postal services (US) have decreased by **18.9%** (from **1,958** to **1,589** million €), while revenues related to other postal services have grown by **14.2%** (from **860** to **982** million €)
- Courier services: over the four years, it is possible to observe a **21.3%** increase in revenues (from **3,450** to **4,186** million €)

- Postal services: over the whole period considered, revenues from Universal postal services have decreased by **17.4%**, while revenues related to other postal services have grown by **9.6%**
- Courier services: quarterly revenues shows a **23.3%** increase compared to the first nine months of 2018

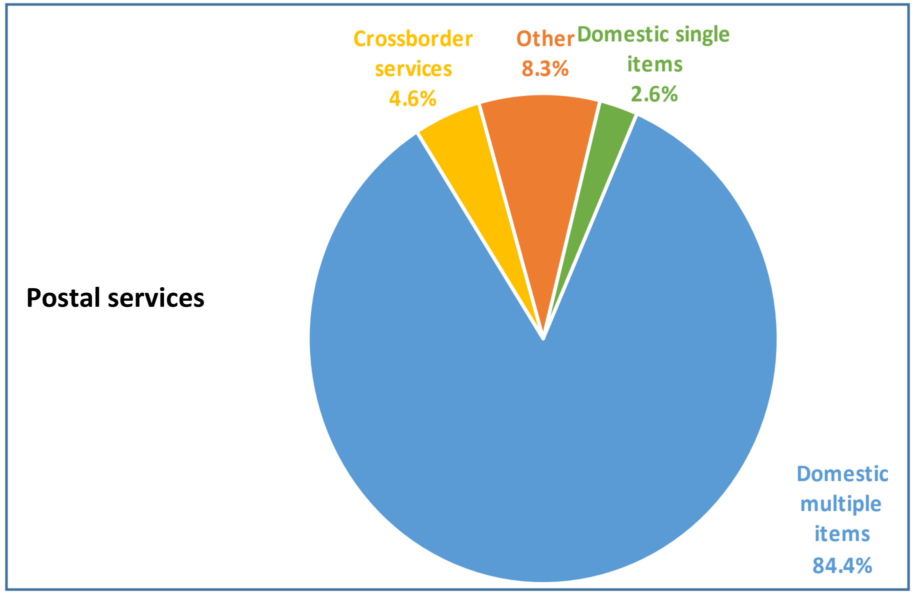
Volumes since the beginning of the year [mln of units]

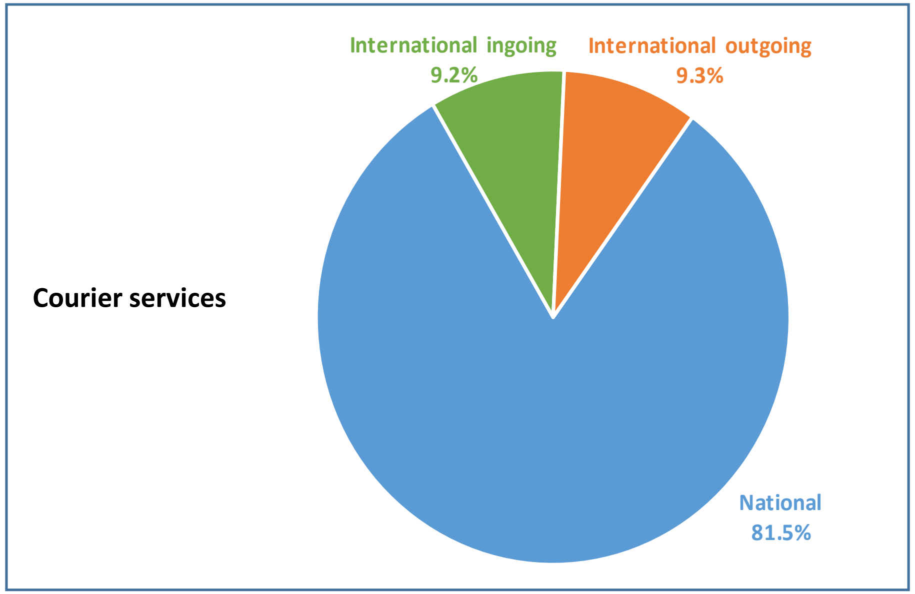




Changes in volumes [%] - (September 2018 vs. September 2019)

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.

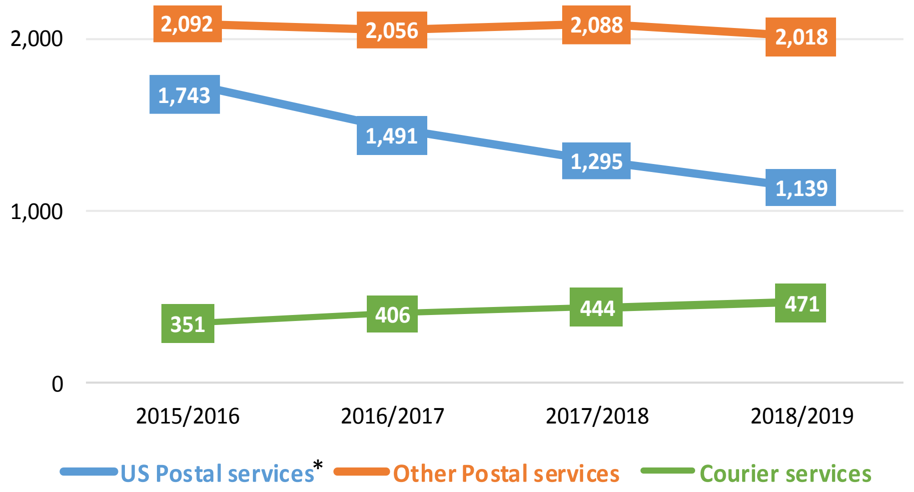




- At the end of September 2019, volumes of universal services (US) amounted to **770** million units, showing a contraction of 14.6% YoY and for other postal services by -3.8% YoY, while volumes have increased by about 6.4% YoY for the courier services segment (**342** million units from the beginning of the year)
- Postal services: “domestic multiple items” account for about **85%** of total volumes
- Courier services: volumes on a national basis grew by 7.1 pp YoY, now accounting for about **82%** of total volumes; over the same period, the volumes of services based on delivery or reception to and from foreign countries show a lower growth rate (+3.5% pp)

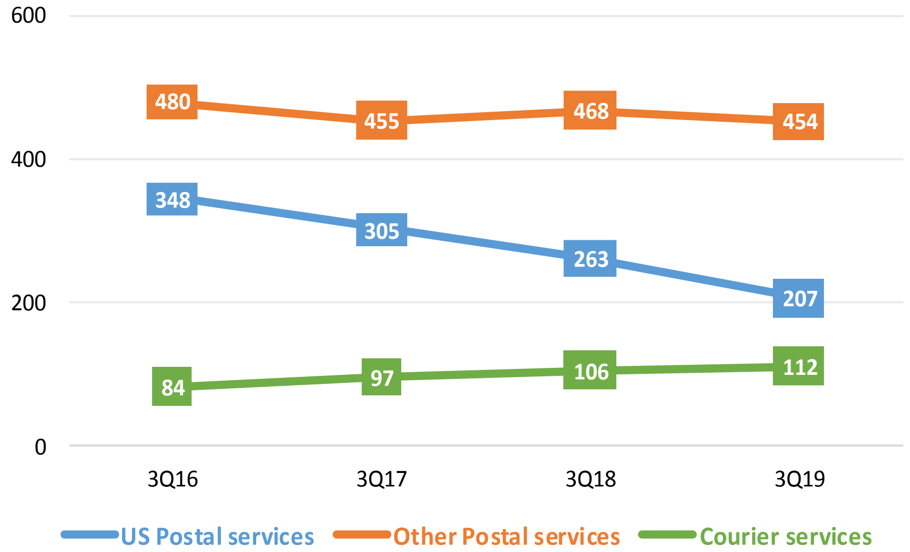
3.4 Postal services and express couriers: volumes historical trend

Volumes: annual cumulative figures [million of units]



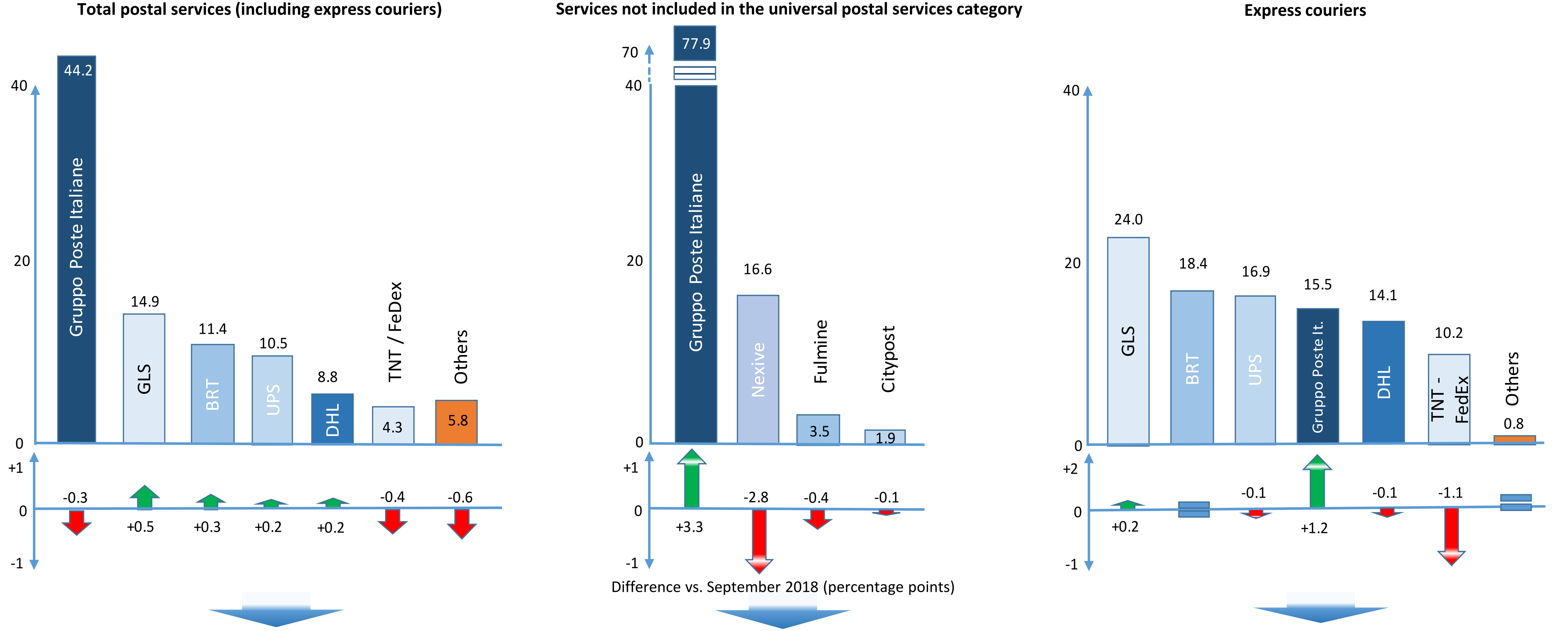
* US = Universal Services

Quarterly volumes trends [million of units]



- Postal services: over the last four years, volumes from Universal postal services have decreased by more than **34%**; the volumes related to other postal services remained quite stable
- Courier services: over the last four years, it is possible to observe a **34.3%** increase in volumes (from **351** to **471** million units)

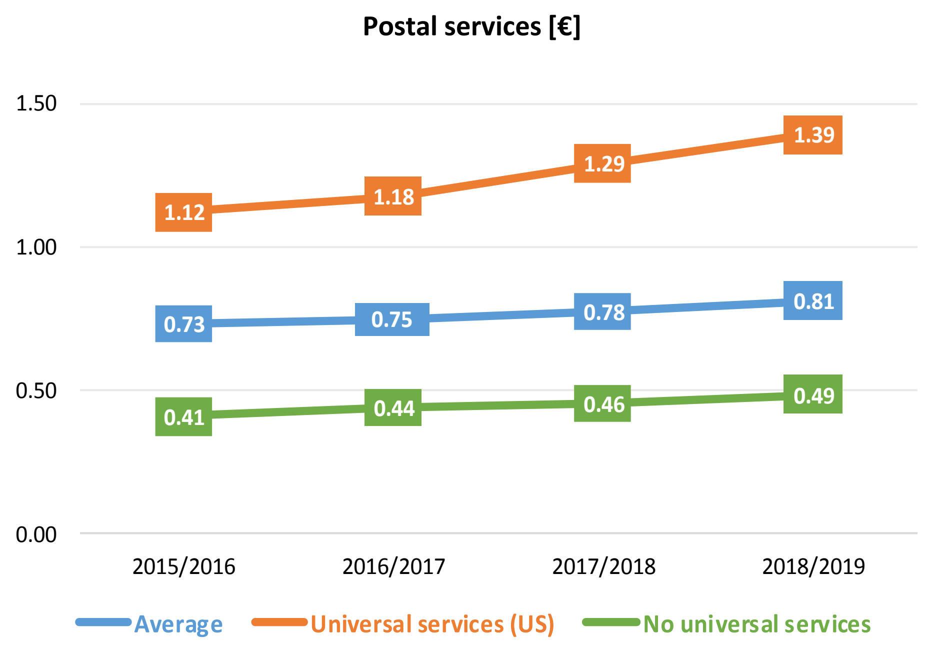
- Postal services: over the whole period considered, it is possible to observe an average reduction of **20%**, due to the decrease in universal services volumes (**-40.4%**)
- Courier services: quarterly volumes show a **33.9%** increase between 3Q2016 and 3Q2019, and **+5.6%** growth compared to the quarterly value of September 2018

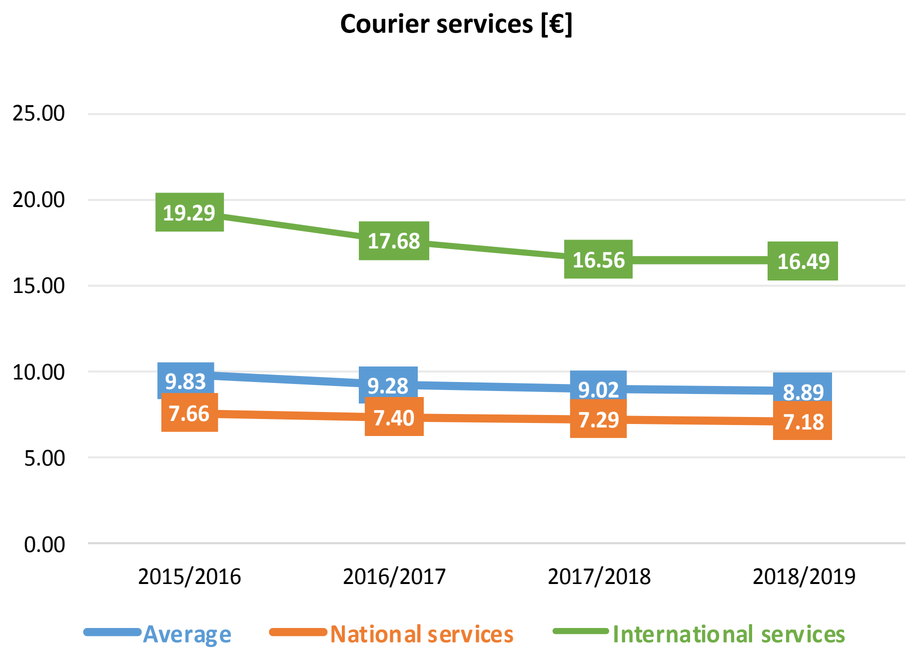


- Poste Italiane is still the first postal operator, and its share has shown a decrease **0.3** pp (YoY)
- The aggregate market shares of GLS, DHL, BRT, UPS and TNT-FeDex is around the **50%**

- In the segment of services not included among the universal postal services, Poste Italiane, as a consequence of its historical monopolistic position, still holds **77.9%**

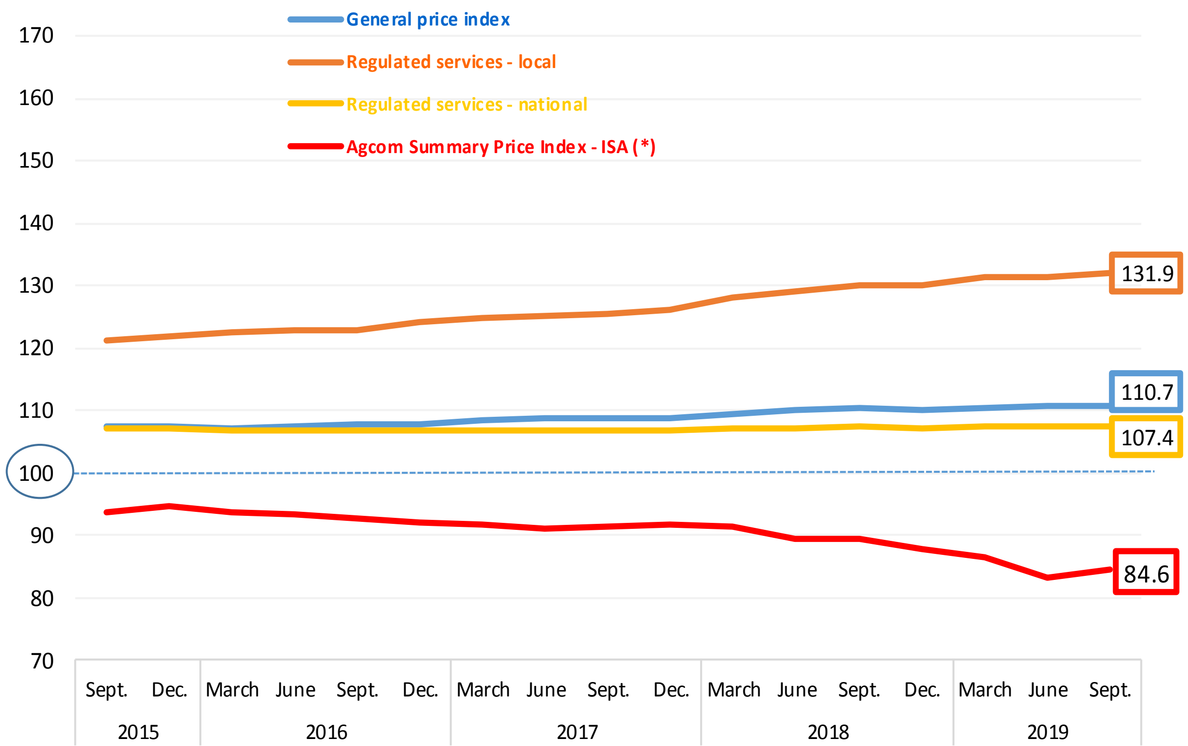
- The market share's scenario of express courier services at the end of June 2019 shows a stronger competition among operators

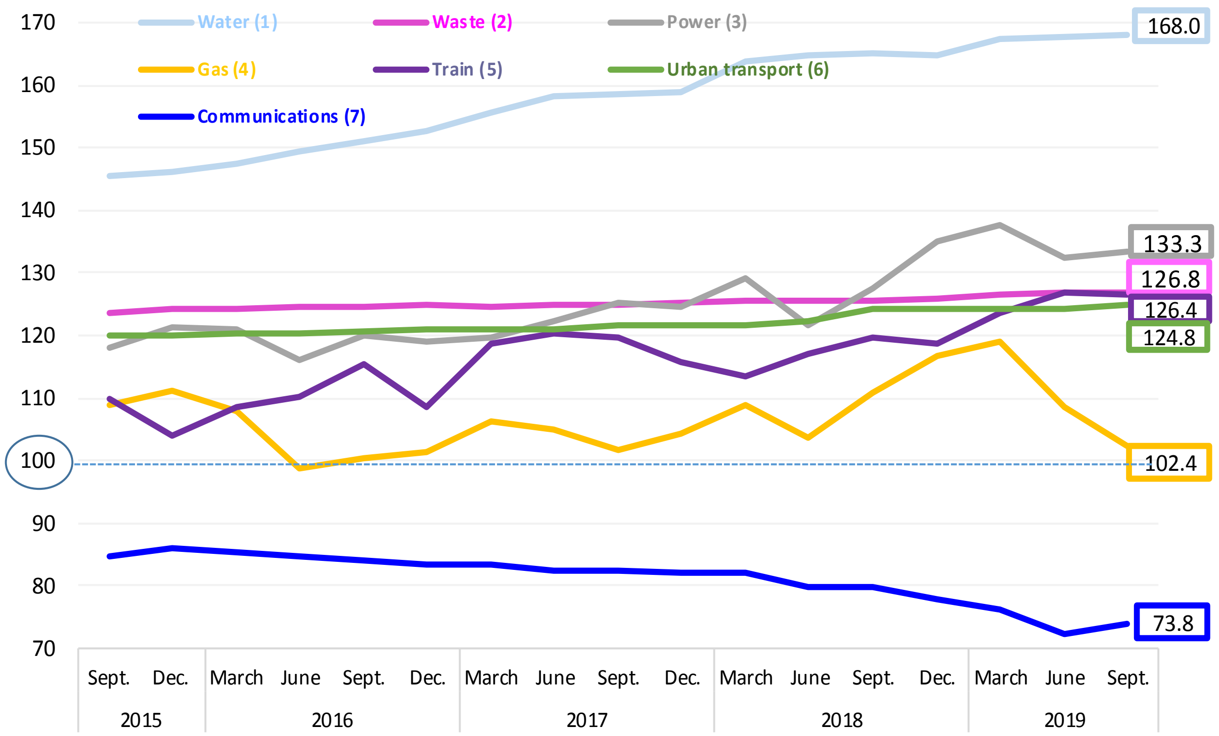




- Over the last four years, the average unit revenue has grown by 10.8% and is equal, for the period September 2018 – September 2019, to € **0.81**
- The unit revenue of services included in the universal services is above the average (**€ 1.39**), while that of other services is below the average (**€ 0.49**)

- Over the last four years, the average unit revenue has decreased by 9.6% and is equal to **€ 8.89** for the period September 2018 – September 2019
- Unit revenue of international services is above the average (**€ 16.49**), while that of national services is below the average (**€ 7.18**), and both show a reduction as compared to the period September 2015 – September 2016



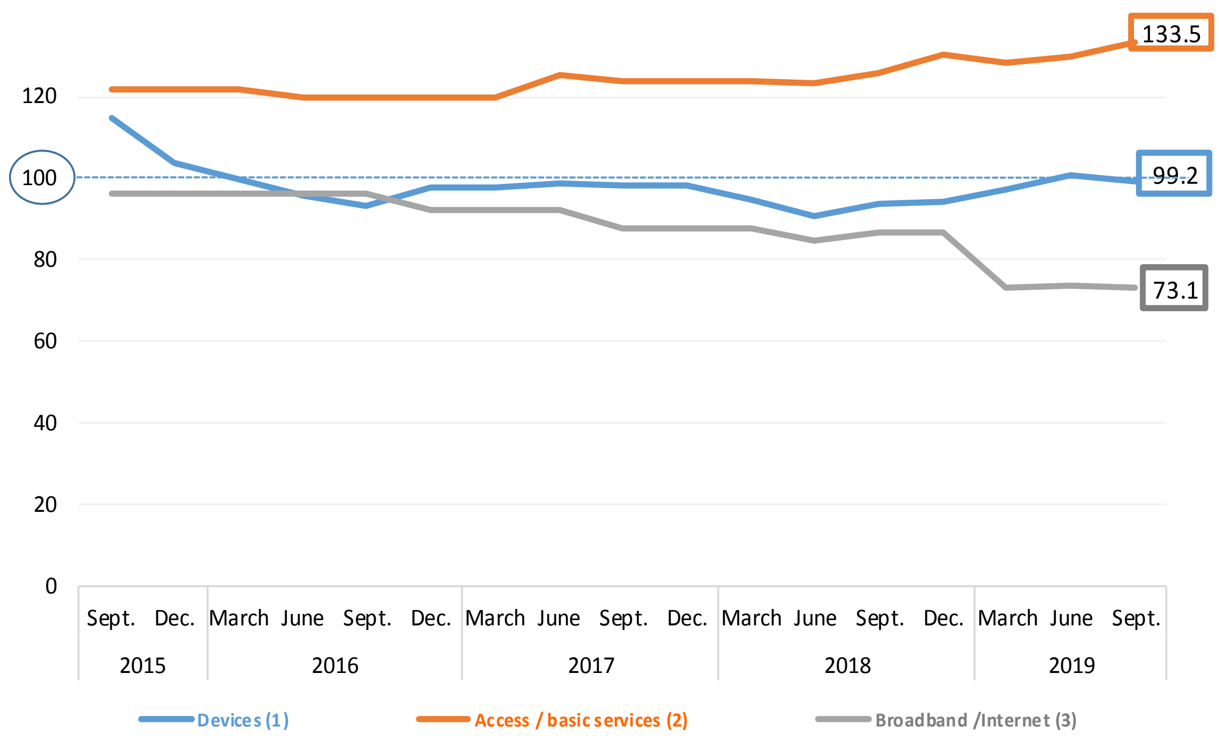


Istat Services Codes:

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

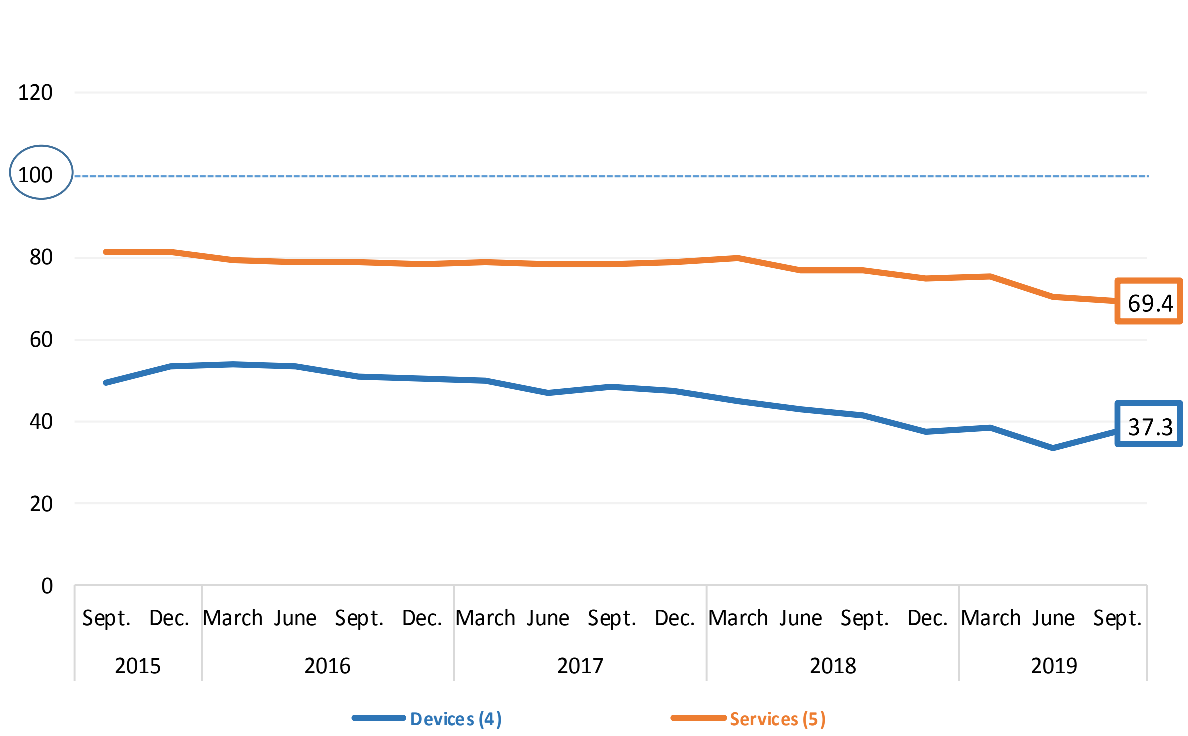
* The ISA («Indice Sintetico Agcom») price index includes postal services, services and devices for fixed and mobile telephony, public TV license fee, pay TV, newspapers and magazines (10 items). In compliance with the procedure adopted by ISTAT for the indices of consumer prices, the aggregate communications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

Fixed telephony price indices (2010=100)



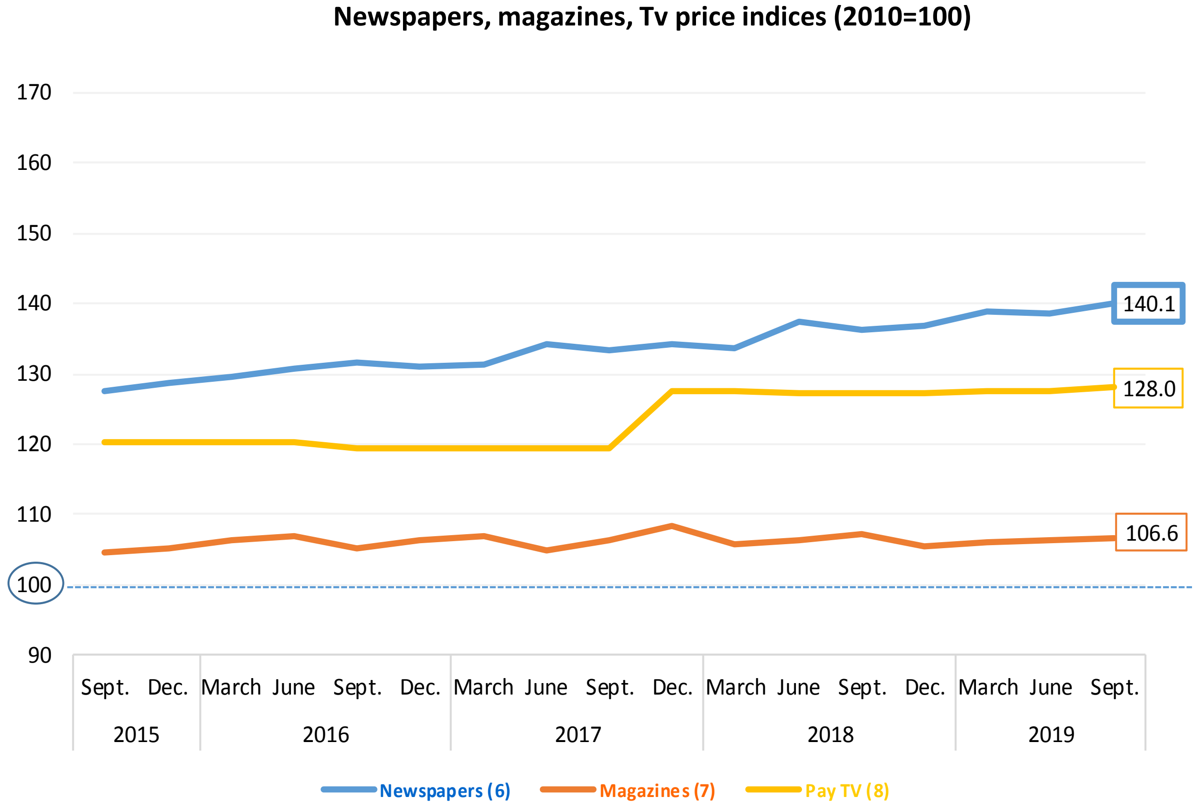
Istat services codes:
(1) 08 20 10
(2) 08 30 10
(3) 08 30 30

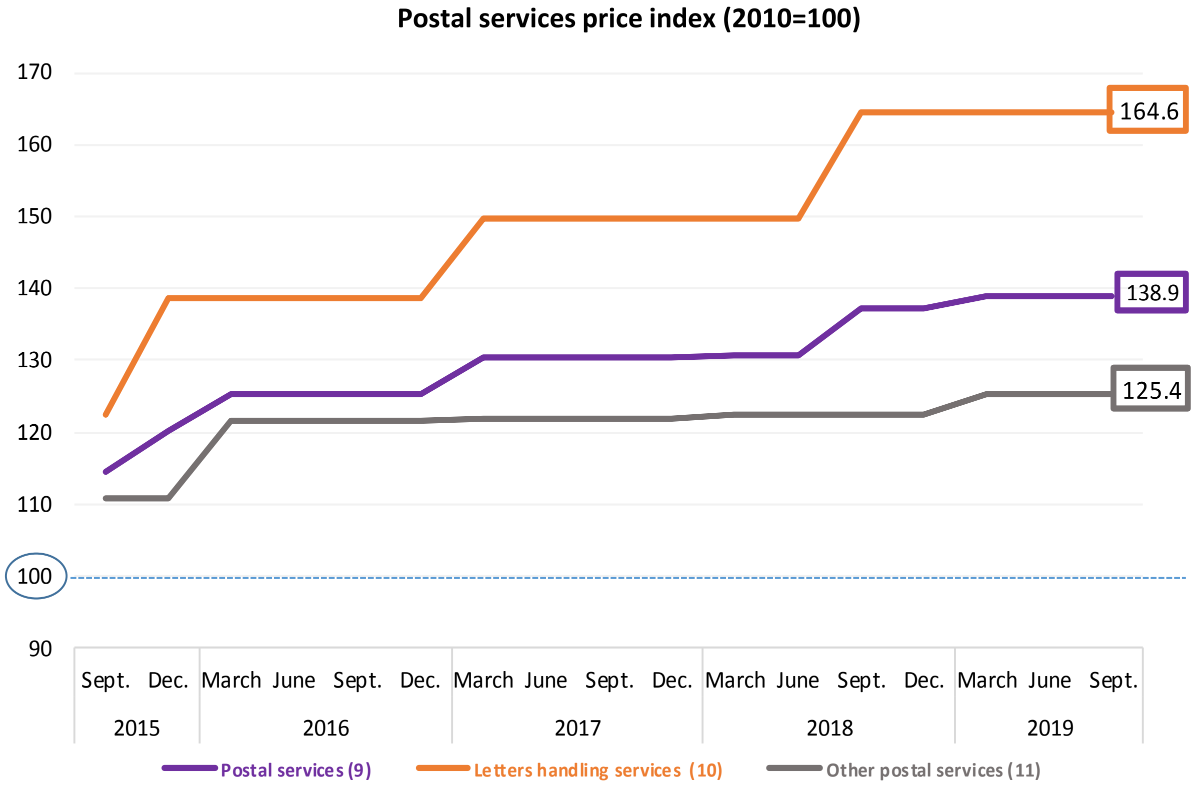
Mobile telephony price indices (2010=100)



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

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

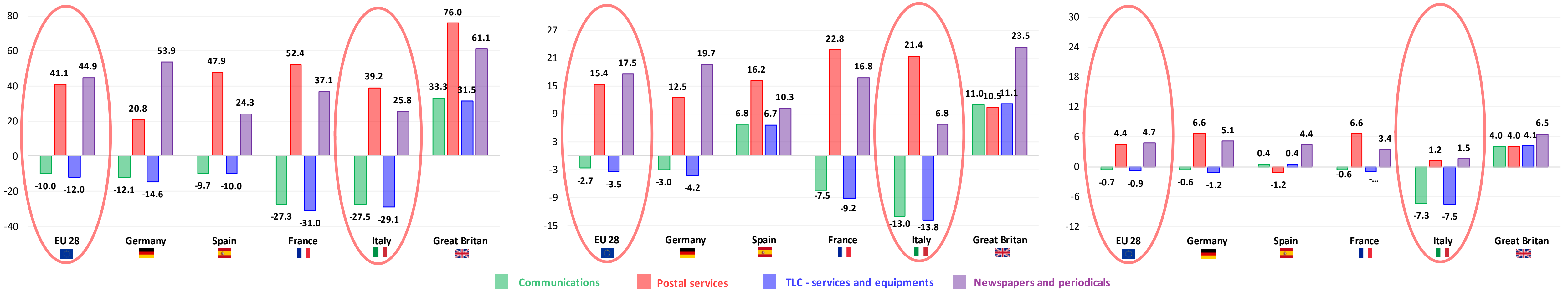




Istat services codes :
(6) 09 52 10
(7) 09 52 20
(8) 09 42 30

Istat services codes
(9) 08 10 00
(10) 08.1.0.1.0.00
(11) 08.1.0.9.0.00

Change in prices – Sept. 2009 vs. Sept. 2019 [%] | **Change in prices – Sept. 2015 vs. Sept. 2019 [%]** | **Change in prices - Sept. 2018 vs. Sept 2019 [%]**



- Since September 2009, in Italy the communications price index has decreased at a faster pace than the EU average: **-27.5%** and **-10%**, respectively
- Since September 2009, the Italian inflation rate of postal services (**+39.2%**) is lower than that of the EU average (**+41.1%**); among the countries analyzed, Germany show the lowest increase (**+6.2** pp)
- Since September 2009, in Italy the newspapers and periodicals price index has increased (**+25.8%**) less than the EU average (**+44.9%**)

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