COMMUNICATION MARKETS MONITORING SYSTEM

no. 3/2018

Index

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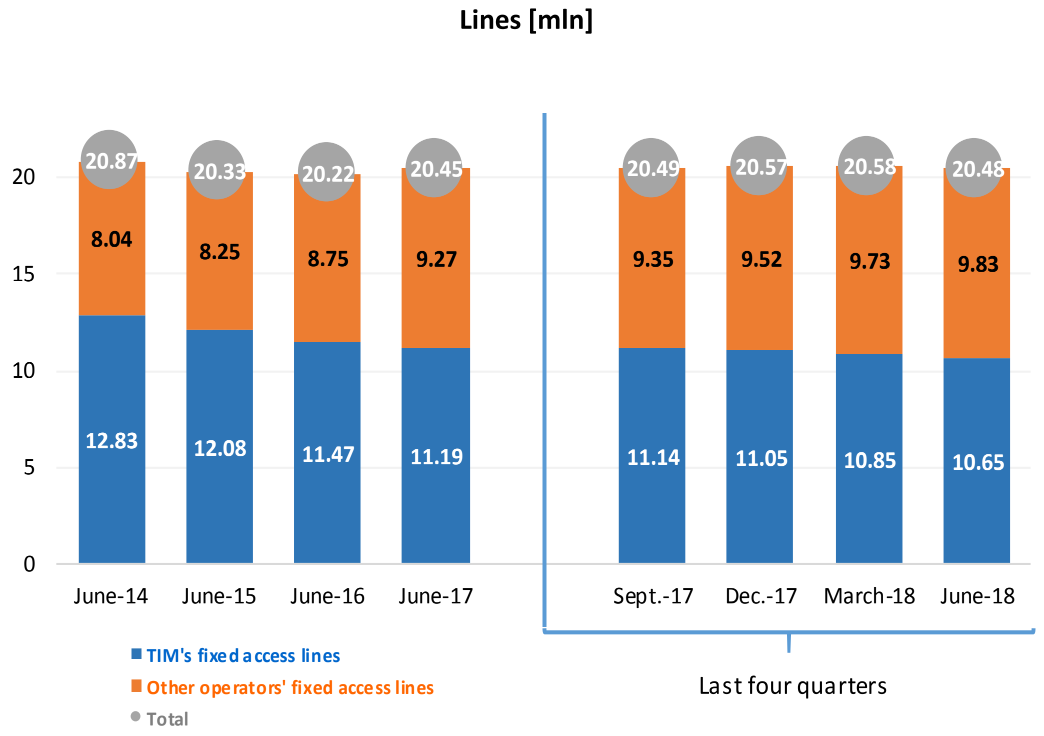
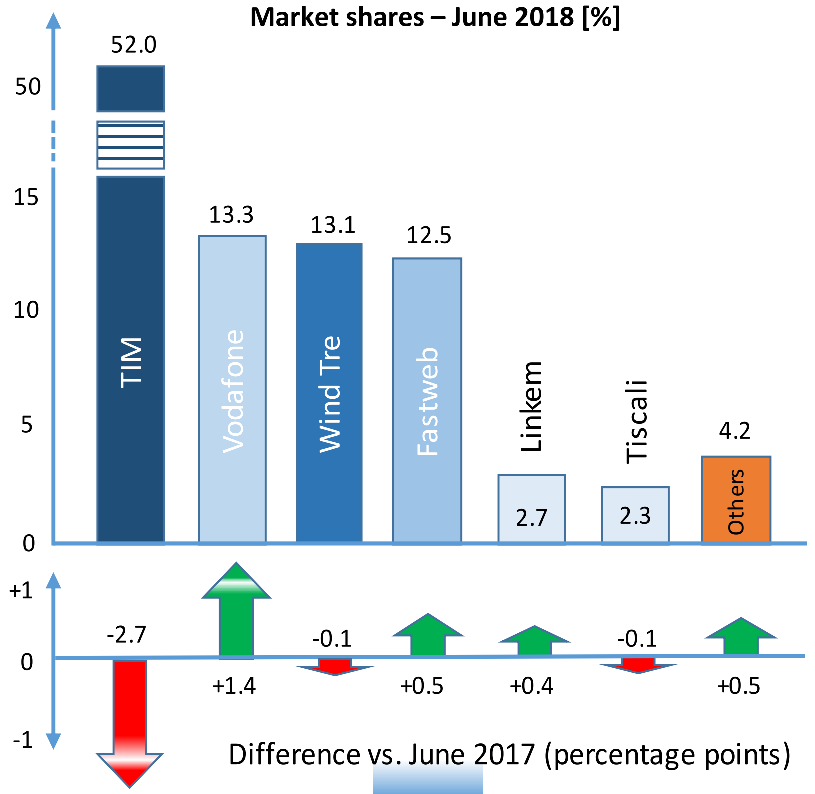
The following figures are based on AGCOM's elaborations on firms' data and other sources (updated to June 2018). Due to changes in firms' accounting methods, some figures cannot be compared directly with those reported in previous issues.



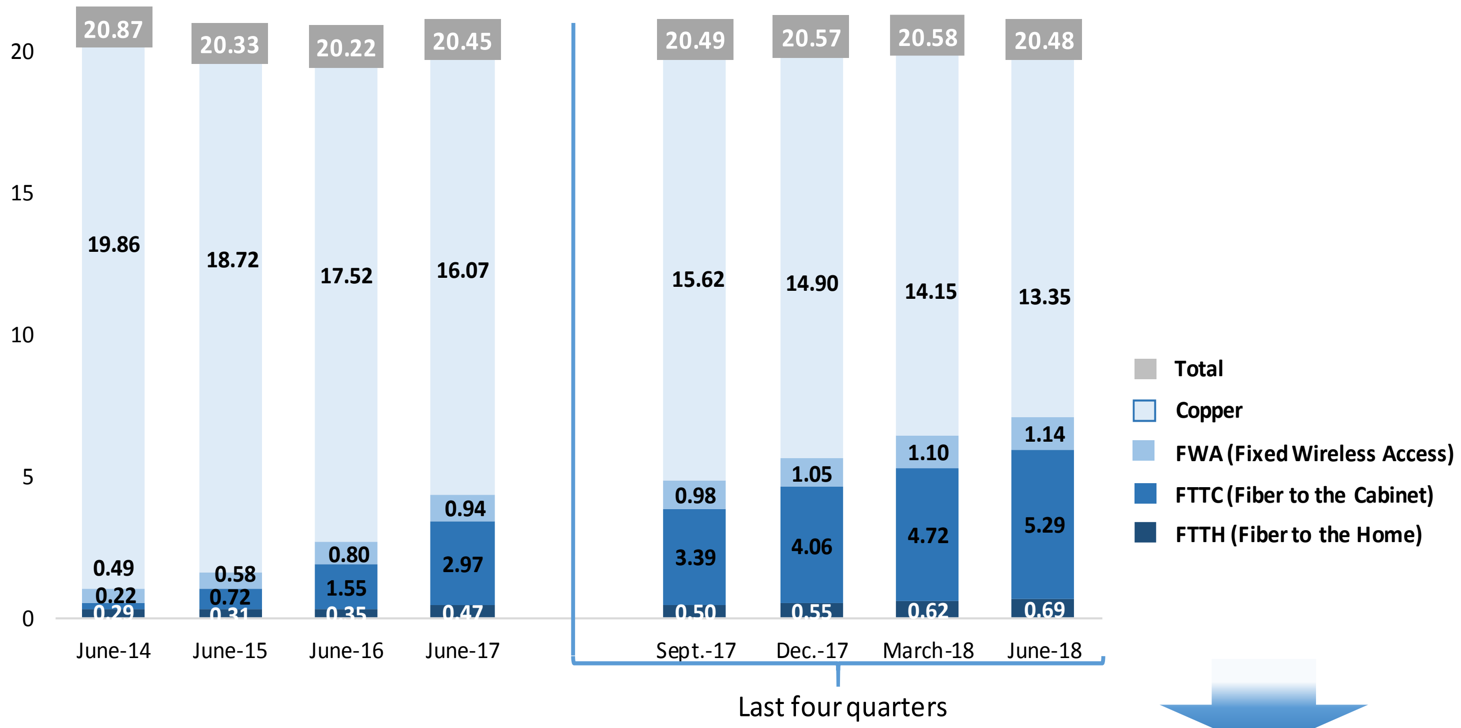


- A decrease in the total number of lines is recorded in the last quarter (the sixth consecutive)
- On a year over year basis, while TIM's access lines have decreased by 540 thousand units, other operators' access lines have increased by about 560 thousand units

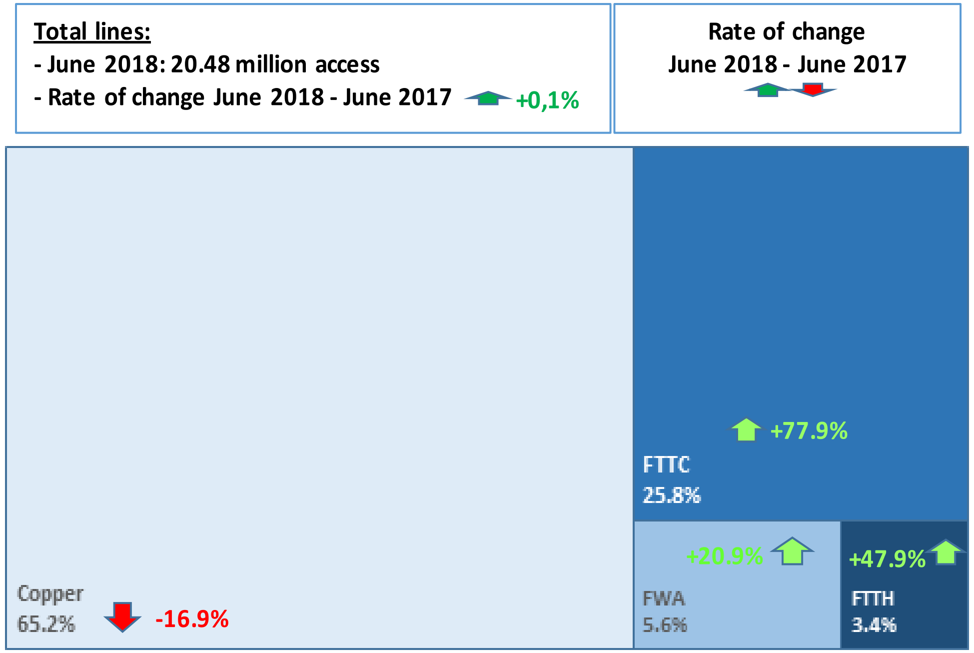
- TIM's market share dropped to **52.0%** at the end of June 2018 (**-2.7** pp)
- Vodafone's market share has reached **13.3%** with a growth of **1.4** pp, Wind Tre's market share has reached **13.1%**, with a decrease of **0.1** pp, and Fastweb's market share amounts to **12.5%** with a growth of **0.5** pp
- Other operators have, as a whole, increased their market share by **0.4** pp (YoY); the increase has been more evident for Fixed Wireless Access (FWA) operators

1.2 Access lines by infrastructure

Lines [mln]

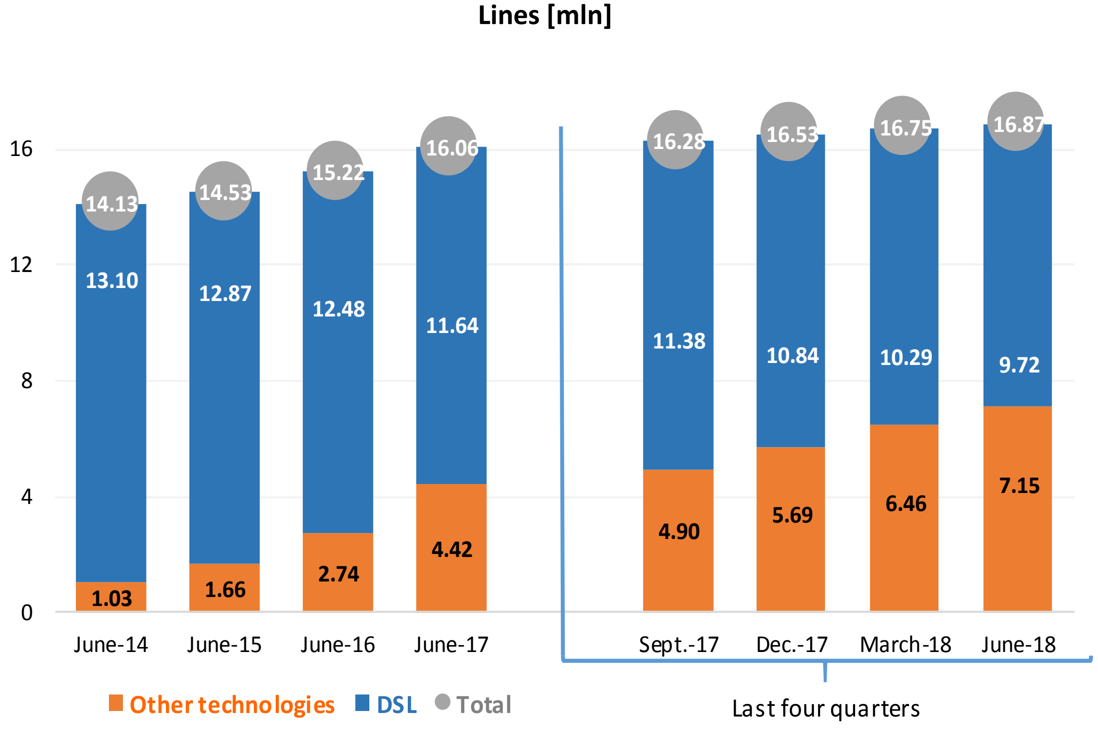


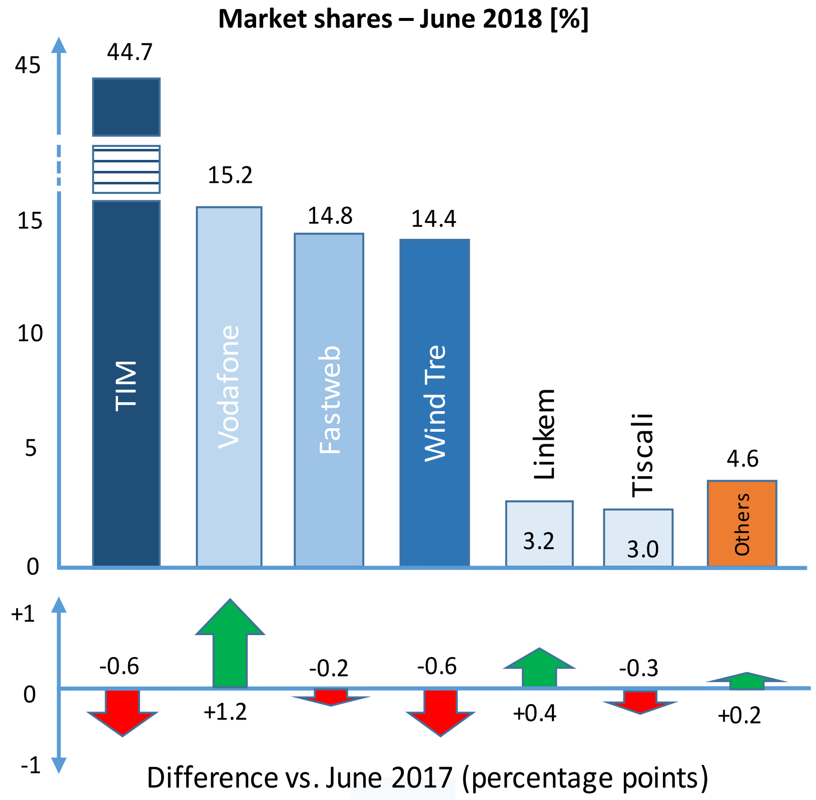
Distribution of fixed access lines by infrastructure and its trend compared to June 2017 [%]



- Access lines through TIM's copper network have decreased by **16.9%** (YoY), and by **33%** as compared to June 2014
- The increase in the number of total accesses (**+0.4%** YoY) reflects primarily the increase in FTTC access services (**+77.9%** YoY), thanks in particular to the growth of the wholesale services offered by TIM, and in 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 **3%** to around **30%** of total access lines
- FWA lines have increased by **20.9%** (YoY), reaching an amount of **1.1** million units

1.3 Broadband and ultrabroadband fixed lines

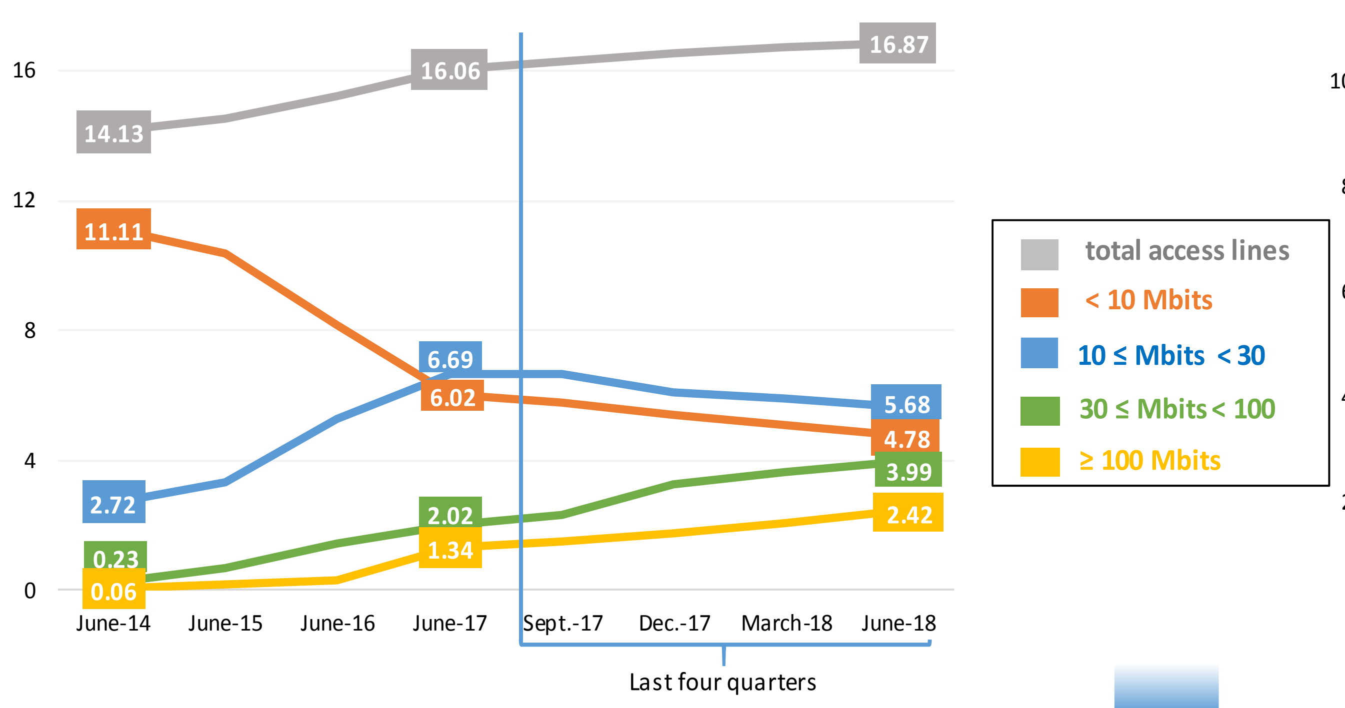


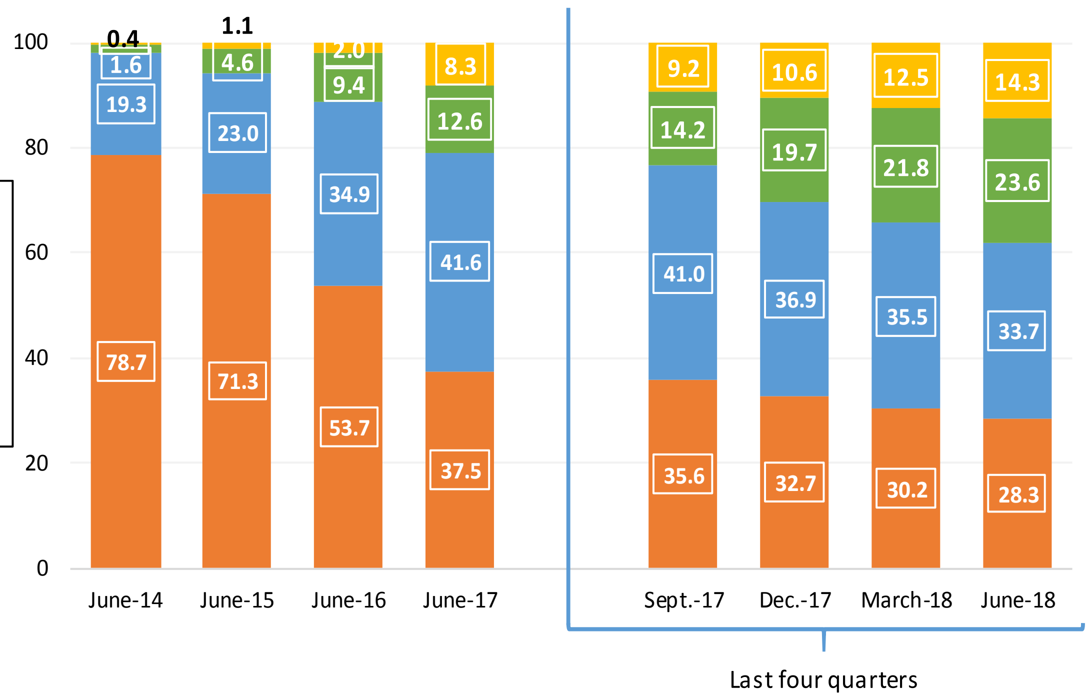


- Broadband lines have increased by about **810** thousand units YoY
- DSL lines (**9.72** million lines) have decreased by about **1.92** million units (YoY), now accounting for the **42%** of broadband lines
- Other technologies, in particular NGA lines, grew from **4.9** to **7.15** million units (YoY)

- TIM's market share has reduced by **0.6** pp (YoY)
- Fastweb's and Wind Tre's market shares have decreased by **0.2** and **0.6** pp (YoY), respectively, while Vodafone's market share has increased by **1.2**
- The cumulative growth of Linkem and other operators' (**+0.3** pp) market share is essentially due to the increase in the number of FWA lines

1.4 Broadband fixed lines by speed



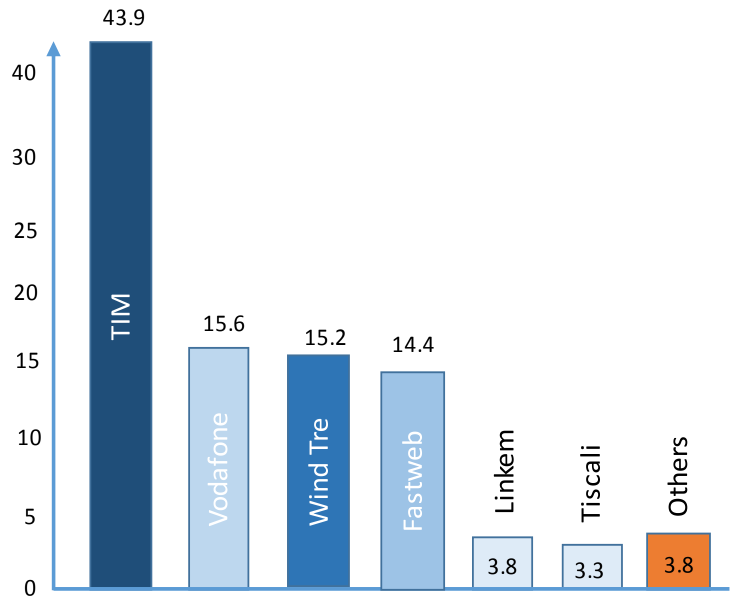


- In June 2018, lines faster than 30 Mbps have increased by **3** million units (YoY) and now account for **38%** of total broadband lines
- This trend is attributable, in equal measure, to the growth of lines faster than 30 Mbps but below 100 Mbps (**+2** million of lines) and of lines with speeds faster than 100 Mbit (**+1** million of lines), now accounting for **23.6%** and **14.3%** of total broadband lines, respectively
- Broadband lines faster than 10 Mbps but below 30 Mbps have decreased by **1** million units YoY and now account for approximately **38%** of total broadband lines

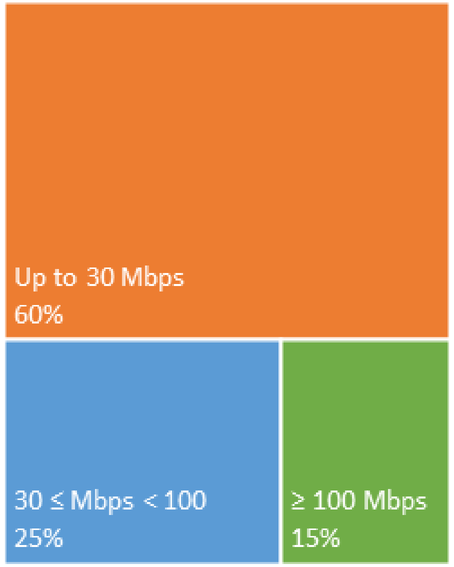
1.5 Broadband fixed lines by type of customer, speed and operator

Residential [June 2018]

By operator

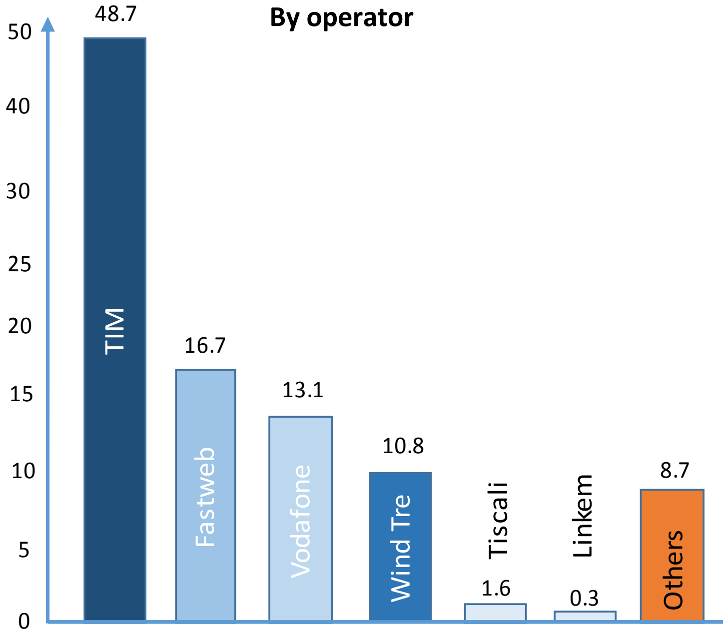


By speed

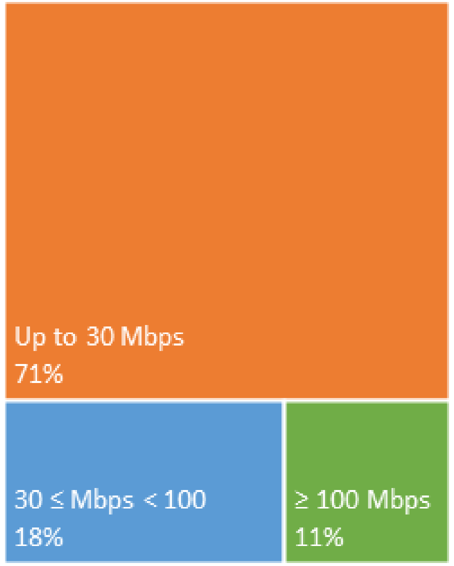


Business [June 2018]

By operator

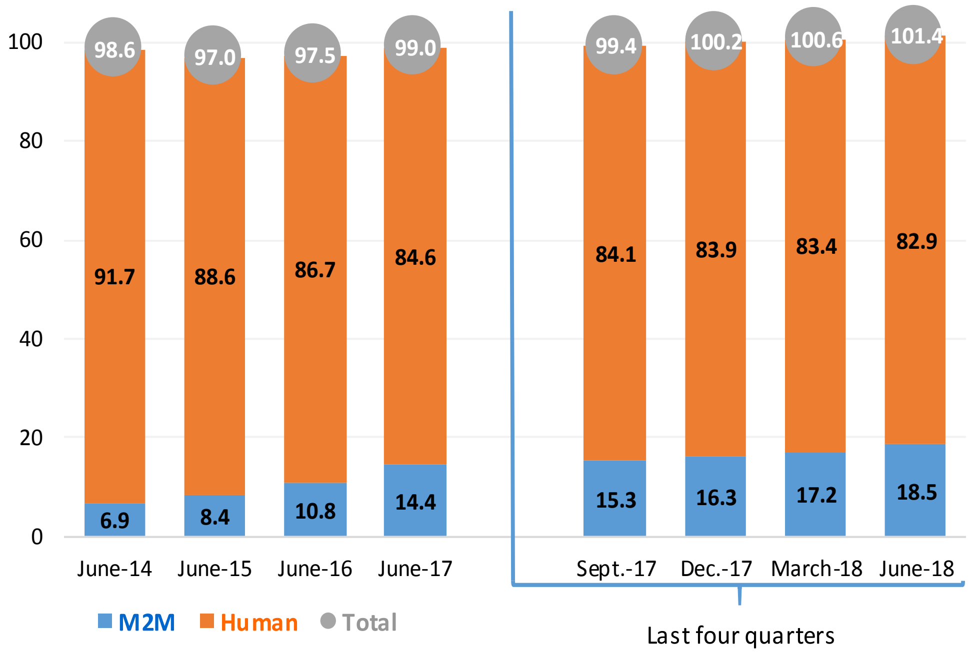


By speed

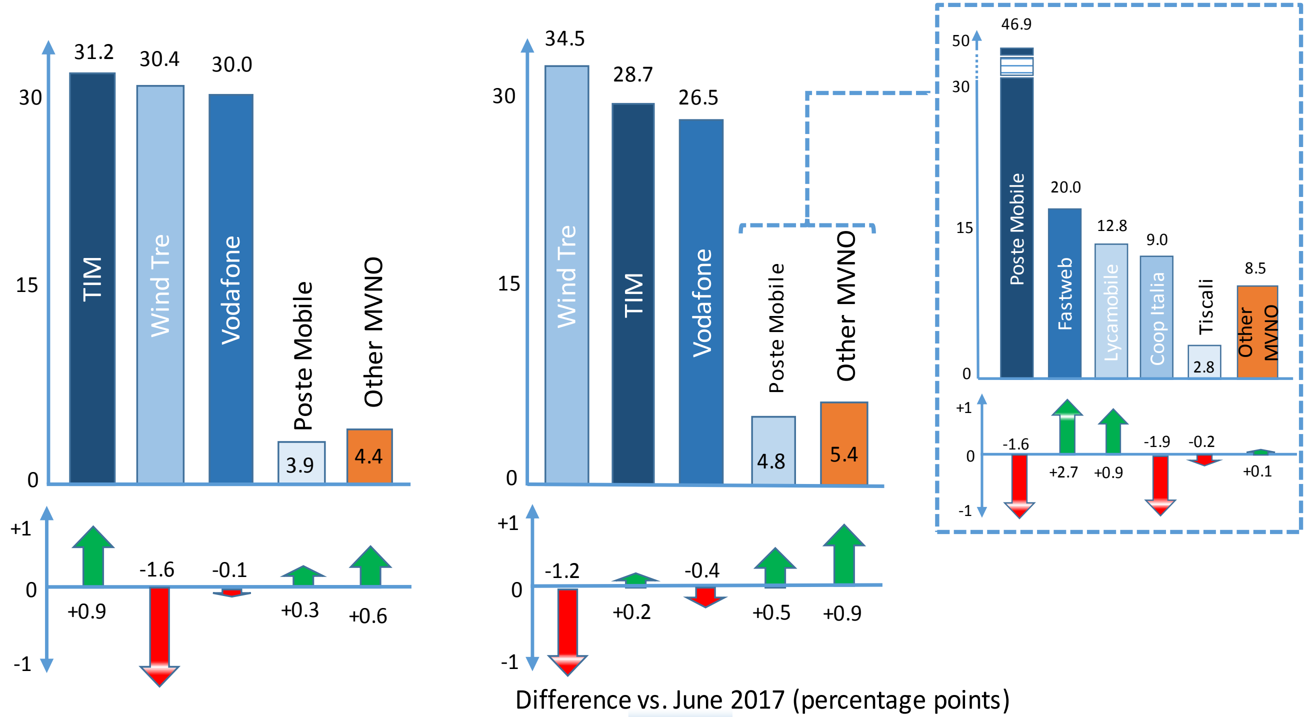


- Broadband fixed lines may be broken down as follows: **83.2%** are residential subscribers and **16.8%** are business subscribers
- In the **residential segment**, TIM's market share has reached **43.9%**, followed by Vodafone and Wind Tre with a share of over **15%**
- Almost **40%** of accesses has a speed equal to or higher than 30Mbps
- The **business segment** is characterized by a greater concentration in the market shares of the first three operators as compared to the residential segment (**78.5%** in the business segment compared to **74.7%** in the residential segment) while in terms of speed, it is higher the weight of lines up to 30Mbits (**70.9%** vs. **60.2%**)

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.



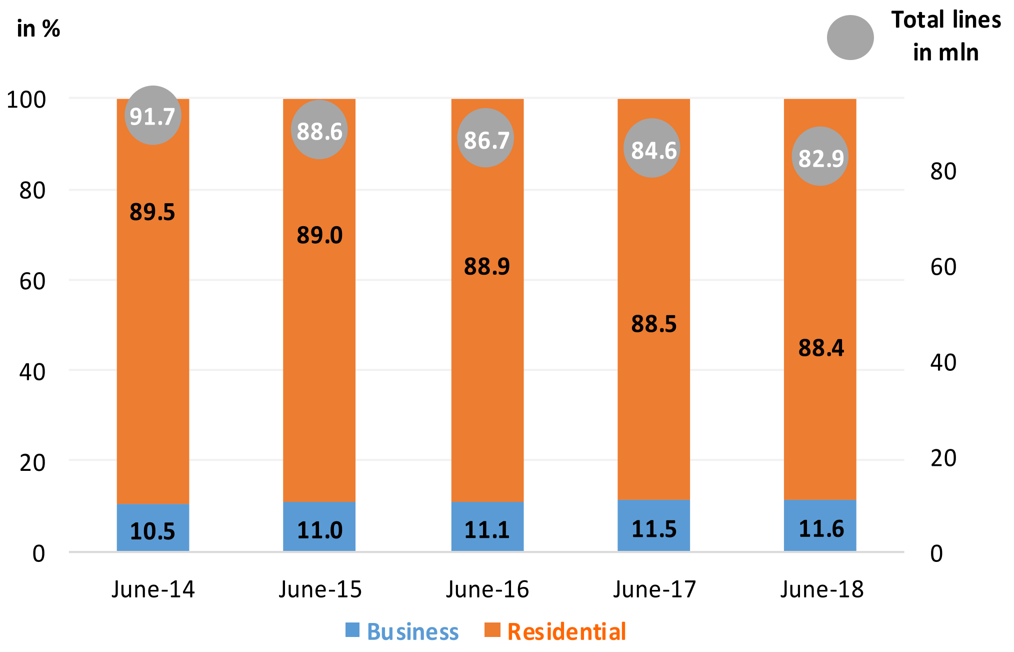
- Mobile lines have increased by about **2.4** million units YoY
- Over the last five years, «M2M» SIM cards have increased by **11.6** million units, now accounting for **18.5** million lines
- SIMs that did not produce voice and/or data traffic in the previous 90 days data before the data collection period (end of June 2018) can be estimated in about 15% of the total customer base

- Wind Tre's market share has reduced by **1.8** pp (YoY), while TIM's market share has increased by **0.9** pp, and Vodafone's one has reduced by **0.1** pp
- MVNOs' market share (Other MVNO + Poste Mobile) shows an overall increase of **1.4** pp
- Among MVNOs, Poste Mobile holds a share of **46.9%**, while Fastweb confirms the second position (**20%**) with a growth of **2.7** pp

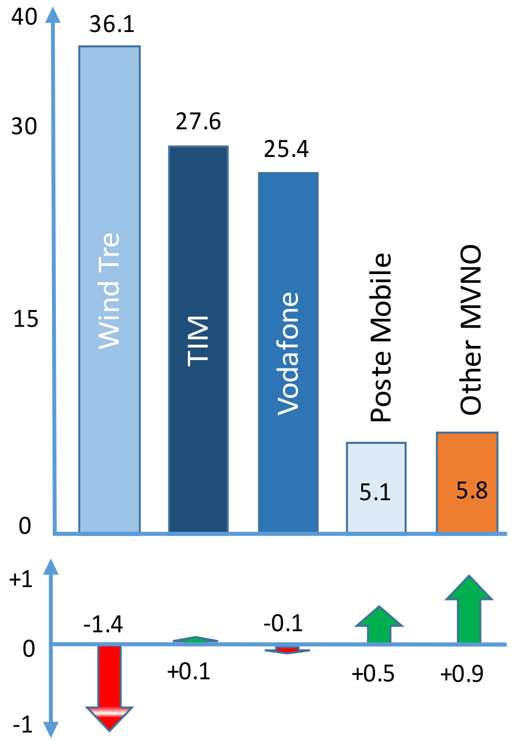
(*) At the end of June 2018, the total number of lines does not consider those activated by the new operator Iliad; in consideration of the temporal proximity between the data collection time and the start date of the operator, it was considered appropriate to provide details on the volumes of said operator starting from issue n. 4/2018 of the monitoring communication system, with data referring to September 2018. 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); the market shares distribution would not change if the SIMs of the two MVNO operators are deleted from the customer base of the parent companies

1.7 Mobile subscribers by type of consumer

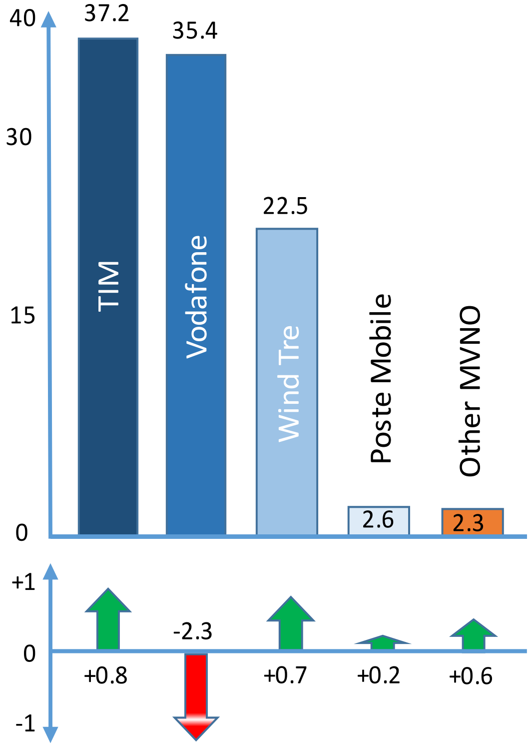
Total lines by consumer type



Residential – June 2018 [%]



Business – June 2018 [%]

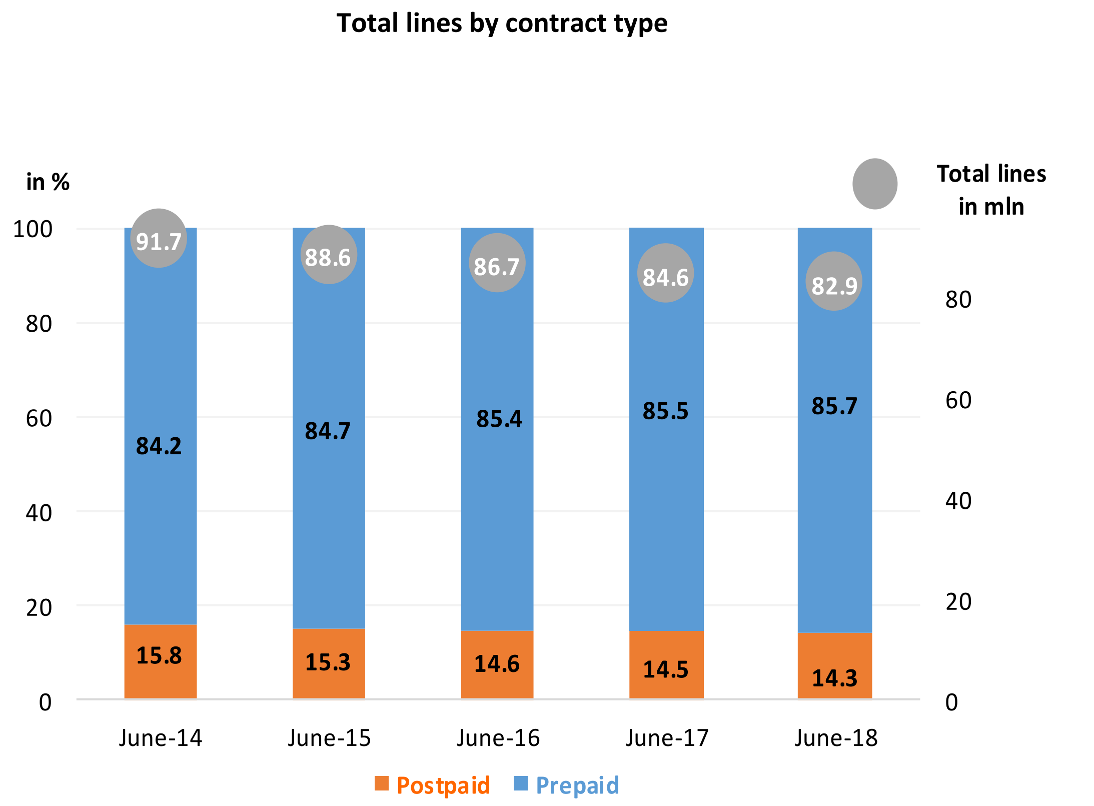


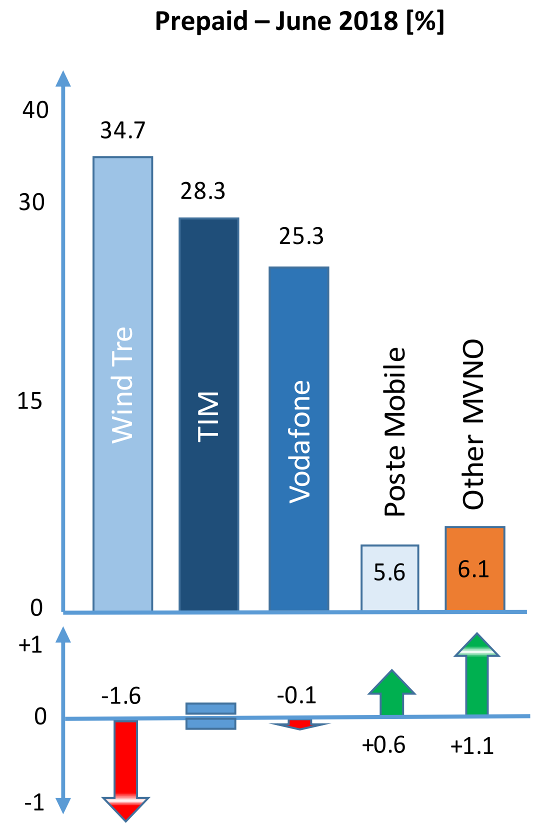
Difference vs. June 2017 (percentage points)

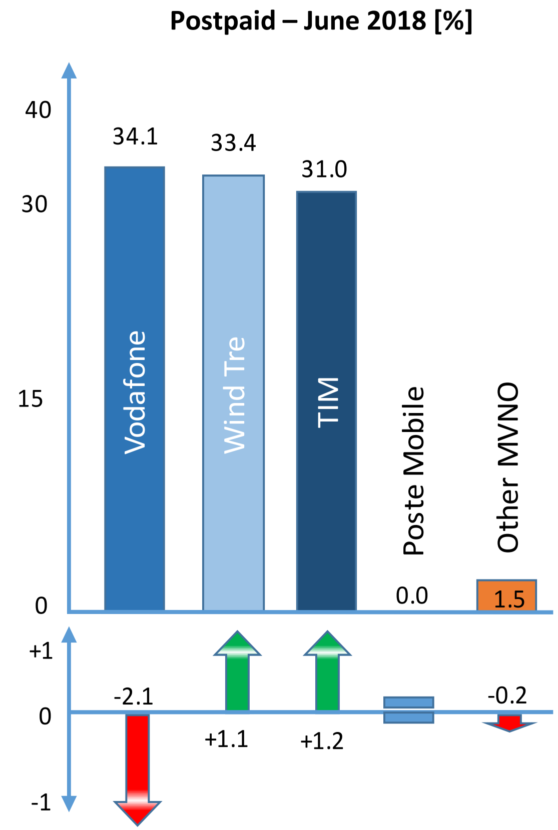
- Non residential SIM cards (**9.6** million units at the end of June 2018) have decreased on a yearly basis by **1.6** million units
- Residential SIM cards (**73.3** million units at the end of June 2018) have decreased by **1.6** million units (YoY)

- In the residential segment, Wind Tre's market share has reduced by **1.4** pp, while TIM's market share has increased by **0.1** pp, reaching **27.6%**
- In the business segment TIM has become leader of the market with a share of **37.2%** (**+0.8** pp)

1.8 Mobile subscribers by type of contract





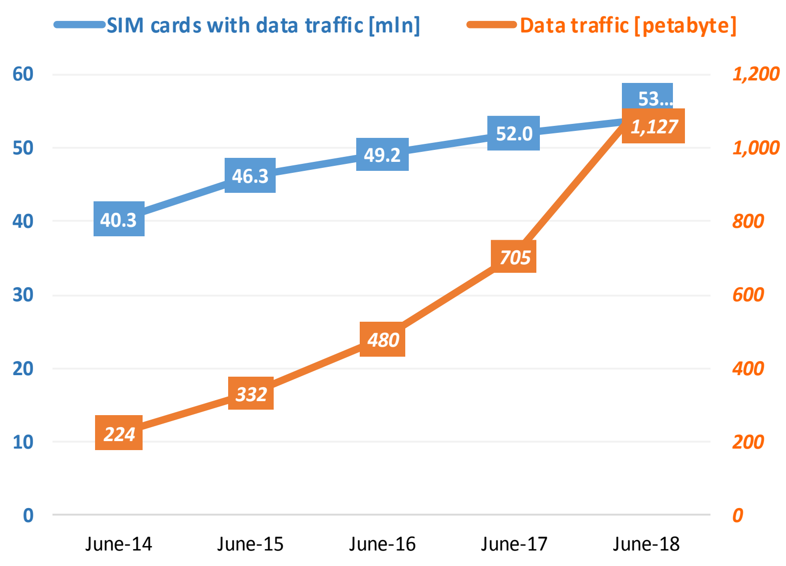


Difference vs. June 2017 (percentage points)

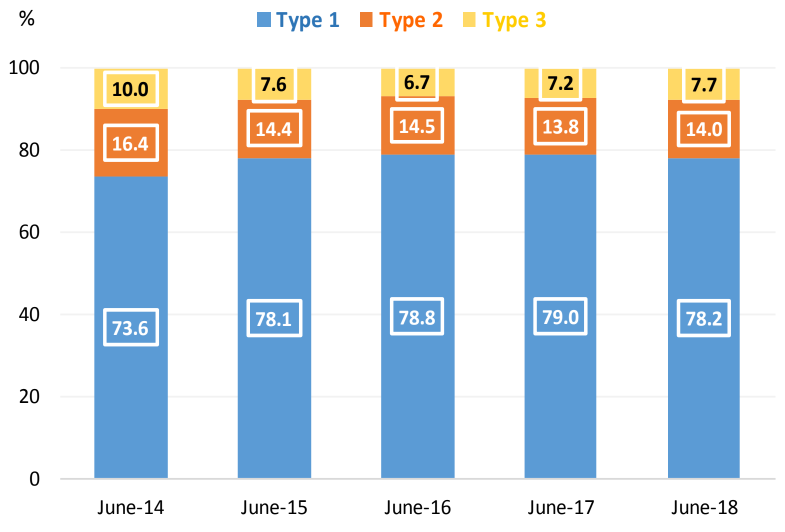
- At the end of June 2018, prepaid SIM cards reached **71.1** million units (**85.7%** of total lines), with a decrease of **1.3** million units YoY
- At the end of June 2018, postpaid SIM cards reached **11.8** million units (**14.3%** of total lines), with a decrease of **0.4** million units YoY

- In the prepaid segment, Wind Tre, despite a reduction (**-1.6** pp), retained the leadership position with a market share of **34.7%**
- Similarly, in the postpaid segment, with a share of **34.1%**, despite a reduction (**-2.1** pp), Vodafone leads the segment, followed by Wind Tre with a share of **33.4%** (**+1.1** pp) and TIM with a share of **31.0%** (**+1.2** pp)

Data traffic since the beginning of the year



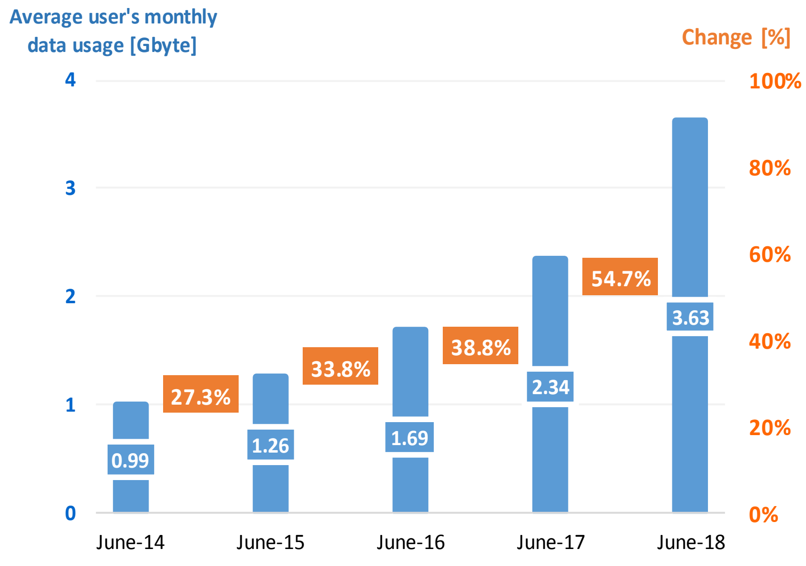
SIMs with data traffic by contract type [%]



According to European Commission definitions (CoCom):

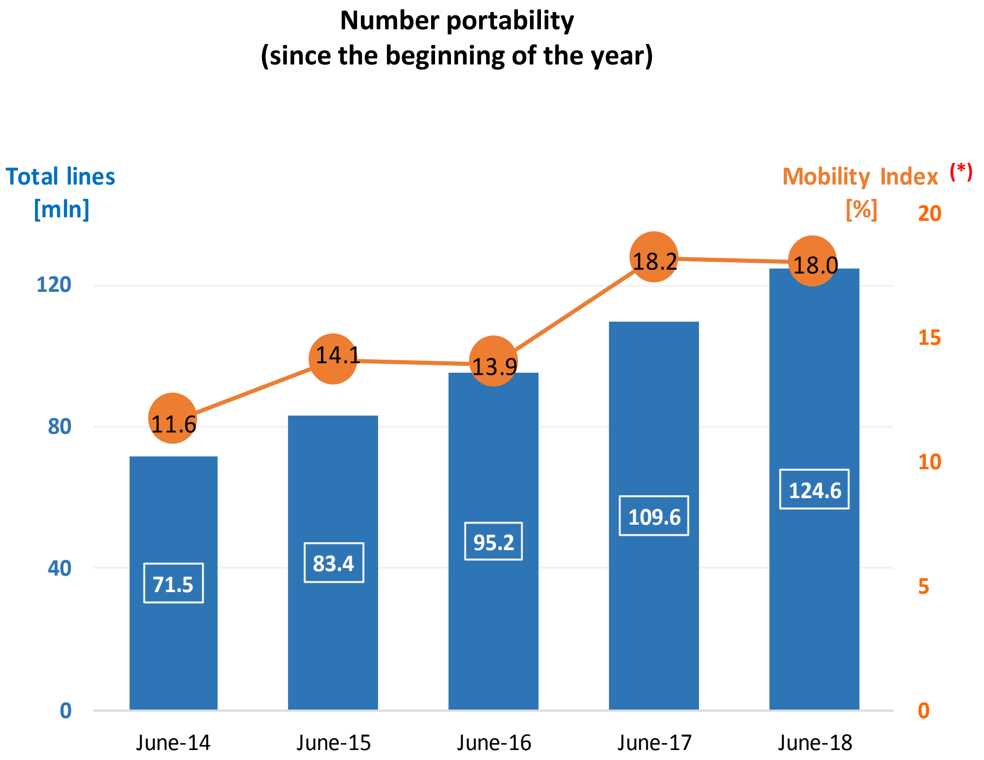
Type 1: "dedicated data subscriptions for add-on data package to a voice service requiring an additional subscription"
Type 2: "dedicated data subscriptions for stand-alone services"
Type 3: "actual usage of standard mobile subscriptions"

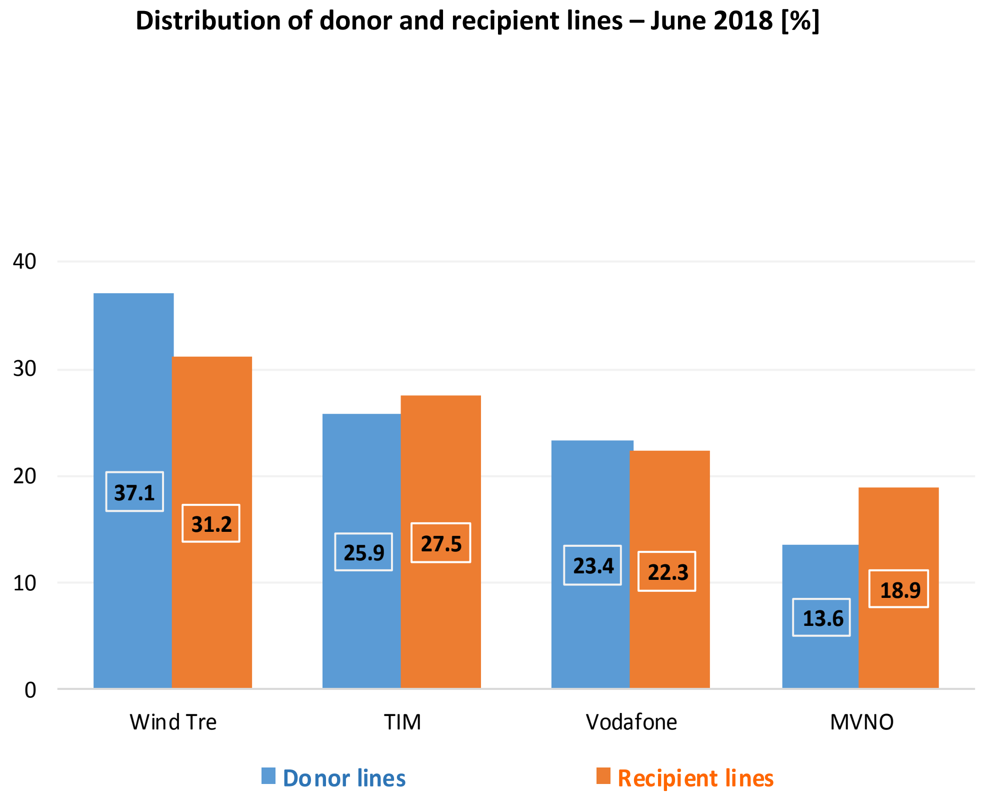
Average mobile data consumption



- Since June 2018, the number of SIM cards with data traffic has increased from the **43.8%** to the **65.5%** of the overall SIM cards
- In the second quarter of 2018, the number of SIM cards with data traffic has increased by **3.5%** reaching **53.8** million units
- Overall data traffic increased by about **60%** compared to June 2017
- At the end of 2016, the average mobile data consumption per smartphone increased by over than **55%**, from **2.34** to **3.63** Giga byte per month

1.10 Mobile number portability

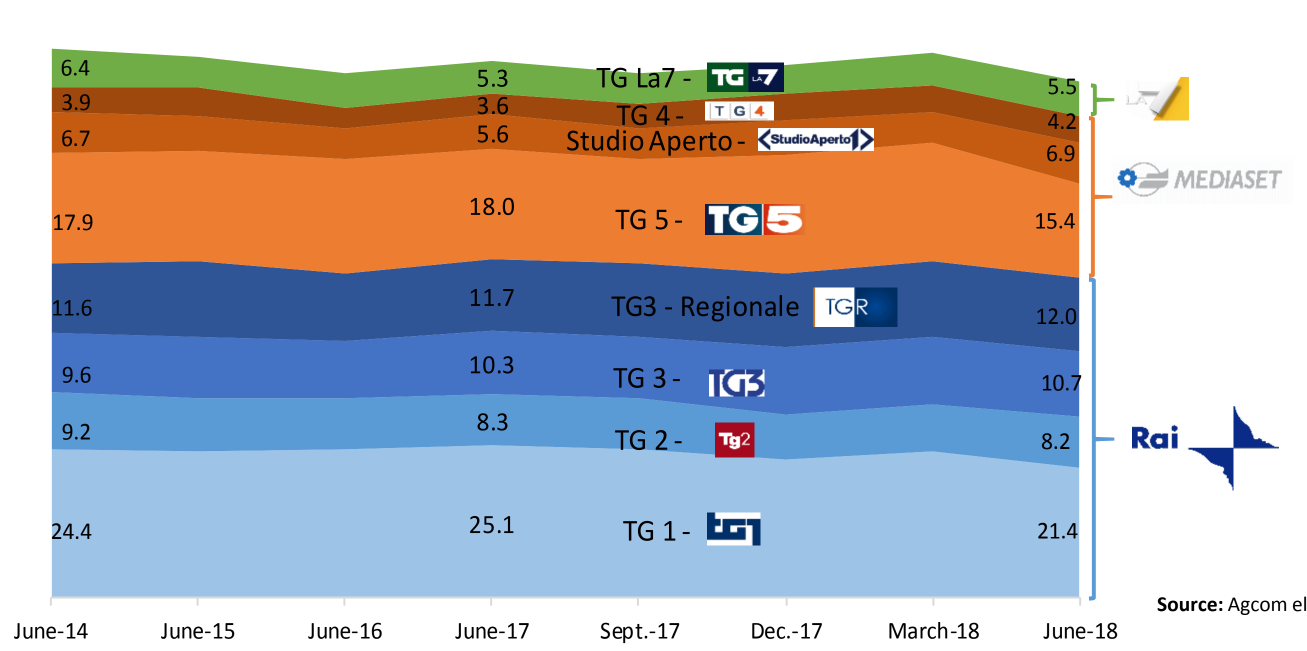




- At the end of June 2018, the total amount of mobile number portability operations exceeded **125** million
- On a yearly basis, the net «donating-recipient» balance has improved for TIM (**+145** thousand lines) and for MVNO operators (**+725** thousand lines), whereas it has worsened for Wind Tre (**-993** thousand lines) and Vodafone (**-243** thousand lines)
- At the end of June 2018, the «Mobility Index»(*) was **18%** in line with last year and higher as compared to the previous values (2014 – 2016)

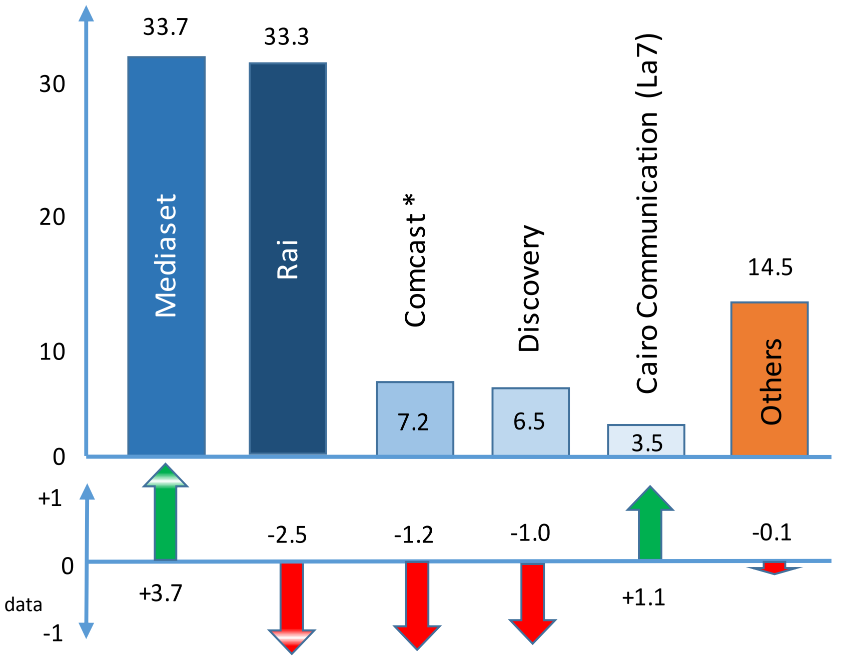
(*) – Ratio between (i) total donating lines plus total recipient lines since the beginning of the year, and (ii) the corresponding average costumer base

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



Source: Agcom elaboration on Auditel's data

Audience on an average day – June 2018 [%]



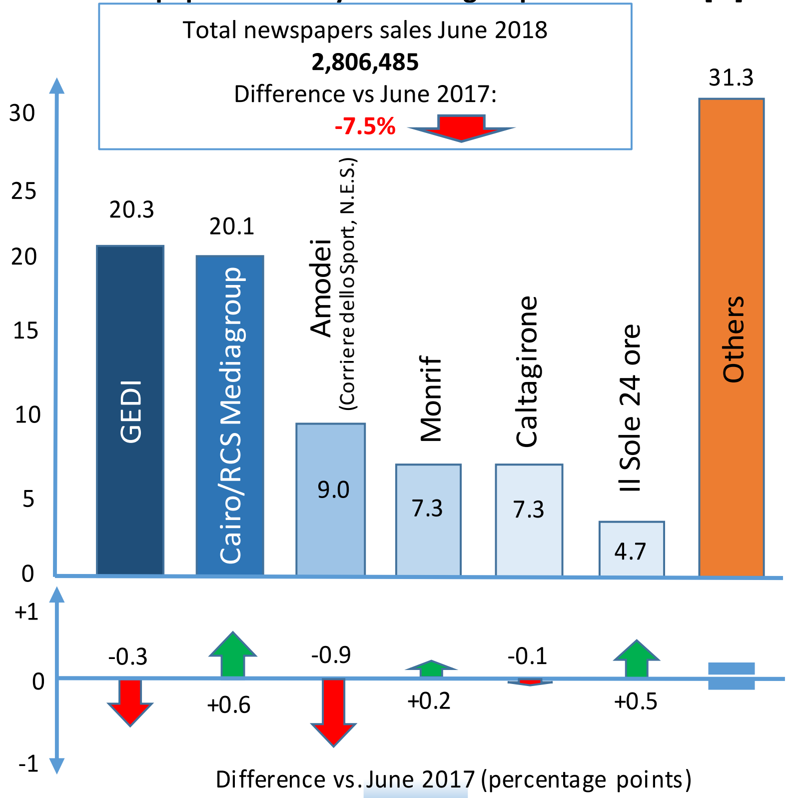
- Over the whole period considered, from June 2014 to June 2018, the evening news program audience of the two most important players, Tg 1 and Tg5, has decreased from **24.4%** to **21.4%**, and from **17.9%** to **15.4%**, respectively

- Mediaset, with over **3** million viewers on the average day, holds the leadership in terms of share (**33.7%**), with an increase of **3.7** pp YoY
- In the same period, the audience of Rai (**-2.5** pp), Comcast (**-1.2** pp) and Discovery (**-1** pp) have decreased, while the audience of La7 has increased (**+1.1** pp)
- Smaller operators maintain an audience of **14.5%**, stable compared to last year

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

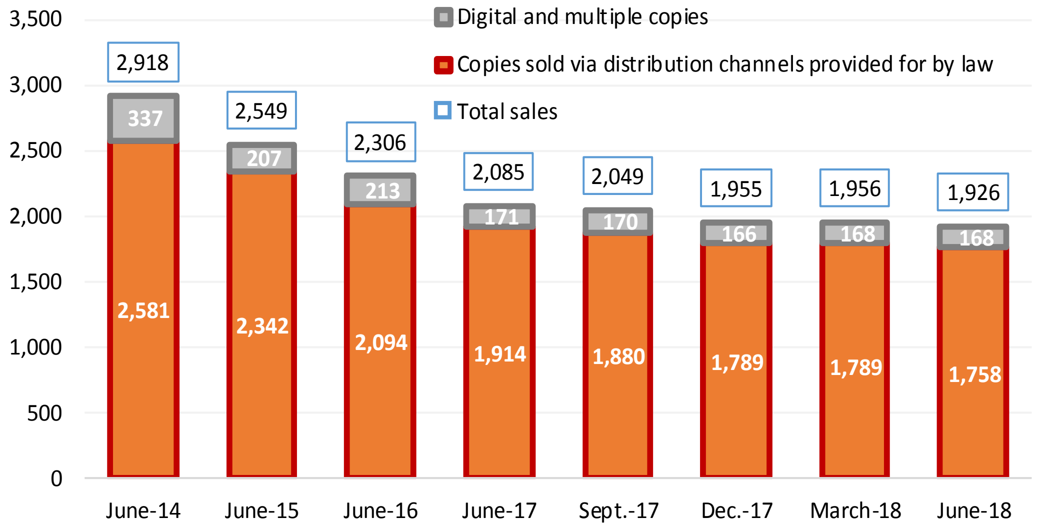
2.2 Media: Newspapers

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



Source: Agcom elaboration on data from ADS and IES

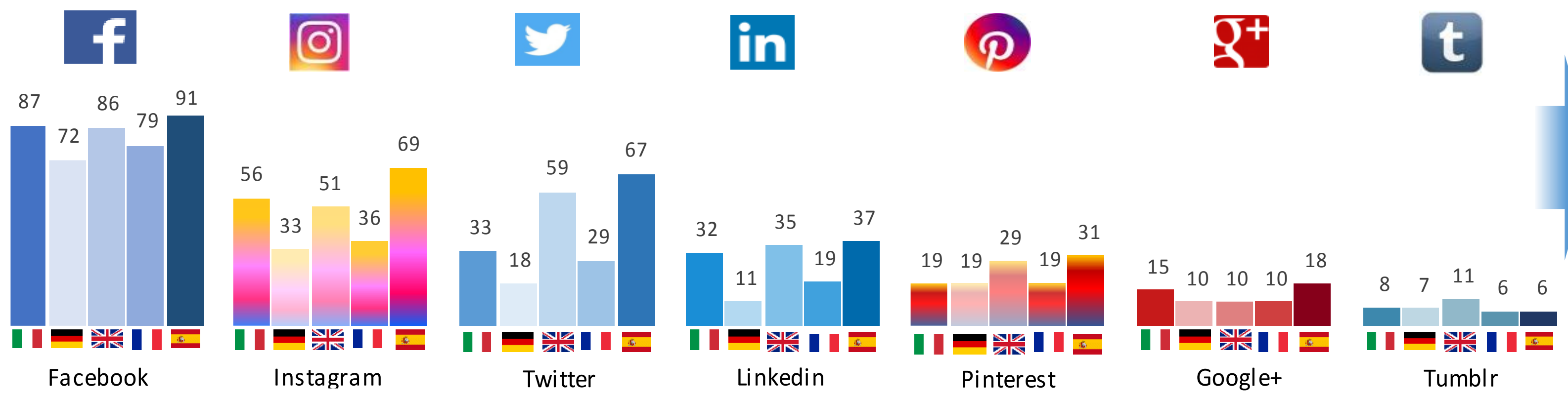
Newspapers' sales by 7 major editorial brand and type of distribution channels – June 2018 [%]



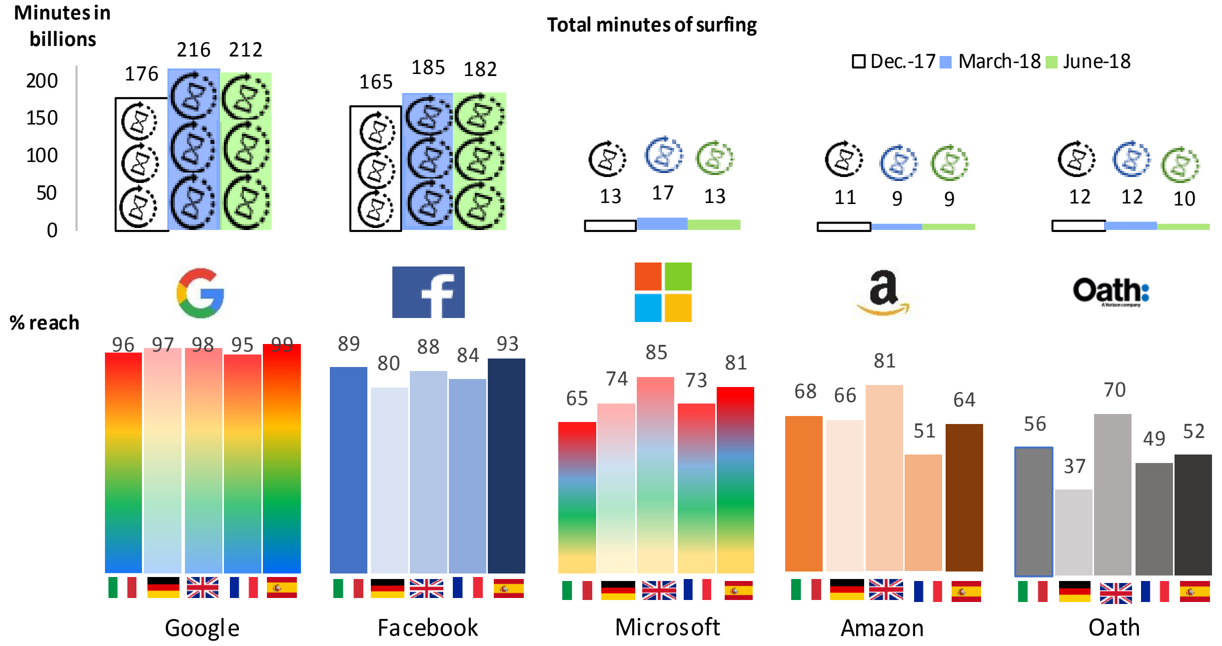
- Newspapers' sales showed an overall **7.5%** reduction YoY (**-227** thousand units)
- Both the share of GEDI, leader in the sale of newspapers, and that of RCS in second place show positive changes (**+0.6** pp and **+0.4** pp)

- Printed newspaper sales show a structural reduction of **8%** from June 2017
- In June 2018, the number of digital copies sold remained stable compared to June 2017, whereas, compared to June 2014, decreased by **100%**

Audience of the major social network in % – June 2018



Audience on an average day [%] and the average monthly time [mln. minutes] spent on website by visitors - December 2017, March 2018 and June 2018 -



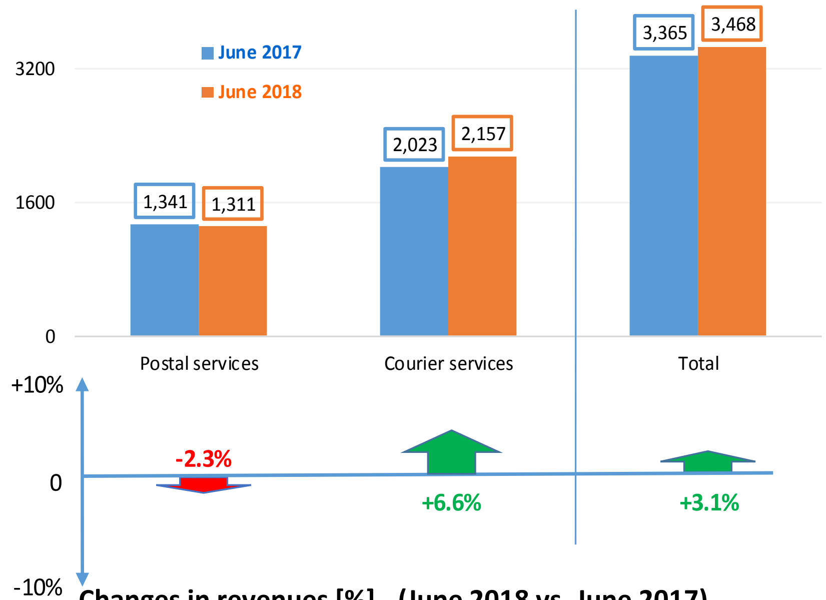
- Overall, social networks have a greater ability to attract users in Spain, Italy and England
- Among social networks, in all main EU countries, Facebook is the leader in terms of audience
- Instagram (Facebook group) achieved good performances in Italy, England and Spain, exceeding 50% of Internet users
- Twitter is particularly used in Spain and the United Kingdom

	Italy	Germany	UK	France	Spain
Country					
Tone					

Source: Agcom elaboration on Comscore's data

- In the main EU countries, in June 2018, the average daily navigation time per person exceeds two hours (**+4%** compared to December 2017)
- Google and Facebook parent entities (brands aggregation) hold the leadership in terms of unique reach, confirming a trend of several year steady growth
- In June 2018, Google and Facebook have experienced an increase in the monthly average time spent on its web page compared to December 2017

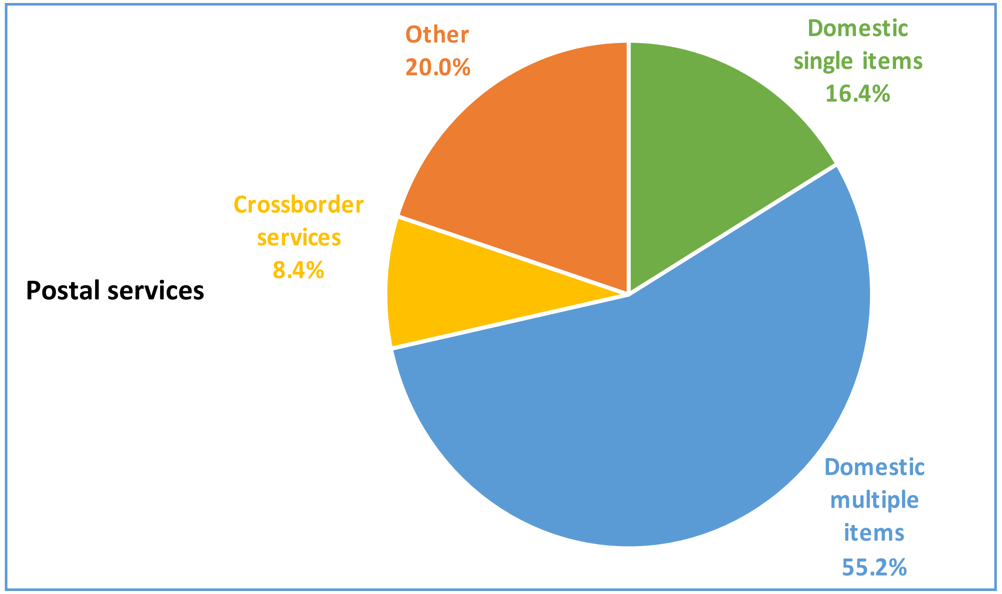
Revenues since the beginning of the year [million of €]

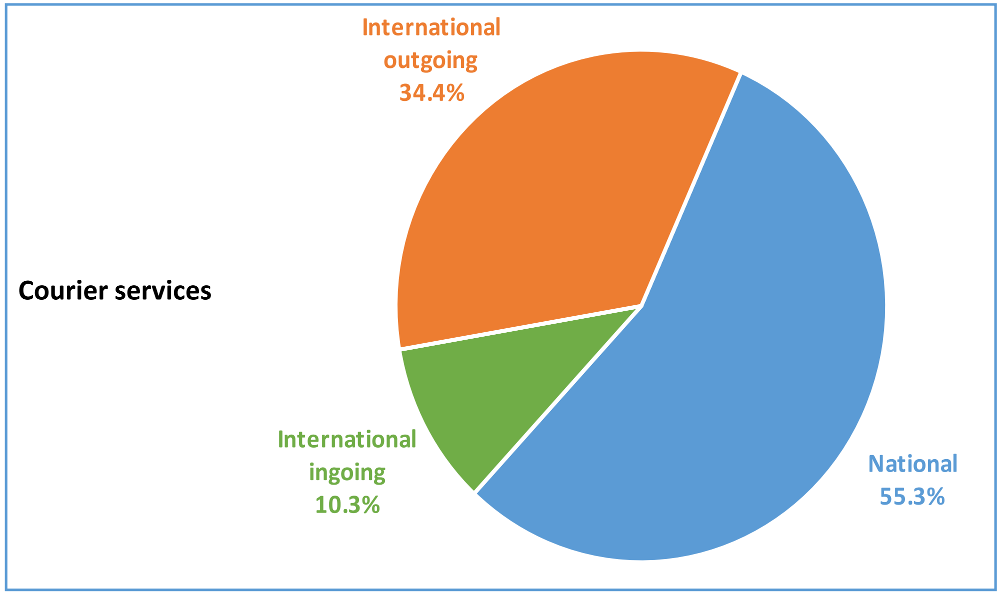


Changes in revenues [%] - (June 2018 vs. June 2017)

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.

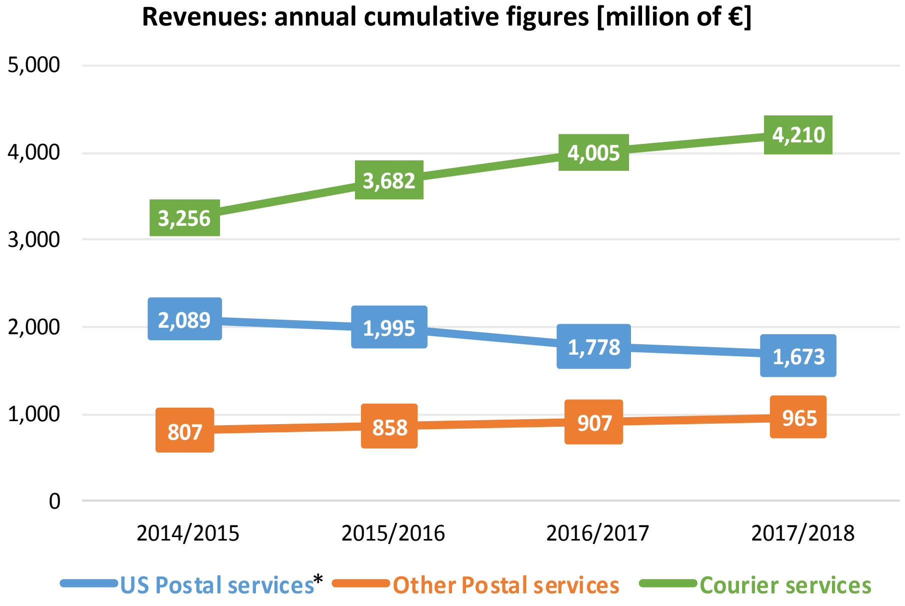
Revenues by source type - June 2018 [%]



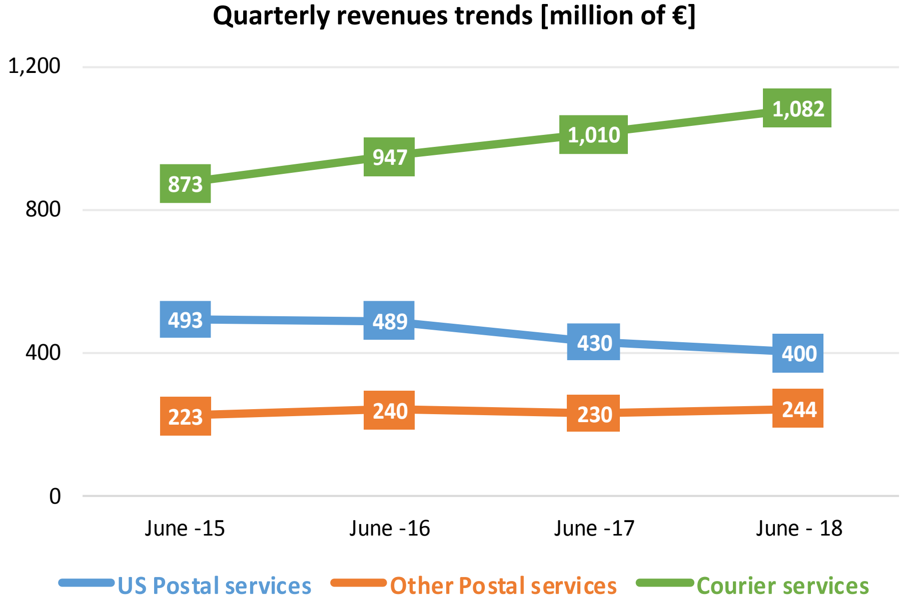


- At the end of June 2018, overall revenues are about **3,468** million of €, with an increase of 3.1% YoY
- YoY, postal services' market has shown a decline in revenues (-2.3%); over **55%** of revenues are represented by "Domestic multiple items" (-4.3% YoY), while revenues from "Other" services increased YoY (+6.7%), mainly due to "exclusive services" and "parcels delivery"
- YoY, courier services' market has shown a growth in revenues (6.6%); over **55%** is represented by revenues from services with national sender and receiver (+5.4%). Overall international deliveries increased by 8.2%, due to the increase in revenues from both "ingoing" (+11%) and "outgoing" (+7.3%) deliveries

3.2 Postal services and express couriers: revenues historical trend



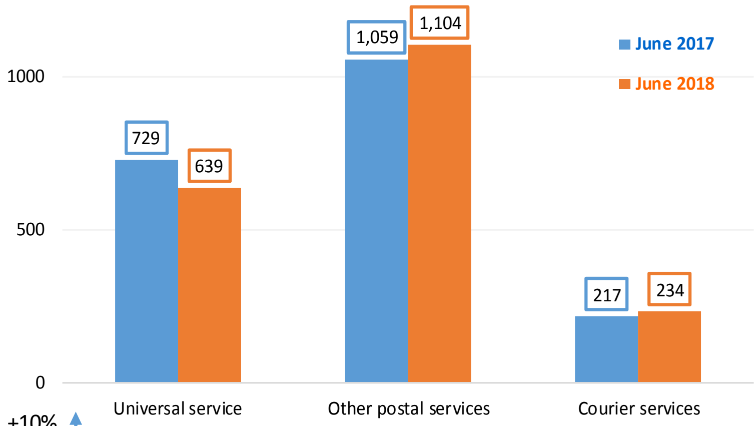
* US = Universal Services

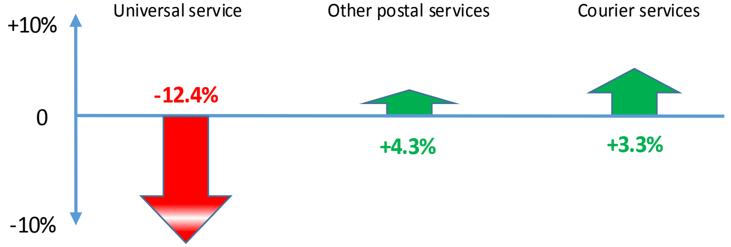


- Postal services: over the last four years, revenues from Universal postal services (US) have decreased by 20% (from **2,089** to **1,673** million €), while revenues related to other postal services have grown by 20% (from **807** to **965** million €)
- Courier services: over the four years, it is possible to observe a 29.3% increase in revenues (from **3,256** to **4,210** million €)

- Postal services: over the whole period considered, revenues from Universal postal services have decreased by 18.8%, while revenues related to other postal services have grown by 9.2%
- Courier services: quarterly revenues shows a 24% increase compared to the first half of 2015

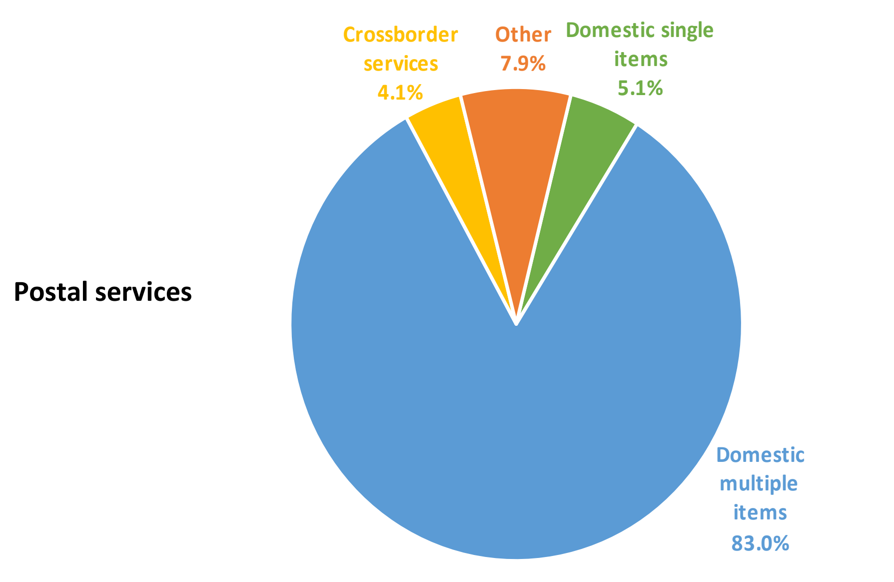
Volumes since the beginning of the year [mln of units]

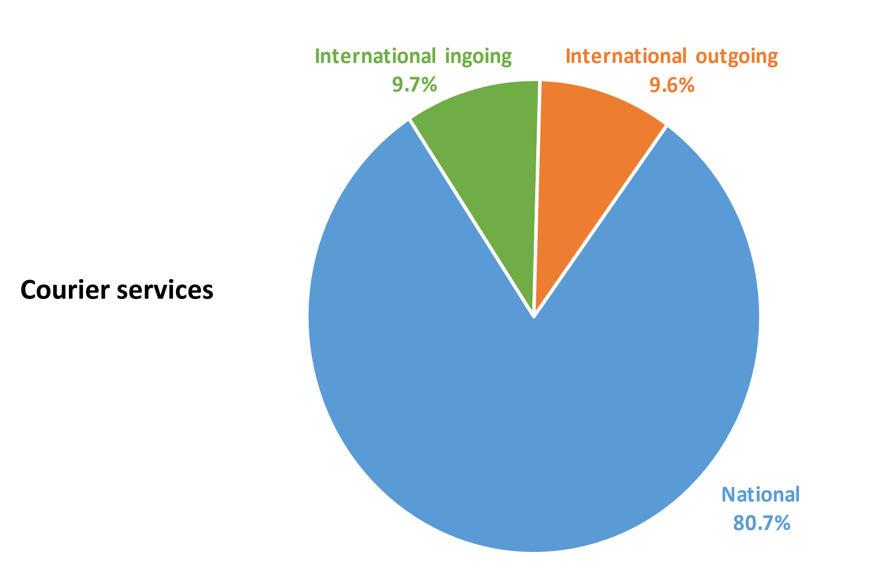




Changes in volumes [%] - (June 2018 vs. June 2017)

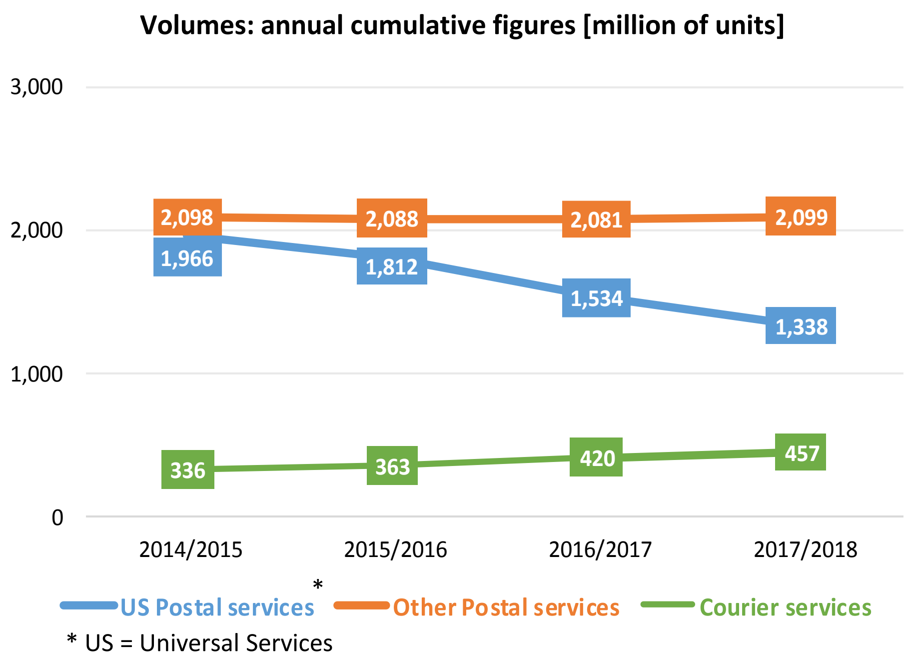
Note: The figures relate to the following companies: Bartolini, Citypost, DHL Express, Federal Express Europe, Fulmine Group, GLS Italy, Nexive, Poste Italiane, SDA, TNT Global Express, UPS.

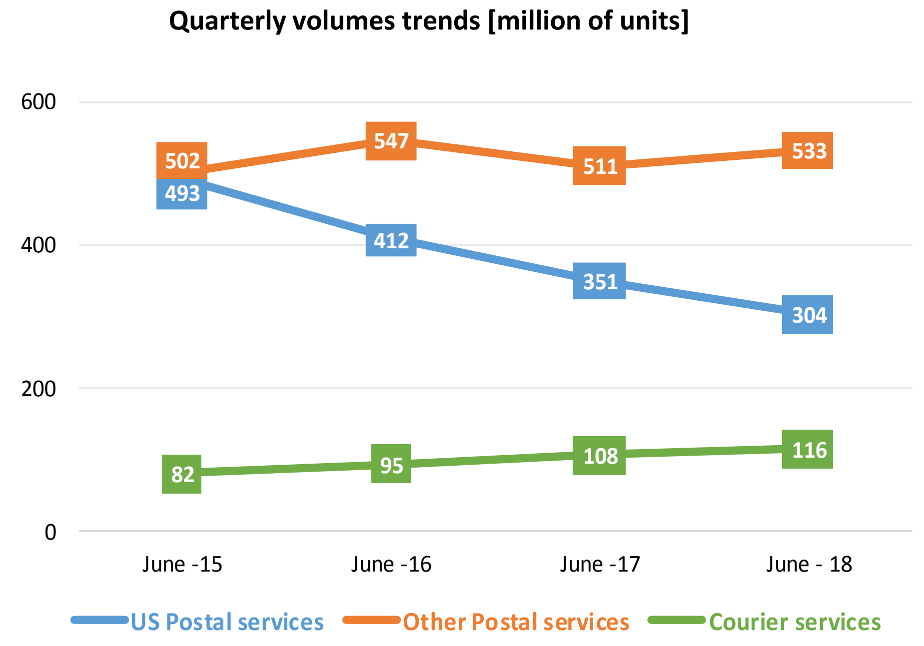




- At the end of June 2018, volumes of universal services (US) amounted to **639** million units, showing a contraction of 12.4% YoY, while volumes have increased by about 3.3% YoY for the courier services segment (**234** million units from the beginning of the year) and for other postal services by 4.3% YoY
- Postal services: despite a reduction of 2.2 pp, "domestic multiple items" account for about **83%** of total volumes
- Courier services: volumes on a national basis grew by 6.7 pp 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 (+11.4 pp)

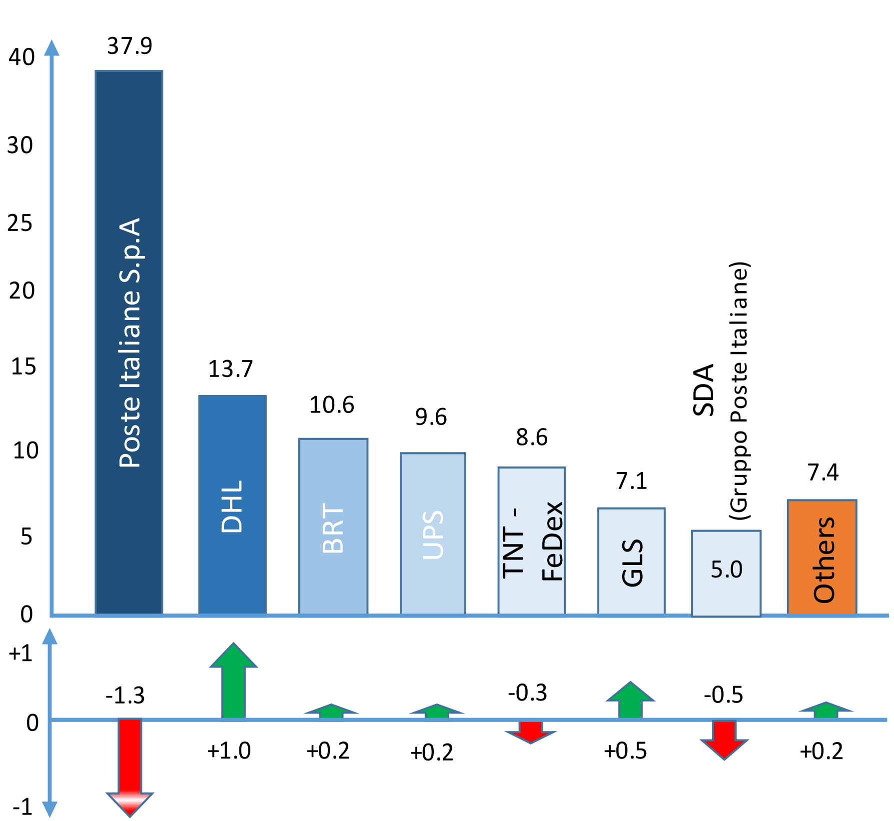
3.4 Postal services and express couriers: volumes historical trend

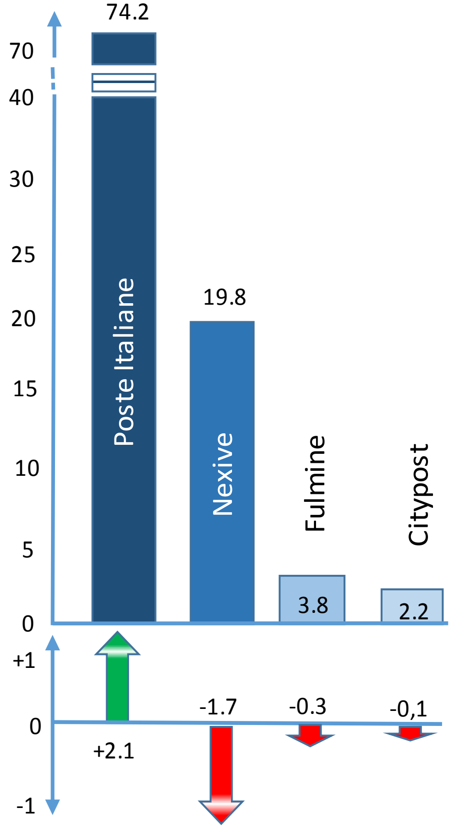


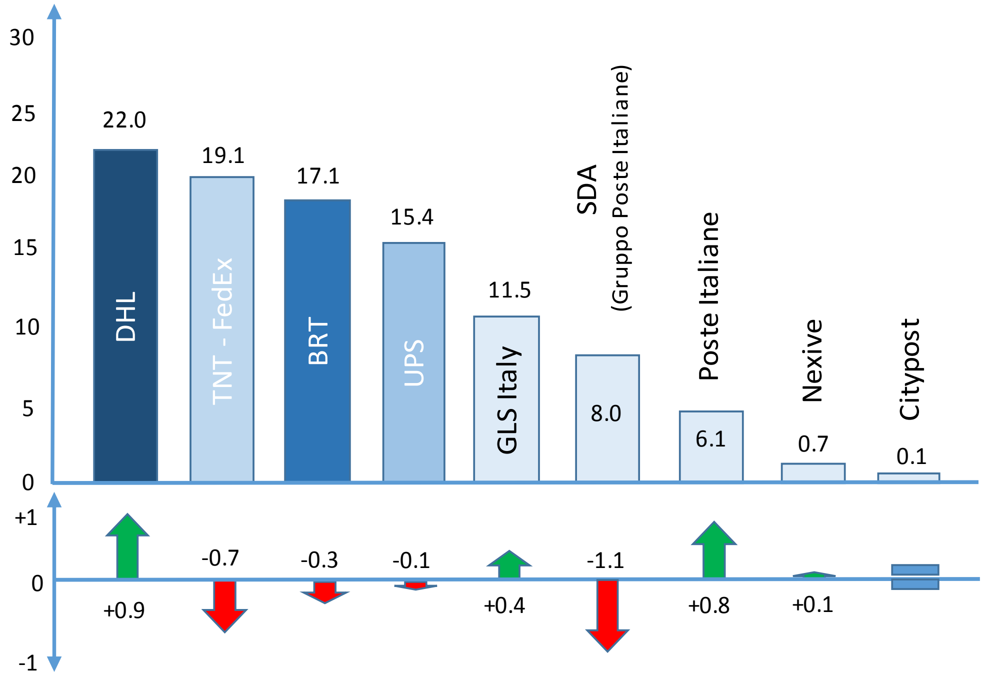


- Postal services: over the last four years, volumes from Universal postal services have decreased by more than **32%**; the volumes related to other postal services remained quite stable
- Courier services: over the four years, it is possible to observe a **35.9%** increase in volumes

- Postal services: over the whole period considered, it is possible to observe an average reduction of **15.9%**, due to the decrease in universal services volumes (**-38.3%**) and to the increase in other postal services volumes (**+6.2%**)
- Courier services: quarterly volumes show a **41.8%** increase compared to the quarterly value of June 2015







Difference vs. June 2017 (percentage points)

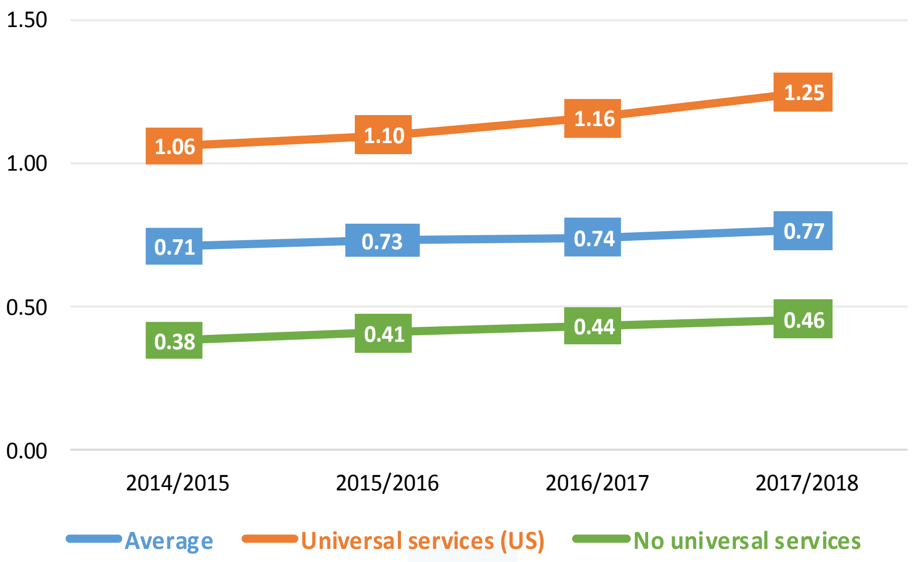
- Poste Italiane is still the first postal operator, but its share has shown a decrease of **1.3** pp (YoY)
- The aggregate market shares of DHL, UPS, BRT and TNT is **42.6%**

- In the segment of services not included among the universal postal services, Poste Italiane, as a consequence of its historical monopolistic position, still holds **74.2%**

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

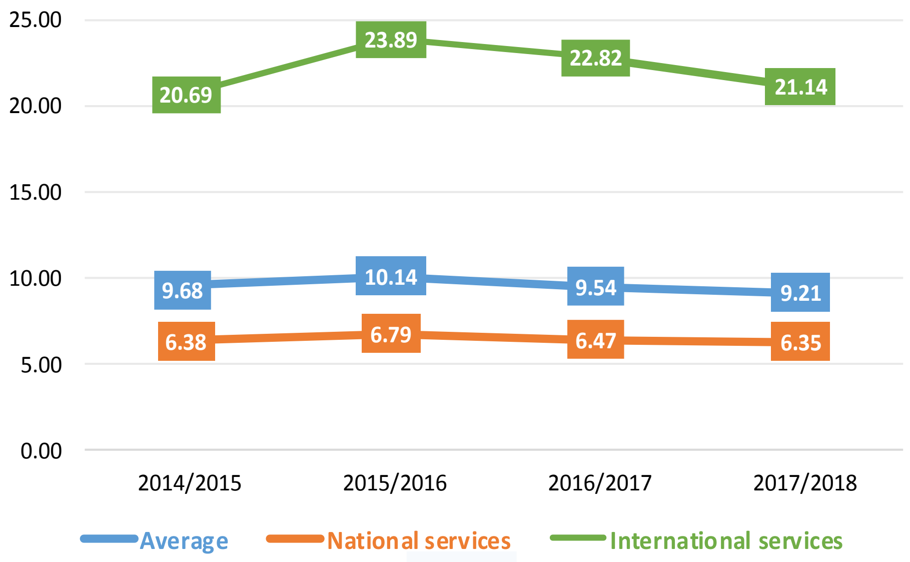
3.6 Postal services and express couriers: unit revenue historical trends

Postal services [€]



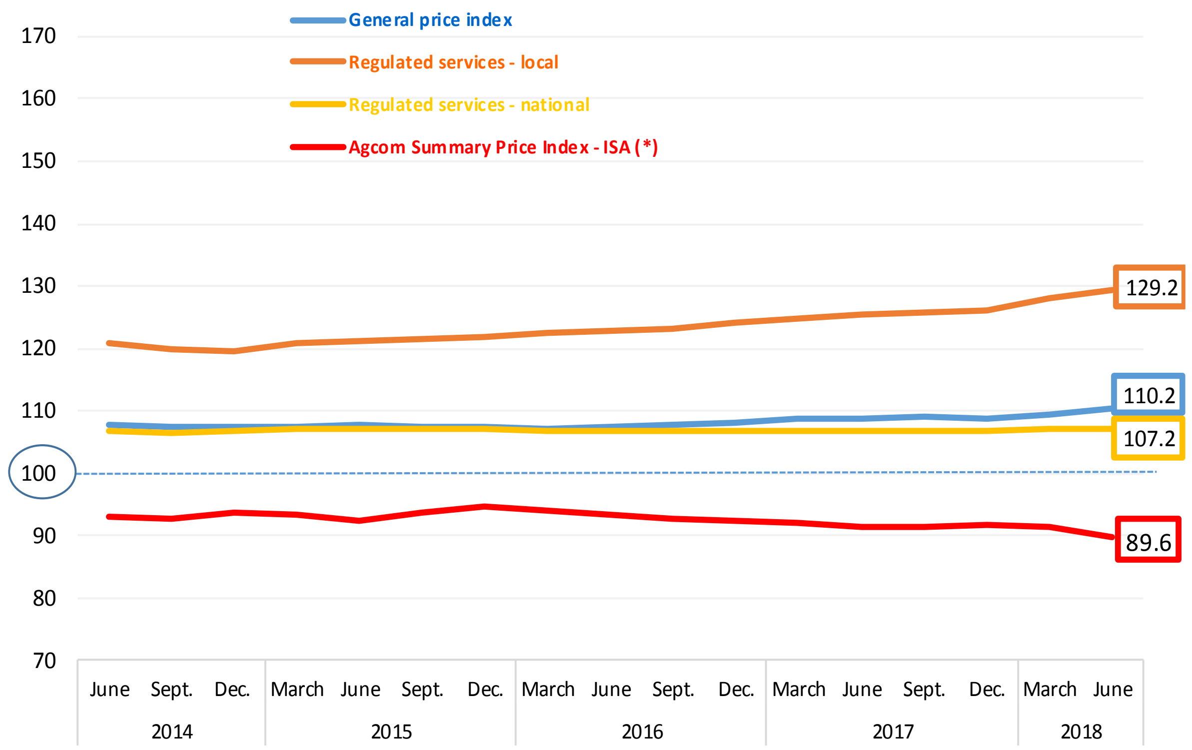
- Over the last four years, the average unit revenue has grown by 7.7% and is equal, for the period June 2017 – June 2018, to € **0.77**
- The unit revenue of services included in the universal services is above the average (**€ 1.25**), while that of other services is below the average (**€ 0.46**)

Courier services [€]

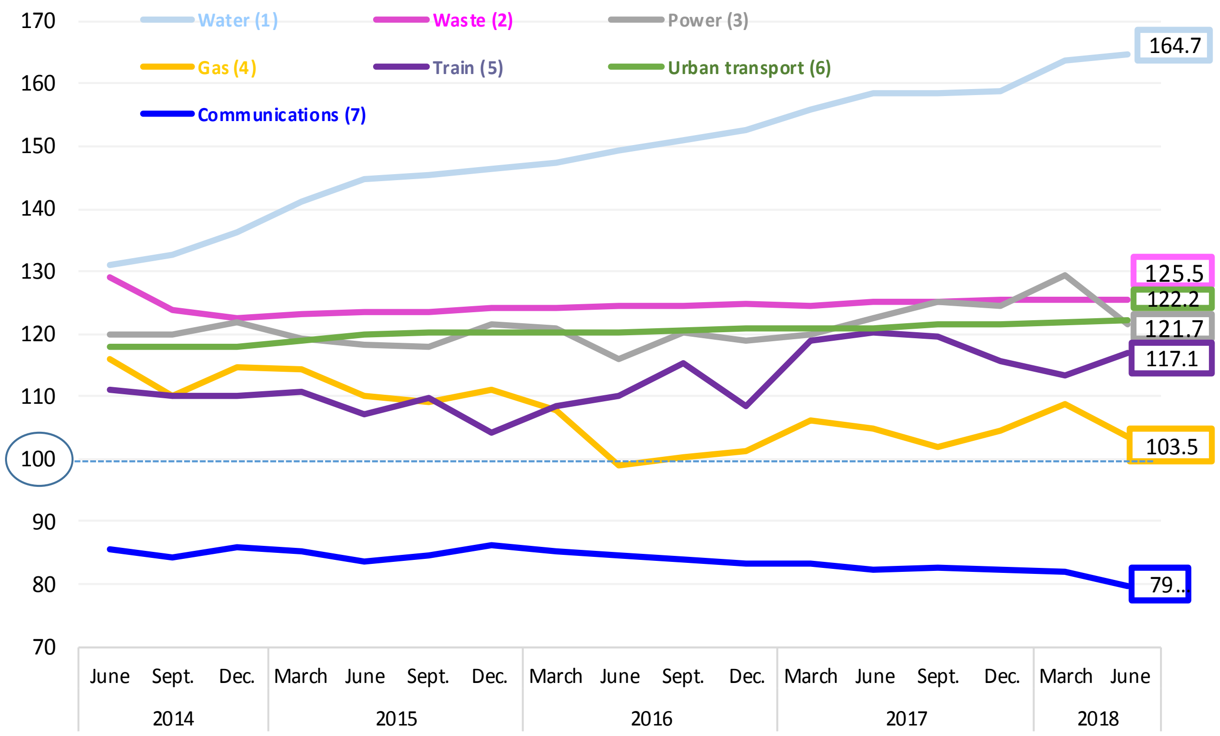


- Over the last four years, the average unit revenue has decreased by 4.9% and is equal to **€ 9.21** for the period June 2017 – June 2018
- Unit revenue of international services is above the average (**€ 21.14**), while that of national services is below the average (**€ 6.35**), and both show a reduction as compared to the period June 2014 – June 2015

Average price index (2010=100)



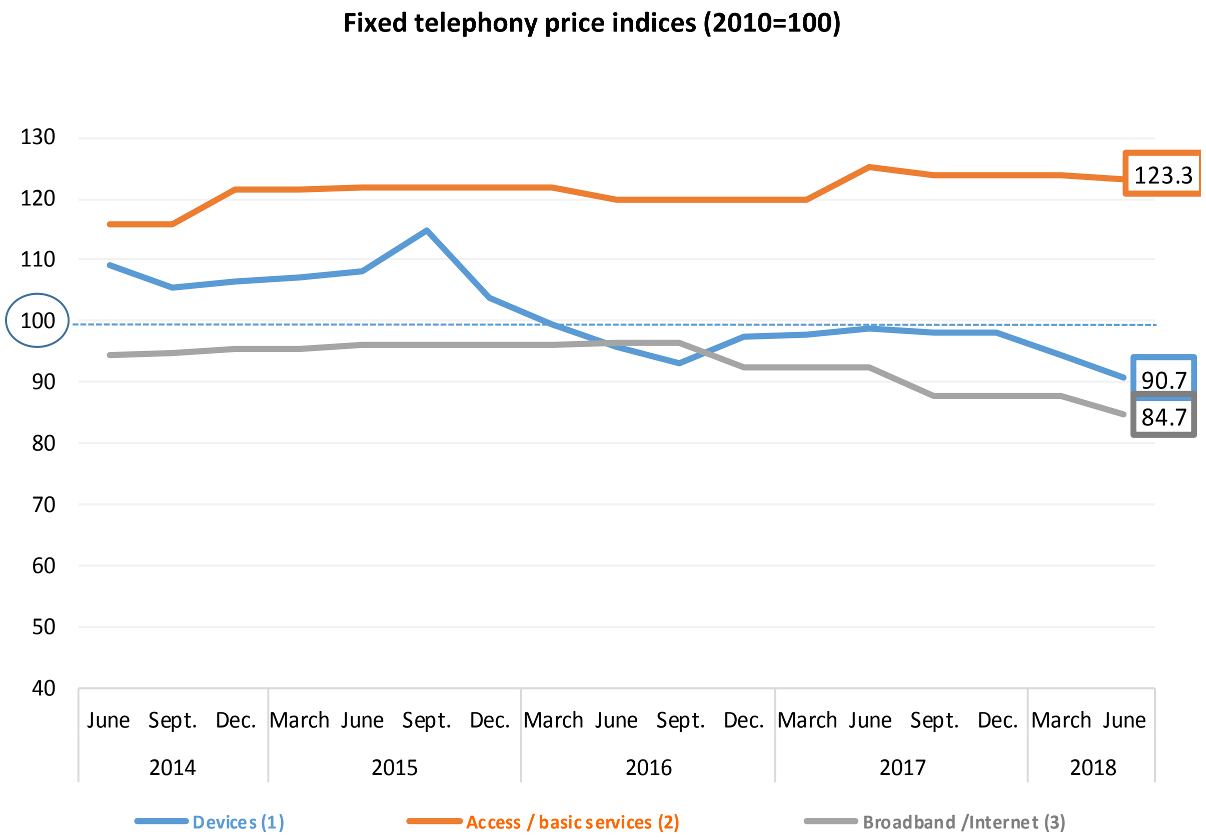
Utilities price index (2010=100)



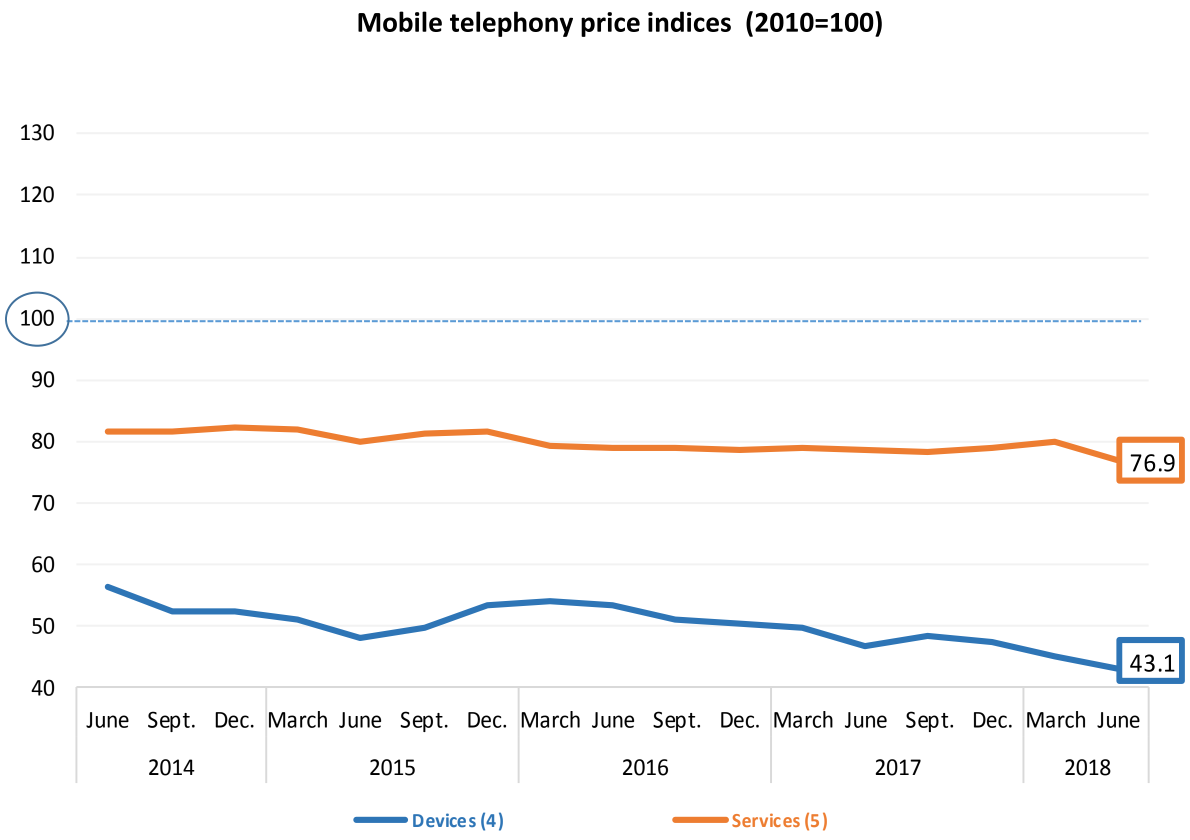
Istat Services Codes:

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

* 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.

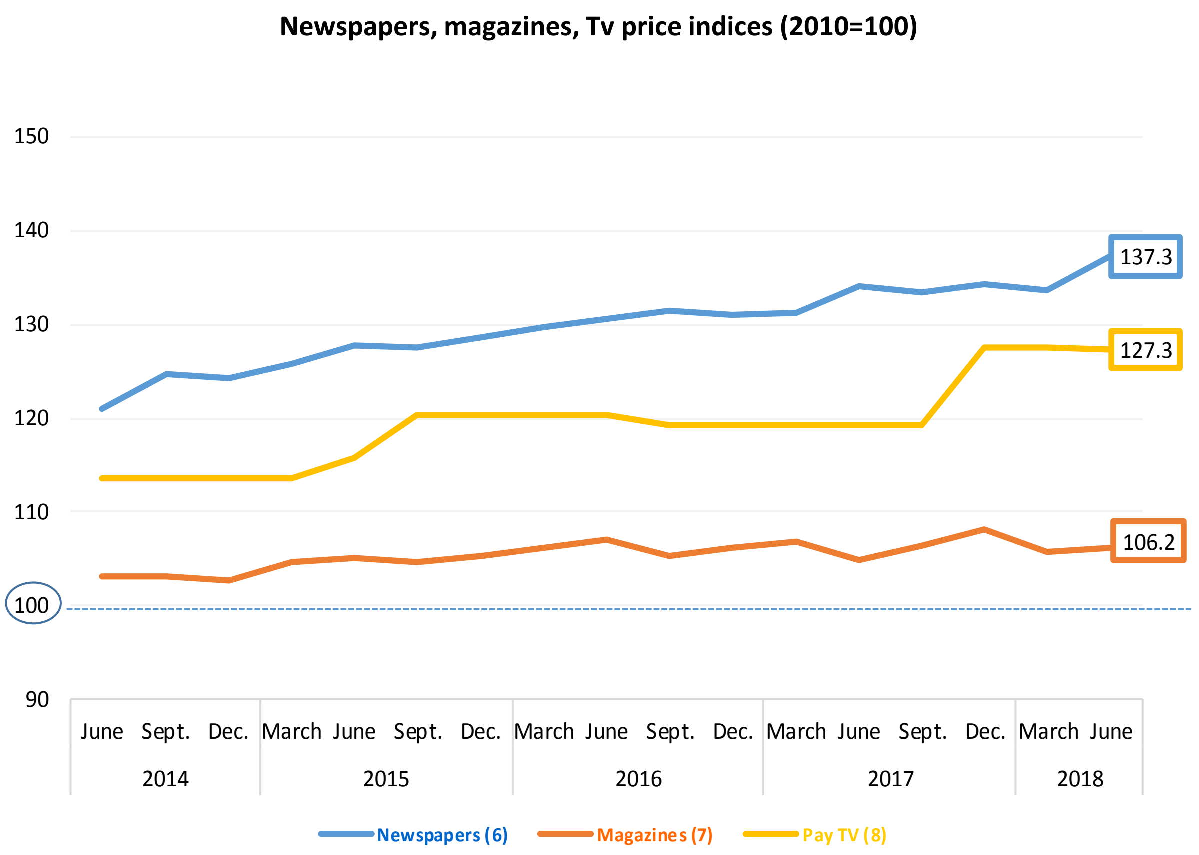


Istat services codes:
(1) 08 20 10
(2) 08 30 10
(3) 08 30 30

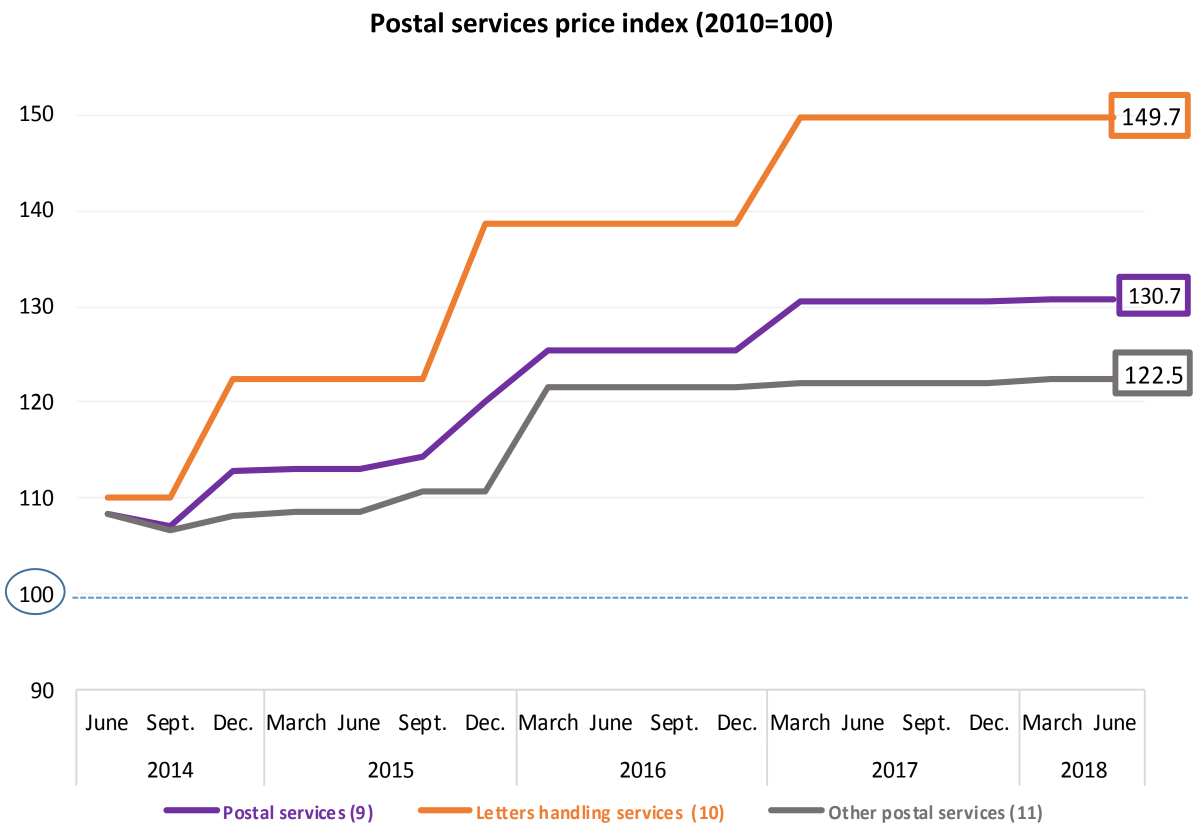


Istat services codes:
(4) 08 20 20
(5) 08 30 20

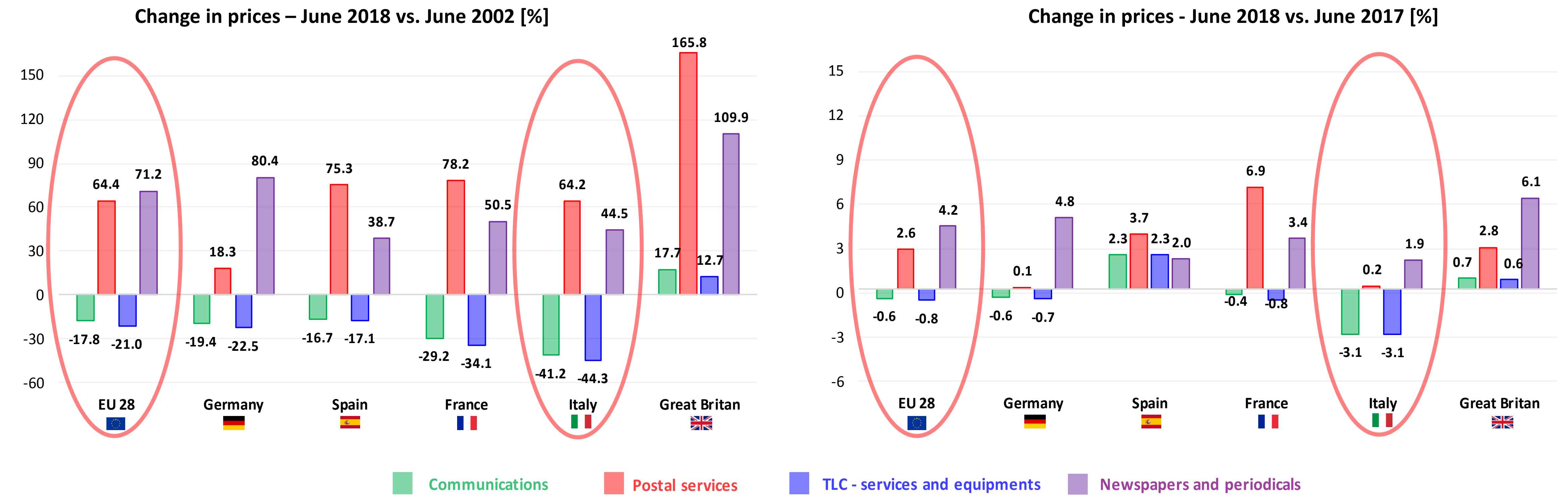
4.3 Daily newspapers, magazines, TV and postal services price indices



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



- Since June 2002, in Italy the communications price index has decreased at a faster pace than the EU average: -**44.3** and **-21.0** pp, respectively
- Since June 2002, the Italian inflation rate of postal services (**+64.2** pp) is in line with that of EU; among the countries analyzed, Germany show the lowest increase (**+18.3** pp)
- Since June 2002, in Italy the newspapers and periodicals price index has increased (**+44.5** pp) less than the EU average (**+71.2** pp)

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