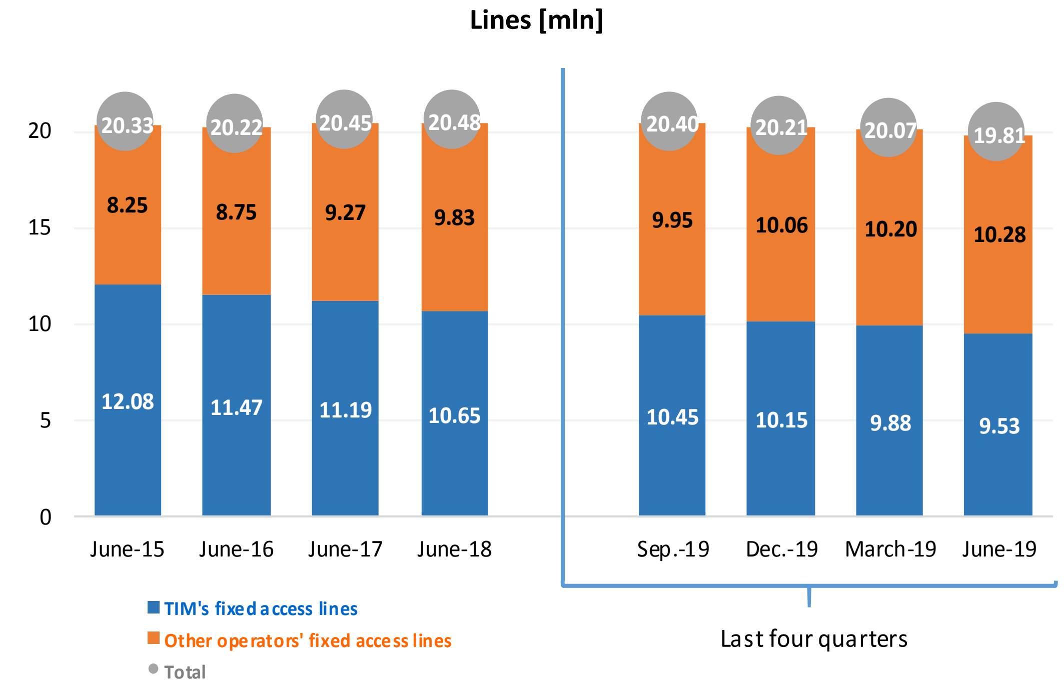
COMMUNICATION MARKETS MONITORING SYSTEM

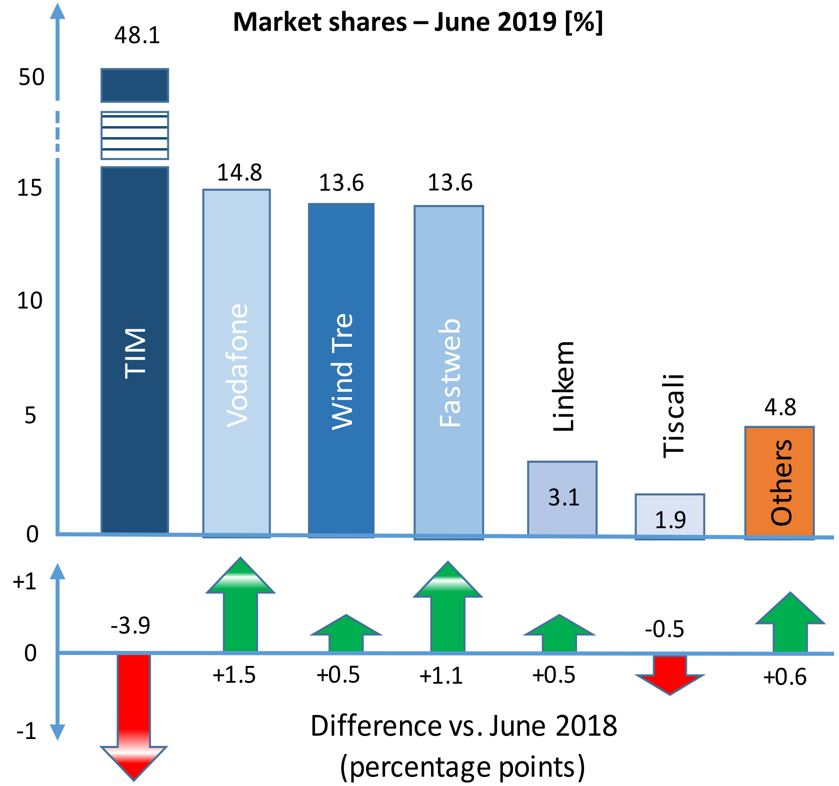
no. 3/2019

Index

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



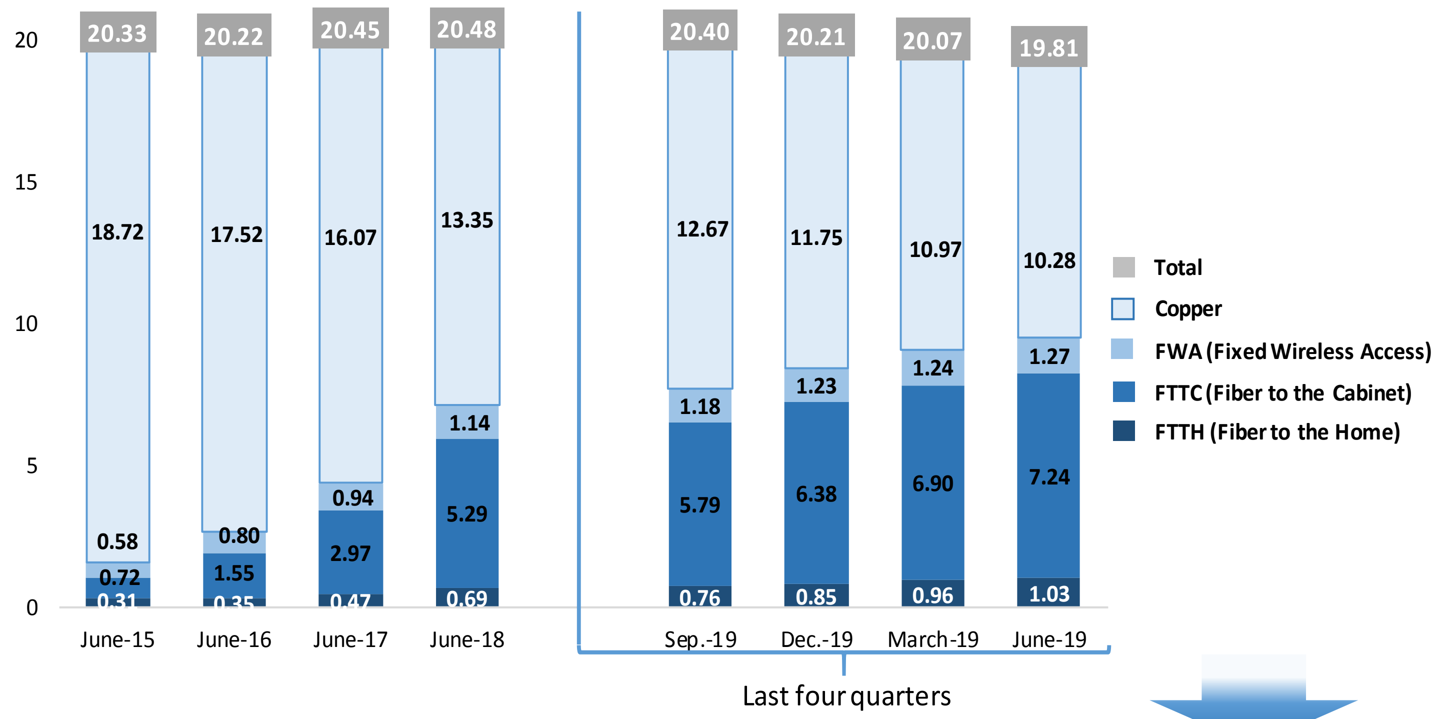


- A decrease in the total number of lines is recorded in the last
- On a YoY basis, while TIM's access lines have decreased by **1,100** thousand units, other operators' access lines have increased by about **450** thousand units

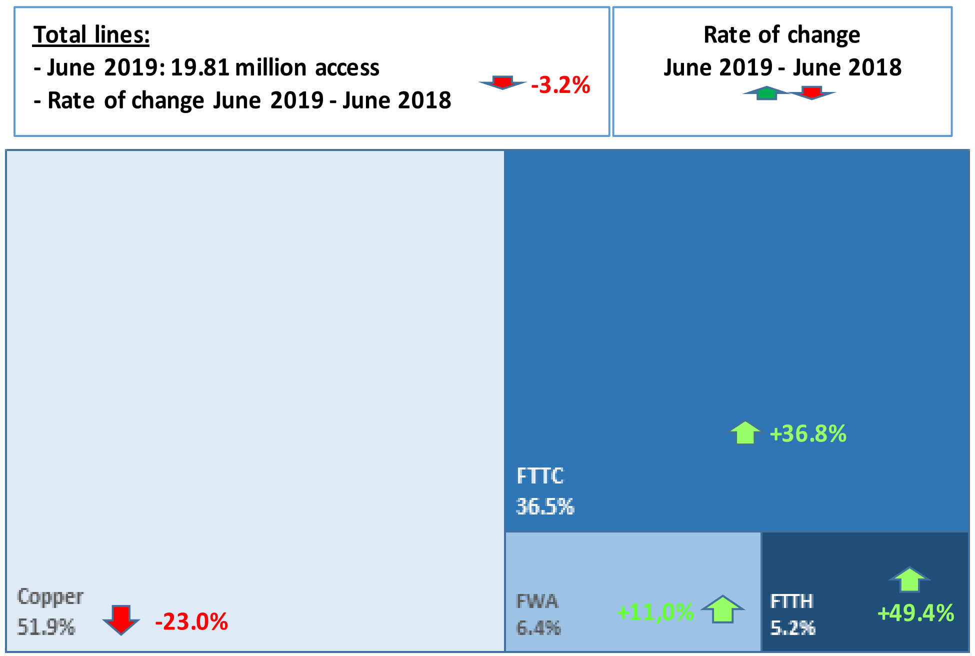
- TIM's market share dropped to **48.1%** at the end of June 2019 (**-3.9** pp)
- Vodafone's market share has reached **14.8%** with a growth of **1.5** pp, Wind Tre's market share has reached **13.6%**, with a growth of **0.5** pp, and Fastweb's market share amounts to **13.6%** with a growth of **1.1** pp
- Other operators have, as a whole, increased their market share by **0.6** pp (YoY); the increase has been more evident for Fixed Wireless Access (FWA) operators

1.2 Access lines by infrastructure

Lines [mln]

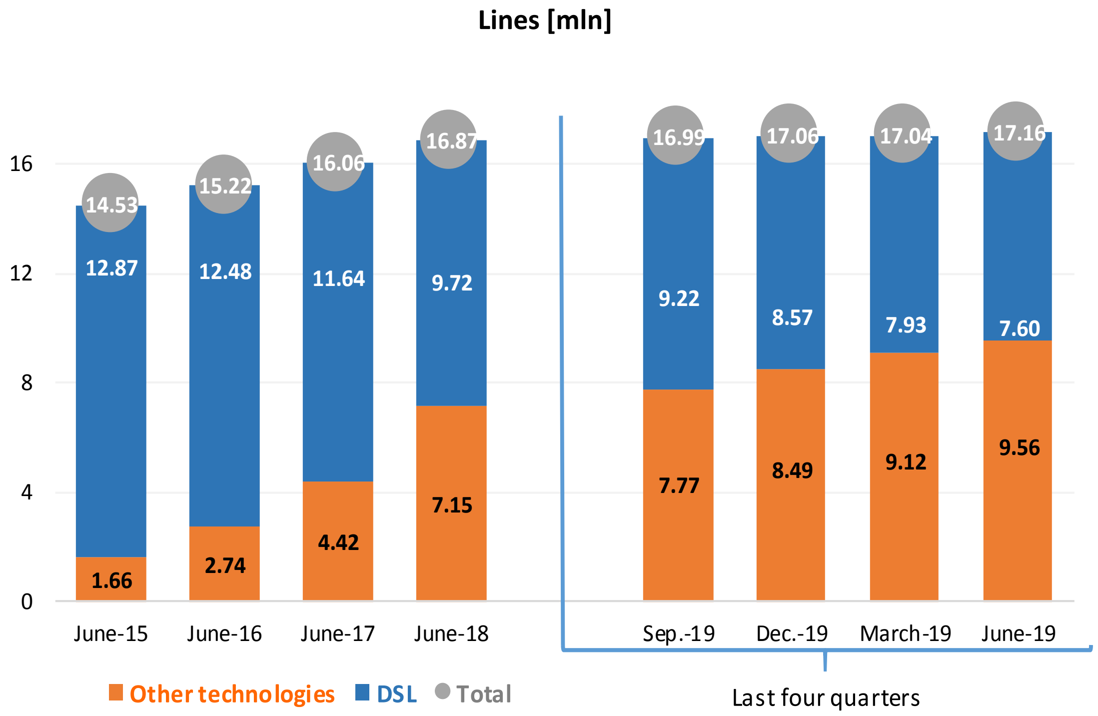


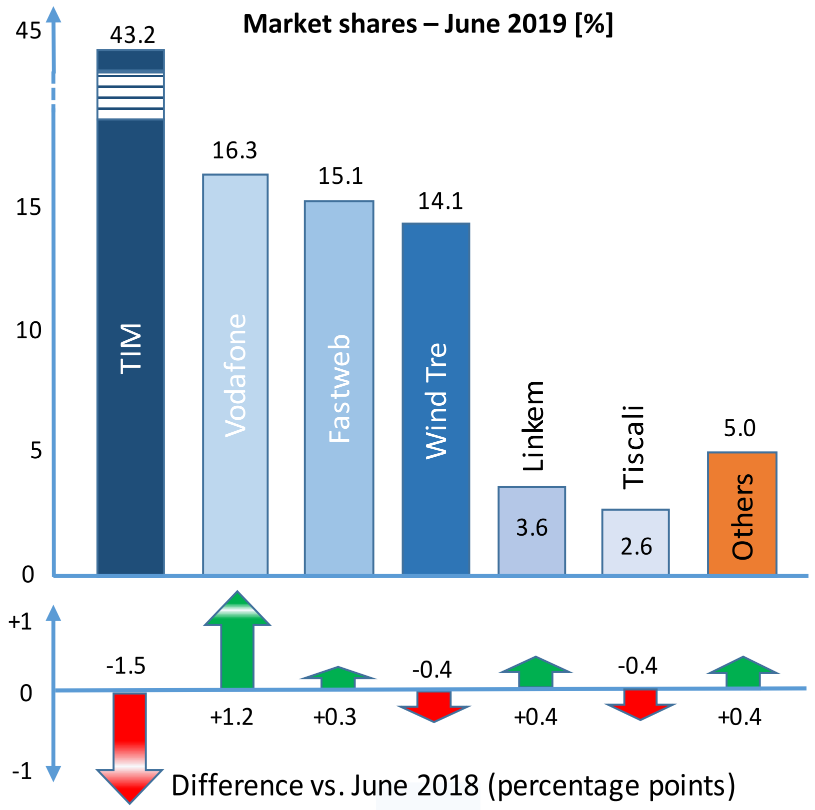
Distribution of fixed access lines by infrastructure and its trend compared to June 2018 [%]



- Access lines through TIM's copper network have decreased by **23%** (YoY), and by **45.1%** as compared to June 2015
- The services offered using FTTC access technologies (fiber on a mixed copper network) grew by **36.8%** YoY, thanks in particular to the growth of the wholesale services offered by TIM, and FTTH access services by **+49.4**, 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%** to around **42%** of total access lines
- FWA lines have increased by **11%** (YoY), reaching an amount of **1.3** million units

1.3 Broadband and ultrabroadband fixed lines



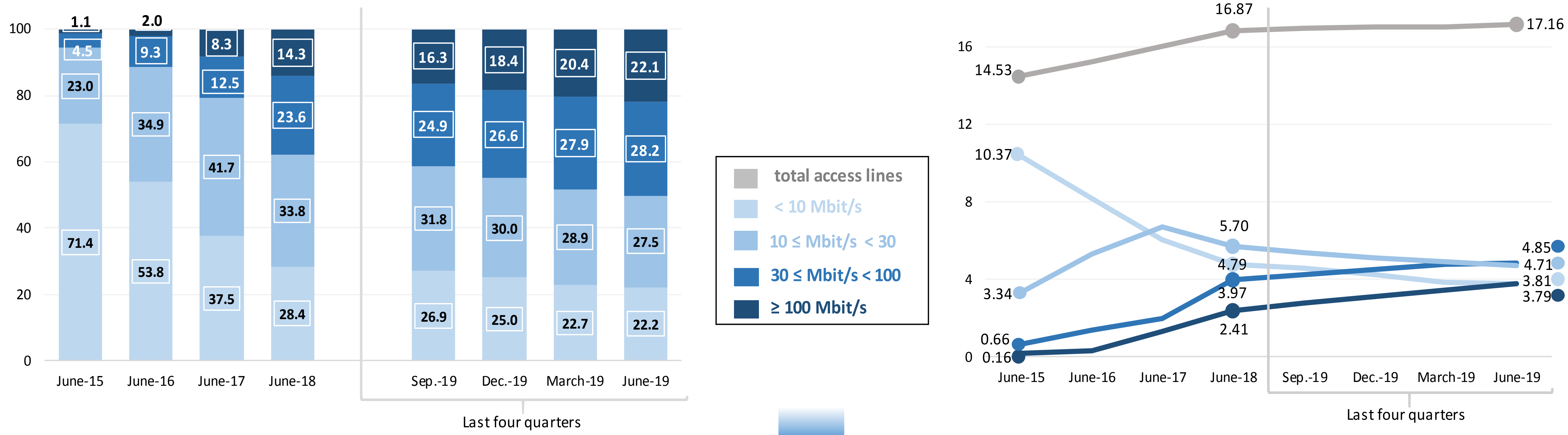


- Broadband lines have increased by about **290** thousand units YoY
- DSL lines (**7.60** million lines) have decreased by about **2.13** million units (YoY), now accounting for the **44%** of broadband and ultrabroadband lines
- Other technologies, in particular NGA lines, grew from **7.15** to **9.56** million units (YoY), now accounting for the **56%** of broadband and ultrabroadband lines

- TIM's market share has reduced by **1.5** pp (YoY)
- Vodafone's and Fastweb's market shares have increased by **1.2** and **0.6** pp (YoY), respectively, while Wind Tre's market share has decreased by **0.4** p.p.
- The cumulative growth of Linkem and other operators' (**+0.4** pp) market share 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]**



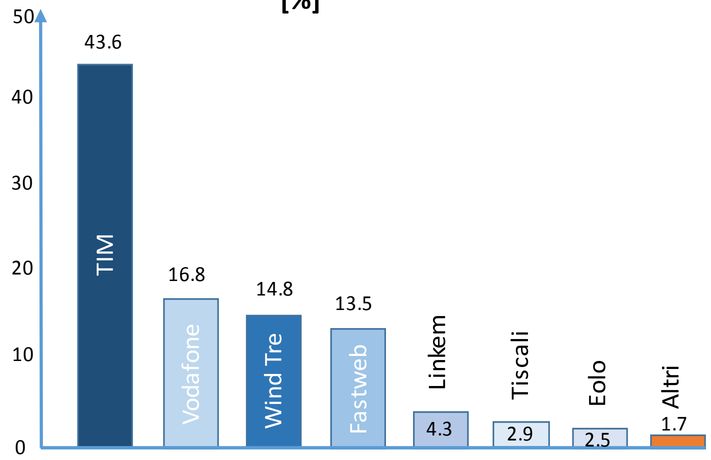
- In June 2019, lines <u>faster than (or equal) 30 Mbps</u> have increased by **2.25** million units (YoY) and now account for **50%** of total broadband lines
- This trend is attributable to the growth of lines <u>faster than (or equal) 30 Mbps but below 100 Mbps</u> (**+870** thousend of lines) and of <u>lines with speeds faster than (or equal) 100 Mbps</u> (**+1.4** million of lines), now accounting for **28.2%** and **22.1%** of total broadband lines, respectively
- Broadband lines <u>faster than (or equal) 10 Mbps but below 30 Mbps</u> have decreased by **1** million units YoY and now account for approximately **27.5%** of total broadband lines

1.5 Broadband fixed lines by type of customer

Residential
[June 2019]

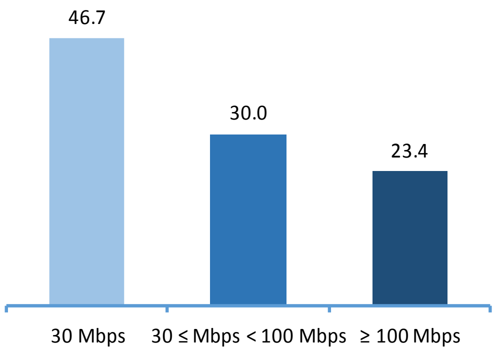
By operator

[%]



By speed

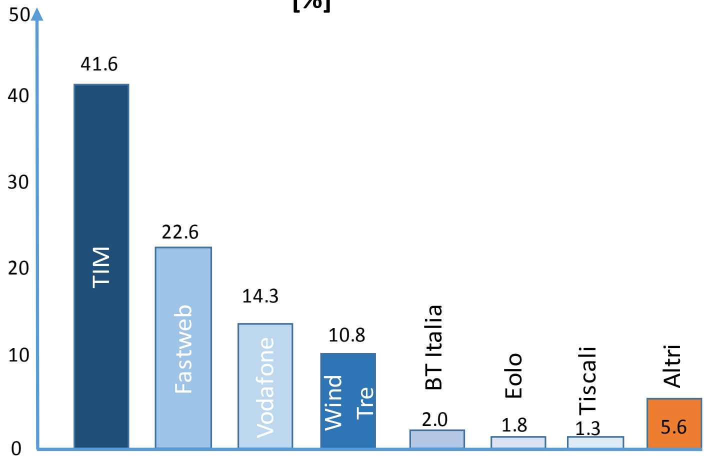
[%]



Business
[June 2019]

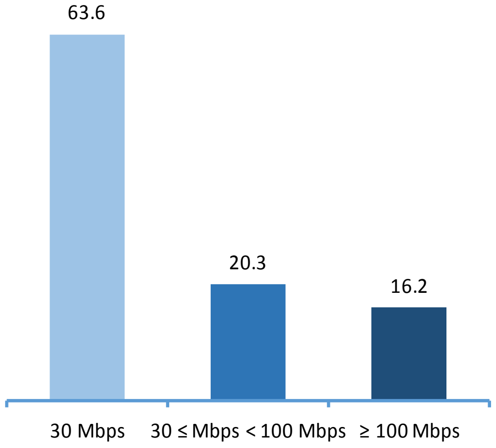
By operator

[%]



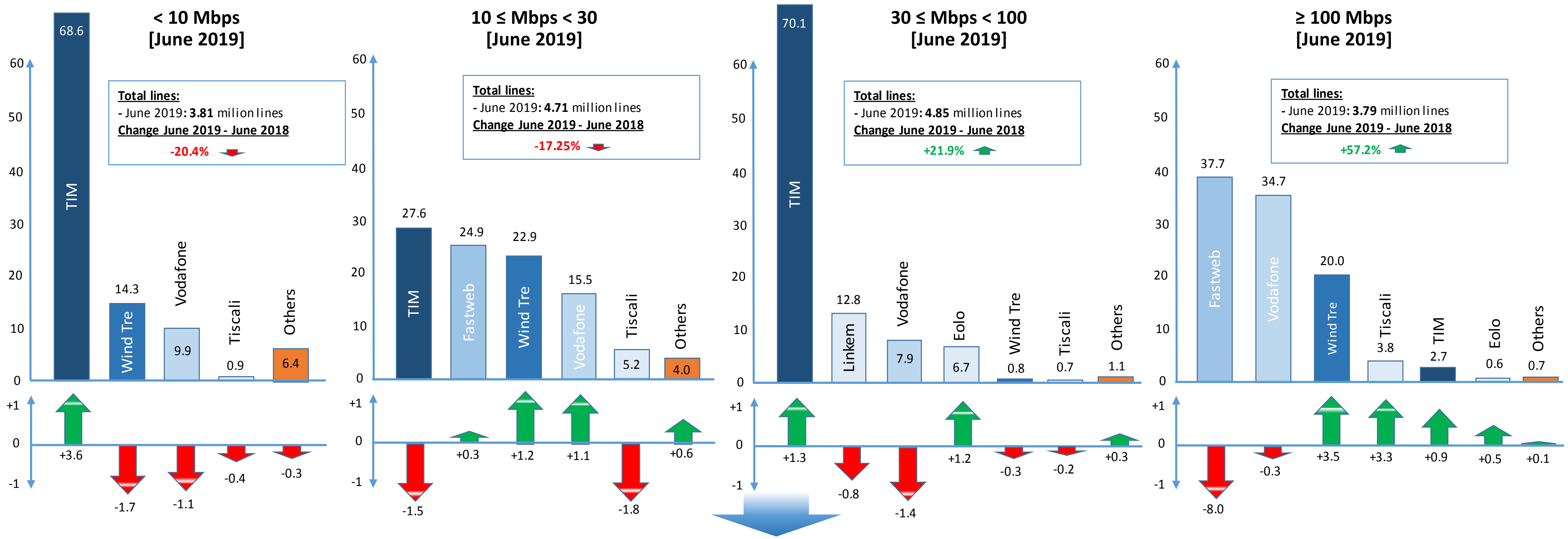
By speed

[%]



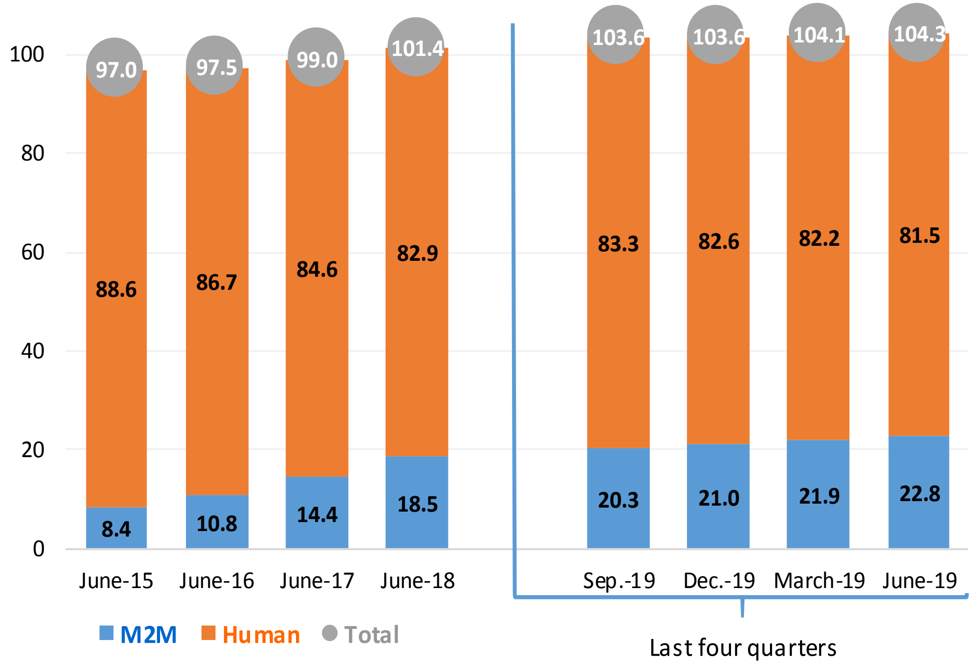
- Broadband fixed lines may be broken down as follows: **82.2%** are residential subscribers and **17.8%** are business subscribers
- In the **residential segment**, TIM's market share has reached **43.6%**, followed by Vodafone (**16.8%**) and Wind Tre (**14.8%**)
- Almost **47%** of accesses has a speed equal to or less 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 (**75.2%** in the business segment compared to **78.5%** in the residential segment) while in terms of speed, it is higher the weight of lines up to 30 Mbps (**63.6%** vs. **46.7%**)

1.6 Broadband fixed lines by operator and advertised speed

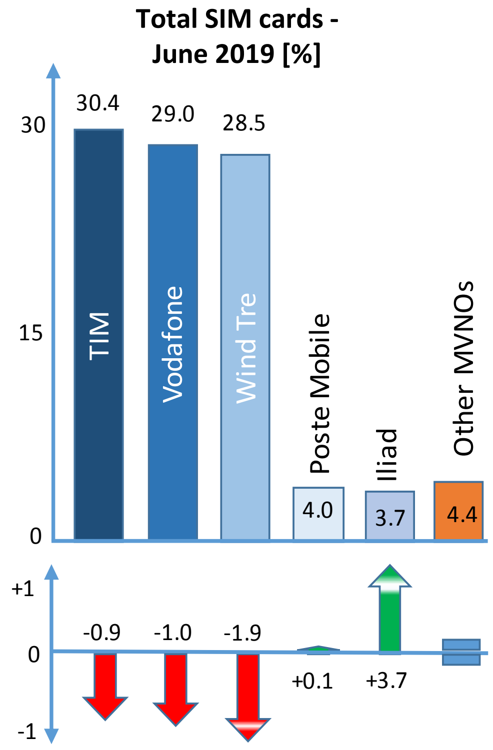


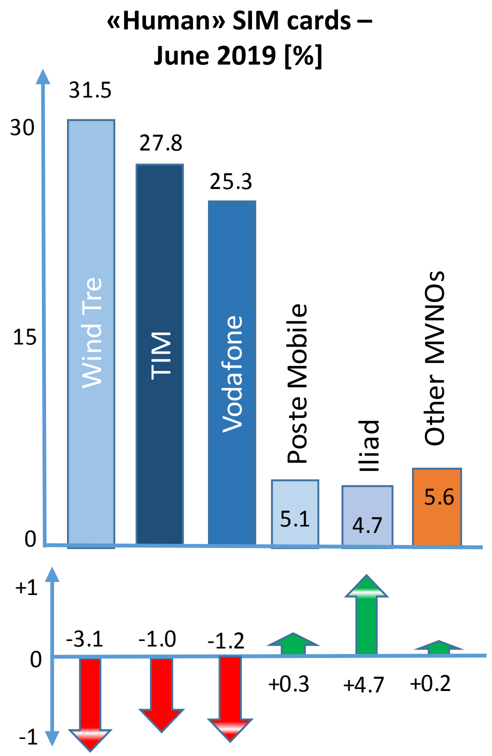
- For lines up to 10 Mbps, TIM's market share has reached **68.6%**
- For lines faster than (or equal) 10 Mbps but below 30 Mbps, it is possible to observe a higher level of competition, with the three main operators that are TIM (**27.6%**), Fastweb (**24.9%**) and Wind Tre (**22.9%**)
- For lines faster than (or equal) 30 Mbps but below 1000 Mbps, thanks to the migration towards FTTC solutions, TIM's market share has reached **70.1%**
- For lines faster than (or equal) 100 Mbps, despite a YoY reduction, Fastweb preserve the leading position with a market share of **37.7%**; to note that this reduction is partly due to the increase in the number of lines in the speed segment as a consequences of the migration of the lines of other operators coming from the segments at lower speeds

1.7 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.





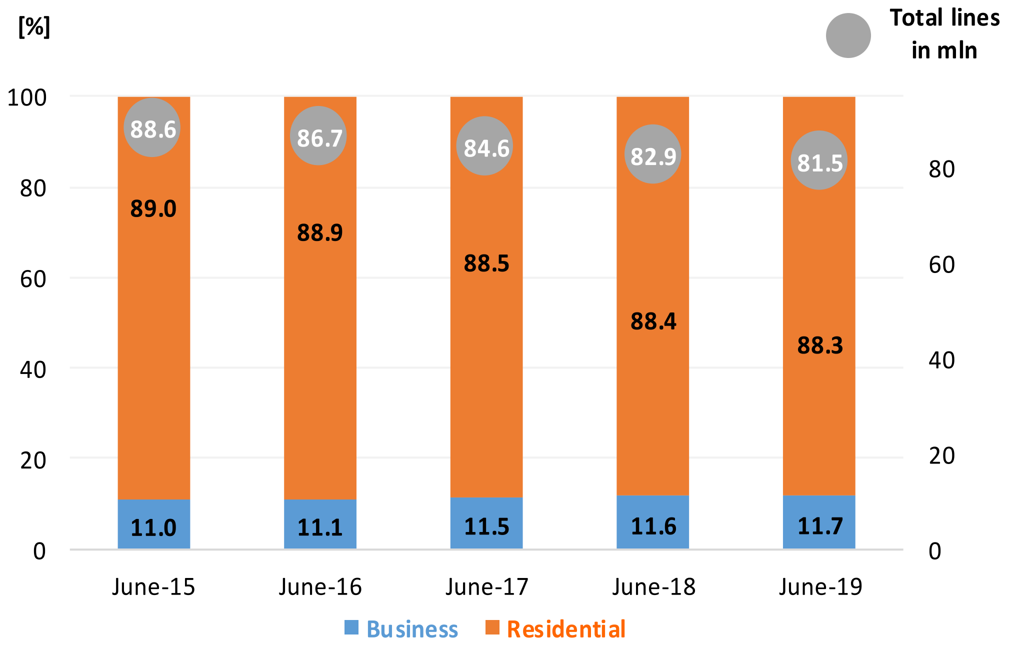
Difference vs. June 2018 (percentage points)

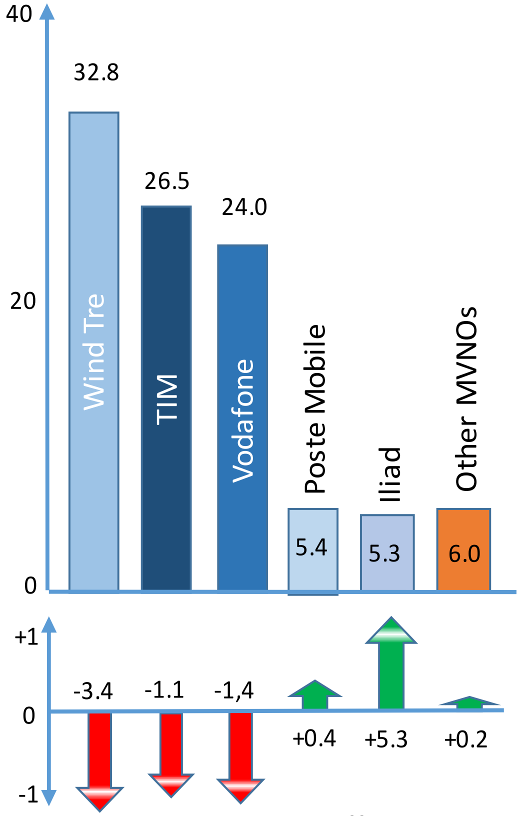
- Mobile lines have increased by about **3** million units YoY
- Over the last five years, «M2M» SIM cards have increased by **14.4** million units, now accounting for **22.8** million lines

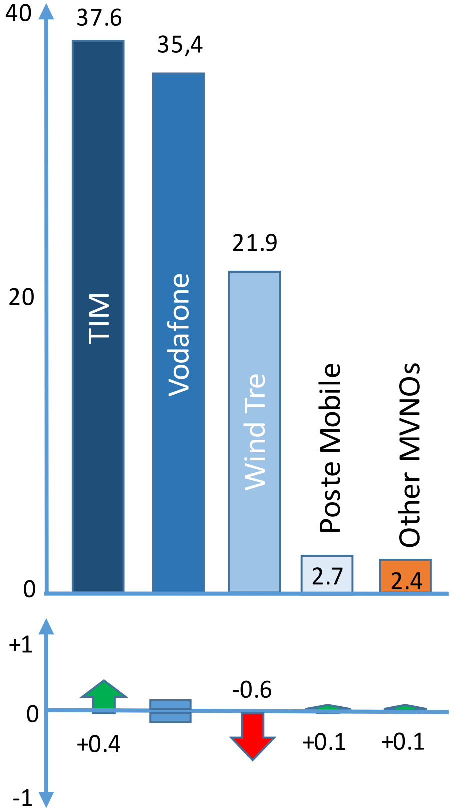
- Overall, the three main operators show a reduction in market shares, while the new entrant Iliad gain **3.7** pp YoY
- A similar pattern is observed with regard to the "human" SIM cards; at the end of June 2019, Iliad reaches a market share of **4.7%**

(*) - 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)

1.8 Mobile subscribers by type of consumer



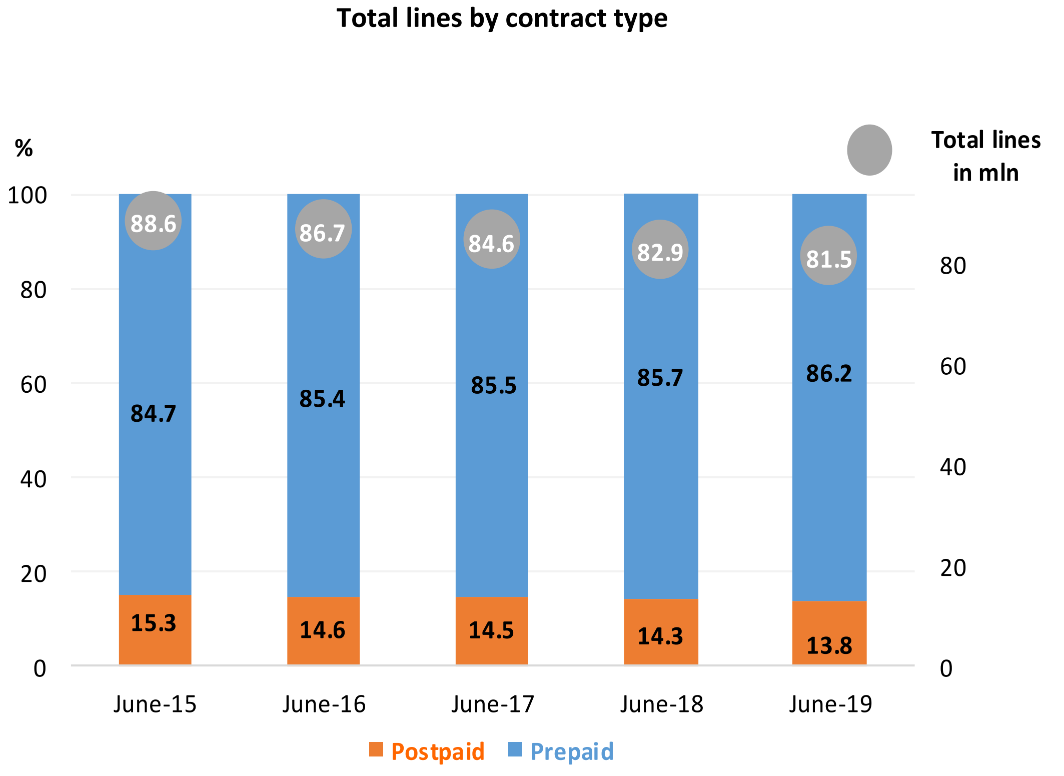


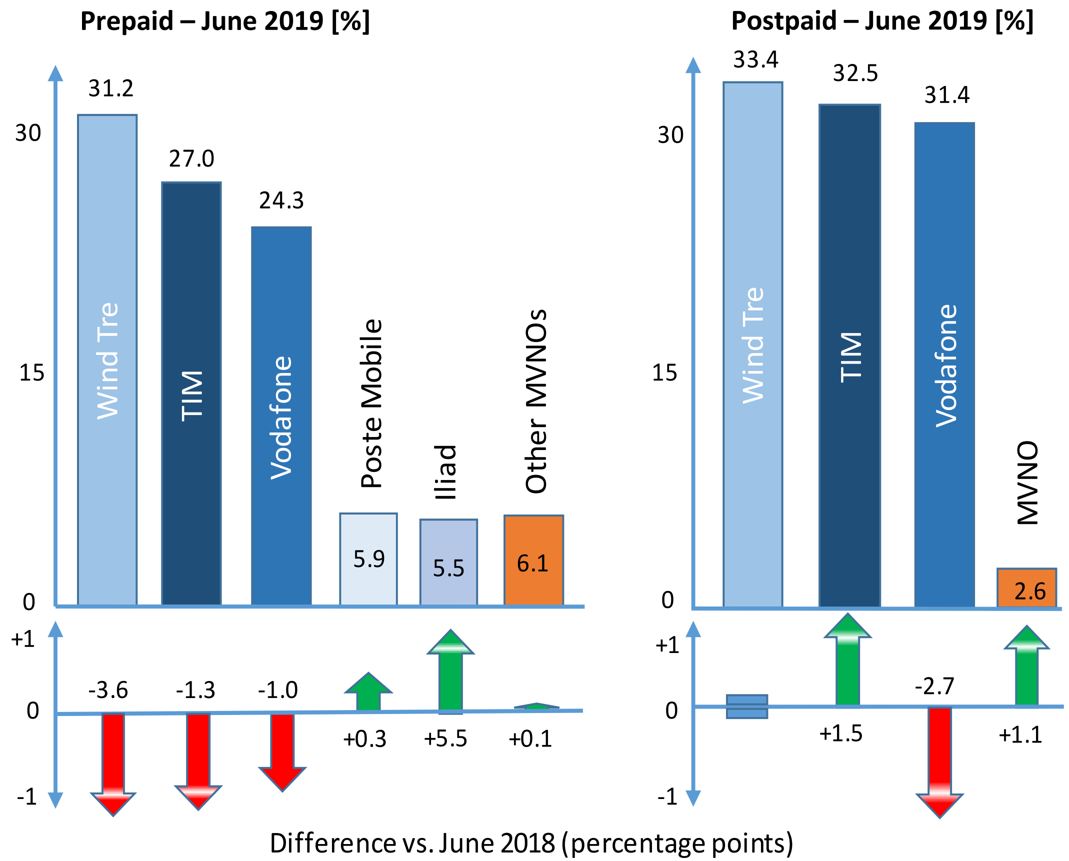


Differencevs. June 2018 (percentages points)

- **Non residential SIM** cards (**9.5** million units at the end of June 2018) have decreased on a yearly basis by **0.1** million units
- **Residential SIM** cards (**72** million units at the end of June 2019) have decreased by **1.2** million units (YoY)

- 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 with a share of **37.6%** (**+0.4** pp)

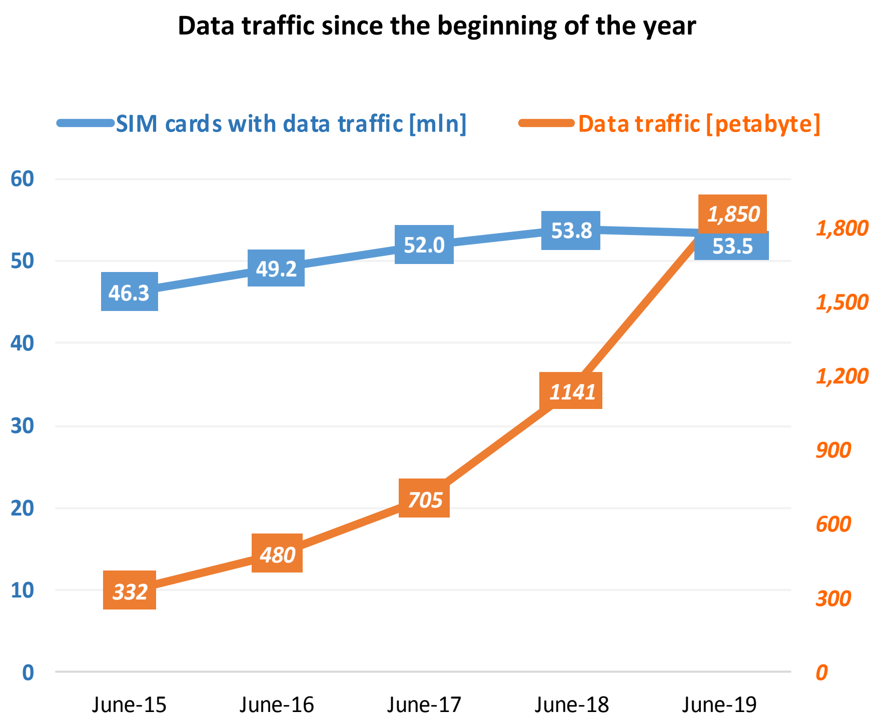


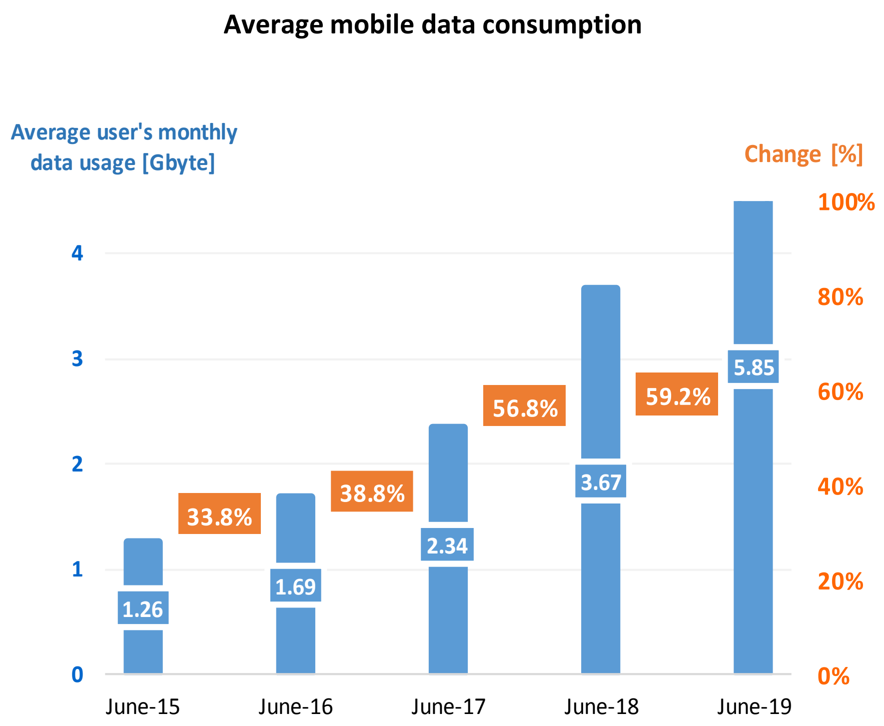


- At the end of June 2019, **prepaid SIM** cards reached **70.3** million units (**86.2%** of total lines), with a decrease of **0.7** million units YoY (**-4.8** million units since June 205)
- At the end of June 2019, **postpaid SIM** cards reached **11.2** million units (**13.8%** of total lines), with a decrease of **0.6** million units YoY

- In the **prepaid segment**, Wind Tre, despite a reduction (**-3.6** pp), retained the leadership position with a market share of **31.2%**
- In the **postpaid segment**, with a share of **33.4%**, Wind Tre become market leader, followed by TIM with a share of **32.5%** and Vodafone with a share of **31.4%**

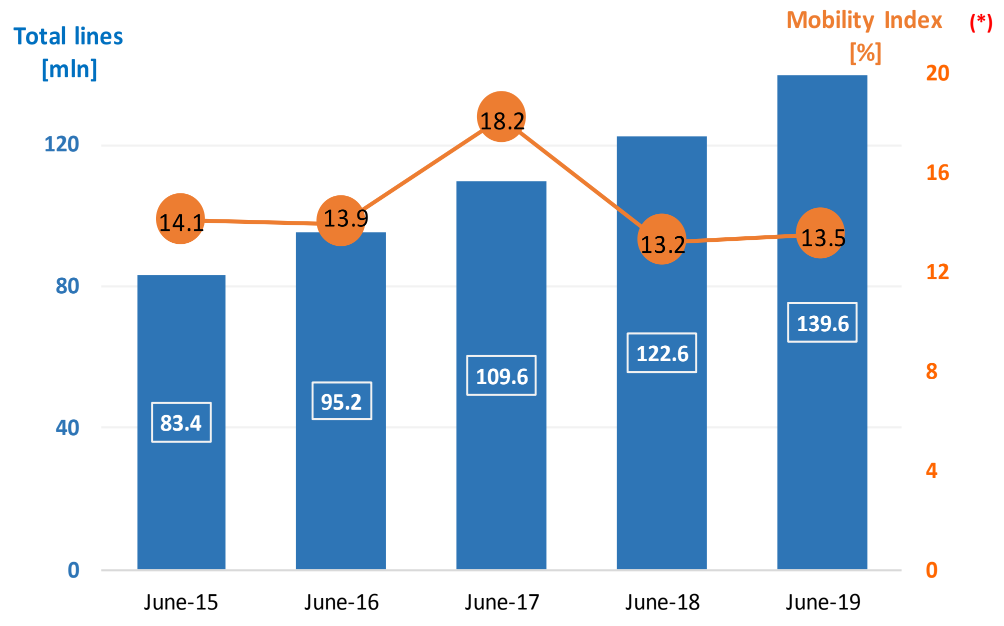
1.10 Mobile data traffic



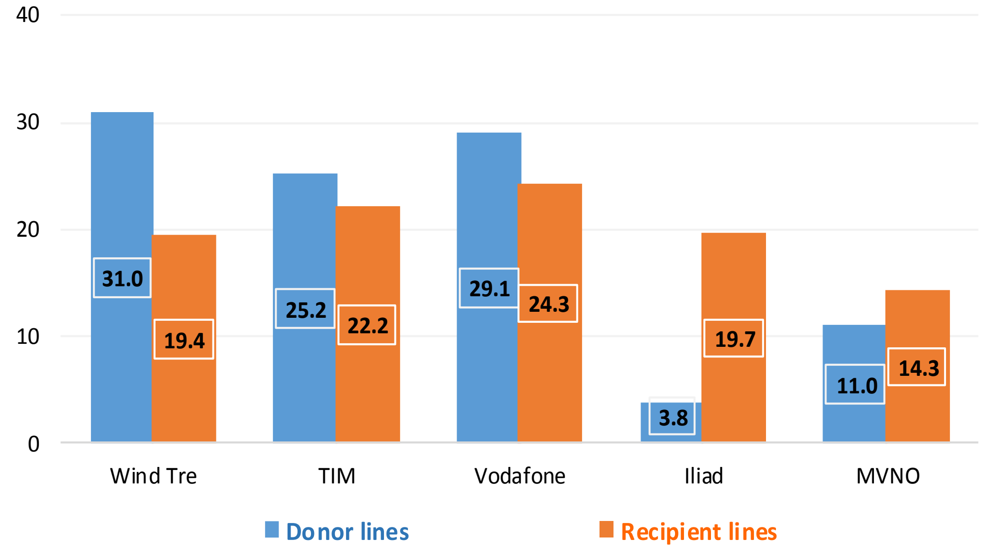


- Since June 2015, the number of SIM cards with data traffic has increased from the **50%** to the **70%** of the overall SIM cards
- Overall data traffic increased by about **62.1%** compared to June 2017
- At the end of June 2019, the average mobile data consumption per smartphone increased by over than **59.2%** (YoY), from **3.67** to **5.85** Giga byte per month

Number portability
(since the beginning of the year)



Distribution of donor and recipient lines – June 2019 [%]

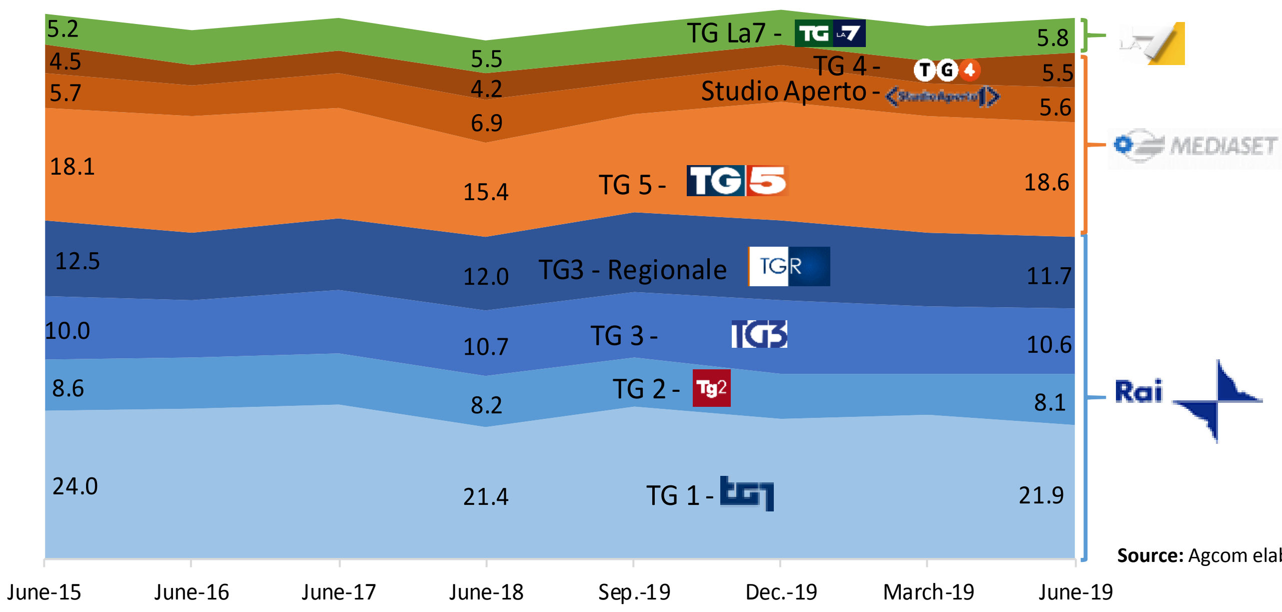


- At the end of June 2019, the total amount of mobile number portability operations exceeded **139** million of units
- On a yearly basis, the net «donating-recipient» balance has worsened for TIM (**-499** thousand lines), for Wind Tre (**-1,958** thousand lines) and Vodafone (**-820** thousand lines) whereas it has improved for Iliad (**+2,711** thousand lines) and for MVNO operators
- At the end of June 2019, the «Mobility Index»(*) was **13.5%** in line with last year and lower as compared to the previous values (2015 – 2017)

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

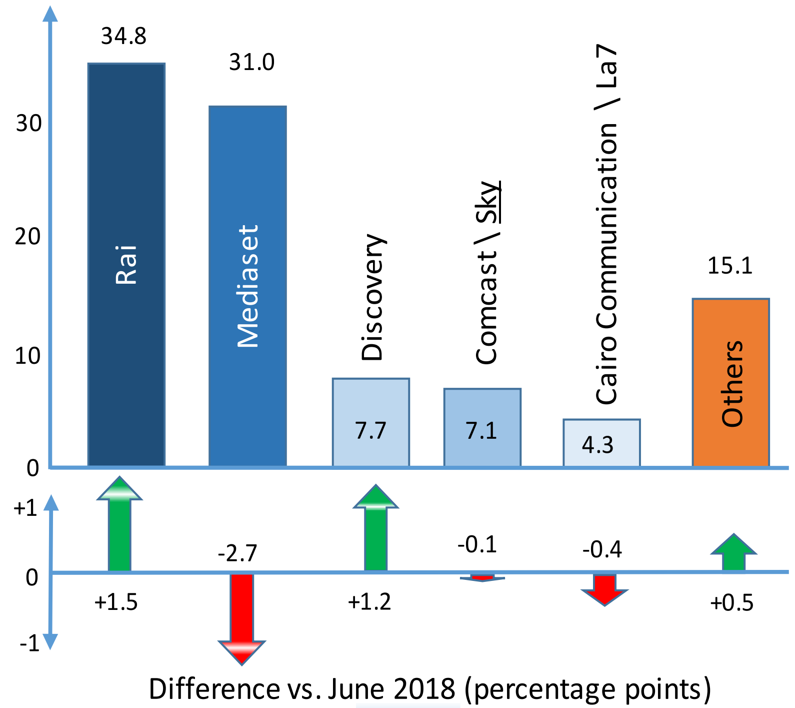
2.1 Media: TV

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



Source: Agcom elaboration on Auditel's data

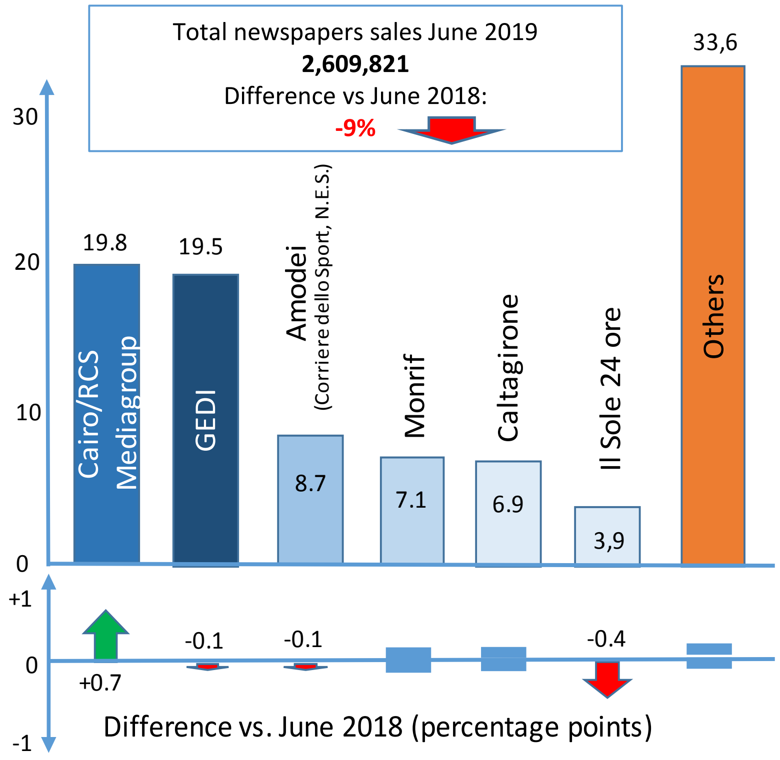
Audience on an average day – June 2018 [%]



- Over the whole period considered, from June 2015 to June 2019, the evening news program audience of the two most important players, Tg 1 and Tg5, has decreased for the first, from **24.0%** to **21.9%**, and increased for the latter form **18.1%** to **18.6%**

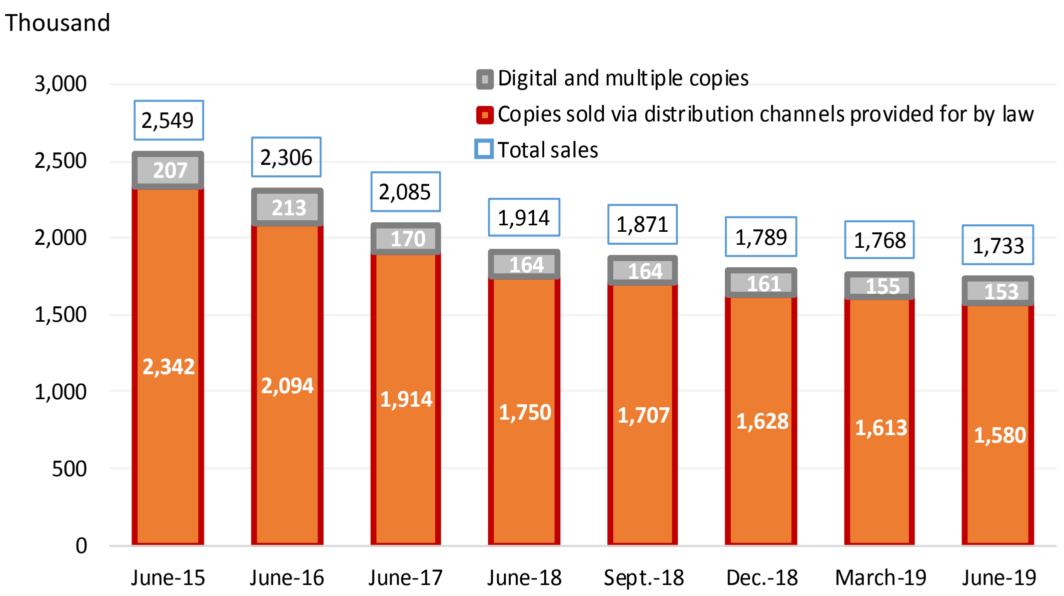
- Rai, with over **3** million viewers on the average day, holds the leadership in terms of share (**34.8%**), with an increase of **1.5** pp YoY
- In the same period, the audience of Mediaset (**-2.7** pp), Comcast (**-0.1** pp) and La7 (**-0.4** pp) have decreased, while the audience of Discovery (**+1.1** pp) has increased
- Smaller operators maintain an audience of **15.1%**

Newspapers' sales by editorial groups – June 2019 [%]



Source: Agcom elaboration on data from ADS and IES

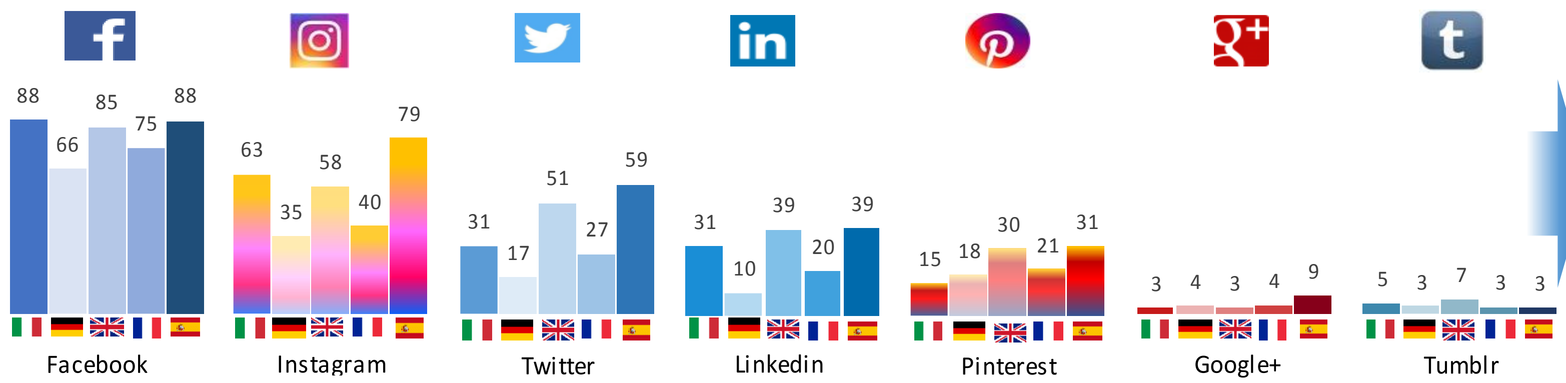
Newspapers' sales by 7 major editorial brand and type of distribution channels June 2019 [%]



- Newspapers' sales showed an overall **9%** reduction YoY (**-273** thousand units)
- Only the leader in the sale of newspapers (Cairo/RCS Mediagroup) shows a positive changes YoY (**+0.7** pp)

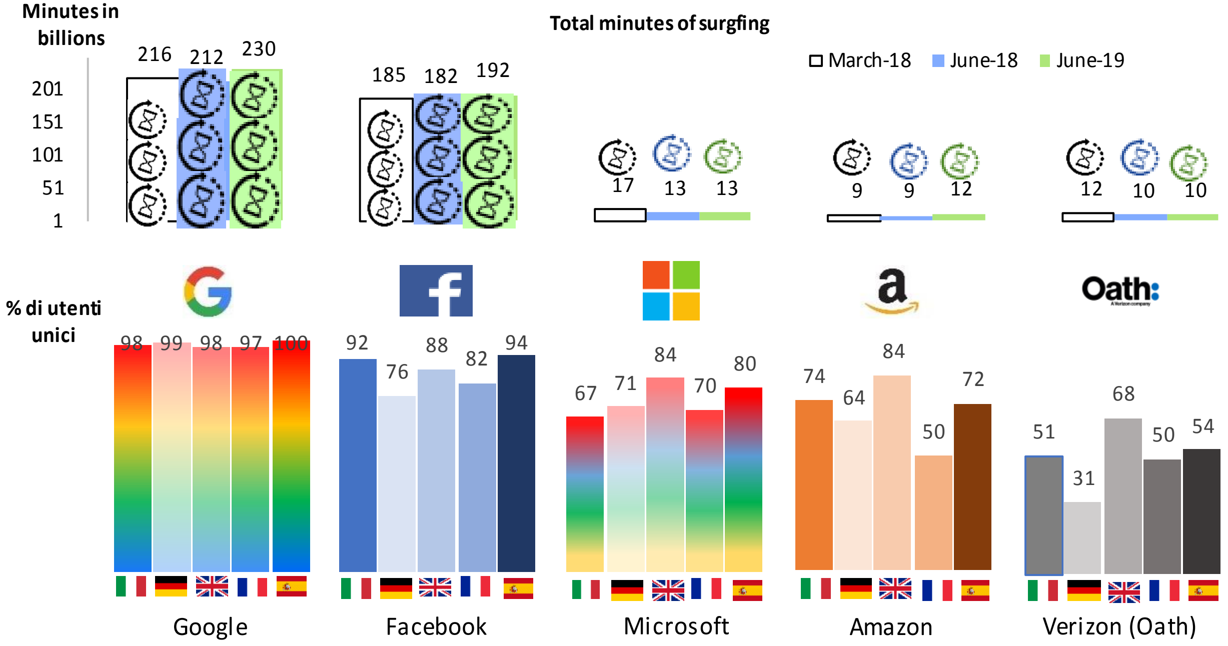
- Printed newspaper sales show a structural reduction of **10%** from June 2018 (**-33%** since June 2015)
- The number of digital copies sold remained stable compared to June 2018, whereas, compared to June 2015, decreased by **26%**

Audience of the major social network in % – June 2019



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

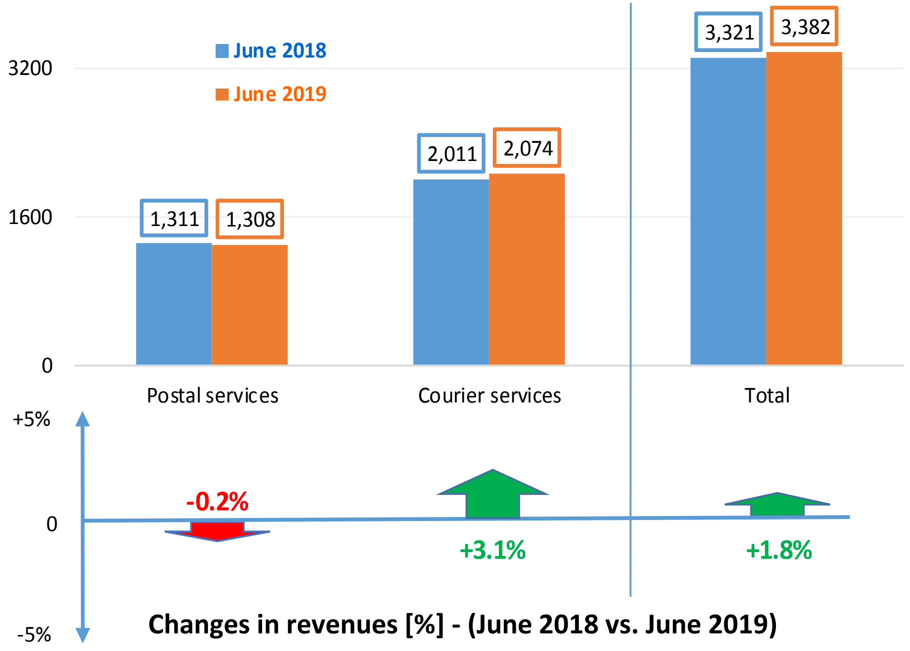
Audience on an average day [%] and the average monthly time [mln. minutes] spent on website by visitors - March 2018, June 2018, June 2019 -



	Italy	Germany	UK	France	Spain
Country					
Tone					

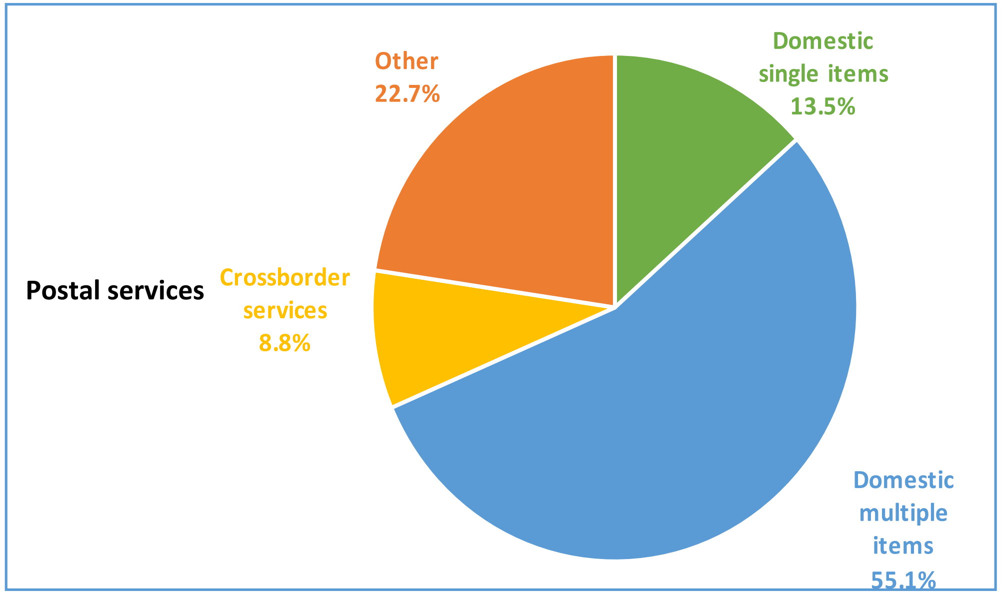
Source: Agcom elaboration on Comscore's data

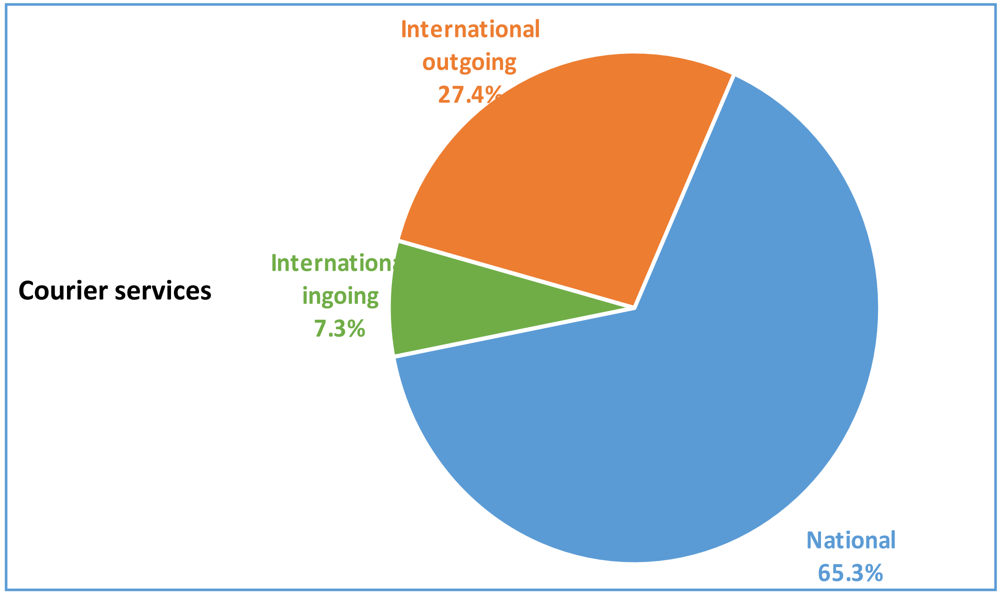
- In the main EU countries, in June 2019, the average daily navigation time per person is increasing (**+3%** compared to March 2018)
- Google and Facebook parent entities (brands aggregation) hold the leadership in terms of unique reach, confirming a trend of several year steady growth
- In June 2019, Google and Facebook have experienced an increase in the monthly average time spent on its web page compared to March 2018



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.

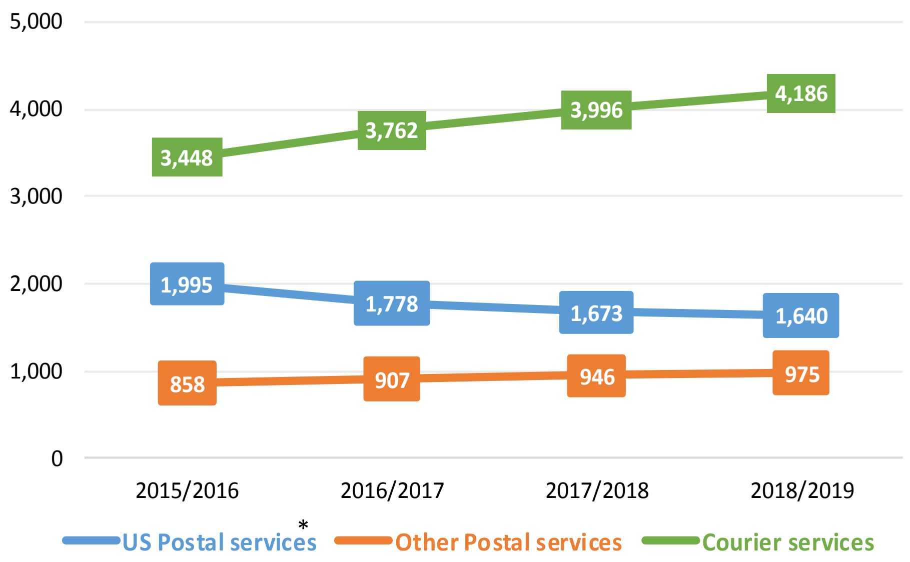
Revenues by source type - June 2018 [%]





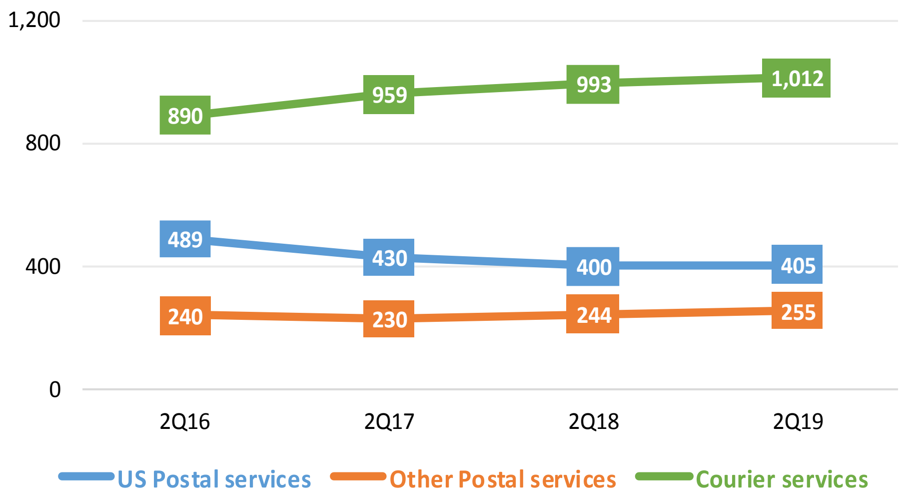
- At the end of June 2019, overall revenues are about **3,382** million of €, with an increase of **1.8%** YoY
- YoY, postal services' market has shown a decline in revenues (**-0.2%**); over **55%** of revenues are represented by "Domestic multiple items" (**-0.3%** YoY), while revenues from "Other" services increased YoY (**+13.1%**), mainly due to "exclusive services" and "parcels delivery"
- YoY, courier services' market has shown a growth in revenues (**3.1%**); over **65%** is represented by revenues from services with national sender and receiver (**+3.5%**); overall international deliveries increased by **2.5%**

Revenues: annual cumulative figures [million of €]



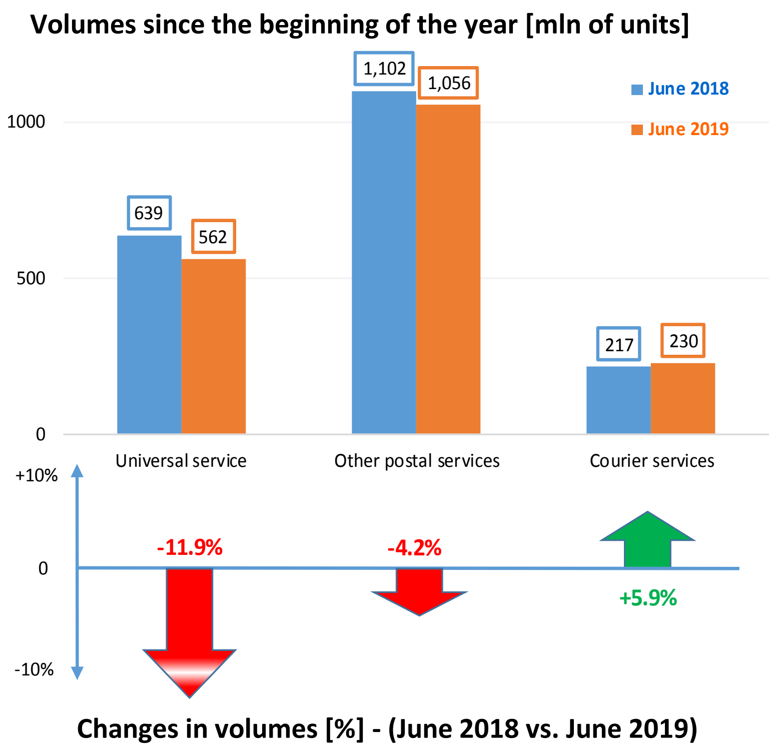
* US = Universal Services

Quarterly revenues trends [million of €]

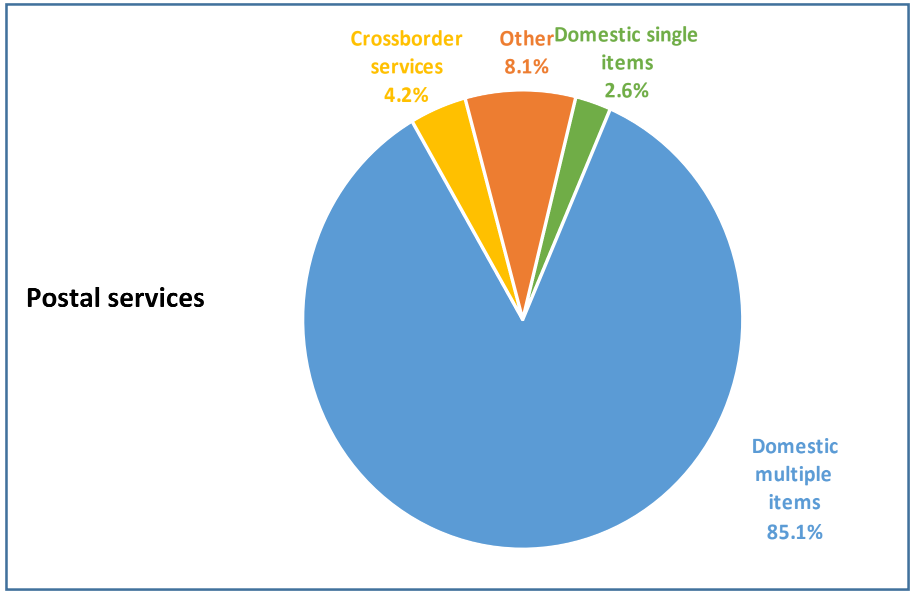


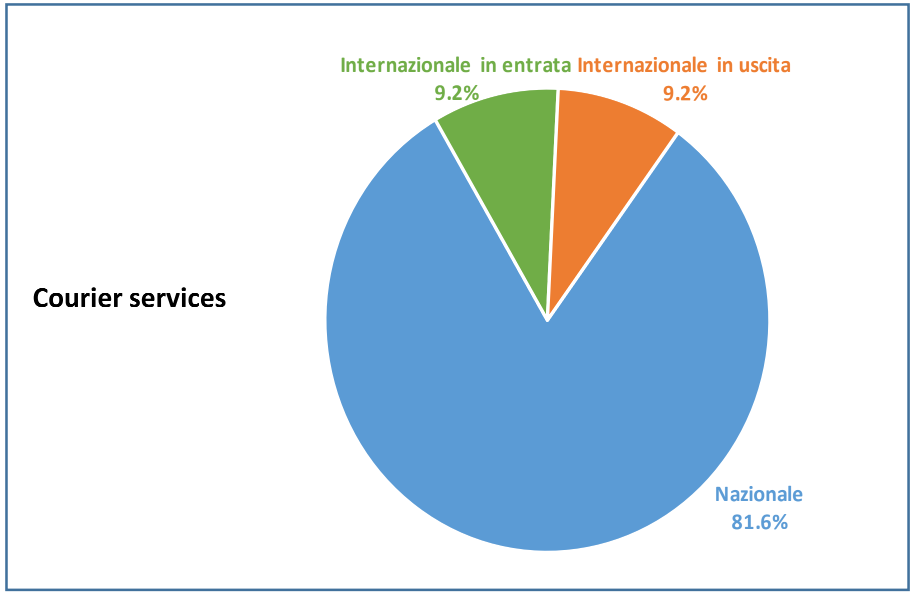
- <u>Postal services</u>: over the last four years, revenues from Universal postal services (US) have decreased by **17.8%** (from **1,995** to **1,640** million €), while revenues related to other postal services have grown by **13.6%** (from **858** to **975** million €)
- <u>Courier services</u>: over the four years, it is possible to observe a **21.4%** increase in revenues (from **3,448** to **4,186** million €)

- <u>Postal services</u>: over the whole period considered, revenues from Universal postal services have decreased by **17.1%**, while revenues related to other postal services have grown by **6.4%**
- <u>Courier services</u>: quarterly revenues shows a **13.7%** increase compared to the first half of 2016



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.

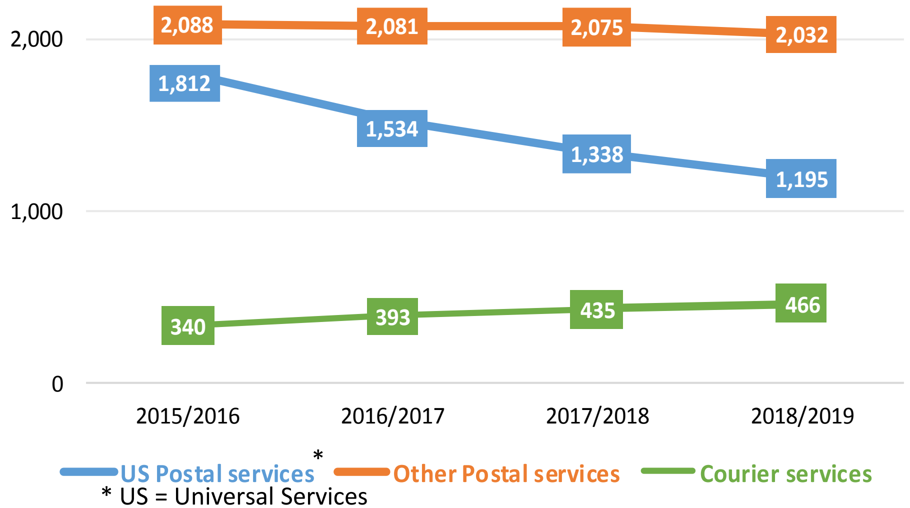




- At the end of June 2019, volumes of universal services (US) amounted to **562** million units, showing a contraction of **11.9%** YoY and for other postal services by **-4.2%** YoY, while volumes have increased by about **5.9%** YoY for the courier services segment (**230** million units from the beginning of the year)
- Postal services: “domestic multiple items” account for about **85%** of total volumes
- Courier services: volumes on a national basis grew by **6.9** pp YoY, now accounting for **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 (**+1.8%** pp)

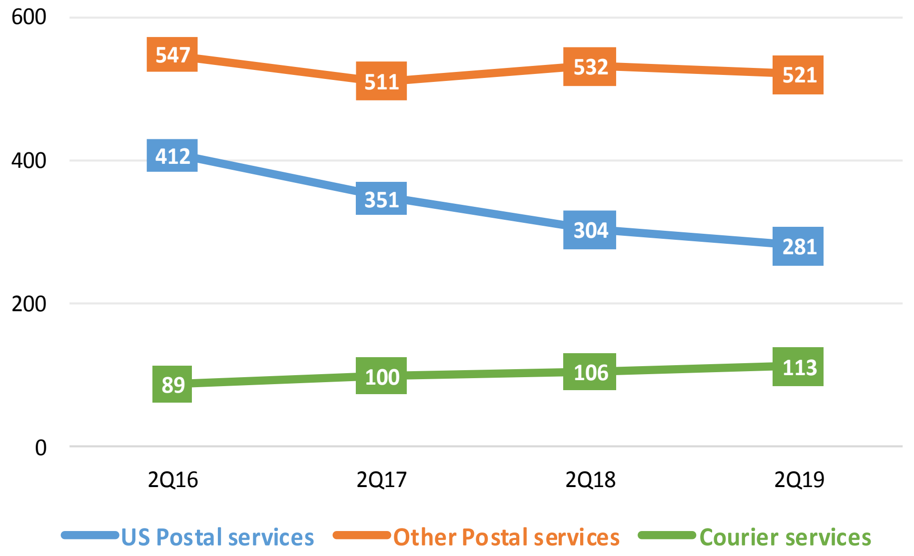
3.4 Postal services and express couriers: volumes historical trend

Volumes: annual cumulative figures [million of units]



* US = Universal Services

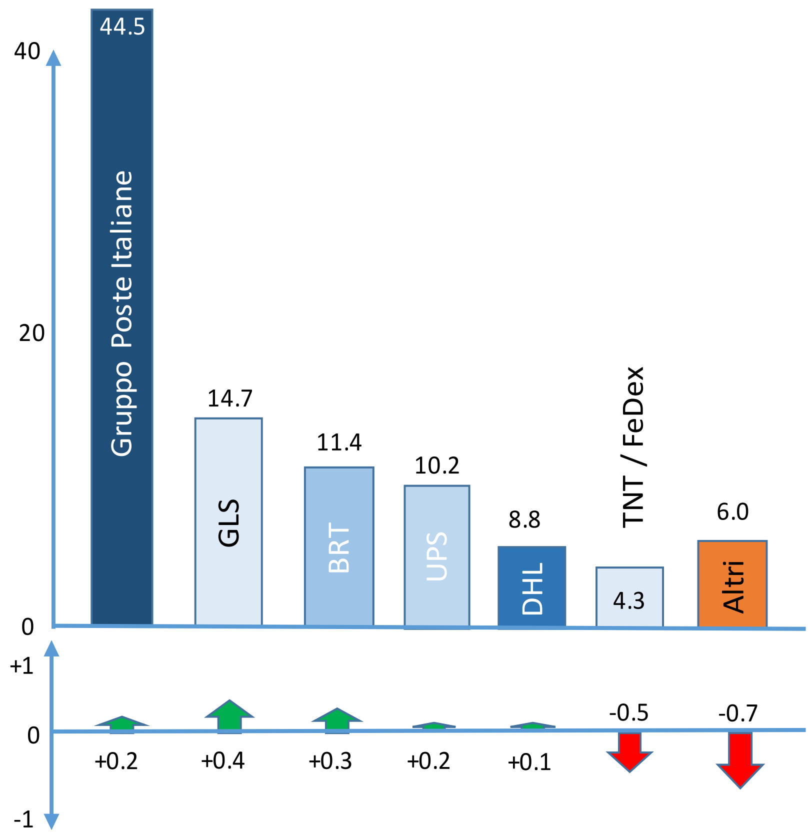
Quarterly volumes trends [million of units]



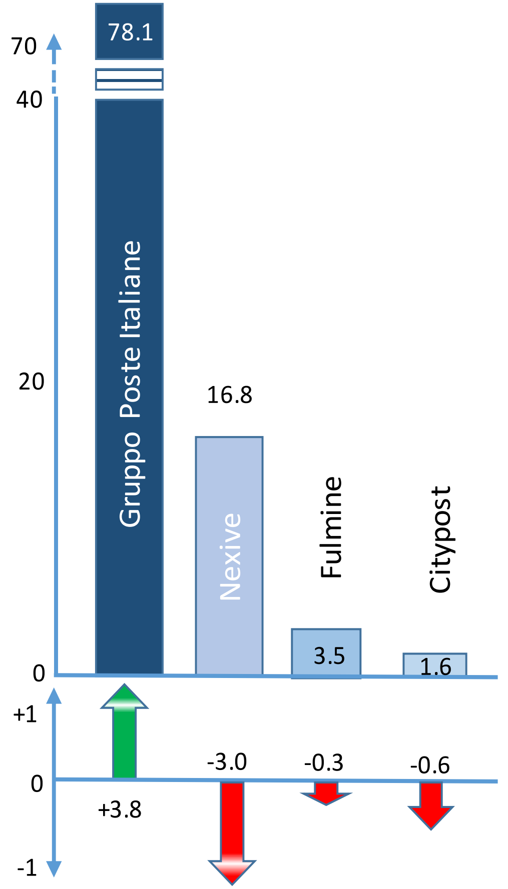
- Postal services: over the last four years, volumes from Universal postal services have decreased by more than **34%**; the volumes related to other postal services remained quite stable
- Courier services: over the last four years, it is possible to observe a **37.1%** increase in volumes (from **340** to **466** million units)

- Postal services: over the whole period considered, it is possible to observe an average reduction of **16.3%**, due to the decrease in universal services volumes (**-31.6%**)
- Courier services: quarterly volumes show a **27%** increase compared to the quarterly value of June 2016

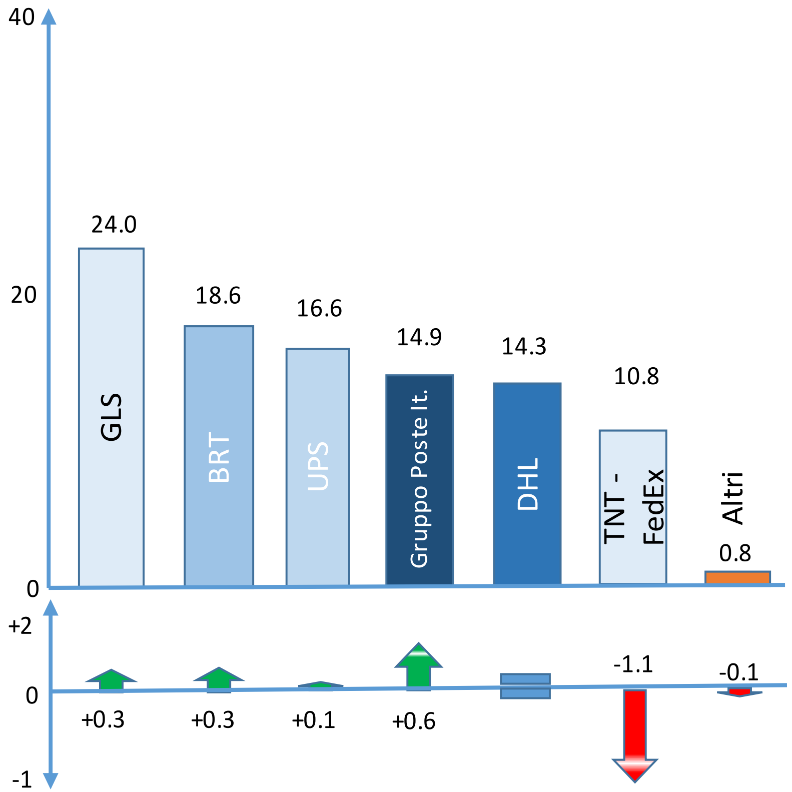
Total postal services (including express couriers)



Services not included in the universal postal services category



Express couriers

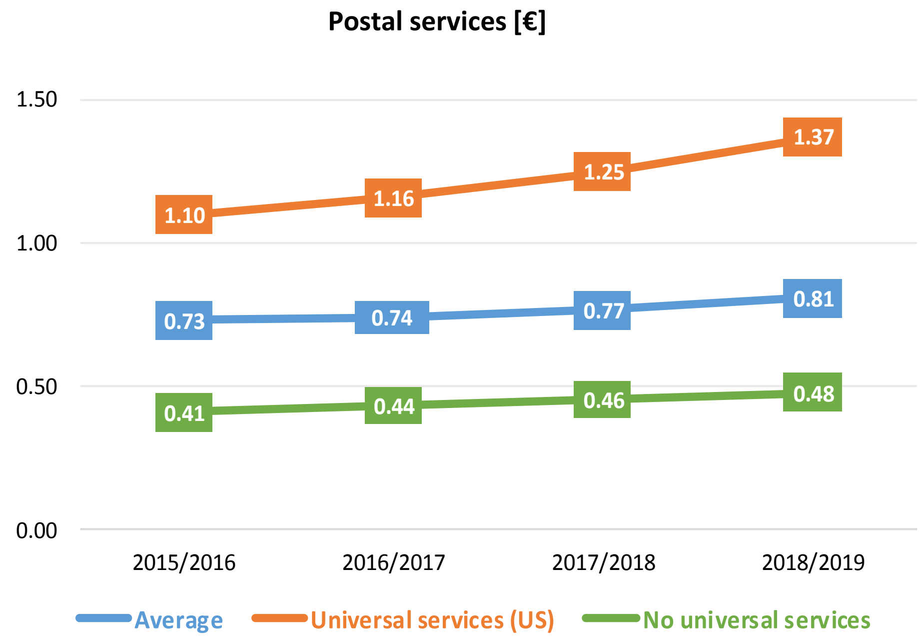


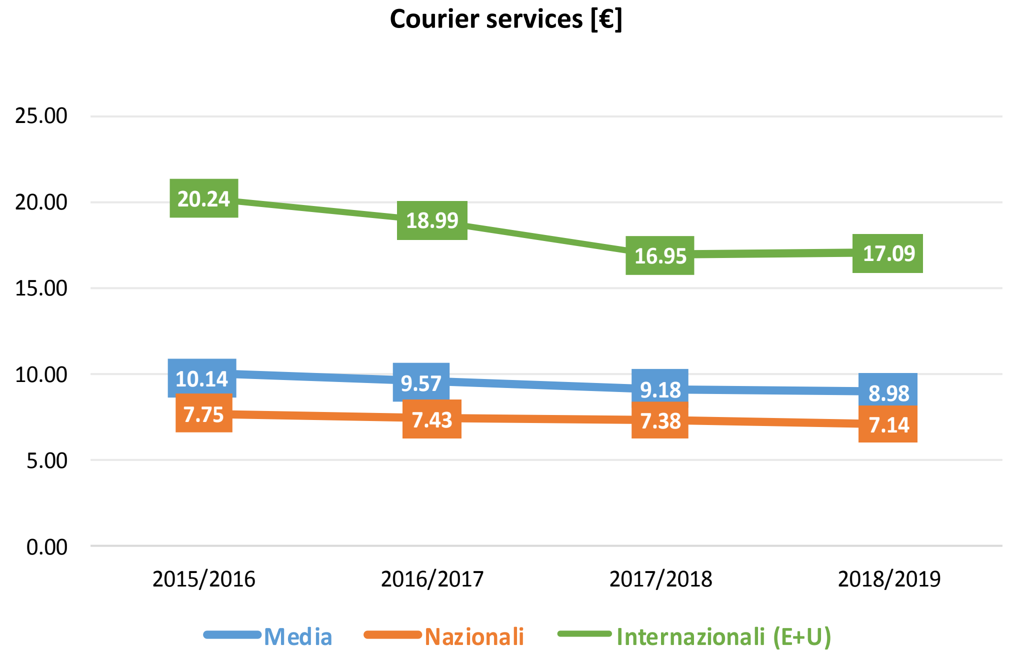
Difference vs. June 2017 (percentage points)

- Poste Italiane is still the first postal operator, and its share has shown an increase of **0.2** pp (YoY)
- The aggregate market shares of GLS, DHL, BRT, UPS and TNT-FeDex is **49.4%**

- In the segment of services not included among the universal postal services, Poste Italiane, as a consequence of its historical monopolistic position, still holds **78.1%**

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

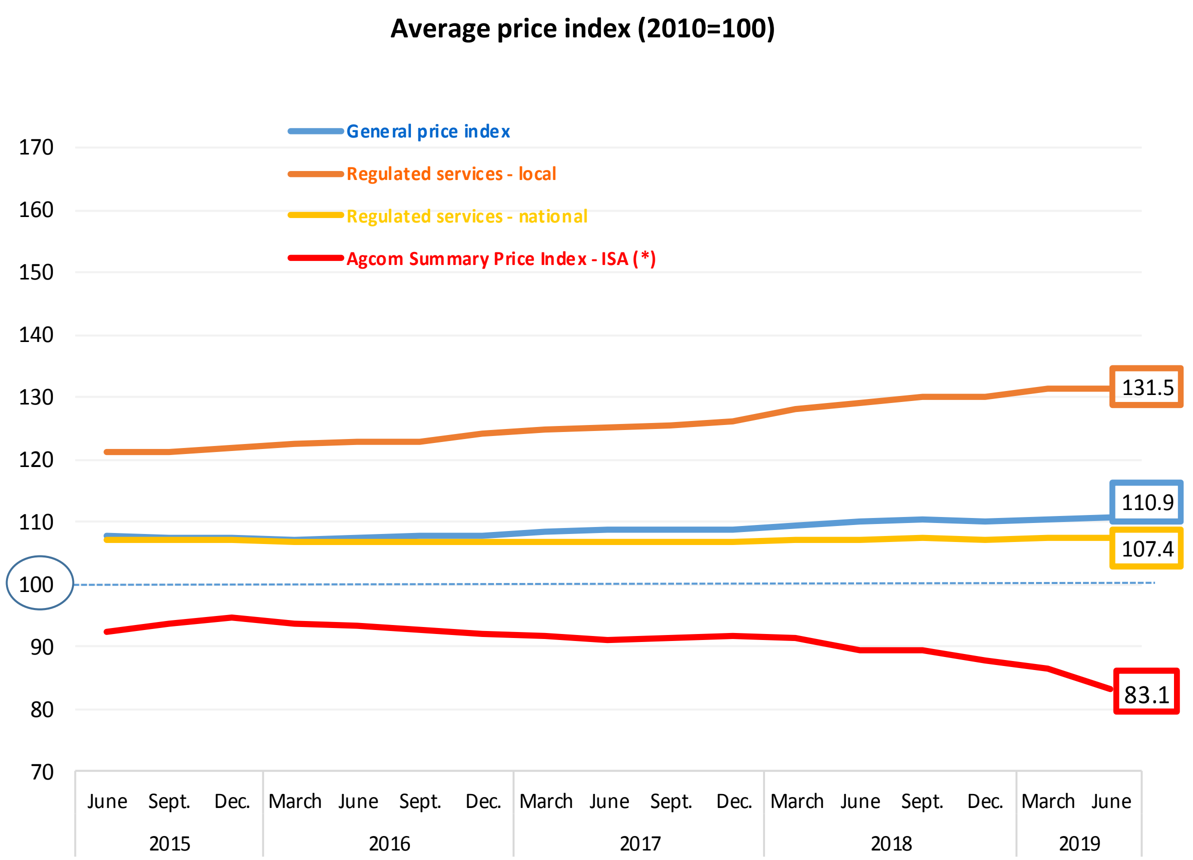


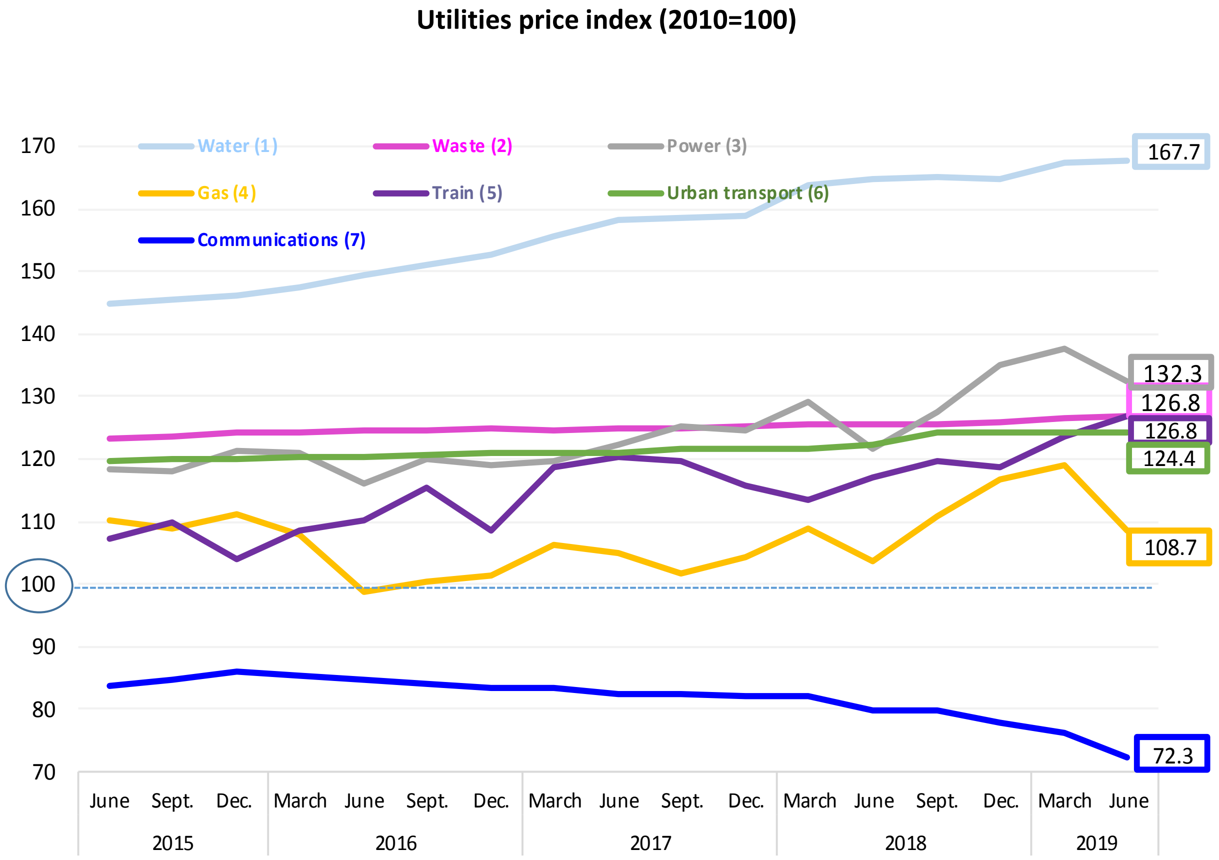


- Over the last four years, the average unit revenue has grown by **10.8%** and is equal, for the period June 2018 – June 2019, to € **0.81**
- The unit revenue of services included in the universal services is above the average (**€ 1.37**), while that of other services is below the average (**€ 0.48**)

- Over the last four years, the average unit revenue has decreased by **11.4%** and is equal to **€ 8.98** for the period June 2018 – June 2019
- Unit revenue of international services is above the average (**€ 17.09**), while that of national services is below the average (**€ 7.14**), and both show a reduction as compared to the period June 2015 – June 2016

4.1 Harmonised consumer price index and other utilities price indices





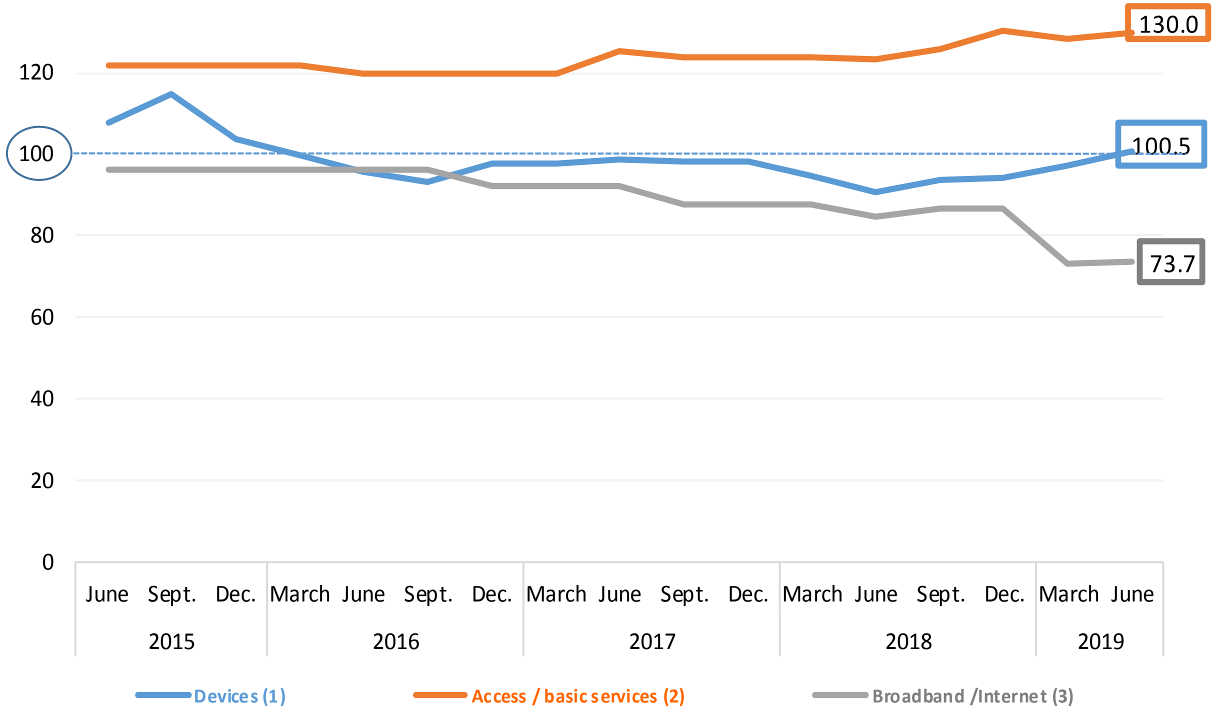
Istat Services Codes:

(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.

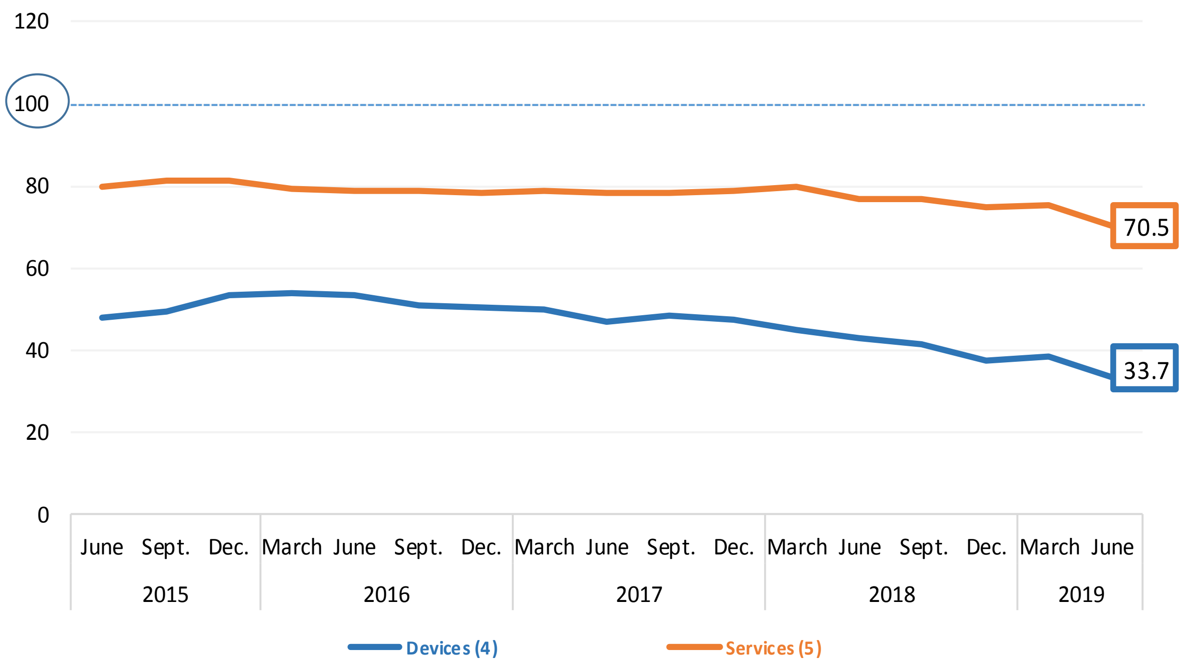
4.2 Mobile and fixed telephony price indices

Fixed telephony price indices (2010=100)



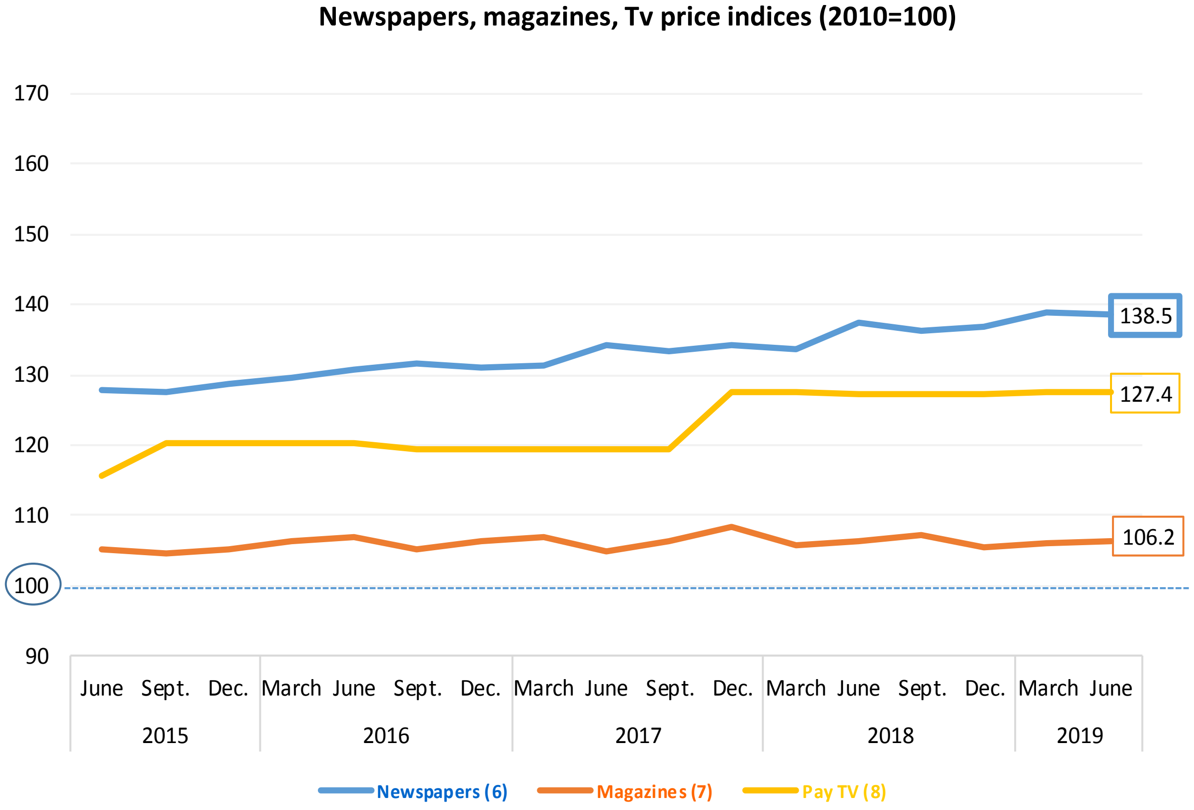
Istat services codes:
(1) 08 20 10
(2) 08 30 10
(3) 08 30 30

Mobile telephony price indices (2010=100)

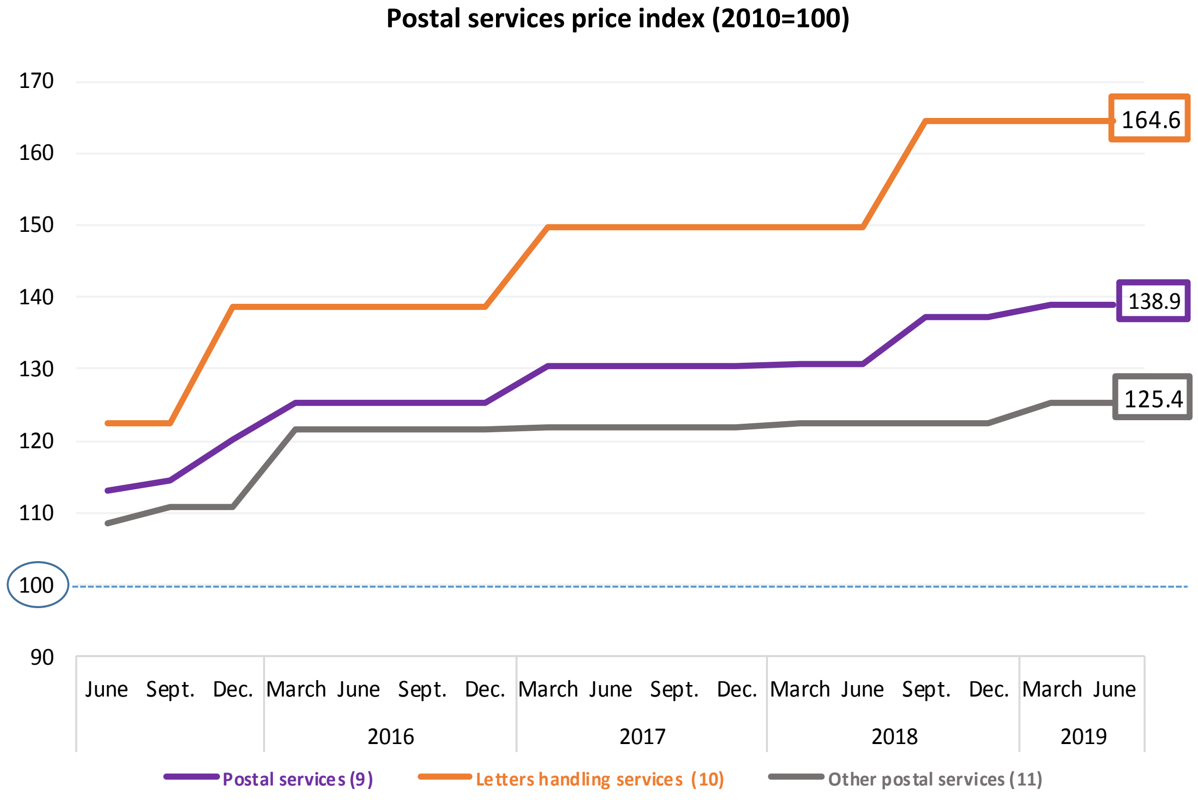


Istat services codes:
(4) 08 20 20
(5) 08 30 20

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

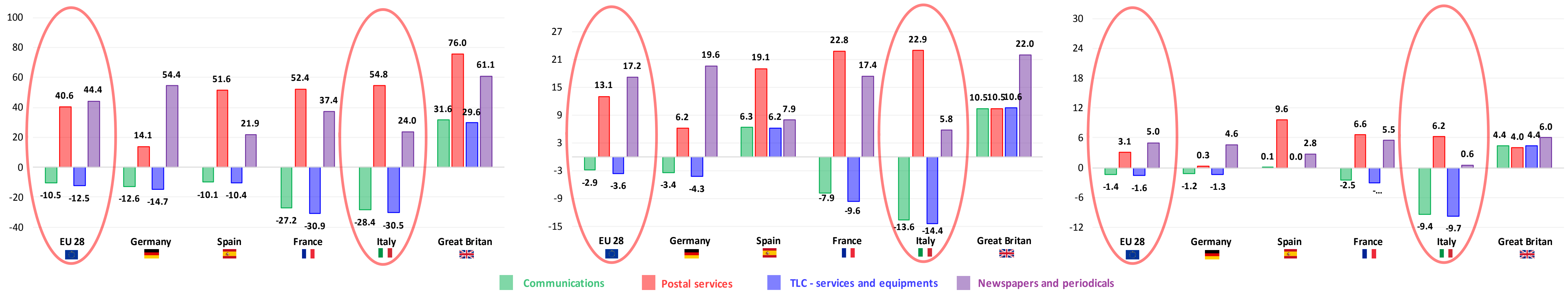


Istat services codes :
(6) 09 52 10
(7) 09 52 20
(8) 09 42 30



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

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



- Since June 2009, in Italy the communications price index has decreased at a faster pace than the EU average: **-28.4** and **-10.5** pp, respectively
- Since June 2009, the Italian inflation rate of postal services (**+54.8** pp) is greater that of EU; among the countries analyzed, Germany show the lowest increase (**+6.2** pp)
- Since June 2009, in Italy the newspapers and periodicals price index has increased (**+24** pp) less than the EU average (**+44.4** pp)

AUTORITÀ PER LE GARANZIE NELLE COMUNICAZIONI
AGCOM

Servizio Economico Statistico

ses@agcom.it

Roma
Via Isonzo 21/b - 00198

Napoli
Centro Direzionale Isola B5 - 80143