Autorità per le garanzie nelle comunicazioni

Quarterly Telecommunication Markets Observatory (*)

- Updated to 30 September 2013 -

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

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Focus – TLC networks coverage (% population)

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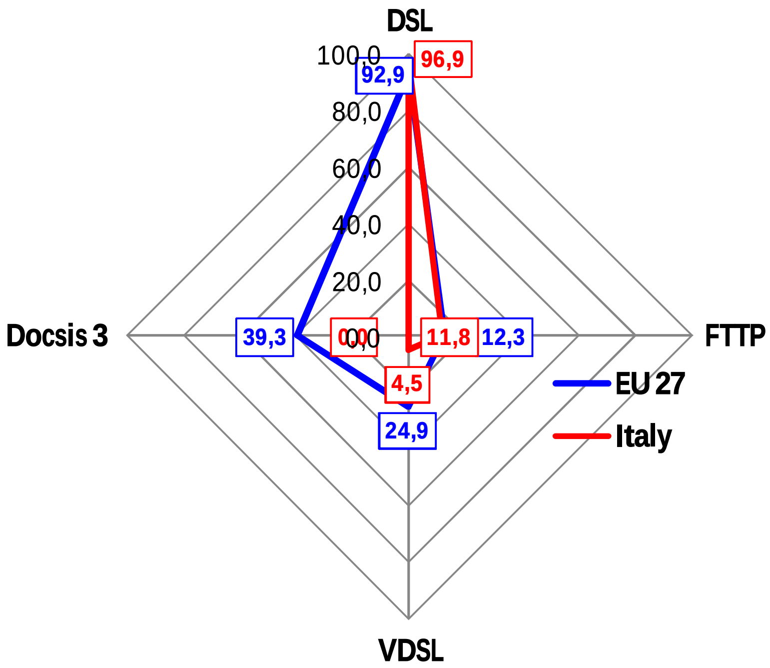
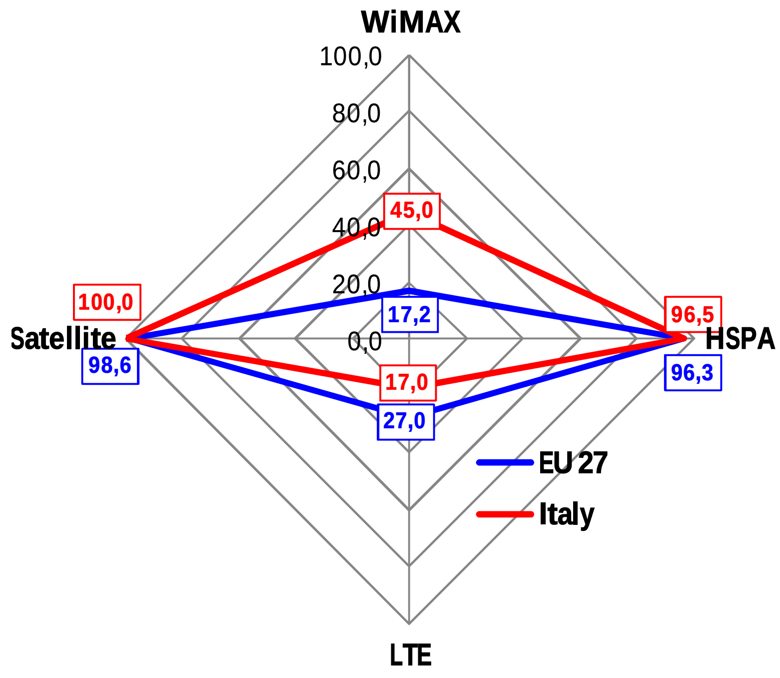
Fixed networks (*)



Mobile networks

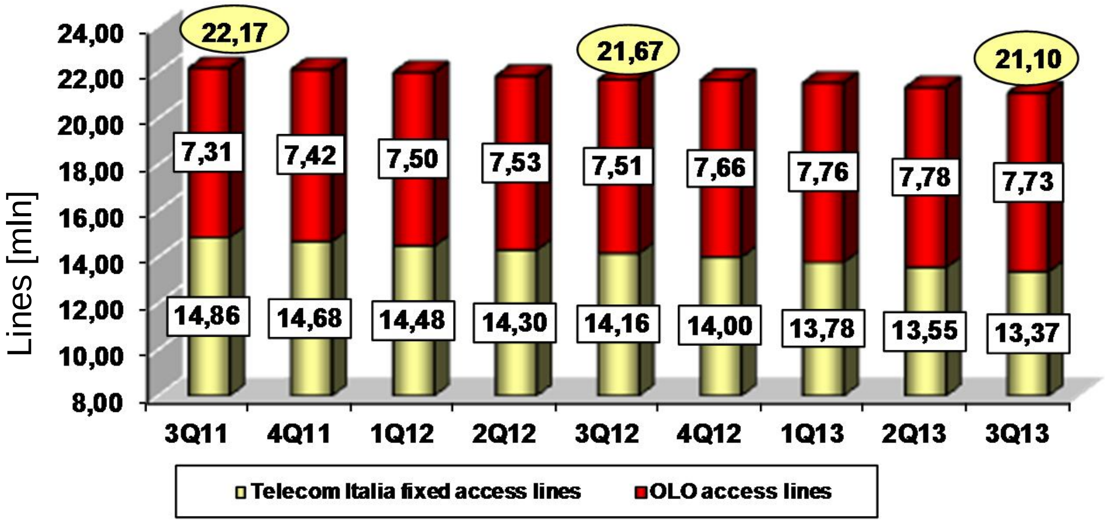


- Italy shows a substantial delay in fixed wireline broadband coverage due to, in addition to the lack of cable networks, the insufficient spread of the VDSL technology, while fiber coverage is in line with European average.
- In wireless networks, satellite and hspa are aligned to the European average.
- Italy's orography is maybe one of the reasons of the bigger spread of Wimax than the European average (only Spain shows a higher value).
- As regards the LTE networks, the European figure is strongly influenced by the spread in Germany (51.7%), where the LTE licenses were offered 18 months before and the phase of realization began immediately (Italian operators had to wait for the frequencies to be effectively available).

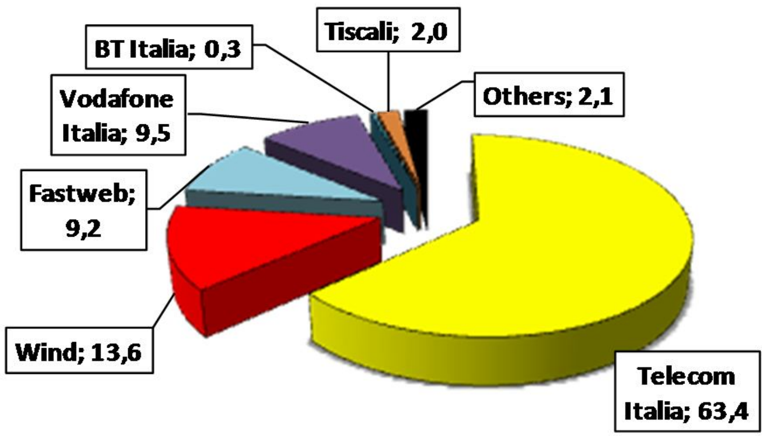
(*) – VDSL includes FTTC. FTTP includes FTTH and FTTB

Source: Point Topic, november 2013

1. Fixed access lines (total) (1)

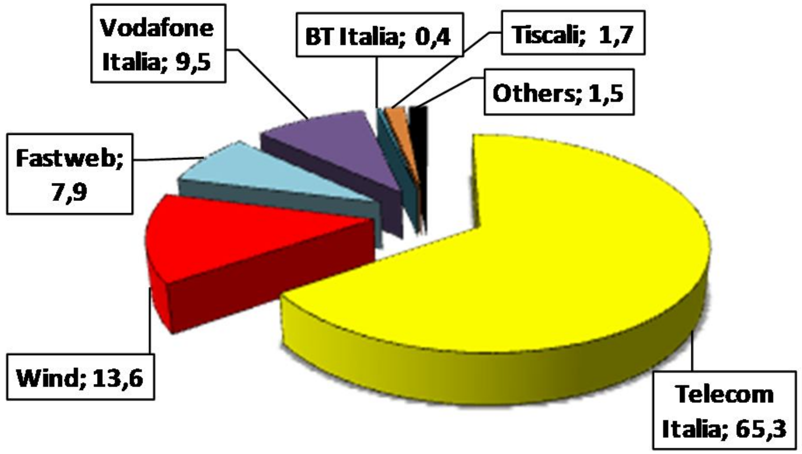


3Q2013



- Compared to September 2012, direct fixed access lines decreased by about 570 thousands, slightly higher compared to the previous yea (about -590 thousands).
- In the last twelve months, Telecom Italia's market share further decreased by 2.0%, to 63.4%.
- Basically takes advantage Fastweb, (YoY + 1.3%), confirming previously quarters trends.
- Vodafone and Wind, instead, stay stable as compared both on yearly and quarterly basis.
- Tiscali shows a slight increase on annual basis (+0.3%).

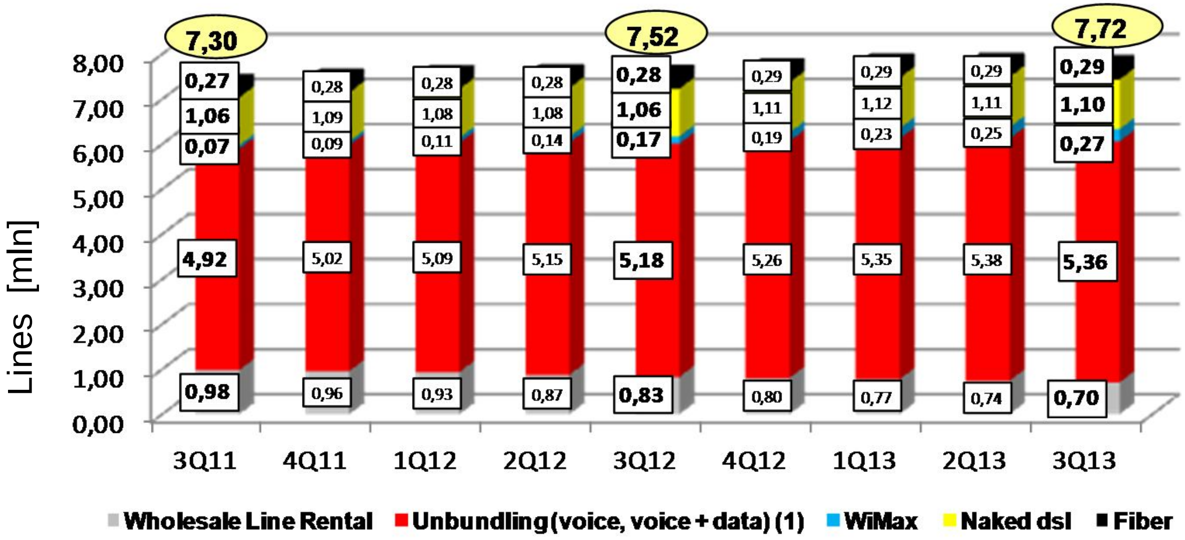
3Q2012

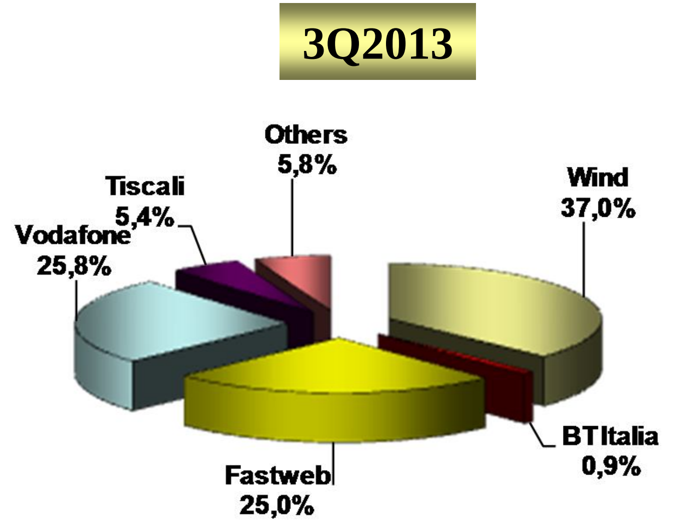


(1) Including Telecom Italia physical access, full unbundling (voice and data), Dsl Naked, WLR, Wimax and fiber lines.

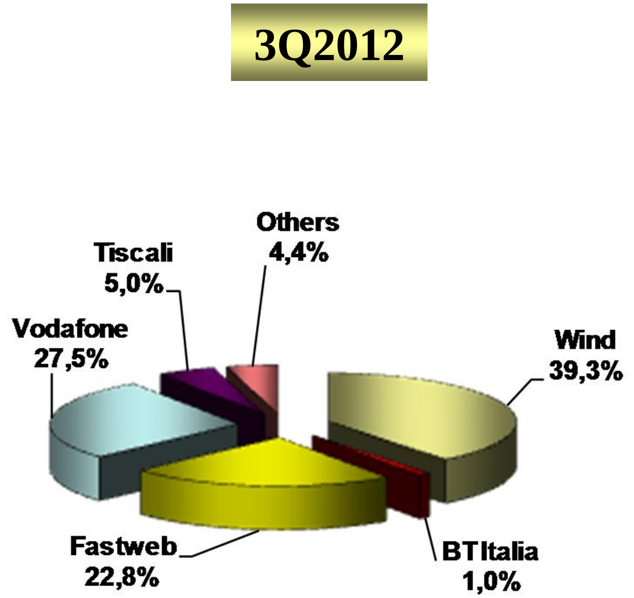
Source: Agcom evaluation on data provided by operators

2. Fixed access lines (new entrants)



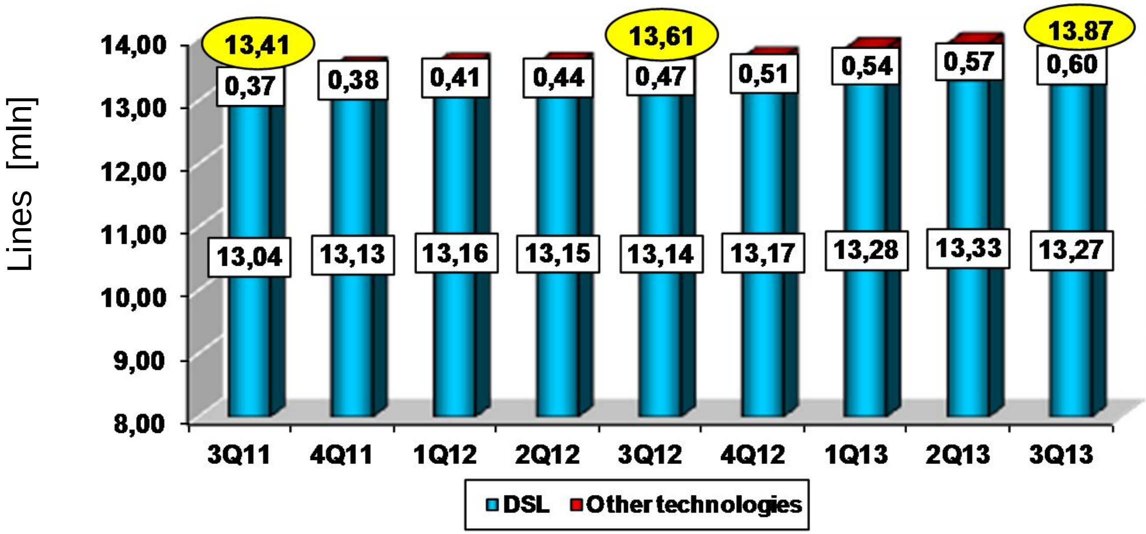


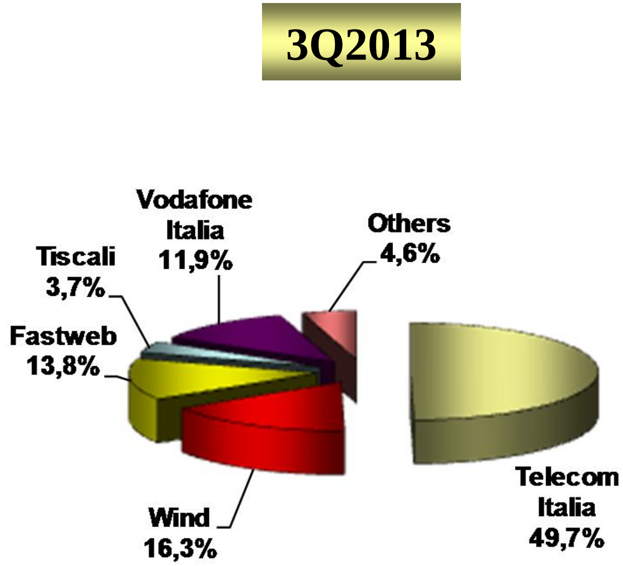
- On a yearly basis n. of accesses grew by about 220 thousands (200 thousands in the previous year). Slightly decrease of 5 thousands accesses on quarterly basis.
- The growth of Full LLU lines (1) (+180 thousands on a yearly basis) came along with a reduction of WLR lines (about 120 thousands).
- Observed by last three quarters, ULL lines basically doesn't change.
- Considering the accesses distribution by operator, Wind ranks at the first place (37.0%), but has experienced a decline both on a YoY (-2.3%), as Vodafone (-1.7%).
- In the mean time Fastweb's market share has increased on yearly basis (+2.2%).
- The increase in WiMax access, which now equals FTTH lines, represents some 50% of the overall increase of OLOs' lines on a yearly basis.
- Linkem represents over the 57% of the specific segment followed by Aria with about 37%. (2)

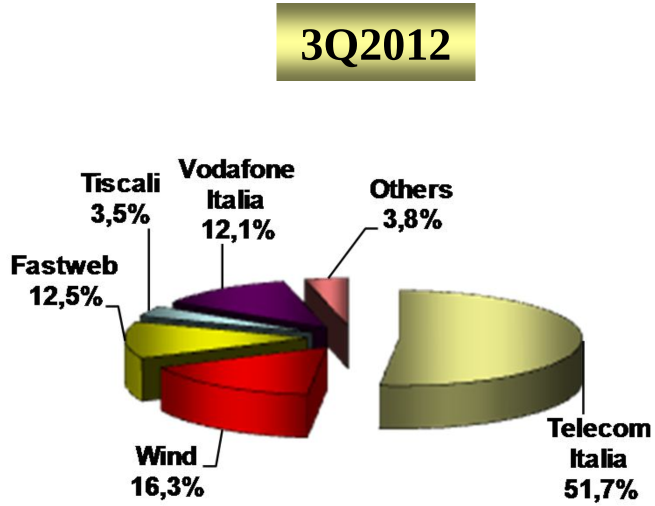


Source: Agcom evaluation on data provided by operators (1) – Including virtual LLU. (2) – Including Aria, Linkem, Mandarin e WaveMax.

3. Retail broadband access lines



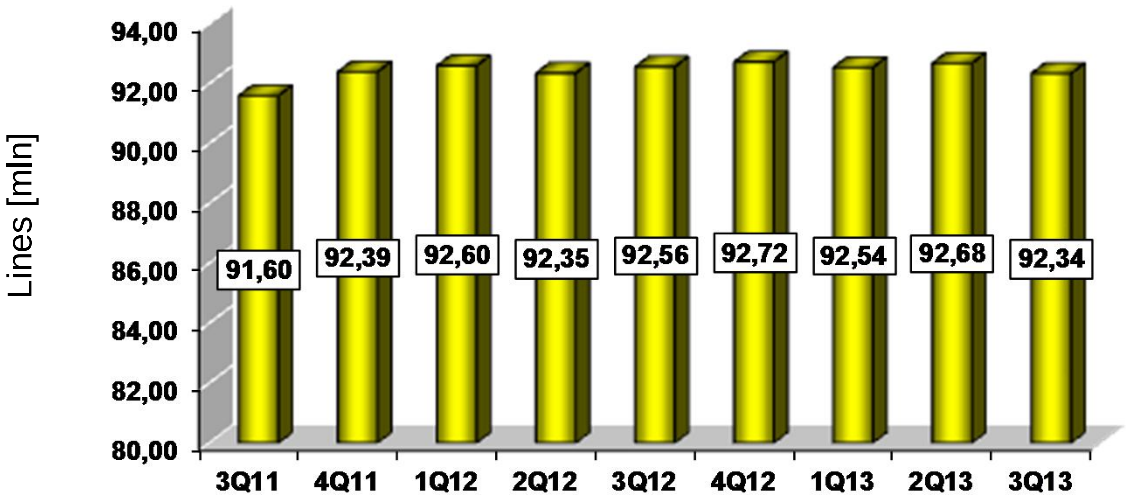




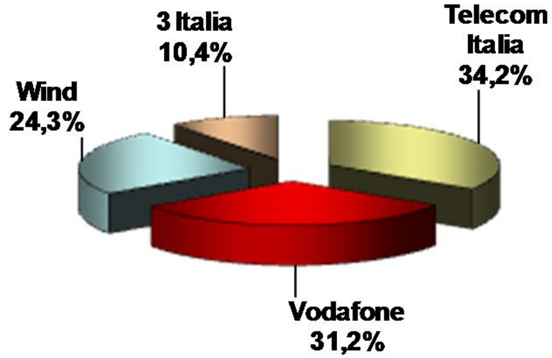
- YoY, broadband lines growth of about +250 thousands. Compared with June, the customer base slightly decreased (-3 thousands lines).
- Telecom Italia' market share has been reduced on a yearly basis of 2.0%, falling to 49.7%.
- Also in this case it benefits Fastweb (+1.3%), as other smaller companies, largely represented by WiMax operators (+0.9%).
- The market shares of Vodafone and Wind, compared to September 2012, do not record any significant changes.

Source: Agcom evaluation on data provided by operators

4. Mobile subscribers – customer base (excl. MVNO, see slide 7)

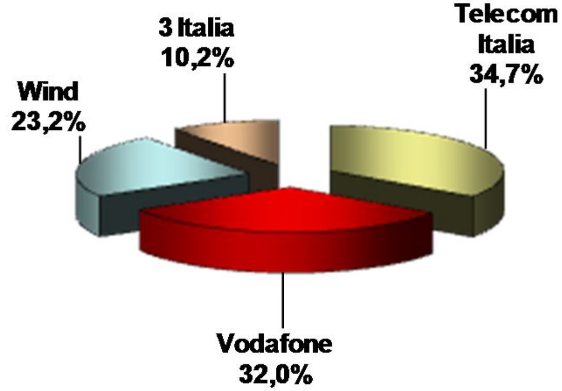


3Q2013



- YoY, the customer base decreased by 220 thousands, -340 thousands compared to June.
- For two years that overall lines are essentially unchanged.
- YoY the "Only voice" sim decreased by some 7.5 million, while "only data" increased by 1.4 million.
- YoY, the number of residential lines decreased (-1 million thousands), business lines increased about +800 thousands.
- In the mean time, the number of prepaid lines decreased of 1.67 millions, while the number of postpaid lines increased by 1.45 millions.
- On an annual basis, the market shares of Telecom and Vodafone decreased respectively by 0.5 and 0.7% in favor of H3G (+0.2%), and on a more extent, Wind (+1.1%) (+0,2% compared with June).
- YoY, voice traffic (112 billion minutes) increased by 7.7%.
- SMS sent continue to decline (60.4 billion in 3Q12, -15% on annual basis).

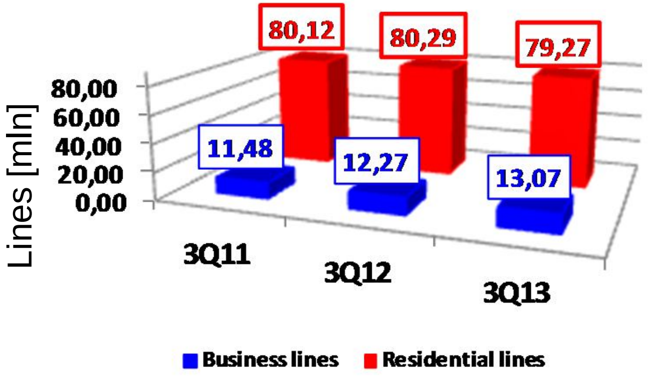
3Q2012



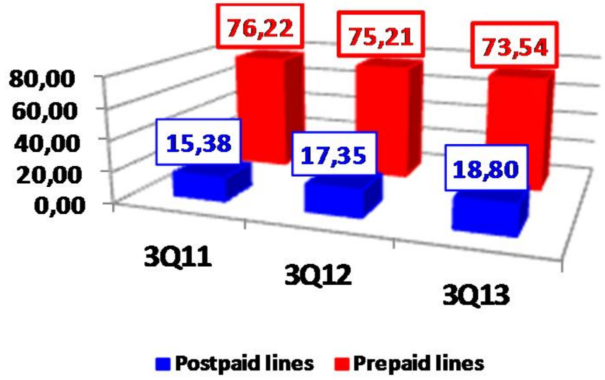
Source: Agcom evaluation on data provided by operators

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

Customer type

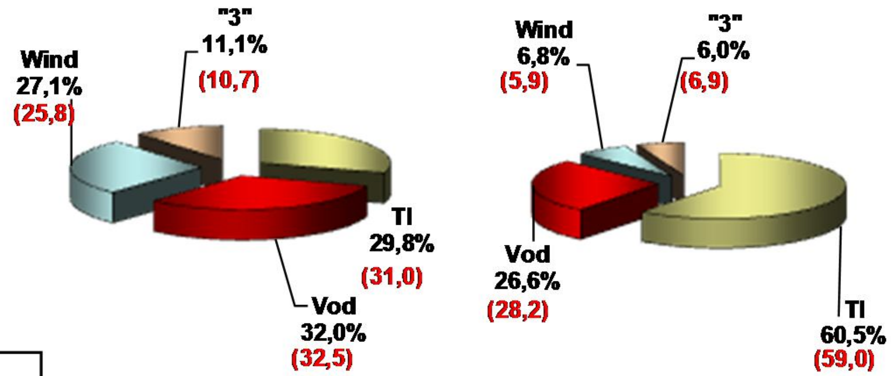


Contract type



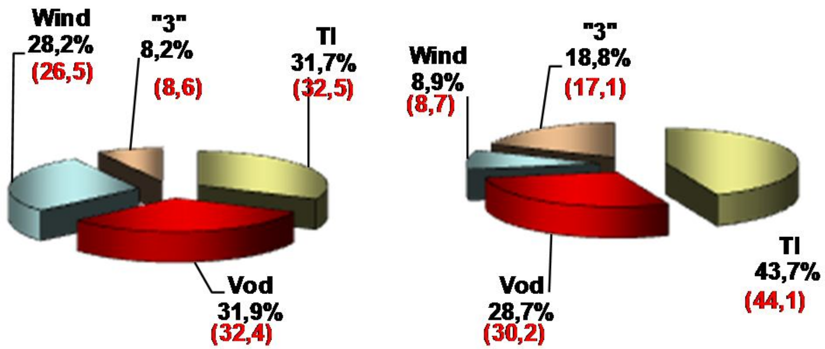
Market share by customers – 3Q2013 (%)

Residential | **Business**



Market share by contracts – 3Q2013 (%)

Prepaid | **Postpaid**



(the corresponding values for September 2012 are shown in brackets)

Customer type

- Business customers (13.07 millions in September) increased on a yearly basis by about 800,000 lines, while the residential segment (79.27 millions of sim) experienced a decrease by more than 1 million lines
- The business segment's share increased by 0.9% (from 13.3% to 14.2% of the total customer base).
- The first operator in the residential segment is Vodafone (32.0%), followed by Telecom Italia (29.8%) and Wind (27.1%).
- Telecom Italia holds a strong position in the business segment (60.5%).

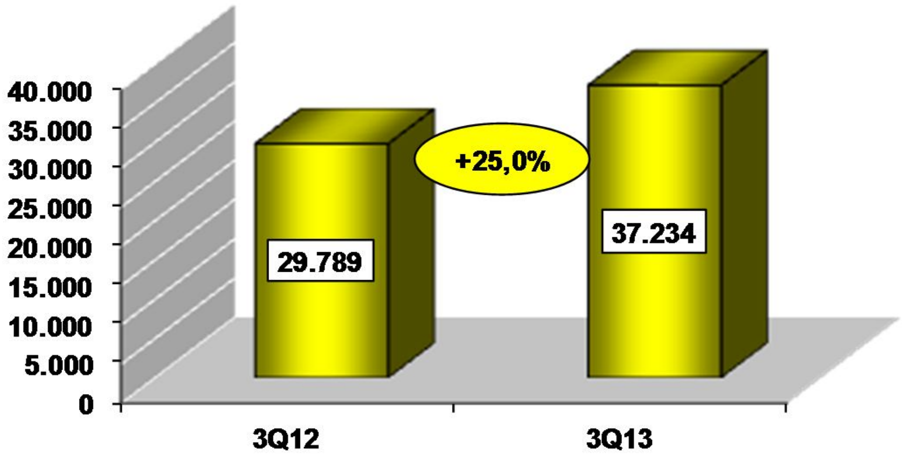
Contract type

- The 79.6% of active lines are "prepaid" (81.3% in September 2012).
- In two years, postpaid lines increased by 3.4 millions while the prepaid decreased by about 2.7 millions.
- In the "prepaid" market, Telecom Italia and Vodafone have both some 32% of market share, while Wind exceeds 28.0%, increasing by 1.7% as compared to 2012.
- Telecom Italia leads the "postpaid" segment with 43.7% of market share, but has experienced a decrease of 0.4% as compared to September 2012.

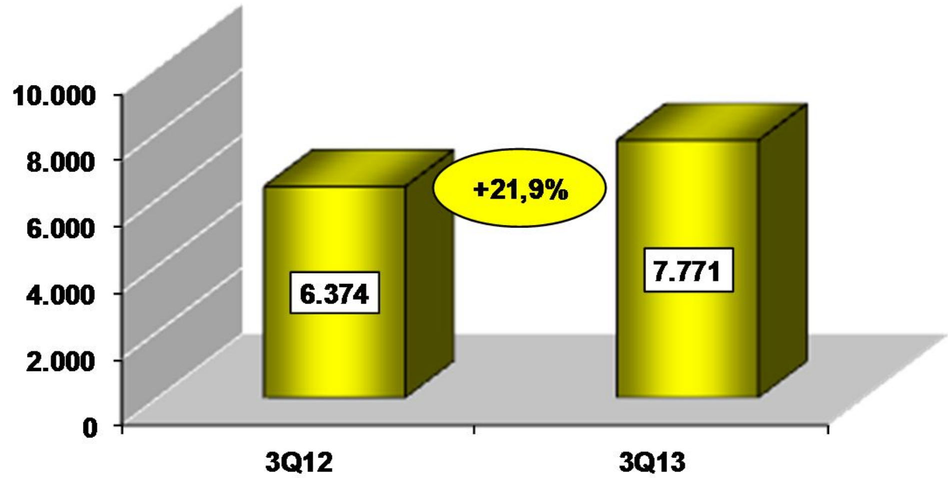
Source: Agcom evaluation on data provided by operators

6. Mobile broadband (1)

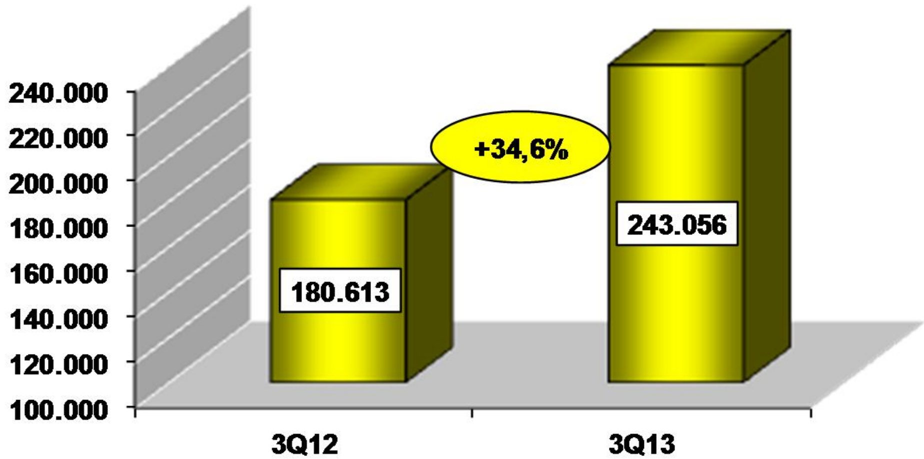
Sim data traffic (*1000)



Connect card (*1000)



Data traffic from the b.y. (terabyte)



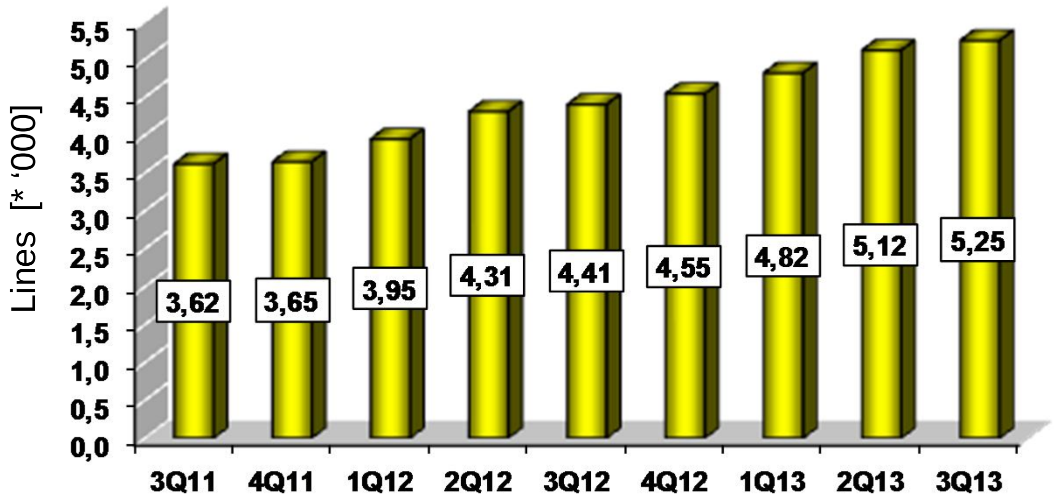
- In September, SIMs with broadband data traffic exceeded 37 millions (+25% YoY).
- The dedicated "connect card" reached about 7.8 millions (+21.9% compared to eQ12). (2)
- YoY, data traffic has grown by 34.6% (vs corresponding + 31.9% last year).

(1) Data include MNO and MVNO

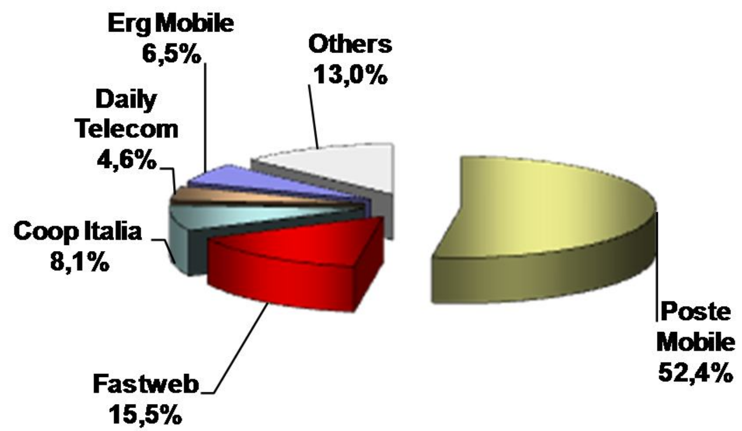
(2) Due to a different classification methodologies adopted by an operator, value are not in homogenous terms with previous Observatory updates

Source: Agcom evaluation on data provided by operators

7. Mobile virtual operators (MVNO)

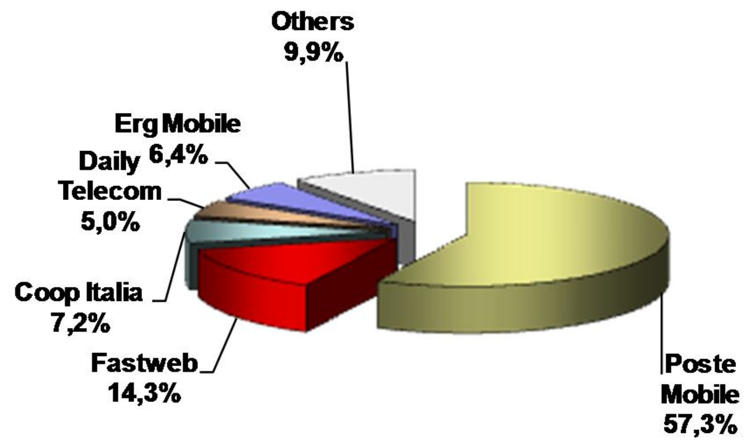


3Q2013



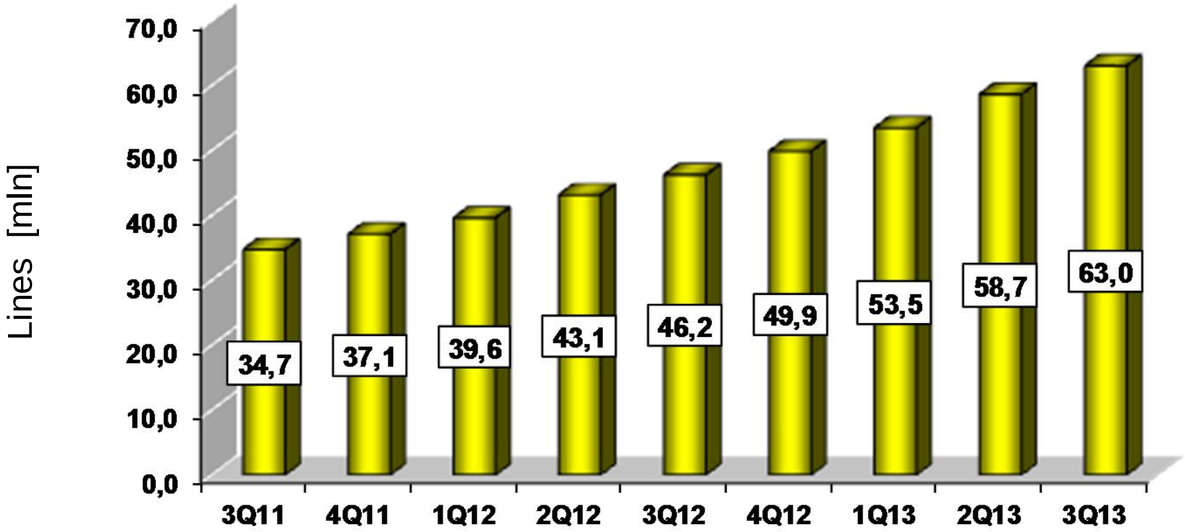
- The growth of MVNO subscribers continues (+840 thousands YoY), total lines reached 5.2 millions (about 5.4% of the total mobile customer base).
- Poste Mobile's market share is about 52.4% (2.8% of overall market) lines), declined by about 4.9% as compared to September 2012.
- From b.y. market growth concentrated slightly less than 80%, on Poste Mobile, Fastweb, and included in "others", Bip
- YoY, voice traffic and SMSs sent has increased by about 17.5% and 23.8%, respectively.

3Q2012

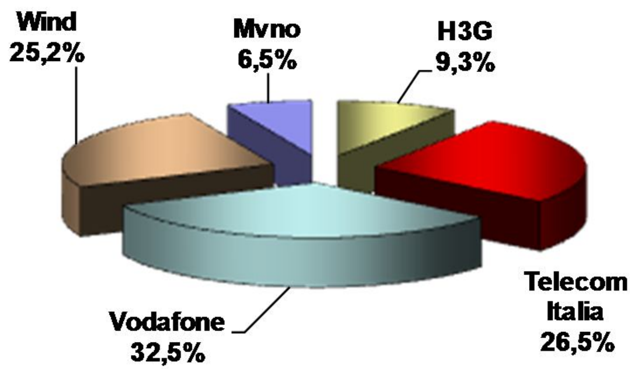


Source: Agcom evaluation on data provided by operators

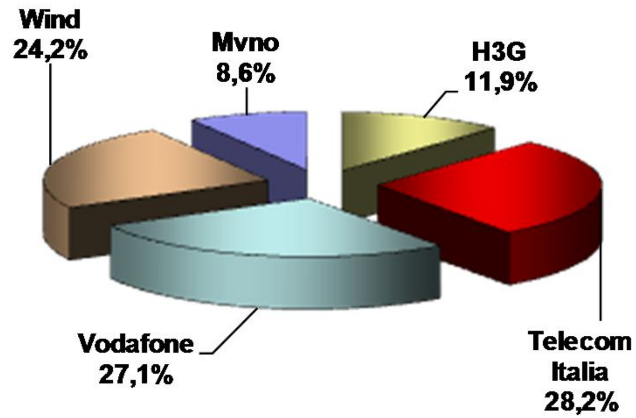
8. Mobile telephony: number portability



3Q13 - Lines as donor (in the quarter)



3Q13 - Lines as recipient (in the quarter)



- In 3Q2013, the number of ported mobile lines reached, cumulatively, 63.0 millions.
- YoY MVNO were able to gain more than 1.4m cumulative net adds in the number of lines, slightly increased compared to June.
- YoY, positive net adds for H3G (+1.3m), Wind (+357 thousands) and MVNO (+92 thousands), negative for Telecom Italia (-1m) and Vodafone (-750 thousands).
- On a quarterly basis, Telecom Italia improves net adds (from -610 to +75 thousand) and so do MVNO (from +36 to +88 thousand), while H3G worsens (from +680 to +113 thousand) and so does Vodafone (from -197 to -232 thousand).

Source: Agcom evaluation on data provided by operators