Autorità per le garanzie nelle comunicazioni

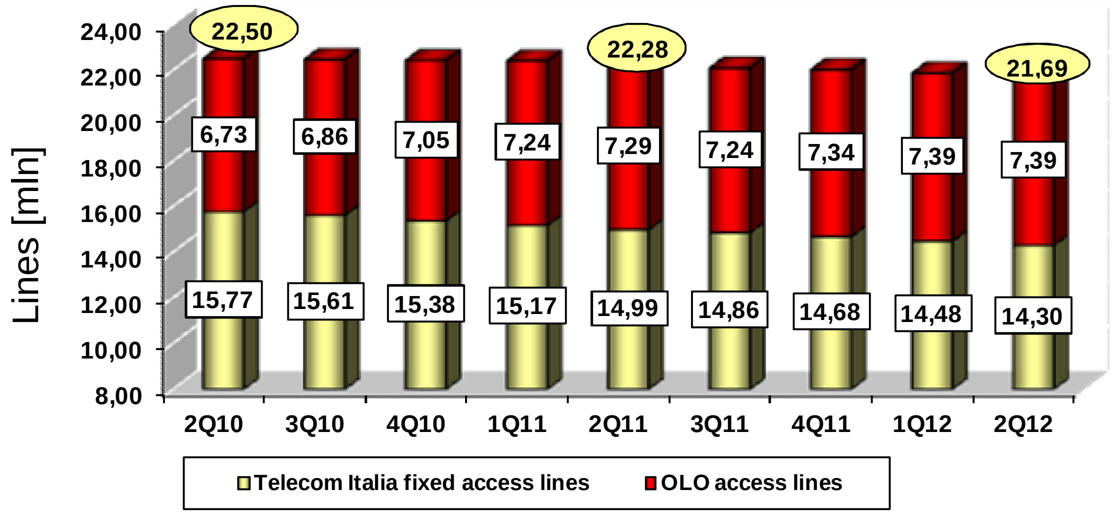
Quarterly Telecommunication Markets Observatory (*)

- Updated to 30 June 2012 -

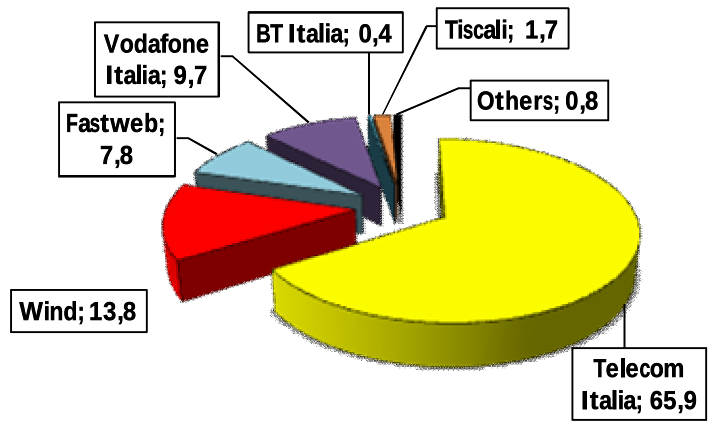
(*) – Data provided by operators and elaborated by Agcom.

Index

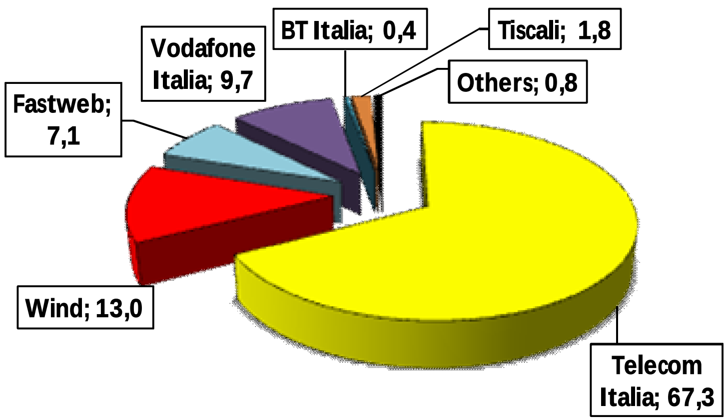
1. Fixed access lines (total) (1)



2Q2012



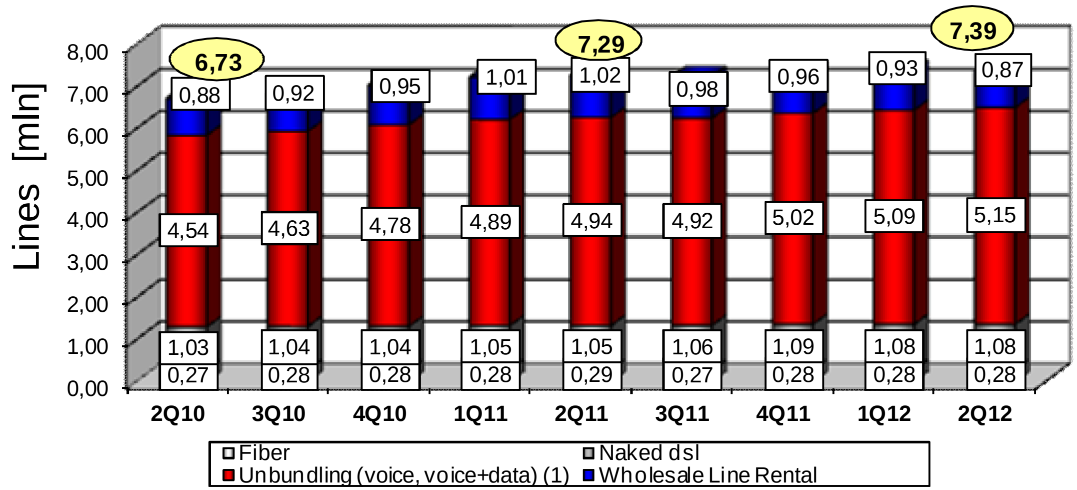
2Q2011

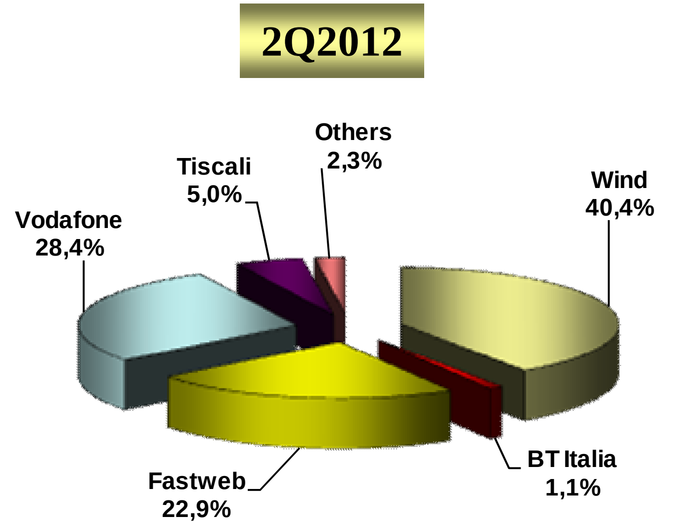


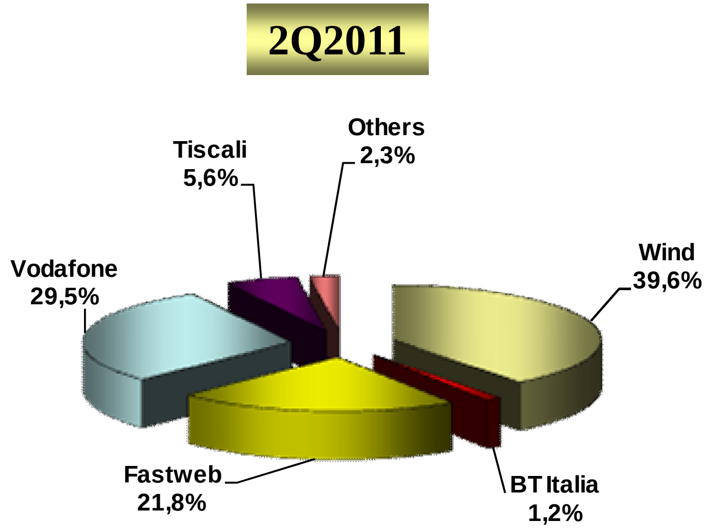
- Compared to June 2011, direct fixed access lines decreased by about 590 thousands. The 1H2012 reduction (-328 thousands) is higher than the corresponding value in 1H2011 (-150 thousands).
- In the last twelve months, Telecom Italia's market share further decreased by 1.5%, up to ~66%.
- The Vodafone Group market position is stable: Teletu experiences a decline balanced by the growth of "Vodafone Italia" fixed network activities.
- Wind has consolidated its position as the second largest fixed network operator (+0.8% compared with 4Q2011) and reached about 3 millions of subs.
- Fastweb's market share is increasing, both on a yearly (+0.7%) and a quarterly basis (+0,2% compared with 1Q12).

(1) – Compared to Dec. 2011 update, WLR lines have been included. Therefore, fixed access lines are given by the sum of full unbundling (voice and data), Dsl Naked, WLR and fiber lines. Data shown in the figure are in homogeneous terms.

2. Fixed access lines (new entrants)





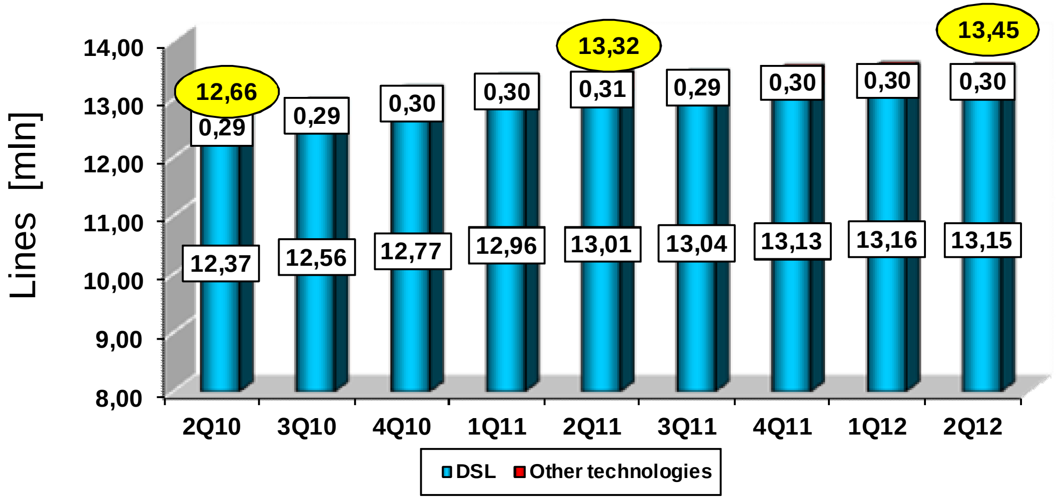


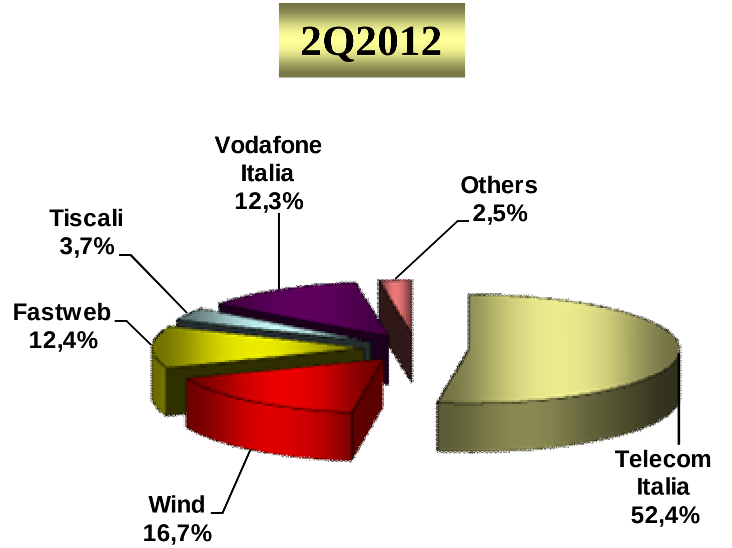
- 2Q2012 confirms - compared with March results - the overall new entrants customer base (~7.4 millions).
- The growth of full LLU lines (1) (+60 thousands) comes along with a reduction of WLR lines of the same extent.
- Wind gathers 40.4% of wholesale lines sold by Telecom Italia (+0,8% compared to 2Q2011).
- The number of Fastweb's lines is increasing too (+1,1%).
- All other main operators experience a reduction in the market share:

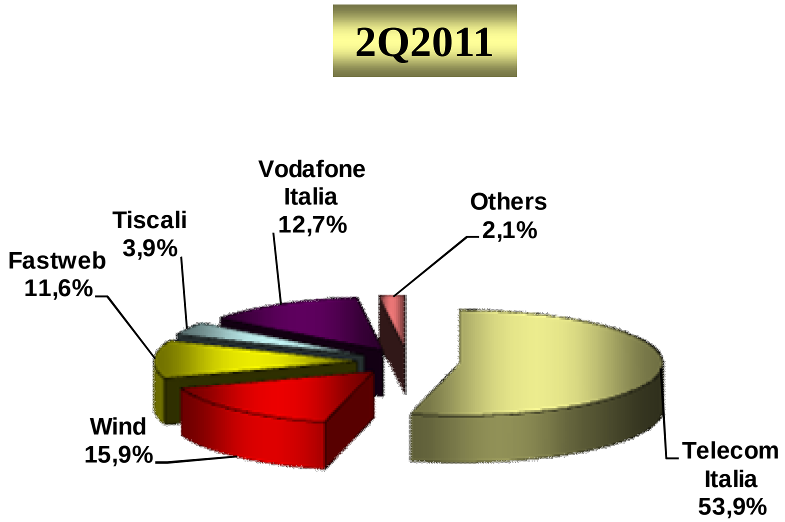
  -1,1% Vodafone, -0.1% BT Italia, -0.6% Tiscali.

(1) – Including virtual LLU.

3. Retail broadband access lines



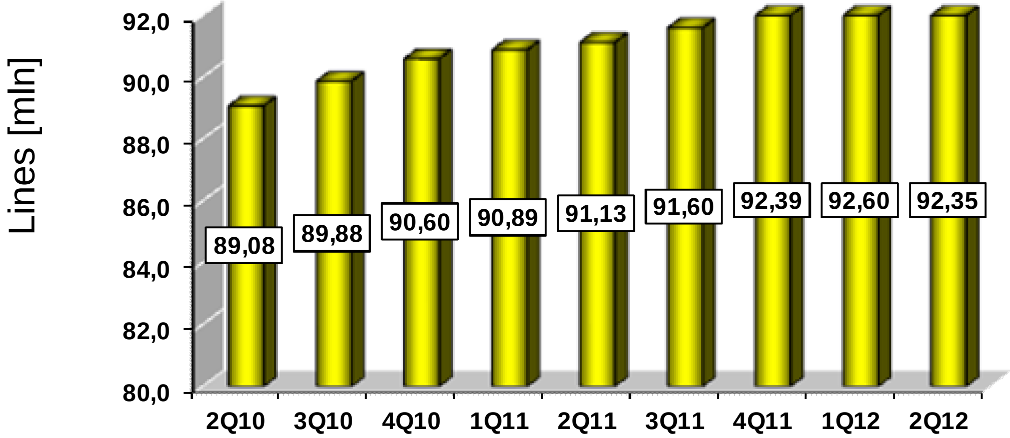


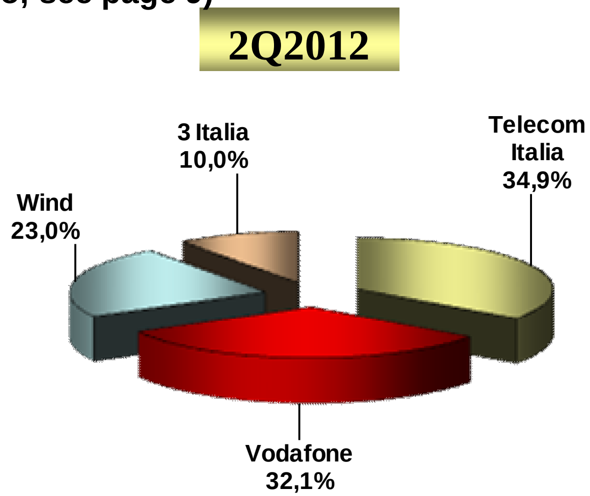


- YoY, broadband lines growth was about +150 thousands. Compared with the beginning of the year, the customer base is stable **(1)**.
- Telecom Italia's market share (52,4%) falls (-1.5% compared to the last year) to the benefit of Wind's and Fastweb's (both +0,8%).
- The number of Vodafone subscribers is reducing (albeit marginally, -30 thousands) with a consequent decline in the market share as compared to June 2011 (-0,4%).
- Avg. download speed increased: in the last year, lines with nominal speed equal to or greater than 2 Mbit/s increased from 82% to 88%.

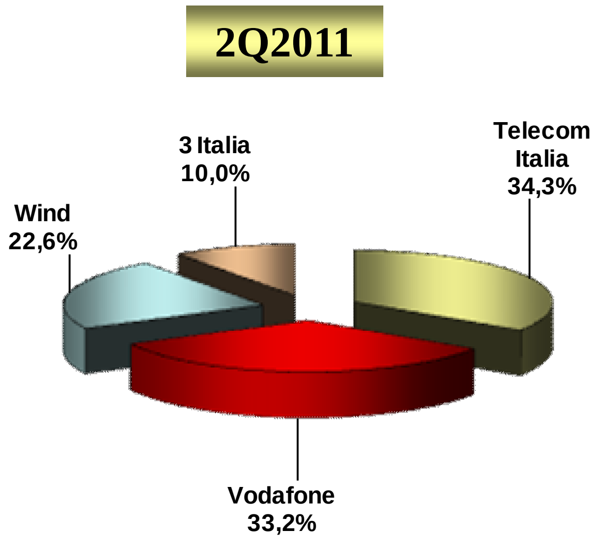
(1) Due to changes in the methodologies used in network systems surveys, 1Q12 data are not consistent with Observatory's previous release.

4. Mobile subscribers – customer base (excl. Mvno, see page 9)



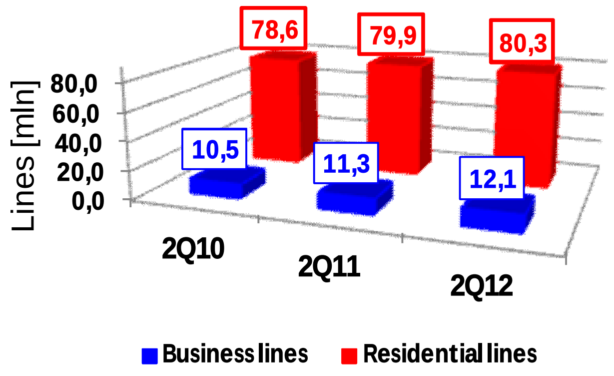


- ➢YoY, the customer base has increased of 1.2 millions and is stable from the beginning of the year.
- ➢In 1H2012 the number of residential lines decreased (-417 thousands), balanced by a growth of business lines (about +373 thousands).
- ➢ The number of prepaid lines decreased of 960 thousands, while the number of postpaid lines increased of about 916 thousands.
- ➢Telecom Italia's and Wind's market shares grow up (+0.6% and +0.4% YoY, respectively) at Vodafone's expense (-1.1%).
- ➢YoY, voice traffic increased by 5.5% (69 billion minutes as a whole)
- ➢YoY, the number of SMSs sent has increased by 8.8% (48 billions as a whole).

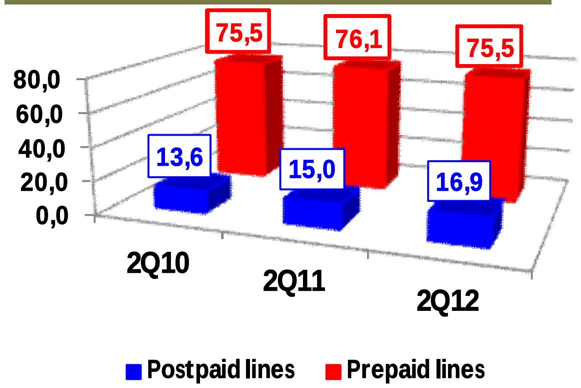


5. Mobile subscribers – by customer/contract type

Customer type

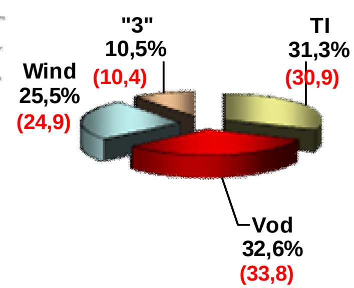


Contract type

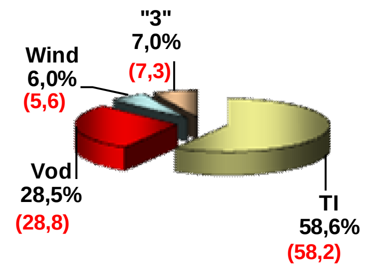


Market share by customers – 2Q2012 (%)

Residential



Business



Customer type

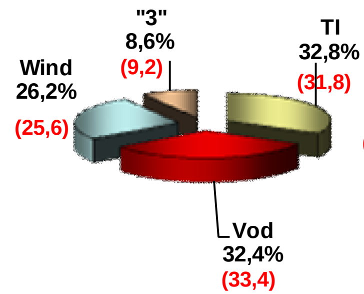
- Business customers (12.1 mlns in June) have increased on an annual basis of almost 800 thousands, a value higher than the one for the residential customers segment (+396 thousands lines).
- The business segment's share increased by 0.7% (from 12.4% to 13.0% of the total customer base).
- Vodafone leads the residential market (32.6%; 33,6% in 2011), followed by Telecom Italia and Wind.
- Telecom Italia holds a strong position in the business segment (58.6%).

Contract type

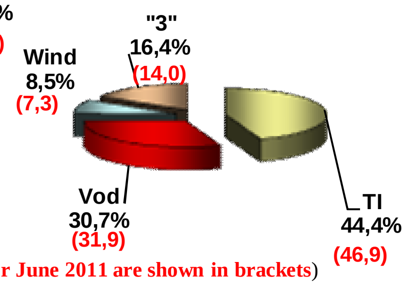
- 81.7% of total lines are prepaid, a slight decrease from June 2011 share (83,5%).
- Postpaid lines increased of 3.2 millions in the last two years, prepaid lines are stable.
- This is mainly due to the widespread use of smartphones and tablets, usually sold in bundle with postpaid offers.
- Telecom Italia's and Vodafone's market shares are both slightly below 33% in the prepaid segment. Slightly less than 45% of the postpaid segment is controlled by Telecom Italia.

Market share by contracts – 2Q2012 (%)

Prepaid



Postpaid

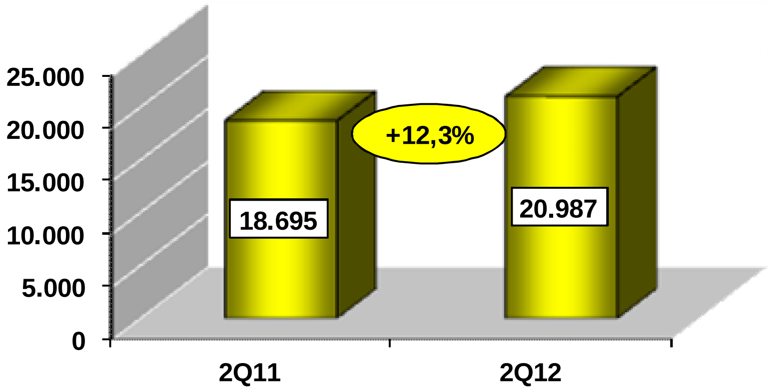


(the corresponding values for June 2011 are shown in brackets)

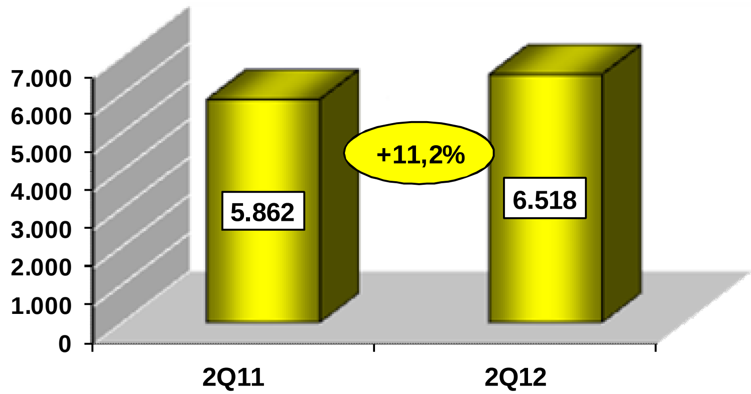
Source: Agcom evaluation on data provided by operators

6. Mobile broadband

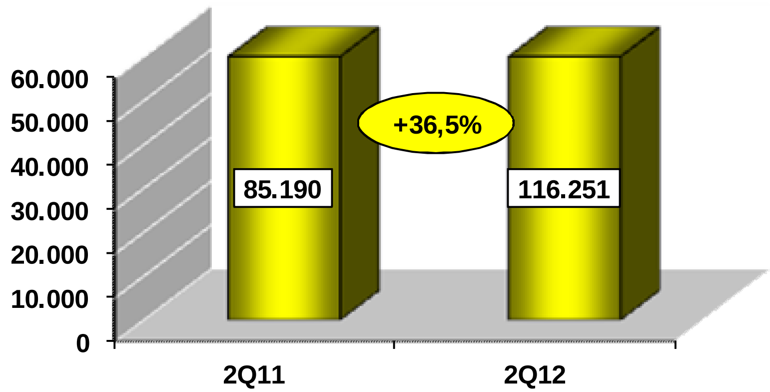
Sim data traffic (*1000)



Connect card (internet key) (*1000)



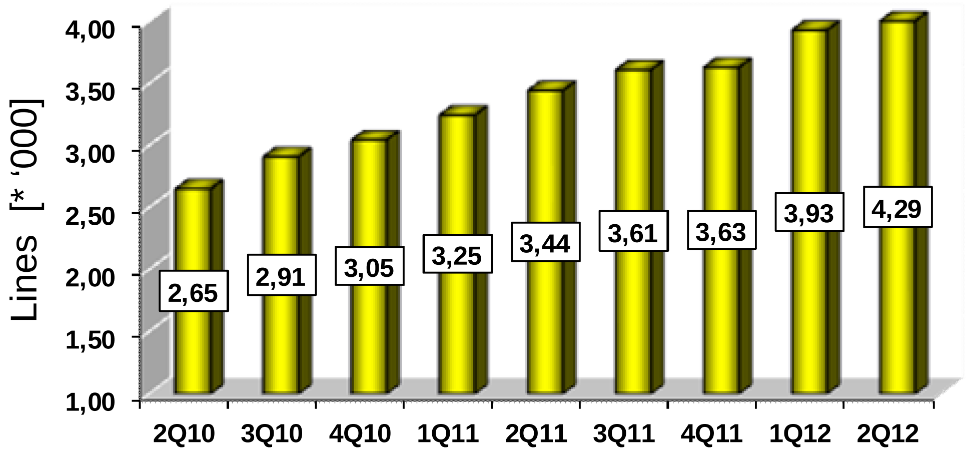
Data traffic from the beginning of the year
(terabyte)

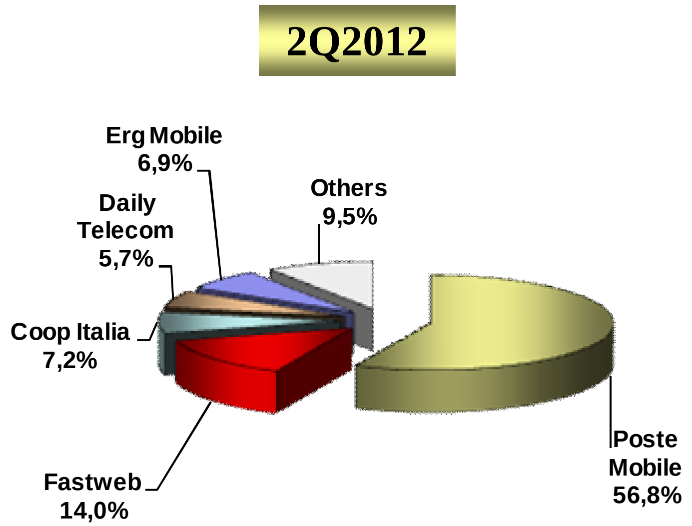


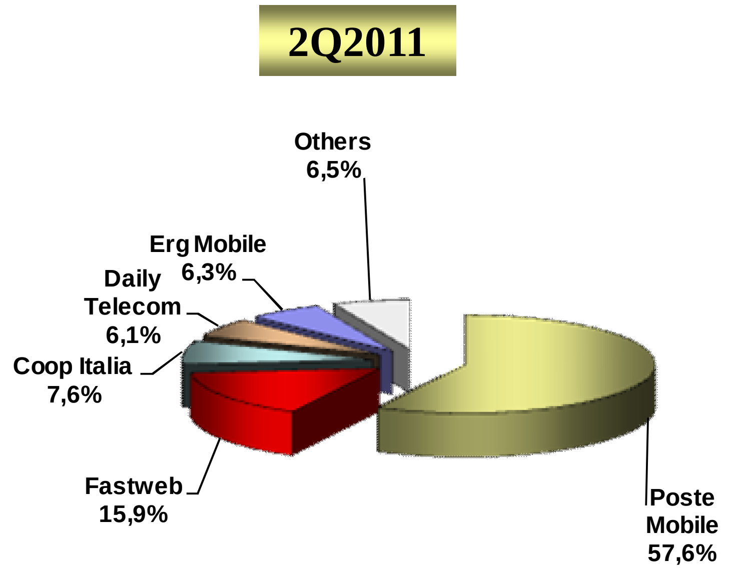
- In 1H2012, SIMs with broadband data traffic reached about 21 millions (+12,3% compared to 1H2011) (1).
- The dedicated "connect card" (the keys) exceed 6.5 millions (+11.2%), albeit showing a slight decrease in comparison with the first quarter's value. This event may be due to an effect of substitution with "smartphones" and "tablet".
- In 1H2012, data traffic has grown by 36.5%, with an increase of data traffic per SIM by about 21%.

(1) As a result of a change in the methodologies used in data management by an operator, the values are not consistent with the corresponding data in previous updates of the Observatory.

7. Mobile virtual operators (MVNO)

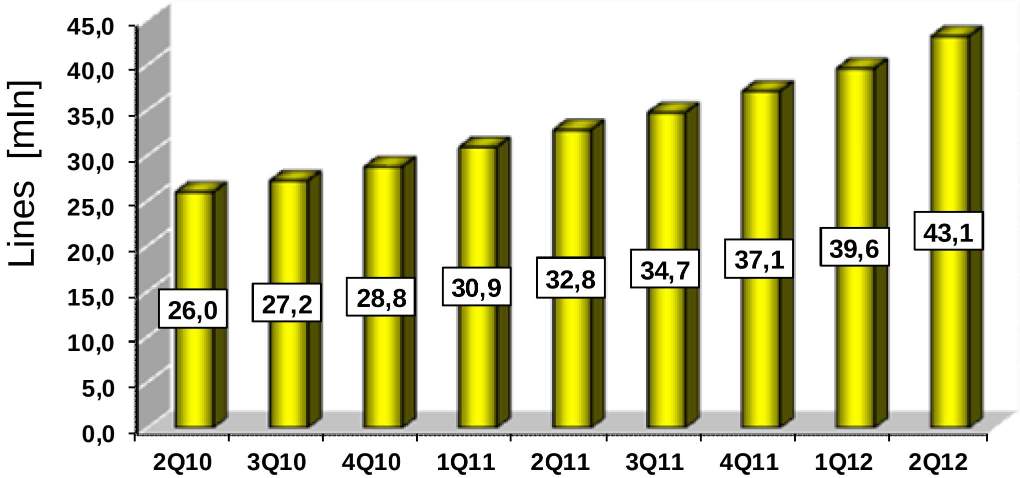




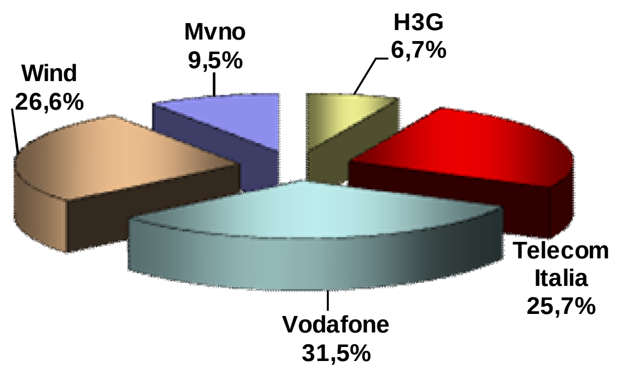


- The growth of MVNO subscribers continues (+656 thousands in the last twelve months), leading to a number of SIMs that exceeds 4,3 millions (about 4.4% of the total customer base).
- Poste Mobile's market share is about 57% due to the integration of mobile and postal services. It is worth noting that Noverca has quadrupled its customer base as compared with the beginning of the year, reaching a number of 100000 SIMs.
- Compared with 1H2011, voice traffic and SMSs sent increased by about 22% and more than 80%, respectively.

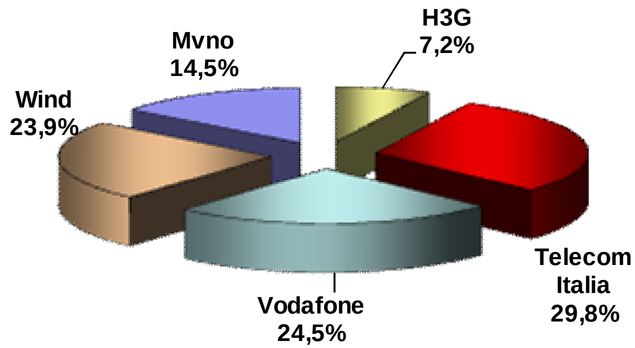
8. Mobile telephony: number portability



2Q12 - Lines as donor (in the quarter)



2Q12- Lines as recipient (in the quarter)



- In 2Q2012, the number of ported mobile lines exceeded, cumulatively, 43 millions.
- Mobile virtual operators were able to gain more than 1.3m net adds in the number of lines.
- On a quarterly basis, the net balance “donating-recipient" decreased both for Wind (from +41 to -95 thousand ported lines) and Vodafone (from -19 to -245 thousand ported lines).
- H3G’s net balance is stable, while Telecom Italia’s increased (from -161 to +143 thousand ported lines).