Autorità per le garanzie nelle comunicazioni

Quarterly Telecommunication Markets Observatory (*)

- Updated to 30 June 2013 -

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

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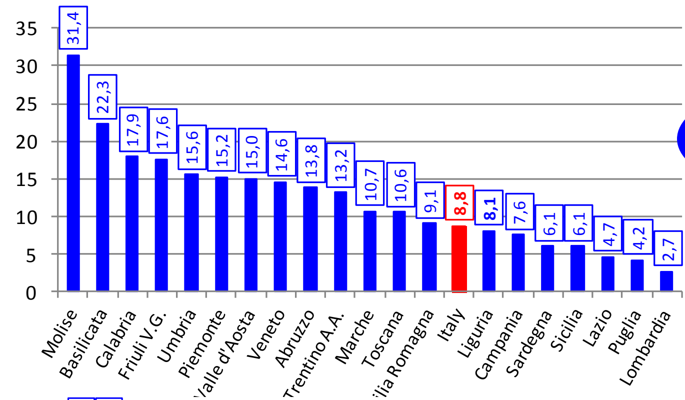
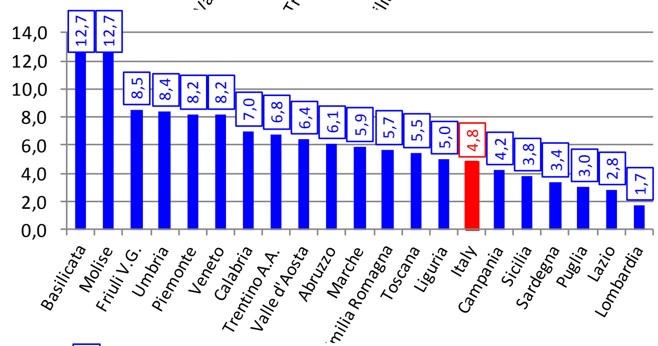
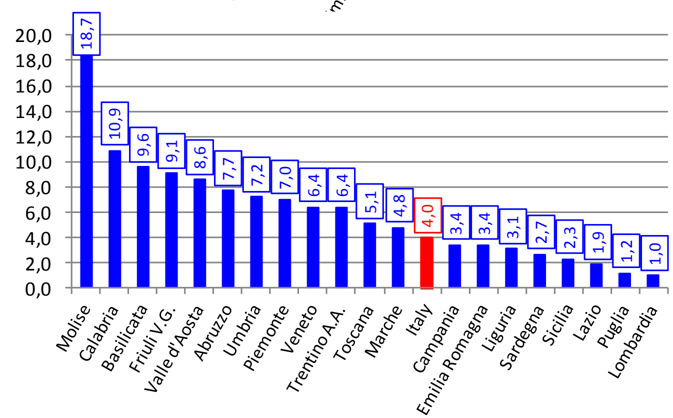
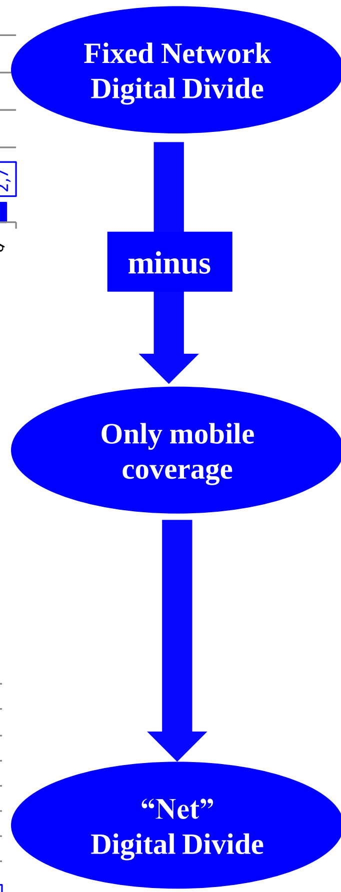
Focus – Digital divide (1) in Italy (30-6-2013)









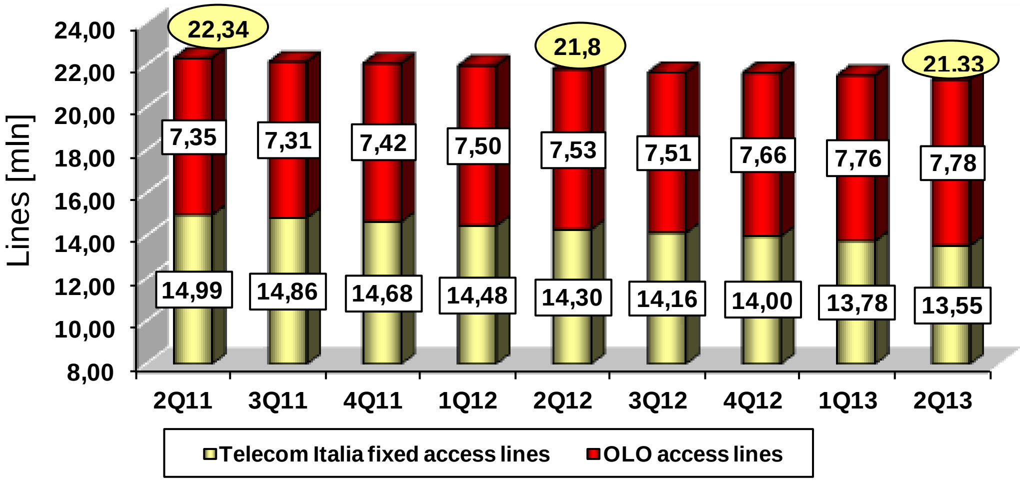
- The "National Broadband Plan" is the aggregation of different regional plans, which total more than 350 mln Euro of investments.
- End of June 2013 the value of digital divide is about 4.0% (approximately 2.370 mln of people).
- Fixed network digital divide is about 8.8% of which: i) 3.8% (compared to 5.0% at 31/12/2011) for absolute lack of ADSL services; ii) 3.2% for fixed broadband lines reached only by "ADSL lite" technology (below 640Kbps); iii) some 2% for fixed broadband lines that cannot reach speeds above 2Mbps due to technical impairments.
- The value of digital divide reduces to 4.0% thanks to wireless broadband technologies, used especially in rural areas. Finally about 4,8% of the population can access broadband services only through wireless broadband technologies.
- Campania, Sardegna, Sicilia, Lazio, Puglia and Lombardia are the regions with lower "net" Digital Divide.
- Emilia Romagna (62.6%) and Puglia (71.4%) are the regions where Fixed DD is mostly reduced through wireless broadband technologies. **(2)**

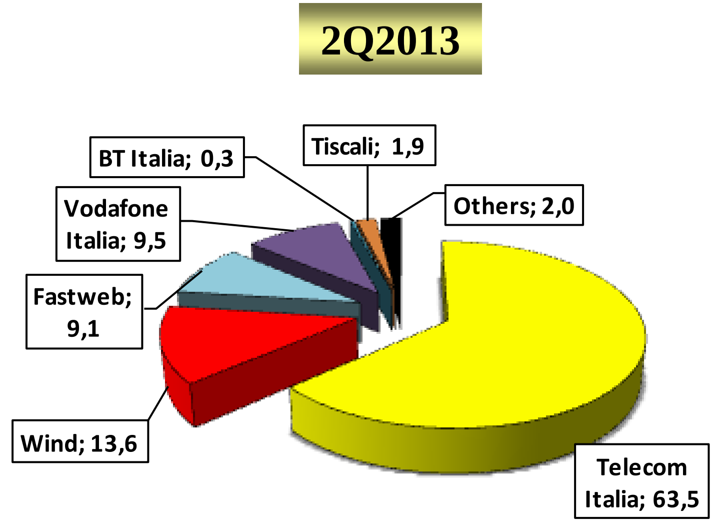
(1) - Calculation of the net Digital Divide - " the percentage of resident population that is not covered by broadband services both on fixed (population covered through ADSL services with less than 2Mbps: "ADSL lite" with speeds up to 640Kbps, Multiplexed lines, long copper pairs etc.) and wireless networks (3G , 4G, WiMax). "

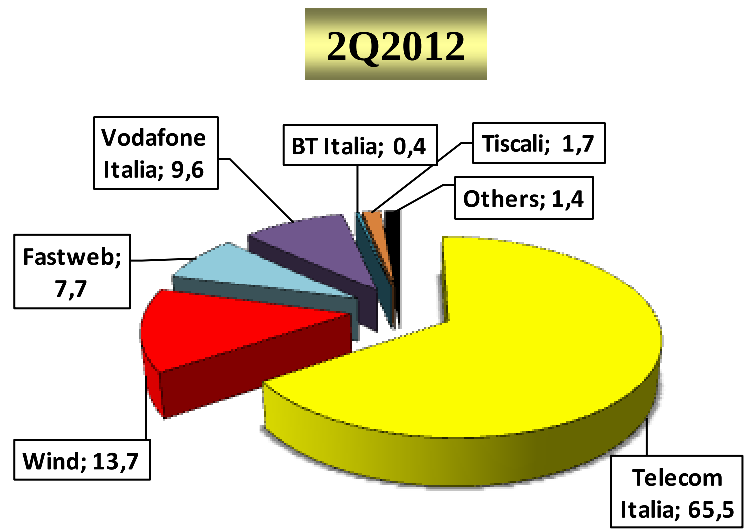
(2) –Coverage of Fixed Network Digital Divide thorough wireless technologies (3G,4G, Wimax)

Source: MISE

1. Fixed access lines (total) (1)





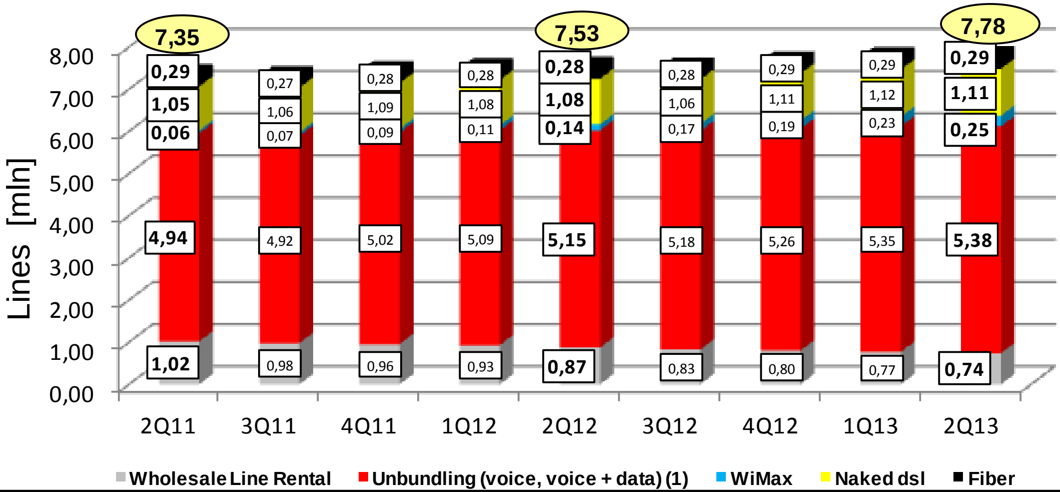


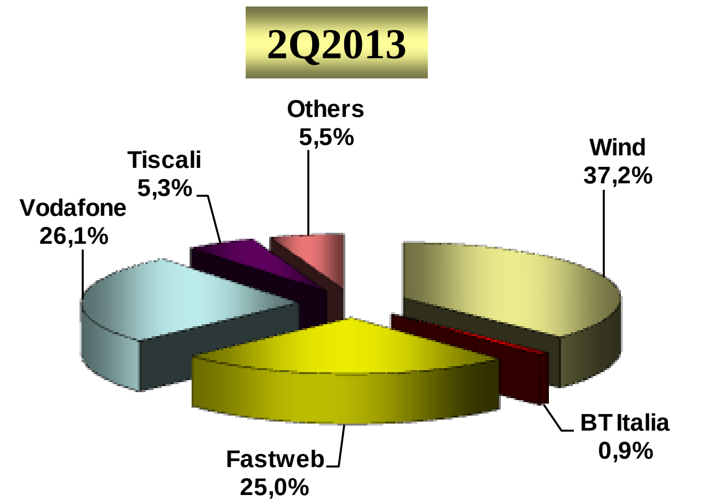
- Compared to June 2012, direct fixed access lines decreased by about 500 thousands, in line with the decrease observed in the previous year.
- In the last twelve months, Telecom Italia's market share further decreased by 2.0% to 63.5%.
- A significant increase has been experienced by Fastweb both on a yearly (+1.4%) and a quarterly basis (+0.3%).
- Vodafone and Wind showed negligible changes as compared both on yearly and quarterly basis.
- Tiscali shows a slight increase on annual basis (+0.2%).

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

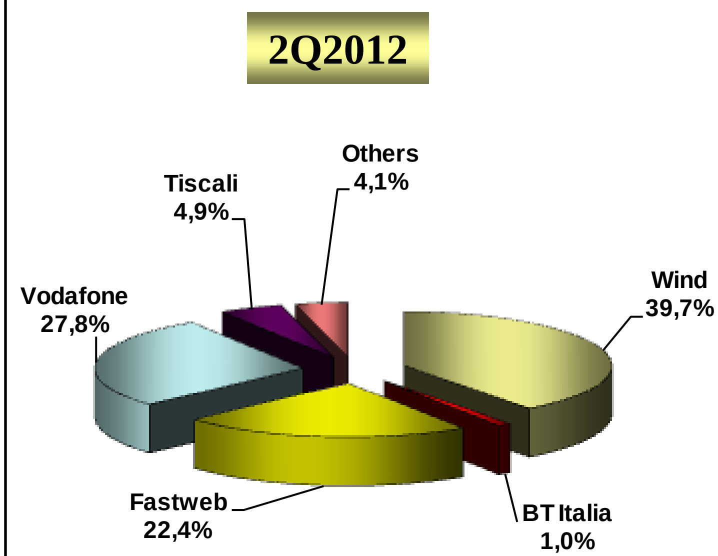
Source: Agcom evaluation on data provided by operators

2. Fixed access lines (new entrants)



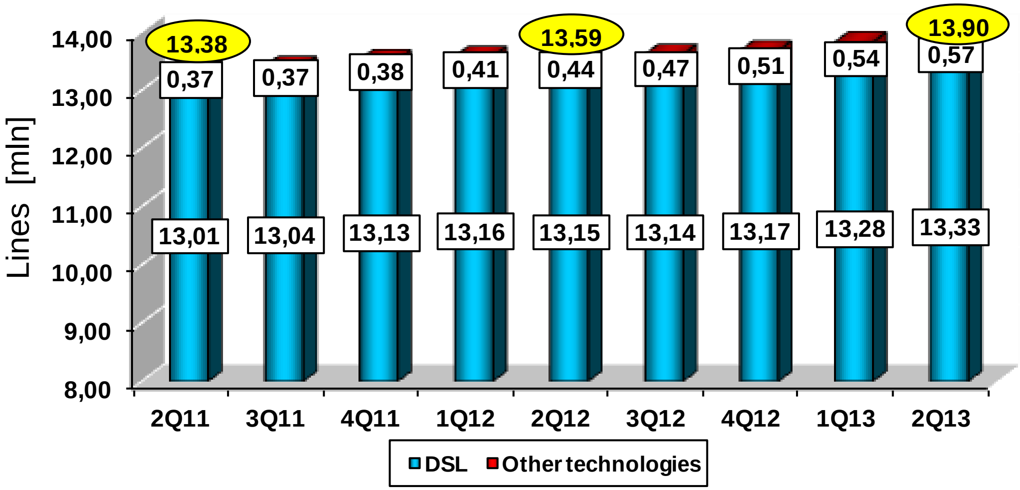


- On a yearly basis accesses grew by about 250 thousands (180 thousands in the previous year). On quarterly basis, growth by about 30 thousands line.
- The growth of Full LLU lines (1) (+220 thousands on a yearly basis) came along with a reduction of WLR lines (about 130 thousands).
- Considering the direct accesses distribution by operator, Wind ranks at the first place (37.2%), but has experienced a decline both on a YoY (-2.5%) and a quarterly (-0.6%) basis.
- Fastweb's market share has increased, both on a yearly and a quarterly basis (+2.5% and + 0.7%, respectively).
- Vodafone has experienced a decrease in its market share in both cases (-1.7% and -0.5%, respectively).
- The increase in WiMax access, which represents the 45% of the overall increase of OLOs' lines on a yearly basis, contributes to the growth of "other professionals" (+1.4% yoy).
- Linkem represents over the 57% of the specific segment (followed by Aria with about 37%), which in 1H13 exceeded, overall, 250 thousand lines. (2)

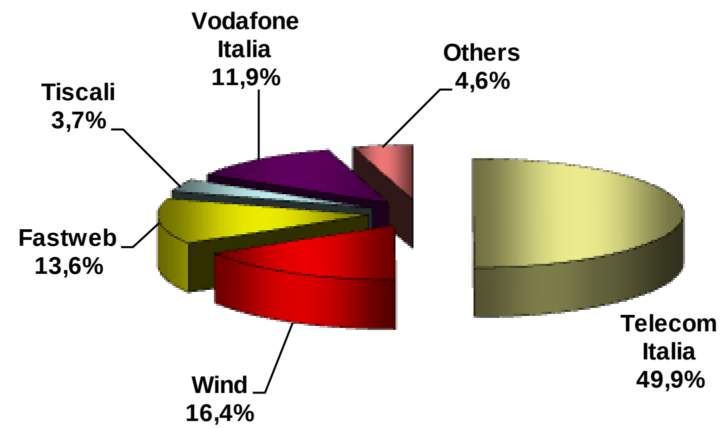


Source: Agcom evaluation on data provided by operators (1) – Including virtual LLU. (2) – Including Aria, Linkem, Mandarin e WaveMax.

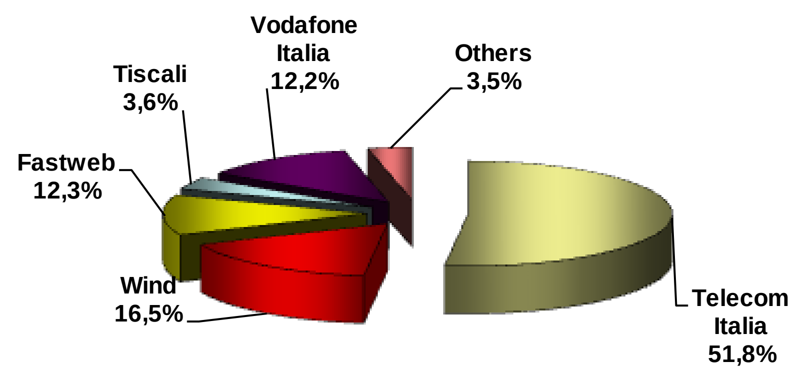
3. Retail broadband access lines



2Q2013



2Q2012

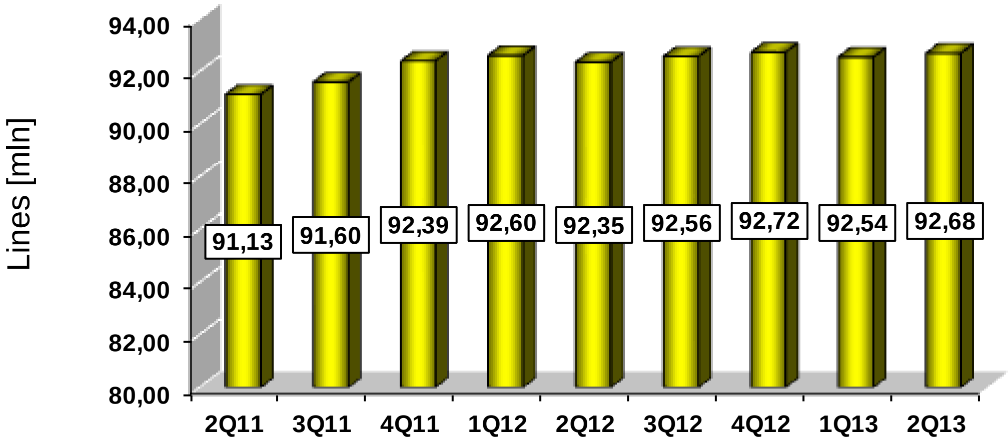


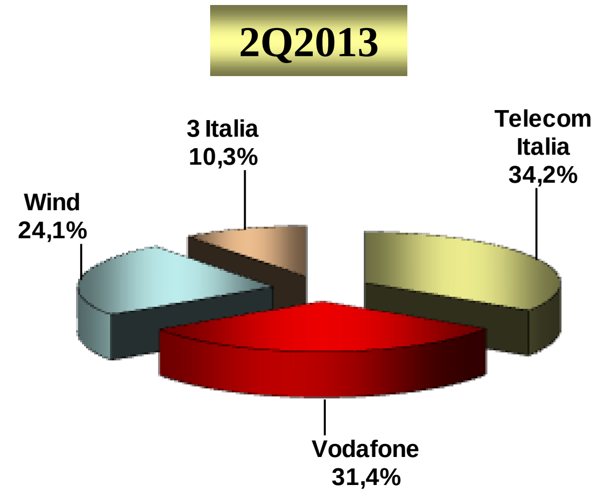
- YoY, broadband lines growth was about +310 thousands. Compared with March, the customer base increased by about 80 thousand lines **(1)**.
- The market share of Telecom Italy, reduced on yearly basis through 1,9% and falls below 50%.
- It benefits substantially Fastweb (+1.3%) and smaller companies, largely represented by WiMax operators (+1.1%).
- The market shares of Vodafone and Wind, compared to June, 2012, do not record any significant changes.

(1) With the present Observatory update, WiMax accesses are included. Data series is in homogeneous terms

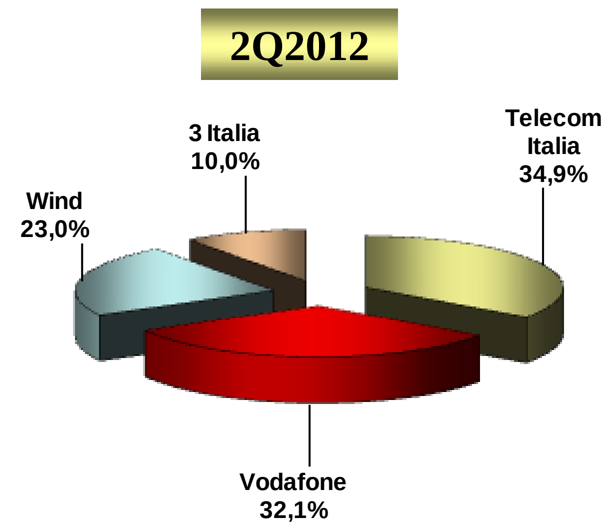
Source: Agcom evaluation on data provided by operators

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





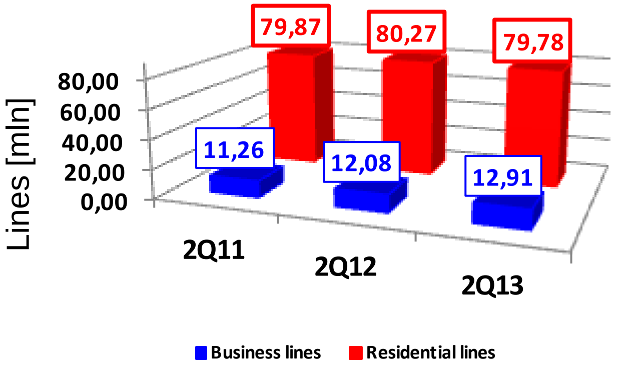
- YoY, the customer base increased by 334 thousands on annual basis and by 140 thousands compared to march.
- Reduction of "only voice" sim, dedicated connect card growth (+1,7 millions)
- YoY, the number of residential lines decreased (-490 thousands), business lines increased about +824 thousands.
- In the mean time, the number of prepaid lines decreased of 1.46 millions, while the number of postpaid lines increased by 1.79 millions, showing that the expansion of postpaid customer base continues (see the following slide).
- On an annual basis, the market shares of Telecom and Vodafone decreased by 0.7% both in favor of H3G (+0.3%) , and on a more extent, Wind (+1.1%).
- YoY, voice traffic (more than 73.8 billion minutes) increased by 5.6%.
- YoY, SMS sent (43.1billions in 1H13) decreased (-10%) confirming the growing in use of the mobile "app" messaging.



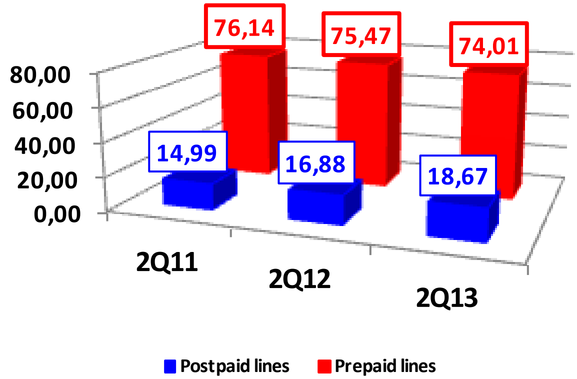
Source: Agcom evaluation on data provided by operators

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

Customer type

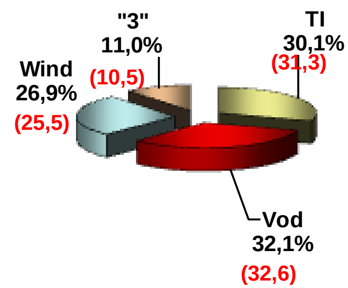


Contract type

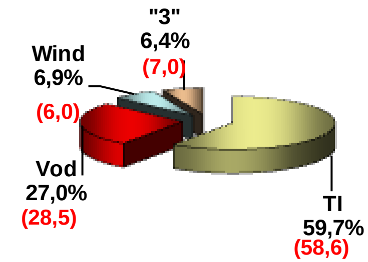


Market share by customers – 2Q2013 (%)

Residential



Business

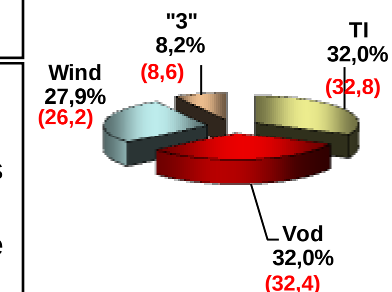


Customer type

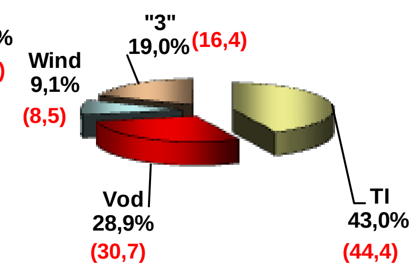
- Business customers (12.9 millions in June) increased on a yearly basis by about 800,000 lines, while the residential segment (79.8 millions of sim) experienced a decrease by 490 thousands lines
- The business segment's share increased by 0.8% (from 13.1% to 13.9% of the total customer base).
- The first operator in the residential segment is Vodafone (32.1%), followed by Telecom Italia (30.1%) and Wind (26,9 %).
- Telecom Italia holds a strong position in the business segment (58.6%).

Market share by contracts – 2Q2013 (%)

Prepaid



Postpaid



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

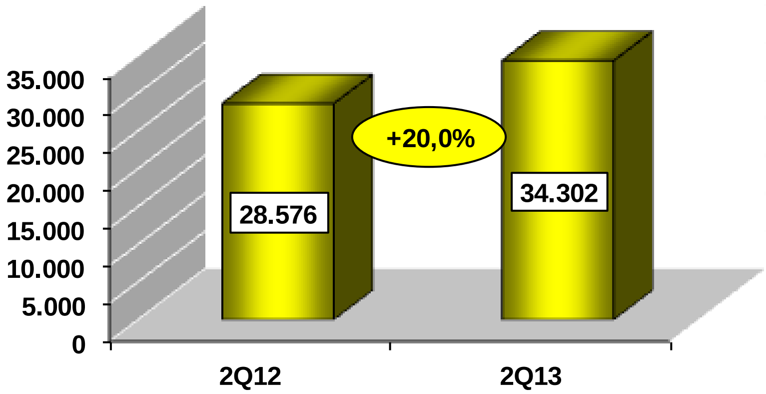
Contract type

- Slightly less than 80% of active lines are "prepaid" (82.7% in June 2012).
- In two years, mainly due to the widespread use of smartphones and tablets, postpaid lines increased by 3.7 millions while the prepaid decreased by about 2.1 millions.
- In the "prepaid" market, Telecom Italia and Vodafone have a 32% of market share, while Wind reached 27.9%, increasing by 1.7% as compared to 2012.
- Telecom Italia leads the "postpaid" segment with 43% of market share, but has experienced a decrease of 1.4% as compared to June 2012.

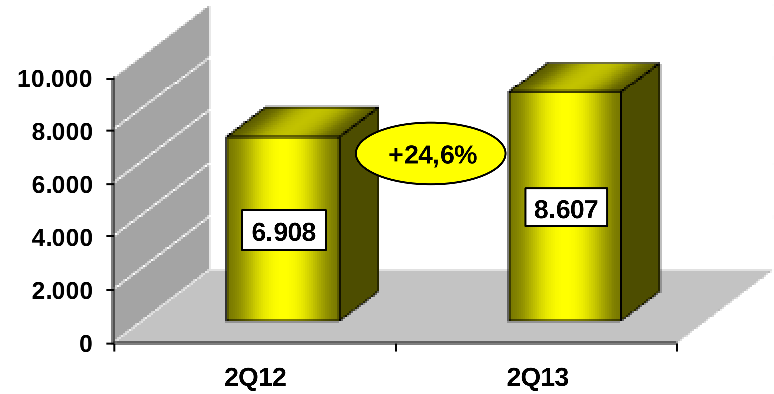
Source: Agcom evaluation on data provided by operators

6. Mobile broadband (1)

Sim data traffic (*1000)

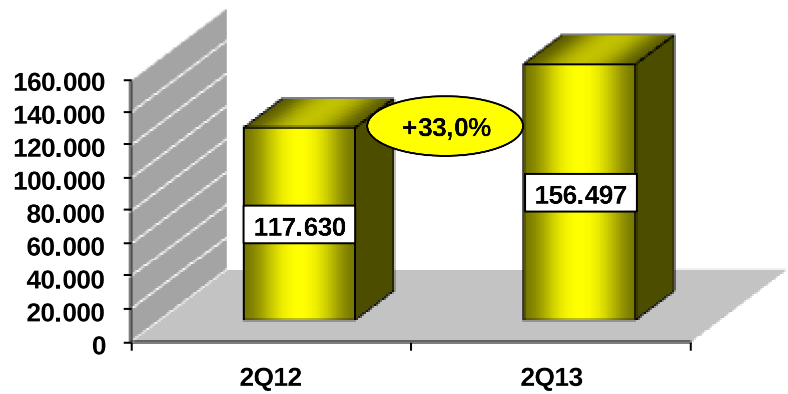


Connect card (internet key) (*1000)



- In June, SIMs with broadband data traffic reached about 33.3 millions (+20.0% YoY).
- The dedicated "connect card" (keys) reached about 8.6 millions (+24.6% compared to 1H12).
- YoY, data traffic has grown by 33.0%.

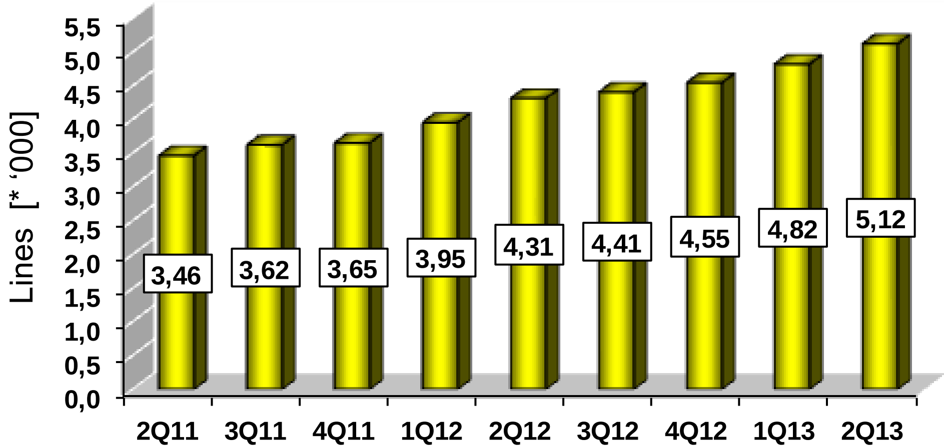
Data traffic from the b.y. (terabyte)

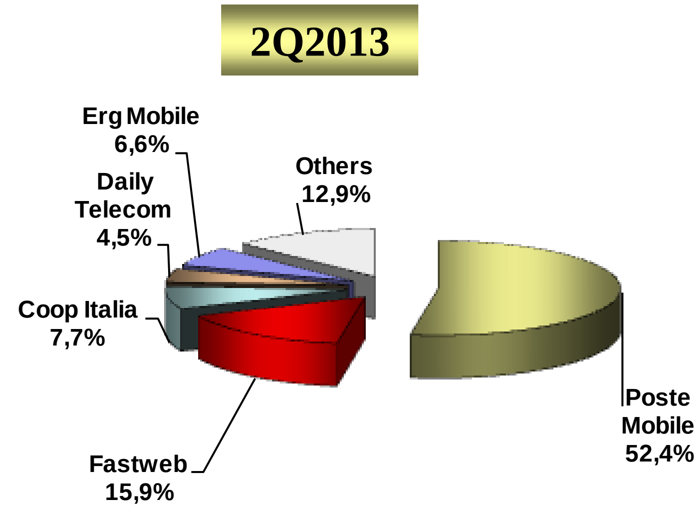


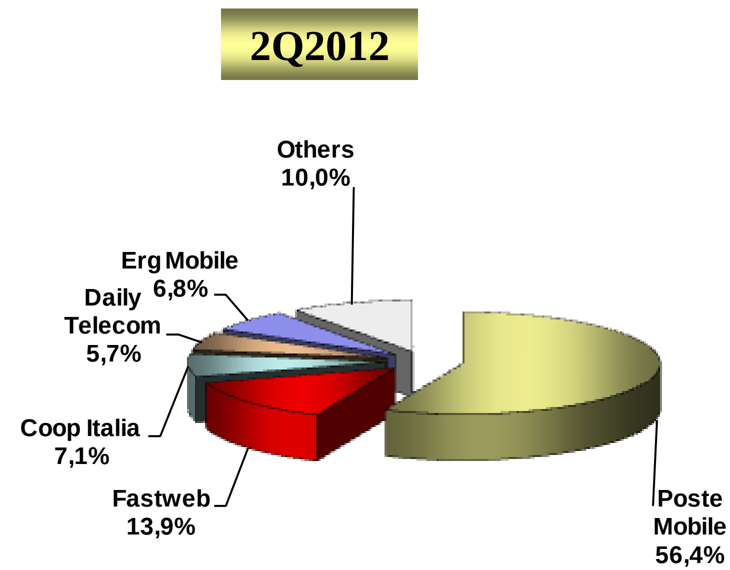
(1) Data include MNO and MVNO

Source: Agcom evaluation on data provided by operators

7. Mobile virtual operators (MVNO)





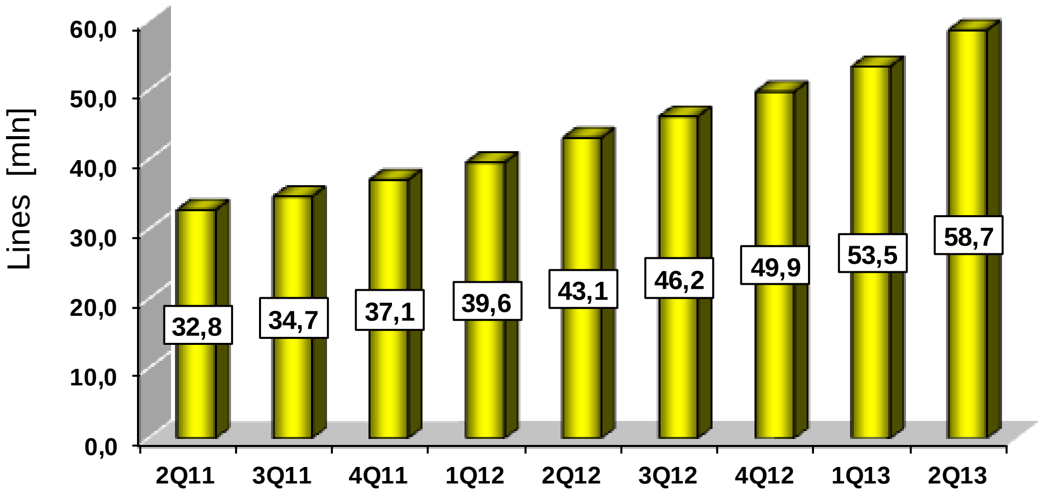


- The growth of MVNO subscribers continues (+810 thousands yoy), total lines reached 5.1 millions (about 5.2% of the total mobile customer base).
- Poste Mobile's market share is about 52.4% (2.7% of overall market) lines), declined by about 4.0% as compared to June 2012.
- From b.y., market growth concentrated (80%) on Poste Mobile, Bip and Fastweb
- YoY, voice traffic and SMSs sent has increased by about 28.8% and 32.3%, respectively.

(1) – The present Observatory update includes also Bip Mobile and Green ICN data.

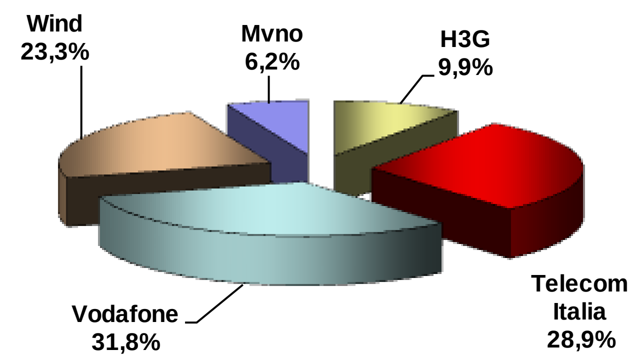
Source: Agcom evaluation on data provided by operators

8. Mobile telephony: number portability

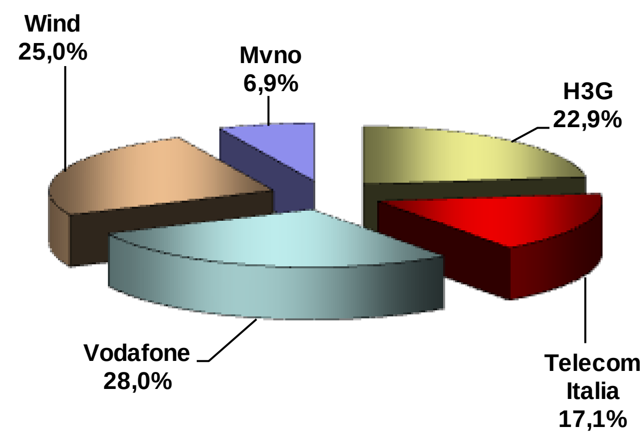


- In 1H2013, the number of ported mobile lines reached, cumulatively, 58.7 millions.
- Mobile virtual operators were able to gain more than 1.3m net adds in the number of lines, stable compared to March.
- On a quarterly basis the indicator worsened for Telecom Italy (from -370 to -611 thousand) and Wind (from +222 to +92 thousand).
- Improved Vodafone (from -230 to -197 thousand), H3G (from 364 thousand to 680 thousand), and MVNOs (+36 thousand in late June).

2Q13 - Lines as donor (in the quarter)



2Q13 - Lines as recipient (in the quarter)



Source: Agcom evaluation on data provided by operators