COMMUNICATION MARKETS MONITORING SYSTEM

n.1 / 2015

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1. Digital communications

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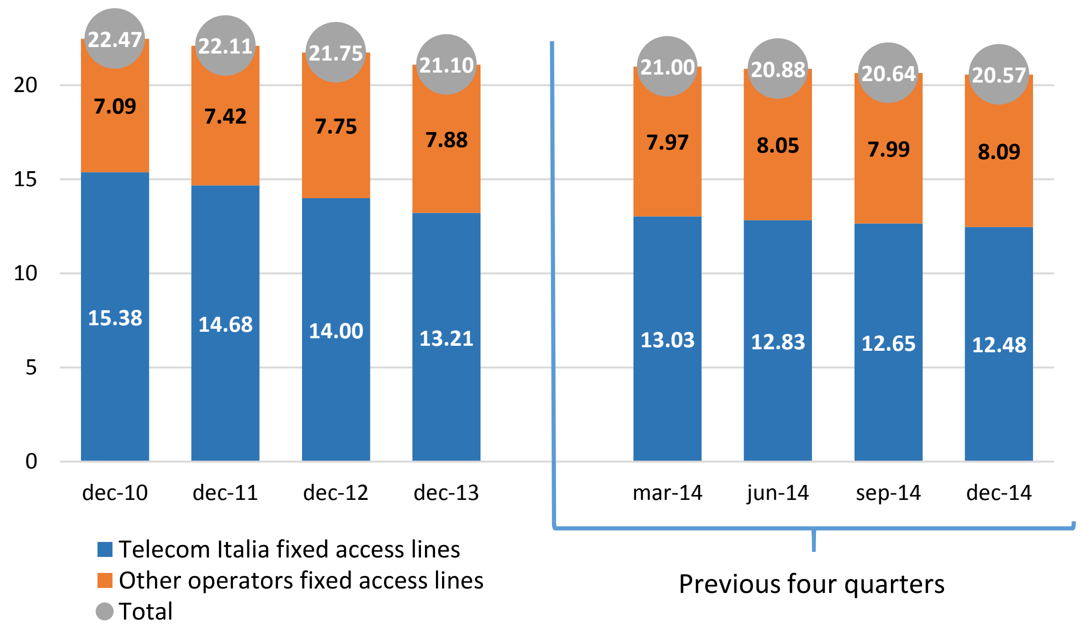
4. Electronic communication prices

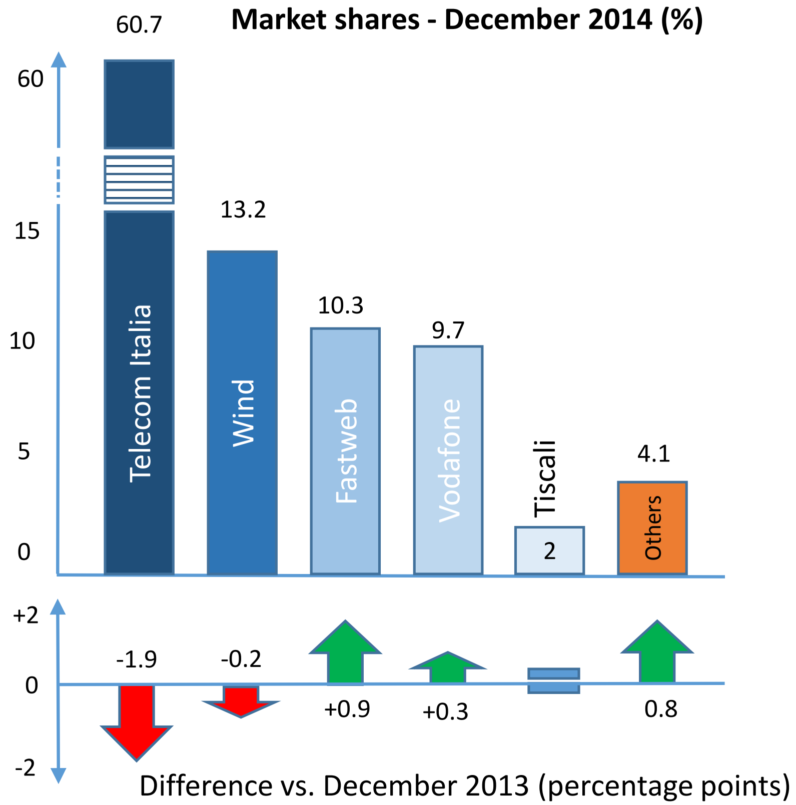
5. Focus: Italians and Internet

The figures that follow are based on AGCOM elaborations on firms’ data and other sources

1.1 Total access lines



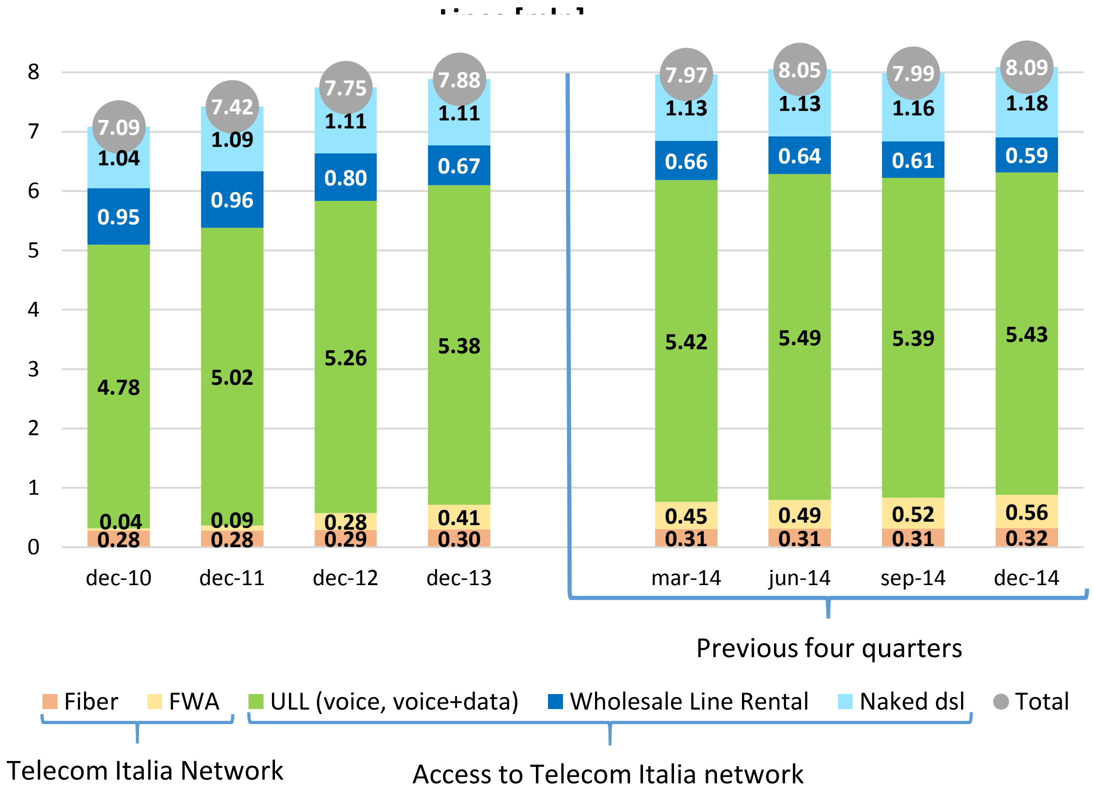
Note: access lines include Telecom Italia fixed access lines, fully unbundled, SLU, DSL naked, WLR, fiber and FWA lines

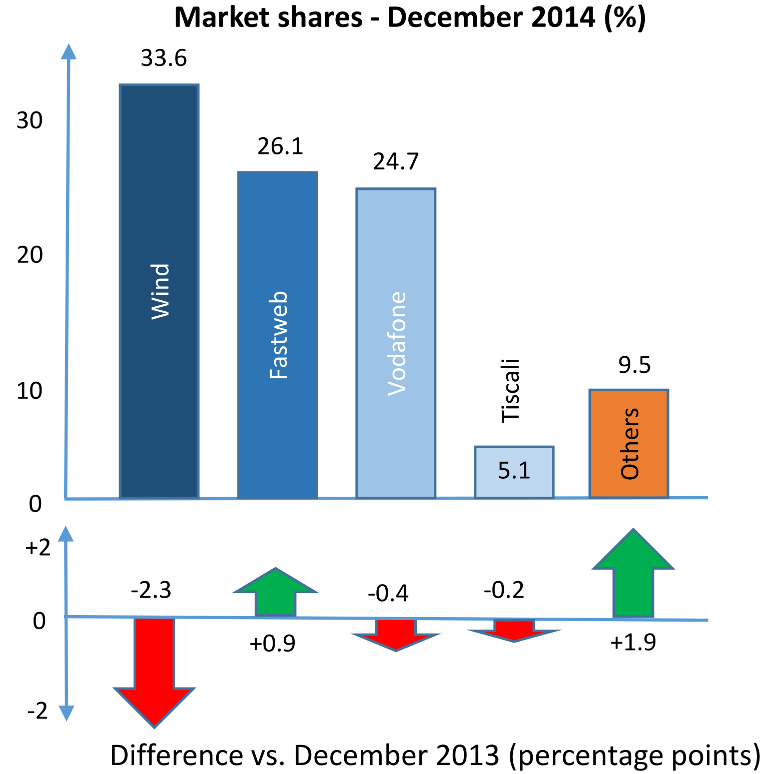


- Total access lines decreased by 520 thousand over last twelve months
- Telecom Italia's access lines decreased by 3.1 million over the last four years
- Other operators' access lines have increased by about 1 million

- Fastweb's market share exceeds 10% with a growth of 0.9 percentage points
- Other operators have, as a whole, increased their market share by 0.8 percentage points. This increase was more pronounced for Fixed Wireless Access (FWA) operators.

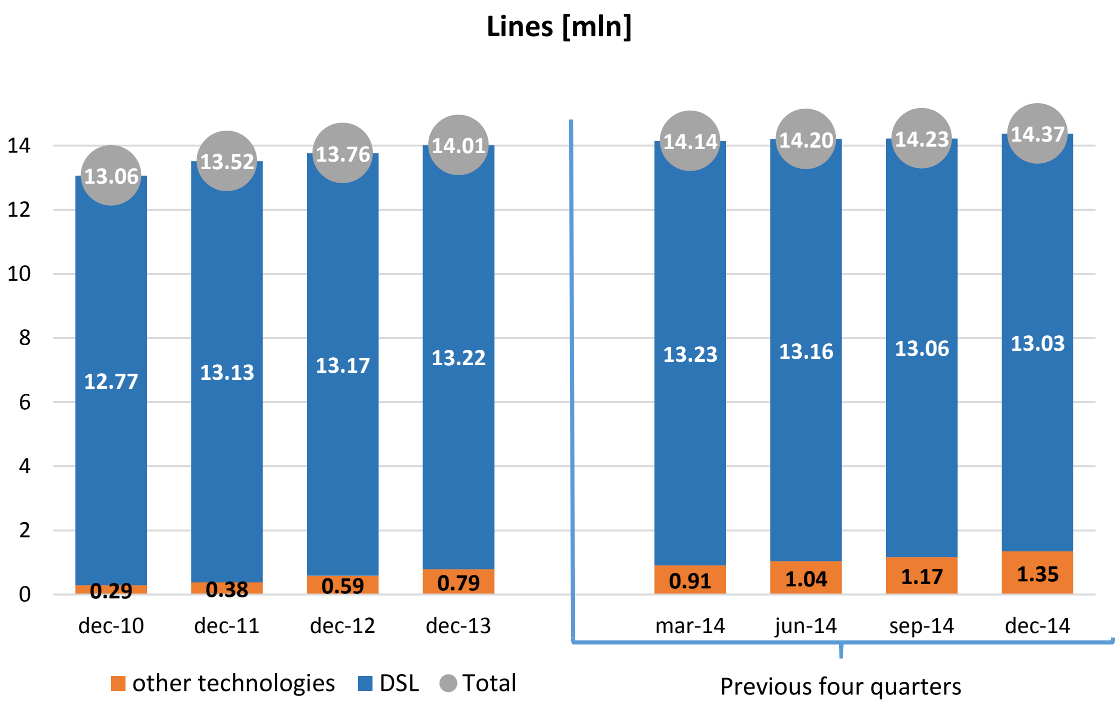
1.2 Access lines (excluding Telecom Italia)

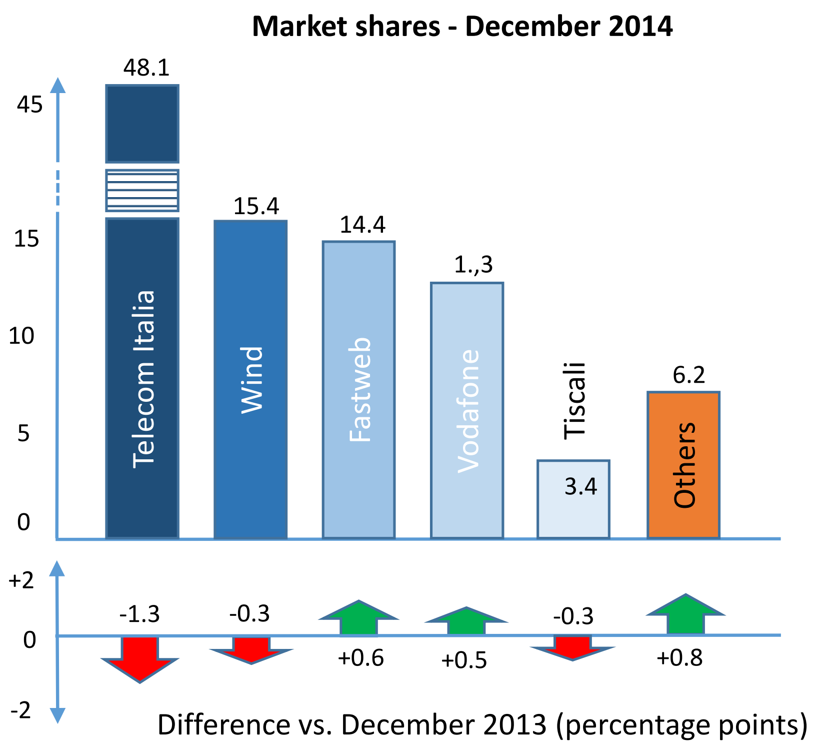




- Access lines provided by other operators have increased by 0.2 million
- This growth is largely related to the increase of FWA (+150 thousand) and fiber (+20 thousand) lines
- Telecom Italia's wholesale access lines remain substantially unchanged

- Wind ranks first in terms of market shares, but it experienced a decrease of 2.3 percentage points
- Fastweb confirms its growth trend (YoY +0.9 percentage points)
- Other operators' growth is essentially due to the increase of FWA lines



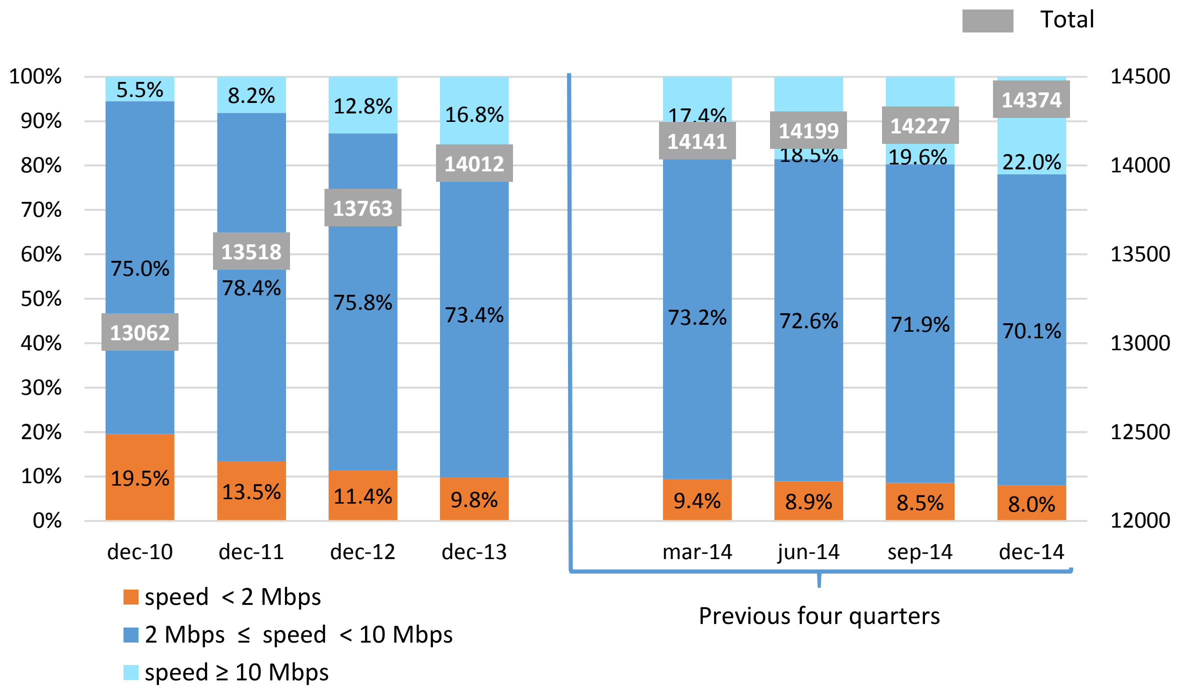


- Broadband lines increased by about 360 thousand YoY
- Since the beginning of 2014 the number of DSL lines decreased by about 200 thousand
- It is possible to observe an increase in the number of NGA (+413 thousand) and FWA lines (+104 thousand)

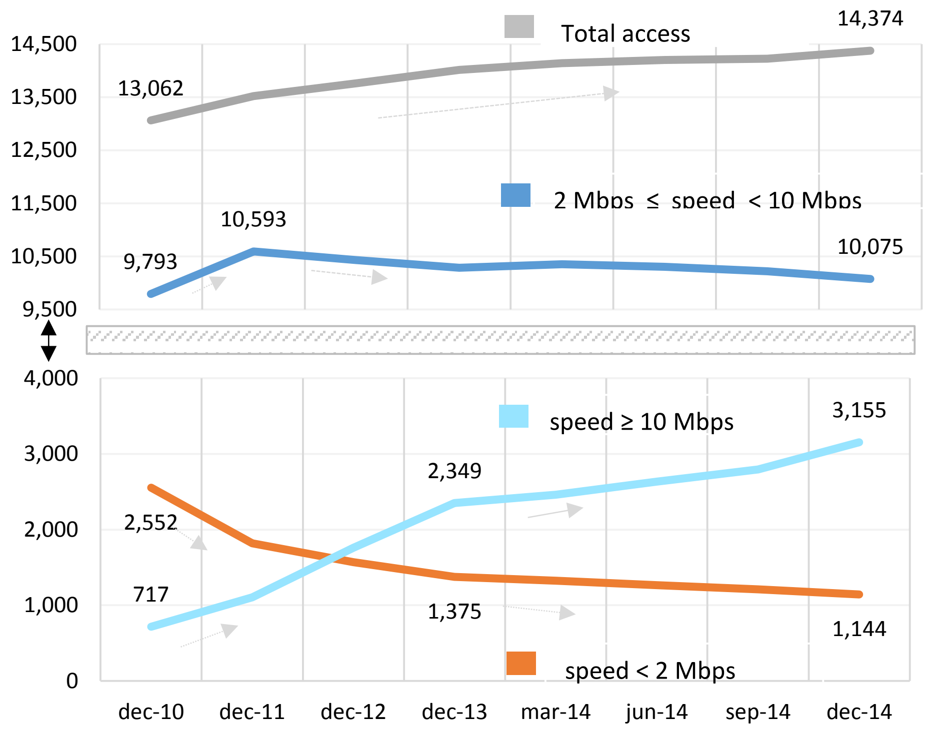
- Telecom Italia's market share reduced on a yearly basis by -1.3 percentage points
- Fastweb and Vodafone are the main beneficiaries (+0.6 and +0.5 percentage points, respectively)

1.4 Broadband lines by speed

Access lines (*1000) by speed classes

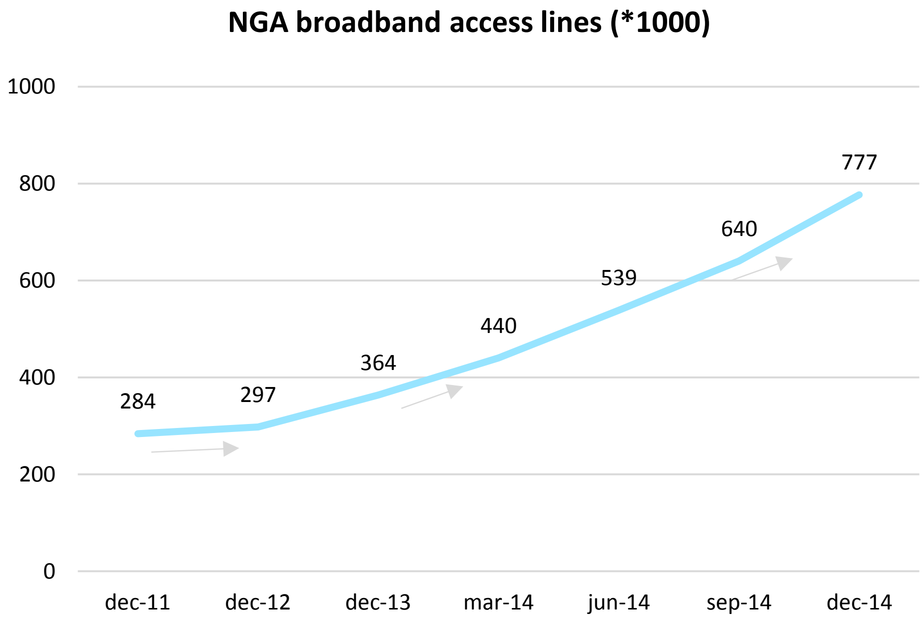


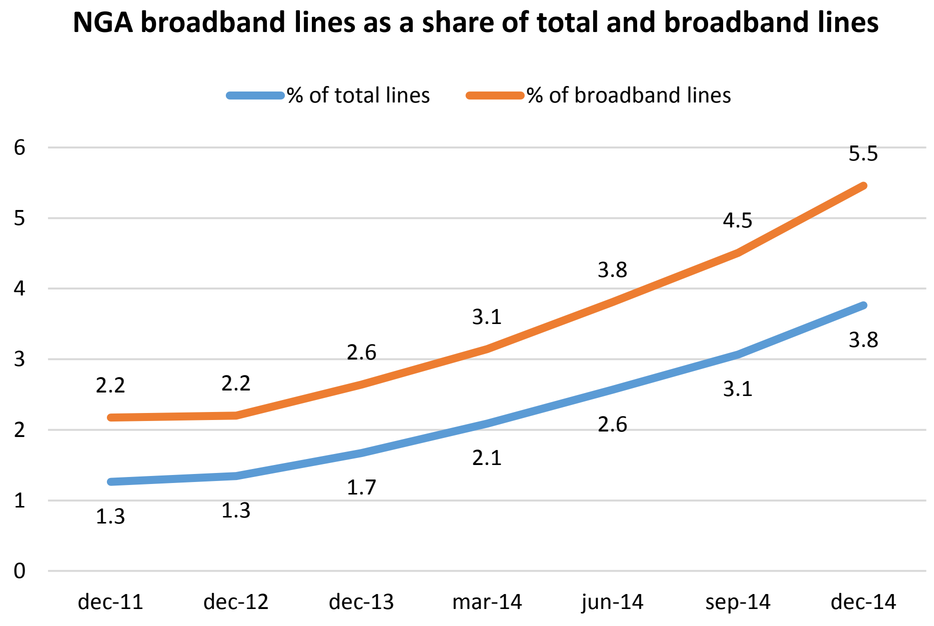
Broadband access lines (*1000) trend by speed classes



- The number of broadband lines with speed ≥10 Mbps increased by 800 thousand YoY

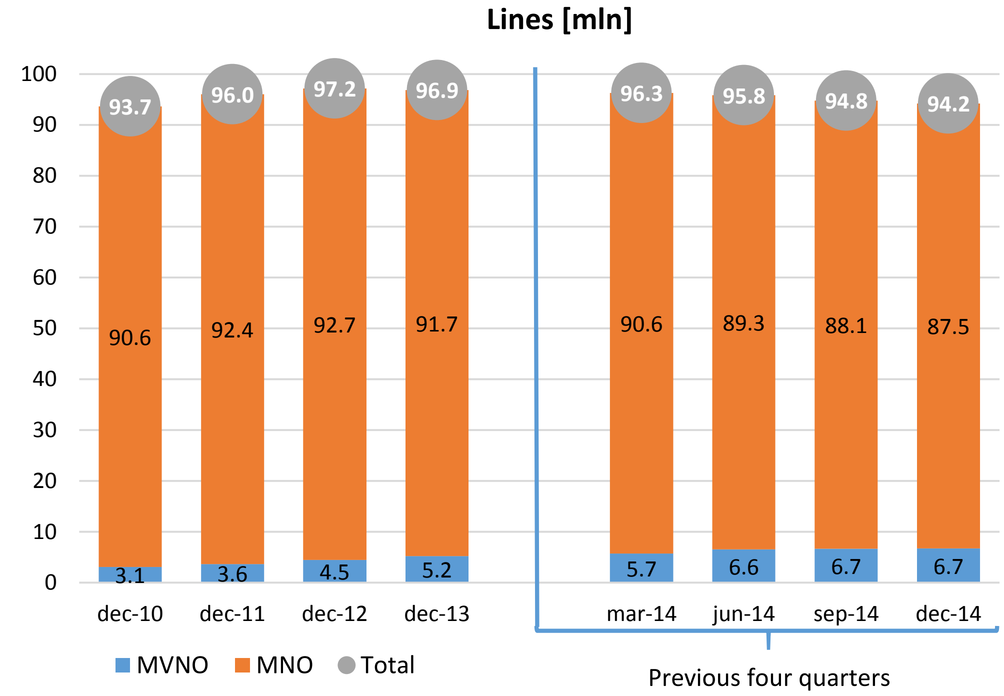
1.5 NGA broadband access lines



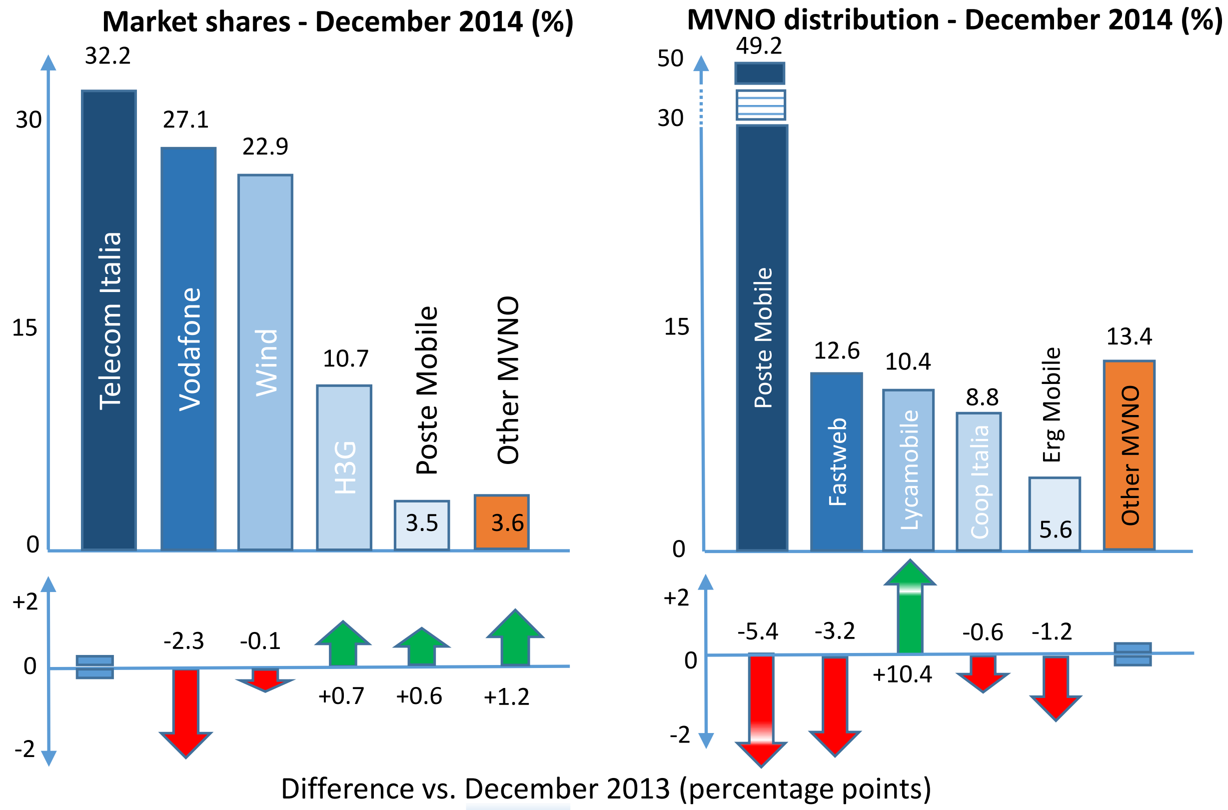


- At the end of 2014, NGA lines approached 800 thousand lines
- At the end of 2014, NGA lines represented 3.8% of total lines and 5.4% of broadband lines
- As compared to other European countries, the gap remains significant (the percentage of NGA lines is 10% in France, 20% in Germany, 28% in Spain, 32% in UK)

1.6 Mobile subscribers

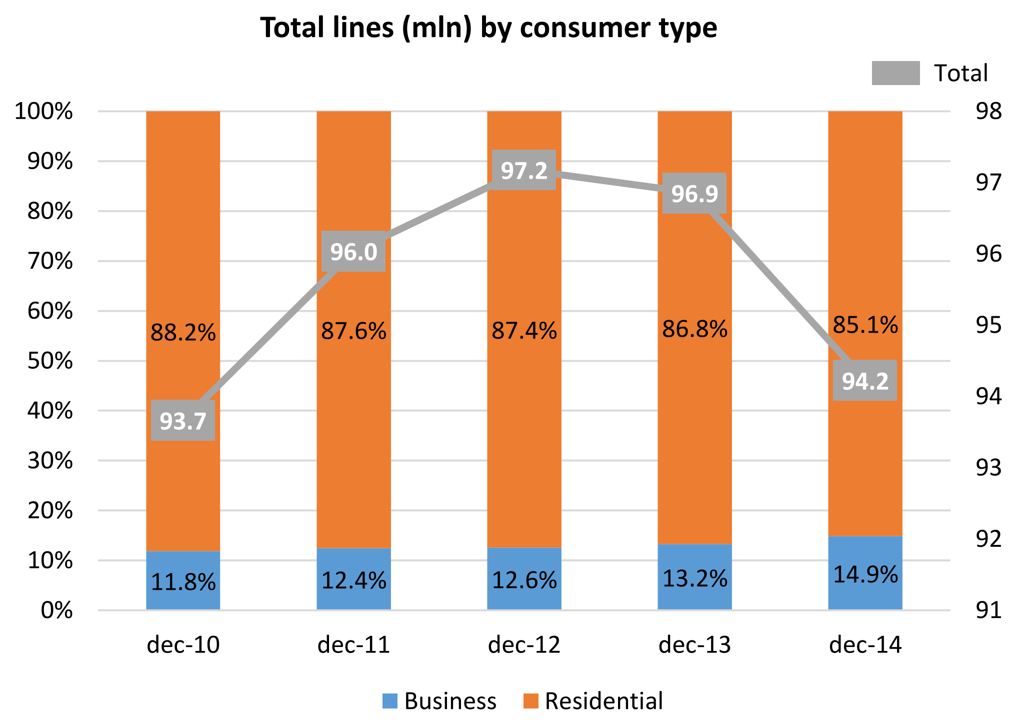


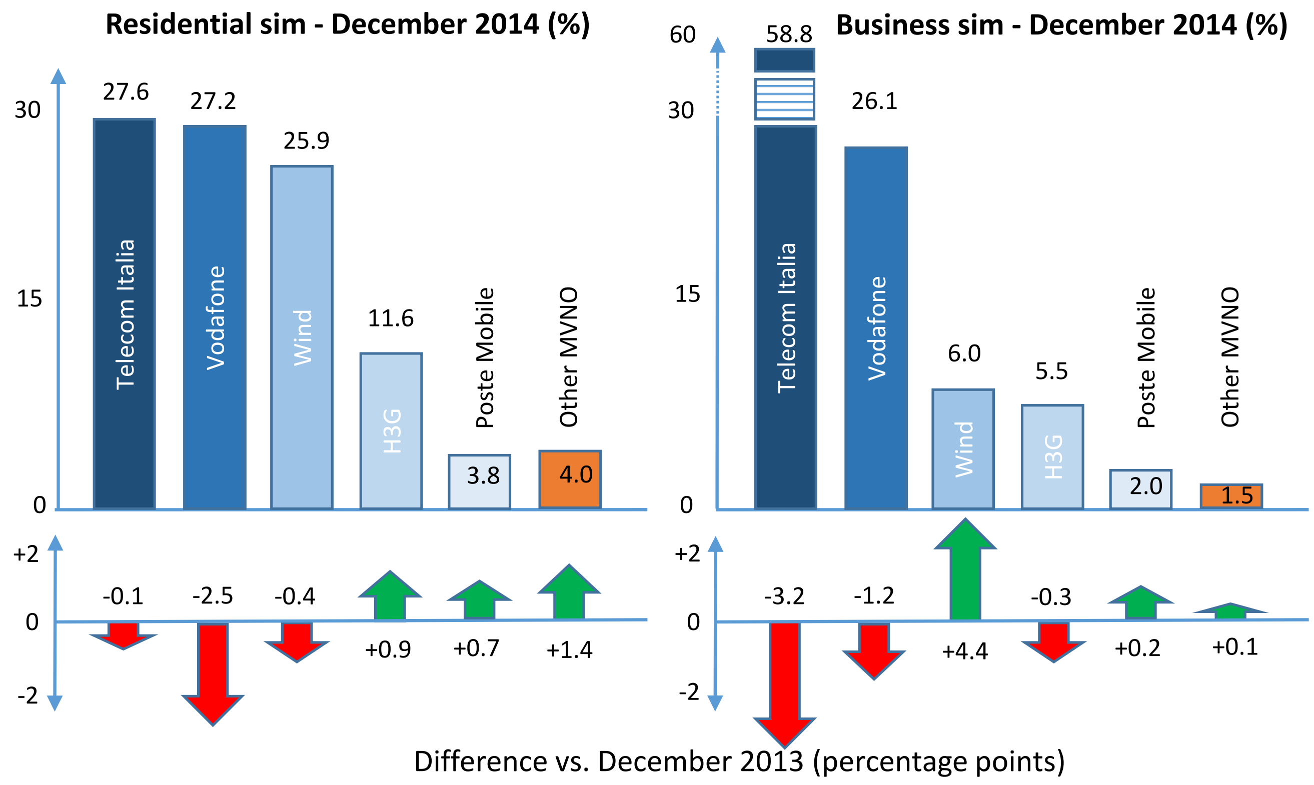
MVNO = Virtual Operators
MNO = Network Operators



- On a yearly basis, the customer base of mobile services decreased by about 2.6 million
- It is possible to observe a reduction of 4.1 million in MNOs' lines and a growth of 1.5 million in MVNO's lines
- MVNOs' lines account for 7.1% of total lines

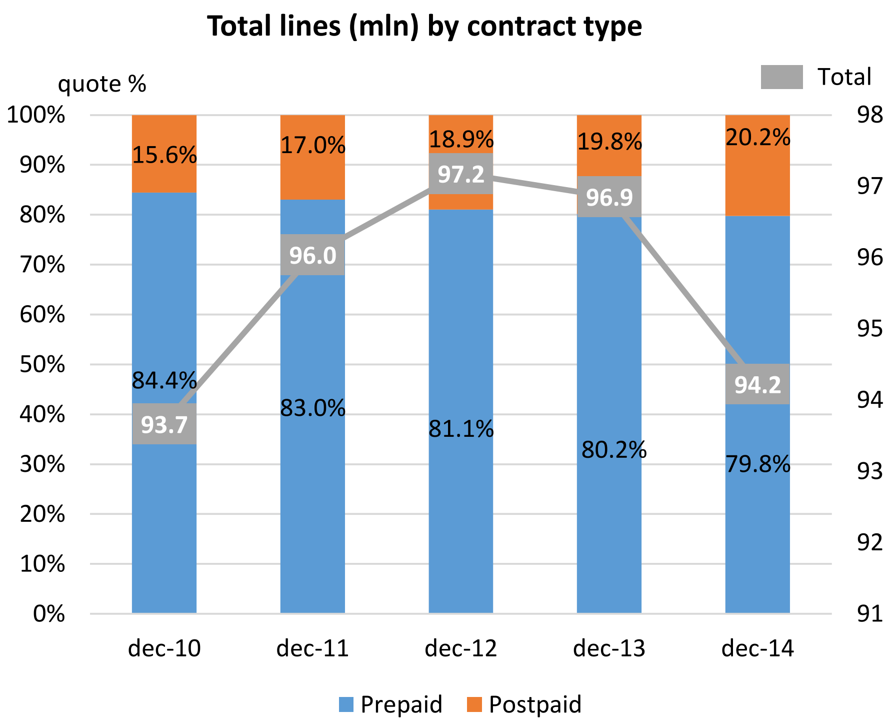
- Telecom Italia's market share is stable, while Vodafone's decreased by -2.3 percentage points
- As far as MVNOs are concerned, in 2013 a new operator (Lycamobile) entered in the market

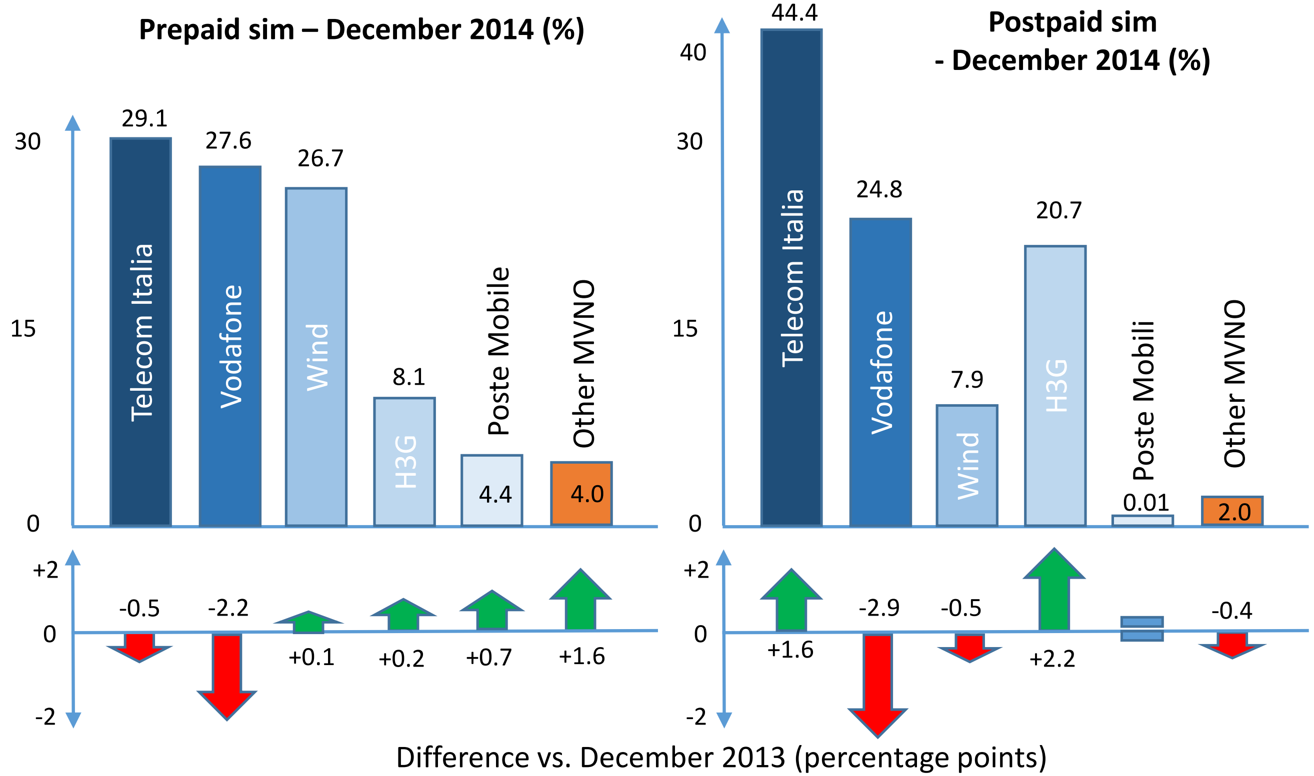




- The number of non residential sims (14 million at the end of 2014) increased on a yearly basis by 1.18 mln
- The number of residential sims (80.2 million at the end of 2014) experienced a decrease by 3.81 million

- In the residential segment, the market shares of the three main players are similar and follow the same decreasing trend; in particular, Vodafone's market share reduced by 2.5 percentage points
- In the business segment, although with a market share in reduction by 3.1 points YoY, Telecom Italia confirmed its leadership position
- Wind's experienced a significant growth in market shares (+4.4 points YoY)

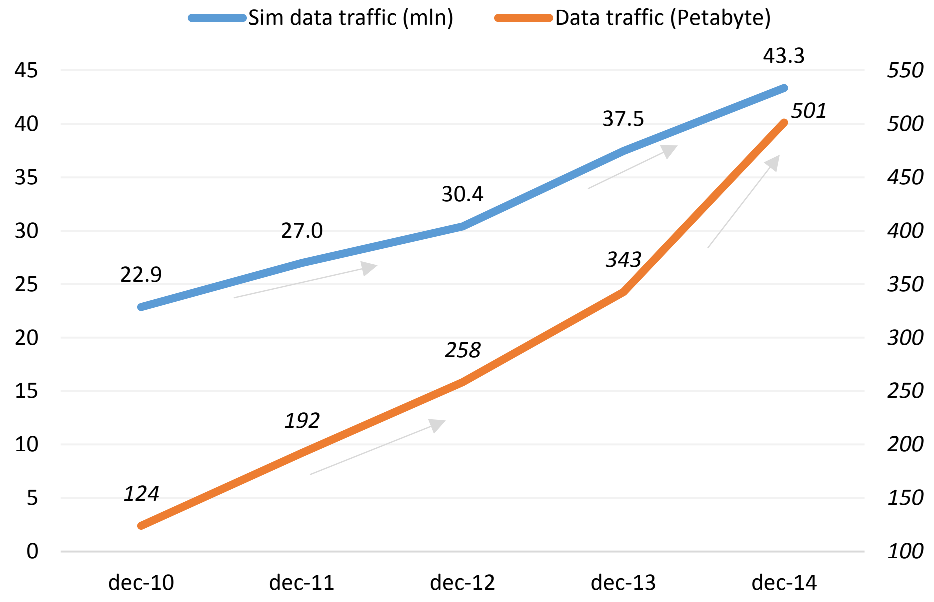




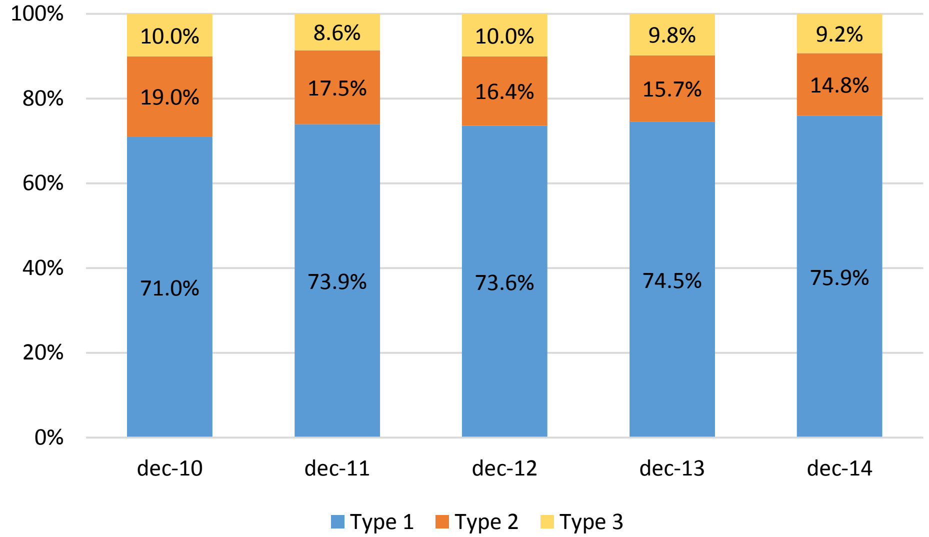
- At the end of 2014 prepaid sims amounted to 75.2 million, with a decrease of 2.47 million YoY
- At the end of 2014 postpaid sims amounted to 19 million, in reduction of 160 thousand as compared to the previous year

- In the prepaid segment, with respect to December 2013, Telecom Italia's (-0.5) and Vodafone's (-2.2) market shares decreased, while the share of other companies increased, in particular those of small operators (+1.6)
- Telecom Italia leads the postpaid segment with a share of 44.4%; H3G has experienced the largest YoY share growth (+2.2)

Volumes of data traffic



Sim data traffic by contract type (%)

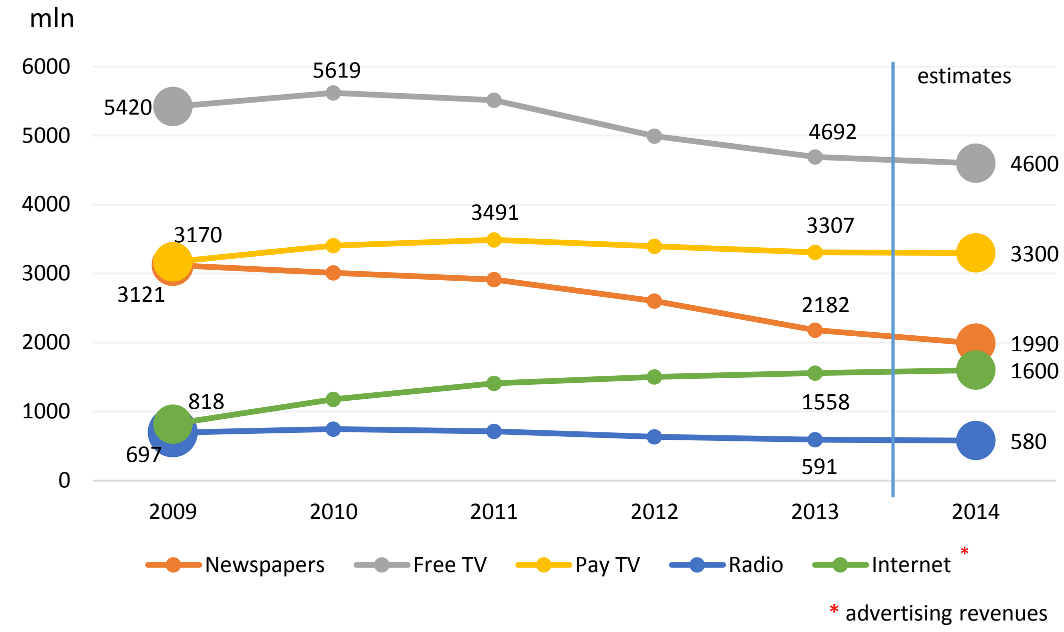


According with EU reporting definitions:
Type 1: "dedicated data subscriptions for add-on data package to a voice service requiring an additional subscription"
Type 2: "dedicated data subscriptions for stand-alone services"
Type 3: "actual usage of standard mobile subscriptions"

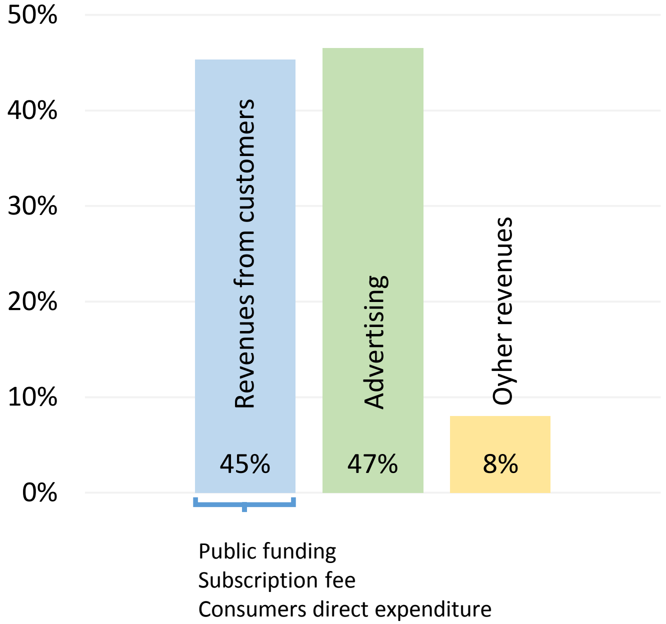
- The number of data sims increased over the last year from 37.5 to 43.3 million, with a growth rate of 15.7%
- In December 2014, data traffic showed a 46.2% increase as compared to December 2013
- Since the end of 2010, the number of sims with data traffic has increased from 24.4% to 46% of overall customer base

2.1 Revenues trend and composition

Revenues in media sector



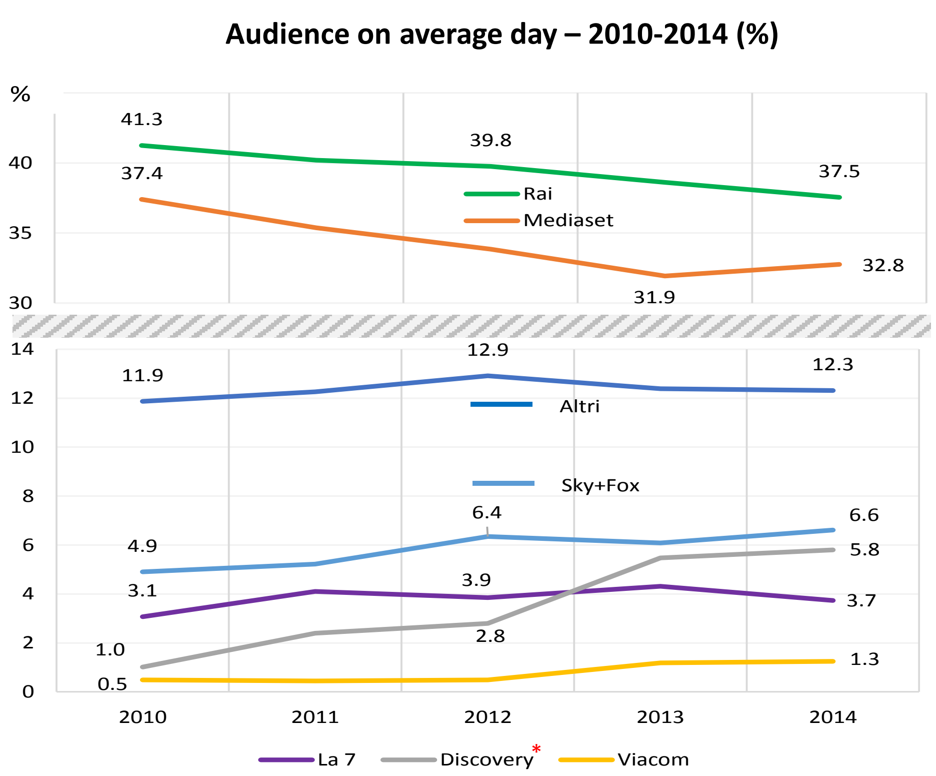
Revenues by type – 2013 (%)



Change in revenues (%)

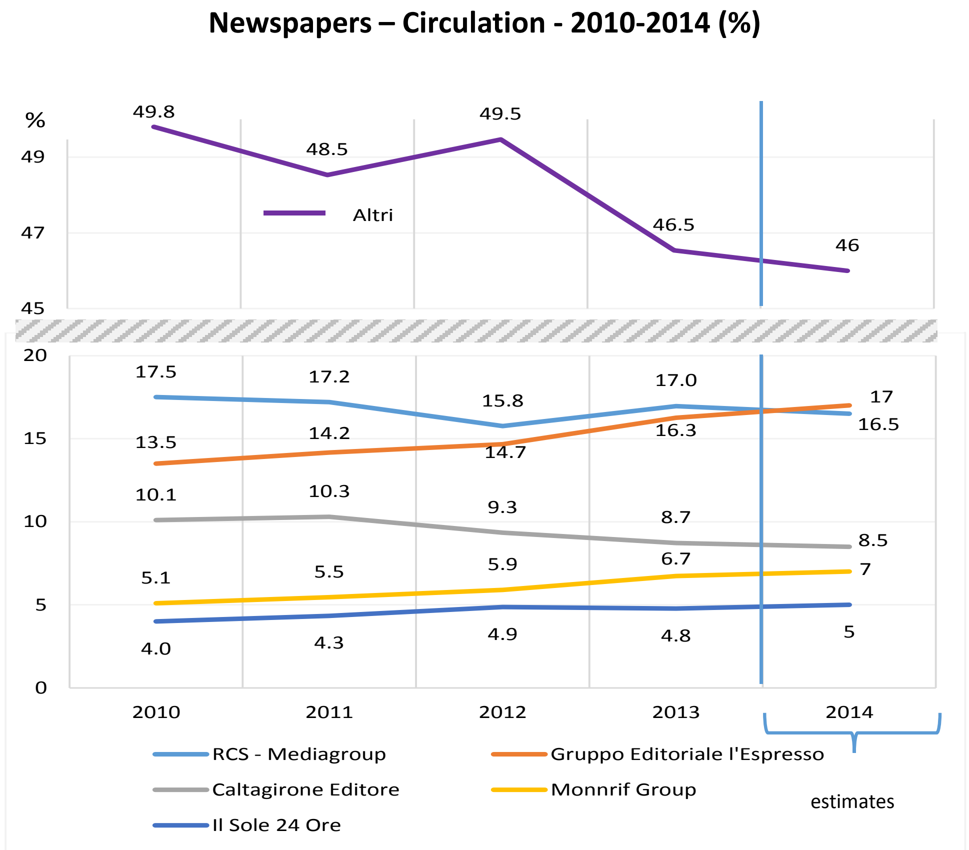
	2009-2013	Estimate 2013-2014
Newspapers	-30.1	-8.8
Free TV	-13.4	-2.0
Pay TV	4.3	-0.2
Radio	-15.2	-1.8
Traditional media	***-13.2***	***-2.8***
Internet *	90.5	2.7
Total media	***-6.8***	***-2.1***

- The economic crisis hit the newspapers market severely (-40% over the five year period)
- The downturn has been more contained For Free TV (about -15%), while Pay TV experienced a revenues' growth of +4%
- Internet advertising figures nearly doubles from 818 to 1600 million
- As compared to 2013, in 2014 an overall decrease of the media sector of around 2% is estimated



* Including the audience of Switchover Media acquired by Discovery in 2013

Source: Auditel



- In the considered period, the audience of the two most important players (Rai and Mediaset) decreased significantly (by more than 8 percentage points, from 78.7% to 70.3%),
- Sky, Discovery and Viacom increased their audience by more than 7 percentage points

- Newspapers' circulation fell by 40% in the period considered
- Newspapers market is historically less concentrated compared to the television market; however, market shares of smaller publishers have decreased from 49.8% to 46% in the period considered

2.3 Radio and Internet Audience

Radio: listeners on average day (ranking 2014)

Position 2014	change on previus year	Radio station	% share
1	(0)	RTL 102.5	19.7
2	(0)	RADIO DEEJAY	13.3
3	(+1)	RDS 100% Grandi Successi	13.3
4	(+1)	RADIO ITALIA Solomusicaitaliana	13.2
5	(-2)	RADIO 105	12.9
6	(0)	RAI RADIO 1	11.6
7	(0)	RAI RADIO 2	8.2
8	(0)	VIRGIN RADIO	6.7
9	(0)	RADIO 24 - IL SOLE 24 ORE	5.8
10	(0)	RADIO KISS KISS	5.1
11	(+2)	RADIO CAPITAL	5.1
12	(0)	M2O	5.0
13	(-2)	RADIO R101	4.9
14	(+1)	RAI RADIO 3	3.8
15	(-1)	RADIO MARIA	3.8
16	(+2)	RMC - Radio Monte carlo	3.5

Source: data collected as a part of the RadioMonitor survey

Internet: active reach (ranking 2015)

Position January 2015	change on previus year	Parent*	Active Reach** (%)
1	(0)	Google	94.9
2	(0)	Facebook	83.2
3	(0)	Microsoft	75.2
4	(+2)	Banzai	64.3
5	(0)	Yahoo	61.6
6	(+3)	Amazon	60.4
7	(+4)	WhatsApp	60.3
8	(-1)	Wikimedia Foundation	59.9
9	(-1)	eBay	54.6
10	(0)	Gruppo Espresso	51.6

Posizione Gennaio 2015	differenza rispetto ranking Gennaio 2014	Parent*	Active Reach** (%)
11	(+1)	RCS MediaGroup	46.0
12	(+1)	Mediaset	45.9
13	(+1)	Triboo	37.3
14	(+13)	Trilud	34.4
15	(+6)	Subito.it	34.2
16	(+2)	Seat Pagine Gialle	34.0
17	(-1)	Telecom Italia	33.6
18	(-3)	ilMeteo	32.0
19	(0)	Groupon Inc.	31.6
20	(0)	Twitter	31.6

***Parent:** name of the website’s parent entity. Parent provides the Parent-level information for a Brand or Channel

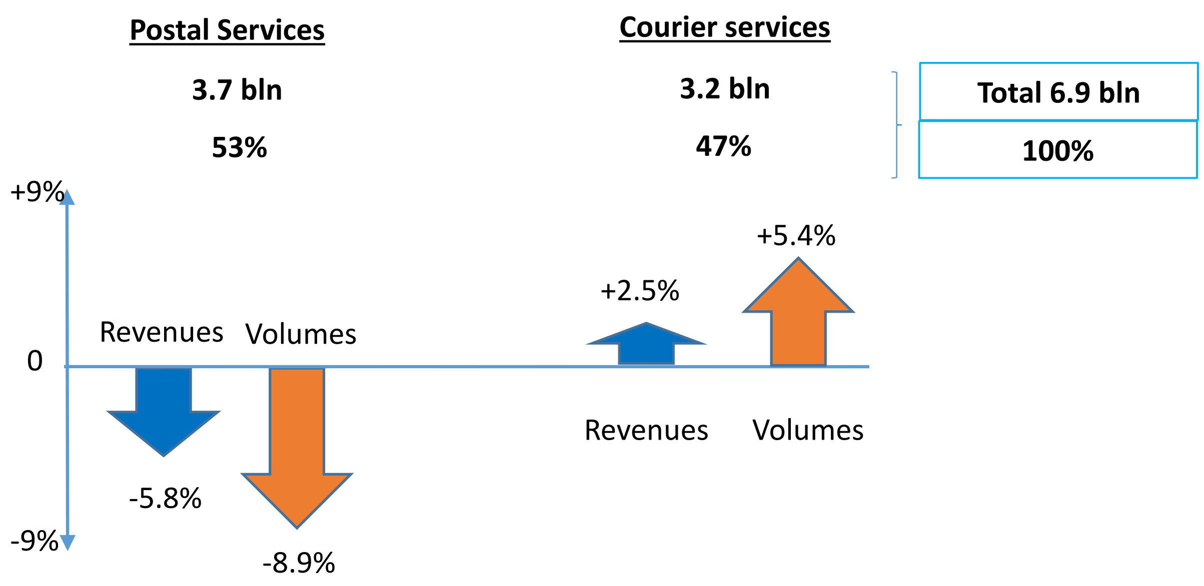
****Active Reach (%):** is the percentage of all active unique persons who visited the site or used the application.

Source: Audiweb (January 2014 – January 2015)

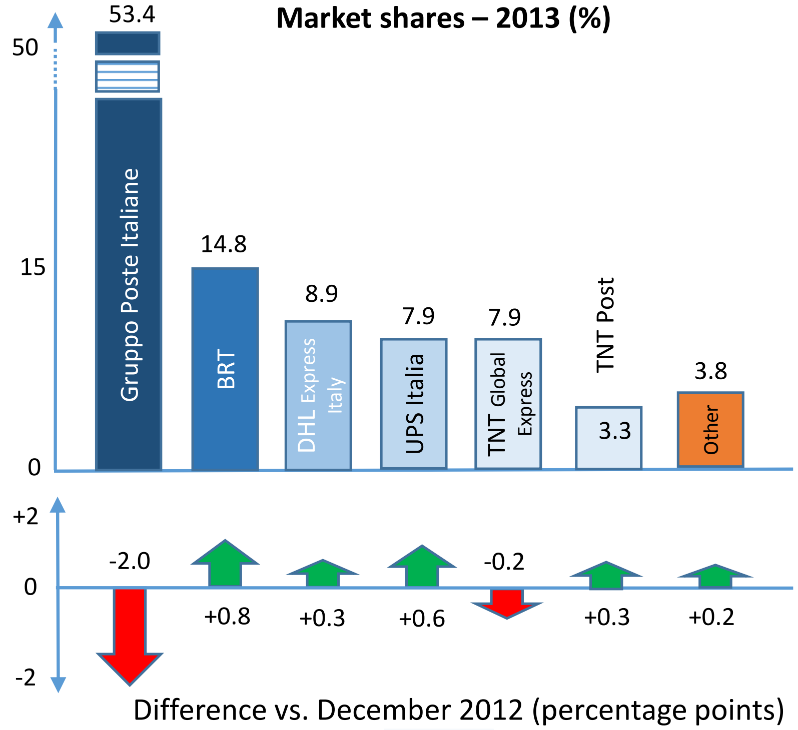
- Data show that RTL 102.5 preserves the leader position, followed by Radio Deejay (belonging to Espresso group, owner also of M2O and Radio Capital)

- Google parent entity remains the leader with about 95% of the active reach
- Facebook’s page ranks second, but exceeds Google in terms of the average time spent on the site (13:30 minutes for Facebook vs. 5:06 for Google)

Revenues and volumes - 2013



Market shares – 2013 (%)

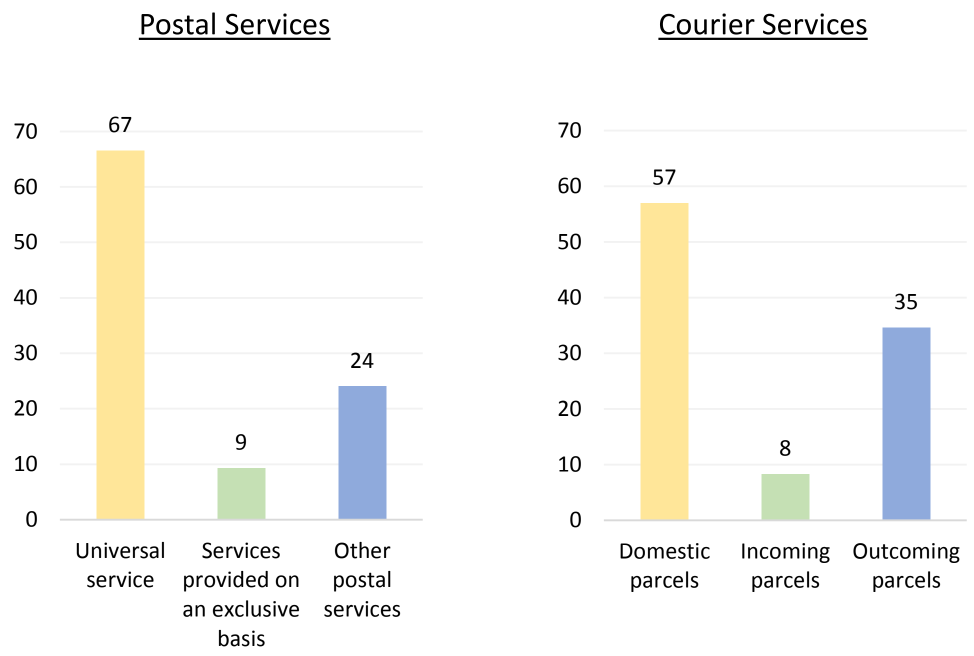


- At the end of 2013, the market value is about €6.9 billion, which reveals a contraction of 2% YoY
- Postal services' market experienced a decline both in revenues (5.8%) and in volumes (8.9%)

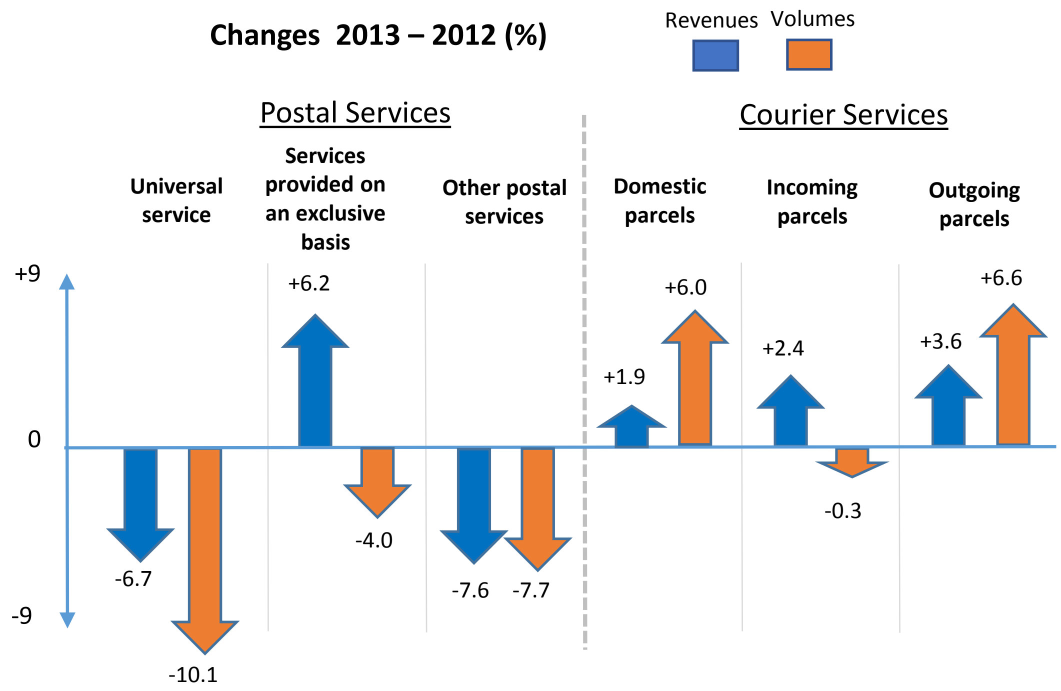
- The market stands out for the large number of firms, mainly small firms
- There are 3800 licensed operator; 40% of these are individual enterprises

3.2 Services by type

Revenues by type - 2013 (%)



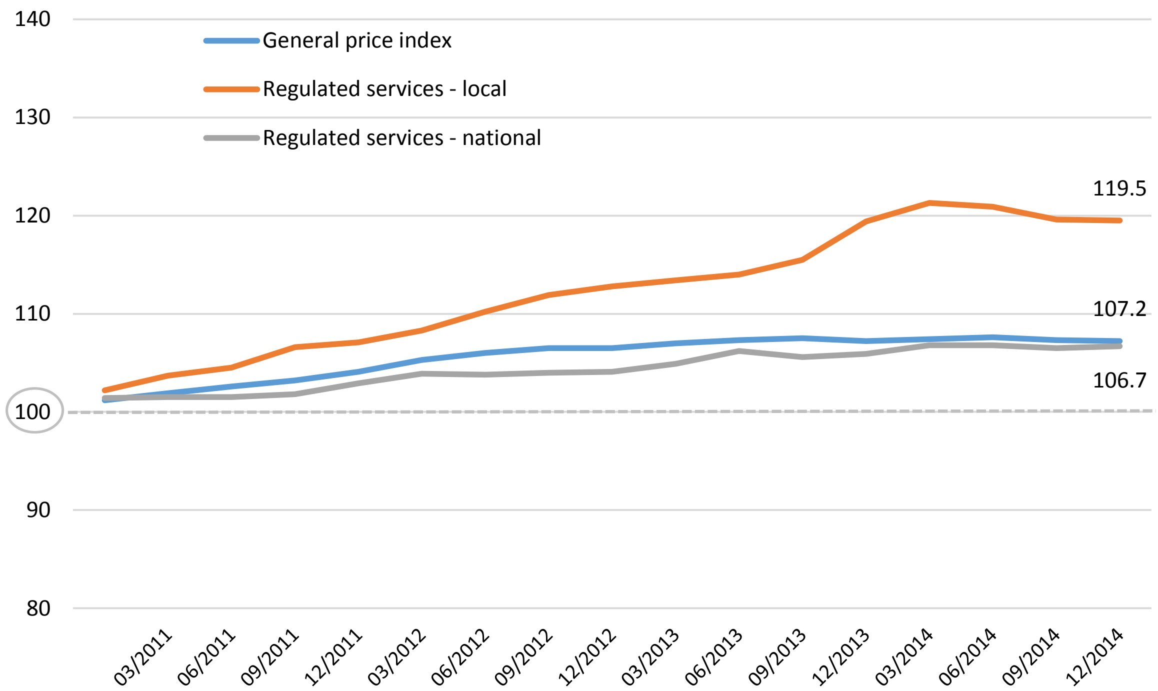
Changes 2013 – 2012 (%)



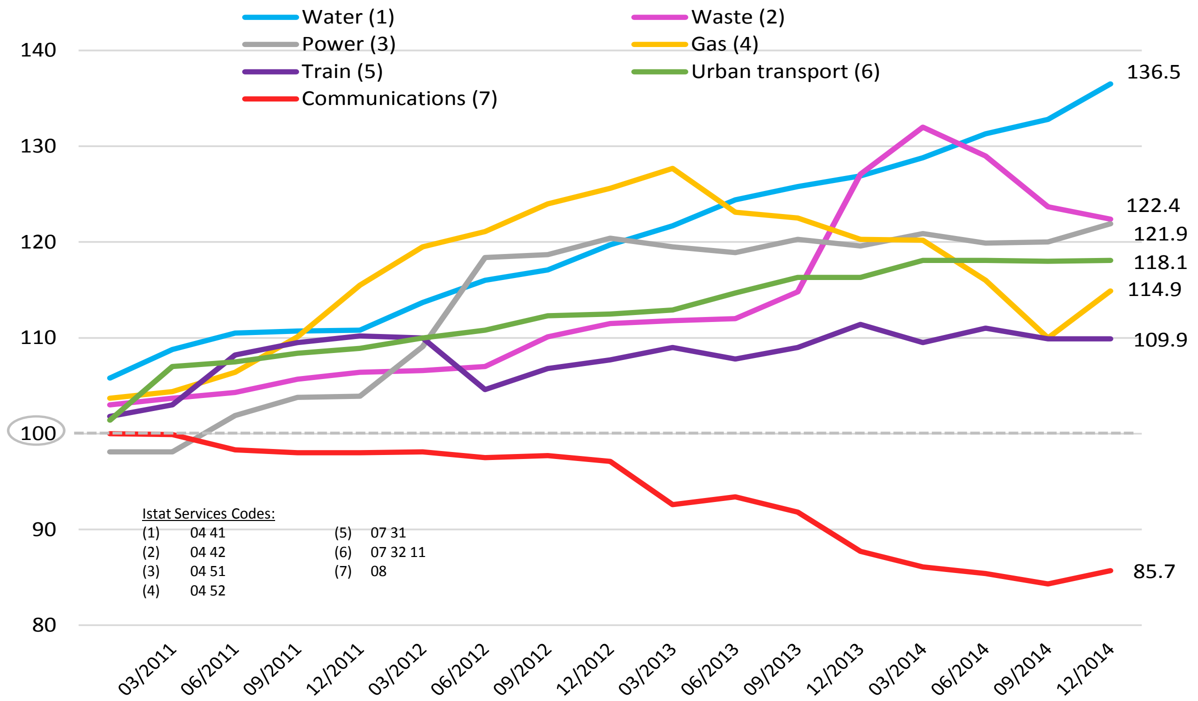
- Universal services constitutes 67% of all postal services. During 2013, revenues and volumes fell by 6.7% and 10.1%, respectively
- As for the courier services segment, volumes and revenues increased by about 6 and 2 percentage points, respectively; 57% of the revenues derives from domestic parcels services

4.1 Harmonised indices of consumer prices and other utilities

Average price index (2010=100)



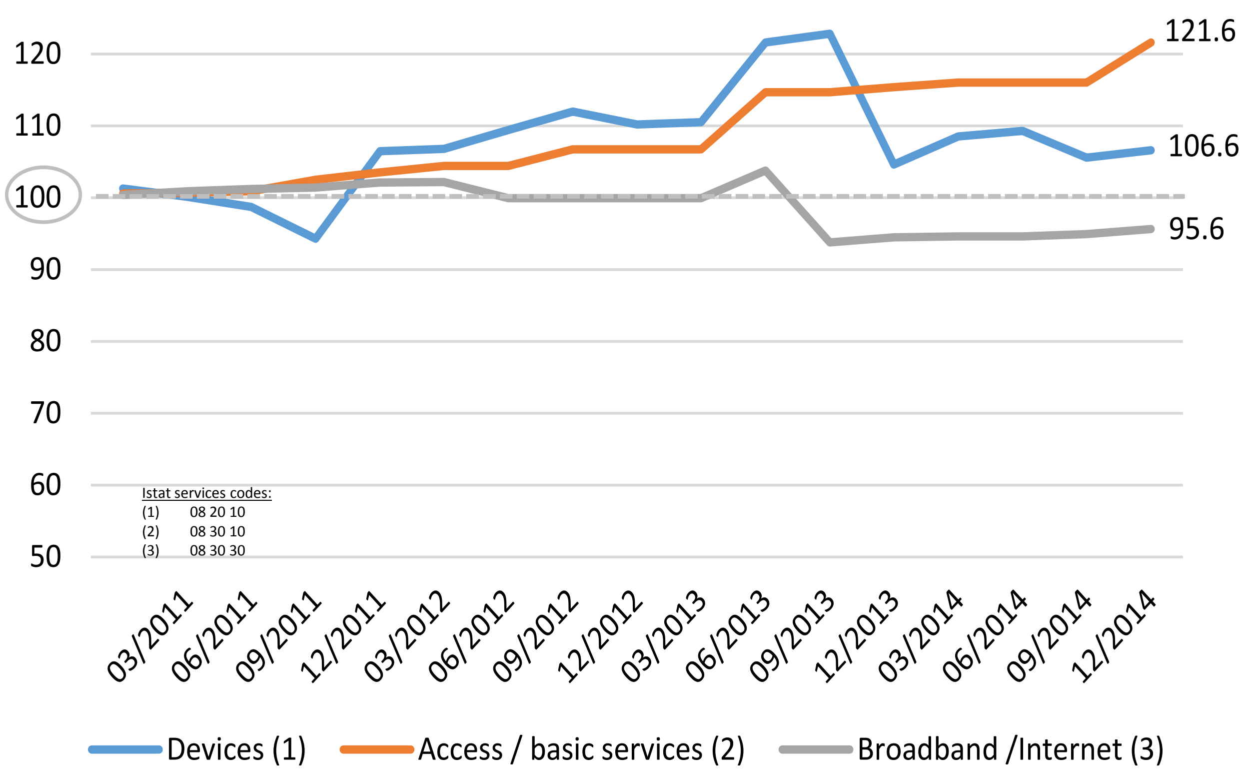
Utilities price index (2010=100)



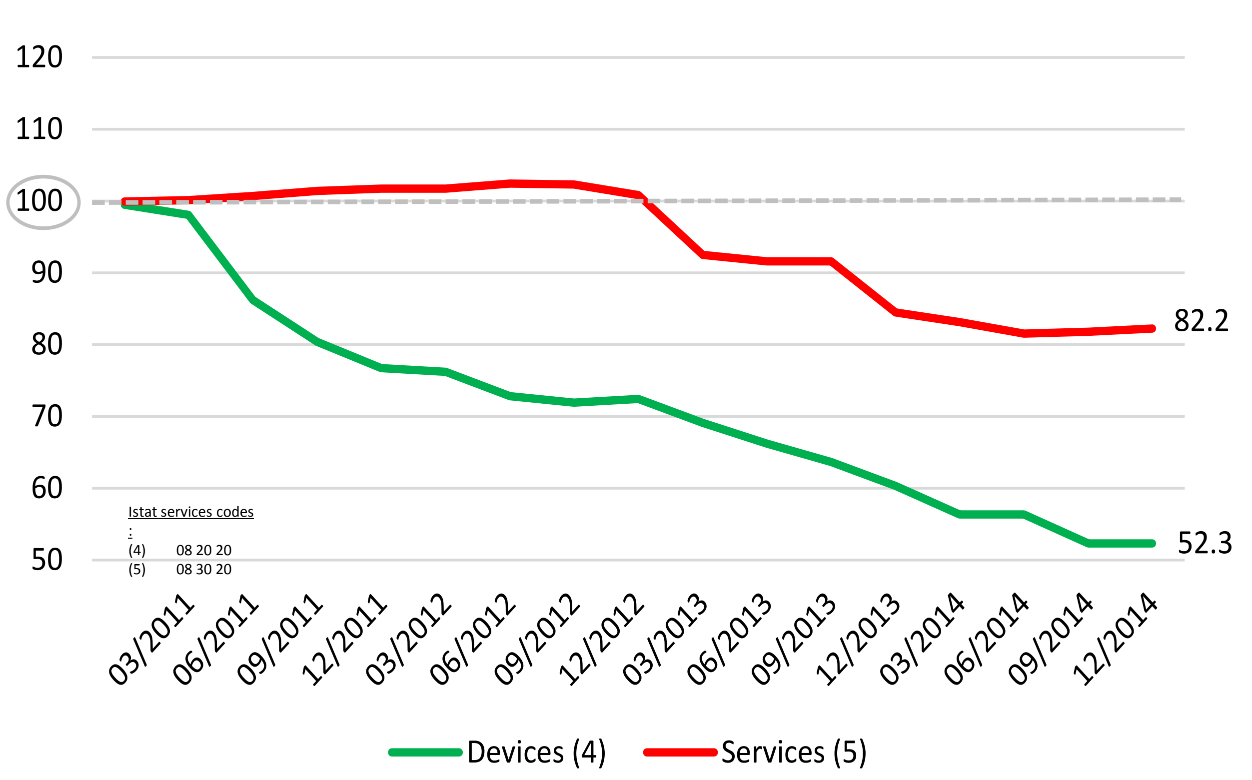
- The growth rate of the prices of services regulated at the national level is comparable to the general price index, while the prices of services regulated at the local level experienced a steeper growth
- Among the services provided by public utilities, communication services are the only to show a decrease in their price index since 2010

4.2 Mobile and fixed telephony

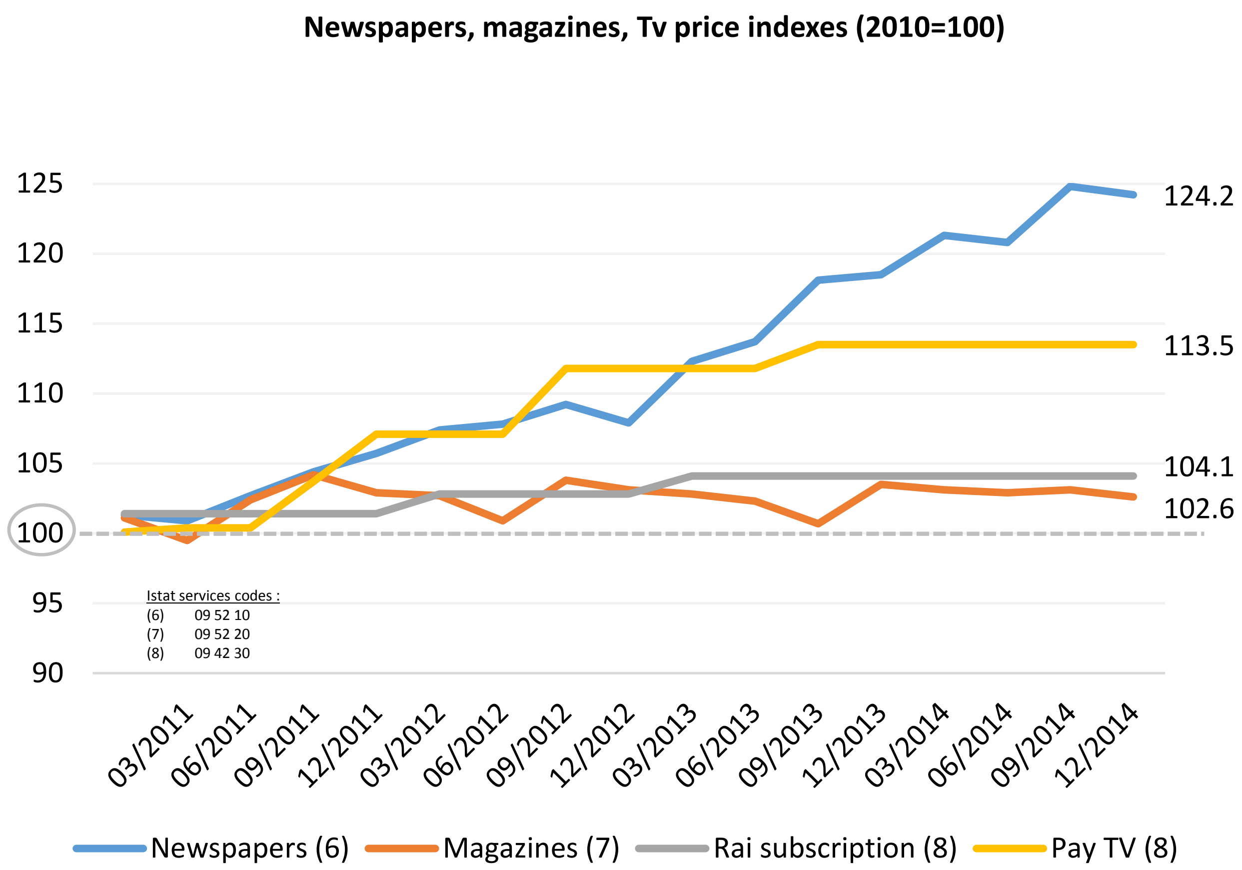
Fixed telephony price index (2010=100)

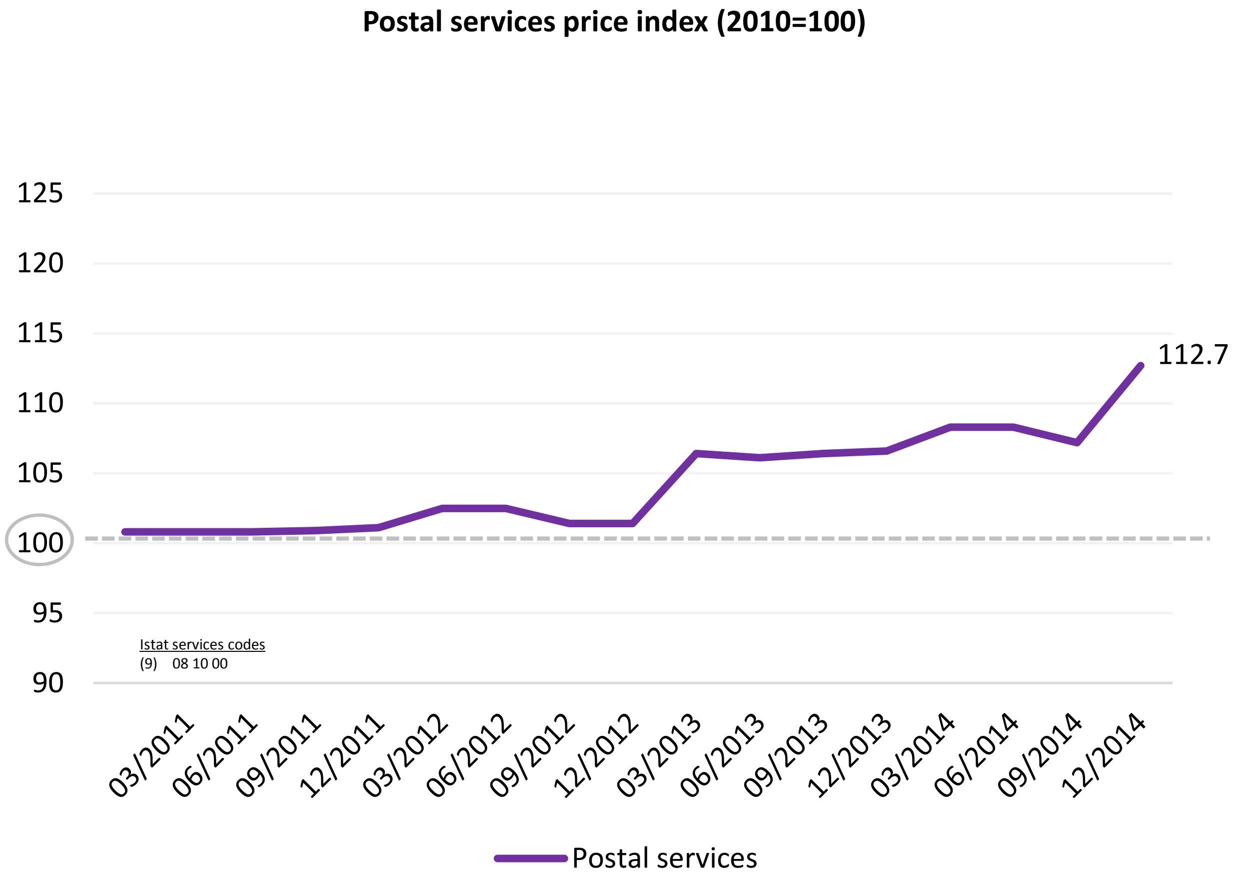


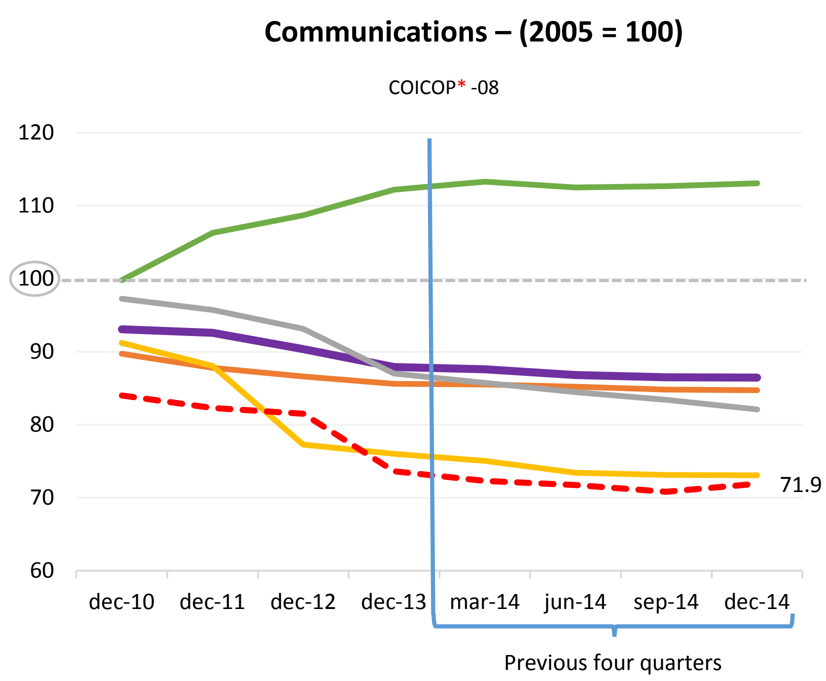
Mobile telephony price index (2010=100)

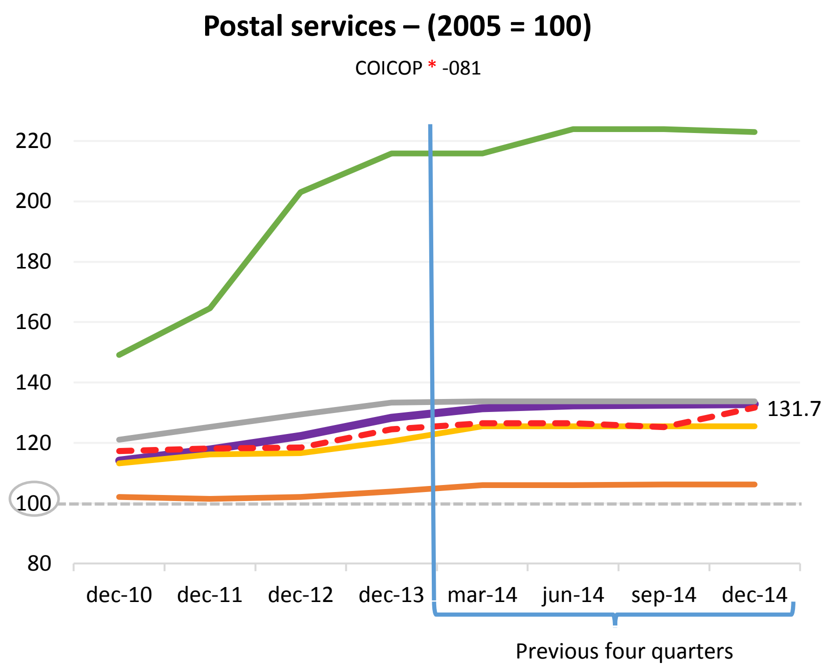


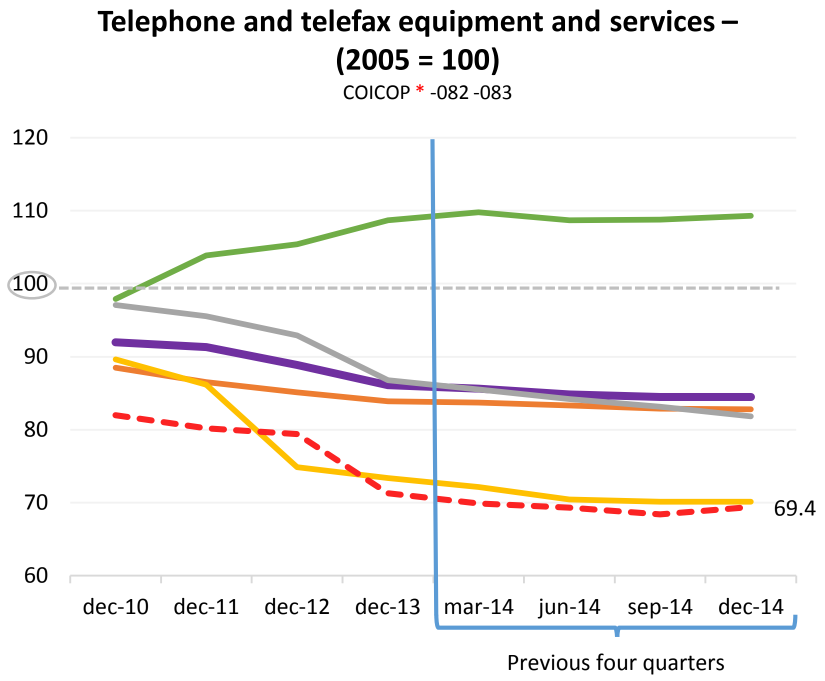
4.3 Daily newspapers, magazines, TV and postal services









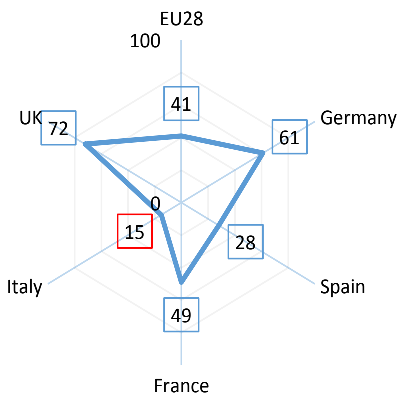


EU 28 Germany Spain France UK Italy

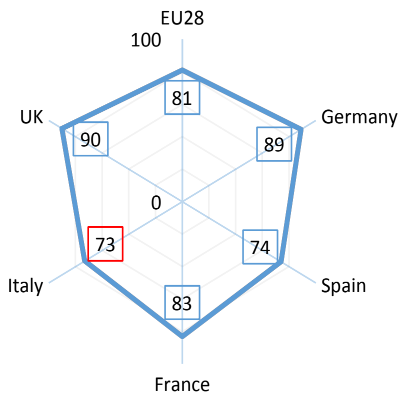
***COICOP**: **C**lassification **O**f **I**ndividual **CO**nsumption by **P**urpose

- The Italian communication price index is much lower than the European average
- The Italian postal services price index performed slightly below European price index
- It follows that Italian consumers have benefited more than their European peers from the liberalization of electronic communications

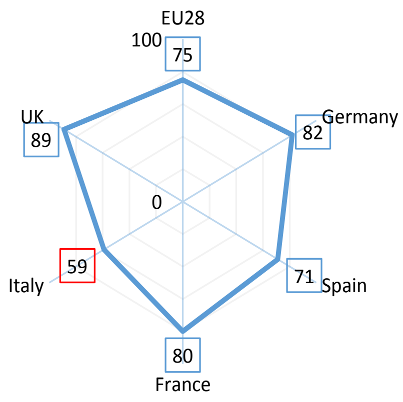
1) E-commerce



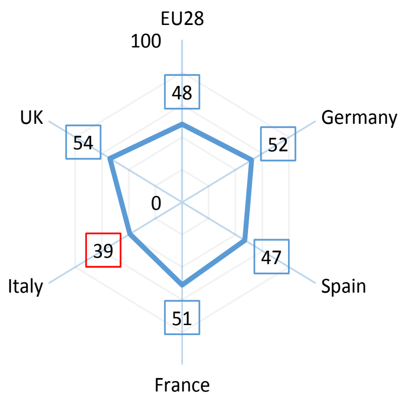
2) Internet penetration



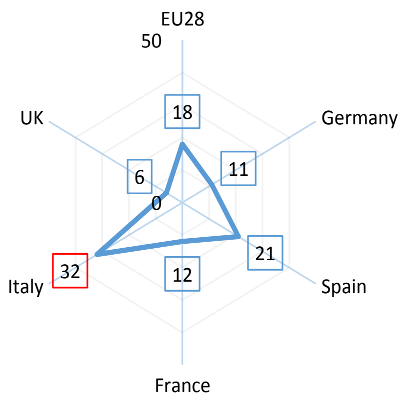
3) Internet usage



4) Workers



5) Knowledge



1) Percentage of individuals that have purchased online in the last 3 months – Eurostat March 2015
2) Percentage of households with Internet access – Eurostat December 2014
3) Percentage of individuals who use Internet at least once a week (including every day) – Eurostat December 2014
4) Percentage of employees having access to the World Wide Web at the workplace – Eurostat December 2014
5) Percentage of individuals who have never used Internet – Eurostat March 2015

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