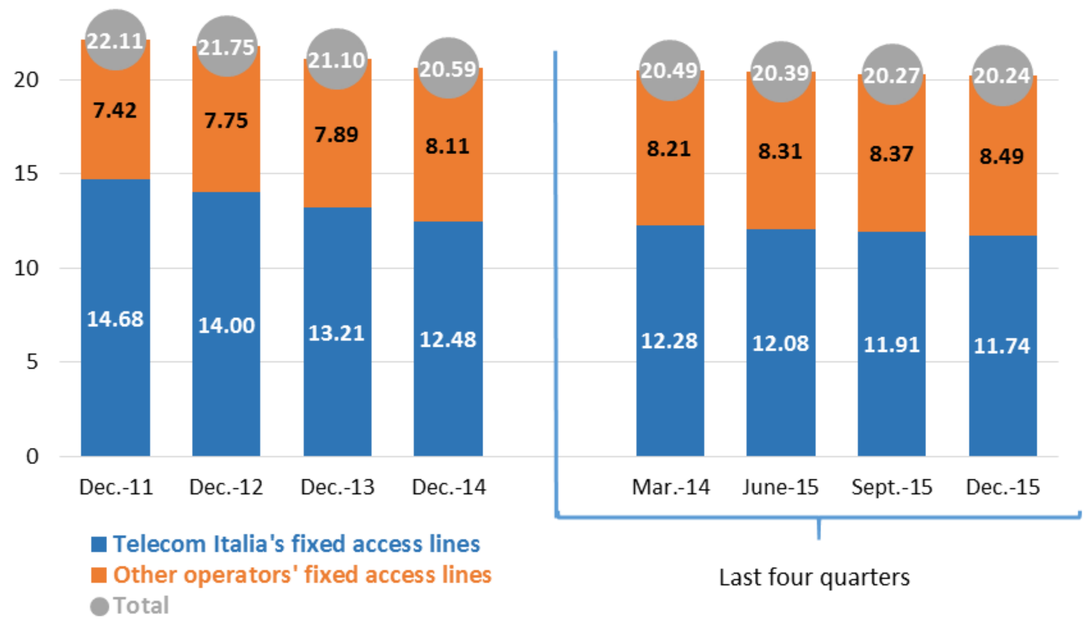
COMMUNICATION MARKETS MONITORING SYSTEM

no. 1/2016

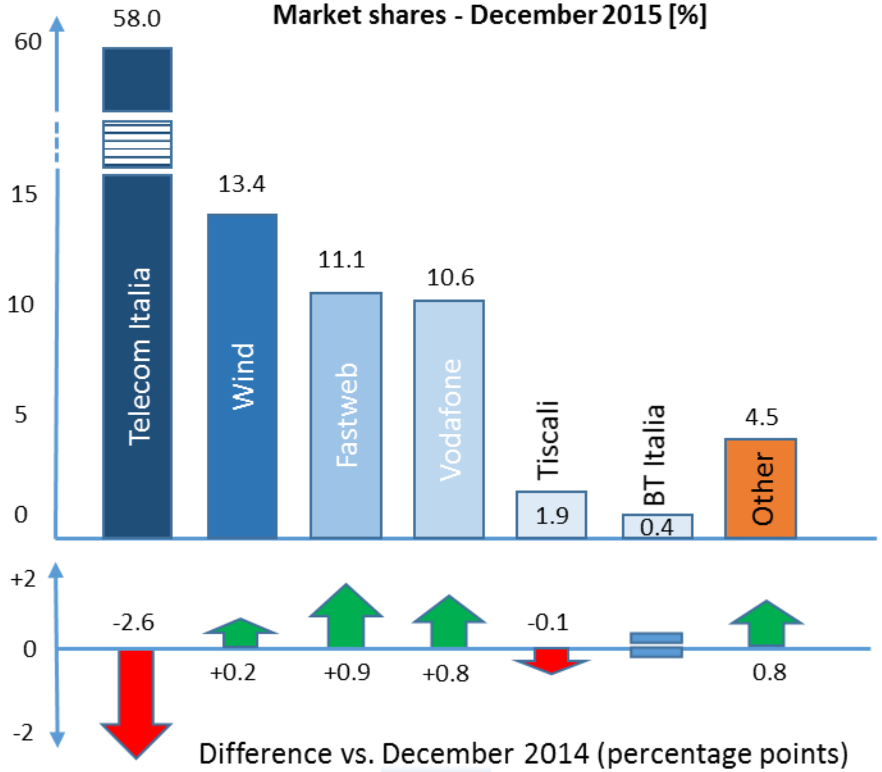
Index

The following figures are based on AGCOM’s elaborations on firms’ data and other sources (updated to December 2015)

1.1 Total fixed access lines



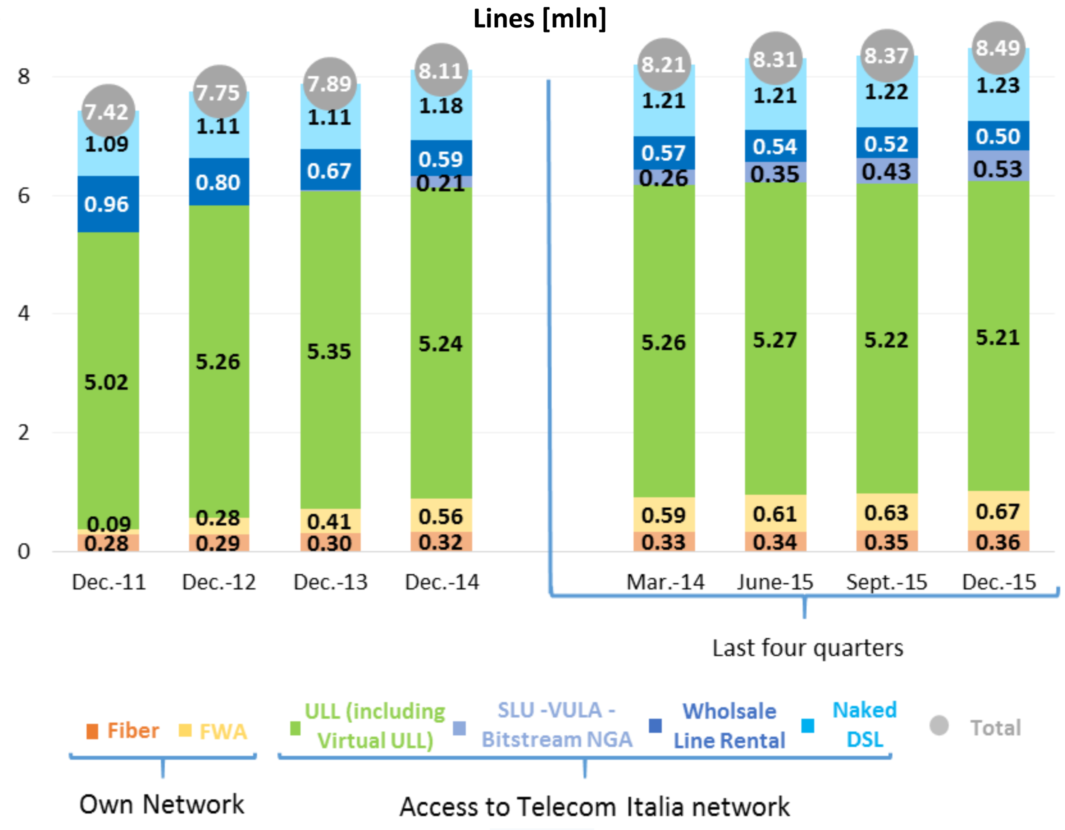
<u>Note</u>: access lines include Telecom Italia's fixed access lines, fully unbundled, SLU, VULA, DSL naked, WLR, fiber and FWA lines

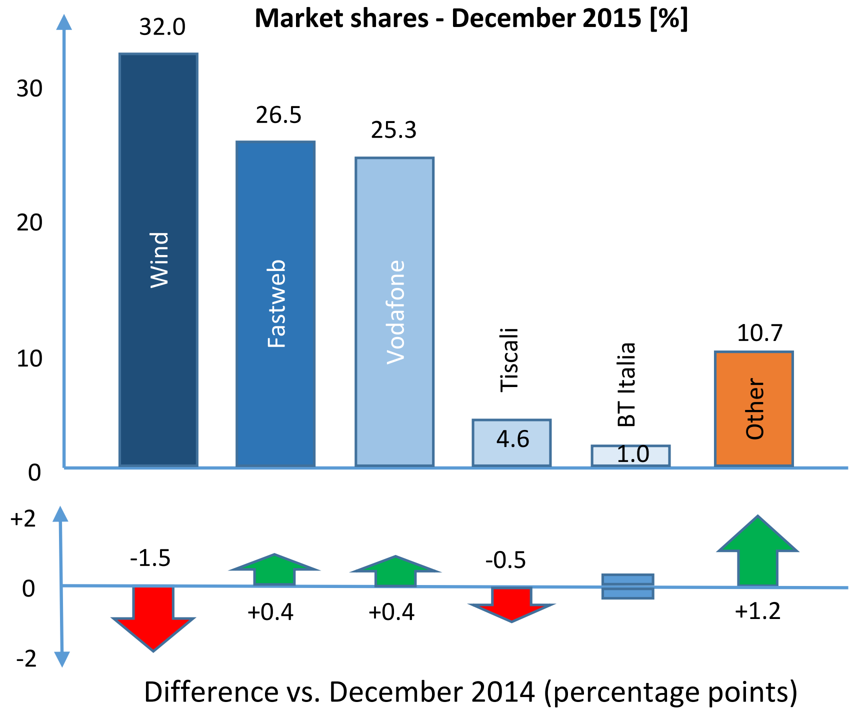


- Total access lines have decreased by **350** thousand units over the last twelve months
- While Telecom Italia's access lines have decreased by **740** thousand units, other operators' access lines have increased by about **380** thousand units
- Over the last four years, Telecom Italia's access lines have decreased by **2.9** million units

- Telecom Italia's market share has fallen below **60%**, with a decrease of **2.6** pp (YoY)
- Fastweb's market share has reached **11%**, with a growth of **0.9** pp (YoY); similarly, Vodafone's market share has reached 10.6%, with a growth of **0.8** pp
- Other operators have, as a whole, increased their market share by **0.8** pp (YoY); the increase has been more evident for Fixed Wireless Access (FWA) operators

1.2 Alternative operators' fixed access lines

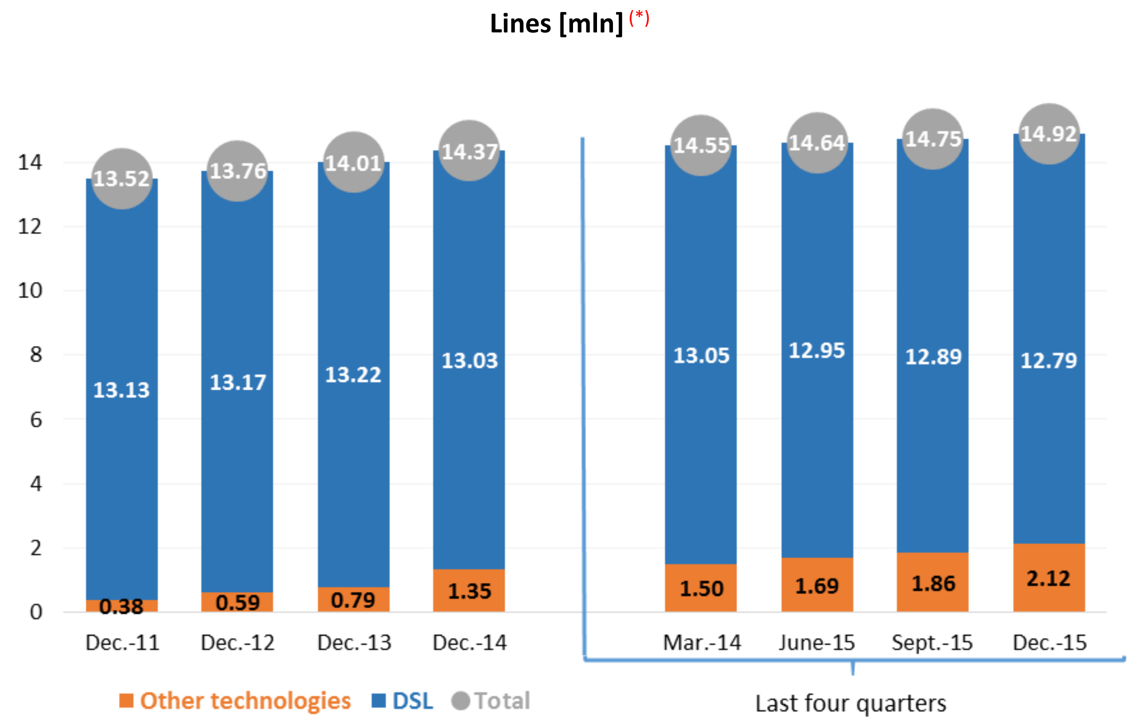


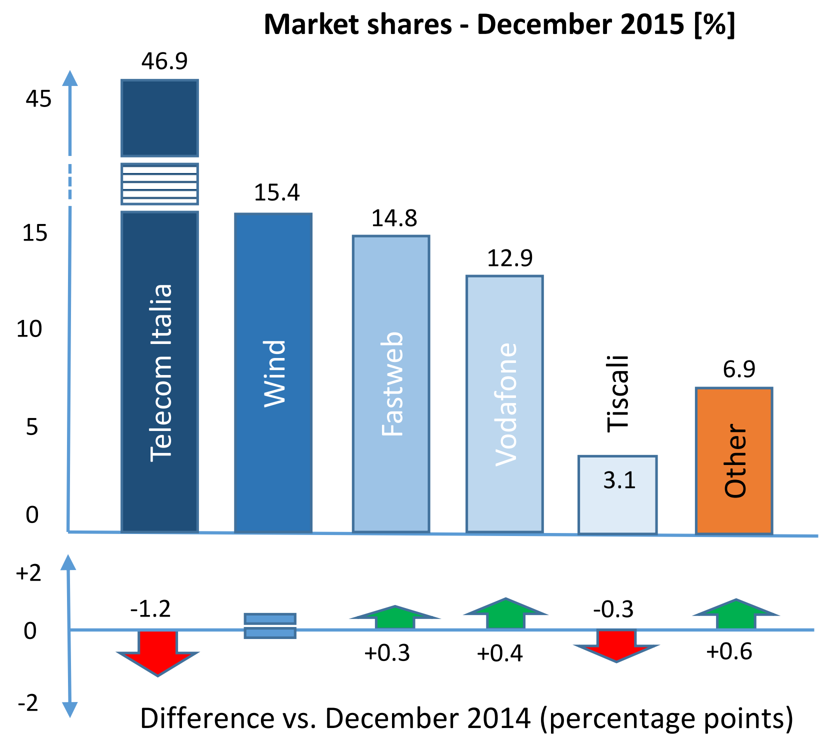


- Access lines provided by other operators have increased by **380** thousand units (YoY)
- A substantial part of this growth (**320** thousand lines) is essentially due to the new NGA services offered by Telecom Italia (SLU and VULA)
- FWA lines have increased by **110** thousand units (YoY), and represent around **29%** of the annual increase

- Wind is still the first alternative operator, but its market share has shown a decrease of **1.5** pp (YoY)
- Fastweb's market share continues to growth (**+0.4** pp YoY)
- The growth of other operators' market share (**+1.2** pp YoY) is essentially due to the increase of the number of FWA lines

1.3 Broadband fixed lines



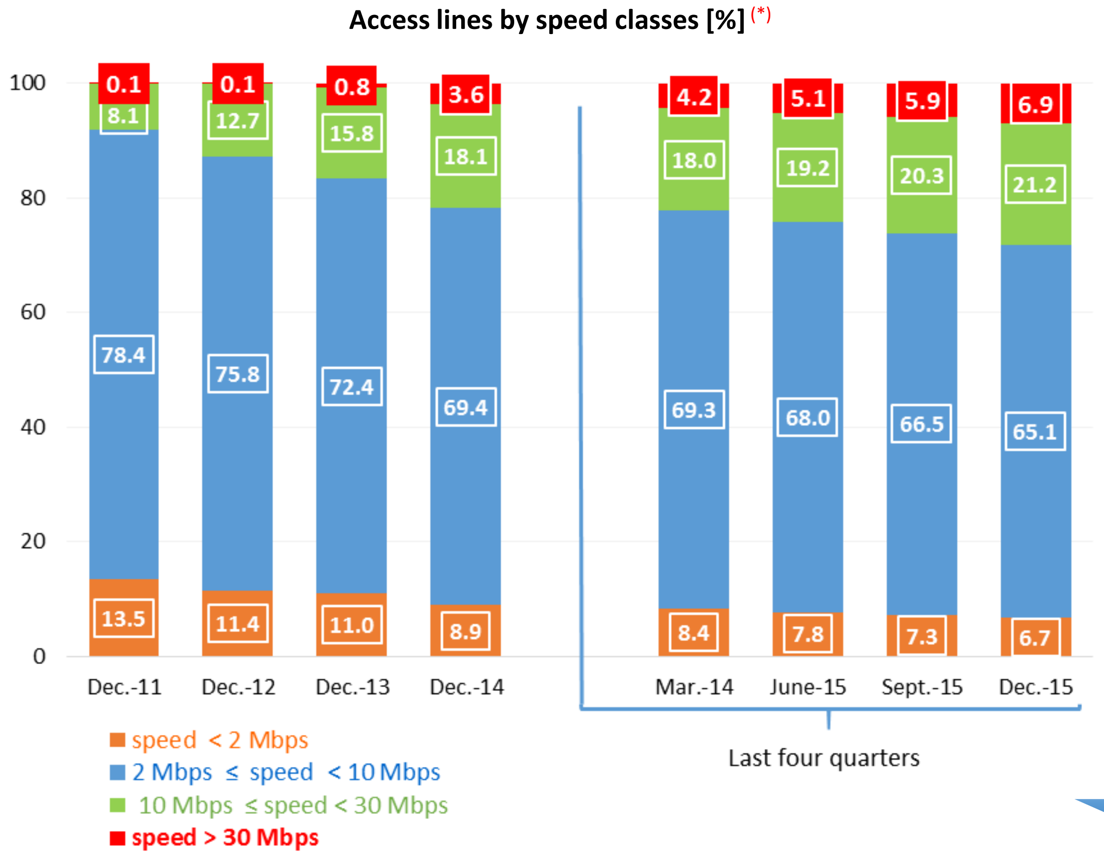


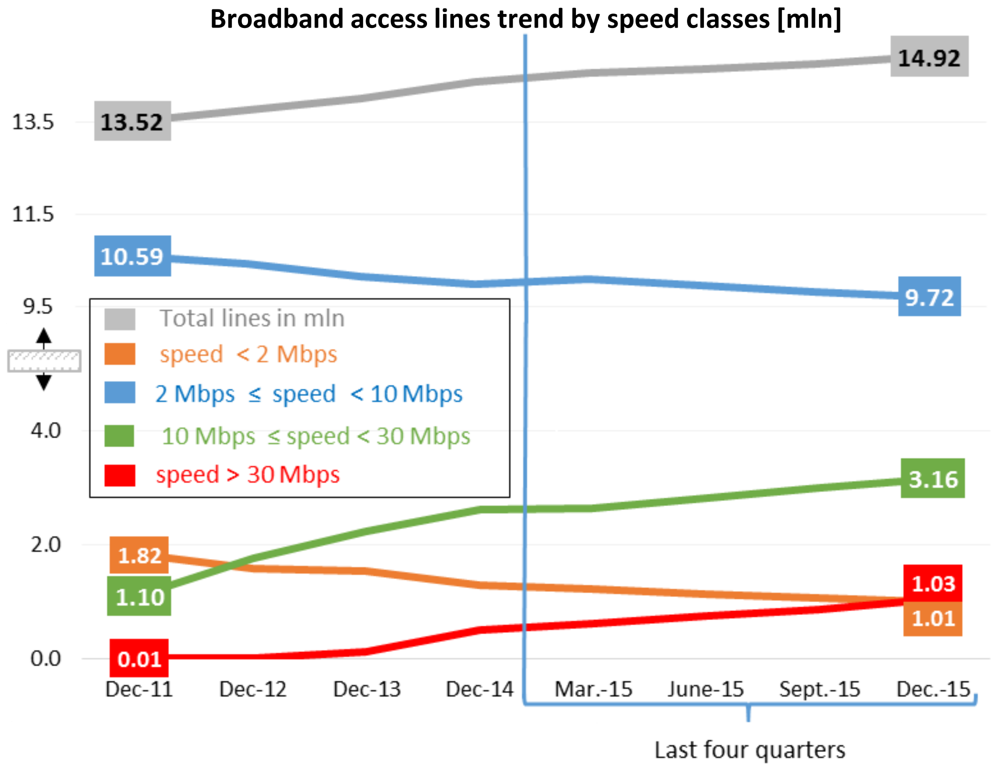
- Broadband lines have increased by about **540** thousand units YoY
- DSL lines have decreased by about **230** thousand units YoY, now accounting for the **85.7%** of broadband fixed lines (**12.79** million lines)
- NGA lines (*other technologies*) have increased by **780** thousand units YoY

- Telecom Italia's market share has reduced by **1.2** pp (YoY)
- Fastweb's and Vodafone's market shares have increased by **+0.3** and **+0.6** pp, respectively
- The growth of other operators' market share (**+0.6** pp) is essentially due to the increase in the number of FWA lines

(*) Due to changes in firms' accounting methods, figures cannot be compared directly with those reported in previous issues

1.4 Broadband fixed lines by speed



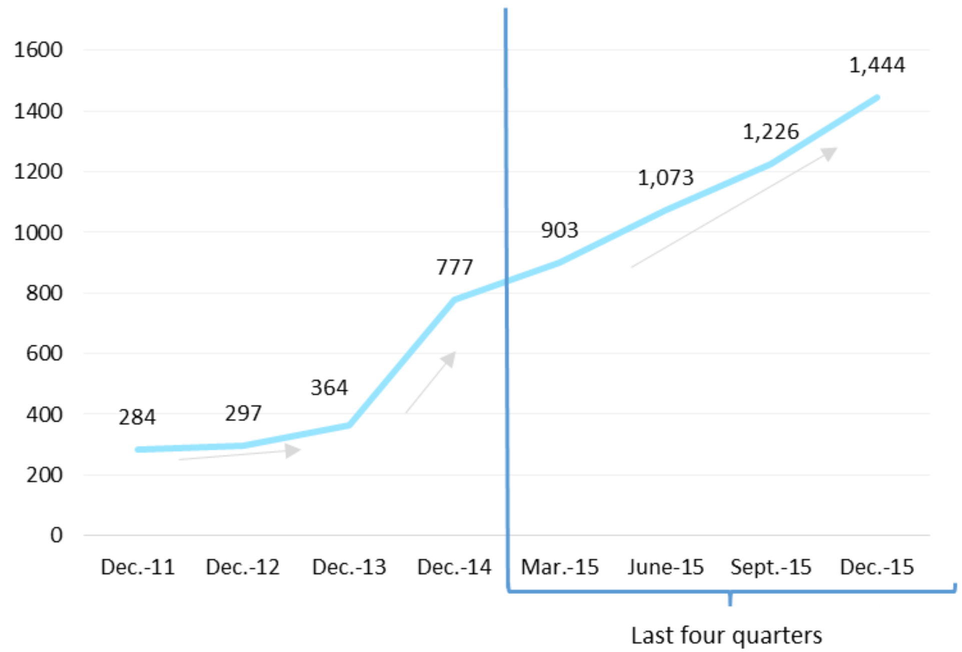


- At the end of December 2015, NGA lines exceeded **1.4** million units (+670 thousand units from the beginning of the year)
- Broadband lines faster than 10 Mps have increased by 1.1 thousand units YoY and account for **28.1%** of total broadband lines
- Broadband lines faster than 30 Mps, have increased by 502 thousand units YoY and account for **6.9%** of total broadband lines
- Telecom Italia, Fastweb, Vodafone e Wind hold together more than **85%** of high speed lines (faster than ≥10 Mbps)
- Telecom Italia has shown the most conspicuous growth of high speed lines from the beginning of the year (+281 thousand); a substantial part of this growth took place in the last quarter of 2015

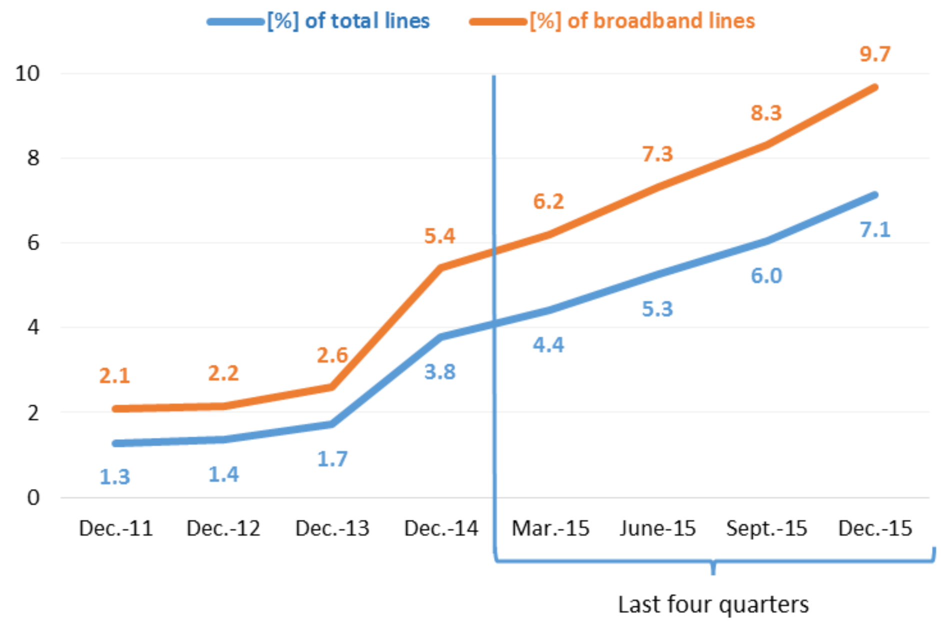
(*) Due to changes in firms' accounting methods, figures cannot be compared directly with those reported in previous issues

1.5 NGA broadband fixed lines

NGA broadband access lines [*1000]



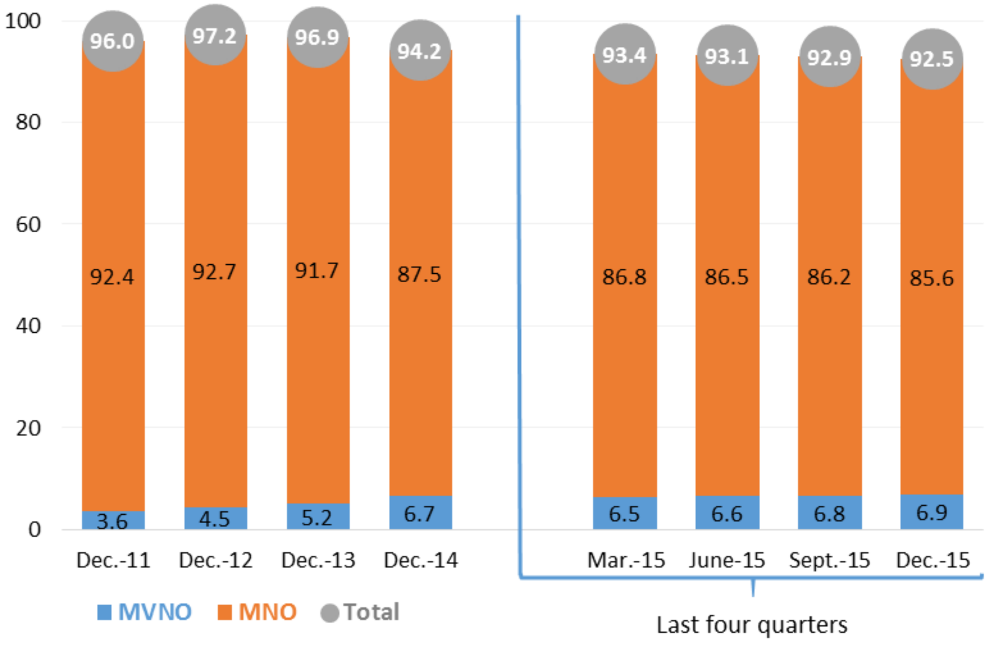
NGA broadband lines as a share of total and broadband lines



- NGA lines account for **7.1%** of total fixed lines, and for **9.7%** of broadband fixed lines
- More than **83%** of NGA lines are provided by Fastweb and Telecom Italia
- During 2015 Vodafone’s broadband lines increase from **3.8** to **14.9%** of total NGA lines

1.6 Mobile subscribers

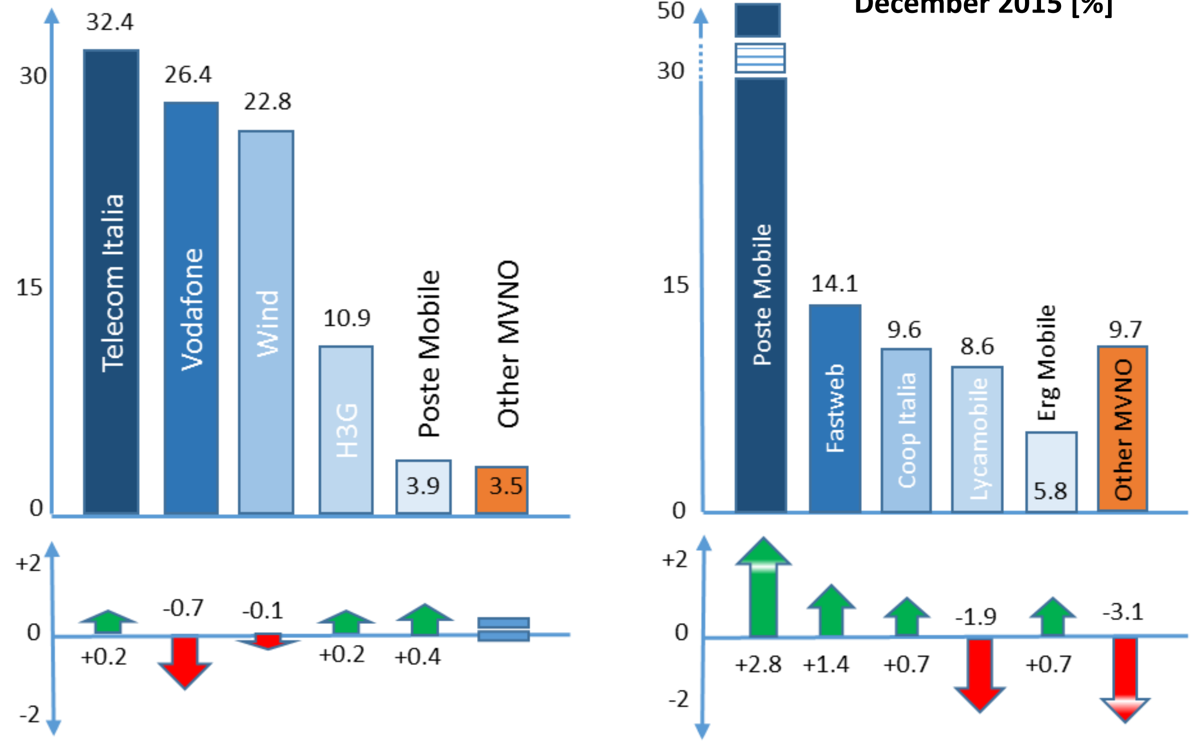
Lines [mln] (*)



MVNO = Virtual Operators
MNO = Network Operators

Market shares – December 2015 [%]

MVNO distribution December 2015 [%]



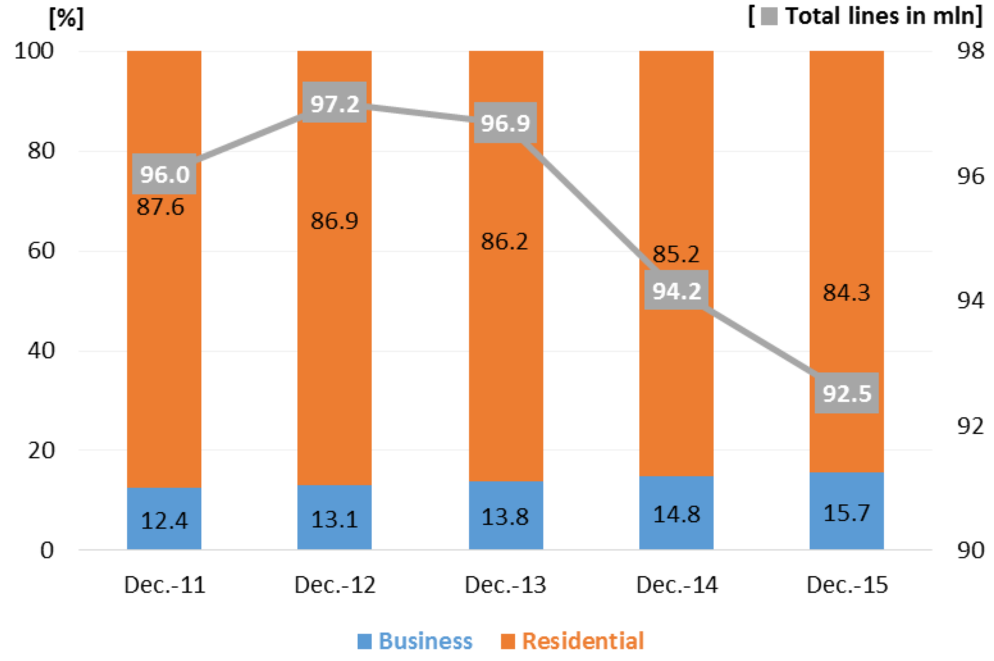
Difference vs. December 2014 (percentage points)

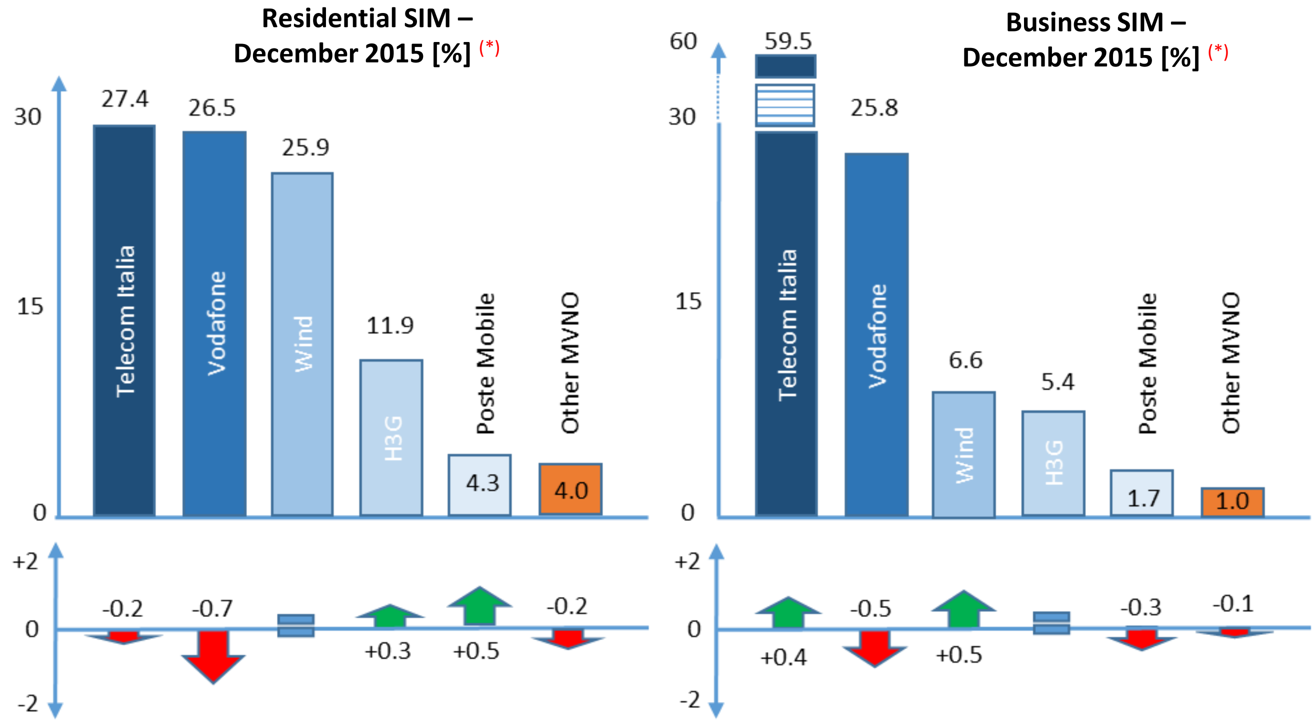
- On a yearly basis, mobile lines have decreased by about **1.66** million units
- MNOs' lines have decreased by **1.87** million units, whereas MVNO's lines have increased by **0.22** million units
- MVNOs' lines account for **7.5%** of total lines

(*) Due to changes in firms' accounting methods, figures cannot be compared directly with those reported in previous issues

- Telecom Italia's market share has grown by **0.2** pp (YoY), while Vodafone's market share has decreased by **0.7** pp
- Poste Mobile's and other MVNOs' market shares show an overall increase of **0.5** pp
- Among MVNO operators, Poste Mobile holds a share of **52.3%** (**+2.8** pp), whereas Lycamobile's market share has decreased (**-1.9** pp)

Total lines by consumer type (*)



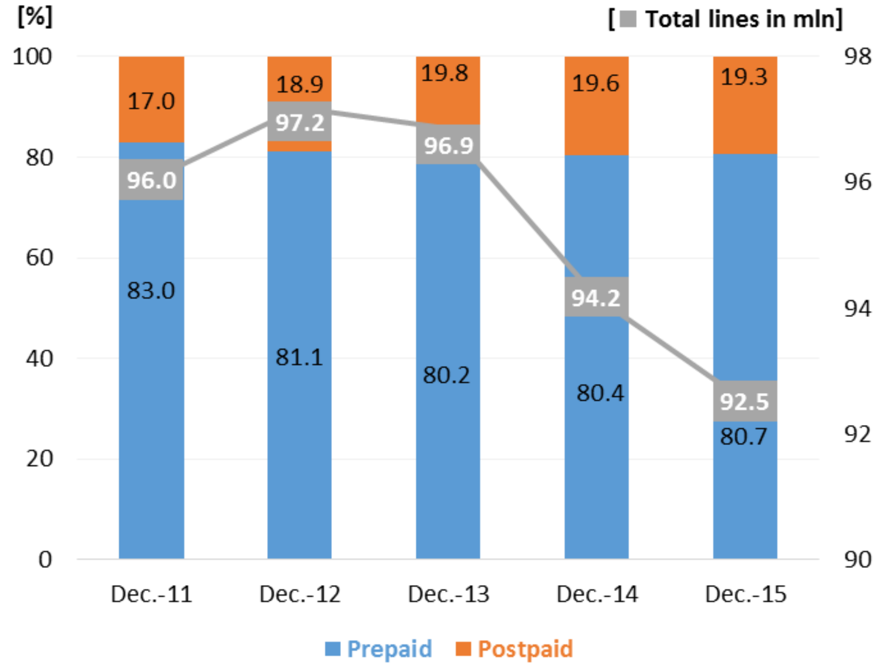


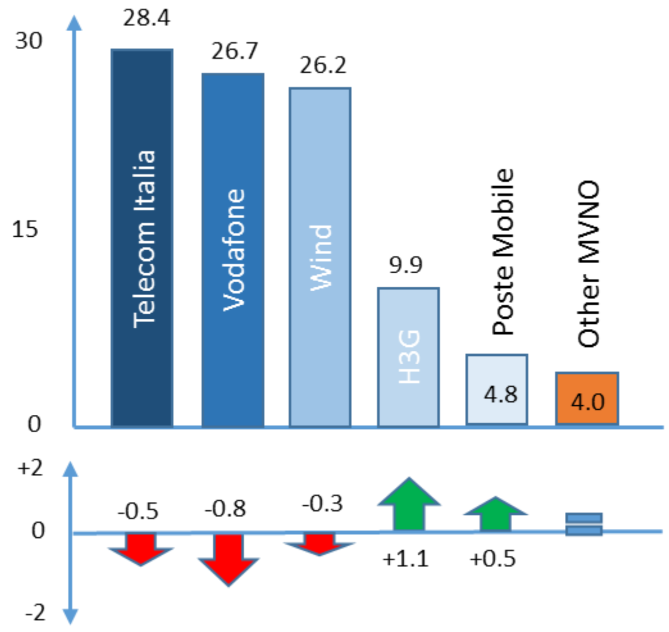
Difference vs. December 2014 (percentage points)

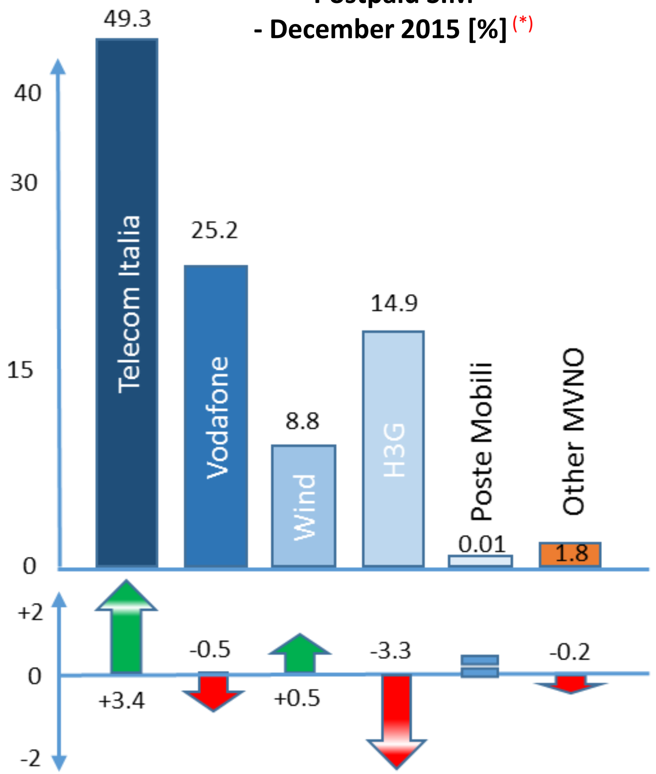
- Non residential SIMs (**14.5** million units at the end of December 2015) have increased on a yearly basis by **0.5** million units
- Residential SIMs (**78.0** million units at the end of September 2015) have decreased by **2.2** million units (YoY)

(*) Due to changes in firms' accounting methods, figures cannot be compared directly with those reported in previous issues

- In the residential segment, the market shares of the three main players are comparable; Vodafone's market share has reduced by **0.7** pp (YoY), while Poste Mobile's market share has increased by **0.5** pp
- In the business segment Telecom Italia confirmed its leadership with a market share of **59.5%**
- Wind's market share has increased by **0.3** pp (YoY)







Difference vs. December 2014 (percentage points)

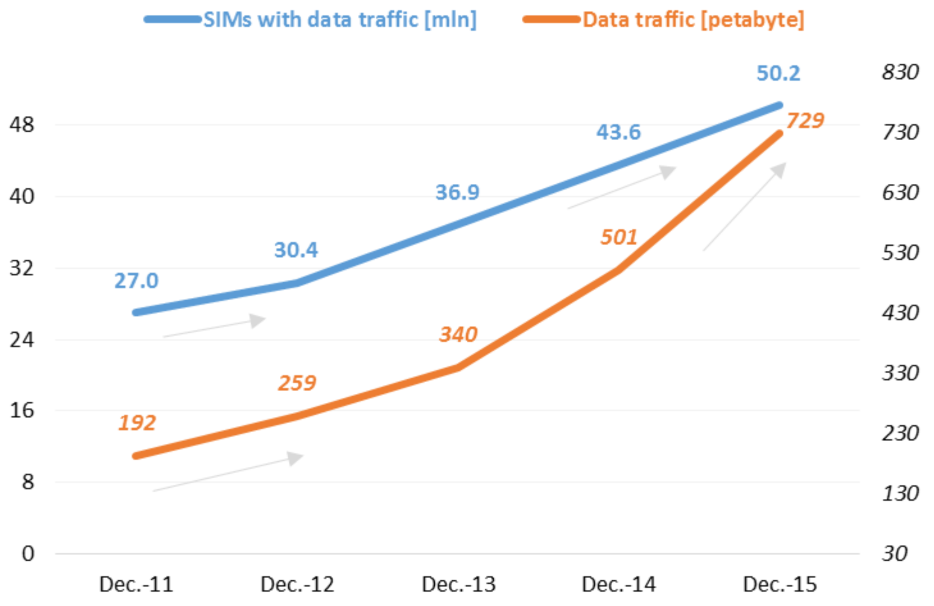
- At the end of 2015, prepaid SIMs reached **74.7** million units (80.7% of total lines), with a decrease of **1** million units YoY
- At the end of 2015, postpaid SIMs reached **17.8** million units (19.3% of total lines), with a minimal decrease of **0.57** million units YoY

- In the prepaid segment, H3G's (**+1.1** pp) and Poste Mobile's (**+0.5** pp) market shares have increased (YoY)
- Telecom Italia leads the postpaid segment with a share of **49.3%** (**+3.4** pp YoY)

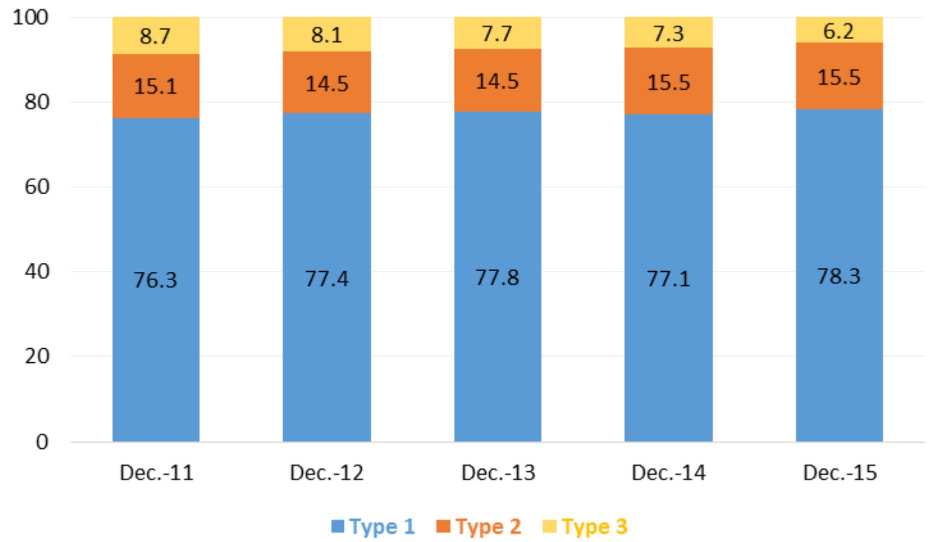
(*) Due to changes in firms' accounting methods, figures cannot be compared directly with those reported in previous issues

1.9 Mobile data traffic

Data traffic (*)



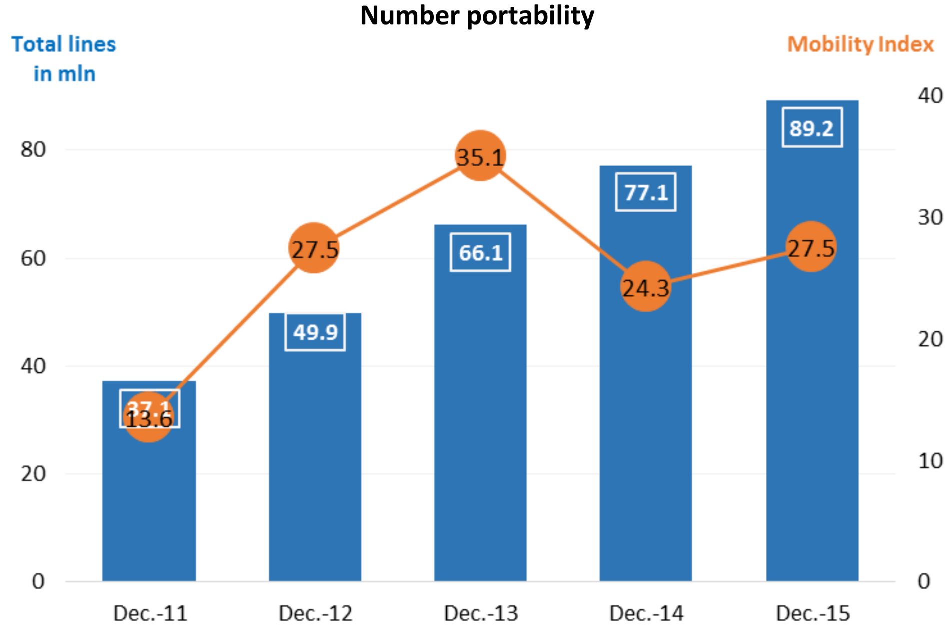
SIMs with data traffic by contract type [%] (*)

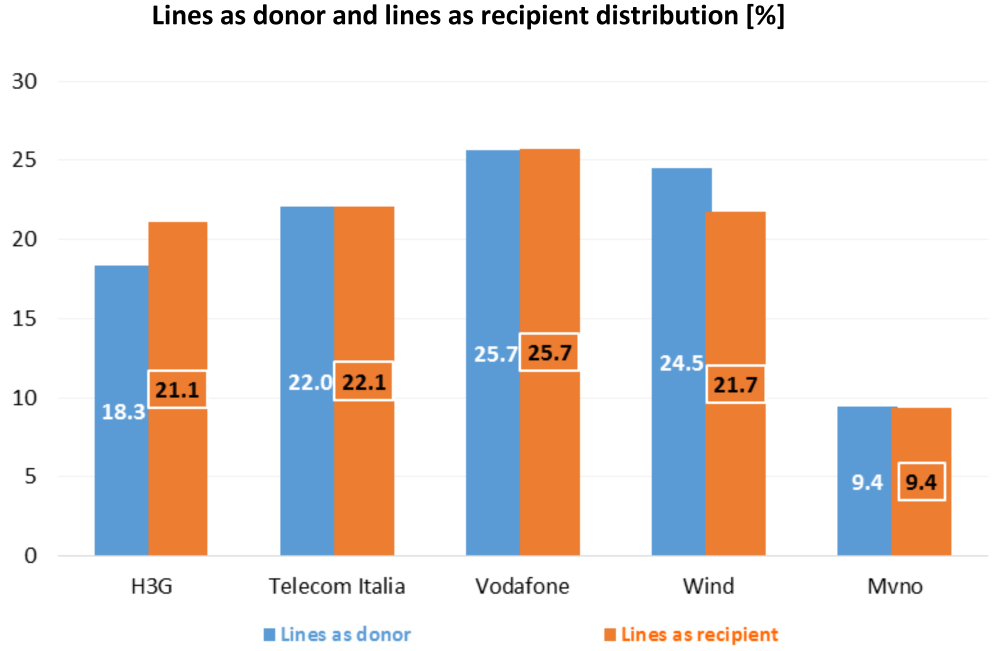


According to European Commission definitions (CoCom):
Type 1: "dedicated data subscriptions for add-on data package to a voice service requiring an additional subscription"
Type 2: "dedicated data subscriptions for stand-alone services"
Type 3: "actual usage of standard mobile subscriptions"

- SIMs used to exchange data have increased over the last year from **43.6** to **50.2** million units, with a growth rate of **15.1%**
- In December 2015, data increased by **45.5%** increase as compared to December 2014
- Since December 2011, the number of SIMs with data traffic has increased from **28.1%** to **54.2%** of the overall customer base

(*) Due to changes in firms' accounting methods, figures cannot be compared directly with those reported in previous issues



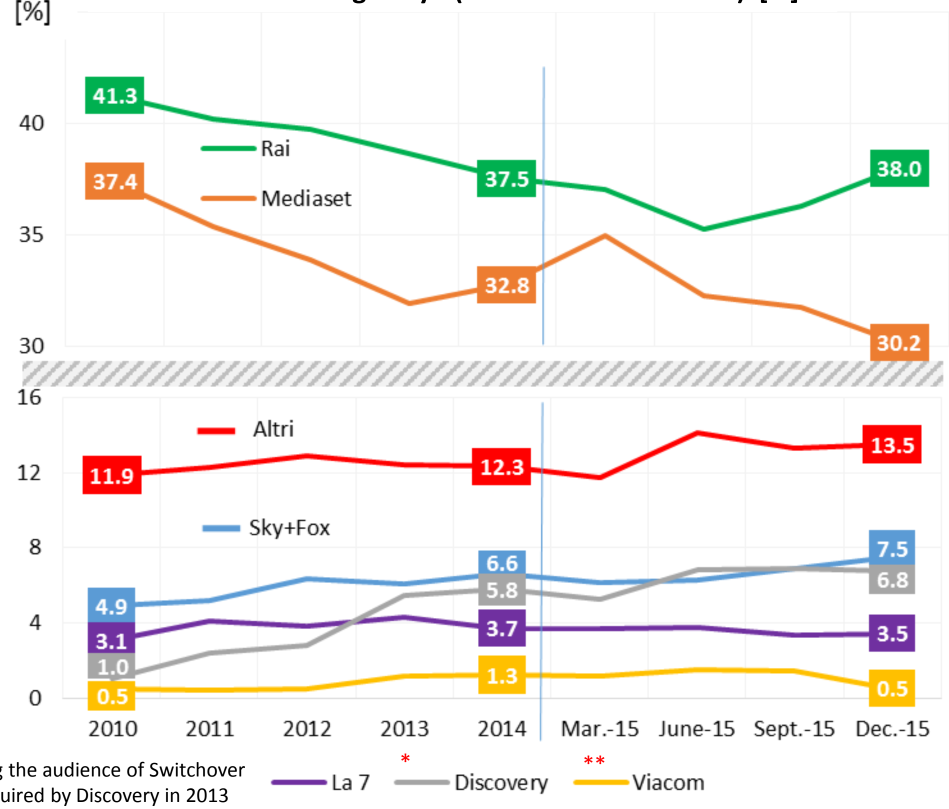


- At the end of 2015, the amount of mobile number portability operations reached a value os **89.2** million (cumulative figure)
- Mobile virtual operators, in line with the previous year, were able to gain **1.8** million net adds in the number of lines
- On a yearly basis, the net «donating-recipient» balance has improved for H3G (**+333** thousand lines), whereas it has remained relatively stable for Telecom Italia and Vodafone, and it has worsened for Wind (**-338** thousand lines)
- Compared with December 2013, the «Mobility Index»(*) shows a significant slow down; compared with December 2014, due to the reduction (**-3** million) of the customer base and to the increase (**+2** million) of the number portability operations, the «Mobility Index» has increased by **3.2** pp

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

2.1 Media: TV audience and newspapers' sales

Audience on average day - (2010 - December 2015) [%]

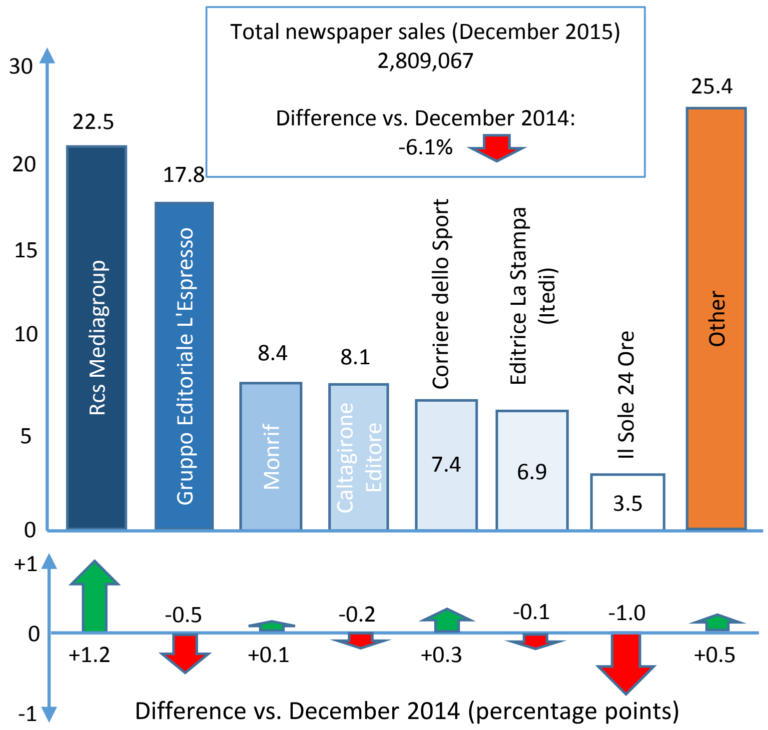


* Including the audience of Switchover Media acquired by Discovery in 2013

** Channel MTV has been transferred to Sky on August 2015

Source: Auditel

Newspapers' sales – December 2015 [%]



Note: AGCOM's elaborations on ADS data

They are monthly data based on 64 newspapers; the figures may not, therefore, be directly comparable with data gathered by AGCOM and published in the Annual Report which refers to the entire newspapers population

- Over the 2010-2015 period, the audience of the two most important players (Rai and Mediaset) has decreased significantly (by more than 10 pp, from **78.7%** to **68.2%**)
- From the beginning of the year the audience of smaller operators has shown a increase of 1.2 pp

- Newspapers' sales showed a **6.1%** reduction YoY
- Gruppo Editoriale l'Espresso and Rcs Mediagroup currently share the leadership of the market

2.2 Media: radio and Internet audience

Radio: listeners on average day (2nd half of 2015)

Position 2nd half 2015	Change on previus year		Radio station	% share
1	=	(0)	RTL 102.5	19.6
2	↑	(+1)	RDS 100% Grandi Successi	13.3
3	↓	(-1)	RADIO DEEJAY	13.0
4	=	(0)	RADIO ITALIA Solomusicaitaliana	12.9
5	=	(0)	RADIO 105	12.7
6	=	(0)	RAI RADIO 1	12.0
7	=	(0)	RAI RADIO 2	8.5
8	=	(0)	VIRGIN RADIO	6.6
9	=	(0)	RADIO 24 - IL SOLE 24 ORE	5.6
10	↑	(+2)	RADIO KISS KISS	5.2
11	↓	(-1)	RADIO CAPITAL	4.8
12	↓	(-1)	M2O	4.7
13	=	(0)	RADIO R101	4.7
14	↑	(+1)	RAI RADIO 3	4.1
15	↑	(+1)	RMC - RADIO MONTE CARLO	3.4

Source: data collected as a part of the RadioMonitor survey

Internet: active reach (December 2015)

Position December 2015	Change on previus year		Parent*	Active Reach** (%)	Average time spent on website by visitors (hh:mm)
1	=	(0)	Google	95.2	05:22
2	=	(0)	Facebook***	84.3	19:57
3	=	(0)	Microsoft	72.9	01:17
4	↑	(+1)	Amazon	66.1	01:03
5	↓	(-1)	Banzai	62.6	00:24
6	↓	(-2)	ItaliaOnline****	58.7	01:19
7	↑	(+2)	eBay	53.5	00:47
8	=	(0)	Wikimedia Foundation	49.7	00:15
9	↓	(-3)	Yahoo	49.0	00:36
10	=	(0)	Gruppo Espresso	47.1	00:27
11	↑	(+2)	Triboo	44.3	00:11
12	↓	(-1)	RCS MediaGroup	43.4	00:24
13	=	(-1)	Mediaset	39.8	00:26
14	↑	(+3)	Telecom Italia	35.9	00:28
15	↑	(+10)	Mondadori	32.8	00:09

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

*** **Whatsapp**, since december 2015, was included in the *facebook* brand

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

**** For *ItaliaOnline* the data of December 2015 are compared with those of Avril 2014

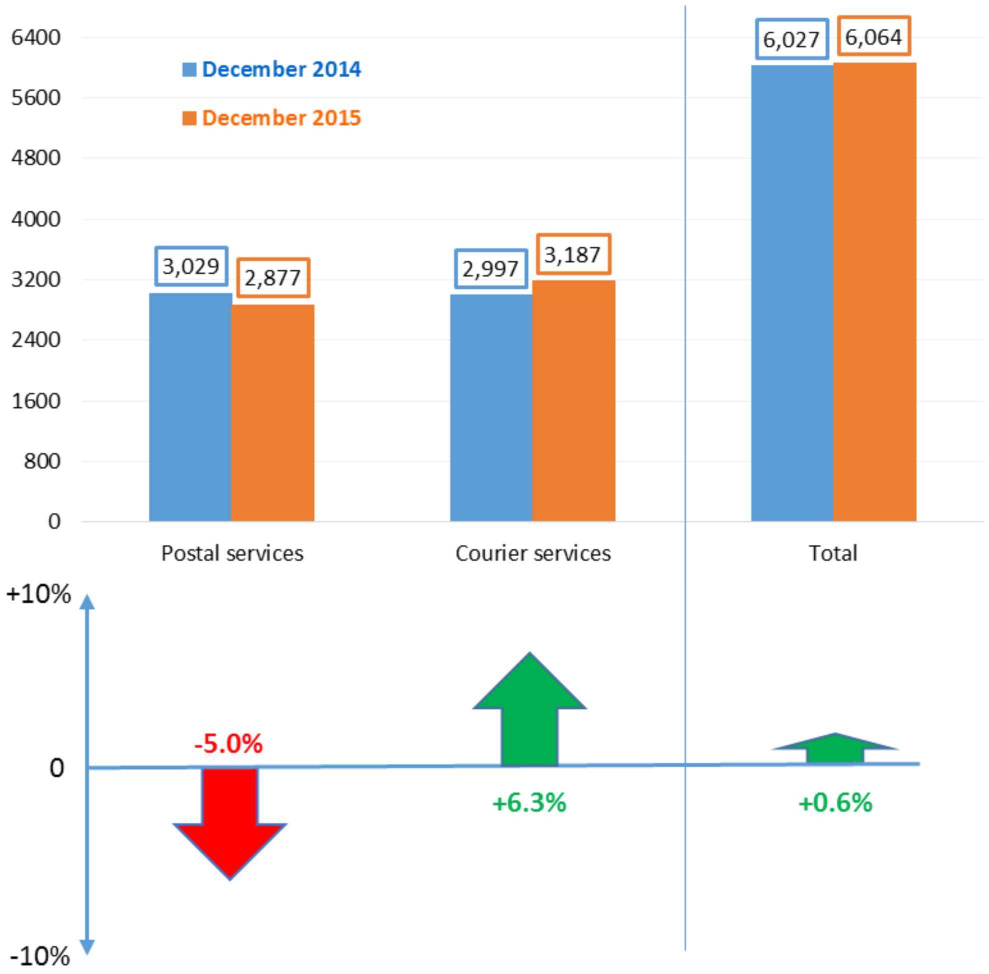
Source: Audiweb (December 2014 – December 2015)

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

- Google remains the leader with about **95.3%** of the active reach
- The most popular portals show the higher active reach

3.1 Postal services and express couriers: revenues

Revenues (million of euros) - 2015

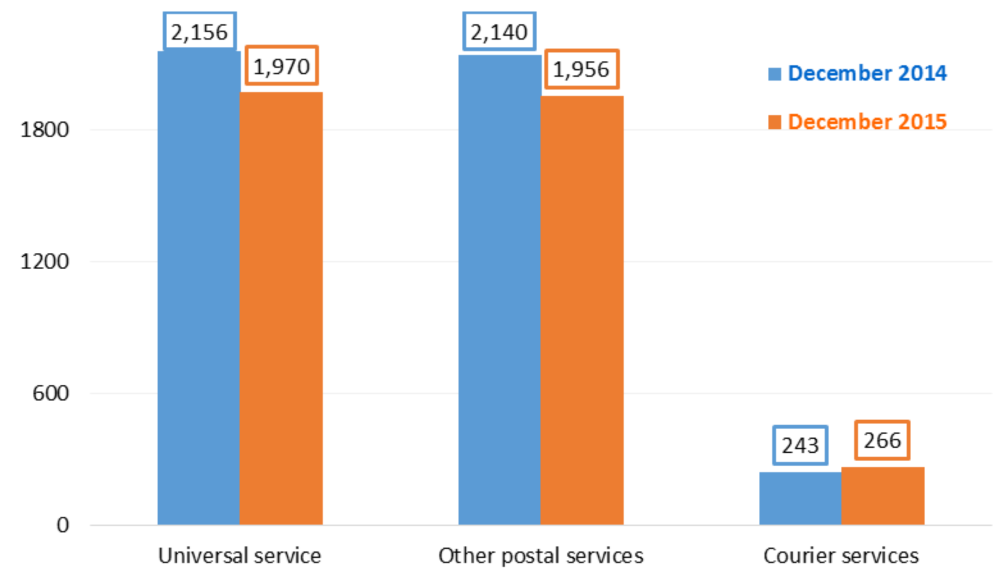


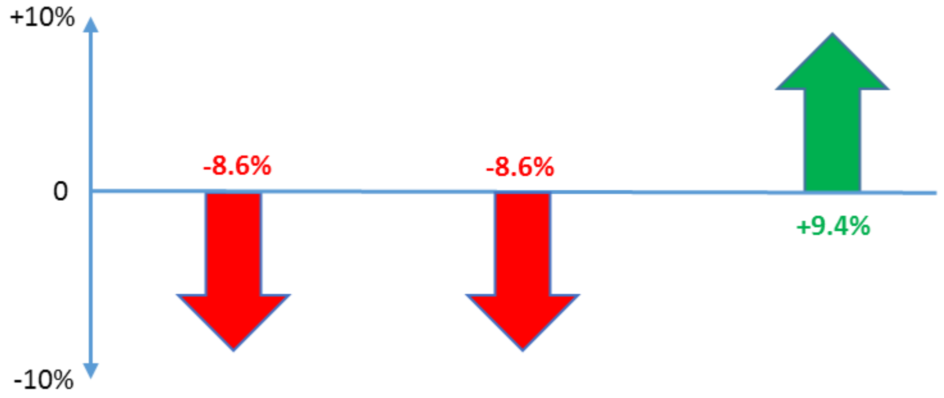
Changes in revenues % - (December 2014 – December 2015)

- At the end of 2015, overall revenues are **6,064** million of euros, about the same as in the previous year
- YoY, postal services' market has shown a decline in revenues (**5.0%**), whereas the courier services' market has shown a growth in revenues (**6.3%**)
- The revenues of courier services' market (**3,187 mln**) are higher than those of the postal services' market (**2,997 mln**)

3.2 Postal services and express couriers: volumes

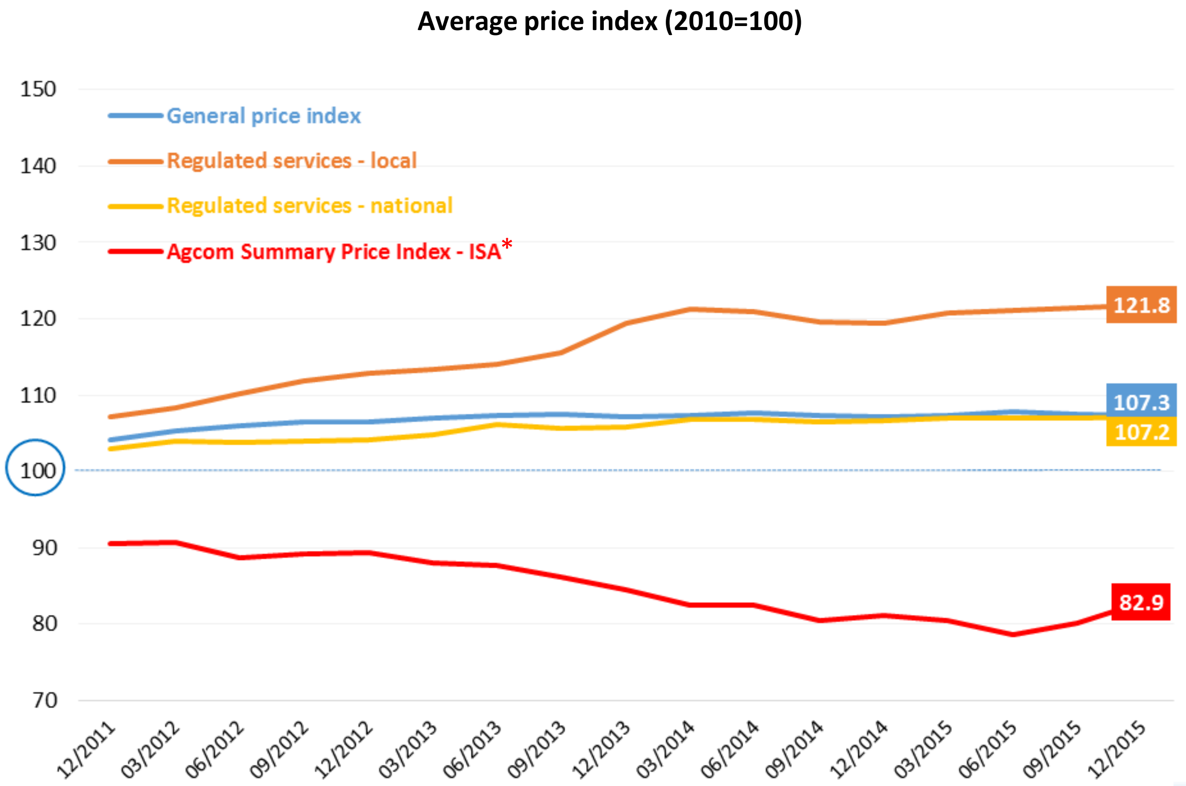
Volumes (2015)

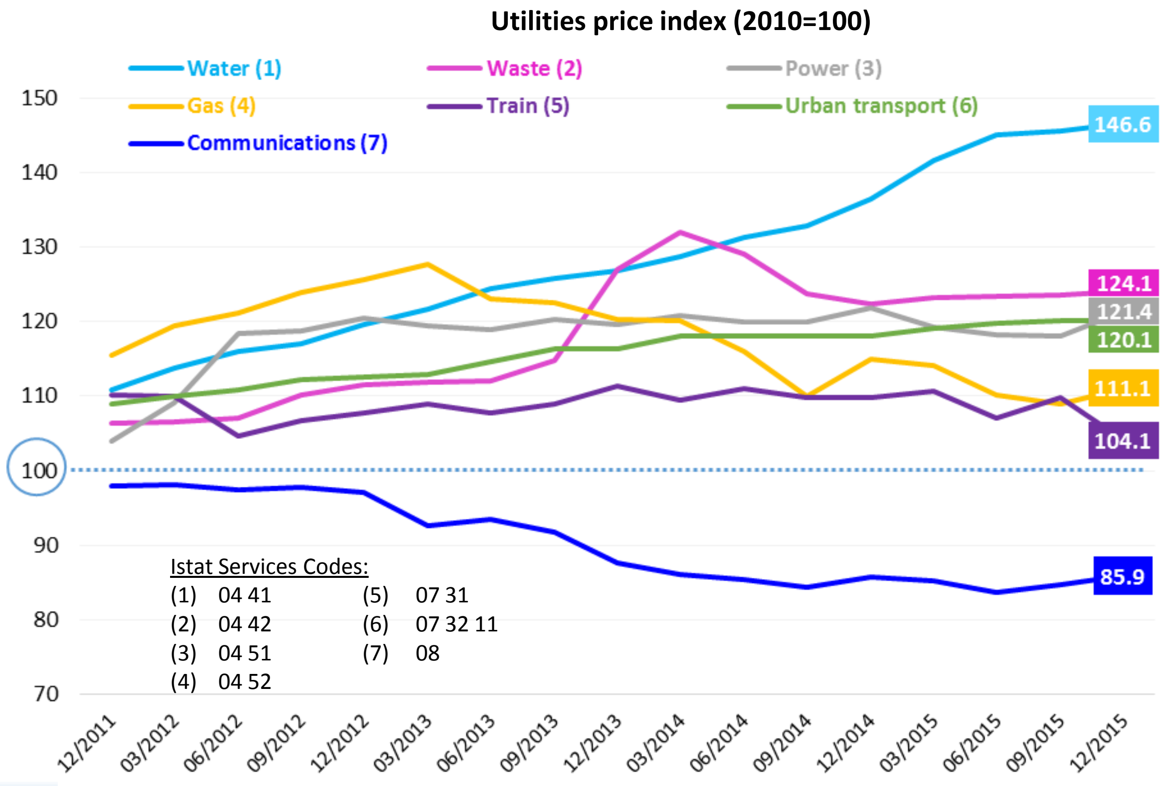




Changes in volumes % - (December 2014 – December 2015)

- In December 2015, volumes of universal services amount to less than **2.0 billion** units, showing a contraction of **8.6%** YoY
- Other postal services have shown a **8.6%** decrease in volumes YoY
- As for the courier services segment (**266 million** units from the beginning of the year), volumes have increased by about **9.4%** YoY

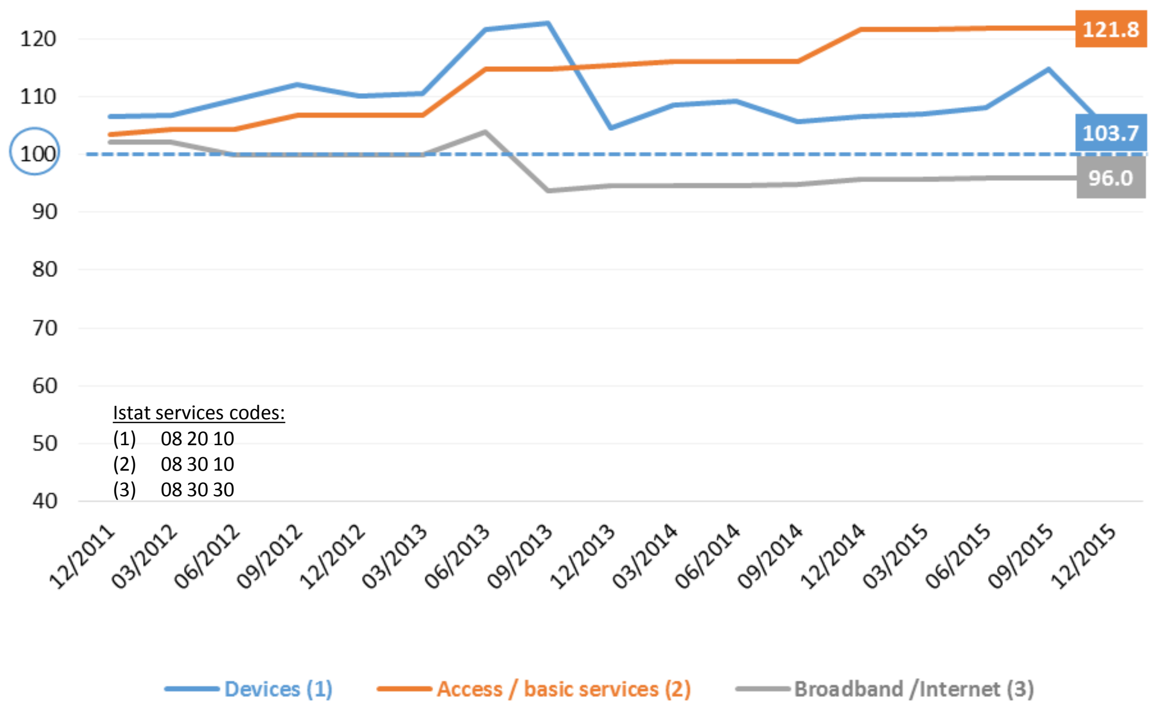




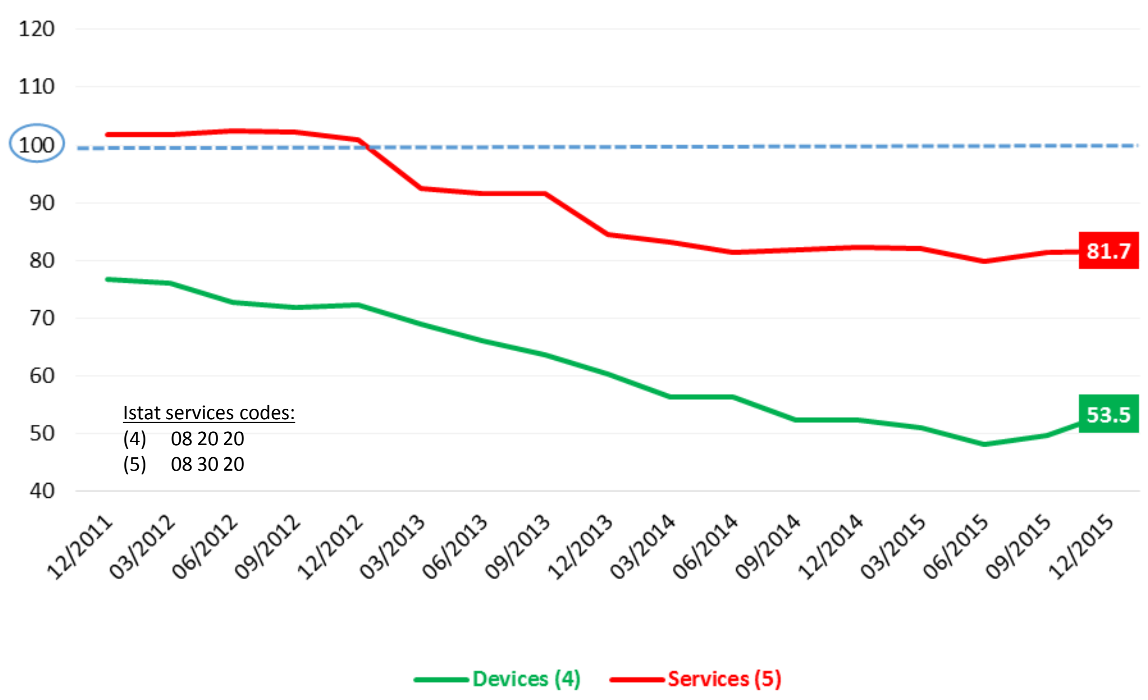
- The ISA price index has decreased at a faster pace than other price indices
- The growth rate of the prices of services regulated at the national level is comparable to the general price index, whereas the prices of services regulated at the local level show a steeper growth
- Among regulated services, communications price index is the only one showing a decrease since 2010

* 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.

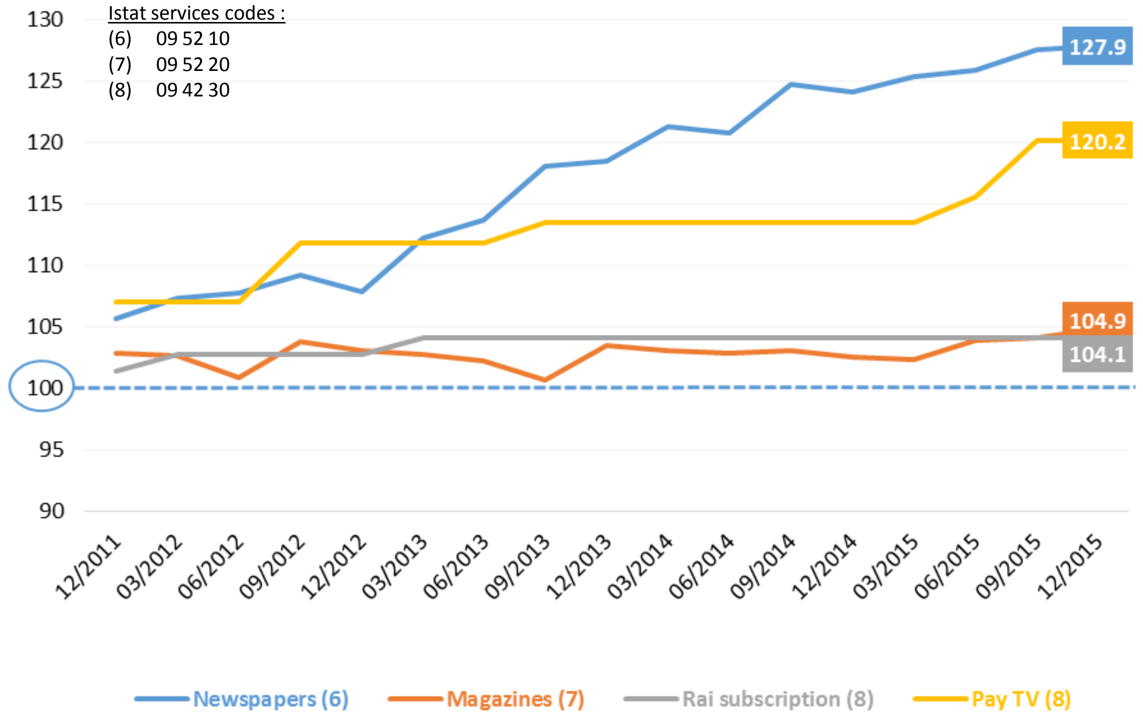
Fixed telephony price indices (2010=100)



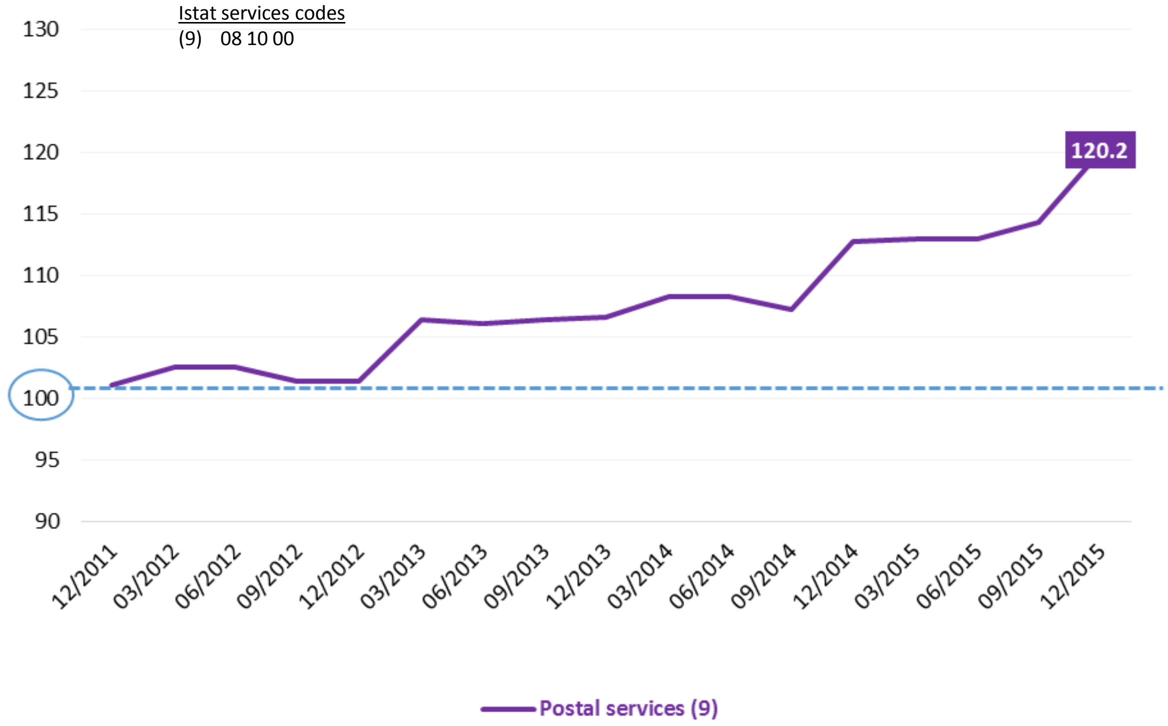
Mobile telephony price indices (2010=100)



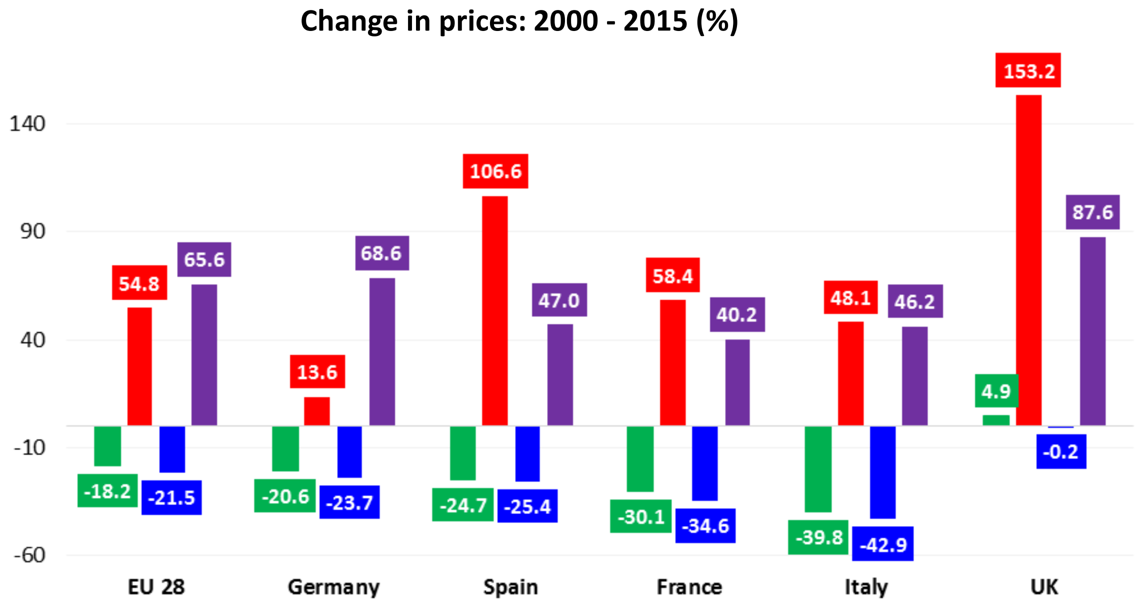
Newspapers, magazines, Tv price indices (2010=100)

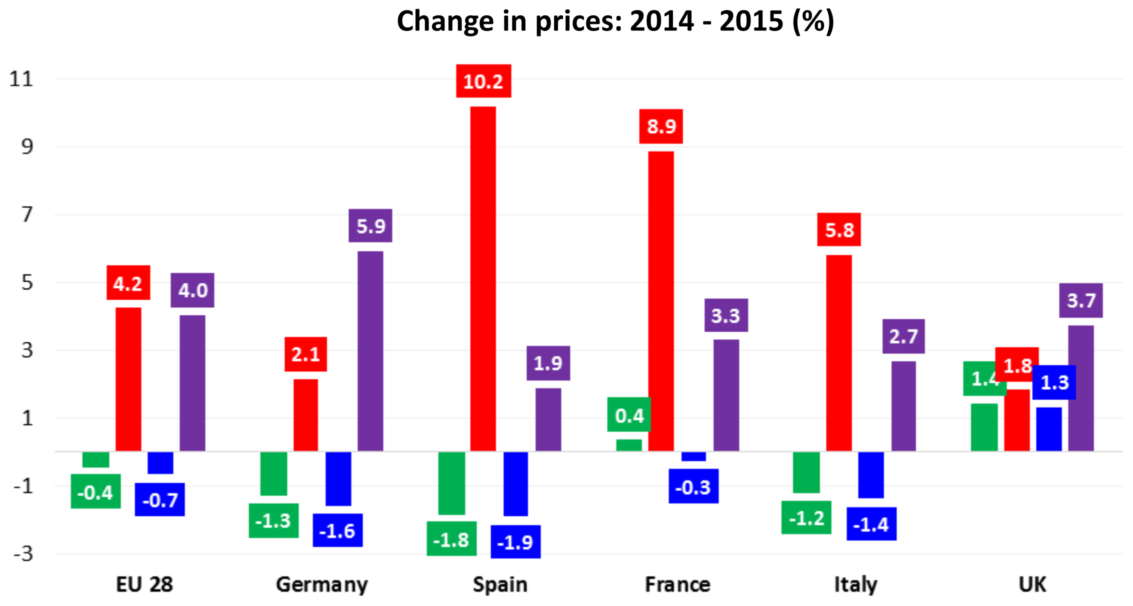


Postal services price index (2010=100)



4.4 International benchmark(*)





- Since 2000, in Italy the communications price index has decreased at a faster pace than the EU average: -39.8 and -18.2 pp respectively
- Since 2000, the italian inflation rate of postal services (+48.1 pp) has increased slightly less than EU average increase (+54.8 pp); Germany showed a lower increase (+13.6 pp)
- Over the previous year, in Italy the postal services price index has increased at a faster pace than the EU average, while italian prices for telecommunication services and equipments have decreased slightly more than the EU average
- Since 2000, in Italy the newspapers and periodicals price index has increased (+46.2 pp) less than the EU average (+65.6 pp)

(*) From the 29th of January 2016, the reference year for the Consumer Price Index is 2015

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