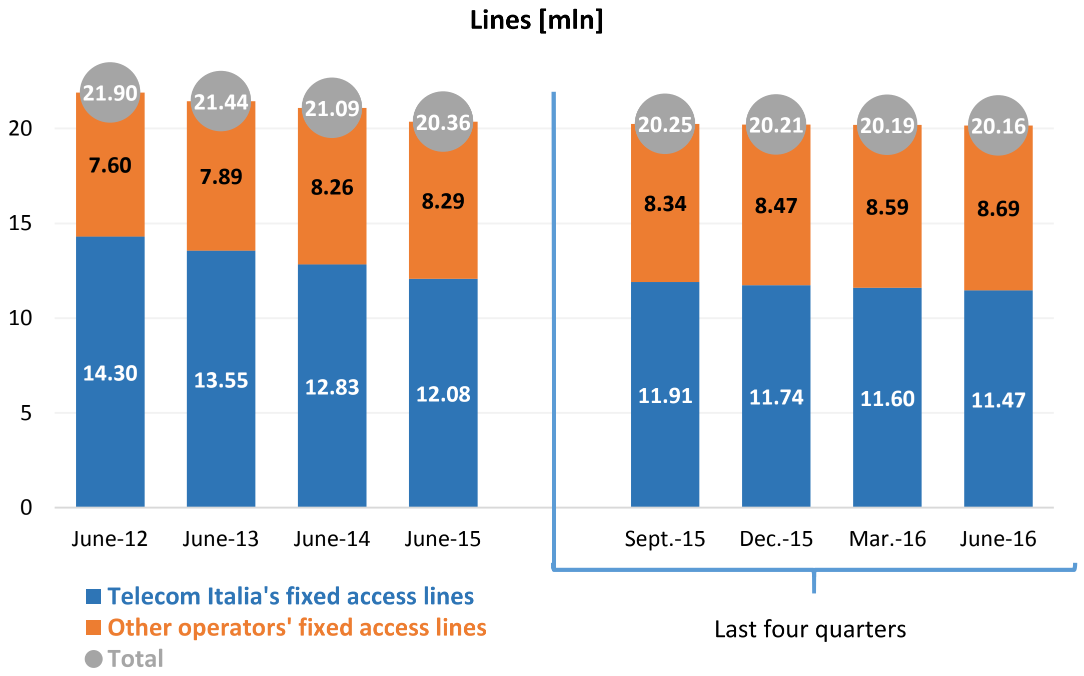
COMMUNICATION MARKETS MONITORING SYSTEM

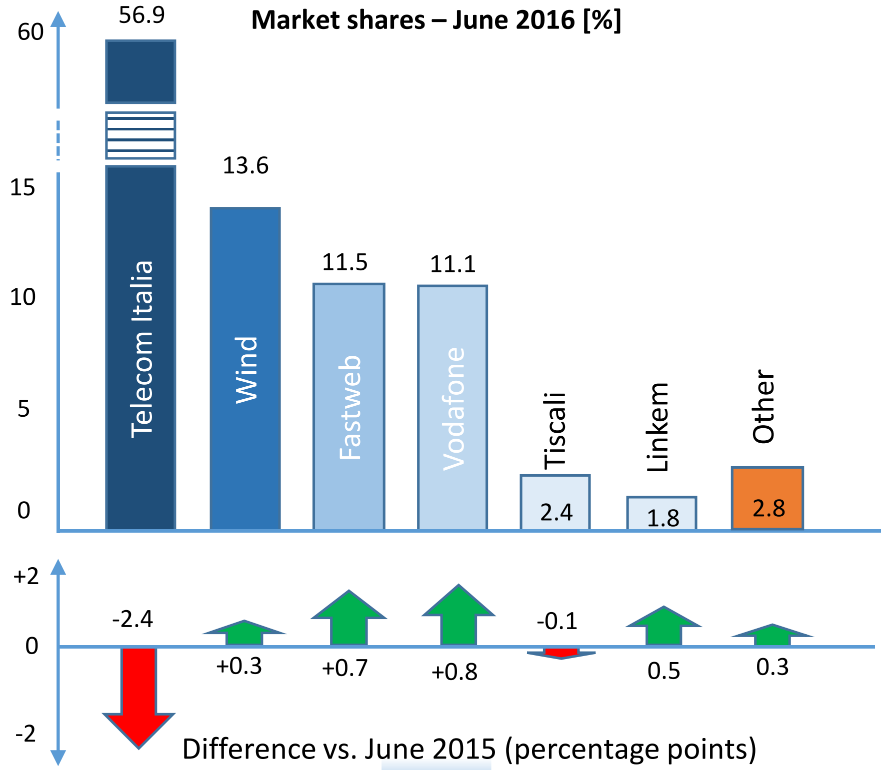
no. 3/2016

Index

The following figures are based on AGCOM’s elaborations on firms’ data and other sources (updated to June 2016)

1.1 Total fixed access lines



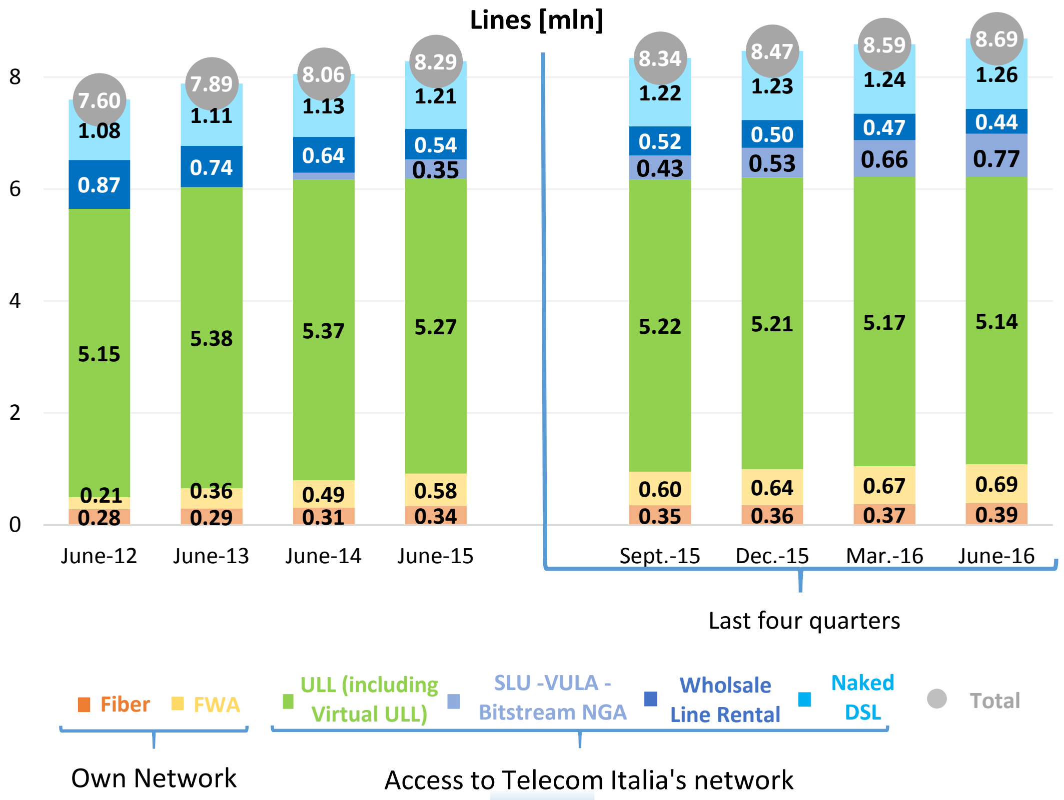


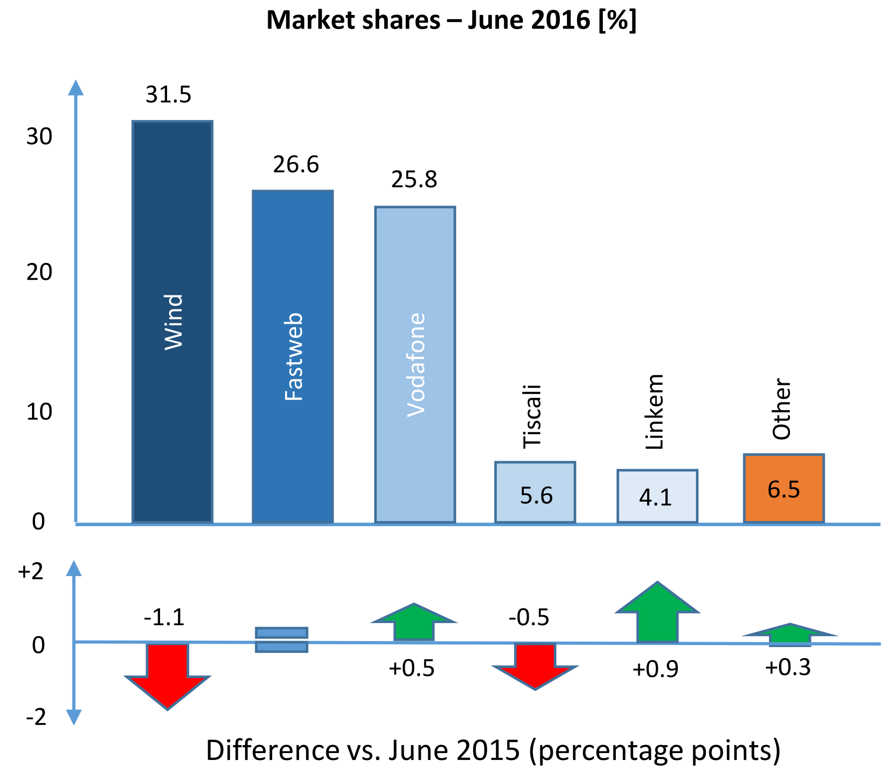
Note: access lines include Telecom Italia's fixed access lines, fully unbundled, SLU, VULA, DSL naked, WLR, fiber and FWA lines

- Total access lines have decreased by **210** thousand units over the last twelve months
- While Telecom Italia's access lines have decreased by **610** thousand units, other operators' access lines have increased by about **400** thousand units
- Over the last four years, Telecom Italia's access lines have decreased by **2.8** million units

- Telecom Italia's market share has fallen below **60%**, with a decrease of **2.4** pp (YoY)
- Wind's market share has reached **13.6%**, with a growth of **0.3** pp (YoY)
- Fastweb's market share has reached **11.5%**, with a growth of **0.7** pp (YoY)
- Other operators have, as a whole, increased their market share by **0.3** pp (YoY); the increase has been more evident for Fixed Wireless Access (FWA) operators

1.2 Alternative operators' fixed access lines

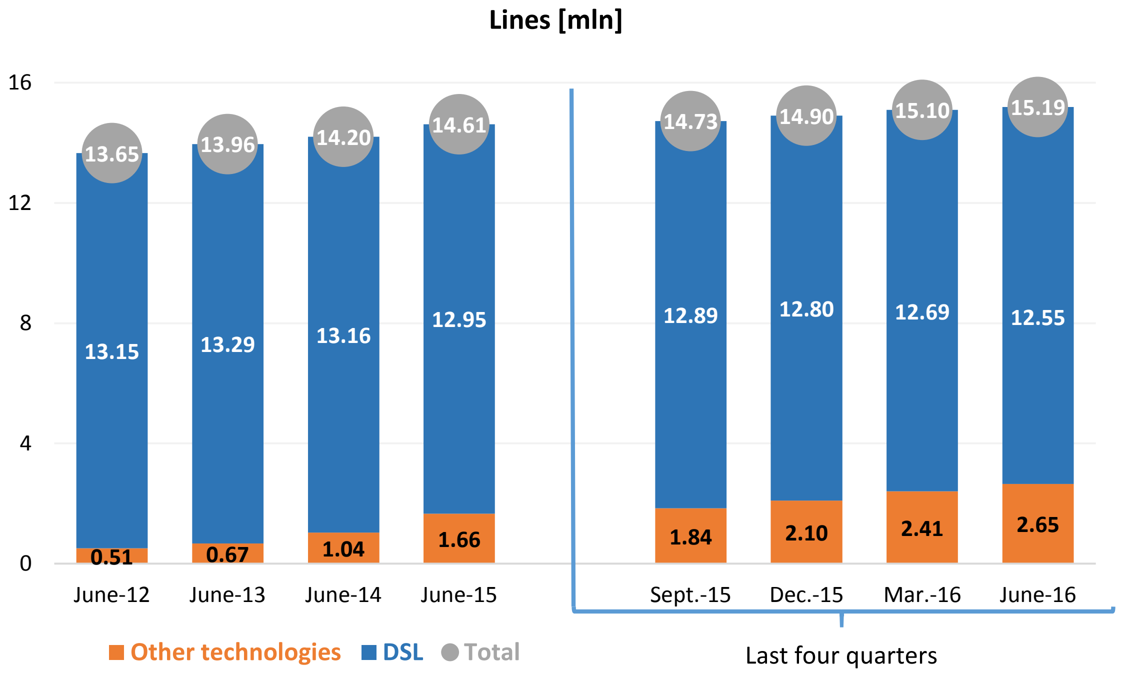


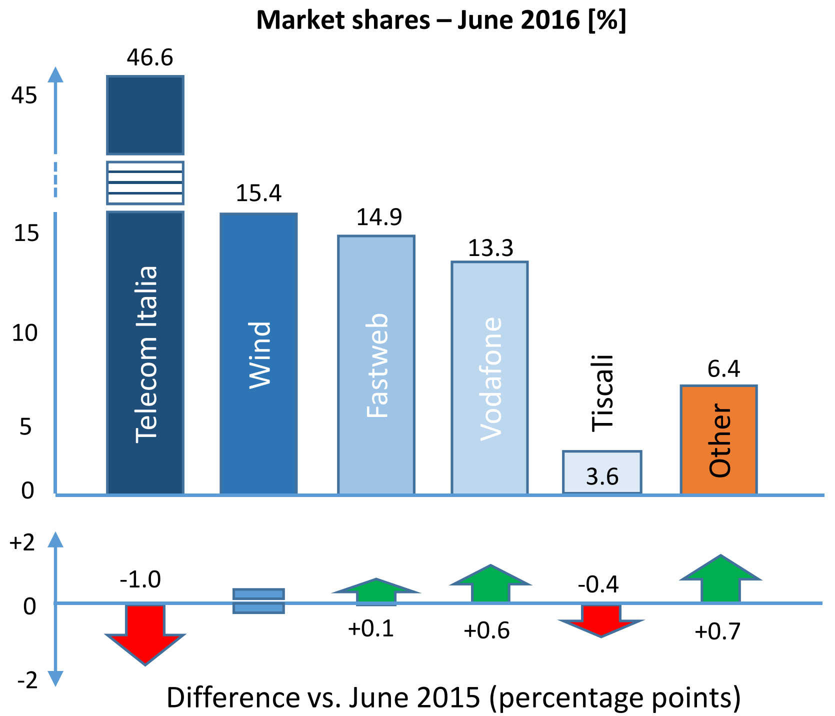


- Access lines provided by other operators have increased by **400** thousand units (YoY)
- A substantial part of this growth (**420** thousand lines) is essentially due to the new NGA services offered by Telecom Italia (SLU and VULA) that compensate for the reduction in ULL and WLR lines (**-230** thousand lines)
- FWA lines have increased by **120** thousand units (YoY), while fiber lines have increased by **50** thousand units

- Wind is still the first alternative operator, but its market share has shown a decrease of **1.1** pp (YoY)
- Vodafon's market share has reached **25.8%**, with a growth of **0.5** 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

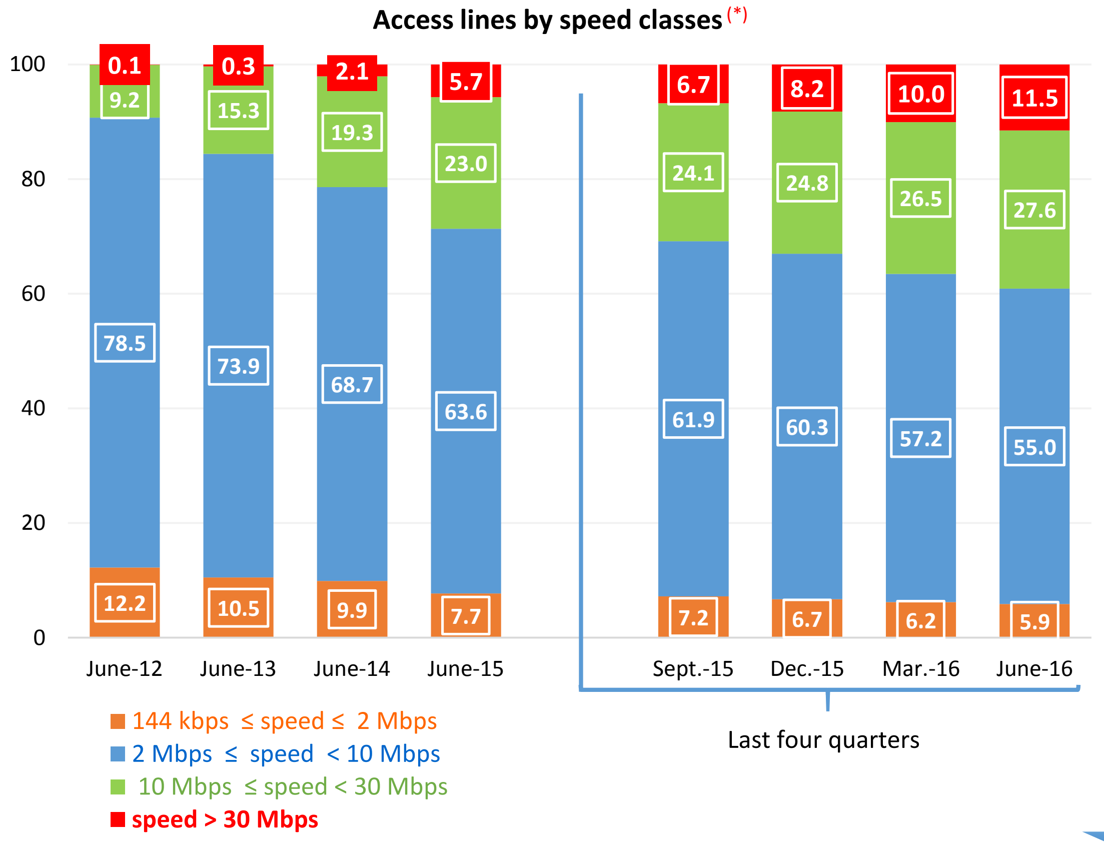


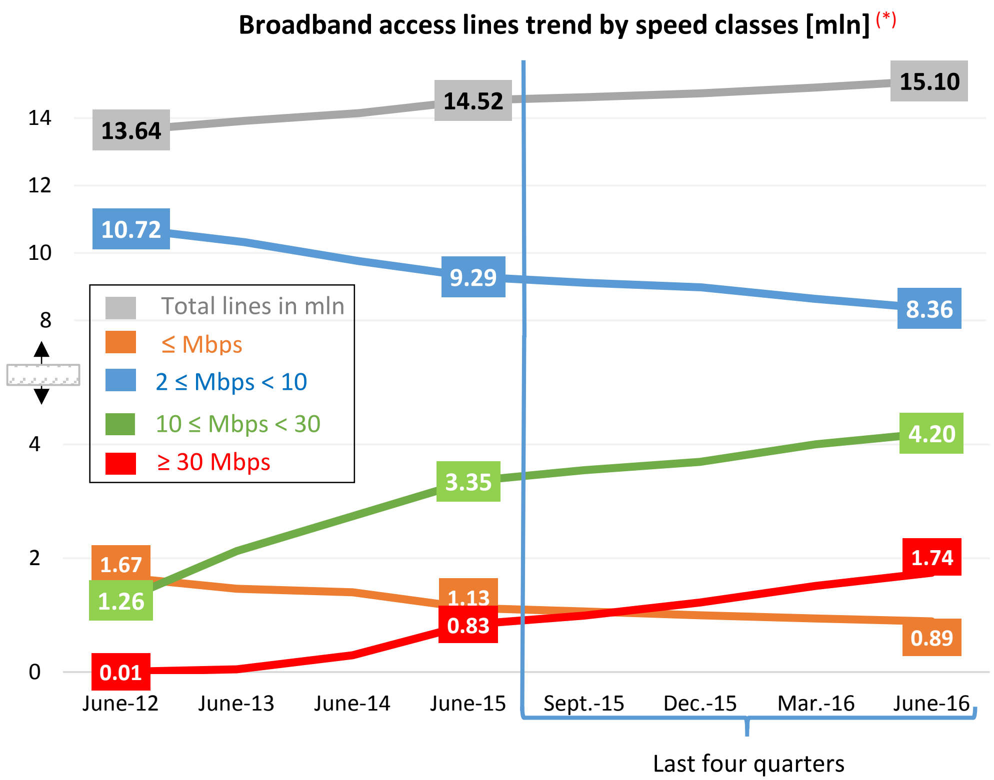


- Broadband lines have increased by about **582** thousand units YoY (**290** thousand in the 1st half of 2016)
- DSL lines have decreased by about **400** thousand units (YoY), now accounting for the **82.6%** of broadband lines (12.55 million lines)
- Other technologies, in particular NGA lines, have increased by **980** thousand units YoY (**550** thousand in the 1st half of 2016)

- Telecom Italia's market share has reduced by **1.3** pp (YoY)
- Vodafon's market share has reached **13.38%**, with a growth of **0.6** pp (YoY)
- The growth of other operators' market share (**0.7** pp) is essentially due to the increase in the number of FWA lines

1.4 Broadband fixed lines by speed



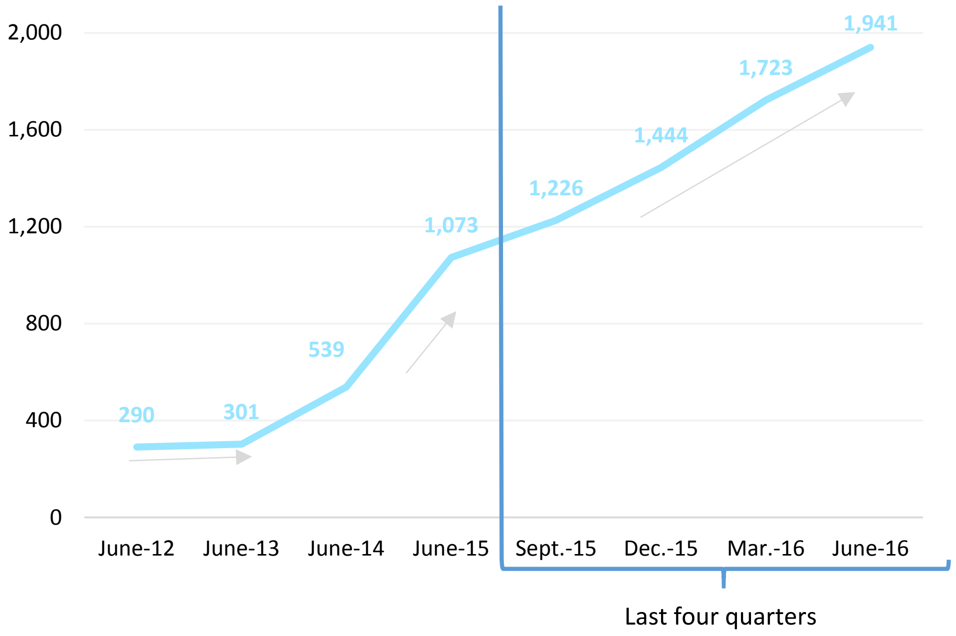


- Broadband lines faster than 10 Mps have increased by more than **1.7** thousand units YoY and account for **39.1%** of total broadband lines
- Vodafone has shown the most conspicuous growth of ≥10 Mbps lines YoY (**430** thousand)
- Broadband lines faster than 30 Mps have increased by **620** thousand units YoY and account for **11.5%** of total broadband lines
- Telecom Italia, Fastweb, Vodafone and Wind own together more than **95%** of high speed lines

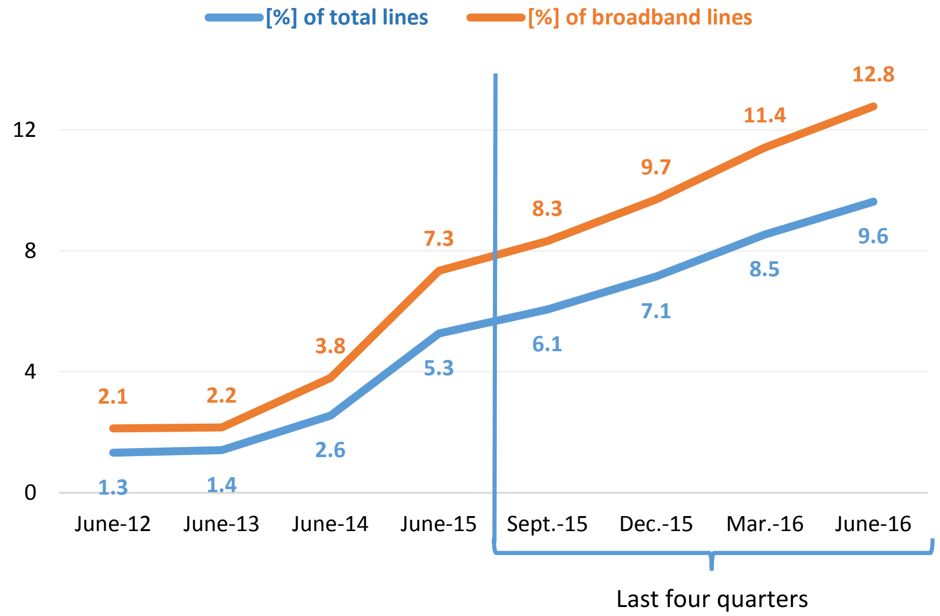
(*) Due to changes in firms' accounting methods, figures cannot be compared directly with those reported in previous issues

1.5 NGA broadband fixed lines(*)

NGA broadband access lines [*1000] (**)



NGA broadband lines as a share of total and broadband lines (**)



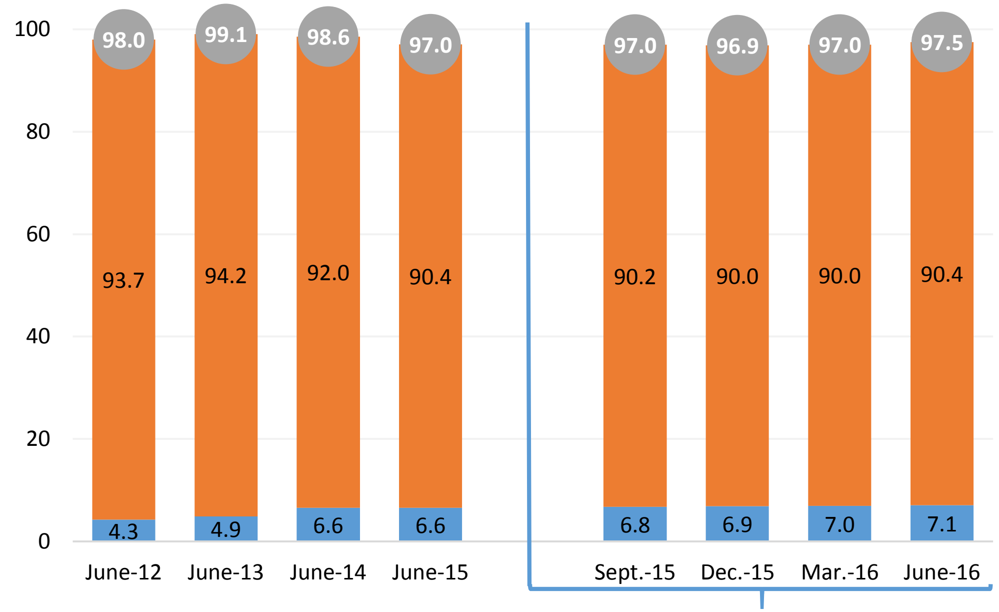
- NGA lines account for **9.6%** of total lines, and for **12.8%** of broadband lines, now accounting for more than **1.9** million units
- Telecom Italia has shown the most conspicuous growth of high speed lines in the 1st half of 2016 (**415** thousand units)

(*) Consistently with the definition given by the EU, NGA lines include the following type of access: vDSL, Fiber to the home, Fiber to the building, Ethernet+Lan, Cable and Other NGA

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

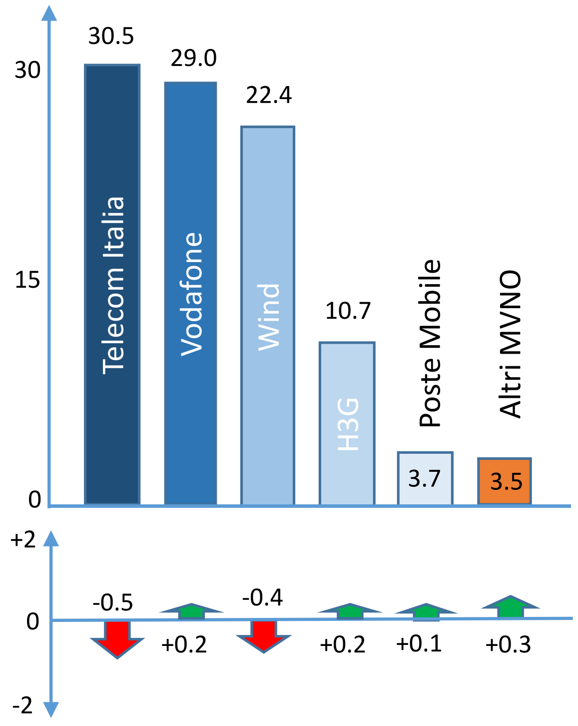
1.6 Mobile subscribers

Lines [mln] (*)

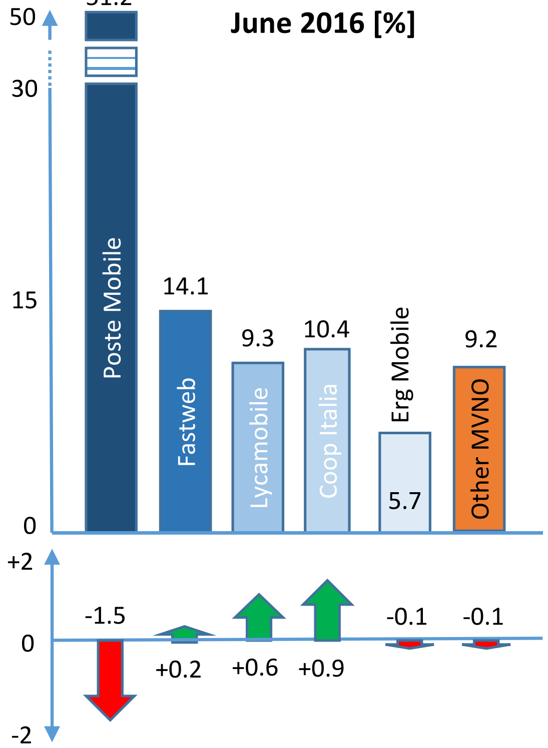


MVNO = Virtual Operators
MNO = Network Operators

Market shares – June 2016 [%]



MVNO distribution June 2016 [%]



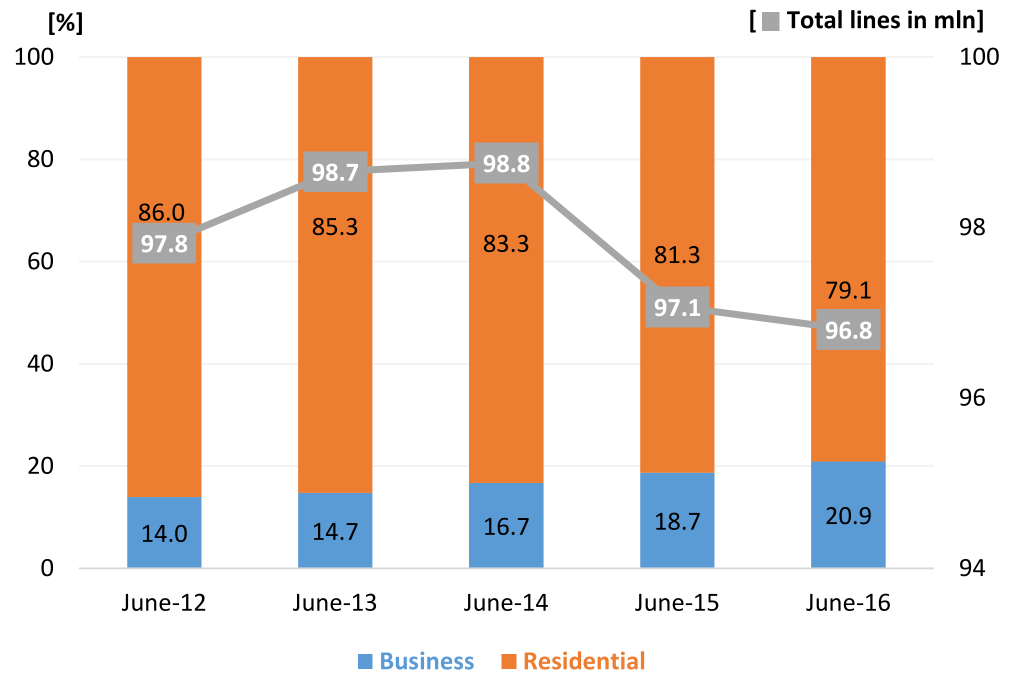
Difference vs. June 2015 (percentage points)

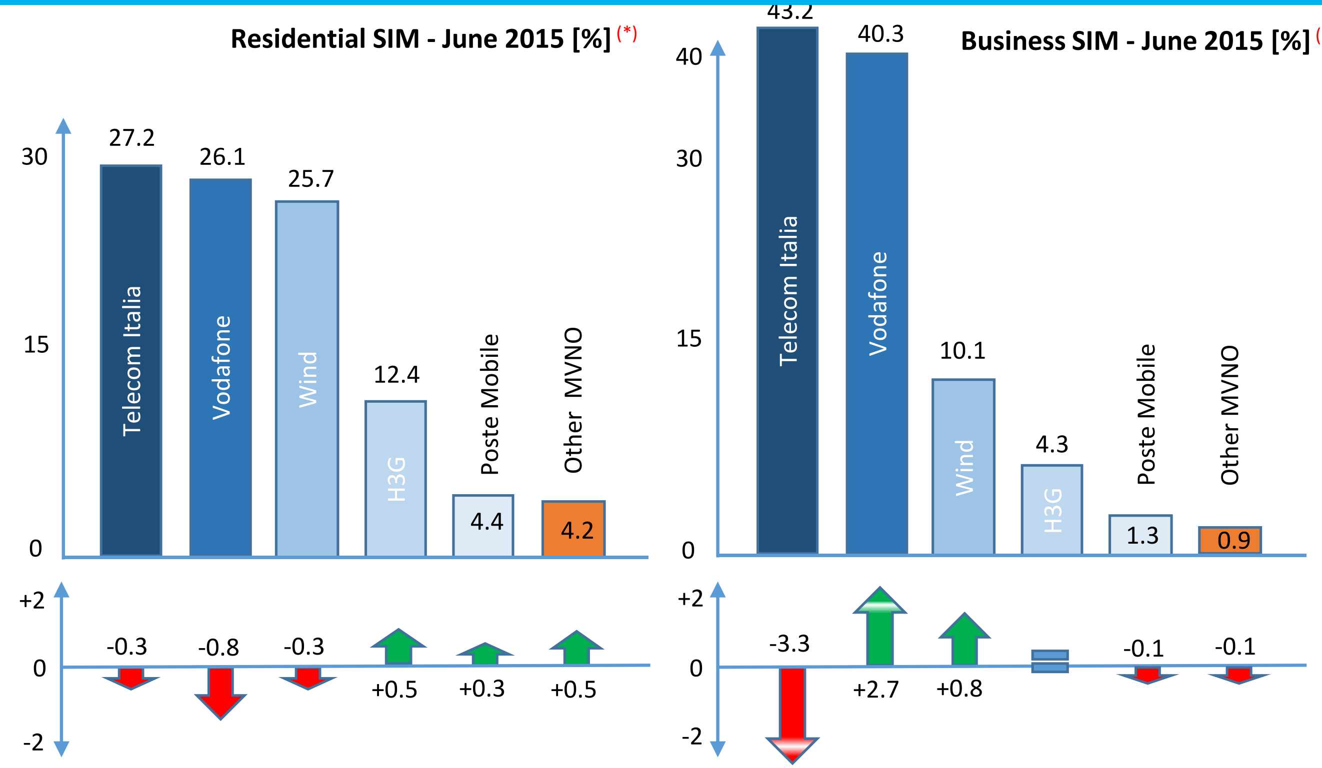
- On a yearly basis, mobile lines have increased by about **490** thousand units entirely due to MVNO operators
- Over the last five years, «M2M» sims's have increased by **6.1** million units, now accounting for **10.8** million lines

- Telecom Italia's market share has decreased by **0.5** pp (YoY), while Vodafone's market share has increased by **0.2** pp
- Poste Mobile's and other MVNOs' market shares show an overall increase of **0.4** pp
- Among MVNO operators, Poste Mobile holds a share of **51.2%**

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

1.7 Mobile subscribers by type of consumer





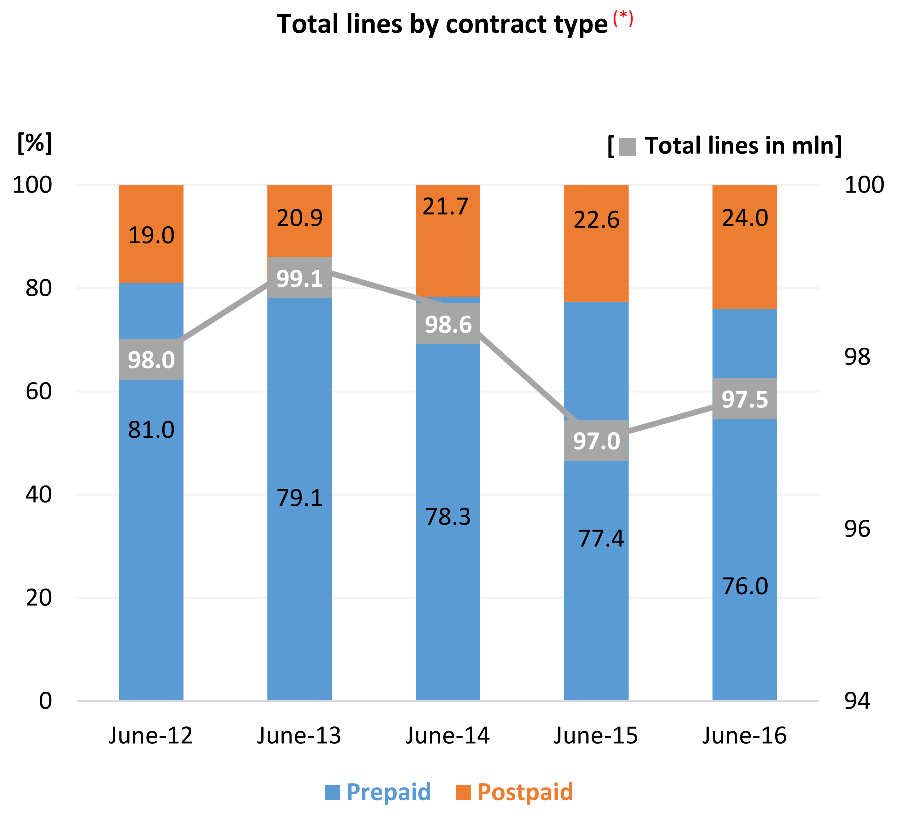
- Non residential SIMs (**20.4** million at the end of June 2016) have increased on a yearly basis by **2.2** million units
- Residential SIMs (**77.1** million at the end of June 2015) have decreased by **3.2** million units (YoY)

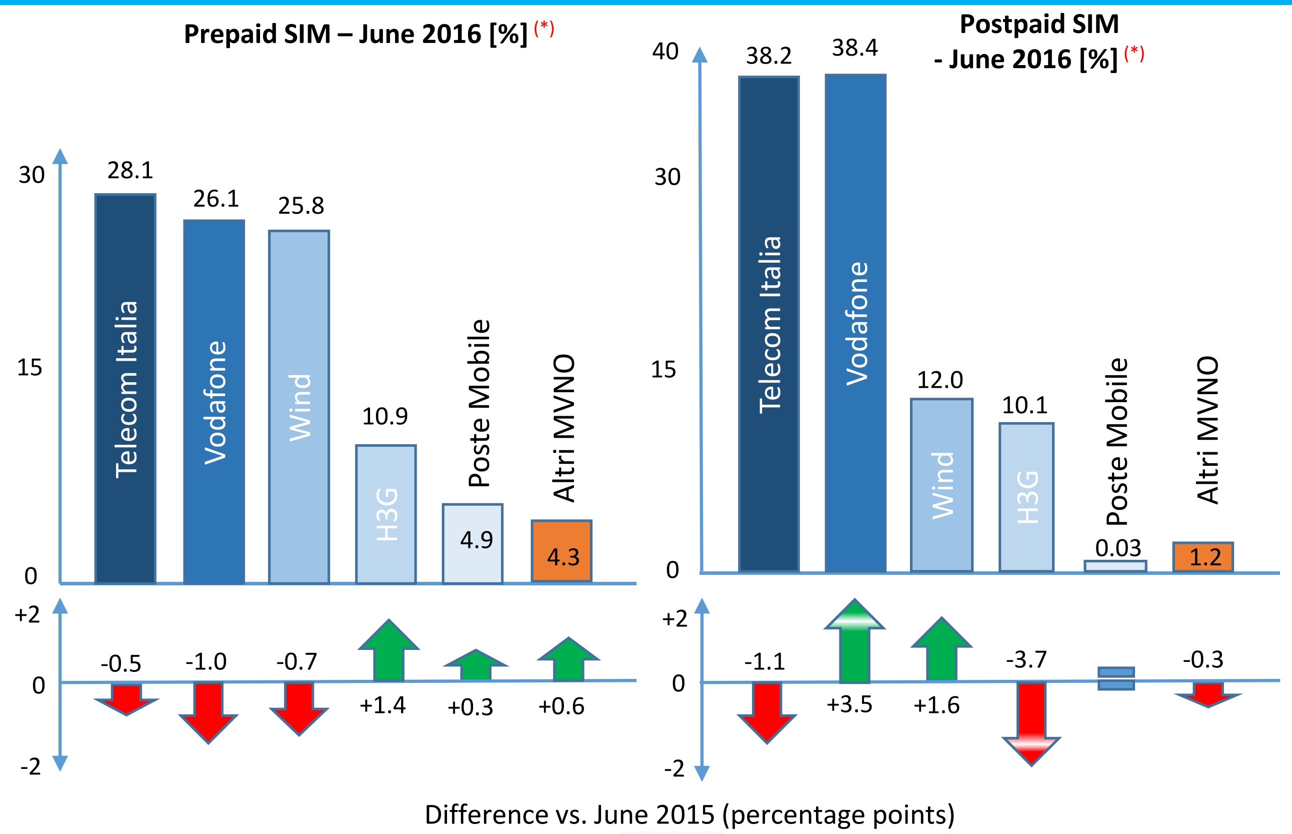
(*) Due to changes in firms' accounting methods, figures cannot be compared directly with those reported in previous issues

(*) This result is partially affected by the rapid growth of M2M SIMs which are included as business SIMs

- In the residential segment, the market shares of the three main players are comparable; Vodafone's market share has reduced by **0.8** pp (YoY)
- In the business segment Telecom Italia confirmed its leadership with a market share of **43.2%** (**-3.3** pp)
- Vodafone's and Wind's market shares have increased by **2.7** and **0.8** pp, respectively

1.8 Mobile subscribers by type of contract





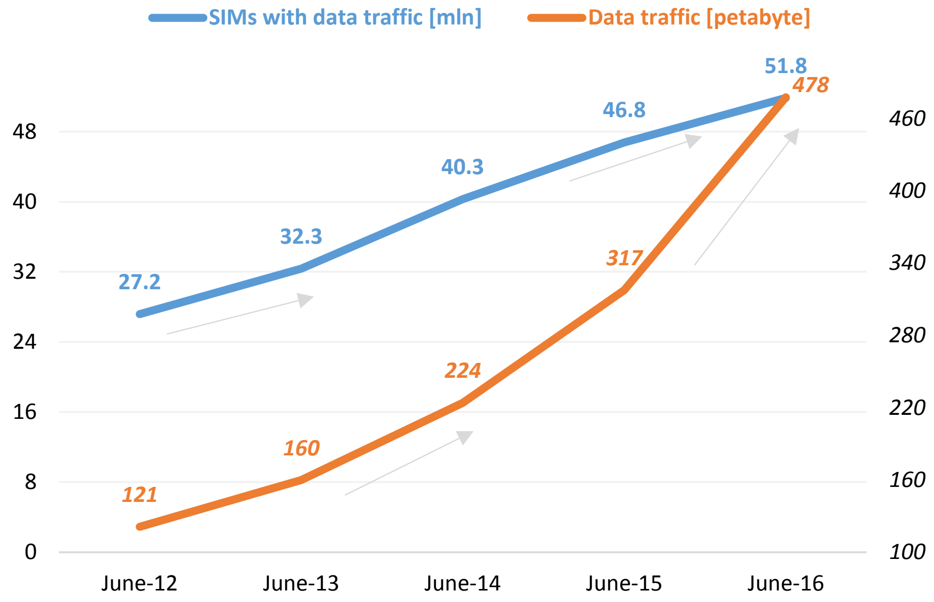
- At the end of June 2016, prepaid SIMs reached **74.1** million units (76% of total lines), with a decrease of **1** million units YoY
- At the end of June 2016, postpaid SIMs reached **23.4** million units (24% of total lines), with an increase of **1.5** million units YoY

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

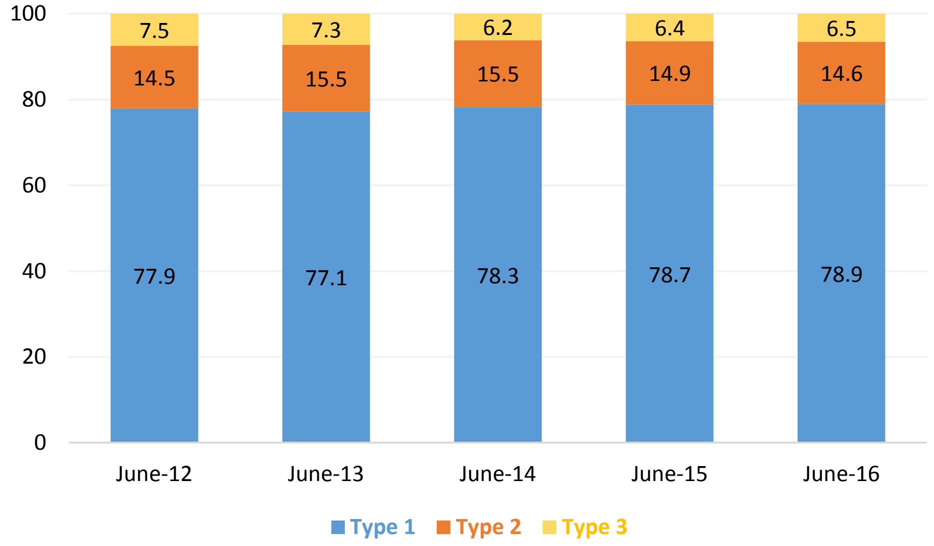
- In the prepaid segment, H3G's (**+0.8** pp) and Poste Mobile's (**+0.3** pp) market shares have increased, whereas Vodafone's (**-1.0** pp) and Wind's (**-0.7** pp) market shares have decreased (YoY)
- In the postpaid segment, with a share of **38.2%** Telecom Italia has lost the leadership position gained in the previous year (**1.1** pp YoY); Vodafone leads the segment with a share of **38.4%** (**3.5** pp YoY)

1.9 Mobile data traffic

Data traffic since the beginning of the year (*)



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

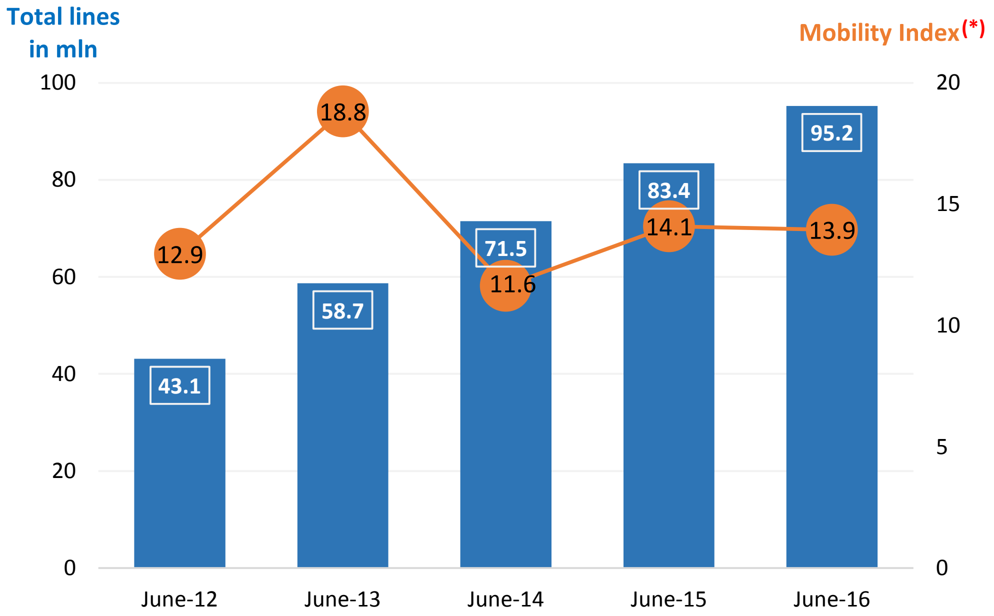


According to European Commission definitions (CoCom):
Type 1: "dedicated data subscriptions for add-on data package to a voice service requiring an additional subscription"
Type 2: "dedicated data subscriptions for stand-alone services"
Type 3: "actual usage of standard mobile subscriptions"

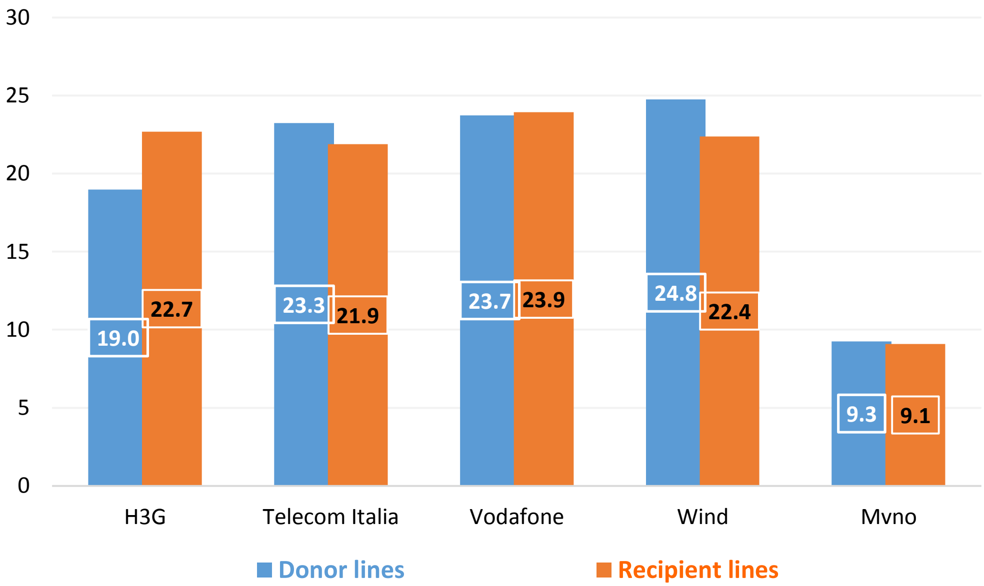
- SIMs with data traffic have increased over the last year from **46.8** to **51.8** million units, with a growth rate of **10.7%**
- Since June 2012, the number of SIMs with data traffic has increased from **27.8%** to **53%** of the overall customer base
- In June 2016, data traffic showed a **50.1%** increase as compared to June 2015
- On a yearly basis, the average mobile data consumption per smartphone increased by **36%**, from 1.2 to 1.6 Giga byte per month

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

Number portability



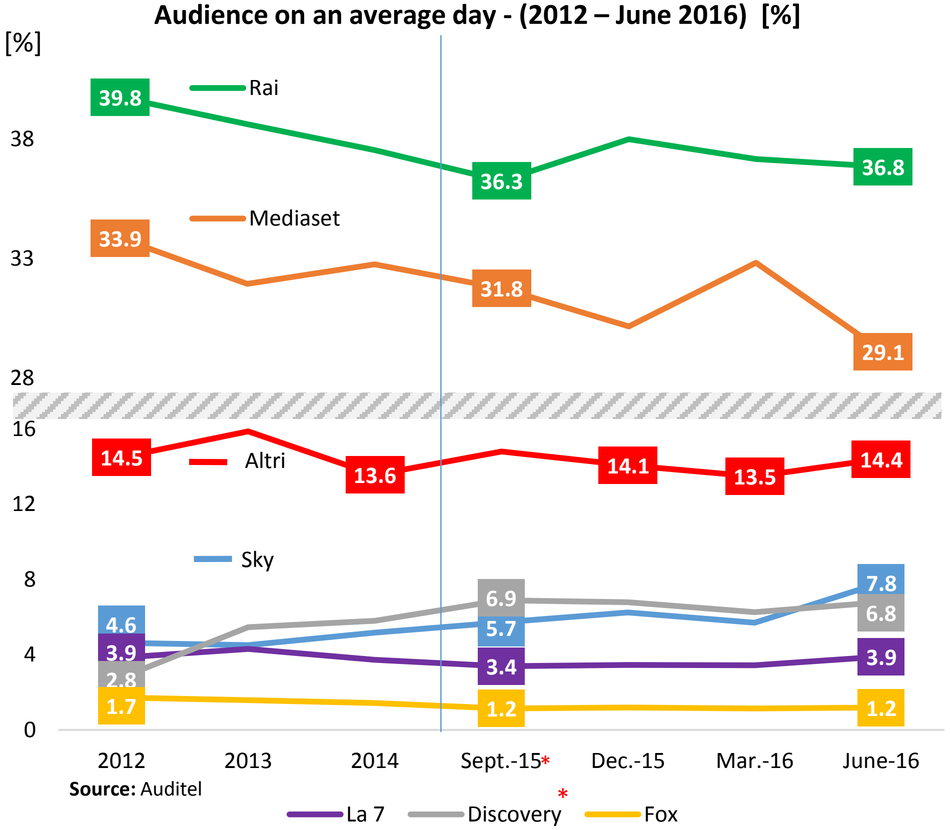
Distribution of donor and recipient lines – June 2016 [%]



- At the end of June 2016, the total amount of mobile number portability operations reached a value of **95** million (cumulative figure)
- On a yearly basis, the net «donating-recipient» balance has improved for H3G (**439** thousand lines), whereas it has remained relatively stable for Vodafone, and it has worsened for Wind (**281** thousand lines) and Telecom Italia (**161** thousand lines)
- At the and of June 2016, the «Mobility Index»(*) is in line with the trend observed over recent years

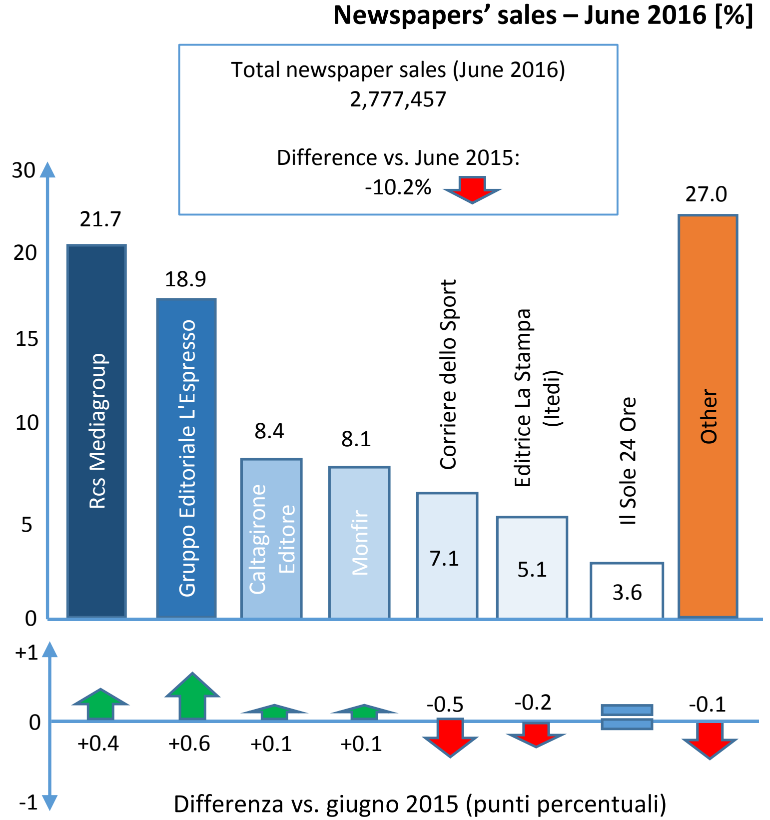
(*) – Ratio between (i) total donating lines plus total recipient lines since the beginning of the year, and (ii) the corresponding average costumer base

2.1 Media: TV audience and newspapers' sales



Source: Auditel

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



Note: AGCOM's elaborations on ADS data

Since data are collected monthly 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 2012-2016 period, the cumulative audience of the two most important players (Rai and Mediaset) has decreased significantly (by **7.8** pp, from 73.7% to 65.9%)
- The audience of smaller operators (**14.4%**) is stable as compared to the previous year

- Newspapers' sales showed a **10.2%** 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 an average day (1st half of 2016)

Position 1st semester 2016	Change on previous year		Radio station	% share
1	=	(0)	RTL 102.5	19.6
2	↑	(+1)	RADIO DEEJAY	13.6
3	↑	(+1)	RADIO 105	13.0
3	↓	(-1)	RDS 100% Grandi Successi	13.0
5	=	(0)	RADIO ITALIA Solomusicaitaliana	12.5
6	=	(0)	RAI RADIO 1	11.7
7	=	(0)	RAI RADIO 2	8.5
8	=	(0)	VIRGIN RADIO	6.6
9	=	(0)	RADIO 24 - IL SOLE 24 ORE	5.6
9	↑	(+1)	RADIO KISS KISS	5.6
11	↑	(+2)	RADIO R101	4.7
12	=	(0)	RADIO CAPITAL	4.6
13	↓	(-2)	M2O	4.4
14	=	(0)	RAI RADIO 3	4.0
15	=	(0)	RMC - RADIO MONTE CARLO	3.2

Source: data collected as a part of the RadioMonitor survey

- 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)

Internet: active reach (June 2016)

Position 1st semester 2016	Change on previous year		Parent*	Active Reach** (%)	Average time spent on website by visitors (hh:mm)
1	=	(0)	Google	95.6	05:32
2	=	(0)	Facebook***	84.3	22:16
3	=	(0)	Microsoft	71.7	01:18
4	↑	(1)	ItaliaOnline	59.8	01:17
5	↑	(+3)	Amazon	58.8	00:51
6	↓	(-2)	Banzai	58.4	00:18
7	↑	(3)	eBay	49.4	00:41
8	↓	(-1)	Yahoo	48.9	00:42
9	=	(0)	Wikimedia Foundation	48.3	00:15
10	↑	(+1)	Gruppo Espresso	46.6	00:30
11	↑	(+1)	RCS MediaGroup	43.7	00:24
12	↑	(+1)	Triboo	41.8	00:11
13	↑	(+1)	Mediaset	36.5	00:24
14	↑	(+3)	Telecom Italia	32.8	00:34
15	↑	(+1)	Caltagirone Editore	32.1	00:12

***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.

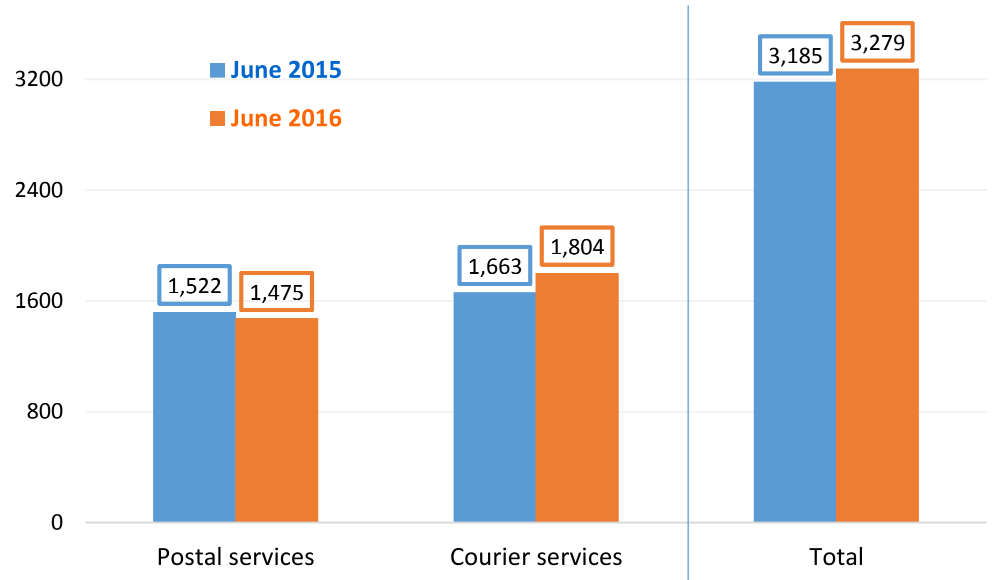
***** Whatsapp**, since december 2015, was included in the *facebook* brand

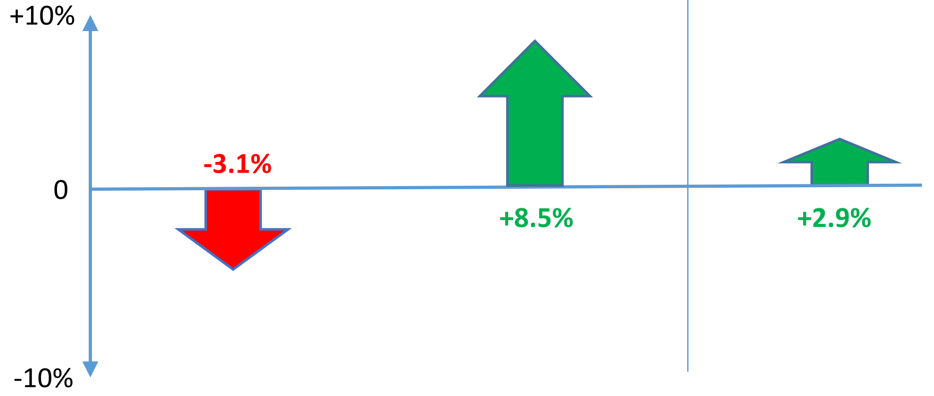
Source: Audiweb (June 2015 – June 2016)

- Google parent entity remains the leader with about **95.6%** of the active reach
- The main portals to web navigation show the higher active reach
- In June 2016, about 28.1 mln people used the Internet, up by **3** mln people as compared to June 2015

3.1 Postal services and express couriers: revenues

Revenues since the beginning of the year [million of euros] – June 2016





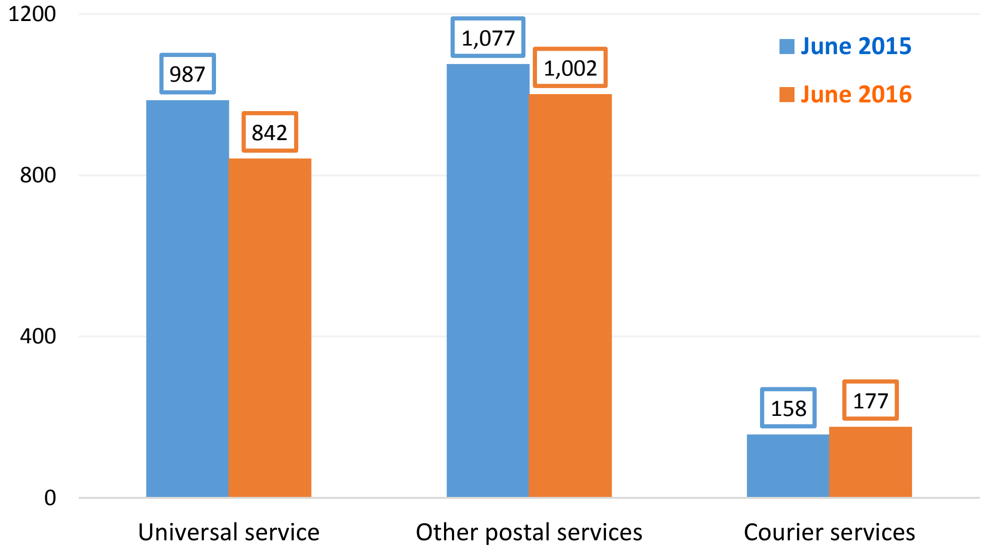
Changes in revenues % - (June 2015 – June 2016)

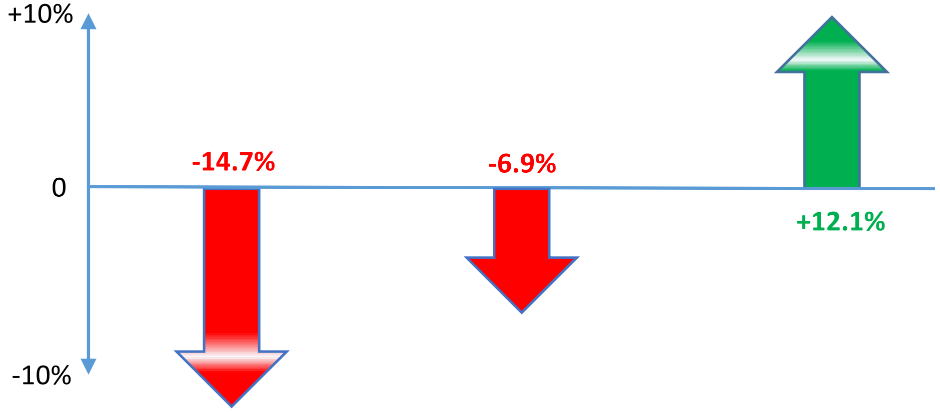
- At the end of June 2016, overall revenues are about 3,279 million of euros, with an increase of 2.9% YoY
- YoY, postal services' market has shown a decline in revenues (3.1%), whereas the courier services' market has shown a growth in revenues (8.5%)
- The revenues of courier services' market (**1,804** mln €) are higher than those of the postal services' market (**1,475** mln €)

Note: The figures relate to the following companies: Bartolini , DHL Express, Federal Express Europe, Nexive, Poste Italiane, SDA, TNT Global Express, UPS, GLS Italy

3.2 Postal services and express couriers: volumes

Volumes since the beginning of the year [million of units] – June 2016

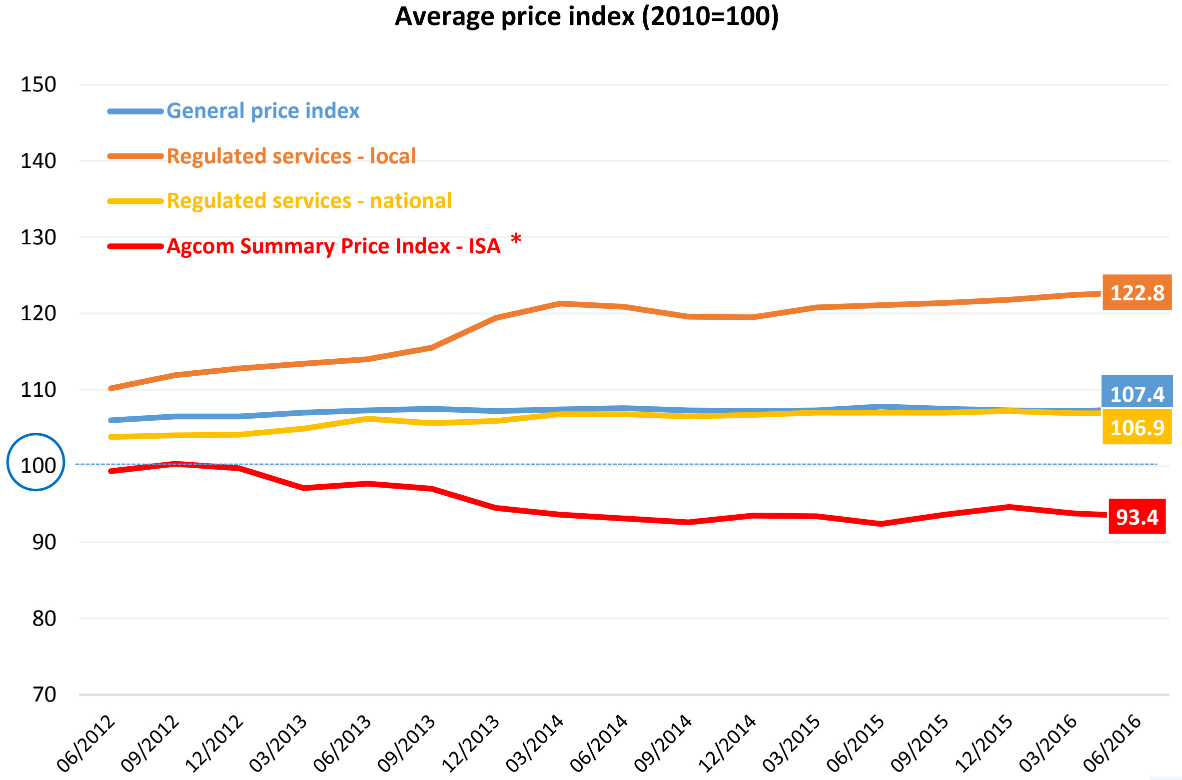


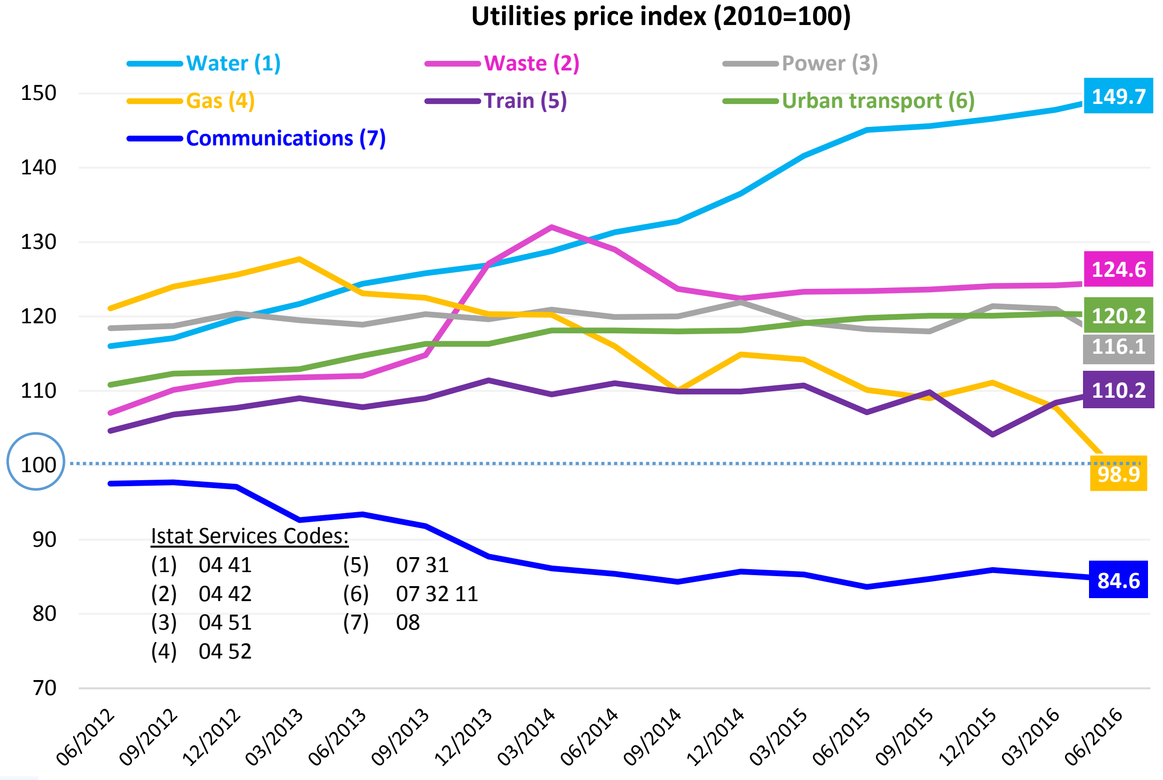


Changes in volumes % - (June 2015 – June 2016)

- In June 2016, volumes of universal services amount to **842** million units, showing a contraction of **14.7%** YoY
- Other postal services have shown a **6.9%** decrease in volumes YoY
- As for the courier services segment (**177** million units from the beginning of the year), volumes have increased by about **12.1%** YoY

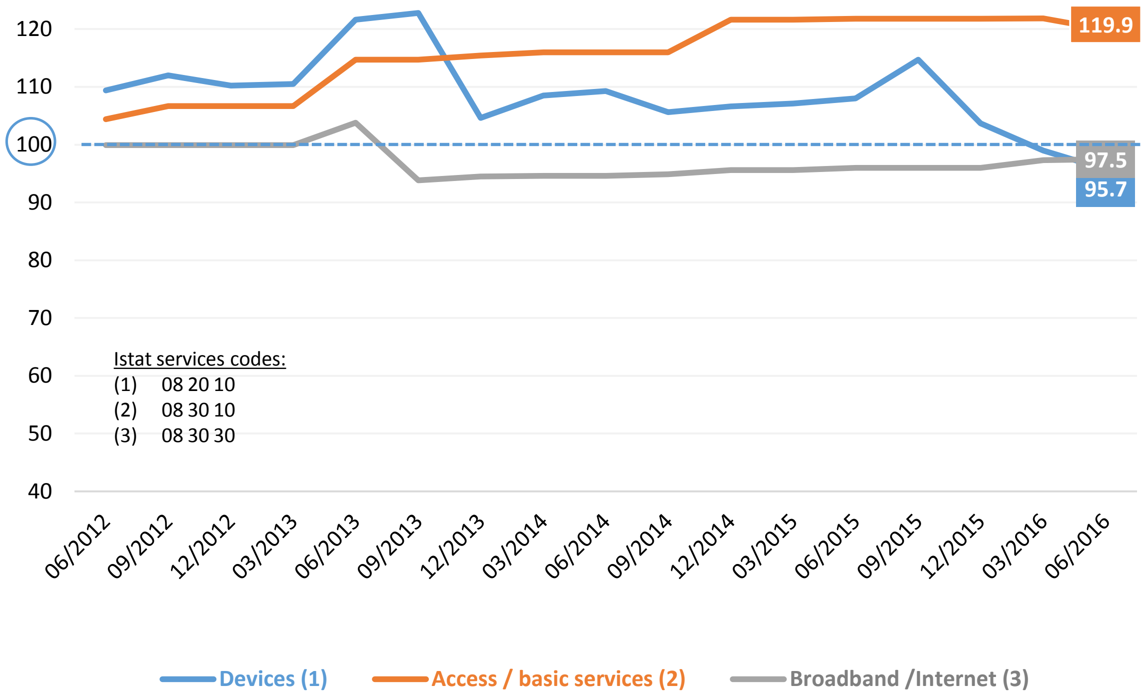
4.1 Harmonised consumer price index and other utilities price indices

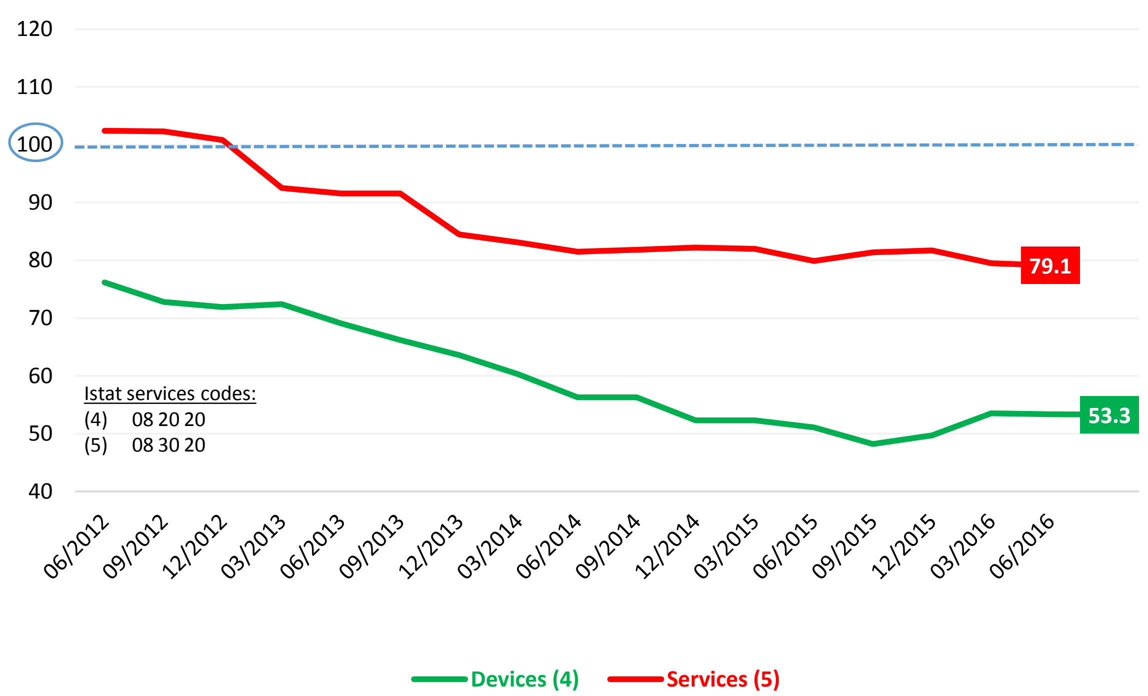




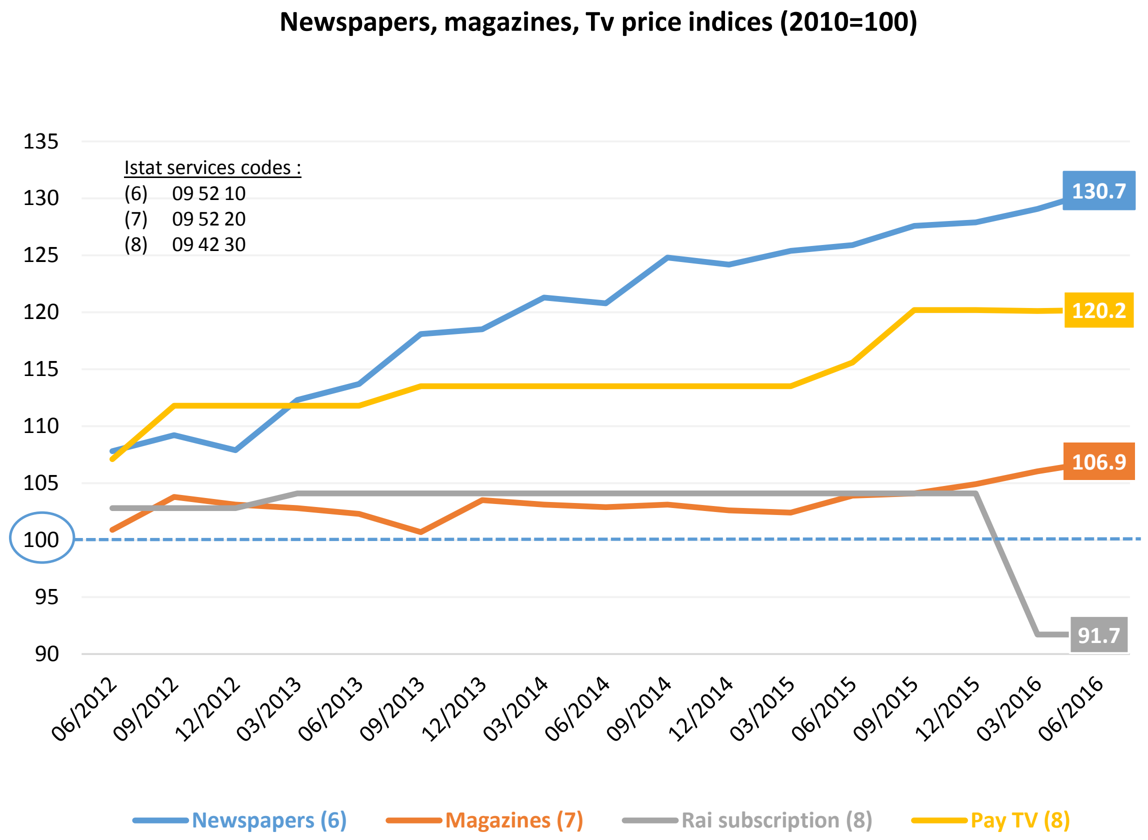
- The ISA price index has decreased at a faster pace as compared to the others price indices
- The growth rate of the prices of services regulated at the national level is comparable to the general price index, whereas the prices of services regulated at the local level show a steeper growth
- Among regulated services, communications price index is the only one showing a decrease since 2010, whereas for the Gas services the price index decline started at the begin of 2016

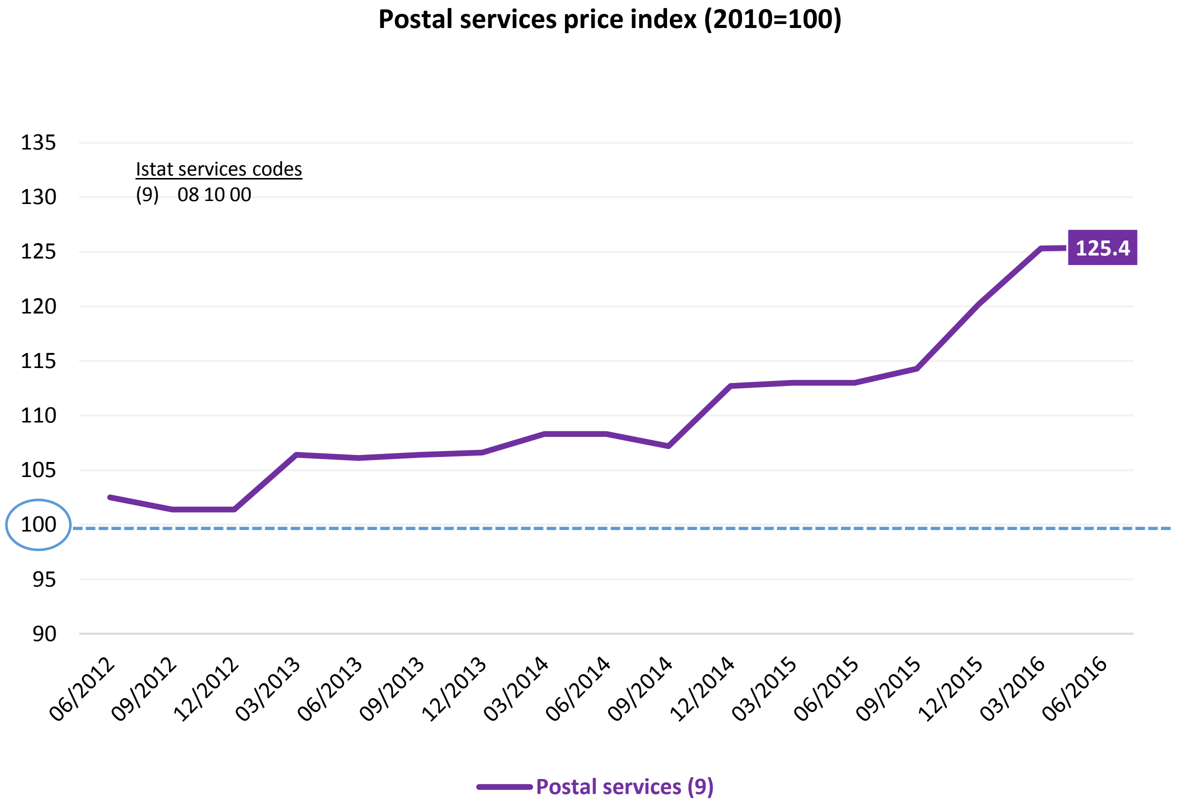
* The ISA («Indice Sintetico Agcom») price index includes postal services, services and devices for fixed and mobile telephony, public TV license fee, pay TV, newspapers and magazines (10 items). In compliance with the procedure adopted by ISTAT for the indices of consumer prices, the aggregate communications 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)
120
110
100
90
80
70
60
50
40
119.9
97.5
95.7
Istat services codes:
(1) 08 20 10
(2) 08 30 10
(3) 08 30 30
06/2012
09/2012
12/2012
03/2013
06/2013
09/2013
12/2013
03/2014
06/2014
09/2014
12/2014
03/2015
06/2015
09/2015
12/2015
03/2016
06/2016
Devices (1)
Access / basic services (2)
Broadband /Internet (3)

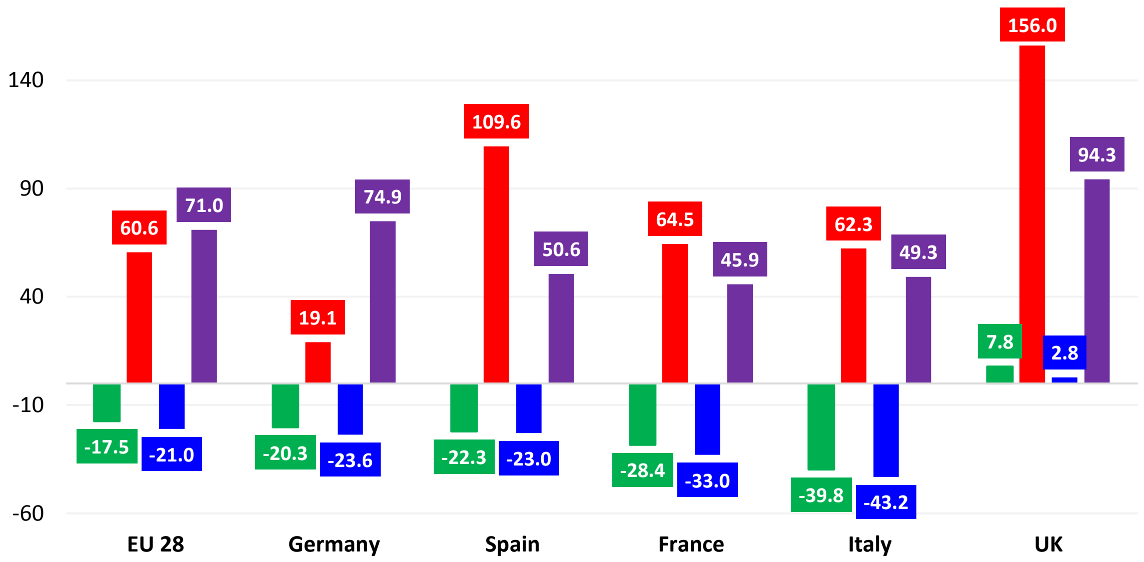

Mobile telephony price indices (2010=100)
120
110
100
90
80
70
60
50
40
79.1
53.3
Istat services codes:
(4) 08 20 20
(5) 08 30 20
06/2012
09/2012
12/2012
03/2013
06/2013
09/2013
12/2013
03/2014
06/2014
09/2014
12/2014
03/2015
06/2015
09/2015
12/2015
03/2016
06/2016
Devices (4)
Services (5)

4.3 Daily newspapers, magazines, TV and postal services price indices

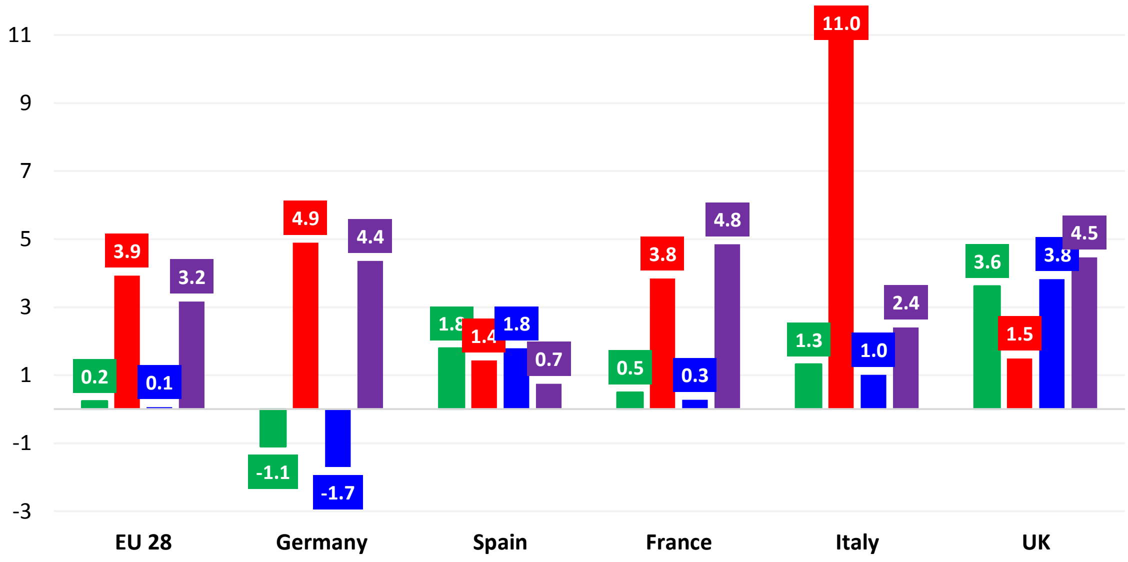




Change in prices: June 2000 - June 2016 (%)



Change in prices: June 2015 – June 2016 (%)



Communications   Postal services   TLC - services and equipments   Newspapers and periodicals

- Since June 2000, in Italy the communications price index has decreased at a faster pace than the EU average: -**39.8** and **-17.5** pp respectively
- Since June 2000, the Italian inflation rate of postal services (**+62.3** pp) has increased slightly more than the EU average increase (**+60.6** pp); Germany showed a lower increase (**+19.1** 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 (**+49.3** pp) less than the EU average (**+71.0** pp)

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