COMMUNICATION MARKETS MONITORING SYSTEM

no. 3/2017

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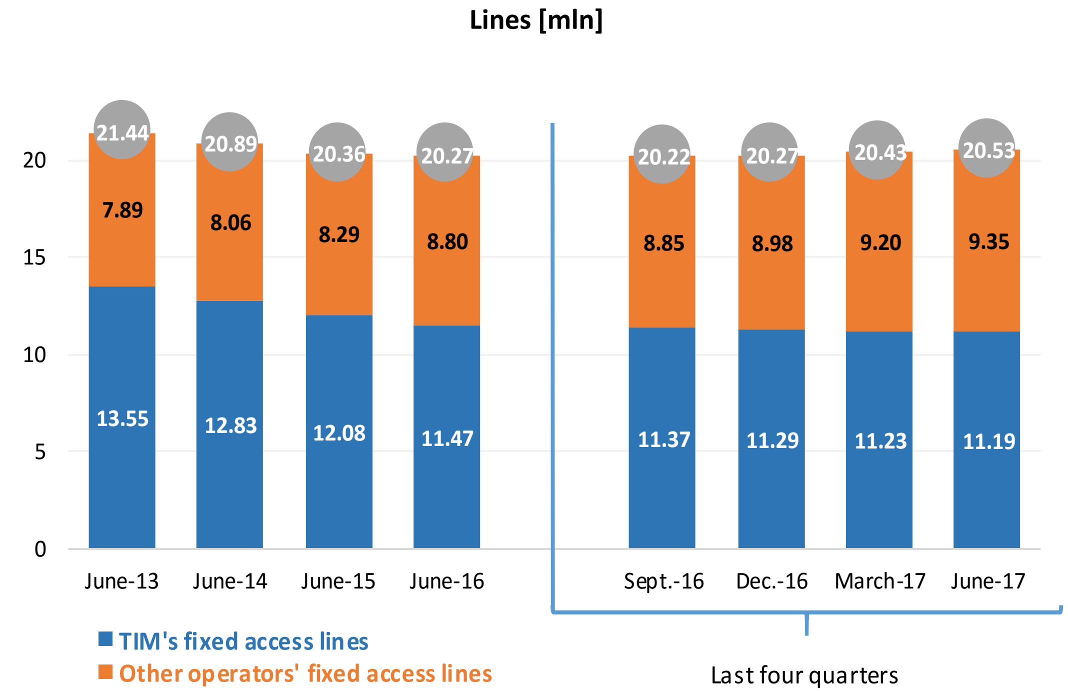
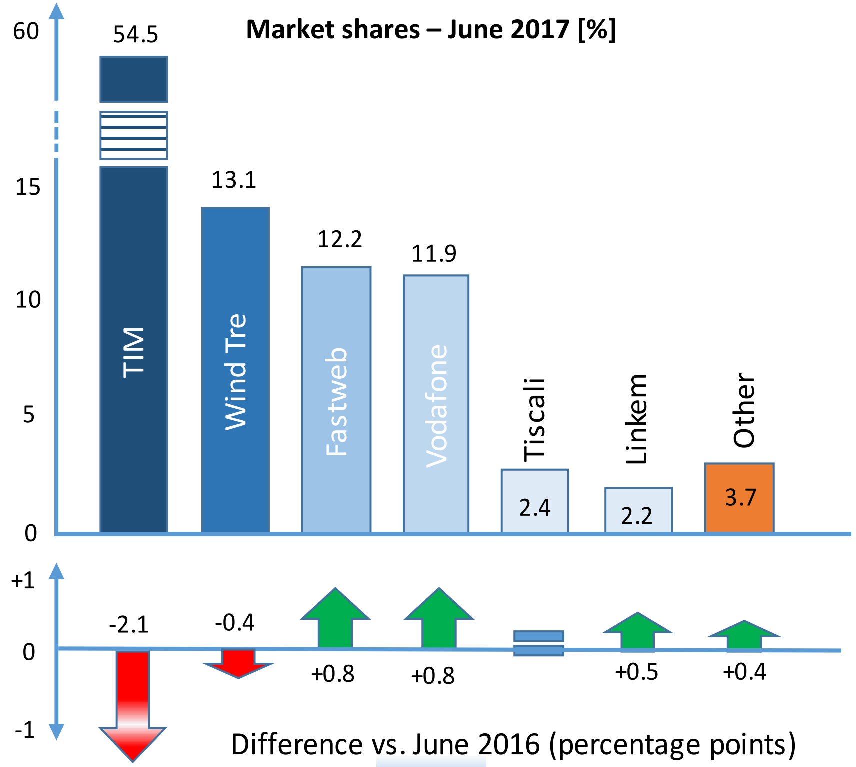
The following figures are based on AGCOM’s elaborations on firms’ data and other sources (updated to June 2016). Due to changes in firms’ accounting methods, some figures cannot be compared directly with those reported in previous issues.

1.1 Total fixed access lines



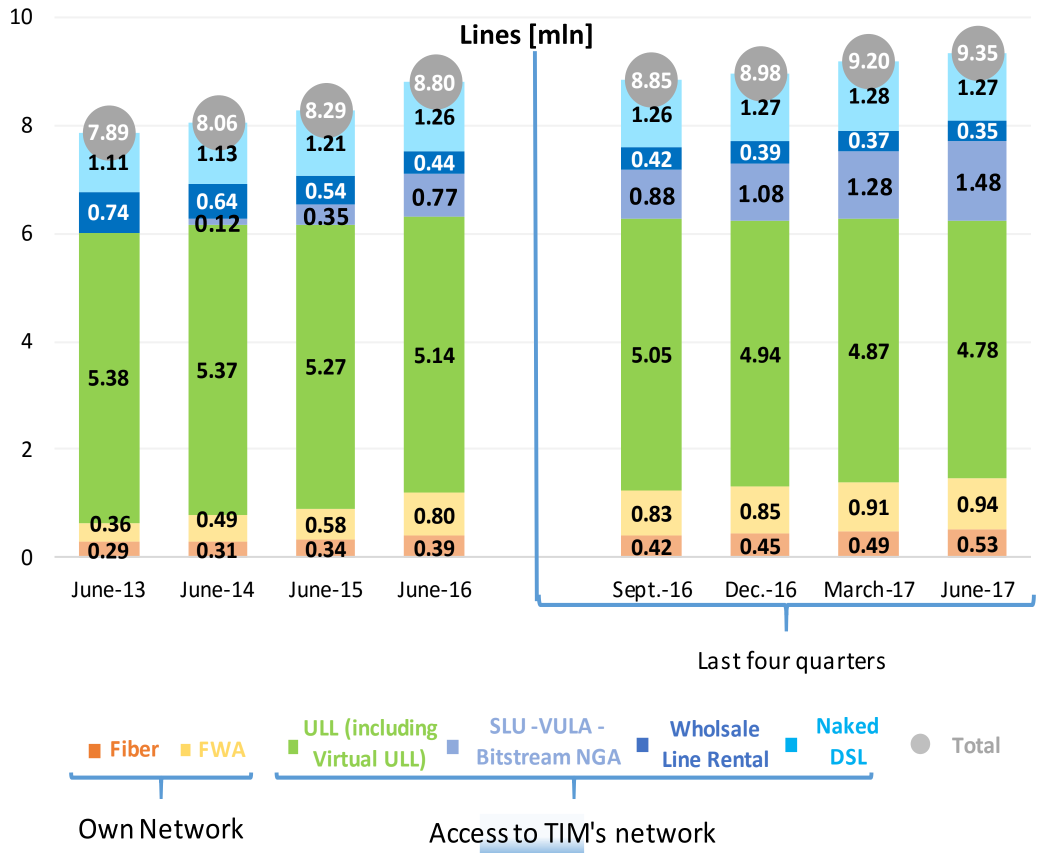
Note: Total access lines include Telecom Italia's fixed access lines, fully unbundled, SLU, VULA, DSL naked, WLR, fiber and FWA lines

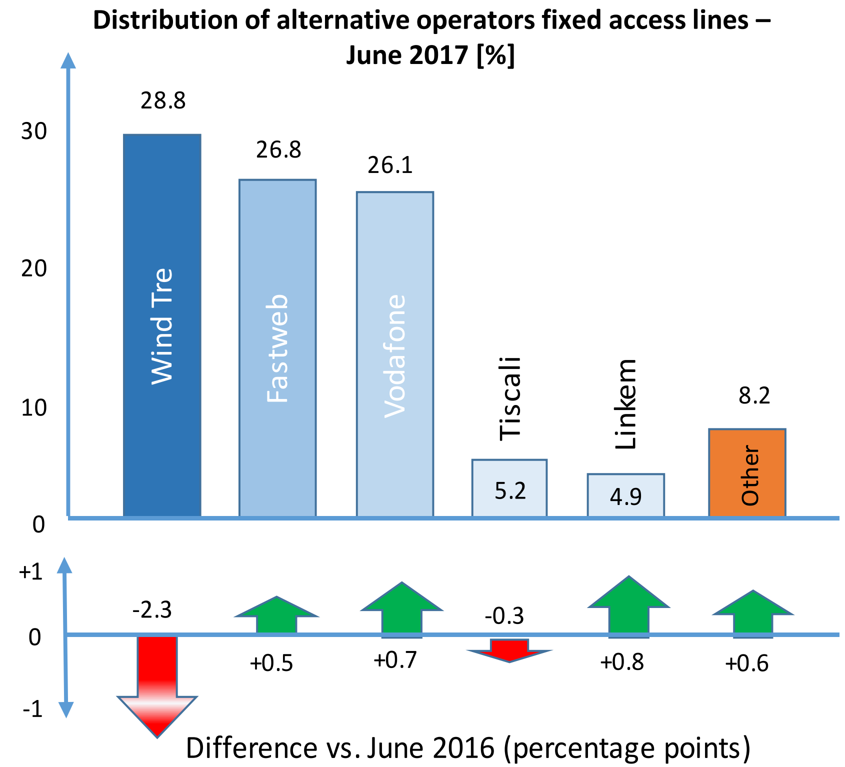


- On a quarterly basis, total access lines have increased by **100** thousand units
- On a yearly basis, TIM's access lines have decreased by **280** thousand units, while other operators' access lines have increased by about **550** thousand units

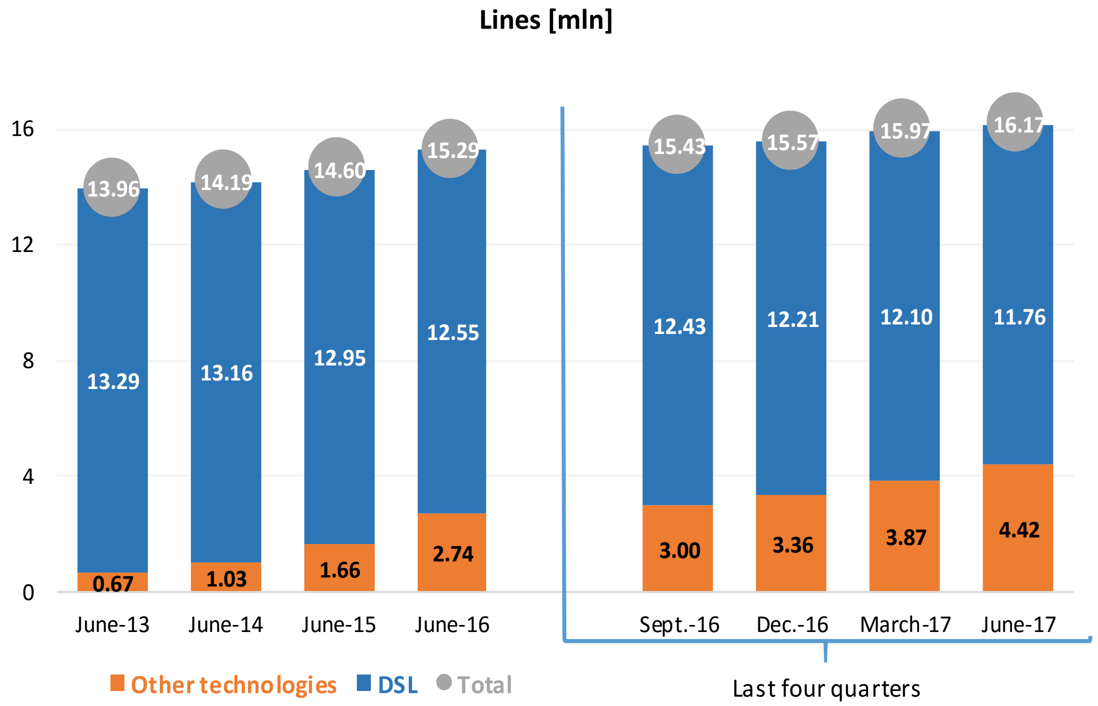
- TIM's market share dropped to **54.5%** at the end of June 2017
- Fastweb's market share has reached **12.2%**, with a growth of **0.8** pp (YoY); similarly, Vodafone's market share has reached **11.8%** with a similar growth of **0.8** pp
- Other operators have, as a whole, increased their market share by **0.4** pp (YoY); the increase has been more evident for Fixed Wireless Access (FWA) operators

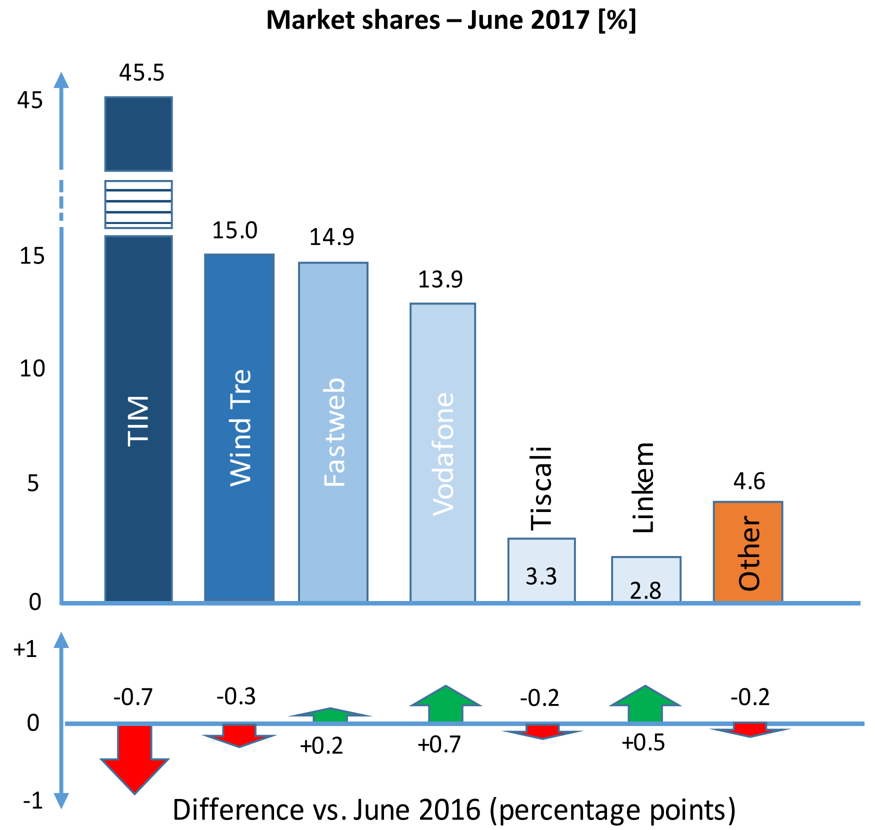
1.2 Alternative operators' fixed access lines





- Access lines provided by alternative operators have increased by **550** thousand units (YoY)
- A substantial part of this growth (**710** thousand lines) is essentially due to the new NGA services offered by TIM (SLU and VULA) that compensate for the reduction in ULL and WLR lines (**-450** thousand lines)
- FWA and fiber lines have increased each by **140** thousand units (YoY)
- Wind is still the first alternative operator, but its share has shown a decrease of **2.3** pp (YoY)
- Fastweb holds **26.8%** of alternative operators lines, with a growth of **0.6** pp (YoY)
- The cumulative growth of Linkem and other operators (**1.4** pp YoY) is essentially due to the increase of the number of FWA lines; Linkem reached **4.9%**

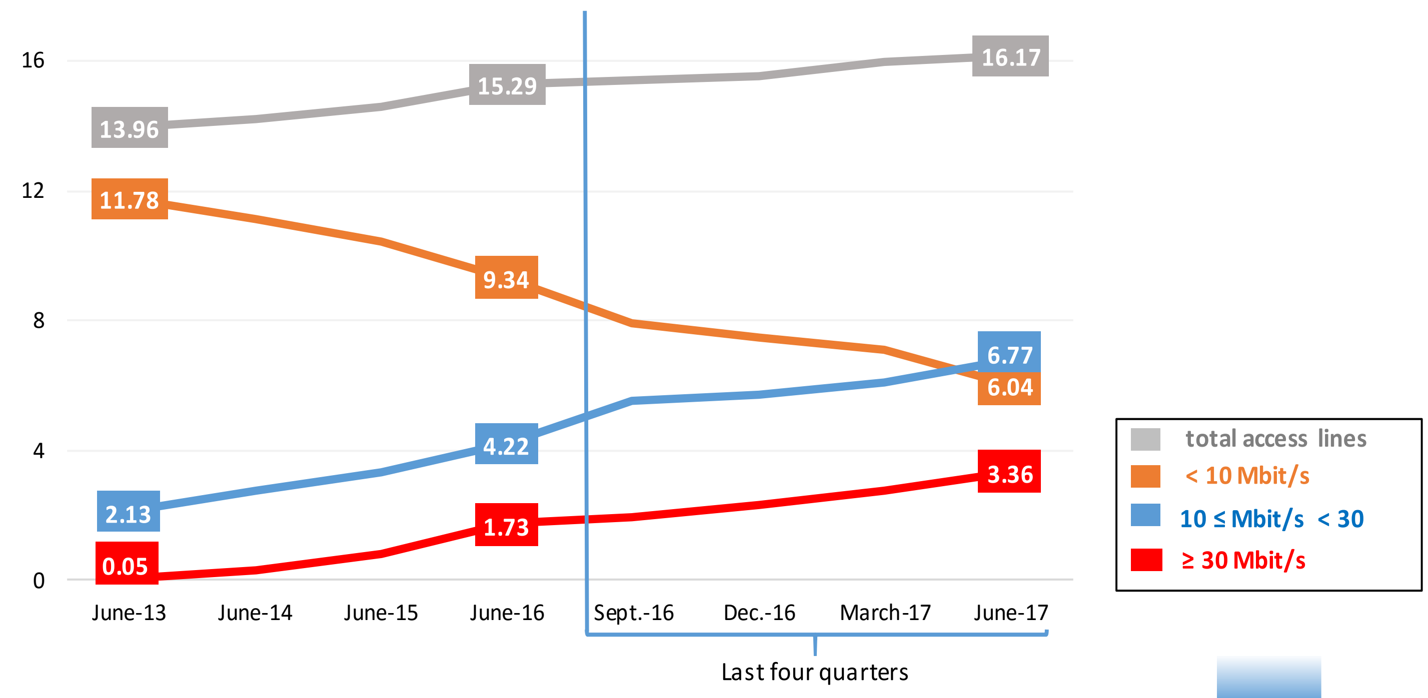


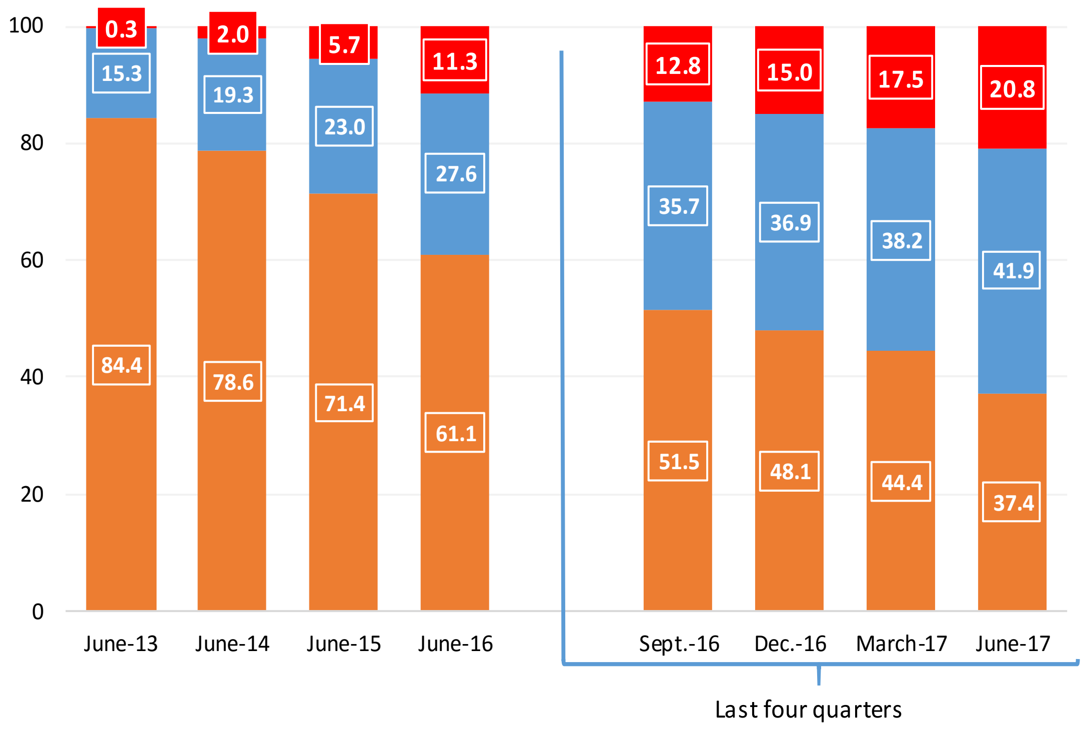


- Broadband lines have increased by about **880** thousand units YoY
- DSL lines (11.76 million lines) have decreased by about **790** thousand units (YoY), now accounting for the **72.7%** of broadband lines
- Other technologies, in particular NGA lines, have increased by **1.67** thousand units YoY

- TIM's market share has reduced by **0.7** pp (YoY)
- Vodafone's market share has reached **13.9%**, with a growth of **0.7** pp (YoY)

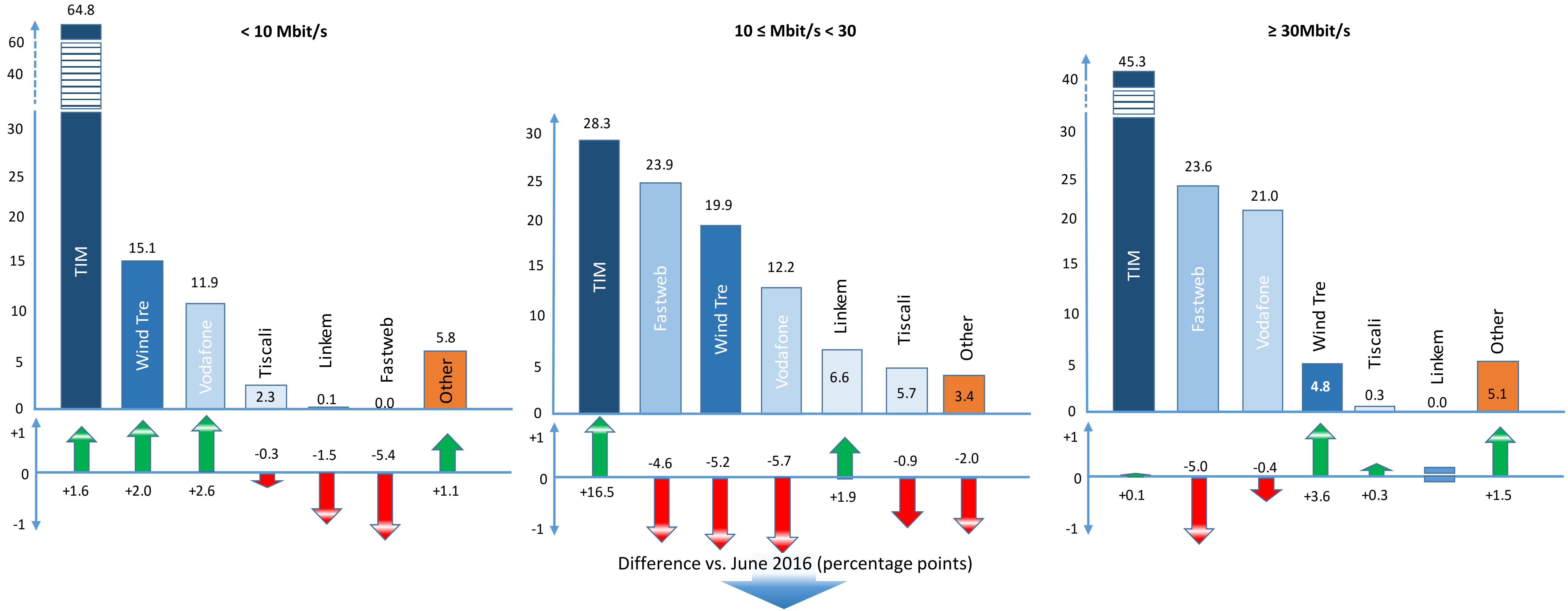
1.4 Broadband and ultrabroadband fixed lines by speed





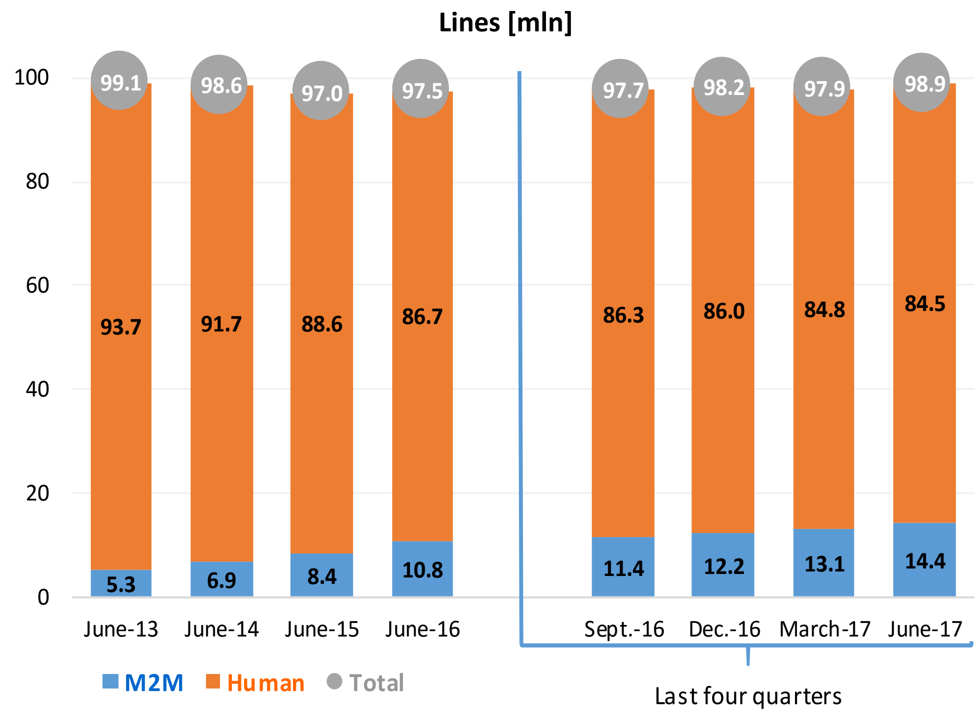
- Broadband lines faster than 10 Mbps have increased by **4.2** million units YoY and account for approximately **63%** of total broadband lines
- Broadband lines faster than 30 Mbps have increased by **1.6** thousand units YoY and account for **21%** of total broadband lines

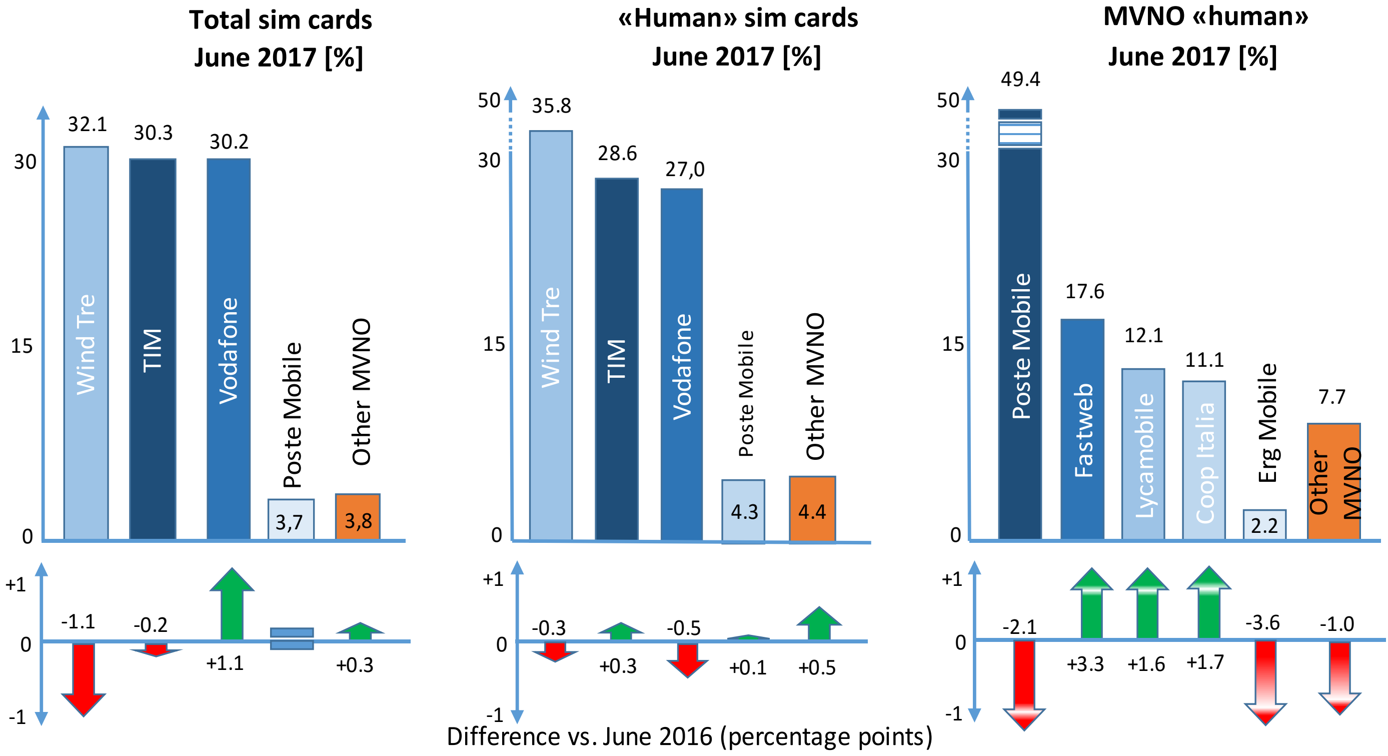
1.5 Broadband fixed lines by speed and operator



- In the segment below 10 Mbps, TIM, as a consequence of it’s historical monopolistic position, still holds **64.8%** of lines
- In the segment between 10 Mbps and 30 Mbps, TIM has shown the most conspicuous growth YoY (**16.5** pp)
- TIM, Fastweb and Vodafone own together approximately **90%** of high-speed lines (faster than 30 Mbps)

1.6 Mobile subscribers

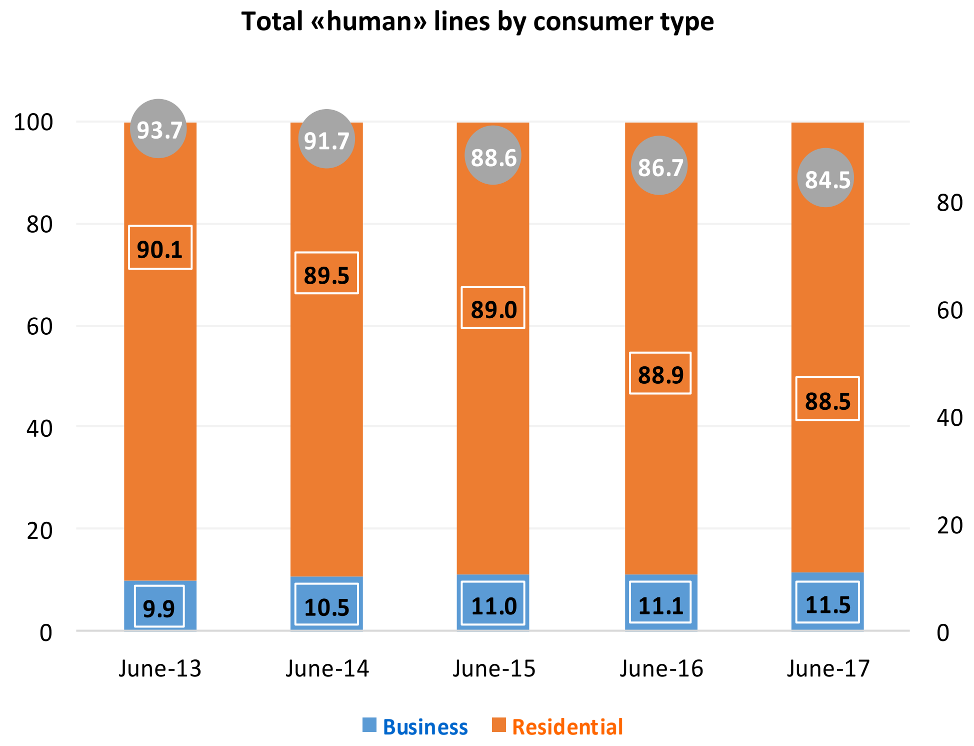


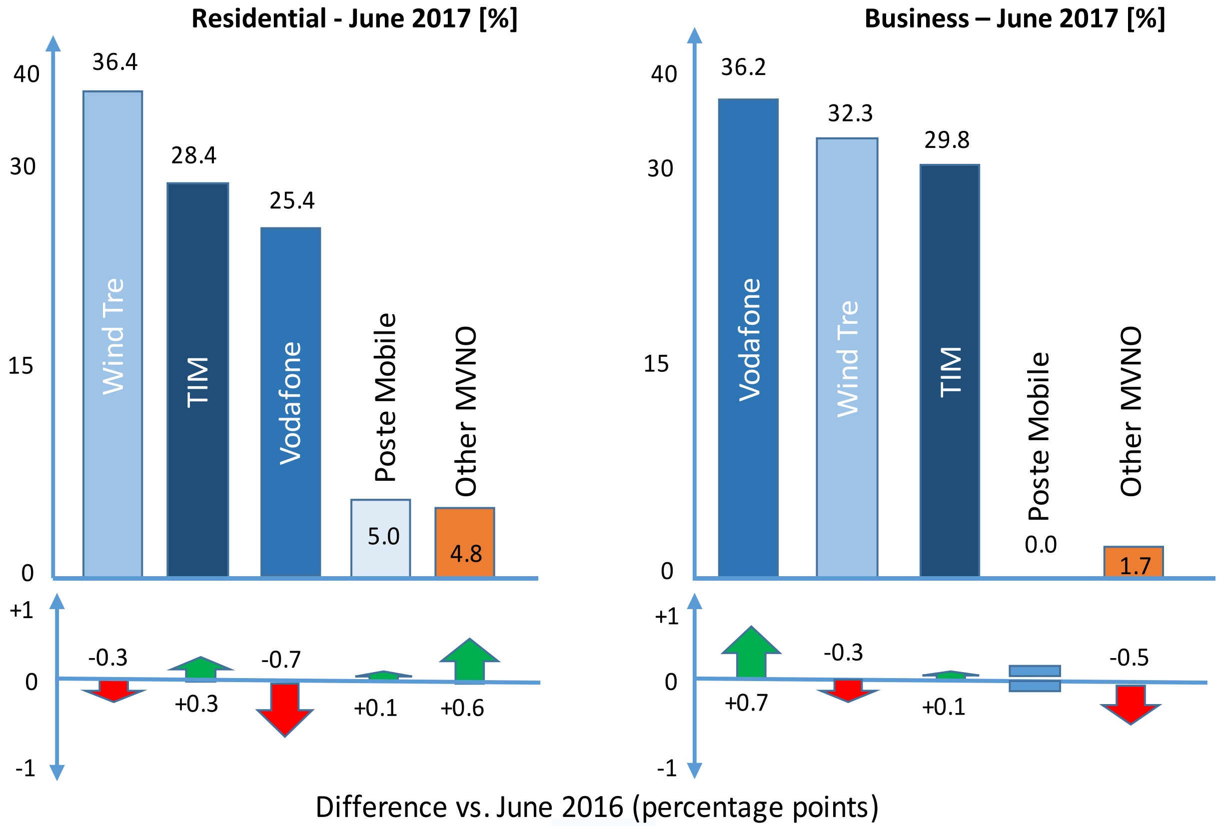


M2M SIM CARDS: Machine-to-Machine sim refers to the technologies that enable devices and sensors or "things" (within the IoT) to communicate with each other – and with other Internet-enabled devices and systems. Even though M2M refers to 'non-human' communication, devices still should have an interchangeable protocol which is used for receiving and sending data. Connectivity is achieved by either inserting or embedding a **Machine-to-Machine SIM** in the device that is later configured with the home server where all the usage data is collected and can be analyzed for company's beneficial purposes.

- On a yearly basis, mobile lines have increased by about 1.4 million units
- Over the last five years, «M2M» SIM cards have increased by 9.1 million units, now accounting for **14.4** million lines

- In terms of total sim cards, Wind Tre's and TIM's market shares have decreased respectively by 1.1 and 0.2 pp (YoY), while Vodafone's market share have increased by 1.1 pp
- For «Human» sim cards, Wind Tre reached **35.8%** of lines (-0.3 pp YoY), TIM's market share have increased by 0.3 whereas Vodafone's share decreased by 0.5 pp (YoY)
- Among MVNOs, Poste Mobile holds a share of **49.4%**, followed by Fastweb (**17.6%**)

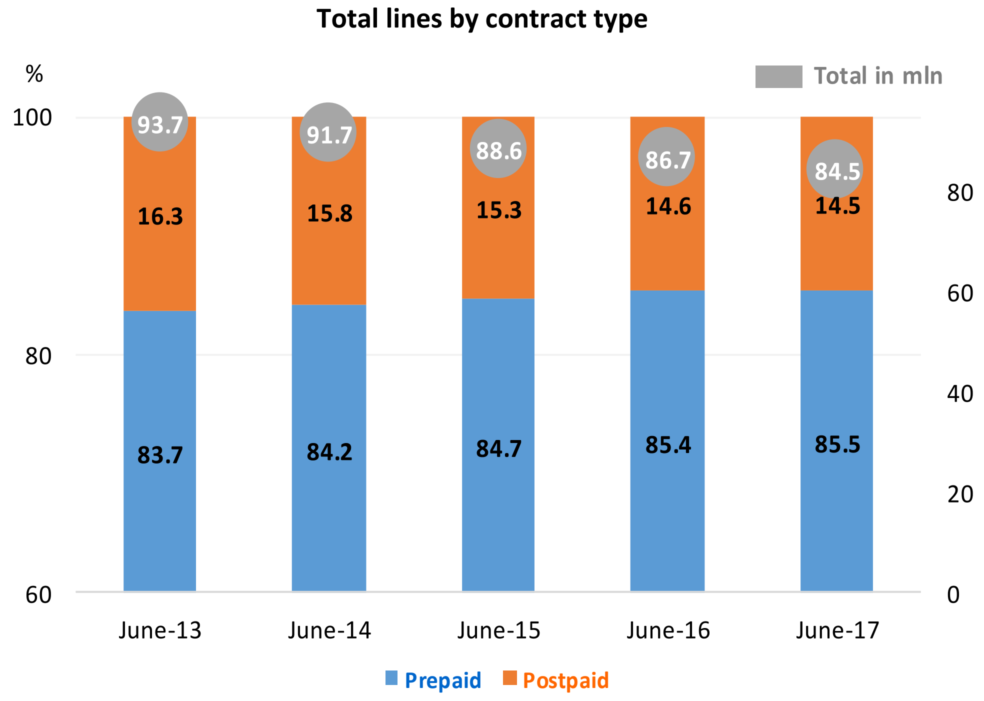


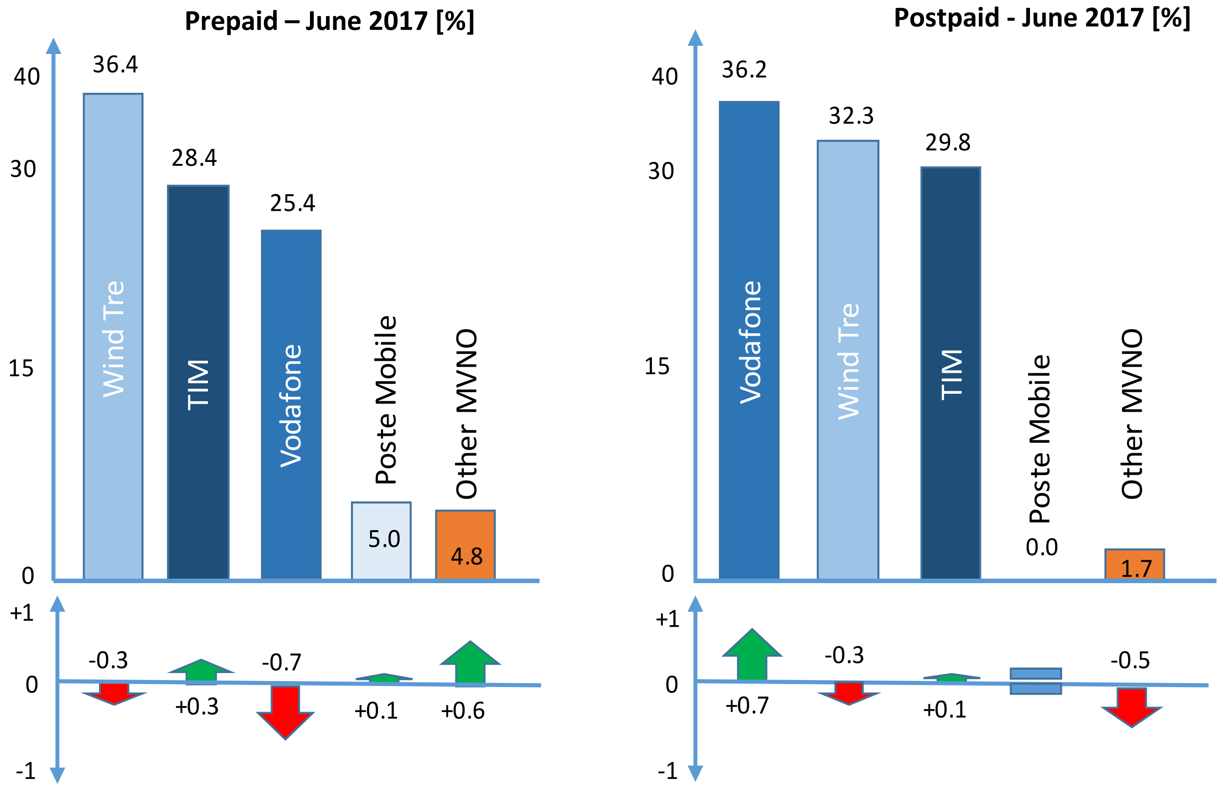


- Non residential SIM cards (**9.7** million units at the end of June 2017) have increased on a yearly basis by **120** thousand units, whereas residential sim cards (**74.8** million units at the end of June 2017) have decreased by **2.4** million units (YoY)

- In the residential segment, Wind Tre's market share has reduced by **0.5** pp (YoY)
- In the business segment Vodafone is the first Italian operator with a market share of **37.7%**, despite a decrease of **0.9** pp

1.8 Mobile subscribers by type of contract



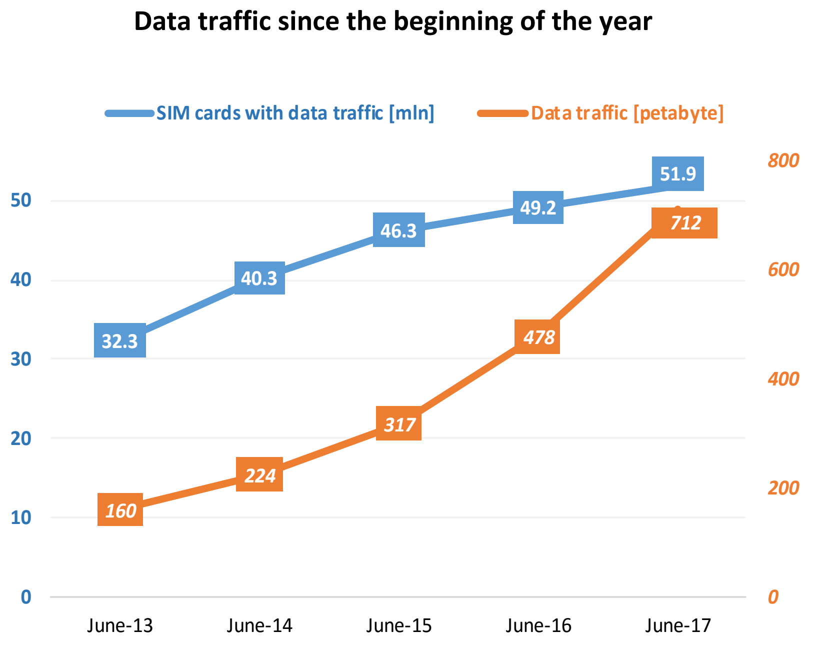


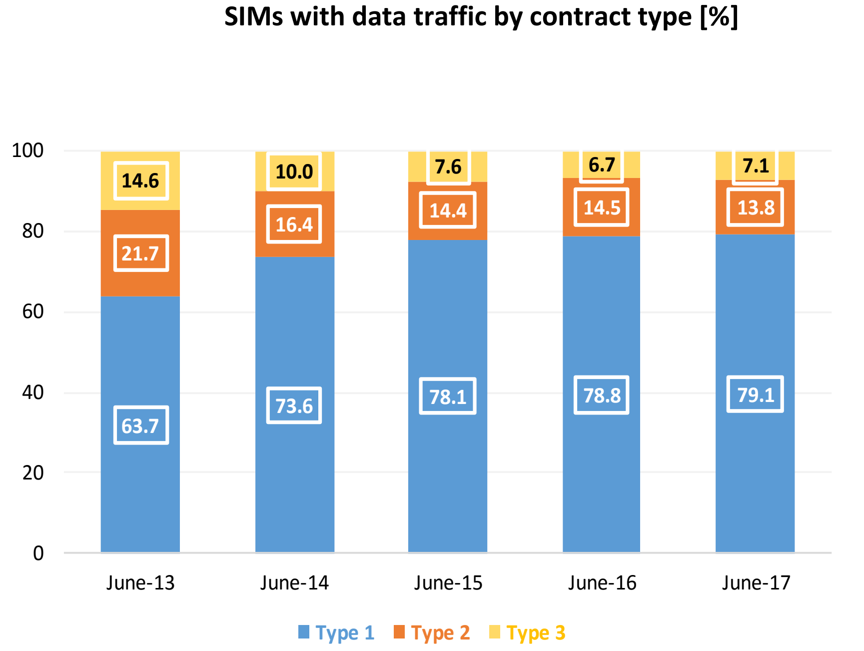
Difference vs. June 2016 (percentage points)

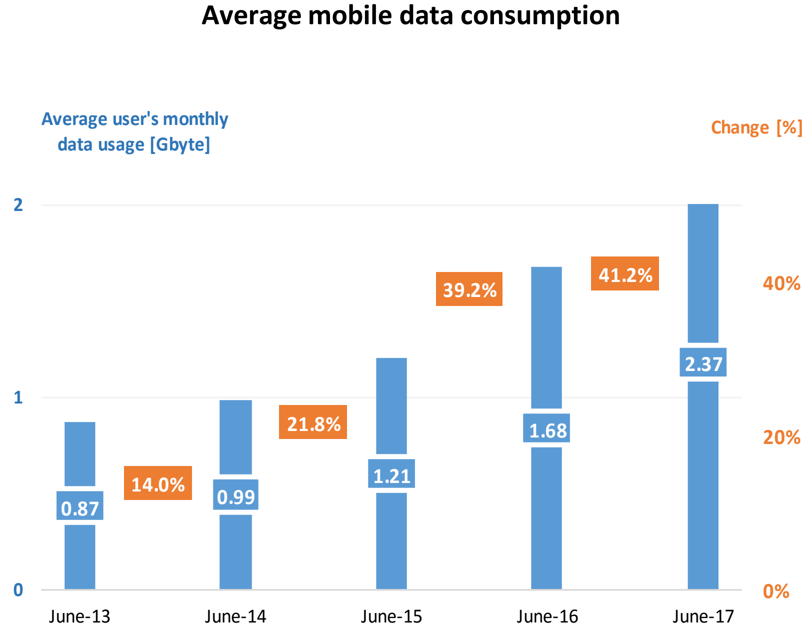
- At the end of June 2017, prepaid SIM cards reached **72.2** million units (**85.5%** of total lines), with a decrease of **1.8** million units YoY
- At the end of June 2016, postpaid SIM cards reached **12.3** million units (**14.5%** of total lines), with an decrease of **0.4** million units YoY

- In the prepaid segment, TIMS's (**+0.3** pp), Poste Mobile's (**+0.1** pp) and other MVNO (**+0.6** pp) market shares have increased, whereas Wind Tre's (**-0.3** pp) and Vodafone's (**-0.7** pp) market shares have decreased (YoY)
- In the postpaid segment, with a share of **36.2%,** Vodafone has strengthened its leadership (**+0.7** pp YoY)

1.9 Mobile data traffic



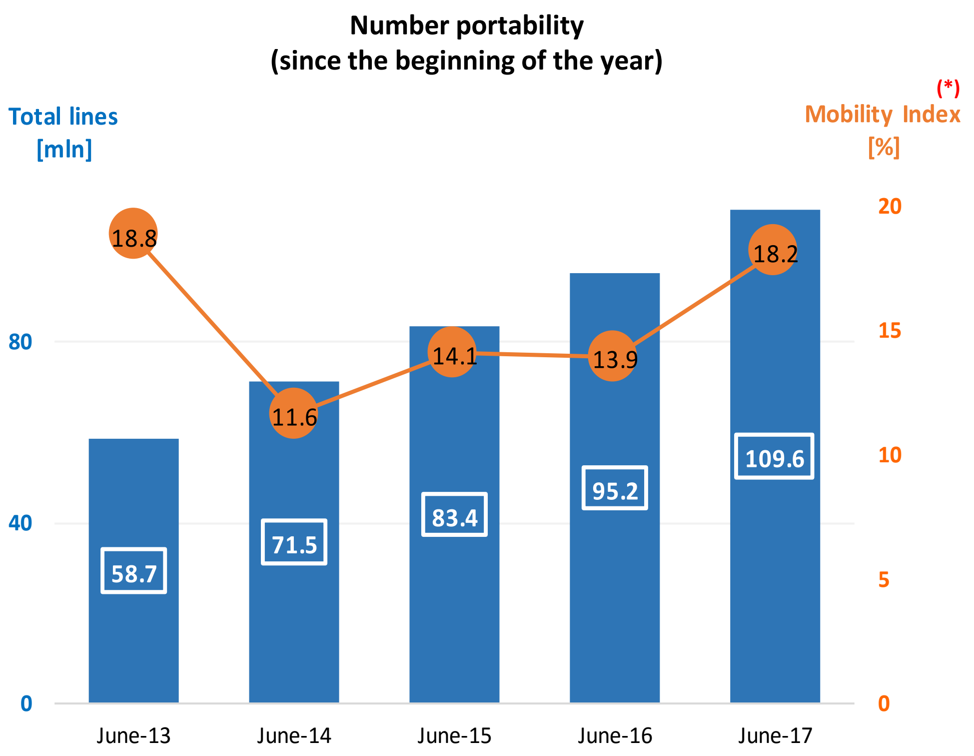


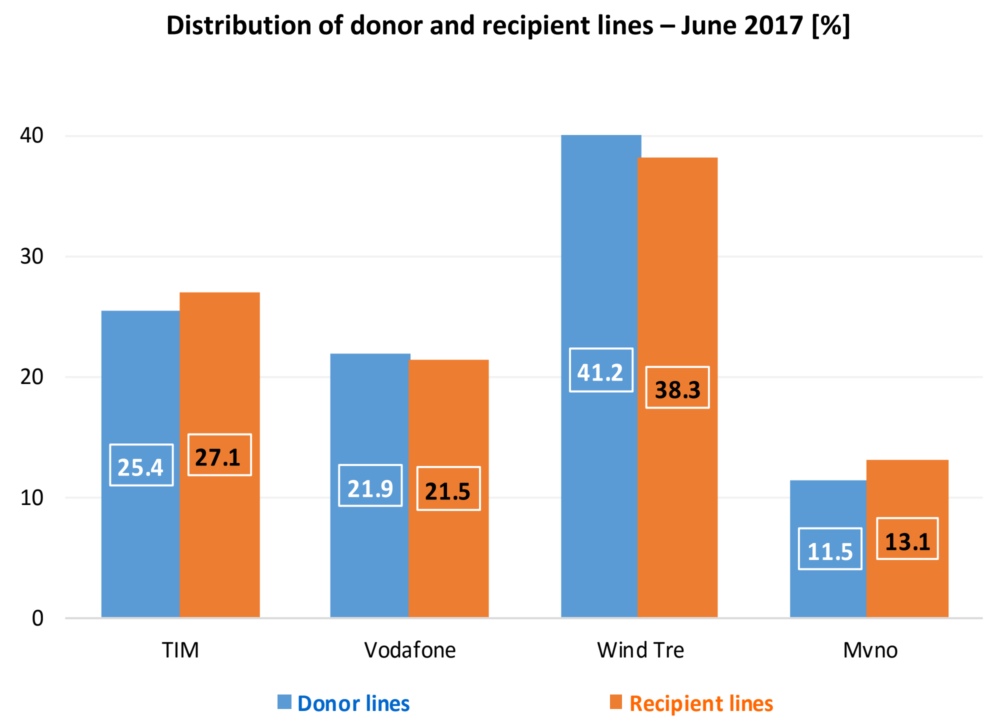


According to European Commission definitions (CoCom):
Type 1: "dedicated data subscriptions for add-on data package to a voice service requiring an additional subscription"
Type 2: "dedicated data subscriptions for stand-alone services"
Type 3: "actual usage of standard mobile subscriptions"

- SIM cards with data traffic have increased over the last year from **49.2** to **51.9** million units, with a growth rate of **5.6%**
- Since June 2013, the number of SIM cards with data traffic has increased from **34.7%** to **62%** of the overall SIM cards
- In June 2017, data traffic showed a **50%** increase as compared to June 2016
- At the end of June 2016, the average mobile data consumption per smartphone increased by **41.2%**, from 1.68 to 2.37 Giga byte per month

1.10 Mobile number portability

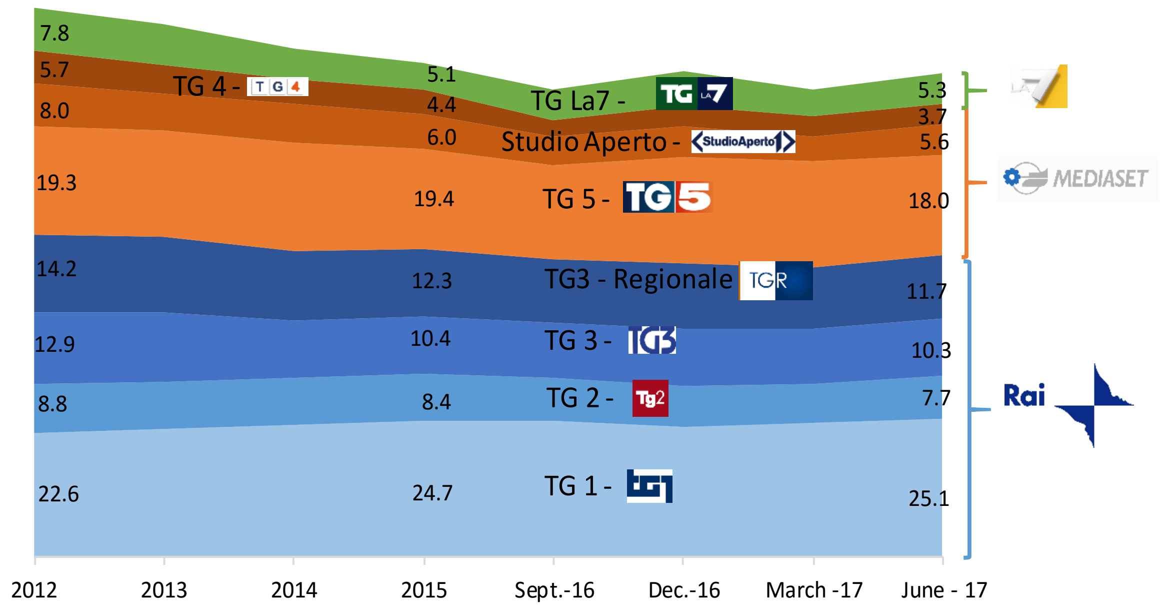




- At the end of June 2017 the total amount of mobile number portability operations exceeded **100** million
- On a yearly basis, the net «donating-recipient» balance has improved for TIM (**+238** thousand lines) and MVNO, whereas it has worsened for Wind (**-411** thousand lines)
- At the end of June 2017, the «Mobility Index»(*) was **18.2%**, slightly increasing as compared to the previous years

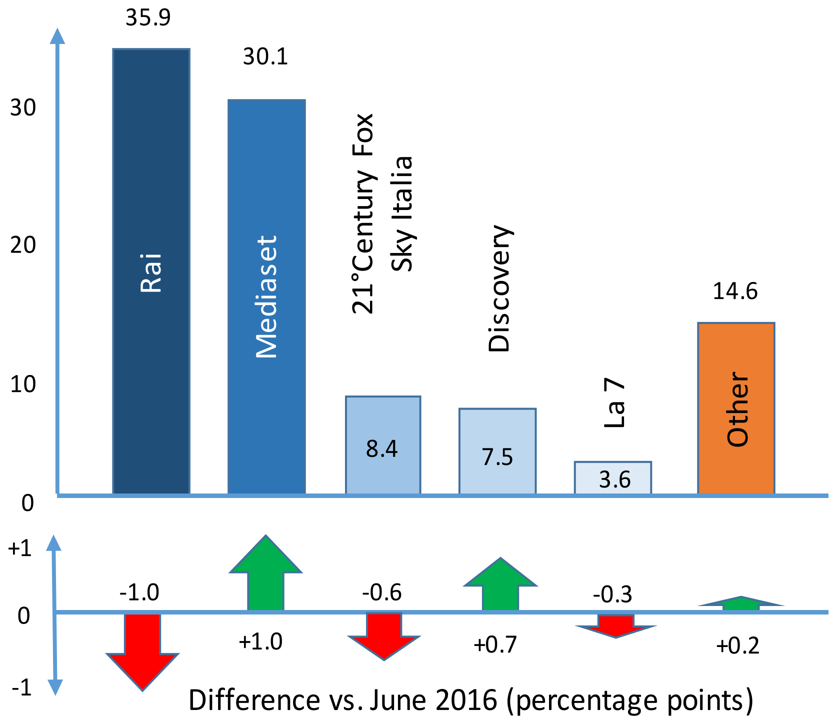
(*) – Ratio between (i) total donating lines plus total recipient lines since the beginning of the year, and (ii) the corresponding average costumer base

Evening news programs audience on an average day - (2012 – June 2017) [%]



Source: Agcom elaboration on data from Auditel

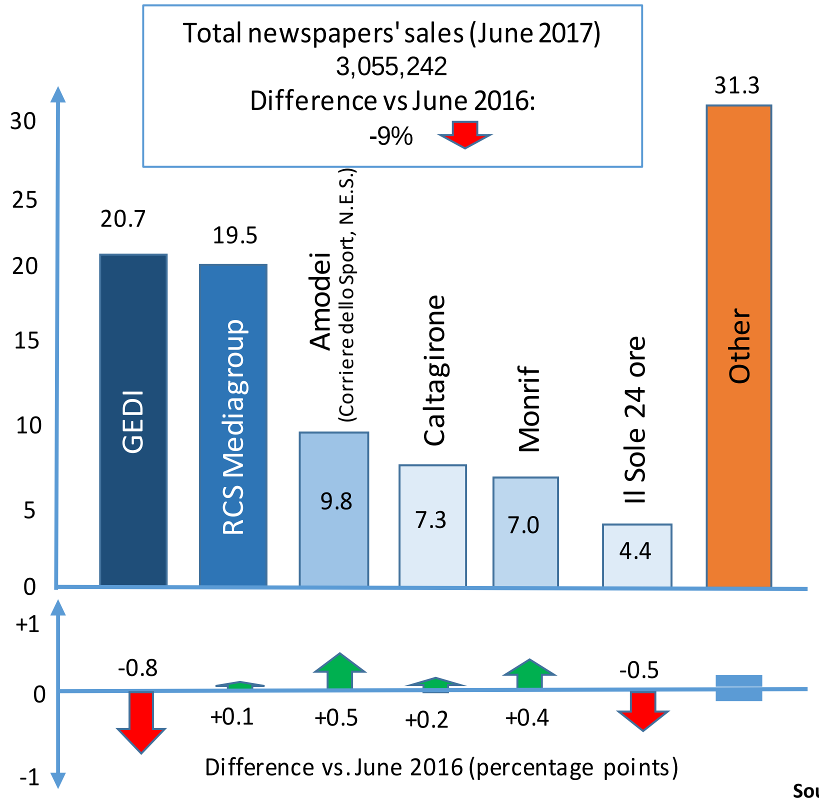
Audience on an average day – June 2017 [%]



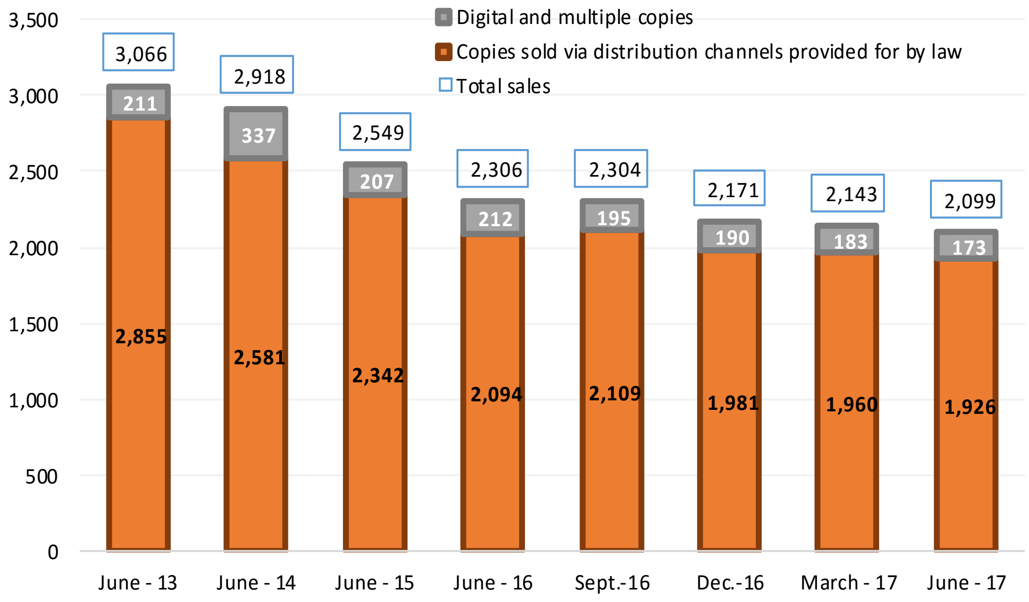
- Over the 2012-2017 period, the evining news program audience of the two most important players,Tg 1 and Tg5, has increased for the former (from 22.6% to 25.1%), whereas it decreased for the latter (from 19.3% to 18.0%)

- Compared to June 2016, the cumulative audience of the two most important players (Rai and Mediaset) remained stable (66%)
- In the same period, 21 Century Fox / Sky Italia has experienced a decrease of **0.6** pp, whereas the audience of Discovery has increased by **0.7** pp
- The audience of smaller operators (**14.6%**) was almost unchanged as compared to the previous year

Newspapers' sales by editorial groups – June 2017 [%]



Newspapers' sales by type of distribution channels – June 2017 [%]

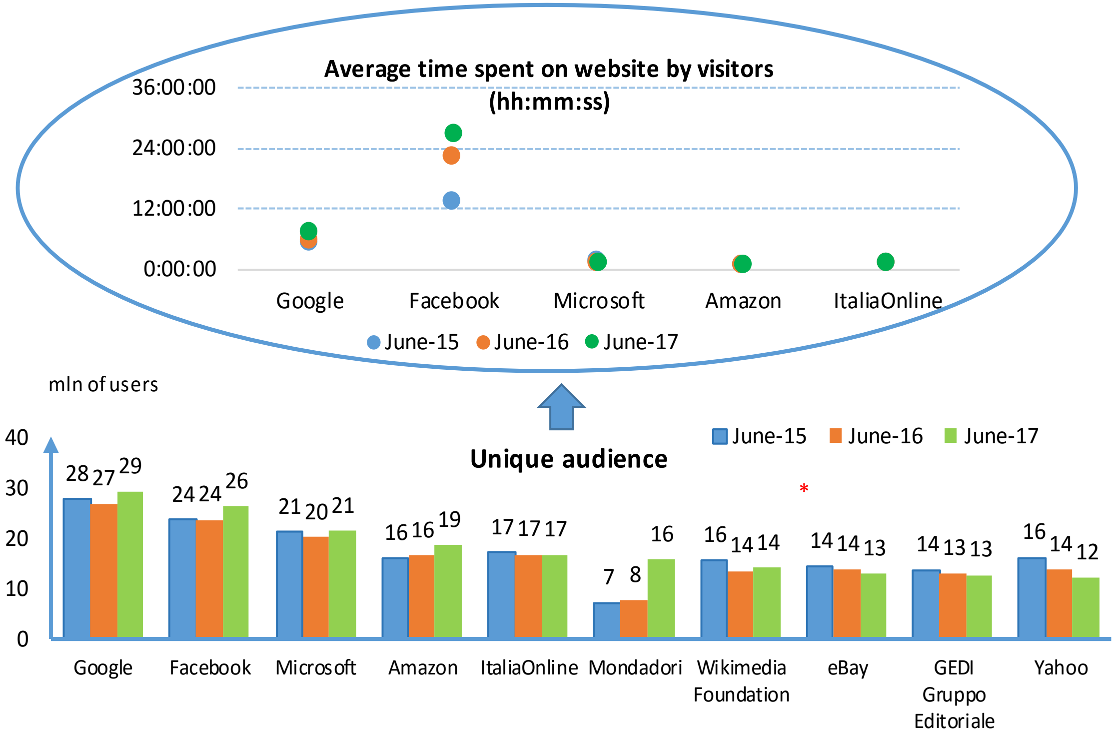


Source: Agcom elaboration on data from ADS and IES

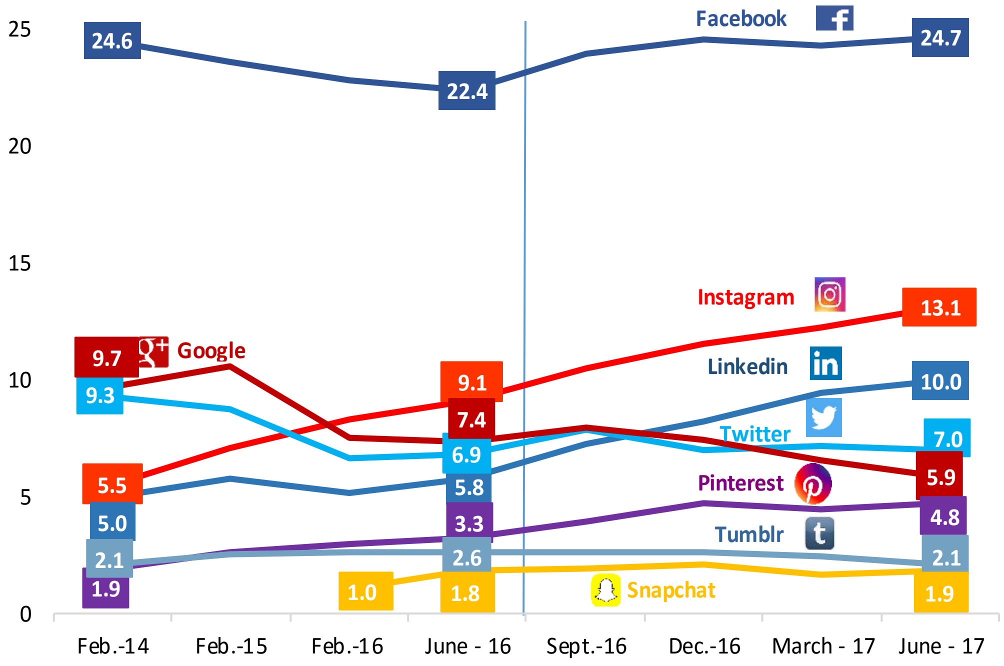
- Newspapers' sales showed a **9%** reduction YoY
- GEDI and Rcs Mediagroup currently share the leadership of the market with a similar share

- Printed newspaper sales show a structural reduction; **-33%** from June 2013
- In June 2017, also digital copies sales show a reduction (**-5.5%**) compared to June 2016

Audience on an average day and average time spent on website by visitors - June 2015, June 2016 and June 2017 - [%]



Audience of the major social network – June 2017

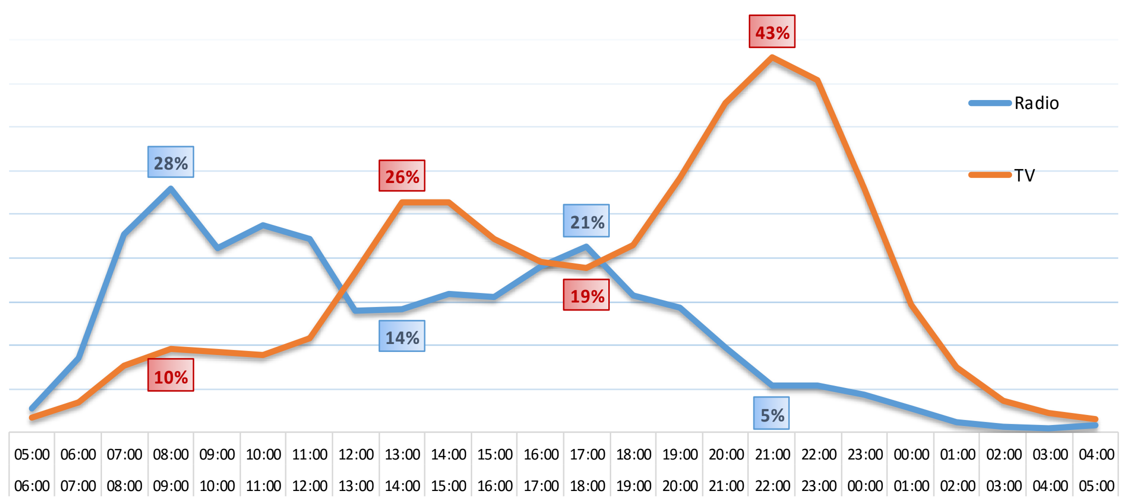


Source: Agcom elaboration on data from Audiweb

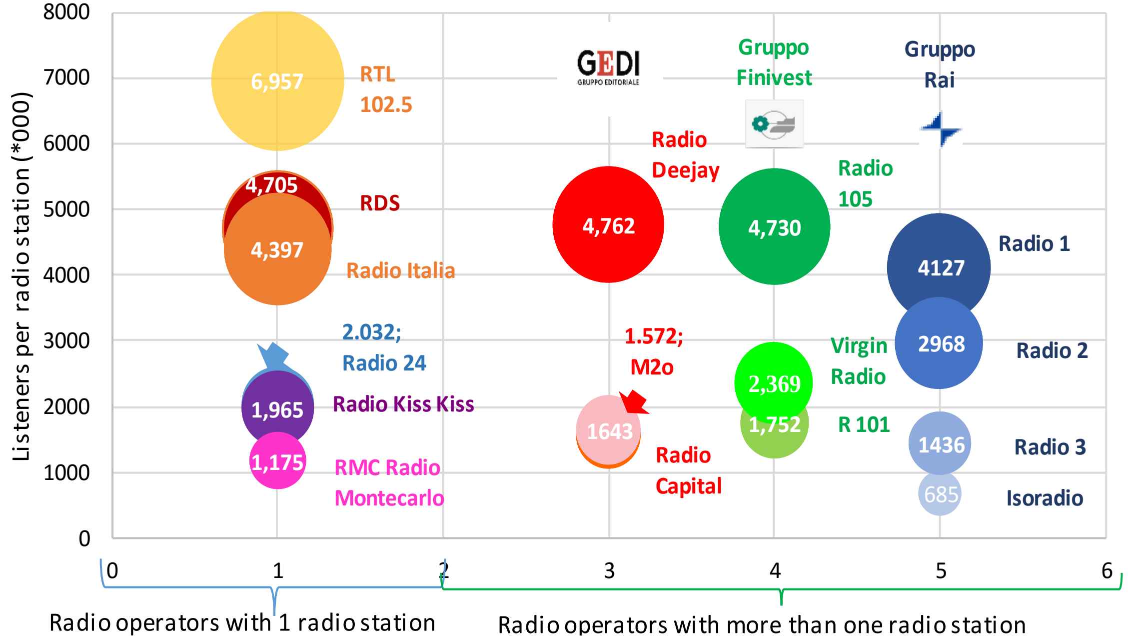
- Google parent entity remains the leader with about **96.5%** of the active reach
- The main portals to web navigation show the higher active reach
- In June 2016, Facebook doubled the average time spent on its web page compared to 2015 (from about 13h:24mm to 26h:48mm)

- Among social network, the daily audience of Facebook is almost double that of Instagram, the second most relevant social network

TV vs. Radio: audience on an average day at one-hour time intervals- (June 2017) [%]



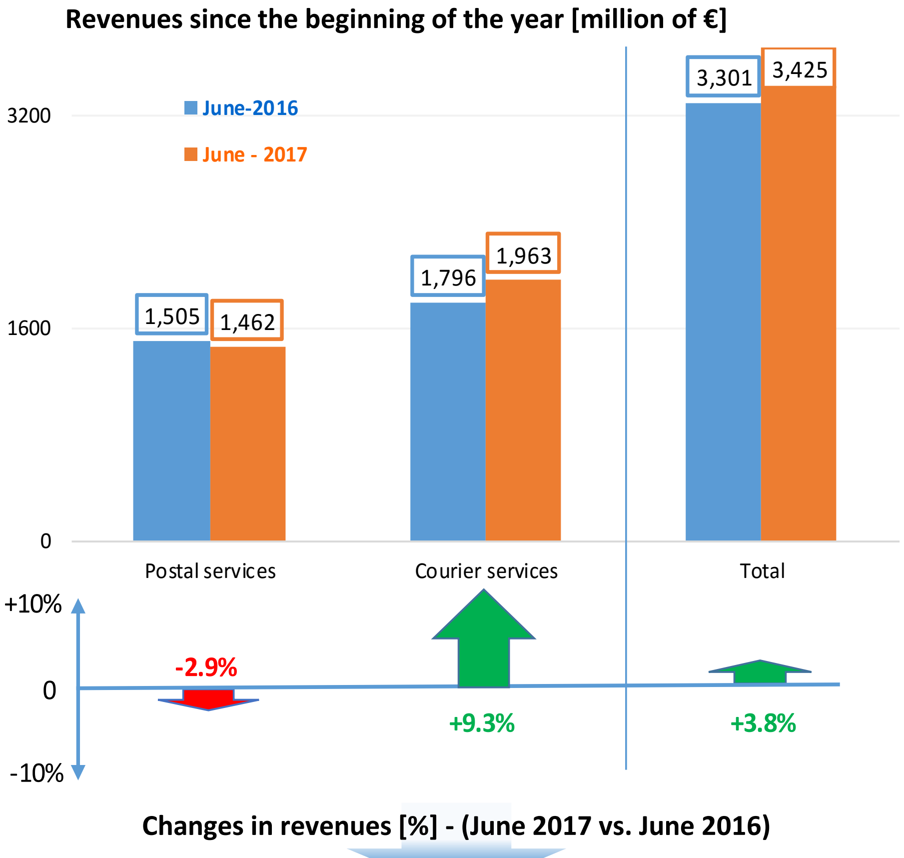
Listeners on an average day (December 2016)



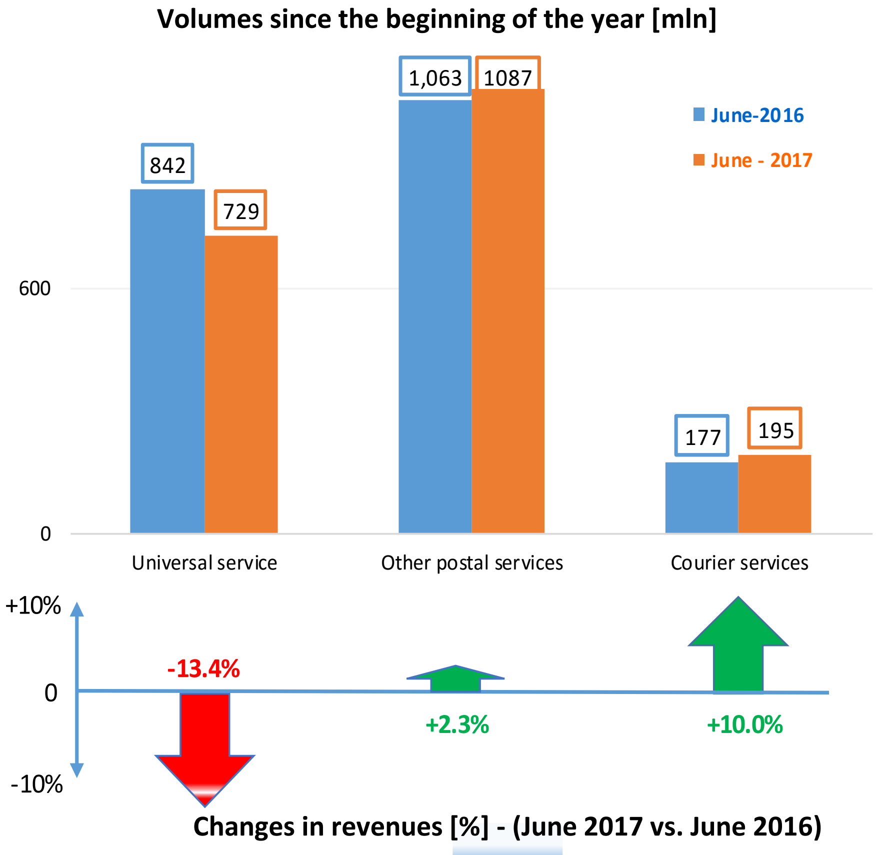
Source: AGCOM elaboration on data from Radiomonitor

- According to the line graph the radio audiences gradually increased to reach a peak of 28% of the audience at the time interval 8:00-9:00 am
- People listened to the radio mostly before heading to work or on the way to their workplace
- Regarding TV audiences, the time period where people were watching it the most is obviously between 6.00 pm to 10.00 pm with the highest point reaching 43% at 10.00 pm

- At end of 2016, RTL 102.5 keeps the leading position, followed by Radio 105 and RDS



Note: The figures relate to the following companies: **1)** Bartolini, **2)** Citypost, **3)** DHL Express, **4)** Federal Express Europe, **5)** Fulmine Group, **6)** Nexive, **7)** Poste Italiane, **8)** SDA, **9)** TNT Global Express, **10)** UPS, **11)** GLS Italy

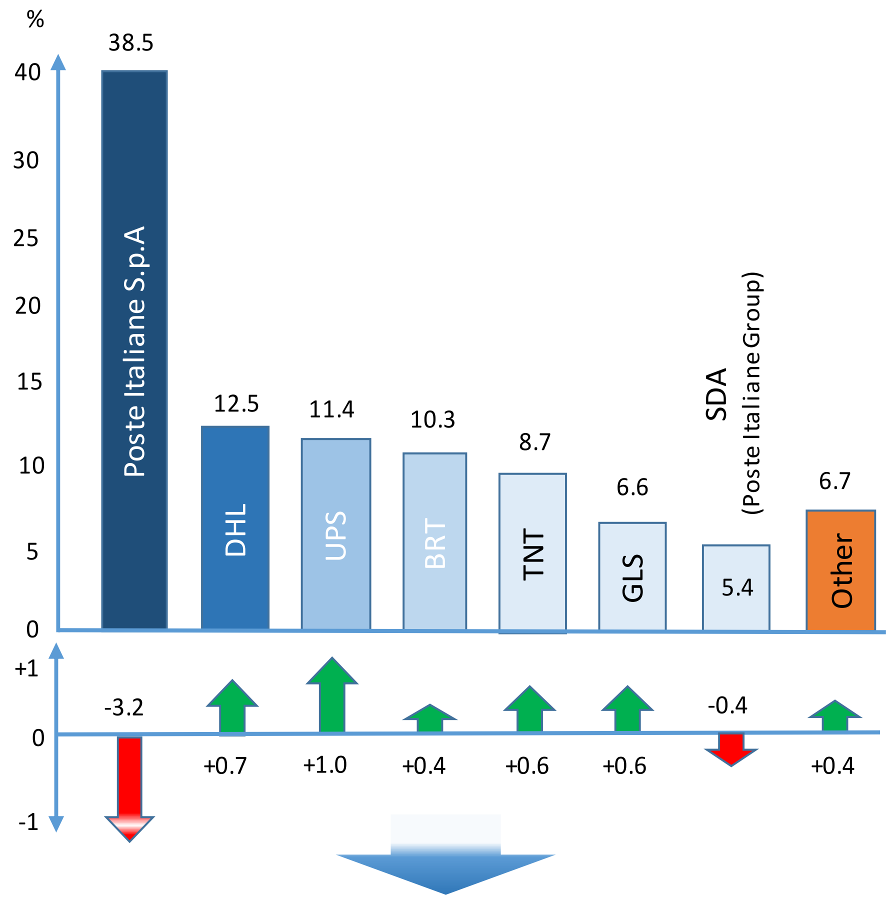


- At the end of the first half of 2017, overall revenues are about **3,425** million of €, with an increase of 3.8% YoY
- YoY, postal services' market has shown a decline in revenues (2.9%), whereas the courier services' market has shown a growth in revenues (9.3%)
- The revenues of courier services' market (**1,963** mln €) are higher than those of the postal services' market (**1,462** mln €)

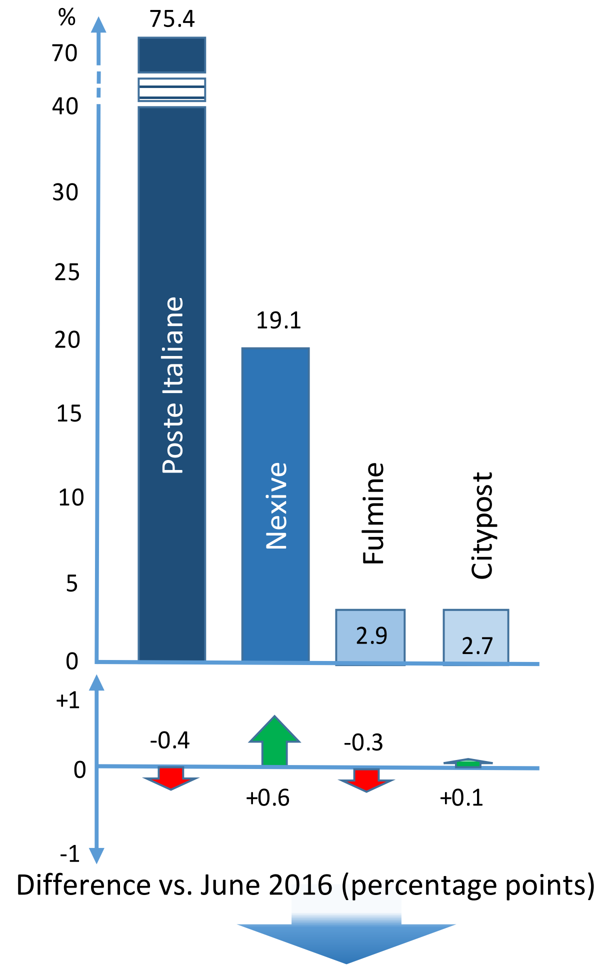
- In June 2017, volumes of universal services amount to **729** million units, showing a contraction of 13.4% YoY
- Other postal services have shown a 2.3% increase in volumes YoY
- As for the courier services' segment (**195** million units from the beginning of the year), volumes have increased by about 10.0% YoY

3.2 Postal services and express couriers: competitive framework

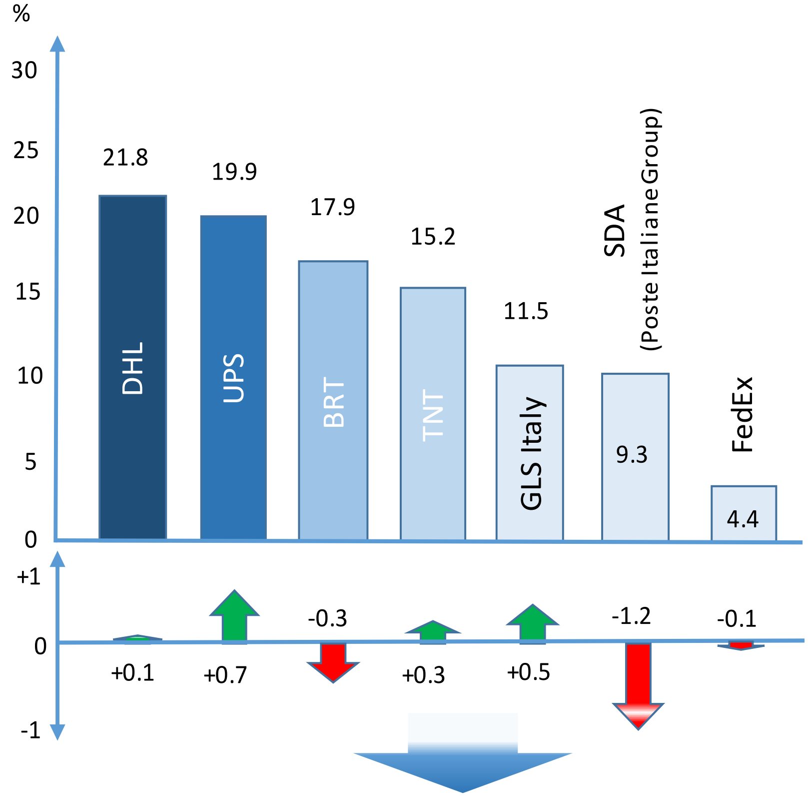
Total postal services (including express couriers)]



Services not belonging to universal postal services category



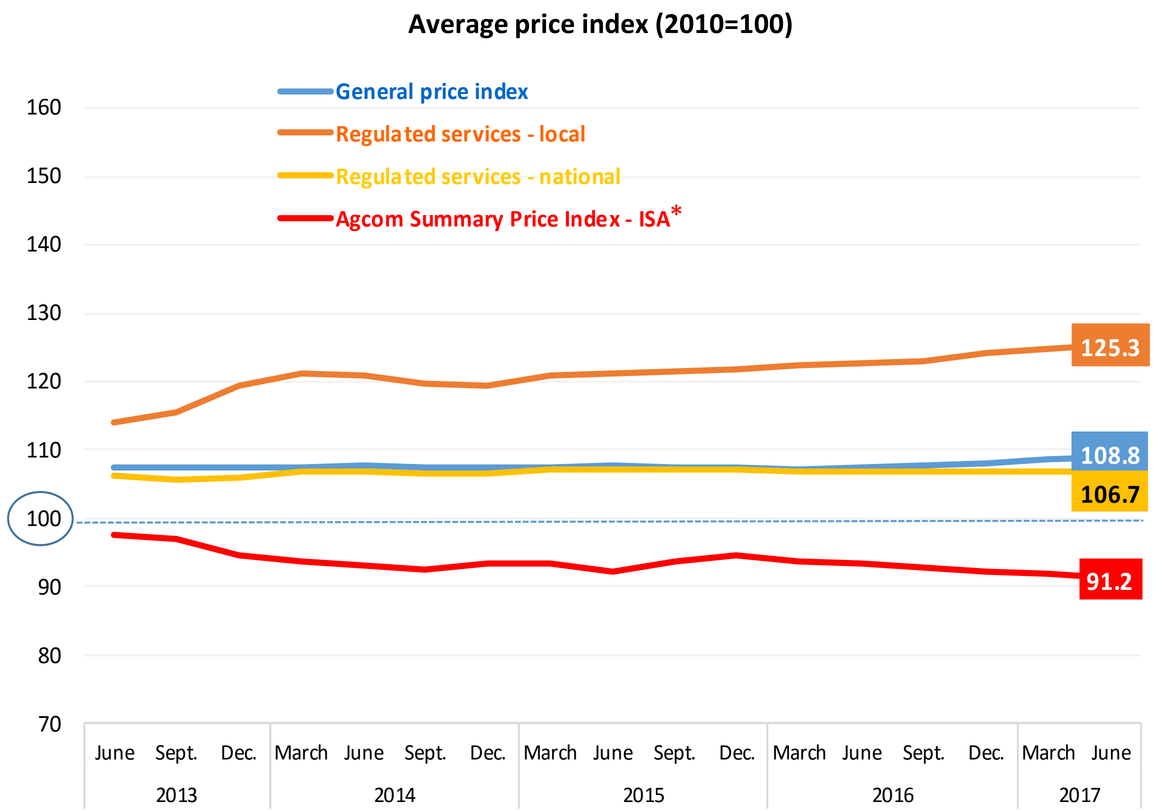
Express couriers

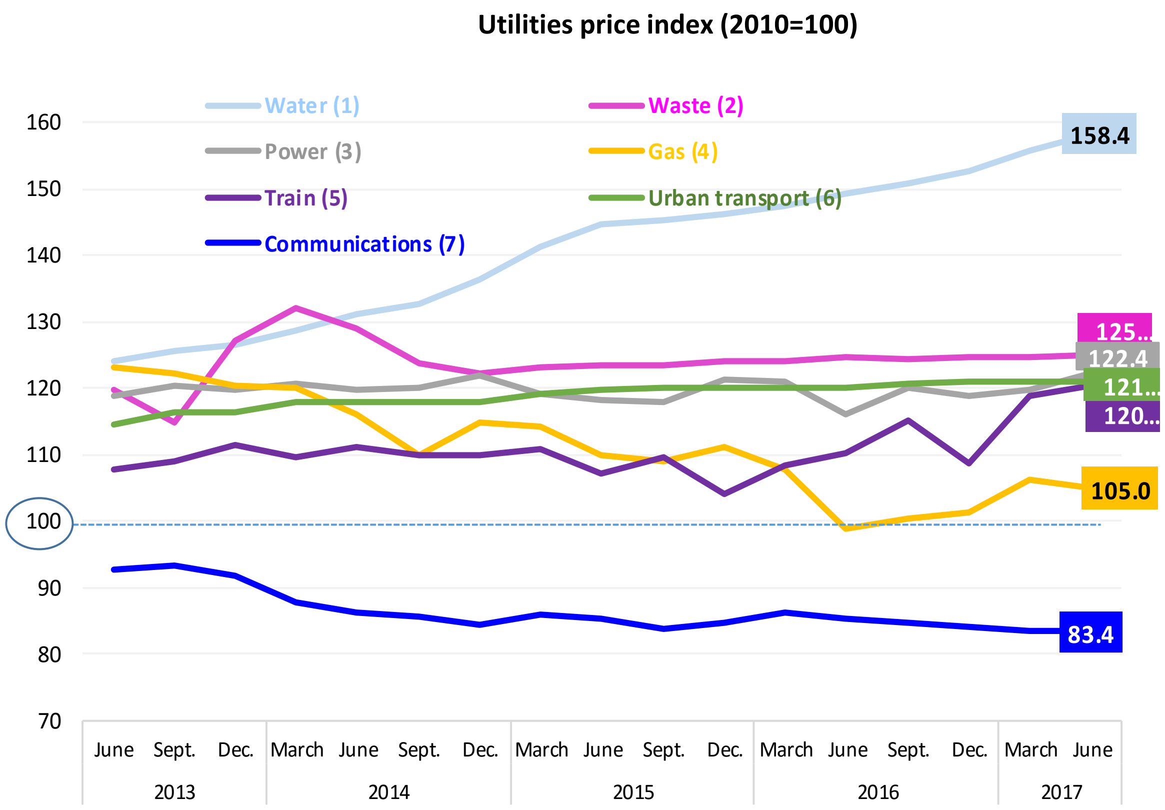


- Poste Italiane is still the first postal operator, but its share has shown a decrease of **3.2** pp (YoY)

- In the segment of services not belonging to universal postal services, Poste Italiane, as a consequence of it's historical monopolistic position, still holds 75.4%

- The market share of express and courier service providers in the first half of 2017, show a stronger competition among operators
- The differences between market shares are less marked than other segments



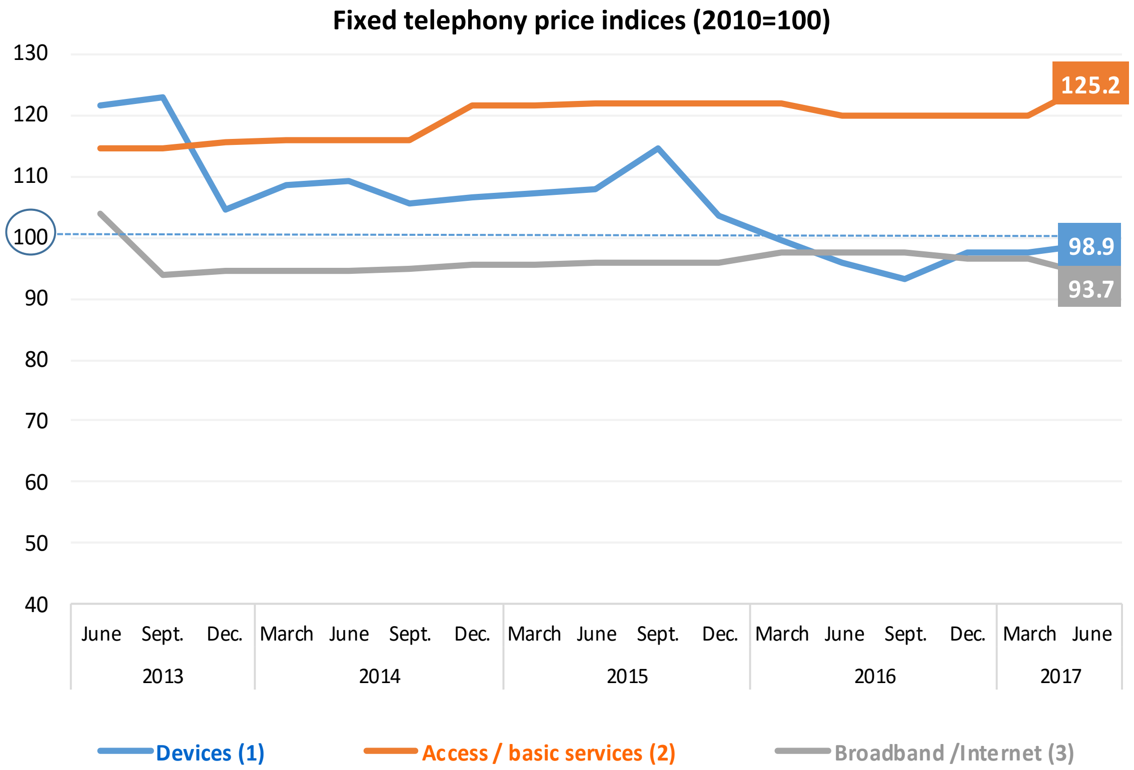


Istat Services Codes:

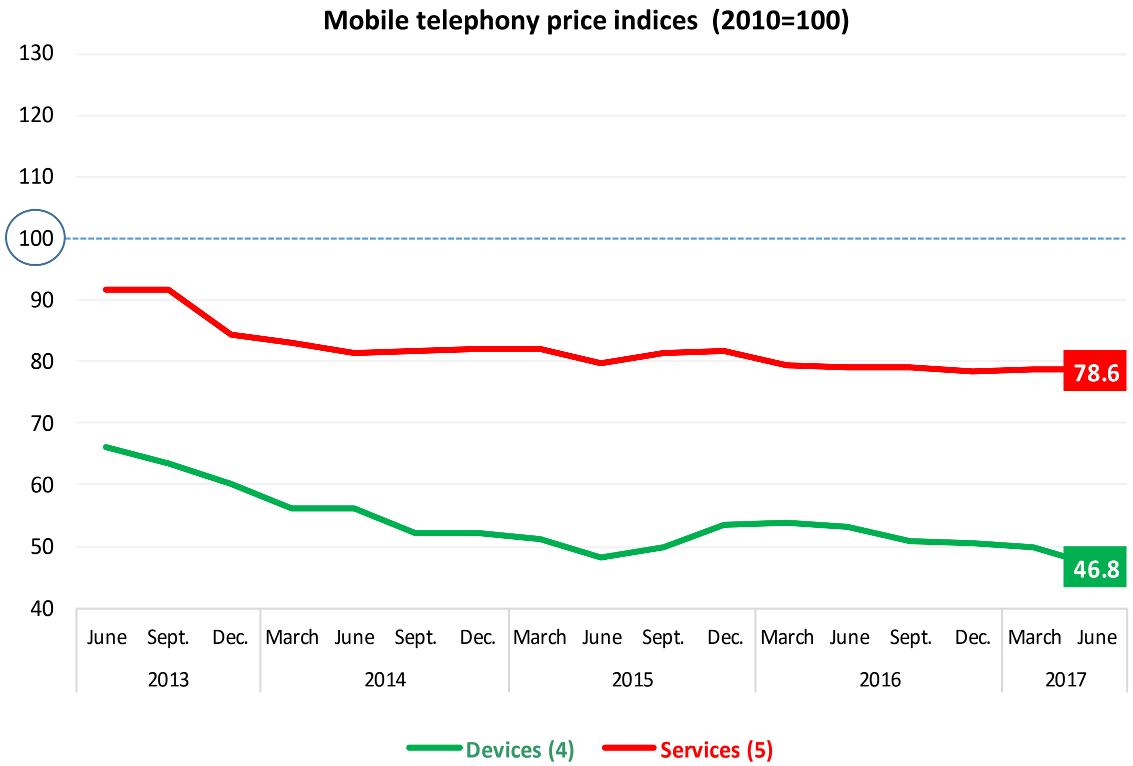
(1)	04 41	(5)	07 31
(2)	04 42	(6)	07 32 11
(3)	04 51	(7)	08
(4)	04 52		

* 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.

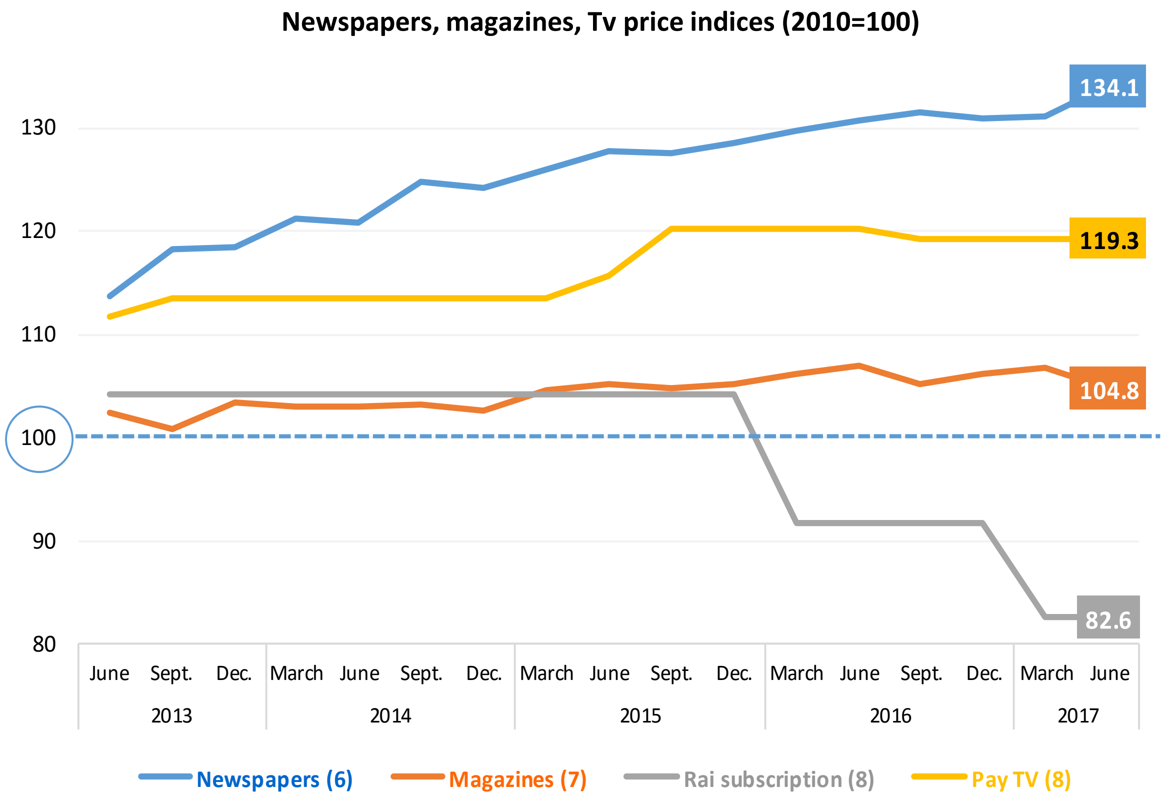
4.2 Mobile and fixed telephony price indices



Istat services codes:
(1) 08 20 10
(2) 08 30 10
(3) 08 30 30



Istat services codes:
(4) 08 20 20
(5) 08 30 20



Istat services codes :
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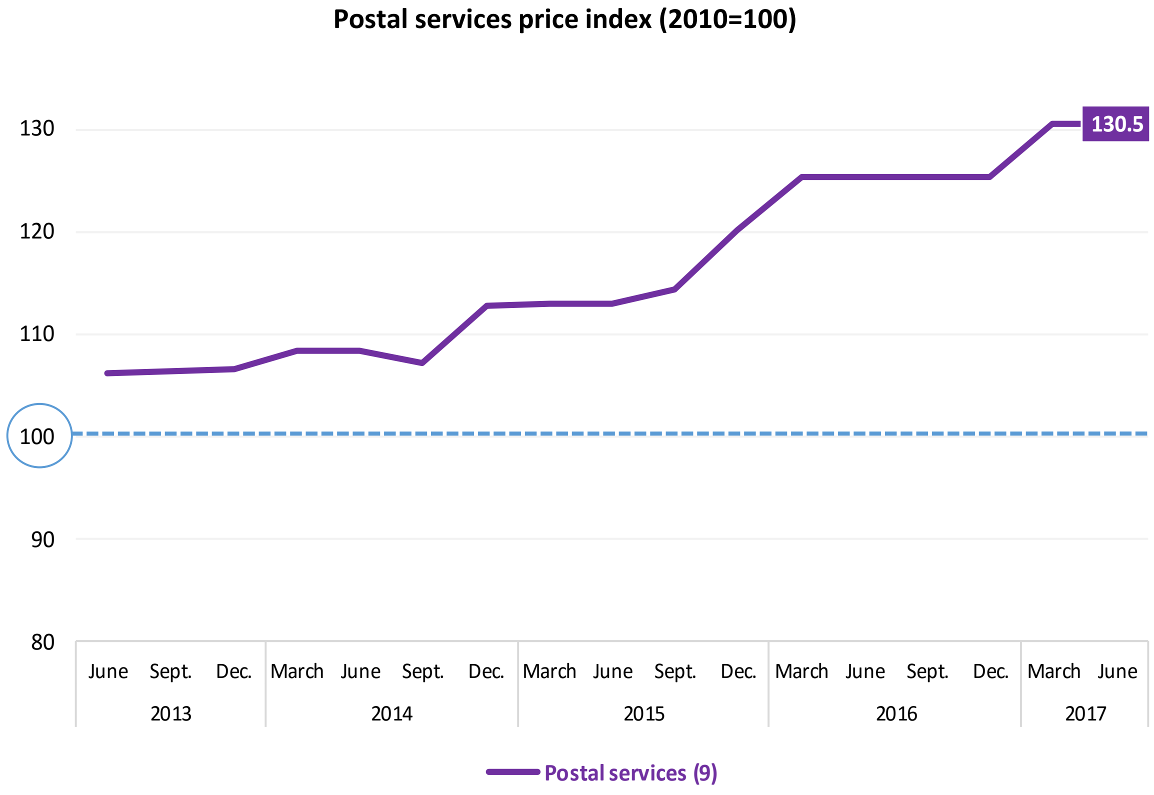
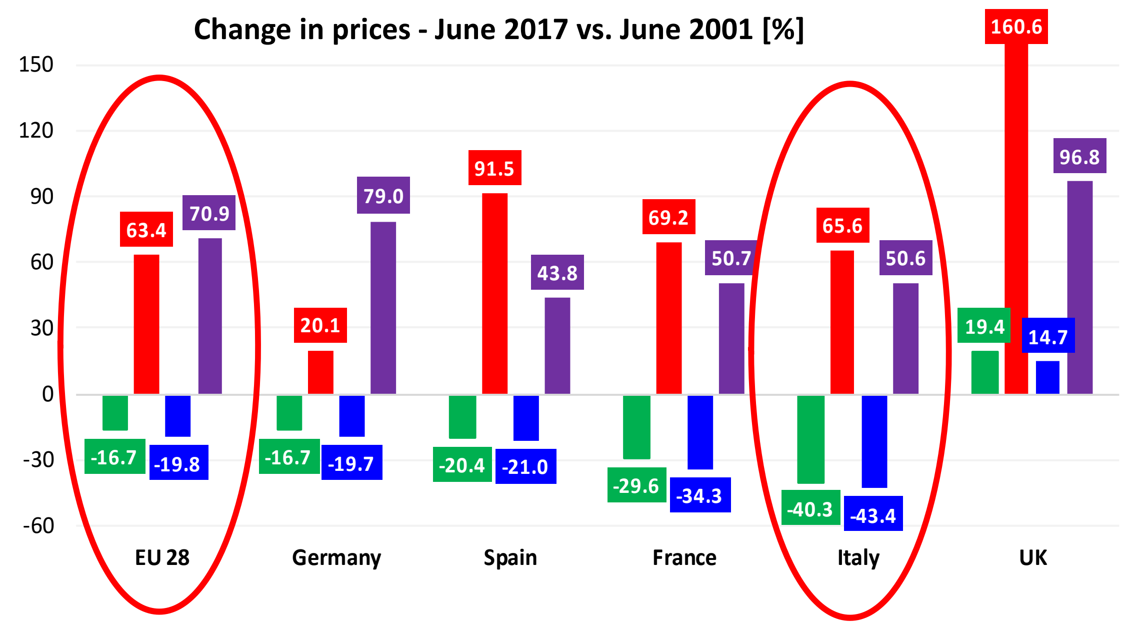
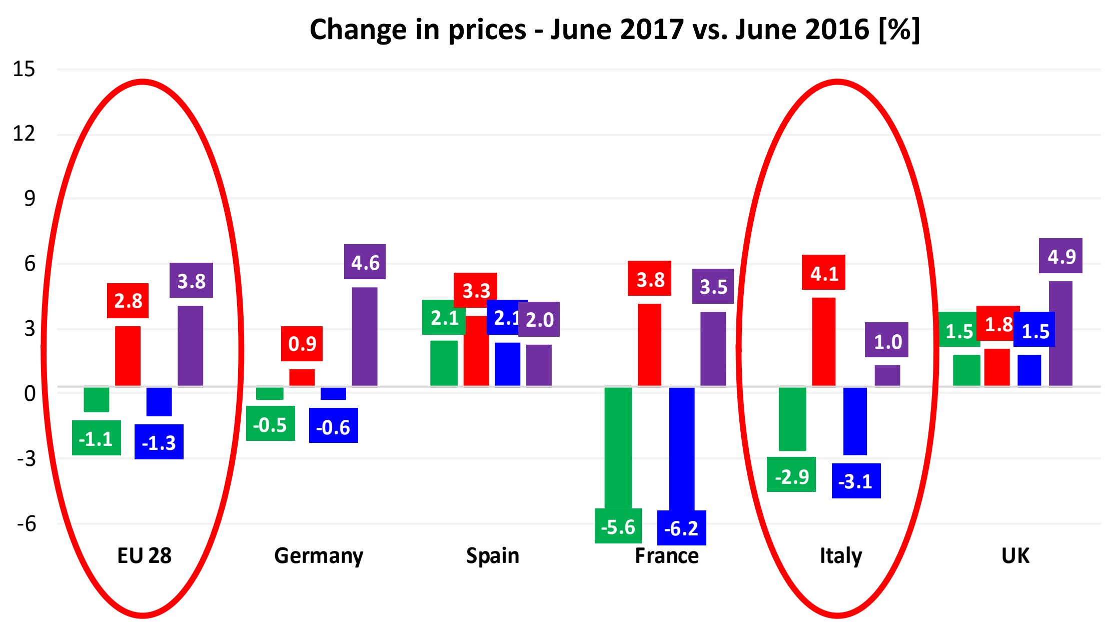
(7) 09 52 20
(8) 09 42 30



Istat services codes
(9) 08 10 00





Source: Agcom elaboration on data from Eurostat

Communications Postal services TLC - services and equipments Newspapers and periodicals

- Since June 2001, in Italy the communications price index has decreased at a faster pace than the EU average: -**40.3** and **-16.7** pp, respectively
- Since June 2001, the Italian inflation rate of postal services (**+65.6** pp) has increased slightly more than the EU average increase (**+63.4** pp); Germany showed a lower increase (**+20.1** pp)
- Since June 2001, in Italy the newspapers and periodicals price index has increased (**+50.6** pp) less than the EU average (**+70.9** pp)

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