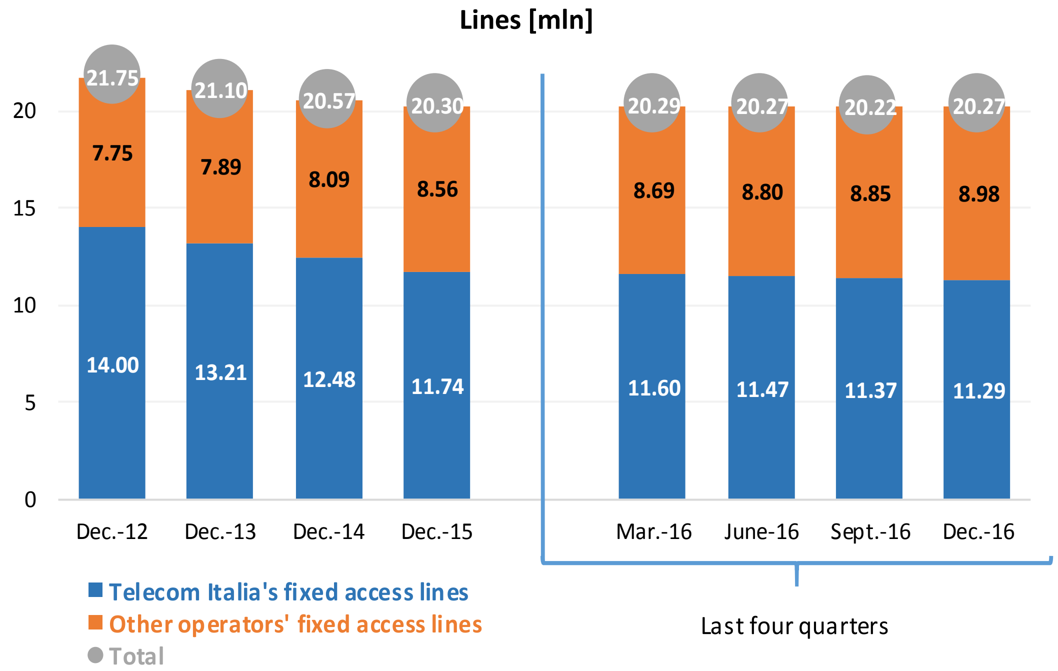
COMMUNICATION MARKETS MONITORING SYSTEM

no. 1/2017

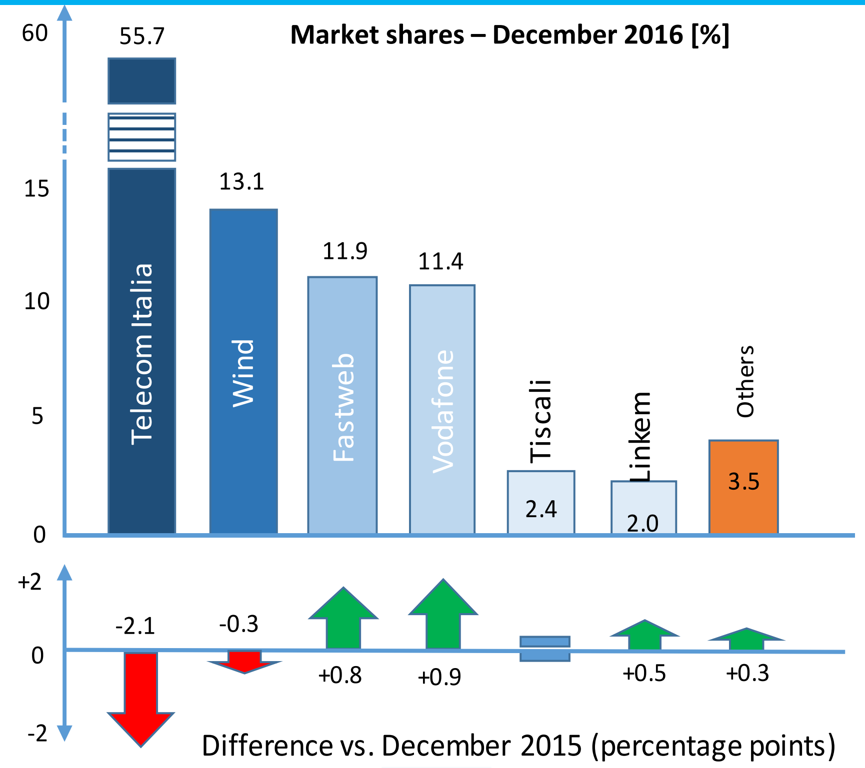
Index

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

1.1 Total fixed access lines

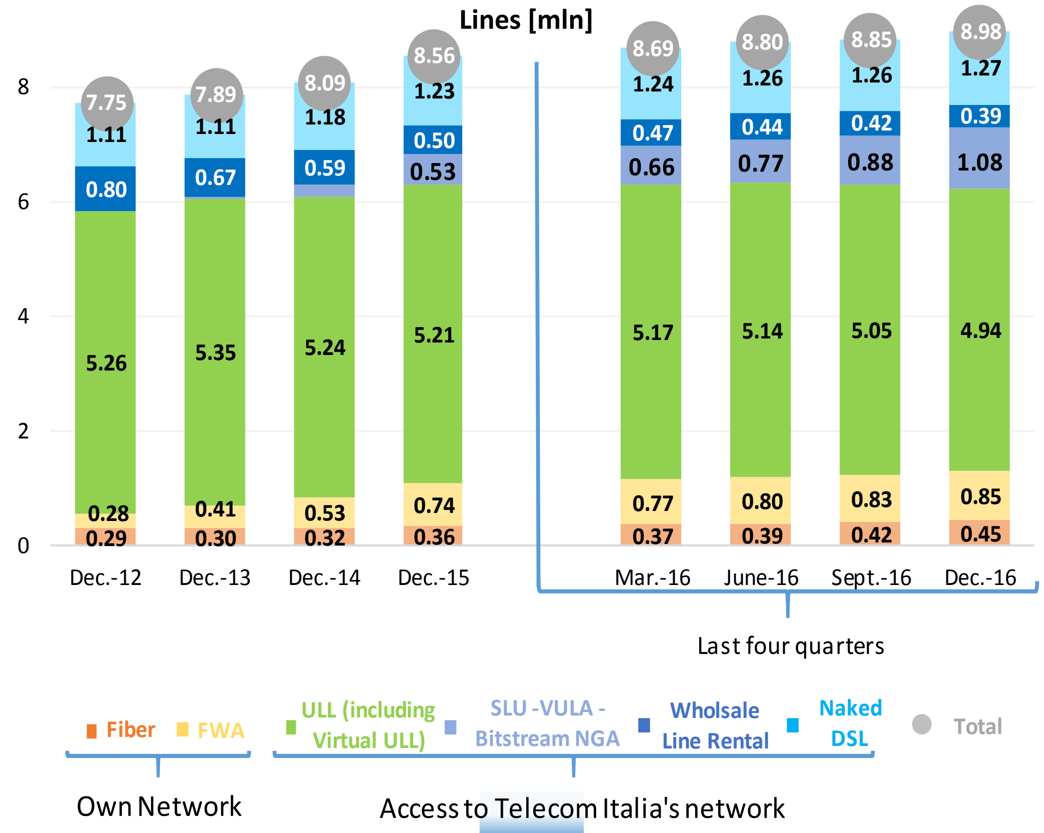


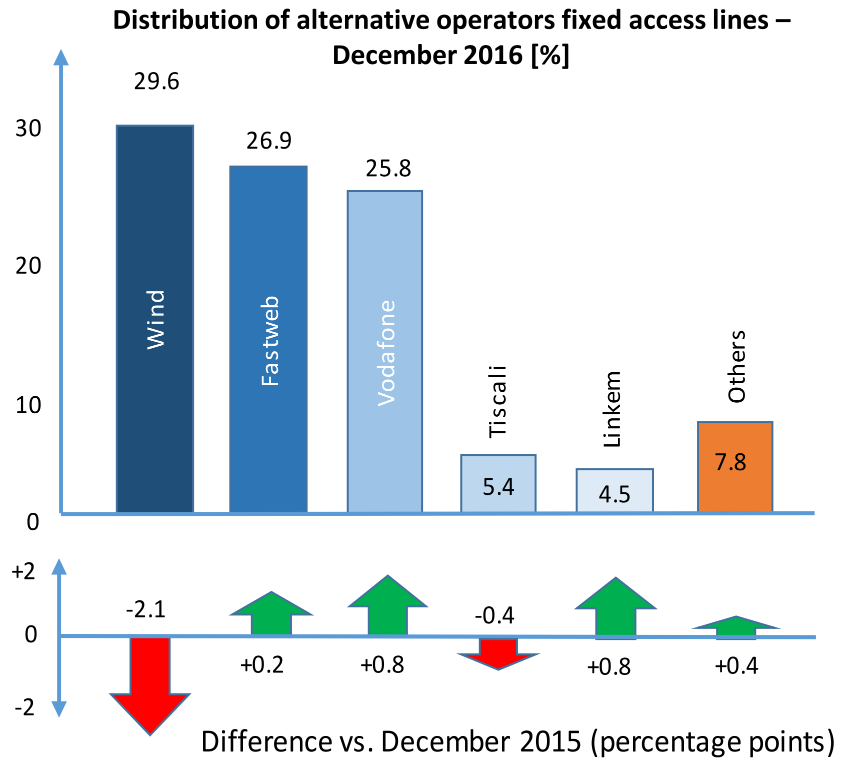
Note: access lines include Telecom Italia's fixed access lines, fully unbundled, SLU, VULA, DSL naked, WLR, fiber and FWA lines



- On a quarterly basis, total access lines have increased by **50** thousand units
- While Telecom Italia's access lines have decreased by **80** thousand units, other operators' access lines have increased by about **130** thousand units

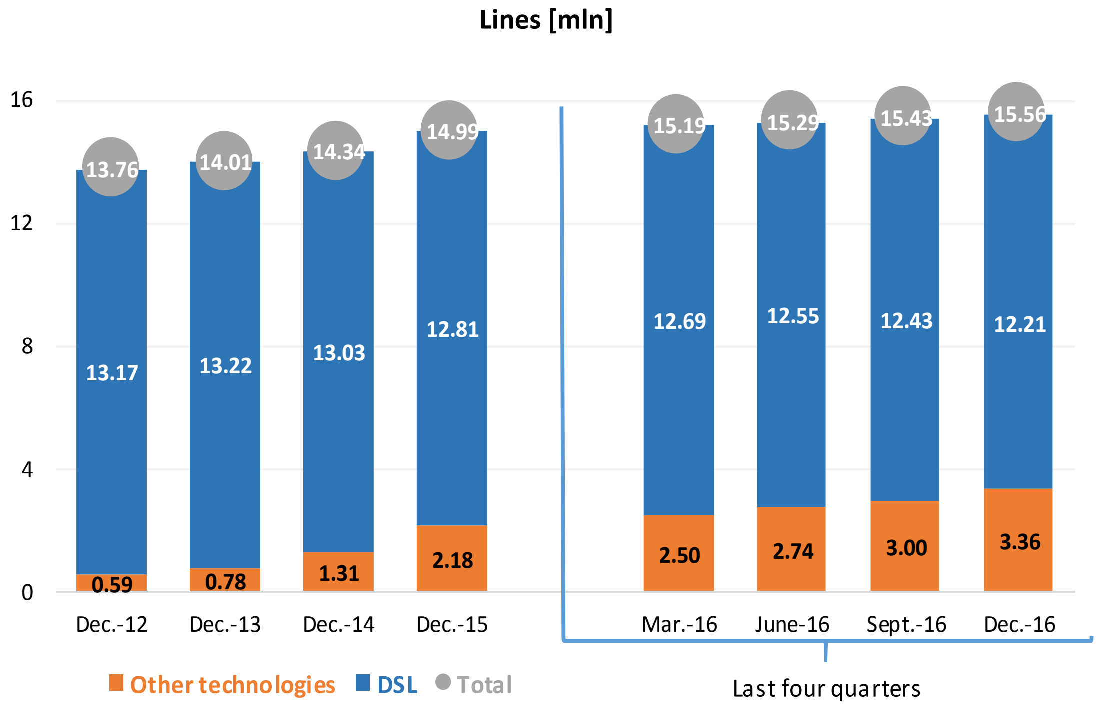
- Telecom Italia's market share dropped to **55.7%** at the end of December 2016 (as compared to **57.8%** at the end of December 2015)
- Fastweb's market share has reached **11.9%**, with a growth of **0.8** pp (YoY); similarly, Vodafone's market share has reached **11.4%** with a growth of **0.9** pp
- 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

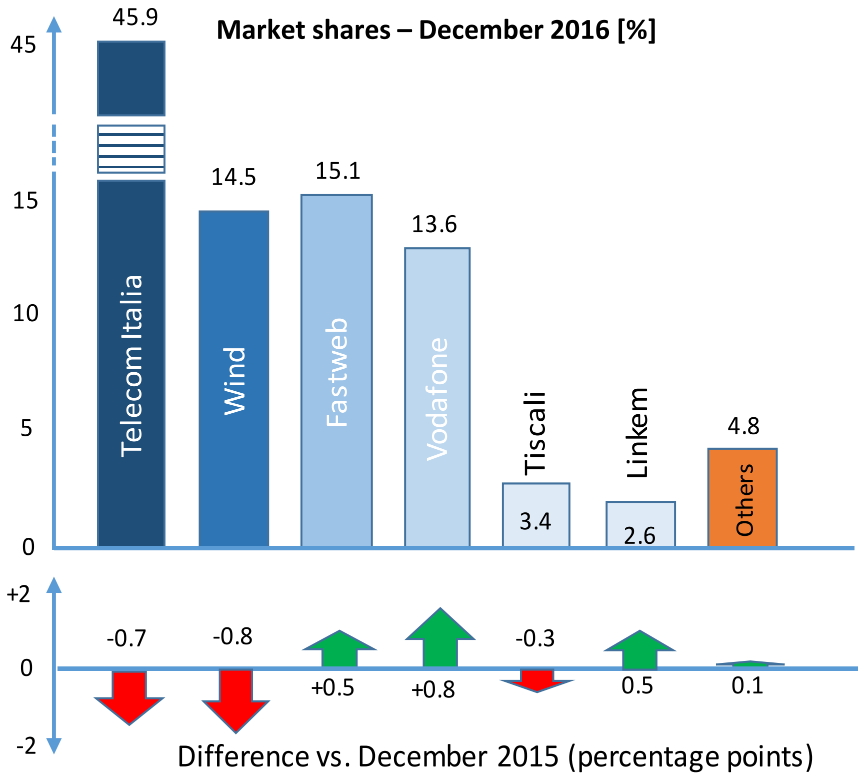




- Access lines provided by alternative operators have increased by **420** thousand units (YoY)
- A substantial part of this growth (**550** thousand lines) is essentially due to the new NGA services offered by Telecom Italia (SLU and VULA) that compensate for the reduction in ULL and WLR lines (**-380** thousand lines)
- FWA lines have increased by **120** thousand units (YoY), while fiber lines have increased by **90** thousand units

- Wind is still the first alternative operator, but its share has shown a decrease of **2.1** pp (YoY)
- Vodafone holds **25.8%** of alternative operators lines, with a growth of **0.8** pp (YoY)
- The cumulative growth of Linkem and other operators (**1.2** pp YoY) is essentially due to the increase of the number of FWA lines; Linkem reached **4.5%** (**+0.8** pp)

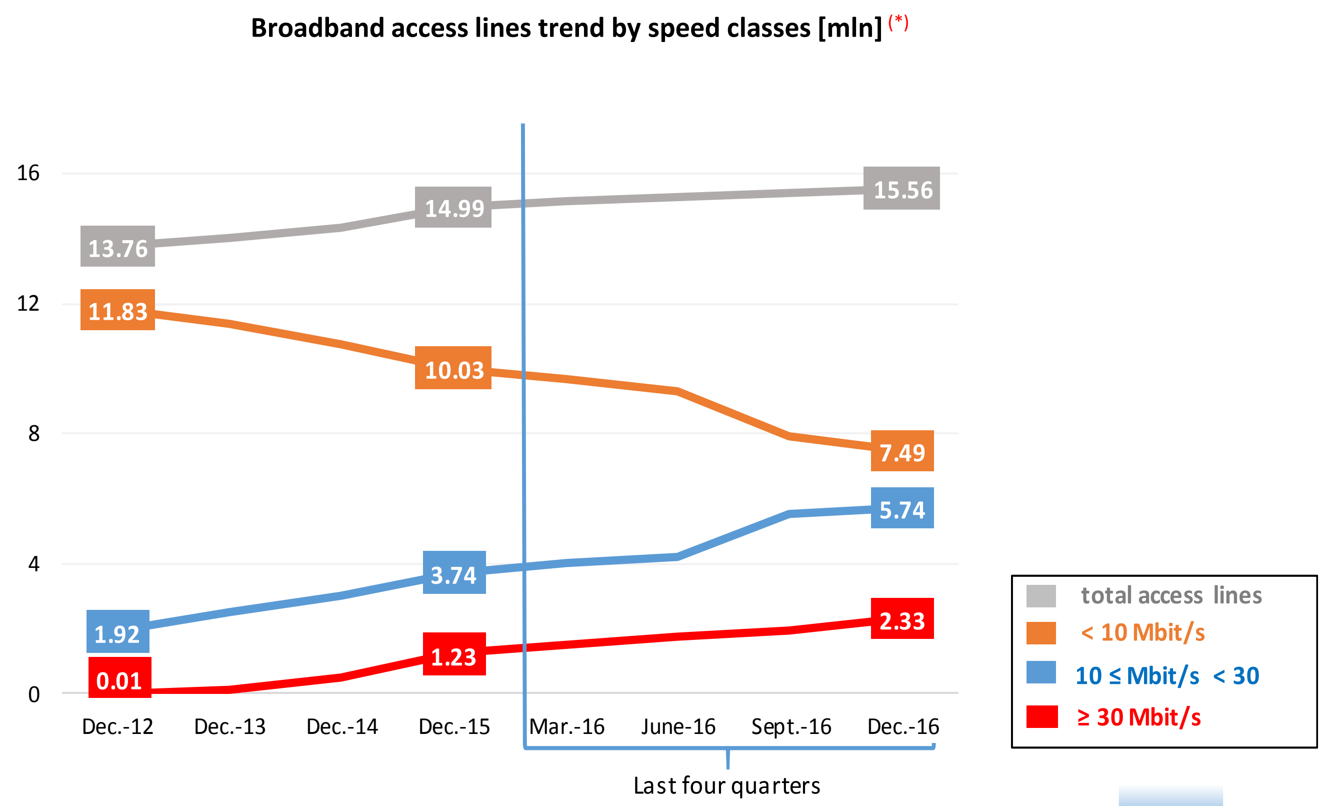


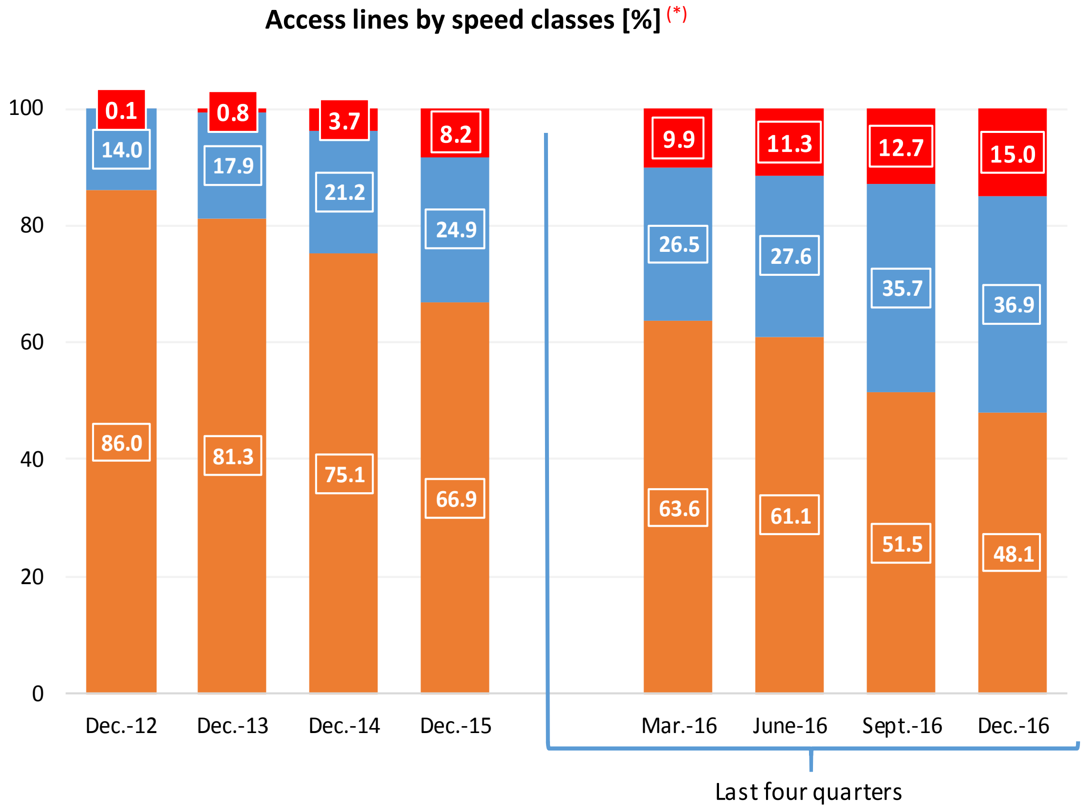


- Broadband lines have increased by about **570** thousand units YoY
- DSL lines (12.21 million lines) have decreased by about **610** thousand units (YoY), now accounting for the **78.5%** of broadband lines
- Other technologies, in particular NGA lines, have increased by **1.18** thousand units YoY

- Telecom Italia's market share has reduced by **0.7** pp (YoY)
- Fastweb has become the second operator (**15.1%**), with a growth of **0.5** pp
- Vodafone's market share has reached **13.6%**, with a growth of **0.8** pp (YoY)
- The cumulative growth of Linkem and other operators' market share, is essentially due to the increase in the number of FWA lines

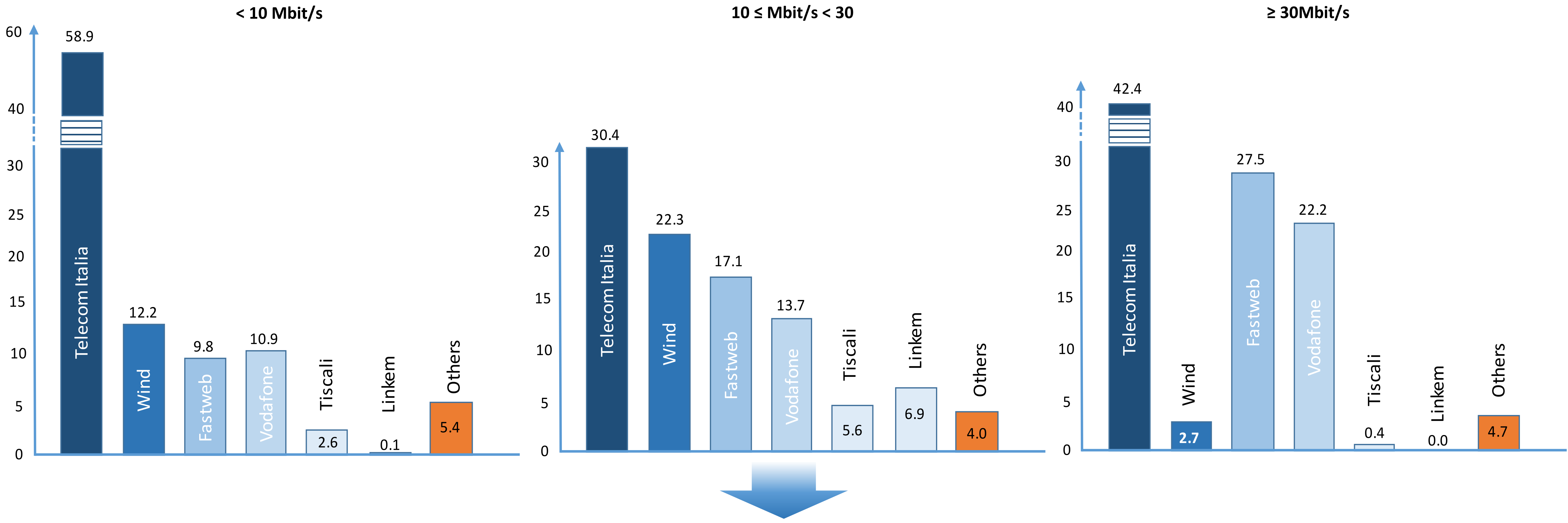
1.4 Broadband fixed lines by speed





- Broadband lines faster than 10 Mbps have increased by more than 3.1 million units YoY and account for more than **50%** of total broadband lines
- Broadband lines faster than 30 Mbps have increased by 1.1 thousand units YoY and account for **15%** of total broadband lines

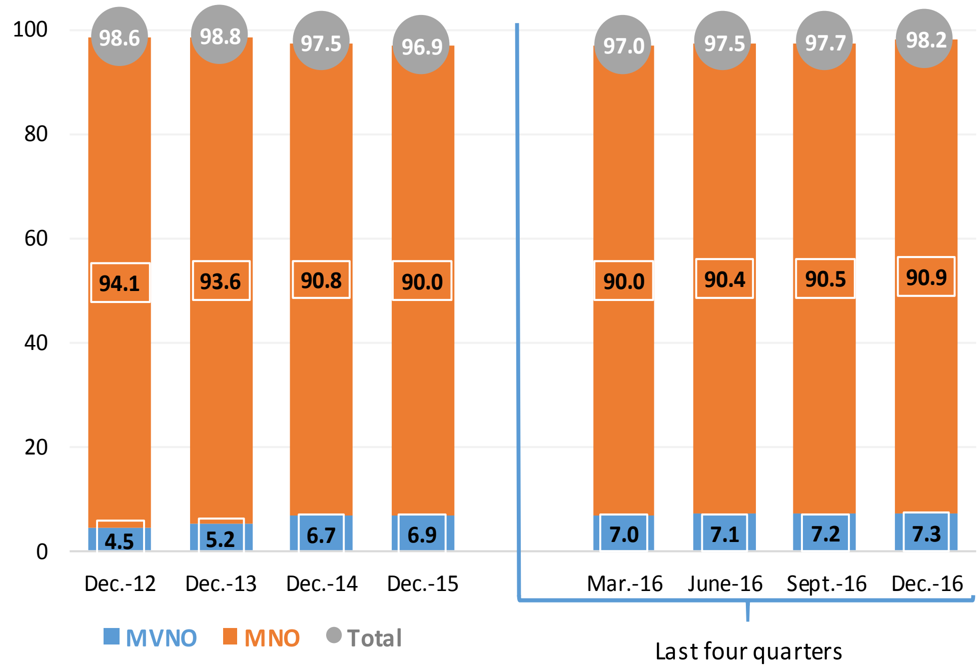
(*) Due to changes in firms' accounting methods, figures cannot be compared directly with those reported in previous issues



- In the segment below 10 Mbps, Telecom Italia, as a consequence of it's historical monopolistic position, still holds **58.9%** of lines
- Telecom Italia has shown the most conspicuous growth of ≥10 Mbps lines YoY (**1.7** million units), followed by Wind (**531** thousand units) and Vodafone (**365** thousand units)
- Telecom Italia, Fastweb and Vodafone own together more than **90%** of high-speed lines (faster than 30 Mbps)

1.6 Mobile subscribers

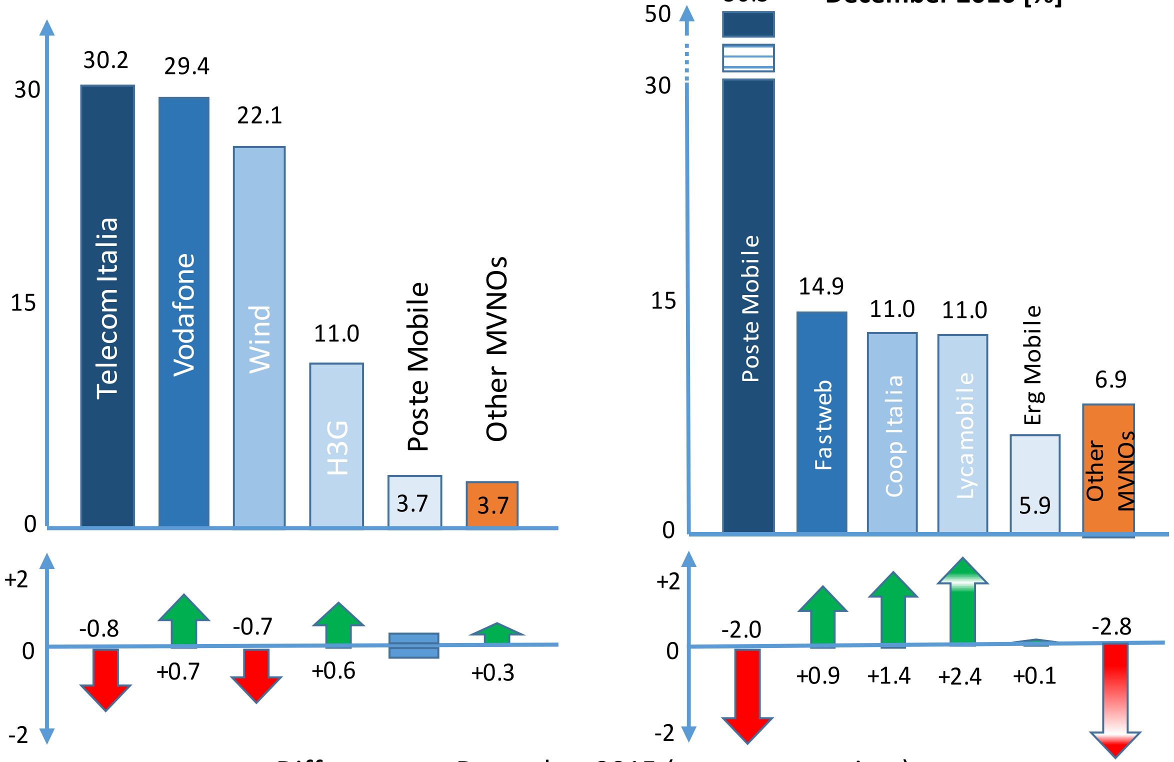
Lines [mln] (*)



MVNO = Virtual Operators
MNO = Network Operators

Market shares – December 2016 [%]

MVNO distribution December 2016 [%]



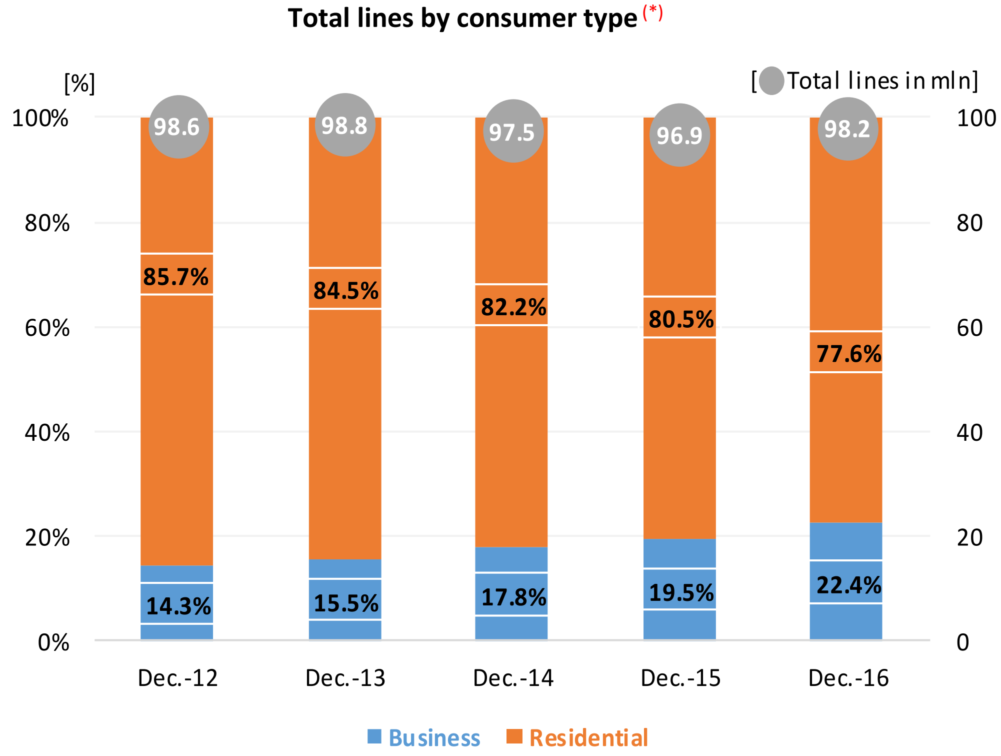
Difference vs. December 2015 (percentage points)

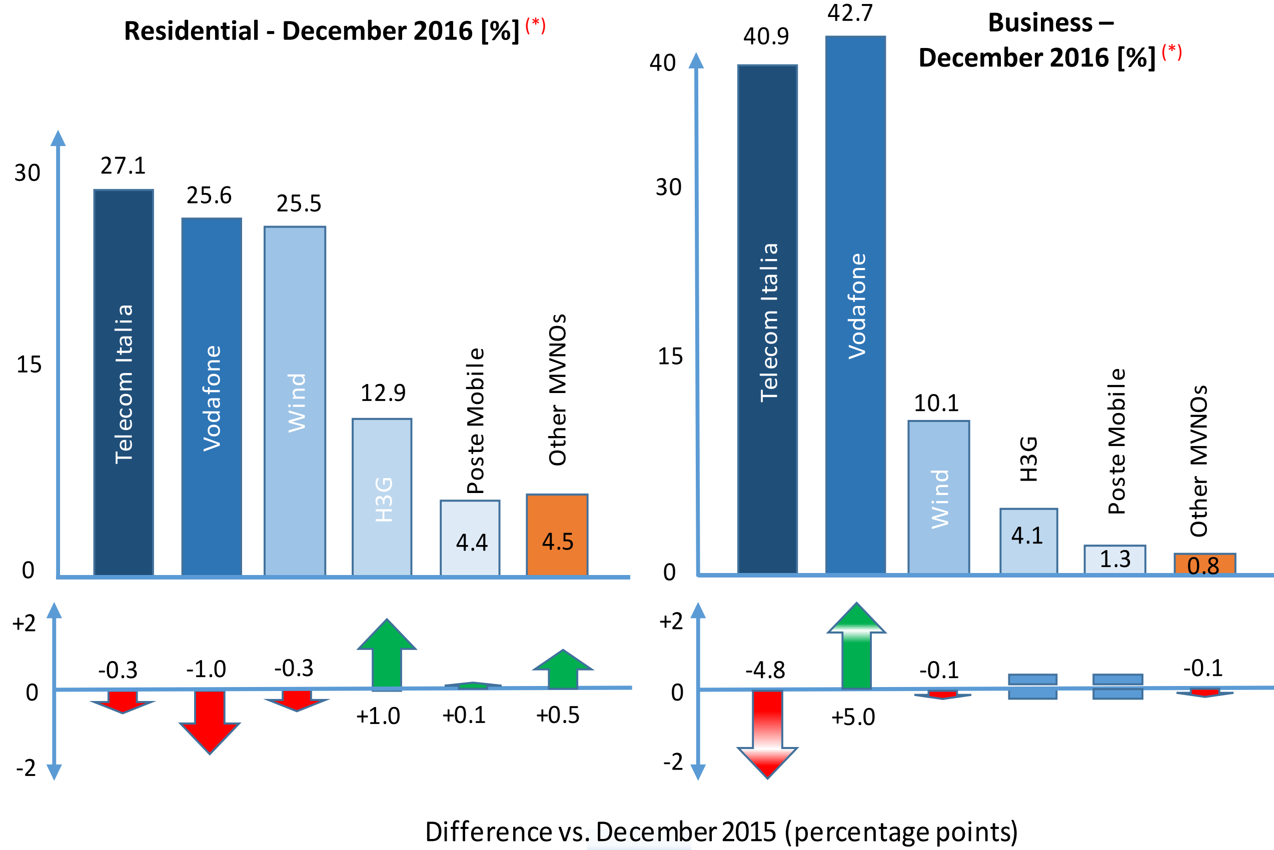
- On a yearly basis, mobile lines have increased by about **1.3** million units
- Over the last five years, «M2M» SIM cards have increased by **5** million units, now accounting for **12.2** million lines

- Telecom Italia's and Wind's market shares have decreased respectively by **0.8** and **0.7** pp (YoY), while Vodafone's and H3g's market shares have increased respectively by **0.7** and **0.6** pp
- Other MVNOs' market share show an overall increase of **0.3** pp
- Among MVNOs, Poste Mobile holds a share of **50.3%**

(*) 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



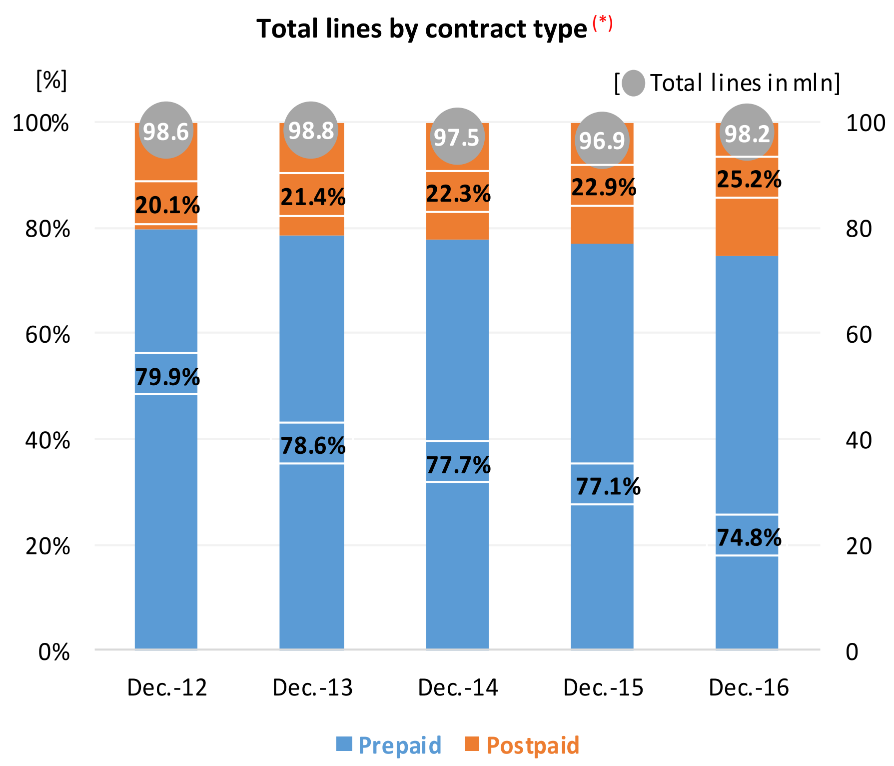


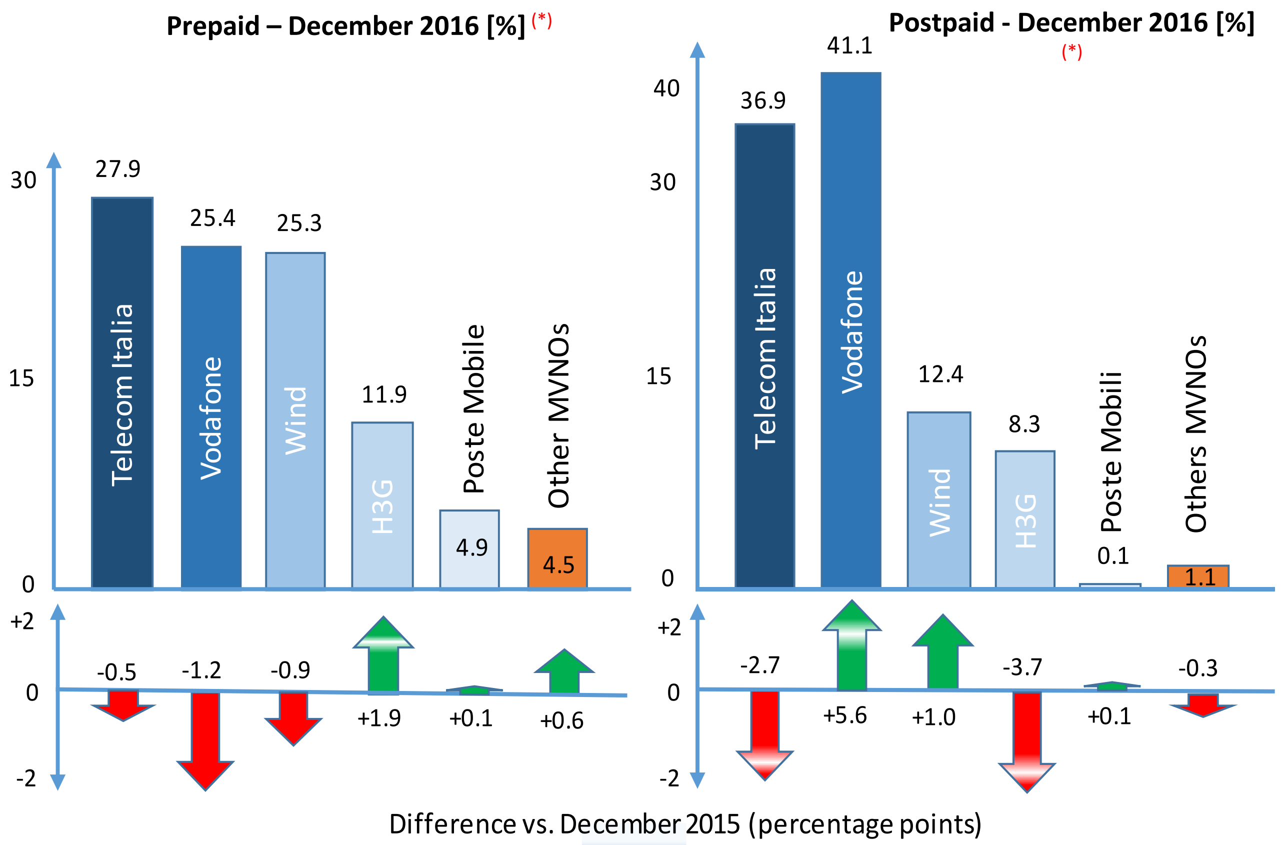
- Non residential SIM cards (**22.0** million units at the end of December 2016) have increased on a yearly basis by 2.6 million units (**)
- Residential sim cards (**76.2** million units at the end of December 2016) have decreased by 1.8 million units (YoY)

- In the residential segment, the market shares of the three main players are comparable; Vodafone's market share has reduced by 1.0 pp (YoY)
- In the business segment Vodafone has become the first Italian operator with a market share of **42.7%** (+5.0 pp)

(*) 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 SIM cards which are considered as business SIM cards



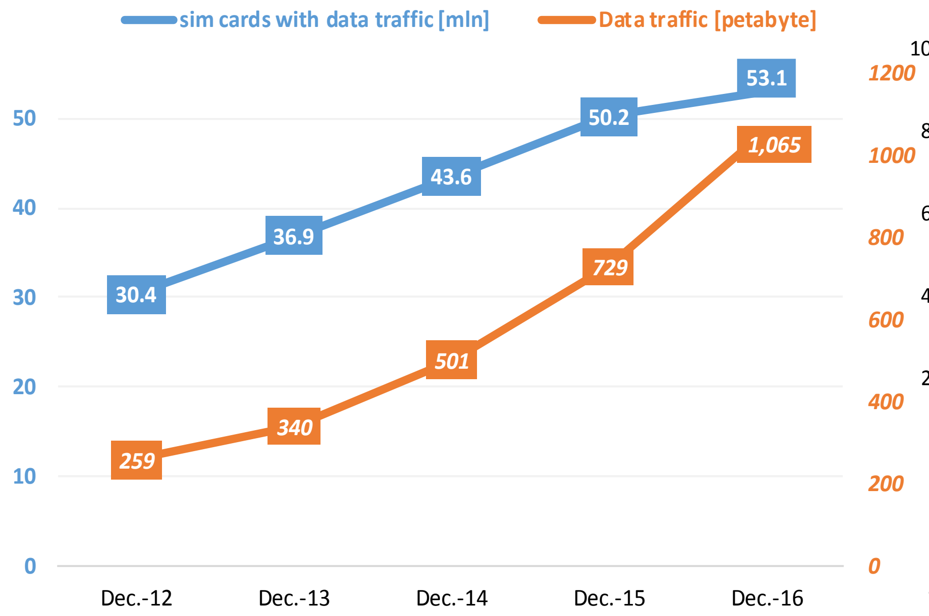


- At the end of December 2016, prepaid SIM cards reached **73.5** million units (**74.8%** of total lines), with a decrease of **1.2** million units YoY
- At the end of December 2016, postpaid SIM cards reached **24.7** million units (**25.2%** of total lines), with an increase of **2.5** million units YoY

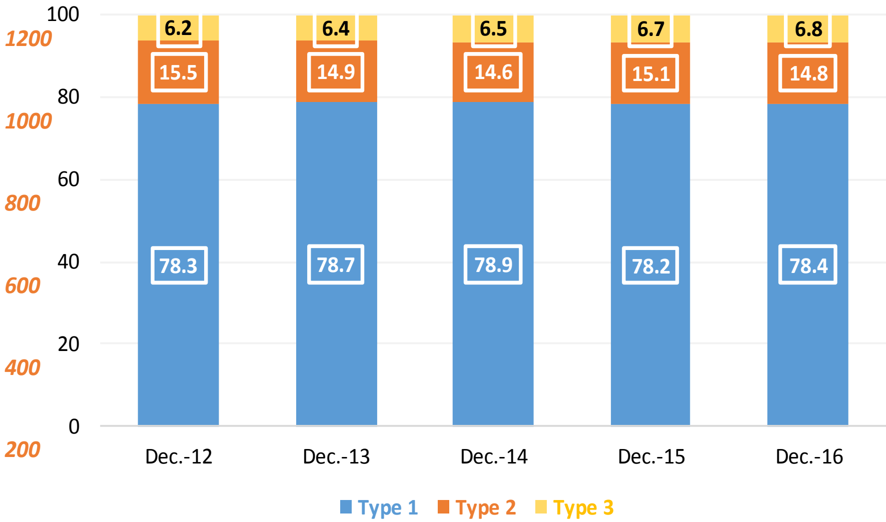
(*) Due to changes in firms' accounting methods, figures cannot be compared directly with those reported in previous issues

- In the prepaid segment, H3G's (**+1.9** pp) and Poste Mobile's (**+0.1** pp) market shares have increased, whereas Vodafone's (**-1.2** pp), Wind's (**-0.9** pp) and Telecom Italia's (**-0.5** pp) market shares have decreased (YoY)
- In the postpaid segment, with a share of **36.9%** Telecom Italia has lost the leadership (**-2.7** pp YoY); Vodafone leads the segment with a share of **41.1%** (**+5.6** pp YoY)

Data traffic since the beginning of the year (*)

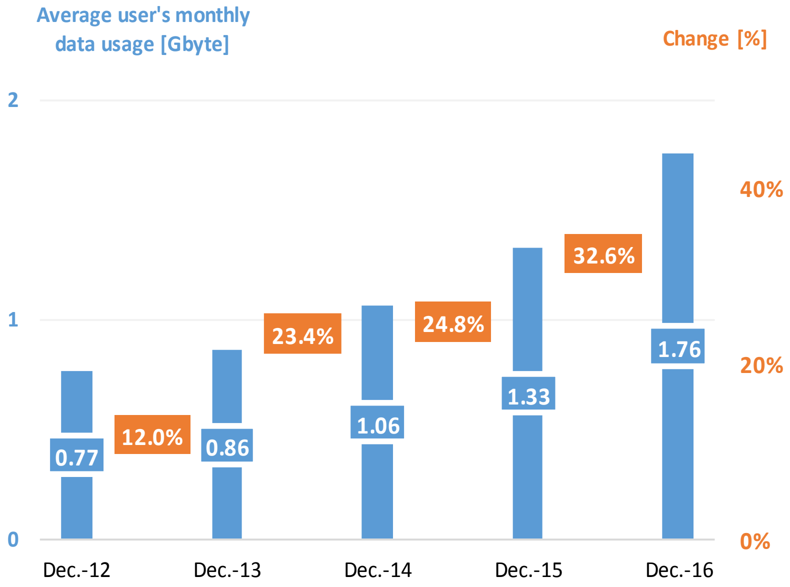


SIMs with data traffic by contract type [%] (*)



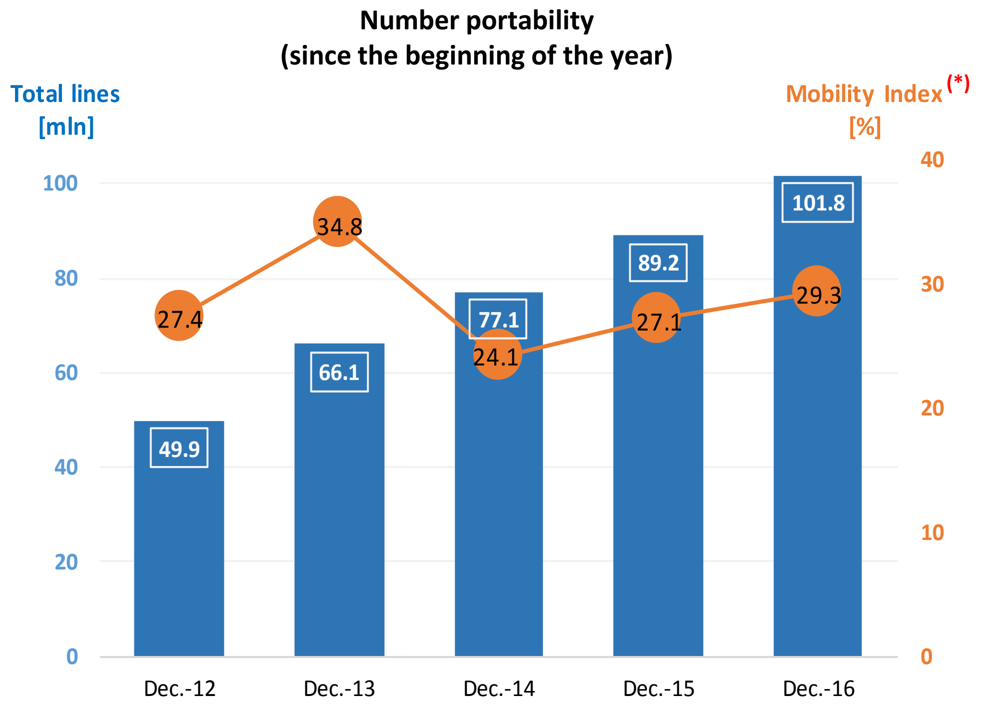
According to European Commission definitions (CoCom):
Type 1: "dedicated data subscriptions for add-on data package to a voice service requiring an additional subscription"
Type 2: "dedicated data subscriptions for stand-alone services"
Type 3: "actual usage of standard mobile subscriptions"

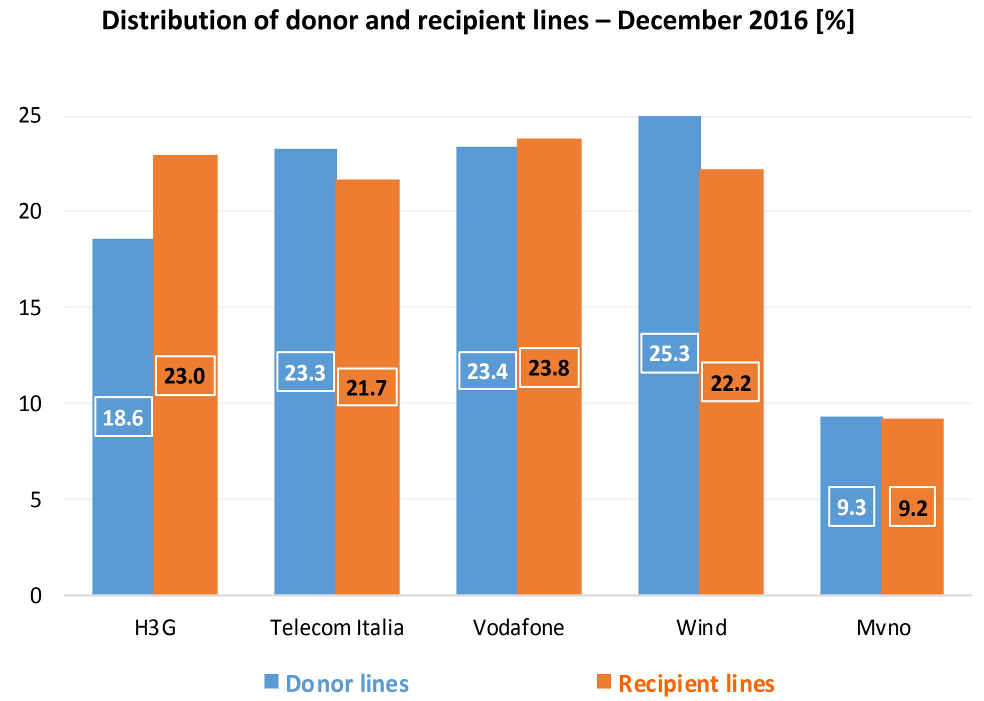
Average mobile data consumption (*)



- SIM cards with data traffic have increased over the last year from **50.2** to **53.1** million units, with a growth rate of **5.7%**
- Since December 2012, the number of SIM cards with data traffic has increased from **30.8%** to **54.1%** of the overall SIM cards
- In December 2016, data traffic showed a **46.0%** increase as compared to December 2015
- At the end of 2016, the average mobile data consumption per smartphone increased by **32.6%**, from 1.33 to 1.76 Giga byte per month

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



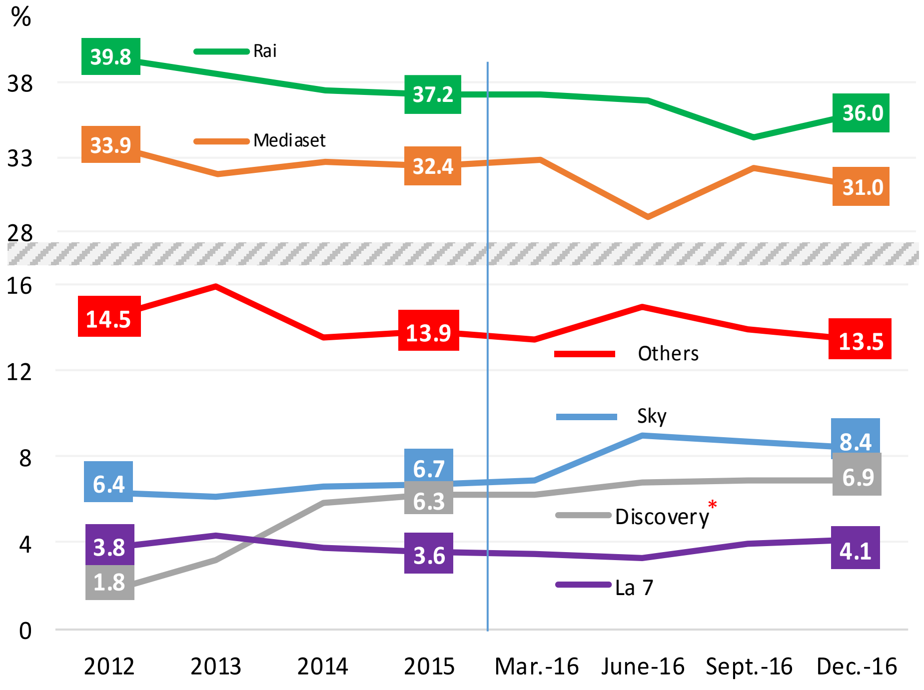


- At the end of December 2016, the total amount of mobile number portability operations exceeded **100** million
- On a yearly basis, the net «donating-recipient» balance has improved for H3G (**+518** thousand lines) and Vodafone (**+42** thousand lines), whereas it has worsened for Wind (**-386** thousand lines) and Telecom Italia (**-125** thousand lines)
- At the end of December 2016, the «Mobility Index»(*) was **29.3%**, 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

2.1 Media: TV audience and newspapers’ sales

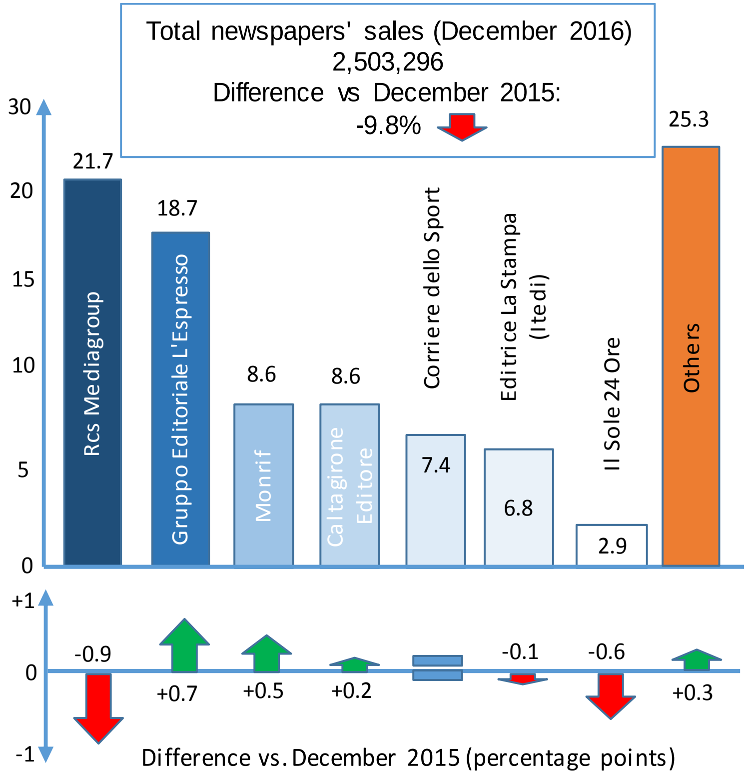
Audience on an average day - (2012 – December 2016) [%]



Source: Auditel

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

Newspapers’ sales – December 2016 [%]



Note: AGCOM’s elaborations on ADS data

Since data are collected monthly on 64 newspapers, the figures may not 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 **7.0** pp, from 73.7% to 67.0%)
- In the sasme period, Sky, Discovery and La7 has experienced an increase in their audience
- The audience of smaller operators (**13.5%**) was almost unchanged as compared to the previous year

- Newspapers’ sales showed a **9.8%** 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 (2nd half of 2016)

Position 2nd semester 2016	Change on previous year	Radio station	% share
1	(0)	RTL 102.5	19.5
2	(+1)	RDS 100% Grandi Successi	13.5
3	(+1)	RADIO 105	13.5
4	(-1)	RADIO DEEJAY	13.2
5	(-1)	RADIO ITALIA Solomusicaitaliana	12.3
6	(0)	RAI RADIO 1	11.4
7	(0)	RAI RADIO 2	8.2
8	(0)	VIRGIN RADIO	6.7
9	(0)	RADIO 24 - IL SOLE 24 ORE	5.7
10	(+2)	RADIO KISS KISS	5.4
11	(0)	RADIO R101	5.1
12	(-2)	RADIO CAPITAL	4.6
13	(0)	M2O	4.4
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

- RTL 102.5 keeps the leading position, followed by RDS and Radio 105
- Compared to December 2015, it is possible to observe a higher concentration of audience in the leading radio station

Internet: active reach (December 2016)

Position December 2016	Change on previous year	Parent*	Active Reach** (%)	Average time spent on website by visitors (hh:mm)
1	(0)	Google	95.9	06:48:15
2	(0)	Facebook	84.6	24:17:06
3	(0)	Microsoft	68.2	01:22:37
4	(0)	Amazon	63.3	01:14:05
5	(+1)	ItaliaOnline***	55.2	01:18:54
6	(+9)	Mondadori****	52.3	00:18:12
7	(0)	eBay	49.7	00:44:11
8	(0)	Wikimedia Foundation	46.4	00:13:15
9	(+1)	Gruppo Espresso	43.1	00:33:12
10	(-1)	Yahoo	41.2	00:40:04
11	(+1)	RCS MediaGroup	36.8	00:20:49
12	(-1)	Triboo	35.5	00:11:24
13	(+1)	Telecom Italia	32.2	00:31:05
14	(-1)	Mediaset	30.9	00:31:22
15	(+6)	Calatagirione Editore	29.7	00:14:16

***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.

***** Seat Pagine Gialle**, since June 2016, was included in the *Italiaonline* brand

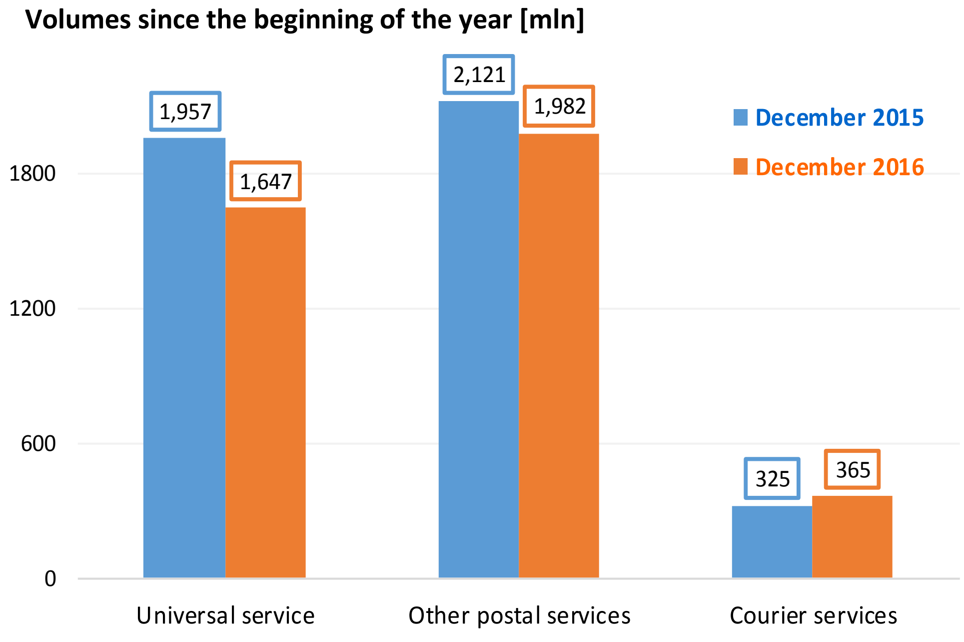
****** Banzai**, since July 2016, was included in the *Mondadori* parent

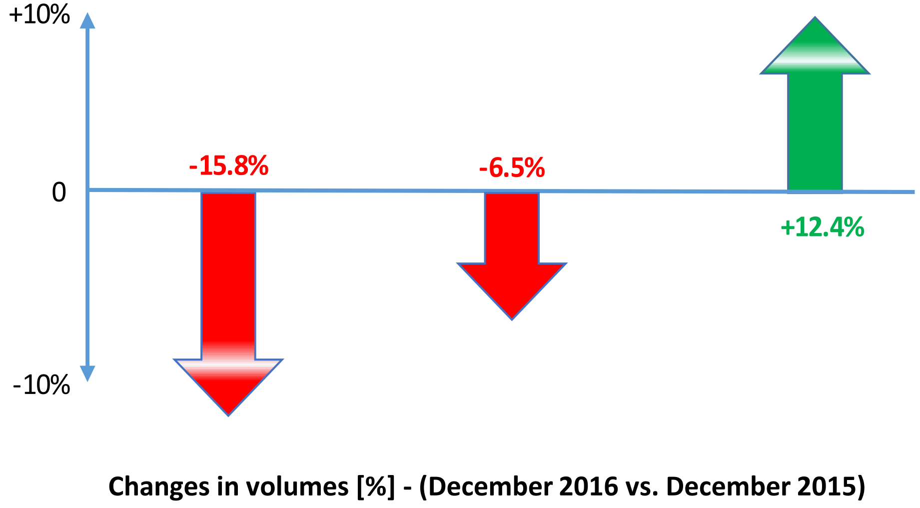
Source: Audiweb (December 2015 – December 2016)

- Google parent entity remains the leader with about **95.9%** of the active reach
- The main portals to web navigation show the higher active reach
- In December 2016, about 30 mln people used the Internet

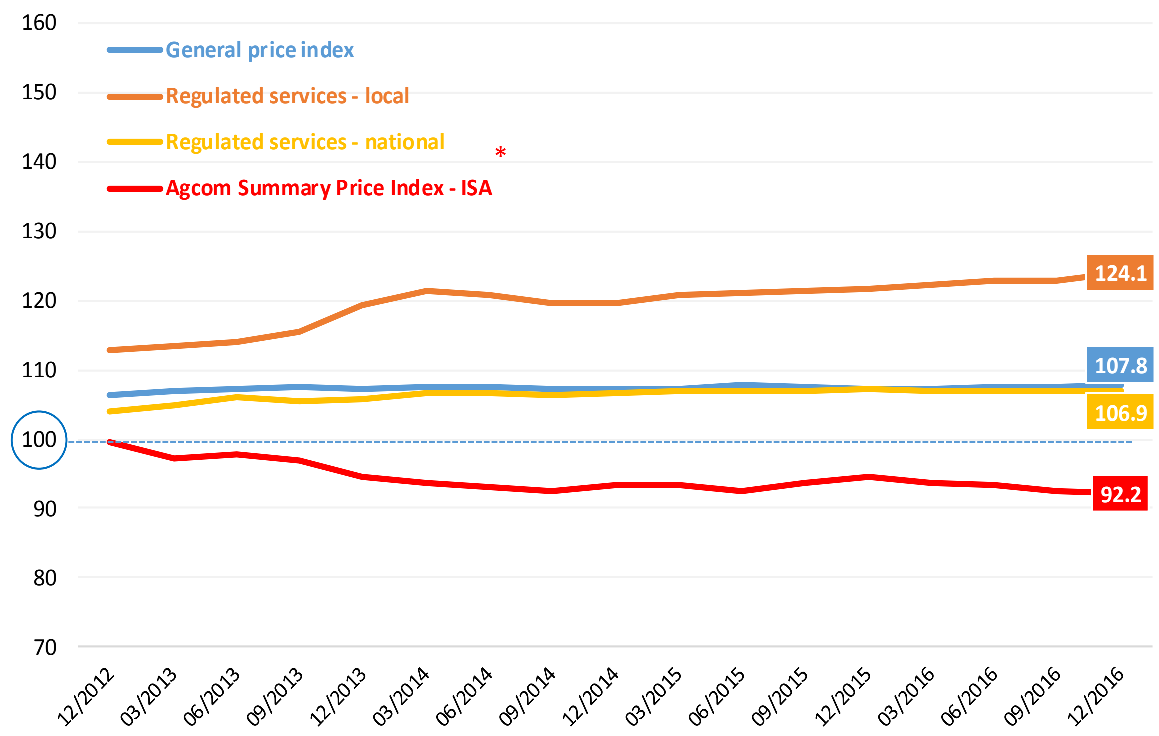
- At the end of December 2016, overall revenues are about **6,569** million of €, with an increase of 2.3% YoY
- YoY, postal services' market has shown a decline in revenues (4.2%), whereas the courier services' market has shown a growth in revenues (8.2%)
- The revenues of courier services' market (**3,688** mln €) are higher than those of the postal services' market (**2,881** mln €)

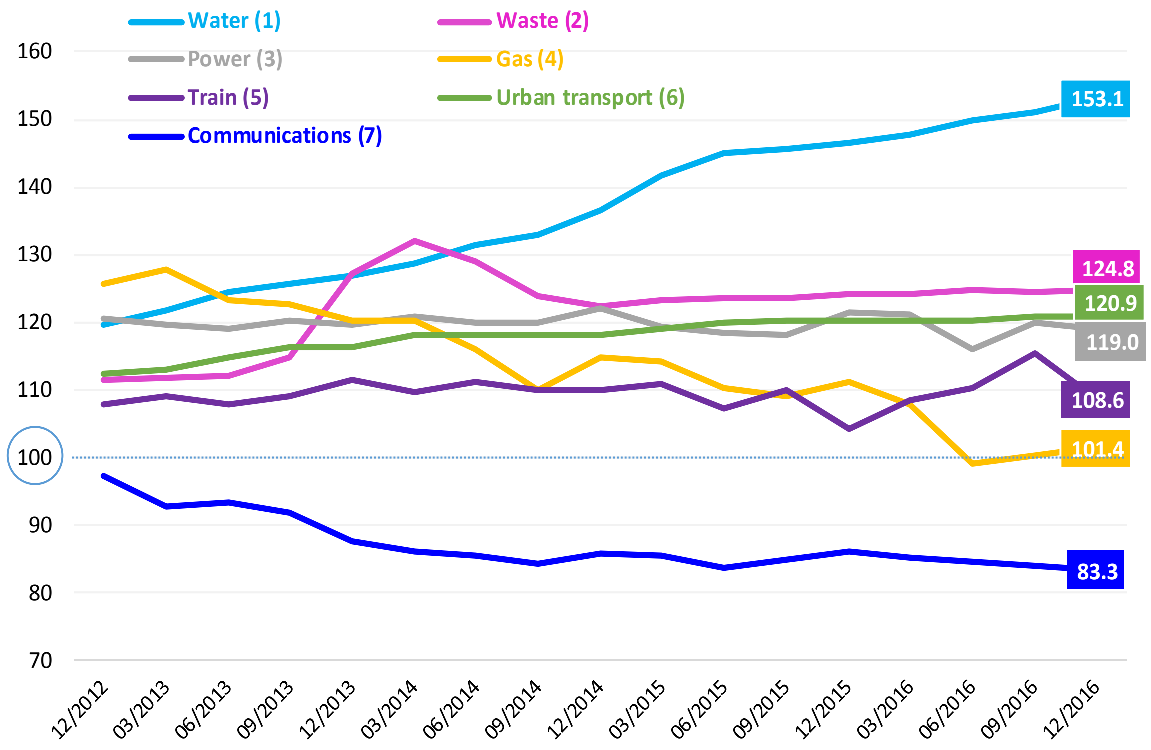
Note: The figures relate to the following companies: Bartolini , DHL Express, Federal Express Europe, Nexive, Poste Italiane, SDA, TNT Global Express, UPS, GLS Italy





- In December 2016, volumes of universal services amount to **1,647** million units, showing a contraction of 15.8% YoY
- Other postal services have shown a 6.5% decrease in volumes YoY
- As for the courier services' segment (**365** million units from the beginning of the year), volumes have increased by about 12.4% YoY

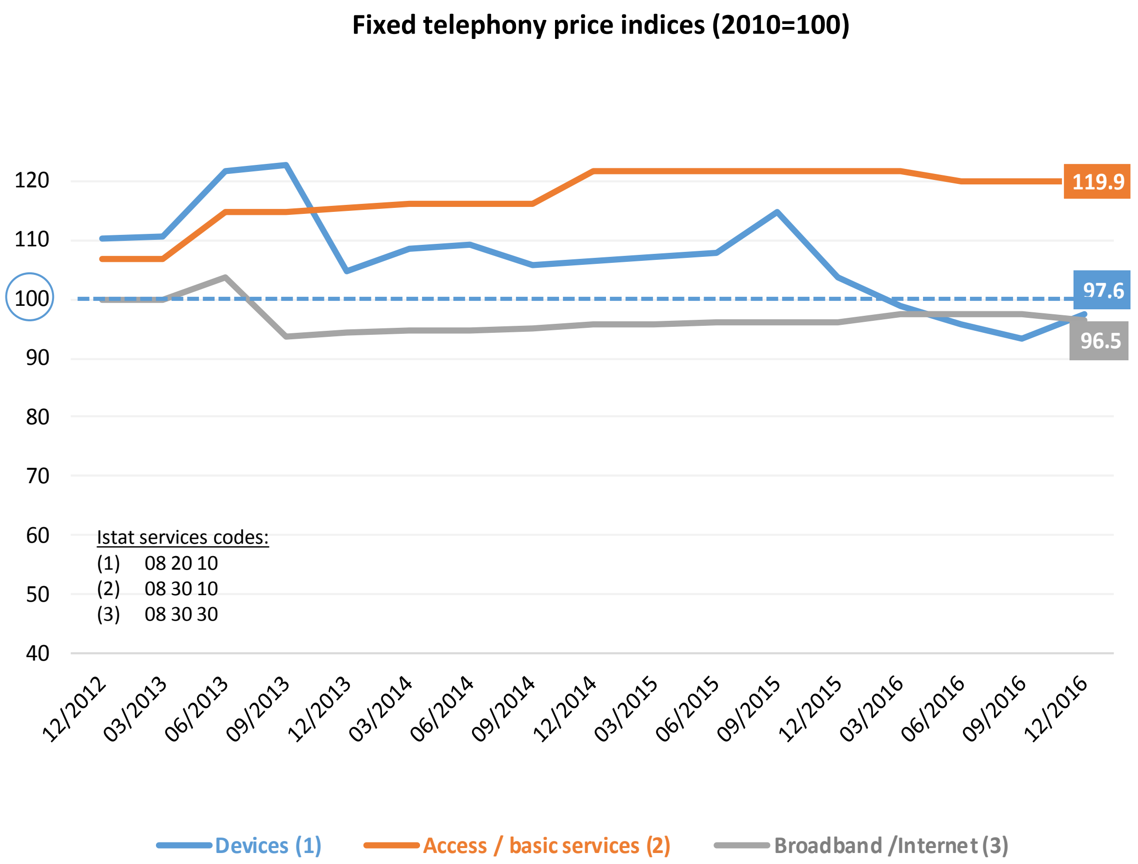




Istat Services Codes:

(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.


Fixed telephony price indices (2010=100)
120
110
100
90
80
70
60
50
40
119.9
97.6
96.5
Istat services codes:
(1) 08 20 10
(2) 08 30 10
(3) 08 30 30
12/2012
03/2013
06/2013
09/2013
12/2013
03/2014
06/2014
09/2014
12/2014
03/2015
06/2015
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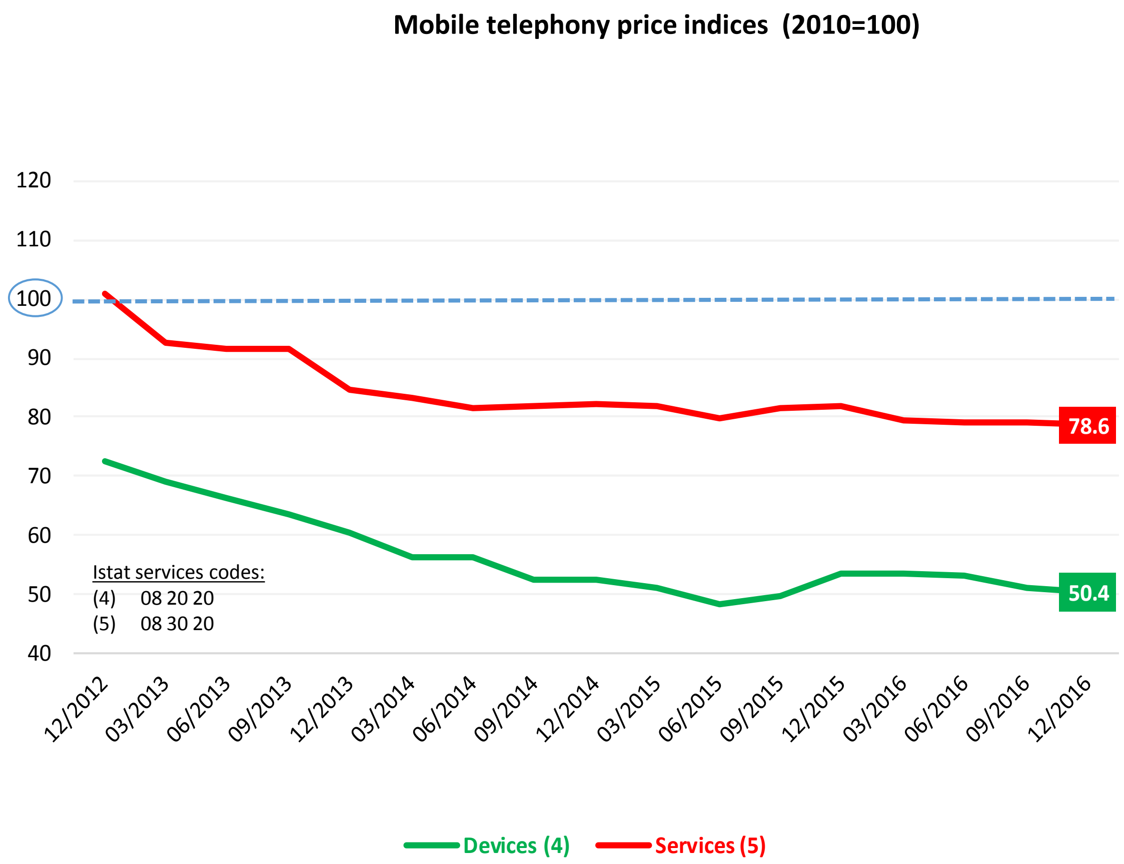
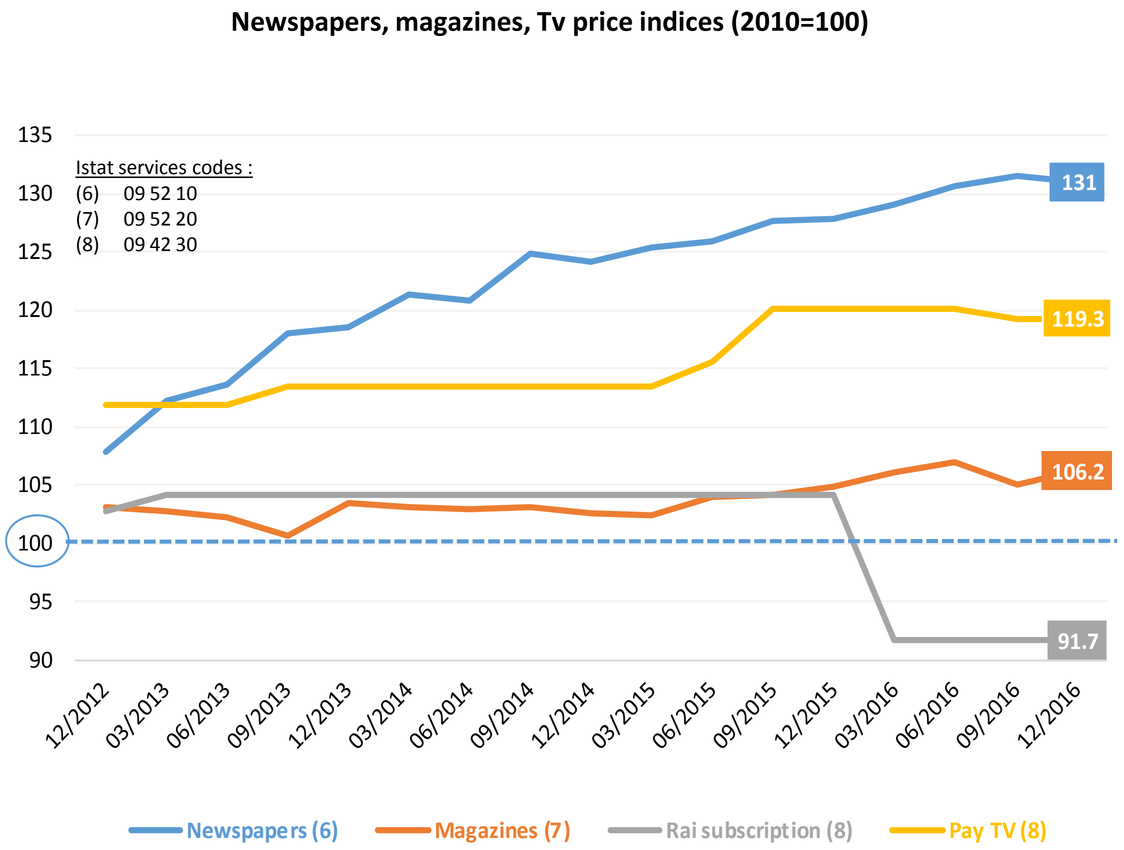
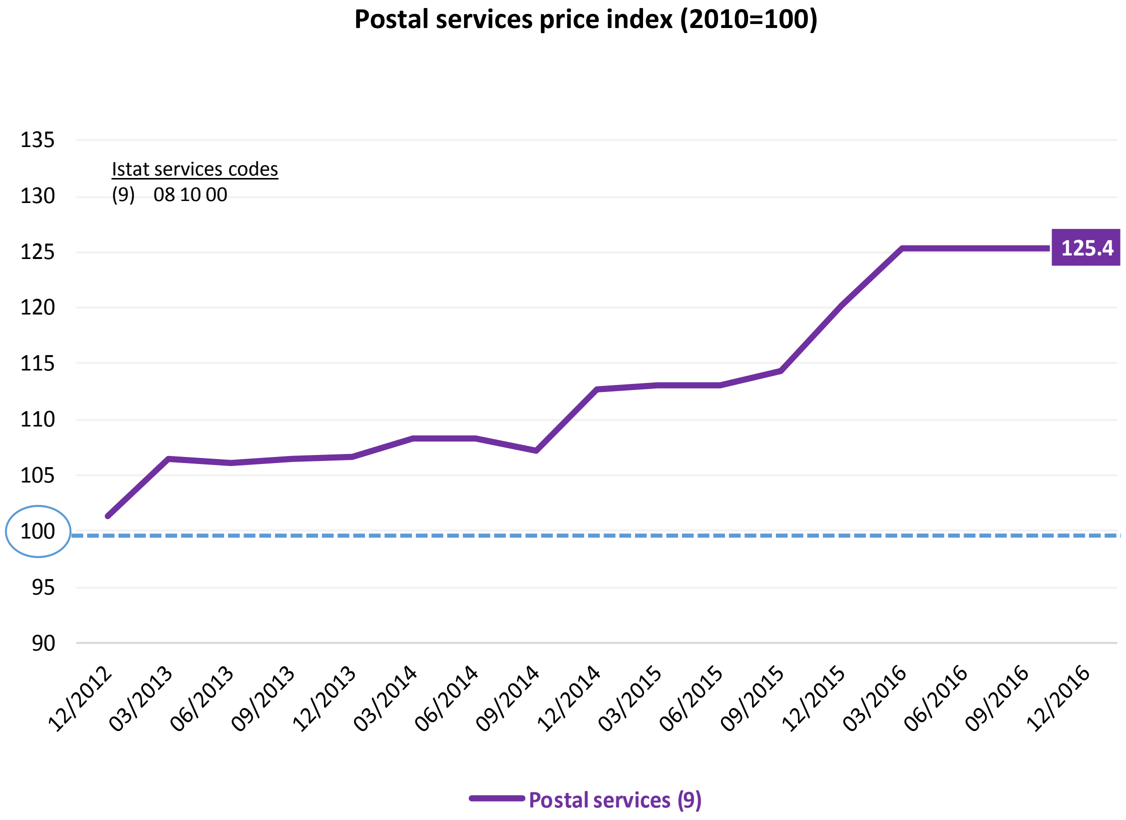
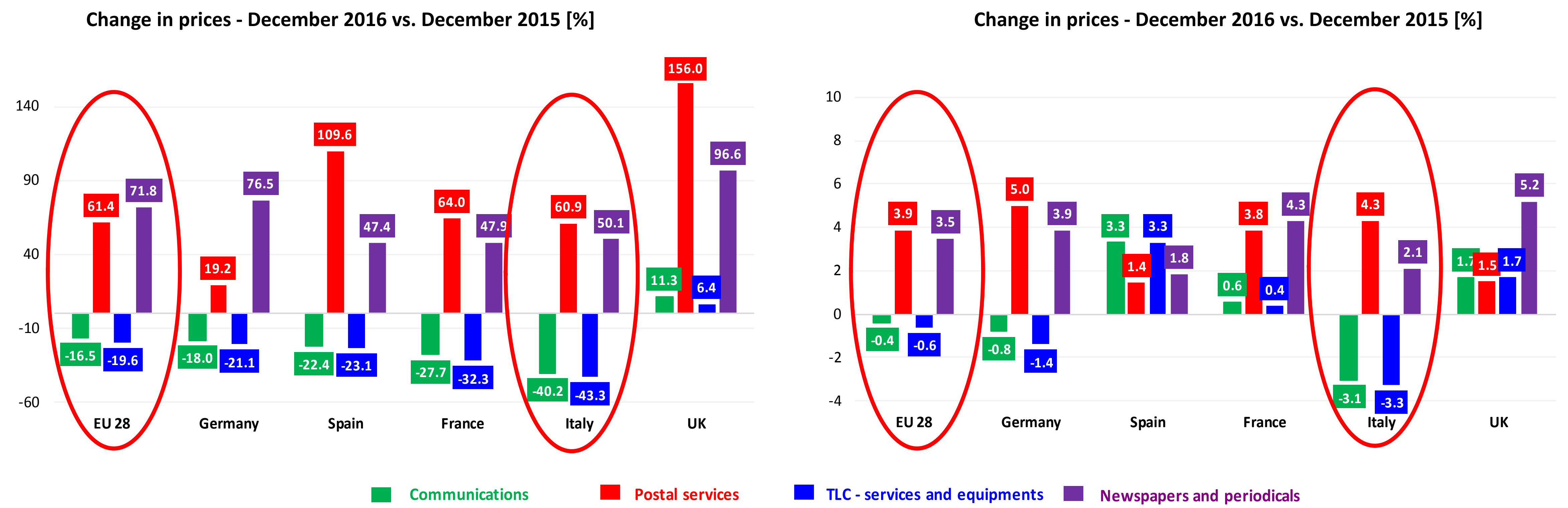
12/2015
03/2016
06/2016
09/2016
12/2016
Devices (1)
Access / basic services (2)
Broadband /Internet (3)


Mobile telephony price indices (2010=100)
120
110
100
90
80
70
60
50
40
78.6
50.4
Istat services codes:
(4) 08 20 20
(5) 08 30 20
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
09/2016
12/2016
Devices (4)
Services (5)

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







- Since December 2000, in Italy the communications price index has decreased at a faster pace than the EU average: -**40.2** and **-16.5** pp, respectively
- Since December 2000, the Italian inflation rate of postal services (**+60.9** pp) has increased slightly less than the EU average increase (**+61.4** pp); Germany showed a lower increase (**+19.2** pp)
- Since 2000, in Italy the newspapers and periodicals price index has increased (**+50.1** pp) less than the EU average (**+71.8** pp)
- YoY, the trends are the same as those observed above, but for the postal services the prices have increased slightly more than the EU average

AUTORITÁ PER LE GARANZIE NELLE COMUNICAZIONI

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