Commission for
Communications Regulation

Irish Communications Market

Quarterly Key Data

December 2004

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An Coimisiún um Rialáil Cumarsáide
Commission for Communications Regulation
Abbey Court Irish Life Centre Lower Abbey Street Dublin 1 Ireland
Telephone +353 1 804 9600 *Fax* +353 1 804 9680 *Email* info@comreg.ie *Web* www.comreg.ie

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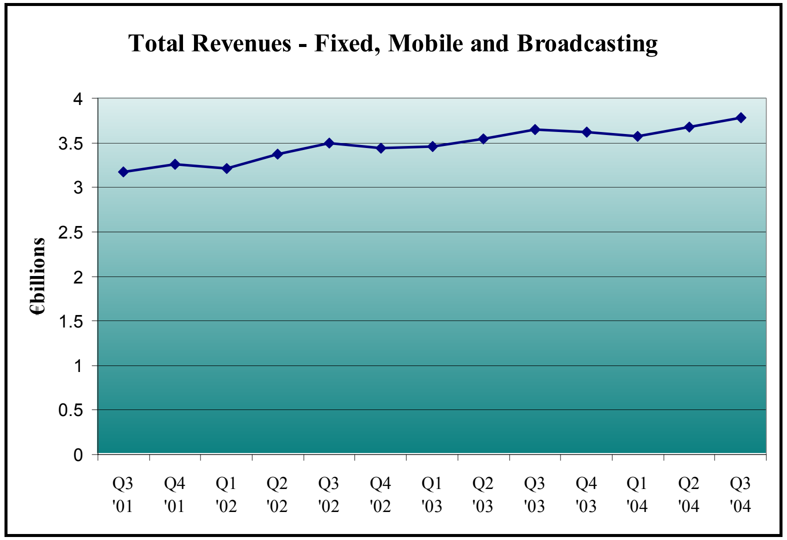
LEGAL DISCLAIMER

1 Overall Market Data

The data in this review is based on returns from authorised operators for the period 1st July 2004 to 30th September 2004. The report is based on submissions from 40 operators[1] which represent approximately 99% of total market activity.

1.1 Overall Electronic Communications Revenues

Figure 1.1.1 Total Revenues – Fixed, Mobile & Broadcasting



[1] List of general authorisations is available on www.comreg.ie.

- Total revenues for fixed, mobile & broadcasting markets now stands at an estimated €3.78 billion per annum on an annualised basis.
  - Increase of approximately 2.7% since last quarter mainly due to growth in mobile revenues.
  - Increase of approximately 3.6% since 2003.

1.2 Telecoms Sector as a % of GNP

- Telecoms sector is estimated to account for approximately 3.1% of Irish GNP[2] compared to 3.26% of Irish GNP in December 2003[3].

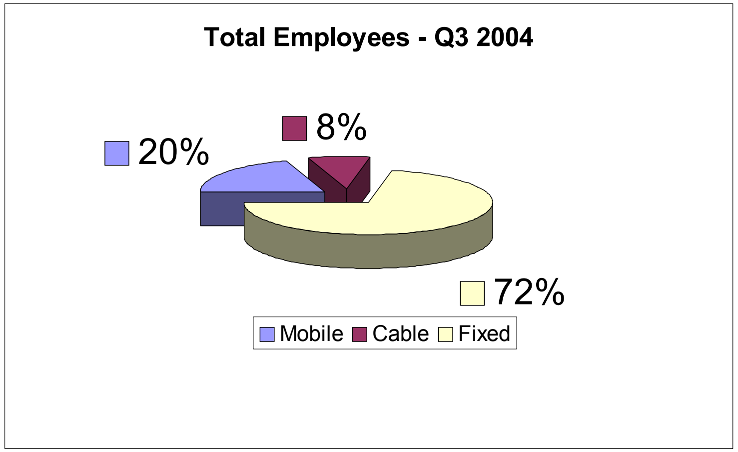
[2] Figure was calculated using forecast GNP at market price for 2004 - €122,068 million – ESRI Quarterly Economic Commentary, Autumn 2004.

[3] Calculated using preliminary GNP at market price for 2003 – €111,671 million - ESRI Quarterly Economic Commentary, Autumn 2004.

1.3 Employees

- The number employed in the telecommunications sector is 14,373.
  - Slight decrease since last quarter.
  - A decrease of almost 3% since last year.
- The fixed, mobile & broadcasting markets account for approximately 72%, 20% and 8% of the total figure respectively. This remains unchanged since last quarter.

Figure 1.3.1 Total Employees



2 Data By Sector

2.1 Fixed Line

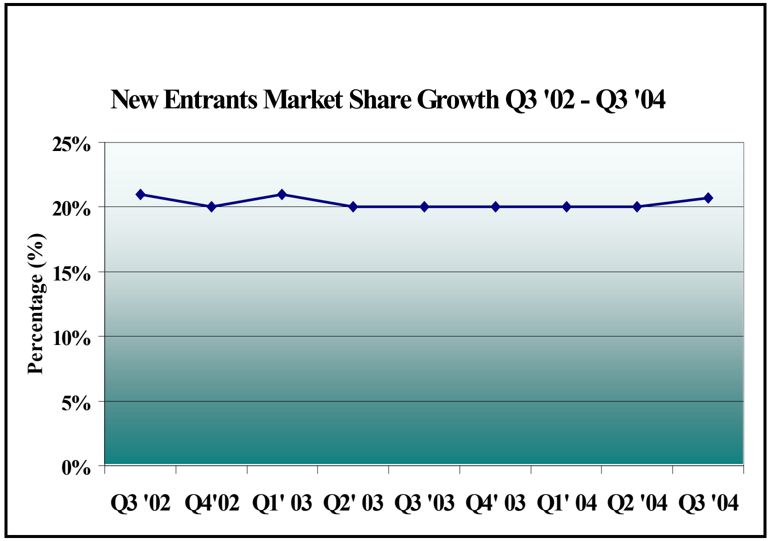
2.1.1 Fixed Line Revenue

- Total fixed line revenue[4] is approximately €484 million compared to €507 million for the same period last year.
  - Fall of €1 million since last quarter.
  - Annualised fixed line revenue figure accounts for 51% of total telecoms revenue as compared with 56% last year.

2.1.2 Other Authorised Operators (OAO) Share of Overall Fixed Line Revenues

- OAO share of overall fixed line revenues remains in the 20-21% range.

Figure 2.1.1 OAO Market Share

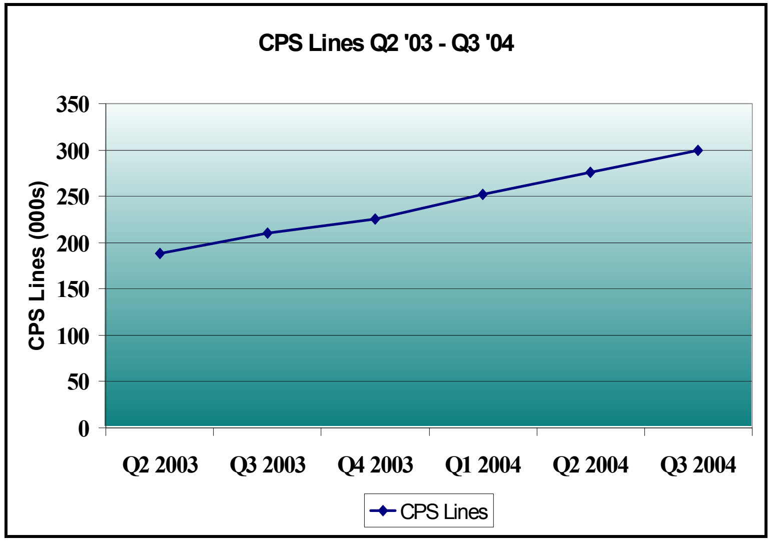


[4] This figure includes revenue from retail traffic (local, national, international, mobiles, internet, payphone & other), Internet services, leased lines, switched data and other services such as directory publication and maintenance of customer equipment. Data based on returns from authorised operators only.

2.1.3 Carrier Pre Selection

- The following graph shows the trend in overall CPS lines over the past six quarters.

Figure 2.1.2 Carrier Pre Selection



- Approximately 300,000 CPS lines[5]
    - Increase of approximately 8% since last quarter.
    - There are approximately 277,000 CPS PSTN lines and 22,400 CPS ISDN lines.
    - 17% of total PSTN lines and 18% of total ISDN channels are CPS.

2.1.4 Telecom Access Paths

- There are approximately 5.58 million (PSTN, ISDN and mobile) telecom access paths.

2.1.5 PSTN Lines

- Approximately 1.6 million lines.
    - Remains constant since last quarter.
    - Accounts for 29% of total access paths.

[5] Represents total number of Carrier Pre Select PSTN and ISDN lines in the country (both business and residential). This number includes CPS customers that also avail of the new wholesale line rental product introduced in June 2004.

2.1.6 ISDN Access Channels

- Approximately 406,000 ISDN access channels[6].
    - Accounts for 7.8% of total access paths.
    - The proportion of primary, fractional & basic rate ISDN is 42%, 7% and 51% respectively of the total number of ISDN access channels.

2.1.7 Mobile Subscribers

- 3.57 million mobile subscribers, up from 3.2 million for the same quarter last year.
- Mobile subscribers account for approximately 68% of total access paths compared with 62% last year.

2.1.8 DSL

- Approximately 83,000[7] DSL lines had been installed by the end of September, increased by 49% from 55,500 last quarter.

2.1.9 Cable Modems

- Approximately 6,800 cable modems[8].
    - Increase of 26% since last quarter (mainly attributable to Ntl).

2.1.10 FRIACO

- As at the end of March there were approximately 93,600 FRIACO subscribers, increased by 14% from 81,900 last quarter.

2.1.11 Wholesale Line Rental

- Wholesale Line rental was launched 1 June 2004, by the end of September, there were 34,400 PSTN and ISDN lines and rapidly increasing.

2.1.12 Fixed Wireless Access

- Approximately 6,100 narrowband and broadband subscribers. An increase of 40% since last quarter.

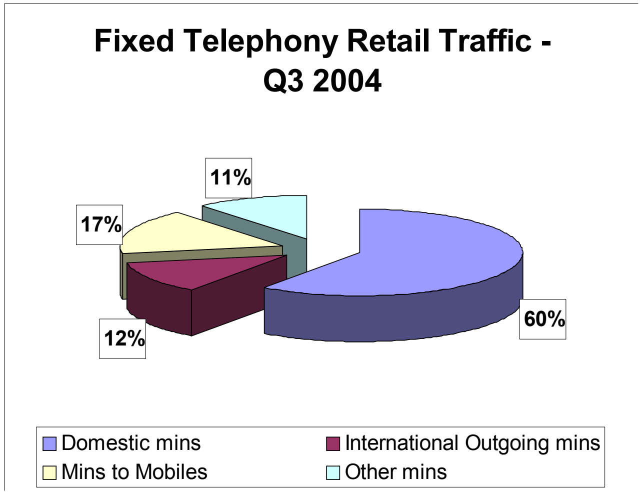
[6] Represents all direct and indirect ISDN channels in the country.

[7] This figure includes the incumbent and OAO lines and is based on the number of lines installed.

[8] Supplied by a number of operators including Ntl, Chorus and Casey CableVision (Dungarvan).

2.1.13 Fixed Retail Traffic (Minutes)

Figure 2.1.4 Fixed Retail Traffic



- Retail traffic excluding internet traffic[9] has increased by 6% since last quarter.
    - Domestic minutes account for 60% of overall minutes (excluding internet), Mobile 17%, International 12% and Other 11%.

2.1.14 Leased Lines

- There are approximately 18,700 retail leased line circuits, down 200 from last quarter.
- There are approximately 8,500 wholesale leased line circuits, up 50 since last quarter.

[9] Internet minutes are no longer included in this calculation as it has proved difficult to ensure that all relevant internet traffic across all operators is being included due to the complexity of the different types of packages on offer.

- The following table sets out the rolling three month average delivery time for circuits delivered by *eircom* to OAOs.

Table 2.1.1 Rolling Three Month Average Delivery Time for Leased Line Circuits Ordered by OAOs (Working Days)

	July '04	August '04	Sept '04
All Leased Lines	*22*	*21*	*21*
Of Which:			
Sub 2Mbit Lines	*22*	*21*	*21*
2Mbit Lines	*24*	*24*	*22*

- The rolling three month average delivery time for 95% of leased line circuits ordered by OAOs for June 2004 was 20 days.[10]
- Since June 2004 the average delivery time for 95% of leased line circuits ordered by OAOs has risen to 21 days for all types.[11]

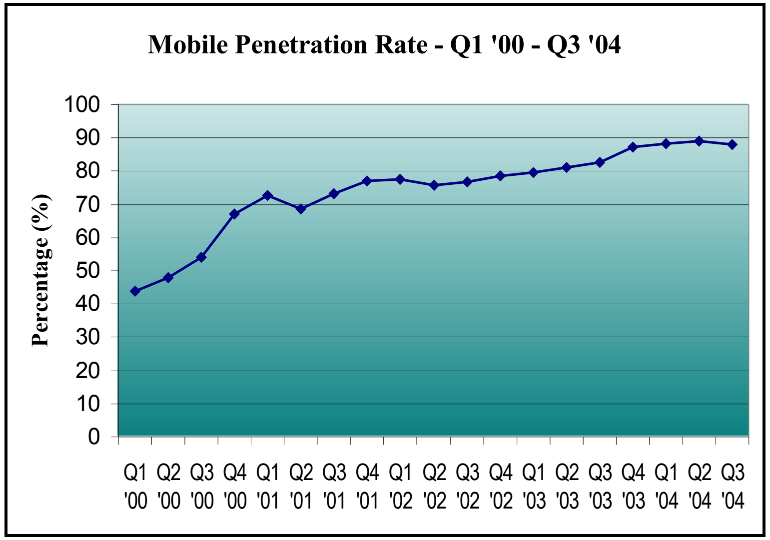
[10] The figures reported above are for 95% of orders i.e. the average of the first 95% of orders to be delivered. This removes the effect that any anomalies may have had on the figures and presents a true reflection of how fast the majority of circuits were delivered. Figures relating to the 100% of orders are published on eircom's website.

[11] 1) Delivery lead-time is shown for 95% of orders delivered in the period 2) Sub 2mb deliveries include digital circuits with transmission speeds of less than 2mb. 3) The statistics provided relate to orders from other authorised operators only. 4) Other interconnect circuits are not included in the statistics.

2.2 Mobile

2.2.1 Irish Mobile Penetration Rate

Figure 2.2.1 Irish Mobile Penetration Rate



Source: Baskerville and ComReg Estimates

- Irish mobile penetration rate now stands at 88%[12].
    - ➢ Relatively unchanged since last quarter.

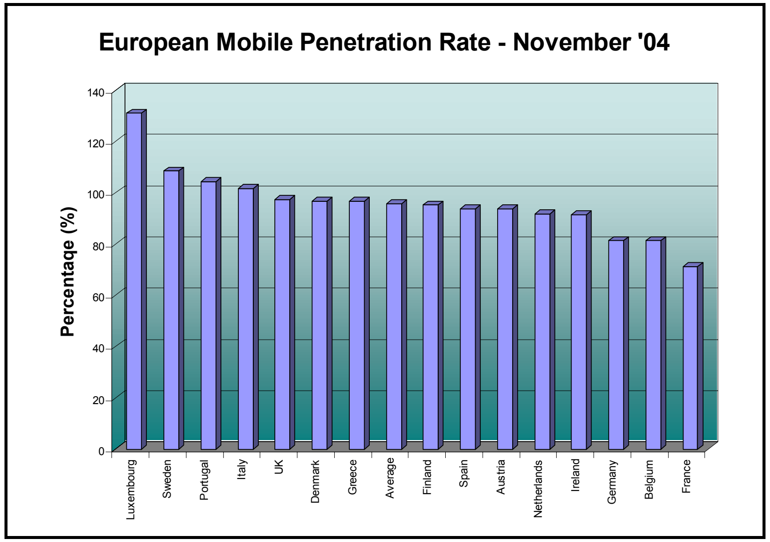
[12] Using new CSO population figure of 4.04m as opposed to census figure of 3.917m. Penetration rate using old CSO figure would have been 91% for this quarter.

2.2.2 Mobile Revenues

- Mobile retail revenue for the quarter stood at €431 million.
    - ➢ Increase of 8% since last quarter.

2.2.3 European Penetration Rates

Figure 2.2.2 European Penetration Rates



Source: Baskerville

- According to the 10th Implementation Report[13], the average penetration rate for the EU-15 is 87% and for the EU-25 is 83%.

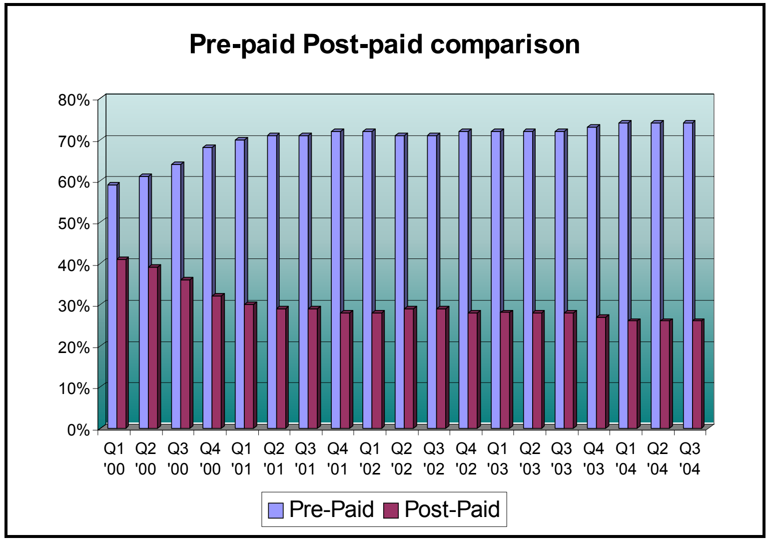
[13] European Electronic Communications Regulation and Markets, 2004.

2.2.4 Subscribers

- Approximately 3.57 million mobile subscribers at the end of September 2004.
  - Increasing from approximately 3.2 million at the end of September 2003.
  - Since the introduction of Mobile Number Portability (July 2003) approximately 203,000 subscribers have ported their number.

2.2.5 Pre-Paid / Post Paid Comparison

Figure 2.2.3 Pre-Paid / Post Paid Comparison

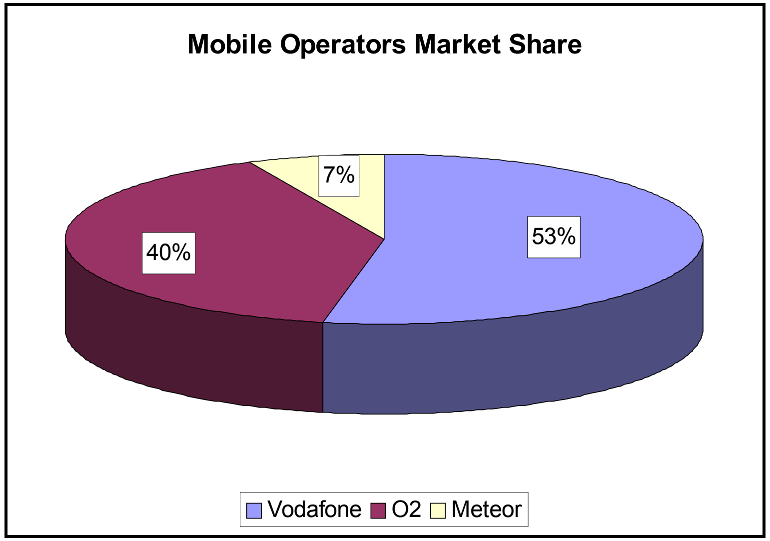


Source: ComReg Quarterly Review Questionnaires

- Pre-paid and Post-paid subscribers account for 74% and 26% of the overall mobile subscribers respectively.

2.2.6 Market Shares

Figure 2.2.4 Mobile Operators Market Share[14]



Source: ComReg Quarterly Review Questionnaire

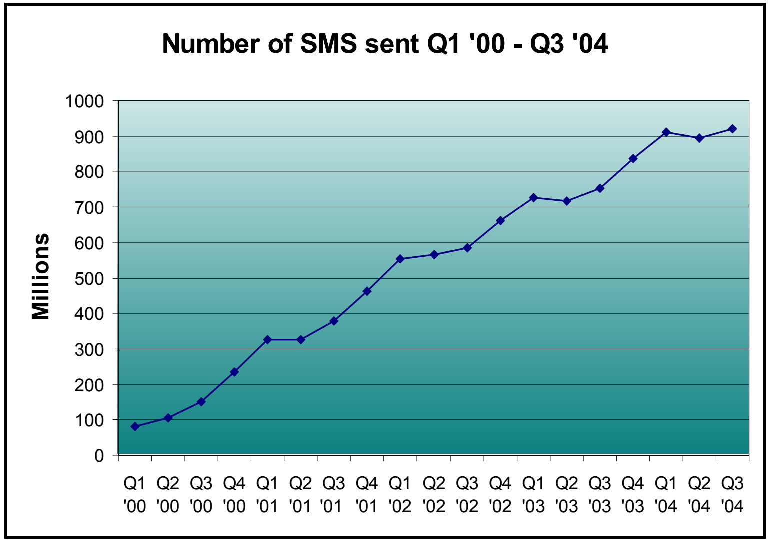
- Vodafone - 53%, 1% decrease since last quarter
- O_2 – 40%, no change in the last quarter
- Meteor - 7%, 1% increase since last quarter

[14] Market share is based on the number of subscribers.

- All operators have increased their subscriber base since the last quarter

2.2.7 SMS

Figure 2.2.5 Number of SMS Messages sent



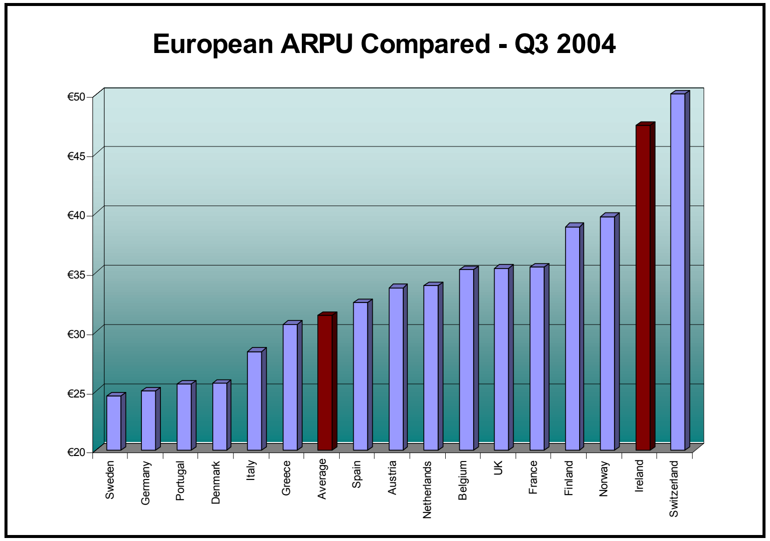
Source: ComReg Quarterly Review Questionnaire

- Approximately 921 million messages sent during the quarter.
    - Increase of 3% on the previous quarter, this equates to an average of 86 SMS messages per subscriber per month.
    - 22% increase in the number of messages sent in 12 months.

2.2.8 ARPU

- At second highest of the European countries, Irish Mobile Operator's ARPU is estimated at €47 per month, remaining the same since the last quarter, while the EU average is €31.[15]

Figure 2.2.6 European ARPU Compared



Source: The Yankee Group

[15] As far as possible, ARPU figures are obtained directly from operators. Where unavailable, ARPU is calculated by dividing annual service revenues by the mid-term installed base (the sum of the opening and closing customer bases for the period divided by two). Once the Yankee group has obtained or calculated all individual ARPU figures, they are applied to each operator's mid-term user base to obtain service revenues by operator, which are then combined to obtain a country total. This total revenue figure is then divided by total mid-term users to derive country-level ARPU.

2.3 Residential Internet

ComReg has tracked consumer access to and usage of the Internet since 2003 by means of a quarterly survey carried out by Amarach Consulting.

Under the European Commission's e-Europe 2005 Action Plan, the Central Statistics Office collects annual data on access to and use of the Internet by both residential and business users. Collection began in 2003 and the first survey results are available on the CSO's web site[16]. Data for 2004 will be available shortly and will provide an accurate measure of the extent of Internet penetration and usage in Ireland.

ComReg will focus its future market research on consumer attitudes to Information and Communications Technologies (ICTs) to compliment the CSO's data collection. The remainder of this section will focus on Amárach's findings in relation to e-commerce.

2.3.1 E-Commerce

- 37% have used the Internet to purchase a product or service in the last three months, a 5% decrease since last quarter.
- The most common products or services purchased on the Internet in the last three months were airline tickets (61%), concert tickets (19%) and books (16%).

[16] Information Society Statistics- Ireland 2003 which is available at http://www.cso.ie/publications/ict/ictirelandjune2003.pdf

2.4 Cable/MMDS & Satellite

2.4.1 PayTV Subscribers

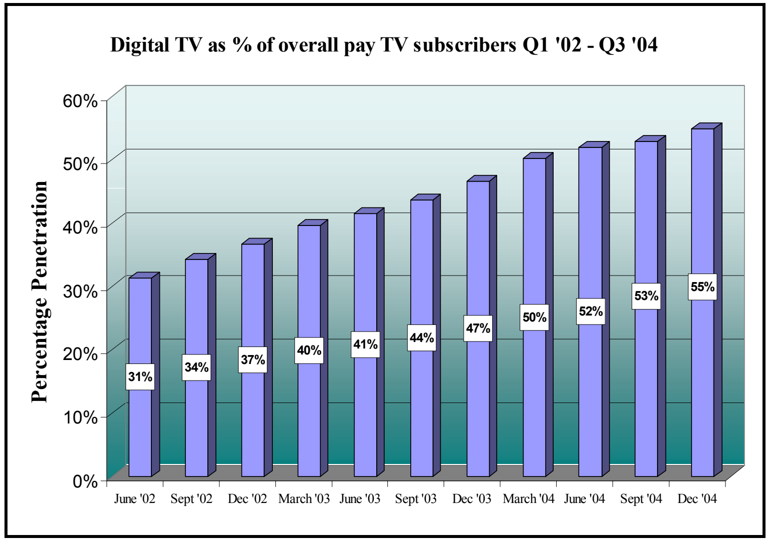
- Approximately 525,000 cable/MMDS subscribers to television services in Ireland.
    - No change since last quarter.
    - 387,000 of these subscribe to analogue television only
    - 138,000 (26%) have upgraded to digital television. This has increased from 17% in December 2003 and 24% last quarter.
- 332,000 subscribers to BSkyB as at 30 September 2004[17].
    - Increase of 3% since June 2004.
    - This figure has increased by 35,000 over the past year.
- There are 857,000 (cable/MMDS and satellite) pay TV subscribers of which 55% now subscribe to digital TV.
- Approximately 470,000 cable/MMDS and satellite digital subscribers.
    - This figure has increased by 79,000 since December 2003.
    - Digital households represent approximately 35% of all households with a television[18].

[17] BSkyB results for three months ended 30 September 2004 (12 November 2004).

2.4.2 Households Passed for Cable/MMDS

- Over 1.1 million households passed.
    - Approximately 75% are passed for digital services.
    - Increase of 8% since last quarter[19]

Figure 2.4.1 Digital TV as percentage of overall pay TV

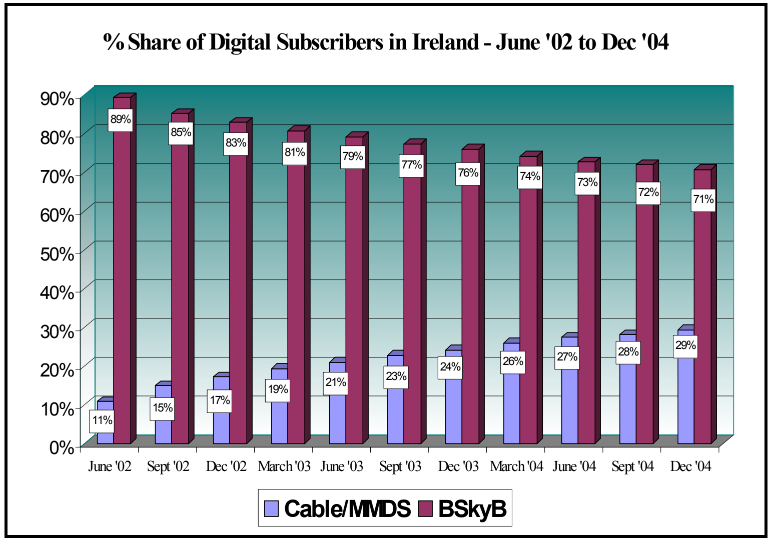


[18] Figure is based on CSO estimate of 1.35 million households with a television.

[19] Due to correction made to number households passed.

- Cable/MMDS now accounts for 29% of all digital subscribers in the country (satellite accounts for the remaining 71%), an increase of 5% since December 2003.

Figure 2.4.2 Digital TV Distribution in Ireland



2.4.3 Cable/MMDS Revenues

- Total cable/MMDS revenues have increased by 1% since last quarter.

3 Tariff Data

This section compares movements in incumbents' tariffs for a range of telecommunication services. The tariff comparisons, generated from the pricing of a number of baskets of telecom services, rank Ireland's position against all other Member States in relation to telecom tariffs.[20] It should be noted that competing operators sometimes offer cheaper tariffs and this would also be true in the other countries surveyed. The tariff comparison also reflects only one tariff option per incumbent operator and by definition is not indicative of tariff levels available in other tariff options, which may be offered by operators.

The baskets, which are constructed by Teligen using an OECD approved methodology, provide a "snapshot" of Ireland's position vis-à-vis the other Member States at a particular point in time. The baskets do not include the ten new members that joined on 1st May 2004. The baskets of services examined in this review include:

- National PSTN
- International PSTN
- National Leased Lines
- International Leased Lines
- ISDN and ADSL Baskets
- Pre-paid and post paid mobile baskets

The ISDN and ADSL baskets are not OECD baskets. The ISDN baskets are however constructed by Teligen using the OECD residential and business PSTN usage profiles, plus an internet usage element for basic rate baskets, on the assumption that voice usage would not change and that ISDN is required for simultaneous internet access.

Due to the lack of any ultimate comparison methodology of such a diverse service we feel it is necessary to view the ADSL prices using two methods. The first method, normalised lowest monthly rental (per Mbit/s), reflects the cost of ADSL on a per Mbit basis and may favour operators that offer higher speeds. The second method is minimum monthly rental which shows, regardless of access speeds, the lowest cost for ADSL.

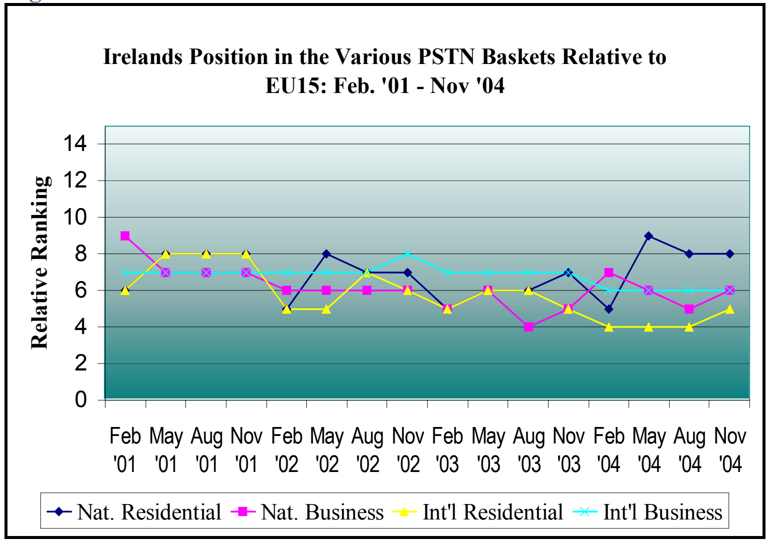
[20] While still using baskets constructed by Teligen using an OECD approved methodology, only comparisons between the 15 Member States are examined.

3.1 Overview

3.1.1 PSTN

- Figure 3.1.1 shows the movement in Ireland's position relative to the EU (ranking out of 15 Member States, one being the cheapest[21]) in all PSTN baskets since February 2001. Since last quarter Ireland's relative position has remained unchanged in the national residential and international business baskets but has fallen by one place in the national business and international residential baskets.

Figure 3.1.1: Ireland's Relative Position for PSTN baskets: Feb. '01 – Nov '04



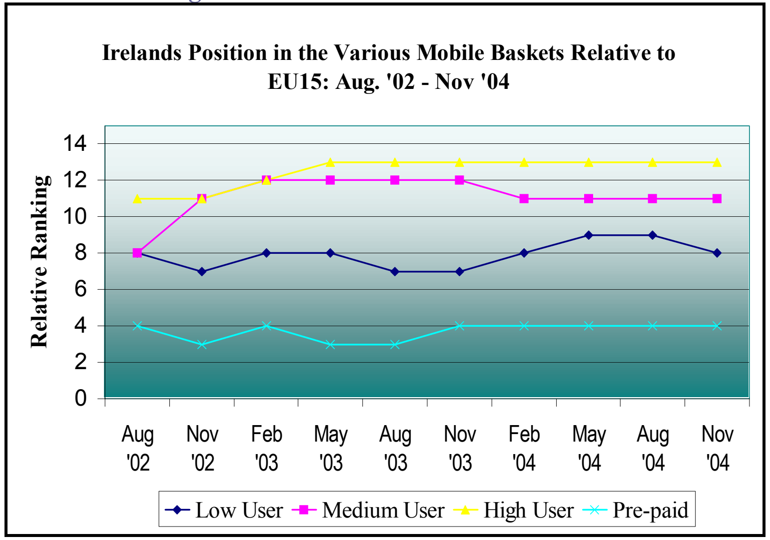
3.1.2 Leased Lines

- Ireland's position has remained unchanged in both of the leased line baskets.

3.1.3 Mobile

- Figure 3.1.2 shows the movement in Ireland's position relative to the EU in all mobile baskets since August 2002. Since last quarter Ireland's relative position has improved by one place in the low user basket and remains unchanged in the remaining baskets.

Figure 3.1.2: Ireland's Relative Position for Various Mobile baskets: Aug. '02 – Nov '04



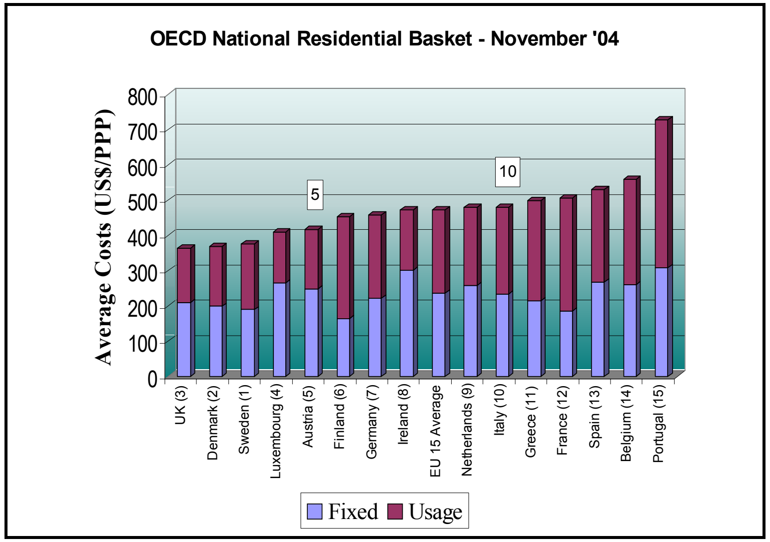
[21] The same applies to all baskets.

3.2 PSTN Baskets

3.2.1 National Residential Basket

- Ireland position remains unchanged since last quarter, and is one place ahead of the EU average.

Figure 3.2.1: OECD National Residential Basket –Nov 2004[22]

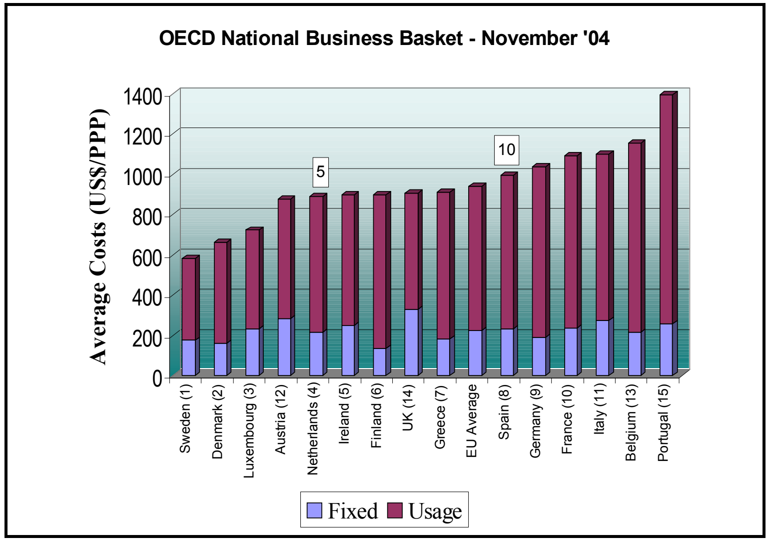


NB: The numbers in brackets represent each Member States respective rankings as at Aug 2004.

3.2.2 National Business Basket

- Ireland position has fallen by one place to 6th since last quarter, and remains three places ahead of the EU average.

Figure 3.2.2: OECD National Business Basket –Nov 2004



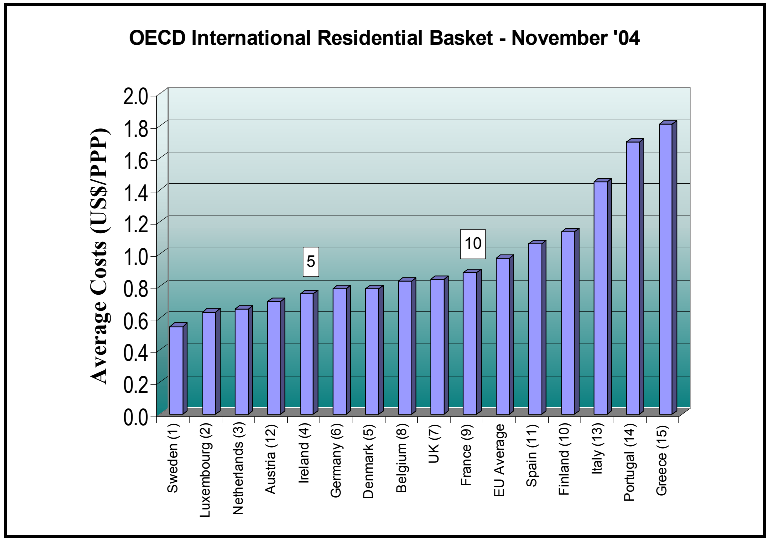
NB: The numbers in brackets represent each Member States respective rankings as at Aug 2004.

[22] Residential tariffs include VAT. VAT rates vary between member states.

3.2.3 International Residential Basket

- Ireland position has fallen by one place since last quarter, but remains six places ahead of the EU average.

Figure 3.2.3 OECD International Residential Basket –Nov 2004[23]

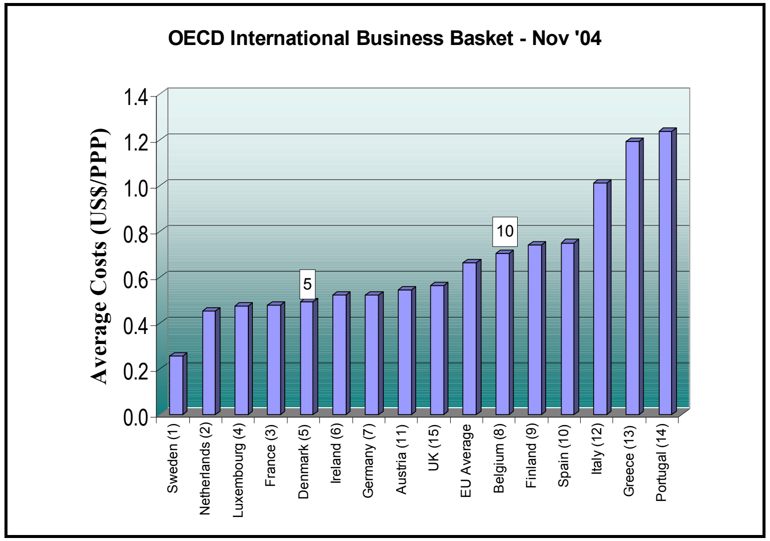


NB: The numbers in brackets represent each Member States respective rankings as at Aug 2004.

3.2.4 International Business Basket

- Ireland position remains unchanged since last quarter, ranked 6th and four places ahead of the EU average.

Figure 3.2.4: OECD International Business Basket –Nov 2004



NB: The numbers in brackets represent each Member States respective rankings as at Aug 2004.

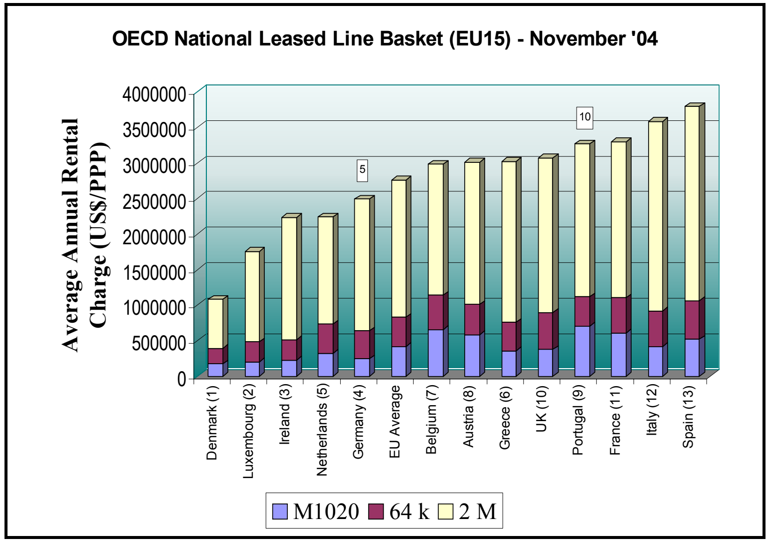
[23] Residential tariffs include VAT. VAT rates vary between member states.

3.3 Leased Line Baskets

3.3.1 National Leased Lines

- In 3rd and three positions ahead of the EU average[24], Ireland's position remains unchanged since last quarter.

Figure 3.3.1 OECD National Leased Line Basket –Nov 2004

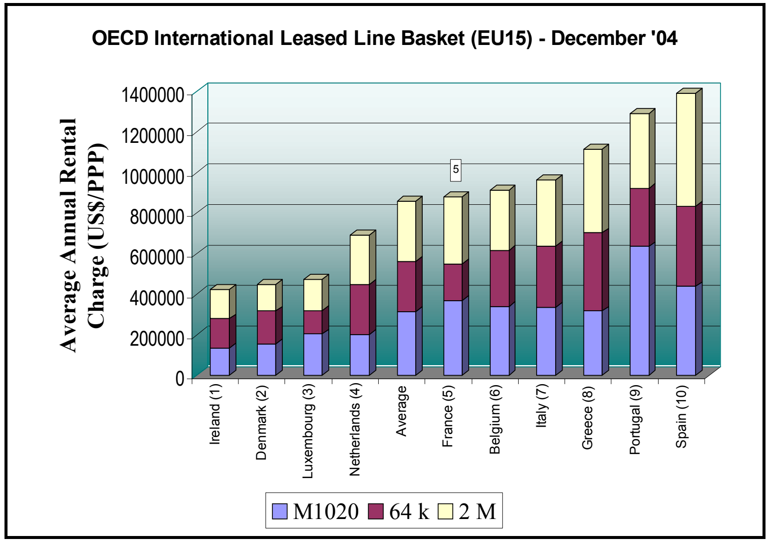


NB: Data for Finland and Sweden is unavailable. The numbers in brackets represent each Member States respective rankings as at Aug 2004.

3.3.2 International Leased Lines

- Ireland remains in first position[25].

Figure 3.3.2 OECD International Leased Line Basket –Nov 2004



NB: Data for Germany, Finland, Austria, Germany and UK is unavailable. The numbers in brackets represent each Member States respective rankings as at Aug 2004.

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[24] The "National Leased Line Basket" is based on 100 circuits distributed over 6 distances from 2 to 500 km. Results exclude Vat.

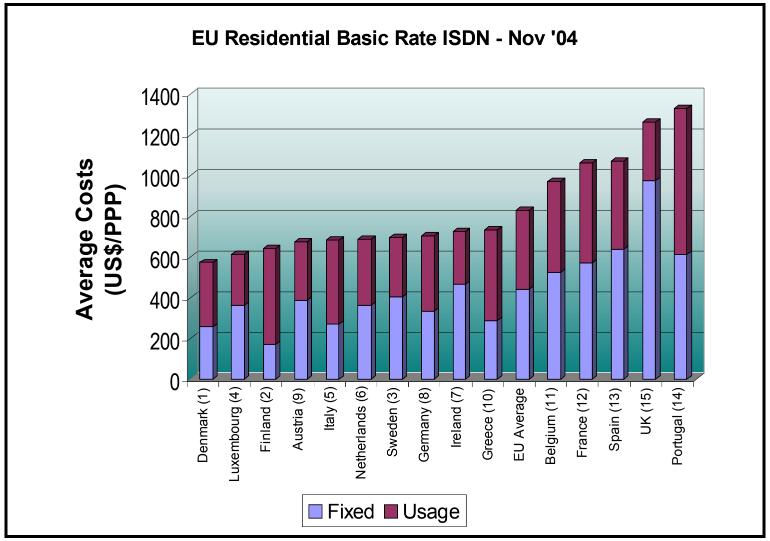
[25] The prices for these circuits are devised from the weighted average of half-circuits to all other OECD countries, using the traffic volume weighting method proposed by Teligen.

3.4 **ISDN Baskets**[26]

3.4.1 Residential Basic Rate ISDN Basket[27]

- Ireland has fallen by two places since last quarter but is two places ahead of the EU average in the residential ISDN basket.

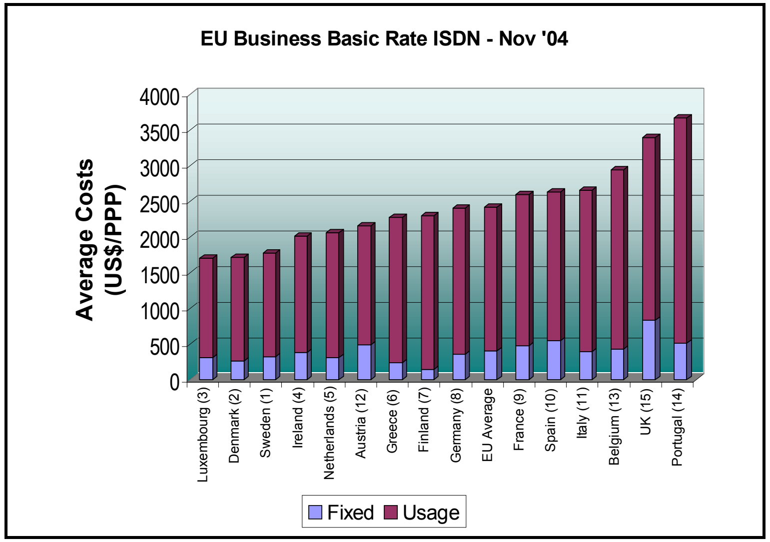
Figure 3.4.1 Residential Basic Rate ISDN Basket –Nov '04[28]



3.4.2 Business Basic Rate ISDN Basket[29]

- Ireland position remains unchanged since last quarter in 4th and six places ahead of the EU average in the business basic rate ISDN basket.

Figure 3.4.2 Business Basic Rate ISDN Basket –Nov '04



[26] The ISDN baskets are constructed using OECD PSTN business and residential usage profiles and non-recurring charges (such as installation). Basic Rate ISDN involves 2 user channels while Primary Rate involves 30 user channels.

[27] Same home usage profile as OECD residential PSTN basket with an additional internet usage included for off-peak times.

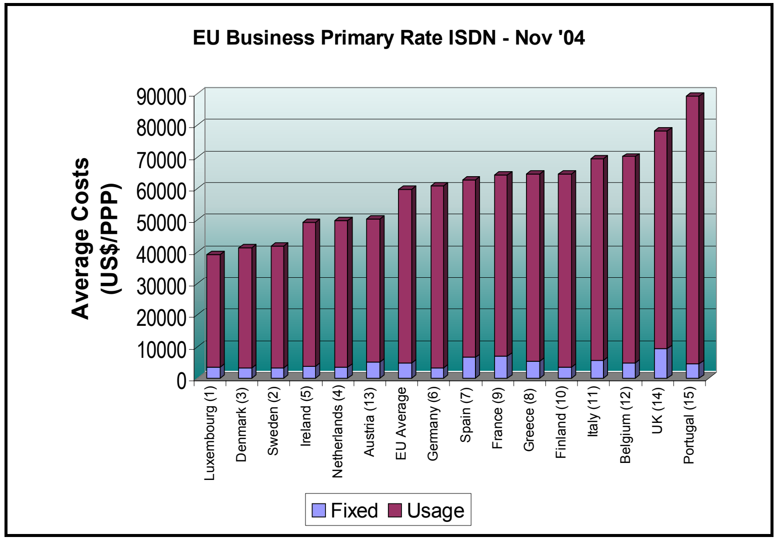
[28] Residential tariffs include VAT. VAT rates vary between member states.

[29] Same usage profile as OECD business PSTN basket with an additional internet usage included for off-peak times.

3.4.3 Business Primary Rate ISDN Basket[30]

- Ireland position has improved by one place to 4th and is now three places ahead of the EU average in the business primary rate ISDN basket.

Figure 3.4.3 Business Primary Rate ISDN Basket –Nov '04



[30] Same usage profile as OECD business PSTN basket. Internet usage is not included in this basket, as we assume that a company of medium size would use more appropriate means of Internet access, such as dedicated lines.

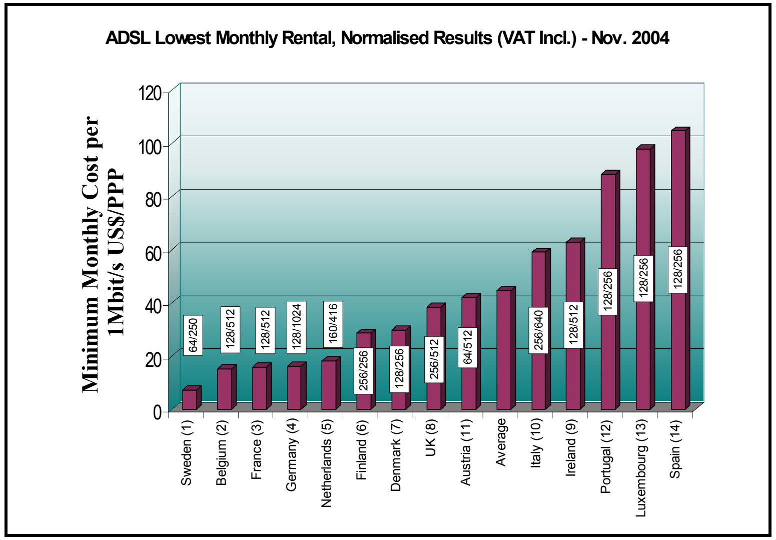
3.5 ADSL Baskets[31]

The following two ADSL baskets should be looked at together to get the most complete picture of ADSL prices across the EU.

3.5.1 Lowest Monthly Rental ADSL Basket (Normalised)[32]

- Ireland position has fallen by two places to 11th and is now two places behind the EU average.

Figure 3.5.1 Lowest Monthly Rental ADSL Basket (Normalised) – Nov '04

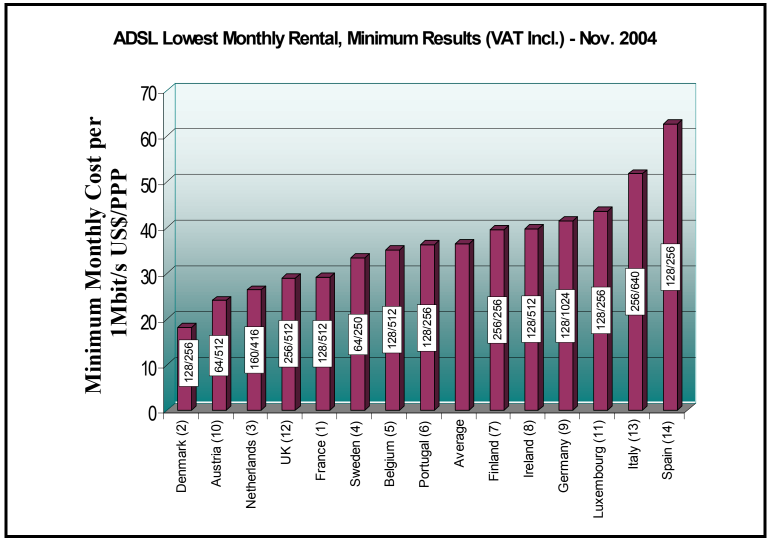


N.B. Greece has not yet been included because the pricing of the ADSL product available is excessive.

3.5.2 Lowest Monthly Rental ADSL Basket (Minimum)[33]

- Ireland position has fallen by two places to 10th in this basket but remains two places behind the EU average.

Figure 3.5.2 Lowest Monthly Rental ADSL Basket (Minimum) –Nov '04



N.B. Greece has not yet been included because the pricing of the ADSL product available is excessive.

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[31] This section does not include ADSL tariff packages that are offered as special promotions. All tariffs are inclusive of VAT. VAT rates vary between Member States.

[32] The normalised (1Mbit/s) results show the cheapest offering in each country, per 1 Mbit/s of service. This method may favour countries offering higher speeds. Figures in boxes represent the upload/download speed (kb/s) of the service offered.

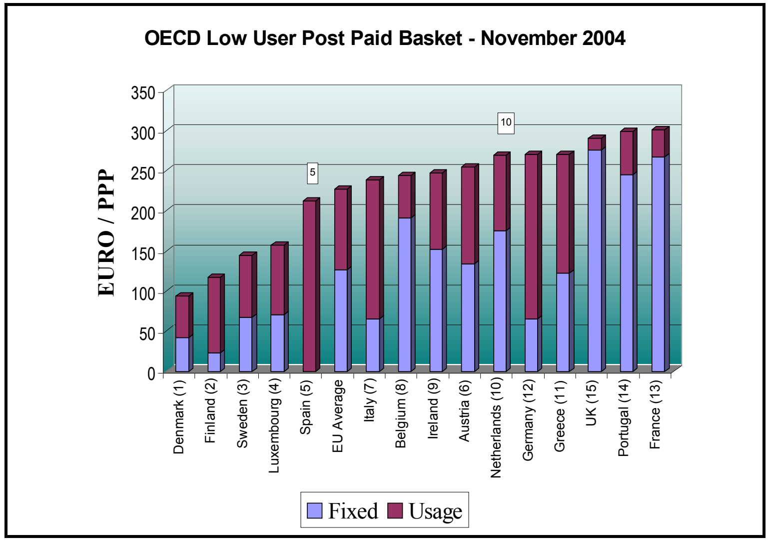
[33] The minimum results show the lowest monthly rental charge offered in each country. This method may favour countries offering lower speeds. Figures in boxes represent the upload / download speed (kb/s) of the service offered.

3.6 Mobile Baskets

3.6.1 Low User Post Paid Mobile Basket[34]

- Ireland position has improved by one place to 8th since last quarter, but remains three places behind the EU average.

Figure 3.6.1 OECD Low User Post Paid Mobile Basket –Nov '04

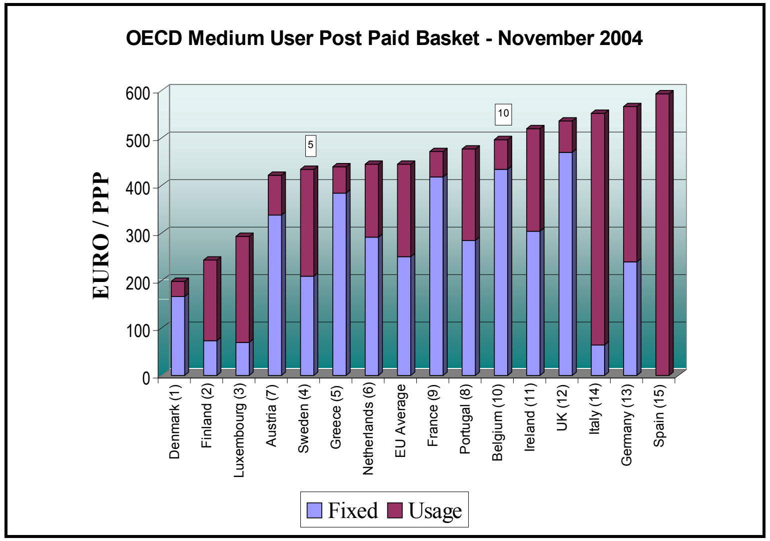


NB: The numbers in brackets represent the countries respective rankings as at Aug 2004.

3.6.2 Medium User Post Paid Mobile Basket

- Ireland position remains unchanged at 11th since last quarter and is now four places behind the EU average.

Figure 3.6.2 OECD Medium User Post Paid Mobile Basket – Nov '04



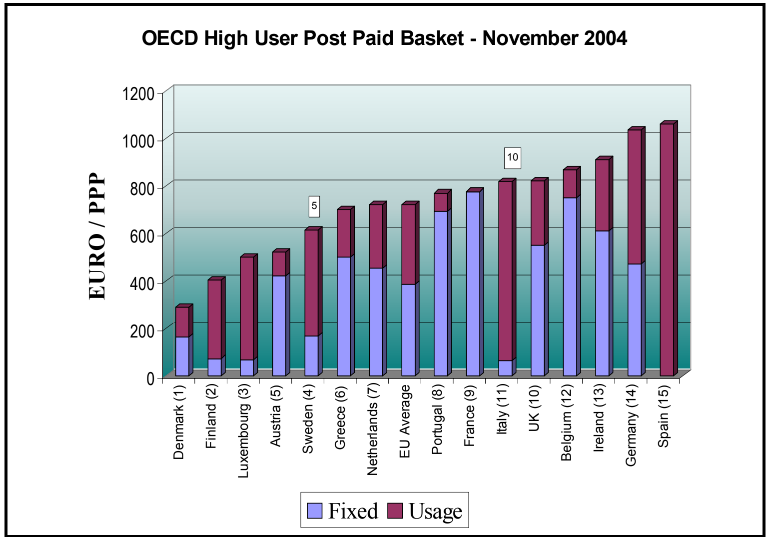
NB: The numbers in brackets represent the countries respective rankings as at Aug 2004.

[34] All tariffs are inclusive of VAT, rates will vary between Member States

3.6.3 High User Post Paid Mobile Basket

- Ireland remains in 13th position in the high user post paid mobile basket, three places behind the UK and six places behind the EU average.

Figure 3.6.3 OECD High User Post Paid Mobile Basket – Nov '04

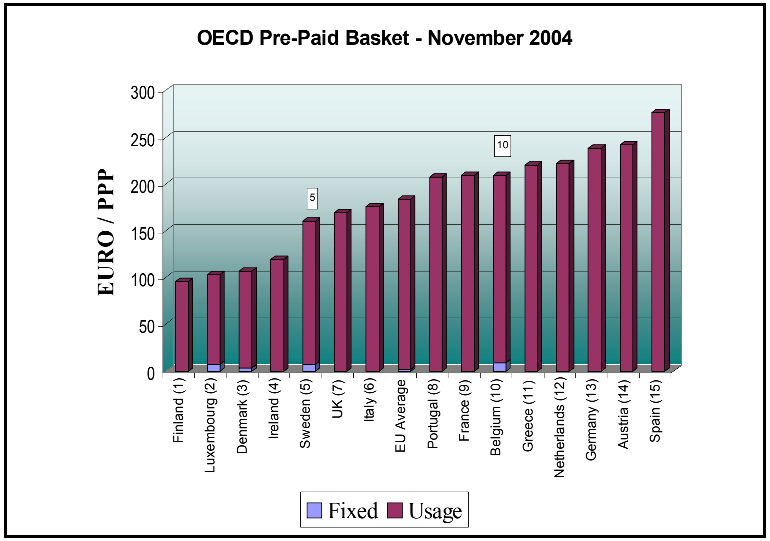


NB: The numbers in brackets represent the countries respective rankings as at Aug 2004.

3.6.4 Pre Paid Mobile Basket[35]

- Ireland's remains in 4th place and is four places ahead of the EU average in the pre-paid mobile basket.

Figure 3.6.4 OECD Pre Paid Mobile Basket – Nov '04



NB: The numbers in brackets represent the countries respective rankings as at Aug 2004.

[35] The OECD has found that there is little difference between the average pre-paid usage and low-user post-paid usage. This pre-paid basket thus refers to the average pre-paid user and is based on low user post-paid usage.