Commission for
Communications Regulation

Irish Communications Market

Quarterly Key Data

September 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

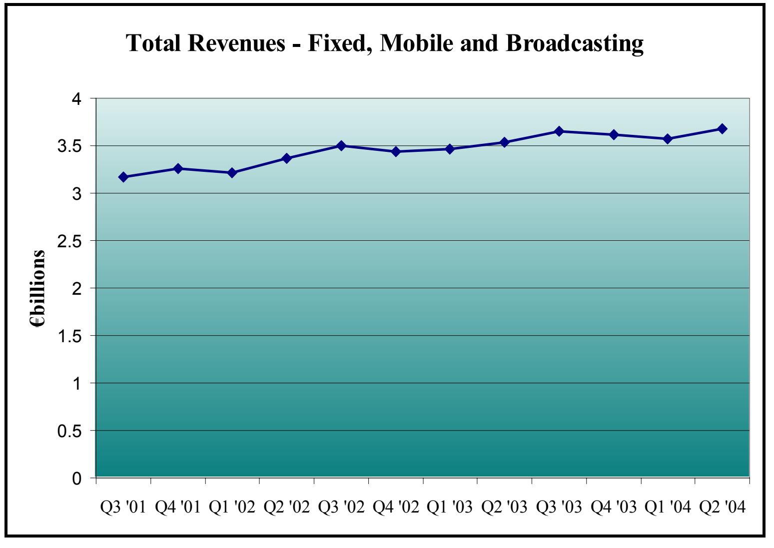
Contents

1 Overall Market Data

The data in this review is based on returns from authorised operators for the period 1st April 2004 to 30th June 2004. The report is based on submissions from 47 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



- Total revenues for fixed, mobile & broadcasting markets now stands at an estimated €3.68 billion per annum on an annualised basis.
    - Increase of approximately 3% since last quarter mainly due to growth in mobile revenues.
    - Increase of approximately 4% since 2003.

1.2 Telecoms Sector as a % of GNP

- Telecoms sector is estimated to account for approximately 3.3% of Irish GNP[2] compared to 3.42% of Irish GNP in September 2003[3].

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

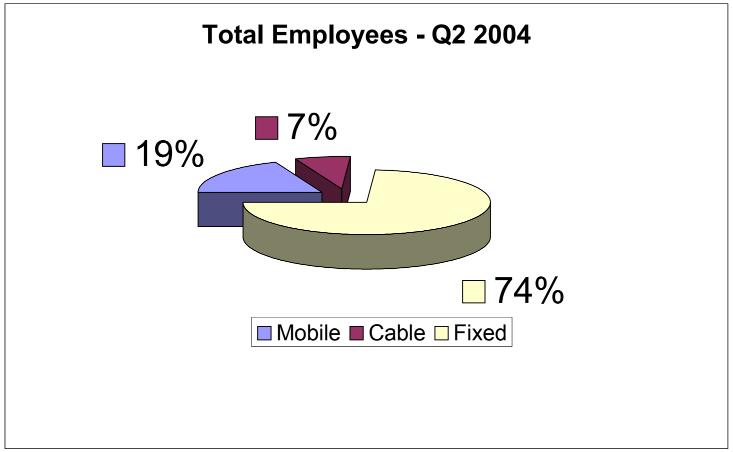
[2] Figure was calculated using forecast GNP at market price for 2003 - €111,190 million – ESRI Quarterly Economic Commentary, Autumn 2003.

[3] Calculated using preliminary GNP at market price for 2002 – €103,429 million - ESRI Quarterly Economic Commentary, Autumn 2003.

1.3 Employees

- The number employed in the telecommunications sector is 14,440.
    - A decrease of 2% since last quarter, mainly attributable to the fixed sector
    - A decrease of almost 1% since last year.
- The fixed, mobile & broadcasting markets account for approximately 74%, 19% and 7% of the total figure respectively. This remains unchanged since last quarter.

Figure 1.1.2 Total Employees



2 Data By Sector

2.1 Fixed Line

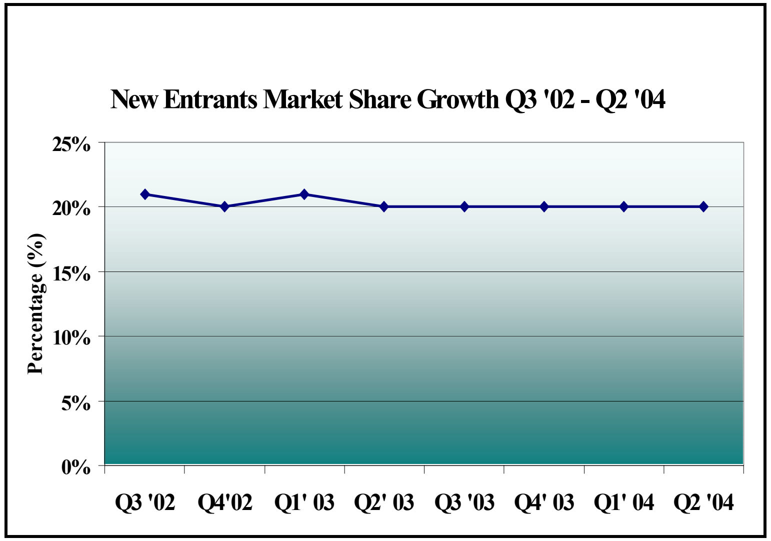
2.1.1 Fixed Line Revenue

- Total fixed line revenue[4] is approximately €485 million compared to €502 million for the same period last year.
    - Small decrease since last quarter.
    - Annualised fixed line revenue figure accounts for 53% of total telecoms revenue as compared with 56% last year.

2.1.2 Other Authorised Operators (OAO) Market Share

- OAO market share is approximately 20%.
    - Remains unchanged since last quarter.
    - The market share has been in the 20-21% range for the last two years.

Figure 2.1.1 OAO Market Share



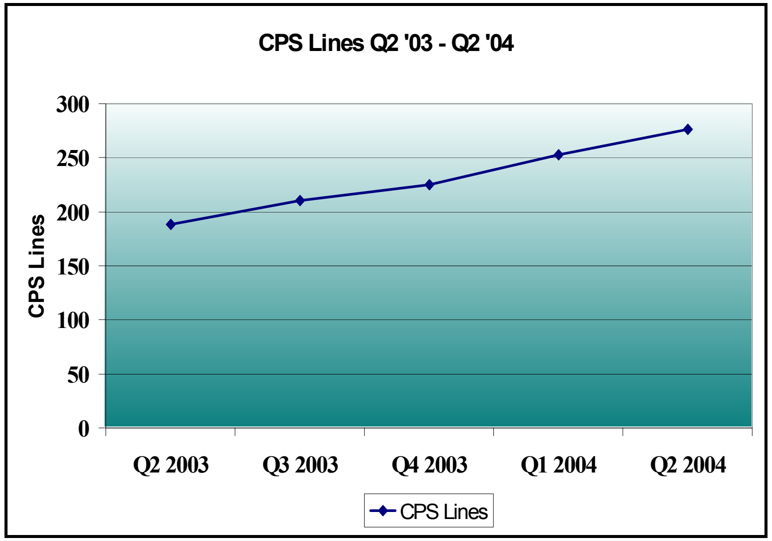
Source: ComReg Quarterly Review Questionnaire

[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

- Following an audit of the CPS data supplied by both eircom and OAOs, the following graph shows the revised trend in overall CPS lines over the past three quarters.

Figure 2.1.2 Carrier Pre Selection



- Approximately 276,000 CPS lines[5]
  - ➢ Increase of approximately 9.5% since last quarter.
  - ➢ Represents approximately 17% of total PSTN lines.

2.1.4 Telecom Access Paths

- There are approximately 5.52 million telecom access paths.
  - ➢ Remains unchanged since last quarter[6]

2.1.5 PSTN Lines

- Total of 1.6 million lines.
  - ➢ Remains constant since last quarter.
  - ➢ Accounts for 29% of total access paths as compared with 31% last year.

[5] Represents total number of Carrier Pre Select PSTN and ISDN lines in the country (both business and residential)

[6] Correct figure for Q1 2004 was 5.52 million access paths, due to a re-evaluation of ISDN access channels.

2.1.6 ISDN Access Channels

- Approximately 423,000 ISDN access channels[7].
  - Accounts for 7.6% of total access paths.
  - The proportion of primary, fractional & basic rate ISDN is 43%, 6% and 51% respectively of the total number of ISDN access channels.

2.1.7 Mobile Subscribers

- 3.5 million mobile subscribers up from 3.1 million for the same quarter last year.
- Mobile subscribers account for approximately 63% of total access paths compared with 61% last year.

2.1.8 DSL

- Approximately 55,500[8] DSL lines had been installed by the end of June, increased by 44% from 38,600 last quarter.

2.1.9 Cable Modems

- Approximately 5,380 cable modems[9].
  - Increase of 4% since last quarter.

2.1.10 FRIACO

- As at the end of March there were approximately 81,900 FRIACO subscribers, increased by 30% from 63,100 last quarter.

2.1.11 Wholesale Line Rental

- Wholesale Line rental was launched 1 June 2004, by the end August 2004, 17,000 fixed subscribers had availed of the product.

2.1.12 Fixed Wireless Access

- Approximately 4,353 narrowband and broadband subscribers.This increase of 42% is due to an increase in both authorised operator and exempt wireless based activity in the market.

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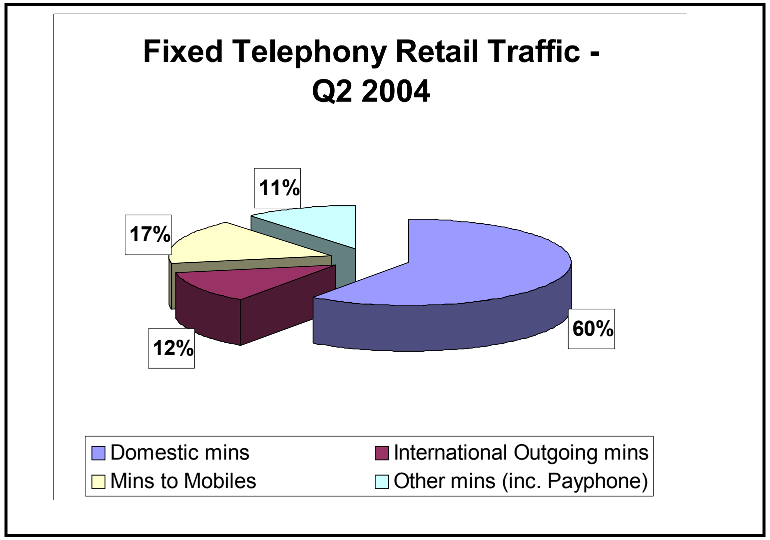
[7] Represents all direct and indirect ISDN channels in the country. This number has increased because of a restatement of CPS channels. Correct number for last quarter was approximately 420,000

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

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

Fixed Retail Traffic (Minutes)

Figure 2.1.4 Fixed Retail Traffic



- Retail traffic excluding internet traffic[10] has decreased by 5% since last quarter, caused mainly by a decrease in domestic minutes.
  - Domestic minutes account for 60% of overall minutes (excluding internet), Mobile 17%, International 12% and Other 11%.
  - OAO market share based on traffic other than Internet volumes[11] is 24%. The market share was 23% last quarter.

2.1.13 Leased Lines

- There are approximately 18,900 retail leased line circuits, down 1,000 from last quarter.
- There are approximately 8,450 wholesale leased line circuits, up 250 since last quarter.

[10] 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.

[11] Includes domestic, international, mobile, payphone & other minutes from authorised operators only. The volume calculation includes some elements of wholesale traffic in order to give a fair reflection of traffic volumes in the market.

- 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)

	May '03	June '03	July '04
All Leased Lines	*21*	*20*	*22*
Of Which:			
Sub 2Mbit Lines	*21*	*20*	*22*
2Mbit Lines	*28*	*28*	*24*

- The rolling three month average delivery time for 95% of leased line circuits ordered by OLOs for April 2004 was 21 days.[12]
- Since April 2004 the average delivery time for 95% of leased line circuits ordered by OAOs has risen to 22 days for all types[13].

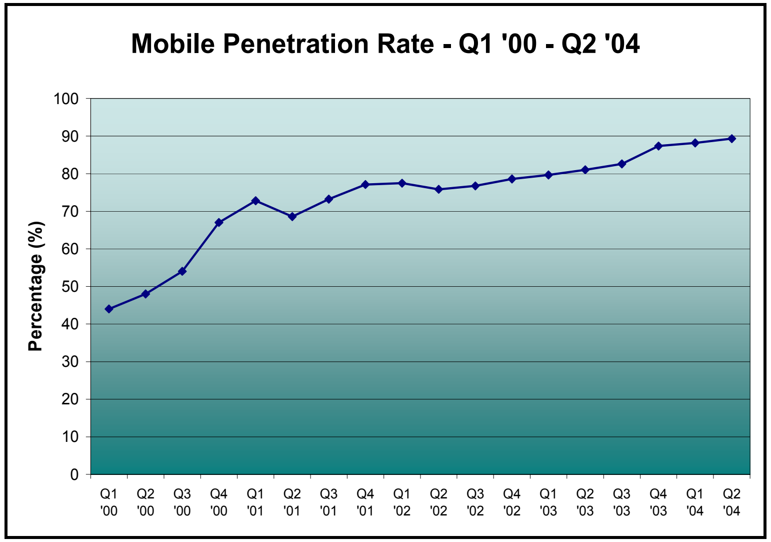
[12] The figures reported above are for 95% of orders i.e. the average of the first 95% of orders to be delivered. This removes the effect that any anomalies may have had on the figures and presents a true reflection of how fast the majority of circuits were delivered. Figures relating to the 100% of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

[13] 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

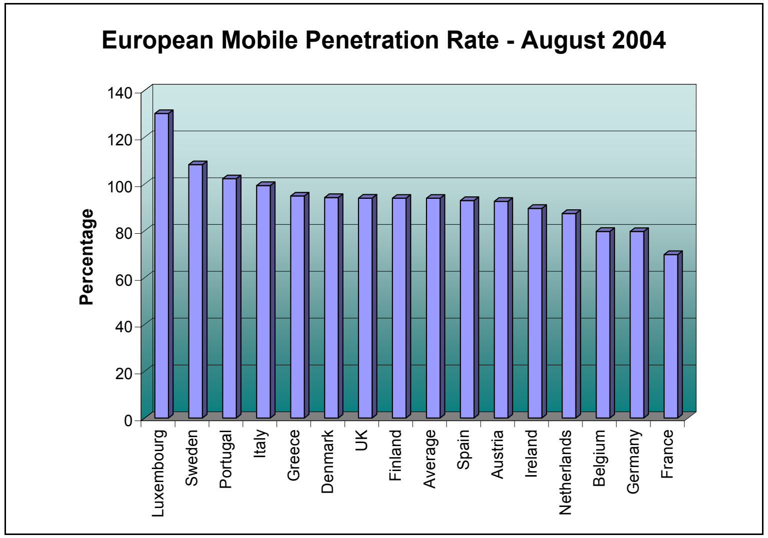
- Irish mobile penetration rate now stands at 89%.
  - Increase of 1% since last quarter.
  - Increase of 8% in the last 12 months.

2.2.2 Mobile Revenues

- Mobile revenue for the quarter stood at €399 million.
  - Increase of 7% since last quarter.

2.2.3 European Penetration Rates

Figure 2.2.2 European Penetration Rates



Source: Baskerville

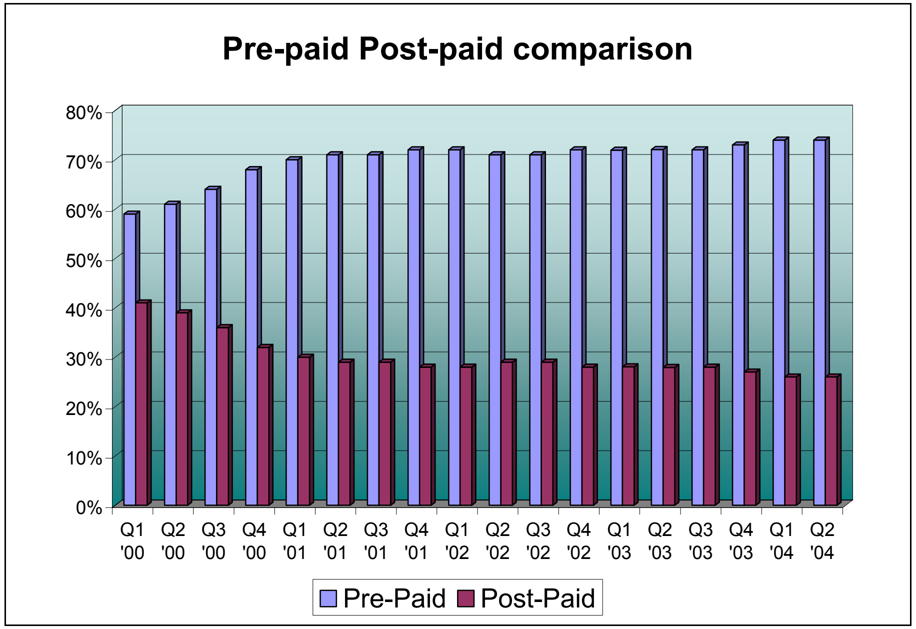
- At this point most European countries penetration rate is above 80%.

2.2.4 Subscribers

- Approximately 3.5 million mobile subscribers at the end of June 2004.
  - Increasing from approximately 3.2 million at the end of June 2003.
  - Since the introduction of Mobile Number Portability (MNP) approximately 142,000 subscribers have ported their number.

2.2.5 Pre-Paid / Post Paid Comparison

Figure 2.2.3 Pre-Paid / Post Paid Comparison

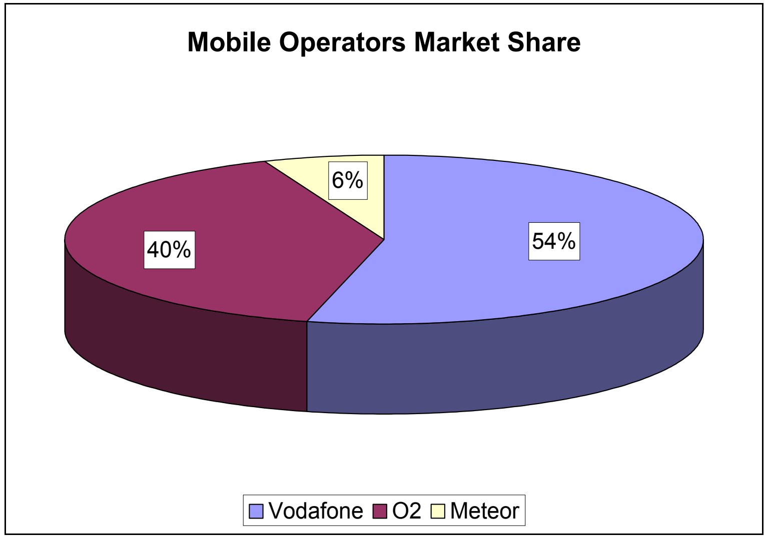


Source: ComReg Quarterly Review Questionnaires

- 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]



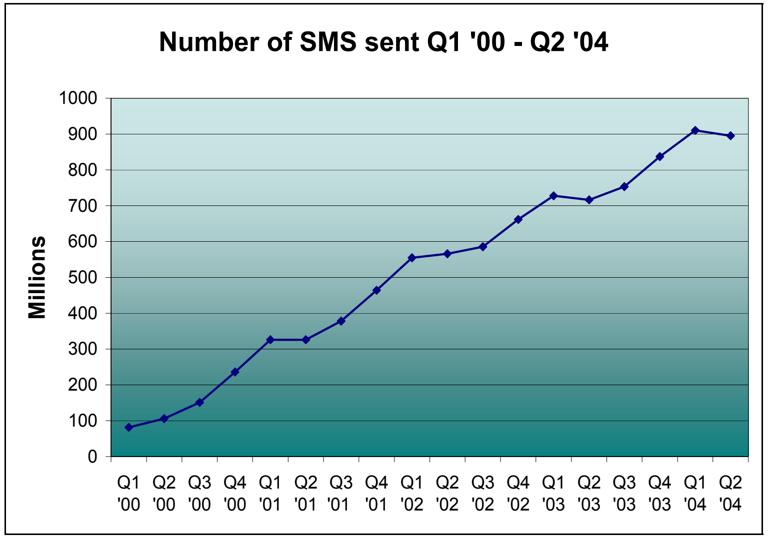
Source: ComReg Quarterly Review Questionnaire

- Vodafone - 54%, no change in the last quarter
- O_2 – 40%, no change in the last quarter
- Meteor - 6%, no change in the last quarter
- All operators have increased their subscriber base since the last quarter

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

2.2.7 SMS

Figure 2.2.5 Number of SMS Messages sent



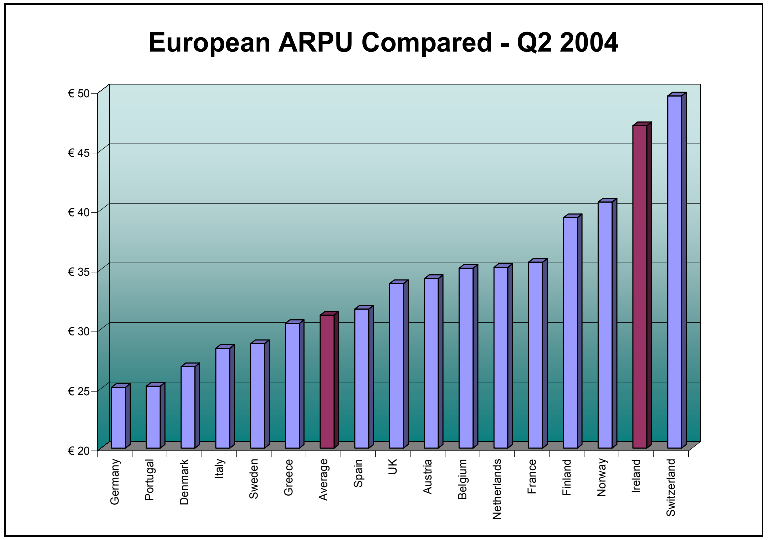
Source: ComReg Quarterly Review Questionnaire

- Approximately 896 million messages sent during the quarter.
    - 85 SMS messages sent on average per month, decrease of 2% on the previous quarter.
    - 25% 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

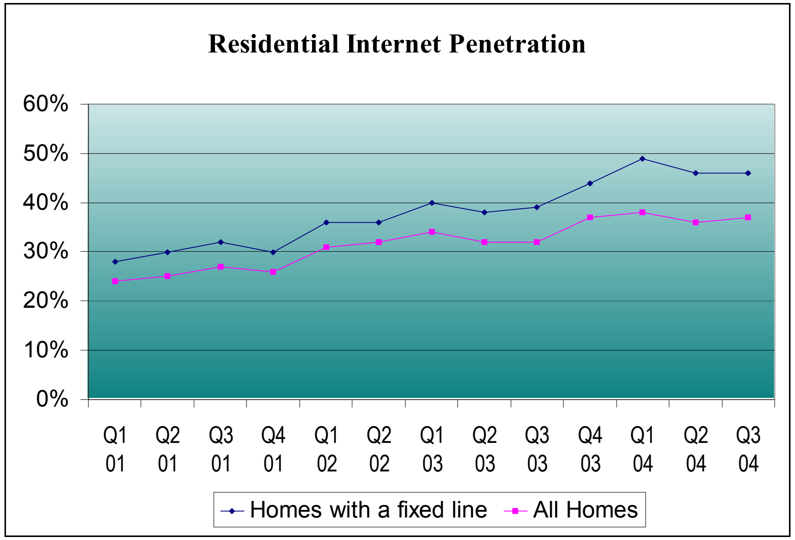
In order to measure the level of residential Internet penetration and usage in Ireland, ComReg has commissioned quarterly TrendWatch research from *Amárach Consulting*. Internet research is conducted among a nationally representative sample of 1,000 adults aged 15 – 74.[16] Of those surveyed, 78% have a fixed line at home. The results of *Amárach's* research will refer to those with a fixed line unless otherwise stated. The survey was carried out during July 2004.

Forty six percent of those surveyed had internet access which is the same as last quarter. It should be noted however that by including those who do not have a fixed line the Internet penetration figure would be 37% of households in Ireland.

[16] *Amárach* carried out face to face research of 1,043 adults aged 15 – 74 years during July 2004. The Internet penetration figure is nationally representative of the adult population with a fixed line, with a margin of error of +/- 3%.

2.3.1 Ireland's Internet Penetration Rate

Figure 2.3.1 Ireland's Internet Penetration Rate

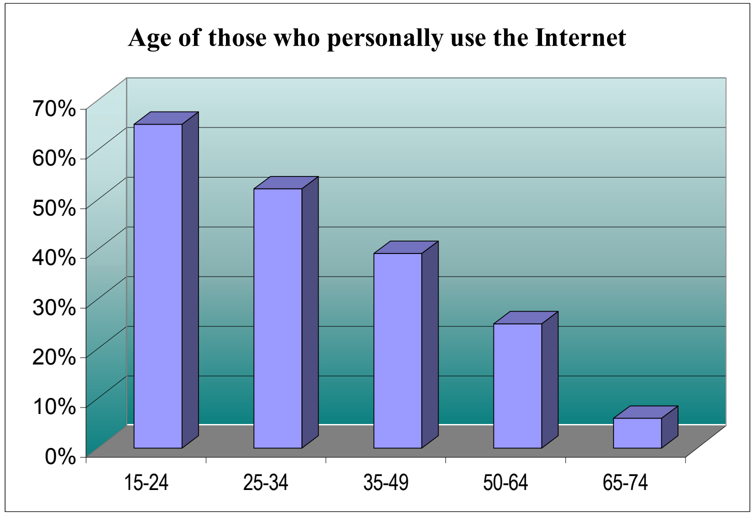


- Residential Internet penetration is estimated at 46%[17].

[17] It should be noted that a variation of 3% is within the margin of error of this survey.

2.3.2 Average Internet Usage

Figure 2.3.2 Age of those who personally use the Internet



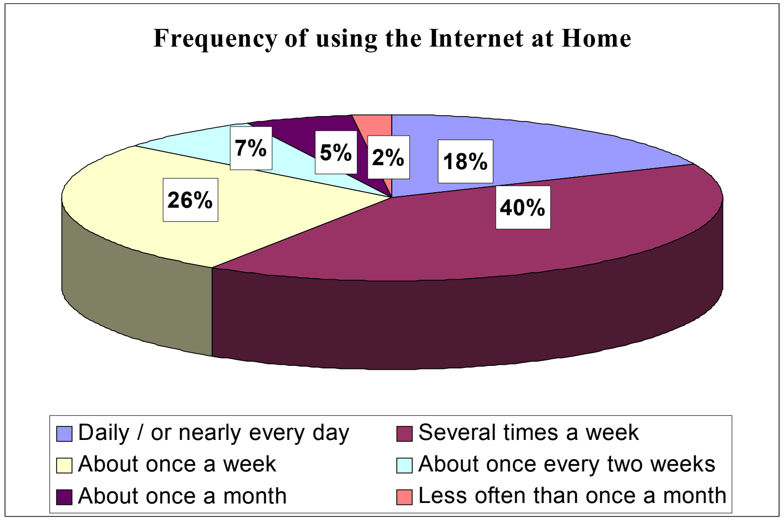
- Usage is highest amongst 15-24 year olds (65%) and 25-34 year olds (52%).

2.3.3 Methods of access to the Internet at home

- PSTN dial-up is the predominant form of home Internet access (86%, an increase of 5% since last quarter) followed by ISDN (5%, a decrease of 2% since last quarter), ADSL (3%) and cable modem (2%).

2.3.4 Frequency of using the Internet at home

Figure 2.3.3 Frequency of using the Internet at home



- Of those who personally use the internet at home, 18% use it daily or almost every day; while 40% use it several times a week.

2.3.5 E-Commerce

- Forty two percent have used the Internet to purchase a product or service in the last three months which is static since last quarter.

- The most common products or services purchased on the Internet in the last three months were airline tickets (61%), concert tickets (23%) and books (18%).

2.4 Cable/MMDS & Satellite

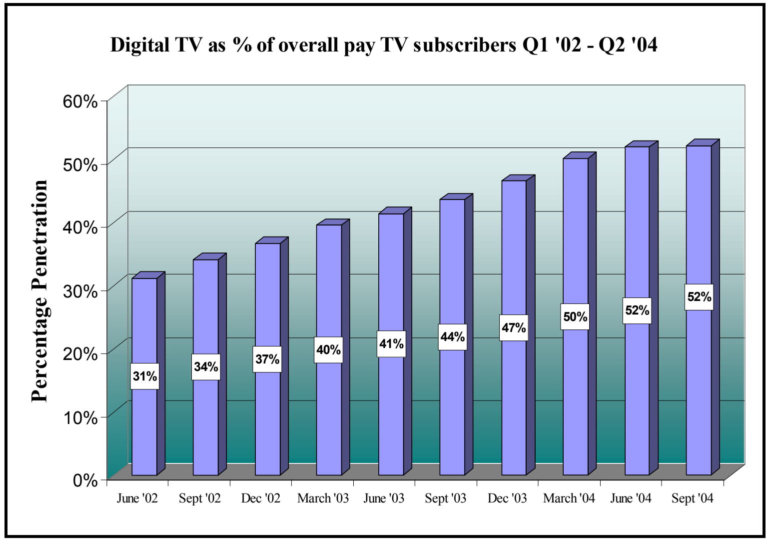
2.4.1 PayTV Subscribers

- Approximately 526,000 cable/MMDS subscribers to television services in Ireland[18].
    - Increase of approximately 1% since last quarter.
    - 400,000 of these subscribe to analogue television only
    - 126,000 (24%) of these have upgraded to digital television. This has increased from 15% in September 2003 and 23% last quarter.
- 323,000 subscribers to BSkyB as at 30 June 2004[19].
    - Increase of 1% since March 2004.
    - This figure has increased by 37,000 over the past year.
- There are 849,000 (cable/MMDS and satellite) pay TV subscribers of which 53% now subscribe to digital TV.
- Approximately 449,000 cable/MMDS and satellite digital subscribers.
    - This figure has increased by 79,000 since September 2003.
    - Digital subscribers represent approximately 33% of all households with a television[20].

2.4.2 Households Passed for Cable/MMDS

- Over 1.1 million households passed.
    - Approximately 67% are passed for digital services.
    - Increase of 1% since last quarter

Figure 2.4.1 Digital TV as percentage of overall pay TV



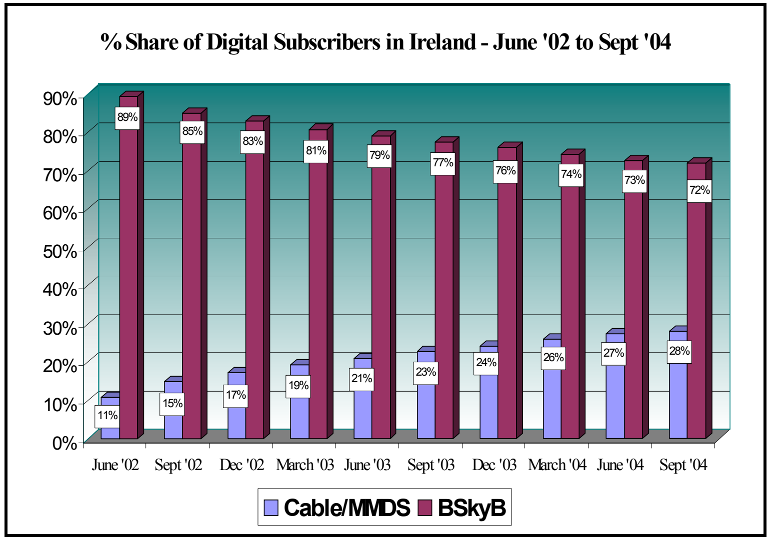
[18] 400,000 Cable/MMDS subscribers have analogue TV with 126,000 having upgraded to digital.

[19] BSkyB results for year end 30June 2004 (4 August 2004).

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

- Cable/MMDS now account for 28% of all digital subscribers in the country (satellite accounts for the remaining 72%), an increase of 5% since September 2003.

Figure 2.4.2 Digital TV Distribution in Ireland



2.4.3 Cable/MMDS Revenues

- Total cable/MMDS revenues have fallen by 2.8% 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.[21] 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.

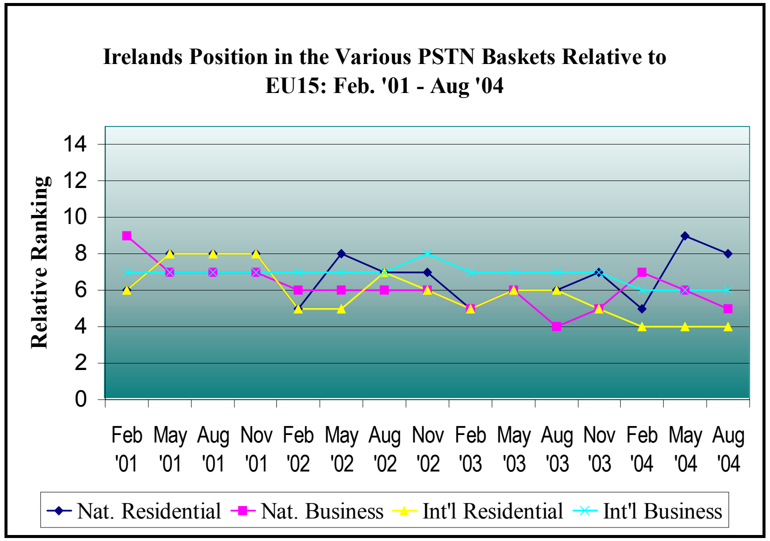
[21] While still using baskets constructed by Teligen using an OECD approved methodology, only comparisons between the 15 Member States are examined.

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[22]) in all PSTN baskets since February 2001. Since last quarter Ireland's relative position has improved by one place both in the national residential and business baskets[23] and has remained the same in the remaining baskets.

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



[22] The same applies to all of the remaining baskets.

[23] Despite the recent increase in fixed line rental, the price of this basket in Ireland has fallen; however this fall has been negated by falling tariffs in a number of other countries.

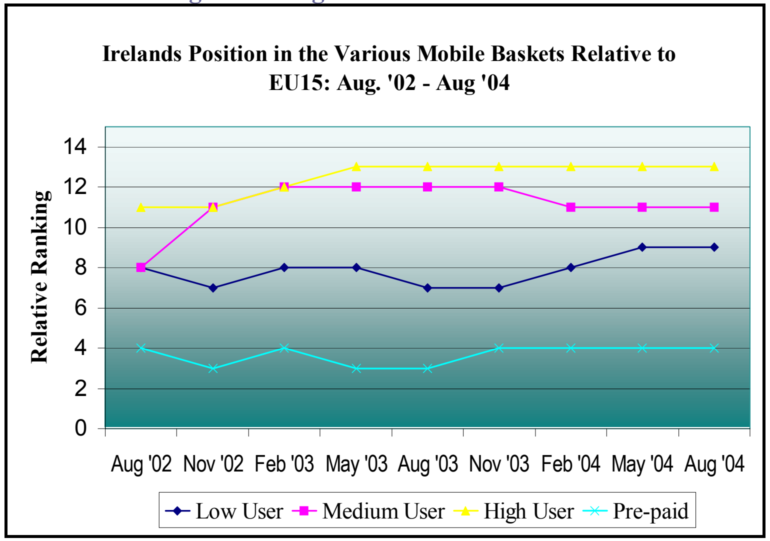
3.1.2 Leased Lines

- Ireland's position has improved by one position in the national leased line basket and has remined unchanged the international 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 remained unchanged in all mobile baskets.

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

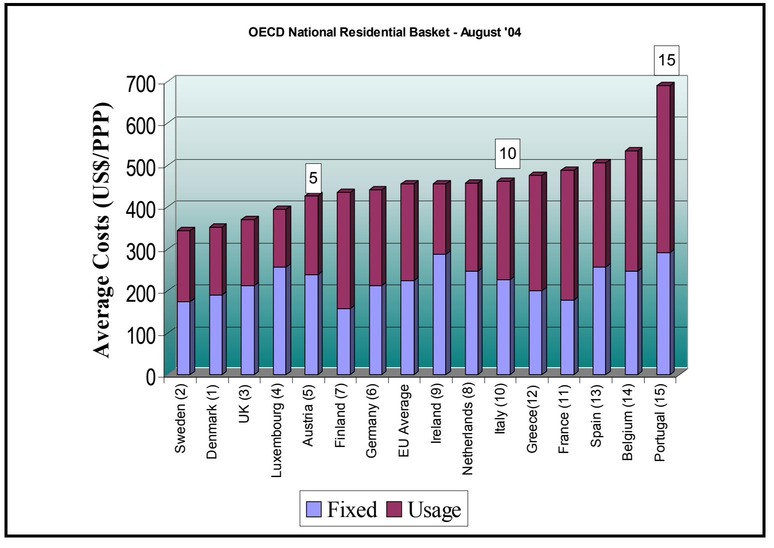


3.2 PSTN Baskets

3.2.1 National Residential Basket

- Ireland position has risen by one place to 8th since last quarter, and is one place behind the EU average.

Figure 3.2.1: OECD National Residential Basket – August 2004[24]

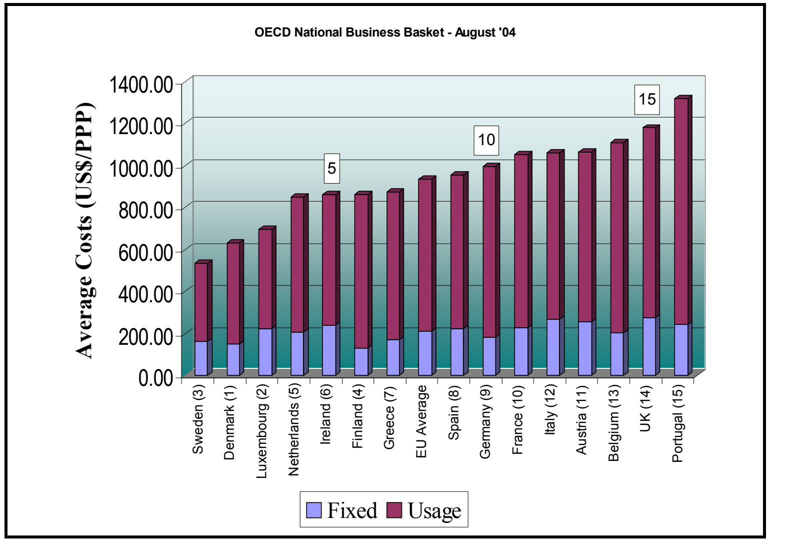


NB: The numbers in brackets represent each Member States respective rankings as at May 2004.

3.2.2 National Business Basket

- Ireland position has improved to 5th place, moving up one place in this basket this quarter, to three places ahead of the EU average.

Figure 3.2.2: OECD National Business Basket – August 2004



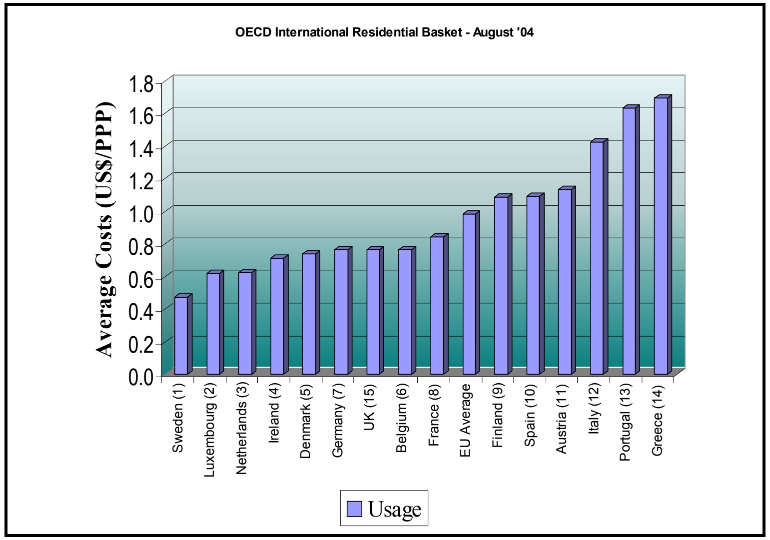
NB: The numbers in brackets represent each Member States respective rankings as at May 2004.

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

3.2.3 International Residential Basket

- Ireland position remains unchanged since last quarter, six positions ahead of the EU average.

Figure 3.2.3 OECD International Residential Basket – August 2004[25]

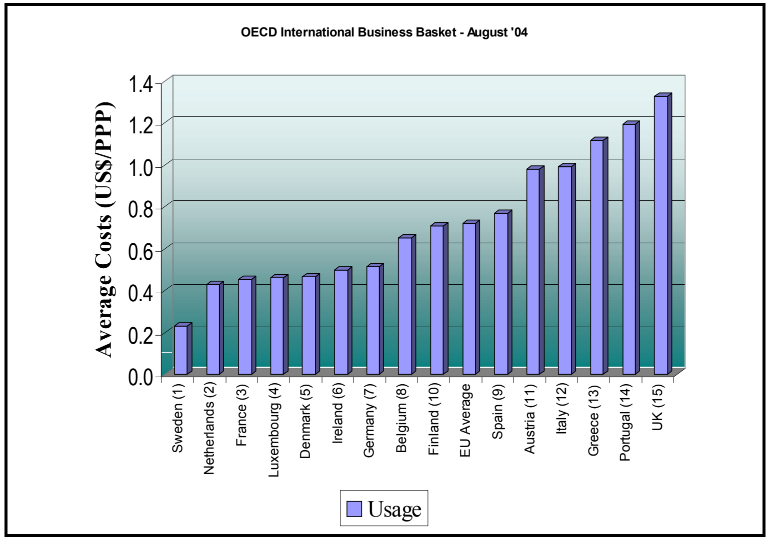


NB: The numbers in brackets represent each Member States respective rankings as at May 2004.

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 – August 2004



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

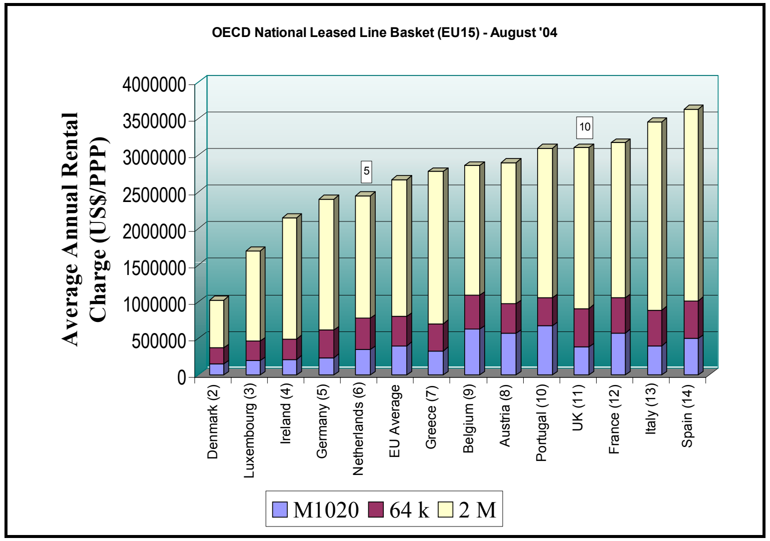
[25] Residential tariffs include VAT. VAT rates vary between member states.

3.3 Leased Line Baskets

3.3.1 National Leased Lines

- Ireland has improved by one place to 3rd place and is three positions ahead of the EU average[26]. However this improvement likely to be due to tariff data for Sweden not being available for this quarter. Last quarter Sweden was at top position for national leased line tariffs.

Figure 3.3.1 OECD National Leased Line Basket – August 2004

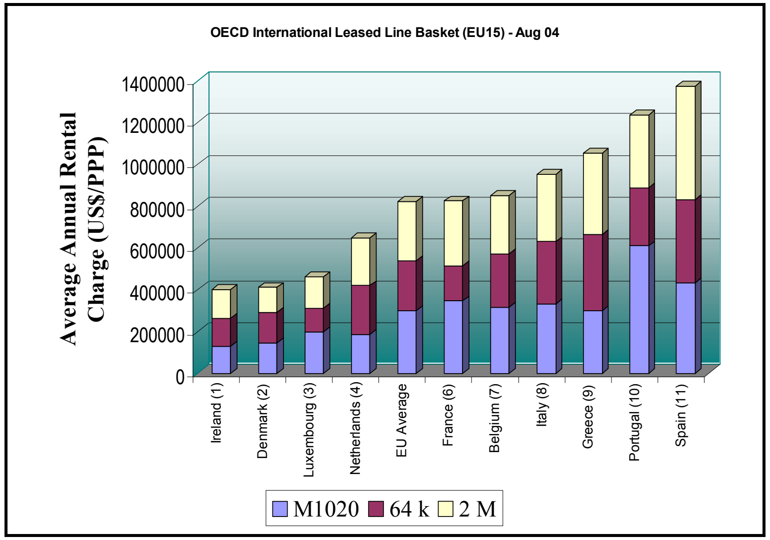


NB: Data for Finland and Sweden is unavailable. The numbers in brackets represent each Member States respective rankings as at May 2004.

3.3.2 International Leased Lines

- Ireland remains in first position[27].

Figure 3.3.2 OECD International Leased Line Basket – August 2004



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

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

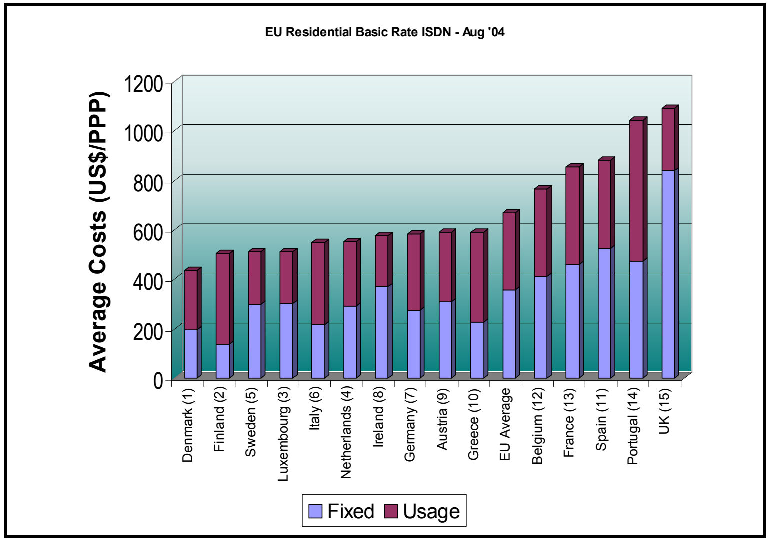
[27] The prices for these circuits are devised from the weighted average of half-circuits to all other OECD countries, using the traffic volume weighting method proposed by Teligen.

3.4 ISDN Baskets[28]

3.4.1 Residential Basic Rate ISDN Basket[29]

- Ireland has improved one place and is positioned at 7th place, four places ahead of the EU average in the residential ISDN basket.

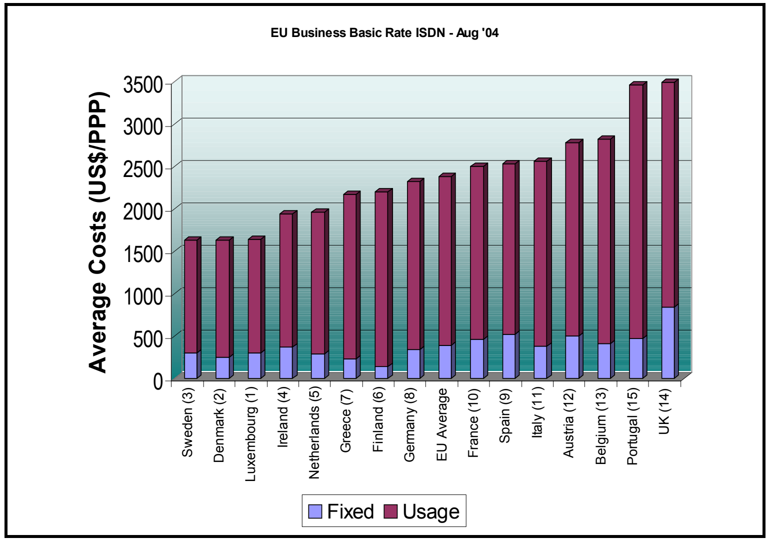
Figure 3.4.1 Residential Basic Rate ISDN Basket – August '04[30]



3.4.2 Business Basic Rate ISDN Basket[31]

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

Figure 3.4.2 Business Basic Rate ISDN Basket – August '04



[28] 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.

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

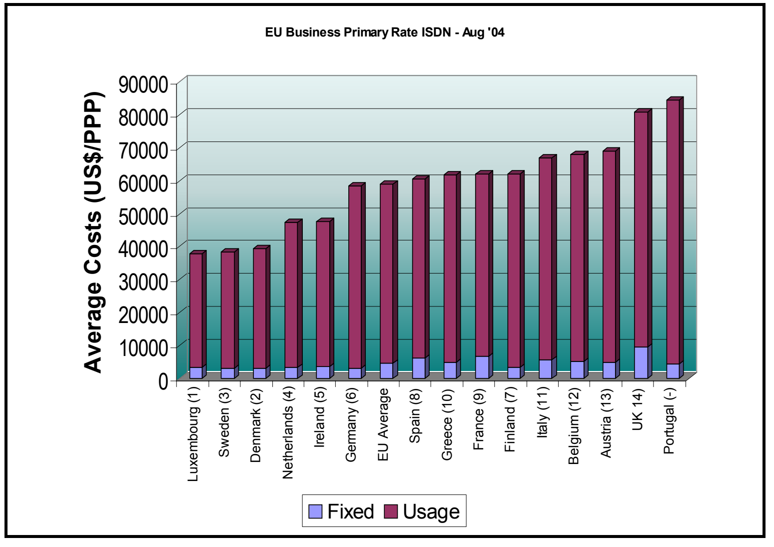
[30] Residential tariffs include VAT. VAT rates vary between member states.

[31] 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[32]

- Ireland position has remained unchanged at 5th place and is two places ahead of the EU average in the business primary rate ISDN basket.

Figure 3.4.3 Business Primary Rate ISDN Basket – August'04



[32] 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.

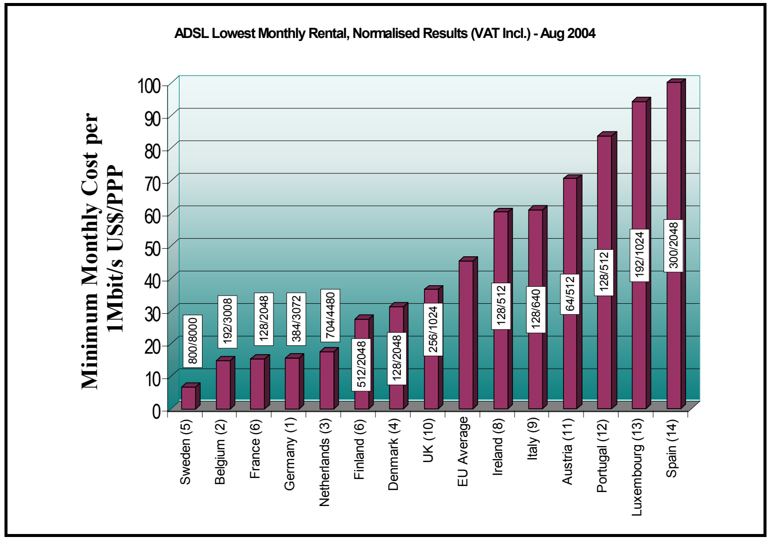
3.5 ADSL Baskets[33]

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)[34]

- Ireland position has fallen one place to 9th and is now one place behind the EU average.

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

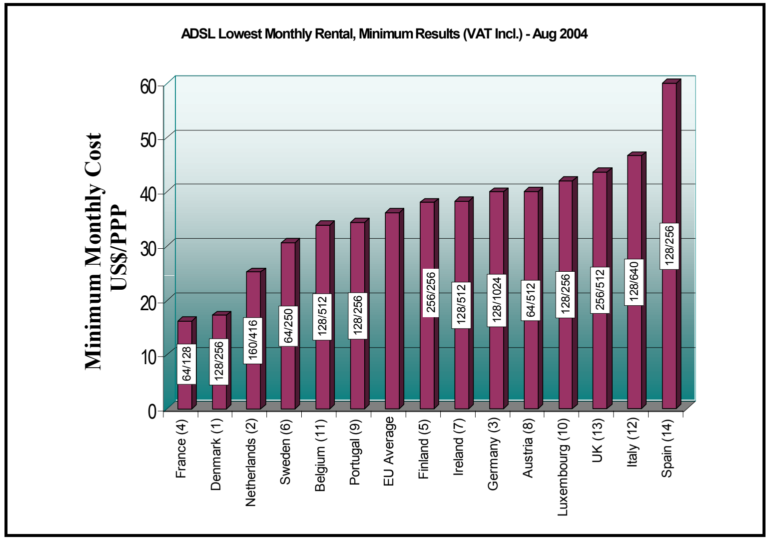


N.B. Greece has been excluded this quarter because the service has only recently been introduced.

3.5.2 Lowest Monthly Rental ADSL Basket (Minimum)[35]

- Ireland position has fallen by one place to 8th place in this basket and is two places behind the EU average.

Figure 3.5.2 Lowest Monthly Rental ADSL Basket (Minimum) – August '04[36]



N.B. Greece has been excluded this quarter because the service has only recently been introduced.

[33] 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.

[34] 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.

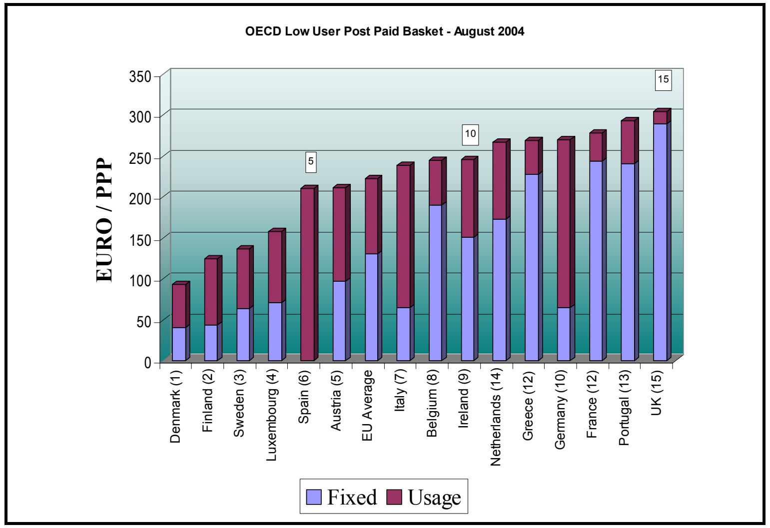
[35] The minimum results show the lowest monthly rental charge offered in each country. This method may favour countries offering lower speeds. Figures in boxes represent the upload / download speed (kb/s) of the service offered.

3.6 Mobile Baskets

3.6.1 Low User Post Paid Mobile Basket[37]

- Ireland position has remained at 9th place since last quarter, three places behind the EU average.

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



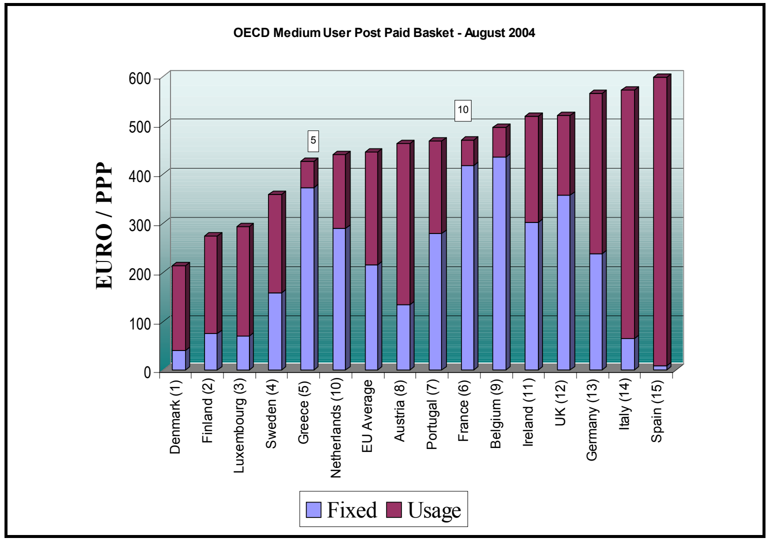
NB: The numbers in brackets represent the countries respective rankings as at May 2004.

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

3.6.2 Medium User Post Paid Mobile Basket

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

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

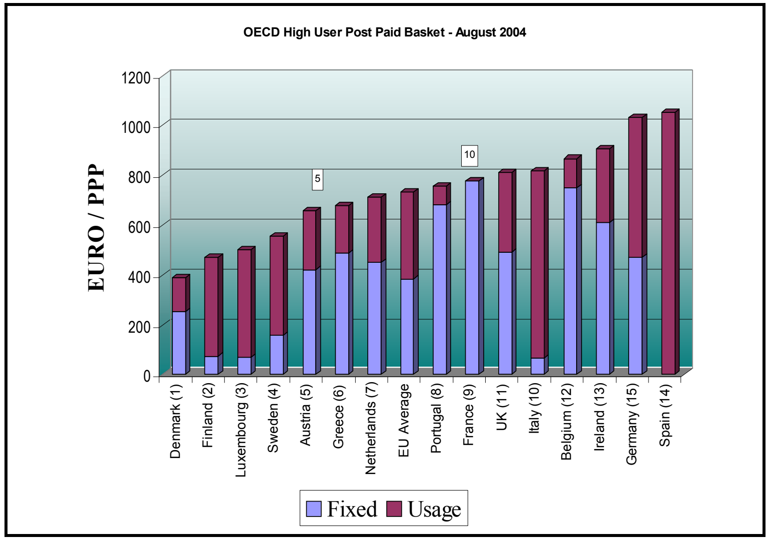


NB: The numbers in brackets represent the countries respective rankings as at May 2004.

3.6.3 High User Post Paid Mobile Basket

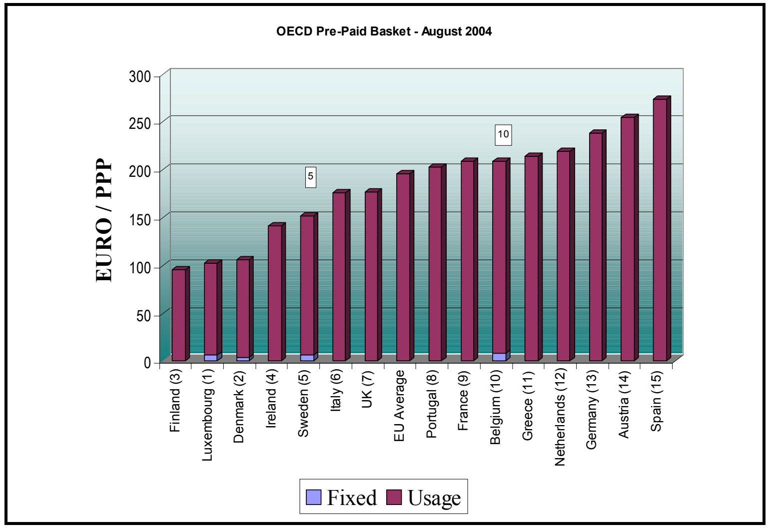
- Ireland remains in 13th position in the high user post paid mobile basket, three places behind the UK and six places behind the EU average.

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



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

Figure 3.6.4 OECD Pre Paid Mobile Basket – August '04



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

3.6.4 Pre Paid Mobile Basket[38]

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

[38] 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.