Commission for
Communications Regulation

Irish Communications Market

Quarterly Key Data

March 2004

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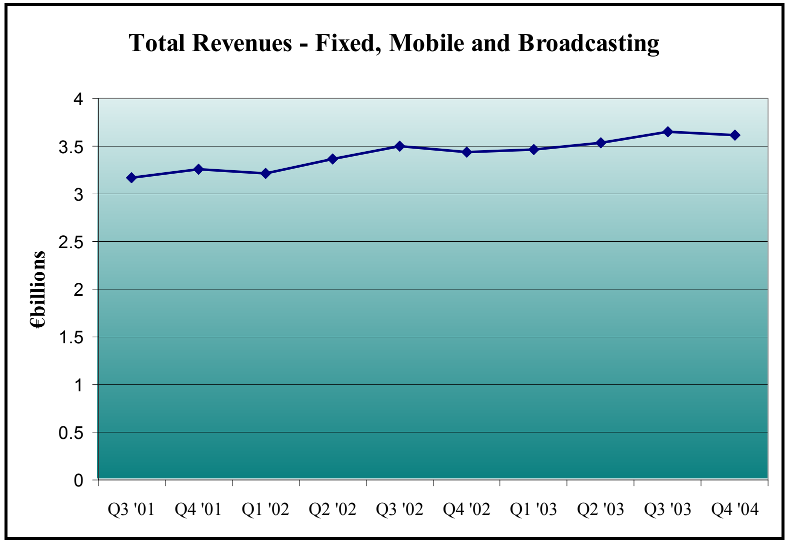
LEGAL DISCLAIMER

1 Overall Market Data

The data in this review is based on returns from authorised operators for the period 1st October 2003 to 31st December 2003. The report is based on submissions from 48 operators[1] which represent approximately 99% of total market activity.[2]

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

[2] ComReg does not collect data from operators not receiving an authorisation.

- Total revenues for fixed, mobile & broadcasting markets now stands at an estimated €3.62 billion per annum on an annualised basis.
  - Decrease of approximately 1% since last quarter mainly due to fixed revenues.
  - Increase of approximately 5% since 2002.

1.2 Telecoms Sector as a % of GNP

- Telecoms sector is estimated to account for approximately 3.5% of Irish GNP (2002)[3] compared to 3.4% in 2002 and 3.3% in 2001.[4]

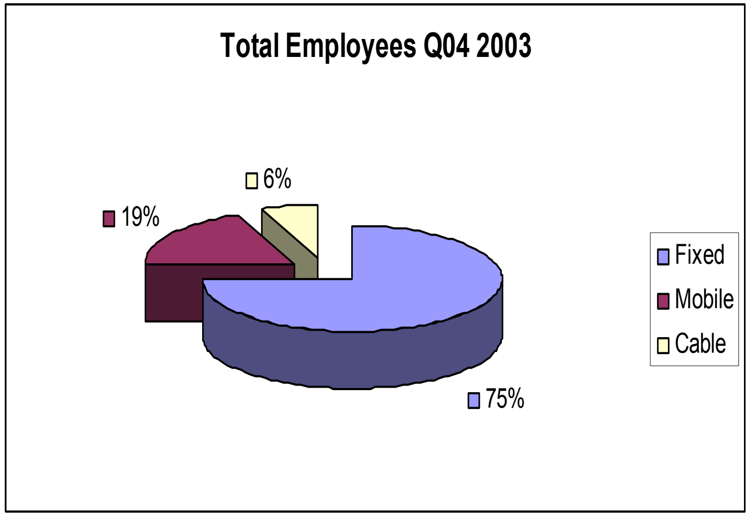
[3] Figure was calculated using GNP at market price (2002) – ESRI Quarterly Economic Commentary, Autumn 2003.

[4] Calculated using GNP at market prices (2001) – ESRI Quarterly Economic Commentary, Autumn 2003.

1.3 Employees

- The number employed in the telecommunications sector is 14,656.
    - Decrease of 1% since last quarter, attributable to mobile and fixed sectors.
    - Decrease of 2% since last year.
- The fixed, mobile & broadcasting markets account for approximately 74%, 19% and 7% of the total figure respectively. The percentage employed in the cable sector has increased 1% since last quarter.

Figure 1.1.2 Total Employees



2 Data By Sector

2.1 Fixed Line

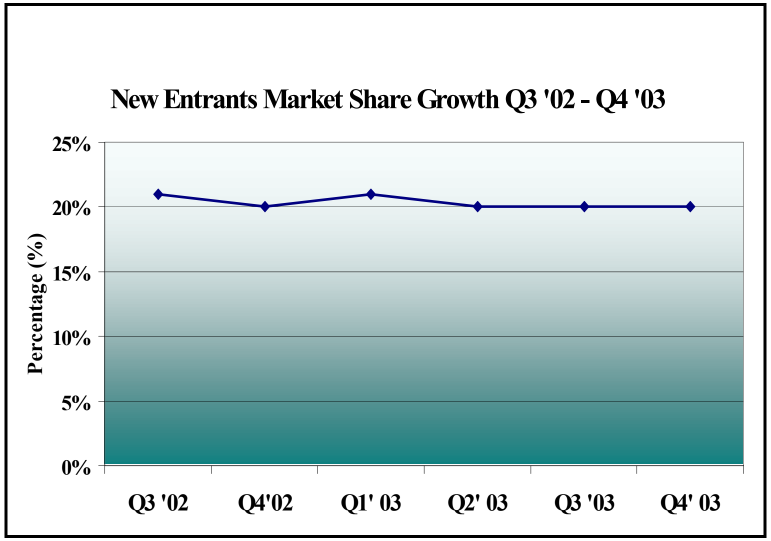
2.1.1 Fixed Line Revenue

- Total fixed line revenue[5] is approximately €496 million compared to €514 million for the same period last year.
  - Decrease of approximately 2% since last quarter.
  - Annualised fixed line revenue figure accounts for 55% of total telecoms revenue as compared with 60% 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



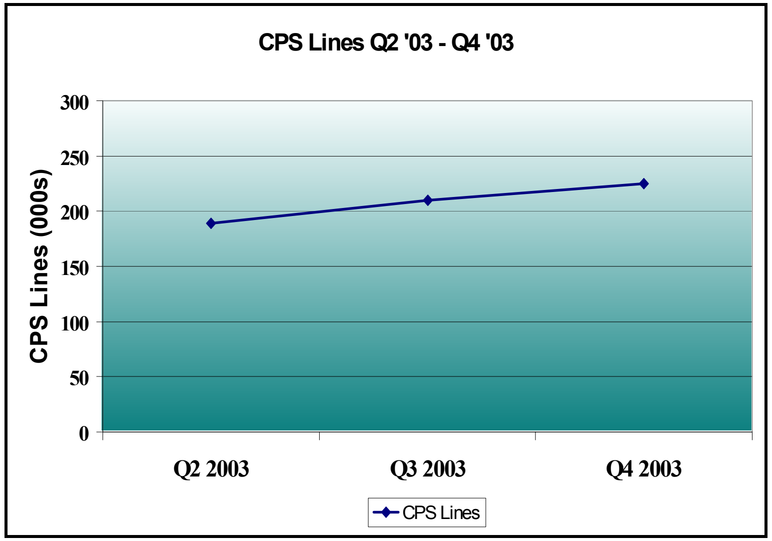
Source: ComReg Quarterly Review Questionnaire

[5] 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 225,000 CPS lines[6]
    - Increase of approximately 11% since last quarter.
    - Represents approximately 14% of total PSTN lines.

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

2.1.4 Telecom Access Paths

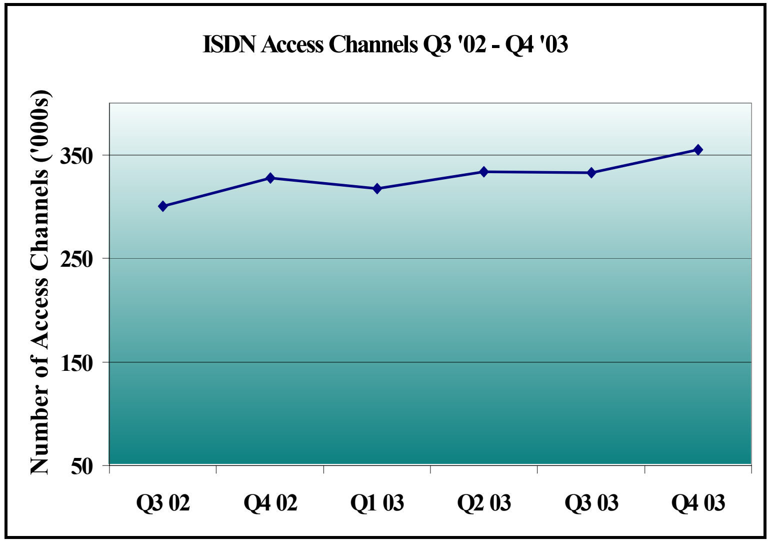
- There are approximately 5.35 million telecom access paths.
    - Up from 5.13 million last quarter (mainly attributable to an increase in mobile subscribers).
    - Increase of approximately 8% since last year.

2.1.5 PSTN Lines

- Total of 1.6 million lines.
    - Remains constant since last quarter.
    - Accounts for 30% of total access paths as compared with 32% last year.

2.1.6 ISDN Access Channels

Figure 2.1.3 ISDN Access Channels



- Approximately 355,000 ISDN access channels.
  - Increase of 6.5% since last quarter.
  - Accounts for 6.6% of total access paths
  - The proportion of primary, fractional & basic rate ISDN is 45%, 5% and 50% respectively of the total number of ISDN access channels compared to 43%, 6% and 51% for the same quarter last year.

2.1.7 Mobile Subscribers

- 3.4 million mobile subscribers up from 3 million for the same quarter last year.
- Mobile subscribers account for approximately 64% of total access paths compared with 60% last year.

2.1.8 DSL

- Approximately 25,300[7] DSL lines had been installed by the end of December, increased from 13,350 last quarter.

2.1.9 Cable Modems

- Approximately 4, 900 cable modems[8].
  - Increase of 8% since last quarter.

2.1.10 FRIACO

- As at the end of December there were approximately 40,000 FRIACO subscribers, up from 30,000 last quarter.

2.1.11 Fixed Wireless Access

- Approximately 2,850 residential and business subscribers.

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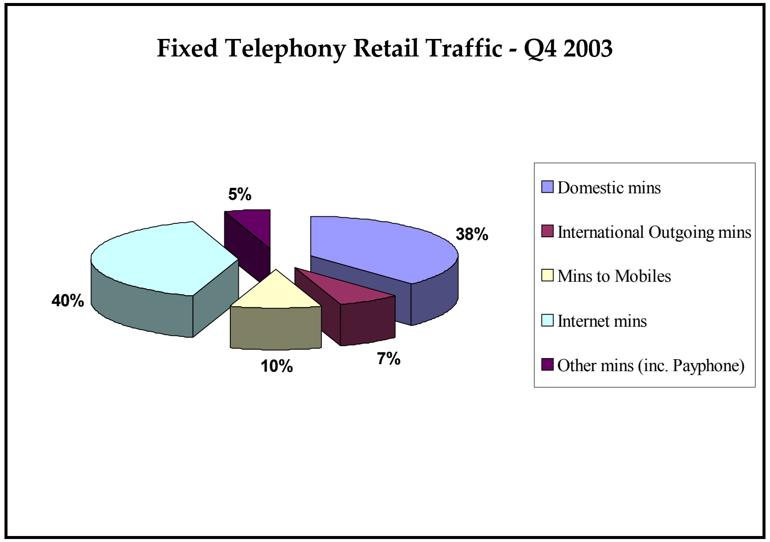
[7] This figure includes the incumbent and OAO lines and is based on the number of lines installed.

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

- ➢ This figure has fallen from 6,112 since last quarter because Chorus no longer provides this service. If Chorus is excluded there was actually an increase of 25% from 2,160. This increase is due to an increase in both authorised operator and exempt wireless based activity in the market.

2.1.12 Fixed Retail Traffic (Minutes)

Figure 2.1.4 Fixed Retail Traffic

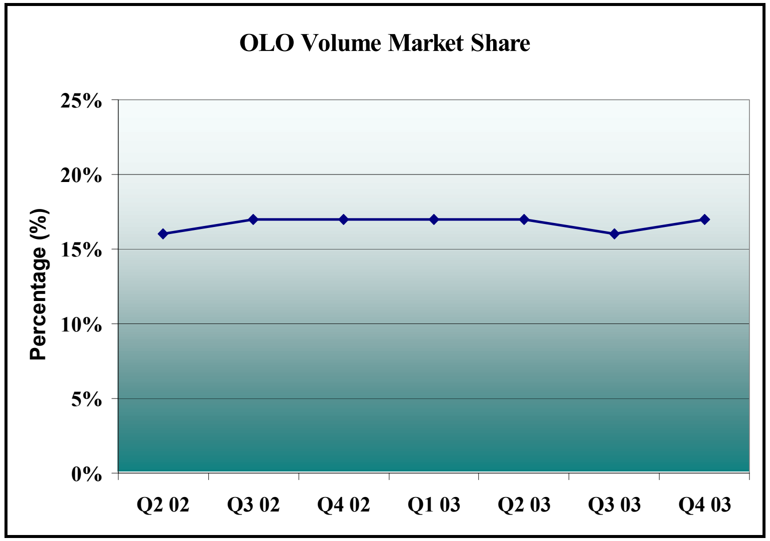


- Retail traffic has decreased by 6% since last quarter, caused by a fall in all sectors except international outgoing minutes.
  - ➢ Total minutes decreased by 1% in the same quarter last year.
  - ➢ Domestic minutes now account for 38% of overall minutes, Internet 40%, Mobile 10%, International 7% and Other 5%.

- Over the last year internet minutes, as a proportion of overall minutes, have overtaken domestic and are now the highest proportion of total retail traffic.

- OAO market share based on volumes[9] is 17%

Figure 2.1.5 OAO Volume Market Share (Minutes)



2.1.13 Leased Lines

- There are approximately 20,500 retail leased line circuits, down 1000 from last quarter.

[9] Includes domestic, international, mobile, internet, 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.

- There are approximately 8,300 wholesale leased line circuits, down 400 since last quarter.

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)

	Nov '03	Dec '03	Jan '04
All Leased Lines	*17*	*20*	*21*
Of Which:			
Sub 2Mbit Lines	*19*	*21*	*23*
2Mbit Lines	*15*	*17*	*17*

- The rolling three month average delivery time for 95% of leased line circuits ordered by OLOs for Oct 2003 was 17 days.[10]
- Since October 2003 the average delivery time for 95% of leased line circuits ordered by OAOs has risen to 21days for all types[11].

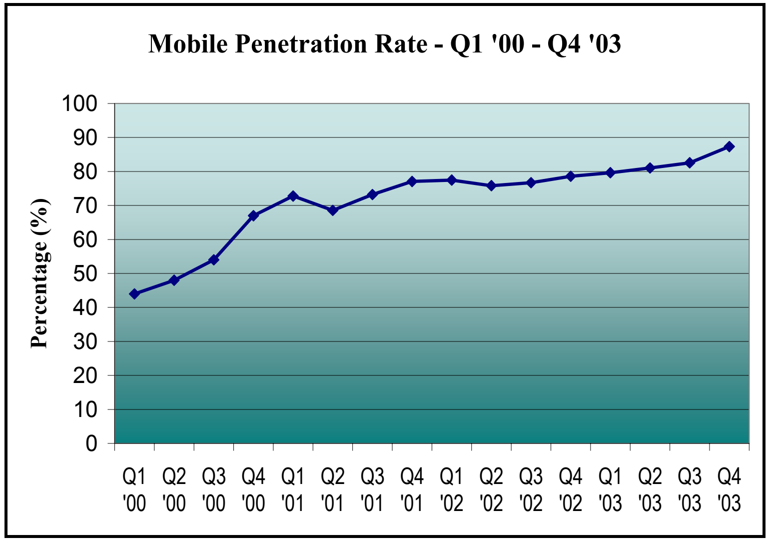
[10] The figures reported above are for 95% of orders i.e. the average of the first 95% of orders to be delivered. This removes the effect that any anomalies may have had on the figures and presents a true reflection of how fast the majority of circuits were delivered. Figures relating to the 100% of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

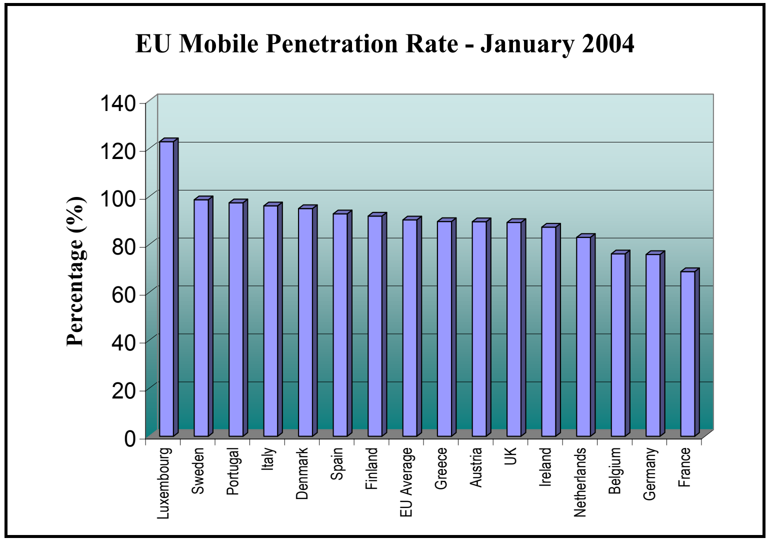


Source: Baskerville and ComReg Estimates

- Irish mobile penetration rate now stands at 87%.
  - Increase of 4% since last quarter.
  - Increase of 8% in the last 12 months.

2.2.2 EU Penetration Rates

Figure 2.2.2 EU Penetration Rates



Source: Baskerville

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

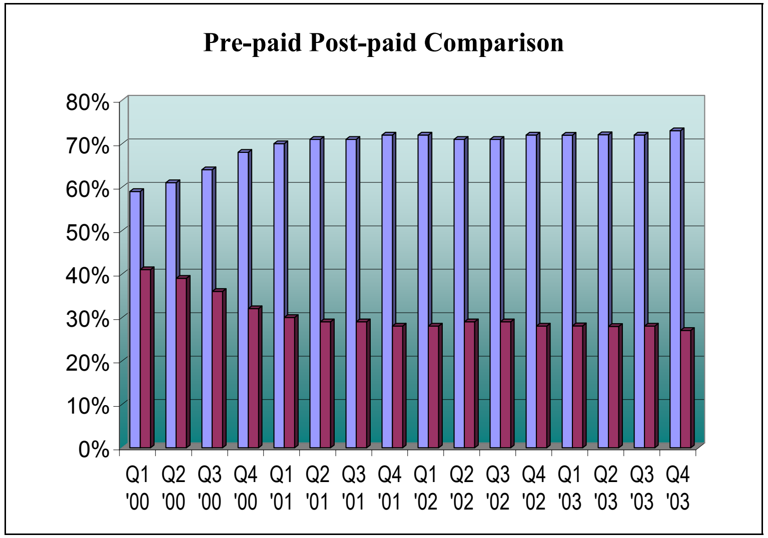
2.2.3 Subscribers

- Approximately 3.4 million mobile subscribers at the end of December 2003.
  - Increasing from approximately 3 million at the end of December 2002.

- Since the introduction of Mobile Number Portability (MNP) approximately 80,000 subscribers have ported their number.

2.2.4 Pre-Paid / Post Paid Comparison

Figure 2.2.3 Pre-Paid / Post Paid Comparison

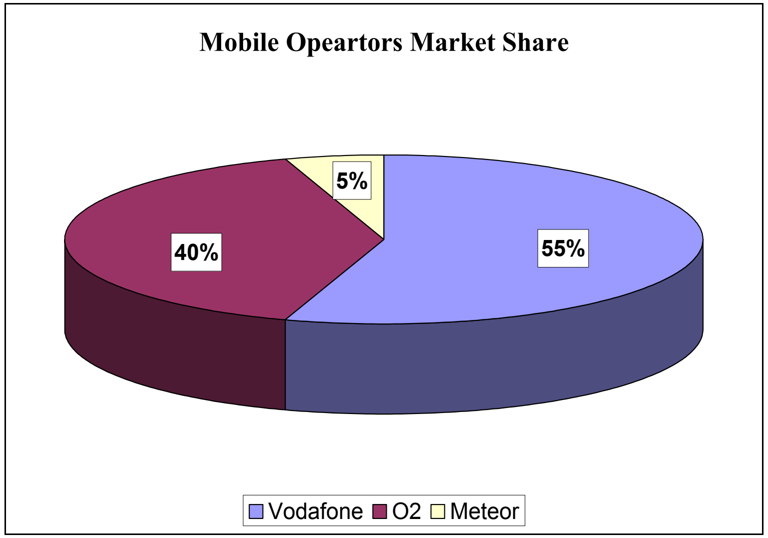


Source: ComReg Quarterly Review Questionnaires

- Pre-paid and Post-paid subscribers account for 73% and 27% of the overall mobile subscribers respectively.

2.2.5 Market Shares

Figure 2.2.4 Mobile Operators Market Share[12]



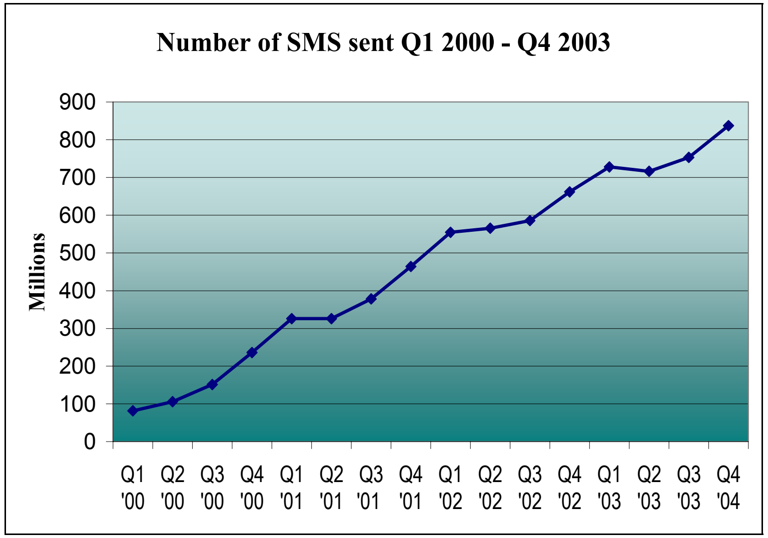
Source: ComReg Quarterly Review Questionnaire

- All operators increased their subscriber base during the quarter
- Vodafone - 55%, a decrease of 1% in the last quarter
- 0_2 – 40%, an increase of 1% in the last quarter
- Meteor - 5%, no change in the last quarter

[12] Market share based on the number of subscribers

2.2.6 SMS

Figure 2.2.5 Number of SMS Messages sent



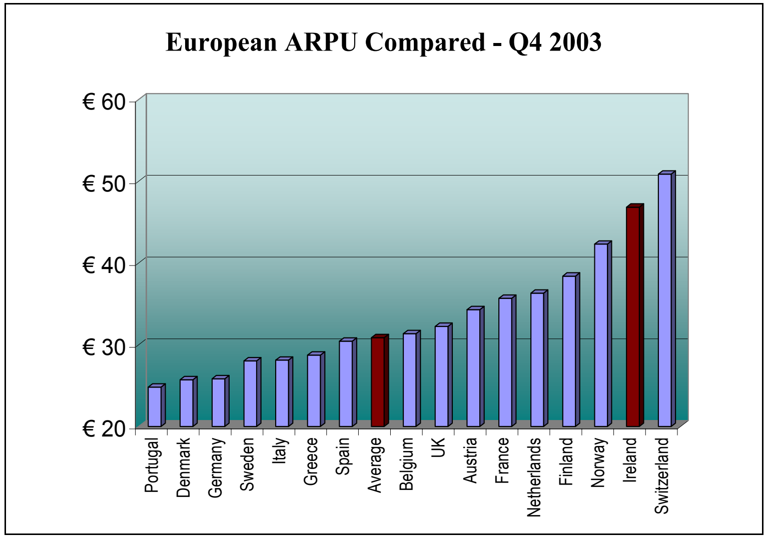
Source: ComReg Quarterly Review Questionnaire

- Approximately 837 million messages sent during the quarter.
  - 82 SMS messages sent on average per month, increase of 11% on the previous quarter.
  - 27% increase in the number of messages sent in 12 months.

2.2.7 ARPU

- At 2nd highest of the European countries, Irish Mobile Operator's ARPU is estimated at €47 per month, increasing by €1 since the last quarter, while the EU average is €31.[13]

Figure 2.2.6 European ARPU Compared



Source: The Yankee Group

[13] 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

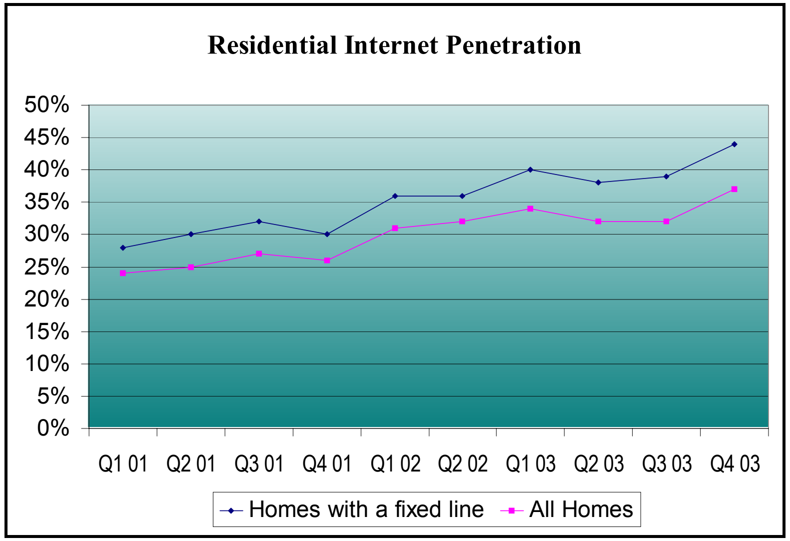
2.3 Residential Internet

The results of the *Amárach* Internet research, commissioned by ComReg, are referred to throughout this section. The entire results of the survey are published separately with this report. Internet research is conducted among a nationally representative sample of 1,000 adults aged 15 – 74.[14] Of those surveyed, 83% 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 January/February 2004.

Residential Internet penetration stands at 49%. It should be noted however that by including those who do not have a fixed line the Internet penetration figure would be 38% of households in Ireland.

2.3.1 Ireland's Internet Penetration Rate

Figure 2.3.1 Ireland's Internet Penetration Rate

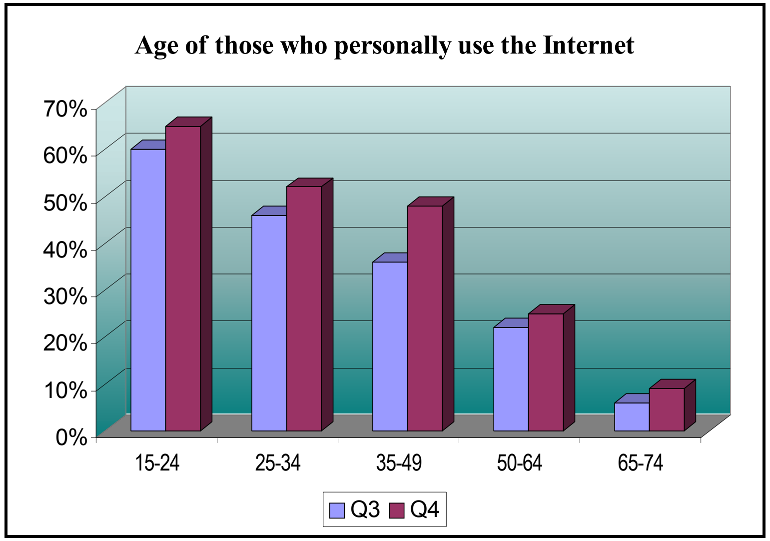


- Residential Internet penetration is estimated at 49%.
- An increase of 5% on the last quarter.

[14] *Amárach* carried out face to face research of 1,067 adults aged 15 – 74 years during January/February 2004. The Internet penetration figure is nationally representative of the adult population with a fixed line, with a margin of error of +/- 3%.

2.3.2 Average Internet Usage

Figure 2.3.2 Age of those who personally use the Internet



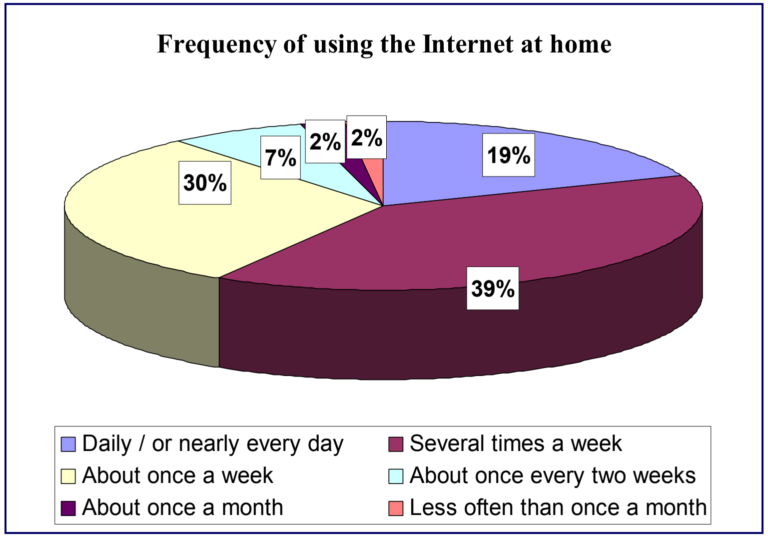
- Usage is highest amongst 25-34 year olds (60%) and 15-24 year olds (57%). Usage increased slightly by 3% in this quarter among 50-64 year olds.

2.3.3 Methods of access to the Internet at home

- PSTN dial-up is the predominant form of home Internet access (83%) followed by ISDN (9%) and ADSL (2%).

2.3.4 Frequency of using the Internet at home

Figure 2.3.3 Frequency of using the Internet at home



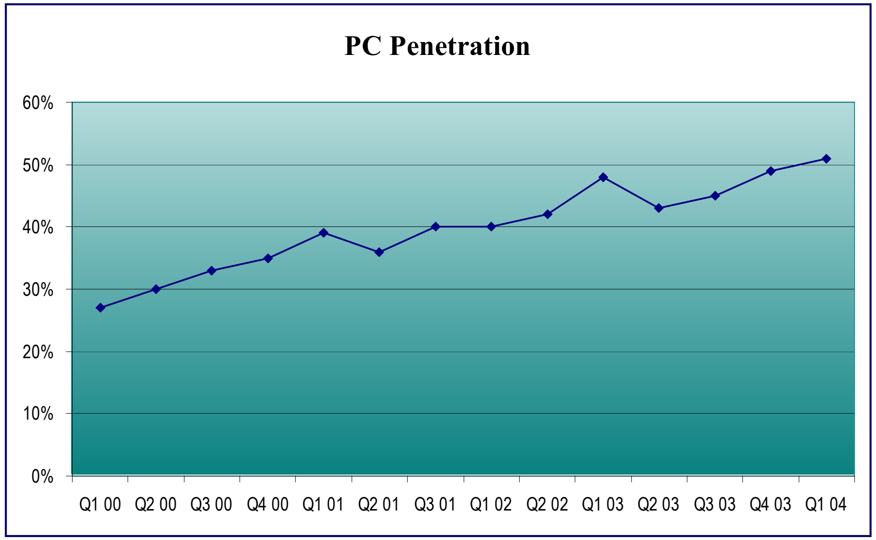
- Of those who personally use the internet at home, almost 1 in 5 (19%) (an increase of 4% since last quarter) use it daily or almost every day; while more than 1 in 3 (39%) (an increase of 7% on last quarter) use it several times a week.

- On average those who personally use the Internet at home estimate that they spend 4 hours on line in a typical week, an increase of 1 hour since our last survey.[15]

[15] It should be noted that estimates of time spent on-line are based on respondents' perceptions.

2.3.5 Residential PC Penetration

Figure 2.3.4 Residential PC Penetration



- 51% indicate that they have a PC at home, an increase of 2% in the last quarter

2.3.6 E-Commerce

- 44% have used the Internet to purchase a product or service in the last three months. An increase of 6% in the last quarter.
- The most common products or services purchased on the Internet in the last three months were airline tickets (64%), concert tickets (27%) and books (19%).
- 7% indicated that they have used their mobile phone text or internet function to purchase a product or service. An increase of 2% in the last two quarters.

2.3.7 Internet Minutes

- Internet minutes account for 40% of all fixed retail traffic.

2.4 Cable/MMDS & Satellite

2.4.1 Cable/MMDS Subscribers

- Approximately 533,000 cable/MMDS subscribers to basic television services in Ireland.
  - Decrease of approximately 2% since last quarter.

2.4.2 Digital Subscribers

- Approximately 21% of cable/MMDS subscribers have upgraded to digital compared to 12% in March 2003.
  - An increase of 4% since last quarter.
- 315,000 subscribers to BSkyB[16]
  - Increase of 6% since last quarter.
  - This figure has increased by 43,000 since March 2003.
- Approximately 425,000 cable/MMDS and satellite digital subscribers
  - This figure has increased by 88,000 since March 2003.
  - Digital subscribers represent approximately 31% of all households with a television.[17]

[16] BSkyB results for Q4 2003

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

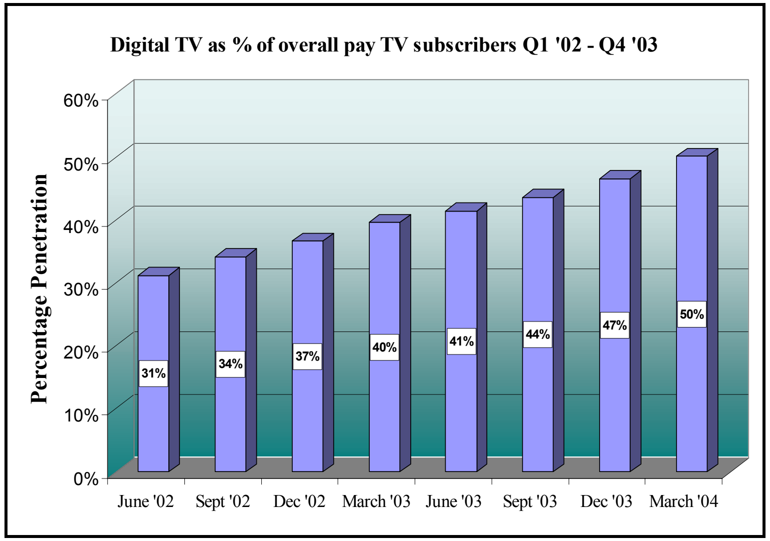
2.4.3 Households Passed

- Over 1 million households passed.
  - Approximately 66% are passed for digital services.

2.4.4 TV Distribution in Ireland

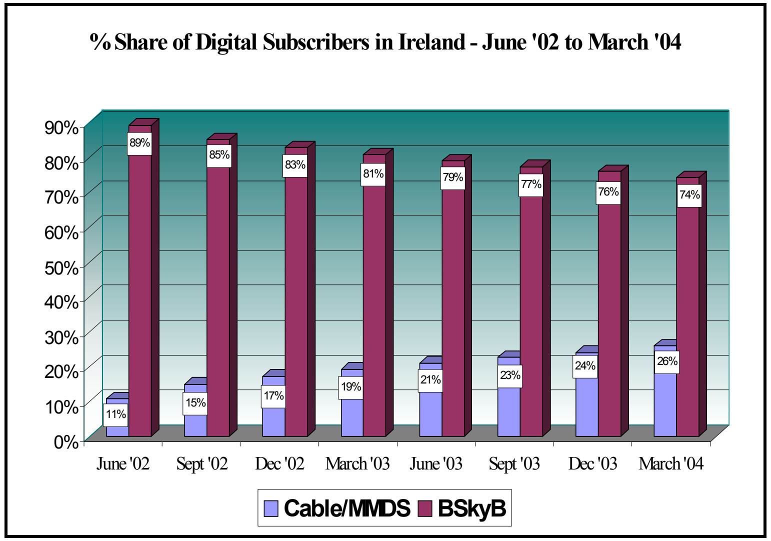
- There are 848,000 (cable/MMDS and satellite) pay TV subscribers of which 50% now subscribe to digital TV.

Figure 2.4.1 Digital TV as percentage of overall pay TV



- Cable/MMDS now account for 26% of all digital subscribers, an increase of 7% since March 2003

Figure 2.4.2 Digital TV Distribution in Ireland



2.4.5 Cable/MMDS Revenues

- Total cable/MMDS revenues have increased by 7% 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.[18] 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 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.

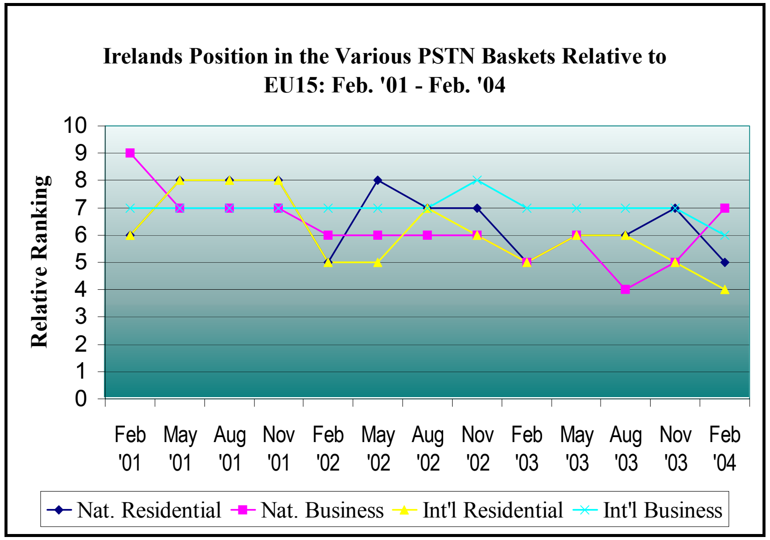
[18] While still using baskets constructed by Teligen using an OECD approved methodology, only comparisons between the 15 Member States are examined.

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[19]) in all PSTN baskets since February 2001. Ireland's relative position has fallen by one place in the national business basket, has improved by one position in the remaining three baskets.

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



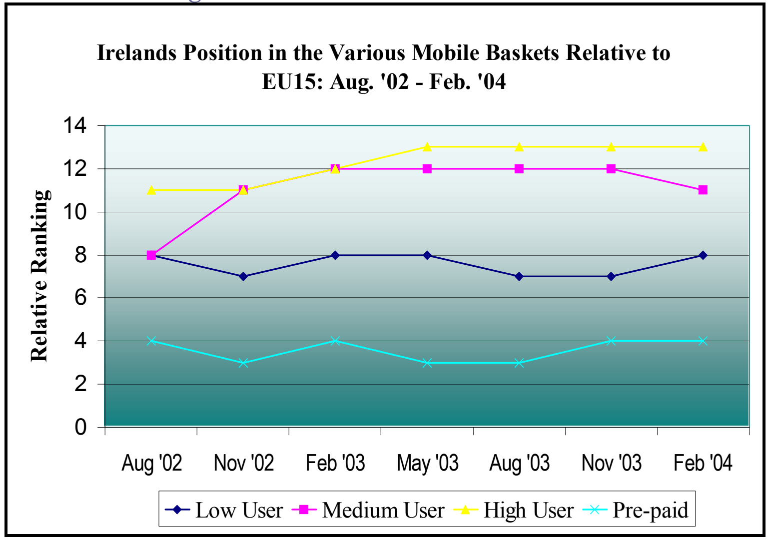
3.1.2 Leased Lines

- Ireland's position remains unchanged in both the national and 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. Ireland's relative position has remained unchanged in the high user and pre paid baskets, has improved one place to 11th in the medium user basket and has fallen one place to 8th in the low user basket.

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



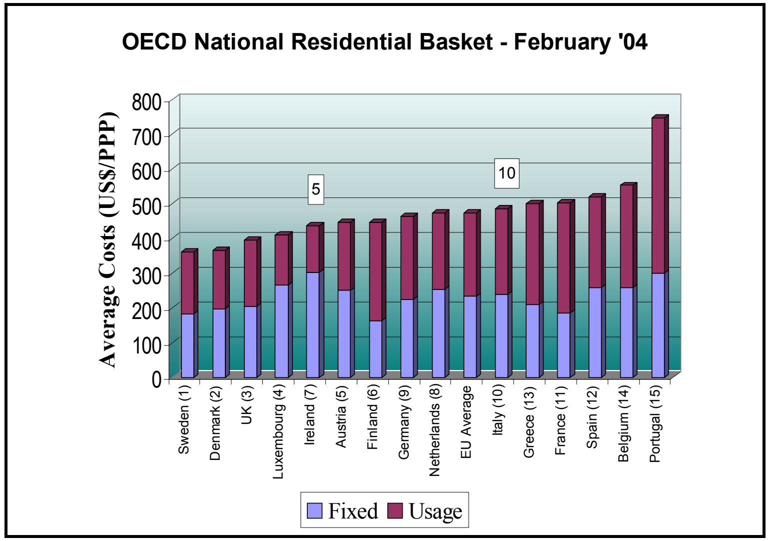
[19] The same applies to all of the remaining baskets.

3.2 PSTN Baskets

3.2.1 National Residential Basket

- Ireland position has improved two places to 5th since last quarter, five positions ahead of the EU average.

Figure 3.2.1: OECD National Residential Basket (EU15) – February 2004

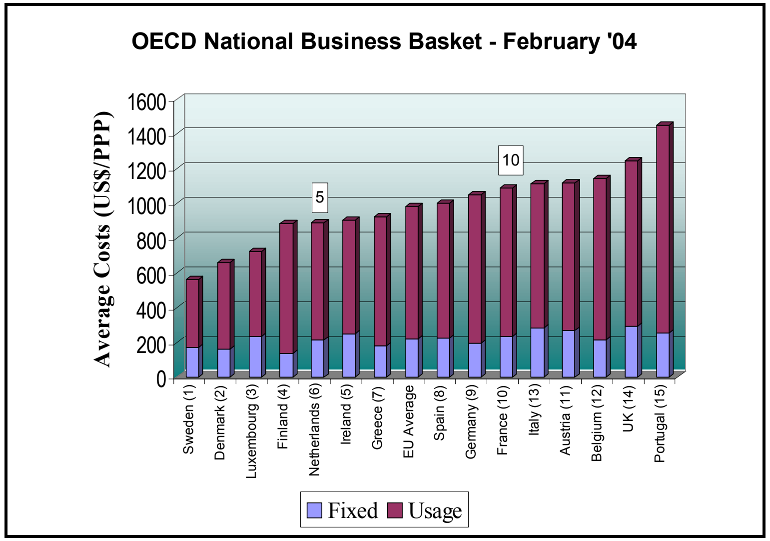


NB: The numbers in brackets represent each Member States respective rankings as at November 2003.

3.2.2 National Business Basket

- Ireland position has fallen by one place from 5th to 6th and is now two positions ahead of the EU average.

Figure 3.2.2: OECD National Business Basket (EU15) – February 2004

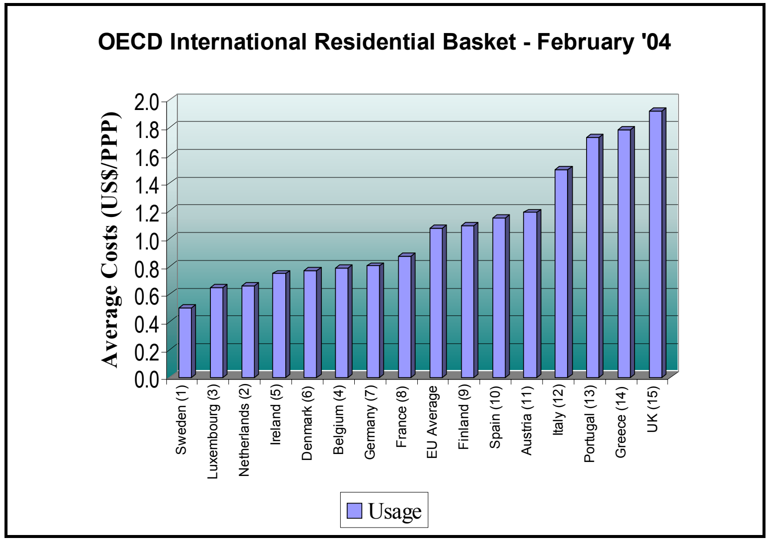


NB: The numbers in brackets represent each Member States respective rankings as at November 2003

3.2.3 International Residential Basket

- Ireland position has improved by one place into 4th since last quarter and five positions ahead of the EU average.

Figure 3.2.3 OECD International Residential Basket (EU15) – February 2004

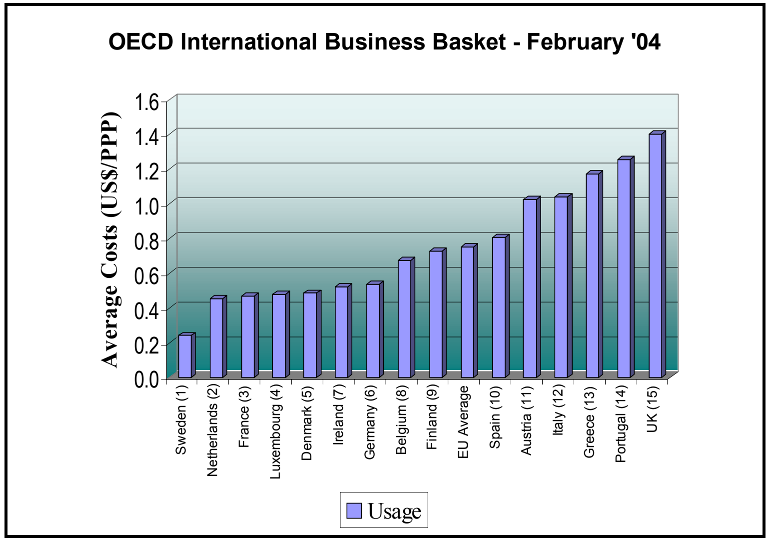


NB: The numbers in brackets represent each Member States respective rankings as at November 2003

3.2.4 International Business Basket

- Ireland position has improved by one place to 6th since last quarter and is now four places ahead of the EU average.

Figure 3.2.4: OECD International Business Basket (EU15) – February 2004



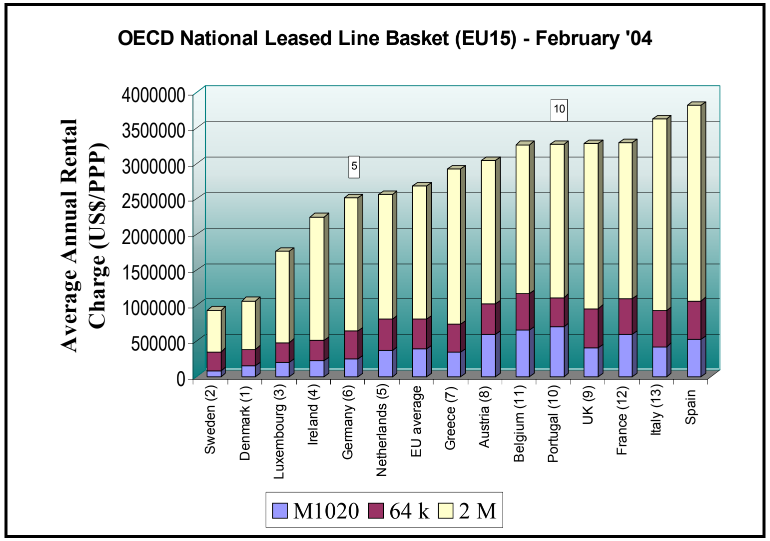
NB: The numbers in brackets represent each Member States respective rankings as at November 2003

3.3 Leased Line Baskets

3.3.1 National Leased Lines

- Ireland remains in 4th place and three positions ahead of the EU average.[20]

Figure 3.3.1 OECD National Leased Line Basket (EU15) – February 2004

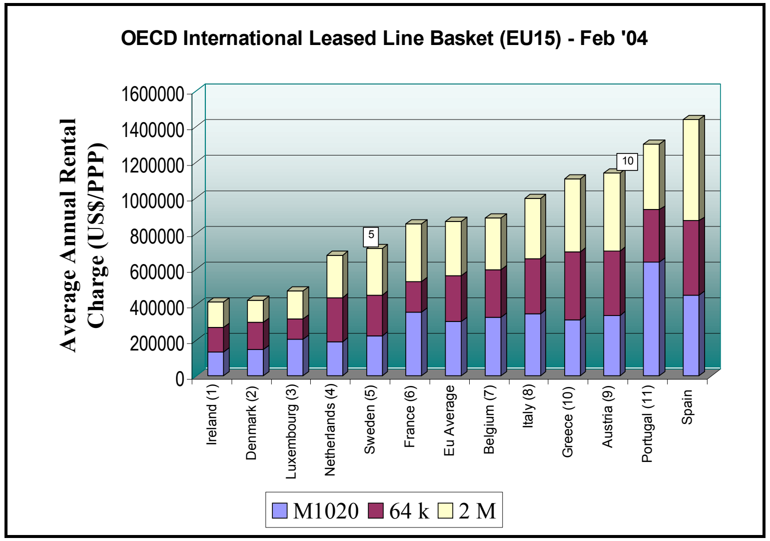


NB: Data for Finland is unavailable. The numbers in brackets represent each Member States respective rankings as at November 2003

3.3.2 International Leased Lines

- Ireland remains in 1st position.[21]

Figure 3.3.2 OECD International Leased Line Basket (EU15) – February 2004



NB: Data for Germany, Finland and UK is unavailable. The numbers in brackets represent each Member States respective rankings as at November 2003

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

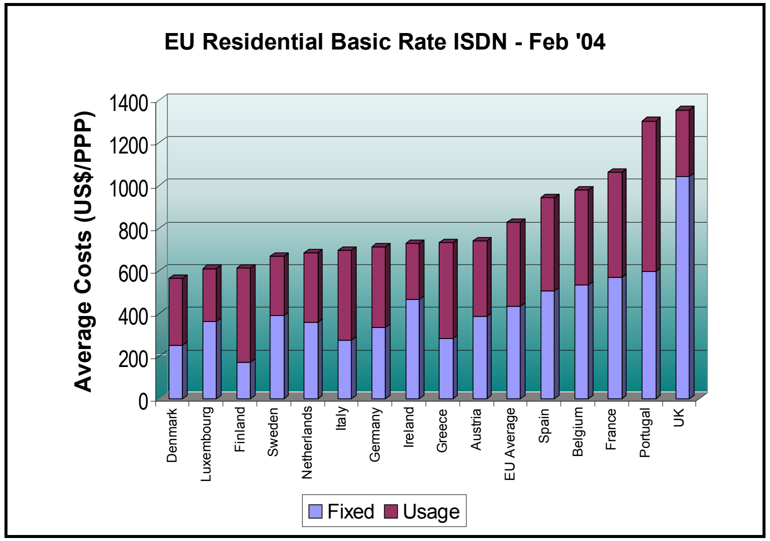
[21] The prices for these circuits are devised from the weighted average of half-circuits to all other OECD countries, using the traffic volume weighting method proposed by Teligen.

3.4 ISDN Baskets[22]

3.4.1 Residential Basic Rate ISDN Basket[23]

- Ireland remains in 8th place and is three places ahead of the EU average in the residential ISDN basket.

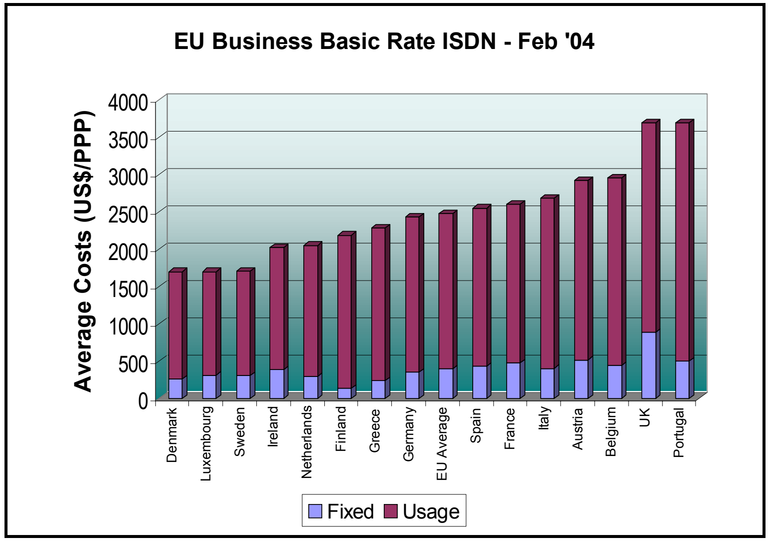
Figure 3.4.1 Residential Basic Rate ISDN Basket – February '04



3.4.2 Business Basic Rate ISDN Basket[24]

- Ireland has improved by one place from 5th to 4th since last quarter and is now five places ahead of the EU average in the business basic rate ISDN basket.[25]

Figure 3.4.2 Business Basic Rate ISDN Basket – February '04



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[22] 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.

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

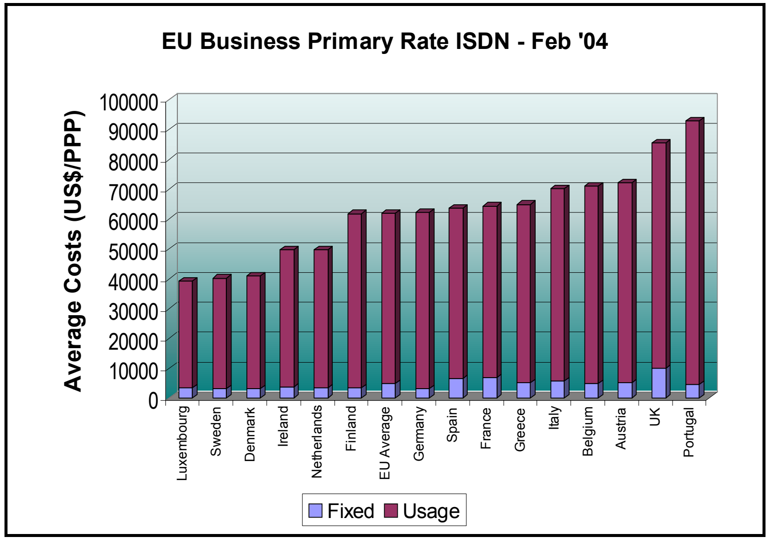
[24] Same usage profile as OECD business PSTN basket with an additional internet usage included for off-peak times.

[25] Going forward, the installation charge for basic rate access (BRA) ISDN, which includes the cost of PSTN connection, should instead be replaced with the charge to upgrade a standard PSTN connection to a BRA-ISDN connection. Several operators provide this alternative, and using these figures in the comparison should give a truer indication of the cost of the service as a customer will more than likely already have an existing telephony connection.

3.4.3 Business Primary Rate ISDN Basket[26]

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

Figure 3.4.3 Business Primary Rate ISDN Basket – February '04



[26] 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.

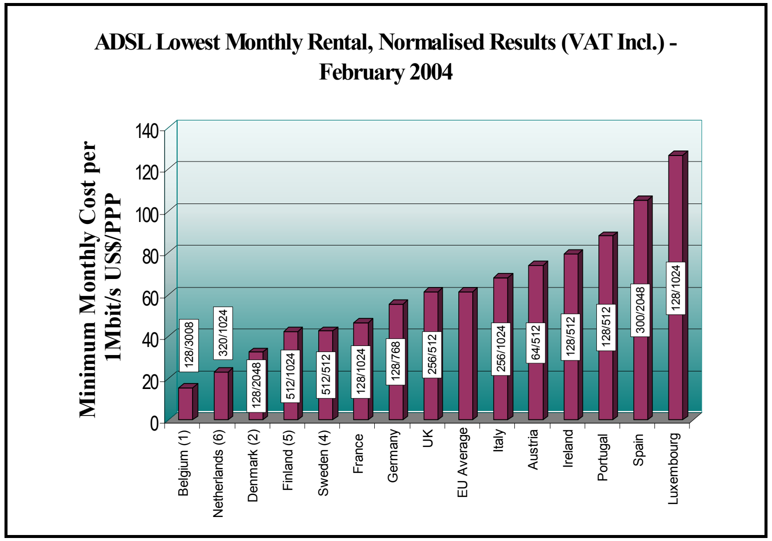
3.5 ADSL Baskets[27]

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)[28]

- Ireland position has fallen by one place to 11th, three places behind the EU average.

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



[27] This section does not include ADSL tariff packages that are offered as special promotions.

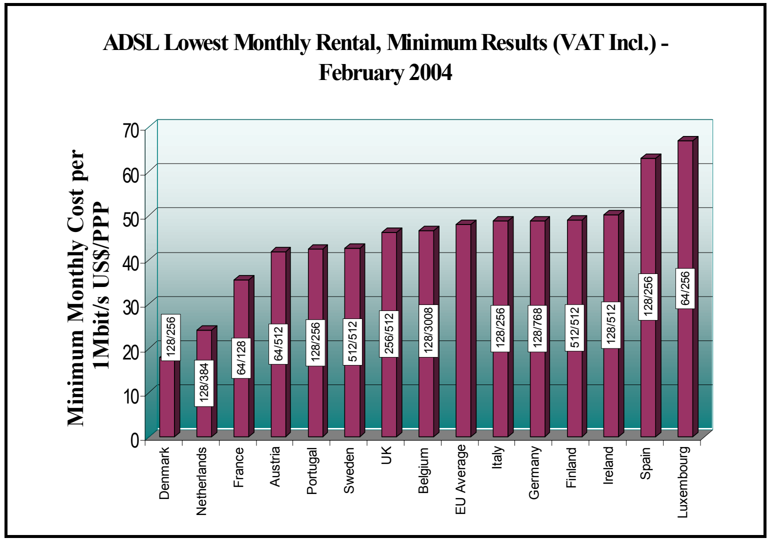
[28] The normalised (1Mbit/s) results show the cheapest offering in each country, per 1 Mbit/s of service. This method may favour countries offering higher speeds. Figures in boxes represent the upload / download speed (kb/s) of the service offered.

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)[29]

- Ireland position has fallen by one to 12th in this basket, four places behind the EU average.

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



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

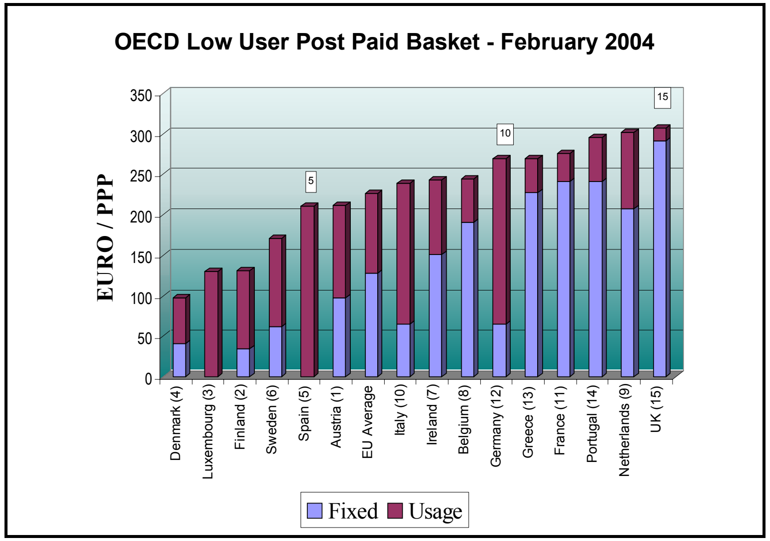
[29] The minimum results show the lowest monthly rental charge offered in each country. This method may favour countries offering lower speeds. Figures in boxes represent the upload / download speed (kb/s) of the service offered

3.6 Mobile Baskets

3.6.1 Low User Post Paid Mobile Basket

- Ireland position has fallen by one place from 7th to 8th since last quarter, two places behind the EU average.

Figure 3.6.1 OECD Low User Post Paid Mobile Basket (EU15) – Feb '04

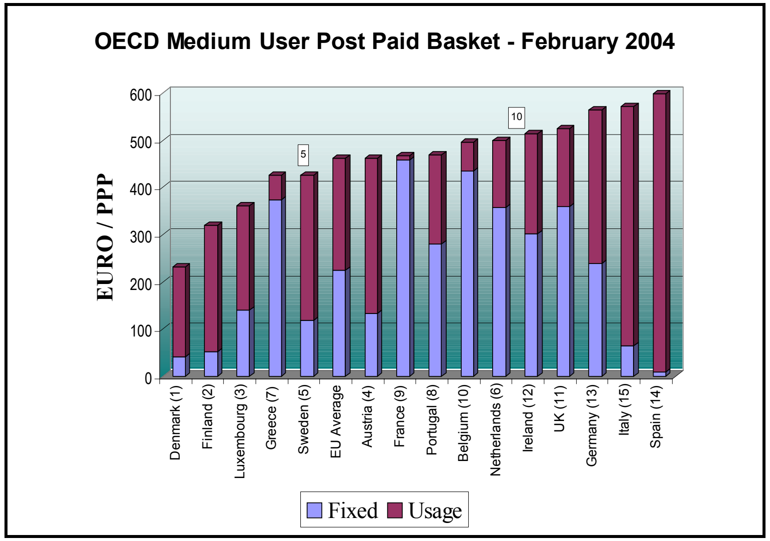


NB: The numbers in brackets represent the countries respective rankings as at November 2003

3.6.2 Medium User Post Paid Mobile Basket

- Ireland position has improved by one place from 12th to 11th since last quarter and is six places behind the EU average.

Figure 3.6.2 OECD Medium User Post Paid Mobile Basket (EU15) – Feb '04

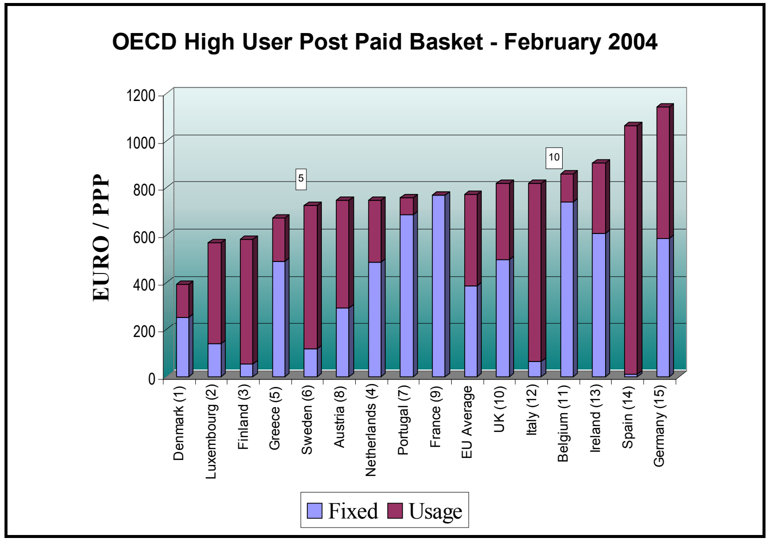


NB: The numbers in brackets represent the countries respective rankings as at November 2003

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 four places behind the EU average.

Figure 3.6.3 OECD High User Post Paid Mobile Basket (EU15) – Feb '04

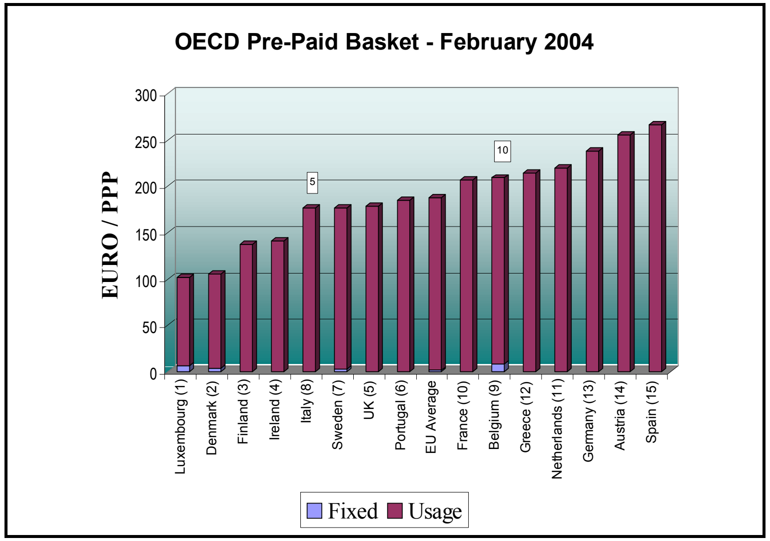


NB: The numbers in brackets represent the countries respective rankings as at November 2003

3.6.4 Pre Paid Mobile Basket[30]

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

Figure 3.6.4 OECD Pre Paid Mobile Basket (EU15) – Feb '04



NB: The numbers in brackets represent the countries respective rankings as at November 2003

[30] 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.