Commission for
Communications Regulation

Irish Communications Market

Quarterly Key Data

March 2005

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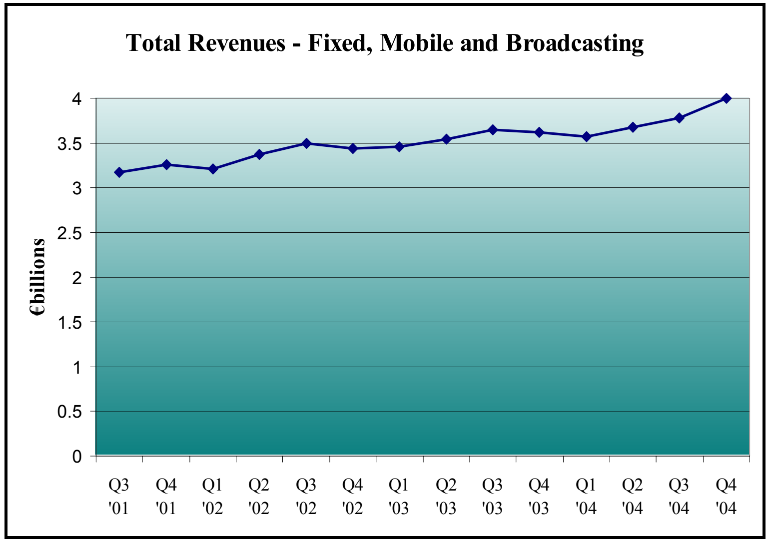
1 Overall Market Data

The data in this review is based on returns from authorised operators for the period 1st October 2004 to 31st December 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 €4 billion per annum on an annualised basis.
  - Increase of approximately 5.85% since last quarter mainly due to growth in mobile revenues.
  - Increase of approximately 10.7% since December 2003.

1.2 Telecoms Sector as a % of GNP

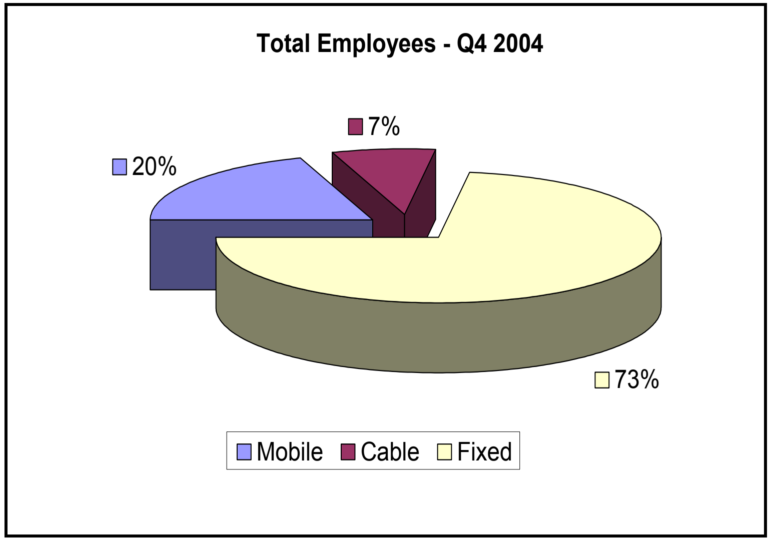
- Telecoms sector is estimated to account for approximately 3.27% of Irish GNP[2] compared to 3.24% of Irish GNP in December 2003[3].

[2] Figure was calculated using forecast GNP at market price for 2004 - €122,382 million – ESRI Quarterly Economic Commentary, Winter 2004.

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

- Employees
- The number employed in the telecommunications sector is 14,467.
  - Slight increase since last quarter.
  - A decrease of almost 1% since last year.
- The fixed, mobile & broadcasting markets account for approximately 73%, 20% and 7% of the total figure respectively. This represents s slight increase in number of fixed employees and decrease in broadcasting employees since last quarter.

Figure 1.3.1 Total Employees



2 Data By Sector

2.1 **Fixed Line**

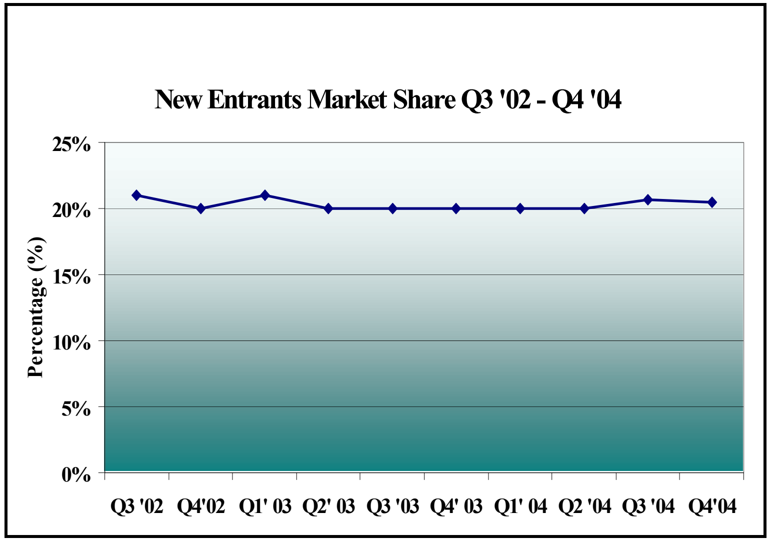
2.1.1 Fixed Line Revenue

- Total fixed line revenue[4] is approximately €477 million compared to €496 million for the same period last year.
  - Fall of €7 million since last quarter[5].
  - Annualised fixed line revenue figure accounts for 47% of total telecoms revenue as compared with 55% last year.

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

- OAO share of overall fixed line revenue is 21% and has been relatively stable for the last two years.

Figure 2.1.1 OAO Market Share



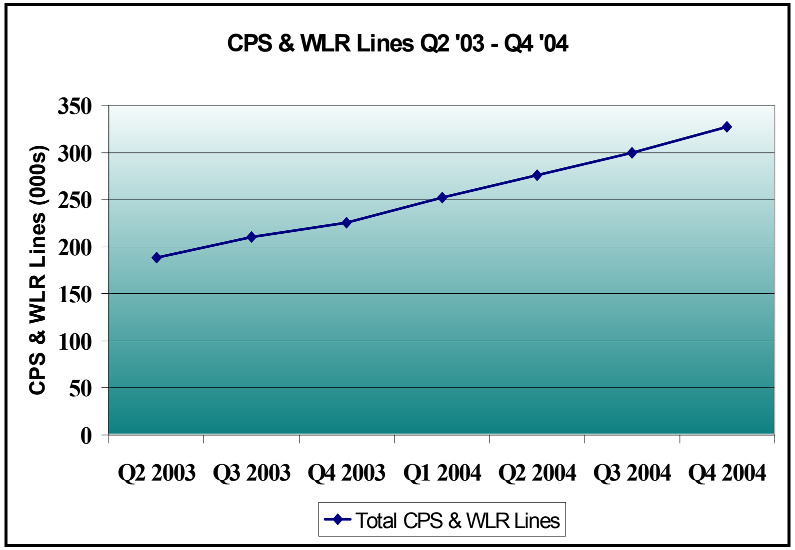
[4] This figure includes revenue from retail traffic (local, national, international, mobiles, internet, payphone & other), Internet services, leased lines, switched data and other services such as directory publication and maintenance of customer equipment. Data based on returns from authorised operators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

[5] The lower fixed line revenue is due partly to an overstated submission by one operator last quarter, adjusted revenue from Q3 '04 was approximately €479 million.

2.1.3 Carrier Pre Selection

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

Figure 2.1.2 Carrier Pre Selection



- Approximately 330,000 CPS lines[6]
  - Increase of approximately 10% since last quarter.
  - There are approximately 303,300 CPS PSTN lines and 23,400 CPS ISDN lines.
  - 16% of total PSTN lines and 18% of total ISDN channels are CPS.

2.1.4 Telecom Access Paths

- There are approximately 5.79 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 27% of total access paths.

[6] 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 419,100 ISDN access channels[7].
    - Accounts for 7 % of total access paths.
    - The proportion of primary, fractional & basic rate ISDN is 50%, 7% and 43% respectively of the total number of ISDN access channels.

2.1.7 Mobile Subscribers

- 3.78 million mobile subscribers, up from 3.4 million for the same quarter last year.
- Mobile subscribers account for approximately 65% of total access paths compared with 64% last year.

2.1.8 DSL

- Approximately 114,000[8] DSL lines had been installed by the end of December, increased by 37% from 83,000 last quarter.

2.1.9 Cable Modems

- Approximately 8,950 cable modems[9].
    - Increase of 26% since last quarter (mainly attributable to ntl).

2.1.10 FRIACO

- As at the end of March there were approximately 96,500 FRIACO subscribers, increased by 3% from 93,600 last quarter.

2.1.11 Wholesale Line Rental

- Wholesale Line rental was launched 1 June 2004, by the end of December; there were 74,300 PSTN and ISDN lines and rapidly increasing.

2.1.12 Fixed Wireless Access

- Approximately 11,000 narrowband and broadband subscribers. An increase of 80% since last quarter, due to the recent inclusion of subscriber figures for both operators licensed under the FWALA scheme and unlicensed operators.

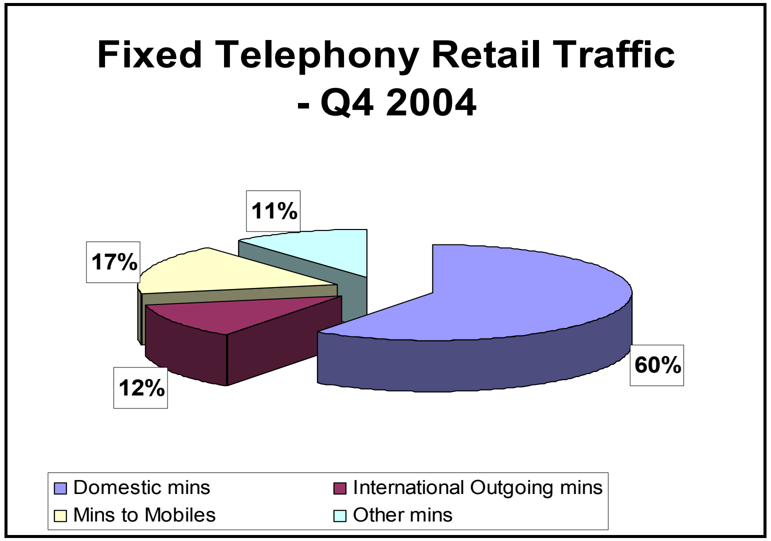
[7] Represents all direct and indirect ISDN channels in the country.

[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).

2.1.13 Fixed Retail Traffic (Minutes)

Figure 2.1.4 Fixed Retail Traffic



- Retail traffic excluding internet traffic[10] has remained relatively static and decreasing by less 1% since last quarter.

    - Domestic minutes account for 60% of overall minutes (excluding internet), Mobile 17%, International 12% and Other 11%.

[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.

2.1.14 Leased Lines

- There are approximately 18,700 retail leased line circuits, which has remained relatively static since last quarter.
- There are approximately 8,300 wholesale leased line circuits, down approximately 200 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)[11]

	October '04	November '04	December '04
All Leased Lines	20	21	22
Of Which:			
Sub 2Mbit Lines	20	21	21
2Mbit Lines	23	23	27

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

[11] The impact of delivery times for 2 Mbit leased lines on all leased lines is low due to the small number of 2 Mbit circuits in proportion to total number of circuits.

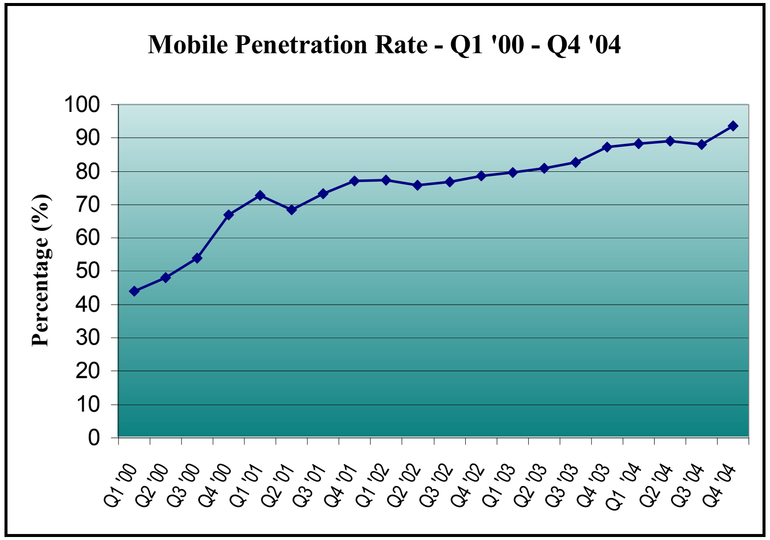
[12] The figures reported above are for 95% of orders i.e. the average of the first 95% of orders to be delivered. This removes the effect that any anomalies may have had on the figures and presents a true reflection of how fast the majority of circuits were delivered. Figures relating to the 100% of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

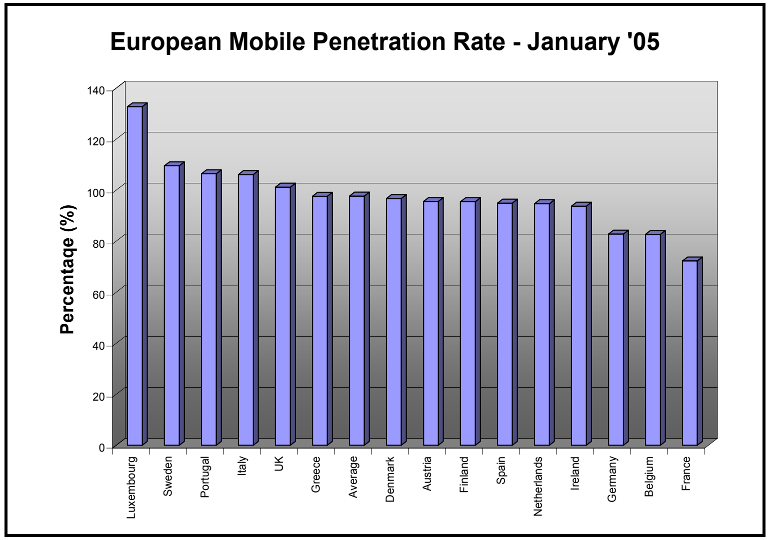
- Irish mobile penetration rate now stands at 94%[14].
  - Increase of 6% since last quarter.
  - This is likely to be due in part to seasonal factors as the data relates to the Christmas period.

2.2.2 Mobile Revenues

- Mobile retail revenue for the quarter stood at €486 million.
  - Increase of 13% since last quarter[15].

2.2.3 European Penetration Rates

Figure 2.2.2 European Penetration Rates



Source: Baskerville Mobile Communications

- The average penetration rate for the EU-15 is 98%.

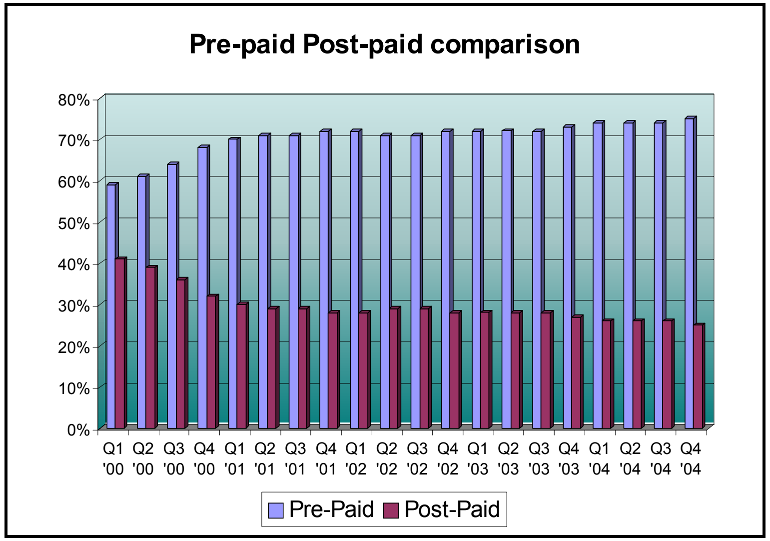
[14] Using the CSO population figure of 4.04m, which was also used last quarter.

2.2.4 Subscribers

- Approximately 3.78 million mobile subscribers at the end of December 2004.
  - Increasing from approximately 3.4 million at the end of December 2003.
  - Approximately 236,000 subscribers had ported their number by the end of January 2005.

2.2.5 Pre-Paid / Post Paid Comparison

Figure 2.2.3 Pre-Paid / Post Paid Comparison

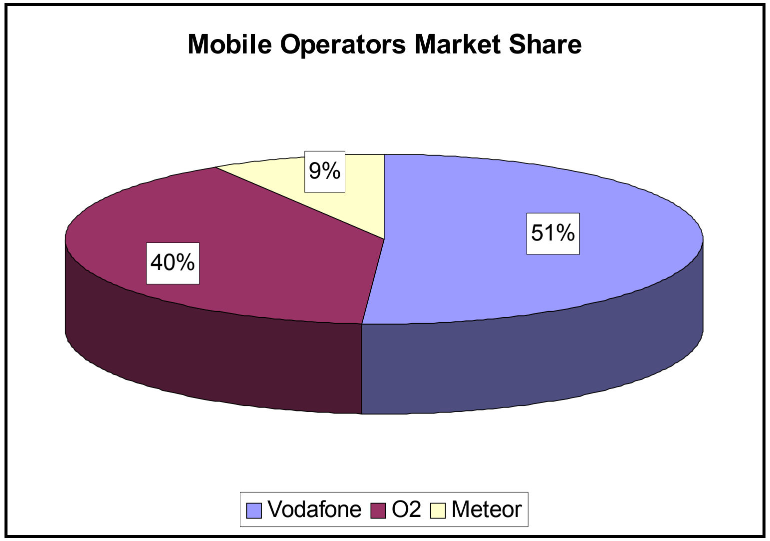


Source: ComReg Quarterly Review Questionnaires

- Pre-paid and Post-paid subscribers account for 75% and 25% of the overall mobile subscribers respectively.

2.2.6 Market Shares

Figure 2.2.4 Mobile Operators Market Share[16]



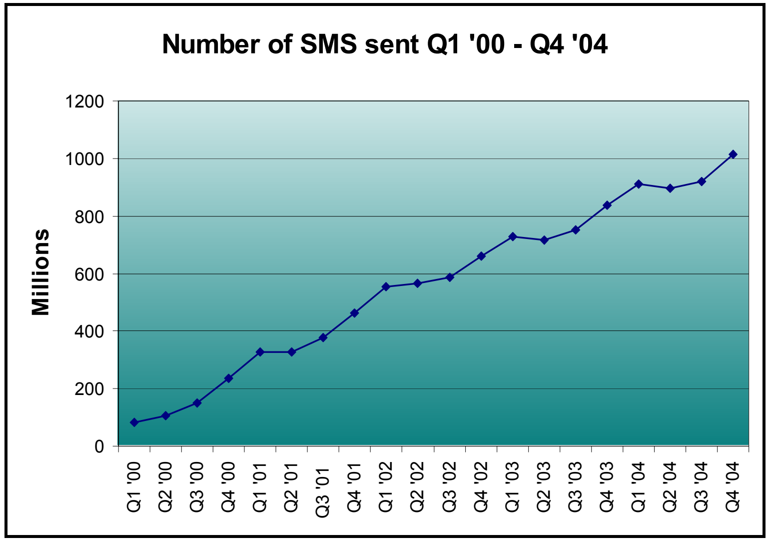
Source: ComReg Quarterly Review Questionnaire

- Vodafone - 51%, 2% decrease since last quarter
- O_2 – 40%, no change in the last quarter
- Meteor - 9%, 2% increase since last quarter
- All operators have increased their subscriber base since the last quarter

[16] Market share is based on the number of subscribers and not by value.

2.2.7 SMS

Figure 2.2.5 Number of SMS Messages sent



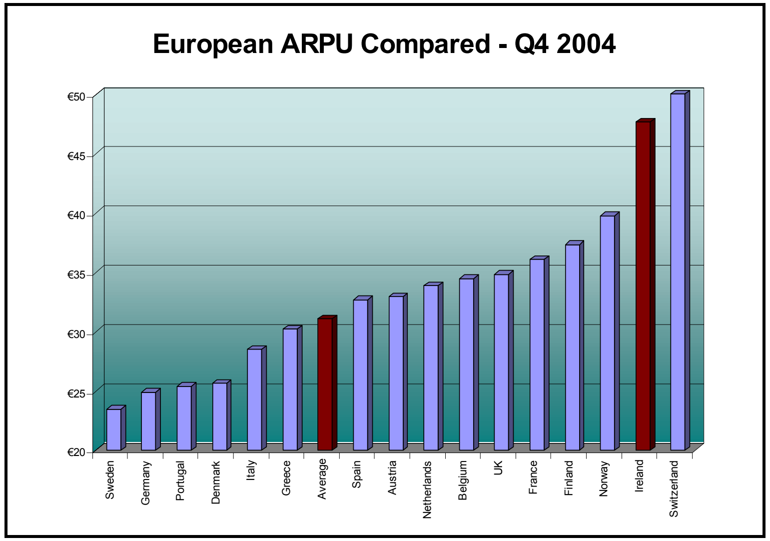
Source: ComReg Quarterly Review Questionnaire

- Approximately 1.014 billion messages sent during the quarter.
  - Increase of 10% on the previous quarter, this equates to an average of 89 SMS messages per subscriber per month.
  - 22% increase in the number of messages sent in 12 months.
  - This is likely to be due in part to seasonal factors as the data relates to the Christmas period.

2.2.8 ARPU

- Based on The Yankee Group data, at second highest of the European countries, Irish Mobile Operator's ARPU is estimated at €48 per month, remaining the same since the last quarter, while the EU average is €31.[17]

Figure 2.2.6 European ARPU Compared



Source: The Yankee Group

[17] 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 Broadband

Figure 2.3.1 Number of Broadband Subscribers

	% Change from Oct '04	October '04	December '04
DSL	↑ by 37%	83,000	114,000
Cable Modem	↑ by 31%	6,800	8,950
FWA[18]	↑ by 115%	4,000	8,600
Total	↑ **by 40%**	**93,800**	**131,550**

2.3.1 Irish Broadband Penetration Rate

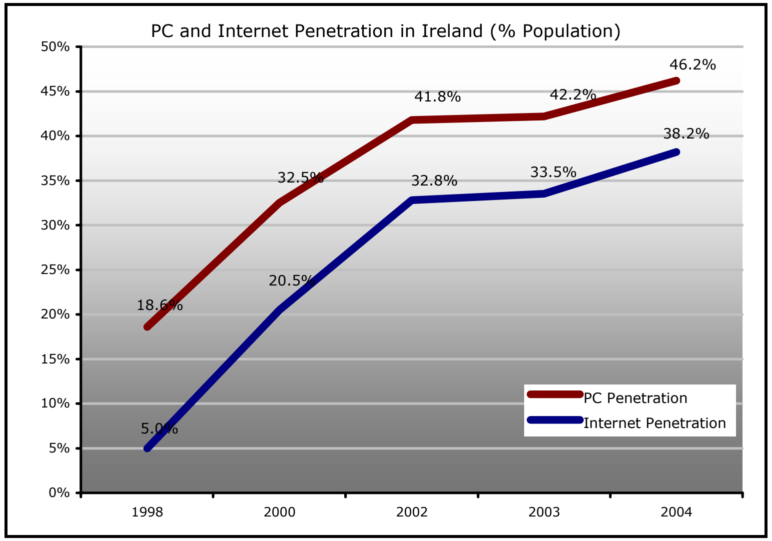
- Approximately 131,550 broadband subscribers.
  - Total increase of 40% on the previous quarter.
  - The large increase in broadband FWA of 115% since last quarter is due to the recent inclusion of subscriber figures for both operators licensed under the FWALA scheme and unlicensed operators.

[18] This figure only includes broadband FWA subscribers. Broadband access is defined as speeds of 144 kb/s or greater.

2.4 Residential Internet

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 survey results for 2003 and 2004 are available on the CSO's web site[19]. Data for 2004 suggests internet penetration in 2004 is 38.2% of the population, an increase of 4.7% on the 2003 penetration rate.

Figure 2.4.1 PC and Internet Penetration Rate



During the same period PC Penetration increased by 4% in Ireland from 42.2% in 2003, to 46.2% in 2004.

[19] CSO Ireland, Information Society Statistics www.cso.ie

2.5 Cable/MMDS & Satellite

2.5.1 PayTV Subscribers

- Approximately 530,000 cable/MMDS subscribers to television services in Ireland.
  - 378,000 of these subscribe to analogue television only
  - 152,000 (29%) have upgraded to digital television. This has increased from 21% in December 2003 and 26% last quarter.
- 337, 000 subscribers to BSkyB as at 31 December 2004[20].
  - Increase of 7 % since June 2004.
  - This figure has increased by 32,000 over the past year.
- There are 877,000 (cable/MMDS and satellite) pay TV subscribers of which 57% now subscribe to digital TV.
- Approximately 499, 000 cable/MMDS and satellite digital subscribers.
  - This figure has increased by 74,000 since March 2004.
  - Digital households represent approximately 37% of all households with a television[21].

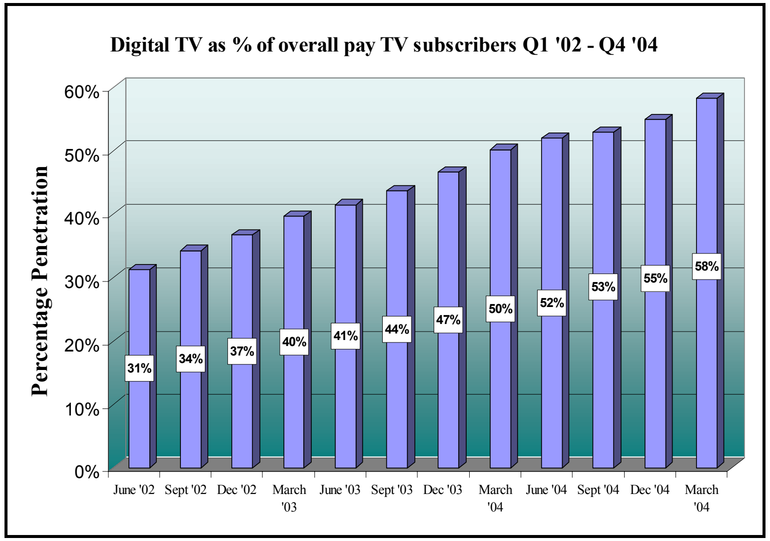
[20] BSkyB results for three months ended 31 December (2nd February 2005).

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

2.5.2 Households Passed for Cable/MMDS

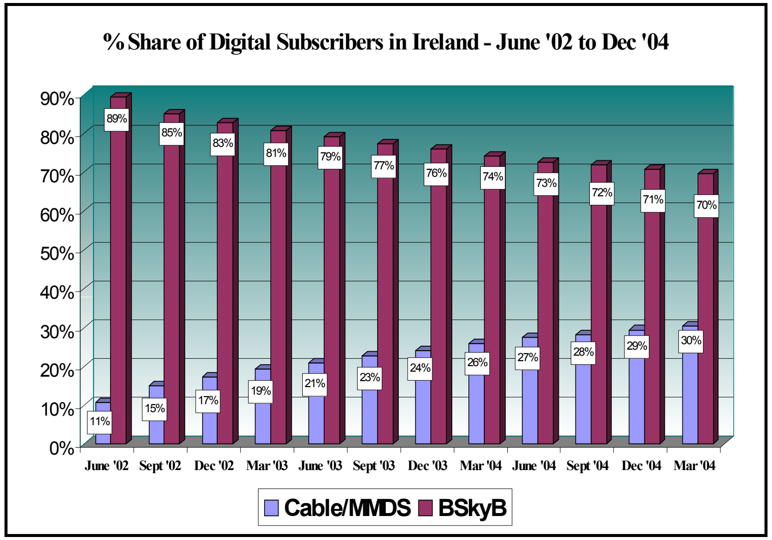
- Over 1.25 million households passed.
  - Approximately 80% are passed for digital services.
  - Increase of 5% since last quarter.

Figure 2.5.1 Digital TV as percentage of overall pay TV



- Cable/MMDS now accounts for 30% of all digital subscribers in the country (satellite accounts for the remaining 70%), an increase of 4 % since December 2003.

Figure 2.5.2 Digital TV Distribution in Ireland



2.5.3 Cable/MMDS Revenues

- Total cable/MMDS revenues have increased by 4.4 % 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.[22] 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:

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

- 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.

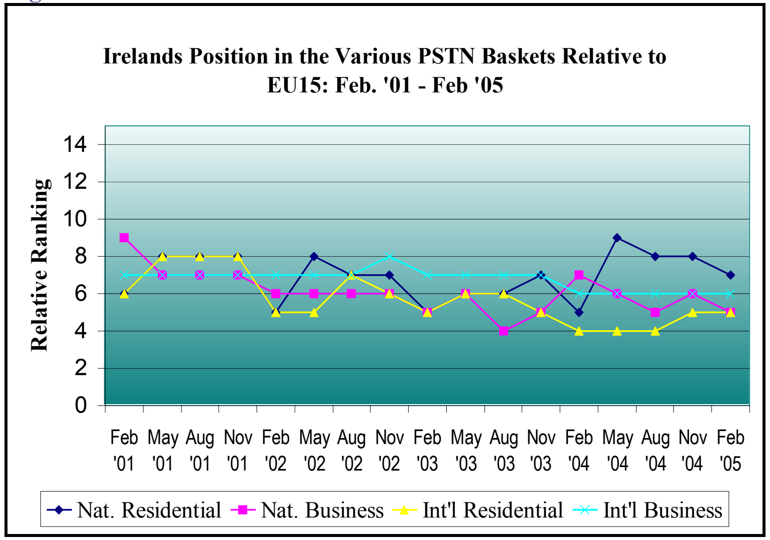
Due to the lack of any ultimate comparison methodology of such a diverse service we feel it is necessary to view the ADSL prices using two methods. The first method, normalised lowest monthly rental (per Mbit/s), reflects the cost of ADSL on a per Mbit basis and may favour operators that offer higher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

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

Figure 3.1.1: Ireland's Relative Position for PSTN baskets: Feb. '01 – Feb '05



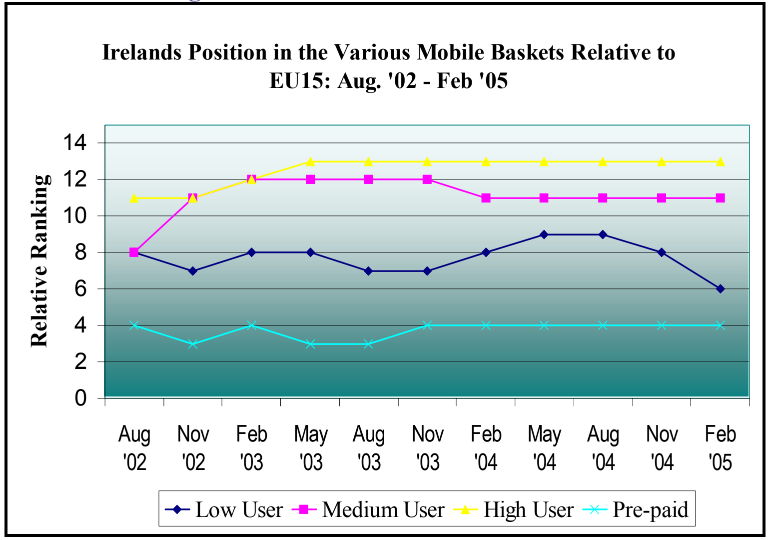
3.1.2 Leased Lines

- 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 two places 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 – Feb '05



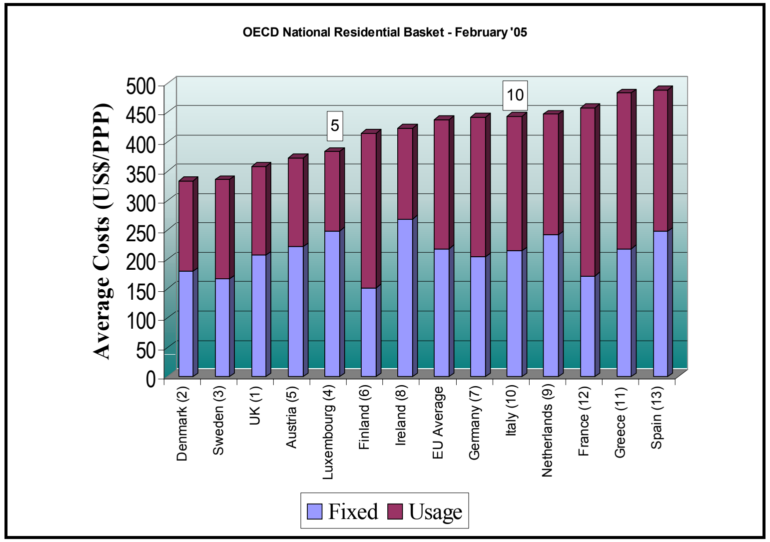
[23] The same applies to all baskets.

3.2 PSTN Baskets

3.2.1 National Residential Basket

- Ireland's position has improved by one place since last quarter, and is one place ahead of the EU average.

Figure 3.2.1: OECD National Residential Basket – February 2005[24]

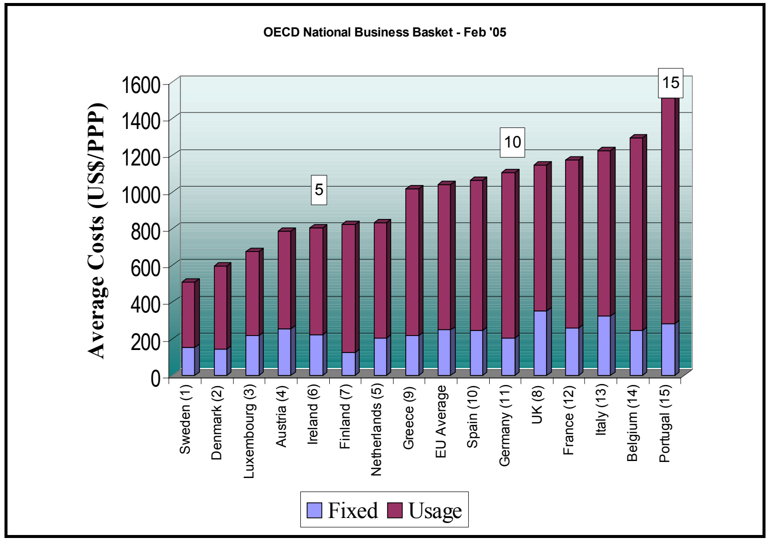


NB: The numbers in brackets represent each Member States respective rankings as at Nov 2004.

3.2.2 National Business Basket

- Ireland's position has improved by one place to 5th since last quarter, and is four places ahead of the EU average.

Figure 3.2.2: OECD National Business Basket – February 2005



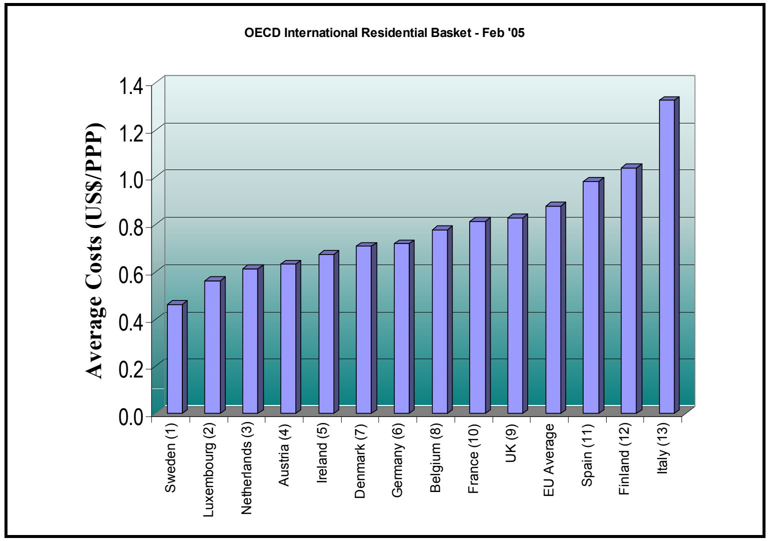
NB: The numbers in brackets represent each Member States respective rankings as at Nov 2004.

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

3.2.3 International Residential Basket

- Ireland's position has remained unchanged since last quarter, and remains six places ahead of the EU average.

Figure 3.2.3 OECD International Residential Basket – February 2005[25]

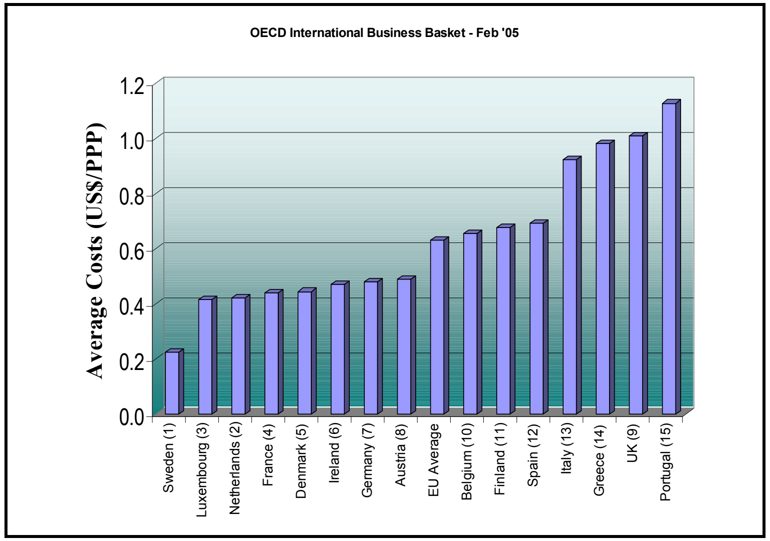


NB: The numbers in brackets represent each Member States respective rankings as at Nov 2004.

3.2.4 International Business Basket

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

Figure 3.2.4: OECD International Business Basket – February 2005



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

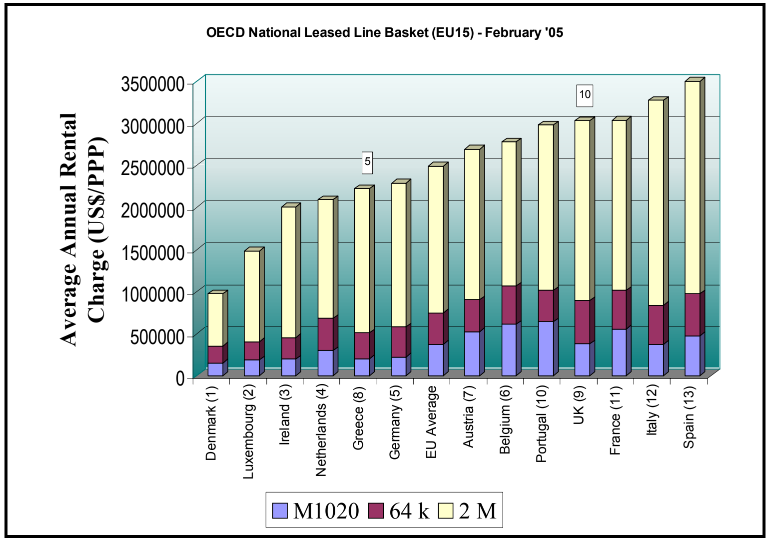
[25] Residential tariffs include VAT. VAT rates vary between member states.

3.3 Leased Line Baskets

3.3.1 *National Leased Lines*

- In 3rd and four positions ahead of the EU average[26], Ireland's position remains unchanged since last quarter.

Figure 3.3.1 OECD National Leased Line Basket – February 2005

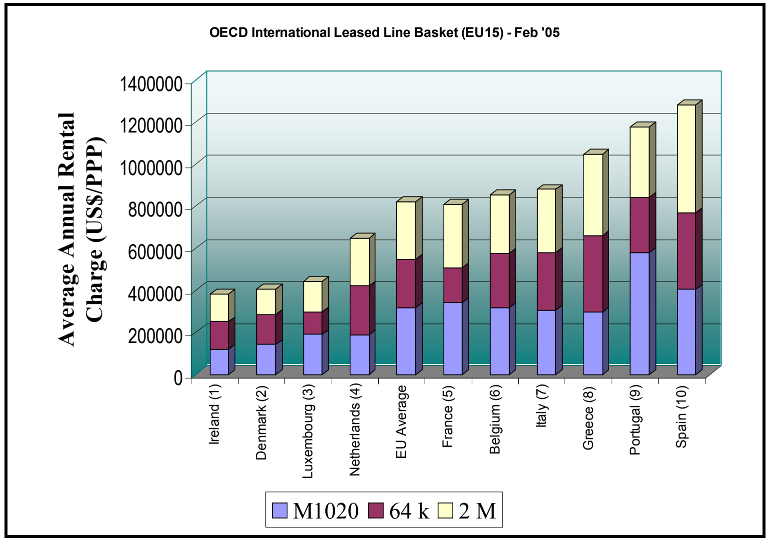


NB: Data for Finland and Sweden is unavailable. The numbers in brackets represent each Member States respective rankings as at Nov 2004.

3.3.2 *International Leased Lines*

- Ireland remains in first position[27].

Figure 3.3.2 OECD International Leased Line Basket – February 2005



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

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

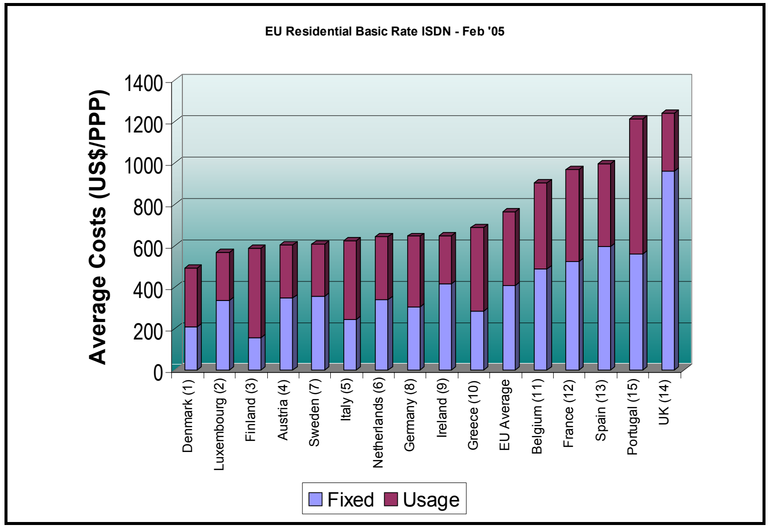
[27] The prices for these circuits are devised from the weighted average of half-circuits to all other OECD countries, using the traffic volume weighting method proposed by Teligen.

3.4 ISDN Baskets[28]

3.4.1 Residential Basic Rate ISDN Basket[29]

- Ireland's position has remained unchanged since last quarter at 9th place and is two places ahead of the EU average in the residential ISDN basket.

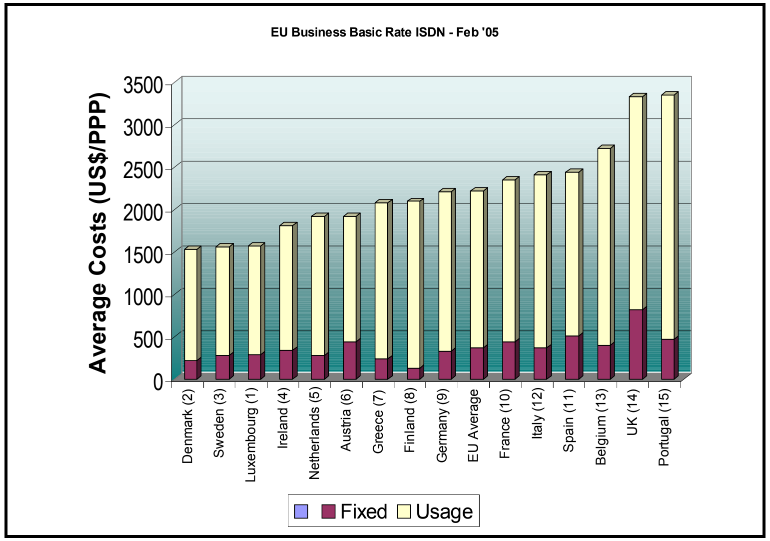
Figure 3.4.1 Residential Basic Rate ISDN Basket – February 2005[30]



3.4.2 Business Basic Rate ISDN Basket[31]

- Ireland's 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 – February 2005



[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.

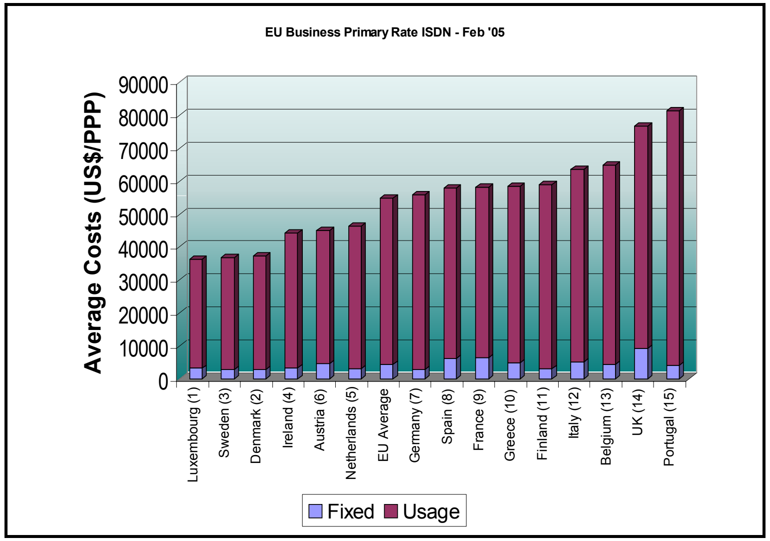
[30] Residential tariffs include VAT. VAT rates vary between member states.

[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's Ireland's position has remained unchanged since last quarter at 4th and is three places ahead of the EU average in the business primary rate ISDN basket.

Figure 3.4.3 Business Primary Rate ISDN Basket – February 2005



[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.

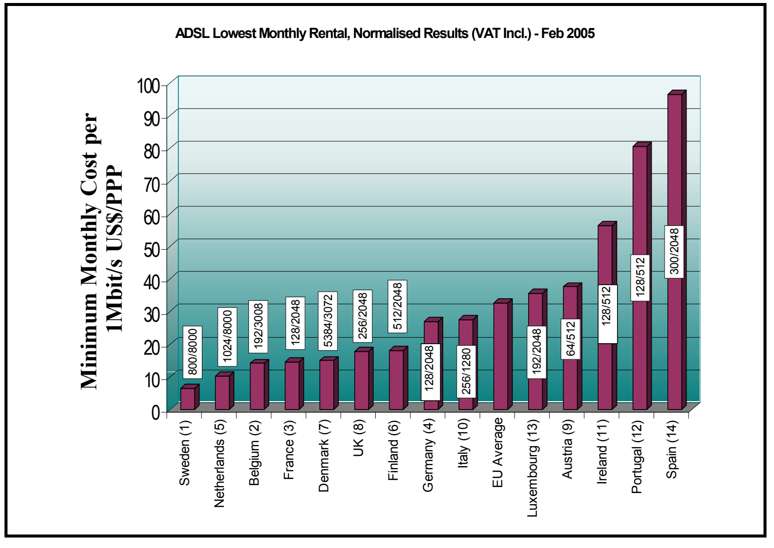
3.5 ADSL Baskets[33]

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's position has fallen by one place to 12th and is now three places behind the EU average.

Figure 3.5.1 Lowest Monthly Rental ADSL Basket (Normalised) – Feb 2005

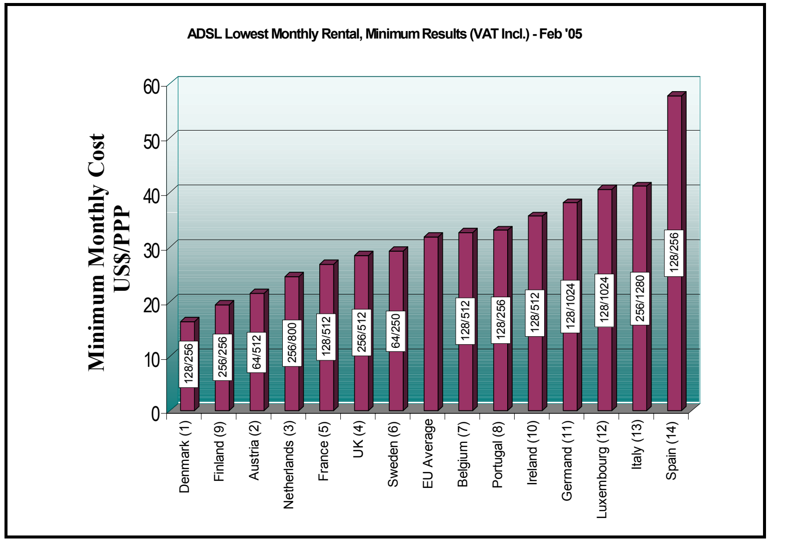


N.B. Greece has not yet been included because the pricing of the ADSL product available is excessive.

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

- Ireland's position has remained unchanged since last quarter in this basket and remains at 10th place, two places behind the EU average.

Figure 3.5.2 Lowest Monthly Rental ADSL Basket (Minimum) – Feb 2005



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

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[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.

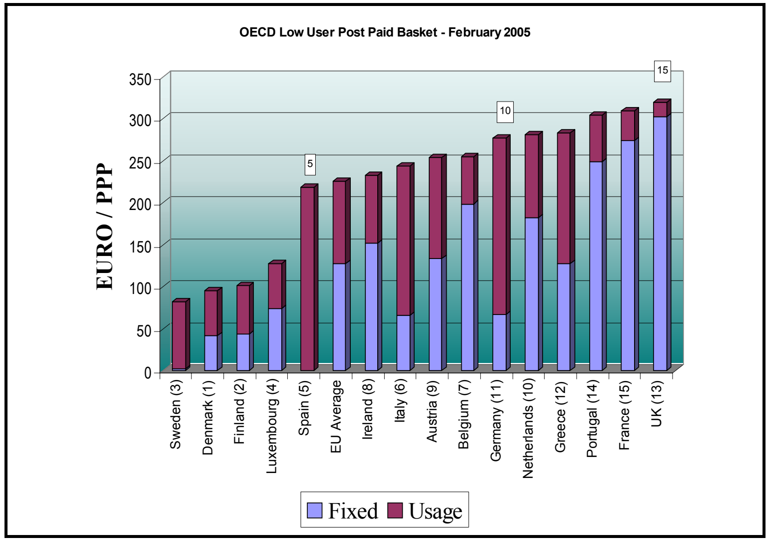
[35] The minimum results show the lowest monthly rental charge offered in each country. This method may favour countries offering lower speeds. Figures in boxes represent the upload / download speed (kb/s) of the service offered.

3.6 Mobile Baskets

3.6.1 Low User Post Paid Mobile Basket[36]

- Ireland's position has improved by two places to 6th since last quarter, and is one place behind the EU average. This is due to a relatively greater decrease in Ireland's low user post paid mobile tariffs.

Figure 3.6.1 OECD Low User Post Paid Mobile Basket – February 2005

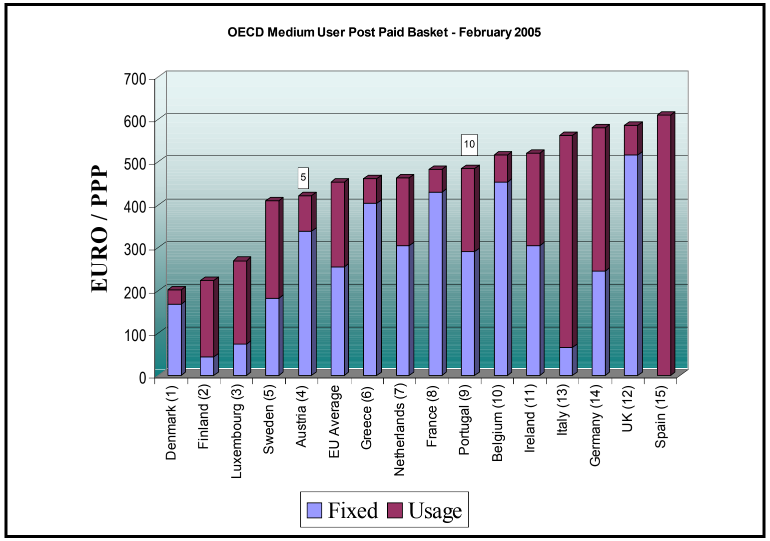


NB: The numbers in brackets represent the countries respective rankings as at Nov 2004.

3.6.2 Medium User Post Paid Mobile Basket

- Ireland's position remains unchanged at 11th since last quarter but is now six places behind the EU average.

Figure 3.6.2 OECD Medium User Post Paid Mobile Basket – February 2005



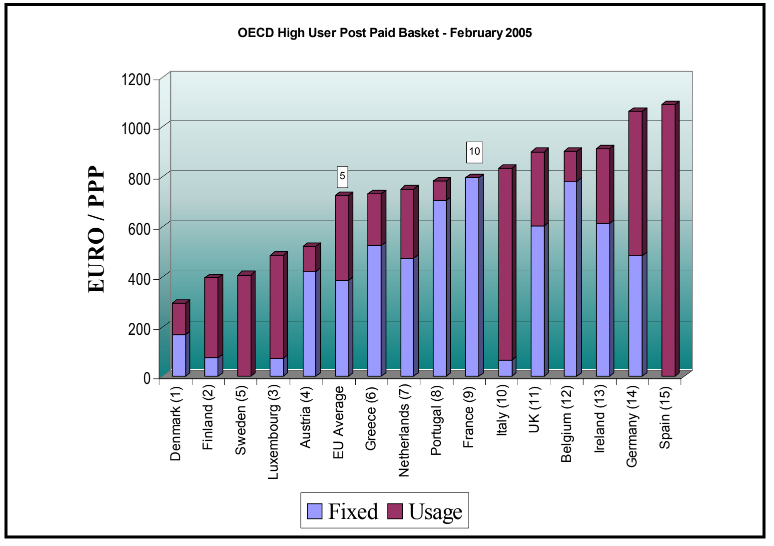
NB: The numbers in brackets represent the countries respective rankings as at Nov 2004.

[36] 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, two places behind the UK and eight places behind the EU average.

Figure 3.6.3 OECD High User Post Paid Mobile Basket – February 2005

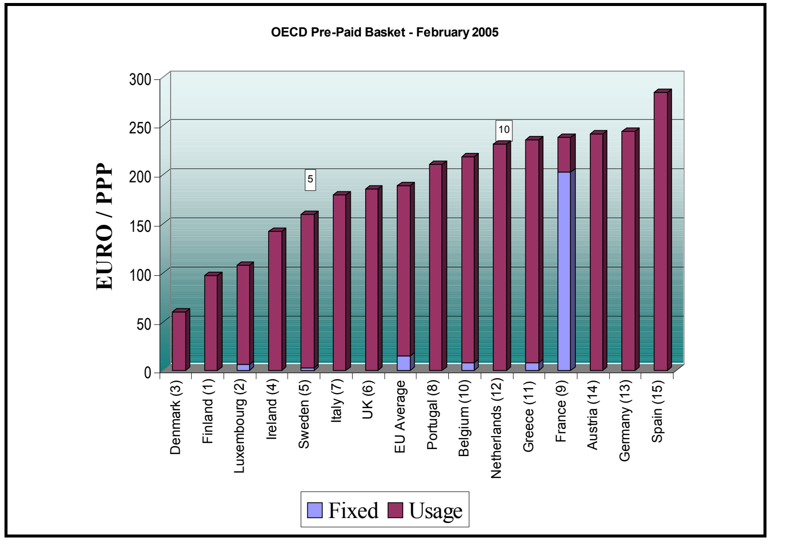


NB: The numbers in brackets represent the countries respective rankings as at Nov 2004.

3.6.4 Pre Paid Mobile Basket[37]

- 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 – February 2005



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

[37] 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.