



Commission for
Communications Regulation

Irish Communications Market

Quarterly Key Data Report

June 2006

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1 Overall Market Data

Data presented in this report is based on returns from authorised operators for the period starting 1st January to 31st March 2006. The report is based on submissions from 55 operators, which represent almost all market activity.

1.1 Number of Authorisations

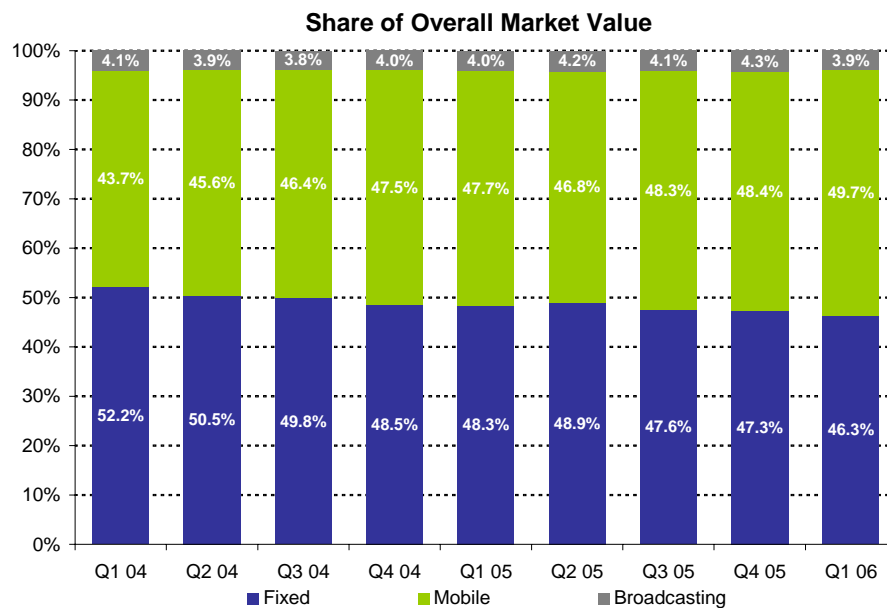
Figure 1.1.1 - Total Number of Authorisations

Total Authorisations	March 2006
No. of fixed and wireless authorisations	322
No. of mobile telephony authorisations	4
No. of broadcasting authorisations (incl. Cable TV, MMDS, Deflectors)	45
Total Number	371

Before providing networks or services to third parties, operators are required to submit a notification to ComReg for the purposes of compiling a register of such operators. At the date of publication of this report there were 371 authorised undertakings in Ireland. It should be noted that the list above refers to the number of general authorisations granted by ComReg under the European Framework for Authorisations. It does not reflect the total number of commercially active organisations or entities currently operating in the market.

1.2 Overall Electronic Communications Revenues¹

Figure 1.2.1 – Fixed, Mobile & Broadcasting as a % of Total Revenues²



Overall electronic communications network and service revenues at the end of March 2006 were €1.12bn for the quarter, or approximately €4.5 billion per annum on an annualised basis. In its most recent annual Implementation Report issued in February 2006³, the European Commission estimated that the total electronic communications market for the EU-25 as a whole was worth €273bn for the 12 months to December 2005. This would suggest that Ireland's electronic communications market currently represents about 1.5% of the overall electronic communications market in the EU.

Overall revenues increased this quarter as a result of both increased revenues in all three industry sectors, with particularly strong growth in the mobile sector. It should be noted that this report is based on a revised quarterly questionnaire to operators which includes additional revenue streams not previously aggregated in this report. Furthermore, increased revenues and traffic within the fixed line market may also be attributable to a higher response rate by Authorised Operators in submitting data through the quarterly report process this quarter. Figure 1.2.1 shows a breakdown of revenue between each of the main

¹ For further detail on terms and definitions see ComReg Document Number 06/28a Explanatory Memorandum to Quarterly Key Data Report.

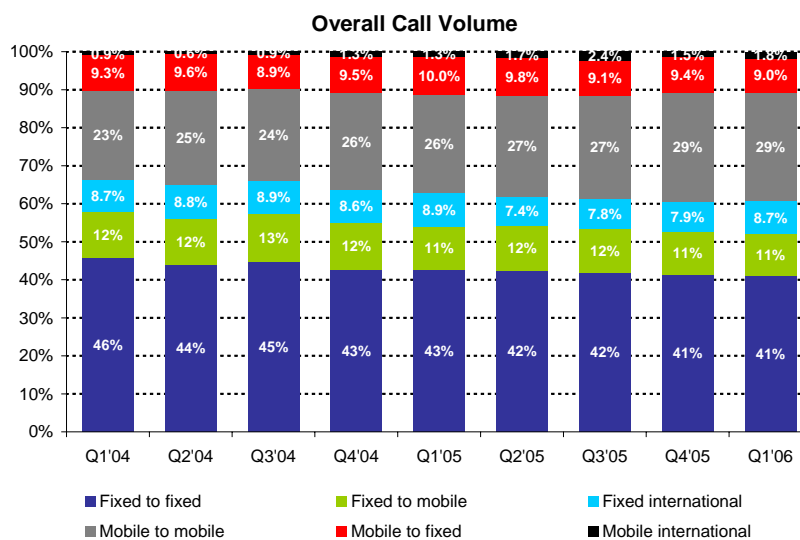
² The following services are accounted for in the total revenues figure: **fixed** (interconnection, retail narrowband services, leased line & managed services including PPC revenue, broadband and other (including web-hosting, co-location services, directory publication & other services), **mobile** (connection, voice and data services, roaming) and **broadcasting** (including cable/MMDS broadcasting services, connection, rental and other charges).

³ Available at http://europa.eu.int/information_society/policy/ecomm/implementation_enforcement/annualreports/11threport/index_en.htm

categories of electronic communications services; fixed line revenues now account for 46.3% of electronic communications revenues, while mobile services have increased their share of industry revenue to 49.7%. Broadcasting sector revenue represented 3.9% of total industry revenue in Q1, 2006.⁴

1.3 Overall Call Volumes

Figure 1.3.1 - Share of Total Voice Call Volumes



Source: Quarterly Key Data Questionnaire

Figure 1.3.1 illustrates the contribution of specific categories of voice traffic to the total voice traffic for the quarter. Total voice traffic over both fixed and mobile networks totalled nearly 3.8 billion minutes in this quarter, a 4% increase in voice traffic since last quarter, and a 9% increase in voice traffic since Q1, 2005. While there has been no movement in the mobile to mobile and fixed to fixed call volume elements this quarter, the overall trend since Q1 2004 has been that mobile to mobile call volumes have increased, while fixed to fixed call volumes in contrast have been gradually declining. Traffic between fixed to mobile voice networks as a proportion of all traffic has remained at around 11% of traffic, while the volume of minutes from mobile phones to fixed lines has decreased slightly over the period of analysis.

⁴ Broadcasting revenues include only those submitted by authorised cable and MMDS operators in Ireland, and not revenues attributable to other satellite or terrestrial broadcasting operators as these operators are not authorised by ComReg

1.4 Pricing Overview

This section examines Ireland's current and previous rankings based on prices in various consumer baskets against other EU countries. Data on PSTN and mobile basket prices is provided to ComReg by Teligen who use an OECD-approved methodology to compare fixed (PSTN) and mobile tariffs. This format follows a basic three-step process consisting of: (i) the construction of one or more baskets of telephone services; (ii) the pricing of those baskets; and (iii) the conversion of the individual currencies to standard units (e.g. Euros or Purchasing Power Parities (PPPs)).

Both the PSTN and mobile baskets were updated following a public workshop in Rome in July 2005. Changes made as a result of this workshop are in addition to any tariff changes, and have had a sizeable impact on results for all countries compared to the last update. Thus, November and February results are not comparable and the charts for Ireland's relative position for PSTN and mobile baskets have been removed for this quarter. In Q2 2006 we will reinstate a comparison chart to compare these newly compiled baskets on an historical basis. The individual pricing charts for each basket for February 2006 are analysed under pricing data in both the mobile and fixed sections of this document.

The DSL baskets were commissioned separately by ComReg from Teligen and have not been subject to the changes outlined above. For further information on Teligen's methodology please see the accompanying memorandum ComReg 06/28a.

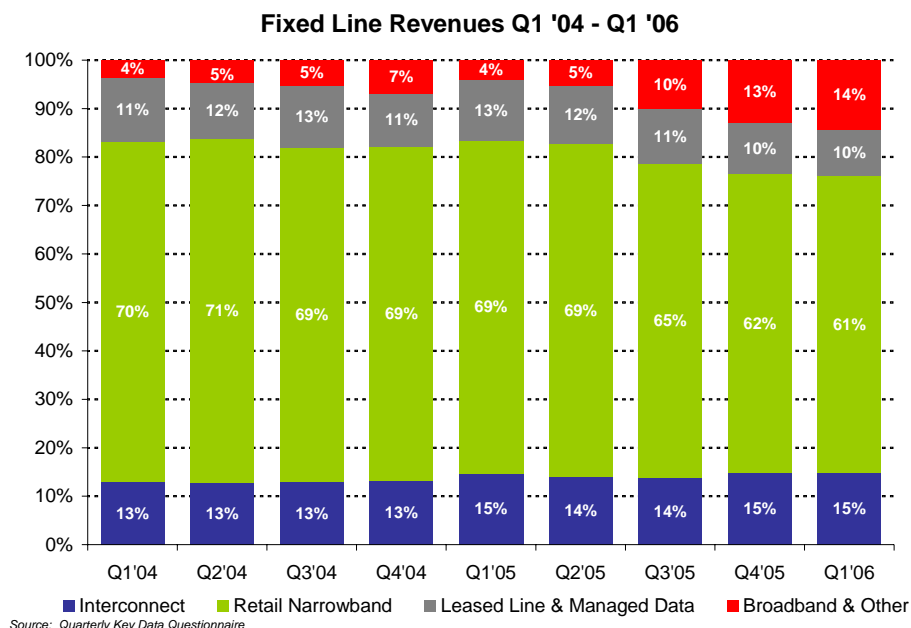
2 Fixed Market Data

2.1 Total Fixed Line Revenues

2.1.1 Total Fixed Line Revenue

Total fixed line revenues are at €521 million this quarter, an increase of 9% since last quarter. This growth is a result of increases in all fixed line revenue streams, particularly as a result of reported increases in fixed interconnection and broadband revenues. Leased lines and managed services revenues have remained stable this quarter. Limited revenue growth in this sub-sector since Q1 2004 may be, at least in part, a result of migration to alternative broadband technologies where previously private leased lines may have been used.

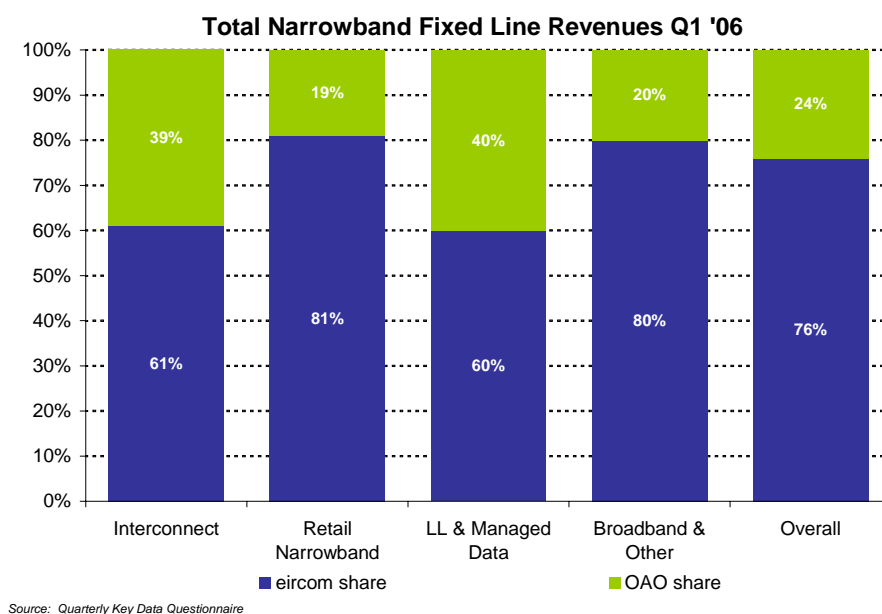
Figure 2.1.1 - Total Revenue Per Service



2.1.2 Authorised Operators' Share of Overall Fixed Line Revenues

Figure 2.1.2 illustrates the market shares of the incumbent and other authorised operators (OAOs) in each of the fixed line service categories in Figure 2.1.1. Market shares are presented grouped within a number of revenue streams where services are somewhat related to each other; however this classification does not reflect the specific markets identified in the recent market review process. Eircom retains the largest share of the revenue market share service streams noted in Figure 2.1.2. Overall eircom market share is calculated at 76%, down 2% on the previous quarter and down from 80% in the same quarter last year.

Figure 2.1.2 - Market Share of fixed line revenues



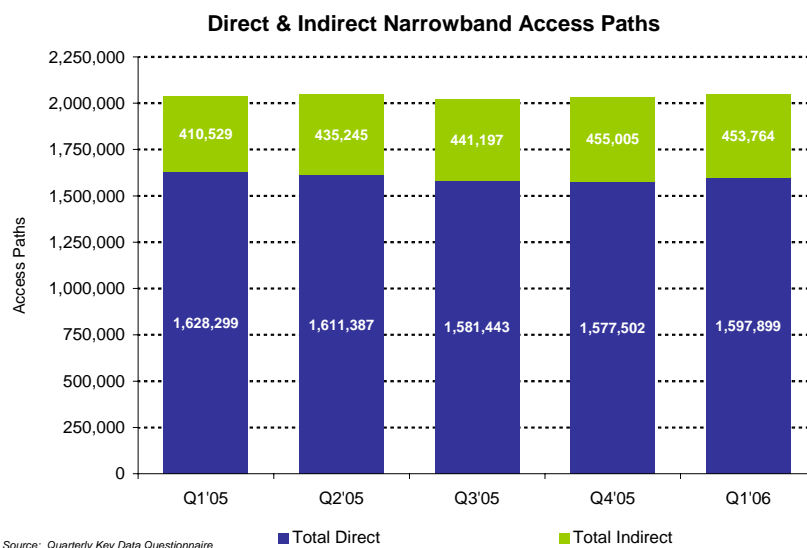
2.2 Fixed Line Access

2.2.1 Access Paths

Figure 2.2.1 presents the total number of narrowband fixed access paths (PSTN and ISDN) broken out by direct and indirect access⁵ on an historical basis. There were over 2 million direct and indirect PSTN and ISDN access paths in the Irish market in Q1, 2006. Indirect paths represent 22% of all access paths in the market. The total number of access paths increased slightly again this quarter, and is attributable to an increase in direct PSTN and ISDN access paths.

⁵ Indirect access is where a customer's call is routed and billed through operator A's network even though the call originated from the network of operator B. It is the generic term for both easy access and equal access

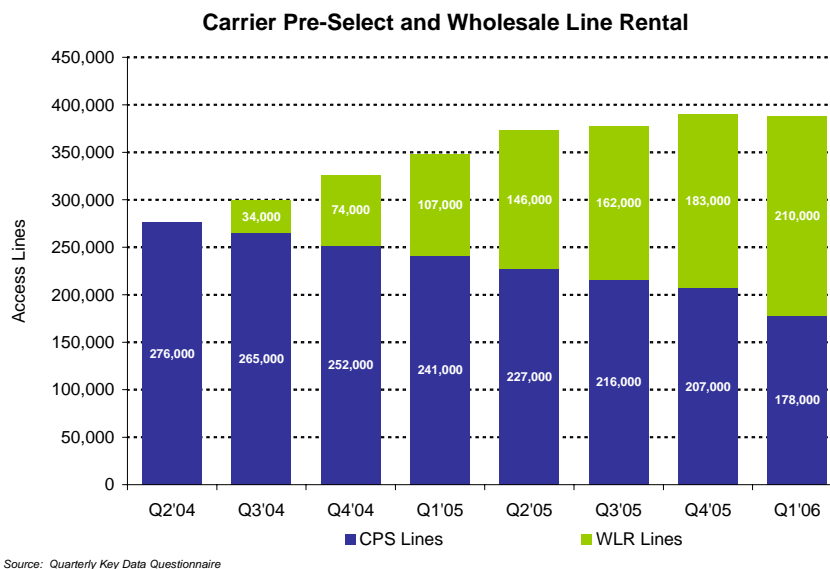
Figure 2.2.1 - Fixed Access Paths



2.2.2 Indirect Access Lines

Figure 2.2.2 illustrates the overall number of PSTN and ISDN lines provided by means of either Carrier Pre-Selection (CPS) or Wholesale Line Rental (WLR). In Quarter 1 2006, around 388,000 lines classified as either CPS or WLR were provided by operators other than eircom, representing a slight decrease on the previous quarter. Year-on-year growth in indirect access is 11%. There is evidence to suggest a migration from CPS-only lines to WLR, which enables OAOs to provide single billing as well as calls to consumers. For the first time this quarter, there are more WLR lines than CPS-only lines and WLR is now used on 54% of indirect access lines.

Figure 2.2.2 - Indirect Access Lines⁶



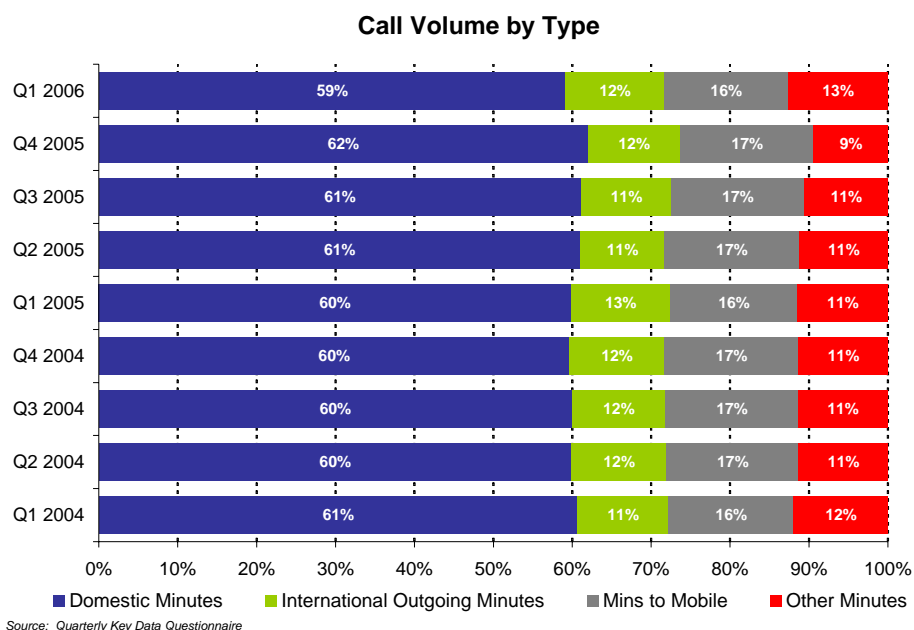
⁶ Number of lines are rounded to the nearest thousand

While there has been a slight drop in the number of indirect access lines in this period, it should be noted that OAOs had 9,300 installed LLU lines in the same period, an indication that some OAOs may be moving to provide voice and data services to customers using LLU as well as WLR. ComReg will monitor this development and will revise this section if necessary in future reports.

2.3 Fixed Voice Call Volumes

Figure 2.3.1 below illustrates the development of fixed voice call volumes since Q1 2004. Fixed call traffic in Q1, 2006 reached over 2.6bn minutes, an increase of over 8%⁷ since last quarter. The breakdown of minutes in the fixed line market changed in the last quarter, with domestic calls falling to 59% of all fixed call minutes, although this still remains the largest portion of calls in the fixed line market. Other minutes, which include payphone minutes and advanced services minutes (e.g. premium rate services minutes, VPN minutes), increased from 9% of call volumes last quarter to 13% this quarter.

Figure 2.3.1 – Fixed Voice Call Volume⁸



⁷ An element of the reported increase in volumes is likely due to a higher response to the Quarterly Report Questionnaire in this quarter.

⁸ Domestic Calls include local & national calls; other minutes include payphone volumes, and a range of ancillary fixed voice services categorised by operators.

2.4 Fixed Pricing Data

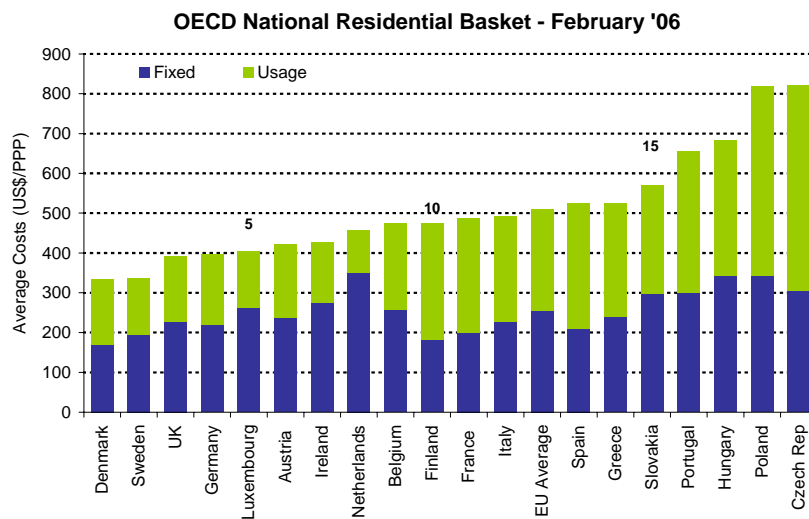
As outlined in the pricing overview (section 1.4), due to a revised Teligen/OECD methodology in compiling these baskets for Q1 2006, no comparisons are made with the previous quarter. For further information on these revised methodologies please see the accompanying memorandum ComReg 06/28.

2.4.1 PSTN Baskets

2.4.1.1 National Residential Basket

Figure 2.4.1.1 illustrates Ireland’s ranking in the national residential basket, based on a basket of calls and fixed costs. In February 2006 Ireland was ranked at seventh position, which was six places ahead of the EU average in terms of price for this basket. This chart is based on comparison of the cheapest packages available, based on a set number of voice calls and a fixed monthly access fee. In many cases line rental is offered at a discount as part of a bundled package of calls and line rental. Therefore the fixed portion of the national basket in this chart does not represent the actual line rental prices paid by consumers. For comparative analysis of the price of standard PSTN line rental across the EU see Figure 2.4.1.5

Figure 2.4.1.1 - OECD National Residential Basket –February 2006⁹



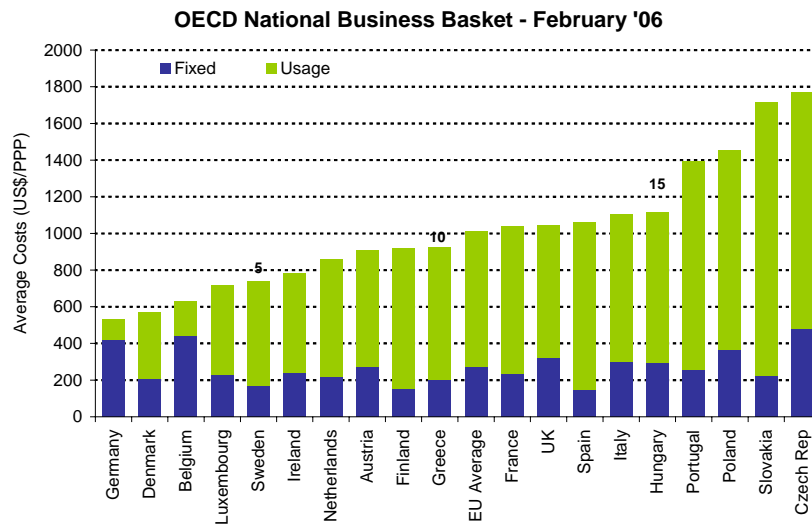
Source: Teligen

⁹ Residential tariffs include VAT. VAT rates vary between member states.

2.4.1.2 National Business Basket

Ireland is placed in 6th position in the national business basket and is 5 places ahead of the EU average in terms of price. This chart is based on comparison of the cheapest packages available, based on a set number of voice calls and a fixed monthly access fee. In many cases line rental is offered at a discount as part of a bundled package of calls and line rental. Therefore the fixed portion of the national basket in this chart does not represent the actual line rental prices paid by business customers. For comparative analysis of the price of standard PSTN line rental across the EU see Figure 2.4.1.5

Figure 2.4.1.2 - OECD National Business Basket – February 2006

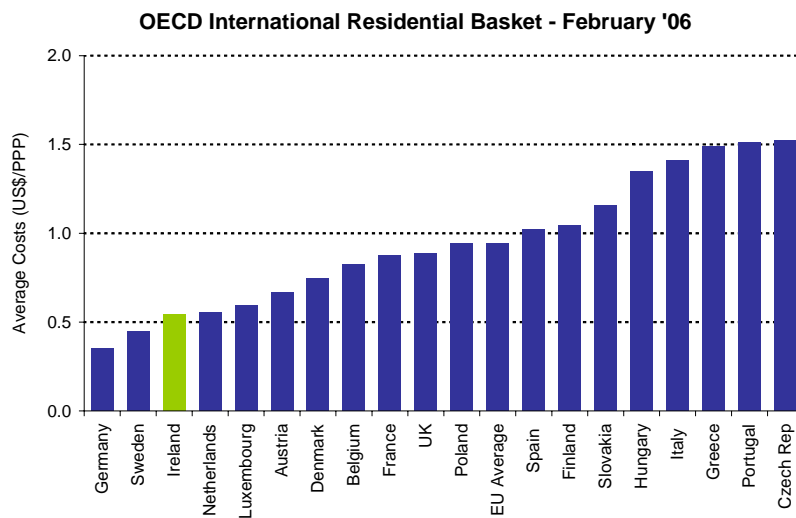


Source: Teligen

2.4.1.3 International Residential Basket

Figure 2.4.1.3 shows that Ireland’s position is now in 3rd position, and is nine places better than the EU average in terms of price.

Figure 2.4.1.3 - OECD International Residential Basket – February 2006¹⁰



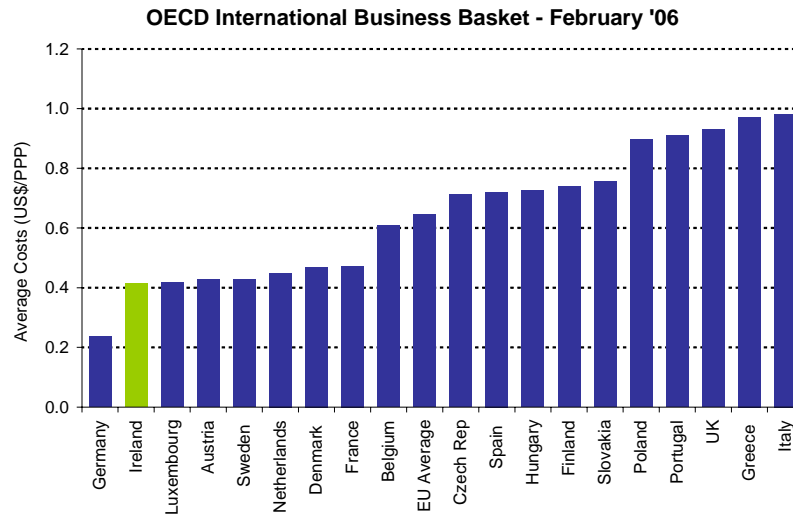
Source: Teligen

¹⁰ Residential tariffs include VAT. VAT rates vary between member states.

2.4.1.4 International Business Basket

Ireland's position is now 2nd place among EU countries analysed in the international business basket, and is six places better than the EU average in terms of price.¹¹

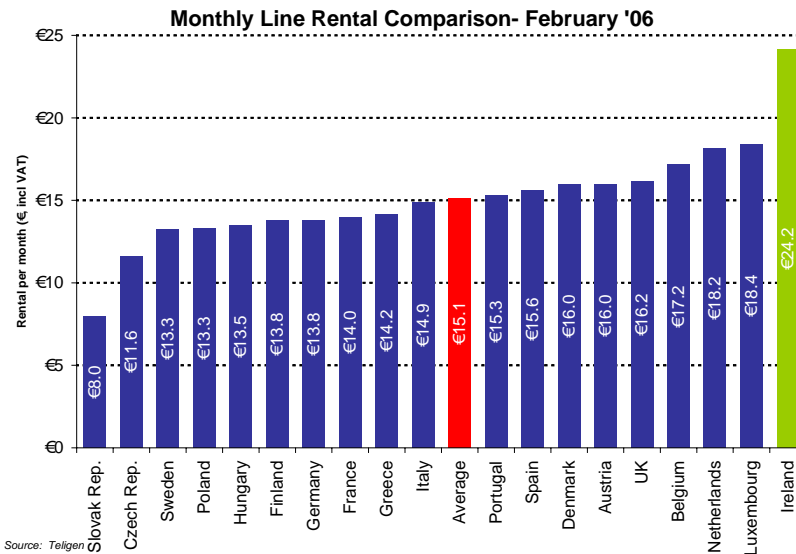
Figure 2.4.1.4 - OECD International Business Basket – February 2006



Source: Teligen

2.4.1.5 PSTN line rental

Figure 2.4.1.5 - Line Rental Price Comparison between Member States



Source: Teligen

ComReg previously published a comparative Teligen line rental benchmark in the June 2005 Quarterly Report. Figure 2.4.1.5 provides a comparative benchmark of line rental in EU-25

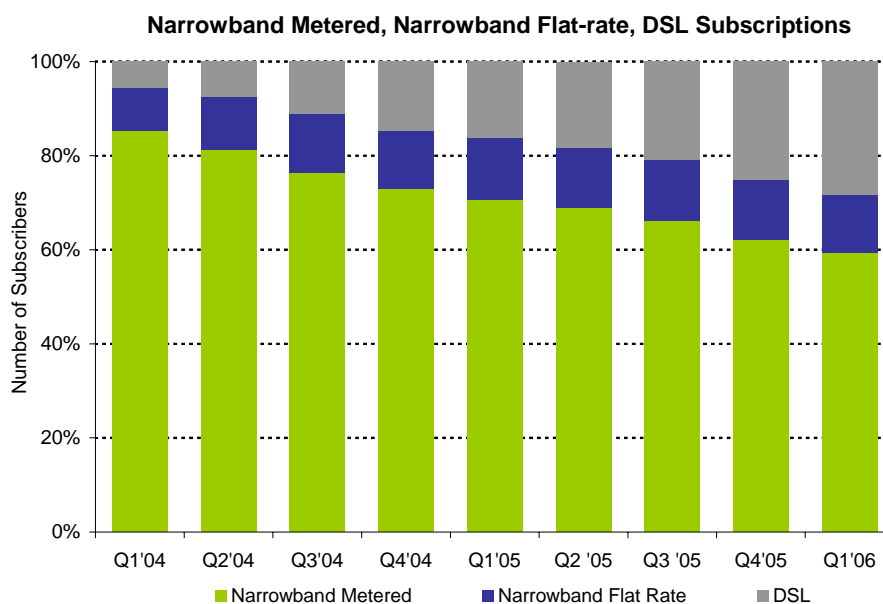
¹¹ Changes to Ireland's rank in this basket can, in part, be attributed to the revised methodology Teligen used to compile the baskets. For further information on the revised methodology please see the Explanatory Memorandum accompanying this report ComReg 06/28

countries in the same period 2006. Ireland remains the most expensive Member State for the residential monthly line rental charge, €9 more expensive than the average line rental among 19 EU member states analysed. This is largely due to eircom’s higher costs associated with developing and maintaining a national telecoms network in Ireland, with its significantly higher rural based population.

2.5 Provision of Internet Services

Figure 2.5.1 illustrates the proportion of Internet subscribers on narrowband metered, narrowband flat-rate, or broadband DSL connections; that is, all internet subscribers on the PSTN/ISDN or copper network. The chart illustrates a gradual decline in the proportion of narrowband subscribers, particularly those on metered or pay-as-you-go packages, while DSL subscribers continue to increase. In Q1 2004, DSL subscribers represented 6% of internet subscriptions on the copper telecoms network; in Q1 2006 DSL accounted for 26% of internet subscriptions over the fixed telecoms network.

Figure 2.5.1 – Number of Subscribers: Narrowband¹² Vs Broadband¹³



When other internet access technologies are included in the analysis, broadband subscriptions account for 35% of all internet subscriptions in the market; up from 19% of all internet subscriptions in Q1 2005. Narrowband subscribers continue to decline, both in absolute terms and as a proportion of all subscribers. The number of metered narrowband

¹² This includes narrowband metered, and narrowband flat-rate products.

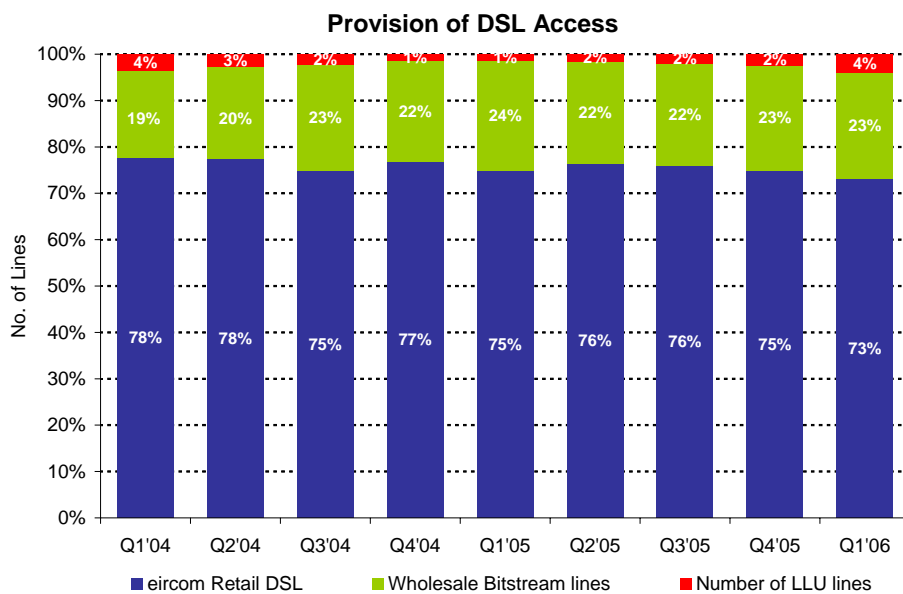
¹³ This includes DSL subscriber numbers only.

subscribers has declined by 11% in the last 12 months while the number of flat rate narrowband subscribers has remained relatively stable.

2.6 Provision of Broadband Access

Figure 2.6.1 illustrates direct and indirect provision of DSL in the Irish telecoms market. Indirect DSL is provided by other authorised operators (OAOs) by means of eircom’s wholesale bitstream products or fully unbundled loops. Indirect DSL access using either wholesale bitstream or LLU accounted for 27% of the total DSL market in Q1 2006, while eircom retains 73% of all retail DSL subscriptions. At the end of March 2006 there were almost 9,300 local loops unbundled, an 86% quarterly increase in unbundled lines. Ireland’s proportion of unbundled lines as a percentage of DSL lines, currently at 4%, remains relatively low compared to some EU countries. The average number of LLU lines as a percentage of total DSL for the EU-25 as a whole was 17% in December 2005.¹⁴

Figure 2.6.1 - Provision of DSL Access



Source: Quarterly Key Data Questionnaire

2.7 Provision of Broadband Services

Figure 2.7.1 summarises the total number of broadband subscribers at the end of the quarter by access technology. The number of fixed wireless (FWA) broadband subscribers is understated as Digiweb has not provided up-to-date subscriber numbers.

¹⁴ Comparative Data available at: <http://www.ectaportal.com/en/upload/File/Broadband%20Scorecards/Q405/Broadband%20Scorecard%20Q405.xls>

Figure 2.7.1 – Broadband Subscribers and growth rates by Platform

Platform	Q1 06 Subs	Quarterly Growth Q405- Q106	Year-on-Year Growth Q105- Q106
DSL ¹⁵	239,000	18%	84%
Cable	32,500	31%	173%
FWA	47,500	19%	281%
Other ¹⁶	3,500	3%	1412%
Total	322,500	19%	109%

DSL remains the largest broadband platform in terms of subscribers, accounting for 74% of all broadband subscriptions. Other platforms account for the remaining 26% of broadband connections. Figure 2.7.2 illustrates the growth of broadband connections in the Irish market since Q1 2004.

Figure 2.7.2 – Broadband Subscribers by Platform

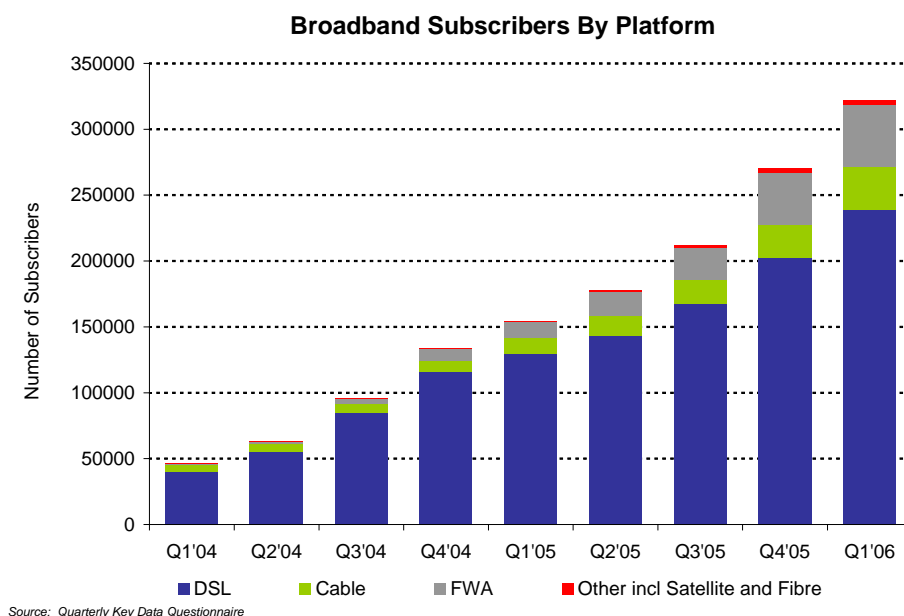


Figure 2.7.3 on the total broadband market examines eircom’s share of total broadband subscriptions compared with other authorised operator (OAO) retail DSL lines, and the percentage of subscriptions from other broadband access platforms. The chart indicates an increasing level of choice delivered by alternative platforms offering broadband over cable, fixed wireless, satellite and fibre to the premises. Eircom has 54% of all broadband

¹⁵ Smart Telecom had not provided Q1 2006 retail DSL subscriber data to ComReg at the time of publication. However, Smart Telecom’s DSL subscribers are included in aggregate DSL Bitstream and LLU data (i.e. wholesale data) used to calculate total market DSL.

¹⁶ Other Broadband includes Satellite and Fibre to the Premises broadband subscriptions

subscriptions this quarter, compared to 63% of total broadband subscriptions in the same period in 2005.

Figure 2.7.3 – Market share of Total Broadband Market

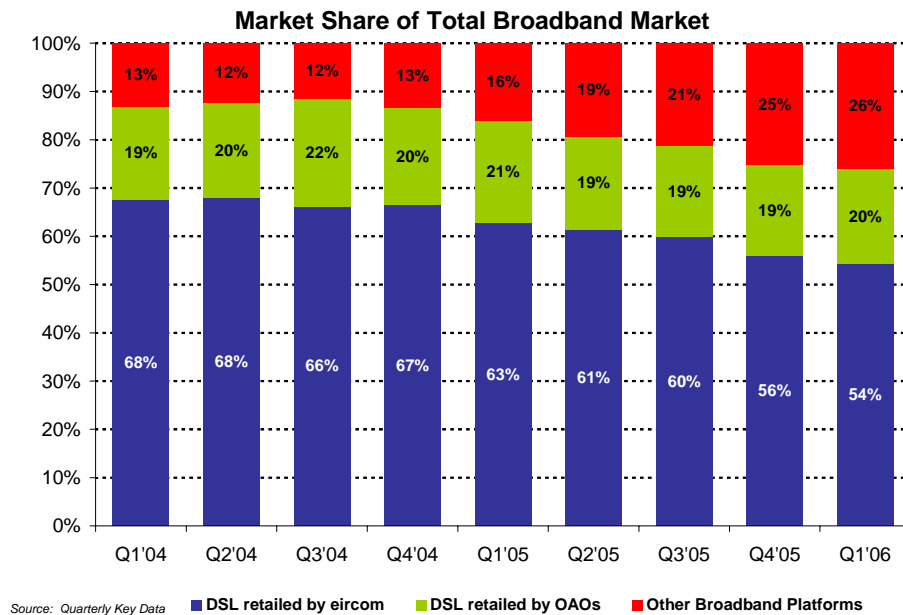
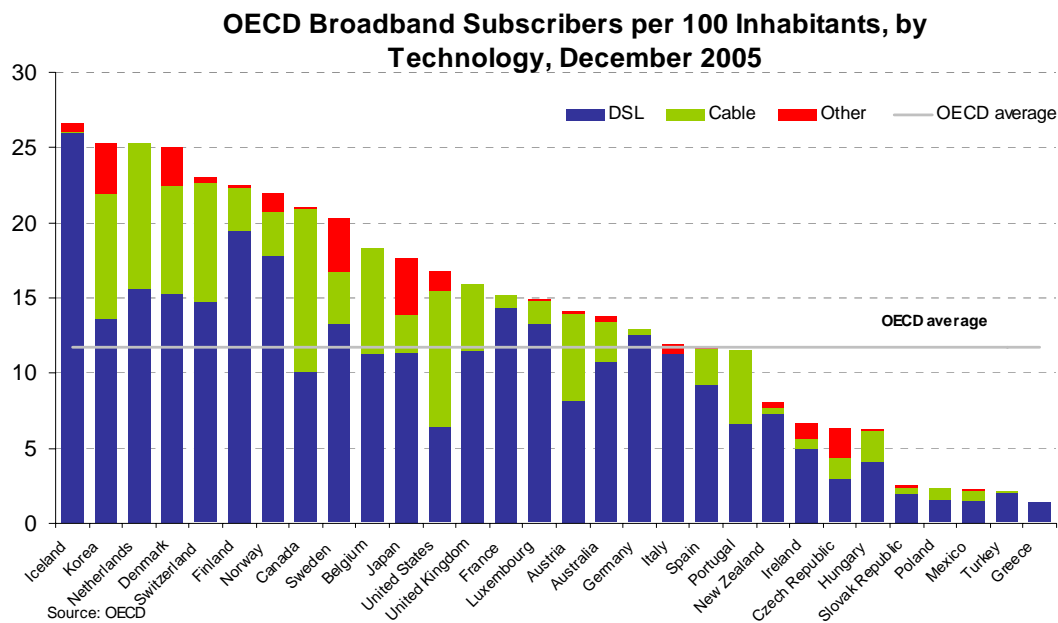


Figure 2.7.4 illustrates broadband penetration rates measured on a per capita basis by the OECD for December 2005. The OECD calculated Ireland’s broadband penetration at 6.7% in December 2005 compared to an overall OECD average of 11.7%. ComReg estimates that broadband penetration in March 2006 was 7.8%¹⁷.

Figure 2.7.4 – Broadband Penetration Rate



2.8 ADSL Pricing Data¹⁸

The following two ADSL baskets should be examined together to provide a complete comparison of ADSL prices across the EU. More detailed information on how these baskets are constructed can be found in the Explanatory Memorandum accompanying this report. The data presented is for May 2006.

Lowest Monthly Rental ADSL Basket (Normalised)¹⁹

Ireland remains ranked in 11th place in the normalised ADSL basket, and is one place better than the EU average in terms of price, among the 19 European nations monitored. The normalised basket ranks DSL services based on the best price *per Mbit/s*. For this reason this basket often more favourably ranks broadband products with very fast download speeds.

¹⁷ Penetration rate is calculated based on total broadband subscriber numbers for DSL, Cable, FWA, and other broadband as a percentage of total population of 4.131 million as estimated by the CSO in 2005.

¹⁸ 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.

¹⁹ 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.

Figure 2.8.1 – Lowest Monthly Rental ADSL Basket (Normalised) – May '06

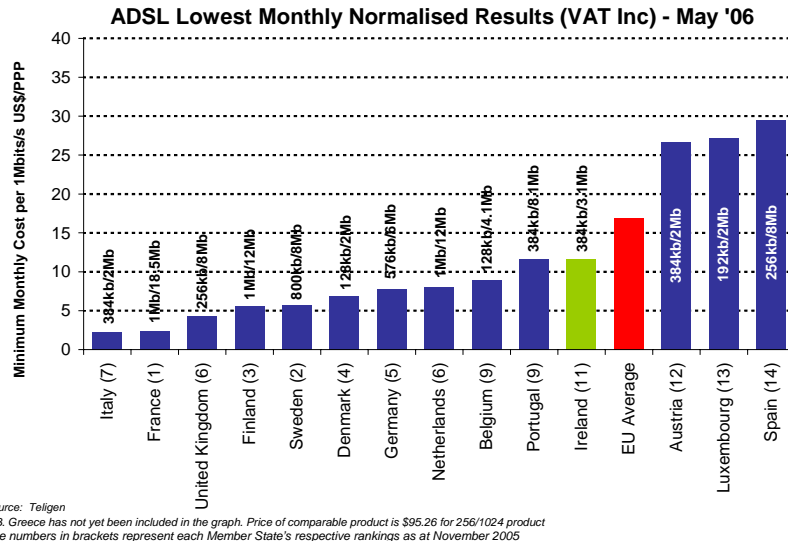
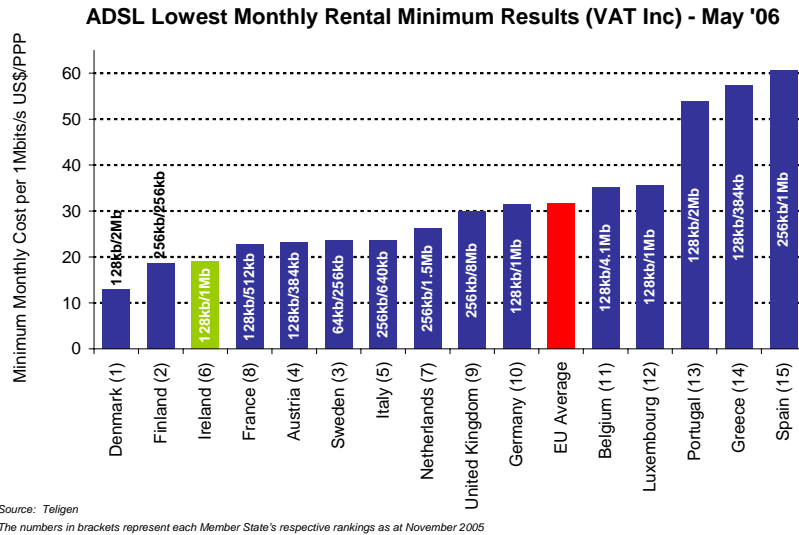


Figure 2.8.2 – Lowest Monthly Rental ADSL Basket (Minimum) – May '06



Lowest Monthly Rental ADSL Basket (Minimum)²⁰

Ireland is now ranked in 3rd place among EU-15 countries in the minimum ADSL basket, 8 places ahead of the EU average price for the basket and a 3 place improvement in ranking since the last analysis. This basket is based on the entry level, or lowest priced DSL package available on the market, rather than the speed of the connection.

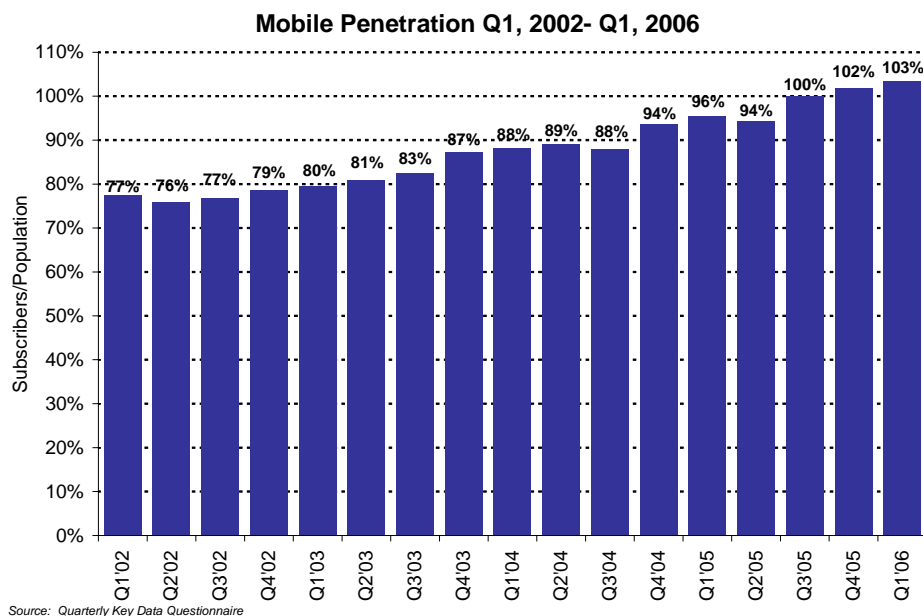
²⁰ The minimum results show the lowest monthly rental charge offered in each country. Figures in boxes represent the upload / download speed (kb/s) of the service offered.

3 Mobile Market Data²¹

3.1 Number of Subscribers and Penetration Rate

3.1.1 Irish Mobile Penetration Rate

Figure 3.1.1 – Irish Mobile Penetration Rate



There are 4.27 million 2G and 3G mobile subscribers in Ireland²². Figure 3.1.1 illustrates mobile penetration growth since 2002 and shows the penetration rate for Q1, 2006 at 103%²³. Subscribers in this report are calculated based on the number of active SIM cards and it should be noted that some mobile users may have more than one active SIM card. The Q1 2006 Amárach Trends survey²⁴ found that of the 84% of residential users who have a mobile phone, 6% have more than one mobile subscription. The main reason given for this was to have one subscription for personal use, and the other for business use.

This analysis does not include any data from mobile operator “3 Ireland”. At the time of publication 3 had not provided ComReg with data for the period Q1 2006.

²¹ Please note that the following section includes data submitted by Vodafone, O2 and Meteor only

²² ComReg does not include a separate analysis of the 3G market in this report. In March 2006, Vodafone publicly announced having over 217,000 3G subscribers.

²³ Mobile penetration rate is based on a population estimate of 4.131 million as published by the CSO, 2005

²⁴ ComReg 06/22a

3.1.2 European Mobile Penetration Rates

Figure 3.1.2 illustrates national mobile penetration rates across the EU at the end of April, 2006. Mobile penetration in Ireland remains slightly below the EU average at 105%, and on a par with Finland. Mobile penetration in Ireland has grown from 96% for the same period last year. It should be noted that if Luxembourg was discounted from this analysis (based on the fact that it has a very high penetration while representing only 0.15% of the Western European mobile market), average mobile penetration in Europe would be 102%. Five countries in the EU-15 have less than 100% penetration of mobile subscriptions.

Figure 3.1.2 – European Mobile Penetration Rates

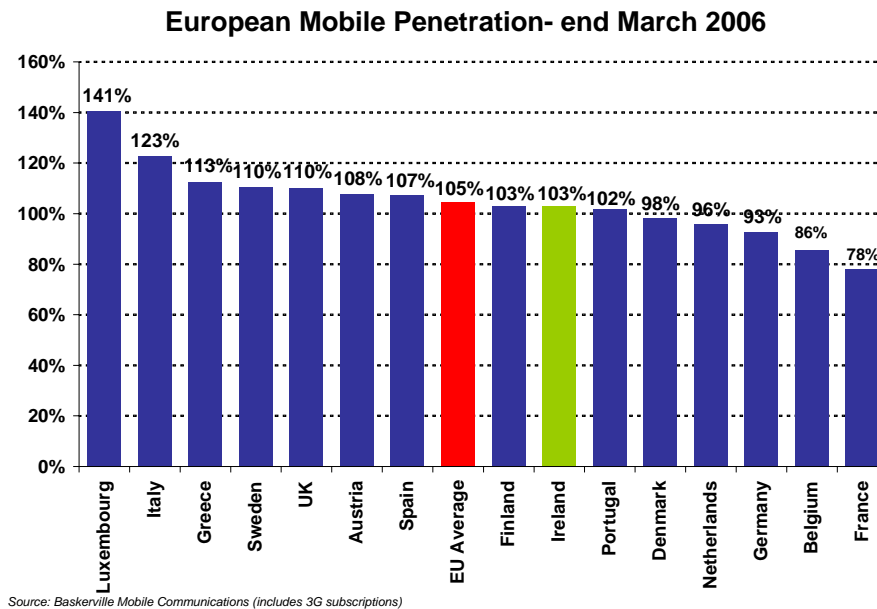
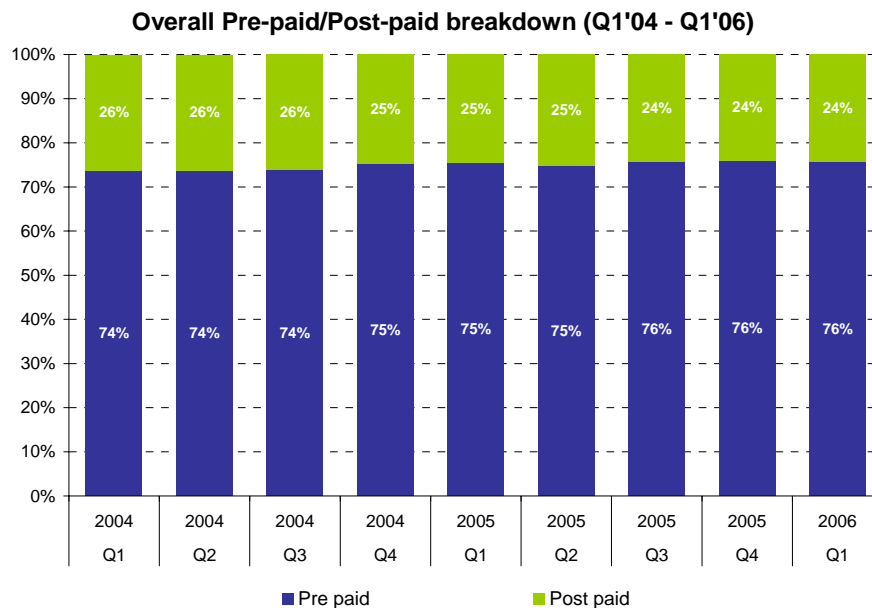


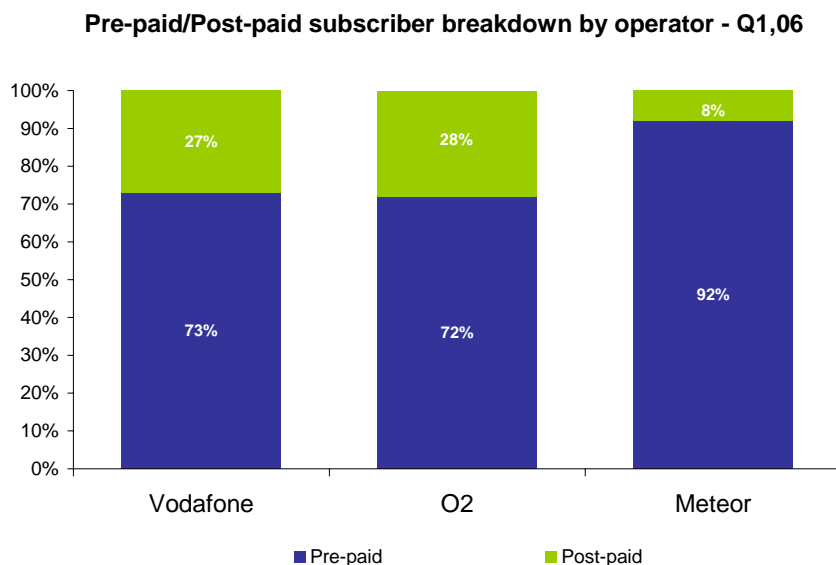
Figure 3.1.3 – Number of Subscribers (Pre-Paid/Post Paid)



3.1.3 Subscribers Pre-Paid / Post-Paid Comparison

Figure 3.1.3 illustrates the breakdown of total mobile subscribers between pre-paid and post-paid subscriptions. The proportion of pre-paid subscribers has remained relatively stable over the last two years and constant since the last quarter. Figure 3.1.4 shows the breakdown of customers by operator between post-paid and pre-paid subscriptions. Both Vodafone and O2's split between post-paid and pre-paid subscribers has remained relatively stable since last quarter. Since 2002, the proportion of O2 and Vodafone customers using a pre-paid service has increased marginally from around 70% to 73%. In contrast, Meteor has increased its proportion of post-paid subscribers more substantially, although its subscriber base remains predominantly pre-paid. In 2002, 98% of Meteor customers used a pre-paid mobile service, compared with 92% this quarter.

Figure 3.1.4 – Number of Subscribers (Pre-Paid/Post Paid) – by Operator



Source: Quarterly Key Data Questionnaire

3.2 Market Shares

Figures 3.2.1 and 3.2.2 illustrate each operator's share of the mobile market by subscribers and revenues respectively since Q1, 2004. Together, O2 and Vodafone have around 85% of all mobile subscriptions, and over 86% of mobile retail revenues. Meteor's shares of mobile subscriptions and revenues have increased gradually over the period of analysis. In the last quarter, Meteor increased the number of mobile subscriptions by 10%, and its revenues increased by 12.5% in the same period.

Figure 3.2.1 – Market Share – Number of Subscribers

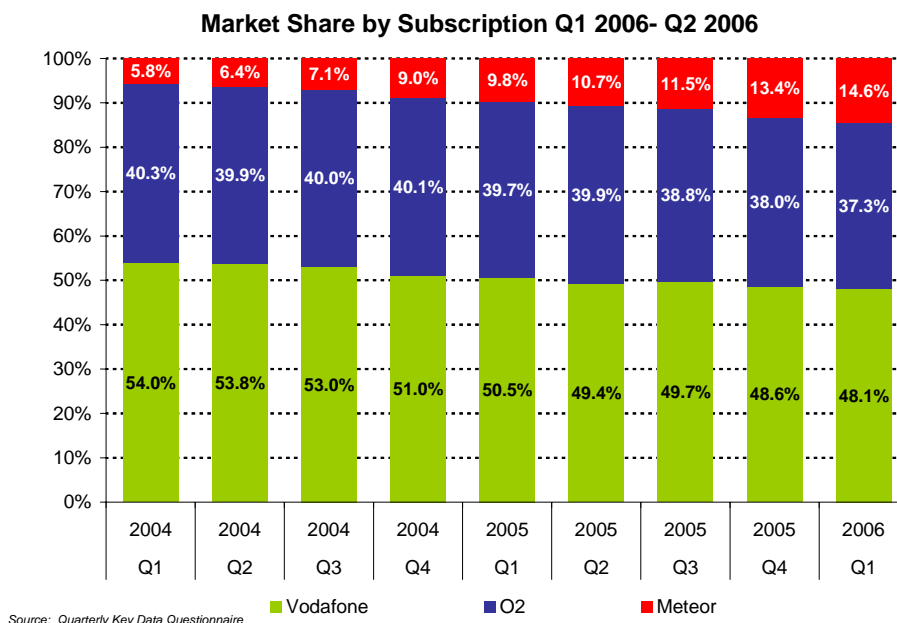
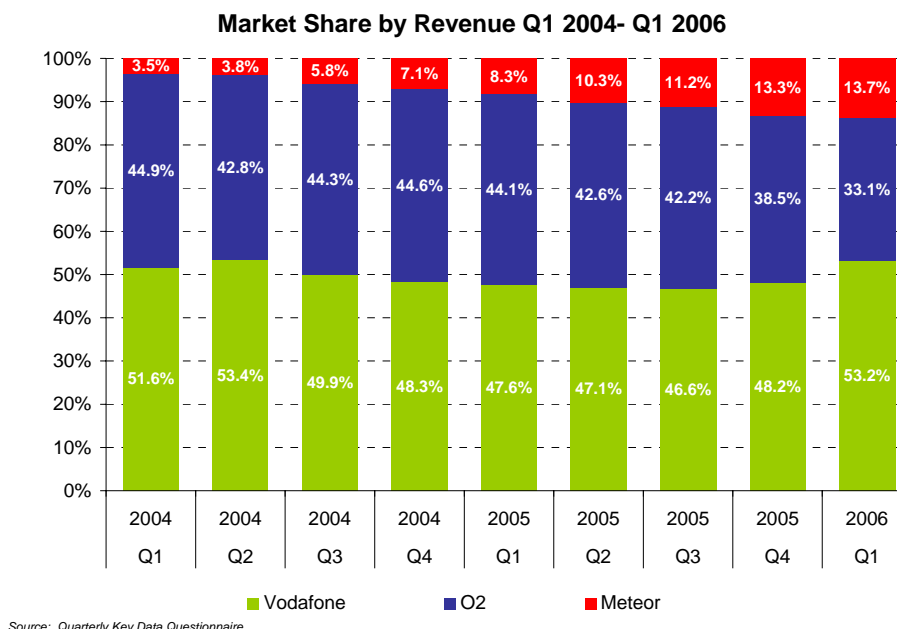


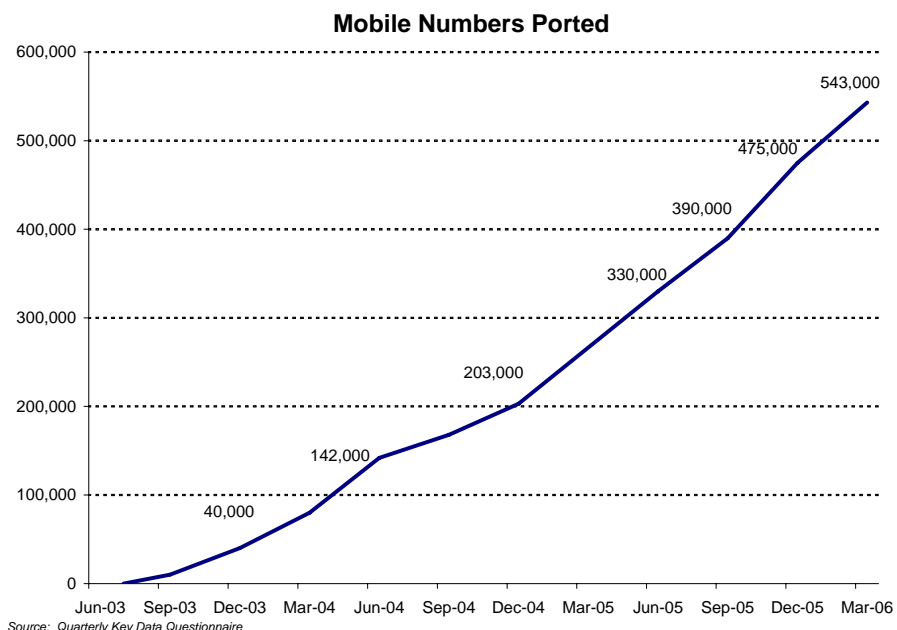
Figure 3.2.2 – Market Share – Revenue



3.3 Competitive Activity in the Mobile Market

Figure 3.3.1 outlines the growth in the use of MNP (mobile number portability) in the Irish market since its launch in June 2003. Mobile number portability allows mobile subscribers to switch mobile operator while retaining their mobile number. By the end of Q1, 2006 543,000 numbers had been ported, 68,000 in this quarter.

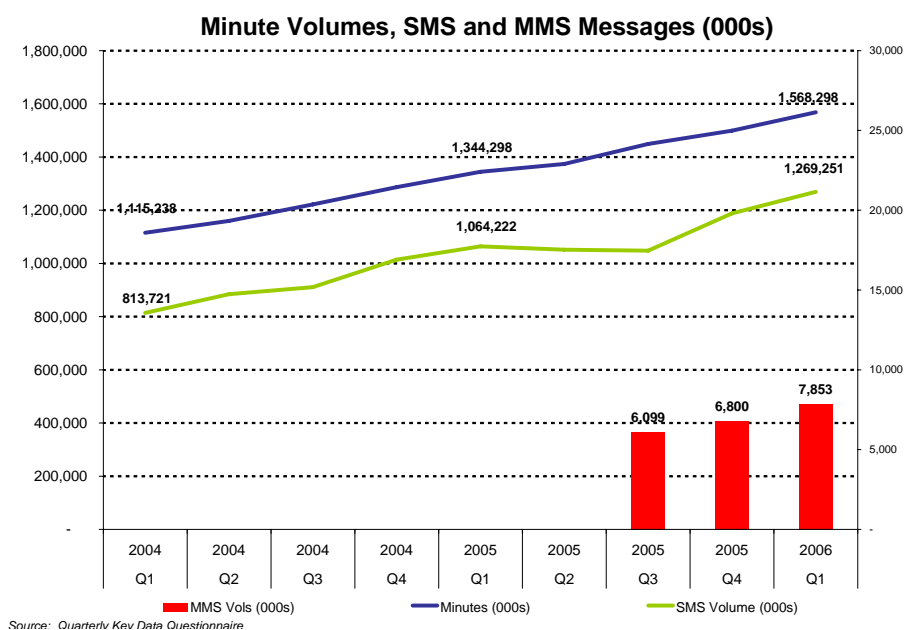
Figure 3.3.1 – Mobile Numbers Ported



3.4 SMS Services and Call Minutes

Figure 3.4.1 illustrates the growth in voice minutes, SMS, and MMS (Multimedia Messaging Service) messages sent since Q1, 2004. Voice minutes totalled in excess of 1.5 billion minutes in the quarter, a 5% increase in the quarter, and a 17% increase in voice volumes year on year. SMS messaging in the quarter also hit a new high, with 1.27 billion messages sent in the quarter, equal to 99 SMS messages per subscription per month.

Figure 3.4.1 – SMS, MMS and Call Minutes



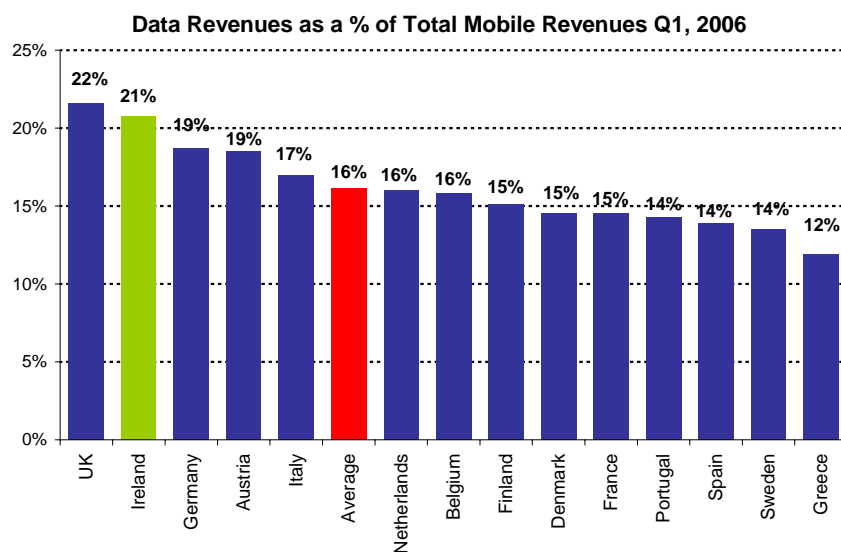
The number of MMS messages sent in the quarter remains small in comparison to voice and SMS volumes. There were almost 7.9 million MMS messages sent during the quarter, a 15% increase in the number of MMS messages sent compared to the previous quarter.

3.5 Mobile Revenues

3.5.1 Mobile Revenues by Voice and Data

Mobile retail revenue for the quarter was €559 million, a 9% increase on the previous quarter, and a 16% increase year on year. Figure 3.5.1 outlines the percentage of mobile revenue attributable to data revenues. Ireland has the 2nd highest level of data revenues as a percentage of total mobile revenues among EU countries analysed. This is most likely due to the high use of text messaging in the Irish market as well as the increased use of mobile GPRS data cards. The UK currently has the highest proportion of data revenues among EU-15 countries.

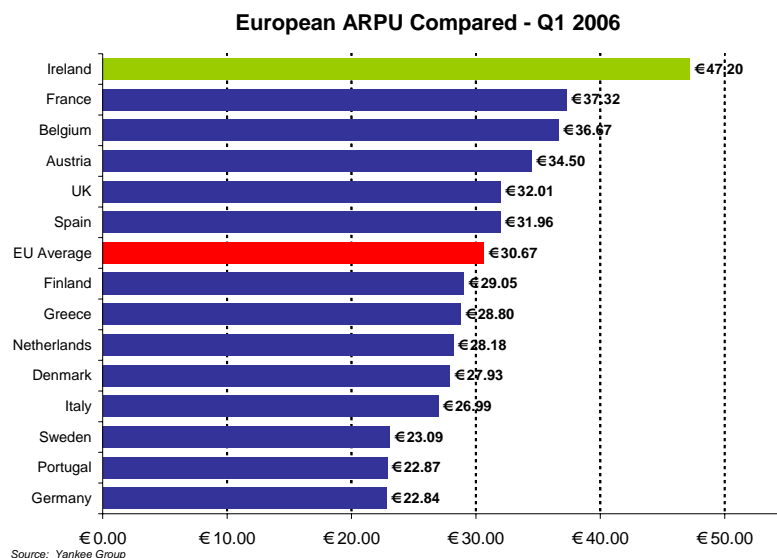
Figure 3.5.1 - Data Revenues as % of Total Revenue²⁵



Source: Yankee Group

Figure 3.5.2 compares ARPU (average revenue per user) across several EU countries. In Q1, 2006 Irish mobile operators' ARPU was estimated at €47.20 per month a 0.40c decline in ARPU since the last quarter. Mobile ARPU in Ireland remains the highest among the EU member states monitored, and substantially higher than the EU average of €30.67²⁶. ARPUs across Europe have fallen marginally across Europe in the last three quarters of analysis.

Figure 3.5.2 - European ARPU Compared – Q1 2006



Source: Yankee Group

²⁵ Note that the graph relates to EU-15 countries except Luxembourg where no data was available.

²⁶ 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. Note that the graph relates to EU-15 countries except Luxembourg where no data was available.

3.6 Mobile Pricing Data²⁷

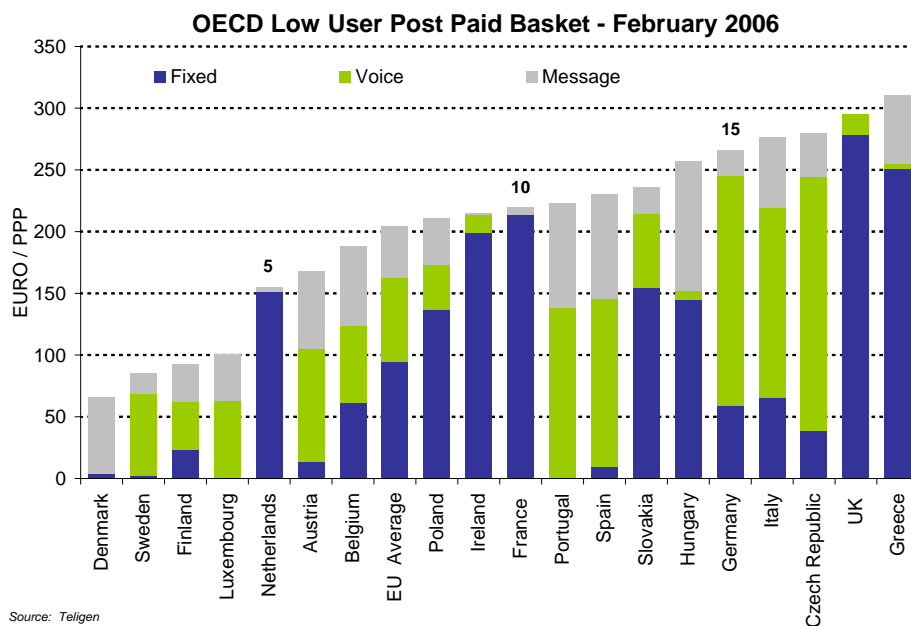
The Teligen mobile baskets analysed below now include two usage elements (for both voice calls and messaging services) alongside the fixed cost (i.e monthly rental) for post-paid or contract mobile phone packages analysed. While all mobile post-paid tariff baskets analysed below are currently based on typical 2G services as approved by the OECD, ComReg recognises that there may be other competitive packages available with 3G handsets.

As outlined in the pricing overview (Section 1.4), due to a revised Teligen/OECD methodology in compiling these baskets for Q1 2006 no comparisons are made with the previous quarter. For further information on these revised methodologies please see the accompanying memorandum ComReg 06/28.

3.6.1 Low User Post Paid Mobile Basket²⁸

In February Ireland was ranked 9th among the 19 EU markets analysed. Ireland's current ranking is two places behind the EU average in terms of price.

Figure 3.6.1 - OECD Low User Post Paid Mobile Basket – February 2006



Source: Teligen

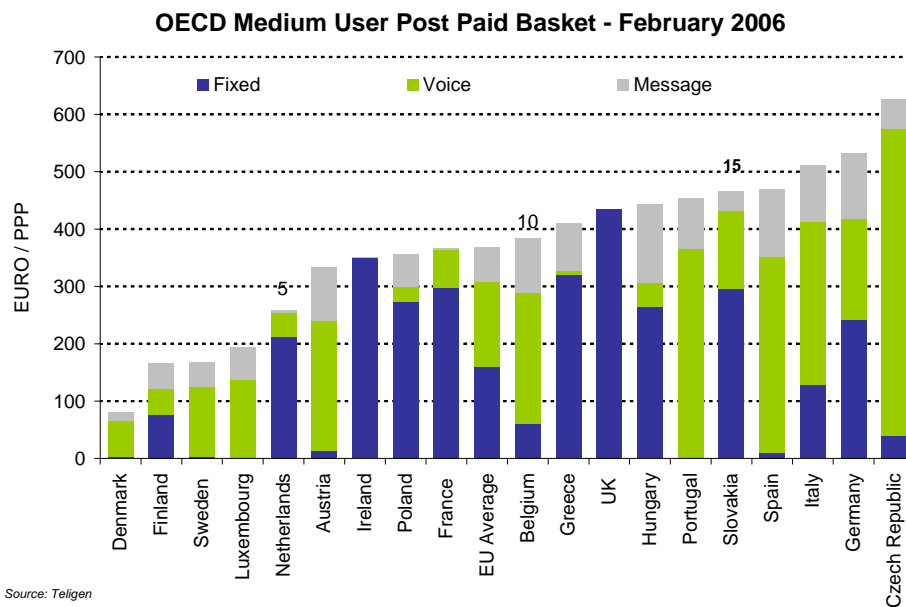
²⁷ The 'Fixed' component of price refers to the standard charges imposed by operators, regardless of the amount of calls made (i.e. connection and rental). T-basket calculation of this figure is made up of: Installation Charge/5 + Rental charge for 1 year. The 'Voice' component of price refers to the charges imposed by operators, arising from the number of voice calls made by the user, while "Message" refers to the charges imposed by operators, arising from the number of SMS and MMS messages sent by the user.

²⁸ All tariffs are inclusive of VAT, rates will vary between Member States

3.6.2 Medium User Post Paid Mobile Basket

Ireland's position in this basket is ranked 7th among the 19 EU countries monitored. Ireland ranks three places better than the EU average in this basket.

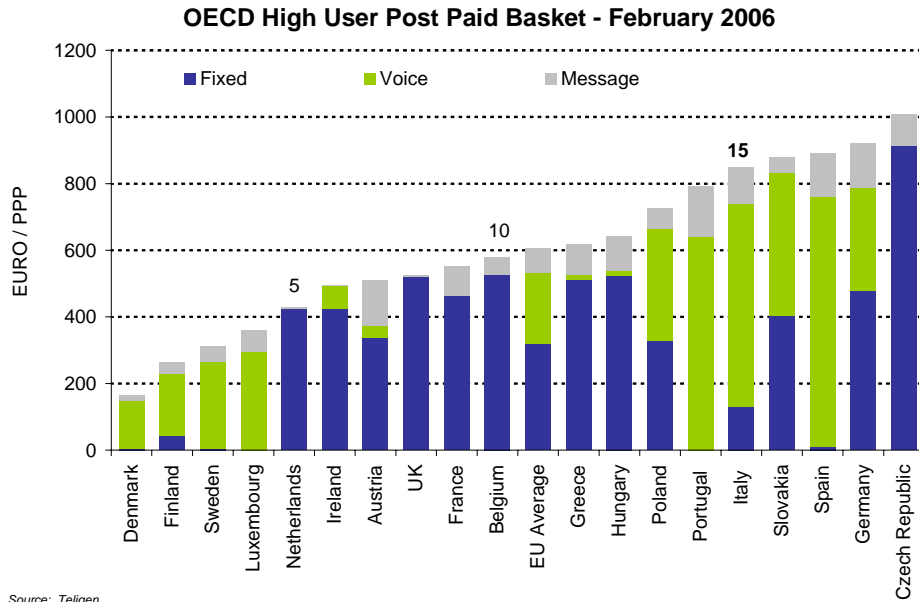
Figure 3.6.2 - OECD Medium User Post Paid Mobile Basket – February 2006



3.6.3 High User Post Paid Mobile Basket

Ranked 6th, Ireland's position in the high user basket is 5 places better than the EU average in terms of price.

Figure 3.6.3 - OECD High User Post Paid Mobile Basket – February 2006

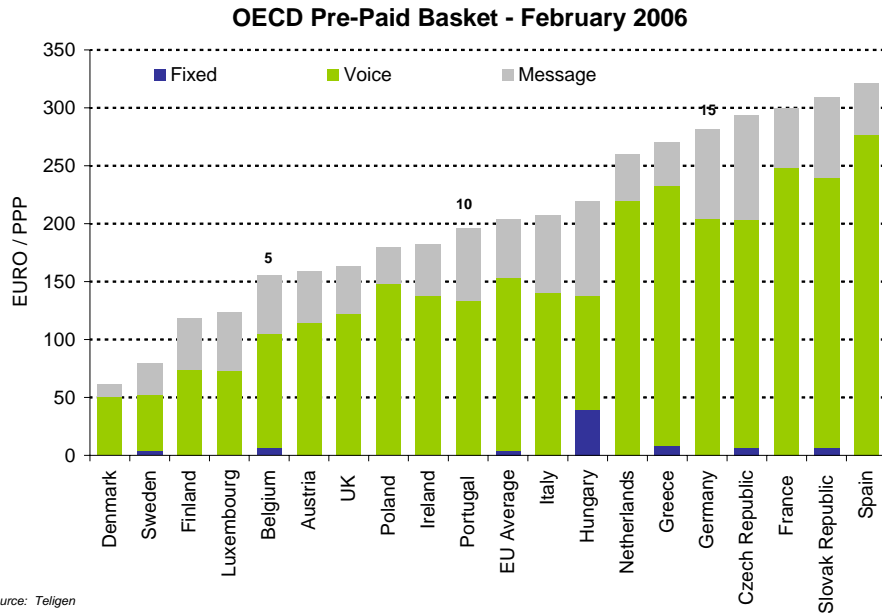


Source: Teligen

3.6.4 Pre-Paid Mobile Basket²⁹

Ireland is ranked at 9th place in the pre-paid basket, and is two places better than the EU average in terms of price among the 19 EU countries analysed.

Figure 3.6.4 - OECD Pre-Paid Mobile Basket – February 2006



Source: Telegen

²⁹ The OECD has found that there is little difference between the average pre-paid usage and low-user post-paid usage. Thus, the pre-paid and low user post paid baskets are based on the same usage.

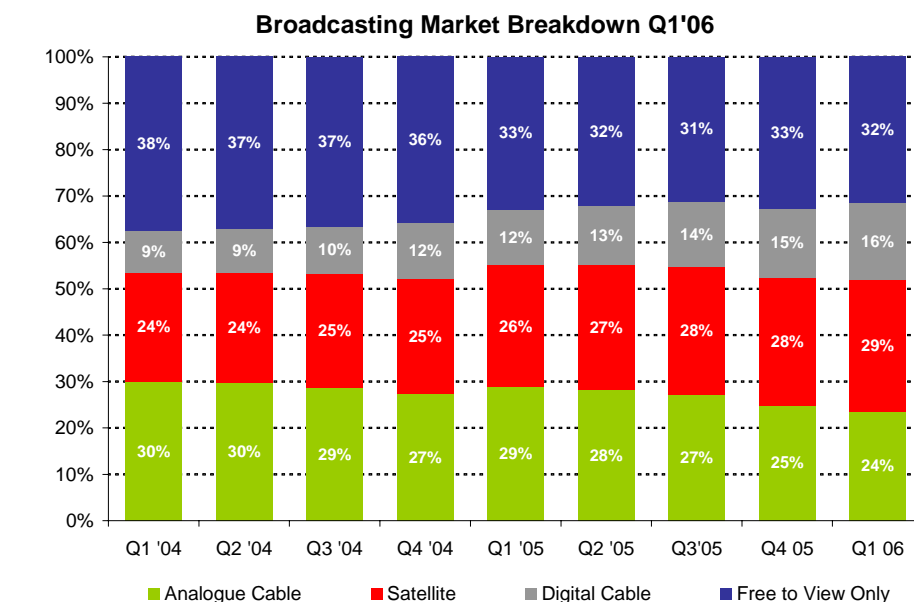
4 Broadcasting

4.1 Cable/MMDS & Satellite

The broadcasting analysis provided in this report uses broadcasting operator data in conjunction with CSO estimates of the total number of TV households in Ireland. This is particularly relevant in calculating the number of households³⁰ who only use a free-to-air television service.

At the end of the 1st quarter of 2006, there were approximately 570,300 subscribers to cable/MMDS television services in Ireland. The cable/MMDS market has seen a migration of customers from analogue to digital subscriptions, with digital subscribers now representing 41% of cable/MMDS subscribers. At the 31st of March 2006 BSkyB had 407,000 Irish subscribers, a 4% increase in subscriptions for the quarter, and a 15% increase in subscriptions year on year³¹. The total number of pay TV subscribers in Ireland (cable/MMDS and satellite) stood at almost 977,300 – 66% of all pay-TV subscribers now subscribe to digital TV.

Figure 4.1.1 - Take Up of Broadcasting Services



³⁰ Up to Q3'05, ComReg estimate on the number of TV households of 1.35 million based on CSO data. The Information Society and Telecommunications report published by the CSO in February 2006, suggested the total number of households with a television in 2005 was 1.43 million. Therefore, since Q4 2005, ComReg's analysis of the total market breakdown and penetration data for the broadcasting market is now based on this new estimate.

³¹ This is based on public announcements by Sky

At the end of the first quarter of 2006, there were approximately 641,000 digital TV subscribers which include cable/MMDS and satellite customers. Digital households now represent approximately 45% of all households with a television³².

Figure 4.1.2 - Pay TV Market (Analogue and Digital)

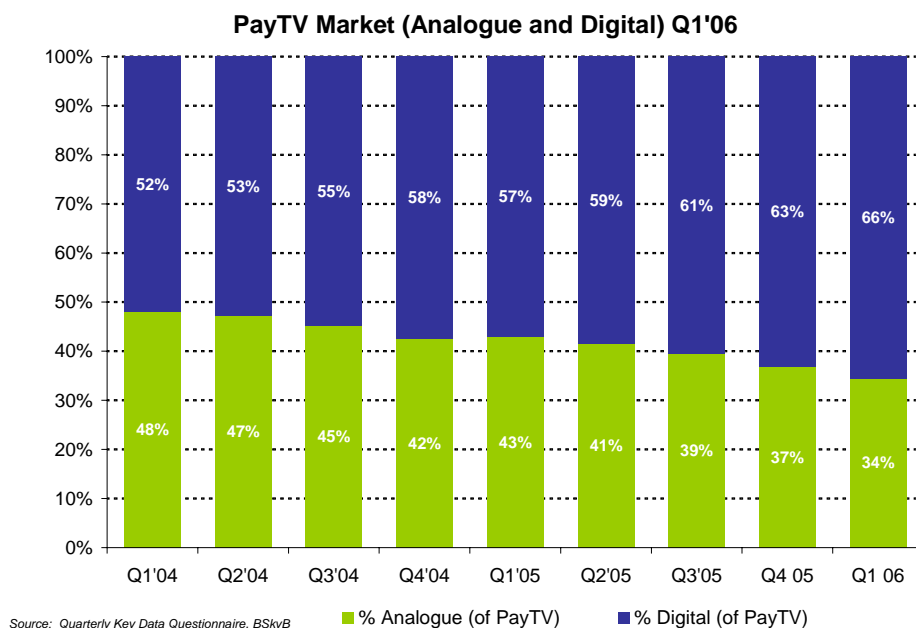
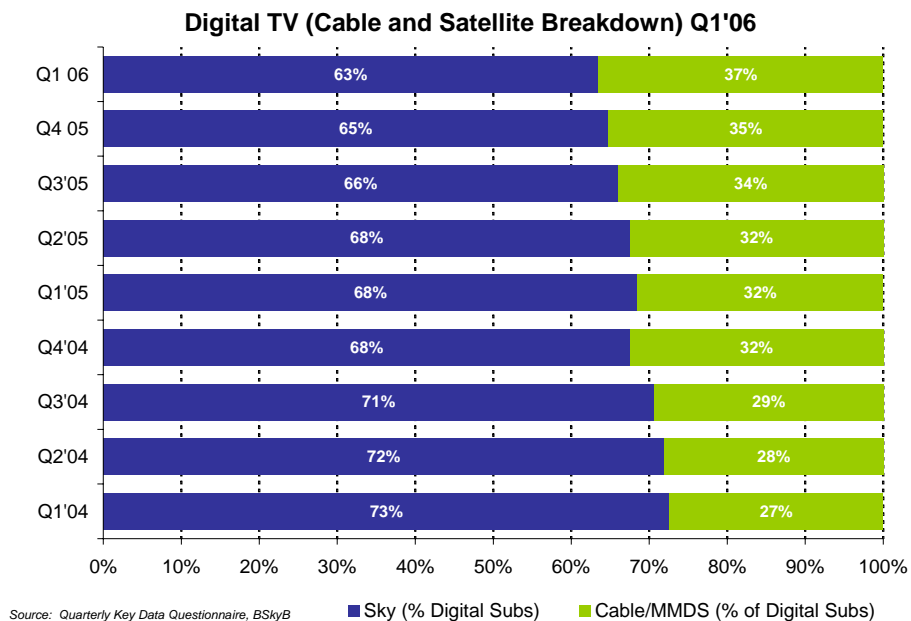


Figure 4.1.2 examines the pay TV market in Ireland, and suggests a steady migration from analogue to digital services among pay TV customers. By the end of the first quarter 2006, 66% of all Pay TV services were delivered via digital.

³² Figure is based on CSO estimate of 1.43 million households with a television.

Figure 4.1.3 examines the digital TV market, and in particular the split between digital cable/MMDS services and satellite. Digital cable offerings now account for 37% of digital TV subscriptions, representing a steady growth trend in cable's proportion of the digital TV market.

Figure 4.1.3 - Digital TV (Cable and Satellite Breakdown)



5 Emerging Trends- Triple Play

5.1 What is Triple Play?

Triple play is the term used for the provision of three services in a single package to consumers. Such packages usually include broadband, television and a voice service delivered over a single broadband connection, by a single service provider.

Traditionally, pay TV services have been provided by cable or satellite operators, while telecoms companies have focused on the provision of voice, and more recently, broadband services. More recently the boundaries between these once distinct and separate services have become blurred as both cable and telecoms operators attempt to offer converged solutions to consumers through what is described as triple-play.

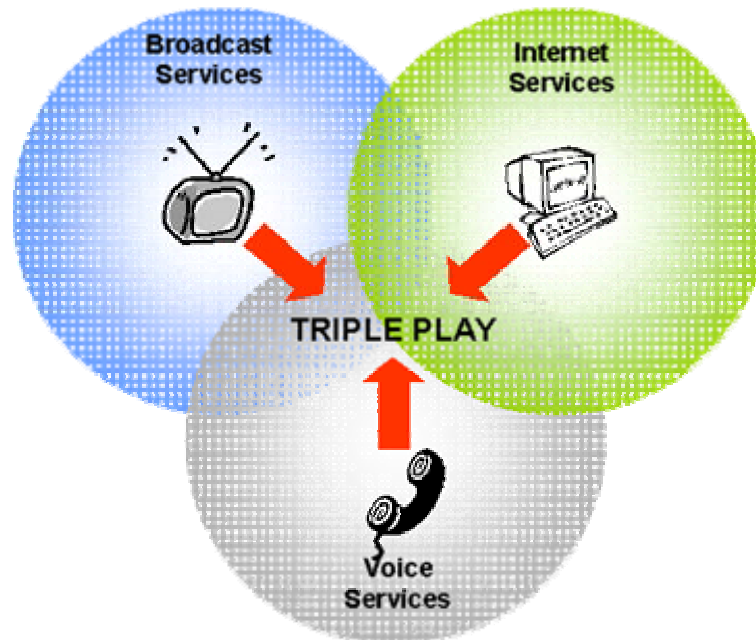


Figure 5.1.1 - Sample triple play solution

5.2 Drivers for Triple Play

Cable and telecoms operators are increasingly focusing on the development of bundled triple-play solutions for residential consumers. Revenues from traditional fixed line voice services have slowly declined across European markets, due in some cases to increased consumer use of mobile phones and/or falling fixed line tariffs. While growth in internet and broadband service revenues has gone some way to compensate for falling voice revenues, triple play offers the traditional fixed line operator an opportunity for further revenue

growth in the future. Up until recently, only cable operators had the network capability to deliver traditional telecoms service alongside broadcasting services. However, as broadband technologies on the telecoms network increase download capabilities, telecoms operators can now respond with their own brand of traditional telecoms and broadcast services in a single bundle.

While triple play offers often offers a discount for customers (compared with subscription to each individual service) and the convenience of a single provider and a single bill, triple play also provides opportunities for operators. The delivery of multiple services bundled into a single consumer offering often increases customer ARPU (average revenue per user) for an operator, as customers buy multiple services from a single provider. As customers rely on a single provider for multiple voice, internet and broadcasting services, they are also more likely to remain loyal to their one-stop provider of telecoms and broadcasting services. Therefore reduced customer churn is a further benefit for operators offering triple-play and bundled services.

The development of triple play solutions, which include a broadcasting element, has been made possible by technology advances in the provision of very high-speed broadband capabilities over copper networks. The development of IP-based NGNs (next generation networks) will further facilitate the development of increasingly advanced customer offerings based on high speed data. Figure 5.2.1 illustrates the hierarchy of increasingly complex services which can be delivered to customers as infrastructure supports higher speed broadband connections.

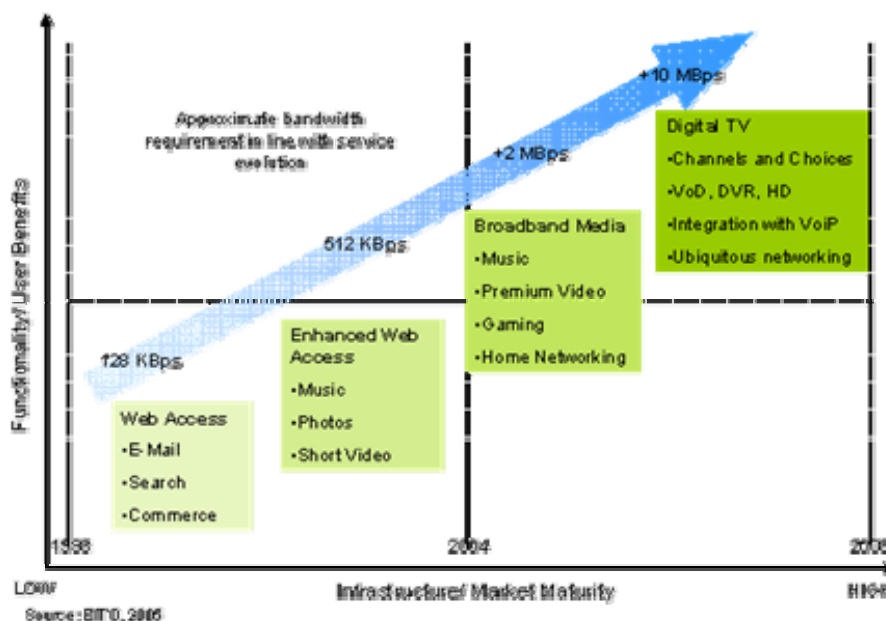


Figure 5.2.1 - Faster download speeds enable more sophisticated customer services

Current standard broadband offerings in Ireland have average speeds of 1-2 MBps. The development of infrastructure and applications to support very fast speeds will be required for a full range of broadcasting content services over telecommunications networks.

5.3 Benefits for Consumers

The delivery of triple-play propositions has a number of potential benefits for consumers. Buying three (or potentially more) services in a bundle normally results in price discounts for the consumer when compared with buying these services separately.

Receiving a number of services from one provider means customers only receive a single bill for their telecoms and broadcasting services. In addition, consumers have a single point of contact for all customer service issues, adding to the attractiveness of the proposition.

The convergence of voice, internet and broadcasting services enables a large number of hybrid broadcasting content services to consumers in Ireland, including Video on Demand, and digital video recording (DVR) services enabling customers to download or record specific broadcasting content as part of their triple play subscriptions.

5.4 Triple Play in Ireland

A number of market operators in Ireland currently offer triple-play packages to residential consumers. Among them, Magnet Networks is currently rolling out a range triple play packages over both its fibre network and using DSL technology.

It is likely that further triple-play packages will emerge in the near to medium term in the Irish market, among traditional cable and telecoms operators. Indications from other European countries suggest that satellite operators such as Sky, and mobile operators may also develop hybrid triple play bundles incorporating broadcasting services, data and voice services in a single package.

5.5 The Future of Multi Play Services

As infrastructure, technology and customer appetite for converged and “multi-play” solutions increase it is likely that further capabilities will be added to a single customer proposition. One such proposition is quadruple play. Quadruple play offers four services—fixed voice, internet, broadcasting and mobile services together in a single bundle. The convergence between fixed, mobile and broadcasting services will facilitate what are described as “any service, any time, any place” services and may include mobile TV, a single handset and number for both fixed rate and mobile calls, among many other services.