



MEDIA RELEASE

6th September 2001

Latest figures show a levelling off in Irish Telecoms Market but the market remains competitive.

Internet and Postal markets surveyed

Etain Doyle, Telecoms Regulator today (Thursday 6th September 2001) issued the latest quarterly report for the period April -June 2001, showing very little change in this quarter. The new entrant's share of the fixed line market has increased by 1% to 21%. 160,000 customers continue to use Carrier Pre-Selection and the telecoms sector is estimated to account for approximately 3% of GNP, which remains constant since the last quarter. However revenues are now at £2.46(€3.12) billion, representing a decrease of approximately 1% since the last quarter. Numbers employed in the sector have fallen by 2.5% in this quarter to approximately 17,300. This is reflective of the recent job cuts in the sector.

According to the Regulator " Today's figures are clearly indicative of a sector experiencing a levelling off in the strong growth rates it enjoyed over the last twelve months. Revenues in this sector increased by up to 30% in this time period but this quarterly review shows a slight fall for the first time in many years. Today's figures also show that while market share of new entrants continued to increase, the rate of growth of market share for new entrants has slowed over the last two quarters. New

entrants have captured and retained to date one fifth of the fixed line market since liberalisation. This compares well internationally."

Mobile penetration rate now stands at 70% up 22% from this time last year. Comparisons with the last quarter are not reliable due to the revisions in definition of pre-paid subscribers which was noted in our last report, but it is clear that the market has continued to grow. In the mobile market the growth in the SMS market has levelled off since the last review in June.

The trend towards the use of data communications continues, as illustrated by a growth of 14% in ISDN lines in the quarter.

Digitalisation of television services is advancing also and by end of September digital television services will be available to over a quarter of the households in Ireland.

Internet

Approximately 1/3rd of the Irish population had home Internet access at end July 2001. According to recent Nielsen data the average home user spent just under 4 hours online.

According to the Regulator " A recent report by Amárach Consulting shows a slow down in the number of new users starting on the Internet. Many non-users continue to believe the Internet is irrelevant to them and fail to see the benefits in starting to use it, similar to the findings of the ODTR Consumer Survey reported on earlier in the year. This is a challenge and an opportunity for the ISP and content providers to deal with."

The Amárach survey reported that of those online, 15% have purchased online, and indicates that the number purchasing online is growing at a much faster rate than the growth in Internet use. The survey finds that 63% of Irish Adults do not have a credit card which may explain why Irish people do fewer e-commerce transactions compared to the UK where credit card ownership is double the level it is in Ireland.

During this quarter the trend in Ireland's fixed line incumbent tariff rates when compared to European counterparts have been relatively static except in the international business basket, where Irish rates moved up one place.. Ireland lies ahead of the OECD average in all the fixed line baskets.

Ireland's position in the leased line baskets has improved since our last review in June. In the national leased line basket Ireland now lies in 7th position; 7 places ahead of the OECD average. In the international leased line basket Ireland gained one position, moving into second place. Ireland has now maintained second position in the international basket in four of the last five quarters, firmly establishing itself in the upper decile of this basket.

Ireland's position improved in both the post and pre-paid personal mobile baskets during the quarter. This may be attributable to increased competition with the entry of a third operator in the market. Ireland improved its position in the pre-paid mobile basket by two places during the quarter and now lies in 6th position, 5 places ahead of the OECD average. In the business mobile basket Ireland lost one position during the quarter.

POSTAL SERVICES

The ODTR also commissioned Irish Marketing Surveys to conduct a survey of business postal users on their attitudes to various postal service providers. The survey conducted in August 2001 questioned 300 businesses 50% of who are based in Dublin. The survey shows that there is a marked difference in satisfaction levels for different aspects of An Post's service. The level of satisfaction for larger users is notably lower for some services. 73% of those surveyed believe that all businesses should have a choice between a first class letter post service offering next day delivery and a cheaper second class service with delivery within three days.

Looking to the future, the growth of e-commerce and e-mail services could have an adverse impact on demand in the letter post sector, but stimulate the parcels sector.

Key Indicators Quarterly Review to June 2001

General

- Revenues - £2.46(€3.12) billion. Revenues have increased by approximately 30% since June 2000. However the last quarter shows a decrease of approximately 1%.
- The telecoms sector is estimated to account for approximately 3% of Irish GDP¹(2000)
- The total number of employees in the telecoms sector is approximately 17,300 - a decline of 2.5% approximately since the last quarter.

Fixed Line Market

- Fixed line revenue for the quarter now stands at approximately £394(€500) million, which accounts for approximately 63% of total telecommunications revenue
- 160,000 CPS subscribers.
- The total number of telecoms Access paths at the end of the quarter was 4.450 million, 2% lower than the previous quarter due to a revision in mobile subscribers. This figure has increased by 24% since June 2000.
- ISDN access channels has increased from approximately 227,000 to approximately 258,000 access channels at the end of June 2001, which represents an increase of approximately 14%.
- Fixed Telephony Retail traffic measured in minutes has decreased during the period by approximately 1%. The only category that continued to grow was Internet traffic, which grew by 8%

Internet

- Internet traffic continues to grow and now accounts for around 28% of all retail traffic, an increase of 3% since the previous quarter.
- Internet penetration at 1/3 of population.
- The average home user spent just under 4 hours online in July
- Many non-users continue to believe that the Internet is irrelevant to them and fail to see any benefits in starting to use it.
- The number of people buying online has more than doubled in the last 12 months

¹ Figure was calculated using GDP at market price (2000) – ESRI Quarterly Economic Commentary, July 2001.

Mobile

- Mobile penetration rate 70% - Increase of 22% since last year.
- SMS (Text messaging) growth has plateaued.

Cable and MMDS

- There are approximately 625,000 Cable and MMDS subscribers in Ireland an increase of approximately 1.5% since June 2000. Around 1 million households are passed.
- Ntl have recently launched their digital TV service, which will be available to 140,000 homes in its franchise areas by the end of September 2001. Chorus had previously launched its digital service in its franchise area and is continuing to provide digital services to its customers. Accordingly by the end of September digital services will be available to over quarter of the households in Ireland.

" ODTR 01/72 The Irish Communications Market - Quarterly Review - September 2001 is available on the ODTR website www.odtr.ie."

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