



Commission for
Communications Regulation

Irish Communications Market

Quarterly Key Data Report (R)

Data as of Q1 2012

**Revised Version (See page 5 - Corrigendum to Q1 2012
Report as published on 14/06/2012)**

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Corrigendum to Q4 2011 Report

- One operator over-reported its mobile retail revenues for the Q4 2011 period by €929,704. This means that mobile revenues have been revised downwards for the Q4 2011 period from €415,830,043 to €414,900,339.
- There was an error in table 4.2.4 Post pay business and residential subscriptions. It showed that business subscriptions including mobile broadband were 733,404 in Q3 2011. The correct figure is 773,404.
- One fixed operator overstated its retail narrowband revenues for the Q4 2011 period. Retail narrowband revenues for Q4 2011 have changed from €238.067 million to €235.858 million. Therefore, total fixed revenues have changed from €497.260 million to €495.051 million.
- One fixed operator overstated its retail voice traffic volumes for the Q4 2011 period. Fixed retail voice traffic volumes have changed from 1,618,579,741 to 1,616,951,242 for the Q4 2011 period.

Corrigendum to Q1 2012 Report as published on 14/06/2012

- There was an error in the Q1 2012 Quarterly Report published on 14/06/2012. This relates to the mobile subscription market shares reported for the Q1 2012 period in Figure 4.6.1 – Market Share – Number of Subscriptions (inc. mobile broadband) and Figure 4.6.2 – Market Share – Number of Subscriptions (ex. mobile broadband). Mistakenly, the total subscription base used in each of these figures was that of the Q4 2011 period. These figures have now been corrected on page 60 of this publication. As a result, the change in markets shares for each mobile operator for the Q1 2012 period are as follows:

Figure 4.6.1 – Market Share – Number of Subscriptions (inc. mobile broadband)

Mobile operator	Corrected Market Share	Effect of Revision
Vodafone	40.9%	-0.1%
O2	28.9%	-0.1%
eircom Group Mobile	19.5%	-0.1%
3	7.8%	0.0%
Tesco mobile	2.9%	0.0%

Figure 4.6.2 – Market Share – Number of Subscriptions (ex. mobile broadband)

Mobile operator	Market Share	Effect of Revision
Vodafone	42.4%	-0.3%
O2	29.1%	-0.2%
eircom Group Mobile	20.5%	-0.1%
3	4.8%	-0.1%
Tesco mobile	3.2%	0.0%

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The information and statistics contained within this document are derived from a variety of sources, but are mostly reliant on data obtained from authorised operators.

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Summary

Total broadband subscriptions reached 1,666,429 this quarter which was an increase of 2,215 subscriptions. Overall traffic volumes were down this quarter by almost 48 million minutes. Overall industry revenues decreased by 2.7% this quarter. Total revenues in the twelve months to March 2011 were over €3.80 billion, down from almost €3.87 billion in the 12 months previous. Presented below is a tabular summary of this quarterly report.

Irish Quarterly Communications Market Data Q1 2012				
	Q1'12	Q4'11	Quarterly Change	Annual change
Total Market Revenues	€930,340,111	€955,407,392	-2.7%	-2.0%
Fixed Line Revenues	€495,423,358	€495,050,638	+0.1%	-1.2%
Mobile Revenues	€390,015,428	€414,900,339	-6.0%	-2.5%
Broadcasting Revenues	€44,901,324	€45,814,420	-2.0%	-5.6%
Total Voice Traffic (Minutes)	4,337,444,158	4,386,308,699	-1.1%	-3.3%
Fixed Voice Traffic (Minutes)	1,588,637,572	1,616,951,242	-1.8%	-9.4%
Mobile Voice Traffic (Minutes)	2,748,806,586	2,769,357,457	-0.7%	+0.6%
Internet Subscriptions	1,687,083	1,688,543	-0.1%	+1.3%
Narrowband Internet Subscriptions	20,654	24,329	-15.1%	-49.1%
Total Broadband Subscriptions	1,666,429	1,664,214	+0.1%	+2.6%
Fixed Broadband Subscriptions	1,083,398	1,070,776	+1.2%	+4.9%
Mobile Broadband Subscriptions (HSDPA)	583,031	593,438	-1.8%	-1.4%
Total Mobile Subscriptions (inc. HSDPA)	5,521,348	5,499,790	+0.4%	+2.0%

- Overall electronic communications network and service revenues at the end of March 2012 were just over €930 million for the quarter. Industry revenues decreased by 2.7% this quarter.
- The mobile market represents approximately 71.8% of all voice and internet subscriptions (fixed and mobile), with fixed market subscriptions representing the remaining 28.2%.
- Total voice traffic minutes decreased by 1.1% this quarter. Mobile minutes form the majority of voice minutes at 62.7%, with fixed minutes representing the remaining 37.3%.

- This quarter, total internet subscriptions decreased marginally by 0.1% to 1,687,083.
- Narrowband internet subscriptions continued to fall (-15.1% in this quarter), declining by 49.1% since Q1 2011. There are now a total of 20,654 narrowband subscriptions in Ireland as consumers continue to migrate away from slower dial-up technologies to broadband.
- Broadband subscriptions (fixed and mobile) increased marginally this quarter (+0.1%), to reach a total of 1,666,429.
- The estimated broadband household penetration rate was 55.6% in Q1 2012. The fixed broadband per capita penetration rate was 23.6%. The broadband per capita penetration rate (including mobile broadband) was 36.3%.
- In Q1 2012 approximately 19.1% of all broadband subscriptions were equal to or greater than 10Mbps up from 10.7% in Q1 2011.
- At the end of March 2012 there were 5,521,348 mobile subscriptions (including HSDPA) in Ireland, an increase of 0.4% since last quarter. The mobile penetration rate was 120.3% including mobile broadband and 107.6% excluding mobile broadband.
- The amount of mobile numbers ported in Q1 2012 was 94,460 down from a peak of 123,646 in Q2 2011. On average there were 110,040 numbers ported per quarter over the last 12 months.
- In Q1 2012 mobile ARPU was €29 per month, down from €31 per month in Q1 2011 which is likely to be a reflection of a number of factors such as those attributable to worsened economic conditions in Ireland (e.g. reduced consumer spending), lower priced mobile plans, increased sales of bundled products (combining mobile with fixed calls and sometimes broadband) and reductions in mobile roaming and termination rates, among others.

Notes to data:

- Both Meteor and emobile brands are reported under the umbrella of eircom Group Mobile.
- 48 data, which is a brand of Telefónica is included under O2.
- Aggregated SB-WLR Performance Statistics, as supplied by Eircom, are published in accordance with ComReg Decision Notice (07/61) Section 6.6 (vii) in the appendix.

- In this report an Irish population estimate from the Central Statistics Office (CSO) of 4,588,252 (census 2011 population numbers) is used for the period Q1 2012. This compares to 4,581,269 which was used in Q4, Q3 and Q2 2011.¹ Population data is used to calculate per capita mobile and broadband penetration in Ireland. An estimated household number of 1,654,208 from the CSO is used for Q1 2012. A household number of 1,636,900 was used in Q4 2011.
- A number of external sources are used for international comparisons. These include the Central Statistics Office, Analysys Mason, and Teligen.
- In most cases data has been rounded to one decimal place in this report.
- Not all charts in this report may sum exactly to 100% due to rounding.
- While quarter on quarter comparisons are made in the report, definitive conclusions with regard to trends cannot be drawn and year on year comparisons are used to improve the reliability of the analysis.
- Further explanations and descriptions of data supplied in this report can be found in the accompanying explanatory memorandum 12/62a.
- Extracts of data used in this report can be downloaded at www.comstat.ie
- Data previously published may have been amended since publication. Any such amendments are noted in the corrigendum on page 5.

¹ This CSO's census 2011 population numbers can be found at:

<http://www.cso.ie/en/census/census2011reports/census2011thisisirelandpart1/>

1. Overall Market Data

Data presented in this report is based on questionnaires completed by authorised operators for the period from 1st January 2012 to 31st March 2012. The report is based on submissions from 58 active operators.

1.1 Number of Authorisations

Figure 1.1.1 - Total Number of Authorisations

Total Authorisations	March 2012
No. of fixed and wireless authorisations	382
No. of mobile telephony authorisations	10
No. of broadcasting authorisations (incl. Cable TV, MMDS, Deflectors)	75
Total Number	467

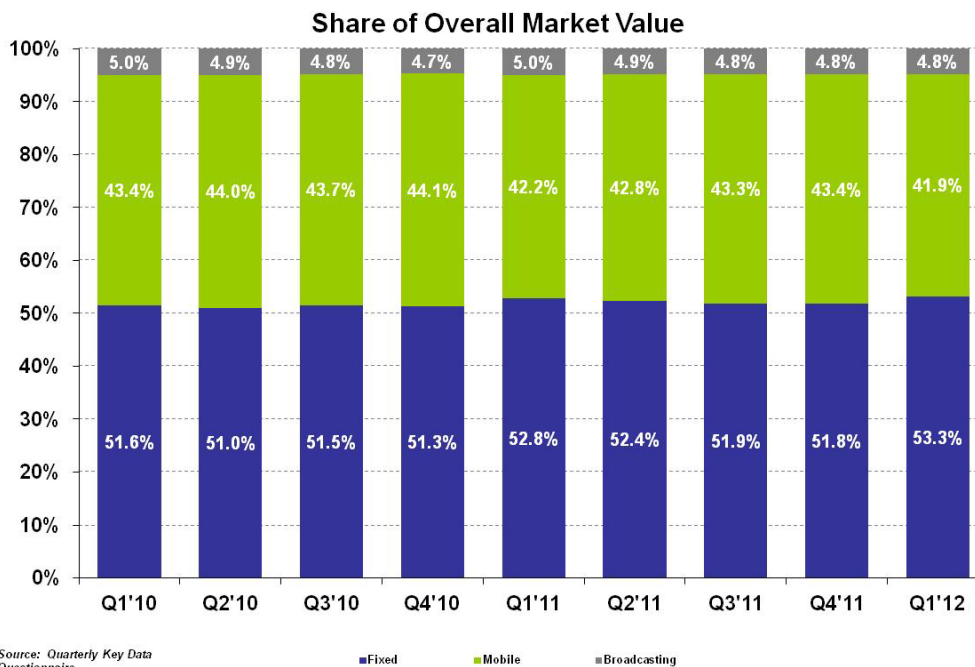
Before providing networks or services to third parties, operators are required to submit a notification to ComReg which is added to a central register of authorised operators. At the date of publication there were 467 authorised undertakings in Ireland.

It should be noted that the list above refers to the number of general authorisations granted by ComReg under the European Framework for Authorisations, and does not necessarily reflect the total number of commercially active organisations or entities currently operating in the market. The total includes a number of undertakings who are authorised to use licence-exempt spectrum for the provision of services.

1.2 Overall Electronic Communications Revenues²

Data presented in Figure 1.2.1 shows the proportion of industry revenue attributable to the provision of fixed line, mobile and cable broadcasting services.

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



According to Central Statistics Office data, Ireland’s Gross National Product for 2011 was approximately €130 billion. Based on the 2011 revenue data reported to ComReg by operators in the Irish communications sector, these revenues were approximately 3.0% of GNP in that quarter.

Overall electronic communications network and service revenues for Q1 2012 were over €930 million. This was a 2.7% decrease on the previous quarter. Comparing Q1 2011 to Q1 2012, industry revenues have decreased by 2.0%. Over the twelve months to March 2012, total revenues were over €3.80 billion.

The mobile sector of the electronic communications market experienced a decrease in revenues this quarter which may reflect seasonal activity and a general trend of declining revenues per user in the mobile sector.³ Mobile revenues decreased by 6.0%. Fixed revenues increased slightly by 0.1%. Broadcasting revenues fell by 2.0% this

² Further detail on terms and definitions - ComReg Doc. 12/62a Explanatory Memorandum.

³ It should be noted that, generally, overall revenues have suffered declines when comparing Q1 to Q4 periods, as Q4 is usually a stronger quarter for telecoms revenues in light of the holiday season e.g. increased handset sales at Christmas. The decline in mobile revenues this quarter was driven by a fall in handset revenues, roaming revenues and international outgoing and domestic traffic revenues.

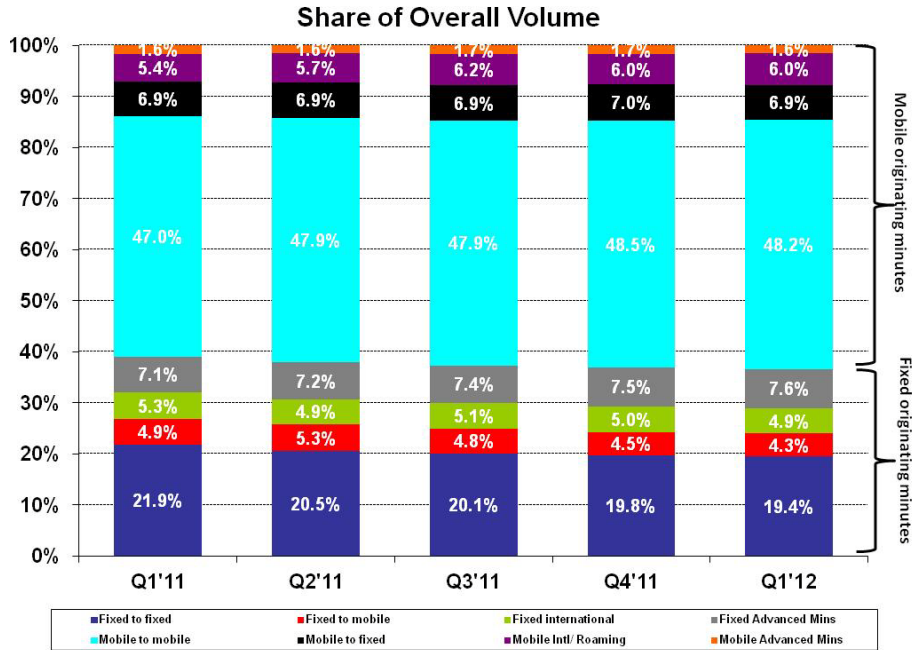
quarter. It should be noted that the broadcasting network revenues in this report exclude Sky Ireland's satellite revenues and all content related revenues.⁴

Fixed line revenues accounted for 53.3% of total revenues, mobile accounted for 41.9% and broadcasting revenue's market share was 4.8%.

⁴ ComReg only captures Cable/MMDS revenues from a number of TV providers for publication in the Quarterly Report under broadcasting revenues. The collection and publication of licence fee and/or television advertising revenues does not fall within ComReg's remit and therefore neither is included in the broadcasting revenue figure.

1.3 Overall Call Volumes

Figure 1.3.1 - Share of Total Voice Call Volumes (Minutes)⁵



Source: Quarterly Key Data Questionnaire

Figure 1.3.1 profiles volumes of originating voice calls by call type on both fixed and mobile networks on a quarterly basis. Voice minutes for Q1 2012 totalled almost 4.34 billion minutes and there were 17.6 billion minutes in the twelve months to the end of March 2012. Total voice minutes decreased by 1.1% from the previous quarter and have fallen by 3.3% since Q1 2011.

Mobile originating voice minutes accounted for 62.7% of all voice minutes in Q1 2012 (compared to 60.9% in Q1 2011) while traffic originating on a fixed line network accounted for the remaining 37.3% of all voice minutes (compared to 39.1% in Q1 2011). Figure 1.3.2 shows the total voice traffic in Ireland at the end of Q1 2012.

Figure 1.3.2 – Total Voice Traffic

	Q1'12 Mins	Q4'11 – Q1'12 Growth	Q1'11 – Q1'12 Growth
Fixed voice minutes	1,588,637,572	-1.8%	-9.4%
Mobile voice minutes	2,748,806,586	-0.7%	+0.6%
Total voice minutes	4,337,444,158	-1.1%	-3.3%

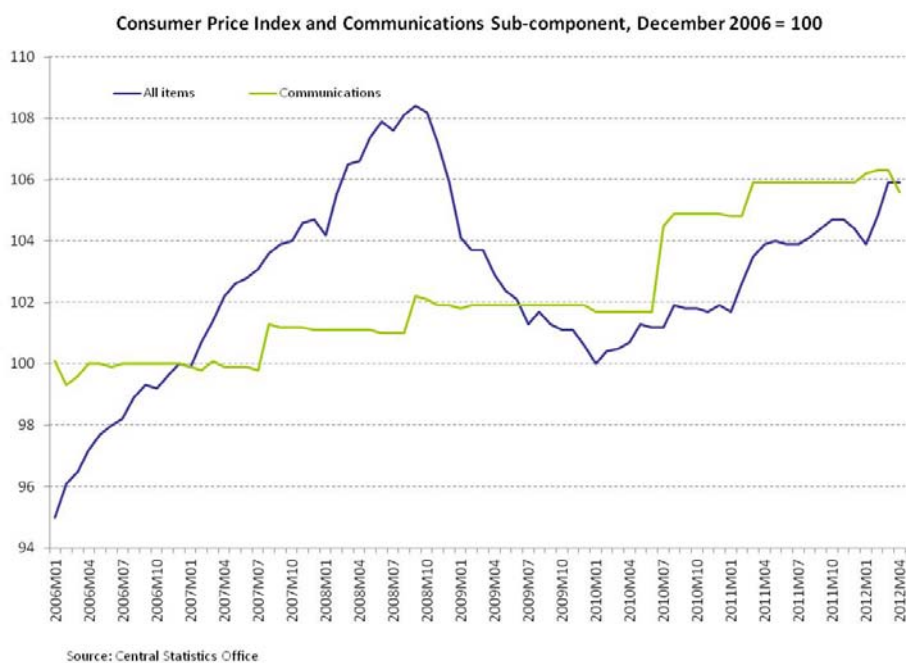
⁵ Fixed advanced minutes include premium rate services minutes, freephone minutes, VoB minutes, payphone minutes, operator services minutes, national and international virtual private network minutes. Mobile advanced minutes include premium rate services minutes and other mobile minutes such as voicemail, DQ, call completion minutes etc.

1.4 Communications and the Consumer Price Index

Figure 1.4.1 shows the monthly change in the Consumer Price Index (CPI) and the communications sub-component from January 2006 to April 2012. The CSO has now revised its weighting for the communications basket to 3.487% of the total CPI up from 3.42% previously.⁶

Overall prices increased more than communications prices between 2006 and 2009, but as the recession impacted, they subsequently fell below communication prices in late 2009. Communications prices remained stable since Q2 2011, increasing slightly in January 2012 but falling in April 2012.

Figure 1.4.1 – Consumer Price Index and Communications Sub-Component



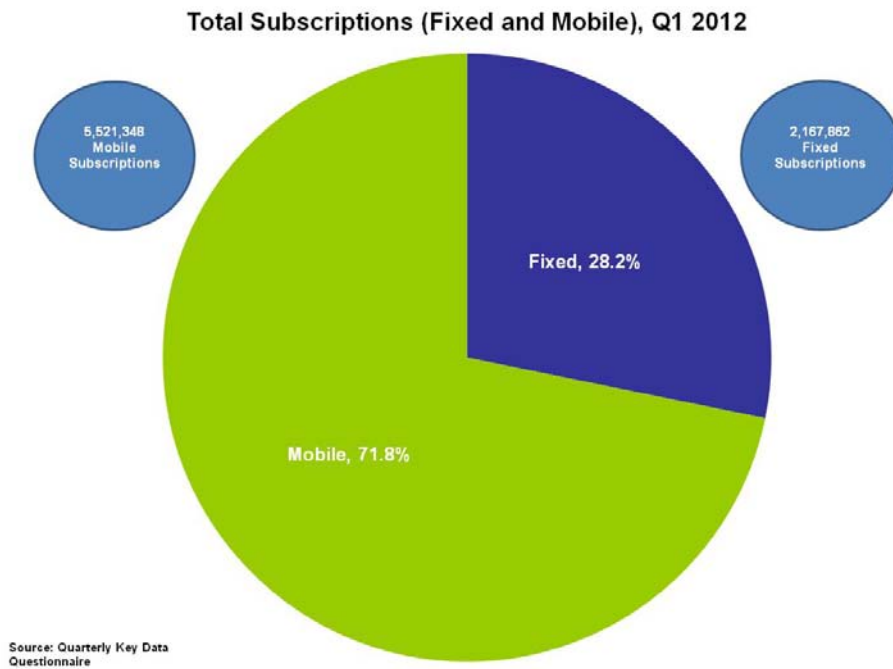
⁶ http://www.cso.ie/en/media/csoie/releasespublications/documents/prices/2012/prices/consumerpriceindex/cpi_jan2012.pdf

1.5 Fixed and Mobile Market Retail Voice, Internet and TV Subscriptions

Figure 1.5.1 shows the total number of mobile voice and data subscriptions (also reported in section 4.1) and the estimated number of fixed subscriptions to voice, internet and TV services (both single play and bundled subscriptions) in Ireland as of Q1 2012. This chart is intended to provide an idea of the total number of voice, TV and internet subscriptions in Ireland across both residential and business customers and across both fixed and mobile networks.

Customers purchasing either a single service or more than one service (as part of a bundle) are included in the fixed subscriptions category. The mobile market represents approximately 71.8% of all subscriptions with fixed line subscriptions representing the remaining 28.2%. It should be noted that it is possible that a customer may have more than one subscription, particularly where a mobile customer has more than one SIM card or in the case of a business customer with multiple subscriptions across several offices.

Figure 1.5.1 – Total Subscriptions (Fixed and Mobile), Q1 2012



2. Fixed Market Data

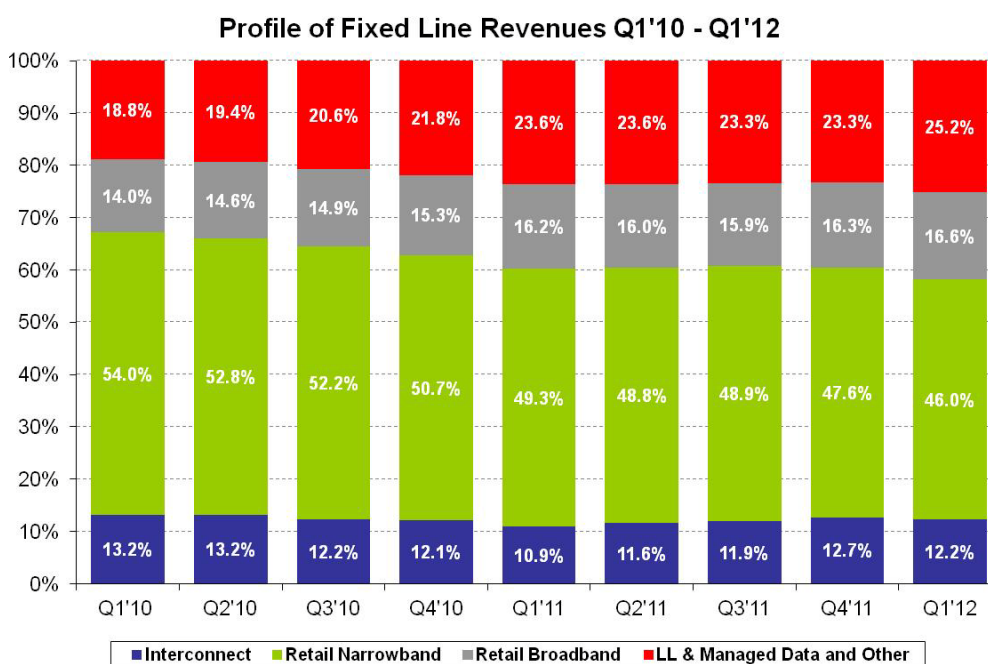
2.1 Total Fixed Line Revenues

Figure 2.1.1 shows the profile of fixed line wholesale and retail revenues in Ireland over the last two years. Total fixed line revenues for Q1 2012 were just over €495 million. This was a marginal increase (+0.1%) on Q4 2011 revenues but a 1.2% decrease on Q1 2011 revenues.

Retail narrowband revenues have fallen since Q1 2011 (-7.8%) but interconnect and retail broadband revenues and leased lines and managed and other data services revenues have increased by 11.1%, 1.0% and 5.4% respectively.

Comparing Q1 2011 to Q1 2012, the proportion of fixed line revenues attributable to leased lines, managed data and other advanced data services increased by 1.6 percentage points, interconnect increased by 1.4 percentage points and retail broadband revenues' market share increased by 0.4 percentage points. The proportion of retail narrowband revenues has fallen by 3.3 percentage points.

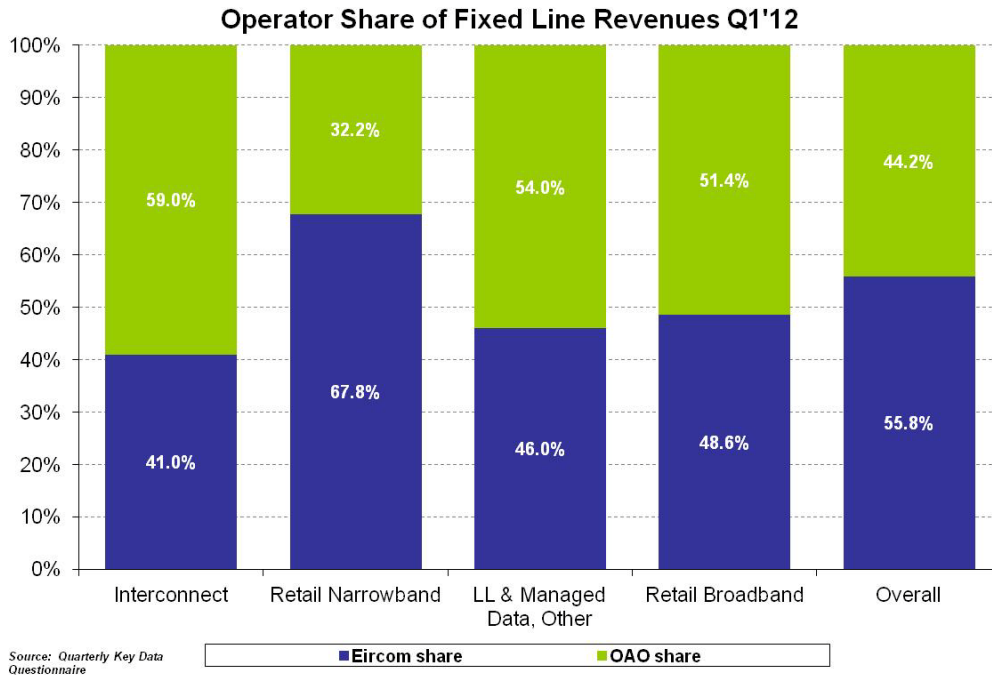
Figure 2.1.1 – Profile of Fixed Line Revenues



2.1.1 Authorised Operators' Share of Overall Fixed Line Revenues

Figure 2.1.1.1, below, shows the market shares of the incumbent and other authorised operators (OAOs) in each of the fixed line service categories mentioned in figure 2.1.1. Market shares are grouped within a number of revenue categories to link related services and are based on both retail and wholesale revenues; this classification does not reflect the specific markets identified in ComReg's Market Analysis process.

Figure 2.1.1.1 – Operator Share of Fixed Line Revenues⁷



⁷ Eircom's retail broadband share includes DSL, FWA and Satellite revenues.

Eircom’s overall share of fixed line market revenue was 55.8% in Q1 2012. Figure 2.1.1.2 below shows Eircom’s market share, rounded to the nearest percentage point, on a quarterly basis from Q1 2010 to Q1 2012.

Figure 2.1.1.2 – Eircom’s Market Share

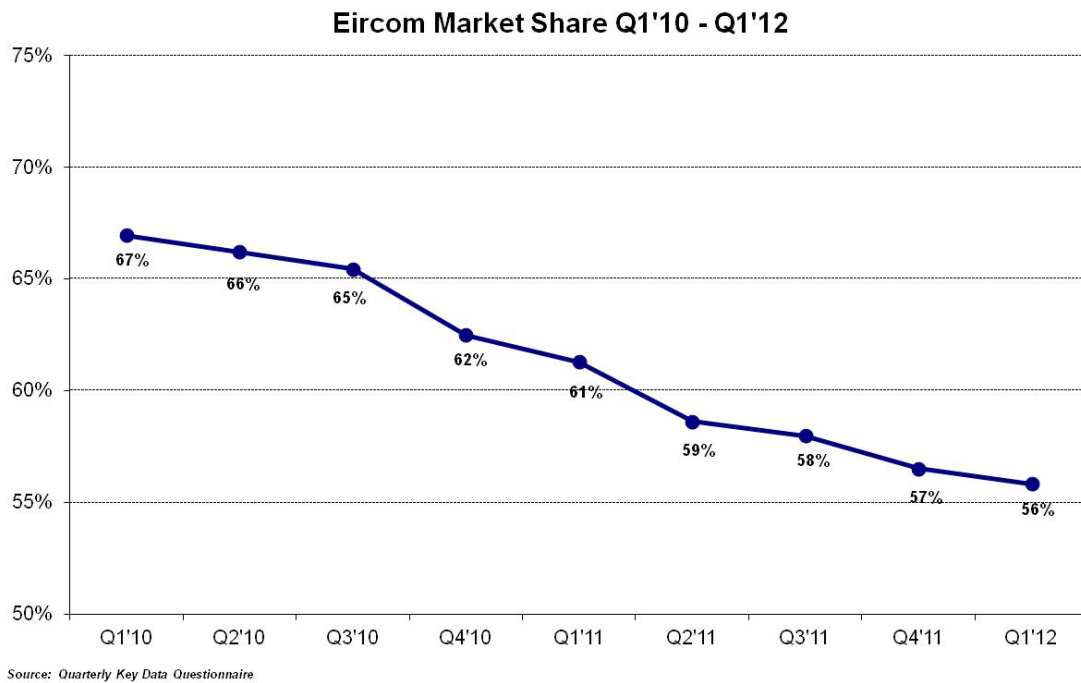
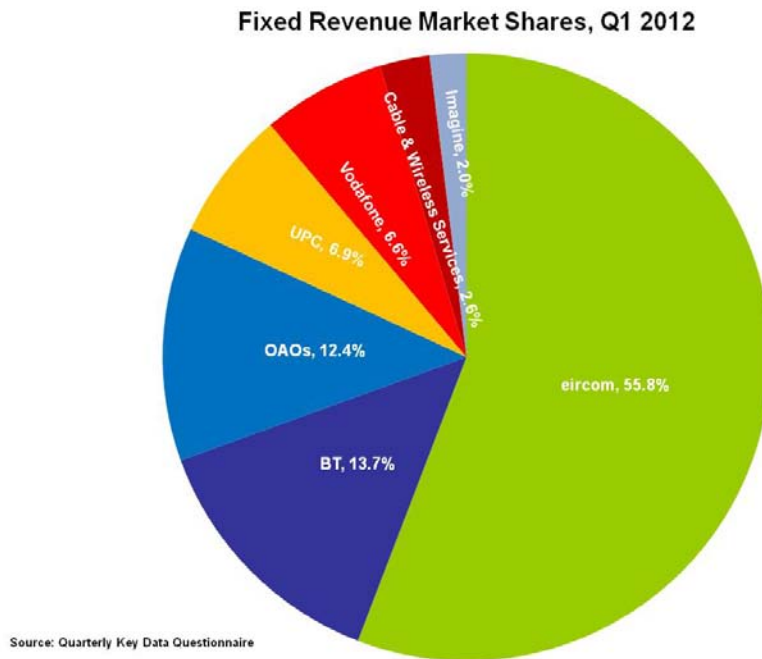


Figure 2.1.1.3 below outlines revenue market shares of the fixed market (of interconnect, retail narrowband, retail broadband and leased line, managed and other data revenues) held by the incumbent fixed line operator (eircom), OAOs with a minimum 2% market share, and all other OAOs. When making comparisons, it is important to note that the market shares presented below are based on shares across all fixed wholesale and retail revenue streams and some operators may not offer products and services across all segments of the market.

In Q1 2012, after Eircom, the largest revenue earning operator in the market with 55.8% market share, ComReg estimates that the next six largest operators (BT, UPC, Vodafone (fixed only), Cable and Wireless, and Imagine) contribute a further 31.8% of industry revenue. This chart is presented as an additional analysis of the fixed market and should not be interpreted as a definitive statement of retail revenue market shares.

Figure 2.1.1.3 – Fixed Revenue Market Shares



2.2 Fixed Line Access Paths

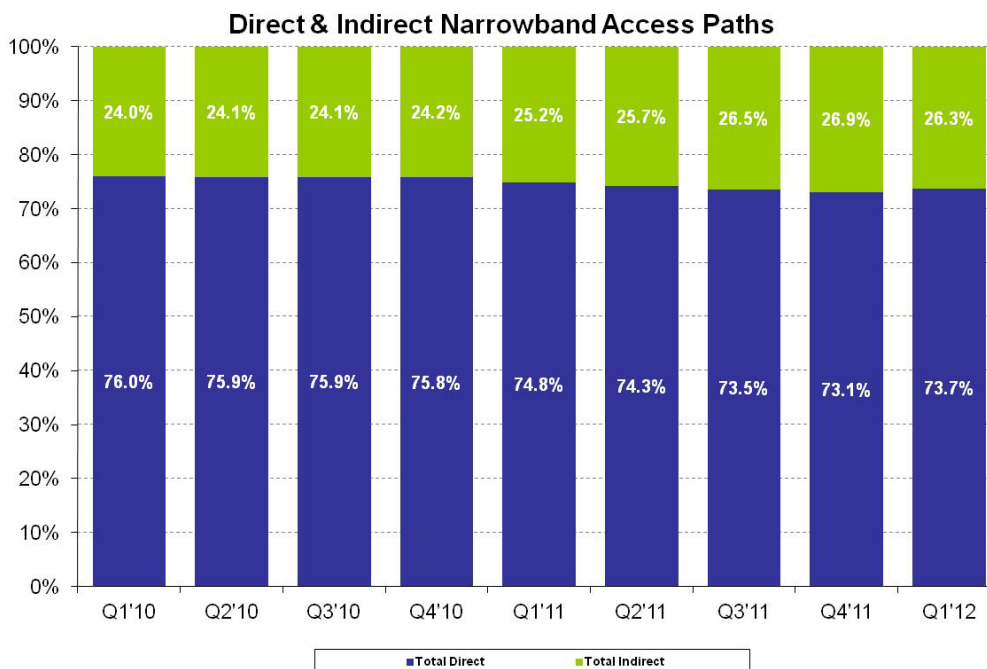
2.2.1 Access Paths

Figure 2.2.1.1 presents the total number of narrowband copper fixed access paths (PSTN and ISDN) broken out by direct and indirect access⁸. These paths are usually used for voice services and internet access. There were just over 1.79 million direct and indirect PSTN and ISDN access paths in the Irish market in Q1 2012.

This represents a slight increase of 1.6% on last quarter but a decline of 7.1% since Q1 2010. The increase in this quarter is attributable to an improvement in one operators reporting system. The general reduction in demand for fixed lines could be due to a number of reasons such as an increase in the number of business failures and exits, competition from other platforms and fixed line disconnections due to emigration.

In Q1 2012, indirect access accounted for 26.3% of all access paths in the fixed market.⁹ While this chart shows the number of narrowband only access paths in Ireland, voice and data can also be supplied by other means such as broadband. Details on the broadband market in Ireland can be found in chapter 3 of this report.

Figure 2.2.1.1 – Direct & Indirect Narrowband Fixed Access Paths



Source: Quarterly Key Data Questionnaire

⁸ Indirect access paths relate to telephone lines provided to customers by means of carrier pre-select only or wholesale line rental. Carrier pre-select allows the user to receive all or a portion of calls from one provider and line rental from another provider (usually Eircom). Wholesale line rental (also known as single billing) allows the user to receive every aspect of telephone service, including all calls and line rental from one single supplier.

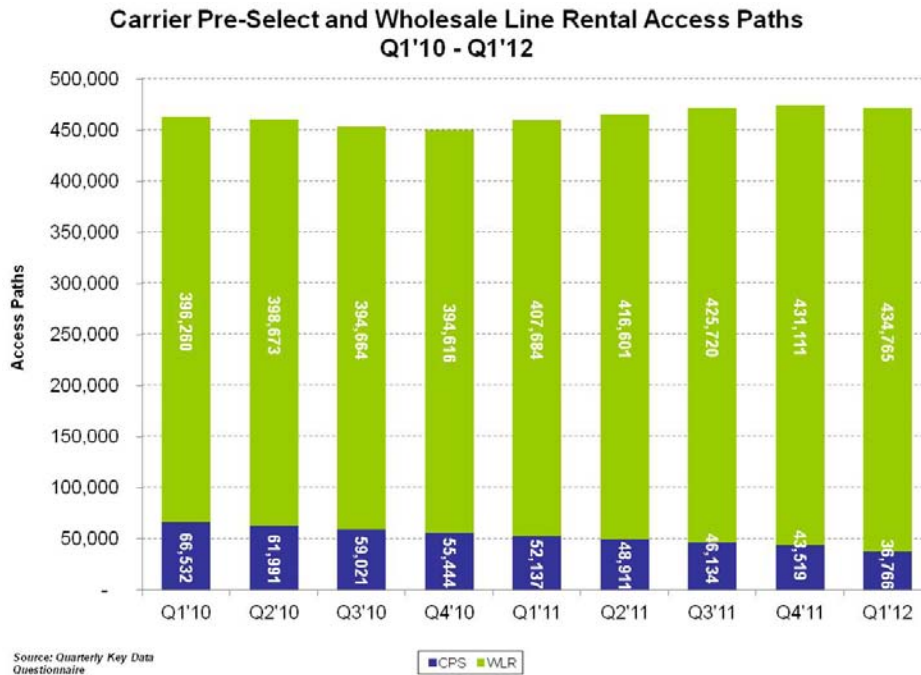
⁹ Access paths are not synonymous with access lines as for example in the case of ISDN paths, there may be more than 1 path provided via a single ISDN line.

2.2.2 Indirect Access Paths

Figure 2.2.2.1 illustrates the overall number of indirect PSTN and ISDN paths provided by means of either Carrier Pre-Selection (CPS) only or Wholesale Line Rental (WLR). In Q1 2012, there were 471,531 indirect access paths in Ireland. The number of indirect access paths decreased by 0.7% this quarter but rose by 2.5% in the year to Q1 2012 due to an increase in WLR paths.

The data indicates that OAOs continue to migrate their customer base to single-bill services, i.e. WLR rather than CPS (i.e. calls only). WLR managed by OAOs now accounts for 92.2% of indirect access paths compared to 85.6% in Q1 2010. The share of CPS only indirect access paths has declined by 6.6 percentage points in the last two years.

Figure 2.2.2.1 – Narrowband Indirect Access Paths

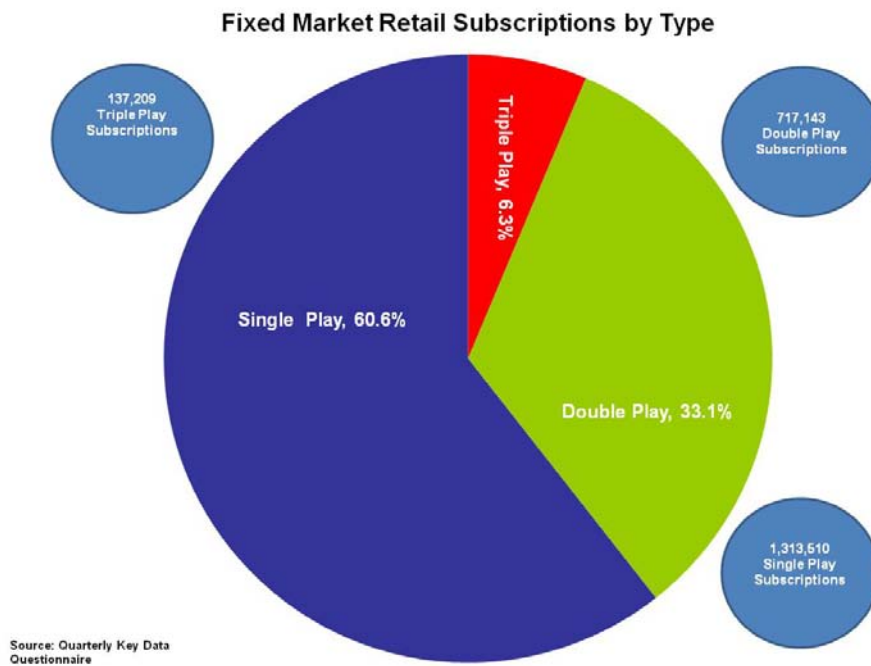


2.2.3 Fixed Market Retail Subscriptions by Type

Figure 2.2.3.1 shows the estimated proportion of retail customers or subscriptions to fixed line services (mobile networks are excluded) broken out by those with a single service and those taking a bundle of two or more services as of Q1 2012 (subscriptions mean a customer with at least one contract with an electronic communications service provider).¹⁰

It is estimated that there were 2,167,862 fixed market retail subscriptions in Q1 2012 across both business customers and residential consumers (a business customer may have multiple subscriptions). 60.6% of these subscriptions were single play compared to 65.5% in Q1 2011, 33.1% double play (a bundle of two services) compared to 30.3% in Q1 2011 and 6.3% triple play (a bundle of 3 services) compared to 4.2% in Q1 2011.

Figure 2.2.3.1 – Fixed Market Retail Subscriptions by Type, Q4 2011



¹⁰ Double play subscriptions can refer to either fixed telephony and internet or television or mobile telephony; television and the internet; mobile telephony and internet or television subscriptions. Triple play subscriptions can refer to fixed telephony and internet and television; fixed telephony and mobile telephony and internet; fixed telephony and mobile telephony and television; or, mobile telephony and internet and television subscriptions.

2.3 Fixed Voice Call Volumes

Fixed voice traffic in Q1 2012 was under 1.59 billion minutes, which was a 1.8% decrease on Q4 2011 and a fall of 9.4% since Q1 2011. Fixed voice traffic has fallen consecutively quarter on quarter since Q1 2011.

Voice over broadband (VoB) minutes account for approximately 9.6% of total fixed voice minutes up from 6.0% in Q1 2011. There were just under an estimated 240,000 managed VoB subscriptions in Ireland in Q1 2012 and just over 152 million managed VoB minutes.

The number of VoB subscriptions and minutes stated above most likely remain underestimated as VoB subscriptions and minutes quoted in this report represent managed VoB data only (for example by Eircom and other providers such as Blueface) and do not include unmanaged or over the top VoB services by providers such as Skype.

Domestic minutes accounted for 53.5% of all fixed traffic in Q1 2012. International outgoing minutes had a 13.6% market share of all fixed traffic. The market share of fixed to mobile minutes was 12.0% while other/advanced minutes (which include VoB minutes and premium rate calls) represented 20.9% of all fixed voice traffic.

Changes in the volumes and profile of fixed line traffic will continue to be monitored by ComReg for evidence of changes in fixed line usage, such as increased fixed-mobile substitution and voice over broadband substitution. Figures 2.3.1 and 2.3.2 illustrate trends in fixed voice call minutes since Q1 2010.

Figure 2.3.1 – Fixed Voice Call Volume (Minutes)¹¹

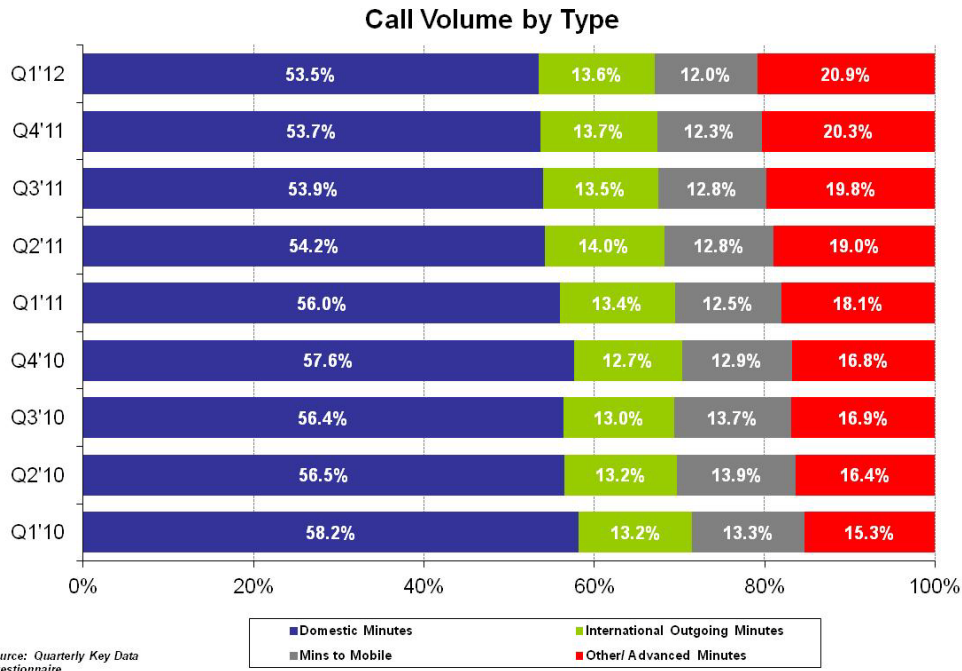
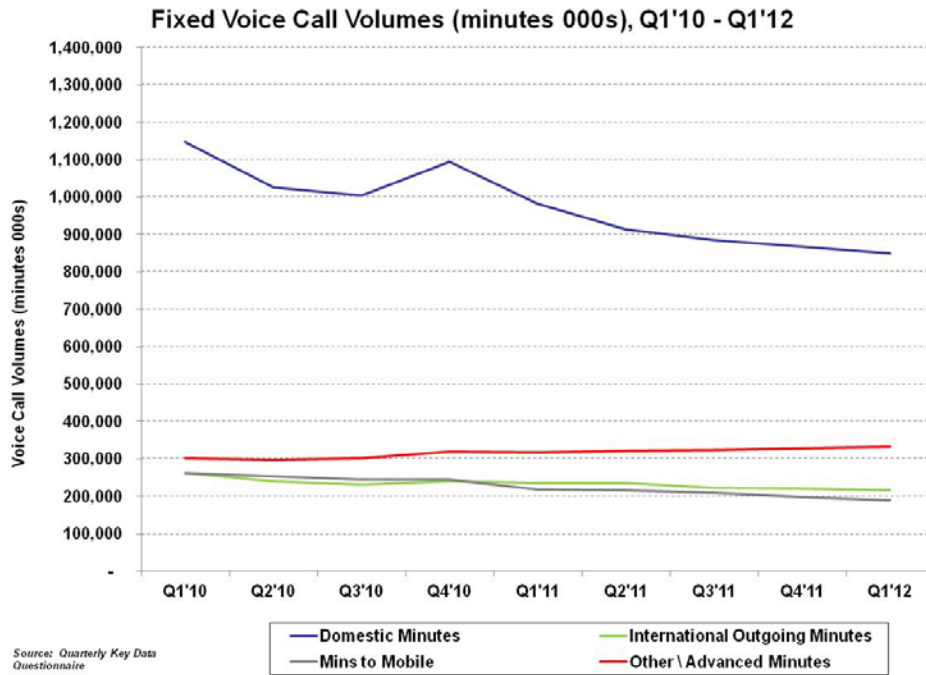


Figure 2.3.2 – Fixed Voice Call Volume (Minutes)



11 Domestic Calls include local & national calls. Advanced service and other minutes include minutes to premium rate numbers, freephone numbers, callsave, operator services, VoB minutes, VPN minutes, payphones and other services.

2.4 PSTN Pricing Data

ComReg uses independently-collated Teligen data based on an OECD-approved methodology to examine the relative costs of a number of specific baskets of national and international telecoms services for both residential and business users. The data presented includes EU countries for which data is available¹².

Using this methodology, data is presented in Euro Purchasing Power Parities (PPPs). The latter provides an indication of the cost of telecoms services in countries analysed in relation to the cost of all other products and services. The basket methodologies are reviewed and revised periodically, the latest of which was in early 2010.

The methodology used by the OECD/Teligen is based on the following baskets of calls:

Residential and business PSTN baskets

Type of basket	Basket
Residential	20 calls basket
Residential	60 calls basket
Residential	140 calls basket
Residential	420 calls basket
Business	100 calls business basket, single user
Business	260 calls business basket, single user

For the PSTN baskets, only the incumbent operator is covered. Discounts are incorporated and only tariffs presented as current tariffs on the operator web pages are considered. Nonrecurring charges (installation of a service) are discounted over 5 years and other fixed costs are included such as line rental and any other additional charges. Fixed, mobile and international calls are included in the baskets. For more detailed information please see ComReg's accompanying Memorandum, document 12/62a.

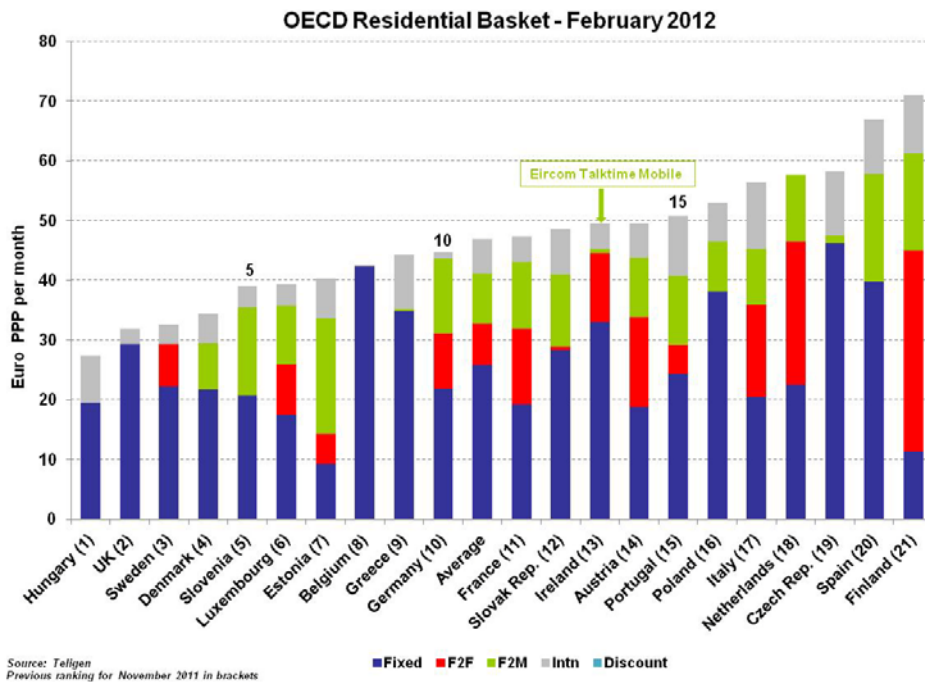
¹² This will be determined by whether the EU country is also an OECD member.

2.4.1 OECD Residential PSTN Basket

Figure 2.4.1.1 illustrates Ireland’s ranking, alongside another 20 EU countries, for residential calls, based on a basket of 140 calls per month. This chart is based on a comparison of the cheapest incumbent package available for a specific customer usage profile. In many cases this will be a bundled service which will include both line rental and a “bundle” of call minutes for a fixed monthly charge.

It should therefore be noted that the “fixed” element in this basket is not an indication of the cost of basic line rental. In February 2012 Ireland ranked in 13th position, three places higher than the average of the benchmarked countries in terms of the most competitive pricing for this basket. The Irish package used for this comparison was Eircom’s Talktime Mobile, which was 5.5% more expensive than the average for the European countries charted.

Figure 2.4.1.1 - OECD Residential PSTN Basket – February 2012¹³



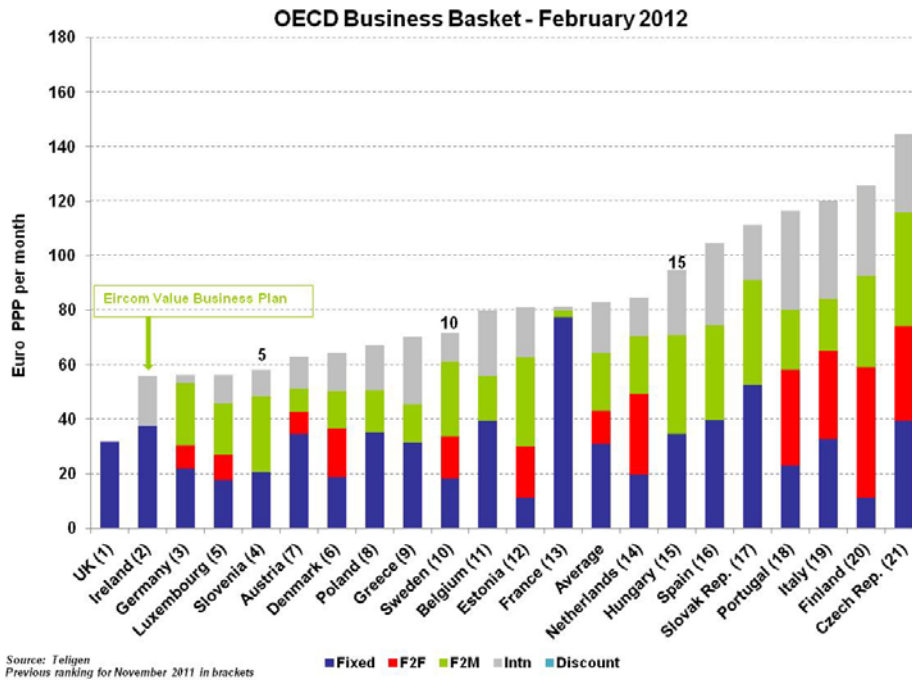
13 Residential tariffs include VAT. VAT rates vary between member states.

2.4.2 OECD Business PSTN Basket

Figure 2.4.2.1 illustrates Ireland’s ranking, alongside another 20 EU countries, for business calls, based on a basket of 260 calls per month, which also includes a fixed charge for access as part of a bundled service.

It should be noted that the “fixed” element in this basket is not an indication of the cost of basic line rental. As of February 2012 Ireland was approximately 32.4% cheaper than the average of the 20 countries benchmarked and ranked in 2nd position, 12 places better than the group average. The Irish package used for this comparison was Eircom’s Value Business Plan.

Figure 2.4.2.1 - OECD Business PSTN Basket – February 2012



3. Internet and Broadband

3.1 Total Internet Subscriptions

At the end of March 2012, there were just over 1.687 million active internet subscriptions in Ireland. This was a decrease of 0.1% on the previous quarter but a 1.3% increase on March 2011. Although there was an increase in the number of cable and 'other' broadband subscriptions, the number of internet subscriptions declined on a net basis due to a fall in narrowband, DSL, FWA and mobile broadband subscriptions.

Narrowband subscriptions continued to decline, falling by 3,675 this quarter. Narrowband subscriptions have fallen by 49.1% since Q1 2011. Narrowband subscriptions now account for 1.2% of all internet subscriptions.

Since last quarter, cable and 'other' subscriptions were up by 6.1% and 8.2% respectively, but DSL, FWA and mobile broadband subscriptions fell in the order of 0.3%, 2.6% and 1.8%. Figure 3.1.1 shows the total number of narrowband and broadband internet subscriptions in Ireland as of Q1 2012.

Figure 3.1.1 – Total Number of Active Internet Subscriptions

Subscription Type	Q1'12 Subs	Quarterly Growth Q4'11 – Q1'12	Year-on-Year Growth Q1'11 – Q1'12
Total Narrowband	20,654	-15.1%	-49.1%
DSL Broadband¹⁴	726,814	-0.3%	-0.4%
Mobile Broadband	583,031	-1.8%	-1.4%
Cable Broadband	275,499	+6.1%	+26.1%
FWA Broadband¹⁵	69,566	-2.6%	-7.9%
Other Broadband¹⁶	11,519	+8.2%	+25.2%
Total Internet Subscriptions	1,687,083	-0.1%	+1.3%

14 DSL refers to a digital subscriber line, the means by which broadband speeds (i.e. in excess of 144k downstream) are delivered over the copper telecoms network.

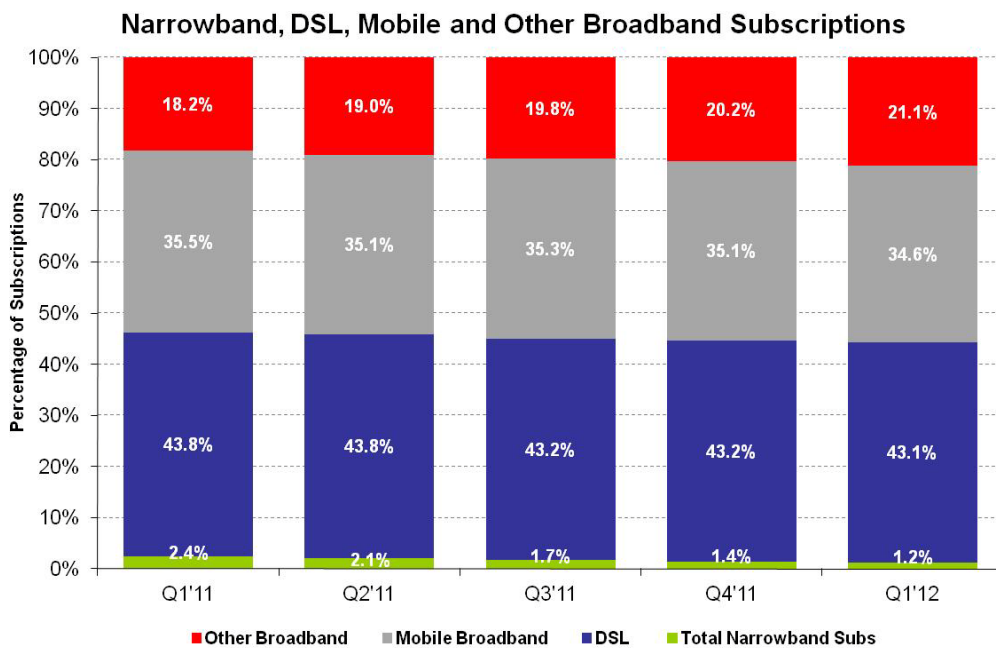
15 FWA subscriptions include an estimate of 2,000 since Q1 2011. This is based on subscriptions to small FWA firms who may not be required to submit a questionnaire response to ComReg as they do not meet ComReg's minimum turnover threshold. ComReg will update this additional estimate on an annual basis.

16 Other Broadband includes fibre, and satellite broadband connections.

Figure 3.1.2 profiles internet subscriptions in Ireland using the classifications of subscription type outlined in Figure 3.1.1. The market share of narrowband subscriptions has fallen by 1.2 percentage points between Q1 2011 and Q1 2012.

Broadband subscriptions accounted for 98.8% of all internet subscriptions in Q1 2012. DSL subscriptions account for the single largest majority of internet subscriptions (43.1%) but its share has declined by 0.7 percentage points over the last year. Mobile broadband subscriptions share has declined again this quarter, now accounting for 34.6% of all internet subscriptions.

Figure 3.1.2 – Profile of Active Internet Subscriptions



Source: Quarterly Key Data Questionnaire

Figure 3.1.3 shows the change in total internet subscriptions, narrowband subscriptions and broadband subscriptions since Q1 2010. Broadband subscriptions exceeded narrowband subscriptions for the first time in Q1 2007. In the last two years, narrowband subscriptions have declined from 105,098 to 20,654 subscriptions (-80.3%).

Figure 3.1.3 – Total Internet Subscriptions

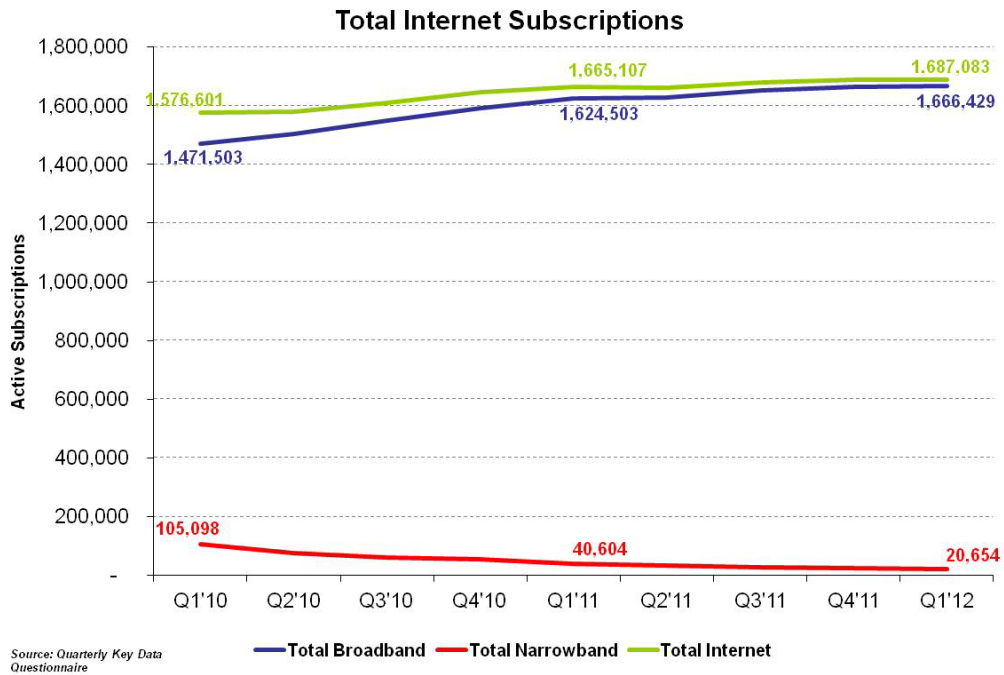


Figure 3.1.4 shows the quarterly percentage change in broadband and internet subscriptions since 2005. In general, there has been a continual slowdown in the rate of growth of broadband subscriptions over the period. As broadband penetration has increased and the potential market for migration from narrowband to broadband has shrunk over time, this is likely to have contributed to the greater slowdown in broadband growth over the latter half of the period charted below.

Figure 3.1.4 – Quarterly Growth in Total Internet and Broadband subscriptions

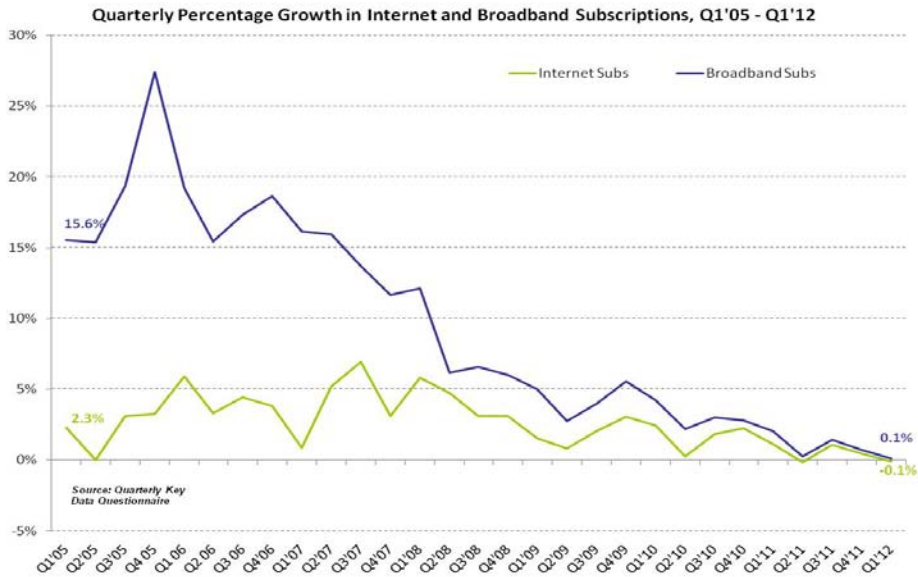
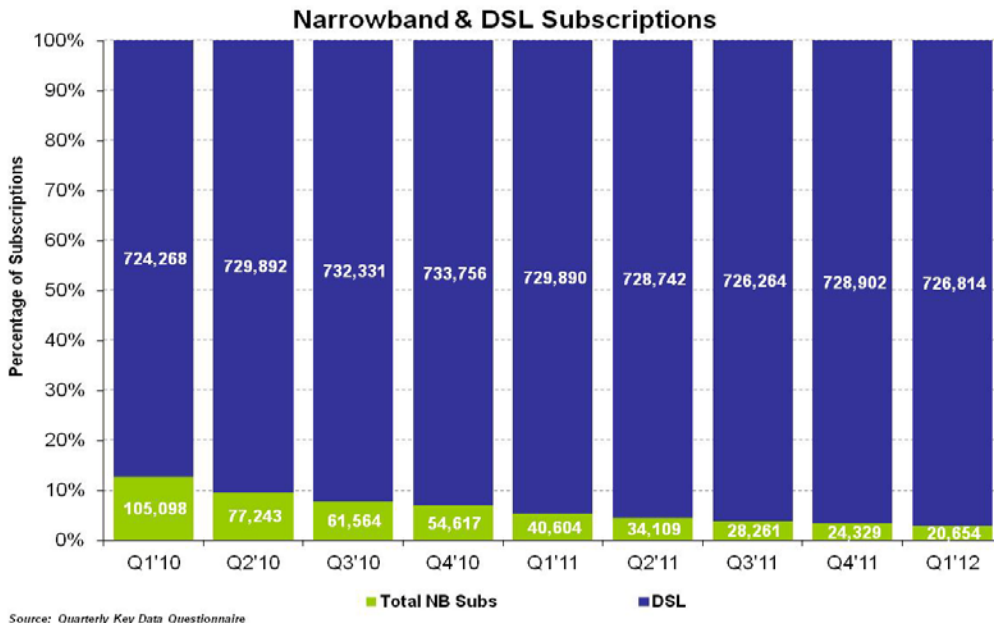


Figure 3.1.5 profiles only those internet subscriptions delivered over the copper telecoms network. It shows narrowband and DSL subscriptions. There were 747,468 active internet subscriptions over the copper telecoms network at the end of March 2012. This was a decrease of 23,026 (-3.0%) in the total number of copper-based subscriptions since Q1 2011.

This decline has been driven mainly by the fall in narrowband subscriptions. DSL accounted for 97.2% of copper-based internet subscriptions in Q1 2012 compared to 94.7% in Q1 2011 with the remainder accounted for by narrowband subscriptions.

Figure 3.1.5 – Profile of Copper Based Internet Subscriptions



3.2 Provision of DSL Access

Figure 3.2.1 examines the provision of DSL access. DSL broadband services are provided to consumers by operators using three alternative methods of access. DSL may be provided directly to the consumer by Eircom using direct access to its network; this accounted for 64.7% of all DSL subscriptions in Q1 2012. Retail DSL may also be provided by alternative operators (OAOs) who use either wholesale bitstream, which enables OAOs to resell another operator’s DSL service, or by offering DSL-based broadband using local-loop unbundling (LLU).

In Q1 2012, 27.1% of all DSL lines were provided by OAOs using wholesale bitstream. In absolute terms there were 196,844 wholesale bitstream lines in Q1 2012, an increase of 5.2% since Q1 2011. The remaining 8.3% of DSL lines were provided to subscribers by OAOs using local-loop unbundling. In Q1 2012 there were 59,981 unbundled local loops, up from 52,332 in Q1 2011 but down from 61,374 in Q4 2011. Eircom’s market share of retail DSL lines has declined by 2.5 percentage points over the last year.

Figure 3.2.1 - Provision of DSL Access

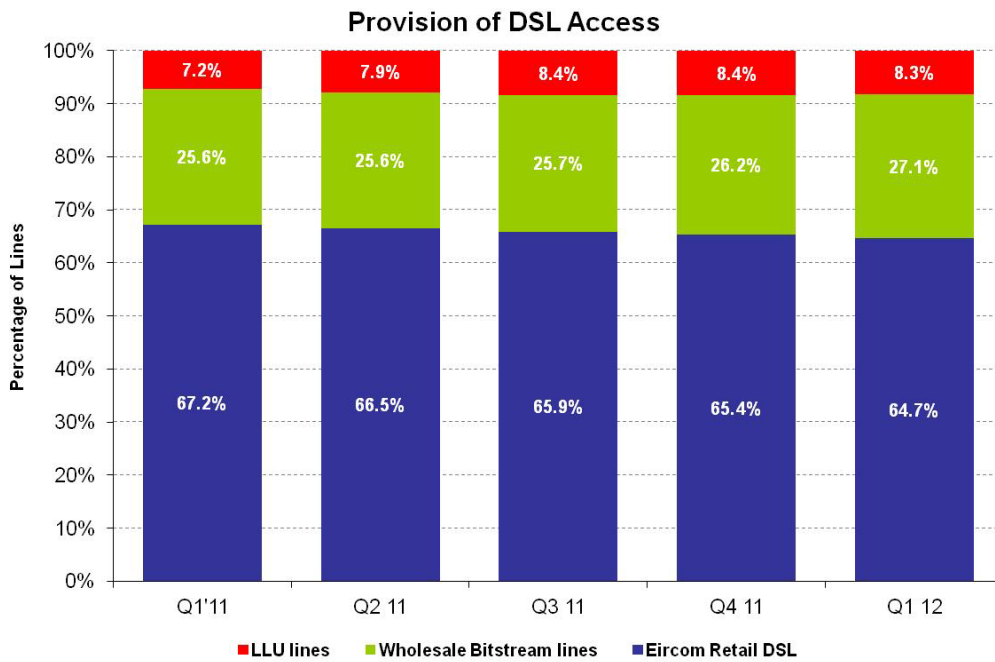
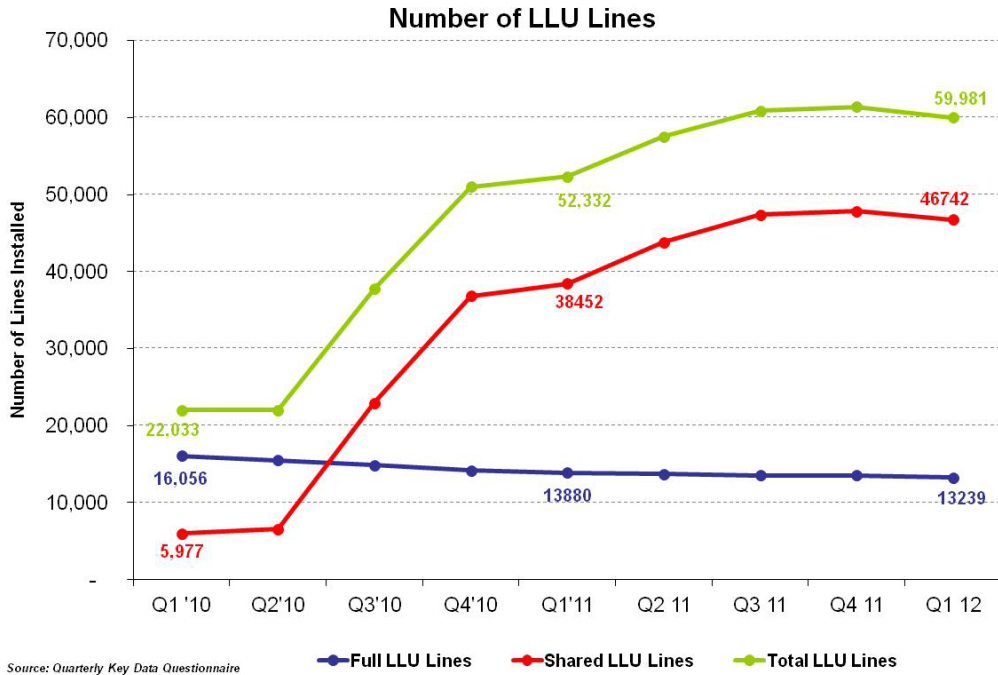


Figure 3.2.2 shows the number of unbundled lines classified by shared and full¹⁷ status. Between Q1 2010 and Q1 2012 the total number of LLU lines increased by 172.2%. However, total LLU lines decreased by 2.3% this quarter. Full LLU lines fell by 2.0% and shared LLU lines fell by 2.3% this quarter.

Figure 3.2.2 – Number of Local Loops Unbundled



¹⁷ Full LLU and shared LLU are two ways a copper loop may be unbundled. While full LLU assigns the entire copper loop to the leasing operator, shared LLU enables other operators and the incumbent to share the same line. With shared access consumers can acquire voice and data services from an operator or alternatively data services alone while retaining the voice services of the incumbent.

3.3 Provision of Broadband Services

At the end of March 2012, there were 1,666,429 broadband subscriptions in Ireland. This represents a growth rate of 0.1% this quarter and 2.6% growth since Q1 2011.

Cable showed the strongest growth over the last year, up by 26.1%. The 'other' subscriptions category (satellite and fibre) also increased (by 25.2%) over the last year. DSL, FWA¹⁸ and mobile broadband subscriptions fell by 0.4%, 7.9% and 1.4% in the same period.

Figure 3.3.1 – Broadband Subscriptions¹⁹ and Growth Rates by Platform

Platform	Q1'12 Subs	Quarterly Growth Q4'11-Q1'12	Year-on-Year Growth Q1'11-Q1'12
DSL	726,814	-0.3%	-0.4%
Cable	275,499	+6.1%	+26.1%
FWA	69,566	-2.6%	-7.9%
Other²⁰	11,519	+8.2%	+25.2%
Sub-Total	1,083,305	+1.2%	+4.9%
Mobile Broadband	583,031	-1.8%	-1.4%
Total	1,666,429	+0.1%	+2.6%

DSL remains the largest broadband access platform in terms of subscriptions. DSL accounts for 43.6% of all broadband subscriptions though this is a 1.3 percentage point decrease since Q1 2011. Of the remaining broadband subscriptions, mobile broadband accounts for 35.0%, a 1.4 percentage point decrease on Q1 2011. Cable has 16.5% of the market, which is a 3.0 percentage point increase on Q1 2011. FWA accounts for 4.2% of broadband subscriptions, down 0.4 percentage points on Q1 2011. Satellite and fibre broadband subscriptions combined account for the remaining 0.7% of the market.

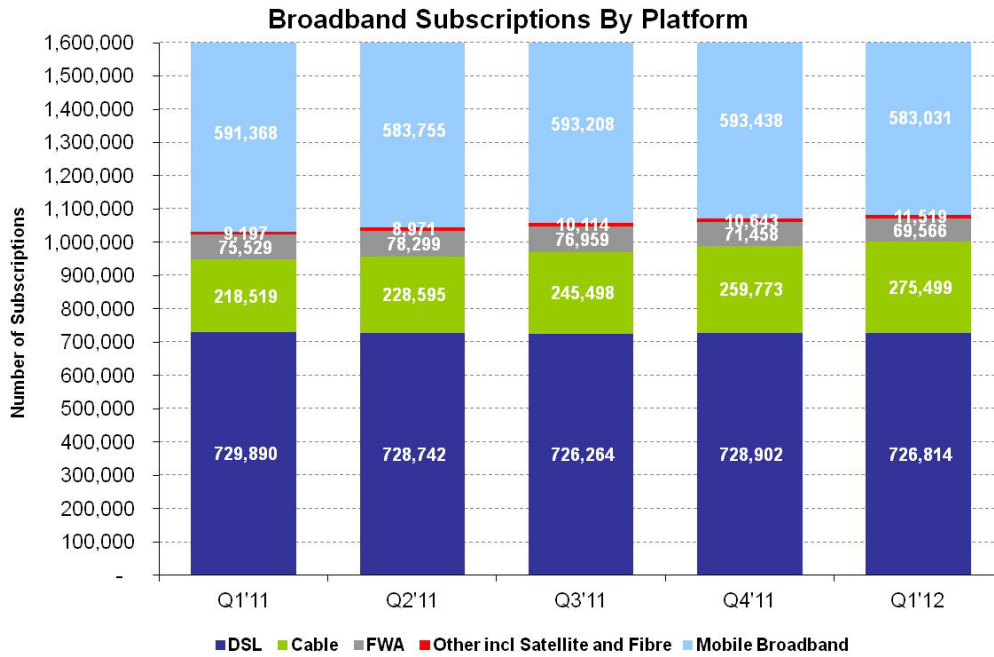
¹⁸ It should be noted that FWA subscriptions include an estimate of 2,000 since Q1 2011. This is based on subscriptions to smaller FWA firms who may not be required to submit a questionnaire response to ComReg as they do not meet ComReg's minimum turnover threshold. ComReg will update this additional estimate on an annual basis.

¹⁹ ComReg notes that the data provided in this section relates to active subscriptions reported by operators. It takes into account multiple active subscriptions to broadband offerings by individual subscribers.

²⁰ Other Broadband includes Satellite and Optical Fibre broadband subscriptions.

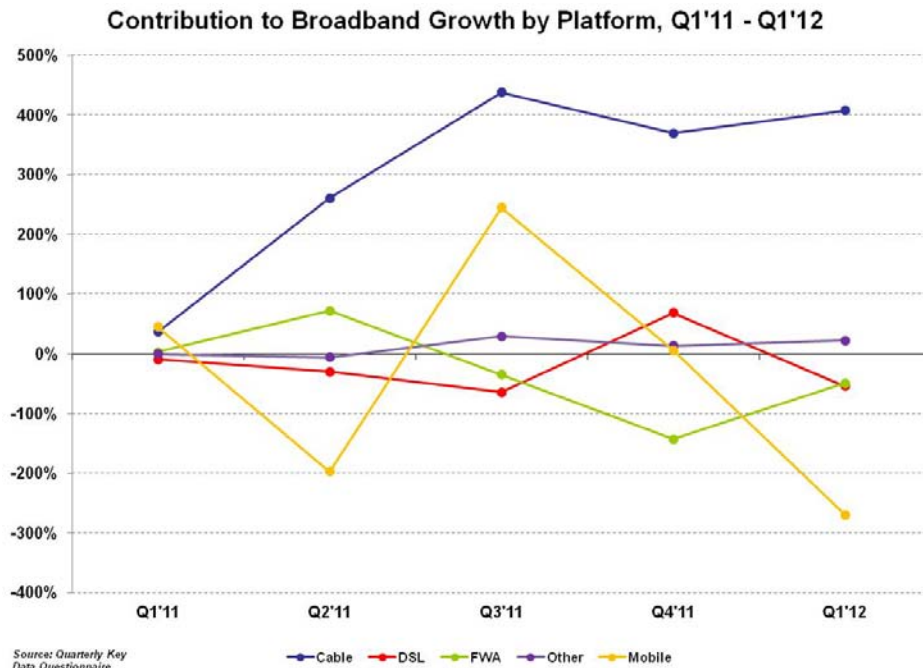
Figure 3.3.2 illustrates the split by type of broadband subscriptions in the Irish market since Q1 2011, while Figure 3.3.3 shows the contribution of each of these platforms to broadband growth in percentage terms. In Q1 2012, total broadband growth was driven by cable, and 'other' broadband subscriptions as other platforms contributed negatively to broadband growth this quarter.

Figure 3.3.2 – Broadband Subscriptions by Platform



Source: Quarterly Key Data Questionnaire

Figure 3.3.3 – Broadband Subscriptions by Platform – Contribution to Growth



Source: Quarterly Key Data Questionnaire

Figure 3.3.4 provides an estimate of the proportion of business and residential subscriptions to DSL, cable, fixed wireless, mobile broadband, fibre and satellite broadband services. In Q1 2012 83.6% (up from 83.2% in Q1 2011) of broadband subscriptions on all platforms were classed as residential broadband subscriptions. The platform with the highest percentage proportion of residential to business subscriptions is cable broadband, while the other (fibre and satellite) category has the highest percentage of business customers followed closely by FWA.

Figure 3.3.4 – Broadband Subscriptions by Subscription Type

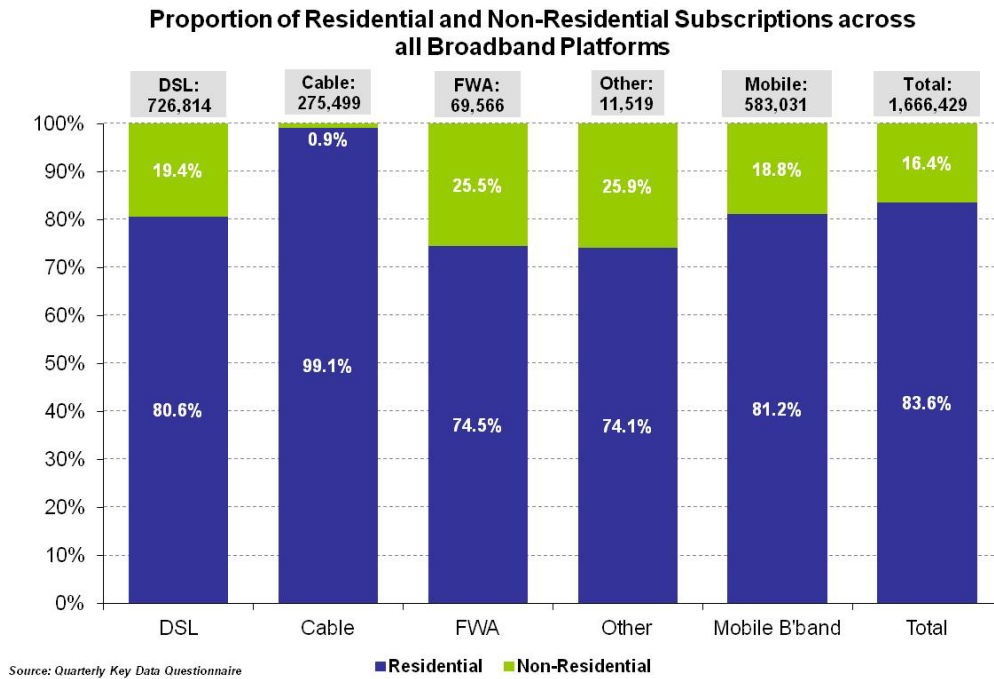


Figure 3.3.5 illustrates the breakdown of broadband subscriptions by contracted speed across all broadband platforms (including mobile broadband). In total, approximately 19.1% of broadband subscriptions were ≥ 10 Mbps. This equates to approximately 21.9% of residential subscriptions and 4.7% of business subscriptions.

The data suggest that both residential and business users are most likely to subscribe to packages of between 2Mbps - 10Mbps. Many larger firms access their broadband services over dedicated leased lines. Leased lines are not included in these charts. Leased line speeds can range up to speeds in excess of 1 gigabyte per second.

Figure 3.3.5 – Broadband Subscriptions by Contracted Download Speeds and Subscription Type

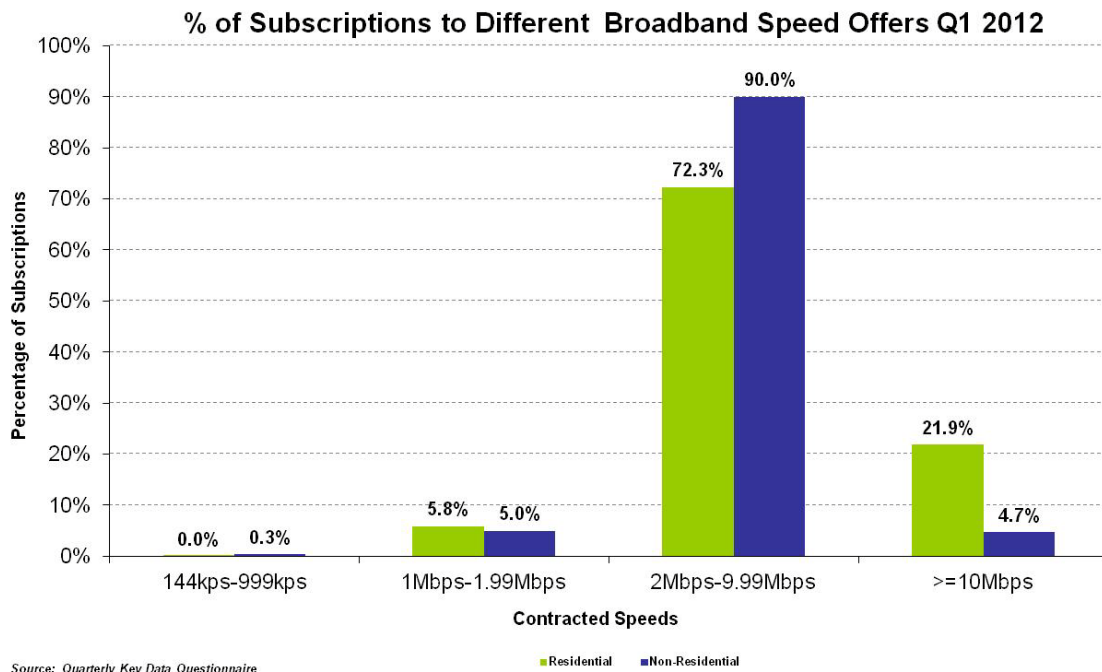


Figure 3.3.6 shows broadband subscriptions by contracted speed and the type of broadband platform subscribed to.

Figure 3.3.6 – Broadband Subscriptions by Contracted Download Speeds and Broadband Platform²¹

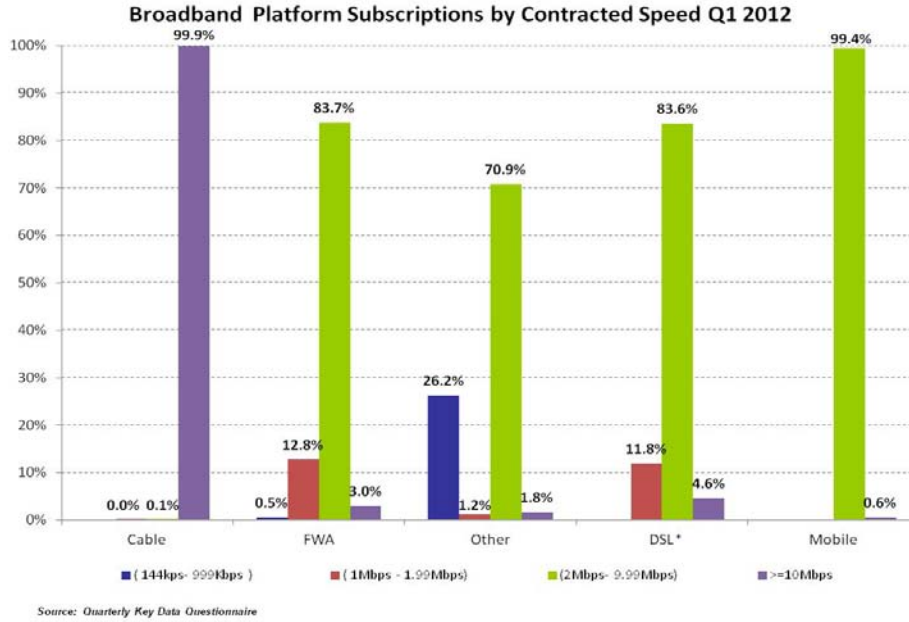
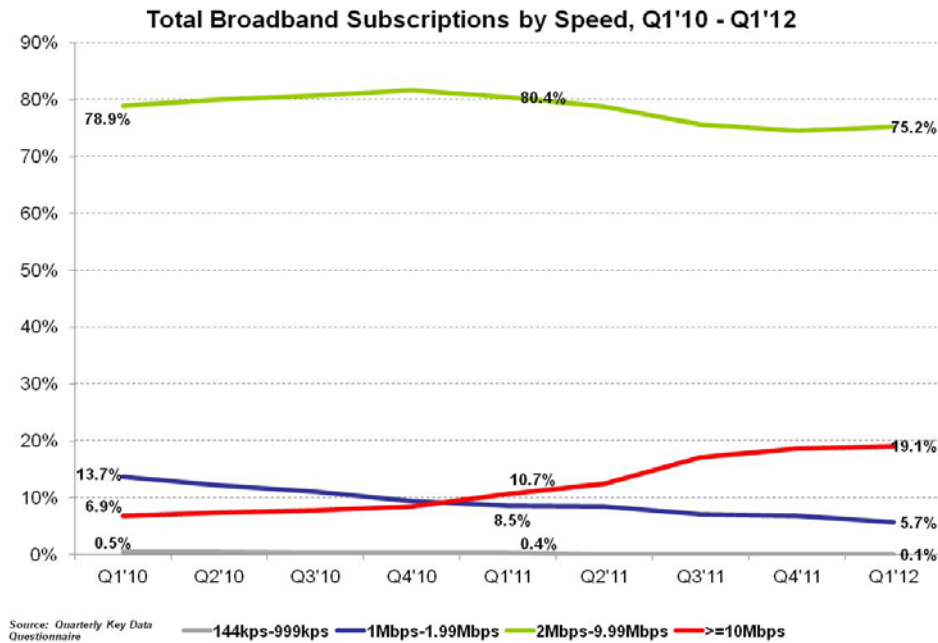


Figure 3.3.7 shows the change in broadband subscriptions by contracted downloaded speeds between Q1'10 and Q1'12. Subscriptions in the >=10Mbps category have increased from 6.9% to 19.1% over this period.

Figure 3.3.7 – Broadband Subscriptions by Contracted Download Speeds



²¹ *Estimate percentage split.

Figure 3.3.8 illustrates Eircom’s market share of fixed broadband subscriptions when compared to other authorised operators’ (OAO) share of overall fixed broadband subscriptions (DSL, cable, FWA, satellite, and fibre broadband subscriptions). In Q1 2012 Eircom’s market share was 43.4% and OAOs had the remaining 56.6% of broadband subscriptions.

Figure 3.3.8 – Market Share of Fixed Broadband Market

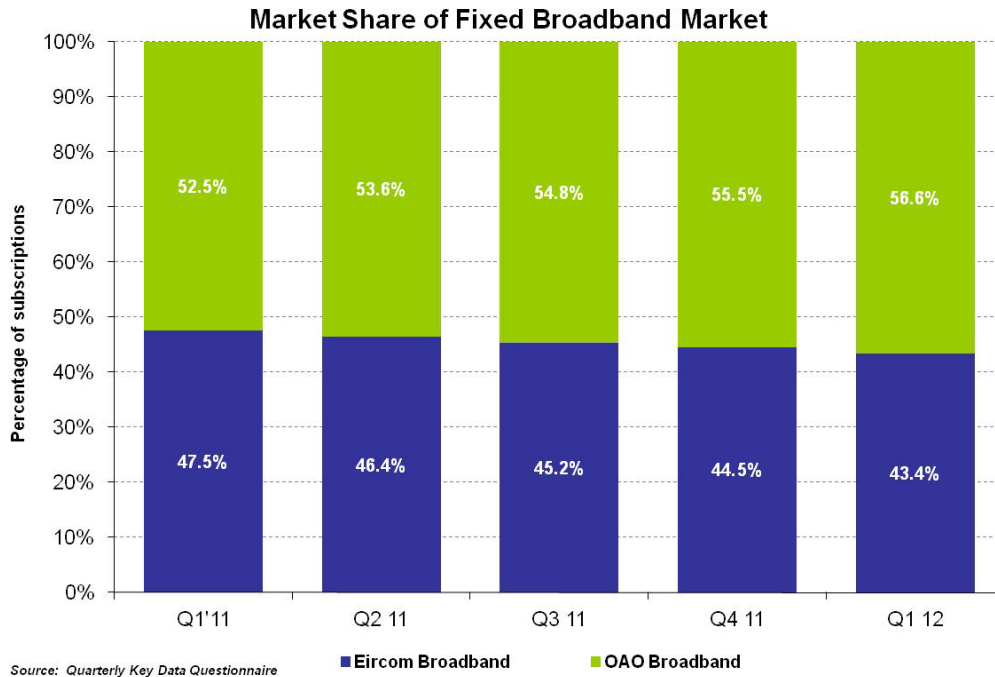


Figure 3.3.9 provides the market share of fixed broadband operators by number of subscriptions. DSL, cable modem, FWA, satellite and fibre subscriptions are all used to calculate fixed broadband market shares.

Operators with a market share of 2% or more are shown in the chart below. All those operators with less than 2% of total fixed broadband subscriptions are then grouped together under OAOs.

According to the data received from operators for Q1 2012, Eircom had 43.4% of total fixed broadband subscriptions, followed by UPC who had 25.2% of subscriptions. Vodafone had a 17.1% market share (excluding mobile broadband subscriptions), while Imagine had 4.2% and Digiweb had 2.5%. All other operators combined accounted for the remaining 7.5% fixed broadband subscriptions.

Figure 3.3.9 – Subscription Market Share of Fixed Broadband Market

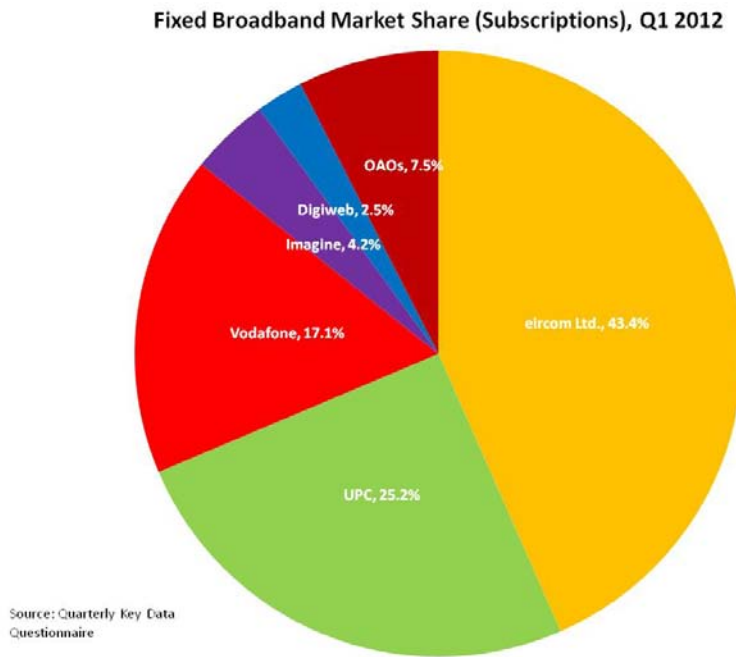
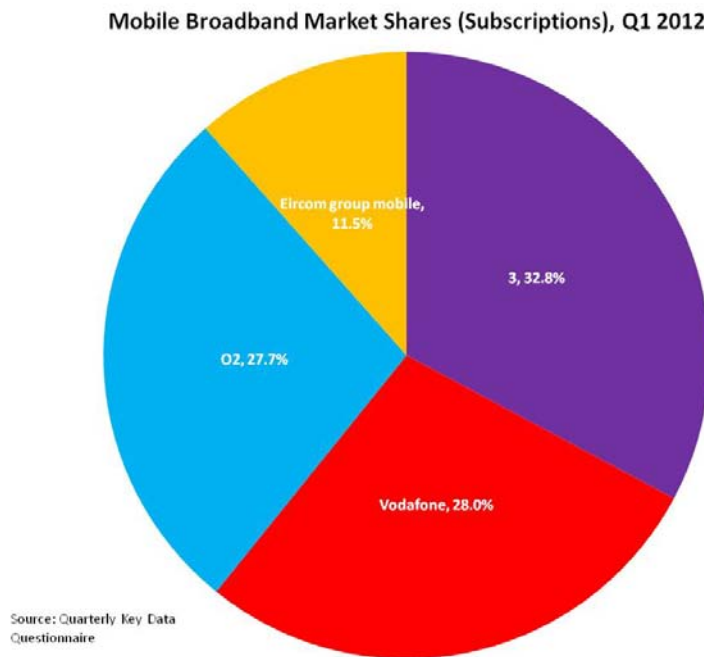


Figure 3.3.10 shows the market share of mobile broadband operators by subscriptions. As of Q1 2012, 3 had the largest share with 32.8%,²² down by 1 percentage points when compared to Q1 2011. O2 had a market share of 27.7% down from 28.8% in Q1 2011. Vodafone’s market share was 28.0%, up from 27.2% in Q1 2011 while eircom group mobile had a market share of 11.5% up from 10.2% in Q1 2011.

Figure 3.3.10 – Subscription Market Share of Mobile Broadband Market



²² 3’s National Broadband Scheme subscriptions are included in this data.

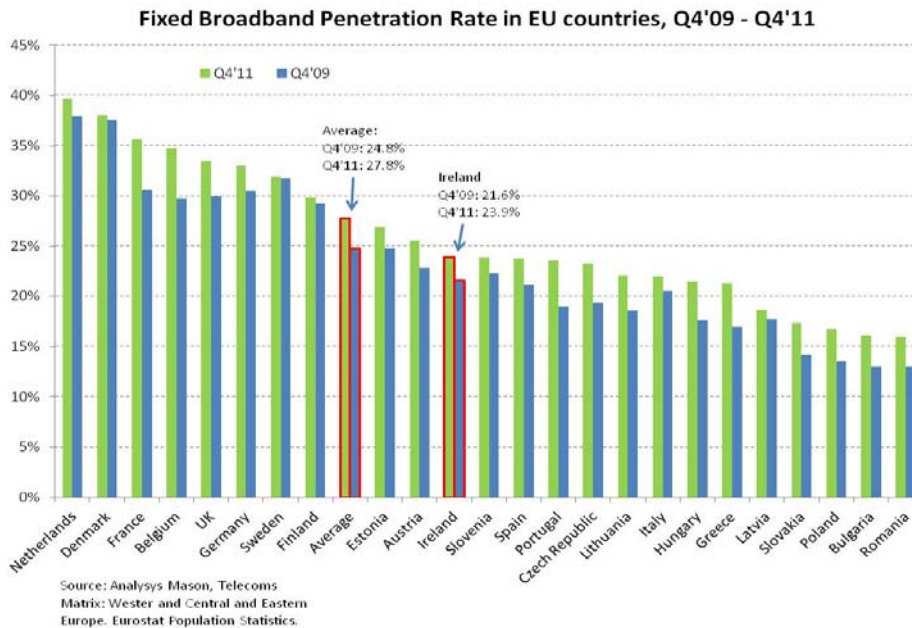
3.4 Broadband Penetration

The total number of broadband subscriptions in Ireland for Q1 2012 was 1,666,429. Using fixed residential broadband subscriptions only (i.e. excluding business subscriptions and mobile broadband subscriptions), the estimated broadband household penetration rate (there were 1,654,208 households in Ireland using CSO census 2011 data) as of Q1 2012 is 55.6%.

Based on the total number of broadband subscriptions in Ireland for Q1 2012, the broadband per capita penetration rate (including mobile broadband) was 36.3%. When mobile broadband is excluded, the penetration rate was 23.6%.²³ These figures are based on a population of 4,5888,252 from Central Statistics Office (CSO) data.²⁴

Figures 3.4.1 shows fixed broadband subscriptions per capita among 24 EU countries. This data is sourced from Analysys Mason. Ireland’s fixed broadband per capita penetration rate (23.9%) has increased by 2.3 percentage points over the last two years but remains behind the benchmarked EU average of 27.8% which has increased by 3.0 percentage points over the same period.

Figure 3.4.1 – Broadband Subscriptions per Capita, Q4’09 – Q4’11



²³ It should be noted that ComReg reports dedicated mobile broadband subscriptions (i.e. on the basis of mobile dongles/datacards) only. Mobile broadband subscriptions over a handset are not included. Therefore, the total number of mobile broadband users (i.e. dedicated and handset mobile broadband subscriptions) will be higher than stated in this report. On the other hand, a broadband subscriber may have both a fixed and mobile broadband subscription and therefore, a broadband penetration rate based on both mobile and fixed subscriptions may overestimate the penetration rate.

²⁴ <http://www.cso.ie/en/census/census2011reports/census2011thisisirelandpart1/>

3.5 WiFi Broadband Access

While WiFi originally emerged as an alternative to share broadband connectivity in the home and to provide access to nomadic laptop users in airports and other public places, it is now being used by a broader range of players with different business models and services which include in home connectivity, outdoor access for nomadic users, and off-loading and coverage alternative for mobile operators.

ComReg presents data on the WiFi market based on the number of public WiFi hotspots and access points located nationally. Internet hotspots are typically public wireless access points where a computer, usually a laptop, or other portable device such as an iPhone can connect to the internet. A WiFi hotspot can be made up of one or more WiFi access points²⁵. WiFi hotspots tend to be found in airports, hotel lobbies and cafés and restaurants. In most cases, the user pays for high-speed internet access at an access point, based either on a vouchered payment for a specific amount of time online or a recurring monthly subscription. There are a number of providers of these services in Ireland including Bitbuzz, Eircom and BT Ireland.

The number of WiFi hotspots and access points have increased by approximately 25.3% and 12.3% respectively, comparing Q1 2011 to Q1 2012. WiFi minutes increased by 102.9% over the period. This may be a reflection of the increasing take up of smartphones and tablet devices among Irish consumers.

Figure 3.5.1 – WiFi Hotspots, Access Points and Minutes of Use

	Q1 2012	Q1'11-Q1'12 Growth	Q4'11-Q1'12 Growth
WiFi Hotspots	1,301	+25.3%	+34.8%
WiFi Access Points	3,280	+12.3%	+11.4%
WiFi Minutes of Use	65,828,353	+102.9%	+24.0%

²⁵ Hotspots are typically public locations at which broadband internet access can be obtained. At these hotspots, users with a computer (usually a laptop) can wirelessly connect to the internet either for free or on payment of a fee. Typical locations for such hotspots include cafes and restaurants, hotels and airports. In general terms, more than one access point can be found at a hotspot.

3.6 Broadband Pricing Data²⁶

In this report broadband tariff baskets have been supplied by Teligen using their T-Connect product for fixed broadband comparisons and their T-Wireless product for mobile broadband comparisons.

The speed categories were chosen for these operators across all benchmarked countries to ensure that a meaningful comparison can be made between packages in terms of contracted speeds offered. Operators' broadband packages are compared on the assumption that their products should be available nationally. The prices represented in each basket are based on the lowest priced tariffs available for those baskets. Packages which limit usage with speed restrictions when usage exceeds allowance are included.

Further information on the composition of the broadband basket can be found in the Explanatory Memorandum which accompanies this report.²⁷

T-Connect (Fixed Broadband Baskets)

In order to ensure that services can be adequately compared, the benchmarking model prices a range of DSL and cable services based on defined usage of 30 hours per month, with each session assumed to last for 30 minutes for residential consumers while a usage of 100 hours per month with a 60 minute average session for business consumers is assumed.

While broadband is an always-on product, the assumption of an average user profile ensures that packages are comparable across countries. It further assumes a download usage of 5 Gigabytes every month for each service for residential consumers and 20 Gigabytes every month for business consumers. Upload and download speeds (based on contracted speeds) are also analysed.

The data presented in the following charts illustrates the cheapest product available in each country from the largest fixed line market player (Eircom for Ireland), the next largest DSL operator (Vodafone for Ireland) and the largest cable operator (i.e. UPC for Ireland) under these usage assumptions.

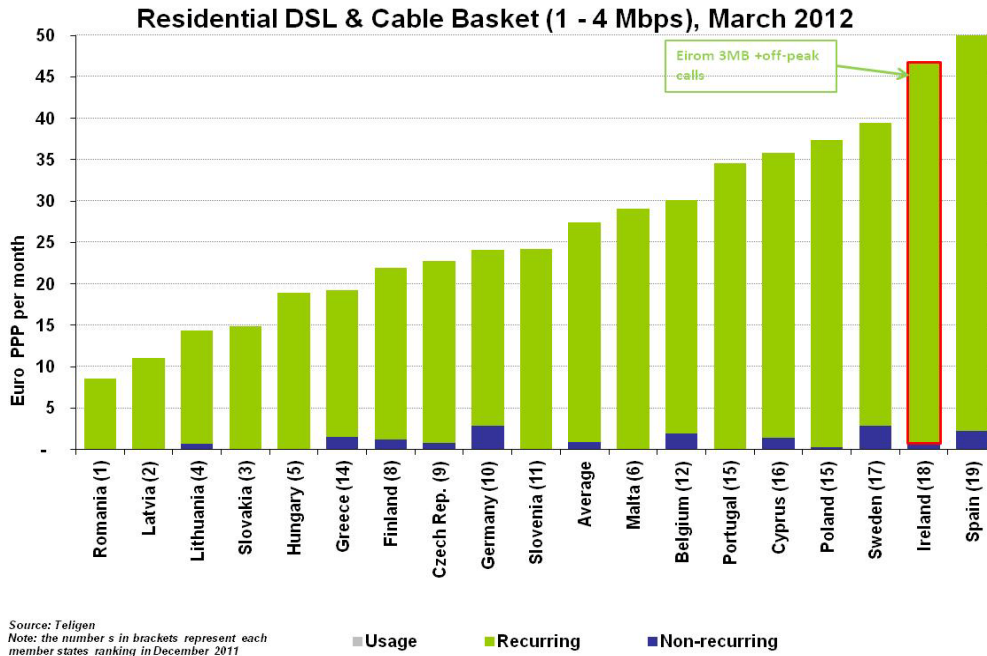
These packages are based on advertised download speeds. The charts below represent speed categories of 1-4 Mbps and 4-10Mbps in the residential market, all residential speeds and 4-10 Mbps in the business market.

²⁶ This section does not include broadband tariff packages that are offered as special promotions. All residential tariffs are inclusive of VAT but all business tariffs are exclusive of VAT. VAT rates vary between Member States.

²⁷ ComReg Document 12/62a.

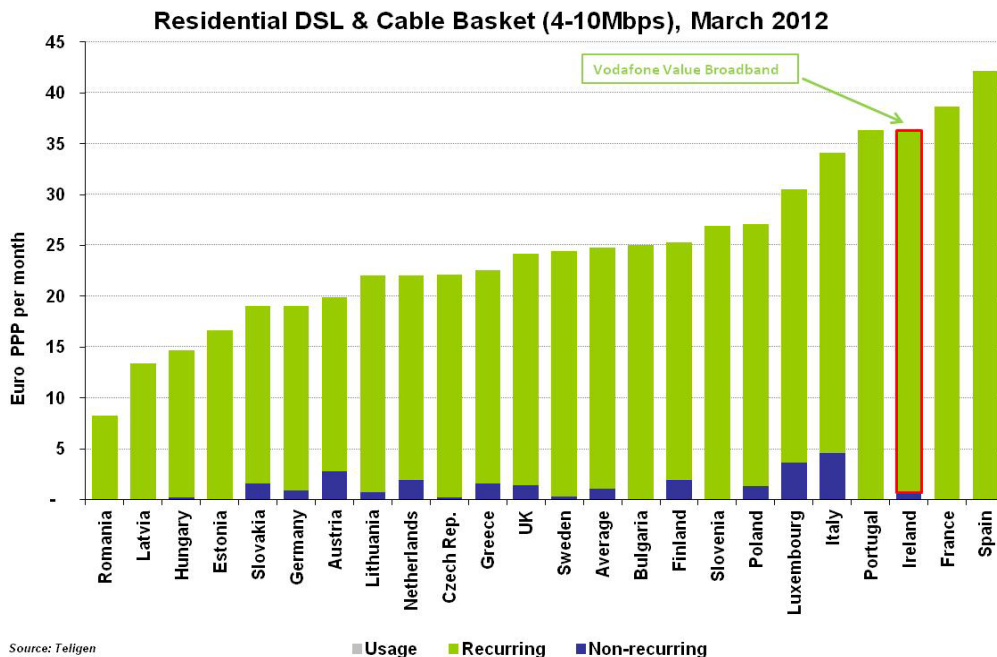
The lowest monthly residential DSL & cable pricing for the 1-4 Mbps speed category is charted in figure 3.6.1. Ireland ranks in 17th place among this group of 18 European countries. Ireland is 7 places behind the benchmarked country average. The pricing for Ireland is based on Eircom’s 3MB package.

Figure 3.6.1 - Residential DSL & Cable Basket (1-4 Mbps)



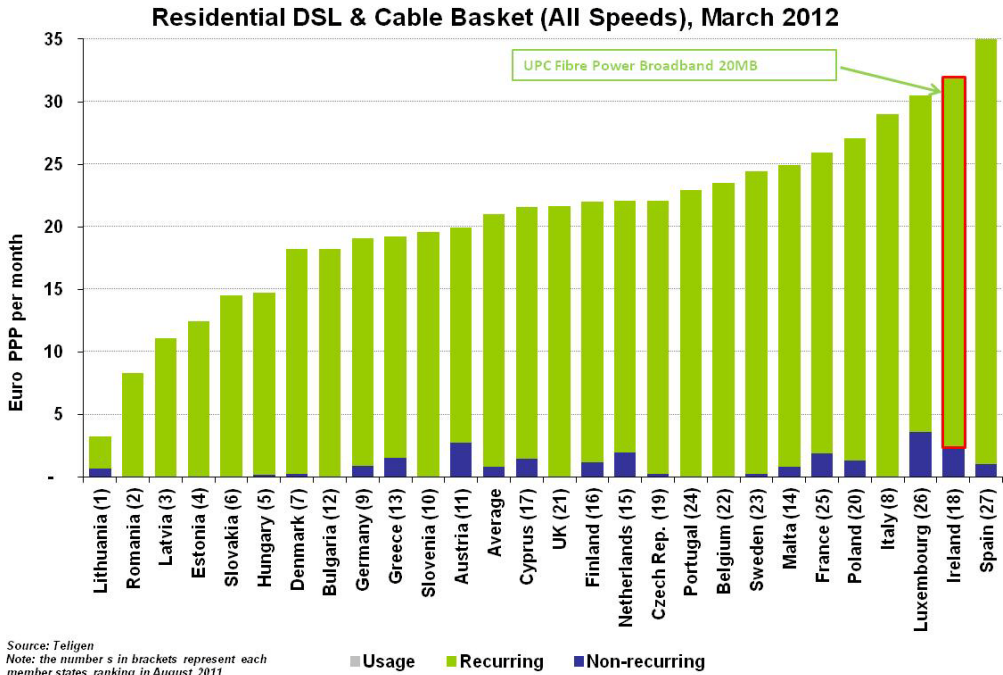
The lowest monthly residential DSL & cable pricing for the 4-10 Mbps speed category is charted in figure 3.6.2. Ireland ranks in 21st place among this group of 23 European countries. Ireland is 8 places behind the benchmarked country average. The pricing for Ireland is based on Vodafone’s Value Broadband.

Figure 3.6.2 - Residential DSL & Cable Basket (4-10 Mbps)



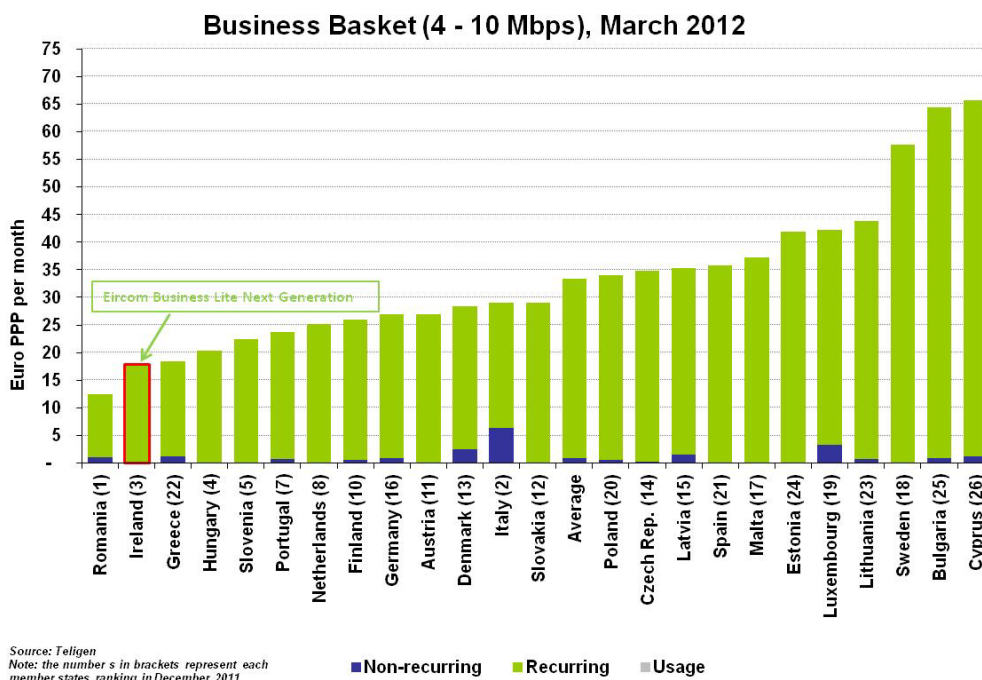
The lowest monthly residential DSL & cable pricing for all speeds is charted in figure 3.6.3. Ireland ranks in 26th place in this group of 27 European countries. Ireland is 14 places behind the benchmarked country average. The pricing for Ireland is based on UPC's Fibre Power Broadband 20MB package.

Figure 3.6.3 - Residential DSL & Cable Basket (All Speeds)



The lowest monthly business pricing for DSL and cable in the 4-10 Mbps speed category is charted in figure 3.6.4. Ireland is in 2nd place among this group of 24 European countries. Ireland is 12 places ahead of and 46.3% cheaper than the benchmarked country average. The pricing for Ireland is based on Eircom’s Business Lite Next Generation package.

Figure 3.6.4 – Business DSL and Cable Basket (4-10Mbps)



T-Connect (Mobile Broadband Baskets)

This benchmarking model prices a range of mobile broadband services for PC, tablet and standalone tariffs. All Irish mobile network operators are included in the model. These packages are based on advertised download speeds.

The pre-pay residential basket is based on a usage profile of 8 hours and 1.5GB downloaded per month and the post-pay residential basket is based on a usage profile of 15 hours and 3GB download per month. For business customers the basket chosen is based on a usage profile of 4 hours and 0.7GB downloaded per month.

These baskets have been chosen to be representative of the market on the basis of the average size of monthly download/upload traffic among mobile broadband consumers in Ireland which were approximately 1.6GB, 0.8GB and 4.0GB for pre-pay, post-pay business and post-pay residential subscriptions respectively in Q1 2012.

Figure 3.6.5 shows that out of the 21 European countries benchmarked, Ireland ranks 3 places ahead of the benchmarked country average. The pricing for Ireland is based on Vodafone’s Pay as You Use Mobile Broadband Monthly product. Ireland’s pricing is approximately 19.9% cheaper than the benchmarked country average.

Figure 3.6.5 – Pre-Pay Residential Mobile Broadband Basket (All Speeds)

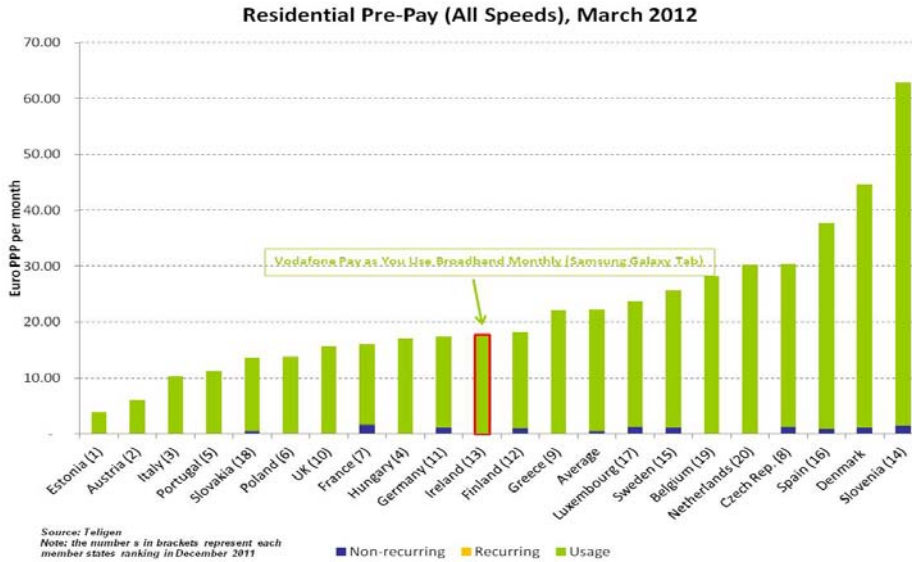


Figure 3.6.6 compares post-pay residential mobile broadband tariffs. Ireland ranks in 8th place among the 21 benchmarked European countries, 6 places ahead of the benchmarked country average. Ireland’s pricing is based on Meteor’s Broadband to Go 5GB package and is approximately 22.0% cheaper than the benchmarked country average.

Figure 3.6.6 – Post-Pay Residential Mobile Broadband Basket (All Speeds)

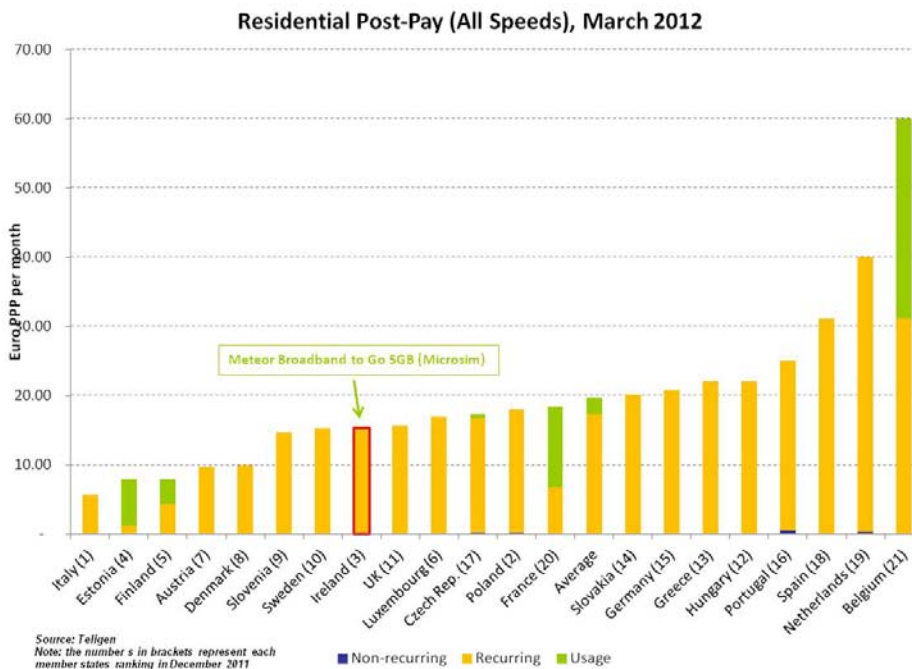
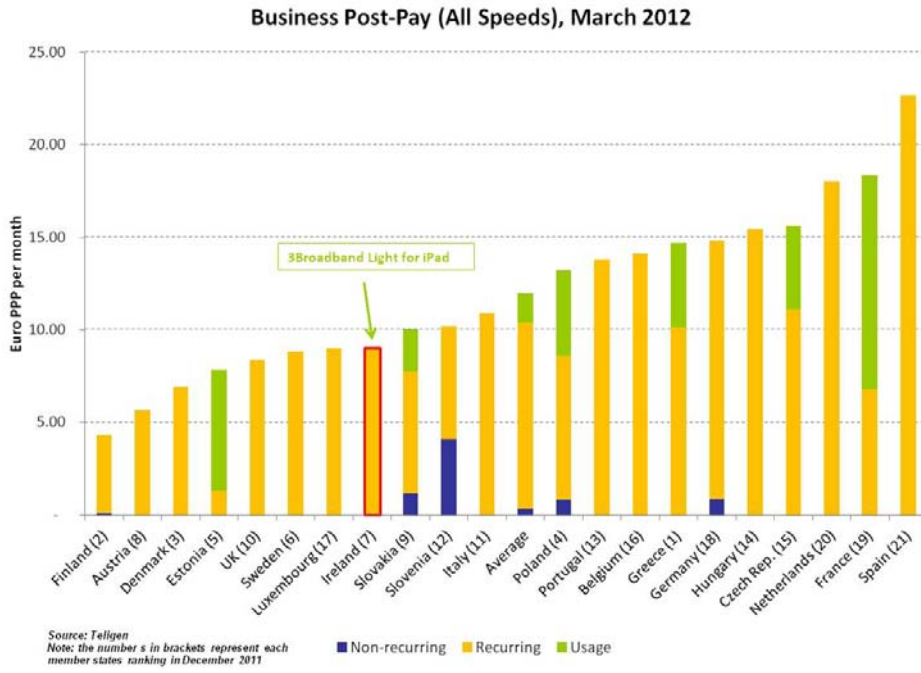


Figure 3.6.7 compares the pricing for a post-pay business mobile broadband basket among 21 European countries. Ireland ranks in 8th place among these countries, 4 places ahead of and 24.6% cheaper than the benchmarked country average. Ireland's pricing is based on 3's Broadband Light for iPad package.

Figure 3.6.7 – Post-Pay Business Mobile Broadband Basket (All Speeds)

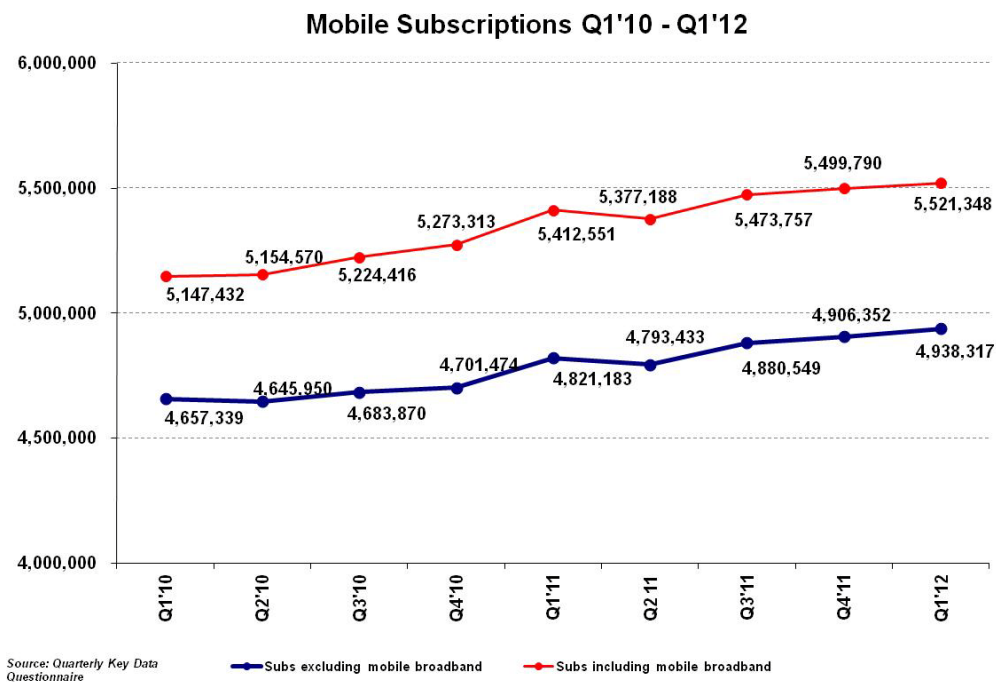


4. Mobile Market Data

4.1 Number of Subscriptions and Penetration Rate²⁸

At the end of March 2012 there were 5,521,348 mobile subscriptions in Ireland. Mobile broadband subscriptions are included in this figure. If mobile broadband subscriptions (583,031 this quarter) are excluded, the total number of mobile subscriptions in Ireland was 4,938,317. Total mobile subscriptions have increased by 0.4% this quarter and by 2.0% in the year to Q1 2012. Mobile broadband subscriptions declined by 1.8% this quarter.

Figure 4.1.1 – Mobile Subscriptions



In Q1 2012 there were 4,366,983 3G SIMs in Ireland which is 79.1% of total subscriptions (based on SIMs) reported in figure 4.1.1. above. These 3G SIMs are based on 3G equivalent standards, protocols or technologies, enabling access to advanced data services such as web/internet content, online multiplayer gaming content, Video on Demand (VoD) or other equivalent advanced data services (excluding SMS and MMS). SIMs used in mobile handsets as well as other mobile devices such as USB modems and tablet computing devices are included in this metric.

²⁸ Mobile subscriptions do not include data from MVNO Postfone.

As a subset of total 3G SIMs in Ireland, there were (including dedicated mobile broadband) 2,754,563 active 3G users in Ireland in Q1 2012. Total active 3G users as a proportion of total 3G SIMs was 63.1% in Q1 2012. Active 3G users are users who have made a transaction in the last 90 days via a handset, dongle/USB modem or other mobile internet device, whereby they accessed advanced data services such as web/internet content, online multiplayer gaming content, video on demand or other equivalent advanced data services (excluding SMS and MMS). SIMs used in mobile handsets as well as other mobile devices such as tablets and USB modems are included.

Total active 3G users (2,754,563) minus dedicated mobile broadband subscriptions (583,031) can be taken as a general indication of the number of active smartphones and tablet users (like the ipad for example) in Ireland. This represents approximately 44.0% of all mobile subscriptions (excluding dedicated mobile broadband) in Q1 2012 up from 42.7% last quarter.

Figure 4.1.2 below shows the breakdown of total active SIMs, total 3G SIMs and active 3G users in Ireland in Q3 and Q4 2011 and Q1 2012.

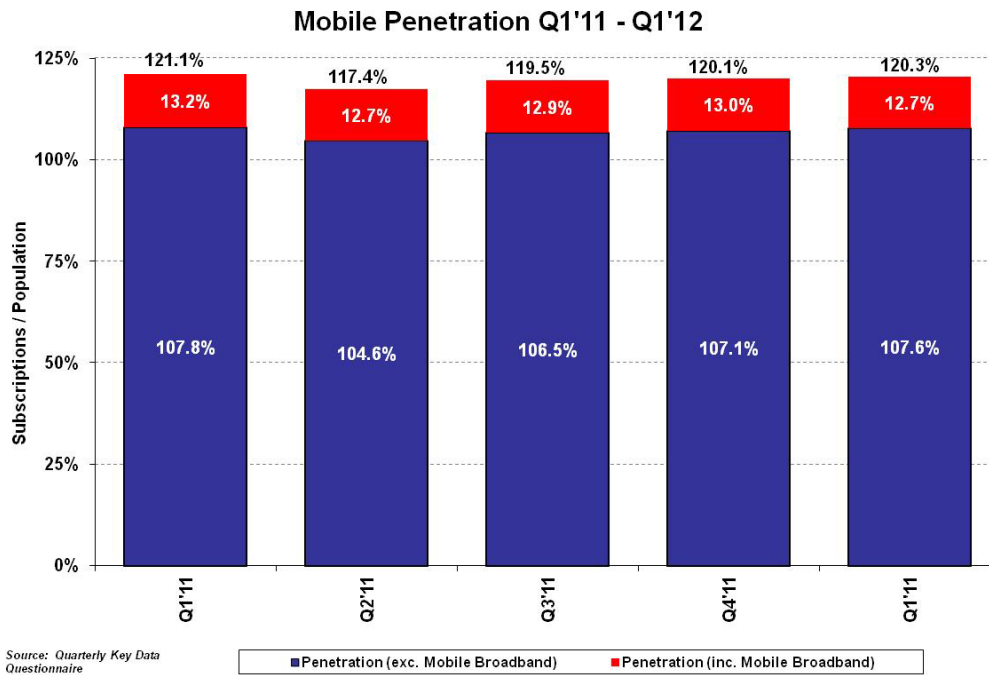
Figure 4.1.2 – Mobile Subscriptions (SIMs)

	Q1 2012	Q4 2011	Q3 2011	Quarterly Change (Q4'11 – Q1'12)
Total SIMs	5,521,348	5,499,790	5,473,757	+0.4%
Total 3G SIMs	4,366,983	4,221,755	4,001,911	+3.4%
Active 3G SIMs	2,754,563	2,687,749	2,480,899	+2.5%
Active 3G SIMs excluding dedicated mobile broadband SIMs	2,171,532	2,094,311	1,887,691	+3.7%

Figure 4.1.3 charts mobile penetration since Q1 2011 and shows that at the end of March 2012, mobile penetration, based on a population of 4,588,252 (using CSO census 2011 results), was 120.3% including mobile broadband and 107.6% excluding mobile broadband. Mobile penetration is recognised as the standard metric internationally to measure the adoption of mobile services, and is calculated based on the number of active SIM cards per 100 of the population.

Given that some mobile users may have used more than one active SIM card during the period, there is likely to be some over-estimation of actual individual mobile penetration using this metric. ComReg’s calculation of mobile subscriptions includes active SIMs bundled with mobile broadband datacards and USB modems for internet access via laptops/PCs as well as SIM cards used in mobile phones for voice and data services.

Figure 4.1.3 – Irish Mobile Penetration Rate



4.2 The Profile of Mobile Subscriptions in Ireland

Mobile users pay for their mobile service by either purchasing pre-paid credit, or by receiving a monthly bill from their mobile operator, described in this report as a post-paid payment option.

Figure 4.2.1 and 4.2.2 illustrate the mobile subscription base (including mobile broadband) in Ireland classified by the proportion of pre-paid and post-paid subscriptions on both 2G and 3G networks at the end of March 2012. 37.7% of subscriptions were post-paid, up from 35.2% one year previously at the expense of a decline in pre-paid subscriptions.

Figure 4.2.1 – Profile of Pre-Paid and Post-Paid Subscriptions

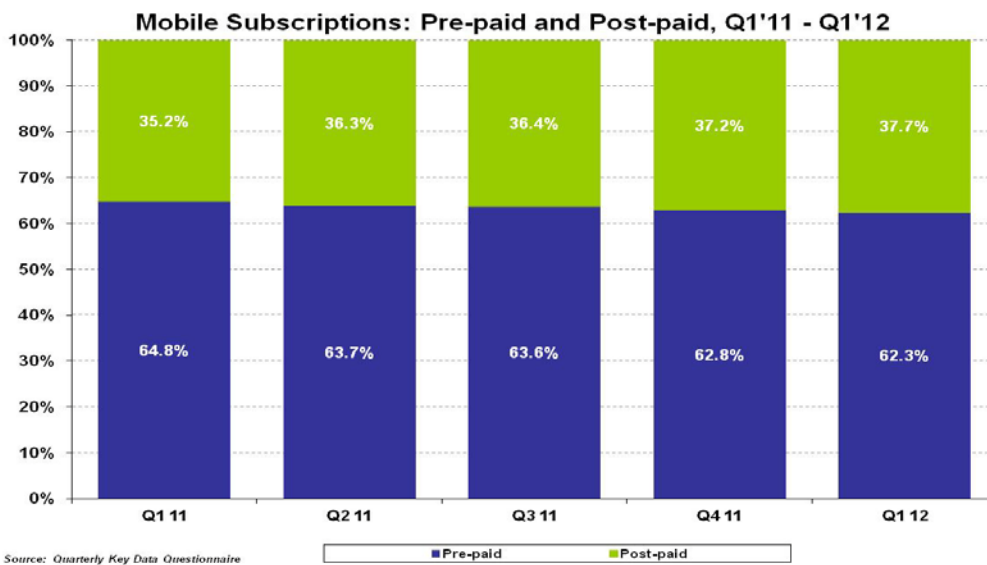


Figure 4.2.2 – Mobile Subscriptions by Pre-pay / Post-pay Split, Q1'10 – Q1'12

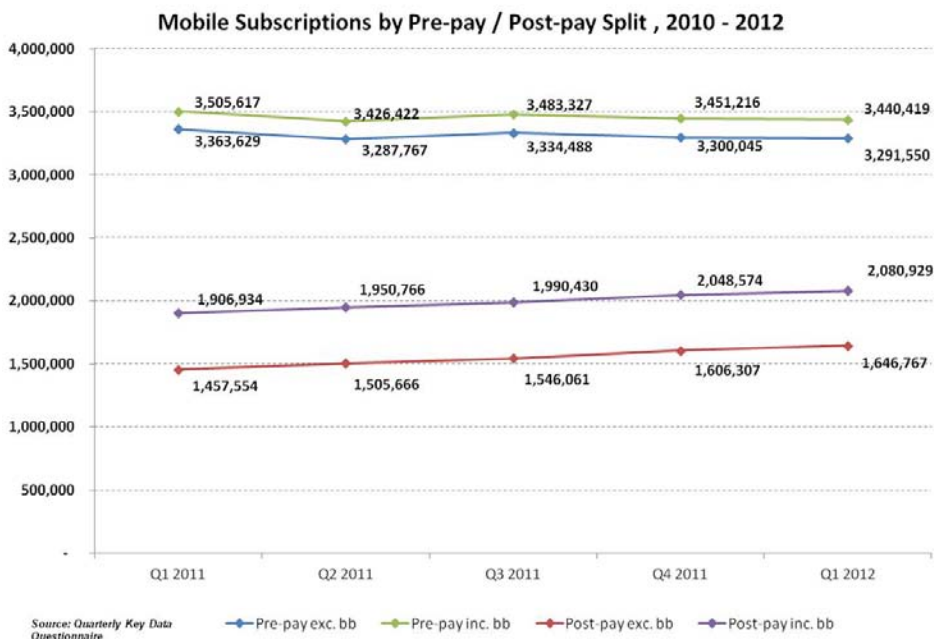


Figure 4.2.3 shows the pre-paid and post-paid subscription profile for each of the mobile operators in the Irish market. Mobile broadband subscriptions are included in this data. As of Q1 2012, 66.9% of Vodafone’s subscriptions were pre-paid. O2 had 52.4% pre-paid subscriptions, eircom Group Mobile had 75.9% pre-paid subscriptions, and 28.2% of 3’s mobile subscriptions were pre-paid. 97.4% of Tesco Mobile’s subscription base was pre-paid.

Figure 4.2.3 – Profile of Pre-Paid and Post-Paid Subscriptions by Operator

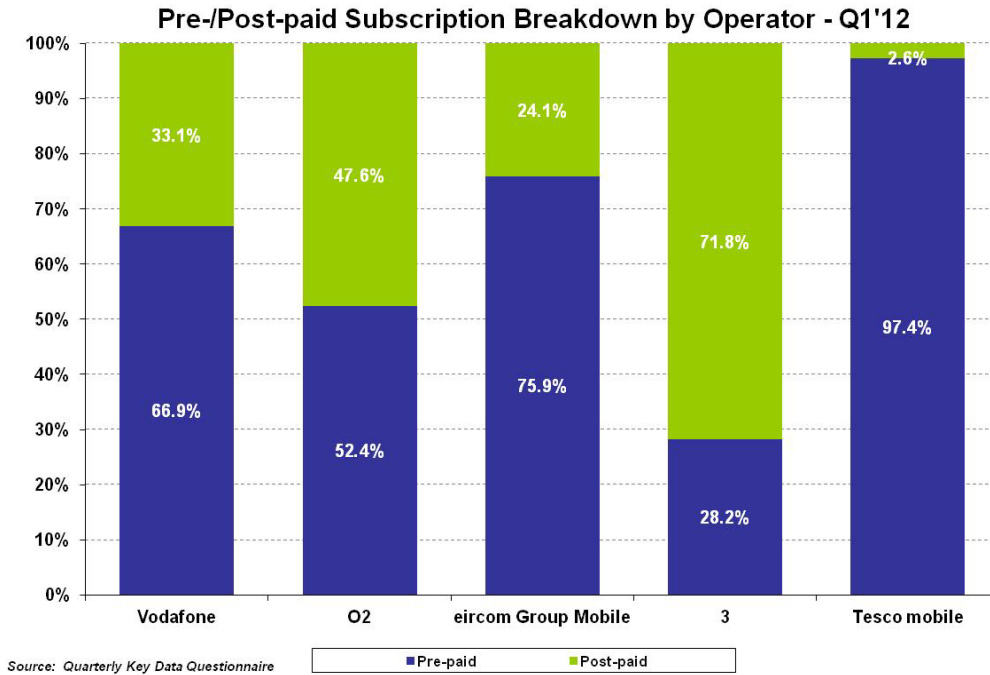


Figure 4.2.4 shows the split between pre-paid and post-paid mobile broadband subscriptions between Q1 2011 and Q1 2012. 74.5% of all mobile broadband subscriptions were post-paid at the end of March 2012, relatively unchanged over the last three quarters but down from 76% one year previously.

Figure 4.2.4 – Profile of Pre-Paid and Post-Paid Mobile Broadband Subscriptions

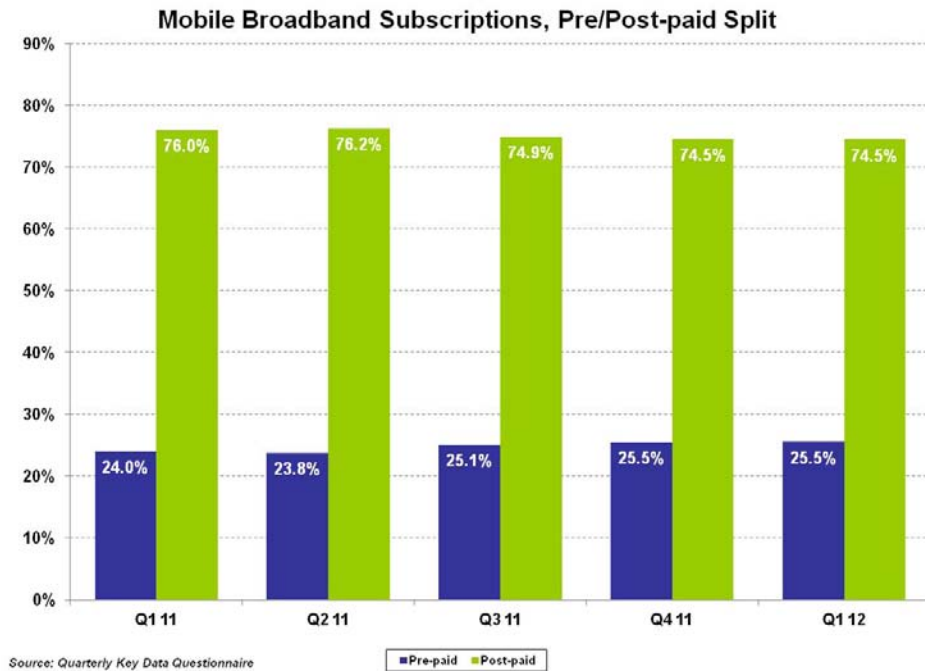


Figure 4.2.5 shows the split of post-paid business and non business mobile subscriptions including and excluding mobile broadband from Q2 2011 to Q1 2012. Approximately 39.4% of post-paid mobile subscriptions including (mobile broadband) and 43.2% of post-paid mobile subscriptions (excluding mobile broadband) were classed as business subscriptions in Q1 2012.

Figure 4.2.5 – Post-Paid Business and Residential Mobile Subscriptions

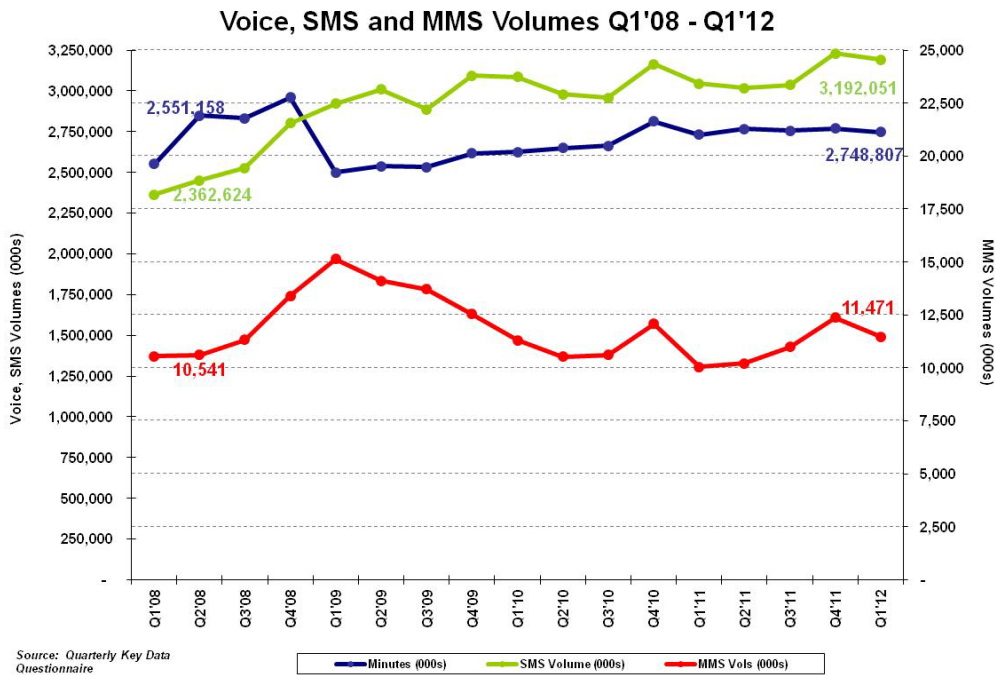
	Q1 2012	Q4 2011	Q3 2011	Q2 2011
Residential subs inc. mobile broadband	1,260,097	1,251,695	1,217,026	1,193,259
Residential subs exc. mobile broadband	935,413	915,793	877,189	851,282
Business subs inc. mobile broadband	820,832	796,879	773,404	757,507
Business subs exc. mobile broadband	711,354	690,514	668,872	654,384

4.3 Mobile Volumes

Figure 4.3.1 illustrates the growth in voice minutes, SMS, and MMS (Multimedia Messaging Service) messages sent over mobile networks since Q1 2008. Total retail mobile voice traffic totalled almost 2.75 billion minutes in Q1 2012, a decrease of 0.7% on the previous quarter but an increase of 0.6% on Q1 2011.

The total number of SMS messages sent by mobile users in Ireland was almost 3.2 billion in Q1 2012, down 1.2% on the previous quarter but up 4.8% on Q1 2011. The number of multimedia messages (MMS) sent decreased by 7.3% this quarter but MMS volumes were up by 14.3% compared to Q1 2011. These declines may reflect seasonal activity after the Q4 2011 period (i.e. Christmas) as similar declines were witnessed in Q1 2011.

Figure 4.3.1 – SMS, MMS and Call Minute Volumes²⁹

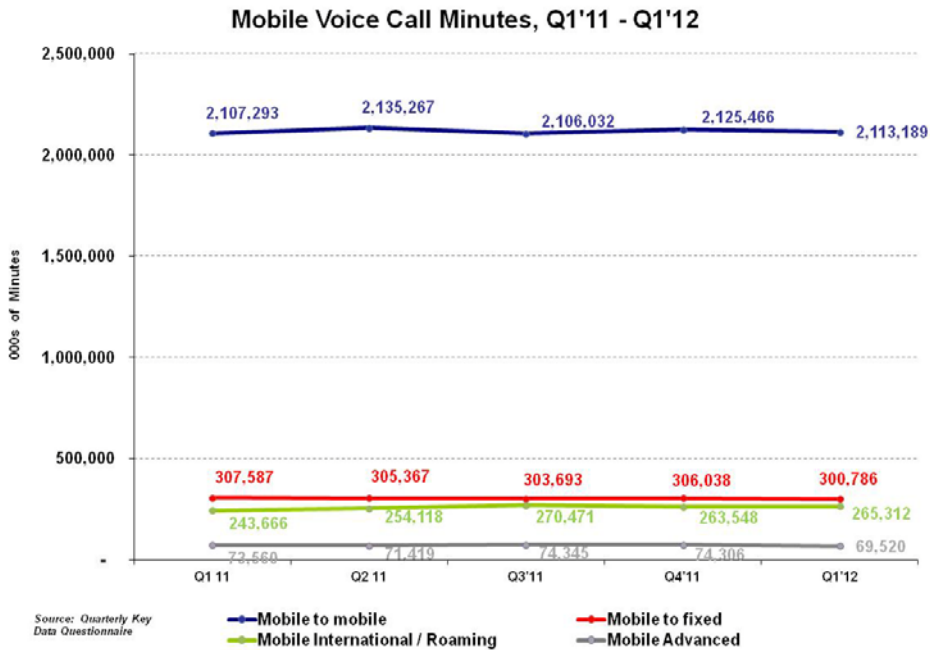


Source: Quarterly Key Data Questionnaire

²⁹ It should be noted that prior to Q1 2009 some mobile data minutes were included under mobile advanced minutes. As these volumes are not based on voice calls, they were removed in Q1 2009 as they had a downward impact on overall mobile voice traffic.

Figure 4.3.2 illustrates the share of types of mobile voice call minutes. As of Q1 2012, 76.9% of all mobile voice minutes were classified as mobile-to-mobile (on-net and off-net); 10.9% of mobile voice minutes were to fixed line phones, 9.7% were classified as international and roaming and the remaining 2.5% were advanced voice minutes which include calls to premium rate services.

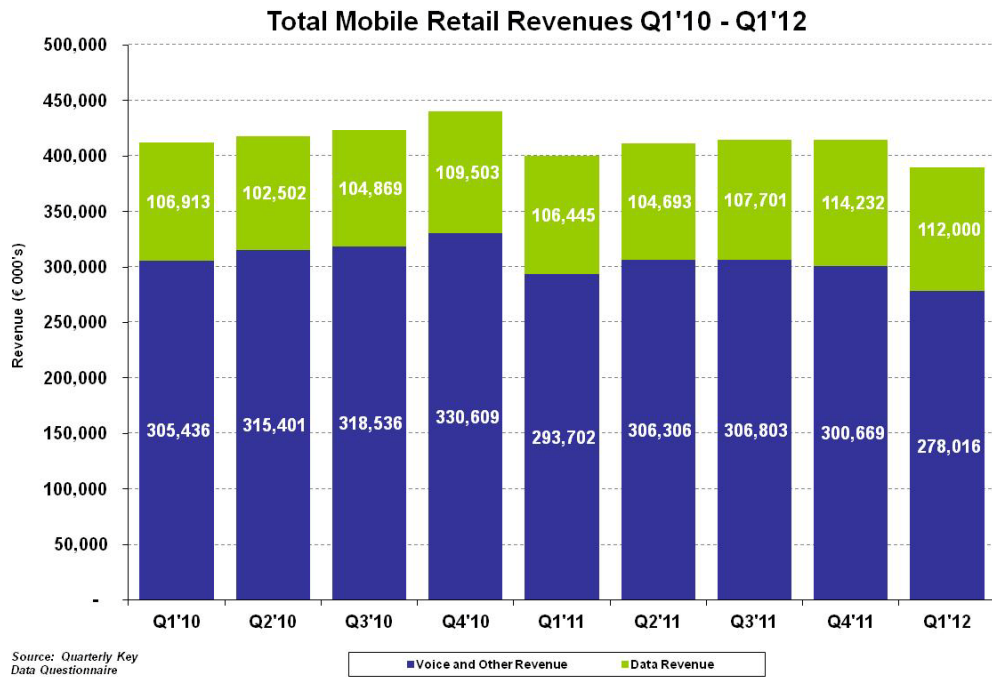
Figure 4.3.2 – Voice Call Minute Volumes by Type



4.4 Mobile Revenues

Figure 4.4.1 shows that mobile retail revenues for Q1 2012 were €390 million, down by 6% this quarter and down by 2.5% since Q1 2011. Data revenues³⁰ decreased to a lesser extent (down by 2%) compared to voice and other revenues³¹ (down by 7.5%). Comparing Q1 2011 to Q1 2012, voice and other revenues were down by 5.3% but data revenues were up by 5.2%. The decline in revenues this quarter may be attributable in part to seasonal activity (e.g. a decline in handset sales after the Christmas) as well as a continued decline in ARPU discussed further below.

Figure 4.4.1 – Total Mobile Retail Revenues



30 Messaging revenues (SMS and MMS) and mobile broadband and mobile internet services revenues.

31 Please note that since Q2'09 the voice and other category revenues includes voice call revenues and net handset sales revenues, connection and rental charges, premium rate SMS and MMS revenues, roaming SMS, MMS and data revenues. Handset sales revenues prior to Q2'09 were reported on a gross revenue basis.

4.5 Average Monthly Minutes of Use (MOU) and Average Monthly Revenue per User

The most frequently used metric to determine levels of mobile telephony usage is monthly minutes of use. ComReg has collected monthly minutes of use from all operators in the Irish market since Q1 2007. Further information on the definition and calculation of average minutes of use by ComReg is detailed in the explanatory memorandum which accompanies this report.³² Based on the data collected from Irish mobile operators, the average minutes of use in Ireland was 249 minutes per month in Q1 2012, down 0.9% on Q4 2011.

Mobile ARPU is a function of both the price of mobile services and the level of usage of mobile services. In Q1 2012 mobile ARPU was €29 per month down from €31 and €36 in Q1 2011 and Q1 2010 respectively. This decline is in line with a general downward trend in ARPU across Western European countries. Based on data from Analysys Mason's Telecom Matrix for Western European countries, monthly mobile ARPU fell by approximately 7% in 2011.

This decline in ARPU is likely to be a reflection of a number of factors such as those attributable to worsened economic conditions in Ireland (e.g. reduced consumer spending), lower priced mobile plans, increased sales of bundled products (combining mobile with fixed calls and sometimes broadband) and reductions in roaming and mobile termination rates, among others.

4.6 Competition in the Mobile Market

Figures 4.6.1 and 4.6.2 outline mobile market shares based on the number of active subscriptions reported by each operator. Figure 4.6.1 includes mobile broadband while figure 4.6.2 excludes mobile broadband. Tesco Mobile's subscription data is included from Q3 2011 in both charts. Vodafone has the highest market share including and excluding mobile broadband (40.9% and 42.4%), followed by O2 (28.9% and 29.1%), eircom Group Mobile (19.5% and 20.5%), 3 (7.8% and 4.8%) and Tesco Mobile (2.9% and 3.2%).

³² ComReg Document 12/62a

Figure 4.6.1 – Market Share – Number of Subscriptions (inc. mobile broadband)

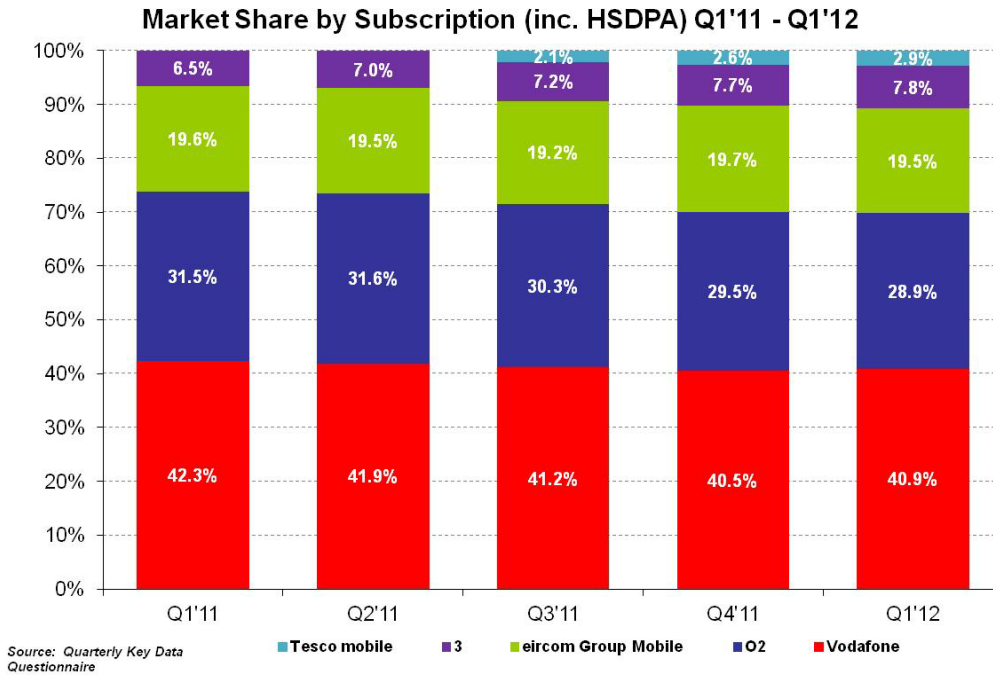


Figure 4.6.2 – Market Share – Number of Subscriptions (ex. mobile broadband)

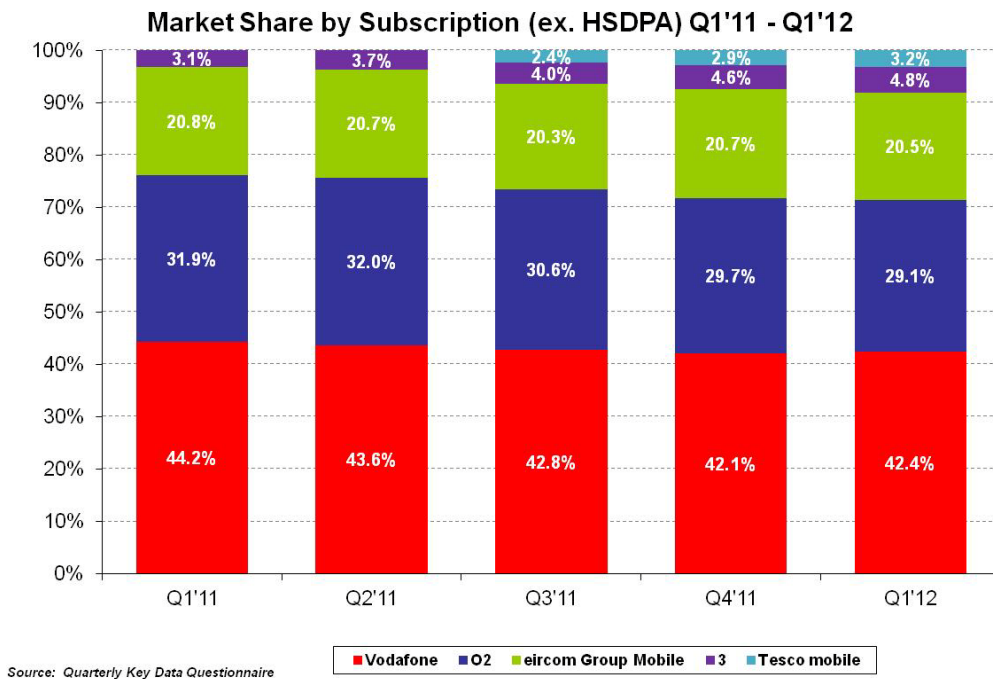
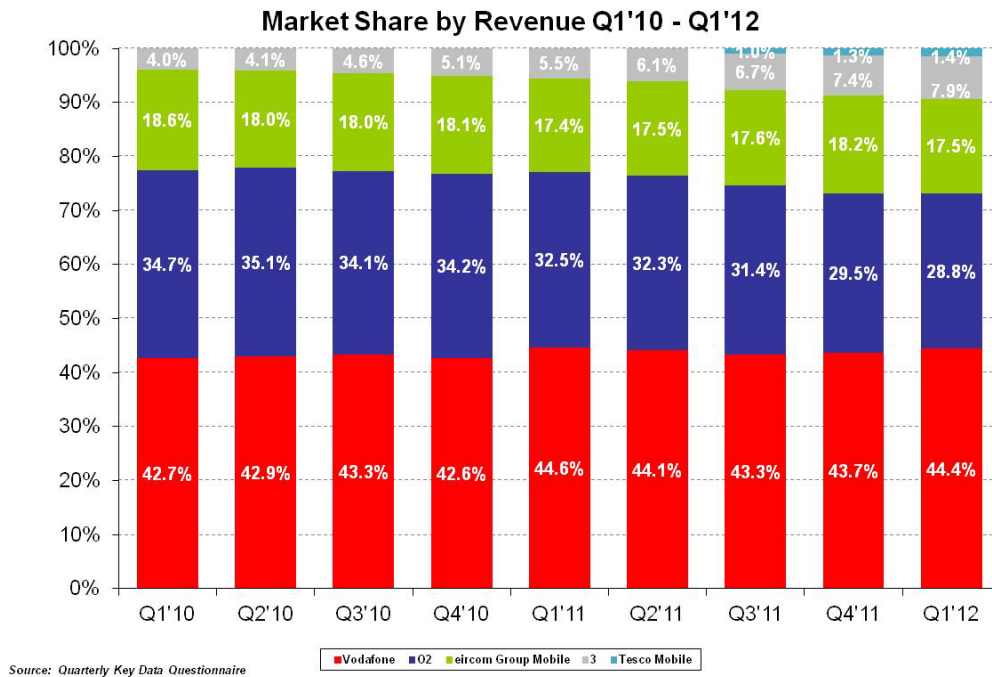


Figure 4.6.3 provides an analysis of market shares by revenue for mobile operators in the Irish market. Tesco Mobile is included for the first time from Q3 2011 in this chart. Therefore, changes in market shares this quarter, compared to previous periods, are not directly comparable. Vodafone’s market share remains highest at 44.4% followed by O2 at 28.8%. Eircom Group Mobile’s market share is the next largest at 17.5% followed by 3 and Tesco mobile at 7.9% and 1.4% respectively.

Figure 4.6.3 – Revenue Market Share

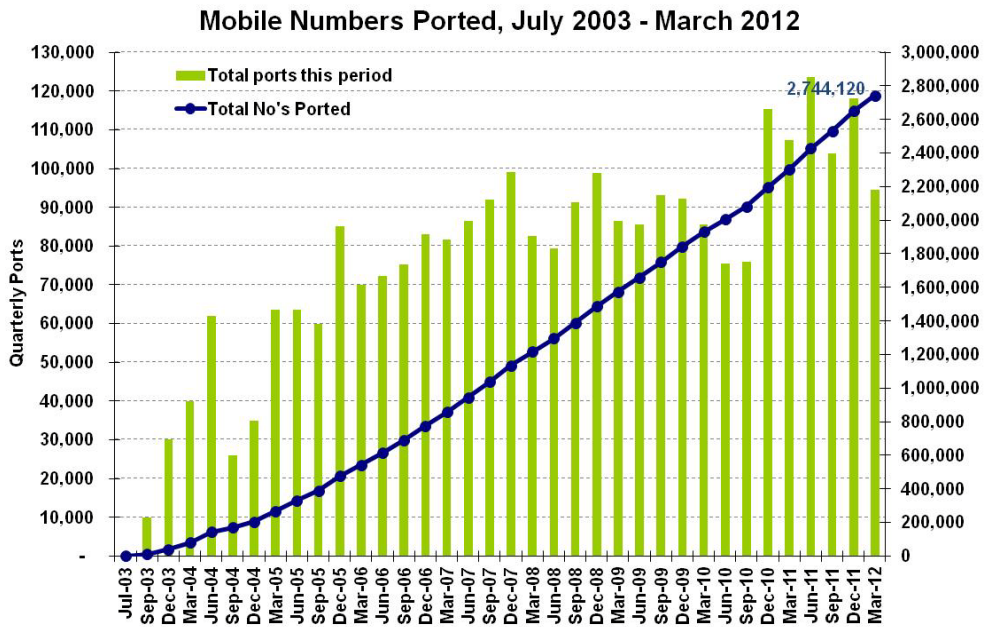


4.7 Switching in the Mobile Market

Figure 4.7.1 illustrates the cumulative total of mobile numbers ported between Irish mobile operators since the launch of Mobile Number Portability (MNP) in June 2003. MNP allows consumers to switch mobile operator while retaining their mobile number.

Over 2.7million numbers have been ported since June 2003. In the quarter to March 2012, 96,460 numbers were ported between operators (440,159 numbers in the twelve months to March 2012). Over the last 12 months an average of 110,040 numbers have been ported each quarter.

Figure 4.7.1 – Cumulative Mobile Numbers Ported



Source: Quarterly Key Data Questionnaire

4.8 Mobile Pricing Data³³

The OECD mobile pricing basket definitions have been updated by Teligen and were adopted by the OECD in March 2010. These definitions have been derived from data provided by operators and regulators in OECD countries, and have been reviewed by the OECD country authorities.

The OECD mobile baskets include at least 2 operators for each country. If these cover less than 50% of subscriptions in any country, additional operators may be included as well. All of the most common packages are included for each operator. This means that the current update covers over 3,555 packages across the 34 OECD countries. Both pre-paid and post-paid packages are included.

Mobile offers used are typically 2G and 3G services with the main focus on voice. The basket methodologies can be used to compare different types of offers such as pre-paid, post-paid or SIM-only plans. The new methodology used by the OECD/Teligen is based on the following baskets of calls:

Baskets
30 calls per month
100 calls per month
300 calls per month
900 calls per month
40 calls per month pre-paid basket
400 messages per month basket

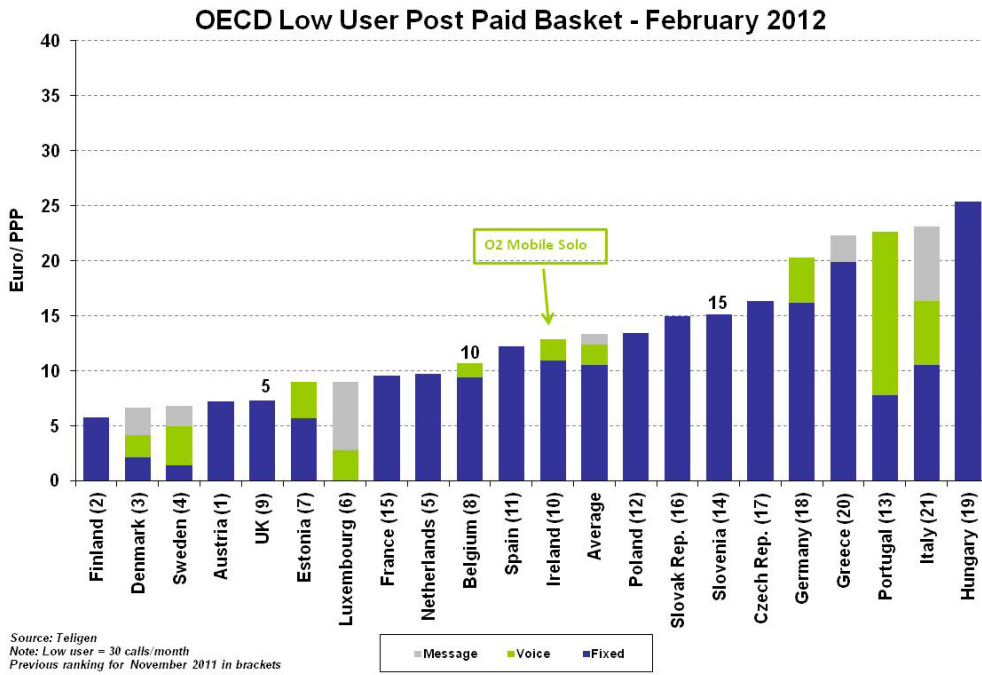
The Teligen mobile baskets presented in this Quarterly Report, termed as “low user”, “medium user” and “high user” are, based on the 30 calls, 100 calls and 300 calls per month baskets respectively described above. They are calculated and analysed independently by Teligen, using an OECD methodology which includes PPPs (Purchasing Power Parities) to reflect the real cost of mobile services compared to all other costs within a country.

³³ 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). Teligen’s 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.

4.8.1 Low User Post Paid Mobile Basket³⁴

For the “low user” post paid mobile basket, Ireland ranks in 12th position among the European countries benchmarked. Ireland is one place ahead of and 3.3% cheaper than the benchmarked country average. The Irish package represented here is O2’s Mobile Solo package.

Figure 4.8.1.1 - OECD Low User Post Paid Mobile Basket (30 calls)

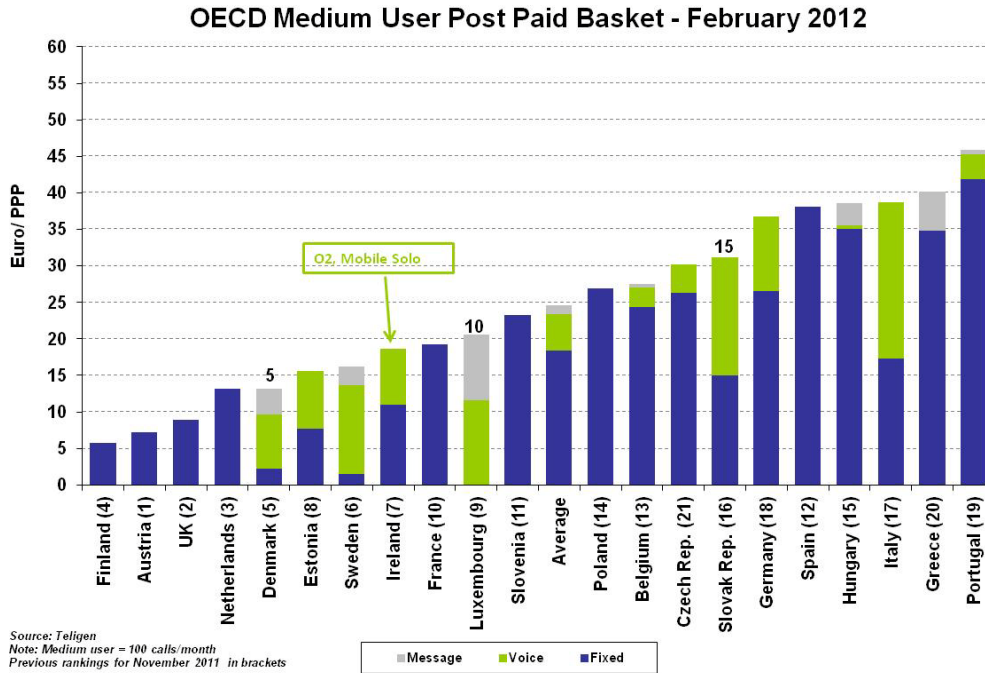


34 All tariffs are inclusive of VAT, rates will vary between Member States

4.8.2 Medium User Post Paid Mobile Basket

For the medium user post paid mobile basket, Ireland ranks in 8th position out of the countries benchmarked. Ireland is 4 places ahead of and 23.9% cheaper than the benchmarked average. The package used for Ireland is O2's Mobile Solo package.

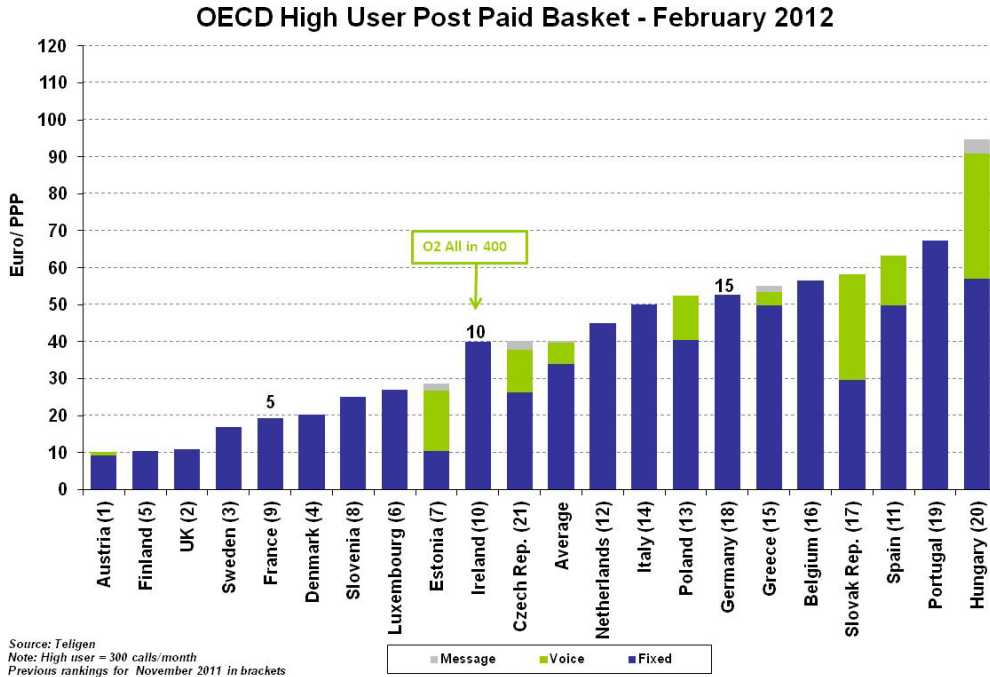
Figure 4.8.2.1 - OECD Medium User Post Paid Mobile Basket (100 calls)



4.8.3 High User Post Paid Mobile Basket

Ireland ranks in 10th place among the countries benchmarked in the high user post paid mobile basket. The Irish package in this basket is O2’s All in 400 package. Ireland is 2 places ahead of and 0.3% cheaper than the average of the countries benchmarked.

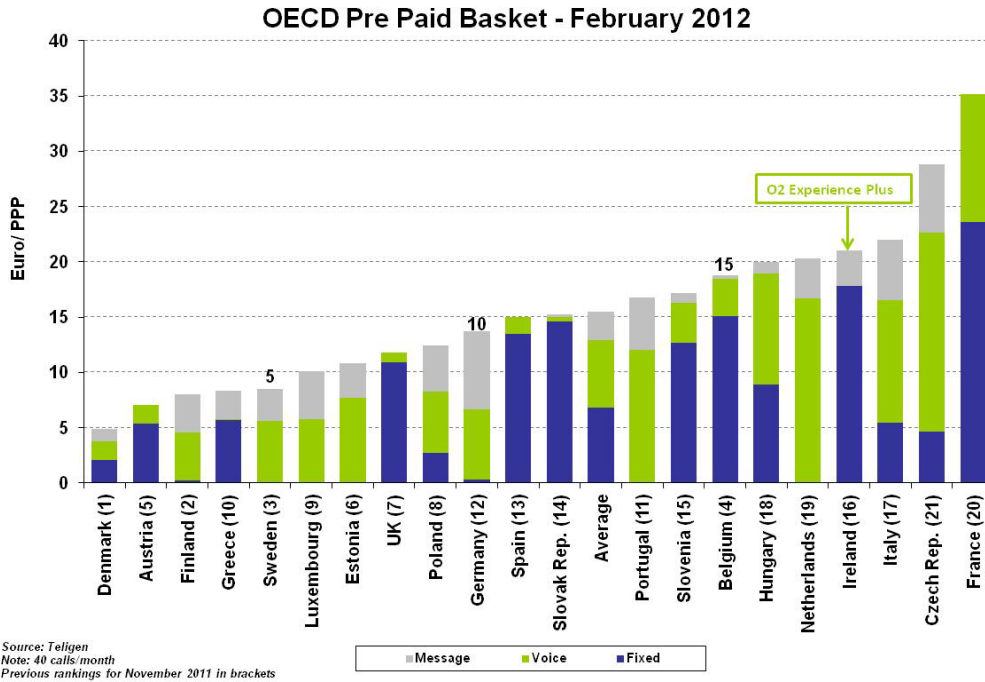
Figure 4.8.3.1 - OECD High User Post Paid Mobile Basket (300 calls)



4.8.4 Pre-Paid Mobile Basket

In the pre-paid mobile basket, Ireland is in 18th position among the benchmarked countries. The package used for Ireland in this basket is O2’s Experience Plus. Ireland is 6 places behind the average of the countries benchmarked and the cost of this basket in Ireland is approximately 35.7% more expensive than the benchmarked country average.

Figure 4.8.4.1 - OECD Pre-Paid Mobile Basket (40 calls)



5. Broadcasting

5.1 Overall Broadcasting Market

Data from the Nielsen TV Audience Measurement (TAM) Establishment Survey was first used in the Q4 2009 Quarterly Report for broadcasting analysis in order to provide a comprehensive view of the TV market in Ireland.³⁵ The survey indicated that there were 1,577,000 TV homes in Ireland, which represents a 96% penetration rate of all households using a base of 1,635,000 households. Figure 5.1.1 shows the estimated number of TV homes by reception type in May 2010 and May 2012 on the basis of the reception method through which the highest number of TV channels is received. Homes which receive Irish terrestrial TV channels only decreased by 8.1% between May 2010 and May 2012. Analogue cable/satellite TV homes declined over the period by approximately 68.3% respectively as digital cable/satellite TV homes increased (19.3%).³⁶

Figure 5.1.1 – TV Homes by Reception Type³⁷

	May 2012	May 2010	May 2012 as % of Total TV Homes	% Change May '10 – May '12
Reception	(000s)	(000s)	%	% change
Irish Terrestrial	192	209	12.2%	-8.1%
Multi Total	1384	1377	87.8%	+0.5%
Multi Terrestrial	103	144	6.5%	-28.5%
Analogue Cable/Sat	69	218	4.4%	-68.3%
Digital Cable/Sat	1211	1015	76.8%	+19.3%
Total Cable/Sat	1280	1233	81.2%	+3.8%
Total TV Homes	1577	1586		-0.6%
RECEPTION: This is determined by the channels the home receives. Reception type categories are therefore hierarchically defined and are mutually exclusive.				
Multi Total: Made up of Multi Terrestrial homes plus Cable/Satellite homes and is therefore any home which receives more than just the four Irish terrestrial channels (RTÉ1, RTÉ2, TV3, TG4). Made up of Multi Terrestrial, UK DTT / FTA Satellite, Cable, and SKY homes.				
Irish Terrestrial Homes which only receive the four Irish terrestrial channels (RTÉ1, RTÉ2, TV3, TG4) via an aerial or Irish DTT service.				
Multi Terrestrial: Homes which receive at least one of the UK channels (BBC, UTV, Channel 4, HTV, S4C, Channel 5) via an aerial, but do not receive any Cable/Satellite channels.				
Cable/Satellite: Homes which receive any Cable/Satellite channels (Sky One, Sky News, Sports channels, MTV, E4, Movie channels, etc.). Sky numbers are based on the possession of a Sky box, and not based on being a Sky subscriber. Digital cable includes homes with IPTV. Digital and Total Cable/satellite digital includes UK DTT.				

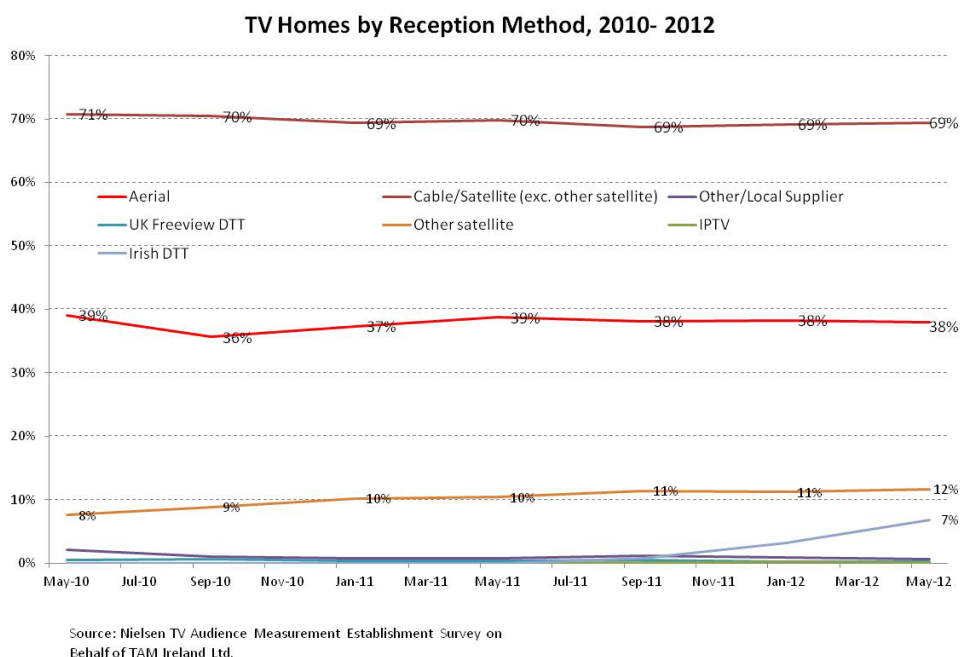
35 The Establishment Survey is a survey produced by Nielsen TV Audience Measurement (fieldwork is carried out by Behaviours and Attitudes) on behalf of Television Audience Measurement Ireland Ltd (a TV ratings body). The Establishment Survey covers areas such as ownership of TV related equipment, method of TV reception and demographics of TV household individuals such as age etc.

36 MMDS (Multichannel Multipoint Distribution Service) is included under cable/satellite. MMDS is a wireless telecommunications technology, used usually in sparsely populated rural areas, where laying cables is not economically viable. Approximately 178,000 of those reported above as digital cable/sat and total cable/sat are UK DTT/FTA satellite.

37 Source: Nielsen TV Audience Measurement Establishment Survey on behalf of TAM Ireland.

Figure 5.1.2 charts TV homes by reception method³⁸ from May 2010 to May 2012. The percentage of cable/satellite TV homes (this does not include other satellite i.e. respondents who said ‘don’t know’ and satellites that receive foreign language stations including freesat) has remained relatively stable over the last two years between 69% - 71%,³⁹ while those homes that receive TV by aerial have fallen by one percentage point. Television homes that subscribe to other satellite services besides Sky represented 12% of TV homes in May 2012. Reception by other/local supplier (deflector/relay services), and IPTV methods is relatively low. Approximately 7% of TV homes have Irish DTT.

Figure 5.1.2 – TV Homes by Reception Method



³⁸ This is determined by the method by which homes with a TV receive their channels. Each home can have more than one method of reception. e.g. aerial and cable or digital satellite, digital satellite and cable, etc. The question is asked for their main and up to 9 TV sets. For this reason, the total for the reception methods adds up to more than 100%.

³⁹ It should be noted that from September 2011 the reporting of the cable/satellite figure has changed. This is because up to September 2011 cable/satellite reception method included homes that had both cable and satellite twice (i.e. (1) cable, (1) satellite). Nielsen now publish homes with cable and satellite as one reception method - as cable or satellite (i.e. cable or satellite (1)).

Figure 5.1.3 shows that, the total number of TV homes grew by 6.6% between May 2007 and May 2012, however between May 2011 and May 2012 the number of TV homes dipped slightly (-0.9%). Digital TV homes increased by 89.4% over the same period. Digital TV homes now represent 78.6% of all TV homes compared to 44.2% in May 2007.

Figure 5.1.3 – TV Homes January 2007 – January 2012

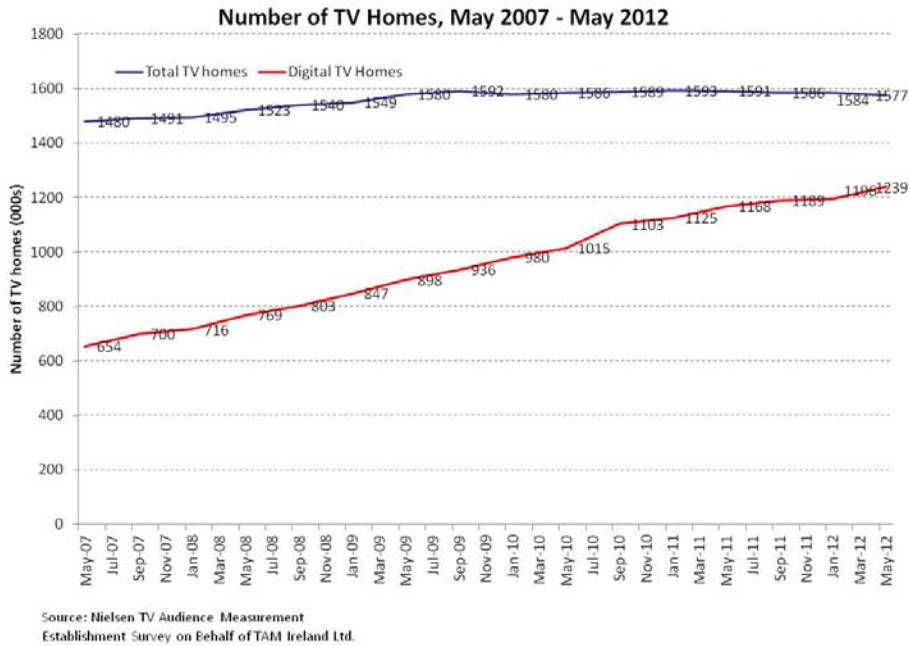
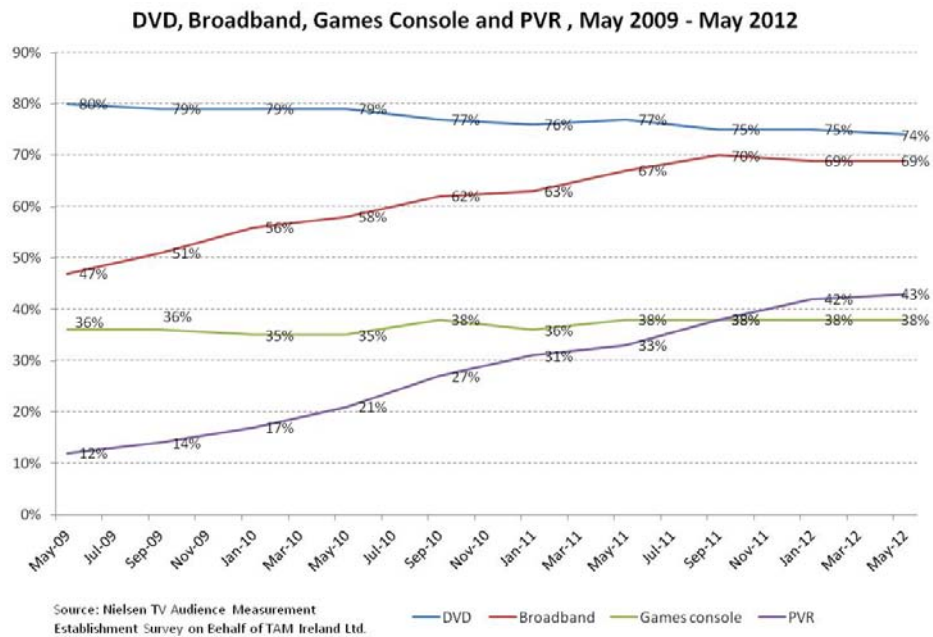


Figure 5.1.4 shows TV homes by DVD, broadband access, game console and PVR⁴⁰ ownership between May 2009 and May 2012. Almost three quarters of television homes have a DVD player but this has declined over the last two years; down by 6 percentage points over the period. Broadband access was present in circa 69% of homes with a television in May 2012. The number of homes with games consoles has increased over the last two years from 35% to 38% and this remained stable over the last year. PVR ownership continues to increase albeit at a slower pace, reaching 43% in May 2012; up from 12% in May 2009.

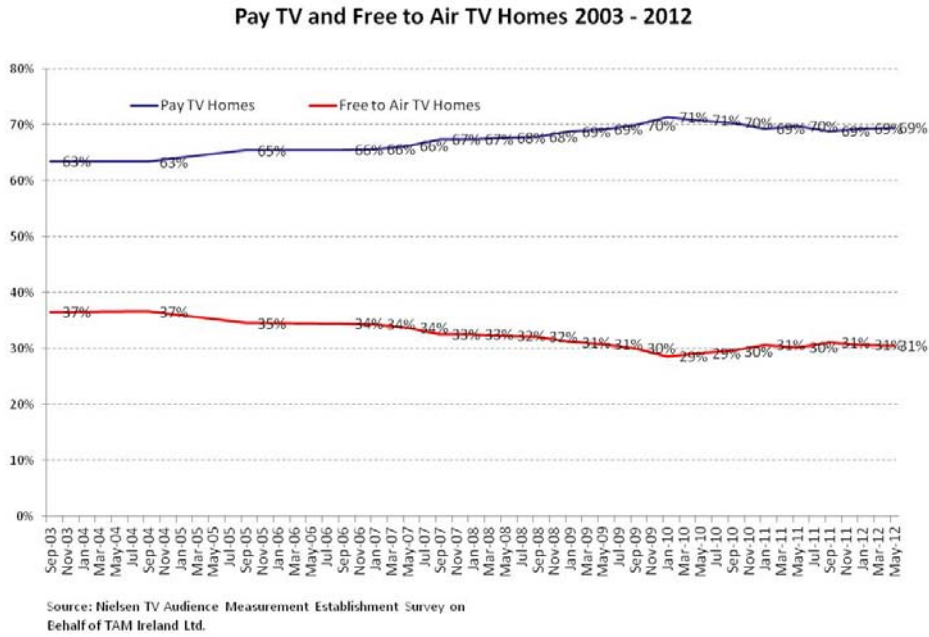
Figure 5.1.4 – DVD, Broadband, Games Console and PVR Trends



40 A PVR is an electronic device used to record media digitally. The PVR is also known as a digital video recorder or DVR. A PVR records and plays back television programmes, but, unlike the VCR, it stores the programs in digital rather than analogue format, for example, SKY+Box, or UPC Digital Video Recorder.

Figure 5.1.5 shows the level of household penetration of pay TV services and free to air TV services in Ireland based on reception method. This chart has been derived by ComReg using Nielsen data and is not a classification used by Nielsen or a classification used as part of the survey itself. Homes with a pay TV (cable, satellite and IPTV homes)⁴¹ service have generally been stable since 2009 at 70%, on average, of all TV homes.

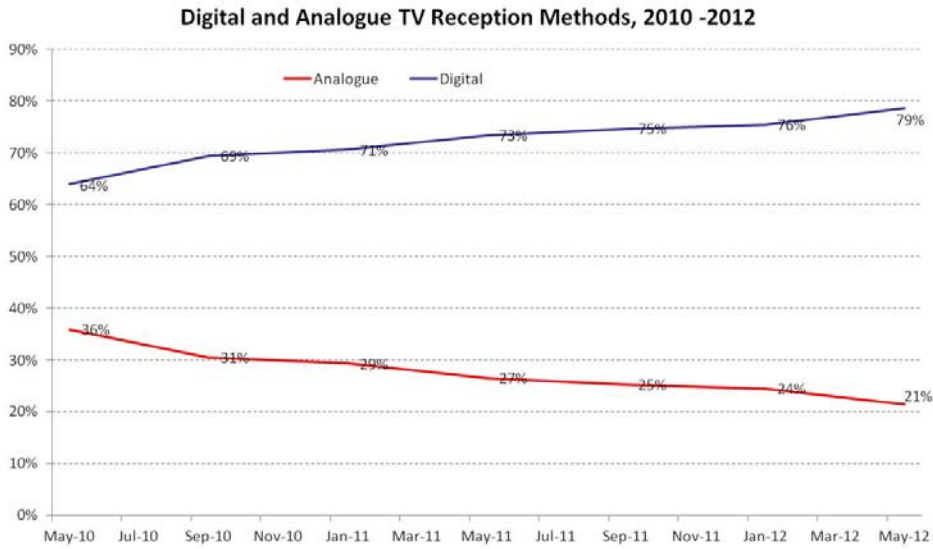
Figure 5.1.5 – Pay TV vs Free to Air TV Homes, 2003 - 2012



⁴¹ IPTV is included from September 2011.

Figure 5.1.6 shows the proportion of digital to analogue TV reception methods in Ireland across all platforms. Digital TV reception (79%) continues to increase at the expense of analogue TV reception (21%). In the last two years households with digital TV have increased by approximately 15 percentage points.

Figure 5.1.6 – Digital and Analogue TV Reception, 2010 - 2012



Source: Nielsen TV Audience Measurement
 Establishment Survey on Behalf of TAM Ireland Ltd.

6. Appendix

Aggregated SB-WLR Performance Statistics, as supplied by Eircom, are published in accordance with ComReg Decision Notice (07/61) Section 6.6 (vii).

Performance metrics: Q4 2011

Jan-12

Order Type	% Orders Validated within Performance Target	% Orders Delivered within Performance Target
DR	-	99.79%
LE	-	99.87%
PW	-	99.88%
LNI/LTI/MI	-	99.93%
LNI/LTI/MI	-	100.00%
CL	-	99.93%
LNN/LTN/MN	99.33%	72.34%
CH	-	99.76%
CN	-	99.17%
CM	-	100.00%
FA	-	94.12%

Feb-12

Order Type	% Orders Validated within Performance Target	% Orders Delivered within Performance Target
DR	-	99.89%
LE	-	100.00%
PW	-	99.00%
LNI/LTI/MI	-	99.08%
LNI/LTI/MI	-	100.00%
CL	-	98.82%
LNN/LTN/MN	99.50%	81.55%
CH	-	99.13%
CN	-	99.52%
CM	-	99.12%
FA	-	100.00%

Mar-12

Order Type	% Orders Validated within Performance Target	% Orders Delivered within Performance Target
DR	-	99.75%
LE	-	99.47%
PW	-	99.76%
LNI/LTI/MI	-	97.41%
LNI/LTI/MI	-	100.00%
CL	-	100.00%
LNN/LTN/MN	99.12%	81.90%
CH	-	99.12%
CN	-	95.43%
CM	-	100.00%
FA	-	95.24%

Count of Time Interval	SB-WLR Repair performance metric Qrt 1 Jan - Mar 2012		
	Percentage of faults		
QRT 1 2012	<=2	<=5	<=10
Grand Total	63.38%	90.09%	97.97%

Glossary

DR	Data request: supply of list of numbers, DDIs/MSNs and Ancillary Service for a customer account
PW	Provide Wholesale Line Rental (WLR) and Carrier Selection (CS)
CH	Modify or provide Ancillary Services
CL	Cease Line
LTN	Provide WLR and Carrier Pre-Selection (CPS) and additional line to a specified Customer Account (Non-In-situ)
LNI	Provide WLR and Carrier Pre-Selection (CPS) and new line to a new Customer Account (In-Situ)
LTI	Provide WLR and Carrier Pre-Selection (CPS) and additional line to a specified Customer Account (In-Situ)
LNN	Provide WLR and CPS and new line to a new Customer Account (Not In-Situ)