



Commission for
Communications Regulation

Irish Communications Market

Quarterly Key Data Report

Data as of Q4 2011

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Corrigendum to Q3 2011 Report

- There was an error in the absolute numbers reported for business and residential post paid subscriptions excluding mobile broadband split in figure 4.2.4. The values should have been reported as 654,384 for business subscriptions excluding mobile broadband and 851,282 for residential subscriptions excluding mobile broadband.
- There was an error in the summary section of the report relating to broadband speeds. It stated that broadband subscriptions at speeds at or in excess of 10Mbps were 19.6%. This was an error. As reported in figure 3.3.5 broadband subscriptions at or in excess of 10Mbps were 17.1%.

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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 1,664,214 this quarter which was an increase of 12,171 subscriptions. Overall traffic volumes were down this quarter by over 8 million minutes. Overall industry revenues also increased by 0.2% this quarter. Total revenues in the twelve months to December 2011 were €3.83 billion down from €3.87 billion in 2010. Presented below is a tabular summary of this quarterly report.

Irish Quarterly Communications Market Data Q4 2011				
	Q4'11	Q3'11	Quarterly Change	Annual change
Total Market Revenues	€958,904,016	€957,407,392	+0.2%	-4.0%
Fixed Line Revenues	€497,259,553	€497,101,989	0.0%	-2.9%
Mobile Revenues	€415,830,043	€414,503,719	+0.3%	-5.5%
Broadcasting Revenues	€45,814,420	€45,801,683	0.0%	-1.8%
Total Voice Traffic (Minutes)	4,387,936,197	4,396,244,394	-0.2%	-6.9%
Fixed Voice Traffic (Minutes)	1,618,578,741	1,641,703,319	-1.4%	-14.7%
Mobile Voice Traffic (Minutes)	2,769,357,457	2,754,541,075	+0.5%	-1.6%
Internet Subscriptions	1,688,543	1,680,304	+0.5%	+2.6%
Narrowband Subscriptions	24,329	28,261	-13.9%	-55.5%
Total Broadband Subscriptions	1,664,214	1,652,043	+0.7%	+4.5%
Fixed Broadband Subscriptions	1,070,776	1,058,835	+1.1%	+5.0%
Mobile Broadband Subscriptions (HSDPA)	593,438	593,208	0.0%	+3.8%
Total Mobile Subscriptions (inc. HSDPA)	5,499,790	5,473,757	+0.5%	+5.8%

- Overall electronic communications network and service revenues at the end of December 2011 were almost €959 million for the quarter. Industry revenues increased by 0.2% this quarter.
- The mobile market represents approximately 71.5% of all voice and internet subscriptions (fixed and mobile), with fixed market subscriptions representing the remaining 28.5%.
- Total voice traffic minutes decreased by 0.2% this quarter. Mobile minutes form the majority of voice minutes at 63.0%, with fixed minutes representing the remaining 37.0%.
- This quarter, total internet subscriptions increased by 0.5% to 1,688,543.

- Falls in narrowband internet subscriptions continued this quarter (-13.9%), declining by 55.5% since Q4 2010. There are now a total of 24,329 narrowband subscriptions in Ireland as consumers continue to migrate away from slower dial-up technologies to broadband.
- Broadband subscriptions (fixed and mobile) increased this quarter (+0.7%), to reach a total of 1,664,214.
- The estimated broadband household penetration rate was 55.4% in Q4 2011. The fixed broadband per capita penetration rate reached 23.4% up by 0.3% since last quarter. The broadband per capita penetration rate (including mobile broadband) was 36.3% up by 0.2% from last quarter.
- In Q4 2011 approximately 18.7% of all broadband subscriptions were equal to or greater than 10Mbps up from 8.5% in Q4 2010.
- At the end of December 2011 there were 5,499,790 mobile subscriptions (including HSDPA) in Ireland, an increase of 0.5% since last quarter. The mobile penetration rate was 120.1% including mobile broadband and 107.1% excluding mobile broadband.
- The amount of mobile numbers ported in Q4 2011 was 118,042 down from a peak of 123,646 in Q2 2011. On average there were 113,275 numbers ported per quarter over the last 12 months.
- In Q4 2011 mobile ARPU was €30 per month down from €34 per month in Q4 2010 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.
- 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 4,581,269 (as of April 2011) is used for the period Q4 2011, the same as Q3 and Q2 2011.¹ This compares to the CSO's previous April 2009

¹ This is based on the CSO's preliminary results from the census 2011.

estimate of 4,470,700 which was used for the Q4 2010 and Q1 2011 periods. Population data is used to calculate per capita mobile and broadband penetration in Ireland. An estimated household number of 1,636,900 from the CSO is used for Q4 2011 changed from 1,646,200 used for the Q3 2011 period.

- A number of external sources are used for international comparisons. These include the Central Statistics Office, Informa Telecoms and Media Ltd., 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 12/20a.
- 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. Overall Market Data

Data presented in this report is based on questionnaires completed by authorised operators for the period from 1st October 2011 to 31st December 2011. The report is based on submissions from 58 active operators.²

1.1 Number of Authorisations

Figure 1.1.1 - Total Number of Authorisations

Total Authorisations	December 2011
No. of fixed and wireless authorisations	375
No. of mobile telephony authorisations	8
No. of broadcasting authorisations (incl. Cable TV, MMDS, Deflectors)	75
Total Number	458

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 458 authorised undertakings in Ireland.

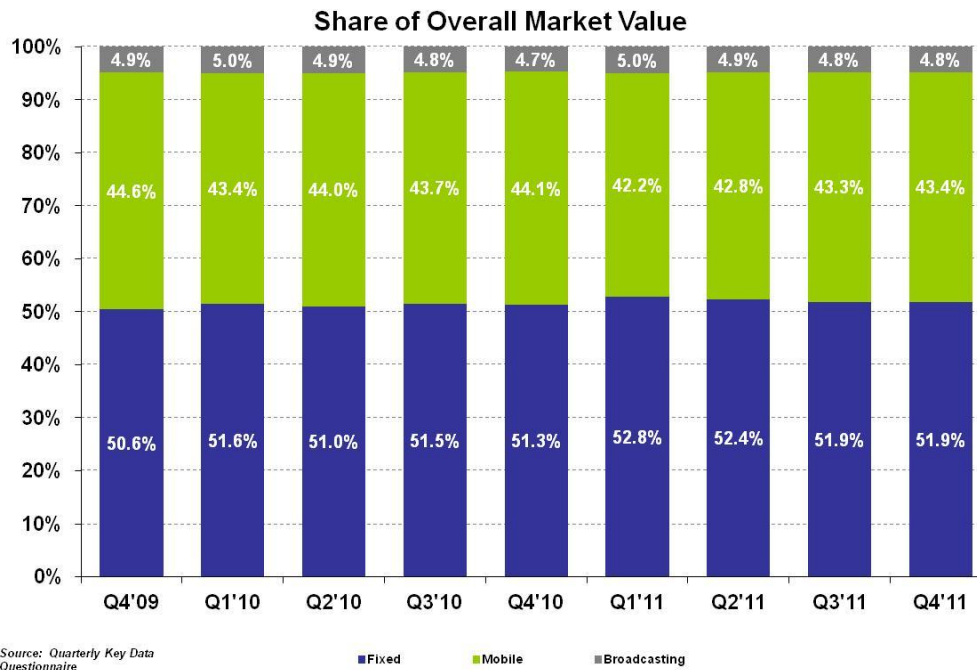
It should be noted that the list above refers to the number of general authorisations granted by ComReg under the European Framework for Authorisations, and does not necessarily reflect the total number of commercially active organisations or entities currently operating in the market. The total includes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

² Colt technology services Limited's Q2 2011 submission has been used for Q3 and Q4 2011 periods.

1.2 Overall Electronic Communications Revenues³

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 Q3 2011 was approximately €32 billion. Based on the Q3 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 Q4 2011 were almost €959 million. This was a 0.2% increase on the previous quarter. Comparing Q4 2010 to Q4 2011, industry revenues have decreased by 4.0%. Over the twelve months to December 2011, total revenues were approximately €3.83 billion.

The mobile sector of the overall electronic communications market experienced an increase in revenues this quarter.⁴ Mobile revenues increased by 0.3%. Fixed and broadcasting revenues increased slightly. It should be noted that the broadcasting

³ Further detail on terms and definitions - ComReg Doc. 12/20a Explanatory Memorandum.

⁴ The mobile revenue increase was mainly due to an increase in roaming and data revenues.

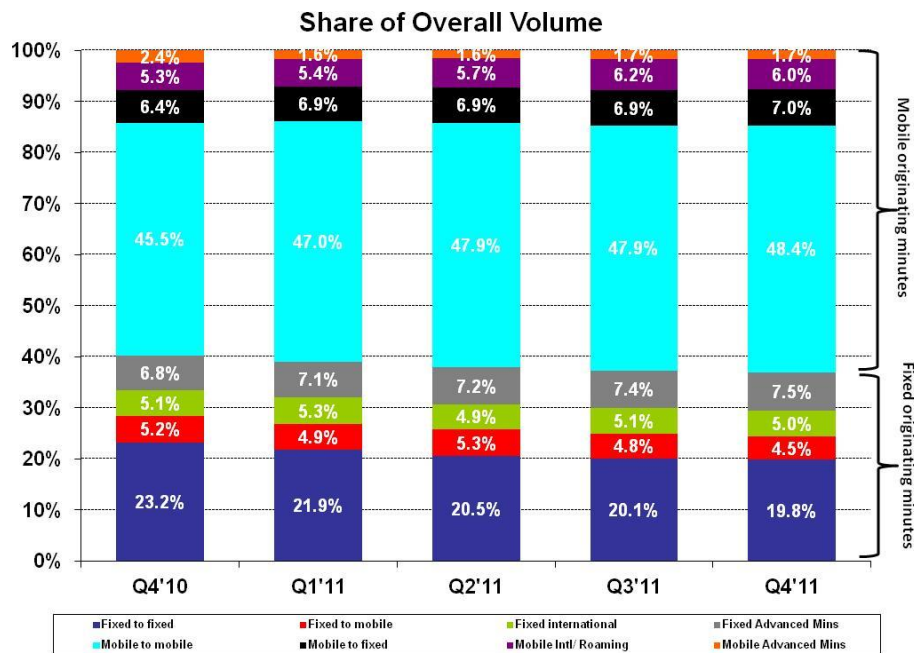
network revenues in this report exclude Sky Ireland’s satellite revenues and all content related revenues.⁵

Fixed line revenues accounted for 51.9% of total revenues, mobile accounted for 43.4% and broadcasting revenue’s market share was 4.8%.

⁵ 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)⁶



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 Q4 2011 totalled under 4.39 billion minutes and there were 17.7 billion minutes in the twelve months to the end of December 2011. Total voice minutes decreased by 0.2% from the previous quarter and have fallen by 6.9% since Q4 2010.

Mobile originating voice minutes accounted for 63.1% of all voice minutes in Q4 2011 (compared to 59.7% in Q4 2010) while traffic originating on a fixed line network accounted for the remaining 36.9% of all voice minutes (compared to 40.3% in Q4 2010). Figure 1.3.2 shows the total voice traffic in Ireland at the end of Q4 2011.

Figure 1.3.2 – Total Voice Traffic

	Q4'11 Mins	Q3'11 – Q4'11 Growth	Q4'10 – Q4'11 Growth
Fixed voice minutes	1,618,578,741	-1.4%	-14.7%
Mobile voice minutes	2,769,357,457	+0.5%	-1.6%
Total voice minutes	4,387,936,197	-0.2%	-6.9%

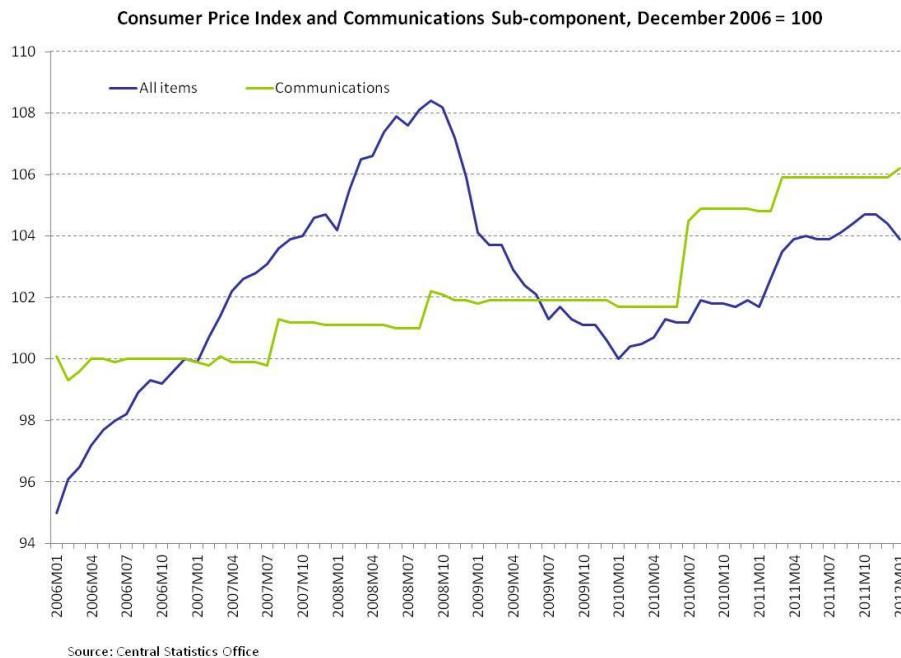
⁶ Fixed advanced minutes include premium rate services minutes, freephone minutes, VoB minutes, payphone minutes, operator services minutes, national and international virtual private network minutes. Mobile advanced minutes include premium rate services minutes and other mobile minutes such as voicemail, 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 January 2012. The CSO has now revised its weighting for the communications basket to 3.487% of the total CPI up from 3.42% previously.⁷

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. Overall prices were increasing again since 2010 but have fallen over the last couple of months. Communications prices remained stable since Q2 2011 but increased slightly in January 2012.

Figure 1.4.1 – Consumer Price Index and Communications Sub-Component



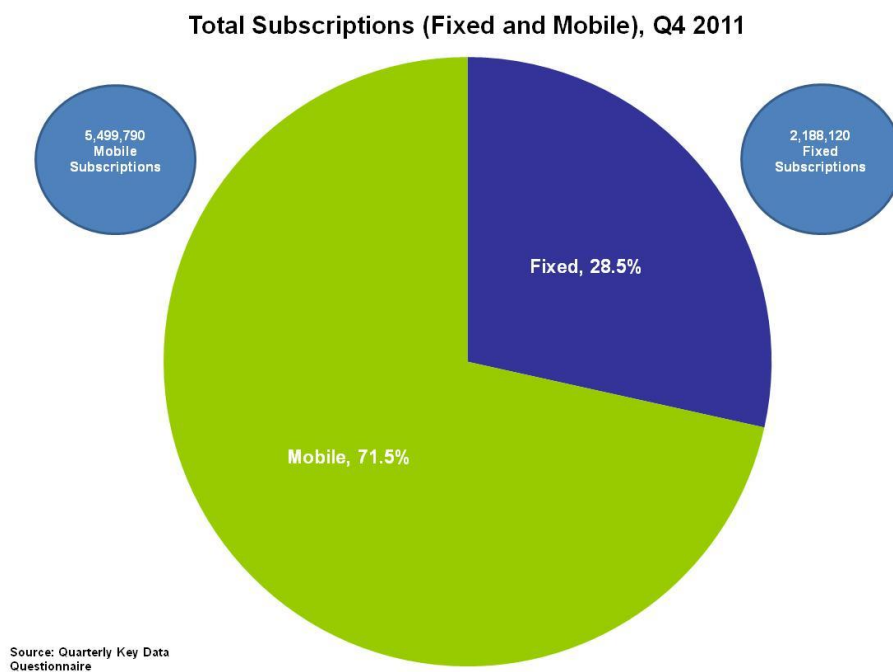
⁷ http://www.cso.ie/en/media/csoie/releasespublications/documents/prices/2012/prices/consumerpriceindex/cpi_jan2012.pdf

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 Q4 2011. 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 71.5% of all subscriptions with fixed line subscriptions representing the remaining 28.5%. Please note 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), Q4 2011



2. Fixed Market Data

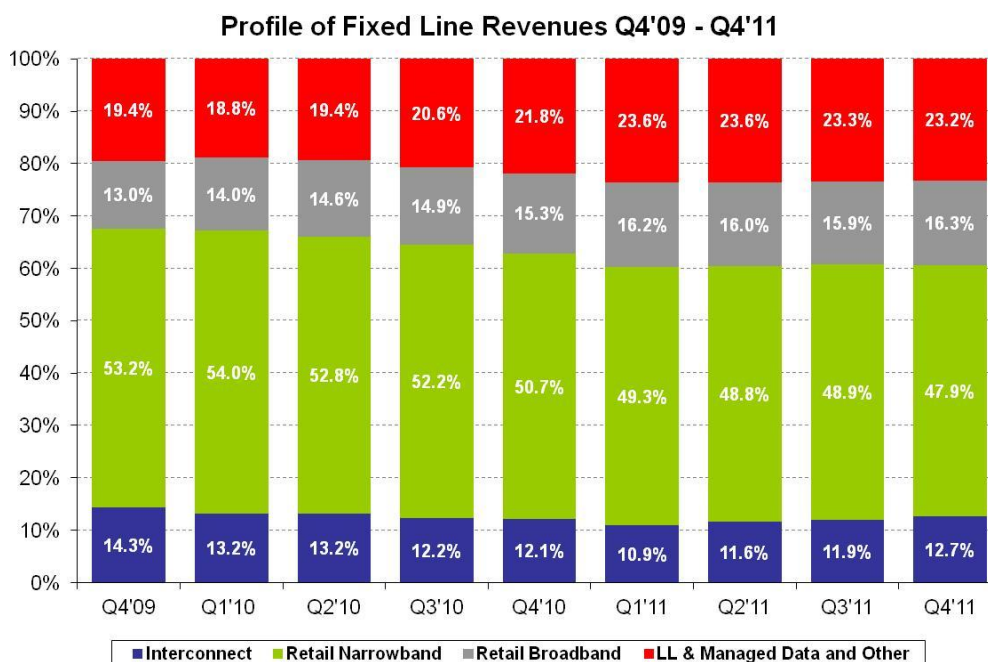
2.1 Total Fixed Line Revenues

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 Q4 2011 were just over €497 million. This was a marginal increase on Q3 2011 revenues and a 2.9% decrease on Q4 2010 revenues.

Retail narrowband, revenues have fallen since Q4 2010 (-8.4%) but interconnect and retail broadband revenues and leased lines and managed and other data services revenues increased by 1.7%, 2.9% and 3.1% respectively.

Comparing Q4 2010 to Q4 2011, the proportion of fixed line revenues attributable to leased lines, managed data and other advanced data services increased by 1.4 percentage points, interconnect increased by 0.6 percentage points and broadband revenues' market share has increased by 0.9 percentage points. The proportion of retail narrowband revenues has fallen by 2.9 percentage points.

Figure 2.1.1 – Profile of Fixed Line Revenues

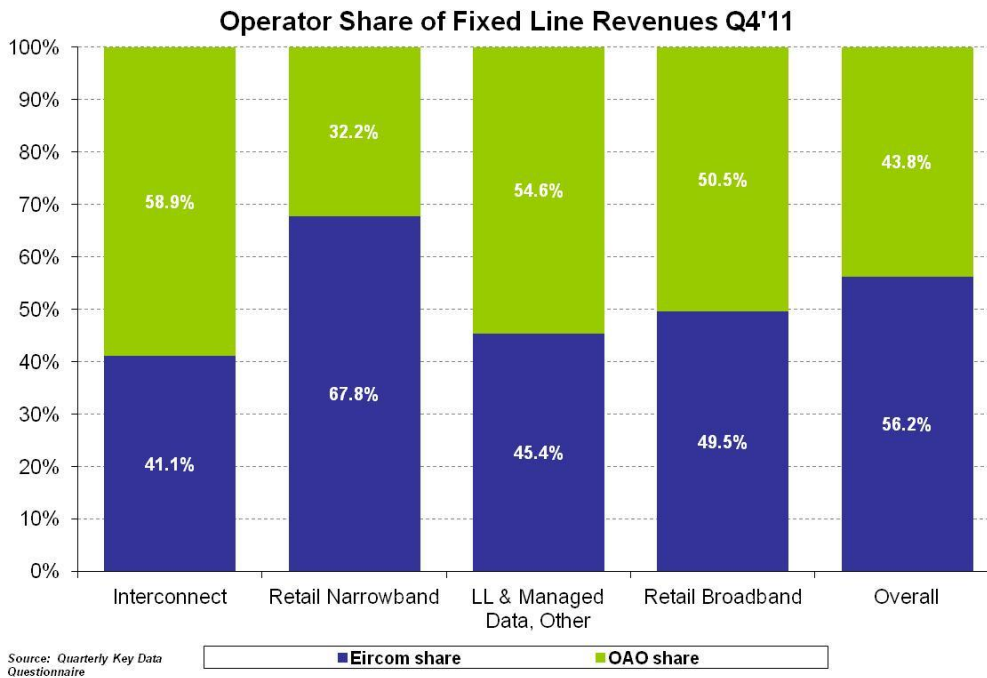


2.1.1 Authorised Operators’ Share of Overall Fixed Line Revenues

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.

Eircom’s market share in each of the categories is charted below.

Figure 2.1.1.1 – Operator Share of Fixed Line Revenues⁸



⁸ Eircom’s retail broadband share includes DSL, FWA and Satellite revenues.

Eircom’s overall share of fixed line market revenue was 56.2% in Q4 2011. Figure 2.1.1.2, below, shows Eircom’s market share, rounded to the nearest percentage point, on a quarterly basis from Q4 2009 to Q4 2011.

Figure 2.1.1.2 – Eircom’s Market Share

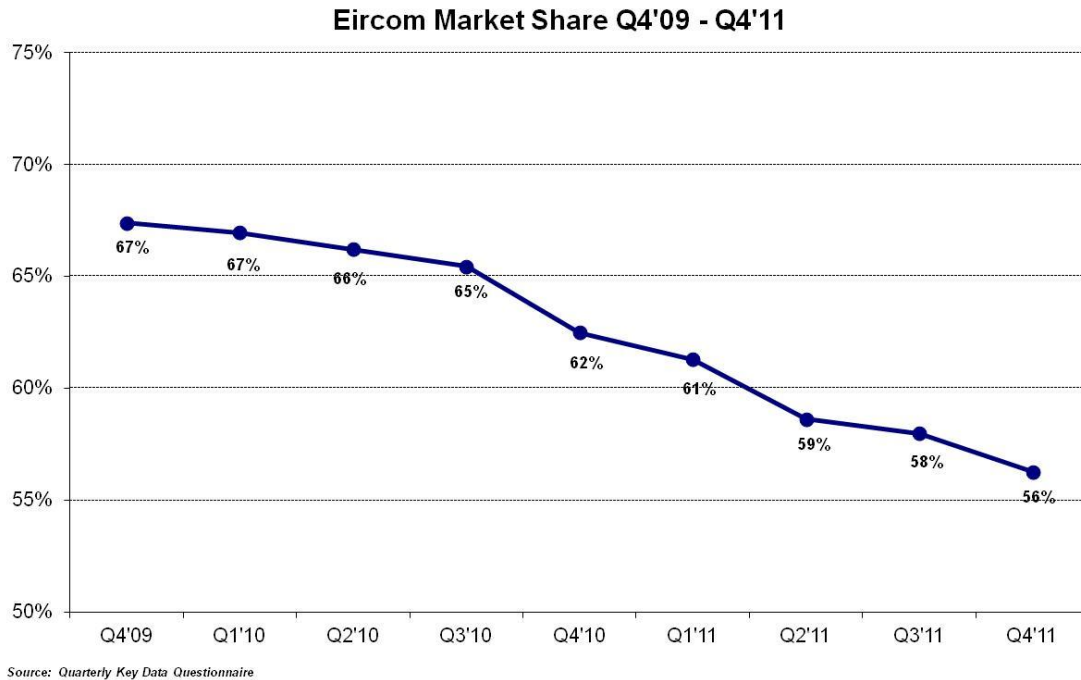
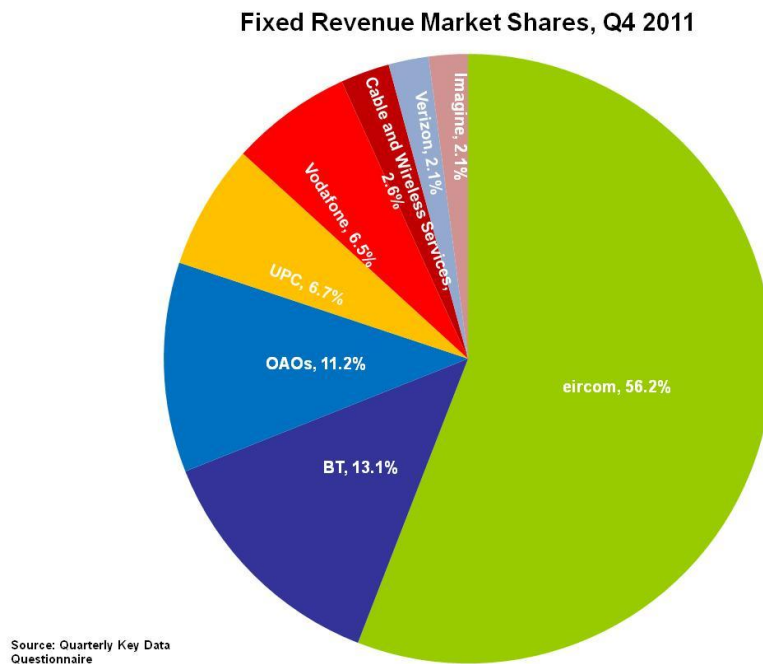


Figure 2.1.1.3 below outlines revenue market shares of the fixed market (of interconnect, retail narrowband, retail broadband and leased line, managed and other data revenues) held by the incumbent fixed line operator (eircom), OAOs with a minimum 2% market share, and all other OAOs. When making comparisons, 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 Q4 2011, after Eircom, the largest revenue earning operator in the market with 56.2% market share, ComReg estimates that the next six largest operators (BT, UPC, Vodafone (fixed only), Cable and Wireless, Verizon and Imagine) contribute a further 33.2% 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

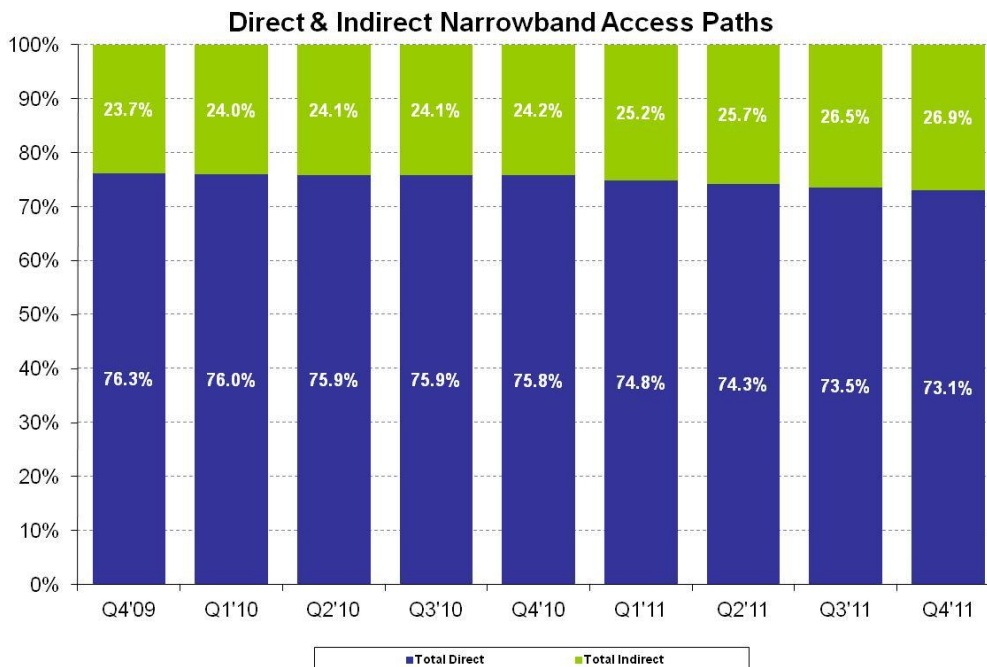
2.2.1 Access Paths

Figure 2.2.1.1 presents the total number of narrowband copper fixed access paths (PSTN and ISDN) broken out by direct and indirect access⁹. These paths are usually used for voice services and internet access. There were just over 1.76 million direct and indirect PSTN and ISDN access paths in the Irish market in Q4 2011.

This represents a decline of 5.1% since Q4 2010. This 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 Q4 2011, indirect access accounted for 26.9% of all access paths in the fixed market, a 0.4 percentage point increase on the previous quarter.¹⁰ 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

⁹ 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.

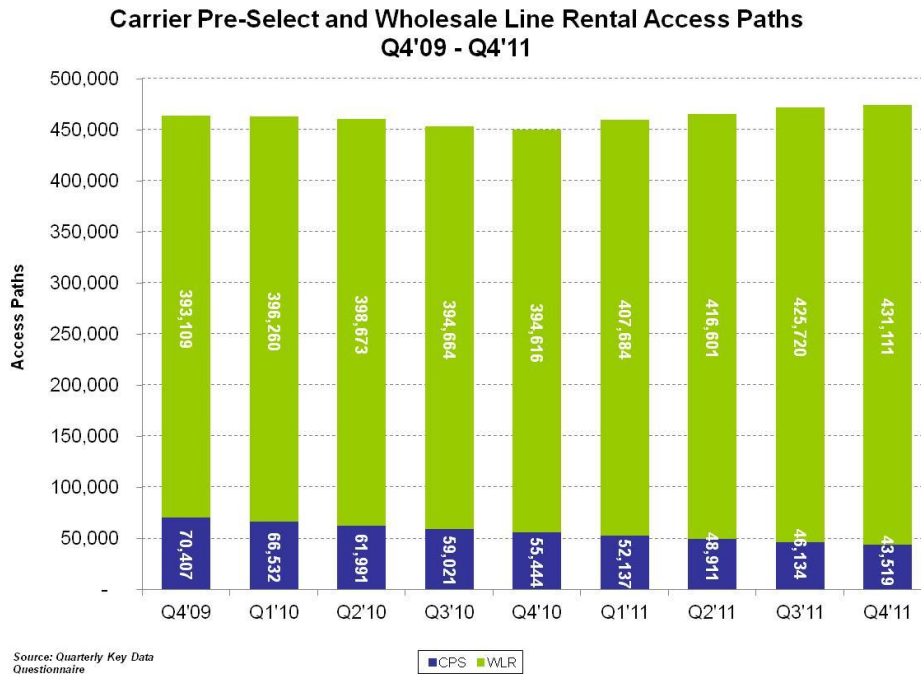
¹⁰ Access paths are not synonymous with access lines as for example in the case of ISDN paths, there may be more than 1 path provided via a single ISDN line.

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 Q4 2011, there were 474,630 indirect access paths in Ireland. The number of indirect access paths increased by 0.6% this quarter and rose by 5.5% in the year to Q4 2011 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 90.8% of indirect access paths compared to 84.8% in Q4 2009. The share of CPS only indirect access paths has declined by 6.0 percentage points in the last two years.

Figure 2.2.2.1 – Narrowband Indirect Access Paths

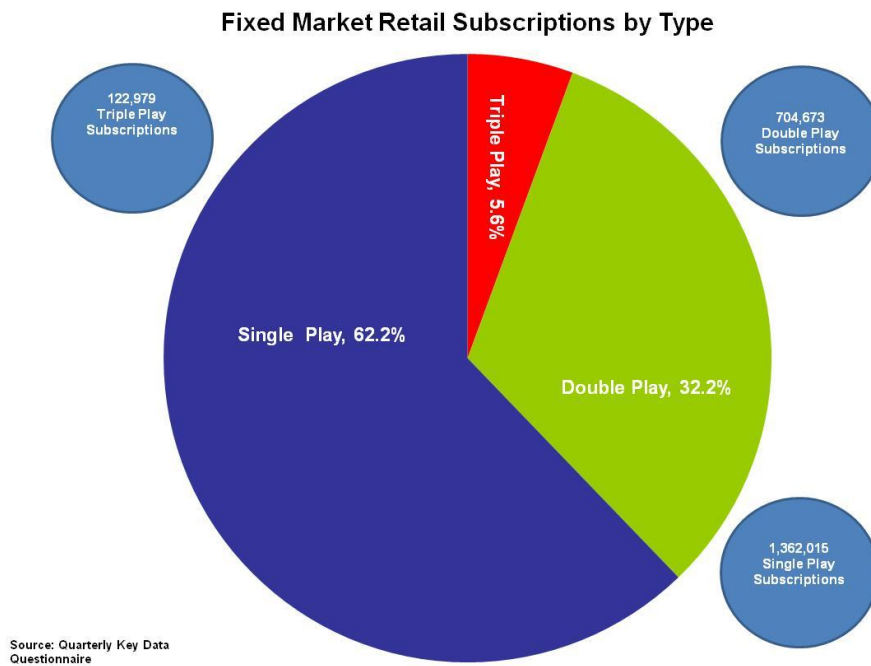


2.2.3 Fixed Market Retail Subscriptions by Type

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 Q4 2011 (subscriptions mean a customer with at least one contract with an electronic communications service provider).¹¹

It is estimated that there were 2,188,120 fixed market retail subscriptions in Q4 2011 across both business customers and residential consumers (a business customer may have multiple subscriptions). 62.2% of these subscriptions were single play compared to 63.6% last quarter, 32.2% double play (a bundle of two services) compared to 31.3% last quarter and 5.6% triple play (a bundle of 3 services) compared to 5.1% last quarter.

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



¹¹ 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 Q4 2011 was under 1.62 billion minutes, which was a 1.4% decrease on Q3 2011 and a fall of 14.7% since Q4 2010. It should be noted that in Q4 2010 there was an increase in fixed line traffic related to the prolonged bad weather conditions in Ireland at that time. Therefore, when comparing Q4 2011 volumes to Q4 2010 volumes, the decline in traffic is likely to be greater than would, have been the case in less severe weather conditions.

Voice over broadband (VoB) minutes account for approximately 8.0% of total fixed voice minutes up from 5.5% in Q4 2010. There were just under an estimated 210,000 managed VoB subscriptions in Ireland in Q4 2011 and just over 130 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 53.8% of all fixed traffic in Q4 2011. International outgoing minutes had a 13.7% market share of all fixed traffic. The market share of fixed to mobile minutes was 12.3% while other/advanced minutes (which include VoB minutes and premium rate calls) represented 20.3% 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 Q4 2009.

Figure 2.3.1 – Fixed Voice Call Volume (Minutes)¹²

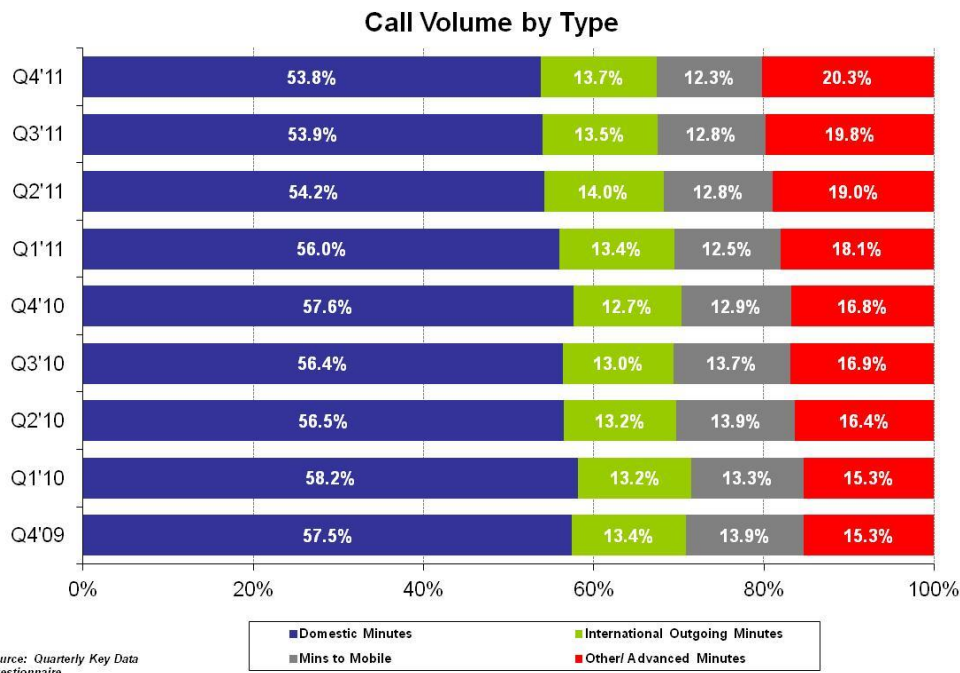
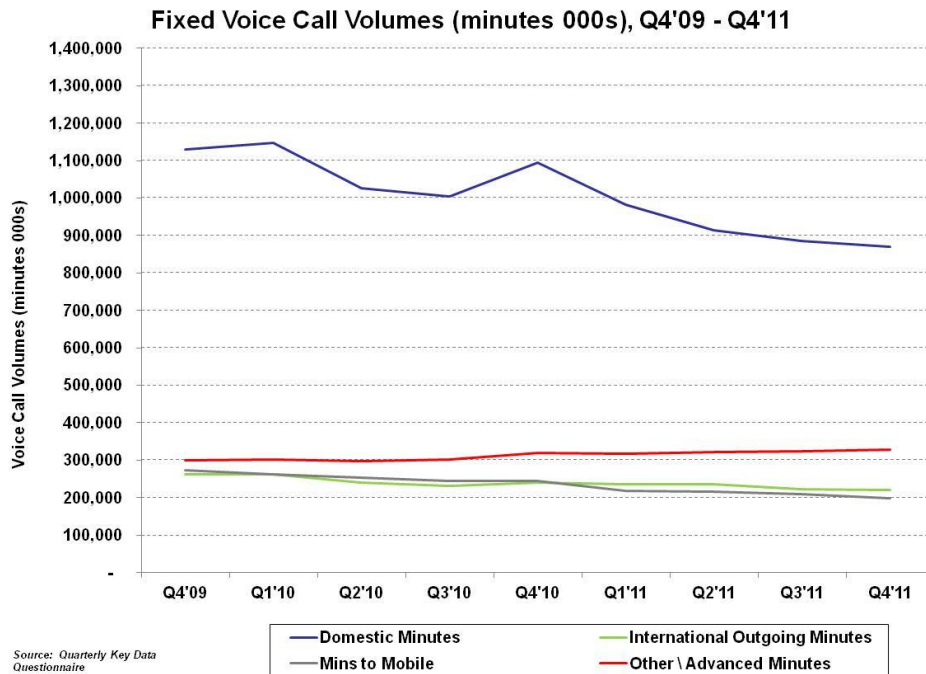


Figure 2.3.2 – Fixed Voice Call Volume (Minutes)



¹² 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 available¹³.

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 12/20a.

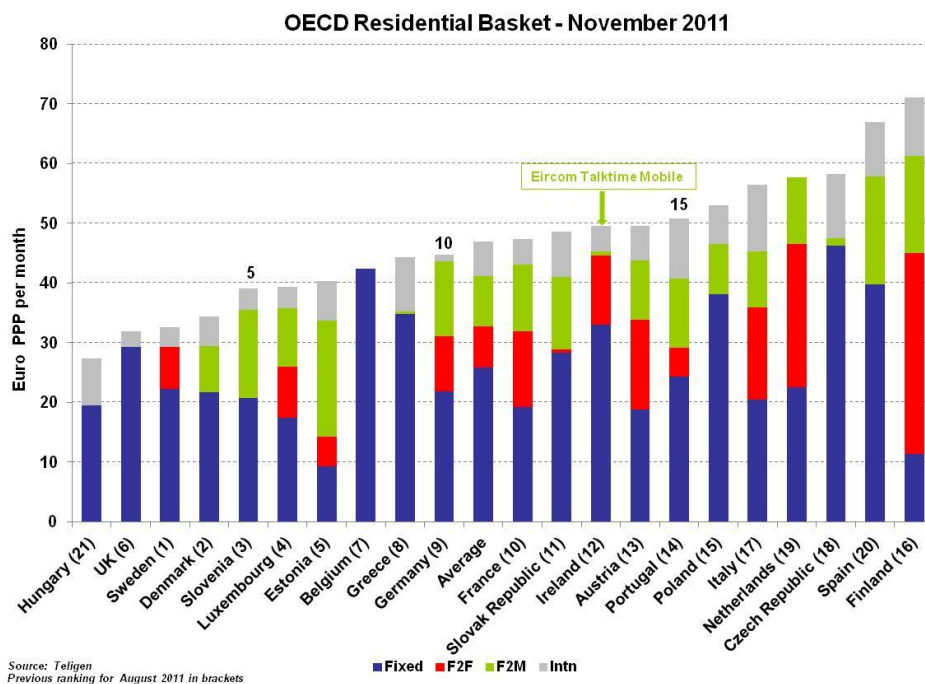
¹³ This will be determined by whether the EU country is also an OECD member.

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 November 2011 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 – November 2011¹⁴



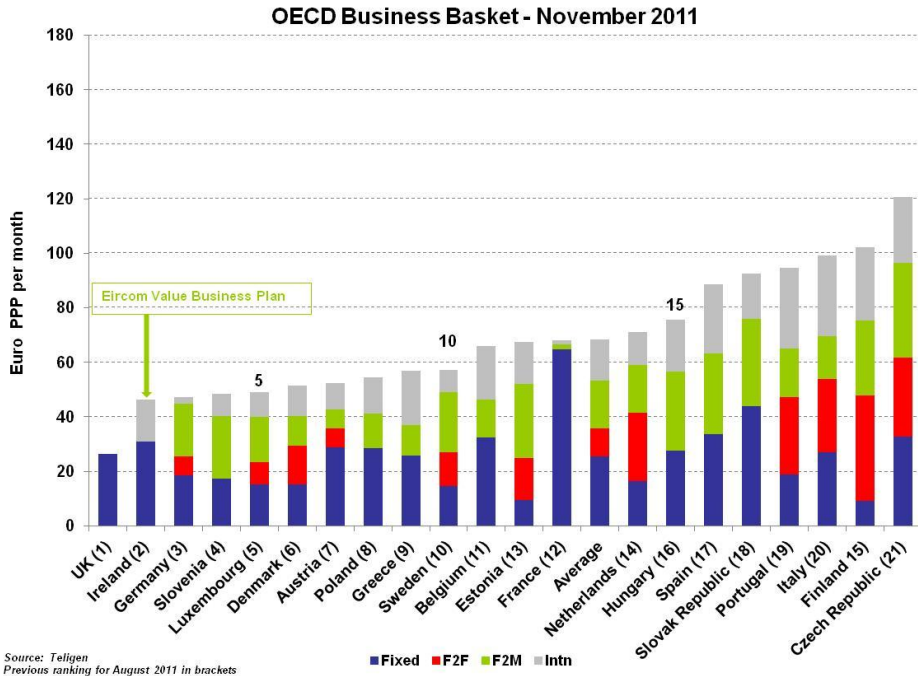
14 Residential tariffs include VAT. VAT rates vary between member states.

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 November 2011 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 – August 2011



3. Internet and Broadband

3.1 Total Internet Subscriptions

At the end of December 2011, there were almost 1.69 million active internet subscriptions in Ireland. This was an increase of 0.5% on the previous quarter and a 2.6% increase on December 2010. The number of internet subscriptions has increased due to increases across all broadband platforms except FWA.

Narrowband subscriptions declined again, falling by 3,932 this quarter. This represents a 55.5% decline since Q4 2010. Narrowband now accounts for just 1.4% of all internet subscriptions.

Cable, DSL, mobile broadband and 'other' subscriptions increased this quarter but FWA subscriptions fell again this quarter. DSL subscriptions were up by 0.4%, while FWA subscriptions fell by 7.1%. Figure 3.1.1 shows the total number of narrowband and broadband internet subscriptions in Ireland as of Q4 2011.

Figure 3.1.1 – Total Number of Active Internet Subscriptions

Subscription Type	Q4'11 Subs	Quarterly Growth Q3'11 – Q4'11	Year-on-Year Growth Q4'10 – Q4'11
Total Narrowband	24,329	-13.9%	-55.5%
DSL Broadband¹⁵	728,902	+0.4%	-0.7%
Mobile Broadband	593,438	0.0%	+3.8%
Cable Broadband	259,773	+5.8%	+28.2%
FWA Broadband¹⁶	71,458	-7.1%	-3.8%
Other Broadband¹⁷	10,643	+5.2%	14.3%
Total Internet Subscriptions	1,688,543	+0.5%	+2.6%

15 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.

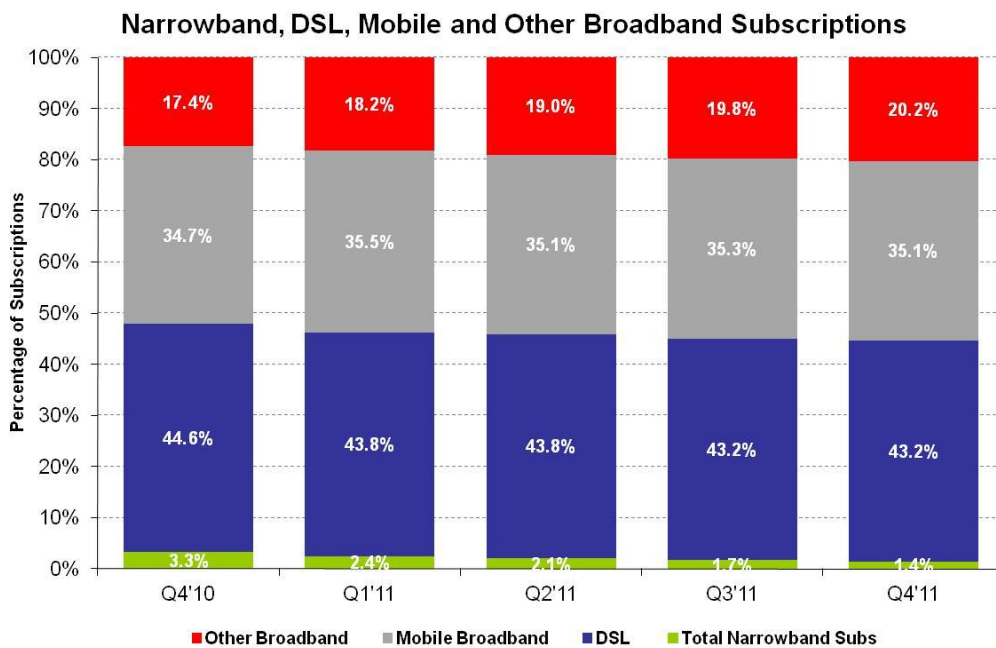
16 FWA subscriptions include an estimate of 2,000 since Q1 2011. This is based on subscriptions to small FWA firms who may not be required to submit a questionnaire response to ComReg as they do not meet ComReg's minimum turnover threshold. ComReg will update this additional estimate on an annual basis.

17 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 1.9 percentage points between Q4 2010 and Q4 2011.

Broadband subscriptions accounted for 98.6% of all internet subscriptions in Q4 2011. DSL subscriptions account for the single largest majority of internet subscriptions (43.2%) but its share has declined by 1.4 percentage points over the last year. Mobile broadband subscriptions share has declined this quarter, accounting for 35.1% 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 Q4 2009. Broadband subscriptions exceeded narrowband subscriptions for the first time in Q1 2007. In the last two years, narrowband subscriptions have declined from 127,689 to 24,329 subscriptions (-80.9%).

Figure 3.1.3 – Total Internet Subscriptions

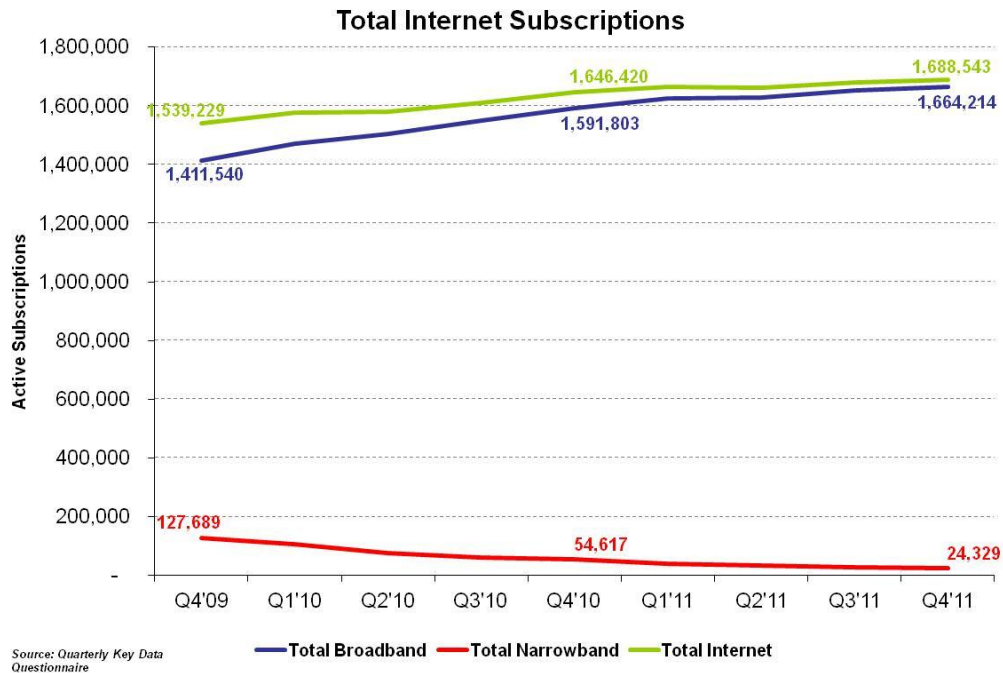


Figure 3.1.4 shows the quarterly percentage change in broadband and internet subscriptions since 2005. In general, there has been a continual slowdown in the rate of growth of broadband subscriptions over the period, though there was a slight pick up in Q3 2011 driven by the increases in cable, 'other' and mobile broadband subscriptions. 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

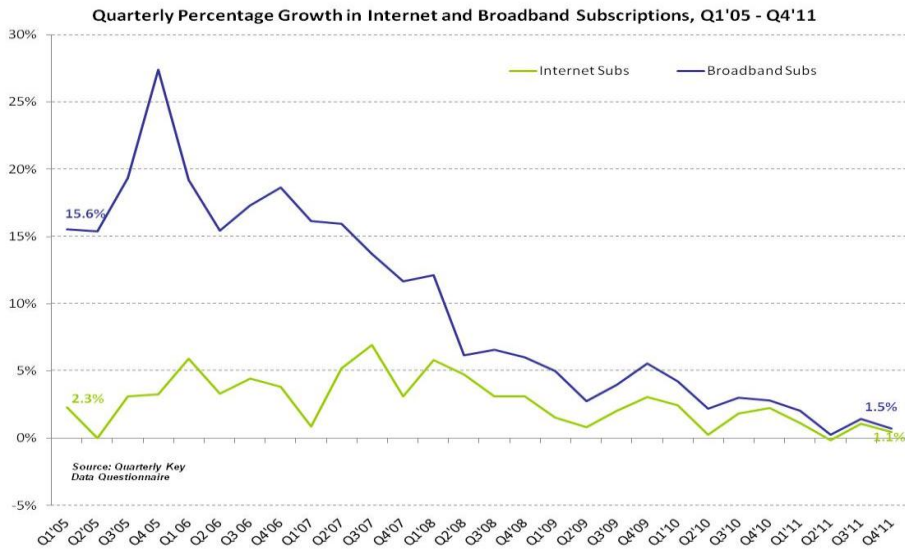
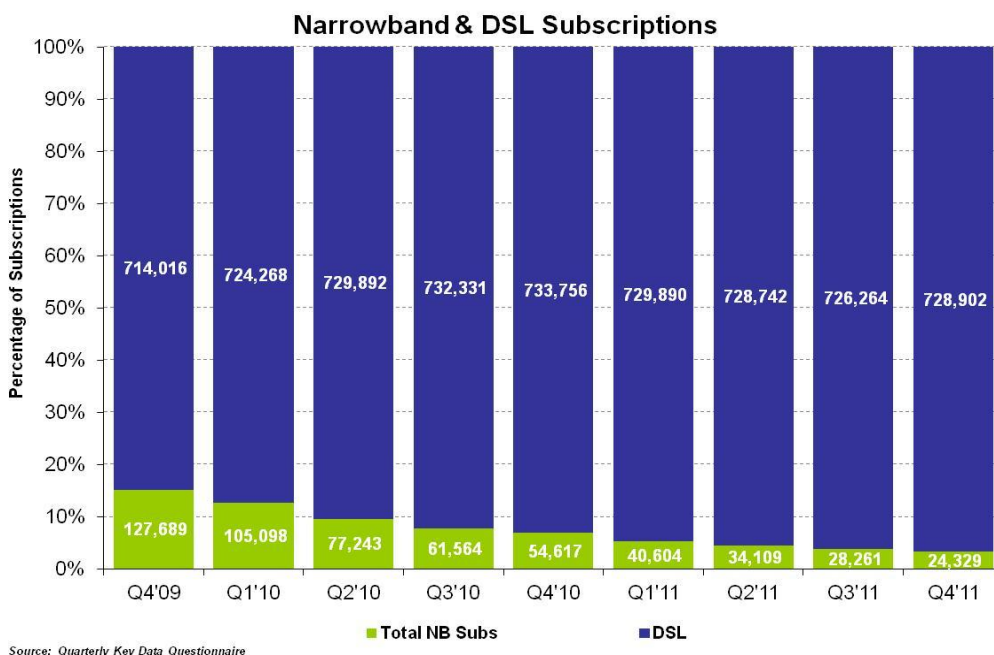


Figure 3.1.5 profiles only those internet subscriptions delivered over the copper telecoms network. It shows narrowband and DSL subscriptions. There were 753,231 active internet subscriptions over the copper telecoms network at the end of December 2011. This was a decrease of 35,142 (-4.5%) in the total number of copper-based subscriptions since Q4 2010.

This decline has been driven mainly by the continued decline in narrowband subscriptions. DSL accounted for 96.8% of copper-based internet subscriptions in Q4 2011 compared to 93.1% in Q4 2010 with the remainder accounted for by narrowband subscriptions.

Figure 3.1.5 – Profile of Copper Based Internet Subscriptions



Source: Quarterly Key Data Questionnaire

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 65.4% of all DSL subscriptions in Q4 2011. 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 Q4 2011, 26.2% of all DSL lines were provided by OAOs using wholesale bitstream. In absolute terms there were 190,971 wholesale bitstream lines in Q4 2011, an increase of 4.6% since Q4 2010. The remaining 8.4% of DSL lines were provided to subscribers by OAOs using local-loop unbundling. In Q4 2011 there were 61,374 unbundled local loops, up from 50,999 in Q4 2010. Eircom’s market share of retail DSL lines has declined by 2.8 percentage points over the last year.

Figure 3.2.1 - Provision of DSL Access

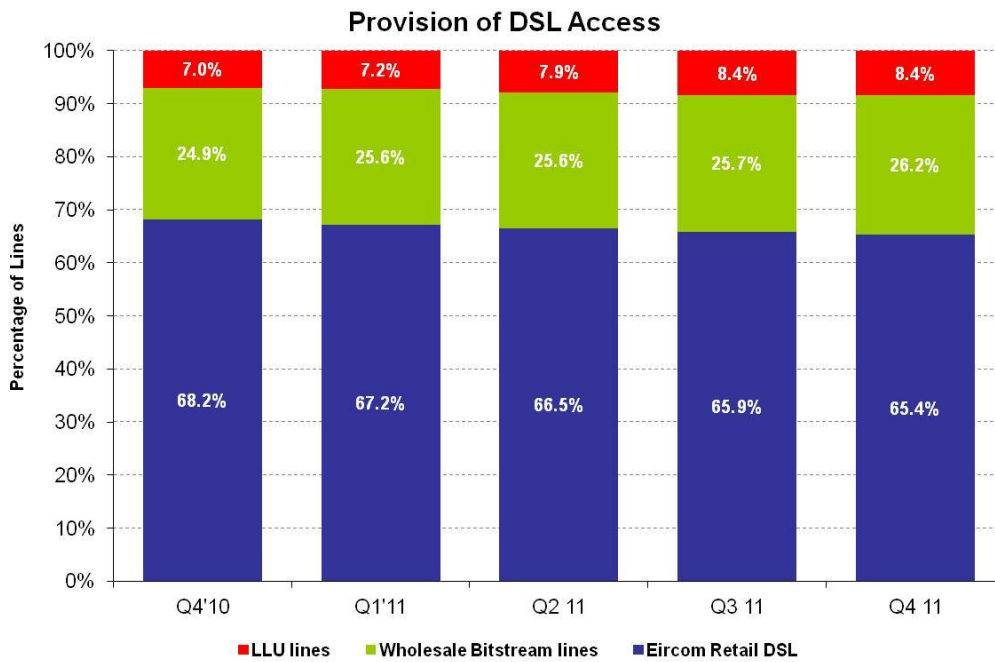
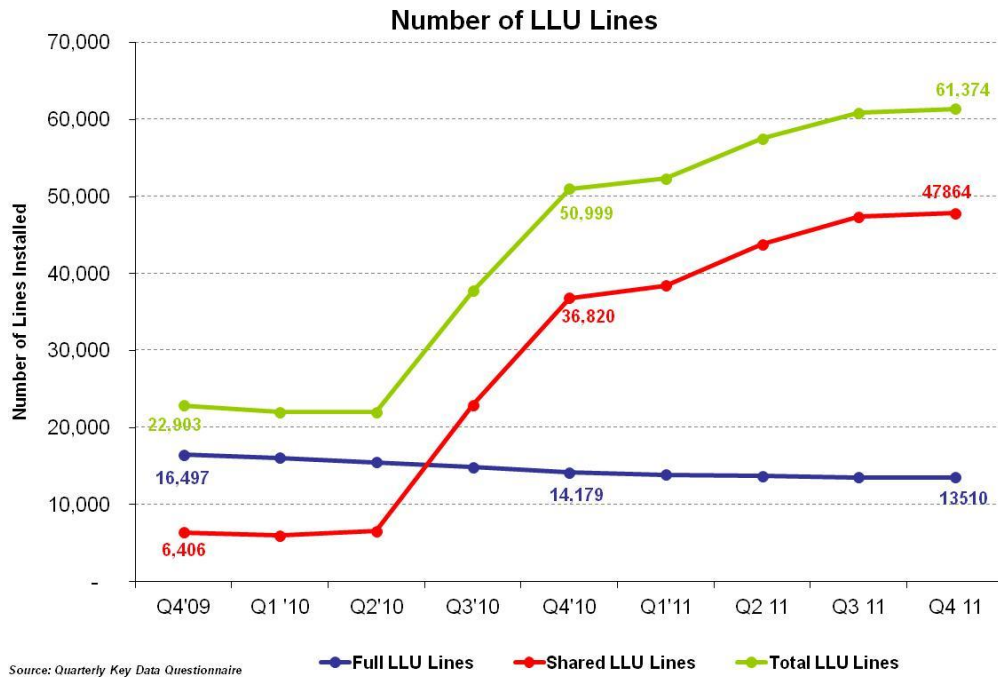


Figure 3.2.2 shows the number of unbundled lines classified by shared and full¹⁸ status. Between Q4 2009 and Q4 2011 the total number of LLU lines increased by 168%. Total LLU lines increased by 0.8% this quarter due to an increase in shared lines (+1.1%). Full LLU lines continued to decline, falling by 0.1% this quarter.

Figure 3.2.2 – Number of Local Loops Unbundled



¹⁸ 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 December 2011, there were 1,664,214 broadband subscriptions in Ireland. This represents a growth rate of 0.7% this quarter and 4.5% growth since Q4 2010.

Cable showed the strongest growth over the last year, up by 28.2%. FWA¹⁹ subscriptions decreased by 7.1% this quarter, and they have declined by 3.8% over the last year. The other subscriptions category (satellite and fibre) increased by 14.3% over the last year. Mobile broadband subscriptions remained relatively unchanged this quarter but grew by 3.8% in the year to Q4 2011.

Figure 3.3.1 – Broadband Subscriptions²⁰ and Growth Rates by Platform

Platform	Q4'11 Subs	Quarterly Growth Q3'11-Q4'11	Year-on-Year Growth Q4'10-Q4'11
DSL	728,902	+0.4%	-0.7%
Cable	259,773	+5.8%	+28.2%
FWA	71,458	-7.1%	-3.8%
Other²¹	10,643	+5.2%	+14.3%
Sub-Total	1,070,776	+1.1%	+5.0%
Mobile Broadband	593,438	0.0%	+3.8%
Total	1,664,214	+0.7%	4.5%

DSL remains the largest broadband access platform in terms of subscriptions. DSL accounts for 43.8% of all broadband subscriptions though this is a 2.3 percentage point decrease since Q4 2010. Of the remaining broadband subscriptions, mobile broadband accounts for 35.7%, a 0.2 percentage point decrease on Q4 2010. Cable has 15.6% of the market, which is a 2.9 percentage point increase on Q4 2010. FWA accounts for 4.3% of broadband subscriptions, down 0.4 percentage points on Q4 2010. Satellite and fibre broadband subscriptions combined account for the remaining 0.6% of the market.

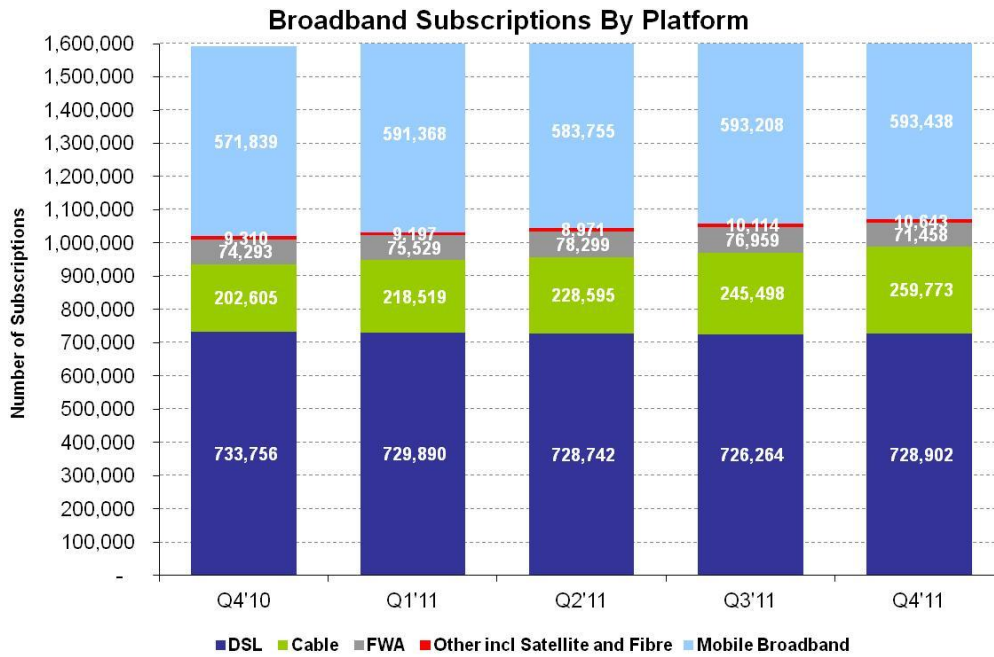
¹⁹ It should be noted that FWA subscriptions include an estimate of 2,000 since Q1 2011. This is based on subscriptions to smaller FWA firms who may not be required to submit a questionnaire response to ComReg as they do not meet ComReg's minimum turnover threshold. ComReg will update this additional estimate on an annual basis.

²⁰ 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.

²¹ Other Broadband includes Satellite and Optical Fibre broadband subscriptions.

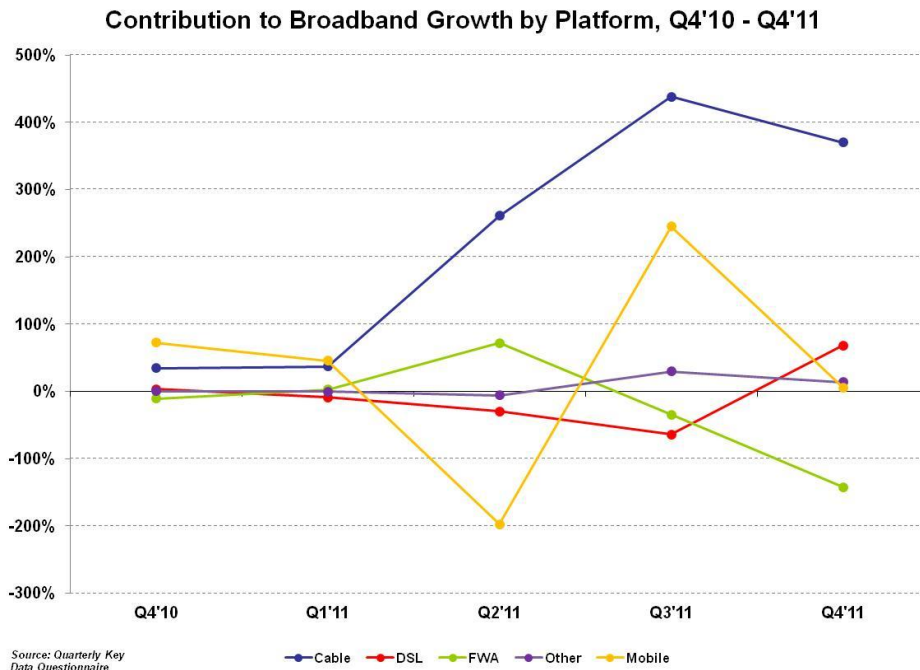
Figure 3.3.2 illustrates the split by type of broadband subscriptions in the Irish market since Q4 2010, while Figure 3.3.3 shows the contribution of each of these platforms to broadband growth in percentage terms. In Q4 2011, total broadband growth was driven by cable, DSL, mobile broadband and 'other' net additions. FWA 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 Q4 2011 83.7% (up from 82.8% in Q4 2010) 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.

Figure 3.3.4 – Broadband Subscriptions by Subscription Type

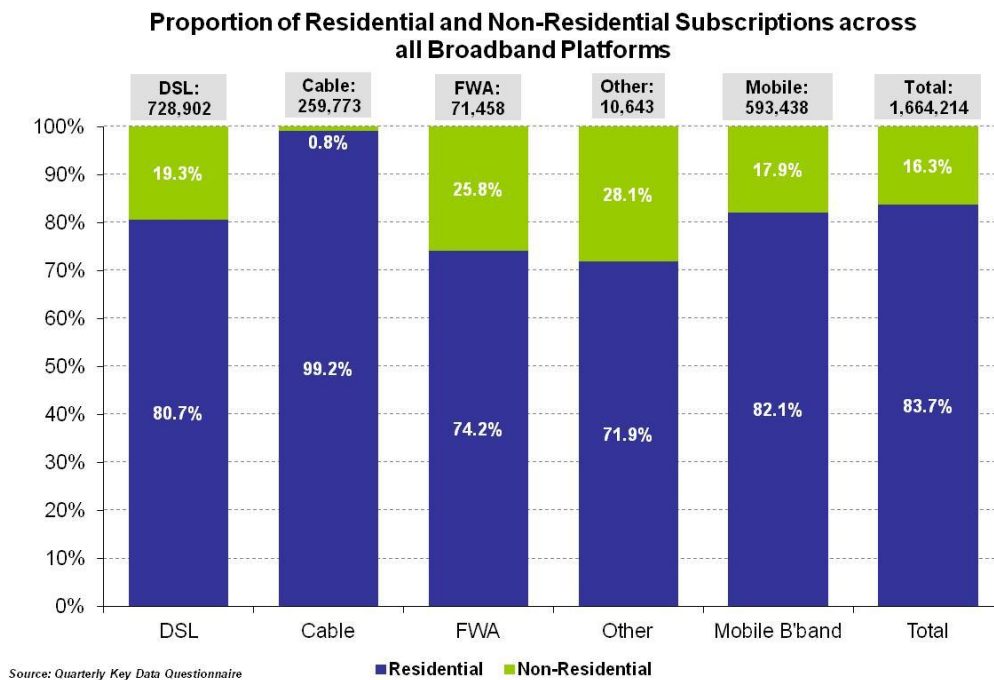


Figure 3.3.5 illustrates the breakdown of broadband subscriptions by contracted speed across all broadband platforms (including mobile broadband). In total, approximately 18.7% of broadband subscriptions were $\geq 10\text{Mbps}$. This equates to approximately 21.3% of residential subscriptions and 5.4% 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

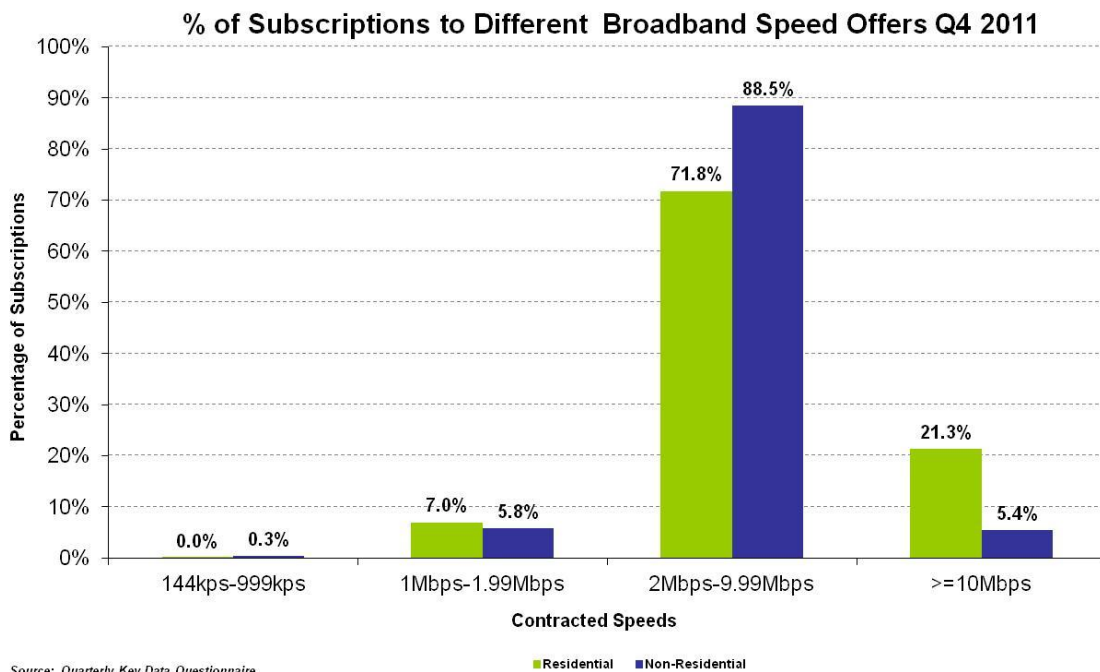


Figure 3.3.6 shows broadband subscriptions by contracted speed and the type of broadband platform subscribed to.

Figure 3.3.6 – Broadband Subscriptions by Contracted Download Speeds and Broadband Platform²²

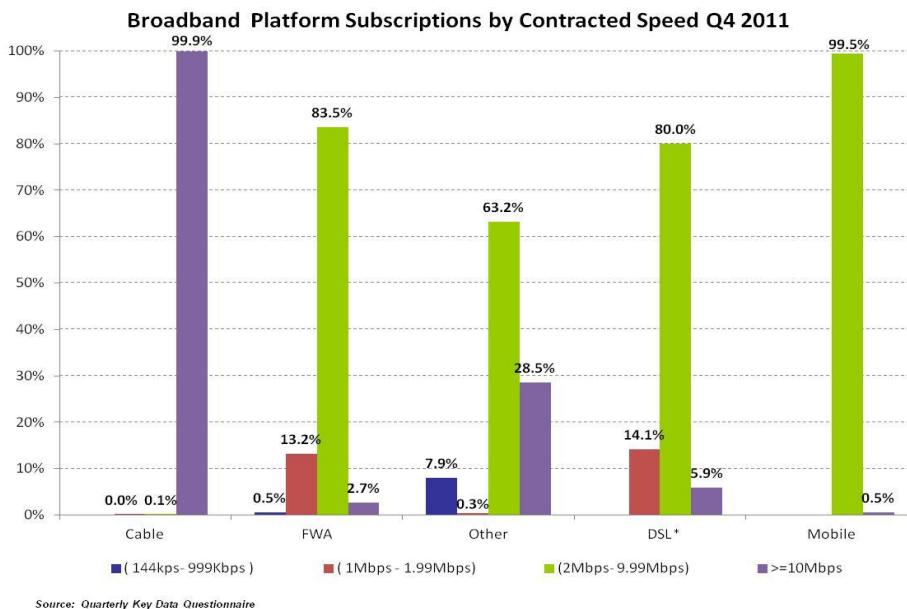
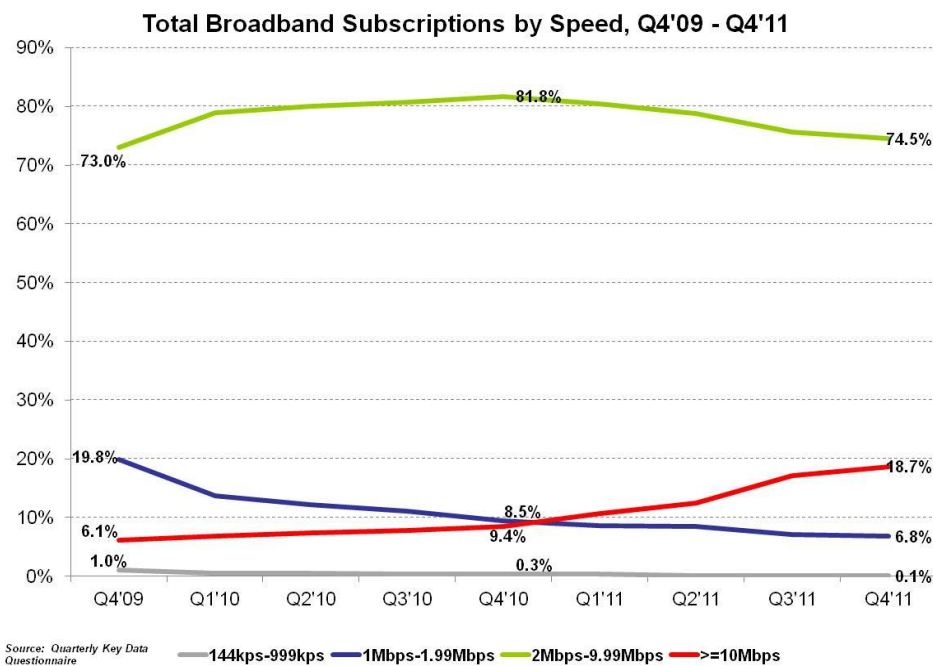


Figure 3.3.7 shows the change in broadband subscriptions by contracted downloaded speeds between Q4'09 and Q4'11. Subscriptions in the >=10Mbps category have increased from 6.1% to 18.7% over this period.

Figure 3.3.7 – Broadband Subscriptions by Contracted Download Speeds



²² *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 Q4 2011 Eircom’s market share was 44.5% and OAOs had the remaining 55.5% of broadband subscriptions.

Figure 3.3.8 – Market Share of Fixed Broadband Market

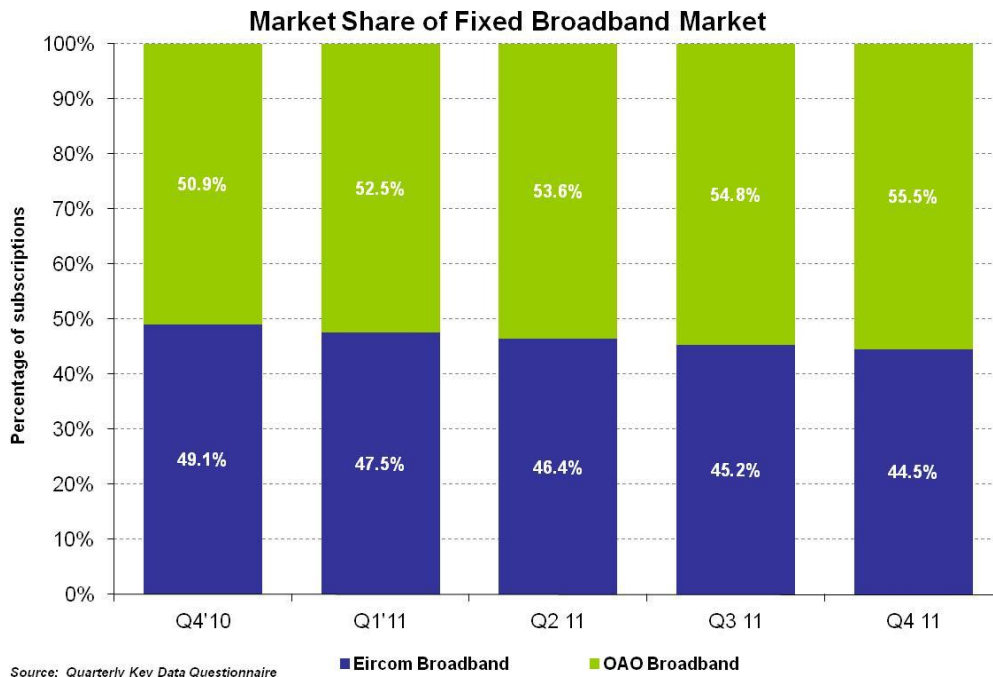


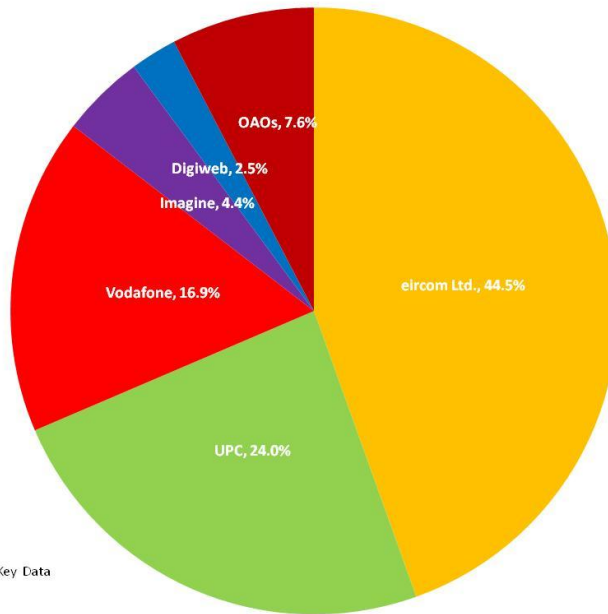
Figure 3.3.9 provides the market share of fixed broadband operators by number of subscriptions. DSL, cable modem, FWA, satellite and fibre subscriptions are all used to calculate fixed broadband market shares.

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 Q4 2011, Eircom had 44.5% of total fixed broadband subscriptions, followed by UPC who had 24.0% of subscriptions. Vodafone had a 16.9% market share (excluding mobile broadband subscriptions), while Imagine had 4.4% and Digiweb had 2.5%. All other operators combined accounted for the remaining 7.6% fixed broadband subscriptions.

Figure 3.3.9 – Subscription Market Share of Fixed Broadband Market

Fixed Broadband Market Share (Subscriptions), Q4 2011

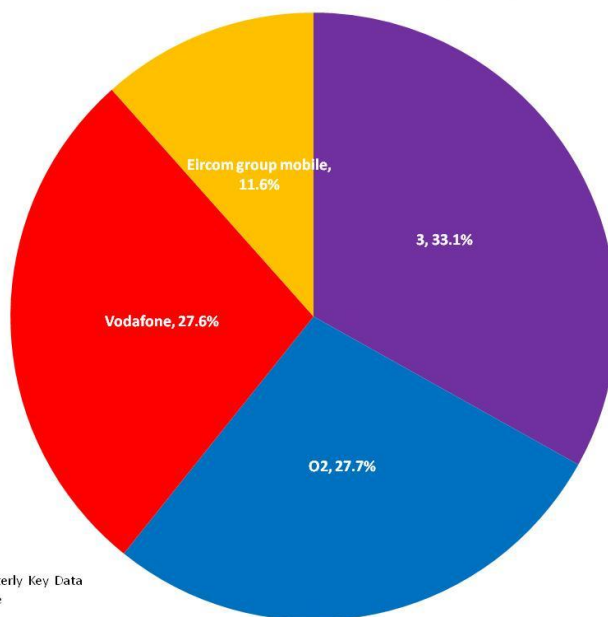


Source: Quarterly Key Data Questionnaire

Figure 3.3.10 shows the market share of mobile broadband operators by subscriptions. As of Q4 2011, 3 had the largest share with 33.1%,²³ down by 0.4 percentage points when compared to Q3 2011. O2 had a market share of 28.1% the same as last quarter. Vodafone’s market share was 27.6%, down 0.1 percentage points this quarter while eircom group mobile had a market share of 11.6% up from 10.7% in Q3 2011.

Figure 3.3.10 – Subscription Market Share of Mobile Broadband Market

Mobile Broadband Market Shares (Subscriptions), Q4 2011



Source: Quarterly Key Data Questionnaire

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

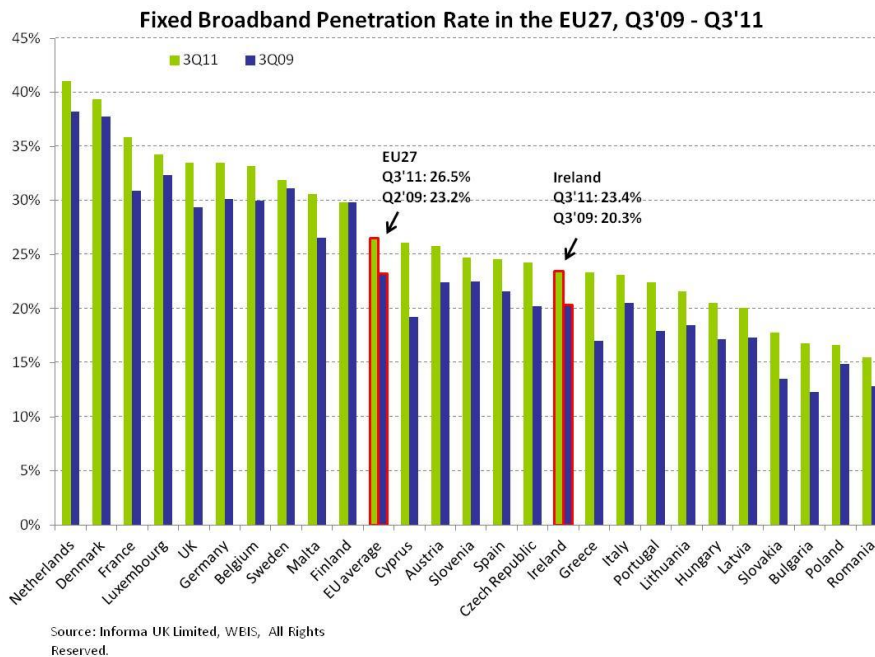
3.4 Broadband Penetration

The total number of broadband subscriptions in Ireland for Q4 2011 was 1,664,214. Using fixed residential broadband subscriptions only (i.e. excluding business subscriptions and mobile broadband subscriptions), the estimated broadband household penetration rate (there are an estimated 1,636,900 households in Ireland using CSO data) as of Q4 2011 is 55.4%.

Based on the total number of broadband subscriptions in Ireland for Q4 2011, the broadband per capita penetration rate (including mobile broadband) was 36.3%. When mobile broadband is excluded, the penetration rate was 23.4%.²⁴ These figures are based on a population of 4,581,269 from Central Statistics Office (CSO) data.²⁵

Figures 3.4.1 shows fixed broadband subscriptions per capita among 26 EU countries. This data is sourced from Informa Telecoms and Media Limited. Ireland’s fixed broadband per capita penetration rate (23.4%) has increased by 3.1 percentage points over the last two years but remains behind the EU27 average of 26.5% which has increased by 3.3 percentage points over the same period.

Figure 3.4.1 – Broadband Subscriptions per Capita, Q3’09 – Q3’11

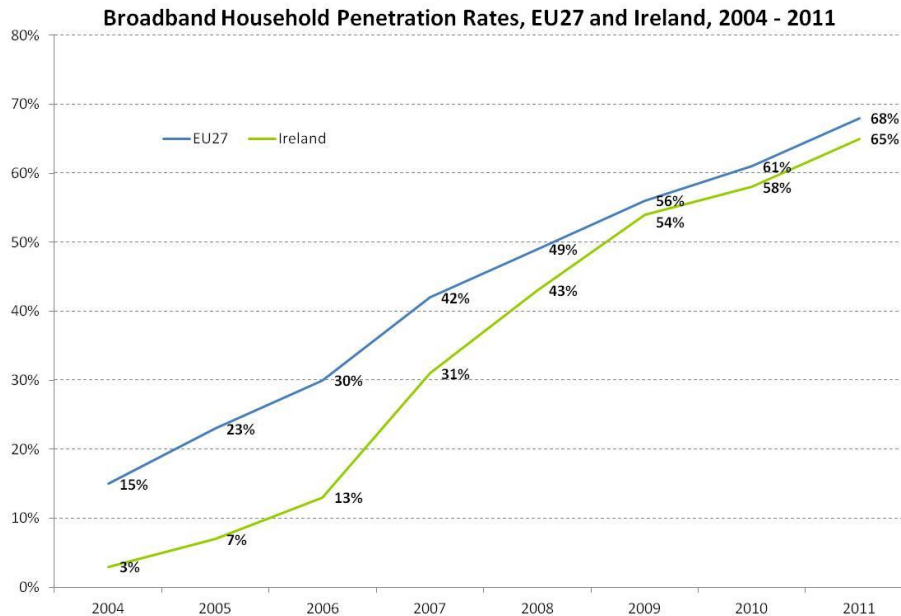


²⁴ It should be noted that ComReg reports dedicated mobile broadband subscriptions (i.e. on the basis of mobile dongles/datacards) only. Mobile broadband subscriptions over a handset are not included. Therefore, the total number of mobile broadband users (i.e. dedicated and handset mobile broadband subscriptions) 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.

²⁵ <http://www.cso.ie/census/documents/Prelim%20complete.pdf>

Figure 3.4.2 below compares Ireland’s and the EU27 household broadband penetration rate over the last six years. The gap between the EU27 and Ireland’s household penetration rate narrowed from 12 percentage points in 2004 to 3 percentage points in 2010, and this gap remained stable between 2010 and 2011.

Figure 3.4.2 – Broadband Subscriptions per Household, 2004 - 2010²⁶



Source: Eurostat, Information Society Indicators; CSO

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 points²⁷. 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

²⁶ Households with at least one member aged 16-74. Broadband connection includes: DSL, wired fixed (cable, fiber, Ethernet, PLC), fixed wireless (satellite, WiFi, WiMax) and mobile wireless (3G/UMTS).

²⁷ 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.

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.

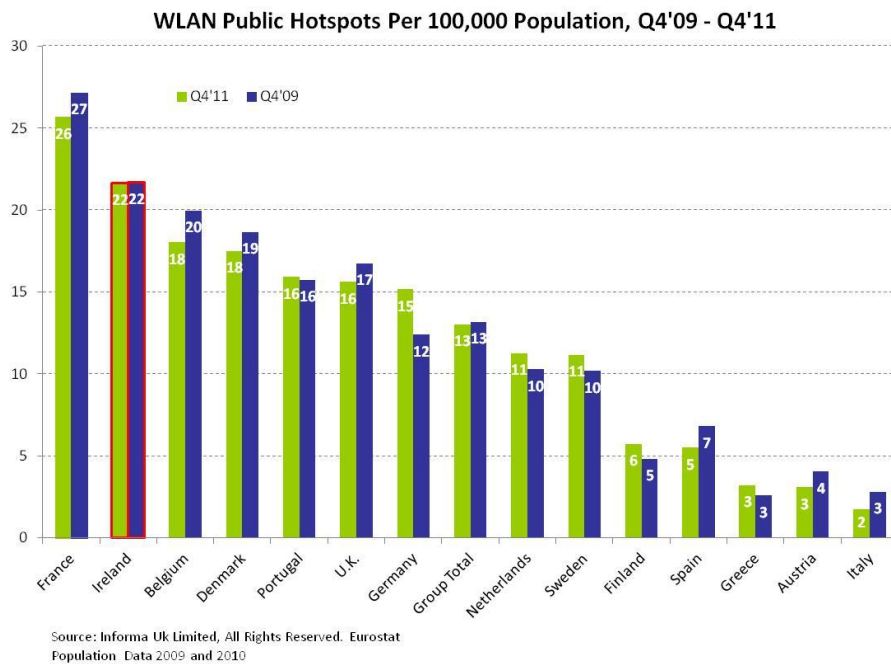
The number of WiFi hotspots and access points have fallen by approximately 12.0% and 17.3% respectively, comparing Q4 2010 to Q4 2011. Despite this, WiFi minutes increased by 59.5% over the period. This may be a reflection of the increasing take up of smartphones and tablet devices among Irish consumers. The number of hotspots, access points and minutes have all increased when compared to Q3 2011.

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

	Q4 2011	Q4'10-Q4'11 Growth	Q3'11-Q4'11 Growth
WiFi Hotspots	965	-12.0%	44.7%
WiFi Access Points	2,945	-17.3%	14.3%
WiFi Minutes of Use	53,076,417	59.5%	14.6%

Figure 3.5.2 shows a comparison of WLAN public hotspots among EU countries based on data sourced from Informa Telecoms and Media Limited. France had the highest number of hotspots per 100,000 population among the countries benchmarked in Q4 2011 at 26, while Ireland had the second highest at 22 above the group average of 13.

Figure 3.5.2 – WLAN Public Hotspots per capita



3.6 Broadband Pricing Data²⁸

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.²⁹

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.

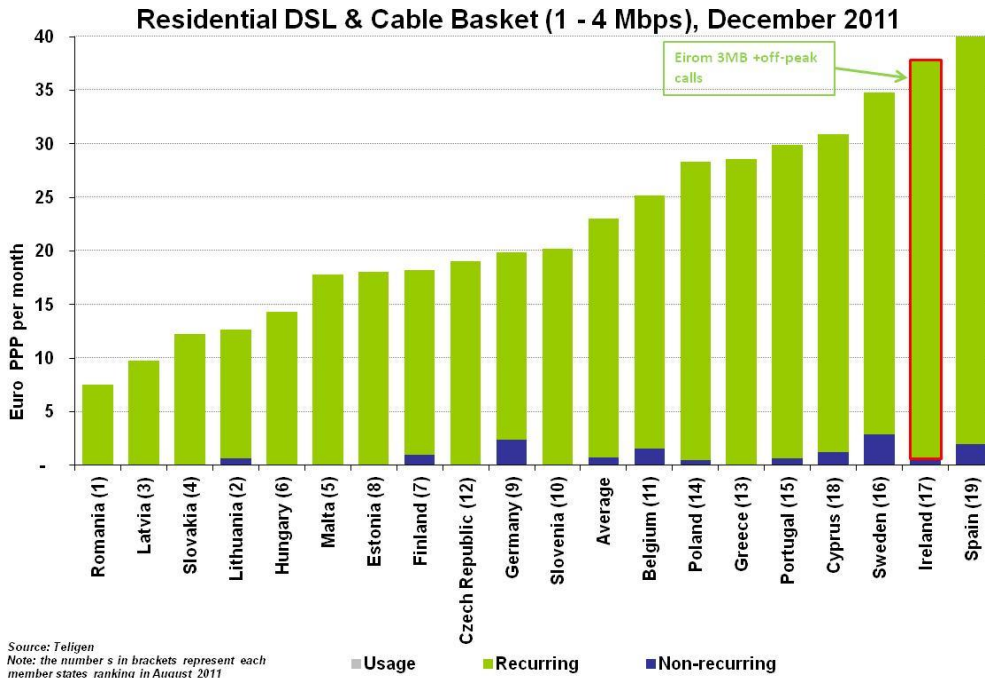
These packages are based on advertised download speeds. The charts below represent speed categories of 1-4 Mbps in the residential market, all residential speeds and 4-10 Mbps in the business market.

²⁸ 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.

²⁹ ComReg Document 12/20a.

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 19 European countries. Ireland is 7 places behind and 64.3% more expensive than the benchmarked country average. The pricing for Ireland is based on Eircom’s 3MB package.

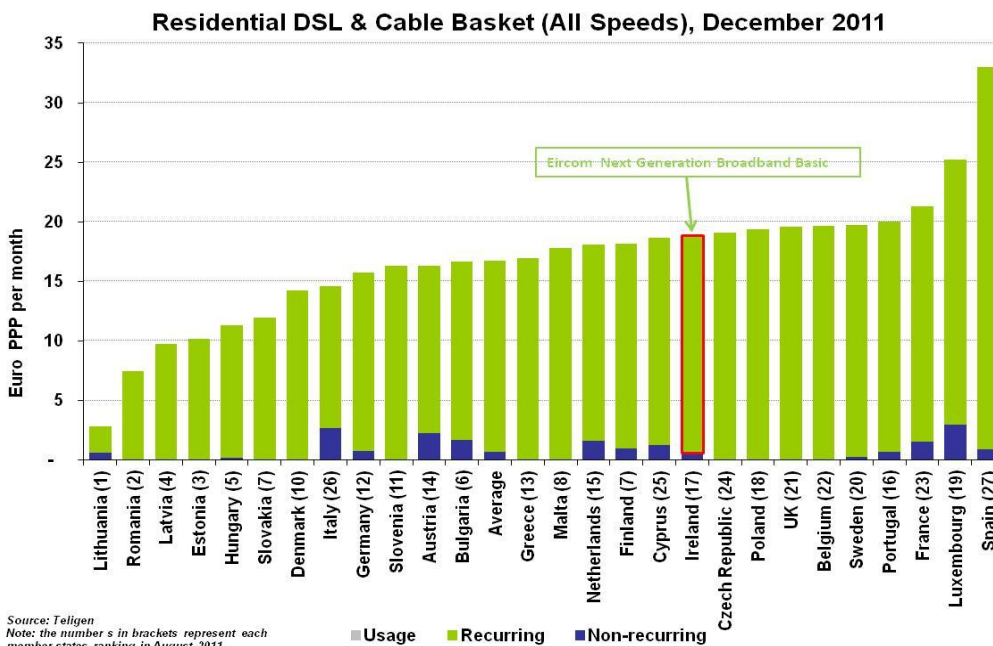
Figure 3.6.1 - Residential DSL & Cable Basket (1-4 Mbps)



Source: Teligen
 Note: the number s in brackets represent each member states ranking in August 2011

The lowest monthly residential DSL & cable pricing for all speeds is charted in figure 3.6.2. Ireland ranks in 18th place in this group of 27 European countries. Ireland is 6 places behind and 12.4% more expensive than the benchmarked country average. The pricing for Ireland is based on Eircom’s Next Generation Broadband Basic package.

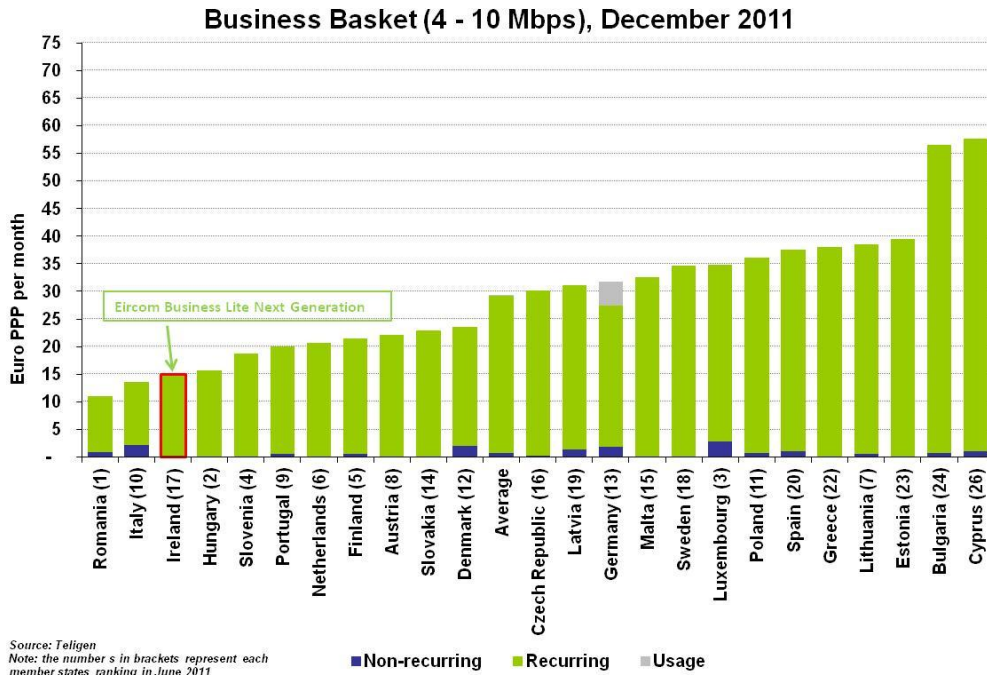
Figure 3.6.2 - Residential DSL & Cable Basket (All Speeds)



Source: Teligen
 Note: the number s in brackets represent each member states ranking in August 2011

The lowest monthly business pricing for DSL and cable in the 4-10 Mbps speed category is charted in figure 3.6.3. Ireland is in 3rd place among this group of 26 European countries. Ireland is 9 places ahead of and 48.6% cheaper than the benchmarked country average. The pricing for Ireland is based on Eircom’s Business Lite Next Generation package.

Figure 3.6.3 – 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 1.4GB, 0.8GB and 3.7GB for pre-pay, post-pay business and post-pay residential subscriptions respectively in Q4 2011.

Figure 3.6.4 shows that out of the 20 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 15.7% cheaper than the benchmarked country average.

Figure 3.6.4 – Pre-Pay Residential Mobile Broadband Basket (All Speeds)

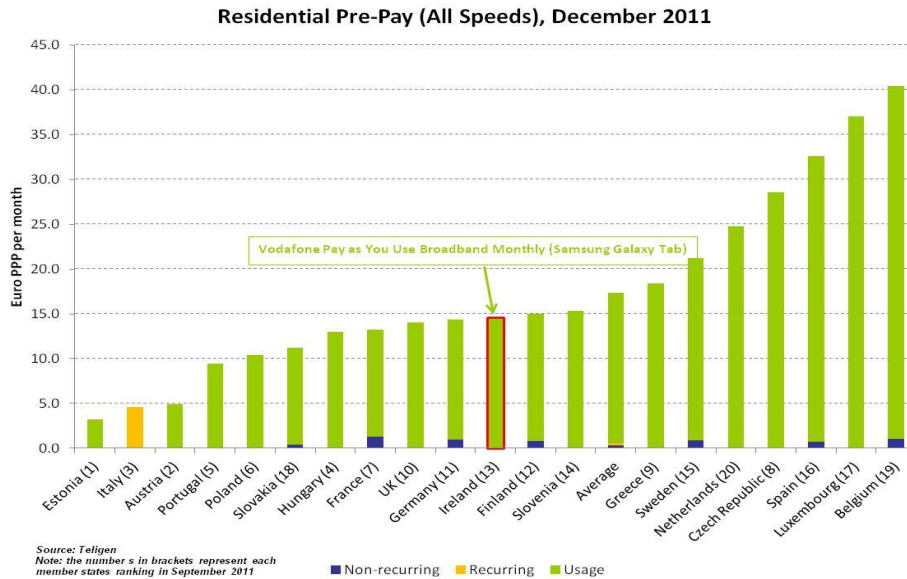


Figure 3.6.5 compares post-pay residential mobile broadband tariffs. Ireland ranks in 7th place among the 21 benchmarked European countries, 6 places ahead of the benchmarked country average. Ireland’s pricing is based on Meteor’s Broadband to Go 5GB package and is approximately 24.8% cheaper than the benchmarked country average.

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

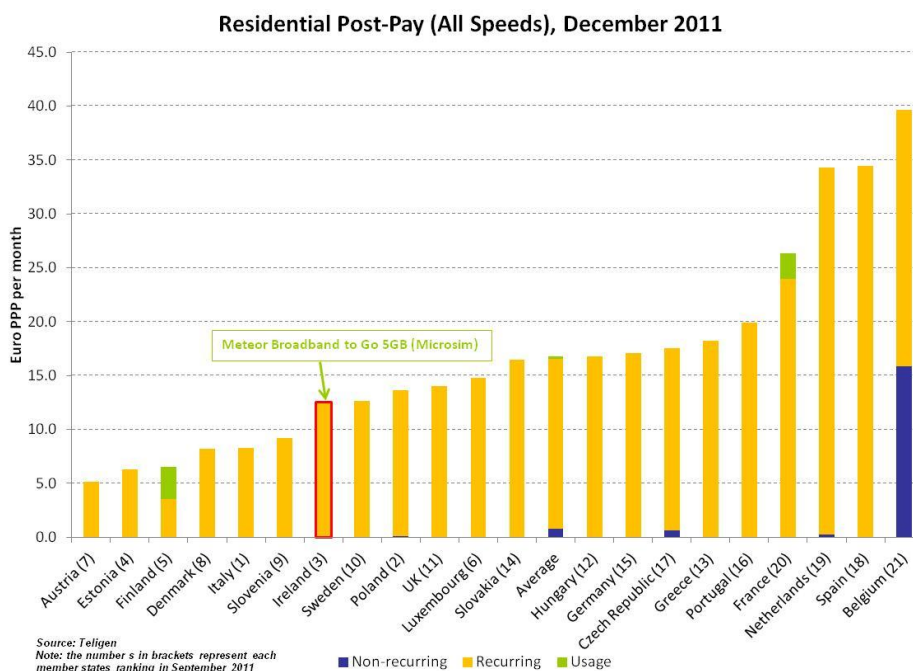
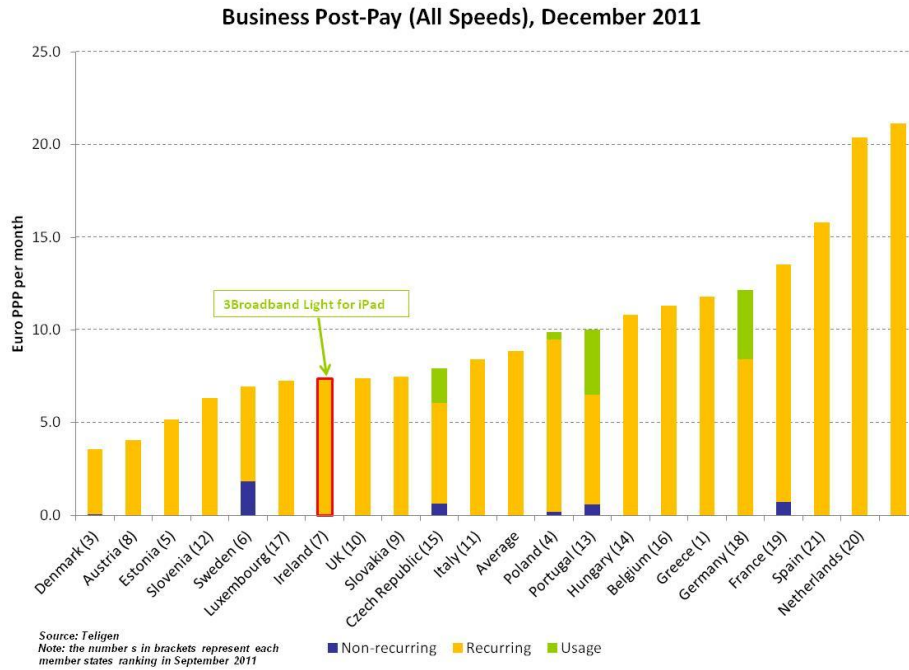


Figure 3.6.6 compares the pricing for a post-pay business mobile broadband basket among 21 European countries. Ireland ranks in 7th place among these countries, 5 places ahead of and 25.1% cheaper than the benchmarked country average. Ireland’s pricing is based on 3’s Broadband Light for iPad package.

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

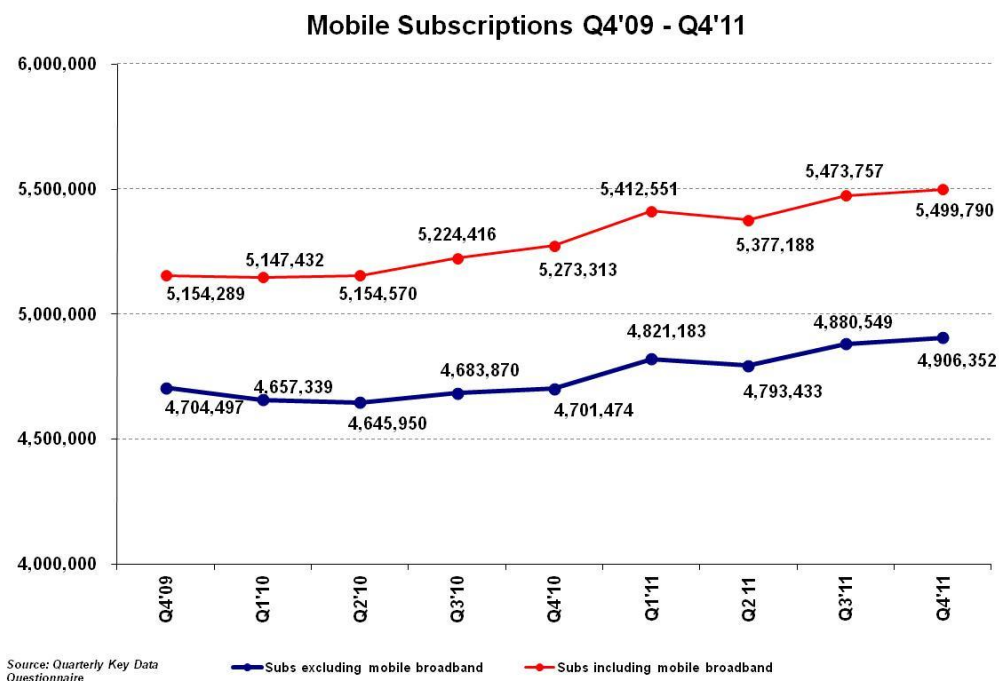


4. Mobile Market Data

4.1 Number of Subscriptions and Penetration Rate³⁰

At the end of December 2011 there were 5,499,790 mobile subscriptions in Ireland. Mobile broadband subscriptions are included in this figure. If mobile broadband subscriptions (593,438 this quarter) are excluded, the total number of mobile subscriptions in Ireland was 4,906,352. Total mobile subscriptions have increased by 0.5% this quarter and by 5.8% in the year to Q4 2011. Mobile broadband subscriptions remained relatively unchanged this quarter, but have increased by 3.8% in the year to Q4 2011.

Figure 4.1.1 – Mobile Subscriptions



In Q4 2011 there were 4,221,755 3G SIMs in Ireland which is 76.8% 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.

³⁰ Mobile subscriptions do not include data from MVNO Postfone.

As a subset of total 3G SIMs in Ireland, there were (including dedicated mobile broadband) 2,687,749 active 3G users in Ireland in Q4 2011. Total active 3G users as a proportion of total 3G SIMs was 63.7% in Q4 2011. 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 (2,687,749) minus dedicated mobile broadband subscriptions (593,438) 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 42.7% of all mobile subscriptions (excluding dedicated mobile broadband) in Q4 2011 up from 38.7% last quarter.

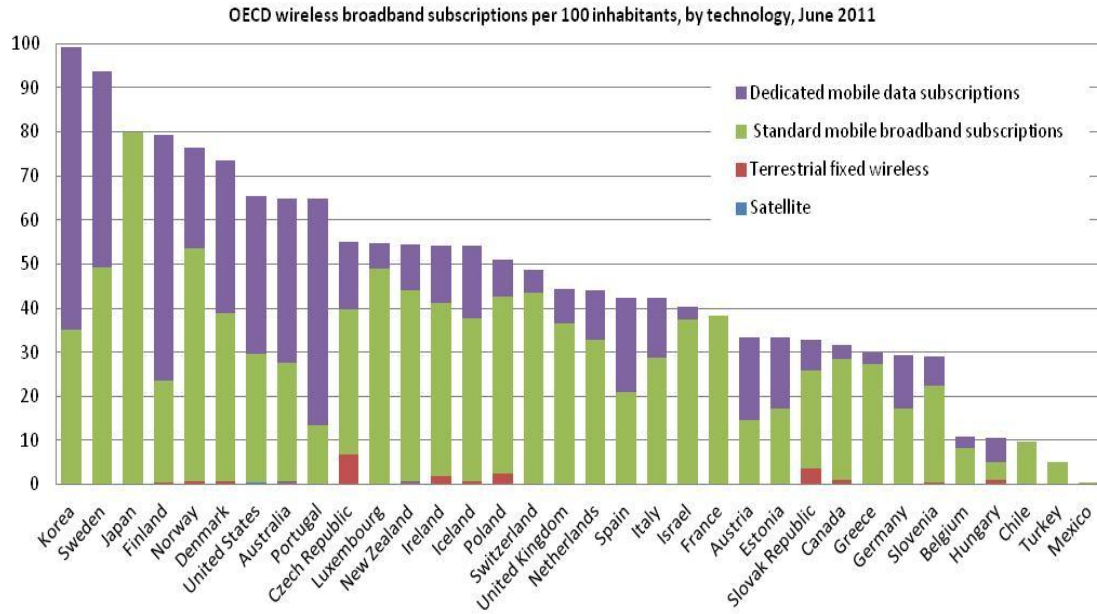
Figure 4.1.2 below shows the breakdown of total active SIMs, total 3G SIMs and active 3G users in Ireland in Q3 and Q4 2011.

Figure 4.1.2 – Mobile Subscriptions (SIMs)

	Q4 2011	Q3 2011	Quarterly Change
Total SIMs	5,499,790	5,473,757	+0.5%
Total 3G SIMs	4,221,755	4,001,911	+5.5%
Active 3G SIMs	2,687,749	2,480,899	+8.3%
Active 3G SIMs excluding dedicated mobile broadband SIMs	2,094,311	1,887,691	+10.9%

Figure 4.1.3 shows wireless broadband subscriptions per 100 population in OECD countries as of Q2 2011. Wireless subscriptions include dedicated mobile broadband, standard mobile broadband (include handsets), terrestrial fixed wireless and satellite subscriptions. The standard mobile broadband subscriptions for Ireland as represented by the OECD, are active 3G users (excluding dedicated mobile broadband).

Figure 4.1.3 – Wireless Broadband Subscriptions, June 2011

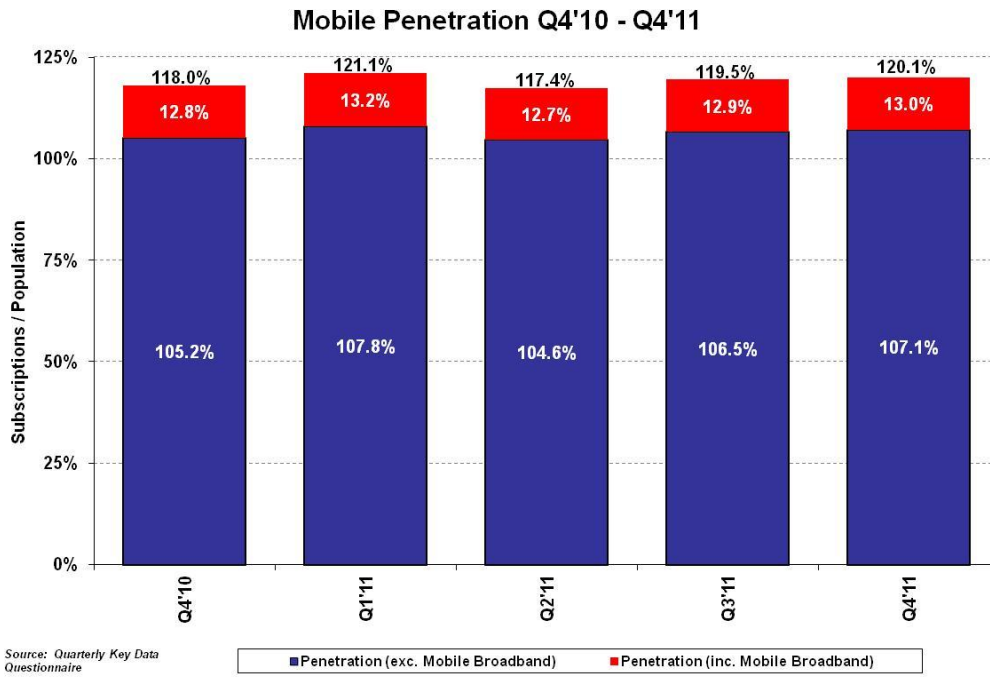


Source: OECD Broadband Portal

Figure 4.1.4 charts mobile penetration since Q4 2010 and shows that at the end of December 2011, mobile penetration, based on a population of 4,581,269 (using CSO preliminary census 2011 results), was 120.1% including mobile broadband and 107.1% 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 4.1.4 – 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 illustrates 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 September 2011. 37.2% of subscriptions were post-paid, up from 35.6% 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

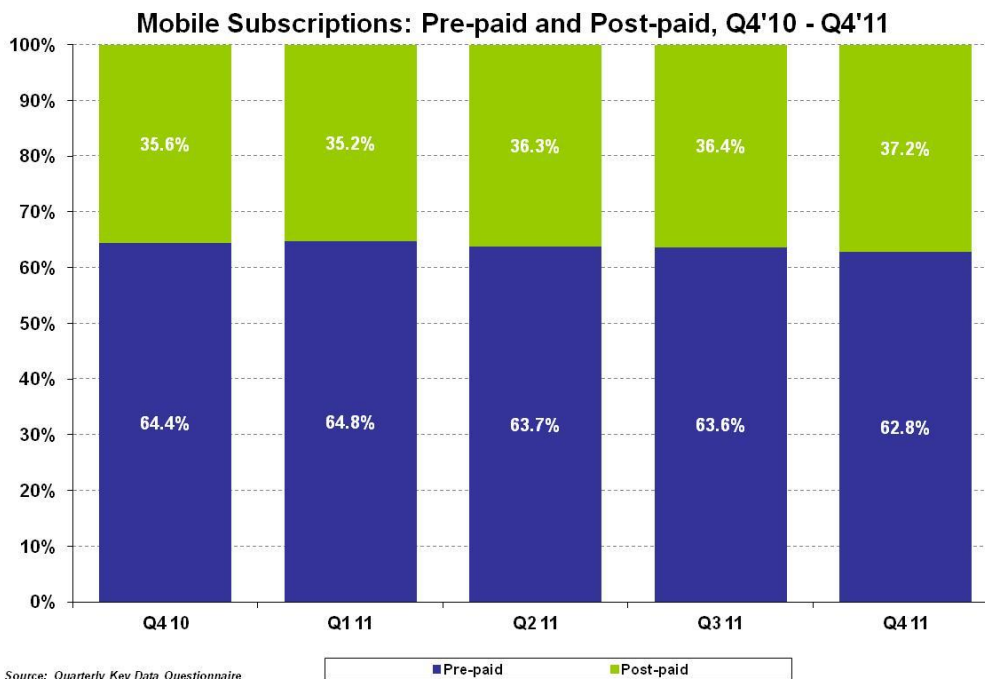


Figure 4.2.2 shows the pre-paid and post-paid subscription profile for each of the mobile operators in the Irish market. Mobile broadband subscriptions are included in this data. As of Q4 2011, 66.8% of Vodafone’s subscriptions were pre-paid. O2 had 53.6% pre-paid subscriptions, eircom Group Mobile had 77.2% pre-paid subscriptions, and 27.3% of 3’s mobile subscriptions were pre-paid. 98.8% of Tesco Mobile’s subscription base was pre-paid.

Figure 4.2.2 – Profile of Pre-Paid and Post-Paid Subscriptions by Operator

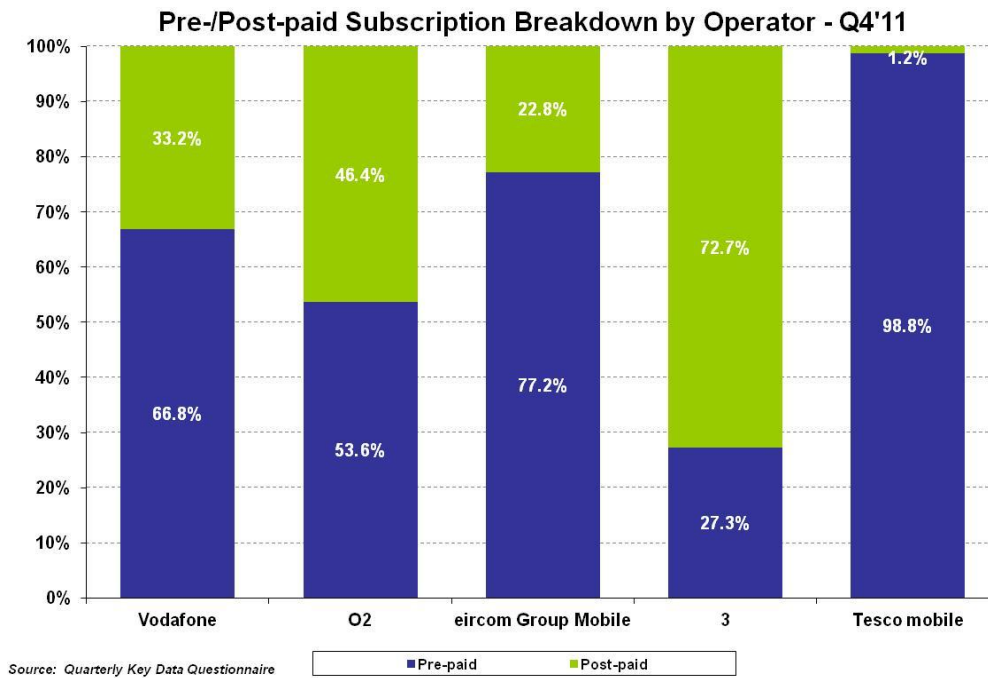


Figure 4.2.3 shows the split between pre-paid and post-paid mobile broadband subscriptions between Q4 2010 and Q4 2011. 74.5% of all mobile broadband subscriptions were post-paid at the end of December 2011, down from 78.2% one year previously.

Figure 4.2.3 – Profile of Pre-Paid and Post-Paid Mobile Broadband Subscriptions

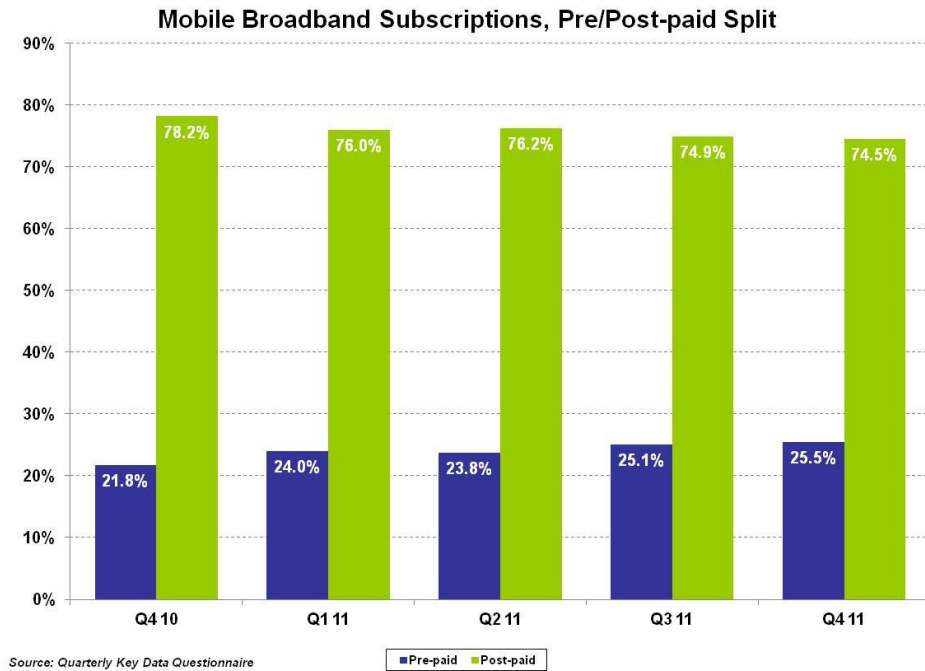


Figure 4.2.4 shows the split of post-paid business and non business mobile subscriptions including and excluding mobile broadband in Q2, Q3 and Q4 2011. Approximately 38.9% of post-paid mobile subscriptions including (mobile broadband) and 43.0% of mobile subscriptions (excluding mobile broadband) were classed as business subscriptions in Q4 2011.

Figure 4.2.4 – Post-Paid Business and Residential Mobile Subscriptions

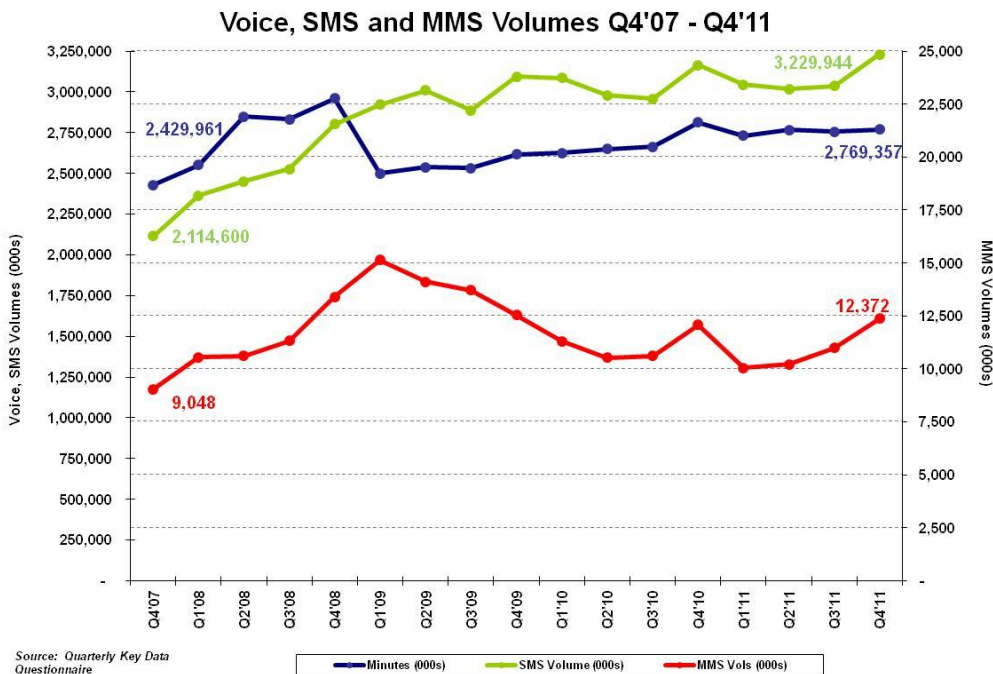
	Q4 2011	Q3 2011	Q2 2011
Residential subs inc. mobile broadband	1,251,695	1,217,026	1,193,259
Residential subs exc. mobile broadband	915,793	877,189	851,282
Business subs inc. mobile broadband	796,879	733,404	757,507
Business subs exc. mobile broadband	690,514	668,872	654,384

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 Q4 2007. Total retail mobile voice traffic totalled almost 2.77 billion minutes in Q4 2011, an increase of 0.5% on the previous quarter but a decrease of 1.6% on Q4 2010.

The total number of SMS messages sent by mobile users in Ireland was almost 3.23 billion in Q4 2011, up 6.3% on the previous quarter and up 2.0% on Q4 2010. The number of multimedia messages (MMS) sent increased by 12.5% this quarter and MMS volumes were up by 2.5% compared to Q4 2010. There were over 12.3 million MMS messages sent during Q4 2011.

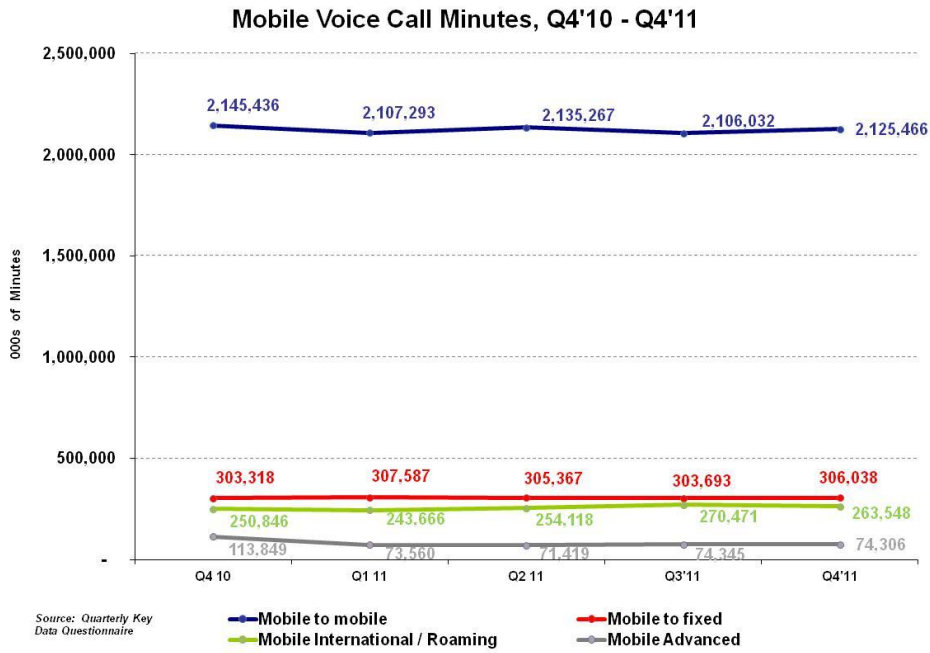
Figure 4.3.1 – SMS, MMS and Call Minute Volumes³¹



³¹ 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 Q4 2011, 76.7% of all mobile voice minutes were classified as mobile-to-mobile (on-net and off-net); 11.1% of mobile voice minutes were to fixed line phones, around 9.5% were classified as international and roaming and the remaining 2.7% were advanced voice minutes which include calls to premium rate services. These proportions have remained relatively stable over the last year.

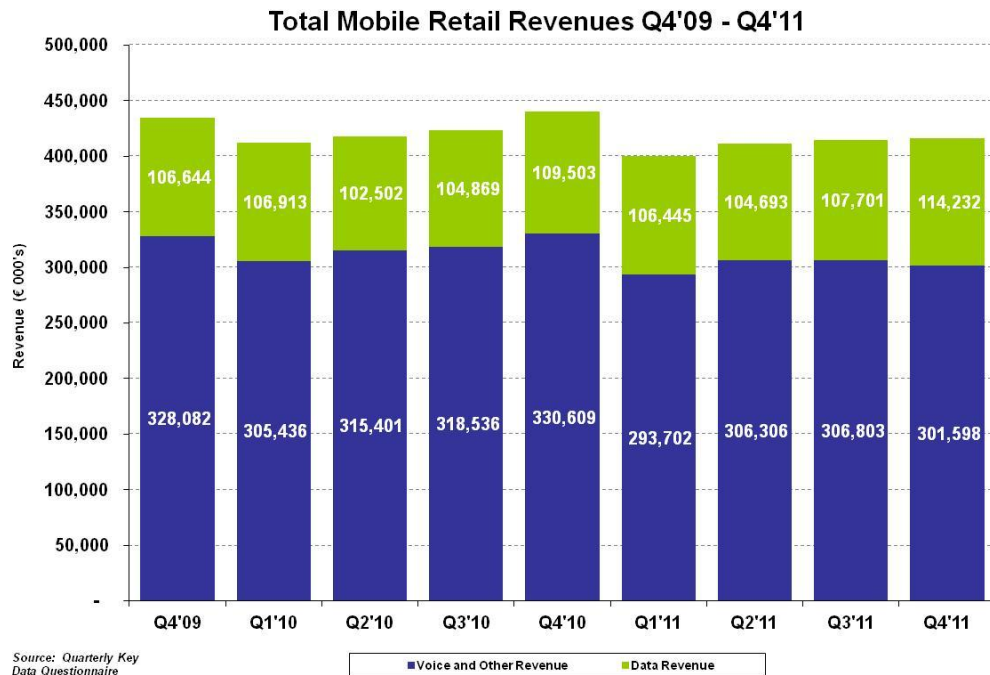
Figure 4.3.2 – Voice Call Minute Volumes by Type



4.4 Mobile Revenues

Figure 4.4.1 shows that mobile retail revenues for Q4 2011 were €415.8 million, up again this quarter by 0.3% but down 5.5% since Q4 2010. Data revenues³² have increased this quarter (+6.1%), but voice and other revenues³³ declined slightly this quarter (-1.7%). Comparing Q4 2010 to Q4 2011, voice and other revenues were down by 8.8% but data revenues were up by 4.3%.

Figure 4.4.1 – Total Mobile Retail Revenues



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

33 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.³⁴ Based on the data collected from Irish mobile operators, the average minutes of use in Ireland was 251 minutes per month in Q4 2011, down 2% on Q4 2010. This compares to a 3.5% year on year (to Q3 2011) increase in monthly western EU MOU.³⁵

Mobile ARPU is a function of both the price of mobile services and the level of usage of mobile services. In Q4 2011 mobile ARPU was €30 per month down from €34 one year previously. 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. This fall in ARPU is in line with the trend of a decline in western European ARPU, which has declined by 5% in Q3 2011 compared to the same period in 2010.³⁶ It has been suggested by Credit Suisse First Boston that price competition, GDP growth and MTR cuts explain most of the variation in European countries' mobile market (revenues, MOU etc.) growth.³⁷

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 (40.5% and 42.1%), followed by O2 (29.5% and 29.7%), eircom Group Mobile (19.7 % and 20.7%), 3 (7.7% and 4.6%) and Tesco Mobile (2.6% and 2.9%).

³⁴ ComReg Document 12/20a

³⁵ Credit Suisse, Equity Research, Wireless Telecommunications Services, European Mobile Sector Review Q3 2011

³⁶ *Ibid.*, 33

³⁷ Credit Suisse, Equity Research, Wireless Telecommunications Services, European Mobile Sector Review Q4 2010

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

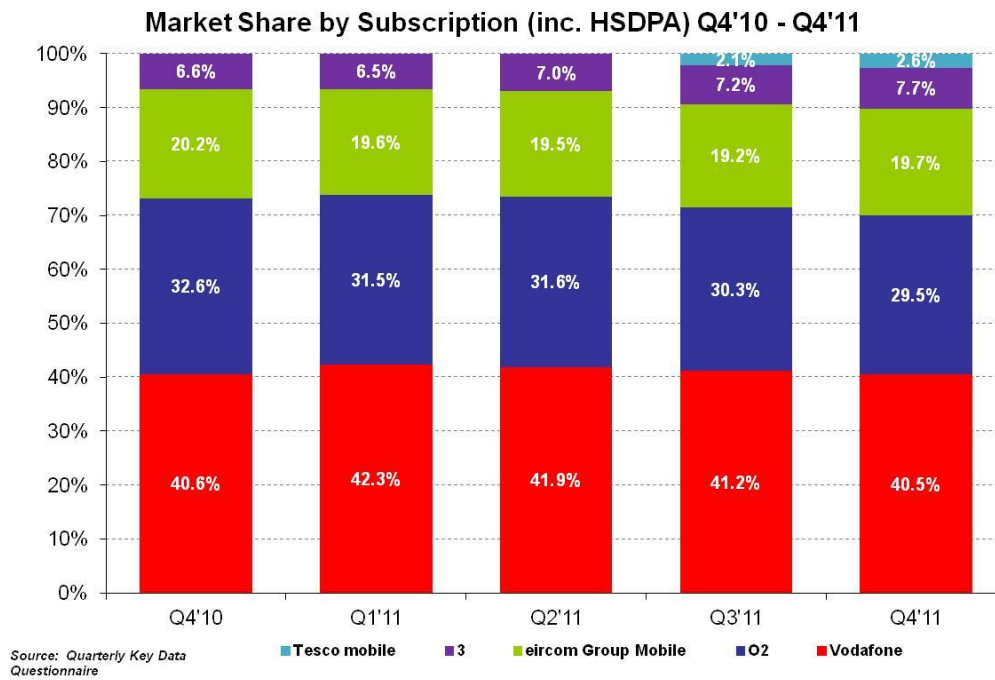


Figure 4.6.2 – Market Share – Number of Subscriptions (ex. mobile broadband)

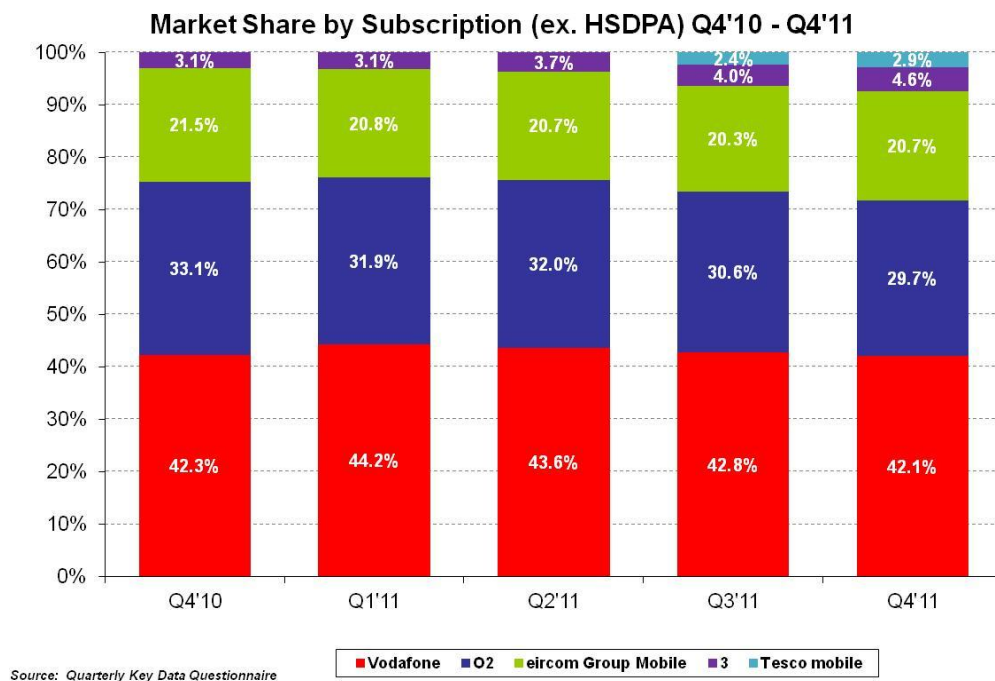
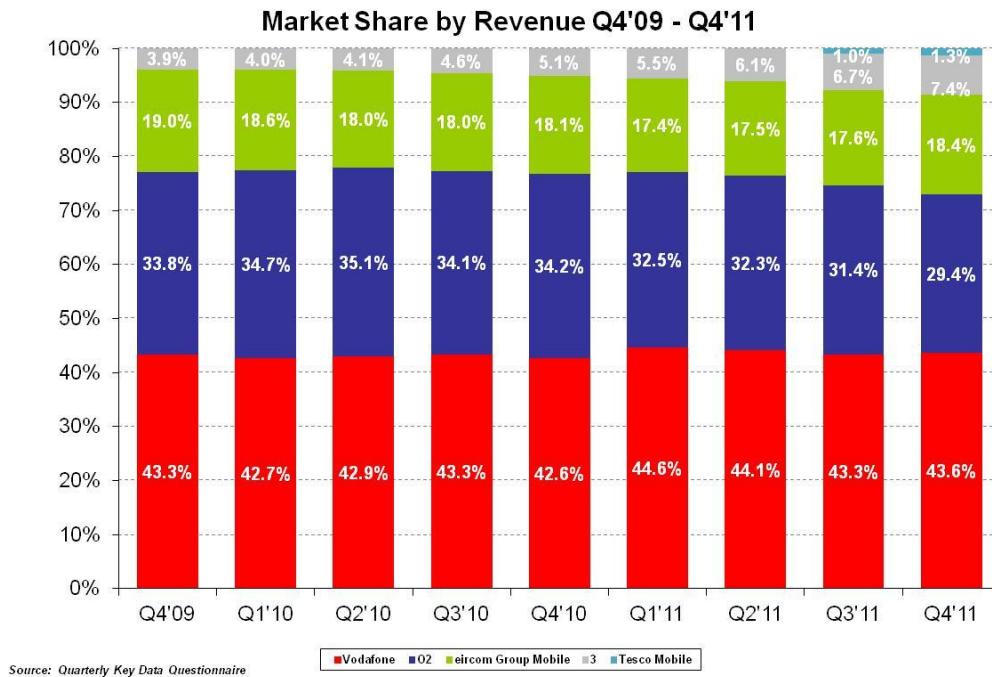


Figure 4.6.3 provides an analysis of market shares by revenue for mobile operators in the Irish market. Tesco Mobile is included for the first time from Q3 2011 in this chart. Therefore, changes in market shares this quarter, compared to previous periods, are not directly comparable. Vodafone’s market share remains highest at 43.6% followed by O2 at 29.4%. Eircom Group Mobile’s market share is the next largest at 18.4% followed by 3 and Tesco mobile at 7.4% and 1.3% respectively.

Figure 4.6.3 – Revenue Market Share

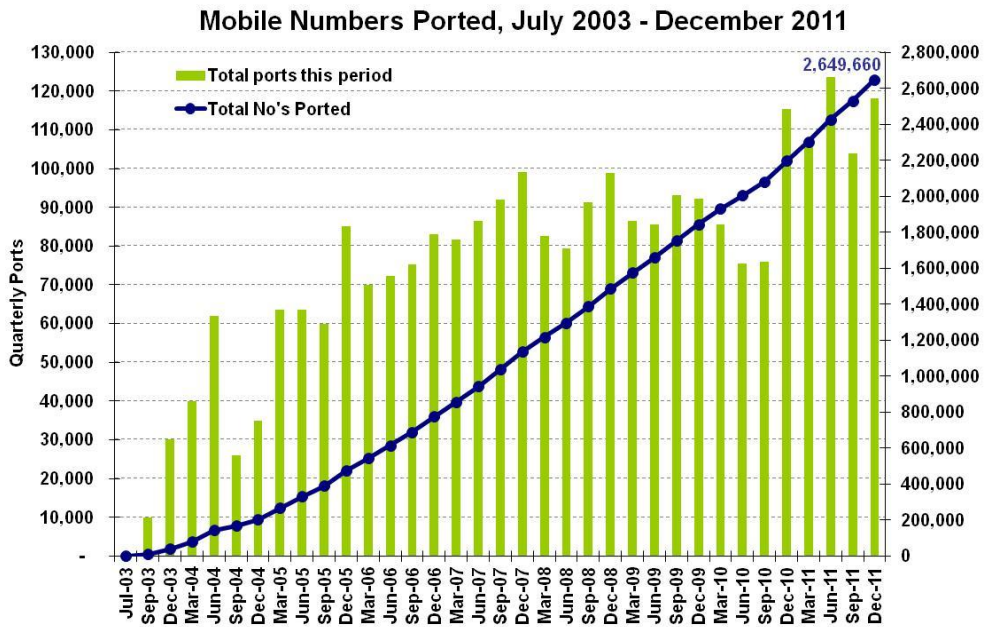


4.7 Switching in the Mobile Market

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 two and a half million numbers have been ported since June 2003. In the quarter to December 2011, 118,042 numbers were ported between operators (453,098 numbers in the twelve months to December 2011). Over the last 12 months an average of 113,275 numbers have been ported each quarter.

Figure 4.7.1 – Cumulative Mobile Numbers Ported



Source: Quarterly Key Data Questionnaire

4.8 Mobile Pricing Data³⁸

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

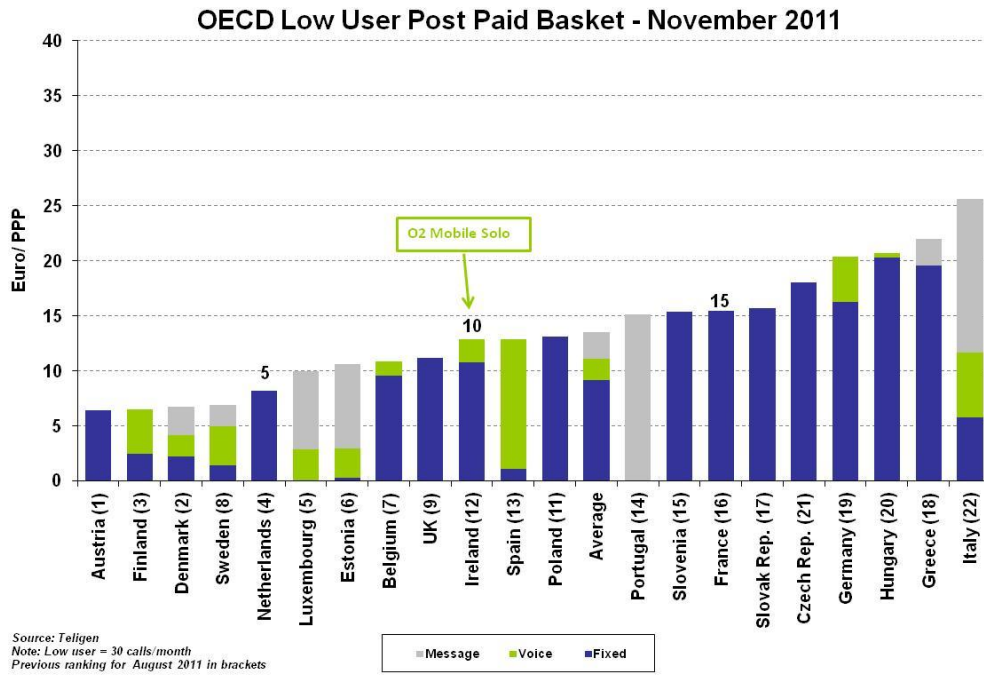
The Teligen mobile baskets presented in this Quarterly Report, termed as “low user”, “medium user” and “high user” are, based on the 30 calls, 100 calls and 300 calls per month baskets respectively described above. They are calculated and analysed independently by Teligen, using an OECD methodology which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

³⁸ 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 Basket³⁹

For the “low user” post paid mobile basket, Ireland ranks in 10th position among the European countries benchmarked. Ireland is three places ahead of and 5.1% 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)

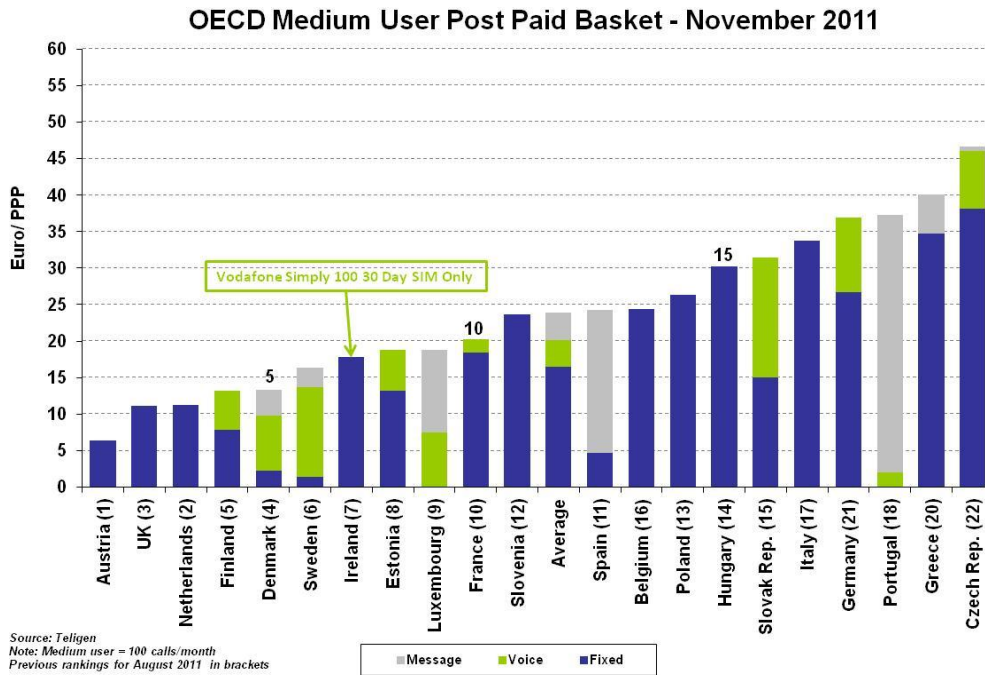


39 All tariffs are inclusive of VAT, rates will vary between Member States

4.8.2 Medium User Post Paid Mobile Basket

For the medium user post paid mobile basket, Ireland ranks in 7th position out of the countries benchmarked. Ireland is 5 places ahead of and 25.5% cheaper than the benchmarked average. The package used for Ireland is Vodafone’s Simply 100 30 day SIM only.

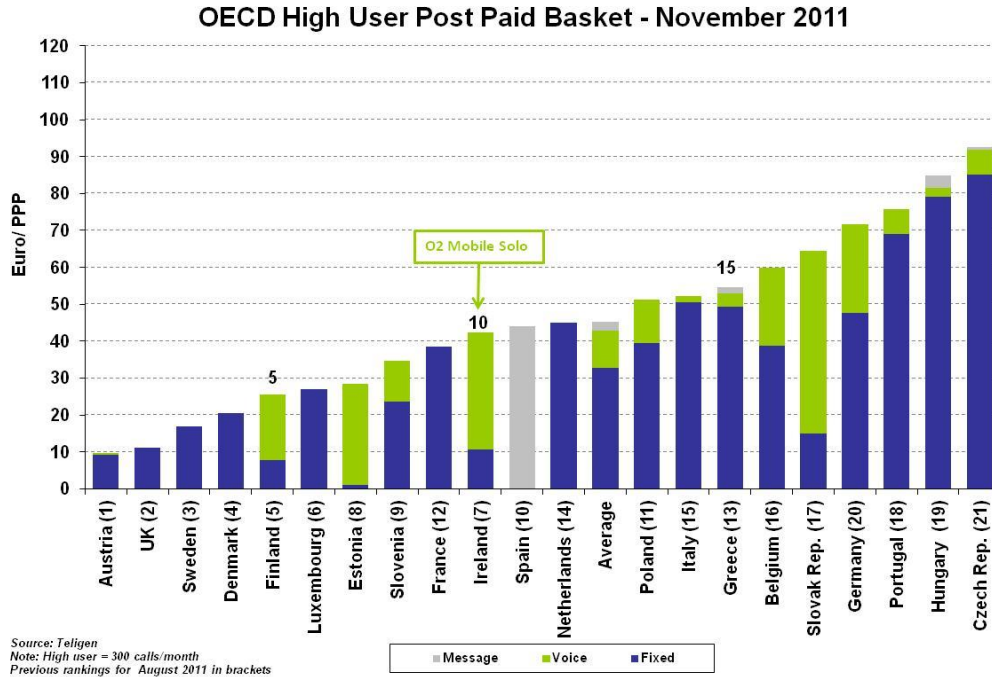
Figure 4.8.2.1 - OECD Medium User Post Paid Mobile Basket (100 calls)



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 Mobile Solo. Ireland is 3 places ahead of and 6.7% cheaper than the average of the countries benchmarked.

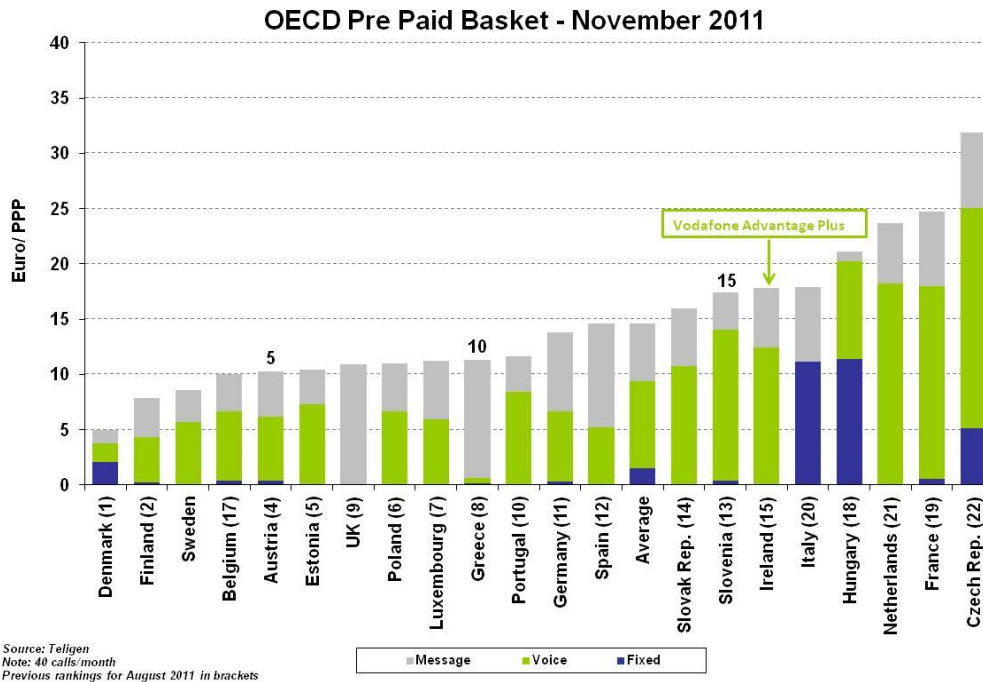
Figure 4.8.3.1 - OECD High User Post Paid Mobile Basket (300 calls)



4.8.4 Pre-Paid Mobile Basket

In the pre-paid mobile basket, Ireland is in 16th position among the benchmarked countries. The package used for Ireland in this basket is Vodafone’s Advantage Plus. Ireland is 3 places behind the average of the countries benchmarked and the cost of this basket in Ireland is approximately 21.8% 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.⁴⁰ The survey indicated that there were 1,584,000 TV homes in Ireland, which represents a 97% penetration rate of all households using a base of 1,634,000 households. Figure 5.1.1 shows the estimated number of TV homes by reception type between January 2010 and January 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 increased by 3.5% between January 2010 and January 2012. Analogue cable/satellite TV homes declined over the period by approximately 63.7% respectively as digital cable/satellite TV homes increased (20.9%).⁴¹

Figure 5.1.1 – TV Homes by Reception Type⁴²

	January 2012	January 2010	Jan 2012 as % of Total TV Homes	% Change Jan '10 – Jan '12
Reception	(000s)	(000s)	%	% change
Irish Terrestrial	209	202	13.2	+3.5%
Multi Total	1375	1378	86.8	-0.2%
Multi Terrestrial	99	150	6.3	-34.0%
Analogue Cable/Sat	90	248	5.7	-63.7%
Digital Cable/Sat	1185	980	74.8	+20.9%
Total Cable/Sat	1275	1228	80.5	
Total TV Homes	1584	1580		
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.				

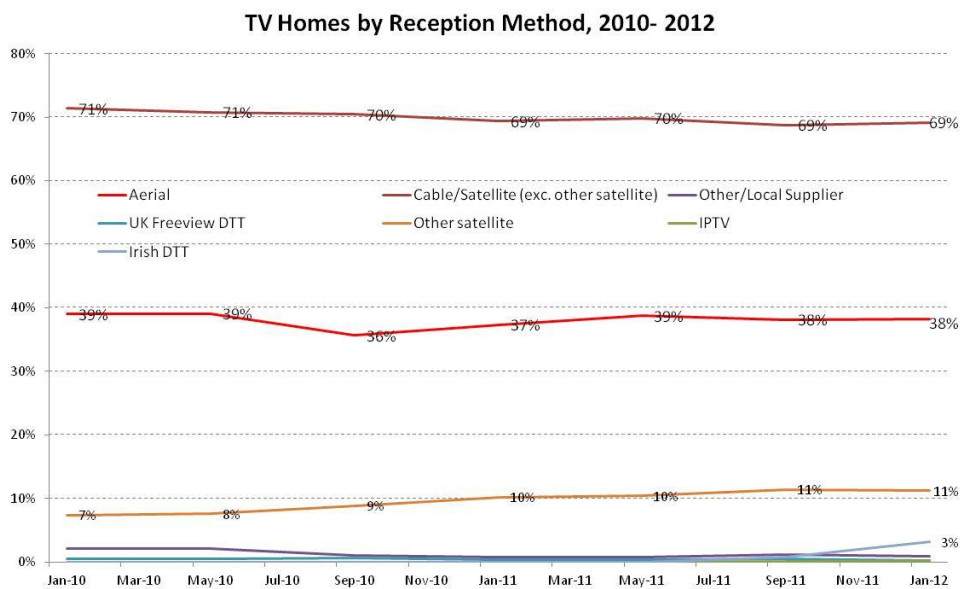
40 The Establishment Survey is a survey produced by Nielsen TV Audience Measurement (fieldwork is carried out by Behaviours and Attitudes) on behalf of Television Audience Measurement Ireland Ltd (a TV ratings body). The Establishment Survey covers areas such as ownership of TV related equipment, method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

41 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.

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

Figure 5.1.2 charts TV homes by reception method⁴³ from January 2010 to January 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%,⁴⁴ 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 11% of TV homes in January 2012. Reception by other/local supplier (deflector/relay services), and IPTV methods is relatively low. Approximately 3% of TV homes have Irish DTT.

Figure 5.1.2 – TV Homes by Reception Method



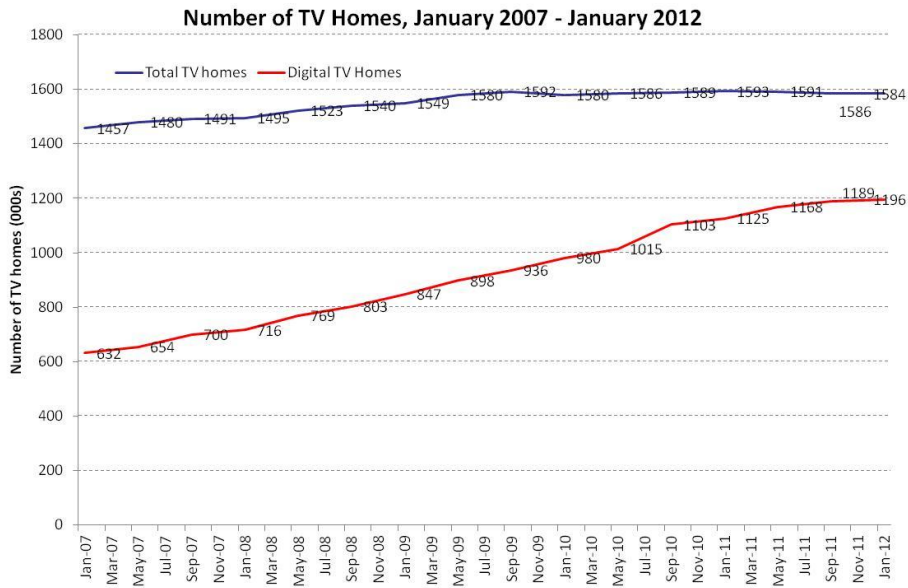
Source: Nielsen TV Audience Measurement Establishment Survey on Behalf of TAM Ireland Ltd.

⁴³ 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%.

⁴⁴ 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 8.7% between January 2007 and January 2012, however between September 2011 and January 2012 the number of TV homes dipped slightly (-0.1%). Digital TV homes increased by 89.2% over the same period. Digital TV homes now represent 75.5% of all TV homes compared to 43.4% in January 2007.

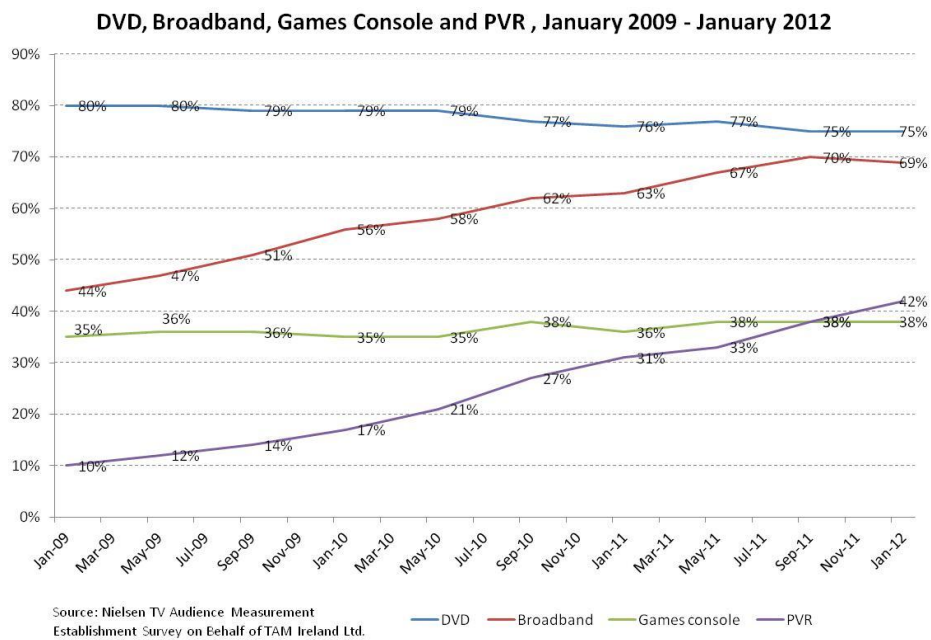
Figure 5.1.3 – TV Homes January 2007 – January 2012



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

Figure 5.1.4 shows TV homes by DVD, broadband access, game console and PVR⁴⁵ ownership between January 2009 and January 2012. More than three quarters of television homes have a DVD player but this has declined slightly over the last two years; down by 5 percentage points over the period. Broadband access was present in circa 69% of homes with a television in January 2012. The number of homes with games consoles has increased slightly over the last two years from 35% in 2009 to 38% in 2012, while PVR ownership continues to increase, reaching 42% in January 2012; up from 10% in January 2009.

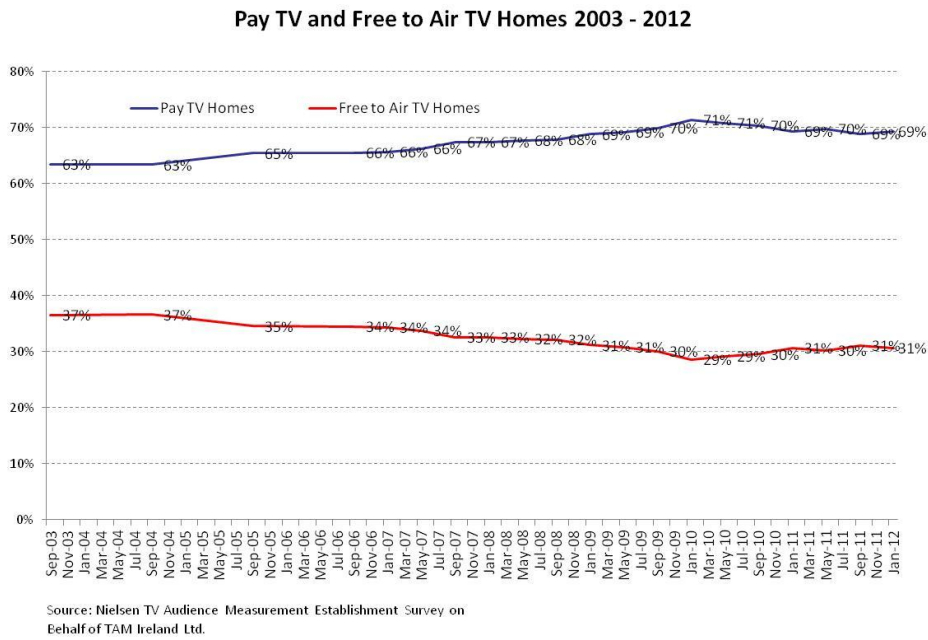
Figure 5.1.4 – DVD, Broadband, Games Console and PVR Trends



⁴⁵ 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)⁴⁶ service have generally been increasing at the expense of homes reliant on free to air TV reception only over the reported period.

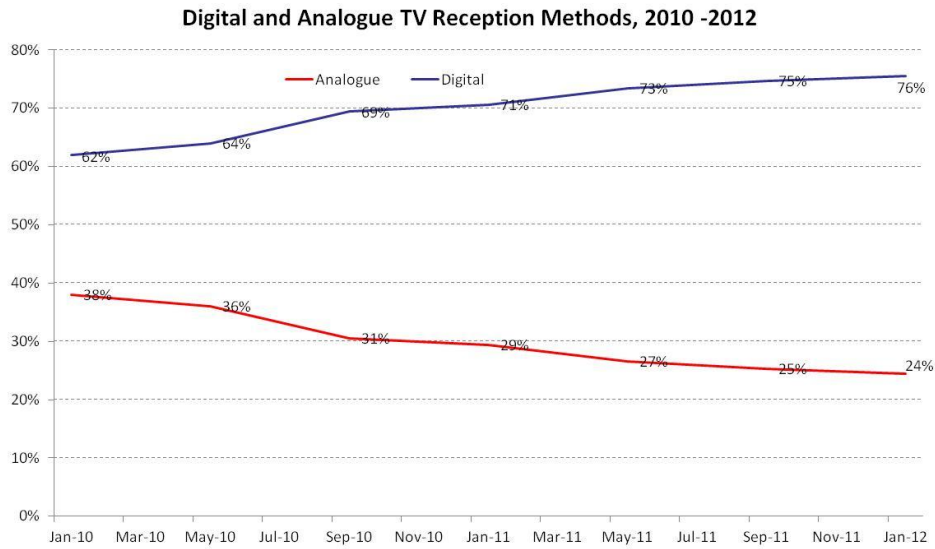
Figure 5.1.5 – Pay TV vs Free to Air TV Homes, 2003 - 2012



⁴⁶ 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 (76%) continues to increase at the expense of analogue TV reception (24%). In the last two years households with digital TV have increased by approximately 14 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

Oct-11

Order Type	% Orders Validated within Performance Target	% Orders Delivered within Performance Target
DR	-	99.93%
LE	-	99.95%
PW	-	99.87%
LNI/LTI/MI	-	98.29%
LNI/LTI/MI	-	99.94%
CL	-	100.00%
LNN/LTN/MN	99.76%	89.18%
CH	-	99.48%
CN	-	97.71%
CM	-	100.00%
FA	-	92.31%

Nov-11

Order Type	% Orders Validated within Performance Target	% Orders Delivered within Performance Target
DR	-	99.92%
LE	-	99.98%
PW	-	99.82%
LNI/LTI/MI	-	99.70%
LNI/LTI/MI	-	100.00%
CL	-	99.90%
LNN/LTN/MN	100.00%	88.86%
CH	-	98.84%
CN	-	96.69%
CM	-	99.64%
FA	-	96.55%

Dec-11

Order Type	% Orders Validated within Performance Target	% Orders Delivered within Performance Target
DR	-	99.67%
LE	-	99.54%
PW	-	99.82%
LNI/LTI/MI	-	99.02%
LNI/LTI/MI	-	100.00%
CL	-	99.96%
LNN/LTN/MN	99.81%	85.50%
CH	-	99.81%
CN	-	100.00%
CM	-	100.00%
FA	-	96.30%

Count of Time Interval	SB-WLR Repair performance metric Qrt 4 Oct - Dec 2011		
QRT 4 2011	Percentage of faults		
	<=2	<=5	<=10
Grand Total	60.76%	91.18%	98.50%

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)