RÉPUBLIQUE FRANÇAISE

June 2012

Electronic communications in France: key figures

Figures for 2011

ARCEP
www.arcep.fr
Autorité de régulation des communications électroniques et des postes

Operator characteristics

Unless otherwise stated, the figures in this document are for 2011.

GENERAL MARKET DATA

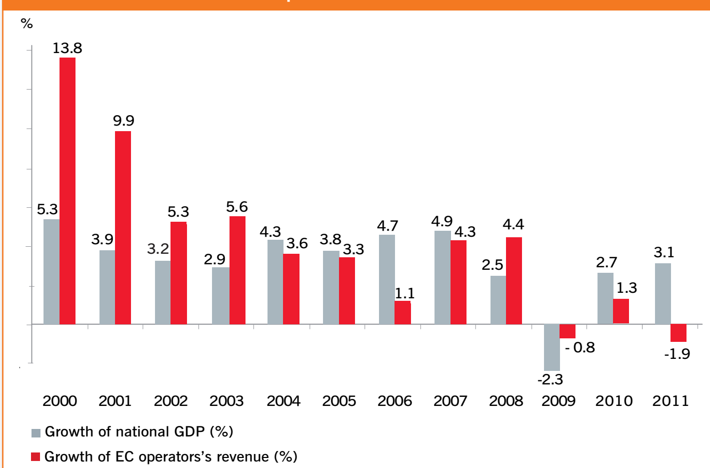
In 2011, businesses producing information and communication technologies (ICT) **goods and services**, which include, computing, the Internet and electronic communications, generated €100 billion* in revenue, or around 5% of France's GDP.

This document focuses on the retail market for **electronic communication services (in the strictest sense of the term).**

In France, these services generated €40.8** billion in revenue in 2011, which marks a 2.3% decrease over 2010. This before-tax decrease in operators' income can be attributed primarly to the fact that mobile operators did not carry over the increase in the VAT applied to certain services, which came into effect on 1 February 2011, to their retail prices.

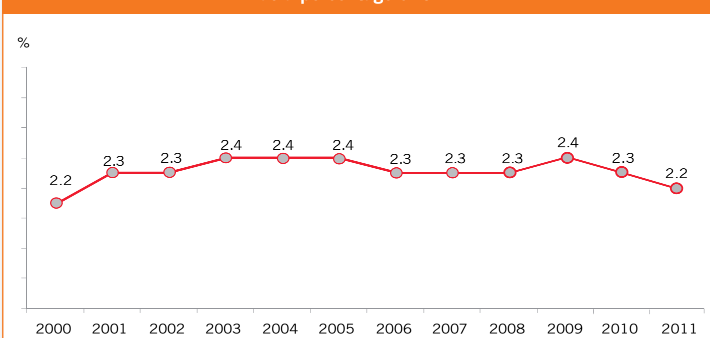
Telecommunications market revenue has increased by 85% and by 110% in volume since 1998, given the 15% decrease in the sector's prices over the past 12 years.

Annual growth of GDP and of electronic communications operators' revenue*



Sources: ARCEP, INSEE.

Electronic communications operators' revenue* as a percentage of GDP



Sources: ARCEP, INSEE.

* *Source: Idate*

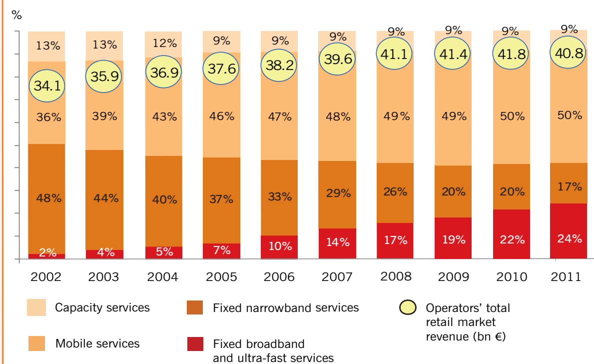
** *€ 44.1 billion in revenue, or 1.9% less than in 2010 – which also includes income from terminal sales and rental, hosting and call centre management, printed directories, advertising and file sales.*

REVENUE

Electronic communications services are made up of four segments:

- **mobile services which generated €20.3 billion**, a 2% decrease compared to 2010;
- **fixed narrowband services which generated €7.1 billion**, a 13% decrease compared to 2010;
- **fixed broadband and ultra-fast broadband services which generated €9.7 billion**, or 5.6% increase compared to 2010;
- **fixed capacity services (leased lines and data transport) which generated €3.7 billion**, or 0.4% less than in 2010.

Electronic communications services' retail sales revenue and breakdown by segment between 2002 and 2011

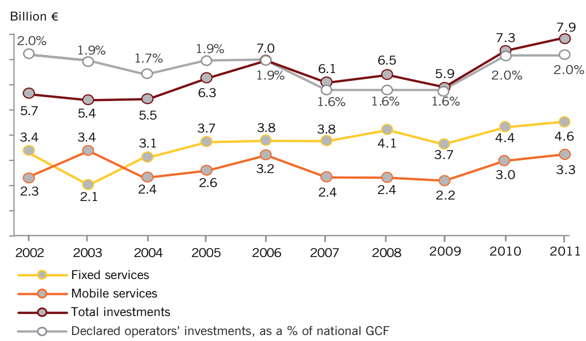


Source: ARCEP.

INVESTMENT

- **The electronic communications sector invested €7.9 billion,** which marks an 8.0% rise compared to 2010 and represents 2% of total national spending.
- Investments in wireline services rose substantially in 2011 to reach a record high, estimated at €4.6 billion, and accounted for more than half of operators' total spending.
- Investments in mobile services rose again in 2011.

Evolution of electronic communications operators' investments between 2002 and 2011



Sources: ARCEP, INSEE.

EMPLOYMENT

- **The electronic communications sector represents 128,000 direct jobs,** which is 1.2% more than in 2010.
- There has been an overall rise in telecom carriers' personnel numbers over the past two years.

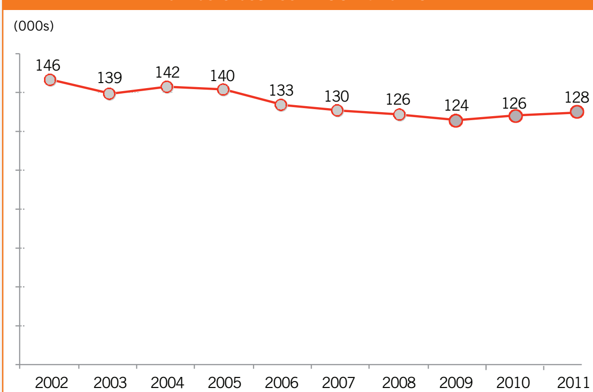
The leading carriers' personnel in France* in 2010

	Direct jobs
France Telecom Group	105,250
SFR Neuf Group	10,039
Bouygues Telecom	9,800
Iliad Group	5,655

* *These figures include the employees of French subsidiaries*

Source: Operators' reports

Evolution of electronic communications operators' personnel numbers between 2002 and 2011



Source: ARCEP.

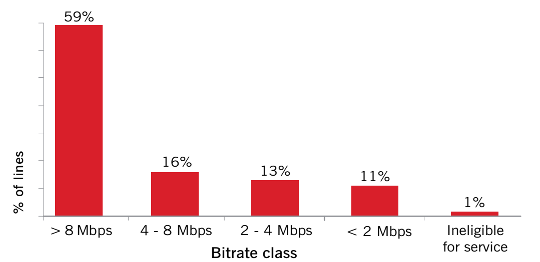
Consumer services

ÉQUIPMENT

As of 31 December 2011 in France, there are:

- **35.3 million fixed lines supplying a telephone service;**
- **22.8 million broadband and ultra-fast broadband Internet subscriptions, of which 665,000 are ultra-fast broadband accounts;**
- **74% of households** with a micro-computer;
- **66.3 million active mobile subscribers,** which represents a penetration rate of 102% of the population.

Breakdown of the national ADSL base by theoretical throughput



Source: ARCEP.

COVERAGE

Fixed services

- 99% of fixed lines are eligible to supply broadband access to the Internet.

Mobile services

- 2G: Orange France, SFR and Bouygues Telecom each cover more than 99% of the population
- 3G: Orange France and SFR both cover more than 98% of the population; Bouygues Telecom more than 93% of the population and Free Mobile 28%

NUMBER PORTABILITY

Fixed services

- **2.3 million fixed numbers were retained** by customers when switching operators.

Mobile services

- **3.3 million mobile numbers were retained** by customers when switching operators.

QUALITY OF SERVICE

Quality of the universal fixed telephone service.

In 2011:

- the average time it takes to supply an initial connection is 6.1 days (same as in 2010);
- the unsuccessful call ratio stands at 0.32% (0.29% in 2010) and 16.5% of faults were not resolved within the timeframe stipulated in the customer's contract (vs. 21.5% in 2010).

Mobile services

In 2011:

- Success rate for call completion and maintenance for a duration of two minutes and five minutes remain high – at 97.3% and 96.2%, respectively – and an improvement over 2010;
- data rates on mobile networks have increased significantly:
- download: 3 Mbit/s on average, and over 9.2 Mbit/s for the fastest connections;
- file transfer: 1.3 Mbit/s on average, and over 3 Mbit/s for the fastest connections.

USAGE

In 2011, 220 billion calling minutes consumed, of which 113.5 billion over fixed lines and 106 billion over mobile lines.

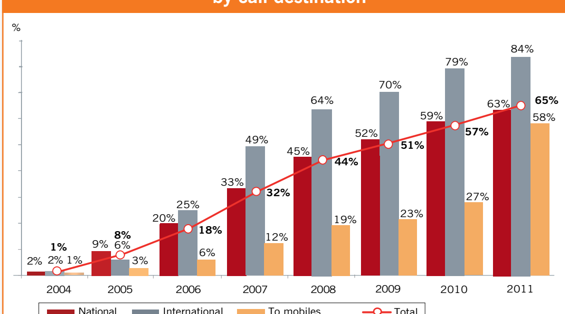
Fixed services

- Voice over IP (excl. software-based solutions like Skype) calls from an IP box represented 73 billion voice minutes, or 13.2% more than in 2010.
- **12.3 million** subscriptions to an IPTV plus DSL access bundle, which marks a 14.7% increase over 2010.

Mobile services

- **147 billion SMS and MMS** sent in 2011 compared to 103 billion in 2010 (+42.1%).
- Mobile data traffic has been increasing at a tremendous pace, with 56,000 Tb consumed in 2011 (+80%).
- **27.8 million mobile customers were using 3G networks** in France at the end of 2011, or 40% of mobile carriers' customers (5 points more than in 2010).

Share of fixed line calls originating on an IP connection, by call destination



Source: ARCEP.

International benchmarks

EQUIPMENT AND CONSUMPTION

The broadband penetration rate in France is among the highest in Europe. In the mobile market, although French operators reported a decrease in revenue due to the change in VAT rate and decreased pries, they are nevertheless posting high consumption levels, for both voice calls (close to 2.3 hours a month, per subscriber) and text messaging (an average 200 messages per customer a month). The mobile telephony penetration rate measures the number of SIM cards as a percentage of the population, and takes account of the fact that some users have more than one mobile line.

Computer, broadband and mobile telephony penetration rates, and revenue growth for 2011, by segment, in the main European markets

	France	Germany	Spain	Italy	The UK
FIXED					
% of households equipped with a computer, end of 2011	74%	81%	73%	59%	80%
Broadband penetration rate, end of 2011 (% of households)	73%	68%	62%	53%	76%
Increase in broadband penetration rate in 2011 (in % points)	+4	+2	+5	+1	+1
MOBILE					
Mobile telephony penetration rate, end of 2011 (tot. pop. - active users)	102%	140%	115%	152%	131%
Increase in the mobile penetration rate in 2011 (in % points)	+4,3	+6.5	+2.8	+2.2	+2.0
Average number of calling minutes per customer, a month	145	80	112	120	126

Sources: ARCEP, BNETZA, CMT, AGCOM, OFCOM.

Glossary

2G: second-generation mobile system (GSM).

3G: third-generation mobile system (UMTS). These networks make it possible to provide access to a wide range of new services, particularly high-speed Internet access and TV, thanks to the introduction of packet-switching technology on mobile networks.

Broadband: On wireline networks, a technology is said to be broadband if it makes it possible to achieve data rates above those supplied by narrowband technologies, which are limited to 128 kbps, regardless of access network (ADSL and SDSL, cable, wireless local loop, satellite and Wi-Fi connections). Broadband technologies also enable the simultaneous use of the traditional switched telephone service.

Electronic communications: The transmission or reception of signs or signals, writing, images or sounds over an electromagnetic channel.

Electronic communications services: services that consist entirely or primarily of the supply of electronic communications. This does not include services that consist of the production or distribution of communication services to the public over an electronic channel (television, etc.).

Internet: a group of variable-sized networks interconnected by the Internet protocol (IP) over which a wide range of electronic communications services can be provided.

Narrowband fixed services: services provided over the classic telephone network.

SMS (Short message service): text messages which are transmitted over the GSM mobile network signalling channels and have a maximum length of 160 characters. Transmission of these messages on the GSM network is standardised.

VoBB (Voice over broadband): technique that uses the Internet protocol to transport voice over an electronic communications network.

ARCEP
www.arcep.fr
Autorité de régulation
des communications
électroniques et des postes

Autorité de régulation des communications électroniques et des postes

7, square Max Hymans - 75730 Paris Cedex 15 - France
Tél. : +33 (0)1 40 47 70 00 - Fax. :+33 (0)1 40 47 71 98
www.arcep.fr