RÉPUBLIQUE FRANÇAISE

July 2013

Key figures for electronic communications and postal markets in France

Figures for 2012

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 2012.

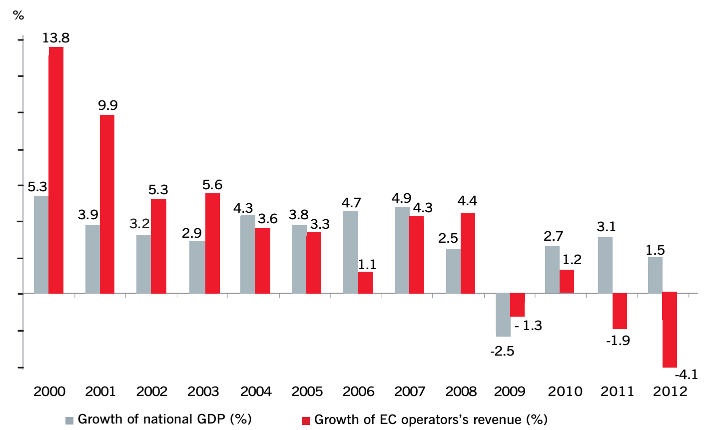
GENERAL MARKET DATA

In 2012, businesses producing information and communication technologies (ICT) **goods and services**, which include, computing, the internet and electronic communications, generated €99 billion* in revenue.

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

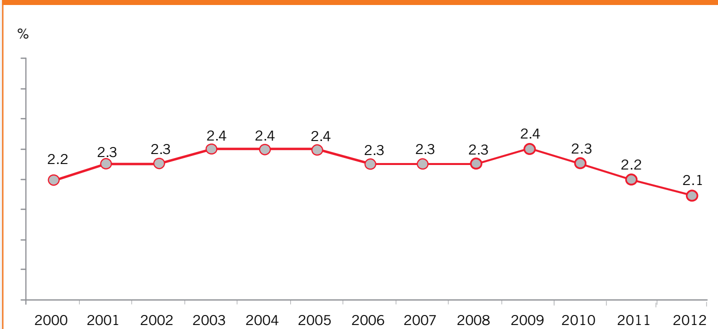
In France, these services generated €39.0** billion in revenue in 2012, which marks a 4.4% decrease over 2011.

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



Source: ARCEP, INSEE.

Electronic communications operators' revenue* as a percentage of GDP



Source: ARCEP, INSEE.

* *Source: Idate*

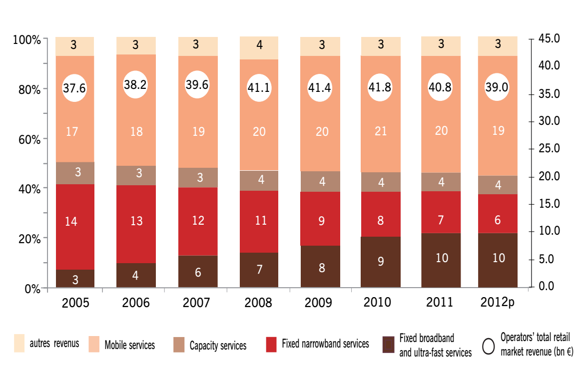
** *€ 42.0 billion in revenue, or 4.1% less than in 2011 – which also includes income from terminal sales and rental, hosting and call centre management, printed directories, advertising and file sales.*

REVENUE

Electronic communications services are made up of **four segments**:

- **mobile services** (including value-added services) **which generated €18.9 billion**, a 6.8% decrease compared to 2011;
- **fixed narrowband services which generated €6.2 billion,** a 12.4% decrease compared to 2011;
- **fixed broadband and ultra-fast broadband services which generated €10.2 billion**, or 4.1% more than in 2011;
- **fixed capacity services (leased lines and data transport) which generated €3.7 billion**, or 1.5% less than in 2011.

Electronic communications services' retail sales revenue and breakdown by segment between 2005 and 2012

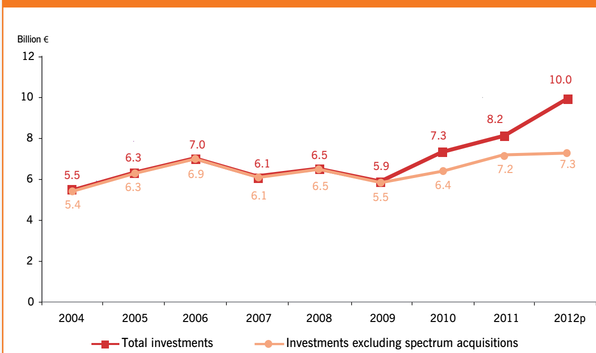


Source: ARCEP.

INVESTMENT

- **The electronic communications sector invested €10 billion**, which marks an 22.1% rise compared to 2011 and represents 2.5% of total national spending, versus 2% in 2011.
- Expenditures not including spectrum acquisitions totalled €7.3 billion.
- Total spending (networks, spectrum, etc.) on high-speed mobile (3G and 4G) in 2012 are estimated at around €4 billion, compared to €2.4 billion in 2011.

Evolution of electronic communications operators' investments between 2004 and 2012



Source: ARCEP.

EMPLOYMENT

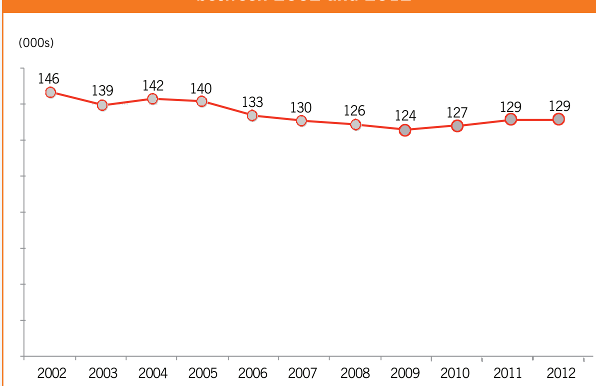
- **The electronic communications sector represents 129,000 direct jobs**, which is 0.1% more than in 2011.
- There has been a slight increase in telecom carriers' personnel numbers over the past three years.

The leading carriers' personnel in France* at the end of 2012 *

	Direct jobs
France Télécom Group	105,039
SFR Neuf Group	9,990
Bouygues Telecom	9,659
Iliad Group	4,648

* *These figures include the employees of French subsidiaries.* Source: Operators' reports

Evolution of electronic communications operators' personnel numbers between 2002 and 2012



Source: ARCEP.

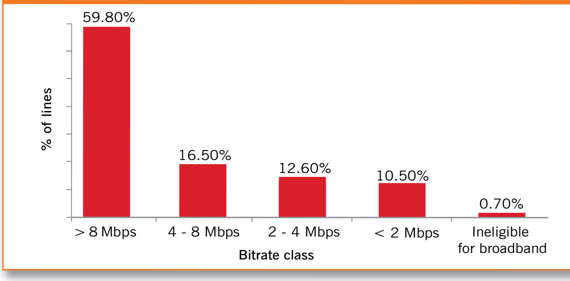
Consumer services

EQUIPMENT

As of 31 December 2012 in France, there are:

- **35.3 million fixed lines supplying a telephone service;**
- **24 million broadband and superfast broadband internet subscriptions, of which 1.6 million are superfast broadband accounts;**
- **77% of households** with a micro-computer;
- **70.5 million active mobile subscribers**, which represents a penetration rate of 108% of the population.

Breakdown of the national ADSL base by advertised speed



Source: ARCEP.

COVERAGE

Fixed services

- 99% of fixed lines are eligible to supply broadband access to the internet.
- 8,850,000 homes are able to receive a superfast access service (>30 Mbps)

Mobile services

- 2G: Orange France, SFR and Bouygues Telecom each cover more than 99% of the population
- 3G: SFR covers 96.8% of the population; Orange France 98.5%; Bouygues Telecom 94.8% of the population and Free Mobile 37.3%

Free Mobile customers also benefit from national roaming on the Orange France 2G/3G network

NUMBER PORTABILITY

Fixed services

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

Mobile services

- **7,2 million mobile numbers were retained** by customers when switching operators.

QUALITY OF SERVICE

Quality of the universal fixed telephone service.
In 2012 :

- the average time it takes to supply an initial connection is **6.36 days,** compared to 6.1 days in 2011 and 2010;
- the unsuccessful call ratio stands at **0.30%** (vs. 0.29% in 2010 and 0.30% in 2011) and **18%** of faults were not resolved within the timeframe stipulated in the customer's contract (vs. 21.5% in 2010 and 16.5% in 2011).

Mobile services
In 2012 :

- The success rate for call completion and maintenance for a duration of two minutes and five minutes remains high – at 96.4% and 94.3%, respectively. This is for a call made outdoors, while walking (down by 1% and 2%, respectively, compared to 2011);
- mobile data rates on a smartphone used outdoors reached:
  - a median download speed of between 2.3 and 3.9 Mbps, depending on the operator, and more than 10.5 Mbps for the fastest connections;
  - a median file transfer speed of between 0.8 and 1.2 Mbps, depending on the operator, and more than 3.7 Mbps for the fastest connections.

USAGE

In 2012, 231 billion calling minutes consumed, of which 111 billion over fixed lines and 120 billion over mobile lines.

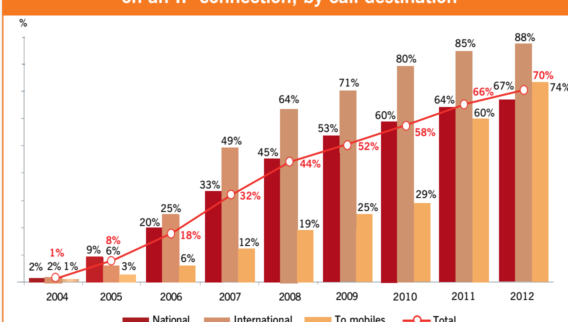
Fixed services

- Voice over IP (excl. software-based solutions like Skype) calls from an IP box represented 78 billion voice minutes, or 6.4% more than in 2011;
- **13.7 million** subscriptions to an IPTV plus DSL access bundle (+12.4%).

Mobile services

- **185 billion SMS and MMS** sent in 2012 compared to 147 billion in 2011 (+25.3%);
- Mobile data traffic continues to increase at a tremendous pace, with 95,500 Tb consumed in 2012 (+67.0%).
- **33.1 million mobile customers were using 3G networks** in France at the end of 2012, or 45% of mobile carriers' customers (5 points more than in 2011).

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 and, contrary to Europe's other major markets, the rate of mobile equipment rose significantly in France in 2012. Consumption levels also remain high for both voice calls (close to 2.37 hours a month, per subscriber) and text messaging, with customers sending an average 240 SMS a month.

The mobile telephony penetration rate is the ratio of SIM cards to 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 2012, by segment, in the main European markets

	France	Germany	Spain	Italy	The UK
FIXED					
% of households equipped with a computer, end of 2012	77%	81%	74%	59%	79%
Broadband penetration rate, end of 2012 (% of households)	75%	70%	67%	49%	75%
Increase in broadband penetration rate in 2012 (in % points)	+2	+2	+8	+3	-1
MOBILE					
Mobile telephony penetration rate, end of 2012 (tot. pop. - active users)	108%	138%	110%	156%	131%
Increase in the mobile penetration rate in 2012 (in % points)	+5.8	+1.3	-4.3*	+0.0	+0.8
Average number of calling minutes per customer, a month	157	81	115	124	124

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

* The two main operators reduced their stock of active lines in Spain, which explains the decrease
Data as of 30 September for the UK
Revised 2011 data for Italy

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, regardless of access network (ADSL and SDSL, cable, wireless local loop, satellite and Wi-Fi connections). Throughput ranges from 128 kbps to 30 Mbps. 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, with a throughput of up to 128 kbps.

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.

The postal services market

REVENUE

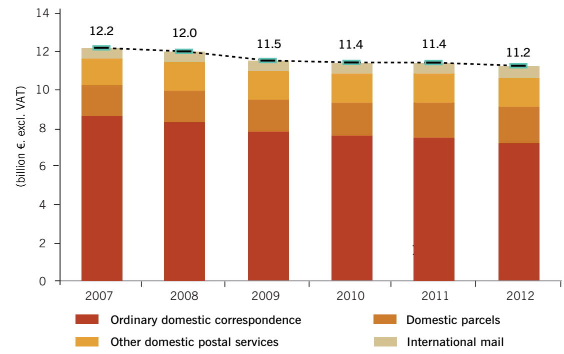
The postal services market is estimated at around €11.2 billion in 2012, which is 2% less than in 2011.

It includes:

- ordinary domestic correspondence;
- domestic parcels;
- other domestic postal services, notably registered letters and postal distribution of press items;
- international mail.

Domestic mail refers to items delivered in France.

The postal services market



Source: ARCEP, Postal observatory – Annual surveys up to 2011; advance survey for 2012 (estimate figures)

INVESTMENT AND EMPLOYMENT (2011)

Operators authorised by ARCEP, and their subsidiaries, invested €658 million in their postal businesses in 2011. At the end of that year, they were providing 228,000 jobs.

MARKET OPERATORS

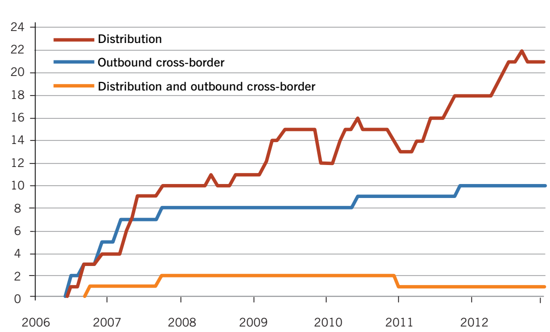
43 authorisations have been issued to date:

- 31 for the domestic delivery of items of correspondence;
- 10 for outbound cross-border mail;
- 2 for both of these businesses simultaneously.

The French postal market was populated by 32 operators at the end of 2012: 21 in distribution, 10 in outbound cross-border mail and one performing both.

- **Domestic mail operators**
  Four domestic operators do business in the whole of Metropolitan France. The 18 others are active in areas ranging from a single municipality to an entire region..
- **Cross-border mail operators**
  Most are the incumbent postal services in foreign countries.

Active postal operators



Source: ARCEP.

QUALITY OF THE UNIVERSAL POSTAL SERVICE

Mail transmission times

	2007	2008	2009	2010	2011	2012
Priority letter (% delivered in D+1)	82.5%	83.9%	84.7%	83.4%	87.3%	87.9%
Registered letter (% delivered in D+2)		90.9%	88.7%	85.8%	92.5%	94.7%
Colissimo (% delivered in D+2)	85.8%	85.0%	87.7%	84.8%	88.7%	89.8%

Source: La Poste.

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