



# Telecom Italia Group

May 2016



# Telecom Italia Strategic Plan 2016-2018: investments

## TOTAL INVESTMENTS Italy (2016-2018)

of which

## INNOVATIVE INVESTMENTS

of which

## NEW GENERATION NETWORK INVESTMENTS

**~12**  **€billion**

~10 €billion in the previous plan

▲ ~ +1.9 €billion

**6.7**  **€billion**

~5 €billion in the previous plan

▲ ~ +1.7 €billion

**~4.8**  **€billion**

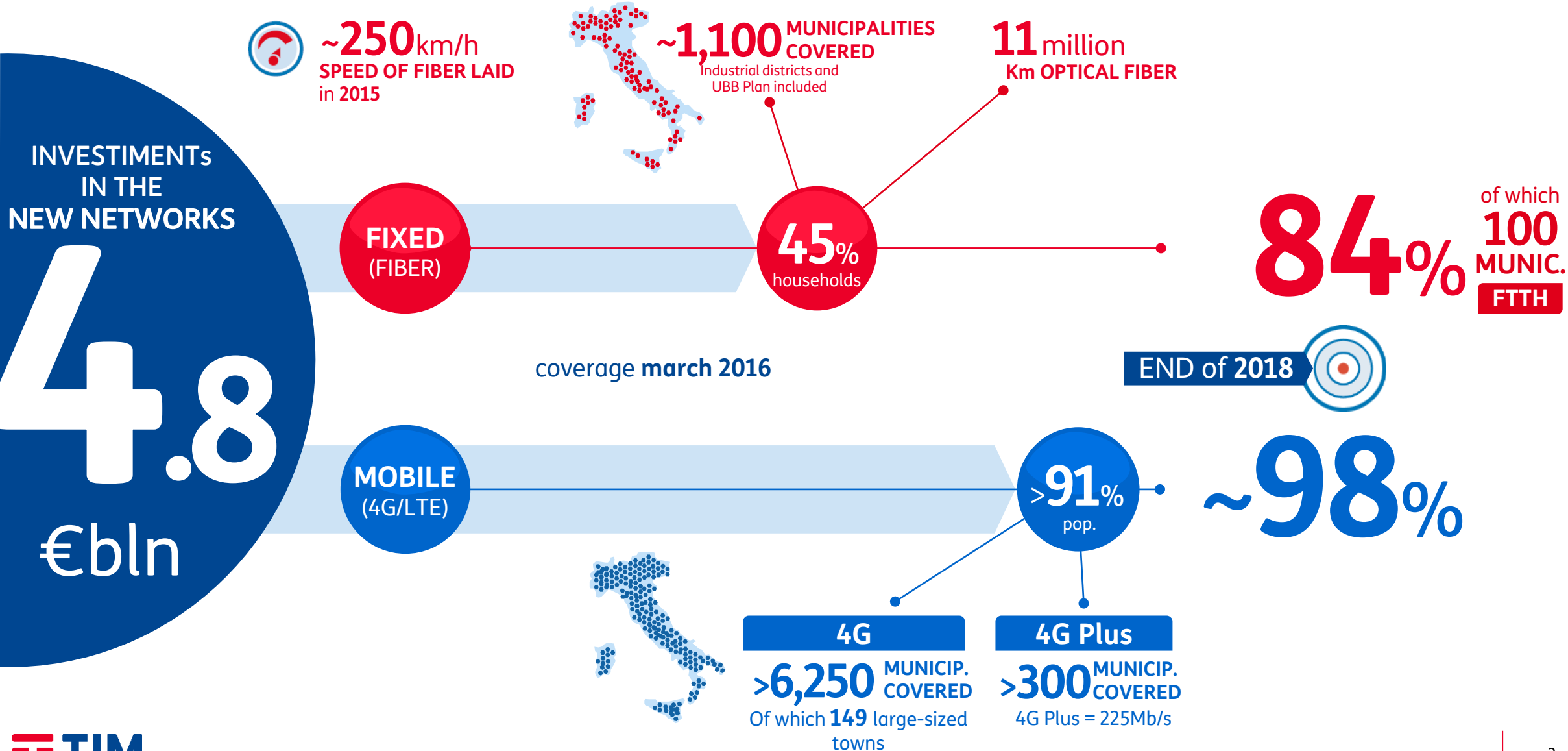
~3.8 €billion in the previous plan

▲ ~ +1 €billion

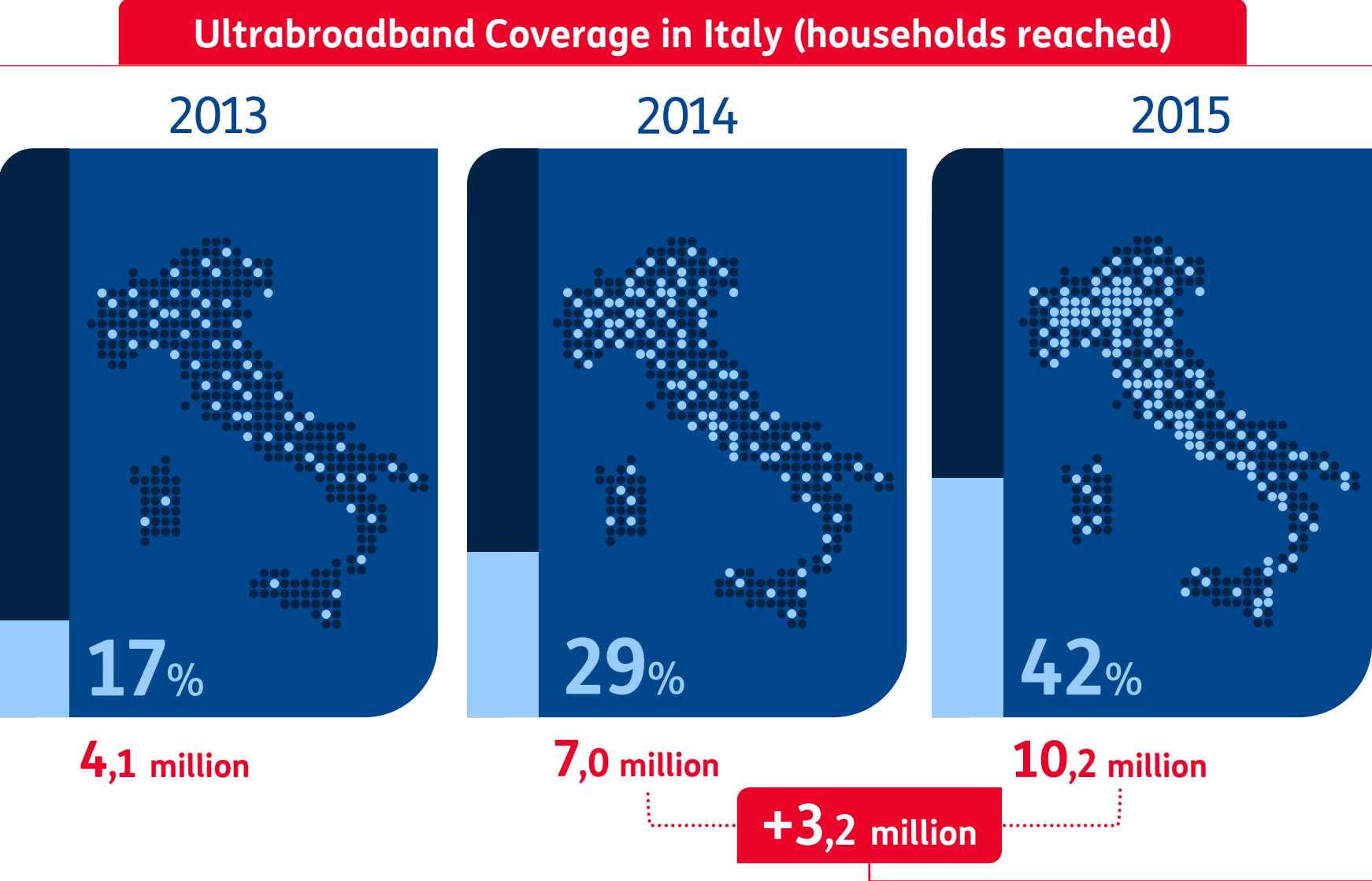
THE NEW PLAN IS STILL FOCUS ON INNOVATION

INNOVATION IS STILL FOCUS ON NETWORKS

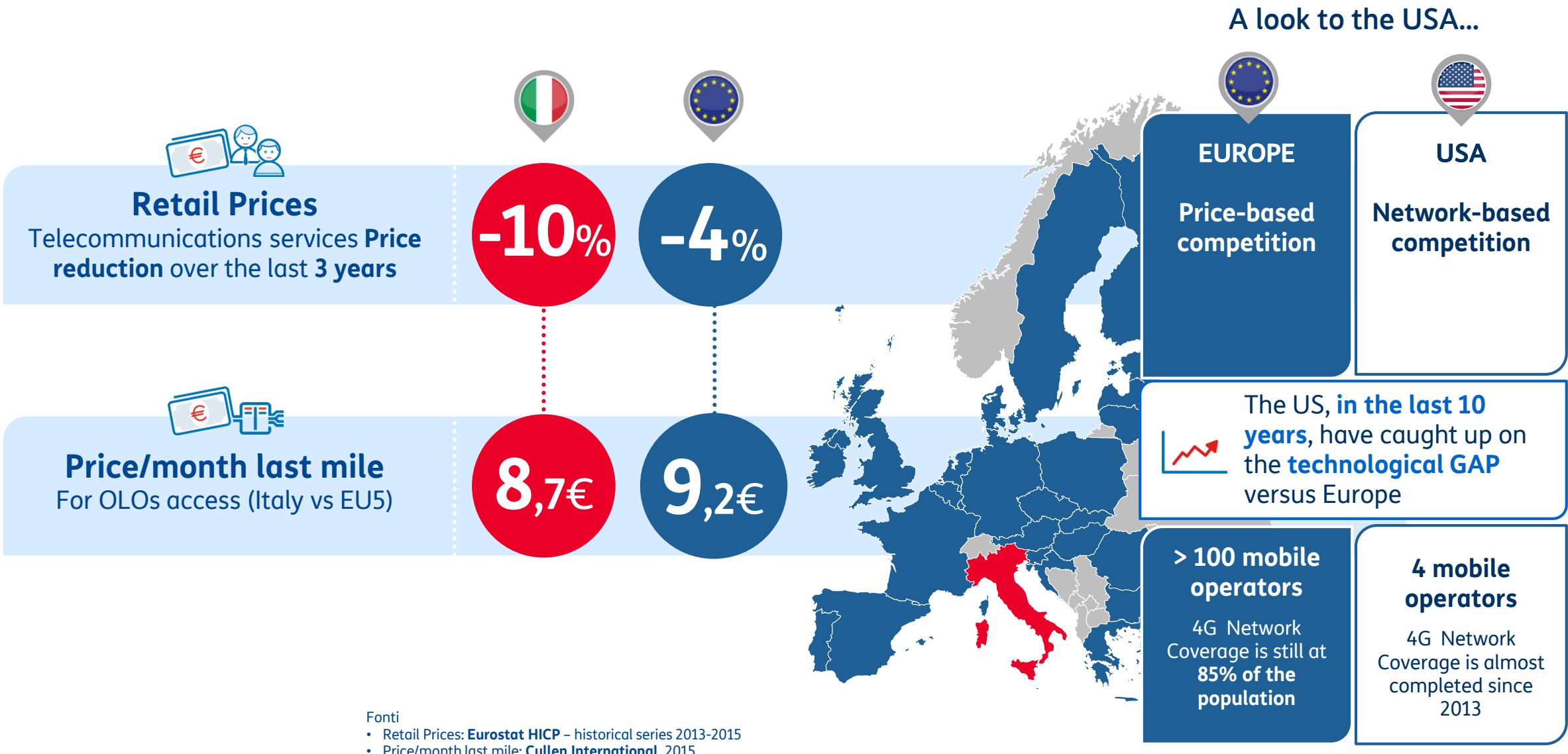
# New network investments and coverage target 2016-2018



# In the last 12 months Telecom Italia has covered more than 3 milion households

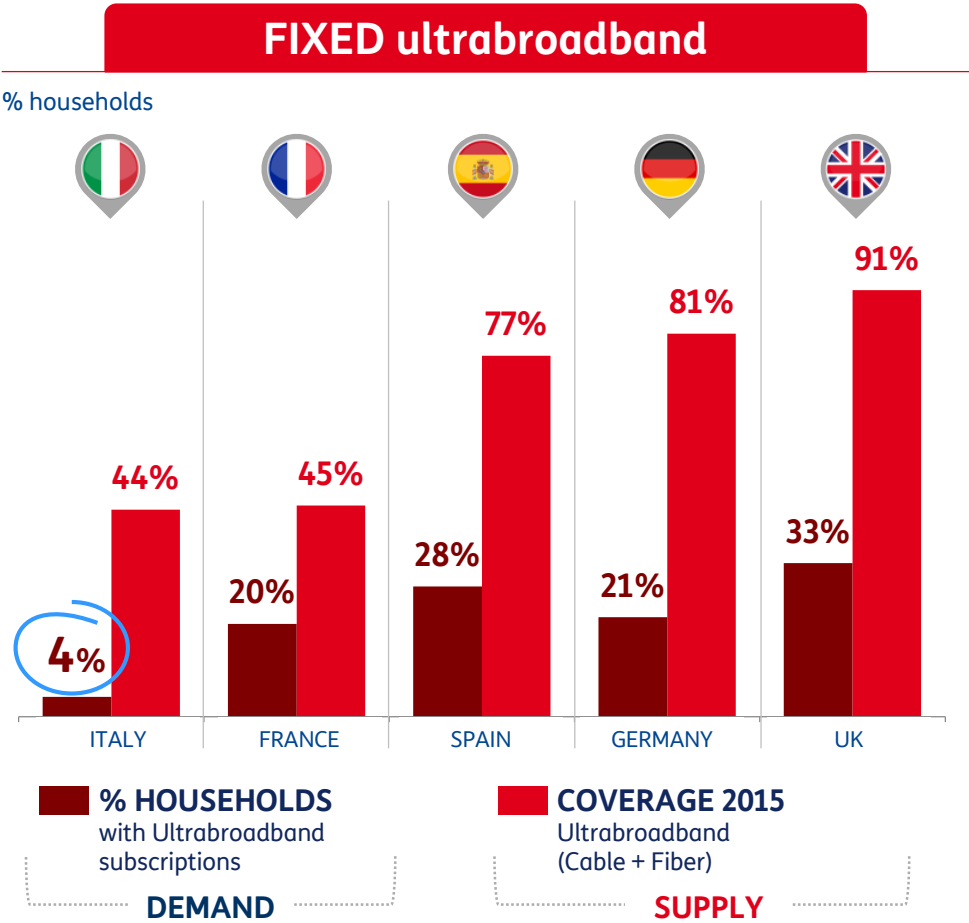


# Italian Telecommunications Market is one of the most competitive in the EU

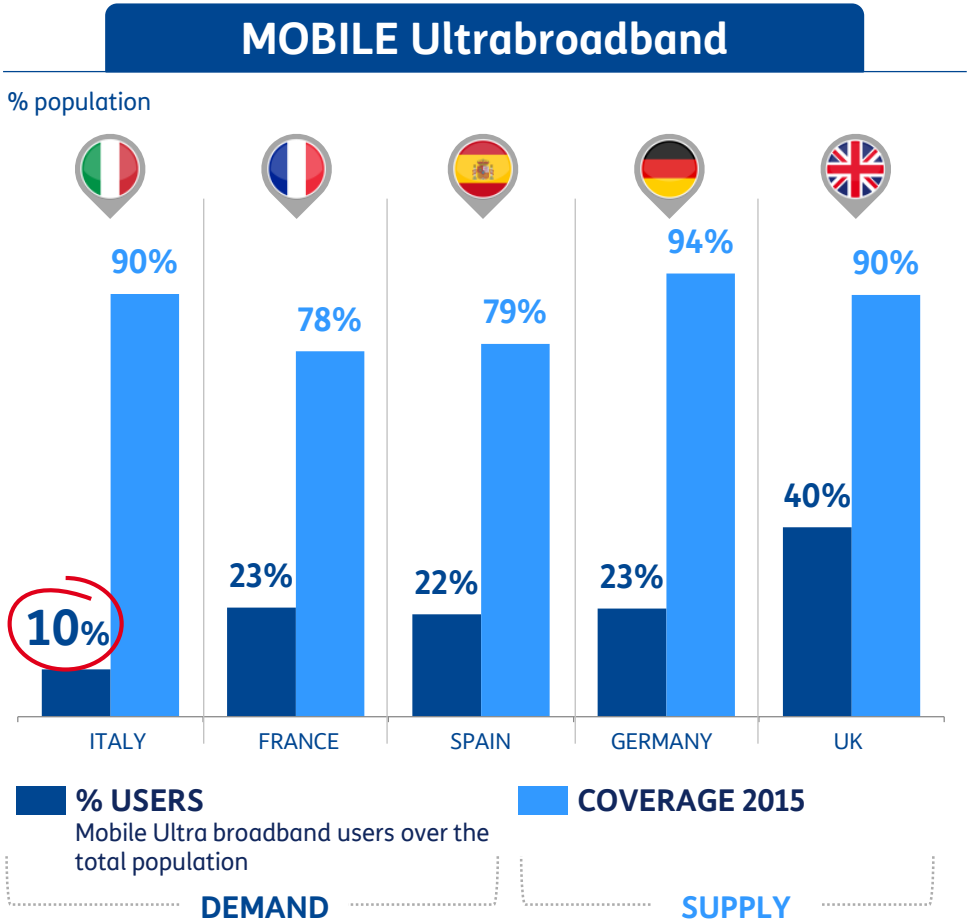


# Fixed and mobile Ultrabroadband

...take-up is still low, especially in Italy



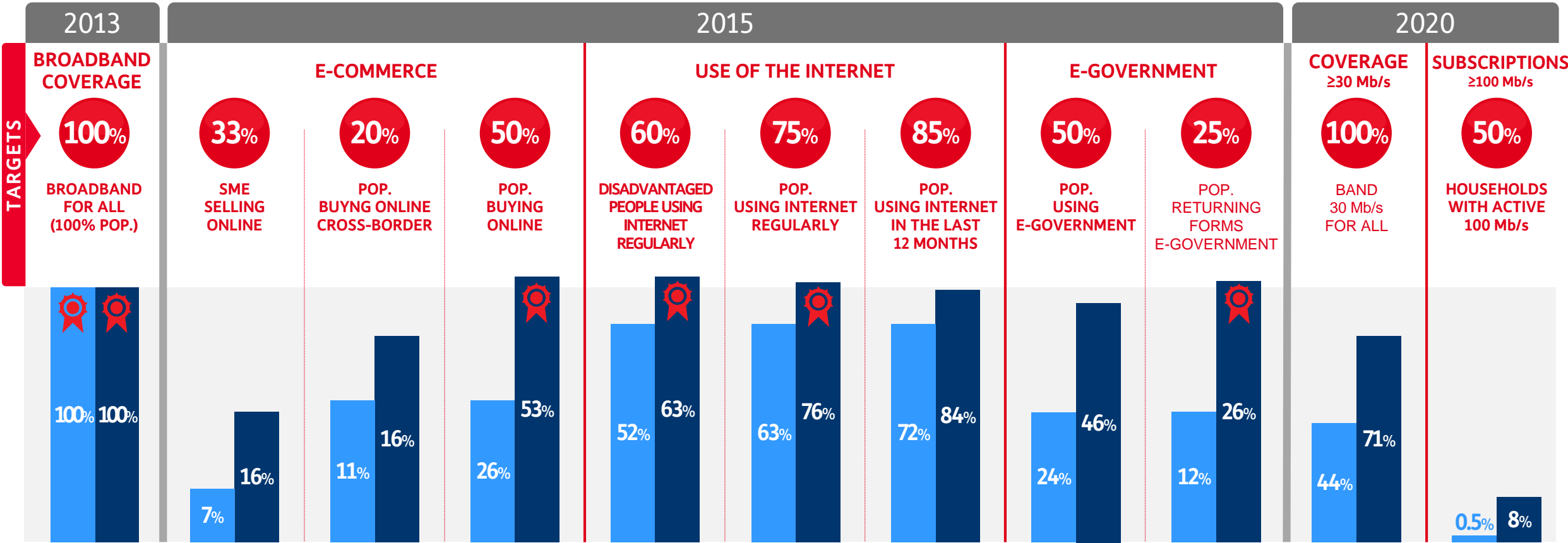
Source: **Coverage:** European Commission- **Demand:** elaborations on EUROSTAT data June 2015



Source: **Coverage:** European Commission- **Demand:** elaborations on GSMA data June 2015

# Digital Agenda targets

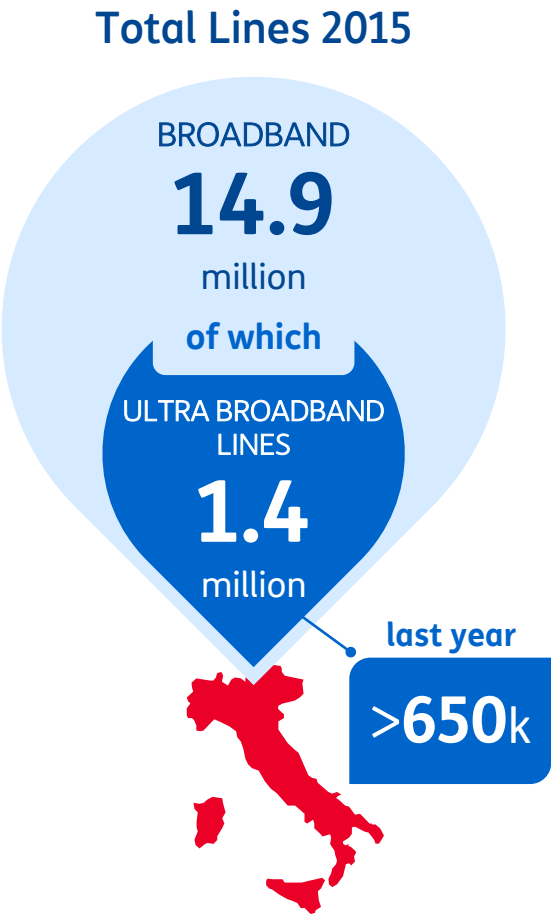
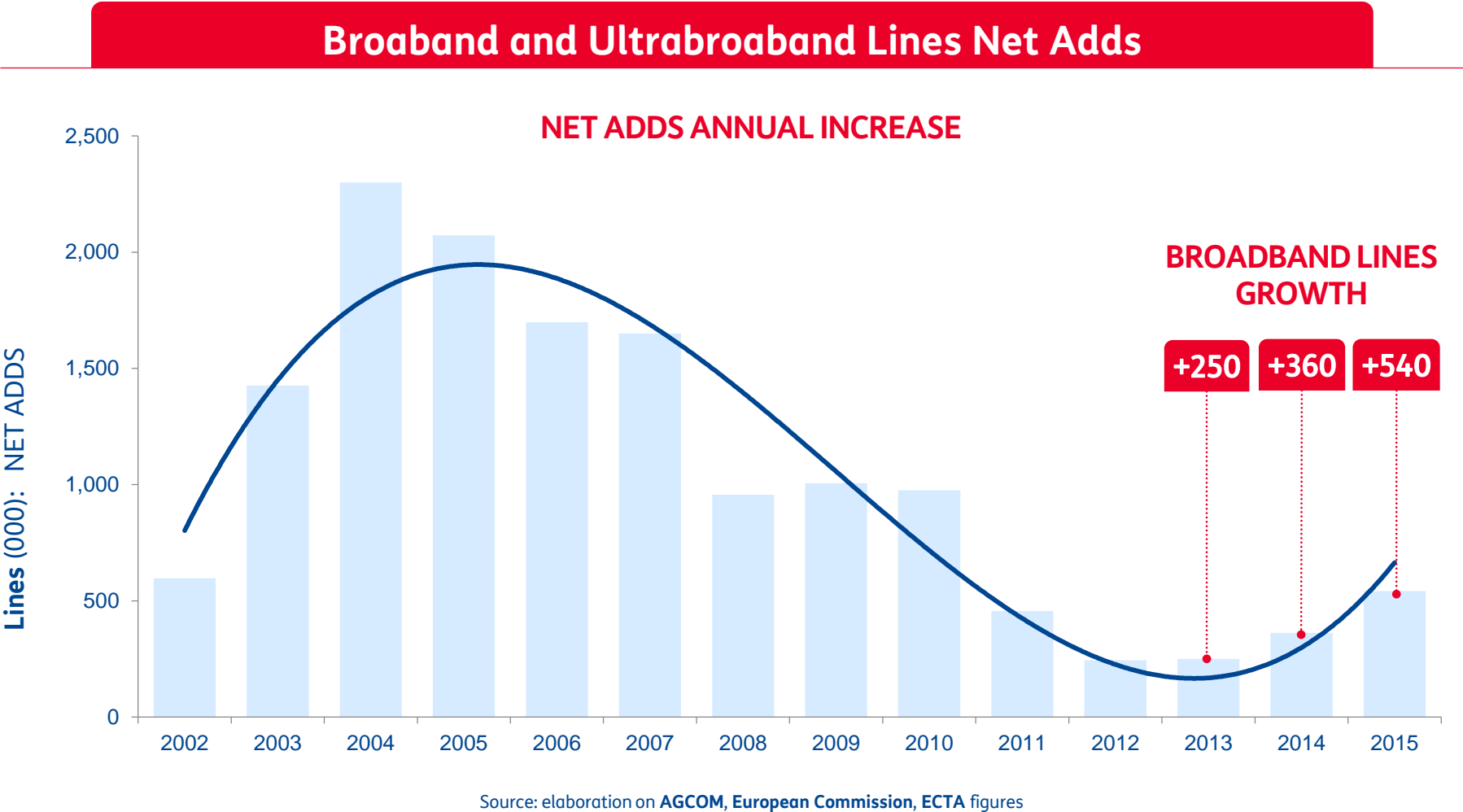
Europe has already achieved the 2015 Demand Digitalization Target, while Italy has not.



Source: European Commission - DESI 2016

**Further Targets**  
Double public expenses in R&D dedicated to ICT within 2020;  
Lower roaming prices at national levels

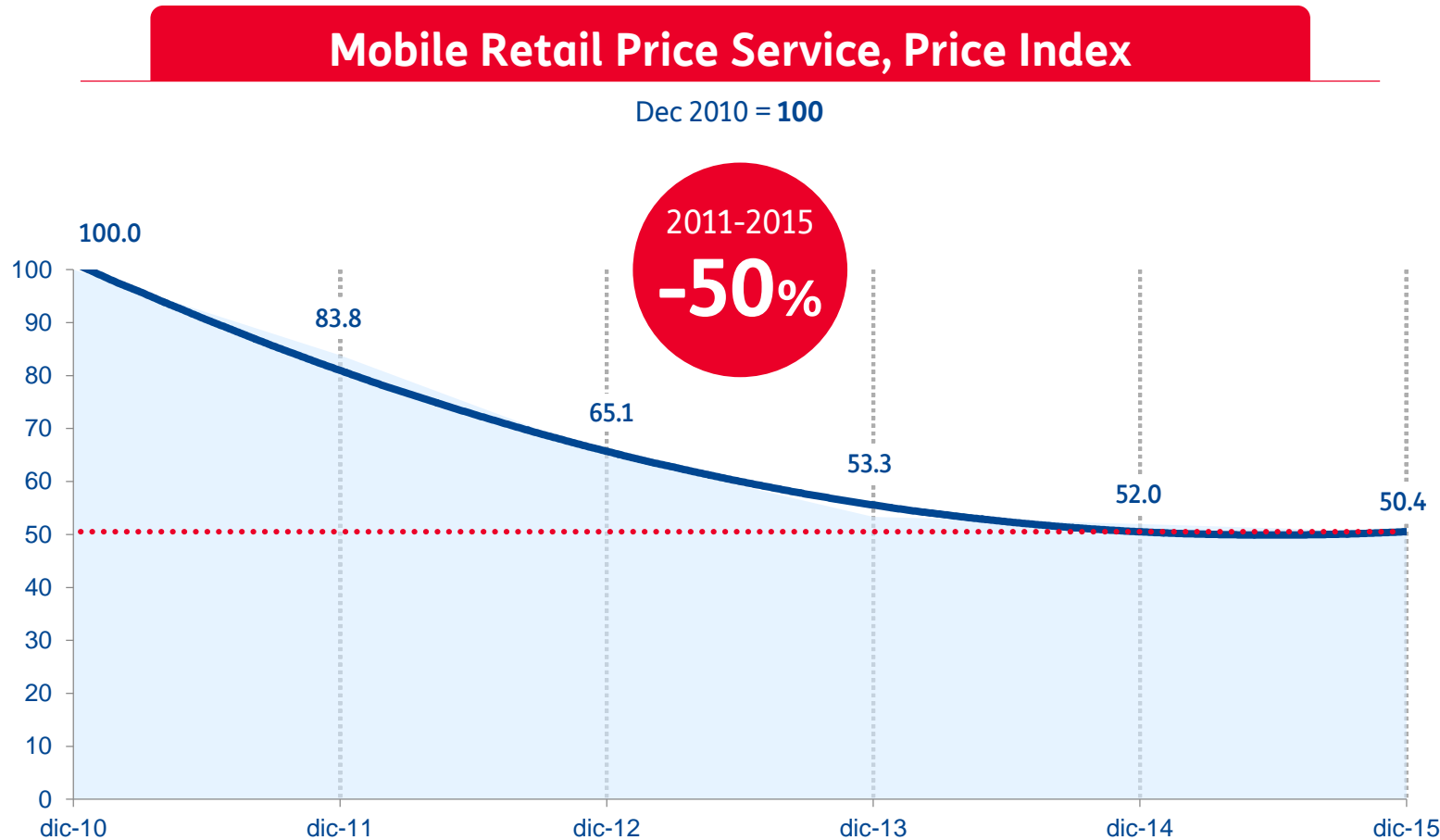
# Broadband is picking up again in Italy





# Competition Model is changing: Focus switched from prices to quality

Mobile market prices have dropped in 4 years, today we compete over quality.



Source: elaboration on Asstel-Tor Vergata and Istat figures

**Competition focus now has shifted towards quality**

- **Connection Speed**  
4G/LTE
- **Network coverage**
- **Offer differentiation**  
navigation to social networks included without using Giga of traffic, and additional services such as music and entertainment

# Italy: the best mobile broadband prices (source: OFCOM)

International Communication Market Report OFCOM



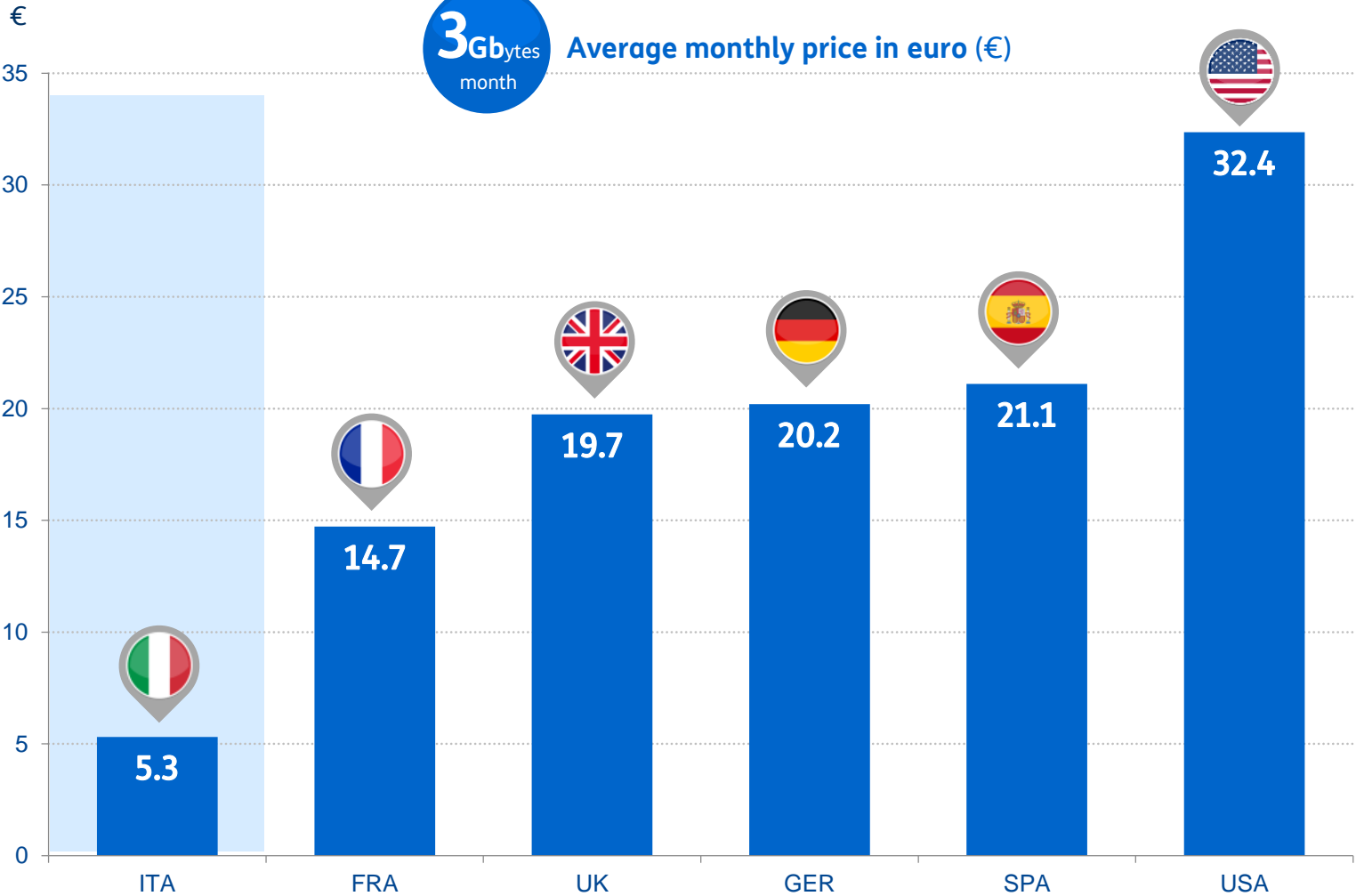
2015

Best Price per  
**MOBILE BROADBAND**  
*stand alone*

 **PRICE LEADERSHIP**  
Confirmed for  
**1Gbytes and 5Gbytes**

3Gbytes  
month

Average monthly price in euro (€)



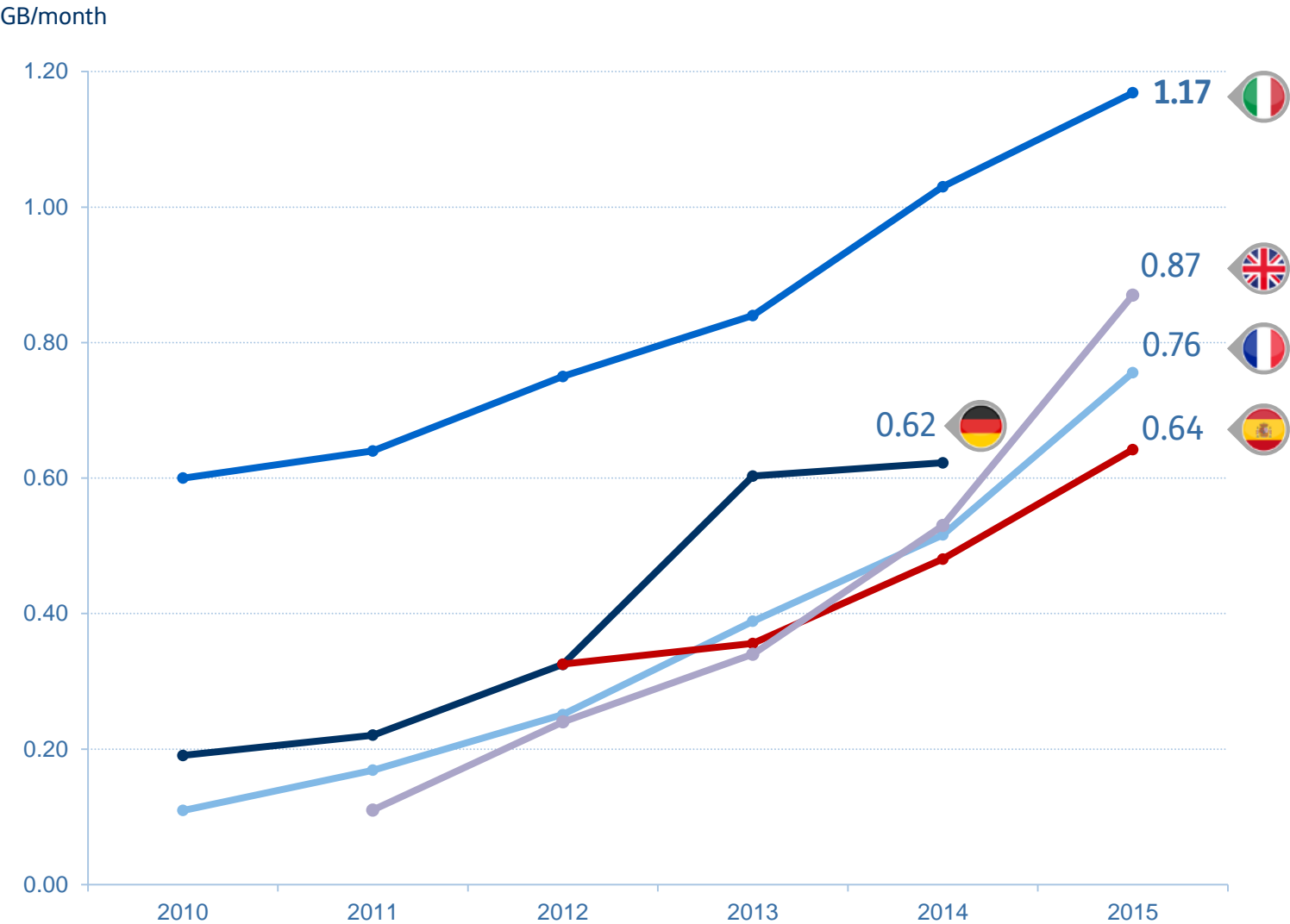
# Italy: the highest Mobile broadband traffic consumption per user

AVERAGE TRAFFIC  
PER USER

GB/month

- Italy
- Germany
- Spain
- UK
- France

Source: National Authorities



# Strategic Plan 2016-2018: Investments in Innovative Platforms



NGN

~3.6 (+0.7 €bln vs Old Plan)

LTE

~1.2 (+0.3 €bln vs Old Plan)

IT Cloud

~0.7 (+0.2 €bln vs Old Plan)

Sparkle

~0.4 (+0.2 €bln vs Old Plan)

Transformation

~0.5 (Flat €bln vs Old Plan)

Commercial

~0.3 (+0.3 €bln vs Old Plan)

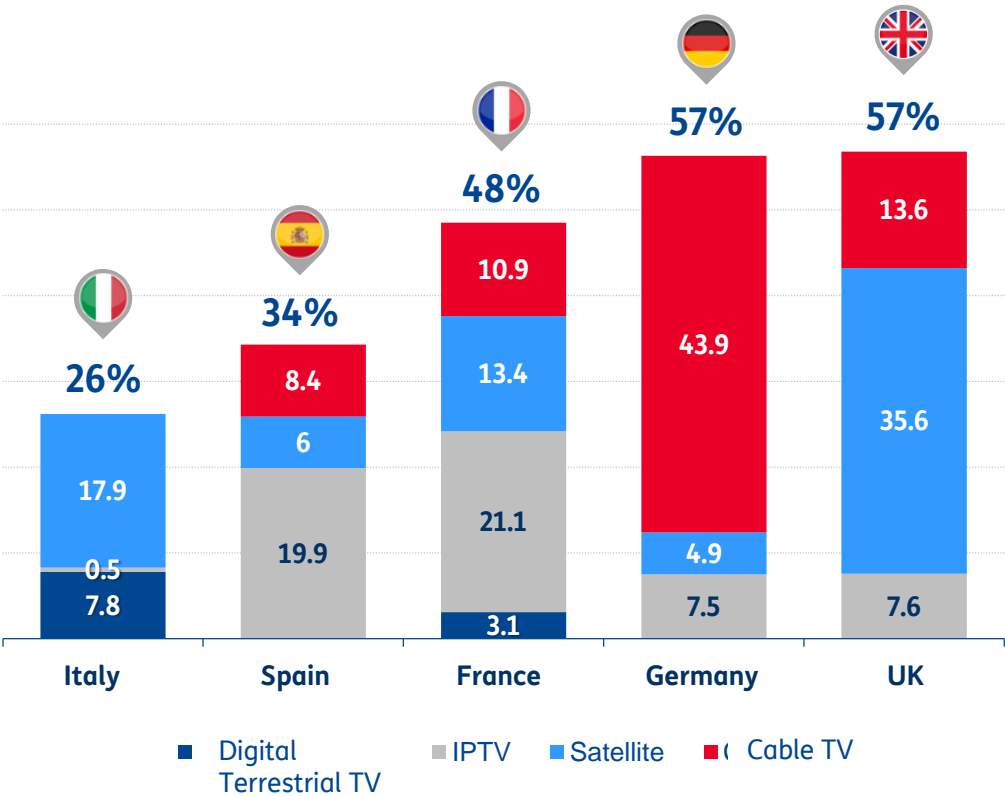


FIBER / LTE  
INVESTMENTS  
INCREASE

# Growth opportunity: internet/pay TV

## Pay TV Penetration

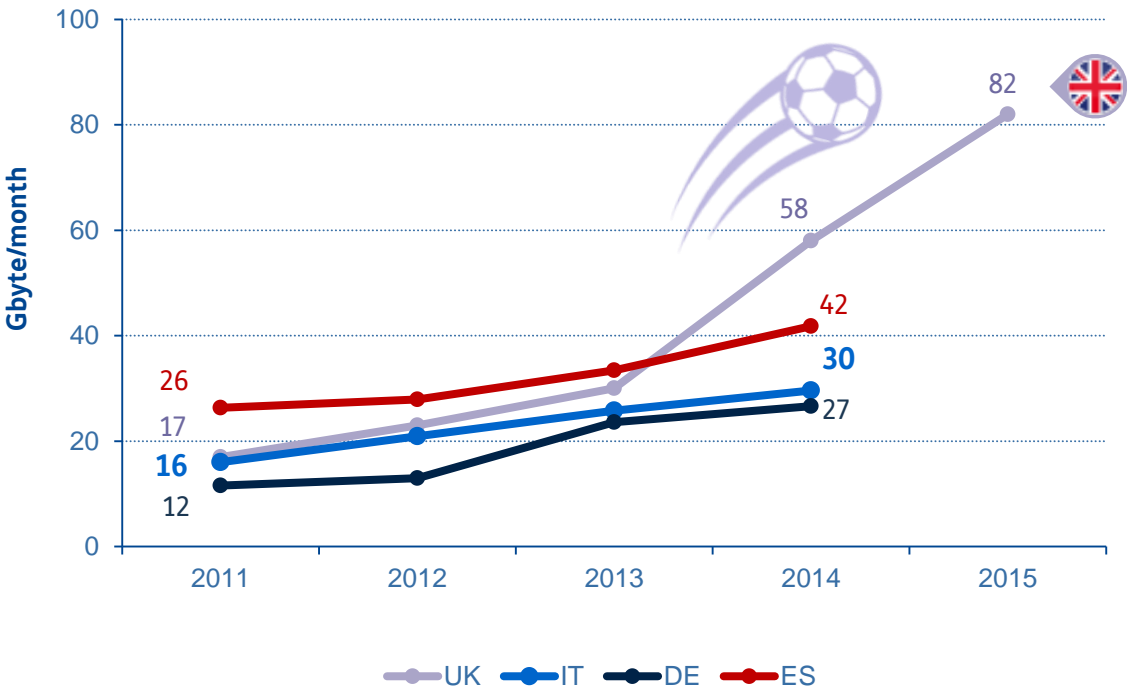
In Italy Pay TV market is focused on Digital Terrestrial TV and Satellite TV in the other Big EU countries Cable TV and IPTV have significant market shares



Source: Ovum 2016

## TRAFFIC GByte/month per CUSTOMER

In UK, BT experienced a 4x traffic per customer growth after the inclusion of football content in the offer

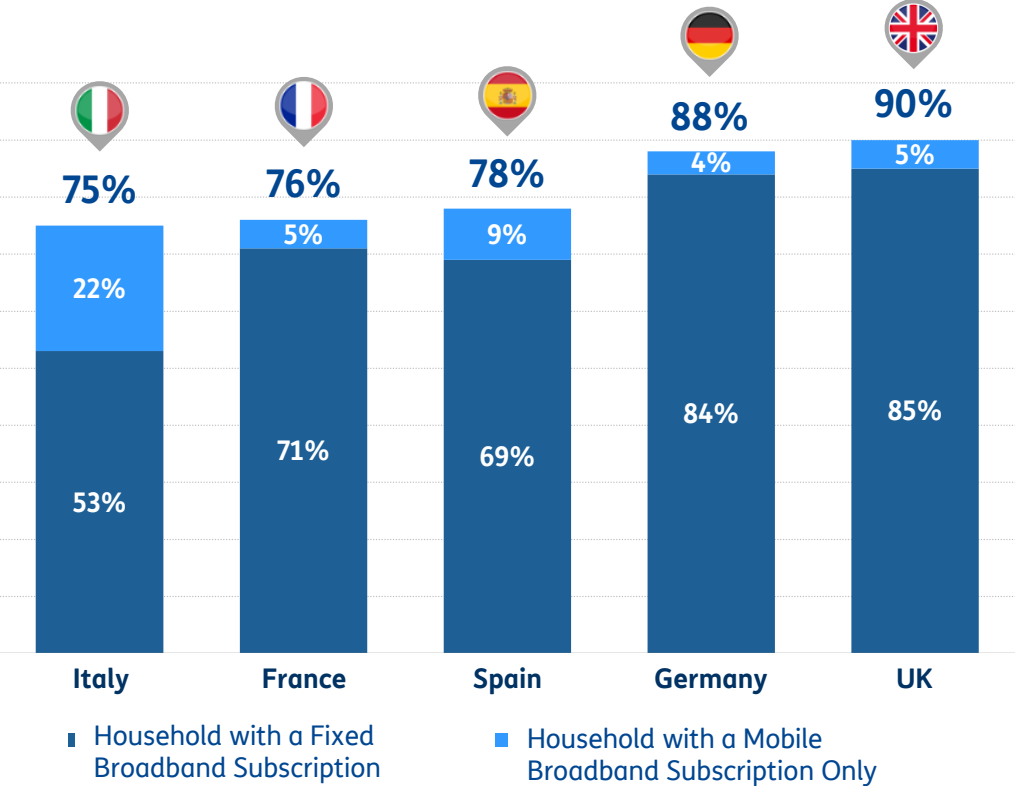


Sources: Ofcom, CNMC, BNetzA – Italian data is based on Telecom Italia's Netbook  
<http://www.telecomitalia.com/tit/it/innovazione/rete/netbook-2015.html>

# Italian Model: Mobile Broadband and no Cable TV

## Broadband Subscriptions

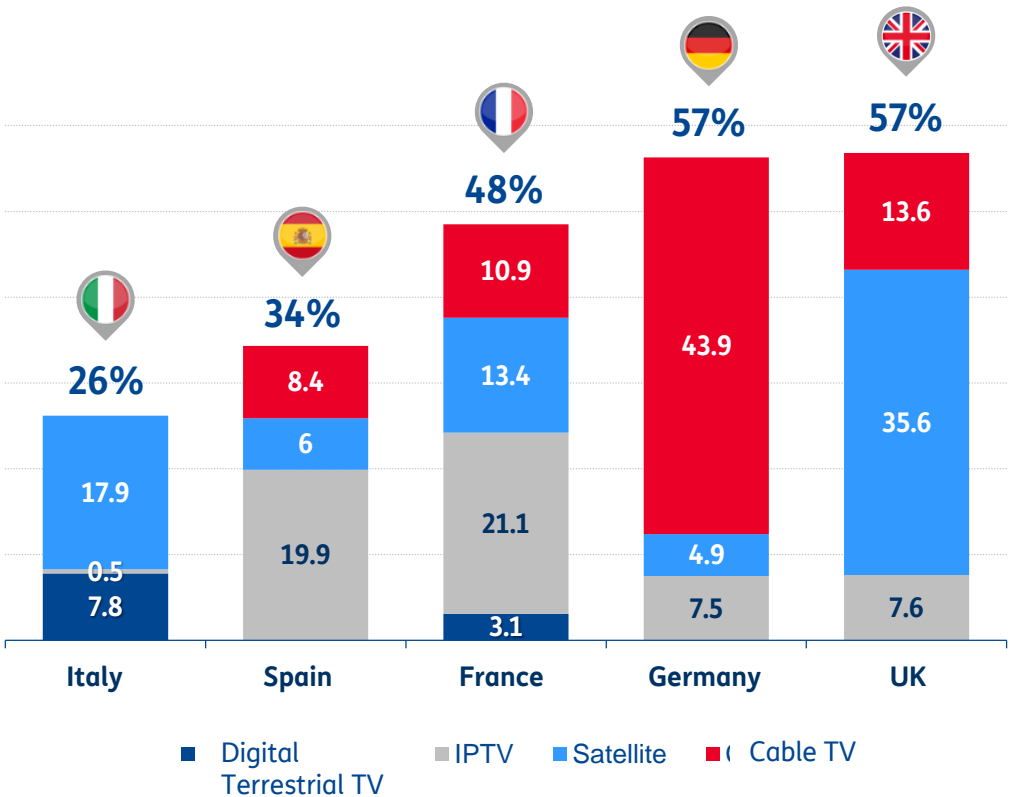
% Households with a Broadband subscription



Source: Eurostat 2016

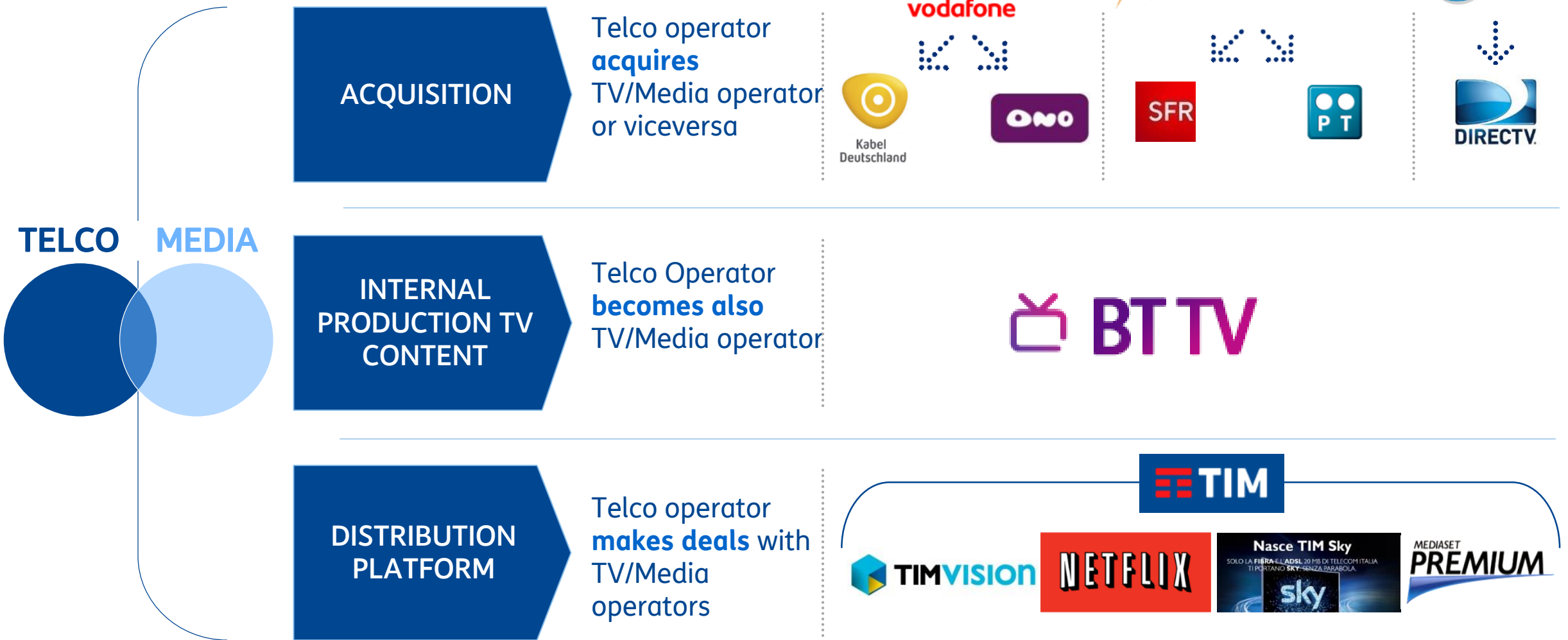
## Pay TV Penetration

% Households with a Pay TV subscription per platform



Source: Ovum 2016

# Convergence between video and telco: 3 different models



Thank you