

June 2010

Electronic communications in France: key figures

Figures for 2009



Operator characteristics

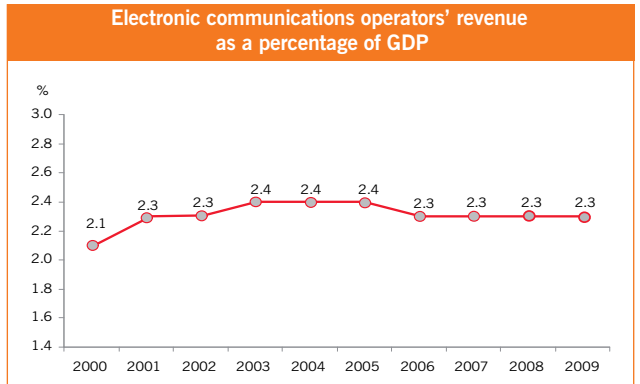
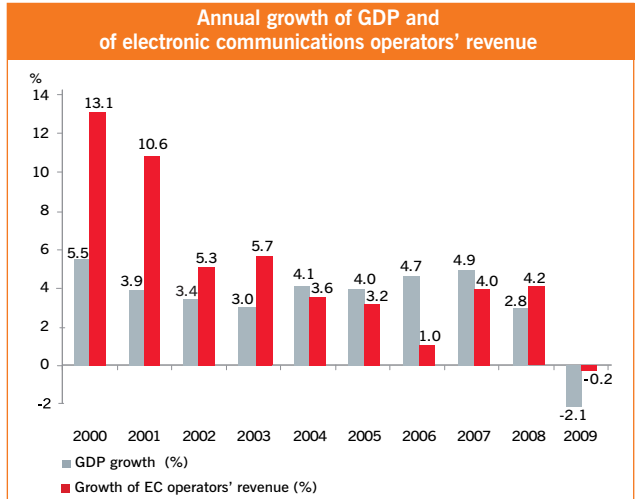
Unless otherwise stated, the figures in this document are for 2009.

GENERAL MARKET DATA

In 2009, businesses producing information and communication technologies (ICT) goods and services, which include, computing, the Internet and electronic communications, generated 94.5 billion euros in revenue, or 5% of France's GDP.

This document focuses on the retail market for electronic communication services.

In 2009 in France, these services generated 40.7* billion euros in revenue, or roughly the same as in 2008.



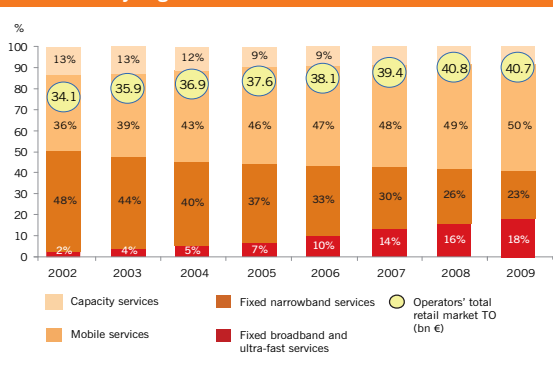
* 44.3 billion euros in revenue, which includes income from terminal sales and rental, hosting and call centre management, printed directories, advertising and file sales.

TURNOVER

Electronic communications services are made up of four segments:

- **mobile services which generated 20.4 billion euros**, a 1.5% increase compared to 2008;
- **fixed telephony and narrowband Internet access services which generated 9.4 billion euros**, a 11.4% decrease compared to 2008;
- **fixed broadband and ultra-fast broadband services which generated 7.4 billion euros**, or 13.7% more than in 2008;
- **fixed capacity services (leased lines and data transport) which generated 3.4 billion euros**, or 3% less than in 2008.

Electronic communications services retail TO and breakdown by segment between 2002 and 2009

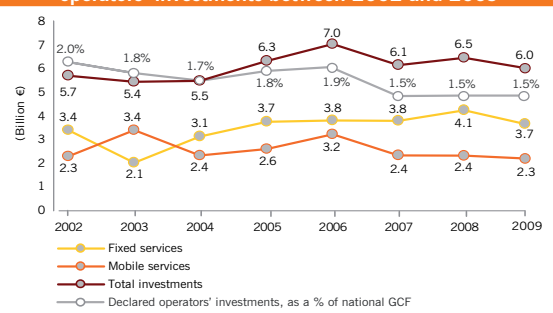


Source: ARCEP.

INVESTMENT

- **The electronic communications sector invested 6 billion euros**, which marks a 7.6% decrease compared to 2008, or 1.5% of total national spending.
- After having been on an upwards trajectory since 2003, investments in fixed services dropped by 12.8% in 2009, and represented close to two-thirds of total expenditures.
- Investments in mobile services levelled off in 2008 and 2009 after having declined by close to 30% in 2007.

Evolution of electronic communications operators' investments between 2002 and 2009



Sources: ARCEP, INSEE.

EMPLOYMENT

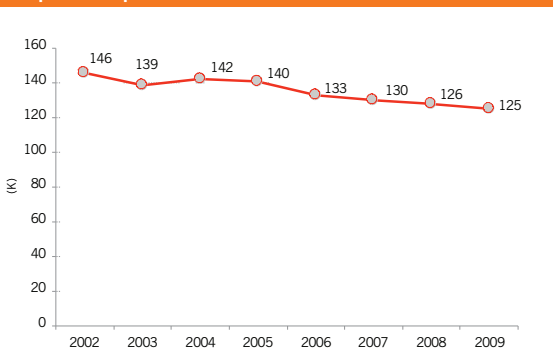
- **The electronic communications sector represents 125.000 direct jobs**, a 1.1% decrease compared to 2008.
- Telecom carriers' personnel numbers have been decreasing steadily for several years, due to a rise in productivity and to the increasing use of sub-contractors and outsourcing.

The leading telcos' personnel in France in 2009

	Direct jobs
France Telecom	100 153
Groupe SFR Neuf	9 945
Bouygues Telecom	9 018
Groupe Iliad	4 052

Sources: Operators' reports

Evolution of electronic communications operators' personnel numbers between 2002 and 2009



Source : ARCEP.

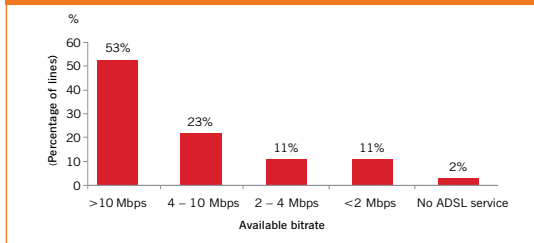
Consumer services

EQUIPMENT

In France there are:

- **35.5 million fixed lines** supplying a telephone service.
- **19.7 million broadband Internet subscriptions**, of which **300.000** are ultra-fast broadband accounts.
- **68% of households** equipped with a micro-computer.
- **61.5 million mobile subscribers**, which represents a penetration rate of 95.8% of the population.

Breakdown of the national ADSL base by theoretical throughput



Source: ARCEP

COVERAGE

Fixed services

- 98.7% of fixed lines are eligible to supply broadband access to the Internet.

Mobile services

- 99.8% of the population is covered by 2G networks.
- Roughly 90% of the population is covered by 3G networks (forecast to reach 94% by the end of 2010).

NUMBER PORTABILITY

Fixed services

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

Mobile services

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

QUALITY OF SERVICE

QoS for the **universal fixed telephony service**:

- the average time it takes to supply an initial connection is 5.3 days;
- the unsuccessful call ratio stands at 0.2%, and 16.3% of faults were not resolved within the timeframe stipulated in the customer's contract.

Mobile services

between 2008 and 2009:

- 95% success rate for call completion and maintenance for a duration of two minutes with a perfect and stable quality;
- data rates on mobile networks virtually doubled.

CONSUMPTION

In 2009, **210 billion calling minutes** consumed, of which **109 billion on fixed lines** and **101 billion on mobile lines**.

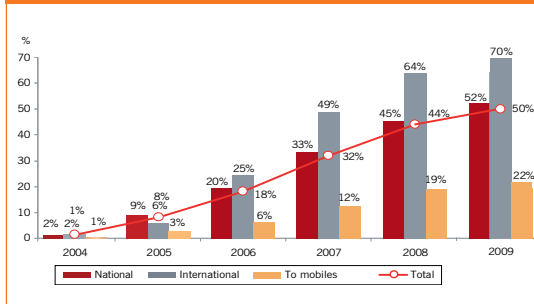
Fixed services

- Voice over IP (excl. software-based solutions like Skype) calls from a triple play box represented 54 billion calling minutes, or 14.5% more than in 2008.
- 8.7 million subscriptions eligible to receive TV over DSL services, compared to 6.2 million at the end of 2008 (+40%).

Mobile services

- **63.4 billion SMS and MMS** were sent in 2009, compared to 35.1 billion in 2008 (+40%). This market segment, which has been growing by more than 20% annually for several years, experienced a dramatic upswing in 2008 (+80%) which was spurred by mobile operators' rollout of "unlimited" offers.

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



Source: ARCEP

- There were **16.9 million active 3G subscribers** in France at the end of 2009, which marks a 48% increase over 2008. 3G users now account for 27.5% of all mobile subscribers.






International comparisons

EQUIPMENT AND CONSUMPTION

The broadband penetration rate in France is among the highest in Europe. French mobile operators' reported a healthy increase in revenue, and high consumption levels of close to 2.5 hours a month, per subscriber.

The mobile telephony penetration rate measures the number of SIM cards as a percentage of the population, although figures may be affected by the fact that some users have more than one mobile line.

Computer, broadband and mobile telephony penetration rates, and revenue growth for 2009, by segment, in the main European markets

	France	Germany	Spain	Italy	The UK	
						
FIXED	% of households equipped with a computer, end of 2009	68%	78%	66%	54%	77%
	Broadband penetration rate, end of 2009 (% of households)	63%	62%	51%	41%	66%
	Increase in broadband penetration rate in 2009 (in % points)	+5	+5	+7	+4	+1
MOBILE	Mobile telephony penetration rate, end of 2009 (tot. pop. - active users)	90%	132%	118%	146%	131%
	Increase in the mobile penetration rate in 2009 (in % points)	+4.0	+1.4	+4.0	+4.6	+5.0
	Average number of calling minutes per customer, a month	141	71	117	n.d.	127

Source: 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 telephony 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.



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