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### **New ECTA scorecard shows strong growth in broadband investment is driven by effective application of EU framework**

ECTA today published the latest update of its Broadband Scorecard, which provides the most up to date data available on the size of the EU broadband market and the competitors operating within it. The scorecard records another quarter of fast growth, with the total number of connections up 10% to 51.9 million connections at the end of the 3<sup>rd</sup> quarter of 2005.

The original 15 EU member states together now have a level of penetration only marginally below that of the US. The EU is, however, some distance from catching up with Japan, where demand continues to be driven forward by the ever-faster speeds being delivered in a competitive market place based on the regulated access to next generation fibre broadband connections.

Nonetheless, 48% of all new entrant operated DSL lines installed in the previous 12 months were LLU-based. This reflects a surge of investment in member states where the EU Directives are being applied effectively and independently. This investment has made a substantial contribution to the overall increase in 'infrastructure-based competition' (measured as fibre, cable, broadband LLU and shared lines as % of total) in the EU - to 32%, from 30% a year previously, and provides clear evidence that **new entrants are moving up the ladder of investment.**

The Broadband Scorecard therefore provides a timely confirmation of the clear link between investment and regulatory effectiveness in the ECTA Regulatory Scorecard published last December and available at:

<http://www.ectaportal.com/en/upload/File/Regulatory%20Scorecards/Scorecard2005latest.zip>.

Looking at the performance of individual countries, the Nordic member states and the Netherlands continue to lead the broadband penetration league. However, it is noticeable in all cases the competition is largely been confined to highly populated areas, where LLU, Cable TV and/or Fibre has been deployed by competitors. With very little bitstream competition many rural consumers and branch offices are left without the same level of choice and diversity. This is particularly noticeable in Sweden and may be because the ladder of investment has not been fully implemented, due to a court ruling to stay a decision by the regulator on bitstream, which was intended to set fair terms for competitors to access these areas.

In countries which trail in the broadband league, such as Italy, Spain and Ireland, with penetration rates at around half the levels of the leading group (quarter in Ireland), there is some evidence to suggest that competition is less intense. The market share of incumbent operators in all these countries remains above 50% (and at 70% in Italy), compared to considerably lower market shares in most of the leading countries. It is notable that in both Spain and Ireland, alternative infrastructures such as cable and wireless have gained a substantial market share (21%), but it appears that competitors have not been able to progress from bitstream to full unbundling to further stimulate competition in those markets.

Greece remains in the last position in EU 25 broadband penetration. This is mainly due to the absence of regulation in the Wholesale Broadband Access market and the slow development of LLU, for which effective enforcement of regulatory obligations is yet to be achieved.

An interesting development is the rapid take-up of resale broadband lines in Germany since the last quarter, demonstrating the level of pent-up demand from customers for choice. This seems to have fed through to higher growth in broadband penetration, and it is expected that this growth will be further supported by measures by the regulator to set the terms for bitstream access.

Steen Clausen, Managing Director of ECTA said "ECTA's members have been encouraged by the Commission's moves to back effective, pro-competitive regulatory measures that are delivering innovation for Europe's consumers and businesses, and the results are born out in our latest broadband scorecard. But as ECTA members commit themselves to significant investments - sometimes at levels that exceed those of the incumbent - it is now all the more important that the Commission reinforces the pro-competitive approach and technological neutrality in the Directives."

**ENDS**

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### European broadband league table Q3 2005

Ranking	Q3 2003	Q3 2004	Q3 2005
1	Denmark	Denmark	→ Denmark
2	Belgium	Netherlands	→ Netherlands
3	Netherlands	Belgium	↑ Finland
4	Sweden	Sweden	→ Sweden
5	Austria	Finland	↓ Belgium
6	Finland	France	↑ France
7	Germany	Austria	↑ UK
8	France	UK	↑ Luxembourg
9	UK	Germany	↓ Austria
10	Spain	Portugal	↓ Germany
11	Portugal	Spain	→ Portugal
12	Italy	Italy	→ Italy
13	Luxembourg	Luxembourg	↓ Spain
14	Ireland	Ireland	→ Ireland
15	Greece	Greece	→ Greece

**To access the ECTA Broadband Scorecard Q3 2005 please check:**

[http://www.ectaportal.com/en/upload/File/Broadband\\_Scorecards/Q305/Final2\\_BB\\_Sc\\_Q3\\_05.xls](http://www.ectaportal.com/en/upload/File/Broadband_Scorecards/Q305/Final2_BB_Sc_Q3_05.xls)

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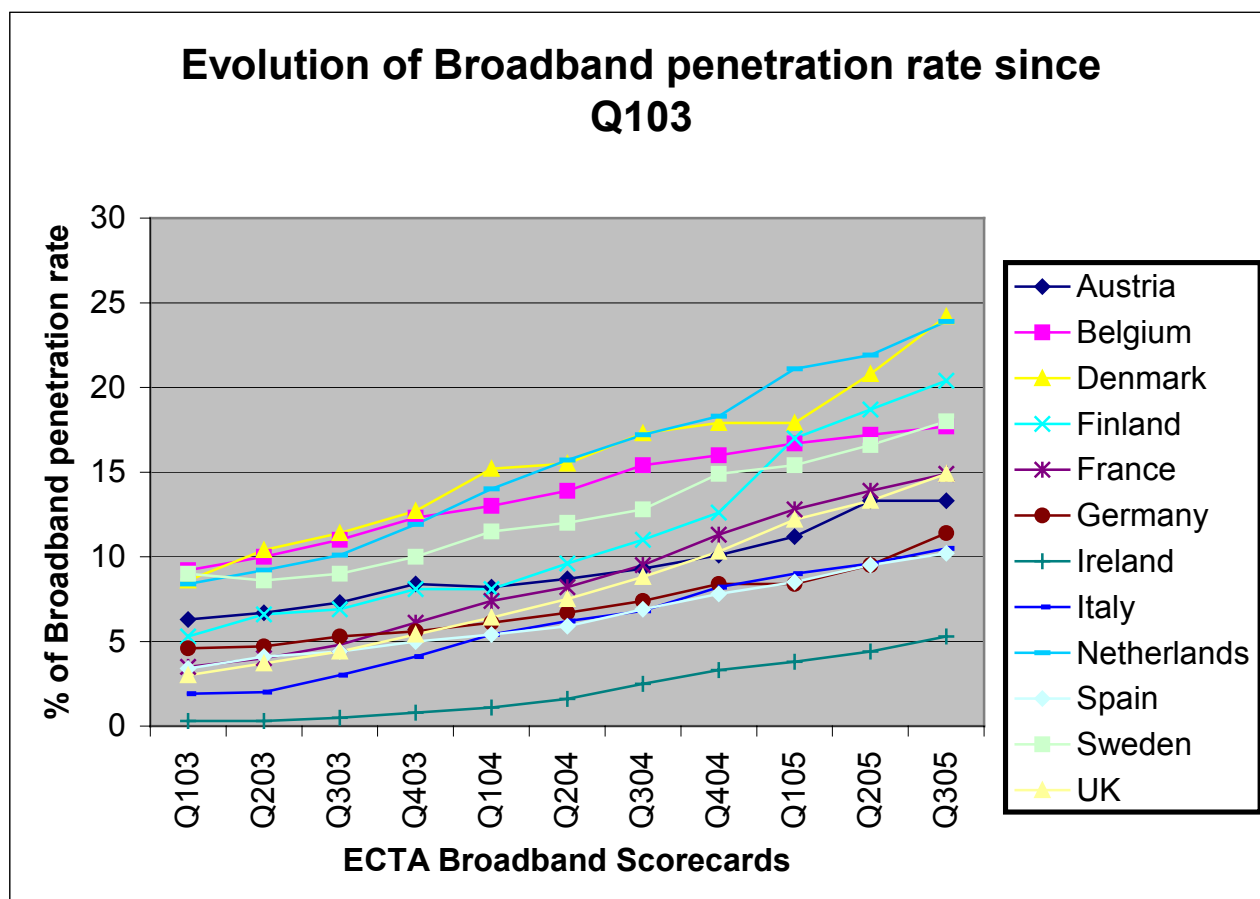
# ECTA Broadband scorecard, Q3 2005

## Key statistics



February 2006.

### 1 The market experienced continued growth but with considerable variations across countries



- Total lines increased by 10% since the last quarter from 47.2 to 51.9 million lines. This growth was slightly up on the previous quarter when 9% growth was reported.
- Penetration reached 24.2% in Denmark, followed closely by Netherlands 23.9% and Finland 20.4%. However, it remained below 12% in Germany, Italy and Spain, and was only 5% in Ireland and 1% in Greece.
- In the new member states, Estonia and Malta continued to head up the table with penetration rates of 12% and 11.2% respectively, comparing favourably with many of the EU15.
- Greece, Ireland, Luxembourg and Denmark, experienced the fastest growth of the EU 15 this quarter, although in the case of Greece and Ireland this growth was from a relatively low base and far from catching up, the gap with other countries appears to be widening. Amongst the new member states, the Czech republic achieved the highest growth in penetration rising from 1.6 % in Q205 to 3.3% in Q305.

## 2 Incumbents' market share declined but at a slower rate

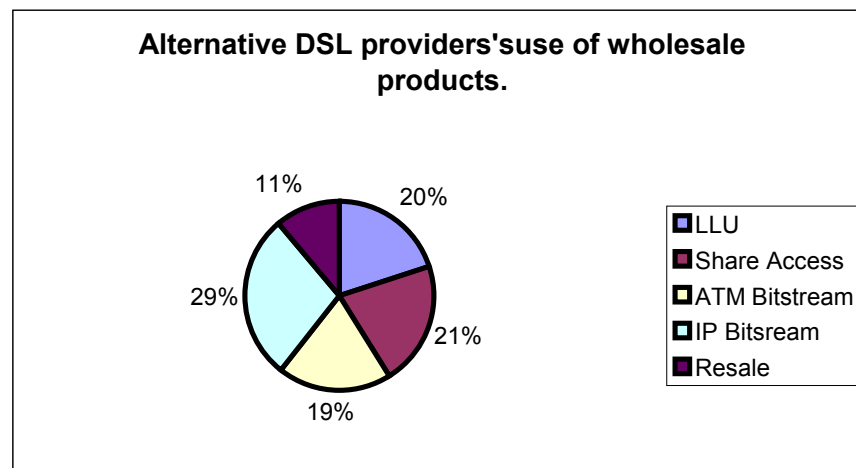
- Incumbents' market share of the overall broadband market in the EU (including cable) declined marginally from 50.3% to 49.1% in Q3. As in Q205 a significant contribution to this was a 5.5 percentage point decline in the market share of Deutsche Telecom from 71% to 65.5%. Incumbents in, Luxembourg, Portugal and Belgium also lost ground to competitors. Incumbent market share increased markedly in Italy, and also rose in Denmark and France.
- Incumbent market share as a proportion of total DSL lines declined from 62% last quarter to 60%. Again, Germany accounted for a significant portion of this decline.

## 3 How are the other technologies performing

- DSL further strengthened its share of European market this quarter, as cable fell to 16.7% of end-user retail connections. Other technologies such as satellite and wireless have performed better but remain just 2.3% of total connections.

## 4 What is the picture of the wholesale market?

- Of DSL connections provided by new entrants, 20% were provided by LLU, 21% by shared access, 29% by IP bitstream, 19% by ATM bitstream and 11% were based on reseller products.



- LLU and Shared access continued to increase in popularity, having reported respectively 21,7% and 7,6% growth this quarter. LLU is now the third most popular wholesale product after shared access and IP bitstream, and has been catching up rapidly with a particularly noticeable growth this quarter compared to Q205. The increase of 38.7% in broadband resale lines since Q2 mainly reflects substantial demand for the new resale product in Germany, where it remains the only means to access customers not served by unbundled lines in Germany.

**E N D S**

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