ANACOM

STATISTICAL INFORMATION

INTERNET ACCESS SERVICE

3RD QUARTER 2009

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1. Evolution in the number of providers authorised to provide Internet Access Services[1]

As at the end of the 3rd quarter of 2009 (3Q09) there were 50 companies in Portugal authorised to provide fixed internet access services[2]. 33 of these were in operation[3] (Table 1).

Table 1 - Evolution of Fixed Internet Access Service Providers

	3Q07	4Q07	1Q08	2Q08	3Q08	4Q08	1Q09	2Q09	3Q09
Number of Registered Providers – Fixed Tech.	42	42	45	48	49	54	51	54	50
Number of Operational Providers – Fixed Tech.	34	34	35	35	36	37	36	36	33

Source: ICP-ANACOM

All the providers of fixed Internet access services in operation offered broadband Internet access services: ADSL is provided by 18 companies, while cable modem is provided by 7 companies and optical fibre by 10 companies. There are a further 17 companies providing the service through other means (e.g. leased lines, FWA). As can be gathered, there are a number of companies which provide the service using more than one access technology.

At the same time, 4 of the operators of the mobile telephone service provide the mobile broadband Internet access service using UMTS/HSPA[4]. At the beginning of October another mobile provider launched an offer of mobile broadband Internet access. The activity of this provider is not yet taken into consideration for the purposes of this report.

[1] NOTE: The information contained in this report was compiled using data from the providers of this service and is subject to alteration in the event that this data is revised or updated. The quarterly data presented refers to the end of the period (last day or last month), except in the case of revenues and traffic.

[2] Also known as Internet Service Providers (ISP).

[3] Companies which, according to available statistical information, have registered activity during the reported period.

[4] See ICP-ANACOM's position on the virtual mobile operator activity (http://www.anacom.pt/render.jsp?contentId=455099).

2. Number of customers of Internet access service

As at the end of 3Q09, there were around 3.4[5] million users with mobile broadband Internet access in Portugal and around 1.84 million customers with fixed internet access, of which approximately 1.81 million were broadband.

Mobile broadband saw a high rate of growth during the period being reported. The number of users increased by around 500 thousand in 3Q09, representing a rise of 17 per cent compared to the previous quarter, and 64 per cent more than in 3Q08.

Table 2 - Evolution in mobile internet access customers

	2nd Qtr 2009	3rd Qtr 2009	Variation	
			3Q09/ 2Q09	3Q09/ 3Q08
Number of users with mobile broadband internet access[5]	2 945 946	3 445 755	17.0%	64.0%

Source: ICP-ANACOM Unit: No of customers, %

Along with the high rate of growth seen in the number of mobile broadband accesses, usage has also grown. The number of mobile broadband users who were active during the period being reported grew by around 36.7 per cent over the quarter, rising to 2 million users[6], a figure that is 95 per cent higher than the value recorded in the third quarter of 2008.

The high rate of growth seen in the number of active users this quarter stems, above all, from the launch of new offers with by-day pricing. One of these offers has the particularity of not requiring prior subscription, whereby the customer automatically subscribes to the daily tariff where they are not subscribed to another Internet tariff. This offer has encouraged use of the Internet service on mobile telephones (previously, tariffs were based on traffic volume).

[5] Customers of mobile operators who can access the Internet using mobile broadband, and who have done so at least once since the launch of the service.
[6] Customers of mobile operators who can access the Internet using mobile broadband, and who did so at least once during the quarter being reported.

Table 3 - Evolution in the number of active mobile internet access customers during the quarter

	2nd Qtr. 2009	3rd Trim 2009	Variation	
			3Q09/ 2Q09	3Q09/ 3Q08
Number of active users during the quarter being reported	1 451 531	1 983 761	36.7%	95.4%

Source: ICP-ANACOM Unit: No of customers, %

The number of active users represent around 58 per cent of total users with mobile access to the Internet, a proportion which has been rising systematically since January 2007 when it was around 35 per cent.

Meanwhile, the number of fixed internet access service customers (Table 4), (around 1.84 million) grew by around 2.9 per cent in 3Q09 compared to the previous quarter and by 12 per cent year-on-year.

The number of dial-up access customers continued to decline, as a result of the migration of users to broadband. In this quarter the number of dial-up customers stood at 35 thousand, around 1.7 thousand less than in the previous quarter. Since 3Q08, dial-up accesses have fallen by around 24 per cent.

The majority of fixed Internet access service customers use broadband: the customers of these services represent around 98 per cent of all customers. The number of customers of broadband services reached 1.81 million, 54 thousand more than in the previous quarter. The number of fixed broadband customers rose, therefore, by 3.1 per cent in comparison to the previous quarter. Meanwhile, year-on-year, the number of broadband customers rose by 13.2 per cent.

Table 4 - Evolution in the total number of fixed Internet access customer

	2nd Qtr. 2009	3rd Qtr. 2009	Variation	
			3Q09/ 2Q09	3Q09/ 3Q08
Total Number of customers	1 788 651	1 841 347	2.9%	12.2%
Broadband customers (fixed)	1 752 166	1 806 545	3.1%	13.2%
Dial-up access customers	36 485	34 802	-4.6%	-23.5%

Source: ICP-ANACOM Unit: No of customers, %

ADSL remains the principal broadband Internet access technology, now representing 58 per cent of the total, 4pp below the peak of 4Q06. Cable modem is used by 40.3 per cent of fixed broadband customers. During 3Q09 xDSL attracted around 49 per cent of subscribers during the period in net terms.

Table 5 - Evolution in the total number of broadband customers (fixed access)

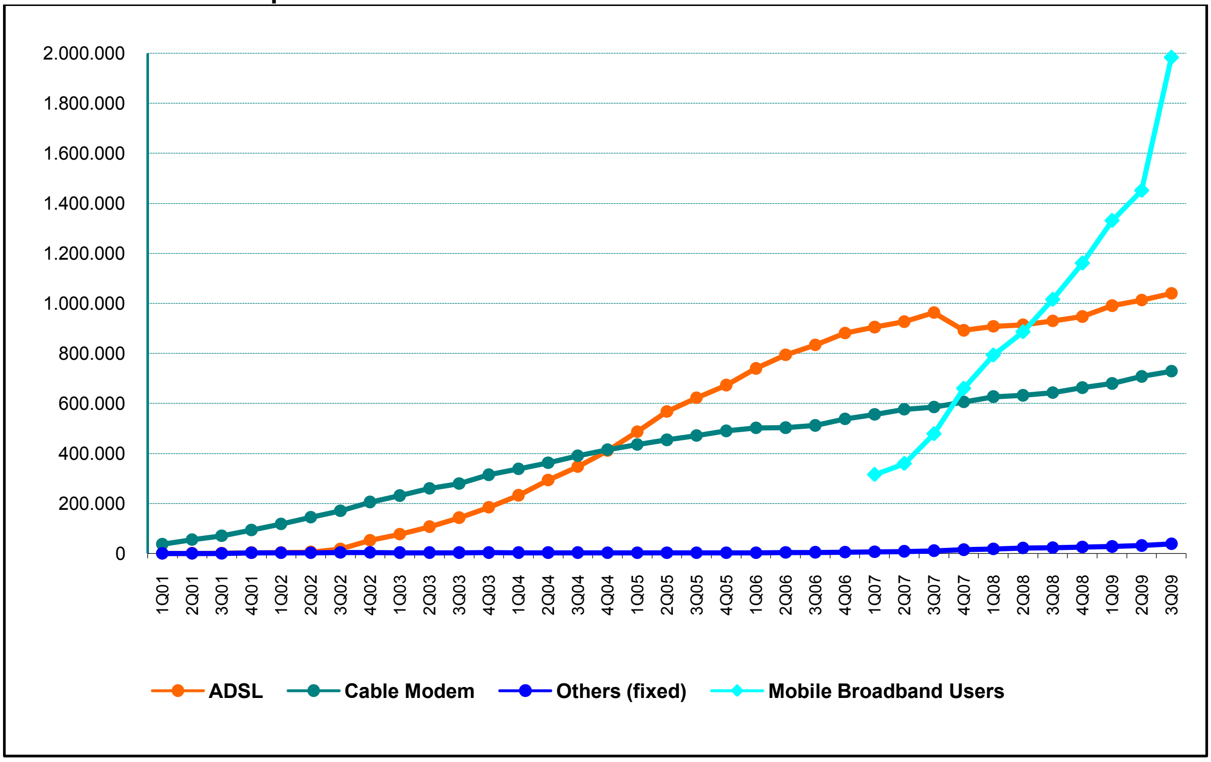
	2nd Qtr. 2009	3rd Qtr. 2009	Variation	
			3Q09/ 2Q09	3Q09/ 3Q08
Total Customers, of whom:	1 752 166	1 806 545	3.1%	13.2%
Customers with ADSL access	1 013 272	1 039 779	2.6%	11.9%
% of broadband total	57.8%	57.6%		
Customers with cable modem access	707 561	728 625	3.0%	13.4%
% of broadband Total	40.4%	40.3%		
others	31 333	38 141	21.7%	64.7%
% of broadband Total	1.8%	2.1%		

Source: ICP-ANACOM Unit: No of customers, %

The “others” category, which includes, for example, offers based on leased lines, on FWA and on optical fibre, and which represents 2.1 per cent of the total number of customers, has seen sharp growth, of more than 21 per cent, due in the most part to offers based on optical fibre.

With specific respect to Optical Fibre (FTTx), during 3Q09 there were around 14 thousand customers with optical fibre access to the Internet, of which 95 per cent were residential. As at the end of 3Q09, Sonaecom was the main supplier of this type of offer.

Graph 1 - Evolution in the number of broadband customers



Source: ICP-ANACOM Unit: No of customers

As far as market share of fixed broadband access is concerned, and as can be seen in the following table (Table 6), Grupo PT's[7] share of customers stood at 43.3 per cent, 0.5 per cent up on the previous quarter.

The share of Grupo ZON[8] remained steady at 32.3 per cent, while ZON Portugal increased its share by 1.7 percentage points.

[7] During 4Q07 TV Cabo was part of a Spin-off which was concluded by the companies concerned in November. By determination of 3 April 2008, this Authority considered that, following this operation, PT Multimédia, now ZON Multimédia, would no longer be included in Grupo PT.
On 10 March 2008, there was a merger, with the incorporation of PT.COM into PT Comunicações, S.A...

[8] Since November 2008, ZON Multimédia has included the companies acquired from Grupo Parfitel (Bragatel, Pluricanal Leiria and Pluricanal Santarém), as well as TVTel.

Table 6 - Evolution in broadband customer shares (fixed access)

	2008		2009		
	3rd Qtr	4th Qtr	1st Qtr	2nd Qtr	3rd Qtr
Grupo PT	**40.8%**	**41.6%**	**42.5%**	**42.8%**	**43.3%**
PT Prime	0.5%	0.5%	0.5%	0.5%	0.5%
PT Wi-Fi/TMN[9]	0.1%	0.1%	0.1%	0.1%	0.1%
PT Comunicações	40.2%	41.0%	41.9%	42.2%	42.7%
Grupo ZON Multimédia/TV Cabo[10]	**27.9%**	**31.3%**	**31.6%**	**32.3%**	**32.3%**
ZON Portugal/TV Cabo[11]	25.6%	26.5%	27.1%	28.2%	29.9%
ZON Madeira/Cabo TV Madeirense	1.6%	1.6%	1.6%	1.6%	1.6%
ZON Açores/Cabo TV Açoreana	0.7%	0.8%	0.8%	0.8%	0.8%
TVTel	-	1.7%	1.4%	1.1%	-
Bragatel	-	0.4%	0.4%	0.3%	-
Pluricanal Leiria	-	0.2%	0.2%	0.2%	-
Pluricanal Santarém	-	0.1%	0.1%	0.1%	-
Grupo Sonaecom	**14.1%**	**12.5%**	**11.7%**	**10.9%**	**10.4%**
Sonaecom	13.4%	11.9%	11.7%	10.9%	10.4%
Tele 2[12]	0.7%	0.6%	-	-	-
Cabovisão	**9.9%**	**9.3%**	**8.5%**	**8.1%**	**8.0%**
Vodafone	**2.3%**	**2.8%**	**3.2%**	**3.5%**	**3.8%**
AR TELECOM	**1.5%**	**1.5%**	**1.5%**	**1.5%**	**1.5%**
TV TEL[13]	**1.8%**	-	-	-	-
ONITELECOM	**0.1%**	**0.1%**	**0.1%**	**0.1%**	**0.1%**
Other Providers	**1.6%**	**0.9%**	**0.9%**	**0.8%**	**0.7%**

Source: ICP-ANACOM

Note: There are certain operators which are active in specific market segments. The relative position of the operators in this table should in no way be taken as an indicator of the quality of the service which these operators provide or of their performance in the segments which they are active.

[9] Following the incorporation of PT Wi-Fi into TMN on 11 December 2008, all the rights and obligations of PT Wi-Fi were conferred upon TMN

[10] Since November 2008, ZON Multimédia has included the companies acquired from Grupo Parfitel (Bragatel, Pluricanal Leiria and Pluricanal Santarém), as well as TVTel.

[11] On 31 July 2009, ZON TV CABO merged by acquisition with TV Tel, Bragatel, Pluricanal Santarém and Pluricanal Leiria

[12] On 2 January 2009, the company Telemilénio – Telecomunicações, Sociedade Unipessoal, Lda (Tele2) was merged into Sonaecom – Serviços de Comunicações, S.A.

[13] Since November 2008, ZON Multimédia has included the companies acquired from Grupo Parfitel (Bragatel, Pluricanal Leiria and Pluricanal Santarém), as well as TVTel.

The net increase over the third quarter of around 54 thousand fixed broadband customers reflects an absolute gain by certain operators and the loss of customers by others.

Among the operators reporting the greatest absolute gain in customers, note is made of the ZON group and the PT group, with gains of 31.2 thousand and 17.4 thousand customers respectively. It is noted that Cabovisão has reversed the trend reported since 1Q08, adding 3.3 thousand customers.

3. Broadband Internet access traffic

Broadband Internet access traffic [14] grew by around 4.1 per cent in 3Q09. This can be explained above all by the trends seen in fixed broadband traffic (+4 per cent), which represented around 95.9 per cent of the total. The growth rate of fixed traffic outpaced the growth seen in the number of customers.

Table 7 – Broadband Internet access traffic (in GB)

	2nd Qtr. 2009	3rd Qtr. 2009	Variation 3Q09/ 2Q09
Total traffic of which:	**101 481 775**	**105 628 142**	4.1%
Fixed broadband traffic	97 291 195	101 187 696	4.0%
% of Total	95.9%	95.8%	
Mobile broadband traffic	4 190 580	4 440 446	6.0%
% of Total	4.1%	4.2%	

Source: ICP-ANACOM

The trend seen in fixed traffic can be put down, in the most part, to the activity of Grupo ZON/TV Cabo and Cabovisão.

In terms of traffic, Grupo ZON/TV Cabo reported the highest share (45 per cent), followed by Grupo PT (31.7 per cent).

[14] Mobile Internet access traffic refers to the traffic associated with APN sessions. Fixed broadband traffic excludes IPTV traffic.

Table 8 – Evolution in share of broadband traffic (fixed access)

	2008		2009		
	3rd Qtr	4th Qtr	1st Qtr	2nd Qtr	3rd Qtr
Grupo ZON Multimédia/TV Cabo[15]	**35.3%**	**37.2%**	**44.0%**	**44.7%**	**45.0%**
ZON Portugal/TV Cabo[16]	34.8%	36.4%	43.4%	43.4%	43.6%
ZON Madeira/ Cabo TV Madeirense	0.5%	0.4%	0.3%	0.3%	0.8%
ZON Açores/ Cabo TV Açoreana	0.0%	0.0%	0.0%	0.7%	0.6%
TVTel	0.0%	0.0%	0.0%	0.0%	-
Bragatel	0.0%	0.2%	0.1%	0.1%	-
Pluricanal Leiria	0.0%	0.1%	0.1%	0.1%	-
Pluricanal Santarém	0.0%	0.1%	0.1%	0.1%	-
Grupo PT	**34.2%**	**36.2%**	**33.0%**	**32.8%**	**31.7%**
PT Prime	0.4%	0.4%	0.4%	0.3%	0.3%
PT Wi-Fi/TMN[17]	0.0%	0.0%	0.0%	0.0%	0.0%
PT Comunicações	33.8%	35.8%	32.6%	32.5%	31.4%
Grupo Sonaecom	**14.4%**	**11.8%**	**11.0%**	**11.1%**	**10.0%**
Sonaecom	13.6%	11.3%	11.0%	11.1%	10.0%
Tele 2[18]	0.8%	0.5%	0.0%	-	-
Cabovisão	**9.9%**	**7.9%**	**5.8%**	**5.2%**	**7.1%**
Vodafone	**3.1%**	**4.3%**	**4.2%**	**4.3%**	**4.2%**
AR TELECOM	**0.4%**	**0.3%**	**0.2%**	**0.2%**	**0.4%**
ONITELECOM	**0.7%**	**0.8%**	**0.6%**	**0.6%**	**0.5%**
Other Providers	**2,0%**	**1,5%**	**1,2%**	**1,3%**	**1,1%**

Source: ICP-ANACOM

Note: There are certain operators which are active in specific market segments. The relative position of the operators in this table should in no way be taken as an indicator of the quality of the service which these operators provide or of their performance in the segments which they are active.

[15] Since November 2008, ZON Multimédia has included the companies acquired from Grupo Parfitel (Bragatel, Pluricanal Leiria and Pluricanal Santarém), as well as TVTel.

[16] On 31 July 2009, ZON TV CABO merged by acquisition with TV Tel, Bragatel, Pluricanal Santarém and Pluricanal Leiria

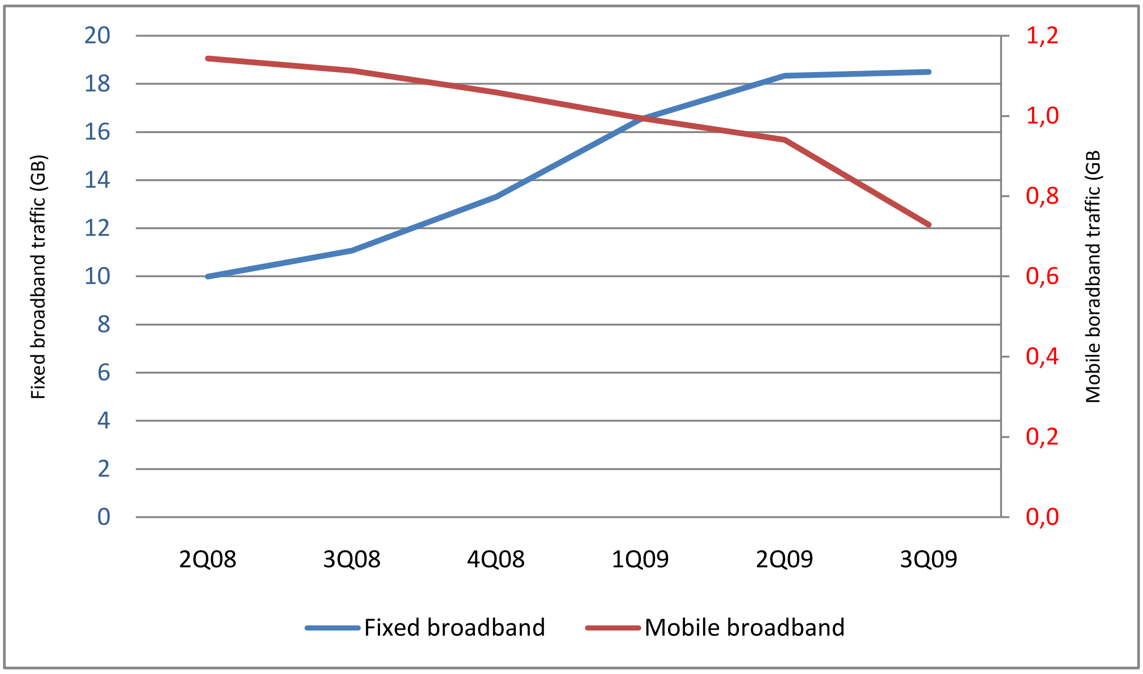
[17] Following the incorporation of PT Wi-Fi into TMN on 11 December 2008, all the rights and obligations of PT Wi-Fi were conferred upon TMN.

[18] On 2 January 2009, the company Telemilénio – Telecomunicações, Sociedade Unipessoal, Lda (Tele2) was merged into Sonaecom – Serviços de Comunicações, S.A.

Internet access traffic from mobile connections (in GB) grew by 6 per cent in 3Q09 compared to the previous quarter. It should be noted that the number of active customers using this form of access grew at a rate six times higher - by around 36.6 per cent.

Meanwhile, it can be seen in 3Q09, each customer generated an average of 18.6GB of traffic per month, 0.2GB more than in 2Q09 and 68 per cent more than in the third quarter of 2008.

Graph 2 – Average monthly traffic per broadband Internet customer (fixed and mobile) in GB



Source: ICP-ANACOM Unit: GB

Meanwhile, the traffic generated by active mobile broadband customers (an average of 0.73 GB per customer per month) is significantly lower than the average reported for fixed broadband traffic, declining by around 22 per cent over the previous quarter. This steepens the trend in place since the end of last year due to the large increase in the number of active users. It should be recalled that this indicator rose strongly until the end of the first quarter of 2008, reaching 1.3 GB, levelling off in the second and third quarters before starting a progressive move downwards.

The increase seen in the number of active mobile broadband users will lead to a change in usage patterns, due to increasing heterogeneity of users and to the traffic limits of the new tariffs (e.g. the new daily tariffs impose a traffic limit of 10MB).

This difference between traffic levels generated by fixed and mobile broadband customers is due to the traffic limits included in mobile broadband offers, which are much lower than those of fixed broadband, to the prices charged with respect to each technology and also to the different user and usage profiles associated with the two types of broadband Internet access.

4. Fixed Internet Access Service Revenues in Portugal

In the third quarter of 2009, the individualised revenues of the fixed Internet access service (accumulated) totalled around 322.5 million euros. This revenue is derived from stand-alone and multiple play offers with a separable Internet component.

Table 9 - Individualised revenues of the fixed Internet access service (accumulated since the beginning of the year)

	3Q09	Var. (%) 3Q08/3Q09
Fixed Internet access revenues (Individualised)	322 512	-7.2%

Source: ICP-ANACOM Unit: Thousands of euros

Note: The values given refer not only to individualised Internet offers but also to Internet offers included in bundles of services where revenue can be determined separately.

With respect to revenue from bundles which include the Internet service where revenue cannot be individualised, the values are given in the following Table.

Table 10 - Non-separable revenues from bundles of services with Internet [19]

(accumulated since the beginning of the year)

	3Q09
2 Play	
Internet+TV	5 340
Internet+ Fixed telephone	14 696
3 Play	
Internet+TV+ Fixed telephone	83 733
TOTAL	103 768

Source: ICP-ANACOM Unit: Thousands of euros

Note: These values do not refer to all revenues derived from bundles of services mentioned in the Table, but only to those which are not separable by service.

Revenue which cannot be separated derived from bundles of services which include the Internet access service reached around 104 million euros.

5. Broadband penetration rate in Portugal [20]

At the end of 3Q09, the penetration rate of broadband Internet access stood at 17 per 100 inhabitants for fixed access and at 32.4 per 100 inhabitants for mobile access (Table 9).

In the case of fixed access, this figure increased 0.5 percentage points over the previous quarter, being around 2 per cent higher than the figure recorded for the third quarter of 2008. The penetration rate for mobile broadband grew by 4.7 percentage points over the quarter..

[19] Non-separable revenues from bundles of services which include the Internet access service.
[20] Means of calculation: (Total customers) / (Total population). Includes residential and non-residential customers.

Table 11 - Evolution of broadband penetration rates: No of customers per 100 inhabitants

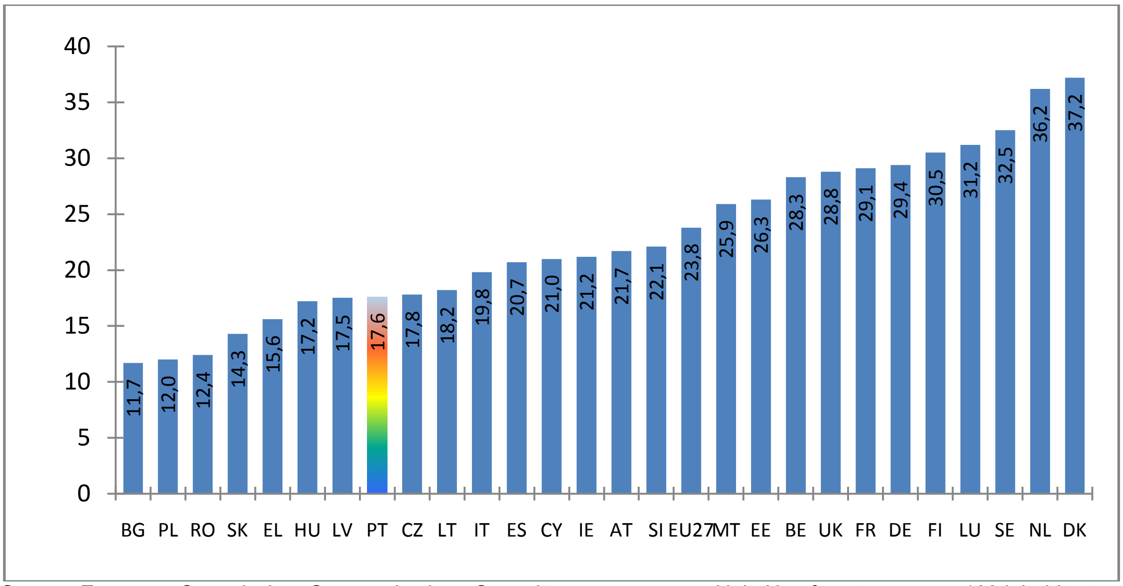
	3Q08	4Q08	1Q09	2Q09	3Q09
1. No of Broadband Customers (fixed) / 100 Inhabs.	15.0	15.4	16.0	16.5	17.0
1.1. No. of ADSL Customers/100 Inhabitants	8.8	8.9	9.3	9.5	9.8
1.2. No. of Cable Modem Customers/100 Inhabs.	6.1	6.2	6.4	6.7	6.9
1.3. No. of Customers using other types of access/100 Inhabitants	0.2	0.2	0.3	0.3	0.4
2. No of Broadband Customers (mobile) / 100 Inhabs.[5]	19.8	22.4	25.3	27.7	32.4

Source: ICP-ANACOM

According to information made available by the EC, the penetration rate[21] in Portugal of the broadband internet access service was below the average of the EU27 (Graph 3) in the period being reported. In July 2009, the penetration of broadband in the EU27 was reported at 23.8 per 100 inhabitants, while in Portugal the rate was 17.6[22], whereby Portugal is ranked in 20th position among the countries of the EU27.

[21] Means of calculation: (Total customers) / (Total population). Does not include mobile access.
[22] The base information used by the EC is different from that used by ICP-ANACOM.

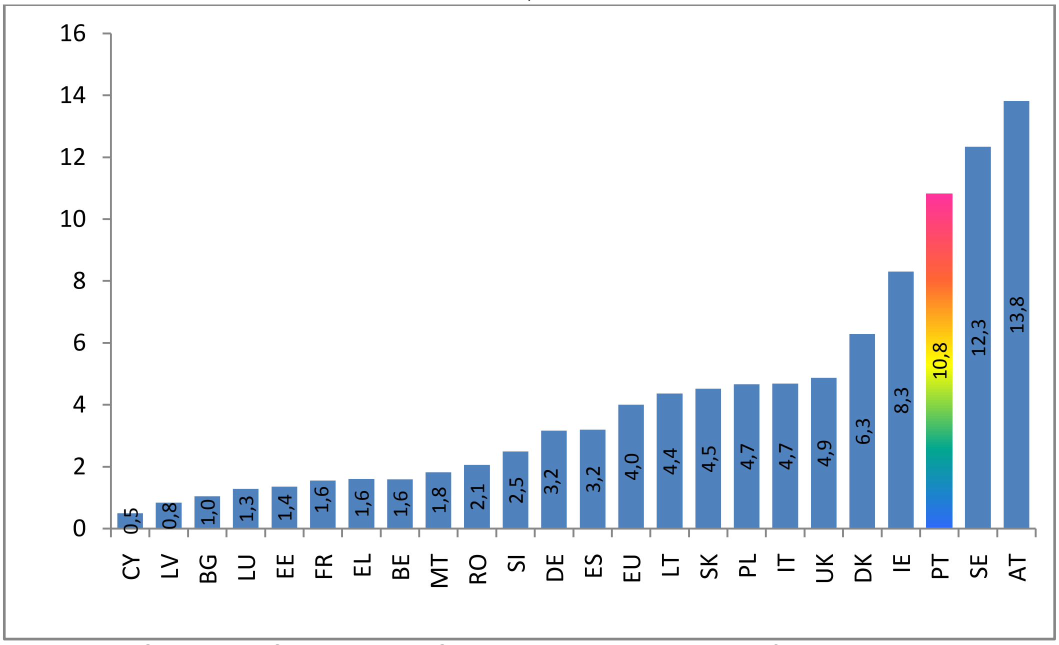
Graph 3 – Number of fixed broadband customers per 100 inhabitants in EU27 in 2Q09



Source: European Commission, Communications Committee. Unit: No of customers per 100 inhabitants

It should be noted that with respect to mobile broadband mode that is closest to fixed broadband – mobile accesses supported by PCMCIA cards or USB modem used to access the Internet through Desktop and Laptop computers, in July 2009, Portugal took 3rd place in the ranking of EU27 countries.

Graph 4 – Information on mobile broadband penetration - PCMCIA cards or USB modem, in EU27 – 2Q09



Source: European Commission, Communications Committee. Unit: No of customers per 100 inhabitants