



Broadband Growth Slows in Europe's Largest Markets

London, 24th November 2006: As Western European telecoms operators announce their 3Q results, Screen Digest can report a continuing trend of slowing growth in the largest broadband markets in the region.

In the study, comprising telcos in the UK, Germany, France, Italy and Spain, quarterly growth was 5 per cent – down on the previous quarter and a substantial decrease from the 11 per cent growth seen in 3Q 2005. A review of growth from 2Q to 3Q on a country-by-country basis revealed disparities between the markets; the UK had the highest growth which, at over 7 per cent, was more than double that of the French market.

The slowdown significantly affected a number of the incumbent telcos in the Big 5 European territories, several of which suffered from market saturation. Additionally, increased competition from smaller ISPs has had a detrimental effect on the number of new customers gained by some of the incumbents. Notable exceptions were Deutsche Telekom and Telefónica which managed to increase their respective domestic market shares.

In the UK, both BT's wholesale and consumer DSL businesses reported fewer new lines in 3Q than in the previous quarter. The company's share of the retail DSL market dropped to 32 per cent, equating to 2.98 m subscribers. Offers of 'free' broadband from several operators launched in the second quarter, making the UK market increasingly competitive. Despite the slowing growth, BT is closing on cable operator NTL:Telewest's customer base of 2.984 m.

France Telecom added 275,000 new customers, down on the previous quarter and on last year's figures. In contrast Free Telecom and Telecom Italia's Alice ISP reported an increase in growth, which now stands at over 8.5 per cent for both operators.

In Italy, Telecom Italia added 187,000 retail DSL customers, increasing its subscriber base to 5.4 million by the end of September. The company's total number of broadband customers grew by 3 per cent, a decrease from the 13 per cent seen in the same period last year.

Contrasting with these results, Deutsche Telekom increased its number of new domestic retail DSL customers to 354,000 – an improvement on 2Q and on the company's third quarter results in the last two years. Unlike the situation in France, smaller ISPs such as Arcor and Hansenet saw a decrease in quarterly growth.

Telefónica's broadband business also showed improvement with the company increasing its market share to 71.2 per cent of retail DSL connections, adding 242,000 customers in the third quarter.

Editors' Notes

The data and analysis contained in this press release is taken from one of Screen Digest's online services – Broadband Digital Media Intelligence. To find out more about this please contact sales@screendigest.com or call +44 20 7424 2820

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