Telecommunications Market Data Update

Q2 2018

MARKET DATA

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Contents

Section

1. Market Monitor

In the following section we highlight some of the key trends emerging this quarter from the data we collect on the UK telecommunications sector.

Fixed voice services

- Fixed voice services generated £1.9bn in revenues in Q2 2018, a decrease of 3.5% quarter-on-quarter and down 7.9% from Q2 2017. BT's share of these revenues was 42.4%, a decrease of 1.1 percentage points from the previous year.
- Access revenues decreased by £33m from Q1 2018, while call revenues fell by £37m during the same period. In Q2 2018, access accounted for 79% of total revenues, up 1.6pp year-on-year.
- There were 32.7 million fixed exchange lines (including PSTN and ISDN channels) in Q2 2018, 345k (1.0%) fewer than in Q1 2018 and a 1.6% (516k) year-on-year decrease. BT's share of these lines remained stable during the quarter, at 38.6%.
- UK fixed telephony lines generated 11.3 billion minutes of outgoing calls in Q2 2018, down by 15% (2.0 billion minutes) compared to Q2 2017.

Fixed broadband services

- The UK had 26.2 million fixed broadband connections in Q2 2018, up 0.2% (52k) from the previous quarter and 2.0% (526k) from Q2 2017.
- BT's share of these lines was 35.5%, a decrease of 0.2pp from the previous quarter.
- For the first time, there were over 10 million 'other (inc. FTTx)' lines (which are almost all fibre broadband lines) in Q2 2018. This was a year-on-year increase of 1.7 million lines (20.9%).

Mobile services

- Mobile telephony services generated £3.9bn in retail revenues in Q2 2018, a £80m (2.1%) increase from the previous quarter and an £61m (1.6%) increase compared to a year previously.

- The number of active mobile subscriptions (excluding M2M connections) was 83.8 million at the end of Q2 2018, down 0.1 million (-0.2%) from a year previously. Over the same period, the number of dedicated mobile broadband subscriptions decreased by 0.2 million (-3.1%), to 4.8 million.

- Average revenue per subscriber in Q2 2018 was £15.56, with post-pay subscribers generating more revenue than pre-pay subscribers (at £20.60 and £4.84 respectively).

2. Fixed telecoms market data tables

Q2 2018 (April to June 2018)

Table

Note: The data in these tables are the most accurate currently available. Where historical restatements have occurred, this is due to either operator restatements or improvements in methodology.

Table 1: Summary of network access & call revenues (£millions)

	All Operators	BT[2]	Virgin Media	Other	BT share[2]
Access & calls[1]					
2016	8,518	3,753	831	3,935	44.1%
2017	8,383	3,644	783	3,955	43.5%
2017 Q2	2,115	920	195	1,000	43.5%
2017 Q3	2,098	909	195	995	43.3%
2017 Q4	2,050	891	191	967	43.5%
2018 Q1	2,018	880	189	948	43.6%
2018 Q2	1,948	826	187	935	42.4%
Access[1]					
2016	6,356	2,542	650	3,164	40.0%
2017	6,468	2,514	649	3,305	38.9%
2017 Q2	1,632	636	163	834	38.9%
2017 Q3	1,625	629	161	834	38.7%
2017 Q4	1,595	617	160	819	38.7%
2018 Q1	1,567	602	159	806	38.4%
2018 Q2	1,534	578	160	795	37.7%
Calls					
2016	2,163	1,211	180	771	56.0%
2017	1,914	1,130	135	650	59.0%
2017 Q2	482	284	32	166	58.9%
2017 Q3	473	279	34	161	59.0%
2017 Q4	455	275	32	149	60.3%
2018 Q1	450	279	30	142	61.9%
2018 Q2	414	247	27	140	59.8%

Excludes VAT; [1] Revenue figures are not intended to include subscription revenues for internet access although some element may remain. [2] Includes EE from 2017 Q4.

Table 2: Summary of exchange line numbers at end of quarter (000's)

	All Operators	BT[2]	Virgin Media	Other	BT share[2]
2016	33,592	12,387	4,891	16,314	36.9%
2017	33,113	12,888	4,825	15,400	38.9%
2017 Q2	33,197	12,102	4,824	16,271	36.5%
2017 Q3	33,221	11,976	4,829	16,415	36.0%
2017 Q4	33,113	12,888	4,825	15,400	38.9%
2018 Q1	33,026	12,754	4,813	15,460	38.6%
2018 Q2	32,681	12,611	4,826	15,244	38.6%

Table 3: Summary of call volumes (millions of minutes)

	All Operators	BT[1,2]	Virgin Media	Other Direct Access	Other Indirect Access	BT share[2]
2016	64,844	25,194	7,222	20,151	12,277	38.9%
2017	53,597	21,949	4,483	16,913	10,252	41.0%
2017 Q2	13,269	5,306	1,070	4,297	2,595	40.0%
2017 Q3	12,843	5,193	1,091	4,040	2,519	40.4%
2017 Q4	12,633	5,496	1,012	3,985	2,140	43.5%
2018 Q1	12,309	5,446	944	3,841	2,078	44.2%
2018 Q2	11,278	4,892	793	3,618	1,975	43.4%

Table 4: Summary of call revenues by call type (£millions)

	All calls	UK geographic calls	International calls	Calls to mobiles	Other calls[1]
2016	2,163	625	187	529	821
2017	1,914	551	157	441	766
2017 Q2	482	137	39	112	194
2017 Q3	473	134	37	107	196
2017 Q4	455	129	36	104	185
2018 Q1	450	129	34	101	186
2018 Q2	414	117	32	98	167

Excludes VAT; [1] Includes freephone, special services, premium rate, directory enquiries and all other call types. Figures are not intended to include subscription revenues for internet access although some element may remain. [2] Includes EE from 2017 Q4.

Table 5: Summary of call volumes by call type (millions of minutes)

	All Operators	BT[2]	Virgin Media	Other Direct Access	Other Indirect Access	BT share[2]
UK geographic calls						
2016	41,927	16,978	5,574	11,637	7,738	40.5%
2017	34,692	14,914	3,338	10,144	6,296	43.0%
2017 Q2	8,591	3,630	801	2,533	1,627	42.3%
2017 Q3	8,267	3,513	800	2,427	1,527	42.5%
2017 Q4	8,258	3,754	743	2,414	1,347	45.5%
2018 Q1	8,054	3,714	686	2,351	1,303	46.1%
2018 Q2	7,269	3,281	567	2,280	1,141	45.1%
International calls						
2016	3,301	675	173	1,813	640	20.4%
2017	2,514	576	107	1,367	464	22.9%
2017 Q2	622	140	26	336	121	22.5%
2017 Q3	612	130	26	345	111	21.2%
2017 Q4	603	153	24	335	91	25.4%
2018 Q1	551	146	22	297	86	26.5%
2018 Q2	522	135	19	285	83	25.9%
Calls to mobiles						
2016	6,881	2,525	633	1,892	1,830	36.7%
2017	6,251	2,304	508	1,819	1,620	36.9%
2017 Q2	1,581	571	119	478	413	36.1%
2017 Q3	1,510	559	131	423	397	37.0%
2017 Q4	1,477	573	124	419	361	38.8%
2018 Q1	1,461	567	121	416	358	38.8%
2018 Q2	1,394	535	108	409	342	38.4%
Other calls[1]						
2016	12,735	5,016	842	4,809	2,068	39.4%
2017	10,139	4,155	530	3,583	1,871	41.0%
2017 Q2	2,474	965	124	950	435	39.0%
2017 Q3	2,454	991	134	845	484	40.4%
2017 Q4	2,294	1,016	121	817	341	44.3%
2018 Q1	2,243	1,019	115	777	332	45.4%
2018 Q2	2,093	941	99	644	409	45.0%

[1] Includes freephone, special services, premium rate, directory enquiries and all other call types.
[2] Includes EE from 2017 Q4.

Table 6: Summary of residential network access & call revenues (£millions)

	All Operators	BT[2]	Virgin Media	Other	BT share[2]
Access & calls[1]					
2016	6,179	2,541	761	2,878	41.1%
2017	6,194	2,509	719	2,966	40.5%
2017 Q2	1,563	632	179	752	40.4%
2017 Q3	1,556	626	179	752	40.2%
2017 Q4	1,534	627	176	732	40.8%
2018 Q1	1,514	621	174	719	41.0%
2018 Q2	1,454	571	173	709	39.3%
Access[2]					
2016	4,776	1,669	612	2,495	34.9%
2017	4,972	1,697	614	2,661	34.1%
2017 Q2	1,253	427	154	673	34.0%
2017 Q3	1,253	425	153	675	34.0%
2017 Q4	1,241	424	151	666	34.1%
2018 Q1	1,222	414	151	656	33.9%
2018 Q2	1,198	395	153	650	33.0%
Calls					
2016	1,404	872	149	382	62.1%
2017	1,222	812	105	305	66.5%
2017 Q2	310	205	26	79	66.1%
2017 Q3	304	200	26	77	66.0%
2017 Q4	293	203	24	66	69.2%
2018 Q1	292	207	22	63	70.8%
2018 Q2	256	176	20	59	68.8%

Excludes VAT; [1] Revenue figures are not intended to include subscription revenues for internet access although some element may remain. [2] Includes EE from 2017 Q4.

Table 7: Summary of residential exchange line numbers at end of quarter (000's)

	All Operators	BT[2]	Virgin Media	Other	BT share[2]
2016	26,509	9,404	4,379	12,726	35.5%
2017	26,676	10,191	4,424	12,061	38.2%
2017 Q2	26,459	9,259	4,414	12,786	35.0%
2017 Q3	26,630	9,199	4,422	13,009	34.5%
2017 Q4	26,676	10,191	4,424	12,061	38.2%
2018 Q1	26,749	10,134	4,418	12,197	37.9%
2018 Q2	26,591	10,070	4,443	12,078	37.9%

Table 8: Summary of residential call volumes (millions of minutes)

	All Operators	BT[1,2]	Virgin Media	Other	BT share[2]
2016	43,277	17,508	6,063	19,706	40.5%
2017	34,968	15,243	3,418	16,307	43.6%
2017 Q2	8,642	3,632	836	4,174	42.0%
2017 Q3	8,299	3,557	814	3,928	42.9%
2017 Q4	8,279	3,936	738	3,605	47.5%
2018 Q1	8,068	3,903	668	3,497	48.4%
2018 Q2	7,243	3,429	544	3,270	47.3%

Table 9: Summary of residential call revenues by call type (£millions)

	All calls	UK geographic calls	International calls	Calls to mobiles	Other calls[1]
2016	1,404	428	111	270	596
2017	1,222	362	89	228	543
2017 Q2	310	91	22	59	138
2017 Q3	304	87	21	56	139
2017 Q4	293	86	21	55	130
2018 Q1	292	87	20	54	131
2018 Q2	256	76	18	50	111

Excludes VAT; [1] Includes freephone, special services, premium rate, directory enquiries and all other call types. Figures are not intended to include subscription revenues for internet access although some element may remain. [2] Includes EE from 2017 Q4.

Table 10: Summary of residential call volumes by call type (millions of minutes)

	All Operators	BT[2]	Virgin Media	Other	BT share[2]
UK geographic calls					
2016	30,471	12,967	4,900	12,604	42.6%
2017	24,705	11,392	2,746	10,567	46.1%
2017 Q2	6,109	2,745	672	2,692	44.9%
2017 Q3	5,832	2,654	649	2,529	45.5%
2017 Q4	5,921	2,947	591	2,383	49.8%
2018 Q1	5,786	2,928	534	2,324	50.6%
2018 Q2	5,111	2,540	432	2,139	49.7%
International calls					
2016	2,169	398	152	1,619	18.4%
2017	1,550	345	88	1,117	22.3%
2017 Q2	380	81	22	277	21.3%
2017 Q3	376	75	21	280	19.9%
2017 Q4	375	100	19	256	26.7%
2018 Q1	349	93	17	239	26.6%
2018 Q2	326	86	15	225	26.4%
Calls to mobiles					
2016	2,811	1,017	325	1,469	36.2%
2017	2,586	939	185	1,462	36.3%
2017 Q2	670	227	46	397	33.9%
2017 Q3	608	223	45	340	36.7%
2017 Q4	601	249	40	312	41.5%
2018 Q1	580	241	35	304	41.5%
2018 Q2	563	226	31	306	40.1%
Other calls[1]					
2016	7,826	3,126	686	4,014	39.9%
2017	6,128	2,567	399	3,162	41.9%
2017 Q2	1,484	579	96	809	39.0%
2017 Q3	1,482	605	99	778	40.8%
2017 Q4	1,382	640	88	654	46.3%
2018 Q1	1,352	641	82	629	47.4%
2018 Q2	1,243	577	66	600	46.4%

[1] Includes freephone, special services, premium rate, directory enquiries and all other call types.
[2] Includes EE from 2017 Q4.

Table 11: Summary of business network access & call revenues (£millions)

	All Operators	BT[2]	Virgin Media	Other	BT share[2]
Access & Calls[1]					
2016	2,325	1,198	69	1,058	51.5%
2017	2,179	1,125	64	989	51.6%
2017 Q2	549	285	15	248	52.0%
2017 Q3	539	280	16	243	51.9%
2017 Q4	514	263	16	236	51.1%
2018 Q1	502	257	15	229	51.3%
2018 Q2	492	252	14	226	51.3%
Access					
2016	1,580	873	38	669	55.3%
2017	1,496	817	34	644	54.6%
2017 Q2	379	209	9	162	55.1%
2017 Q3	372	204	8	160	54.8%
2017 Q4	355	193	8	153	54.5%
2018 Q1	346	187	8	150	54.3%
2018 Q2	336	183	7	145	54.6%
Calls[1]					
2016	745	325	31	389	43.6%
2017	682	308	30	345	45.1%
2017 Q2	170	77	7	86	45.1%
2017 Q3	167	76	7	84	45.5%
2017 Q4	160	69	7	83	43.5%
2018 Q1	156	70	7	79	44.7%
2018 Q2	156	69	7	80	44.3%

Excludes VAT; [1] Revenue figures are not intended to include subscription revenues for internet access although some element may remain. [2] Includes EE from 2017 Q4.

Table 12: Summary of business exchange line numbers at end of quarter (000's)

	All Operators	BT[2]	Virgin Media	Other	BT share[2]
2016	7,083	2,983	511	3,589	42.1%
2017	6,437	2,697	401	3,339	41.9%
2017 Q2	6,738	2,843	410	3,485	42.2%
2017 Q3	6,591	2,777	407	3,406	42.1%
2017 Q4	6,437	2,697	401	3,339	41.9%
2018 Q1	6,277	2,620	395	3,263	41.7%
2018 Q2	6,090	2,541	383	3,166	41.7%

Table 13: Summary of business call volumes (millions of minutes)

	All Operators	BT[1,2]	Virgin Media	Other Direct Access	Other Indirect Access	BT share[2]
2016	21,544	7,663	1,160	6,662	6,059	35.6%
2017	18,614	6,690	1,065	5,491	5,368	35.9%
2017 Q2	4,622	1,670	234	1,388	1,330	36.1%
2017 Q3	4,540	1,632	277	1,320	1,311	35.9%
2017 Q4	4,351	1,556	274	1,270	1,251	35.8%
2018 Q1	4,238	1,540	276	1,204	1,218	36.3%
2018 Q2	4,032	1,460	249	1,169	1,154	36.2%

Table 14: Summary of business call revenues by call type (£millions)

	All calls	UK geographic calls	International calls	Calls to mobiles	Other calls[1]
2016	745	198	77	259	211
2017	682	189	68	213	212
2017 Q2	170	47	17	53	53
2017 Q3	167	47	16	51	53
2017 Q4	160	42	15	49	53
2018 Q1	156	42	14	47	53
2018 Q2	156	41	14	47	54

Excludes VAT; [1] Includes freephone, special services, premium rate, directory enquiries and all other call types. Figures are not intended to include subscription revenues for internet access although some element may remain. [2] Includes EE from 2017 Q4.

Table 15: Summary of business call volumes by call type (millions of minutes)

	All Operators	BT[2]	Virgin Media	Other Direct Access	Other Indirect Access	BT share[2]
UK geographic calls						
2016	11,456	4,011	674	3,537	3,234	35.0%
2017	9,988	3,522	592	2,986	2,887	35.3%
2017 Q2	2,483	885	129	752	716	35.6%
2017 Q3	2,434	859	151	726	699	35.3%
2017 Q4	2,337	807	152	686	692	34.5%
2018 Q1	2,267	786	152	662	668	34.7%
2018 Q2	2,158	741	135	655	627	34.3%
International calls						
2016	1,131	277	21	622	211	24.5%
2017	964	231	19	562	152	24.0%
2017 Q2	243	59	4	143	37	24.3%
2017 Q3	236	55	5	140	36	23.3%
2017 Q4	228	53	5	137	34	23.2%
2018 Q1	203	53	5	114	30	26.2%
2018 Q2	196	49	4	112	32	25.0%
Calls to mobiles						
2016	4,069	1,508	308	939	1,314	37.1%
2017	3,665	1,365	323	782	1,195	37.2%
2017 Q2	911	344	73	199	295	37.8%
2017 Q3	902	336	86	187	293	37.2%
2017 Q4	877	324	84	181	287	37.0%
2018 Q1	881	326	86	184	285	37.0%
2018 Q2	831	309	77	177	267	37.2%
Other calls*						
2016	4,888	1,867	157	1,564	1,300	38.2%
2017	3,997	1,572	131	1,161	1,133	39.3%
2017 Q2	986	382	28	294	282	38.7%
2017 Q3	968	382	35	267	284	39.5%
2017 Q4	910	372	33	266	239	40.9%
2018 Q1	886	375	33	244	234	42.3%
2018 Q2	843	361	29	225	228	42.8%

[1] Includes freephone, special services, premium rate, directory enquiries and all other call types.
[2] Includes EE from 2017 Q4.

Table 16: Summary of residential and small business broadband connections at end of quarter (000's)

	Total	ADSL	Cable	Other (inc. FTTx)	BT retail share[1]
2016	25,446	13,221	4,924	7,301	32.5%
2017	26,013	11,471	5,110	9,432	35.9%
2017 Q2	25,689	12,367	5,032	8,289	32.1%
2017 Q3	25,811	11,921	5,079	8,812	32.0%
2017 Q4	26,013	11,471	5,110	9,432	35.9%
2018 Q1	26,164	11,010	5,149	10,004	35.7%
2018 Q2	26,215	11,006	5,191	10,018	35.5%

[2] Includes EE from 2017 Q4.

3. Mobile telecoms market data tables

Q2 2018 (April to June 2018)

Note: The data in these tables are the most accurate currently available. Where historical restatements have occurred, this is due to either operator restatements or improvements in methodology.

Table 1: Estimated retail revenues generated by mobile telephony (£millions)

	Total	Access and bundled svcs	UK fixed calls	On-net mobile calls	Off-net mobile calls	Int'l calls	Other calls	SMS and MMS	Data services
2016	15,366	10,883	313	280	364	453	586	713	1,772
2017	15,566	11,547	252	243	295	415	438	642	1,733
2017 Q2	3,856	2,842	65	61	75	104	115	161	433
2017 Q3	3,959	2,939	63	60	76	107	105	160	448
2017 Q4	3,932	2,952	56	59	70	101	99	159	435
2018 Q1	3,837	2,919	52	54	62	89	90	150	420
2018 Q2	3,917	3,014	52	55	58	92	89	151	406

Note: Includes estimates where Ofcom does not receive data from providers; excludes revenues from interconnection.

Table 2: Call and message volumes by call type (billions of minutes/messages)

	All calls	UK fixed calls	On-net mobile calls	Off-net mobile calls	Int'l calls	Calls when roaming	Other calls	SMS & MMS messages
2016	151.17	33.78	42.98	60.65	5.94	2.28	5.54	90.95
2017	151.45	33.18	44.69	60.73	4.76	2.54	5.55	78.76
2017 Q2	36.07	8.02	10.77	14.09	1.19	0.63	1.37	19.21
2017 Q3	37.58	8.25	10.72	15.27	1.17	0.78	1.38	19.09
2017 Q4	39.43	8.29	11.77	16.30	1.14	0.56	1.37	19.88
2018 Q1	40.39	8.57	12.00	16.83	1.07	0.56	1.35	18.86
2018 Q2	40.55	8.84	12.08	16.57	1.01	0.72	1.34	18.52

Note: Includes estimates where Ofcom does not receive data from providers.

Table 3: Subscriber numbers by type (millions)

	Conns during period	Total subs at end of period	Post-pay subs at end of period	Pre-pay subs at end of period	Net change during period	Proportion post-pay	Mobile b'band subs at end of period
2016	29.28	83.91	54.44	29.47	-1.35	64.9%	4.98
2017	28.62	84.12	56.56	27.56	0.21	67.2%	5.02
2017 Q2	6.80	83.89	55.24	28.65	0.09	65.8%	4.96
2017 Q3	7.65	84.46	55.91	28.55	0.57	66.2%	4.94
2017 Q4	7.50	84.12	56.56	27.56	-0.34	67.2%	5.02
2018 Q1	6.96	84.11	57.09	27.03	-0.01	67.9%	4.96
2018 Q2	6.63	83.76	57.07	26.69	-0.35	68.1%	4.81

Note: Includes estimates where Ofcom does not receive data from providers; excludes M2M connections.

Table 4: Average monthly retail revenue per subscriber (£ per month)

	All subscribers	Post-pay contract	Pre-pay
2016	15.25	21.25	4.97
2017	15.43	20.93	4.82
2017 Q2	15.33	20.85	4.79
2017 Q3	15.68	21.15	5.04
2017 Q4	15.55	20.93	4.76
2018 Q1	15.21	20.24	4.72
2018 Q2	15.56	20.60	4.84

Note: Revenues are only from those services detailed in Table 1 and do not include those generated by incoming calls or VAT.

Table 5: Interconnection call volumes (billions of minutes)

	All operators
2016	54.30
2017	57.26
2017 Q2	13.91
2017 Q3	14.13
2017 Q4	14.56
2018 Q1	14.46
2018 Q2	14.85

Note: Shows the number of call minutes terminating on mobile networks which originate on other networks