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Telecommunications Market Data Update

Q3 2018

MARKET DATA:

Publication date: 31 January 2019

Contents

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.

Figures relating to the number of landlines and the associated access revenues have been restated to resolve an issue regarding the double-counting of some lines. The number of fixed broadband lines has also been updated.

Fixed voice services

- UK fixed voice service revenues totaled £1.9bn in Q3 2018, a decrease of 1.2% (£24m) from the previous quarter and down 8.5% (£174m) from Q3 2017. BT's share of these revenues was 42.7%, an annual decrease of 1.5 percentage points.
- Access revenues accounted for 79% (£1.5bn) of total fixed voice revenues, up 1.9pp YoY.
- Fixed voice call volumes continued to decline in Q3 2018, with the total number of outgoing minutes generated by UK landlines dropping by 5.5% to 10.6 billion. This represents a year-on-year decrease of 17.4% (2.2 billion minutes).
- There were 31.8 million fixed exchange lines (including PSTN and ISDN channels) in Q3 2018, 67k (0.2%) fewer than in Q2 2018 and a 0.9% (280k) year-on-year decrease. BT's share of these lines was 39.2%, a 0.4pp decrease from the previous quarter.

Fixed broadband services

- There were 26.4m fixed broadband lines at the end of Q3 2018, a YoY increase of 605k (2.3%).
- Of these lines, 11.1 million (42.0%) were "other inc. FTTx" lines – predominantly fibre broadband connections – a 7.9pp increase from Q3 2017.
- BT's retail share of these lines was 34.9%, a decrease of 0.5pp from the previous quarter.

Mobile services

Due to inconsistencies in the way device revenues are reported, we have not included mobile revenue figures for 2018 in this update.

- The number of active mobile subscriptions (excluding M2M) was 84.0 million at the end of Q3 2018, down 0.5 million (0.6%) from a year previously. Over the same period, the number of dedicated mobile broadband subscriptions decreased by 0.3 million (7.1%), to 4.6 million.
- The number of mobile voice calls was 39.9 billion in Q3 2018, up 2.32 billion (6.2%) from the year previously, while the number of mobile messages (including SMS and MMS) continued to decline, down 0.4 billion (1.9%) over the same period.

2. Fixed telecoms market data tables

Q3 2018 (July to September 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	8,370	3,753	831	3,787	44.8%
2017	8,213	3,644	783	3,786	44.4%
2017 Q3	2,053	909	195	950	44.3%
2017 Q4	2,019	891	191	937	44.1%
2018 Q1	1,970	880	189	901	44.7%
2018 Q2	1,903	826	187	890	43.4%
2018 Q3	1,879	803	187	889	42.7%
Access[1]					
2016	6,208	2,542	650	3,016	40.9%
2017	6,299	2,514	649	3,136	39.9%
2017 Q3	1,580	629	161	789	39.8%
2017 Q4	1,565	617	160	788	39.4%
2018 Q1	1,520	602	159	759	39.6%
2018 Q2	1,489	578	160	750	38.9%
2018 Q3	1,481	568	162	752	38.3%
Calls					
2016	2,163	1,211	180	771	56.0%
2017	1,914	1,130	135	650	59.0%
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%
2018 Q3	398	235	25	138	59.1%

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	32,688	12,387	4,891	15,410	37.9%
2017	32,203	12,888	4,825	14,490	40.0%
2017 Q3	32,110	11,976	4,829	15,304	37.3%
2017 Q4	32,203	12,888	4,825	14,490	40.0%
2018 Q1	32,050	12,754	4,813	14,484	39.8%
2018 Q2	31,897	12,611	4,826	14,460	39.5%
2018 Q3	31,830	12,464	4,849	14,517	39.2%

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 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	11,216	4,892	793	3,655	1,876	43.6%
2018 Q3	10,605	4,702	699	3,443	1,761	44.3%

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 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
2018 Q3	398	111	29	95	163

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 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	7,244	3,281	567	2,256	1,139	45.3%
2018 Q3	6,872	3,187	496	2,148	1,040	46.4%
International calls						
2016	3,301	675	173	1,813	640	20.4%
2017	2,514	576	107	1,367	464	22.9%
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	519	135	19	282	83	26.0%
2018 Q3	452	110	16	250	76	24.4%
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 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	1,385	535	112	404	334	38.6%
2018 Q3	1,297	499	95	388	315	38.5%
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 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	2,069	941	95	713	320	45.5%
2018 Q3	1,985	906	92	657	330	45.6%

[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	6,045	2,541	761	2,743	42.0%
2017	6,043	2,509	719	2,815	41.5%
2017 Q3	1,516	626	179	712	41.3%
2017 Q4	1,508	627	176	706	41.5%
2018 Q1	1,472	621	174	677	42.2%
2018 Q2	1,413	571	173	669	40.4%
2018 Q3	1,410	563	174	673	39.9%
Access[2]					
2016	4,642	1,669	612	2,361	35.9%
2017	4,821	1,697	614	2,510	35.2%
2017 Q3	1,212	425	153	634	35.1%
2017 Q4	1,215	424	151	640	34.9%
2018 Q1	1,180	414	151	614	35.1%
2018 Q2	1,157	395	153	609	34.1%
2018 Q3	1,160	392	154	614	33.7%
Calls					
2016	1,404	872	149	382	62.1%
2017	1,222	812	105	305	66.5%
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%
2018 Q3	250	171	20	59	68.6%

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	25,673	9,404	4,379	11,890	36.6%
2017	25,847	10,191	4,424	11,232	39.4%
2017 Q3	25,610	9,199	4,422	11,989	35.9%
2017 Q4	25,847	10,191	4,424	11,232	39.4%
2018 Q1	25,874	10,134	4,418	11,322	39.2%
2018 Q2	25,854	10,070	4,443	11,341	38.9%
2018 Q3	25,934	9,958	4,477	11,499	38.4%

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 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	7,220	3,429	544	3,247	47.5%
2018 Q3	6,836	3,315	491	3,030	48.5%

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 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
2018 Q3	250	73	17	53	107

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 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	5,110	2,540	432	2,138	49.7%
2018 Q3	4,855	2,481	386	1,988	51.1%
International calls					
2016	2,169	398	152	1,619	18.4%
2017	1,550	345	88	1,117	22.3%
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	324	86	15	223	26.6%
2018 Q3	287	77	13	197	26.8%
Calls to mobiles					
2016	2,811	1,017	325	1,469	36.2%
2017	2,586	939	185	1,462	36.3%
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	560	226	31	303	40.3%
2018 Q3	522	207	27	288	39.7%
Other calls[1]					
2016	7,826	3,126	686	4,014	39.9%
2017	6,128	2,567	399	3,162	41.9%
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	1,227	577	66	584	47.0%
2018 Q3	1,172	550	65	557	46.9%

[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	2,311	1,198	69	1,044	51.8%
2017	2,160	1,125	64	971	52.1%
2017 Q3	534	280	16	238	52.4%
2017 Q4	509	263	16	231	51.6%
2018 Q1	496	257	15	224	51.8%
2018 Q2	488	252	14	221	51.7%
2018 Q3	467	238	12	216	51.0%
Access					
2016	1,566	873	38	655	55.7%
2017	1,478	817	34	626	55.3%
2017 Q3	367	204	8	155	55.6%
2017 Q4	350	193	8	148	55.3%
2018 Q1	340	187	8	145	55.1%
2018 Q2	332	183	7	141	55.2%
2018 Q3	321	176	7	137	54.9%
Calls[1]					
2016	745	325	31	389	43.6%
2017	682	308	30	345	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%
2018 Q3	146	62	5	79	42.3%

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	7,015	2,983	511	3,520	42.5%
2017	6,355	2,697	401	3,258	42.4%
2017 Q3	6,500	2,777	407	3,315	42.7%
2017 Q4	6,355	2,697	401	3,258	42.4%
2018 Q1	6,176	2,620	395	3,162	42.4%
2018 Q2	6,043	2,541	383	3,118	42.1%
2018 Q3	5,896	2,506	373	3,017	42.5%

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

	All Operators	BT[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 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	3,992	1,460	249	1,129	1,154	36.6%
2018 Q3	3,765	1,383	208	1,062	1,112	36.7%

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 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
2018 Q3	146	38	12	43	53

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 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	2,133	741	135	631	626	34.7%
2018 Q3	2,016	706	110	610	590	35.0%
International calls						
2016	1,131	277	21	622	211	24.5%
2017	964	231	19	562	152	24.0%
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	195	49	4	111	32	25.1%
2018 Q3	164	33	3	100	28	20.1%
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 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	825	309	81	167	267	37.5%
2018 Q3	775	292	68	161	254	37.7%
Other calls[1]						
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 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	839	361	29	220	229	43.0%
2018 Q3	809	352	27	191	240	43.5%

[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	25,474	13,249	4,924	7,301	32.5%
2017	26,036	11,493	5,110	9,433	35.9%
2017 Q3	25,838	11,948	5,079	8,812	31.9%
2017 Q4	26,036	11,493	5,110	9,433	35.9%
2018 Q1	26,184	11,030	5,149	10,004	35.7%
2018 Q2	26,356	10,718	5,173	10,465	35.3%
2018 Q3	26,443	10,140	5,203	11,100	34.9%

[1] Includes EE from 2017 Q4.

3. Mobile telecoms market data tables

Q3 2018 (July to September 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	15,365	10,883	313	280	366	453	584	713	1,772
2017	15,569	11,549	253	242	296	415	437	645	1,733
2017 Q3	3,959	2,939	64	60	76	107	105	160	448
2017 Q4	3,932	2,953	56	58	71	101	99	159	435
2018 Q1									
2018 Q2									
2018 Q3									

Note: Includes estimates where Ofcom does not receive data from providers; excludes revenues from interconnection. Due to inconsistencies in the way device revenues are reported, we have not included mobile revenue figures for 2018 in this update.

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	151.70	33.87	43.01	60.89	5.98	2.30	5.65	91.20
2017	151.41	33.18	44.69	60.73	4.76	2.48	5.56	78.76
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	18.53
2018 Q3	39.90	8.70	11.75	16.15	0.99	0.87	1.43	18.74

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	28.63	84.12	56.56	27.56	0.21	67.2%	5.02
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	6.68	84.09	57.07	27.03	-0.03	67.9%	4.94
2018 Q2	6.63	83.76	57.07	26.69	-0.33	68.1%	4.81
2018 Q3	7.76	83.99	57.43	26.57	0.23	68.4%	4.59

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	21.26	4.97
2017	15.44	20.94	4.82
2017 Q3	15.68	21.16	5.04
2017 Q4	15.55	20.93	4.76
2018 Q1			
2018 Q2			
2018 Q3			

Note: Revenues are only from those services detailed in Table 1 and do not include those generated by incoming calls or VAT. Due to inconsistency in the way device revenues are reported, we are not able to publish revenue figures until this issue is resolved.

Table 5: Interconnection call volumes (billions of minutes)

	All operators
2016	54.30
2017	57.26
2017 Q3	14.13
2017 Q4	14.56
2018 Q1	14.46
2018 Q2	14.85
2018 Q3	14.45

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