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ETNO third annual economic report

EU Telecoms revenue down for the third year in row, reducing Europe's importance on global telecoms market

BRUSSELS – Published today, the third ETNO Annual Economic Report revealed that despite a revenue decline by 1.5% in 2011, investments in fixed and mobile sectors continued to grow by 4.6%. Europe's share of global telecoms markets, however, shrunk from 31 to 25% over the last 6 years.

According to the report, jointly prepared with IDATE, total revenue in Europe's telecoms sector amounted to €274.7 billion, a decrease by 1.5% compared to 2010. Fixed telephony revenues have experienced a decline of 8%, while mobile revenues have reduced only 0.6% and broadband markets revenue grew by 4%.

The increase in investment is mainly due to ETNO members' combined efforts despite their revenues having declined more than the sector average.

“ Latest figures demonstrate that in 2011 EU telecoms sector's revenues experienced a decline for the third year in a row, in a context of moderate economic recovery, showing that structural rather than cyclical changes are shaping the sector. Despite this complex scenario, data shows that operators remain committed to investing and continue driving broadband deployment. Creating the best conditions for investment and reassuring the markets in today's difficult times must remain the key priorities”, said Luigi Gambardella, ETNO Executive Board Chair.

“The continued increase in the usage of social networking sites and other Over the Top applications confirms the need for new models of cooperation. Policies for our sector need to be flexible in order to enable operators to adapt to rapidly changing realities and let new business models emerge from the markets. ETNO believes that an urgent debate at EU level is needed to find possible policy solutions to these problems. The sustainability of the telecom industry, as well as that of other sectors such as the publishers and broadcasters, need to be addressed in order to grant a solid development of all the digital industry”, added Gambardella.

"Telecom sector's revenues in Europe are expected to decrease again slightly over the current year but telcos continued to invest heavily as customer needs increase very rapidly: capacities of fixed and mobile networks have to be upgraded continuously to support bigger and bigger volumes of data. IDATE estimates that data traffic is increasing by 60 % a year on average, even 100% if we consider only mobile data traffic, mainly driven by video", said Didier Pouillot from IDATE

"As demonstrated in the report which coincides with the 20th Anniversary of ETNO, the telecoms markets have gone through a major revolution over the past 20 years. The past 20 years have brought European users a lot of innovation and choice. This would not have been possible without the investment of ETNO members which today continues to account for more than two thirds of investment in the sector. In the long run, however, new business models and revenue sources will be needed in order to sustain the pace of investment required in Europe to fully realize the potential of this sector and for ETNO members to play their role in achieving the Digital Agenda goals", said Daniel Pataki, ETNO Director.

Main highlights of the 2012 report:

- 2012 ETNO economic report coincides with 20 years of ETNO. The last 20 years brought major changes to the sector: increase from 6 to 800 million mobile subscribers, from zero to 160 million broadband subscribers, from 22 to over 100 mobile operators (ETNO geographical perimeter).
- With total revenue of 274.7 billion in 2011, the overall telecoms sector revenue has decline for the third year in a row by 1.5%. Europe's share of global telecoms market has reduced from 31 to 25%.
- Fixed telephony revenues were down by 8.3% and the number of exchange lines has reduced by 5% (-22% since 2005). At the same time, the number of VoIP subscribers has grown to 60.9 million.
- Mobile services account for 52% of telecoms operators' revenue but reduced by 0.6%, not longer compensating for fixed telephony revenue decline.
- Despite revenue decline, investment continues to increase by 4.6 %, compared to 1.4% in Asia and the US.
- ETNO members still account for two thirds of investments. ETNO members devote 13.7% of their turnover to investment (15.2% in fixed and 12.1 in mobile)
- The number of homes passed with NGA (FTTx) has increased from 79.2 to 132.7 million.
- Estimates for 2012 foresee an overall sector revenue decline by 0.4% and by 3% for ETNO members.

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ETNO's 38 member companies and 12 observers from Europe and beyond represent a significant part of total ICT activity in Europe. They account for an aggregate annual turnover of more than €600 billion and employ over 1.6 million people. ETNO companies are the main drivers of broadband and are committed to its continual growth in Europe.

