2011

Market Review
of Electronic Communications & Postal Services

EETT
HELLENIC TELECOMMUNICATIONS & POST COMMISSION

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Contents

1. Electronic Communications Market

1. The Electronic Communications Market

The current Market Review provides a detailed presentation of the progress of the Electronic Communications market in Greece and in the European Union (EU) for 2011. It should be noted that all data and figures used herein have been collected by EETT from questionnaires and from the relevant report of the European Commission (Digital Agenda Scoreboard 2012)[1].

2011 was a critical year for the Greek Electronic Communications market with regard to the operators' financial performance (turnover, gross profits and total assets)[2]. At the same time, the impact of the financial crisis became especially apparent since Greece saw one of the biggest drops in telecommunications revenues and investments in the EU-27.

More specifically, Mobile Telecommunications Operators (MTOs) suffered significant reductions of their turnover (10%) and assets (6%), while their gross profit improved by 2%. Additionally, OTE suffered a 12% reduction in turnover due to a number of factors (fall in national and international telephony revenues, interconnection fees, telecommunications equipment sales etc.) and of its assets by 2%. However, its gross profit (despite the reduction in revenues) increased significantly by 41% due to serious cutbacks in the cost of early retirement program, in telecommunications equipment, and in the charges of national and international telecommunications operators (reductions of 81%, 22%, 21% and 19% respectively). In contrast, alternative telephony operators improved impressively both their revenues (by 9%) and their gross profit (by more than 200%) mainly thanks to the good financial performance of the biggest companies.

The fixed telephony market continued to be marked by intense competition between OTE and other licenced operators (OLOs). With regard to the volume of outgoing traffic, OTE suffered a decline in its share from 61.6% in 2010 to 56.2%, on the benefit of the three biggest operators which increased their total share from 27.7% in 2010 to 32.1%. Moreover, even smaller alternative operators increased their share from 10.6% in 2010 to 11.7%. In general, the retail revenues from fixed telephony kept on falling and registered a further 6% reduction compared to the respective period of 2009, mostly due to the decrease in traffic revenues (11%).

Mobile telephony subscriptions in Greece further decreased by 2% in 2011 falling from 14.8 million at the end of 2010 to 14.6 million at the end of 2011, while active connections decreased by 1.3% falling from 12.3 million minutes in 2010 to 12.1 million minutes. A direct result of this decline was that mobile telephony penetration fell from 116% in October 2010 to 111% in October 2011, rendering Greece as the country with the fifth lower penetration rate in the EU.

The use of mobile telephony networks presents some interesting changes. Specifically, the total number of voice calls in 2011 increased by 3% compared to 2010, mostly due to the rise of on-net traffic (7%). It should be noted that the number of mobile calls reached 60% of the total traffic and keeps on rising. Packet-switched data services (via mobile telephony networks) also increased substantially by 23%. In contrast, Short Message Services (SMS) and Multimedia Message Services (MMS) fell by 13% and 14% respectively.

As far as Interconnection is concerned, call termination increased by 7% (compared to 2010) mainly due to the rise in the volume of calls serviced by OLOs. In contrast, OTE's call origination significantly decreased by 30% (compared to 2010) due to the continuing growth of Local Loop Unbundling (LLU) lines (full access). LLU lines increased by 22% reaching 1,642,000 lines at the end of 2011 compared to 1,346,000 lines at the end of 2010. Interconnection traffic in mobile telephony also decreased by 8% compared to 2010 but, financially speaking, this drop was fully counter-balanced by the further increase of on-net traffic (by 7% compared to 2010), which amounts now to 64% of the total

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[1] *http://ec.europa.eu/information_society/digital-agenda/scoreboard/index_en.htm*

[2] *It should be noted that the difficulty in drawing uniform conclusions still persists due to fact that some operators apply the International Financial Reporting Standards (IFRS) on their balance sheets whereas other operators continue to apply the Greek accounting standards.*

Interconnection traffic. Interconnection rates for OTE's network in October 2011 fell on average by 7% compared to the respective period of 2010 and remain below the European average. In contrast, mobile termination rates remain higher than the European average by 28%, despite their steady decrease (the average national termination rate from fixed to mobile fell further by 21%).

Number Portability continues to facilitate consumers and to boost competition among Electronic Communications operators. Despite some relatively limited signs of decline, approximately 506,000 mobile numbers and 623,000 fixed numbers were ported during 2011.

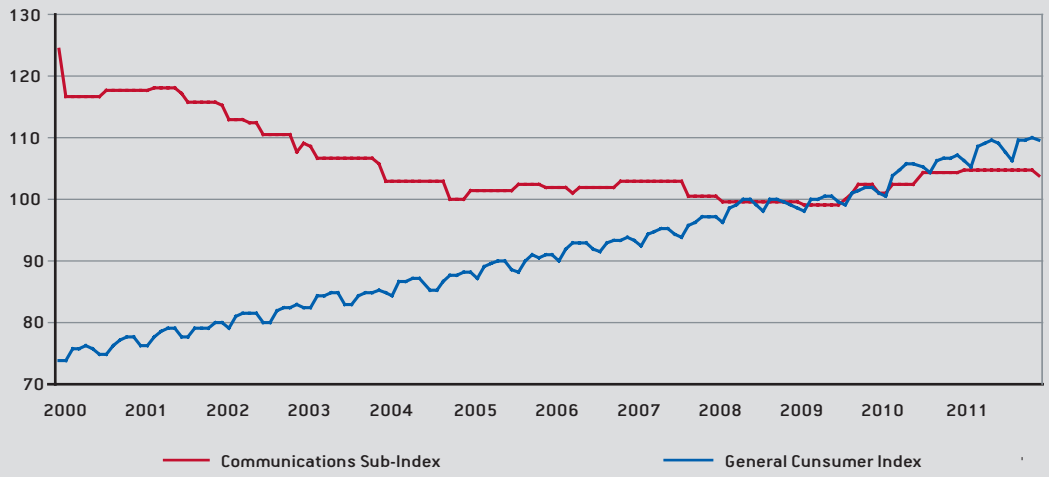
With regard to Broadband, broadband lines continued to grow reaching 2.5 million lines and registering a 9.4% increase compared to 2010. Broadband penetration in Greece amounted to almost 22% of the population, achieving one of the highest increases among the member states of the EU (1.8 lines per 100 inhabitants compared to a European average of 1.2 lines). However, compared to previous years, broadband penetration declined (1.8 lines per 100 inhabitants in 2011 compared to 2.9 in 2010 and 3.6 in 2009) as a result of the economic crisis, undermining the efforts for further convergence with the rest of Europe.

Lastly, the ongoing rise of LLU remains significant, since the number of lines was increased by 21%, reaching 1.7 million lines (compared to 1.4 million lines at the end of 2010). Full access rates still remain more affordable in Greece compared to the European average (the average cost is 9.1 euros/month in Greece compared to 9.7 in the EU), but shared access rates are still higher than the European average (the average cost is 3.57 euros/month in Greece compared to 2.91 in the rest of the EU). With regard to the access speed of broadband lines, 56% of lines exceed 10 Mbps and 13% of lines range from 2 to 10 Mbps. Similarly, the speed of ADSL lines (wholesale and retail) reached 10.4 Mbps at the end of 2011 compared to 9.7 Mbps at the end of 2010.

1.1. Consumer Price Index

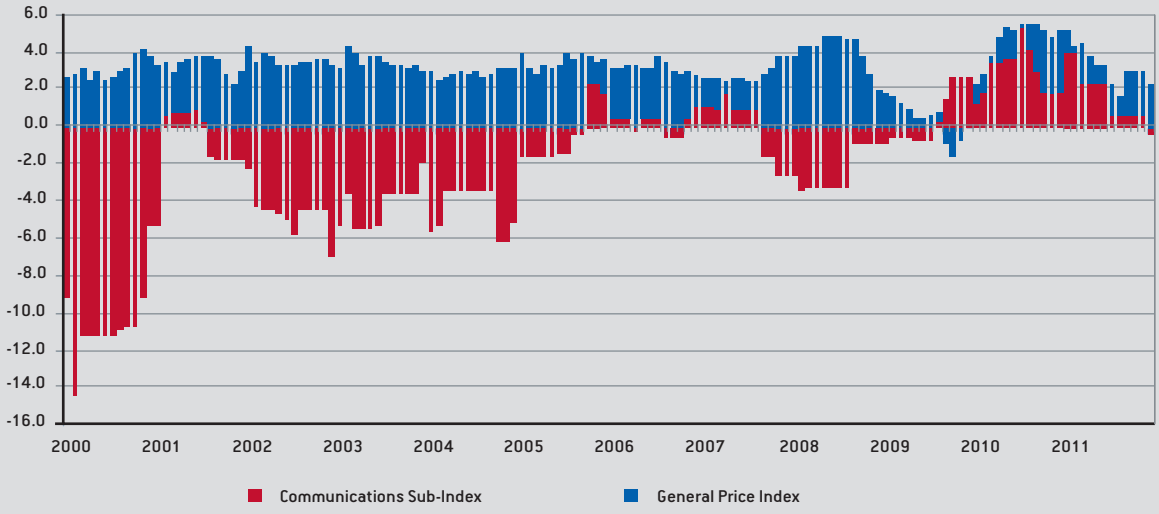
The cost of Electronic Communications services is depicted in the annual course of the general Consumer Price Index (CPI) in Charts 1.1 and 1.2. In contrast to the CPI, the Communications Sub-Index keeps declining until the first semester of 2009. However, by mid-2009, the Communications Sub-Index begins to rise mostly due to the increase in the mobile telephony tax fee and in the VAT. This trend gradually begins to decline, especially in the middle of the year, as the effects of the increase of taxation begin to wane. In December, the Communications Sub-Index begins to fall.

Chart 1.1. Monthly Consumer Price Index, General Index – Communications Sub-Index



Source: EETT (based on the National Statistical Service of Greece – NSSG)

Chart 1.2. Variation of the Monthly Consumer Price Index (%) compared to the Respective Index of the Preceding Year



Source: EETT (based on the National Statistical Service of Greece – NSSG)

1.2. Financial Data of the Electronic Communications Market

This section presents the basic financial data of the Greek Electronic Communications sector derived from the published balance sheets of licensed operators for the period 2000-2011. For 2011, the various financial data regarding the operators listed in the Athens Stock Exchange (ASE) are based on those operators' annual financial statements in conformity with the International Financial Reporting Standards (IFRS). Additionally, data regarding turnover, investments, etc. that are collected by EETT from licensed operators on a six-month basis have also been taken into account.

As depicted in Chart 1.3., the indicators of the entire market[3] are characterized by certain interesting changes. The operators' turnover (Chart 1.4.) suffered a 7% decline due to the reduction in OTE's (by 12%) and in MTOs' (by 10%) turnover. In contrast, OLOs registered a 9% increase mainly due to the rise of revenues for HELLAS ON LINE (12%), COSMOTELCO (18%), and CYTA HELLAS (91%). Gross profit presents a different picture (Chart 1.5.), given that the increase for OTE is a significant 41% (the company's operational costs were reduced by 16% and turnover by 12%) and for MTOs it is 2% (mainly due to WIND[4]), while for OLOs it is 238% due to the improved results of HELLAS ON LINE, CYTA HELLAS, as well as of FORTHNET[5]. On the other hand, the reduction of assets (Chart 1.6.) by 5% is attributed to the decrease of OTE's assets by 2% mostly due to the reduction of its investments in subsidiaries (an impairment loss on OTE's investment in the companies COSMOTE & OTE ACADEMY, and the sale of a 20% share of TELECOM SERBIJA), of MTOs' by 6% and of OLOs by 21%. Table 1.1. summarizes the financial data as presented in the Charts 1.3. to 1.6.

Additionally, Charts 1.7. to 1.10. present a series of ratios that show in detail the financial progress of the fixed and mobile telephony operators based on their published balance sheets[6]. More specifically:

• The Acid Test Ratio (Chart 1.7.) presents a decrease by 11% for fixed telephony operators, showing a significant reduction in their ability to respond promptly to their direct obligations. Despite this reduction, the acid test ratio for almost all fixed telephony operators ranges near 1 as opposed to MTOs whose ratio shows a slight improvement by 7% even though it remains less than 1.

• The Gross Profit Margin Ratio (Chart 1.8.) rose by 39% for fixed telephony operators (improved performance for HELLAS ON LINE, CYTA HELLAS and FORTHNET) and fell by 4% for MTOs.

The Equity to Total Liabilities Ratio (Chart 1.9.) decreased by 9% for fixed telephony operators (marginally below 1) and by 18% for MTOs.

• The average collecting period (Chart 1.10.) increased for fixed telephony operators but marginally decreased for MTOs (improved performance for COSMOTE and WIND).

Lastly, Charts 1.11. to 1.13. show the telecommunications revenues and investments in all EU member states for the period 2009-2010. Greece registered the second biggest drop in telecommunications revenues (Chart 1.11.) and the fourth biggest drop in telecommunications investments (Chart 1.12.), while total investments account for 16.3% of the revenues (Chart 1.13.).

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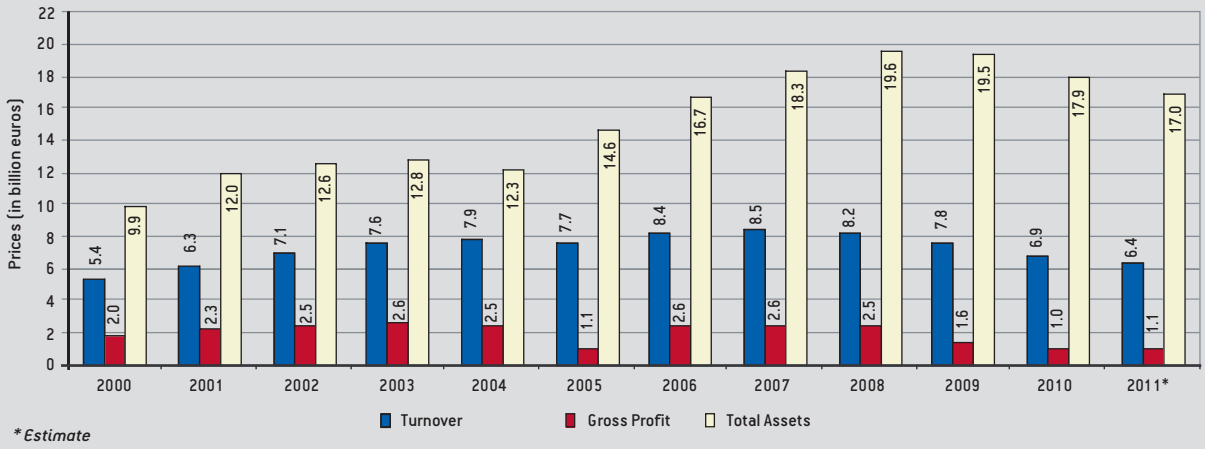
[3] All financial data for licensed operators are taken into account.

[4] It must be noted that the impairment loss on goodwill and on intangible assets (i.e. the trademarks of Q-TELECOM and TELLAS) in 2010 (last year's data were corrected) and in 2011, amounting to 132.6 and 913.3 million euros respectively, was not taken into account when calculating WIND's gross profit.

[5] It must be noted the impairment loss of 206 million euros on the company's investment in FORTHNET Media Holdings was not taken into account when calculating FORTHNET's gross profit.

[6] Since the relevant procedure for 2011 had not been concluded by the time of writing the 2011 Market Review, the ratios' calculation was based on the published balance sheets of 2010.

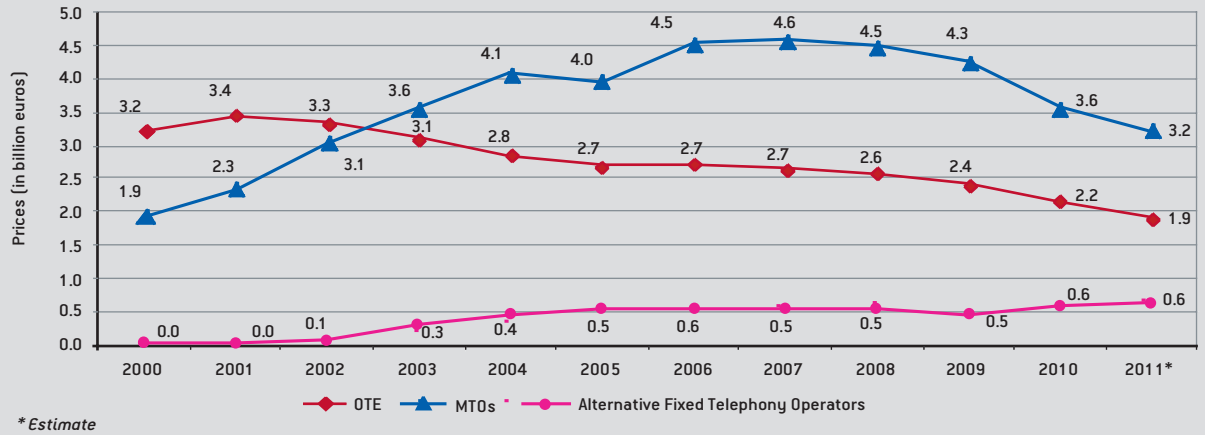
Chart 1.3. Financial Data of Licensed Operators



**Estimate*

Source: EETT (based on the published balance sheets)

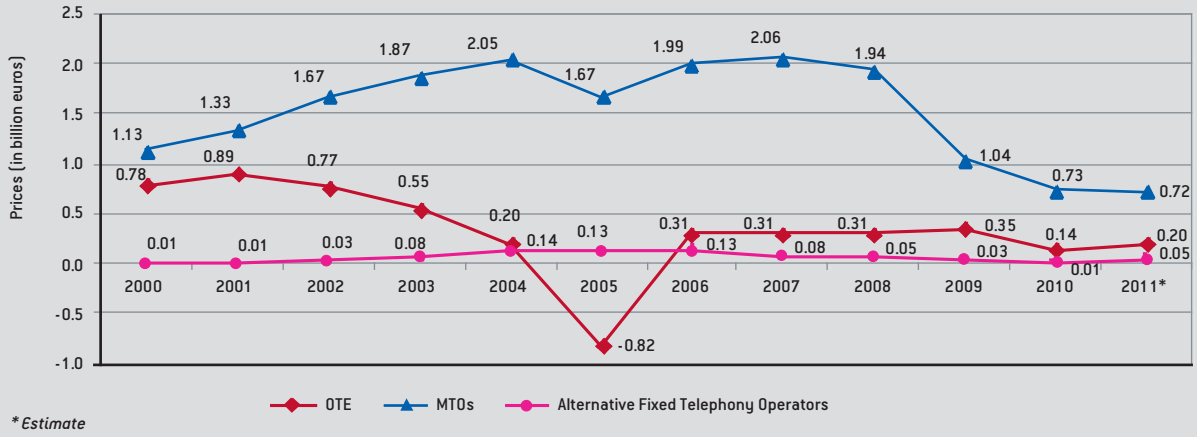
Chart 1.4. Turnover of Electronic Communications Operators



**Estimate*

Source: EETT (based on the published balance sheets)

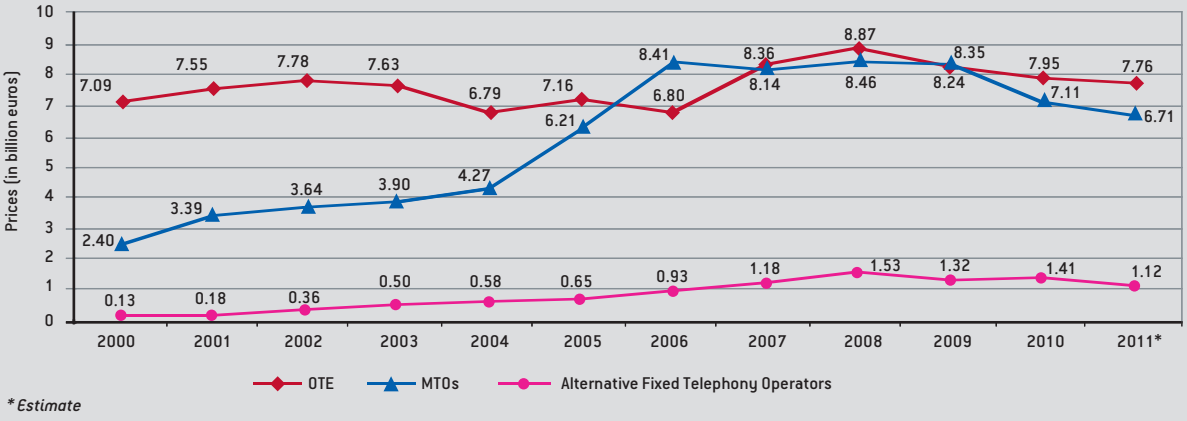
Chart 1.5. Gross Profit of the Electronic Communications Operators



** Estimate*

Source: EETT (based on the published balance sheets)

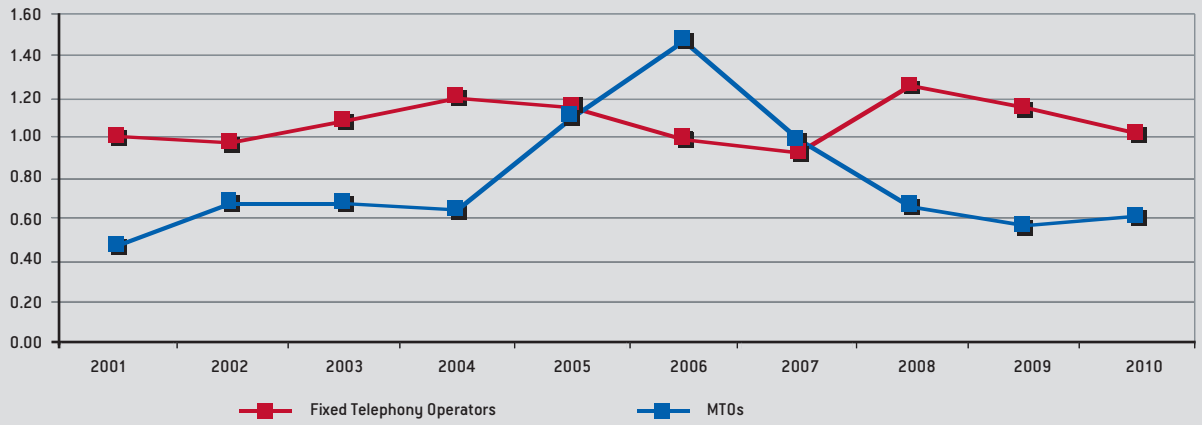
Chart 1.6. Total Assets of Electronic Communications Operators



** Estimate*

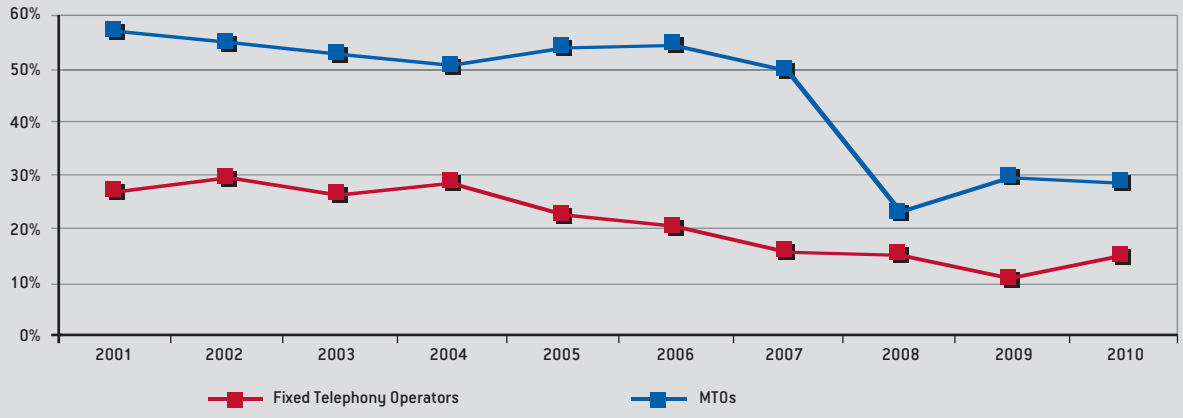
Source: EETT (based on the published balance sheets)

Chart 1.7. Acid Test Ratio



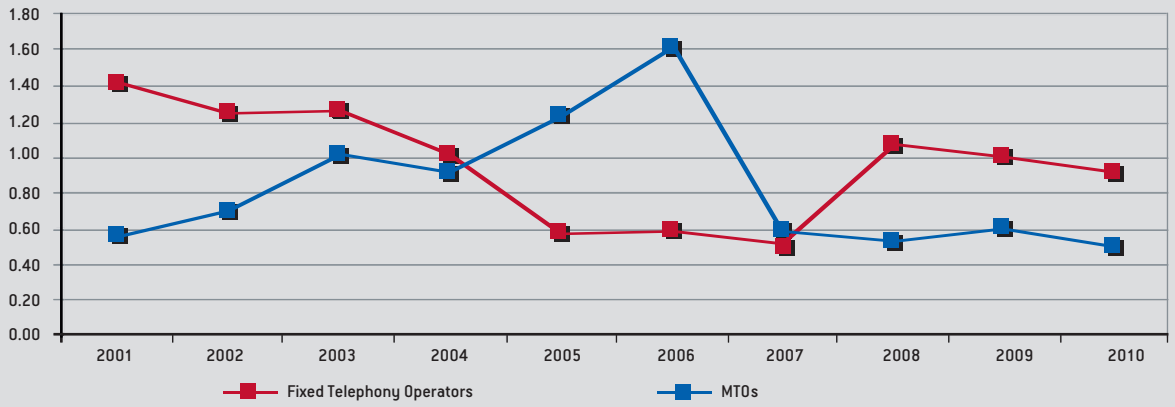
Source: EETT (based on the published balance sheets)

Chart 1.8. Gross Profit Margin Ratio



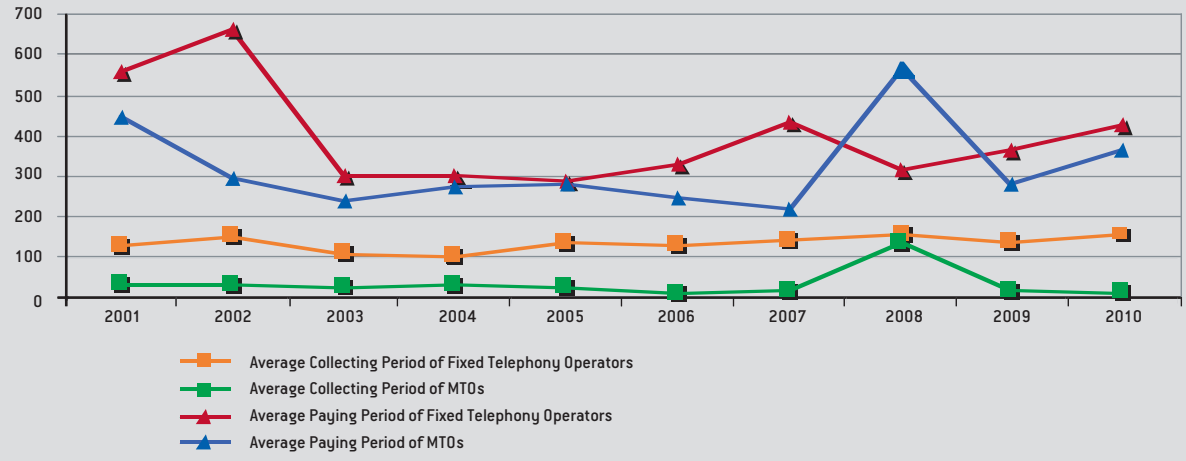
Source: EETT (based on the published balance sheets)

Chart 1.9. Equity to Total Liabilities Ratio



Source: EETT (based on the published balance sheets)

Chart 1.10. Activity Ratios

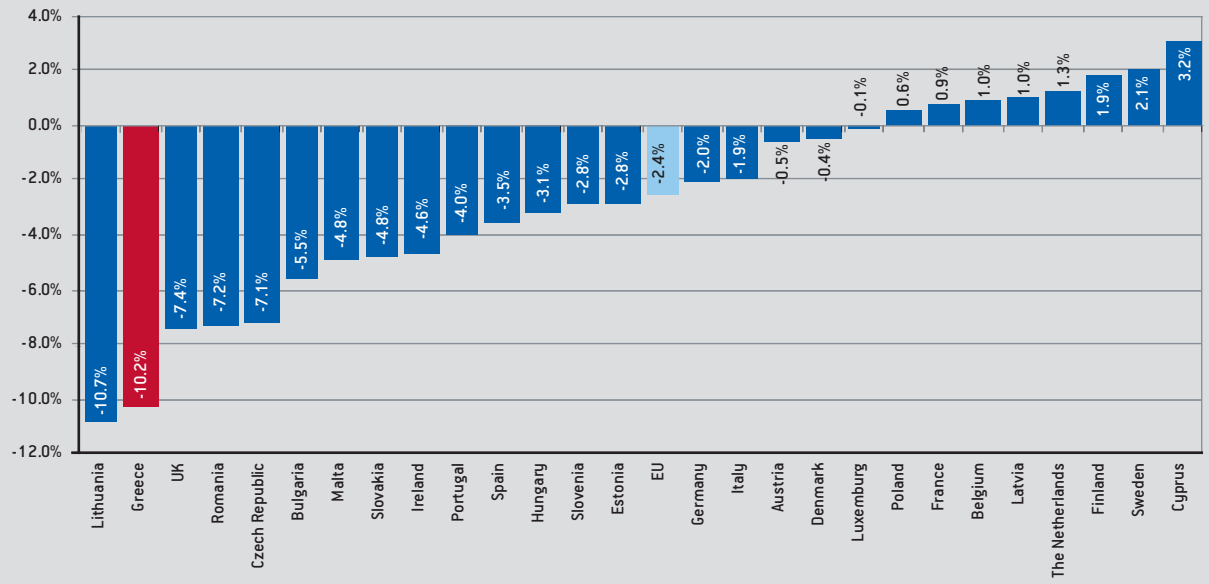


Source: EETT (based on the published balance sheets)

Table 1.1. Financial Data of the Electronic Communications Operators

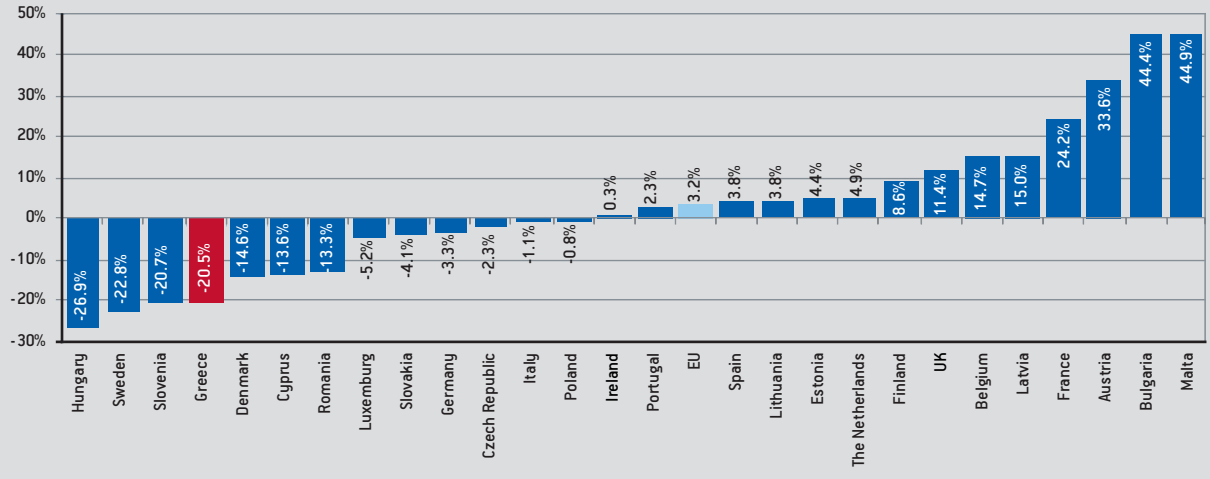
Turnover (billion euros)	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
OTE	3.21	3.45	3.34	3.12	2.85	2.71	2.71	2.66	2.59	2.41	2.17	1.91
MTOs	1.95	2.95	3.05	3.58	4.08	3.96	4.53	4.59	4.50	4.27	3.58	3.23
Alternative Fixed Operators	0.04	0.05	0.10	0.29	0.44	0.53	0.56	0.54	0.53	0.47	0.57	0.62
Other Operators	0.25	0.43	0.57	0.61	0.54	0.53	0.56	0.70	0.60	0.62	0.57	0.62
Total	**5.45**	**6.88**	**7.06**	**7.61**	**7.91**	**7.72**	**8.36**	**8.49**	**8.22**	**7.77**	**6.90**	**6.39**
Gross profit (in billion euros)												
OTE	0.78	0.89	0.77	0.55	0.20	-0.82	0.31	0.31	0.31	0.35	0.14	0.20
MTOs	1.13	1.33	1.67	1.87	2.05	1.67	1.99	2.06	1.94	1.04	-0.18	0.59
Alternative Fixed Operators	0.01	0.01	0.03	0.08	0.14	0.13	0.13	0.08	0.05	0.03	0.01	-0.16
Other Operators	0.07	0.05	0.003	0.15	0.17	0.12	0.12	0.15	0.17	0.14	0.14	0.15
Total	**1.99**	**2.28**	**2.48**	**2.64**	**2.55**	**1.11**	**2.56**	**2.59**	**2.47**	**1.56**	**0.12**	**0.78**
Total assets (in billion euros)												
OTE	7.09	7.55	7.78	7.63	6.79	7.16	6.80	8.36	8.87	8.24	7.95	7.76
MTOs	2.40	3.39	3.64	3.90	4.27	6.21	8.41	8.14	8.46	8.35	7.11	6.62
Alternative Fixed Operators	0.13	0.18	0.36	0.50	0.58	0.65	0.93	1.18	1.53	1.32	1.41	1.12
Other Operators	0.32	0.83	0.86	0.74	0.64	0.60	0.60	0.66	0.77	1.60	1.46	1.36
Total	**9.94**	**11.96**	**12.65**	**12.77**	**12.27**	**14.62**	**16.74**	**18.34**	**19.63**	**19.51**	**17.93**	**16.87**

Chart 1.11. Telecom Revenue Growth (2009-2010)



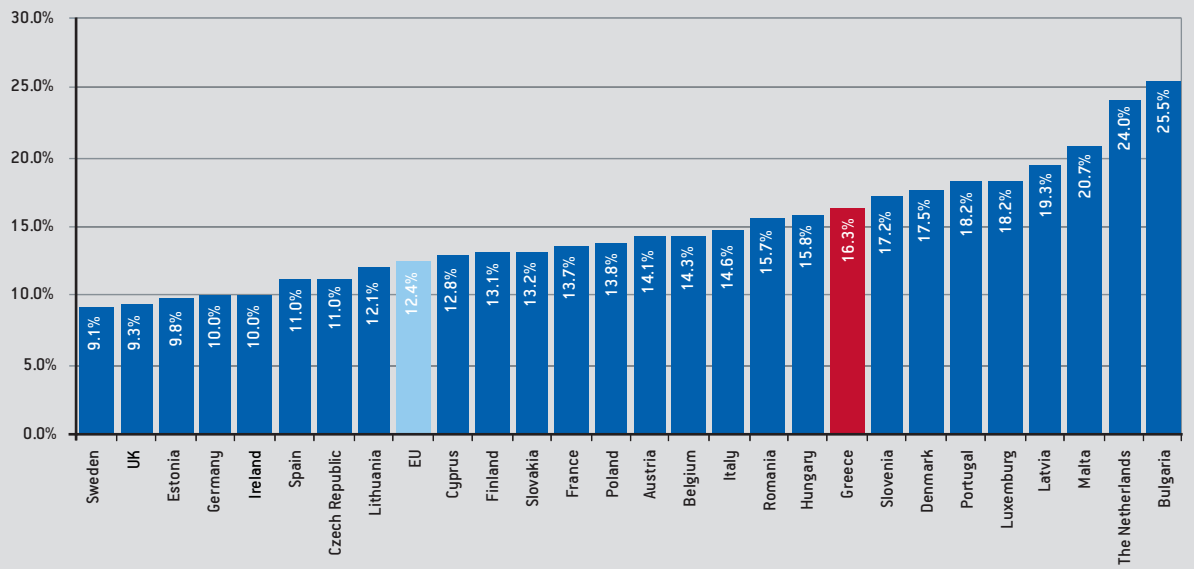
Source: European Commission (Digital Agenda Scoreboard 2012)

Chart 1.12. Telecom Investment Growth (2009-2010)



Source: European Commission (Digital Agenda Scoreboard 2012)

Chart 1.13. Telecom Investments as a Percentage of Revenue (2010)



Source: European Commission (Digital Agenda Scoreboard 2012)

1.3. Licensing

Table 1.2. shows the number of licensed operators active in the main sectors of the Electronic Communications market at the end of 2011.

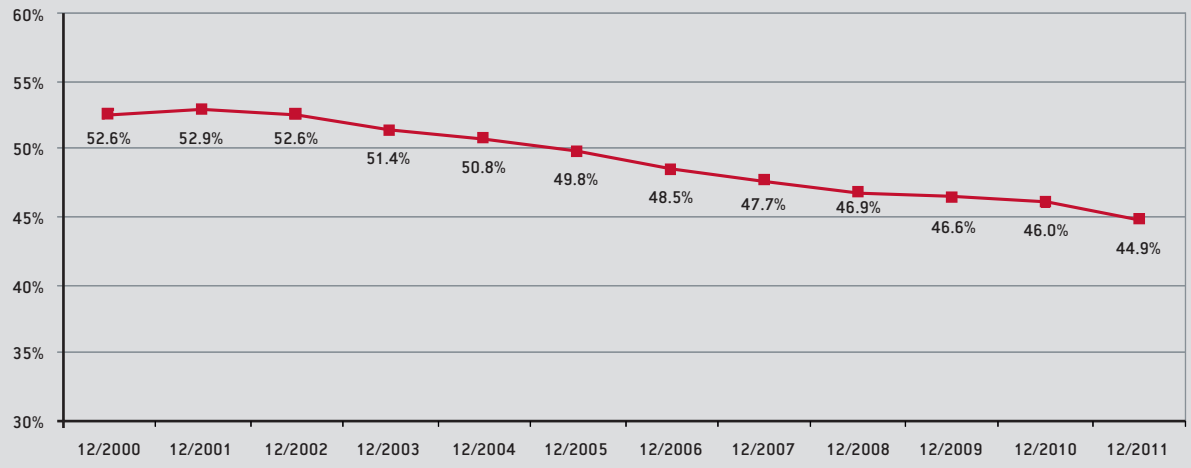
Table 1.2. Licensed Operators per Category

Activity	Number of Operators
Voice Telephony and Fixed Network Development	173
Voice Telephony	161
Fixed Network Development	59
Satellite Networks	44
2G Mobile Telephony	8
3G Mobile Telephony	9
TETRA	5
W-LAN	85

1.4. Access to the Public Telephone Network

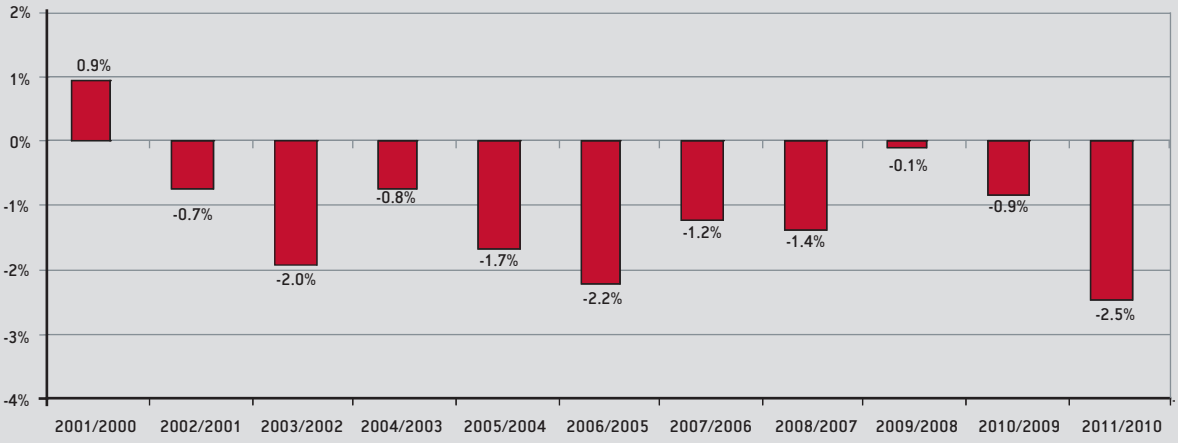
In December 2011, the number of main telephony lines reached 5,073,490 (a 44.9% penetration rate) compared to 5,203,292 in December 2010 (a reduction by 2.5%). These include OTE's PSTN and ISDN lines as well as OLO's LLU full access lines. The data are depicted in Charts 1.14.-1.15. and are presented in detail in Table 1.3.

Chart 1.14. Penetration of Main Telephony Lines to Greek Population



Source: EETT (based on the licensed operators' data)

Chart 1.15. Annual Percentage Change of Main Telephony Lines



Source: EETT (based on the licensed operators' data)

Table 1.3. Telephony Lines

	OTE's Main Telephony Lines			LLU Full Access Lines	Total Lines	Total 64Kbps Channels
	PSTN	ISDN BRA	ISDN PRA			
Dec. 2000	5,659,274	96,972	3,946		5,760,192	5,971,598
Dec. 2001	5,607,726	199,033	5,385		5,812,144	6,167,342
Dec. 2002	5,412,796	349,751	6,023	93	5,768,658	6,293,043
Dec. 2003	5,200,231	448,542	6,766	650	5,656,039	6,297,901
Dec. 2004	5,078,908	525,499	7,138	1,787	5,613,060	6,345,488
Dec. 2005	4,927,622	578,505	7,094	5,018	5,518,239	6,302,470
Dec. 2006	4,778,245	597,867	6,213	12,176	5,394,501	6,172,545
Dec. 2007	4,509,564	579,533	6,185	232,582	5,327,864	6,086,762
Dec. 2008	4,110,102	548,388	5,971	589,234	5,253,695	5,975,242
Dec. 2009	3,787,132	517,369	5,677	937,878	5,248,056	5,930,058
Dec. 2010	3,378,086	473,449	5,259	1,346,498	5,203,292	5,829,252
Dec. 2011	2,999,402	427,097	4,808	1,642,183	5,073,490	5,640,019

1.5. Fixed Telephony

1.5.1. Retail Outgoing Traffic

Throughout 2011, the intense competition in the fixed telephony market persisted, with OTE suffering losses in its market share. More specifically, OTE's share in terms of outgoing traffic volume[7] in the basic types of calls (local, long-distance, calls from fixed to mobile, and international calls) is estimated to amount to 56.2% in 2011 compared to 61.6% in 2010. As shown in Chart 1.16., the reduction of the market share was 5% in the two preceding years compared to 2% or less after 2006[8]. As shown in Chart 1.17., OTE's losses derive mostly from the three biggest OLOs which increased their market share from 27.7% in 2010 to 32.1% in 2011. For the first time since 2008, however, smaller operators increased their share from 10.6% in 2010 to 11.7% in 2011. Accordingly, OTE's market shares per type of call also declined (Chart 1.18.). More specifically, OTE's shares in national calls to fixed phones (i.e., all local and long-distance calls) fell from 62.8% in 2010 to 57.1% in 2011. For the same period, OTE's share in national calls from fixed to mobile phones fell from 66.2% to 60.8%. Finally, with regard to international calls where competition is more intense, OTE's market share reached 28.7% compared to 29.4% in 2010.

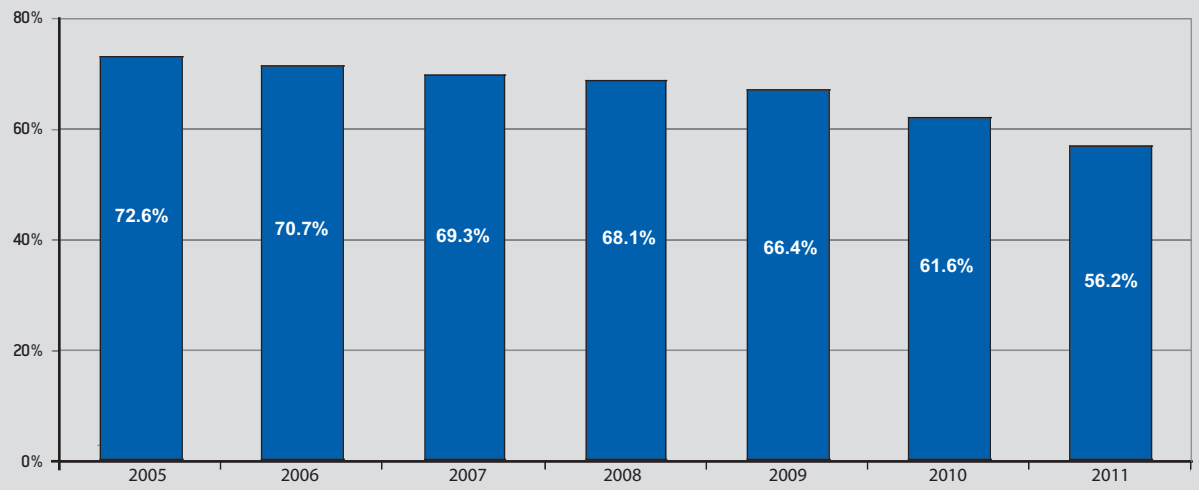
[7] *Henceforth, unless stated otherwise, all references to "outgoing traffic" concern the outgoing traffic in the basic types of calls, i.e., local, long-distance, calls from fixed to mobile, and international calls.*

[8] *It must be noted that the variations in market shares as well as in the rest of the data presented in the current Market Review, in comparison with older EETT Market Reviews, are attributed to data updating by some operators, on the one hand, and to the fact that pre-paid card traffic is not counted anymore in international calls.*

The volume of outgoing traffic in fixed telephony continued to decline in 2011. Specifically, the total duration of the basic call types (local, long-distance, calls to mobile and international calls) made by fixed telephony subscribers in 2011 was lower by 566 million minutes compared to 2010, amounting to a reduction by 2.9%, which is mostly attributed to the decline in national calls to fixed phones as well as in calls to mobile phones (Charts 1.19. and 1.20.). Table 1.4. shows the volume of outgoing traffic per type of call. Out of the types of calls presented in Charts 1.21. and 1.22., national calls to fixed, calls to mobile and dial-up calls fell by 2.8%, 4.7%, and 61.5% respectively. In contrast, international calls, which rose significantly after 2008 (due to the commercial launching in the Greek market of packages that include unlimited international calls per fixed price), remained at the same level as in the preceding year.

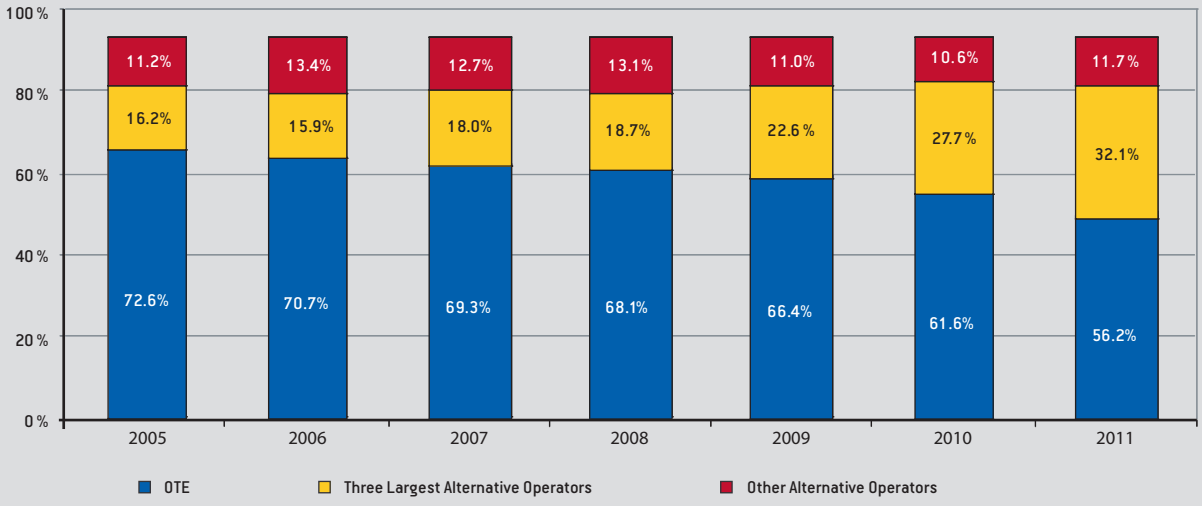
Chart 1.23. and Table 1.5. show the progress of traffic distribution between OTE and OLOs in terms of both directly connected (mainly via LLU) and indirectly connected (mainly via Carrier Selection/Pre-Selection) subscribers. Based on these data, it is obvious that LLU is of paramount significance for competition, given that the OLOs' traffic coming from LLU subscribers rose to 90.5% of the total outgoing traffic in 2011 compared to 85.7% in 2010. In contrast, traffic via Carrier Selection/Pre-Selection now amounts to only 4.2% of the total outgoing traffic for all operators (including OTE), while only three OLOs use it as their basic model of commercial activity in the fixed telephony market.

Chart 1.16. OTE's Annual Market Shares based on the Outgoing Traffic Volume



Source: EETT (based on the licensed operators' data)

Chart 1.17. Annual Market Shares based on the Outgoing Traffic Volume

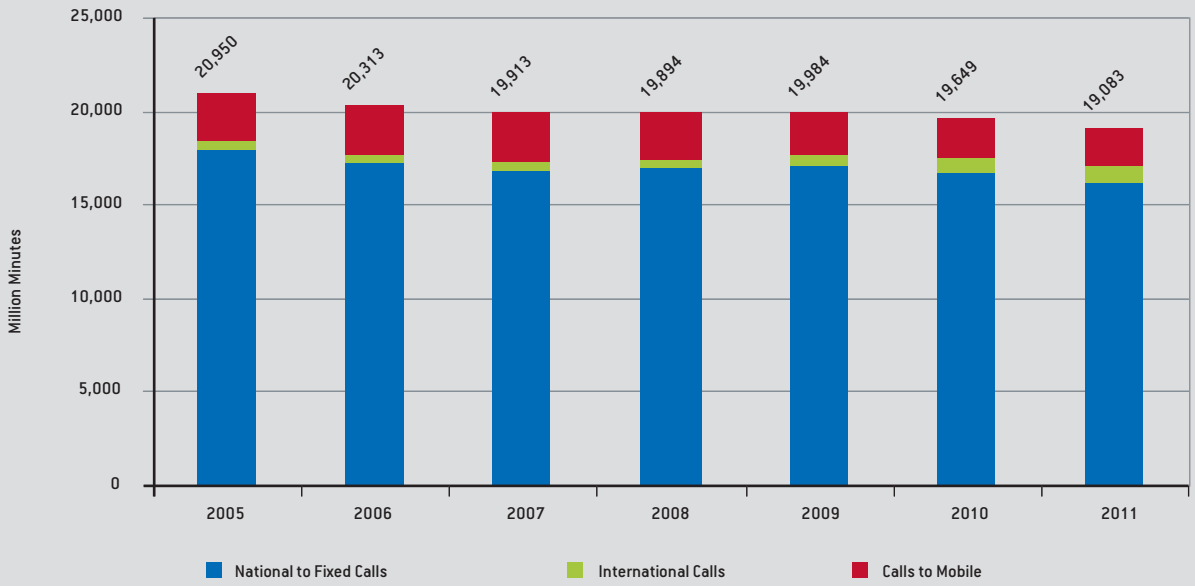


Source: EETT (based on the licensed operators' data)

Chart 1.18. OTE's Market Shares per Type of Call based on the Outgoing Traffic Volume

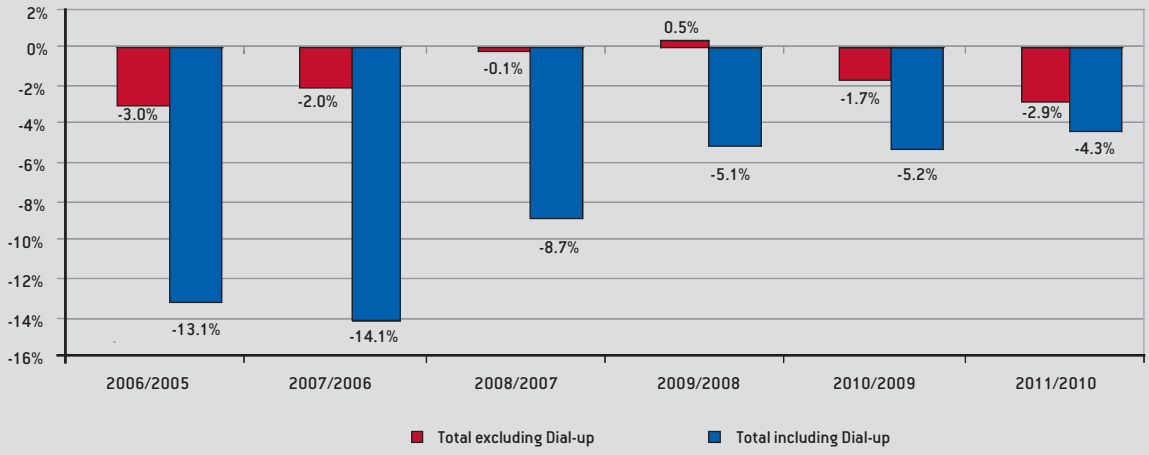
Source: EETT (based on the licensed operators' data)

Chart 1.19. Outgoing Traffic Volume



Source: EETT (based on the licensed operators' data)

Chart 1.20. Annual Percentage Change of the Outgoing Traffic Volume

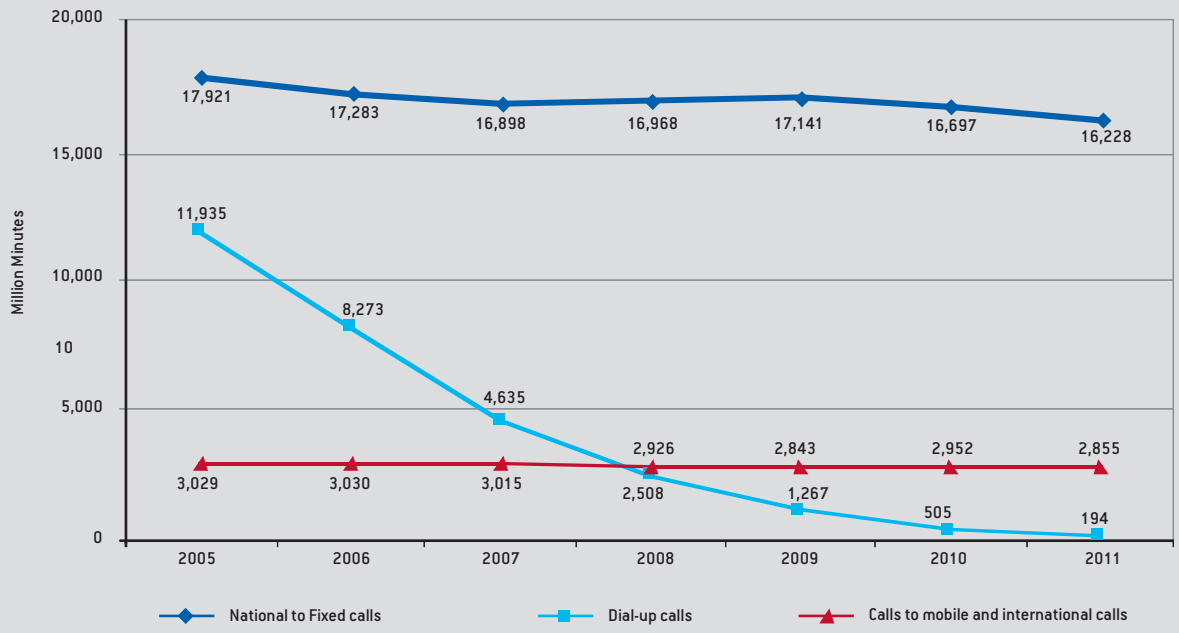


Source: EETT (based on the licensed operators' data)

Table 1.4. Outgoing Traffic Volume per Type of Call (million minutes)

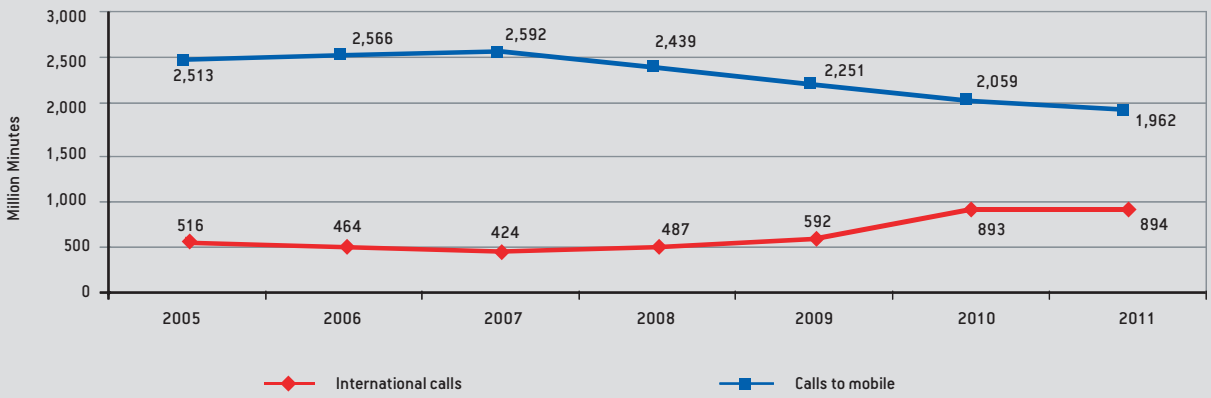
	2005	2006	2007	2008	2009	2010	2011
National to Fixed Calls	17,921	17,283	16,898	16,968	17,141	16,697	16,228
Dial-up Calls	11,935	8,273	4,635	2,508	1,267	505	194
International Calls	516	464	424	487	592	893	894
Calls to Mobile	2,513	2,566	2,592	2,439	2,251	2,059	1,962
Total excl. Dial-up	20,950	20,313	19,913	19,894	19,984	19,649	19,083
Total incl. Dial-up	32,885	28,586	24,548	22,402	21,251	20,153	19,278

Chart 1.21. Outgoing Traffic Volume



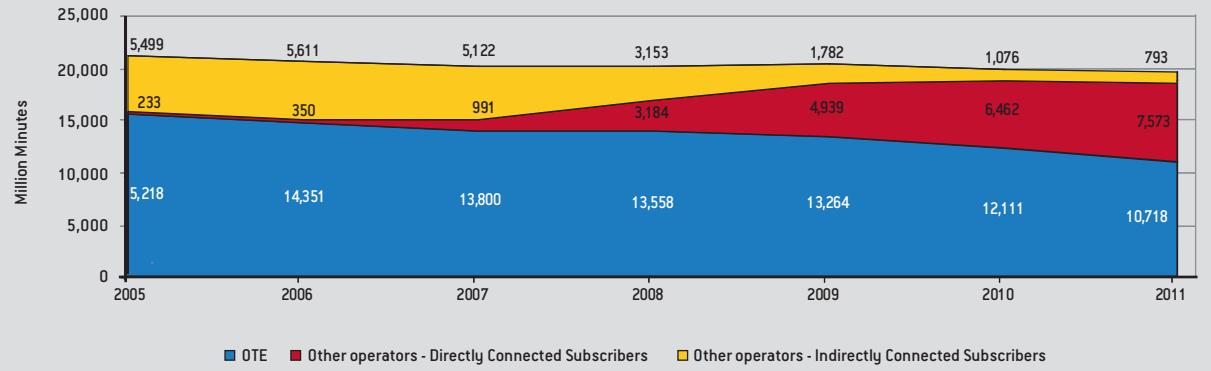
Source: EETT (based on the licensed operators' data)

Chart 1.22. Outgoing Traffic Volume: International Calls and Calls to Mobile



Source: EETT (based on the licensed operators' data)

Chart 1.23. Outgoing Traffic Volume: Distribution between OTE & Directly and Indirectly Connected Subscribers to Other Operators



Source: EETT (based on the licensed operators' data)

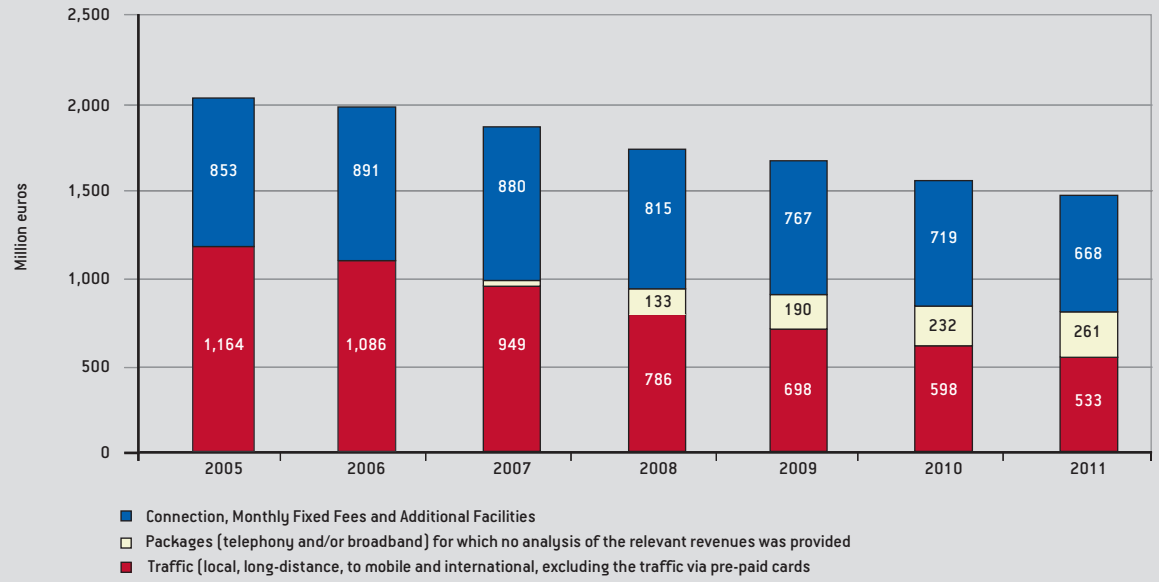
Table 1.5. Volume Distribution of the Outgoing Traffic between OTE & Other Operators by their Directly and Indirectly Connected Subscribers (million minutes)

	2005	2006	2007	2008	2009	2010	2011
OTE	15,218	14,351	13,800	13,558	13,264	12,111	10,718
Other Operators - Directly Connected Subscribers	233	350	991	3,184	4,939	6,462	7,573
Other Operators - Indirectly Connected Subscribers	5,499	5,611	5,122	3,153	1,782	1,076	793
Total	**20,950**	**20,313**	**19,913**	**19,894**	**19,984**	**19,649**	**19,083**

1.5.2. Retail Revenues of Fixed Telephony

The declining course of fixed telephony revenues persisted in 2011, as depicted in Chart 1.24. Further to monthly rentals and traffic revenues, this Chart includes one more category covering revenues from bundled services packages for which no further analysis was provided by the operators. These packages also include the revenues from Internet broadband services in addition to telephony revenues (monthly rentals and calls) for certain operators.

Chart 1.24. Retail Revenues of Fixed Telephony



Source: EETT (based on the licensed operators' data)

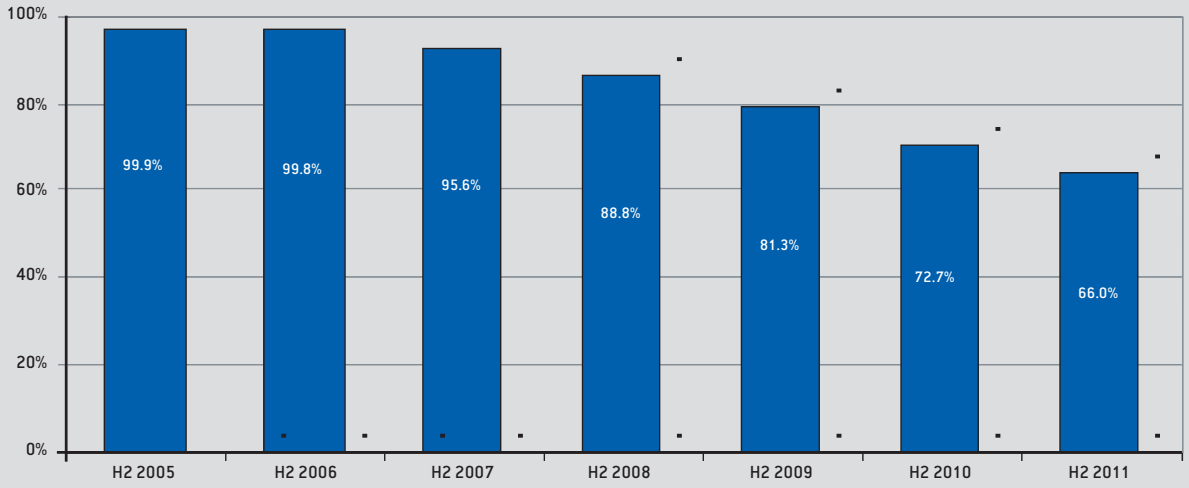
1.5.3. Access to Telephony Services

As regards the market for access to the fixed public telephony network at a fixed location, the fierce competition is reflected in the reduction of OTE's relevant market share[9] from 72.7% at the end of 2010 to 66% at the end of 2011 (Chart 1.25.). More specifically, the number of OTE access lines at the end of 2011 decreased by 11.5% (436,000 connections less) compared to 2010, whereas the number of access lines of OLOs increased by 21.6% (307,000 connections more). Out of these lines, the highest percentage (around 95%) are LLU lines, which increased by 22%, i.e., 1,624,183 lines, at the end of 2011, compared to 1,346,498 lines at the end of 2010 (Chart 1.26.). Additionally, Carrier Pre-Selection lines kept on declining and they fell from 204,000 at the end of 2010 to 183,000 at the end of 2011. The Carrier Pre-Selection lines amount to 5.3% of OTE's PSTN and ISDN PRA lines, as shown in Chart 1.27.

[9] *This market share concerns PTSN, full access LLU, ISDN BRA and PRA lines, and Wholesale Line Rental (WLR) lines.*

Moreover, the use of the Wholesale Rental Lines (WLR)[10] service is still limited, given that the rising trend registered in 2009 reversed itself at the end of the second semester of 2011. More specifically, it amounted to a little more than 82,000 lines at the end of the year, registering an increase by 14,2% compared to the end of 2010 but a reduction by 13.9% compared to the middle of 2011 (Chart 1.28.).

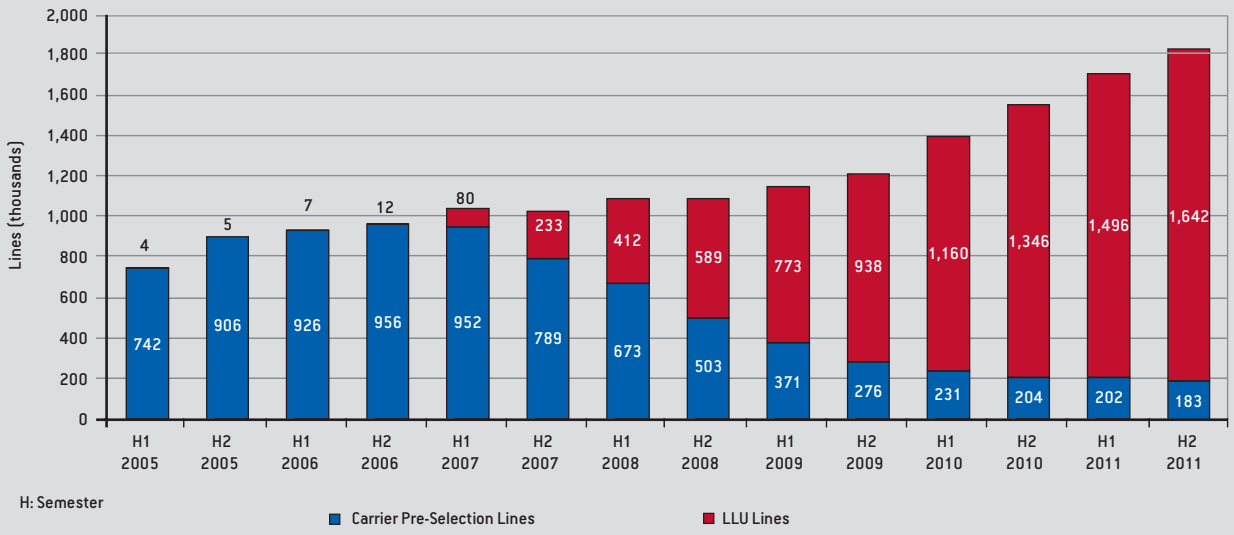
Chart 1.25. OTE's Market Shares based on the Number of Access Lines (at semester's end)



H: Semester

Source: EETT (based on the licensed operators' data)

Chart 1.26. Alternative Operators' Lines via Carrier Pre-Selection or LLU (at semester's end)

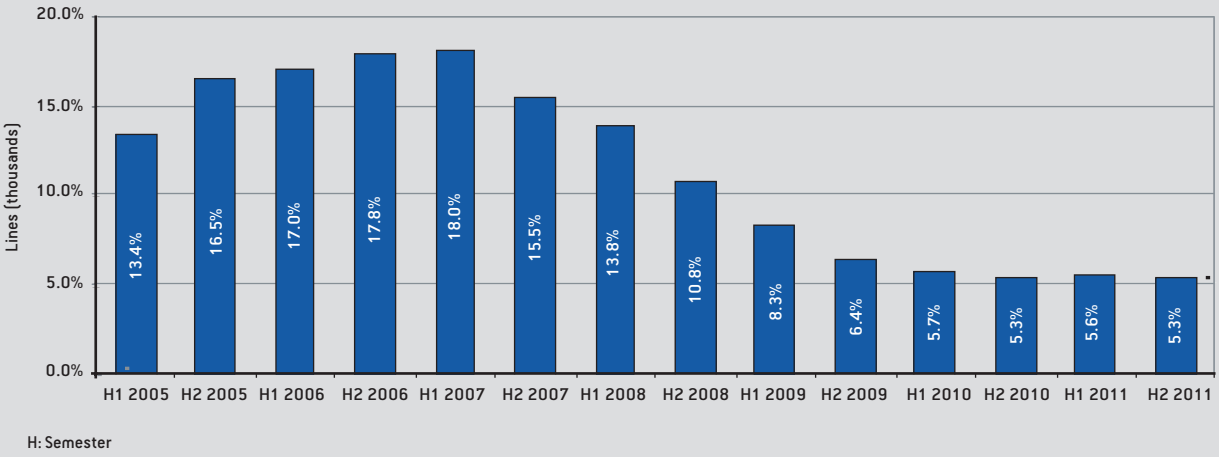


H: Semester

Source: EETT (based on the licensed operators' data)

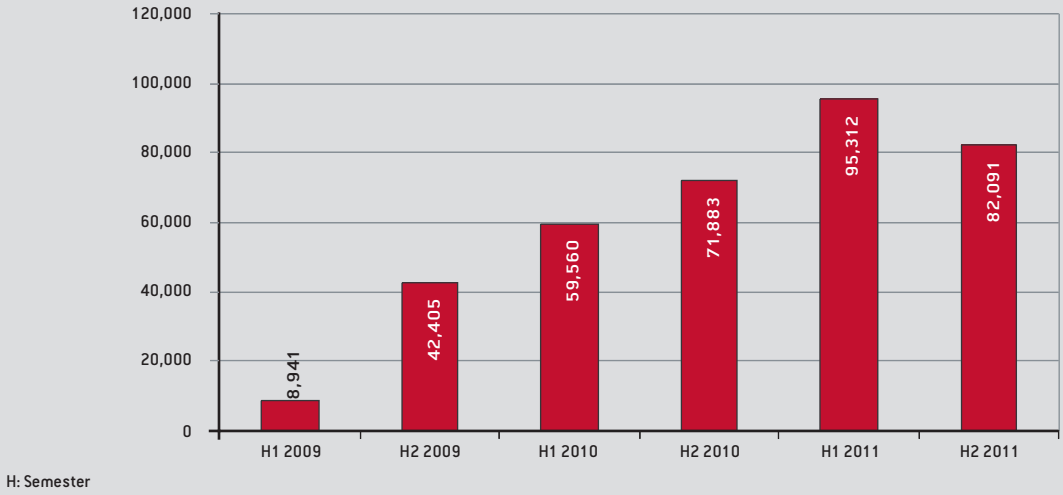
[10]It must be reminded that WLR, which became available in the Greek market since the first semester of 2009, allows alternative operators to rent a subscriber line from OTE wholesale and to resell it to the final user in combination with the Carrier Pre-Selection service. As a result, subscribers are charged both for their calls and for their monthly rentals via a single account which they receive from the alternative operator through which they have activated their Pre-Selection.

Chart 1.27. Pre-Selection Lines as a Percentage of OTE Lines (at semester's end)



Source: EETT (based on the licensed operators' data)

Chart 1.28. Activated Lines for Wholesale Line Rental

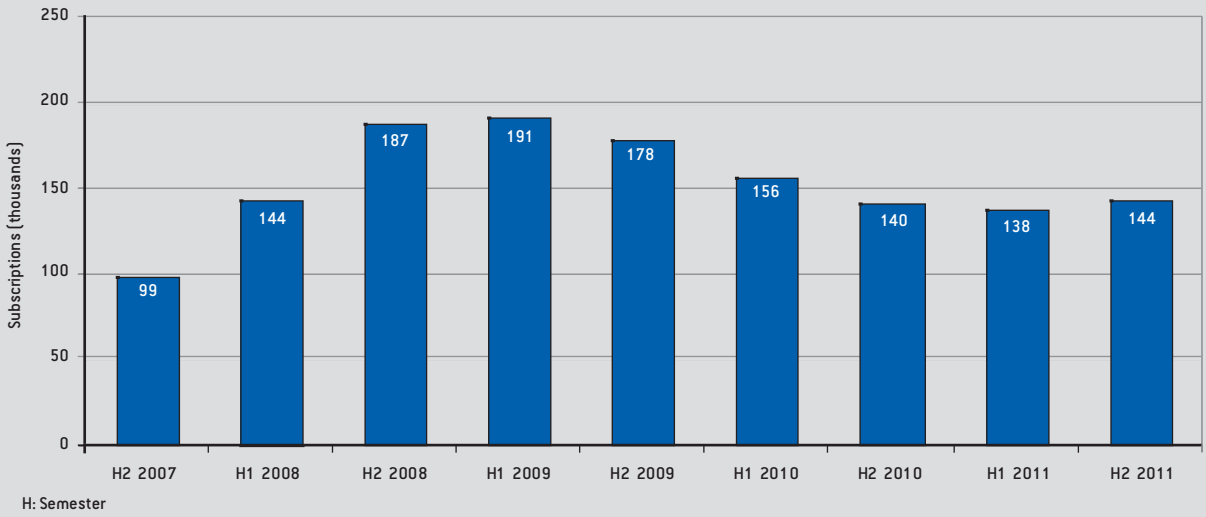


Source: EETT (based on the licensed operators' data)

1.5.4. Homezone Services

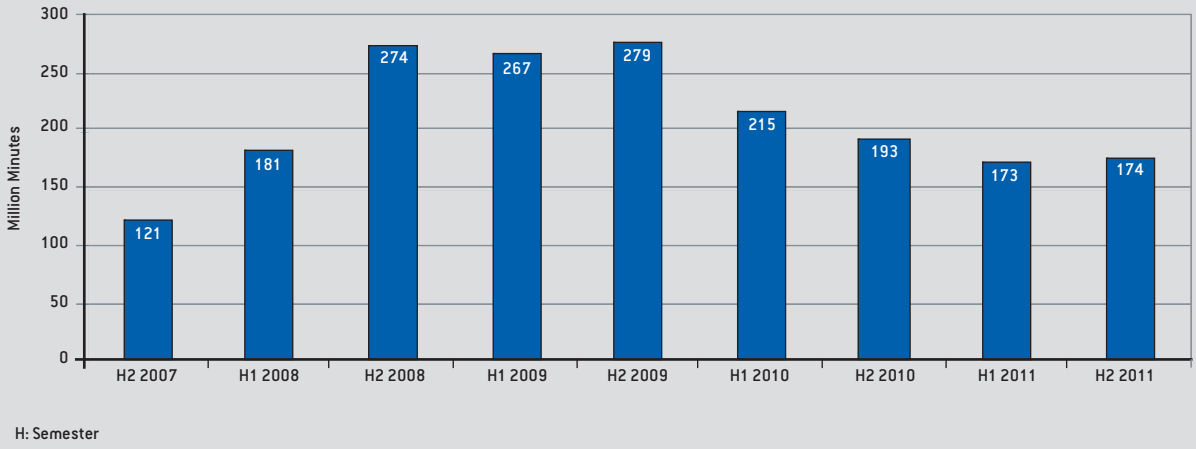
The number of subscribers for Homezone services and the associated outgoing traffic, as depicted in Charts 1.29. and 1.30., followed a stabilizing trend in 2011, despite the fall registered in the preceding years.

Chart 1.29. Homezone Subscriptions (at semester's end)



Source: EETT (based on the licensed operators' data)

Chart 1.30. Outgoing Traffic from the Provision of Telephony Services from Homezone Packages



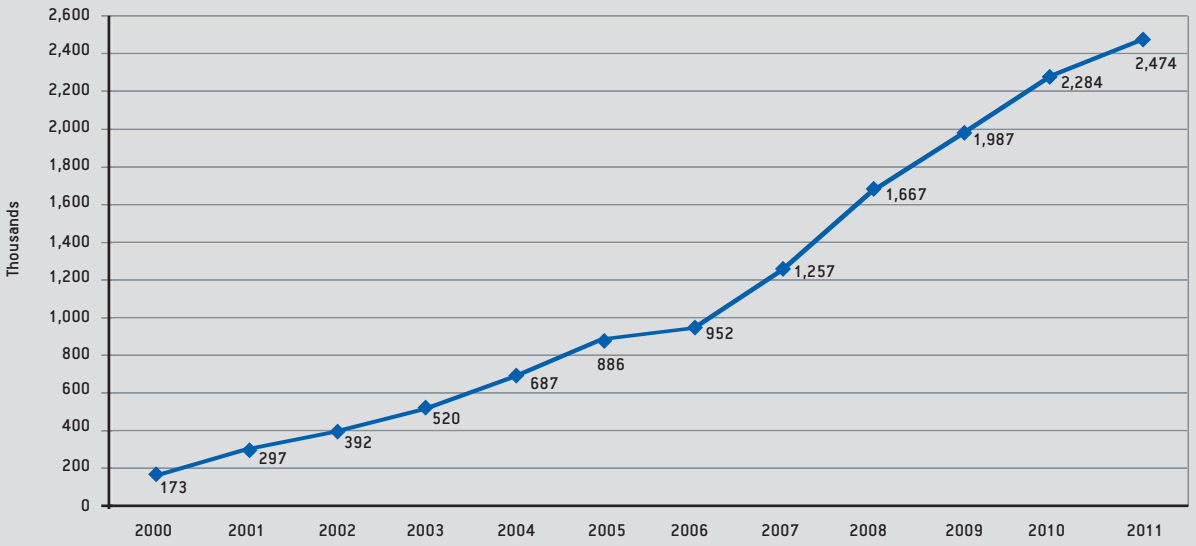
Source: EETT (based on the licensed operators' data)

1.6. Internet

1.6.1. The Internet Market

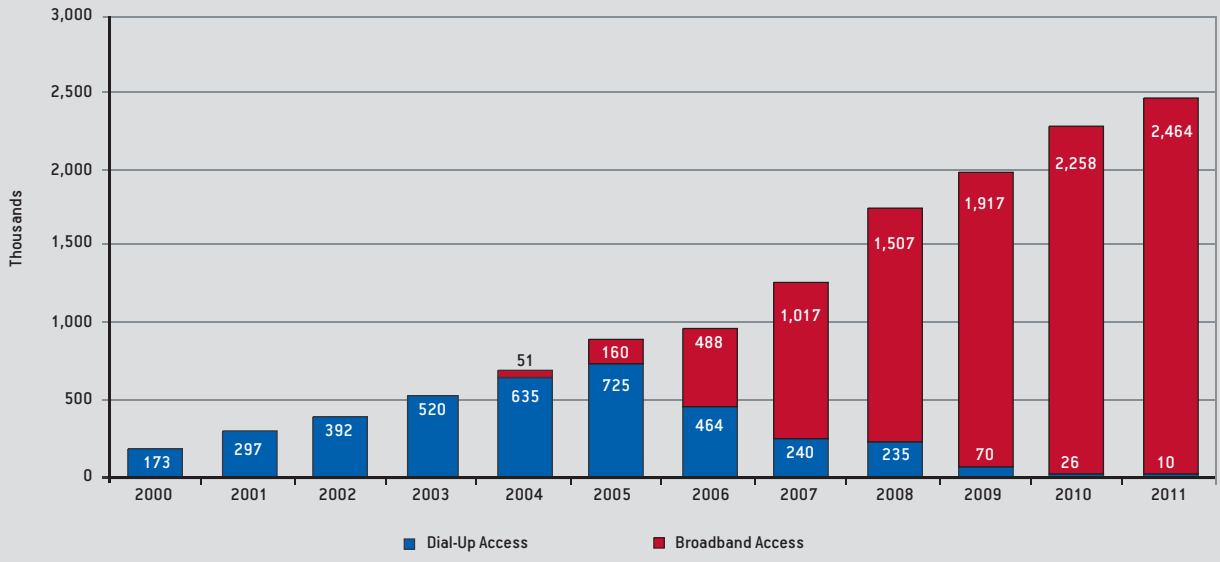
The number of Internet subscribers with fixed access (Chart 1.31.) grew significantly (8.3%) in 2011, reaching 2,474,000 subscribers (dial-up and broadband connections). As expected, dial-up connections kept falling after 2005

Chart 1.31. Internet Subscribers with Fixed Access



Source: EETT (based on the licensed operators' data)

Chart 1.32. Internet Subscribers per Type of Access



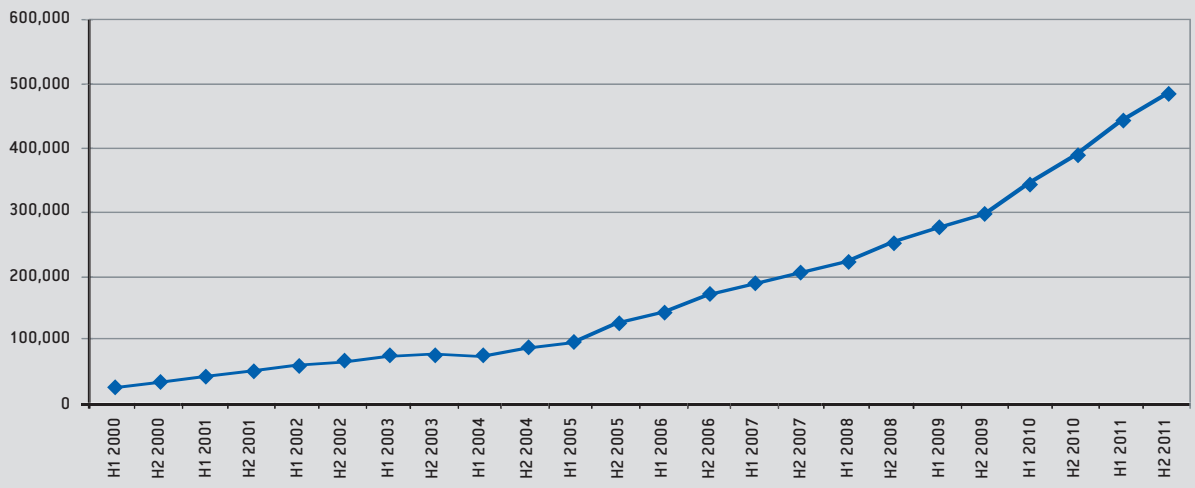
Source: EETT (based on the licensed operators' data)

(Chart 1.32.) and now amount to very small levels, as reflected also in the sharp decline of dial-up traffic.
A comprehensive overview of the market shows that the growth of broadband is based on attracting new subscribers, even though the rate is slower compared to the preceding years due to the negative economic climate. The Charts do not take into account occasional users through pre-paid access cards.

1.6.2. [.gr] Domain Names

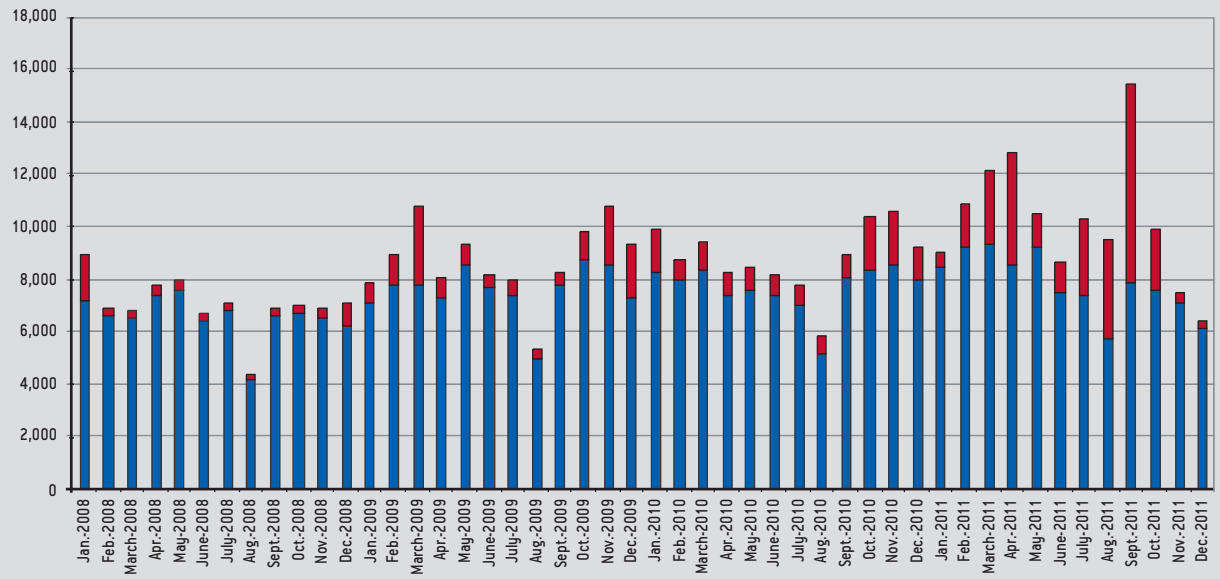
The significant increase in both the number of applications and total assigned [.gr] Domain Names persisted throughout 2011, while the total number of Domain Names, including sub-domains (com.gr, net.gr, org.gr, edu.gr, gov.gr), reached 500,000. Chart 1.33. shows the progress of the total number of Domain Names for the period 2000-2010. Accordingly, Chart 1.34. shows the progress of the requested and assigned Domain Names, while Chart 1.35. shows the progress of the assignment percentage over the submitted applications. Finally, Chart 1.36. indicates the annual progress of the average assignment percentage for the period 2002-2011, which fell significantly from 87% in 2010 to 79%, mostly due to the fact that multiple applications were often submitted for the same Domain Name.

Chart 1.33. Domain Names



Source: EETT (based on the licensed operators' data)

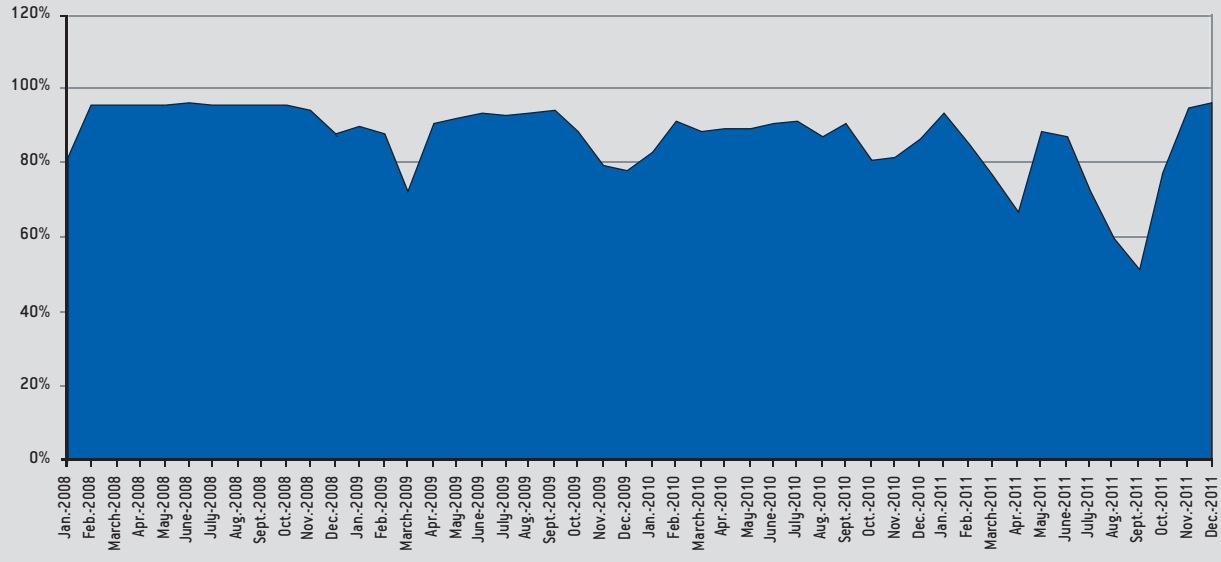
Chart 1.34. Number of Requested and Assigned Domain Names



Source: EETT (based on the licensed operators' data)

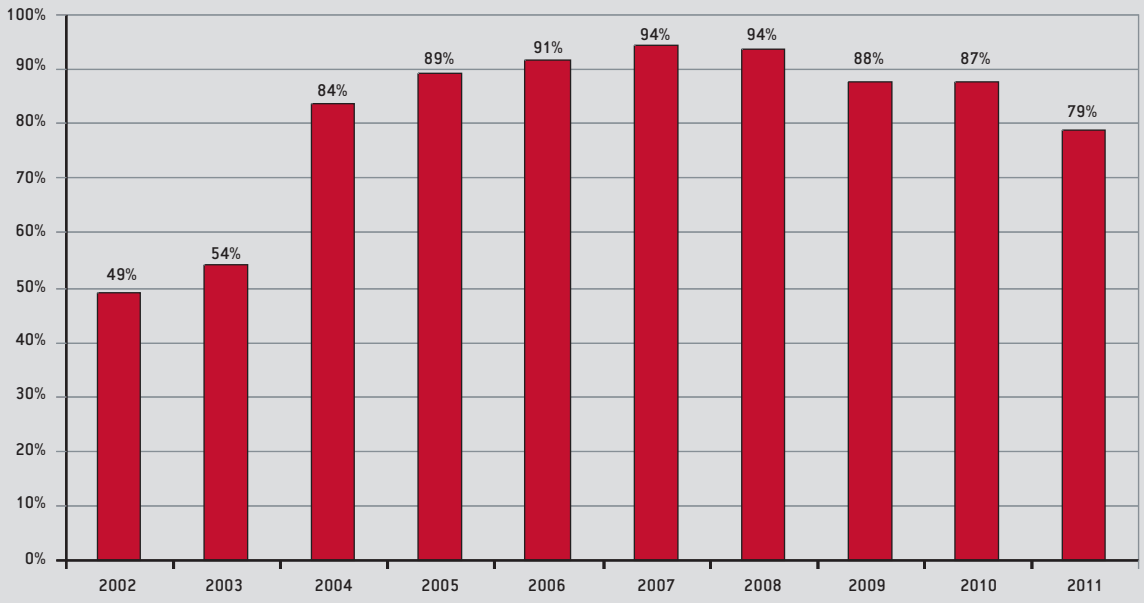
Note: Lighter colors indicate the volume of applications, while darker ones indicate the volume of assigned Names.

Chart 1.35. Assignment Percentage over the Number of Applications



Source: Institute of Computer Science of the Foundation for Research and Technology – Hellas (ICS-FORTH)

Chart 1.36. Average Assignment Percentage



Source: EETT

1.7. Mobile Telephony

1.7.1. Mobile Telephony Connections

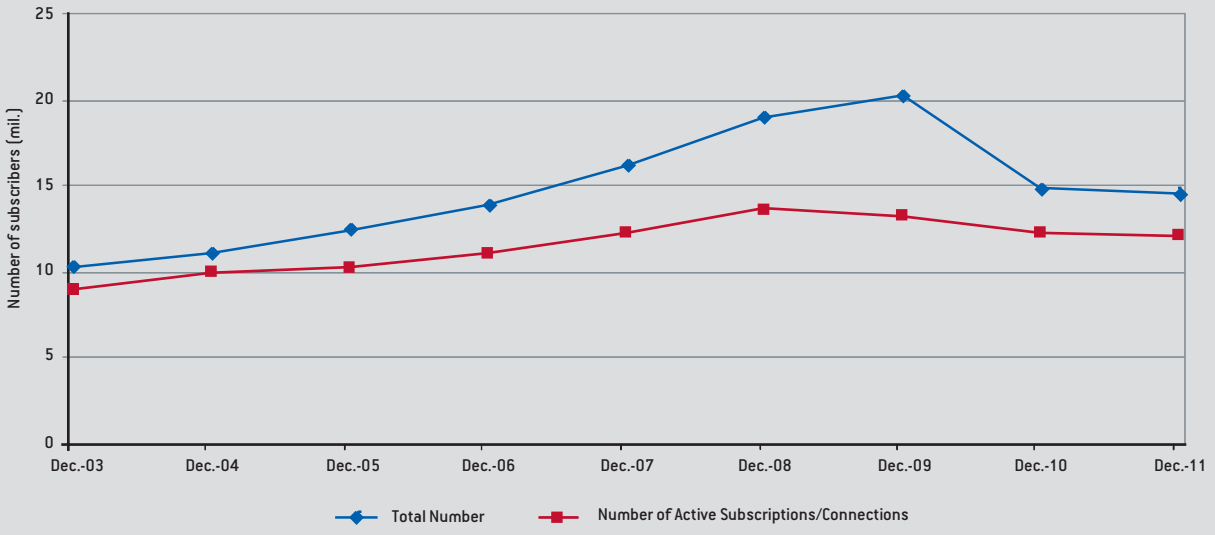
During 2011, mobile telephony connections[11] kept on declining gradually. Specifically, as shown in Table 1.6. and Chart 1.37., total connections decreased from 14.8 million at the end of 2010 to 14.6 million at the end of 2011 (a 2% drop), while active connections[12] fell from 12.3 million at the end of 2010 to 12.1 million at the end of 2011 (a 1.3% drop). All subscription categories registered a small decline (Chart 1.38.). Total connections with pre-paid cards fell slightly by 124,000 (from 10.3 at the end of 2010 to 10.2 at the end of 2011), while active connections dropped marginally by approximately 30,000. Additionally, post-paid connections fell by 134,000 (from 4,510,000 at the end of December 2011 to 4,376,000 at the respective period of 2011). As far as the market shares in the total number of subscribers are concerned, the MTOs preserved their 2010 shares which presented some marginal changes (Chart 1.39.). Similarly, the penetration rate (of active connections) declined further and reached 111% in 2011 compared to 116% in 2010 (October data), making Greece the fifth country with the lowest penetration rate in EU-27 (Chart 1.40.).

[11] We use the term "connection" or "subscription" instead of "subscriber". We don't refer to the number of subscribers as physical persons or entities but to the total number of connections/subscriptions, since a subscriber may have more than one subscription/connection.
[12] By "active connections" or "active subscriptions" we mean the subscriptions/connections that have generated retail or wholesale revenues within the last quarter.

Table 1.6. Total and Active Connections/Subscriptions

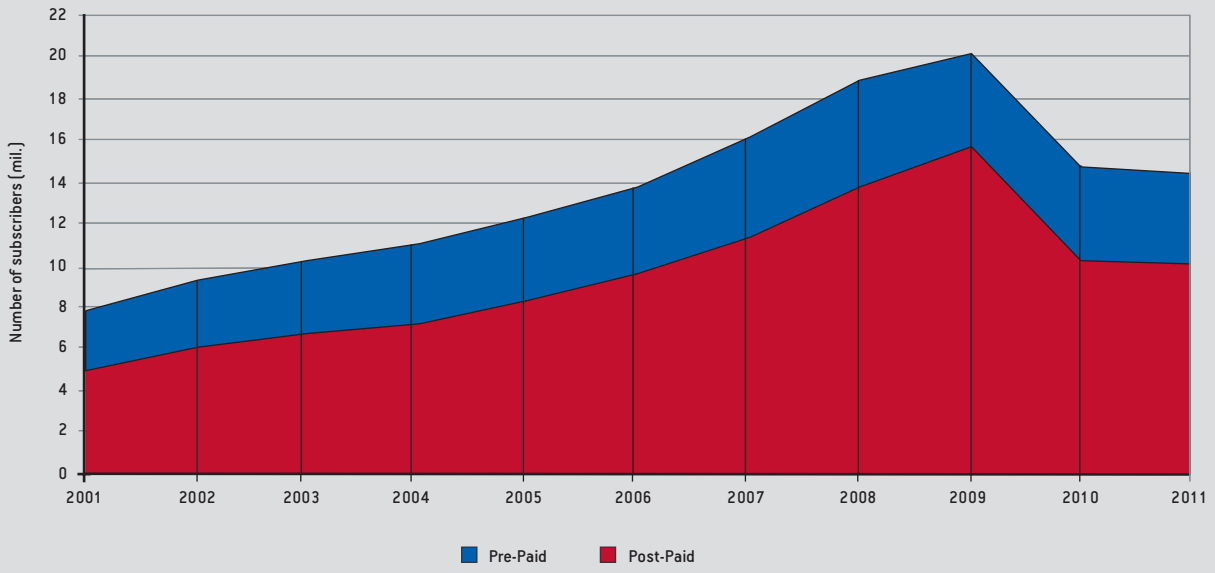
	Dec. 04	Dec. 05	Dec. 06	Dec. 07	Dec. 08	Dec. 09	Dec. 10	Dec. 11
Total Connections	11,059,920	12,448,473	13,874,674	16,226,675	18,918,092	20,298,102	14,815,705	14,557,672
Number of Active Connections	10,014,233	10,243,395	11,097,515	12,294,912	13,799,340	13,295,093	12,292,716	12,127,985

Chart 1.37. Mobile Telephony Subscriptions/Connections



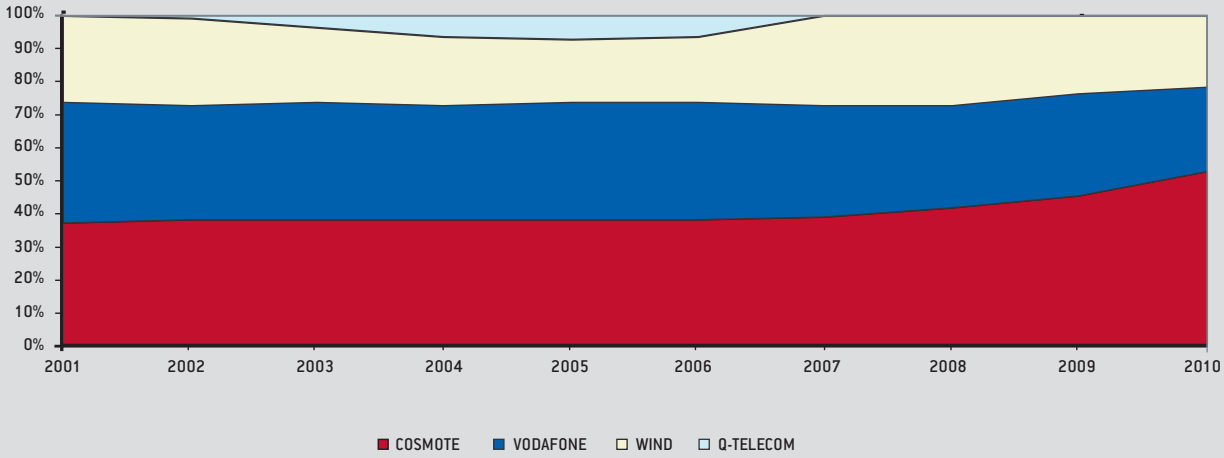
Source: EETT (based on the licensed operators' data)

Chart 1.38. Post-Paid and Pre-Paid Mobile Connections



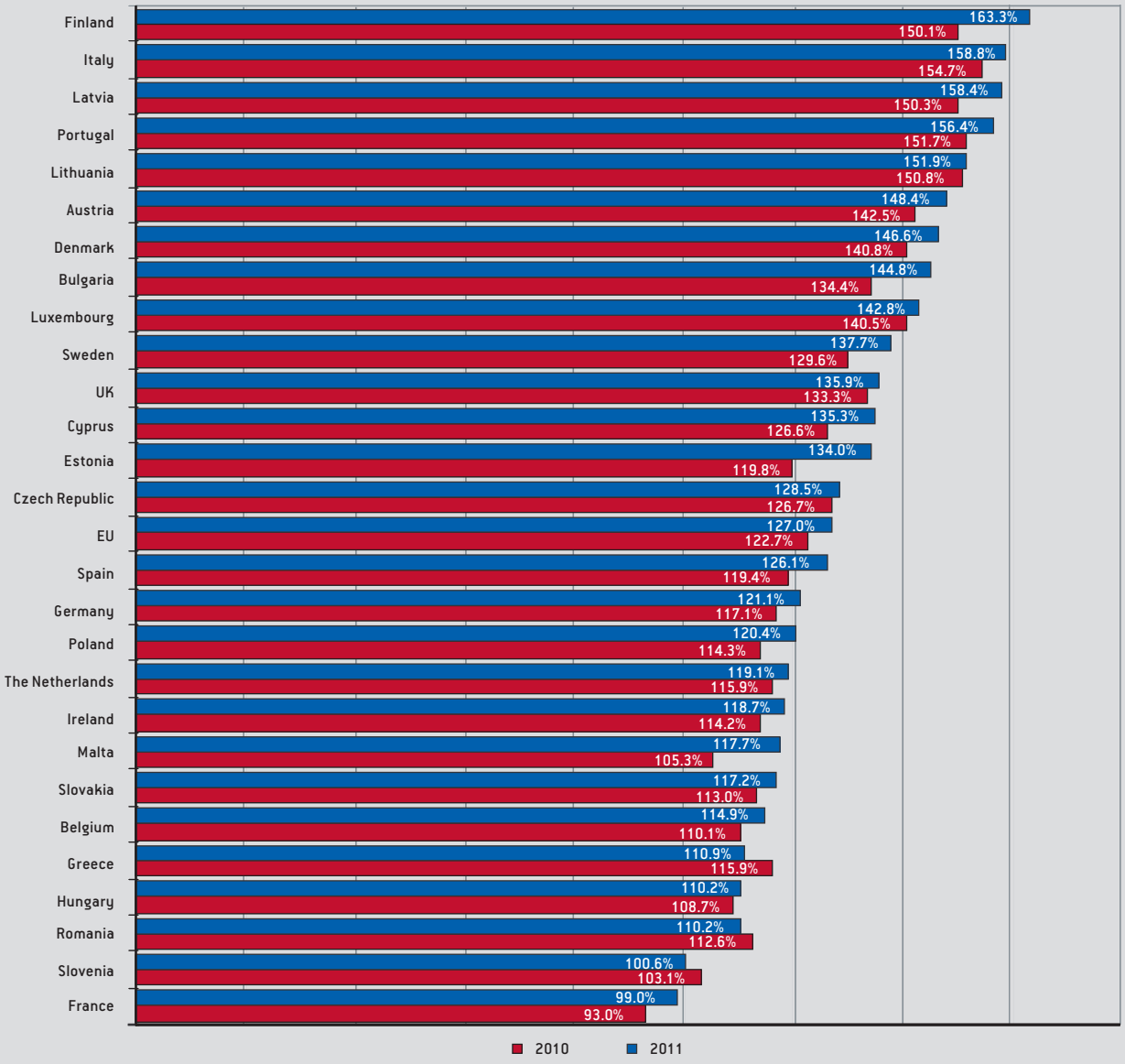
Source: EETT (based on the licensed operators' data)

Chart 1.39. MTOs Market Shares on the Number of Mobile Telephony Connections



Source: EETT (based on the licensed operators' data)

Chart 1.40. Mobile Telephony Penetration in Europe (2011)



Source: European Commission (Digital Agenda Scoreboard 2012)

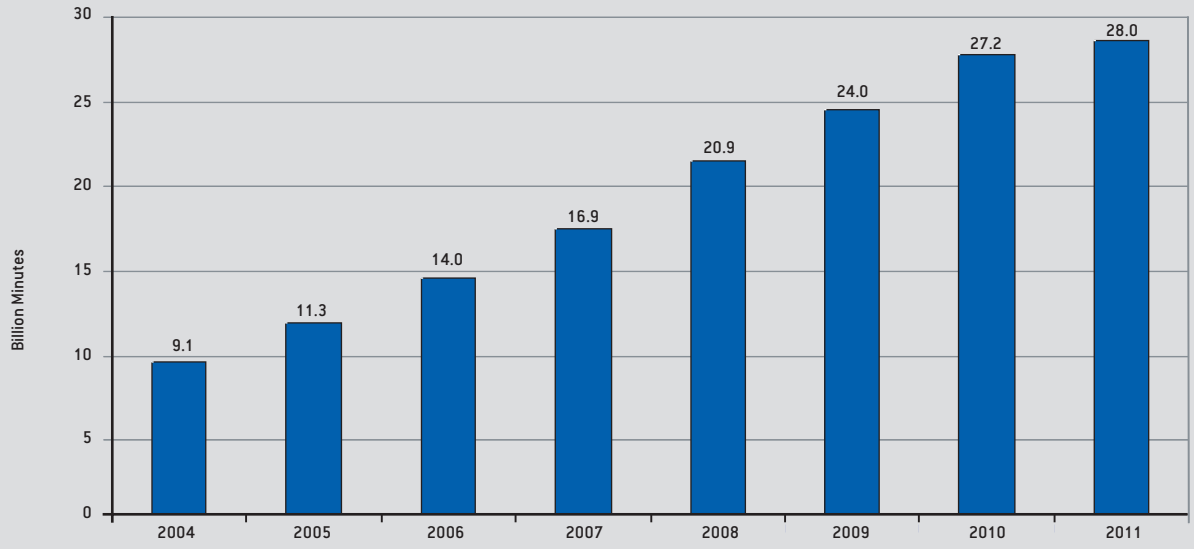
1.7.2. The Use of Mobile Telephony Networks

The use of mobile telephony networks presents some changes, since the volume of voice calls and packet-switched data services increased, while the number of Short Message Services (SMS) and Multimedia Messages (MMS) decreased. Specifically, the volume of voice calls made within the year kept on rising and reached 28 billion minutes in 2011 compared to 27.2 billion minutes in 2010 (a 3% rise) (Chart 1.41.). This rise is exclusively due to on-net traffic which increased from 19.8 billion minutes in 2010 to 21 billion minutes in 2011 (a 7% rise), amounting to 75% of the volume of mobile telephony voice calls (Charts 1.42. and 1.43.). Additionally, international calls rose considerably (21%). In contrast, other types of calls (calls to mobile phones off-net and calls to fixed phones) declined in 2011 by 12% and 9% respectively.

Furthermore, the number of SMS (Chart 1.44.) declined significantly by 13% (8.5 million in 2011 compared to 9.8 million in 2010). However, on-net messages increased further, reaching 86% of the total messages, while the rest of the categories suffered marginal changes (Chart 1.45.). MMS messages presented a similar decrease by 14%, reaching 24.9 million at the end of 2011 compared to 29 million in 2010 (Chart 1.46.).

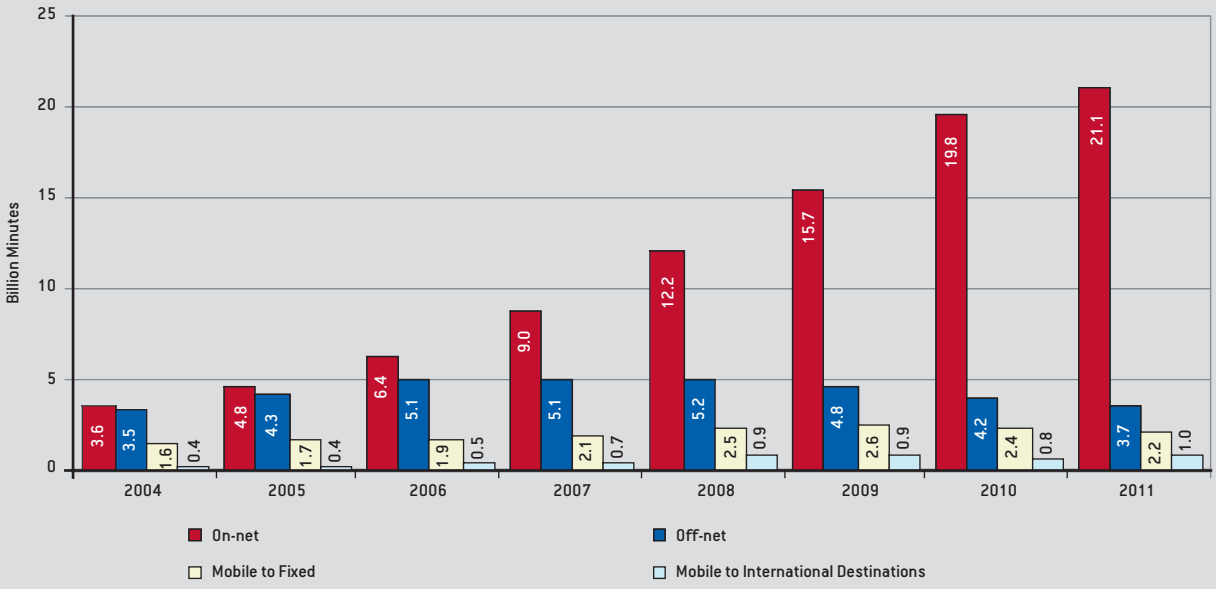
Lastly, packet-switched data services via mobile telephony networks increased further in 2011, reaching 9.43 billion Mb at the end of the year compared to 7.68 billion Mb at the end of 2010 (a 23% rise) (Charts 1.47.).

Chart 1.41. Volume of Voice Calls Originated from Mobile Telephone



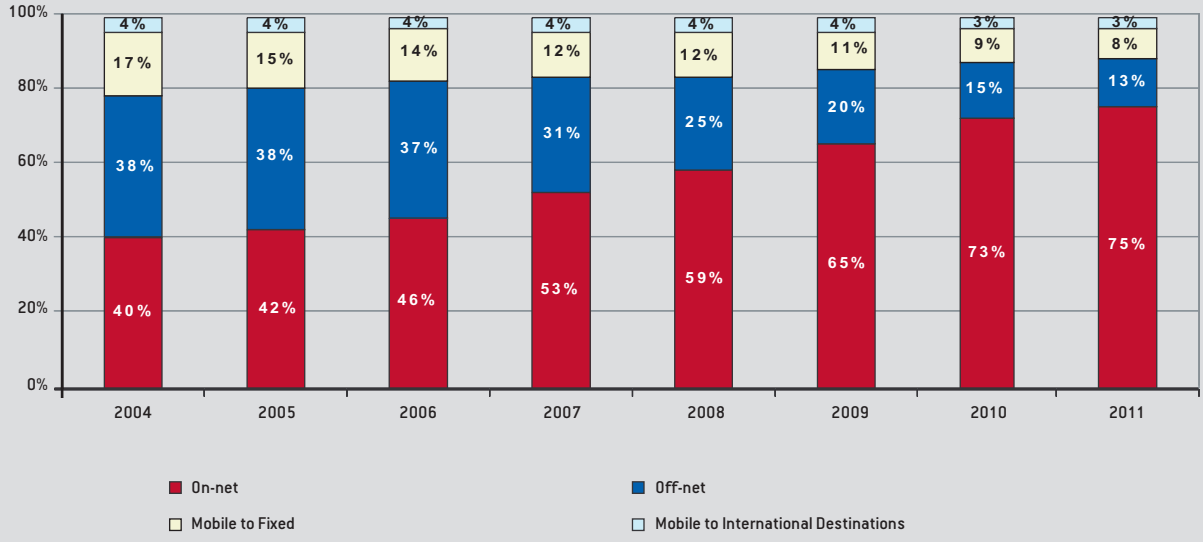
Source: EETT (based on the licensed operators' data)

Chart 1.42. Volume of Voice Calls per Category



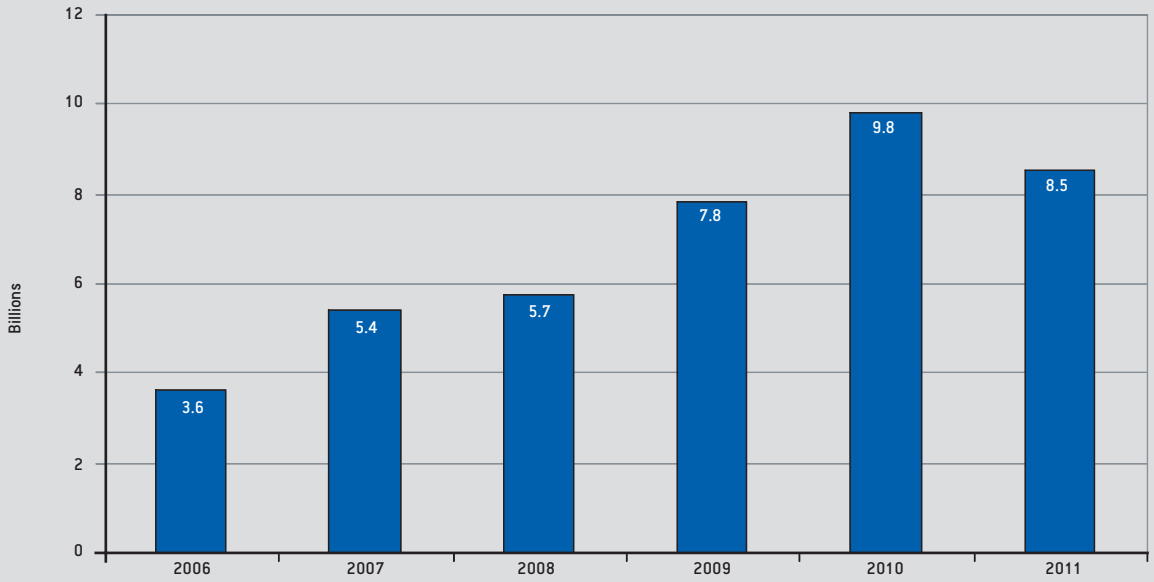
Source: EETT (based on the licensed operators' data)

Chart 1.43. Percentage of Voice Calls per Category



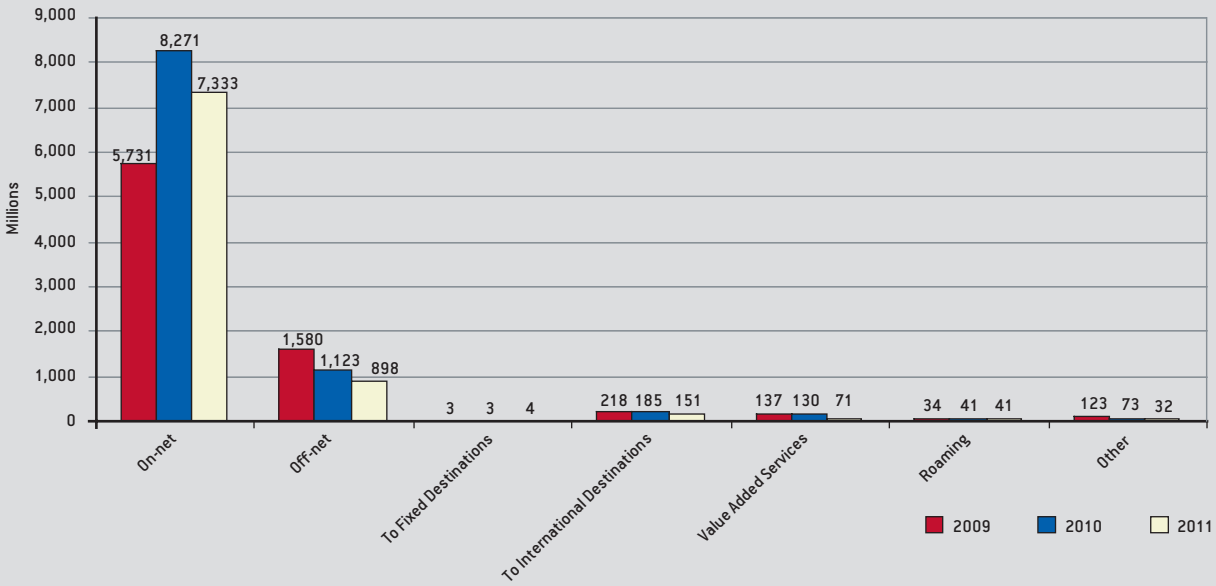
Source: EETT (based on the licensed operators' data)

Chart 1.44. Total Number of SMS



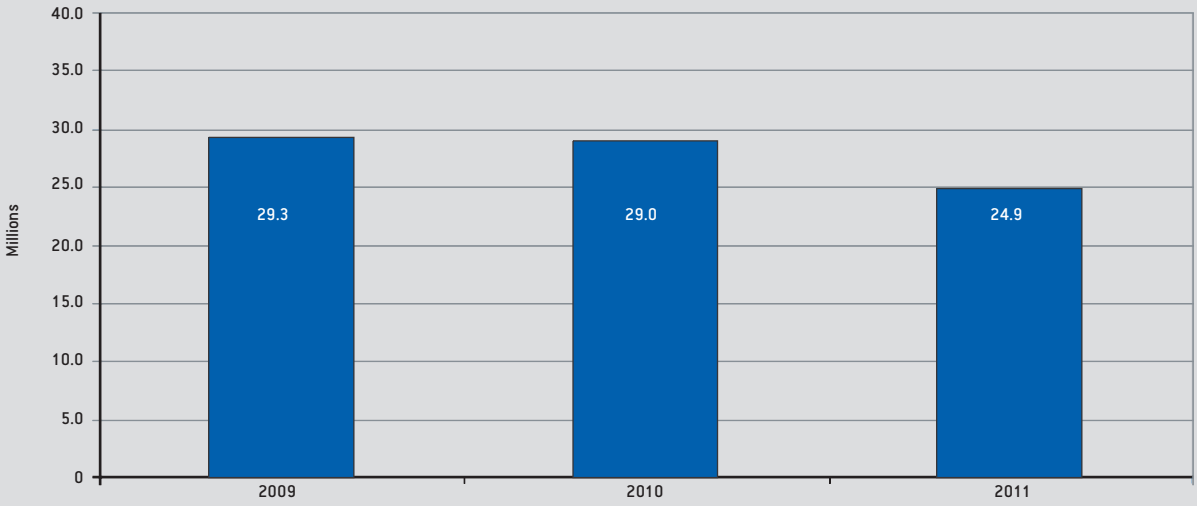
Source: EETT (based on the licensed operators' data)

Chart 1.45. Total Number of SMS per Category



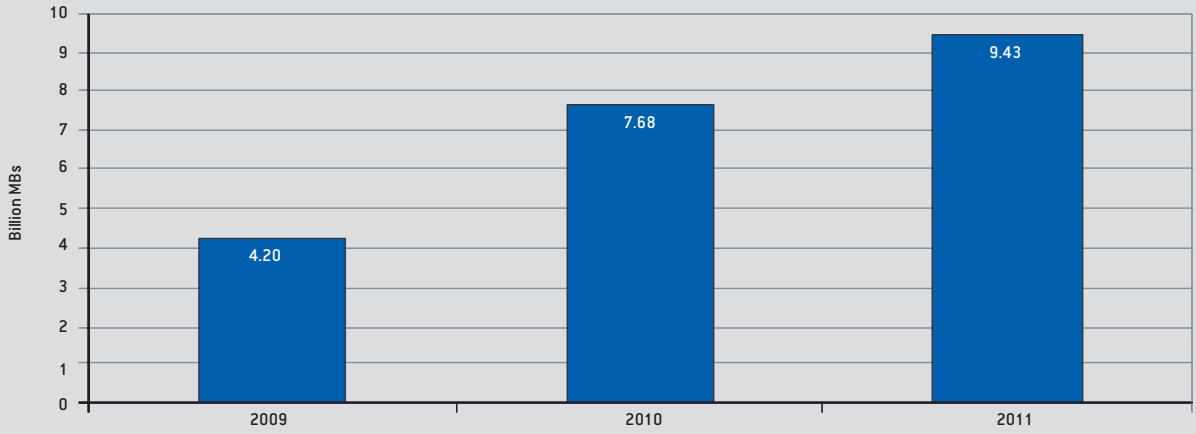
Source: EETT (based on the licensed operators' data)

Chart 1.46. Total Number of MMS



Source: EETT (based on the licensed operators' data)

Chart 1.47. Total Number of Packet-Switched Service Data (in MB) via Mobile

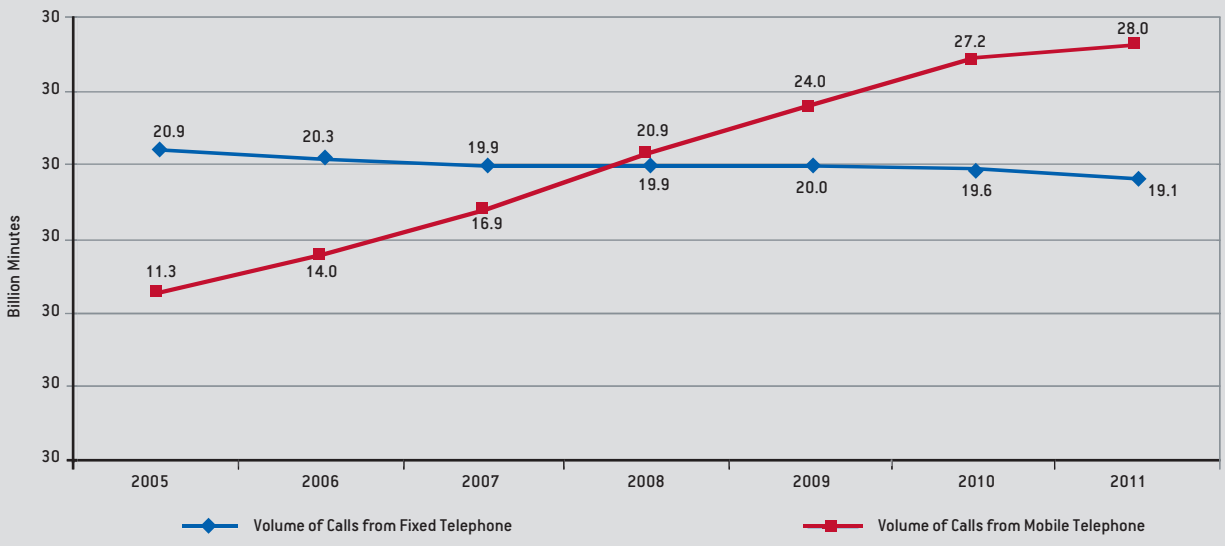


Source: EETT (based on the licensed operators' data)

1.8. Comparing Traffic from Fixed to Mobile Phones

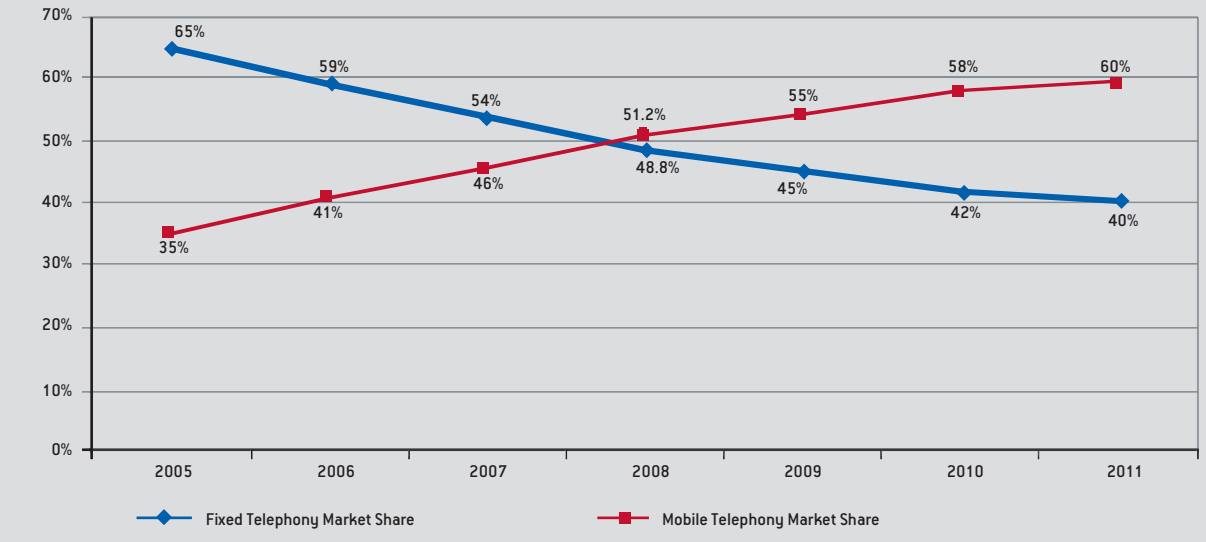
Charts 1.48. and 1.49. show the volume of traffic from both fixed and mobile phones and their respective market shares, including calls to fixed phones, calls to mobile phones and international calls, but excluding dial-up calls and calls to special numbers (such as short codes and numbers with zero, reduced or additional charge). Calls from mobile phones, which have exceeded the volume of calls from fixed phones since 2008, kept on rising in 2011, reaching 60% of total traffic. In contrast, calls from fixed phones further decreased by 3% compared to 2010.

Chart 1.48. Volume of Calls Originated from Fixed and Mobile Telephone



Source: EETT (based on the licensed operators' data)

Chart 1.49. Market Shares of Fixed and Mobile Telephony

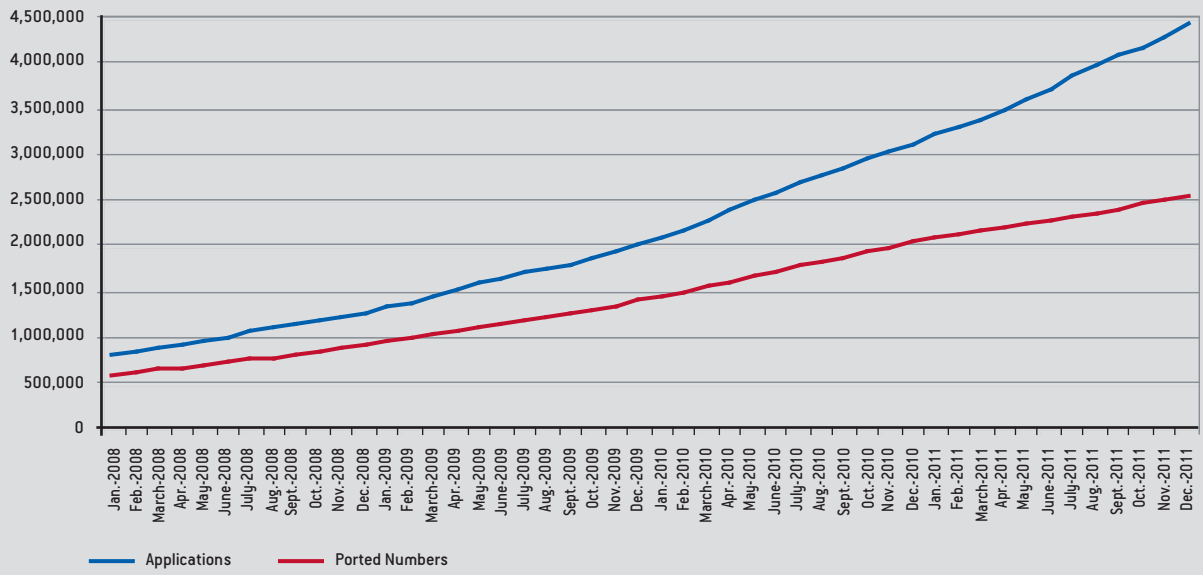


Source: EETT (based on the licensed operators' data)

1.9. Number Portability

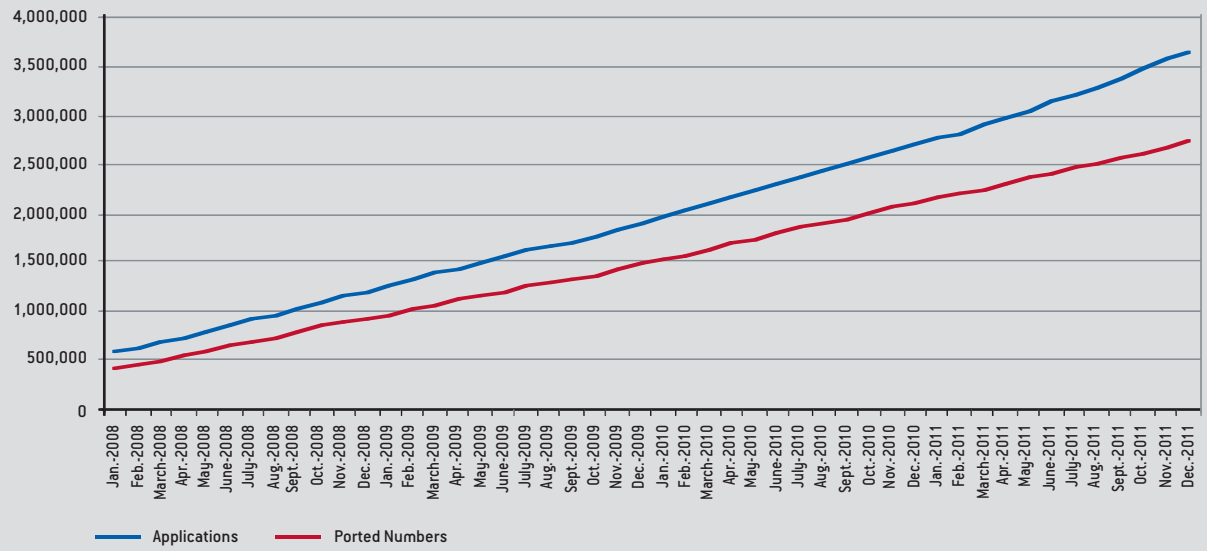
The number of applications for Number Portability continued to increase in 2011. The progress of applications and of ported numbers for fixed and mobile telephony is presented in Charts 1.50. and 1.51., while Chart 1.52. shows the progress of ported numbers per month. During 2011, 1,293,847 applications for mobile telephony were submitted (a 17% rise compared to 1,103,400 applications in 2010) and 506,413 numbers were ported (a 22% decrease compared to 2010). For fixed telephony, 955,165 applications were submitted (a 19% rise compared to 2010) and 622,834 numbers were ported (a 1% decrease compared to 2010). It must be noted that the increase in Portability applications may be due to multiple applications for the same number, since the initial applications (for the same number) were rejected. Additionally, the reduction in ported numbers may also be due to counter-offers made by mobile and fixed telephony companies to their clients, which resulted in the cancellation of their Portability application.

Chart 1.50. Number Portability: Applications and Ported Numbers of Mobile Telephony



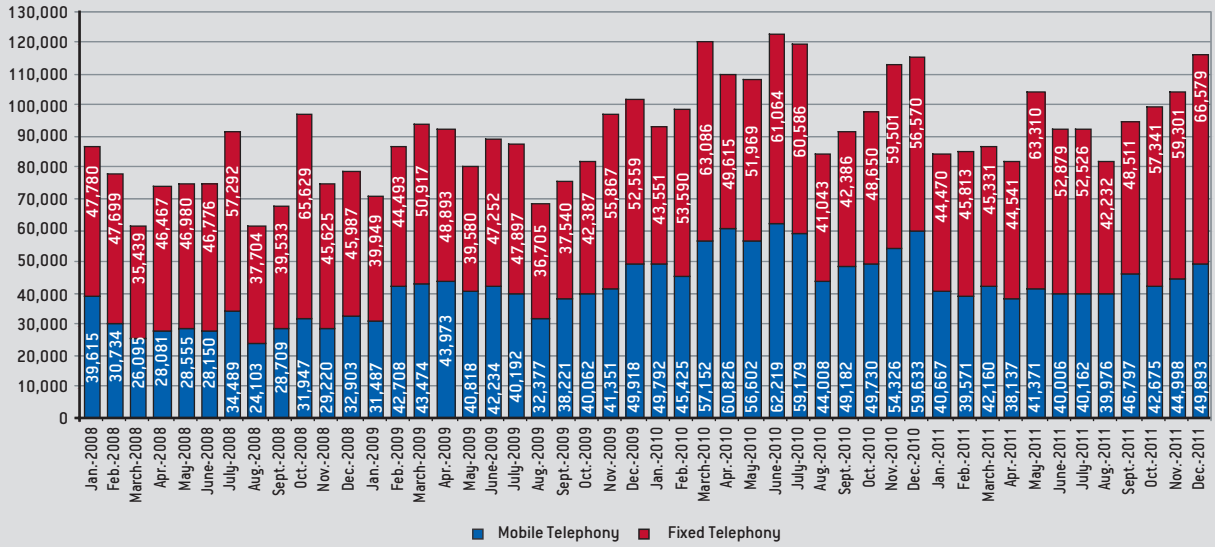
Source: EETT

Chart 1.51. Number Portability: Applications and Ported Numbers of Fixed Telephony



Source: EETT

Chart 1.52. Number Portability: Ported Numbers per Month



Source: EETT

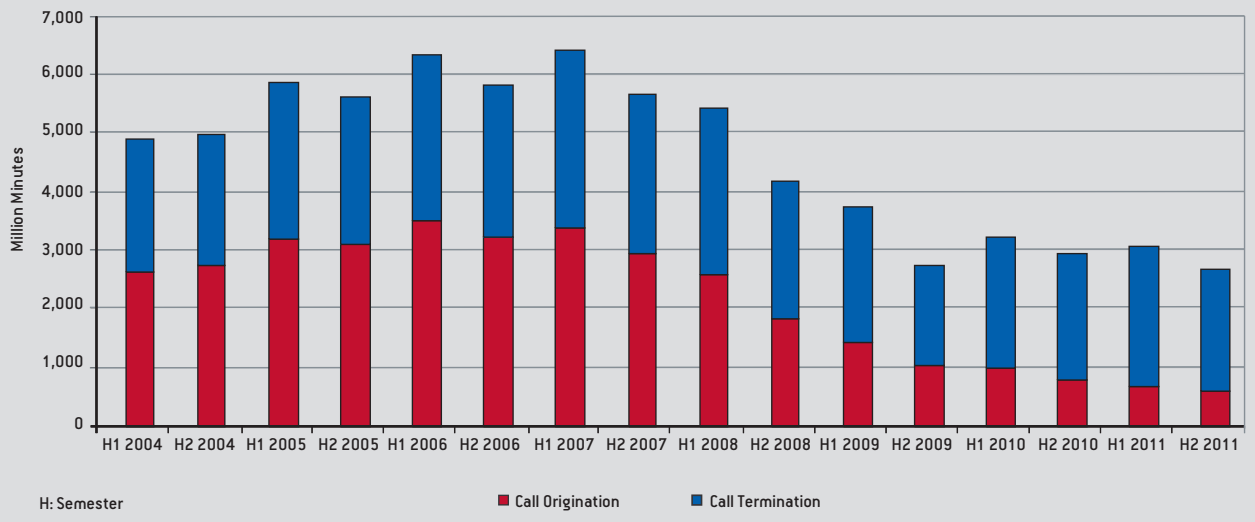
1.10. Interconnection

1.10.1. Fixed Telephony

Chart 1.53. presents the annual progress of Interconnection traffic for the OLOs, including call origination and termination from/to OTE's network. During 2011, call origination dropped significantly in comparison with 2010 and reached 1.3 billion minutes (a 30% drop compared to 2010). In contrast, call termination increased by 7% compared to 2010 (4.7 billion minutes as opposed to 4.4 billion minutes, respectively). The continuous rise in the number of full access LLU lines led to a further decline in the call origination volume.

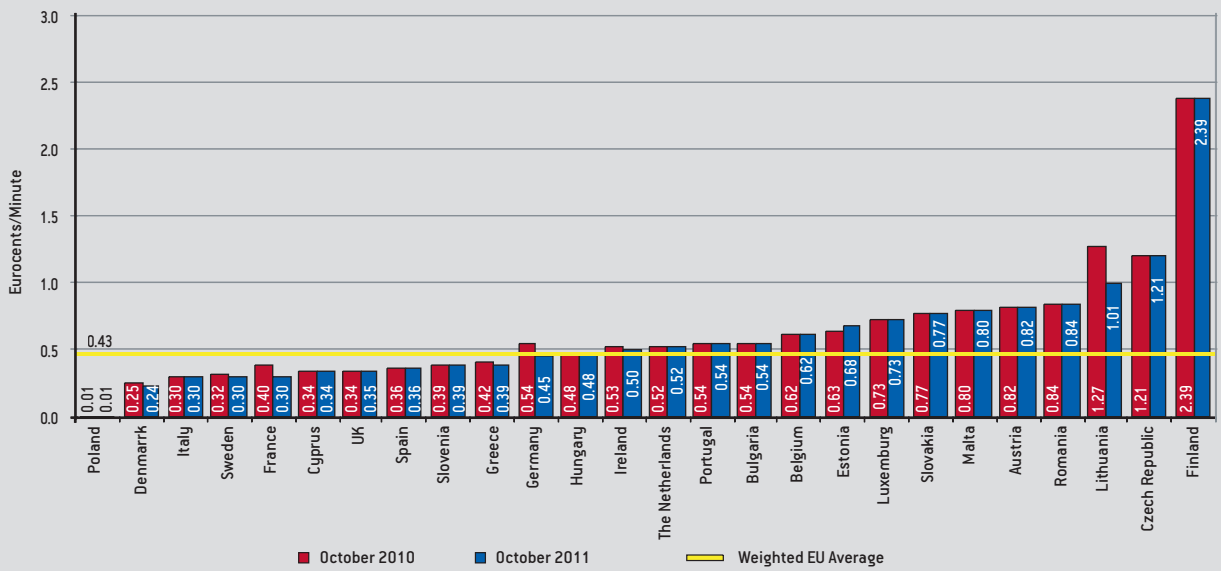
According to the European Commission's report (Digital Agenda Switchboard 2012), the local and double Interconnection fees in Greece in October 2011 were lower than the European average, whereas the single Interconnection fees were marginally higher. Charts 1.54. to 1.56. show the Interconnection fees for the incumbent Electronic Communications operator's network for each EU member state depending on the Interconnection type (Local, Single, or Double). Greece is among the member states with the most affordable rates, since it ranks 7th for Local, 10th for Single, and 8th for Double Interconnection.

Chart 1.53. Interconnection Traffic of Alternative Operators via OTE



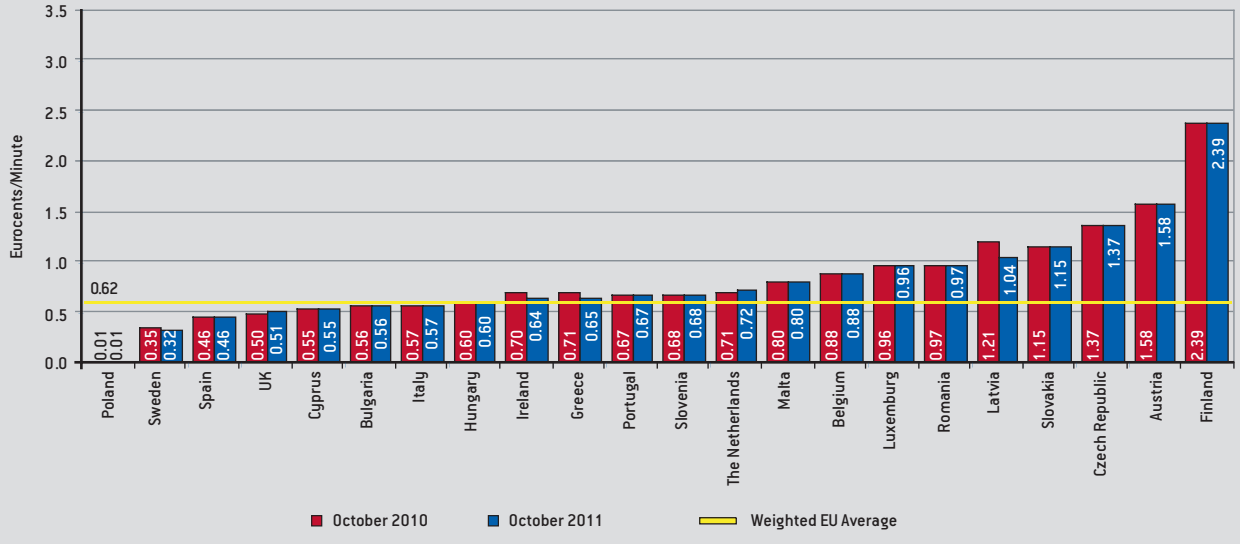
Source: EETT (based on the licensed operators' data)

Chart 1.54. Local Interconnection Fees (2011)



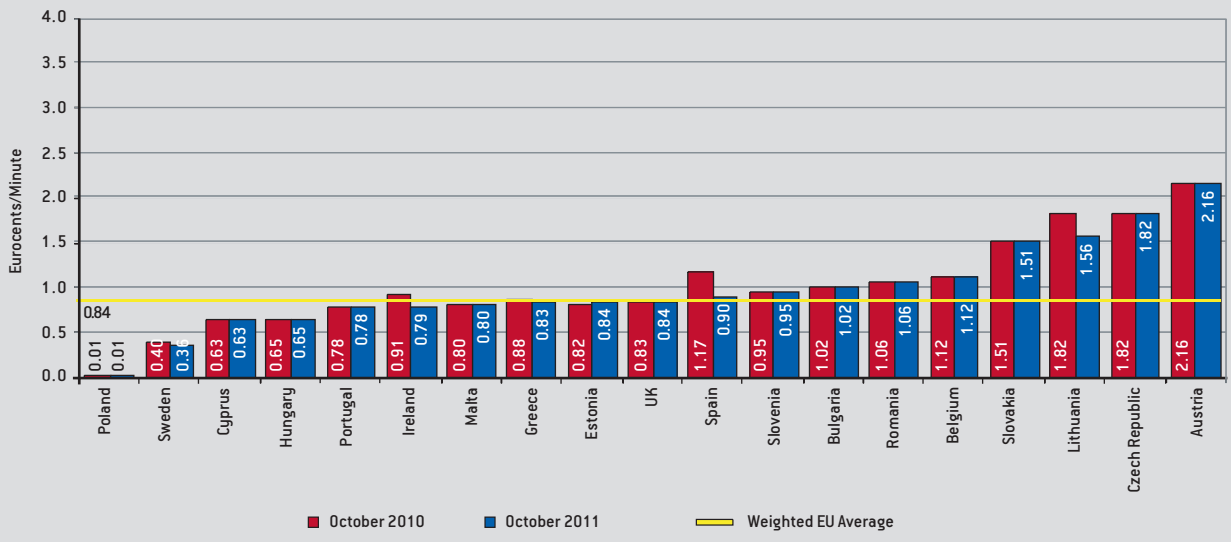
Source: European Commission (Digital Agenda Scoreboard 2012)

Chart 1.55. Single Interconnection Fees (2011)



Source: European Commission (Digital Agenda Scoreboard 2012)

Chart 1.56. Double Interconnection Fees (2011)



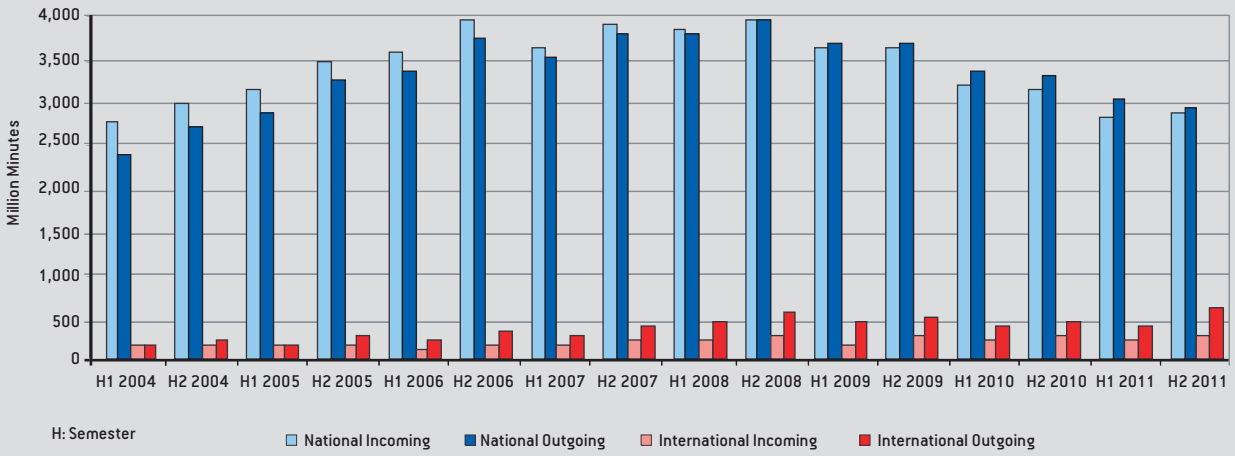
Source: European Commission (Digital Agenda Scoreboard 2012)

1.10.2. Mobile Telephony

The Interconnection traffic for MTOs (on-net traffic not included) fell slightly in 2011, as shown in Chart 1.57. which presents the national and international Interconnection traffic (both incoming and outgoing). In total, the fall amounted to 8% compared to the 2010 figures and is equivalent to a 1.4 billion minutes reduction on an annual basis. Additionally, national outgoing traffic fell by 11% and national incoming traffic by 10%. Chart 1.58. shows on-net traffic for the three MTOs which reached 21.1 billion minutes in 2011 and rose by a further 7% compared to 2010 (approximately 1.4 billion minutes), thus amounting to 64% of the total Interconnection traffic (which includes incoming and outgoing traffic). Moreover, the gradual reduction in the termination fees of mobile telephony networks continued in 2011, as shown in Chart 1.59.

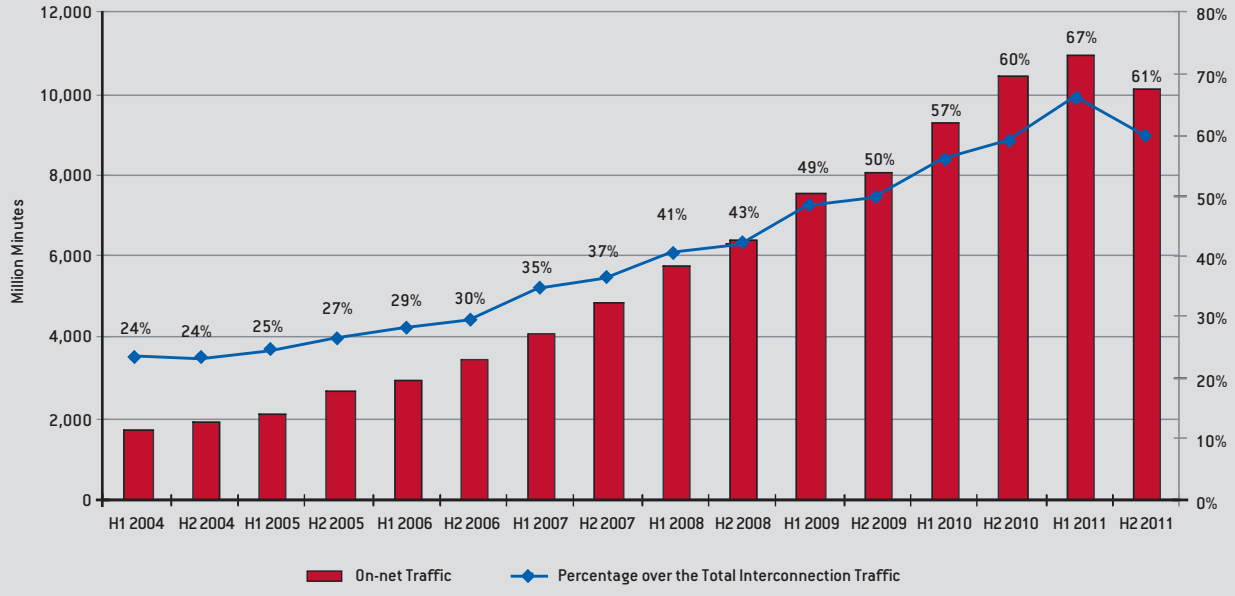
Finally, Chart 1.60. presents the Average National Termination Fee on mobile telephony networks for the 27 EU member states (data as of October 2011). Greece is the 7th most expensive country with an average termination fee of 4.95 eurocents/minute compared to 3.87 of the European average. Its distance from the European average (Chart 1.61.) persists, given that in 2011 Greece was more expensive than the European average by 28% (compared to 14.3% in 2010). The increase of this divergence is mostly due to the fact that certain countries have already implemented the European Recommendation on Termination Fees, which resulted in their sharp fall. A similar fall is also expected in Greece until the end of 2012, and this is supposed to reduce significantly the above-mentioned divergence.

Chart 1.57. Interconnection Traffic of the Mobile Telephony Operators



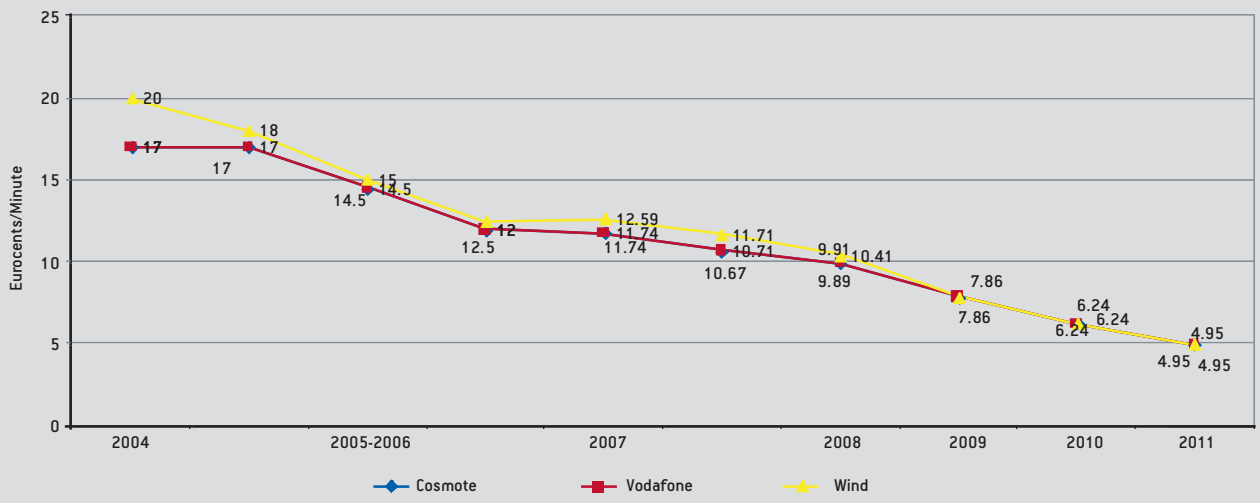
Source: EETT (based on mobile operators' data)

Chart 1.58. On-net Traffic of the Mobile Telephony Operators



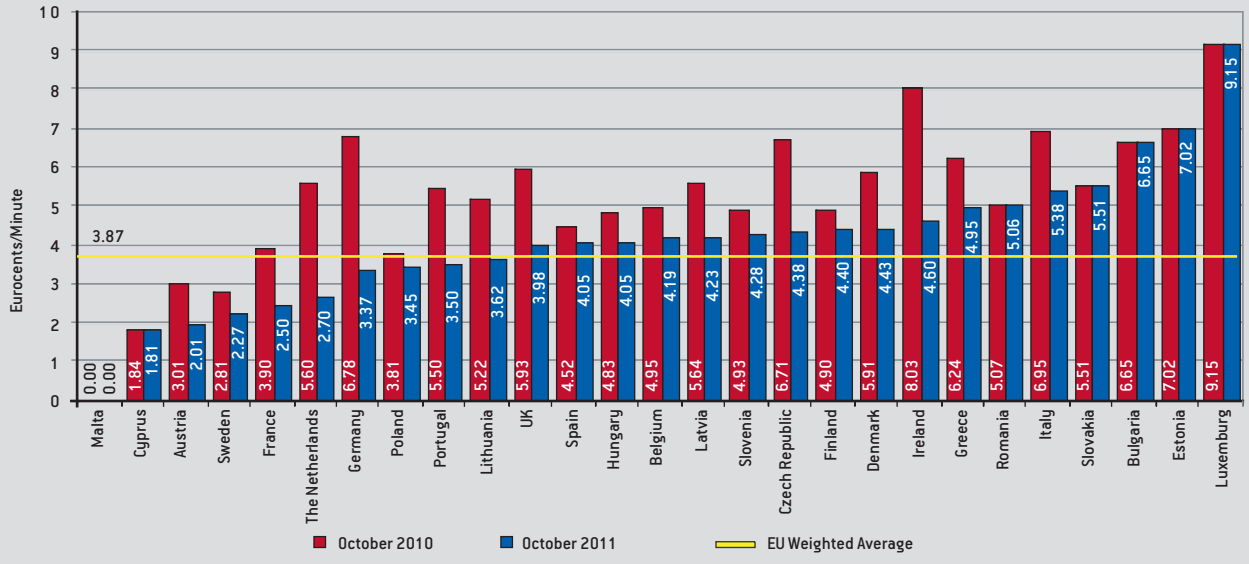
Source: EETT (based on mobile operators' data)

Chart 1.59. Mobile Termination Fees



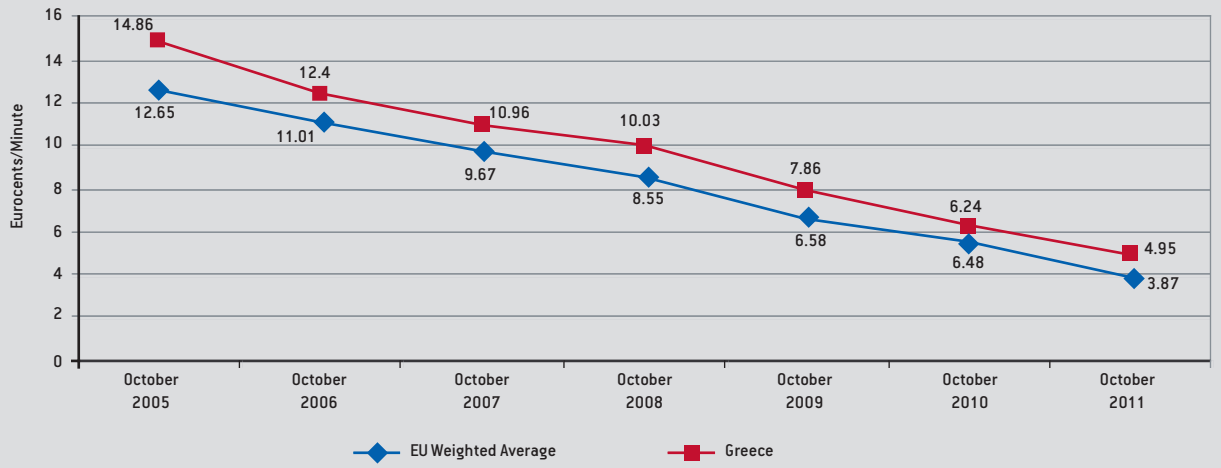
Πηγή: ΕΕΤΤ Source: EETT

Chart 1.60. Average National Termination Fee for Call Termination on Mobile Networks



Source: European Commission (Digital Agenda Scoreboard 2012)

Chart 1.61. Average National Termination Fee for Call Termination on Mobile Networks (Greece)



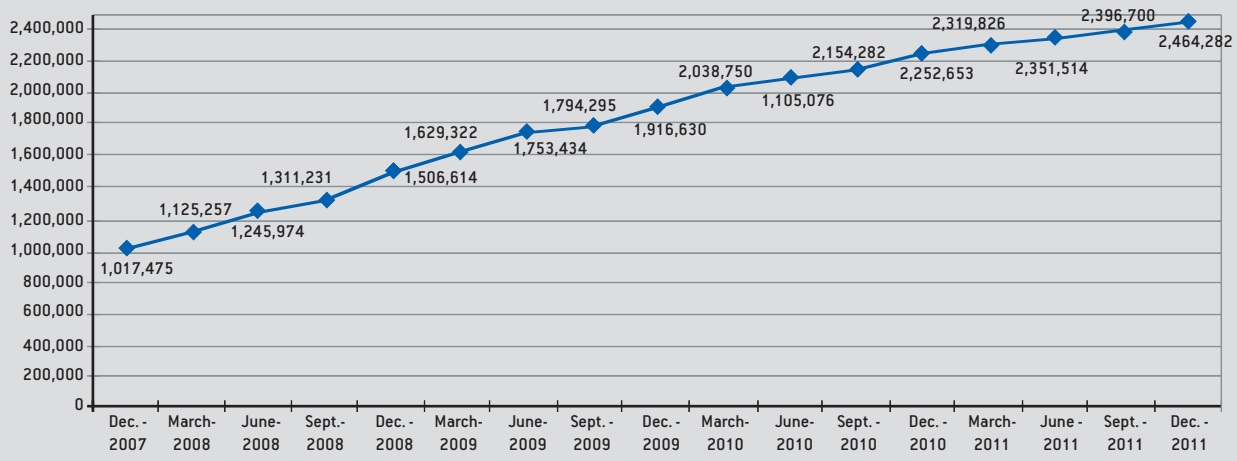
Source: European Commission (Digital Agenda Scoreboard 2012)

1.11. Broadband

1.11.1. Evolution of Broadband Lines

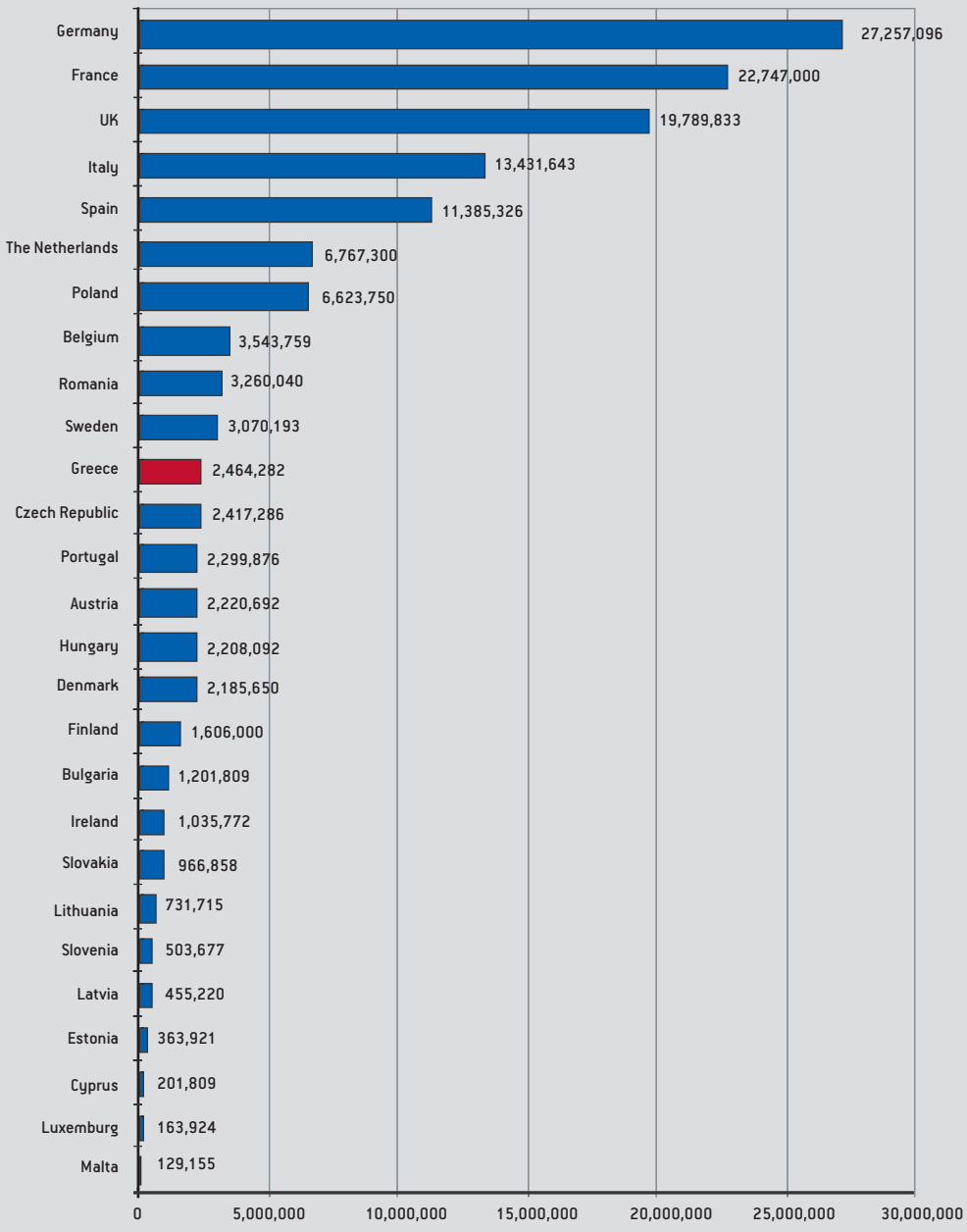
Broadband connections reached 2,464,282 at the end of 2011 compared to 2,252,653 at the end of 2010, registering an increase of 9.4% (Charts 1.62. and 1.63.). Broadband penetration amounted to 21.8% compared to 19.9% in 2010 (Chart 1.64.). The growth of the broadband penetration rate in Greece during 2011 (1.8%) was the 4th highest in the EU and substantially higher than the European average (1.2%), which is an indication of the ongoing convergence of Greece with the rest of Europe (Charts 1.65. and 1.66.). As a result of this progress, Greece improved its ranking among EU states and reached the 21st place compared to the 22nd place at the end of 2010. However, it should be noted that the growth rate of broadband penetration is constantly declining (from 4.7% in 2007 to 1.8% in 2011) despite the relatively low level of broadband penetration in Greece (Chart 1.66.).

Chart 1.62. Broadband Lines



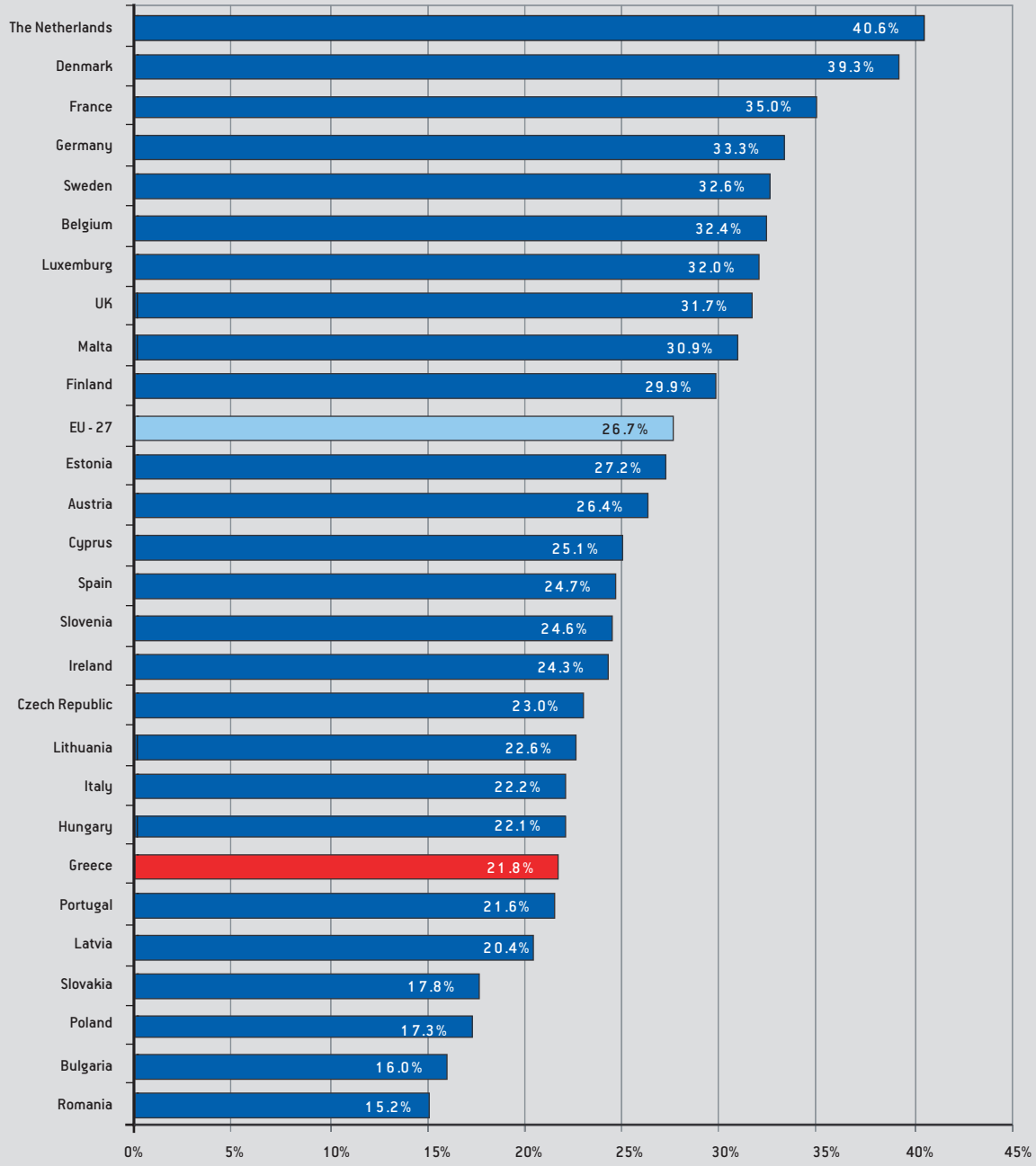
Source: EETT (based on the licensed operators' data)

Chart 1.63. EU Broadband Lines by Member State on 01/01/2012



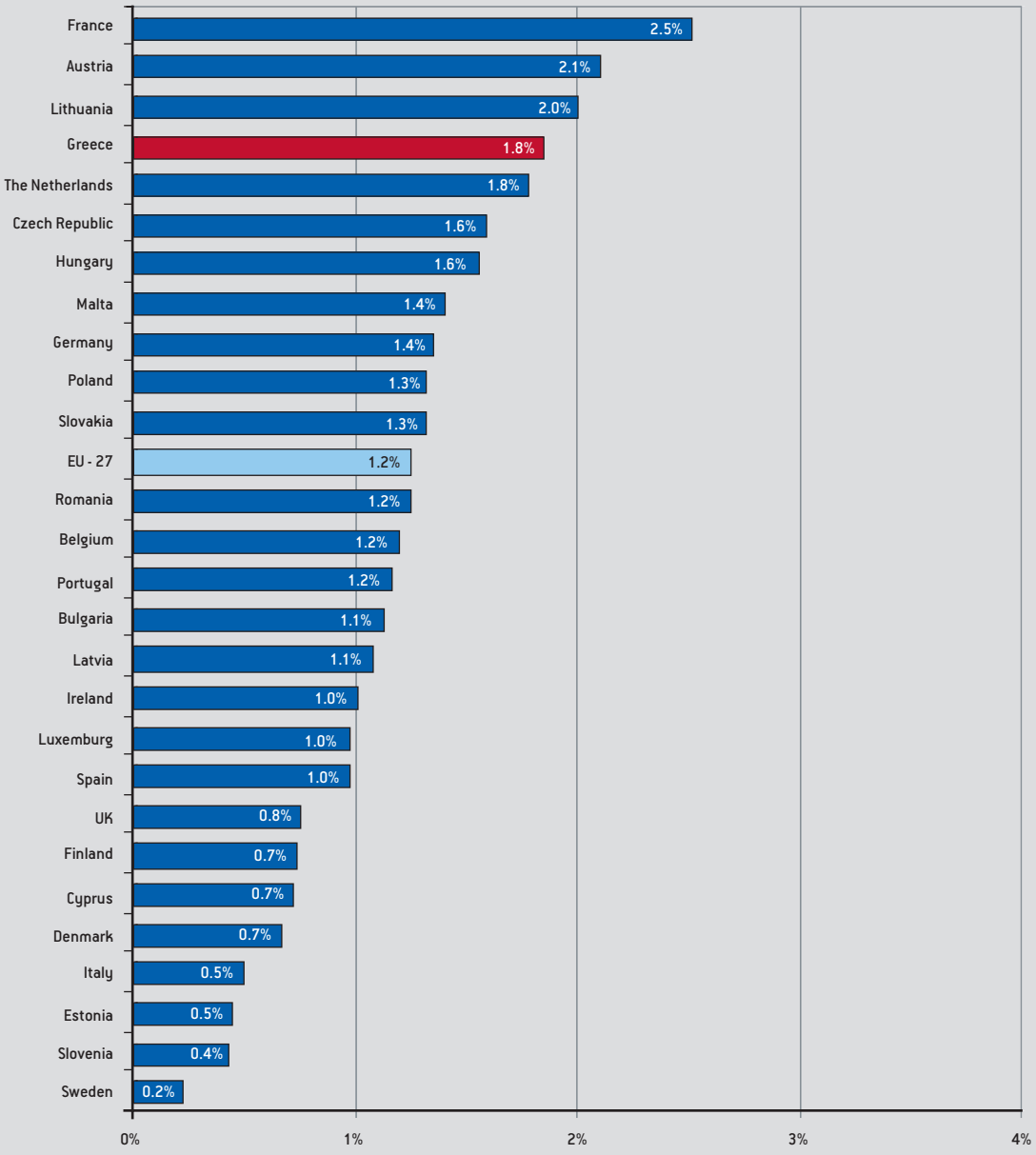
Source: European Commission (Digital Agenda Scoreboard 2012)

Chart 1.64. Broadband Penetration Rate on 01/01/2012



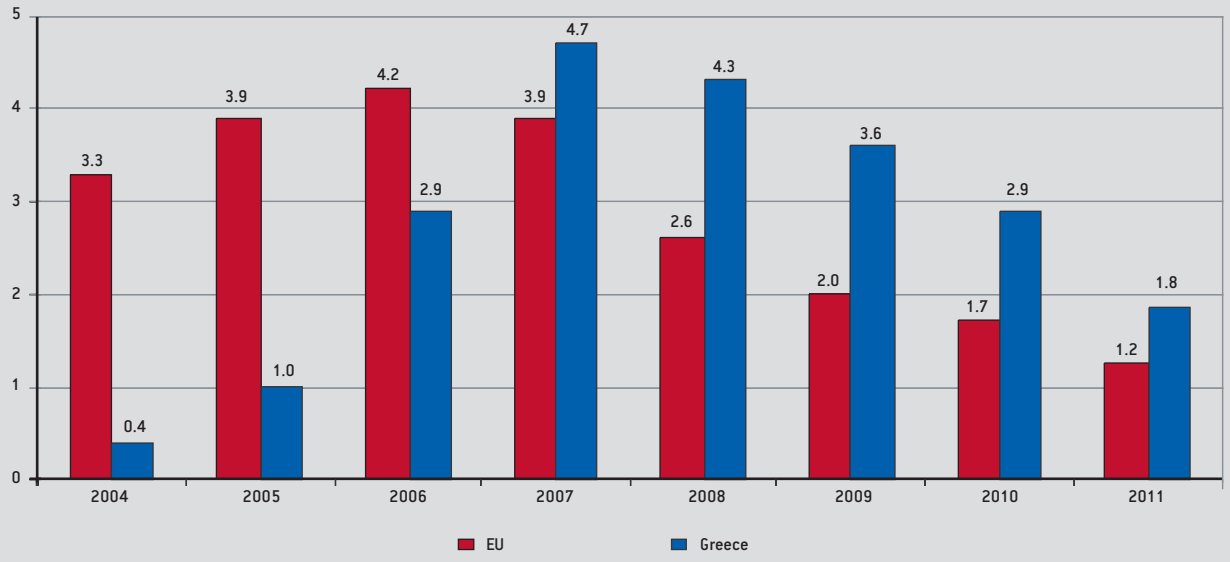
Source: European Commission (Digital Agenda Scoreboard 2012)

Chart 1.65. Increase of Broadband Penetration Rate in EU Member States (2011)



Source: European Commission (Digital Agenda Scoreboard 2012)

Chart 1.66. Annual Increase of Broadband Penetration Rate in Greece and the EU (broadband lines per 100 inhabitants)

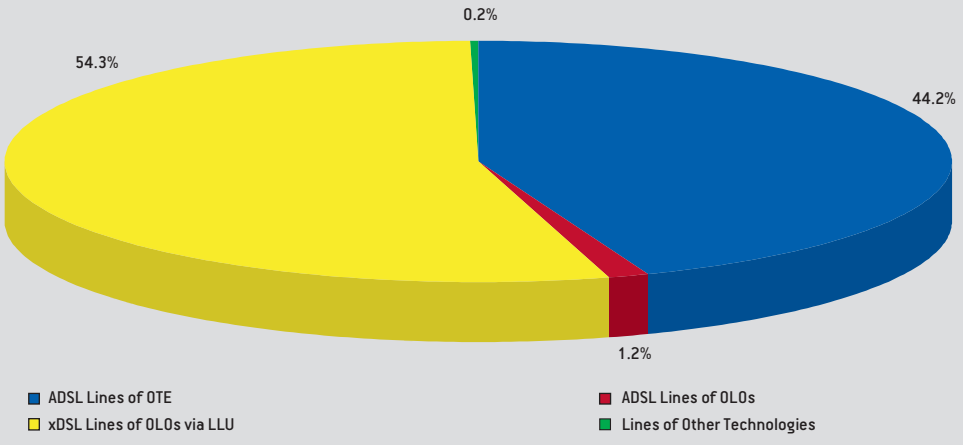


Source: European Commission (Digital Agenda Scoreboard 2012)

1.11.2. Broadband Lines per Technology

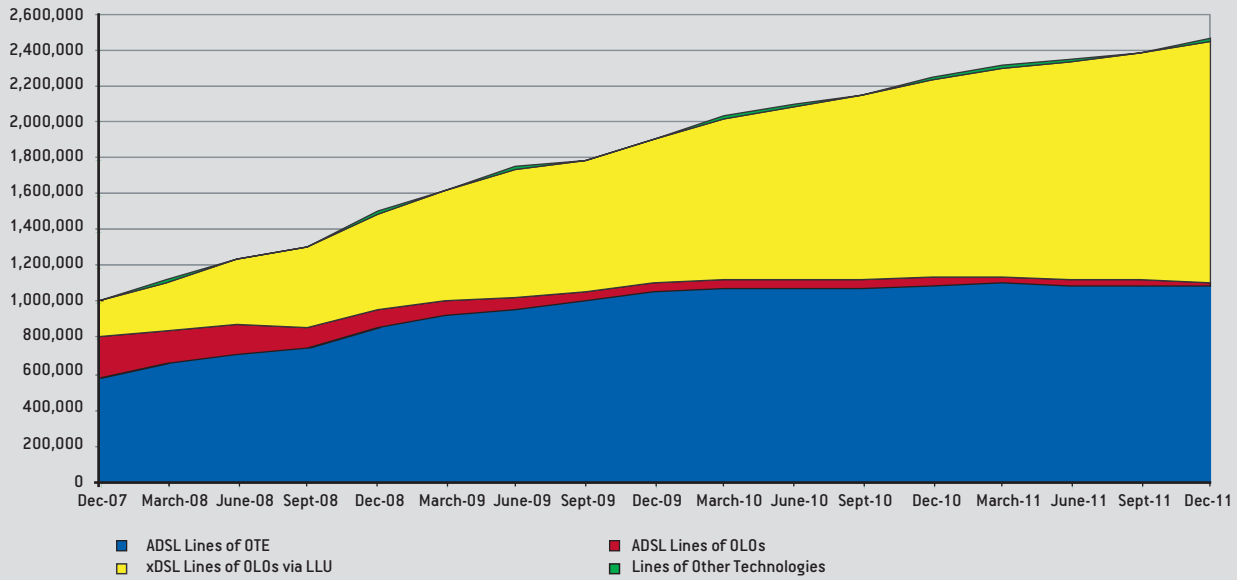
At the end of 2011, the percentage of xDSL access via LLU amounted to 54.3% of broadband lines, emerging as the main technology for broadband access. In contrast, the percentage of OTE's retail ADSL lines on 31/12/2011 fell even further to 44.2% compared to 48.9% on 31/12/2010, while ADSL lines reached 1.22% compared to 1.66% at the end of 2010 (Charts 1.67. to 1.69.). Lastly, the level of broadband lines of other technologies remains very low at a percentage of less than 0.5%.

Chart 1.67. Distribution of Broadband Lines per Technology (December 2011)



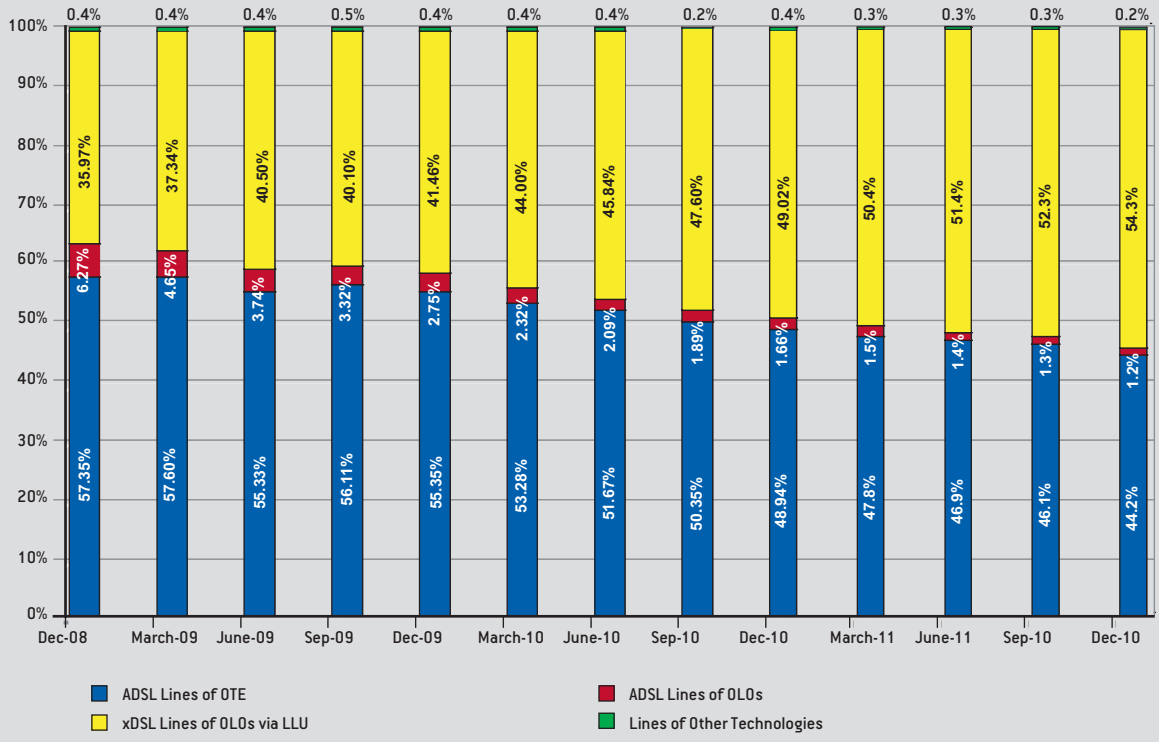
Source: EETT (based on the licensed operators' data)

Chart 1.68. Broadband Lines per Technology



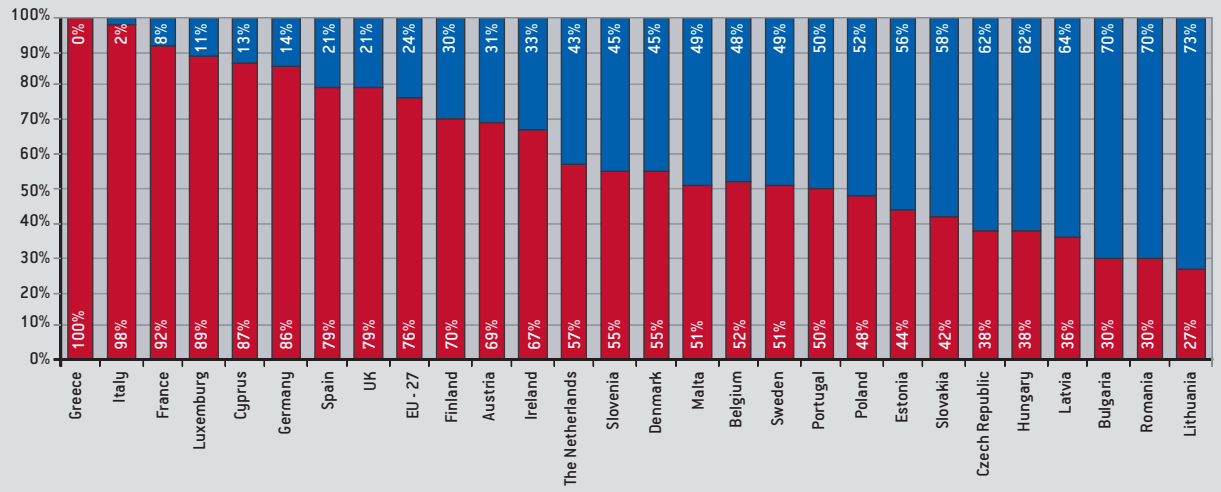
Source: EETT (based on the licensed operators' data)

Chart 1.69. Distribution of Broadband Lines per Access Type



Source: EETT (based on the licensed operators' data)

Chart 1.70. Distribution of Broadband Lines per Technology (December 2011)

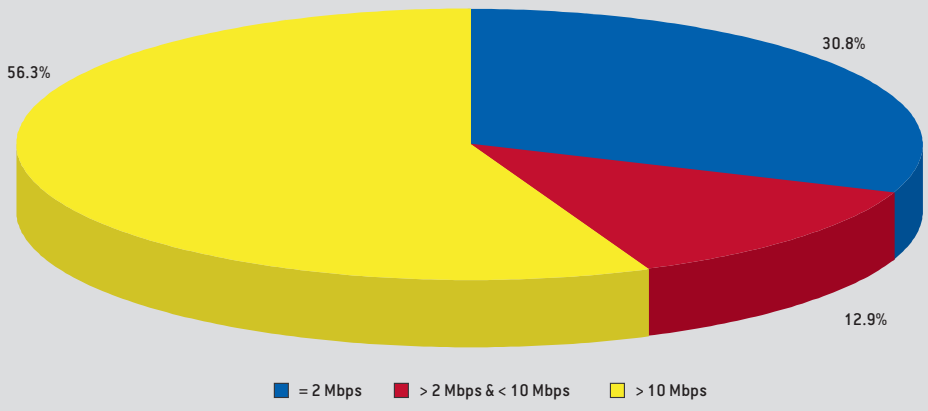


Source: European Commission (Digital Agenda Scoreboard 2012)

1.11.3. Speeds of Broadband Lines

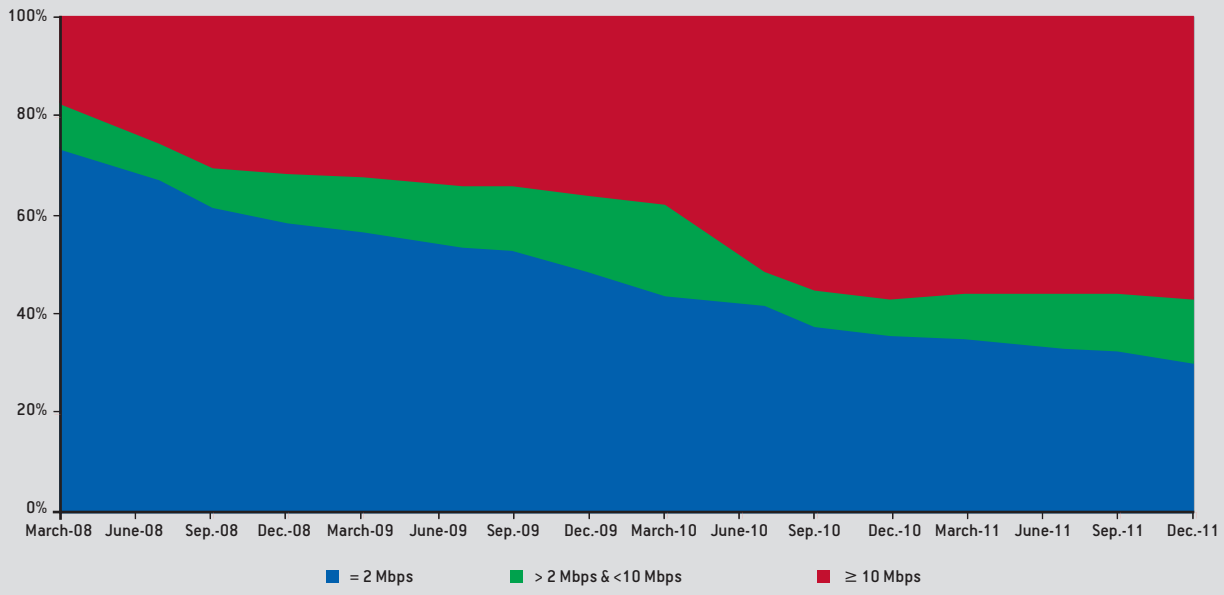
Chart 1.71. presents the distribution of all broadband lines by access speed. Most broadband lines (56%) operate at speeds (download) of more than 10 Mbps (56%), 13% of lines operate at speeds ranging from 2 to 10 Mbps, and the remaining 31% of lines operate at speeds up to 2 Mbps. Chart 1.72. presents the progress of broadband lines per category of access speed, showing that the percentage of high access speeds (>10 Mbps) remained at approximately the same level throughout 2011, while the percentage of medium speed lines (2-10 Mbps) increased at the expense of low speed lines (2 Mbps). Similarly, the average speed of ADSL lines (wholesale and retail) exceeded 10 Mbps (Chart 1.73.).

Chart 1.71. Percentage Distribution of Broadband Line Speeds (December 2011)



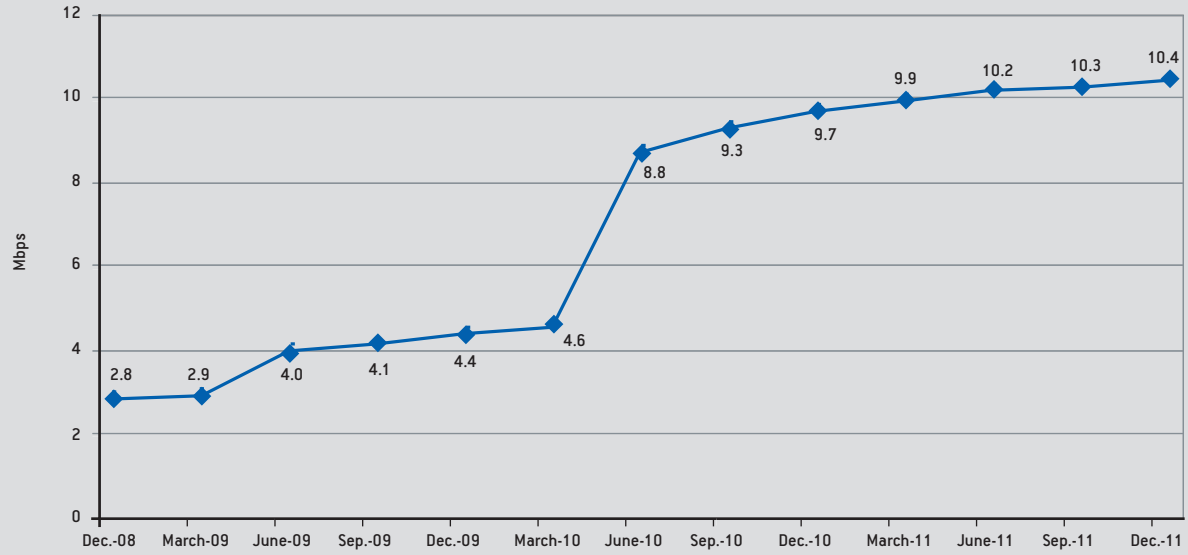
Source: EETT (based on the licensed operators' data)

Chart 1.72. Broadband Line Speeds



Source: EETT (based on the licensed operators' data)

Chart 1.73. Average Access Speed

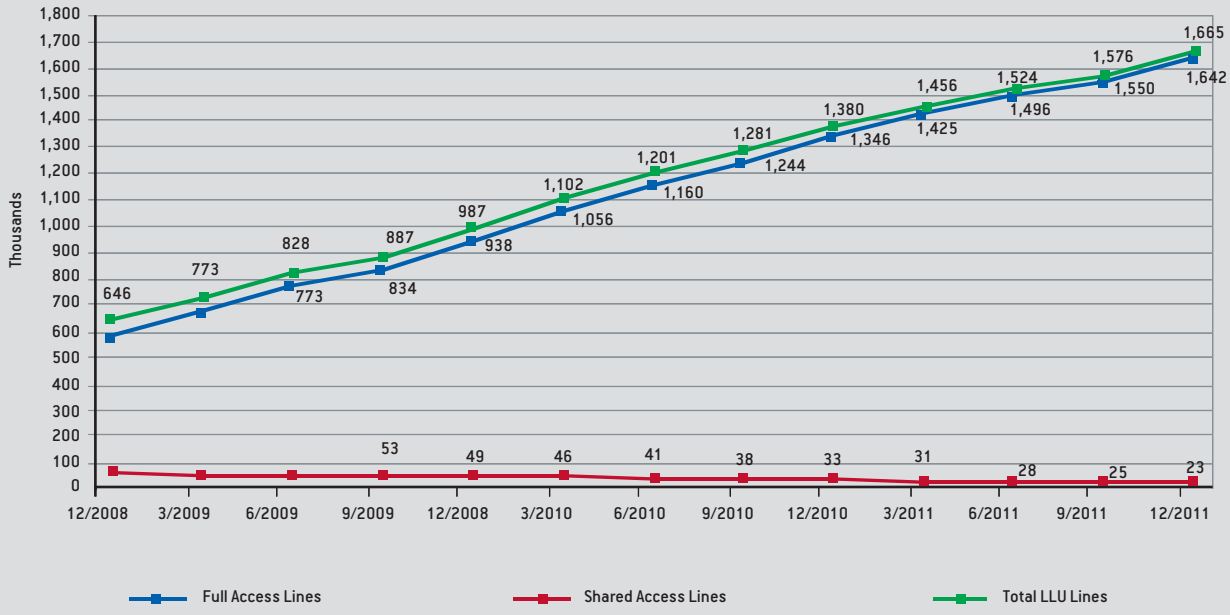


Source: EETT (based on the licensed operators' data)

1.11.4. Local Loop Unbundling

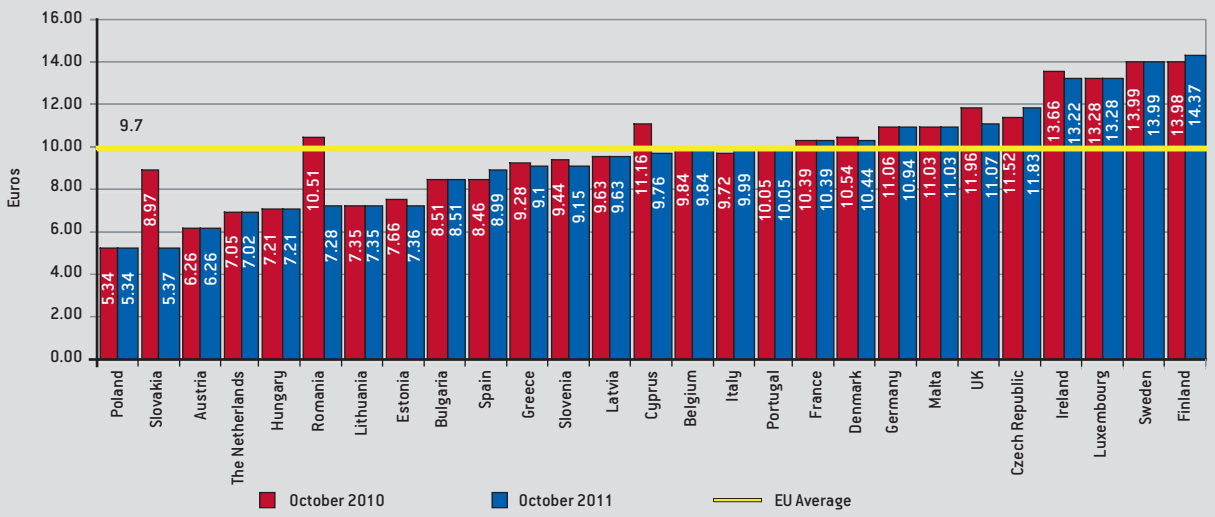
ADSL access via LLU (Chart 1.74.) kept rising during 2011 and reached 1,665,255 lines at the end of the year compared to 1,379,743 lines at the end of 2010, registering a 21% increase approximately (the respective increase for 2010 was around 40%). It should be noted that this increase is entirely due to full access lines, which rose by 22% in comparison with the end of 2010 (they reached 1,642,183 compared to 1,346,493 on 31/12/2010). On the other hand, the shared access lines kept falling and reached 23,072 lines on 31/12/2011 compared to 33,250 lines on 31/12/2010 (a 30.6% reduction). The average monthly access cost for a LLU line in Greece amounted to 9.1 euros compared to 9.7 euros of the European average, making Greece the 12th most affordable country of the EU (Chart 1.75.). The relevant price for 2010 amounted to 9.28 euros. In contrast, the average monthly access cost for a shared access LLU line reached 3.87 euros compared to 2.9 euros of the European average, making Greece the 10th most expensive country in the EU (Chart 1.76.). The relevant price for 2010 amounted to 3.62 euros (an increase by 7%).

Chart 1.74. LLU Lines



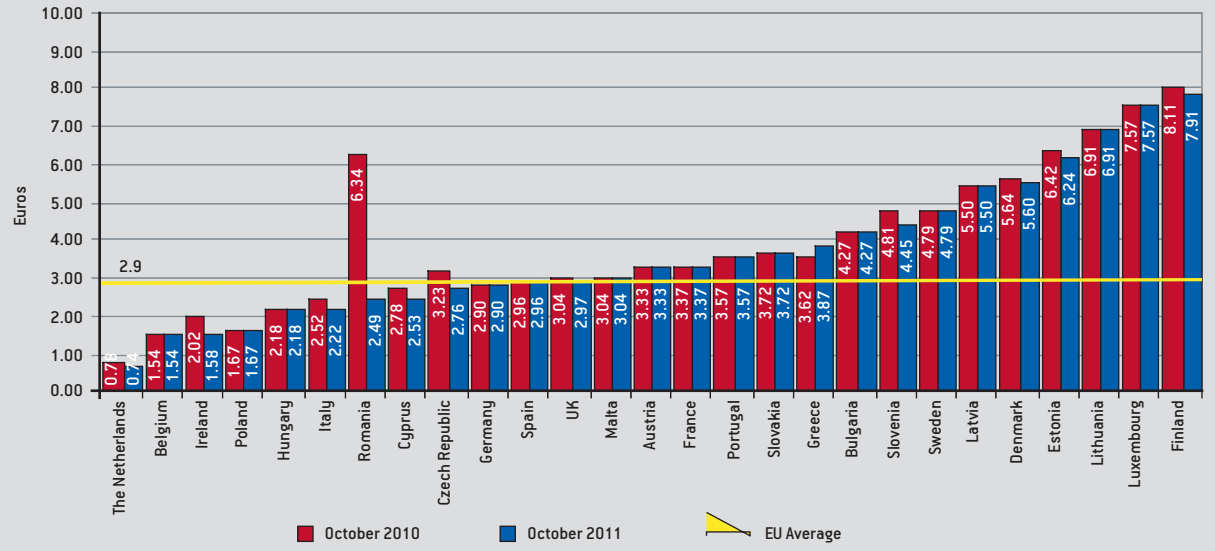
Source: EETT (based on the licensed operators' data)

Chart 1.75. Monthly Average Total Cost per Fully Unbundled Loop



Source: European Commission (Digital Agenda Scoreboard 2012)

Chart. 1.76. Monthly Average Total Cost per Shared Access

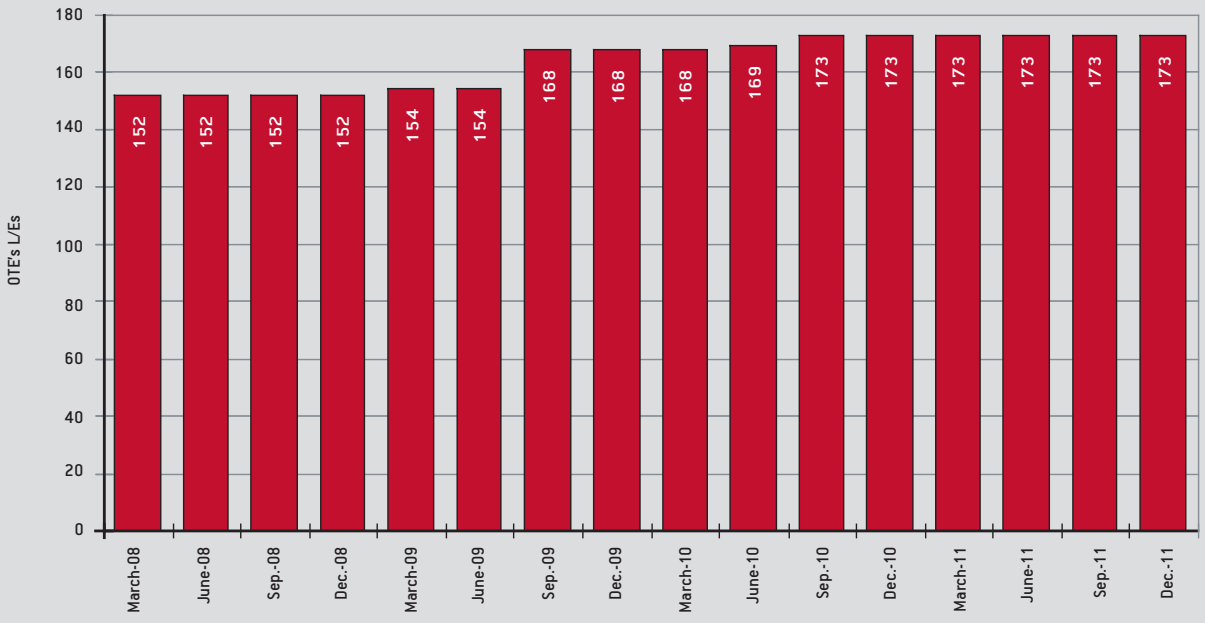


Source: European Commission (Digital Agenda Scoreboard 2012)

1.11.5. Collocation

Chart 1.77. presents the progress of OTE's Local Exchanges (L/E) providing physical collocation to OLOs, whose number remained stable at 173 in 2011.

Chart 1.77. Physical Collocation



Source: EETT (based on the licensed operators' data)

2. Postal Services Market

2. The Postal Services Market

In 2011, EETT contributed significantly to the Draft Law regarding the Organization of the Postal Services Sector by highlighting the need for amending certain points with a view to fully harmonizing the Draft Law with European Law. The proposals prepared and submitted by EETT aimed at ensuring the competitive development of the postal market in view of its full liberalization after January 1, 2013, on the one hand, and high standards in the provision of the Universal Service (US) throughout the Greek territory for the benefit of consumers, on the other hand.
It must be noted that the Greek postal market is divided to the following two sub-markets: a) the US, which includes the Universal Service Provider (USP) and postal service providers with Individual License and b) the Courier Market, which is consisted by all the postal services providers under General Authorization.
The Courier market is fully liberalized. In contrast, in the US market, the USP (ELTA) monopolizes the handling of postal items weighing up to 50gr. However, this restriction is not applied if the price is equal to or greater than 2.5 times the basic fee for domestic firstpriority letters weighing 20gr. These restrictions (in weight and price) will be lifted after 01/01/2013 following the full liberalization of the postal market.

2.1. The Greek Postal Market

For 2011, the total revenues of the postal market reached the amount of 641 million euros amounting to the distribution of 590 million items. The decline in postal traffic observed in 2011 concerns both revenues (-9.1% compared to 2010) and the number of postal items handled (-13.0% compared to 2010). This reduction was mainly attributed to the USP and to a lesser extent to Courier companies.

Table 2.1. Postal Market Volume (in items)

	2010	2011	2011/10
USP	622,525,829	531,342,754	-14.6%
Individual License	6,765,362	10,933,377	61.6%
General Authorisation (Courier)	49,186,647	48,286,382	-1.8%
Total	**678,477,838**	**590,562,513**	**-13.0%**

Source: EETT (based on postal service providers' data)

Table 2.2. Postal Market Revenues (in euros)

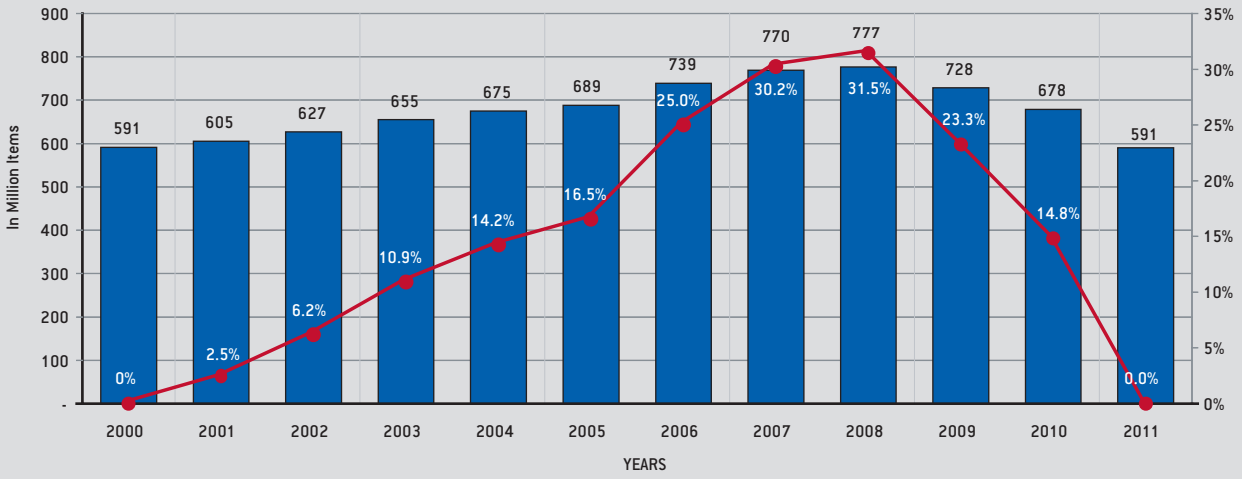
	2010	2011	2011/10
USP	417,133,906	370,863,941	-11.1%
Individual License	2,497,758	4,066,429	62.8%
General Authorisation (Courier)	286,149,110	266,611,909	-6.8%
Total	**705,780,774**	**641,542,279**	**-9.1%**

Source: EETT (based on postal service providers' data)

2.2. Postal Market Evolution in Items

The decline in the handling of postal items, which was first noticed in 2009, persisted in 2011. The postal items handled in total (letter post and parcels) amounted to 591 million items, which means that the market returned to the level of 2000.

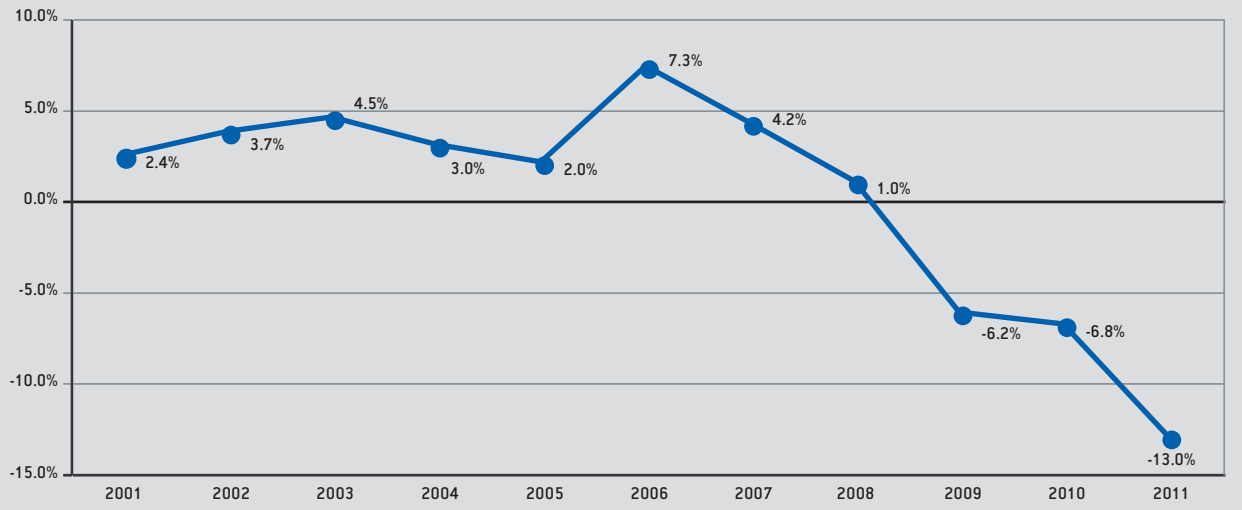
Chart 2.1. Postal Market Volume Evolution (base year 2000)



Source: EETT (based on postal service providers' data)

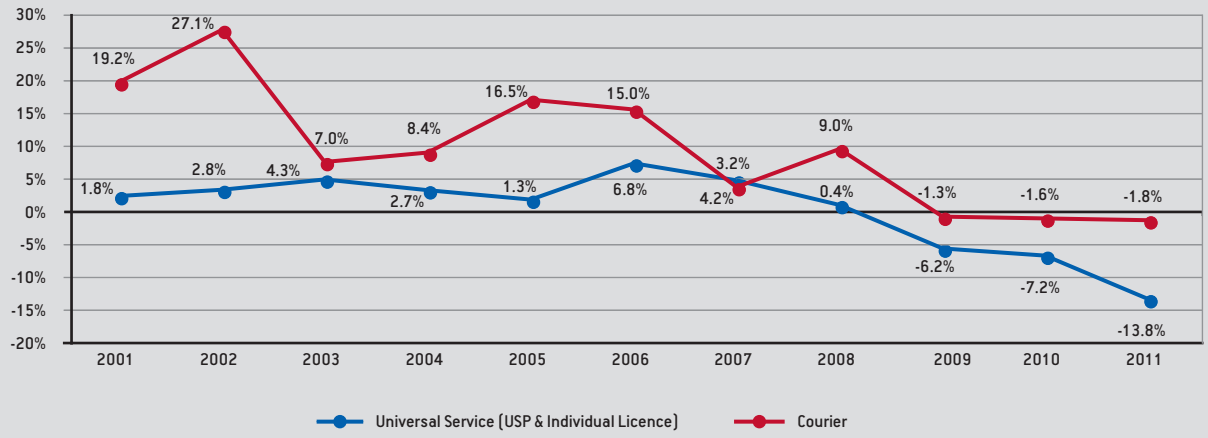
In 2011, the postal items presented an impressive fall by 13% compared to 2010, amounting to 88 million euros. It should be noted that this decline came from letter post.

Chart 2.2. Annual Growth of Postal Market in items (2001-2011)



Source: EETT (based on postal service providers' data)

Chart 2.3. Annual Growth of the US and Courier in items

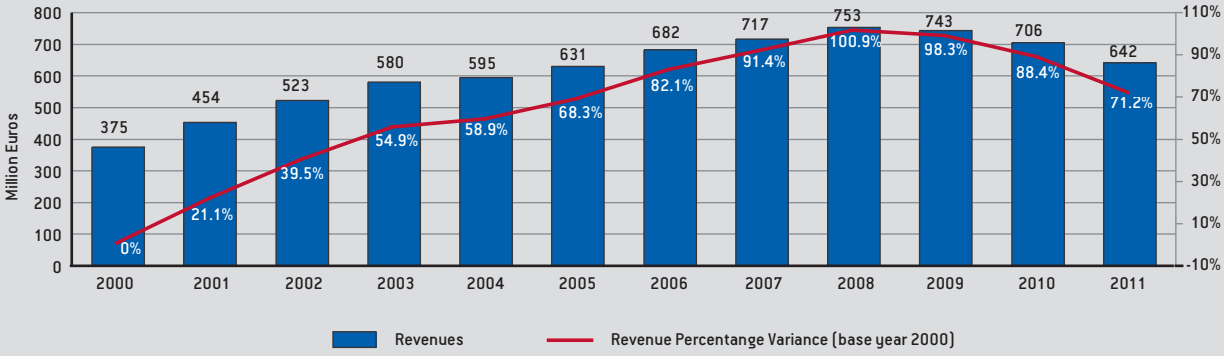


Source: EETT (based on postal service providers' data)

2.3. Postal Market Evolution in Revenues

Just as with the number of postal items, the decline in revenues, which was first noticed in 2009, persisted in 2011. In total, the value of the postal market decreased by 64 million euros compared to 2010.

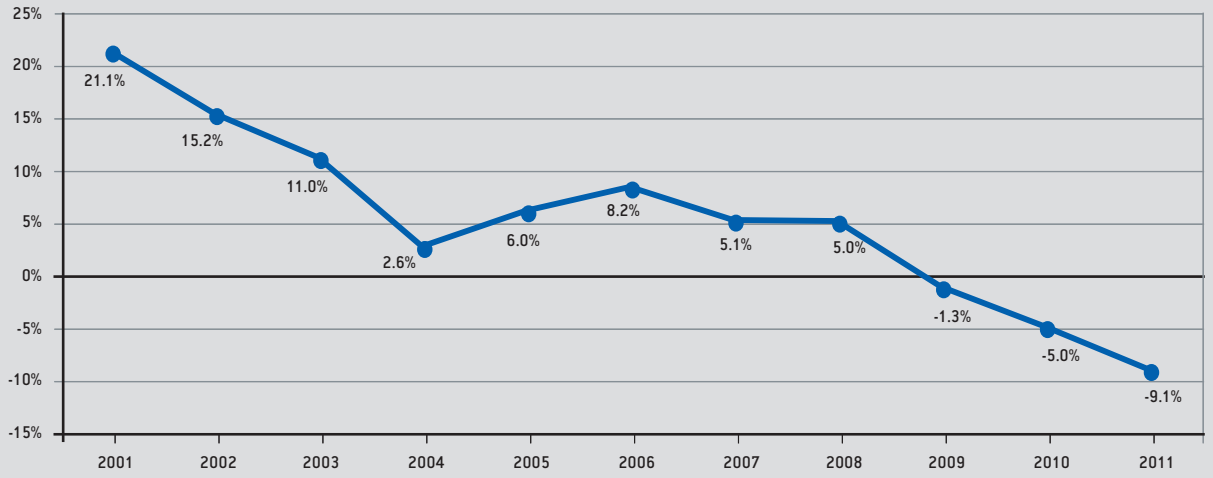
Chart 2.4. Postal Market Revenues Evolution (base year 2000)



Source: EETT (based on postal service providers' data)

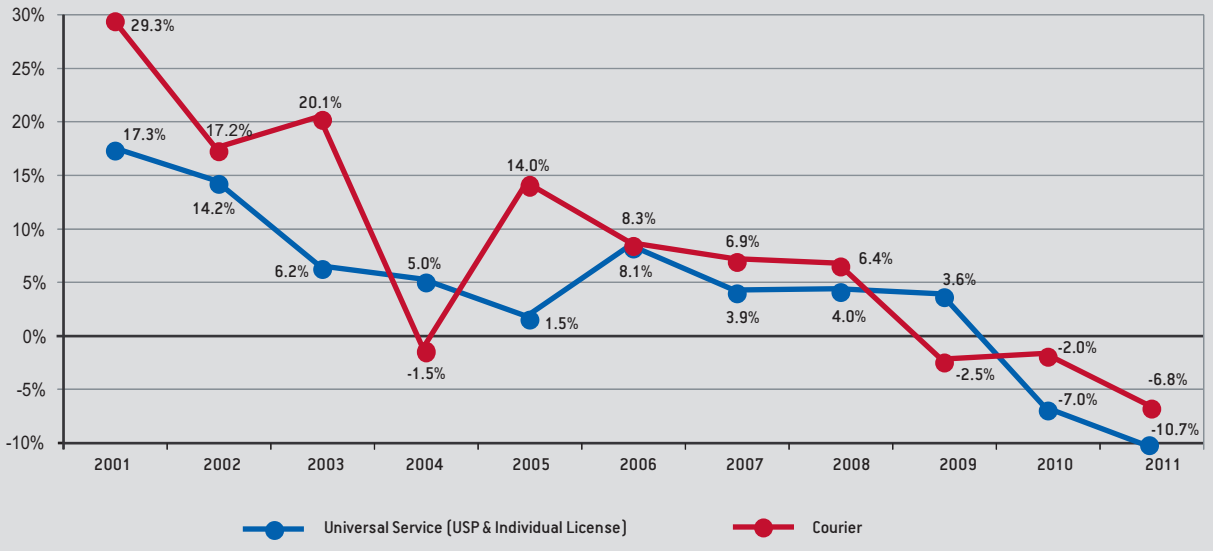
In 2011 the postal market experienced for the first time such a sharp decline in revenues, which is the result of the drop in volumes handled and of the parallel preservation of prices/tariffs on the same levels due to intense competition. Just as with the number of postal items, the USP (ELTA) experienced the greatest drop in revenues in 2011.

Chart 2.5. Annual Growth of Postal Market Revenues



Source: EETT (based on postal service providers' data)

Chart 2.6. Annual Revenues Growth of US and Courier

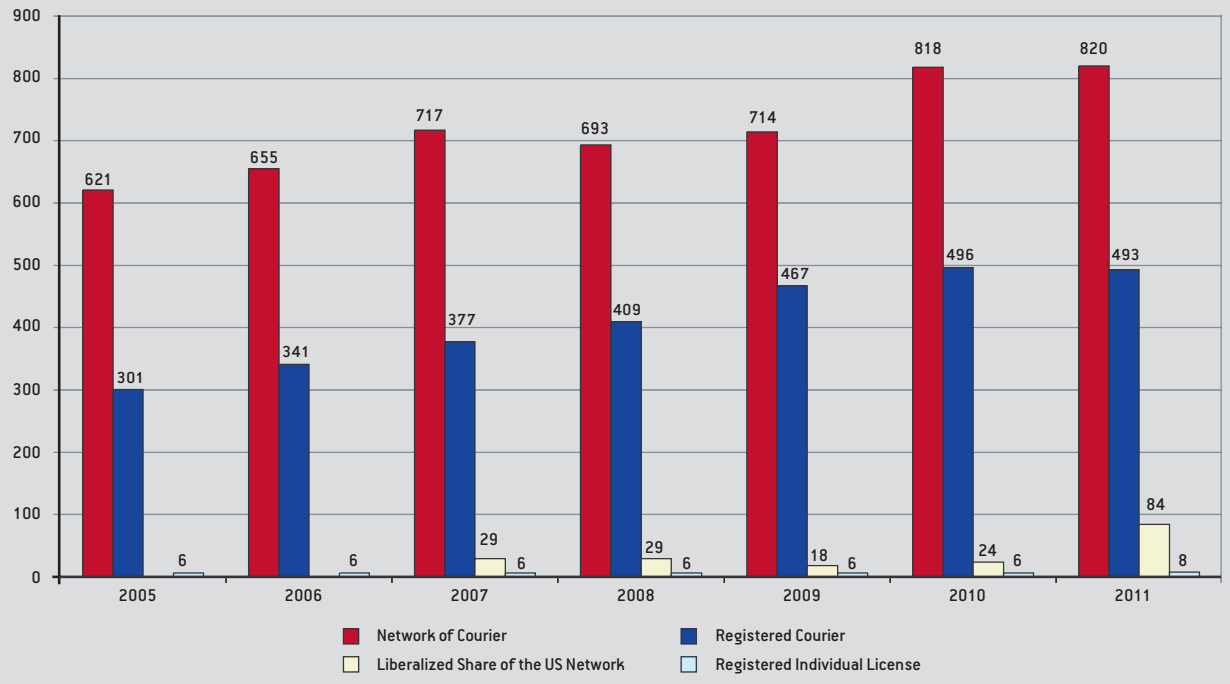


Source: EETT (based on postal service providers' data)

2.4. Postal Services Providers and Market Shares

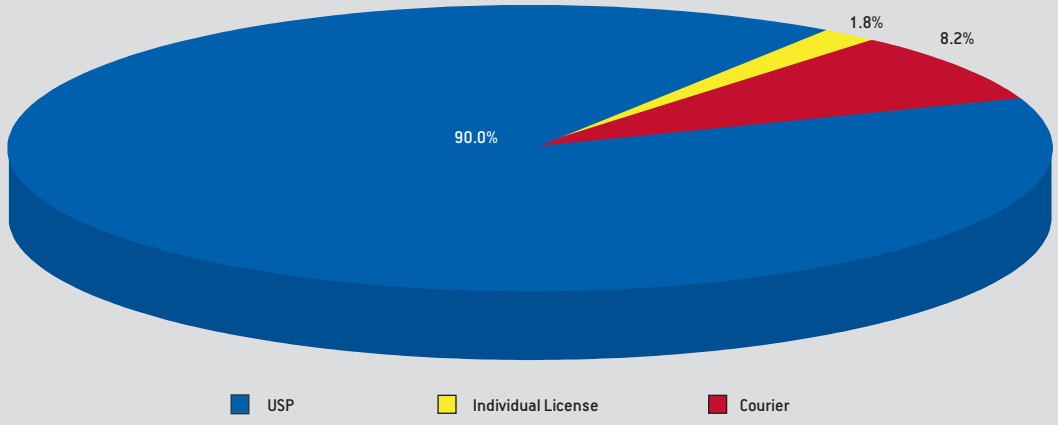
The number of postal services providers under General Authorization (Courier) enlisted in EETT's Registry (including their networks) amounted to 1,313 on December 31, 2011.

Chart 2.7. Registered Postal Service Providers (2005-2011)



The USP (ELTA) remained the market leader in 2011 with a 90% share in terms of the number of postal items handled. Courier had a 8.2% share, while postal services providers with Individual License handled 1.8% of the market.

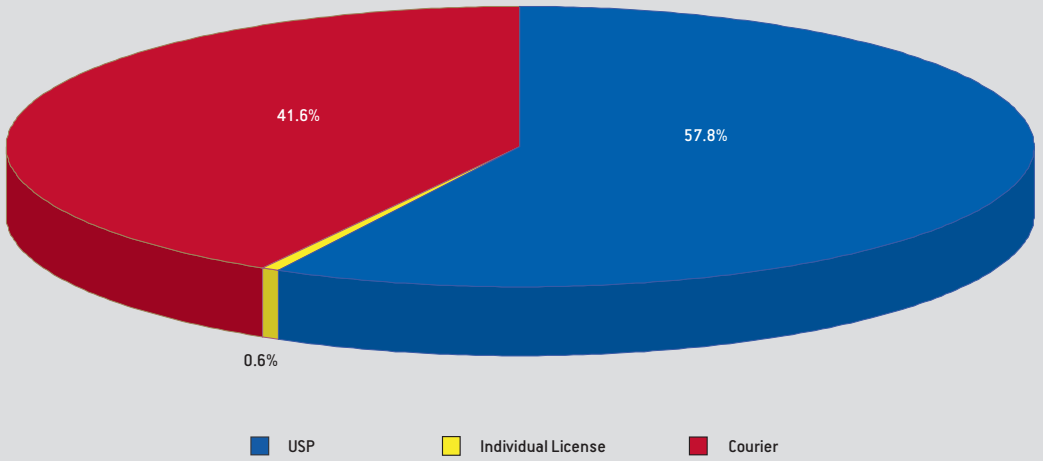
Chart 2.8. Postal Market Share in 2011 in items



Source: EETT (based on postal service providers' data)

With regard to market shares, Couriers account for a 41.6% market share and the USP (ELTA) almost 58%, while postal service providers with Individual License maintain a very small percentage.

Chart 2.9. Postal Market Share in 2011 in value

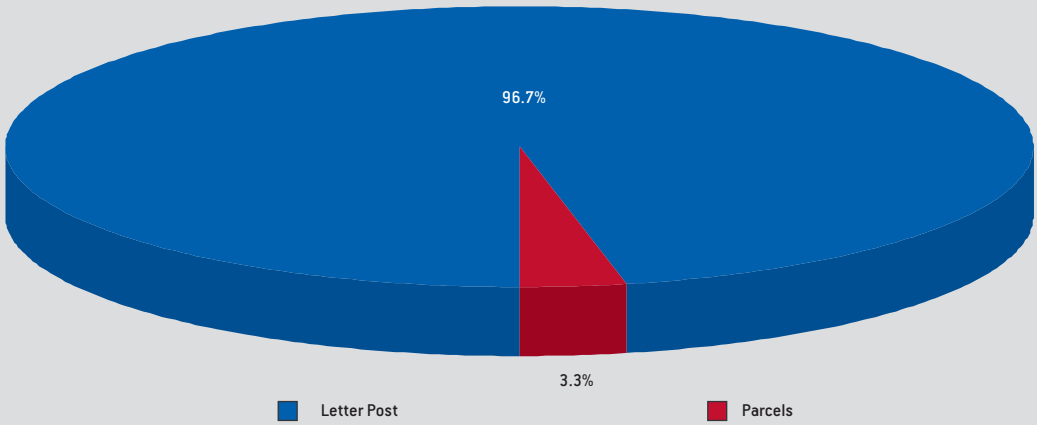


Source: EETT (based on postal service providers' data)

2.5. The Postal Market per Category of Postal Item

The main volume of postal items concerns letters which account for 96.7% of the total market in 2011. The remaining 3.3% concerns parcels.

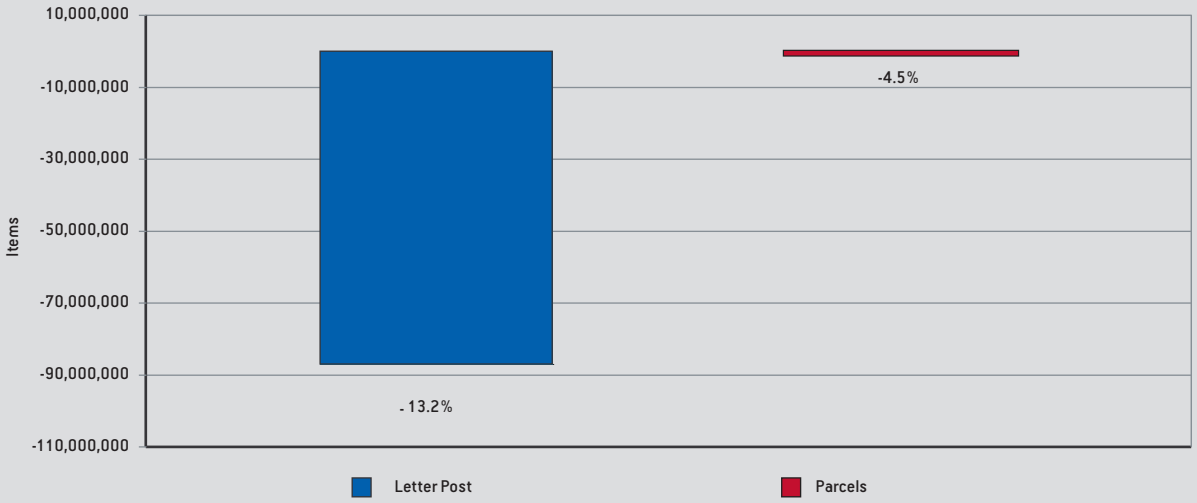
Chart 2.10. Postal Items per Category (2011)



Source: EETT (based on postal service providers' data)

It should be noted that the composition of postal items handled (letter post or parcels) was substantially altered in 2011 compared to 2010. More specifically, letter post decreased by 87 million items (-13.2% compared to 2010), whereas parcels decreased by 0.9 million items (-4.5% compared to 2010).
The decline in the number of letters handled is also observed at the European level, mostly due to substitution by email.

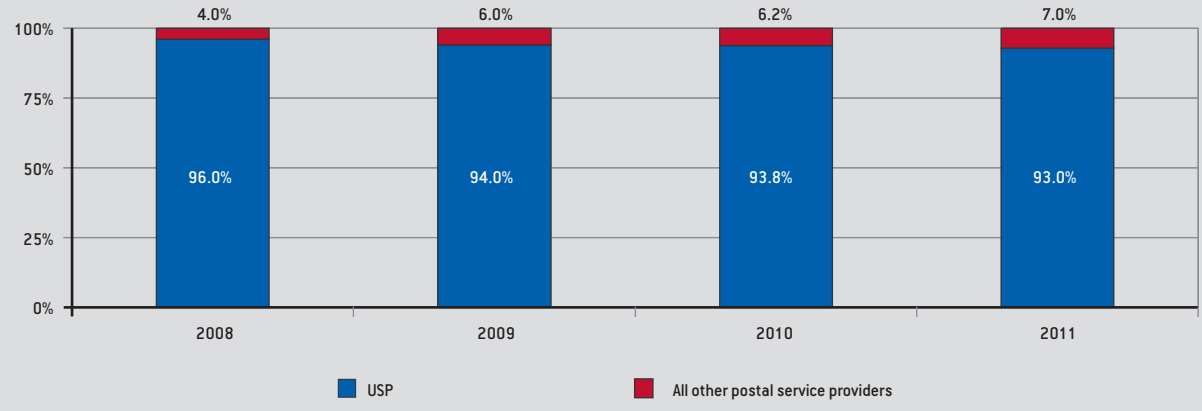
Chart 2.11. Postal Items Volume Change (2011 vs 2010)



Source: EETT (based on postal service providers' data)

With regard to letter post, the USP (ELTA) dominates the market by handling 93% of the total volume of letters in the Greek postal market. It is for this reason that ELTA suffered a much greater drop in the category of letter post, with 91 million letters less than in 2010. All other postal operators (Courier and Individual License) which handled 7% of the total volume of letters for 2011 suffered a smaller decline (0.7 million letters).

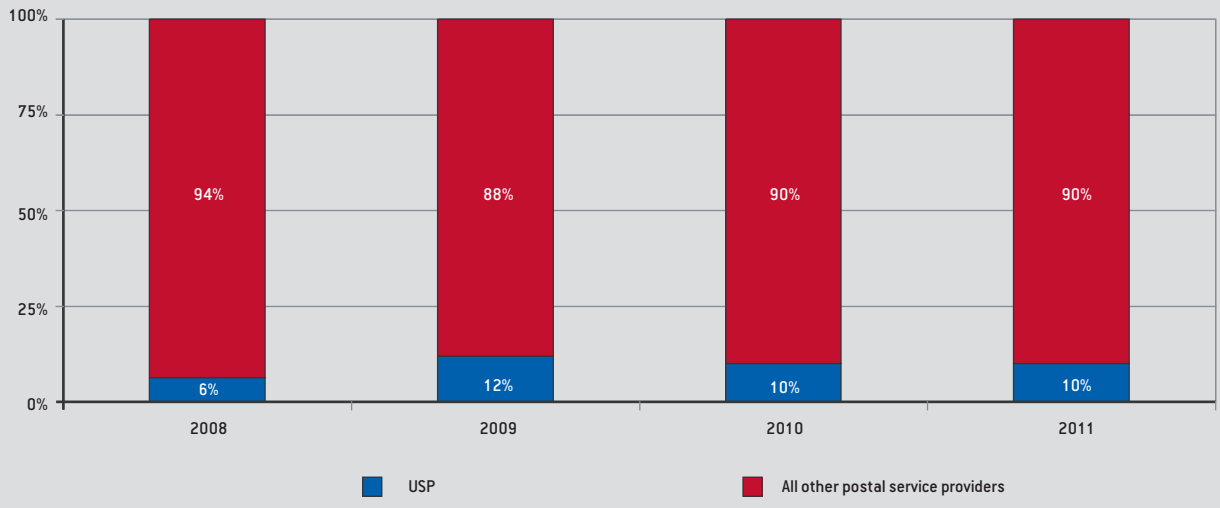
Chart 2.12. Market Share in Volume for Letter Post (2008-2011)



Source: EETT (based on postal service providers' data)

On the other hand, in the category of parcels, Courier and Individual License service providers dominate the market by handling 90% of the total volume of parcels in the Greek postal market.

Chart 2.13. Total Parcel Volume Shares (2008-2011)



Source: EETT (based on postal service providers' data)

2.6. Pricing Policy

For the consumer, the delivery of a domestic letter using Courier costs 3.47 euros on average (not including VAT), while the delivery of a domestic parcel costs 6.40 euros (not including VAT). Additionally, the delivery of a letter / parcel abroad costs six to seven times more to the consumer than the respective domestic delivery. In 2011, all prices were decreased as compared to 2010, apart from international, documents which ncreased by 1.18 euros.

Table 2.3. Average Price per Item for Courier in euros

Category of Postal Item	Destination	2008	2009	2010	2011
Letter Post	Domestic	3.50	3.57	3.60	3.47
Parcel	Domestic	7.10	8.87	7.28	6.40
Letter Post	International	13.50	23.09	23.29	24.47
Parcel	International	42.80	56.50	38.37	35.99

Source: EETT (based on postal service providers' data)

The USP's relevant prices are much lower because the services offered do not have the added-value features of Courier services.

Table 2.4. Average Price per Item for Universal Service Provider (ELTA) (in euros)

Category of Postal Item	Destination	2008	2009	2010	2011
Letter Post	Domestic	0.58	0.62	0.63	0.64
Parcel	Domestic	5.25	5.43	5.72	5.63
Letter Post	International	0.80	0.83	0.80	0.86
Parcel	International	20.37	12.92	11.99	13.13

Source: EETT (based on postal service providers' data)

The customers of Courier are mainly companies specializing in commerce and services with significant annual volumes of postal items. Hence, they have considerable bargaining power in their contracts with Courier. For 2011, customers under contract accounted for 88% of the total volume and 82% of the total value in the Courier services sector.
The trend presented in Table 2.5. is indicative. The average price is marginally rising over the years when cash is used, whereas the average price for customers under contract (on credit) is falling.

Table 2.5. Average Postal Item Prices per Customer Category for Courier (2008-2011) (in euros)

	2008	2009	2010	2011
Retail Customers (cash)	7.8	7.5	8.1	8.2
Business Customers (credit)	5.7	5.6	5.5	5.1

2.7. Employment in the Postal Market

The number of employees in the postal sector suffered a significant decline in 2011, as staff was reduced by 1,823 workers compared to 2010.

Table 2.6. Number of Employees in the Postal Market (2010-2011)

	2010	2011	2011 / 2010 (%)
USP	10,929	9,815	-10.19%
Individual License	184	187	1.63%
General Authorisation (Courier)	7,829	7,117	-9.09%
Total	**18,942**	**17,119**	**-9.62%**

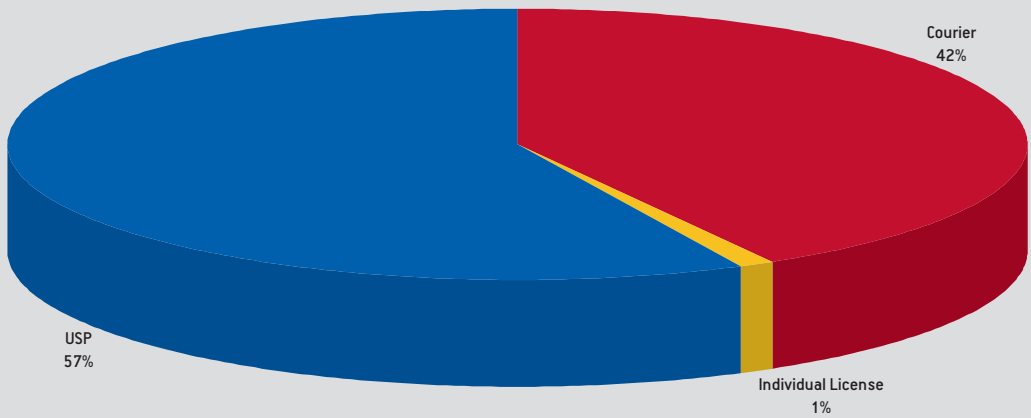
Source: EETT (based on postal service providers' data)

Chart 2.14. Employment in Postal Market (2005-2011)

Source: EETT (based on postal service providers' data)

In the postal market, 57% of all employees works for the USP, while the remaining 43% works for other postal service providers.

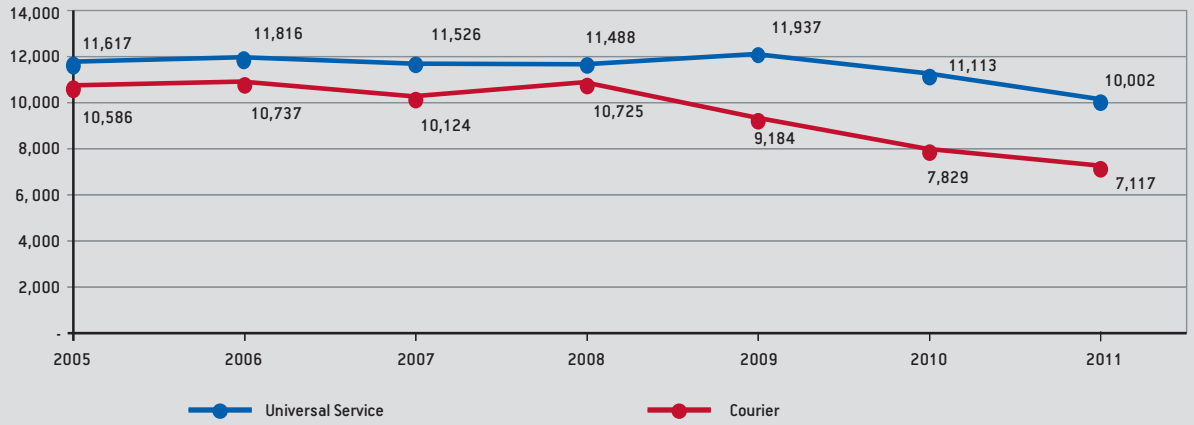
Chart 2.15. Distribution of Employees in the Postal Services Market (2011)



Source: EETT (based on postal service providers' data)

The reduction of staff ranged from 9% to 10% for both Courier and the Universal Service (US), while the number of employees working in postal operators with Individual License remained the same.

Chart 2.16. Annual Progress of Employment in the Postal Market (2005-2011)

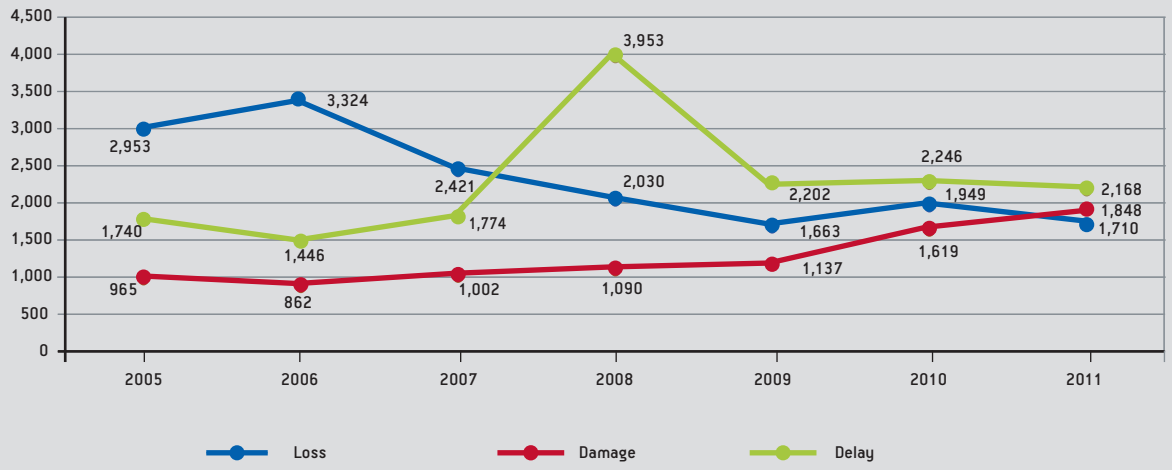


Source: EETT (based on postal service providers' data)

2.8. Customer Complaints in the Postal Market

In 2011, no significant change was generally observed regarding complaints. Most of them concerned delay in delivery, as in the previous year. Complaints about the loss of postal items were decreased by 12%. Complaints about damage of postal items were increased by 14% compared to 2010.

Chart 2.17. Customer Complaints per Category (2005-2011)



Source: EETT (based on postal service providers' data)

Amicable settlement remained the main method for resolving disputes between postal companies and users (98%) in 2011.

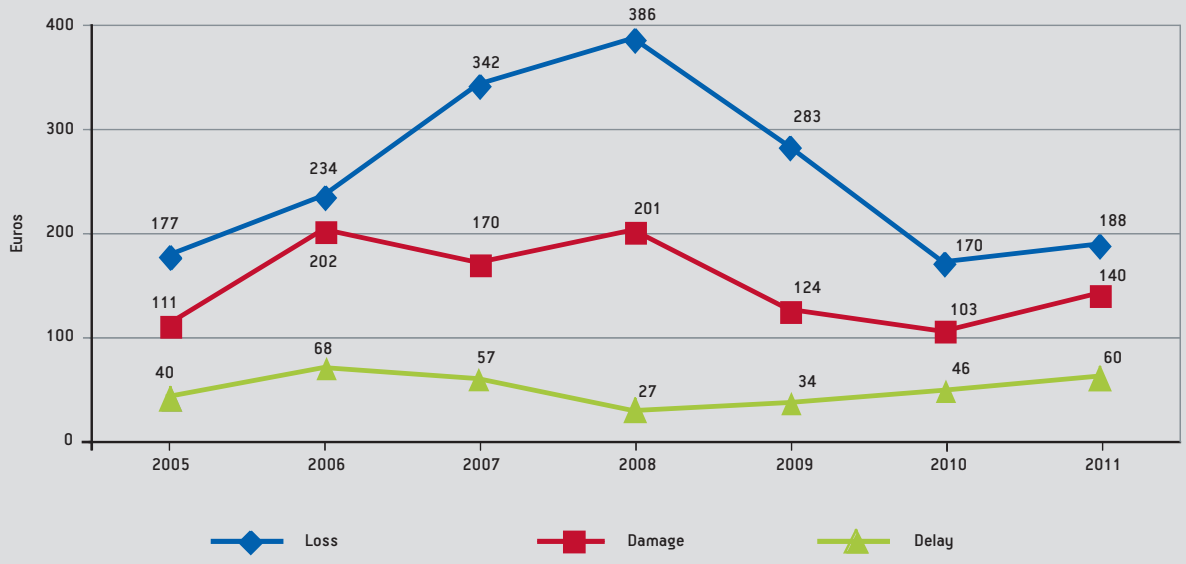
Table 2.7. Customer Complaint Handling Methods

	2005	2006	2007	2008	2009	2010	2011
Amicable Settlement	5,098	5,499	5,045	6,925	4,848	5,672	5,615
Dispute Resolution Committee	87	131	141	141	135	133	105
Settlement via EETT	1	0	10	5	17	2	4
Court	58	1	1	2	1	4	2
Total	**5,244**	**5,631**	**5,197**	**7,073**	**5,001**	**5,811**	**5,726**

Source: EETT (based on postal service providers' data)

Compensations increased by 12% compared to 2010, especially compensations for damage. During 2011 the postal market spent 710,020 euros on compensations for loss, damage or delay.
The average compensation for all types of complaints (loss, damage or delay) increased, in 2011, amounting to 124 euros.

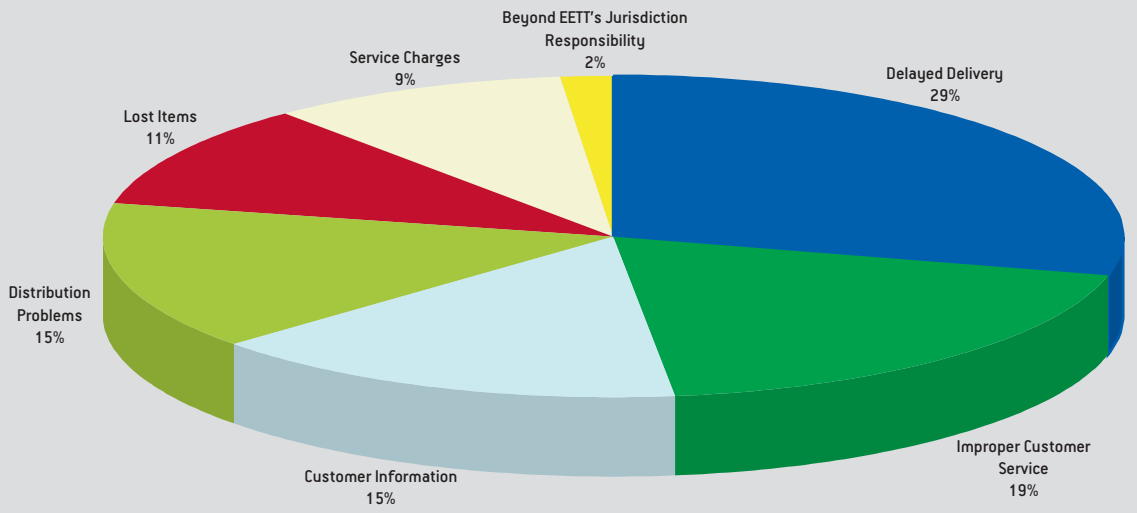
Chart 2.18. Average Compensation (per complaint category)



Source: EETT (based on postal service providers' data)

In the context of customer protection, during 2011, EETT's Consumer Service Sector (CSS) recorded and handled 234 written complaints/requests relevant to Postal Services, 62% of which concerned problems in the provision of the US. The Courier related complaints concerned mainly delays in item delivery as well as charges.

Chart 2.19. Percentage Distribution of Complaints submitted to EETT (2011)

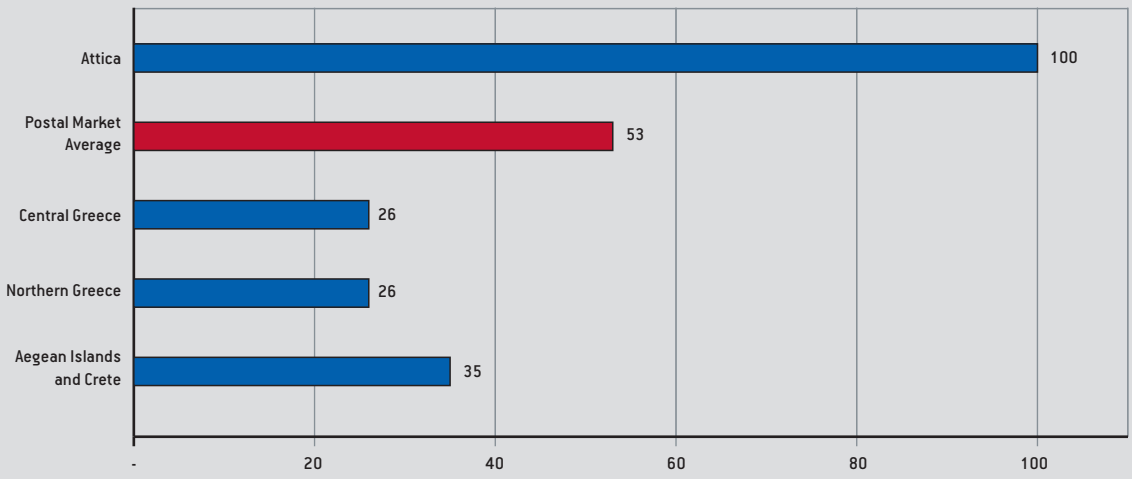


Source: EETT (Consumer Service Sector)

2.9. Postal Market Data per Inhabitant

In 2011, 53 postal items per inhabitant were handled on average. In the region of Attica –as expected due to population concentration– postal traffic was higher than the Greek average and amounted to 100 postal items (letter post or parcels) per inhabitant.

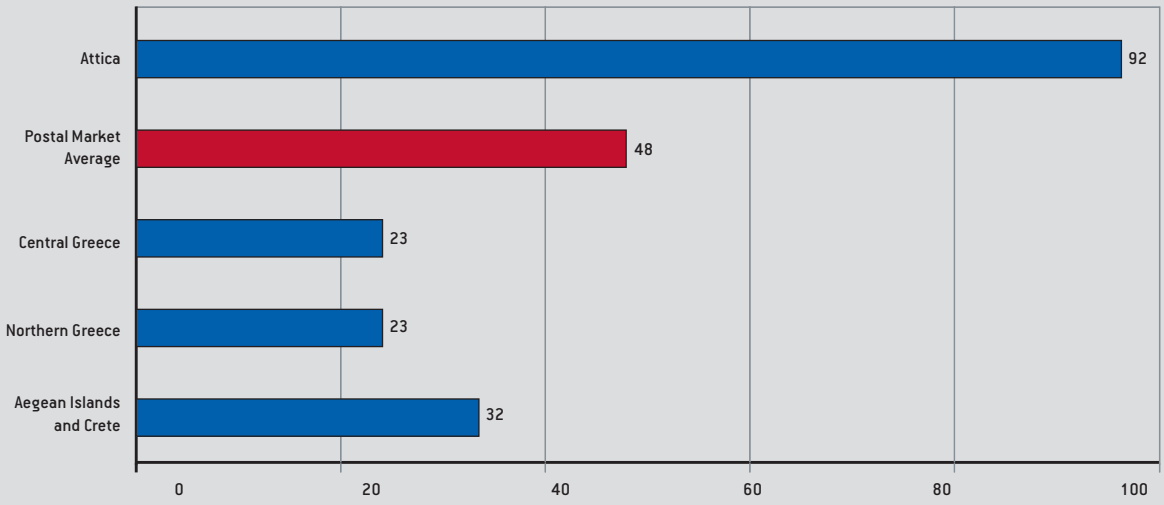
Chart 2.20. Postal Items Handled per Inhabitant (2011)



Source: EETT (based on postal service providers' data)

With regard to the USP, 48 postal items per inhabitant were handled in 2011. In the broader region of Attica, postal items per inhabitant were double than the Greek average, amounting to 92 items.

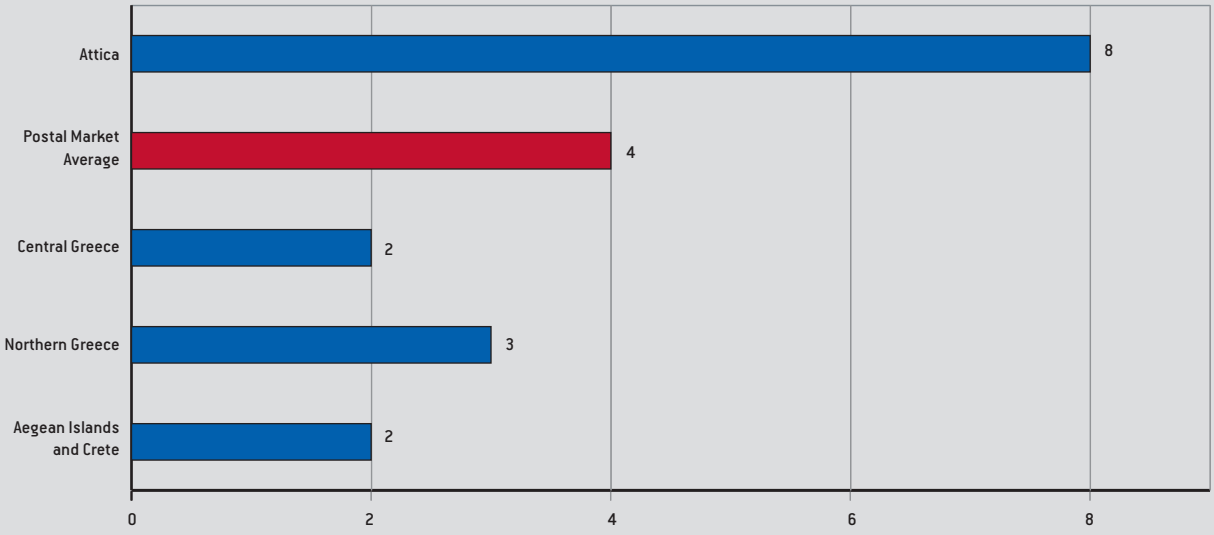
Chart 2.21. Universal Service Provider – Domestic Postal Items per Inhabitant (2011)



Source: EETT (based on postal service providers' data)

Lastly, Courier operators handled four postal items per inhabitant in all of Greece. More specifically, in Attica Courier operators handled twice the number of items per inhabitant.

Chart 2.22. Courier - Domestic Postal Items per Inhabitant (2011)



Source: EETT (based on postal service providers' data)

Appendices

I. Abbreviations

ADSL	Asymmetric Digital Subscriber Line
ASE	Athens Stock Exchange
CPI	Consumer Price Index
ELTA	Hellenic Post
EU	European Union
FORTH-ICS	Institute of Computer Science (ICS) of the Foundation for Research and Technology
IFRS	International Financial Reporting Standards
ISDN	Integrated Services Digital Network
LLU	Local Loop Unbundling
MMS	Multimedia Messaging Service
MTO	Mobile Telephony Operators
OECD	Organization for Economic Cooperation and Development
OLOs	Other Alternative Operators
PSTN	Public Switched Telephone Network
SMS	Short Message Service
US	Universal Service
USP	Universal Service Provider
VAT	Value Added Tax
WLR	Wholesale Line Rental

II. Index of Charts and Tables

Charts

Tables