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Spain: LTE and Fiber Deployment to Drive Growth as Market Consolidates

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Summary

‘Spain: LTE and Fiber Deployment to Drive Growth as Market Consolidates,’ a new Country Intelligence Report by Pyramid Research, offers a precise, incisive profile of Spain’s mobile and fixed telecommunications and pay-TV markets based on comprehensive proprietary data and insights from our research in the Spanish market. Published annually, this presentation-quality, executive-level report provides detailed analysis of the near-term opportunities, competitive dynamics and evolution of demand by service type and technology/platform across the fixed telephony, broadband, mobile and pay-TV sectors, as well as a review of key regulatory trends.

This report provides an executive-level overview of the telecommunications market in Spain today, with detailed forecasts of key indicators up to 2019. It delivers deep quantitative and qualitative insight into Spain’s telecom market, analyzing key trends, evaluating near-term opportunities and assessing risk factors, based on proprietary data from Pyramid Research’s databases.

The Country Intelligence Report provides in-depth analysis of the following:

- Regional context: telecom market size and trends in Spain compared with other countries in the region.
- Economic, demographic and political context in Spain.
- The regulatory environment and trends: a review of the regulatory setting and agenda for the next 18-24 months as well as relevant developments pertaining to spectrum licensing, national broadband plans, number portability and more.
- A demand profile: analysis as well as historical figures and forecasts of service revenue from the fixed telephony (including VoIP), broadband, mobile voice, mobile data and pay-TV markets.
- Service evolution: a look at changes in the breakdown of overall revenue between the fixed/pay-TV and mobile sectors and between voice, data and video from 2014 to 2019.
- The competitive landscape: an examination of key trends in competition and in the performance, revenue market shares and expected moves of service providers over the next 18-24 months.
- In-depth sector analysis of fixed telephony, broadband, mobile voice, mobile data and pay-TV services: a quantitative analysis of service adoption trends by network technology and by operator, as well as of average revenue per line/subscription and service revenue through the end of the forecast period.
- Main opportunities: this section details the near-term opportunities for operators, vendors and investors in Spain’s telecommunications and pay-TV markets.
Key findings

Key findings of the report include:

- In 2014, Spain’s telecom services market generated $27.3bn, down 7.3% from 2013. The market is the fifth largest telecom services market in Western Europe and has been suffering from total revenue losses since 2009. Despite consolidation of the market in 2014 to reduce churn and increase ARPS, total service revenue is expected to further decline until 2017 before picking up in 2018, to reach $26.2bn in 2019. We expect broadband Internet and mobile data to be key growth drivers of service revenue.

- As of 2014, the Spanish telecom market is a consolidated market dominated by three integrated players: Movistar, Vodafone Spain and Orange Spain. These top three operators offer fixed, broadband, pay-TV and mobile services on a stand-alone basis or as multiplay packages. Pyramid Research expects their shares to account for 80% of total service revenue in 2014 (including ONO and Jazztel). Movistar is the leader in the fixed and mobile market, as well as in IPTV, while ONO controls the cable market segment. By acquiring ONO in 2014, Vodafone is aiming to compete against Movistar, as is Orange, which launched a voluntary offer that same year to buy Jazztel, a merger that we expect to be finalized in H1 2015. Following this strategic positioning, we expect operators’ market shares to change by 2019, with Movistar losing its leadership of the telecom market.

- FTTH/B and LTE deployment will dominate network development over the forecast period, driven by the increase in multiplay packages on the one side and the increasing smartphone and tablet penetration on the other. FTTH/B subscriptions are expected to reach 10m by 2019 (34% of technology adoption) and LTE subscriptions to 50.8m (81.3% of all mobile subscriptions).

- FTTH/B, LTE and offerings such as smart services and e-services will be major sources of opportunities and investment through 2019.
Report highlights: Demand profile

[Bar chart showing Spain Communications Market Revenue, 2012-2019]

**SEGMENT REVENUE CAGRs, 2014-2019**

- Pay-TV: X.X%
- Broadband Internet access: X.X%
- Dial-up Internet access: X.X%
- Fixed VoIP: X.X%
- Fixed circuit-switched voice: X.X%
- Mobile data: X.X%
- Mobile voice: X.X%

**Market total**

X.X%

*Sources: Pyramid Research, operators*
Report highlights (cont’d): Demand profile

Fixed revenue will continue to decrease in 2015 at a higher rate than mobile revenue, led by decline in fixed circuit-switched voice and dial-up Internet.

The Spanish telecom market generated an estimated $X.Xbn, in 2014, X.X% less than in 2013. The mobile voice segment was the most important driver behind this trend, generating X.X% of total revenue. Besides mobile voice, fixed circuit-switched will contribute $X.Xbn or X.X% of revenue. This segment has been declining, and we expect further decline to $X.Xbn in 2019 as VoIP replaces circuit-switched. Revenue from dial-up has also been declining ($X.Xm in 2014), and we expect dial-up connections to disappear by the end of 2015.

Because demand for mobile data and broadband is sharply increasing, we expect these two segments to take on a larger part of the market revenue. Mobile data should reach $X.Xbn in 2019 (an X.X% increase compared with 2014) and broadband $X.Xbn, a X.X-fold increase from its 2014 level ($X.Xbn). We also expect pay-TV to increase to $X.Xbn in 2019 (an X.X% increase compared with 2014) as demand increases thanks to converged offers. We expect overall service revenue to grow at a CAGR of X.X% over the 2014-2019 period.

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Source: Pyramid Research
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Report methodology

The Spain Country Intelligence Report’s detailed analysis of the trends, regulatory environment, competitive dynamics and opportunities in the fixed, mobile and pay-TV service markets in Spain, is built around Pyramid Research’s Forecast products, the most comprehensive demand, growth and market share tracking service available in the industry. These forecasts are developed using a bottom-up methodology that combines secondary and primary research with international benchmarking and quantitative modeling in order to present a complete picture of the socio-demographic, competitive and demand trends affecting Spain.

Primary research involves interviews with service providers, vendors, the regulatory authority and other market participants as well as end-user surveys on an ongoing basis, led by Pyramid Research’s regional experts. The secondary research effort includes obtaining relevant data and intelligence through publicly available sources, regulatory authority publications, trade associations, specialist databases, company financial reports, presentations and press releases. Pyramid Research’s proprietary databases tracking 102 countries worldwide allow for unmatched international benchmarking capabilities to inform the assumptions behind projected technology and service adoption trends.
Reasons to buy

- This Country Intelligence Report offers a thorough, forward-looking analysis of Spain’s telecommunications and pay-TV markets, service providers and key opportunities in a concise format to help executives build proactive and profitable growth strategies.
- Accompanying Pyramid Research’s Forecast products, the report examines the assumptions and drivers behind ongoing and upcoming trends in Spain’s mobile communications, fixed telephony/VoIP, broadband and pay-TV markets, including the evolution of service provider market shares.
- With more than 20 charts and tables, the report is designed for an executive-level audience, boasting presentation quality.
- The report provides an easily digestible market assessment for decision-makers built around in-depth information gathered from local market players, which enables executives to quickly get up to speed with the current and emerging trends in Spain’s telecommunications and pay-TV markets.
- The broad perspective of the report coupled with comprehensive, actionable detail will help operators, equipment vendors and other telecom industry players succeed in the challenging telecommunications market in Spain.
Country Intelligence Report

Pyramid Research’s premium Country Intelligence Reports are the industry’s best available analysis of market trends, regulatory environments and competitive dynamics for 101 countries worldwide. Each report offers a precise, incisive profile of the converged telecommunications, media and technology sectors, based on proprietary data from Pyramid Research’s country-by-country research. Published annually, these executive studies provide a holistic view of communications markets around the world by analyzing key trends, evaluating near-term opportunities and assessing upcoming risk factors.

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* Abridged version
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ADVISING LEADERS IN THE GLOBAL COMMUNICATIONS INDUSTRIES ON EMERGING MARKETS AND SERVICES OPPORTUNITIES

Pyramid Research (www.pyramidresearch.com) offers practical solutions to the complex demands our clients face in the global communications industry. Its analysis is uniquely positioned at the intersection of emerging markets, emerging technologies and emerging business models, powered by the bottom-up methodology of our market Forecasts for more than 100 countries — a distinction that has remained unmatched for more than 25 years.

HOW WE COVER COMMUNICATIONS MARKETS

Our highly structured analysis closely examines the performance, technology trends, macroeconomic and regulatory environment, of service providers and equipment vendors in each of the more than 100 countries we cover. Using a bottom-up approach, we size market demand across services and countries, and conduct end-user surveys to validate adoption trends and anticipate shifts in demand. Our commitment to intensive, direct interviewing of regulatory authorities, service providers and manufacturers — complemented with end-user data — ensures the most reliable portrait of every market we examine.
Meet us in person

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