FTTH/B Panorama

Europe (EU39) at December 2012

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DIGIWORLD by IDATE

Agenda

- Study background & available results

- General overview
  - Figures at end 2012 per zone
  - Major projects
  - Main categories of players
  - Architectures and technologies

- Leading countries
  - General ranking (Homes Passed & subscribers)
  - Highest growths
  - Success stories and newcomers

- European ranking

- Conclusions

Study background & available results

Study background

- Mission on behalf of the FTTH Council Europe – 11th edition

- 39 countries analyzed twice a year
  - For each country, IDATE provides data per player for FTTH/B and other fiber-based architectures
  - Each player is characterized via dedicated parameters : technical, financial, business model, figures

- Methodology: bottom-up approach
  - Desk research
  - Direct contacts with leading players and IDATE's partners in the countries
  - Information exchange with FTTH Council Europe members

Available results for EU39

Around 340 fibre projects listed in EU39

Quantitative information

FTTH/B data	December 2012	
	Nb of Subscribers	Nb of Homes passed
Total FTTH/B in Netherlands	**393 000**	**1 636 000**
KPN/Reggefiber	310 000	1 230 000
Portaal	28 000	56 000
Tele2	na	250 000
Municipalities & Others	55 000	100 000

Qualitative information

MAGNET NETWORKS

Identification Operator/Organisation

Magnet Networks is owned by a private investment firm, Colombia Ventures Corp.

Key parameters

Magnet Networks delivers FTTH/B for homes and businesses. The operator is planning to target the business services segment, where it will increase the rollout of FTTH/B in order to reduce its reliance on Eircom's PSTN.

Dublin, Meath and Laois areas are currently connected.

Magnet planned to cover an additional 30,000 homes with developers. But, there are few developers who plan to build any houses in the coming year due to the downturn in the economy and the housing market crash.

As of mid-2012, Magnet provides several triple play packages over its fibre network with connection speed from 30/5 Mbps to 100/10 Mbps for a monthly price from EUR 57,99 to EUR 85,99.
Magnet Networks has seen its FTTH customers basis decreased during first half 2011. There are no specific explanation to this important churn rate.

In May 2012, Magnet entered the UK market by acquiring a 90% stake in the ISP Velocity 1 and signing a new TV distribution deal with Sky. The first rollout will begin in Wembley City and Greenwich Penninsula (London). Magnet has major plans to deploy FTTH services in the UK at a rate of approximately 30,000 homes per annum.

Figures

Number of Households/Business Units passed	12,200 homes passed at December 2009 12,800 homes passed at June 2010 13,500 homes passed at december 2010 14,800 homes passed at June 2011 **Unchanged since December 2011 (IDATE estimates)**
FTTx subscriber base	6,530 subscribers at December 2009 7,000 subscribers at June 2010 7,200 subscribers at December 2010 (IDATE estimates) 6,000 subscribers at June 2011 6,400 subscribers at December 2011 7,000 subscribers at June 2012 (IDATE estimates) **7,300 subscribers at December 2012 (IDATE estimates)**

Technical parameters

Ethernet architecture.
Suppliers: PacketFront, Industria.

MDU 50% / SDU 50%

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Source: IDATE for FTTH Council Europe

General overview

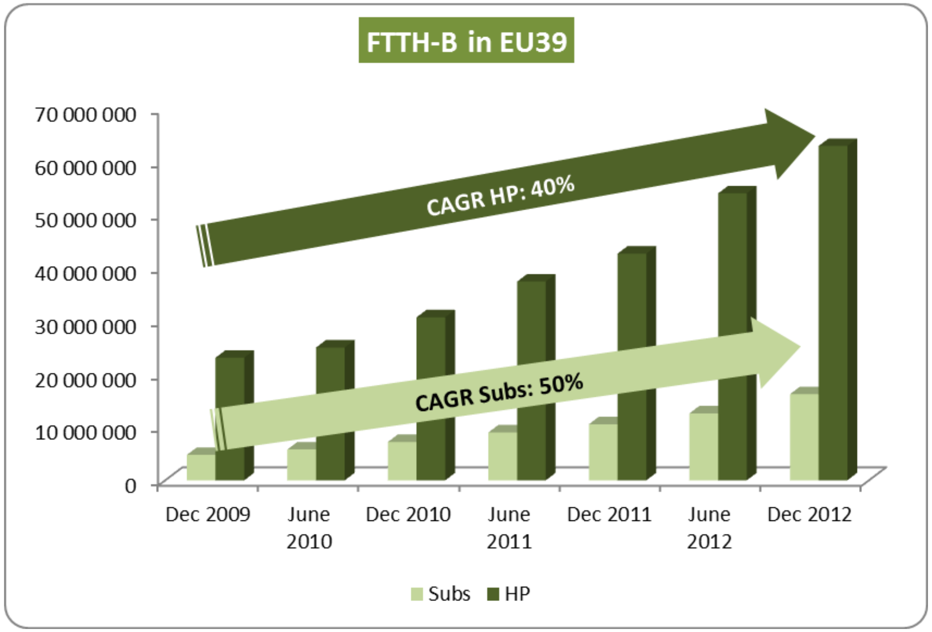
Figures at end 2012 per zone
Major projects & categories of players
Architectures and technologies

FTTH/B figures at end 2012

EU39: 16.2 M subscribers and 63 M Homes Passed

CIS countries (*): 8.9 M subscribers

Number of FTTH/B subscribers and Homes Passed (Dec 2009 to Dec 2012)



Average take up rate in EU39 at end 2012: 25.7%

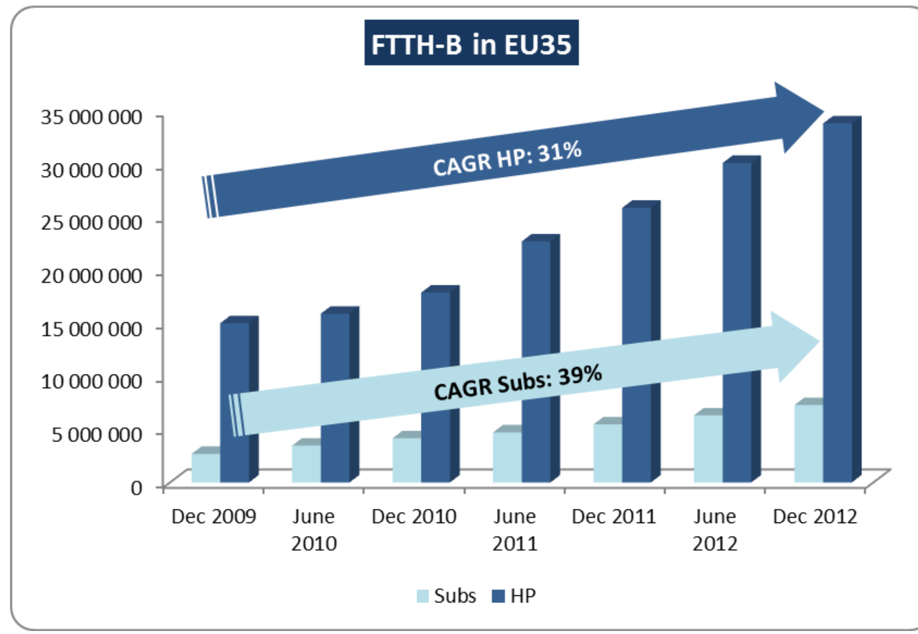
(*) Russia, Ukraine, Kazakhstan and Belarus

Source: IDATE for FTTH Council Europe

FTTH/B figures at end 2012

EU35: 7.3 M subscribers and 33.8 M Homes Passed

Number of FTTH/B subscribers and Homes Passed (Dec 2009 to Dec 2012)

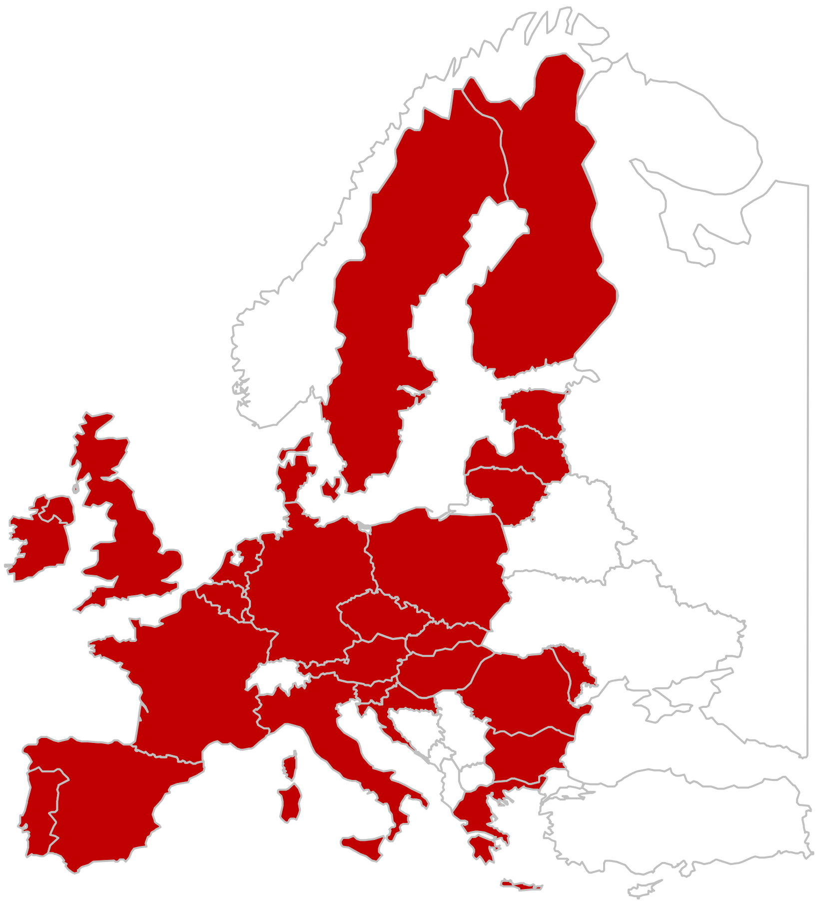


Average take up rate in EU35 at end 2012: 21.6%

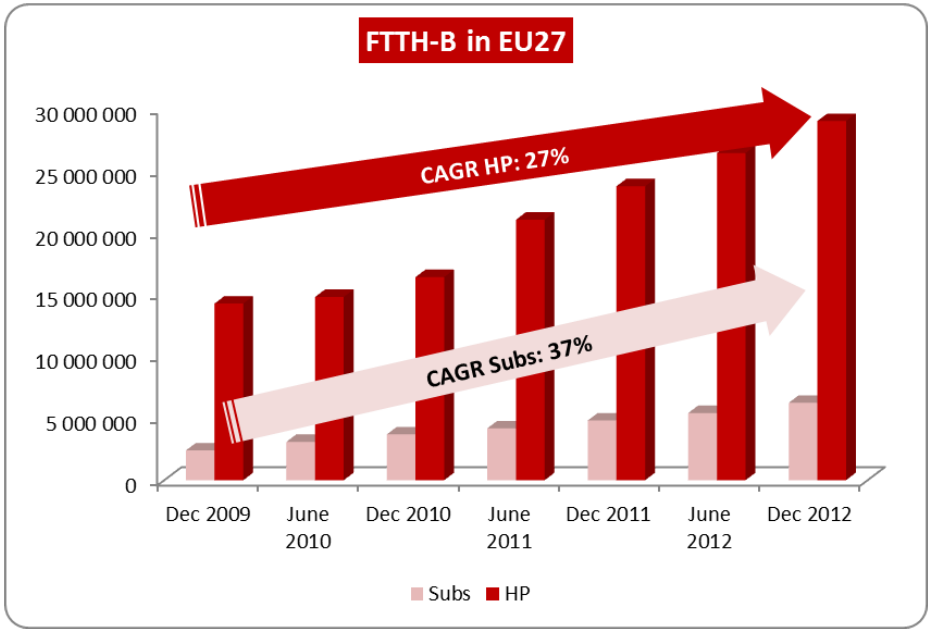
Source: IDATE for FTTH Council Europe

FTTH/B figures at end 2012

EU27: 6.2 M subscribers and 28.9 M Homes Passed



Number of FTTH/B subscribers and Homes Passed (Dec 2009 to Dec 2012)



Average take up rate in EU27 at end 2012: 21.5%

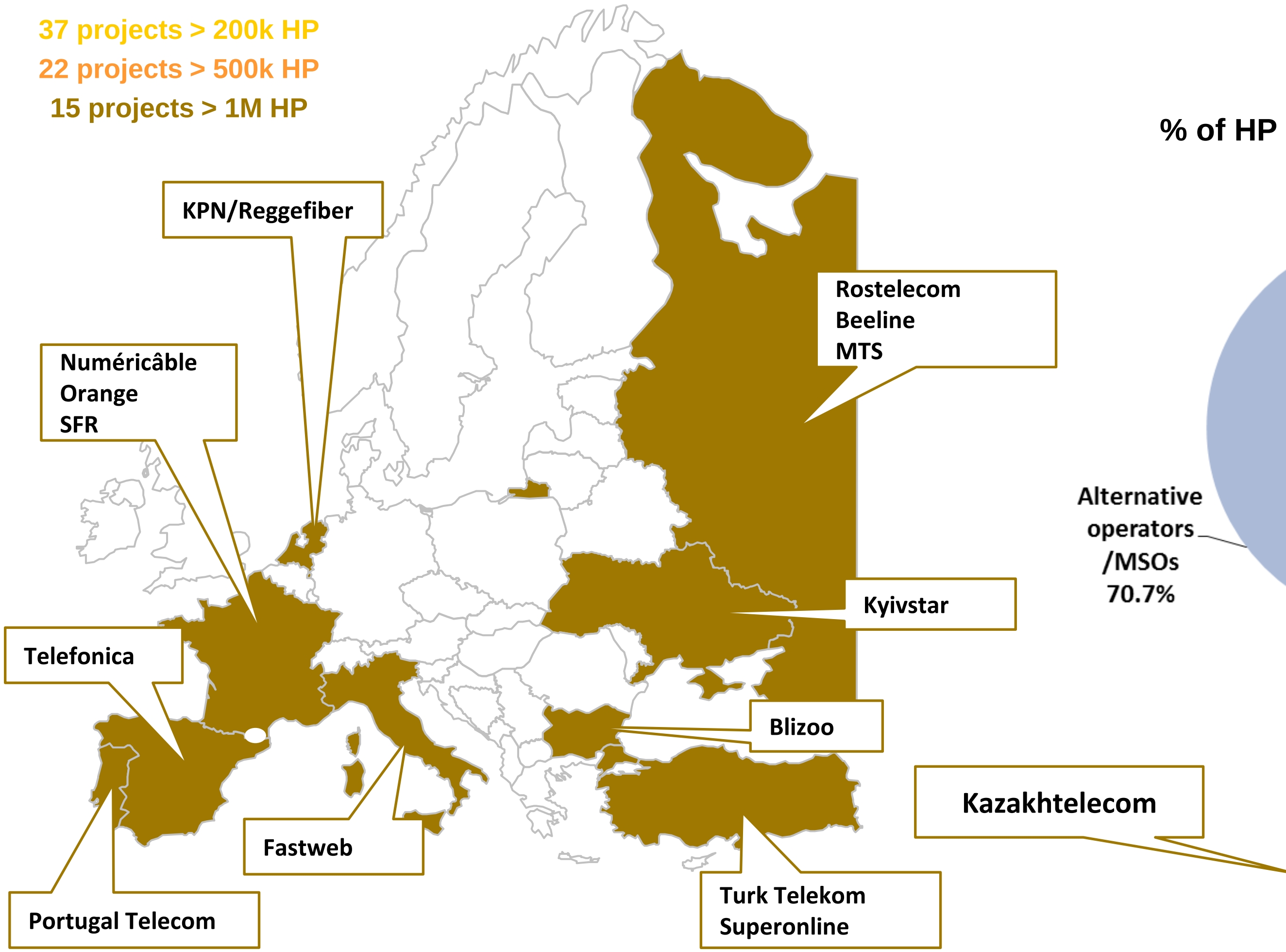
<u>A strong progression compared to end 2011</u>: 17.5%

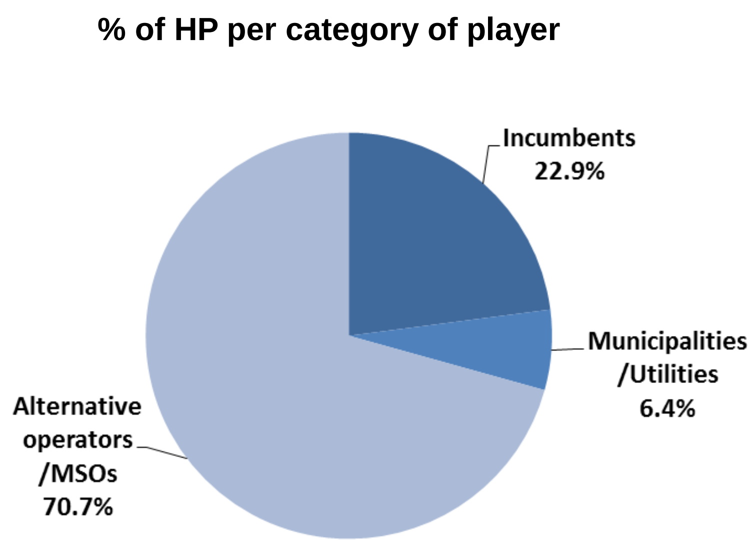
Source: IDATE for FTTH Council Europe

Major projects / categories of players

Around 290 FTTH/B projects in EU39 at end 2012

37 projects > 200k HP
22 projects > 500k HP
15 projects > 1M HP





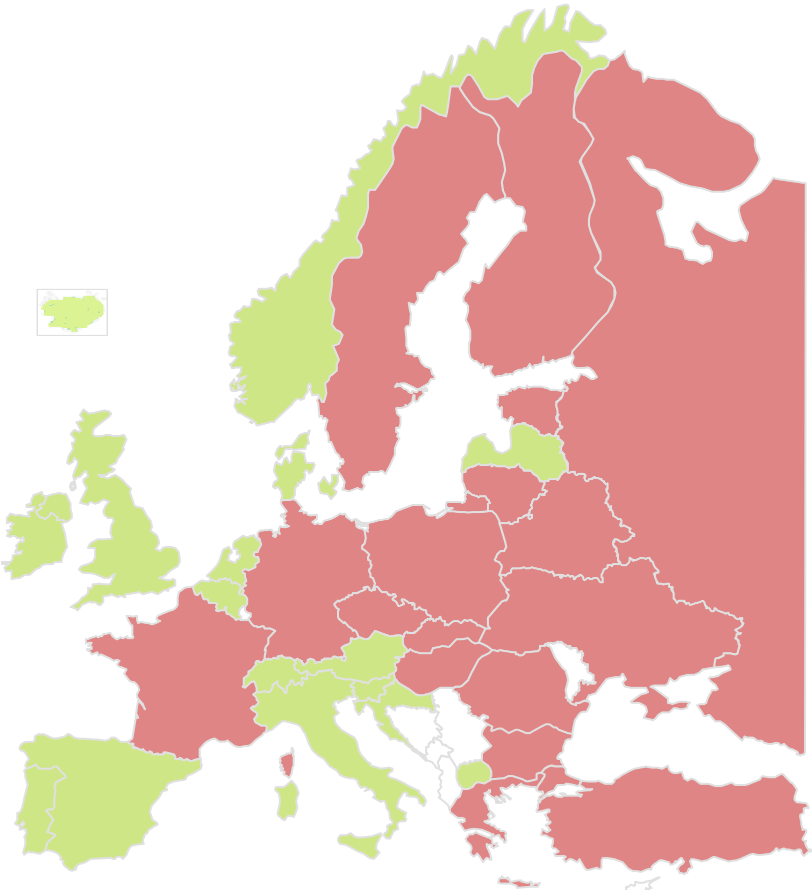
Source: IDATE for FTTH Council Europe

Technologies and architectures

EU39: 70% FTTB vs 30% FTTH - 27% PON vs 73% P2P

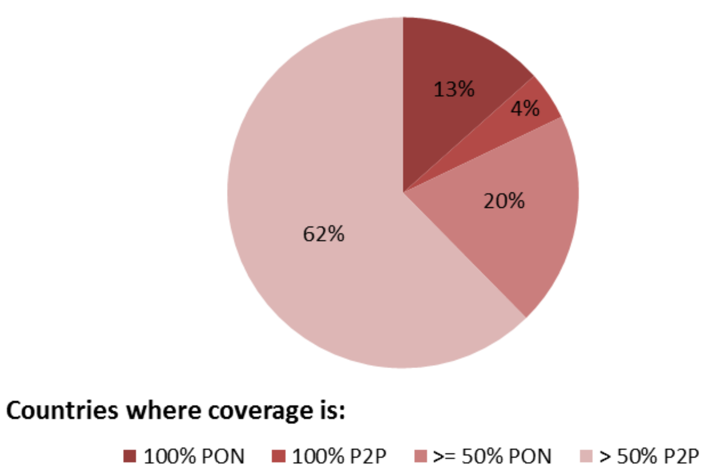
EU27: 51% FTTB vs 49% FTTH - 41% PON vs 59% P2P

(Homes Passed segmentation)



Mainly FTTB | **Mainly FTTH**

% of HP per technology in EU27



Source: IDATE for FTTH Council Europe

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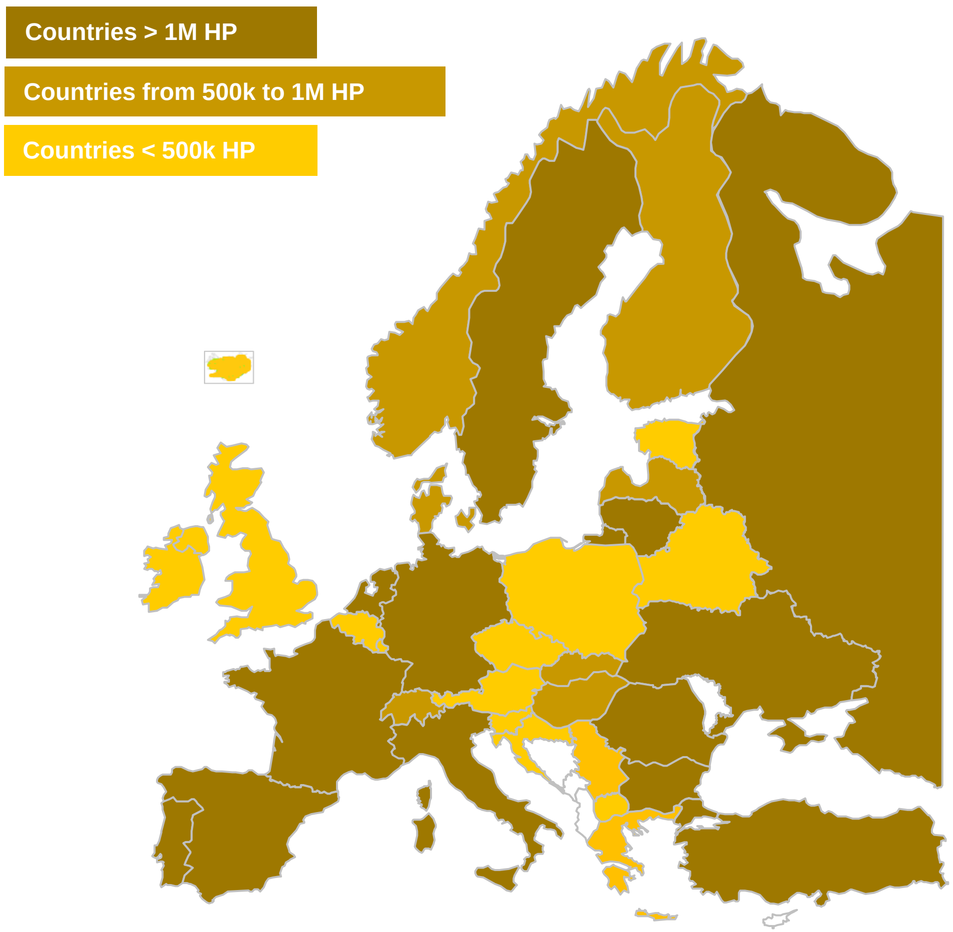
Leading countries

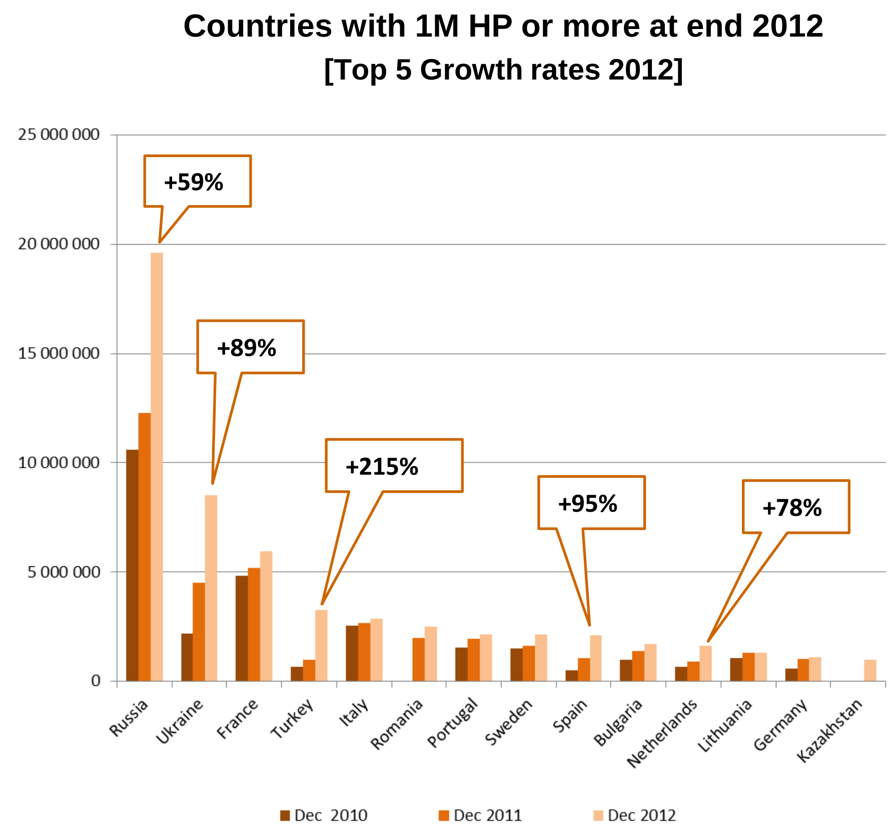
General ranking HP & subscribers
Highest growths
Success stories

General ranking: FTTH/B Homes Passed

15 countries with 1 M HP or more in EU39

10 countries in EU27





Source: IDATE for FTTH Council Europe

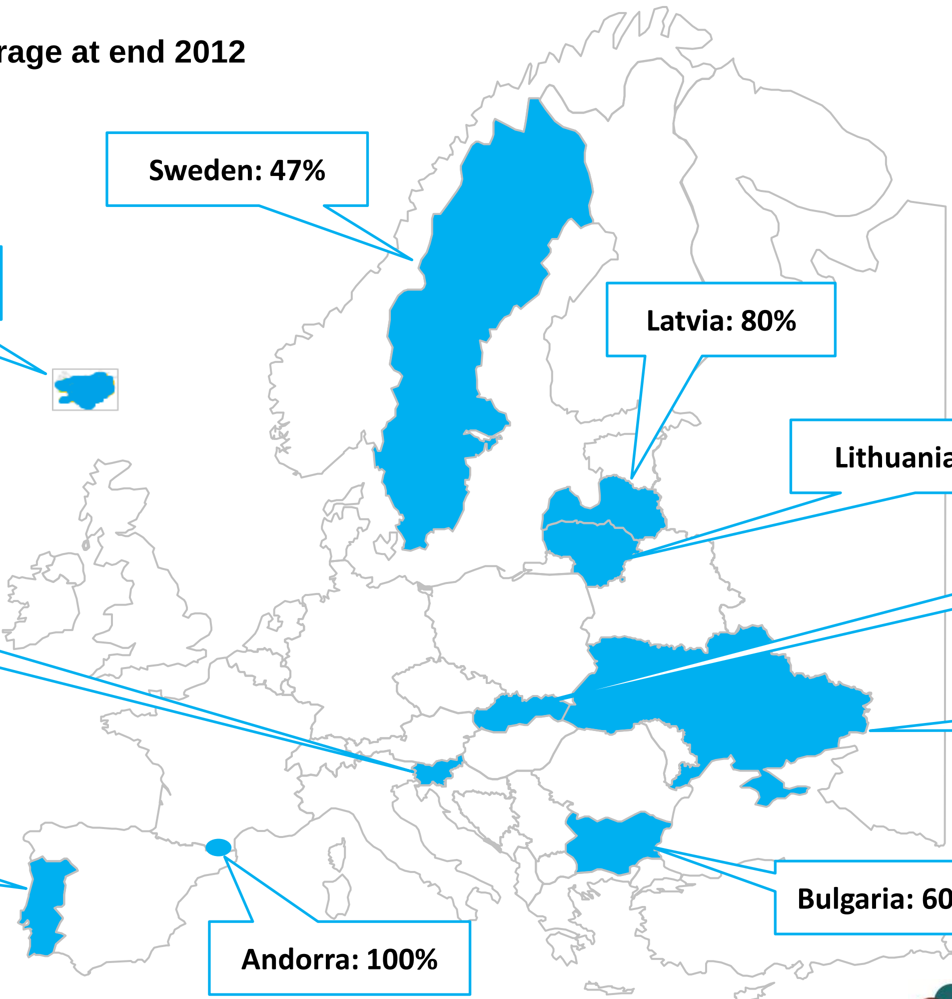
General ranking: FTTH/B Coverage

Average FTTH/B coverage (*)

EU39 : 20%

EU27: 14%

Top 10 countries in coverage at end 2012



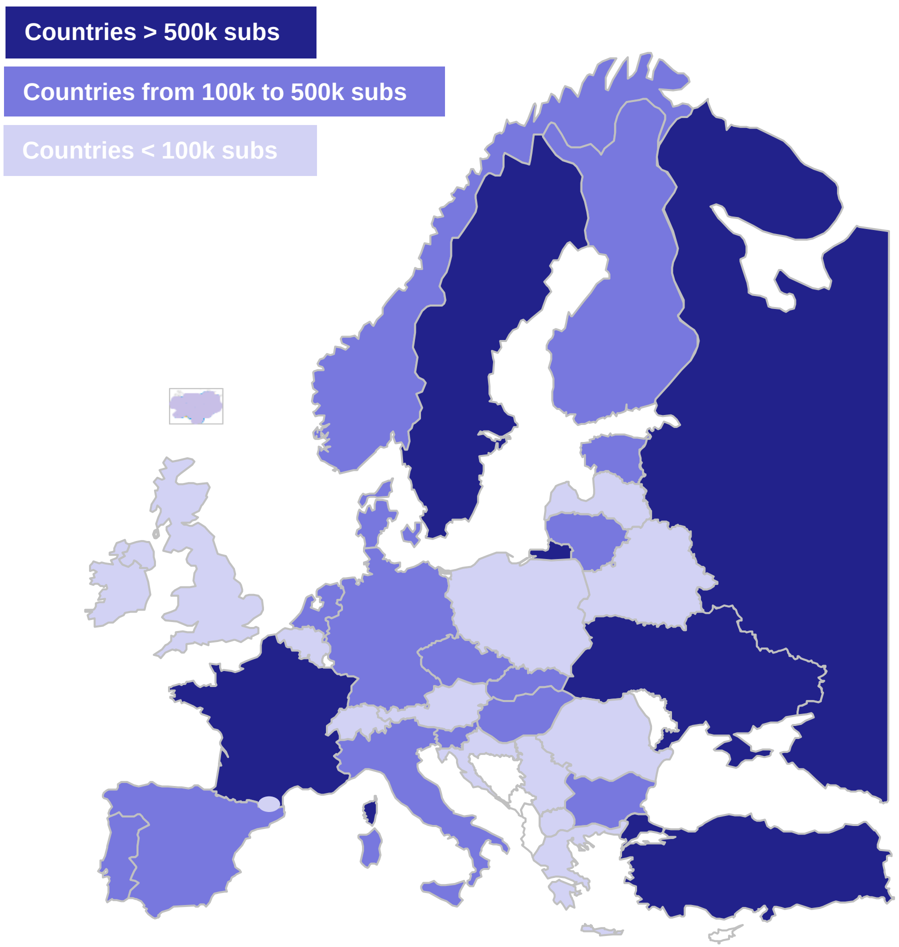
Coverage = number of Homes Passed / Total Households

Source: IDATE for FTTH Council Europe

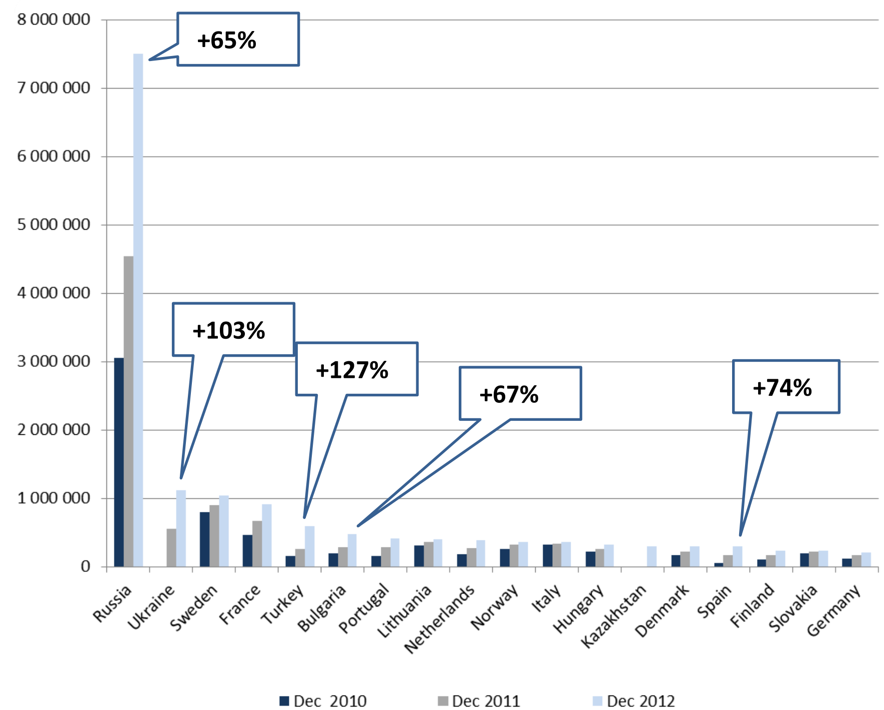
General ranking: FTTH/B Subscribers

3 countries with 1 M subs or more in EU39

Only Sweden in EU27…France very close



Countries with 200k subs or more at end 2012
[Top 5 Growth rates 2012]



Source: IDATE for FTTH Council Europe

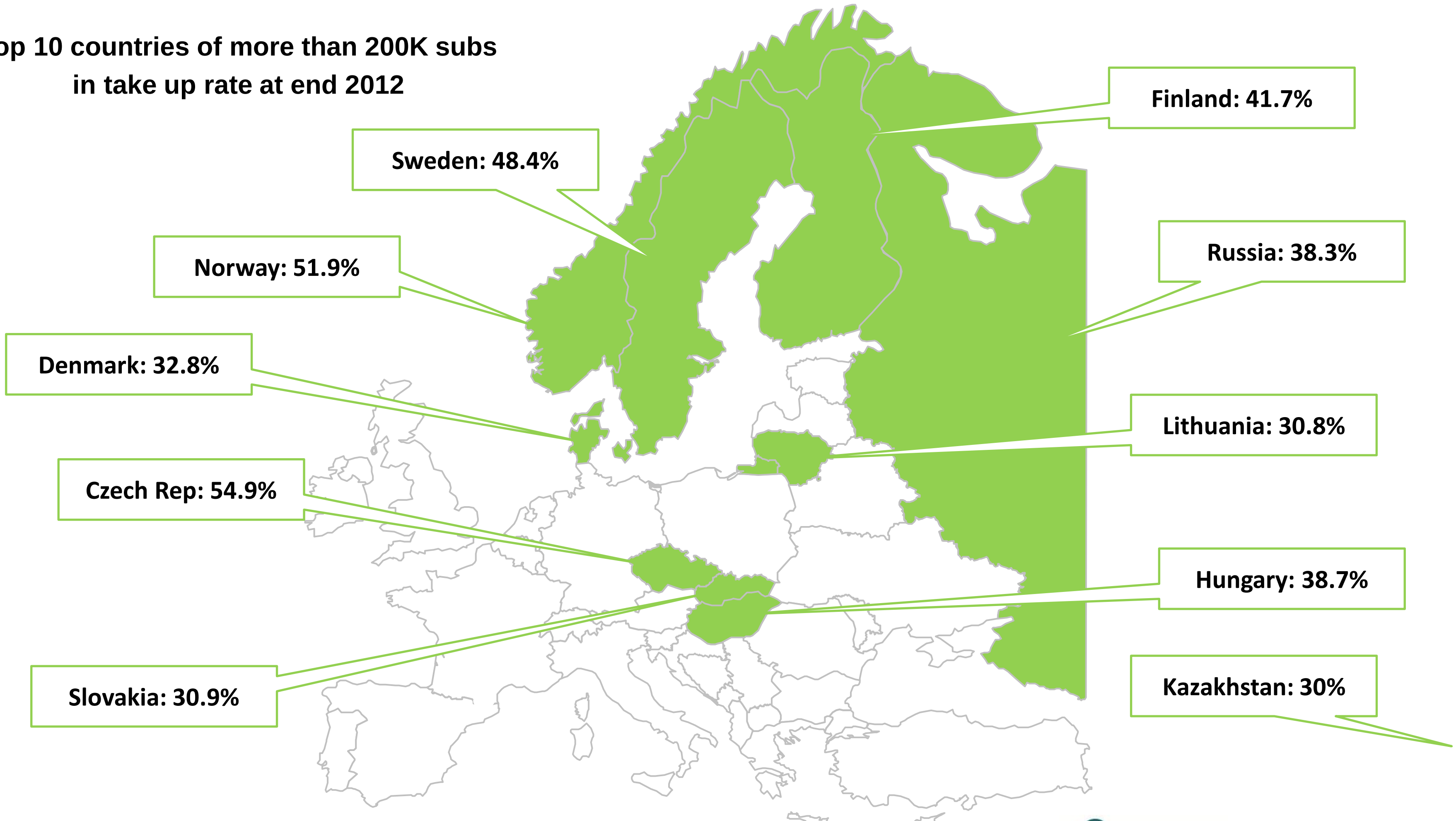
General ranking: FTTH/B take up rate

Average FTTH/B take up rate (*)

EU39 : 25.7%

EU27: 21.5%

Top 10 countries of more than 200K subs in take up rate at end 2012



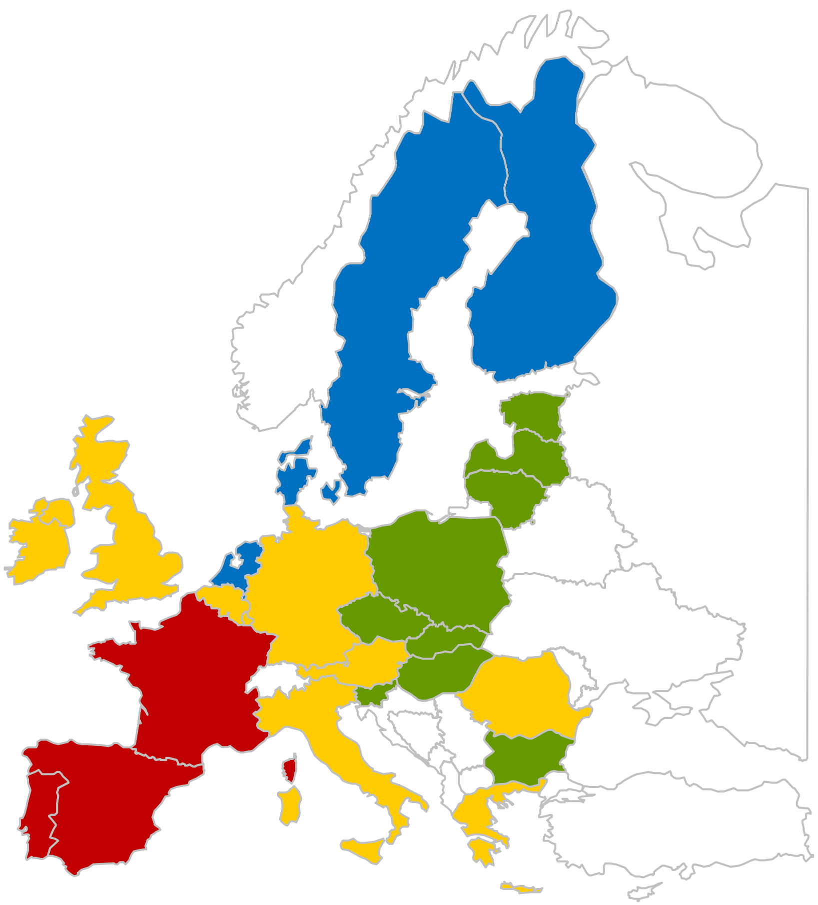
Take up rate = number of subscribers / number of Homes Passed

Source: IDATE for FTTH Council Europe

Highest growths: New FTTH/B subscribers in 2012

35% of FTTH/B subscribers in EU39 are 2012 "new subscribers"

This rate reaches 23% in EU27



Top 4 countries for 2012 new subs in EU39

Russia	+ 2,963k
Ukraine	+ 569k
Turkey	+ 330k
Kazakhstan	+ 300k

% of EU27 2012 new FTTH/B subscribers

France + Spain + Portugal => 36%

Scandinavian countries + Netherlands => 28%

Eastern countries => 29%

Rest of EU27 => 7%

Source: IDATE for FTTH Council Europe

Success stories and newcomers

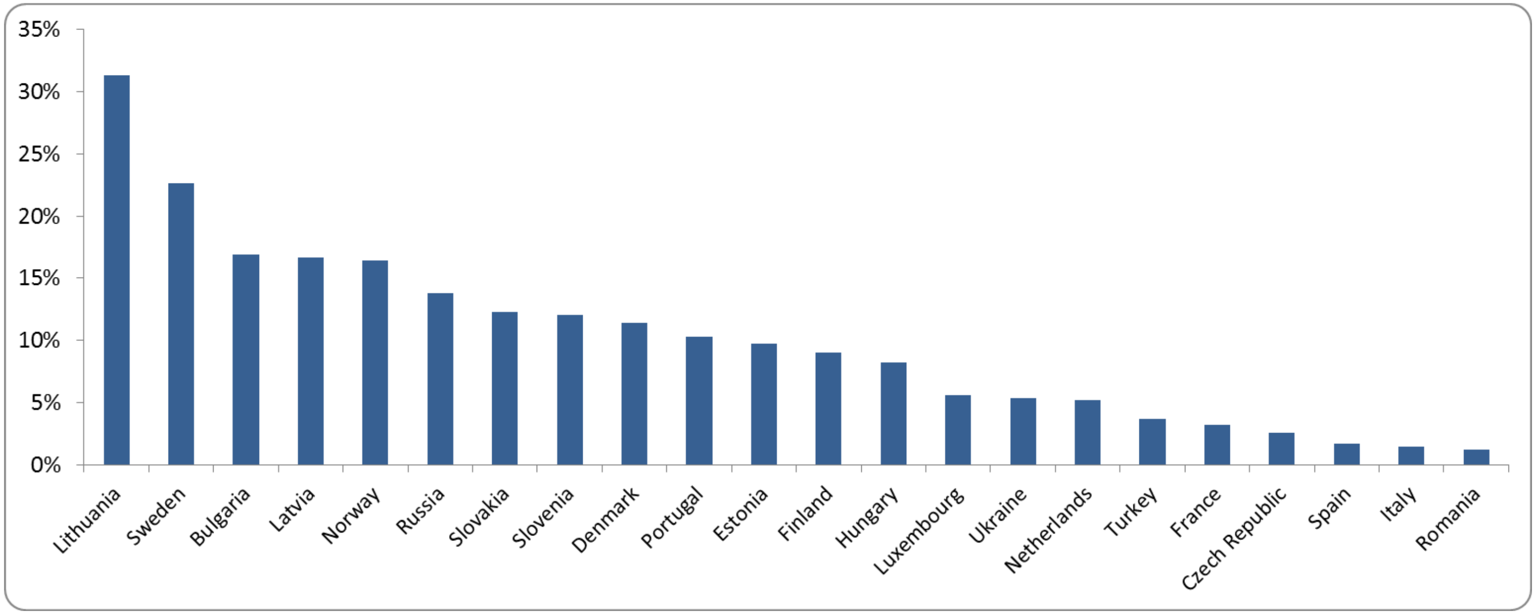
- Sweden, Denmark, Finland: the maturity is not reached yet, still place for growth
  - FTTH/B is a driver for new services such as VoD in Sweden
  - FTTH/B is considered as a utility in Finland and access and services are included in apartment monthly rentals
- Some Western countries are reinforcing their positioning
  - High new subs basis in **France**
  - Focus on new TV services in **Portugal**
  - **Spain**, latest entrant in the ranking, is a dynamic market, even in this difficult economic period
- Pioneer Italy has lost its leadership
  - Several announcements but no effective large rollout
  - Telecom Italia's strategy is more similar to BT's one (FTTN)
- Turkey: recent involvement from incumbent has largely accelerated the country coverage
  - 1.9 M FTTH/B Homes Passed by Turk Telekom at end 2012
- An interesting newcomer: Kazakhstan
  - Kazakhtelecom JSC has rolled out FTTH/B at an impressive rhythm, claiming 300 K subscribers at end 2012

European ranking

European ranking

- No new entrant in the European ranking (*) during second half 2012
  - The next country is Ireland with a 0.62% ratio

- Germany and UK are the largest Western countries lagging so far behind
  - 0.51% in Germany and 0.06% in the UK at end 2012
  - Incumbents in those countries have focused on other solutions for superfast broadband



The European Ranking includes countries of more than 200k HH where the part of FTTH/B subs in the total number of HH is at least 1%

Source: IDATE for FTTH Council Europe

Conclusions

Conclusions

- The market is still steadily increasing
  - Coverage is expanding in the whole region thanks to the involvement of players in large countries in East of Europe
  - The interest from end users in FTTH/B access solutions is reflected in a growing take up rate => but efforts to demonstrate the benefits of FTTH/B are still too weak
- Russia and Ukraine are clearly leading the EU39 market
  - No possible comparison between EU27 countries because of different demographic pictures, Broadband history, category and number of players…
- In EU27, even “mature” Sweden still has a card to play
  - Only country with more than 1 M FTTH/B subscribers at end 2012
  - End users are really confident in the infrastructures and now ready to pay for new services
- New or recent comers such as Kazakhstan and Turkey should boost the market

Conclusions

- Projects supported by communities (UK, France, Scandinavia) should enhanced less dense areas FTTH coverage

- Co-investment is more and more taken into account
  - Between leading players for rollout projects such as in France, Portugal or Spain
  - Between local utilities for both rollout and service offering such as in Denmark through Waoo

- Even in countries where FTTH/B is not a priority yet, it is still considered as the future technology to be deployed (Belgacom, Telecom Italia, Deutsche Telecom)

- Infrastructure competition, especially driven by Cable player, will play a key role to accelerate FTTH rollout

- Countries are getting more and more focused on speed rates and guaranteed bandwidth rather than on architecture to reach the DAE

World FTTx Market - Watch Service Calendar :

		January	February	March	April	Mai	June	July	August	September	October	November	December
Database	Markets, Operators & Vendors market shares, FTTx projects, forecasts up to 2016					DB-1						DB-2	
Insights	Monthly		I-1	I-2	I-3	I-4	I-5	I-6		I-7	I-8	I-9	I-10
Consulting Hours	5 hours - on demand												
Analyst Brief	30 min. Conference Call - on demand												
On-Site Presentation	Optional presentation												

Thank you !

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