Creating a brighter future

Fibre to the Home: Taking your life to new horizons!

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Press Conference – BBWF Amsterdam, 16 October 2012
Agenda

- FTTH Council Europe
- FTTH market panorama
- FTTH market forecasts
- FTTH & Digital Agenda Targets
- FTTH demand
- FTTH in a clip
FTTH Council Europe

Our Vision: A sustainable future enabled by Fibre to the Home

Our Mission

• To accelerate FTTH adoption through information and promotion in order to enhance the quality of life, contribute to a better environment and increased competitiveness

Organisation

• Founded in 2004, non-profit industry organisation
• More than 150 member companies
FTTH Conference 10th Anniversary
Join us in London, 19-21 February 2013
FTTH Market Panorama

Photo by Nicolo Bravalle
FTTH/B Global Panorama mid 2012 – total subscribers
FTTH/B European Ranking – mid 2012

Economies* with the Highest Penetration of Fibre-to-the-Home/Building + LAN

- Lithuania
- Norway
- Sweden
- Bulgaria
- Slovenia
- Latvia
- Russia
- Slovakia
- Estonia
- Portugal
- Denmark
- Hungary
- Ukraine
- Netherlands
- Finland
- Turkey
- France
- Czech Republic
- Luxembourg
- Spain
- Italy
- Romania

Household Penetration**

**Economies with greater than 1% household penetration

June 2012 European Ranking
Source: IDATE and FTTH Council Europe
October 2012

*Economies with at least 200,000 households
5.95 million FTTH/B subscribers

31.9 million homes passed

Average take-up rate: 18.6%

End-users seem to migrate more intensively

Growth rates 1H2012
+16.4% FTTH/B subscribers
+16% FTTH/B homes passed

Source: IDATE for FTTH Council Europe

Notes:
- FTTH/FTTB definitions by the Global FTTH Councils
- EU35 = EU27 except Cyprus, + Andorra, Croatia, Iceland, Israel, Macedonia, Norway, Serbia, Switzerland, Turkey

(1) Our figures have already been processed to avoid overestimating homes passed when one home is passed by several operators in some countries.
FTTH/B in Europe – EU27 vs CIS countries

EU27 at June 2012
- 5 million FTTH/B subscribers
- 28.2 million FTTH/B homes passed

CIS at June 2012
- 6.3 million FTTH/B subscribers
- 23.9 million FTTH/B homes passed

The gap is growing: 1.3M in mid-2012 vs. 0.6M at end-2011

Average Take Rate:
- EU27: 17.7%
- CIS: 26.2%

Source: IDATE for FTTH Council Europe
Note: FTTH/FTTB definitions by the Global FTTH Councils

CIS = Russia, Ukraine, Kazakhstan, Belarus
FTTH/B subscribers evolution (EU39) at mid-2012

Countries with more than 200,000 FTTH/B subscribers

Market with still a huge potential

Highest growth in 1H12

Source: IDATE for FTTH Council Europe
New FTTH/B subscribers 1H12 (EU39)

Top 5 countries

- Russia: +719,000
- Ukraine: +465,200
- Turkey: +212,000
- France: +99,000
- Netherlands: +84,000

Source: IDATE for FTTH Council Europe
Countries > 1 million FTTH/B homes passed at mid 2012
FTTH/B homes passed in total households

Number of HP not representative of effective coverage (HP in total households)

Now 5 countries >= 50%

Top 8 countries in terms of HP in total households

- Andorra: 100%
- Portugal: 53%
- Slovenia: 42%
- Latvia: 55%
- Lithuania: 99%
- Ukraine: 39%
- Bulgaria: 55%
- Iceland: 42%

Source: IDATE for FTTH Council Europe
Around 260 FTTH/B European projects at mid 2012

35 projects > 200K HP
- TDC
- Elion
- Free
- NetCologne
- Lattelecom
- T-Com
- T2
- Swisscom

20 projects > 500K HP
- SFR
- Telecom Italia
- TeliaSonera Finland
- Altibox
- TEO
- Telenor
- …..

11 projects > 1M HP
- Orange
- KPN/Reggefiber
- Portugal Telecom
- Telefonica
- SuperOnline
- Beeline
- ER Telecom
- …..

Source: IDATE for FTTH Council Europe
FTTH/B players – mid 2012

3 main categories involved in EU39 FTTH/B deployments

**Municipalities & Utilities**
- More numerous
- Local deployments only
- <7% of total FTTH/B homes passed at June 2012

**Alternative operators / MSOs**
- Most dynamic
- National or local deployments
- ~72% of total FTTH/B homes passed at June 2012

**European incumbents**
- Challenged on BB
- National deployments
- ~22% of total FTTH/B homes passed at June 2012

Source: IDATE for FTTH Council Europe
The part of HP by incumbents in EU39 has been growing regularly since June 2009.
FTTH technologies – mid 2012

• The main architecture deployed is FTTB in EU39, but FTTH in EU27 (60% FTTH vs. 40% FTTB)

• Players have mainly chosen Ethernet, both in EU39 (78%) and EU27 (60%)

• MDUs are still the principal target for fibre deployments in Europe

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<tr>
<th>Main architecture deployed (homes passed segmentation)</th>
<th>June 2012</th>
<th>Dec 2011</th>
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<td>FTTH</td>
<td>38%</td>
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<td>FTTB</td>
<td>62%</td>
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FTTH Market Forecasts

Photo by Nicolo Baravalle

www.ftthcouncil.eu
European Region FTTH Forecast

Source: Heavy Reading for FTTH Council Europe, February 2012
Note: Households connected directly to fibre (FTTH) and apartments connected via basement fibre termination (FTTB)
Europe in context: the race to fibre maturity

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Source: Heavy Reading for FTTH Council Europe, February 2012
FTTH & Digital Agenda Targets
Digital Agenda of European Commission

• By 2020...

  • At least 50% of the households in European Union will use broadband connections of 100 Mbps or more

  • All households in European Union have broadband connections of at least 30 Mbps available
Achieving DAE Targets with FTTH

• Total expected cost of achieving the DAE broadband target (nearly 100% of homes passed and 50% of homes with subscribers) is €192bn

• Introducing modest levels of infrastructure sharing and reuse can drive 10’s of billions of Euros savings

• Benefits from strong coordination of infrastructure sharing available to Member States at low cost
FTTH demand is NOT an issue!
Where’s the consumer demand? Right here!

There is no demand issue, but the market takes time to develop

The main influence on take-up rate is how long a FTTH service provider has been in operation. This finding was independent of service provider strategy, and whether pricing was aggressive or premium.

Demand follows service availability – the infrastructure cannot be deployed everywhere simultaneously!

Source: Diffraction Analysis for FTTH Council Europe, NGA Services Study, 2012
Successful Service Strategies for FTTH Operators

- FTTH service providers offer a wider range of services, mostly content
- FTTH subscribers purchase more services, options, pay-as-you-go content
- This translates into higher average revenue per user (ARPU) for FTTH service providers
- FTTH ARPUs were, on average, 46% higher than DSL ARPUs for the same service provider, if available, or in the same market, and can be more.
- ARPUs are significantly affected by service strategy...
- ARPU of FTTH service providers following a premium strategy is 280% higher than FTTH service providers following an acquisition strategy

Source: Diffraction Analysis for FTTH Council Europe, NGA Services Study, 2012
I want Fibre campaign

I want fibre
188 likes · 38 talking about this

Community
... and I want it NOW!
FTTH in a clip

Photo by Nicolo Baravelle
Thank you for your attention!

www.ftthcouncil.eu