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

Photo by Nicolo Baravalle

FTTH Council Europe

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

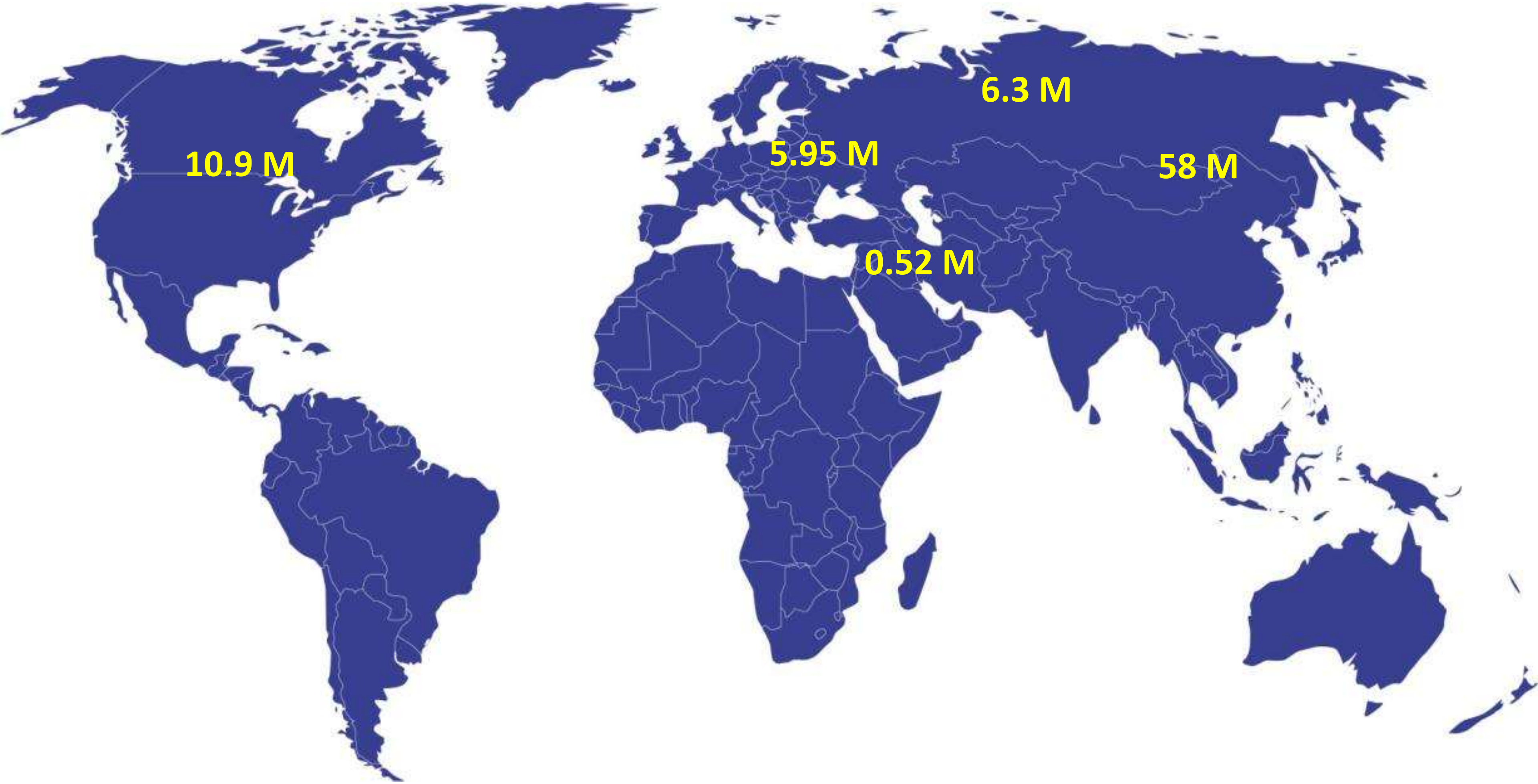
FTTH Case studies

FTTH Conference 10th Anniversary
Join us in London, 19-21 February 2013

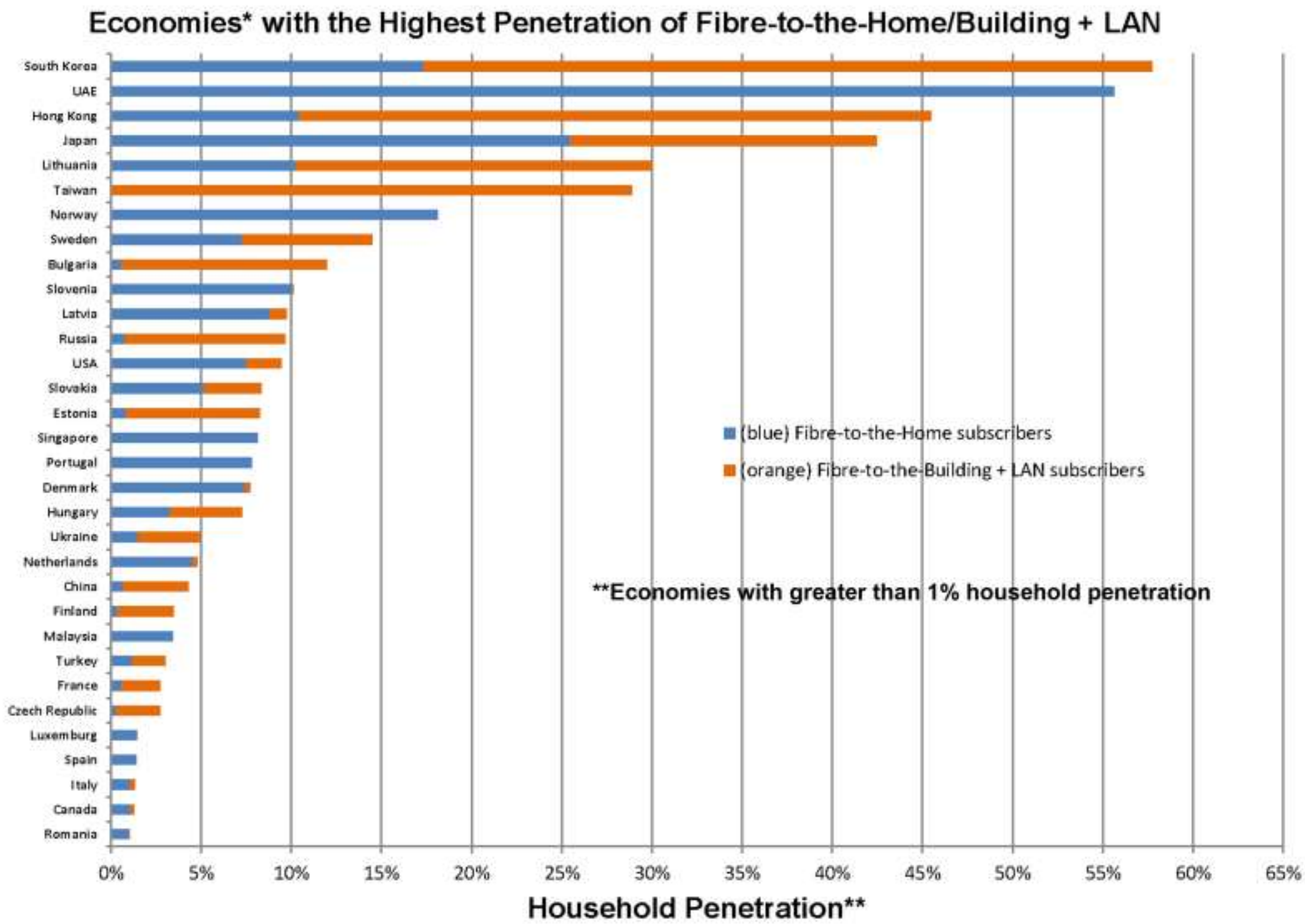
FTTH Market Panorama

Photo by Nicolo Baravalle

FTTH/B Global Panorama mid 2012 – total subscribers



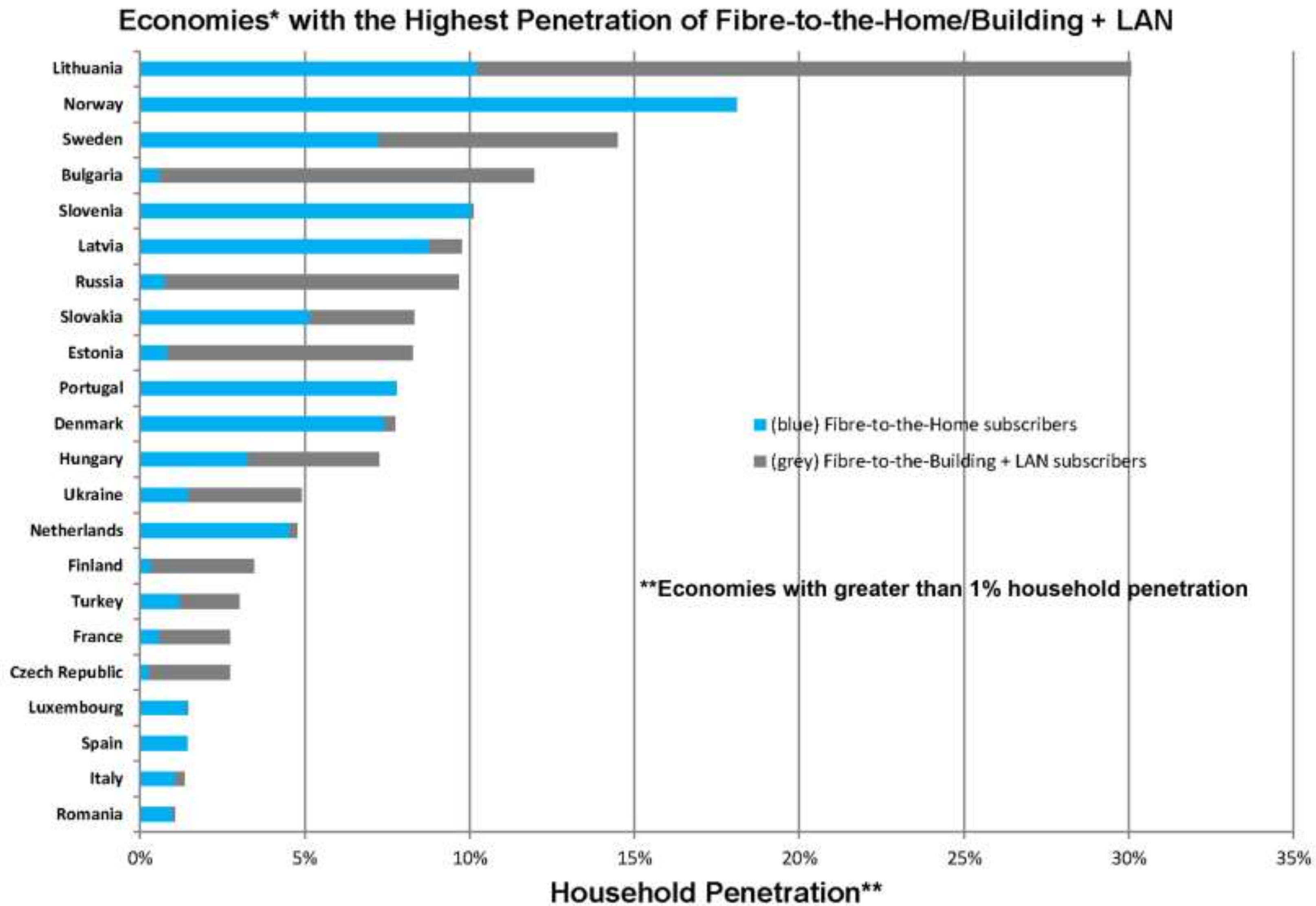
FTTH/B Global Ranking – mid 2012



June 2012 Ranking
Source: Fibre-to-the-Home Councils
October 2012

*Economies with at least 200,000 households

FTTH/B European Ranking – mid 2012



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

*Economies with at least 200,000 households

FTTH/B in Europe – EU35 at mid-2012

➢ **5.95 million FTTH/B subscribers**

➢ **31.9 million homes passed** *(1)*

Average take-up rate: 18.6%

Growth rates 1H2012

+16.4% FTTH/B subscribers

+16% FTTH/B homes passed

End-users seem to migrate more intensively

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 subs.**
- ►**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 : 17.7%

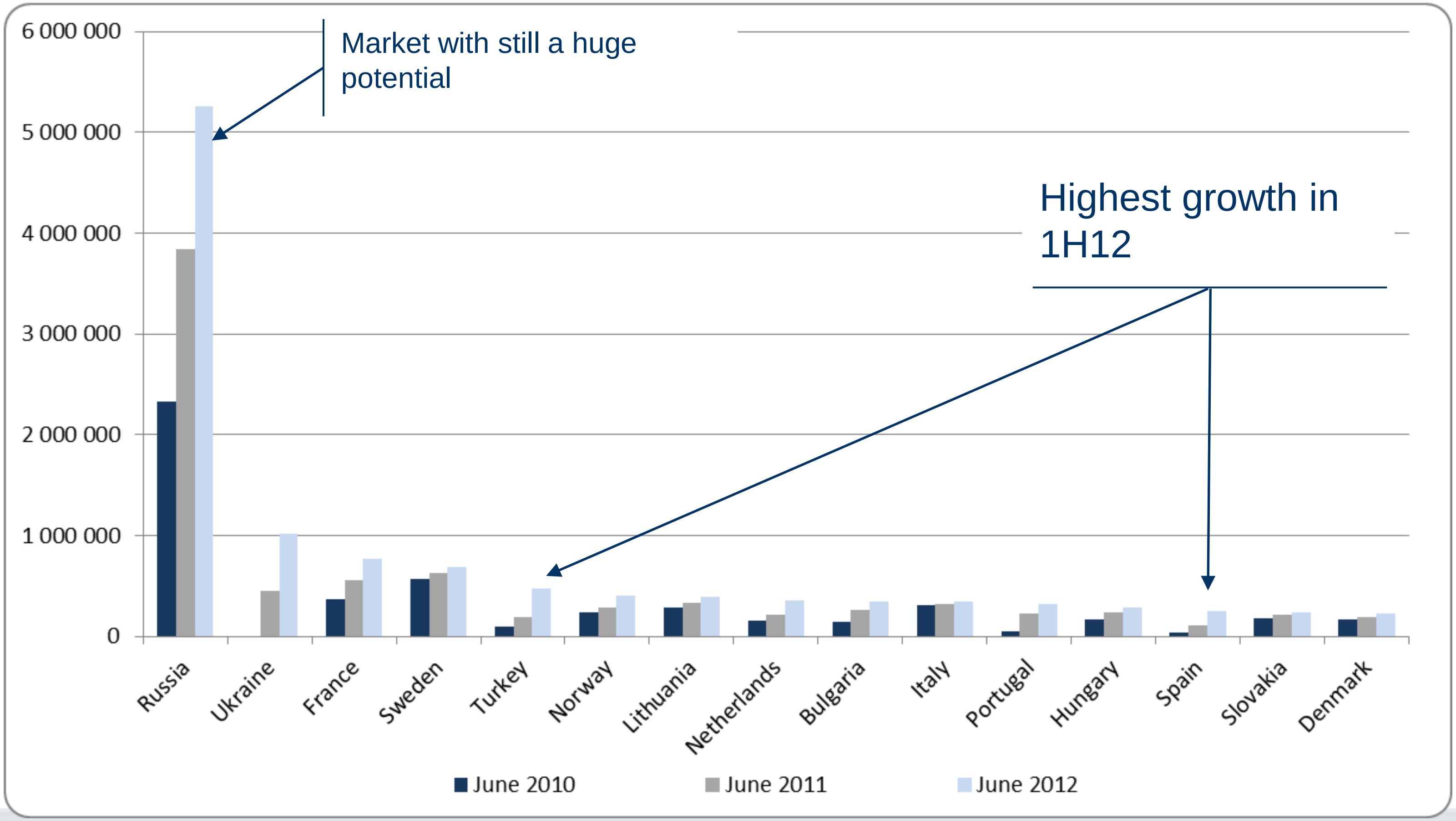
Average Take Rate : 26.2%

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



Source: IDATE for FTTH Council Europe

New FTTH/B subscribers 1H12 (EU39)

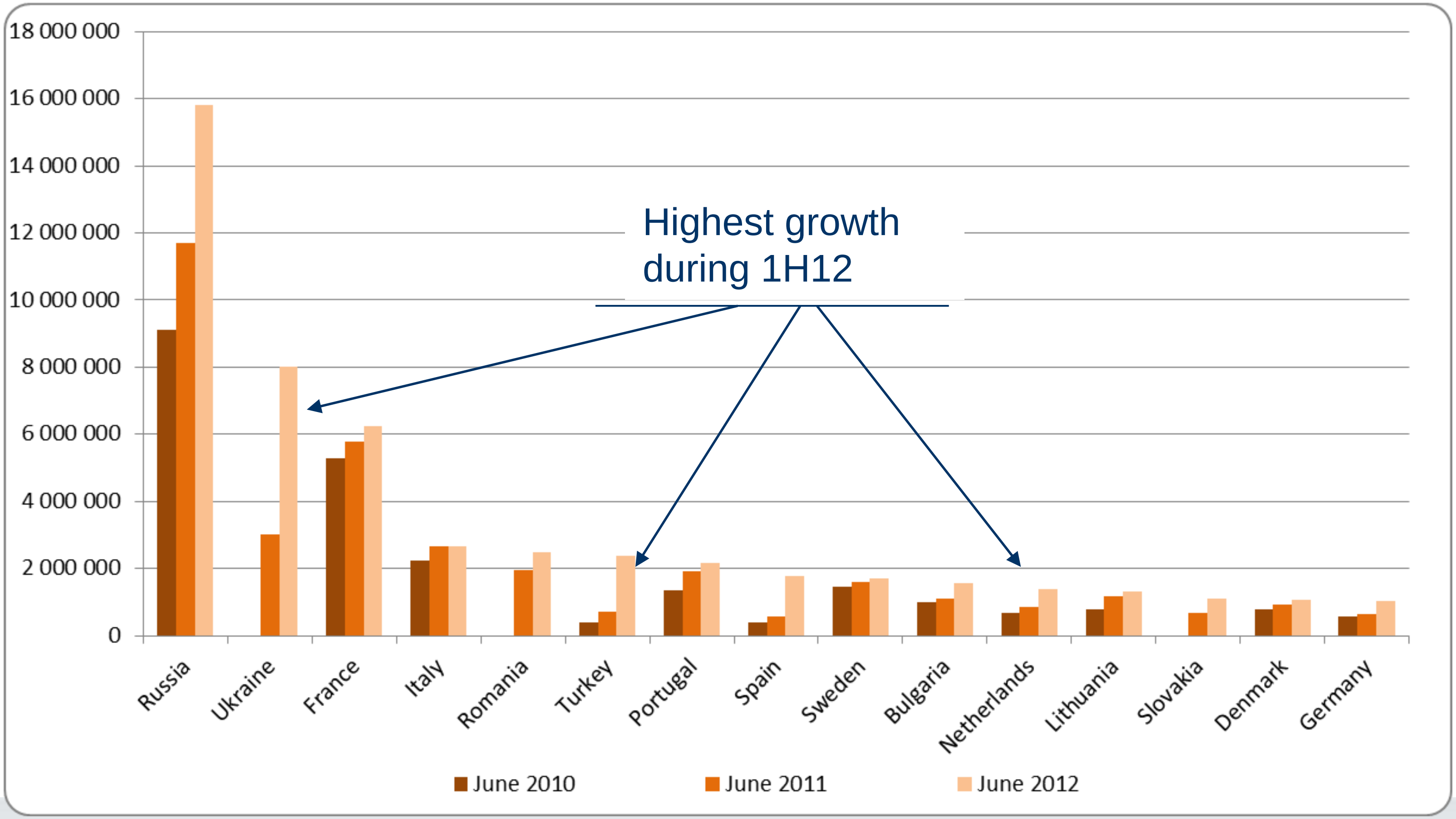
▶ Top 5 countries

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

Source: IDATE for FTTH Council Europe

FTTH/B homes passed evolution (EU39)

►Countries > 1 million FTTH/B homes passed at mid 2012



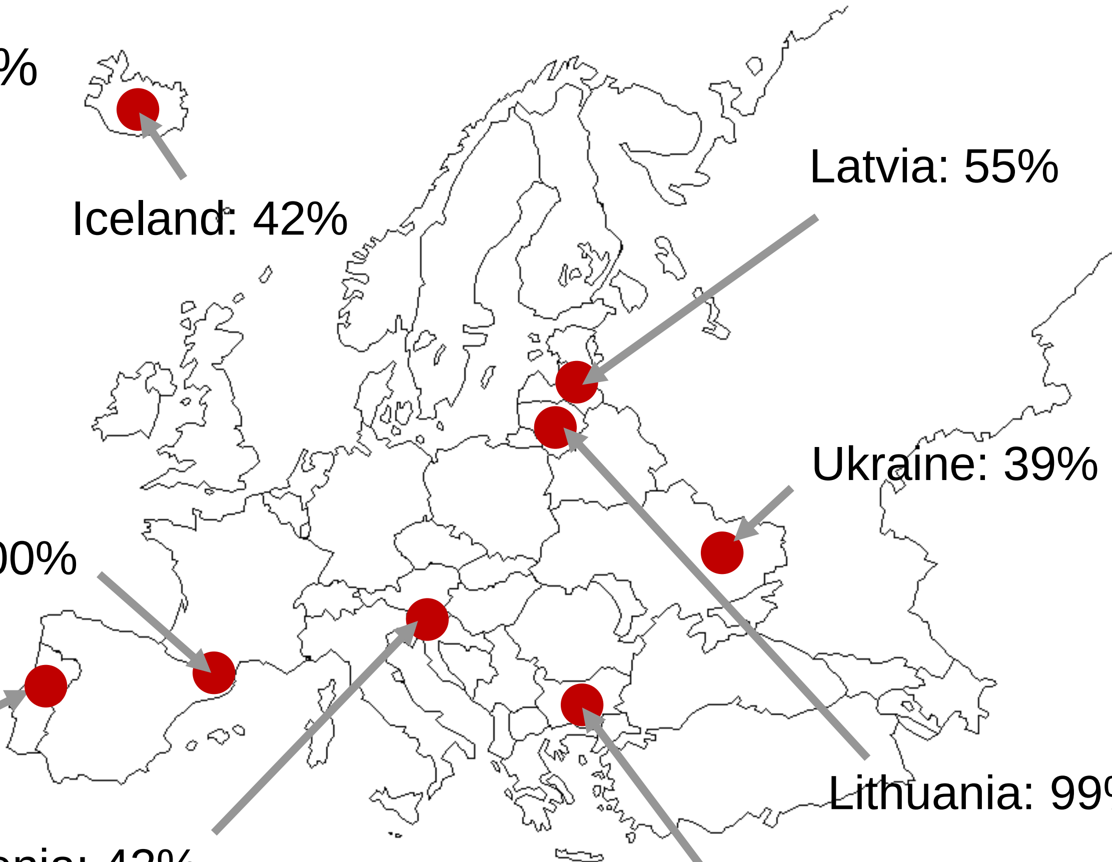
Source: IDATE for FTTH Council Europe

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



Source: IDATE for FTTH Council Europe

FTTH/B projects

Around 260 FTTH/B European projects at mid 2012

35 projects > 200K HP	20 projects > 500K HP	11 projects > 1M HP
TDC	SFR	Orange
Elion	Telecom Italia	KPN/Reggefiber
Free	TeliaSonera Finland	Portugal Telecom
NetCologne	Altibox	Telefonica
Lattelecom	TEO	SuperOnline
T-Com	Telenor	Beeline
T2	……	ER Telecom
Swisscom		……
……		

Source: IDATE for FTTH Council Europe

FTTH/B players – mid 2012

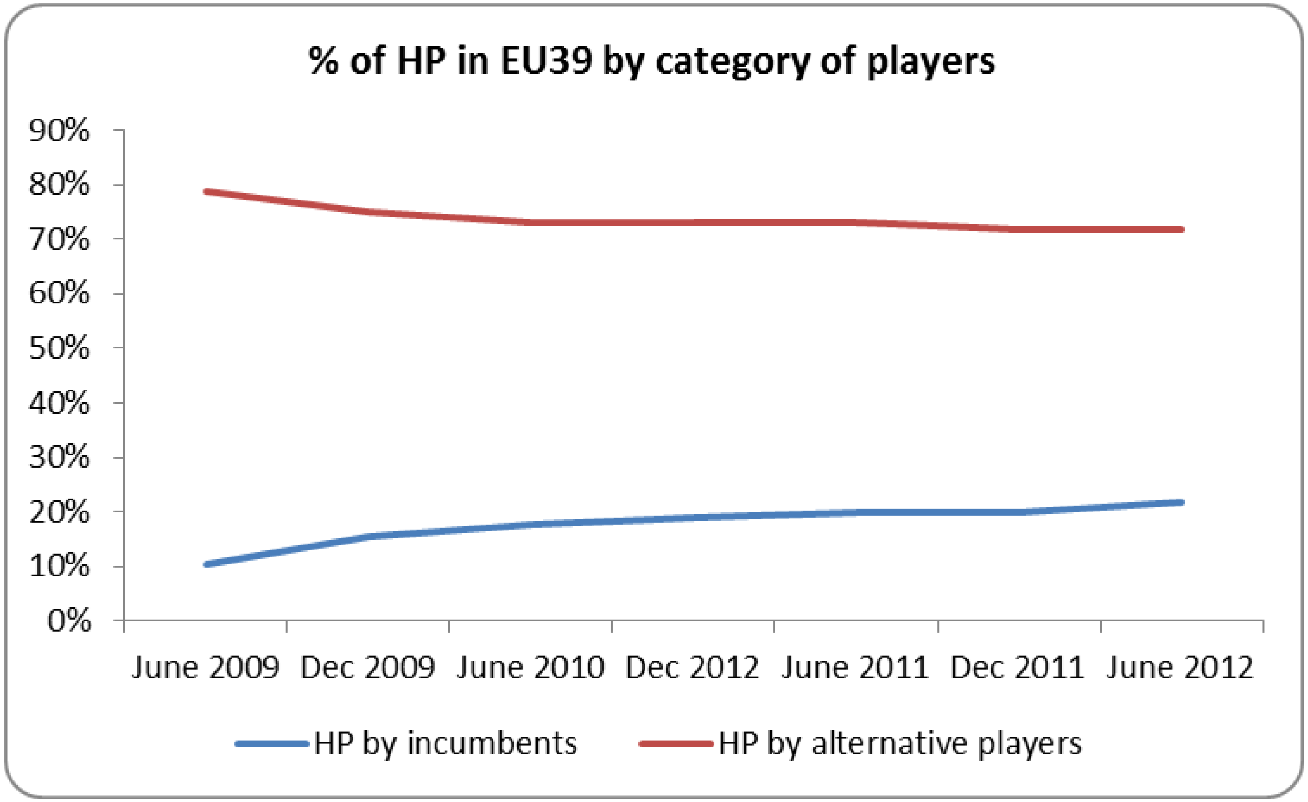
► **3 main categories involved in EU39 FTTH/B deployments**

Municipalities & Utilities	Alternative operators / MSOs	European incumbents
More numerous	Most dynamic	Challenged on BB
Local deployments only	National or local deployments	National deployments
<7% of total FTTH/B homes passed at June 2012	~72% of total FTTH/B homes passed at June 2012	~22% of total FTTH/B homes passed at June 2012

Source: IDATE for FTTH Council Europe

FTTH/B in Europe – players involved

► **The part of HP by incumbents in EU39 has been growing regularly since June 2009**



Source: IDATE for FTTH Council Europe

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

Main architecture deployed (homes passed segmentation)	June 2012	Dec 2011	June 2011
FTTH	38%	41%	39%
FTTB	62%	59%	61%

Main technology deployed (homes passed segmentation)	June 2012	Dec 2011	June 2011
PON	22%	30%	29%
Ethernet	78%	70%	71%

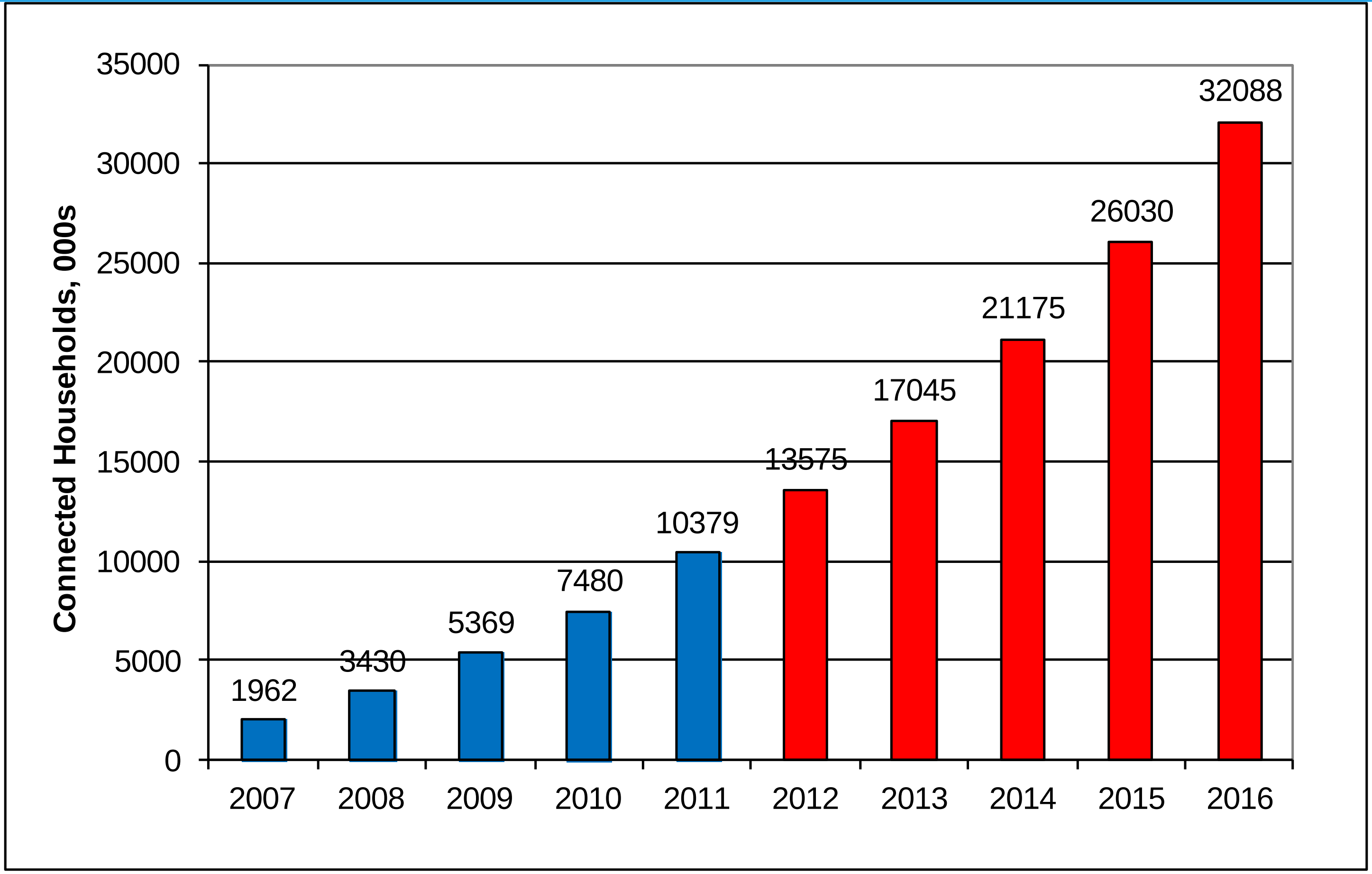
Dwellings deployed (homes passed segmentation)	June 2012	Dec 2011	June 2011
MDU	77%	80%	79%
SDU	23%	20%	21%

Source: IDATE for FTTH Council Europe

FTTH Market Forecasts

Photo by Nicolo Baravalle

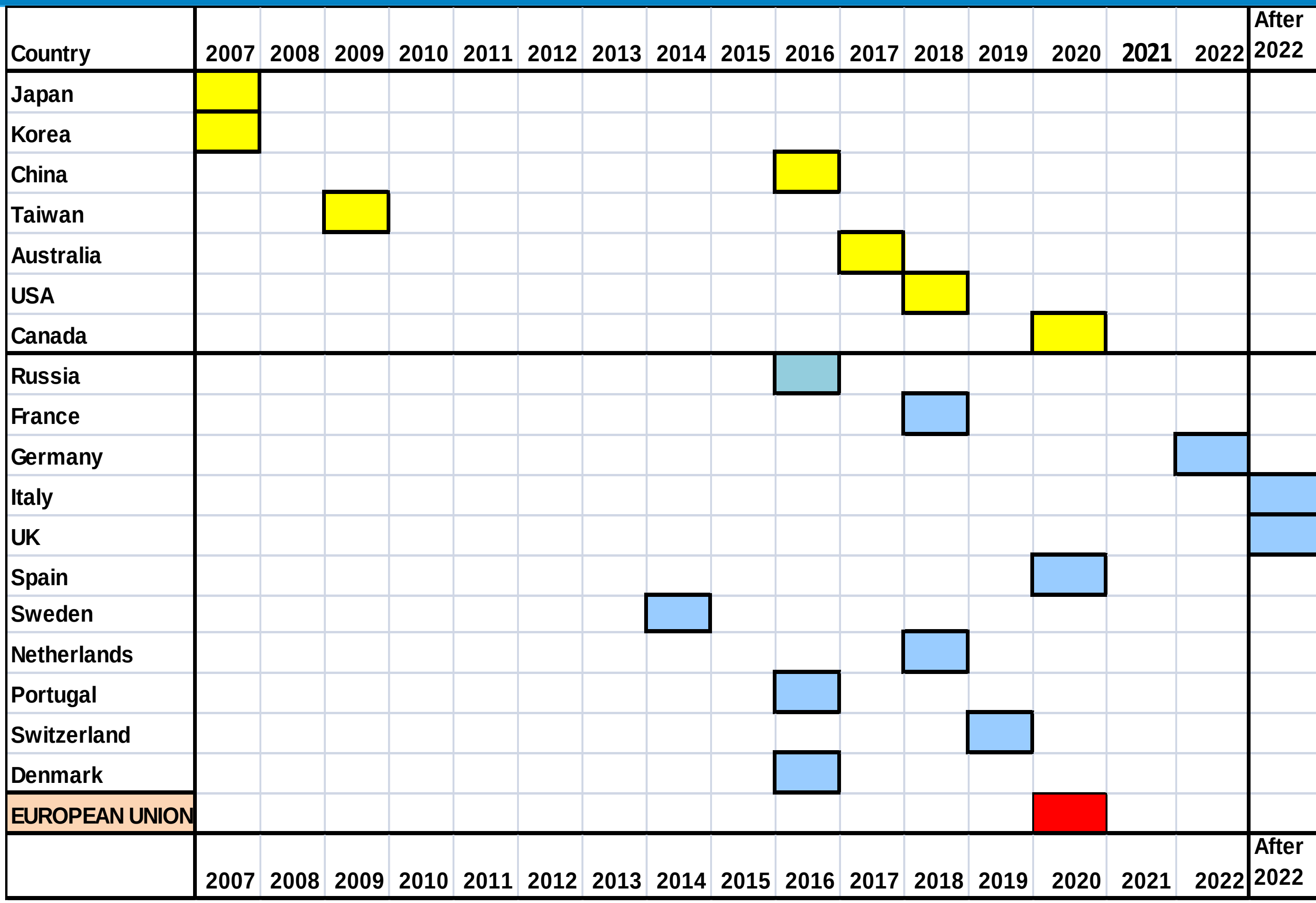
European Region FTTH Forecast



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



Source: Heavy Reading for FTTH Council Europe, February 2012

FTTH & Digital Agenda Targets

Digital Agenda of European Commission

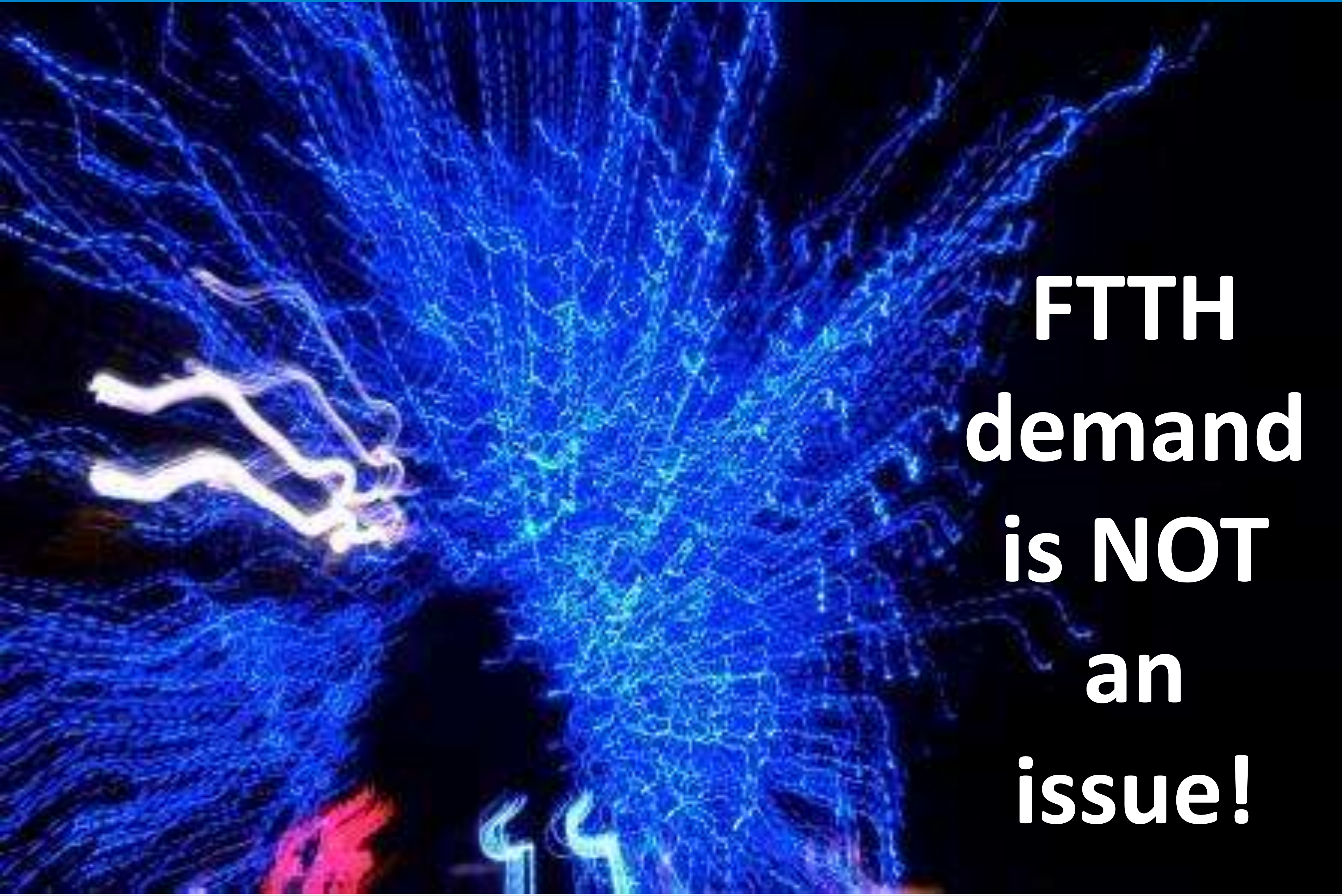
- By 2020…
  - At least 50% of the households in European Union will **use** broadband connections of 100 Mbps or more
  - All households in European Union have broadband connections of at least 30 Mbps available

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

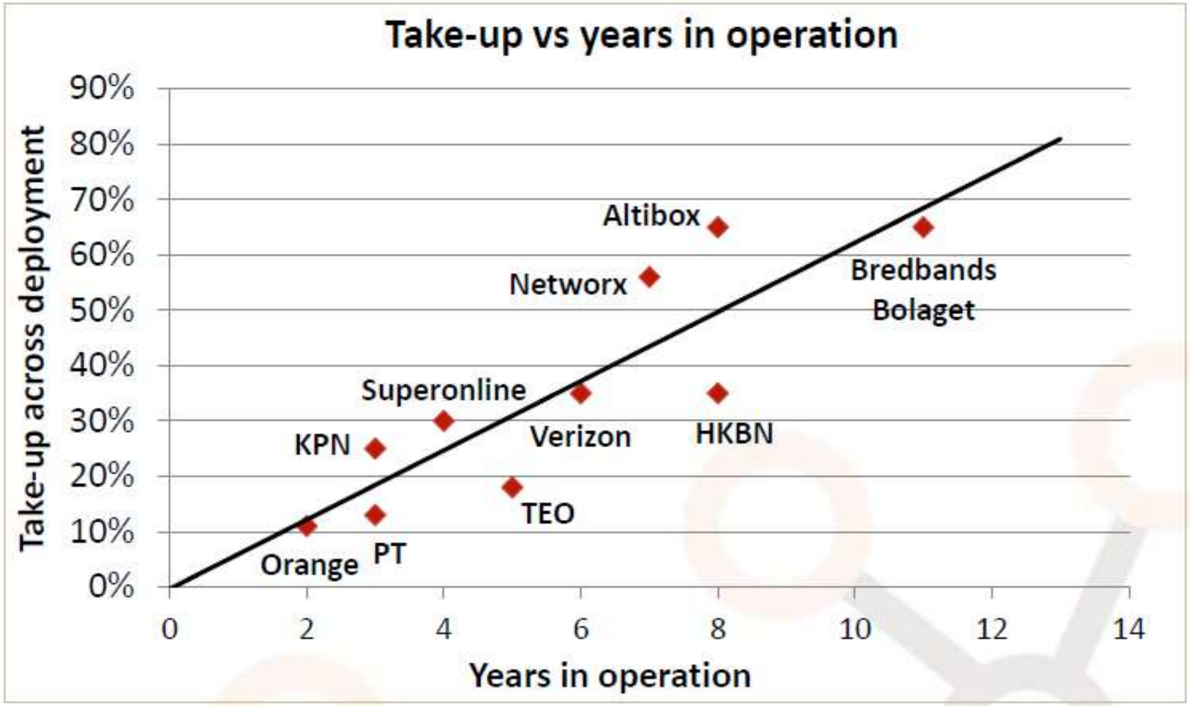
- Benefits from strong coordination of infrastructure sharing available to Member States at low cost



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



Source: Diffraction Analysis for FTTH Council Europe, NGA Services Study, 2012

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!

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

FTTH in a clip

Photo by Nicolo Baravalle

Thank you for your attention!

www.ftthcouncil.eu

Fibre to the Home Council Europe