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FTTH/B Panorama

Europe (39 countries) at December 2011

FTTH Council Europe Conference

Munich, 15 February 2012

Understanding the Digital World

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Consulting & Research
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Agenda

- ► **Study Background: Objectives, available results**
- ► **FTTH/B in Europe overview**
  - Overall figures
  - Projects
  - Players involved
- ► **Europe's FTTH/B leaders**
  - Subscribers evolution
  - Homes Passed evolution
  - Architecture & Technologies
- ► **Main Conclusions & Challenges**

Study Background

Objectives, available results

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Background of the Study

- **Mission on behalf of the FTTH Council Europe, 9th edition**

- **Objective: to provide a complete summary of the status of FTTH/B in Europe**
  - **39 countries analysed** (detail in annex)
  - Panorama provided **twice a year**
  - **Distinction between architecture : FTTH/B vs FTTN** (FTTN/C+VDSL, FTTLA, FTTx+LAN)

Characterization of each project includes:
- Organization initiating the project
- Key parameters & Figures
- Technical parameters
- Financing & Business model

- **Methodology used**
  - Desk research
  - Direct contacts with FTTH players (questionnaires, phone interviews) & IDATE's partners in several European countries
  - Information exchange with FTTH Council Europe members

Available results for EU39

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Around 300 FTTx projects listed in EU39

Quantitative

FTTH/B data	December 2011	
	Nb of Subscribers	Nb of Homes passed
Total FTTH/B in Norway	**327 600**	**548 800**
Altibox (Lyse)	280 000	450 000
Tromsbynett / Pronea	18 500	28 000
Kvinnherad Breiband	3 300	3 800
Alta Kraftslag	3 000	7 000
Tafjord	2 800	na
Telenor	20 000	na
Others *(1)*	na	60 000

Other FTTx architectures (*)	*December 2011*	
	Nb of Subscribers	*Nb of Homes passed*
Total FTTN in Norway	***na***	***na***
Telenor	na	na

Source: IDATE for FTTH Council Europe

Qualitative

Turkcell Superonline

Identification Operator/Organisation

Superonline is a subsidiary of Turkcell, the biggest turkish mobile operator which is owned by Turkcell Holding (51.00%), Sonera Holding (13.07%), MV Group (2.32%), and others (0.13%).

Key parameters

In order to compete with incumbent Turk Telekom, Turkcell is continuing the buildout of a FTTH/B network under its Tellcom unit which aquired Superonline in 2009.

Superonline planned to deploy a FTTH/B network to provide a 100 Mbps Ethernet connection to each home.
To be in line with its project, it has invested 260 million TL (~129,6 million EUR) during 2009 and 500 million TL (~249,23 million EUR) during 2010.

In December 2009, Turkcell announced the launch of the first service over fiber optic in the country, under the "Superonline" brand name.
Then, its 1 Gbps service was launched in May 2011. At the same date, the company changed its brand name to Turkcell Superonline.

And as of end 2011, its FTTH/B network was deployed in 10 major cities including İstanbul, İzmir, Ankara, Bursa, İzmit, Adana, Antalya.

First objective, which was to add 300,000 households passed between 2009 and 2010, was reached.Then, the second target is to cover 1 million homes by the end of 2011.

Since the beginning of the fibre project, the architecture more deployed is FTTB but the FTTH investment should be more important than FTTB investment in coming years.

Figures

Number of Households/Business Units passed	230,000 Homes passed at December 2009 390,000 Homes passed at June 2010 580,000 Homes passed at December 2010 718,000 Homes passed at June 2011 **1,000,000 Homes passed at December 2011**
FTTx subscriber base	100,600 subscribers at June 2010 154,059 subscribers at December 2010 189,600 subscribers at June 2011 **260,000 subscribers at December 2011**

Technical parameters

40% FTTH / 60% FTTB with mainly CAT6 used for FTTB infrastructure
Tilgin provided Home Gateways and software in 2010 for SEK 17 million
Main vendors : Ericsson, Motorola and Tilgin

FTTH/B in Europe overview

Overall figures – Projects – Players involved

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FTTH/B in Europe – Overall Figures

EU35 at end of December 2011

► **5.15 M FTTH/B subscribers**

► **27.9 M FTTH/B Homes Passed**

Average Take up Rate :
18.4% vs 20.3% in Dec 2010

Growth rates 2011

⇒ **+28% FTTH/B subscribers**

⇒ **+41% FTTH/B Homes Passed**

Players are still focused on expanding their FTTH/B coverage

Source: IDATE for FTTH Council Europe

FTTH/B in Europe – Overall Figures

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EU 27 at December 2011

- 4.5 million FTTH/B subscribers
- 25.8 million FTTH/B Homes Passed

Average Take Rate : 17.5%

CIS (1) at December 2011

- 5.1 million FTTH/B subscribers
- 16.8 million FTTH/B Homes Passed

Average Take Rate : 30.3%

Source: IDATE for FTTH Council Europe

(1) Russia, Ukraine, Kazakhstan, Belarus

FTTH/B in Europe overview: Projects

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Around 260 FTTH/B European projects at end 2011

33 projects > 200k HP	17 projects > 500k HP	10 projects > 1M HP
TDC	Orange	Blizoo
Elion	SFR	Portugal Telecom
Free	Telecom Italia	Telefonica
NetCologne	TeliaSonera Finland	SuperOnline
Lattelecom	TEO	Beeline
Altibox	KPN/Reggefiber	ER Telecom
T-Com	Telenor	……
T2	……	
Swisscom		
……		

List in annex

Source: IDATE for FTTH Council Europe

FTTH/B in Europe – Players involved

► 3 main categories involved in EU35 FTTH/B deployments

Municipalities & Utilities	Alternative operators / MSOs	European incumbents
• More numerous • Local deployments only	• Most dynamic • National or local deployments	• Challenged on BB • National deployments
13% of total FTTH/B Homes Passed at Dec 2011	55% of total FTTH/B Homes Passed at Dec 2011	33% of total FTTH/B Homes Passed at Dec 2011

Source: IDATE for FTTH Council Europe

Europe’s FTTH/B leaders

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FTTH/B subscribers evolution (EU39)

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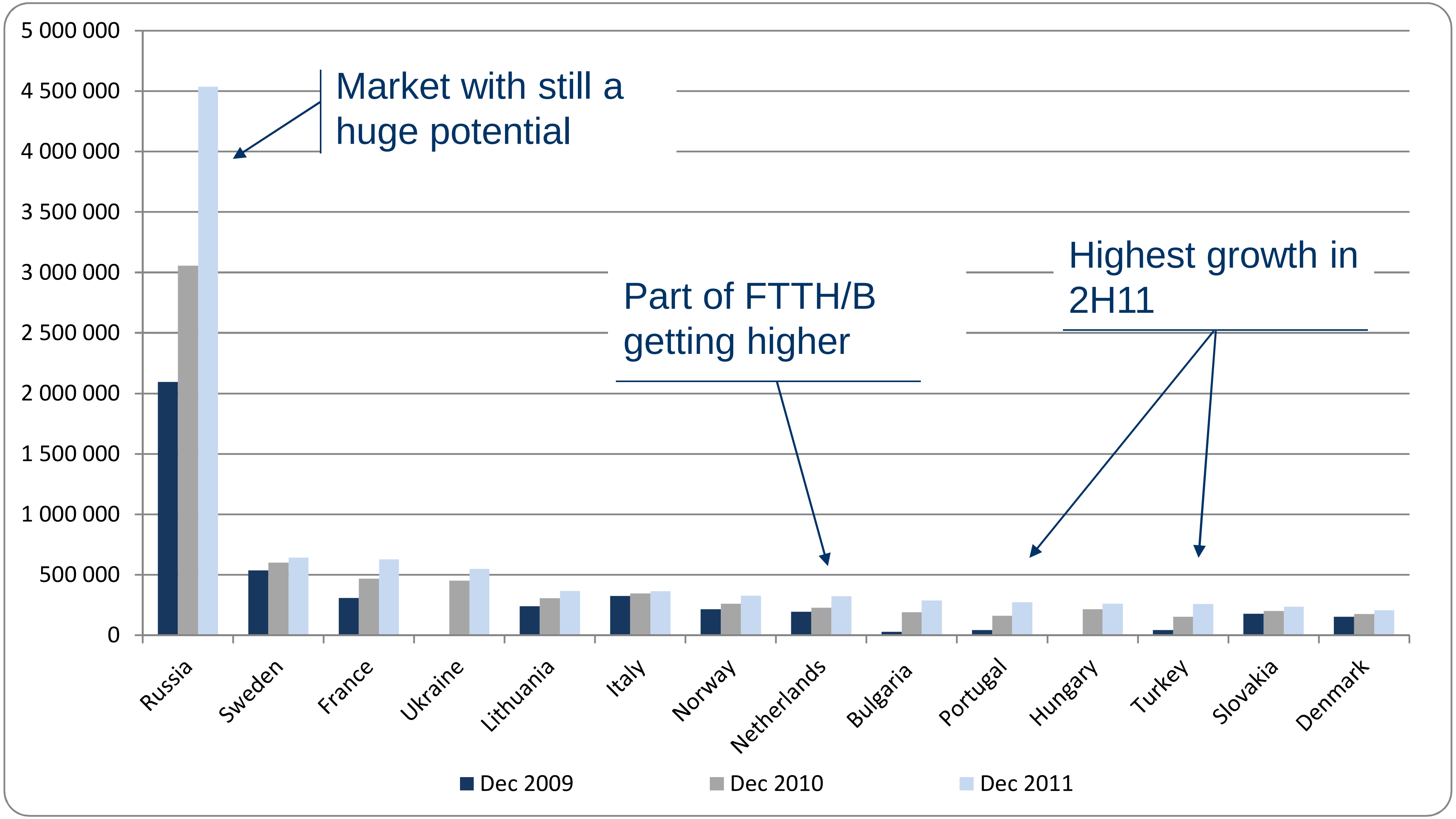
►Countries > 200,000 FTTH/B subscribers at end 2011



Source: IDATE for FTTH Council Europe

New FTTH/B subscribers 2H11 (EU39)

► Top 5 countries

► Ukraine	**+100,000**
► France	**+73,000**
► Turkey	**+70,400**
► Spain	**+68,700**
► Netherlands	**+55,000**

(Russia: + 702,000)

Source: IDATE for FTTH Council Europe

FTTH/B Homes Passed evolution (EU39)

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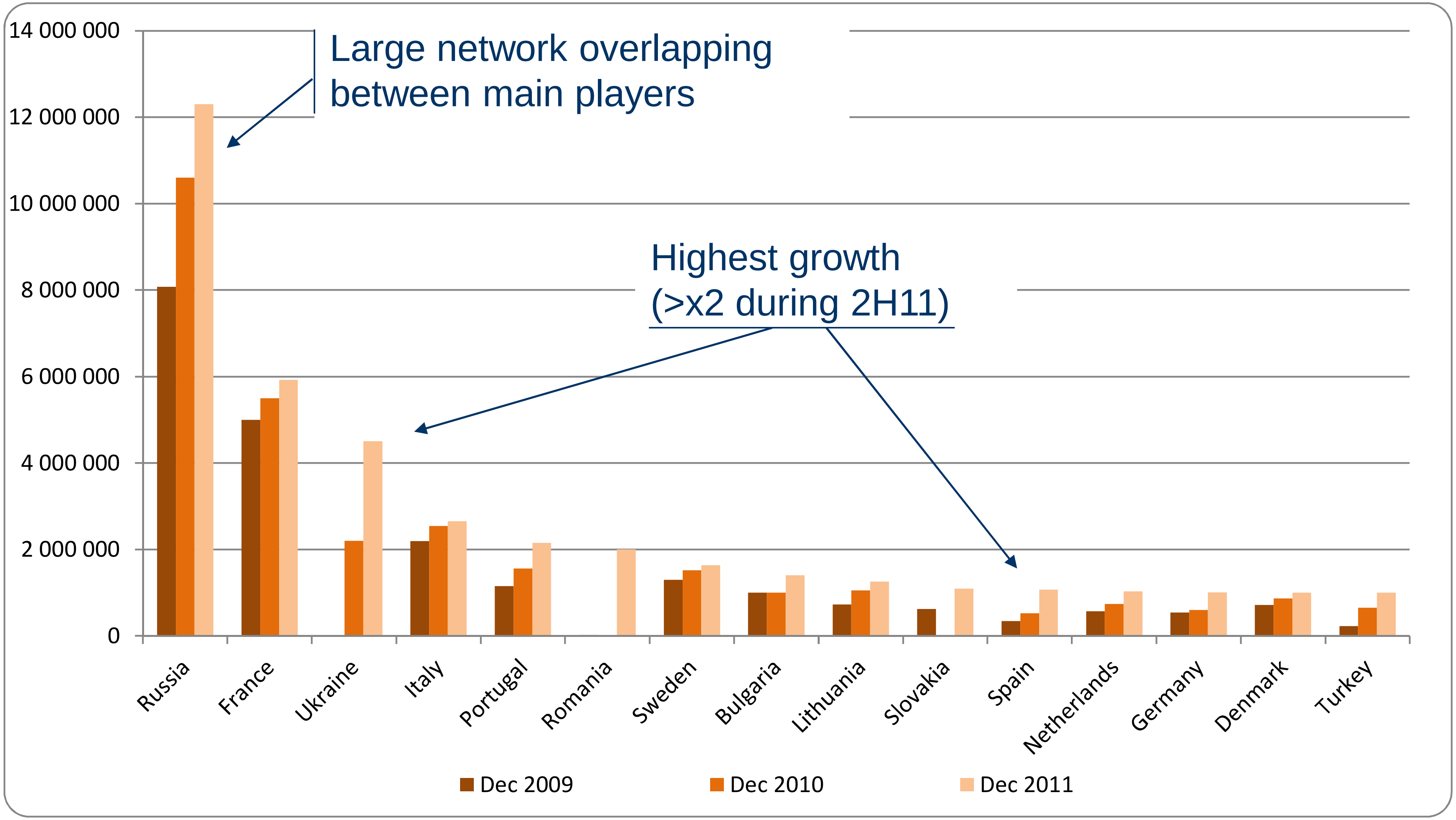
▶ Countries > 1 million FTTH/B Homes Passed at end 2011



Source: IDATE for FTTH Council Europe

FTTH/B Homes Passed trends

► 6 countries > x2

- ► Among which Hungary, Poland, Spain, UK

► Smallest growth in Slovenia, Italy, France, Sweden

- ► Between 3% and 8% HP growth in 2H2011
- ► Further rollouts planned in Italy on a national scale to be confirmed
- ► Already good coverage in most dense areas, notably in France (FTTB)

► Noticeable growth in Netherlands, Portugal, Turkey

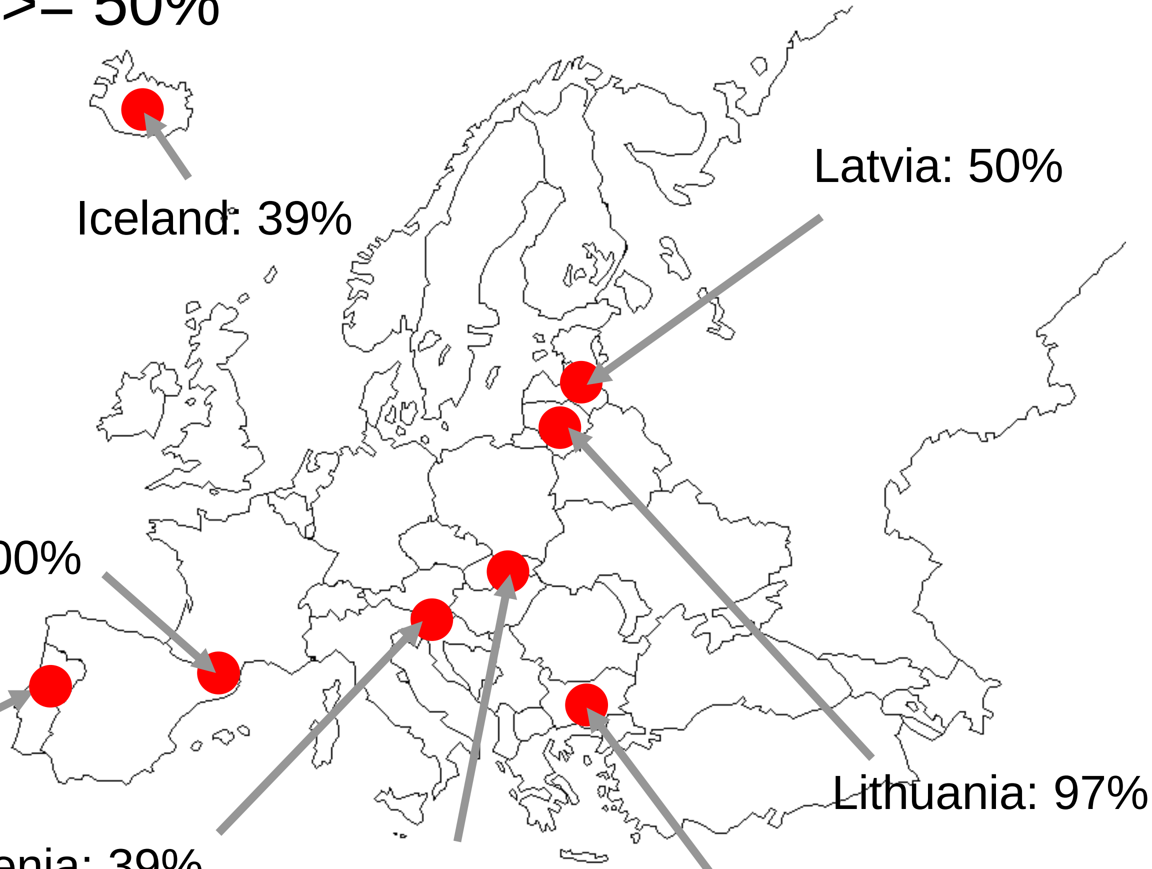
- ► Due to renewed/intensive strategy from incumbents or alternative operators

FTTH/B Homes Passed in total HH

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

- Now 4 countries >= 50%

Top 8 countries in terms of HP in total households



Source: IDATE for FTTH Council Europe

FTTH/B leading countries

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► **Last period of leadership for pioneer Sweden?**

- Sweden still heading European FTTH/B market in terms of number of subscribers, but the gap is getting very small with France and Ukraine

► **High growth of Spanish market**

- Next step: entering the Global Ranking ?!

► **The CIS countries case: potential of the market confirmed and still very huge for Russia and Ukraine**

► **A part from CIS, majority of subscribers concentrated in 8 countries**

- Sweden, France, Lithuania, Italy, Norway, Netherlands, Bulgaria, Portugal
- > 62% of total FTTH/B subscribers in EU35

FTTH/B leading countries

But number of subscribers less relevant than Take Rates *(1)*

From the highest…

In Scandinavian countries : 60% in Norway, 39% in Sweden

In Czech Rep (42%), Hungary (39%), Russia (37%), Turkey (26%)

In the Baltics : 29% in Lithuania

…to the lowest

In France (<11%), Switzerland (<4%), UK (<2%)

Source: IDATE for FTTH Council Europe

(1) Number of subscribers in total Homes Passed

European Ranking

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- **The Ranking includes countries of more than 200,000 households where at least 1% of households are FTTH/B subscribers**

- **At December 2011**
  - 20 countries in the European Ranking
  - No new entrant

- **Progression for 3 countries**
  - Norway (now 2nd), Latvia and Turkey (now ahead of Italy)

- **Major Western Economies such as Italy and France still at the bottom of the Ranking**
  - Others like UK, Germany or Spain absent

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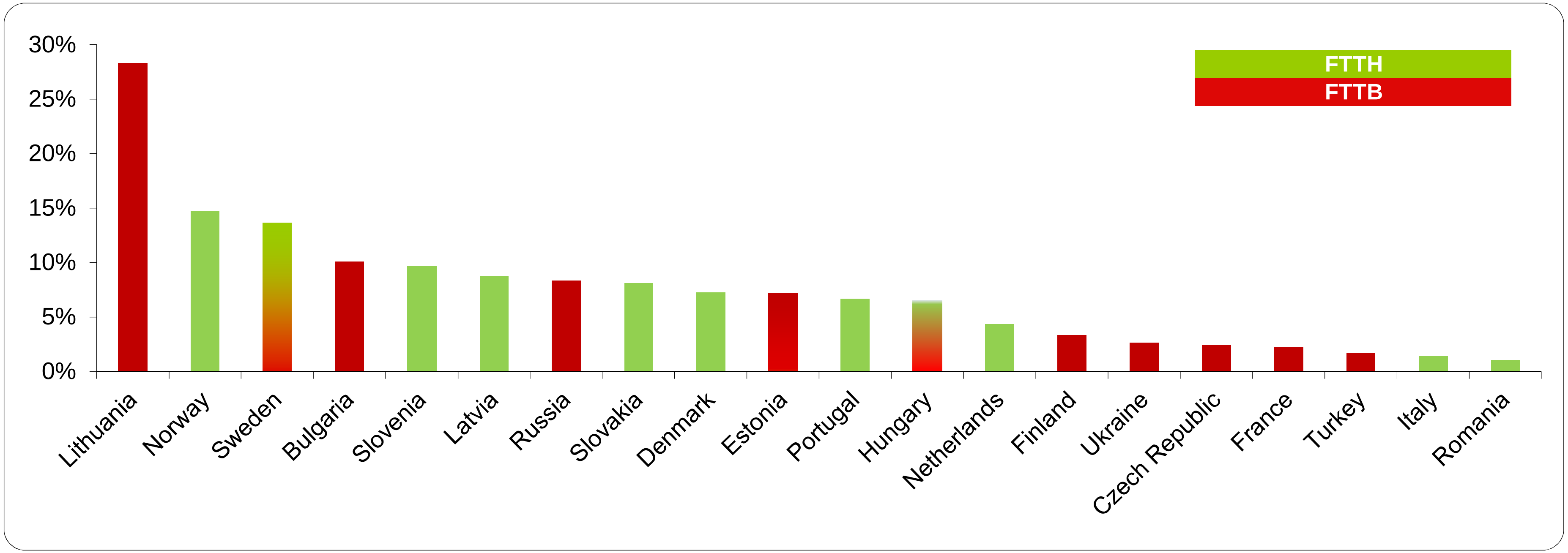
European Ranking – December 2011



Source: IDATE for FTTH Council Europe

FTTH/B European technologies

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- ► In December 2011, the main architecture deployed is still FTTB
- ► Regarding technology, players have mainly chosen Ethernet
- ► Then, MDUs are still the principal target for Fiber deployments in Europe

Main architecture deployed (homes passed segmentation)	Dec 2011	June 2011	Dec 2010
FTTH	41%	39%	37%
FTTB	59%	61%	63%

Main technology deployed (homes passed segmentation)	Dec 2011	June 2011	Dec 2010
PON	30%	29%	27%
Ethernet	70%	71%	73%

Dwellings deployed (homes passed segmentation)	Dec 2011	June 2011	Dec 2010
MDU	80%	79%	77%
SDU	20%	21%	23%

Source: IDATE for FTTH Council Europe

Main conclusions & Challenges

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Main conclusions

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- ►FTTH: a new priority for operators first involved in VDSL rollouts (e.g. KPN, Swisscom,… DT tomorrow?)
- ►Multiplicity of players not a insurance for market dynamism (e.g. Romania): consolidation to come?
- ►No new entrant in the ranking: Spain in the starting block…
- ►Operators should be more and more concerned by marketing their solutions

Main challenges for FTTH

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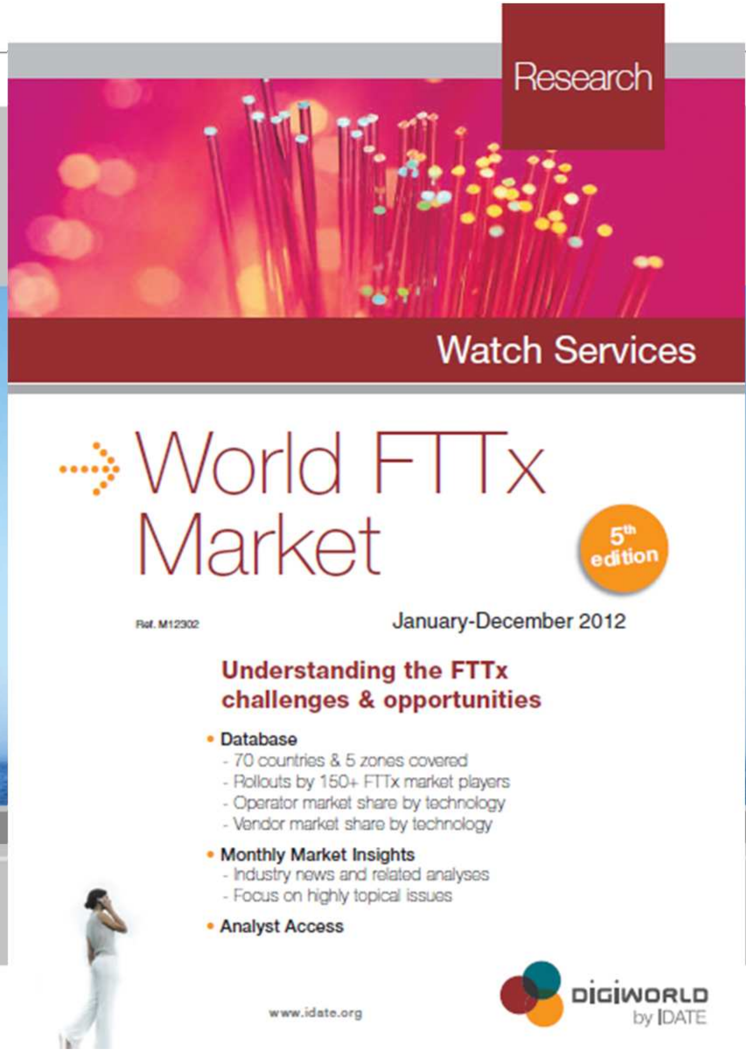
- ►Penetration rate still very low compared to APAC and USA: what solution can be found by operators to leverage the take up rate?

- ►Communication about FTTH has to be adapted to touch a large public: promoting the benefits of fibre

- ►Objectives to be reached on national and European levels: how to work together to expand the coverage?

Thank you!



World FTTx Market - Watch Service Calendar 2012

		January	February	March	April	Mai	Juin	Juli	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												

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Annexe 1: Countries included in the panorama

Austria
Belgium
Bulgaria
Cyprus
Czech Republic
Denmark
Estonia
Finland
France
Germany
Greece
Hungary
Ireland
Italy
Latvia
Lithuania
Luxembourg
Malta
Netherlands
Poland
Portugal
Romania
Slovakia
Slovenia
Spain
Sweden
United Kingdom

EU 27

EU 27 + Andorra, Croatia, Iceland, Israel, Norway, Serbia, Switzerland, Turkey

EU35

EU 35 + Belarus, Kazakhstan, Russia, Ukraine

EU39

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