FTTH/B MAKES A REAL DIFFERENCE Usage Survey Results (France& Portugal)

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In assistance to

Purpose and Methodology

- Following an insightful study of Swedish Broadband Users in 2014, this study commissioned by the FTTH Council Europe aimed at measuring the differences in broadband attitudes and usage between FTTH/B users and legacy DSL users in France and Portugal.

- The study was conducted in early December 2014, via an online quantitative survey of 2x400 broadband respondants. The survey was run by Paradox' Opinion / OpinionWay

- The sample included 2x300 FTTH/B users and 2x100 DSL users. The surveys were conducted in French and Portuguese.

- The following presentation highlights the key findings.

Key Findings of the 2014 Swedish Study

More users on the existing FTTH/B platform means more opportunity to upsell or cross-sell

FTTH/B users keep wanting higher performance, an opportunity for upsell revenue increase

FTTH/B Upsell

FTTH/B Cross-sell

FTTH/B users are more interested in new service concepts, some of which present revenue opportunities for ISPs

Improved Deployment Business Model

Pent-up demand from DSL users who cannot migrate to fib r improves the business model of outward fib r deployment

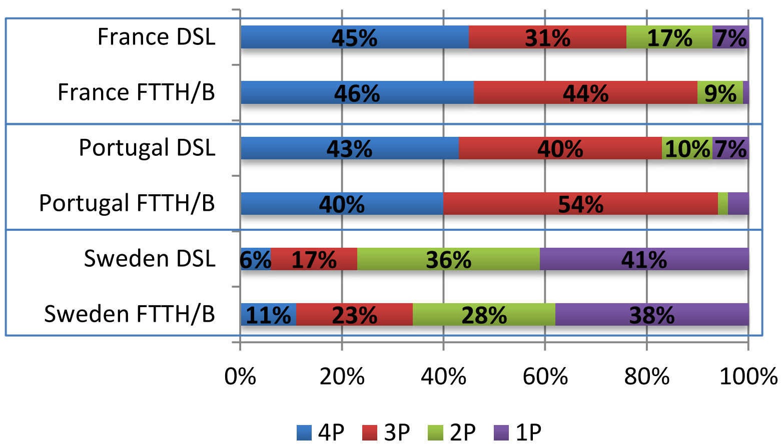
Easier economics in fiber network extension feeds the revenue opportunity of FTTH/B

Source: Diffraction Analysis, 2014

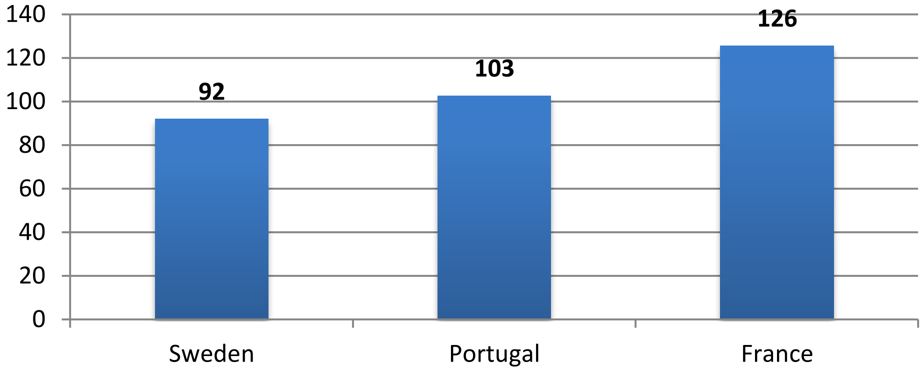
Key Question Raised?

- Is the Swedish FTTH/B Users' Satisfaction related to the access technology or to a great job by Swedish Fiber ISPs ? Is it verified elsewhere ?
- Would DSL users perceive FTTH/B so positively in less mature markets ?
- Is the difference in broabdand user behaviour verified in less mature markets ?
- Ultimately, does FTTH/B drive advanced usage, or are advanced users just attracted to the FTTH/B platform ?

Key Differences between Markets



Source: FTTH Council Europe / Diffraction Analysis / Paradox' Opinion / OpinionWay



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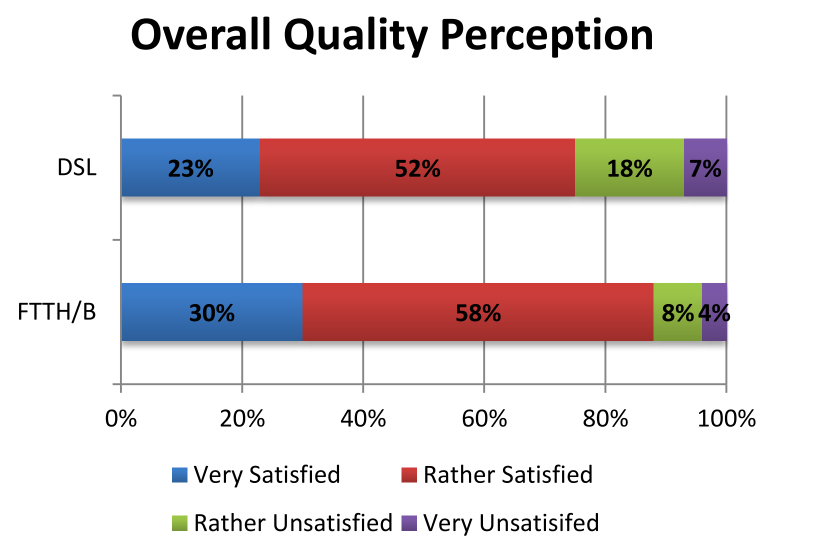
- Swedish Market is heavily weighed towards single and double play offers

- Portuguese and French markets are heavily weighed towards triple and quadruple play offers

- In Sweden and Portugal, no revenue upswing from FTTH/B.

- In France, big revenue upswing from FTTH/B.

Perception of Quality (Portugal)



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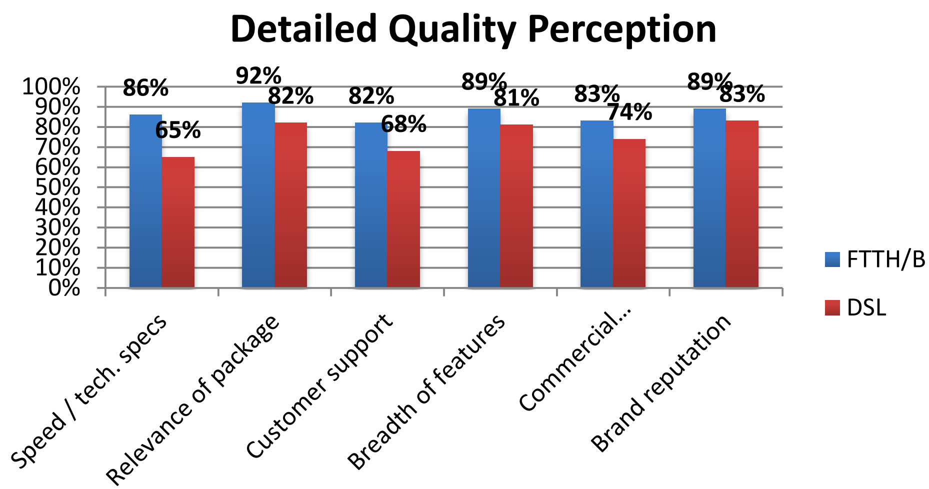

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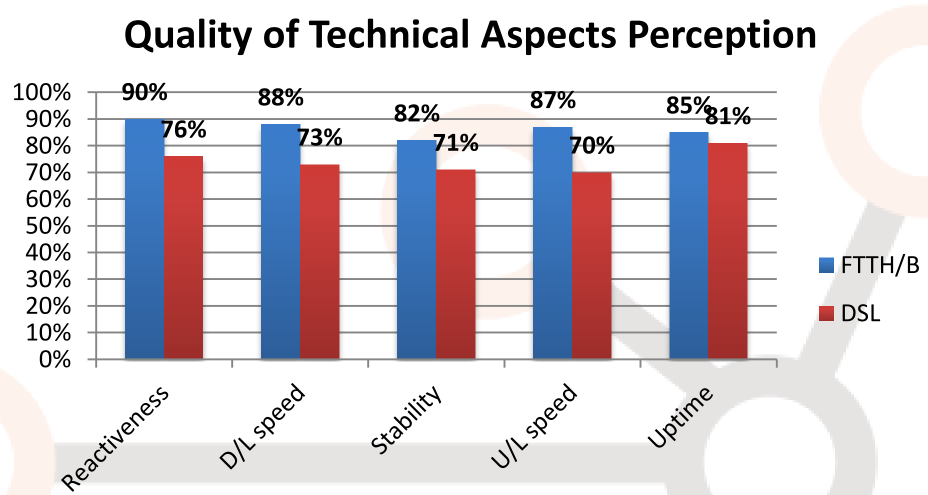
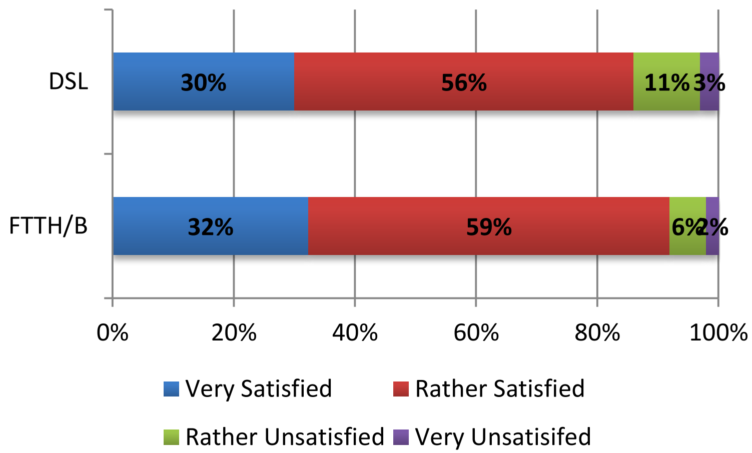


Source: FTTH Council Europe / Diffraction Analysis / Paradox' Opinion / OpinionWay

- FTTH/B users are overall more satisfied with their FTTH/B (88% vs. 75%.)
- They are also more satisfied on all commercial and technical criteria.

Perception of Quality (France)

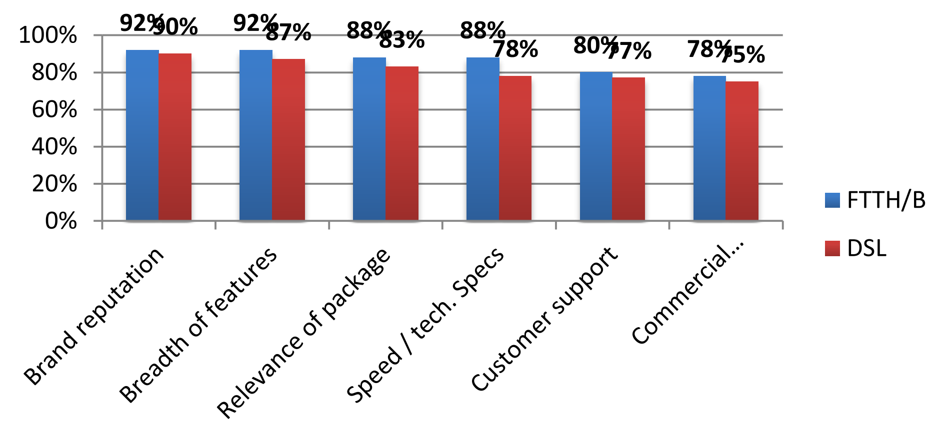
Overall Quality Perception



Source: FTTH Council Europe / Diffraction Analysis / Paradox' Opinion / OpinionWay

- FTTH/B users are overall more satisfied with their FTTH/B (91% vs. 86%)
- Lower differential is due to higher prices.

Detailed Quality Perception



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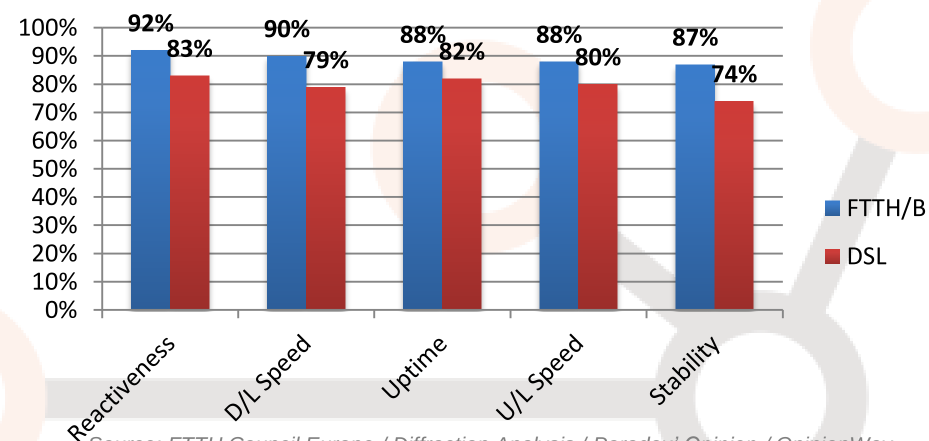
Quality of Technical Aspects Perception



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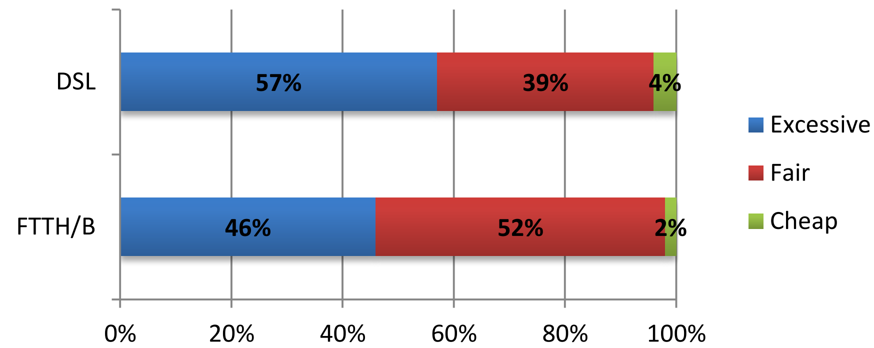
DIFFRACTION analysis

Price perception is directly linked to price levels

- In Portugal (where FTTH/B ARPU is roughly in line with DSL), the proportion of DSL users who find prices excessive is much higher than for FTTH/B (57% vs. 46%)
- In France (where FTTH/B ARPU is 25% higher than DSL ARPU), price perception is roughly equivalent between FTTH/B and DSL users.
- This explains why overall satisfaction differentials are lower in France than elsewhere.

Price Perception (Portugal)



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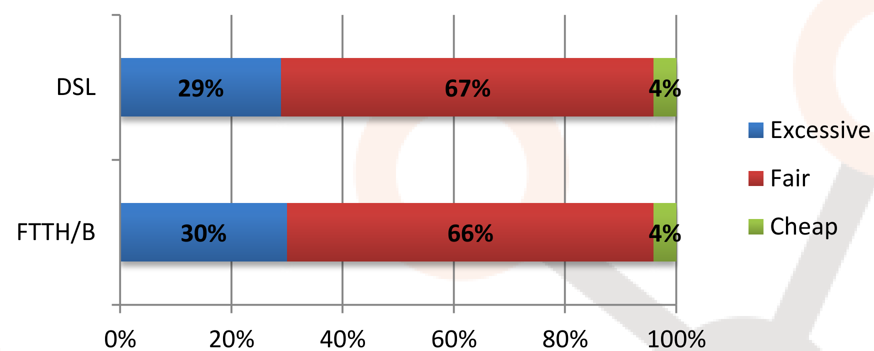
Price Perception (France)



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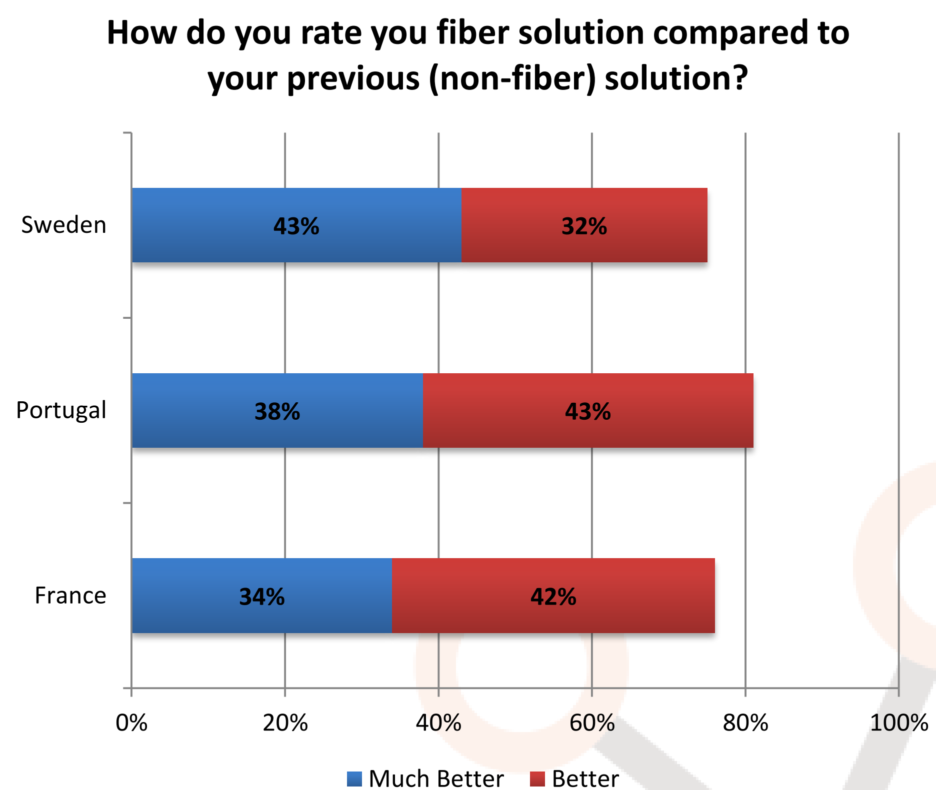
Comparing fiber solutions with previous non-fiber solution

- Accross the three countries surveyed, users who have FTTH/B rate their solution very highly when compared to their previous non-fiber solution.

- In Sweden the intensity of the satisfaction is significantly higher than in France or Portugal.

- More generally, at least 75% (France) of users consider their fiber solution to be better or much better than their previous non-fiber solution.



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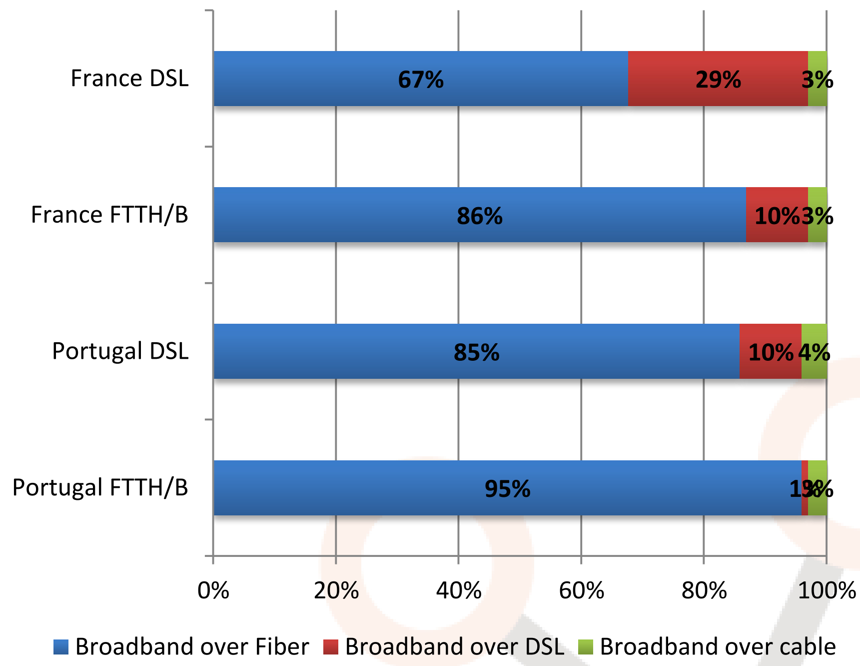
Migration Intentions

- Generally, as was the case with Sweden, FTTH/B users would massively stay on FTTH/B if they were to upgrade their broadband.
- DSL users in Portugal would also massively move to FTTH/B while this is less pronounced in France.
- In France (as in Sweden), ‘no better solution available where I live’ is listed as the main reason not to migrate (57%)
- In Portugal, being locked in a contract is the first reason not to migrate (54%) and lack of availability is only second.

Platform of choice in case of migration



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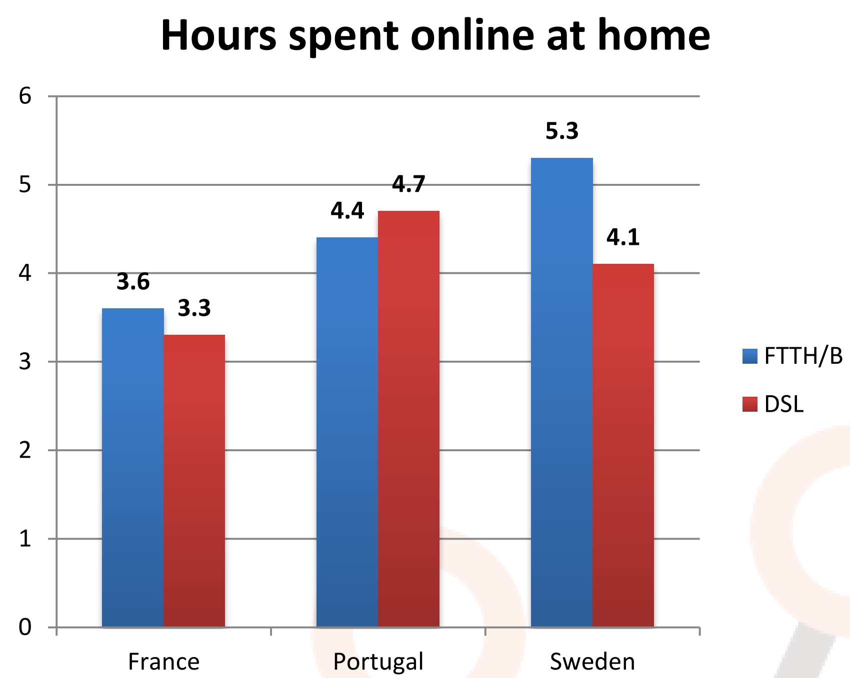
In less mature markets there is little difference in online usage

- The differences in intensity and type of online usage between FTTH/B and DSL users in Sweden were significant. In France and Portugal they are practically non-existent.

- Several aspects may explain this. First, the Portuguese and French markets have much higher emphasis on TV than the Swedish market (as shown by the proportion of 3P/4P products).

- Second, these markets are less mature, so users have not had FTTH/B for as long on average.



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The potential for future services exists but is less focused towards FTTH/B

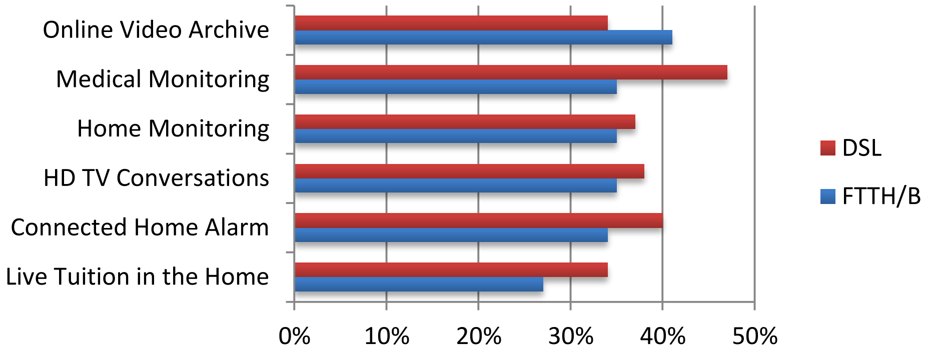
- Interest in future service concepts is very high in Portugal, but no different between DSL and FTTH/B (in fact DSL users are if anything slightly more interested).

- In France, the levels of interest are more comparable to those of Sweden, but the difference between FTTH/B and DSL is smaller.

- This suggests that not only market maturity but general market conditions determine interest in new and innovative services.

Interest in Future Service Concepts

(Portugal – Very Interested Only)



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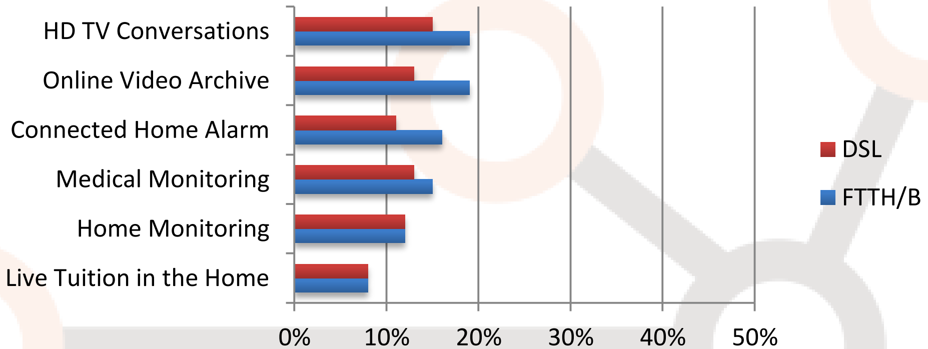

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Conclusions

- Across all three markets, the superior quality of FTTH/B over DSL is perceived and valued by FTTH/B users:
  - Technical aspects (speed, latency) are all valued,
  - In addition, non technical aspects also favor FTTH/B.

- How this perception of quality is shared with DSL users is more dependent on market maturity: in less mature markets (Portugal, and especially France) the perceived quality of FTTH/B by DSL users is not as high as in Sweden.

- Intentions to upgrade strongly favor FTTH/B as a platform in all markets, but again it's stronger in more mature markets.

- The main barrier to upgrade is availability of a better service where people live, highlighting the limitations of FTTH/B deployment.

- User behaviour in Portugal and France is not significantly different between FTTH/B and DSL users. This is partly down to maturity and partly down to the importance of TV in those markets.

- This does suggest however that in Sweden the differences in behaviour are driven by FTTH/B adoption, not a result of power users choosing FTTH/B.