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# FTTH Forecast for EUROPE

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## Europe Broadband status

Market forecast by 2020 and 2025

FTTH Council Europe Conference – March 12-14<sup>th</sup>, 2019 - Amsterdam

# Methodology

- Mission on behalf of the **FTTH Council Europe – 17<sup>th</sup> edition**
- Provide a forecast overview of FTTH/B European markets by **2020** and **2025**

## ACTIONS

### Scope



- Individual analysis of 15 countries based on Top 15 countries by Homes passed
- Study of EU28 and EU39 (1) countries

### Bottom-up methodology



- Desk research
- Direct contacts with leading players and IDATE partners within countries
- Information exchange with FTTH Council Europe members

### Results



- Both quantitative and qualitative data
- Forecasts for years 2020 and 2025

(1) EU39 = EU28 (excl. Cyprus) + 4 CIS countries + Andorra, Iceland, Israel, Macedonia, Norway, Serbia, Switzerland, Turkey

# Forecast study – Factors taken into account

## Supply criteria

- **Strategic plans** from telecom players towards high-speed broadband enhancement
- Willingness to provide **public funds**
- **Municipality/utility players** can accelerate **fibre development in remote areas**, where private operators don't have any incentives to deploy
- Impact of **cable operators switching to FTTH/B** to gain market advantages
- Impact of **mobile broadband** enhancement
- **Green-field housing** and systematic deployment of FTTH in any new build housing

## Demand criteria

- **Broadband services take-up** since average speeds continue to rise for households
- **Data consumption keeps growing** due to an intensive use of **video content, high-definition streaming** which demand **high bandwidth capacity**
- People in **rural areas** still not covered by high-speed connections **would like to be connected to NGN**

## Others

- Impact of **infrastructure costs**
- Impact of **copper-based DSL improvements** with new emerging variants, such as G.Fast.
- Impact of cable-based networks with DOCSIS 3.1
- **Regulatory changes at European and national level** to create a common commitment to FTTH
- Impact of **macroeconomic environment and economical trends**

# Indicators affecting the FTTH adoption

## Positive criteria

- 1** Regulatory framework and public incentives to promote FTTH deployments (ex. Gigabit Society targets set for 2025)
- 2** Governments have been revising their Digital Infrastructure strategy to focus on Fibre and 5G leading to higher availability of public funds dedicated to enhancing fibre-based networks
- 3** Progressive switch-off for copper-based infrastructure and move towards high-speed fibre
- 4** Data demands and video content growth leading to higher bandwidth and lower latency needs (Resilience, symmetry of Bandwidth)
- 5** Both incumbents and alternative ISPs shifting their core business towards FTTH
- 6** Municipalities/Utilities to expand fibre networks in remote areas where not always economically viable for private players
- 7** Fibre densification driven by 5G deployment & cost savings from fibre-5G convergence

# Indicators affecting the FTTH adoption

## Negative impacts

1

Copper-based DSL improvements with new emerging variants could delay FTTH enhancement

2

Mobile 5G broadband technology substituting FTTH in non economically viable areas

3

Deployment costs are still very high for FTTH technologies (however costs are following a downward trend YoY)

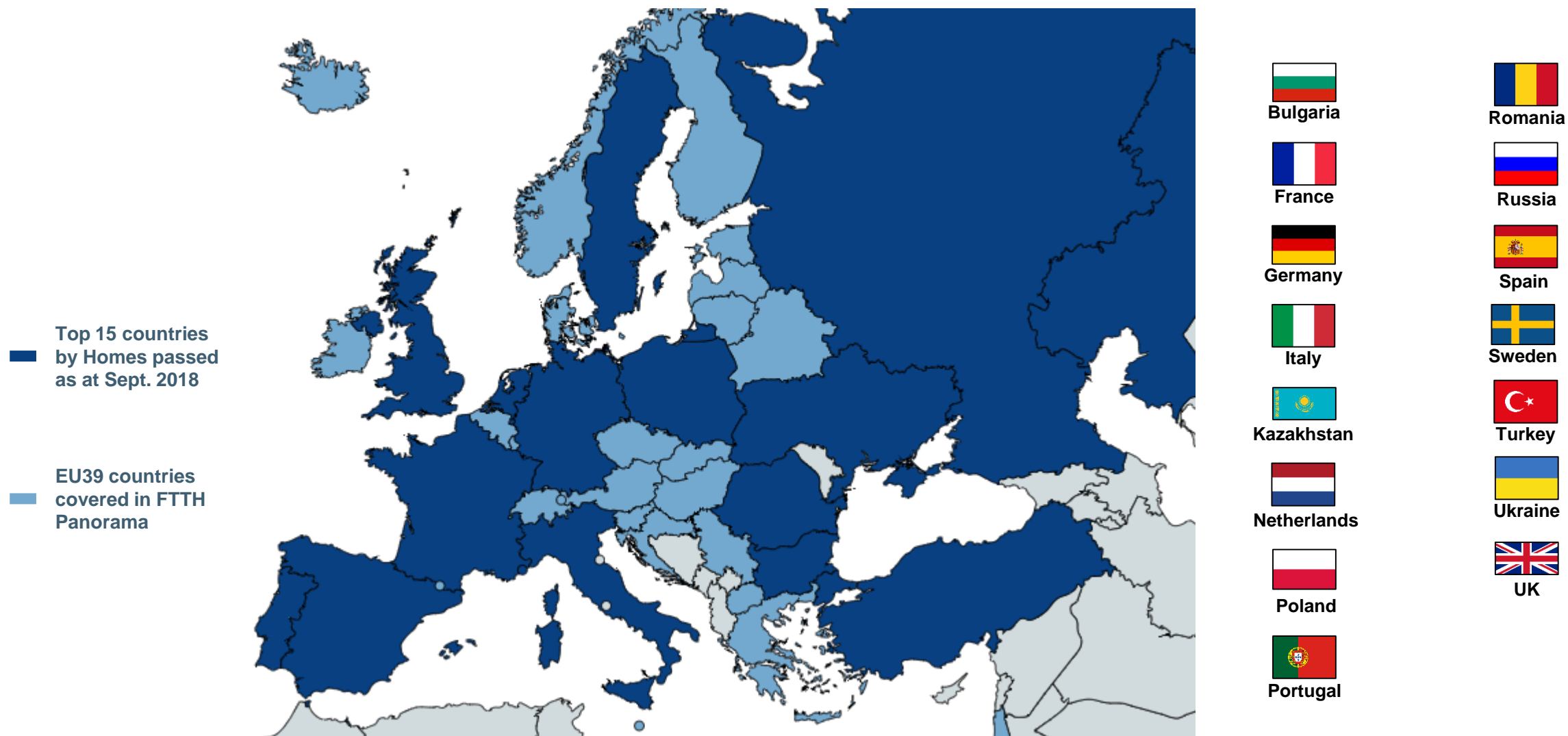
4

Non-feasible business model for isolated areas

5

Some initiatives are facing administrative barriers that are delaying fibre expansion in areas not yet covered.

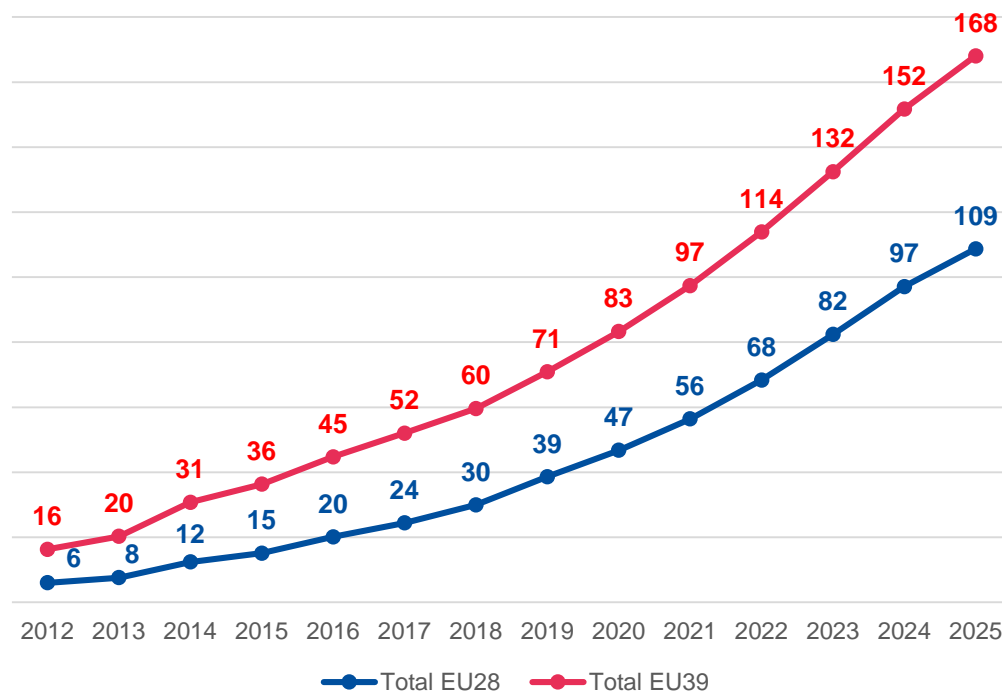
# Forecast study – Individual analysis of 15 European countries



# European FTTH/B Forecasts (2012-2025)

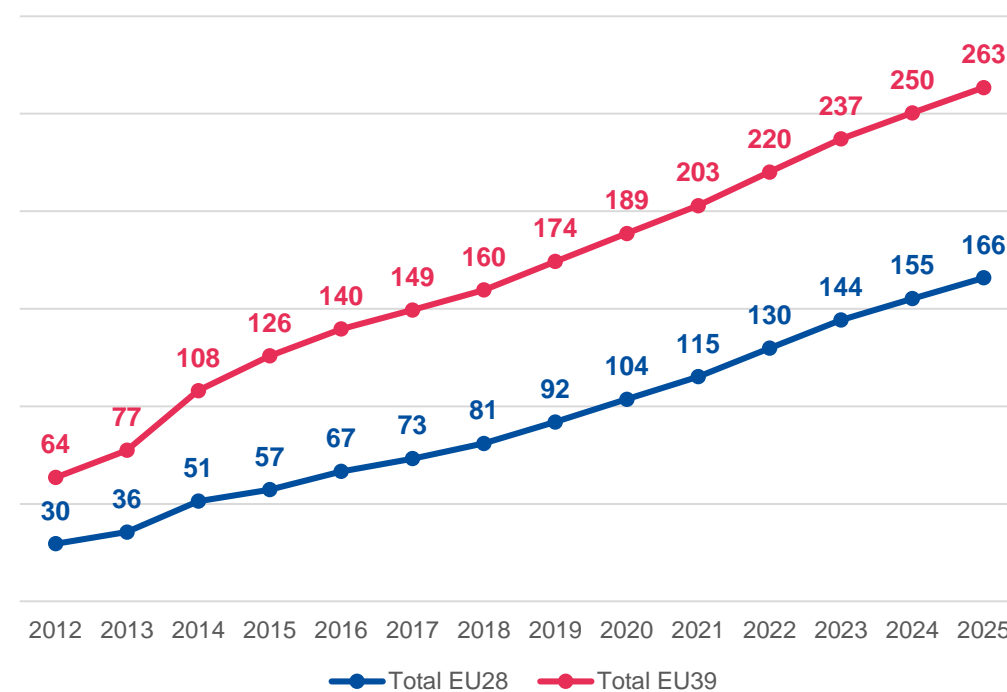
## FTTH/B Subscribers Forecasts (million)

Comparison EU28 / EU39



## Evolution of FTTH/B Homes Passed (million)

Comparison EU28 / EU39

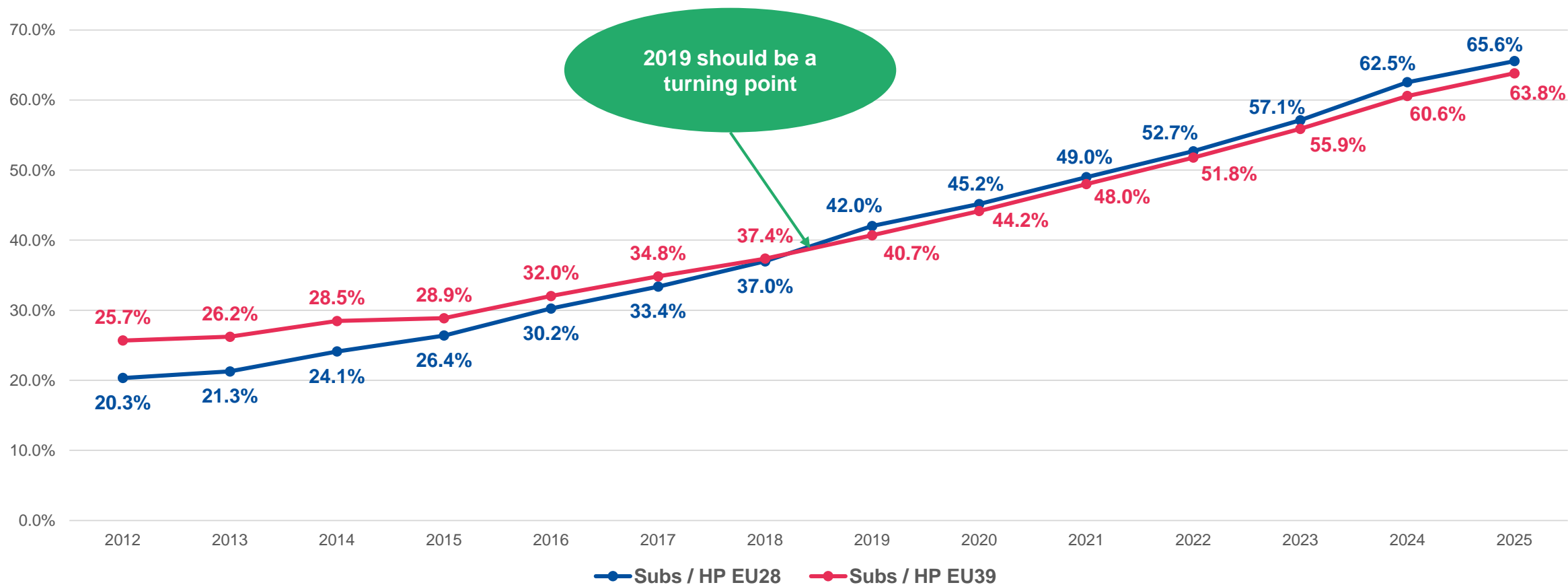


Source: IDATE for FTTH Council EUROPE



# European FTTH/B Forecasts (2012-2025)

**FTTH/B Take-up Rates Forecasts** (Subs over Homes Passed, in %)  
Comparison EU28 / EU39





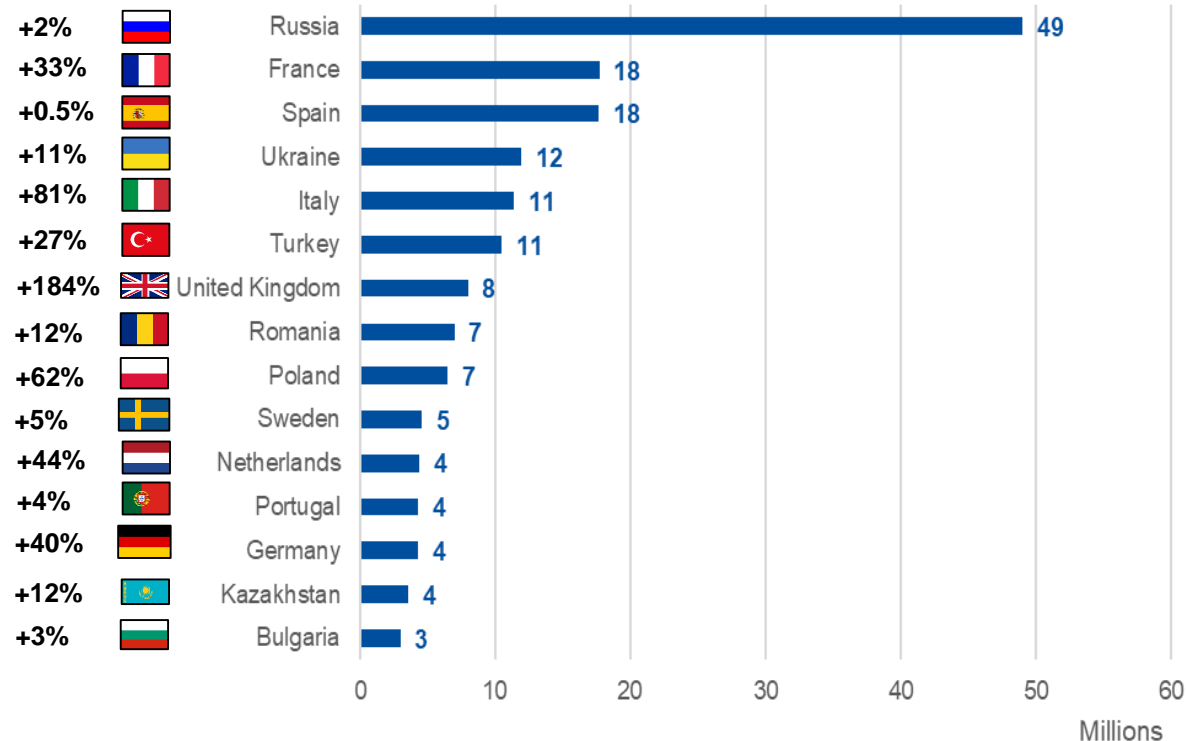
# Top 15 Countries by FTTH/B Homes Passed in 2020 & 2025

European ranking in terms of FTTH/B Homes passed (in million homes)

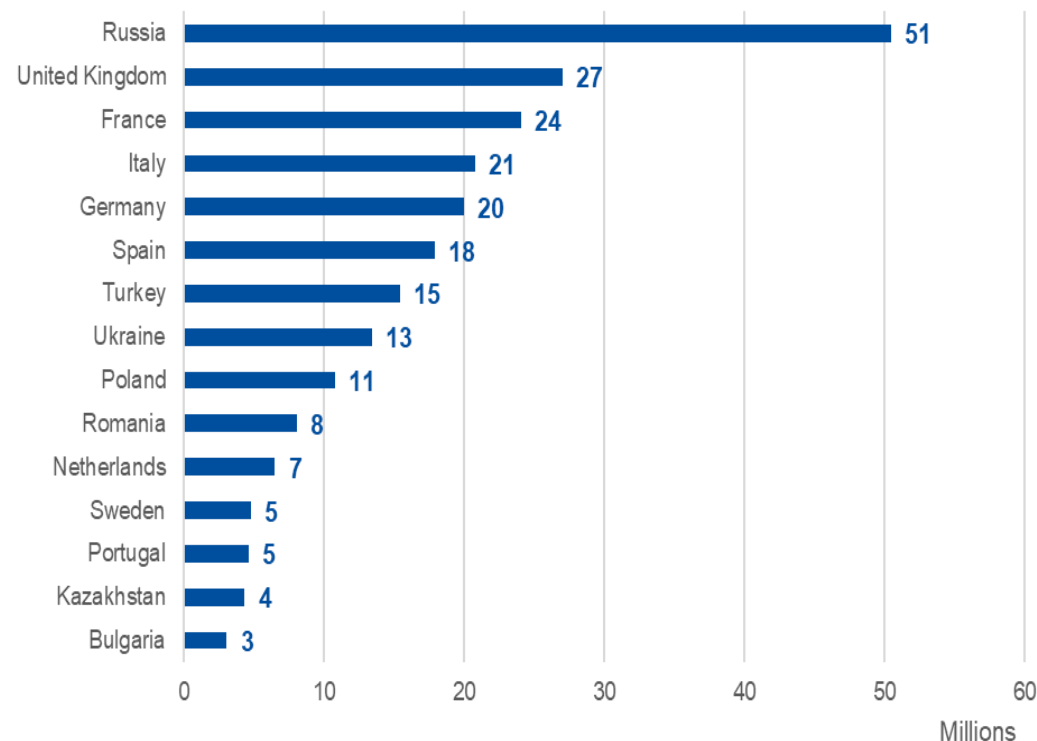
2025 Forecasts  
EU28 : ~166m FTTH H.P.  
EU39 : ~263m FTTH H.P.

% Evolution  
2018 / 2020

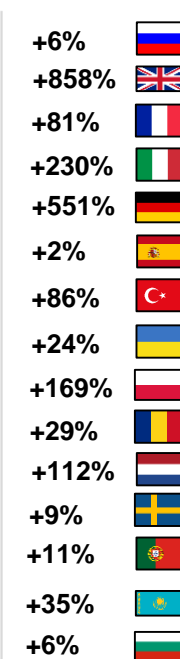
2020 Forecasts



2025 Forecasts



% Evolution  
2018 / 2025



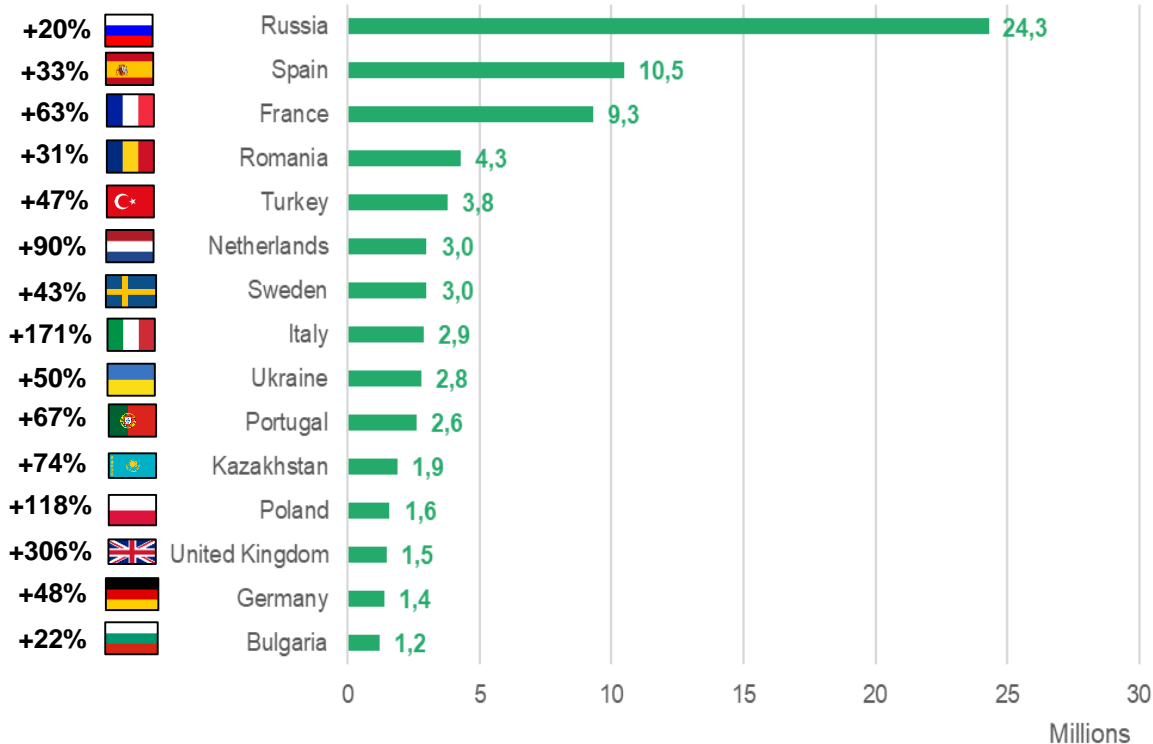
Source: IDATE for FTTH Council EUROPE

# Top 15 Countries by FTTH/B Subscribers in 2020 & 2025

European ranking in terms of FTTH/B Subscriptions (million)

% Evolution  
2018 / 2020

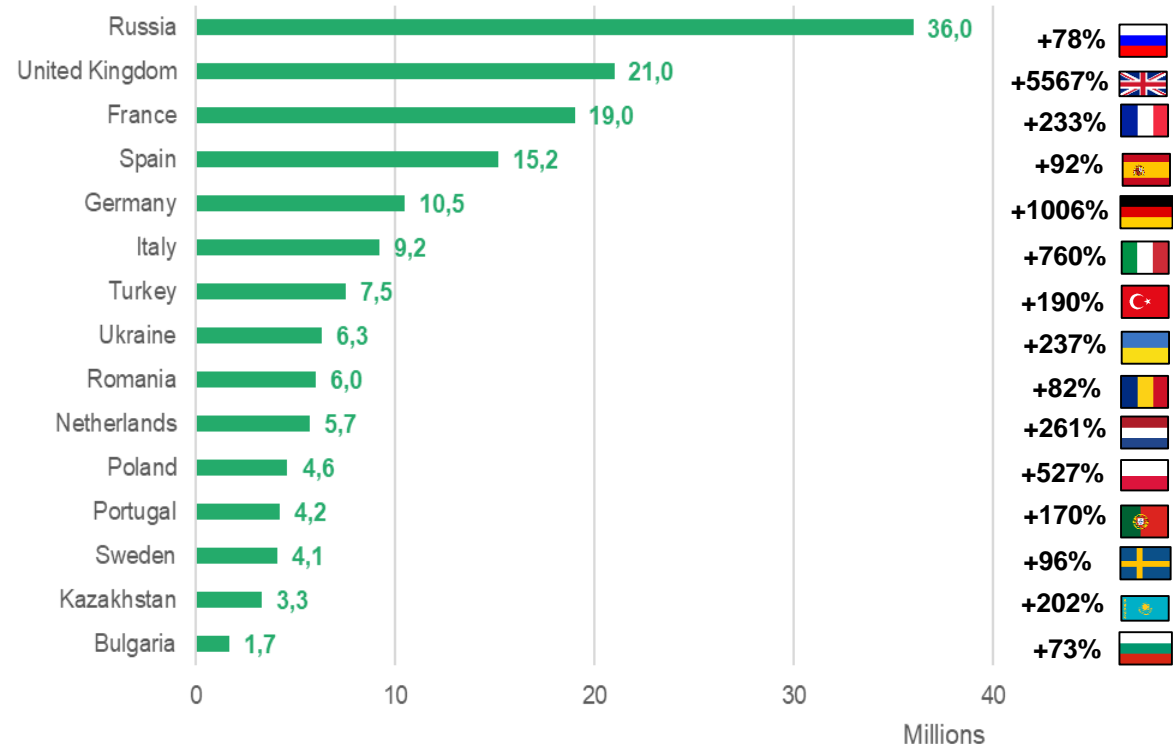
2020 Forecasts



2025 Forecasts  
EU28 : ~109m FTTH Subs.  
EU39 : ~168m FTTH Subs.

2025 Forecasts

% Evolution  
2018 / 2025



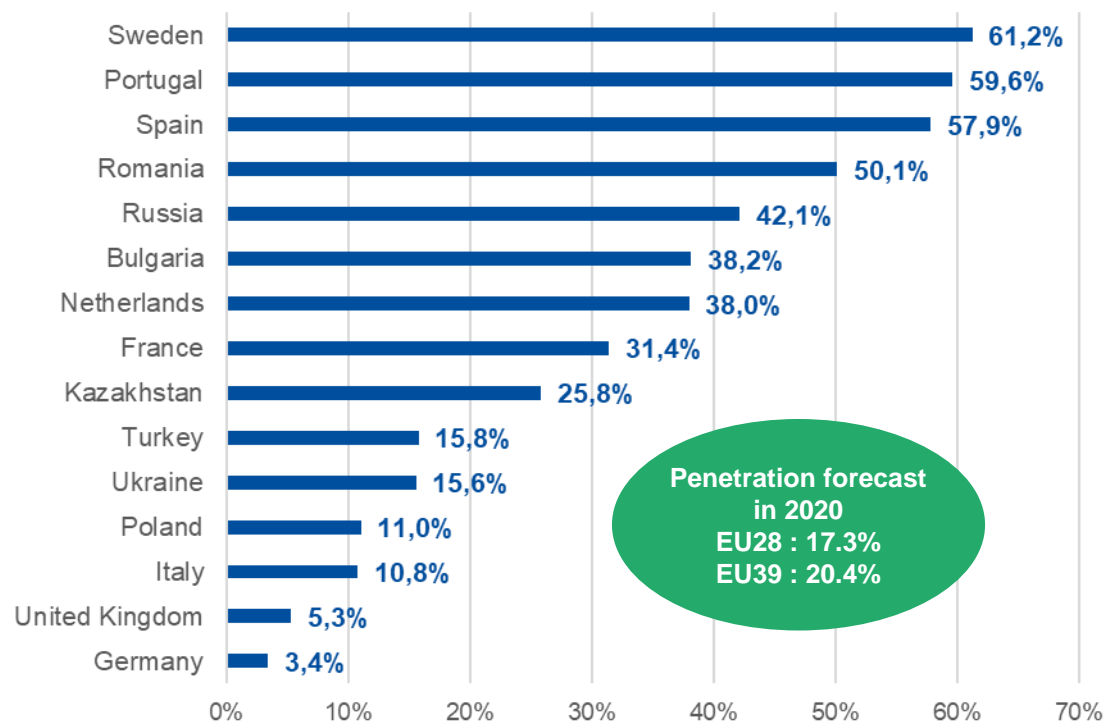
Source: IDATE for FTTH Council EUROPE

# Top 15 Countries by Household penetration

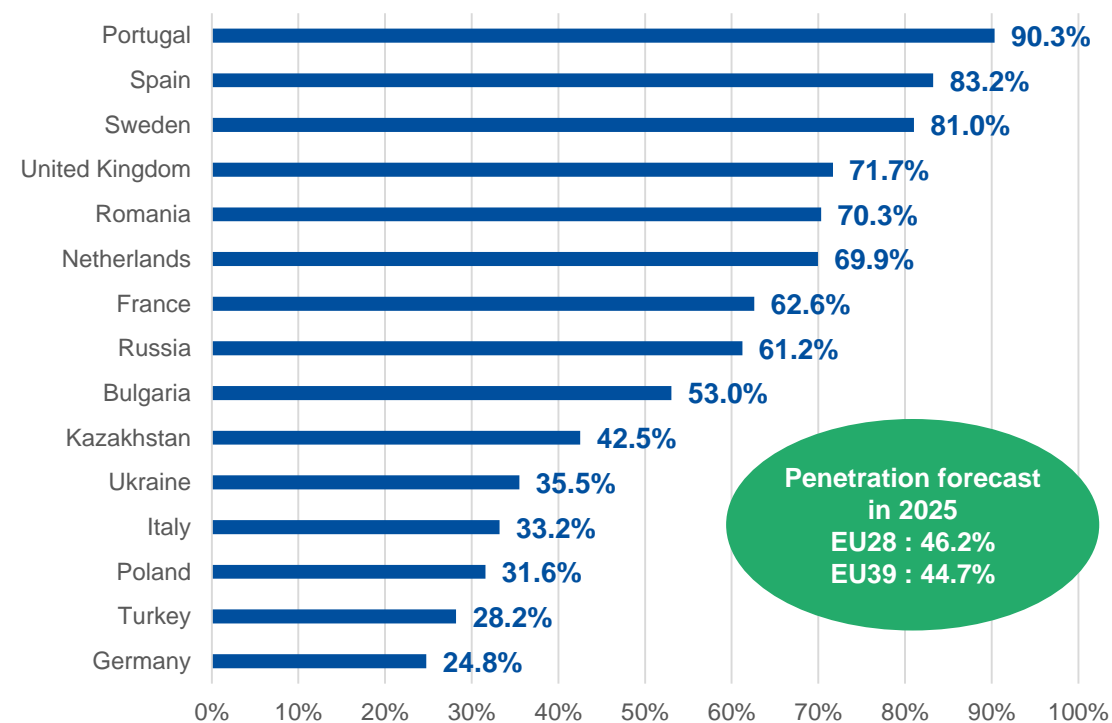
## European ranking in terms of Household penetration

Subscriptions / Households (in %)

### 2020 Forecasts



### 2025 Forecasts



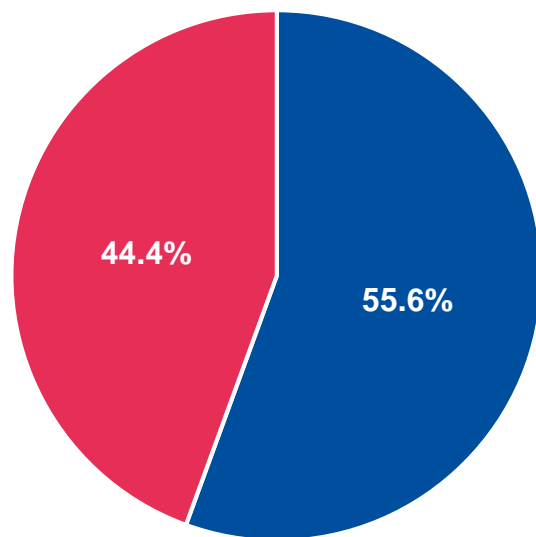
Source: IDATE for FTTH Council EUROPE

# FTTH Architecture & Technology trends

## FTTH / FTTB architecture

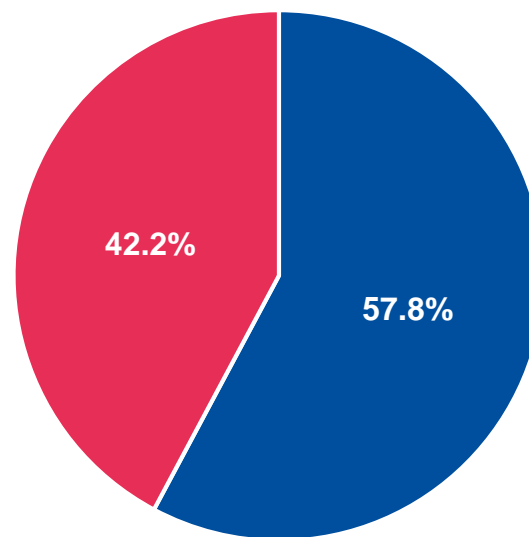
Positive FTTH evolution : Fibre closer to end-users by 2025

FTTH/B at Sept. 2018



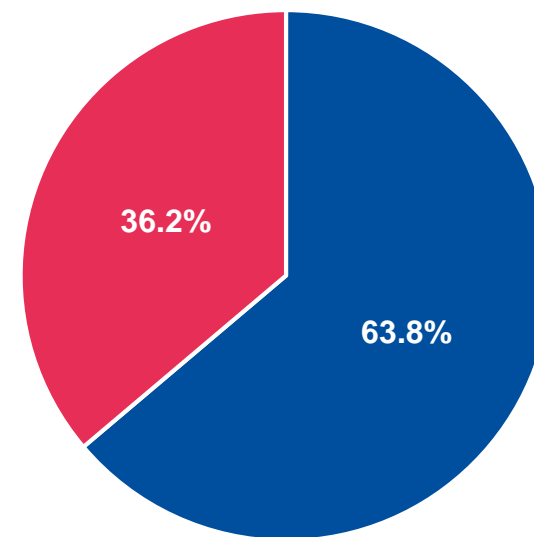
■ FTTH ■ FTTB

2020 Forecasts



■ FTTH ■ FTTB

2025 Forecasts



■ FTTH ■ FTTB

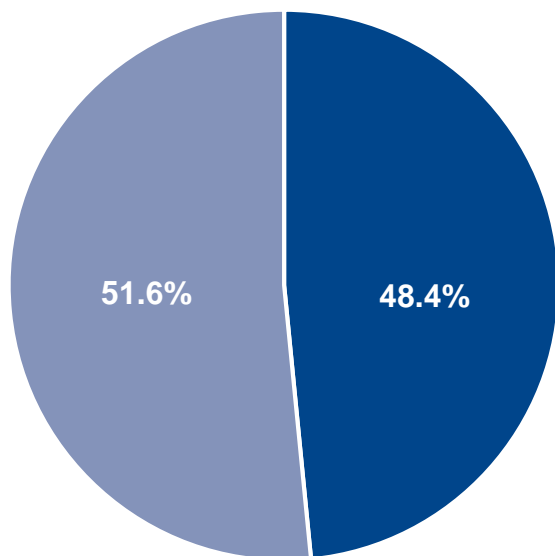
Source: IDATE for FTTH Council EUROPE

# FTTH Architecture & Technology trends

## PON / Ethernet

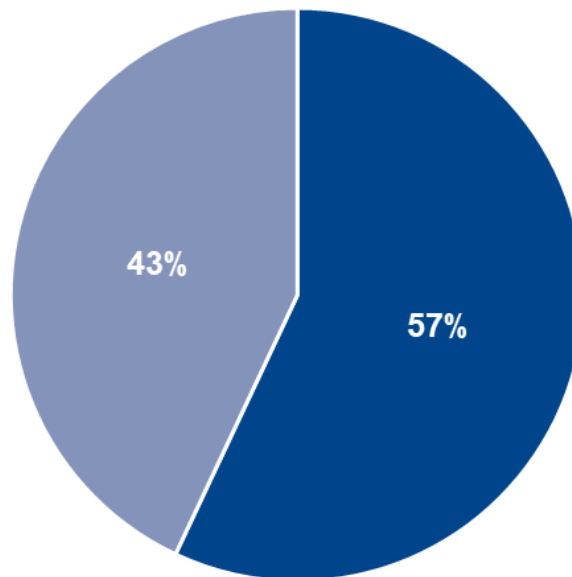
PON solutions will tend to be predominant in the coming years

PON/Ethernet ratio at  
Sept. 2018



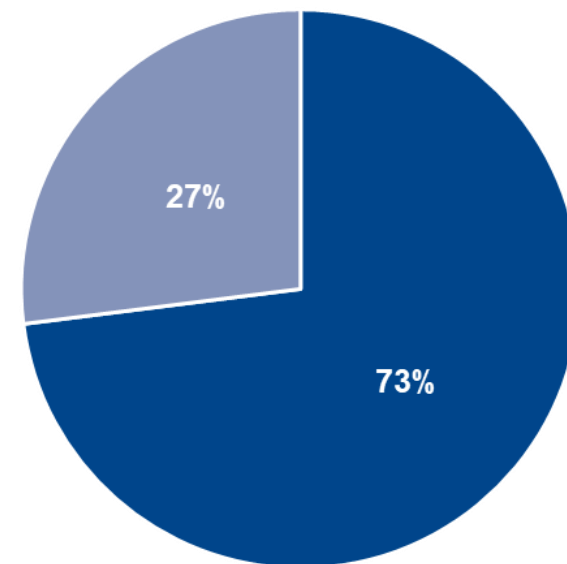
■ PON ■ Ethernet

2020 Forecasts



■ PON ■ Ethernet

2025 Forecasts



■ PON ■ Ethernet

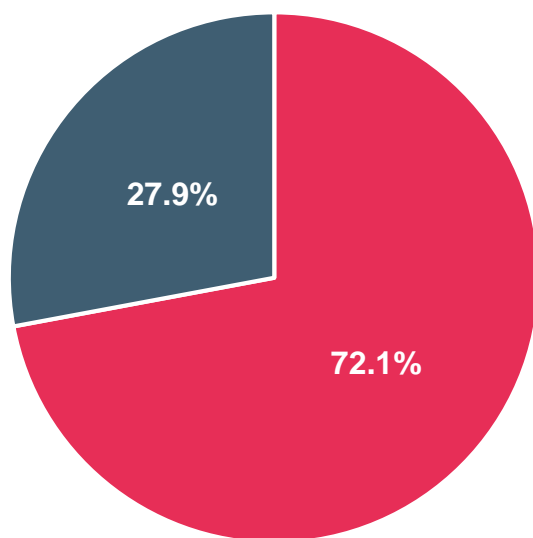
Source: IDATE for FTTH Council EUROPE

# FTTH Architecture & Technology trends

## MDU / SDU ratio

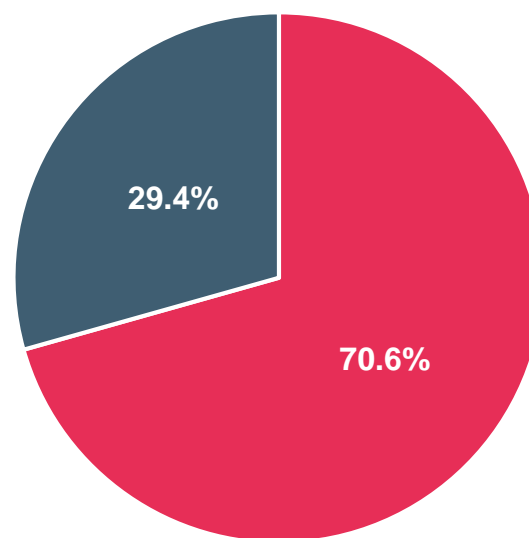
Evolution towards the delivery of individualized fibre services by 2025

MDU / SDU ratio at  
Sept. 2018



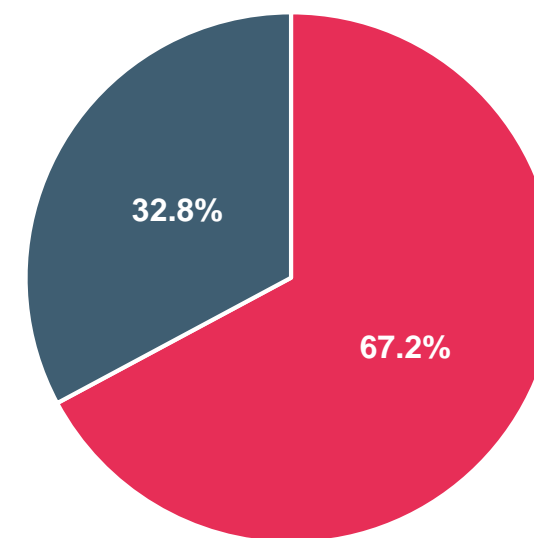
■ MDU ■ SDU

2020 Forecasts



■ MDU ■ SDU

2025 Forecasts



■ MDU ■ SDU

Source: IDATE for FTTH Council EUROPE

# Key conclusions

1

GROWTH

- Public incentives towards fibre-based technologies will accelerate FTTH growth throughout Europe
- Some major private players will be migrating from copper-based and cable-based architectures to full-fibre solutions in the coming years (e.g. BT in UK / Deutsche Telekom in Germany). Certainly, these substantial investments will be a key enabler of growth.

2

BUSINESS  
EVOLUTION

- Delayed responses by incumbents have led to increased investment in alternative FTTH operators, triggering accelerated network builds by the incumbent (UK, Italy)
- More agreements to deploy FTTH services between private players, utilities companies and local authorities are evolving towards a convergent portfolio where different services can be provided using the same infrastructure (telecom services, smart cities solutions and utilities)

3

TECHNO-  
SYMBIOSIS

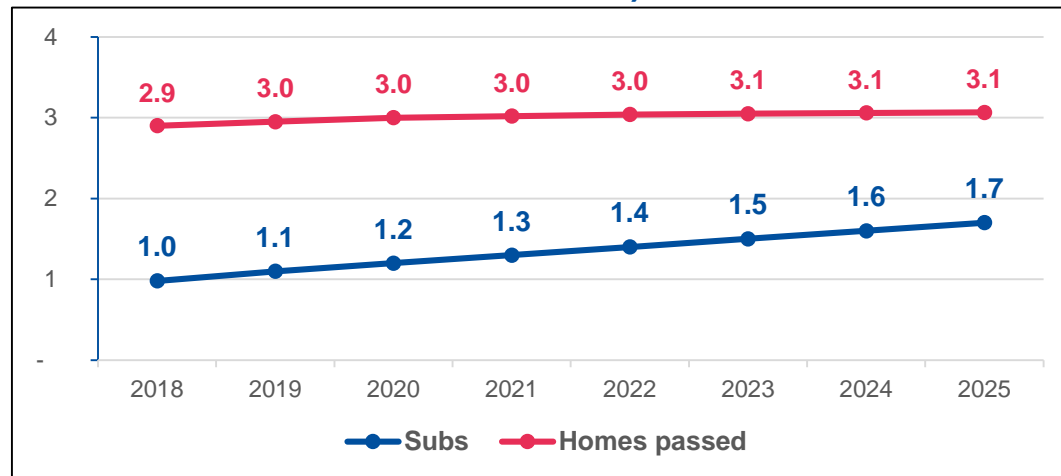
- Based on recent announcements, 5G will be a key factor for the promotion of fibre deployments and therefore, it will boost investments from public and private players.
- Evolution from previous years have showed that cable-based and copper-based ISPs have started to diversify its core technologies towards fibre. Certainly, many of these players have implemented full fibre solutions and it can be appreciated that FTTH services are now part of its service portfolio.



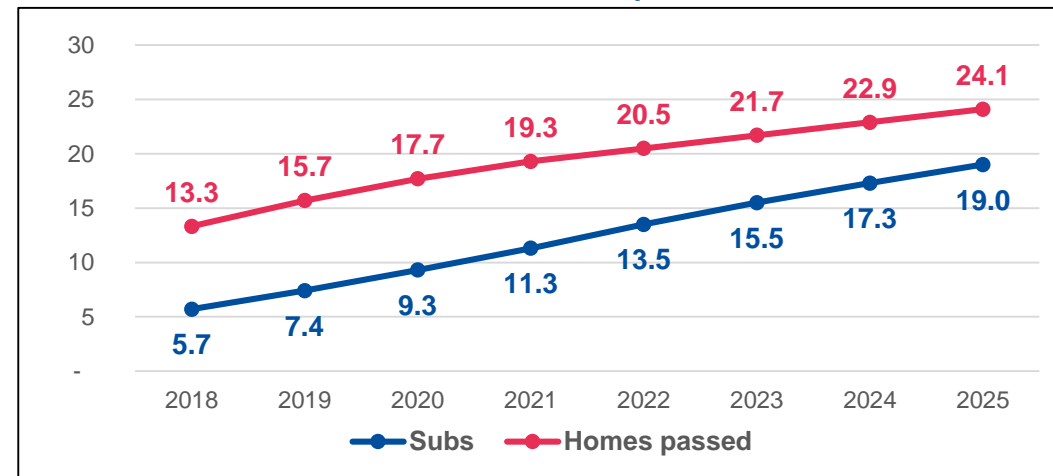
# | Appendix

# Appendix – FTTH/B Homes Passed/Subscribers YoY (in millions)

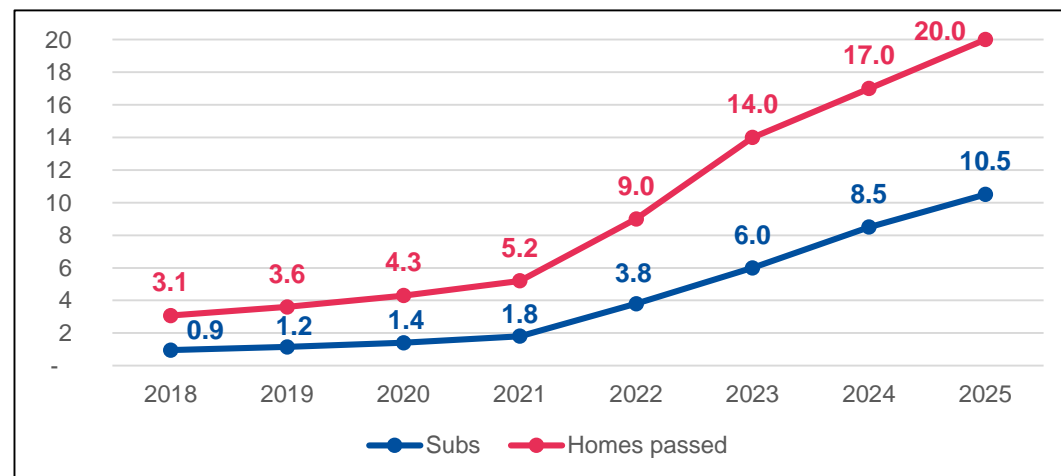
**Bulgaria (95% Coverage / 34% Take-up / 32% Homes connected)**



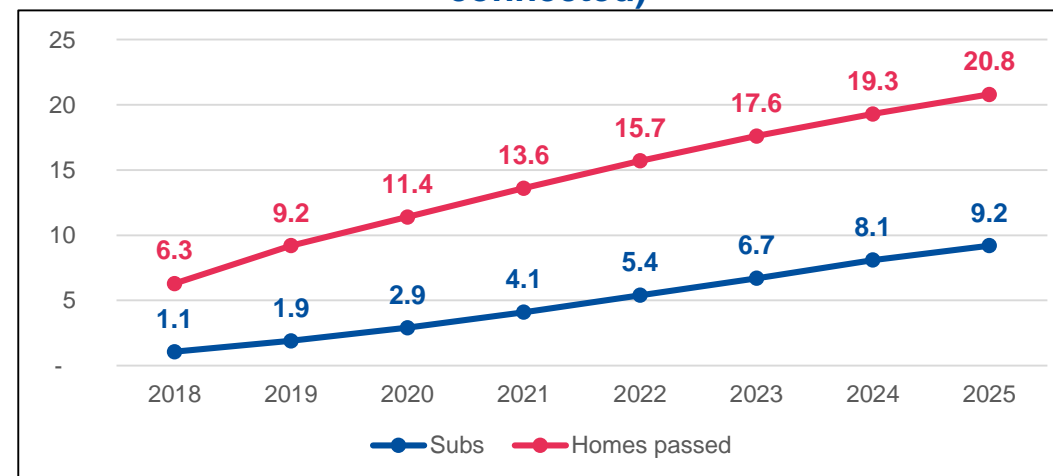
**France (45% Coverage / 43% Take-up / 19% Homes connected)**



**Germany (7% Coverage / 31% Take-up / 2% Homes connected)**

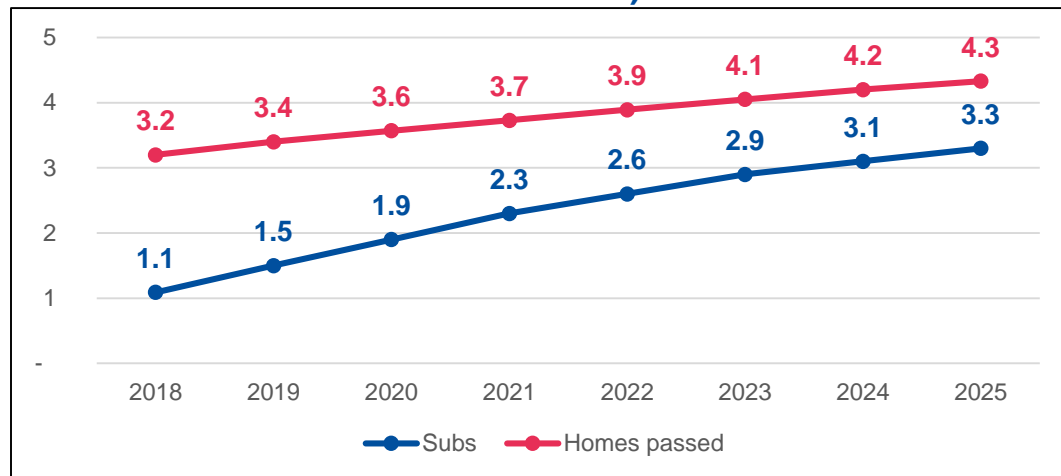


**Italy (24% Coverage / 17% Take-up / 4% Homes connected)**

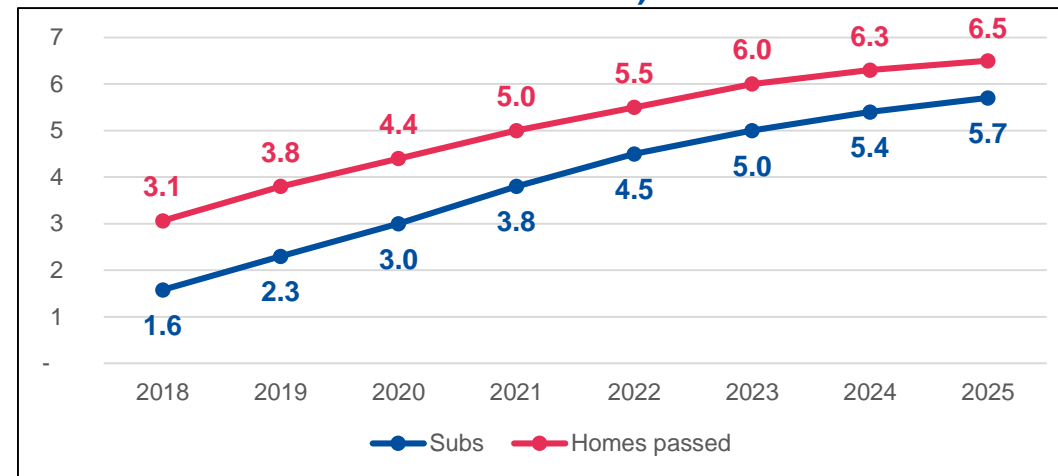


# Appendix – FTTH/B Homes Passed/Subscribers YoY (in millions)

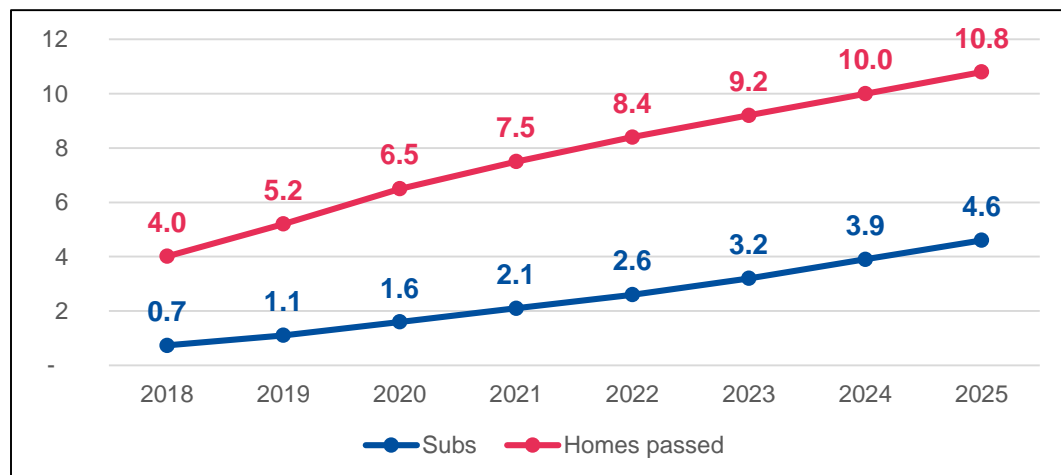
**Kazakhstan (44% Coverage / 34% Take-up / 15% Homes Connected)**



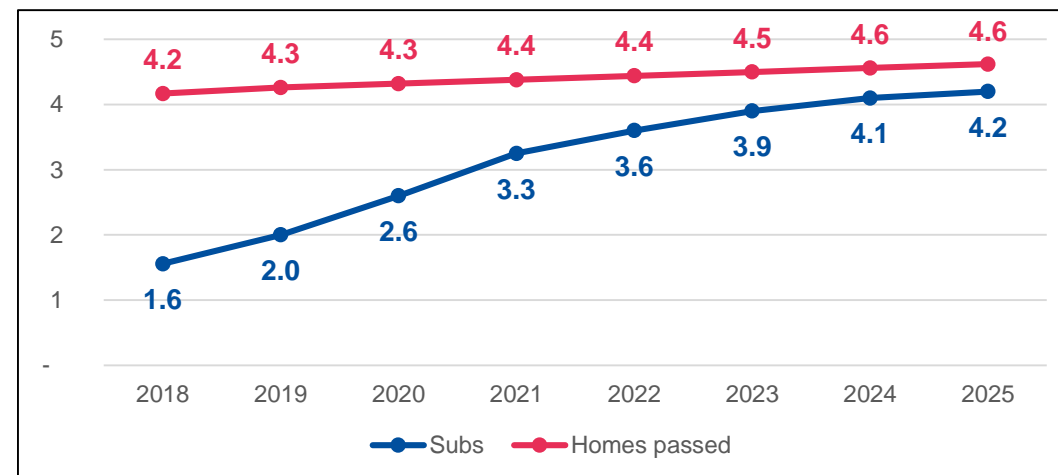
**Netherlands (39% Coverage / 51% Take-up / 20% Homes Connected)**



**Poland (28% Coverage / 18% Take-up / 5% Homes connected)**

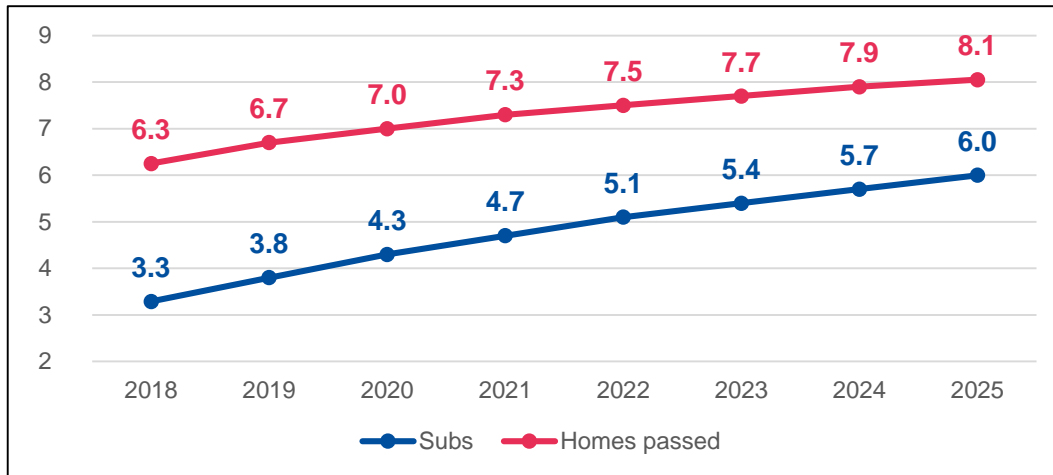


**Portugal (99% Coverage / 37% Take-up / 37% Homes connected)**

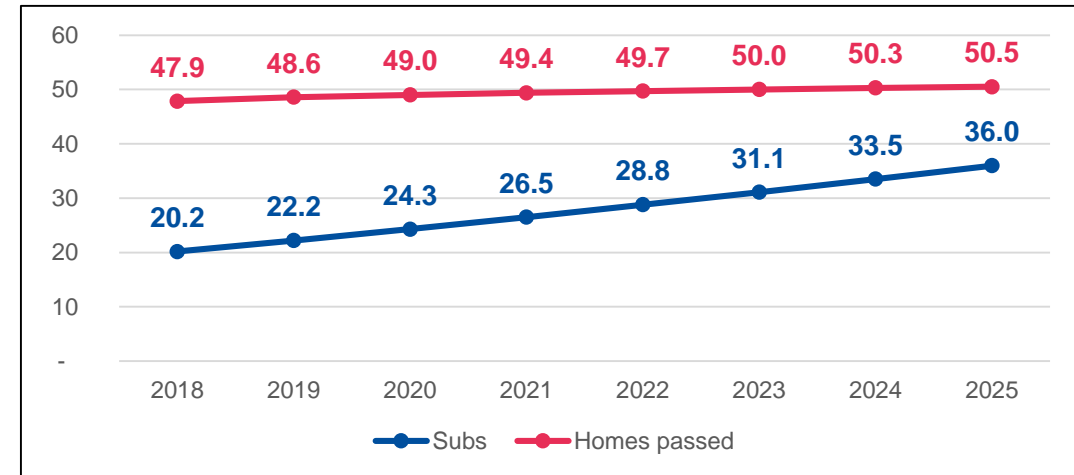


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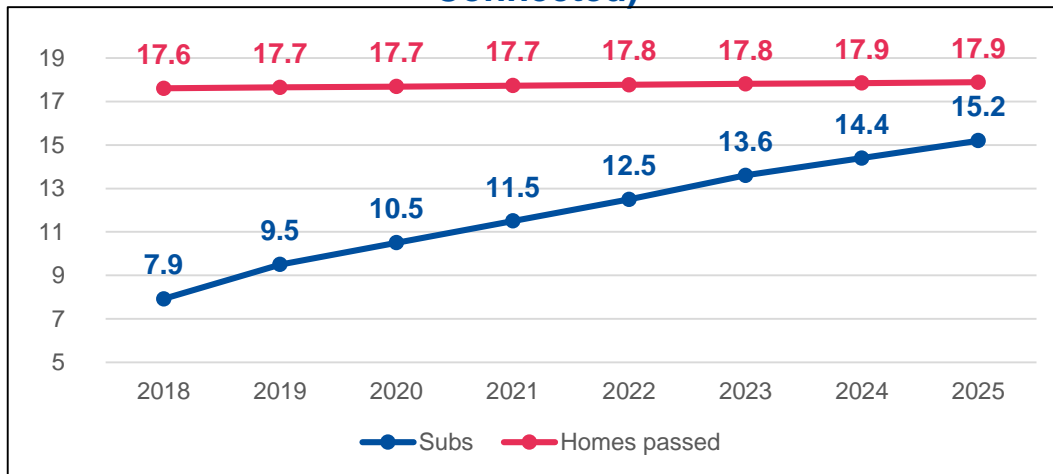
**Romania (73% Coverage / 53% Take-up / 38% Homes Connected)**



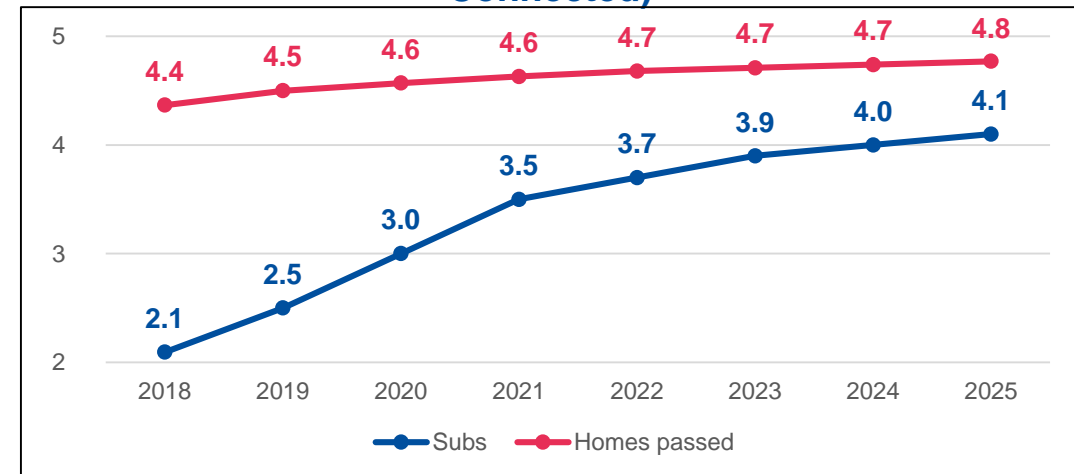
**Russia (84% Coverage / 42% Take-up / 35% Homes Connected)**



**Spain (98% Coverage / 45% Take-up / 44% Homes Connected)**

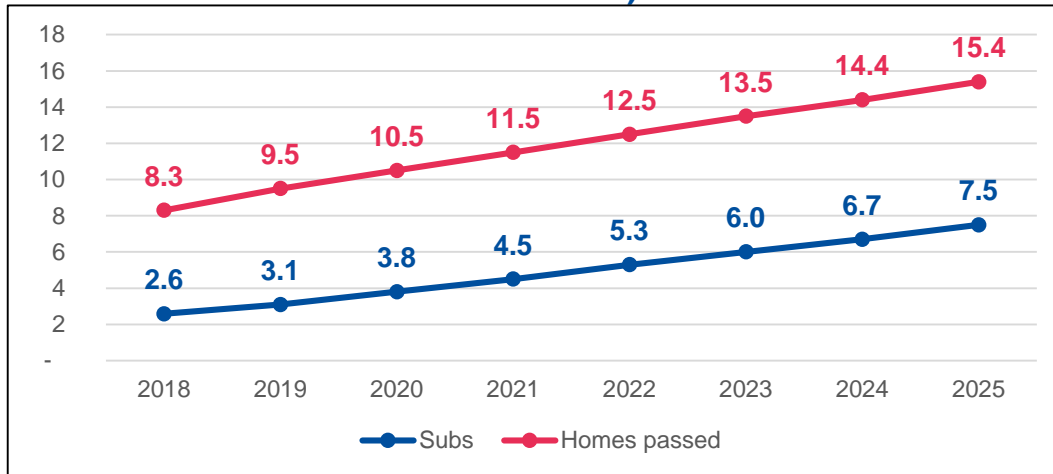


**Sweden (91% Coverage / 48% Take-up / 44% Homes Connected)**

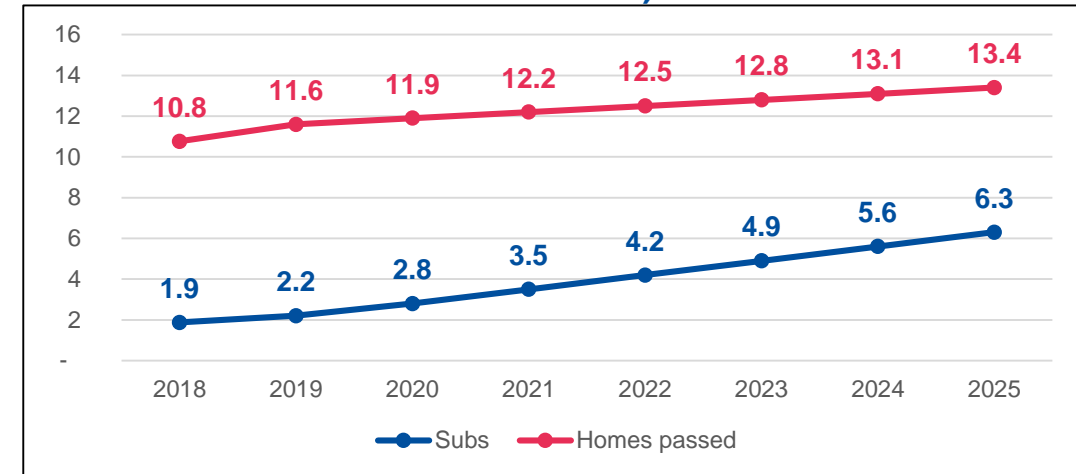


# Appendix – FTTH/B Homes Passed/Subscribers YoY (in millions)

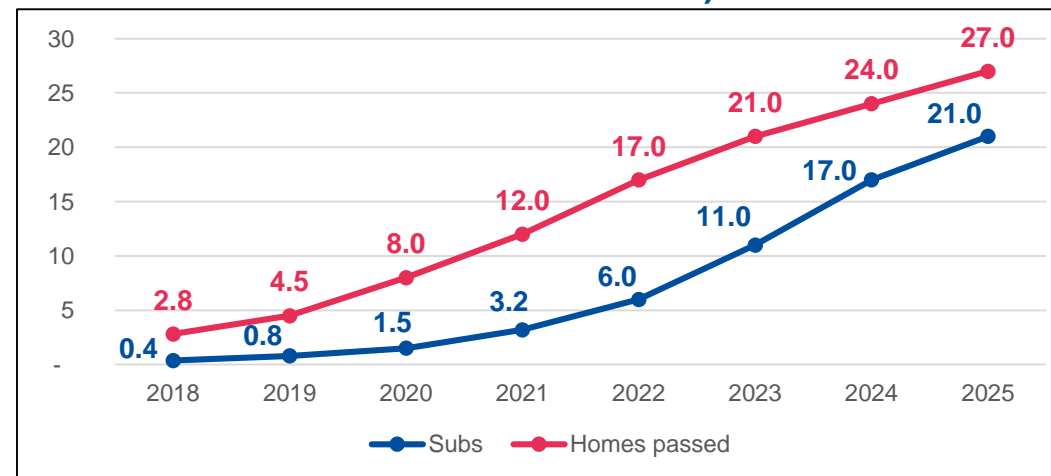
Turkey (36% Coverage / 31% Take-up / 11% Homes Connected)



Ukraine (59% Coverage / 17% Take-up / 10% Homes Connected)



United Kingdom (10% Coverage / 13% Take-up / 1.3% Homes Connected)



Take-up rate = FTTHB Subs /  
FTTHB HP