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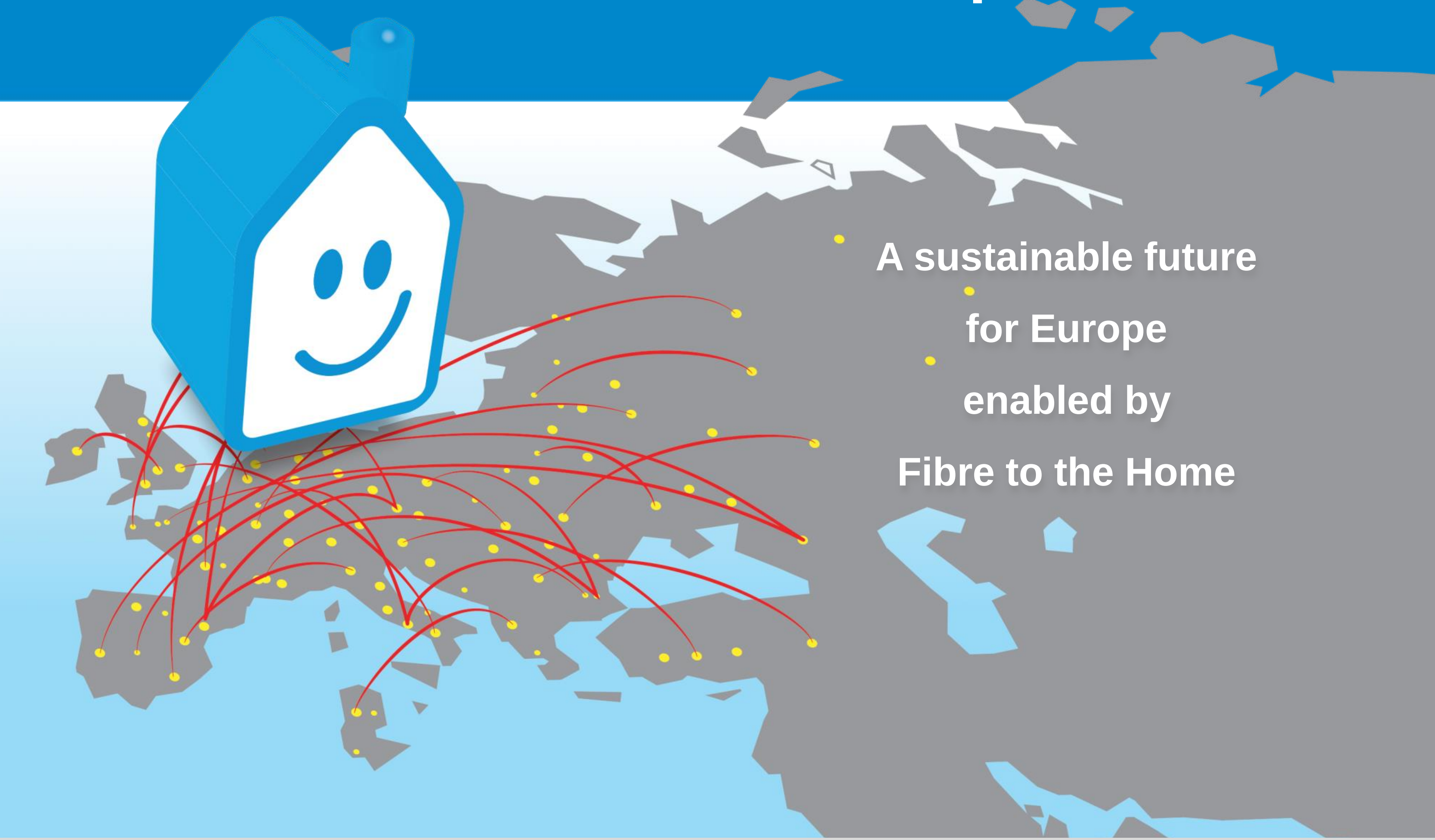
FTTH Market in Europe – Status and Analysis 2014

Fibre to the Home Council Europe

FTTH Council Europe



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Webinar

- 20-25 minutes presentation
- 15-20 minutes Q&A

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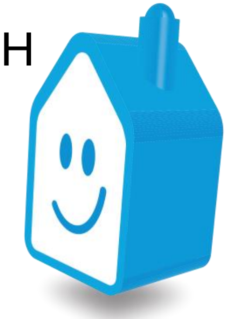
- Relevant questions that are not answered during the webinar will be answered by email

- The slides will be available for download after the webinar
- The webinar is recorded and can be viewed as video-stream afterwards. The video will be available on the website of the FTTH Council Europe within one week
- Slides and information about the availability will be sent to registered attendees by email



FTTH Council Europe

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FTTH Market in Europe – Status and Analysis

Moderator:

Jan Schindler

Chair
Market Intelligence Committee
FTTH Council Europe

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Director of Studies
Telecoms Business Unit
IDATE

FTTH/B Panorama

Europe (EU39) at December 2014

Webinar – March, 24th, 2015

Valérie CHAILLOU

DIGIWORLD by IDATE

Agenda

- Study background & available results
- General overview
  - Figures at end 2014 per zone
  - Major projects
  - Main categories of players
  - Architectures and technologies
- Leading countries
  - General ranking (Homes Passed & Subscribers)
  - Highest growths
  - Key points
- European ranking
- Conclusions

Study background & available results

Study background

- Mission on behalf of the FTTH Council Europe – 13th edition

- 39 countries analyzed in 2014
  - For each country, IDATE provides data per player for FTTH/B and other fiber-based architectures
  - Each player is characterized via dedicated parameters : technical, financial, business model, figures

- Methodology: bottom-up approach
  - Desk research
  - Direct contacts with leading players and IDATE's partners in the countries
  - Information exchange with FTTH Council Europe members

Available results for EU39

Around 375 fibre projects listed in EU39

Quantitative information

FTTH/B data	December 2014	
	Nb of Subscribers	Nb of Homes passed
Total FTTH/B inSpain	1 378 000	13 848 730

Qualitative information

Jazztel

Identification Operator/Organisation

Jazztel is an independant communication service provider. It operates its own networks and provides mostly ADSL end mobile services to its customers.

Key parameters

Jazztel entered the FTTH market in October 2012, when it signed an agreement with Telefonica for the rollout of vertical FTTH infrastructures, concerning 3 million premises by end 2014. According to this agreement, both telco will deploy 1.5 million premises each, and then enable the other to access all end users.
First cities concerned by Jazztel's rollout are Madrid, Barcelona, Valencia, Málaga and Sevilla. According to the operator, a total of 605,158 households have been passed via FTTH at September 2013.

One month later, it launched its first FTTH offers with Internet connection of up to 100/10 Mbps for a monthly fee of EUR 42.94 (VAT excluded). The service can be extended to mobile solution under the "Fibre 100 savings Pack" which include 100 minutes mobile calls and 100 MB of mobile data. Another pack, "Unlimited Fiber Pack", includes unllimited mobile calls and 1 GB mobile data. for EUR 52.94 (VAT excluded). Both packs are available for a 12 months subscription.

At the very beginning of 2014, it seems to have opted for a quite agressive marketing strategy: a part for including mobile telephony to its fibre service, it aims to increase the number of clients by offering discounts to end users who will convince their friends to subscribe also. "Sponsors" will gain from 50 to 100 or 300 euros if they convince 1, 2 or 3 friends. The sponsoring phase will be available for the 600 first participants.
Then, Jazztel also aims to double the speed rate to 200 Mbps for its subscribers with no extra charge. In addition, it will propose a new offer at 50/5 Mbps and lower the price for its basic ADSL offer.

With this marketing strategy and its quick fibre expansion, its fiber customers base had increased from 6,000 FTTH subscribers in December 2013 to 60,700 at mid-2014, then nearly 104,000 at September 2014.

Figures

Number of Households/Business Units passed	1.2 million FTTH Homes Passed at December 2013 **2.9 million FTTH Homes Passed at December 2014 (IDATE estimates)**
FTTx subscriber base	6,468 FTTH subscribers at December 2013 **150,000 FTTH subscribers at December 2014 (IDATE estimates)**

Technical parameters

FTTH GPON

Source: IDATE for FTTH Council Europe

General overview

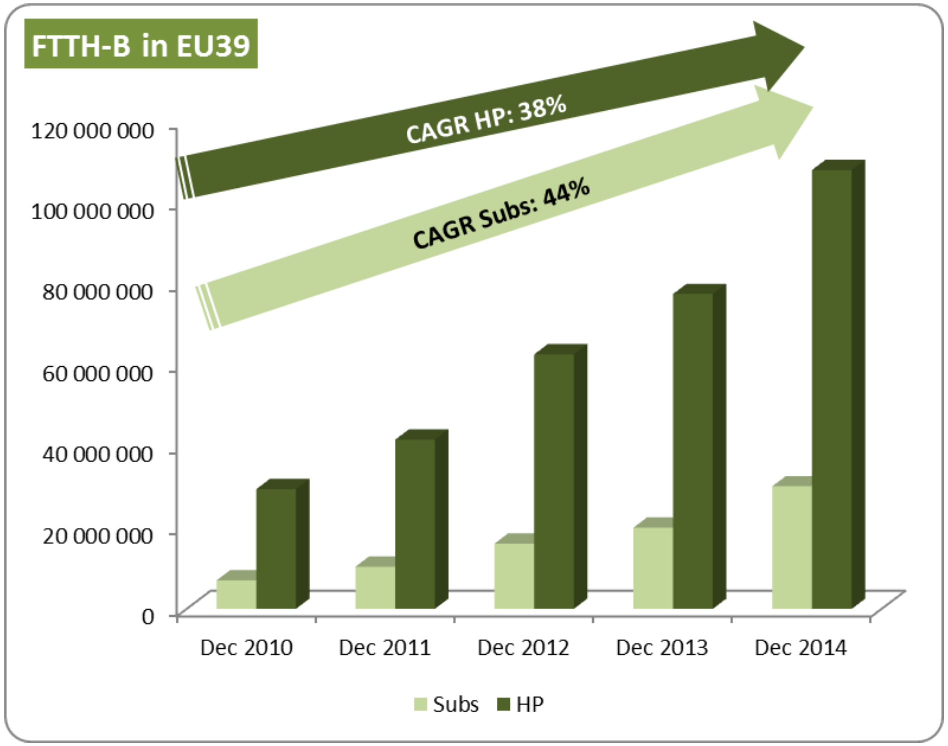
Figures at end 2014 per zone
Major projects & categories of players
Architectures and technologies

FTTH/B figures at end 2014

EU39: 30.2 M subscribers and 108.1 M Homes Passed

CIS countries (*): 15.6 M subscribers

Number of FTTH/B subscribers and Homes Passed (Dec 2010 to Dec 2014)



Average take up rate in EU39 at end 2014: 27.9%

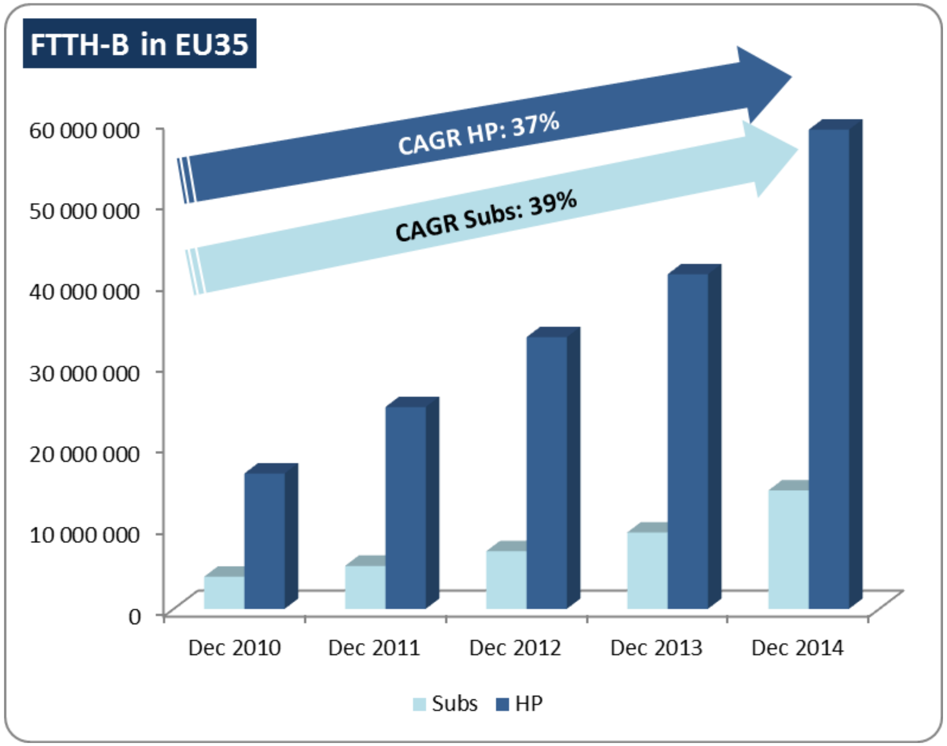
(*) Russia, Ukraine, Kazakhstan and Belarus

Source: IDATE for FTTH Council Europe

FTTH/B figures at end 2014

EU35: 14.5 M subscribers and 59 M Homes Passed

Number of FTTH/B subscribers and Homes Passed (Dec 2010 to Dec 2014)



Average take up rate in EU35 at end 2014: 24.7%

Source: IDATE for FTTH Council Europe

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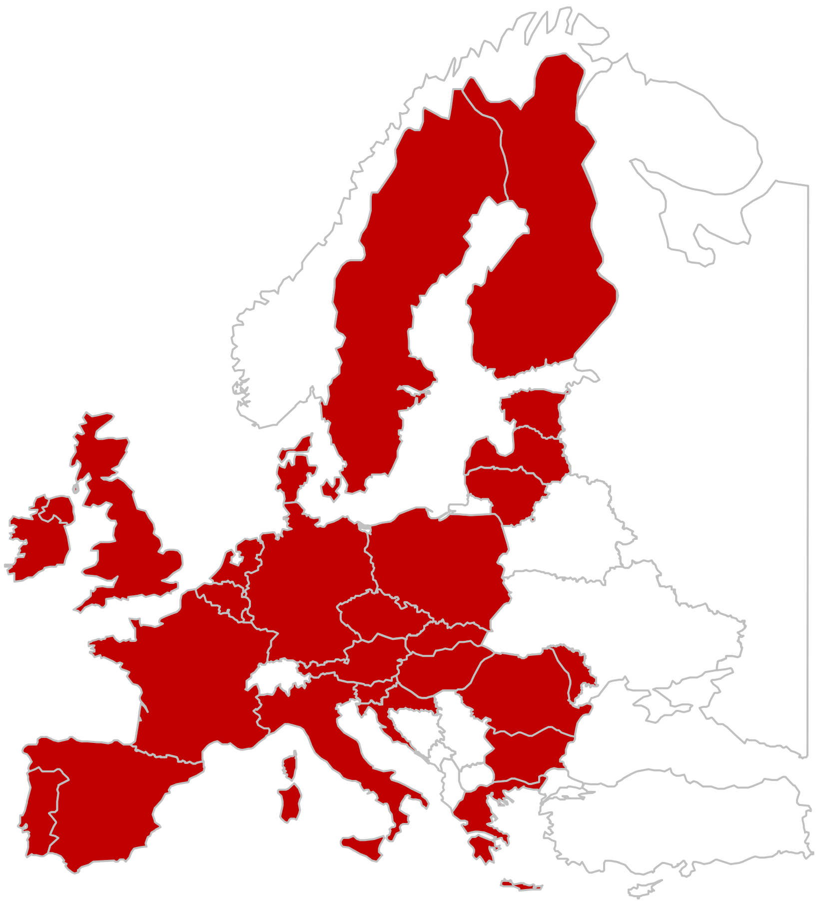
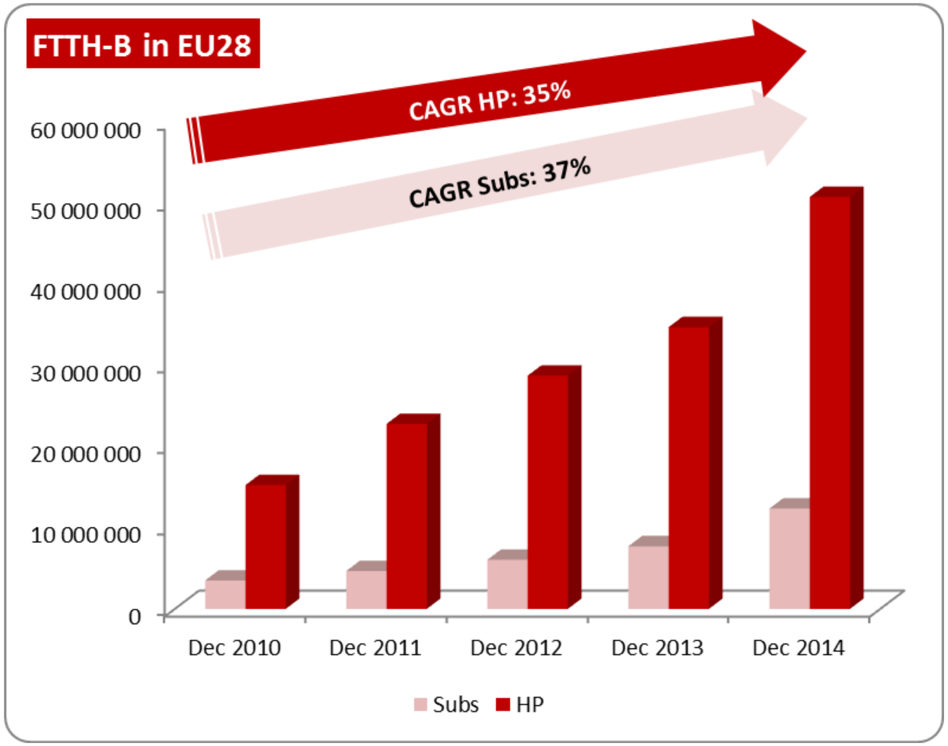
FTTH/B figures at end 2014

EU28: 12.3 M subscribers and 50.7 M Homes Passed



Number of FTTH/B subscribers and Homes Passed (Dec 2010 to Dec 2014)



Average take up rate in EU28 at end 2014: 24.3%

Source: IDATE for FTTH Council Europe

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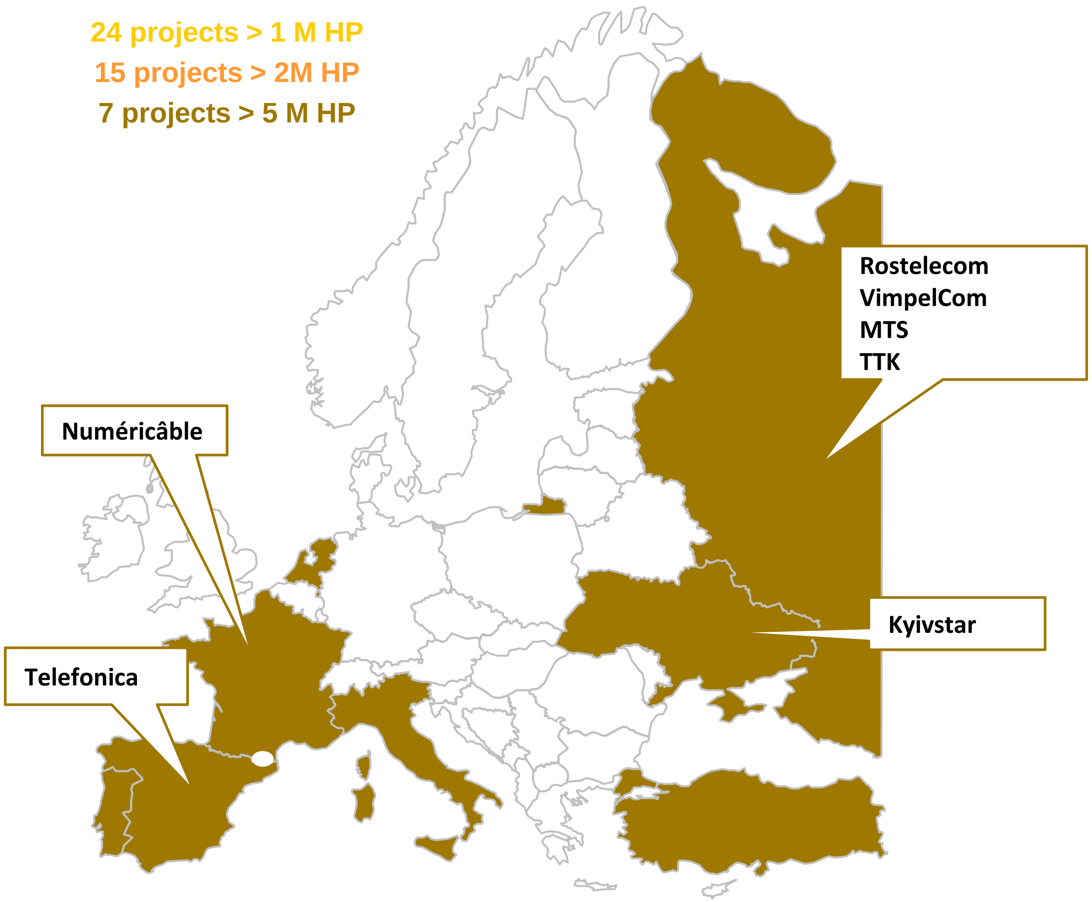
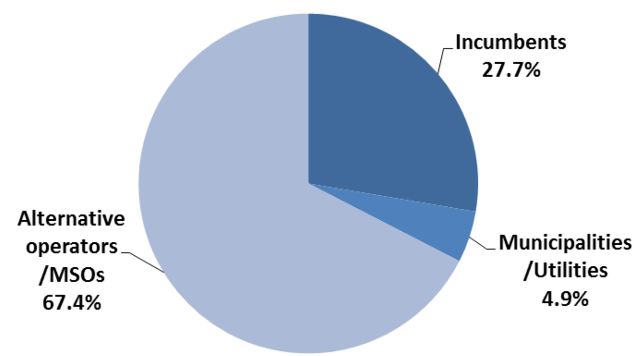
Major projects / categories of players

Around 330 FTTH/B projects in EU39 at end 2014



% of HP per category of player



Source: IDATE for FTTH Council Europe

Technologies and architectures

EU39: 59% FTTB vs 41% FTTH - 34% PON vs 66% P2P

EU28: 37% FTTB vs 63% FTTH - 55% PON vs 45% P2P

(Homes Passed segmentation)

Mainly FTTB

Mainly FTTH

Source: IDATE for FTTH Council Europe

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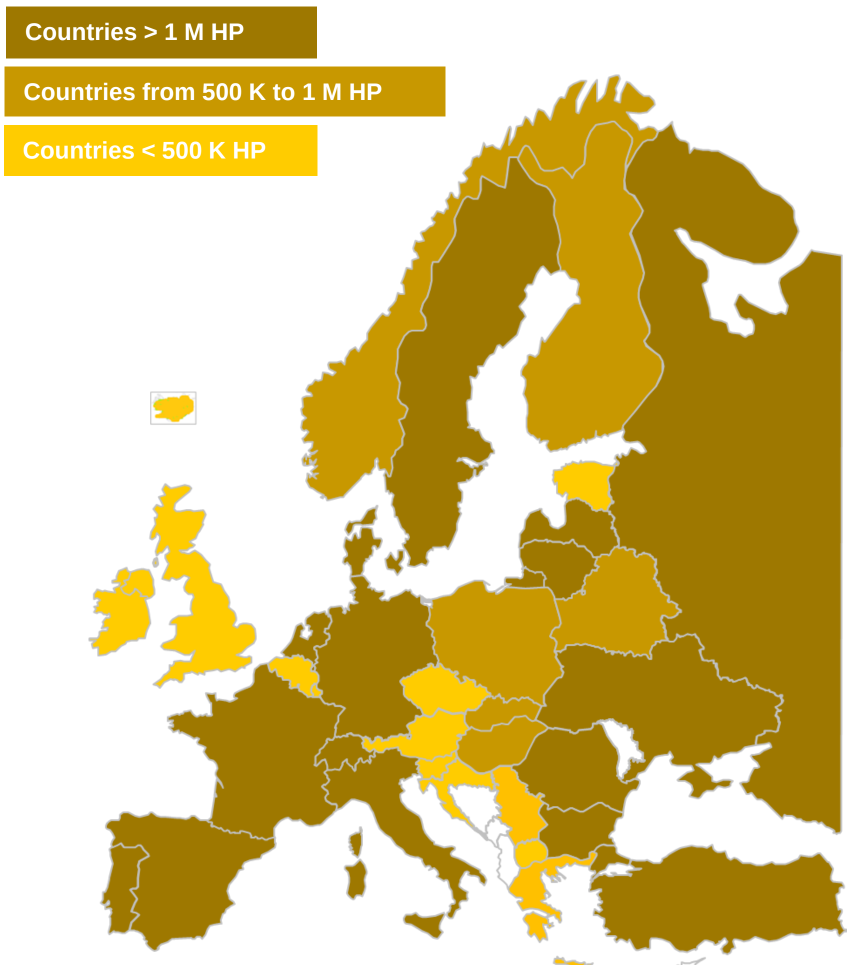
Leading countries

General ranking HP & subscribers
Highest growths
Key Points

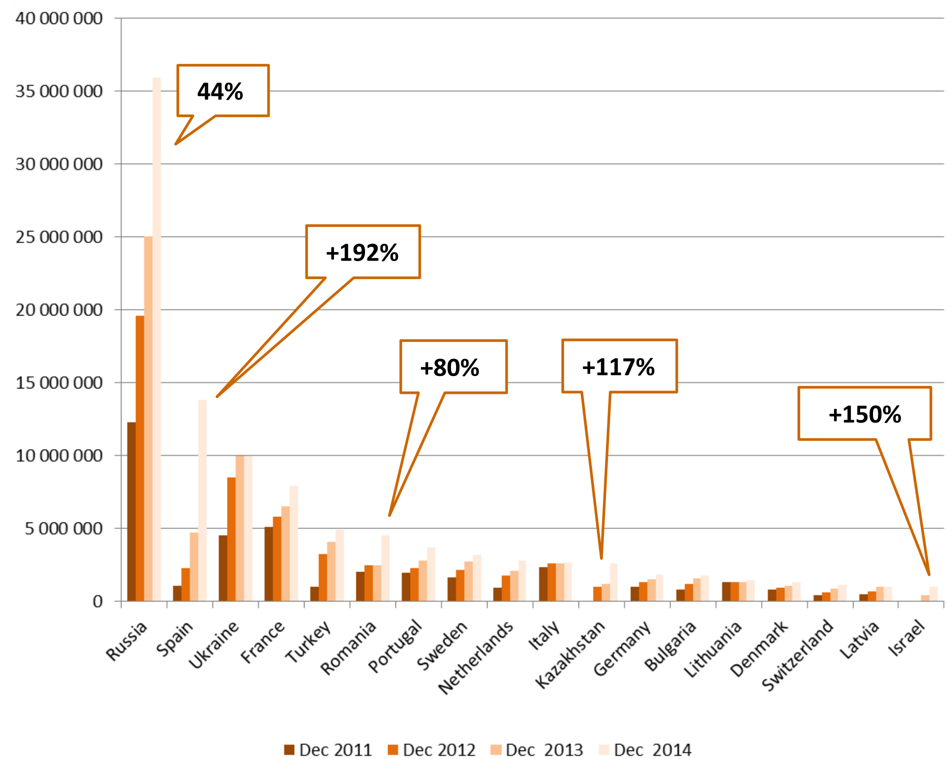
General ranking: FTTH/B Homes Passed

18 countries with 1 M HP or more in EU39

12 countries in EU28



Countries with 1M HP or more at end 2014
[Top 5 Growth rates 2014]



Source: IDATE for FTTH Council Europe

General ranking: FTTH/B Coverage

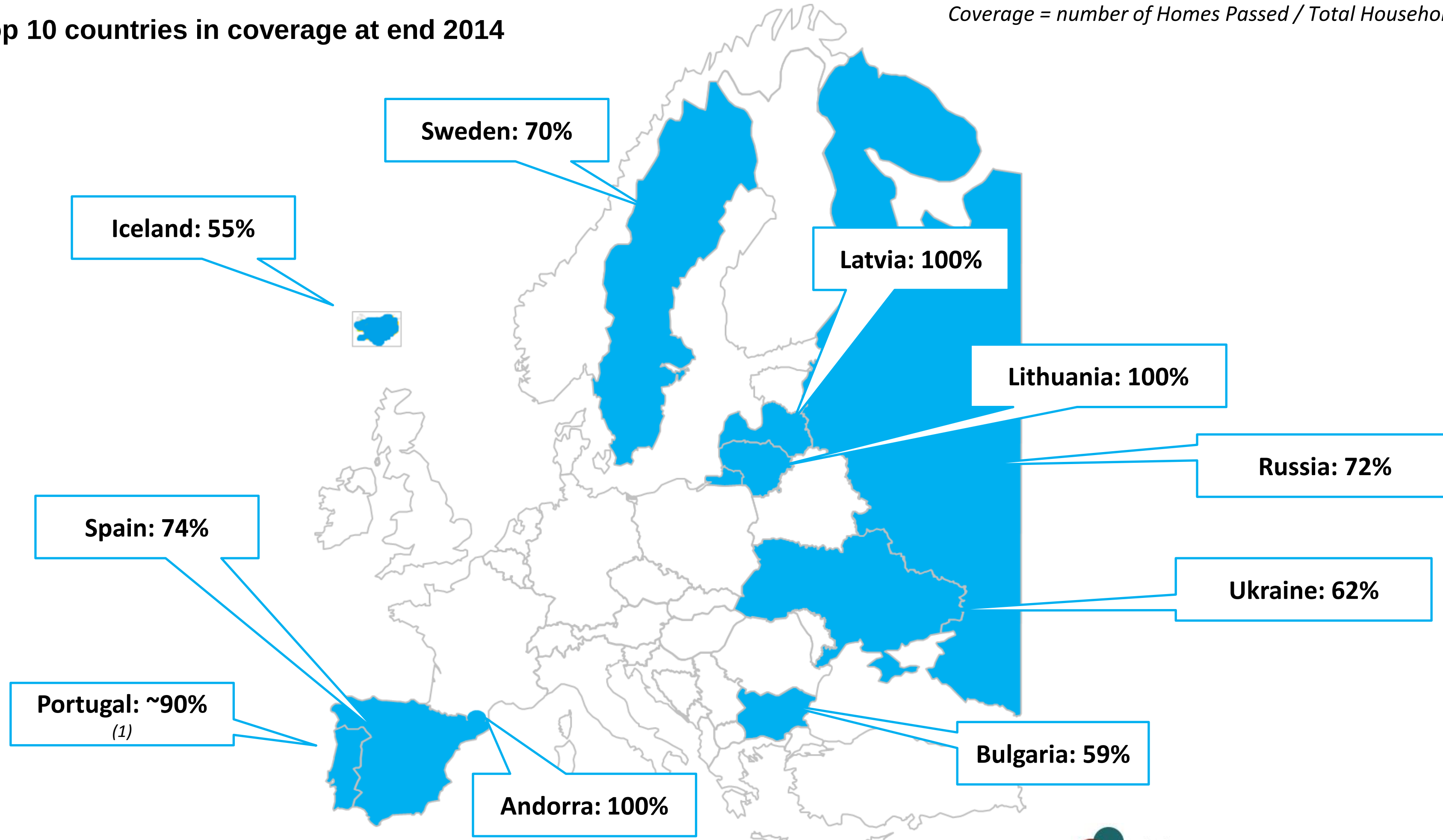
Average FTTH/B coverage (*)

EU39 : 33%

EU28: 23%

Top 10 countries in coverage at end 2014

Coverage = number of Homes Passed / Total Households



(1) Taking into account all players separately, without network overlapping

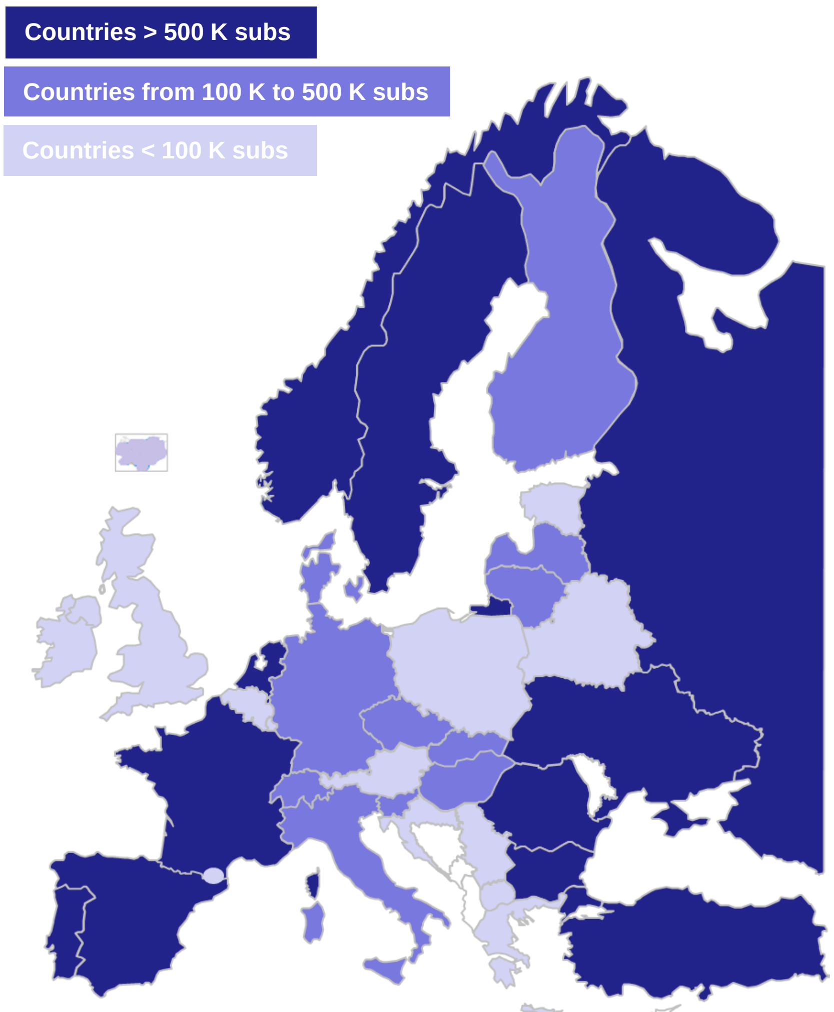
Source: IDATE for FTTH Council Europe

DigiWorld by IDATE

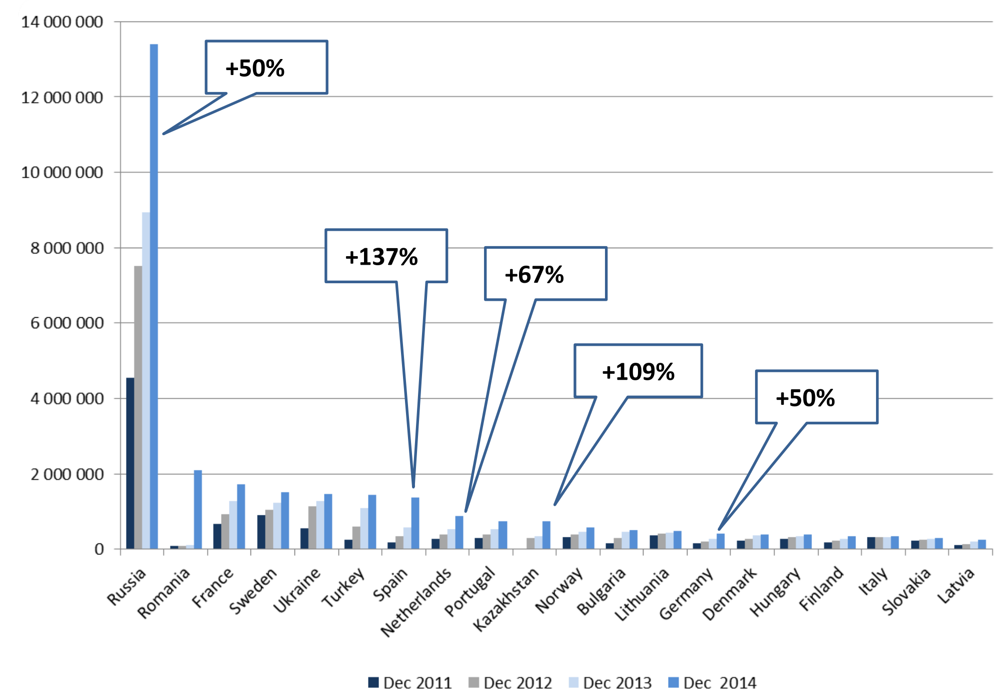
General ranking: FTTH/B Subscribers

7 countries with 1 M subs or more in EU39

Sweden, France and Spain in EU28



Countries with 200 K subs or more at end 2014
[Top 5 Growth rates 2014]



Source: IDATE for FTTH Council Europe

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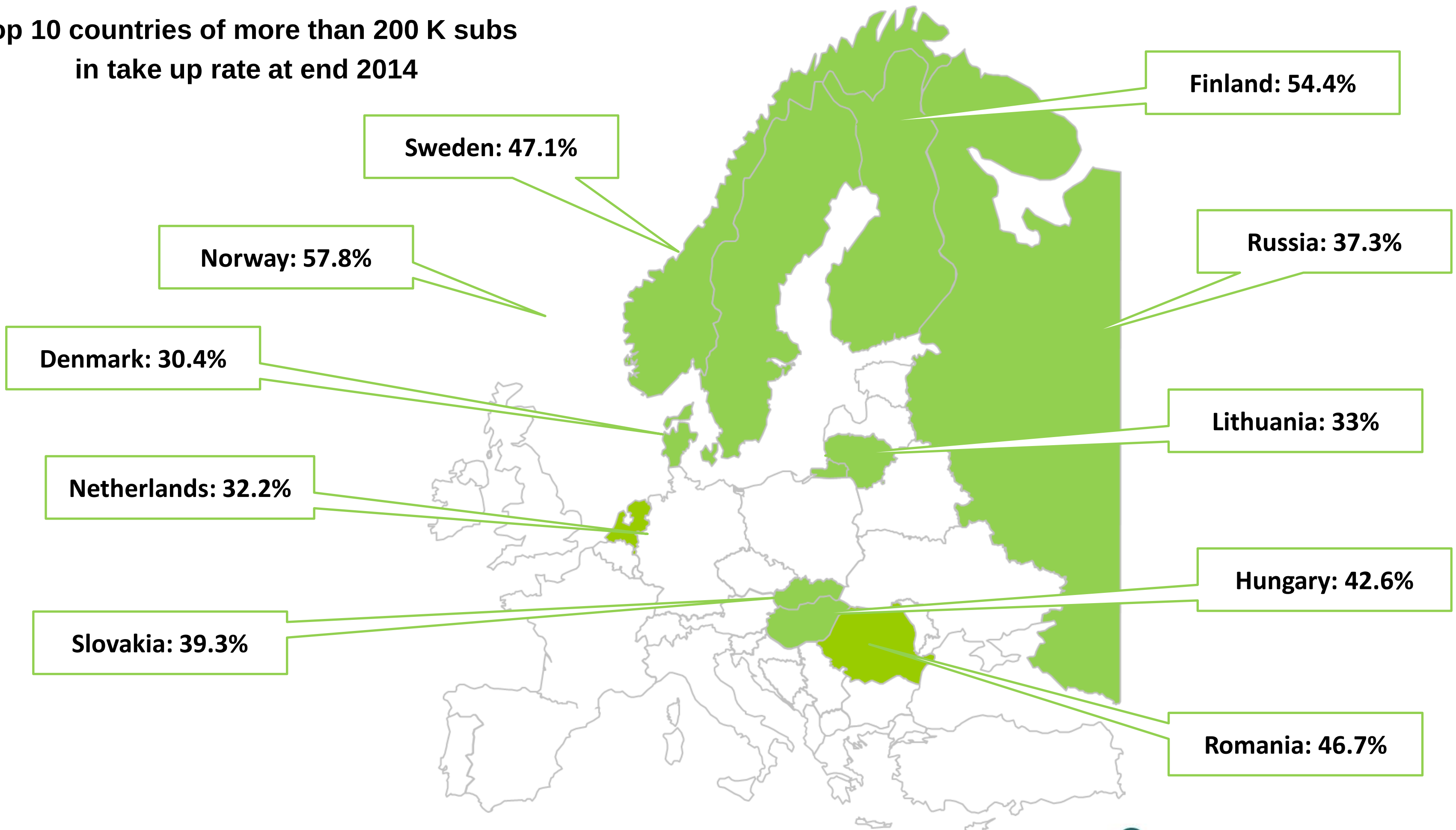
General ranking: FTTH/B take up rate

Average FTTH/B take up rate (*)

EU39: ~28%

EU28: > 24%

Top 10 countries of more than 200 K subs in take up rate at end 2014



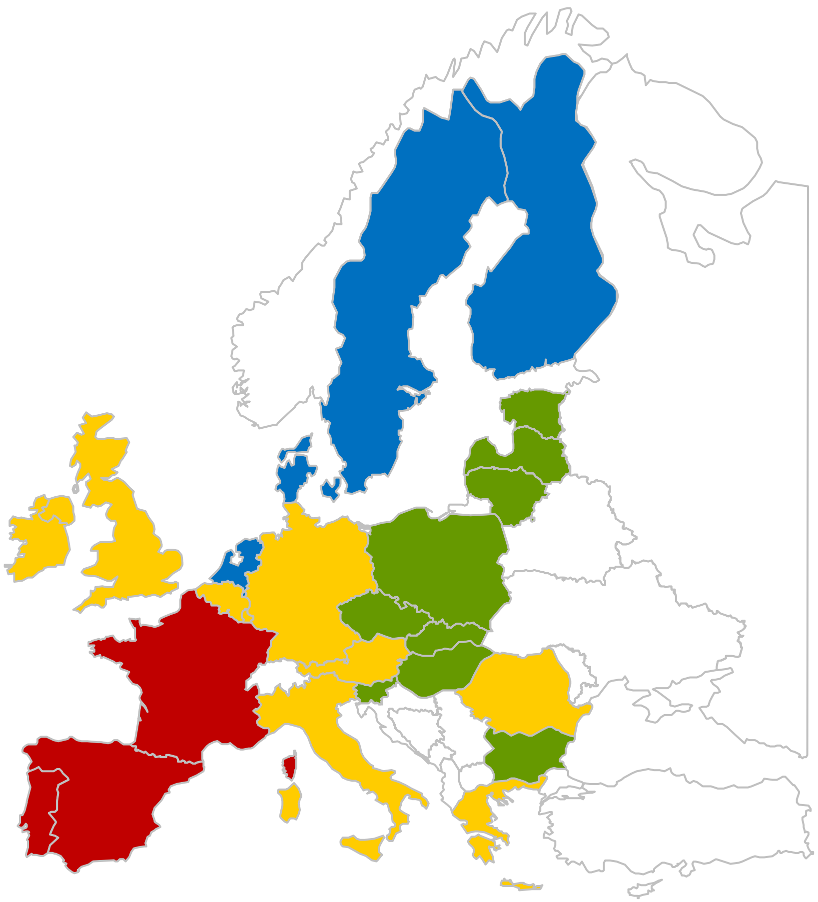
Take up rate = number of subscribers / number of Homes Passed

Source: IDATE for FTTH Council Europe

Highest growths: New FTTH/B subscribers in 2014

34% of FTTH/B subscribers in EU39 are 2014 "new subscribers"

This rate reaches 38% in EU28



Top 4 countries for 2014 new subs in EU39

Russia	+ 4.46 M
Romania	+ 2 M
Spain	+ 796 K
France	+ 438 K

% of EU28 2014 new FTTH/B subscribers

France + Spain + Portugal => 31%

Scandinavian countries + Netherlands => 31%

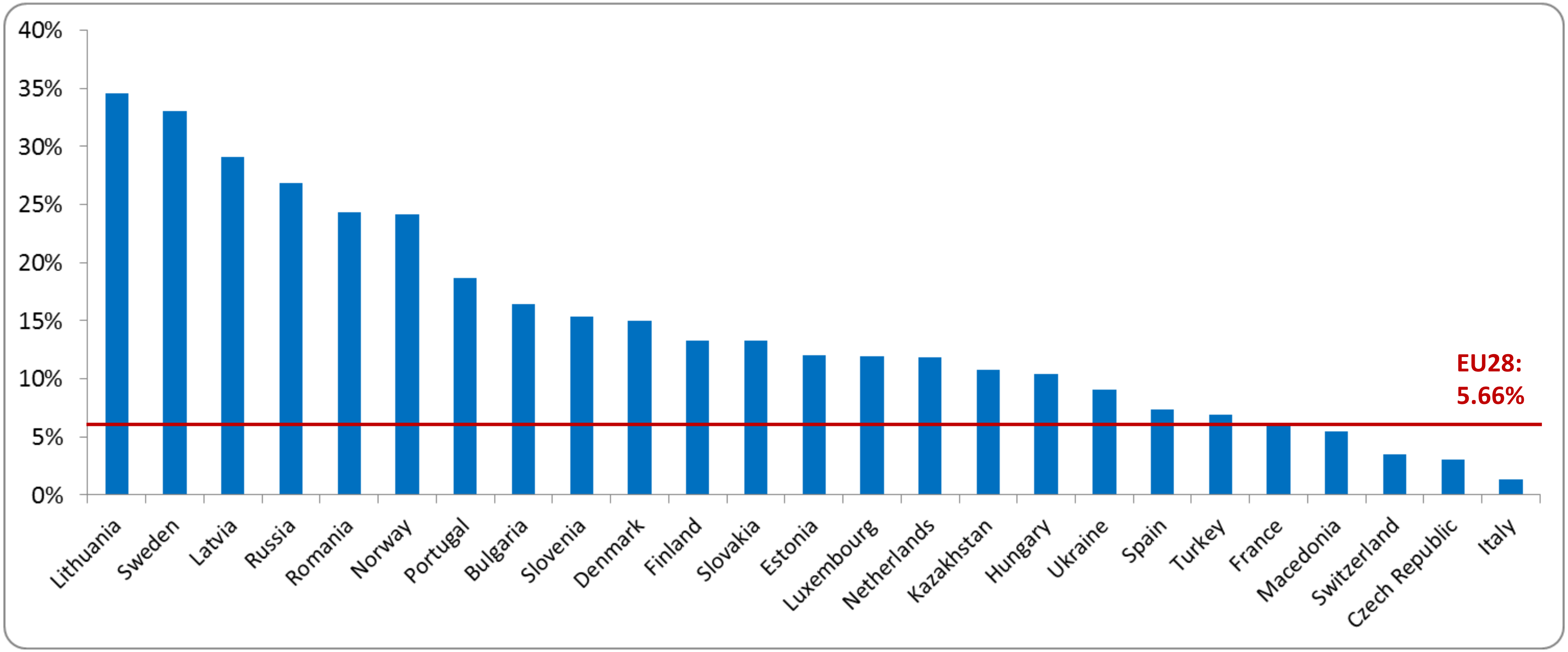
Eastern countries => 25%

Rest of EU28 => 10.5%

Source: IDATE for FTTH Council Europe

European ranking

European ranking



Next to enter: Germany will probably enter the ranking before end 2015!

The European Ranking includes countries of more than 200k HH where the part of FTTH/B subs in the total number of HH is at least 1%

Source: IDATE for FTTH Council Europe

Conclusions

Conclusions

- The European FTTH/B market remains dynamic
  - Between 40 and 60% growth in EU39 and EU28 for both coverage and number of subscribers
  - 3 countries with 10M HP or more: Russia, Ukraine and Spain
- Incumbents are playing a key role in coverage expansion...
  - Impressive involvement of Telefonica in Spain: >+6 M HP in the year (+192% yoy) !!
  - Orange, TeliaSonera, Telekom Romania, Deutsche Telekom: from pioneers to new comers in the field…
- Alternative telcos are in the driving seat in several countries
  - Vodafone in Portugal and Spain, Lyse in Norway, Waoo! in Denmark, Turkcell in Turkey, Finnet in Finland, Numericable in France
- Russia still dominates the enlarged European market
  - Followed by Romania where the players have decided to really accelerate the upgrade of their infrastructures to FTTH
  - Spain is entering the EU28 countries with more than 1M subscribers along with France and Sweden

Conclusions

- Important challenges to ensure nationwide coverage in countries with a dedicated national program and to reach the DAE
  - The involvement of communities is becoming more and more obvious to ensure rural coverage
  - Still a large place to be for utilities: the Scandinavian model seems difficult to replicate
  - Co-investment has not been generalized so far (France, Portugal, Spain…)
  - A new opportunity on the SDU market in some countries (Sweden)

- Growth in the number of subscribers is higher than in 2013
  - 7 countries with 1 M or more subscribers:
    - +2 compared to end 2013
    - Sweden, France and now Spain in EU28
  - France and Spain are still in the Top4 growth in terms of new subscribers: switch to FTTH/B is on the road…?
  - No countries from Southern Europe leading in terms of take up rate: a challenge to raise for the coming months

Wireline

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Format	Type deliverable	Title	Publication date	Pages	Bundle rate	Unit price
		Wireline package 2014 includes 3-hour customized research & unmetered analyst support			**10 000**	
doc + ppt	Report	**FTTx Services and Pricing**	15/05/2014	*25*		1 000
doc + ppt	Report	**FTTx Vendor Market Shares & Strategies for Copper**	29/07/2014	*22*		1 000
doc + ppt	Report	**National Broadband Plan:** announcements & realities	25/08/2014	*29*		1 000
doc + ppt	Report	**Prospects for fixed access revenues**	27/11/2014	*42*		3 000
doc + ppt	Report	**Cable dynamics** *(indicative title)*	31/12/2014	*38*		1 000
xls	Dataset	**World FTTx Market** - data & forecasts up to 2018	29/12/2014	*n.r.*		4 000
ppt	Report	**State of FTTx worldwide**	29/12/2014	*46*		2 000
		Wireline package 2015 includes 5-hour customized research & unmetered analyst support			**10 000**	
doc + ppt	Report	**Gigabit Communities** *(indicative title)*	1Q	*20-40*		1 000
doc + ppt	Report	**LTE vs Fiber: Substitution or Convergence?** *(indicative title)*	2Q	*40-80*		3 000
xls	Dataset	**World FTTx Market** - data & forecasts up to 2019	July/Dec. 2015	*n.r.*		6 000
ppt	Report	**State of FTTx worldwide**	July/Dec. 2015	*40-60*		3 000
doc + ppt	Report	**FTTx Vendors**	3Q	*20-40*		1 000
doc + ppt	Report	**Prospects for FTTx ramp up** *(indicative title)*	3Q	*40-80*		3 000
doc + ppt	Report	**Leading FTTx players strategies** *(indicative title)*	4Q	*20-40*		1 000

Thank you !

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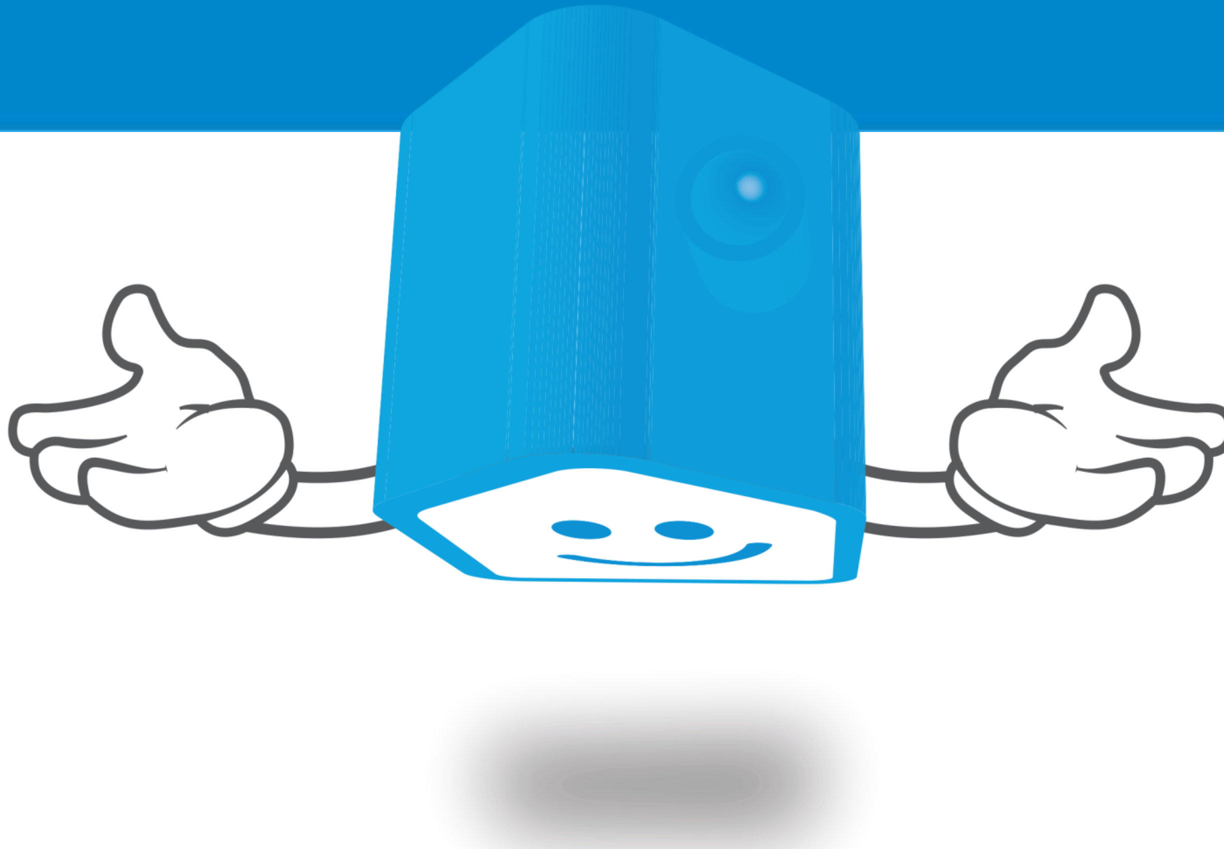

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