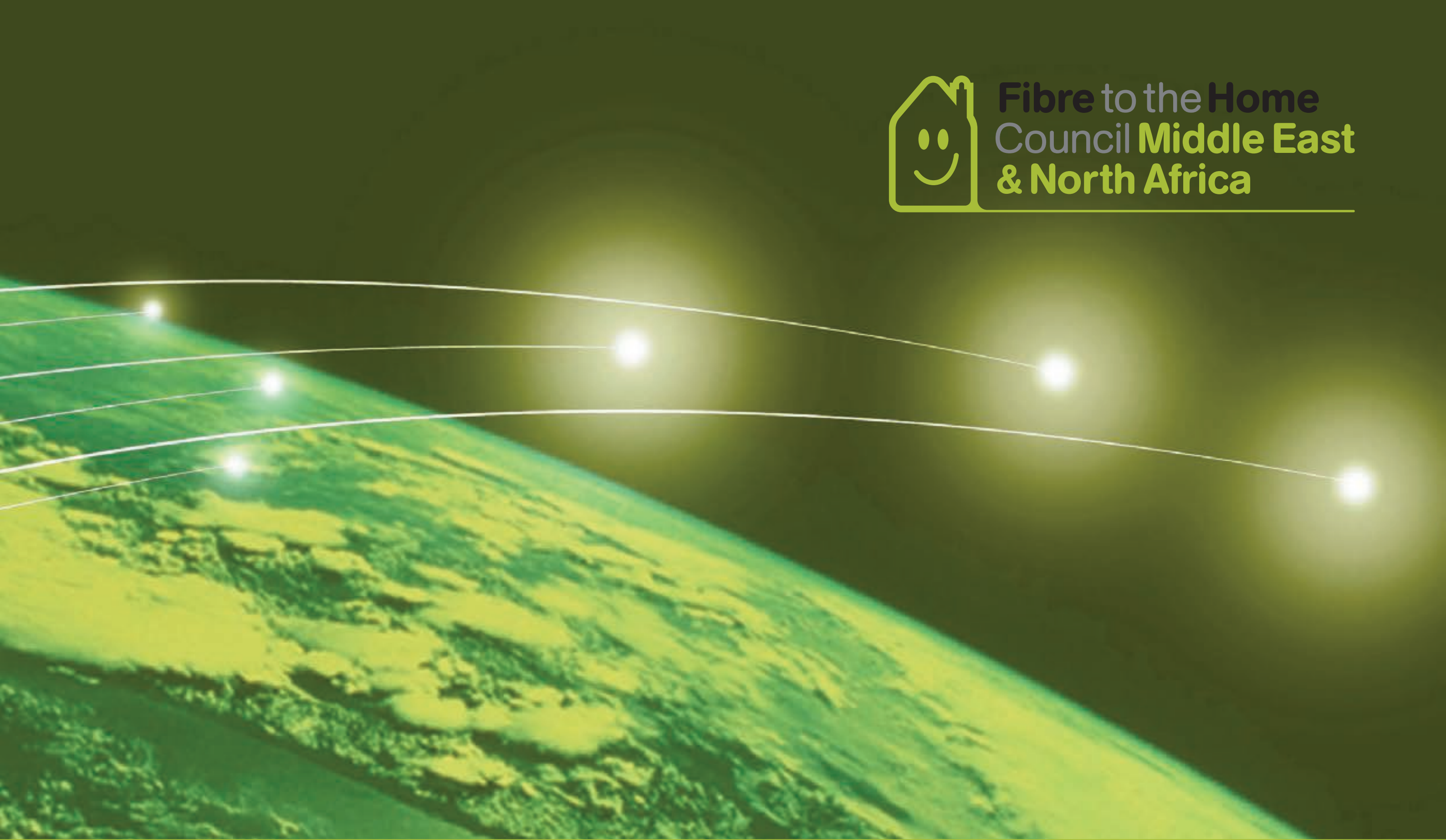

Enhancing Life

FTTH MENA Market Panorama 2012

Agenda

Study Background

Objectives, available results

Background of the Study

IDATE has been commissioned by the FTTH Council MENA to provide a comprehensive overview of FTTH deployments in Middle East & North Africa (19 countries)

Methodology used

- Desk research
- Direct contacts with FTTH players (questionnaires, phone interviews)
- Information exchange with FTTH Council MENA members
- Direct contacts with IDATE's partners in several countries

Objectives: to provide a complete summary of the status of FTTH/B in MENA Region

- Characterization of each project: organization initiating the project, Key parameters& Figures (Homes and Buildings passed), Technical parameters, Financing & Business model
- According to FTTH Councils definition, we distinguished FTTH/FTTB and FTTN (FTTN/C+VDSL, FTTLA) architecture
- Identification of new FTTH projects for the Future

Available results for MENA

Around 40 FTTH projects listed in MENA 19

Quantitative

FTTH/B data	September 2012	
	Nb of Subscribers	Nb of Homes passed
Total FTTH/B in Oman	700	151 400
Haya Water	not applicable*	150 000
Omantel	500	1 200
Nawras	200	200

(*)Haya Water is a wholesale company

Other FTTx architectures in Jordan (*)	September 2012	
	Nb of Subscribers	Nb of Homes passed
Total FTTN	308	308
ULRN	8	8
SBN	300	300

(*) Other FTTx architectures refer to Fibre-to-the-Node/Curb+VDSL/VDSL2, Fibre-to-the-Last-Amplifier (cable) and FTTx/LAN

Qualitative

STC

Identification Operator/Organisation

STC is the incumbent operator in Saudi Arabia. It provides fixed, mobile and broadband services in the country.

Key parameters

Saudi Telecom Company (STC) is the main telecom company in the country. STC launched a FTTH service providing the fastest Internet speed reaching 100 Mbps in 2008. The network is only available in some districts of the major cities .STC has also deployed FTTC network in other cities in the kingdom. Mid-2010, its FTTH network covered part of Riyadh, Jeddah and Damman. Then, in February 2011, it announced its willingness to extend its coverage to most major Saoudi cities and launched its fiber services under the brand name "Verve". As of June 2011, its network covers "key cities" among which are Riyadh, Jeddah, Dammam, Ihsaa, Madinah, Makkah, Abha, Jizan, Taif, Buraidah, Eneizah, Jubail. Then in March 2012, the operator launched a new offer under the brand name Jood with a connection speed of up to 200 Mbps. The strategy is to convert the Copper customers to Fibber in Homes, STC Has 3.1 Million Voice customers on Copper, 2.1 Million are with Broadband (September 2012). Target by the end of 2012 is about 500,000 FTTH homes passed and 120,000 FTTH subscribers.

Figures

Number of Households/Business Units passed: 290,000 homes passed at September 2012
FTTx subscriber base: 85,000 FTTH subscribers at September 2012

Technical parameters

GPON FTTH Main vendor selected for GPON is Alcatel Lucent.

FTTH in MENA - September 2012

Overall figures - Projects - Players involved

FTTH/B in MENA - Overall Figures

MENA 19 at end of September 2012

- 740 700 FTTH/B subscribers
- 1.8 M FTTH/B Homes Passed

Average Take up Rate
41,1%

Growth rates Sept. 2010 / Sept. 2012

- +188.4% FTTH/B subscribers (257 K)
- +100.7% FTTH/B Homes Passed (900 K)

End users are migrating easily to FTTH

FTTH in MENA - Overview: Projects

- IDATE has identified around 40 FTTH/B projects in MENA, among which only 15 count at least 4 500 homes passed at September 2012
- Only 5 projects counting more than 100 000 HP and up to 1 million

Country	Player	Category of Player	Homes / Buildings Passed (Sept.2012)
Algeria	Algerie Telecom	Incumbent	10 000
Bahrain	Batelco	Incumbent	4 500
Egypt	PHD	Housing Company / REO	7 600
	TMG	Housing Company / REO	98 000
Iraq	ITPC	Incumbent	20 000
Jordan	JCS	Alternative Operator	n.a
Kuwait	Zajil Telecom	Incumbent	4 750
Lebanon	Solidere	Housing Company / REO	4 800
Oman	Haya Water	Utility	150 000
Qatar	Qtel	Incumbent	135 000
Saoudi Arabia	STC	Incumbent	290000
	Mobily	Alternative Operator	45000
	ITC	Alternative Operator	10 000
UAE	Etisalat	Incumbent	1 000000
	Du	Alternative Operator	230 0000

Fibre to the Home Council Middle East & North Africa

FTTH/B in MENA - Players involved

2 main categories involved in MENA FTTH/B deployments

Alternative operators/MSOs	MENA incumbents
• Very few examples • To compete with a performing access network	• National deployments • Residential & Businesses
14.2% of total FTTH/B Homes Passed at Sept. 2012	72.7 % of total FTTH/B Homes Passed at Sept. 2012

- Munis/Utilities involvement in MENA FTTH/B deployments is limited (7.5% of HP)

- Housing Companies / REO & Nat. Programs involvements in FTTH/B deployments are in their infancy (5.6% of HP)

FTTH in MENA - September 2012

Detailed figures

FTTH in MENA Detailed Figures: Homes Passed

- In September 2012, UAE & KSA confirm their leaderships in MENA
  - UAE is already covered and represents 56% of FTTH/B Homes Passed and KSA 20%
  - Then Leaders are Oman (8%), Qatar (7%) and Egypt (6%)

- Tremendous growths compared to Sept. 2010 for Iraq, Qatar, Oman, KSA, Algeria, Bahrain

- Then we have Kuwait, Lebanon

- But not always significant in very early development markets

MENA COUNTRIES	Homes Passed		
	September 2010	September 2012	Growth Sept. 2010 - Sept. 2012
	FTTH/B Homes Passed		
Algeria	1 000	10 000	900,0%
Bahrain	500	4 500	800,0%
Egypt	52 300	109 400	109,2%
Iran	0	0	0,0%
Iraq	200	20 000	9900,0%
Jordan	400	n.a	n.a
Kuwait	2 700	4 750	75,9%
Lebanon	4 500	5 500	22,2%
Libya	-	n.a	n.a
Morocco	500	n.a	n.a
Oman	3 122	151 400	4749,5%
Palestine	0	0	0,0%
Qatar	1 600	135 000	8337,5%
Saudi Arabia	30 400	360 000	1084,2%
Sudan	0	0	0,0%
Syria	0	0	0,0%
Tunisia	n.a	n.a	n.a
UAE	800 000	1 000 000	25,0%
Yemen	0	0	0,0%
TOTAL FTTH/B	**897 222**	**1 800 550**	**100,7%**

FTTH in MENA Detailed Figures: Subscribers

- In September 2012, UAE represents 78% of FTTH/B Subscribers in MENA
- Then KSA is representing 14% of FTTH/B Subscribers
- Qatar as the third subscribers base of the region (38 K)

MENA COUNTRIES	September 2010	September 2012	Growth Sept. 2010 - Sept. 2012
	FTTH/B subscribers		
Algeria	1 000	1 000	0,0%
Barhain	500	1 000	100,0%
Egypt	1 550	3 000	93,5%
Iran	0	0	0,0%
Iraq	n.a	n.a	n.a
Jordan	500	11 500	2200,0%
Kuwait	800	2 400	200,0%
Lebanon	300	600	100,0%
Libya	n.a	1 500	n.a
Morocco	n.a	n.a	n.a
Oman	n.a	700	n.a
Palestine	0	0	0,0%
Qatar	800	38 000	4650,0%
Saudi Arabia	5 050	100 000	1880,2%
Sudan	0	0	0,0%
Syria	0	0	0,0%
Tunisia	n.a	1 000	n.a
UAE	246 300	580 000	135,5%
Yemen	0	0	0,0%
TOTAL FTTH/B	256 800	740 700	188,4%

- Qatar as the third subscribers base of the region (38 K)
- Jordan count more than 10000 subscribers
- Then we have 6 countries with more than 1 000 subs
- No FTTH subscribers in 6 countries but some of them are on the starting blocks

FTTH leadership in MENA: Technologies

- In September 2012, the main architecture deployed is FTTH
- Regarding technology, players have mainly chosen GPON, as incumbents are leading FTTH deployments
- Then, MDUs are still the principal target for Fiber deployments in MENA region

Main architecture deployed (subscribers segmentation)	September 2010	September 2012
FTTH	99%	99%
FTTB	1%	1%

Main technology deployed (subscribers segmentation)	September 2010	September 2012
PON	67%	78%
Ethernet	33%	22%

Dwellings deployed (subscribers segmentation)	September 2010	September 2012
MDU	71%	82%
SDU	29%	18%

MENA countries entering Global Ranking

FTTH/B Take Rates in MENA

Number of subscribers less relevant than Take Rates(1)

MENA is the home of highest Take Rates
58% in UAE, 28% in KSA
50% in Kuwait, 28% in Qatar, 22% in Bahrain
Average Take Rate for MENA: 41% !!

…to be compared

In France (12%), UK (7%), Switzerland (4%)
Average Take Rate for EU 27: 18%

(1) Number of subscribers in total Homes Passed

MENA Countries entering Global Ranking

- The Ranking covers all countries with at least 200,000 households where the penetration of FTTH/B has reached 1% of the total number of homes.

- In June 2012, 32 countries were members of the Global Ranking with South Korea leading around 57% of Homes subscribing to FTTH

- UAE has been included for years in the Global Ranking at top places

- At end of September 2012, UAE with Homes penetration rate of 64.8% is taking the lead of the Global Ranking!

- Furthermore, 3 others MENA countries are entering the Ranking:
  Qatar with 22.8%
  KSA with 1.7%
  Jordan with 1%

Main Conclusions and Global Drivers for FTTH

Main conclusions: MENA picture

- Competition in Fixed Broadband market is still in its infancy in MENA region with a few exceptions
  - This is not driving FTTH/B deployments in the region
  - Mobile markets are the main source of competition in the region
- Players mainly want to show their dynamics on the international scene
  - Etisalat is deploying FTTH in UAE so that the country becomes one of the first to be wholly covered ; Du is also a regional leader in MENA region
  - Qtel strong FTTH progression and QNBN open network in Qatar launched in 2011 with ambitious target of 95% coverage by 2015.
- The main key driver for FTTH/B deployments in the region is massive new housing programs
  - UAE (Abu Dhabi, Dubai), Qatar and KSA (new cities) have the greatest potential…
  - … But this is also the case in other countries of the region (Egypt, Lebanon, Qatar)
- The potential for FTTH/B is huge in Middle East but several players and Governments still have to define their strategy for large scale deployments
  - We have seen encouraging announcements since 2010 & 2011 but real deployments are not coming
- A few countries are in the starting blocks: Iran, Morocco, Lebanon, Iraq

Global Drivers for FTTH

- A market driven by competition … as it is the case in the US and Europe, in several Eastern Europe countries Cable operators could be in the driving seat …

- Quality of Copper Local Loop influencing migration of Residential customers to Fibre – The case of MENA

  The volume of new builds & new housing programs - The case of MENA

- Mobile backhaul and LTE …
  - Mobile operators are densifying their backhaul with the explosion of Mobile Broadband and Smartphones
  - LTE base stations will need fiber and Femtocells at home also!

- Cloud Computing for SMEs
  - At the difference of the US, in MENA, SMEs can be close to the residential areas
  - Short latency of Fiber will allow Cloud Computing to target SMEs

Fibre to the Home Council Middle East & North Africa

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