

Press Release

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FTTH in the Netherlands: First province with more than 50% homes passed

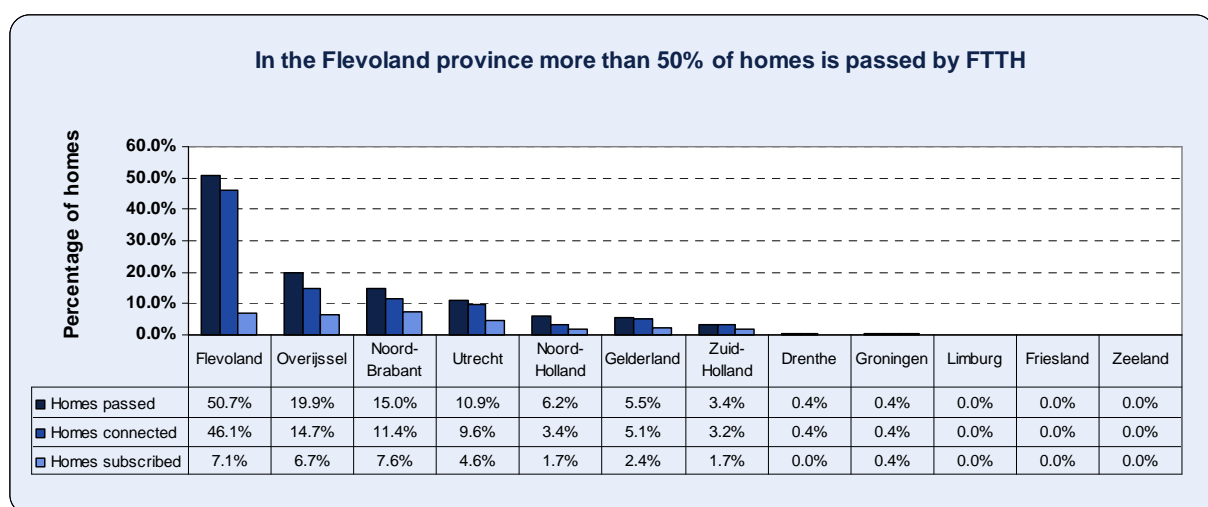
- In the Flevoland province more than 50% of homes are passed with fibre
- 568 thousand homes passed, 451 thousand connected
- North-Brabant has the highest percentage of active subscribers
- Economically weak provinces of Zeeland, Limburg and in the North still at 0%

This can be read in the fourth annual survey on the deployment of fibre networks to homes (FTTH) in the Netherlands, compiled by Stratix Consulting during the second quarter of 2010.

Compared to the survey in 2009, the number of homes passed grew from 349 thousand on 1st April 2009 to 568 thousand a year later; an increase of 63%.

Of these 568 thousand, 451 thousand dwellings (79%) have been equipped with optical fibre into the meter closet, a growth of 108% compared to the 218 thousand households on 1st April, 2009. The actual number of subscribers has grown from 139 thousand in the first quarter of 2009 to 217 thousand a year later, an increase of 56%.

The results show large differences between provinces. In particular it is clear that the deployment of fibre networks under free market takes place primarily in the socio-economically strongest provinces in the Netherlands. Investments generally do not take place in the major cities in the west of the Netherlands ('Randstad'), but in municipalities with a strong social structure, in municipal growth districts and in some new housing developments.



2009 is the year in which 'fibre' (optical fibre access) has become the central marketing theme of fixed telecommunications rather than 'broadband'. Cable operator UPC offers



'Fiber Power' and DSL operator Tele2 provides 'Fiber Speed'. In this way they try to tempt their customers to upgrade their old cable modem or DSL modem, instead of commuting to FTTH.

This milking of old systems and techniques was intensified by regulator OPTA in 2009 with its tariff policy on copper grids and cable networks, in which wholesale tariffs of copper and cable networks were set below the current replacement costs of such networks.

Political plans to promote fibre deployment in socio-economically weak areas, mostly fed by the sales revenue of utility companies Essent and Nuon, have inhibited progress rather than expedite it.

A small number of new players joined the market that specialise on multiple dwelling units and buildings of housing associations: Oono, Tele Plaza, Utelisys.

Many of the smaller, more independent, cable operators now also deploy fibre. The three biggest cable companies: Ziggo, UPC and Zeelandnet do not bring fibre all the way to the homes.

In 2009 the CATV network in Krimpen a/d IJssel was sold for € 0 to an investor, the network is now fully being overbuilt by fibre. This is a dramatic devaluation of cable networks compared to 2005/2006, when investors paid a combined € 5.2 billion for merging Multikabel, Casema and Essent Kabelcom to Ziggo.

Stratix Consulting observes a delay in the execution of fibre deployment plans, especially in Amsterdam. The initial curve of accelerating growth in FTTH deployment has shifted to a linear growth. The Dutch construction sector is already working close to full capacity, highly unusual in a depressed economy, but does not expand to scale up production to the next level. Based on the current growth rate and construction capacity, we expect 1.2 million fibre connections at the end of 2012. At this pace, fibre deployment for the rest of the Netherlands will take over 20 years to complete.

NOTE TO EDITORS, NOT FOR PUBLICATION:

The report of Stratix Consulting (in English) with detailed summary tables for each province and municipality and a comprehensive analysis of market trends can be downloaded <http://www.stratix.nl/ftth.php>

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