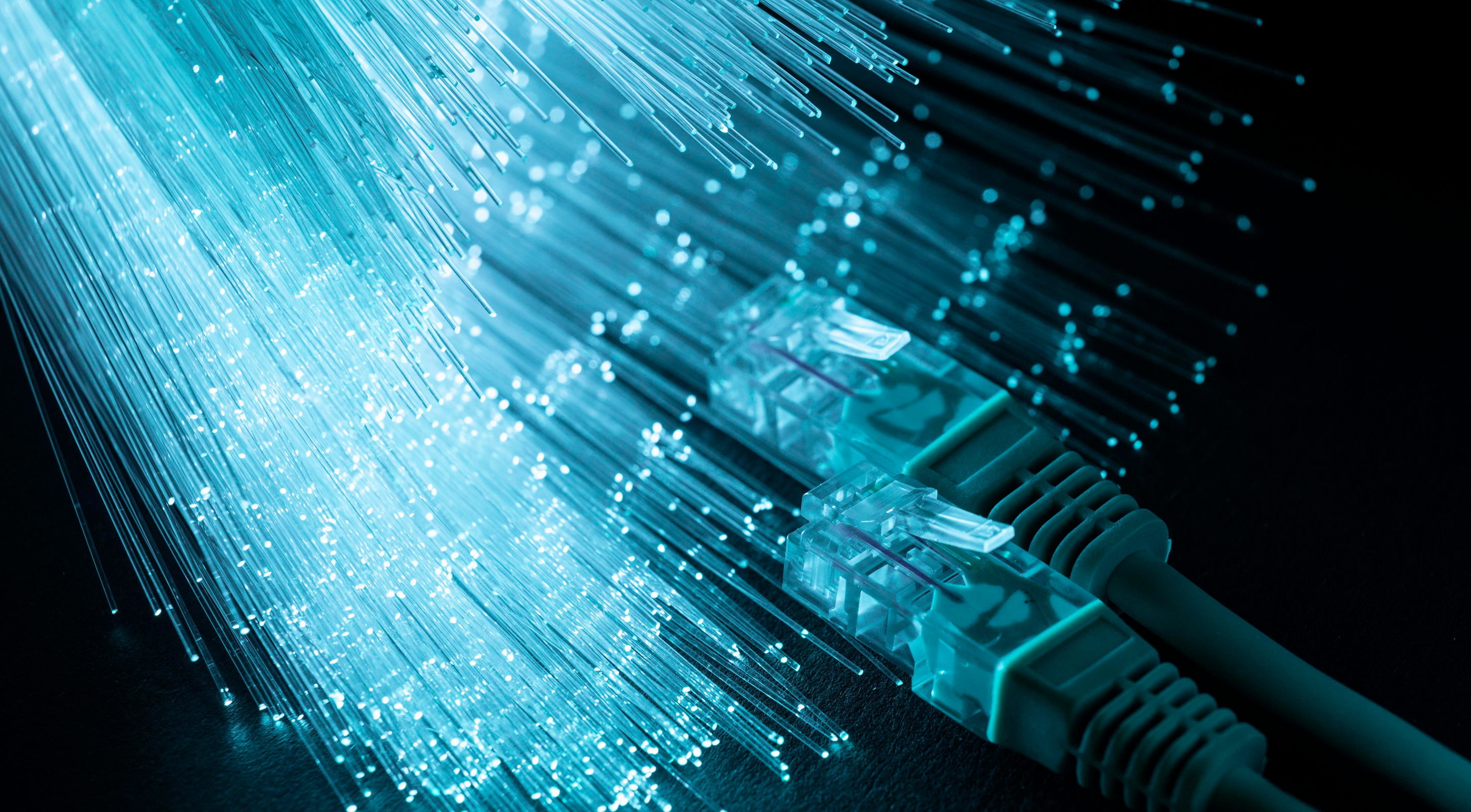


Quicktake

 FTIDELTA™



Fiber Optic Landscape

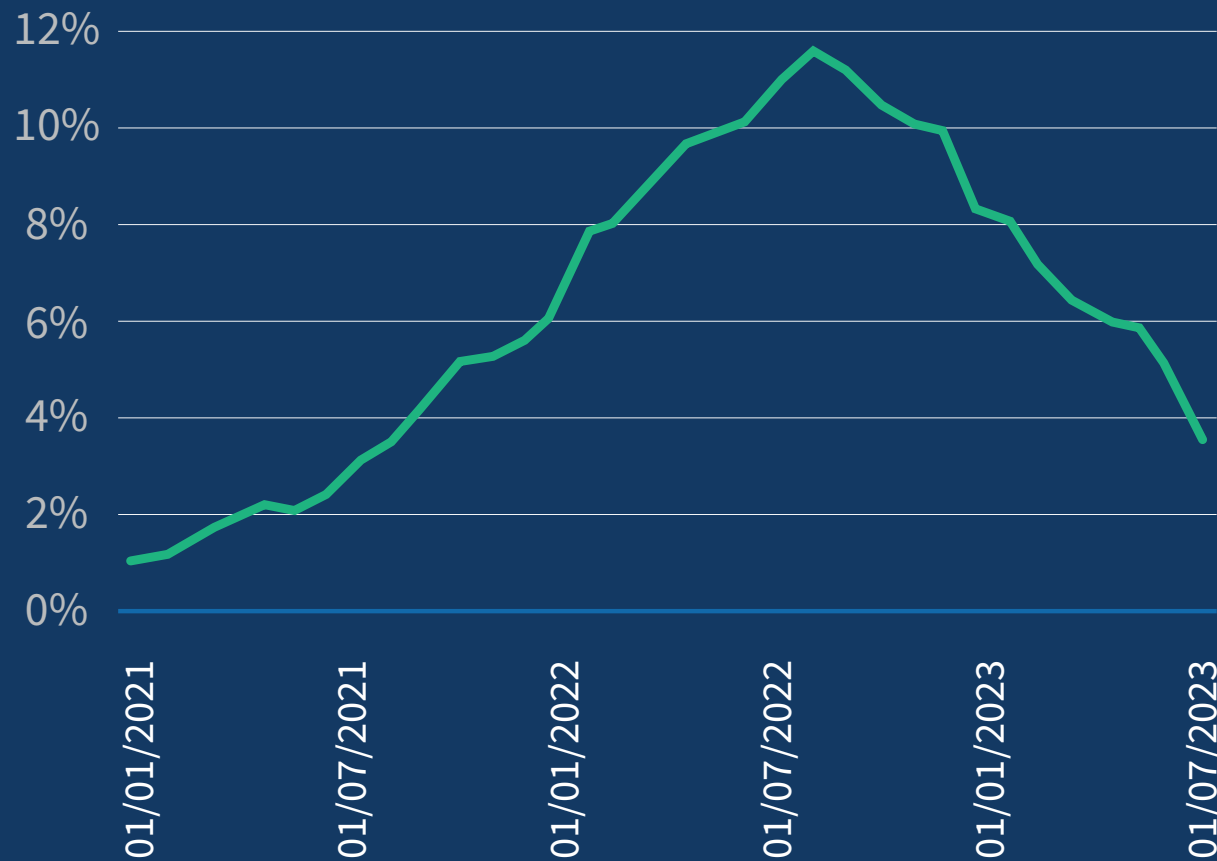
**Maximizing Growth Opportunities and
Optimization Strategies for FTTH Providers**

Higher cost of capital and inflation means the universe of profitable fiber opportunities is shrinking

(Non-Exhaustive)

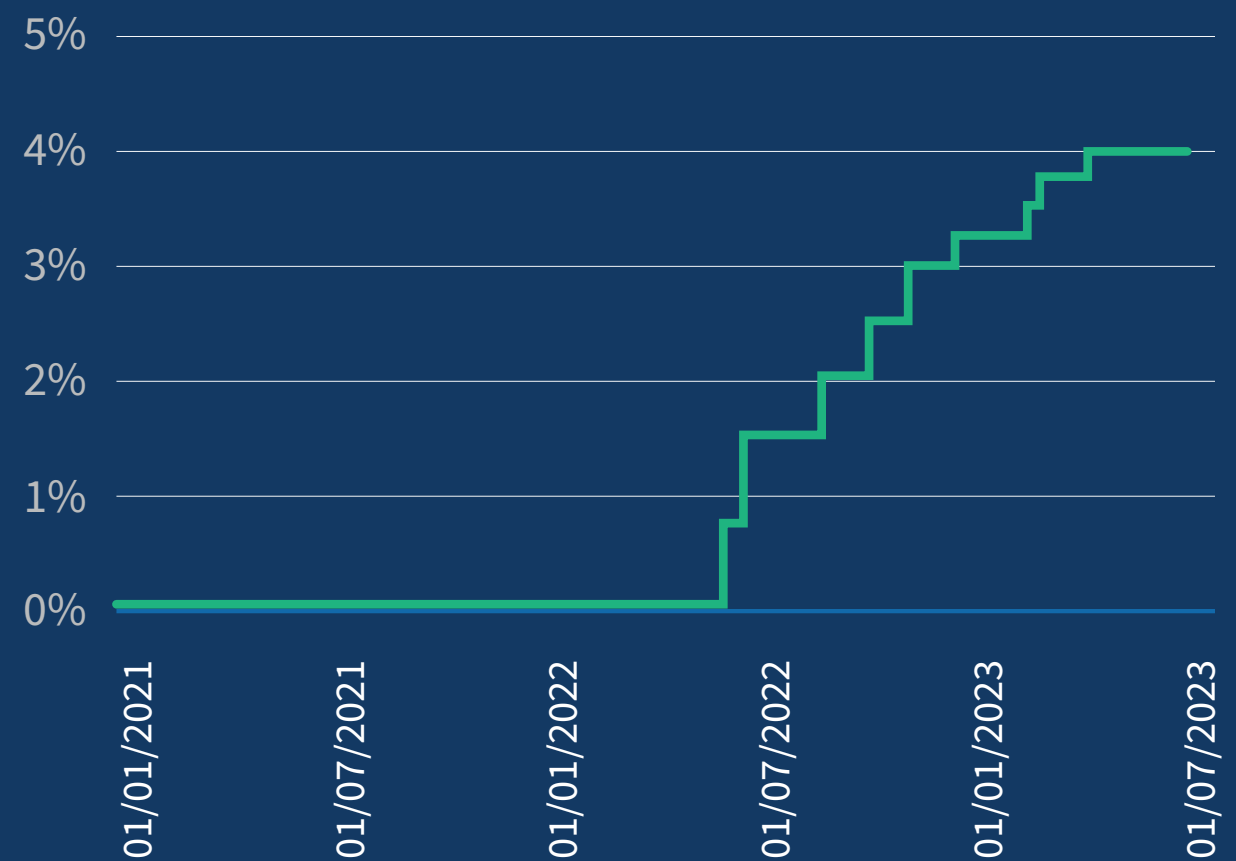
Harmonized Index of Consumer Prices

(% change, year-over-year)



ECB interest rates

(deposit facilities, %)



Higher cost per home passed



Increased cost of energy and labor



Larger cost of capital



Competitive markets with smallroom for ARPU uplift



LOWER THAN EXPECTED RETURNS

Fibre to the Home ("FTTH") operators in Europe are under pressure to deliver on their business plans targets

(Non-Exhaustive)

KEY BUSINESS PLAN LINES

Main KPI

CHALLENGES

REVENUE

Homes Connected

ARPU

- **Misaligned growth ambitions** between wholesaler and retailer
- **Overbuild** by 3rd parties and **unbundling** commoditize the offering
- Competition in the retail market leaves **small room to pass inflation**

OPEX

EBTIDA margin

- **Energy costs** (at an infrastructure level) increasing
- **Labor** and **sales channels** ask for higher remuneration
- Wholesale **contracts** for access to 3rd party infrastructure **rising**
- CEX and service level expectations are rising as OTTs penetrate

CAPEX

Homes Passed

Cost per HPs

- Options to revisit network rollout programs are sometimes limited
- Subsidized FTTH programs come with **rigid targets**

FINANCING

- Cost/revenue **imbalances** lead to **additional financing** requirements
- **Refinancing** at **higher rates** negatively impacts players without fully-funded business plans or renewed/adjusted ambitions
- Debtholders demand **stronger guarantees** on business plans delivery (CPs,...)

Optimization avenues exist to bridge current vs target performance (1/3)

(Non-Exhaustive)



Key Optimization Levers

WHOLESALE / INFRASTRUCTURE



Day 1 take up push: Coordination of rollout with commercial ops



White Label offering to customers beyond ISPs



Explore **deeper commercial involvement** (i.e. demand aggregation)



Double down on **operational excellence** (order conversion, customer support)

RETAIL / SERVICE LAYER



Look at **adjacent products/services** to improve value and spend



Define **commercial strategy tailored to competitive landscape** at a geo level



Optimize front book pricing


Optimization avenues exist to bridge current vs target performance (2/3)

(Non-Exhaustive)



Key Optimization Levers

WHOLESALE / INFRASTRUCTURE	
	Optimize network <ul style="list-style-type: none">— Real estate— Points of presence ("PoP") consolidation— Copper switch off
	Operational excellence (Service-level agreements,...)
	Revisit commercial incentives

RETAIL / SERVICE LAYER	
	Revamp channel strategy with a focus on digital
	Revisit customer acquisition costs and examine customer retention strategy
	Evaluate in-house vs outsourced customer support functions

Optimization avenues exist to bridge current vs target performance (3/3)

(Non-Exhaustive)



Key Optimization Levers

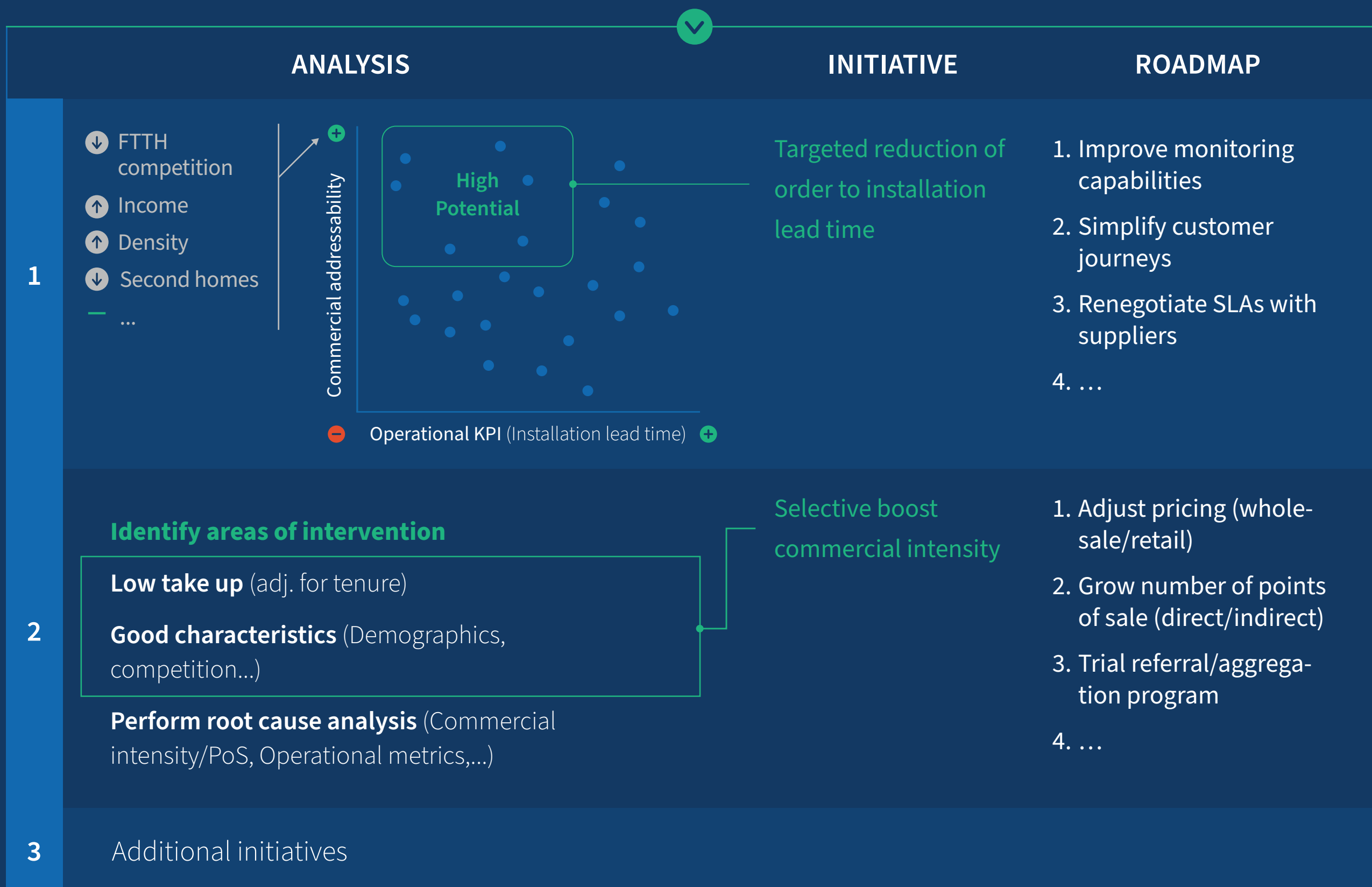
WHOLESALE / INFRASTRUCTURE	RETAIL / SERVICE LAYER
 <p>Revisit deployment plan to prioritize high ROI arenas</p>	 <p>Revisit customer acquisition costs (if capitalized)</p>
 <p>Negotiate targets in subsidized rollouts</p>	
 <p>Streamline and delay non-network capital projects (IT, points of sales expansion)</p>	
 <p>Evaluate next generation active equipment to achieve efficiencies</p>	

FTI Delta have the capabilities to deliver on end-to-end business plans optimization for FTTH players (1/2)

(Non-Exhaustive) (High-level)

REVENUE

Formulation commercial improvement plan made of several data-driven initiatives



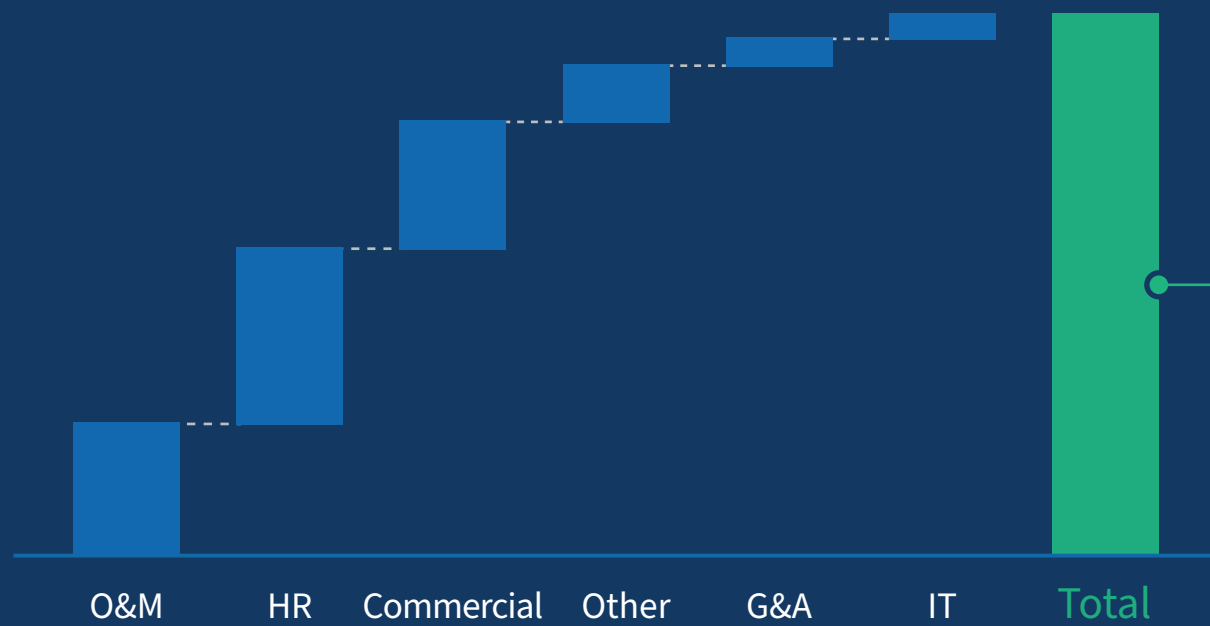
FTI Delta have the capabilities to deliver on end-to-end business plans optimization for FTTH players (2/2)

(Non-Exhaustive) (High-level)

OPEX

Approach

- Clean Sheet
- Top Down
- Bottom Up



Are we doing the right things?

- Yes, continue
- No, cancel

Are we doing the things in the proper way?

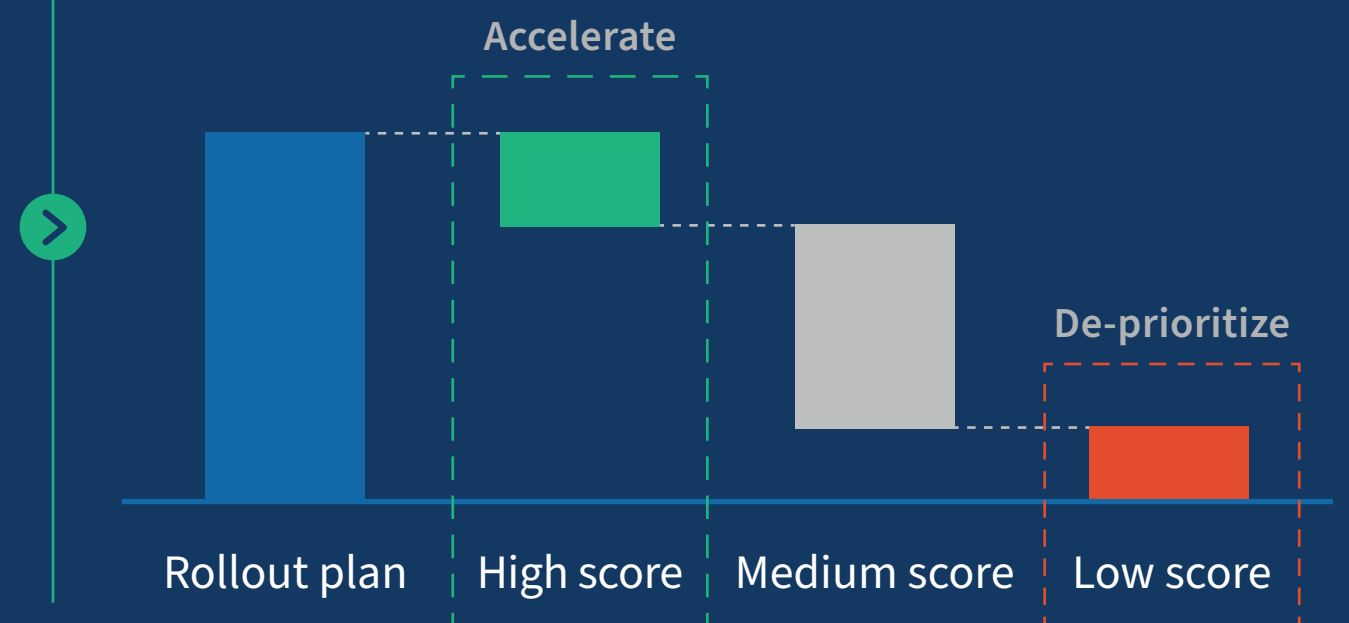
- Outsource/Insource
- Simplify
- Automate

CAPEX

Variables to consider

- FTTH/C Competition** (Y/N or %)
- Income** (% pop. <15k € annual)
- Share of second homes** (%)
- Cost per home passed** (EUR)

Prioritization exercise



“

FTI Delta has advised a wide range of FTTH players to assess growth opportunities and execute optimization strategies to deliver on their targets.

”

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