

ONIVIA | **nae,**

Spain's FTTH wholesale market

CLOSING THE DIGITAL GAP

A series of thin, wavy lines in shades of blue and teal, flowing from the bottom left towards the right side of the slide, creating a sense of movement and digital connectivity.

The aim of this report is to provide a clear understanding of Spanish vibrant FTTH industry differentiating between urban and rural areas and assess the existence of a digital gap in Spain

This report offers analysis, statistics and our thoughts about the fibre panorama in Spain. Access to broadband infrastructure is key to go beyond as a leader country and society.

The FTTH wholesale model is described, quantified and the players categorized in roles, providing a unique functional overview of the fixed broadband Industry.

The report covers the performance ISPs at urban and rural areas. The goal is to seek differences in performance and provide conclusions for the digital gap in Spain.

Onivia's position in the fibre optic market fosters competition by providing access to a greater number of local and regional operators.

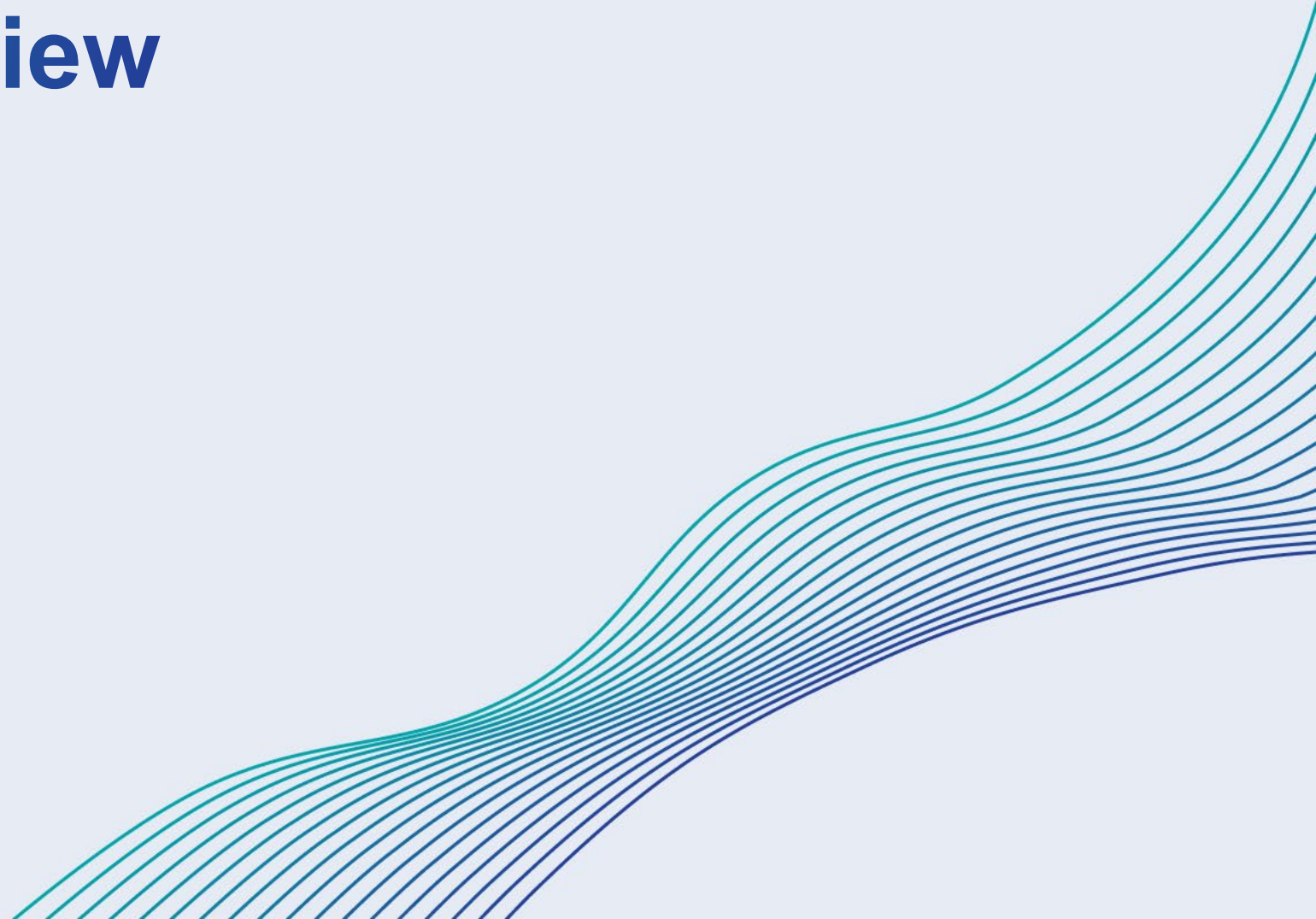
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How Wholesalers and local operators are making decisive contributions to closing the digital gap

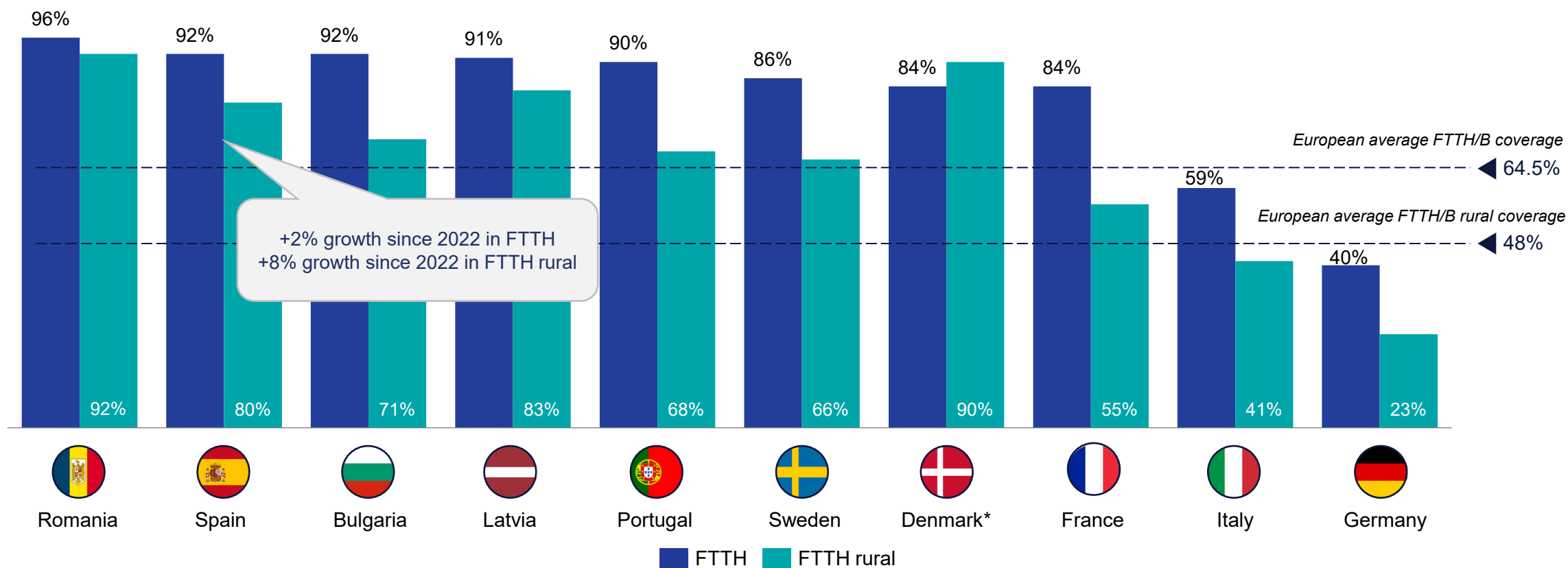
European overview

**Spain as a European and
Global leader in FTTH
deployment and adoption**



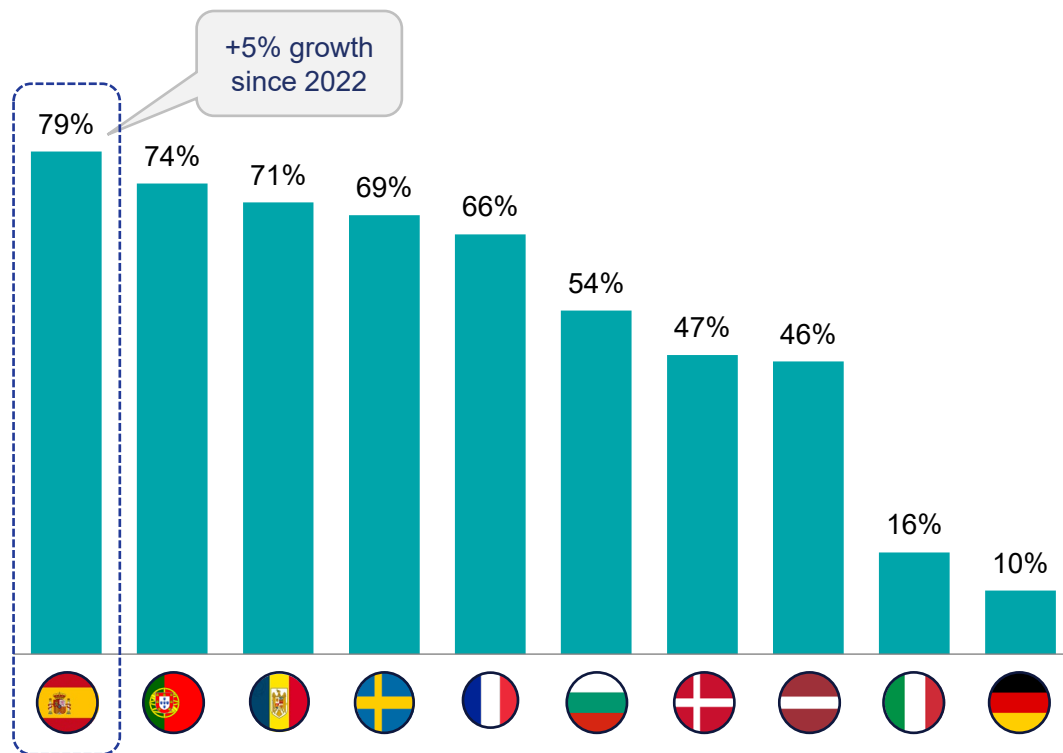
Spain is one of the European leaders in FTTH coverage, in particular it outperforms fibre European averages in both rural and urban areas

European benchmark of FTTH coverage, 2023

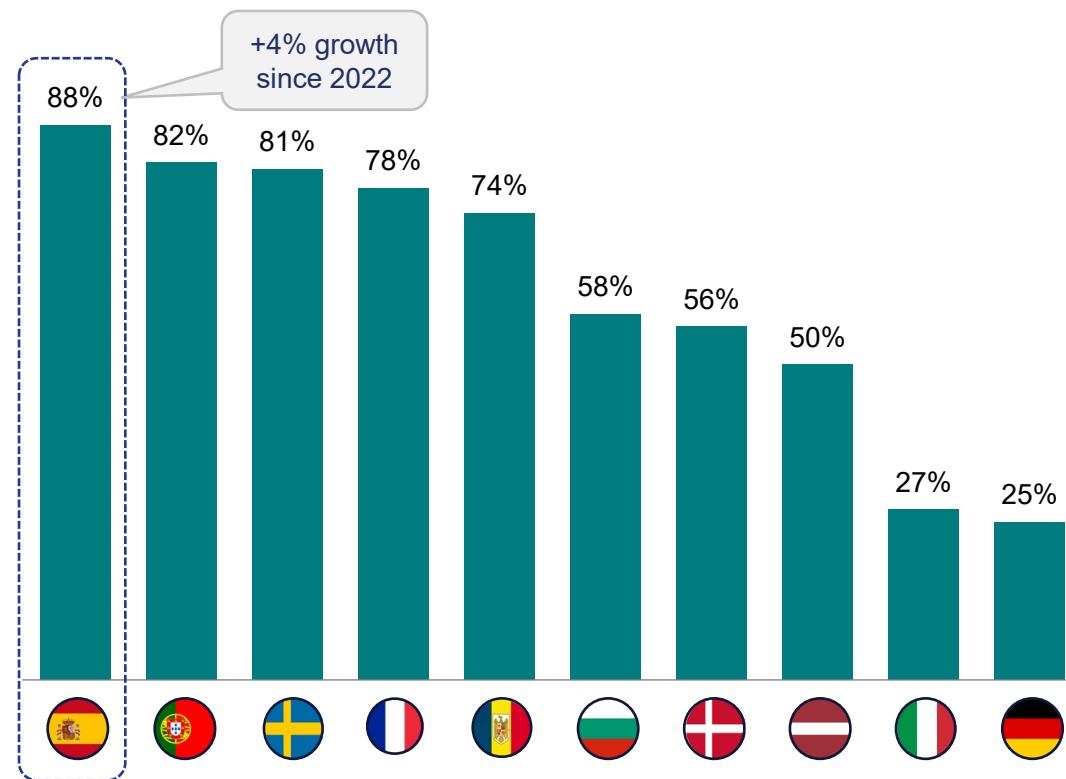


Spain is leading both penetration and FTTH take up rates, opening a significant gap with similar countries in terms of size and population

FTTH Penetration rates,
% FTTH subscriptions / households 2023

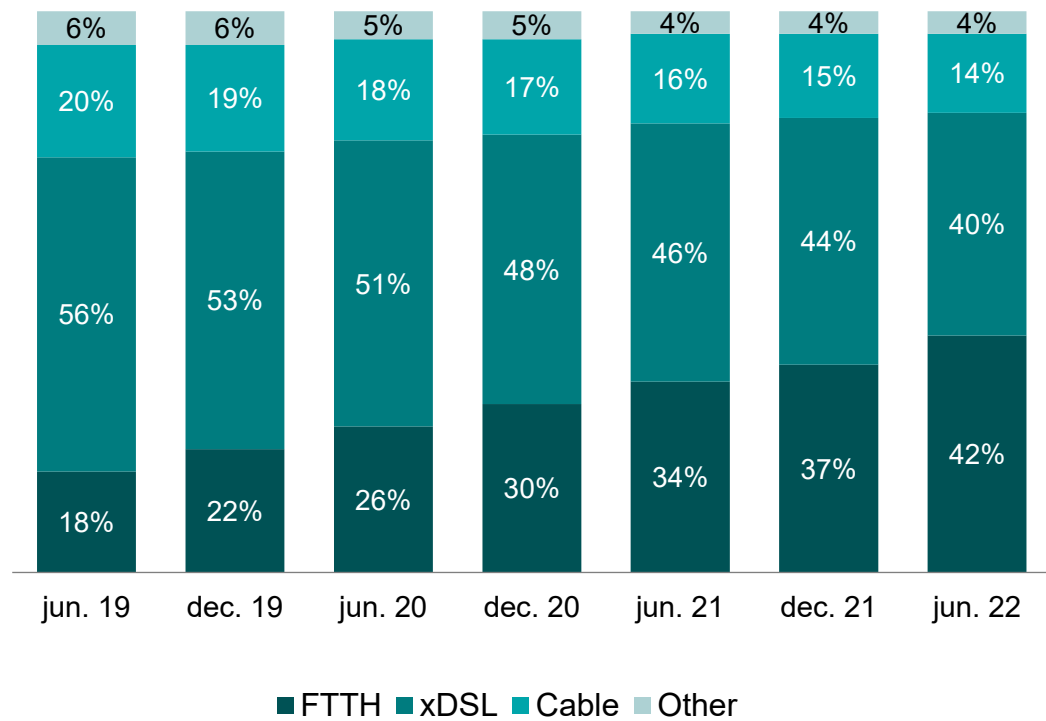


FTTH take-up rates,
% FTTP subs. / homes passed 2023

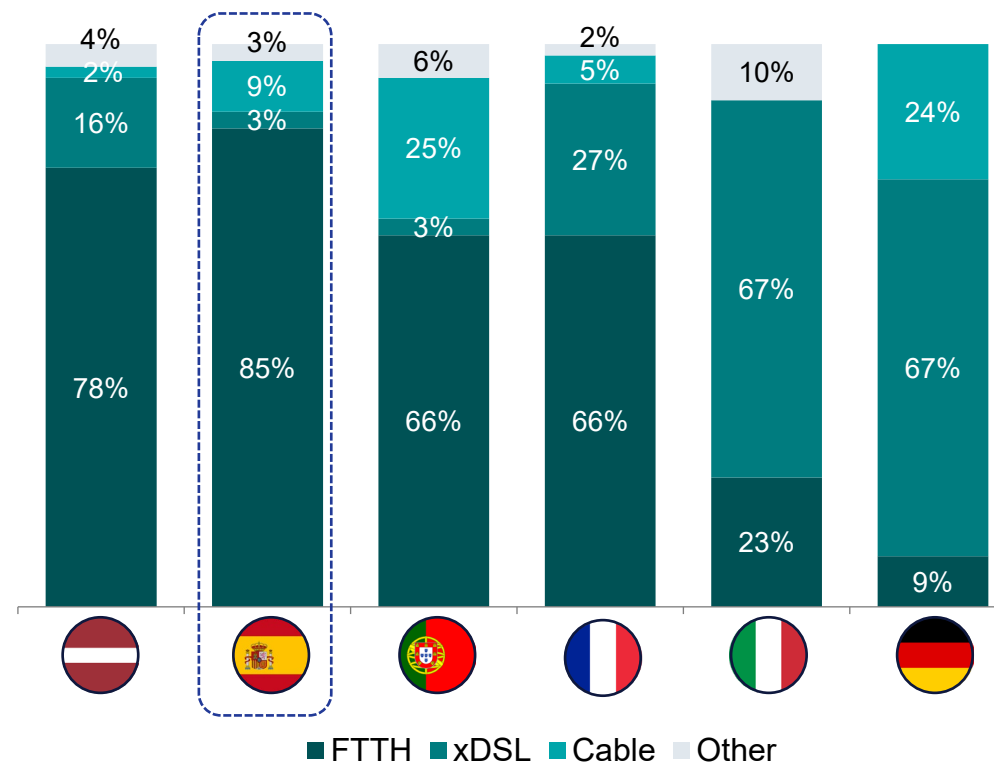


Spain has almost done its FTTH migration process: xDSL central offices are in regulatory closing and HFC migration has already started. It's a radically different situation with bigger European countries

FTTB technology evolution in EU,
% subscriptions



FTTB technology allocation by country in the EU,
% subscriptions 2023



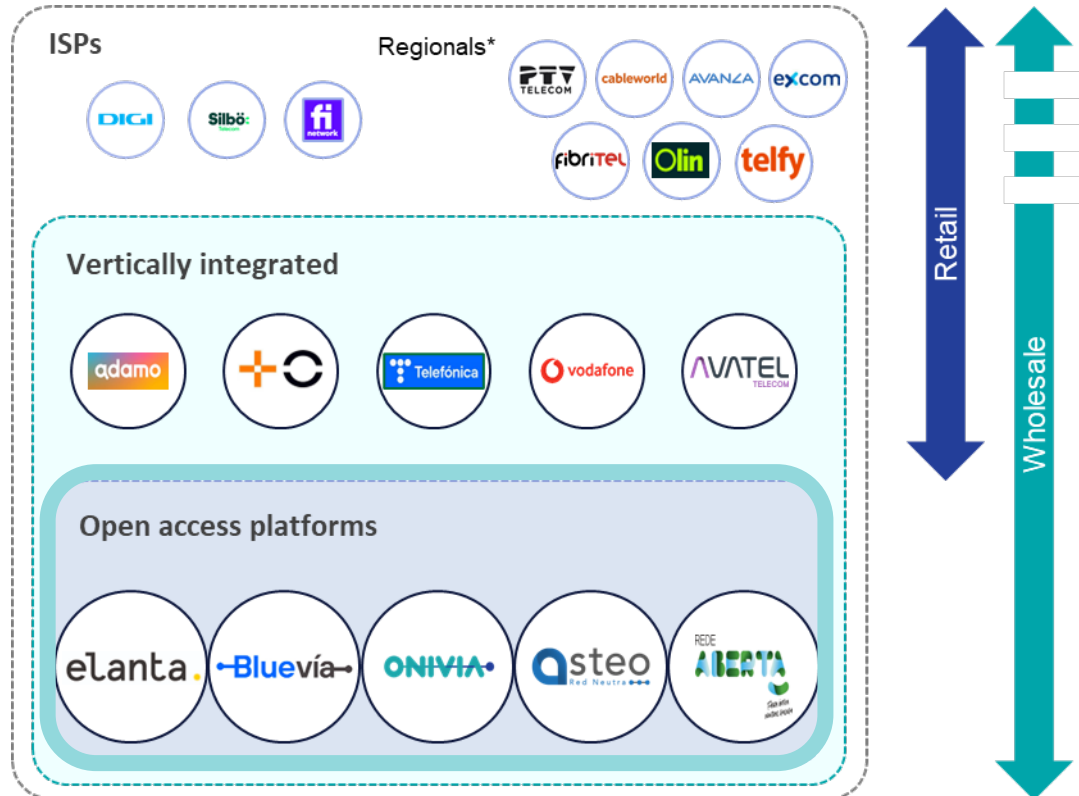
Spain: a global success case in Wholesale fibre

How the Spanish fibre
Wholesale market has evolved
in a very sophisticated
ecosystem.



The Spanish fibre Wholesale market has evolved in a very sophisticated ecosystem with a very rich and deep mesh of players and agreements

A market with multiple Roles



Open access platforms

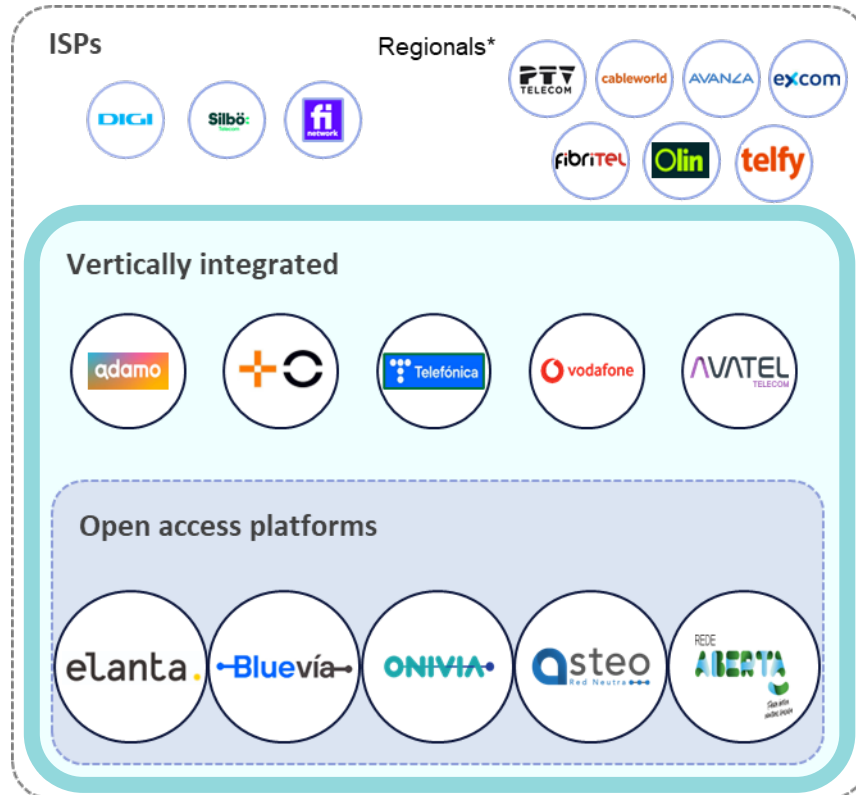
Companies building their own digital infrastructure to be commercialized in pure wholesale model

This category includes:

- Companies owned by traditional operators
- Independent players with broad coverage areas
- Regional focused players

The Spanish fibre Wholesale market has evolved in a very sophisticated ecosystem with a very rich and deep mesh of players and agreements

A market with multiple Roles



Vertically integrated

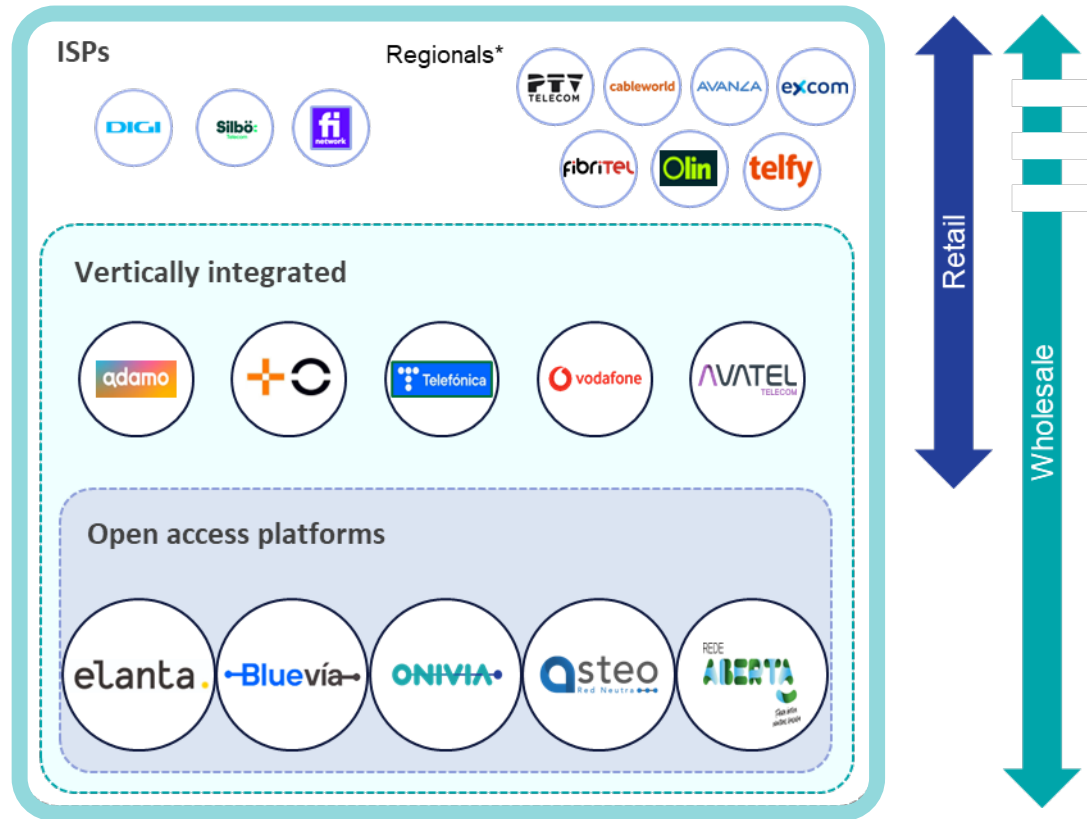
These players are active in both retail market and wholesale markets. They usually have agreements both with "Open access platforms" and other "Vertically integrated" to complete their own network.

In this category we find:

- big vertical incumbents
- local aggregators
- Rural specialists

As the market evolves, also local and regional players are progressively offering wholesale.

The Spanish fibre Wholesale market has evolved in a very sophisticated ecosystem with a very rich and deep mesh of players and agreements



A market with multiple Roles

ISPs

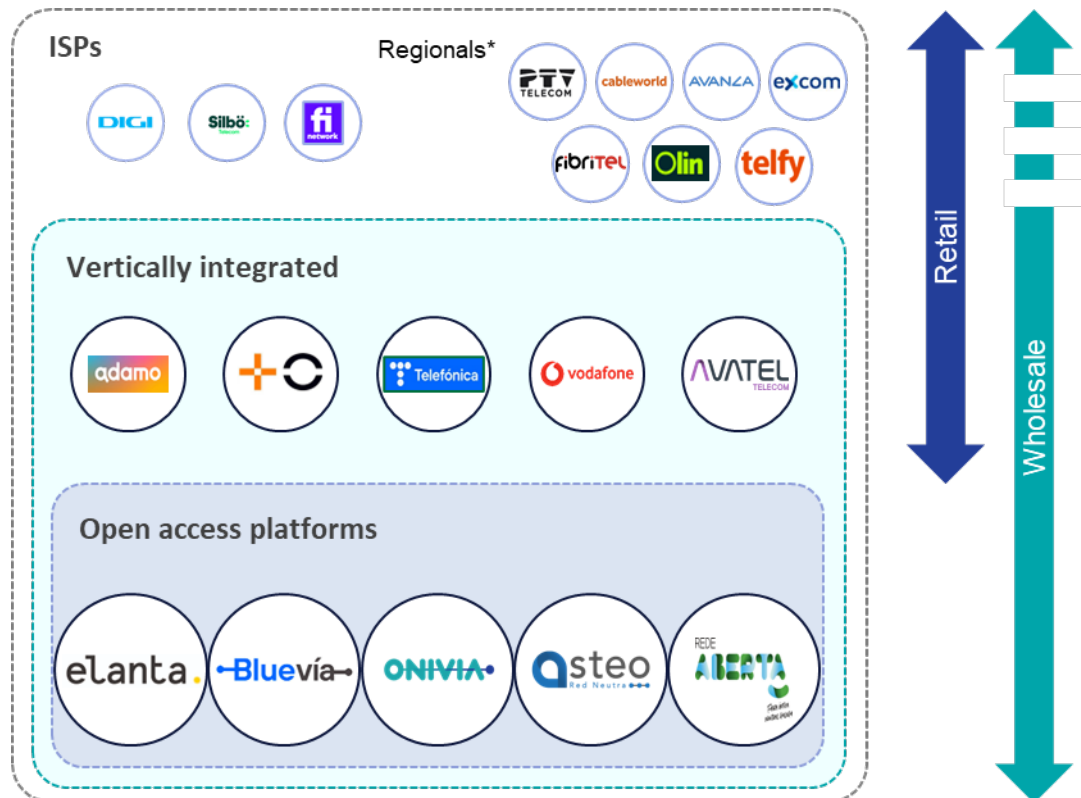
In this role, the player is only active in the retail market and do not sale wholesale access to their infrastructure

Again, we find very different type of companies in this category ranging from

- Vertical operators (owning FTTH infrastructure and Spectrum)
- MVNO
- Service resellers

The Spanish fibre Wholesale market has evolved in a very sophisticated ecosystem with a very rich and deep mesh of players and agreements

A market with multiple Roles



ISPs

In this role, the player is only active in the retail market and do not sale wholesale access to their infrastructure

Vertically integrated

These players are active in both retail market and wholesale markets

They usually have agreements both with “Open access platforms” and other “Vertically integrated” to complete their own network

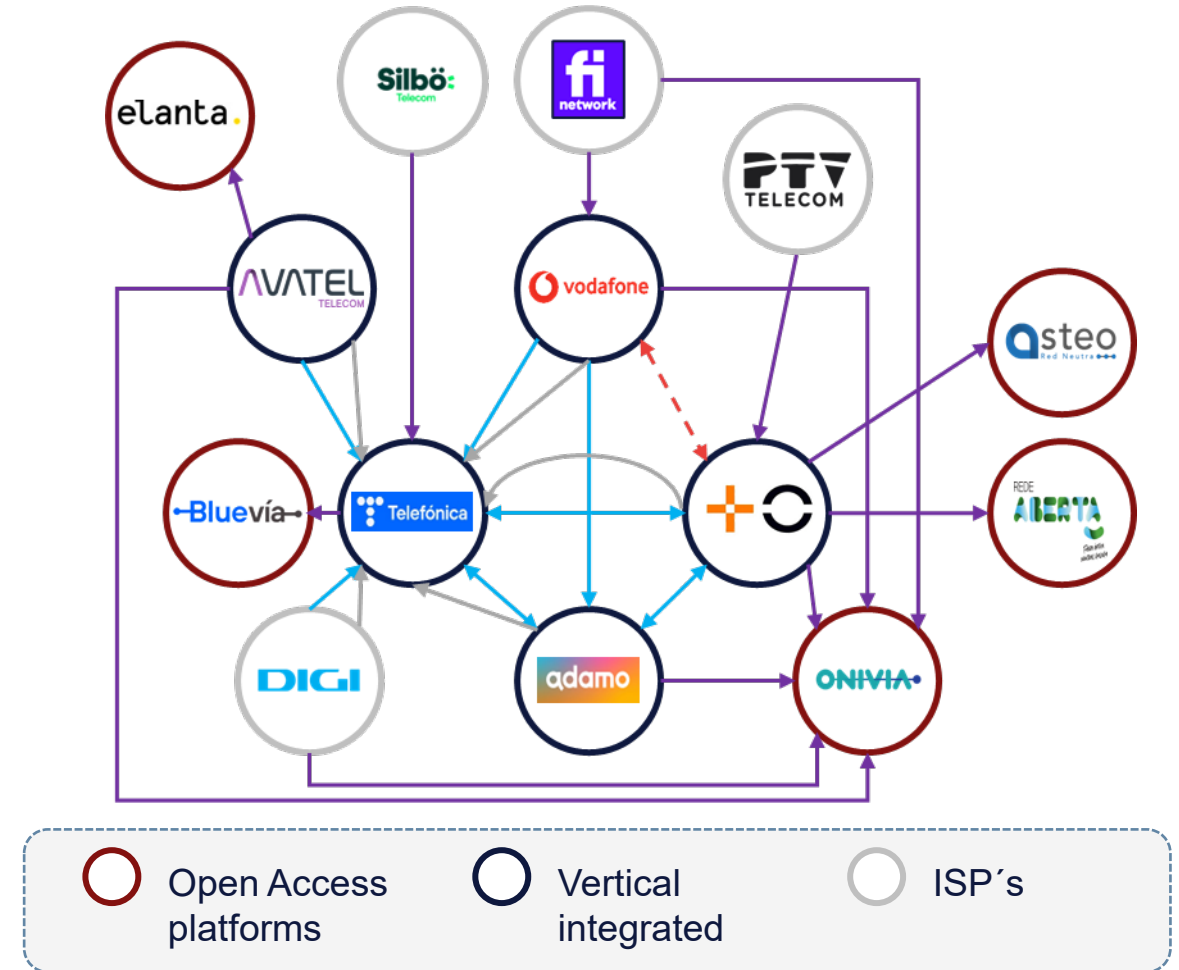
Open access platforms

Companies building their own digital infrastructure to be commercialized in pure wholesale model

The complexity and depth of agreements among different players is a key success factor of the Spanish FTTH market

A map of Network agreements

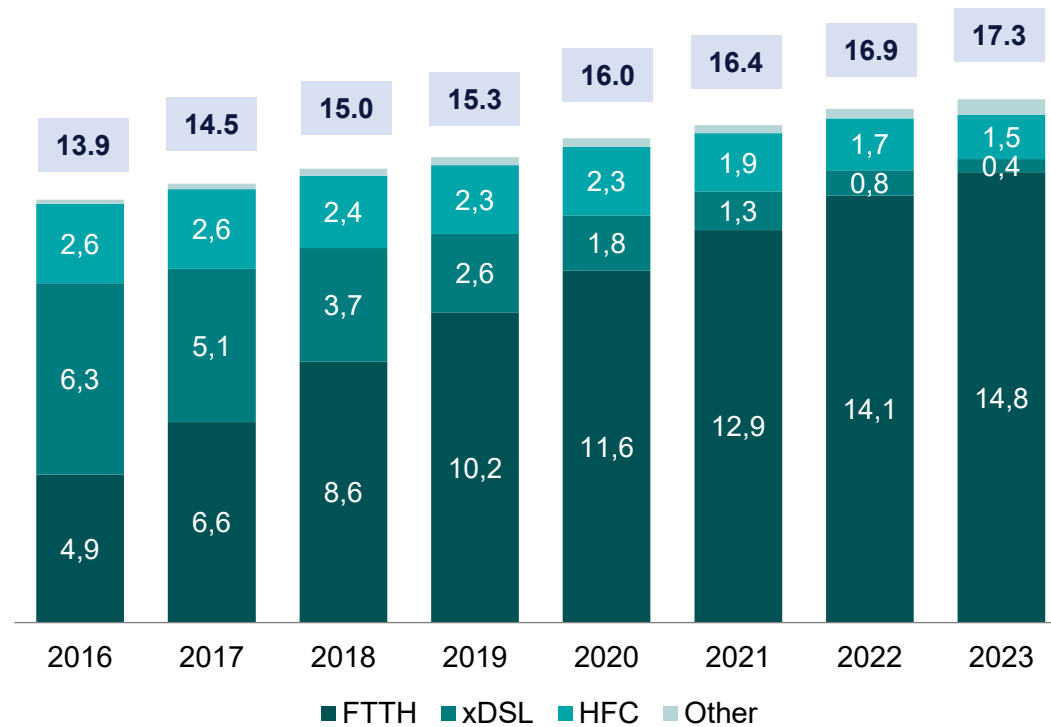
- **NEBA agreement:** Agreement regulated by the CNMC that allows different providers to access the incumbent's broadband network.
- **Private agreement:** Private contract between two Wholesalers that is established on a confidential basis and is not subject to public regulations, allowing the use of FTTH infrastructure.
- ↔ **Fibre sharing agreement:** Agreement between two or more Wholesalers that allows them to share or develop FTTH infrastructure.
- **Infra provider:** Agreement under which an open access platform offers its FTTH networks, transmission systems, data centers, or any essential infrastructure that allows other players to offer services to its customers.



Arrow points in the recurrent payment direction

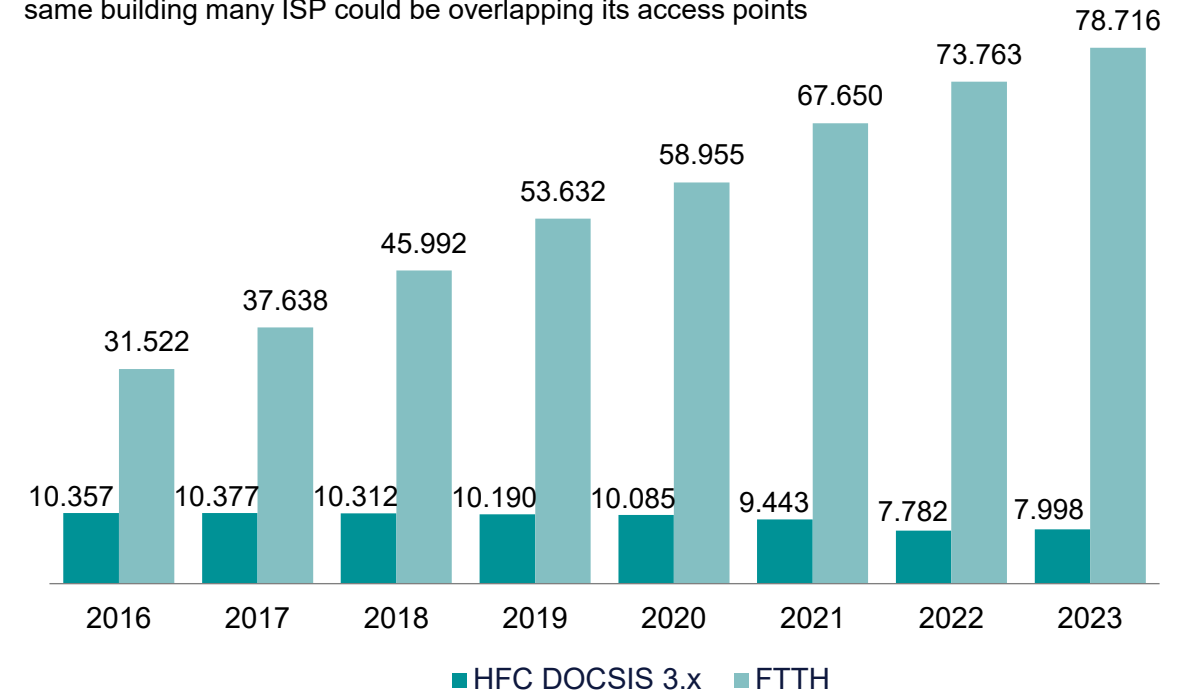
Thanks to the wholesale model Spain has turned FTTH into the country's main NGA technology instead of xDSL; HFC technology has experienced a significant drop in the number of lines, and this trend is expected to continue

FTTB technology evolution in Spain,
millions lines



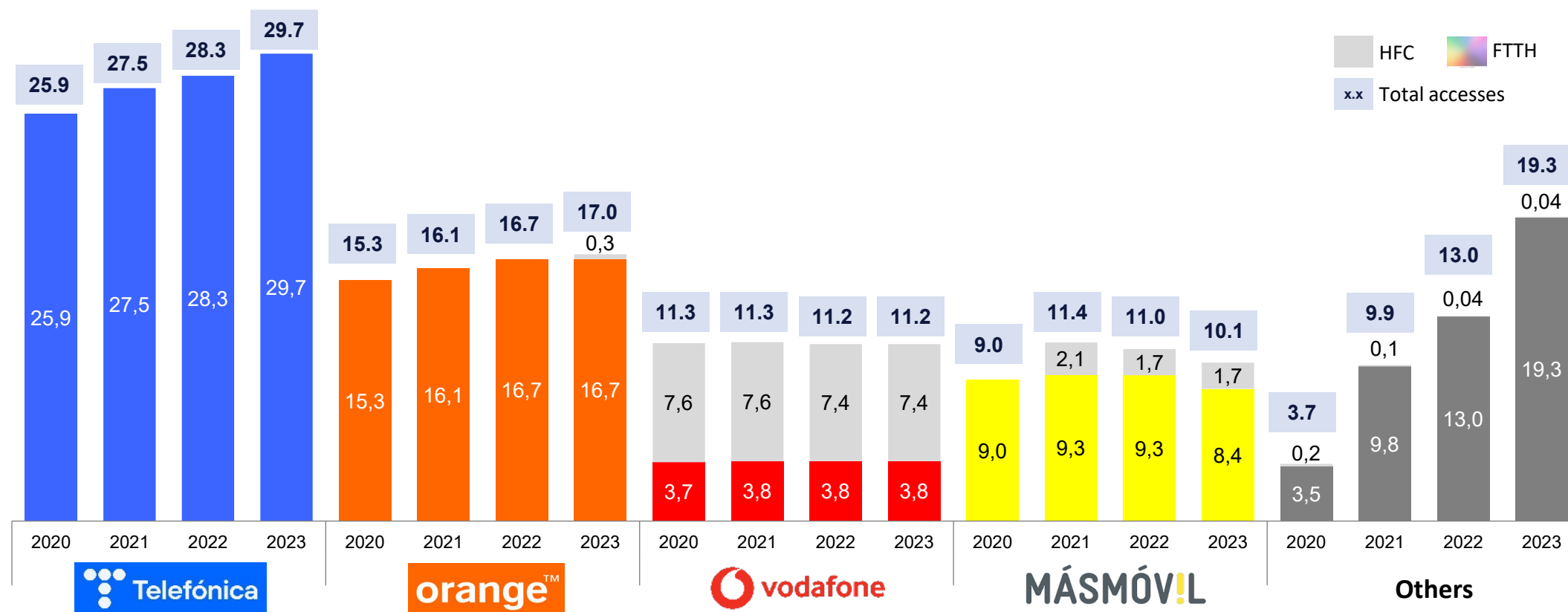
Evolution of installed NGA accesses,
thousands of accesses

NGA accesses: Includes all FBB points registered in a building unit, that means that in the same building many ISP could be overlapping its access points



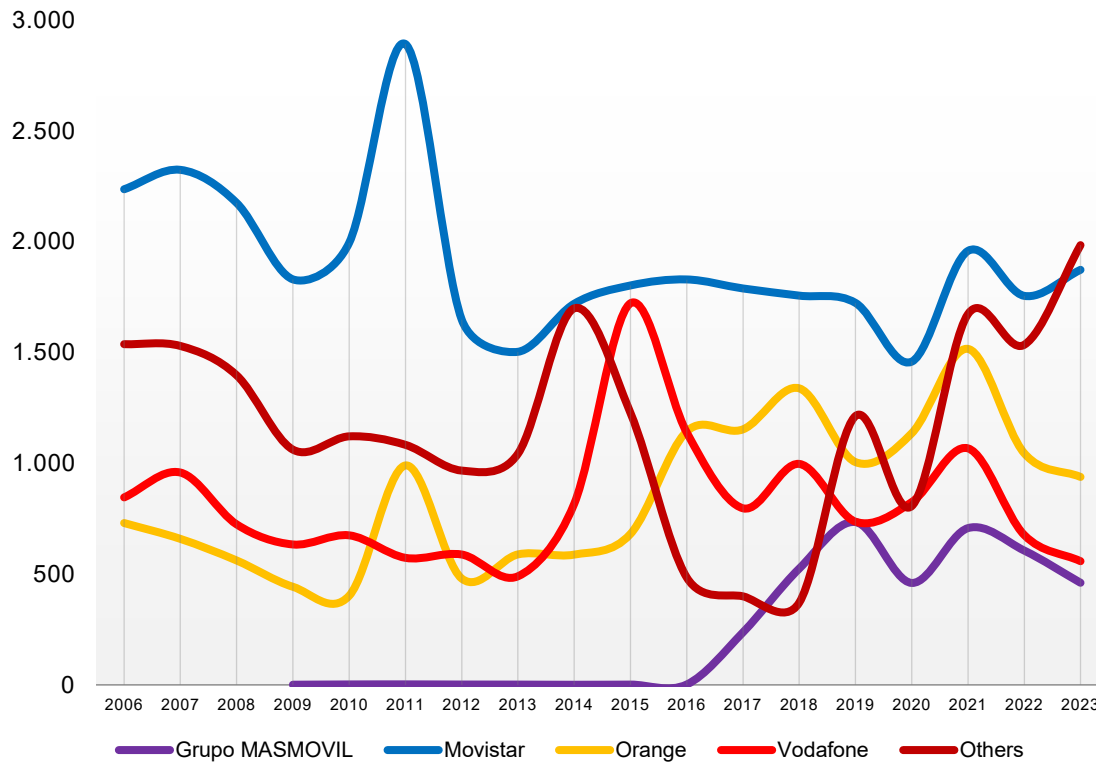
The raise of alternative players has made the group “others” the second largest category after years of accelerated growth. Under this category lives a combination of Open Access platforms and regional operators

Evolution of installed NGA accesses by operator,
millions of accesses



As the FTTH networks grow the investment is moving also from traditional vertical players to infrastructure companies and local operators. In 2023, with €2bn, the 'others' category was the largest capex investor in the telco industry

CAPEX by ISP, millions €



Who is
investing in
digital
Infrastructure?

Quantifying the ecosystem: our methodology

Understanding network and
service quality data from end-
user perspective.



We have used MedUX QoE data to assess the digital gap in Spain between urban and rural areas

Medux speed test methodology,



SDK & Crowdsourcing

Quality of Experience (QoE) tests executed by MedUX Agents provide valuable insights into the level of network and service performance by location.

MedUX's massive crowdsourced field data sets provide both active and passive measurements collected from Wi-Fi and cellular networks. However, for this report, we have only used samples collected over the Wi-Fi interface. Additionally, we focused on speed tests and latency information, though the data sets also contain performance metrics for streaming, gaming, web browsing, and social media services.

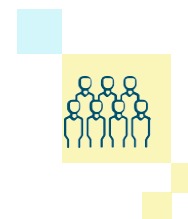
Please refer to <https://medux.com/products/crowdsourcing> for further information on crowdsourcing data collection and processing.

Homes connected estimation methodology,



7M data points

Data was captured in July, August and September of 2024.



+700 ISPs

ISPs selected by using the total number of tests performed in a month



6,543 mun.

Municipalities divided into urban and rural in accordance with MINECO's criteria.

NOTE: MedUX also offers agent- and probe-based solutions capable of assessing both Ethernet and Wi-Fi connectivity, providing a better understanding of the quality delivered into the customer premises and real in-home performance. However, these solutions were not used for the preparation of this report.

In Spain, 80% population live in less than 20% municipalities, mainly in urban and metropolitan areas and coastal zones. There is a large population dispersion in rural areas

Rurality definition,

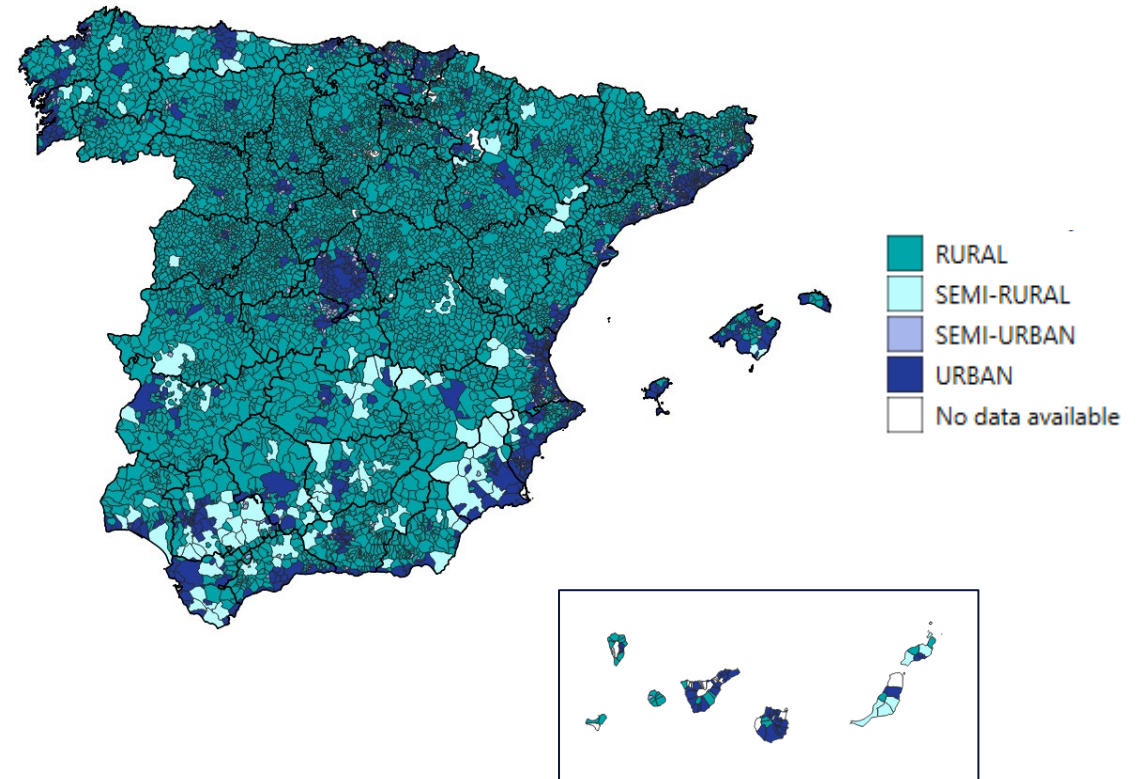
Based on:

- CNMC and SETELECO rurality definition: a rural municipality is one with a population density under 100 inhabit/km²
- CNMC Rural quality methodology: 11 geotype groups based on inhabitants' number in a municipality

We have classified municipalities into 4 major groups to simplify.

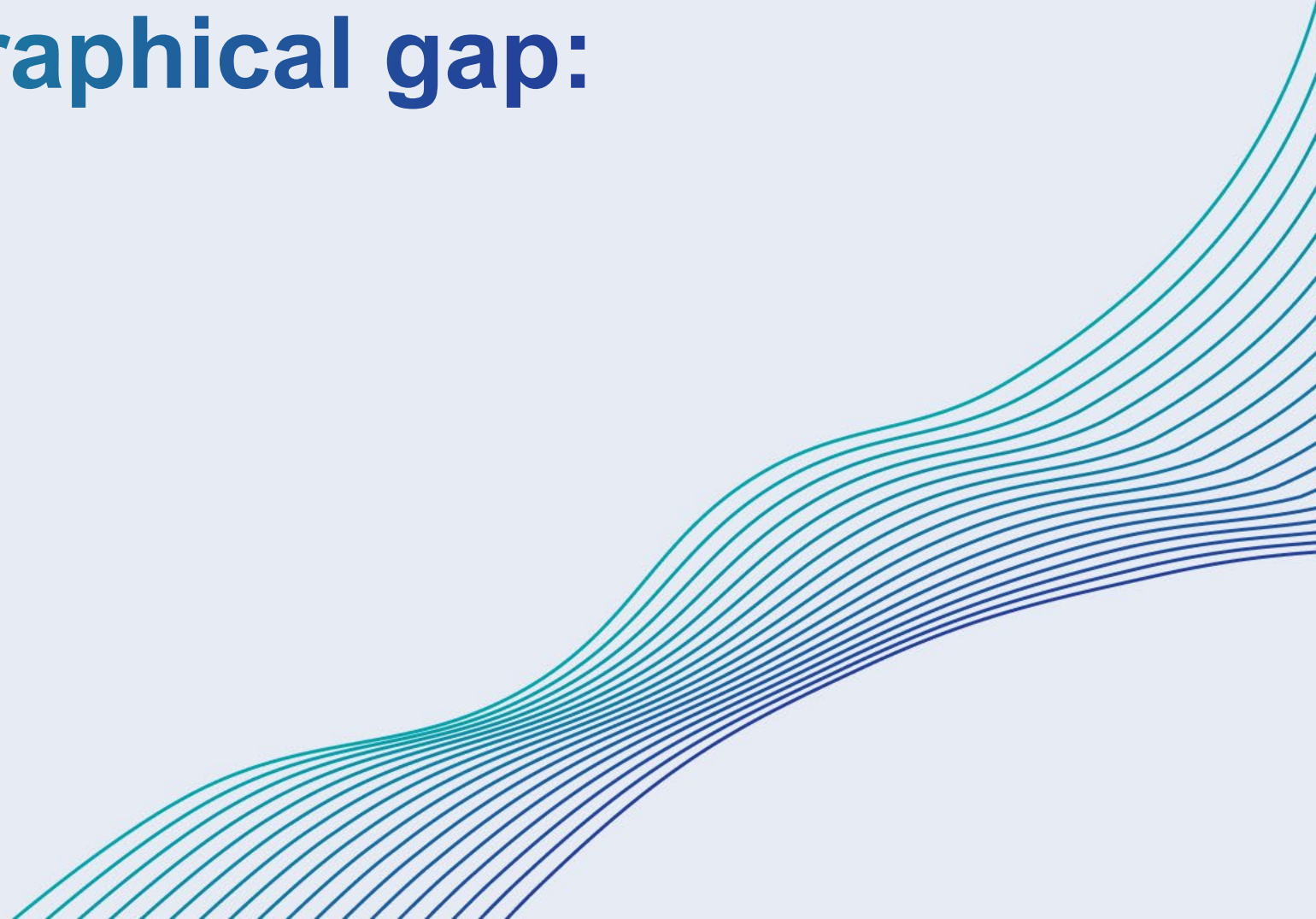
Population		
<100		
100 to 500		
500 to 1,000		
1,000 to 2,000		
2,000 to 5,000		
5,000 to 10,000		
10,000 to 20,000		
20,000 to 50,000		
50,000 to 100,000		
100,000 to 500,000		
>500,000		
	SEMI-URBAN	RURAL
	URBAN	SEMI-RURAL
	d ≥ 100 hab/Km ²	100 hab/Km ² > d

Rural environment heat map,



The FTTH geographical gap: rural vs urban

Areas where the effects of the
digital divide can be
appreciated.



We have identified three areas where the effects of the digital divide between urban and rural areas can be appreciated

Digital gap



COVERAGE

Spain has one of the highest FTTH coverage levels thanks to private deployments and subsidized government plans



PERFORMANCE

For each municipality type information from MedUX has been extracted on:

- Download speed
- Latency
- Packets loss



TECHNOLOGY

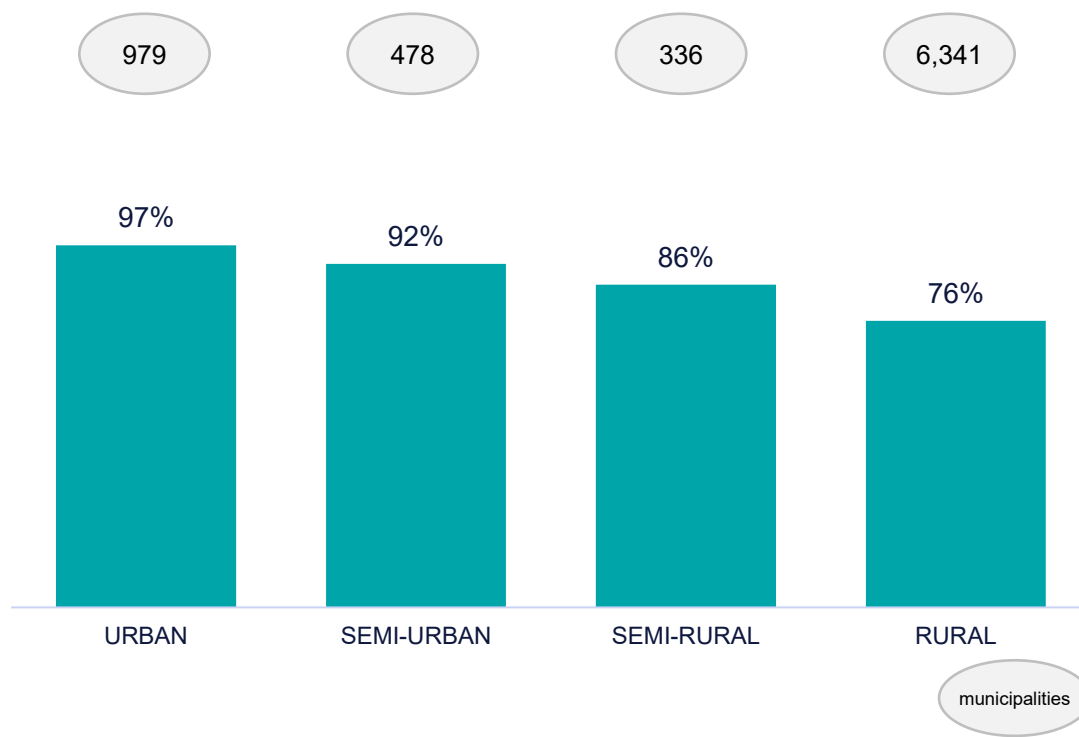
For each type of municipality, information on WiFi technology has been extracted from MedUX



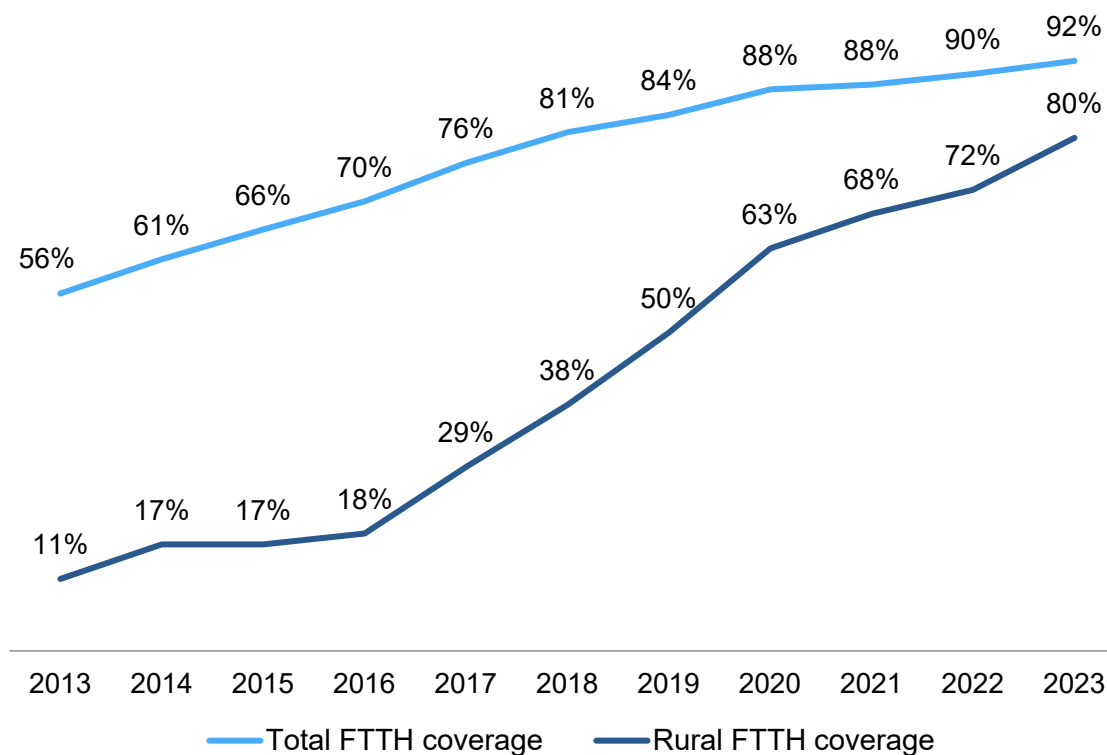
Spain exhibits very high rates of fibre coverage (92%), driven by private deployments and government subsidized plans

22

Homes with FTTH coverage,
% households & # municipalities 2023



Spanish FTTH coverage, % households

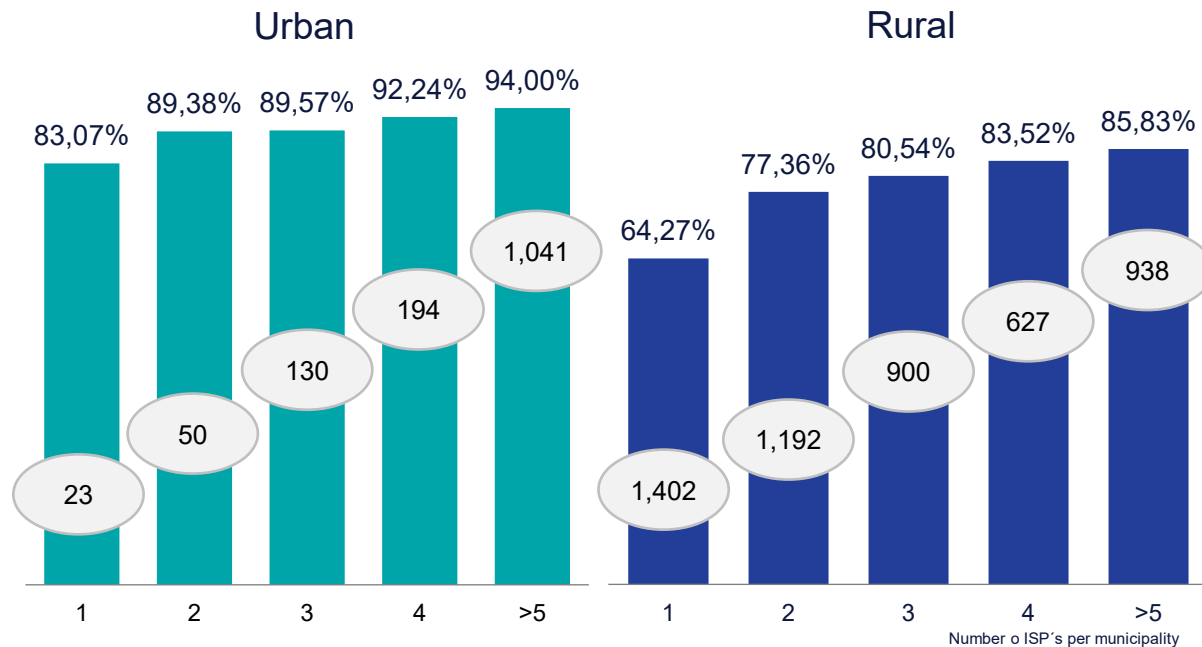




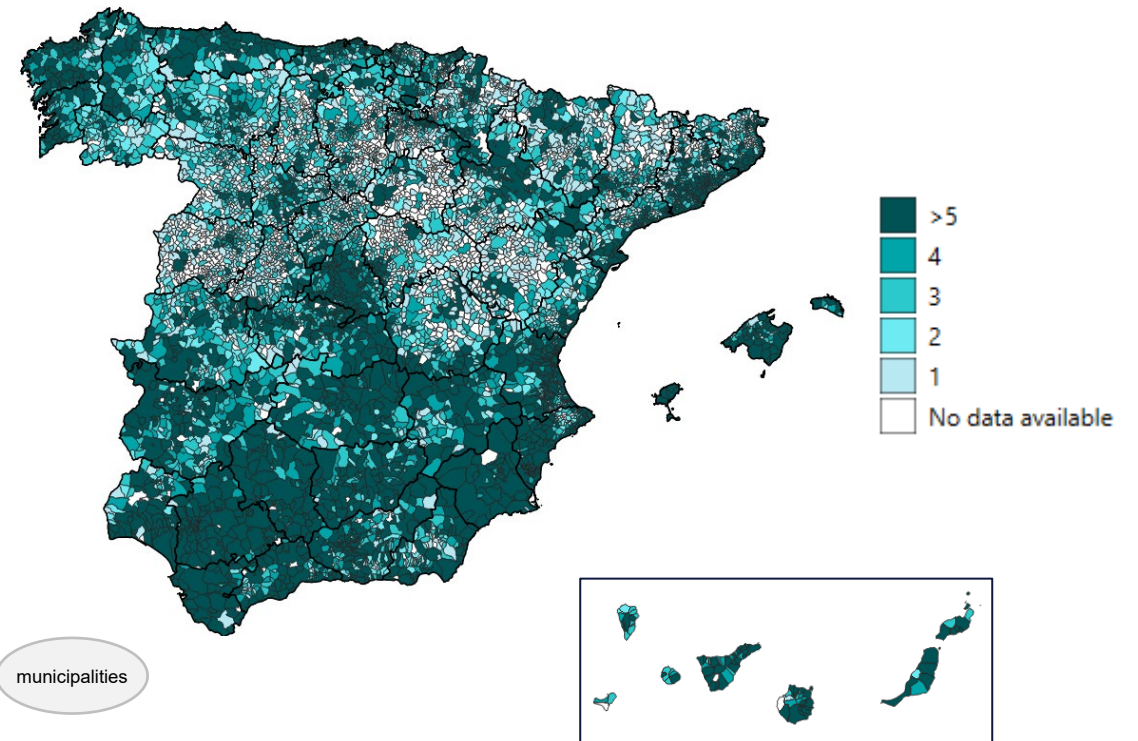
Private deployments from, traditional players, local players and wholesalers have enabled high levels of FTTH coverage; As a result, the higher the number of FTTH competitors, the higher the levels of FTTH coverage

Coverage vs ISPs

- FTTH coverage grows in municipalities where there are more ISPs.
- Municipalities with more ISPs are located around large cities and in the southeastern area



ISPs by municipality,

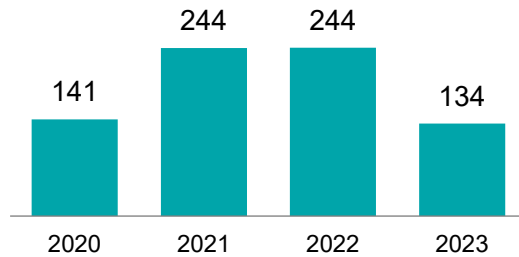




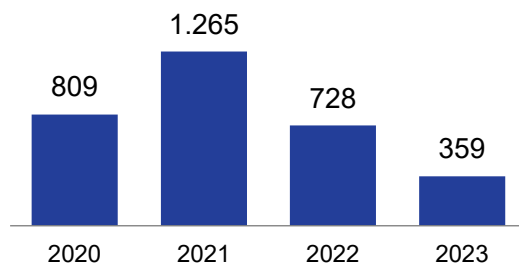
UNICO Banda Ancha program has subsidized 3M BU in rural areas with 760 M€ in last four years to close the geographical digital gap

Public grants,

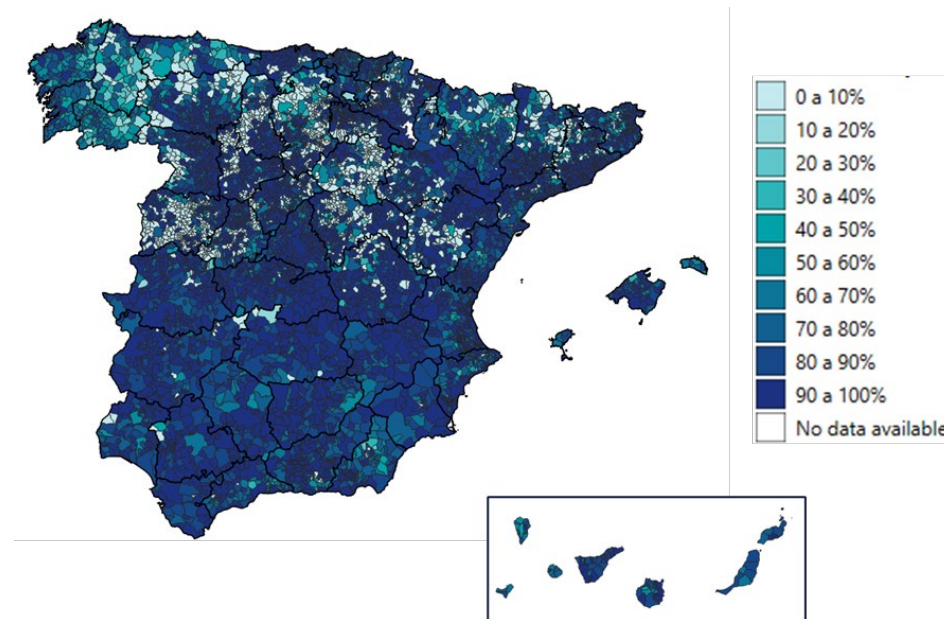
Public grants (M€)



UUII (thousands)



FTTH coverage heat map,



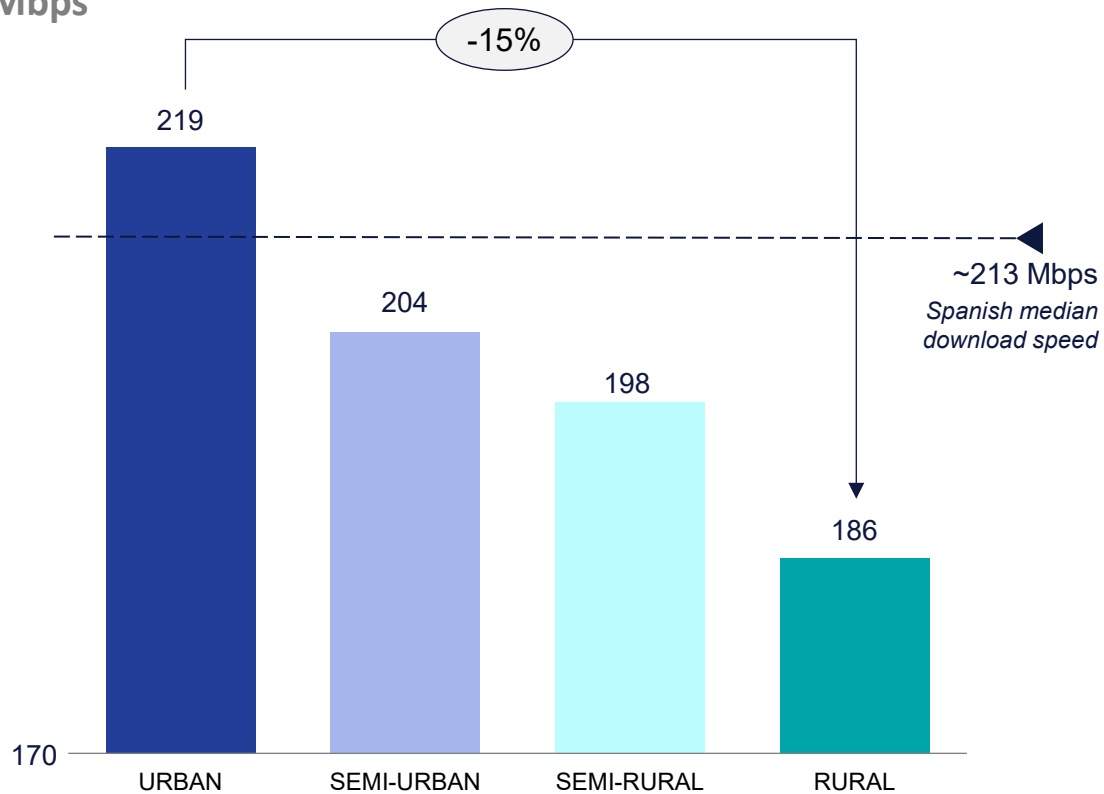
UNICO focus,

- cover infrastructure deployment in “white zones”
- supports fiber network deployment
- supports existing technology upgrades to offer higher speeds

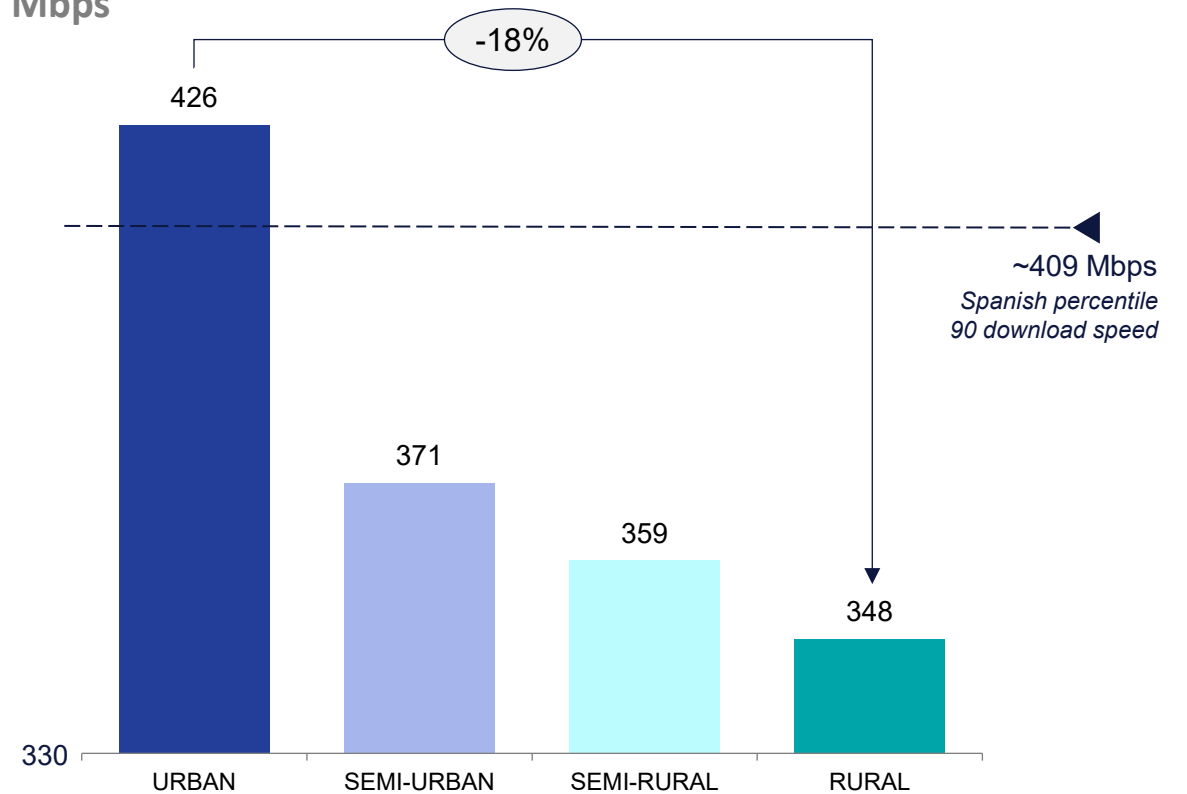


The data shows a performance gap between urban and rural areas of around 15% for download speed

Median download speed comparison by municipality , Mbps



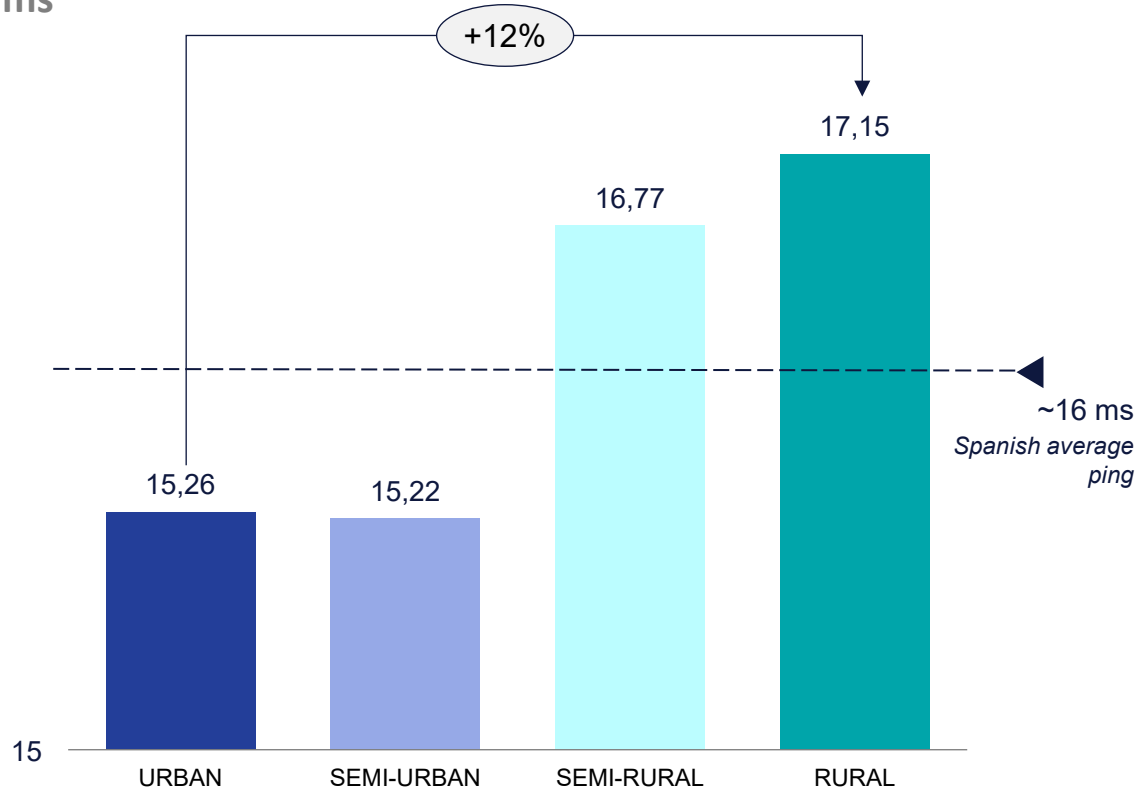
Percentile 90 download speed comparison by municipality, Mbps



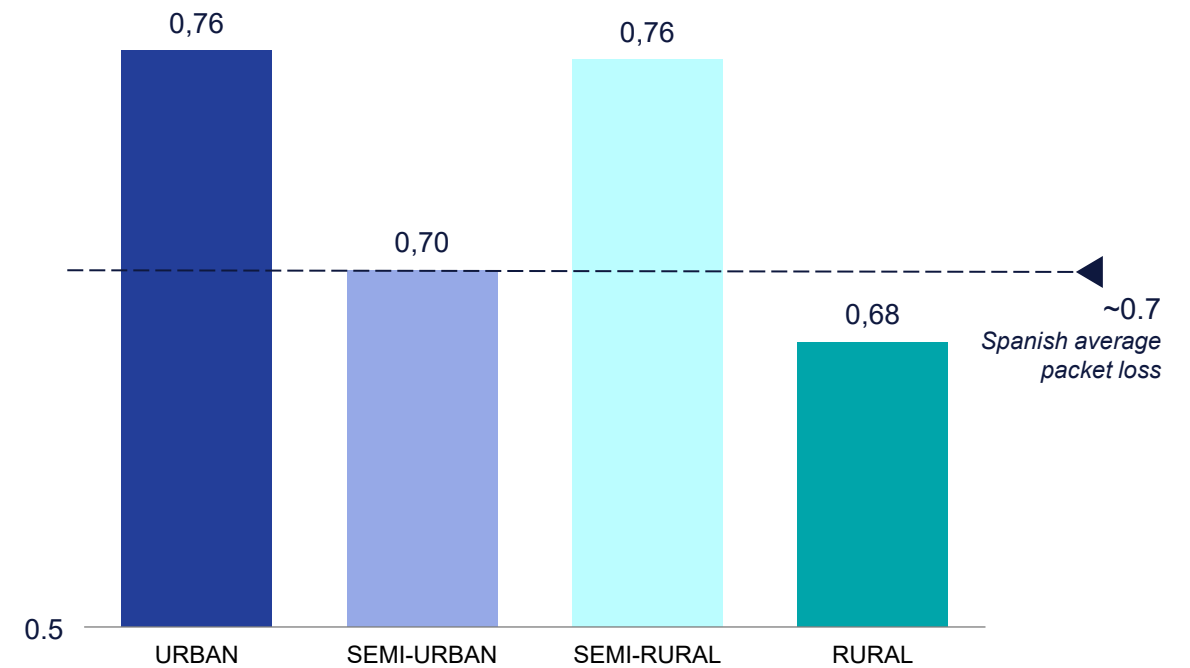


Latency shows also Urban vs Rural gap of 10%. However, no clear correlation can be seen in average packet loss

Average latency comparison by municipality,
ms



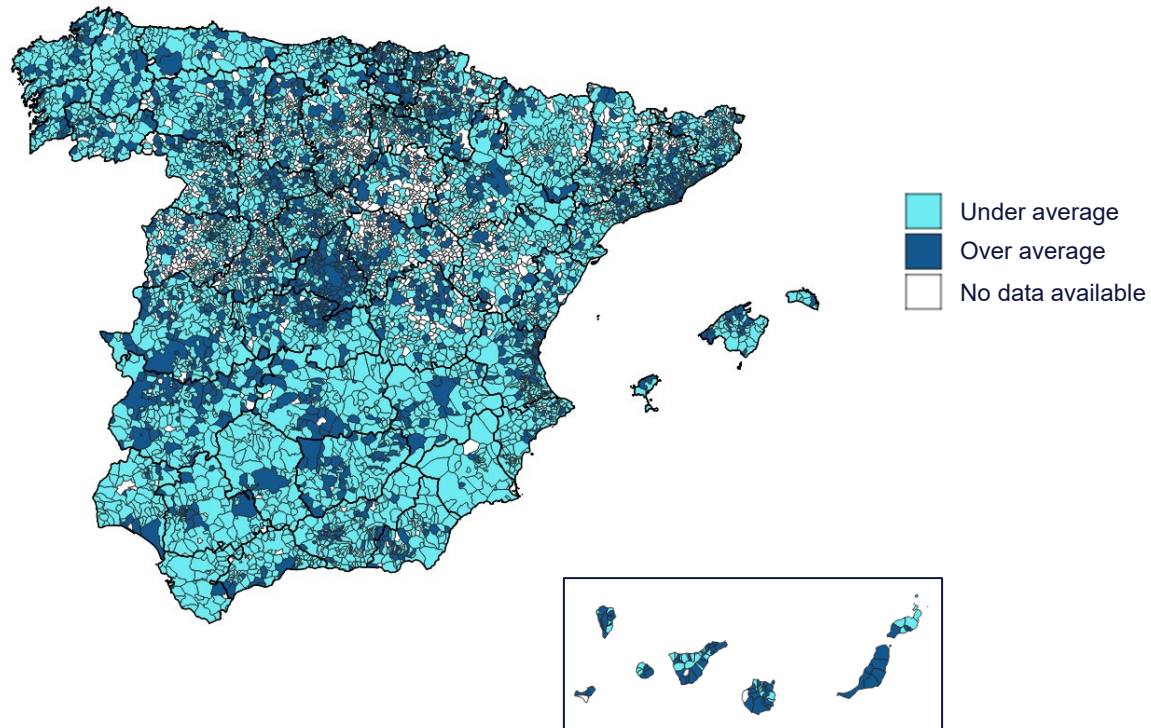
Average packet loss comparison by municipality,
packets





We can conclude that performance in urban areas is better in terms of download speed and average latency than those in rural areas

Average download speed (229 Mbps) heat map,



Average download speed by municipality,



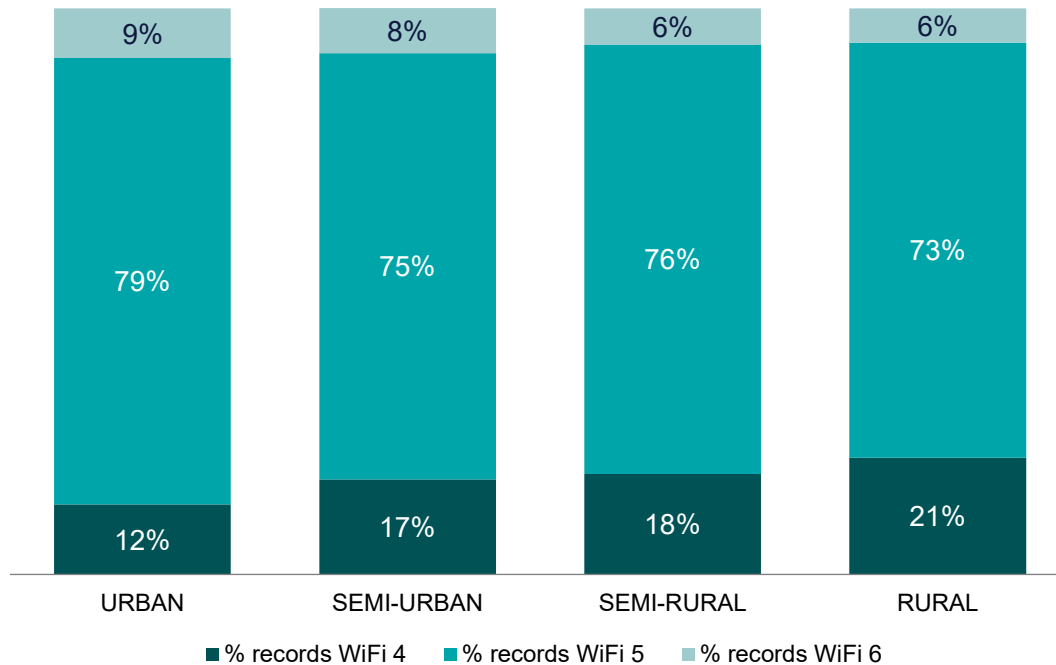
high in large cities thanks to extensive fiber optic coverage, while in rural and semi-urban areas the situation is less homogeneous, with lower speeds

- Inequality in telecommunications infrastructure
- Limitations on the deployment of new technologies in less profitable areas
- Customers contracted speed
- Technological limitations
- Customer equipment and homes constructive types

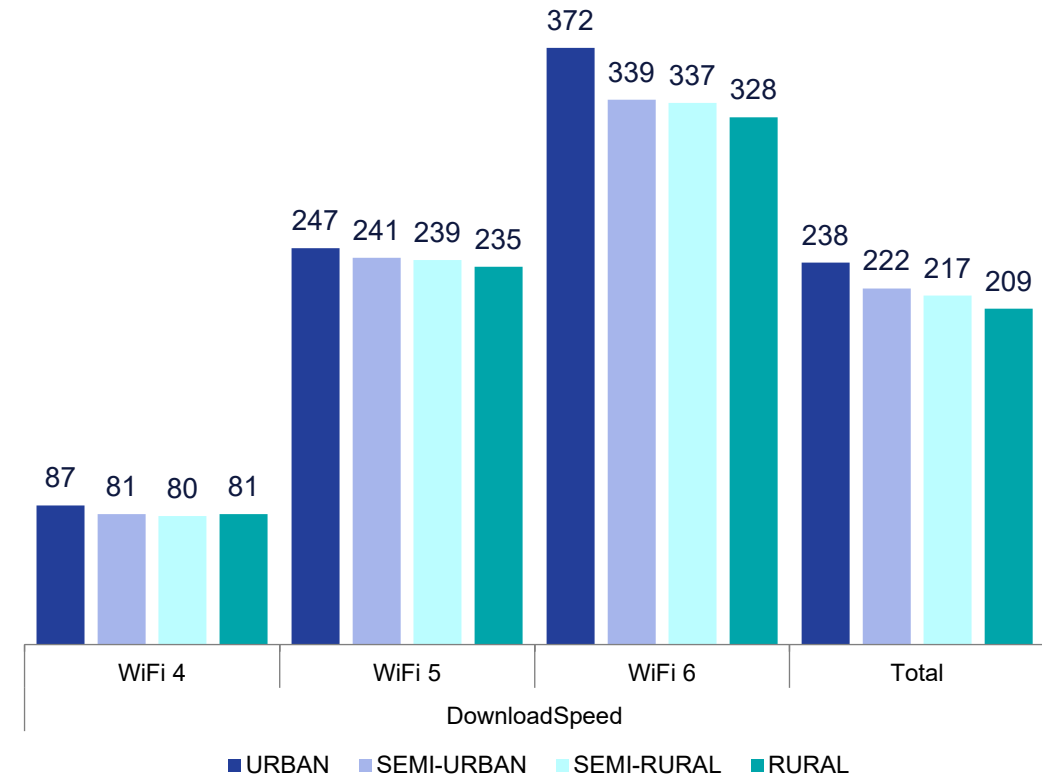


The greater use of obsolete WiFi technology partly helps explain the rural gap. The presence of WiFi 4 almost double in rural areas than urban areas (21% vs. 12%)

Records percentage comparison by environment,
%



Average download speed comparison by environment,
Mbps



The new quality framework

Measuring the digital Gap.



A new quality of service framework focused in measuring the Rural Gap

Measuring the digital Gap

On May 29th, 2024, CNMC approved the methodology to a new bi-annual study on **Service Quality in Rural areas**.

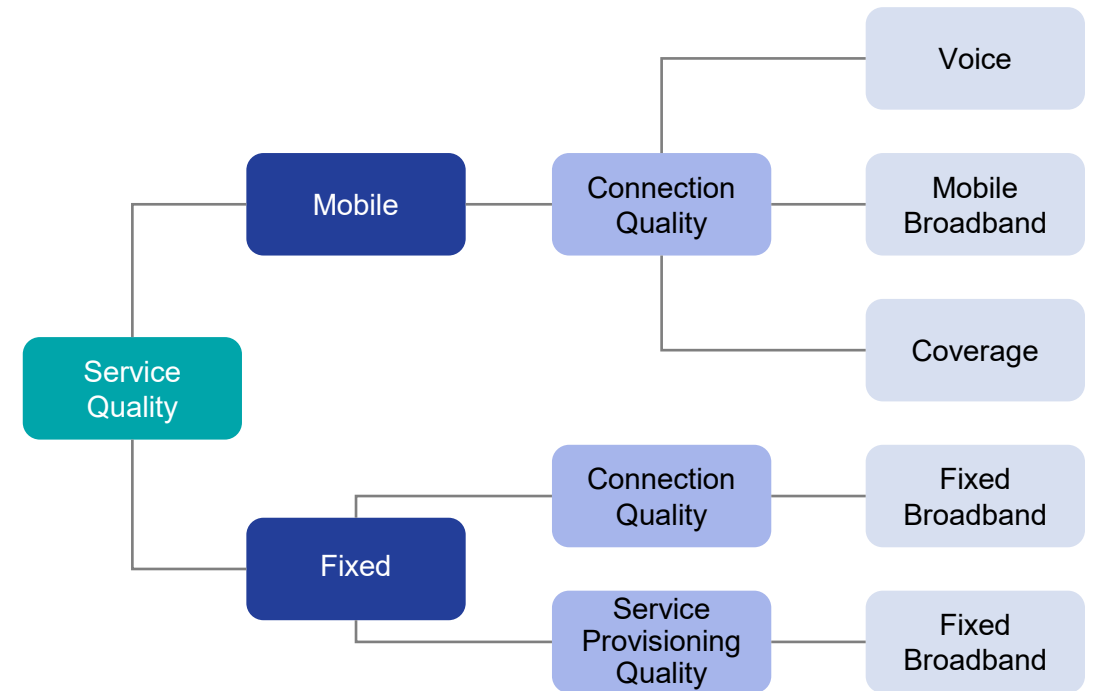
The study will be focused in measuring any gap in Telecommunication services between Urban and Rural areas and is absolutely new in the service quality regulatory framework in Spain.

The methodology approval is the first step to the effective start of the measurement process. The methodology has been submitted to public consultation and have received comments from the industry (Operators, Associations and QoE Measurement Enterprises).

Methodology covers both fixed and mobile services, but the level of complexity (including ad hoc measuring campaigns and crowdsourced data recollection) is far bigger for mobile access.

Fixed part information to be analyzed must be provided directly by operators answering specific “information requirements” to be issued by CNMC.

Quality of service measurement methodology scope



Redefining Rurality

Sampling Geotypes

A large part of the methodology is about to identify where the information will be requested and how assure “comparability” between rural under populated areas an urban dense cities.

A combination of population density and municipality size in inhabitants is used to generate a list of 22 “Geotypes”. These Geotypes are used to represent municipalities archetypes. Three are currently vacant as no existing municipality fits in the definition.

ISP will provide information for 602 different combinations of Geotype and Province. The information will be aggregated to Geotype or municipality level (8,131).

“Information requirements” will be issued to ISP’s, so operators acting in the retail market. Wholesalers or Independent Infrastructure Providers will not be included. ISP’s must provide the information regardless service is provided by their own network or via another type of agreement.

Municipalities distribution by Geotype and Rurality

Population	Rural	Urban	Total
<100	1,356	-	1,356
100 to 500	2,601	25	2,626
500 to 1,000	956	45	1,001
1,000 to 2,000	779	104	883
2,000 to 5,000	649	303	952
5,000 to 10,000	218	331	549
10,000 to 20,000	73	274	347
20,000 to 50,000	39	227	266
50,000 to 100,000	5	82	87
100,000 to 500,000	-	58	58
>500,000	-	6	6

A municipality level detailed reporting including network quality and service provisioning

Information to be reported

Information to be provided by ISP's covers both connection quality and service provisioning quality.

The connection quality parameters are infrastructure related and no associated to actual measurements. Must be segmented by technology:

- Fibre | FWA | Other (HFC, Sat)

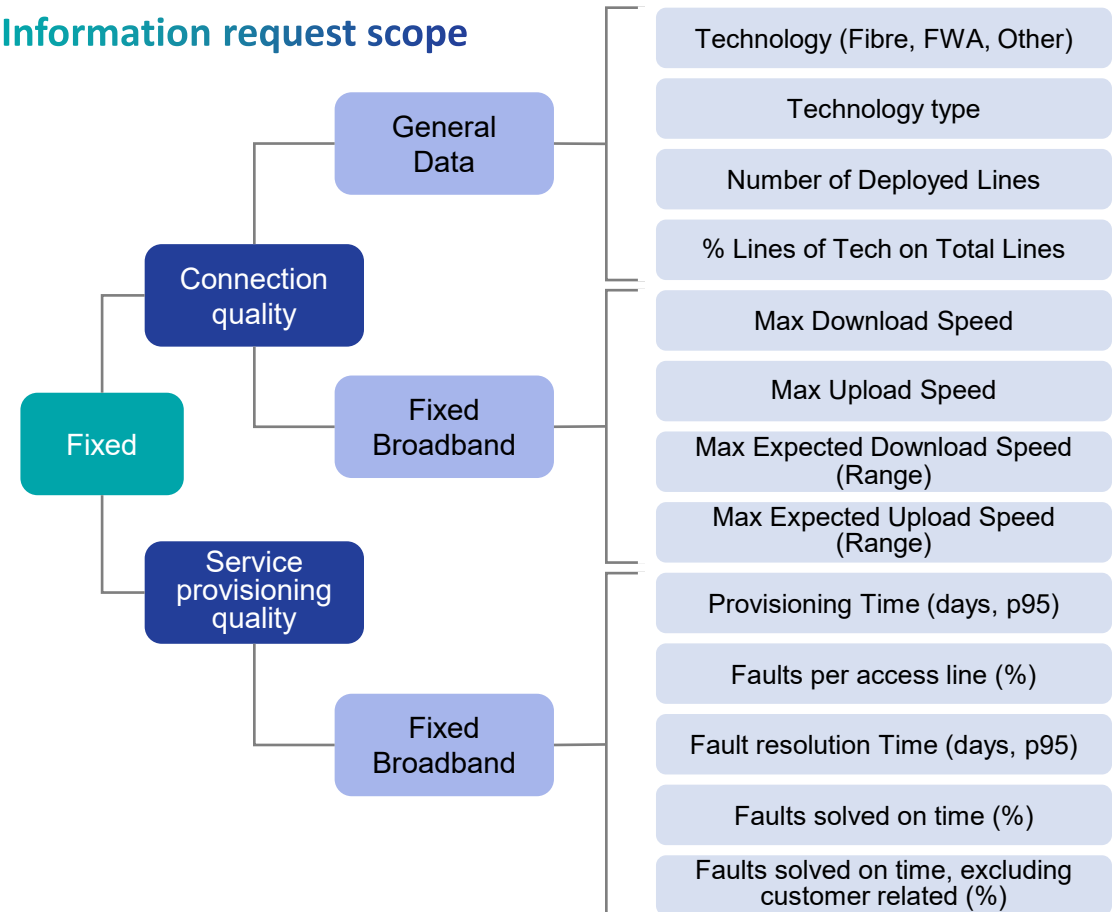
For FWA and "Other" additional details on technology type must be provided.

Service provisioning information must be gathered from the operator operations. No special provisions are included on the methodology for ISP's providing services using wholesale agreements.

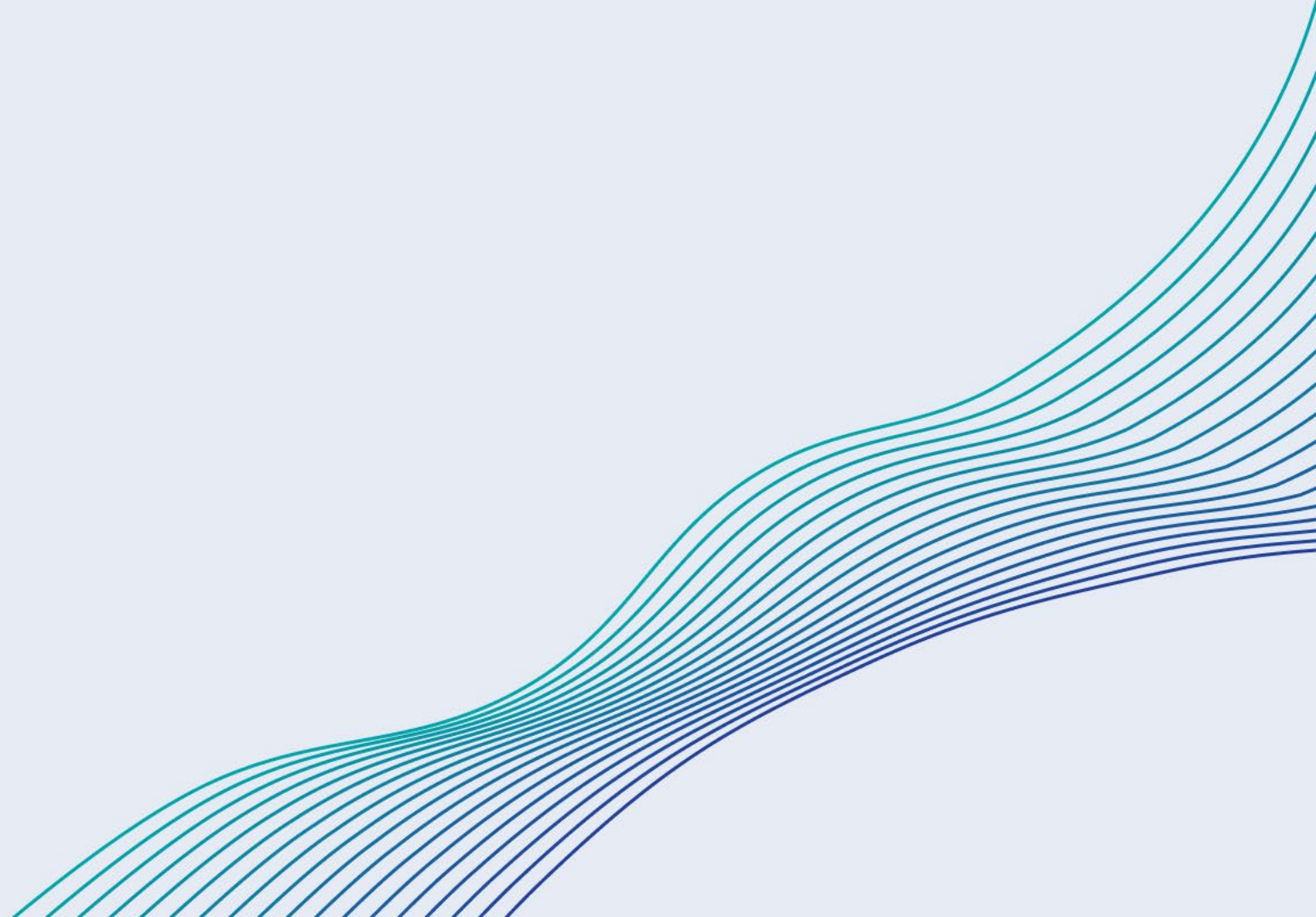
As a complementary measure to the biannual report CNMC will launch a "Quality Tool" aimed to be included to provide quality of service information directly to service final users. This information could also be included in the biannual report.

CNMC "Household Panel" will also be updated to better alignment with the new methodology.

Information request scope



Conclusions



Conclusions

Spain is a European and World leader in FTTH deployments. A key factor on this success is a very sophisticated market maximizing the Wholesale model opportunities. However, there is still a Rural Gap on coverage and in network performances that must be addressed. This is a Continuous Effort of the country institutions and the FTTH industry.



1

World Leader

Spain is a European and Global leader in FTTH deployment and adoption. With 92% coverage, 88% of Take-Up ratio, 79% of Penetration (more than 10 pp ahead of other EU4 countries) and rural coverage standing at 80% of households (32 pp ahead of EU average)

2

Wholesale Model

Near full-fibre coverage has been achieved thanks to the offering of FTTH network by Neutral Infrastructure Providers and Regional Operators (currently the second largest fibre network in Spain) and thanks to a sophisticated ecosystem with a very rich and deep mesh of players and agreements (up to 26 wholesale relationships have been identified amongst key players)

3

The rural gap – coverage

In terms of coverage a digital gap is still persistent despite the effort from private deployments and subsidised government programmes. A trend has been identified where higher coverage levels can be found in areas with greater presence of ISPs. Rural coverage stands at 80% of households whilst in urban areas stands at 96%

4

The rural gap – performance

Analysing data obtained by MedUX a digital gap is found in terms of performance & QoE. Performance in urban areas is better in terms of download speed (219 vs 186 Mbps) and average latency (15ms vs 17ms) than those in rural areas. The greater use of obsolete WiFi in rural areas partly helps explain the rural gap. The presence of WiFi 4 almost double in rural areas than urban areas (21% vs. 12%)

5

Continuous improvement

All the players in the Spanish broadband industry, the public institutions and regulators are working to maximize the benefits for the country and the society of leadership in FTTH deployments. There are, still, some lines of improvement and closing the rural performance gap can be one of them. The new process to assess rural quality by the regulator may be an important step

Closing the digital gap



Collaboration

Continue to foster Public-Private Partnerships (PPP) to close the digital infrastructure gap between rural and urban areas and keep evolving the private agreements.



Technology Innovation

Investing in new technologies to enhance coverage (XGSPON | 5G | satellite connectivity), performance and QoE. Improve equipment is essential to foster competition and provide the best options to end customers.

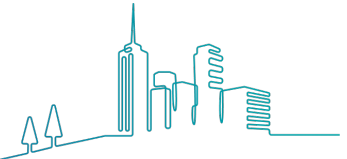
Affordable Access

Ensure that services are affordable for all, encouraging the participation of all actors in the telecommunications value chain in rural opportunities. We must find a fine balance between affordability and long-term profitability.



Sustainability

We need to continue improving best practices to reduce the carbon footprint of the deployment and maintenance of networks and to focus on enabling and capturing these "green" opportunities.



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Thanks





Icíar Martínez Núñez
Markets & Product Director

Icíar leads the Markets and Product area in Onivia, the first neutral and wholesale FTTH fiber operator in Spain, focusing on the analysis, detection and development of strategic partnership programs, and the definition and implementation of wholesale product's go-to-market.

Telecommunication engineer with 25 years of experience and strong connections in telecommunications, Icíar has worked at Orange since her early days in Spain market and, during the expansion of the French operator into new brands and services in different technical and commercial roles.



Joaquín Guerrero García
Director at Nae

Director at Nae. Joaquín Guerrero runs the Nae's Telco prospective center and has worked in the Telecommunications industry for the past 30 years.

As a consultant he has developed his professional career working for the main industry groups on both sides of the Atlantic, including Telefónica, Claro, Tigo, Orange, Vodafone, Entel, MásMóvil and many other clients.

He has currently responsible in Nae for Network services globally. His goals include the conversations that will change the telco industry in the coming years. He also talks about Telco on the Telco Superligero podcast.

nae,

About Nae,

Nae is as an industry expert in the **TMT** sector helps its clients identify new levers of value creation through its E2E consulting services.

Nae advises the technological areas of the main Telecom operators as well as companies with complex digital infrastructures and services, to drive them in the transformation and deployment of new technologies to boost their business.

Nae designs and implements high impact strategies for telecom operators helping them to achieve customer and operational excellence, developing their value proposition and simplifying, transforming and automating their operations and key business processes.

And Nae provides a differential competitive advantage in designing and implementing business strategies and supporting in corporate transactions (M&A) thanks to its deep expertise in TMT.

Nae, dare to go beyond



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We are growth enablers, we are Onivia

Onivia is the first neutral and independent wholesale bitstream operator in Spain offering wholesale fibre-to-the-home (FTTH) access and other connectivity services. With 10 million premises passed in urban & rural areas and more than 1,400 cities contributes to the development of rural areas by deploying fibre to reduce the digital divide, bringing ultra-fast and reliable broadband access to rural and urban communities in Spain and providing more choice for individual customers, as well as helping to connect communities and foster growth and innovation across all economic sectors.

Onivia is committed to investing heavily in digital infrastructure networks in Spain, having the support of the infrastructure funds that are part of its shareholding, all of them experienced investors that support this long-term industrial project capable of benefiting from the dynamic evolution of the telecommunications market in Spain with interesting growth opportunities.