

Broadband Challenges

In the Greek market

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Broadband Challenge

- **Low penetration of DSL**
 - DSL penetration in Europe over 20%
 - DSL penetration in Greece 3%

Rapid acceleration of ADSL lines penetration in Greece
84% increase during 1ST half of 2006.

The demand of the Greek market in broadband service is growing.
But still Greece is way behind the E.U. standards

The role of the Incumbent

- The incumbent role – OTE Group
 - Problems in meeting market demands
 - Retailer – Wholesaler – Subsidiary alternative operator in OTE Group.
 - Struggling competition with price squeezing
 - Example: During the last few months
 - 2 Mbps is sold for 26 € in retail market by OTE Group
 - 2 Mbps cost 29.95 € in wholesale market by OTE.

Analytical Example of Price Squeezing

OTE Group broadband kit (OTEnet OnDSL Kit 2048, 12month subscription)	Equivalent FORTHnet broadband Kit
Package includes: <ul style="list-style-type: none"> •Line activation •Kit equipment •4 months of DSL line cost •Internet feed (4months) 	<ul style="list-style-type: none"> •Line Activation cost:34,99€ •Kit equipment : 15€
<ul style="list-style-type: none"> •Retail price invoiced by OTEnet for OnDSL package (1st to 4th month) : 87,39€ 	
<ul style="list-style-type: none"> •Retail price invoiced by OTEnet (5th to 12th month): 174,80€ 	12 months DSL line price: $12 * 25.17€ = 302,04€$
<ul style="list-style-type: none"> •Total Retail price: 262.19€ 	<ul style="list-style-type: none"> Total Cost(*) : 352.03€ (*) Assuming that internet feed cost =0€

The Regulatory environment

- **The Greek Regulator EETT**
 - **EETT scored the lowest average in ECTA Europeans Regulators Scorecard.**
 - **Failed in making incumbent comply to ERG options (Bitstream –option 3 case).**
 - **Did not insure healthy competition growth by preventing:**
 - **Price squeezing**
 - **Incumbent odd presence in the market**
 - **Delays in Local Loop Unbundling**

As a result LLU is practically non existent

- **Local Loop Unbundling**
 - Greece has a poor performance in LLU
 - The LLU lines growth rate is slow
 - 6,889 (end of 2005) -> 10.654 (1st Half of 2006). Thus: 2000 lines unbundled per month.
 - The percentage of LLU by total broadband lines decreased from 4,3%(end '05) to 3.6% (1st Half 06)
 - The incumbent although capable of delivering 700 ADSL nodes during 2006 for his own service, offers just 30 nodes to its competitors for ULL.

FORTHnet: Investing in Infrastructure

As an alternative broadband operator, FORTHnet invests in broadband infrastructure:

- FORTHnet is planning to invest 253 millions € over the next three years (2006 to 2009).**
- The investment plan includes :**
 - The creation of a privately-owned DSL network**
 - The development of privately-owned infrastructure for metropolitan optical fibre networks.**
- We believe that besides the unstable regulatory environment and the uncontrolled incumbent behavior the Greek market has high growth potentials.**

Thank you.