CANTO 34th Annual General Meeting
Global trends in the Telecom market
Who we are
Prysmian Snapshot

- HQ + HQ R&D
- Plant
- Plant + R&D
- Office

- 140 years of history
- 50 countries
- 82 plants
- 17 R&D centres
- 21,000 employees
- €7.6 billion sales in 2016

Vision
The Prysmian Group believes in the effective, efficient and sustainable supply of energy and information as a primary driver in the development of communities.

Mission
The Prysmian Group provides its customers worldwide with innovative cable solutions based on pioneering technology and customer excellence in execution, ultimately delivering sustainable growth and profit.

Values
- Excellence: Every day we relentlessly pursue excellence in all we do
- Understanding: We listen closely to our customers to truly understand their needs
- Integrity: We uphold the highest standards of integrity in our actions
A wide range of optical fibres designed and made to cater to the broadest possible spectrum of customer applications, including single-mode, multimode and specialty fibres.

The Group also has at its disposal every currently available technology for the manufacture of optical fibre, allowing it to achieve optimal solutions for different applications.

Solutions and connectivity products used for telecommunication networks.

Wide range of STANDARD optical cables (from 1 to 1,700 fibres) or designed for challenging environments. Passive connectivity solutions to ensure efficient management of optical fibre within networks. Copper cables for underground and overhead cabling solutions.

Cable communication needs in infrastructure, industry and transport, for a diverse range of applications: cables for solutions serving television and film studios, cables for rail networks, light-signalling cables and cables for track switching devices, as well as cables for mobile telecommunications antennae and for communication networks.
Global trends in the Telecom market
Digital Service Revolution is under way

Connected people (WW population of 7,4bln): from 9bln up to 10,5bln in 2021

Connected machines (IoT will surpass mobile phones as largest category in 2018): from 4,6bln up to 15,7bln in 2021

Video streaming vs broadcasting (killer application for bandwidth): crossover in 2015

Increase of new services and apps (Virtual Reality, connected/driverless cars, etc.) that will require more bandwidth and lower latency

New video technologies like 4k UHD and future 8K that requires more bandwidth (25Mbps)

Increase of screen devices per home: from 6,5 up to 20 in 2020

Hyper connectivity (connected anytime-anywhere-any-device)
Digitalization of our life

Change of habits of personal and business communication (social media, apps, digitalization of everything): BB creates dependence

Cloud of Things “we’re moving to the point where we will have a parallel digital world that mirrors the analogue world” (world of avatars)

Smart Cities
Smart homes
Smart factories (Industry 4.0)

Millennials & Generation Z to drive demand for more fibre as a direct result of their lifestyles and spending trends (multitasking – multiscreen)

Voice is dead: Long life to the Data. Towards a totally asynchronous communication

Hungriness for data: data traffic will grow 10 folds till 2021

Digitalization of our life: towards the Digital Society, Network Society, Gigabit Society
Global Telecom Trends

- Hybrid Solutions

- FTTX coverage
  - Deep fiber
  - Fiber closer to users
  - Compact Solutions
  - Optimization duct space

- Mobile
  - 4G to 5G
  - Fiber densification

- DataCenter Cloud Computing
  - Hyperscale DC
  - Proximity DC

- Fiber
  - Closer to users
  - Compact Solutions
  - Optimization duct space
Breakdown of Broadband technologies

- **585.9 million** FTTx subscribers Worldwide June 2017
- FTTH/B is the leading broadband solution, far ahead of FTTx/D3.0, followed by VDSL
- FTTH/B represented 68% of FTTx subscriptions.
- FTTx/D3.0 represented 20% of FTTx subscriptions
- VDSL lags behind (12%) but growth continues
Breakdown of Broadband technologies

Regional differences

- APAC: predominance of FTTH/B.
- FTTH/B is also the most widely deployed technology in MENA and LATAM but competition from VDSL technologies is growing in the region (especially Brazil).
- FTTx/D3.0 is still dominant in North America and is by and large growing more rapidly than other technologies.
- There is considerable room for VDSL (and other copper based technologies such as G.Fast) to grow in Europe where incumbents are still working to optimize their copper networks.
Breakdown of Broadband technologies

- Growth of FTTH/B subscriptions will continue until 2021, albeit not at the same pace year on year, and will naturally decrease as the markets mature.
Household Penetration of countries* with more than 1% household penetration

*Economies with at least 200,000 households

Source: IDATE for FTTH Council Europe, February 2017
Fiber will be essential for 5G as it is desirable for backhauling of small cells. Therefore, those countries where FTTH is quite advanced will be in a better position to deploy 5G.
Optical Cable market Evolution

Compound annual growth rate ‘18-’22

- EMEA 4% (10%)
- NA 4% (15%)
- SA 7% (4%)
- APAC 6% (12%)
- China 1% (20%)

- Global optical cable deployment has reached 561 million in 2018 (11% y-o-y)
- 58% global demand from China
Conclusions

1. Network transformation
2. CAPEX
3. Digital Agenda 2025
4. Fiber/Cable manufacturers: TCO
5. Digital Revolution
Complete Solution Portfolio
Thank You!