



Public Broadband Telecommunications approach in France

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14th July, 2006



- ❑ Company profile
- ❑ The “3C” reasons for local public intervention
- ❑ Axione model
- ❑ 3 case studies :
 - DORSAL (DSL and radio coverage of rural areas)
 - LOTIM (FTTB services for enterprises in economical areas)
 - PBC (FTTH triple play services for population in dense area)



- European leader on Broadband Telecommunications PPP market :
 - 3 millions inhabitants & 120 000 companies covered by our networks
 - 3 000 km fiber optic access network deployed across France
 - 244 m€ investments commitment and 100 m€ public subventions
 - French leader on FTTH market (42.000 homes connected)
- 2003 : AXIONE was founded as to answer the growing demand from public local authorities to deploy broadband services across their territories.
- AXIONE achieved signing-off 7 majors PPP contracts.

Company Profile



- Subsidiary of ETDE Group, a leading construction/integration company which is strongly developing public facility management activities :

- 1 billion € turnover
- 10,000 employees
- Presence in 15 countries



- GROUPE BOUYGUES is one of major French groups (CAC40), leader in construction, media and mobile telecoms markets – nearly 25 billion € turnover



LE GROUPE BOUYGUES



Bouygues Bâtiment (100%)
Bouygues Travaux publics (100%)
Electricité ETDE (100%)



Screg (100%)
Sacer (100%)
Smac (100%)



LCI (100%)
Eurosport (100%)
TPS (66%)



Company Profile



BOUYGUES



100%

AXIONE

SAS founded in 2003

Turnover 16 M€

100 employees

3 000 km fiber optic network

3 millions people reached

120 000 companies

> 400 business areas connected

100%
S@RTEL
• Capital Social 1 500 000 €
SARTHE

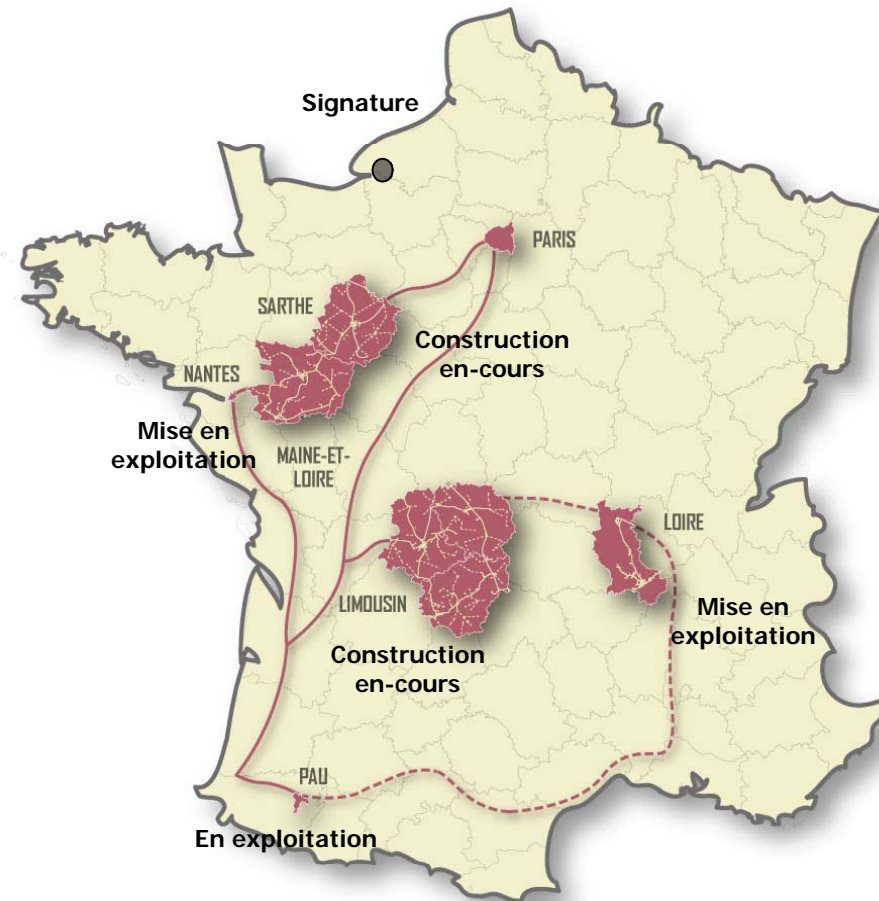
80% 20%
MELIS@
• MELIS@ Infra. 1 500 000 €
• MELIS@ Exploit. 500 000 €
MAINE ET LOIRE CDC

100%
LOTIM TELECOM
• Capital Social 100 000 €
LOIRE

70% 30%
AXIONE LIMOUSIN
• Capital Social 1 500 000 €
LIMOUSIN CDC

100%
SPTHD
• Capital Social 100 000 €
PAU

• GONFREVILLE L'ORCHER



French context review



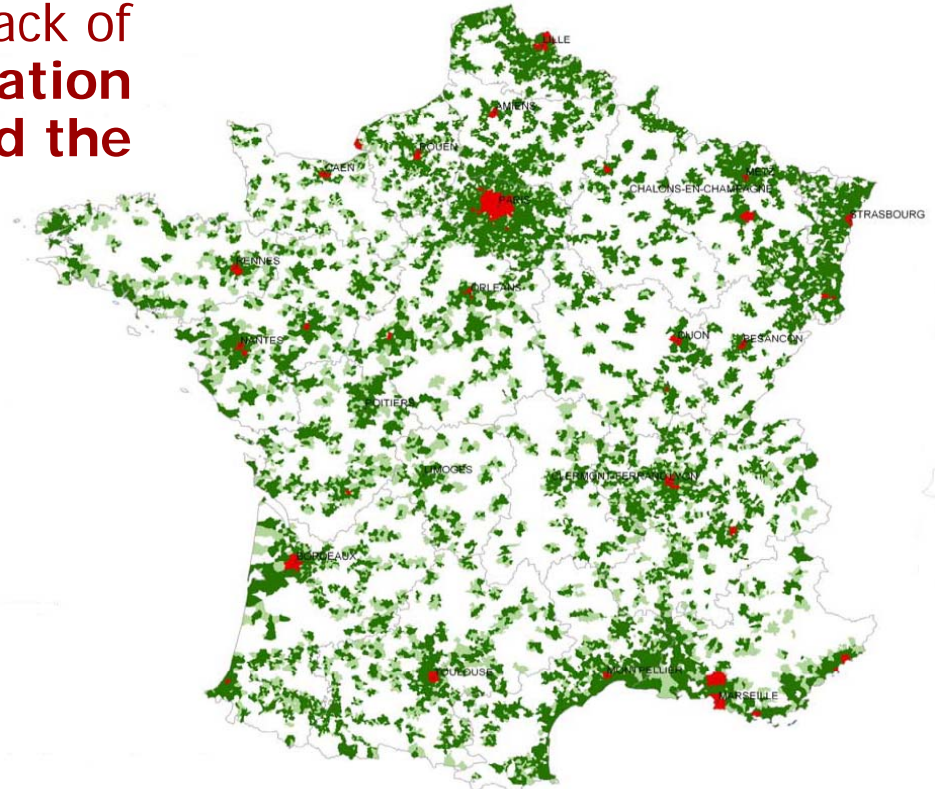
- **1998** : market deregulation -> local authorities are pushed apart from the telecoms sector with a national regulatory organism and no legal local competences in telecommunications.
- **2001** : One major city (Nancy) builds its own network and rents fiber to private operators. Parliament rules the case (L.1511-6) and allows local authorities to build dark fiber networks.
- **2004** : The fiber model is only efficient in dense areas. Parliament improves the law (L.1425-1) and **allows local authorities to become neutral network operators and activate fiber.**

1C - Acting for coverage of non equipped areas



The first reason for local public intervention is to cover non equipped areas, and fulfill lack of private initiatives as to **avoid discrimination among people living in big cities and the others.**

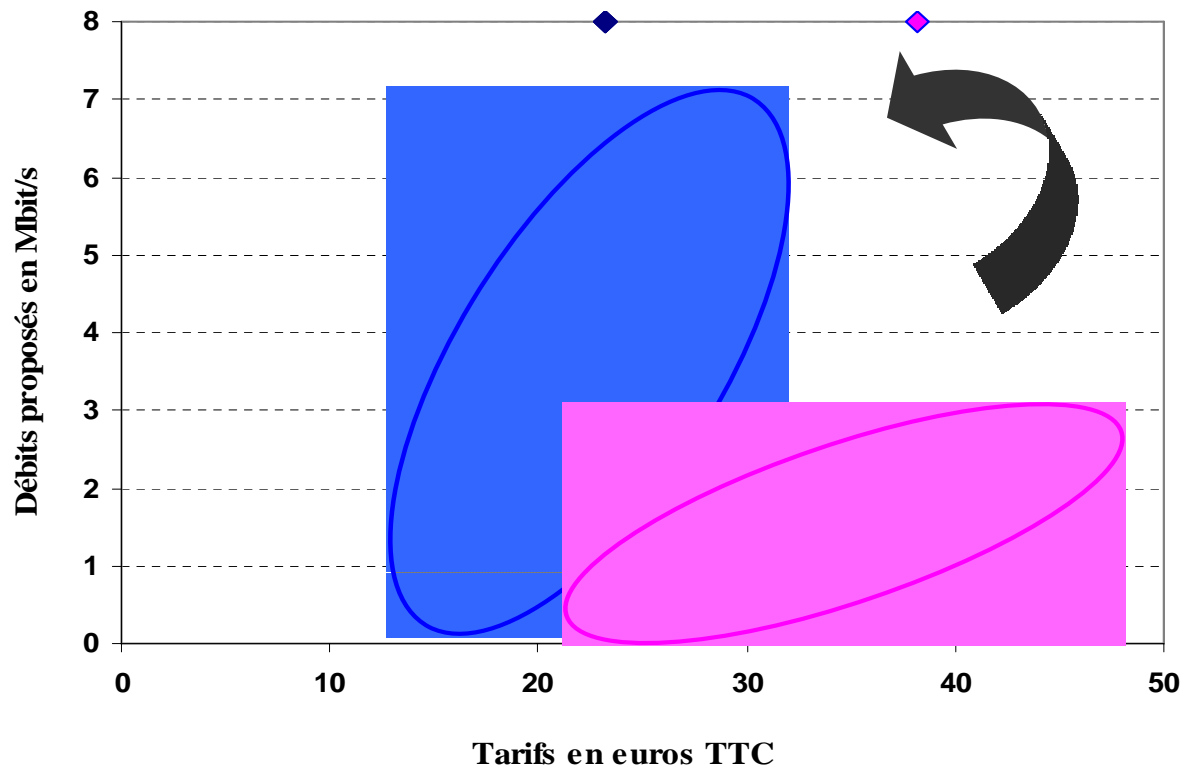
Broadband telecommunications have become a necessary utility such as transportation, water and energy.



75% coverage 3 years ago
98 % coverage at the end of 2006

2C – Acting for competition development

Local authorities must act as to promote **an open space to competition leading to economic growth**, better quality of life and competitiveness of local companies.



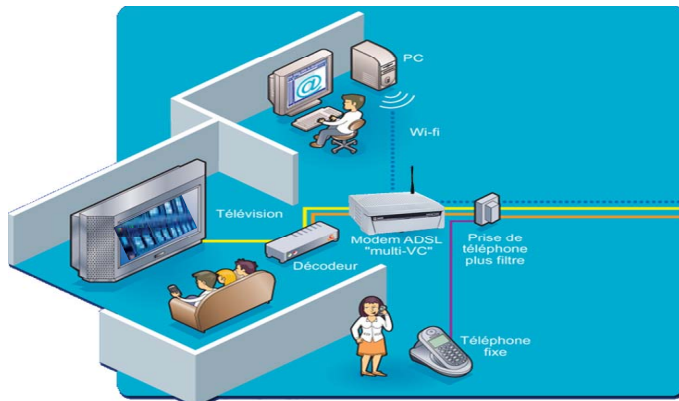
Blue zone :
areas with infrastructures competition
Red zone :
areas with infrastructure monopoly

Lower prices, better quality, new services (triple play)

... and promote new services



Broadband telecommunications are becoming one of key driver for social and economical development.



Fiber deployment to the home



Fiber deployment to the enterprise

Social developments :

- TV local services
- E-care applications
- E-democracy applications
- E-learning
- E-Culture, TV-libraries
- Electronic schoolbag
- TV-jobcentres ...

+ Web 2.0
(blogs...)

Economical developments :

- Mass exchanges
- Market places
- Applications outsourcing
- Security / Storage / Disaster recovery
- Video surveillance
- ...

3C – Control public intervention



Information technologies are key success factors for the development of territories. Broadband access is one of the 5 most important criteria for a company to decide to establish.

Local authorities need to take **long term control over its intervention.**

Long-term investment in secure, up-to-date networks provides Control

Technology :
- Fiber optics

Legal scheme :
- DSP
- PPP/PFI

Short-term investment in non perennial technologies answers emergency situation.

Examples :
- Local partnerships with Incumbent
- Investment focus on "blank areas"
- Public Tender for Services

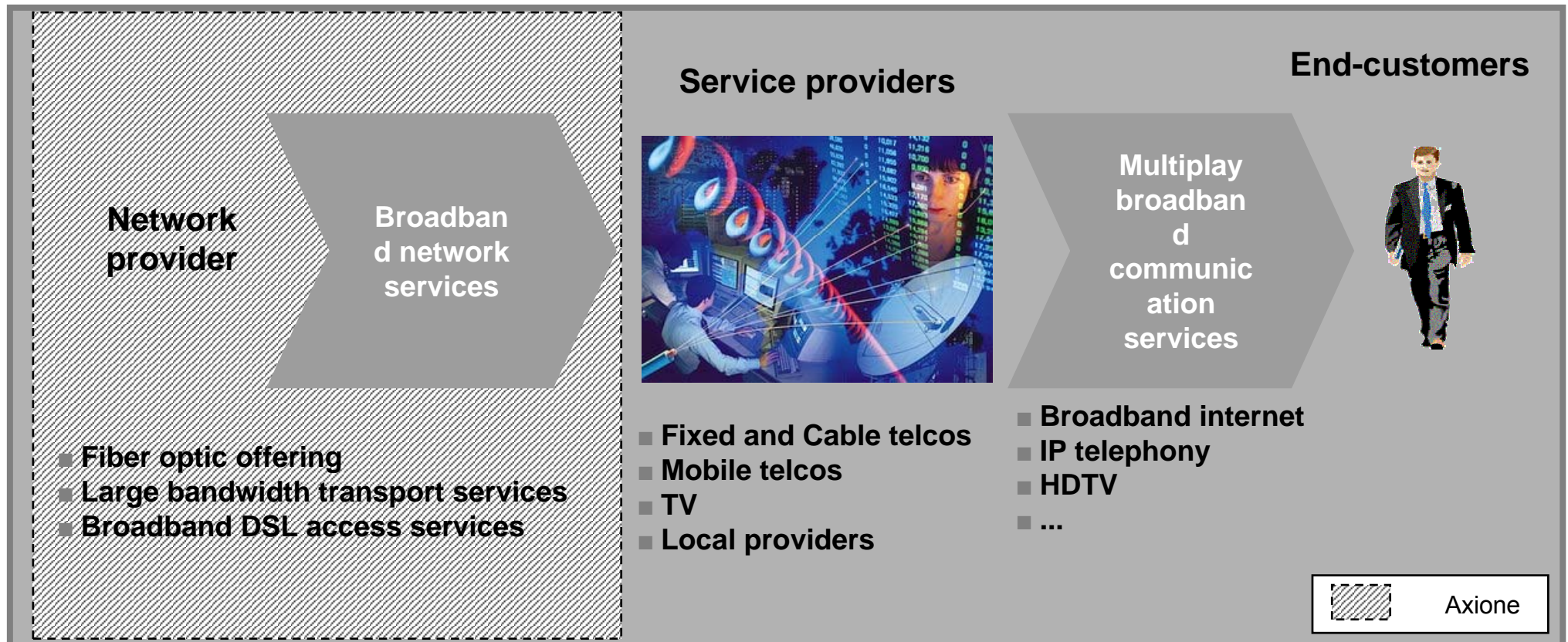


- If Local Authorities want to have on their territories :
 - 100% **Coverage** for broadband services
 - Intense **Competition** among providers
 - Full **Control** for economic growth
- Local Authorities must create **public neutral open broadband networks** respectful of EU principles :
 - **Equalization** : that means same prices for same services wherever you're located in the area (rural or urban).
 - **Neutrality** : end the « operator suppliers of its competitors » model.
 - **Innovation** : creation of a competitive wide open network environment to permit local service providers to develop innovative services to final customers

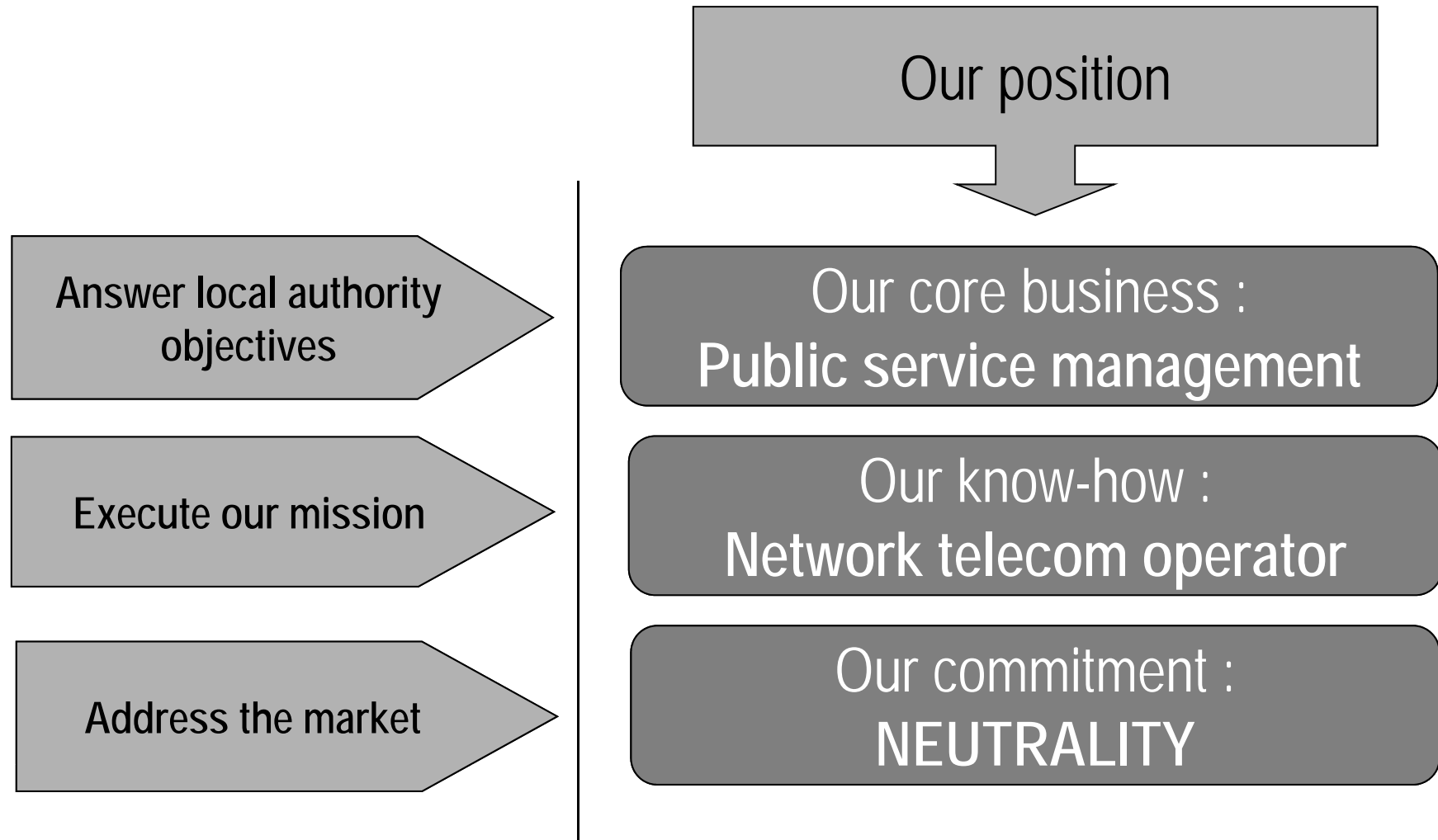
Model for public local networks



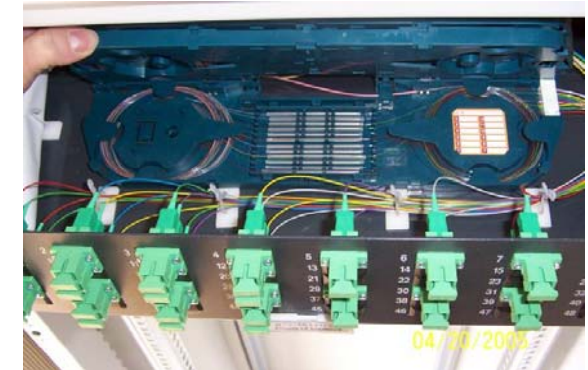
Axione promotes a neutral operator model



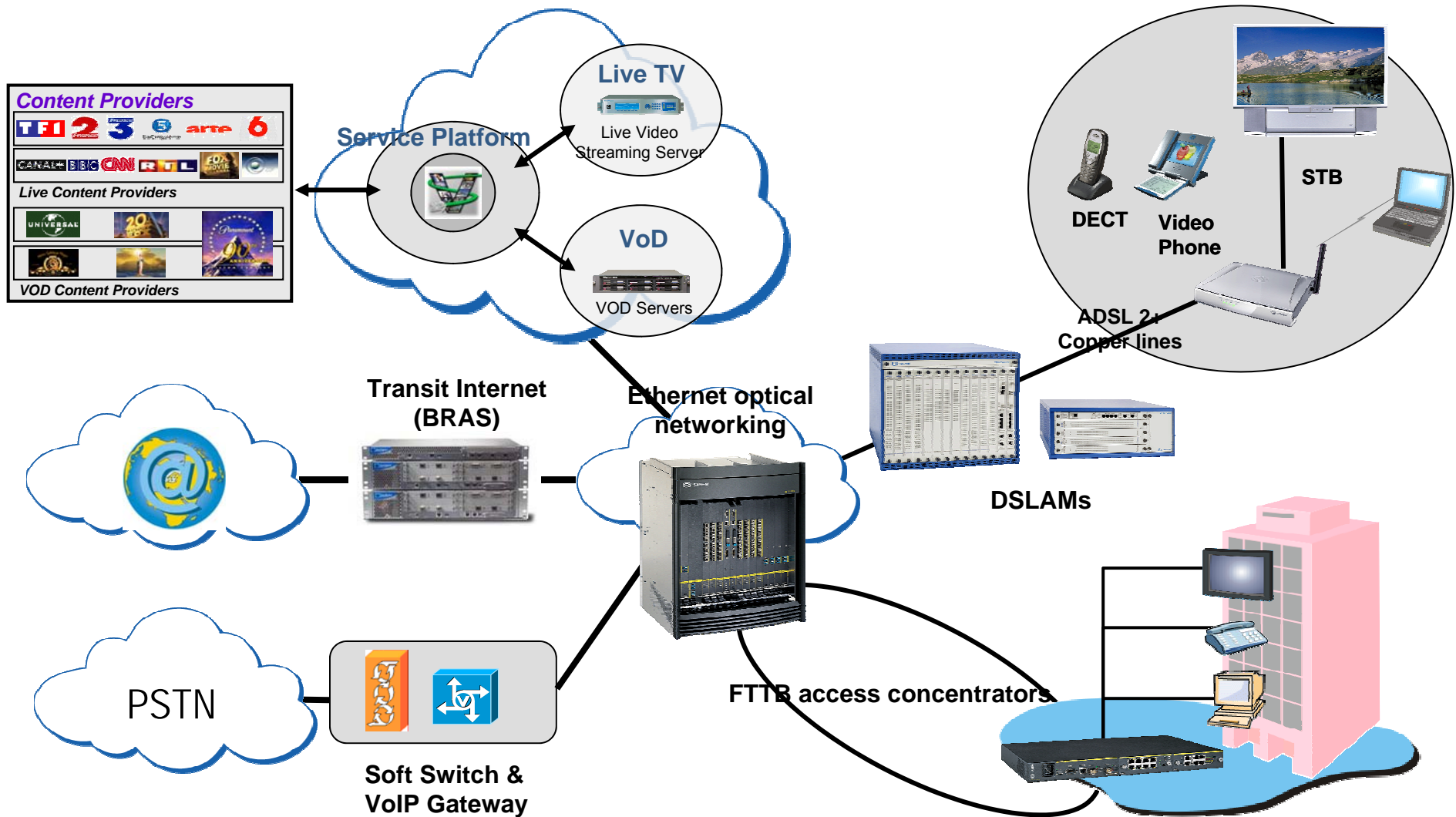
Axione value proposition



AXIONE deploys infrastructure networks



And operates full triple play network platform



Network services offering

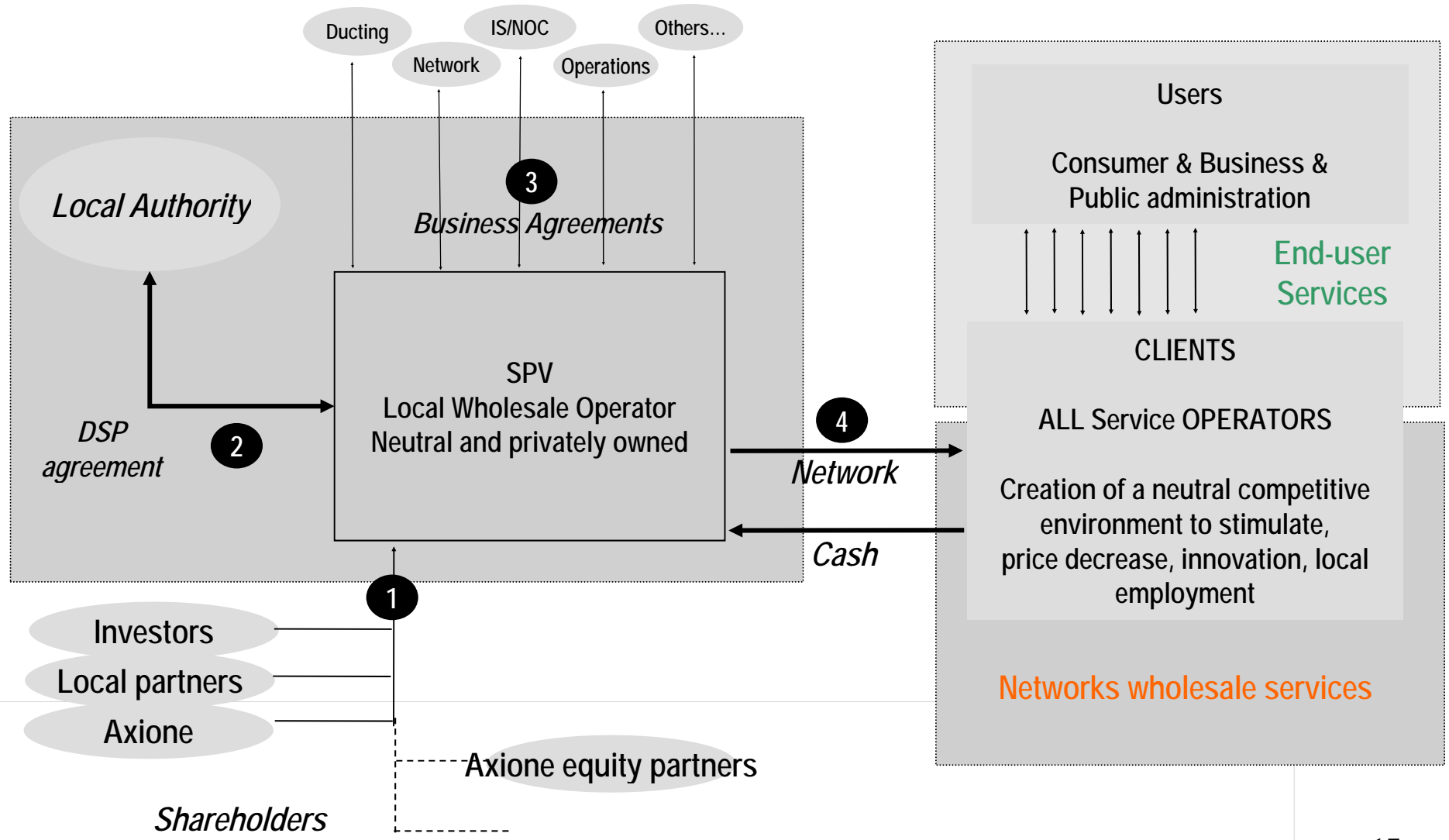


- Our network services portfolio answer the needs of ALL operators from the biggest ones to the smallest ones :
 - Optic fibre routes
 - Large bandwidth transport services
 - DSL access services for residential end-customers
 - FTTB access services for enterprise end-customers

- Customers :



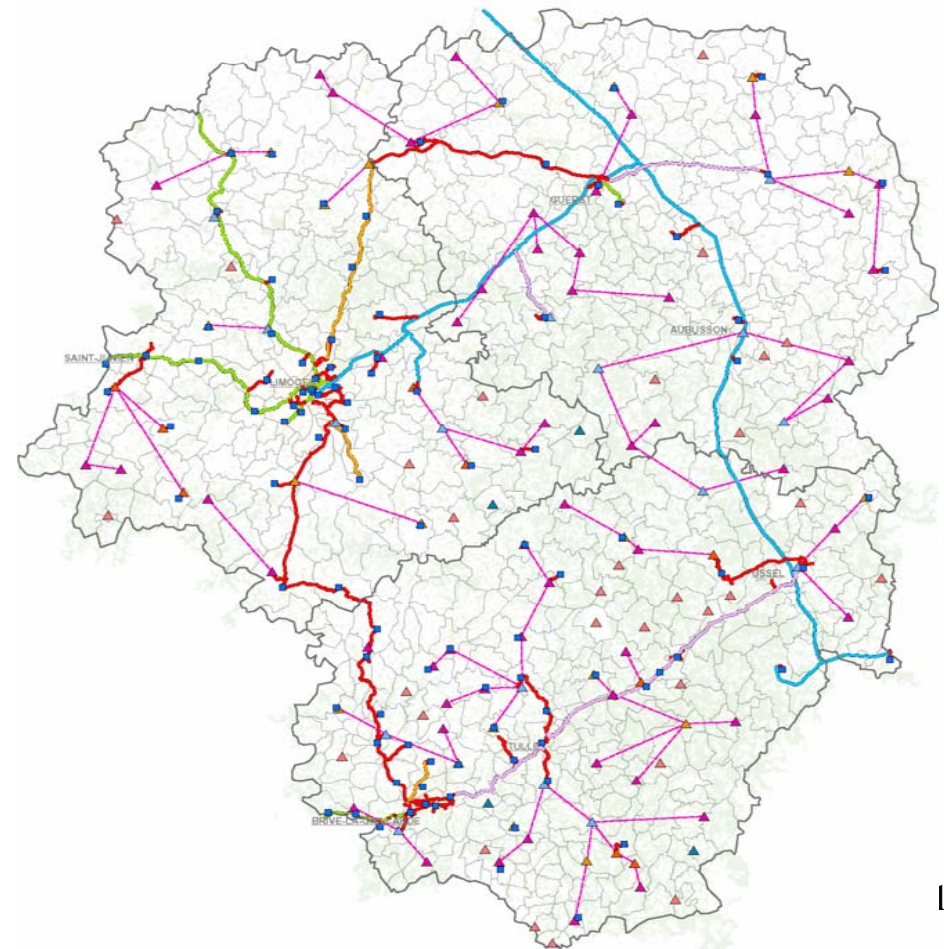
Case study : french legal scheme



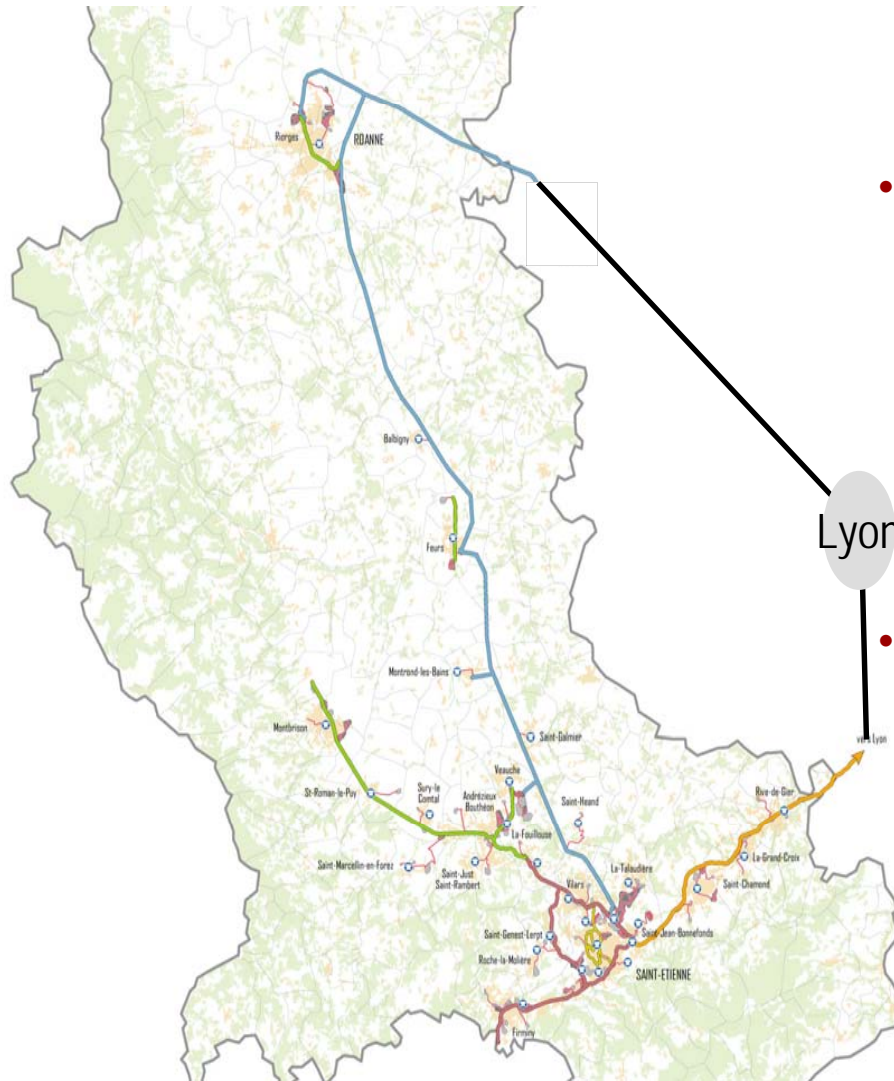
« Dorsal » Case Study



- “Région Limousin” - context and situation :
 - 750000 habitants, a rural area facing the stake of young generations escaping
 - Historical absence of telecommunications private operators
 - Limited coverage of ADSL France Telecom offering
- Political targets :
 - **“Le Haut-débit pour tous”** to provide 100% of population with ADSL
 - **To attract private operators** on their area for concurrence development



« LOTIM » Case Study



- “Département de la Loire” - context and situation :
 - Located nearby major city Lyon, facing a difficult economical situation due to heavy industrial restructuring
 - Strong public intervention on restructuring local economical activity towards the service sector
 - Existing points of presence from telecommunications operators: nearly 100% existing coverage of ADSL France Télécom offering
- Political targets :
 - To **improve enterprises' competitiveness**
 - To **build an attractive economical corridor valley**
 - To **create conditions for local TIC developments and job creations**

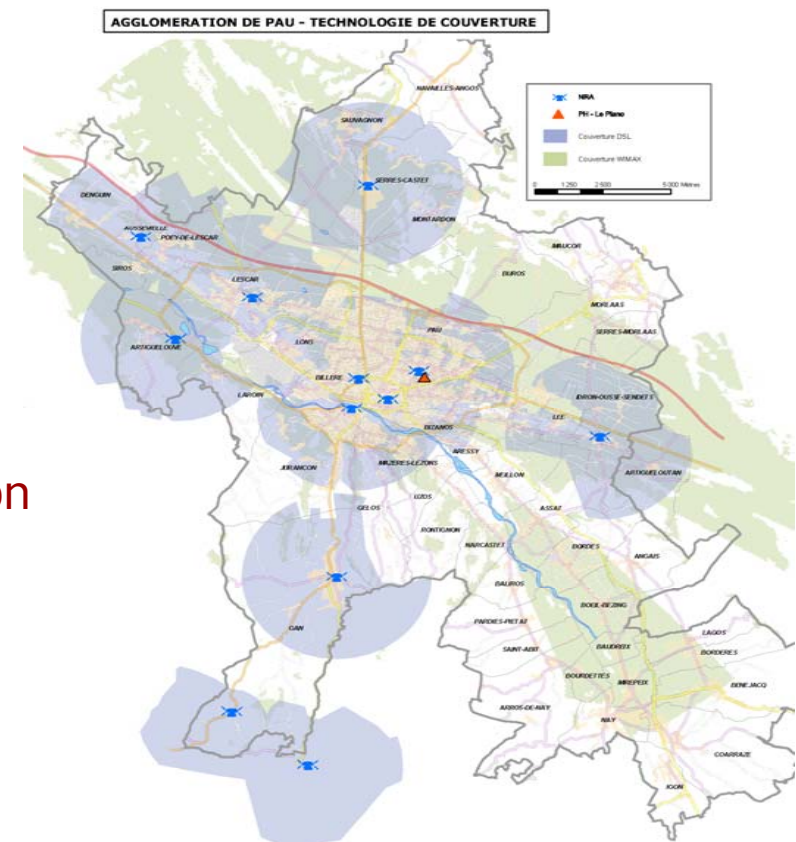
Pau Broadband Country Case Study



- Promote innovation services and new type of usages at the local level
- Create a dynamic image of the city as to attract companies and develop employment
- Prepare the city for future telecoms' development

A fiber to the home network :

- 36 000 homes connected with fibre
- Triple play services offering to the population
- Unlimited bandwidth services to companies





THANK YOU FOR YOUR
ATTENTION

Questions / Answers