

UK & European Fibre Pricing: The £25 Illusion

Why headline pricing masks the true economics of fibre broadband

£32–36

TRUE EFFECTIVE ARPU

54%

EU FTTH TAKE-UP

€19–€87

EUROPEAN PRICE RANGE

<2%

ULTRA-GIG UPTAKE

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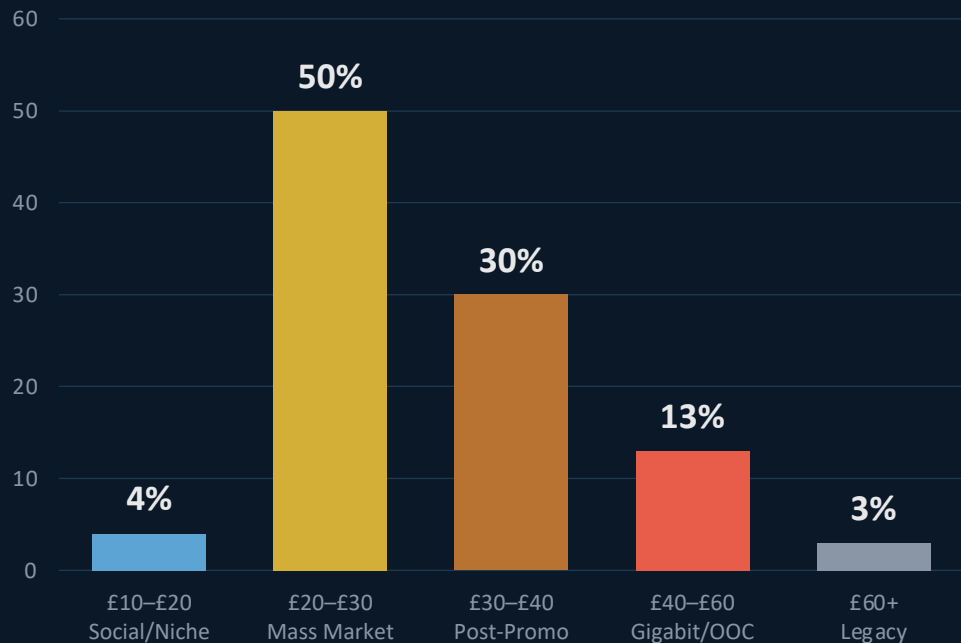
Prescience



SILPION

UK Fibre: Where Customers Actually Sit

Promotional pricing clusters around £20–£25. Once April 2026 rises and reversion kick in, the real price is £32–36.



MODAL ENTRY PRICE

£20–£25 in 66% of UK postcodes. Point Topic confirms this as cheapest available tariff.

OUT-OF-CONTRACT PREMIUM

Avg +£7/mo above promo price (Ofcom). 28% of customers are OOC and paying materially more.

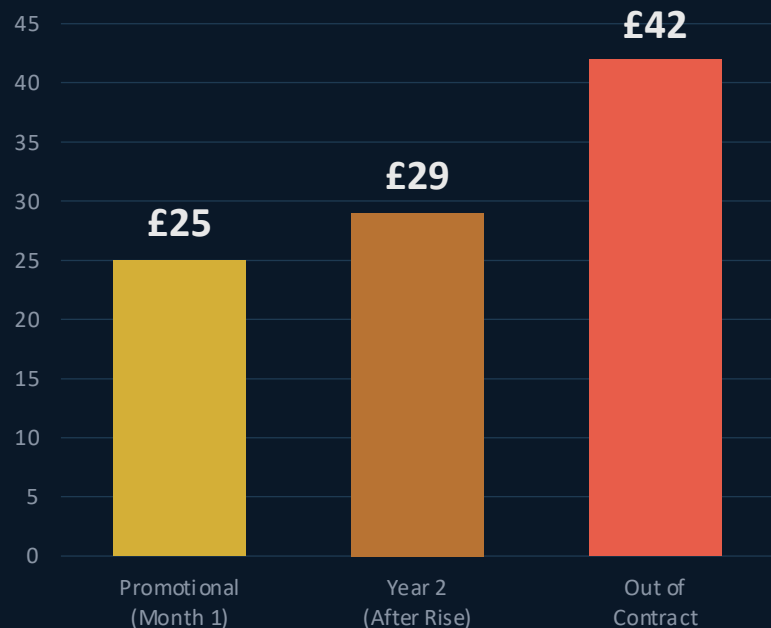
SOCIAL TARIFFS

£12–£23/mo but only ~532k users (8.6% of eligible, Ofcom June 2025). Low penetration despite availability.

Sources: Ofcom Telecoms Access Review (March 2026), Point Topic Q2 2025, ISP industry data (April 2026).

The Three Layers of UK Broadband Pricing

The £25 market is actually a £32–36 market once in-contract rises and reversion rates are counted.



ANNUAL IN-CONTRACT INCREASES

April 2026: BT/EE up to +£4/mo, Sky +£3/mo, Vodafone +£3.50/mo. New contracts must show rises upfront in £. Legacy inflation-linked terms still winding down.

REVERSION PRICING

Reversion rates typically £7–£10/mo above promo price (Ofcom avg +£7 for standalone). 28% of base is out-of-contract. These customers today partially subsidise promotional acquisition.

BLENDED EFFECTIVE ARPU

Illustrative: ~70% in-contract (~£31) + ~30% OOC (~£38+) = customers paying far more than the headline £25.

£32–36 is a revenue observation, not a cost claim. Tier 1 operators are profitable at this level. The negative margin zone applies to mid-scale and smaller altnets where debt and CAC erode the margin.

Typical lifecycle: £25 → £29 → £42. Spread between entry and exit can exceed 2x.

Speed Does Not Monetise

UK pricing weakly correlated with speed. 900 Mbps available for ~£30. Ultra-gig uptake negligible.

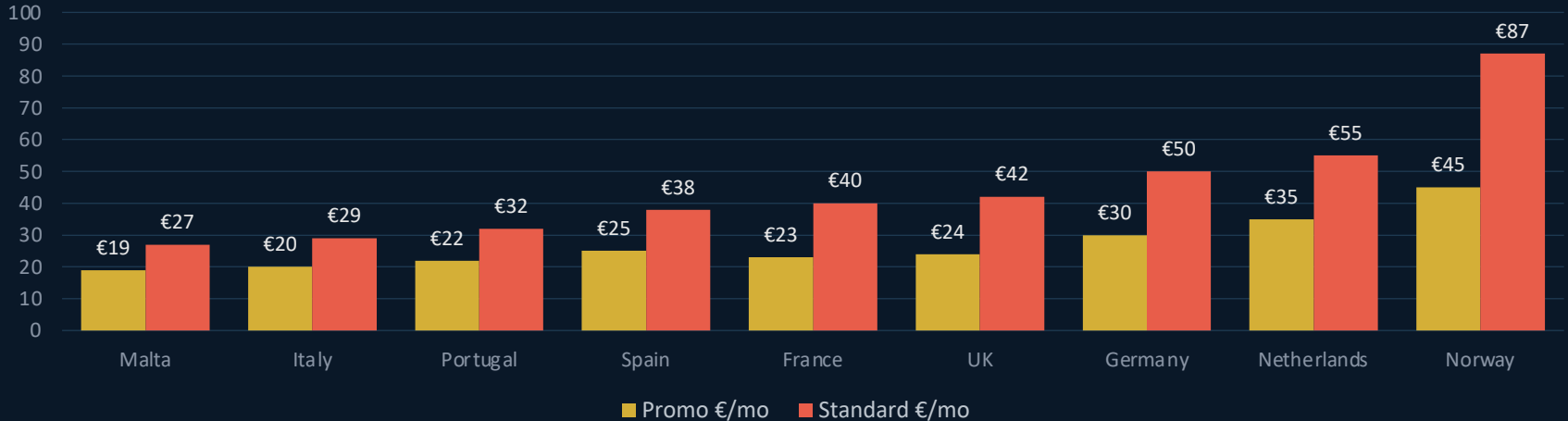
SPEED TIER	TYPICAL PRICE	TAKE-UP	TREND
50–150 Mbps	£20–£25	Large base, legacy migrations	Declining
150–500 Mbps	£22–£30	Core mass market	Stable
500 Mbps–1 Gbps	£25–£35	Growing but still minority	Growing
1–1.6 Gbps	£30–£45	Low single digits, heavily promoted	Growing
2+ Gbps	£50–£70+	<2% take-up	Negligible

You can get 900 Mbps for ~£30 on promotion. Even 1 Gbps can be £23–£25 in aggressive altnet footprints. The constraint is demand elasticity, not price. Most households do not value >500 Mbps because Wi-Fi performance caps perceived benefit.

75% of broadband usage is over Wi-Fi. In-home experience, not access speed, is the real bottleneck.

European Fibre Pricing: UK in Context

Per-country promo and standard retail pricing in €/mo (not EU averages). Malta €19 to Norway €87. Continental prices fell 2023–25



€27–€87

STD PRICE RANGE

3.2×

MAX/MIN DEVIATION

-5%

CONT. TREND 2023–25

\$71

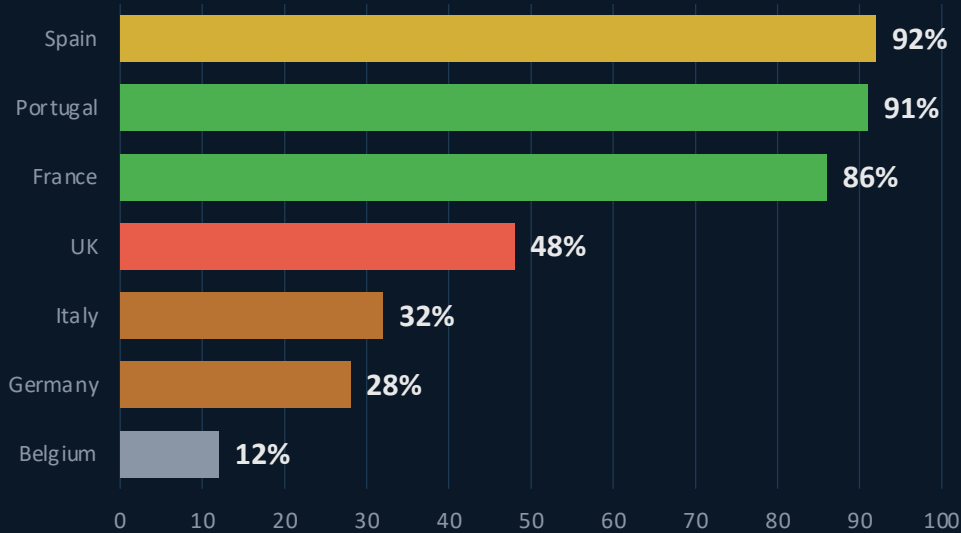
AVG FIBRE PPP (PT)

Chart: representative retail €/mo per country (EC Digital Strategy 2024, FTTH Council 2026).

PPP figure: Point Topic Q2 2025 (\$71 PPP, different methodology). Promo = best introductory; Standard = post-promo/OOC. Trend: Tarifica 2025.

FTTH Take-Up: UK Catching Up Fast

Percentage of homes passed that are connected. EU39 coverage at 79% with 54% take-up. UK jumped 11pts to 48%.



SPAIN LEADS AT 92%

Long history of fibre-first strategy with strong regulatory support for FTTH deployment. Multi-operator competition driving adoption.

UK JUMPS TO 48%: STRONGEST GROWTH

11.5M live connections on 24.2M homes passed. Fastest growing by volume in EU39. Still constrained by demand ceiling.

EU39: 79% COVERAGE, 54% TAKE-UP

295M homes passed, 160M subscribers. Coverage is growing faster than connections in most markets.

Source: FTTH Council Europe Market Panorama 2026 (published April 2026). Take-up = % of homes passed connected.

Why UK Pricing Compressed Below £30

Three forces created the current pricing structure. All three are now reversing.

01

ALTNET OVERBUILD

£9bn+ invested chasing market share. Pricing used as primary acquisition lever. EBITDA breakeven at £18–24 but PE debt at 7–9% pushes estimated full sustainability to £35–40+ for mid-scale operators.

£9bn+

INVESTED

02

OPENREACH WHOLESALE PRESSURE

Openreach wholesale FTTP at ~£21/mo for 1 Gbps sets the true cost floor at £13–18/sub after margin. CityFibre wholesale is up to 37% cheaper at 1 Gbps. Discount schemes accelerate copper-to-fibre migration.

£13–18

OR COST FLOOR

03

DEMAND CEILING

Most households will not pay more for speed alone. 75% of usage is over Wi-Fi. The bottleneck is in the home, not the network.

<2%

ULTRA-GIG

Gigaclear: lenders seized control. G.Network: administration. Upp, AllPoints, Lightning Fibre acquired. Netomnia £2bn agreed. We estimate 30–40% restructure, merge or exit by late 2027.

Cost of Living Keeps the Lid On

Household budgets are still squeezed. Operators cannot raise standalone broadband prices into this environment.

HOUSEHOLD SQUEEZE

- Energy price cap to rise by £222 13.5% (Q3 2026)
- Food inflation forecast >5% through 2026
- 71% of households worried cost-of-living
- Broadband competes with essentials for wallet share

GIGABIT PRICES COLLAPSING

- Avg 1 Gbps price: £51/mo (2026) vs £56/mo (2024)
- Major ISPs now from £37/mo for gigabit
- Cheapest 1 Gbps on Openreach: £31/mo (Plusnet)
- 900 Mbps available for ~£30 on promotion

SKY: BUNDLE TO RETAIN

Sky Ultimate TV bundles broadband + Netflix + Disney+ + streaming into one bill. Broadband becomes a line item inside a content package, not a standalone purchase.

VODAFONE: CONVERGE TO LOCK IN

Vodafone Together bundles mobile + broadband for up to £7.50/mo off. Convergence reduces churn and lifts ARPU per household without raising the broadband line.

THE SIGNAL

If the largest operators cannot grow broadband revenue on price alone, standalone altnets face an even harder path.

Sources: Ofgem Q2 2026 price cap, ISPreview/Openreach 1 Gbps comparison (Jan–Feb 2026), Sky/Vodafone published tariffs.

Prices Falling and Rising Simultaneously

Headline promos keep falling, but in-contract increases and reversion pricing mean customers are actually paying more.

WHAT IS FALLING

- Promotional fibre prices are now flat after trending down year-on-year
- New promo gigabit cost less than out-of-contract 100 Mbps
- Gigabit priced artificially low to drive upgrades
- Entry FTTP widely available at £20–£25
- EU average fibre pricing declined 5% in 2024

WHAT IS RISING

- April 2026 fixed rises: BT/EE up to +£4, Sky +£3, Vodafone +£3.50
- Out-of-contract customers pay avg £7/mo more (Ofcom)
- Customers paying far more than the headline £25 suggests
- Underlying cost pressure building on altnets
- Est. full sustainability inc. debt at 7–9% requires £35–40+

Transparency has improved since the Ofcom rule change. The underlying economics have not. Prices still rise every year and reversion pricing still catches people out.

Source: Ofcom TAR (March 2026), ISP industry data (April 2026). Old model (CPI + 3.9%) replaced with fixed £ increases.

Where UK Fibre Pricing Is Heading

Current pricing is not sustainable for most operators. The market is already re-segmenting.

Next 12–24 months

SHORT TERM

Sub-£30 still dominant. Promotions continue. Gigabit priced artificially low to drive upgrades. Altnet pricing war persists but consolidation accelerating.

2027–2029

MEDIUM TERM

Market splits: £25 entry, £30–£35 sustainable core, £40+ premium. Altnet consolidation changes the competitive landscape. Effective spend settles around £30–£35.

2029+

LONG TERM

Price disconnects from speed. Value shifts to reliability, in-home performance, and service layers. Operators who cannot win on access price will only survive by monetising what sits above the network. For Tier 2 and Tier 3 this is not optional. It is existential.

EBITDA breakeven at £18–26 (Fibrus ~£26, Grain at very low opex). We estimate full sustainability inc. debt at 7–9% requires £35–40 (mid) or £45+ (small).

Scale Determines Survival

Sustainable ARPU is a function of homes passed. The consolidation wave is not a prediction. It has already started.

Altnets have built to 19.7M premises but average take-up is just 18% (INCA 2025). EBITDA breakeven is £18–26 depending on scale but PE debt at 7–9% (2021–22 vintages) pushes full sustainability much higher. That gap is what drives consolidation.

TIER 1: LARGE

4–8M+ HOMES PASSED

BT/Openreach, CityFibre and Nexfibre are wholesale-only. Nexfibre serves VMO2 exclusively. Sky, Vodafone and others retail over Openreach and CityFibre. Scale absorbs debt. EBITDA breakeven £13–18.

£28–32

FULL SUST.

TIER 2: MID-SCALE

1–4M HOMES PASSED

Hyperoptic, Community Fibre, Netomnia (£2bn agreed, pending approval). EBITDA breakeven £18–24 but debt at ~8%, CAC and connection costs push cashflow breakeven far higher.

£35–40

FULL SUST.

TIER 3: SMALL

<1M HOMES PASSED

Dozens of regional altnets. EBITDA breakeven £22–28 but debt at 9%+, CAC and connection costs push full cost above £45/sub (Point Topic). These operators get absorbed or exit.

£45+

FULL SUST.

THE NEGATIVE MARGIN ZONE

Spend ceiling ~£32–36 | Tier 2 est. cost floor £35–40 | Tier 3 est. cost floor £45+

CONSOLIDATION ALREADY UNDERWAY

Gigaclear: lenders seized control, equity wiped out. G.Network: administration, bought by distressed debt fund. Netomnia £2bn (agreed). Upp, AllPoints, Lightning Fibre all acquired.

Altnet losses: £755m (2022) → £1.3bn (2023) → £1.5bn (2024, Enders). Openreach lost ~860k lines in 2024–25 while altnets gained ~850k (ISPreview). 96% considering M&A (KPMG). Industry estimate 30–40% restructure, merge or exit by late 2027.

The Infrastructure Play

Revenue and margin sit in network services outside of broadband. Fibre is national infrastructure, not just an access product.

Operators who treat fibre as a broadband pipe will compete on price alone. Those who build service capability on top of the network open up energy, healthcare and public service revenue that does not depend on consumer willingness to pay more for speed.

ENERGY SERVICES

Demand response, generation feed-in, settlement data

- MHHS rollout started Sep 2025, target completion May 2027
- Domestic flexibility: 1.6 GW today, 10.6 GW target by 2030
- Broadband backhaul emerging as alternative to DCC mobile £500m/year
- Fibre homes can participate in demand response and time-of-use tariffs

HEALTHCARE AND ASSISTED LIVING

Care in the community, remote monitoring, freeing up NHS beds

- 1.8M people depend on home telecare now moving from copper to IP
- Telecare for over-75s could save £14.5bn over next decade (FarrPoint)
- Gigabit IQ bundling full fibre with digital telecare (Careline365)
- Reliable connectivity is a prerequisite for care-at-home at scale

USO AND PUBLIC SERVICE DELIVERY

The broadband USO guarantees 10 Mbps to every UK household. Regulatory direction is toward higher thresholds. Fibre operators who deliver essential public services position themselves as infrastructure partners, not discount broadband providers. That changes the conversation with government, regulators and investors.

THE GATEWAY IS THE ENABLER

Wi-Fi 7/8, BLE, Matter/Thread and energy protocols (Zigbee, PLC) built into the CPE turn the home gateway into a service platform for all of the above.

Sources: VVD & MHHS Programme (Ofgem/Elexon). FarrPoint telecare savings study. NESO 10.6 GW flexibility target (2030). ISPreview/Gigabit IQ (Feb 2026).

Five Takeaways for the Fibre Industry

The access layer has been commoditised. The money is in what sits above it.

01 THE £25 MARKET IS AN ILLUSION

Customers are paying far more than £25. April 2026 fixed rises (+£3–£4/mo) and reversion pricing quietly recover the gap.

02 SPEED DOES NOT MONETISE

1 Gbps heavily promoted but 2 Gbps+ uptake below 2%. Customers do not value speed they cannot perceive over Wi-Fi.

03 EU STANDARD PRICING VARIES 3×

Standard prices: Malta €27 to Norway €87 (3.2×). Promo prices start at €19. UK mid-range on promo but high on effective spend.

04 THE NEGATIVE MARGIN ZONE

Spend ceiling around £32–36. Full sustainability inc. debt at 7–9% needs £35–40 (mid-scale) or £45+ (small). We estimate 30–40% will merge or exit by late 2027.

05 FIBRE IS NATIONAL INFRASTRUCTURE

Revenue sits above the access layer: energy demand response, healthcare and assisted living, public service delivery. The gateway becomes the platform.

£32–36

TRUE ARPU

<2%

ULTRA-GIG

3.2×

STD RANGE

£35–40

COST FLOOR

£2bn

ANNUAL REVENUE OPP.