ovum DEFINING THE FUTURE

Mobile: what next?

First Tuesday, Zurich

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- Largest technology sector analyst based outside the US
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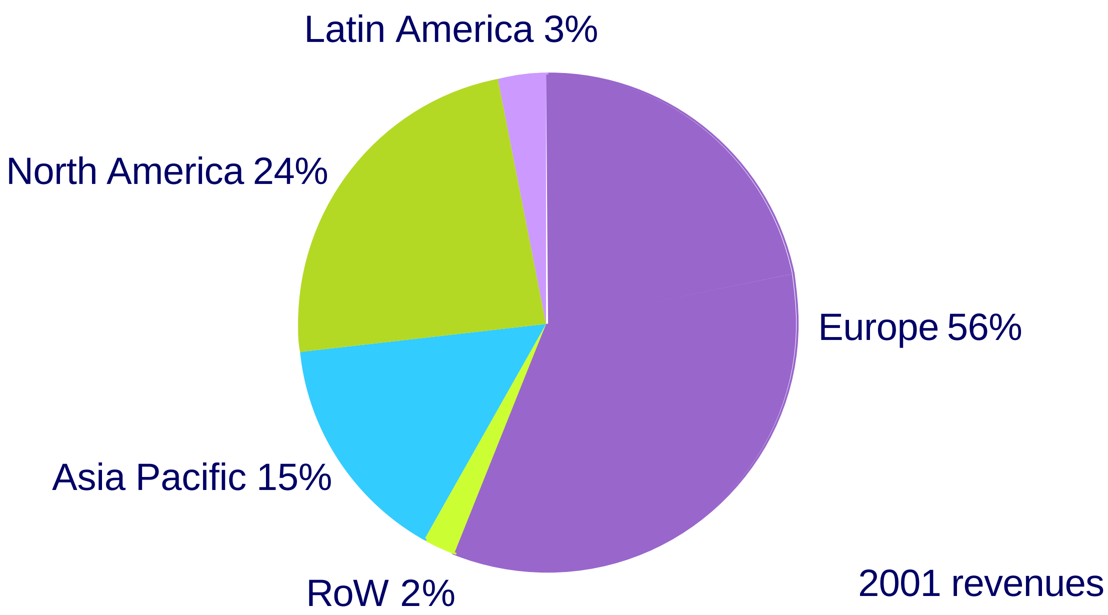

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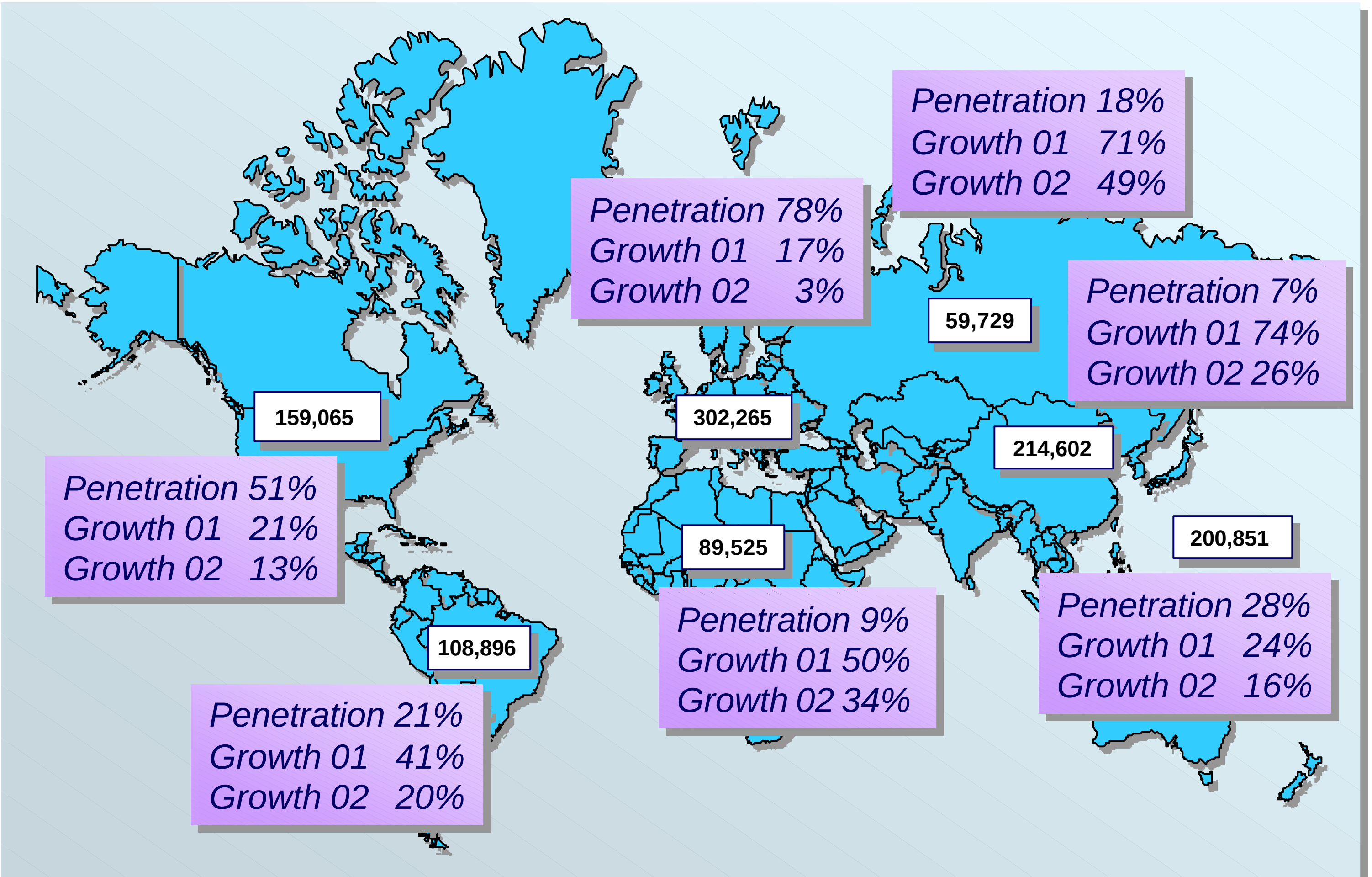
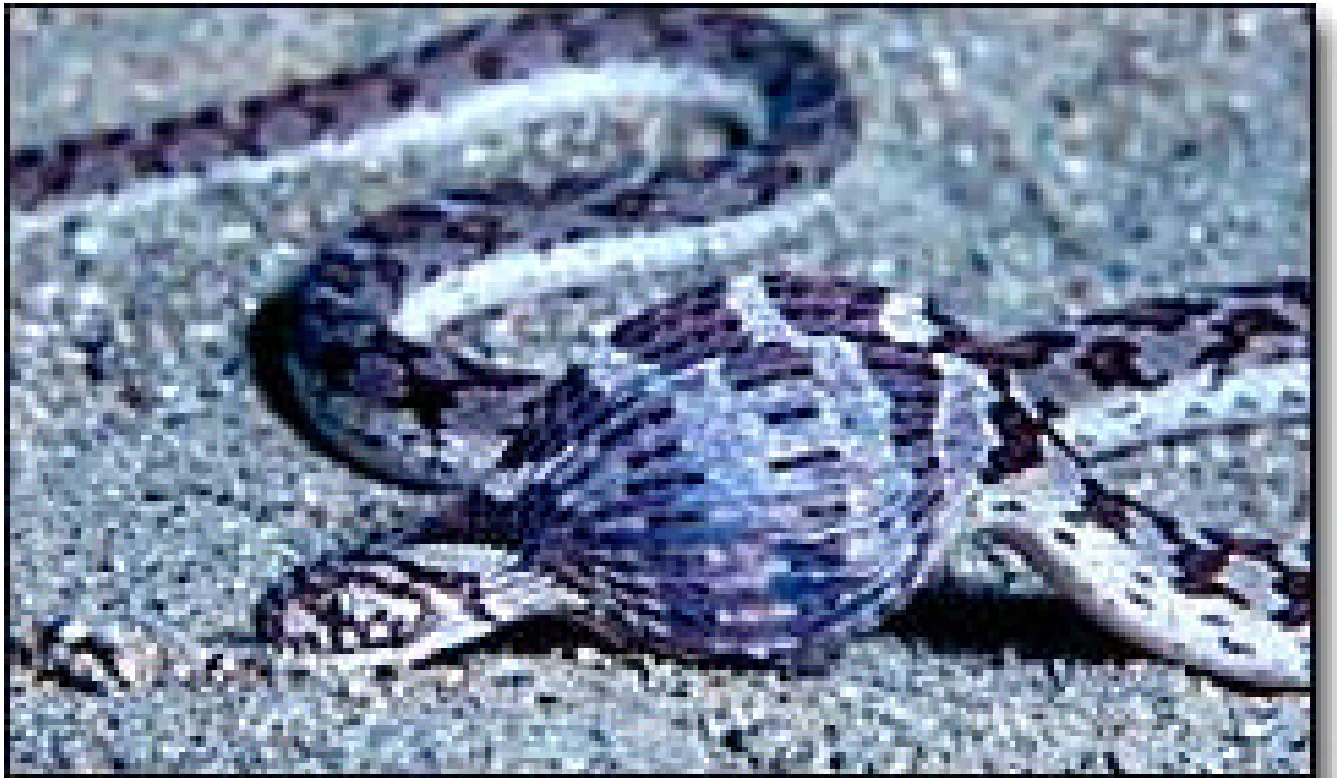
Wide variation in mobile penetration / growth



Figs for 1st Jan 03
Source: Mobile@Ovum (M12/05-02)

Longer term, new growth will materialise



… post digestion

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Short term, no room for manoeuvre

Source: The Italian Job

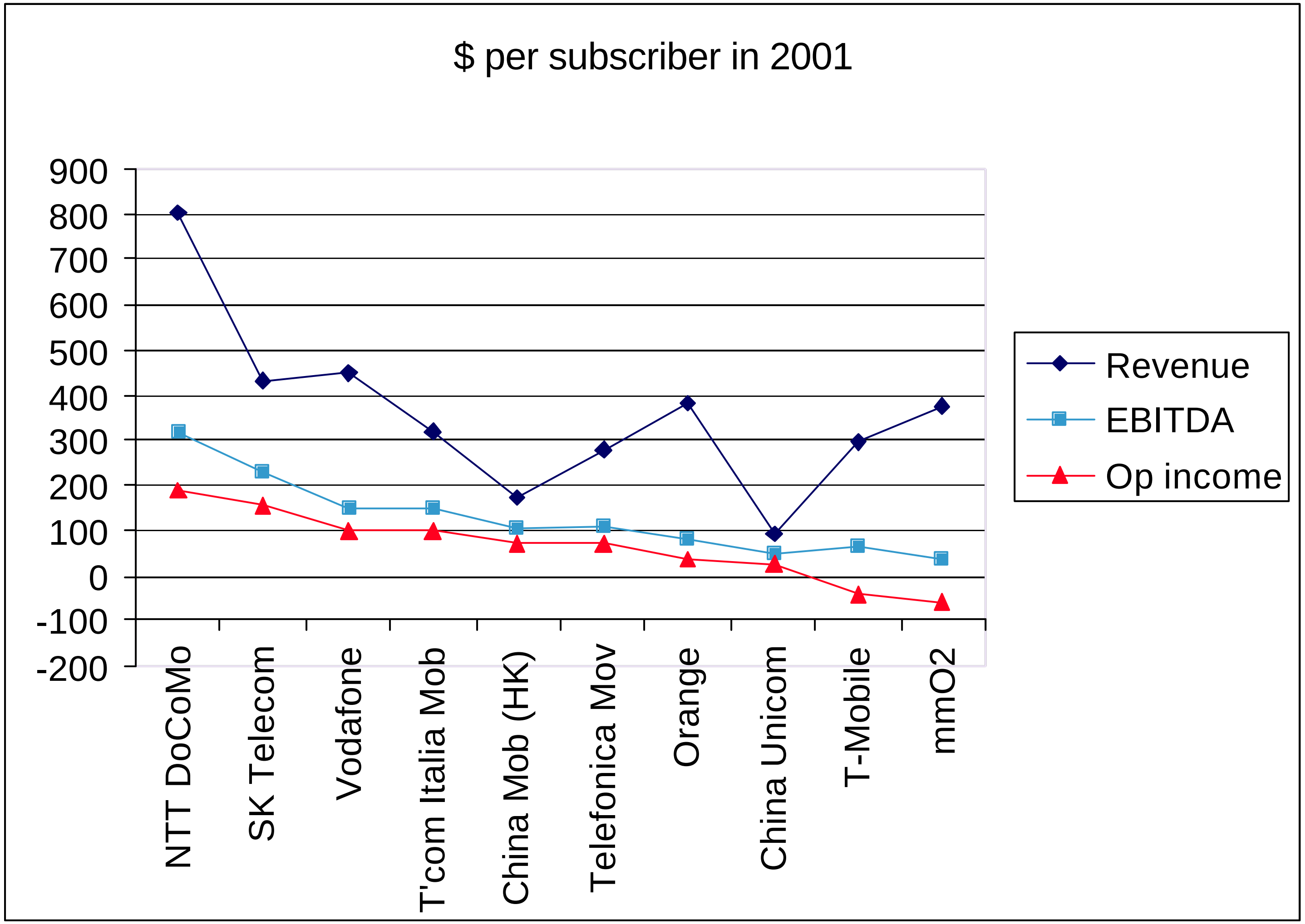
Welcome to single digit growth

For example: Is Vodafone a “utility”?

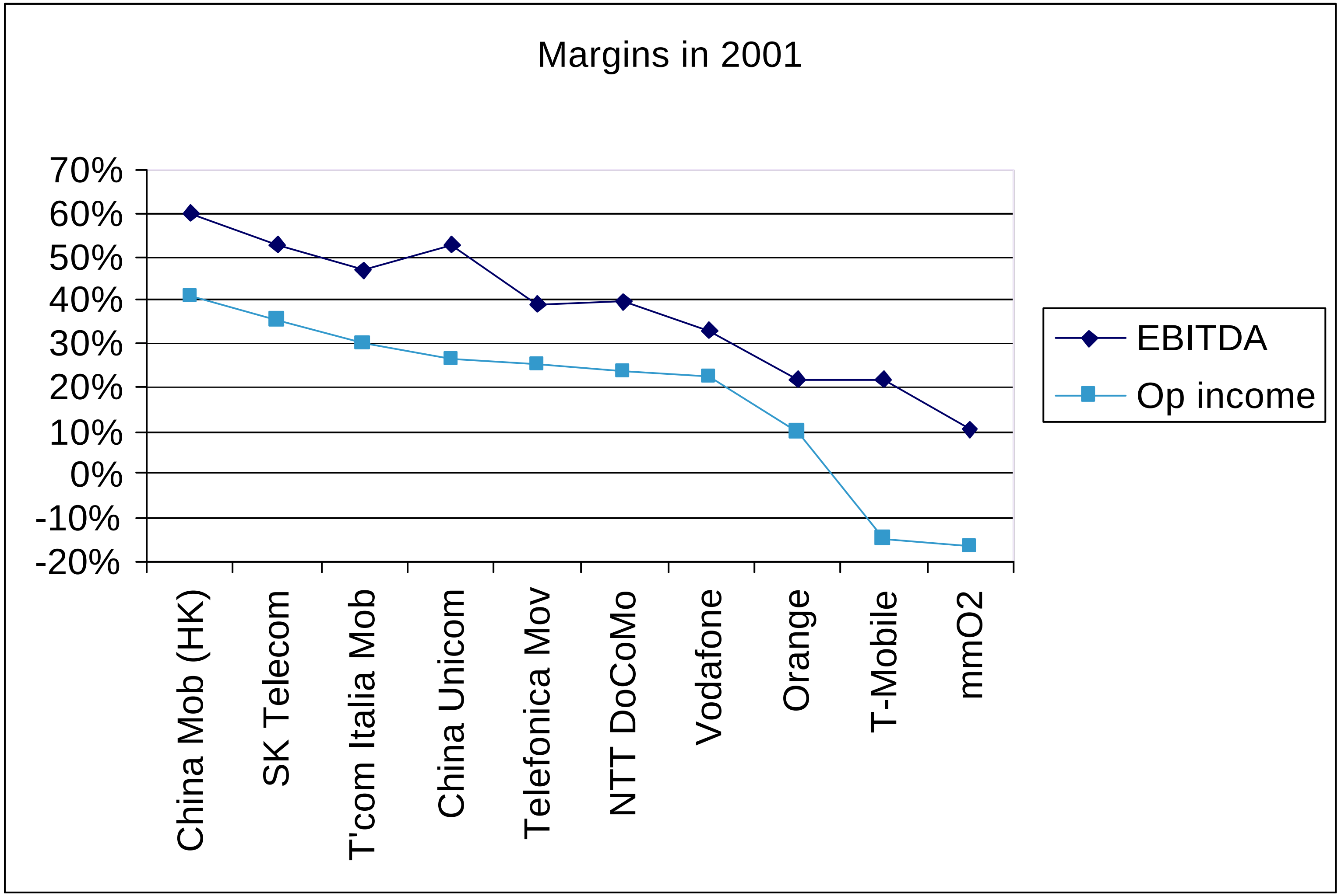
- Organic growth was just 9% in YE 3/02
- 10% pa subscriber growth is expected for the next two years
- Even if ARPU *doubles* over the next 10 years, this is just 7% compound annual growth
- Current market cap = 2.4x revenues, or 30x free cash flow
- These are much higher ratios than a utility

Even today, wireless companies are not over-valued!

Profit per subscriber



Profit margins



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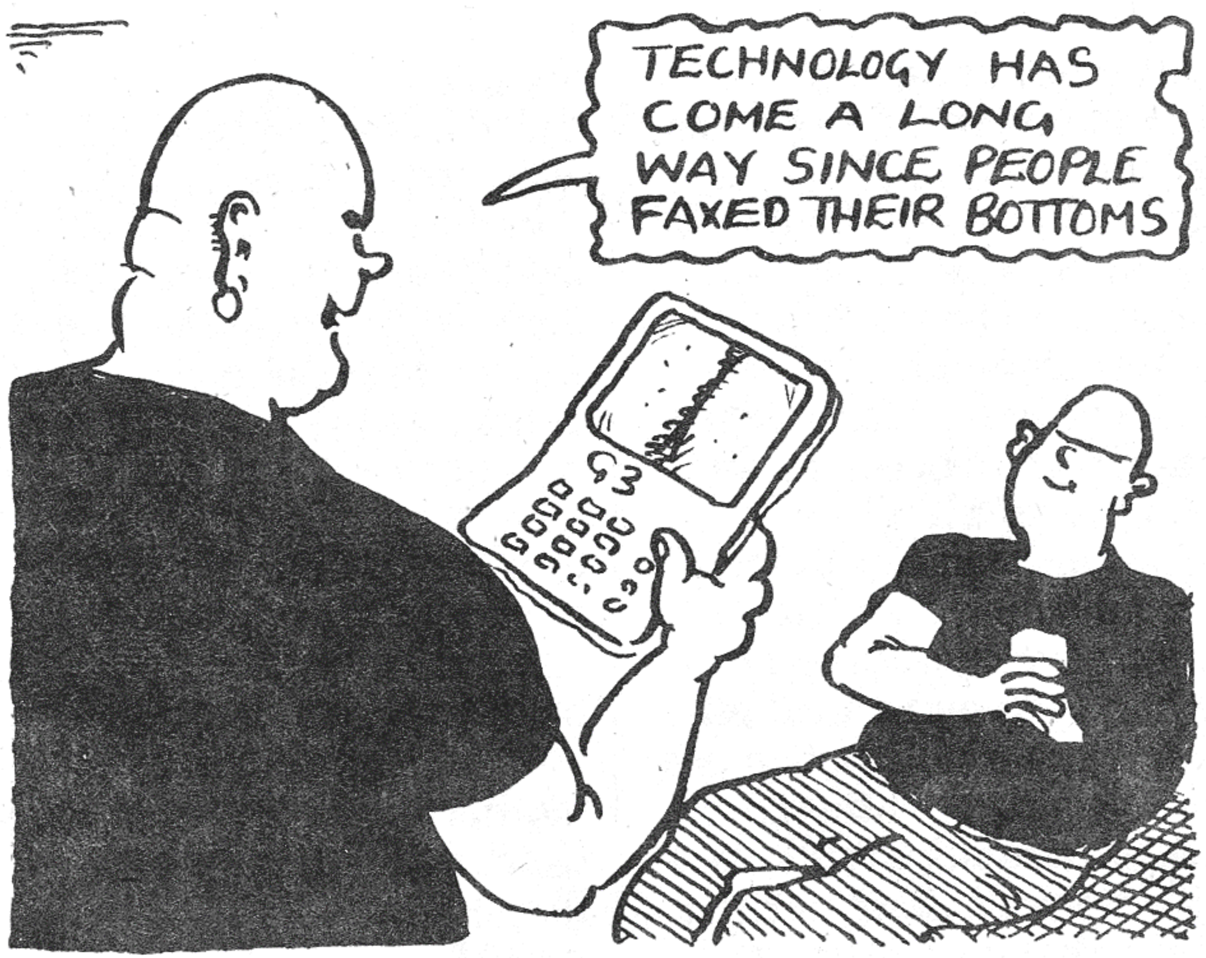
Consolidation is inevitable in Europe

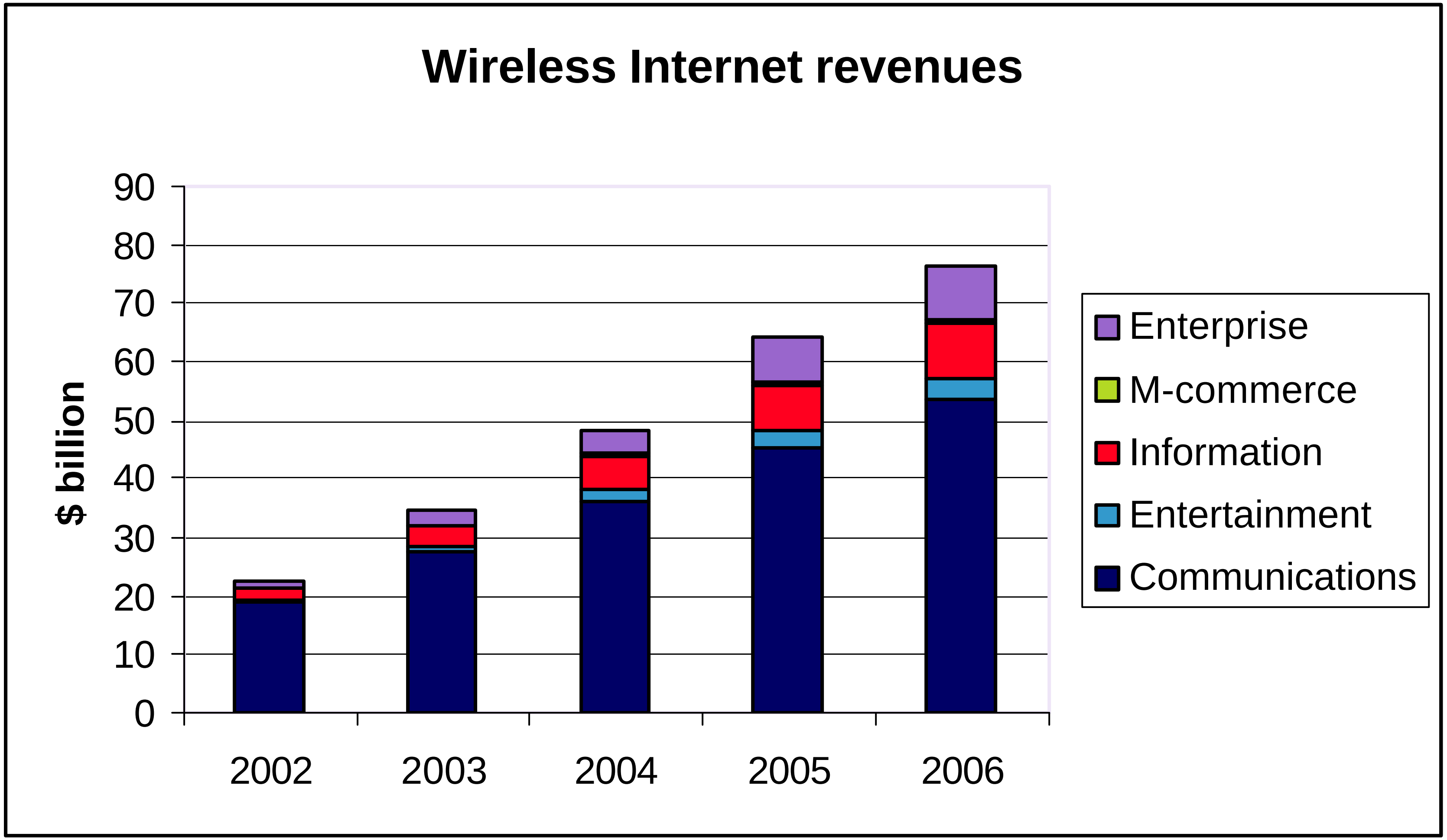
- It’s a game of scale, and probably not much differentiation
- Large countries will support three operators
- Often the incumbent subsidiary + Vodafone subsidiary + ANO
- Consolidation is likely in Germany, Italy, Netherlands and the UK
- Smaller countries will support two operators
- But … expect more virtual service competition

No confidence in multi-media applications

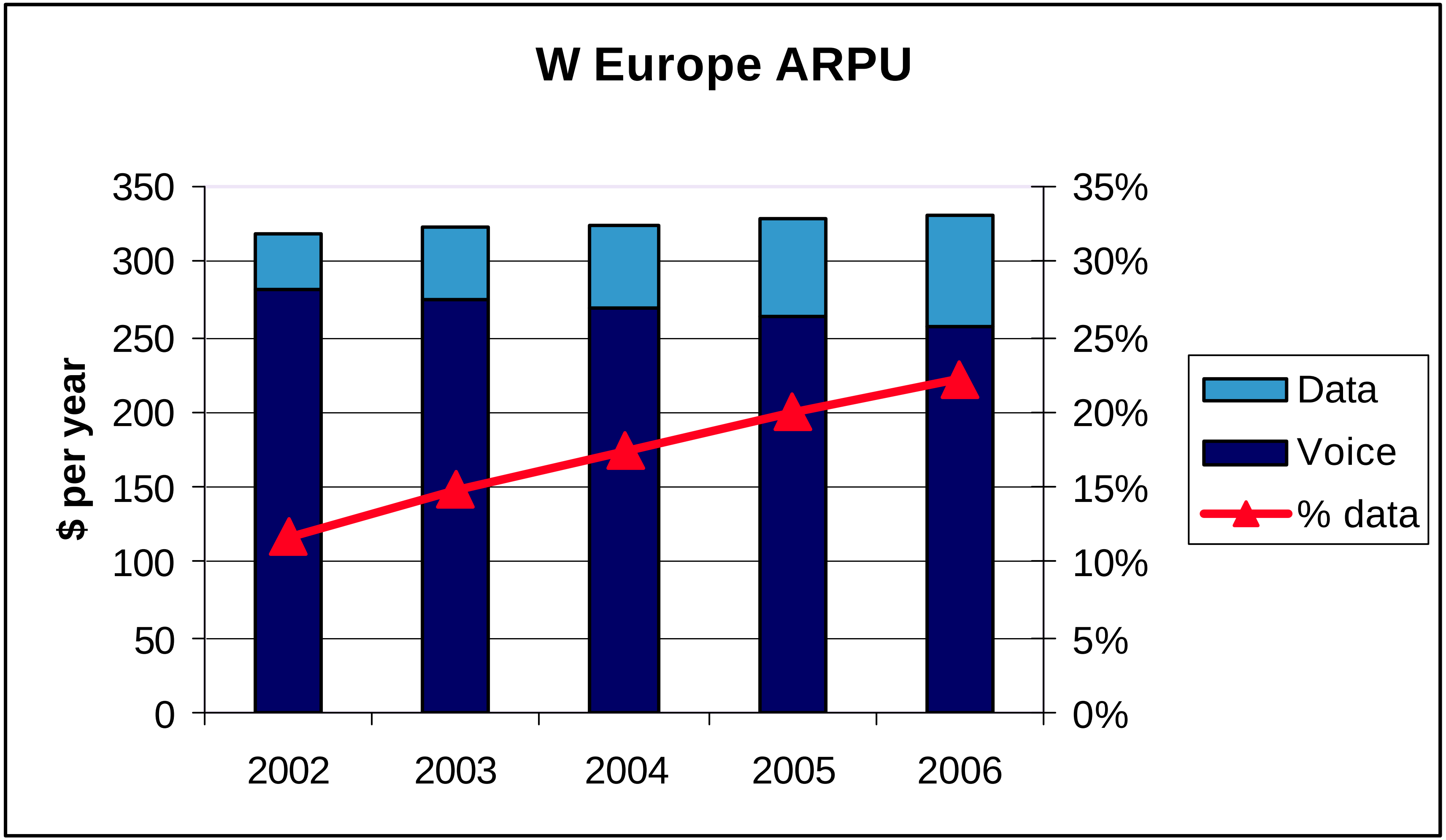


Source: the Guardian

Global Wireless Internet revenues



The impact on ARPU



Operator = hypermarket

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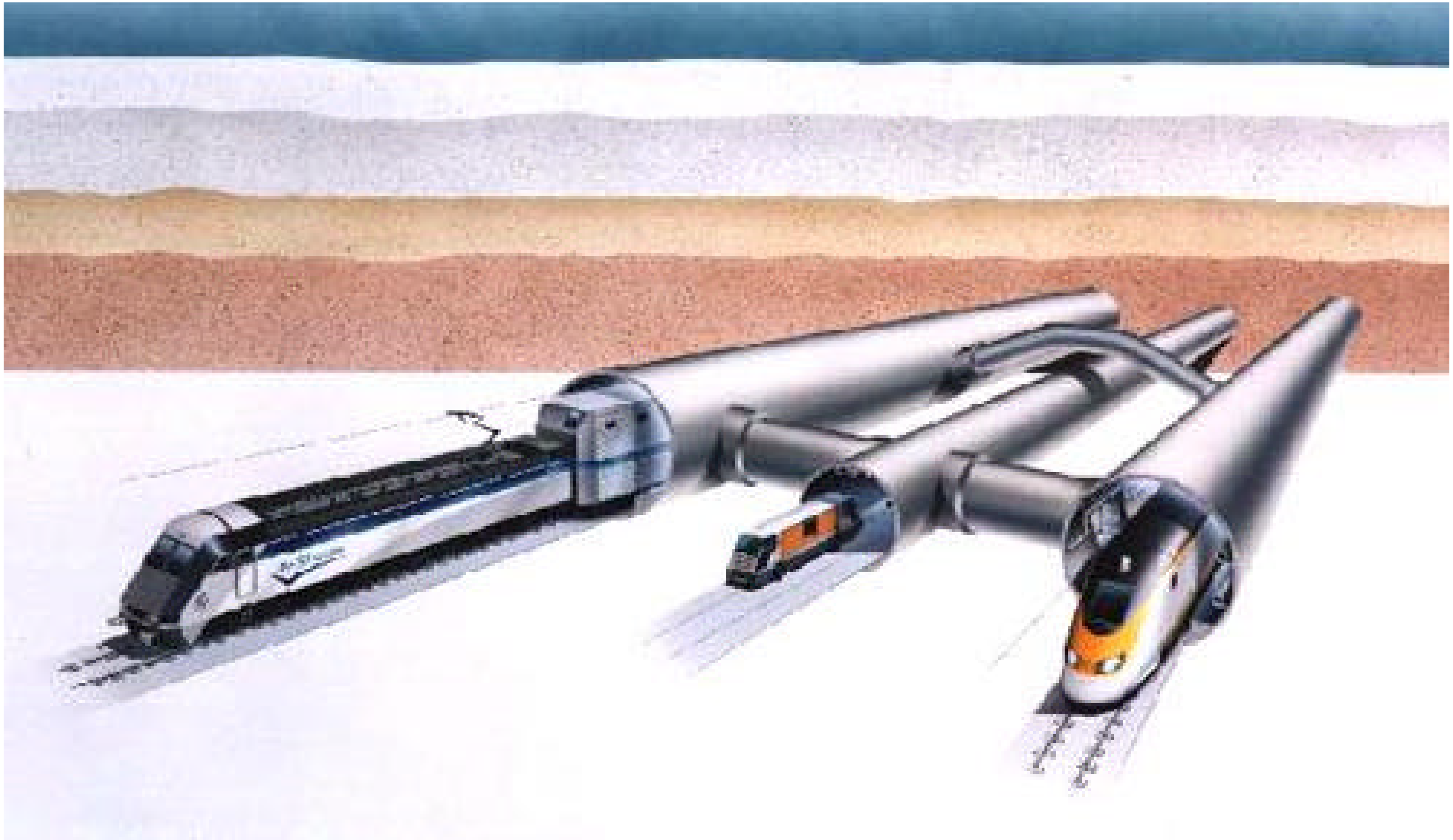
3G - have we been there before?



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Operators are stranded between strategies

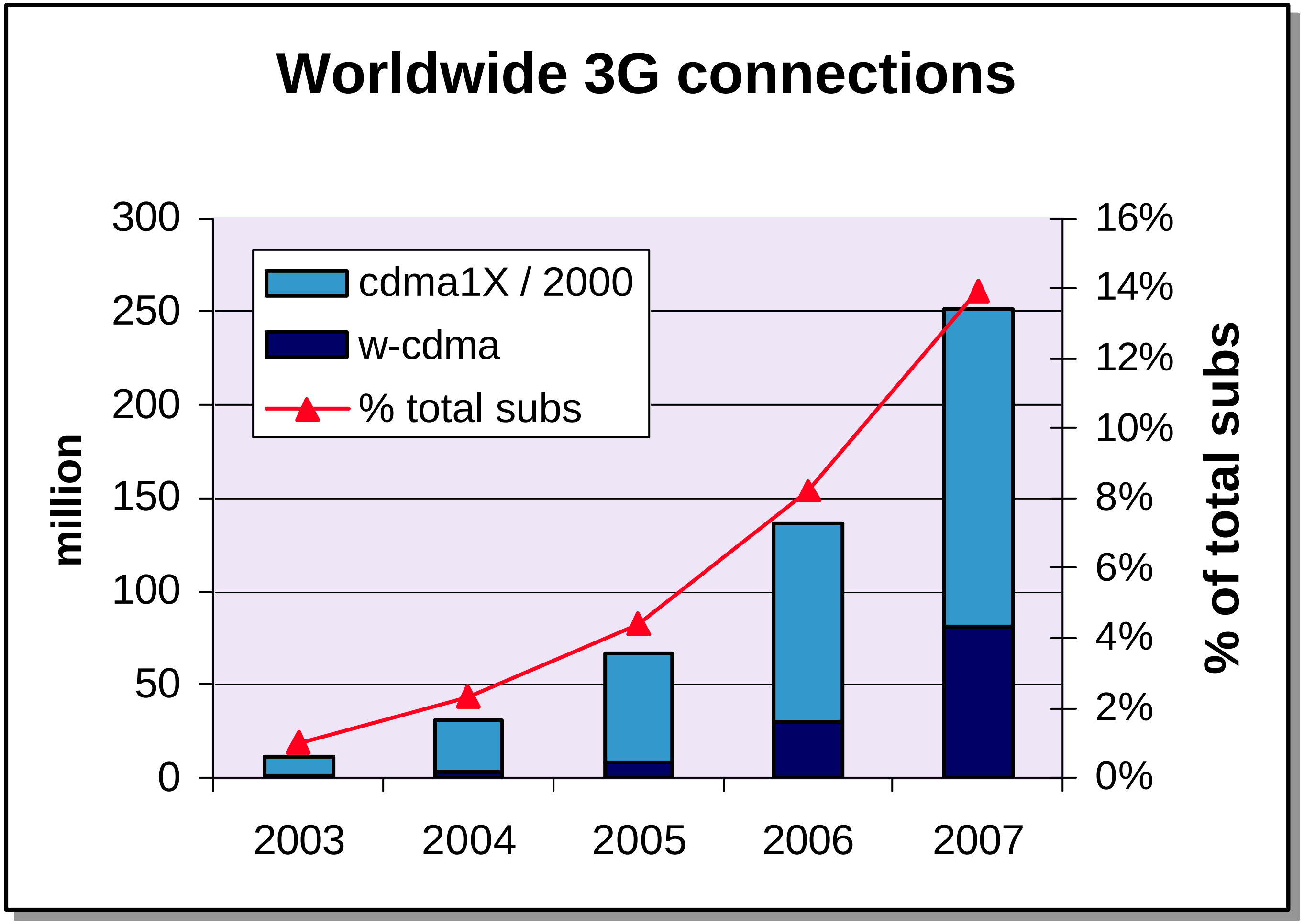
Capacity relief ? **Mass market multi-media**

- Coverage requirements
- No cheap, simple 3G phones

- Low credibilty
- Limited access to capital

Need more degrees of freedom to go forwards

3G prospects look poor



Source: Ovum July 2002

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Be patient !

First Tuesday Zurich and GDI present: THOUGHT LEADERSHIP FORUMS 2002

MOBILE LIFE:

The realistic scenarios

Presentations

> Julian Hewett

> Brian Potterill

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