Vodafone: A Strategic Markets Review

All data sourced from 3Q-2003.

Bonus MS Excel Pack with extractable data for your own manipulations available

Thorough analysis, thorough insight

Concise Insight

Concise Insight is a London-based dedicated technology consulting and advisory firm focused on the wireless communications sector.

Our analysts and consultants undertake engagements on behalf of our clients as well as research innovative wireless technology and service trends for our own portfolio of reports and databases.

The report titled "**Vodafone: A Strategic Markets Review**" is the latest addition to Concise Insight's tradition of providing in-depth, well researched and structured analysis into the mobile industry:

- *Unique 7 year forecasts at Country Level, 8 quarter ahead forecasts at the Vodafone Network Level for subscribers, handsets, usage & revenue*
- Key operational & financial benchmarks including ARPU, churn, subscriptions, prepaid ratios, %age messaging & mobile internet revenues, for all 26 markets in Europe, Asia-Pacific, Africa and the Americas
- Clear perspective on Vodafone's investment, operational & financial activities
- Detailed profiling of Vodafone's mobile handset inventory as well as tariffs (prepaid, contract & mobile data) for 16 key markets
- Clear understanding of licensing & competitors for all 16 markets

Concise Insight Report on Vodafone: Global Cellular Architect or Market Opportunist?

Excerpt from PR Newswire: "Through equity investment and strategic partnerships, the Vodafone Group has a footprint in 36 countries. 26 of those are equity-held investments. As a result of that market presence, Vodafone is a significant cellular player. At the end of 3Q-03, on a full venture basis, 23.8% of the world's subscribers, or 315 million, belong to Vodafone equity-held networks. "In 2003, 116 million handsets out of the total 465 million sold in 2003 were sold to Vodafone equity-held network subscribers. If you were to add up all the service revenue from Vodafone equity-held networks, on a full venture basis, they stood at US$ 103 billion in 2003, which is 31% of total service revenues from those markets", said Jake Saunders, Director of Concise Insight.

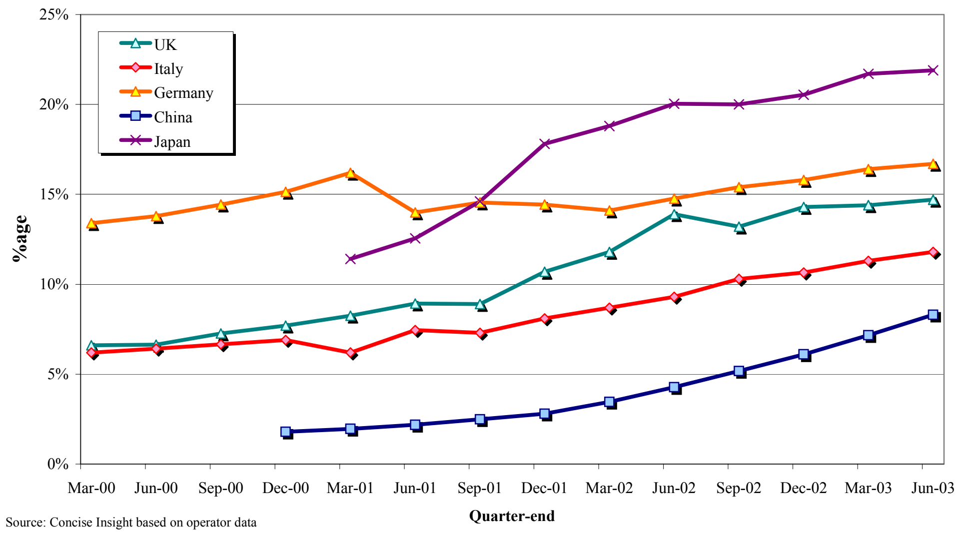
2004 will see Vodafone join Hutchison3G in offering 3G services. While Hutchison3G had to start building up market awareness and momentum, Vodafone has had the luxury of holding back commercial launch until better conditions materialise. There is a quiet confidence that a number of Vodafone cellular networks will commence service by 2Q-04. However, 3G handset performance (especially battery life) and subscriber uptake is likely to fail to meet expectation through 2004, and into early 2005, for all 3G operators.

Nevertheless the value proposition for 3G is slowly but surely coalescing. From Concise Insight's own analyses of each market in which Vodafone operates, mobile data, mostly in the form of text messaging and premium text information services has grown substantially. In the UK, for example, mobile data grew from 6.6% of service revenues in 1Q-00 to 15% in 3Q-03. This follows a similar pattern in Germany and Japan where mobile data usage is even higher. The notable exception, considering its market conditions, is the US. Verizon Wireless reported just 1.8% mobile data revenue in Sep-03.

By 2006, 3G adoption and usage needs to be well underway. Aggregate cellular subscriptions will flat-line by 2006 in most developed markets. The 1Q-01 to 3Q-03 collapse in investment confidence in the wireless sector has been driven by hype over untried technologies but also from diminishing net additions as had been the norm. 3G needs to deliver the requisite bandwidth and functionality to drive down underlying input costs so that 3G tariffs and features can be offered to a mass market. This need for innovation will be particularly necessary in the handset market-place.

Voice usage is growing by leaps and bounds. Indeed 3G voice communications could very well become the 'it' application as "home-zone" and "business-zone" tariffs becoming increasingly prevalent as well as push-to-talk and IP-based group-talk applications pick up popularity. The growth in voice usage has forced many operators, including Vodafone, to re-state their predictions for the percentage that mobile data represents of service revenues. Mobile data revenue growth has not so much as slowed down as the contribution made by voice to service revenue has expanded.

Mobile Data as a Percentage of Service Revenue



Source: Concise Insight based on operator data

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- Albania**
- Austria**
- Australia**
- Belgium
- China
- Egypt**
- Ireland
- Fiji
- Finland**
- France**
- Germany**
- Greece
- Hungary**
- Italy**
- Japan**
- Kenya
- Malta
- Netherlands
- New Zealand
- Poland**
- Portugal**
- Romania
- Slovenia**
- South Africa*
- Spain
- Sweden
- Switzerland**
- UK**
- USA**

** Detailed handset & tariff plan analysis

There is also a Bonus Pack:
- Key Operating Benchmarks*
- Vodafone Tariff Database*
- Vodafone Handset Model & Pricing Database*
- Detailed Handset Vendor Analysis*

And also…
- 7 yr Annual Subscriber Projections: By Country
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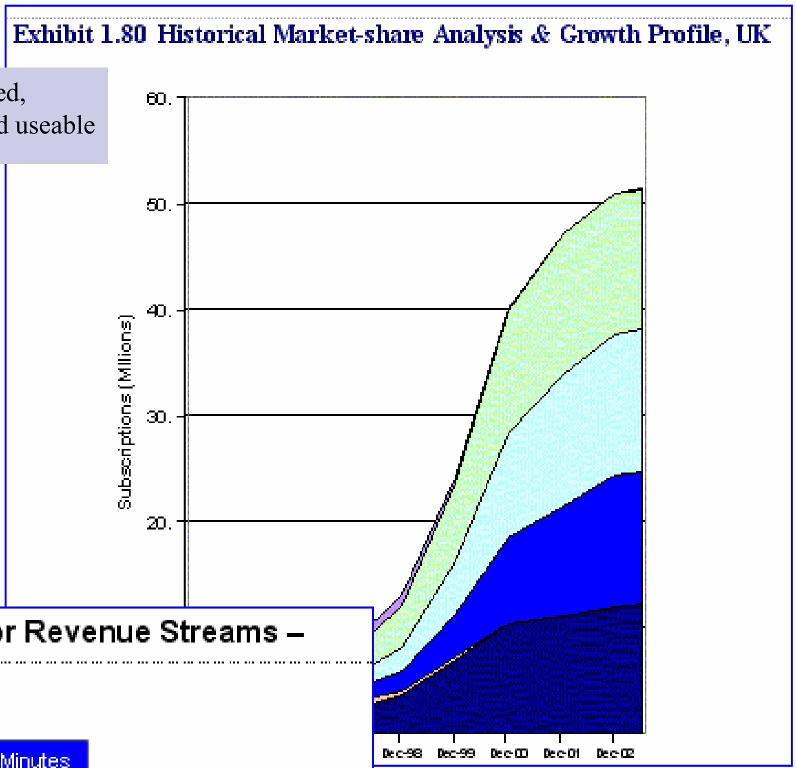
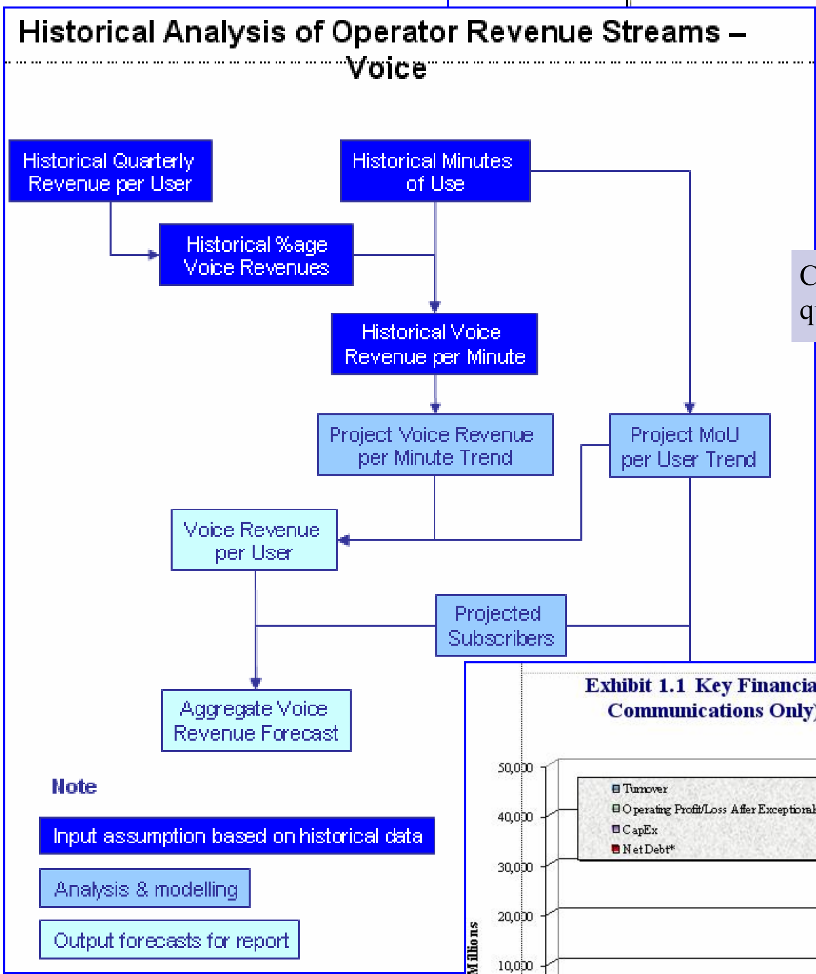
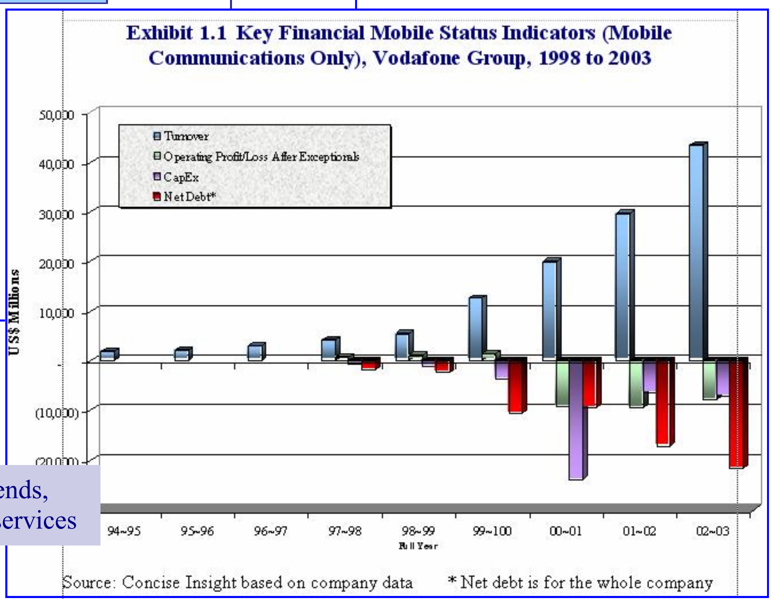
Screen Captures from Vodafone — A Strategic Markets Review

Information that is structured, accessible, meaningful and useable





Constructive balance between qualitative and quantitative analysis



Concise Insight into underlying trends, market players, technologies and services

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Vodafone: A Strategic Markets Review

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Additional Facts about the Report

- The report totals 400 pages
- Has more than 300 charts, tables and diagrams
- Took more than 3 months to research, compile the analysis & write the report
- More than 50 industry executives, regulators and other information sources were used
- This report draws on Jake Saunders' regular quarterly CNN commentary on Vodafone

Questions Answered

- What is the macro economic climate like in each of Vodafone's local markets?
- What is the competitive landscape for each local Vodafone network like? How will the long-term market for subscriptions, handsets, usage and network revenues evolve over 7 years?
- What has Vodafone been up to on the investment, disposals and operations front for the past 10 years?
- Historically, how has Vodafone's subscriber uptake, usage (messages & minutes) and network revenues performed on a quarterly basis? How is Vodafone projected to perform over the next 8 financial quarters?
- What features do Vodafone's current line-up of handsets offer? How are contract handsets priced versus prepaid? Taking into account replacement sales and new connections, how many handsets sales are Vodafone's local cellular networks likely to generate over the next 8 quarters?
- What were Vodafone's revenue, operating profit/loss, R&D spend, bad debt, net debt and capital expenditure for the past 6 years? And the 3G ratio?
- What is happening in the UK Corporate Download Market-place? Who is the most competitively priced?
- What are the challenges for Vodafone's new management?

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