

CTO

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- www.themobileworld.com

THE MOBILE WORLD

- The world's best source of information about the telecom industry, trusted by
 - UBS
 - Citibank
 - Barclays Capital
 - NM Rothschild
 - Standard Bank
 - Ernst & Young
 - The GSM Association.....amongst others

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Some Thoughts From a DATACENTRIC PERSPECTIVE

- How much does the industry know about itself?
- How much of what it believes about itself is accurate?
- If it is mistaken about basic matters of fact, does this matter?

How Much Does The Industry Know About Itself?

- Question 1: What was the level of mobile industry revenue in 2011?
 - A) \$1.2tn
 - B) \$950bn
 - C) \$600bn

How Much Does The Industry Know About Itself?

- Question 2: What was the average EBITDA margin?
 - A) 30%
 - B) 33%
 - C) 36%

How Much Does The Industry Know About Itself?

- Question 3: How much debt did the industry have on its balance sheet at the end of 2011?
 - A) \$199bn
 - B) \$323bn
 - C) \$557bn

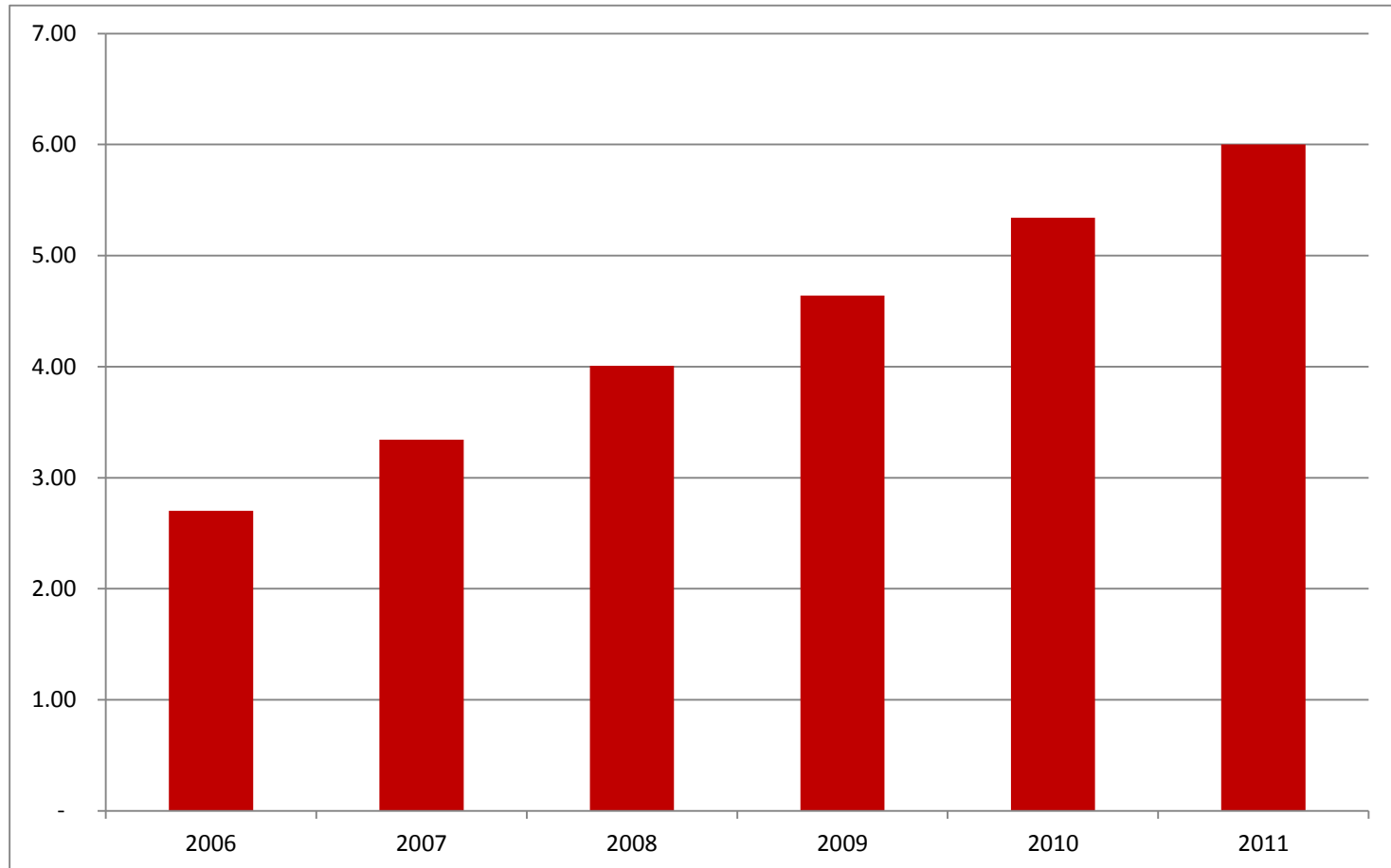
How Much Does The Industry Know About Itself?

- Question 4: What was the approximate value of the mobile industry?
 - A) \$500bn
 - B) \$1.1tn
 - C) \$1.7tn

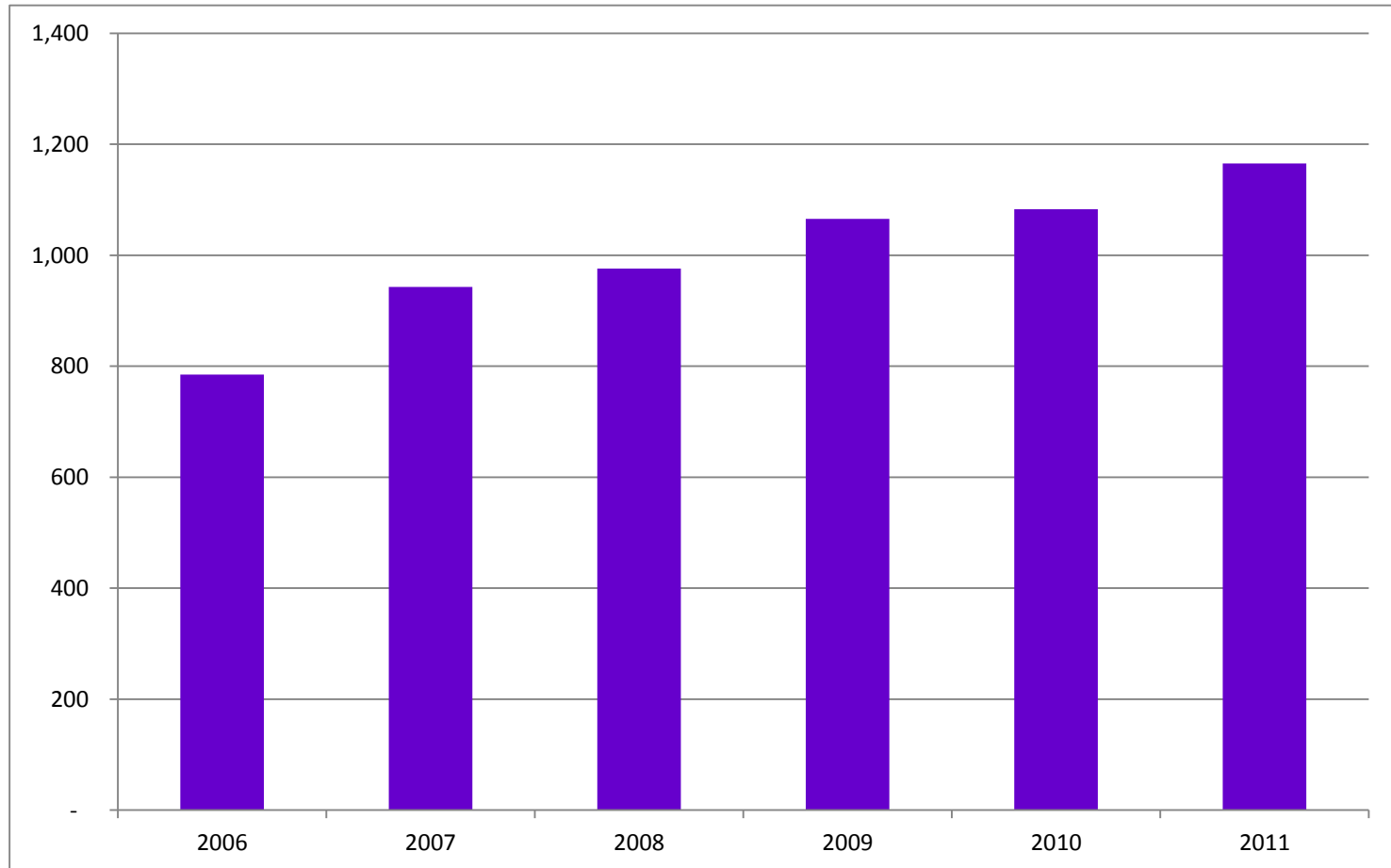
ESSENTIAL STATISTICS

- Connections – 6bn
- Revenue - \$1,166bn
- EBITDA - \$384bn
- Margin 32.9%
- CapEx - \$181bn
- Free Cash Flow - \$203bn
- Enterprise Value - \$1,700bn
- Net Debt \$573bn

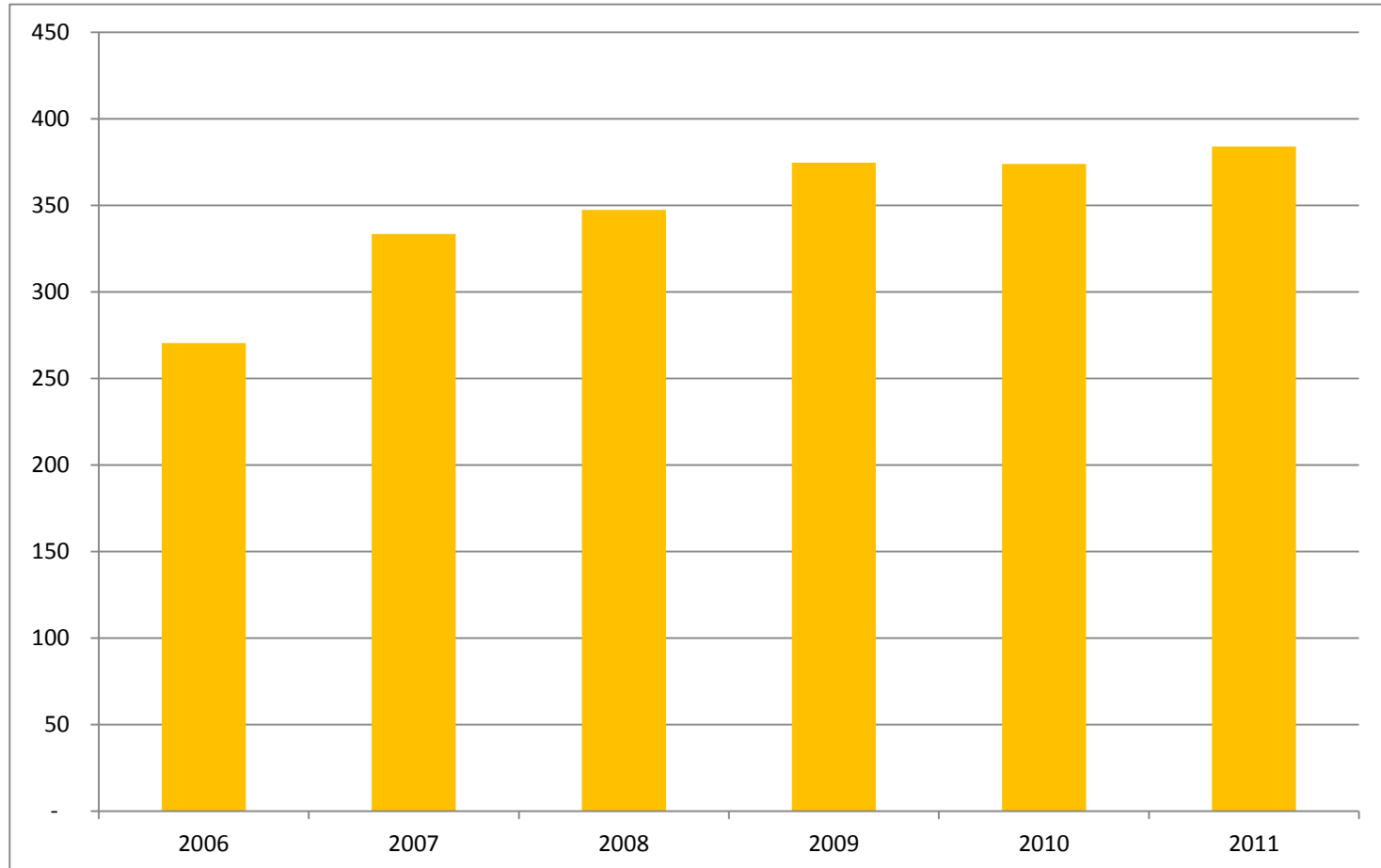
Mobile Connections, Globally (BN)



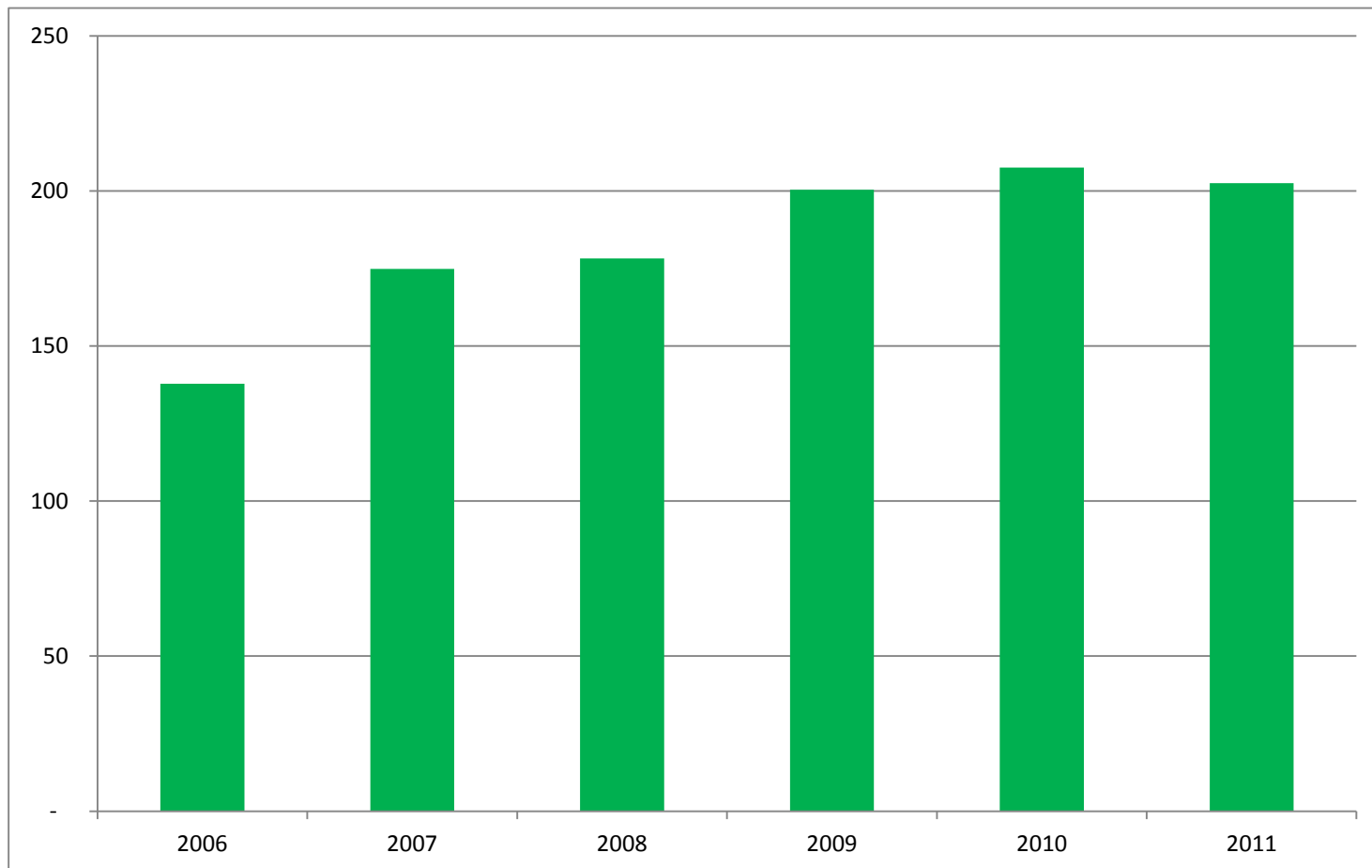
Mobile Industry Revenues (US\$BN)



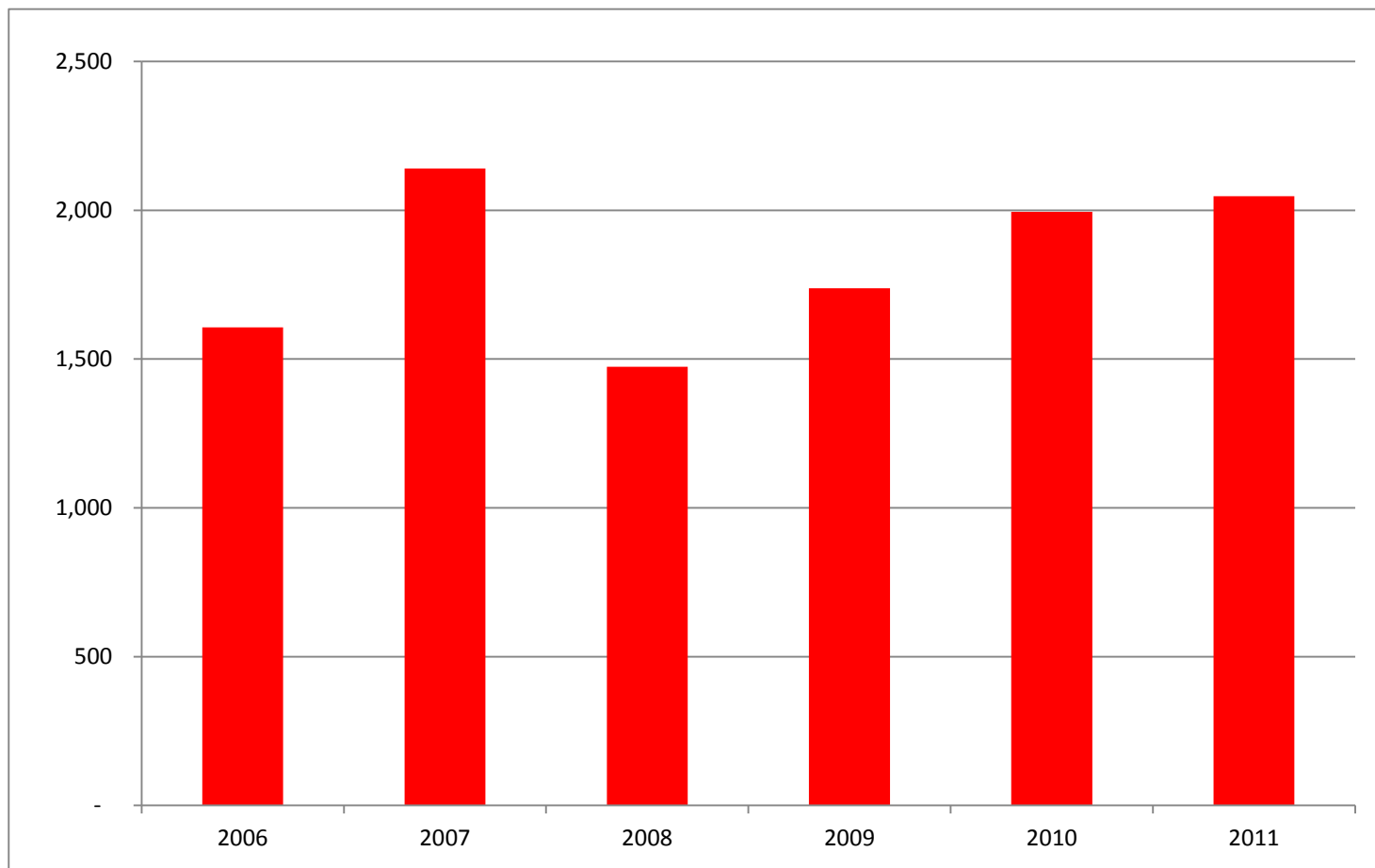
Mobile Industry EBITDA (US\$BN)



Mobile Industry Free Cash Flow (US\$BN)



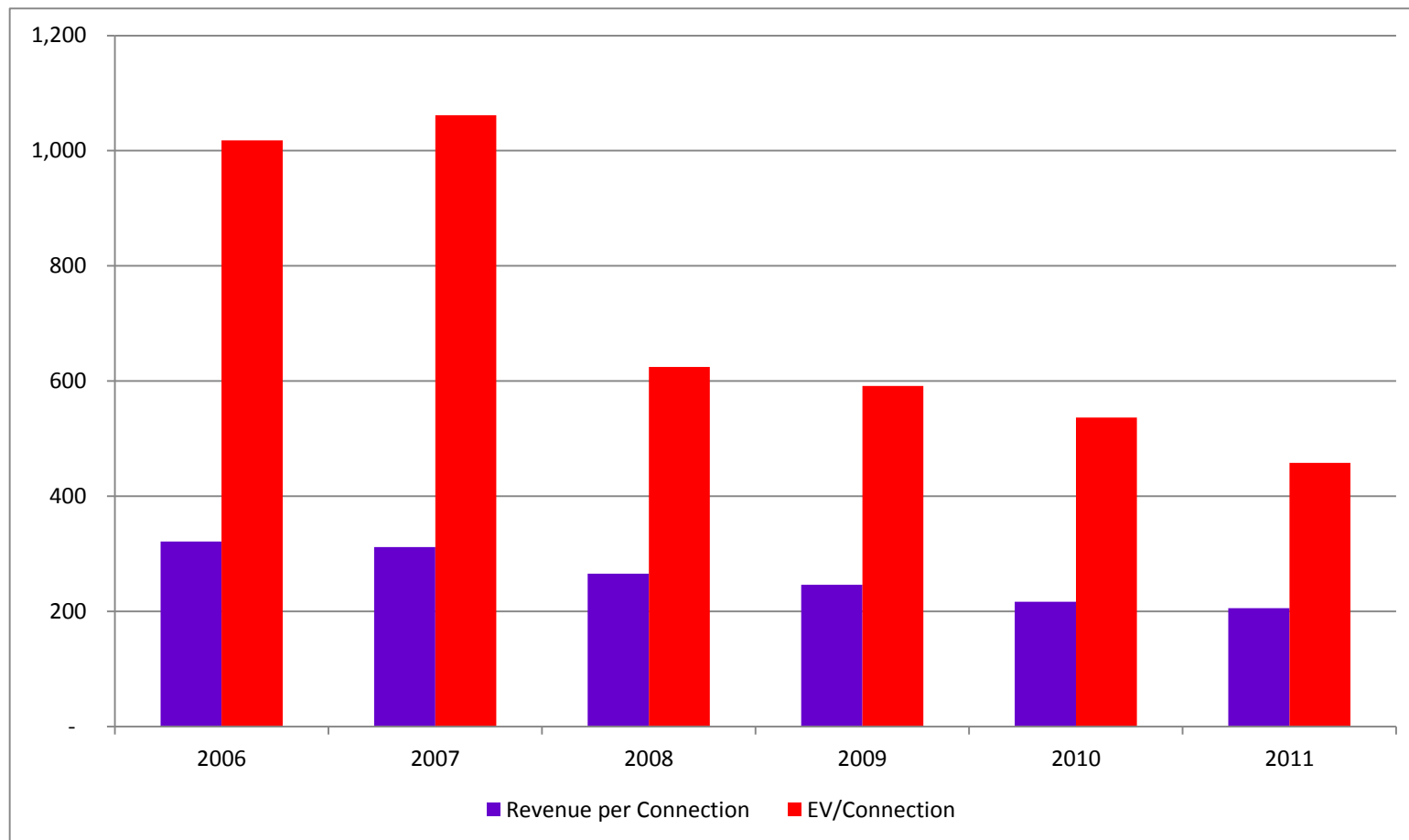
Mobile Industry Enterprise Value (US\$BN)



Still A Growth Industry....but

- The Mobile Industry **continues to grow**, whether this is measured by connections, revenues, profits or cash flow
- However, industry **valuations have halved** over the past five years

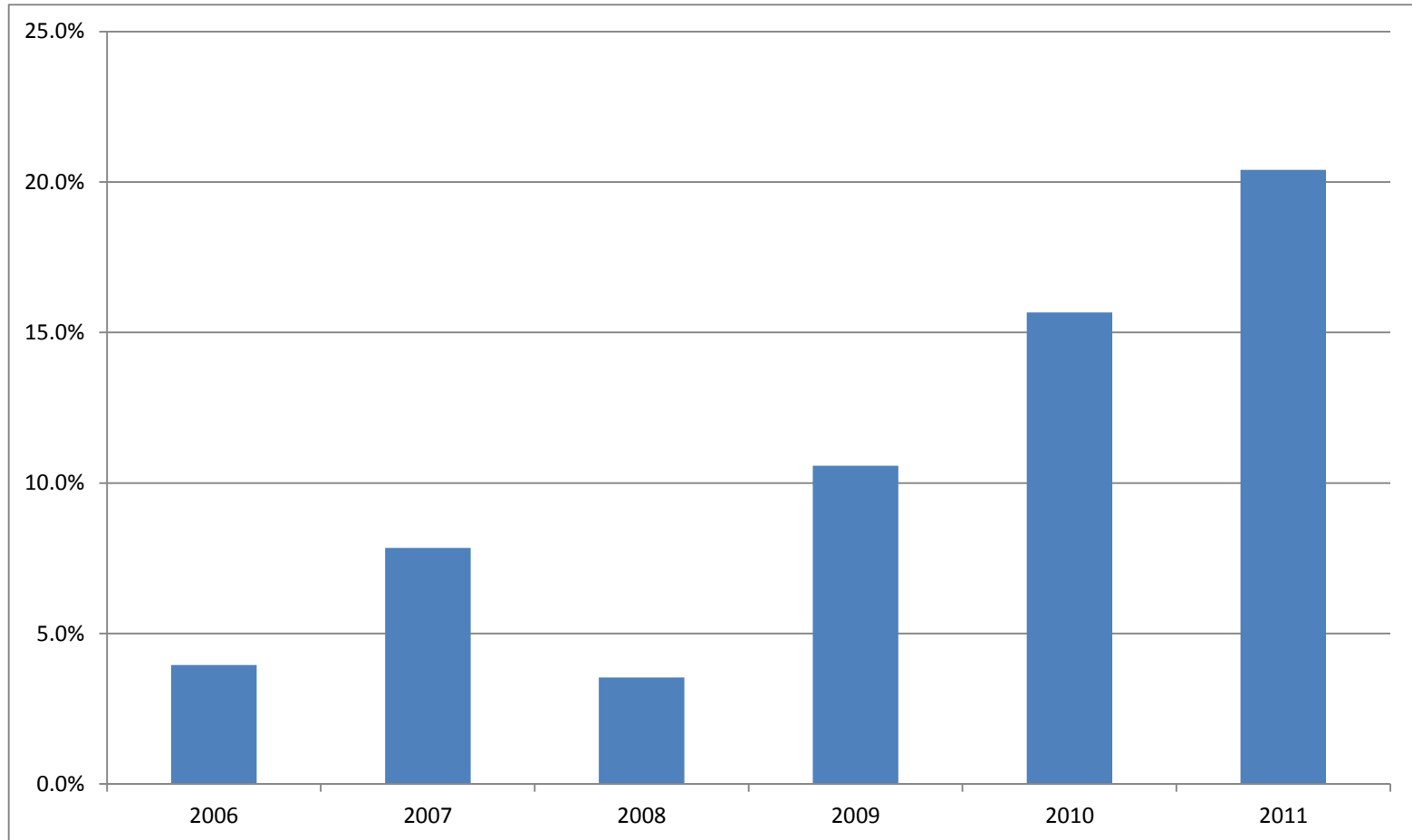
Revenue/Valuation per Connection (US\$)



...Valuations have plummeted

- One reason for the drop in valuation is that Apple is eating the mobile industry's lunch, or at least, thought to be....

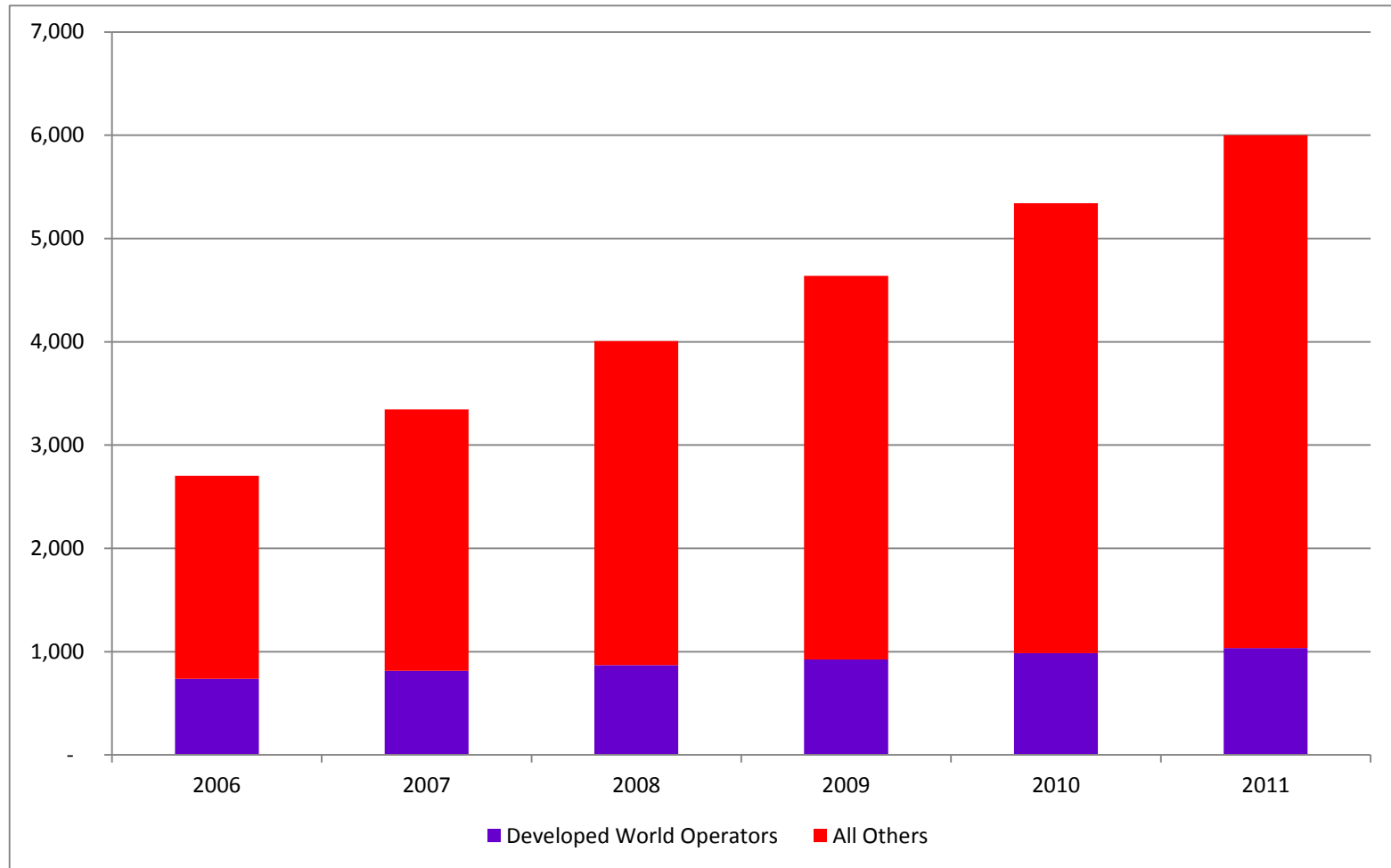
Apple Telecom Valuation as a % of Mobile Industry Valuation



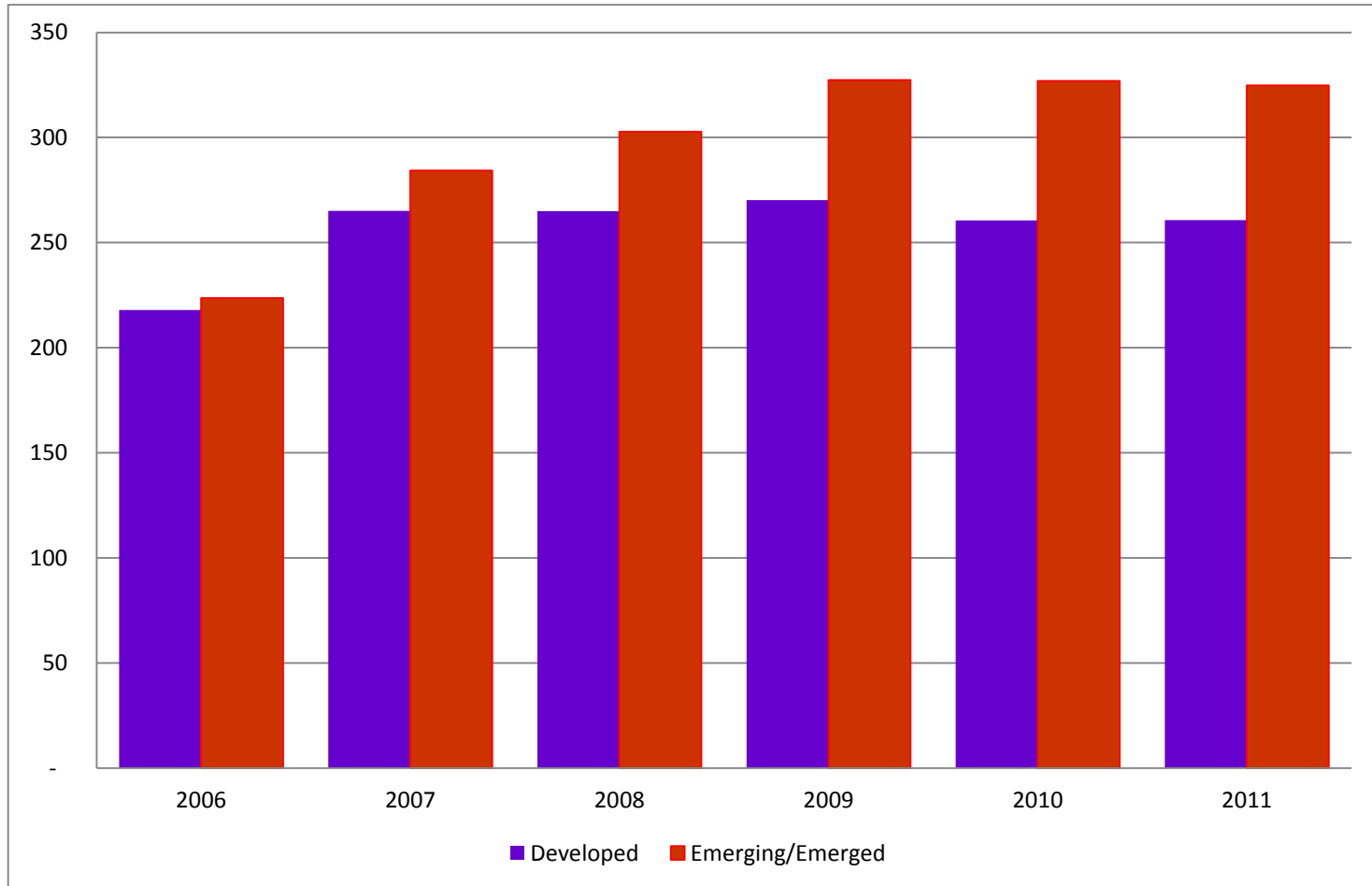
Partly due to a lack of perspective

- Another, is that all the analysts are in the developed world and don't bother to track the developing world....
- Partly because of the poor quality of information available
- If they looked more carefully, they'd see this:

Global Mobile Connections (Ms)



And this: Mobile Industry EBITDA (US\$Bn)



Conclusions

- Developed world analysts are drawing **global** conclusions from **regional** data
 - The developing world still has a great story to tell...
 - If it chooses to do so
 - Bettering understanding of the *real* state of the industry will facilitate investment
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