



## 3Q08 Germany Mobile Forecast

Vodafone D2 will continue to enjoy the highest  
level of profitability in Germany



**FreeSight #11.2008**

*September 2008*



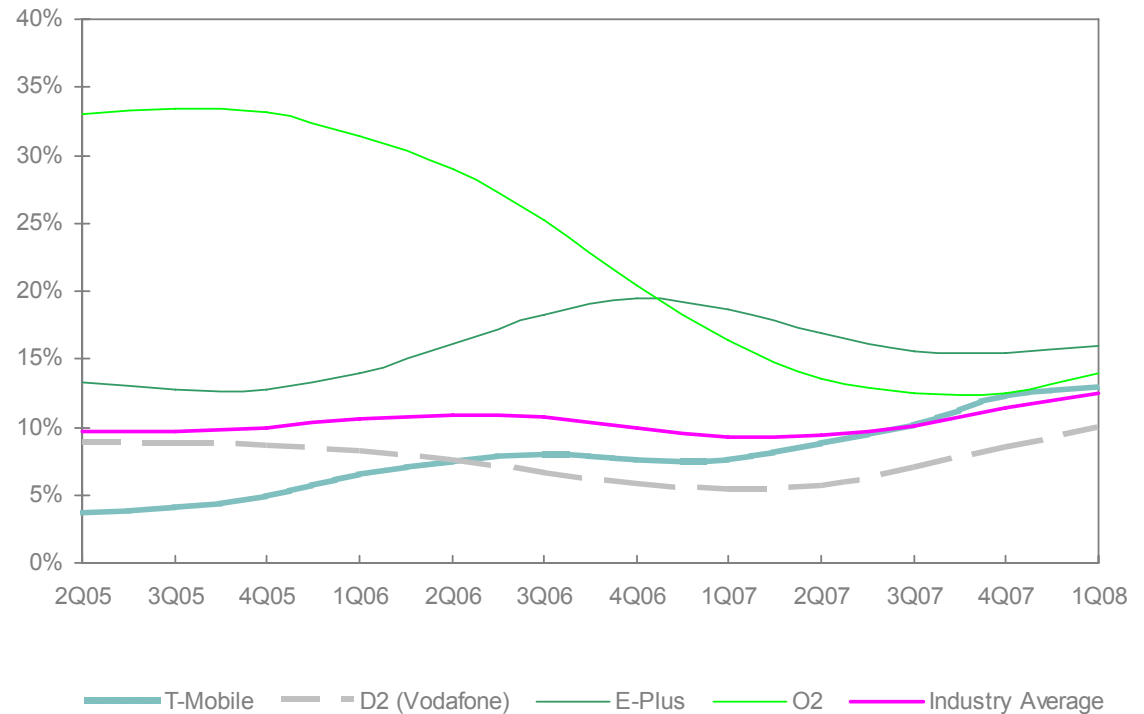
# Subscriber growth continues to be strong

**+12.5% average subscriber growth over last four quarters**

## SUBSCRIBER GROWTH IN GERMANY CONTINUES TO BE STRONG

- The operator-wide subscriber growth averaged 12.5% over the last four quarters (2Q.2007 – 1Q2008)
  - This is higher than the average of 9.3% over the four-quarter period from 2Q.2006 to 1Q.2007
- All of the four operators have seen positive growth
  - The operator with the fastest subscriber growth over the past year is E-Plus with the average growth of 16% over the last four quarters

Chart 1: Subscriber Growth (2Q05 – 1Q08), %



Source: IEMR



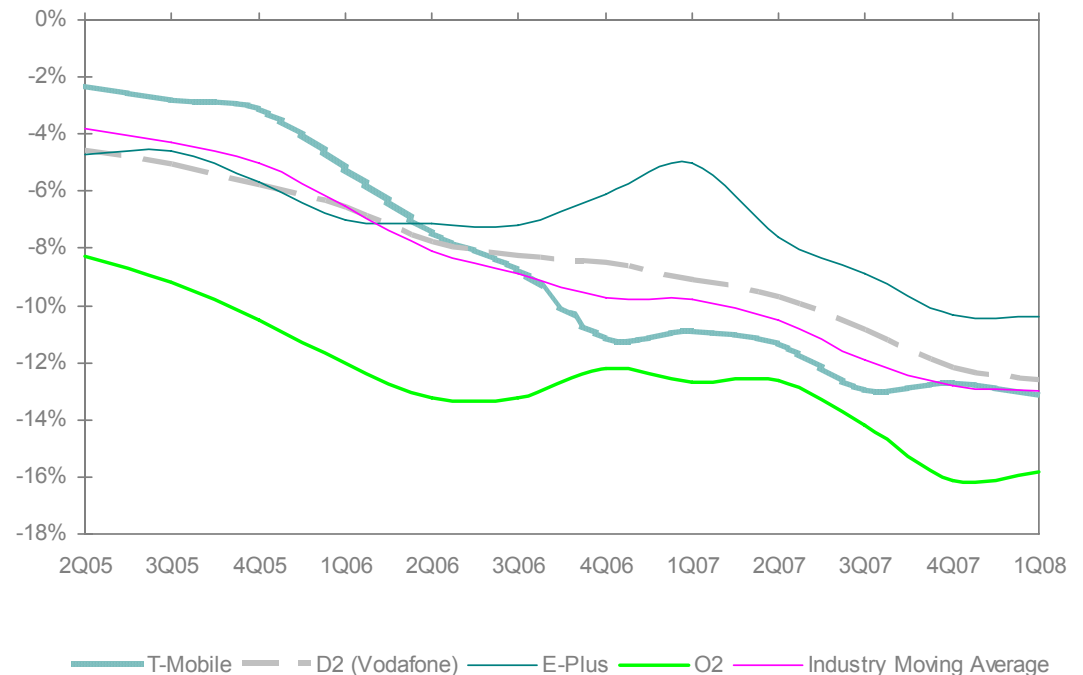
# ARPUs continue to decline in Germany

## *-13% average ARPU growth over last four quarters*

### THE AVERAGE ARPU IN GERMANY CONTINUES TO DECLINE, AND IT IS DECLINING AT AN INCREASING RATE

- The ARPU growth rates for all of the four operators continue to be negative
- In addition, the operator-wide average ARPU level is decreasing at an increasing rate
  - The average ARPU growth from 2Q.2007 to 1Q.2008 was -13%
  - This is much lower than the average growth of -9.8% over the four-quarter period from 2Q.2006 to 1Q.2007
- O2, in particular, had the average ARPU growth as low as -15.8% over the last four quarters

Chart 2: ARPU Growth (2Q05 – 1Q08), %



\* Data shows 4-quarter Moving Averages

Source: IEMR



# Data ARPUs are declining for most operators

*-2.5% industry average growth over last four quarters*

## DATA ARPUs ARE GENERALLY DECREASING IN GERMANY, BUT E-PLUS HAS SEEN ITS DATA ARPUs RISE

- The data ARPU growth averaged -2.5% across operators over the four-quarter period, 2Q07 – 1Q08. (It is lower than the average of -1.1% over the period, 2Q06 – 1Q07)
- However, E-Plus, which has received the lowest data ARPU in the country for several years, has seen positive data ARPU growth for the past year
- The operator-wide average data ARPU in 1Q.2008 reached US\$6.01 per month

Chart 3: Data ARPU Growth (2Q05 – 1Q08), %



\* Data shows 4-quarter Moving Averages

Source: IEMR



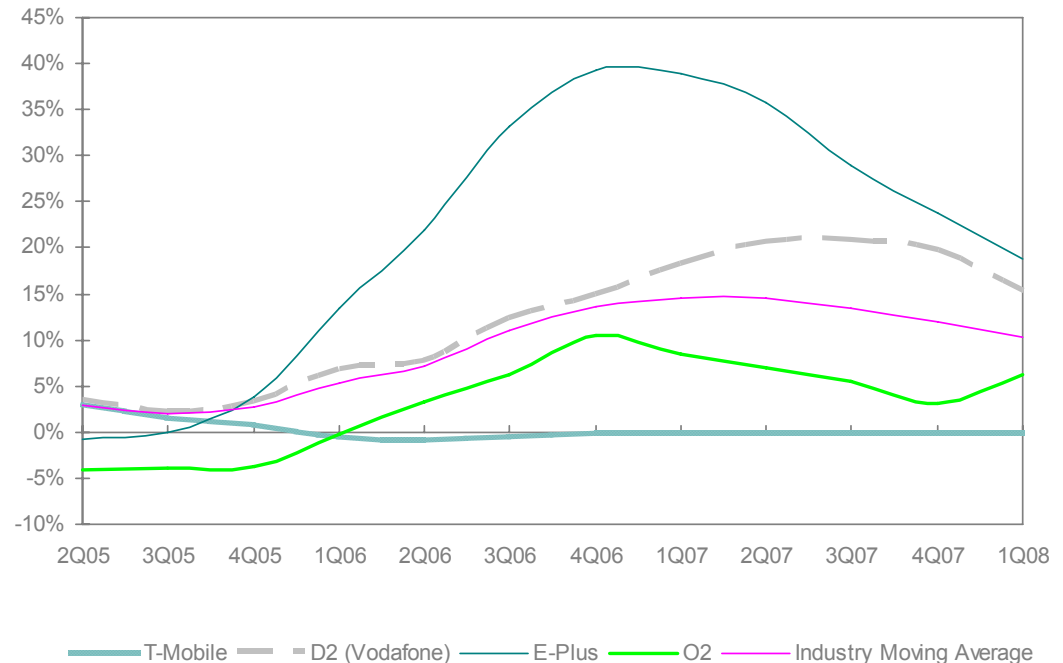
# Minutes of Use per Subscriber are increasing

**+10.3% operator-wide average growth over last four quarters**

## MINUTES OF USE PER SUBSCRIBER ARE INCREASING RAPIDLY IN GERMANY

- The industry average MOU/Sub growth over the past four quarters (2Q.2007 – 1Q.2008) was 10.3%
- E-Plus had the highest average MOU/Sub growth at 18.7% over the last four quarters. In 1Q.2008, E-Plus's MOU/Sub reached 142 minutes per month
- On the other hand, T-Mobile's MOU/Sub has not increased; it has stayed at 67 minutes per month for over 8 quarters

Chart 4: MOU/Sub Growth (2Q05 – 1Q08), %



\* Data shows 4-quarter Moving Averages



# EBITDA growth is negative for most operators

**-5.6% over the last four quarters**

## ALL OF THE US OPERATORS EXCEPT E-PLUS HAVE NEGATIVE EBITDA GROWTH

- Average EBITDA growth in industry over the last 4 quarters has been about -5.6%.
- E-Plus has enjoyed the highest EBITDA growth in the country over the last four quarters
  - Its EBITDA growth averaged 16.2% over this period
- EBITDA growth has been in negative territory for some time, but we expect all of the operators to enjoy positive EBITDA growth again from 2009 to 2010

Chart 5: EBITDA Growth (2Q05 – 1Q08), %



\* Data shows 4-quarter Moving Averages



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