

PRESS RELEASE

Hutchison will continue to outpace competitors Telstra and Optus on subscriber growth and Data ARPU in Australia's mobile operator market, according to new market research report by IEMR

Vancouver, October 16, 2008 – IE Market Research Corp. (IEMR), the Canadian-based provider of market intelligence services, announced today the release of its 4Q08 Australia Mobile Operator Forecast.

"Subscriber growth accelerated in 2Q08 to 7.7% YoY from 7.4% in 1Q08. Despite a high penetration level of 107%, service revenue growth among Australian operators was strong at 10.2%. Telstra and Hutchison continued to gain revenue market share at the expense of Optus and Vodafone. Hutchison also took 55% of postpaid net additions for the quarter," said Paul Gray, Principal Research Associate at IEMR.

"Australia stands out as one of the few countries IEMR covers with ARPU growth in 2Q08 of 2.5% YoY. This was due to strength at Telstra, where ARPU was up 7.5%. Telstra's wireless broadband contributed 50% of incremental service revenue growth at the company, and confirms our previous guidance that data ARPU continues to drive service revenue growth in Australia," said Nizar Assanie, Vice President (Research) at IEMR.

IEMR's Australia Mobile Operator Forecast covers up to up to 65 financial and operational metrics on four wireless operators. Notable highlights of the 4Q08 Australia Mobile Operator Forecast include:

- Net adds grew over 46% YoY for the second quarter in a row. At the same time, IEMR expects net adds to decline considerably -34.8% in 2009 as broadband pricing stabilizes, leading to reductions in subscriber adds.
- Subscriber Churn remained steady at 2.0%, which we expect to moderate in 2009 and 2010.
- EBITDA Margins were down 60 bps 29.9% of reported revenue, reflecting continuing gains at Hutchison and Vodafone offset by a decline at Optus with Telstra flat.
- Given the higher sustained level of DATAARPU experienced by Australia's mobile operators, we expect a higher level service revenue growth in 2009 and 2010 of 8% and 5.2% respectively (previously 6% and 4%).
- The level of wireless penetration in Australia will continue to increase and it will reach 113.5% in 2010 (previously 109.3%).

- We continue to see Hutchison as the growth story in Australia's mobile space. We are now predicting an even more aggressive average annual subscriber growth rate for Hutchison in Australia at 14.5% during the forecast period 2008-2010 (our previous forecast for Hutchison was 13.7% average annual growth). This far outpaces operators like Telstra and Optus, which we expect will see their subscriber growth remain at around 1.5% - 5.6% during the forecast period.

- Australia's largest operator, Telstra, will continue to enjoy the highest level of profitability in the operator space with 42.9% EBITDA margins in 2010 (unchanged from previous forecast). We maintain our profitability estimates primarily because, despite aggressive mobile broadband offerings in the market from other carriers, Telstra has been able to sustain its wireless broadband subscriber growth while at the same time maintaining its overall ARPU levels over the past four quarters.

- We have generally revised downward our ARPU forecasts for Australia. We continue to forecast that in 2010, Hutchison will receive the highest ARPU at AUD 66.52 per month (previous forecast: AUD 67.27 per month) while Optus will receive the lowest ARPU of AUD 46.91 per month (previously 45.62 per month).

- Like in other developed countries, data ARPU is increasing in Australia as people substitute phone calls with text messages and web searches. We think that Hutchison's 3G gambles are now paying off in Australia and that Mobile broadband pricing will firm up in the coming quarters. Based on numbers from the previous two quarters, we are increasing our forecast that Hutchison will receive the highest data ARPU of AUD 25.28 per month. This will be our third upward revision of Data ARPU in three quarters.

IEMR's Global Mobile Operator Forecast covers up to 65 operational metrics of 213 mobile operators in 50+ countries, making up 80% of the world's population. Forecasts are based on our proprietary, country-specific forecasting models. These models deploy multiple regression analysis and cross-impact matrices that estimate relationships between subscriber data, technology use and deployment data, overall economic and demographic changes expected in a particular country; and relate these to company operational and financial metrics.

Companies Covered in this Country Mobile Operator Forecast

Telstra
Optus
Vodafone
Hutchison

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* Available only for Optus and Hutchison



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About IE Market Research Corp.:

IE Market Research Corp. ("IEMR") is a market intelligence and business strategy consulting firm. Our goal is to assist our clients build value and compete in international markets. We build value in four sectors: wireless telecommunications, health care, finance, and government. We build value for our clients by undertaking international brand perception surveys, consumer satisfaction surveys, distributor/channel partner selection and due diligence, market size and opportunity assessments, competitor strategy assessments, government regulatory analysis, and public opinion surveys.

We offer a variety of research products including **CONSUMEREADY™** and **EXPORTREADY™**. **CONSUMEREADY™** provides detailed demographic information on brand strengths and marketing strategies that are crucial to know when competing in international markets. **EXPORTREADY™** is based on our on-going business strategy research that allows us to establish strengths and weaknesses of firms in a wide variety of areas, ranging from intellectual property portfolios to strengths of marketing strategies to quality of engineering. These results are highlighted in our **EXPORTREADY™** publications and form a valuable tool for firms wanting to strategize their market entry options in international markets.

Our corporate values are: Top-Quality Service to Clients, Commitment to see the Client Succeed, Excellence and Integrity in Research, Transparency and Respect toward our Employees. These core values drive all of our research and every client engagement.

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