

PRESS RELEASE

Steady as you go in Spain's mobile operator space, although competition will increase in the future, according to new mobile operator market research report from 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 Spain Mobile Operator Forecast.

“Overall, we expect more competition in Spain over time driven by new players such as Yoigo and more MVNOs like KPN,” said Carlos Fernandez, Principal Research Associate at IEMR. “Orange’s need to offset cuts in its Fixed to Mobile tariffs will also be a major factor affecting Spain’s Mobile Operator Forecast over 2008 - 2010”, said Mr. Fernandez.

Service revenue growth continued to decelerate in the Spanish market in 2Q08, remaining essentially flat industry-wide. “For the first time in fourteen quarters, Vodafone did not outperform Telefonica, with service revenue declining at Vodafone by -2% at Vodafone and rising by 1% at Telefonica. Vodafone was disproportionately affected by the economic slowdown due to its large exposure to the construction and small business segment of the market,” said Mr. Fernandez. Telefonica continues to protect its leading market position with a share of 47.1% of service revenue..

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

- ARPU growth in Spain dropped sharply to -7.2% YoY from -3.4% in 1Q08 as RPM growth deteriorated rapidly to -9.3% YoY from -2.8% in 1Q08.
- EBITDA margin expanded 325bps sequentially to 36.9% despite the slow top-line growth.
- We expect the operational environment in Spain to get tougher in 2H08 due to a deterioration of macro outlook and competition pressures in Spain. Increased competition from the new players (Yoigo and more MVNOs like KPN), F2M tariff cuts, and Vodafone’s expected pricing cuts will result in greater margin pressure in Spain over the coming four quarters.
- The wireless market in Spain will be expanding over the next several years. The total subscriber base will increase from 50.1 million in 2007 to our forecasted 55.0 million in 2010 (previous forecast was 55.1 million in 2010). In the meantime, the wireless penetration level will rise from 111.8% in 2007 to 116.9% in 2010 (virtually unchanged from our previous forecast).

- Given the latest quarterly numbers and the lack of visibility on Vodafone's reaction to recent market share losses, we have changed our market share forecasts for Spain. Our model is projecting market shares of 44.8%, 32.4%, and 21.3% respectively for Telefonica, Vodafone, and Orange in 2010.

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

Telefonica Moviles

Vodafone

Orange

Xfera

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* Forecasts (CY08 – CY10) are not available for these data series.

For more information, visit our website at:

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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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