Domestic mobile market development

Meeting with Alfred Berg

CEO SONOFON: Tage Reinert

13. September 2004

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General Mobile Market Trends

Returning **optimism** with over 1 billion GSM customers worldwide

Western European markets are **mature**

- Marketing expenses and provisioning is increasing
- Prices are declining and will continue to do so
- Increasing focus on operational excellence across country borders

Changing **distribution**

- More web-distribution
- Harder competition in traditional distribution channels
- More effective prepaid charging

Service providers specialize on niches

- Economy of scope; offering something extra for small segments

Content is used as a marketing tool to position operators' brands

Convergence between IT, Telecom and media

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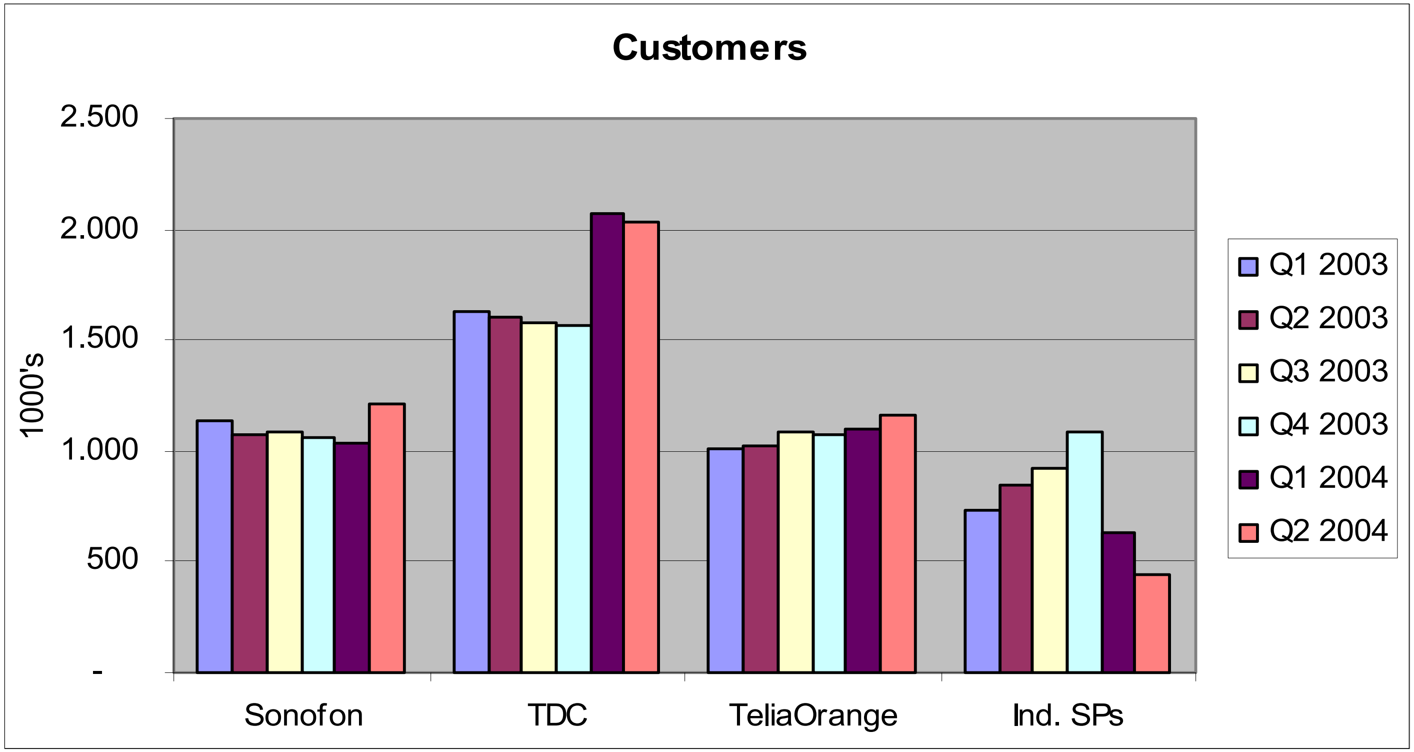
Customer Development per Quarter



The consolidation of CBB and Telmore in respectively in SONOFON and TDC improves the customer base.

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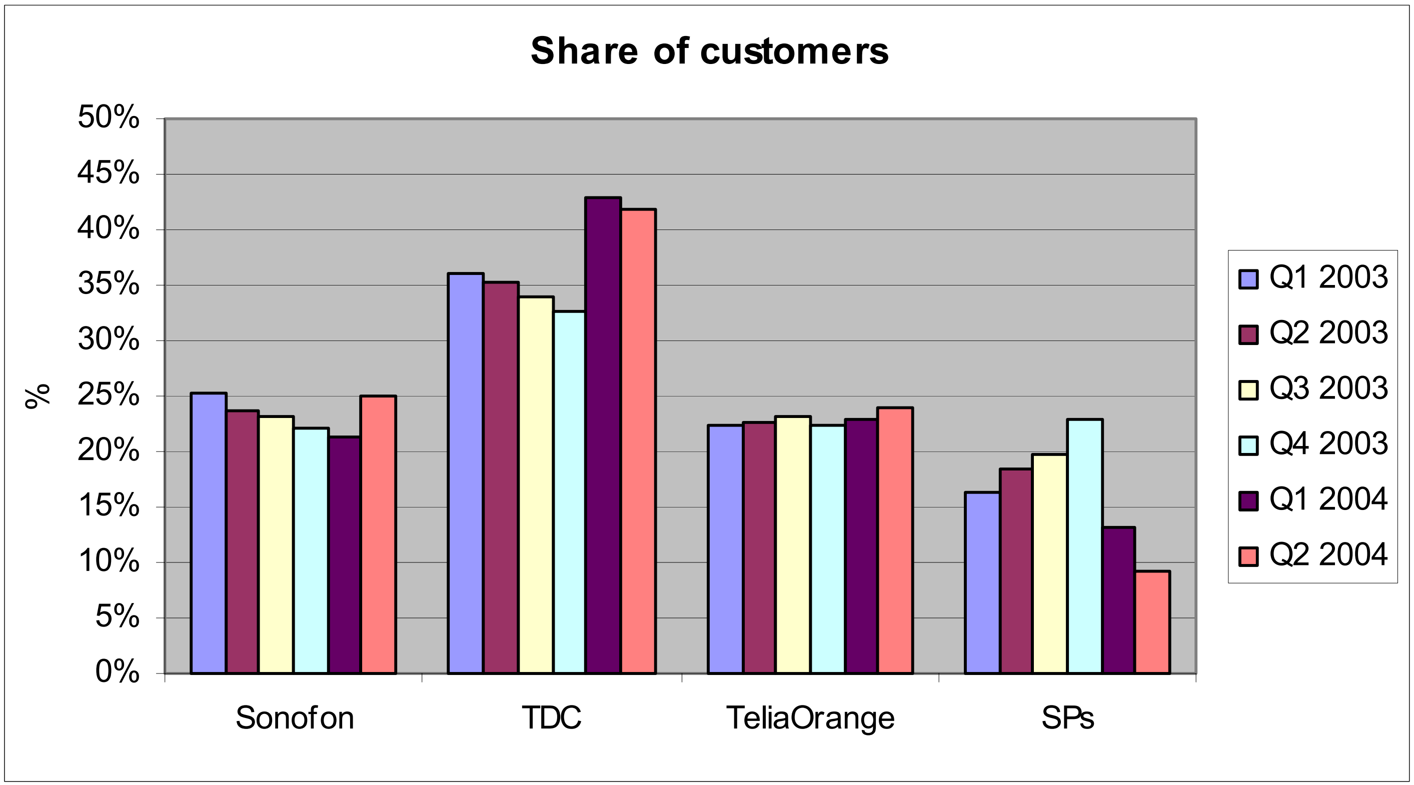
Customer Development per Quarter



The share of independent SPs are decreasing, which should diminish market volatility

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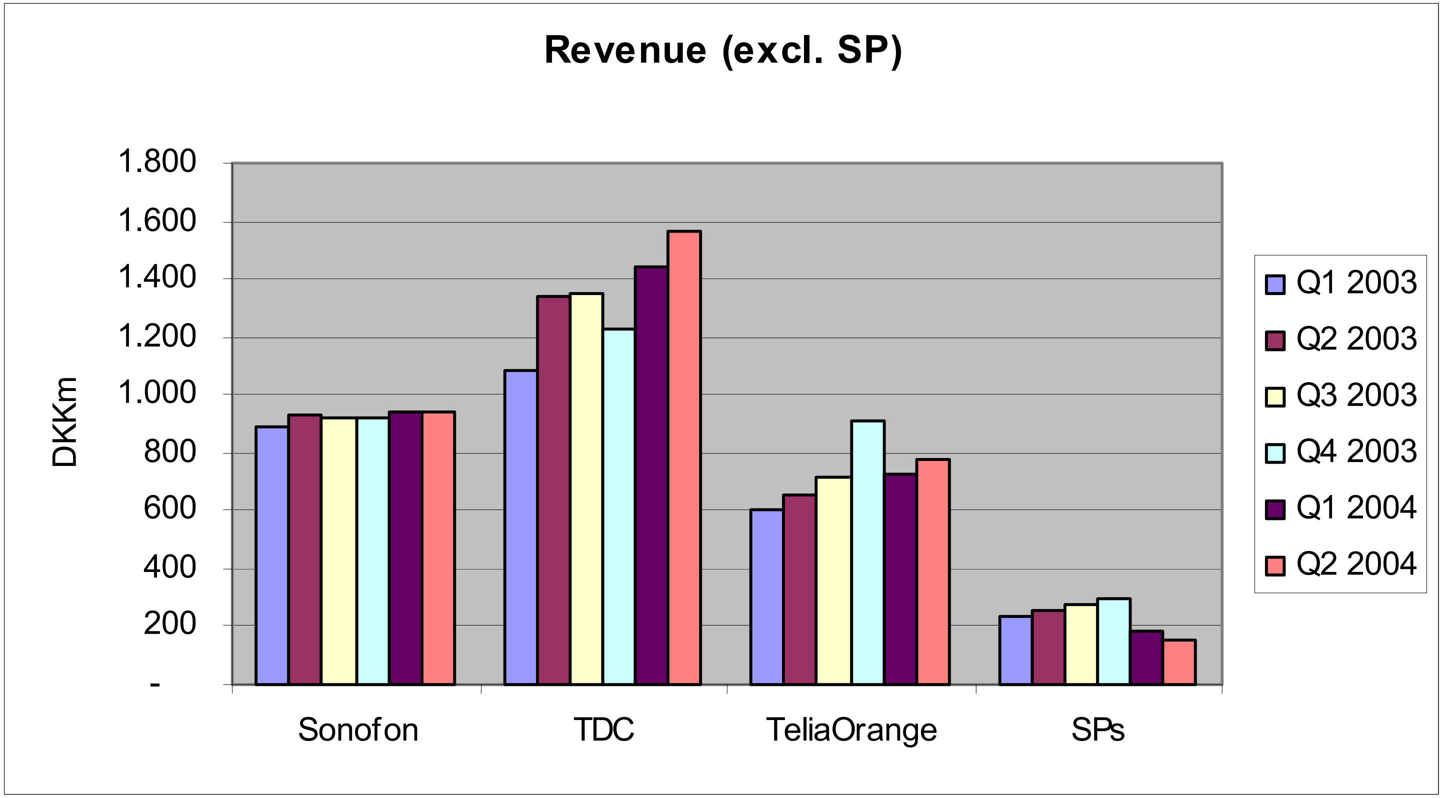
Revenue Development per Quarter



Telia's success with TeliaExpress shows on the revenue development.

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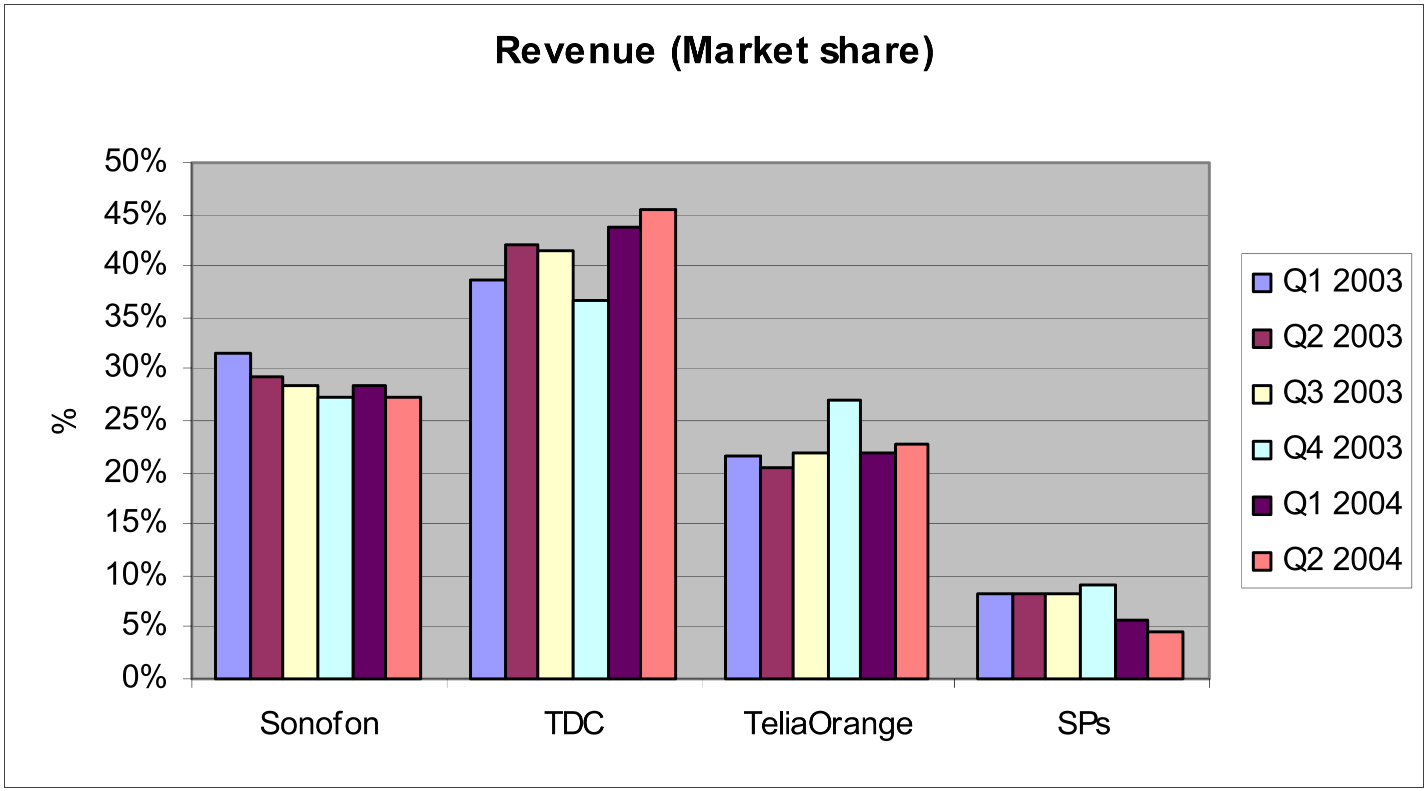
Revenue Market Share Development per Quarter



TDC show improvement in revenue share development due to reduced SAC and customer intake in Q2 2004

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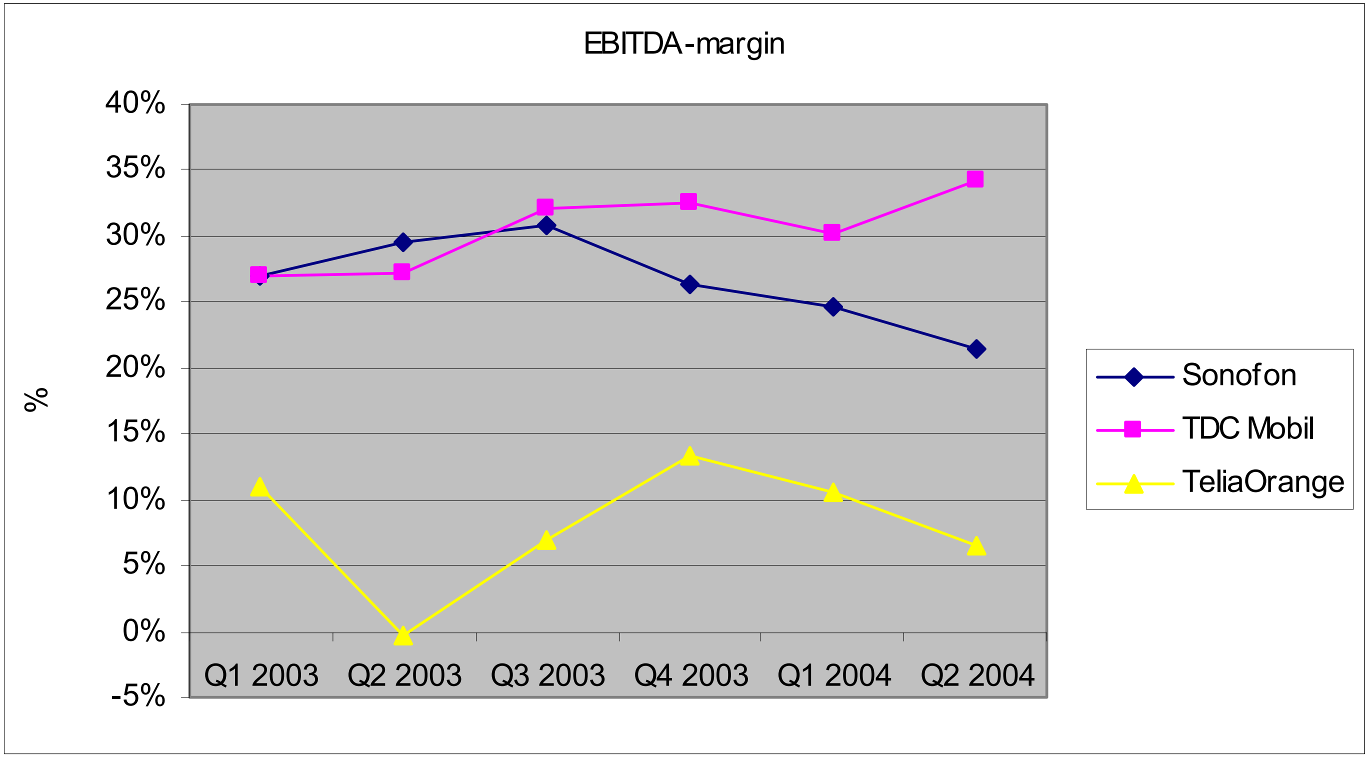
EBITDA-margin Development per Quarter

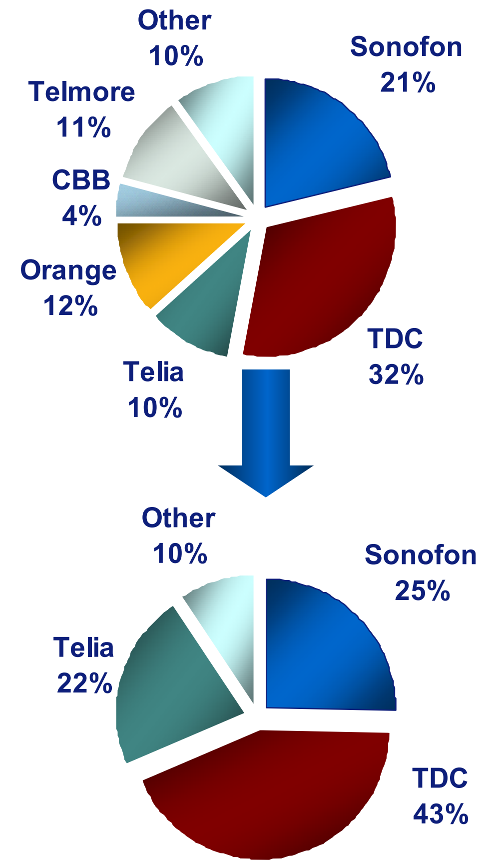


Both SONOFON and TeliaOrange seemed impacted by the pricewar, whereas TDC delivered a good Q2 2004 result.

One Nordic Mobile Company

- Total synergy effects of more than 1bn NOK measured on
  - Short term: 200m NOK. Lower OPEX level at year end. NPV estimated to 900m NOK
  - Long term: Synergies stemming from simplified processes and product management
- The consolidation in Denmark will create a more transparent market

Consolidation in Danmark



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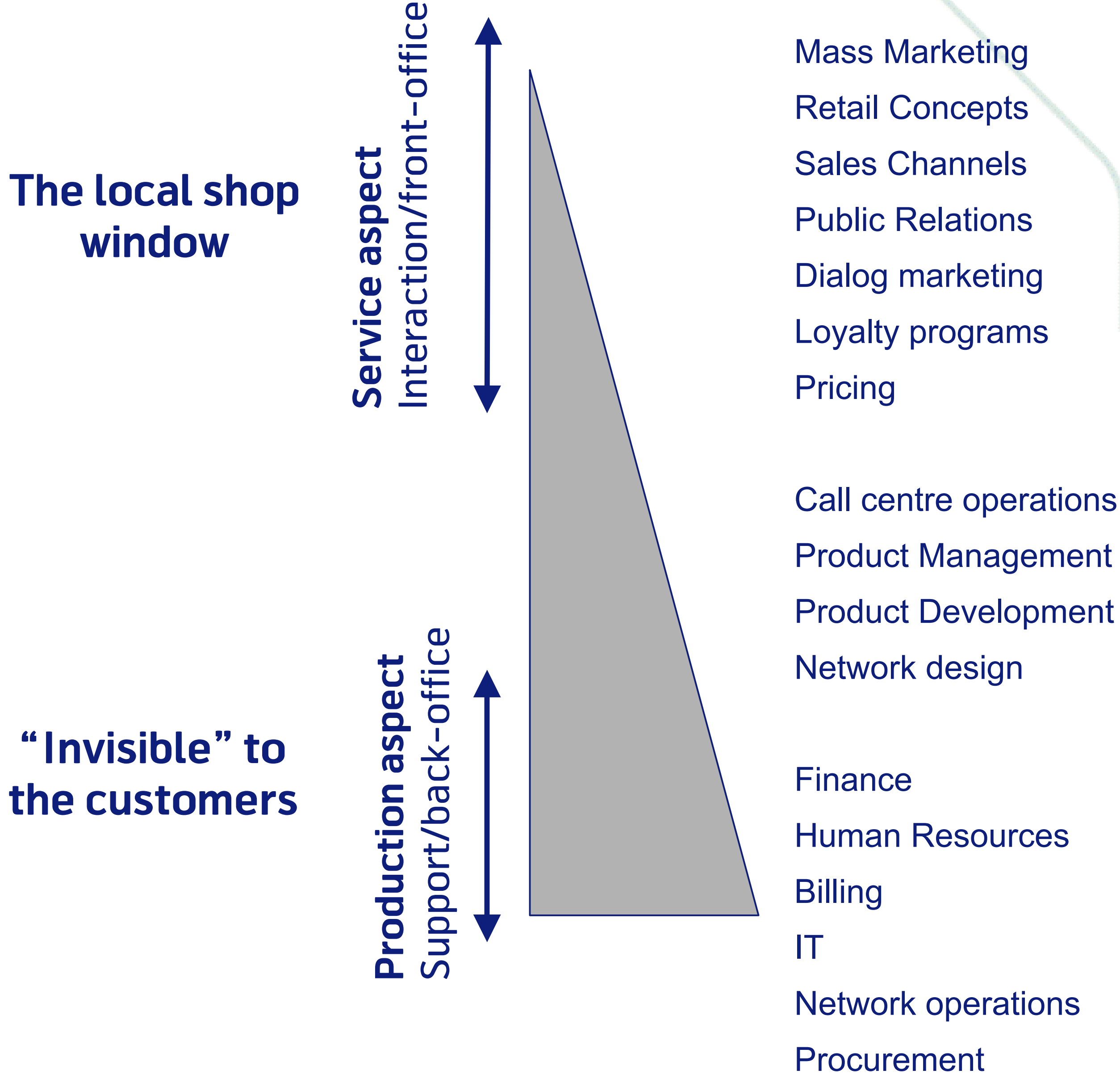
Many of the invisible functions will be centralised, while the shop window needs a certain local adaptation



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Strategic Issues

- **The mobile business is becoming a utility**
  - Price, simplicity and distribution are the key factors for success.
  - The web as distribution channel will increase in importance.
- **3G – still a question mark**
  - 3's price plans may distort the market. Killer applications still to be seen on 3G. Video telephony is not the one.
- **IP-telephony**
  - Landline will be impacted first.
  - "..VoIP has the potential to do to the wireline telecommunications carriers what file sharing is doing to the recording industry" – *UBS Investment Research*
  - However, the fixed to mobile migration may also be mitigated.

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Conclusion

- A more stable market can be foreseen
- SONOFON's UMTS strategy awaiting outcome of Telia's takeover of Orange
- TDC seems to emphasize EBITDA-margin over market share
- Debitel situation interesting

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