

## Equities

22 August 2011 | 80 pages

# The Phone Book – Post 2Q11

## A Few Rubies Among the Rubble

### ■ Industry Overview

- **Earnings pressure has eased since mid-year** — Consensus earnings fell by more for Telcos than for the market in 1H11 (-6.0% vs -3.8%) but have fallen less so far in 2H, which seems consistent with a set of 2Q results that were broadly in line with low expectations. BT and TI are among the few telcos that have seen upgrades ytd.
- **Top line trends deteriorating again** — That expectations had been lowered into 2Q was just as well since mobile and fixed revenue declines worsened again. European mobile voice revenue fell 10% yoy, contributing to a fall in mobile service revenue of 3.6%, 70bp worse qoq excluding MTR phasing. Northern Europe was the main source of the slowdown, tracking slowing economies, and the negative impacts from MTRs should have peaked at 3.8pp – we expect 30bp of relief in 3Q. Incumbent fixed saw line loss similar to last quarter but revenue fell 4.7% yoy, 20bp worse than last quarter. Earnings risk remains but the market appears up with events on macro pressures.
- **Incumbents and cable average yield of 8.5% looks close to floor valuation** — With our forecasts putting the average incumbent and cable dividend yield at 8.5% in 2011 (9.0% in 2012), the market seems to have taken sufficient account of the risk of economic slowdown. Payout of FCF at 69% is comfortable but rising to 75% in 2012E and now more variable across the operators than it has been in the past. On our estimates, **KPN**, **TA** and **TI** have the best combination of cover and yield out to 2013, while **BT**, **TI** and **Bouygues** have the most potential upside to their payouts within comfortable cover.
- **Adding TI against TEF to our Best Ideas** — We think TI's earnings upgrades should continue into 2H; it benefits from a dividend yield of 9% in 2012E (10.5% for saving shares). The dividend is rising at a 15% CAGR to 2013E and is well covered by cash flow. We believe the market will start to re-rate the shares. On the other hand, we think TEF's dividend is at risk and the stock has suffered from some of the worst earnings revisions so far in 2011 and is a natural pair in Southern Europe.

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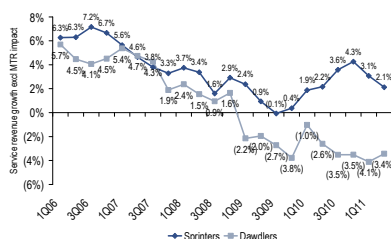
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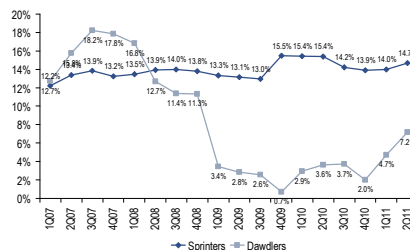
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### 'Sprinter' Countries Slowing Faster, % yoy



Source: Company reports and CIRA estimates

### Non Voice Growth Accelerating in 'Dawdlers'



Source: Company reports and CIRA estimates

See Appendix A-1 for Analyst Certification, Important Disclosures and non-US research analyst disclosures.

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## Contents

Sector themes from previous Phone Books	3
Dividend cover and earnings momentum	4
Earnings revisions vs share price performance	8
Quarterly trends: Mobile	9
Quarterly trends: Fixed	11
Austria	13
Belgium	17
Denmark	21
Finland Mobile	25
France	28
Germany	32
Greece	36
Italy	40
Netherlands	44
Norway	48
Portugal	52
Spain	56
Sweden	60
Switzerland	64
UK	68
Appendix A-1	76

## Sector themes from previous Phone Books

Figure 1. Index to Previous Phone Books and Their Sector Thematic Sections, with Links

Date	Report	Format	Thematic Sections
14 June 2011	<a href="#">The Phone Book: A Few Diamonds among the Debris</a>	Long Format including both Company and Country sections	Interest rate sensitivity Wage inflation exposure Welcome to the future pricing model India's New Telecoms Policy Mobile phones and health
18 March 2011	<a href="#">The Phone Book &amp; 11th Conference Guide: The Winners from the Android Invasion</a>	Conference Guide format including Country sections	Smartphone take-over, Android overtakes Merger and acquisition potential Regulation: roaming and fibre deployment De-equitisation and distribution capacity Raising revenue on wholesale Internet traffic Spectrum spend to fall in 2011
9 December 2010	<a href="#">The Phone Book: Telecoms in 2011 – Delivering the Dividend Promise</a>	Long Format including both Company and Country sections	Rerating - a job only half done Earnings outlook justifies higher rating Austerity to drag for some time A new price model for Internet peering? Smartphones and data growth Spectrum auctions set to moderate Regulatory focus broadband & MTRs
6 August 2010	<a href="#">The Phone Book - post 2Q10 – The Good, the Bad and the Ugly</a>	Short format including Country sections	
1 July 2010	<a href="#">The Phone Book – A Two Speed Europe</a>	Long Format including both Company and Country sections	A Two Speed Europe Dividends
19 March 2010	<a href="#">10 Themes For Our 10th Annual Conference – Popular Services but Unloved Stocks</a>	Conference Guide format including Country sections	10 Trends for 2010
22 January 2010	<a href="#">Fighting deflation – Telecoms Services in 2010</a>	Long Format including both Company and Country sections	Fighting deflation

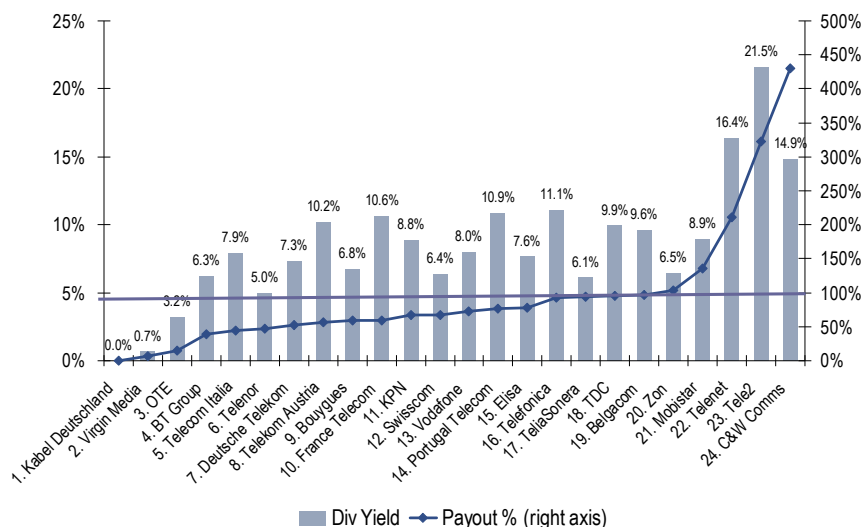
Source: Citi Investment Research and Analysis

## Dividend cover and earnings momentum

The telecoms sector still on average has generous dividend cover from FCF before spectrum costs but cover is deteriorating somewhat as dividends rise and a number of stocks now pay out more than 100% of their FCF. Figure 2 to Figure 5 rank the stocks by their dividend and cash payout cover, showing yields alongside. KPN, TA and TI, plus DT and PT to a slightly lesser extent have the best combination of cover and yield out to 2013, on our numbers.

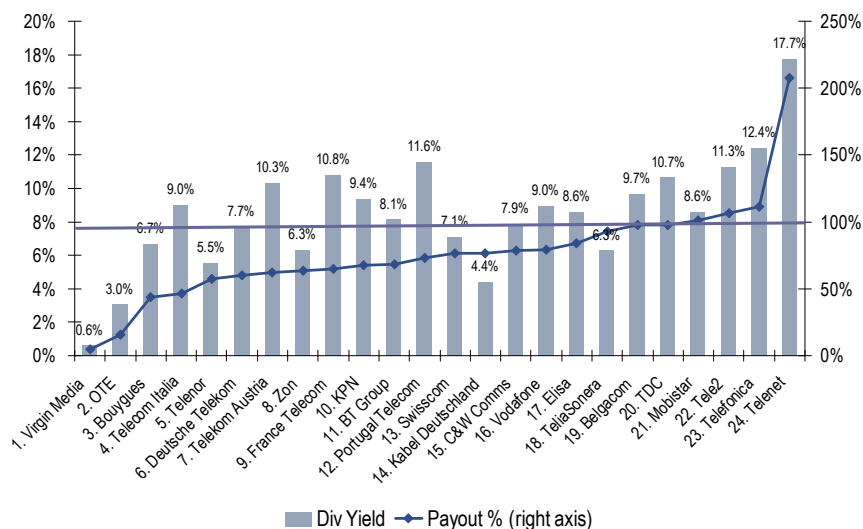
Stocks that don't cover their dividends for 2011E (or FY12E to March) with FCF are CWC and Zon, along with Tele2, Mobistar and Telenet, which are leveraging up. Belgacom, TDC, Telefónica and TeliaSonera we expect to pay out over 90%. On our forecasts for 2012, Telefónica's payout ratio exceeds 100% at its target €1.75. We expect both CWC and Zon to cover their 2012E dividends (FY13E in CWC's case), with Zon seeing stronger FCF whereas we expect CWC to halve its dividend yoy.

**Figure 2. Dividend Yield and Dividend Payout as a Percentage of FCF, 2011E**  
% (March y/e stocks show financial year to March 2012E)



Source: CIRA estimates

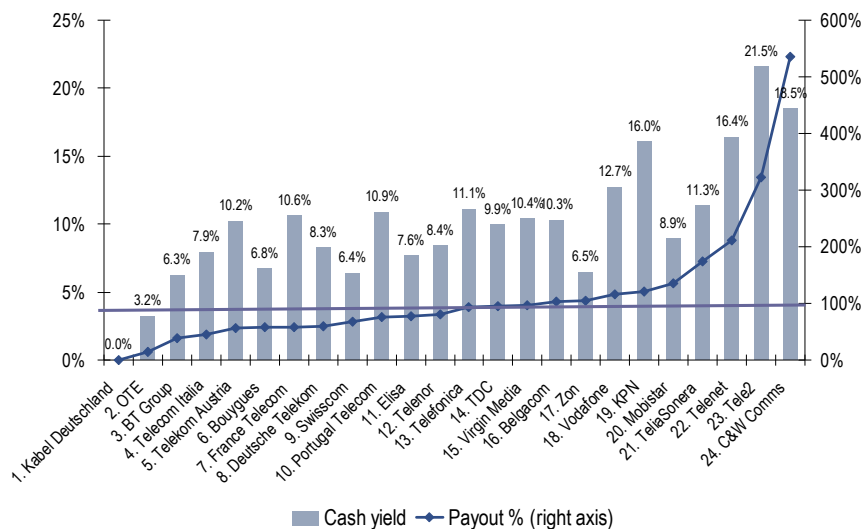
**Figure 3. Dividend Yield and Dividend Payout As a Percentage of FCF, 2012E**  
% (March y/e stocks show financial year to March 2013E)



Source: CIRA estimates

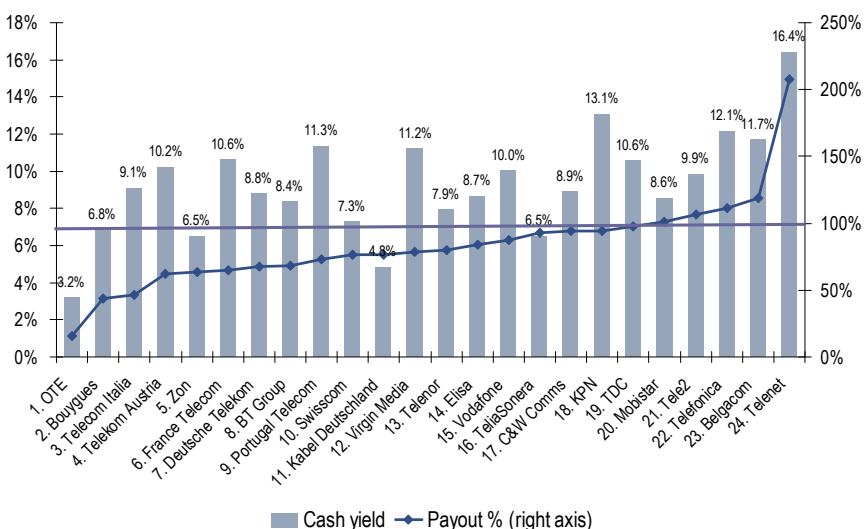
In 2011 the average forecast payout ratio for dividends alone is 69% (for the incumbents plus the cable names) and this we expect to rise to 75% in 2012. Including buybacks, we estimate a payout ratio of 86% in 2011 falling to 81% in 2012, due mainly to reductions yoy at Vodafone and KPN. In 2011 we expect 5 stocks to commit to dividend payments of more than 100% of FCF (Figure 2), which rises to 9 if stock buybacks are also included (Figure 4).

**Figure 4. Cash Yield inc Buybacks and Cash Payout as a Percentage of FCF, 2011E**  
% (March y/e stocks show financial year to March 2012E)



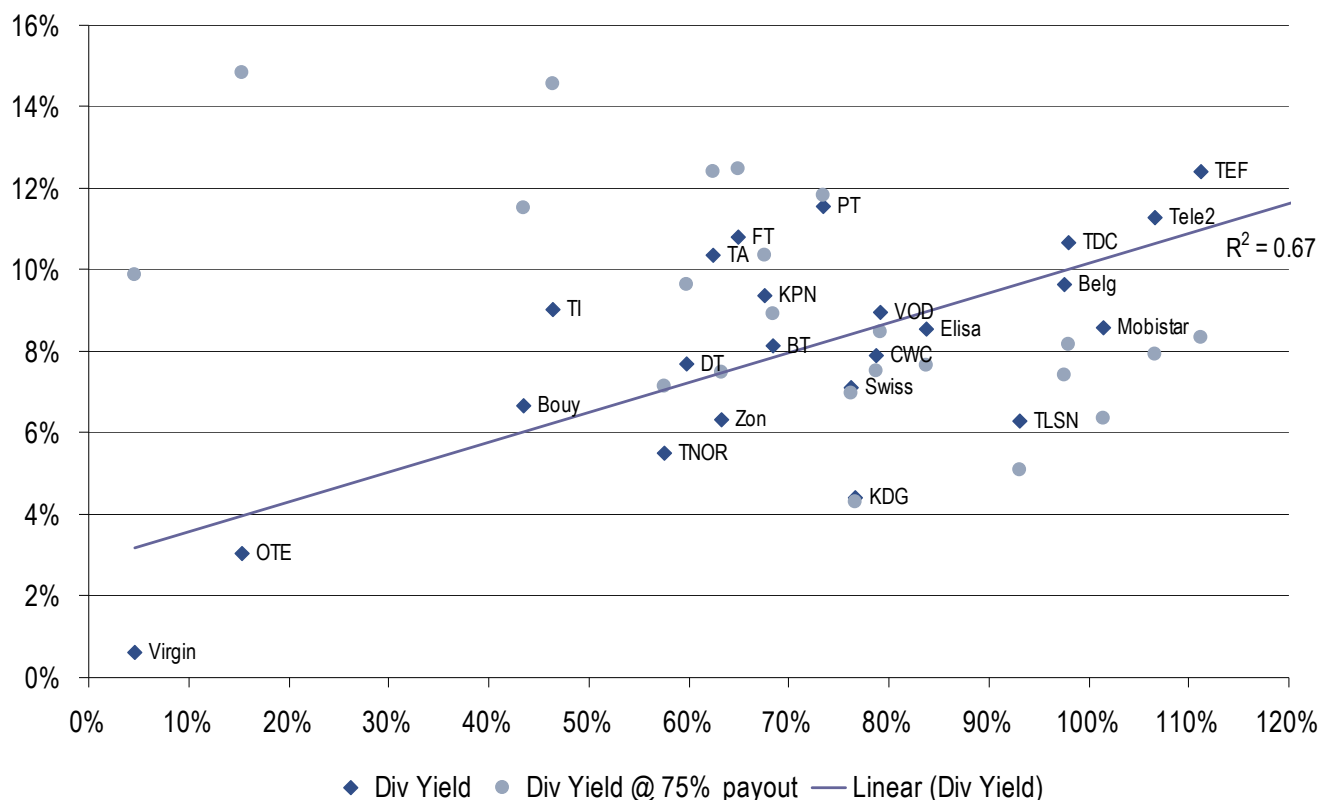
Source: CIRA estimates

**Figure 5. Cash Yield inc Buybacks and Cash Payout as a Percentage of FCF, 2012E**  
% (March y/e stocks show financial year to March 2013)



Source: CIRA estimates

**Figure 6. Dividend Yield vs Payout Ratio, with the Yield at 75% Payout Vertically Above or Below the Main Data Point for Each Stock**  
% dividend yield, 2012E



Source: CIRA estimates

Figure 6 shows that the higher-yielding stocks tend to have higher payout ratios, with an  $r^2$  of 0.67. This is not surprising as it shows that telcos trade more on FCF yield than on dividend yield.

Even given this, though, those with the lowest payout ratios have disproportionately greater dividend upside potential. The best fit line for the points showing the dividend yield at a 75% payout slopes the other way (down to the right), albeit with a lower  $r^2$  at 0.3. It is perhaps also not surprising to find OTE, TI and Bouygues in the category of those that are being punished by the market, with share prices implying particularly high FCF yields but where there could be significant dividend upside in time. BT would join that group were its pension repair payments treated as equivalent to debt repayment rather than cash flow as they are here.

At a 75% payout ratio the two stocks with the highest yields would be Telecom Italia and OTE, both of which we expect to pay out less than 50% of their FCF in 2012 on our current estimates. TA and FT are next in line and both have dividend yields of over 10% now.

## Consensus changes

Bloomberg data shows that year to date sector consensus EPS forecasts for 2011 have fallen 6.3% vs the European market down 5.0%. More than all of the underperformance of the telcos occurred in the first half, with a small outperformance evident in the second half to date. BT and Telecom Italia are among the few telcos to have seen EPS upgrades year to date.

**Figure 7. Consensus Earnings for the Sector Under Greater Pressure than for the Market in 1H but Better in 2H to Date, with DPS Rising**  
% change in consensus estimates (2011)

15 Aug 11	Year to date				Latest month	EPS	DPS	SALES	EBITDA	First half of 2011			
	EPS	DPS	SALES	EBITDA						EPS	DPS	SALES	EBITDA
<b>Market (SXXP)</b>	<b>(5.0%)</b>	<b>(2.6%)</b>			<b>(2.7%)</b>		<b>(1.1%)</b>			<b>(3.8%)</b>	<b>(2.9%)</b>		
<b>Telco sector (SXXP)</b>	<b>(6.3%)</b>	<b>0.9%</b>	<b>(1.3%)</b>	<b>(3.1%)</b>	<b>(1.1%)</b>	<b>0.1%</b>	<b>(1.6%)</b>	<b>(1.8%)</b>		<b>(6.0%)</b>	<b>(0.1%)</b>	<b>(0.6%)</b>	<b>(1.9%)</b>
Belgacom	(0.8%)	(2.1%)	(1.1%)	(1.2%)	1.7%	(0.6%)	(0.5%)	0.3%		(1.9%)	(1.2%)	(0.3%)	(1.1%)
Bouygues	(10.2%)	0.4%	2.4%	(0.9%)	(2.9%)	(1.4%)	0.1%	(0.4%)		(6.7%)	2.0%	2.3%	(0.2%)
BT Group	12.6%	2.4%	(2.1%)	3.2%	1.4%	1.2%	(0.4%)	0.6%		9.5%	1.2%	(1.6%)	2.5%
Deutsche Telekom	(10.0%)	(1.4%)			(0.8%)	0.3%				(7.6%)	(1.3%)		
Elisa	(0.2%)	2.3%	3.4%	(0.7%)	(0.2%)	3.1%	(0.3%)	(0.8%)		0.1%	(0.3%)	3.7%	0.2%
France Telecom	(10.2%)	(0.6%)	0.3%	(2.9%)	(3.6%)	0.1%	(0.1%)	(0.2%)		(6.5%)	(0.6%)	0.5%	(2.7%)
KPN	(0.3%)	(0.9%)	(1.2%)	(3.0%)	(1.4%)	(0.1%)	0.2%	(0.3%)		0.4%	(0.8%)	(1.3%)	(2.2%)
Mobistar	(3.6%)	1.7%	0.5%	0.1%	(0.5%)	2.5%	0.3%	2.2%		(2.7%)	(0.5%)	0.4%	(1.5%)
OTE	(19.5%)	(42.3%)	(8.2%)	(9.7%)	(6.0%)	2.3%	(0.9%)	(2.7%)		(10.0%)	(41.0%)	(6.1%)	(5.8%)
Portugal Telecom	(17.3%)	41.2%			(4.4%)	6.7%				(10.2%)	34.1%		
Swisscom	(0.1%)	(9.6%)	(3.6%)	(2.5%)	0.9%	(0.6%)	(2.4%)	(1.5%)		(1.1%)	(9.0%)	(0.9%)	(0.9%)
Tele2	(9.6%)	57.1%	(1.8%)	(2.4%)	1.1%	20.1%	0.2%	1.9%		(11.1%)	30.5%	(2.1%)	(4.3%)
Telecom Italia	1.6%	10.0%	6.5%	4.6%	(0.8%)	(1.5%)	0.8%	(0.0%)		2.5%	10.0%	5.8%	4.7%
Telefonica	(11.5%)	0.9%	(0.8%)	(4.4%)	(4.1%)	(0.5%)	(1.1%)	(2.8%)		(6.8%)	1.3%	0.4%	(1.4%)
Telekom Austria	(41.4%)	1.1%	(1.2%)	(8.6%)	(4.6%)	0.0%	(0.9%)	(2.0%)		(36.8%)	1.1%	0.1%	(6.2%)
Telenet	(25.0%)	21.3%	(1.0%)	0.1%	(11.8%)	1.1%	0.4%	0.3%		(12.1%)	15.9%	(1.2%)	(0.2%)
Telenor	(3.8%)	5.7%	(0.8%)	(2.7%)	3.2%	3.4%	0.0%	0.9%		(7.3%)	1.6%	(0.6%)	(2.5%)
TeliaSonera	(8.4%)	0.6%	(3.6%)	(3.4%)	(2.9%)	(3.4%)	(0.7%)	(0.2%)		(4.5%)	3.7%	(3.1%)	(3.2%)
United Internet	0.8%	(11.0%)	0.6%	(1.6%)	1.4%	0.0%	(0.0%)	0.1%		(0.6%)	(8.2%)	0.5%	(1.7%)
Virgin Media	48.0%	(8.7%)	(0.2%)	(0.7%)	30.9%	0.0%	(0.6%)	(0.2%)		17.5%	(7.1%)	0.4%	(0.4%)
Vodafone	(3.0%)	0.0%	2.2%	(0.2%)	1.2%	0.0%	0.2%	0.1%		(4.2%)	0.0%	1.8%	(0.4%)
Zon	(30.6%)	13.1%	(5.3%)	(0.5%)	(6.0%)	11.2%	(3.5%)	(1.3%)		(25.0%)	0.6%	(1.8%)	1.0%

Note: DT sales and EBITDA consensus distorted by gradual recognition of the accounting change to treatment of US as discontinued.

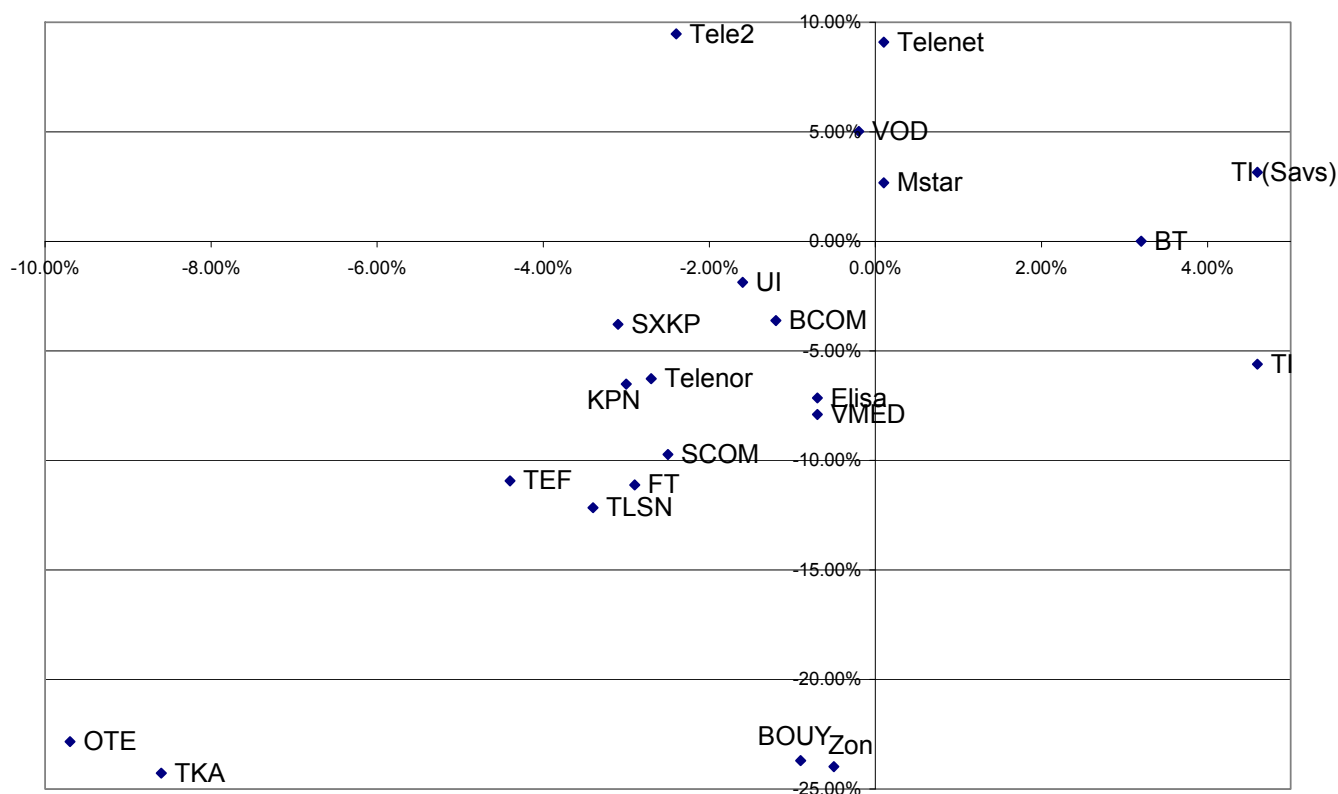
Source: Bloomberg

## Earnings revisions vs share price performance

We use EBITDA consensus estimate revisions in order to exclude exceptional items that tend to be captured by EPS. As part of this comparison, we have deliberately left out DT and PT due to the impact of M&A (US and Brazil, respectively) on consensus estimates. We take total returns as the benchmark of performance in order to fully capture dividend payments. For most of the stocks, returns and EBITDA revisions are very closely linked.

- Stocks that have performed better ytd than EBITDA revisions would imply are Tele2 and Telenet. Both have significant special dividends that have been the main driver of the higher returns. For Telenet, we expect the dividend to remain at €4.5 for the next two years, based on the company's leverage guidance. For Tele2, the size of the total dividend will likely depend on leverage and M&A opportunities, but we see a good chance of another special dividend next year.
- Stocks that have performed worse than EBITDA revisions would justify are Zon (Portuguese and with weak operational trends), Bouygues (macro sensitivity because of construction/high beta), BT (pension concerns/despite S&P upgrade to BBB) and TI (Italian with higher-than-average gearing). We believe that for BT and TI dividend momentum should drive a re-rating of the shares and earnings growth should help support future growth in payouts. For Bouygues, we see scope for higher returns, but the company has indicated that it has no plans in this regard at the moment. For Zon, we see very limited scope for higher returns.

Figure 8. Consensus EBITDA Revisions ytd (x-axis) vs Total Returns ytd (y-axis)



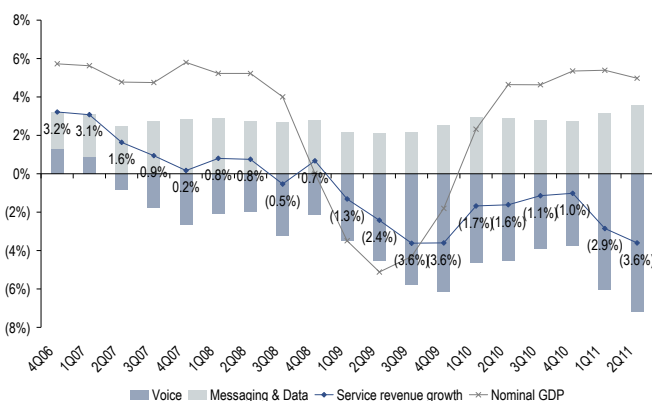
Source: Bloomberg and Citi Investment Research and Analysis



## Quarterly trends: Mobile

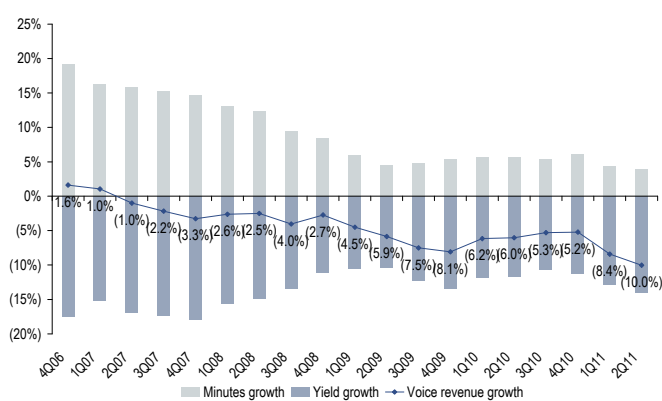
European mobile service revenue growth deteriorated again in 2Q11 (Figure 1), driven partly by a large negative impact from MTR cuts but partly by underlying declines (worse by 70bp qoq). The deterioration was driven by voice revenue, which saw both lower minutes growth and higher voice yield declines. Part of the deterioration is due to lapping the tougher comps of 2010, which was a recovery year and also a time that saw a pick-up in smartphone adoption, often along with a rise in monthly fee intended to recover higher subsidies.

Figure 9. Service Revenue Growth



Source: Company reports and Citi Investment Research and Analysis

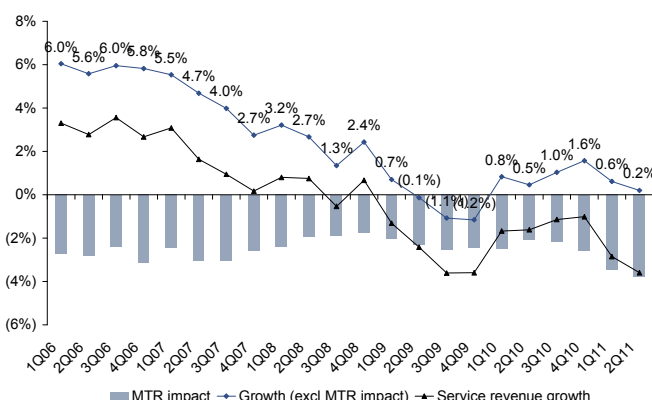
Figure 10. Voice Revenue Growth



Source: Company reports and Citi Investment Research and Analysis

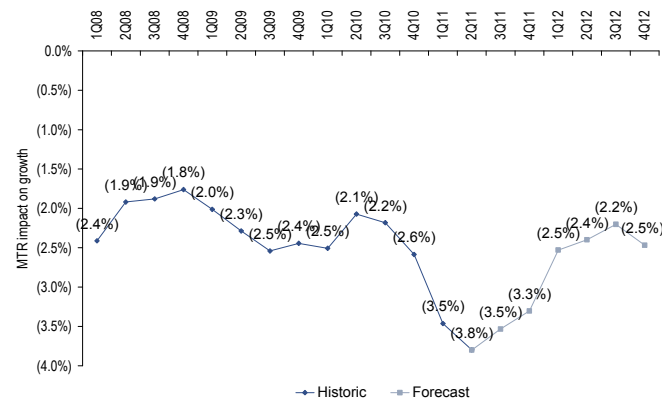
The drag from MTR cuts increased in 2Q11 to -3.8ppt from -3.5ppt in 1Q11 (Figure 12), driven primarily by the UK, which saw a 36% termination rate cut on 1 April. We expect 2Q11 to be a peak for the impact of MTR reductions on growth, and expect the drag to improve to -3.5ppt in 3Q11 and -3.3ppt in 4Q11. The sharp, two-year German rate reduction of December 2010 is fully in the comparable figures in 1Q12 and the UK passes its anniversary with a slightly more moderate reduction to be made in 2Q12.

Figure 11. Service Revenue Growth excl MTR Impact European Average



Source: Company reports and Citi Investment Research and Analysis

Figure 12. Quarterly MTR Impact



Source: Company reports and Citi Investment Research and Analysis

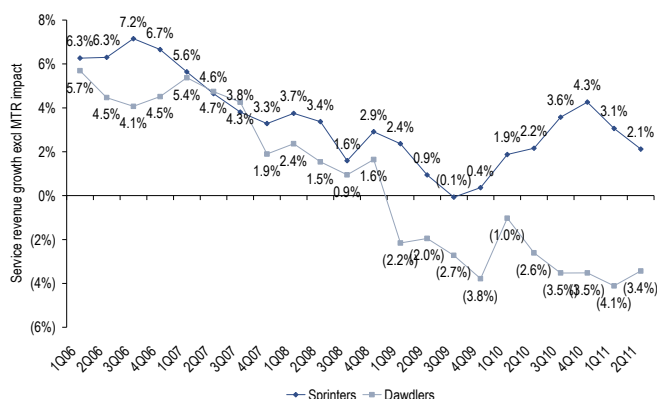
## 'Sprinter'/'Dawdler' gap narrowing slightly, but not for a good reason

The 'Sprinter' countries' growth continued to deteriorate in 2Q11, excluding MTR cuts, whereas the 'Dawdler' countries' showed some improvement (Figure 13). The gap in growth between Sprinters and Dawdlers consequently narrowed while remaining wide. This gap remains driven largely by pricing trends, as shown in Figure 14, as the growth in total call minutes remains similar (Figure 14) between the two groups of countries.

■ **Sprinters** – UK, France, Germany, Netherlands, Belgium, Norway, Sweden, Finland, and Switzerland

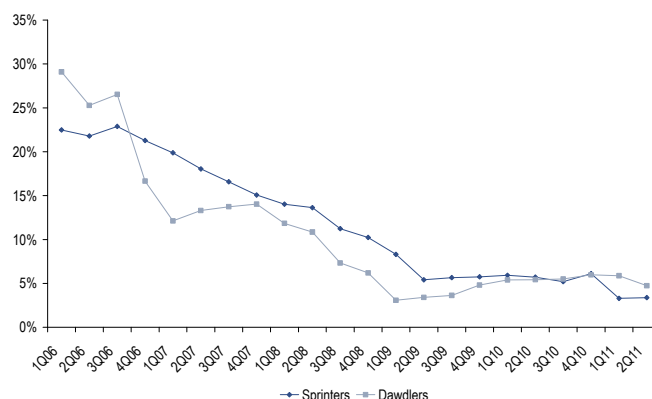
■ **Dawdlers** – Italy, Spain, Portugal, Austria, Denmark and Greece

Figure 13. Service Revenue Growth excl MTR Cuts, % yoy



Source: Company reports and Citi Investment Research and Analysis

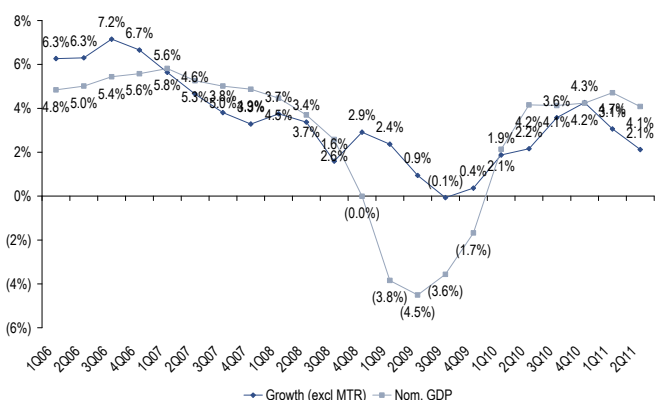
Figure 14. Minutes Growth (Sprinters vs Dawdlers)



Source: Company reports and Citi Investment Research and Analysis

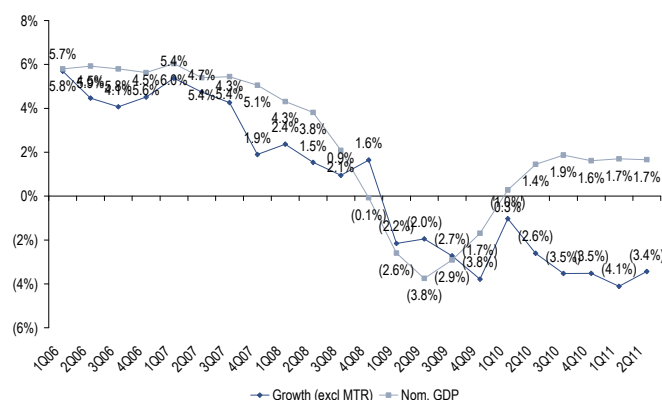
As shown in Figure 15 the Sprinter countries growth has shown a high degree of cyclicity and in 2Q11 we are seeing a reduction in growth in-line with lower nominal GDP growth. Dawdler countries showed cyclicity into the recession in 2008; however, since then price competition has offset any macro improvement. For example, we have seen price cuts in Spain recently, which we expect to lead to lower growth in 3Q11.

Figure 15. Sprinter Mobile Service Revenue Growth (yoy, excl MTR cuts) vs Nominal GDP



Source: Company reports and Citi Investment Research and Analysis

Figure 16. Dawdler Mobile Service Revenue Growth (yoy, excl MTR cuts) vs Nominal GDP

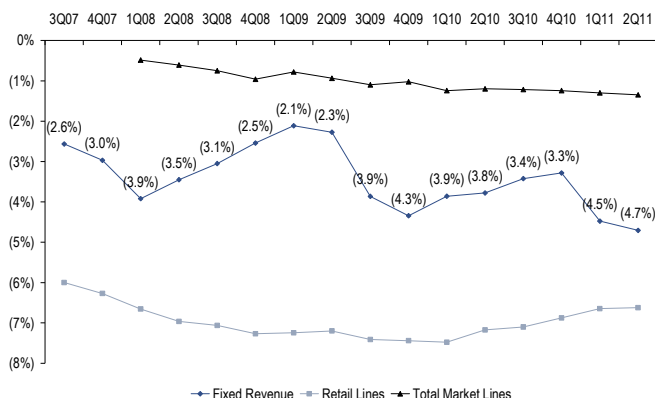


Source: Company reports and Citi Investment Research and Analysis

## Quarterly trends: Fixed

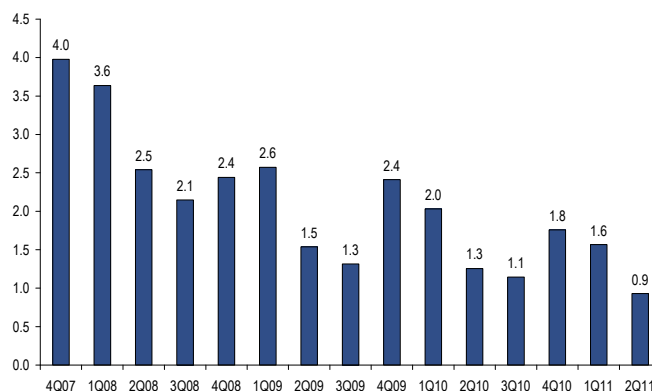
Total European incumbent fixed line revenue decline worsened in 2Q11 to -4.7% from -4.5% in 1Q11 (Figure 17). This was driven by a worsening in France, Spain and Italy, partly offset by an improvement in the UK. Broadband net additions for the total market continued to slow as broadband penetration reaches maturity (Figure 18).

**Figure 17. Domestic Fixed Revenue Growth, Line Loss and Total Market Line Loss**



Source: Company reports and Citi Investment Research and Analysis

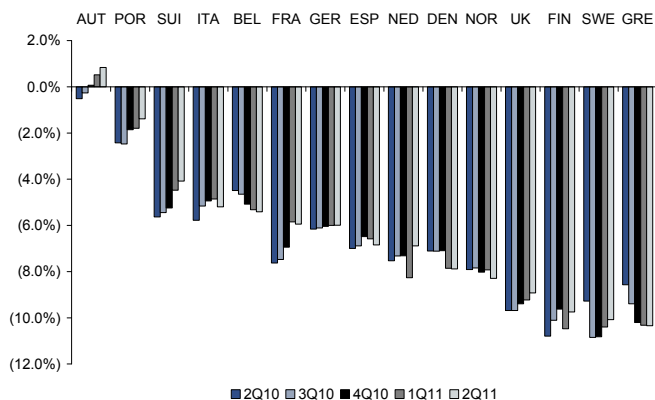
**Figure 18. Europe Broadband Net Adds**



Source: Company reports and Citi Investment Research and Analysis

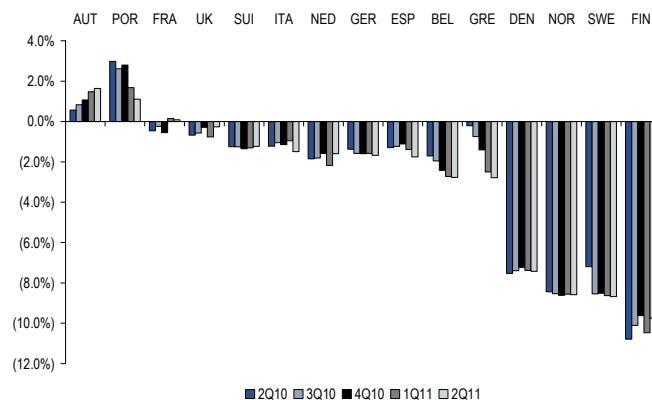
Line loss trends by country did not show any dramatic changes. Portugal continued to slow the rate of retail line loss noticeably and Austria increased retail line gains. The Nordic countries continue to show the highest total market line loss, driven by the increase in mobile-only households and disconnections of lines to second homes.

**Figure 19. Retail Line Loss**



Source: Company reports and Citi Investment Research and Analysis

**Figure 20. Total Market Line Loss**

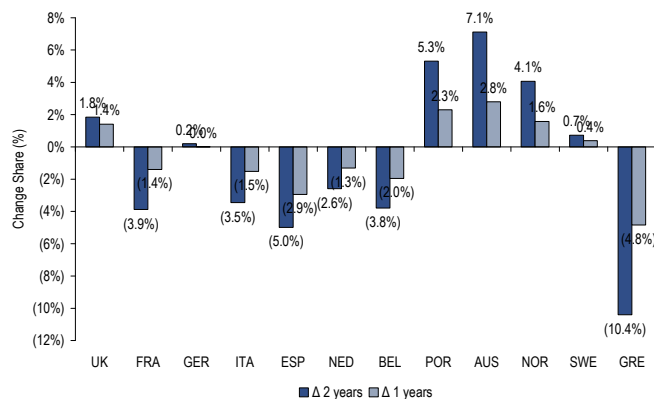


Source: Company reports and Citi Investment Research and Analysis

## Broadband market share

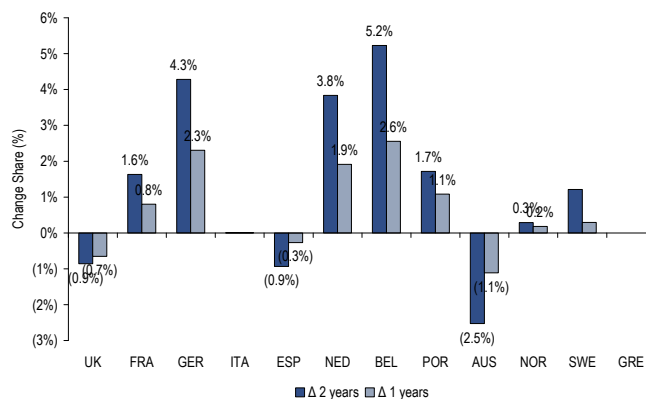
Cable operators continue to gain market share significantly in Germany, the Netherlands and Belgium.

Figure 21. Change in Incumbent Broadband Market Share



Source: Company reports and Citi Investment Research and Analysis

Figure 22. Change in Cable Operator Broadband Market Share



Source: Company reports and Citi Investment Research and Analysis

# Austria

## Fixed

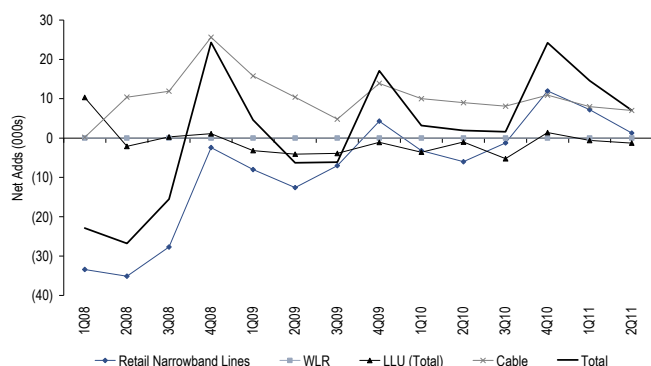
- TKA managed to report growth in access lines (+1k) for the third quarter running. Retail broadband growth slowed to 17k, due mainly to the introduction of an annual modem charge of €15. Voice traffic volumes remain weak- decline accelerated to 12.6%.

## Mobile

- Competition remained fierce during 2Q, though subsidies levels are down from the previous two quarters. We have seen some encouraging signs so far in 3Q with all operators introducing annual SIM charge charges of €19.90 for the contract base.

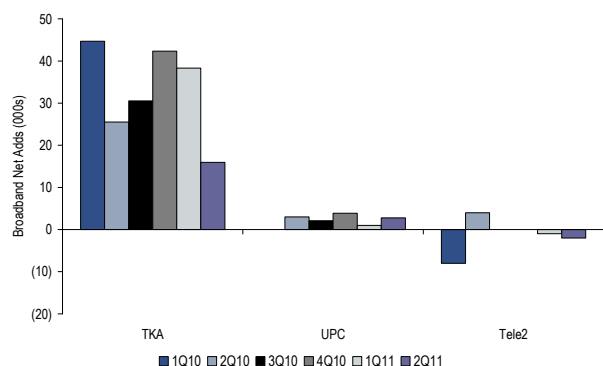
## Fixed Charts

Figure 23. Telephony Net Adds



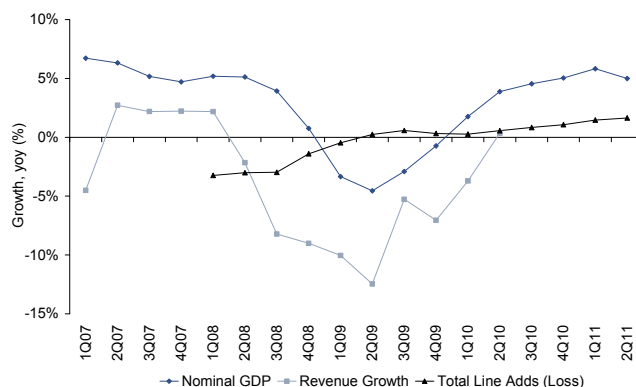
Source: Company reports and Citi Investment Research and Analysis

Figure 25. Line Loss, Incumbent Revenue Growth and GDP



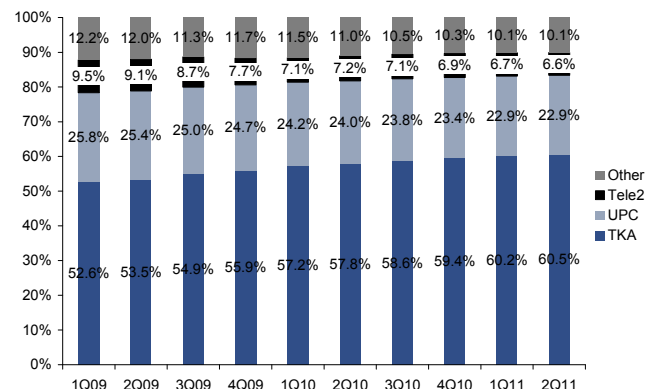
Source: Company reports and Citi Investment Research and Analysis

Figure 24. Line Loss, Incumbent Revenue Growth and GDP



Source: Company reports and Citi Investment Research and Analysis

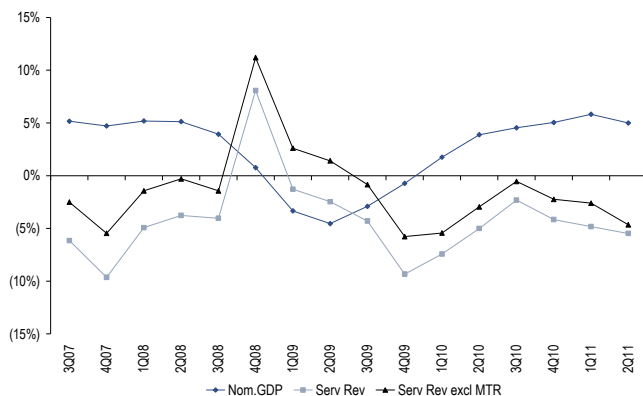
Figure 26. Line Loss, Incumbent Revenue Growth and GDP



Source: Company reports and Citi Investment Research and Analysis

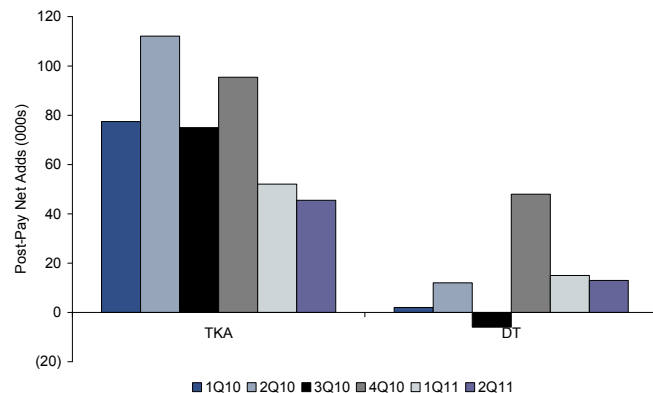
## Mobile Charts

Figure 27. Revenue and GDP



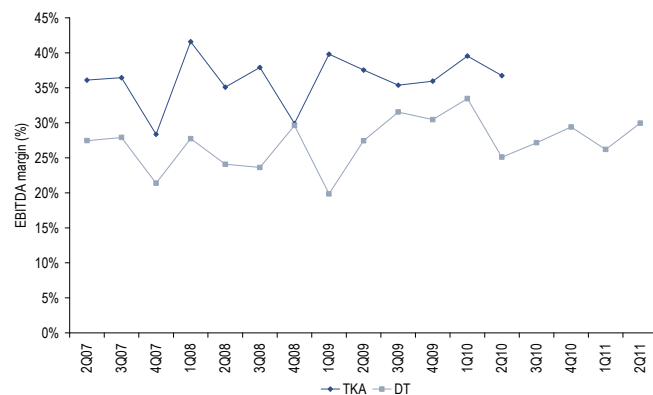
Source: Company reports and Citi Investment Research and Analysis

Figure 28. Post-Paid Net Adds



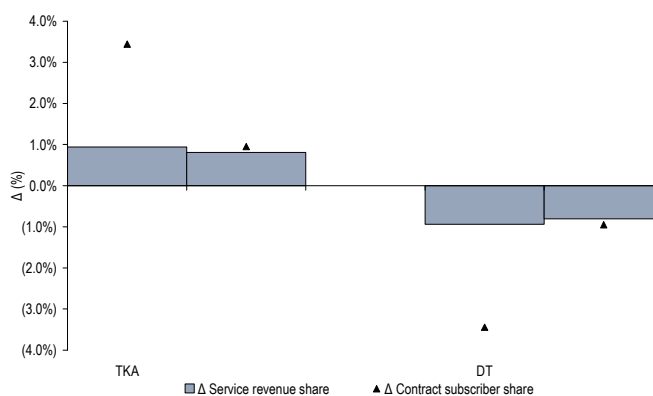
Source: Company reports and Citi Investment Research and Analysis

Figure 30. EBITDA Margin



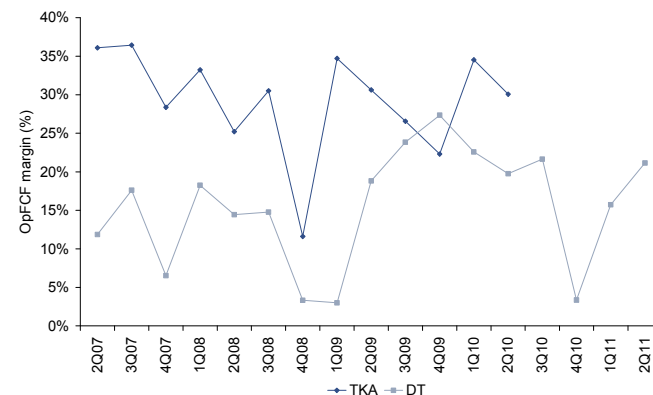
Source: Company reports and Citi Investment Research and Analysis

Figure 29. Change in Service Revenue and Contract Sub Share



Source: Company reports and Citi Investment Research and Analysis

Figure 31. OpFCF Margin



Source: Company reports and Citi Investment Research and Analysis

## Austria Mobile Data

Figure 32. Austria Mobile Market Information

Austria	2Q08	3Q08	4Q08	1Q09	2Q09	3Q09	4Q09	1Q10	2Q10	3Q10	4Q10	1Q11	2Q11
<b>Service Revenue, €m</b>													
TKA	348	355	375	343	348	337	334	319	331	334	328	310	317
T-Mobile (DT)	260	255	259	256	245	247	241	235	232	236	223	218	215
<b>Total</b>	<b>608</b>	<b>610</b>	<b>634</b>	<b>599</b>	<b>593</b>	<b>584</b>	<b>575</b>	<b>554</b>	<b>563</b>	<b>570</b>	<b>551</b>	<b>528</b>	<b>532</b>
<b>Service Revenue Growth, yoy</b>													
TKA	(1.6%)	0.1%	14.1%	0.1%	(0.0%)	(5.1%)	(11.0%)	(6.8%)	(4.8%)	(0.8%)	(1.8%)	(3.1%)	(4.2%)
T-Mobile (DT)	(6.5%)	(9.3%)	0.4%	(3.0%)	(5.8%)	(3.1%)	(6.9%)	(8.2%)	(5.3%)	(4.5%)	(7.5%)	(7.2%)	(7.3%)
<b>Total</b>	<b>(3.8%)</b>	<b>(4.0%)</b>	<b>8.1%</b>	<b>(1.3%)</b>	<b>(2.5%)</b>	<b>(4.3%)</b>	<b>(9.3%)</b>	<b>(7.4%)</b>	<b>(5.0%)</b>	<b>(2.3%)</b>	<b>(4.2%)</b>	<b>(4.8%)</b>	<b>(5.5%)</b>
<b>Service Revenue Market Share</b>													
TKA	57.2%	58.2%	59.2%	57.3%	58.7%	57.7%	58.1%	57.6%	58.8%	58.6%	59.5%	58.7%	59.6%
T-Mobile (DT)	42.8%	41.8%	40.8%	42.7%	41.3%	42.3%	41.9%	42.4%	41.2%	41.4%	40.5%	41.3%	40.4%
<b>Post-pay Customers, 000s</b>													
TKA	2,872	2,986	3,126	3,228	3,281	3,395	3,519	3,597	3,709	3,784	3,879	3,931	3,977
T-Mobile (DT)	2,191	2,223	2,270	2,305	2,297	2,273	2,326	2,328	2,340	2,334	2,382	2,397	2,410
<b>Call Volumes, mn min/qtr</b>													
TKA	2,220	2,190	2,324	2,292	2,264	2,242	2,369	2,331	2,366	2,321	2,425	2,337	2,353
Deutsche Telekom	2,183	2,138	2,344	2,445	2,414	2,322	2,511	2,419	2,489	2,421	2,619	2,580	2,591
<b>Total</b>	<b>4,403</b>	<b>4,329</b>	<b>4,668</b>	<b>4,737</b>	<b>4,678</b>	<b>4,564</b>	<b>4,880</b>	<b>4,750</b>	<b>4,855</b>	<b>4,742</b>	<b>5,044</b>	<b>4,917</b>	<b>4,944</b>
<b>Call Volume growth, yoy</b>													
TKA	13.7%	10.2%	6.6%	3.3%	1.9%	2.4%	1.9%	1.7%	4.5%	3.6%	2.4%	0.2%	(0.6%)
Deutsche Telekom	6.4%	3.0%	3.5%	8.6%	10.6%	8.6%	7.1%	(1.1%)	3.1%	4.3%	4.3%	6.7%	4.1%
<b>Total</b>	<b>10.0%</b>	<b>6.5%</b>	<b>5.0%</b>	<b>6.0%</b>	<b>6.2%</b>	<b>5.4%</b>	<b>4.5%</b>	<b>0.3%</b>	<b>3.8%</b>	<b>3.9%</b>	<b>3.4%</b>	<b>3.5%</b>	<b>1.8%</b>
<b>Contract Churn, % p.a</b>													
TKA	13.7%	16.8%	18.5%	23.9%	25.4%	24.2%	26.4%	27.6%	21.6%	22.8%	26.4%	31.7%	90.2%
T-Mobile (DT)	12.0%	10.8%	12.0%	12.0%	12.0%	13.2%	12.0%	15.6%	10.8%	16.8%	9.6%	10.8%	10.8%
<b>EBITDA, €m</b>													
TKA	140	159	132	161	147	139	139	144	138				
T-Mobile (DT)	65	64	80	53	70	82	78	83	61	69	70	60	68

Source: Company reports and Citi Investment Research and Analysis

## Austria Fixed Data

Figure 33. Austria Fixed Line Market Information

Austria	2Q08	3Q08	4Q08	1Q09	2Q09	3Q09	4Q09	1Q10	2Q10	3Q10	4Q10	1Q11	2Q11
<b>Broadband Subscribers (000s)</b>													
Incumbent retail	758	766	819	872	896	931	972	1,017	1,043	1,073	1,116	1,155	1,172
Incumbent wholesale	69	69	67	63	63	52	50	48	47	46	46	45	44
ULL (total)	298	298	299	296	292	288	287	283	282	277	278	278	276
Cable	434	431	434	427	426	424	430	430	433	435	439	440	443
<b>Total</b>	<b>1,558</b>	<b>1,564</b>	<b>1,619</b>	<b>1,659</b>	<b>1,676</b>	<b>1,695</b>	<b>1,739</b>	<b>1,778</b>	<b>1,804</b>	<b>1,831</b>	<b>1,878</b>	<b>1,917</b>	<b>1,935</b>
<b>Broadband Subscribers (000s)</b>													
TKA	758	766	819	872	896	931	972	1,017	1,043	1,073	1,116	1,155	1,172
UPC	434	431	434	427	426	424	430	430	433	435	439	440	443
Tele2	171	168	164	157	153	148	134	126	130	130	130	129	127
- other	195	199	202	202	201	192	203	205	199	193	194	193	193
<b>Total</b>	<b>1,558</b>	<b>1,564</b>	<b>1,619</b>	<b>1,659</b>	<b>1,676</b>	<b>1,695</b>	<b>1,739</b>	<b>1,778</b>	<b>1,804</b>	<b>1,831</b>	<b>1,878</b>	<b>1,917</b>	<b>1,935</b>
<b>Broadband Subscribers Net Adds (000s)</b>													
TKA	12	9	53	53	24	35	42	45	25	31	42	40	17
UPC	1	(3)	3	(7)	(1)	(2)	6	0	3	2	4	1	3
Tele2	(8)	(3)	(4)	(7)	(4)	(5)	(14)	(8)	4	0	0	(1)	(2)
- other	3	3	3	0	(1)	(10)	11	2	(6)	(6)	1	(1)	0
<b>Total</b>	<b>7</b>	<b>7</b>	<b>54</b>	<b>40</b>	<b>17</b>	<b>19</b>	<b>45</b>	<b>39</b>	<b>26</b>	<b>27</b>	<b>47</b>	<b>39</b>	<b>18</b>
<b>Telephony Channels (000s)</b>													
Incumbent retail	2,367	2,339	2,337	2,329	2,316	2,309	2,314	2,310	2,304	2,303	2,315	2,322	2,323
Incumbent wholesale (WLR)	0	0	0	0	0	0	0	0	0	0	0	0	0
ULL (total)	298	298	299	296	292	288	287	283	282	277	278	278	276
Cable	205	217	242	258	268	273	287	297	306	314	325	333	340
<b>Total</b>	<b>2,869</b>	<b>2,854</b>	<b>2,878</b>	<b>2,882</b>	<b>2,876</b>	<b>2,870</b>	<b>2,887</b>	<b>2,890</b>	<b>2,892</b>	<b>2,894</b>	<b>2,918</b>	<b>2,933</b>	<b>2,940</b>
<b>Telephony Channels Net Adds (000s)</b>													
Incumbent retail	(35)	(28)	(2)	(8)	(13)	(7)	4	(3)	(6)	(1)	12	7	1
Incumbent wholesale (WLR)	0	0	0	0	0	0	0	0	0	0	0	0	0
ULL (total)	(2)	0	1	(3)	(4)	(4)	(1)	(4)	(1)	(5)	1	(1)	(1)
Cable	10	12	26	16	10	5	14	10	9	8	11	8	7
<b>Total</b>	<b>(27)</b>	<b>(16)</b>	<b>24</b>	<b>5</b>	<b>(6)</b>	<b>(6)</b>	<b>17</b>	<b>3</b>	<b>2</b>	<b>2</b>	<b>24</b>	<b>15</b>	<b>7</b>

Source: Company reports and Citi Investment Research and Analysis



# Belgium

## Fixed

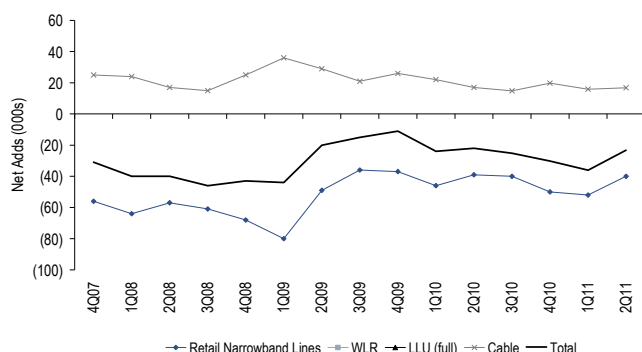
- Belgacom's retail line losses improved moderately during the quarter to -40k in 2Q11 vs. -52k in 1Q11. The market remains very competitive, especially in the south of the country, where cable operator VOO is aggressive on price for very high speed offers. In TV, long provisioning times (between 5 and 7 weeks) and fight over content continue to affect Mobistar's activations, running below the previous full-year target.

## Mobile

- Service revenue growth was still affected by heavy MTR cuts, although to a lesser degree than in 1Q11. The yoy growth was -4.2% in 2Q11 vs. -5.3% in 1Q11, a c.100bp improvement for all operators, with Base slightly better. Service revenue growth excluding MTR cuts was 2.8% in 2Q11 vs. 1.7% in 1Q11, boosted by an increase in ARPU to €23.8 in 2Q11 from €23.0 in 1Q11.
- The three mobile operators are focusing on the postpaid market. Belgacom had the biggest share of postpaid net adds during the quarter: +54k vs. Mobistar and Base at +20k each. Going forward the market is likely to become more competitive with Telenet's acquisition of the 4<sup>th</sup> mobile licence.

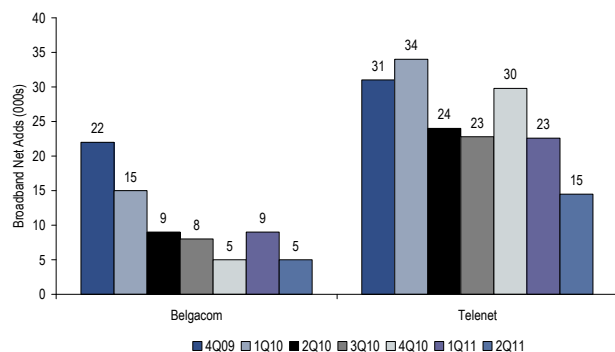
## Fixed Charts

Figure 34. Telephony Net Adds



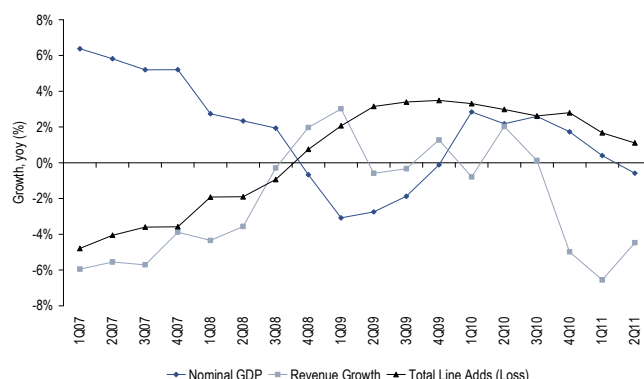
Source: Company reports and Citi Investment Research and Analysis

Figure 36. Broadband Subscriber Quarterly Net Adds



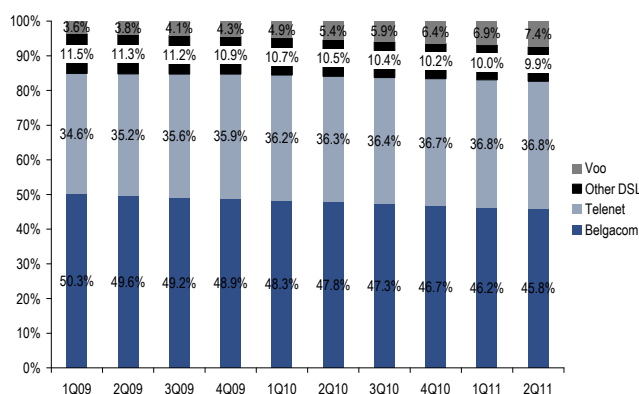
Source: Company reports and Citi Investment Research and Analysis

Figure 35. Line Loss, Incumbent Revenue Growth and GDP



Source: Company reports and Citi Investment Research and Analysis

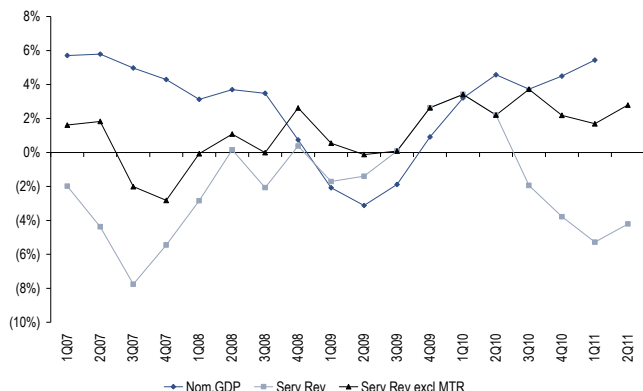
Figure 37. Broadband Subscriber Market Share



Source: Company reports and Citi Investment Research and Analysis

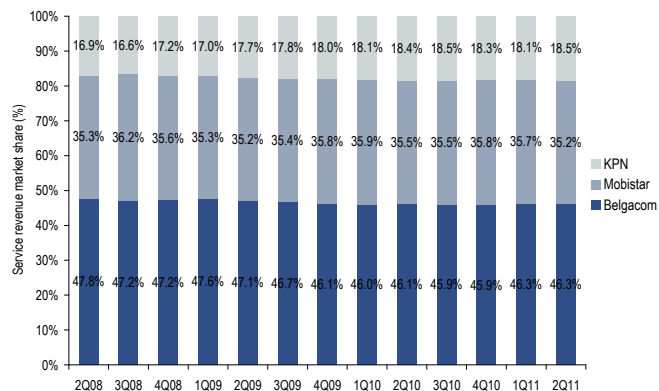
## Mobile Charts

Figure 38. Revenue and GDP



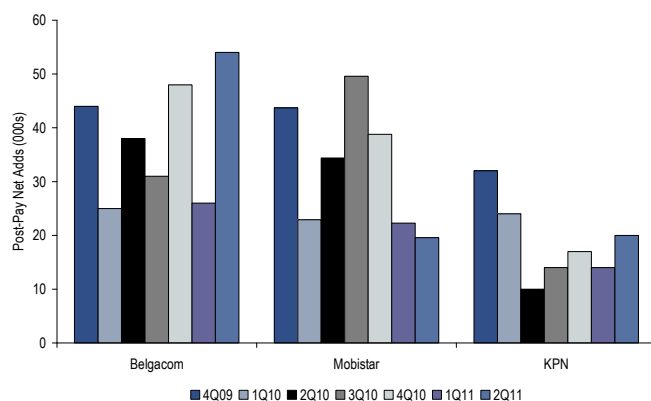
Source: Company reports and Citi Investment Research and Analysis

Figure 39. Service Revenue Market Share



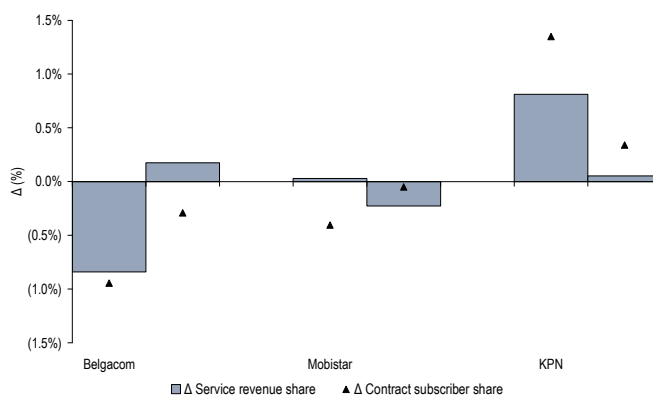
Source: Company reports and Citi Investment Research and Analysis

Figure 40. Post-Paid Net Adds



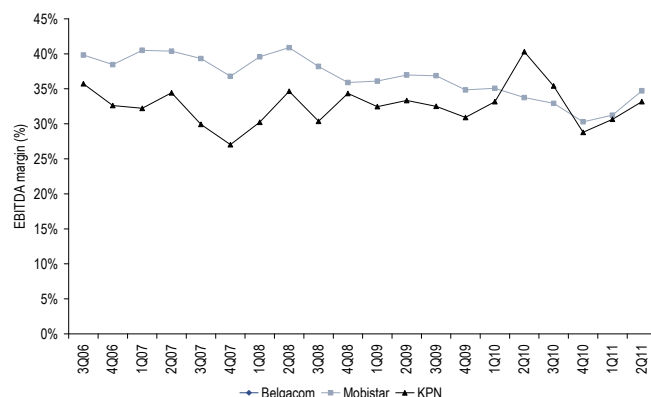
Source: Company reports and Citi Investment Research and Analysis

Figure 41. Change in Service Revenue and Contract Sub Share



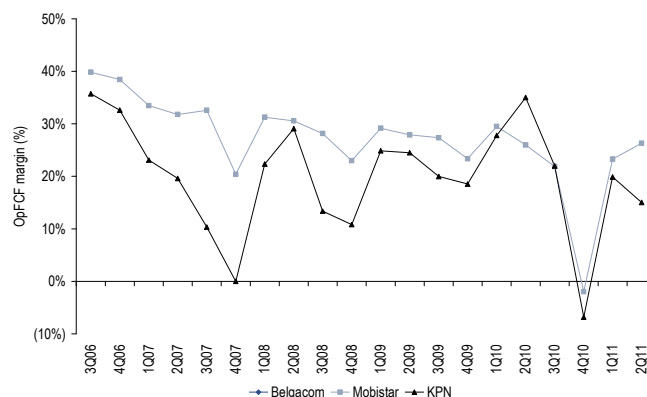
Source: Company reports and Citi Investment Research and Analysis

Figure 42. EBITDA Margin



Source: Company reports and Citi Investment Research and Analysis

Figure 43. OpFCF Margin



Source: Company reports and Citi Investment Research and Analysis

## Belgium Mobile Data

Figure 44. Belgium Mobile Market Information

Belgium	2Q08	3Q08	4Q08	1Q09	2Q09	3Q09	4Q09	1Q10	2Q10	3Q10	4Q10	1Q11	2Q11
<b>Service Revenue, €m</b>													
Belgacom	458	441	437	430	445	437	438	430	445	421	419	409	428
Mobistar	338	339	329	319	332	332	340	335	342	326	327	316	326
KPN	162	155	159	154	167	167	171	169	178	170	167	160	171
<b>Total</b>	<b>958</b>	<b>935</b>	<b>925</b>	<b>903</b>	<b>944</b>	<b>936</b>	<b>949</b>	<b>934</b>	<b>965</b>	<b>918</b>	<b>913</b>	<b>885</b>	<b>925</b>
<b>Service Revenue Growth, yoy</b>													
Belgacom	(1.5%)	(6.6%)	(0.9%)	(4.7%)	(2.8%)	(0.9%)	0.2%	0.0%	0.0%	(3.6%)	(4.4%)	(4.8%)	(3.8%)
Mobistar	(0.7%)	1.0%	(1.1%)	(1.1%)	(1.6%)	(2.1%)	3.4%	5.0%	2.9%	(1.7%)	(3.8%)	(5.8%)	(4.8%)
KPN	7.3%	5.4%	7.4%	6.2%	3.1%	7.7%	7.5%	9.7%	6.6%	1.8%	(2.3%)	(5.3%)	(3.9%)
<b>Total</b>	<b>0.2%</b>	<b>(2.1%)</b>	<b>0.4%</b>	<b>(1.7%)</b>	<b>(1.4%)</b>	<b>0.1%</b>	<b>2.6%</b>	<b>3.4%</b>	<b>2.2%</b>	<b>(1.9%)</b>	<b>(3.8%)</b>	<b>(5.3%)</b>	<b>(4.2%)</b>
<b>Service Revenue Market Share</b>													
Belgacom	47.8%	47.2%	47.2%	47.6%	47.1%	46.7%	46.1%	46.0%	46.1%	45.9%	45.9%	46.3%	46.3%
Mobistar	35.3%	36.2%	35.6%	35.3%	35.2%	35.4%	35.8%	35.9%	35.5%	35.5%	35.8%	35.7%	35.2%
KPN	16.9%	16.6%	17.2%	17.0%	17.7%	17.8%	18.0%	18.1%	18.4%	18.5%	18.3%	18.1%	18.5%
<b>Post-pay Customers, 000s</b>													
Belgacom	2,482	2,509	2,570	2,621	2,678	2,721	2,765	2,790	2,828	2,859	2,907	2,933	2,987
Mobistar	1,855	1,891	1,940	1,979	2,014	2,033	2,077	2,100	2,134	2,184	2,223	2,245	2,265
KPN	533	548	569	583	612	646	678	702	712	726	743	757	777
<b>Call Volumes, mn min/qtr</b>													
Belgacom	2,551	2,378	2,494	2,455	2,541	2,434	2,555	2,372	2,450	2,364	2,470	2,399	2,516
Mobistar	1,939	1,816	1,899	1,871	1,933	1,823	1,893	1,782	1,869	1,818	1,919	1,881	1,985
KPN	1,169	1,159	1,224	1,291	1,299	1,184	1,349	1,404	1,489	1,313	1,464	1,506	1,518
<b>Total</b>	<b>5,659</b>	<b>5,354</b>	<b>5,616</b>	<b>5,617</b>	<b>5,773</b>	<b>5,441</b>	<b>5,797</b>	<b>5,559</b>	<b>5,809</b>	<b>5,496</b>	<b>5,853</b>	<b>5,786</b>	<b>6,019</b>
<b>Call Volume growth, yoy</b>													
Belgacom	10.4%	7.1%	4.4%	(0.5%)	(0.4%)	2.3%	2.5%	(3.4%)	(3.6%)	(2.9%)	(3.3%)	1.1%	2.7%
Mobistar	14.3%	10.8%	6.2%	0.4%	(0.3%)	0.4%	(0.3%)	(4.7%)	(3.3%)	(0.3%)	1.4%	5.5%	6.2%
KPN	4.8%	8.8%	6.8%	13.2%	11.2%	2.1%	10.3%	8.7%	14.7%	10.9%	8.5%	7.3%	1.9%
<b>Total</b>	<b>10.5%</b>	<b>8.7%</b>	<b>5.5%</b>	<b>2.7%</b>	<b>2.0%</b>	<b>1.6%</b>	<b>3.2%</b>	<b>(1.0%)</b>	<b>0.6%</b>	<b>1.0%</b>	<b>1.0%</b>	<b>4.1%</b>	<b>3.6%</b>
<b>Contract Churn, % p.a</b>													
KPN	18.0%	18.0%	21.0%	20.0%	21.0%	17.0%	24.0%	19.0%	21.0%	16.0%	24.0%	20.0%	16.0%
<b>EBITDA, €m</b>													
Mobistar	157	150	141	134	144	142	146	138	144	137	131	125	146
KPN	70	58	68	62	68	65	64	67	81	68	55	57	64

Source: Company reports and Citi Investment Research and Analysis

## Belgium Fixed Data

Figure 45. Belgium Fixed Line Market Information

Belgium	2Q08	3Q08	4Q08	1Q09	2Q09	3Q09	4Q09	1Q10	2Q10	3Q10	4Q10	1Q11	2Q11
<b>Broadband Subscribers (000s)</b>													
Incumbent retail	1,295	1,315	1,345	1,487	1,487	1,499	1,521	1,536	1,545	1,553	1,558	1,567	1,572
Wholesale and ULL	470	470	470	340	340	340	340	340	340	340	340	340	340
Cable	1,033	1,058	1,088	1,132	1,170	1,210	1,251	1,305	1,349	1,392	1,442	1,484	1,519
<b>Total</b>	<b>2,798</b>	<b>2,843</b>	<b>2,903</b>	<b>2,959</b>	<b>2,997</b>	<b>3,049</b>	<b>3,112</b>	<b>3,181</b>	<b>3,234</b>	<b>3,285</b>	<b>3,340</b>	<b>3,391</b>	<b>3,431</b>
<b>Broadband Subscribers (000s)</b>													
Belgacom	1,295	1,315	1,345	1,487	1,487	1,499	1,521	1,536	1,545	1,553	1,558	1,567	1,572
Telenet	935	958	985	1,025	1,055	1,085	1,116	1,150	1,174	1,197	1,227	1,249	1,264
Other DSL	470	470	470	340	340	340	340	340	340	340	340	340	340
Voo	98	100	103	107	115	125	135	155	175	195	215	235	255
<b>Total</b>	<b>2,798</b>	<b>2,843</b>	<b>2,903</b>	<b>2,959</b>	<b>2,997</b>	<b>3,049</b>	<b>3,112</b>	<b>3,181</b>	<b>3,234</b>	<b>3,285</b>	<b>3,340</b>	<b>3,391</b>	<b>3,431</b>
<b>Broadband Subscribers Net Adds (000s)</b>													
Belgacom	10	20	30	142	0	12	22	15	9	8	5	9	5
Telenet	21	23	27	40	30	30	31	34	24	23	30	23	15
Other DSL	0	0	0	(130)	0	0	0	0	0	0	0	0	0
Voo	2	2	3	4	8	10	10	20	20	20	20	20	20
<b>Total</b>	<b>33</b>	<b>45</b>	<b>60</b>	<b>56</b>	<b>38</b>	<b>52</b>	<b>63</b>	<b>69</b>	<b>53</b>	<b>51</b>	<b>55</b>	<b>52</b>	<b>40</b>
<b>Telephony Channels (000s)</b>													
Incumbent retail	3,778	3,717	3,649	3,569	3,520	3,484	3,447	3,401	3,362	3,322	3,272	3,220	3,180
Incumbent wholesale (WLR)													
ULL (total)													
Cable	589	604	629	665	694	715	741	763	780	795	815	831	847
<b>Total</b>	<b>4,367</b>	<b>4,321</b>	<b>4,278</b>	<b>4,234</b>	<b>4,214</b>	<b>4,199</b>	<b>4,188</b>	<b>4,164</b>	<b>4,142</b>	<b>4,117</b>	<b>4,087</b>	<b>4,051</b>	<b>4,027</b>
<b>Telephony Channels Net Adds (000s)</b>													
Incumbent retail	(57)	(61)	(68)	(80)	(49)	(36)	(37)	(46)	(39)	(40)	(50)	(52)	(40)
Incumbent wholesale (WLR)													
ULL (total)													
Cable	17	15	25	36	29	21	26	22	17	15	20	16	17
<b>Total</b>	<b>(40)</b>	<b>(46)</b>	<b>(43)</b>	<b>(44)</b>	<b>(20)</b>	<b>(15)</b>	<b>(11)</b>	<b>(24)</b>	<b>(22)</b>	<b>(25)</b>	<b>(30)</b>	<b>(36)</b>	<b>(23)</b>
<b>Pay TV Subscribers (000s)</b>													
Belgacom	350	389	441	486	513	575	652	713	753	795	839	879	925
Telenet	1,688	1,654	2,402	2,386	2,374	2,363	2,342	2,318	2,303	2,288	2,274	2,254	2,234
<b>Pay TV Subscribers Net Adds (000s)</b>													
Belgacom	37	39	52	45	27	62	77	61	40	42	44	40	46
Telenet	(7)	(34)	748	(16)	(12)	(11)	(21)	(24)	(15)	(15)	(14)	(21)	(20)

Source: Company reports and Citi Investment Research and Analysis

# Denmark

## Fixed

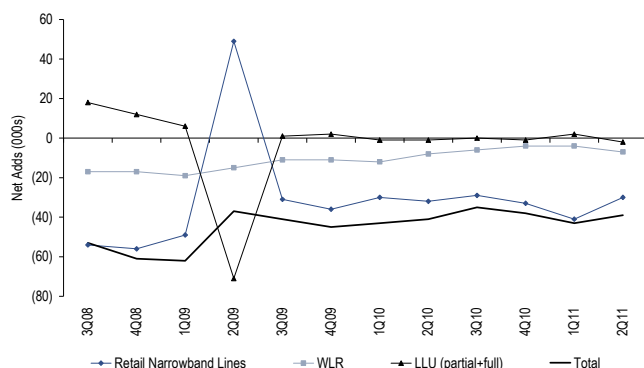
- Fixed line trends showed little change on 1Q10. Retail line loss improved slightly to -30k from -41k 1Q11. Broadband net losses remained high for the second quarter at -10k.

## Mobile

- Service revenue growth excluding the impact of MTRs worsened from -1.7% to -2.6%. This was driven by significant declines for Telia and Telenor, both of which cut prices in the quarter. TDC's underlying growth improved but TDC cut prices after the quarter end, hence we would expect to see a worsening in TDC's underlying trend in 3Q11.

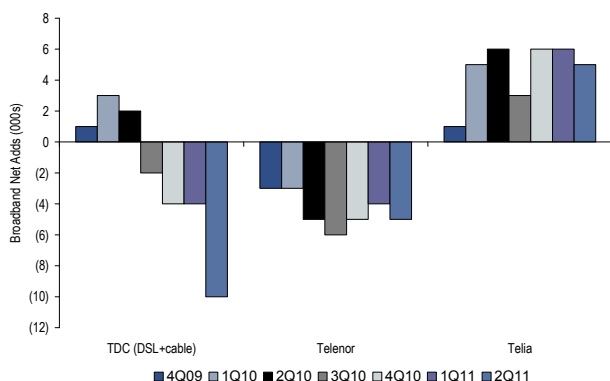
## Fixed Charts

Figure 46. Telephony Net Adds



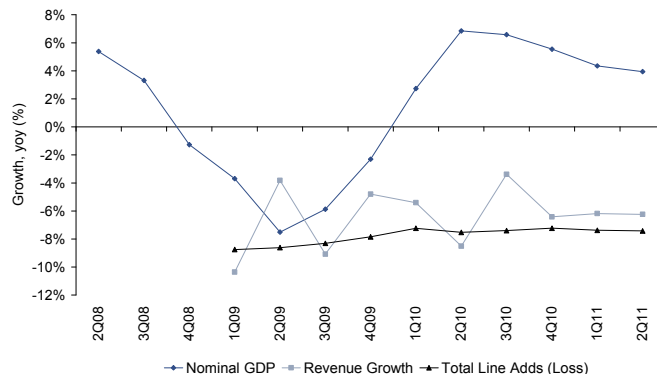
Source: Company reports and Citi Investment Research and Analysis

Figure 48. Line Loss, Incumbent Revenue Growth and GDP



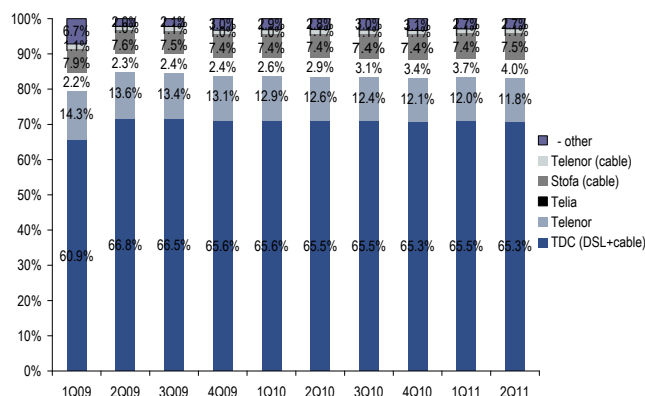
Source: Company reports and Citi Investment Research and Analysis

Figure 47. Line Loss, Incumbent Revenue Growth and GDP



Source: Company reports and Citi Investment Research and Analysis

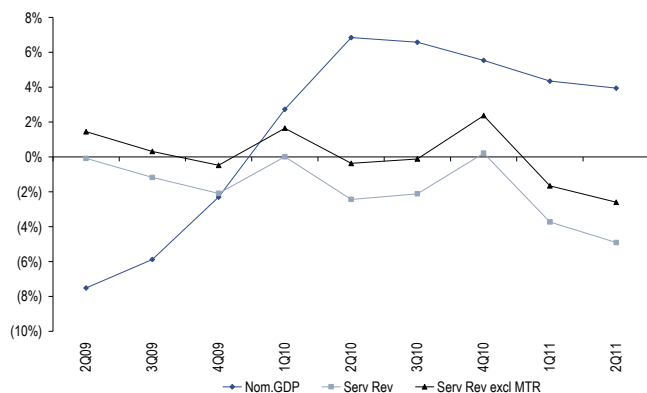
Figure 49. Line Loss, Incumbent Revenue Growth and GDP



Source: Company reports and Citi Investment Research and Analysis

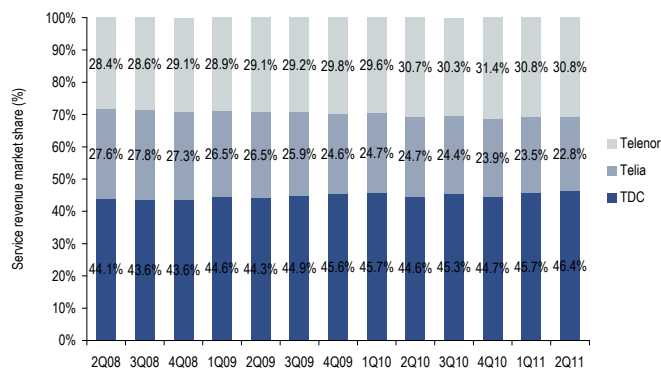
## Mobile Charts

Figure 50. Revenue and GDP



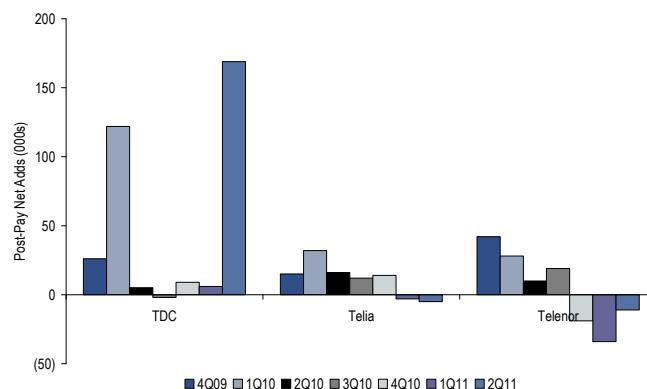
Source: Company reports and Citi Investment Research and Analysis

Figure 51. Service Revenue Market Share



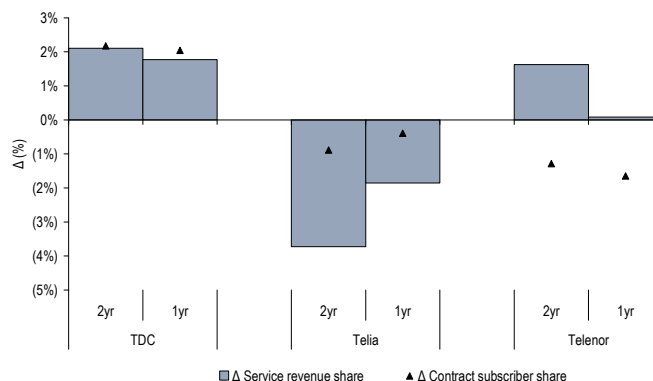
Source: Company reports and Citi Investment Research and Analysis

Figure 52. Post-Paid Net Adds



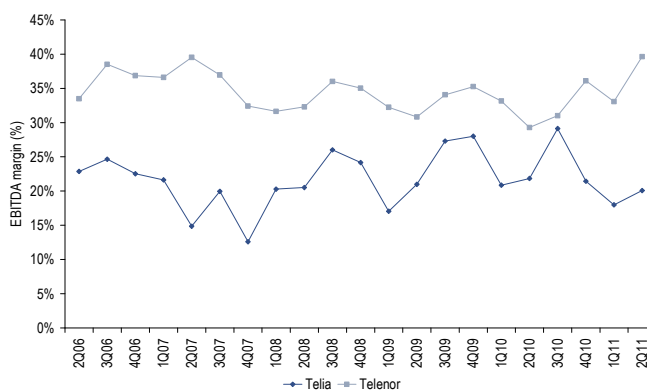
Source: Company reports and Citi Investment Research and Analysis

Figure 53. Change in Service Revenue and Contract Sub Share



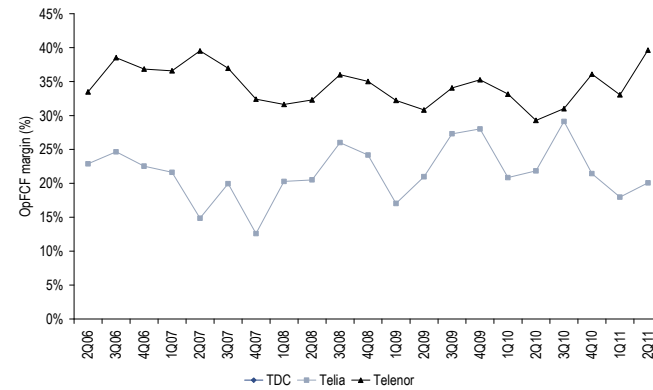
Source: Company reports and Citi Investment Research and Analysis

Figure 54. EBITDA Margin



Source: Company reports and Citi Investment Research and Analysis

Figure 55. OpFCF Margin



Source: Company reports and Citi Investment Research and Analysis

## Denmark Mobile Data

Figure 56. Denmark Mobile Market Information

Denmark	2Q08	3Q08	4Q08	1Q09	2Q09	3Q09	4Q09	1Q10	2Q10	3Q10	4Q10	1Q11	2Q11
<b>Service Revenue, €m</b>													
TDC	1,872	1,857	1,833	1,856	1,881	1,890	1,875	1,902	1,849	1,869	1,843	1,830	1,828
Telia	1,171	1,185	1,148	1,103	1,127	1,092	1,014	1,027	1,022	1,006	986	939	898
Telenor	1,205	1,219	1,223	1,200	1,237	1,229	1,227	1,231	1,271	1,247	1,296	1,235	1,212
<b>Total</b>	<b>4,249</b>	<b>4,261</b>	<b>4,204</b>	<b>4,159</b>	<b>4,245</b>	<b>4,211</b>	<b>4,116</b>	<b>4,160</b>	<b>4,142</b>	<b>4,122</b>	<b>4,125</b>	<b>4,005</b>	<b>3,938</b>
<b>Service Revenue Growth, yoy</b>													
TDC				5.9%	0.5%	1.8%	2.3%	2.5%	(1.7%)	(1.1%)	(1.7%)	(3.8%)	(1.1%)
Telia	26.2%	11.9%	6.0%	(5.3%)	(3.8%)	(7.8%)	(11.6%)	(7.0%)	(9.3%)	(7.9%)	(2.8%)	(8.5%)	(12.1%)
Telenor	8.4%	2.9%	5.4%	5.1%	2.7%	0.8%	0.3%	2.6%	2.7%	1.5%	5.7%	0.3%	(4.7%)
<b>Total</b>				<b>2.4%</b>	<b>(0.1%)</b>	<b>(1.2%)</b>	<b>(2.1%)</b>	<b>0.0%</b>	<b>(2.4%)</b>	<b>(2.1%)</b>	<b>0.2%</b>	<b>(3.7%)</b>	<b>(4.9%)</b>
<b>Service Revenue Market Share</b>													
TDC	44.1%	43.6%	43.6%	44.6%	44.3%	44.9%	45.6%	45.7%	44.6%	45.3%	44.7%	45.7%	46.4%
Telia	27.6%	27.8%	27.3%	26.5%	26.5%	25.9%	24.6%	24.7%	24.7%	24.4%	23.9%	23.5%	22.8%
Telenor	28.4%	28.6%	29.1%	28.9%	29.1%	29.2%	29.8%	29.6%	30.7%	30.3%	31.4%	30.8%	30.8%
<b>Post-pay Customers, 000s</b>													
TDC	2,180	2,214	2,252	2,278	2,305	2,327	2,353	2,475	2,480	2,478	2,487	2,493	2,662
Telia	1,127	1,141	1,154	1,154	1,159	1,156	1,171	1,203	1,219	1,231	1,245	1,242	1,237
Telenor	1,108	1,119	1,128	1,143	1,164	1,187	1,229	1,257	1,267	1,286	1,267	1,233	1,222
<b>Call Volumes, mn min/qtr</b>													
TDC	978	926	959	967	988	975	1,032	1,032	1,060	1,007	1,085	1,045	1,104
Telia	1,012	923	970	947	964	925	984	1,000	1,044	1,024	1,069	1,036	1,040
Telenor	1,044	1,001	1,052	1,050	1,088	1,075	1,150	1,160	1,181	1,125	1,178	1,139	1,129
<b>Total</b>	<b>3,034</b>	<b>2,849</b>	<b>2,981</b>	<b>2,964</b>	<b>3,040</b>	<b>2,975</b>	<b>3,166</b>	<b>3,191</b>	<b>3,285</b>	<b>3,156</b>	<b>3,332</b>	<b>3,219</b>	<b>3,273</b>
<b>Call Volume growth, yoy</b>													
TDC	(35.1%)	(44.0%)	(47.2%)	(45.6%)	1.0%	5.3%	7.7%	6.6%	7.3%	3.3%	5.1%	1.3%	4.2%
Telia	44.8%	9.3%	7.2%	7.4%	(4.8%)	0.2%	1.4%	5.6%	8.3%	10.7%	8.6%	3.6%	(0.4%)
Telenor	18.5%	13.8%	6.3%	7.9%	4.3%	7.5%	9.3%	10.5%	8.6%	4.6%	2.4%	(1.8%)	(4.4%)
<b>Total</b>	<b>(1.7%)</b>	<b>(15.6%)</b>	<b>(19.7%)</b>	<b>(18.4%)</b>	<b>0.2%</b>	<b>4.4%</b>	<b>6.2%</b>	<b>7.7%</b>	<b>8.1%</b>	<b>6.1%</b>	<b>5.2%</b>	<b>0.9%</b>	<b>(0.4%)</b>
<b>EBITDA, €m</b>													
TDC													
Telia	240	308	278	188	236	298	284	214	223	293	211	169	180
Telenor	389	439	428	387	381	419	433	408	372	387	468	408	480

Source: Company reports and Citi Investment Research and Analysis

## Denmark Fixed Data

Figure 57. Denmark Fixed Line Market Information

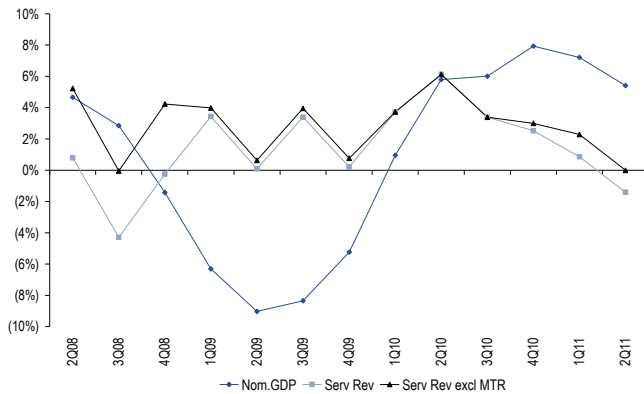
Denmark	2Q08	3Q08	4Q08	1Q09	2Q09	3Q09	4Q09	1Q10	2Q10	3Q10	4Q10	1Q11	2Q11
<b>Broadband Subscribers (000s)</b>													
Incumbent retail	1,164	1,162	1,151	1,145	1,291	1,295	1,296	1,299	1,301	1,299	1,295	1,291	1,281
Incumbent wholesale	135	125	124	131	118	121	139	142	146	148	154	147	150
ULL (total)	265	289	301	304	228	227	227	223	219	217	214	215	211
Cable	193	196	197	196	193	194	193	193	193	193	193	193	194
<b>Total</b>	<b>1,860</b>	<b>1,875</b>	<b>1,876</b>	<b>1,879</b>	<b>1,933</b>	<b>1,948</b>	<b>1,974</b>	<b>1,980</b>	<b>1,985</b>	<b>1,983</b>	<b>1,982</b>	<b>1,972</b>	<b>1,962</b>
<b>Broadband Subscribers (000s)</b>													
TDC (DSL+cable)	1,164	1,162	1,151	1,145	1,291	1,295	1,296	1,299	1,301	1,299	1,295	1,291	1,281
Telenor	280	282	272	268	263	262	259	256	251	245	240	236	231
Telia	31	34	34	42	44	46	47	52	58	61	67	73	78
Stofa (cable)	151	150	150	149	147	147	147	147	146	146	146	146	147
Telenor (cable)	16	20	21	21	20	21	20	20	21	21	21	21	21
- other	89	98	119	125	39	40	60	57	56	59	61	53	52
<b>Total</b>	<b>1,860</b>	<b>1,875</b>	<b>1,876</b>	<b>1,879</b>	<b>1,933</b>	<b>1,948</b>	<b>1,974</b>	<b>1,980</b>	<b>1,985</b>	<b>1,983</b>	<b>1,982</b>	<b>1,972</b>	<b>1,962</b>
<b>Broadband Subscribers Net Adds (000s)</b>													
TDC (DSL+cable)	5	(2)	(11)	(6)	146	4	1	3	2	(2)	(4)	(4)	(10)
Telenor	2	2	(10)	(4)	(5)	(1)	(3)	(3)	(5)	(6)	(5)	(4)	(5)
Telia	0	3	0	8	2	2	1	5	6	3	6	6	5
<b>Total</b>	<b>18</b>	<b>15</b>	<b>1</b>	<b>3</b>	<b>54</b>	<b>15</b>	<b>26</b>	<b>5</b>	<b>5</b>	<b>(2)</b>	<b>(1)</b>	<b>(10)</b>	<b>(10)</b>
<b>Telephony Channels (000s)</b>													
Retail Narrowband Lines	1,926	1,872	1,816	1,767	1,816	1,785	1,749	1,719	1,687	1,658	1,625	1,584	1,554
WLR	331	314	297	278	263	252	241	229	221	215	211	207	200
LLU (full)	214	232	244	250	179	180	182	181	180	180	179	181	179
Cable	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>2,471</b>	<b>2,418</b>	<b>2,357</b>	<b>2,295</b>	<b>2,258</b>	<b>2,217</b>	<b>2,172</b>	<b>2,129</b>	<b>2,088</b>	<b>2,053</b>	<b>2,015</b>	<b>1,972</b>	<b>1,933</b>
<b>Telephony Channels Net Adds (000s)</b>													
Retail Narrowband Lines	(38)	(54)	(56)	(49)	49	(31)	(36)	(30)	(32)	(29)	(33)	(41)	(30)
WLR	(20)	(17)	(17)	(19)	(15)	(11)	(11)	(12)	(8)	(6)	(4)	(4)	(7)
LLU (partial+full)	14	18	12	6	(71)	1	2	(1)	(1)	0	(1)	2	(2)
<b>Total</b>	<b>(44)</b>	<b>(53)</b>	<b>(61)</b>	<b>(62)</b>	<b>(37)</b>	<b>(41)</b>	<b>(45)</b>	<b>(43)</b>	<b>(41)</b>	<b>(35)</b>	<b>(38)</b>	<b>(43)</b>	<b>(39)</b>

Source: Company reports and Citi Investment Research and Analysis



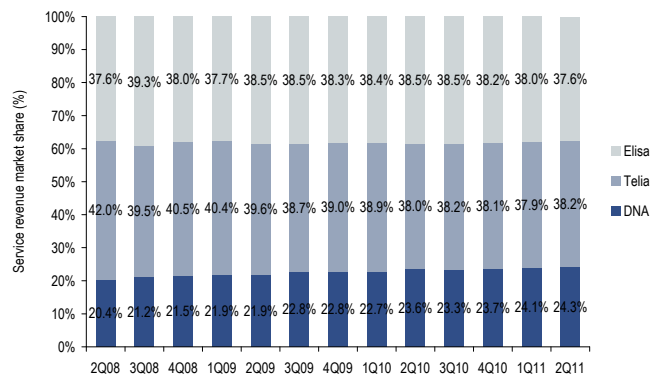
# Finland Mobile

Figure 58. Revenue and GDP



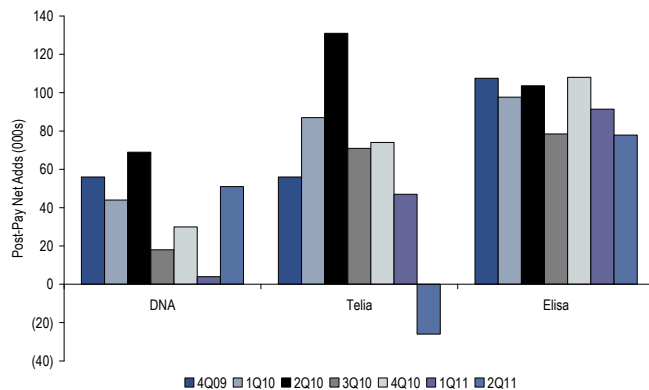
Source: Company reports, CIRA and Datasteam

Figure 59. Service Revenue Market Share



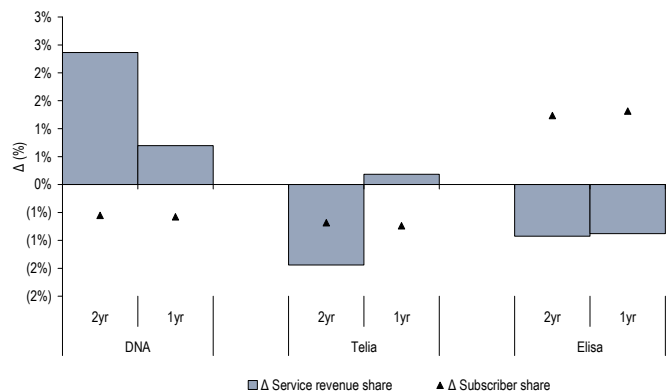
Source: Company reports and Citi Investment Research and Analysis

Figure 60. Post-Paid Net Adds



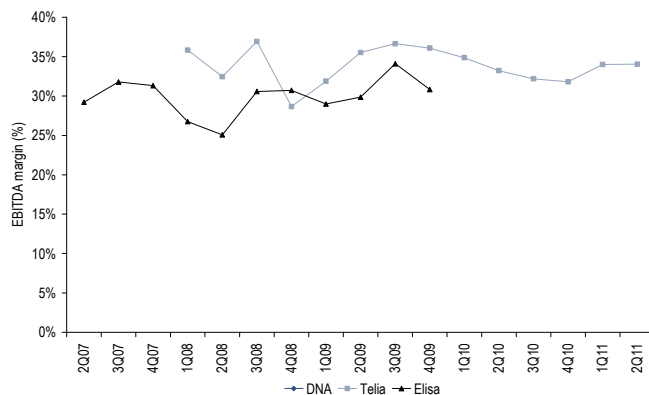
Source: Company reports and Citi Investment Research and Analysis

Figure 61. Change in Service Revenue and Contract Sub Share



Source: Company reports and Citi Investment Research and Analysis

Figure 62. EBITDA Margin



Source: Company reports and Citi Investment Research and Analysis

## Finland Mobile Data

Figure 63. Finland Mobile Market Information

Finland	2Q08	3Q08	4Q08	1Q09	2Q09	3Q09	4Q09	1Q10	2Q10	3Q10	4Q10	1Q11	2Q11
<b>Service Revenue, €m</b>													
DNA	104	105	113	110	113	117	119	118	129	124	127	126	130
Telia	216	196	212	202	203	199	204	202	207	203	204	199	205
Elisa	193	195	198	189	198	197	200	199	210	204	205	199	202
<b>Total</b>	<b>513</b>	<b>496</b>	<b>523</b>	<b>501</b>	<b>514</b>	<b>513</b>	<b>524</b>	<b>520</b>	<b>545</b>	<b>530</b>	<b>537</b>	<b>524</b>	<b>538</b>
<b>Service Revenue Growth, yoy</b>													
DNA	17.7%	10.3%	12.7%	13.5%	7.7%	11.2%	6.1%	7.8%	14.2%	5.6%	6.7%	7.0%	1.5%
Telia	(0.6%)	(10.2%)	(1.3%)	(1.4%)	(5.7%)	1.4%	(3.6%)	(0.1%)	1.8%	2.0%	0.2%	(1.8%)	(0.9%)
Elisa	(5.1%)	(4.8%)	(5.4%)	3.5%	2.4%	1.2%	1.0%	5.4%	6.0%	3.5%	2.4%	(0.1%)	(3.7%)
<b>Total</b>	<b>0.8%</b>	<b>(4.3%)</b>	<b>(0.3%)</b>	<b>3.4%</b>	<b>0.1%</b>	<b>3.4%</b>	<b>0.2%</b>	<b>3.7%</b>	<b>6.1%</b>	<b>3.4%</b>	<b>2.5%</b>	<b>0.9%</b>	<b>(1.4%)</b>
<b>Service Revenue Market Share</b>													
DNA	20.4%	21.2%	21.5%	21.9%	21.9%	22.8%	22.8%	22.7%	23.6%	23.3%	23.7%	24.1%	24.3%
Telia	42.0%	39.5%	40.5%	40.4%	39.6%	38.7%	39.0%	38.9%	38.0%	38.2%	38.1%	37.9%	38.2%
Elisa	37.6%	39.3%	38.0%	37.7%	38.5%	38.5%	38.3%	38.4%	38.5%	38.5%	38.2%	38.0%	37.6%
<b>Post-pay Customers, 000s</b>													
DNA	0	0	0	0	0	0	0	0	0	0	0	0	0
Telia	2,337	2,377	2,410	2,430	2,466	2,526	2,600	2,670	2,722	2,781	2,843	2,898	2,930
Elisa	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Call Volumes, mn min/qtr</b>													
DNA	1,444	1,442	1,576	1,591	1,669	1,683	1,767	1,780	1,818	1,775	1,782	1,739	1,774
Telia	2,302	2,217	2,340	2,281	2,311	2,287	2,382	2,398	2,470	2,439	2,477	2,445	2,502
Elisa	2,170	2,098	2,218	2,220	2,341	2,339	2,442	2,482	2,546	2,505	2,558	2,553	2,669
<b>Total</b>	<b>5,915</b>	<b>5,757</b>	<b>6,134</b>	<b>6,093</b>	<b>6,321</b>	<b>6,308</b>	<b>6,591</b>	<b>6,661</b>	<b>6,834</b>	<b>6,720</b>	<b>6,817</b>	<b>6,738</b>	<b>6,945</b>
<b>Call Volume growth, yoy</b>													
DNA	27.0%	21.3%	25.8%	20.9%	15.6%	16.7%	12.1%	11.9%	8.9%	5.5%	0.9%	(2.3%)	(2.4%)
Telia	7.6%	4.4%	9.2%	4.7%	0.4%	3.2%	1.8%	5.1%	6.9%	6.7%	4.0%	2.0%	1.3%
Elisa	6.8%	3.1%	7.9%	7.8%	7.9%	11.5%	10.1%	11.8%	8.8%	7.1%	4.8%	2.9%	4.8%
<b>Total</b>	<b>11.4%</b>	<b>7.7%</b>	<b>12.5%</b>	<b>9.7%</b>	<b>6.9%</b>	<b>9.6%</b>	<b>7.4%</b>	<b>9.3%</b>	<b>8.1%</b>	<b>6.5%</b>	<b>3.4%</b>	<b>1.2%</b>	<b>1.6%</b>
<b>EBITDA, €m</b>													
Telia	75	84	68	70	80	80	84	80	78	77	77	79	79
Elisa	51	65	64	56	59	69	64						

Source: Company reports and Citi Investment Research and Analysis

## Finland Fixed Data

Figure 64. Finland Fixed Line Market Information

Finland	2Q08	3Q08	4Q08	1Q09	2Q09	3Q09	4Q09	1Q10	2Q10	3Q10	4Q10	1Q11	2Q11
<b>Broadband Subscribers (000s)</b>													
Elisa	523	520	502	495	482	476	467	462	462	464	467	478	475
Telia	475	479	478	472	465	460	458	458	459	458	476	470	470
DNA	191	191	190	190	187	186	180	178	175	289	291	297	292
Welho	107	107	107	107	109	111	113	115	115				
Finnet	178	178	178	178	178	178	178	178	178	178	178	178	178
- other	26	26	26	26	26	26	26	26	26	26	26	26	26
<b>Total</b>	<b>1,500</b>	<b>1,500</b>	<b>1,480</b>	<b>1,468</b>	<b>1,446</b>	<b>1,436</b>	<b>1,422</b>	<b>1,416</b>	<b>1,414</b>	<b>1,414</b>	<b>1,438</b>	<b>1,448</b>	<b>1,440</b>
<b>Broadband Subscribers Net Adds (000s)</b>													
Elisa	(3)	(3)	(18)	(6)	(14)	(6)	(9)	(5)	(0)	2	3	10	(3)
Telia	(8)	4	(1)	(6)	(7)	(5)	(2)	0	1	(1)	18	(6)	0
DNA	(4)	0	(1)	0	(3)	(1)	(6)	(2)	(3)	(1)	2	6	(5)
<b>Total</b>	<b>(15)</b>	<b>1</b>	<b>(20)</b>	<b>(12)</b>	<b>(22)</b>	<b>(10)</b>	<b>(15)</b>	<b>(5)</b>	<b>(2)</b>	<b>0</b>	<b>23</b>	<b>10</b>	<b>(8)</b>
<b>Telephony Channels (000s)</b>													
Elisa	513	513	502	487	475	454	450	440	427	409	396	384	373
Telia	465	446	420	394	365	343	324	312	295	286	277	270	262
DNA	242	236	229	222	215	209	197	189	182	174	171	152	147
Finnet	285	285	285	285	285	285	285	285	285	285	285	285	285
- other	64	64	64	64	64	64	64	64	64	64	64	64	64
<b>Total</b>	<b>1,569</b>	<b>1,544</b>	<b>1,500</b>	<b>1,452</b>	<b>1,404</b>	<b>1,355</b>	<b>1,320</b>	<b>1,290</b>	<b>1,253</b>	<b>1,218</b>	<b>1,193</b>	<b>1,155</b>	<b>1,131</b>
<b>Telephony Channels Net Adds (000s)</b>													
Elisa	(13)	(0)	(11)	(15)	(12)	(21)	(4)	(10)	(13)	(18)	(14)	(12)	(11)
Telia	(13)	(19)	(26)	(26)	(29)	(22)	(19)	(12)	(17)	(9)	(9)	(7)	(8)
DNA	(6)	(6)	(7)	(7)	(7)	(6)	(12)	(8)	(7)	(8)	(3)	(19)	(5)
<b>Total</b>	<b>(32)</b>	<b>(25)</b>	<b>(44)</b>	<b>(48)</b>	<b>(48)</b>	<b>(49)</b>	<b>(36)</b>	<b>(30)</b>	<b>(37)</b>	<b>(35)</b>	<b>(26)</b>	<b>(38)</b>	<b>(24)</b>
<b>Pay TV Subscribers (000s)</b>													
Elisa (cable TV)	241	243	244	245	247	248	249	250	252	249	250	252	252
Telia (Cable TV)	176	176	176	175	175	175	175	187	189	207	218	238	328
Telia (IPTV)	0	0	0	0	0	0	1	1	0	0	0	0	0
DNA (Cable TV)	258	259	263	265	267	267	270	271	274	596	598	602	597
Welho (cable tv) (est.)	321	322	323	323	324	324	324	324	324	0	0	0	0
Finnet Group (cable tv) (est.)	217	217	217	217	217	217	217	217	217	217	217	217	217
<b>Total</b>	<b>1,213</b>	<b>1,216</b>	<b>1,223</b>	<b>1,226</b>	<b>1,230</b>	<b>1,231</b>	<b>1,236</b>	<b>1,250</b>	<b>1,256</b>	<b>1,269</b>	<b>1,283</b>	<b>1,309</b>	<b>1,394</b>
<b>Pay TV Subscribers Net Adds (000s)</b>													
Elisa (cable TV)	2	2	2	1	1	1	1	1	1	(3)	2	1	0
Telia (Cable TV)	(1)	0	0	(1)	0	0	0	12	2	18	11	20	90
Telia (IPTV)	0	0	0	0	0	0	1	0	(1)	0	0	0	0
DNA (Cable TV)	(1)	1	4	2	2	0	3	1	3	322	2	4	(5)

Source: Company reports and Citi Investment Research and Analysis

# France

## Fixed

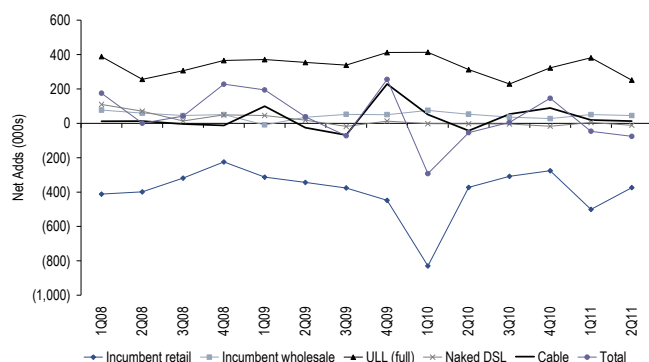
- FT's retail line losses of -374k during the quarter were an improvement from -501k in 1Q11 driven by a slowdown in ULL migration. However, fixed revenue growth was worse this quarter at -4.2% yoy in 2Q11 compared with -3.1% in 1Q11. FT's market share of BB net adds was just above 20% during the quarter, affected by its lack of a new generation of set-top box vs. competition.

## Mobile

- Service revenues continued to be impacted by significant MTR cuts, resulting in growth of -2.5% in 2Q11 vs -1.5% in 1Q11. Service revenue excluding MTR cuts was 0.7% in 2Q11 vs 1.8% in 1Q11. After a poor 1Q11 from FT's perspective (losing market share of net adds to Bouygues and MVNOs), company comments suggest its market share of net adds stabilized during 2Q11 despite fierce competition.
- We notice a big push in SIM-only offers ahead of Free's arrival in mobile, likely before the end of 2011. New "Carré" packages from SFR offer discounts for customers renewing their contracts without changing their handsets. Bouygues has launched a new online brand, B&You, offering aggressive tariffs on voice and data. FT is to follow shortly (September) with a very similar sub-brand offer called "Sosh" for social networks.

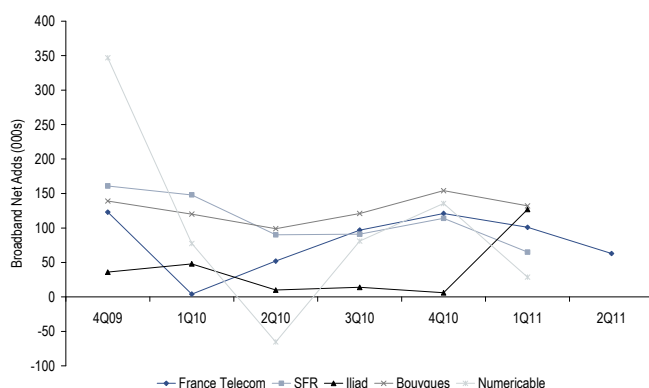
## Fixed Charts

Figure 65. Telephony Net Adds



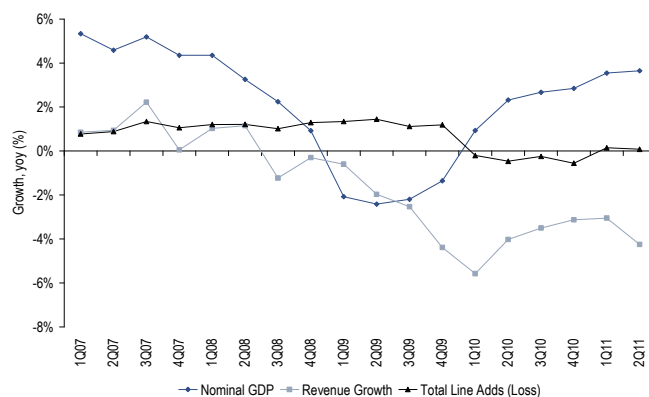
Source: Company reports and Citi Investment Research and Analysis

Figure 67. Broadband Subscriber Net Adds



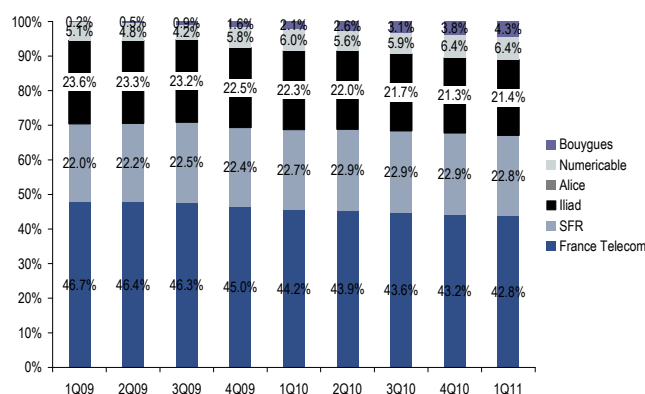
Source: Company reports and Citi Investment Research and Analysis

Figure 66. Line Loss, Incumbent Revenue Growth and GDP



Source: Company reports, CIRA and Datasteam

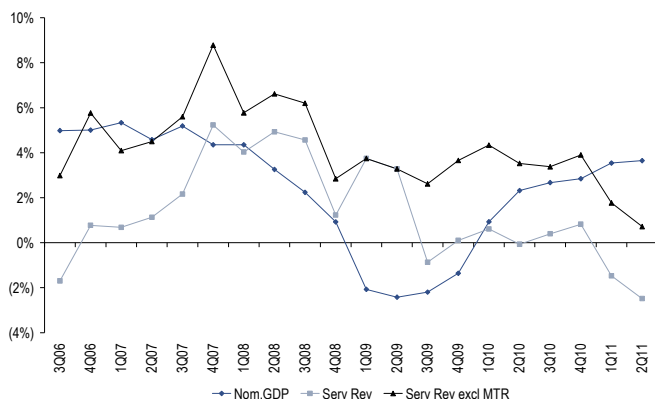
Figure 68. Broadband Subscriber Market Share



Source: Company reports and Citi Investment Research and Analysis

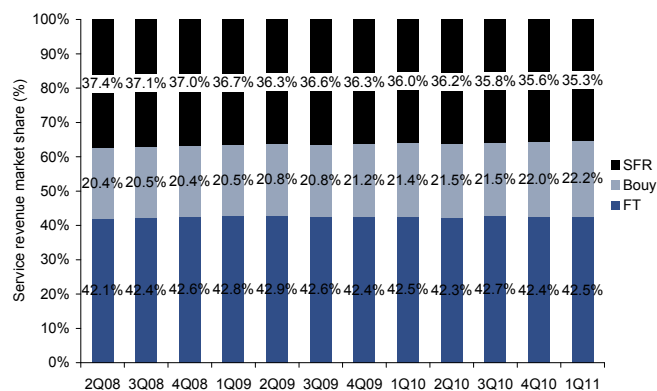
## Mobile Charts

Figure 69. Revenue and GDP



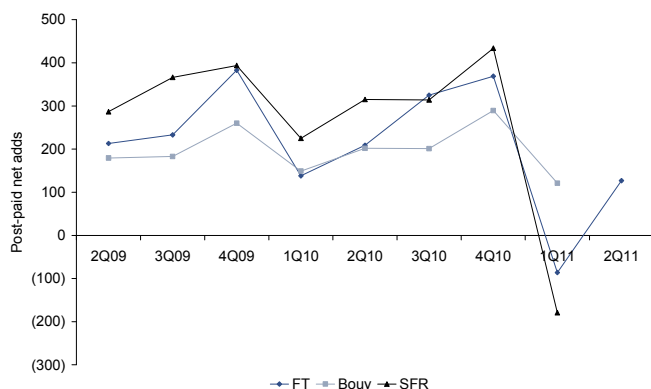
Source: Company reports, CIRA and Datastream

Figure 70. Service Revenue Market Share



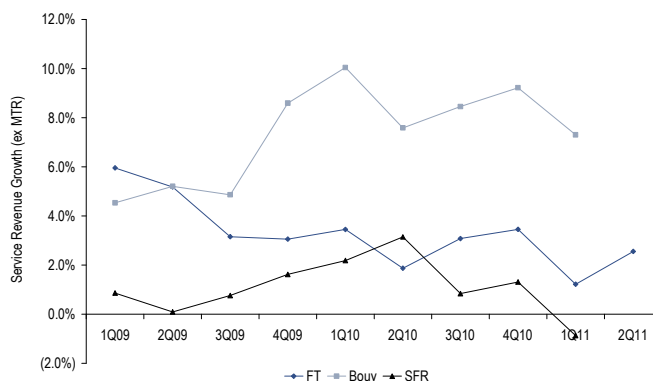
Source: Company reports and Citi Investment Research and Analysis

Figure 71. Post-Paid Net Adds



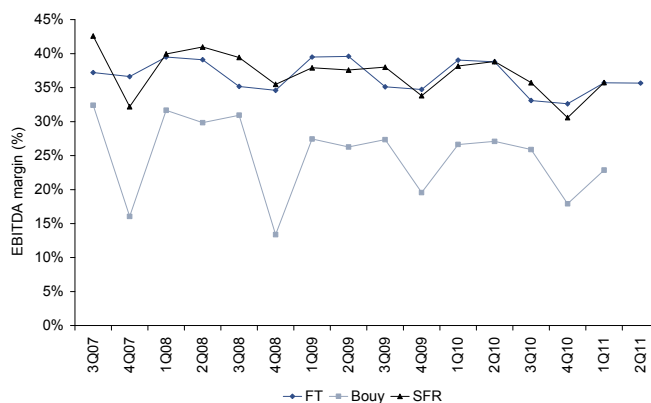
Source: Company reports and Citi Investment Research and Analysis

Figure 72. Service Revenue growth (ex MTR)



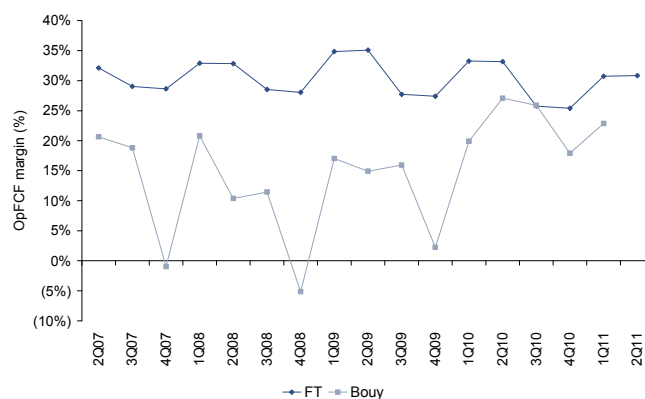
Source: Company reports and Citi Investment Research and Analysis

Figure 73. EBITDA Margin



Source: Company reports and Citi Investment Research and Analysis

Figure 74. OpFCF Margin



Source: Company reports and Citi Investment Research and Analysis

## France Mobile Data

Figure 75. France Mobile Market Information

France	2Q08	3Q08	4Q08	1Q09	2Q09	3Q09	4Q09	1Q10	2Q10	3Q10	4Q10	1Q11	2Q11
<b>Service Revenue, €m</b>													
Orange (FT)	2,413	2,493	2,491	2,455	2,538	2,488	2,482	2,453	2,500	2,502	2,503	2,416	2,496
Bouygues	1,171	1,207	1,194	1,175	1,232	1,213	1,243	1,237	1,269	1,257	1,297	1,264	
SFR	2,144	2,186	2,160	2,104	2,146	2,134	2,126	2,079	2,143	2,099	2,099	2,004	
<b>Total</b>	<b>5,728</b>	<b>5,886</b>	<b>5,845</b>	<b>5,734</b>	<b>5,916</b>	<b>5,835</b>	<b>5,851</b>	<b>5,769</b>	<b>5,912</b>	<b>5,858</b>	<b>5,899</b>	<b>5,684</b>	
<b>Service Revenue Growth, yoy</b>													
Orange (FT)	4.9%	4.6%	3.7%	6.0%	5.2%	(0.2%)	(0.4%)	(0.1%)	(1.5%)	0.6%	0.8%	(1.5%)	(0.2%)
Bouygues	10.5%	8.7%	(3.4%)	4.5%	5.2%	0.5%	4.1%	5.3%	3.0%	3.6%	4.3%	2.2%	
SFR	2.1%	2.4%	1.1%	0.9%	0.1%	(2.4%)	(1.6%)	(1.2%)	(0.1%)	(1.6%)	(1.3%)	(3.6%)	
<b>Total</b>	<b>4.9%</b>	<b>4.6%</b>	<b>1.2%</b>	<b>3.7%</b>	<b>3.3%</b>	<b>(0.9%)</b>	<b>0.1%</b>	<b>0.6%</b>	<b>(0.1%)</b>	<b>0.4%</b>	<b>0.8%</b>	<b>(1.5%)</b>	
<b>Service Revenue Market Share</b>													
Orange (FT)	42.1%	42.4%	42.6%	42.8%	42.9%	42.6%	42.4%	42.5%	42.3%	42.7%	42.4%	42.5%	43.3%
Bouygues	20.4%	20.5%	20.4%	20.5%	20.8%	20.8%	21.2%	21.4%	21.5%	21.5%	22.0%	22.2%	
SFR	37.4%	37.1%	37.0%	36.7%	36.3%	36.6%	36.3%	36.0%	36.2%	35.8%	35.6%	35.3%	
<b>Post-pay Customers, 000s</b>													
Orange (FT)	16,161	16,557	16,977	17,114	17,327	17,560	17,943	18,081	18,290	18,615	18,984	18,898	19,025
Bouygues	6,959	7,042	7,196	7,304	7,483	7,666	7,926	8,075	8,277	8,478	8,767	8,888	
SFR	13,049	13,267	13,580	13,760	14,047	14,413	14,807	15,032	15,347	15,661	16,095	15,916	
<b>Call Volumes, mn min/qtr</b>													
France Telecom	14,323	14,652	14,918	15,259	14,958	14,585	14,783	15,092	14,814	14,582	15,001	15,516	15,757
Bouygues	7,962	7,575	7,687	7,771	7,892	7,605	7,779	8,153	8,217	8,198	8,539	8,955	
SFR	13,763	13,601	13,734	13,906	13,973	13,526	13,547	13,868	13,833	13,738	14,186	14,640	
<b>Total</b>	<b>36,048</b>	<b>35,828</b>	<b>36,339</b>	<b>36,937</b>	<b>36,823</b>	<b>35,715</b>	<b>36,109</b>	<b>37,114</b>	<b>36,864</b>	<b>36,518</b>	<b>37,725</b>	<b>39,112</b>	
<b>Call Volume growth, yoy</b>													
France Telecom	4.8%	4.1%	5.6%	4.4%	4.4%	(0.5%)	(0.9%)	(1.1%)	(1.0%)	(0.0%)	1.5%	2.8%	6.4%
Bouygues	6.2%	(2.8%)	(3.8%)	(2.1%)	(0.9%)	0.4%	1.2%	4.9%	4.1%	7.8%	9.8%	9.8%	
SFR	6.4%	1.9%	1.3%	1.5%	1.5%	(0.6%)	(1.4%)	(0.3%)	(1.0%)	1.6%	4.7%	5.6%	
<b>Total</b>	<b>5.7%</b>	<b>1.8%</b>	<b>1.9%</b>	<b>1.9%</b>	<b>2.1%</b>	<b>(0.3%)</b>	<b>(0.6%)</b>	<b>0.5%</b>	<b>0.1%</b>	<b>2.2%</b>	<b>4.5%</b>	<b>5.4%</b>	
<b>Contract Churn, % p.a</b>													
Orange (FT)	9.3%	9.3%	10.1%	10.9%	11.6%	12.4%	12.9%	13.1%	13.7%	13.9%	14.2%	15.8%	16.1%
<b>Data Revenue (excl messaging) % Service Revenue</b>													
Orange (FT)	10.1%	11.9%	11.4%	12.5%	12.1%	13.8%	14.6%	15.3%	14.8%	16.7%	17.2%	18.5%	18.3%
<b>EBITDA, €m</b>													
Orange (FT)	1,014	951	950	1,045	1,080	941	939	1,025	1,044	906	907	956	987
Bouygues	376	400	177	348	354	364	278	357	377	366	267	321	
SFR	914	907	807	827	850	852	777	834	872	798	693	762	
<b>Capex, €m</b>													
Orange (FT)	163	180	180	123	123	198	198	152	152	201	201	134	134
Bouygues	245	252	245	132	153	152	246	90					

Source: Company reports and Citi Investment Research and Analysis

## France Fixed Data

Figure 76. France Fixed Line Market Information

France	2Q08	3Q08	4Q08	1Q09	2Q09	3Q09	4Q09	1Q10	2Q10	3Q10	4Q10	1Q11	2Q11
<b>Broadband Subscribers (000s)</b>													
Incumbent retail	7,850	8,096	8,350	8,574	8,680	8,810	8,933	8,937	8,989	9,086	9,207	9,308	9,371
Incumbent wholesale	2,290	2,252	2,221	2,189	2,157	2,105	2,032	1,959	1,941	1,945	1,838	1,828	1,814
ULL (total)	5,719	6,008	6,332	6,664	6,986	7,325	7,723	8,119	8,401	8,593	8,884	9,232	9,456
Cable	813	807	788	938	900	796	1,143	1,220	1,155	1,236	1,371	1,400	1,420
<b>Total</b>	<b>16,672</b>	<b>17,163</b>	<b>17,691</b>	<b>18,365</b>	<b>18,723</b>	<b>19,036</b>	<b>19,831</b>	<b>20,235</b>	<b>20,486</b>	<b>20,860</b>	<b>21,300</b>	<b>21,741</b>	<b>22,061</b>
<b>Broadband Subscribers (000s)</b>													
France Telecom	7,850	8,096	8,350	8,574	8,680	8,810	8,933	8,937	8,989	9,086	9,207	9,308	9,371
SFR	3,767	3,730	3,879	4,042	4,154	4,283	4,444	4,592	4,682	4,773	4,887	4,952	
Iliad	3,134	4,125	4,225	4,337	4,371	4,420	4,456	4,504	4,514	4,528	4,534	4,661	
Alice	902	0	0	0	0	0	0	0	0	0	0	0	
Numericable	813	807	788	938	900	796	1,143	1,220	1,155	1,236	1,371	1,400	
Bouygues	0	0	12	30	86	175	314	434	533	654	808	940	
<b>Total</b>	<b>16,672</b>	<b>17,163</b>	<b>17,691</b>	<b>18,365</b>	<b>18,723</b>	<b>19,036</b>	<b>19,831</b>	<b>20,235</b>	<b>20,486</b>	<b>20,860</b>	<b>21,300</b>	<b>21,741</b>	
<b>Broadband Subscribers Net Adds (000s)</b>													
France Telecom	217	246	254	224	106	130	123	4	52	97	121	101	63
SFR	68	(37)	149	163	112	129	161	148	90	91	114	65	
Iliad	93	991	100	112	34	49	36	48	10	14	6	127	
Alice	(52)	(902)	0	0	0	0	0	0	0	0	0	0	
Numericable	20	(6)	(19)	150	(39)	(104)	347	77	(65)	81	136	29	
Bouygues	0	0	12	18	56	89	139	120	99	121	154	132	
<b>Total</b>	<b>427</b>	<b>491</b>	<b>528</b>	<b>674</b>	<b>358</b>	<b>313</b>	<b>795</b>	<b>404</b>	<b>251</b>	<b>374</b>	<b>440</b>	<b>441</b>	
<b>Telephony Channels (000s)</b>													
Incumbent retail	27,796	27,477	27,252	26,939	26,595	26,219	25,771	24,941	24,568	24,259	23,983	23,482	23,108
Incumbent wholesale (WLR)	852	897	948	939	974	1,026	1,076	1,151	1,204	1,240	1,267	1,318	1,363
ULL (full)	4,268	4,574	4,939	5,310	5,664	6,002	6,414	6,827	7,139	7,368	7,690	8,071	8,322
Naked DSL	1,123	1,137	1,186	1,232	1,250	1,232	1,245	1,243	1,240	1,236	1,219	1,223	1,212
Cable	537	533	520	619	594	525	754	805	762	816	905	924	937
<b>Total</b>	<b>34,576</b>	<b>34,618</b>	<b>34,845</b>	<b>35,039</b>	<b>35,077</b>	<b>35,004</b>	<b>35,260</b>	<b>34,967</b>	<b>34,913</b>	<b>34,919</b>	<b>35,064</b>	<b>35,018</b>	<b>34,942</b>
<b>Telephony Channels Net Adds (000s)</b>													
Incumbent retail	(399)	(319)	(225)	(313)	(344)	(376)	(448)	(830)	(373)	(309)	(276)	(501)	(374)
Incumbent wholesale	59	45	51	(9)	35	52	50	75	53	36	27	51	45
ULL (full)	256	306	365	371	354	338	412	413	312	229	322	381	251
Naked DSL	71	14	49	46	18	(18)	13	(2)	(3)	(4)	(17)	4	(11)
Cable	13	(4)	(13)	99	(25)	(68)	229	51	(43)	53	90	19	13
<b>Total</b>	<b>0</b>	<b>42</b>	<b>227</b>	<b>194</b>	<b>38</b>	<b>(72)</b>	<b>256</b>	<b>(293)</b>	<b>(54)</b>	<b>5</b>	<b>146</b>	<b>(46)</b>	<b>(76)</b>
<b>Pay TV Subscribers (000s)</b>													
France Telecom	1,389	1,603	1,909	2,166	2,339	2,547	2,761	2,894	3,051	3,230	3,505	3,711	3,896
<b>Pay TV Subscribers Net Adds (000s)</b>													
France Telecom	107	214	306	257	173	208	214	133	157	179	275	206	185

Source: Company reports and Citi Investment Research and Analysis

# Germany

## Fixed

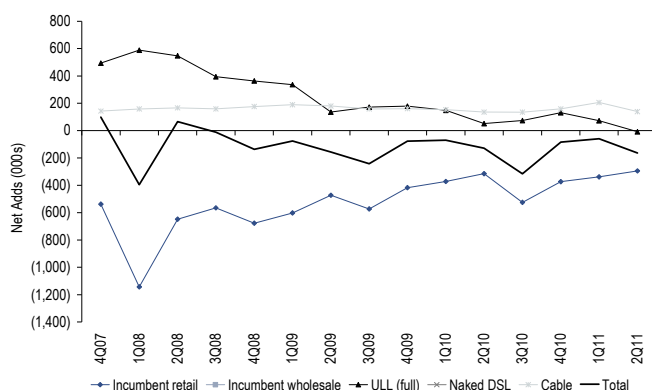
- Retail line loss improved in 2Q11 to -295k from -338k in 1Q11, which was due partly to lower migrations to unbundled lines and fewer cable net adds.
- DT's broadband net adds dropped to 84k in 2Q11 from 115k in 1Q11, as did O2's to 30k in 2Q11 from 62k in 1Q11. Cable operators continued to gain share.

## Mobile

- Service revenue growth excluding the impact from MTR cuts slowed in 2Q11 to 3.5% from 3.9% in 1Q11. DT's underlying growth was slower due to the implementation of new tariff plans and lower minutes growth.
- Reported growth continued a worsening trend due to the continuing impact of a c.50% cut to MTRs. Reported service revenue growth was -1.2% in 2Q11, vs -0.8% 1Q11.

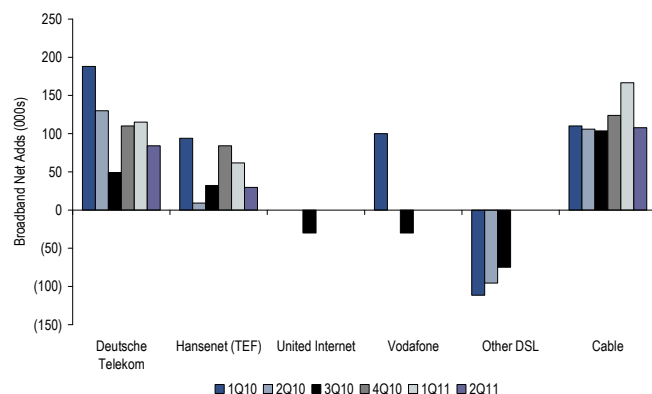
## Fixed Charts

Figure 77. Telephony Net Adds



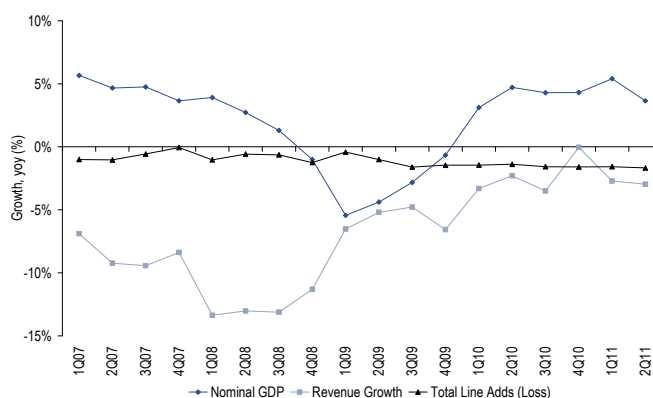
Source: Company reports and Citi Investment Research and Analysis

Figure 79. Broadband Subscriber Net Adds



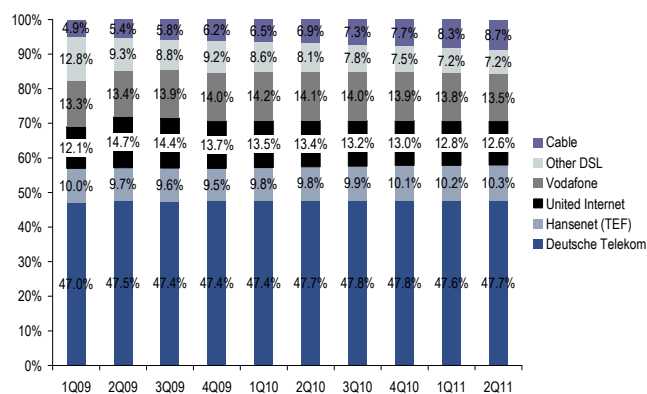
Source: Company reports and Citi Investment Research and Analysis

Figure 78. Line Loss, Incumbent Revenue Growth and GDP



Source: Company reports, CIRA and Datastream

Figure 80. Broadband Subscriber Market Share

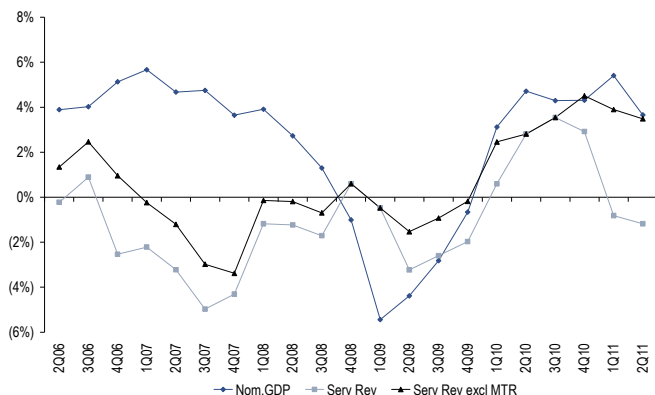


Source: Company reports and Citi Investment Research and Analysis



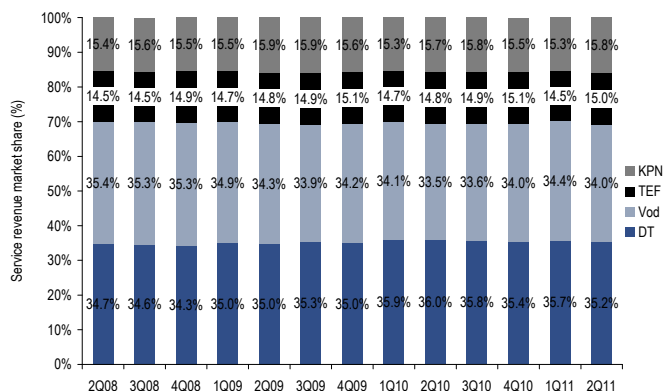
## Mobile Charts

Figure 81. Revenue and GDP



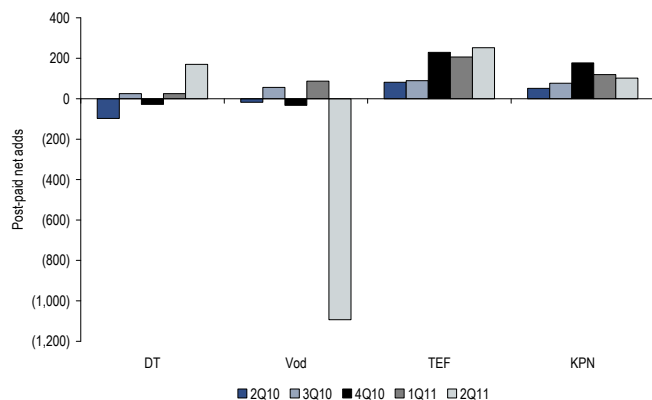
Source: Company reports, CIRA and Datastream

Figure 82. Service Revenue Market Share



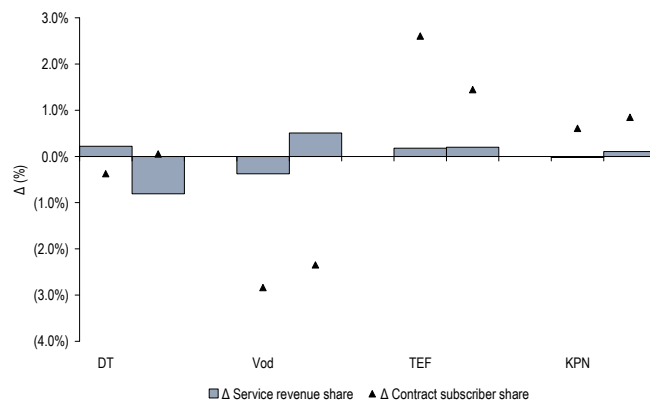
Source: Company reports and Citi Investment Research and Analysis

Figure 83. Post-Paid Net Adds



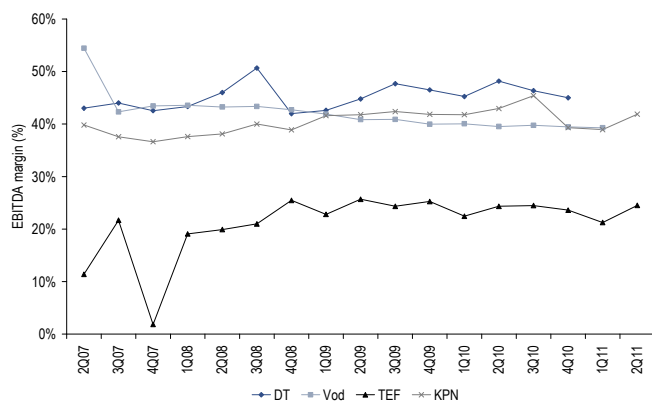
Source: Company reports and Citi Investment Research and Analysis

Figure 84. Change in Service Revenue and Contract Sub Share



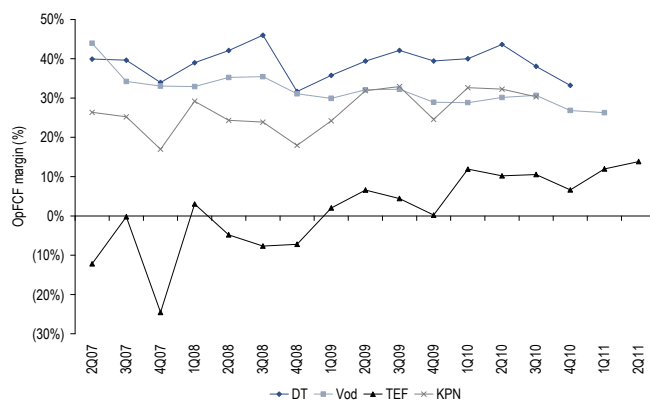
Source: Company reports and Citi Investment Research and Analysis

Figure 85. EBITDA Margin



Source: Company reports and Citi Investment Research and Analysis

Figure 86. OpFCF Margin



Source: Company reports and Citi Investment Research and Analysis

## Germany Mobile Data

Figure 87. German Mobile Market Information

Germany	2Q08	3Q08	4Q08	1Q09	2Q09	3Q09	4Q09	1Q10	2Q10	3Q10	4Q10	1Q11	2Q11
<b>Service Revenue, €m</b>													
T-Mobile (DT)	1,710	1,739	1,686	1,658	1,669	1,728	1,689	1,712	1,766	1,813	1,756	1,690	1,706
Vodafone	1,747	1,776	1,737	1,654	1,638	1,659	1,650	1,626	1,641	1,701	1,686	1,628	1,646
O2 (Telefonica)	716	729	732	695	707	729	729	702	726	755	749	686	727
KPN	757	782	761	734	757	779	751	729	772	800	769	726	768
<b>Total</b>	<b>4,930</b>	<b>5,026</b>	<b>4,916</b>	<b>4,741</b>	<b>4,771</b>	<b>4,896</b>	<b>4,819</b>	<b>4,769</b>	<b>4,905</b>	<b>5,069</b>	<b>4,960</b>	<b>4,730</b>	<b>4,847</b>
<b>Service Revenue Growth, yoy</b>													
T-Mobile (DT)	(1.9%)	(2.5%)	0.5%	0.6%	(2.4%)	(0.6%)	0.2%	3.3%	5.8%	4.9%	4.0%	(1.3%)	(3.4%)
Vodafone	(4.0%)	(3.5%)	(1.1%)	(3.8%)	(6.2%)	(6.6%)	(5.0%)	(1.7%)	0.2%	2.5%	2.2%	0.1%	0.3%
O2 (Telefonica)	(1.6%)	(3.4%)	0.1%	0.7%	(1.2%)	(0.0%)	(0.4%)	1.0%	2.7%	3.6%	2.7%	(2.3%)	0.1%
KPN	8.1%	6.4%	5.5%	4.1%	0.0%	(0.4%)	(1.3%)	(0.7%)	2.0%	2.7%	2.4%	(0.4%)	(0.5%)
<b>Total</b>	<b>(1.2%)</b>	<b>(1.7%)</b>	<b>0.6%</b>	<b>(0.5%)</b>	<b>(3.2%)</b>	<b>(2.6%)</b>	<b>(2.0%)</b>	<b>0.6%</b>	<b>2.8%</b>	<b>3.5%</b>	<b>2.9%</b>	<b>(0.8%)</b>	<b>(1.2%)</b>
<b>Service Revenue Market Share</b>													
T-Mobile (DT)	34.7%	34.6%	34.3%	35.0%	35.0%	35.3%	35.0%	35.9%	36.0%	35.8%	35.4%	35.7%	35.2%
Vodafone	35.4%	35.3%	35.3%	34.9%	34.3%	33.9%	34.2%	34.1%	33.5%	33.6%	34.0%	34.4%	34.0%
O2 (Telefonica)	14.5%	14.5%	14.9%	14.7%	14.8%	14.9%	15.1%	14.7%	14.8%	14.9%	15.1%	14.5%	15.0%
KPN	15.4%	15.6%	15.5%	15.5%	15.9%	15.9%	15.6%	15.3%	15.7%	15.8%	15.5%	15.3%	15.8%
<b>Post-pay Customers, 000s</b>													
T-Mobile (DT)	16,468	16,739	17,009	16,953	17,020	17,140	17,202	17,274	17,176	17,201	17,173	17,198	17,368
Vodafone	15,424	15,671	15,914	15,986	15,972	16,096	16,101	16,095	16,077	16,133	16,101	16,187	15,094
O2 (Telefonica)	6,735	6,881	6,967	7,085	7,225	7,440	7,700	7,855	7,936	8,025	8,254	8,460	8,713
KPN	6,437	6,542	6,676	6,739	6,785	6,800	6,768	6,764	6,815	6,892	7,069	7,188	7,290
<b>Call Volumes, mn min/qtr</b>													
Deutsche Telekom	7,475	7,643	7,829	7,848	8,082	8,353	8,592	8,622	8,836	9,162	9,393	8,936	9,016
Vodafone	9,206	9,218	9,478	9,464	9,314	9,234	9,659	9,697	9,798	9,770	10,362	10,270	10,470
Telefonica	5,741	5,512	5,454	5,555	5,819	5,775	6,108	6,223	6,299	6,292	6,729	6,859	7,018
KPN	6,861	6,920	7,413	7,467	7,998	8,036	8,426	8,497	8,865	8,767	9,497	9,379	9,567
<b>Total</b>	<b>29,283</b>	<b>29,292</b>	<b>30,174</b>	<b>30,334</b>	<b>31,213</b>	<b>31,398</b>	<b>32,785</b>	<b>33,040</b>	<b>33,797</b>	<b>33,990</b>	<b>35,980</b>	<b>35,443</b>	<b>36,071</b>
<b>Call Volume growth, yoy</b>													
Deutsche Telekom	12.7%	12.8%	12.9%	9.1%	8.1%	9.3%	9.7%	9.9%	9.3%	9.7%	9.3%	3.6%	2.0%
Vodafone	16.3%	12.3%	9.4%	7.3%	1.2%	0.2%	1.9%	2.5%	5.2%	5.8%	7.3%	5.9%	6.9%
Telefonica	26.5%	21.0%	10.1%	(1.1%)	1.4%	4.8%	12.0%	12.0%	8.2%	9.0%	10.2%	10.2%	11.4%
KPN	28.8%	22.6%	17.1%	16.1%	16.6%	16.1%	13.7%	13.8%	10.8%	9.1%	12.7%	10.4%	7.9%
<b>Total</b>	<b>19.9%</b>	<b>16.3%</b>	<b>12.2%</b>	<b>8.1%</b>	<b>6.6%</b>	<b>7.2%</b>	<b>8.7%</b>	<b>8.9%</b>	<b>8.3%</b>	<b>8.3%</b>	<b>9.7%</b>	<b>7.3%</b>	<b>6.7%</b>
<b>Contract Churn, % p.a</b>													
T-Mobile (DT)	13.2%	13.2%	15.6%	18.0%	13.2%	12.0%	13.2%	15.6%	16.8%	13.2%	14.4%	12.0%	13.2%
Vodafone	16.0%	15.6%	15.2%	15.3%	16.0%	16.0%	17.8%	15.4%	16.9%	16.7%	19.6%	14.1%	14.8%
KPN	19.0%	19.0%	21.0%	21.0%	20.0%	20.0%	23.0%	20.0%	20.0%	20.0%	23.0%	23.0%	22.0%
<b>Data Revenue (excl messaging) % Service Revenue</b>													
Vodafone	12.7%	13.4%	14.3%	15.2%	15.8%	16.8%	17.7%	19.7%	20.6%	20.8%	22.2%	24.7%	25.0%
O2 (Telefonica)	7.3%	8.4%	9.0%	9.9%	10.2%	11.0%	12.8%	13.8%	12.5%	14.2%	15.6%	18.9%	20.7%
<b>EBITDA, €m</b>													
T-Mobile (DT)	852	964	771	761	798	920	894	828	912	928	891		
Vodafone	981	997	967	921	883	895	880	867	856	888	879	849	
O2 (Telefonica)	178	192	237	202	230	235	252	241	291	304	310	261	297
KPN	308	336	317	322	333	347	331	321	345	386	322	301	335
<b>Capex, €m</b>													
T-Mobile (DT)	72	89	189	122	96	107	136	96	86	166	233		
Vodafone	182	182	263	263	189	189	243	243	203	203	281	281	
O2 (Telefonica)	221	262	304	184	171	192	250	113	169	173	223	114	129
KPN	111	135	171	135	79	77	137	70	86	128	202	91	126

Source: Company reports and Citi Investment Research and Analysis

## Germany Fixed Data

Figure 88. German Fixed Line Market Information

Germany	2Q08	3Q08	4Q08	1Q09	2Q09	3Q09	4Q09	1Q10	2Q10	3Q10	4Q10	1Q11	2Q11
<b>Broadband Subscribers (000s)</b>													
Incumbent retail	9,898	10,242	10,594	10,984	11,229	11,301	11,477	11,665	11,795	11,844	11,954	12,069	12,153
Incumbent wholesale	3,169	2,905	2,537	2,209	1,952	1,752	1,621	1,523	1,354	1,143	984	891	820
ULL (total)	7,512	7,906	8,270	8,606	8,742	8,914	9,093	9,242	9,293	9,367	9,498	9,570	9,562
Cable	1,075	1,221	1,384	1,558	1,727	1,871	2,017	2,159	2,296	2,434	2,597	2,805	2,953
<b>Total</b>	<b>21,654</b>	<b>22,274</b>	<b>22,785</b>	<b>23,357</b>	<b>23,650</b>	<b>23,838</b>	<b>24,208</b>	<b>24,589</b>	<b>24,738</b>	<b>24,788</b>	<b>25,033</b>	<b>25,335</b>	<b>25,488</b>
<b>Broadband Subscribers (000s)</b>													
Deutsche Telekom	9,898	10,242	10,594	10,984	11,229	11,301	11,477	11,665	11,795	11,844	11,954	12,069	12,153
Hansenet (TEF)	2,361	2,343	2,344	2,325	2,289	2,300	2,310	2,404	2,413	2,445	2,529	2,591	2,620
United Internet	2,760	2,780	2,820	2,820	3,470	3,440	3,310	3,310	3,310	3,280	3,260	3,240	3,220
Freenet	1,100	1,050	940	910									
Vodafone	2,781	2,887	2,994	3,100	3,180	3,310	3,400	3,500	3,500	3,470	3,490	3,500	3,450
Versatel	692	702	709	712	710	694	683	670	654	634	624	622	602
Telefonica (pre Hansenet)	165	198	215	232	253	272	285						
Tele2	198	191	177	163	153	145	139	131	125	121	116	112	110
Kabel Deutschland	482	548	625	707	787	851	906	966	1,029	1,089	1,153	1,260	1,314
Unity Media	282	326	377	438	496	537	584	634	677	721	780	840	894
Other	624	659	609	553	639	505	587	750	645	560	463	396	380
<b>Total</b>	<b>21,654</b>	<b>22,274</b>	<b>22,785</b>	<b>23,357</b>	<b>23,650</b>	<b>23,838</b>	<b>24,208</b>	<b>24,589</b>	<b>24,738</b>	<b>24,788</b>	<b>25,033</b>	<b>25,335</b>	<b>25,488</b>
<b>Broadband Subscribers Net Adds (000s)</b>													
Deutsche Telekom	340	344	352	390	245	72	176	188	130	49	110	115	84
Hansenet (TEF)	(11)	(18)	1	(19)	(36)	11	10	94	9	32	84	62	30
United Internet	60	20	40	0	(50)	(30)	0	0	0	(30)	(20)	(20)	(20)
Freenet	(90)	(50)	(110)	(30)									
Vodafone	106	106	106	106	80	130	90	100	0	(30)	20	10	(50)
Versatel	26	11	7	3	(2)	(16)	(11)	(13)	(16)	(20)	(10)	(2)	(20)
Telefonica	41	33	17	17	22	19	13						
Tele2	6	(7)	(14)	(14)	(10)	(8)	(6)	(8)	(6)	(4)	(5)	(4)	(2)
Kabel Deutschland	89	66	77	82	80	64	55	60	63	60	65	107	54
Unity Media	38	44	51	61	58	41	47	50	43	44	59	60	54
<b>Total</b>	<b>818</b>	<b>620</b>	<b>512</b>	<b>572</b>	<b>293</b>	<b>188</b>	<b>370</b>	<b>381</b>	<b>150</b>	<b>50</b>	<b>246</b>	<b>302</b>	<b>153</b>
<b>Telephony Channels (000s)</b>													
Incumbent retail	29,543	28,978	28,301	27,699	27,226	26,653	26,236	25,864	25,549	25,024	24,650	24,312	24,017
Incumbent wholesale													
ULL (full)	7,512	7,906	8,270	8,606	8,742	8,914	9,093	9,242	9,293	9,367	9,498	9,570	9,562
Naked DSL													
Cable	1,025	1,185	1,361	1,551	1,731	1,890	2,050	2,204	2,339	2,474	2,633	2,839	2,979
<b>Total</b>	<b>38,080</b>	<b>38,069</b>	<b>37,932</b>	<b>37,856</b>	<b>37,699</b>	<b>37,457</b>	<b>37,379</b>	<b>37,310</b>	<b>37,181</b>	<b>36,865</b>	<b>36,781</b>	<b>36,721</b>	<b>36,558</b>
<b>Telephony Channels Net Adds (000s)</b>													
Incumbent retail	(648)	(565)	(677)	(602)	(473)	(573)	(417)	(372)	(315)	(525)	(374)	(338)	(295)
Incumbent wholesale													
ULL (full)	547	394	364	336	136	172	179	149	51	74	131	72	(8)
Naked DSL													
Cable	167	160	177	190	180	159	161	154	136	135	159	206	140
<b>Total</b>	<b>66</b>	<b>(12)</b>	<b>(137)</b>	<b>(76)</b>	<b>(157)</b>	<b>(243)</b>	<b>(78)</b>	<b>(70)</b>	<b>(129)</b>	<b>(316)</b>	<b>(84)</b>	<b>(60)</b>	<b>(164)</b>
<b>Pay TV Subscribers (000s)</b>													
DT	0	257	352	448	561	678	806	896	971	1,042	1,156	1,257	1,301
Sky Deutschland	0	2,411	2,399	2,371	2,364	2,431	2,470	2,471	2,476	2,521	2,653	2,726	2,759
Kabel Deutschland	9,258	9,282	9,205	9,247	9,184	9,111	9,044	9,002					
Unity Media	4,712	4,655	4,619	4,577	4,554	4,547	4,523	4,514	4,499	4,500	4,488	4,477	4,469
<b>Total</b>	<b>0</b>	<b>16,605</b>	<b>16,575</b>	<b>16,643</b>	<b>16,663</b>	<b>16,767</b>	<b>16,843</b>	<b>16,931</b>	<b>16,973</b>	<b>17,097</b>	<b>19,604</b>	<b>17,337</b>	<b>17,385</b>
<b>Pay TV Subscribers Net Adds (000s)</b>													
DT			95	96	113	117	128	90	75	71	114	101	44
Sky Deutschland			(12)	(28)	(7)	67	39	1	5	45	132	0	0
Kabel Deutschland	278	24	(77)	42	(63)	(73)	(67)	(42)					
Unity Media	(21)	(57)	(36)	(42)	(23)	(7)	(24)	(9)	(15)	1	(12)	(11)	(8)
<b>Total</b>			<b>(30)</b>	<b>68</b>	<b>20</b>	<b>104</b>	<b>76</b>	<b>88</b>	<b>42</b>	<b>124</b>	<b>2,507</b>	<b>0</b>	<b>0</b>

Source: Company reports and Citi Investment Research and Analysis

# Greece

## Fixed

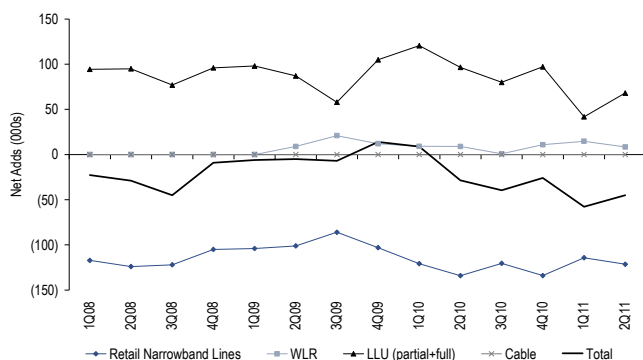
- Retail line loss worsened in Greece to -12.2% in 2Q11 vs -10.3% in 1Q11. Growth in the broadband market was negative, driven by OTE reporting -14k net adds. The main issue the incumbent faces in fixed is market share loss driven by its inability to get regulatory approval to reduce prices.

## Mobile

- Service revenue decline improved to -13% in 2Q11 from -19.2% in 2Q11. This improvement was driven by increased ARPU in 2Q11 of €15.8 vs. €14.6 in 1Q11. OTE continues to pick up service revenue market share at the expense of Wind, now at 50%. There is currently a c.-4ppt growth headwind from MTR cuts on the Greek market; excluding these growth is still the worst in Europe at -9% 2Q11. We note improving trends in Greece are driven by easing price competition, which we expect to continue through the second half of 2011.

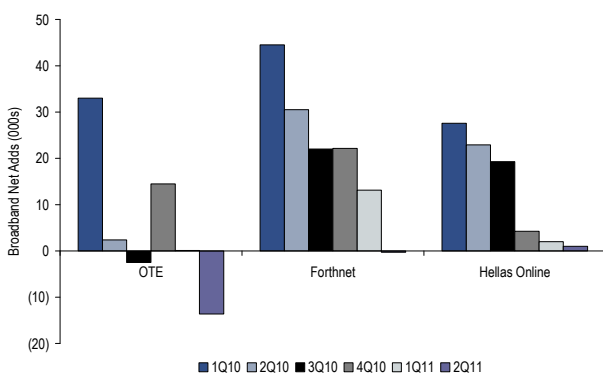
## Fixed Charts

Figure 89. Telephony Net Adds



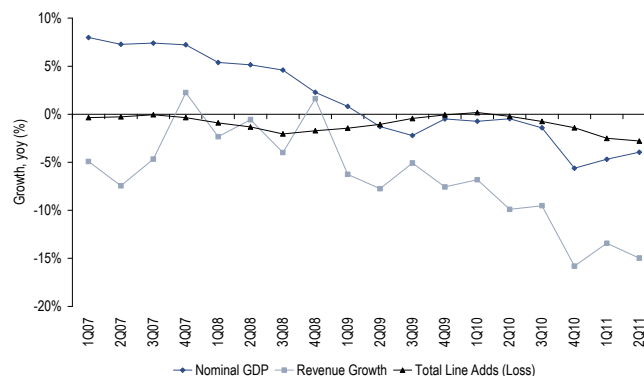
Source: Company reports and Citi Investment Research and Analysis

Figure 91. Broadband Subscriber Net Adds



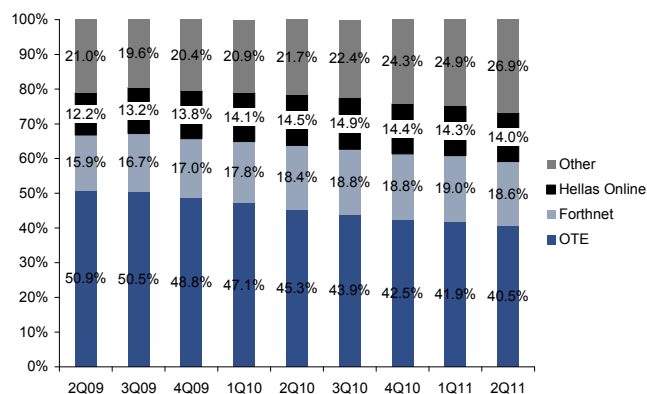
Source: Company reports and Citi Investment Research and Analysis

Figure 90. Line Loss, Incumbent Revenue Growth and GDP



Source: Company reports, CIRA and Datastream

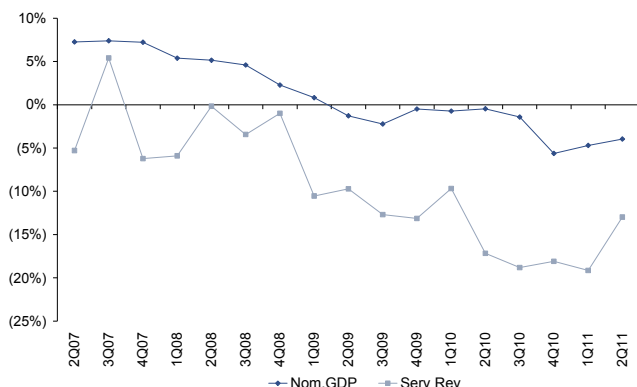
Figure 92. Broadband Subscriber Market Share



Source: Company reports and Citi Investment Research and Analysis

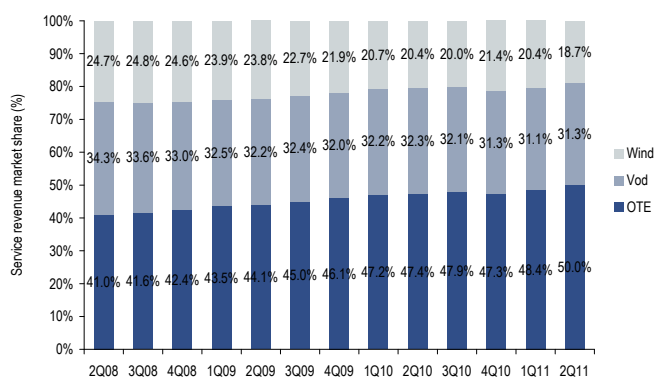
## Mobile Charts

Figure 93. Revenue and GDP



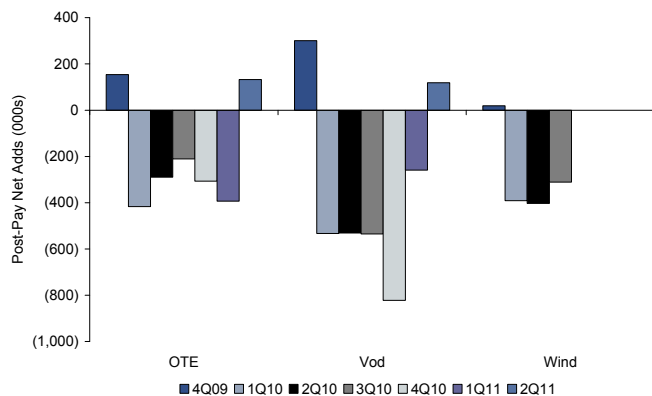
Source: Company reports, CIRA and Datastream

Figure 94. Service Revenue Market Share



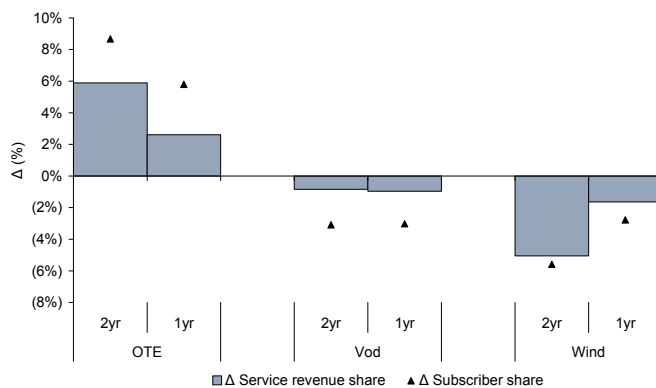
Source: Company reports and Citi Investment Research and Analysis

Figure 95. Total Net Adds



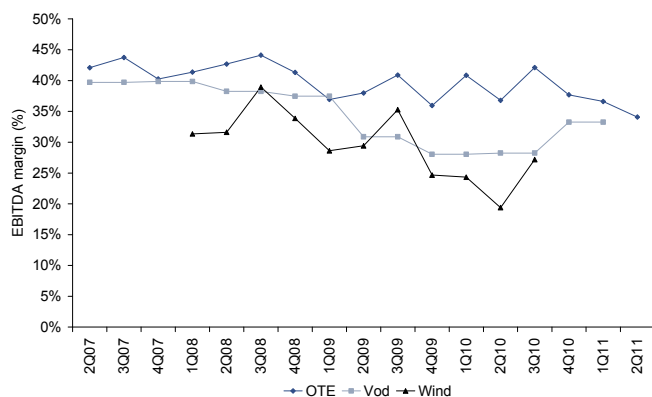
Source: Company reports and Citi Investment Research and Analysis

Figure 96. Change in Service Revenue and Contract Sub Share



Source: Company reports and Citi Investment Research and Analysis

Figure 97. EBITDA Margin



Source: Company reports and Citi Investment Research and Analysis

## Greece Mobile Data

Figure 98. Greece Mobile Market Information

Greece	2Q08	3Q08	4Q08	1Q09	2Q09	3Q09	4Q09	1Q10	2Q10	3Q10	4Q10	1Q11	2Q11
<b>Service Revenue, €m</b>													
OTE	440	478	440	397	427	451	416	388	380	390	349	322	349
Vodafone	368	386	343	296	312	325	289	265	259	262	232	207	219
Wind	265	285	256	218	230	227	198	170	163	163			
<b>Total</b>	<b>1,073</b>	<b>1,149</b>	<b>1,039</b>	<b>911</b>	<b>969</b>	<b>1,003</b>	<b>902</b>	<b>823</b>	<b>802</b>	<b>814</b>	<b>739</b>	<b>666</b>	<b>698</b>
<b>Service Revenue Growth, yoy</b>													
OTE	5.2%	6.6%	4.6%	(3.4%)	(2.9%)	(5.6%)	(5.6%)	(2.1%)	(11.0%)	(13.5%)	(16.0%)	(17.0%)	(8.2%)
Vodafone	(7.4%)	(8.3%)	(7.9%)	(16.9%)	(15.4%)	(15.8%)	(15.8%)	(10.7%)	(16.8%)	(19.5%)	(19.8%)	(21.8%)	(15.6%)
Wind	2.2%	(11.1%)	(0.1%)	(13.3%)	(13.1%)	(20.3%)	(22.6%)	(22.1%)	(29.1%)	(28.5%)			
<b>Total</b>	<b>(0.2%)</b>	<b>(3.4%)</b>	<b>(1.0%)</b>	<b>(10.5%)</b>	<b>(9.7%)</b>	<b>(12.7%)</b>	<b>(13.1%)</b>	<b>(9.7%)</b>	<b>(17.2%)</b>	<b>(18.8%)</b>	<b>(18.1%)</b>	<b>(19.2%)</b>	<b>(13.0%)</b>
<b>Service Revenue Market Share</b>													
OTE	41.0%	41.6%	42.4%	43.5%	44.1%	45.0%	46.1%	47.2%	47.4%	47.9%	47.3%	48.4%	50.0%
Vodafone	34.3%	33.6%	33.0%	32.5%	32.2%	32.4%	32.0%	32.2%	32.3%	32.1%	31.3%	31.1%	31.3%
Wind	24.7%	24.8%	24.6%	23.9%	23.8%	22.7%	21.9%	20.7%	20.4%	20.0%			
<b>Post-pay Customers, 000s</b>													
OTE	2,103	2,153	2,214	2,241	2,272	2,260	2,285	2,306	2,314	2,329	2,311	2,302	2,276
Vodafone	1,757	1,776	1,780	1,760	1,724	1,701	1,698	1,686	1,675	1,656	1,637	1,609	1,598
Wind	1,053	1,074	1,081	1,069	1,059	1,054	1,059	1,067	1,055	1,036			
<b>Call Volumes, mn min/qtr</b>													
OTE	3,692	3,955	4,201	4,891	5,574	5,946	6,197	6,243	6,494	6,571	6,655	6,996	7,056
Vodafone	2,395	2,443	2,370	2,281	2,402	2,411	2,309	2,221	2,438	2,485	2,410	2,288	2,461
Tellas	1,757	1,803	1,710	1,626	1,681	1,659	1,558	1,286	1,582	1,586	1,466	1,407	1,407
<b>Total</b>	<b>7,844</b>	<b>8,201</b>	<b>8,280</b>	<b>8,798</b>	<b>9,657</b>	<b>10,015</b>	<b>10,064</b>	<b>9,750</b>	<b>10,514</b>	<b>10,643</b>	<b>10,531</b>	<b>10,691</b>	<b>10,924</b>
<b>Call Volume growth, yoy</b>													
OTE	35.9%	34.3%	34.9%	44.0%	51.0%	50.3%	47.5%	27.6%	16.5%	10.5%	7.4%	12.1%	8.7%
Vodafone	10.5%	7.1%	5.6%	0.8%	0.3%	(1.3%)	(2.6%)	(2.6%)	1.5%	3.1%	4.4%	3.0%	0.9%
Tellas	7.1%	5.7%	2.4%	(0.3%)	(4.3%)	(8.0%)	(8.9%)	(20.9%)	(5.9%)	(4.4%)			
<b>Total</b>	<b>20.2%</b>	<b>18.3%</b>	<b>17.8%</b>	<b>20.7%</b>	<b>23.1%</b>	<b>22.1%</b>	<b>21.5%</b>	<b>10.8%</b>	<b>8.9%</b>	<b>6.3%</b>	<b>4.6%</b>	<b>9.7%</b>	<b>3.9%</b>
<b>Contract Churn, % p.a</b>													
Wind	21.6%	22.2%	26.0%	29.3%	30.2%	30.9%							
<b>EBITDA, €m</b>													
OTE	194	220	192	164	180	208	174	177	155	185	153	139	152
Vodafone	141	148	129	111	96	100	81	74	73	74	77	69	
Wind	99	132	105	76	82	98	61	52	39	54			

Source: Company reports and Citi Investment Research and Analysis

## Greece Fixed Data

Figure 99. Greek Fixed Line Market Information

Greece	2Q08	3Q08	4Q08	1Q09	2Q09	3Q09	4Q09	1Q10	2Q10	3Q10	4Q10	1Q11	2Q11
<b>Broadband Subscribers (000s)</b>													
Incumbent retail	687	740	830	938	970	1,006	1,045	1,078	1,080	1,078	1,092	1,092	1,079
Incumbent wholesale	205	184	142	90	79	73	78	71	66	61	62	62	61
ULL (total)	499	576	672	770	857	915	1,020	1,141	1,237	1,317	1,414	1,456	1,524
Cable	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>1,391</b>	<b>1,500</b>	<b>1,644</b>	<b>1,798</b>	<b>1,906</b>	<b>1,994</b>	<b>2,143</b>	<b>2,289</b>	<b>2,383</b>	<b>2,456</b>	<b>2,569</b>	<b>2,610</b>	<b>2,664</b>
<b>Broadband Subscribers (000s)</b>													
OTE	687	740	830	938	970	1,006	1,045	1,078	1,080	1,078	1,092	1,092	1,079
Forthnet	231	250	274	286	303	334	364	409	439	461	483	496	496
Hellas Online	104	115	151	188	232	264	296	324	346	366	370	372	373
Wind	0	0	0	0	0	0	0	0	0	0	0	0	0
- other	370	395	389	386	401	391	438	479	517	551	623	650	716
<b>Total</b>	<b>1,391</b>	<b>1,500</b>	<b>1,644</b>	<b>1,798</b>	<b>1,906</b>	<b>1,994</b>	<b>2,143</b>	<b>2,289</b>	<b>2,383</b>	<b>2,456</b>	<b>2,569</b>	<b>2,610</b>	<b>2,664</b>
<b>Broadband Subscribers Net Adds (000s)</b>													
OTE	41	53	90	108	32	36	39	33	2	(3)	14	0	(14)
Forthnet	14	20	24	12	16	31	30	45	31	22	22	13	(0)
Other	59	25	(6)	(3)	15	(10)	47	41	38	34			
<b>Total</b>	<b>126</b>	<b>109</b>	<b>144</b>	<b>154</b>	<b>108</b>	<b>88</b>	<b>149</b>	<b>146</b>	<b>94</b>	<b>73</b>	<b>113</b>	<b>42</b>	<b>54</b>
<b>Telephony Channels (000s)</b>													
Retail Narrowband Lines	5,613	5,491	5,386	5,282	5,181	5,095	4,992	4,871	4,737	4,617	4,483	4,369	4,247
WLR	0	0	0	0	9	30	42	51	60	61	72	87	95
LLU (partial+full)	499	576	672	770	857	915	1,020	1,141	1,237	1,317	1,414	1,456	1,524
Cable	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>6,112</b>	<b>6,067</b>	<b>6,058</b>	<b>6,052</b>	<b>6,047</b>	<b>6,040</b>	<b>6,054</b>	<b>6,063</b>	<b>6,034</b>	<b>5,995</b>	<b>5,969</b>	<b>5,911</b>	<b>5,866</b>
<b>Telephony Channels Net Adds (000s)</b>													
Retail Narrowband Lines	(124)	(122)	(105)	(104)	(101)	(86)	(103)	(121)	(134)	(120)	(134)	(114)	(121)
WLR	0	0	0	0	9	21	12	9	9	1	11	15	8
LLU (partial+full)	95	77	96	98	87	58	105	121	97	80	97	42	68
Cable	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>(29)</b>	<b>(45)</b>	<b>(9)</b>	<b>(6)</b>	<b>(5)</b>	<b>(7)</b>	<b>14</b>	<b>9</b>	<b>(29)</b>	<b>(40)</b>	<b>(26)</b>	<b>(58)</b>	<b>(45)</b>

Source: Company reports and Citi Investment Research and Analysis

# Italy

## Fixed

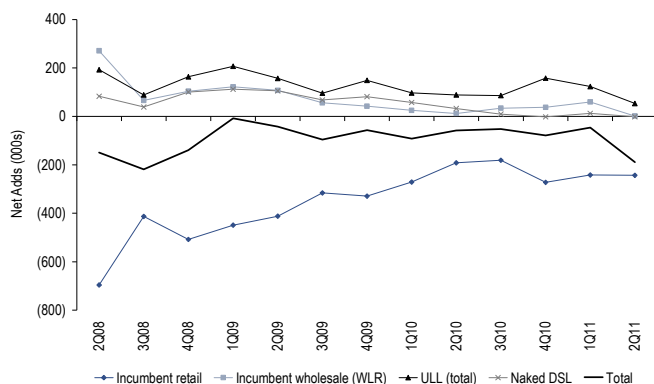
- Incumbent retail line losses were stable in 2Q11 at -183k vs -206k in 1Q11. The broadband market remained very competitive in 2Q, with TI reporting 25k losses in retail broadband customers as the growth of the market slowed. Retail revenues declined by 4.5% in 2Q 11 compared to 5.9% in 1Q, the slowest since the 4Q 09 (which was positively impacted by price increases). We argue that current aggressive prices on fixed are hard to sustain in the medium term without cannibalizing the ARPU of the existing base. Prices have already started increasing towards the end of the quarter.

## Mobile

- Italy remained one of the weakest European markets in terms of service revenue growth; it declined by 4.5% yoy in 2Q11 vs. -5.8% in 1Q11. Excluding MTR cuts, service revenue growth still declined by -1.8% vs -3% in 1Q11. Slightly easier comps for Vodafone and a 2.1pp improvement for TIM have been the main drivers of the improvement. The performance for TIM is still impacted by tough comps and positive exceptional contributions last year, so we think trends should improve further in 2H.

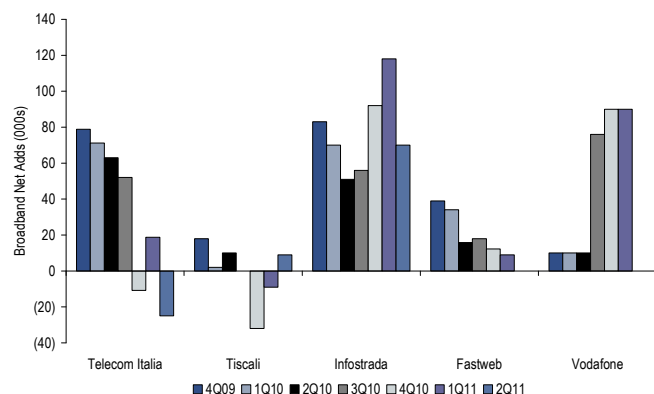
## Fixed Charts

Figure 100. Telephony Net Adds



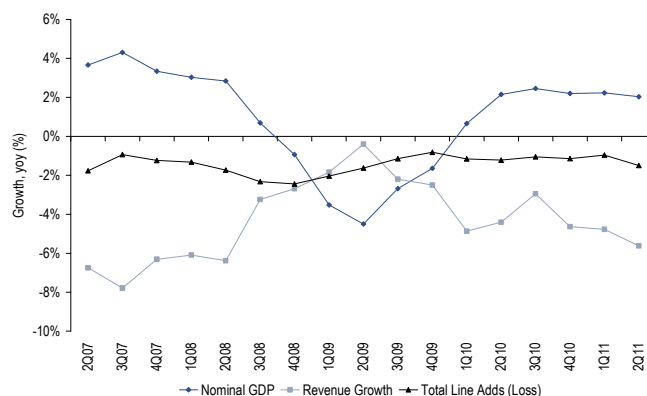
Source: Company reports and Citi Investment Research and Analysis

Figure 102. Broadband Subscriber Net Adds



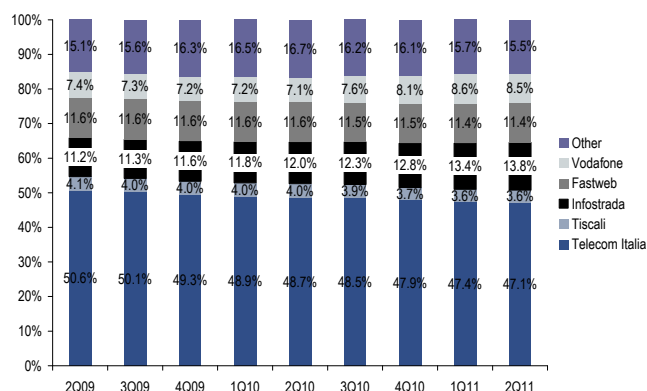
Source: Company reports and Citi Investment Research and Analysis

Figure 101. Line Loss, Incumbent Revenue Growth and GDP



Source: Company reports, CIRA and Datastream

Figure 103. Broadband Subscriber Market Share

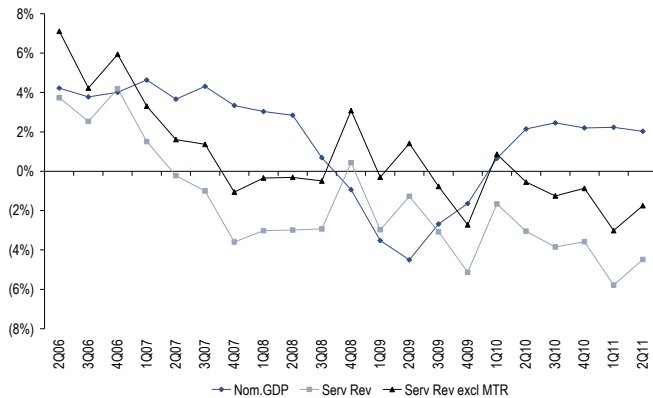


Source: Company reports and Citi Investment Research and Analysis



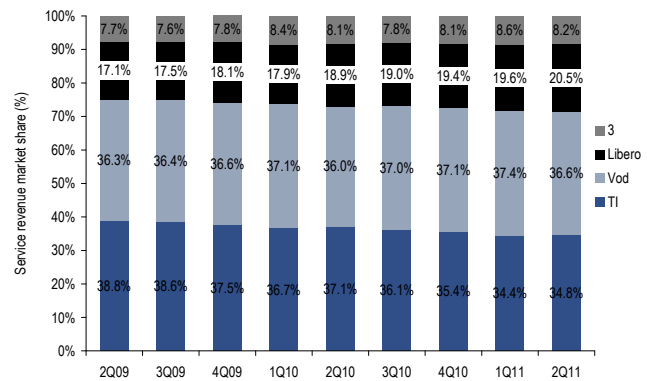
## Mobile Charts

Figure 104. Revenue and GDP



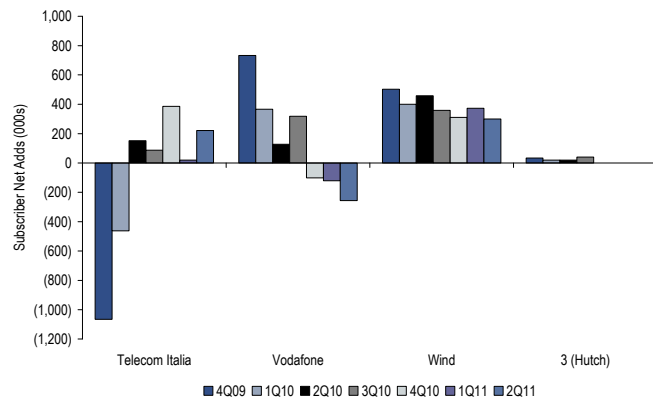
Source: Company reports, CIRA and Datastream

Figure 105. Service Revenue Market Share



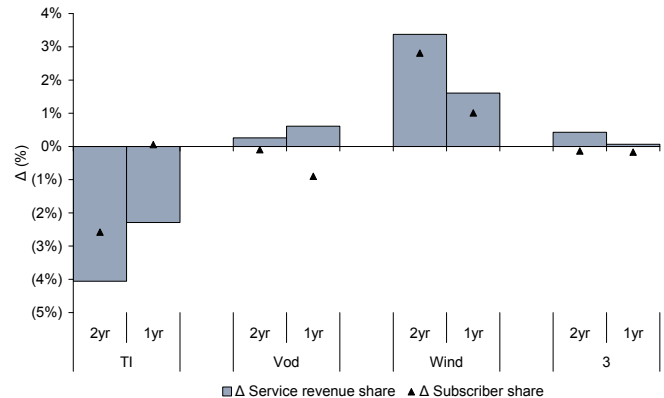
Source: Company reports and Citi Investment Research and Analysis

Figure 106. Subscriber Net Adds



Source: Company reports and Citi Investment Research and Analysis

Figure 107. Service Revenue Growth



Source: Company reports and Citi Investment Research and Analysis

## Italy Mobile Data

Figure 108. Italian Mobile Market Information

Italy	2Q08	3Q08	4Q08	1Q09	2Q09	3Q09	4Q09	1Q10	2Q10	3Q10	4Q10	1Q11	2Q11
<b>Service Revenue, €m</b>													
Telecom Italia	2,199	2,261	2,250	1,993	2,092	2,072	1,959	1,850	1,936	1,867	1,784	1,634	1,735
Vodafone	1,921	1,961	1,938	1,863	1,956	1,955	1,912	1,873	1,878	1,910	1,865	1,779	1,824
Wind	902	901	896	859	921	939	944	901	985	984	978	934	1,021
3 (Hutch)	434	420	420	417	417	407	407	422	422	405	407	407	407
<b>Total</b>	<b>5,455</b>	<b>5,543</b>	<b>5,504</b>	<b>5,132</b>	<b>5,385</b>	<b>5,373</b>	<b>5,221</b>	<b>5,046</b>	<b>5,221</b>	<b>5,166</b>	<b>5,034</b>	<b>4,754</b>	<b>4,987</b>
<b>Service Revenue Growth, yoy</b>													
Telecom Italia	(5.3%)	(4.4%)	2.9%	(5.9%)	(4.8%)	(8.4%)	(12.9%)	(7.2%)	(7.5%)	(9.9%)	(8.9%)	(11.7%)	(10.4%)
Vodafone	0.2%	1.3%	1.8%	0.1%	1.8%	(0.3%)	(1.3%)	0.5%	(4.0%)	(2.3%)	(2.4%)	(5.0%)	(2.9%)
Wind	1.7%	1.5%	0.8%	0.0%	2.1%	4.2%	5.4%	4.9%	6.9%	4.8%	3.6%	3.7%	3.7%
3 (Hutch)	(13.0%)	(19.3%)	(16.1%)	(7.8%)	(4.0%)	(3.1%)	(3.1%)	1.4%	1.4%	(0.4%)	0.0%	(3.7%)	(3.7%)
<b>Total</b>	<b>(3.0%)</b>	<b>(2.9%)</b>	<b>0.4%</b>	<b>(3.0%)</b>	<b>(1.3%)</b>	<b>(3.1%)</b>	<b>(5.1%)</b>	<b>(1.7%)</b>	<b>(3.0%)</b>	<b>(3.8%)</b>	<b>(3.6%)</b>	<b>(5.8%)</b>	<b>(4.5%)</b>
<b>Service Revenue Market Share</b>													
Telecom Italia	40.3%	40.8%	40.9%	38.8%	38.8%	38.6%	37.5%	36.7%	37.1%	36.1%	35.4%	34.4%	34.8%
Vodafone	35.2%	35.4%	35.2%	36.3%	36.3%	36.4%	36.6%	37.1%	36.0%	37.0%	37.1%	37.4%	36.6%
Wind	16.5%	16.3%	16.3%	16.7%	17.1%	17.5%	18.1%	17.9%	18.9%	19.0%	19.4%	19.6%	20.5%
3 (Hutch)	8.0%	7.6%	7.6%	8.1%	7.7%	7.6%	7.8%	8.4%	8.1%	7.8%	8.1%	8.6%	8.2%
<b>Post-pay Customers, 000s</b>													
Vodafone	3,058	3,228	3,423	3,635	3,797	3,933	4,091	4,172	4,311	4,448	4,556	4,690	4,771
<b>Call Volumes, mn min/qtr</b>													
Telecom Italia	12,572	12,427	12,359	11,819	12,272	12,025	12,453	12,104	12,805	13,188	13,847	13,310	13,362
Vodafone	13,126	13,017	13,813	13,442	13,740	13,382	13,999	13,957	14,347	14,122	14,670	14,511	15,185
Wind	7,999	8,001	8,500	8,398	8,868	8,734	9,500	9,705	10,530	10,165	10,340	10,519	10,695
3 Hutch	3,555	3,590	3,802	3,769	3,982	3,938	4,166	4,139	4,346	4,269	4,382	4,310	4,386
<b>Total</b>	<b>37,252</b>	<b>37,035</b>	<b>38,473</b>	<b>37,428</b>	<b>38,862</b>	<b>38,079</b>	<b>40,118</b>	<b>39,905</b>	<b>42,028</b>	<b>41,744</b>	<b>43,239</b>	<b>42,650</b>	<b>43,628</b>
<b>Call Volume growth, yoy</b>													
Telecom Italia	11.1%	4.4%	0.9%	(4.4%)	(2.4%)	(3.2%)	0.8%	2.4%	4.3%	9.7%	11.2%	10.0%	4.3%
Vodafone	13.0%	10.6%	10.1%	5.3%	4.7%	2.8%	1.3%	3.8%	4.4%	5.5%	4.8%	4.0%	5.8%
Wind	8.1%	11.1%	11.8%	9.1%	10.9%	9.2%	11.8%	15.6%	18.7%	16.4%	8.8%	8.4%	1.6%
3 Hutch	17.0%	15.2%	14.9%	11.1%	12.0%	9.7%	9.6%	9.8%	9.1%	8.4%	5.2%	4.1%	0.9%
<b>Total</b>	<b>11.6%</b>	<b>8.9%</b>	<b>7.7%</b>	<b>3.4%</b>	<b>4.3%</b>	<b>2.8%</b>	<b>4.3%</b>	<b>6.6%</b>	<b>8.1%</b>	<b>9.6%</b>	<b>7.8%</b>	<b>6.9%</b>	<b>3.8%</b>
<b>Contract Churn, % p.a</b>													
Vodafone	17.6%	15.8%	17.3%	16.9%	19.8%	17.2%	23.3%	22.8%	25.3%	20.2%	23.6%	22.9%	22.1%
<b>Data Revenue (excl messaging) % Service Revenue</b>													
Telecom Italia	12.2%	12.7%	14.2%	11.7%	12.5%	13.8%	14.8%	16.2%	14.8%	15.7%	15.8%	16.3%	16.8%
Vodafone	7.5%	7.8%	8.4%	9.0%	8.7%	9.8%	10.2%	10.8%	11.0%	12.3%	12.7%	13.7%	13.6%
<b>EBITDA, €m</b>													
Vodafone	1,016	1,038	992	954	1,073	1,073	1,025	1,004	1,037	1,054	1,000	953	
<b>Capex, €m</b>													
Vodafone	192	192	212	212	222	222	226	226	200	200	250	250	

Source: Company reports and Citi Investment Research and Analysis

## Italy Fixed Data

Figure 109. Italian Fixed Line Market Information

Italy	2Q08	3Q08	4Q08	1Q09	2Q09	3Q09	4Q09	1Q10	2Q10	3Q10	4Q10	1Q11	2Q11
<b>Broadband Subscribers (000s)</b>													
Incumbent retail	6,564	6,610	6,754	6,843	6,859	6,921	7,000	7,071	7,134	7,186	7,175	7,194	7,169
Incumbent wholesale	1,228	1,304	1,380	1,486	1,584	1,646	1,741	1,788	1,825	1,847	1,883	1,937	1,948
ULL (total)	4,248	4,387	4,621	4,883	5,112	5,237	5,456	5,600	5,700	5,789	5,931	6,044	6,087
Cable	0	0	0	0	0	0	0	0	0	0	0	0	1
<b>Total</b>	<b>12,040</b>	<b>12,301</b>	<b>12,755</b>	<b>13,212</b>	<b>13,555</b>	<b>13,804</b>	<b>14,196</b>	<b>14,459</b>	<b>14,659</b>	<b>14,822</b>	<b>14,989</b>	<b>15,174</b>	<b>15,205</b>
<b>Broadband Subscribers (000s)</b>													
Telecom Italia	6,564	6,610	6,754	6,843	6,859	6,921	7,000	7,071	7,134	7,186	7,175	7,194	7,169
Tiscali	574	581	586	554	549	552	570	572	582	582	550	541	550
Infostrada	1,198	1,250	1,360	1,450	1,515	1,560	1,643	1,713	1,764	1,820	1,912	2,030	2,030
Fastweb	1,398	1,441	1,482	1,542	1,575	1,605	1,644	1,678	1,694	1,712	1,724	1,733	1,741
Vodafone	0	0	0	994	1,004	1,014	1,024	1,034	1,044	1,120	1,210	1,300	1,340
Other	2,306	2,419	2,573	1,829	2,053	2,152	2,315	2,391	2,441	2,402	2,418	2,376	2,375
<b>Total</b>	<b>12,040</b>	<b>12,301</b>	<b>12,755</b>	<b>13,212</b>	<b>13,555</b>	<b>13,804</b>	<b>14,196</b>	<b>14,459</b>	<b>14,659</b>	<b>14,822</b>	<b>14,989</b>	<b>15,174</b>	<b>15,205</b>
<b>Broadband Subscribers Net Adds (000s)</b>													
Telecom Italia	23	46	144	89	16	62	79	71	63	52	(11)	19	(25)
Tiscali	(6)	7	5	(32)	(5)	3	18	2	10	0	(32)	(9)	9
Infostrada	83	52	110	90	65	45	83	70	51	56	92	118	0
Fastweb	10	43	41	60	33	30	39	34	16	18	12	9	8
Vodafone	0	0	0	994	10	10	10	10	10	76	90	90	40
<b>Total</b>	<b>359</b>	<b>261</b>	<b>454</b>	<b>456</b>	<b>344</b>	<b>249</b>	<b>392</b>	<b>263</b>	<b>200</b>	<b>163</b>	<b>167</b>	<b>185</b>	<b>31</b>
<b>Telephony Channels (000s)</b>													
Incumbent retail	20,952	20,539	20,031	19,582	19,170	18,854	18,525	18,254	18,062	17,881	17,609	17,367	17,124
Incumbent wholesale (WLR)	348	414	518	640	747	803	845	870	882	916	954	1,013	1,015
ULL (total)	3,411	3,500	3,664	3,871	4,028	4,124	4,273	4,370	4,459	4,545	4,703	4,826	4,880
Naked DSL	432	471	572	684	789	857	939	996	1,029	1,038	1,036	1,048	1,047
Cable	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>25,143</b>	<b>24,924</b>	<b>24,784</b>	<b>24,777</b>	<b>24,734</b>	<b>24,639</b>	<b>24,582</b>	<b>24,490</b>	<b>24,432</b>	<b>24,380</b>	<b>24,301</b>	<b>24,255</b>	<b>24,066</b>
<b>Telephony Channels Net Adds (000s)</b>													
Incumbent retail	(696)	(413)	(508)	(449)	(412)	(316)	(329)	(271)	(192)	(181)	(272)	(242)	(243)
Incumbent wholesale (WLR)	271	66	104	122	108	56	42	25	12	34	38	60	2
ULL (total)	193	89	164	207	157	96	149	97	89	86	158	123	54
Naked DSL	83	39	101	112	105	68	81	57	33	9	(2)	12	(1)
Cable	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>(149)</b>	<b>(219)</b>	<b>(140)</b>	<b>(8)</b>	<b>(42)</b>	<b>(96)</b>	<b>(57)</b>	<b>(92)</b>	<b>(58)</b>	<b>(52)</b>	<b>(79)</b>	<b>(46)</b>	<b>(189)</b>
<b>Pay TV Subscribers (000s)</b>													
TI	180	218	329	365	397	406	401	395	395	391	374	350	328
Sky Italia	0	4,600	4,700	4,800	4,800	4,800	4,735	4,696	4,741	4,799	4,870	4,915	4,970

Source: Company reports and Citi Investment Research and Analysis

# Netherlands

## Fixed

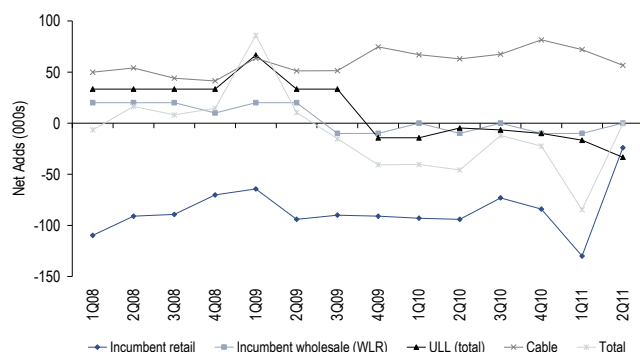
- Retail line losses improved dramatically in 2Q11 to -24k from -130k in 1Q11; this is the lowest quarterly loss since we began to collect data in 2005 whilst 1Q11 losses were the highest since 2007. Fixed revenue decline remained broadly unchanged at -5.4%. KPN's TV net adds remained strong at 42k (vs. +45k in 1Q11) and the company is going ahead with upgrading the VDSL network and rolling out fiber via the Reggefiber joint venture. As at Q1 KPN had 768k homes passed.

## Mobile

- Service revenue growth excluding the impact of MTR cuts worsened to -0.1% in 2Q11, from 2.1% in 1Q11. The likely cause is the already highlighted cannibalization from KPN customers of SMS and voice by new apps. KPN has recently announced new tariffs (to be launched in September), which should mitigate this issue in the future and comments from Vodafone suggest the company will follow suit with more data tiering.

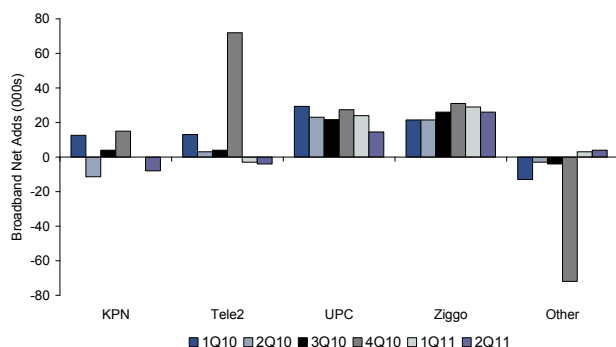
## Fixed Charts

Figure 110. Telephony Net Adds



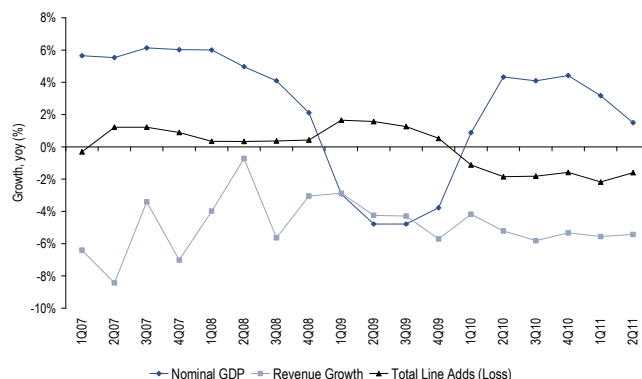
Source: Company reports and Citi Investment Research and Analysis

Figure 112. Broadband Subscriber Net Adds



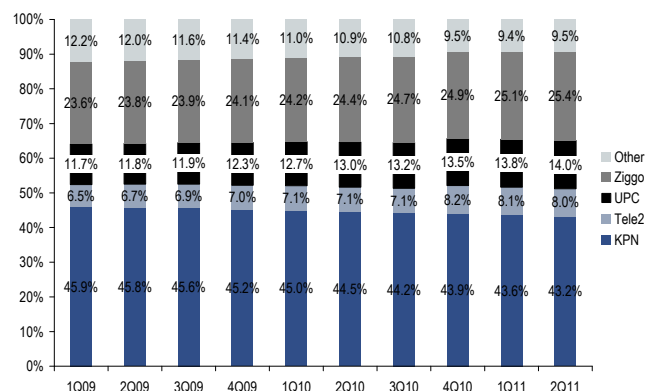
Source: Company reports and Citi Investment Research and Analysis

Figure 111. Line Loss, Incumbent Revenue Growth and GDP



Source: Company reports, CIRA and Datastream

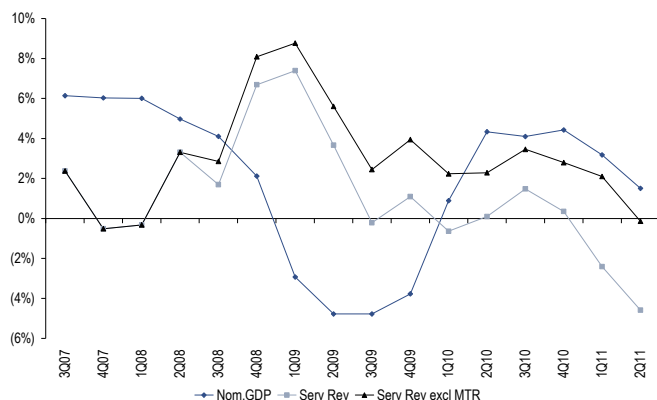
Figure 113. Broadband Subscriber Market Share



Source: Company reports and Citi Investment Research and Analysis

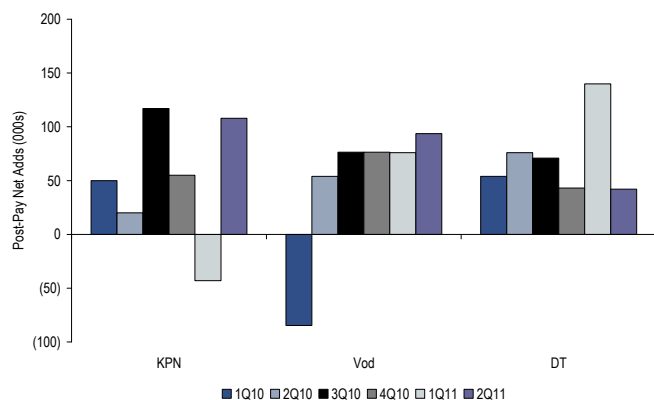
## Mobile Charts

Figure 114. Revenue and GDP



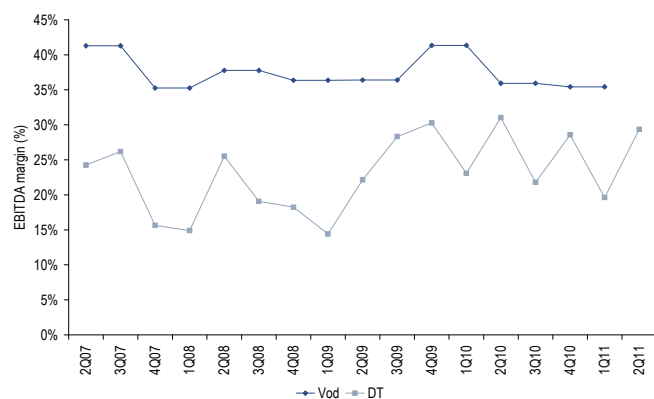
Source: Company reports, CIRA and Datastream

Figure 116. Post-Paid Net Adds



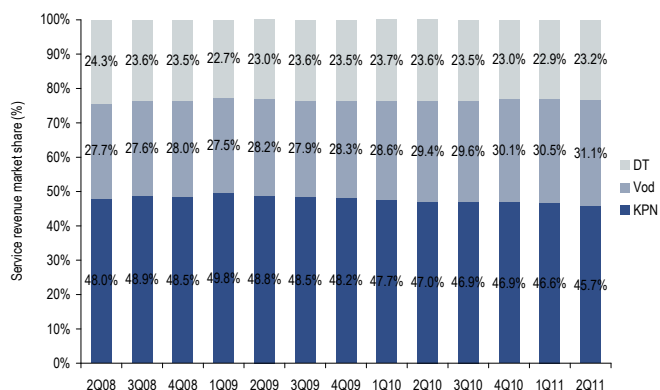
Source: Company reports and Citi Investment Research and Analysis

Figure 118. EBITDA Margin



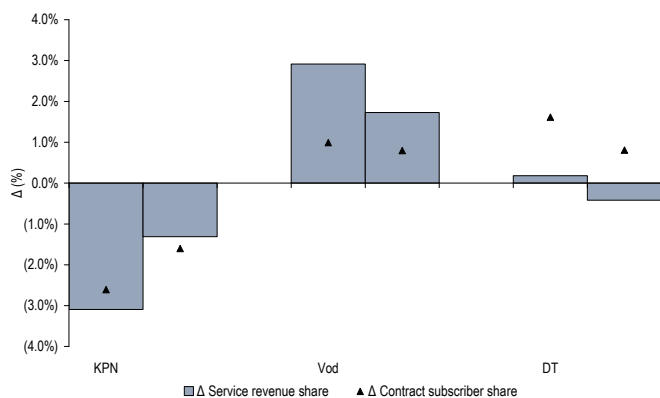
Source: Company reports and Citi Investment Research and Analysis

Figure 115. Service Revenue Market Share



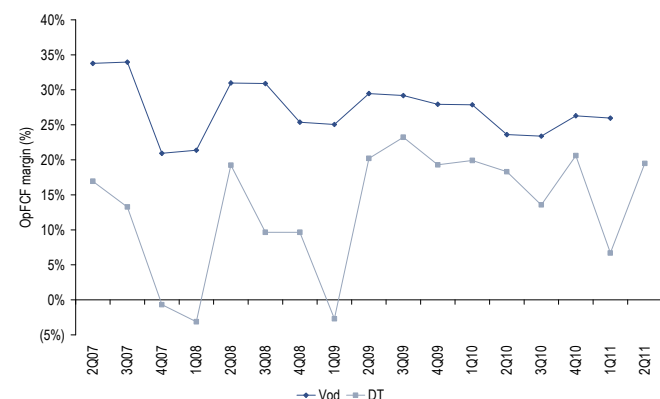
Source: Company reports and Citi Investment Research and Analysis

Figure 117. Change in Service Revenue and Contract Sub Share



Source: Company reports and Citi Investment Research and Analysis

Figure 119. OpFCF Margin



Source: Company reports and Citi Investment Research and Analysis

## Netherlands Mobile Data

Figure 120. Netherlands Mobile Market Information

Netherlands	2Q08	3Q08	4Q08	1Q09	2Q09	3Q09	4Q09	1Q10	2Q10	3Q10	4Q10	1Q11	2Q11
<b>Service Revenue, €m</b>													
KPN	756	764	754	767	783	757	758	740	761	742	735	698	702
Vodafone	436	431	436	424	453	435	445	443	476	468	472	457	478
T-Mobile (DT)	383	369	365	350	370	368	370	367	383	371	360	342	357
<b>Total</b>	<b>1,192</b>	<b>1,195</b>	<b>1,190</b>	<b>1,191</b>	<b>1,236</b>	<b>1,192</b>	<b>1,203</b>	<b>1,183</b>	<b>1,237</b>	<b>1,210</b>	<b>1,207</b>	<b>1,155</b>	<b>1,180</b>
<b>Service Revenue Growth, yoy</b>													
KPN	0.4%	0.0%	4.0%	8.6%	3.6%	(0.9%)	0.5%	(3.5%)	(2.8%)	(2.0%)	(3.0%)	(5.7%)	(7.8%)
Vodafone	8.8%	4.8%	11.7%	5.2%	3.8%	1.0%	2.1%	4.6%	5.1%	7.5%	6.1%	3.1%	0.5%
T-Mobile (DT)	2.3%	(0.3%)	(3.3%)	(3.8%)	(3.4%)	(0.2%)	1.4%	4.9%	3.5%	0.8%	(2.7%)	(6.8%)	(6.8%)
<b>Total</b>	<b>3.3%</b>	<b>1.7%</b>	<b>6.7%</b>	<b>7.4%</b>	<b>3.7%</b>	<b>(0.2%)</b>	<b>1.1%</b>	<b>(0.6%)</b>	<b>0.1%</b>	<b>1.5%</b>	<b>0.4%</b>	<b>(2.4%)</b>	<b>(4.6%)</b>
<b>Service Revenue Market Share</b>													
KPN	48.0%	48.9%	48.5%	49.8%	48.8%	48.5%	48.2%	47.7%	47.0%	46.9%	46.9%	46.6%	45.7%
Vodafone	27.7%	27.6%	28.0%	27.5%	28.2%	27.9%	28.3%	28.6%	29.4%	29.6%	30.1%	30.5%	31.1%
T-Mobile (DT)	24.3%	23.6%	23.5%	22.7%	23.0%	23.6%	23.5%	23.7%	23.6%	23.5%	23.0%	22.9%	23.2%
<b>Post-pay Customers, 000s</b>													
KPN	4,600	4,782	4,971	5,118	5,177	5,209	5,198	5,248	5,268	5,385	5,440	5,397	5,505
Vodafone	2,498	2,575	2,658	2,725	2,756	2,820	2,914	2,829	2,883	2,959	3,036	3,112	3,205
T-Mobile (DT)	2,153	2,229	2,259	2,313	2,359	2,384	2,406	2,460	2,536	2,607	2,650	2,790	2,832
<b>Call Volumes, mn min/qtr</b>													
KPN	3,676	3,452	3,703	3,613	3,722	3,507	3,739	3,640	3,679	3,451	3,577	3,572	3,664
Vodafone	2,260	2,108	2,313	2,278	2,363	2,212	2,367	2,359	2,323	2,625	2,884	2,821	2,945
Deutsche Telekom	1,911	1,734	1,755	1,708	1,743	1,765	1,842	1,900	1,987	1,923	2,049	2,011	2,062
<b>Total</b>	<b>7,847</b>	<b>7,294</b>	<b>7,771</b>	<b>7,599</b>	<b>7,827</b>	<b>7,484</b>	<b>7,948</b>	<b>7,900</b>	<b>7,990</b>	<b>8,000</b>	<b>8,510</b>	<b>8,403</b>	<b>8,671</b>
<b>Call Volume growth, yoy</b>													
KPN	5.9%	6.2%	4.1%	3.2%	1.3%	1.6%	1.0%	0.8%	(1.1%)	(1.6%)	(4.3%)	(1.9%)	(0.4%)
Vodafone	12.7%	11.0%	13.6%	9.7%	4.6%	4.9%	2.3%	3.6%	(1.7%)	18.7%	21.8%	19.6%	26.8%
Deutsche Telekom	52.5%	47.1%	8.6%	(2.8%)	(8.8%)	1.8%	5.0%	11.2%	14.0%	9.0%	11.2%	5.8%	3.8%
<b>Total</b>	<b>1.8%</b>	<b>0.4%</b>	<b>1.0%</b>	<b>3.6%</b>	<b>(0.3%)</b>	<b>2.6%</b>	<b>2.3%</b>	<b>4.0%</b>	<b>2.1%</b>	<b>6.9%</b>	<b>7.1%</b>	<b>6.4%</b>	<b>8.5%</b>
<b>Contract Churn, % p.a</b>													
T-Mobile (DT)	19.2%	16.8%	21.6%	18.0%	16.8%	19.2%	18.0%	15.6%	12.0%	13.2%	14.4%	15.6%	15.6%
<b>EBITDA, €m</b>													
Vodafone	165	163	159	154	165	158	184	183	171	168	167	162	
T-Mobile (DT)	114	91	85	64	103	128	135	102	139	98	122	82	128
<b>Capex, €m</b>													
Vodafone	30	30	48	48	31	31	60	60	59	59	43	43	
T-Mobile (DT)	28	45	40	76	9	23	49	14	57	37	34	54	43

Source: Company reports and Citi Investment Research and Analysis

## Netherlands Fixed Data

Figure 121. Netherlands Fixed Line Market Information

Netherlands	2Q08	3Q08	4Q08	1Q09	2Q09	3Q09	4Q09	1Q10	2Q10	3Q10	4Q10	1Q11	2Q11
<b>Broadband Subscribers (000s)</b>													
Incumbent retail	2,587	2,621	2,664	2,692	2,698	2,712	2,717	2,729	2,718	2,722	2,737	2,737	2,729
Incumbent wholesale	0	0	0	0	0	0	0	0	0	0	0	0	0
ULL (total)	1,000	1,033	1,067	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100
Cable	2,047	2,053	2,058	2,077	2,093	2,130	2,191	2,242	2,286	2,334	2,392	2,445	2,486
<b>Total</b>	<b>5,634</b>	<b>5,708</b>	<b>5,788</b>	<b>5,869</b>	<b>5,891</b>	<b>5,942</b>	<b>6,008</b>	<b>6,071</b>	<b>6,104</b>	<b>6,156</b>	<b>6,229</b>	<b>6,282</b>	<b>6,315</b>
<b>Broadband Subscribers (000s)</b>													
KPN	2,587	2,621	2,664	2,692	2,698	2,712	2,717	2,729	2,718	2,722	2,737	2,737	2,729
Tele2	338	349	368	382	395	410	418	431	434	438	510	507	503
UPC	659	672	683	689	693	708	742	771	794	816	843	867	882
Ziggo	1,388	1,382	1,375	1,388	1,400	1,422	1,449	1,471	1,492	1,518	1,549	1,578	1,604
Other	662	684	699	718	705	690	682	669	666	662	590	593	597
<b>Total</b>	<b>5,634</b>	<b>5,708</b>	<b>5,788</b>	<b>5,869</b>	<b>5,891</b>	<b>5,942</b>	<b>6,008</b>	<b>6,071</b>	<b>6,104</b>	<b>6,156</b>	<b>6,229</b>	<b>6,282</b>	<b>6,315</b>
<b>Broadband Subscribers Net Adds (000s)</b>													
KPN	35	34	43	28	6	13	5	13	(11)	4	15	0	(8)
Tele2	7	11	19	14	13	15	8	13	3	4	72	(3)	(4)
UPC	8	13	11	7	4	15	34	29	23	22	27	24	15
Ziggo	21	(7)	(7)	13	13	22	27	22	22	26	31	29	26
- other	26	22	14	19	(13)	(15)	(8)	(13)	(3)	(4)	(72)	3	4
<b>Total</b>	<b>97</b>	<b>74</b>	<b>80</b>	<b>80</b>	<b>23</b>	<b>50</b>	<b>66</b>	<b>63</b>	<b>33</b>	<b>52</b>	<b>73</b>	<b>53</b>	<b>33</b>
<b>Telephony Channels (000s)</b>													
Incumbent retail	5,202	5,112	5,042	4,978	4,884	4,794	4,703	4,610	4,516	4,443	4,359	4,229	4,205
Incumbent wholesale (WLR)	360	380	390	410	430	420	410	410	400	400	390	380	380
ULL (total)	700	733	767	833	867	900	886	871	867	860	850	833	800
Cable	1,296	1,340	1,381	1,445	1,496	1,547	1,622	1,689	1,752	1,820	1,901	1,973	2,030
<b>Total</b>	<b>7,558</b>	<b>7,566</b>	<b>7,580</b>	<b>7,666</b>	<b>7,677</b>	<b>7,661</b>	<b>7,621</b>	<b>7,580</b>	<b>7,535</b>	<b>7,523</b>	<b>7,500</b>	<b>7,415</b>	<b>7,415</b>
<b>Telephony Channels Net Adds (000s)</b>													
Incumbent retail	(91)	(89)	(70)	(64)	(94)	(90)	(91)	(93)	(94)	(73)	(84)	(130)	(24)
Incumbent wholesale (WLR)	20	20	10	20	20	(10)	(10)	0	(10)	0	(10)	(10)	0
ULL (full)	33	33	33	67	33	33	(14)	(14)	(5)	(7)	(10)	(17)	(33)
Cable	54	44	41	64	51	51	75	67	63	68	82	72	57
<b>Total</b>	<b>16</b>	<b>8</b>	<b>15</b>	<b>86</b>	<b>10</b>	<b>(15)</b>	<b>(41)</b>	<b>(40)</b>	<b>(46)</b>	<b>(12)</b>	<b>(23)</b>	<b>(85)</b>	<b>(1)</b>
<b>Pay TV Subscribers (000s)</b>													
KPN	636	700	775	835	886	924	970	1,025	1,073	1,124	1,173		
UPC	2,089	2,068	2,044	2,013	1,986	1,966	1,955	1,941	1,930	1,907	1,892	1,874	1,855
<b>Pay TV Subscribers Net Adds (000s)</b>													
KPN	83	64	75	60	51	38	46	55	48	51	49		
UPC	(30)	(21)	(24)	(31)	(27)	(20)	(11)	(14)	(11)	(23)	(15)	(18)	(19)

Source: Company reports and Citi Investment Research and Analysis

# Norway

## Fixed

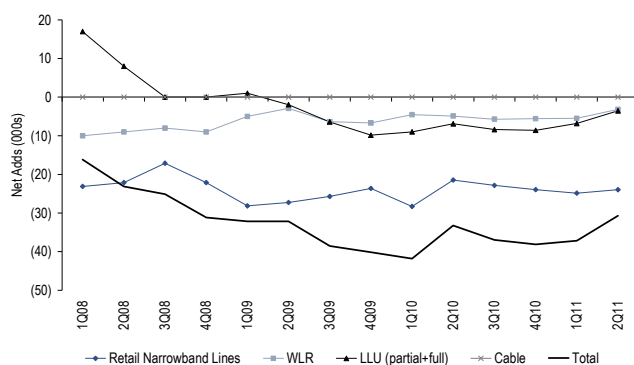
- Fixed line loss trends were stable in 2Q11, Telenor's retail line loss was -24k 2Q11 vs -25k 1Q11. Market broadband net losses worsened to -8k from -4k 1Q11.

## Mobile

- Service revenue growth excluding the impact of MTR cuts worsened to -2.1% in 2Q11, from -1.2% in 1Q11. This excludes the impact of Telenor's rebate to customers for the network outage. This worsening was driven by new tariff plans launched by all operators during the quarter, and we could see a further worsening in 3Q11 with a full quarter's impact from the new tariffs. On the positive side the new tariff structure has very good tiering of data to encourage customers to move up the tiers and avoid cannibalisation.

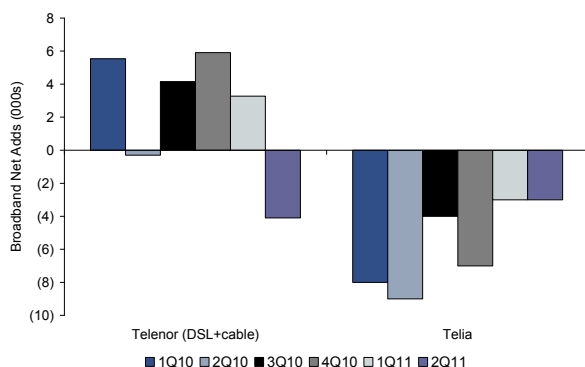
## Fixed Charts

Figure 122. Telephony Net Adds



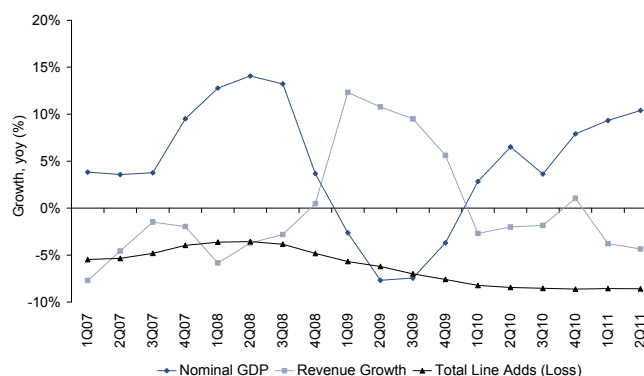
Source: Company reports and Citi Investment Research and Analysis

Figure 124. Broadband Subscriber Net Adds



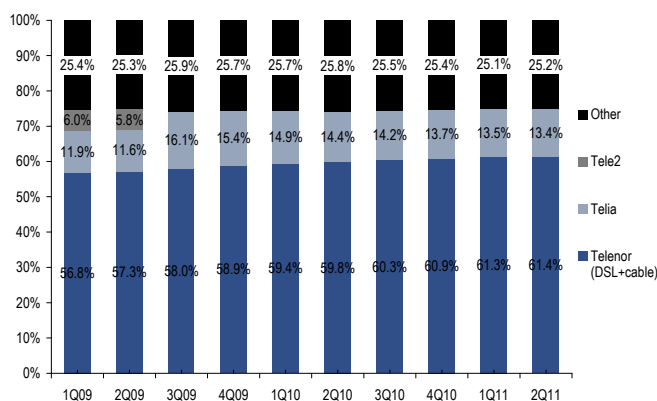
Source: Company reports and Citi Investment Research and Analysis

Figure 123. Line Loss, Incumbent Revenue Growth and GDP



Source: Company reports, CIRA and Datastream

Figure 125. Broadband Subscriber Market Share

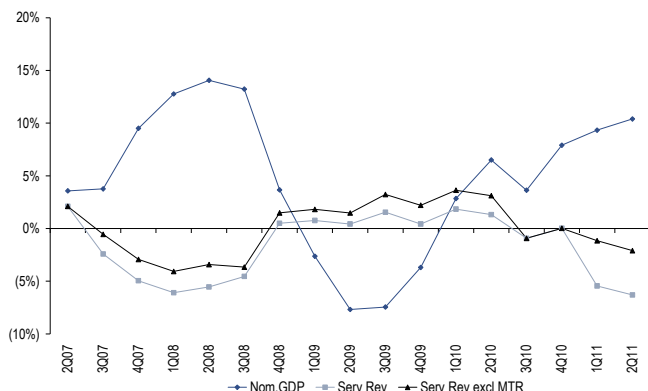


Source: Company reports and Citi Investment Research and Analysis



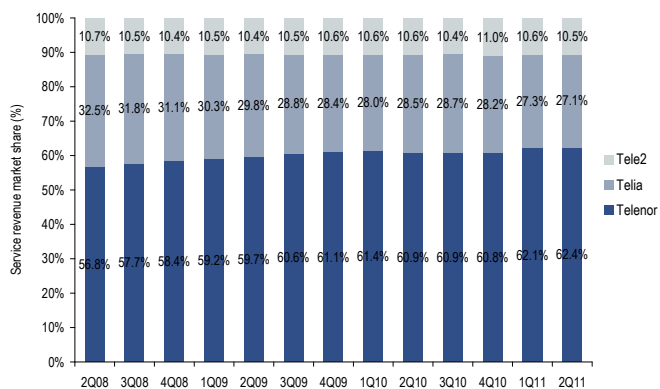
## Mobile Charts

Figure 126. Revenue and GDP



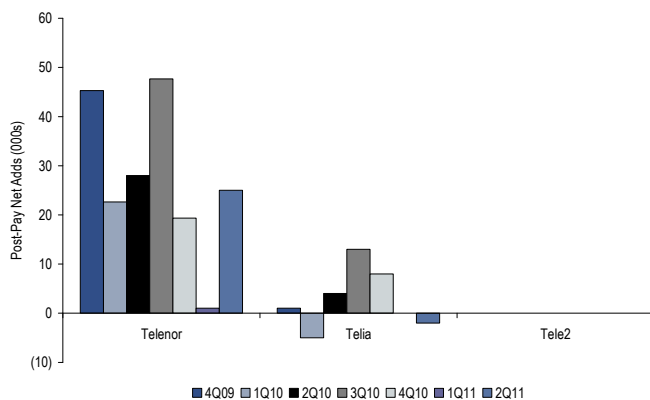
Source: Company reports, CIRA and Datastream

Figure 127. Service Revenue Market Share



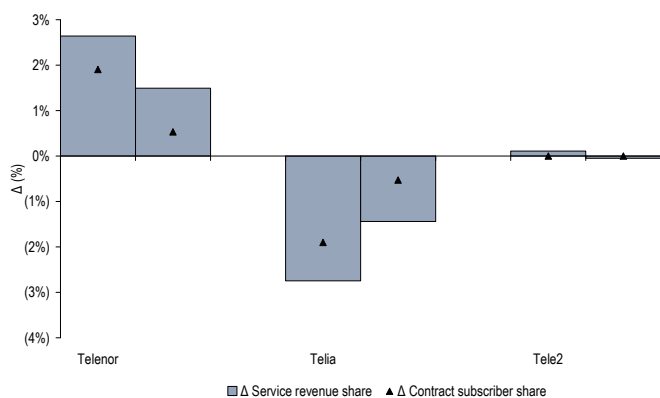
Source: Company reports and Citi Investment Research and Analysis

Figure 128. Post-Paid Net Adds



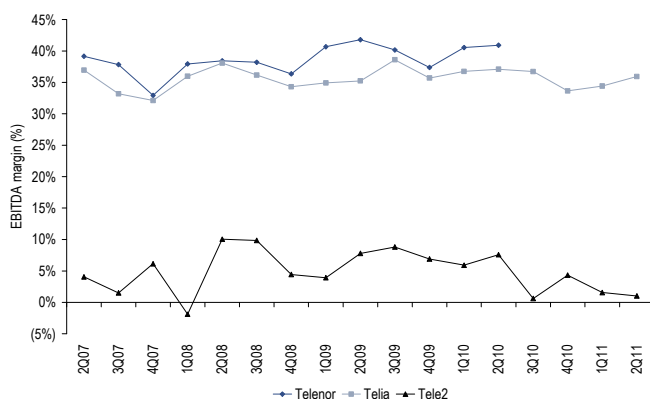
Source: Company reports and Citi Investment Research and Analysis

Figure 129. Change in Service Revenue and Contract Sub Share



Source: Company reports and Citi Investment Research and Analysis

Figure 130. EBITDA Margin



Source: Company reports and Citi Investment Research and Analysis

## Norway Mobile Data

Figure 131. Norway Mobile Market Information

Norway	2Q08	3Q08	4Q08	1Q09	2Q09	3Q09	4Q09	1Q10	2Q10	3Q10	4Q10	1Q11	2Q11
<b>Service Revenue, NOK m</b>													
Telenor	2,912	2,988	2,982	2,934	3,075	3,188	3,129	3,100	3,176	3,170	3,115	2,968	3,048
Telia	1,665	1,646	1,588	1,504	1,537	1,516	1,454	1,414	1,489	1,496	1,445	1,301	1,325
Tele2	550	543	532	522	537	553	541	537	552	543	565	507	515
<b>Total</b>	<b>5,127</b>	<b>5,178</b>	<b>5,102</b>	<b>4,960</b>	<b>5,149</b>	<b>5,257</b>	<b>5,124</b>	<b>5,051</b>	<b>5,217</b>	<b>5,209</b>	<b>5,125</b>	<b>4,776</b>	<b>4,888</b>
<b>Service Revenue Growth, yoy</b>													
Telenor	(4.1%)	(4.0%)	2.3%	2.6%	5.6%	6.7%	4.9%	5.6%	3.3%	(0.6%)	(0.5%)	(4.3%)	(4.0%)
Telia	(5.9%)	(5.9%)	(0.6%)	(1.1%)	(7.7%)	(7.9%)	(8.5%)	(5.9%)	(3.1%)	(1.3%)	(0.6%)	(8.0%)	(11.0%)
Tele2	(11.7%)	(3.1%)	(5.8%)	(3.4%)	(2.3%)	1.8%	1.8%	2.9%	2.9%	(1.9%)	4.4%	(5.7%)	(6.8%)
<b>Total</b>	<b>(5.5%)</b>	<b>(4.6%)</b>	<b>0.5%</b>	<b>0.8%</b>	<b>0.4%</b>	<b>1.5%</b>	<b>0.4%</b>	<b>1.8%</b>	<b>1.3%</b>	<b>(0.9%)</b>	<b>0.0%</b>	<b>(5.5%)</b>	<b>(6.3%)</b>
<b>Service Revenue Market Share</b>													
Telenor	56.8%	57.7%	58.4%	59.2%	59.7%	60.6%	61.1%	61.4%	60.9%	60.9%	60.8%	62.1%	62.4%
Telia	32.5%	31.8%	31.1%	30.3%	29.8%	28.8%	28.4%	28.0%	28.5%	28.7%	28.2%	27.3%	27.1%
Tele2	10.7%	10.5%	10.4%	10.5%	10.4%	10.5%	10.6%	10.6%	10.6%	10.4%	11.0%	10.6%	10.5%
<b>Post-pay Customers, 000s</b>													
Telenor	1,965	2,022	2,069	2,093	2,132	2,185	2,230	2,253	2,281	2,329	2,348	2,349	2,374
Telia	1,140	1,137	1,138	1,147	1,156	1,164	1,165	1,160	1,164	1,177	1,185	1,185	1,183
Tele2	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Call Volumes, mn min/qtr</b>													
Telenor	1,857	1,777	1,855	1,894	1,962	1,951	2,041	2,013	2,099	2,014	2,116	2,062	2,080
Telia	1,297	1,244	1,256	1,304	1,354	1,359	1,409	1,374	1,414	1,360	1,390	1,397	1,405
Tele2	411	390	406	423	433	429	446	439	457	443	466	473	484
<b>Total</b>	<b>3,565</b>	<b>3,411</b>	<b>3,518</b>	<b>3,620</b>	<b>3,749</b>	<b>3,739</b>	<b>3,897</b>	<b>3,827</b>	<b>3,971</b>	<b>3,817</b>	<b>3,972</b>	<b>3,932</b>	<b>3,969</b>
<b>Call Volume growth, yoy</b>													
Telenor	15.2%	9.1%	8.8%	10.5%	5.6%	9.8%	10.0%	6.3%	7.0%	3.2%	3.7%	2.4%	(0.9%)
Telia	9.3%	4.9%	4.0%	10.4%	4.4%	9.3%	12.2%	5.4%	4.4%	0.1%	(1.4%)	1.6%	(0.6%)
Tele2	16.0%	5.2%	4.0%	10.5%	5.3%	10.1%	9.8%	3.7%	5.6%	3.2%	4.4%	7.7%	5.8%
<b>Total</b>	<b>13.1%</b>	<b>7.1%</b>	<b>6.5%</b>	<b>10.5%</b>	<b>5.1%</b>	<b>9.6%</b>	<b>10.8%</b>	<b>5.7%</b>	<b>5.9%</b>	<b>2.1%</b>	<b>1.9%</b>	<b>2.7%</b>	<b>(0.0%)</b>
<b>EBITDA, NOK m</b>													
Telenor	1,166	1,182	1,135	1,249	1,339	1,369	1,270	1,359	1,376				
Telia	766	731	672	630	639	706	625	627	657	677	603	603	639
Tele2	55	54	24	21	42	49	37	32	42	3	24	8	5

Source: Company reports and Citi Investment Research and Analysis

## Norway Fixed Data

Figure 132. Norway Fixed Line Market Information

Norway	2Q08	3Q08	4Q08	1Q09	2Q09	3Q09	4Q09	1Q10	2Q10	3Q10	4Q10	1Q11	2Q11
<b>Broadband Subscribers (000s)</b>													
Incumbent retail	777	798	812	823	828	838	852	857	857	861	867	870	866
Incumbent wholesale	123	116	106	98	90	87	85	84	82	80	79	78	78
ULL (total)	356	356	356	356	355	348	338	329	322	314	305	299	295
Cable	172	172	172	172	172	172	172	172	172	172	172	172	172
<b>Total</b>	<b>1,427</b>	<b>1,441</b>	<b>1,445</b>	<b>1,449</b>	<b>1,445</b>	<b>1,445</b>	<b>1,447</b>	<b>1,443</b>	<b>1,433</b>	<b>1,427</b>	<b>1,423</b>	<b>1,419</b>	<b>1,411</b>
<b>Broadband Subscribers (000s)</b>													
Telenor (DSL+cable)	777	798	812	823	828	838	852	857	857	861	867	870	866
Telia	176	176	176	172	168	232	223	215	206	202	195	192	189
Tele2	104	98	91	87	84	0	0	0	0	0	0	0	0
- other	371	370	367	368	365	375	372	371	370	364	362	357	356
<b>Total</b>	<b>1,427</b>	<b>1,441</b>	<b>1,445</b>	<b>1,449</b>	<b>1,445</b>	<b>1,445</b>	<b>1,447</b>	<b>1,443</b>	<b>1,433</b>	<b>1,427</b>	<b>1,423</b>	<b>1,419</b>	<b>1,411</b>
<b>Broadband Subscribers Net Adds (000s)</b>													
Telenor (DSL+cable)	10	21	14	11	6	10	13	6	(0)	4	6	3	(4)
Telia	(2)	0	0	(4)	(4)	(11)	(9)	(8)	(9)	(4)	(7)	(3)	(3)
Tele2	(3)	(6)	(7)	(4)	(3)	(84)	0	0	0	0	0	0	0
- other	4	(1)	(3)	1	(3)	10	(3)	(1)	(1)	(6)	(2)	(5)	(1)
<b>Total</b>	<b>9</b>	<b>14</b>	<b>4</b>	<b>4</b>	<b>(4)</b>	<b>(0)</b>	<b>2</b>	<b>(4)</b>	<b>(10)</b>	<b>(6)</b>	<b>(4)</b>	<b>(4)</b>	<b>(8)</b>
<b>Telephony Channels (000s)</b>													
Incumbent retail	1,347	1,330	1,308	1,280	1,253	1,227	1,203	1,175	1,154	1,131	1,107	1,082	1,058
Incumbent wholesale (WLR)	238	230	221	216	213	207	200	196	191	185	180	174	171
ULL (total)	356	356	356	356	355	348	338	329	322	314	305	299	295
Cable													
<b>Total</b>	<b>1,941</b>	<b>1,916</b>	<b>1,885</b>	<b>1,853</b>	<b>1,821</b>	<b>1,782</b>	<b>1,742</b>	<b>1,700</b>	<b>1,667</b>	<b>1,630</b>	<b>1,592</b>	<b>1,555</b>	<b>1,524</b>
<b>Telephony Channels Net Adds (000s)</b>													
Incumbent retail	(22)	(17)	(22)	(28)	(27)	(26)	(24)	(28)	(21)	(23)	(24)	(25)	(24)
Incumbent wholesale (WLR)	(9)	(8)	(9)	(5)	(3)	(6)	(7)	(5)	(5)	(6)	(6)	(5)	(3)
ULL (total)	8	0	0	1	(2)	(6)	(10)	(9)	(7)	(8)	(9)	(7)	(4)
Cable	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>(23)</b>	<b>(25)</b>	<b>(31)</b>	<b>(32)</b>	<b>(32)</b>	<b>(39)</b>	<b>(40)</b>	<b>(42)</b>	<b>(33)</b>	<b>(37)</b>	<b>(38)</b>	<b>(37)</b>	<b>(31)</b>

Source: Company reports and Citi Investment Research and Analysis

# Portugal

## Fixed

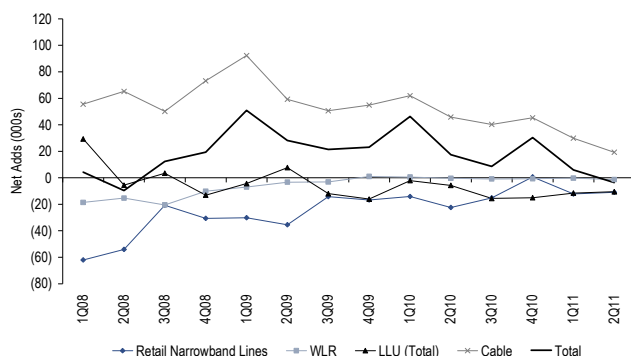
- Retail line loss for PT was broadly unchanged at -11k in 2Q11 vs -12k in 1Q11 and fixed line revenue decline improved to -4.5% from -6.6%. PT continues to gain share from ULL (mainly Sonaecom), while Zon keeps its share of the broadband market, but loses in pay TV. The triple play competitive environment has improved and offset macro weakness and the VAT increase during the quarter. The business segment, however, remained weak due to macro factors.

## Mobile

- Competitive pressure has eased across most segments of the market. TMN has delivered modest improvement in 2Q but we see scope for a more meaningful reduction in service revenue decline in 2H as the MTR impact is lower and we pass the anniversary of the price cuts in the tribal segment. Vodafone's results are encouraging: revenues down 5.2% in 2Q compared to 9% in 1Q.
- Mobile service revenue growth remains under pressure but improved in 2Q11 to -7.7% yoy vs. -9.3% in 1Q11. Excluding MTR cuts, service revenue growth improved to -2.7% in 2Q11 from -5.4% in 1Q11.

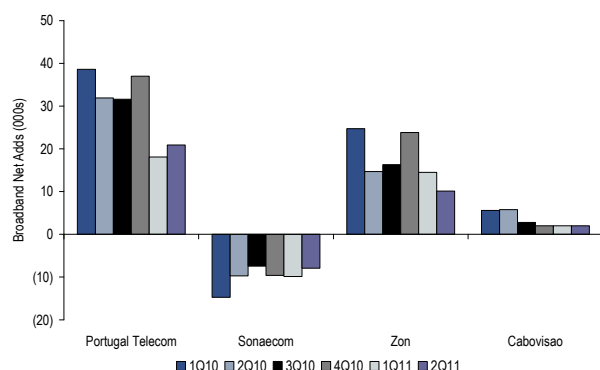
## Fixed Charts

Figure 133. Telephony Net Adds



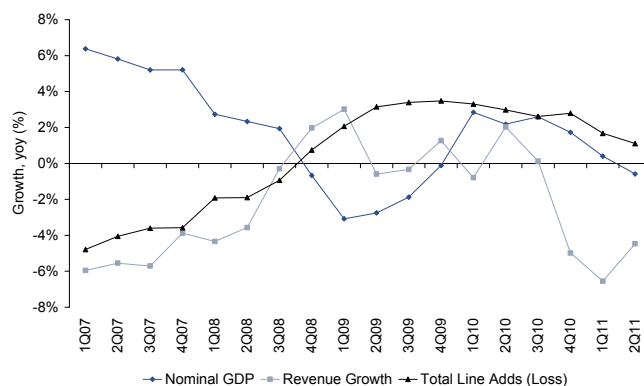
Source: Company reports and Citi Investment Research and Analysis

Figure 135. Broadband Subscriber Net Adds



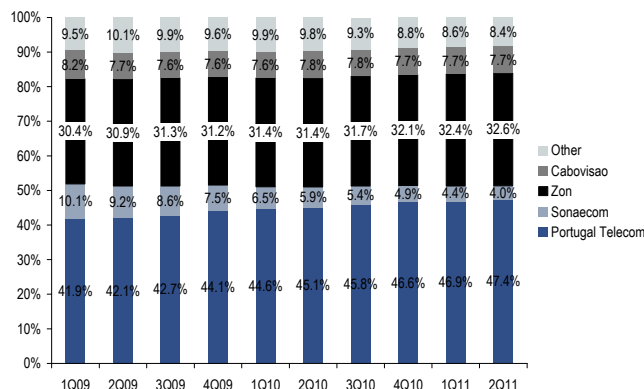
Source: Company reports and Citi Investment Research and Analysis

Figure 134. Line Loss, Incumbent Revenue Growth and GDP



Source: Company reports, CIRA and Datastream

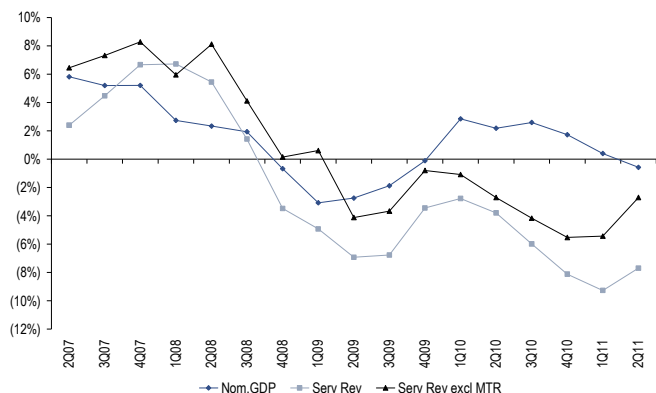
Figure 136. Broadband Subscriber Market Share



Source: Company reports and Citi Investment Research and Analysis

## Mobile Charts

Figure 137. Revenue and GDP



## Portugal Mobile Data

Figure 143. Portugal Mobile Market Information

Portugal	2Q08	3Q08	4Q08	1Q09	2Q09	3Q09	4Q09	1Q10	2Q10	3Q10	4Q10	1Q11	2Q11
<b>Service Revenue, €m</b>													
Portugal Telecom	358	370	357	333	333	353	340	321	318	322	304	281	284
Vodafone	347	358	321	316	317	322	316	309	304	307	291	281	288
Sonae	144	153	148	139	141	146	140	137	139	144	138	133	130
<b>Total</b>	<b>849</b>	<b>882</b>	<b>826</b>	<b>789</b>	<b>790</b>	<b>822</b>	<b>797</b>	<b>767</b>	<b>760</b>	<b>773</b>	<b>732</b>	<b>696</b>	<b>702</b>
<b>Service Revenue Growth, yoy</b>													
Portugal Telecom	5.7%	1.5%	(1.3%)	(3.9%)	(7.1%)	(4.6%)	(4.7%)	(3.8%)	(4.4%)	(8.8%)	(10.8%)	(12.3%)	(10.7%)
Vodafone	7.0%	1.7%	(6.8%)	(6.6%)	(8.6%)	(10.0%)	(1.5%)	(2.3%)	(4.3%)	(4.7%)	(8.1%)	(9.0%)	(5.2%)
Sonae	1.3%	0.6%	(1.3%)	(3.3%)	(2.6%)	(4.5%)	(4.8%)	(1.4%)	(1.2%)	(1.8%)	(1.9%)	(2.9%)	(6.3%)
<b>Total</b>	<b>5.4%</b>	<b>1.4%</b>	<b>(3.5%)</b>	<b>(4.9%)</b>	<b>(6.9%)</b>	<b>(6.8%)</b>	<b>(3.4%)</b>	<b>(2.8%)</b>	<b>(3.8%)</b>	<b>(6.0%)</b>	<b>(8.1%)</b>	<b>(9.3%)</b>	<b>(7.7%)</b>
<b>Service Revenue Market Share</b>													
Portugal Telecom	42.2%	42.0%	43.3%	42.3%	42.1%	43.0%	42.7%	41.8%	41.8%	41.7%	41.5%	40.4%	40.5%
Vodafone	40.9%	40.6%	38.9%	40.1%	40.1%	39.2%	39.7%	40.3%	39.9%	39.7%	39.7%	40.4%	41.0%
Sonae	17.0%	17.4%	17.9%	17.7%	17.8%	17.8%	17.6%	17.9%	18.3%	18.6%	18.8%	19.2%	18.5%
<b>Post-pay Customers, 000s</b>													
Portugal Telecom	1,744	1,824	1,951	2,081	2,206	2,231	2,234	2,274	2,246	2,267	2,300	2,306	2,281
Vodafone	1,164	1,188	1,201	1,201	1,190	1,180	1,176	1,167	1,167	1,170	1,164	1,157	1,150
Sonae	880	921	961	992	1,026	1,045	1,081	1,104	1,110	1,161	1,186	1,154	1,154
<b>Call Volumes, mn min/qtr</b>													
Portugal Telecom	2,207	2,351	2,324	2,252	2,432	2,595	2,602	2,504	2,627	2,719	2,707	2,727	2,727
Vodafone	1,839	2,049	2,075	2,143	2,206	2,373	2,343	2,367	2,572	2,931	2,860	3,002	2,969
Sonae	1,144	1,221	1,231	1,249	1,278	1,324	1,384	1,387	1,401	1,394	1,431	1,357	1,358
<b>Total</b>	<b>5,190</b>	<b>5,622</b>	<b>5,630</b>	<b>5,645</b>	<b>5,916</b>	<b>6,292</b>	<b>6,329</b>	<b>6,259</b>	<b>6,600</b>	<b>7,044</b>	<b>6,998</b>	<b>7,086</b>	<b>7,053</b>
<b>Call Volume growth, yoy</b>													
Portugal Telecom	6.3%	5.8%	4.4%	4.4%	10.2%	10.4%	12.0%	11.2%	8.0%	4.8%	4.0%	8.9%	3.8%
Vodafone	11.0%	11.6%	17.6%	21.6%	20.0%	15.8%	12.9%	10.5%	16.6%	23.5%	22.1%	26.8%	15.4%
Sonae	25.5%	24.1%	20.3%	21.4%	11.7%	8.4%	12.4%	11.1%	9.6%	5.3%	3.4%	(2.2%)	(3.1%)
<b>Total</b>	<b>11.7%</b>	<b>11.5%</b>	<b>12.3%</b>	<b>14.0%</b>	<b>14.0%</b>	<b>11.9%</b>	<b>12.4%</b>	<b>10.9%</b>	<b>11.6%</b>	<b>12.0%</b>	<b>10.6%</b>	<b>13.2%</b>	<b>6.9%</b>
<b>EBITDA, €m</b>													
Portugal Telecom	172	180	164	170	162	176	167	164	161	163	150	144	144
Vodafone	154	159	131	129	143	146	143	140	137	138	132	128	
Sonae	29	44	37	44	45	43	35	46	48	48	43	48	48

Source: Company reports and Citi Investment Research and Analysis

## Portugal Fixed Data

Figure 144. Portugal Fixed Line Market Information

Portugal	2Q08	3Q08	4Q08	1Q09	2Q09	3Q09	4Q09	1Q10	2Q10	3Q10	4Q10	1Q11	2Q11
<b>Broadband Subscribers (000s)</b>													
Incumbent retail	667	679	710	752	781	812	862	901	933	964	1,001	1,019	1,040
Incumbent wholesale	57	55	53	50	51	54	54	53	53	52	52	51	51
ULL (total)	315	318	305	301	309	297	281	278	273	257	242	231	220
Cable	595	610	633	693	715	738	760	790	811	830	855	872	884
<b>Total</b>	<b>1,634</b>	<b>1,662</b>	<b>1,701</b>	<b>1,796</b>	<b>1,856</b>	<b>1,901</b>	<b>1,956</b>	<b>2,022</b>	<b>2,068</b>	<b>2,103</b>	<b>2,151</b>	<b>2,173</b>	<b>2,195</b>
<b>Broadband Subscribers (000s)</b>													
PT	667	679	710	752	781	812	862	901	933	964	1,001	1,019	1,040
Sonaecom	202	198	188	180	171	163	146	132	122	114	105	95	87
Zon	431	451	479	546	573	594	611	635	650	666	690	705	715
Cabovisao	164	159	154	147	143	144	149	155	160	163	165	167	169
- other	169	175	169	171	188	188	188	199	203	195	189	187	184
<b>Total</b>	<b>1,634</b>	<b>1,662</b>	<b>1,701</b>	<b>1,796</b>	<b>1,856</b>	<b>1,901</b>	<b>1,956</b>	<b>2,022</b>	<b>2,068</b>	<b>2,103</b>	<b>2,151</b>	<b>2,173</b>	<b>2,195</b>
<b>Broadband Subscribers Net Adds (000s)</b>													
PT	11	12	31	42	29	32	50	39	32	32	37	18	21
Sonaecom	0	(4)	(10)	(8)	(9)	(8)	(17)	(15)	(10)	(7)	(10)	(10)	(8)
Zon	15	20	28	67	27	22	16	25	15	16	24	15	10
Cabovisao	(2)	(5)	(5)	(7)	(4)	1	5	6	6	3	2	2	2
- other	(9)	5	(5)	1	18	(0)	(0)	11	4	(8)	(6)	(2)	(3)
<b>Total</b>	<b>15</b>	<b>28</b>	<b>38</b>	<b>95</b>	<b>60</b>	<b>45</b>	<b>55</b>	<b>66</b>	<b>47</b>	<b>35</b>	<b>47</b>	<b>22</b>	<b>22</b>
<b>Telephony Channels (000s)</b>													
Incumbent retail	2,894	2,873	2,843	2,813	2,777	2,763	2,746	2,732	2,710	2,695	2,695	2,683	2,672
Incumbent wholesale (WLR)	106	86	76	69	66	62	63	64	64	63	62	62	60
ULL (total)	315	318	305	301	309	297	281	278	273	257	242	231	220
Cable	204	254	327	419	479	529	584	646	692	732	778	808	827
<b>Total</b>	<b>3,519</b>	<b>3,531</b>	<b>3,551</b>	<b>3,602</b>	<b>3,630</b>	<b>3,651</b>	<b>3,674</b>	<b>3,721</b>	<b>3,738</b>	<b>3,747</b>	<b>3,777</b>	<b>3,783</b>	<b>3,780</b>
<b>Telephony Channels Net Adds (000s)</b>													
Incumbent retail	(54)	(21)	(31)	(30)	(35)	(14)	(17)	(14)	(22)	(15)	1	(12)	(11)
Incumbent wholesale (WLR)	(15)	(21)	(10)	(7)	(3)	(3)	1	1	(0)	(1)	(1)	(0)	(1)
ULL (full)	(6)	3	(13)	(4)	8	(12)	(16)	(2)	(6)	(16)	(15)	(12)	(11)
Cable	65	50	73	92	59	51	55	62	46	40	45	30	19
<b>Total</b>	<b>(10)</b>	<b>12</b>	<b>19</b>	<b>51</b>	<b>28</b>	<b>21</b>	<b>23</b>	<b>46</b>	<b>17</b>	<b>9</b>	<b>30</b>	<b>6</b>	<b>(4)</b>
<b>Pay TV Subscribers (000s)</b>													
PT	116	211	312	384	443	505	581	646	702	769	830	876	919
Zon	1,557	1,539	1,525	1,595	1,591	1,595	1,595	1,588	1,576	1,573	1,572	1,554	1,553
<b>Pay TV Subscribers Net Adds (000s)</b>													
PT	70	95	101	72	59	62	76	65	57	67	61	46	44
Zon	(4)	(18)	(14)	70	(4)	3	0	(6)	(12)	(3)	(2)	(17)	(2)

Source: Company reports and Citi Investment Research and Analysis

# Spain

## Fixed

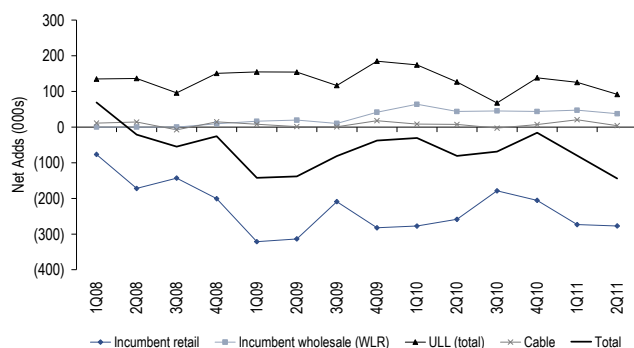
- Incumbent retail line loss remained stable at -277k in 2Q11 vs. -274k in 1Q11. Aggressive promotions continued to weigh on incumbent fixed revenue growth, which worsened to -6.4% in 2Q11 vs -5.3% in 1Q11. TEF sees the increase in ULL fees as a driver of higher prices in broadband and there has been a modest improvement in the pricing environment during 2Q11. Vodafone increased prices and speeds in 2Q and some other competitors may follow.

## Mobile

- There has been no mobile service revenue growth recovery in 2Q11: -5.5% yoy vs. -4.1% in 1Q11. The market remains very competitive in a context of continued macro weakness and we are not expecting much improvement in the short term.
- MNP trends suggest that incumbent TEF is losing share and customers to competition (at c.50k per month) and the positive additions in 2Q11 are more likely down to data-only SIMs. Vodafone has started its own re-pricing process in 2Q11, and despite initial pain (service revenues declined by 10% in the quarter and are likely to get worse next quarter, in our view), we argue it is a sensible reaction to the stop the customer leakage to competitors Orange and Yoigo.

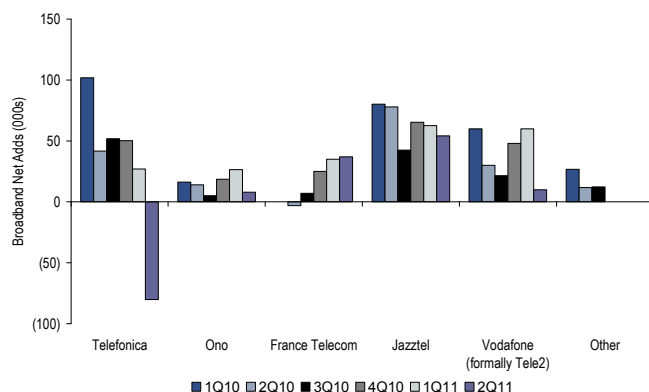
## Fixed Charts

Figure 145. Telephony Net Adds



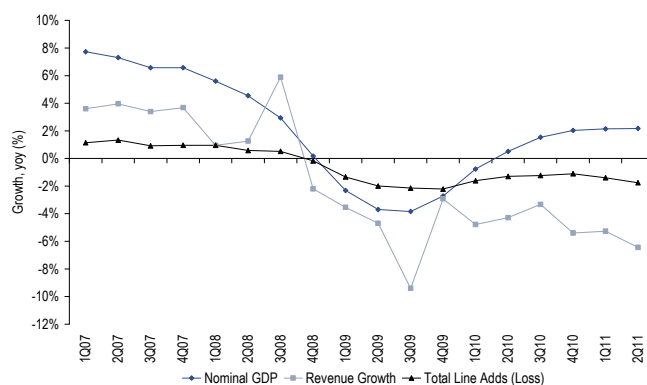
Source: Company reports and Citi Investment Research and Analysis

Figure 147. Broadband Subscriber Net Adds



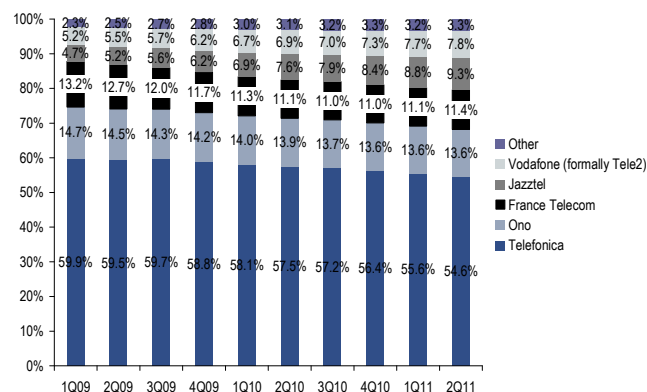
Source: Company reports and Citi Investment Research and Analysis

Figure 146. Line Loss, Incumbent Revenue Growth and GDP



Source: Company reports, CIRA and Datastream

Figure 148. Broadband Subscriber Market Share

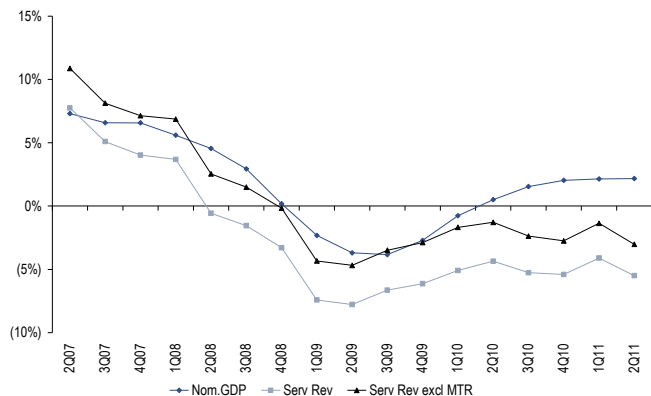


Source: Company reports and Citi Investment Research and Analysis



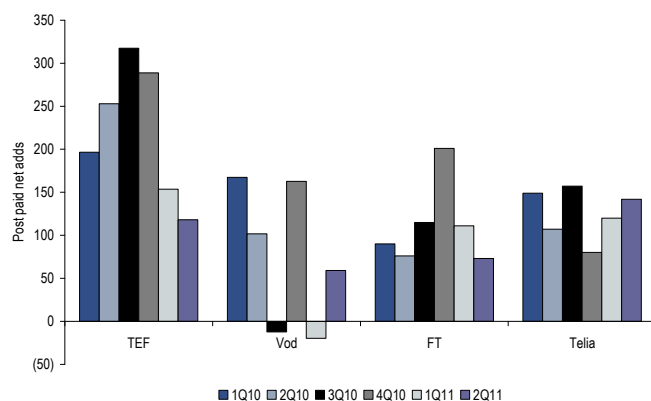
## Mobile Charts

Figure 149. Revenue and GDP



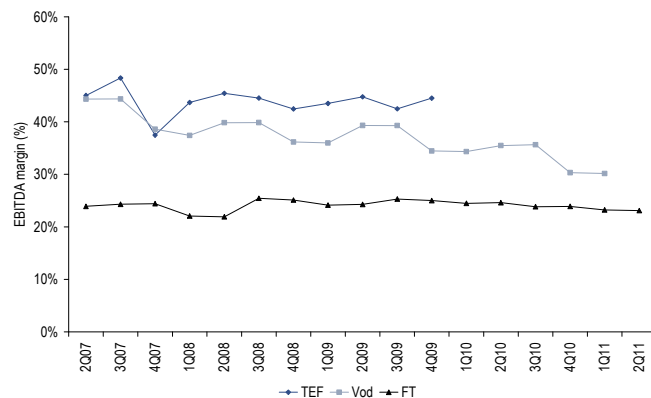
Source: Company reports, CIRA and Datastream

Figure 151. Post-Paid Net Adds



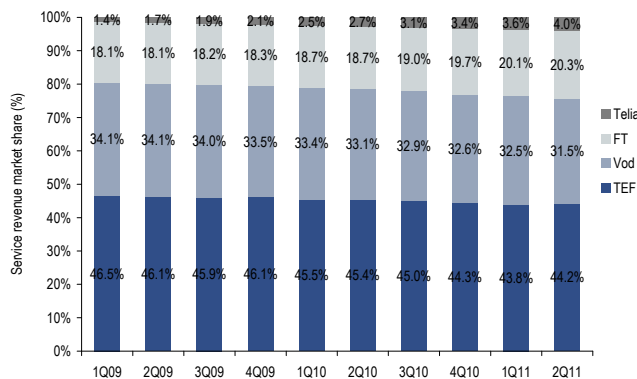
Source: Company reports and Citi Investment Research and Analysis

Figure 153. EBITDA Margin



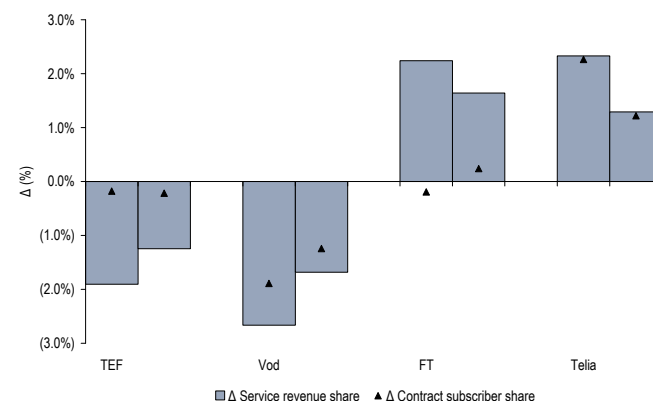
Source: Company reports and Citi Investment Research and Analysis

Figure 150. Service Revenue Market Share



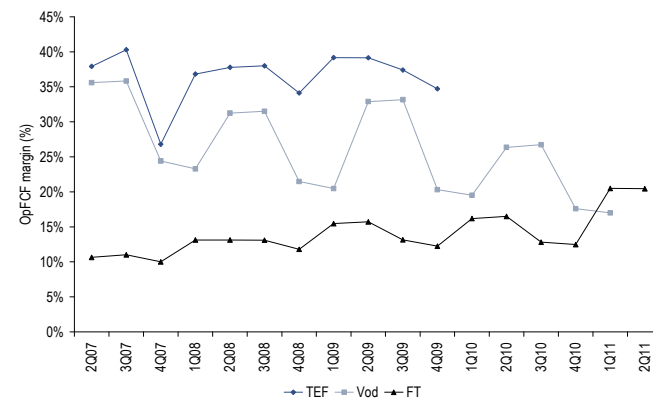
Source: Company reports and Citi Investment Research and Analysis

Figure 152. Change in Service Revenue and Contract Sub Share



Source: Company reports and Citi Investment Research and Analysis

Figure 154. OpFCF Margin



Source: Company reports and Citi Investment Research and Analysis

## Spain Mobile Data

Figure 155. Spanish Mobile Market Information

Spain	2Q08	3Q08	4Q08	1Q09	2Q09	3Q09	4Q09	1Q10	2Q10	3Q10	4Q10	1Q11	2Q11
<b>Service Revenue, €m</b>													
Telefonica	2,132	2,198	2,055	1,921	1,940	2,022	1,898	1,785	1,829	1,880	1,725	1,648	1,681
Vodafone	1,582	1,629	1,495	1,409	1,436	1,500	1,379	1,311	1,334	1,374	1,272	1,223	1,196
Orange (FT)	815	852	779	747	762	802	755	732	753	792	767	755	774
Telia	35	41	60	57	71	82	87	96	110	128	133	136	153
<b>Total</b>	<b>4,564</b>	<b>4,720</b>	<b>4,389</b>	<b>4,134</b>	<b>4,209</b>	<b>4,406</b>	<b>4,120</b>	<b>3,924</b>	<b>4,026</b>	<b>4,174</b>	<b>3,897</b>	<b>3,762</b>	<b>3,804</b>
<b>Service Revenue Growth, yoy</b>													
Telefonica	0.5%	(2.1%)	(2.7%)	(7.3%)	(9.0%)	(8.0%)	(7.6%)	(7.1%)	(5.7%)	(7.0%)	(9.1%)	(7.7%)	(8.1%)
Vodafone	(3.0%)	(2.2%)	(6.8%)	(9.7%)	(9.2%)	(7.9%)	(7.7%)	(7.0%)	(7.1%)	(8.4%)	(7.8%)	(6.7%)	(10.3%)
Orange (FT)	(1.7%)	(2.0%)	(3.2%)	(7.3%)	(6.5%)	(5.9%)	(3.1%)	(2.0%)	(1.2%)	(1.2%)	1.6%	3.1%	2.8%
Telia													
<b>Total</b>	<b>(0.6%)</b>	<b>(1.5%)</b>	<b>(3.3%)</b>	<b>(7.4%)</b>	<b>(7.8%)</b>	<b>(6.6%)</b>	<b>(6.1%)</b>	<b>(5.1%)</b>	<b>(4.4%)</b>	<b>(5.3%)</b>	<b>(5.4%)</b>	<b>(4.1%)</b>	<b>(5.5%)</b>
<b>Service Revenue Market Share</b>													
Telefonica	46.7%	46.6%	46.8%	46.5%	46.1%	45.9%	46.1%	45.5%	45.4%	45.0%	44.3%	43.8%	44.2%
Vodafone	34.7%	34.5%	34.1%	34.1%	34.1%	34.0%	33.5%	33.4%	33.1%	32.9%	32.6%	32.5%	31.5%
Orange (FT)	17.9%	18.1%	17.7%	18.1%	18.1%	18.2%	18.3%	18.7%	18.7%	19.0%	19.7%	20.1%	20.3%
Telia	0.8%	0.9%	1.4%	1.4%	1.7%	1.9%	2.1%	2.5%	2.7%	3.1%	3.4%	3.6%	4.0%
<b>Post-pay Customers, 000s</b>													
Telefonica	14,261	14,458	14,568	14,553	14,694	15,009	15,334	15,531	15,784	16,101	16,390	16,543	16,661
Vodafone	9,531	9,701	9,824	9,977	10,052	10,173	10,298	10,466	10,567	10,555	10,718	10,698	10,757
Orange (FT)	6,220	6,311	6,434	6,485	6,495	6,519	6,657	6,747	6,823	6,938	7,139	7,250	7,323
Telia	248	290	370	463	550	605	690	839	946	1,103	1,183	1,303	1,445
<b>Call Volumes, mn min/qtr</b>													
Telefonica	10,991	11,441	10,727	10,038	10,499	11,007	10,495	10,051	10,562	10,675	10,412	9,936	10,229
Vodafone	9,226	9,059	8,827	8,457	8,759	9,035	8,980	8,769	9,124	9,259	9,128	9,058	9,355
France Telecom	4,908	5,062	5,125	5,219	5,223	5,272	5,401	5,543	5,501	5,583	5,978	5,935	5,926
Telia	353	414	499	575	648	726	808	955	1,126	1,323	1,469	1,548	1,703
<b>Total</b>	<b>25,478</b>	<b>25,977</b>	<b>25,178</b>	<b>24,289</b>	<b>25,129</b>	<b>26,039</b>	<b>25,684</b>	<b>25,317</b>	<b>26,313</b>	<b>26,839</b>	<b>26,987</b>	<b>26,476</b>	<b>27,213</b>
<b>Call Volume growth, yoy</b>													
Telefonica	4.9%	2.0%	1.3%	(3.6%)	(4.5%)	(3.8%)	(2.2%)	0.1%	0.6%	(3.0%)	(0.8%)	(1.1%)	(3.2%)
Vodafone	8.2%	1.9%	0.3%	(4.1%)	(5.1%)	(0.3%)	1.7%	3.7%	4.2%	2.5%	1.6%	3.3%	2.5%
France Telecom	4.2%	10.5%	9.6%	6.7%	6.4%	4.1%	5.4%	6.2%	5.3%	5.9%	10.7%	7.1%	7.7%
Telia	356.1%	242.7%	157.0%	101.2%	83.5%	75.1%	61.8%	66.1%	73.7%	82.3%	81.9%	62.1%	51.2%
<b>Total</b>	<b>7.1%</b>	<b>4.7%</b>	<b>3.8%</b>	<b>(0.4%)</b>	<b>(1.4%)</b>	<b>0.2%</b>	<b>2.0%</b>	<b>4.2%</b>	<b>4.7%</b>	<b>3.1%</b>	<b>5.1%</b>	<b>4.6%</b>	<b>3.4%</b>
<b>Contract Churn, % p.a</b>													
Telefonica	13.2%	13.2%	15.6%	16.8%	15.6%	14.4%	15.6%	18.0%	16.8%	16.8%	16.8%	21.6%	20.4%
Vodafone	16.4%	16.1%	18.3%	18.3%	19.9%	20.6%	21.7%	21.2%	18.9%	19.5%	19.9%	25.4%	19.0%
Orange (FT)	22.9%	22.7%	23.1%	23.5%	24.1%	24.5%	24.2%	23.6%	22.8%	21.5%	20.7%	20.3%	20.2%
<b>Data Revenue (excl messaging) % Service Revenue</b>													
Telefonica	8.7%	9.4%	10.3%	11.4%	11.2%	11.9%	12.7%	13.5%	13.4%	14.5%	15.8%	17.7%	18.3%
Vodafone	7.3%	7.3%	8.1%	10.2%	9.3%	9.3%	9.8%	10.9%	11.3%	11.9%	11.9%	13.6%	13.8%
Orange (FT)	5.7%	5.7%	6.3%	7.3%	6.8%	7.2%	8.9%	8.9%	9.1%	9.2%	11.4%	12.1%	12.8%
<b>EBITDA, €m</b>													
Telefonica	1,099	1,106	1,012	945	980	988	1,014						
Vodafone	660	680	570	537	599	625	506	481	507	522	413	397	
Orange (FT)	185	224	204	189	193	212	200	186	191	197	190	183	188
<b>Capex, €m</b>													
Telefonica	185	162	199	94	123	118	223						
Vodafone	142	142	232	232	98	98	208	208	130	130	173	173	
Orange (FT)	74	109	109	68	68	102	102	63	63	91	91	22	22

Source: Company reports and Citi Investment Research and Analysis

## Spain Fixed Data

Figure 156. Spanish Fixed Line Market Information

Spain	2Q08	3Q08	4Q08	1Q09	2Q09	3Q09	4Q09	1Q10	2Q10	3Q10	4Q10	1Q11	2Q11
<b>Broadband Subscribers (000s)</b>													
Incumbent retail	5,005	5,117	5,246	5,292	5,331	5,424	5,477	5,579	5,620	5,672	5,722	5,749	5,669
Incumbent wholesale	463	445	424	406	369	337	359	419	464	508	561	615	652
ULL (total)	1,533	1,585	1,698	1,835	1,951	2,021	2,154	2,261	2,332	2,372	2,477	2,579	2,654
Cable	1,272	1,272	1,283	1,295	1,302	1,303	1,326	1,342	1,356	1,361	1,380	1,406	1,414
<b>Total</b>	<b>8,272</b>	<b>8,419</b>	<b>8,651</b>	<b>8,828</b>	<b>8,953</b>	<b>9,085</b>	<b>9,315</b>	<b>9,600</b>	<b>9,772</b>	<b>9,913</b>	<b>10,140</b>	<b>10,349</b>	<b>10,390</b>
<b>Broadband Subscribers (000s)</b>													
Telefonica	5,005	5,117	5,246	5,292	5,331	5,424	5,477	5,579	5,620	5,672	5,722	5,749	5,669
Ono	1,272	1,272	1,283	1,295	1,302	1,303	1,326	1,342	1,356	1,361	1,380	1,406	1,414
France Telecom	1,192	1,174	1,164	1,165	1,135	1,091	1,086	1,086	1,083	1,090	1,115	1,150	1,187
Jazztel	300	327	375	416	462	510	582	662	740	782	848	910	965
Vodafone (formally Tele2)	326	350	373	456	497	516	581	641	671	692	740	800	810
Other	178	179	210	204	225	241	264	291	303	315	336	333	345
<b>Total</b>	<b>8,272</b>	<b>8,419</b>	<b>8,651</b>	<b>8,828</b>	<b>8,953</b>	<b>9,085</b>	<b>9,315</b>	<b>9,600</b>	<b>9,772</b>	<b>9,913</b>	<b>10,140</b>	<b>10,349</b>	<b>10,390</b>
<b>Broadband Subscribers Net Adds (000s)</b>													
Telefonica	169	112	129	45	40	92	53	102	42	52	50	27	(80)
Ono	31	0	11	13	7	1	23	16	14	5	19	26	8
France Telecom	6	(18)	(10)	1	(30)	(44)	(5)	0	(3)	7	25	35	37
Jazztel	23	27	48	42	46	48	72	80	78	42	65	63	54
Vodafone (formally Tele2)	25	24	24	83	41	20	64	60	30	22	48	60	10
Other	(6)	1	31	(6)	21	16	23	27	12	12	0	0	0
<b>Total</b>	<b>248</b>	<b>147</b>	<b>232</b>	<b>177</b>	<b>125</b>	<b>132</b>	<b>230</b>	<b>285</b>	<b>172</b>	<b>140</b>	<b>228</b>	<b>209</b>	<b>41</b>
<b>Telephony Channels (000s)</b>													
Incumbent retail	15,670	15,527	15,326	15,005	14,691	14,483	14,200	13,923	13,664	13,485	13,280	13,006	12,729
Incumbent wholesale (WLR)	0	0	10	26	45	56	97	161	205	251	295	342	379
ULL (total)	849	945	1,096	1,251	1,405	1,521	1,706	1,881	2,007	2,075	2,213	2,339	2,430
Cable	1,631	1,623	1,638	1,646	1,647	1,648	1,666	1,675	1,682	1,679	1,686	1,707	1,711
<b>Total</b>	<b>18,150</b>	<b>18,095</b>	<b>18,070</b>	<b>17,927</b>	<b>17,789</b>	<b>17,707</b>	<b>17,670</b>	<b>17,639</b>	<b>17,558</b>	<b>17,489</b>	<b>17,474</b>	<b>17,394</b>	<b>17,250</b>
<b>Telephony Channels Net Adds (000s)</b>													
Incumbent retail	(172)	(143)	(201)	(321)	(314)	(209)	(282)	(278)	(259)	(179)	(205)	(274)	(277)
Incumbent wholesale (WLR)	0	0	10	16	20	10	42	64	44	45	44	47	38
ULL (full)	137	96	151	155	154	117	185	174	127	68	138	126	92
Cable	14	(8)	15	8	1	1	18	9	7	(3)	7	21	4
<b>Total</b>	<b>(21)</b>	<b>(55)</b>	<b>(25)</b>	<b>(142)</b>	<b>(139)</b>	<b>(81)</b>	<b>(38)</b>	<b>(31)</b>	<b>(81)</b>	<b>(69)</b>	<b>(16)</b>	<b>(80)</b>	<b>(144)</b>
<b>Pay TV Subscribers (000s)</b>													
TEF	577	590	613	605	610	654	703	733	748	773	788	786	785
ONO	1,052	1,057	1,039	1,016	991	977	975	970	966	948	953	958	952
Orange	92	86	87	99	92	86	84	79	75	72	70	69	68
<b>Total</b>	<b>1,721</b>	<b>1,733</b>	<b>1,739</b>	<b>1,720</b>	<b>1,693</b>	<b>1,717</b>	<b>1,762</b>	<b>1,782</b>	<b>1,789</b>	<b>1,793</b>	<b>1,812</b>	<b>1,813</b>	<b>1,805</b>
<b>Pay TV Subscribers Net Adds (000s)</b>													
TEF	23	13	23	(8)	5	45	49	30	15	26	15	(2)	(2)
ONO	41	5	(18)	(23)	(25)	(14)	(2)	(5)	(4)	(18)	5	5	(6)
Orange	17	(6)	1	12	(7)	(6)	(2)	(5)	(4)	(3)	(2)	(1)	(1)
<b>Total</b>	<b>81</b>	<b>12</b>	<b>6</b>	<b>(18)</b>	<b>(28)</b>	<b>25</b>	<b>45</b>	<b>20</b>	<b>7</b>	<b>4</b>	<b>18</b>	<b>2</b>	<b>(9)</b>

Source: Company reports and Citi Investment Research and Analysis

# Sweden

## Fixed

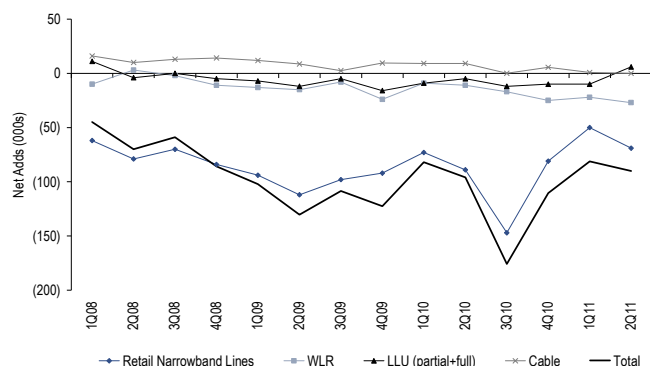
- Fixed line loss worsened in 1Q11 with retail line loss increasing to -69k in 2Q11 from -50k in 1Q11. The incumbent fixed revenue decline remained high at -4.8% vs -5.7% in 1Q11, -2.7% in 4Q10. Sweden is relatively far behind in the transition from fixed to mobile, therefore cannibalisation is impacting Swedish fixed more than other markets.

## Mobile

- The Swedish mobile market slowed slightly in 2Q11, but remained the highest growth market in Europe. Service revenue excluding the impact of MTRs was +5.8% 2Q11 vs +7.6% 1Q11.

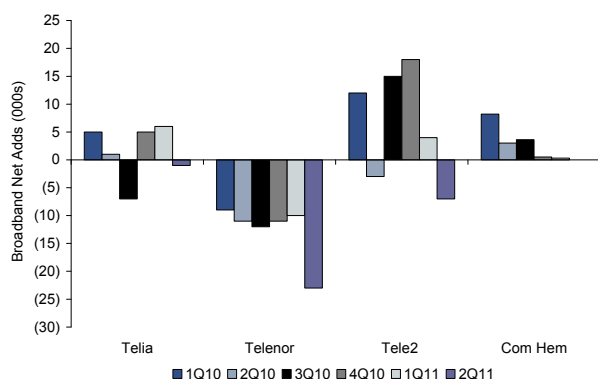
## Fixed Charts

Figure 157. Telephony Net Adds



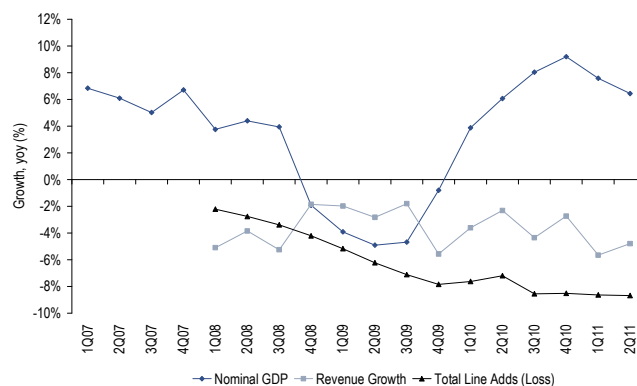
Source: Company reports and Citi Investment Research and Analysis

Figure 159. Broadband Subscriber Net Adds



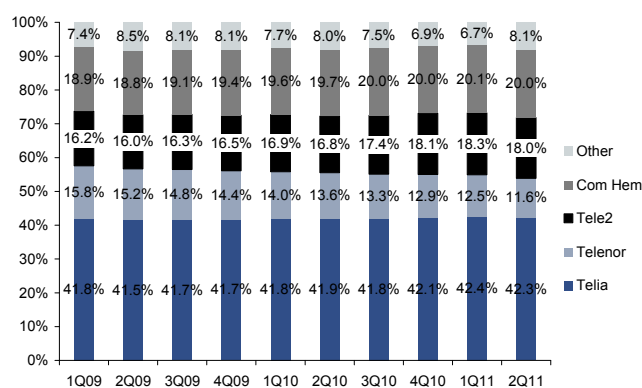
Source: Company reports and Citi Investment Research and Analysis

Figure 158. Line Loss, Incumbent Revenue Growth and GDP



Source: Company reports, CIRA and Datastream

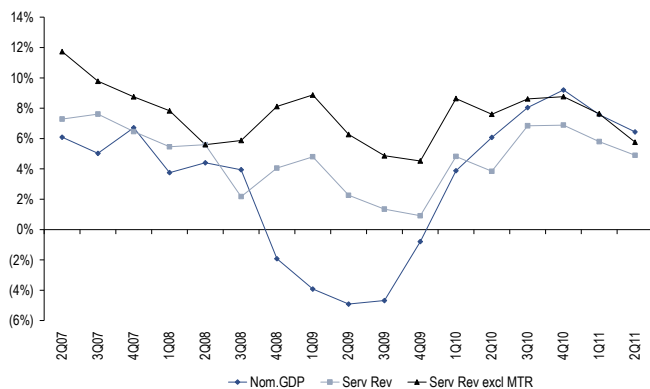
Figure 160. Broadband Subscriber Market Share



Source: Company reports and Citi Investment Research and Analysis

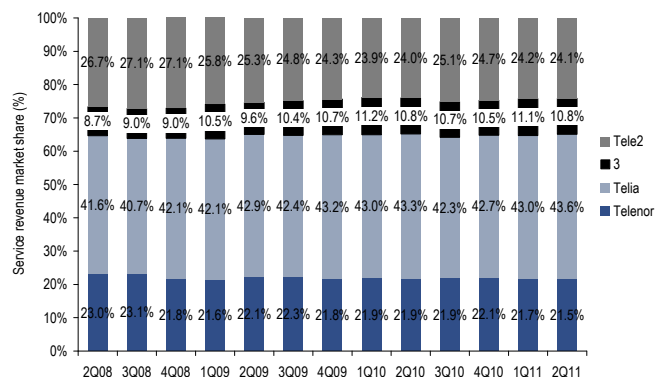
## Mobile Charts

Figure 161. Revenue and GDP



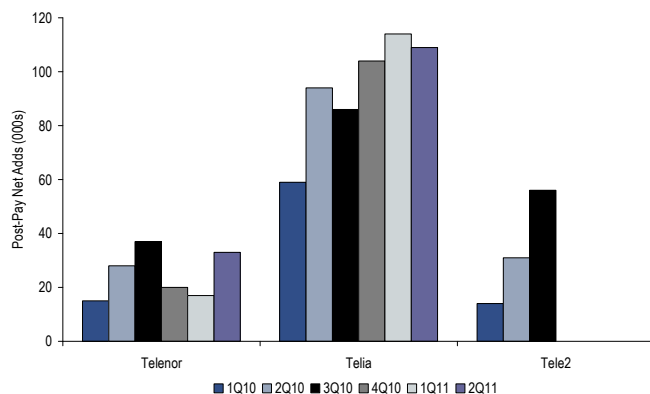
Source: Company reports, CIRA and Datastream

Figure 162. Service Revenue Market Share



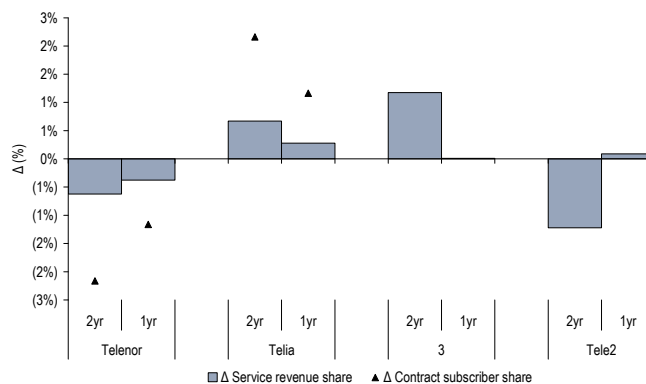
Source: Company reports and Citi Investment Research and Analysis

Figure 163. Post-Paid Net Adds



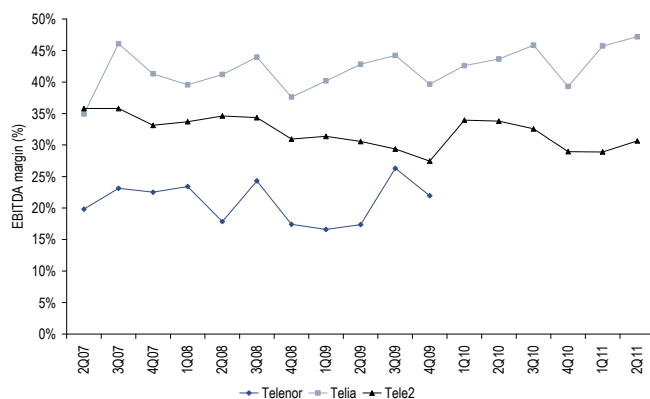
Source: Company reports and Citi Investment Research and Analysis

Figure 164. Change in Service Revenue and Contract Sub Share



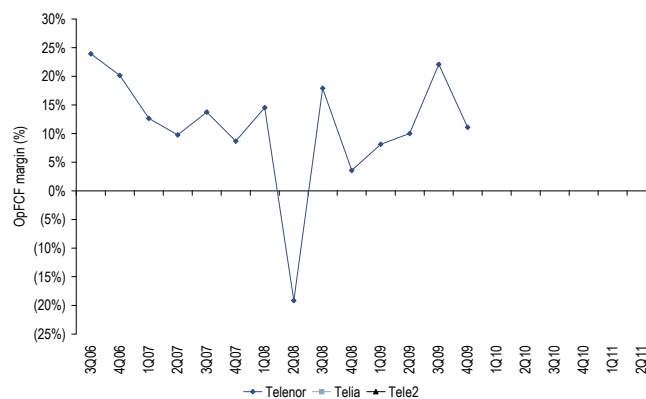
Source: Company reports and Citi Investment Research and Analysis

Figure 165. EBITDA Margin



Source: Company reports and Citi Investment Research and Analysis

Figure 166. OpFCF Margin



Source: Company reports and Citi Investment Research and Analysis

## Sweden Mobile Data

Figure 167. Swedish Mobile Market Information

Sweden	2Q08	3Q08	4Q08	1Q09	2Q09	3Q09	4Q09	1Q10	2Q10	3Q10	4Q10	1Q11	2Q11
<b>Service Revenue, SEK m</b>													
Telenor	1,721	1,694	1,617	1,562	1,693	1,660	1,629	1,662	1,739	1,738	1,765	1,744	1,793
Telia	3,113	2,988	3,121	3,046	3,280	3,155	3,230	3,262	3,436	3,359	3,415	3,449	3,628
Tele2	1,994	1,991	2,006	1,870	1,935	1,845	1,821	1,810	1,906	1,996	1,975	1,939	2,006
<b>Total</b>	<b>7,476</b>	<b>7,336</b>	<b>7,415</b>	<b>7,235</b>	<b>7,645</b>	<b>7,435</b>	<b>7,482</b>	<b>7,583</b>	<b>7,939</b>	<b>7,944</b>	<b>7,997</b>	<b>8,023</b>	<b>8,327</b>
<b>Service Revenue Growth, yoy</b>													
Telenor	(0.5%)	(1.2%)	(4.5%)	(5.4%)	(1.6%)	(2.0%)	0.7%	6.4%	2.7%	4.7%	8.4%	4.9%	3.1%
Telia	7.6%	3.7%	9.7%	8.6%	5.4%	5.6%	3.5%	7.1%	4.8%	6.5%	5.7%	5.7%	5.6%
Tele2	3.6%	0.3%	1.5%	4.4%	(2.9%)	(7.3%)	(9.3%)	(3.2%)	(1.5%)	8.1%	8.5%	7.1%	5.3%
<b>Total</b>	<b>5.6%</b>	<b>2.2%</b>	<b>4.1%</b>	<b>4.8%</b>	<b>2.3%</b>	<b>1.3%</b>	<b>0.9%</b>	<b>4.8%</b>	<b>3.8%</b>	<b>6.8%</b>	<b>6.9%</b>	<b>5.8%</b>	<b>4.9%</b>
<b>Service Revenue Market Share</b>													
Telenor	23.0%	23.1%	21.8%	21.6%	22.1%	22.3%	21.8%	21.9%	21.9%	21.9%	22.1%	21.7%	21.5%
Telia	41.6%	40.7%	42.1%	42.1%	42.9%	42.4%	43.2%	43.0%	43.3%	42.3%	42.7%	43.0%	43.6%
Tele2	26.7%	27.1%	27.1%	25.8%	25.3%	24.8%	24.3%	23.9%	24.0%	25.1%	24.7%	24.2%	24.1%
<b>Post-pay Customers, 000s</b>													
Telenor	1,421	1,476	1,536	1,571	1,609	1,631	1,654	1,669	1,697	1,734	1,754	1,771	1,804
Telia	2,708	2,863	2,952	3,012	3,099	3,189	3,265	3,324	3,418	3,504	3,608	3,722	3,831
Tele2	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Call Volumes, mn min/qtr</b>													
Telenor	1,239	1,161	1,222	1,206	1,314	1,294	1,296	1,327	1,435	1,407	1,475	1,445	1,484
Telia	3,233	3,189	3,533	3,385	3,608	3,605	3,788	3,874	4,137	3,999	4,308	4,260	4,494
Tele2	2,166	2,126	2,318	2,230	2,325	2,260	2,364	2,437	2,387	2,492	2,644	2,676	2,759
<b>Total</b>	<b>7,129</b>	<b>6,996</b>	<b>7,680</b>	<b>7,445</b>	<b>7,955</b>	<b>7,876</b>	<b>8,212</b>	<b>8,438</b>	<b>8,834</b>	<b>8,814</b>	<b>9,422</b>	<b>9,374</b>	<b>9,756</b>
<b>Call Volume growth, yoy</b>													
Telenor	10.8%	6.1%	7.2%	9.0%	6.0%	11.5%	6.1%	9.9%	9.2%	8.7%	13.8%	8.9%	3.4%
Telia	20.3%	18.7%	26.2%	19.4%	11.6%	13.1%	7.2%	14.4%	14.7%	10.9%	13.7%	10.0%	8.6%
Tele2	6.6%	18.0%	21.1%	16.1%	7.3%	6.3%	2.0%	9.3%	2.7%	10.3%	11.8%	9.8%	15.6%
<b>Total</b>	<b>17.3%</b>	<b>19.3%</b>	<b>23.9%</b>	<b>19.1%</b>	<b>11.6%</b>	<b>12.6%</b>	<b>6.9%</b>	<b>13.3%</b>	<b>11.0%</b>	<b>11.9%</b>	<b>14.7%</b>	<b>11.1%</b>	<b>10.4%</b>
<b>EBITDA, SEK m</b>													
Telenor	335	456	324	296	336	512	434						
Telia	1,291	1,388	1,197	1,252	1,424	1,490	1,360	1,472	1,580	1,682	1,467	1,685	1,833
Tele2	707	708	611	595	620	600	560	664	722	748	669	669	734

Source: Company reports and Citi Investment Research and Analysis

## Sweden Fixed Data

Figure 168. Swedish Fixed Line Market Information

Sweden	2Q08	3Q08	4Q08	1Q09	2Q09	3Q09	4Q09	1Q10	2Q10	3Q10	4Q10	1Q11	2Q11
<b>Broadband Subscribers (000s)</b>													
Incumbent retail	1,099	1,107	1,122	1,132	1,132	1,132	1,125	1,130	1,131	1,124	1,129	1,135	1,134
Incumbent wholesale	0	0	0	0	0	0	0	0	0	0	0	0	0
ULL (total)	616	616	611	604	592	587	571	562	557	545	535	525	531
Cable	495	503	506	512	513	518	522	530	533	537	537	538	538
Other	411	430	453	461	489	480	480	480	480	480	480	480	481
<b>Total</b>	<b>2,621</b>	<b>2,656</b>	<b>2,692</b>	<b>2,709</b>	<b>2,726</b>	<b>2,717</b>	<b>2,698</b>	<b>2,702</b>	<b>2,701</b>	<b>2,686</b>	<b>2,681</b>	<b>2,678</b>	<b>2,684</b>
<b>Broadband Subscribers (000s)</b>													
Telia	1,099	1,107	1,122	1,132	1,132	1,132	1,125	1,130	1,131	1,124	1,129	1,135	1,134
Telenor	456	446	438	427	413	403	388	379	368	356	345	335	312
Tele2	418	430	433	439	436	443	444	456	453	468	486	490	483
Com Hem	495	503	506	512	513	518	522	530	533	537	537	538	538
- other	153	170	193	199	232	221	219	207	216	201	184	180	217
<b>Total</b>	<b>2,621</b>	<b>2,656</b>	<b>2,692</b>	<b>2,709</b>	<b>2,726</b>	<b>2,717</b>	<b>2,698</b>	<b>2,702</b>	<b>2,701</b>	<b>2,686</b>	<b>2,681</b>	<b>2,678</b>	<b>2,684</b>
<b>Broadband Subscribers Net Adds (000s)</b>													
Telia	10	8	15	10	0	0	(7)	5	1	(7)	5	6	(1)
Telenor	(12)	(10)	(8)	(11)	(14)	(10)	(15)	(9)	(11)	(12)	(11)	(10)	(23)
Tele2	2	12	3	6	(3)	7	1	12	(3)	15	18	4	(7)
Com Hem	5	8	3	6	1	5	4	8	3	4	1	0	0
- other	11	18	23	6	32	(11)	(2)	(12)	9	(15)	(17)	(4)	37
<b>Total</b>	<b>16</b>	<b>36</b>	<b>36</b>	<b>17</b>	<b>17</b>	<b>(9)</b>	<b>(19)</b>	<b>4</b>	<b>(1)</b>	<b>(15)</b>	<b>(5)</b>	<b>(4)</b>	<b>6</b>
<b>Telephony Channels (000s)</b>													
Incumbent retail	4,154	4,084	4,000	3,906	3,794	3,696	3,604	3,531	3,442	3,295	3,214	3,164	3,095
Incumbent wholesale (WLR)	1,000	998	987	974	959	951	927	918	907	890	865	843	816
ULL (total)	616	616	611	604	592	587	571	562	557	545	535	525	531
Cable	287	300	314	326	335	337	347	356	365	365	371	371	371
<b>Total</b>	<b>6,057</b>	<b>5,998</b>	<b>5,912</b>	<b>5,810</b>	<b>5,680</b>	<b>5,571</b>	<b>5,449</b>	<b>5,367</b>	<b>5,271</b>	<b>5,095</b>	<b>4,985</b>	<b>4,903</b>	<b>4,813</b>
<b>Telephony Channels Net Adds (000s)</b>													
Incumbent retail	(79)	(70)	(84)	(94)	(112)	(98)	(92)	(73)	(89)	(147)	(81)	(50)	(69)
Incumbent wholesale (WLR)	3	(2)	(11)	(13)	(15)	(8)	(24)	(9)	(11)	(17)	(25)	(22)	(27)
ULL (total)	(4)	0	(5)	(7)	(12)	(5)	(16)	(9)	(5)	(12)	(10)	(10)	6
Cable	10	13	14	12	9	3	10	9	9	0	6	1	0
<b>Total</b>	<b>(70)</b>	<b>(59)</b>	<b>(86)</b>	<b>(102)</b>	<b>(130)</b>	<b>(109)</b>	<b>(123)</b>	<b>(82)</b>	<b>(96)</b>	<b>(176)</b>	<b>(110)</b>	<b>(81)</b>	<b>(90)</b>
<b>Pay TV Subscribers (000s)</b>													
Telia IPTV	320	320	324	333	350	367	396	411	418	431	450	473	488
Telenor cable	235	233	235	231	226	223	217	212	202	203	201	199	196
Viasat Satellite	0	0	0	350	0	0	0	0	0	0	0	0	0
<b>Pay TV Subscribers Net Adds (000s)</b>													
Telia	2	0	4	9	17	17	29	15	7	13	19	23	15
Telenor	0	(2)	2	(4)	(5)	(3)	(6)	(5)	(10)	1	(2)	(2)	(3)
Com Hem	0	0	0	350	(350)	0	0	0	0	0	0	0	0

Source: Company reports and Citi Investment Research and Analysis

# Switzerland

## Fixed

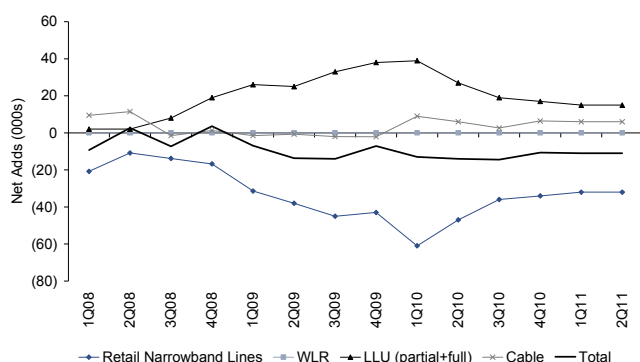
- Trends were very similar to 1Q11, with Swisscom losing 32k customers due to ULL migration and cable competition. Fixed revenue growth of -2.6% in 2Q11 was an improvement from -3.8% in 1Q11. The incumbent's wireline revenue decreased by 1.9% yoy in the quarter.

## Mobile

- In the Swiss market, prices remain relatively high to the European average. Competition levels remain relatively benign during the quarter and we do not expect a worsening going forward.
- Mobile service revenue growth remained in negative territory during 2Q11, at -2.8% vs. -1.4% yoy in 1Q11. This is due mainly to poor performance at Orange Switzerland, which we argue FT views as a non-core asset to its portfolio. Excluding MTR cuts, service revenue growth was poor in 2Q11 at -2% compared with 2.1% in 1Q11. Swisscom benefited from continuing new data and subscriber growth as an increase in smartphone sales compensated some of the price erosion effect and lower termination rates.

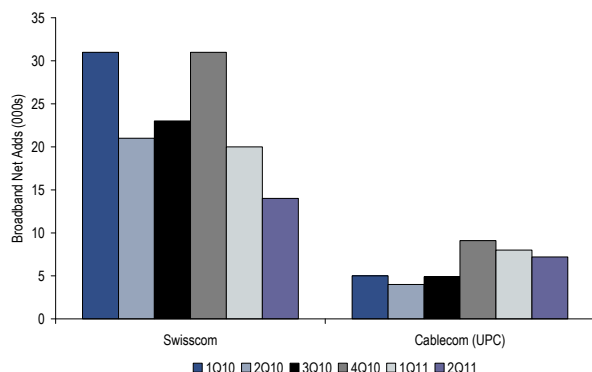
## Fixed Charts

Figure 169. Telephony Net Adds



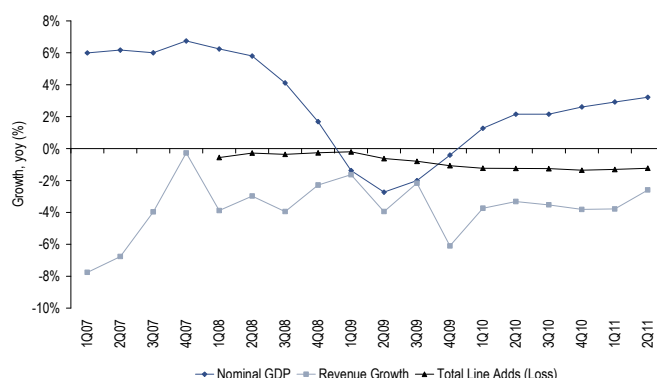
Source: Company reports and Citi Investment Research and Analysis

Figure 171. Broadband Subscriber Net Adds



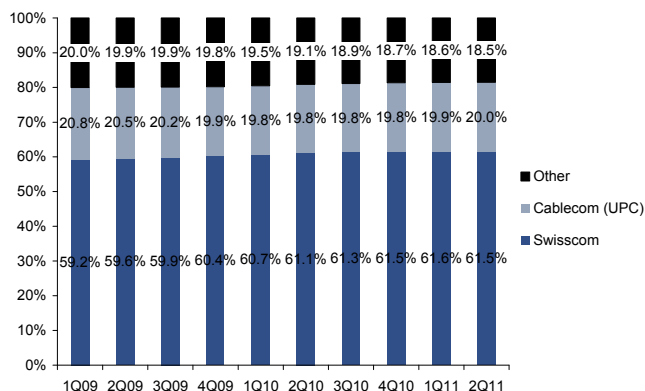
Source: Company reports and Citi Investment Research and Analysis

Figure 170. Line Loss, Incumbent Revenue Growth and GDP



Source: Company reports, CIRA and Datastream

Figure 172. Broadband Subscriber Market Share

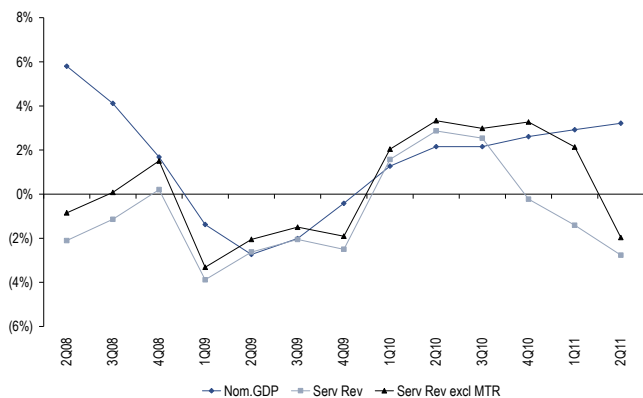


Source: Company reports and Citi Investment Research and Analysis



## Mobile Charts

Figure 173. Revenue and GDP



Source: Company reports, CIRA and Datastream

Figure 174. Service Revenue Market Share

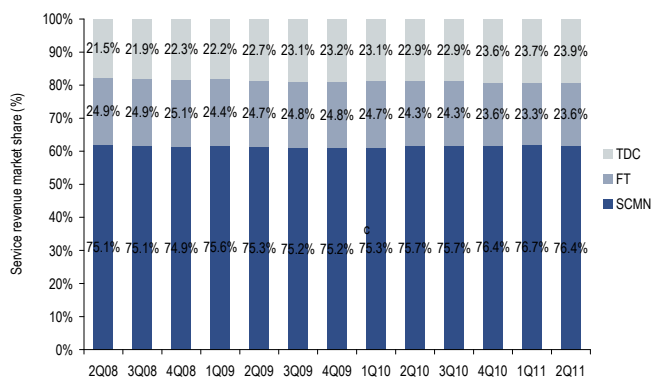
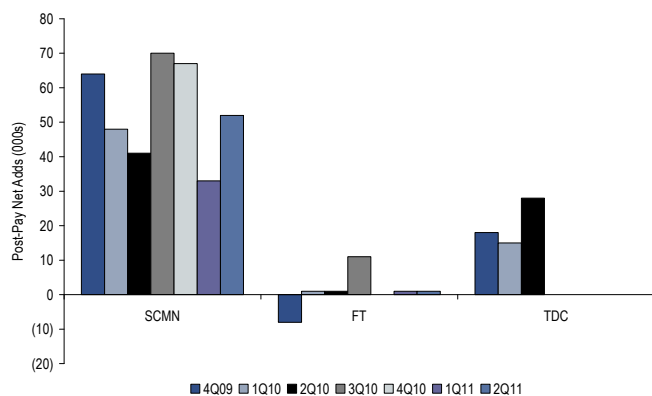
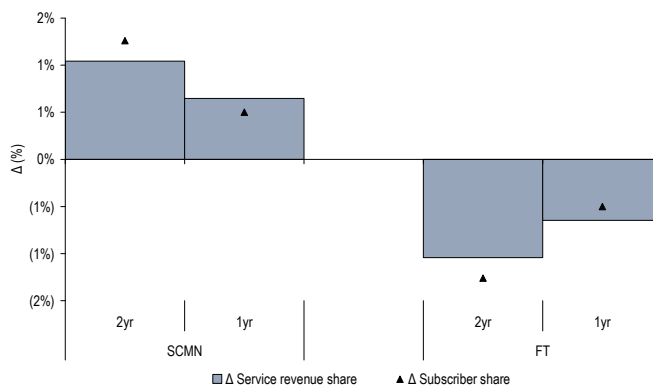


Figure 175. Post-Paid Net Adds



Source: Company reports and Citi Investment Research and Analysis

Figure 176. Change in Service Revenue and Contract Sub Share



Source: Company reports and Citi Investment Research and Analysis

## Switzerland Mobile Data

Figure 177. Swiss Mobile Market Information

Switzerland	2Q08	3Q08	4Q08	1Q09	2Q09	3Q09	4Q09	1Q10	2Q10	3Q10	4Q10	1Q11	2Q11
<b>Service Revenue, CHFm</b>													
Swisscom	871	899	862	820	851	882	844	830	880	910	856	833	863
Orange (FT)	289	297	290	265	279	290	279	272	282	292	264	254	267
<b>Total</b>	<b>1,160</b>	<b>1,197</b>	<b>1,152</b>	<b>1,085</b>	<b>1,130</b>	<b>1,172</b>	<b>1,123</b>	<b>1,102</b>	<b>1,162</b>	<b>1,202</b>	<b>1,120</b>	<b>1,087</b>	<b>1,130</b>
<b>Service Revenue Growth, yoy</b>													
Swisscom	0.9%	(0.4%)	2.1%	(3.2%)	(2.3%)	(1.9%)	(2.1%)	1.2%	3.4%	3.2%	1.4%	0.4%	(1.9%)
Orange (FT)	(10.2%)	(3.2%)	(5.1%)	(5.9%)	(3.5%)	(2.5%)	(3.7%)	2.7%	1.2%	0.6%	(5.2%)	(6.8%)	(5.4%)
<b>Total</b>	<b>(2.1%)</b>	<b>(1.1%)</b>	<b>0.2%</b>	<b>(3.9%)</b>	<b>(2.6%)</b>	<b>(2.1%)</b>	<b>(2.5%)</b>	<b>1.6%</b>	<b>2.9%</b>	<b>2.5%</b>	<b>(0.2%)</b>	<b>(1.4%)</b>	<b>(2.8%)</b>
<b>Customers, 000s</b>													
Swisscom	5,181	5,284	5,370	5,411	5,472	5,538	5,602	5,650	5,691	5,761	5,828	5,861	5,913
Orange (FT)	1,527	1,530	1,543	1,558	1,568	1,566	1,558	1,559	1,560	1,571	1,571	1,572	1,573
<b>Customer Net Adds, 000s</b>													
Swisscom	81	103	86	41	61	66	64	48	41	70	67	33	52
Orange (FT)	(2)	3	13	15	10	(2)	(8)	1	1	11	0	1	1

Source: Company reports and Citi Investment Research and Analysis

## Switzerland Fixed Data

Figure 178. Swiss Fixed Line Market Information

Switzerland	2Q08	3Q08	4Q08	1Q09	2Q09	3Q09	4Q09	1Q10	2Q10	3Q10	4Q10	1Q11	2Q11
<b>Broadband Subscribers (000s)</b>													
Incumbent retail	1,254	1,279	1,331	1,379	1,410	1,441	1,478	1,509	1,530	1,553	1,584	1,604	1,618
Incumbent wholesale	450	448	431	410	390	363	331	293	260	240	226	214	202
ULL (total)	4	12	31	57	82	115	153	192	219	238	255	270	285
Cable	480	477	486	485	485	485	487	492	496	501	510	518	525
<b>Total</b>	<b>2,188</b>	<b>2,216</b>	<b>2,278</b>	<b>2,331</b>	<b>2,367</b>	<b>2,404</b>	<b>2,449</b>	<b>2,486</b>	<b>2,505</b>	<b>2,532</b>	<b>2,575</b>	<b>2,606</b>	<b>2,630</b>
<b>Broadband Subscribers (000s)</b>													
Swisscom	1,254	1,279	1,331	1,379	1,410	1,441	1,478	1,509	1,530	1,553	1,584	1,604	1,618
Cablecom (UPC)	480	477	486	485	485	485	487	492	496	501	510	518	525
- other	454	460	462	467	472	478	484	485	479	478	481	484	487
<b>Total</b>	<b>2,188</b>	<b>2,216</b>	<b>2,278</b>	<b>2,331</b>	<b>2,367</b>	<b>2,404</b>	<b>2,449</b>	<b>2,486</b>	<b>2,505</b>	<b>2,532</b>	<b>2,575</b>	<b>2,606</b>	<b>2,630</b>
<b>Broadband Subscribers Net Adds (000s)</b>													
Swisscom	33	24	52	48	31	31	37	31	21	23	31	20	14
Cablecom (UPC)	12	(2)	8	(0)	(0)	0	2	5	4	5	9	8	7
- other	13	6	2	5	5	6	6	1	(6)	(1)	3	3	3
<b>Total</b>	<b>58</b>	<b>28</b>	<b>62</b>	<b>53</b>	<b>36</b>	<b>37</b>	<b>45</b>	<b>37</b>	<b>19</b>	<b>27</b>	<b>43</b>	<b>31</b>	<b>24</b>
<b>Telephony Channels (000s)</b>													
Incumbent retail	3,579	3,565	3,548	3,517	3,479	3,434	3,391	3,330	3,283	3,247	3,213	3,181	3,149
Incumbent wholesale (WLR)	0	0	0	0	0	0	0	0	0	0	0	0	0
ULL (total)	4	12	31	57	82	115	153	192	219	238	255	270	285
Cable	310	308	309	308	307	305	303	312	318	321	327	333	339
<b>Total</b>	<b>3,892</b>	<b>3,885</b>	<b>3,889</b>	<b>3,882</b>	<b>3,868</b>	<b>3,854</b>	<b>3,847</b>	<b>3,834</b>	<b>3,820</b>	<b>3,806</b>	<b>3,795</b>	<b>3,784</b>	<b>3,773</b>
<b>Telephony Channels Net Adds (000s)</b>													
Incumbent retail	(11)	(14)	(17)	(31)	(38)	(45)	(43)	(61)	(47)	(36)	(34)	(32)	(32)
Incumbent wholesale (WLR)	0	0	0	0	0	0	0	0	0	0	0	0	0
ULL (total)	2	8	19	26	25	33	38	39	27	19	17	15	15
Cable	12	(2)	1	(2)	(1)	(2)	(2)	9	6	3	6	6	6
<b>Total</b>	<b>3</b>	<b>(7)</b>	<b>4</b>	<b>(7)</b>	<b>(14)</b>	<b>(14)</b>	<b>(7)</b>	<b>(13)</b>	<b>(14)</b>	<b>(14)</b>	<b>(11)</b>	<b>(11)</b>	<b>(11)</b>
<b>Pay TV Subscribers (000s)</b>													
Swisscom	80	95	118	139	165	186	232	275	317	358	421	469	512
Cablecom (UPC)	1,562	1,567	1,556	1,557	1,552	1,554	1,546	1,541	1,539	1,537	1,520	1,516	1,512
<b>Pay TV Subscribers Net Adds (000s)</b>													
Swisscom	16	15	23	21	26	21	46	43	42	41	63	48	43
Cablecom (UPC)	4	5	(10)	1	(5)	2	(8)	(5)	(2)	(2)	(17)	(4)	(4)

Source: Company reports and Citi Investment Research and Analysis

## Fixed

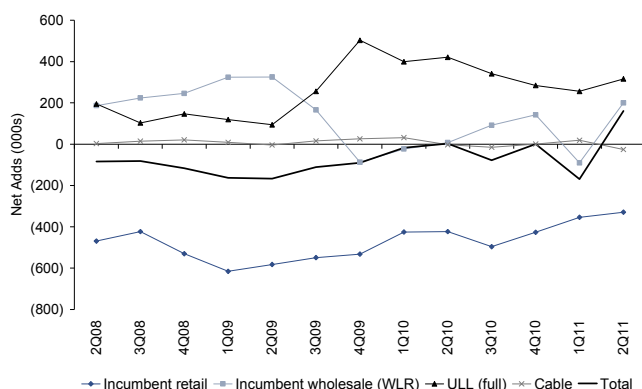
- Retail line loss improved to -329k in 2Q11 from -354k in 1Q11, WLR increased by 200k in 2Q11 vs -90k 1Q11, and connections to ULL increased by 316k in 2Q11 vs 256k in 1Q11. Broadband market net adds continue to be dominated by BT and BSKyB and as a result TalkTalk and Virgin Media have lost some market share (0.4% and 0.3% qoq, respectively).

## Mobile

- Service revenue growth excluding the impact of MTR cuts halved to 2.4% in 2Q11, from 4.7% in 1Q11. 3 (-0.2%) and Telefónica O2 (-0.2%) lost market share to Vodafone (+0.1%) and Everything Everywhere (+0.3%).

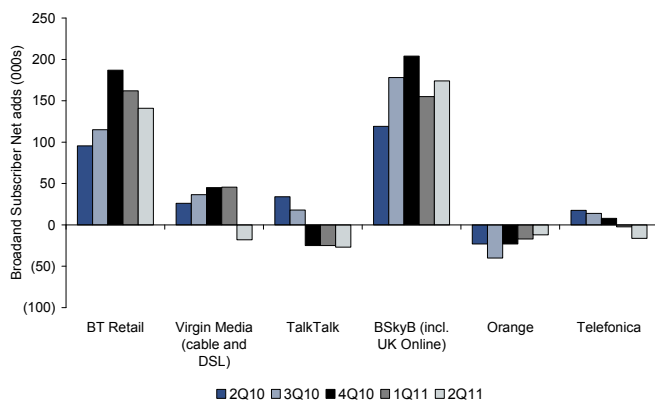
## Fixed Charts

Figure 179. Telephony Net Adds



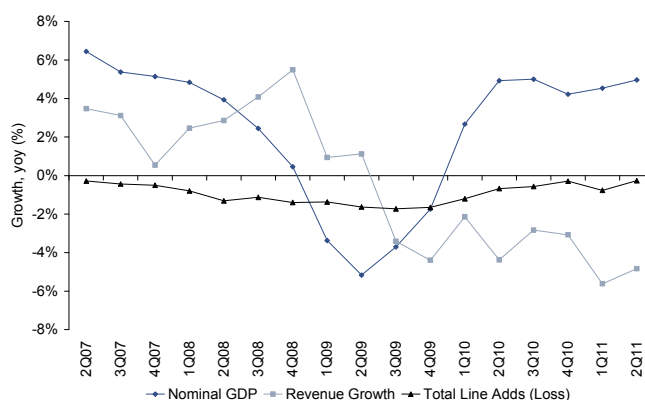
Source: Company reports and Citi Investment Research and Analysis

Figure 181. Broadband Subscriber Net Adds



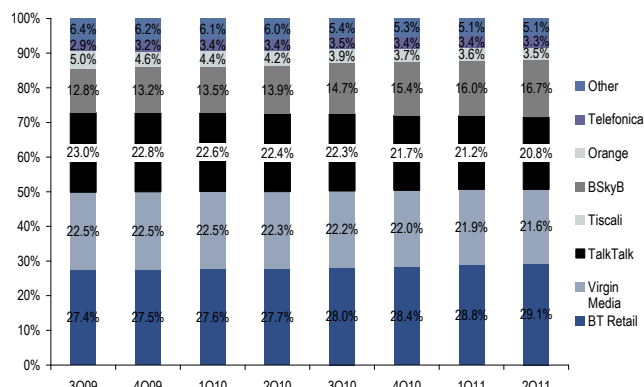
Source: Company reports and Citi Investment Research and Analysis

Figure 180. Line Loss, Incumbent Revenue Growth and GDP



Source: Company reports, CIRA and Datastream

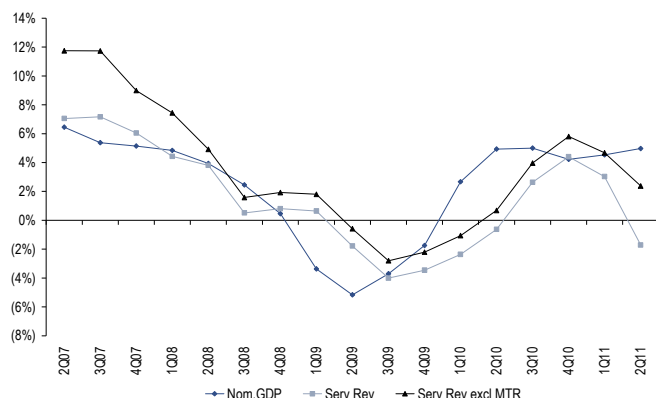
Figure 182. Broadband Subscriber Market Share



Source: Company reports and Citi Investment Research and Analysis

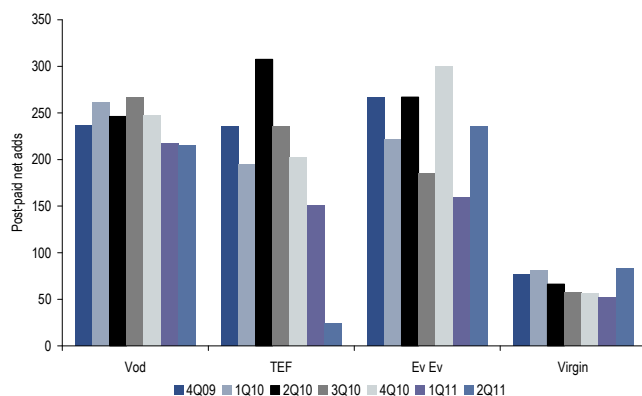
## Mobile Charts

Figure 183. Revenue and GDP



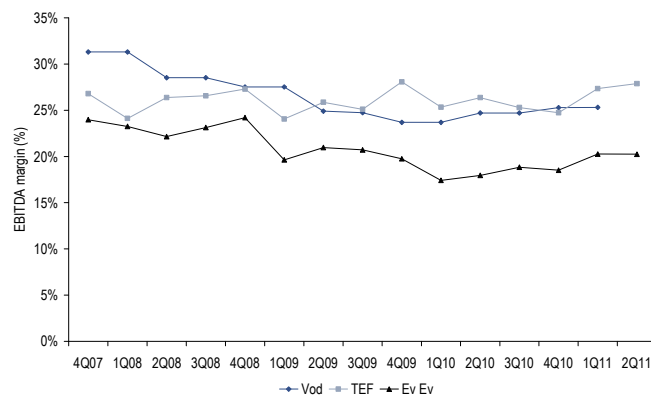
Source: Company reports, CIRA and Datastream

Figure 185. Post-Paid Net Adds



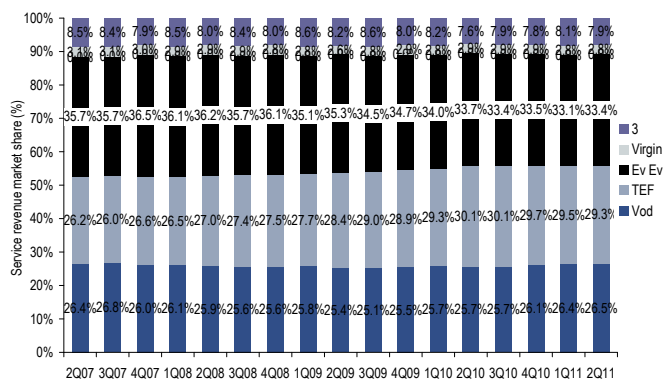
Source: Company reports and Citi Investment Research and Analysis

Figure 187. EBITDA Margin



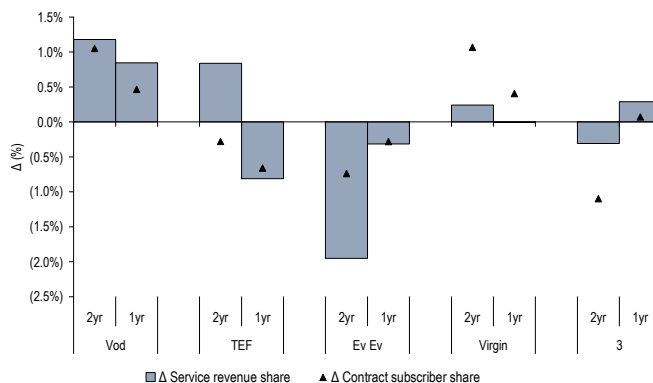
Source: Company reports and Citi Investment Research and Analysis

Figure 184. Service Revenue Market Share



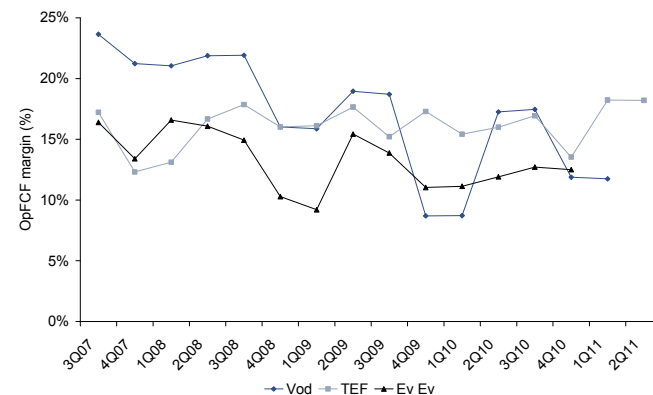
Source: Company reports and Citi Investment Research and Analysis

Figure 186. Change in Service Revenue and Contract Sub Share



Source: Company reports and Citi Investment Research and Analysis

Figure 188. OpFCF Margin



Source: Company reports and Citi Investment Research and Analysis

## UK Mobile Data

Figure 189. UK Mobile Market Information

UK	2Q08	3Q08	4Q08	1Q09	2Q09	3Q09	4Q09	1Q10	2Q10	3Q10	4Q10	1Q11	2Q11
<b>Service Revenue, £m</b>													
Vodafone	1,226	1,235	1,218	1,202	1,179	1,162	1,169	1,170	1,187	1,222	1,252	1,239	1,205
O2 (Telefonica)	1,277	1,322	1,307	1,293	1,322	1,342	1,329	1,333	1,390	1,429	1,424	1,383	1,329
Ev Ev	1,712	1,720	1,715	1,638	1,643	1,598	1,594	1,548	1,557	1,586	1,605	1,554	1,516
Virgin Mobile	139	140	135	129	121	129	133	128	132	139	139	133	129
3 (Hutch)	378	405	382	401	383	398	367	374	353	375	374	382	360
<b>Total</b>	<b>4,732</b>	<b>4,822</b>	<b>4,757</b>	<b>4,664</b>	<b>4,648</b>	<b>4,629</b>	<b>4,592</b>	<b>4,553</b>	<b>4,618</b>	<b>4,751</b>	<b>4,794</b>	<b>4,691</b>	<b>4,539</b>
<b>Service Revenue Growth, yoy</b>													
Vodafone	1.8%	(4.0%)	(0.9%)	(0.5%)	(3.8%)	(5.9%)	(4.0%)	(2.7%)	0.7%	5.2%	7.1%	5.9%	1.5%
O2 (Telefonica)	6.7%	6.1%	4.3%	5.4%	3.5%	1.5%	1.7%	3.1%	5.1%	6.5%	7.2%	3.7%	(4.4%)
Ev Ev	5.2%	0.5%	(0.3%)	(2.0%)	(4.0%)	(7.1%)	(7.0%)	(5.5%)	(5.2%)	(0.8%)	0.7%	0.4%	(2.6%)
Virgin Mobile	(2.1%)	(5.0%)	(5.2%)	(3.8%)	(13.0%)	(7.6%)	(1.3%)	(1.3%)	8.8%	7.2%	4.4%	4.5%	(2.0%)
3 (Hutch)	(2.9%)	0.0%	2.1%	1.9%	1.1%	(1.9%)	(3.8%)	(6.7%)	(7.8%)	(5.6%)	2.0%	2.0%	2.0%
<b>Total</b>	<b>3.8%</b>	<b>0.5%</b>	<b>0.8%</b>	<b>0.6%</b>	<b>(1.8%)</b>	<b>(4.0%)</b>	<b>(3.5%)</b>	<b>(2.4%)</b>	<b>(0.6%)</b>	<b>2.6%</b>	<b>4.4%</b>	<b>3.0%</b>	<b>(1.7%)</b>
<b>Service Revenue Market Share</b>													
Vodafone	25.9%	25.6%	25.6%	25.8%	25.4%	25.1%	25.5%	25.7%	25.7%	25.7%	26.1%	26.4%	26.5%
O2 (Telefonica)	27.0%	27.4%	27.5%	27.7%	28.4%	29.0%	28.9%	29.3%	30.1%	30.1%	29.7%	29.5%	29.3%
Ev Ev	36.2%	35.7%	36.1%	35.1%	35.3%	34.5%	34.7%	34.0%	33.7%	33.4%	33.5%	33.1%	33.4%
Virgin Mobile	2.9%	2.9%	2.8%	2.8%	2.6%	2.8%	2.9%	2.8%	2.9%	2.9%	2.9%	2.8%	2.8%
3 (Hutch)	8.0%	8.4%	8.0%	8.6%	8.2%	8.6%	8.0%	8.2%	7.6%	7.9%	7.8%	8.1%	7.9%
<b>Post-pay Customers, 000s</b>													
Vodafone	7,552	7,711	7,896	7,767	7,909	8,174	8,410	8,672	8,918	9,184	9,432	9,649	9,864
O2 (Telefonica)	7,868	8,189	8,412	8,699	9,011	9,324	9,559	9,754	10,061	10,297	10,499	10,650	10,675
Ev Ev	9,769	10,026	10,229	10,407	10,552	10,707	10,974	11,196	11,463	11,648	11,948	12,107	12,343
Virgin Mobile	492	579	649	712	785	873	950	1,031	1,097	1,155	1,211	1,263	1,347
3 (Hutch)	3,051	3,278	3,474	3,657	3,711	3,741	3,683	3,679	3,676	4,019	4,019	4,019	4,019
<b>Call Volumes, mn min/qtr</b>													
Vodafone	9,650	9,597	9,762	10,195	9,784	10,259	10,379	10,870	10,704	10,569	10,769	10,616	10,600
Telefonica	12,002	12,240	12,816	12,798	13,304	13,579	14,176	14,155	14,346	14,565	15,076	13,500	13,139
Ev Ev	16,357	16,384	16,509	16,434	16,056	15,995	16,250	16,054	16,493	15,994	16,429	16,212	16,084
Virgin Mobile	1,261	1,216	1,177	1,178	1,178	1,205	1,226	1,261	1,316	1,365	1,460	1,440	1,496
3 Hutch	2,142	2,256	2,385	2,498	2,569	2,668	2,794	2,935	3,097	3,323	3,593	3,412	3,385
<b>Total</b>	<b>41,411</b>	<b>41,693</b>	<b>42,650</b>	<b>43,104</b>	<b>42,891</b>	<b>43,706</b>	<b>44,825</b>	<b>45,276</b>	<b>45,956</b>	<b>45,817</b>	<b>47,327</b>	<b>45,181</b>	<b>44,704</b>
<b>Call Volume growth</b>													
Vodafone	7.7%	5.3%	3.5%	7.2%	1.4%	6.9%	6.3%	6.6%	9.4%	3.0%	3.8%	(2.3%)	(1.0%)
Telefonica	19.1%	18.5%	19.5%	15.6%	10.8%	10.9%	10.6%	10.6%	7.8%	7.3%	6.3%	(4.6%)	(8.4%)
Ev Ev	9.3%	7.1%	4.4%	3.6%	(1.8%)	(2.4%)	(1.6%)	(2.3%)	2.7%	(0.0%)	1.1%	1.0%	(2.5%)
Virgin Mobile	6.2%	1.3%	(4.6%)	(4.7%)	(6.6%)	(0.9%)	4.2%	7.1%	11.7%	13.3%	19.0%	14.2%	13.7%
3 Hutch	22.4%	23.9%	24.7%	26.6%	19.9%	18.2%	17.1%	17.5%	20.6%	24.6%	28.6%	16.2%	9.3%
<b>Total</b>	<b>12.1%</b>	<b>10.4%</b>	<b>9.1%</b>	<b>8.7%</b>	<b>3.6%</b>	<b>4.8%</b>	<b>5.1%</b>	<b>5.0%</b>	<b>7.1%</b>	<b>4.8%</b>	<b>5.6%</b>	<b>(0.2%)</b>	<b>(2.7%)</b>
<b>Contract Churn, % p.a</b>													
Vodafone	18.0%	17.5%	17.3%	21.9%	18.0%	18.5%	18.1%	16.2%	15.5%	16.1%	16.8%	15.8%	16.3%
O2 (Telefonica)	16.8%	15.6%	15.6%	14.4%	14.4%	14.4%	12.0%	13.2%	13.2%	14.4%	13.2%	13.2%	14.4%
Ev Ev	19.5%	20.0%	21.9%	23.0%	21.3%	21.7%	20.4%	18.0%	18.0%	16.8%	15.6%	15.6%	13.2%
<b>Data Revenue (excl messaging) % Service Revenue</b>													
Vodafone	9.0%	9.4%	10.1%	10.1%	11.6%	12.5%	12.8%	13.8%	14.7%	15.1%	15.6%	16.8%	17.7%
O2 (Telefonica)	6.2%	7.1%	7.9%	8.7%	9.7%	11.0%	11.6%	12.3%	13.5%	13.2%	13.8%	16.3%	18.3%
<b>EBITDA, £m</b>													
Vodafone	350	352	335	331	294	289	279	279	295	304	319	315	
O2 (Telefonica)	363	381	401	342	371	366	418	367	401	401	398	418	409
Ev Ev	416	435	457	352	379	364	356	305	309	334	334		
<b>Capex, £m</b>													
Vodafone	82	82	141	141	71	71	177	177	89	89	169	169	
O2 (Telefonica)	134	125	166	113	118	144	160	144	158	133	180	139	142
Ev Ev	114	154	263	187	100	120	157	110	104	109	109		

Source: Company reports and Citi Investment Research and Analysis

## UK Fixed Data

Figure 190. UK Fixed Line Market Information

UK	2Q08	3Q08	4Q08	1Q09	2Q09	3Q09	4Q09	1Q10	2Q10	3Q10	4Q10	1Q11	2Q11
<b>Broadband Subscribers (000s)</b>													
Incumbent retail	4,505	4,574	4,658	4,757	4,835	4,906	5,008	5,132	5,227	5,342	5,529	5,691	5,832
Incumbent wholesale	3,756	3,622	3,416	3,305	3,191	3,124	3,036	2,926	2,785	2,629	2,451	2,421	2,559
ULL (total)	4,756	5,084	5,501	5,750	5,957	6,121	6,352	6,620	6,906	7,143	7,490	7,609	7,581
Cable	3,563	3,625	3,682	3,730	3,735	3,774	3,837	3,910	3,936	3,969	4,011	4,061	4,049
<b>Total</b>	<b>16,580</b>	<b>16,905</b>	<b>17,257</b>	<b>17,542</b>	<b>17,718</b>	<b>17,925</b>	<b>18,234</b>	<b>18,587</b>	<b>18,854</b>	<b>19,083</b>	<b>19,481</b>	<b>19,783</b>	<b>20,021</b>
<b>Broadband Subscribers (000s)</b>													
BT Retail	4,505	4,574	4,658	4,757	4,835	4,906	5,008	5,132	5,227	5,342	5,529	5,691	5,832
Virgin Media	3,836	3,885	3,934	3,977	3,981	4,027	4,102	4,180	4,206	4,242	4,287	4,333	4,315
TalkTalk	2,754	2,788	2,732	2,806	2,853	4,119	4,155	4,197	4,231	4,249	4,224	4,199	4,172
Tiscali	1,838	1,774	1,768	1,710	1,551								
BSkyB	1,628	1,792	1,955	2,085	2,203	2,303	2,404	2,505	2,624	2,802	3,006	3,161	3,335
Orange	1,063	1,023	1,000	977	954	899	840	816	793	753	730	713	701
Telefonica	194	267	341	405	457	527	592	632	650	664	672	669	653
- other	762	802	869	826	884	1,144	1,133	1,126	1,123	1,031	1,034	1,017	1,013
<b>Total</b>	<b>16,580</b>	<b>16,905</b>	<b>17,257</b>	<b>17,542</b>	<b>17,718</b>	<b>17,925</b>	<b>18,234</b>	<b>18,587</b>	<b>18,854</b>	<b>19,083</b>	<b>19,481</b>	<b>19,783</b>	<b>20,021</b>
<b>Broadband Subscribers Net Adds (000s)</b>													
BT Retail	103	69	84	99	78	71	102	123	95	115	187	162	141
Virgin Media (cable and DSL)	54	49	49	43	4	46	75	78	26	37	45	46	(18)
TalkTalk	41	34	36	74	47	15	36	42	34	18	(25)	(25)	(27)
Tiscali	(37)	(64)	(6)	(58)	(77)	0	0	0	0	0	0	0	0
BSkyB (incl. UK Online)	200	164	163	130	118	100	101	101	119	178	204	155	174
Orange	(44)	(40)	(23)	(23)	(23)	(55)	(59)	(24)	(23)	(40)	(23)	(17)	(12)
Telefonica	63	73	74	64	52	70	64	41	18	14	8	(2)	(16)
- other	13	40	67	(44)	59	260	(11)	(7)	(2)	(92)	2	(17)	(4)
<b>Total</b>	<b>393</b>	<b>325</b>	<b>352</b>	<b>285</b>	<b>176</b>	<b>207</b>	<b>309</b>	<b>354</b>	<b>267</b>	<b>229</b>	<b>398</b>	<b>302</b>	<b>238</b>
<b>Telephony Channels (000s)</b>													
Incumbent retail	22,074	21,651	21,121	20,506	19,924	19,375	18,843	18,418	17,995	17,499	17,073	16,719	16,390
Incumbent wholesale	4,853	5,077	5,323	5,647	5,972	6,138	6,051	6,028	6,036	6,128	6,270	6,180	6,380
ULL (total)	1,345	1,448	1,595	1,714	1,808	2,064	2,567	2,966	3,387	3,728	4,012	4,268	4,584
Cable	4,064	4,078	4,099	4,108	4,104	4,120	4,146	4,178	4,175	4,161	4,162	4,181	4,155
<b>Total</b>	<b>32,336</b>	<b>32,254</b>	<b>32,138</b>	<b>31,975</b>	<b>31,808</b>	<b>31,697</b>	<b>31,607</b>	<b>31,590</b>	<b>31,593</b>	<b>31,516</b>	<b>31,517</b>	<b>31,348</b>	<b>31,509</b>
<b>Telephony Channels Net Adds (000s)</b>													
Incumbent retail	(469)	(423)	(530)	(615)	(582)	(549)	(532)	(425)	(423)	(496)	(426)	(354)	(329)
Incumbent wholesale (WLR)	187	224	246	324	325	166	(87)	(23)	8	92	142	(90)	200
ULL (total)	195	103	147	119	94	256	503	399	421	341	284	256	316
Cable	3	15	21	9	(4)	16	26	32	(3)	(14)	1	19	(26)
<b>Total</b>	<b>(84)</b>	<b>(82)</b>	<b>(116)</b>	<b>(163)</b>	<b>(167)</b>	<b>(111)</b>	<b>(90)</b>	<b>(17)</b>	<b>3</b>	<b>(77)</b>	<b>1</b>	<b>(169)</b>	<b>161</b>
<b>Pay TV Subscribers (000s)</b>													
BT IPTV	282	320	376	423	433	436	451	467	481	505	545	575	598
Sky	8,980	9,067	9,238	9,318	9,442	9,536	9,708	9,770	9,860	9,956	10,096	10,147	10,187
Virgin Media	3,490	3,527	3,572	3,602	3,623	3,660	3,694	3,730	3,752	3,767	3,779	3,789	3,768
<b>Total</b>	<b>12,752</b>	<b>12,914</b>	<b>13,186</b>	<b>13,343</b>	<b>13,498</b>	<b>13,632</b>	<b>13,853</b>	<b>13,967</b>	<b>14,093</b>	<b>14,228</b>	<b>14,420</b>	<b>14,511</b>	<b>14,553</b>
<b>Pay TV Subscribers Net Adds (000s)</b>													
BT IPTV	68	38	56	47	10	3	15	16	14	24	40	30	23
Sky	92	87	171	80	124	94	172	62	90	96	140	51	40
Virgin Media	24	37	45	30	20	37	34	36	22	15	12	10	(21)
<b>Total</b>	<b>184</b>	<b>162</b>	<b>272</b>	<b>157</b>	<b>154</b>	<b>134</b>	<b>221</b>	<b>114</b>	<b>126</b>	<b>135</b>	<b>192</b>	<b>91</b>	<b>42</b>

Source: Company reports and Citi Investment Research and Analysis

*Prices / ratings for stocks mentioned: Belgacom SA (BCOM.BR; €22.47; 3L); Bouygues SA (BOUY.PA; €23.07; 1H); BT Group PLC (BT.L; £1.75; 1M); Cable and Wireless Communications Plc (CWC.L; £0.32; 2H); Deutsche Telekom AG (DTEGn.DE; €9.53; 1L); Elisa Oyj (ELI1V.HE; €14.29; 3L); France Telecom (FTE.PA; €13.09; 2L); Kabel Deutschland (KD8Gn.DE; €35.30; 2M); KPN NV (KPN.AS; €9.43; 1L); Mobistar SA (MSTAR.BR; €45.09; 2L); Virgin Media (VMED.O; US\$25.33; 1M); OTE (OTEr.AT; €4.56; 2H); Portugal Telecom (PTC.LS; €5.98; 2M); Swisscom AG (SCMN.VX; SFr353.20; 2L); TDC (TDC.CO; Dkr43.38; 2L); Telefonica SA (TEF.MC; €14.42; 2M); Telenor ASA (TEL.OL; NKr85.85; 1M); Tele2 AB (TEL2b.ST; SKr125.00; 1M); Telekom Austria (TELA.VI; €7.51; 2M); Telecom Italia SpA (TLIT.MI; €0.86; 1M); Telecom Italia SpA (TLITn.MI; €0.77; 1M); TeliaSonera AB (TLSN.ST; SKr44.12; 2M); Telenet Group Holding NV (TNET.BR; €27.31; 1M); Vodafone Group PLC (VOD.L; £1.67; 1L); Zon (ZON.LS; €2.50; 2H)*



## Notes

## Notes

## Notes

## Appendix A-1

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