

The Phone Book

The Tempest: Telcos At The Commission

- **Racing the clock, European Commission takes a political tilt** — With time running short for the Commission, we see a risk that parts of its telecoms regulatory package fail to gain the EU's twin parliamentary and nation state approvals. So, apparently, does the Commission – Neelie Kroes' 30 May speech on revising the EU roaming regime and guaranteeing "net neutrality" panders to the Parliament's prejudices. In this report, along with our usual Phone Book update on still-generally weak trading for the industry, we look closely at what the Commission has in mind.
- **Fixed broadband continues to receive support** — We expect confirmation of the Commission's investment-friendly fibre broadband regime, mitigated by tougher competition measures, a small victory for Vodafone and the alts. In our view this will look a lot like arrangements now in Germany and the UK, but means tougher regulation for incumbents in Spain and Portugal. We expect Single Digital Market measures to include roaming (negative for mobile) and spectrum (positive longer term) among others.
- **No changes to competition rules** — Competition rules are not sector specific anyway and although their application may change, this won't be evident until put into practice and we don't expect a wave of consolidation. In time we expect pressure on mobile to ease. MTR cuts will start to moderate from here but since 2005 have reduced mobile revenue by €32bn or -22%, and EBITDA by just under €10bn or -21% on our estimates.
- **Industry sees weak Q1 as expected, MTR cuts peak** — Mobile service revenue fell a sharp -9.3% yoy in 1Q13 (-4.9% pre MTRs). However, we expect this quarter to be the low point for growth as both last year's leap day and the phasing of Easter were adverse and MTR reductions will start to ease from here (initially with the UK and Portugal). Incumbent fixed line revenue also fell, by -4.1%, similar to last quarter.
- **Stock picks** — We remain Buyers of **VOD** primarily due to the potential sale of its stake in VZW, **Tele2** for margin upside from network rollouts, and **Millicom** for growth in emerging markets. We remain negative on **FT** and **Telia**. **TI** has challenges but could benefit from fibre investment in time.

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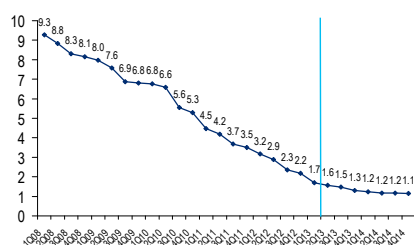
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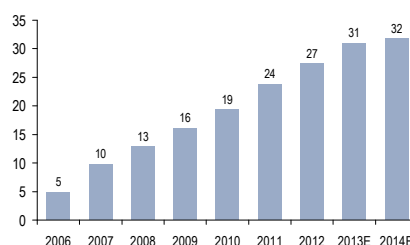
Tania Valiente (on maternity leave)

MTRs set to slow steep decent, €/min



Source: Company Reports, NRAs, Citi Research

Cumulative revenue lost to MTR cuts, €bn



Source: Company Reports, NRAs, Citi Research

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

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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 March 2013	The Phone Book & 12th Conference Guide : Telco Spring?	Conference Guide format including Country sections.	Regulatory Transformation a Clear Positive Quad Play from Conquest to Retention 4G Premium Hopes Somewhat Diminishing Organic EBITDA trends, 4G pricing, MVNOs Superfast broadband, Exec pay, new technologies Fixed and mobile market trends
4 January 2013	The Phone Book : Is the Winter of Discontent to become Glorious Summer?	Long Format including both Company and Country sections	
5 September 2012	The Phone Book : Short Term Worsens, Signs Of Hope Longer Term	Short format including Country sections.	
25 June 2012	The Phone Book : Bargain Hunters on the Telco Tundra	Long Format including both Company and Country sections.	Dividend, credit rating risk
19 March 2012	The Phone Book & 12th Conference Guide : Blue Sky, Obscured by Clouds	Conference Guide format including Country sections.	Credit ratings risk Mobile relative pricing: McMinutes Spectrum Tech – More chips on the table: VoLTE, WP8, <\$100 smartphones Mobile payments Text messaging cannibalisation risk Upping mobile data game with TD-LTE M-payments and NFC Credit events: where is it critical? Euro break-up: Unlikely but implication? M&A: Austria and Switzerland Dividend cover and earnings momentum Earnings revisions vs share price performance Interest rate sensitivity Wage inflation exposure Welcome to the future pricing model India's New Telecoms Policy Mobile phones and health 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 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 January 2012	The Phone Book : No 1s txtN Ny mor, nt gr8	Long Format including both Company and Country sections.	
22 August 2011	The Phone Book – Post 2Q11 : A Few Rubies among the rubble	Short format including Country sections.	
14 June 2011	The Phone Book : A Few Diamonds among the Debris	Long Format including both Company and Country sections	
18 March 2011	The Phone Book & 11th Conference Guide : The Winners from the Android Invasion	Conference Guide format including Country sections	
9 December 2010	The Phone Book : Telecoms in 2011 – Delivering the Dividend Promise	Long Format including both Company and Country sections	
6 August 2010	The Phone Book - post 2Q10 – The Good, the Bad and the Ugly	Short format including Country sections	
1 July 2010	The Phone Book – A Two Speed Europe	Long Format including both Company and Country sections	A Two Speed Europe Dividends A more democratic iPhone Cheaper smartphones to boost data Network congestion could halt price deflation Further risk to margins greater than risk of capex upsets 4G: Long-Term Evolution is living up to its name Governments may need operator support for rural programmes
19 March 2010	10 Themes For Our 10th Annual Conference – Popular Services but Unloved Stocks	Conference Guide format including Country sections	
22 January 2010	Fighting deflation – Telecoms Services in 2010	Long Format including both Company and Country sections	

Source: Citi Research

The Tempest – Telcos at the Commission

The European telecoms sector has performed respectably year to date as concerns about dividend risk and negative earnings momentum have eased. However, its 7% total shareholder return year to date is slightly behind the market and without Vodafone and the Verizon Wireless effect, this would have been worse by around 200bp, implying meaningful relative underperformance for the rest of the sector.

In European mobile MTR drag on revenue is set to ease from here and 2Q13 should see nearly 2pp of sequential benefit from calendar effects which we expect to have a positive implication for margins. In addition, underlying growth in the last three quarters has not got worse although revenue is still declining and it is not noticeably better either. Although we expect a sharp sequential improvement in reported growth for 2Q13, beyond that it is likely to be held back by continued price pressure, notably recently in Italy, Spain, Germany and France (FT).

We have limited hope for positive news for mobile from the European Commission's new regulatory framework, but we expect the finalising of the regime for superfast broadband to confirm a more favourable arrangement for incumbent fixed line – a positive, though expected by the market, and not a free hand for the operators. Among the alternate operators we expect the ULL business model to see margin pressure as fibre connections grow, but anticipate enhanced protections from “equality of input” and “margin squeeze test” stipulations in the Commission's final text, a small victory for alternative operators, which is also positive for Vodafone. This would mean a system supportive of the existing offers in Belgium, the Netherlands, the UK and, lately, Germany, but requiring accommodation at some cost to the incumbents in Spain and Portugal.

The Chairman of the European Parliament's Single Market committee, Malcolm Harbour, has already expressed doubts about whether plans for a major shake-up of telecoms regulation could be agreed in time given looming Parliamentary elections next May which tend to cause something of a legislative shut-down well in advance. The immediate deadline focusing the attention of the Commission is October for the European Council review, following which the new regulatory framework is to commence in January 2014. In our view though the Commission is conscious of this and its plans are unlikely to be as radical, and therefore difficult to secure through Parliament and the nation states, as some of the rhetoric suggests. This may be disappointing to those operators holding out for fixed-broadband-style support for mobile/4G investment as well, but a relief to those concerned about the recent, harsher tone from Mrs Kroes.

We see the term “Single Digital Market” as a conveniently flexible moniker which conveys the right Europe-friendly impression without tying its proponents up in excessive precision. Importantly for investors, our recent conversations with the Commission show that it is not to incorporate mandated access to networks for MVNOs at cost, one possible interpretation, nor does it imply institutional reform or a single European regulator. Instead we expect the Commission to direct attention at how its edicts are implemented locally, and to include a range of measures that may take some time to be seen as significant for share prices – tackling support for infrastructure deployment, harmonising of spectrum issuance and consumer protections, and taking another stab at roaming. On roaming, we expect the concept of the third-party roaming carrier to be maintained but the existing price caps to be tightened further beyond 2014. Using recent conversations with the Commission and industry sources we have been able to cover the latest thinking about the proposals in some detail later this report.

Consensus close to Citi estimates

Citi and consensus estimates have converged since the start of the year with Citi now above consensus for Telefónica and below for Telecom Italia. On dividends, important differences are that we are below consensus for France Telecom and Telecom Italia.

Figure 2. Citi estimates vs consensus

Reporting currency

	EBITDA				EPS				DPS			
	Citi* 2012E	Citi 2013E	Cons 2013E	Δ Citi vs cons 2013E	Citi* 2012E	Citi 2013E	Cons 2013E	Δ Citi vs cons 2013E	Citi* 2012E	Citi 2013E	Cons 2013E	Δ Citi vs cons 2013E
Inc & Mobile												
Belgacom	1,785	1,679	1,701	(1.3%)	2.29	1.80	1.91	(6.1%)	2.49	2.18	1.93	13.1%
Bouygues	2,822	2,833	2,779	2.0%	2.01	2.26	2.35	(3.8%)	1.60	1.60	1.57	1.9%
BT	6,181	6,075	6,037	0.6%	25.5	25.7	25.7	0.3%	9.5	10.9	10.8	0.8%
DT	17,978	18,042	17,532	2.9%	0.67	0.85	0.70	21.7%	0.70	0.50	0.54	(7.9%)
Elisa	501	499	487	2.4%	1.33	1.28	1.23	3.7%	1.30	1.30	1.22	6.9%
FT	12,495	12,507	12,731	(1.8%)	0.31	0.97	1.08	(9.9%)	0.80	0.60	0.74	(19.1%)
KPN	4,701	4,095	4,059	0.9%	0.49	0.22	0.21	7.1%	0.12	0.00	0.01	(100%)
Millicom	2,065	1,939	1,843	5.2%	5.01	5.28	5.63	(6.2%)	2.64	4.22	3.17	33.3%
Mobistar	470	419	405	3.2%	2.69	2.49	2.27	9.7%	1.80	1.80	1.92	(6.2%)
PT	2,269	2,216	2,170	2.2%	0.28	0.39	0.32	25.2%	0.33	0.33	0.36	(10.7%)
Swisscom	4,381	4,316	4,279	0.9%	34.01	33.04	31.61	4.5%	22.0	22.0	22.0	0.2%
TDC	10,331	9,955	9,952	0.0%	4.2	3.7	3.9	(4.8%)	4.6	3.7	3.8	(1.4%)
Tel Austria	1,455	1,312	1,310	0.1%	0.27	0.35	0.31	12.1%	0.05	0.05	0.09	(45.7%)
Tel Italia	11,865	10,851	11,278	(3.8%)	0.153	0.110	0.115	(4.8%)	0.020	0.020	0.044	(55%)
Tele2	10,960	6,106	6,326	(3.5%)	9.1	5.1	4.2	20.2%	7.1	5.0	4.9	2.0%
Telefónica De	1,279	1,238	1,285	(3.6%)	0.28	0.07	0.10	(29.3%)	0.45	0.45	0.47	(4.7%)
Telefónica	21,093	20,543	20,100	2.2%	0.94	1.21	1.09	10.7%	0.00	0.75	0.74	1.9%
Telenor	32,848	35,884	35,712	0.5%	8.74	9.49	10.08	(5.9%)	6.00	6.50	6.69	(2.9%)
TeliaSonera	36,171	35,245	35,385	(0.4%)	3.9	3.8	4.1	(8.0%)	2.85	2.95	3.10	(4.7%)
Vivendi	8,353	7,626	7,691	(0.8%)	1.96	1.68	1.75	(4.3%)	1.00	1.00	0.99	1.1%
Vodafone	13,275	13,193	13,249	(0.4%)	15.6	15.8	16.3	(3.5%)	10.2	10.2	10.8	(5.5%)
Cable												
KDG	863	938	943	(0.5%)	3.11	2.82	3.04	(7.2%)	2.50	4.00	2.77	44.4%
Liberty Global	4,674	6,827	6,681	2.2%	1.21	2.97	1.98	49.7%	0.00	0.00	0.00	
Telenet	778	839	831	0.9%	0.67	0.87	1.03	(15.8%)	7.90	4.50	1.12	301.4%
Ziggo	880	902	905	(0.3%)	1.11	1.69	1.68	0.6%	1.45	1.95	1.86	5.1%
Zon	314	317	319	(0.6%)	13.2	15.1	14.1	7.0%	16.0	16.0	14.9	7.4%
Satellite												
Eutelsat	1,001	1,066	1,050	1.5%	1.58	1.67	1.68	(0.2%)	1.15	1.30	1.19	9.2%
Inmarsat	695	646	638	1.3%	0.70	0.50	0.51	(2.1%)	0.44	0.46	0.47	(2.9%)
SES	1,347	1,387	1,405	(1.3%)	1.62	1.41	1.47	(3.8%)	0.97	1.07	1.08	(1.6%)
Alts												
Colt	334	338	342	(1.3%)	0.03	0.05	0.06	(12.7%)	0.00	0.00	0.00	
Freenet	358	359	356	0.9%	1.89	1.94	1.79	8.4%	1.35	1.50	1.42	5.6%
Jazztel	173	182	188	(3.0%)	0.25	0.27	0.27	(0.5%)	0.00	0.00	0.00	
Sonaecom	240	231	238	(2.8%)	20.0	15.4	15.5	(0.8%)	5.0	5.0	6.5	(23.1%)
TalkTalk	299	333	304	9.5%	14.8	17.0	15.3	11.5%	10.4	12.0	11.7	2.6%
Utd Internet	342	403	408	(1.4%)	0.56	1.07	1.06	0.8%	0.30	0.37	0.36	4.8%

Source: Note: * 2012 columns show actuals where reported or Citi estimates for the year to subsequent March or June where appropriate

Source: dataCentral

Figure 3. Citi estimate momentum for 2013 (or year to March/June 2014) better YTD than in 2012 for the incumbents

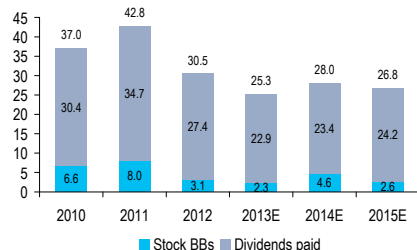
Reporting currency

	EBITDA				EPS				DPS			
	Citi Current	Δ Citi -2 years	Δ Citi YTD	Δ Citi -3 mths	Citi Current	Δ Citi -2 years	Δ Citi YTD	Δ Citi -3 mths	Citi Current	Δ Citi -2 years	Δ Citi YTD	Δ Citi -3 mths
Inc & Mobile												
Belgacom	1,679	(8.9%)	(3.2%)	(1.8%)	1.80	(20.6%)	(7.8%)	(4.6%)	2.18	(0.9%)	9.0%	14.7%
Bouygues	2,833	(25.5%)	(2.5%)	(2.5%)	2.26	(44.3%)	(6.7%)	(6.7%)	1.60	(12.4%)	23.1%	23.1%
BT	6,075	1.0%	1.4%	0.6%	0.257	7.6%	5.9%	2.3%	0.109	(31.0%)	0.0%	0.0%
DT	18,042	20.1%	4.0%	3.6%	0.85	(18.1%)	2.6%	1.2%	0.50	(41.2%)	0.0%	0.0%
Elisa	499	(2.3%)	(3.5%)	(3.1%)	1.28	(1.9%)	(7.2%)	(5.8%)	1.30	(9.2%)	(5.9%)	(1.2%)
FT	12,507	(15.1%)	(2.4%)	(0.9%)	0.97	(43.9%)	(3.7%)	(2.7%)	0.60	(57.1%)	0.0%	0.0%
KPN	4,095	(22.9%)	(7.4%)	(0.3%)	0.22	(73.6%)	(54.2%)	4.8%	0.00	n/a	n/a	n/a
Millicom	1,939	(4.3%)	(8.3%)	(3.5%)	5.28	(27.9%)	(18.1%)	(6.2%)	4.22	15.4%	(27.2%)	(16.6%)
Mobistar	419	(21.5%)	(7.7%)	(0.5%)	2.49	(34.0%)	(7.4%)	(1.0%)	1.80	(53.2%)	(33.3%)	0.0%
PT	2,216	(5.5%)	1.7%	1.9%	0.39	(54.1%)	(10.9%)	(8.1%)	0.33	(53.8%)	0.0%	0.0%
Swisscom	4,316	(9.8%)	(3.8%)	(3.8%)	33.0	(22.4%)	(9.8%)	(9.8%)	22.0	(18.2%)	(8.3%)	(8.3%)
TDC	9,955	n/a	(0.3%)	0.0%	3.67	n/a	(2.1%)	0.1%	3.70	n/a	0.0%	0.0%
Tel Austria	1,312	(14.9%)	0.0%	0.0%	0.35	(46.5%)	20.5%	20.5%	0.05	(89.1%)	0.0%	0.0%
Tel Italia	10,851	(10.4%)	(3.6%)	(0.9%)	0.110	(22.0%)	(10.1%)	(3.8%)	0.020	(76.9%)	(53.5%)	0.0%
Tele2	6,106	(51.2%)	(49.8%)	(45.3%)	5.09	(61.4%)	(58.9%)	(47.8%)	5.00	(55.4%)	(50.0%)	(50.0%)
Telefónica De	1,238	n/a	(5.8%)	(5.8%)	0.07	n/a	(47.6%)	(47.6%)	0.45	n/a	(10.0%)	(10.0%)
Telefónica	20,543	(8.4%)	7.3%	7.3%	1.21	(22.7%)	26.5%	18.4%	0.75	(56.5%)	50.0%	50.0%
Telenor	35,884	(4.6%)	2.2%	1.9%	9.49	(25.3%)	3.6%	3.5%	6.50	(15.4%)	17.3%	10.2%
TeliaSonera	35,245	(7.2%)	(2.2%)	(0.9%)	3.78	(22.5%)	(7.2%)	(3.6%)	2.95	0.8%	0.0%	0.0%
Vivendi	7,626	(11.2%)	(5.3%)	(5.3%)	1.68	(37.7%)	(9.7%)	(9.7%)	1.00	(31.1%)	0.0%	0.0%
Vodafone	13,193	(13.8%)	(1.6%)	(1.8%)	0.158	(17.1%)	(2.0%)	(2.5%)	0.102	(31.5%)	(0.1%)	(0.1%)
Weighted Average		(5.5%)	(1.3%)	(0.5%)		(23.3%)	(4.4%)	(2.4%)		(33.3%)	(3.1%)	0.8%
Cable												
KDG	938	2.7%	(7.0%)	0.0%	2.82	8.7%	(7.3%)	0.0%	4.00	100.0%	100.0%	0.0%
Liberty Global	6,827	38.7%	36.9%	0.3%	2.97	6.8%	174.2%	17.6%	0.00	n/a	n/a	n/a
Telenet	839	9.8%	1.3%	0.2%	0.87	(42.7%)	(25.2%)	0.3%	4.50	28.6%	n/a	(10.0%)
Ziggo	902	n/a	(1.5%)	(0.2%)	1.69	n/a	7.9%	8.0%	1.95	n/a	41.4%	(0.2%)
Zon	317	(13.8%)	0.0%	0.0%	0.15	(52.1%)	0.0%	0.0%	0.16	(27.3%)	0.0%	0.0%
Weighted Average		21.9%	18.5%	0.1%		(4.1%)	65.0%	8.0%		29.0%	34.0%	(0.8%)
Satellite												
Eutelsat	1,066	(7.5%)	(0.7%)	0.0%	1.67	(16.7%)	0.6%	0.0%	1.30	12.7%	0.0%	0.0%
Inmarsat	646	(23.7%)	(0.7%)	(0.7%)	0.50	(22.9%)	5.4%	5.4%	0.46	(6.4%)	3.0%	3.0%
SES	1,387	(5.0%)	(1.8%)	(1.8%)	1.41	5.3%	(0.8%)	(0.8%)	1.07	(2.5%)	0.2%	0.2%
Weighted Average		(9.1%)	(1.2%)	(1.0%)		(6.3%)	0.6%	0.4%		2.0%	0.6%	0.6%
Alts												
Colt	338	n/a	(1.3%)	(0.7%)	0.054	n/a	(20.2%)	(17.3%)	0.00	n/a	n/a	n/a
Freenet	359	14.1%	1.8%	1.8%	1.94	20.1%	1.6%	1.6%	1.50	55.0%	0.0%	0.0%
Jazztel	182	n/a	(18.2%)	(18.2%)	0.267	n/a	(33.5%)	(33.5%)	0.00	n/a	n/a	n/a
Sonaecom	231	6.4%	0.0%	0.0%	0.154	2.2%	0.0%	0.0%	0.050	n/a	0.0%	0.0%
TalkTalk	333	(5.6%)	(1.6%)	0.5%	0.170	(6.1%)	(2.6%)	0.8%	0.120	26.3%	0.0%	0.0%
Utd Internet	403	(9.4%)	(4.9%)	(2.7%)	1.07	(11.4%)	(9.9%)	(3.9%)	0.37	(22.5%)	(21.1%)	(3.9%)
Weighted Average		0.4%	(3.0%)	(2.0%)		2.3%	(6.5%)	(4.1%)		21.9%	(6.2%)	(1.2%)

Note: averages exclude Telefónica and Tele2

Source: dataCentral

Figure 4. Dividends paid and buybacks
€bn



Source: Company data, Citi Research estimates

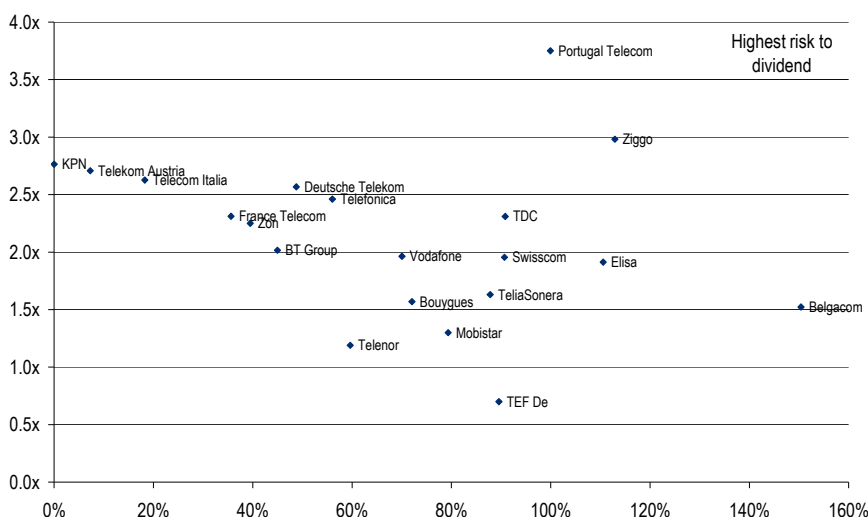
Dividend risk now largely priced in

Generally we think it likely that the market is up with events on the outlook for payouts from the larger stocks, although we still expect to see a cut at France Telecom which leaves us below consensus for 2013 DPS there. FT aside we see dividend risk as being largely reflected in the sector's stock prices.

On our estimates, payouts from European telcos in 2013 will be only just over half their level of two years before at €25.2bn vs €42.8bn (Figure 4).

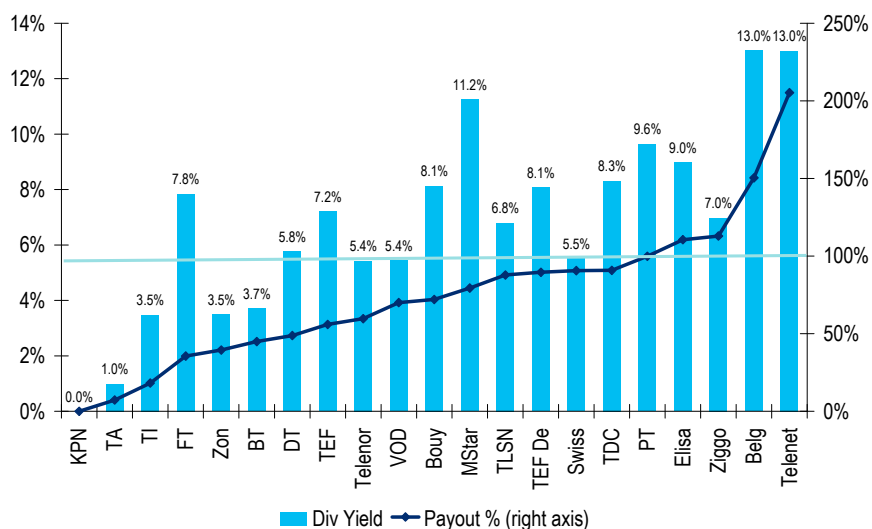
Figure 5. Payout ratios compared to gearing – 2013E

Net debt including unfunded pensions to EBITDA (y axis) vs dividend payout of FCF (x axis)



Source: dataCentral

Figure 6. Dividend yields compared to payout ratio of FCF, %



Source: dataCentral, Citi Research

European Commission: likely proposals

What we expect from Brussels

(1) Fibre broadband regulation

- Chance of approval: ✓✓

Single Digital Market provisions:

(2) Lowering infrastructure costs/open duct access

- Chance of approval: ??
- Risk: seen as regulatory overreach by Brussels

(3) Roaming

- Chance of approval: ✓?
- Risk: Nation states may prefer retaining existing regime. Complex to draft arbitrage protections for industry.

(4) Spectrum

- Chance of approval: ✓?
- Risk: seen as regulatory overreach by Brussels

(5) Passporting consumer rights

- Chance of approval: ✓?

What we do not expect from Brussels

No single regulator

No mandated MVNO obligation

No competition rules change

- In-country consolidation to be on a case-by-case basis

No regulatory holiday for fibre deployment

- UK/German model

As the European Commission prepares for probably its most important regulatory statement in telecoms for years politics appear to be getting in the way, the expectation (externally at least) of a June publication date has slipped and the mobile operators' lack of friends in Brussels may again cost the industry. The October deadline remains for this to reach the European Council. Overall, that the fixed incumbents are the winners is clear because of the already-published draft proposals on regulation of fast broadband, but Vodafone and the other ULL players appear to have won concessions on non-discrimination rules and a margin squeeze test to protect their businesses. Of the other initiatives, which are swept up under the all-things-to-all-men title of "Single Digital Market", it is not clear how many will survive the approval process.

Timing tight ahead of European Council in October

From our recent conversations with the Commission we understand that it has no plans to publish proposals before the end of June despite a fair amount of public expectation that it would. Given the tight timeframe before its proposals are presented to the European Council in October, we expect it to ask for some flexibility regarding the usual process for consultation and development of new plans.

Fixed broadband has had a suitably long gestation period, as have the infrastructure-sharing provisions intended to reduce the cost and increase the speed of deployment of fast broadband (which are nonetheless contentious). Other than those we expect a series of fairly modest measures rather than a big bang change, with a further tightening of mobile roaming thrown in as temptation to the Parliament to push the package through. As such, it may be that investors see the overall package as largely neutral for share prices, at least at first, although longer term we see the potentially constructive aspects of infrastructure-sharing and spectrum reform as more positive than any further loss of now much less meaningful roaming income.

Fixed broadband looks safe

We expect the measures to promote deployment of superfast broadband to broadly follow the path already defined by the Commission's December proposals and BEREC's response. A familiar regime should emerge with more generous terms for wholesaling of fast broadband but subject to non-discrimination (wholesale-must-offer on common terms), equivalence of input and a margin squeeze test for competitors, plus (less familiar) allowing inflationary wholesale pricing of ULL.

We expect this to be broadly positive for the incumbents, notably from here BT and DT, but this is not new news. Additionally, the reinforced protection for alternative operators should provide some better news for ULL players such as **United Internet, TalkTalk, Vodafone** and the smaller mobile operators.

Single market provisions

One area of concern for operators has been the somewhat vague rhetoric about a "single digital market" which is only now starting to take shape and could yet change from the current view that we can show here.

We see the single digital market provisions to come under four areas:

1. Lowering infrastructure costs/open duct access
2. Roaming
3. Spectrum allocation reform
4. Passporting consumer rights

At its worst “single digital market” sounds akin to mandated pan-EU MVNOs which could be a very negative development for the operators. However, we do not expect this to be the approach. The Commission’s aim to promote investment would not be consistent with that and also it is mindful of the overall balance between network and service provision.

At its worst a single digital market sounds akin to mandated pan-EU MVNOs and when combined with some of the comments about premium free roaming this has the potential to be damaging to mobile network operator businesses. However, this is not the Commission’s intention and it is mindful of the overall balance between network provision and investment as compared to pure service provision. Given its stated intention to help infrastructure investment in mobile it would be contradictory to impose MVNO obligations, directly or otherwise, especially given carriers support MVNOs on commercial terms already.

We expect measures to harmonise spectrum issuance which may reduce the political expediency of high auction fees, e.g. by spreading payments over time, which would be a long-term positive for the sector though too late to help with the 4G round. We also expect proposals for “passporting” of consumer rights legislation from a home country around the rest of the EU, and for sharing of infrastructure and reducing of administrative burdens in network deployment for both fibre and 4G.

Based on our recent conversations the Commission is not seeking a single European regulator; instead we expect it to focus on reinforcing mechanisms to ensure that its decisions are consistently applied. We also believe that it is conscious of the risk that a roaming premium of “nil” becomes a disguised version of a much broader policy (such as resellers homed on operators in low price countries arbitraging higher prices elsewhere).

Relaxing consolidation rules unlikely

The authorities have used spectrum auctions and competition policy to favour smaller operators, playing a role in allowing marginally economic operators to continue to disrupt markets when, in other industries, some might have failed, easing pricing and overcapacity. Competition authorities have imposed harsh remedies on consolidation, such as in Austria where mobile retail prices are anchored at internationally low levels by prescribed MVNO terms, introduced new players with effectively subsidised challenger business models, e.g. in France and the Netherlands, and gone to great lengths to support what they describe as “maverick” operators such as with the measures that helped 3UK at the time of the combination of Orange and T-Mobile in the UK.

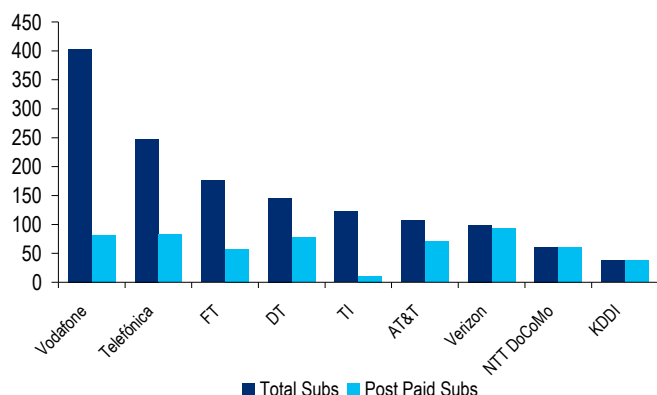
In practice though we do not expect competition rules to change with these proposals, which are in any case under a different purview within the Commission. Consolidation probably has the most immediate potential to help the mobile operators but we believe that a broad change to competition rules is highly unlikely. The competition authorities might soften interpretation but this will probably not be publicly evident until it is tested in action. Such a test could come from Italy where the owner of fourth player 3 Italia, Hutchison Whampoa, says it is open to strategic options. However, a consolidation move in Spain fell down on price even before it could reach an announcement stage, in no small part due to the bidders factoring into their offer prices the remedies required in Austria.

Scale as a factor and cross-border mergers

One angle pursued by the Digital Agenda directorate is an apparent desire for European operators to build larger scale. Neelie Kroes wrote in her blog of 15 March 2013 that telcos need to be scale players "organising their operations to serve an EU-wide market, and can't reach the size and scale needed to invest, innovate and compete globally".

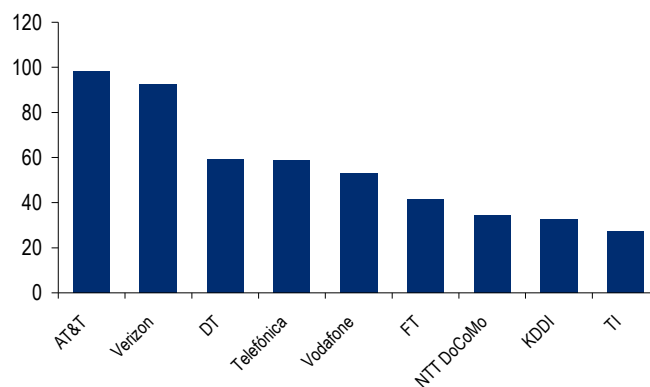
We find this logic questionable despite some operators nodding in its direction, perhaps in an attempt to achieve in market consolidation by another route (a perspective that the Commission is conscious of as press reports indicate). In fact Europe already has amongst the largest operators in the world, and certainly the most multinational, drawing their scale as they do from within the EU and beyond (Figure 7). The issue they face relative to other markets is pricing in their home markets, and not lack of scale (Figure 8).

Figure 7. By mobile customers, five European operators are larger than all the US players, though only including prepay, million customers



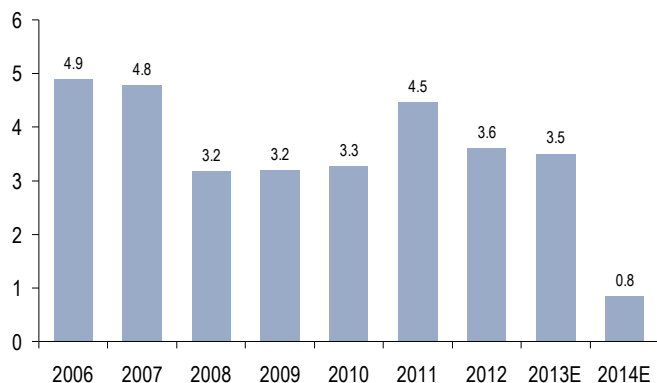
Source: Citi Research Estimates

Figure 8. US carriers are larger by revenue due largely to stronger domestic pricing, but there are three Europeans >€50bn pa, €bn 2013E



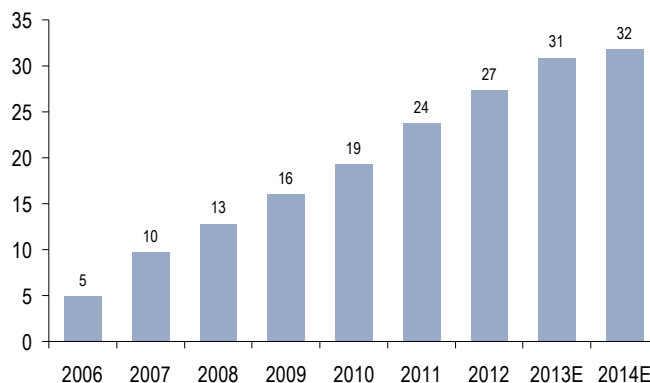
Source: Citi Research Estimates

Figure 9. Revenue headwind per year due to MTR cuts (based on 1Q13 traffic volumes), €bn, year to Dec



Source: Company Reports, NRAs, Citi Research

Figure 10. Cumulative European mobile service revenue lost from MTR cuts, 2005 onwards, €bn, year to Dec



Source: Company Reports, NRAs, Citi Research

Role of falling MTRs in undermining industry economics

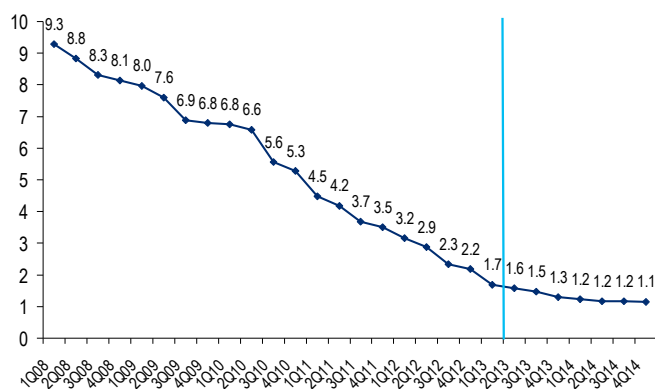
The steady drag on the industry's revenues has in large part been due to falling mobile termination rates (Figure 11), mandated by national regulators in the past and more recently by the Commission. For Western Europe we estimate the cumulative reduction in revenue due to MTR cuts since 2005 at €32bn – leaving it 22.5% lower than it otherwise would have been – with an EBITDA impact of just under €10bn – a 21% reduction (Figure 10).

The Commission's decision to exclude shared costs and overheads from the calculation of MTRs looks more contentious now that it is concerned about falling investment.

The Commission's decision to exclude shared costs and overheads from the calculation of MTRs, in order we believe simply to make them lower, looks more contentious now that it is concerned about falling investment, which looks to us to be partly as a result. While the academic thinking was that the industry could recover the lost revenue from higher outbound pricing, this has not proven to be the case in practice. The Commission is now in dispute with the German regulator which has refused to implement this harsher method of calculation, pointing out that the Commission has not done the same for its latest ruling on ULL rates for example, albeit Germany saw MTRs fall quite sharply nonetheless.

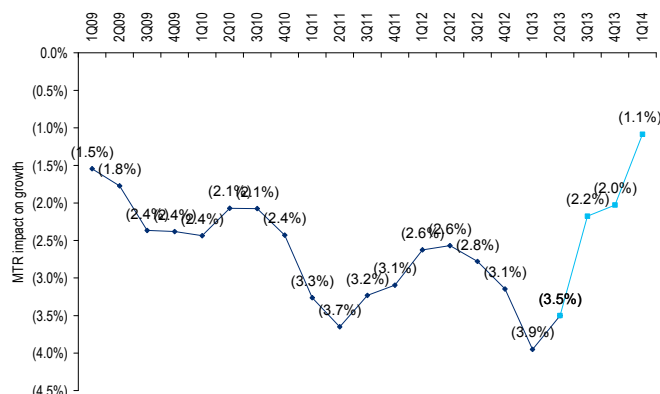
The revenue headwinds from mobile termination rate cuts reached their peak in 1Q13 and should reduce through 2013 (Figure 12) since MTRs in general have now reduced to below 2 euro cents.

Figure 11. European average mobile termination rates, €/min



Source: Company Reports, NRAs, Citi Research

Figure 12. MTR cut impact on yoy service revenue growth (%)



Source: Company Reports, NRAs, Citi Research

What is a Single Digital Market

We see the label “Single Digital Market” as a convenient moniker for a range of initiatives which conveys suitable enthusiasm for the single market ideals while also being malleable. In practice we see the proposals under this title, with the possible exception of roaming, being useful if not particularly life changing for the industry or consumers. It has some political momentum – the European Council said in its March statement that it “notes the Commission’s intention to report well before October on the state of play and the remaining obstacles to be tackled so as to ensure the completion of a fully functioning Digital Single Market by 2015, as well as concrete measures to establish the single market in Information and Communications Technology as early as possible”.

Measures to reduce infrastructure cost and expedite deployment

The Commission is attempting to scale up existing best practices in infrastructure-sharing in the EU with the worthy aim of reducing cost and increasing the pace of deployment of fibre broadband networks and 4G cellular. This has the potential to accelerate deployment of fast broadband and broaden it into previously uneconomic areas.

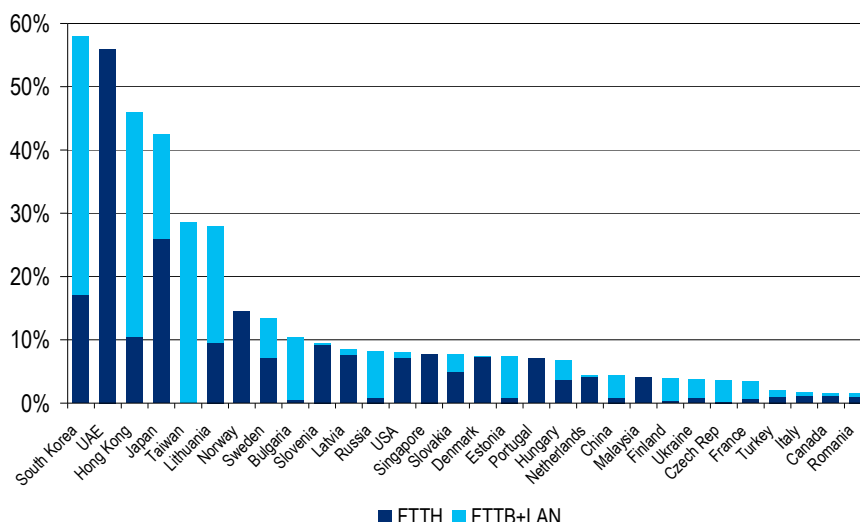
We discussed this in detail in our report [Towards an Open Duct Future](#), 26 February 2013, which predated the Commission’s cautiously-written regulation proposal on “measures to reduce the cost of deploying high-speed electronic communications networks” (26 March 2013).

The Commission cites best practice examples such as:

- Re-use of existing physical infrastructure in Lithuania and Portugal (duct, pole, tower sharing etc);
- Transparency of existing infrastructure in Belgium and Germany (mapping, surveys);
- Co-deployment in Finland and Sweden;
- Streamlining of rights of way and administrative procedures in the Netherlands and Poland;
- High-speed broadband infrastructure in new buildings in Spain and France.

Civil engineering costs constitute the dominant part in overall network deployment costs and can be as high as 80% for some technologies according to the Commission. Analysys Mason estimates cost savings in the range of 29-75% from deploying a network using existing passive infrastructure (e.g. ducts) rather than new digging. Taking all the inputs into account the Commission cites 20-30% savings in capex or up to €63bn cumulatively by 2020. Its proposal is for a regulation to promote cross sector co-operation which would set minimum standards in a number of areas but allow member states to go further where they wish.

Figure 13. Penetration of broadband via fibre to the home and fibre to the building + LAN
Lithuania has the highest % household penetration in Europe, end-2011



Source: FttH Council Europe

Even if there are some among the incumbents who object to the opening of their ducts to competitors, there is merit in our view in having common standards across Europe in these areas. Not only that, but we believe that the operators should be careful what they wish for – the greater monopolisation of the access network that is being tolerated to incentivise deployment of fast broadband could lead to a return of more intrusive regulation in the long run. Open access to passive infrastructure is one way to head that off, as well as to promote an eventual move to fibre to the building for those markets that do not make that investment now.

The clerk of the UK House of Commons has written to the President of the European Council arguing that the proposed regulation meets neither the procedural nor subsidiarity tests needed for a regulation.

Nonetheless, the Commission has a tricky balance to strike in a number of ways. Regulators must price duct rental so as to both incentivise fibre deployment while not discouraging new duct build where it is needed. Most immediate though is the challenge to the regulation from those arguing that the EC is over-extending its remit. The clerk of the UK House of Commons wrote a letter to the President of the European Council on 22 May, directed by a resolution which it had passed, arguing that the proposed regulation meets neither the procedural nor subsidiarity tests needed for a regulation.

Next step-up in roaming regulation maybe not enough

There appears to be a whiff of political expediency in the latest rhetoric about roaming which we see partly as bait to achieve Parliamentary support for the broader package given the limited legislative time remaining. The current regime established in 2012 applies price caps until mid-2017 (with two more turns of the crank in July 2013 and July 2014) and the right to select a third party carrier for roaming from July 2014 until at least 2022. While we expect this regime to be revised, the market solution of establishing a third-party option for customers wanting to split roaming from domestic calling will likely remain.

We believe that the Commission recognises that the roaming measures must not be a disguised version of a much broader policy.

Crucially, the Commission accepts that it must protect network operators from arbitrage by companies using low-priced countries as a base to project a notionally domestic service offering into other EU countries using regulated wholesale roaming prices. This would undermine rather than enhance the investment that the EU says it wants. We believe that the Commission recognises that the roaming measures must not be a disguised version of a much broader policy.

The option of choosing a third-party carrier just for roaming from next summer will work like Carrier Pre-Select in the wireline voice world. For example a multinational company will be able to use O2 in the UK and DT in Germany for its domestic mobile but may be able to choose BT for its pan-European roaming. Consumers could, for example, choose their fixed line provider or a pan-European MVNO to carry their roaming calls. However, a harsher pricing regime, as envisaged by some of the “no more roaming” rhetoric from Mrs Kroes, could mean that the cellular operators will largely price out the opportunity for third parties, undermining the rationale behind market entry. We expect a compromise that maintains the market-based solution of competitive third-party carriers, but quite how this is achieved is not clear.

Regulation of roaming prices began in 2007, but the current regime started in 2012 and although the final rate reduction comes in July 2014, the price caps remain in force until summer 2017. In addition, **from summer 2014 it requires that customers can select another operator for roaming vs their domestic mobile provider**. The regulation for retail customers currently requires:

- **Outbound voice call rates** of no more than 24 euro cents per minute by July 2013 and 19 cents by July 2014 billed per second after the first 30 seconds. Wholesale price capped at 10c then 5c.
- **Inbound voice call rates** of no more than 7 euro cents per minute by July 2013 and 5 cents by July 2014 billed per second. Wholesale rates 10c and 5c. Wholesale price capped at the prevailing local MTR rate.
- **Outbound text pricing** of no more than 8 euro cents per text by July 2013 and 6 cents by July 2014, with **all inbound texts** free. Wholesale price capped at 2c throughout.
- **Data roaming rates** of no more than 45 euro cents per megabyte by July 2013 and 20 cents by July 2014 billed per kilobyte. Wholesale price capped at 15c then 5c.

While tougher intervention on roaming is pretty much guaranteed to receive support from the European Parliament, this time around some nation states may argue that the current arrangement is adequate. In practice though we expect a premium for roaming to remain in some form, with the price cap likely tightened further from 2015 and the measure to support third-party roaming providers retained.

Spectrum harmonisation

We expect the Commission to propose an overarching framework for spectrum assignment by European countries to make it more consistent across boundaries and create a more predictable, rational and investment supporting environment. The Commission wants to align a number of factors including auction structures, issuance procedures, licence obligations and durations, start dates.

The Commission’s “Wireless Action Plan” is partly intended to protect the industry from short-term political expediency of auctions that can be structured to maximise immediate cash inflow to national treasuries. This should eliminate certain auction

structures including single-round sealed-bids where bidders have no visibility of what others have bid. Also we expect proposals to smooth payments over time, reducing the political instant gratification of the auction receipts arriving in one go immediately after completion.

Long term this could be constructive for the industry but in the immediate aftermath of the 4G spectrum issuance from almost all of the EU countries it is hard to see this having a material impact for a number of years. It is, though, potentially helpful for upcoming renewals of some 2G spectrum which are still to come and, in due course, potentially 700MHz spectrum. Perhaps the most important implication is for valuations as the European sector may react positively to the prospect of a more consistent and predictable spectrum regime, most important for Vodafone and the smaller mobile players such as O2 Germany, Bouygues and Mobistar.

Passporting not as threatening as it sounds

Roberto Viola, DG Connect deputy director general, says the Commission wants "citizens and companies to enjoy high speed broadband and wireless everywhere" (MLex, 26 April 2013) and that "if a company holds a 'passport' to offer services, it is valid everywhere in Europe".

The Commission is mindful of the overall balance between network provision and investment and service provision.

This seems to open up the possibility of every operator in Europe automatically becoming an MVNO on every other, entitled to regulated, cost-based access to each others' networks. Such a model would significantly undermine incentives for both network investment and cross-border consolidation. However, this is a scenario which the Commission is seeking to avoid – it is mindful of the overall balance between network provision and investment on the one hand and service provision on the other.

We expect the Commission's proposals here to draw from single market banking provisions and give operators the right to use home market regulations in certain areas and "passport" them across other EU countries. Operators can choose a home domicile and apply its consumer rights and data protection rules, for example, to simplify its pan-European offerings, closing the gaps with some of the Over-The-Top players who do this by default already.

Carriers would nominate a home country domicile for oversight and all of its EU operations could then operate under that country's rules for matters such as consumer protection, privacy and data security and new areas emerging as the internet gets more pervasive. Indeed, this is an attempt to put the telcos on a similar platform to the OTT players like Google which generally deal with one set of rules.

This risks forum shopping by the operators and may be quite contentious for the nation states to accept.

This looks quite hard to implement, and risks forum shopping by the operators to get the easiest standards to apply. It may also be quite contentious for the nation states to accept, especially given a less than resounding immediate benefit. However, once in place the passport concept could act as an entry point to harmonise other rules that pan-European operators come up against as a function of operating across borders in the EU.

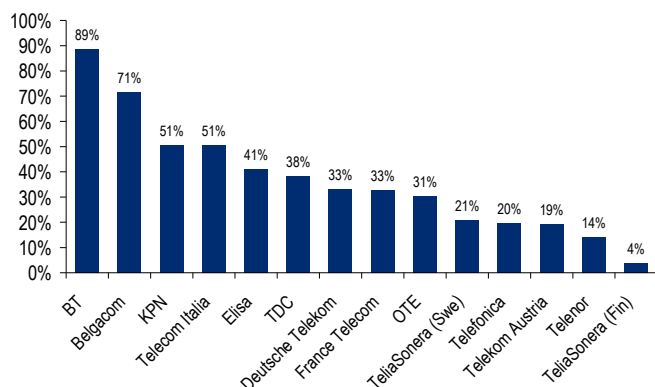
Superfast broadband regime on track

Helpfully, the regulation of fibre broadband is now a reasonably clear-cut element. Regulators have levers that they can influence, most obviously wholesale prices, and there are large scale, successful case studies of the regulatory model in the Netherlands, Belgium and the UK among others. As a reminder the Commission has set twin targets for Superfast broadband to be achieved by 2020. These are (1) availability of download speeds of at least 30Mbps for 100% of homes and businesses, and (2) take-up of 100Mbps downlink speeds to be 50% or more. Of these two (1) seems to us to be sound while (2) envisages 100Mbps being the entry level, mass market price point which at this point seems challenging.

While the incumbents would be the big winners from a regime that allows them to retain the premium returns from fibre investment, we expect competition to be protected. **Our recent conversations with the industry suggest competitors expect to get the protections they want** in firm anti-discrimination measures and a margin squeeze test.

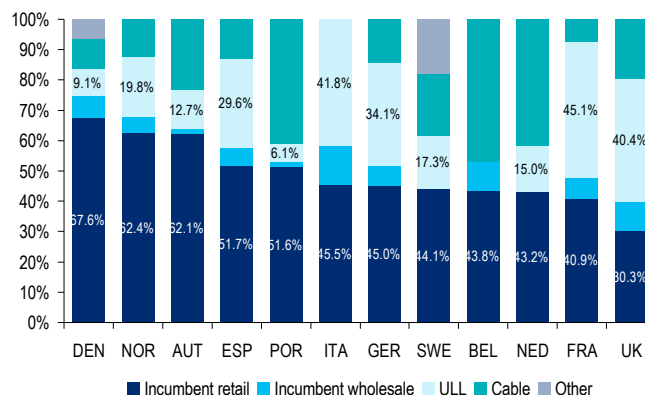
The impact on the different operators concerned comes down to the weight of domestic fixed EBITDA in the group overall (Figure 14) and the mix of customers on the network. As the incumbents' share of household ARPU is higher for wholesale fibre than it is for ULL, carriers with a higher proportion of customers on ULL should see the greatest benefit to revenue and earnings, ex any increase in retail market share that they can achieve. This points to BT and DT, potentially TI.

Figure 14. Proportion of group EBITDA from domestic fixed line
% of group EBITDA



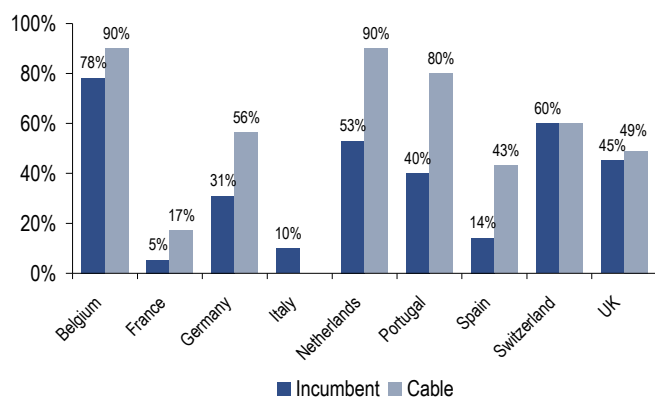
Source: Company Reports and Citi Research Estimates

Figure 15. Mix of broadband by connection type, 4Q12
% of broadband connections



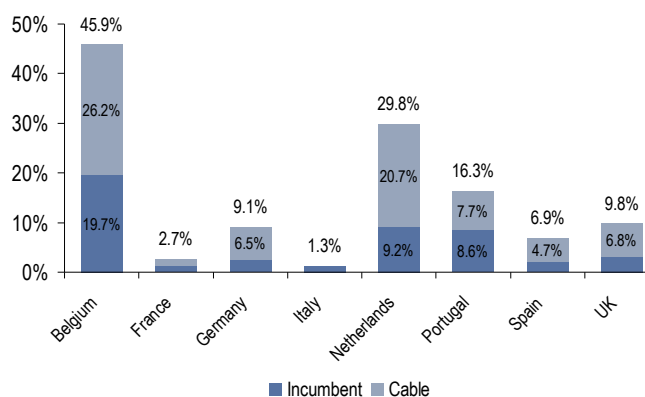
Source: Company Reports and Citi Research Estimates

Figure 16. Superfast broadband availability, latest quarter
% of households with >30Mbps available



Source: Company Reports and Citi Research Estimates

Figure 17. Superfast broadband penetration, latest quarter
% of households at >30Mbps



Source: Company Reports and Citi Research Estimates

In Germany legacy hindrances are being removed and with the recent addition of Vodafone the vast majority of the ULL industry has now signed up for DT's Kontingent-Modell wholesale framework for FTTC. After a slow start the UK has recently seen wholesale fibre connections reach 300k with a pick-up in the pace of connections. By contrast the regimes in Spain and Portugal have received criticism from smaller competitors for not ensuring non-discriminatory access. These may be among those most affected by the introduction of the Commission's regulatory framework in January.

Some brief definitions:

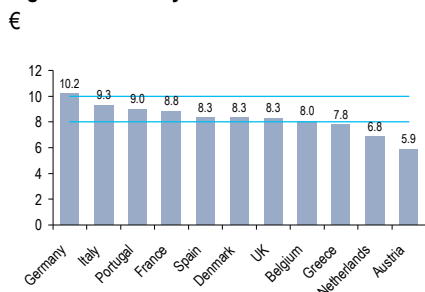
- **Equivalence of Inputs** means provision of services (and information) to alternate carriers and to the downstream (retail) businesses of the incumbent on the same terms and conditions (including price and quality of service levels), on the same timescales and using the same systems and processes. This can encompass ancillary services as well as the main access product. BT's Openreach is an example of this in practice.
- **Equivalence of Output** is less onerous on the incumbent and means provision of wholesale inputs to alternate carriers with comparable functionality and price to those provided to its retail business but not necessarily using the same systems and processes. This is sometimes applied when equivalence of inputs would be disproportionately costly, for example, such as when it requires creating a new system for a low revenue service or one with limited remaining market life.
- **Margin Squeeze Test** a regulatory measure intended to establish whether a competitor can economically replicate an incumbent's service by examining whether the difference between the price charged to alternate carriers by the incumbent's wholesale arm and the price which the retail arm charges in the market is sufficient to allow an "equally efficient operator" (though perhaps with lower scale, say) to obtain a normal profit.

Inflationary ULL prices and favourable wholesale terms

The Commission set out the broad terms for the regulation of fixed line copper and fibre local networks from 2014-2020 in June 2012, and followed that with more detailed proposals in December to which BEREC responded with a generally supportive statement arguing for more flexibility to support alternative operators. BEREC supports reserving powers for national regulators to ensure non-discrimination obligations are effective saying that "ex ante economic replicability tests may be needed to prevent abusive pricing behaviour by dominant operators". The key components of the announcement are:

- **Full ULL rental price to rise with inflation from an €8-10 target range** out to 2020. Principal beneficiaries would be incumbents in Austria, Netherlands and Belgium, which have a case for higher wholesale prices to take to their regulators (Figure 18).
- **Non-discrimination, not cost plus, to be the basis for regulating wholesale local fibre** which equates to wholesale must offer obligation at the same "retail minus" level for all, and is already the practice in some countries like the UK.
- **Framework for regulatory intervention** to be "equivalence of input" between an incumbent's retail division and its competitors, and a margin squeeze test to ensure that the retail minus wholesale pricing accommodates competition.

Figure 18. Monthly ULL rentals



Source: NRAs, Citi Research

Quarterly Sector Trends

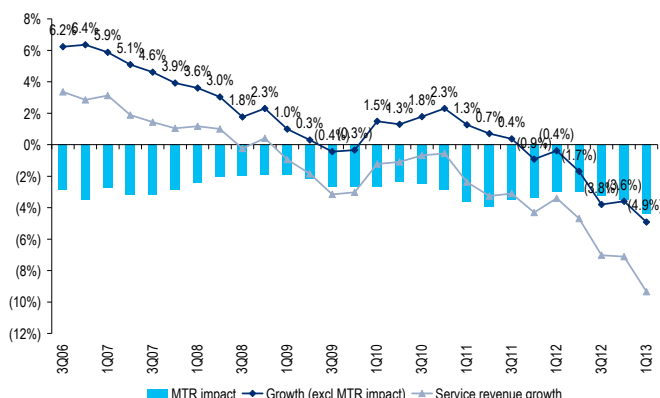
Mobile Trends

As expected European mobile service revenue decline worsened further in 1Q13 to -9.3% from -7.1% 4Q12. This was partly driven by the headwind from MTR cuts increasing to -4.4ppts in 1Q13 from -3.5ppts 4Q12. In addition the underlying decline (ex-MTR cuts) worsened from -3.6% 4Q12 to -4.9% 1Q13.

This underlying worsening was partly due to fewer working days in 1Q13 than in 1Q12 due to lapping the leap day in 2012 and from Easter falling in Q1 this year, rather than Q2 in 2012. In addition we saw an increase in price competition in France, Belgium, Finland and Italy.

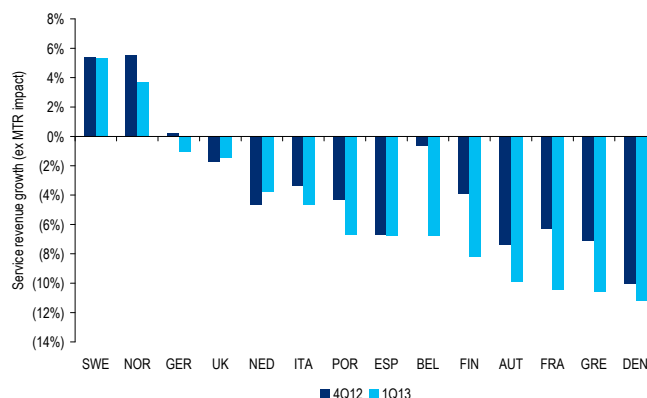
However minutes growth in 1Q13 was actually similar to 4Q12 at 1%, therefore the underlying decline was predominantly driven by price rather than fewer minutes, or a mix shift to lower price traffic.

Figure 19. European mobile service revenue excluding mobile termination rate cuts



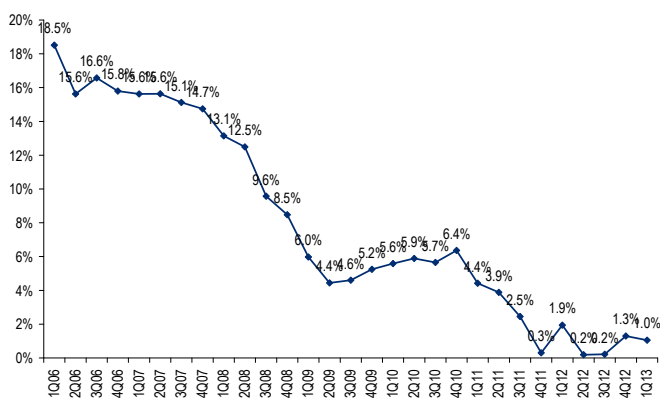
Source: Company reports, Citi Research

Figure 20. Mobile service revenue growth excluding the impact of mobile termination rates by country



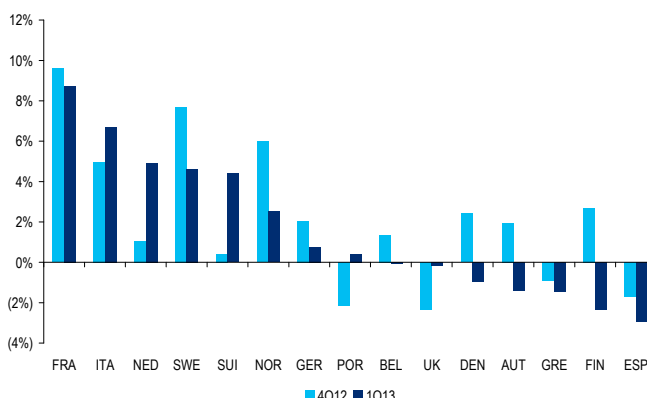
Source: Company reports, Citi Research

Figure 21. European mobile minutes growth



Source: Company reports, Citi Research

Figure 22. European mobile minutes growth by country

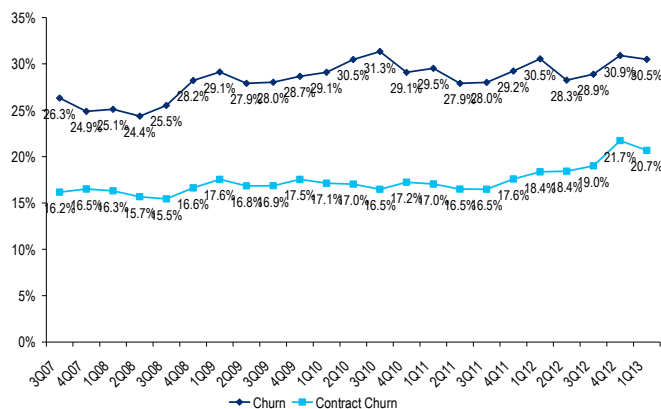


Source: Company reports, Citi Research

Churn stops rising

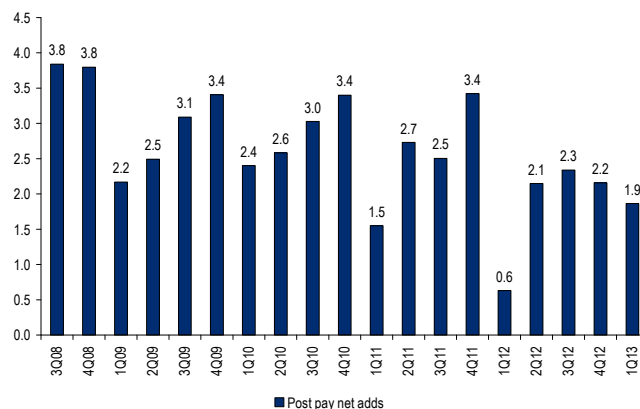
Contract churn fell in 1Q13 after rising significantly in 4Q12; this in turn helped post-pay net adds deliver 1.9m, a good number for what is a seasonally low quarter.

Figure 23. European mobile churn and contract churn



Source: Company reports, Citi Research

Figure 24. European post-pay net adds

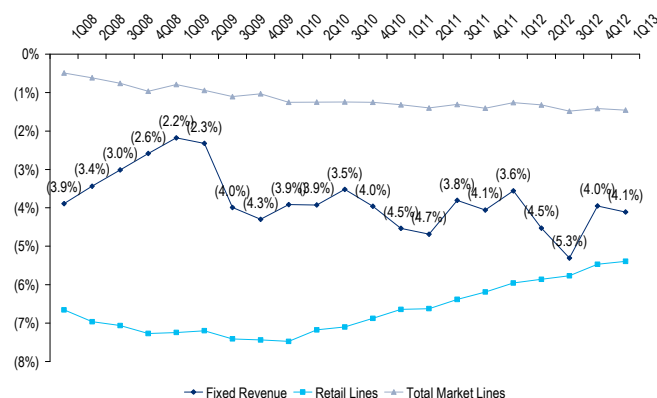


Source: Company reports, Citi Research

Fixed Line Trends

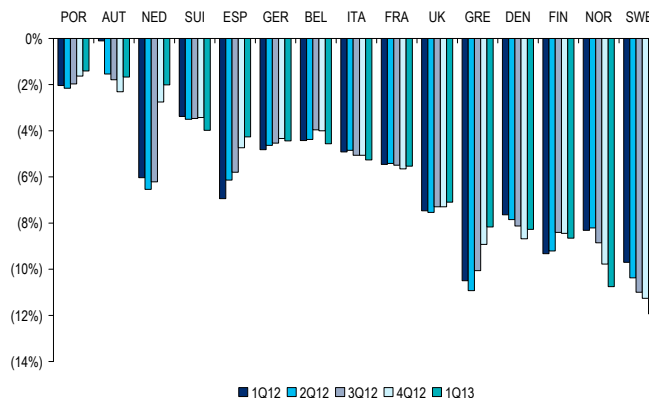
Incumbent fixed revenue decline remained at c.-4% in 1Q13, similar to 4Q12. Retail line loss continued to improve. Broadband net adds were lower as penetration reaches saturation; net adds were 1.1m 1Q13 vs 1.3m 1Q12. Cable operators continue to gain share in Germany, Netherlands and Belgium.

Figure 25. European sector fixed incumbent revenue decline and line loss



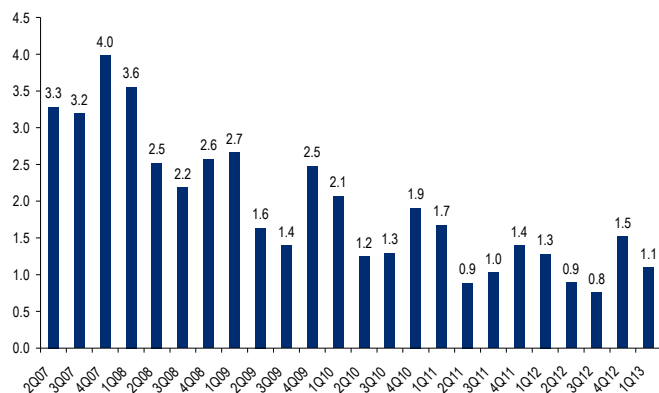
Source: Company reports, Citi Research

Figure 26. Incumbent retail line loss



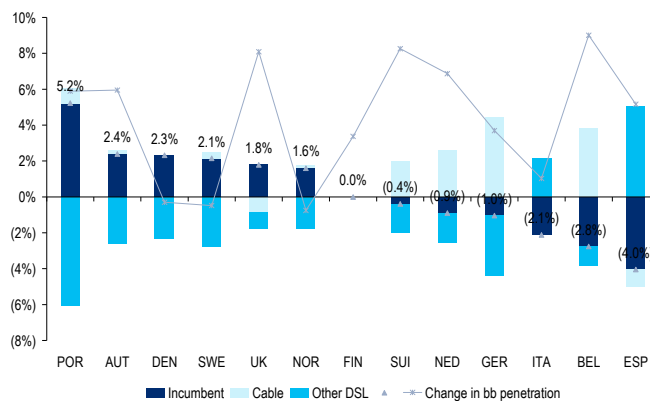
Source: Company reports, Citi Research

Figure 27. European broadband net adds



Source: Company reports, Citi Research

Figure 28. Change in incumbent broadband market share over last 2 years



Source: Company reports, Citi Research

Telecoms Peer Multiples

Figure 29. European Telecom Comparative Valuation (Prices at 5 June 2013)

Company Name	RIC Code	Rating	Share Price	Target			MV (€bn)	Minos/ (Assoc)	EV (€bn)	EV/EBITDA			EV/OpFCF			Underlying P/E			FCF Yield to Equity			FCF Yield to Firm			Dividend Yield		
				Price	Upside	ETR				2013E	2014E	2015E	2013E	2014E	2015E	2013E	2014E	2015E	2013E	2014E	2015E	2013E	2014E	2015E	2013E	2014E	2015E
Incumbents/Wireless																											
Belgacom	BCOM.BR	Neutral	16.75	17.70	3.8%	16.6%	5.8	0.0	7.9	4.6	4.8	4.8	9.9	10.4	10.4	9.3	10.0	10.1	8.6%	8.3%	8.6%	7.5%	7.2%	7.3%	13.0%	11.8%	10.9%
Bouygues	BOUY.PA	Neutral	19.67	21.00	5.8%	13.9%	6.3	(2.1)	8.4	3.0	2.9	2.7	8.9	5.7	5.2	8.7	7.5	7.0	11.3%	20.0%	20.3%	10.4%	17.0%	17.9%	8.1%	8.1%	8.0%
BT Group	BT.L	Neutral	2.94	3.00	(1.1%)	2.2%	28.1	(0.1)	41.1	5.9	5.8	5.5	9.9	9.7	8.9	11.4	10.7	9.9	8.3%	9.1%	10.2%	6.9%	7.4%	8.5%	3.6%	3.9%	5.3%
Deutsche Telekom	DTEGn.DE	Neutral	8.67	9.50	8.6%	16.7%	37.8	0.2	81.7	4.7	4.5	4.4	9.5	9.0	8.5	10.3	10.4	10.0	11.7%	11.6%	12.2%	6.1%	6.6%	7.4%	5.8%	5.6%	5.4%
Elisa	ELI1V.HE	Neutral	14.49	14.50	0.1%	9.0%	2.4	0.0	3.3	6.5	6.2	6.1	11.6	10.3	9.6	11.3	10.7	10.4	8.1%	9.4%	10.1%	5.6%	6.5%	7.1%	9.0%	9.0%	9.2%
France Telecom	FTE.PA	Sell	7.66	7.00	(8.1%)	(1.6%)	20.2	0.2	51.4	3.9	4.0	4.0	7.3	7.5	7.4	7.9	8.5	8.6	20.7%	17.4%	17.0%	9.2%	8.9%	9.1%	7.8%	7.7%	10.2%
KPN	KPN.AS	Neutral	1.39	1.70	16.4%	16.4%	6.2	0.0	19.5	4.3	4.3	4.4	9.3	10.7	10.7	7.4	7.9	9.2	12.2%	11.8%	10.8%	8.0%	7.1%	7.2%	0.0%	0.0%	1.8%
Millicom	MICsdb.ST	Buy	515.00	645.00	25.2%	28.5%	5.7	1.2	8.4	6.5	6.1	5.8	16.2	11.1	9.9	14.8	14.3	12.7	2.1%	5.9%	7.4%	3.3%	6.1%	7.0%	5.4%	6.3%	7.9%
Mobistar	MSTAR.BR	Neutral	16.01	19.00	16.0%	27.0%	1.0	0.0	1.4	3.6	3.8	3.9	6.7	7.5	7.8	6.4	7.7	8.0	14.2%	13.1%	12.7%	9.7%	9.0%	8.6%	11.2%	11.5%	11.8%
Portugal Telecom	PTC.LS	Buy	3.38	5.00	47.2%	56.8%	3.0	(0.5)	11.1	4.8	4.5	4.2	12.8	10.1	8.8	9.4	7.7	6.5	9.6%	15.6%	19.9%	4.8%	6.9%	8.0%	9.6%	9.7%	10.0%
Swisscom	SCMN.VX	Neutral	400.00	420.0	4.6%	10.1%	16.9	0.0	23.9	6.9	6.9	6.9	16.2	16.4	16.2	12.5	12.7	12.6	6.1%	5.8%	5.7%	4.5%	4.4%	4.5%	5.5%	5.3%	5.4%
TDC	TDC.CO	Neutral	44.50	42.0	(5.6%)	3.6%	4.8	0.0	7.9	5.9	6.0	6.1	9.2	9.6	9.8	12.4	13.0	13.4	9.2%	8.5%	8.6%	7.6%	7.5%	7.5%	8.3%	7.7%	7.7%
Tele2	TEL2b.ST	Buy	80.00	100.00	25.0%	31.3%	4.2	0.0	6.0	7.4	6.8	5.9	683.5	16.0	11.4	15.7	17.6	12.9	(2.3%)	5.4%	8.2%	(1.4%)	4.4%	6.4%	6.3%	11.6%	12.5%
Telecom Italia	TLIT.MI	Neutral	0.58	0.75	27.3%	30.7%	10.7	5.6	46.6	4.1	3.9	3.7	7.6	6.6	6.3	5.0	5.1	5.1	20.7%	27.5%	25.9%	8.0%	10.4%	10.8%	3.5%	3.3%	3.1%
Telecom Italia Savers	TLITn.MI	Neutral	0.46	0.65	38.2%	44.8%	10.7	5.6	46.6	4.1	3.9	3.7	7.6	6.6	6.3	4.0	4.0	3.8	25.9%	35.4%	34.4%	8.0%	10.4%	10.8%	6.7%	6.6%	6.4%
Telefonica	TEF.MC	Neutral	10.40	10.00	(5.5%)	(3.2%)	48.2	5.4	109.0	5.0	5.1	5.0	8.6	9.0	8.8	8.6	9.6	9.5	12.8%	12.0%	12.4%	8.2%	7.9%	8.2%	7.2%	7.1%	7.0%
Telefonica Deutschland	OZDn.F	Neutral	5.57	6.50	17.1%	25.2%	6.2	0.0	7.1	5.7	5.8	6.1	11.8	12.6	8.5	78.1	63.6	46.5	8.7%	8.1%	13.2%	8.1%	7.6%	11.7%	8.1%	8.0%	7.9%
Telekom Austria	TELA.VI	Buy	5.08	7.50	48.2%	49.2%	2.2	0.0	5.4	4.4	4.3	4.1	11.9	11.2	10.5	14.5	13.0	9.9	13.5%	9.7%	10.2%	8.0%	7.0%	7.2%	1.0%	4.9%	5.1%
Telenor	TEL.OL	Neutral	120.90	130.00	7.1%	12.0%	24.9	1.4	31.9	6.7	6.3	6.1	10.8	9.6	8.9	12.6	11.2	10.8	9.0%	8.7%	9.1%	6.4%	7.3%	7.8%	5.4%	6.1%	6.4%
TeliaSonera	TLNS.ST	Sell	43.66	38.50	(11.8%)	(5.3%)	21.9	(4.1)	25.3	6.3	6.2	5.8	10.9	10.0	9.0	11.6	10.9	10.3	7.7%	7.8%	8.6%	6.3%	6.9%	7.8%	6.8%	6.3%	6.8%
Vivendi	VIV.PA	Neutral	14.88	16.40	9.3%	15.9%	19.9	11.2	45.6	5.9	5.4	5.0	11.1	9.5	9.0	8.9	8.0	7.6	9.6%	10.6%	10.8%	5.1%	6.7%	7.0%	6.7%	6.6%	6.4%
Vodafone	VOD.L	Buy	1.88	2.15	13.2%	18.6%	108.7	(69.3)	68.1	4.5	4.6	4.5	8.2	8.5	8.1	11.9	11.5	11.1	7.9%	9.0%	9.8%	6.3%	5.9%	6.3%	5.4%	5.2%	5.1%
Weighted average										5.1	5.1	4.9	16.7	9.3	8.8	11.5	11.2	10.5	10.5%	11.3%	11.9%	6.7%	7.1%	7.7%	6.0%	6.0%	6.2%
Cable & Satellite																											
Eutelsat	ETL.PA	Buy	23.10	29.00	24.1%	29.0%	5.1	0.0	7.7	7.6	7.4	7.2	18.5	14.1	12.2	14.2	14.3	13.7	2.2%	4.7%	6.6%	2.6%	4.2%	5.3%	5.3%	5.8%	6.2%
Inmarsat	ISA.L	Sell	6.15	5.60	(9.2%)	(4.7%)	3.3	0.0	4.4	9.4	9.2	8.9	112.6	16.5	13.7	18.5	19.1	17.7	(2.9%)	3.7%	6.2%	(0.7%)	4.5%	5.7%	4.8%	4.8%	4.8%
SES	SESfd.PA	Buy	22.57	26.50	17.1%	21.8%	9.2	0.0	13.2	9.4	9.5	10.1	16.9	14.6	15.4	16.0	15.2	17.0	5.7%	6.9%	6.3%	4.8%	5.7%	5.1%	4.7%	5.0%	5.3%
Kabel Deutschland	KB8Gn.DE	Neutral	72.42	70.00	(4.1%)	(2.1%)	6.5	0.0	9.2	10.2	9.9	9.7	29.4	27.9	21.0	25.0	24.5	23.0	0.9%	1.3%	2.5%	1.9%	1.8%	2.9%	5.0%	5.4%	5.7%
Liberty Global	LBTYA.O	Buy	72.60	88.00	21.2%	21.2%	13.9	0.0	33.2	10.0	8.1	7.9	16.2	12.8	12.7	29.7	18.8	17.2							0.0%	0.0%	0.0%
Telenet	TNET.BR	Buy	34.60	38.60	11.0%	33.7%	4.0	0.0	7.1	9.3	8.8	8.5	14.3	13.3	12.8	39.9	32.3	26.4	6.3%	6.9%	7.3%	5.1%	5.3%	5.4%	13.0%	12.0%	9.3%
Ziggo	ZIGGO.AS	Buy	27.99	29.00	3.5%	10.1%	5.6	0.0	8.5	9.2	9.3	9.0	14.1	13.6	12.7	16.5	15.8	15.0	6.2%	6.6%	6.7%	5.9%	5.7%	6.2%	7.0%	14.0%	7.8%
Zon	ZON.LS	Neutral	3.43	3.00	(12.2%)	(8.7%)	1.1	0.0	1.8	5.6	5.6	5.5	11.2	11.5	11.2	22.2	21.8	19.0	8.9%	8.0%	7.8%	6.7%	6.4%	6.4%	3.5%	3.3%	3.1%
Weighted average (satellite)										8.8	8.8	9.0	17.5	14.8	14.2	15.9	15.6	16.1	3.1%	5.7%	6.4%	3.1%	5.0%	5.3%	4.9%	5.2%	5.5%
Weighted average (cable)										9.7	8.7	8.5	18.1	16.1	14.4	27.4	21.3	19.2	4.4%	4.8%	5.4%	4.2%	4.2%	4.8%	4.1%	5.3%	3.9%
Alternative carriers																											
Colt	COLT.L	Buy	1.04	1.50	44.9%	44.9%	1.1	0.0	0.8	2.5	2.7	2.7	129.4	50.7	19.3	22.5	21.8	19.5	(2.6%)	1.1%	3.4%	(3.4%)	1.4%	4.5%	0.0%	0.0%	0.0%
Freenet	FNTGn.DE	Buy	16.96	21.00	23.6%	32.5%	2.2	0.0	2.7	7.3	7.2	7.0	8.9	8.8	8.6	8.7	8.4	8.0	10.3%	10.6%	11.0%	9.7%	9.9%	10.1%	8.8%	9.7%	10.7%
Jazztel	JAZ.MC	Neutral	5.57	6.00	5.0%	5.0%	1.4	0.0	1.6	9.3	9.2	7.9	(10.7)	(13.8)	25.0	20.9	18.6	16.6	(14%)	(11%)	3.4%	(9.8%)	(7.8%)	3.6%	0.0%	0.0%	0.0%
Sonaecom	SNG.LS	Sell	1.53	1.50	(3.2%)	0.1%	0.6	0.0	0.9	3.9	3.9	3.8	9.4	9.6	9.4	10.8	11.4	12.3	10.7%	14.0%	13.1%	6.1%	8.7%	8.6%	3.3%	3.1%	2.9%
TalkTalk	TALK.L	Neutral	2.26				2.5	0.0	3.0	7.8	6.9	5.9	12.2	10.2	8.4	13.8	11.8	10.2	7.7%	9.0%	10.5%	6.2%	7.6%	9.2%	5.1%	5.4%	6.5%
United Internet	UTDI.DE	Neutral	22.46	20.00	(11.0%)	(9.4%)	4.4	(0.2)	4.4	10.5	8.9	7.6	12.8	10.6	8.9	20.8	16.9	13.8	4.9%	6.3%	7.2%	5.5%	6.5%	7.7%	1.7%	3.2%	5.1%
Weighted average										8.2	7.4	6.6	19.5	10.9	11.6	16.3	14.7	12.8	3.9%	5.4%	8.1%	3.8%	5.3%	7.7%	3.4%	4.2%	5.2%

Source: dataCentral, Citi Research

Figure 30. European Telecom Comparative Valuation (Prices at 5 June 2013)

Company Name	RIC Code	13E-16E CAGR				EBITDA (local m)			EBITDA Margin (%)			Capex / Sales			Net Debt (local m)			Net Debt / EBITDA			CE (m)	ROCE				EV/ICE
		Sales	EBITDA	EPS	FCF	2013E	2014E	2015E	2013E	2014E	2015E	2013E	2014E	2015E	2013E	2014E	2015E	2013E	2014E	2015E	2013E	2013E	2014E	2015E	2013E	
Incumbents/Wireless																										
Belgacom	BCOM.BR	(0.1%)	(1.3%)	(6.5%)	18.9%	1,704	1,645	1,641	26.8%	25.9%	25.9%	15.7%	13.4%	13.5%	2,113	2,355	2,523	1.2x	1.4x	1.5x	6,018	7.1%	9.2%	9.0%	1.3x	
Bouygues	BOUY.PA	0.9%	2.0%	7.4%	22.7%	2,833	2,897	2,936	8.5%	8.7%	8.8%	4.4%	4.3%	4.2%	4,449	4,096	3,677	1.6x	1.4x	1.3x	11,355	7.9%	12.4%	12.5%	0.8x	
BT Group	BT.L	(0.2%)	2.5%	7.2%	12.0%	6,102	6,314	6,587	33.9%	35.1%	36.4%	13.8%	13.5%	13.5%	7,986	6,871	5,348	1.3x	1.1x	0.8x	12,775	18.9%	21.7%	25.3%	2.8x	
Deutsche Telekom	DTEGn.DE	1.3%	1.9%	4.8%	14.0%	18,042	18,460	18,678	30.4%	30.3%	30.5%	16.4%	14.7%	15.5%	39,440	36,534	33,715	2.2x	2.0x	1.8x	75,233	5.4%	7.5%	7.7%	1.1x	
Elisa	ELI1V.HE	1.1%	2.0%	3.4%	7.9%	499	519	527	32.0%	32.3%	32.9%	12.1%	12.1%	12.1%	955	936	908	1.9x	1.8x	1.7x	1,067	17.2%	19.8%	21.5%	3.0x	
France Telecom	FTE.PA	(1.0%)	(2.0%)	(1.7%)	(5.3%)	12,507	12,146	11,963	30.1%	29.7%	29.5%	15.8%	14.7%	14.7%	28,906	27,498	26,492	2.3x	2.3x	2.2x	37,972	10.1%	10.9%	10.7%	1.3x	
KPN	KPN.AS	0.3%	(0.9%)	(7.3%)	nm	4,055	4,041	3,980	33.6%	33.2%	32.7%	30.7%	22.8%	19.2%	10,665	10,436	9,838	2.6x	2.6x	2.5x	13,448	(0.7%)	6.3%	9.0%	1.3x	
Millicom	MICsdb.ST	12.5%	11.6%	16.7%	nm	1,779	1,951	2,144	33.8%	33.9%	33.2%	22.0%	14.9%	14.1%	2,295	2,263	2,628	1.3x	1.2x	1.2x	5,076	4.8%	13.7%	15.1%	2.3x	
Mobistar	MSTAR.BR	(1.4%)	(4.0%)	(9.0%)	1.2%	419	387	375	25.0%	23.9%	23.4%	11.6%	11.6%	11.6%	544	544	555	1.3x	1.4x	1.5x	931	15.6%	14.1%	13.2%	1.6x	
Portugal Telecom	PTC.LS	2.3%	3.6%	20.5%	19.7%	2,183	2,233	2,316	35.1%	35.5%	36.1%	19.8%	19.1%	18.5%	7,422	7,170	7,032	3.4x	3.2x	3.0x	12,875	4.0%	4.6%	4.4%	0.8x	
Swisscom	SCMN.VX	1.2%	1.6%	3.3%	(0.1%)	4,225	4,261	4,359	37.4%	37.3%	37.7%	20.7%	20.7%	20.7%	7,872	7,712	7,525	1.9x	1.8x	1.7x	11,987	10.9%	10.5%	10.5%	2.4x	
TDC	TDC.CO	(1.0%)	(1.4%)	(2.2%)	(0.4%)	9,970	9,761	9,654	39.7%	39.4%	39.2%	14.7%	14.8%	14.8%	23,033	22,829	22,494	2.3x	2.3x	2.3x	34,661	13.0%	12.9%	13.3%	1.7x	
Tele2	TEL2b.ST	4.9%	14.1%	30.8%	nm	6,106	6,822	7,845	19.7%	20.8%	22.6%	19.5%	11.4%	10.6%	9,082	9,319	10,649	1.5x	1.4x	1.4x	32,335	(1.9%)	6.3%	9.3%	1.4x	
Telecom Italia	TLIT.MI	(0.7%)	(0.8%)	1.9%	19.4%	10,953	10,796	10,731	40.0%	40.1%	40.1%	17.4%	15.9%	16.0%	28,717	25,960	23,214	2.6x	2.4x	2.2x	24,952	12.8%	18.0%	18.2%	1.8x	
Telecom Italia Savers	TLITn.MI	(0.7%)	(0.8%)	1.9%	19.4%	10,953	10,796	10,731	40.0%	40.1%	40.1%	17.4%	15.9%	16.0%	28,717	25,960	23,214	2.6x	2.4x	2.2x	24,952	12.8%	18.0%	18.2%	1.8x	
Telefonica	TEF.MC	0.9%	(0.8%)	(0.5%)	1.4%	20,543	19,853	19,931	34.9%	34.1%	33.3%	15.6%	14.2%	14.1%	48,037	46,023	43,628	2.3x	2.3x	2.2x	66,153	11.4%	12.3%	12.2%	1.6x	
Telefonica Deutschland	O2Dn.F	(1.5%)	0.4%	23.0%	nm	1,238	1,223	1,223	24.7%	25.3%	25.6%	13.5%	13.5%	13.5%	866	838	1,104	0.7x	0.7x	0.9x	6,261	9.6%	9.7%	10.0%	1.1x	
Telekom Austria	TELA.VI	0.7%	1.8%	22.9%	(6.6%)	1,312	1,354	1,385	31.1%	31.8%	32.3%	16.7%	16.9%	17.0%	3,552	3,340	3,199	2.7x	2.5x	2.3x	4,463	10.4%	9.1%	9.4%	1.3x	
Telenor	TEL.OL	2.9%	4.5%	8.7%	9.1%	35,384	37,664	39,212	34.0%	34.8%	35.3%	17.2%	12.0%	11.3%	43,010	39,931	33,967	1.2x	1.1x	0.9x	128,594	8.3%	13.5%	14.3%	1.8x	
TeliaSonera	TLNS.ST	0.9%	3.3%	10.2%	2.9%	33,545	35,587	36,258	33.1%	35.1%	35.3%	14.2%	13.4%	12.4%	52,937	64,313	58,280	1.6x	1.8x	1.6x	224,515	5.7%	6.8%	7.3%	0.9x	
Vivendi	VIV.PA	3.4%	6.5%	8.5%	7.3%	7,508	8,152	8,634	26.4%	27.8%	28.4%	11.4%	11.3%	11.6%	12,744	11,935	11,036	1.7x	1.5x	1.3x	15,642	14.5%	18.4%	18.5%	2.8x	
Vodafone	VOD.L	0.3%	(0.3%)	2.9%	17.2%	13,331	13,268	13,525	29.9%	29.9%	30.2%	16.1%	16.1%	14.3%	25,449	24,412	21,772	1.9x	1.8x	1.6x	80,279	3.5%	3.1%	4.3%	0.7x	
Weighted average		0.9%	1.2%	4.5%	9.8%				31.7%	31.9%	32.1%	16.0%	14.8%	14.2%				1.9x	1.8x	1.7x		8.3%	10.0%	10.8%	1.5x	
Cable & Satellite																										
Eutelsat	ETL.PA	5.5%	5.5%	5.9%	328.6%	1,033	1,096	1,150	77.8%	77.9%	77.8%	44.1%	35.5%	31.3%	2,753	2,801	2,772	2.7x	2.6x	2.4x	4,257	4.7%	7.8%	9.9%	1.8x	
Inmarsat	ISAL	5.3%	7.3%	6.5%	nm	646	685	723	49.5%	50.4%	51.1%	45.2%	22.1%	17.7%	1,926	1,997	1,949	3.0x	2.9x	2.7x	2,496	(1.7%)	10.3%	13.1%	2.4x	
SES	SESfd.PA	4.5%	3.0%	1.7%	6.9%	1,387	1,440	1,475	73.3%	72.5%	71.1%	34.4%	25.2%	24.1%	3,863	4,136	5,047	2.8x	2.9x	3.4x	6,173	10.2%	12.5%	11.4%	2.1x	
Kabel Deutschland	KD8Gn.DE	5.9%	7.6%	(1.7%)	35.5%	919	992	1,059	47.6%	48.4%	49.2%	31.0%	31.1%	26.4%	2,910	3,153	3,348	3.2x	3.2x	3.2x	1,370	13.0%	11.5%	17.8%	6.8x	
Liberty Global	LBTYA.O	11.2%	10.7%	18.8%	0.0%	6,827	8,554	8,896	44.8%	44.0%	44.3%	17.1%	16.2%	16.7%	39,332	38,231	37,019	5.8x	4.5x	4.2x	31,724				2.2x	
Telenet	TNET.BR	5.7%	5.7%	8.7%	(7.1%)	825	881	933	49.8%	49.5%	49.6%	21.5%	20.0%	19.0%	3,771	4,045	4,261	4.6x	4.6x	4.6x	1,542	25.3%	28.0%	28.5%	5.0x	
Ziggo	ZIGGO.AS	2.8%	2.8%	2.5%	3.2%	902	929	956	57.3%	57.4%	57.3%	20.4%	18.3%	17.0%	2,690	2,923	3,168	3.0x	3.1x	3.3x	2,787	17.6%	17.6%	18.9%	3.0x	
Zon	ZON.LS	2.0%	1.5%	15.0%	(0.1%)	320	317	326	37.0%	36.5%	36.5%	18.6%	18.5%	18.4%	721	671	618	2.3x	2.1x	1.9x	654	18.2%	18.4%	19.4%	2.7x	
Weighted average (satellite)		4.9%	4.5%	3.8%	99.9%				70%	70%	69%	39%	28%	25%				2.8x	2.8x	3.0x		6%	11%	11%	2.1x	
Weighted average (cable)		7.5%	7.7%	10.1%	7.0%				48%	48%	48%	21%	20%	19%				4.4x	3.9x	3.8x		10%	10%	11%	3.7x	
Alternative carriers																										
Colt	COLT.L	2.0%	3.4%	17.8%	nm	338	348	360	20.8%	21.1%	21.4%	19.0%	18.4%	17.0%	(253)	(265)	(309)	-0.7x	-0.8x	-0.9x	1,298	(2.2%)	1.0%	3.3%	0.6x	
Freenet	FNTGn.DE	0.2%	0.5%	2.1%	2.7%	359	361	363	11.4%	11.5%	11.5%	0.7%	0.7%	0.7%	420	381	356	1.2x	1.1x	1.0x	606	41.9%	40.3%	38.4%	4.3x	
Jazztel	JAZ.MC	10.7%	23.0%	32.7%	nm	182	217	262	18.2%	19.2%	21.2%	34.5%	32.0%	14.0%	330	502	446	1.8x	2.3x	1.7x	734	(22.8%)	(15.8%)	7.3%	2.3x	
Sonaecom	SNC.LS	(2.0%)	(2.1%)	0.2%	13.8%	228	220	218	29.5%	29.3%	29.3%	17.3%	17.4%	17.3%	326	270	210	1.4x	1.2x	1.0x	982	5.5%	8.7%	8.5%	0.9x	
TalkTalk	TALK.L	3.9%	13.1%	16.2%	22.2%	324	367	419	19.1%	20.8%	22.7%	6.3%	6.1%	6.1%	368	281	161	1.1x	0.8x	0.4x	297	52.3%	69.6%	87.8%	8.5x	
United Internet	UTDI.DE	6.0%	17.7%	23.9%	24.3%	406	488	580	15.2%	16.8%	18.9%	2.7%	2.7%	2.7%	210	102	(93)	0.5x	0.2x	-0.2x	128	182.9%	253.7%	298.3%	33.3x	
Weighted average		4.3%	12.1%	17.8%	14.4%				16.9%	17.9%	19.3%	9.0%	8.6%	6.3%				0.8x	0.7x	0.4x		81.5%	111.5%	133.9%	14.9x	

Source: dataCentral, Citi Research

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Austria

Fixed

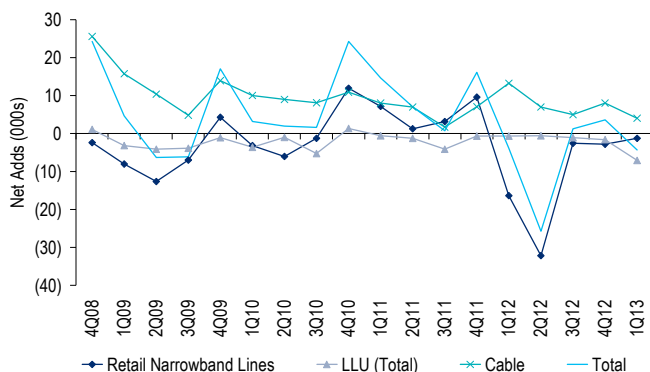
- TKA's retail fixed lines loss remained low at -1k in 1Q13. Total market lines declined by -4k mainly attributable to unbundled line losses partially offset by cable net adds. Fixed broadband market net adds remained strong at 16k with TKA adding 21k, cable net adds 2k, -7k for other DSL alt nets.

Mobile

- Growth deteriorated significantly due to continued high competition, service revenue growth ex MTRs was -11.0% in 1Q13 vs -7.4% in 4Q12. Minutes volumes declined to -3.0% from -0.4% in 4Q12.

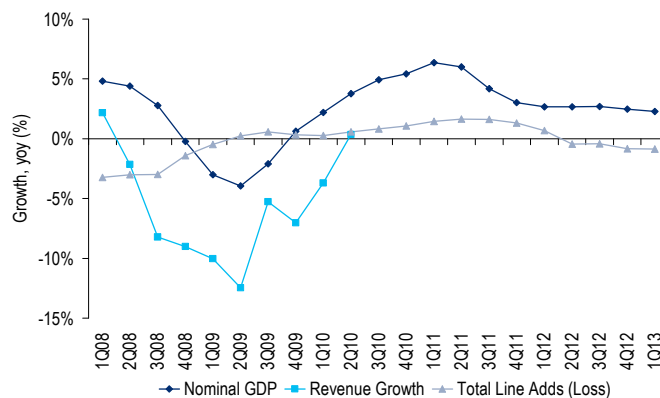
Fixed Charts

Figure 31. Telephony Net Adds



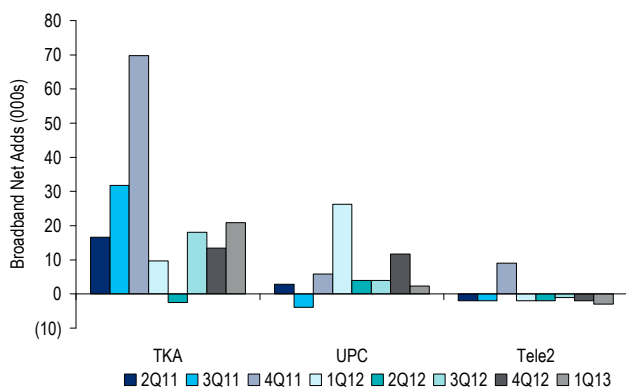
Source: Company reports and Citi Research

Figure 32. Line Loss, Incumbent Revenue Growth and GDP



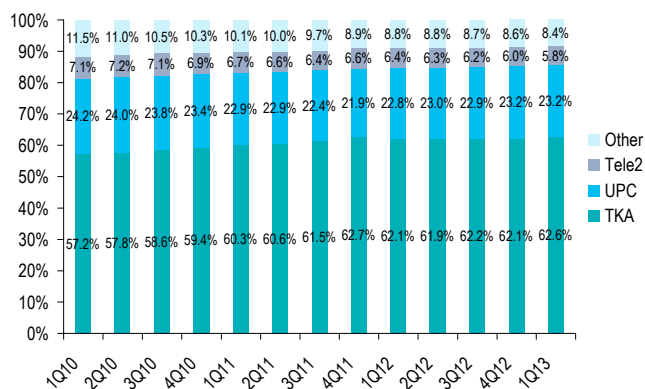
Source: Company reports, Datastream and Citi Research

Figure 33. Broadband Subscriber Quarterly Net Adds



Source: Company reports and Citi Research

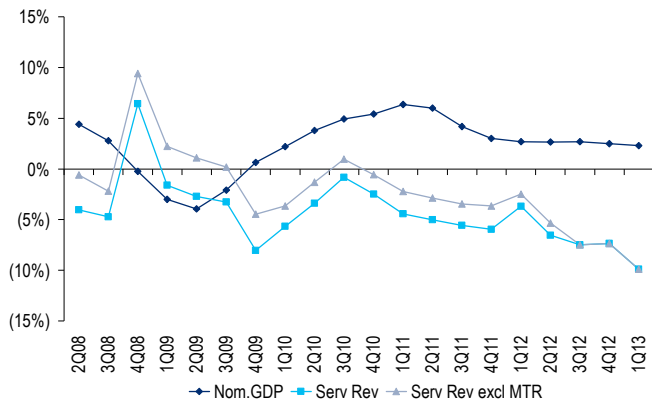
Figure 34. Line Loss, Incumbent Revenue Growth and GDP



Source: Company reports and Citi Research

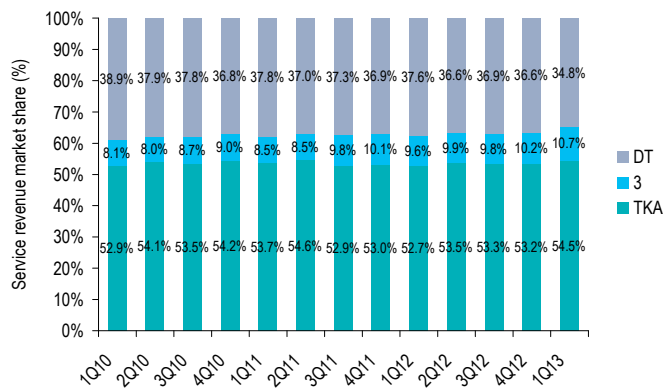
Mobile Charts

Figure 35. Revenue and GDP



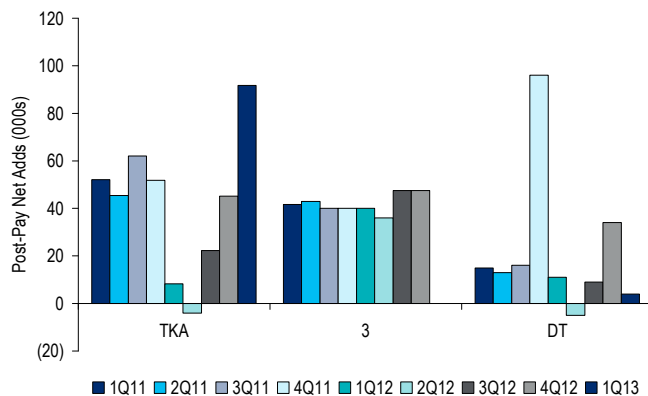
Source: Company reports, Datastream and Citi Research

Figure 36. Service Revenue Market Share



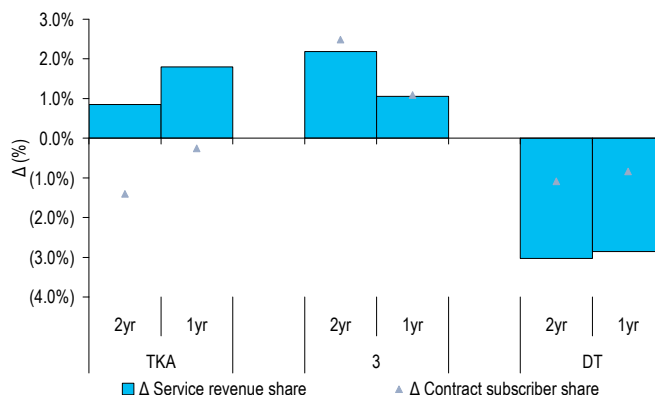
Source: Company reports and Citi Research

Figure 37. Post-Paid Net Adds



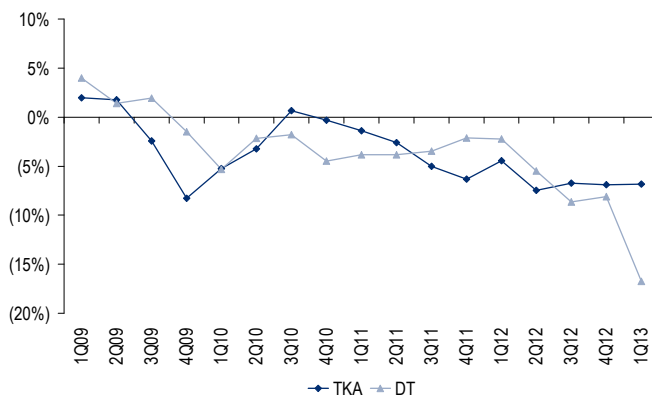
Source: Company reports and Citi Research

Figure 38. Change in Service Revenue and Contract Sub Share



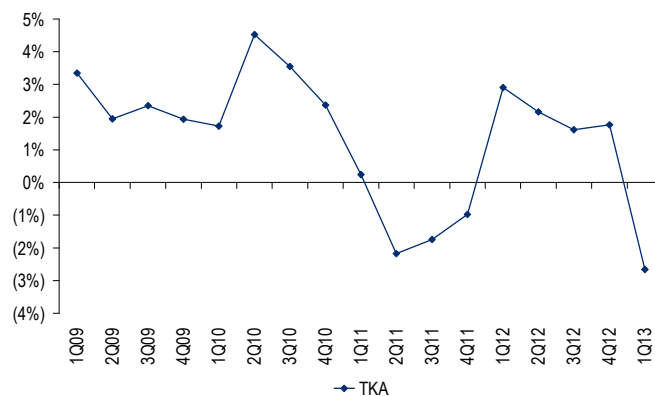
Source: Company reports and Citi Research

Figure 39. Service revenue growth (excl MTR cuts)



Source: Company reports and Citi Research

Figure 40. Minutes growth



Source: Company reports and Citi Research

Austria Mobile Data

Figure 41. Austria Mobile Market Information (excludes Hi3G)

Austria	1Q10	2Q10	3Q10	4Q10	1Q11	2Q11	3Q11	4Q11	1Q12	2Q12	3Q12	4Q12	1Q13
Service Revenue, €m													
TKA	319	331	334	328	310	317	312	302	293	291	291	281	273
T-Mobile (DT)	235	232	236	223	218	215	220	210	209	199	201	193	174
Total	604	612	624	605	577	582	590	569	556	543	545	527	501
Service Revenue Growth, yoy													
TKA	(6.8%)	(4.8%)	(0.8%)	(1.8%)	(3.1%)	(4.2%)	(6.6%)	(8.1%)	(5.4%)	(8.3%)	(6.7%)	(6.9%)	(6.8%)
T-Mobile (DT)	(8.2%)	(5.3%)	(4.5%)	(7.5%)	(7.2%)	(7.3%)	(6.8%)	(5.8%)	(4.1%)	(7.4%)	(8.6%)	(8.1%)	(16.7%)
Total	(5.7%)	(3.4%)	(0.8%)	(2.5%)	(4.4%)	(5.0%)	(5.6%)	(6.0%)	(3.7%)	(6.5%)	(7.5%)	(7.4%)	(9.9%)
Service Revenue Market Share													
TKA	52.9%	54.1%	53.5%	54.2%	53.7%	54.6%	52.9%	53.0%	52.7%	53.5%	53.3%	53.2%	54.5%
T-Mobile (DT)	38.9%	37.9%	37.8%	36.8%	37.8%	37.0%	37.3%	36.9%	37.6%	36.6%	36.9%	36.6%	34.8%
Post-pay Customers, 000s													
TKA	3,597	3,709	3,784	3,879	3,931	3,977	4,039	4,091	4,099	4,095	4,117	4,162	4,254
T-Mobile (DT)	2,328	2,340	2,334	2,382	2,397	2,410	2,426	2,522	2,533	2,528	2,537	2,571	2,575
Call Volumes, mn min/qtr													
TKA	2,331	2,366	2,321	2,425	2,337	2,315	2,281	2,401	2,405	2,365	2,318	2,444	2,341
Deutsche Telekom	2,419	2,489	2,421	2,619	2,580	2,591	2,496	2,626	2,646	2,637	2,468	2,564	2,557
Total	5,263	5,402	5,305	5,668	5,548	5,567	5,454	5,764	5,819	5,800	5,594	5,906	5,781
Call Volume growth, yoy													
TKA	1.7%	4.5%	3.6%	2.4%	0.2%	(2.2%)	(1.7%)	(1.0%)	2.9%	2.2%	1.6%	1.8%	(2.7%)
Deutsche Telekom	(1.1%)	3.1%	4.3%	4.3%	6.7%	4.1%	3.1%	0.3%	2.6%	1.8%	(1.1%)	(2.3%)	(3.4%)
Total	2.0%	5.4%	5.6%	5.0%	5.4%	3.1%	2.8%	1.7%	4.9%	4.2%	2.6%	2.5%	(0.7%)
Contract Churn, % p.a													
TKA	27.6%	21.6%	22.8%	26.4%	31.7%	29.4%	27.2%	29.2%	34.7%	86.8%	88.6%	82.3%	126.3%
T-Mobile (DT)	15.6%	10.8%	16.8%	9.6%	10.8%	10.8%	9.6%	10.8%	12.0%	10.8%	8.4%	9.6%	10.8%
EBITDA, €m													
TKA	144	138											
T-Mobile (DT)	83	61	69	70	60	68	69	56	60	53	65	56	55

Source: Company Reports and Citi Research

Austria Fixed Data

Figure 42. Austria Fixed Line Market Information

Austria	1Q10	2Q10	3Q10	4Q10	1Q11	2Q11	3Q11	4Q11	1Q12	2Q12	3Q12	4Q12	1Q13
Broadband Subscribers (000s)													
Incumbent retail	1,017	1,043	1,073	1,116	1,155	1,172	1,204	1,273	1,283	1,281	1,299	1,312	1,333
Incumbent wholesale	48	47	46	46	45	44	43	43	42	42	42	42	41
ULL (total)	283	282	277	278	278	276	272	272	271	270	269	268	261
Cable	430	433	435	439	440	443	439	445	471	475	479	491	493
Total	1,778	1,804	1,831	1,878	1,917	1,935	1,958	2,032	2,067	2,068	2,089	2,112	2,128
Broadband Subscribers (000s)													
TKA	1,017	1,043	1,073	1,116	1,155	1,172	1,204	1,273	1,283	1,281	1,299	1,312	1,333
UPC	430	433	435	439	440	443	439	445	471	475	479	491	493
Tele2	126	130	130	130	129	127	125	134	132	130	129	127	124
- other	205	199	193	194	193	193	190	180	181	183	182	182	178
Total	1,778	1,804	1,831	1,878	1,917	1,935	1,958	2,032	2,067	2,068	2,089	2,112	2,128
Broadband Subscribers Net Adds (000s)													
TKA	45	25	31	42	40	17	32	70	10	(2)	18	13	21
UPC	0	3	2	4	1	3	(4)	6	26	4	4	12	2
Tele2	(8)	4	0	0	(1)	(2)	(2)	9	(2)	(2)	(1)	(2)	(3)
- other	2	(6)	(6)	1	(1)	0	(3)	(10)	1	1	(0)	(0)	(4)
Total	39	26	27	47	39	18	23	75	35	1	21	23	16
Telephony Channels (000s)													
Incumbent retail	2,310	2,304	2,303	2,315	2,322	2,323	2,327	2,336	2,320	2,288	2,285	2,282	2,281
Incumbent wholesale (WLR)	0	0	0	0	0	0	0	0	0	0	0	0	0
ULL (total)	283	282	277	278	278	276	272	272	271	270	269	268	261
Cable	297	306	314	325	333	340	342	349	362	369	374	382	386
Total	2,890	2,892	2,894	2,918	2,933	2,940	2,940	2,957	2,953	2,927	2,928	2,932	2,928
Telephony Channels Net Adds (000s)													
Incumbent retail	(3)	(6)	(1)	12	7	1	3	10	(16)	(32)	(3)	(3)	(1)
Incumbent wholesale (WLR)	0	0	0	0	0	0	0	0	0	0	0	0	0
ULL (total)	(4)	(1)	(5)	1	(1)	(1)	(4)	(1)	(1)	(1)	(1)	(2)	(7)
Cable	10	9	8	11	8	7	2	7	13	7	5	8	4
Total	3	2	2	24	15	7	1	16	(4)	(26)	1	4	(4)

Source: Company Reports and Citi Research

Belgium

Fixed

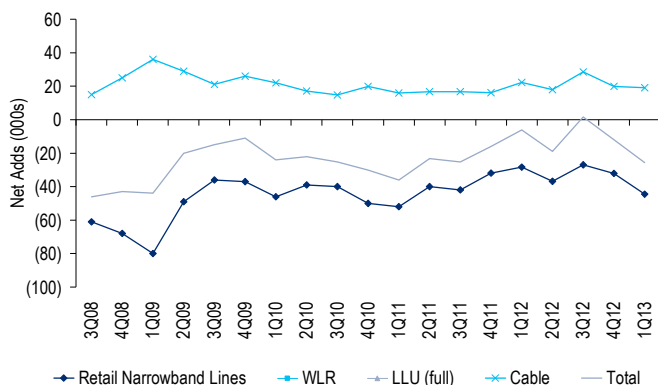
- Retail line net losses were similar at -45k 1Q13 vs -32k 4Q12. No changes in trend in broadband with cable still gaining market share but at a slower rate. Belgacom continues to gain share in TV. Both Telenet and Belgacom didn't see any meaningful impact from the launch of Snow, KPN's fixed triple play offer in Q1.

Mobile

- Service revenue growth ex-MTRs declined significantly at -6.8% in 1Q13. Post-pay net adds remained strong at 126k, driven by 103k net adds for Telenet coming from the King and Kong offers. Belgacom, against expectations, managed to gain 52k contract subscribers, while Mobistar lost 26k subscribers. Market minutes growth declined to -2.6% worsening from 0.2% in 4Q12.

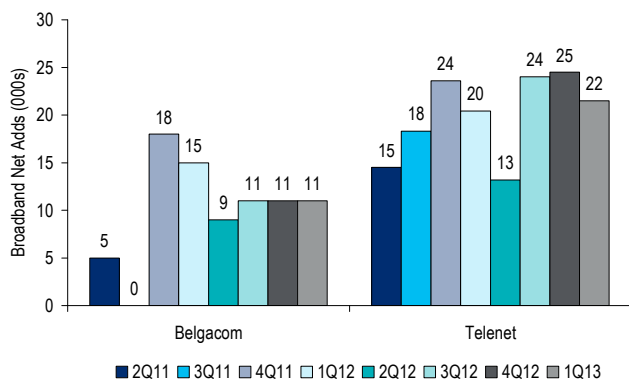
Fixed Charts

Figure 43. Telephony Net Adds



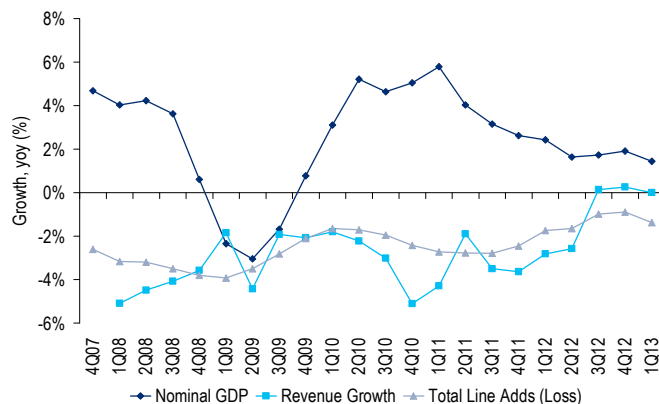
Source: Company reports and Citi Research

Figure 45. Broadband Subscriber Quarterly Net Adds



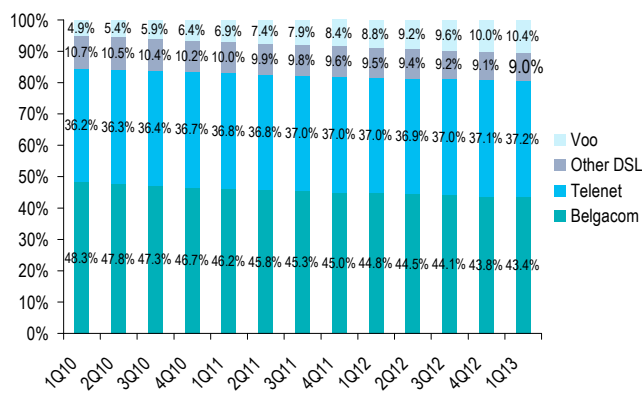
Source: Company reports and Citi Research

Figure 44. Line Loss, Incumbent Revenue Growth and GDP



Source: Company reports, Datastream and Citi Research

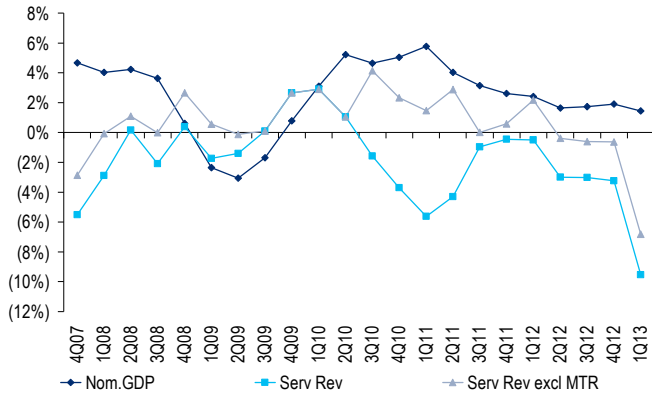
Figure 46. Broadband Subscriber Market Share



Source: Company reports and Citi Research

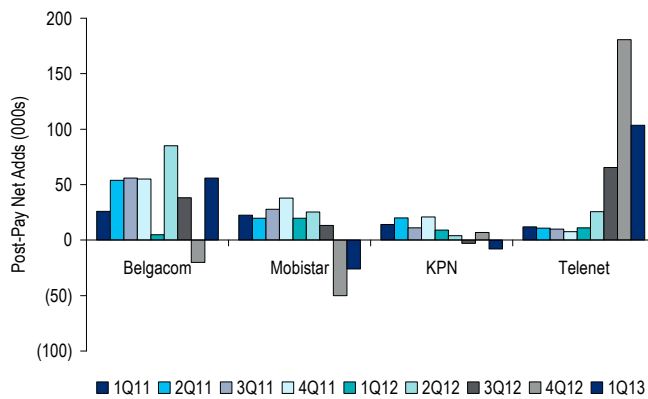
Mobile Charts

Figure 47. Revenue and GDP



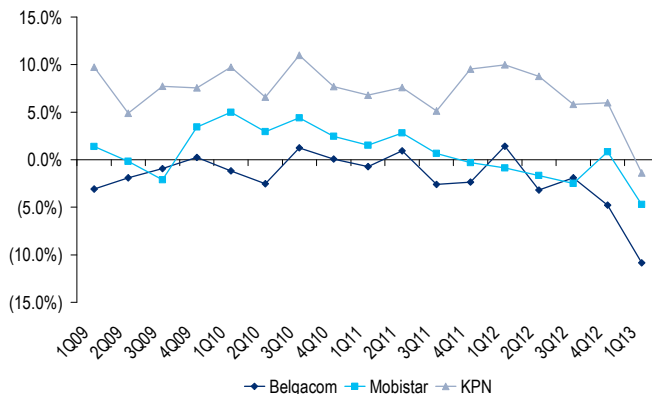
Source: Company reports, Datastream and Citi Research

Figure 49. Post-Paid Net Adds



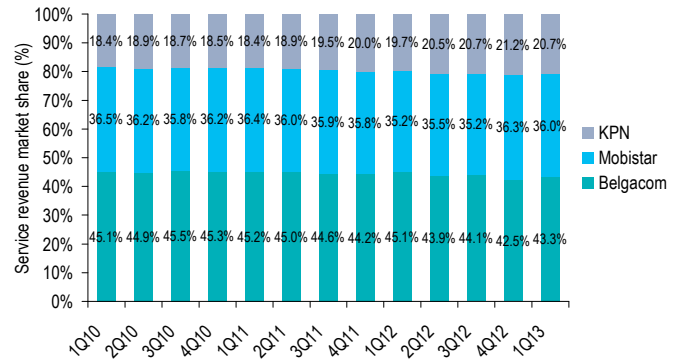
Source: Company reports and Citi Research

Figure 51. Service revenue growth (excl MTR cuts)



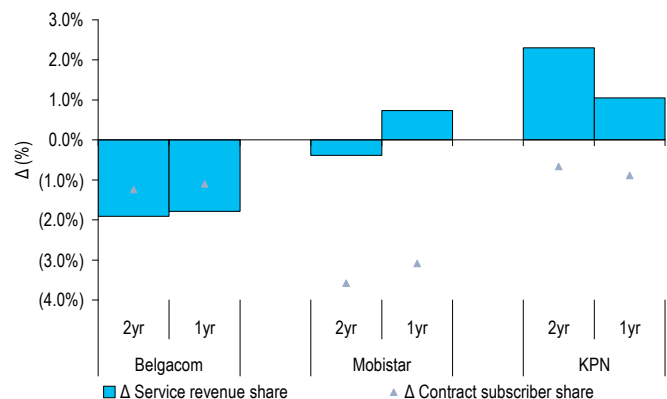
Source: Company reports and Citi Research

Figure 48. Service Revenue Market Share



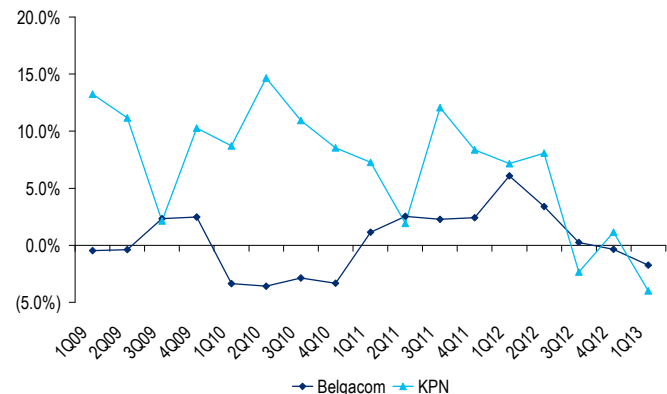
Source: Company reports and Citi Research

Figure 50. Change in Service Revenue and Contract Sub Share



Source: Company reports and Citi Research

Figure 52. Minutes growth



Source: Company reports and Citi Research

Belgium Mobile Data

Figure 53. Belgium Mobile Market Information

Belgium	1Q10	2Q10	3Q10	4Q10	1Q11	2Q11	3Q11	4Q11	1Q12	2Q12	3Q12	4Q12	1Q13
Service Revenue, €m													
Belgacom	415	424	415	410	392	407	402	398	389	385	386	370	338
Mobistar	335	342	326	327	316	326	324	322	304	312	308	316	281
KPN	169	178	170	167	160	171	176	180	170	180	181	185	162
Total	919	944	911	904	868	904	902	900	863	877	875	871	781
Service Revenue Growth, yoy													
Belgacom	(1.2%)	(2.5%)	(2.8%)	(4.2%)	(5.5%)	(4.0%)	(3.1%)	(2.9%)	(0.8%)	(5.4%)	(4.0%)	(7.0%)	(13.1%)
Mobistar	5.0%	2.9%	(1.7%)	(3.8%)	(5.8%)	(4.8%)	(0.6%)	(1.6%)	(3.6%)	(4.3%)	(5.0%)	(1.9%)	(7.6%)
KPN	9.7%	6.6%	1.8%	(2.3%)	(5.3%)	(3.9%)	3.5%	7.8%	6.3%	5.3%	2.8%	2.8%	(4.7%)
Total	2.9%	1.0%	(1.6%)	(3.7%)	(5.6%)	(4.3%)	(1.0%)	(0.5%)	(0.5%)	(3.0%)	(3.0%)	(3.2%)	(9.5%)
Service Revenue Market Share													
Belgacom	45.1%	44.9%	45.5%	45.3%	45.2%	45.0%	44.6%	44.2%	45.1%	43.9%	44.1%	42.5%	43.3%
Mobistar	36.5%	36.2%	35.8%	36.2%	36.4%	36.0%	35.9%	35.8%	35.2%	35.5%	35.2%	36.3%	36.0%
KPN	18.4%	18.9%	18.7%	18.5%	18.4%	18.9%	19.5%	20.0%	19.7%	20.5%	20.7%	21.2%	20.7%
Post-pay Customers, 000s													
Belgacom	2,790	2,828	2,859	2,907	2,933	2,987	3,043	3,098	3,103	3,188	3,226	3,206	3,262
Mobistar	2,100	2,134	2,184	2,223	2,245	2,265	2,292	2,330	2,350	2,375	2,389	2,339	2,313
KPN	702	712	726	743	757	777	788	809	818	822	819	826	818
Call Volumes, mn min/qtr													
Belgacom	2,372	2,450	2,364	2,470	2,399	2,513	2,418	2,530	2,546	2,598	2,424	2,521	2,501
KPN	1,404	1,489	1,313	1,464	1,506	1,518	1,472	1,587	1,614	1,641	1,437	1,605	1,549
Total	5,559	5,809	5,496	5,853	5,786	6,013	5,793	6,108	6,159	6,281	5,794	6,206	6,175
Call Volume growth, yoy													
Belgacom	(3.4%)	(3.6%)	(2.9%)	(3.3%)	1.1%	2.5%	2.3%	2.4%	6.1%	3.4%	0.3%	(0.4%)	(1.7%)
KPN	8.7%	14.7%	10.9%	8.5%	7.3%	1.9%	12.1%	8.4%	7.1%	8.1%	(2.4%)	1.2%	(4.0%)
Total	(1.0%)	0.6%	1.0%	1.0%	4.1%	3.5%	5.4%	4.4%	6.4%	4.5%	0.0%	1.6%	0.3%
Contract Churn, % p.a													
KPN	19.0%	21.0%	16.0%	24.0%	20.0%	16.0%	17.0%	19.0%	22.0%	26.0%	29.0%	43.0%	36.0%
EBITDA, €m													
Mobistar	138	144	137	131	125	146	130	129	113	137	120	125	99
KPN	67	81	68	55	57	64	73	79	60	74	74	64	46

Source: Company Reports and Citi Research

Belgium Fixed Data

Figure 54. Belgium Fixed Line Market Information

Belgium	1Q10	2Q10	3Q10	4Q10	1Q11	2Q11	3Q11	4Q11	1Q12	2Q12	3Q12	4Q12	1Q13
Broadband Subscribers (000s)													
Incumbent retail	1,536	1,545	1,553	1,558	1,567	1,572	1,572	1,590	1,605	1,614	1,625	1,636	1,647
Wholesale and ULL	340	340	340	340	340	340	340	340	340	340	340	340	340
Cable	1,305	1,349	1,392	1,442	1,484	1,519	1,557	1,601	1,641	1,674	1,718	1,763	1,804
Total	3,181	3,234	3,285	3,340	3,391	3,431	3,469	3,531	3,586	3,628	3,683	3,739	3,791
Broadband Subscribers (000s)													
Belgacom	1,536	1,545	1,553	1,558	1,567	1,572	1,572	1,590	1,605	1,614	1,625	1,636	1,647
Telenet	1,150	1,174	1,197	1,227	1,249	1,264	1,282	1,306	1,326	1,339	1,363	1,388	1,409
Other DSL	340	340	340	340	340	340	340	340	340	340	340	340	340
Voo	155	175	195	215	235	255	275	295	315	335	355	375	395
Total	3,181	3,234	3,285	3,340	3,391	3,431	3,469	3,531	3,586	3,628	3,683	3,739	3,791
Broadband Subscribers Net Adds (000s)													
Belgacom	15	9	8	5	9	5	0	18	15	9	11	11	11
Telenet	34	24	23	30	23	15	18	24	20	13	24	25	22
Other DSL	0	0	0	0	0	0	0	0	0	0	0	0	0
Voo	20	20	20	20	20	20	20	20	20	20	20	20	20
Total	69	53	51	55	52	40	38	62	55	42	55	56	53
Telephony Channels (000s)													
Incumbent retail	3,401	3,362	3,322	3,272	3,220	3,180	3,138	3,106	3,078	3,041	3,014	2,982	2,937
Incumbent wholesale (WLR)													
ULL (total)													
Cable	763	780	795	815	831	847	864	880	902	920	949	969	988
Total	4,164	4,142	4,117	4,087	4,051	4,027	4,002	3,986	3,980	3,961	3,963	3,951	3,925
Telephony Channels Net Adds (000s)													
Incumbent retail	(46)	(39)	(40)	(50)	(52)	(40)	(42)	(32)	(28)	(37)	(27)	(32)	(45)
Incumbent wholesale (WLR)													
ULL (total)													
Cable	22	17	15	20	16	17	17	16	22	18	29	20	19
Total	(24)	(22)	(25)	(30)	(36)	(23)	(25)	(16)	(6)	(19)	2	(12)	(26)
Pay TV Subscribers (000s)													
Belgacom	713	753	795	839	879	925	963	1,021	1,057	1,093	1,125	1,156	1,170
Telenet	2,318	2,303	2,288	2,274	2,254	2,234	2,214	2,199	2,181	2,152	2,134	2,123	2,106
Pay TV Subscribers Net Adds (000s)													
Belgacom	61	40	42	44	40	46	38	58	36	36	32	31	14
Telenet	(24)	(15)	(15)	(14)	(21)	(20)	(20)	(16)	(18)	(29)	(18)	(11)	(17)

Source: Company Reports and Citi Research

Denmark

Fixed

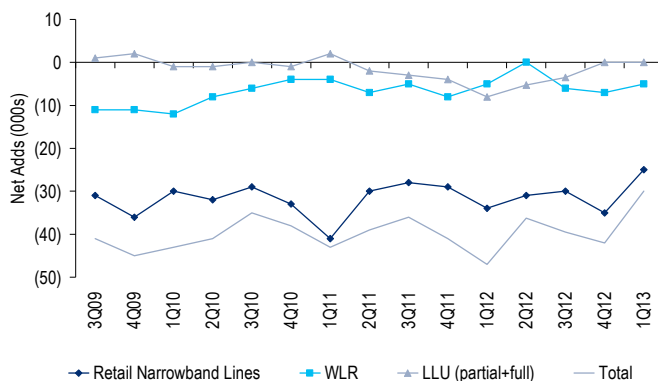
- Fixed line trends remained stable in 1Q13, with an -8.3% yoy decline in retail fixed lines and -8.2% total market lines. The fixed broadband market grew modestly at 3k.

Mobile

- Service revenue excluding the impact of MTR cuts declined -14.6% in 1Q13, vs -10.1% in 4Q12. In addition there was a significant MTR cut on 1 January 2013 from DKK0.23 to DKK0.08 that caused a further worsening in reported trends.

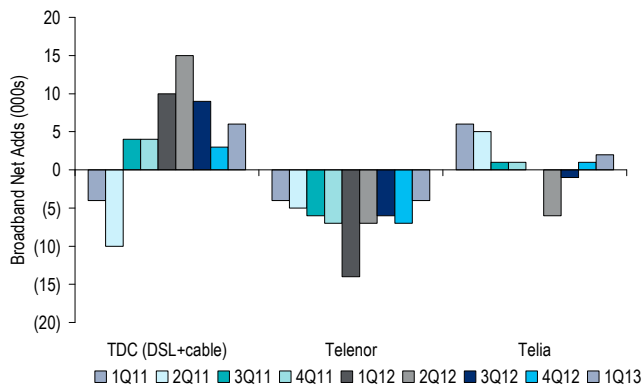
Fixed Charts

Figure 55. Telephony Net Adds



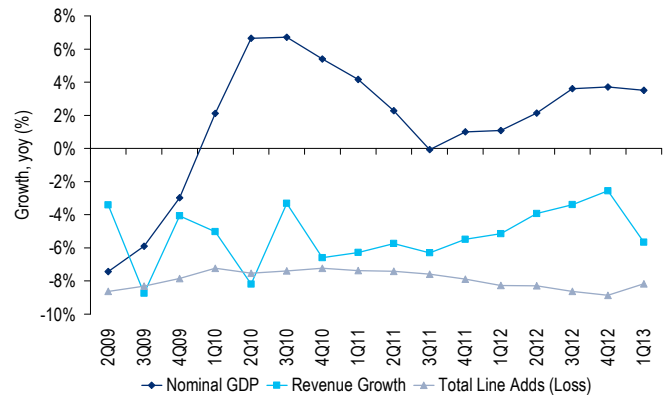
Source: Company reports and Citi Research

Figure 57. Broadband Subscriber Net Adds



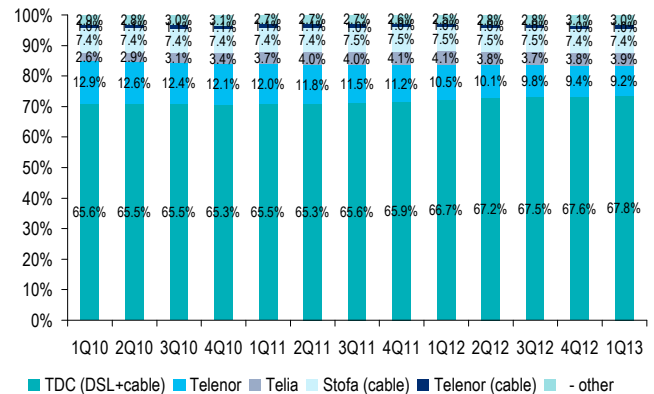
Source: Company reports and Citi Research

Figure 56. Line Loss, Incumbent Revenue Growth and GDP



Source: Company reports, Datastream and Citi Research

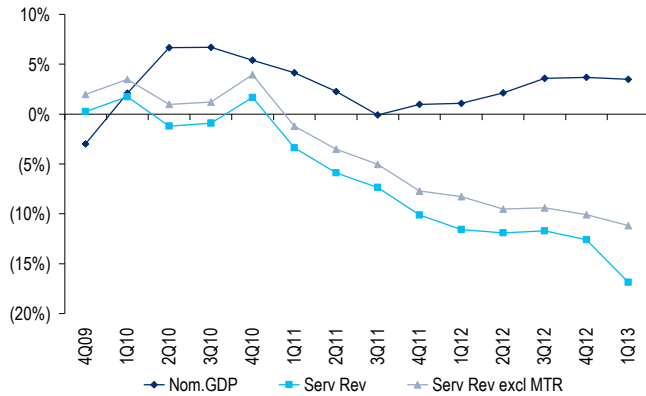
Figure 58. Broadband Subscriber Market Share



Source: Company reports and Citi Research

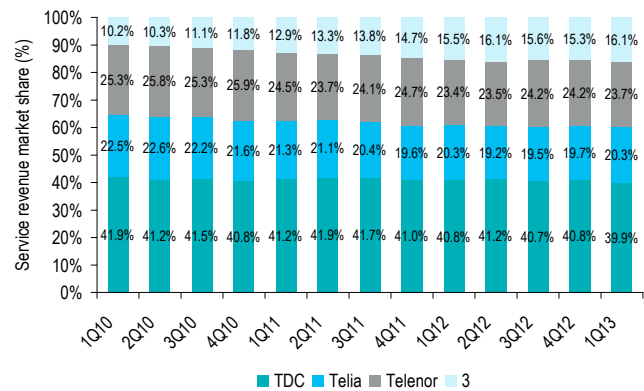
Mobile Charts

Figure 59. Revenue and GDP



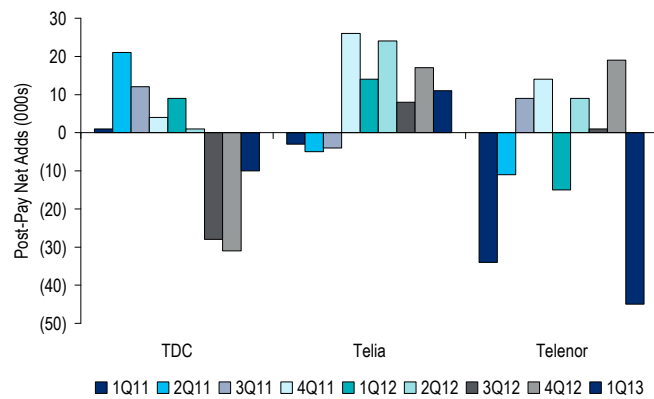
Source: Company reports, Datastream and Citi Research

Figure 60. Service Revenue Market Share



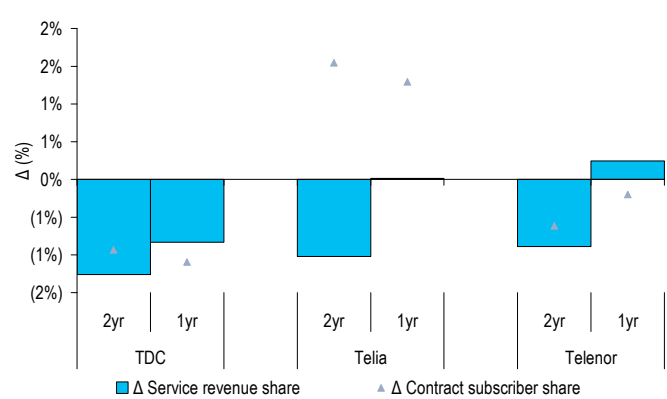
Source: Company reports and Citi Research

Figure 61. Post-Paid Net Adds



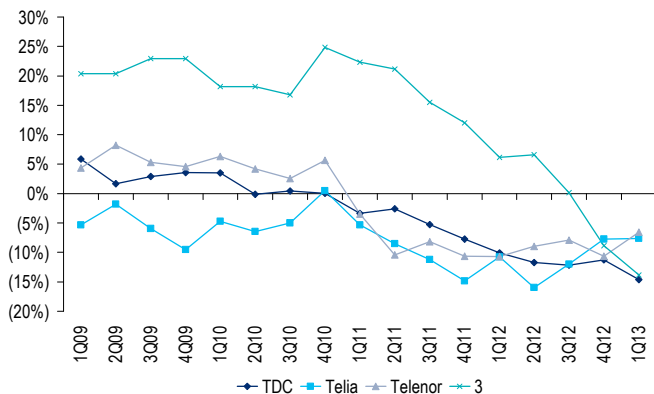
Source: Company reports and Citi Research

Figure 62. Change in Service Revenue and Contract Sub Share



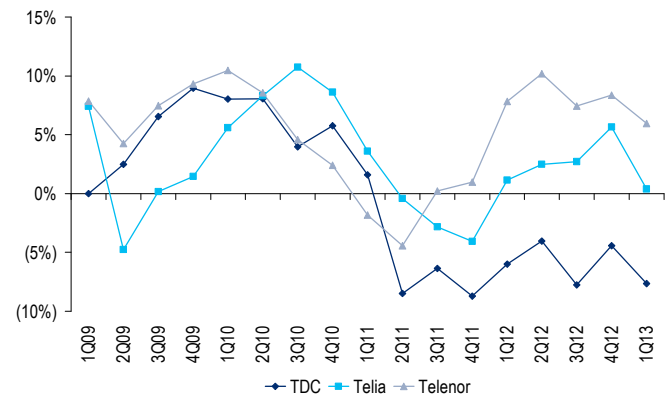
Source: Company reports and Citi Research

Figure 63. Service revenue growth (excl MTR cuts)



Source: Company reports and Citi Research

Figure 64. Minutes growth



Source: Company reports and Citi Research

Denmark Mobile Data

Figure 65. Denmark Mobile Market Information

Denmark	1Q10	2Q10	3Q10	4Q10	1Q11	2Q11	3Q11	4Q11	1Q12	2Q12	3Q12	4Q12	1Q13
Service Revenue, €m													
TDC	1,914	1,862	1,882	1,858	1,817	1,780	1,751	1,680	1,590	1,543	1,511	1,461	1,295
Telia	1,027	1,022	1,006	986	939	898	858	803	790	720	723	706	657
Telenor	1,157	1,167	1,146	1,178	1,082	1,007	1,014	1,014	913	879	897	867	767
3 (Hutch)	466	466	501	536	571	565	579	600	606	602	580	547	522
Total	4,564	4,517	4,535	4,558	4,409	4,251	4,202	4,097	3,898	3,745	3,710	3,581	3,241
Service Revenue Growth, yoy													
TDC	2.2%	(1.9%)	(1.2%)	(1.8%)	(5.1%)	(4.4%)	(7.0%)	(9.6%)	(12.5%)	(13.3%)	(13.7%)	(13.0%)	(18.6%)
Telia	(7.0%)	(9.3%)	(7.9%)	(2.8%)	(8.5%)	(12.1%)	(14.7%)	(18.5%)	(15.9%)	(19.8%)	(15.8%)	(12.1%)	(16.8%)
Telenor	3.8%	1.1%	(0.3%)	2.6%	(6.4%)	(13.7%)	(11.5%)	(14.0%)	(15.7%)	(12.7%)	(11.5%)	(14.5%)	(16.0%)
3 (Hutch)	18.2%	18.2%	16.8%	24.9%	22.3%	21.2%	15.5%	12.0%	6.2%	6.6%	0.2%	(8.8%)	(13.8%)
Total	1.7%	(1.2%)	(0.9%)	1.7%	(3.4%)	(5.9%)	(7.3%)	(10.1%)	(11.6%)	(11.9%)	(11.7%)	(12.6%)	(16.9%)
Service Revenue Market Share													
TDC	41.9%	41.2%	41.5%	40.8%	41.2%	41.9%	41.7%	41.0%	40.8%	41.2%	40.7%	40.8%	39.9%
Telia	22.5%	22.6%	22.2%	21.6%	21.3%	21.1%	20.4%	19.6%	20.3%	19.2%	19.5%	19.7%	20.3%
Telenor	25.3%	25.8%	25.3%	25.9%	24.5%	23.7%	24.1%	24.7%	23.4%	23.5%	24.2%	24.2%	23.7%
3 (Hutch)	10.2%	10.3%	11.1%	11.8%	12.9%	13.3%	13.8%	14.7%	15.5%	16.1%	15.6%	15.3%	16.1%
Post-pay Customers, 000s													
TDC	2,543	2,552	2,562	2,570	2,571	2,592	2,604	2,608	2,617	2,618	2,590	2,559	2,549
Telia	1,203	1,219	1,231	1,245	1,242	1,237	1,233	1,259	1,273	1,297	1,305	1,322	1,333
Telenor	1,257	1,267	1,286	1,267	1,233	1,222	1,231	1,245	1,230	1,239	1,240	1,259	1,214
Call Volumes, mn min/qtr													
TDC	1,359	1,403	1,337	1,437	1,380	1,284	1,252	1,312	1,298	1,232	1,155	1,253	1,198
Telia	1,000	1,044	1,024	1,069	1,036	1,040	995	1,026	1,048	1,065	1,022	1,084	1,052
Telenor	1,160	1,181	1,125	1,178	1,139	1,129	1,127	1,189	1,228	1,244	1,211	1,289	1,301
Total	3,519	3,629	3,486	3,684	3,555	3,453	3,374	3,526	3,573	3,542	3,388	3,626	3,551
Call Volume growth, yoy													
TDC	8.0%	8.1%	4.0%	5.8%	1.6%	(8.5%)	(6.4%)	(8.7%)	(6.0%)	(4.0%)	(7.8%)	(4.4%)	(7.7%)
Telia	5.6%	8.3%	10.7%	8.6%	3.6%	(0.4%)	(2.8%)	(4.1%)	1.1%	2.5%	2.7%	5.7%	0.4%
Telenor	10.5%	8.6%	4.6%	2.4%	(1.8%)	(4.4%)	0.2%	1.0%	7.8%	10.2%	7.4%	8.4%	5.9%
Total	8.1%	8.3%	6.1%	5.5%	1.0%	(4.8%)	(3.2%)	(4.3%)	0.5%	2.6%	0.4%	2.8%	(0.6%)
EBITDA, €m													
TDC													
Telia	214	223	293	211	169	180	169	68	116	83	121	151	115
Telenor	408	372	387	468	408	480	459	354	290	278	309	276	255
3 (Hutch)					167	123	153	125	139	124	167	179	140

Source: Company Reports and Citi Research

Denmark Fixed Data

Figure 66. Denmark Fixed Line Market Information

Denmark	1Q10	2Q10	3Q10	4Q10	1Q11	2Q11	3Q11	4Q11	1Q12	2Q12	3Q12	4Q12	1Q13
Broadband Subscribers (000s)													
Incumbent retail	1,299	1,301	1,299	1,295	1,291	1,281	1,285	1,289	1,299	1,314	1,323	1,326	1,332
Incumbent wholesale	142	146	148	154	147	150	150	148	144	143	140	140	137
ULL (total)	223	219	217	214	215	211	206	200	188	182	178	178	178
Cable	193	193	193	193	193	193	192	192	192	192	192	192	192
Total	1,980	1,985	1,983	1,982	1,972	1,961	1,959	1,955	1,949	1,957	1,959	1,962	1,965
Broadband Subscribers (000s)													
TDC (DSL+cable)	1,299	1,301	1,299	1,295	1,291	1,281	1,285	1,289	1,299	1,314	1,323	1,326	1,332
Telenor	256	251	245	240	236	231	225	218	204	197	191	184	180
Telia	52	58	61	67	73	78	79	80	80	74	73	74	76
Stofa (cable)	147	146	146	146	146	146	146	146	146	146	146	146	146
Telenor (cable)	20	21	21	21	21	21	20	20	20	20	20	20	20
- other	57	56	59	61	53	52	52	50	48	54	54	60	59
Total	1,980	1,985	1,983	1,982	1,972	1,961	1,959	1,955	1,949	1,957	1,959	1,962	1,965
Broadband Subscribers Net Adds (000s)													
TDC (DSL+cable)	3	2	(2)	(4)	(4)	(10)	4	4	10	15	9	3	6
Telenor	(3)	(5)	(6)	(5)	(4)	(5)	(6)	(7)	(14)	(7)	(6)	(7)	(4)
Telia	5	6	3	6	6	5	1	1	0	(6)	(1)	1	2
Total	5	5	(2)	(1)	(10)	(11)	(2)	(4)	(6)	8	2	3	3
Telephony Channels (000s)													
Retail Narrowband Lines	1,719	1,687	1,658	1,625	1,584	1,554	1,526	1,497	1,463	1,432	1,402	1,367	1,342
WLR	229	221	215	211	207	200	195	187	182	182	176	169	164
LLU (full)	181	180	180	179	181	179	176	172	164	159	155	155	155
Cable	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	2,129	2,088	2,053	2,015	1,972	1,933	1,897	1,856	1,809	1,773	1,733	1,691	1,661
Telephony Channels Net Adds (000s)													
Retail Narrowband Lines	(30)	(32)	(29)	(33)	(41)	(30)	(28)	(29)	(34)	(31)	(30)	(35)	(25)
WLR	(12)	(8)	(6)	(4)	(4)	(7)	(5)	(8)	(5)	0	(6)	(7)	(5)
LLU (partial+full)	(1)	(1)	0	(1)	2	(2)	(3)	(4)	(8)	(5)	(3)	0	0
Total	(43)	(41)	(35)	(38)	(43)	(39)	(36)	(41)	(47)	(36)	(39)	(42)	(30)

Source: Company Reports and Citi Research

Finland

Fixed

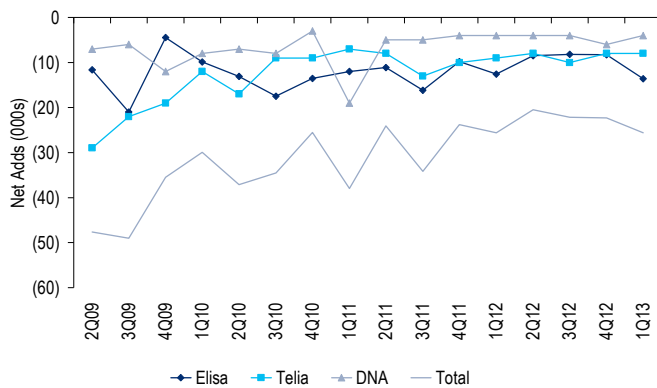
- Fixed line loss deteriorated in 1Q13 at -26k from -22k in 4Q12. The fixed broadband market remained stable with 10k net adds vs 12k 4Q12.

Mobile

- Service revenue (excluding MTR cuts) worsened to a decline of -8.2% in 1Q13 from -3.9% 4Q12. This is mainly driven by a significant worsening in Telia and Elisa's service revenue trend to -12.4% and -8.0% respectively; Telia's minutes growth also declined to 0.4% vs. 5.7% in 4Q12.

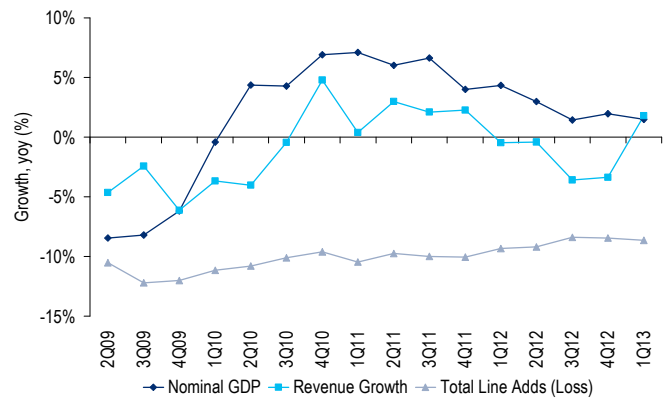
Fixed Charts

Figure 67. Telephony Net Adds



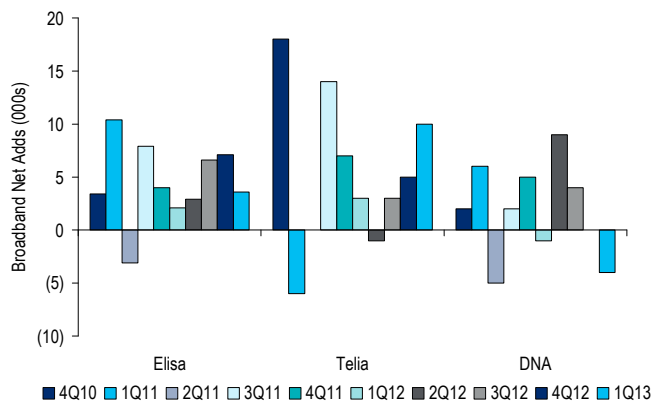
Source: Company reports and Citi Research

Figure 68. Line Loss, Incumbent Revenue Growth (Elisa, Telia, DNA) and GDP



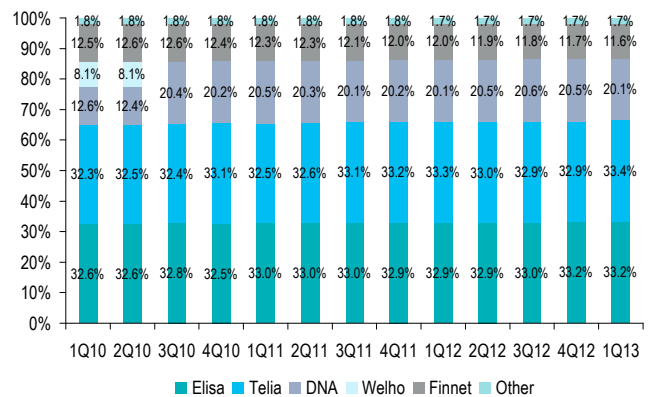
Source: Company reports, Datastream and Citi Research

Figure 69. Broadband Subscriber Net Adds



Source: Company reports and Citi Research

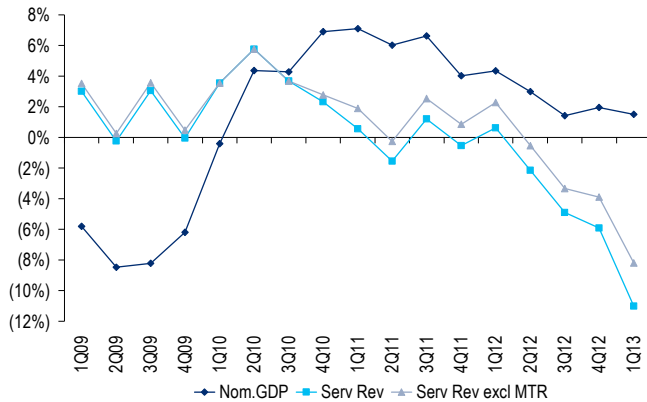
Figure 70. Broadband Subscriber Market Share



Source: Company reports and Citi Research

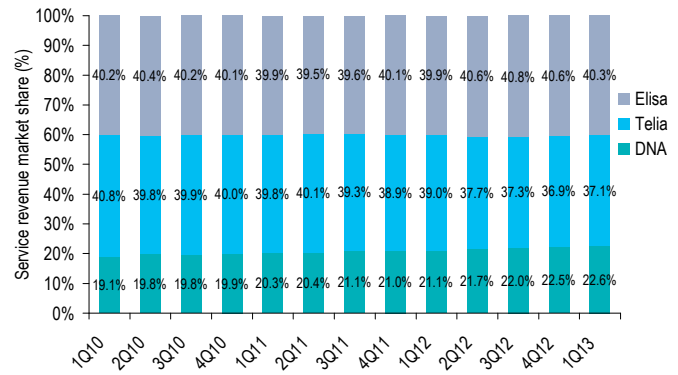
Mobile Charts

Figure 71. Revenue and GDP



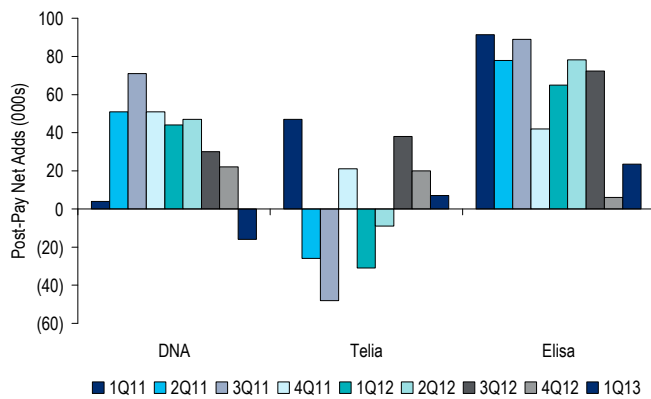
Source: Company reports, Datastream and Citi Research

Figure 72. Service Revenue Market Share



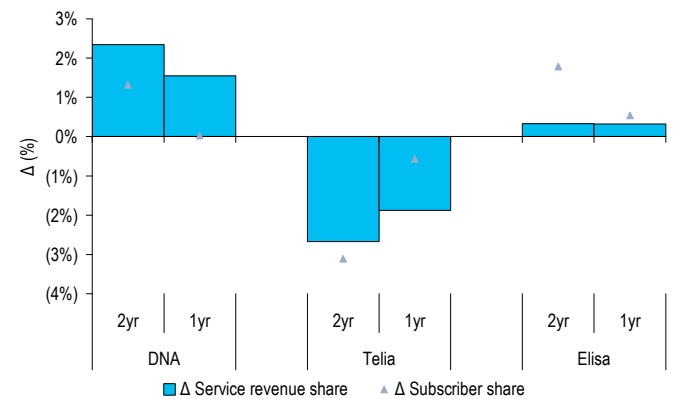
Source: Company reports and Citi Research

Figure 73. Post-Paid Net Adds



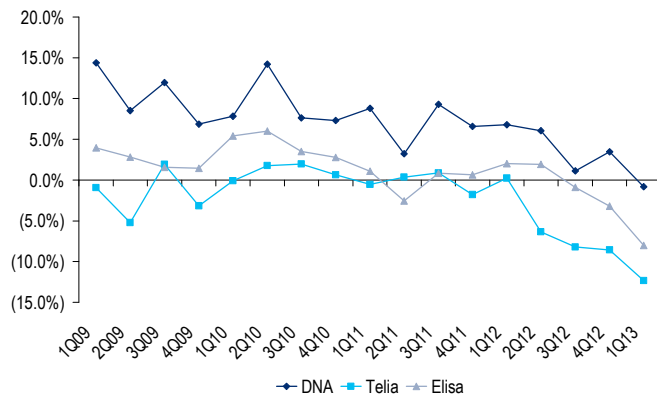
Source: Company reports and Citi Research

Figure 74. Change in Service Revenue and Contract Sub Share



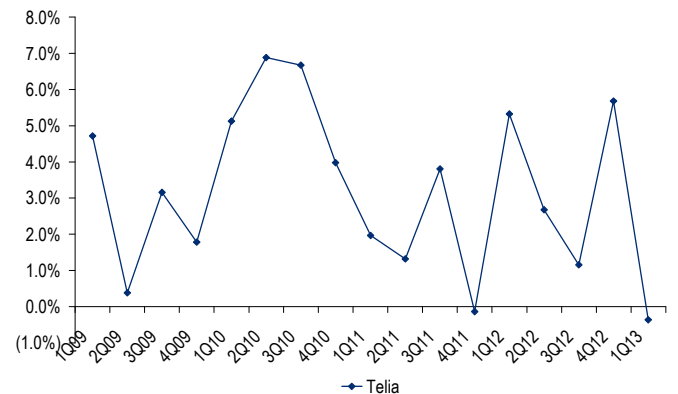
Source: Company reports and Citi Research

Figure 75. Service revenue growth (excl MTR cuts)



Source: Company reports and Citi Research

Figure 765. Minutes growth



Source: Company reports and Citi Research

Finland Mobile Data

Figure 77. Finland Mobile Market Information

Finland	1Q10	2Q10	3Q10	4Q10	1Q11	2Q11	3Q11	4Q11	1Q12	2Q12	3Q12	4Q12	1Q13
Service Revenue, €m													
DNA	95	103	101	102	101	104	108	107	106	108	107	108	101
Telia	202	207	203	204	199	205	202	198	196	189	182	177	166
Elisa	199	210	204	205	199	202	204	204	200	203	199	194	180
Total	496	520	508	512	499	511	514	509	502	501	488	479	447
Service Revenue Growth, yoy													
DNA	7.8%	14.2%	7.6%	6.7%	7.0%	1.5%	7.5%	4.7%	4.6%	3.9%	(0.9%)	0.8%	(4.5%)
Telia	(0.1%)	1.8%	2.0%	0.2%	(1.8%)	(0.9%)	(0.4%)	(3.1%)	(1.4%)	(7.9%)	(9.8%)	(10.7%)	(15.3%)
Elisa	5.4%	6.0%	3.5%	2.4%	(0.1%)	(3.7%)	(0.3%)	(0.6%)	0.6%	0.6%	(2.2%)	(4.8%)	(10.3%)
Total	3.5%	5.8%	3.7%	2.3%	0.6%	(1.5%)	1.2%	(0.5%)	0.6%	(2.1%)	(4.9%)	(5.9%)	(11.0%)
Service Revenue Market Share													
DNA	19.1%	19.8%	19.8%	19.9%	20.3%	20.4%	21.1%	21.0%	21.1%	21.7%	22.0%	22.5%	22.6%
Telia	40.8%	39.8%	39.9%	40.0%	39.8%	40.1%	39.3%	38.9%	39.0%	37.7%	37.3%	36.9%	37.1%
Elisa	40.2%	40.4%	40.2%	40.1%	39.9%	39.5%	39.6%	40.1%	39.9%	40.6%	40.8%	40.6%	40.3%
Post-pay Customers, 000s													
Telia	2,670	2,722	2,781	2,843	2,898	2,930	2,901	2,919	2,897	2,899	2,920	2,948	2,975
Call Volumes, mn min/qtr													
Telia	2,398	2,470	2,439	2,477	2,445	2,502	2,532	2,473	2,576	2,569	2,562	2,614	2,566
Call Volume growth, yoy													
Telia	5.1%	6.9%	6.7%	4.0%	2.0%	1.3%	3.8%	(0.1%)	5.3%	2.7%	1.2%	5.7%	(0.4%)
EBITDA, €m													
Telia	80	78	77	77	79	81	82	75	77	72	69	61	68

Source: Company Reports and Citi Research

Finland Fixed Data

Figure 78. Finland Fixed Line Market Information

Finland	1Q10	2Q10	3Q10	4Q10	1Q11	2Q11	3Q11	4Q11	1Q12	2Q12	3Q12	4Q12	1Q13
Broadband Subscribers (000s)													
Elisa	462	462	464	467	478	475	482	486	489	491	498	505	509
Telia	458	459	458	476	470	470	484	491	494	493	496	501	511
DNA	178	175	289	291	297	292	294	299	298	307	311	311	307
Welho	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
Total	1,416	1,414	1,414	1,438	1,448	1,440	1,464	1,480	1,484	1,495	1,509	1,521	1,530
Broadband Subscribers Net Adds (000s)													
Elisa	(5)	(0)	2	3	10	(3)	8	4	2	3	7	7	4
Telia	0	1	(1)	18	(6)	0	14	7	3	(1)	3	5	10
DNA	(2)	(3)	(1)	2	6	(5)	2	5	(1)	9	4	0	(4)
Total	(5)	(2)	0	23	10	(8)	24	16	4	11	14	12	10
Telephony Channels (000s)													
Elisa	391	378	360	347	335	324	308	298	285	277	269	260	247
Telia	312	295	286	277	270	262	249	239	230	222	212	204	196
DNA	189	182	174	171	152	147	142	138	134	130	126	120	116
Finnet	285	285	285	285	285	285	285	285	285	285	285	285	285
- other	113	113	113	113	113	113	113	113	113	113	113	113	113
Total	1,290	1,253	1,218	1,193	1,155	1,131	1,097	1,073	1,047	1,027	1,004	982	957
Telephony Channels Net Adds (000s)													
Elisa	(10)	(13)	(18)	(14)	(12)	(11)	(16)	(10)	(13)	(9)	(8)	(8)	(14)
Telia	(12)	(17)	(9)	(9)	(7)	(8)	(13)	(10)	(9)	(8)	(10)	(8)	(8)
DNA	(8)	(7)	(8)	(3)	(19)	(5)	(5)	(4)	(4)	(4)	(4)	(6)	(4)
Total	(30)	(37)	(35)	(26)	(38)	(24)	(34)	(24)	(26)	(21)	(22)	(22)	(26)
Pay TV Subscribers (000s)													
Elisa (cable TV)	250	252	249	250	252	252	252	253	252	254	255	259	265
Telia (Cable TV)	187	189	207	218	238	328	339	355	368	376	392	403	410
Telia (IPTV)	1	0	0	0	0	0	0	0	0	0	0	0	0
DNA (Cable TV)	271	274	596	598	602	597	599	602	592	597	601	596	594
Welho (cable tv) (est.)	324	324	0	0	0	0	0	0	0	0	0	0	0
Finnet Group (cable tv) (est.)	217	217	217	217	217	217	217	217	217	217	217	217	217
Total	1,250	1,256	1,269	1,283	1,309	1,394	1,407	1,427	1,429	1,444	1,465	1,475	1,486
Pay TV Subscribers Net Adds (000s)													
Elisa (cable TV)	1	1	(3)	2	1	0	1	1	(1)	2	2	4	6
Telia (Cable TV)	12	2	18	11	20	90	11	16	13	8	16	11	7
Telia (IPTV)	0	(1)	0	0	0	0	0	0	0	0	0	0	0
DNA (Cable TV)	1	3	322	2	4	(5)	2	3	(10)	5	4	(5)	(2)

Source: Company Reports and Citi Research

France

Fixed

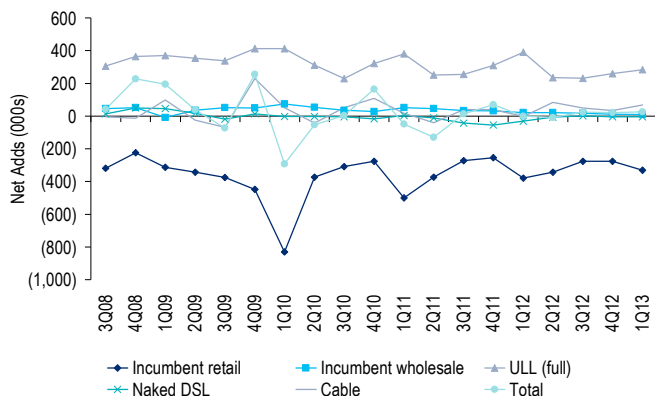
- FT's retail line losses worsened slightly at -311k in 1Q13 vs -277k 4Q12. Fixed revenue growth remained stable at -2.7% in Q1 vs. -2.8%. Free maintained its number 2 broadband position thanks to a record number of fixed broadband net adds at 107k. FT reported the lowest number of broadband net additions despite launching its new triple-play box.

Mobile

- Service revenue growth excluding MTRs worsened to -10.5% in 1Q13 from -6.9% in 4Q12. Free continues to gain market share with 870k net additions in 1Q13. Total minutes growth was similar to Q4 at 6.0% in Q1. FT changed its reporting format for mobile and fixed which impacted historical comparisons.

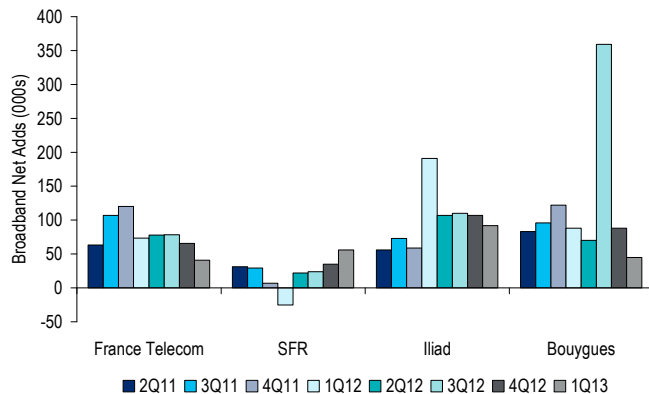
Fixed Charts

Figure 79. Telephony Net Adds



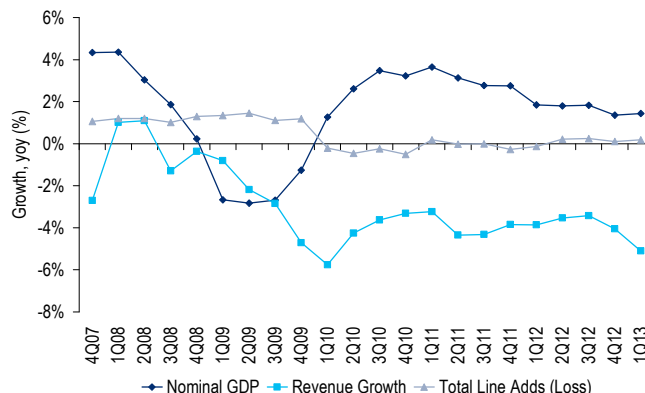
Source: Company reports and Citi Research

Figure 81. Broadband Subscriber Net Adds



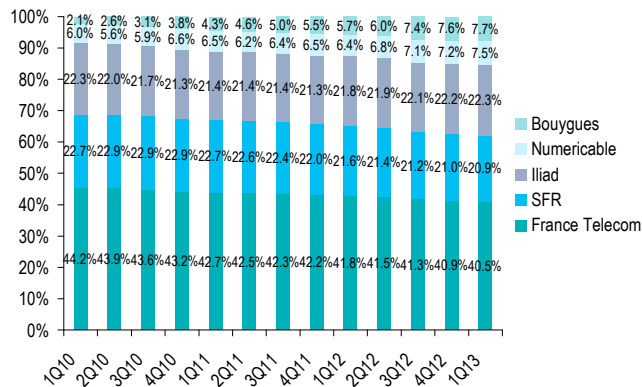
Source: Company reports and Citi Research

Figure 80. Line Loss, Incumbent Revenue Growth and GDP



Source: Company reports, Datastream and Citi Research

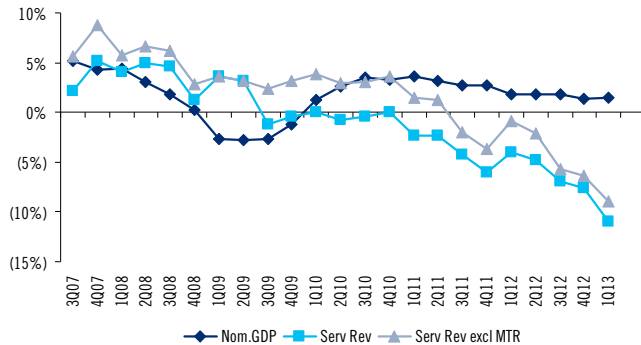
Figure 82. Broadband Subscriber Market Share



Source: Company reports and Citi Research

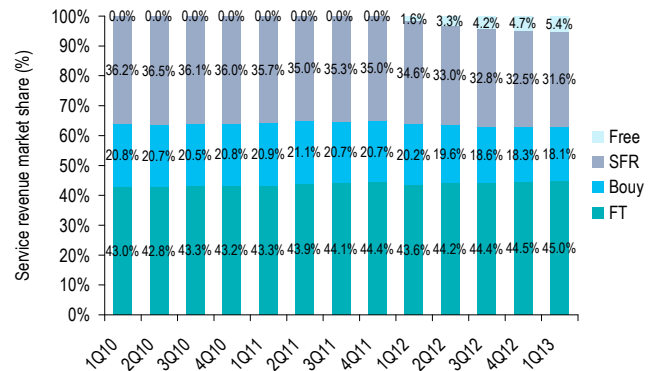
Mobile Charts

Figure 83. Revenue and GDP



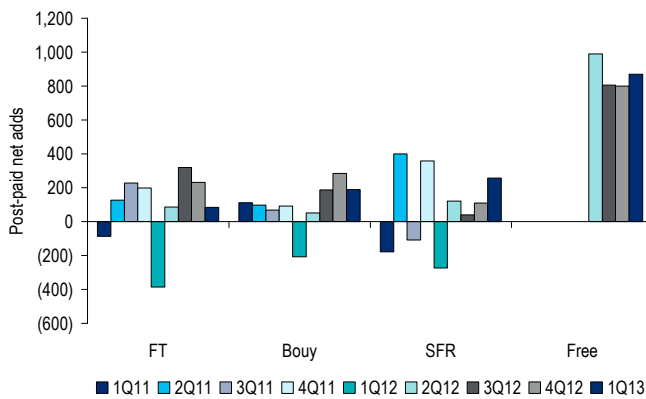
Source: Company reports, Datastream and Citi Research

Figure 84. Service Revenue Market Share (excl Free)



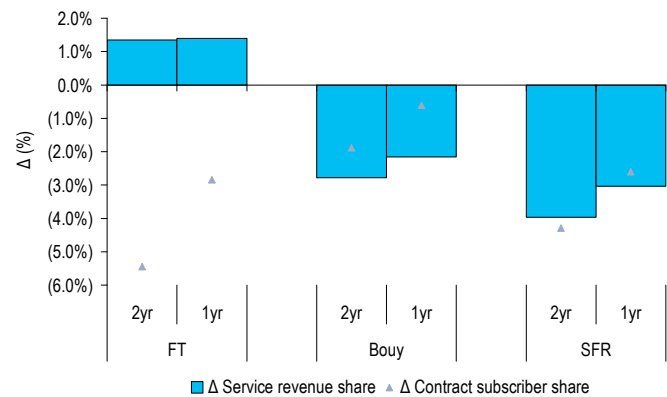
Source: Company reports and Citi Research

Figure 85. Post-Paid Net Adds



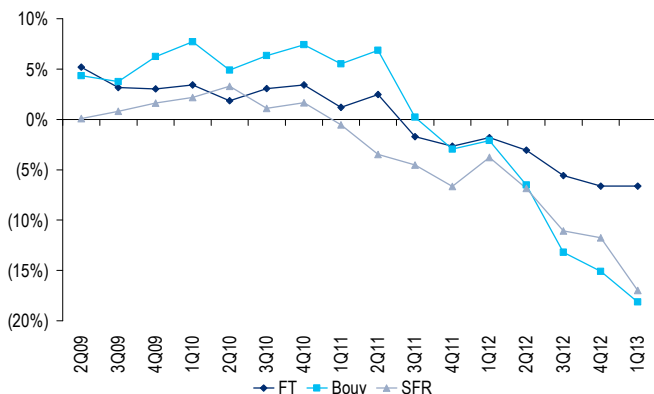
Source: Company reports and Citi Research

Figure 86. Change in Service Revenue and Contract Sub Share



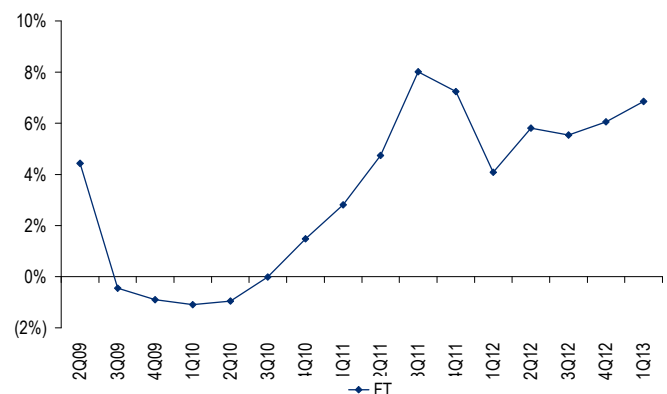
Source: Company reports and Citi Research

Figure 87. Service revenue growth (excl MTR cuts)



Source: Company reports and Citi Research

Figure 88. Minutes growth



Source: Company reports and Citi Research

France Mobile Data

Figure 89. France Mobile Market Information

France	1Q10	2Q10	3Q10	4Q10	1Q11	2Q11	3Q11	4Q11	1Q12	2Q12	3Q12	4Q12	1Q13
Service Revenue, €m													
Orange (FT)	2,467	2,514	2,516	2,517	2,430	2,517	2,449	2,432	2,347	2,410	2,295	2,254	2,157
Bouygues	1,195	1,215	1,192	1,215	1,175	1,212	1,148	1,133	1,088	1,071	963	926	866
SFR	2,079	2,143	2,099	2,099	2,004	2,004	1,961	1,916	1,863	1,800	1,699	1,644	1,514
Free	0	0	0	0	0	0	0	0	86	178	215	240	257
Total	5,741	5,872	5,807	5,831	5,609	5,733	5,558	5,481	5,384	5,459	5,172	5,063	4,794
Service Revenue Growth, yoy													
Orange (FT)	(0.1%)	(1.5%)	0.6%	0.8%	(1.5%)	0.1%	(2.7%)	(3.4%)	(3.4%)	(4.2%)	(6.3%)	(7.3%)	(8.1%)
Bouygues	2.4%	(0.6%)	(0.1%)	0.5%	(1.7%)	(0.2%)	(3.7%)	(6.7%)	(7.4%)	(11.6%)	(16.1%)	(18.3%)	(20.4%)
SFR	(1.2%)	(0.1%)	(1.6%)	(1.3%)	(3.6%)	(6.5%)	(6.6%)	(8.7%)	(7.0%)	(10.2%)	(13.4%)	(14.2%)	(18.7%)
Total	0.0%	(0.8%)	(0.4%)	0.0%	(2.3%)	(2.4%)	(4.3%)	(6.0%)	(4.0%)	(4.8%)	(7.0%)	(7.6%)	(11.0%)
Service Revenue Market Share													
Orange (FT)	43.0%	42.8%	43.3%	43.2%	43.3%	43.9%	44.1%	44.4%	43.6%	44.2%	44.4%	44.5%	45.0%
Bouygues	20.8%	20.7%	20.5%	20.8%	20.9%	21.1%	20.7%	20.7%	20.2%	19.6%	18.6%	18.3%	18.1%
SFR	36.2%	36.5%	36.1%	36.0%	35.7%	35.0%	35.3%	35.0%	34.6%	33.0%	32.8%	32.5%	31.6%
Free	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	1.6%	3.3%	4.2%	4.7%	5.4%
Post-pay Customers, 000s													
Orange (FT)	18,081	18,290	18,615	18,984	18,898	19,025	19,254	19,453	19,066	19,152	19,472	19,704	19,789
Bouygues	8,075	8,277	8,461	8,741	8,852	8,950	9,018	9,111	8,904	8,955	9,143	9,428	9,618
SFR	15,032	15,347	15,661	16,095	15,916	16,315	16,207	16,566	16,292	16,414	16,454	16,563	16,820
Free	0	0	0	0	0	0	0	0	2,610	3,600	4,405	5,205	6,075
Call Volumes, mn min/qtr													
France Telecom	15,092	14,814	14,582	15,001	15,516	15,517	15,750	16,087	16,150	16,420	16,622	17,063	17,258
Bouygues	8,931	9,628	10,607	11,611	11,962	12,051	11,964	11,925	11,737	11,630	11,851	12,634	12,297
SFR	13,901	14,454	15,281	16,295	16,623	16,587	16,640	16,787	16,669	16,710	16,929	17,453	17,023
Free	0	0	0	0	0	0	0	0	708	1,738	2,261	2,742	3,243
Total	37,924	38,896	40,470	42,907	44,101	44,155	44,353	44,799	45,264	46,498	47,663	49,892	49,821
Call Volume growth, yoy													
France Telecom	(1.1%)	(1.0%)	(0.0%)	1.5%	2.8%	4.7%	8.0%	7.2%	4.1%	5.8%	5.5%	6.1%	6.9%
Bouygues	5.0%	13.5%	24.6%	35.1%	33.9%	25.2%	12.8%	2.7%	(1.9%)	(3.5%)	(0.9%)	6.0%	4.8%
SFR	(0.2%)	4.4%	11.4%	19.5%	19.6%	14.8%	8.9%	3.0%	0.3%	0.7%	1.7%	4.0%	2.1%
Free													
Total	0.6%	4.3%	9.9%	15.9%	16.3%	13.5%	9.6%	4.4%	2.6%	5.3%	7.5%	11.4%	10.1%
Contract Churn, % p.a													
Orange (FT)	13.1%	13.7%	13.9%	14.2%	15.8%	16.1%	16.4%	17.1%	19.0%	20.0%	20.4%	20.9%	19.2%
Data Revenue (excl messaging) % Service Revenue													
Orange (FT)	15.3%	14.8%	16.7%	17.2%	18.5%	18.3%	20.4%	20.4%	21.3%	21.4%	23.3%	25.4%	25.4%
EBITDA, €m													
Orange (FT)	1,025	1,044	906	907	954	989	889	882	904	928	766	752	
Bouygues	357	377	366	267	321	344	370	237	296	263	248	101	212
SFR	834	872	798	693	762	794	797	635	924	924	887	564	702
Capex, €m													
Orange (FT)	152	152	201	201	134	134	179	179	155	155	192	192	

Source: Company Reports and Citi Research

France Fixed Data

Figure 90. France Fixed Line Market Information

France	1Q10	2Q10	3Q10	4Q10	1Q11	2Q11	3Q11	4Q11	1Q12	2Q12	3Q12	4Q12	1Q13
Broadband Subscribers (000s)													
Incumbent retail	8,937	8,989	9,086	9,207	9,308	9,371	9,478	9,598	9,671	9,749	9,827	9,893	9,934
Incumbent wholesale	1,959	1,941	1,945	1,838	1,828	1,860	1,821	1,743	1,682	1,621	1,621	1,630	1,579
ULL (total)	8,119	8,401	8,593	8,884	9,232	9,456	9,670	9,941	10,283	10,489	10,685	10,910	11,168
Cable	1,220	1,156	1,235	1,398	1,424	1,363	1,424	1,484	1,480	1,607	1,682	1,732	1,835
Total	20,235	20,487	20,859	21,327	21,792	22,050	22,393	22,766	23,116	23,466	23,816	24,166	24,516
Broadband Subscribers (000s)													
France Telecom	8,937	8,989	9,086	9,207	9,308	9,371	9,478	9,598	9,671	9,749	9,827	9,893	9,934
SFR	4,592	4,682	4,773	4,887	4,952	4,983	5,012	5,019	4,994	5,016	5,040	5,075	5,131
Iliad	4,504	4,514	4,528	4,534	4,661	4,717	4,790	4,849	5,040	5,147	5,257	5,364	5,456
Alice	0	0	0	0	0	0	0	0	0	0	0	0	0
Numericable	1,220	1,156	1,235	1,398	1,424	1,363	1,424	1,484	1,480	1,607	1,682	1,732	1,835
Bouygues	434	533	654	808	940	1,023	1,119	1,241	1,329	1,399	1,758	1,846	1,891
Total	20,235	20,487	20,859	21,327	21,792	22,050	22,393	22,766	23,116	23,466	23,816	24,166	24,516
Broadband Subscribers Net Adds (000s)													
France Telecom	4	52	97	121	101	63	107	120	73	78	78	66	41
SFR	148	90	91	114	65	31	29	7	(25)	22	24	35	56
Iliad	48	10	14	6	127	56	73	59	191	107	110	107	92
Alice	0	0	0	0	0	0	0	0	0	0	0	0	0
Numericable	77	(64)	79	164	26	(61)	61	60	(4)	127	75	50	103
Bouygues	120	99	121	154	132	83	96	122	88	70	359	88	45
Total	404	252	372	468	465	258	343	373	350	350	350	350	350
Telephony Channels (000s)													
Incumbent retail	24,941	24,568	24,259	23,983	23,482	23,108	22,835	22,580	22,201	21,857	21,581	21,304	20,973
Incumbent wholesale (WLR)	1,151	1,204	1,240	1,267	1,318	1,363	1,396	1,427	1,449	1,470	1,487	1,498	1,508
ULL (full)	6,827	7,139	7,368	7,690	8,071	8,322	8,577	8,886	9,277	9,513	9,745	10,004	10,287
Naked DSL	1,243	1,240	1,236	1,219	1,223	1,212	1,170	1,115	1,085	1,078	1,080	1,076	1,072
Cable	805	763	815	923	940	900	940	980	977	1,061	1,110	1,143	1,211
Total	34,967	34,914	34,918	35,082	35,034	34,905	34,918	34,988	34,988	34,979	35,003	35,025	35,050
Telephony Channels Net Adds (000s)													
Incumbent retail	(830)	(373)	(309)	(276)	(501)	(374)	(273)	(255)	(379)	(344)	(276)	(277)	(331)
Incumbent wholesale	75	53	36	27	51	45	33	31	22	21	17	11	10
ULL (full)	413	312	229	322	381	251	255	309	391	236	232	259	283
Naked DSL	(2)	(3)	(4)	(17)	4	(11)	(42)	(55)	(30)	(7)	2	(5)	(4)
Cable	51	(42)	52	108	17	(40)	40	40	(3)	84	49	33	68
Total	(293)	(53)	4	164	(48)	(129)	13	70	0	(9)	25	21	26
Pay TV Subscribers (000s)													
France Telecom	2,894	3,051	3,230	3,505	3,711	3,896	4,124	4,374	4,555	4,703	4,882	5,067	5,208
Pay TV Subscribers Net Adds (000s)													
France Telecom	133	157	179	275	206	185	228	250	181	148	179	186	140
Other													
FT FTTH customers	37	42	45	54	65	73	82	95	108	123	144	176	206

Source: Company Reports and Citi Research

Germany

Fixed

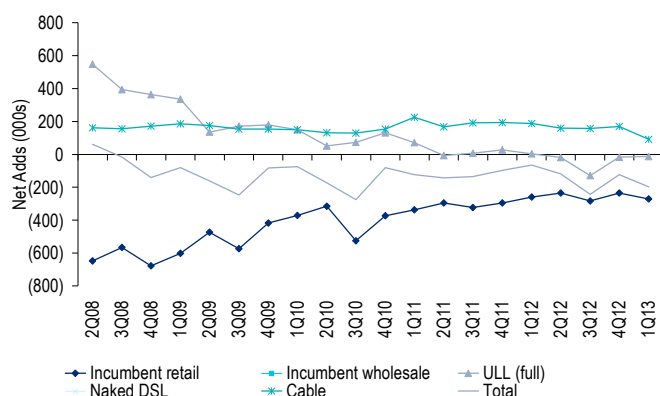
- DT's retail line loss deteriorated slightly to -271k in 1Q13 from -236k in 4Q12. Total market line loss also deteriorated to -198k in 1Q13 from -123k in 4Q12. Market broadband net adds grew at 126k in 1Q13 from 154k in 4Q12. DT's TV subscriber base continued to grow with net adds 70k in 1Q13 vs. 60k in 4Q12, 76k in 3Q12 and 105k in 2Q12.

Mobile

- Market service revenue growth excluding MTR cuts further declined to -1.1% in 1Q13, vs 0.3% in 4Q12. DT delivered a significant improvement in its underlying growth (ex-MTR cuts) and remains committed to positive underlying growth later in the year.

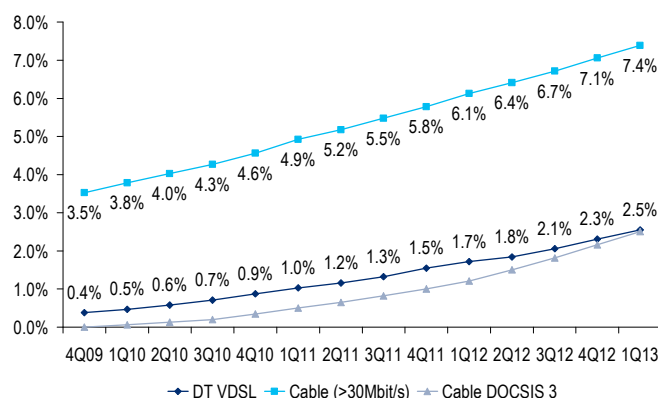
Fixed Charts

Figure 91. Telephony Net Adds



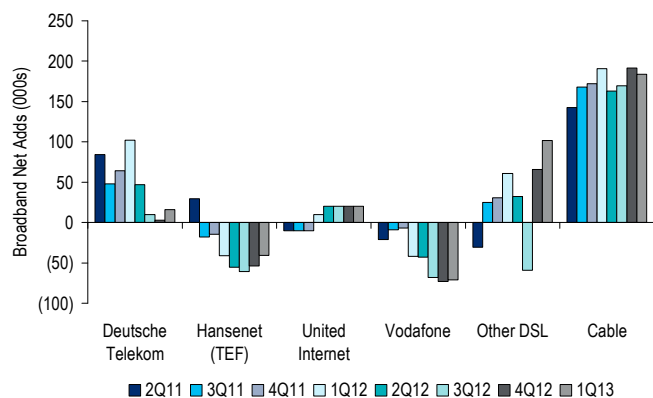
Source: Company reports and Citi Research

Figure 92. High speed broadband take-up (% of total households)



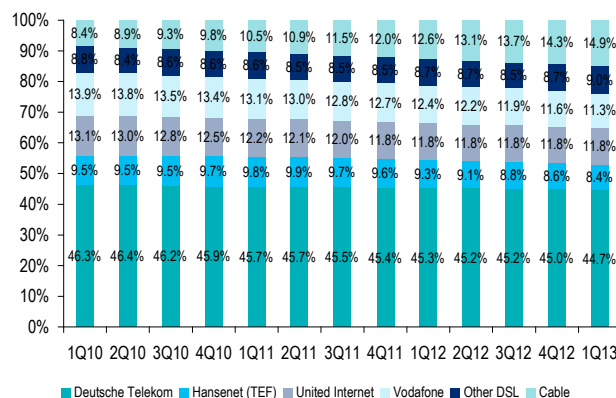
Source: Company reports, Datastream and Citi Research

Figure 93. Broadband Subscriber Net Adds



Source: Company reports and Citi Research

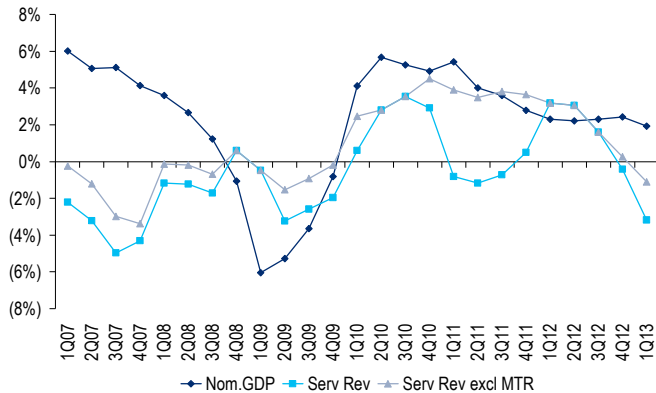
Figure 94. Broadband Subscriber Market Share



Source: Company reports and Citi Research

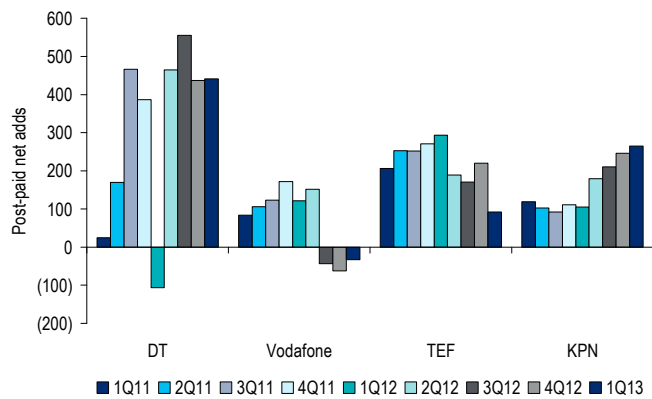
Mobile Charts

Figure 95. Revenue and GDP



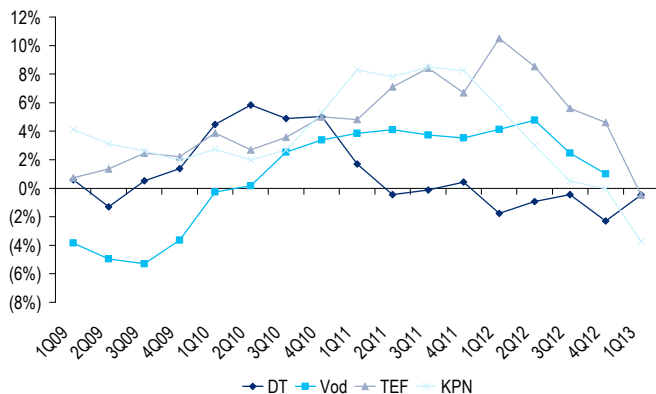
Source: Company reports, Datastream and Citi Research

Figure 97. Post-Paid Net Adds



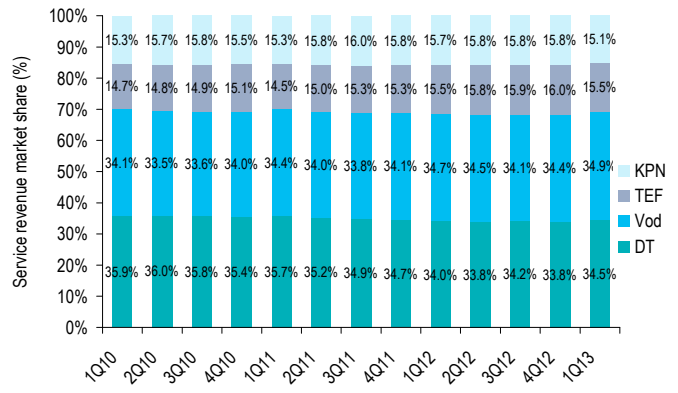
Source: Company reports and Citi Research

Figure 99. Service revenue growth (excl MTR cuts)



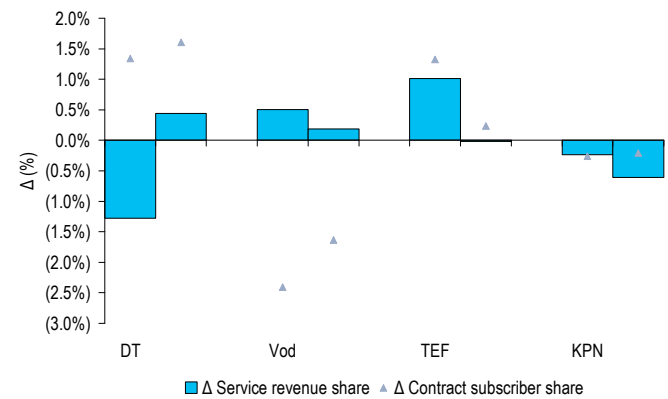
Source: Company reports and Citi Research

Figure 96. Service Revenue Market Share



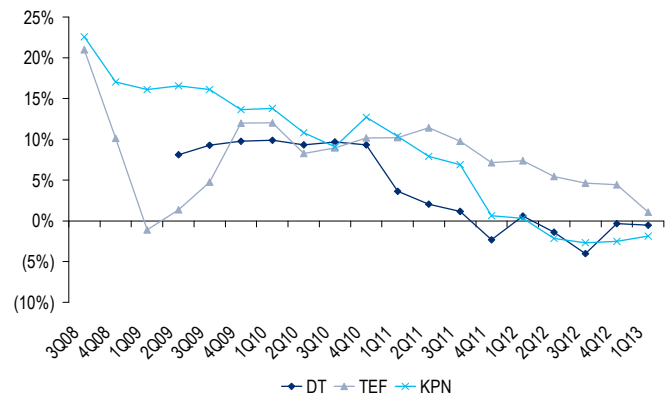
Source: Company reports and Citi Research

Figure 98. Change in Service Revenue and Contract Sub Share



Source: Company reports and Citi Research

Figure 100. Minutes growth



Source: Company reports and Citi Research

Germany Mobile Data

Figure 101. German Mobile Market Information

Germany	1Q10	2Q10	3Q10	4Q10	1Q11	2Q11	3Q11	4Q11	1Q12	2Q12	3Q12	4Q12	1Q13
Service Revenue, €m													
T-Mobile (DT)	1,712	1,766	1,813	1,756	1,690	1,706	1,757	1,728	1,660	1,690	1,749	1,680	1,628
Vodafone	1,626	1,641	1,701	1,686	1,628	1,646	1,702	1,701	1,695	1,725	1,744	1,708	1,650
O2 (Telefonica)	702	726	755	749	686	727	769	765	758	789	812	793	733
KPN	729	772	800	769	726	768	805	790	767	791	809	782	714
Total	4,769	4,905	5,069	4,960	4,730	4,847	5,033	4,984	4,880	4,995	5,114	4,963	4,725
Service Revenue Growth, yoy													
T-Mobile (DT)	3.3%	5.8%	4.9%	4.0%	(1.3%)	(3.4%)	(3.1%)	(1.6%)	(1.8%)	(0.9%)	(0.5%)	(2.8%)	(1.9%)
Vodafone	(1.7%)	0.2%	2.5%	2.2%	0.1%	0.3%	0.0%	0.9%	4.1%	4.8%	2.5%	0.4%	(2.7%)
O2 (Telefonica)	1.0%	2.7%	3.6%	2.7%	(2.3%)	0.1%	1.9%	2.1%	10.5%	8.5%	5.6%	3.7%	(3.3%)
KPN	(0.7%)	2.0%	2.7%	2.4%	(0.4%)	(0.5%)	0.6%	2.7%	5.6%	3.0%	0.5%	(1.0%)	(6.9%)
Total	0.6%	2.8%	3.5%	2.9%	(0.8%)	(1.2%)	(0.7%)	0.5%	3.2%	3.0%	1.6%	(0.4%)	(3.2%)
Service Revenue Market Share													
T-Mobile (DT)	35.9%	36.0%	35.8%	35.4%	35.7%	35.2%	34.9%	34.7%	34.0%	33.8%	34.2%	33.8%	34.5%
Vodafone	34.1%	33.5%	33.6%	34.0%	34.4%	34.0%	33.8%	34.1%	34.7%	34.5%	34.1%	34.4%	34.9%
O2 (Telefonica)	14.7%	14.8%	14.9%	15.1%	14.5%	15.0%	15.3%	15.3%	15.5%	15.8%	15.9%	16.0%	15.5%
KPN	15.3%	15.7%	15.8%	15.5%	15.3%	15.8%	16.0%	15.8%	15.7%	15.8%	15.8%	15.8%	15.1%
Post-pay Customers, 000s													
T-Mobile (DT)	17,274	17,176	17,201	17,173	17,198	17,368	17,834	18,221	18,114	18,578	19,133	19,570	20,011
Vodafone	14,911	14,892	14,942	14,904	14,988	15,094	15,217	15,389	15,510	15,662	15,618	15,556	15,522
O2 (Telefonica)	7,855	7,936	8,025	8,254	8,460	8,713	8,965	9,236	9,529	9,718	9,889	10,109	10,201
KPN	6,764	6,815	6,892	7,069	7,188	7,290	7,382	7,493	7,598	7,777	7,987	7,657	7,922
Call Volumes, mn min/qtr													
Deutsche Telekom	8,622	8,836	9,162	9,393	8,936	9,016	9,268	9,175	8,989	8,892	8,897	9,143	8,939
Vodafone	9,697	9,798	9,770	10,362	10,270	10,470	10,657	11,141	11,342	11,400	11,517	11,864	11,765
Telefonica	6,223	6,299	6,292	6,729	6,859	7,018	6,907	7,208	7,365	7,399	7,228	7,528	7,444
KPN	8,497	8,865	8,767	9,497	9,379	9,567	9,371	9,556	9,408	9,360	9,120	9,314	9,233
Total	33,040	33,797	33,990	35,980	35,443	36,071	36,202	37,080	37,104	37,051	36,762	37,849	37,381
Call Volume growth, yoy													
Deutsche Telekom	9.9%	9.3%	9.7%	9.3%	3.6%	2.0%	1.2%	(2.3%)	0.6%	(1.4%)	(4.0%)	(0.4%)	(0.6%)
Vodafone	2.5%	5.2%	5.8%	7.3%	5.9%	6.9%	9.1%	7.5%	10.4%	8.9%	8.1%	6.5%	3.7%
Telefonica	12.0%	8.2%	9.0%	10.2%	10.2%	11.4%	9.8%	7.1%	7.4%	5.4%	4.6%	4.4%	1.1%
KPN	13.8%	10.8%	9.1%	12.7%	10.4%	7.9%	6.9%	0.6%	0.3%	(2.2%)	(2.7%)	(2.5%)	(1.9%)
Total	8.9%	8.3%	8.3%	9.7%	7.3%	6.7%	6.5%	3.1%	4.7%	2.7%	1.5%	2.1%	0.7%
Contract Churn, % p.a													
T-Mobile (DT)	15.6%	16.8%	13.2%	14.4%	12.0%	13.2%	13.2%	14.4%	19.2%	12.0%	12.0%	13.2%	13.2%
Vodafone	15.4%	16.9%	16.7%	19.6%	14.1%	14.8%	15.4%	15.4%	13.7%	13.2%	14.3%	17.5%	16.4%
KPN	20.0%	20.0%	20.0%	23.0%	23.0%	22.0%	21.0%	25.0%	21.0%	20.0%	23.0%	51.0%	17.0%
Data Revenue (excl messaging) % Service Revenue													
Vodafone	19.7%	20.6%	20.8%	22.2%	24.7%	25.0%	25.8%	27.0%	27.9%	28.5%	28.7%	29.7%	31.8%
O2 (Telefonica)	13.8%	12.5%	14.2%	15.6%	18.9%	20.7%	21.4%	22.2%	24.0%	24.1%	25.6%	27.3%	30.9%
EBITDA, €m													
T-Mobile (DT)	828	912	928	891									
Vodafone	867	856	888	879	849	867	896	837	834	850	859	838	809
O2 (Telefonica)	241	291	304	310	261	297	314	347	295	333	339	343	294
KPN	321	345	386	322	301	335	354	363	303	335	323	329	195
Capex, €m													
T-Mobile (DT)	96	86	166	233									
Vodafone	243	203	203	281	281	233	233	278	278	278	278	379	379
O2 (Telefonica)	113	169	173	223	114	129	129	185	134	136	181	157	146
KPN	70	86	128	202	91	126	154	228	111	150	111	271	102

Source: Company Reports and Citi Research

Germany Fixed Data

Figure 102. German Fixed Line Market Information

Germany	1Q10	2Q10	3Q10	4Q10	1Q11	2Q11	3Q11	4Q11	1Q12	2Q12	3Q12	4Q12	1Q13
Broadband Subscribers (000s)													
Incumbent retail	11,665	11,795	11,844	11,954	12,069	12,153	12,201	12,265	12,367	12,414	12,424	12,427	12,443
Incumbent wholesale	2,184	2,077	2,035	2,021	1,999	1,975	1,955	1,926	1,910	1,884	1,845	1,821	1,845
ULL (total)	9,242	9,293	9,367	9,498	9,570	9,562	9,570	9,598	9,602	9,582	9,453	9,436	9,422
Cable	2,122	2,259	2,397	2,560	2,762	2,905	3,073	3,245	3,436	3,599	3,768	3,960	4,060
Total	25,213	25,424	25,643	26,033	26,400	26,595	26,799	27,034	27,315	27,479	27,490	27,644	27,770
Broadband Subscribers (000s)													
Deutsche Telekom	11,665	11,795	11,844	11,954	12,069	12,153	12,201	12,265	12,367	12,414	12,424	12,427	12,443
Hansenet (TEF)	2,404	2,413	2,445	2,529	2,591	2,620	2,603	2,588	2,547	2,491	2,430	2,376	2,336
United Internet	3,310	3,310	3,280	3,260	3,230	3,220	3,210	3,200	3,210	3,230	3,250	3,270	3,290
Vodafone	3,500	3,500	3,470	3,494	3,470	3,449	3,440	3,433	3,391	3,348	3,280	3,207	3,136
Versatel	670	654	634	624	622	602	585	565	545	545	545	545	545
Telefonica (pre Hansenet)													
Tele2	131	125	121	116	112	110	105	100	93	90	97	82	78
Kabel Deutschland	966	1,029	1,089	1,153	1,260	1,314	1,377	1,446	1,518	1,583	1,657	1,741	
Liberty Global	1,156	1,230	1,308	1,407	1,502	1,591	1,696	1,799	1,918	2,016	2,111	2,219	2,319
Other	1,411	1,368	1,452	1,496	1,544	1,536	1,583	1,638	1,726	1,762	1,696	1,777	1,882
Total	25,213	25,424	25,643	26,033	26,400	26,595	26,799	27,034	27,315	27,479	27,490	27,644	27,770
Broadband Subscribers Net Adds (000s)													
Deutsche Telekom	188	130	49	110	115	84	48	64	102	47	10	3	16
Hansenet (TEF)	94	9	32	84	62	30	(18)	(15)	(41)	(56)	(61)	(54)	(41)
United Internet	0	0	(30)	(20)	(30)	(10)	(10)	(10)	10	20	20	20	20
Freenet													
Vodafone	100	0	(30)	24	(24)	(21)	(9)	(7)	(42)	(43)	(68)	(73)	(71)
Versatel	(13)	(16)	(20)	(10)	(2)	(20)	(17)	(20)	(20)	0	0	0	0
Telefonica (pre Hansenet)													
Tele2	(8)	(6)	(4)	(5)	(4)	(2)	(5)	(5)	(7)	(3)	7	(15)	(4)
Kabel Deutschland	60	63	60	65	107	54	63	69	72	65	74	84	
Liberty Global	82	75	78	99	95	89	105	103	119	98	95	108	100
Total	442	212	219	391	367	195	204	235	281	164	11	154	126
Telephony Channels (000s)													
Incumbent retail	25,864	25,549	25,024	24,650	24,312	24,017	23,694	23,399	23,140	22,904	22,620	22,384	22,113
Incumbent wholesale	1,025	985	1,030	1,039	957	951	941	918	920	897	909	869	865
ULL (full)	9,242	9,293	9,367	9,498	9,570	9,562	9,570	9,598	9,602	9,582	9,453	9,436	9,422
Cable	2,120	2,251	2,381	2,535	2,759	2,926	3,116	3,310	3,498	3,657	3,815	3,985	4,076
Total	38,251	38,078	37,802	37,722	37,598	37,456	37,321	37,225	37,160	37,040	36,797	36,674	36,476
Telephony Channels Net Adds (000s)													
Incumbent retail	(372)	(315)	(525)	(374)	(338)	(295)	(323)	(295)	(259)	(236)	(284)	(236)	(271)
Incumbent wholesale	0	(40)	45	9	(82)	(6)	(10)	(23)	2	(23)	12	(40)	(4)
ULL (full)	149	51	74	131	72	(8)	8	28	4	(20)	(129)	(17)	(14)
Cable	149	131	130	153	225	166	191	194	188	159	158	170	91
Total	(74)	(173)	(276)	(81)	(123)	(143)	(134)	(96)	(65)	(120)	(243)	(123)	(198)
Pay TV Subscribers (000s)													
DT	896	971	1,042	1,156	1,257	1,301	1,375	1,553	1,725	1,830	1,906	1,966	2,036
Sky Deutschland	2,471	2,476	2,521	2,653	2,726	2,759	2,857	3,012	3,085	3,132	3,212	3,363	3,405
Kabel Deutschland	9,002	8,969	8,966	8,930	8,877	8,856	8,838	8,811	8,702	8,701	8,660	8,659	8,659
Liberty Global	6,814	6,799	6,800	6,804	6,799	6,790	6,784	6,752	6,744	6,739	6,714	6,689	6,667
Total	19,231	19,273	19,397	19,620	19,738	19,786	19,937	20,211	20,335	20,475	20,557	20,734	20,767
Pay TV Subscribers Net Adds (000s)													
DT	90	75	71	114	101	44	74	178	172	105	76	60	70
Sky Deutschland	1	5	45	132	73	33	98	155	73	47	80	151	42
Kabel Deutschland	(42)	(33)	(3)	(36)	(53)	(21)	(18)	(28)	(109)	(1)	(41)	(1)	
Unity Media	(4)	(15)	1	4	(5)	(9)	(6)	(32)	(8)	(5)	(25)	(25)	(22)
Total	93	42	124	223	118	48	151	274	124	140	82	178	33
Other													
DT VDSL customers	182	227	278	342	403	454	520	608	674	722	809	905	

Source: Company Reports and Citi Research

Greece

Fixed

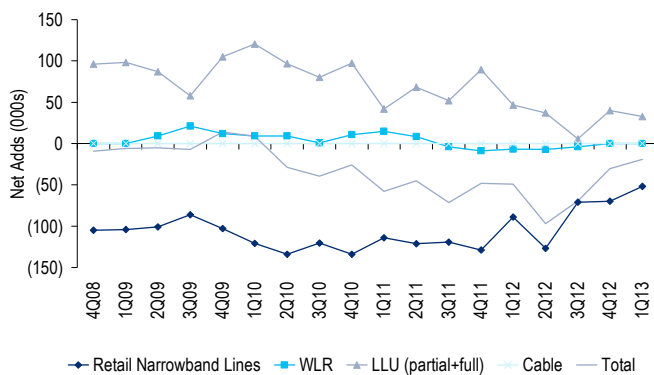
- Fixed line trends improved at -8.2% retail line loss yoy vs. -8.9% in 4Q12. Total market line loss also improved at -3.8% yoy.

Mobile

- Service revenue growth excluding MTR cuts deteriorated to -10.6% in 1Q13, vs -7.1% in 4Q12. Minutes traffic declined was similar at -1.4% in 1Q13 from -1.0% in 4Q12.

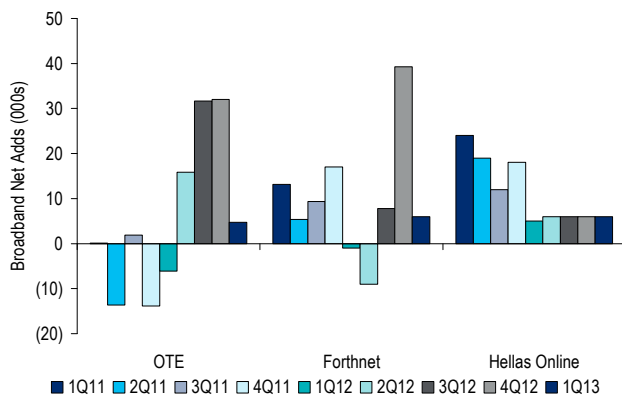
Fixed Charts

Figure 103. Telephony Net Adds



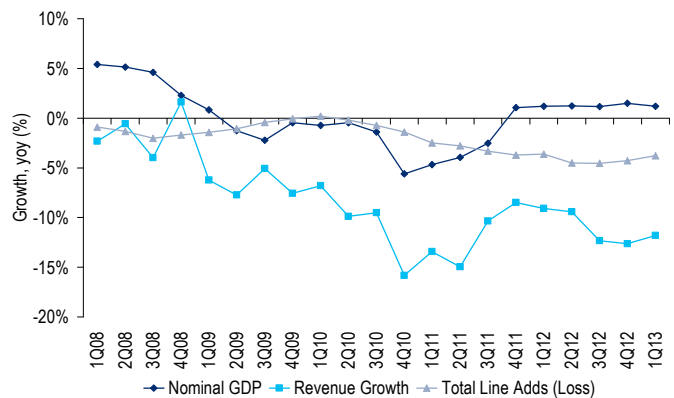
Source: Company reports and Citi Research

Figure 105. Broadband Subscriber Net Adds



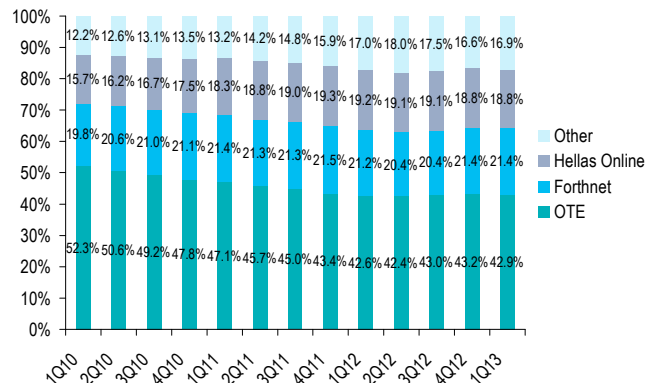
Source: Company reports and Citi Research

Figure 104. Line Loss, Incumbent Revenue Growth and GDP



Source: Company reports, Datastream and Citi Research

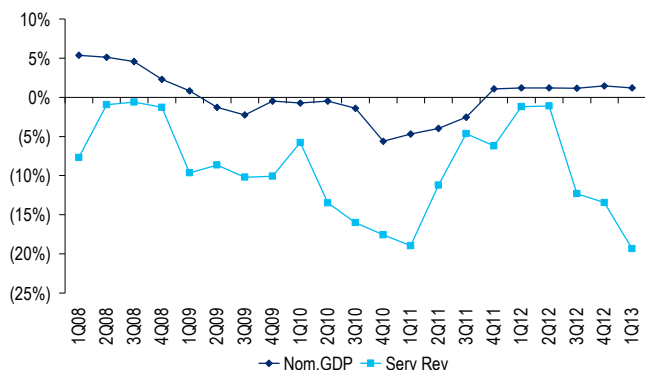
Figure 106. Broadband Subscriber Market Share



Source: Company reports and Citi Research

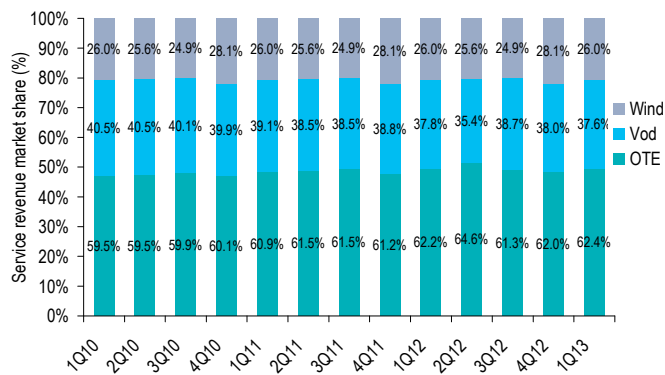
Mobile Charts

Figure 107. Revenue and GDP



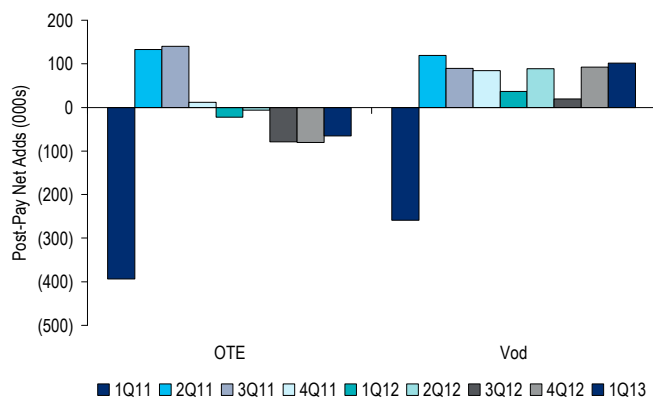
Source: Company reports, Datastream and Citi Research

Figure 108. Service Revenue Market Share



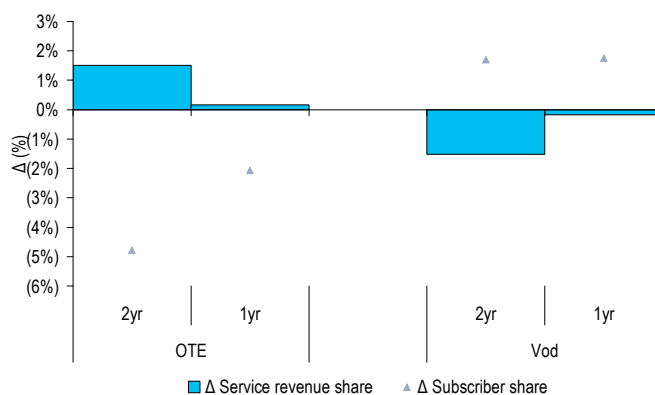
Source: Company reports and Citi Research

Figure 109. Total Net Adds



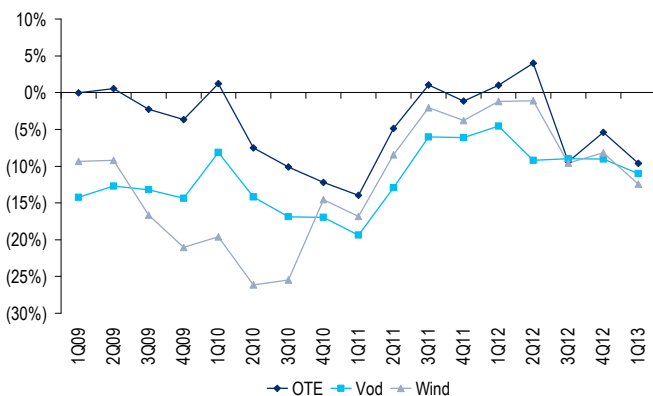
Source: Company reports and Citi Research

Figure 110. Change in Service Revenue and Contract Sub Share



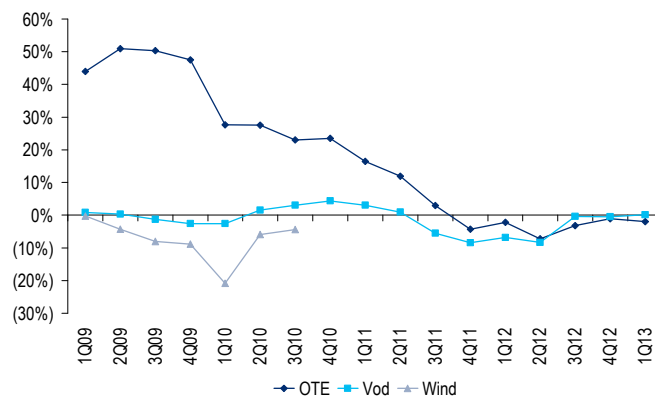
Source: Company reports and Citi Research

Figure 111. Service revenue growth (excl MTR cuts)



Source: Company reports and Citi Research

Figure 112. Minutes growth



Source: Company reports and Citi Research

Greece Mobile Data

Figure 113. Greek Mobile Market Information

Greece	1Q10	2Q10	3Q10	4Q10	1Q11	2Q11	3Q11	4Q11	1Q12	2Q12	3Q12	4Q12	1Q13
Service Revenue, €m													
Incumbent	388	380	390	349	322	349	382	334	326	363	334	292	263
Vodafone	265	259	262	232	207	219	239	211	198	199	211	180	159
Wind	170	163	163										
Total	653	639	652	581	530	568	622	545	523	561	545	472	422
Service Revenue Growth, yoy													
Incumbent	(2.1%)	(11.0%)	(13.5%)	(16.0%)	(17.0%)	(8.2%)	(2.0%)	(4.5%)	1.0%	4.0%	(12.6%)	(12.4%)	(19.1%)
Vodafone	(10.7%)	(16.8%)	(19.5%)	(19.8%)	(21.8%)	(15.6%)	(8.5%)	(8.8%)	(4.6%)	(9.2%)	(11.8%)	(15.0%)	(19.7%)
Wind	(22.1%)	(29.1%)	(28.5%)										
Total	(5.8%)	(13.5%)	(16.0%)	(17.6%)	(18.9%)	(11.2%)	(4.6%)	(6.2%)	(1.2%)	(1.1%)	(12.3%)	(13.4%)	(19.3%)
Service Revenue Market Share													
Incumbent	59.5%	59.5%	59.9%	60.1%	60.9%	61.5%	61.5%	61.2%	62.2%	64.6%	61.3%	62.0%	62.4%
Vodafone	40.5%	40.5%	40.1%	39.9%	39.1%	38.5%	38.5%	38.8%	37.8%	35.4%	38.7%	38.0%	37.6%
Wind	26.0%	25.6%	24.9%										
Post-pay Customers, 000s													
Incumbent	2,306	2,314	2,329	2,311	2,302	2,276	2,319	2,321	2,292	2,286	2,286	2,302	2,286
Vodafone	1,686	1,675	1,656	1,637	1,609	1,598	1,604	1,601	1,590	1,584	1,570	1,564	1,547
Wind	1,067	1,055	1,036										
Call Volumes, mn min/qtr													
Incumbent	5,702	6,491	6,682	6,990	6,643	7,268	6,882	6,689	6,496	6,743	6,660	6,616	6,369
Vodafone	2,221	2,438	2,485	2,410	2,288	2,461	2,347	2,207	2,132	2,255	2,339	2,196	2,134
Wind	1,286	1,582	1,586										
Total	9,210	10,511	10,754	10,871	9,997	11,057	10,474	10,113	9,628	10,171	10,187	10,007	9,485
Call Volume growth, yoy													
Incumbent	27.6%	27.5%	23.0%	23.5%	16.5%	12.0%	3.0%	(4.3%)	(2.2%)	(7.2%)	(3.2%)	(1.1%)	(1.9%)
Vodafone	(2.6%)	1.5%	3.1%	4.4%	3.0%	0.9%	(5.6%)	(8.4%)	(6.8%)	(8.4%)	(0.3%)	(0.5%)	0.1%
Wind	(20.9%)	(5.9%)	(4.4%)										
Total	10.0%	14.6%	13.2%	14.1%	8.6%	5.2%	(2.6%)	(7.0%)	(3.7%)	(8.0%)	(2.7%)	(1.1%)	(1.5%)
Contract Churn, % p.a													
Wind													
EBITDA, €m													
Incumbent	177	155	185	153	139	152	183	143	153	161	163	136	121
Vodafone	74	73	74	67	60	72	78	43	40	61	65	56	50

Source: Company Reports and Citi Research

Greece Fixed Data

Figure 114. Greek Fixed Market Information

Greece	1Q10	2Q10	3Q10	4Q10	1Q11	2Q11	3Q11	4Q11	1Q12	2Q12	3Q12	4Q12	1Q13
Broadband Subscribers (000s)													
Incumbent retail	1,078	1,080	1,078	1,092	1,092	1,079	1,081	1,067	1,061	1,077	1,108	1,140	1,145
Incumbent wholesale	71	66	61	62	62	61	61	60	60	61	63	65	65
ULL (total)	912	990	1,054	1,131	1,165	1,219	1,261	1,332	1,370	1,399	1,404	1,436	1,462
Cable	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	2,061	2,136	2,193	2,286	2,319	2,359	2,403	2,460	2,490	2,537	2,575	2,641	2,672
Broadband Subscribers (000s)													
Incumbent	1,078	1,080	1,078	1,092	1,092	1,079	1,081	1,067	1,061	1,077	1,108	1,140	1,145
Forthnet	409	439	461	483	496	502	511	528	527	518	526	565	571
Hellas Online	324	346	366	401	425	444	456	474	479	485	491	497	503
Wind	0	0	0	0	0	0	0	0	0	0	0	0	0
- other	251	270	288	309	305	335	355	391	424	457	450	438	453
Total	2,061	2,136	2,193	2,286	2,319	2,359	2,403	2,460	2,490	2,537	2,575	2,641	2,672
Broadband Subscribers Net Adds (000s)													
Incumbent	33	2	(3)	14	0	(14)	2	(14)	(6)	16	32	32	5
Forthnet	45	31	22	22	13	5	9	17	(1)	(9)	8	39	6
Other	17	18	18										
Total	122	74	57	93	34	40	44	57	31	47	38	66	31
Telephony Channels (000s)													
Retail Narrowband Lines	4,871	4,737	4,617	4,483	4,369	4,247	4,128	3,999	3,910	3,783	3,712	3,642	3,591
WLR	51	60	61	72	87	95	91	82	75	68	64	64	64
LLU (partial+full)	1,141	1,237	1,317	1,414	1,456	1,524	1,576	1,665	1,712	1,749	1,755	1,795	1,827
Cable	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	6,063	6,034	5,995	5,969	5,911	5,866	5,795	5,746	5,697	5,600	5,531	5,501	5,482
Telephony Channels Net Adds (000s)													
Retail Narrowband Lines	(121)	(134)	(120)	(134)	(114)	(121)	(119)	(129)	(89)	(127)	(71)	(70)	(52)
WLR	9	9	1	11	15	8	(4)	(9)	(7)	(7)	(4)	(0)	0
LLU (partial+full)	121	97	80	97	42	68	52	89	47	37	5	40	33
Cable	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	9	(29)	(40)	(26)	(58)	(45)	(71)	(48)	(49)	(97)	(69)	(30)	(19)

Source: Company Reports and Citi Research

Italy

Fixed

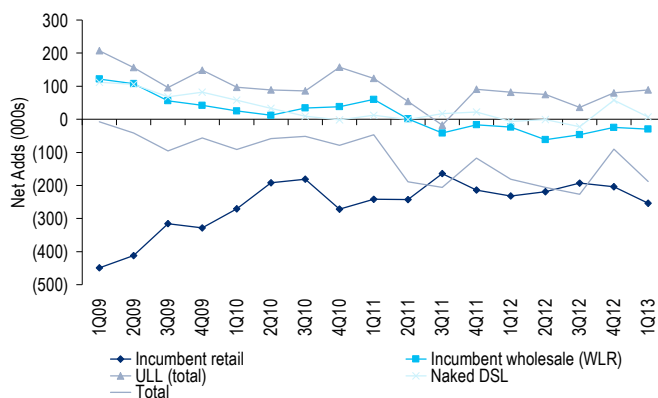
- TI's retail line loss were -254k vs. -204k in Q4. Total market line loss deteriorated to -188k from -91k Q4. Fixed broadband net adds were 2k in 1Q13.

Mobile

- Growth excluding MTR cuts declined to -4.7% in Q1 from -3.4% in Q4. Minutes growth remained strong at 6.5% mainly driven by Vodafone and Wind, but this continues to be offset by price cuts.

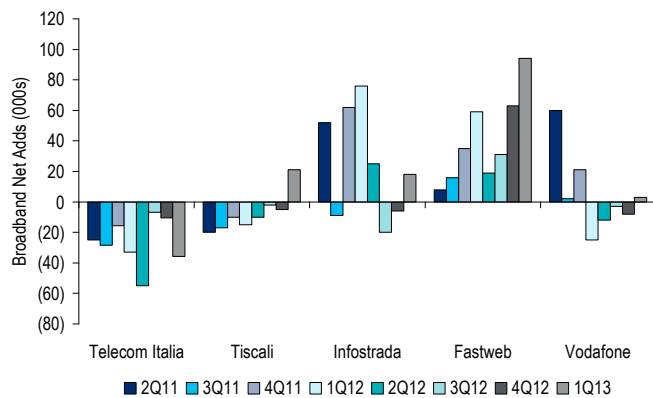
Fixed Charts

Figure 115. Telephony Net Adds



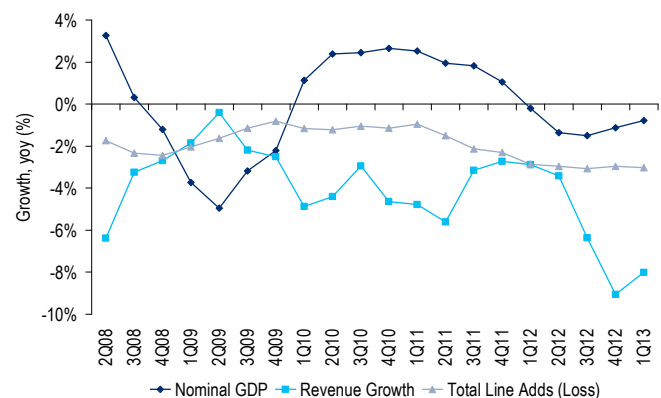
Source: Company reports and Citi Research

Figure 117. Broadband Subscriber Net Adds



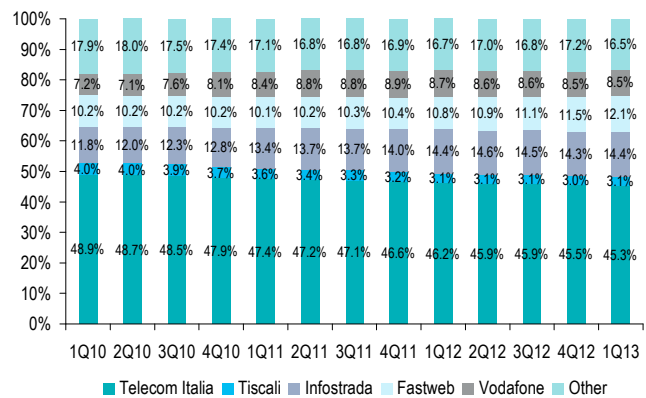
Source: Company reports and Citi Research

Figure 116. Line Loss, Incumbent Revenue Growth and GDP



Source: Company reports, Datastream and Citi Research

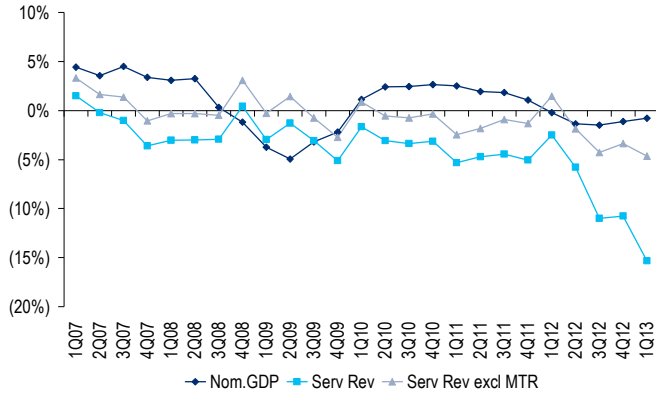
Figure 118. Broadband Subscriber Market Share



Source: Company reports and Citi Research

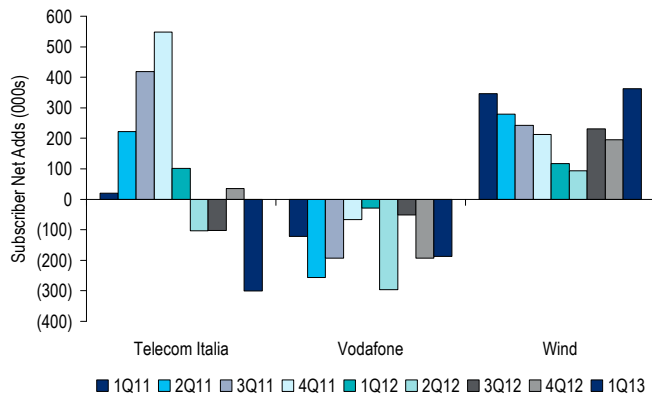
Mobile Charts

Figure 119. Revenue and GDP



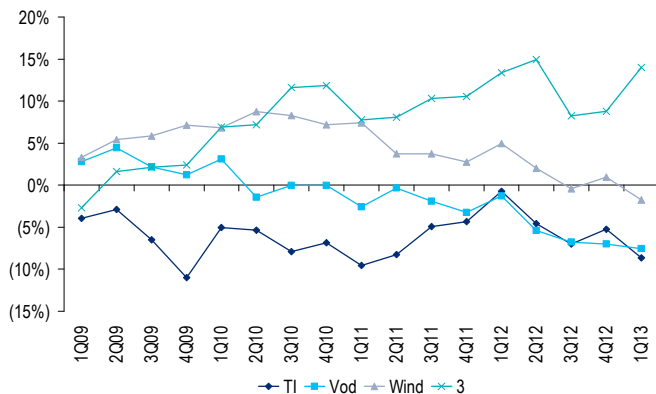
Source: Company reports, Datastream and Citi Research

Figure 121. Subscriber Net Adds



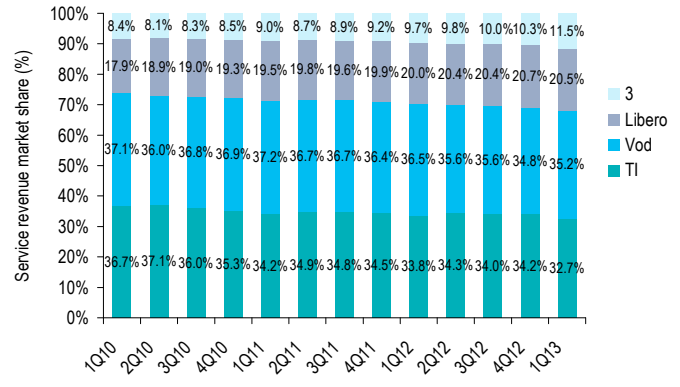
Source: Company reports and Citi Research

Figure 123. Service revenue growth (excl MTR cuts)



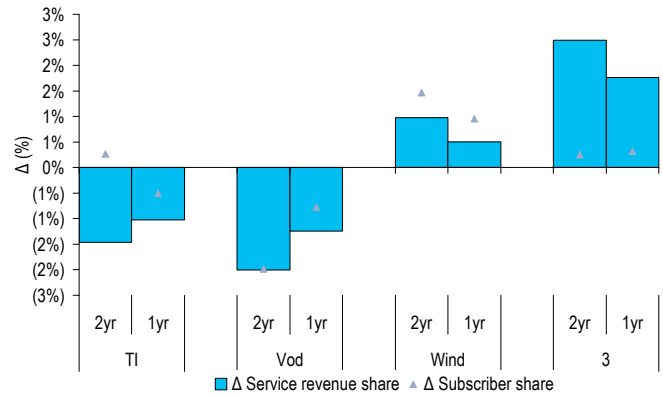
Source: Company reports and Citi Research

Figure 120. Service Revenue Market Share



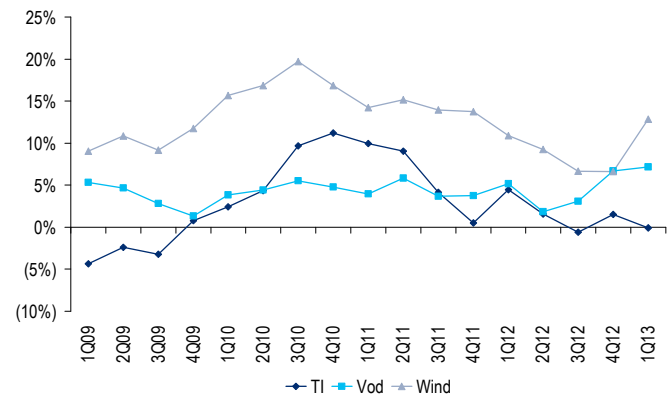
Source: Company reports and Citi Research

Figure 122. Service Revenue Growth



Source: Company reports and Citi Research

Figure 124. Minutes growth



Source: Company reports and Citi Research

Italy Mobile Data

Figure 125. Italian Mobile Market Information (3 Hutch estimated for 1Q13)

Italy	1Q10	2Q10	3Q10	4Q10	1Q11	2Q11	3Q11	4Q11	1Q12	2Q12	3Q12	4Q12	1Q13
Service Revenue, €m													
Telecom Italia	1,850	1,936	1,867	1,784	1,634	1,735	1,727	1,658	1,573	1,606	1,503	1,464	1,292
Vodafone	1,873	1,878	1,910	1,865	1,779	1,824	1,819	1,748	1,700	1,668	1,573	1,492	1,390
Wind	901	984	984	977	934	984	975	955	933	954	899	888	810
3 (Hutch)	422	422	430										
Total	5,047	5,221	5,191	5,057	4,778	4,974	4,961	4,802	4,660	4,687	4,415	4,285	3,946
Service Revenue Growth, yoy													
Telecom Italia	(7.2%)	(7.5%)	(9.9%)	(8.9%)	(11.7%)	(10.4%)	(7.5%)	(7.1%)	(3.7%)	(7.4%)	(13.0%)	(11.7%)	(17.9%)
Vodafone	0.5%	(4.0%)	(2.3%)	(2.4%)	(5.0%)	(2.9%)	(4.8%)	(6.3%)	(4.5%)	(8.6%)	(13.5%)	(14.6%)	(18.2%)
Wind	4.9%	6.9%	4.8%	3.5%	3.6%	0.0%	(1.0%)	(2.3%)	(0.1%)	(3.1%)	(7.8%)	(7.0%)	(13.2%)
3 (Hutch)	1.4%	1.4%	5.7%	5.7%	2.0%	2.0%	2.4%	2.4%	5.4%	6.6%	0.0%	0.0%	0.0%
Total	(1.7%)	(3.1%)	(3.4%)	(3.1%)	(5.3%)	(4.7%)	(4.4%)	(5.0%)	(2.5%)	(5.8%)	(11.0%)	(10.8%)	(15.3%)
Service Revenue Market Share													
Telecom Italia	36.7%	37.1%	36.0%	35.3%	34.2%	34.9%	34.8%	34.5%	33.8%	34.3%	34.0%	34.2%	32.7%
Vodafone	37.1%	36.0%	36.8%	36.9%	37.2%	36.7%	36.7%	36.4%	36.5%	35.6%	35.6%	34.8%	35.2%
Wind	17.9%	18.9%	19.0%	19.3%	19.5%	19.8%	19.6%	19.9%	20.0%	20.4%	20.4%	20.7%	20.5%
3 (Hutch)	8.4%	8.1%	8.3%	8.5%	9.0%	8.7%	8.9%	9.2%	9.7%	9.8%	10.0%	10.3%	11.5%
Post-pay Customers, 000s													
Vodafone	4,172	4,311	4,448	4,556	4,690	4,771	4,910	5,030	5,131	5,183	5,233	5,375	5,402
Call Volumes, mn min/qtr													
Telecom Italia	12,104	12,805	13,188	13,847	13,310	13,962	13,735	13,916	13,903	14,182	13,653	14,130	13,889
Vodafone	13,957	14,347	14,122	14,670	14,511	15,185	14,641	15,218	15,261	15,466	15,094	16,235	16,356
Wind	9,892	10,552	10,645	11,303	11,299	12,153	12,129	12,858	12,529	13,279	12,937	13,707	14,141
3 Hutch	4,168	4,347	4,343	4,542	4,457	4,700	4,606	4,773	4,719	4,892	4,793	5,132	5,211
Total	40,121	42,052	42,299	44,362	43,577	46,000	45,111	46,765	46,413	47,818	46,477	49,204	49,597
Call Volume growth, yoy													
Telecom Italia	2.4%	4.3%	9.7%	11.2%	10.0%	9.0%	4.1%	0.5%	4.5%	1.6%	(0.6%)	1.5%	(0.1%)
Vodafone	3.8%	4.4%	5.5%	4.8%	4.0%	5.8%	3.7%	3.7%	5.2%	1.8%	3.1%	6.7%	7.2%
Wind	15.7%	16.9%	19.7%	16.8%	14.2%	15.2%	13.9%	13.8%	10.9%	9.3%	6.7%	6.6%	12.9%
3 Hutch	9.8%	8.4%	9.5%	8.3%	6.9%	8.1%	6.1%	5.1%	5.9%	4.1%	4.1%	7.5%	10.4%
Total	6.7%	7.7%	10.5%	10.0%	8.6%	9.4%	6.6%	5.4%	6.5%	4.0%	3.0%	5.2%	6.9%
Contract Churn, % p.a													
Vodafone	22.8%	25.3%	20.2%	23.6%	22.9%	22.1%	19.2%	24.3%	25.1%	24.2%	22.3%	26.1%	24.9%
Data Revenue (excl messaging) % Service Revenue													
Telecom Italia	16.2%	14.8%	15.7%	15.8%	16.3%	16.8%	18.1%	19.1%	19.9%	19.5%	20.6%	21.4%	23.1%
Vodafone	10.8%	11.0%	12.3%	12.7%	13.7%	13.6%	15.1%	15.7%	16.3%	16.5%	18.5%	18.7%	20.0%
EBITDA, €m													
Vodafone	1,004	1,037	1,054	1,000	953	1,007	1,005	898	873	862	814	711	662
Capex, €m													
Vodafone	226	200	200	250	250	199	199	271	271	194	194	257	257

Source: Company Reports and Citi Research

Italy Fixed Data

Figure 126. Italian Fixed Line Market Information

Italy	1Q10	2Q10	3Q10	4Q10	1Q11	2Q11	3Q11	4Q11	1Q12	2Q12	3Q12	4Q12	1Q13
Broadband Subscribers (000s)													
Incumbent retail	7,071	7,134	7,186	7,175	7,194	7,169	7,141	7,125	7,092	7,037	7,030	7,020	6,984
Incumbent wholesale	1,788	1,825	1,847	1,883	1,937	1,948	1,931	1,964	1,984	1,985	1,962	1,948	1,894
ULL (total)	5,600	5,700	5,789	5,931	6,044	6,087	6,084	6,194	6,259	6,317	6,318	6,452	6,543
Cable	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	14,459	14,659	14,822	14,989	15,174	15,204	15,155	15,283	15,335	15,340	15,310	15,419	15,421
Broadband Subscribers (000s)													
Telecom Italia	7,071	7,134	7,186	7,175	7,194	7,169	7,141	7,125	7,092	7,037	7,030	7,020	6,984
Tiscali	572	582	582	550	541	521	504	494	479	469	467	462	483
Infostrada	1,713	1,764	1,820	1,912	2,030	2,082	2,073	2,135	2,211	2,236	2,216	2,210	2,228
Fastweb	1,481	1,497	1,515	1,527	1,536	1,544	1,560	1,595	1,654	1,673	1,704	1,767	1,861
Vodafone	1,034	1,044	1,120	1,214	1,275	1,335	1,337	1,358	1,333	1,321	1,318	1,310	1,313
Other	2,588	2,638	2,599	2,611	2,598	2,553	2,541	2,576	2,566	2,603	2,574	2,650	2,552
Total	14,459	14,659	14,822	14,989	15,174	15,204	15,155	15,283	15,335	15,340	15,310	15,419	15,421
Broadband Subscribers Net Adds (000s)													
Telecom Italia	71	63	52	(11)	19	(25)	(28)	(16)	(33)	(55)	(7)	(10)	(36)
Tiscali	2	10	0	(32)	(9)	(20)	(17)	(10)	(15)	(10)	(2)	(5)	21
Infostrada	70	51	56	92	118	52	(9)	62	76	25	(20)	(6)	18
Fastweb	34	16	18	12	9	8	16	35	59	19	31	63	94
Vodafone	10	10	76	94	61	60	2	21	(25)	(12)	(3)	(8)	3
Total	263	200	163	167	185	30	(49)	128	52	5	(30)	109	2
Telephony Channels (000s)													
Incumbent retail	18,254	18,062	17,881	17,609	17,367	17,124	16,959	16,745	16,513	16,294	16,101	15,898	15,644
Incumbent wholesale (WLR)	870	882	916	954	1,013	1,015	974	957	933	872	825	801	771
ULL (total)	4,370	4,459	4,545	4,703	4,826	4,880	4,862	4,953	5,035	5,110	5,146	5,225	5,314
Naked DSL	996	1,029	1,038	1,036	1,048	1,047	1,065	1,087	1,080	1,080	1,056	1,114	1,121
Cable	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	24,490	24,432	24,380	24,301	24,255	24,066	23,860	23,742	23,561	23,355	23,129	23,038	22,849
Telephony Channels Net Adds (000s)													
Incumbent retail	(271)	(192)	(181)	(272)	(242)	(243)	(165)	(214)	(232)	(219)	(193)	(204)	(254)
Incumbent wholesale (WLR)	25	12	34	38	60	2	(41)	(17)	(24)	(61)	(46)	(25)	(30)
ULL (total)	97	89	86	158	123	54	(18)	91	82	75	36	79	89
Naked DSL	57	33	9	(2)	12	(1)	18	22	(7)	(0)	(23)	58	7
Cable	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	(92)	(58)	(52)	(79)	(46)	(189)	(206)	(118)	(181)	(206)	(227)	(91)	(188)
Pay TV Subscribers (000s)													
TI	395	395	391	374	350	328	296	267	242	224	211	195	
Sky Italia	4,696	4,741	4,799	4,870	4,915	4,970	5,004	5,027	4,941	4,870	4,860	4,830	4,779

Source: Company Reports and Citi Research

Netherlands

Fixed

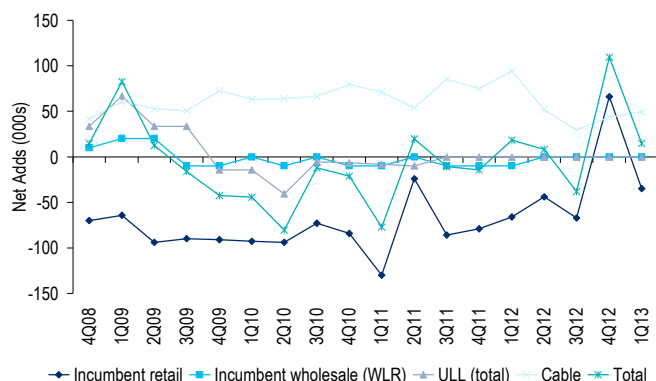
■ KPN is gaining share thanks to the rollout of FTTH and upgrade to VDSL. KPN added 22k broadband subs in Q1 vs. 33k in Q4. Underlying retail line losses continue to improve. TV momentum remains very strong with 79k net adds in Q1 vs. 87k in Q4 for KPN.

■ High speed broadband take-up is now increasing at a fast pace based on data for KPN's FTTH customers. This excludes wholesale and VDSL.

Mobile

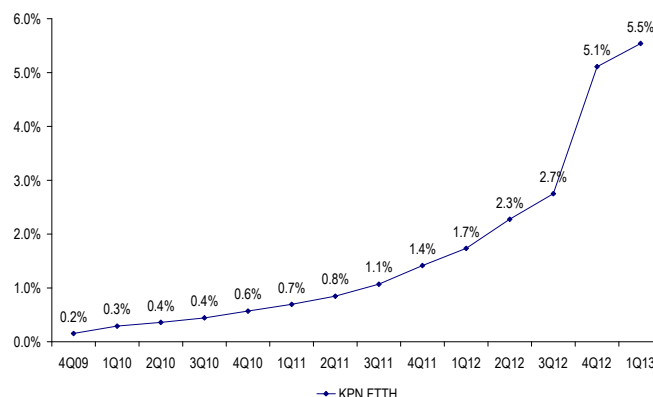
■ Service revenue growth excluding the impact of MTR cuts improved slightly to -3.8% in 1Q13, from -4.7% in 4Q12. KPN market share grew modestly in Q1 and Q4 qoq after losing share continuously in the past few quarters.

Figure 127. Telephony Net Adds



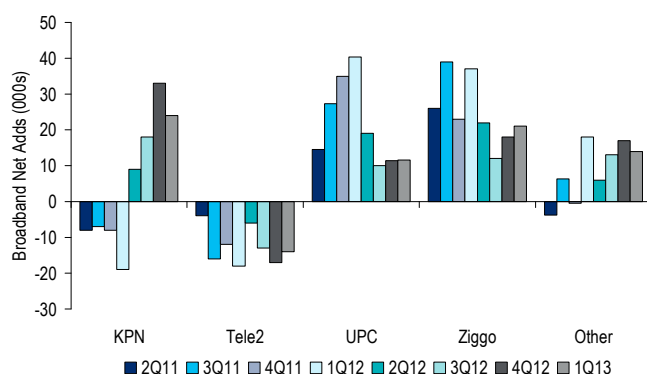
Source: Company reports and Citi Research

Figure 128. High speed broadband take-up (% of total households)



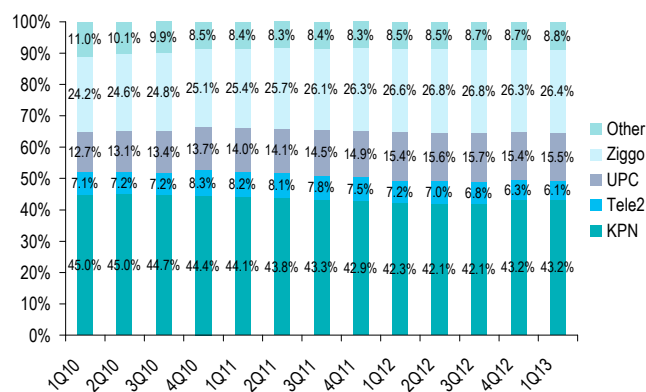
Source: Company reports, Datastream and Citi Research

Figure 129. Broadband Subscriber Net Adds



Source: Company reports and Citi Research

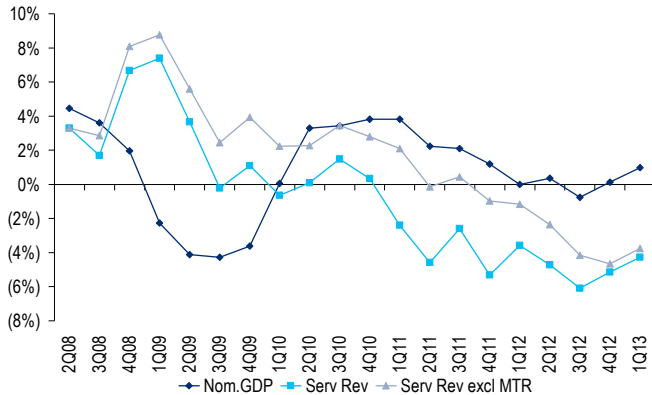
Figure 130. Broadband Subscriber Market Share



Source: Company reports and Citi Research

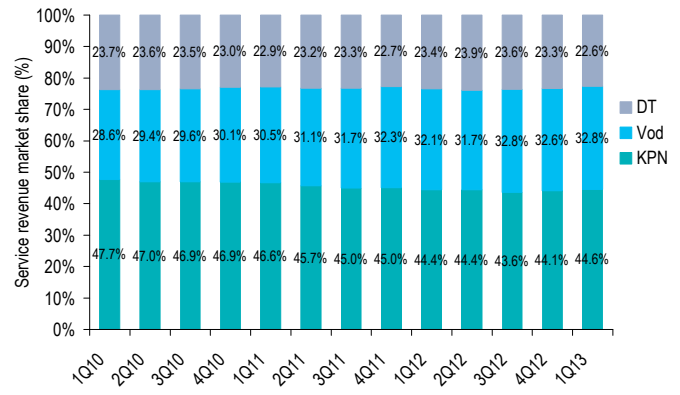
Mobile Charts

Figure 131. Revenue and GDP



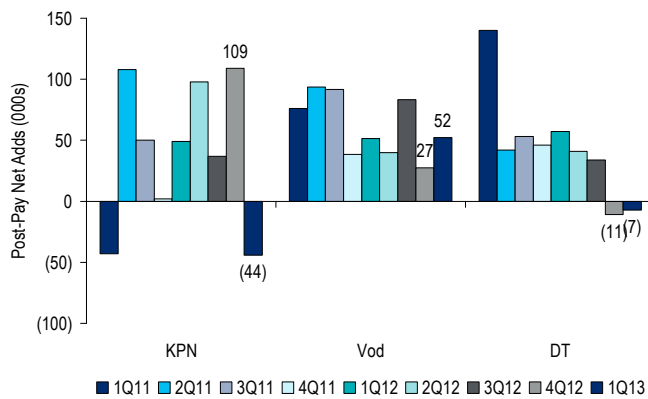
Source: Company reports, Datastream and Citi Research

Figure 132. Service Revenue Market Share



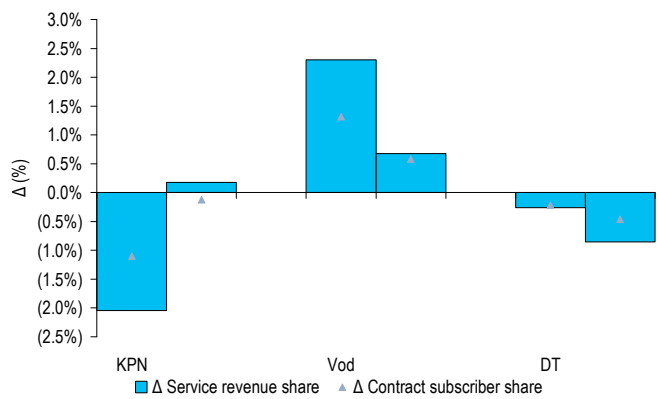
Source: Company reports and Citi Research

Figure 133. Post-Paid Net Adds



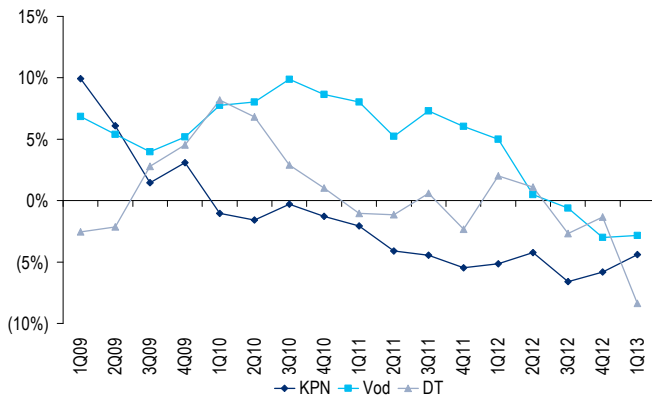
Source: Company reports and Citi Research

Figure 134. Change in Service Revenue and Contract Sub Share



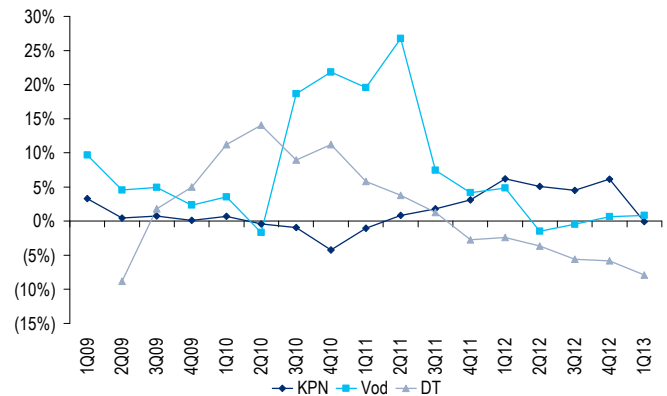
Source: Company reports and Citi Research

Figure 135. Service revenue growth (excl MTR cuts)



Source: Company reports and Citi Research

Figure 136. Minutes growth



Source: Company reports and Citi Research

Netherlands Mobile Data

Figure 137. Netherlands Mobile Market Information

Netherlands	1Q10	2Q10	3Q10	4Q10	1Q11	2Q11	3Q11	4Q11	1Q12	2Q12	3Q12	4Q12	1Q13
Service Revenue, €m													
KPN	740	761	742	735	698	702	691	666	646	656	632	624	614
Vodafone	443	476	468	472	457	478	487	477	467	469	475	461	452
T-Mobile (DT)	367	383	371	360	342	357	358	336	341	353	342	330	311
Total	1,183	1,237	1,210	1,207	1,155	1,180	1,178	1,143	1,113	1,125	1,107	1,085	1,066
Service Revenue Growth, yoy													
KPN	(3.5%)	(2.8%)	(2.0%)	(3.0%)	(5.7%)	(7.8%)	(6.9%)	(9.4%)	(7.4%)	(6.6%)	(8.5%)	(6.3%)	(5.0%)
Vodafone	4.6%	5.1%	7.5%	6.1%	3.1%	0.5%	4.2%	1.0%	2.4%	(2.0%)	(2.6%)	(3.5%)	(3.3%)
T-Mobile (DT)	4.9%	3.5%	0.8%	(2.7%)	(6.8%)	(6.8%)	(3.5%)	(6.7%)	(0.3%)	(1.1%)	(4.5%)	(1.8%)	(8.8%)
Total	(0.6%)	0.1%	1.5%	0.4%	(2.4%)	(4.6%)	(2.6%)	(5.3%)	(3.6%)	(4.7%)	(6.1%)	(5.1%)	(4.3%)
Service Revenue Market Share													
KPN	47.7%	47.0%	46.9%	46.9%	46.6%	45.7%	45.0%	45.0%	44.4%	44.4%	43.6%	44.1%	44.6%
Vodafone	28.6%	29.4%	29.6%	30.1%	30.5%	31.1%	31.7%	32.3%	32.1%	31.7%	32.8%	32.6%	32.8%
T-Mobile (DT)	23.7%	23.6%	23.5%	23.0%	22.9%	23.2%	23.3%	22.7%	23.4%	23.9%	23.6%	23.3%	22.6%
Post-pay Customers, 000s													
KPN	5,248	5,268	5,385	5,440	5,397	5,505	5,555	5,557	5,606	5,704	5,741	5,850	5,806
Vodafone	2,829	2,883	2,959	3,036	3,112	3,205	3,297	3,335	3,387	3,427	3,510	3,538	3,590
T-Mobile (DT)	2,460	2,536	2,607	2,650	2,790	2,832	2,885	2,931	2,988	3,029	3,063	3,052	3,045
Call Volumes, mn min/qtr													
KPN	4,210	4,246	3,967	4,127	4,166	4,282	4,037	4,254	4,423	4,500	4,220	4,516	4,420
Vodafone	2,359	2,323	2,625	2,884	2,821	2,945	2,820	3,004	2,957	2,902	2,807	3,023	2,982
Deutsche Telekom	1,900	1,987	1,923	2,049	2,011	2,062	1,948	1,993	1,963	1,987	1,839	1,877	1,808
Total	8,469	8,556	8,515	9,060	8,997	9,289	8,805	9,252	9,343	9,389	8,866	9,416	9,210
Call Volume growth, yoy													
KPN	0.7%	(0.4%)	(0.9%)	(4.2%)	(1.0%)	0.9%	1.8%	3.1%	6.2%	5.1%	4.5%	6.1%	(0.1%)
Vodafone	3.6%	(1.7%)	18.7%	21.8%	19.6%	26.8%	7.4%	4.2%	4.8%	(1.5%)	(0.5%)	0.6%	0.8%
Deutsche Telekom	11.2%	14.0%	9.0%	11.2%	5.8%	3.8%	1.3%	(2.7%)	(2.4%)	(3.6%)	(5.6%)	(5.8%)	(7.9%)
Total	3.7%	2.2%	6.7%	6.4%	6.2%	8.6%	3.4%	2.1%	3.8%	1.1%	0.7%	1.8%	(1.4%)
Contract Churn, % p.a													
T-Mobile (DT)	15.6%	12.0%	13.2%	14.4%	15.6%	15.6%	15.6%	15.6%	14.4%	13.2%	14.4%	19.2%	19.2%
EBITDA, €m													
Vodafone	183	171	168	167	162	173	177	174	171	171	173	188	184
T-Mobile (DT)	102	139	98	122	82	128	121	127	115	133	143	134	114
Capex, €m													
Vodafone	60	59	59	43	43	53	53	89	89	59	59	78	78
T-Mobile (DT)	14	57	37	34	54	43	32	41	44	22	22	49	963

Source: Company Reports and Citi Research

Netherlands Fixed Data

Figure 138. Netherlands Fixed Line Market Information

Netherlands	1Q10	2Q10	3Q10	4Q10	1Q11	2Q11	3Q11	4Q11	1Q12	2Q12	3Q12	4Q12	1Q13
Broadband Subscribers (000s)													
Incumbent retail	2,729	2,718	2,722	2,737	2,737	2,729	2,722	2,714	2,695	2,704	2,722	2,871	2,895
Incumbent wholesale	0	0	0	0	0	0	0	0	0	0	0	0	0
ULL (total)	1,100	1,046	1,042	1,036	1,030	1,022	1,013	1,000	1,000	1,000	1,000	1,000	1,000
Cable	2,239	2,282	2,330	2,388	2,441	2,482	2,548	2,606	2,683	2,724	2,746	2,775	2,808
Total	6,068	6,046	6,093	6,161	6,208	6,233	6,282	6,320	6,378	6,428	6,468	6,646	6,703
Broadband Subscribers (000s)													
KPN	2,729	2,718	2,722	2,737	2,737	2,729	2,722	2,714	2,695	2,704	2,722	2,871	2,895
Tele2	431	434	438	510	507	503	487	475	457	451	438	421	407
UPC	771	794	816	843	867	882	909	944	984	1,003	1,013	1,024	1,036
Ziggo	1,468	1,488	1,514	1,545	1,574	1,600	1,639	1,662	1,699	1,721	1,733	1,751	1,772
Other	669	612	604	526	523	519	526	525	543	549	562	579	593
Total	6,068	6,046	6,093	6,161	6,208	6,233	6,282	6,320	6,378	6,428	6,468	6,646	6,703
Broadband Subscribers Net Adds (000s)													
KPN	13	(11)	4	15	0	(8)	(7)	(8)	(19)	9	18	33	24
Tele2	13	3	4	72	(3)	(4)	(16)	(12)	(18)	(6)	(13)	(17)	(14)
UPC	29	23	22	27	24	15	27	35	40	19	10	11	12
Ziggo	23	20	26	31	29	26	39	23	37	22	12	18	21
- other	(13)	(57)	(8)	(77)	(3)	(4)	6	(1)	18	6	13	17	14
Total	65	-22	47	68	47	25	50	37	58	50	40	178	57
Telephony Channels (000s)													
Incumbent retail	4,610	4,516	4,443	4,359	4,229	4,205	4,119	4,040	3,974	3,930	3,863	3,929	3,894
Incumbent wholesale (WLR)	410	400	400	390	380	380	370	360	350	350	350	350	350
ULL (total)	871	831	825	818	810	800	800	800	800	800	800	800	800
Cable	1,681	1,745	1,812	1,891	1,962	2,016	2,101	2,176	2,270	2,322	2,351	2,395	2,444
Total	7,572	7,492	7,480	7,458	7,381	7,401	7,390	7,376	7,394	7,402	7,364	7,474	7,488
Telephony Channels Net Adds (000s)													
Incumbent retail	(93)	(94)	(73)	(84)	(130)	(24)	(86)	(79)	(66)	(44)	(67)	66	(35)
Incumbent wholesale (WLR)	0	(10)	0	(10)	(10)	0	(10)	(10)	(10)	0	0	0	0
ULL (full)	(14)	(41)	(6)	(7)	(8)	(10)	0	0	0	0	0	0	0
Cable	63	64	67	80	71	54	85	75	94	52	29	44	50
Total	(44)	(81)	(12)	(21)	(77)	20	(11)	(14)	18	8	(38)	110	15
Pay TV Subscribers (000s)													
KPN	1,025	1,073	1,124	1,173	1,242	1,284	1,342	1,400	1,453	1,512	1,570	1,766	1,845
UPC	1,941	1,930	1,907	1,892	1,874	1,855	1,837	1,818	1,797	1,781	1,760	1,730	1,696
Pay TV Subscribers Net Adds (000s)													
KPN	55	48	51	49	69	42	58	58	53	59	58	196	79
UPC	(14)	(11)	(23)	(15)	(18)	(19)	(18)	(19)	(21)	(16)	(21)	(30)	(34)
Other													
VDSL customers	21	26	32	41	50	61	77	102	125	164	198	368	399

Source: Company Reports and Citi Research

Norway

Fixed

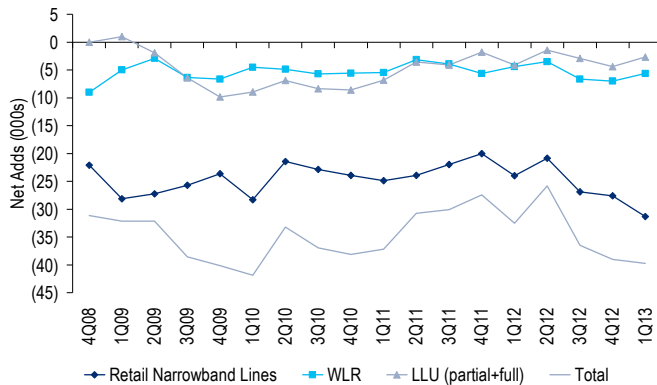
- Fixed line trends deteriorated in Q1 with -9.8% yoy total line loss and -10.8% retail line loss. The fixed broadband market deteriorated slightly with net losses of 7k in 1Q. The incumbents fixed line revenue decline improved at -1.5% in 1Q12 after falling -3.3% in 3Q12 and -3.4% in 4Q12.

Mobile

- Service revenue growth excluding the impact of MTR cuts declined to 3.7% in 1Q13 from 5.5% in 4Q12 driven by slower minutes growth of 1.4% compared to 3.8% in 4Q12 and stable pricing.

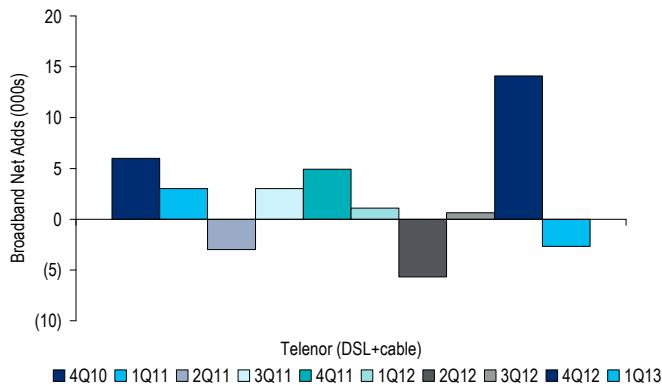
Fixed Charts

Figure 139. Telephony Net Adds



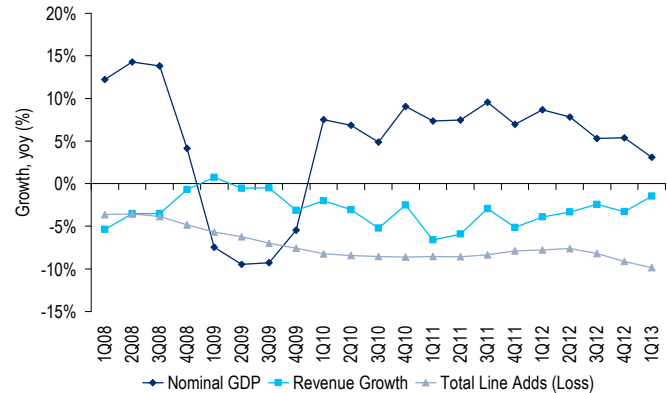
Source: Company reports and Citi Research

Figure 141. Broadband Subscriber Net Adds



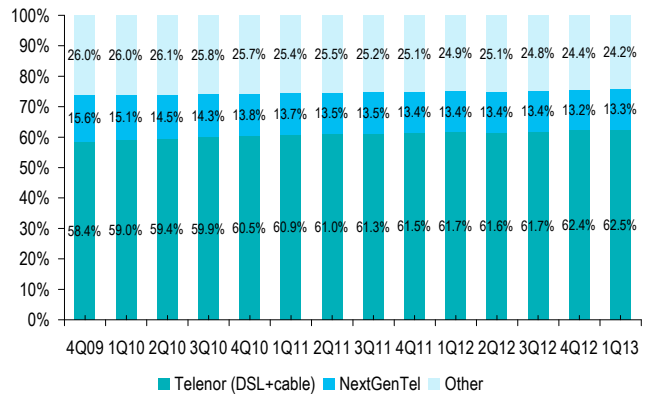
Source: Company reports and Citi Research

Figure 140. Line Loss, Incumbent Revenue Growth and GDP



Source: Company reports, Datastream and Citi Research

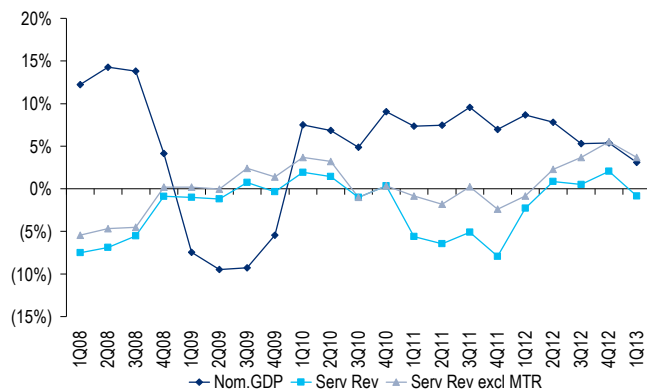
Figure 142. Broadband Subscriber Market Share



Source: Company reports and Citi Research

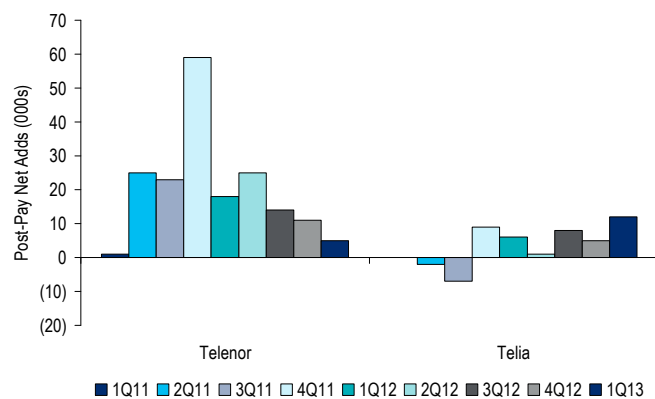
Mobile Charts

Figure 143. Revenue and GDP



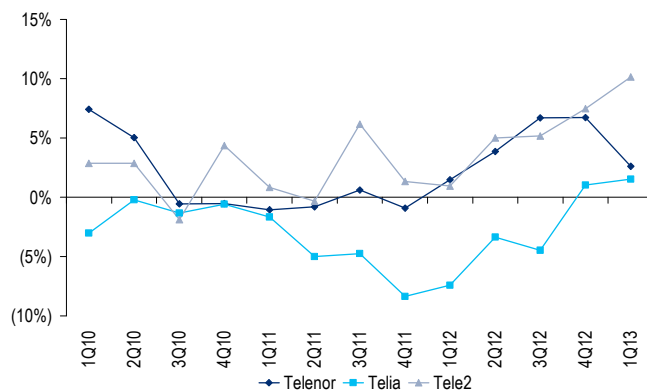
Source: Company reports, Datastream and Citi Research

Figure 145. Post-Paid Net Adds



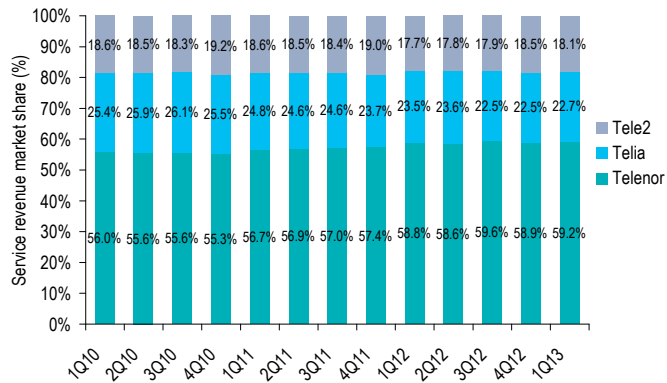
Source: Company reports and Citi Research

Figure 147. Service revenue growth (excl MTR cuts)



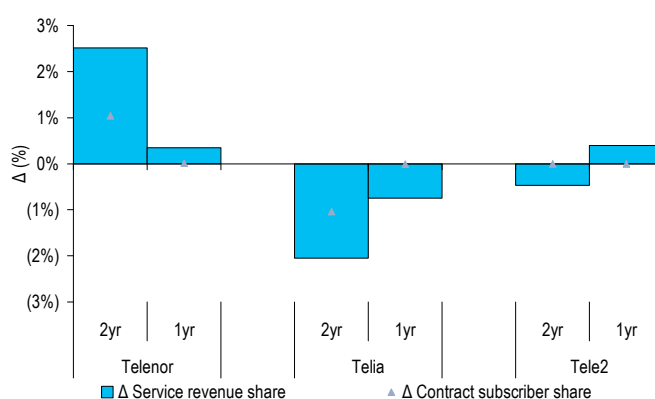
Source: Company reports and Citi Research

Figure 144. Service Revenue Market Share



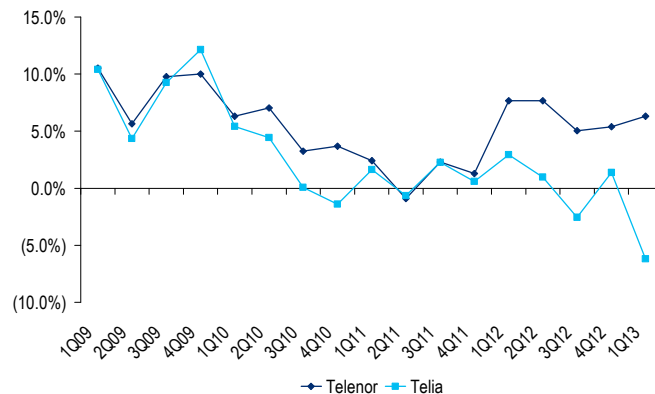
Source: Company reports and Citi Research

Figure 146. Change in Service Revenue and Contract Sub Share



Source: Company reports and Citi Research

Figure 148. Minutes growth



Norway Mobile Data

Figure 149. Norway Mobile Market Information

Norway	1Q10	2Q10	3Q10	4Q10	1Q11	2Q11	3Q11	4Q11	1Q12	2Q12	3Q12	4Q12	1Q13
Service Revenue, NOK m													
Telenor	3,117	3,192	3,188	3,130	2,977	3,059	3,101	2,992	3,020	3,177	3,256	3,137	3,012
Telia	1,414	1,489	1,496	1,445	1,301	1,325	1,336	1,234	1,205	1,280	1,231	1,200	1,157
Tele2	1,035	1,064	1,046	1,089	976	992	1,002	991	909	965	979	986	922
Total	5,566	5,746	5,730	5,664	5,254	5,376	5,438	5,216	5,135	5,422	5,466	5,323	5,091
Service Revenue Growth, yoy													
Telenor	5.6%	3.2%	(0.6%)	(0.5%)	(4.5%)	(4.2%)	(2.7%)	(4.4%)	1.5%	3.9%	5.0%	4.9%	(0.3%)
Telia	(5.9%)	(3.1%)	(1.3%)	(0.6%)	(8.0%)	(11.0%)	(10.7%)	(14.6%)	(7.4%)	(3.4%)	(7.8%)	(2.8%)	(4.0%)
Tele2	2.9%	2.9%	(1.9%)	4.4%	(5.7%)	(6.8%)	(4.2%)	(9.0%)	(6.8%)	(2.8%)	(2.3%)	(0.5%)	1.4%
Total	1.9%	1.4%	(1.0%)	0.4%	(5.6%)	(6.4%)	(5.1%)	(7.9%)	(2.3%)	0.9%	0.5%	2.0%	(0.8%)
Service Revenue Market Share													
Telenor	56.0%	55.6%	55.6%	55.3%	56.7%	56.9%	57.0%	57.4%	58.8%	58.6%	59.6%	58.9%	59.2%
Telia	25.4%	25.9%	26.1%	25.5%	24.8%	24.6%	24.6%	23.7%	23.5%	23.6%	22.5%	22.5%	22.7%
Tele2	18.6%	18.5%	18.3%	19.2%	18.6%	18.5%	18.4%	19.0%	17.7%	17.8%	17.9%	18.5%	18.1%
Post-pay Customers, 000s													
Telenor	2,253	2,281	2,329	2,348	2,349	2,374	2,397	2,456	2,474	2,499	2,513	2,524	2,529
Telia	1,160	1,164	1,177	1,185	1,185	1,183	1,176	1,185	1,191	1,192	1,200	1,205	1,217
Tele2													
Call Volumes, mn min/qtr													
Telenor	2,013	2,099	2,014	2,116	2,062	2,080	2,060	2,144	2,220	2,240	2,164	2,259	2,360
Telia	1,374	1,414	1,360	1,390	1,397	1,405	1,391	1,398	1,438	1,418	1,355	1,417	1,349
Tele2	908	940	902	939	944	959	951	994	1,057	1,072	1,046	1,109	1,110
Total	4,295	4,454	4,276	4,445	4,403	4,445	4,402	4,535	4,715	4,731	4,564	4,785	4,819
Call Volume growth, yoy													
Telenor	6.3%	7.0%	3.2%	3.7%	2.4%	(0.9%)	2.3%	1.3%	7.7%	7.7%	5.0%	5.4%	6.3%
Telia	5.4%	4.4%	0.1%	(1.4%)	1.6%	(0.6%)	2.3%	0.6%	2.9%	1.0%	(2.6%)	1.4%	(6.2%)
Tele2	2.5%	3.6%	0.7%	1.4%	4.0%	2.0%	5.4%	5.8%	12.0%	11.8%	9.9%	11.6%	5.0%
Total	5.2%	5.5%	1.7%	1.6%	2.5%	(0.2%)	2.9%	2.0%	7.1%	6.4%	3.7%	5.5%	2.2%
EBITDA, NOK m													
Telenor	1,359	1,376											
Telia	627	657	677	603	603	639	671	563	491	562	539	479	439
Tele2	32	42	3	24	8	5	(31)	(57)	13	69	88	(24)	24

Source: Company Reports and Citi Research

Norway Fixed Data

Figure 150. Norway Fixed Line Market Information

Norway	1Q10	2Q10	3Q10	4Q10	1Q11	2Q11	3Q11	4Q11	1Q12	2Q12	3Q12	4Q12	1Q13
Broadband Subscribers (000s)													
Incumbent retail	842	842	846	852	855	852	855	860	861	855	856	870	867
Incumbent wholesale	84	82	80	79	78	78	78	78	78	79	78	77	75
ULL (total)	329	322	314	305	299	295	291	289	285	284	281	276	273
Cable	172	172	172	172	172	172	172	172	172	172	172	172	172
Total	1,428	1,418	1,412	1,409	1,404	1,397	1,396	1,399	1,396	1,389	1,386	1,395	1,388
Broadband Subscribers (000s)													
Telenor (DSL+cable)	842	842	846	852	855	852	855	860	861	855	856	870	867
Telia	215	206	202	195	192	189	189	188	187	186	186	184	
Tele2	0	0	0	0	0	0	0	0	0	0	0	0	0
- other	371	370	364	362	357	356	352	351	348	348	344	341	336
Total	1,428	1,418	1,412	1,409	1,404	1,397	1,396	1,399	1,396	1,389	1,386	1,395	1,388
Broadband Subscribers Net Adds (000s)													
Telenor (DSL+cable)	6	0	4	6	3	(3)	3	5	1	(6)	1	14	(3)
Telia	(8)	(9)	(4)	(7)	(3)	(3)	0	(1)	(1)	(1)	0	(2)	0
Tele2	0	0	0	0	0	0	0	0	0	0	0	0	0
- other	(1)	(1)	(6)	(2)	(5)	(1)	(4)	(0)	(3)	0	(4)	(3)	(5)
Total	(4)	(10)	(6)	(3)	(5)	(7)	(1)	4	(3)	(7)	(3)	9	(7)
Telephony Channels (000s)													
Incumbent retail	1,175	1,154	1,131	1,107	1,082	1,058	1,036	1,016	992	971	944	917	885
Incumbent wholesale (WLR)	196	191	185	180	174	171	167	161	157	153	147	140	134
ULL (total)	329	322	314	305	299	295	291	289	285	284	281	276	273
Cable													
Total	1,700	1,667	1,630	1,592	1,555	1,524	1,494	1,466	1,434	1,408	1,372	1,333	1,293
Telephony Channels Net Adds (000s)													
Incumbent retail	(28)	(21)	(23)	(24)	(25)	(24)	(22)	(20)	(24)	(21)	(27)	(28)	(31)
Incumbent wholesale (WLR)	(5)	(5)	(6)	(6)	(5)	(3)	(4)	(6)	(4)	(4)	(7)	(7)	(6)
ULL (total)	(9)	(7)	(8)	(9)	(7)	(4)	(4)	(2)	(4)	(1)	(3)	(4)	(3)
Cable	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	(42)	(33)	(37)	(38)	(37)	(31)	(30)	(27)	(32)	(26)	(36)	(39)	(40)

Source: Company Reports and Citi Research

Portugal

Fixed

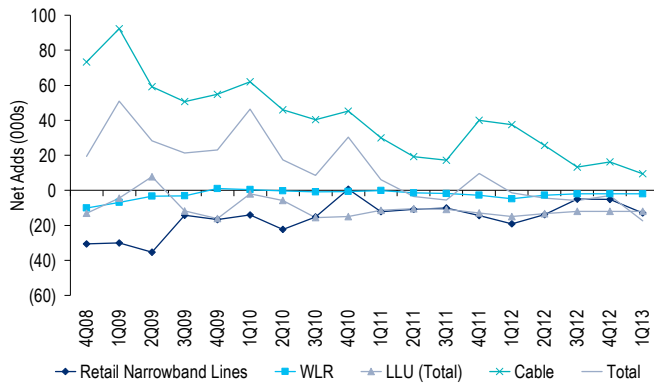
- Retail line loss remained low at -1.4%. Cable continued to grow access lines, leading to -0.8% total market lines yoy. PT continues to gain share in broadband, with net adds for cable declining this quarter and losses for other DSL operators.

Mobile

- Vodafone's service revenue growth further declined to -10.1% in 1Q13 vs -8.3% in 4Q12. PT no longer directly reports mobile service revenue; but Personal's (consumer mobile) customer driven revenues declined by c.11%, in line with 4Q12.

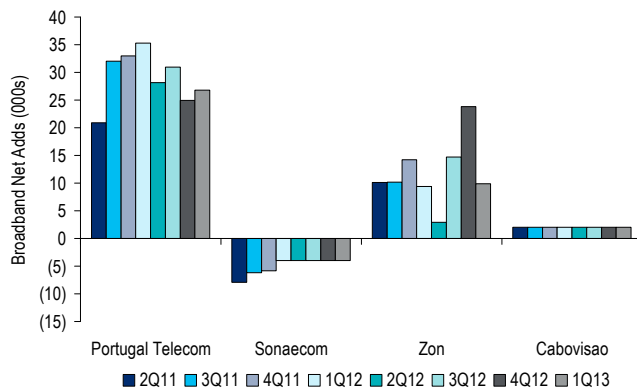
Fixed Charts

Figure 151. Telephony Net Adds



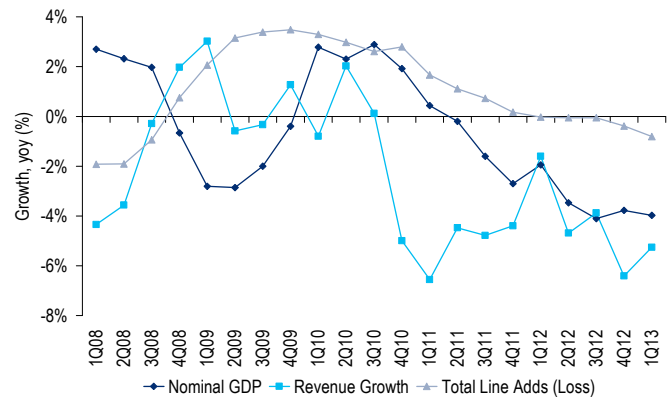
Source: Company reports and Citi Research

Figure 153. Broadband Subscriber Net Adds



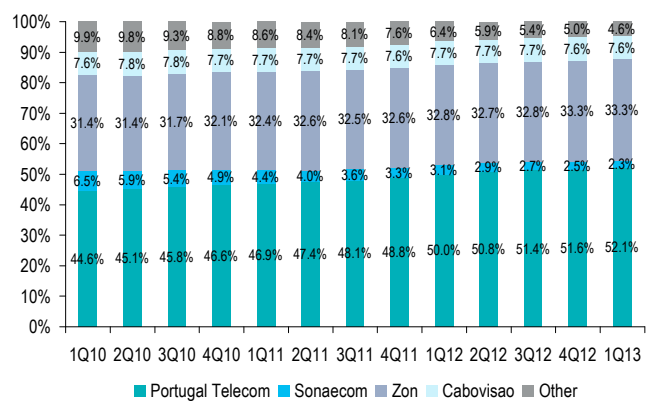
Source: Company reports and Citi Research

Figure 152. Line Loss, Incumbent Revenue Growth and GDP



Source: Company reports, Datastream and Citi Research

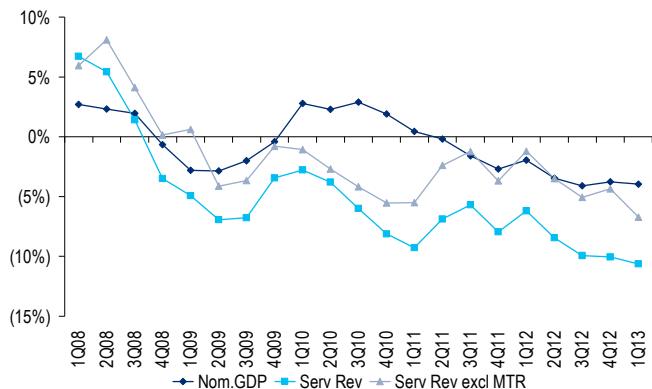
Figure 154. Broadband Subscriber Market Share



Source: Company reports and Citi Research

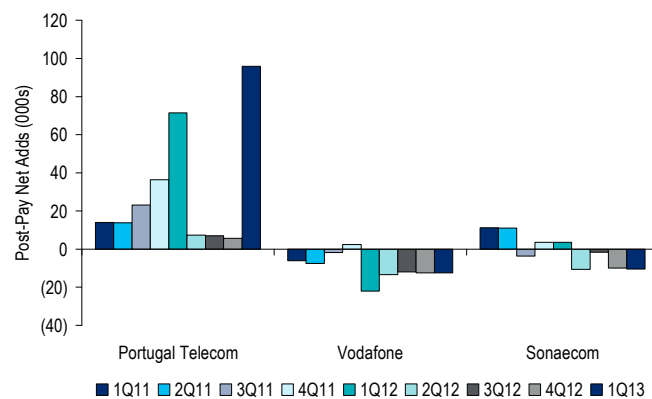
Mobile Charts

Figure 155. Revenue and GDP



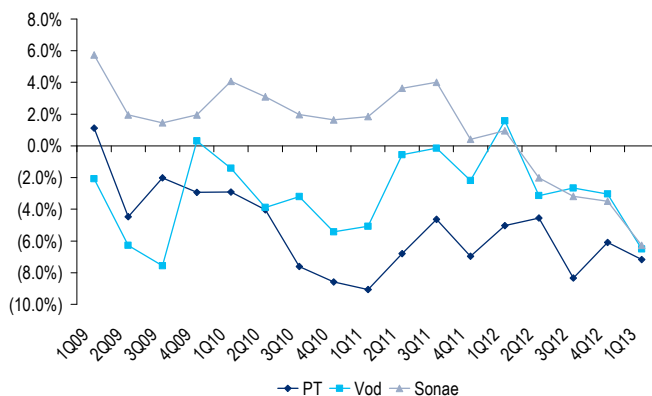
Source: Company reports, Datastream and Citi Research

Figure 157. Post-Paid Net Adds



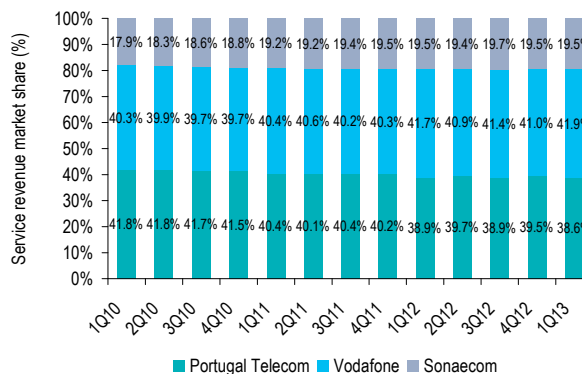
Source: Company reports and Citi Research

Figure 159. Service revenue growth (excl MTR cuts)



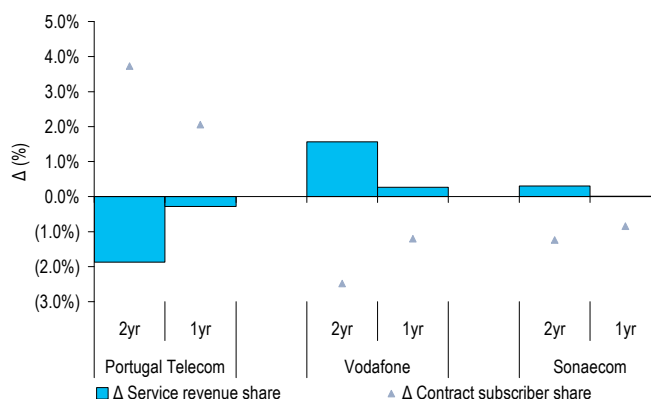
Source: Company reports and Citi Research

Figure 156. Service Revenue Market Share



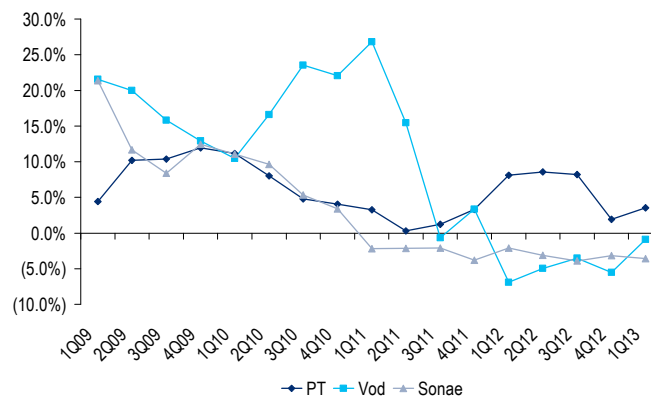
Source: Company reports and Citi Research

Figure 158. Change in Service Revenue and Contract Sub Share



Source: Company reports and Citi Research

Figure 160. Minutes growth



Source: Company reports and Citi Research

Portugal Mobile Data

Figure 161. Portugal Mobile Market Information

Portugal	1Q10	2Q10	3Q10	4Q10	1Q11	2Q11	3Q11	4Q11	1Q12	2Q12	3Q12	4Q12	1Q13
Service Revenue, €m													
Portugal Telecom	321	318	322	304	281	284	294	271	254	257	255	239	225
Vodafone	309	304	307	291	281	288	293	272	272	265	271	249	245
Sonae	137	139	144	138	133	136	142	131	127	126	130	118	114
Total	767	760	773	732	696	708	729	674	653	648	656	606	583
Service Revenue Growth, yoy													
Portugal Telecom	(3.8%)	(4.4%)	(8.8%)	(10.8%)	(12.3%)	(10.7%)	(8.6%)	(10.8%)	(9.9%)	(9.4%)	(13.3%)	(11.7%)	(11.3%)
Vodafone	(2.3%)	(4.3%)	(4.7%)	(8.1%)	(9.0%)	(5.2%)	(4.7%)	(6.5%)	(3.2%)	(7.9%)	(7.3%)	(8.5%)	(10.0%)
Sonae	(1.4%)	(1.2%)	(1.8%)	(1.9%)	(2.9%)	(1.9%)	(1.4%)	(4.6%)	(4.8%)	(7.6%)	(8.5%)	(9.9%)	(10.6%)
Total	(2.8%)	(3.8%)	(6.0%)	(8.1%)	(9.3%)	(6.9%)	(5.7%)	(7.9%)	(6.2%)	(8.4%)	(9.9%)	(10.0%)	(10.6%)
Service Revenue Market Share													
Portugal Telecom	41.8%	41.8%	41.7%	41.5%	40.4%	40.1%	40.4%	40.2%	38.9%	39.7%	38.9%	39.5%	38.6%
Vodafone	40.3%	39.9%	39.7%	39.7%	40.4%	40.6%	40.2%	40.3%	41.7%	40.9%	41.4%	41.0%	41.9%
Sonae	17.9%	18.3%	18.6%	18.8%	19.2%	19.2%	19.4%	19.5%	19.5%	19.4%	19.7%	19.5%	19.5%
Post-pay Customers, 000s													
Portugal Telecom	2,273	2,245	2,267	2,291	2,304	2,318	2,341	2,378	2,449	2,456	2,463	2,469	2,565
Vodafone	1,167	1,167	1,170	1,164	1,157	1,150	1,148	1,150	1,128	1,115	1,103	1,090	1,078
Sonae	1,104	1,110	1,161	1,186	1,197	1,208	1,204	1,208	1,211	1,201	1,199	1,189	1,179
Call Volumes, mn min/qtr													
Portugal Telecom	2,504	2,627	2,719	2,707	2,585	2,635	2,752	2,797	2,795	2,860	2,977	2,850	2,893
Vodafone	2,367	2,572	2,931	2,860	3,002	2,969	2,912	2,956	2,795	2,822	2,809	2,793	2,770
Sonae	1,387	1,401	1,394	1,431	1,357	1,371	1,365	1,376	1,329	1,328	1,311	1,333	1,281
Total	6,259	6,600	7,044	6,998	6,945	6,975	7,029	7,129	6,918	7,010	7,098	6,976	6,944
Call Volume growth, yoy													
Portugal Telecom	11.2%	8.0%	4.8%	4.0%	3.3%	0.3%	1.2%	3.3%	8.1%	8.5%	8.2%	1.9%	3.5%
Vodafone	10.5%	16.6%	23.5%	22.1%	26.8%	15.4%	(0.6%)	3.4%	(6.9%)	(5.0%)	(3.5%)	(5.5%)	(0.9%)
Sonae	11.1%	9.6%	5.3%	3.4%	(2.2%)	(2.1%)	(2.1%)	(3.8%)	(2.1%)	(3.1%)	(3.9%)	(3.2%)	(3.6%)
Total	10.9%	11.6%	12.0%	10.6%	11.0%	5.7%	(0.2%)	1.9%	(0.4%)	0.5%	1.0%	(2.2%)	0.4%
EBITDA, €m													
Portugal Telecom	164	161	163	150	144	144	146						
Vodafone	140	137	138	132	128	141	143	116	116	118	121	106	104
Sonae	46	48	48	43	48	53	54	45	55	60	62	51	56

Source: Company Reports and Citi Research

Portugal Fixed Data

Figure 162. Portugal Fixed Market Information

Portugal	1Q10	2Q10	3Q10	4Q10	1Q11	2Q11	3Q11	4Q11	1Q12	2Q12	3Q12	4Q12	1Q13
Broadband Subscribers (000s)													
Incumbent retail	901	933	964	1,001	1,019	1,040	1,072	1,105	1,141	1,169	1,200	1,225	1,251
Incumbent wholesale	53	53	52	52	51	51	51	50	35	34	34	34	34
ULL (total)	278	273	257	242	231	220	209	196	181	168	156	144	132
Cable	790	811	830	855	872	884	896	912	924	929	945	971	983
Total	2,022	2,068	2,103	2,151	2,173	2,195	2,229	2,264	2,280	2,299	2,335	2,373	2,400
Broadband Subscribers (000s)													
PT	901	933	964	1,001	1,019	1,040	1,072	1,105	1,141	1,169	1,200	1,225	1,251
Sonaecom	132	122	114	105	95	87	81	75	71	67	63	59	55
Zon	635	650	666	690	705	715	725	739	749	752	766	790	800
Cabovisao	155	160	163	165	167	169	171	173	175	177	179	181	183
- other	199	203	195	189	187	184	180	172	145	134	126	118	110
Total	2,022	2,068	2,103	2,151	2,173	2,195	2,229	2,264	2,280	2,299	2,335	2,373	2,400
Broadband Subscribers Net Adds (000s)													
PT	39	32	32	37	18	21	32	33	35	28	31	25	27
Sonaecom	(15)	(10)	(7)	(10)	(10)	(8)	(6)	(6)	(4)	(4)	(4)	(4)	(4)
Zon	25	15	16	24	15	10	10	14	9	3	15	24	10
Cabovisao	6	6	3	2	2	2	2	2	2	2	2	2	2
- other	11	4	(8)	(6)	(2)	(3)	(4)	(8)	(27)	(11)	(8)	(8)	(8)
Total	66	47	35	47	22	22	34	36	16	18	36	39	27
Telephony Channels (000s)													
Incumbent retail	2,732	2,710	2,695	2,695	2,683	2,672	2,662	2,648	2,629	2,615	2,610	2,604	2,592
Incumbent wholesale (WLR)	64	64	63	62	62	60	58	56	51	48	46	44	42
ULL (total)	278	273	257	242	231	220	209	196	181	168	156	144	132
Cable	646	692	732	778	808	827	844	884	921	947	960	976	986
Total	3,721	3,738	3,747	3,777	3,783	3,780	3,774	3,784	3,782	3,778	3,772	3,769	3,751
Telephony Channels Net Adds (000s)													
Incumbent retail	(14)	(22)	(15)	1	(12)	(11)	(10)	(15)	(19)	(14)	(5)	(5)	(13)
Incumbent wholesale (WLR)	1	(0)	(1)	(1)	(0)	(1)	(2)	(3)	(5)	(3)	(2)	(2)	(2)
ULL (full)	(2)	(6)	(16)	(15)	(12)	(11)	(11)	(13)	(15)	(13)	(12)	(12)	(12)
Cable	62	46	40	45	30	19	17	40	38	26	13	16	9
Total	46	17	9	30	6	(4)	(6)	10	(1)	(4)	(6)	(3)	(17)
Pay TV Subscribers (000s)													
PT	646	702	769	830	876	919	974	1,042	1,111	1,157	1,198	1,223	1,248
Zon	1,588	1,576	1,573	1,572	1,554	1,553	1,554	1,567	1,587	1,586	1,574	1,570	1,559
Pay TV Subscribers Net Adds (000s)													
PT	65	57	67	61	46	44	55	68	69	46	41	25	25
Zon	(6)	(12)	(3)	(2)	(17)	(2)	1	13	20	(1)	(12)	(4)	(11)

Source: Company Reports and Citi Research

Spain

Fixed

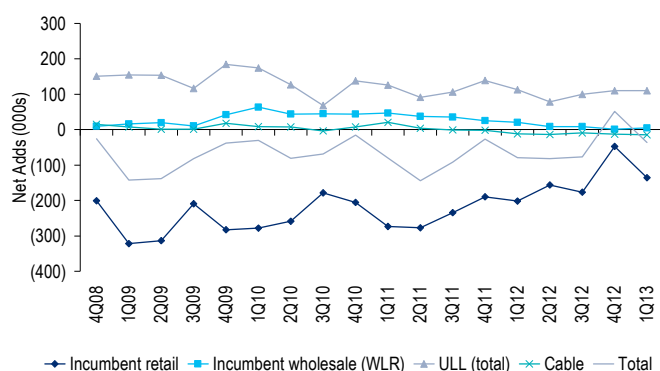
- Retail line loss deteriorated to -136k from -48k in Q4. Fixed broadband market net adds declined to 145k from 213k in Q4.

Mobile

- Mobile service revenue ex MTRs decline was similar to Q4 at -6.8% in 1Q13. This was driven by a slowdown of Orange's growth and a small improvement for TEF on the back of the revenue recognition from Fusion.

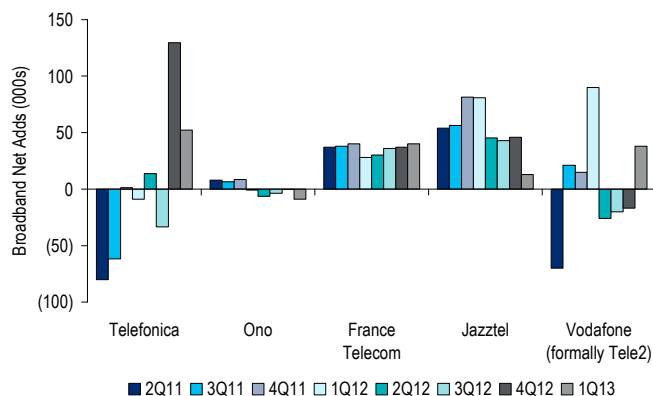
Fixed Charts

Figure 163. Telephony Net Adds



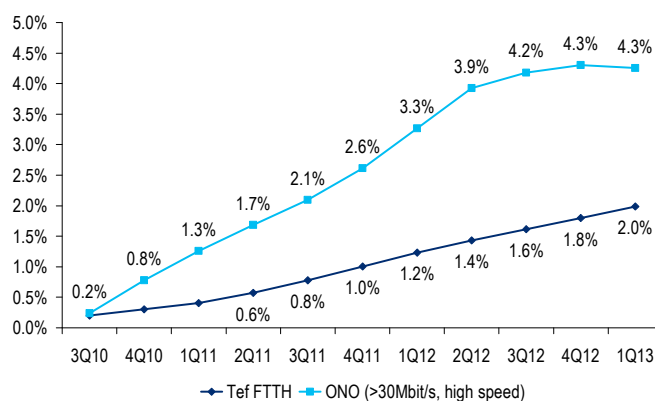
Source: Company reports and Citi Research

Figure 165. Broadband Subscriber Net Adds



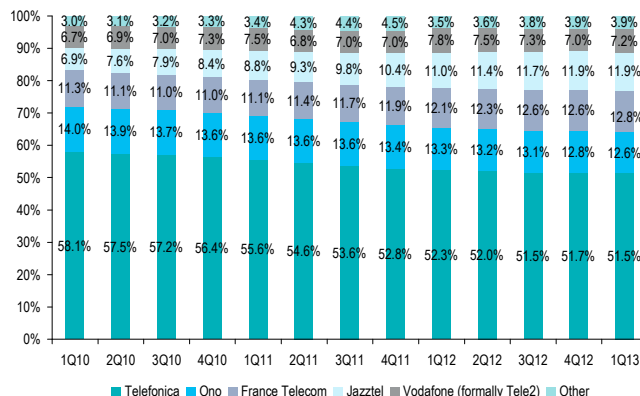
Source: Company reports and Citi Research

Figure 164. High speed broadband take-up (% of total households)



Source: Company reports, Datastream and Citi Research

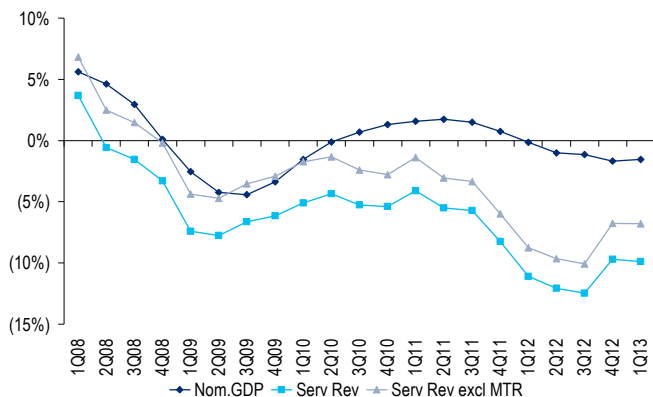
Figure 166. Broadband Subscriber Market Share



Source: Company reports and Citi Research

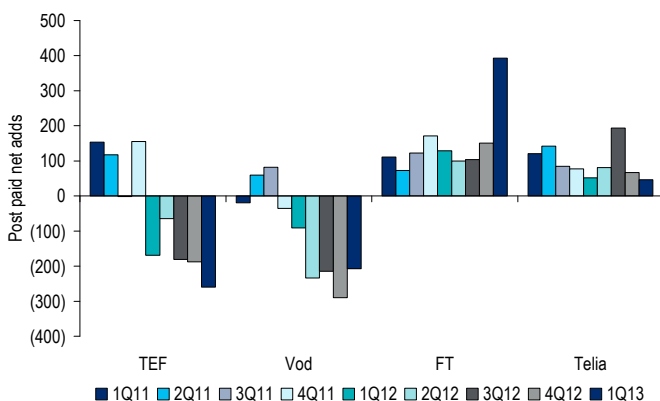
Mobile Charts

Figure 167. Revenue and GDP



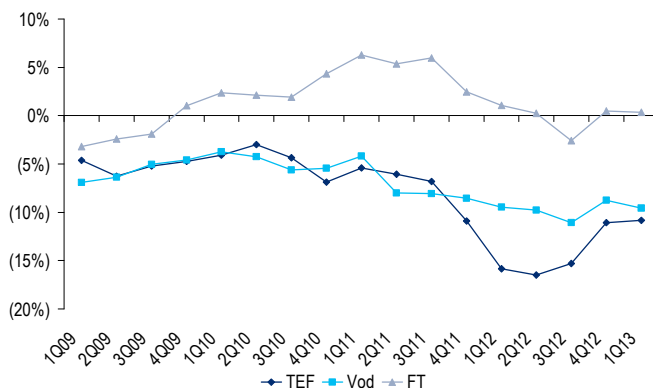
Source: Company reports, Datastream and Citi Research

Figure 169. Post-Paid Net Adds



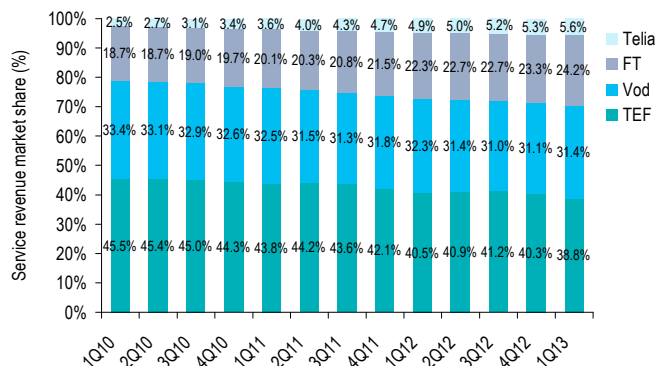
Source: Company reports and Citi Research

Figure 171. Service revenue growth (excl MTR cuts)



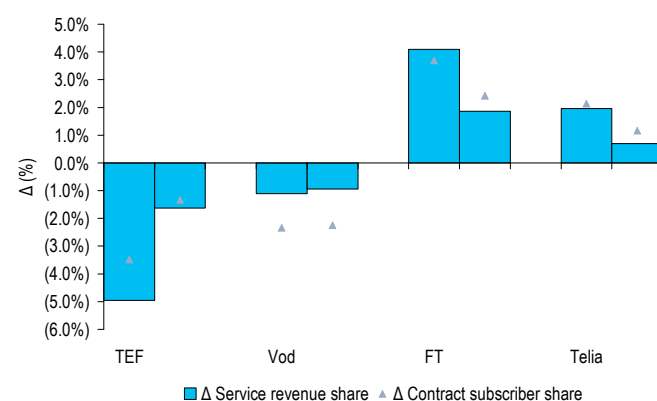
Source: Company reports and Citi Research

Figure 168. Service Revenue Market Share



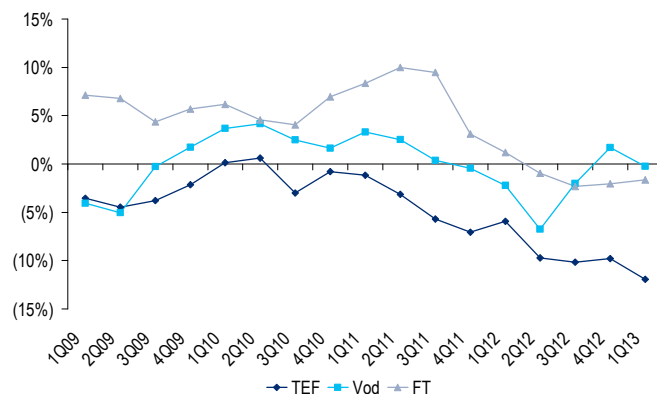
Source: Company reports and Citi Research

Figure 170. Change in Service Revenue and Contract Sub Share



Source: Company reports and Citi Research

Figure 172. Minutes growth



Source: Company reports and Citi Research

Spain Mobile Data

Figure 173. Spain Mobile Market Information

Spain	1Q10	2Q10	3Q10	4Q10	1Q11	2Q11	3Q11	4Q11	1Q12	2Q12	3Q12	4Q12	1Q13
Service Revenue, €m													
Telefonica	1,785	1,829	1,880	1,725	1,648	1,681	1,715	1,504	1,354	1,369	1,419	1,300	1,171
Vodafone	1,311	1,334	1,374	1,272	1,223	1,196	1,232	1,137	1,082	1,052	1,067	1,004	947
Orange (FT)	732	753	792	767	755	774	820	769	746	758	781	753	729
Telia	96	110	128	133	136	153	168	166	163	166	178	172	168
Total	3,924	4,026	4,174	3,897	3,762	3,804	3,935	3,576	3,345	3,345	3,444	3,229	3,015
Service Revenue Growth, yoy													
Telefonica	(7.1%)	(5.7%)	(7.0%)	(9.1%)	(7.7%)	(8.1%)	(8.8%)	(12.8%)	(17.8%)	(18.6%)	(17.3%)	(13.6%)	(13.5%)
Vodafone	(7.0%)	(7.1%)	(8.4%)	(7.4%)	(7.7%)	(9.9%)	(10.3%)	(10.6%)	(11.5%)	(12.1%)	(13.4%)	(11.7%)	(12.5%)
Orange (FT)	(2.0%)	(1.2%)	(1.2%)	1.6%	3.1%	2.8%	3.5%	0.3%	(1.2%)	(2.1%)	(4.8%)	(2.1%)	(2.3%)
Telia													
Total	(5.1%)	(4.4%)	(5.3%)	(5.4%)	(4.1%)	(5.5%)	(5.7%)	(8.2%)	(11.1%)	(12.1%)	(12.5%)	(9.7%)	(9.9%)
Service Revenue Market Share													
Telefonica	45.5%	45.4%	45.0%	44.3%	43.8%	44.2%	43.6%	42.1%	40.5%	40.9%	41.2%	40.3%	38.8%
Vodafone	33.4%	33.1%	32.9%	32.6%	32.5%	31.5%	31.3%	31.8%	32.3%	31.4%	31.0%	31.1%	31.4%
Orange (FT)	18.7%	18.7%	19.0%	19.7%	20.1%	20.3%	20.8%	21.5%	22.3%	22.7%	22.7%	23.3%	24.2%
Telia	2.5%	2.7%	3.1%	3.4%	3.6%	4.0%	4.3%	4.7%	4.9%	5.0%	5.2%	5.3%	5.6%
Post-pay Customers, 000s													
Telefonica	15,531	15,784	16,101	16,390	16,543	16,661	16,659	16,815	15,846	15,782	15,601	15,413	15,153
Vodafone	10,466	10,567	10,555	10,718	10,698	10,757	10,839	10,804	10,713	10,479	10,264	9,974	9,766
Orange (FT)	6,747	6,823	6,938	7,139	7,250	7,323	7,445	7,616	7,745	7,845	7,949	8,100	8,493
Telia	839	946	1,103	1,183	1,303	1,445	1,530	1,607	1,659	1,740	1,934	2,001	2,047
Call Volumes, mn min/qtr													
Telefonica	10,051	10,562	10,675	10,412	9,936	10,229	10,068	9,677	9,346	9,236	9,044	8,730	8,230
Vodafone	8,769	9,124	9,259	9,128	9,058	9,355	9,294	9,089	8,858	8,723	9,107	9,244	8,838
France Telecom	5,273	5,198	5,244	5,508	5,714	5,718	5,740	5,679	5,783	5,663	5,607	5,563	5,687
Telia	957	1,126	1,321	1,456	1,557	1,718	1,830	1,895	1,986	2,070	2,236	2,430	2,500
Total	25,051	26,011	26,499	26,504	26,264	27,020	26,932	26,340	25,973	25,691	25,994	25,967	25,256
Call Volume growth, yoy													
Telefonica	0.1%	0.6%	(3.0%)	(0.8%)	(1.1%)	(3.2%)	(5.7%)	(7.1%)	(5.9%)	(9.7%)	(10.2%)	(9.8%)	(11.9%)
Vodafone	3.7%	4.2%	2.5%	1.6%	3.3%	2.5%	0.4%	(0.4%)	(2.2%)	(6.8%)	(2.0%)	1.7%	(0.2%)
France Telecom	6.2%	4.6%	4.1%	6.9%	8.3%	10.0%	9.5%	3.1%	1.2%	(1.0%)	(2.3%)	(2.0%)	(1.6%)
Telia	66.0%	73.3%	81.3%	79.8%	62.6%	52.5%	38.5%	30.1%	27.6%	20.5%	22.2%	28.2%	25.9%
Total	4.2%	4.5%	2.7%	4.2%	4.8%	3.9%	1.6%	(0.6%)	(1.1%)	(4.9%)	(3.5%)	(1.4%)	(2.8%)
Contract Churn, % p.a													
Telefonica	18.0%	16.8%	16.8%	16.8%	21.6%	20.4%	20.4%	20.4%	24.0%	16.8%	16.8%	21.6%	
Vodafone	21.2%	18.9%	19.5%	19.9%	25.4%	19.0%	20.9%	22.6%	24.2%	20.6%	22.4%	25.5%	27.0%
Orange (FT)	23.6%	22.8%	21.5%	20.7%	20.3%	20.2%	20.4%	20.3%	19.7%	19.0%	18.6%	18.6%	20.0%
Data Revenue (excl messaging) % Service Revenue													
Telefonica	13.5%	13.4%	14.5%	15.8%	17.7%	18.3%	20.0%	22.6%	24.3%	25.5%	25.8%	28.4%	32.0%
Vodafone	10.9%	11.3%	11.9%	11.9%	13.6%	13.8%	15.2%	16.9%	18.9%	19.6%	20.6%	22.4%	23.6%
Orange (FT)	8.9%	9.1%	9.2%	11.4%	12.1%	12.8%	13.6%	15.9%	17.7%	18.9%	19.9%	22.0%	22.0%
EBITDA, €m													
Telefonica													
Vodafone	481	507	522	413	397	381	393	310	295	331	336	253	238
Orange (FT)	186	191	197	190	183	188							
Capex, €m													
Telefonica													
Vodafone	208	130	130	173	173	83	83	167	167	95	95	136	136

Source: Company Reports and Citi Research

Spain Fixed Data

Figure 174. Spain Fixed Market Information

Spain	1Q10	2Q10	3Q10	4Q10	1Q11	2Q11	3Q11	4Q11	1Q12	2Q12	3Q12	4Q12	1Q13
Broadband Subscribers (000s)													
Incumbent retail	5,579	5,620	5,672	5,722	5,749	5,669	5,607	5,609	5,600	5,613	5,580	5,709	5,762
Incumbent wholesale	419	464	508	561	615	652	686	710	704	690	673	652	658
ULL (total)	2,261	2,332	2,372	2,477	2,579	2,654	2,752	2,881	2,984	3,061	3,158	3,262	3,358
Cable	1,342	1,356	1,361	1,380	1,406	1,414	1,420	1,429	1,428	1,422	1,418	1,418	1,409
Total	9,600	9,772	9,913	10,140	10,349	10,390	10,466	10,628	10,716	10,786	10,828	11,041	11,186
Broadband Subscribers (000s)													
Telefonica	5,579	5,620	5,672	5,722	5,749	5,669	5,607	5,609	5,600	5,613	5,580	5,709	5,762
Ono	1,342	1,356	1,361	1,380	1,406	1,414	1,420	1,429	1,428	1,422	1,418	1,418	1,409
France Telecom	1,086	1,083	1,090	1,115	1,150	1,187	1,225	1,265	1,293	1,323	1,359	1,396	1,436
Jazztel	662	740	782	848	910	965	1,021	1,103	1,183	1,229	1,272	1,318	1,331
Vodafone (formally Tele2)	641	671	692	742	779	709	730	745	835	809	789	772	810
Other	291	303	315	334	354	446	463	478	377	390	411	429	439
Total	9,600	9,772	9,913	10,140	10,349	10,390	10,466	10,628	10,716	10,786	10,828	11,041	11,186
Broadband Subscribers Net Adds (000s)													
Telefonica	102	42	52	50	27	(80)	(62)	1	(9)	14	(33)	130	52
Ono	16	14	5	19	26	8	6	8	(1)	(6)	(4)	(0)	(9)
France Telecom	0	(3)	7	25	35	37	38	40	28	30	36	37	40
Jazztel	80	78	42	65	63	54	56	82	81	45	43	46	13
Vodafone (formally Tele2)	60	30	22	50	37	(70)	21	15	90	(26)	(20)	(17)	38
Other	27	12	12	0	0	0	0	0	0	0	0	0	0
Total	285	172	140	228	209	41	77	162	87	70	42	213	145
Telephony Channels (000s)													
Incumbent retail	13,923	13,664	13,485	13,280	13,006	12,729	12,495	12,305	12,104	11,948	11,771	11,723	11,587
Incumbent wholesale (WLR)	161	205	251	295	342	379	415	441	462	471	480	481	486
ULL (total)	1,881	2,007	2,075	2,213	2,339	2,430	2,537	2,676	2,789	2,868	2,968	3,079	3,189
Cable	1,675	1,682	1,679	1,686	1,707	1,711	1,710	1,708	1,697	1,683	1,674	1,662	1,647
Total	17,639	17,558	17,489	17,474	17,394	17,250	17,157	17,130	17,051	16,970	16,892	16,944	16,908
Telephony Channels Net Adds (000s)													
Incumbent retail	(278)	(259)	(179)	(205)	(274)	(277)	(234)	(189)	(202)	(156)	(177)	(48)	(136)
Incumbent wholesale (WLR)	64	44	45	44	47	38	36	25	21	9	9	2	5
ULL (full)	174	127	68	138	126	92	107	139	113	79	100	110	110
Cable	9	7	(3)	7	21	4	(1)	(2)	(12)	(14)	(9)	(12)	(15)
Total	(31)	(81)	(69)	(16)	(80)	(144)	(92)	(27)	(79)	(82)	(77)	52	(36)
Pay TV Subscribers (000s)													
TEF	733	748	773	788	786	785	804	833	813	792	760	711	660
ONO	970	966	948	953	958	952	939	923	906	897	882	862	843
Orange	79	75	72	70	69	68	67	68	68	68	69	71	68
Canal+/Sogecable/Vivendi	1,799	1,764	1,768	1,773	1,774	1,774	1,765	1,756	1,771	1,731	0	0	0
Total	3,581	3,553	3,562	3,584	3,587	3,579	3,576	3,580	3,558	3,488	1,711	1,644	1,571
Pay TV Subscribers Net Adds (000s)													
TEF	30	15	26	15	(2)	(2)	20	29	(20)	(21)	(33)	(49)	(51)
ONO	(5)	(4)	(18)	5	5	(6)	(13)	(17)	(16)	(9)	(14)	(20)	(19)
Orange	(5)	(4)	(3)	(2)	(1)	(1)	(1)	1	0	(0)	1	2	(2)
Canal+/Sogecable/Vivendi	(47)	(35)	4	4	1	1	(9)	(9)	15	(40)	0	0	0
Total	(27)	(28)	9	23	3	(8)	(3)	4	(22)	(70)	0	0	0
Other													
VDSL customers	19	25	32	49	66	93	126	163	200	232			

Source: Company Reports and Citi Research

Sweden

Fixed

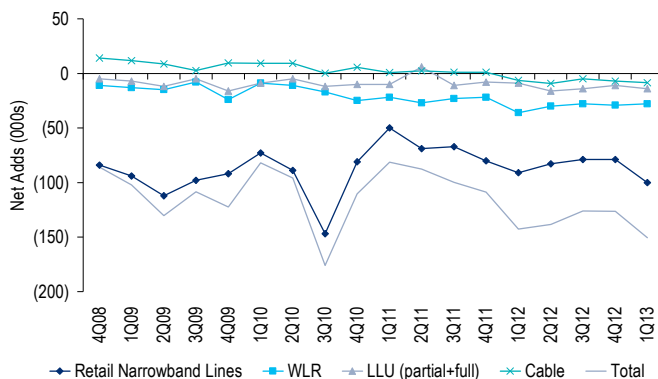
- Telia's retail line loss slightly deteriorated to -100k in Q1, vs -79k in Q4. Telia's fixed line revenue also declined to -6.2% in 1Q14 from -3.7% in 4Q12.

Mobile

- The Swedish mobile market remained one of the fastest-growing in Europe with service revenue growth excluding MTR cuts at 5.4% in 1Q13 vs 5.4% 4Q12.

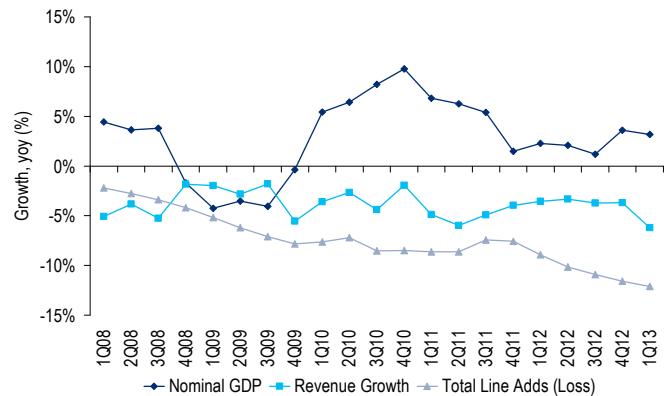
Fixed Charts

Figure 175. Telephony Net Adds



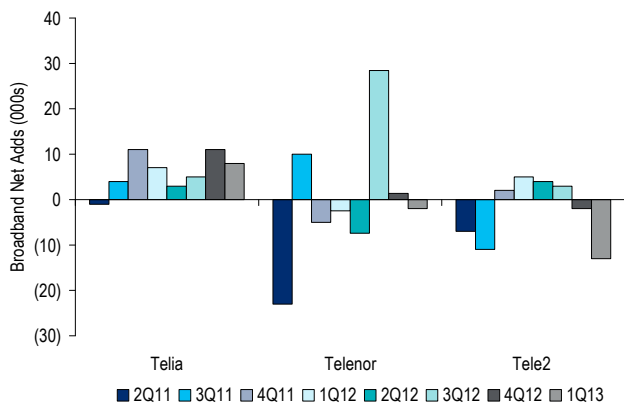
Source: Company reports and Citi Research

Figure 176. Line Loss, Incumbent Revenue Growth and GDP



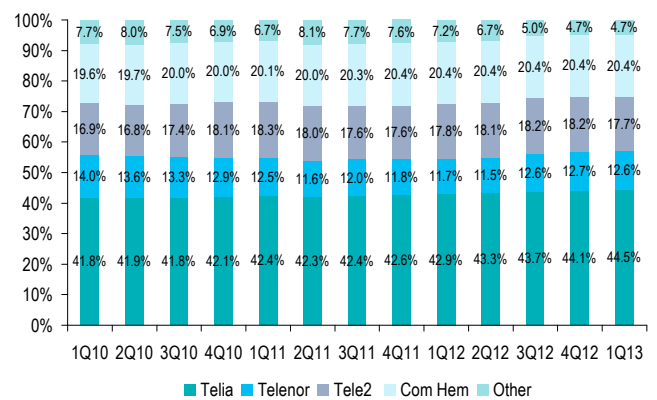
Source: Company reports, Datastream and Citi Research

Figure 177. Broadband Subscriber Net Adds



Source: Company reports and Citi Research

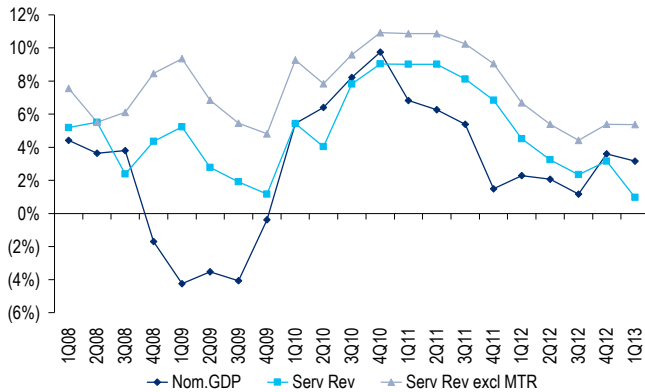
Figure 178. Broadband Subscriber Market Share



Source: Company reports and Citi Research

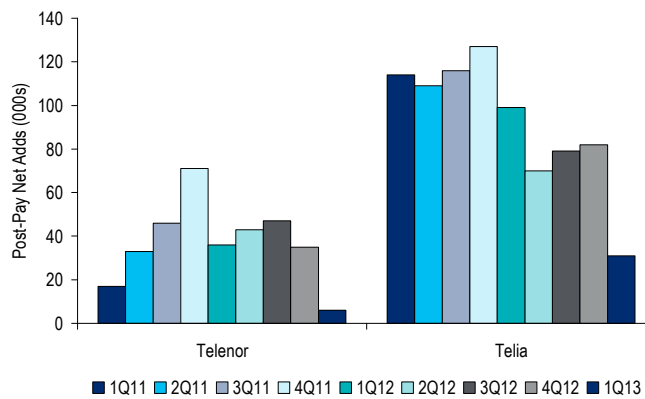
Mobile Charts

Figure 179. Revenue and GDP



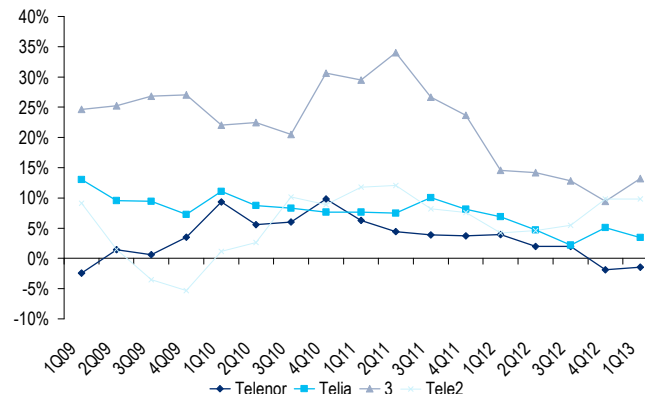
Source: Company reports, Datastream and Citi Research

Figure 181. Post-Paid Net Adds



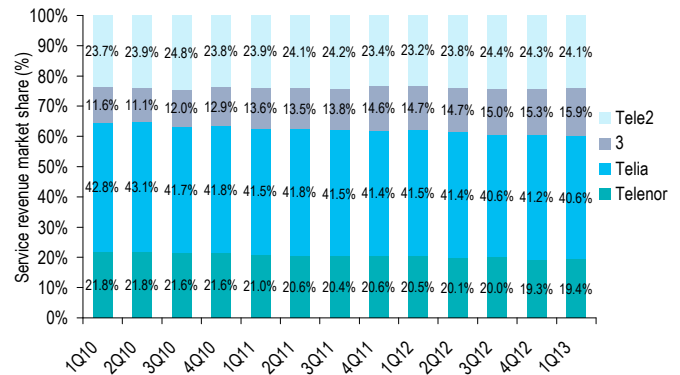
Source: Company reports and Citi Research

Figure 183. Service revenue growth (excl MTR cuts)



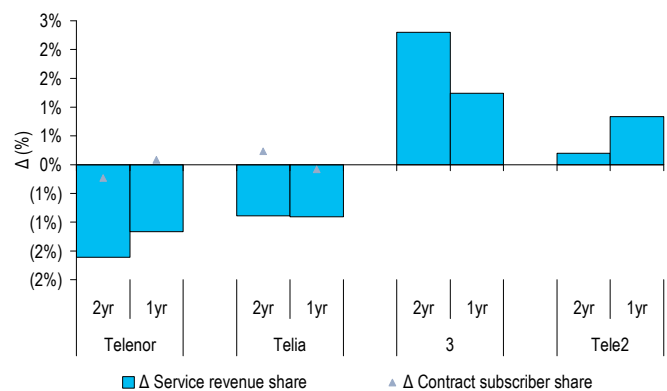
Source: Company reports and Citi Research

Figure 180. Service Revenue Market Share



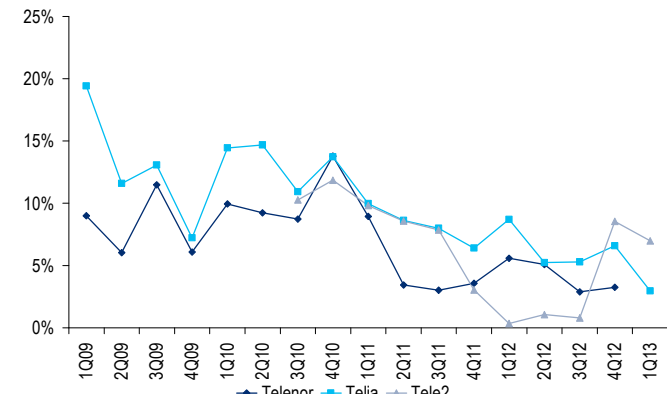
Source: Company reports and Citi Research

Figure 182. Change in Service Revenue and Contract Sub Share



Source: Company reports and Citi Research

Figure 184. Minutes growth



Source: Company reports and Citi Research

Sweden Mobile Data

Figure 185. Swedish Mobile Market Information

Sweden	1Q10	2Q10	3Q10	4Q10	1Q11	2Q11	3Q11	4Q11	1Q12	2Q12	3Q12	4Q12	1Q13
Service Revenue, SEK m													
Telenor	1,662	1,739	1,738	1,765	1,744	1,793	1,778	1,802	1,783	1,798	1,784	1,738	1,699
Telia	3,262	3,436	3,359	3,415	3,449	3,628	3,620	3,611	3,606	3,715	3,618	3,709	3,561
Tele2	1,810	1,906	1,996	1,942	1,982	2,093	2,110	2,040	2,016	2,138	2,176	2,186	2,109
Total	7,621	7,968	8,060	8,172	8,307	8,685	8,715	8,731	8,682	8,966	8,918	9,008	8,766
Service Revenue Growth, yoy													
Telenor	6.4%	2.7%	4.7%	8.4%	4.9%	3.1%	2.3%	2.1%	2.3%	0.3%	0.4%	(3.6%)	(4.8%)
Telia	7.1%	4.8%	6.5%	5.7%	5.7%	5.6%	7.8%	5.7%	4.6%	2.4%	(0.1%)	2.7%	(1.2%)
Tele2	(3.2%)	(1.5%)	8.1%	6.7%	9.5%	9.8%	5.7%	5.0%	1.7%	2.1%	3.1%	7.2%	4.6%
Total	5.4%	4.0%	7.8%	9.0%	9.0%	9.0%	8.1%	6.8%	4.5%	3.2%	2.3%	3.2%	1.0%
Service Revenue Market Share													
Telenor	21.8%	21.8%	21.6%	21.6%	21.0%	20.6%	20.4%	20.6%	20.5%	20.1%	20.0%	19.3%	19.4%
Telia	42.8%	43.1%	41.7%	41.8%	41.5%	41.8%	41.5%	41.4%	41.5%	41.4%	40.6%	41.2%	40.6%
Tele2	23.7%	23.9%	24.8%	23.8%	23.9%	24.1%	24.2%	23.4%	23.2%	23.8%	24.4%	24.3%	24.1%
Post-pay Customers, 000s													
Telenor	1,669	1,697	1,734	1,754	1,771	1,804	1,850	1,921	1,957	2,000	2,047	2,082	2,088
Telia	3,324	3,418	3,504	3,608	3,722	3,831	3,947	4,074	4,173	4,243	4,322	4,404	4,435
Tele2													
Call Volumes, mn min/qtr													
Telenor	1,327	1,435	1,407	1,475	1,445	1,484	1,450	1,528	1,526	1,560	1,491	1,577	1,537
Telia	3,874	4,137	3,999	4,308	4,260	4,494	4,319	4,584	4,631	4,730	4,547	4,886	4,768
Tele2	2,437	2,387	2,492	2,644	2,676	2,759	2,687	2,724	2,685	2,788	2,709	2,957	2,872
Total	8,485	8,898	8,857	9,464	9,440	9,856	9,554	10,000	10,038	10,340	9,980	10,766	10,521
Call Volume growth, yoy													
Telenor	9.9%	9.2%	8.7%	13.8%	8.9%	3.4%	3.0%	3.6%	5.6%	5.1%	2.9%	3.3%	0.7%
Telia	14.4%	14.7%	10.9%	13.7%	10.0%	8.6%	8.0%	6.4%	8.7%	5.2%	5.3%	6.6%	3.0%
Tele2	9.3%	2.7%	10.3%	11.8%	9.8%	15.6%	7.8%	3.0%	0.3%	1.1%	0.8%	8.5%	7.0%
Total	13.3%	11.2%	12.0%	15.0%	11.3%	10.8%	7.9%	5.7%	6.3%	4.9%	4.5%	7.7%	4.8%
EBITDA, SEK m													
Telenor													
Telia	1,557	1,682	1,763	1,530	1,762	1,848	2,000	1,779	1,887	1,810	1,839	1,831	1,881
Tele2	664	722	748	669	669	734	723	716	656	637	828	748	732

Source: Company Reports and Citi Research

Sweden Fixed Data

Figure 186. Swedish Fixed Line Market Information

Sweden	1Q10	2Q10	3Q10	4Q10	1Q11	2Q11	3Q11	4Q11	1Q12	2Q12	3Q12	4Q12	1Q13
Broadband Subscribers (000s)													
Incumbent retail	1,130	1,131	1,124	1,129	1,135	1,134	1,138	1,149	1,156	1,159	1,164	1,175	1,183
Incumbent wholesale	0	0	0	0	0	0	0	0	0	0	0	0	0
ULL (total)	562	557	545	535	525	531	520	512	503	487	473	462	448
Cable	530	533	537	537	538	537	545	551	550	545	544	543	542
Other	480	480	480	480	480	481	482	483	483	483	483	483	483
Total	2,702	2,701	2,686	2,681	2,678	2,683	2,685	2,695	2,692	2,674	2,664	2,663	2,656
Broadband Subscribers (000s)													
Telia	1,130	1,131	1,124	1,129	1,135	1,134	1,138	1,149	1,156	1,159	1,164	1,175	1,183
Telenor	379	368	356	345	335	312	322	317	315	307	336	337	335
Tele2	456	453	468	486	490	483	472	474	479	483	486	484	471
Com Hem	530	533	537	537	538	537	545	551	550	545	544	543	542
- other	207	216	201	184	180	217	208	204	192	180	134	124	125
Total	2,702	2,701	2,686	2,681	2,678	2,683	2,685	2,695	2,692	2,674	2,664	2,663	2,656
Broadband Subscribers Net Adds (000s)													
Telia	5	1	(7)	5	6	(1)	4	11	7	3	5	11	8
Telenor	(9)	(11)	(12)	(11)	(10)	(23)	10	(5)	(2)	(7)	28	1	(2)
Tele2	12	(3)	15	18	4	(7)	(11)	2	5	4	3	(2)	(13)
Com Hem	8	3	4	1	0	(1)	8	6	(1)	(6)	(0)	(1)	(1)
- other	(12)	9	(15)	(17)	(4)	37	(9)	(4)	(12)	(13)	(45)	(10)	1
Total	4	(1)	(15)	(5)	(4)	5	2	10	(3)	(19)	(9)	(1)	(7)
Telephony Channels (000s)													
Incumbent retail	3,531	3,442	3,295	3,214	3,164	3,095	3,028	2,948	2,857	2,774	2,695	2,616	2,516
Incumbent wholesale (WLR)	918	907	890	865	843	816	793	771	735	705	677	648	620
ULL (total)	562	557	545	535	525	531	520	512	503	487	473	462	448
Cable	356	365	365	371	371	374	375	376	370	360	355	348	340
Total	5,367	5,271	5,095	4,985	4,903	4,816	4,716	4,607	4,465	4,326	4,200	4,074	3,924
Telephony Channels Net Adds (000s)													
Incumbent retail	(73)	(89)	(147)	(81)	(50)	(69)	(67)	(80)	(91)	(83)	(79)	(79)	(100)
Incumbent wholesale (WLR)	(9)	(11)	(17)	(25)	(22)	(27)	(23)	(22)	(36)	(30)	(28)	(29)	(28)
ULL (total)	(9)	(5)	(12)	(10)	(10)	6	(11)	(8)	(9)	(16)	(14)	(11)	(14)
Cable	9	9	0	6	1	2	1	1	(7)	(9)	(5)	(7)	(9)
Total	(82)	(96)	(176)	(110)	(81)	(88)	(100)	(109)	(143)	(138)	(126)	(126)	(151)
Pay TV Subscribers (000s)													
Telia IPTV	411	418	431	450	473	488	496	515	530	546	560	580	596
Telenor cable	212	202	203	201	199	196	196	184	0	0	0	0	0
Viasat Satellite	0	0	0	0	0	0	0	0	0	0	0	0	0
Pay TV Subscribers Net Adds (000s)													
Telia	15	7	13	19	23	15	8	19	15	16	14	20	16
Telenor	(5)	(10)	1	(2)	(2)	(3)	0	(12)	(184)	0	0	0	0

Source: Company Reports and Citi Research

Switzerland

Fixed

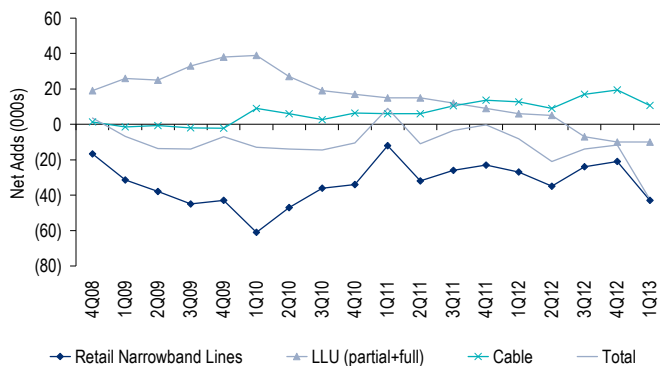
- Fixed line trends deteriorated with -4.0% yoy retail line loss and -2.4% yoy total market lines. Market broadband net adds improved to 56k in 1Q13 from 23k 4Q12.

Mobile

- Mobile service revenue growth excluding MTRs worsened slightly to -0.7% from -0.4% in Q4, mainly coming from a -1.5% decline for Swisscom in Q1 compared to -1.3% in 4Q12.

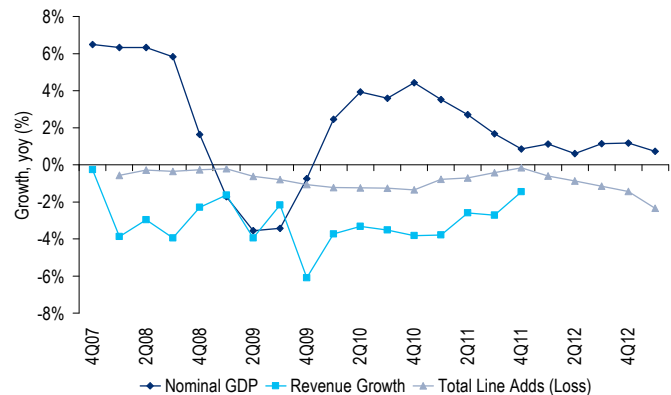
Fixed Charts

Figure 187. Telephony Net Adds



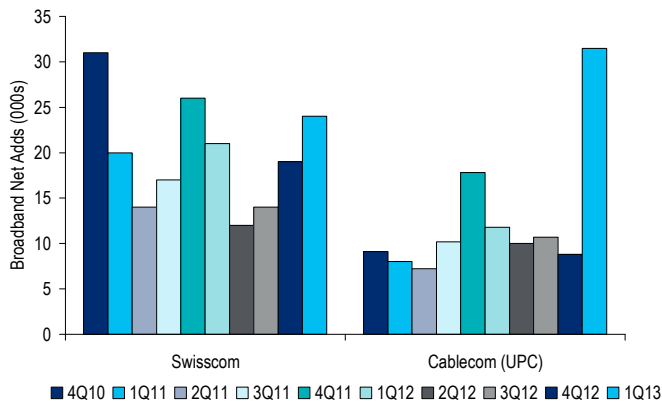
Source: Company reports and Citi Research

Figure 188. Line Loss, Incumbent Revenue Growth and GDP



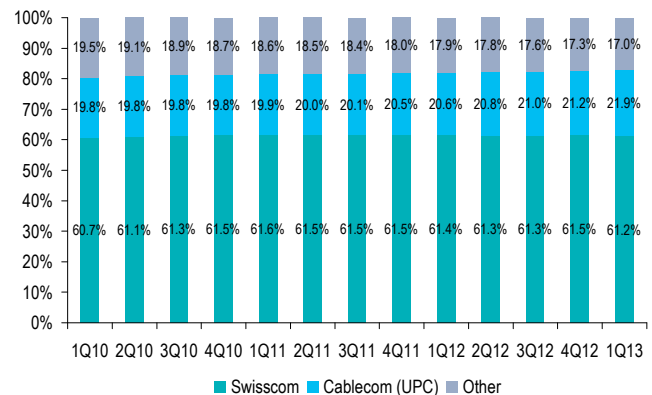
Source: Company reports, Datastream and Citi Research

Figure 189. Broadband Subscriber Net Adds



Source: Company reports and Citi Research

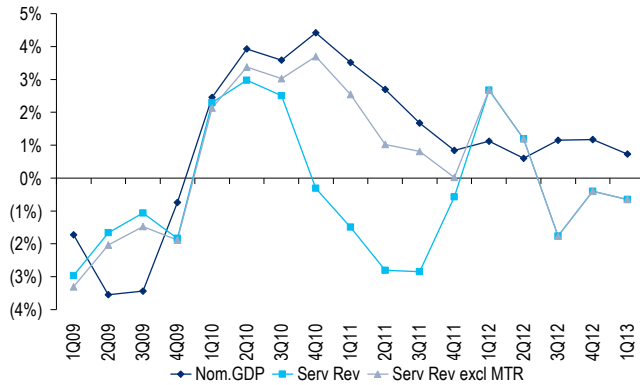
Figure 190. Broadband Subscriber Market Share



Source: Company reports and Citi Research

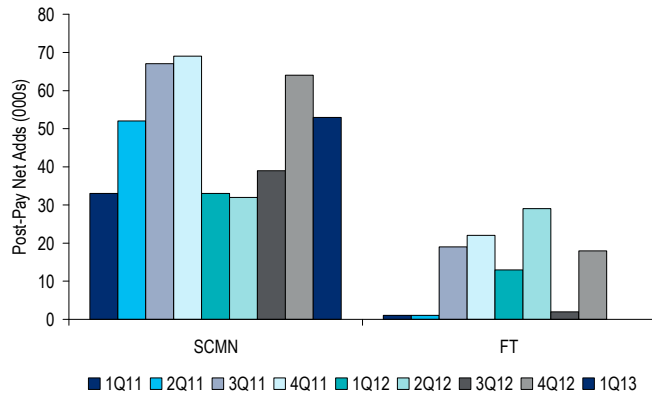
Mobile Charts

Figure 191. Revenue and GDP



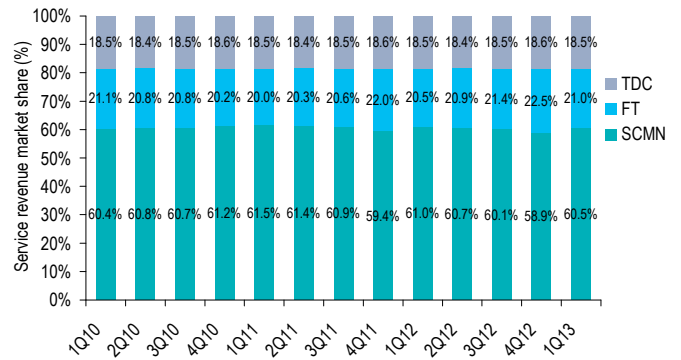
Source: Company reports, Datastream and Citi Research

Figure 193. Post-Paid Net Adds



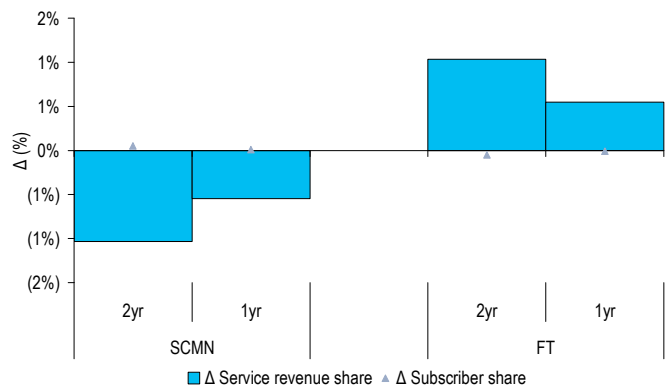
Source: Company reports and Citi Research

Figure 192. Service Revenue Market Share



Source: Company reports and Citi Research

Figure 194. Change in Service Revenue and Contract Sub Share



Source: Company reports and Citi Research

Switzerland Mobile Data

Figure 195. Swiss Mobile Market Information (excl Sunrise)

Switzerland	1Q10	2Q10	3Q10	4Q10	1Q11	2Q11	3Q11	4Q11	1Q12	2Q12	3Q12	4Q12	1Q13
Service Revenue, CHFm													
Swisscom	830	880	910	856	833	863	887	826	849	864	860	815	835
Orange (FT)	291	301	312	283	271	285	300	306	285	298	306	312	291
Total	1,375	1,447	1,500	1,398	1,354	1,406	1,457	1,390	1,391	1,423	1,431	1,385	1,382
Service Revenue Growth, yoy													
Swisscom	1.2%	3.4%	3.2%	1.4%	0.4%	(1.9%)	(2.5%)	(3.5%)	1.9%	0.1%	(3.0%)	(1.3%)	(1.5%)
Orange (FT)	2.7%	1.2%	0.6%	(5.2%)	(6.8%)	(5.4%)	(3.8%)	8.3%	5.2%	4.5%	2.0%	2.0%	2.0%
Total	2.3%	3.0%	2.5%	(0.3%)	(1.5%)	(2.8%)	(2.9%)	(0.6%)	2.7%	1.2%	(1.8%)	(0.4%)	(0.7%)
Customers, 000s													
Swisscom	5,650	5,691	5,761	5,828	5,861	5,913	5,980	6,049	6,082	6,114	6,153	6,217	6,270
Orange (FT)	1,552	1,553	1,564	1,564	1,565	1,566	1,585	1,607	1,620	1,649	1,651	1,669	1,669
Customer Net Adds, 000s													
Swisscom	48	41	70	67	33	52	67	69	33	32	39	64	53
Orange (FT)	1	1	11	0	1	1	19	22	13	29	2	18	

Source: Company Reports and Citi Research

Switzerland Fixed Data

Figure 196. Swiss Fixed Line Market Information

Switzerland	1Q10	2Q10	3Q10	4Q10	1Q11	2Q11	3Q11	4Q11	1Q12	2Q12	3Q12	4Q12	1Q13
Broadband Subscribers (000s)													
Incumbent retail	1,509	1,530	1,553	1,584	1,604	1,618	1,635	1,661	1,682	1,694	1,708	1,727	1,751
Incumbent wholesale	293	260	240	226	214	202	192	181	179	176	181	186	196
ULL (total)	192	219	238	255	270	285	297	306	312	317	310	300	290
Cable	492	496	501	510	518	525	535	553	565	575	586	595	626
Total	2,486	2,505	2,532	2,575	2,606	2,630	2,659	2,701	2,738	2,762	2,785	2,808	2,863
Broadband Subscribers (000s)													
Swisscom	1,509	1,530	1,553	1,584	1,604	1,618	1,635	1,661	1,682	1,694	1,708	1,727	1,751
Cablecom (UPC)	492	496	501	510	518	525	535	553	565	575	586	595	626
- other	485	479	478	481	484	487	489	487	491	493	491	486	486
Total	2,486	2,505	2,532	2,575	2,606	2,630	2,659	2,701	2,738	2,762	2,785	2,808	2,863
Broadband Subscribers Net Adds (000s)													
Swisscom	31	21	23	31	20	14	17	26	21	12	14	19	24
Cablecom (UPC)	5	4	5	9	8	7	10	18	12	10	11	9	32
- other	1	(6)	(1)	3	3	3	2	(2)	4	2	(2)	(5)	0
Total	37	19	27	43	31	24	29	42	37	24	23	23	56
Telephony Channels (000s)													
Incumbent retail	3,330	3,283	3,247	3,213	3,201	3,169	3,143	3,120	3,093	3,058	3,034	3,013	2,970
Incumbent wholesale (WLR)	0	0	0	0	0	0	0	0	0	0	0	0	0
ULL (total)	192	219	238	255	270	285	297	306	312	317	310	300	290
Cable	312	318	321	327	333	339	350	363	376	385	402	421	432
Total	3,834	3,820	3,806	3,795	3,804	3,793	3,790	3,789	3,781	3,760	3,746	3,734	3,692
Telephony Channels Net Adds (000s)													
Incumbent retail	(61)	(47)	(36)	(34)	(12)	(32)	(26)	(23)	(27)	(35)	(24)	(21)	(43)
Incumbent wholesale (WLR)	0	0	0	0	0	0	0	0	0	0	0	0	0
ULL (total)	39	27	19	17	15	15	12	9	6	5	(7)	(10)	(10)
Cable	9	6	3	6	6	6	11	14	13	9	17	19	11
Total	(13)	(14)	(14)	(11)	9	(11)	(4)	(0)	(8)	(21)	(14)	(12)	(42)
Pay TV Subscribers (000s)													
Swisscom	275	317	358	421	469	512	556	608	655	694	728	791	860
Cablecom (UPC)	1,541	1,539	1,537	1,520	1,516	1,512	1,517	1,487	1,500	1,501	1,506	1,449	1,433
Pay TV Subscribers Net Adds (000s)													
Swisscom	43	42	41	63	48	43	44	52	47	39	34	63	69
Cablecom (UPC)	(5)	(2)	(2)	(17)	(4)	(4)	5	(29)	13	1	5	(58)	(16)

Source: Company Reports and Citi Research

UK

Fixed

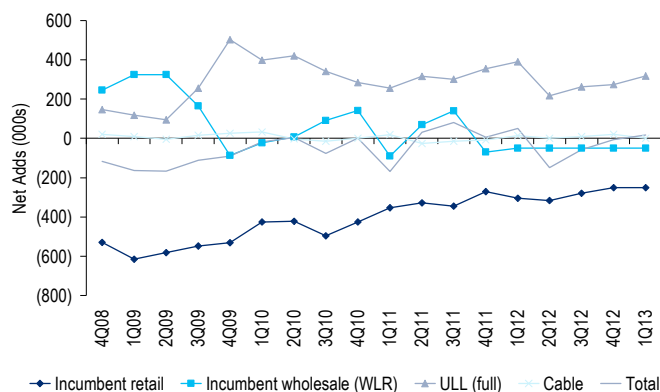
- BT's retail lines loss remained stable at -251k in Q1, while the yoy decline improved at -7.1%. Fixed broadband market growth declined slightly at +236k net additions driven by BT (135k) and BSkyB (152k). Virgin Media net adds declined sequentially to +26k. Net adds for the other DSL players remained stable qoq including for TalkTalk (10k).

Mobile

- Service revenue growth excluding the impact of MTR cuts was -1.5% in 1Q13 compared to -1.7% in 4Q12. This was due to an improvement in service revenue growth excluding MTR cuts at TEF, offset by further deterioration in Vodafone and EE partially. Minutes growth improved to -1.5% in 1Q13 from -3.8% in 4Q12.

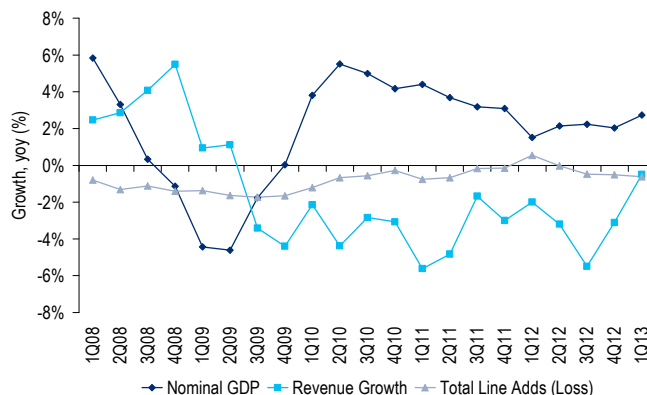
Fixed Charts

Figure 197. Telephony Net Adds



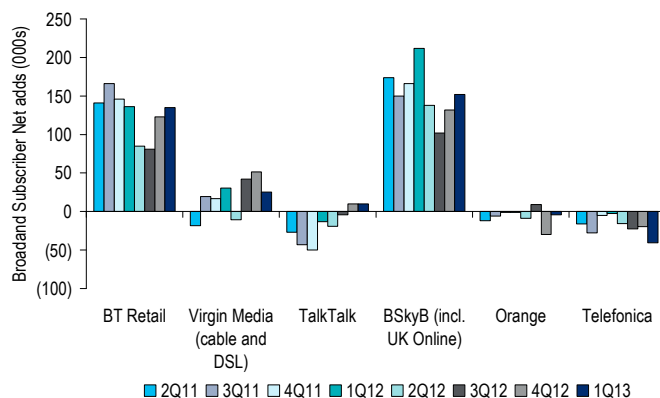
Source: Company reports and Citi Research

Figure 198. Line Loss, Incumbent Revenue Growth and GDP



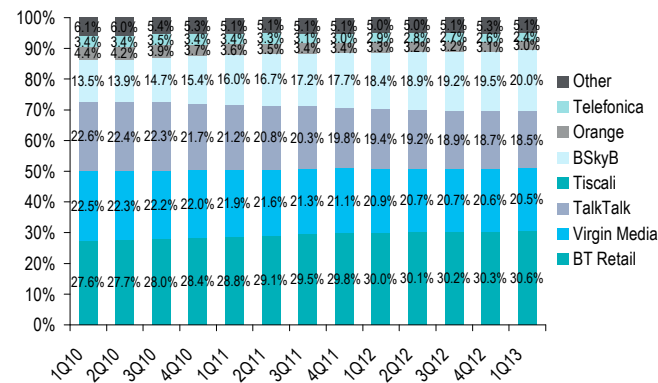
Source: Company reports, Datastream and Citi Research

Figure 199. Broadband Subscriber Net Adds



Source: Company reports and Citi Research

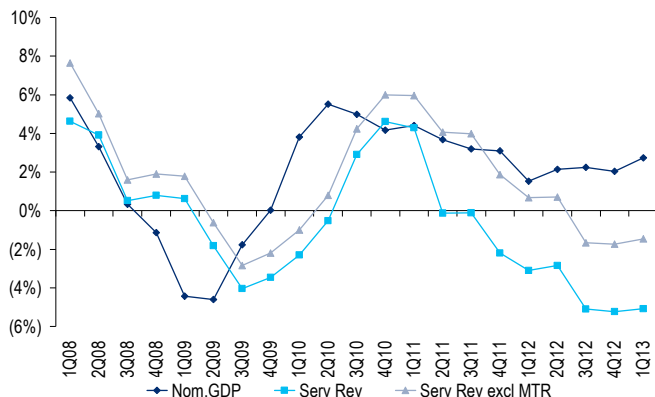
Figure 200. Broadband Subscriber Market Share



Source: Company reports and Citi Research

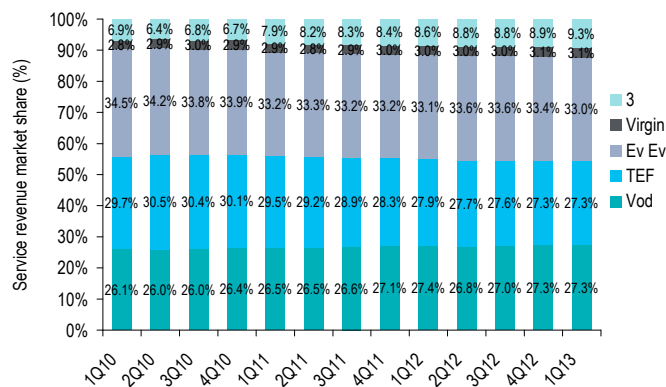
Mobile Charts

Figure 201. Revenue and GDP



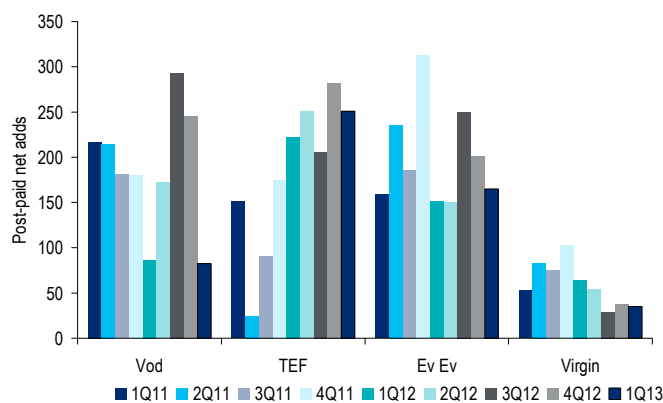
Source: Company reports, Datastream and Citi Research

Figure 202. Service Revenue Market Share



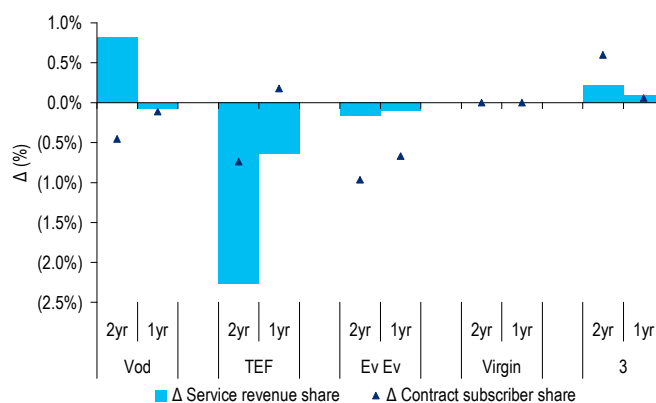
Source: Company reports and Citi Research

Figure 203. Post-Paid Net Adds



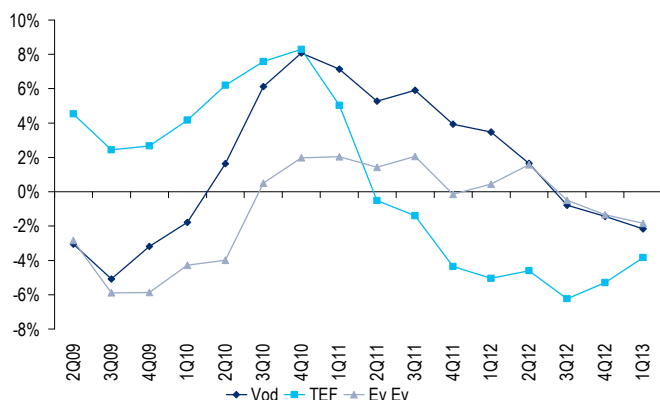
Source: Company reports and Citi Research

Figure 204. Change in Service Revenue and Contract Sub Share



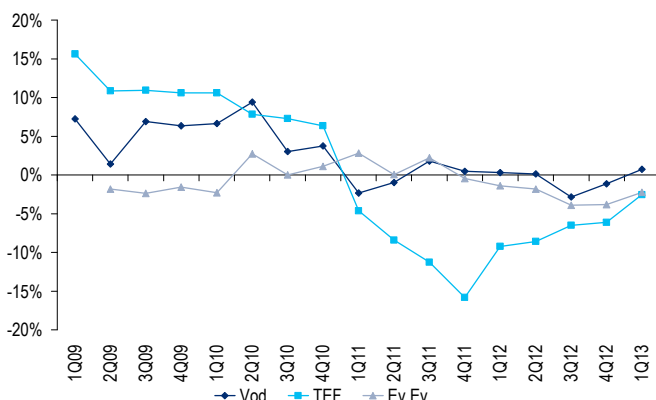
Source: Company reports and Citi Research

Figure 205. Service revenue growth (excl MTR cuts)



Source: Company reports and Citi Research

Figure 206. Minutes growth



Source: Company reports and Citi Research

UK Mobile Data

Figure 207. UK Mobile Market Information

UK	1Q10	2Q10	3Q10	4Q10	1Q11	2Q11	3Q11	4Q11	1Q12	2Q12	3Q12	4Q12	1Q13
Service Revenue, £m													
Vodafone	1,170	1,187	1,222	1,252	1,239	1,205	1,249	1,256	1,241	1,186	1,201	1,199	1,175
O2 (Telefonica)	1,333	1,390	1,429	1,424	1,383	1,329	1,356	1,310	1,266	1,225	1,228	1,197	1,174
Ev Ev	1,548	1,557	1,586	1,605	1,554	1,516	1,556	1,540	1,503	1,486	1,496	1,467	1,422
Virgin Mobile	128	132	139	139	133	129	138	139	135	135	134	137	132
3 (Hutch)	309	291	317										
Total	4,488	4,557	4,692	4,737	4,680	4,551	4,687	4,633	4,535	4,421	4,448	4,390	4,305
Service Revenue Growth, yoy													
Vodafone	(2.7%)	0.7%	5.2%	7.1%	5.9%	1.5%	2.2%	0.3%	0.2%	(1.6%)	(3.8%)	(4.5%)	(5.3%)
O2 (Telefonica)	3.1%	5.1%	6.5%	7.2%	3.7%	(4.4%)	(5.1%)	(8.0%)	(8.4%)	(7.9%)	(9.5%)	(8.6%)	(7.3%)
Ev Ev	(5.5%)	(5.2%)	(0.8%)	0.7%	0.4%	(2.6%)	(1.9%)	(4.0%)	(3.3%)	(2.0%)	(3.9%)	(4.7%)	(5.4%)
Virgin Mobile	(1.3%)	8.8%	7.2%	4.4%	4.5%	(2.0%)	(0.4%)	0.1%	1.3%	4.0%	(3.2%)	(1.2%)	(2.3%)
3 (Hutch)	(6.7%)	(7.8%)	(3.5%)	4.5%	20.1%	27.6%	22.5%	22.5%	5.0%	5.0%	0.5%	0.5%	3.0%
Total	(2.3%)	(0.5%)	2.9%	4.6%	4.3%	(0.1%)	(0.1%)	(2.2%)	(3.1%)	(2.8%)	(5.1%)	(5.2%)	(5.1%)
Service Revenue Market Share													
Vodafone	26.1%	26.0%	26.0%	26.4%	26.5%	26.5%	26.6%	27.1%	27.4%	26.8%	27.0%	27.3%	27.3%
O2 (Telefonica)	29.7%	30.5%	30.4%	30.1%	29.5%	29.2%	28.9%	28.3%	27.9%	27.7%	27.6%	27.3%	27.3%
Ev Ev	34.5%	34.2%	33.8%	33.9%	33.2%	33.3%	33.2%	33.2%	33.1%	33.6%	33.6%	33.4%	33.0%
Virgin Mobile	2.8%	2.9%	3.0%	2.9%	2.9%	2.8%	2.9%	3.0%	3.0%	3.0%	3.0%	3.1%	3.1%
3 (Hutch)	6.9%	6.4%	6.8%	6.7%	7.9%	8.2%	8.3%	8.4%	8.6%	8.8%	8.8%	8.9%	9.3%
Post-pay Customers, 000s													
Vodafone	8,672	8,918	9,184	9,432	9,649	9,864	10,045	10,226	10,312	10,484	10,777	11,023	11,105
O2 (Telefonica)	9,754	10,061	10,297	10,499	10,650	10,675	10,765	10,940	11,163	11,414	11,619	11,901	12,152
Ev Ev	11,196	11,463	11,648	11,948	12,107	12,343	12,529	12,842	12,993	13,143	13,393	13,594	13,759
Virgin Mobile	1,031	1,097	1,155	1,211	1,263	1,347	1,421	1,524	1,588	1,642	1,671	1,709	1,744
3 (Hutch)	3,551	3,548	3,676	3,804	3,909	4,013	4,234	4,455	4,646	4,837	4,988	5,263	5,263
Call Volumes, mn min/qtr													
Vodafone	10,870	10,704	10,569	10,769	10,616	10,600	10,759	10,820	10,646	10,612	10,454	10,697	10,724
Telefonica	14,155	14,346	14,565	15,076	13,500	13,139	12,920	12,690	12,254	12,008	12,077	11,910	11,940
Ev Ev	16,054	16,493	15,994	16,429	16,505	16,498	16,345	16,352	16,270	16,198	15,702	15,724	15,906
Virgin Mobile	1,261	1,316	1,365	1,460	1,449	1,509	1,576	1,639	1,699	1,771	1,841	1,931	2,029
3 Hutch	2,764	2,911	3,026	3,275	3,288	3,407	3,541	3,673	3,725	3,772	3,818	3,942	4,036
Total	45,104	45,770	45,519	47,009	45,358	45,153	45,141	45,173	44,593	44,362	43,892	44,204	44,635
Call Volume growth													
Vodafone	6.6%	9.4%	3.0%	3.8%	(2.3%)	(1.0%)	1.8%	0.5%	0.3%	0.1%	(2.8%)	(1.1%)	0.7%
Telefonica	10.6%	7.8%	7.3%	6.3%	(4.6%)	(8.4%)	(11.3%)	(15.8%)	(9.2%)	(8.6%)	(6.5%)	(6.1%)	(2.6%)
Ev Ev	(2.3%)	2.7%	(0.0%)	1.1%	2.8%	0.0%	2.2%	(0.5%)	(1.4%)	(1.8%)	(3.9%)	(3.8%)	(2.2%)
Virgin Mobile	7.1%	11.7%	13.3%	19.0%	14.9%	14.7%	15.4%	12.2%	17.2%	17.4%	16.8%	17.8%	19.5%
3 Hutch	17.0%	19.8%	20.0%	24.2%	19.0%	17.0%	17.0%	12.2%	13.3%	10.7%	7.8%	7.3%	8.4%
Total	5.0%	7.1%	4.5%	5.2%	0.6%	(1.3%)	(0.8%)	(3.9%)	(1.7%)	(1.8%)	(2.8%)	(2.1%)	0.1%
Contract Churn, % p.a													
Vodafone	16.2%	15.5%	16.1%	16.8%	15.8%	16.3%	17.0%	18.0%	18.1%	16.3%	16.5%	17.9%	16.6%
O2 (Telefonica)	13.2%	13.2%	14.4%	13.2%	13.2%	14.4%	13.2%	14.4%	12.0%	12.0%	13.2%	13.2%	12.0%
Ev Ev	18.0%	18.0%	16.8%	15.6%	15.6%	13.2%	13.2%	13.2%	14.4%	14.4%	14.4%	14.6%	14.4%
Data Revenue (excl messaging) % Service Revenue													
Vodafone	13.8%	14.7%	15.1%	15.6%	16.8%	17.7%	17.5%	17.5%	17.7%	18.7%	19.3%	19.5%	18.8%
O2 (Telefonica)	12.3%	13.5%	13.2%	13.8%	16.3%	18.3%	19.1%	19.8%	20.8%	23.8%	24.7%	25.9%	26.2%
EBITDA, £m													
Vodafone	279	295	304	319	315	311	322						
O2 (Telefonica)	367	401	401	398	418	409	401	365	279	326	360	333	287
Ev Ev	305	309	334	334									
Capex, £m													
Vodafone	177	89	89	169	169	110	110						
O2 (Telefonica)	144	158	133	180	139	142	160	193	165	144	134	165	716

Source: Company Reports and Citi Research

UK Fixed Data

Figure 208. UK Fixed Line Market Information

UK	1Q10	2Q10	3Q10	4Q10	1Q11	2Q11	3Q11	4Q11	1Q12	2Q12	3Q12	4Q12	1Q13
Broadband Subscribers (000s)													
Incumbent retail	5,132	5,227	5,342	5,529	5,691	5,832	5,998	6,144	6,280	6,365	6,446	6,569	6,704
Incumbent wholesale	2,926	2,785	2,629	2,451	2,421	2,559	2,512	2,407	2,263	2,212	2,144	2,084	2,066
ULL (total)	6,620	6,906	7,143	7,490	7,609	7,581	7,725	7,946	8,263	8,399	8,558	8,778	8,860
Cable	3,910	3,936	3,969	4,011	4,061	4,049	4,073	4,103	4,149	4,153	4,210	4,272	4,310
Total	18,587	18,854	19,083	19,481	19,783	20,021	20,308	20,600	20,955	21,129	21,358	21,703	21,940
Broadband Subscribers (000s)													
BT Retail	5,132	5,227	5,342	5,529	5,691	5,832	5,998	6,144	6,280	6,365	6,446	6,569	6,704
Virgin Media	4,180	4,206	4,242	4,287	4,333	4,315	4,334	4,351	4,382	4,371	4,413	4,465	4,491
TalkTalk	4,197	4,231	4,249	4,224	4,199	4,172	4,129	4,079	4,066	4,047	4,043	4,053	4,063
BSkyB	2,505	2,624	2,802	3,006	3,161	3,335	3,485	3,651	3,863	4,001	4,103	4,235	4,387
Orange	816	793	753	730	713	701	695	694	693	684	693	663	659
Telefonica	632	650	664	672	669	653	625	620	618	602	580	560	519
- other	1,126	1,123	1,031	1,034	1,017	1,013	1,042	1,061	1,053	1,058	1,080	1,158	1,117
Total	18,587	18,854	19,083	19,481	19,783	20,021	20,308	20,600	20,955	21,129	21,358	21,703	21,940
Broadband Subscribers Net Adds (000s)													
BT Retail	123	95	115	187	162	141	166	146	136	85	81	123	135
Virgin Media (cable and DSL)	78	26	37	45	46	(18)	20	17	31	(10)	42	52	26
TalkTalk	42	34	18	(25)	(25)	(27)	(43)	(50)	(13)	(19)	(4)	10	10
Tiscali	0	0	0	0	0	0	0	0	0	0	0	0	0
BSkyB (incl. UK Online)	101	119	178	204	155	174	150	166	212	138	102	132	152
Orange	(24)	(23)	(40)	(23)	(17)	(12)	(6)	(1)	(1)	(9)	9	(30)	(4)
Telefonica	41	18	14	8	(2)	(16)	(28)	(5)	(3)	(16)	(23)	(19)	(41)
- other	(7)	(2)	(92)	2	(17)	(4)	29	19	(8)	5	21	79	(41)
Total	354	267	229	398	302	238	287	292	355	174	229	346	236
Telephony Channels (000s)													
Incumbent retail	18,418	17,995	17,499	17,073	16,719	16,390	16,045	15,774	15,470	15,154	14,874	14,623	14,372
Incumbent wholesale	6,028	6,036	6,128	6,270	6,180	6,250	6,390	6,320	6,270	6,220	6,170	6,120	6,070
ULL (total)	2,966	3,387	3,728	4,012	4,268	4,584	4,885	5,240	5,631	5,848	6,110	6,384	6,702
Cable	4,178	4,175	4,161	4,162	4,181	4,155	4,141	4,133	4,148	4,148	4,158	4,179	4,180
Total	31,590	31,593	31,516	31,517	31,348	31,379	31,461	31,467	31,519	31,370	31,312	31,306	31,324
Telephony Channels Net Adds (000s)													
Incumbent retail	(425)	(423)	(496)	(426)	(354)	(329)	(345)	(271)	(304)	(316)	(280)	(251)	(251)
Incumbent wholesale (WLR)	(23)	8	92	142	(90)	70	140	(70)	(50)	(50)	(50)	(50)	(50)
ULL (total)	399	421	341	284	256	316	301	355	391	217	262	274	318
Cable	32	(3)	(14)	1	19	(26)	(14)	(8)	15	1	9	21	1
Total	(17)	3	(77)	1	(169)	31	82	6	52	(148)	(59)	(6)	18
Pay TV Subscribers (000s)													
BT IPTV	467	481	505	545	575	598	639	679	707	728	749	770	810
Sky	9,770	9,860	9,956	10,096	10,147	10,187	10,213	10,471	10,549	10,606	10,654	10,742	10,812
Virgin Media	3,730	3,752	3,767	3,779	3,789	3,768	3,762	3,763	3,775	3,768	3,778	3,796	3,782
Total	13,967	14,093	14,228	14,420	14,511	14,553	14,614	14,913	15,031	15,102	15,181	15,308	15,404
Pay TV Subscribers Net Adds (000s)													
BT IPTV	16	14	24	40	30	23	41	40	28	21	21	21	40
Sky	62	90	96	140	51	40	26	258	78	57	48	88	70
Virgin Media	36	22	15	12	10	(21)	(6)	1	12	(8)	11	17	(13)
Total	114	126	135	192	91	42	61	299	118	70	80	126	97
Other													
BT Infinity			15	71	118	189	277	372	503	655	818	1,018	1,229

Source: Company Reports and Citi Research

Appendix A-1

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