

Australian Mobile Market Future: MVNOs and User Behavioural Change

Sydney, 14 June 2006 - Australian telecommunications research and analysis firm Telsyte has launched a new research publication, **The Australian Mobile Market, 2005-2010**, as part of its annual Market Demographics and Forecast report series.

Telsyte's findings include:

- ❑ Australia's mobile market faced a "double whammy" last year. Capped plans and reduced termination charges contributed to a monthly average revenue per user (ARPU) decline of a \$2.
- ❑ As predicted, mobile penetration will reach 100% this year and is expected to rise to 107% in 2010. By then, one in six services will be from multi-SIM users and machine-to-machine communications (eg from mobile telephones to parking meters).
- ❑ 2G/2.5G has reached its peak and is on the decline. A combination of user education and pricing will be important to carriers' 3G migration and revenue growth strategies.

MVNOs and User Behavioural Change

The rise of the largely untapped mobile virtual network operator (MVNO) market is a significant trend that has accompanied Australia's saturated mobile market. In Europe and North America, supermarkets, TV networks and other special interest groups have already captured growing shares of the mobile market.

"For the rest of 2006, we can expect renewed focus on MVNOs and affinity marketing, particularly by popular non-telecom brands and membership organisations. The rise of MVNOs need not be a threat to mobile carriers; in fact, it represents a growth opportunity they would never have realised on their own," Chaisatien said.

Currently more than 80% of mobile data revenue comes from text messaging. According to Telsyte, this indicates the full potential of 3G technology is far from being realised. Consumer education is the key to turning around this situation – and the carriers' biggest challenge.

"Carriers must change the way we interact with our mobiles. The Apple iPod is a classic example of how a technology has changed the way we consume music within a relatively short time. Carriers can learn from this example. With new applications like mobile TV, m-commerce and smart home now available carriers

need to change the way consumers expect to use their mobile phones," Chaisatien said.

The Australian Mobile Market, 2005-2010 provides a snapshot of the 2005 mobile market, along with associated key performance indicators, profiles of major service providers, and analyses of market trends and developments. It also offers Telsyte's latest five-year market forecasts from 2006 to 2010 and recommendations for industry participants.

Published simultaneously with this report is **The Australian Internet Market, 2005-2010** report, which focuses on the developments and forecasts of Australia's broadband industry. Select data from either of these two reports can be obtained upon request.

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About Telsyte

Telsyte is an Australian-based market research and strategy organisation specialising in telecommunications technologies, services and metrics. Telsyte is a wholly-owned business unit of leading independent telecommunications consulting firm Gibson Quai - AAS (www.gqaas.com.au).

Gibson Quai - AAS is a UXC Limited company.

UXC Limited (ASX: UXC) - www.uxc.com.au - is a publicly-listed Australian company providing Information and Communications Technology (ICT) and utility solutions and services to more than 1,000 enterprises and government departments in Australia and New Zealand.

In FY 2005 UXC posted revenue of more than \$242 million and net profit of \$11.7 million. With a market cap of around \$190 million, UXC is an S&P / ASX Top 300 company, and was named in the 2005 Deloitte Technology Fast 50, which recognises the most dynamic and fastest growing technology companies in Australia. UXC is one of only 14 companies to make the Fast 50 for two years running.

UXC has more than 1,600 staff in offices around Australia and New Zealand, providing its services through three divisions: Business Solutions, Utility Services Group and Intellectual Property Ventures Group.

The largest group, Business Solutions, provides ICT solutions to large and medium corporates and governments across Australia and New Zealand. Brands include CNS, Dytech Solutions, Eclipse Computing, GibsonQuai - AAS, Integ Communications, Opticon Australia, Oxygen Business Solutions, Planpower, QSP, Red Rock Consulting, and XSI Data Solutions.