

Mobile and Handset Trends in Latin America from report

“Handsets get a Latin beat: Mobile users in Latin America turn to Music, Camera and 3G”

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About Pyramid Research

Pyramid Research is a leading market research firm for the communications, technology and media industries. We have more than 8,000 industry connections to service providers, operators, vendors, regulators, government, consumer associations and financial institutions. For 20 years, we have advised executives and decision-makers at these organizations on how to stay ahead of market trends, understand competitive threats and capitalize on opportunities.

Key differentiators

Bottom-up methodology

Unlike our competitors, which provide global answers by indexing data from a few select markets, we research the market in each country and then aggregate data by region to build our global forecasts. We fully analyze the competitive landscape of each country and develop scenarios for growth across technologies by assessing existing and emerging business models. This ensures our advice is reliable, relevant and actionable at the local, regional and global levels.



Unmatched Global Coverage

With coverage in more than 100 countries around the world, Pyramid Research has developed a reputation as the most reliable source of market research due to our unique, proven research methodologies. We employ the most comprehensive research methodologies — analyzing each market from the bottom up. As a result, clients use our data with confidence, knowing that each data point is supported by primary research.

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Pakistan
Philippines
Singapore
Taiwan
Thailand
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Western Europe



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Germany
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Ireland
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Netherlands
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Central & Eastern Europe



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Croatia
Czech Republic
Hungary
Poland
Romania
Russian Fed.
Slovakia
Slovenia
Ukraine
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Cameroon
Congo - DRC
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Egypt
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Zimbabwe

Latin America



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Brazil
Chile
Colombia
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Dominican Rep
Ecuador
El Salvador
Guatemala
Honduras
Mexico
Nicaragua
Panama
Paraguay
Peru
Puerto Rico
Uruguay
Venezuela

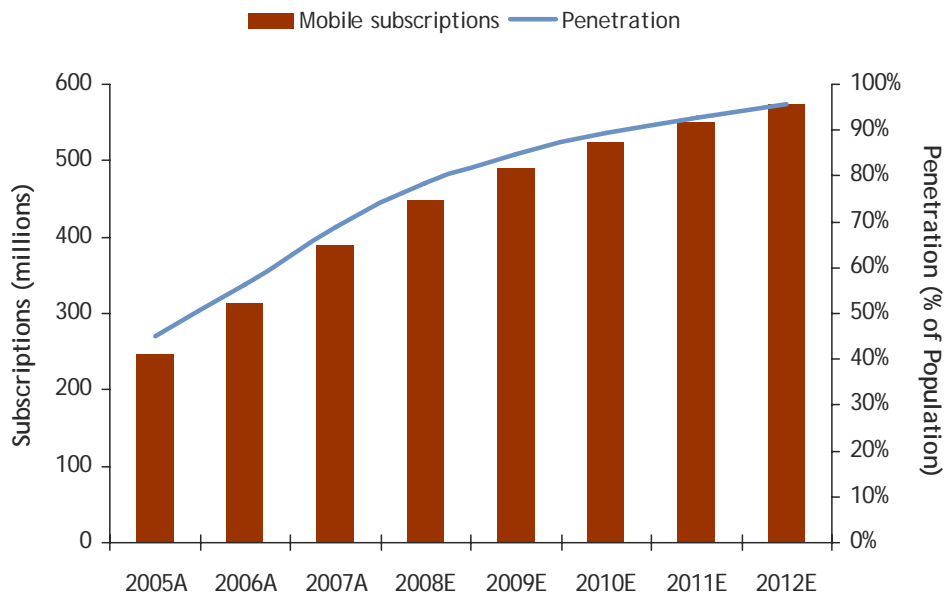
North America

Canada
United States

Mobile services at a glance: Mobile subscriber base to top 570m mark by 2012

- In recent years, Latin America's mobile industry has proven to be a very dynamic market in terms of subscriber and revenue growth. Latin America's penetration growth has exceeded the global average by 17 percentage points. Between 2005 and 2007 the region mobile subscriber base increased from 247m to 389m, translating into an overall market penetration rate of 69% at year-end 2007. In this period, mobile players, have embarked on a race to penetrate all segments of the population with aggressive pricing promoting pre-paid plans as well as marketing more affordable handsets to penetrate lower income segments. Also, the region was benefited by a healthy economic growth in the last four years with an average annual GDP growth rate of 5.1%.

MOBILE SUBSCRIPTIONS AND PENETRATION, 2005-2012

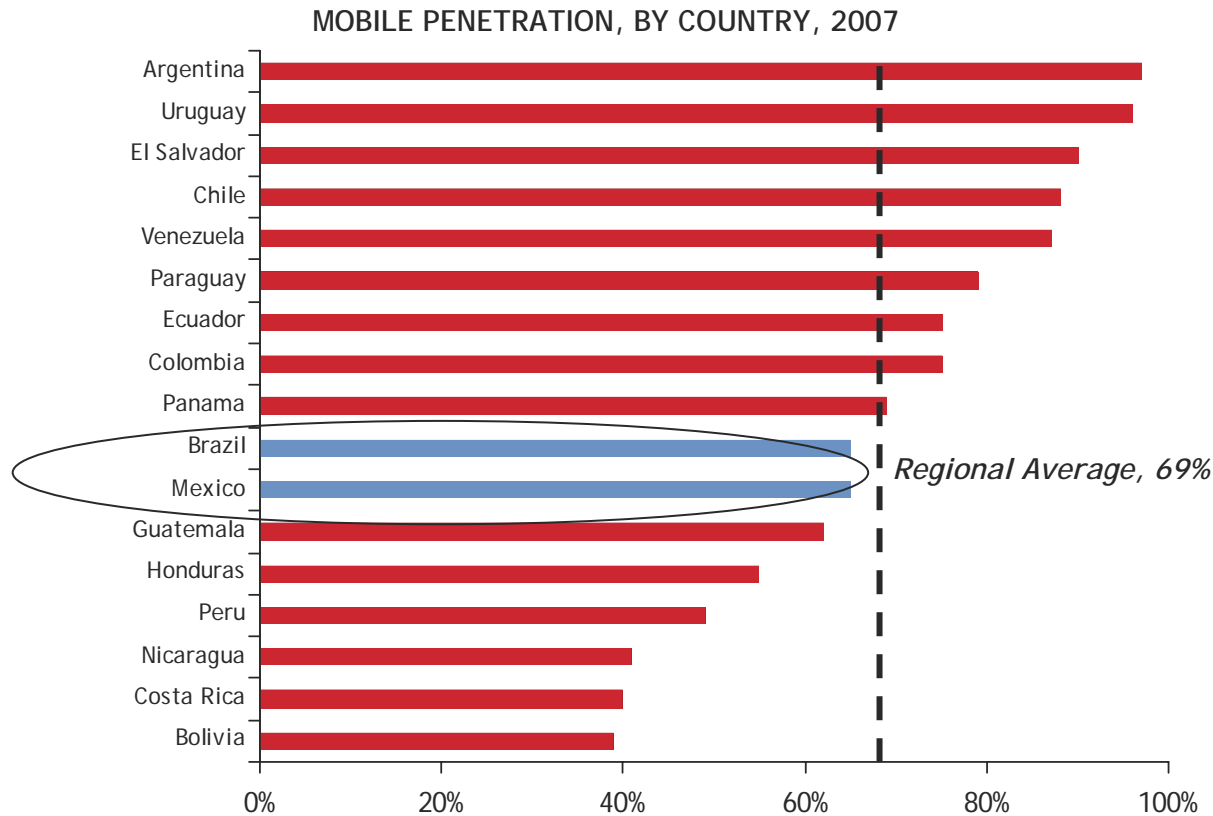


KEY MARKET INDICATORS, 2007A

Subscription Penetration [% of pop]	69%
User Penetration [% of pop]	59%
Prepaid Subscriptions [% of total]	83%
MVNO Subscriptions [% of total]	0.03%
Annual Churn Rate [%]	33%
ARPS [US\$]	\$14.55
Data ARPS [% of total ARPS]	12%
MOU [monthly minutes of use]	110

Mobile services at a glance: Differences in penetration across region remain

- Going forward, we expect Latin America's mobile penetration rate to reach 96% with 574m mobile subscribers in 2012, 24% above the global average of 72%. Brazil and Mexico will be the two countries contributing the most to this growth considering their current penetration are below the regional average of 69% as of year-end 2007.

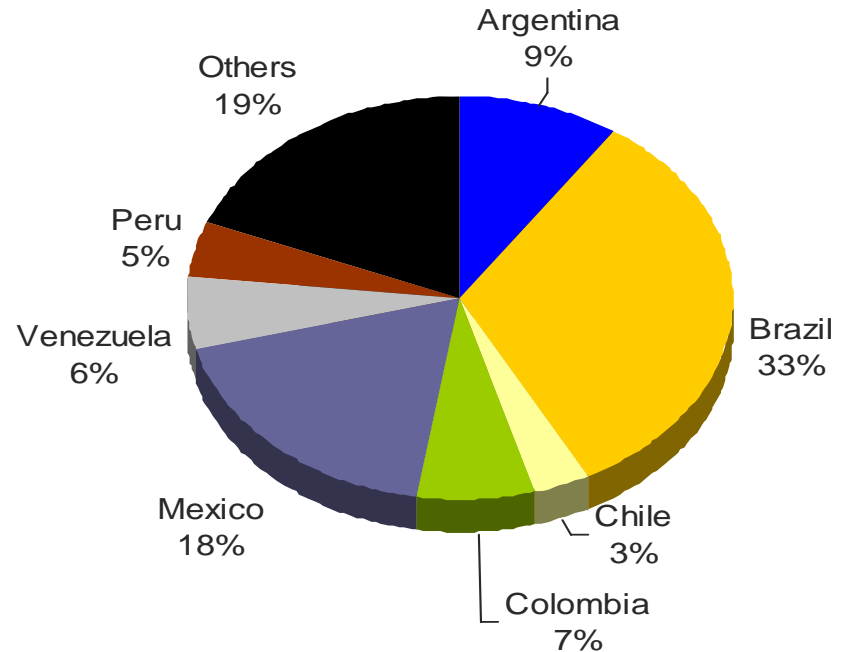
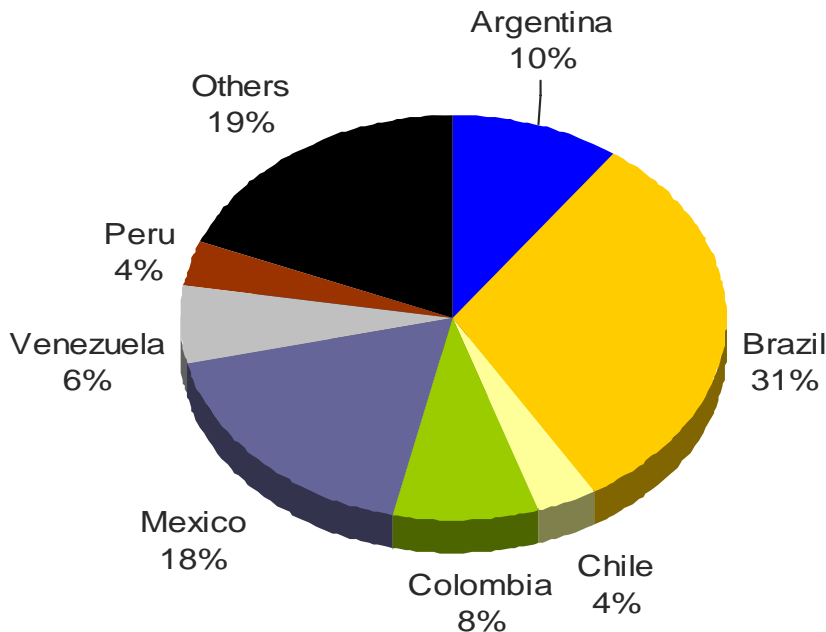


Brazil and Mexico represent 49% of Latin America mobile subscribers

- Brazil and Mexico represent a significant amount of the region's mobile subscribers, accounting for 49% of total mobile subscribers. Going forward, we expect Brazil to gain 2 percentage points in its share of the region's total subscriptions, owing to relatively low penetration rates and bigger population compared with its peers. Peru will also make impressive gains, surpassing Chile in terms of overall subscriber volume in the region, taking over the number six spot in the region. At the same time, matured markets such as Argentina, Chile, and Colombia with penetration rates above 75%, more than 10% above the regional average, will decline in its share of Latin America.

TOTAL MOBILE SUBSCRIBERS 2007: 389m

TOTAL MOBILE SUBSCRIBERS 2012: 574m

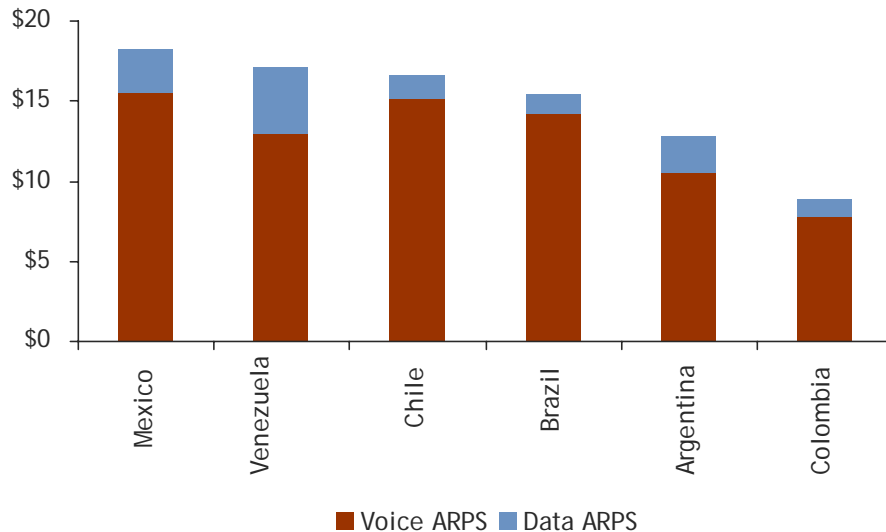


Source: Pyramid Research 1Q2008 Mobile Data Forecasts, Latin America

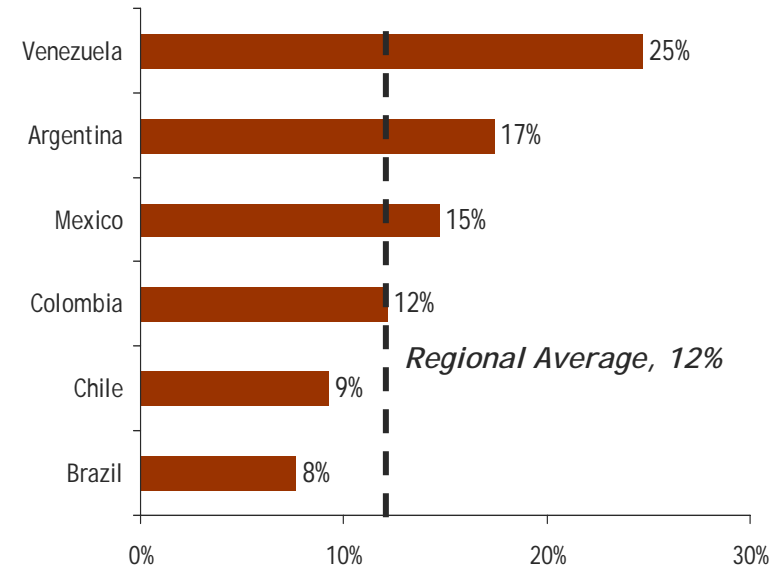
Mobile services revenue picture: Data revenues to play an important role going forward

- One of the future drivers for mobile data uptake is the operators' migration to 3G networks, which will enable them to offer a wider and enhanced portfolio of data services not only to the enterprise segment but also to the consumer market. Additionally, the migration to flat fee pricing, as well as the introduction of free mobile data services supported by business models based on advertising can impact the expansion of value added services to lower income segments. The increase of data revenues as a proportion of total revenues is a strategic step for mobile players to defend the decrease of total ARPS driven mainly by the natural decrease of voice ARPS in the region.
- Four of the region's top six markets have ARPS levels above the US\$14.55 average, with Argentina and Colombia below the average. Mexico has overtaken Venezuela to hold the number one spot in the region in terms of overall ARPS - with an ARPS level of nearly US\$18. Venezuela, however, continues to be the region's leading data "innovator," a status it has held since SMS services were introduced in the region. Brazil, by contrast, continues to have 4% below the region average data usage, with the ratio of data ARPS to total ARPS staying flat over the last two years, at 8%.

ARPS COMPARISONS BY MARKET (US\$), 2007

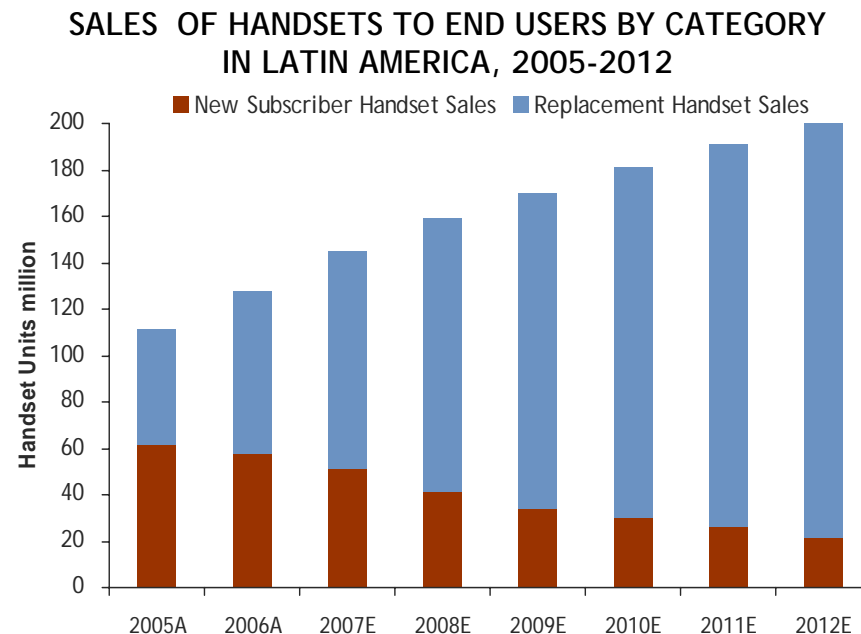


DATA ARPS AS A PERCENTAGE OF TOTAL ARPS



Latin America handsets: Replacements takes over and total market will continue to grow at healthy CAGR of 7%

- In the last two years, Latin America's handset market experienced a 14% compound annual growth rate, expanding from 112m devices sold in 2005 to 145m in 2007 driven by healthy growth of mobile subscribers as well as by a vibrant replacement market. Mobile penetration grew from 45% in 2005 to 69% in 2007 maintaining new subscriber handset sales between 50m and 60m units between 2005 and 2007. On the other hand, the replacement market has expand significantly, from 50m devices sold in 2005 to 94m in 2007 representing 65% of total handset sales and overtaking the new subscriber handset category. Going forward, Pyramid Research projects another 10% increase in device sales in 2008, to nearly 160m, and a 7% CAGR through 2012 reaching total device sales of 200m.



Source: Pyramid Research 1Q2008 Mobile Handset Sell-Through Forecast, Latin America

Thank You

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Based in Cambridge, Massachusetts, Omar Salvador is a Senior Analyst in Pyramid's research team. As one of his major responsibilities, Omar tracks and analyzes market developments and company's strategies in the fixed and mobile communications markets in Latin America, with emphasis on the Andean region and Central America. Omar key area of focus is mobile devices in Latin America.

Omar frequently participates in Pyramid perspectives, reports and consulting projects. Recent engagements includes: the report "Handset Get a Latin Beat: Mobile Users in Latin America Turn to Music, Cameras and 3G", the report "Communications Market in Mexico 2007", and author of Pyramid perspectives focused on mobile operators and handset vendors strategies in Latin America such as America Movil, Cantv-Movilnet, and Sony Ericsson. Recently, he published perspectives about the growing smartphone market and the 3G handset opportunity in Latin America. Omar frequently appears in the industry press and was quoted by publications such as The New York Times, BusinessWeek, DowJones, America Economia and BN Americas, and was interviewed on CNN en Español.

Prior to joining Pyramid, Omar worked for Institutional Shareholder Services as a global research analyst with focus in Spain and Latin America, producing analyses for a client base of institutional investors on a variety of proxy voting issues such as mergers and acquisitions, debt issuances and capital structure. Prior to this experience, Omar worked for 3 years in marketing and sales in the consumer products industry for brands such as Colgate-Palmolive in Bolivia.

Omar is a graduate of Johns Hopkins University where he earned his Master of Business Administration degree with a concentration in International Business. He holds a Bachelor in Business Administration from Santa Cruz Private University UPSA and completed one-year diploma studies in Business Administration at Georgetown University. Omar is fluent in English and Spanish.