

Mr Michel Crétier

Geneva Financial Center Foundation

Senior Telecoms Analyst, Deputy Director, Pictet & Cie,
Geneva

Switzerland

Michel Crétier is an equity analyst covering the Telecommunication sector since 1997. Prior to specialising in telecommunications, Michel also covered several European equity markets (Holland, Italy, Scandinavia and Portugal) and has managed numerous investment funds: Nedval (Dutch equities), Valiatatia (Italian equities) and Euroval (European equities). He first joined Pictet as a bond analyst.

Michel Crétier is the Technology Team head since 2000.

He graduated from the University of Geneva where he obtained a degree in Political Science.

Michel Crétier worked as an oil analyst with IED Consultants, an international consulting firm, before joining Pictet.

At Pictet since : 1986

In the business since : 1984

Investing into the Telecom Sector

ITU World Telecom 2003

Tuesday, October 14th



Mr Michel Crétier

Senior Telecoms Analyst

Pictet & Cie



During the last 10 years, the reform of the status of the telecommunication industry has led to:

- A transfer of ownership from the public to the private sector through 100 privatisations worth more than USD 130bn
- New business opportunities for entrepreneurs through an equally high number of IPOs (Initial Public Offerings) worth about USD125bn

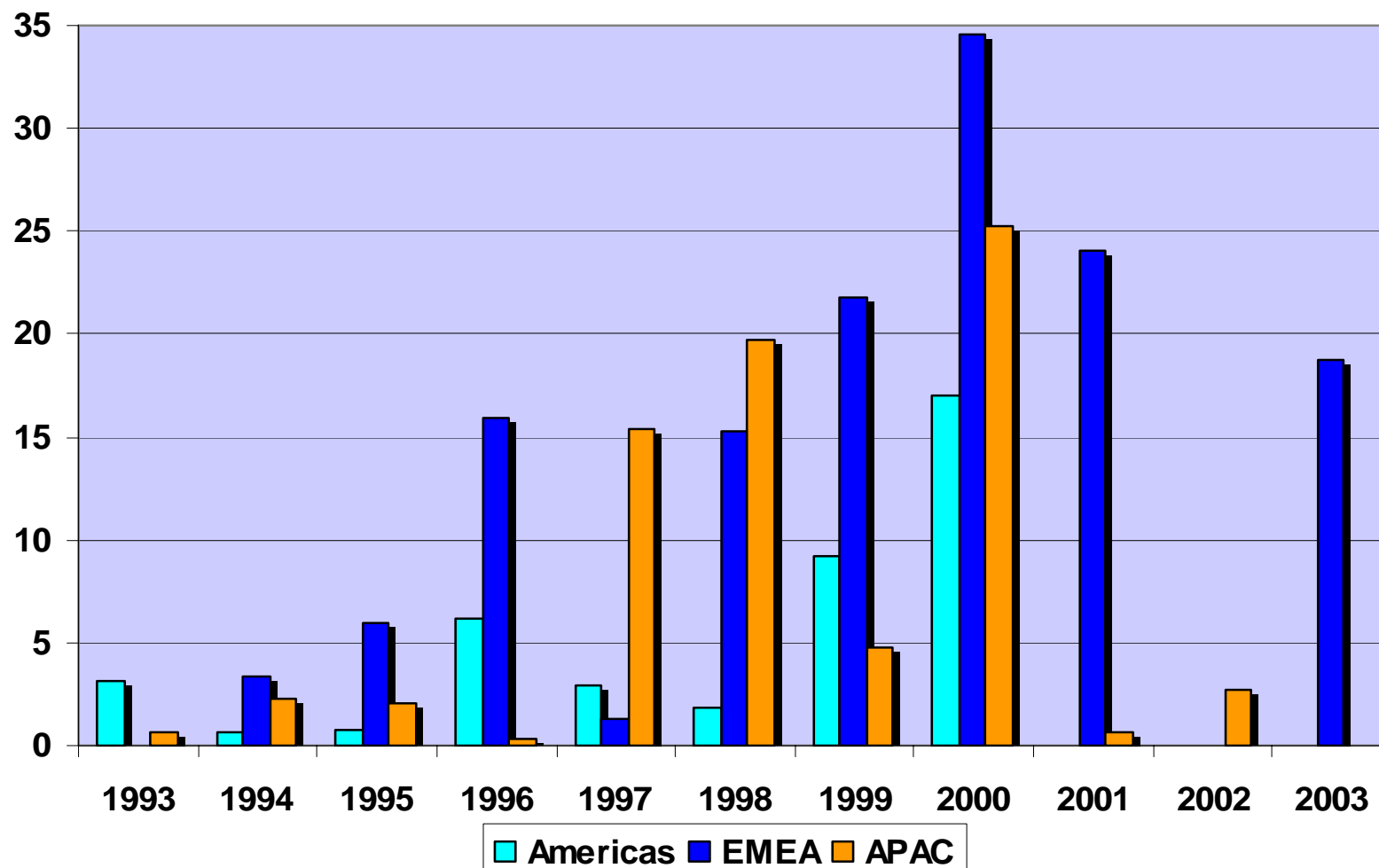
GLOBAL EQUITY ISSUANCE BY KIND OF OPERATOR 1993-2003

<i>USD bn</i>					
	AMERICAS	EMEA	APAC	TOTAL	
FIXED	17.2	121.3	41.8	180.3	70%
MOBILE	18.3	16.8	30.9	66.0	26%
CABLE	6.2	3.1	1.3	10.6	4%
	41.7	141.2	74.0	256.9	
	16%	55%	29%		
PRIVATISATIONS	2.0	64.9	64.8	131.7	
	5%	46%	88%	51%	
NEW ENTRANTS	39.7	76.3	9.2	125.2	
	95%	54%	12%	49%	

Data courteously supplied by MSDW and compiled by Pictet et Cie

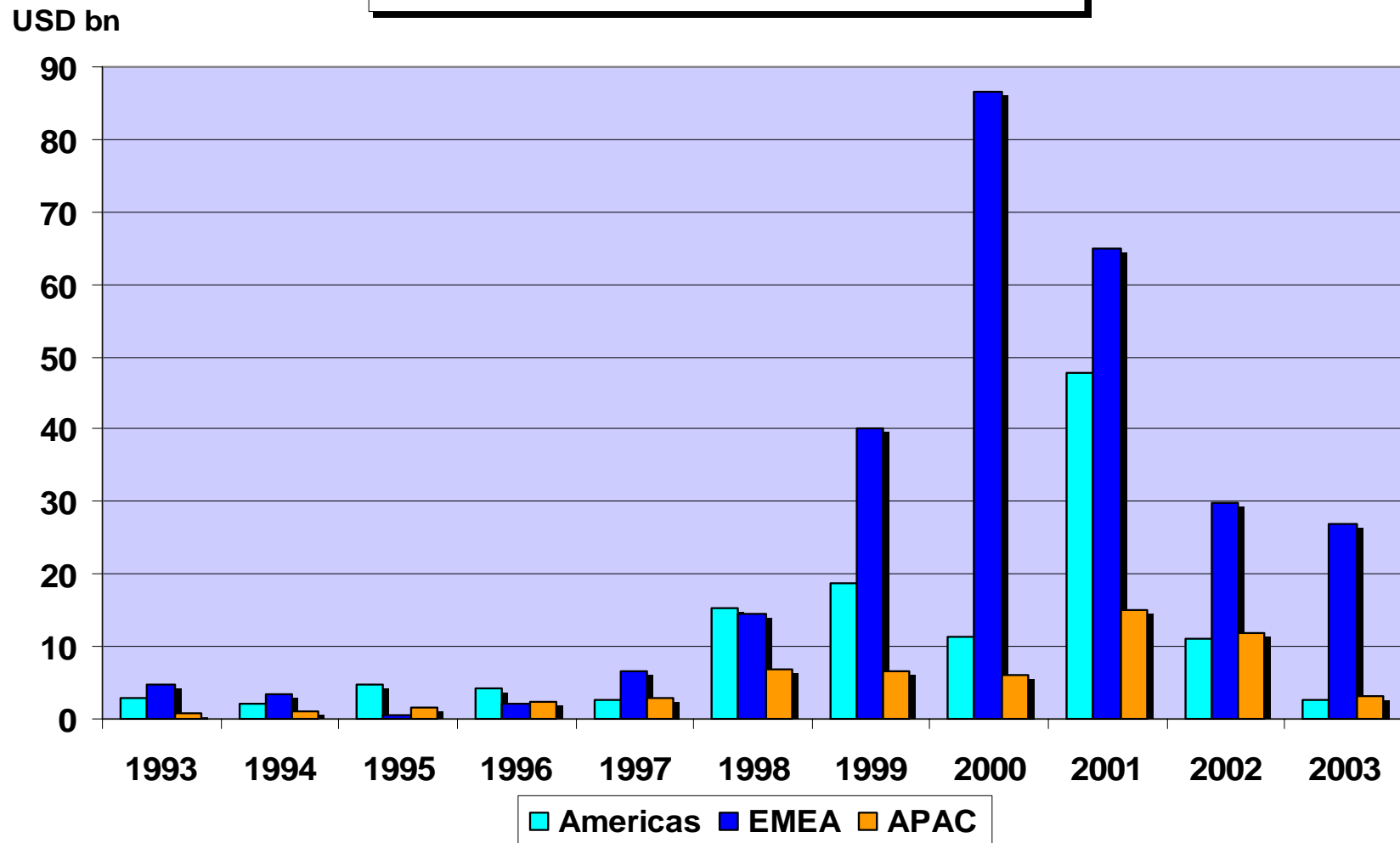
GLOBAL EQUITY ISSUANCE 1993-2003

USD bn



Data supplied courteously by MSDW and compiled by Pictet et Cie

GLOBAL BOND ISSUANCE 1993 -2003



Data supplied courteously by MSDW and compiled by Pictet et Cie

SOME INTERESTING TELECOM METRICS

	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002e	2003f	CAGR
Telecom Market Revenues	605	675	779	885	946	1,015	1,123	1,210	1,232	1,295	1,370	8.5%
Service Revenues	470	517	596	672	712	767	854	920	968	1,020	1,070	8.6%
Fixed	75%	77%	74%	67%	65%	62%	59%	55%	52%	49%	46%	
Mobile	10%	9%	12%	16%	19%	21%	25%	28%	31%	34%	36%	
Data	15%	14%	14%	16%	17%	17%	17%	17%	17%	18%	18%	
Equipment Revenues	135	158	183	213	234	248	269	290	264	275	300	8.3%
Capital Expenditures	135	138	161	174	177	177	186	198	201	205	215	4.8%
as a % of Service Revenues	29%	27%	27%	26%	25%	23%	22%	22%	21%	20%	20%	
Main Telephone Lines	604	643	689	738	792	846	905	983	1,053	1,129	1,210	7.2%
Mobile subscribers	34	56	91	145	215	318	490	740	955	1,155	1,329	44.3%
Personal Computers	175	200	235	275	325	375	435	500	555	615	650	14.0%
Internet Users	10	21	40	74	117	183	277	399	502	580	665	55.2%

Source : ITU Statistics

Future capital expenditures from operators

- The industry is spending about USD 200bn a year...
- ... on the development of new services such as xDSL, 3G or fiber to the home...
- ... enabling higher speed data transfer and improved mobility...
- ... requiring an increase of the bandwidth available in telecom networks

Future funding requirements from the telecommunication industry

- Highly dependent on the commercial success of new services and new technologies
- Further reduction of state ownership as privatisations take long to complete

ASSESSING FUTURE EQUITY ISSUANCE FROM 2004 ONWARDS

<i>USD bn</i>					
	AMERICAS	EMEA	APAC	TOTAL	
FIXED	-	58.5	7.1	65.6	86%
MOBILE	8.0	1.8	1.2	11.0	14%
CABLE	-	-	-	-	
	8.0	60.3	8.3	76.6	
	10%	79%	11%		
PRIVATISATIONS	-	55.4	6.6	62.0	
	0%	92%	80%	81%	

Data supplied courteously by UBSW and compiled by Pictet et Cie

Prospects for investing into the telecommunication industry

- Revenue growth in line with GDP based on capturing the broadband opportunity
- Improving profitability as operators optimize their cost structure and reduce indebtedness
- Sound returns for investors as operators are expected to return excess cash flows to shareholders through higher dividends and share buy-backs