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## **GLOBAL MOBILE'S SIZE-MIC SHIFT**

**\*Emerging market operators claim larger stake of international mobile market\***

**\*Southeast Asian mobile market forecast to double in value in five years\***

**\*Russian mobile market fifth largest in the world\***

**\*China's mobile market cap closing fast on North America\***

**\*Balance of power set to tip further in Emerging Markets' favour\***

The size, shape and relative clout of the world's global mobile markets is undergoing a major transformation, according to a new study released today by the Altimo Foundation, the non-profit organization established to promote the social investment initiatives of Altimo in emerging markets. Produced in partnership with academics at Cass Business School, Moscow's New Economics School and the University of Illinois at Urbana-Champaign, today's study suggests that emerging market mobile operators now account for a bigger stake than ever before of the Global mobile market's "market cap."

The study, entitled "The Value of the World's Mobile Industry, 2008 -2013" provides a means of measuring the value – or market capitalisation – of the global mobile market by assessing the scale of all global mobile operators: be they private or publicly held.

### **Emerging markets - evening the score**

The study found that mobile market 'clout' is now more heavily weighted towards the emerging markets than might at first be imagined. "The West," including North America and Western Europe and home to international giants such as AT&T, Vodafone and Telefonica, now accounts for just 40% of the total market capitalisation of the world's mobile telecoms assets. The "Emerging World," incorporating Asia, Africa, the CIS and Eastern Europe, now accounts for the lion's share at 60% evening the score for the first time ever in the history of mobile communications.

### **Clash of the titans – a new balance of power**

The study also noted a significant shift in the balance of power within the world's six largest mobile markets. Taken together these six leading markets – USA, China, India, Japan, Russia and the UK – account for a half of the total capitalization of the world's mobile telecoms industry. Most notably, the Indian market, with a total value of \$129 billion, now outstrips that of Japan at \$123 billion, a region known as having a highly developed mobile market. Perhaps of even more significance is the fact that China, with a 14% global share, is now fast approaching the US with 17%. And Russia, one of the countries to adapt so rapidly to the mobile communications revolution in the last decade, is now the fifth largest mobile market in the world, by market cap.

### **A continuing shift**

Looking ahead, the study finds that penetration trends within emerging markets such as India, Vietnam and the Philippines are likely to continue to drive the capitalisation share for the emerging market operators, at a time when ARPU and penetration in the West stagnates.

In fact, the study shows that the Emerging World is set to dominate the global mobile market going forward, representing 70% of the value of the world's mobile telecoms assets by 2013. It is unsurprising, therefore, that the balance of power is predicted to shift further still from west to east: this study predicting

that China will overtake the USA by 2013 with a 16% stake of the world's mobile assets, compared to the USA's 14%.

Penetration trends within the emerging markets will continue to power this seismic shift. Whilst, for example, the UK average annual market cap growth for 2008-2013 looks set to come in at 7.1%, Indonesia is forecast to achieve growth of 17% per annum: more than double that of the UK. Even more impressive is Vietnam, set to grow at 23.5% per annum: more than three times the UK's predicted growth rate.

Commenting on the findings, Kirill Babaev, Altimo Foundation's CEO, commented: "As at the end of January 2008, the total capitalization of the world's mobile industry stood at approximately \$2.3 trillion, which equates to 3.8% of the world's total capitalisation and 4.8% of the 2006 world's GDP. This is clearly a massive market and one which is growing day by day. The shift in the balance of power between the traditional markets and those of the new economies is particularly interesting to us as we seek investment opportunities in the most exciting emerging regions of the world."

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**About Altimo Foundation**

Altimo Foundation was established by Altimo, an international \$30 bn telecoms investment group to promote interaction and communication of values and cultures between the West and the East with a commitment to supporting social cohesion and business expertise within developing economies. The Foundation's areas of expertise are Science and Technology, Education and Arts and Culture. A funding of approximately \$5 mln. is provided for scientific and cultural sponsorship projects per annum.

**About Altimo**

Altimo is a leading \$30 billion international telecoms investment group. It specialises in telecoms investments in Russia, Eastern Europe and the CIS. Altimo's stakes include: 42.4% of the voting interest of VimpelCom, one of Russia's two biggest mobile phone companies (NYSE listed: VIP); 25.1% of MegaFon, the third largest GSM provider in Russia; 43.5% of Kievstar, Ukraine's largest mobile phone company and 13.2% of Turkcell, Turkey's largest mobile company (NYSE listed: TKC). Together, Altimo's investee companies have more than 140 million mobile phone subscribers.

Altimo is focused on making new investments in high growth emerging markets, notably in South East Asia, as well as looking at the possibility of forming a strategic partnership with a Western European mobile operating company to jointly develop new opportunities in emerging markets.

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