



Market Information

Mobile Update

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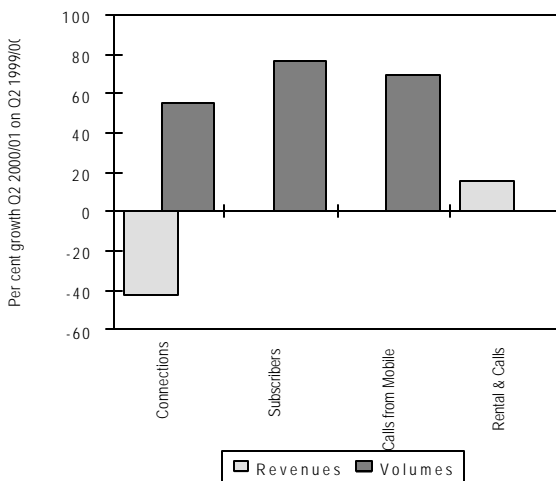
January 2001
Q2 2000/01 (July to September 2000)

MARKET GROWTH

Mobile Market

- Subscriber growth remains strong - the total subscriber base increased by over 12% during the quarter
- This represents an increase of around 76% on the year
- The net increase in subscribers during the period was 3.6m, an increase on the previous quarter
- During the period around 90% of customers joining mobile networks bought Pre-Pay packages
- Call revenues and call volumes have continued to increase accordingly

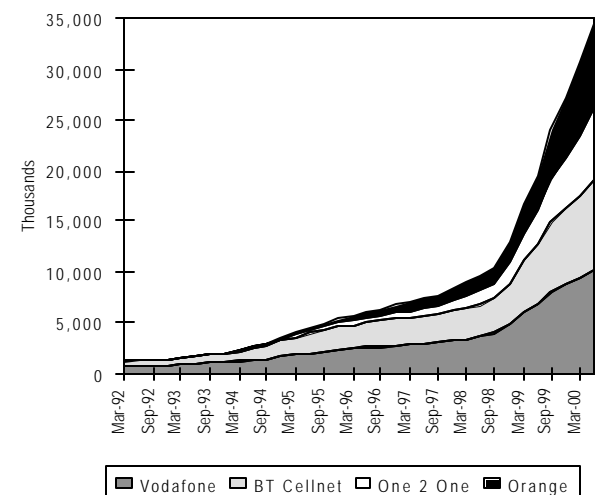
Annual Growth Rates - Mobile Market



MARKET SHARES

- Vodafone remains the largest operator in terms of subscribers, revenues and call minutes
- BT Cellnet remains the second largest in terms of these three main measures
- The two newer operators (One 2 One and Orange) continue to gain market share in terms of subscribers at the expense of Vodafone and BT Cellnet
- One 2 One has more call minutes than Orange but lower retail revenues and less subscribers

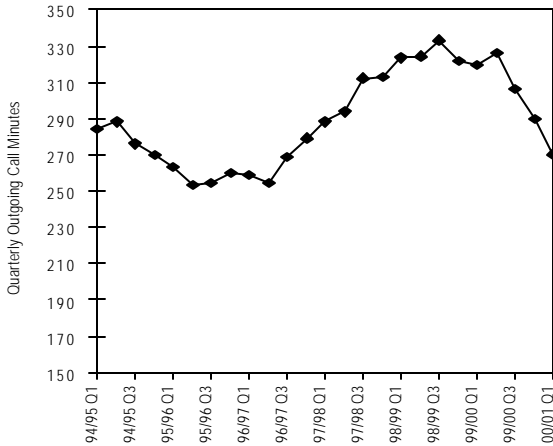
Cellular Subscribers



For further information about the data in this publication please contact Nicholas Collins or Robert Turner in OFTEL's Customers & Markets Unit on 020 7634 8851 or 8778 respectively.

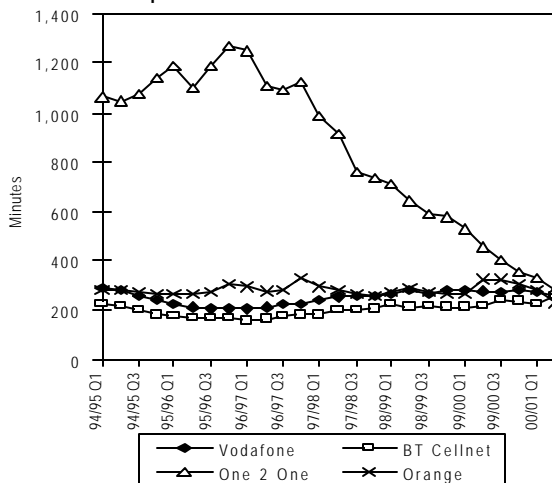
AVERAGE USAGE & REVENUE PER SUBSCRIBER

Outgoing Call Minutes per Cellular Subscriber

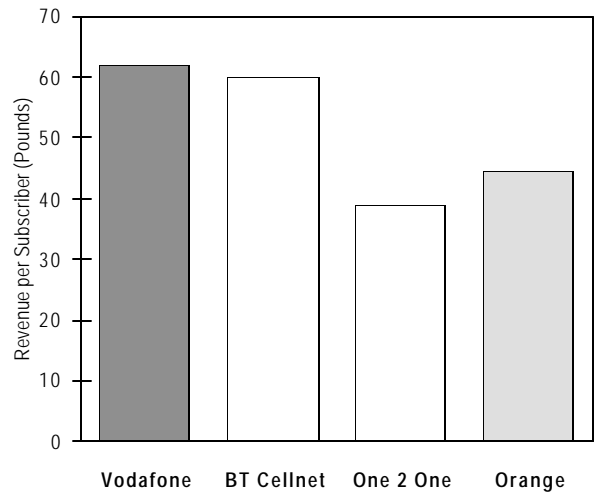


- Average usage per cellular subscriber decreased for the third successive quarter
- This is as a result of the continuing increases in Pre-pay subscribers whose usage tends to be lower than that of customers on annual contracts
- These lower users hide usage increases by other customers as a result of falling prices and mobile networks bundling more free minutes into tariffs in order to attract more customers

Cellular Operators: Call Minutes per Subscriber per Quarter



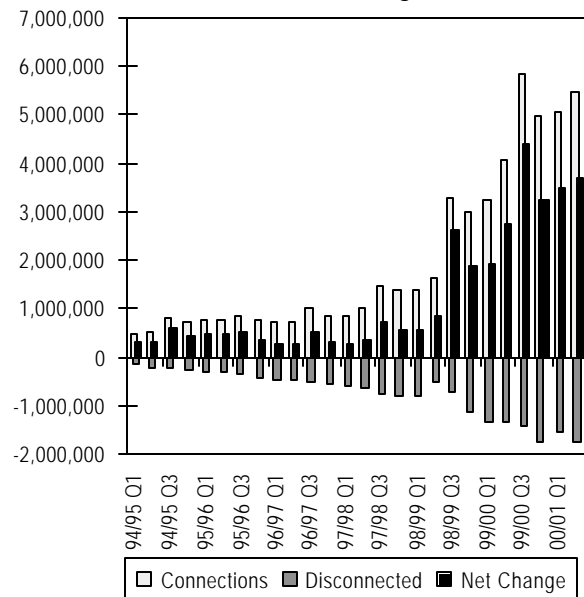
Retail Revenues per Cellular Subscriber - Q2 2000/01



Note: Excludes revenues from incoming calls

- Average retail revenue per subscriber decreased across all four operators during the period
- This was as a result of Pre-Pay growth, along with operators cutting prices and bundling more free minutes into tariffs as a result of increasing competition between networks
- OfTel's mobile price monitoring work shows that overall mobile prices fell by 4% during the quarter

Cellular Market: Connections, Disconnections and Net Change



Market Information Mobile Update

Q2 2000/01

Contents

Cellular Network Operators

Table	Description	Page
1	Summary of All Operators' Revenues	4
2	Summary of All Operators' Volumes	4
3	Summary of Market Shares - Estimated Revenues	5
4	Summary of Market Shares - Call Minutes	5
5	Estimated Revenues Generated by Cellular Telephony	6
6	Service Provider to Operator Payments	6
7	Call Minutes by Type of Call by Operator	7
8	Volume of SMS Messages	7
9	Subscribers - Connections, Stocks & Net Changes	8
10	Average Retail Revenue Per Subscriber	9
11	Interconnect Revenues and Minutes	9

Abbreviations used in the tables

n/a: Information not supplied by operator
- : Operator did not offer this service

Q1: April to June
Q2: July to September
Q3: October to December
Q4: January to March

The data in the tables is rounded.
When summed the rounded data may not equal the rounded totals.

Table 1
Cellular Services: Summary of All Operators' Revenues

<i>Revenues (£millions)</i>	<u>Revenues</u>		Annual Growth Rate (per cent)
	2000/01 Q2	1999/00 Q2	
Retail			
Calls & Fixed Charges	1,729	1,443	19.8
Connections	12	21	-42.3
SMS Messaging	129	22	479.3
Total	1,871	1,487	25.8
Interconnection	535	365	46.6

Table 2
Cellular Services: Summary of All Operators' Volumes

<i>Call Minutes (millions)</i>	<u>Volumes</u>		Annual Growth Rate (per cent)
	2000/01 Q2	1999/00 Q2	
UK Calls	8,437	5,544	52.2
Outgoing International	106	80	32.4
Whilst Roaming Abroad	260	180	44.6
All Calls Total	8,803	5,804	51.7
SMS Messages (millions)			
Number of Messages	1,648	297	455.1
Subscribers (thousands)			
Post Paid	12,802	11,349	12.8
Pre-Pay	21,582	8,187	163.6
Total Subscribers	34,383	19,536	76.0
Connections During Quarter	5,462	4,072	34.1

Table 3
Cellular Services : Summary of Market Shares -
Estimated Revenues Q2 2000/01

	Vodafone	BT Cellnet	One 2 One	Orange
<i>Revenues (per cent)</i>				
Retail				
Calls & Fixed Charges	35.4	29.3	15.3	20.0
Connections	100.0	0.0	0.0	0.0
SMS Messaging	29.5	10.9	17.8	41.9
Total	35.4	27.8	15.4	21.4
Interconnect	30.0	22.1	n/a	n/a

Table 4
Cellular Services : Summary of Market Shares -
Call Minutes Q2 2000/01

	Vodafone	BT Cellnet	One 2 One	Orange
<i>Call Minutes (per cent)</i>				
UK Calls	29.9	25.3	23.4	21.5
Outgoing International	32.0	16.9	28.5	22.6
Whilst Roaming Abroad	42.4	32.3	8.0	17.3
All Calls Total	30.3	25.4	23.0	21.4
<i>SMS (per cent)</i>				
Number of Messages	27.4	20.6	17.0	35.0
<i>Subscribers at End of Quarter (per cent)</i>				
Post Paid	30.8	27.7	18.3	23.2
Pre-Pay	29.2	24.1	22.2	24.6
Total Subscribers	29.8	25.4	20.7	24.1
Connections During Quarter	28.5	22.4	24.8	24.3

Table 5
Revenues Generated from Cellular Telephony

	All Operators	Vodafone*	BT Cellnet*	One 2 One	Orange
Estimated Consumer Expenditure on Mobile Telephony (£millions)					
Connections					
1999/00 Q2	21	9	6	0	7
1999/00 Q3	19	10	3	0	6
1999/00 Q4	20	10	4	0	6
2000/01 Q1	15	11	2	1	1
2000/01 Q2	12	12	0	0	0
Calls & Fixed Charges					
1999/00 Q2	1,443	510	545	176	213
1999/00 Q3	1,490	520	530	199	241
1999/00 Q4	1,527	551	484	213	279
2000/01 Q1	1,594	562	485	240	306
2000/01 Q2	1,729	612	507	265	345
SMS Messaging					
1999/00 Q2	22	10	7	3	3
1999/00 Q3	38	15	10	7	5
1999/00 Q4	65	30	14	14	8
2000/01 Q1	101	33	15	16	37
2000/01 Q2	129	38	14	23	54
Total					
1999/00 Q2	1,487	528	558	179	222
1999/00 Q3	1,547	545	543	206	252
1999/00 Q4	1,612	591	502	227	293
2000/01 Q1	1,710	607	502	257	344
2000/01 Q2	1,871	663	521	288	400

*Data has been revised to show more accurate data. This table shows estimated consumer expenditure on each of the mobile networks. Whilst the estimates have been adjusted to take account of missing Service Provider data, there is still a degree of uncertainty attached to them. BT Cellnet data is estimated on a different basis to the other networks.

Table 6
Service Provider to Operator Payments

	Total	Vodafone	BT Cellnet
<i>(£millions)</i>			
1999/00 Q2	711	377	334
1999/00 Q3	749	390	359
1999/00 Q4	793	429	364
2000/01 Q1	814	444	370
2000/01 Q2	808	469	339

Table 7
Cellular Network Operators : Call Minutes
by Type of Call by Operator

	All Operators	Vodafone	BT Cellnet	One 2 One	Orange
Call Minutes (millions)					
UK Calls					
1999/00 Q2	5,544	1,801	1,194	1,459	1,091
1999/00 Q3	6,831	2,065	1,584	1,661	1,521
1999/00 Q4	7,582	2,360	1,678	1,767	1,778
2000/01 Q1	8,081	2,436	1,701	1,969	1,975
2000/01 Q2	8,437	2,519	2,132	1,972	1,814
Outgoing International					
1999/00 Q2	80	26	18	14	22
1999/00 Q3	97	28	17	17	35
1999/00 Q4	93	31	16	18	28
2000/01 Q1	101	32	17	20	31
2000/01 Q2	106	34	18	30	24
Whilst Roaming Abroad					
1999/00 Q2	180	88	69	6	16
1999/00 Q3	164	76	61	5	22
1999/00 Q4	173	82	62	7	23
2000/01 Q1	206	91	73	10	31
2000/01 Q2	260	110	84	21	45
All Calls					
1999/00 Q2	5,804	1,915	1,281	1,478	1,130
1999/00 Q3	7,092	2,169	1,662	1,683	1,579
1999/00 Q4	7,848	2,473	1,756	1,791	1,828
2000/01 Q1	8,388	2,560	1,791	2,000	2,037
2000/01 Q2	8,803	2,663	2,234	2,023	1,883

Table 8
Cellular Network Operators : Volume of SMS Messages

	All Operators	Vodafone	BT Cellnet	One 2 One	Orange
Number of Messages (millions)					
1999/00 Q2	297	119	74	38	65
1999/00 Q3	599	195	151	89	164
1999/00 Q4	1,306	368	247	181	510
2000/01 Q1	1,421	412	296	218	495
2000/01 Q2	1,648	452	340	280	576

Table 9
Cellular Network Operators : Subscribers
Connections, Stocks and Net Changes by Operator

	All Operators	Vodafone	BT Cellnet	One 2 One	Orange
Connections During Quarter (000s)					
1999/00 Q2	4,072	1,253	1,322	777	720
1999/00 Q3	5,838	1,628	1,431	1,144	1,635
1999/00 Q4	4,997	1,412	1,089	1,122	1,373
2000/01 Q1	5,067	1,179	1,172	1,291	1,426
2000/01 Q2	5,462	1,555	1,225	1,356	1,326
Subscribers at End of Quarter (000s)					
Post Paid					
Sep 1999	11,349	3,674	3,828	1,591	2,256
Dec 1999	11,968	3,700	3,931	1,893	2,443
Mar 2000	12,164	3,712	3,813	2,094	2,545
Jun 2000	12,401	3,791	3,663	2,190	2,757
Sep 2000	12,802	3,946	3,550	2,340	2,966
Pre-Pay					
Sep 1999	8,187	3,191	2,118	1,651	1,226
Dec 1999	11,974	4,240	3,019	2,264	2,451
Mar 2000	15,021	5,079	3,591	2,924	3,426
Jun 2000	18,293	5,573	4,403	3,906	4,411
Sep 2000	21,582	6,296	5,192	4,784	5,309
Total					
Sep 1999	19,536	6,865	5,947	3,242	3,482
Dec 1999	23,942	7,940	6,950	4,157	4,894
Mar 2000	27,185	8,791	7,404	5,018	5,972
Jun 2000	30,694	9,364	8,066	6,096	7,168
Sep 2000	34,383	10,242	8,742	7,124	8,275
Net Change During Quarter (000s)					
1999/00 Q2	2,749	702	934	593	520
1999/00 Q3	4,407	1,076	1,003	915	1,412
1999/00 Q4	3,242	851	454	860	1,077
2000/01 Q1	3,509	573	662	1,078	1,196
2000/01 Q2	3,690	878	676	1,028	1,108

Some differences exist between networks regarding calculation of pre-pay customer disconnections and this will effect pre-pay subscriber figures. Digital to analogue migrations and those from Pre-Pay to contract or contract to Pre-Pay will be counted as a disconnection and subsequent new connection. As a result of this connections during the quarter may be slightly overstated.

Table 10
Cellular Services : Average Retail Revenue per Subscriber
Revenue by Operator

	All Operators	Vodafone	BT Cellnet	One 2 One	Orange
<i>Revenues (£)</i>					
1999/00 Q2	75.1	73.9	97.9	53.8	58.2
1999/00 Q3	68.4	71.4	86.5	48.4	53.0
1999/00 Q4	60.5	65.2	75.7	45.0	46.4
2000/01 Q1	55.7	65.1	64.9	40.8	44.5
2000/01 Q2	52.6	61.9	59.8	38.9	44.5

Table 11
Cellular Services : Interconnect Revenues and Incoming
Minutes by Operator

	All Operators	Vodafone	BT Cellnet	One 2 One	Orange
<i>Interconnect</i>					
Revenues (£millions)					
1999/00 Q2	365	121	83	n/a	n/a
1999/00 Q3	424	135	96	n/a	n/a
1999/00 Q4	471	148	106	n/a	n/a
2000/01 Q1	500	152	113	n/a	n/a
2000/01 Q2	535	160	118	n/a	n/a
Minutes (millions)					
1999/00 Q2	3,065	1,097	751	584	633
1999/00 Q3	3,564	1,216	868	714	766
1999/00 Q4	4,031	1,345	948	802	936
2000/01 Q1	4,370	1,406	987	897	1,080
2000/01 Q2	4,727	1,473	1,070	967	1,217