



IQ 2009 Telco Results

Both Bell and TELUS reported IQ 2009 results on May 7th. The following Table compares key wireless indicators for Bell, TELUS, Rogers and MTS Allstream.

MTS Allstream reported the strongest growth rate in mobile subscriber net additions and revenues. Rogers still leads the industry in terms of ARPU as well as operating profit margin. TELUS' subscriber growth rate far exceeds its revenue growth, which is an indicator of its success in attracting lower monthly revenue customers. Bell has the largest proportion of pre-paid subscribers at more than 25% of its base.

Churn has increased at both MTS Allstream and TELUS, has decreased at Rogers and is stable at Bell.

Mobile data revenues exceeded \$650M in IQ 2009 in Canada.

Please view the table below.

| Summary of Top 4 mobile results - 2009 Q1 | | | | | | | | | | | | |
|---|----------|----------|---------|-------------|----------|---------|----------|----------|---------|---------------|----------|---------|
| | Rogers | | | Bell Canada | | | Telus | | | MTS Allstream | | |
| | 2009 Q1 | 2008 Q1 | Y/Y (%) | 2009 Q1 | 2008 Q1 | Y/Y (%) | 2009 Q1 | 2008 Q1 | Y/Y (%) | 2009 Q1 | 2008 Q1 | Y/Y (%) |
| Total Company Revenues (\$M) | \$ 2,747 | \$ 2,609 | 5.3% | \$ 3,623 | \$ 3,640 | -0.5% | \$ 2,375 | \$ 2,350 | 1.1% | \$ 483 | \$ 479 | 0.9% |
| Wireless Revenues (\$M) | \$ 1,473 | \$ 1,360 | 8.3% | \$ 971 | \$ 968 | 0.4% | \$ 1,078 | \$ 1,042 | 3.5% | \$ 78 | \$ 68 | 14.2% |
| Wireless as a % of Total Revenues | 53.6% | 52.1% | | 26.8% | 26.6% | | 45.4% | 44.3% | | 16.1% | 14.2% | |
| Wireless Subscribers ('000)* | 8,014 | 7,406 | 8.2% | 6,527 | 6,332 | 3.1% | 6,177 | 5,656 | 9.2% | 438 | 400 | 9.6% |
| % of Post-paid | 82% | 81% | 0.8% | 73% | 73% | 0.9% | 80% | 80% | 0.8% | N/A | N/A | N/A |
| Post-paid ('000) | 6,554 | 6,011 | 9.0% | 4,780 | 4,595 | 4.0% | 4,966 | 4,513 | 10.0% | N/A | N/A | N/A |
| Gross additions ('000) | 315 | 293 | 7.5% | 210 | 198 | 6.1% | 215 | 204 | 5.3% | N/A | N/A | N/A |
| Net additions ('000) | 104 | 97 | 7.2% | 35 | 28 | 25.0% | 44 | 72 | -39.2% | N/A | N/A | N/A |
| Pre-paid ('000) | 1,460 | 1,395 | 4.7% | 1,747 | 1,737 | 0.6% | 1,211 | 1,143 | 5.9% | N/A | N/A | N/A |
| Gross additions ('000) | 130 | 133 | -2.3% | 156 | 153 | 2.0% | 131 | 141 | -7.1% | N/A | N/A | N/A |
| Net additions ('000) | (32) | (29) | -10.3% | (5) | 6 | -183.3% | 4 | 16 | -75.0% | N/A | N/A | N/A |
| Blended Churn | 1.56% | 1.62% | -3.7% | 1.60% | 1.60% | 0.0% | 1.62% | 1.53% | 5.9% | 1.53% | 1.42% | 7.7% |
| Post-paid churn | 1.09% | 1.10% | -0.9% | 1.20% | 1.30% | -7.7% | 1.15% | 0.98% | 17.5% | 1.18% | 1.10% | 7.3% |
| Pre-paid churn | 3.63% | 3.81% | -4.7% | 2.90% | 2.80% | 3.6% | 3.50% | 3.67% | -4.6% | N/A | N/A | N/A |
| Post-paid ARPU | \$ 72.15 | \$ 72.39 | -0.3% | \$ 62.34 | \$ 64.00 | -2.6% | N/A | N/A | N/A | N/A | N/A | N/A |
| Pre-paid ARPU | \$ 15.10 | \$ 15.70 | -3.8% | \$ 15.38 | \$ 17.00 | -9.5% | N/A | N/A | N/A | N/A | N/A | N/A |
| Blended ARPU | \$ 61.54 | \$ 61.49 | 0.1% | \$ 51.52 | \$ 52.00 | -0.9% | \$ 58.39 | \$ 61.88 | -5.6% | \$ 55.80 | \$ 54.76 | 1.9% |
| Total Company EBITDA (\$M) | \$ 1,082 | \$ 1,095 | -1.2% | \$ 1,426 | \$ 1,422 | 0.3% | \$ 906 | \$ 949 | -4.5% | \$ 150 | \$ 169 | -11.3% |
| Total Company EBITDA Margin (%) | 39.4% | 42.0% | -6.2% | 39.4% | 39.1% | 0.8% | 38.1% | 40.4% | -5.5% | 31.0% | 35.2% | -12.0% |
| Wireless EBITDA (\$M) | \$ 720 | \$ 715 | 0.7% | \$ 434 | \$ 410 | 5.9% | \$ 488 | \$ 485 | 0.6% | N/A | N/A | N/A |
| Wireless EBITDA Margin (%) | 48.9% | 52.6% | -7.0% | 44.7% | 42.4% | 5.5% | 45.3% | 46.6% | -2.7% | N/A | N/A | N/A |
| Data Revenues | \$ 298 | \$ 206 | 44.7% | \$ 155 | \$ 116 | 33.0% | \$ 208 | \$ 147 | 41.6% | N/A | N/A | N/A |

* Excluding Rogers wholesale subscribers
 LYA Estimates
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Bell further announced its acquisition of all of Virgin Mobile Canada for \$142M, yielding a real cost to Bell just over \$100M after taking into account of the tax losses carry forwards of Virgin that Bell can take advantage of this year.

The resale agreement between Bell and TELUS for satellite TV in Alberta and BC is interesting. One of the likely intended impacts of this deal could be increased pressure on Shaw Communications. Maybe this latest development from TELUS will entice Shaw to



move ahead with plans for mobile services to enhance its competitive positioning with respect to TELUS among consumers in their key markets of Alberta and BC.

If you need more insight into the Canadian mobile market, please do not hesitate to contact us by phone at 514-288-6555 or by email at lya@lya.com.

LYA has on hand extensive databases covering Canadian operators, handsets offered as well as primary research among mobile consumers across the country.