



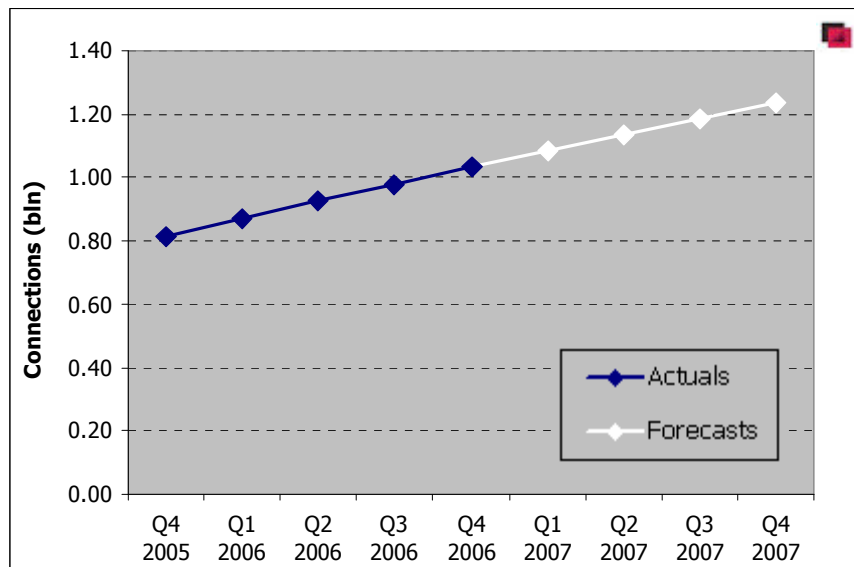
## Asia-Pacific passes 1 billion connections

08 February 2007

Joss Gillet

*At the end of 2006, Asia-Pacific cellular connections passed the 1 billion mark. India overtook China in terms of growth rate in Q1 2007 and will boost the regional figures in the forthcoming quarters. Bangladesh, Pakistan and Indonesia have gained strong momentum over the past few quarters with almost 50 million net additions between 2005 and 2006. A wave of WCDMA network rollouts is expected in most markets by the end of 2007, overtaking the number of CDMA2000 1x EV-DO networks.*

Figure 1 Asia-Pacific cellular connections



Source: Wireless Intelligence, February 07

Wireless Intelligence collects data from 57% of Asia-Pacific operators which account for 77% of total connections for the region. We estimate connections for those operators who do not report results.



## Analysis

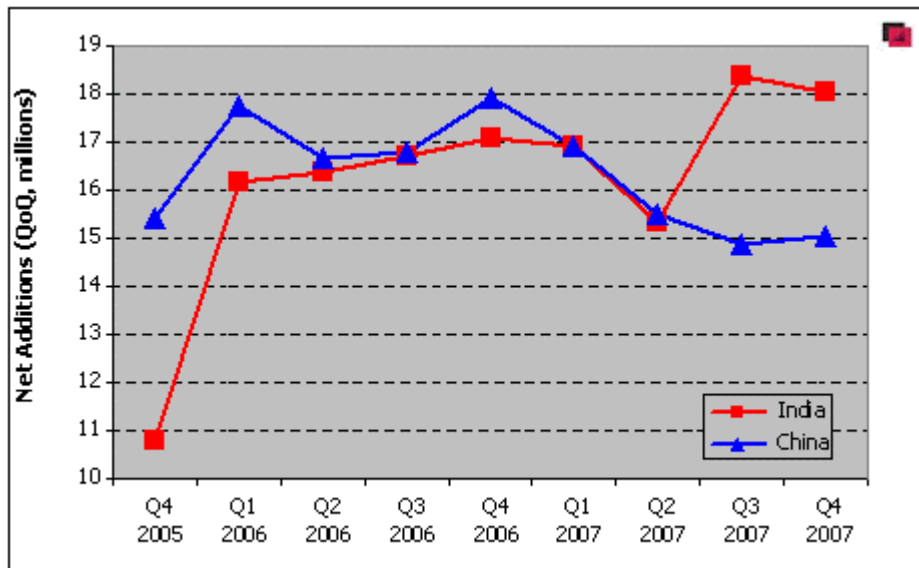
### 19% growth year-on-year by the end of 2007

During December 2006, Asia-Pacific reached 1 billion cellular connections. It has been the third fastest-growing region with a 27% increase year-on-year. In mature markets such as Western Europe and North America, market growth is softening; however, Asia-Pacific reached a 30% penetration rate and is expected to grow by 19% between 2006 and 2007.

### India and China: cross-over point

Within the region, India overtook China in terms of growth rate and is very close in terms of overall net additions, running at almost 6 million per month. By late 2006 China's growth rate was running at around 18% quarter-on-quarter. India grew by 87.4% year-on-year, stealing China's thunder. See *Figure 2*.

Figure 2 Quarterly net additions in India and China



Source: Wireless Intelligence, February 07

India is boosting growth in Asia-Pacific; six of its 15 local operators are listed in the top 20 fastest growing operators within the region for Q1 2007. See *Figure 3*. This phenomenal growth in India has been driven by efforts from vendors and operators to push down prices and tariffs. This price war and competitive pressure was quoted during the Motorola and Nokia earnings results last quarter.

China is still leading the way in terms of total connections, with 443 million compared to India's 142 million, but it will take 15 months to gain the next 51 million connections in China and match the growth we saw in 2006. By the end of 2007 China will reach a 38% penetration rate whereas India will just be on its way to 20% penetration.




---

 Figure 3 Top 20 cellular net additions in Asia-Pacific – Q1 2007
 

---

Rank	Operator	Country	Net Additions
1	China Mobile	China	12,117,842
2	China Unicom	China	5,306,210
3	Bharti	India	5,173,169
4	Reliance Infocomm (CDMA)	India	2,724,608
5	Hutchison India	India	2,441,027
6	Orascom Pakistan (Mobilink)	Pakistan	2,228,189
7	BSNL	India	2,213,079
8	Telkomsel	Indonesia	2,135,469
9	Tata Teleservices	India	1,413,898
10	IDEA Cellular	India	1,402,565
11	Ufone	Pakistan	1,344,483
12	Telenor Pakistan	Pakistan	1,024,160
13	Grameen Phone	Bangladesh	998,596
14	Orascom Bangladesh (Banglalink)	Bangladesh	917,877
15	Excelcom	Indonesia	777,587
16	Indosat	Indonesia	729,598
17	NTT DoCoMo	Japan	668,610
18	KDDI	Japan	519,034
19	Warid	Pakistan	507,985
20	DTAC	Thailand	440,446

Source: *Wireless Intelligence, February 07*

---

## Bangladesh, Pakistan and Indonesia

Bangladesh, Pakistan and Indonesia have been the next fastest growing markets in Asia-Pacific through 2006 with almost 50 million net additions in total for the three countries during 2006. According to Wireless Intelligence forecasts they are expected to reach market growth of 45%, 42% and 25% respectively by the end of 2007, bringing a total of 43 million net additions for the year.

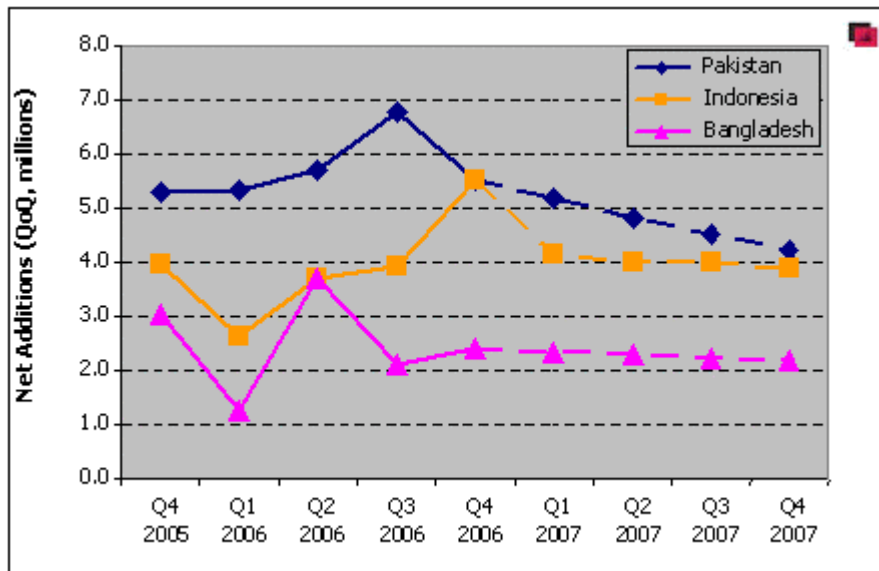
In Bangladesh, Grameen Phone is expected to stabilize at around a 50% market share during 2007, losing ground to Banglalink (Orascom), which will more than double its subscriber base by December 2007. Pacific Bangladesh, which deployed its cdmaOne and CDMA2000 1x networks in 2005, is likely to reach 1 million connections by the end of 2007, following fairly slow uptake so far. Overall, Bangladesh should reach 29 million subscribers by December this year, giving a market penetration of 18%.

In Pakistan, Mobilink (Orascom) is likely to stabilize at around a 50% market share through this year, to Telenor's advantage – it is expected to grow by 72% year-on-year. Ufone and Warid are also fast growing operators, growing by more than 45% year-on-year and forecast to take share from Mobilink. Millicom is migrating its TDMA network to CDMA2000 1x, although it represents a tiny portion of the total market. By the end of 2007, Pakistan is expected to reach 63.2 million subscribers, reaching a penetration rate of 37%.



In Indonesia, Telkomsel and Indosat are leading the market with 55% and 23% market shares respectively by the end of this year. Both operators are deploying their WCDMA networks in early 2007. Mobile 8 is gaining momentum quarter-on-quarter to reach 5% of the market with its CDMA2000 1x and CDMA2000 1x EV-DO networks, but we forecast that it will slowly be overtaken by WCDMA take-up. By the end of 2007, Indonesia will reach 78.7 million subscribers, with a penetration rate of 34%.

Figure 4 Pakistan, Bangladesh and Indonesia cellular net additions per quarter



Source: Wireless Intelligence, February 07

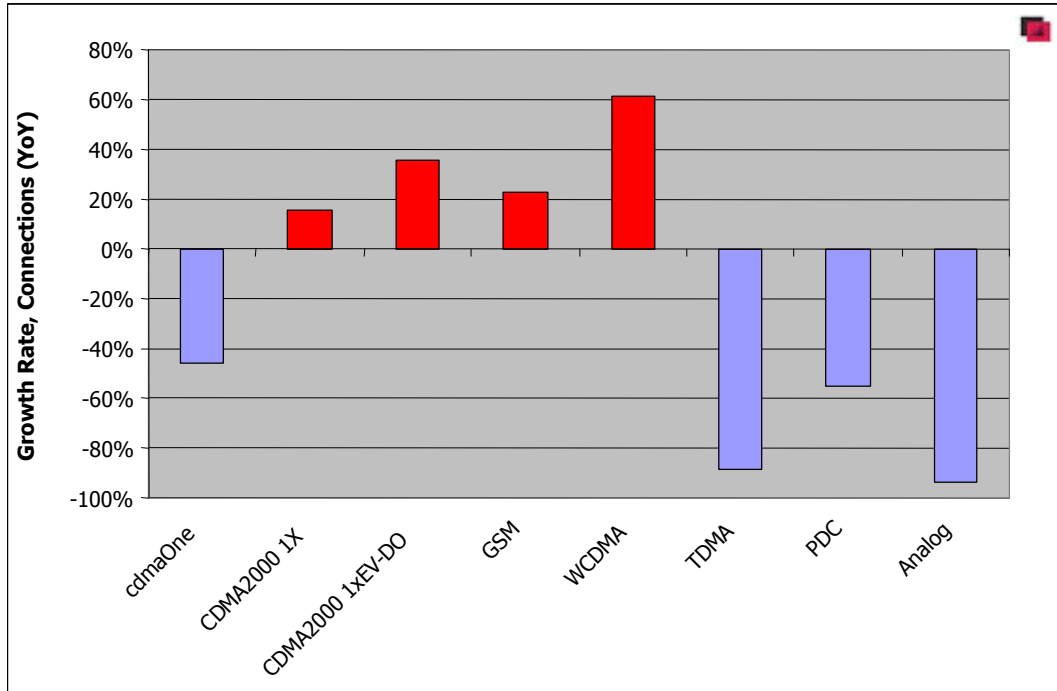
### High-speed technology rollout

In Asia-Pacific ten CDMA2000 1x EV-DO networks, 29 CDMA2000 1x networks, 43 W-CDMA networks, 26 HSDPA networks and 103 GSM networks have been launched commercially. Note: these are cellular networks – we do not currently track fixed wireless networks but we are aware that there are a number of these in operation mostly using CDMA. It is still too early to make any predictions for higher-speed networks for China and India. Carl-Henric Svanberg, CEO of Ericsson, recently said that he is not expecting to see licensing in China in 2007. For this reason we have not included these in our forecasts.

High-speed networks will gain momentum in most markets by the end of 2007. We forecast that WCDMA will reach over 75 million connections in Asia-Pacific by the end of 2007, about 29 million more than in 2006. GSM is going to gain over 184 million connections thanks to fast growth in India, China, Indonesia, Pakistan and Bangladesh. See *Figure 5*.



Figure 5 Asia-Pacific technology growth rate – Q4 2007



Source: Wireless Intelligence, February 07



---

Wireless Intelligence does not endorse companies or their products. Wireless Intelligence operates under an Independence Charter. For full details please see [www.wirelessintelligence.com/independence.aspx](http://www.wirelessintelligence.com/independence.aspx)

Whilst every care is taken to ensure the accuracy of the information contained in this material, the facts, estimates and opinions stated are based on information and sources which, while we believe them to be reliable, are not guaranteed. In particular, it should not be relied upon as the sole source of reference in relation to the subject matter. No liability can be accepted by Wireless Intelligence, its directors or employees for any loss occasioned to any person or entity acting or failing to act as a result of anything contained in or omitted from the content of this material, or our conclusions as stated. The findings are Wireless Intelligence's current opinions; they are subject to change without notice. The views expressed may not be the same as those of the GSM Association. Wireless Intelligence has no obligation to update or amend the research or to let anyone know if our opinions change materially.