

They didn't know that it  
couldn't be done

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# Mobile as a Business Tool



# Licence Requirements

***The NMT 450 licence requires:***

100% geographic coverage of Poland by 31  
December 1996

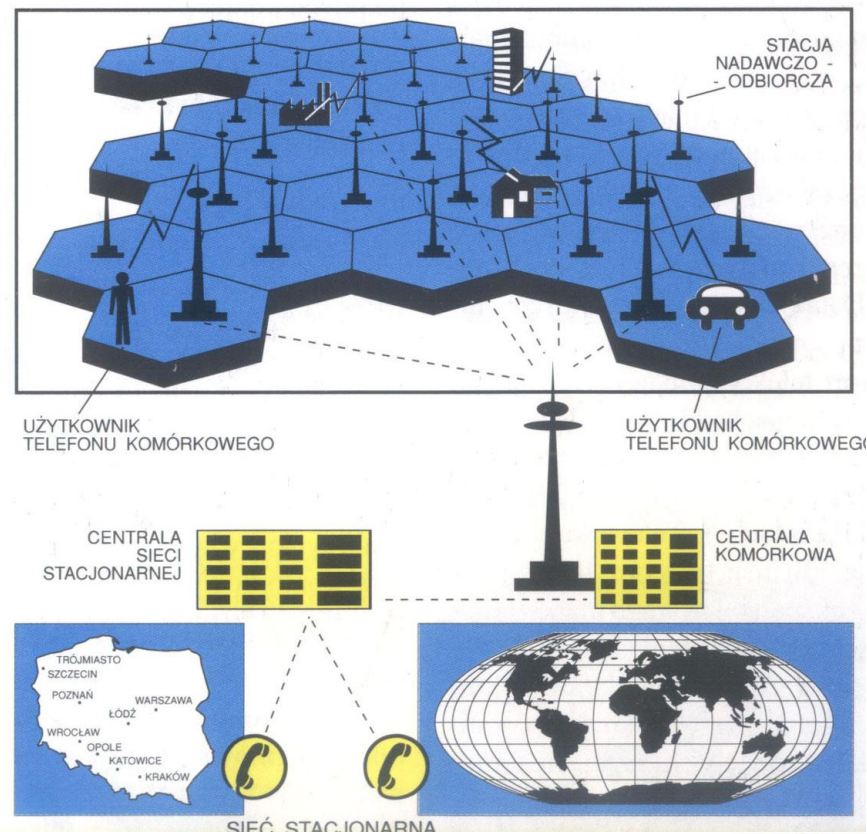
***Except***

„In areas with difficult propagation properties”



# Technology set-up for Mobile Network

## *S*chemat działania telefonii komórkowej



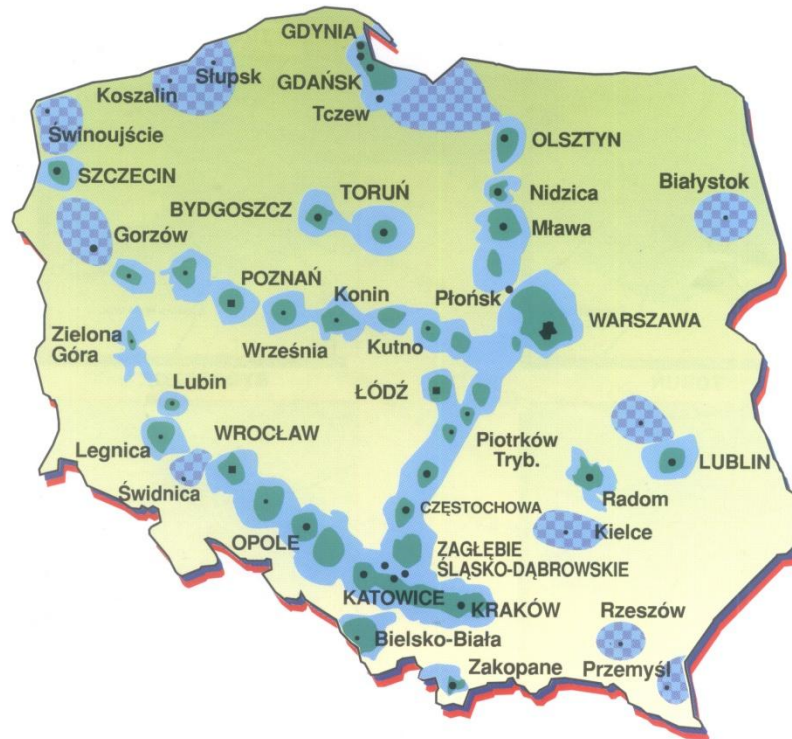
# Economic Environment

- Inflation 22%
- PZN borrowing costs 30%
- USD borrowing costs 10%
- PZN deposit interest 15%
- PZN:USD average exchange rate 2.75

	'92	'93	'94	'95	'96
Inflacja (%)	43	35,3	32,2	27,8	19,9

# Marketing Coverage Plan

*Mapa zasięgów / Coverage maps  
1994*



Zasięg dla telefonów doryęcznych  
Range for hand held units

Zasięg dla telefonów przewoźnych  
Range for transportable units

Zasięgi planowane do połowy 1994 roku  
Links planned for the end of June 1994

# Roll-out Progress

	<b>1992</b>	<b>1993</b>	<b>1994</b>	<b>1995</b>	<b>1996</b>
Subscribers	3k	13k	39k	73k	112k
Base stations	32	71	169	279	430
Coverage %					
Geography	na	24	53	73	88
Population	na	40	53	85	na
Road network	na	na	na	65	100

# Adam Ważny – 10,000 user

## *Wywiad*

**Z 10-tysięcznym abonentem Centertelu - panem Adamem Ważnym rozmawia Dorota Drągowska.**





# NMT Channel Capacity

	'92	'93	'94	'94	'96
Subscribers	7k	35k	101k	170k	211k
Channels	0.5k	1.0k	2.8k	5.0k	7.0k
Subs/Channel	6.0	13.0	13.9	14.6	16.0



# Capital Investment

(USD Million)

## Forecast

	<b>1995</b>	<b>1996</b>
Roll-out – coverage	28,5	32,8
Roll-out – capacity	30,0	9,4
Other investments	5,0	18,6
Technical		9,9
Marketing		1,8
Finance (MIS)		3,5
Administration		3,0
Director General		0,4
<b>Total</b>	<b>63,5</b>	<b>60,8</b>

# Financial Summary

(USD Million)

	'92	'93	'94	'95	'96
Revenue	7	35	101	170	211
NMT Profit	-8	2	26	57	61
Investment	24	23	37	64	61

# Employee Summary

	<b>1995</b>	<b>1996</b>
Marketing	235	295
Technical	134	142
Finance	89	98
Administration	52	53
Director General	34	37
Total	544	625

# Tariffs

## New Standard Tariffs from March 1996

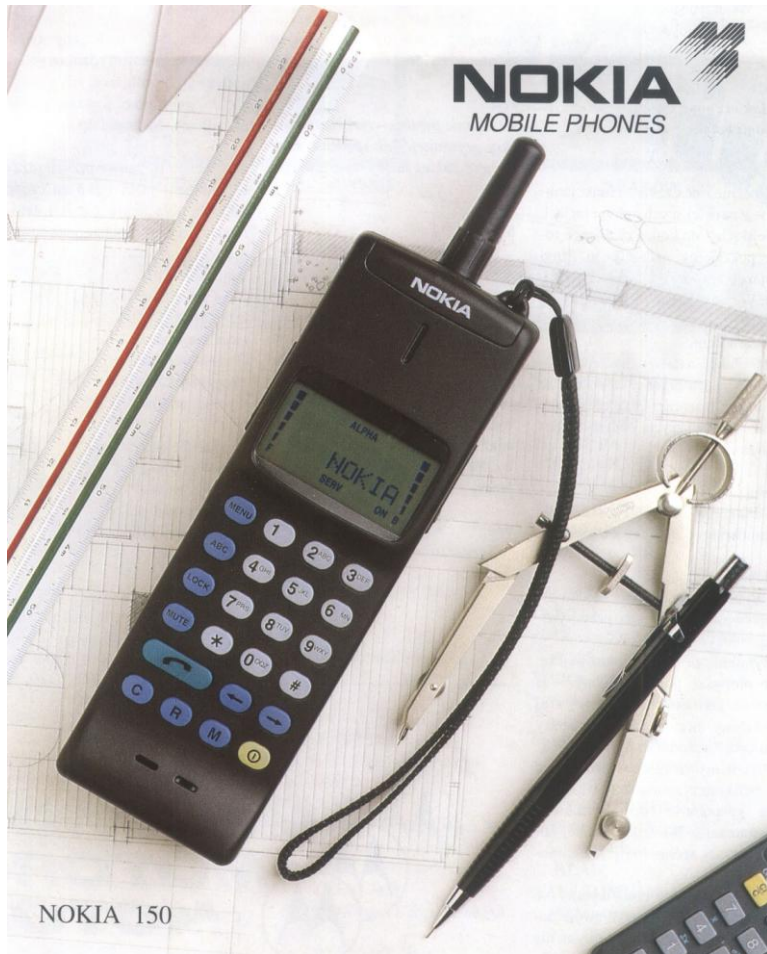
	<b>Current</b>	<b>New</b>
MTL	54 c	49 c*
MTM	34 c	34 c*
After 10 pm	10 c	10 c
Monthly fee		
Activation	\$500	\$250 - \$150

\*Above 70 minutes in Warsaw, MTL 90c, MTM 68c

(example „Red Zone” tariffs – plan is to average 54 cents/min MTL for average Warsaw customer)



# NMT 450 telephones



# Assumptions – new Competition

- Two GSM networks to commence operation in Warsaw in QIV 1996.
- City centre coverage in Katowice, Gdańsk, Poznań, Kraków, Wrocław and Łódź from QII 1997.
- Major roads to be covered by the end of 1997.
- GSM operators competing on terminal prices, activation fees, dealer commissions, monthly fees and air time rates with free usage offered for trial periods.
- Specific targeting of existing NMT customers with preferential offers.
- Attempts to recruit NMT employees and dealers during 1996.



# Business Objectives for 1996 (1/2)

- Add over 50,000 gross subscribers (39,000 net) to the Centertel NMT network.
- Attempt to limit call activity in Warsaw city to the equivalent of 28,000 subscribers by introducing new tariffs in March 1996 (accepting implications for network quality).
- Invest in and commence implementation of a total quality programme for the entire Company, focusing employee effort on customer satisfaction.
- Invest to improve productivity in Call Centre, Customer Service, Terminal Service, Dealer Service – maintaining customer satisfaction ratings at QIV 1995 levels.





# Business Objectives for 1996 (2/2)

- Complete coverage roll-out in accordance with license requirements, achieving minimum quality targets in 90% of sites, reducing average network investment (NBV) per subscriber to below \$1,500 and total capital investment (NBV) per subscriber to below \$1,700.
- All discretionary capital expenditure to meet a three year pay back criteria.
- Total employee numbers limited to 630, falling to 605 by end 1995, with productivity to rise (33%) to over 180 subscribers per employee.



# Strategic Objectives for 1996 (1/2)

- Maximise NMT 450's market place advantages prior to GSM commencing commercial operation.
- Defend NMT 450's principal assets – customers, employees, brand name, distribution network, network infrastructure – to maintain a competitive edge over the competition.
- Grow the NMT 450 subscriber base to its maximum while minimising localised overloading of the network.

# Strategic Objectives for 1996 (2/2)

- Compete on basis of coverage advantage, brand awareness, distribution network and quality of service – not immediately on price.
- Improve employee productivity by 33% whilst ensuring employee retention through appropriate career development and remuneration policies.
- Deliver highest possible returns to shareholders through increased volumes, productivity, effective asset management and control over investment and exploiting competitive advantages.

# Advertising

	<b>1995</b>	<b>1996</b>
Total	\$5,9 m	\$4,8 m
\$ per activation	\$120	\$123

- No Warsaw advertising – purchasing regional media is more expensive than national
- Wider network coverage – more regional media required
- Communication / Education – Warsaw Issues, New tariffs, NMT versus GSM

# Advertising and tariff policies



*informacja handlowa: 0 - 9 0 2 3 4 5 6 7*

# TEN TELEFON ZARABIA NA SIEBIE



Telefon komórkowy pomaga w zarządzaniu nie tylko wielkimi koncernami, ale również całkiem małymi firmami. Pozwala na stały i niezawodny kontakt z klientem, oszczędza czas i pieniądze. Wielu naszych abonentów zgodnie twierdzi, że... ten telefon zarabia na siebie. Dziś publikujemy Państwa uwagi na ten temat. Prosimy jednocześnie o kolejne listy pod hasłem „Ten telefon zarabia na siebie”.



# Other Investments

(USD Million)

## Director General Department:

- Software for Quality Programme \$0,2 m
    - Quality management and systems modelling software
  - Access Security Equipment \$0,2 m
    - Physical access security systems
- Total \$0,4m

# Q&A's

