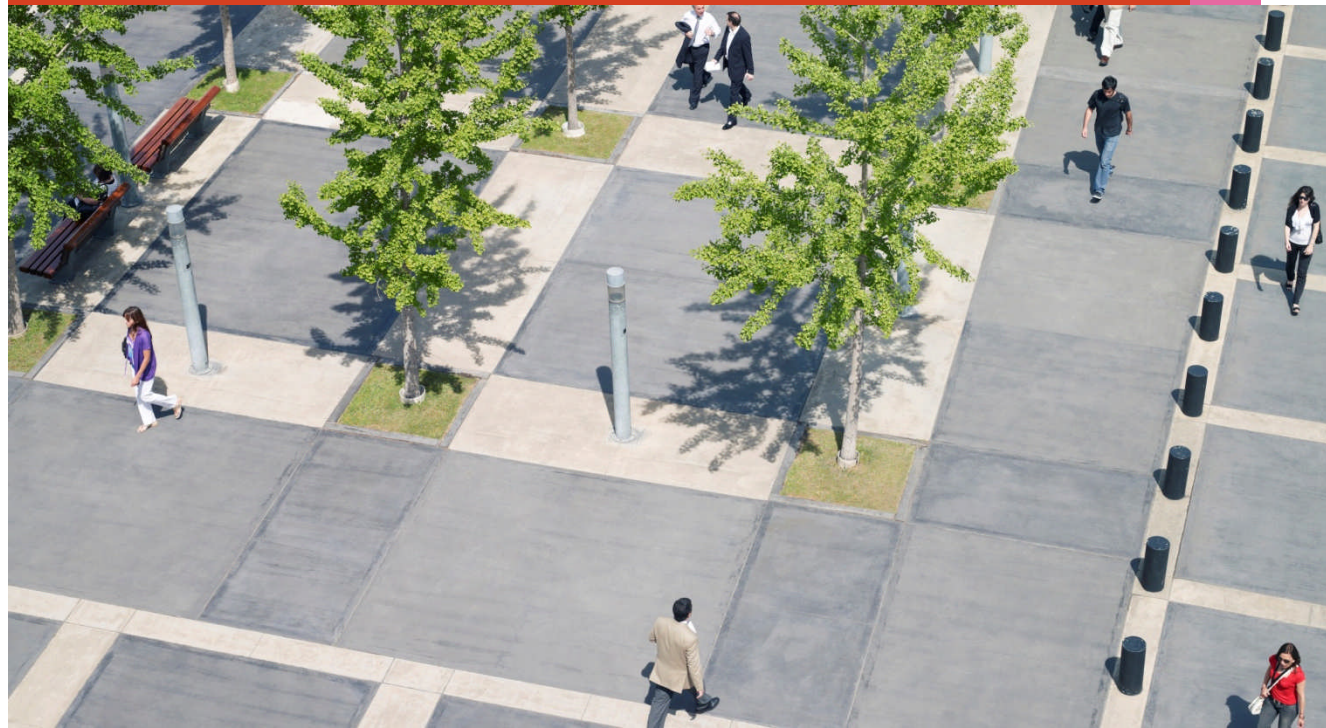


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16th Annual Global CEO Survey

Key findings in the Communications industry

January 2013



pwc

Welcome

Far-reaching changes are taking place, and they're taking place faster than ever. In this new era of 'stable instability', risks that once seemed improbable and even remote have become the norm and for CEOs across the world, 'expect the unexpected' has become the mantra. The only solution is to build organisations that can thrive amidst disorder: organisations that are agile and adaptable, able to cope with disruption and emerge stronger than before.

We polled 1,330 CEOs in 68 countries, and talked face-to-face with another 33 CEOs, in our 16th Annual Global CEO Survey, to find out how they're creating resilient organisations that can flourish under stress. ***Dealing with disruption*** shows that CEOs are focusing on a few carefully selected initiatives to stimulate organic growth; exploring new ways to attract and keep customers; and balancing efficiency with agility. And to succeed in these three goals, CEOs are recognising the role that trust plays, and that they'll have to work hard to repair the bridges between business and society.

This report is a summary of our key findings in the Communications sector, based on interviews with 34 Communications CEOs in 34 countries, as well as in-depth interviews with Alex Arena, Group Managing Director of HKT Ltd, and Andrei Dubovskov, President and Chief Executive Officer of MTS. To see the full results of the 16th Annual Global Survey, please visit www.pwc.com/ceosurvey.

Introduction

Introduction

Communications CEOs are a lot like their peers across industries. They're less confident this year about the global economy and they're worried about threats like the break-up of the Eurozone or trouble at home.

But there are some key differences too. For example, a lot more Communications CEOs are confident about their company's prospect for revenue growth over the next 12 months – 88% are either somewhat or very confident compared to 81% of the global sample. And, Communications CEOs are 'ahead of the pack' when it comes to M&A – 53% of them entered into a strategic alliance or joint venture in the last 12 months, compared with the overall sample average of just 36%.

Communications CEOs are ready to move on the M&A front, all while maintaining a fierce focus on customers – how to get them, and then how to keep them happy.

Let's take a look at how.

Revenue growth

88%

of communications CEOs are very confident or somewhat confident about the revenue growth their companies will generate over the coming year

Growth

“We are rebuilding the brand, retooling the staff in terms of skill sets; looking at the products and services we have to offer. If we put the effort in now, there’s a good chance that as things improve we’ll be in good shape to accelerate away.”

Alex Arena
Group Managing Director
HKT, Hong Kong

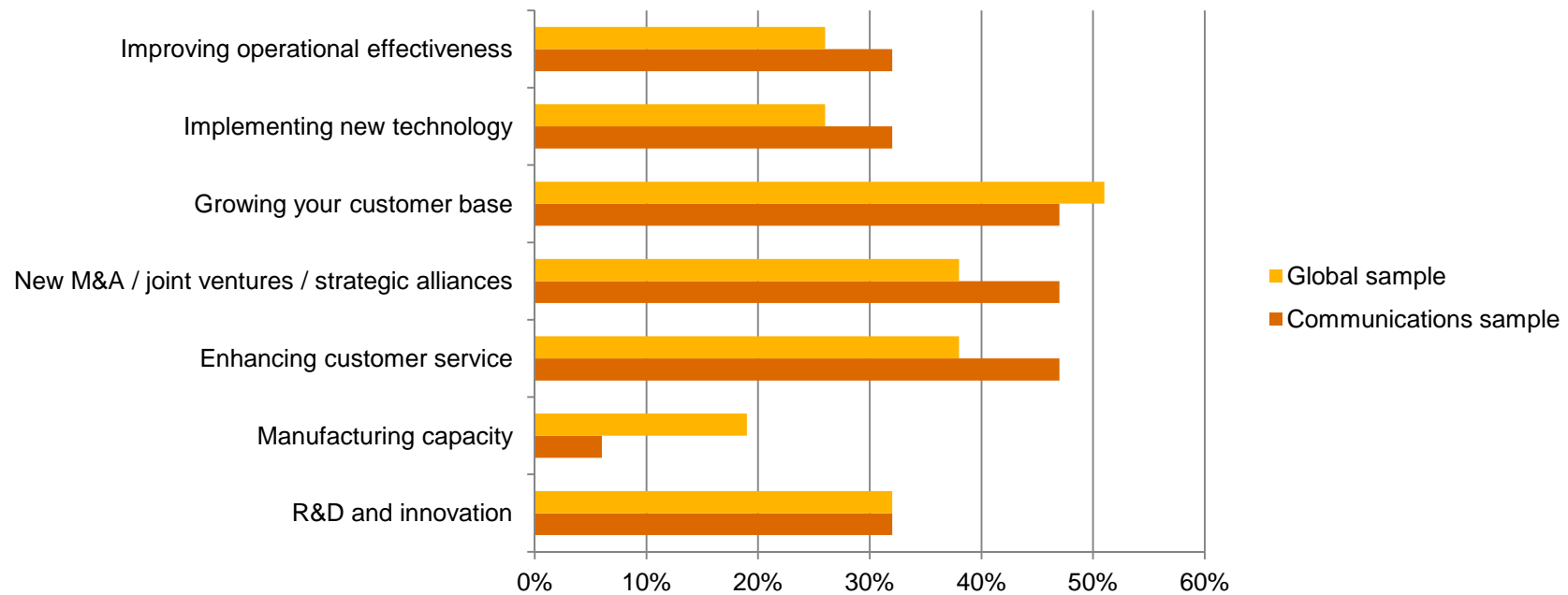
Concerns about the global economy

50%

of communications CEOs are extremely concerned about uncertain or volatile economic growth.

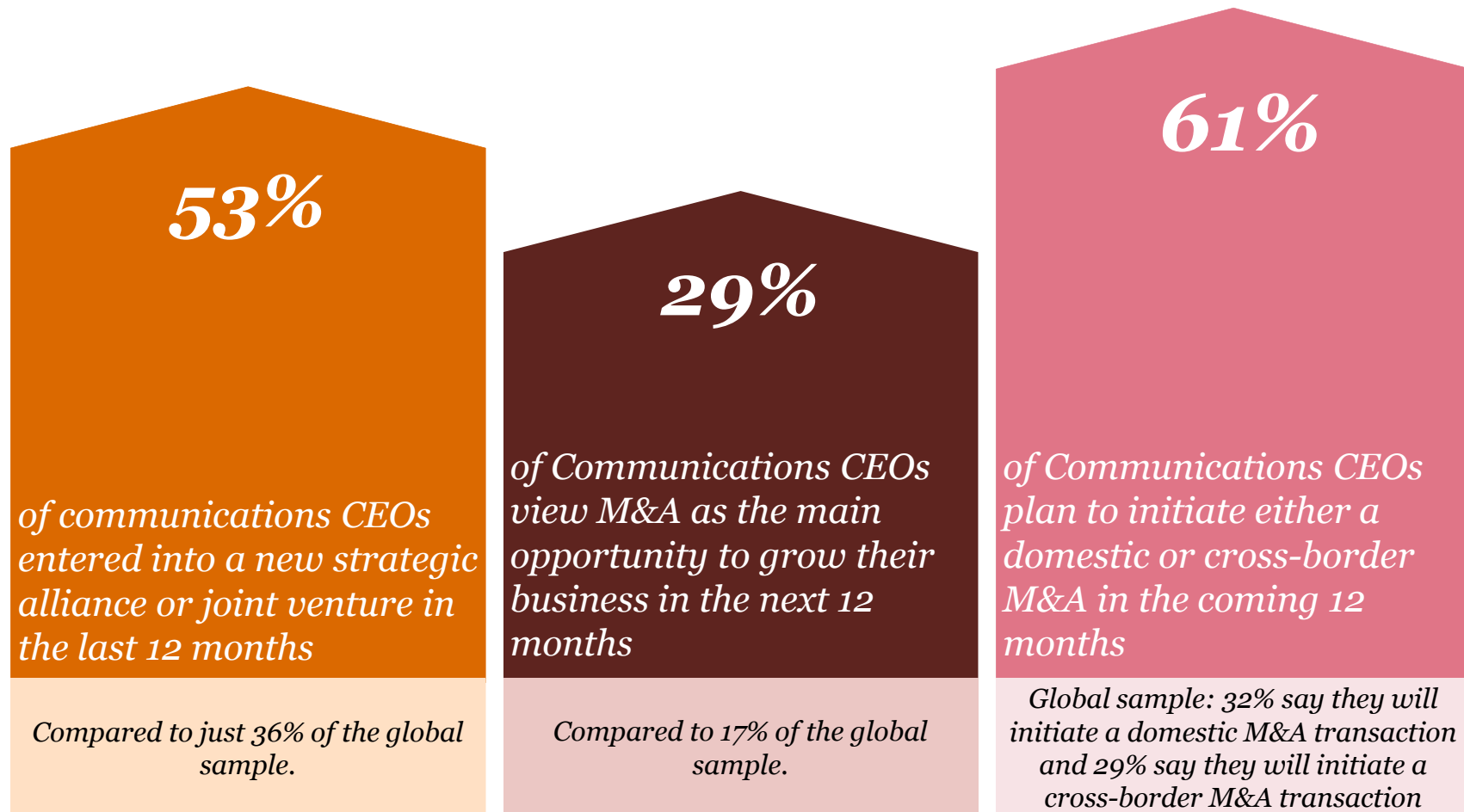
Investment priorities

Q: What are your top investment priorities in the next 12 months?



Base: All respondents (Total sample, 1,330; Communications sector sample size: 34)

M&A is a top priority



Customer Focus

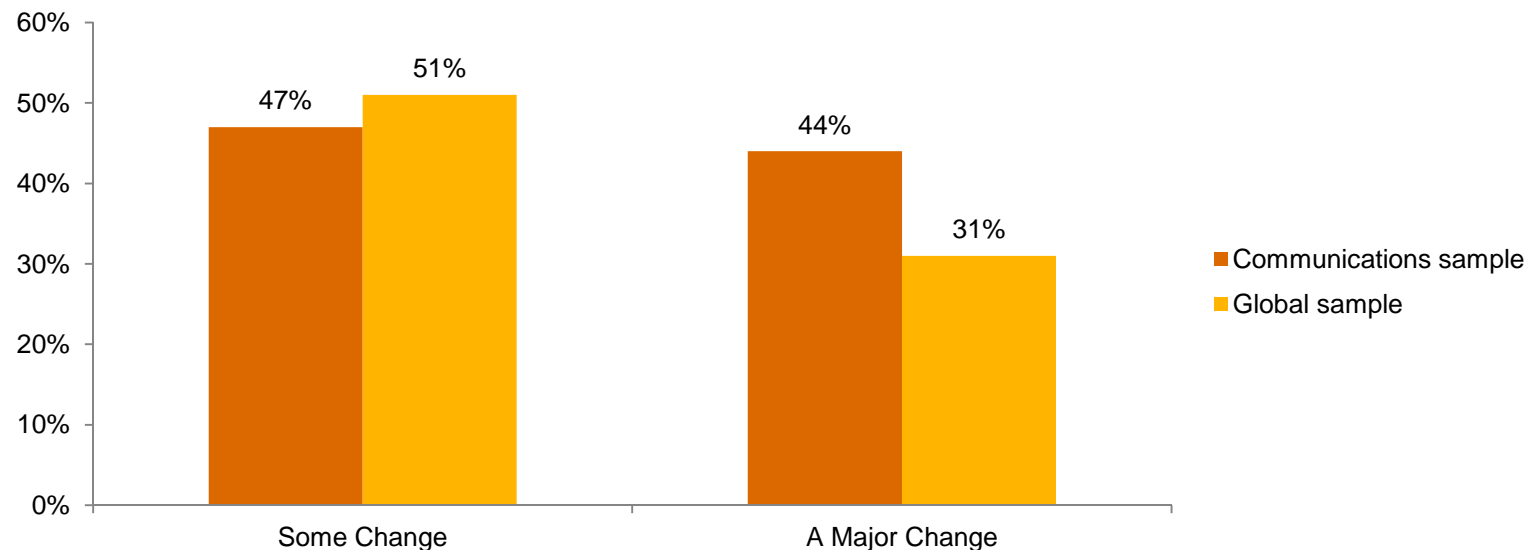
“We have had to learn who our customers are, what their propensity to spend is, what their likes and dislikes are. So we are changing all of our customer relationship systems to better understand and serve the customer.”

Alex Arena
Group Managing Director
HKT, Hong Kong

Customer is King

Communications CEOs are intently focused on customers. Survey results show that focusing more on growth/retention/loyalty strategies are key priorities for the next 12 months.

Q: To what extent do you anticipate changes at your company over the next 12 months with regards to customer growth /retention/ loyalty strategies?

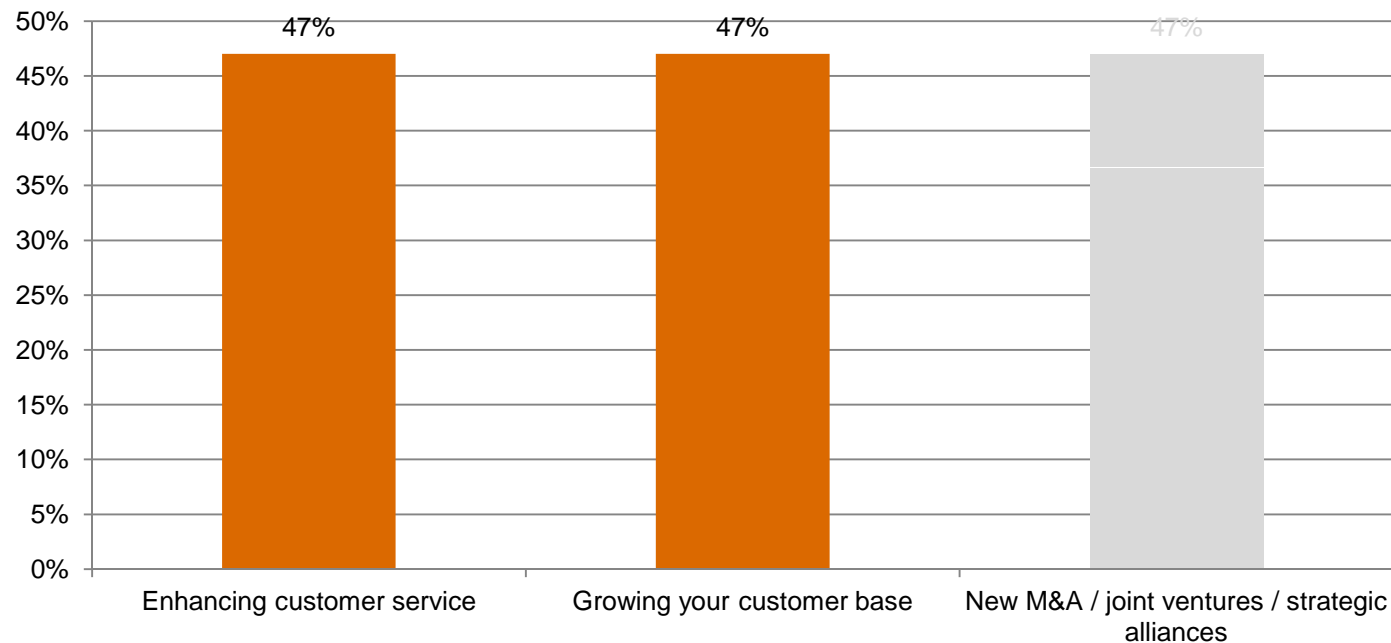


Base: All respondents (Total sample, 1,330; Communications sector sample size: 34)

Source: PwC 16th Annual Global CEO Survey 2013

Customer is King, continued

When Communications CEOs were asked what their top three investment priorities are over the next 12 months, two of the top three focus on customers: enhancing customer service (47%) and growing the customer base (47%).



Base: All respondents (Total sample, 1,330; Communications sector sample size: 34)

Source: PwC 16th Annual Global CEO Survey 2013

The Future

“We’re forever reaching deeper into consumers’ homes. So we are developing innovations around smart living and integrating services within the consumer’s home. We diversified from traditional telecoms into pay TV and entertainment, into music. Now we’re diversifying into health services at home, into education services at home and being the IT manager at home. These are the ways that we shore up our revenue and growth possibilities.”

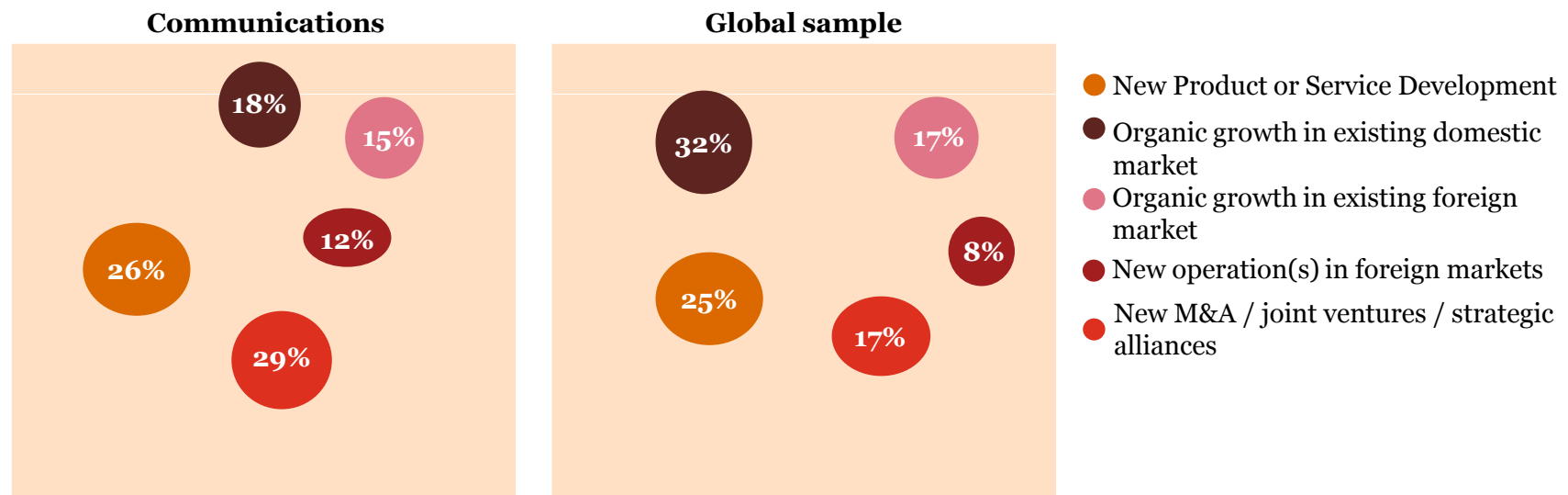
Alex Arena
Group Managing Director
HKT, Hong Kong

Potential opportunities for business growth

Over the next 12 months

Communications CEOs single out 'New M&A / joint ventures / strategic alliances' as the most likely area to grow their business over the next 12 months. This exceeds the global CEO Survey sample (from across all industries). The second most common way operators see a potential for growth is in new product or service development.

Q: Which of these do you see as the main opportunity to grow your business in the next 12 months?



Base: All respondents (Total sample, 1,330; Communications sector sample size: 34))

Source: PwC 16th Annual Global CEO Survey 2013

Risk

“We take disaster recovery not as a box that you tick, in terms of doing your risk assessments, but as a real risk.”

Alex Arena
Group Managing Director
HKT, Hong Kong

Change

“If I look at the half-life of technological change, it’s got shorter and shorter and we have to run faster all the time to retain a competitive position.”

Alex Arena
Group Managing Director
HKT, Hong Kong

Threats

“A significant portion of our investment aims to ensure the stable operation of our networks and backup facilities, and eliminate the potential threat of cyber attacks. We see cyber attack as a credible business threat, but do not treat it as a global one similar to an adverse, large scale economic challenge.”

Andrei Dubovskov
President & CEO
MTS, Russia

For more information, please contact:

Pierre-Alain Sur

T: +1 646 471 6973

E: pierre-alain.sur@us.pwc.com

Sarah Franklin

T: +1 415 498 5015

E: sarah.m.franklin@us.pwc.com

Or visit www.pwc.com/ceosurvey

Acknowledgements

PwC gratefully acknowledges the contribution to the 16th Annual Global CEO Survey: Key findings in the communications industry provided by:

Andrei Dubovskov, President and Chief Executive Officer
MTS, Russia

Alex Arena, Group Managing Director
HKT Ltd, Hong Kong



To download the main report, access the results and explore the CEO interviews from our 16th Annual Global CEO Survey online at **www.pwc.com/ceosurvey**.

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