



ORACA MORNING NOTE 08122005

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1 TELEUNIT SECURES WLL TUSCAN LICENCE

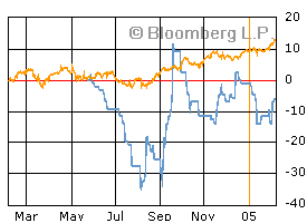
MCAP £43.4m

Price mid cls 20.25p

NoSh 186.7m

52 wk hi/lo 24.5p/13.5p

Chart below TLU vs. UK index (orange)



TLU

Teleunit (TLU), AIM listed Italian operator, has finally secured its WLL licence in Tuscany by buying it from an operator that was not using its licence. TLU has faced delays as a result of inaction at the Italian Telecommunications Ministry (ITM). After nearly nine months of delays TLU secured the purchase of a licence from Wirlink. Teleunit will pay at total of EUR 425k in three tranches during 1H2005 and the licence will run for 18 years. This figure compares to the EUR 800k for which the company had budgeted should it have gone down the state auction route as initially envisioned.

ORACA Analysis

Teleunit, for better or worse has already rolled out a significant proportion of its Tuscan network and claims to have customers signed up and ready to spend. As a result the licence win should be reflected in revenues over the next three months. Teleunit is already profitable but the share price has traded at or below its IPO price of 20p when it came to AIM last year. The IPO was predicated on raising funds for the Tuscan licence amongst other things and this news should begin to push the stock forward. Terms of the licence conditions will be salient.

2 SMR YE04

ORACA view

SMR Value range 44p-41p

Results in line with ORACA's expectations and business plan moving forward as planned.

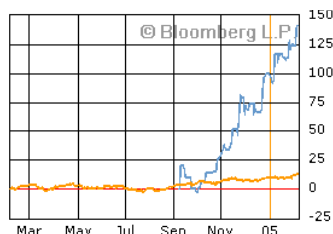
MCAP 68m

Price mid cls 36.25p

NoSh 187m

52wk hi/lo 37p/14.5p

Chart below SMR vs. UK index (orange)



SMR

Smart Telecom (SMR), Aim listed Irish operator, delivered YE04 results

Sales EUR 24.95m vs. 12.65m yy

Gross Profit EUR 6.8m vs. EUR 4.9m yy

Ebitda EUR (8.1m) vs. (4.5m) yy

PBT EUR (10.7m) vs. (8.3m) yy

The company also announced the launch of its broadband service at 2mbps for EUR 35 per month and confirmed that Brendan Murtagh holds 11.4% of the equity.

ORACA Analysis

Smart's WLR /CPS customer base moved to 70,000 and the company announced the launch of its broadband offering, which should considerably boost margins. The first 100,000 customers will not have to pay the cost of moving to broadband. SMR will charge EUR 35 per month for 2Mbps all you can eat. This is a strong offering in the Irish market. SMR has delivered on its targets as forecast in ORACA's November strategic note. SMR still needs to solve its funding question. The fact that Eircom has announced that it exceeded its broadband targets this morning supports our supposition that the Irish market is ripe for SMR's approach.

ORACA View 'under review'

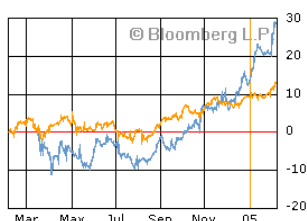
MCAP £1.42bn

Price Mid Cls 199p

NoSh 740m

52wk hi/lo 205p/135p

EIR vs. UK index (orange line)



3 EIR 3Q04/05

EIR

Eircom, Irish incumbent listed on London, 3Q04/05 results

Sales EUR 401m vs. EUR 402m yy

Gross Profit EUR 308 vs. EUR 305 yy

Operating profit EUR 63m vs. 7m yy

PBT EUR 31m vs. (62m) yy

ORACA Notes:

Voice revenues declined 10% and broadband customers reached 117,000 ahead of target. There appear to be some negative issues in respect of the rate of progress of costs savings relating to head count and we look for more clarity after the analysts' meeting.

4 BT ANNOUNCED TIE WITH US' COVAD COMMS

BT/FT

BT, the UK's incumbent operator declared it will resell Covad Communications business class broadband service to its expanding US client base. Chuck Pol, president and chief operating officer of BT Americas is credited with BT's growing use business.

For example, BT recently announced that it would manage Bristol-Myers Squibb's local and wide area network infrastructure globally and migrate these services to BT's high-speed network.

5 CESKY TELECOM PRIVATISATION SECURES INTEREST

Cesky Telecom, the currently state controlled fixed line national telecommunications operator of the Czech Republic has short listed three Telco groups for the state's 51% stake. These are Swisscom, Belgium's Belgacom and Spain's Telefonica.

Two financial consortia (Blackstone and Private Equity Partners) also bid but both were told to find a telecoms partner before they would be allowed to conduct due diligence.

ORACA Notes:

The Czech government said bids had been at the high end of expectations, around US 3bn (Kc71.3bn), but this probably has a lot to do with the two private equity groups that put in a bid but have in any case been denied access to the books for now.

6 TLSN EXECUTIVES ACCUSED OF PHONE TAPPING

FT

Sonera's former chief executive Kaj-Erik Relander and five other former chiefs, as well as an investigator at Finland's National Bureau of Investigation and a former security chief, all face up to three years in prison if found guilty of illegally monitoring Sonera employees' e-mails and telephone calls.

Four of the people charged in the case are employed by the largest Nordic telecoms operator, TeliaSonera (TLSN) - formed in 2002 when Telia of Sweden took over Sonera.

In total eight people, including six former executives of Sonera, Finland's former state-owned telecommunications operator, yesterday denied charges of gross violation of the country's communications secrecy laws.

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