

Table - Brazilian Private Switching 5 years Forecast

Source: TELEBRAS

Thousand

Lines	1991		1992		1994		1995		1996		1997	AVERAGE	
EQUIP	REF.	%	Lines	%	Lines	%	Lines	%	Lines	%	Lines	Lines	%
PBX	282	11	313	11	348	11	386	11	429	11	476	390	11
KS	123	20	147	20	177	18	200	15	240	15	275	209	18
mPBX	272	7	292	5	307	3	316	0	316	-1	312	309	3
TOTAL	678	13	753	12	831	11	911	9	984	8	1064	908	10

Price decreases are expected as local taxes decline (20% average is the Government target for 1994) and import competition grows. Hybrid KS and small size PBX systems will be priced at around US\$ 300 per line and medium and high capacity PBX will be around US\$ 450 per line. For planning purposes, the annual private switching market size will be US\$ 400 million in 1994 and remain almost constant in value up until 1997.

The telephone set market for 1991 is 1.2 million units split evenly between IOS and public service segments. The growth of this market will be slower than the IOS 10% growth, due mainly to the public systems limited projected growth over the next 2 to 3 years (see chapter 2.1). Other voice terminals such as fax and voice treatment devices are entering the Brazilian market mostly by means of illegal imports and the market figures are not reliable.

