

=PCS Wireless Set To Ride Wave Of US PCS Network Roll-Out

By Stephen Northfield

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TORONTO -DJ- Talk about being in the right place at the right time.

Vancouver-based PCS Wireless Inc. has positioned itself on the cusp of the latest revolution in telecommunications: Personal Communications Services, or PCS.

With names like Sprint, AT&T and Bell jumping on board, the emerging market for PCS services is expected to grow into a multi-billion dollar business before the close of the decade.

The big players clearly see enormous potential in the emerging PCS market. The U.S. government's auction of PCS licences, which closed in March, yielded over \$7 billion (U.S.).

The companies plan to build their PCS networks over the next two years, investing between \$2.7 billion and \$5.4 billion in the infrastructure and making PCS available to about 200 million subscribers.

That's where PCS Wireless comes in.

The Vancouver Stock Exchange listed company has something these major players want - a proprietary technology that will make the roll-out of PCS networks cheaper and improve the system's performance, say analysts.

What's more, say analysts, PCS Wireless has virtually no competition for its distributed antennae array (DAA) technology at the moment.

PCS Wireless president and chief executive Ralph Scobie tells Dow Jones he doesn't expect serious competition until early-to-mid 1996. 'We are going to get some competition,' says Scobie, but he sees significant barriers to entry. The company's products have been in development for five years and have been testing with the major players for the past two, he says.

Analysts are bullish on PCS Wireless.

'I've never seen a company with this kind of upside before,' says Richard Piotrowski, analyst with Spratt Securities.

'The winners of this from an investment perspective are the companies supplying equipment (to the PCS networks),' he says.

=PCS Wireless Interview -2-: Analysts See Explosive Growth

Analysts are projecting explosive growth in PCS Wireless Inc.'s revenues, as the company rides the coattails of the massive, capital-intensive roll-out of PCS networks in the U.S.

In a March report, Canaccord Capital analysts Matthew Cicci and Linda Allison projected that revenues will increase to C\$150 million by fiscal 1998, from C\$22 million in the current fiscal year, which ends Feb. 28, 1996. They projected that earnings will rise to 83 cents (Cdn) a share from 8 cents (Cdn) a share over the same period. Canaccord has a buy on the stock with a six-to-12-month target price of 7.

Sprott Securities analyst Richard Piotrowski is forecasting revenues to hit C\$120 million by fiscal 1998, a figure he cautions could be conservative. Piotrowski has a buy on the stock with a 24-month target price of 13.50.

President and chief executive Ralph Scobie says the company expects to generate earnings of C\$2 million in the current fiscal year with revenues topping C\$20 million. He sees earnings rising to C\$8 million to C\$9 million the following year, as revenues ramp-up to the C\$75 million range.

Personal Communications Services - or PCS - are seen as the next big wave in wireless telephone services. Among the advantages over traditional cellular services are smaller, lighter headsets, cheaper cost and longer use time.

The main difference between traditional cellular and PCS lies in the technology that distributes the signals. Unlike cellular, which uses powerful transmitters to send messages across cells covering a large area, PCS coverage is distributed across smaller microcells. With less distance from the users, the headsets require less power and the frequency can be more efficiently utilized, which means more users and more data traffic in the same space.

What PCS Wireless's technology does, say analysts, is make it cheaper to roll-out PCS networks, expanding the power and range of the systems and reducing the overall cost of installation and operation.

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Not surprisingly, PCS Wireless has been the hot story on the VSE this year, surging from around 0.50 in early March, to 3.40 today. The stock started its run on the heels of an announcement of a supply agreement with Motorola Inc. In addition to Motorola, the company has sold equipment to Northern Telecom Ltd., AT&T Corp. and Ericsson Inc.

The company is in the process of securing a listing on the Toronto Stock Exchange, expected by July, that will coincide with the closing of C\$10 million in financing. The warrant issue, underwritten by Sprott and Canaccord Capital Corp., was oversubscribed.

With substantial U.S. interest picking up in PCS Wireless, Scobie says the company will seek a NASDAQ listing down the road.

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M/TEC, R/BRC, R/CN, R/NME,
~PCS, ~WIRELESS, ~SET, ~RIDE,
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=PCS Wireless Interview -3-: Seeking International Exposure

PCS Wireless Inc. president and chief executive Ralph Scobie expects revenues to begin to grow significantly in the last quarter of the current fiscal year, which ends Feb. 28, 1996.

The company may fall short of projections if one of the major players, like Wireless Co., a consortium of Sprint and three cable companies, delays the roll-out of its networks. With a significant up-front investment, Scobie and analysts believe the major players will want to get their systems up and running as quickly as possible.

Besides the massive roll-out of PCS in the U.S., the company is positioning itself internationally. Scobie says the company wants to "take our relationships global" with the major telecommunications companies that it has already established relationships with, namely, Motorola Inc., Ericsson, AT&T Corp. and Northern Telecom Ltd., who will be major players in the installation of the PCS networks. PCS Wireless has already sold product into Malaysia, Vietnam, Hong Kong, China and in Europe.

The company has no debt at the moment and about C\$5.2 million cash on hand, exclusive of C\$7.5 million being held in escrow from the recent C\$10 million raised through the issue of special warrants.

Scobie says he doesn't foresee the need to raise additional funds until PCS Wireless sales hit the C\$75 million to C\$100 million range.

While not actively seeking acquisitions, Scobie says the company is interested in getting a toehold in the "intelligent antenna" technology, and may seek an acquisition there.

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R/CN, R/NME, ~PCS, ~WIRELESS,

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