TELECOMMUNICATIONS REGULATORY AUTHORITY

هيئة تنظيم الاتصالات
Telecommunications Regulatory Authority

# Telecom Market Indicators

## Report: Q2-2010

### Market Research & Planning-EAU

2010

TRA-OMAN

# Introduction

1. This report provides a brief update on the trends for the selected telecom services in the Sultanate of Oman for the 2nd Quarter 2010. The report covers the performance of fixed, mobile and internet services.

2. This report has been compiled based on the information received from the telecom operators and mobile resellers: Omantel, Oman Mobile, Nawras, Friendi Mobile, Renna, Mazoon and Injaz.

3. This quarterly report is made available on TRA website (www.tra.gov.om).

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# Telecom Sector Indicators at a Glance

| Type of Service | *As on Jun 2010* | *As on Mar 2010* | % Change |
|---|---|---|---|
| Main Fixed Line: | | | |
| 1. Post Paid | 202,733 | 203,984 | -1% |
| 2. Prepaid | 36,071 | 36,031 | 0.1% |
| 3. Public Telephone – Payphone | 6,801 | 6,801 | 0% |
| 4. ISDN Equivalent Channels | 35,236 | 33,618 | 5% |
| WLL Connections | 2,314 | 2,421 | -4% |
| **Total Main Fixed Telephone Lines in Operation; (1-5)** | **283,155** | **282,855** | **0.1%** |
| Fixed Line Penetration* | 9.88% | 9.87% | 0.1% |
| Mobile: | | | |
| 1. Mobile Postpaid Subscribers | 398,130 | 369,567 | 8% |
| 2. Mobile Prepaid Subscriber | 3,995,945 | 3,844,242 | 4% |
| Operators | 3,644,348 | 3,543,335 | 3% |
| Resellers | 351,597 | 300,907 | 17% |
| **Total Mobile Subscribers; (1+2)** | **4,394,075** | **4,213,809** | **4%** |
| Mobile Penetration* | 153.26% | 146.98% | 4% |
| Internet: | | | |
| **1. Internet Subscribers (Dial-up): (1.1-1.3)** | **25,139** | **28,883** | **-13%** |
| 1.1 Post Paid | 15,254 | 16,716 | -9% |
| 1.2 Pre paid** | 9,340 | 11,579 | -19% |
| 1.3 Log & Surf | 545 | 588 | -7% |
| **2. Internet Broadband Subscribers (2.1+2.2):** | **44,111** | **42,868** | **3%** |
| 2.1 DSL | 43,678 | 42,448 | 3% |
| 22. Internet Leased Line | 433 | 420 | 3% |
| **Total Fixed Internet Subscribers: (1+2)** | **69,250** | **71,751** | **-3%** |
| Fixed Internet Subscribers Penetration* | 2.42% | *2.50%* | -3% |
| Mobile Broadband Subscribers | 1,355,451 | 1,301,668 | 4% |
| Mobile Broadband Subscribers Penetration | *47.3%* | 45.4% | 4% |
| Estimated Mobile Internet Users | 1,176,418 | 1,476,650 | -20% |
| Penetration rate of Estimated Mobile Internet Users | 41% | 51.51% | -20% |

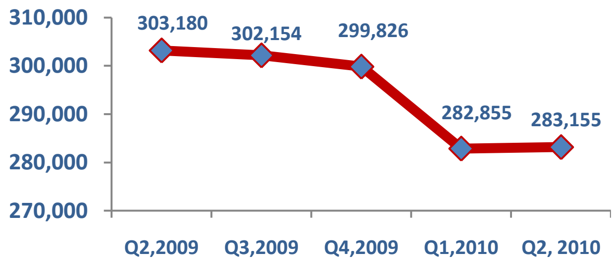
* Penetration rates are based on the latest published population regime by MONE: 2,867,000.
** Internet prepaid subscribers are calculated on the bases of average dial up usage

# Fixed Telephony Services

## Fixed Telephone Lines:

- The fixed line trend shows slight increase in the 2nd quarter.
- Second quarter 2010 ended with total of 283,155 fixed lines, increasing from the first quarter by 300 lines.
- Fixed line subscribers' penetration rate remained the same as previous quarter 9.9% by end of June 2010.

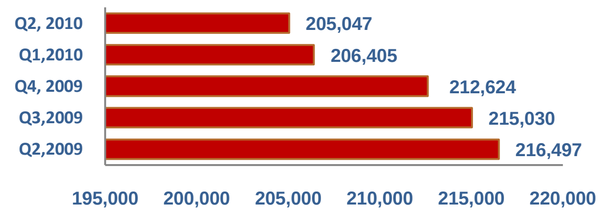
**Figure.1: Total Fixed Telephone Lines Trend**




## Fixed Line: Postpaid

- The second quarter has registered a slight fall in the fixed post paid lines by 0.66% compared to the first quarter.

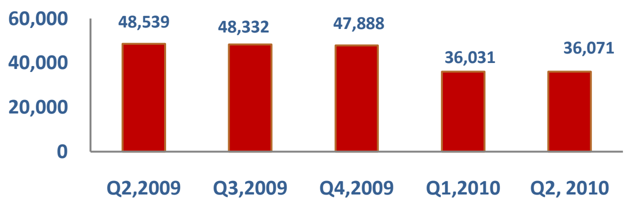
**Figure.2: Fixed line: Post paid Trend**




## Fixed Line: Prepaid

- At the end of the 2nd Quarter, there were 36,071 prepaid connections. This number has increased slightly by 0.11% than the previous quarter.

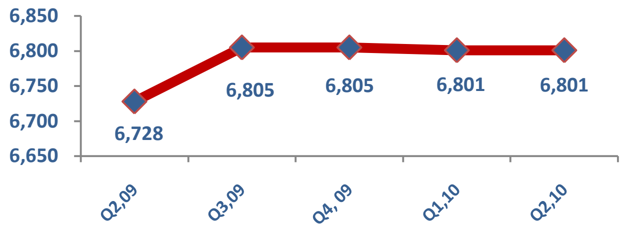
**Figure.3: Fixed line: Pre paid**




## Payphones:

- Public Payphones stayed the same as first quarter with total of 6,801 pay phones by end of June 2010.

**Figure.4: Public Pay Phones Trend**

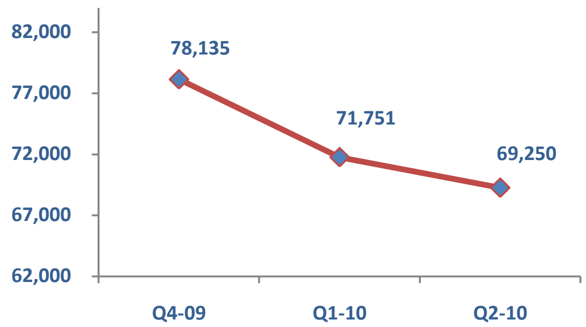


# Internet Services

## Fixed Internet Subscribers

- General trend of fixed internet shows continuous decline.
- Second quarter 2010, ended with total of 69,250 subscribers with 3.5% drop against the previous quarter.
- Fixed internet subscribers' penetration rate was 2.4% by June 2010

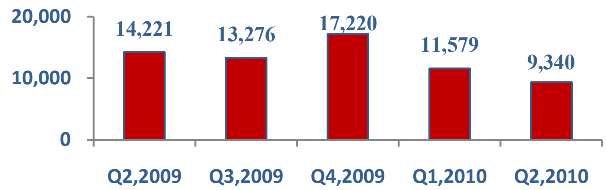
**Figure.5: Fixed Internet Subscribers**




## Internet Prepaid Subscribers

- The second quarter shows considerable decline in the number of prepaid internet subscribers by 19.3% from the previous quarter.

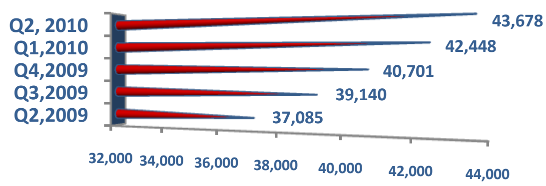
**Figure.6: Prepaid Internet Subscribers**




## DSL Internet Subscribers

- During the second quarter 2010, 1,230 subscribers were added to the DSL subscribers' base, making the total as 43,678 subscribers. This is an increase of 2.9% over the previous quarter.

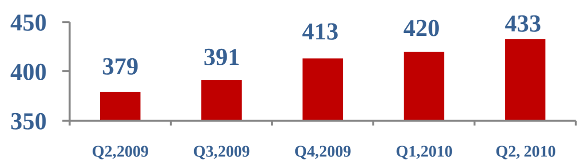
**Figure.7: DSL Internet Subscribers**




## Internet Leased Lines Subscribers

- By June 2010, total internet leased line subscribers were 433 with 3% growth over the previous quarter. This service registered an average growth rate of 14 subscribers per quarter.

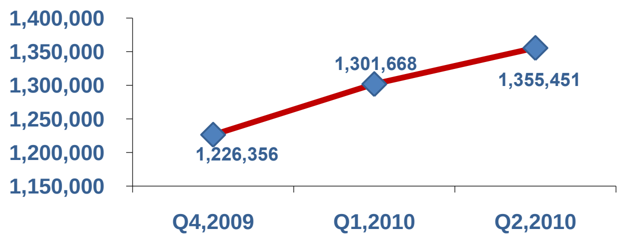
**Figure 8: Internet Leased Lines Trend**



## Mobile Broadband Subscribers

- By June 2010, the total mobile broadband subscribers with unique 3G supported devices reached 1,355,451 which is 4.1% higher than the previous quarter.
- Mobile broadband subscribers' penetration rate stood at 47.3% by June 2010.

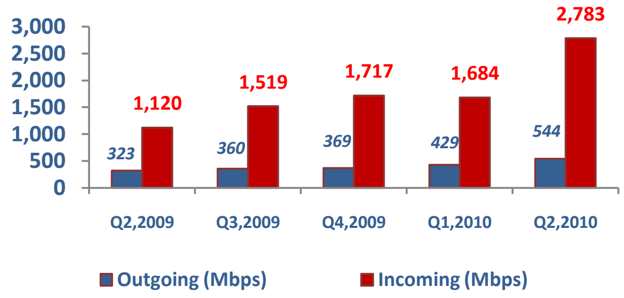
Figure 10: Mobile Broadband Subscribers




## International Internet Bandwidth

- The actual utilization of outgoing international internet bandwidth increased from 429 Mbps in the first quarter 2010 to 544 Mbps in the second quarter 2010. Also, the actual utilization of the incoming increased from 1,684 Mbps to 2,783 Mbps during the same period.

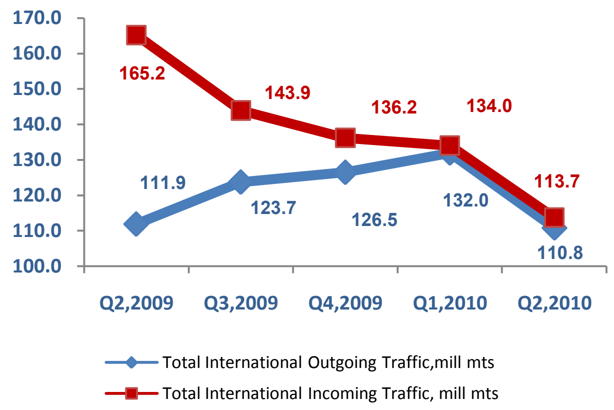
Figure.11: International Internet Bandwidth




## International Traffic

- Both outgoing and incoming International traffic experienced negative trend. During the second quarter 2010, these figures dropped by 16% & 15% respectively.

Figure 12: Outgoing & Incoming International Traffic



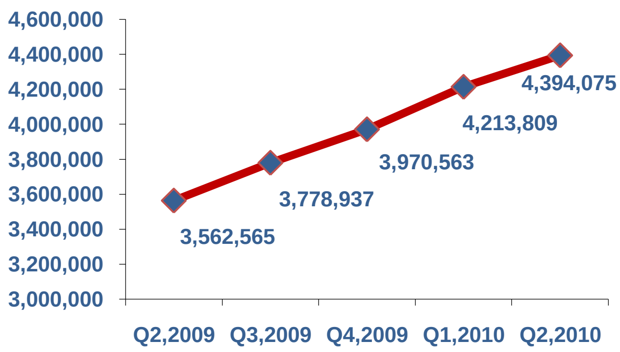
# Mobile Services

## Mobile Subscribers

- Mobile subscription recorded 23% growth during the past year, raising the total to 4,394,075 subscribers. Mobile operators reported that 180,266 subscribers were added to their network during the second quarter of 2010 which is an increase of 4.3% over the past quarter.

- The penetration rate of mobile subscribers was 153% by June 2010, achieving 4.3% growth rate from first quarter.

**Figure 13: Total Mobile Subscribers**

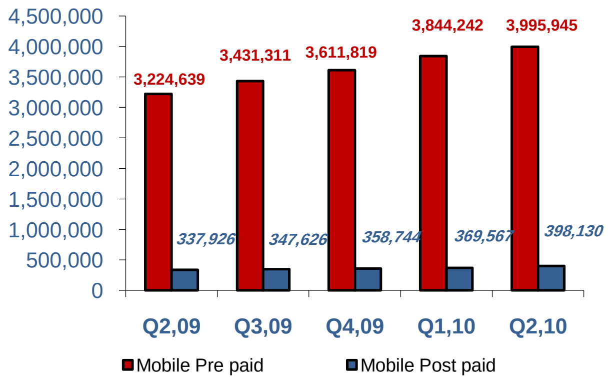



## Mobile Postpaid & Prepaid Subscribers

- The mobile prepaid service indicated continuous growth achieving 3,995,945 subscribers with quarterly average growth of 6%.

- Mobile post paid is moving also on the same track, achieving growth rate of 7.7% during the second quarter 2010.

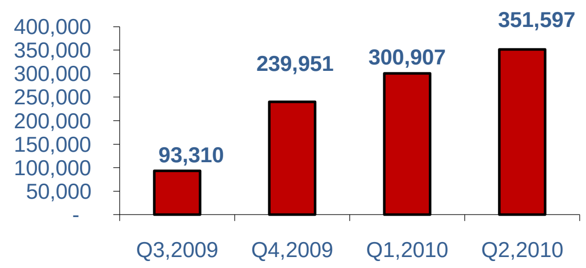
**Figure 14: Mobile Postpaid & Prepaid Subscribers**



## Mobile Resellers

- Since their launch, mobile reseller's subscriber base has been growing steadily raising the base from 93,310 in third quarter 2009 to 351,597 subscribers by second quarter 2010, which is 17% increase compared to the first quarter 2010.

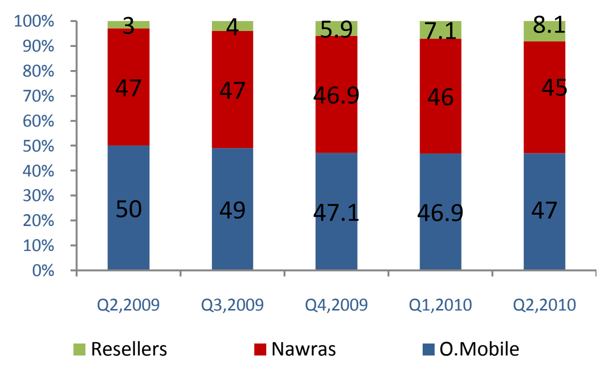
## Figure 15: Mobile Resellers Subscribers




## Mobile Market Share

- Oman Mobile & Nawras owned market shares of 47% & 45% respectively. Resellers achieved 8.1% market share during the reported quarter.

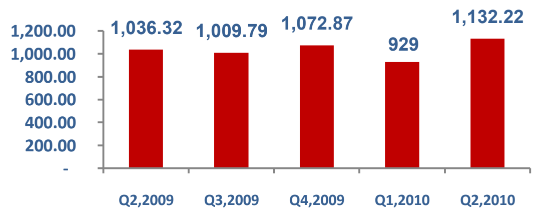
## Figure 16: Mobile Operator's Market Share




## Outgoing Mobile Traffic

- Mobile operators recorded total originated mobile traffic of 1,132.22 million minutes by the end of second quarter. This has increased by 21.9% compared to the previous quarter.

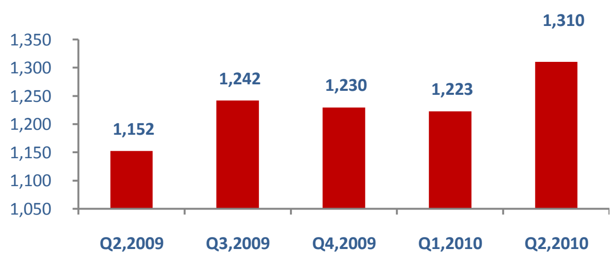
## Figure 17: Mobile Traffic




## SMS

- Total volume of originated messages increased from 1,223 million to 1,310 million SMS, which is a 7.1% growth at the end of June 2010 as compared to March 2010.

## Figure 18: Mobile SMS



# Average Revenue Per User (ARPU) (*)

**Figure.19: Post paid ARPU/Month (OR)**

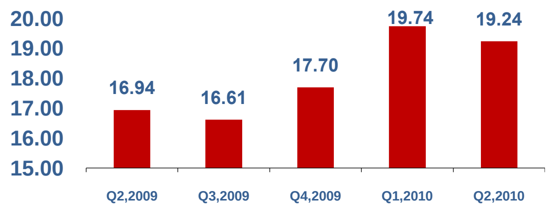



**Figure.20: Prepaid ARPU/Month (OR)**

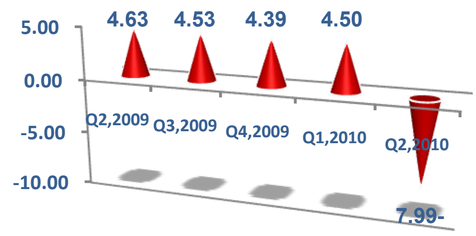



**Figure.22: Payphone ARPU/Month (OR)**

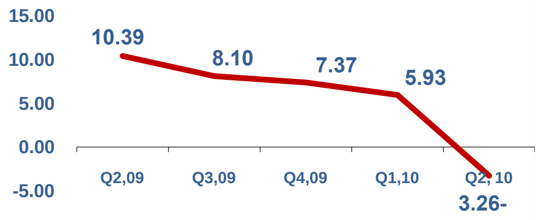



**Figure.23: Internet ARPU/Month (OR)**

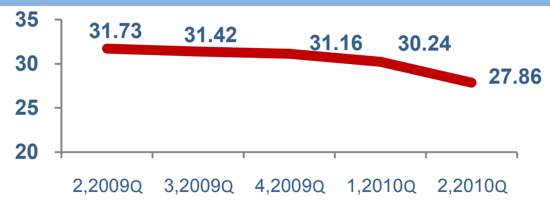
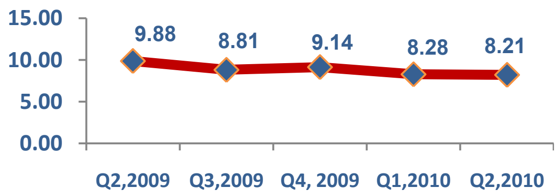



**Figure.24: Mobile ARPU/Month (OR)**




- Omantel reported negative ARPUs for fixed prepaid, payphone and internet, due to deferred income reconciliation carried out in the second quarter 2010. As informed by Omantel, ideally, the deferred income should always show a credit balance since the customer cannot utilize more than what he/she is entitled to. However Omantel observed that during the second quarter of this year, the deferred income balances for the above products as per the accounting records showed a debit balance.
- Reconciliation was carried out by Omantel between the accounting records and billing systems as at 31 March 2010 to ascertain the exact amount which should be reflected as deferred income.
- It is to be noted that these are one off accounting adjustments relating to the previous periods. Owing to the nature of the reconciliation and the availability of the data it is difficult to determine the period wise effects of the adjustment, as confirmed by Omantel.

(*) These negative ARPU reflected above are under investigation and correct picture will be presented once the investigation is complete.