Telecom Market Indicators

Report: Q2, 2011

(April 2011 – June 2011)

Market Research & Planning

Economic Affairs Unit

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Introduction

This is the 2nd Quarter 2011 report, which provides a brief update on the major telecom services in the Sultanate of Oman. The report briefly covers the performance of fixed, mobile and internet services.

This report has been compiled based on the data received from:

- Telecom operators (Omantel, Oman Mobile & Nawras)
- Mobile resellers (Friendi Mobile, Renna, Mazoon, Injaz & Samatel)

This quarterly report is also published on the TRA website (www.tra.gov.om).

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Executive Summary

Market Observations

- The Sultanate of Oman witnessed growth in the Telecom Sector during Q2, 2011 compared to Q1, 2011 status.
- By the end of Q2 2011, Fixed subscribers are 279,257 increased by: 2.24% (Previous quarter: 273,123) , Mobile Subscribers are 4,578,592 increased by 2.34% (Previous quarter: 4,473,920) and Fixed Internet subscribers are 75,139 increased by 3.02% (Previous quarter: 72,936)
- Penetration Rates also increased during Q2, 2011 to 10.07% for Fixed, 165.08% for Mobile and 13.64% for Internet services. Also, Mobile Broadband Penetration rate increased by to 79.23% and Estimated Internet Users increased to 66.6% compared to Q1, 2011.
- The number of Fixed broadband subscribers increased to 60,654 (Previous quarter: 54,662), increased of 10.96% compared to Q1, 2011.
- International Internet bandwidth capacity increased to 16,578 Mbps from 14,781 Mbps, an increase of approximately 12.13% over previous quarter.
- International calls: While International Outgoing Voice Traffic increased by 10.3%, the Total International Incoming traffic decreased by 0.7% compare to previous quarter.

Tariff Plans & Promotions

- A total of 12 (Previous quarter: 22) Promotional offers were approved during the quarter (OmanMobile =1, Nawras =5, Injaz =1 and Friendi =5).

Type Approval

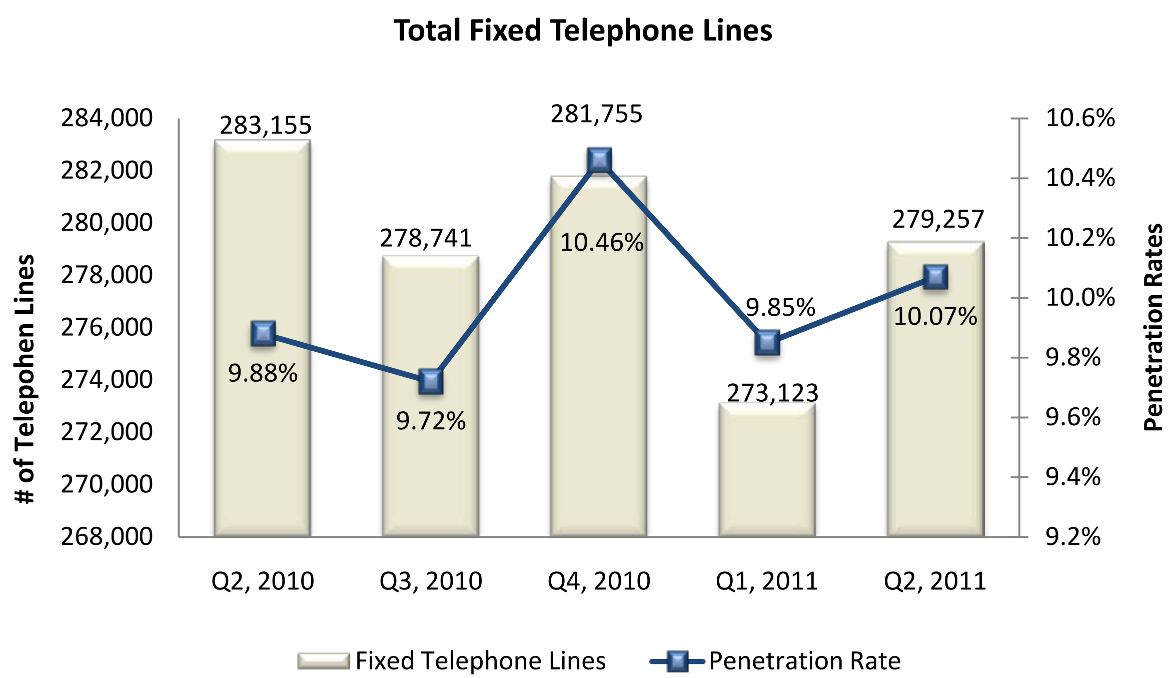
- During the 2nd quarter 2011, TRA approved a total number of 122 Telecom Equipments, Renewed 57 registrations of Telecom Dealers and registered 68 new dealers, Issued 196 Releases to Customs for Imported Telecom equipments and inspected 40 Violations.

Fixed & Mobile Sector at a Glance

Type of Service	As of Jun 2011	As of Mar 2011	% Change
1. Main Fixed Telephone Lines:			
1.1 Post Paid	205,970	199,739	3.12%
1.2 Pre-Paid	27,694	28,713	-1.02%
1.3 Public Telephone – Payphone	6,801	6,801	0.00%
1.4 ISDN Equivalent Channels	38,792	37,870	2.43%
Total Fixed Telephone Lines in Operation (1.1-1.4)	**279,257**	**273,123**	**2.25%**
Fixed Line Penetration	10.07%	9.85%	2.25%
2. Mobile Subscribers:			
2.1 Post Paid			
2.1.1 Operators	417,828	409,679	1.99%
2.1.2 Resellers	-	-	-
Total Postpaid Subscribers	**417,828**	**409,679**	**1.99%**
2.2 Pre Paid			
2.2.1 Operators	3,656,853	3,591,929	1.81%
2.2.2 Resellers	503,911	472,312	6.69%
Total Prepaid Subscribers	**4.160,764**	**4.064,241**	**-3.05%**
Total Mobile Subscribers: (2.1+2.2)	**4,578,592**	**4,473,920**	**2.34%**
Mobile Penetration	165.08%	161.30%	2.34%

NOTE: Penetration rates for Q2, 2011are based on the latest published figures by MoNE Census 2010 (Final Population: 2,773,479 & Estimated Household: 551,058), Also for the purpose of this report, penetrations rates for Q1, 2011 are re-calculated based on the latest published figures by MoNE Census 2010.

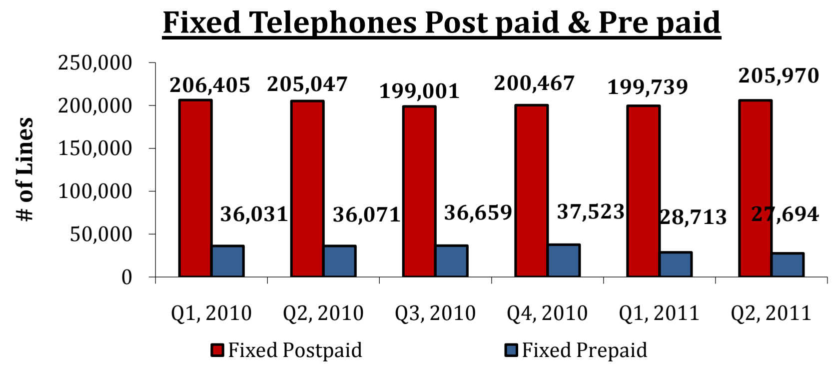
Fixed Telephone Service



- Q2, 2011 ended with 279,257 fixed lines compared to 273,123 lines, an increase of 6,134 (2.24%) compared to previous quarter.
- Fixed line penetration rate was 10.07% as of Q2, 2011 with 2.25% increased over Q1, 2011.

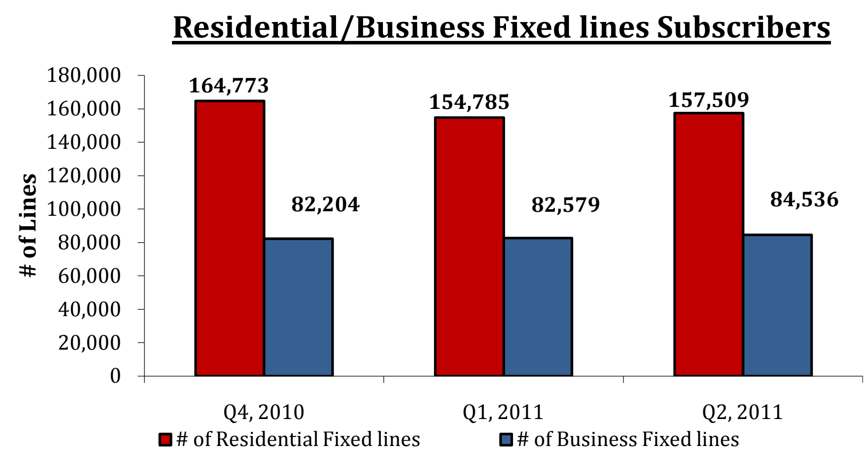
Fixed Line: Post paid & Prepaid

- The fixed post paid lines increased by 3.12% from the 1st quarter resulting in total of 205970 post paid lines.
- Quarter-2 ended with 27,694 prepaid connections. This number declined by 3.55% over the previous quarter.



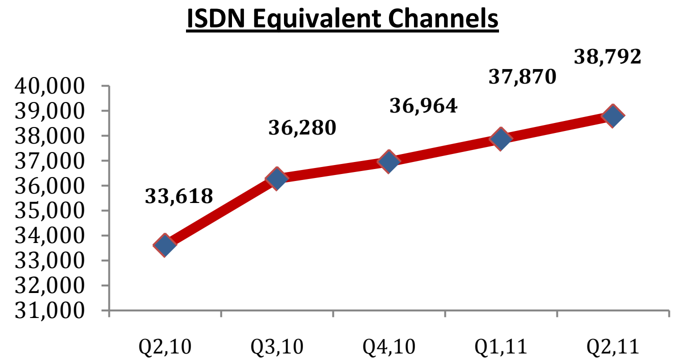
Residential Vs Business/Government Fixed Lines

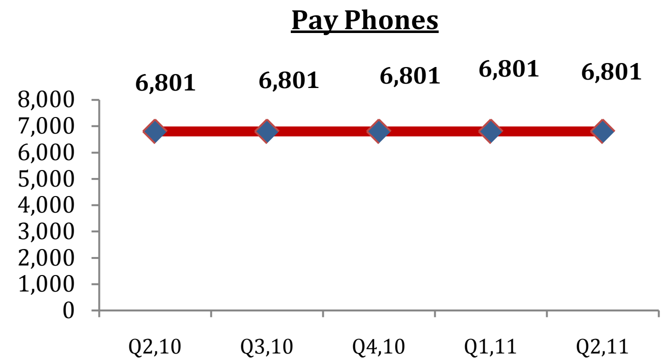
- The Number of residential lines between Q2, 2011 and Q1, 2011 increased by 1.76%.
- Out of the total fixed lines, the Residential were 65% and Business constituted 35%.
- Omantel residential fixed lines increased to 152,044 from 150,346, an increase of 1.1% over previous quarter. Business fixed lines also increased to 83,614 from 82,078, an increase of 1.9% over previous quarter.
- Nawras residential fixed lines increased to 5,465 from 4,439, an increase of 23.1% over previous quarter. Business fixed lines also increased to 922 from 501 an increase of 84% over previous quarter.



Payphones / ISDN Equivalent Channels

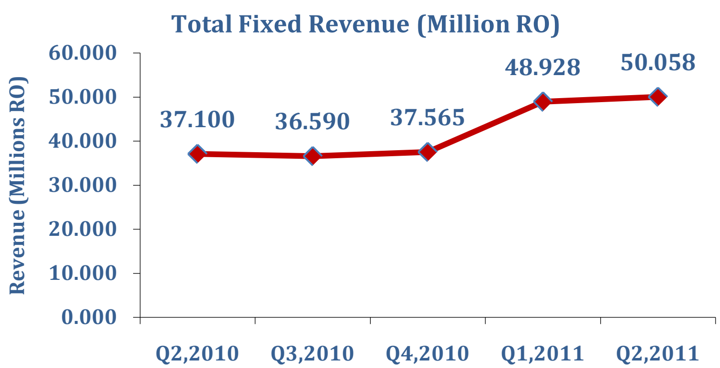
- The ISDN Equivalent Channels showed an increase of 2.43% from the Q1, 2011 resulting in total of 38,792 Subscribers.
- Public Payphones remained static for the last five quarters with the total of 6,801 pay phones in service.



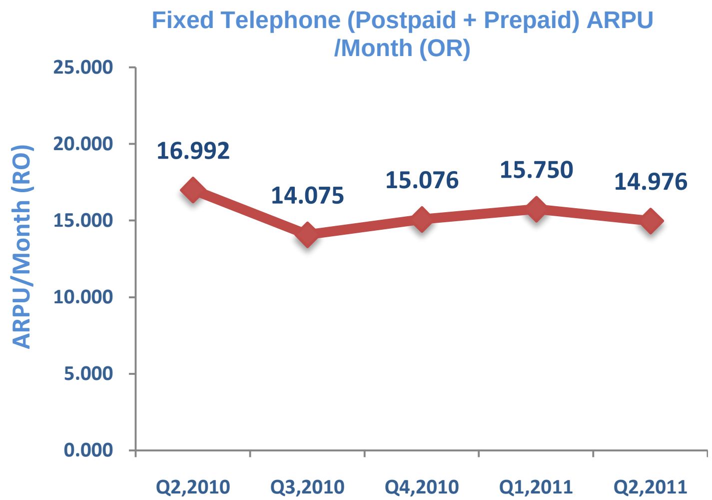


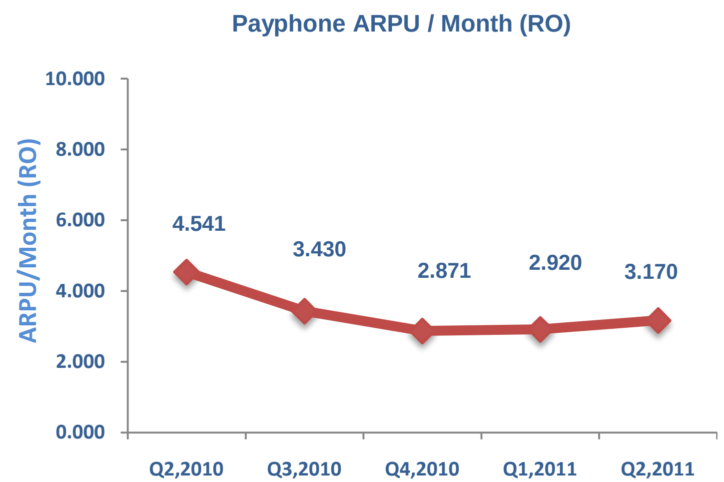
Fixed Line Revenue and ARPU's/month (OR)

Q2, 2011 registered revenue from fixed telephone line and internet services of RO 50.058 million, 2.3% more than previous quarter:

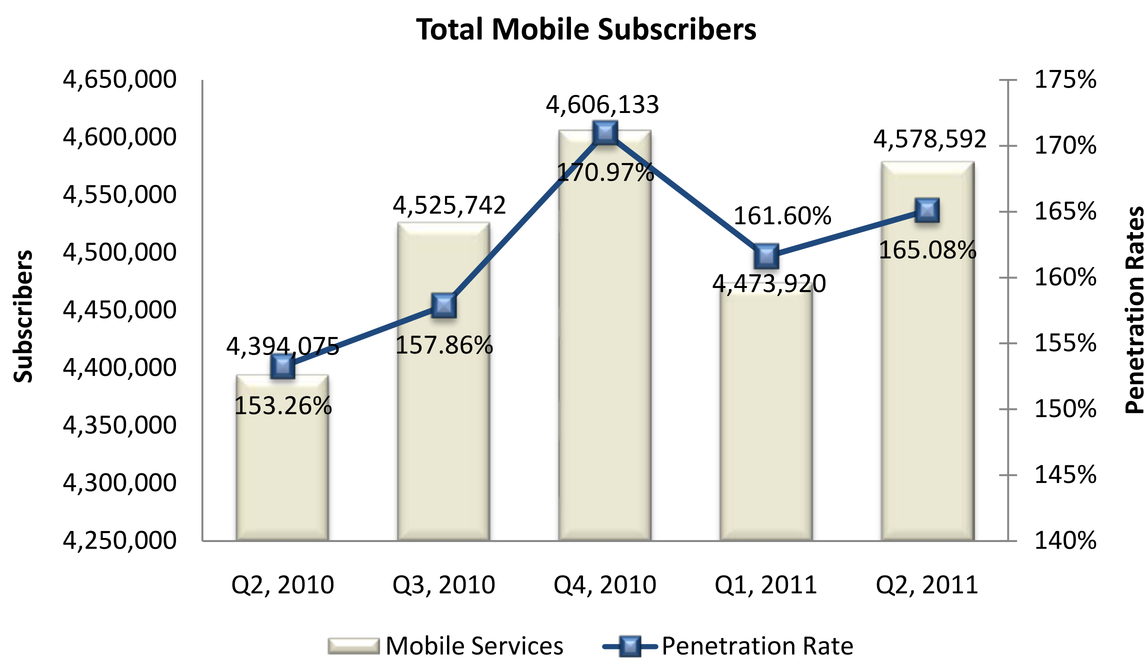


Fixed Telephone (Postpaid + Prepaid) and Payphone ARPU per month are as follows:





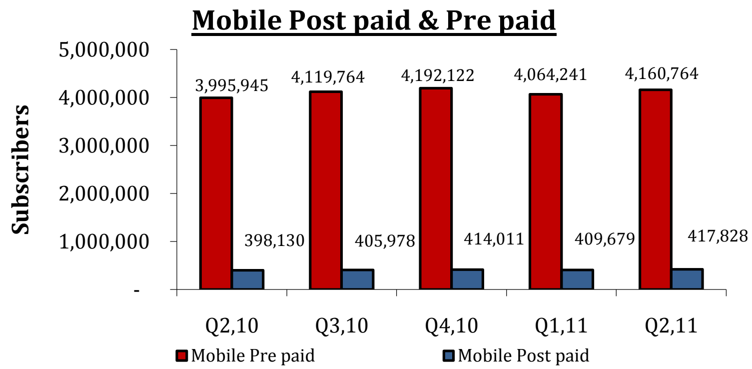
Mobile Cellular Service



- By end of Q2, 2011, total mobile subscribers stood at 4,578,592, with an increase of 104,672 subscribers during this quarter.
- The penetration rate of mobile subscribers was 165.08% by Q2, 2011, recording an increase of 2.34% from the previous quarter.

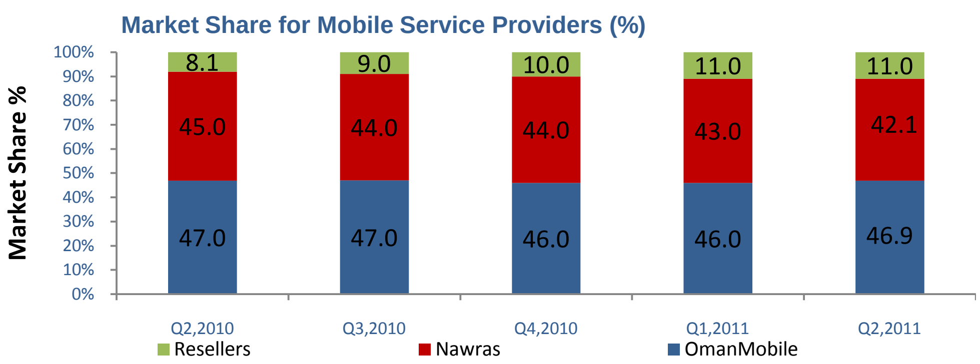
Mobile Post paid & Prepaid Subscribers

	Mobile Pre paid	Mobile Post paid
Q1,2010	3,844,242	369,567
Q2,2010	3,995,945	398,130
Q3,2010	4,119,764	405,978
Q4,2010	4,192,122	414,011
Q1,2011	4,064,241	409,679
Q2,2011	4,160,764	417,828



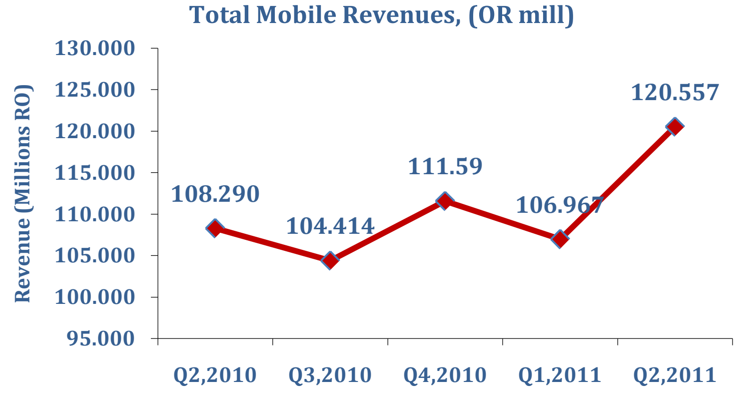
- Postpaid mobile subscribers stood at 417,828 at the end of 2nd quarter 2011 showing an increase of 2% compared to previous quarter.
- Prepaid mobile subscribers were 4,160,764 also showing an increase of 2.37% compared to Q1, 2011.

Mobile Market Share

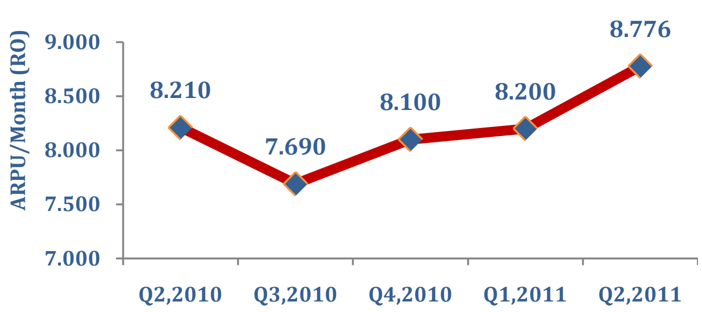


- As of June 2011, Oman Mobile possessed a market share of 46.9% while Nawras owned 42.1%. Resellers achieved 11.0% market share during the reported quarter.

Mobile Revenue and ARPU's/Month (OR)



- The mobile sector has generated total revenue of OR 120.557 million, 12.7% more than the previous quarter.
- Mobile subscribers are contributing with monthly revenue of RO 8.776 per subscriber.



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Telecommunications Regulatory Authority

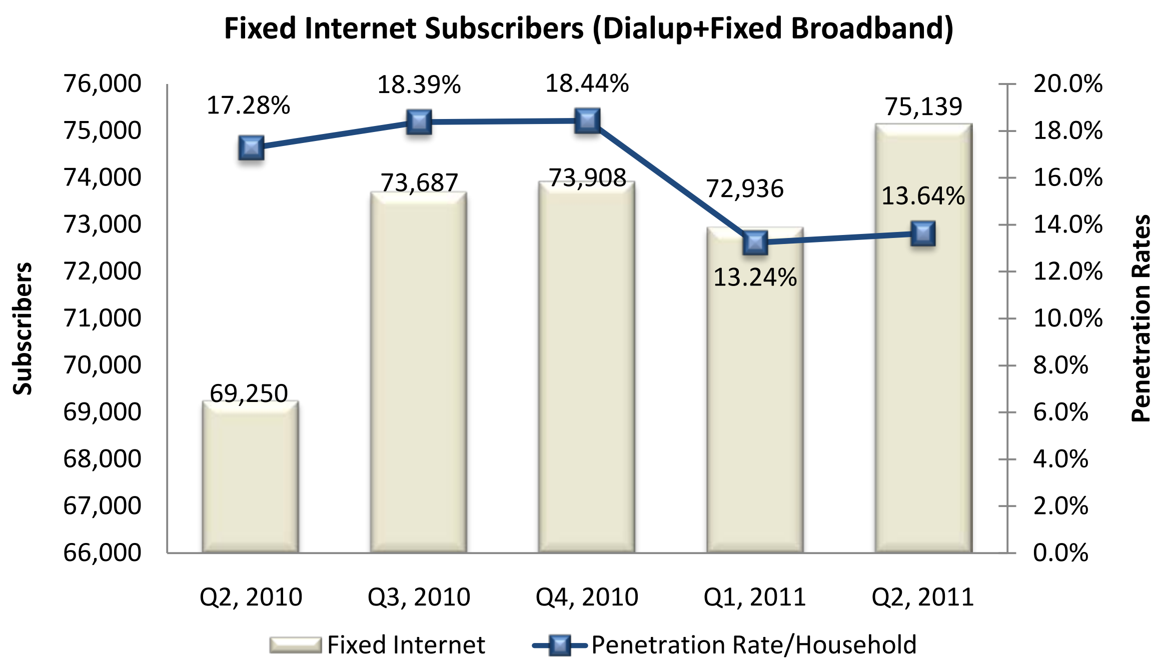
Internet Services

Type of Service	As of Jun 2011	As of Mar 2011	% Change
Internet Subscribers:			
1. Dial Up Subscribers			
1.1 Post Paid	10,479	11,918	-12.07%
1.2 Pre Paid**	4,006	6,356	-36.97%
Total Dial-Up Subscribers: (1.1+1.2)	**14,485**	**18,274**	**-20.73%**
2. Fixed Broadband Subscribers			
2.1 Total Fixed Broadband Subscribers	60,654	54,662	10.96%
Total Fixed Broadband Subscribers Penetration per Household	11.01%	9.92%	10.96%
Total Fixed Internet Subscribers (1.1+1.2+2.1)	**75,139**	**72,936**	**3.02%**
Total Internet Penetration per Household	13.64%	13.24%	3.02%
3. Mobile Broadband Subscribers* **	**2,197,771**	**1,847,223**	**18.98%**
Mobile Broadband Penetration	79.23%	66.6%	18.98%
4. Internet Users			
4.1 Estimated fixed internet users****	435,806	423,029	3.02%
4.2 Estimated mobile internet users	1,402,495	1,295,649	8.25%
Total Estimated Internet Users; (4.1+4.2)	**1,838,301**	**1,718,678**	**6.96%**
Estimated Internet Users' Penetration	66%	62%	6.96%

NOTE: ** Internet prepaid subscribers are calculated on the basis of average dial up usage.
*** Equals to the number of mobile subscribers having 3G supported handsets.
**** Fixed estimated internet users calculated using the 5.8 multiplier of the average household size eligible for internet use in Oman from 5years and above.

Penetration rates for Q2, 2011are based on the latest published figures by MoNE Census 2010 (Final Population: 2,773,479 & Estimated Household: 551,058), Also for the purpose of this report, penetrations rates for Q1, 2011 are re-calculated based on the latest published figures by MoNE Census 2010.

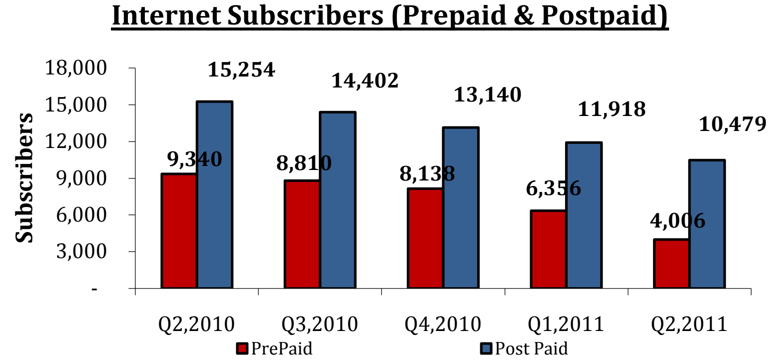
Fixed Internet Subscribers (Including Dial-Up + Fixed Broadband)



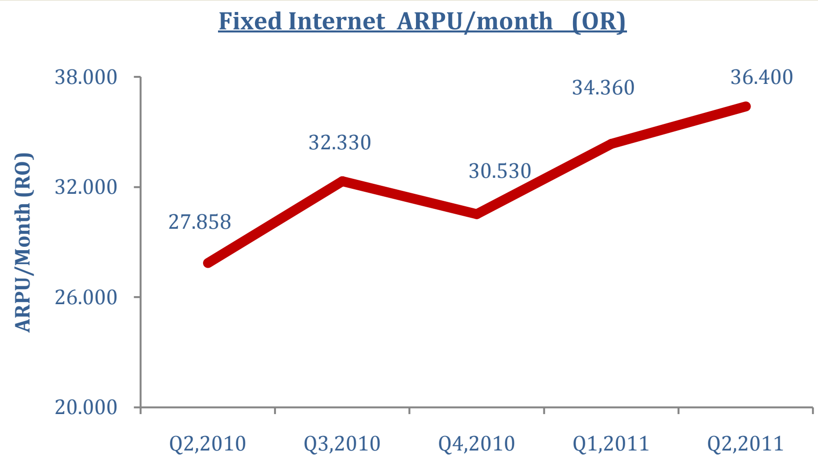
- Q2, 2011 had total subscribers of 75,139 with 3.02% increase against the previous quarter.
- Fixed internet subscribers' penetration rate per Household increased to 13.64% from 13.24% of Q1, 2011.

Internet Dial up (Post paid & Prepaid Subscribers)

- The Second quarter showed a decline in the number of Postpaid and prepaid internet subscribers by 20.73% from the previous quarter.
- Fixed internet ARPU grew at 5.94% during the 2nd Quarter 2011.

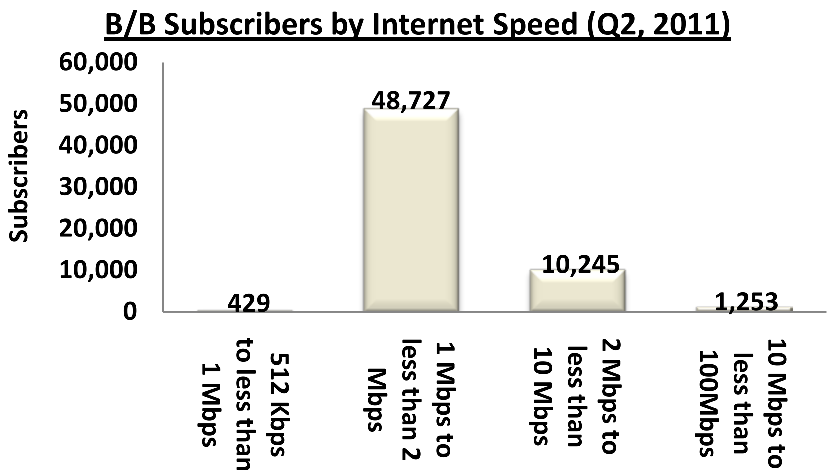


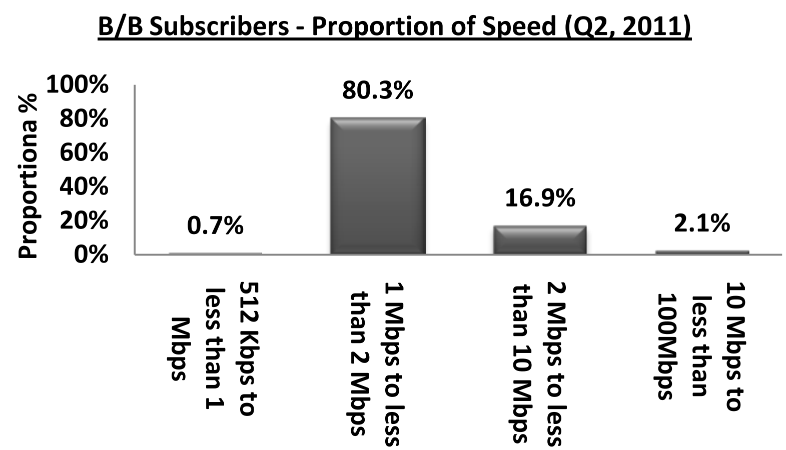
Fixed Internet ARPU's/month (OR)



Fixed Broadband Subscribers

Fixed Broadband Subscribers by Speed	As of Jun 2011	As of Mar 2011	% Change
1. 512 Kbps to less than 1 Mbps	429	191	124.6%
2. 1 Mbps to less than 2 Mbps	48,727	44,141	10.4%
3. 2 Mbps to less than 10 Mbps	10,245	8,673	18.1%
4. 10 Mbps to less than 100Mbps	1,253	1,657	-24.4%
5. 100 Mbps to less than 1 Gbps	-	-	-
6. Above 1 Gbps	-	-	-
Total Fixed Broadband Subscribers (1 to 6)	**60,654**	**54,662**	**11.0%**

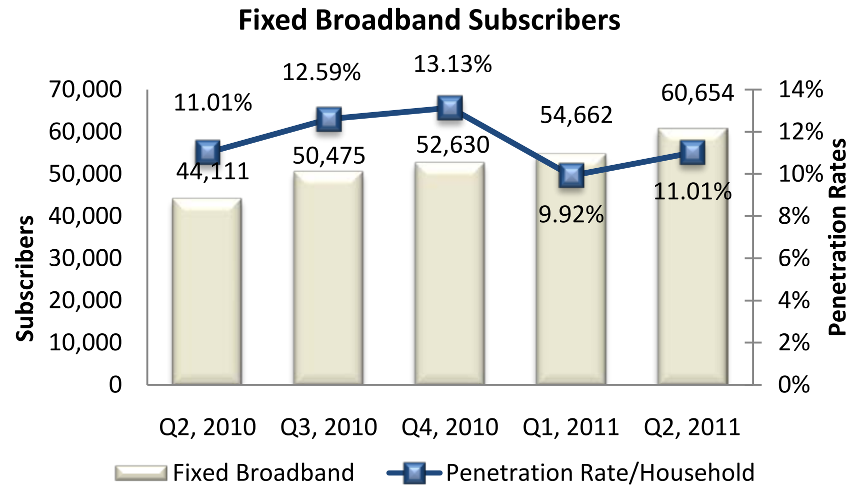




- 81% of Broadband subscribers during Q2, 2011 had access speed of 1 Mbps to less.
- 16.9% of Broadband subscribers during Q2, 2011 had access speed of 2 Mbps to less than 10 Mbps.
- 2.1% of the broadband subscribers have access to 10 Mbps and above

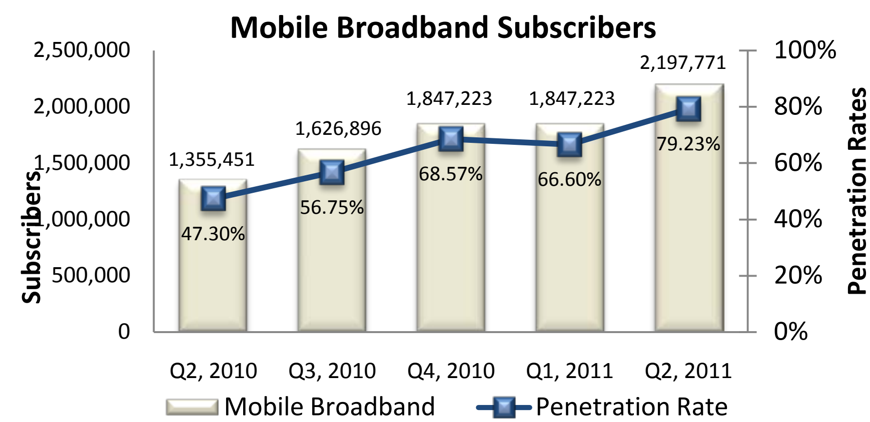
Fixed Broadband Subscribers

- Fixed Broadband subscription increased by 5,992 to 60,654. Penetration rate per Household also increased to 11.01% from 9.92% of Q1, 2011.

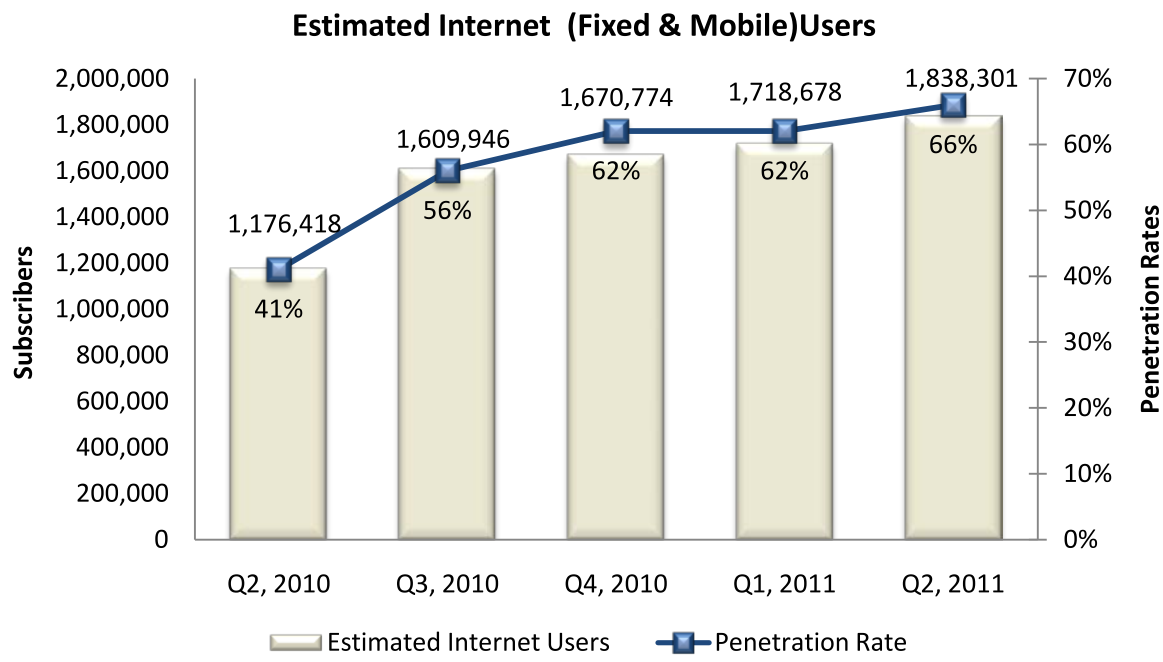


Mobile Broadband Subscribers

- Q2, 2011 recorded 2,197,771 as total mobile broadband subscribers with unique 3G supported devices, which is 18.98% higher than previous quarter.
- Mobile broadband subscribers' penetration rate stood at 79.23%.



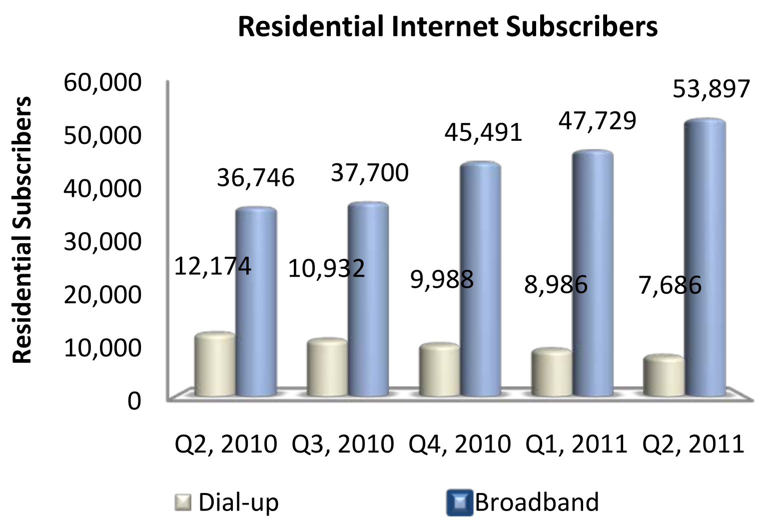
Estimated Internet Users (Fixed Internet Users + Mobile Internet Users)

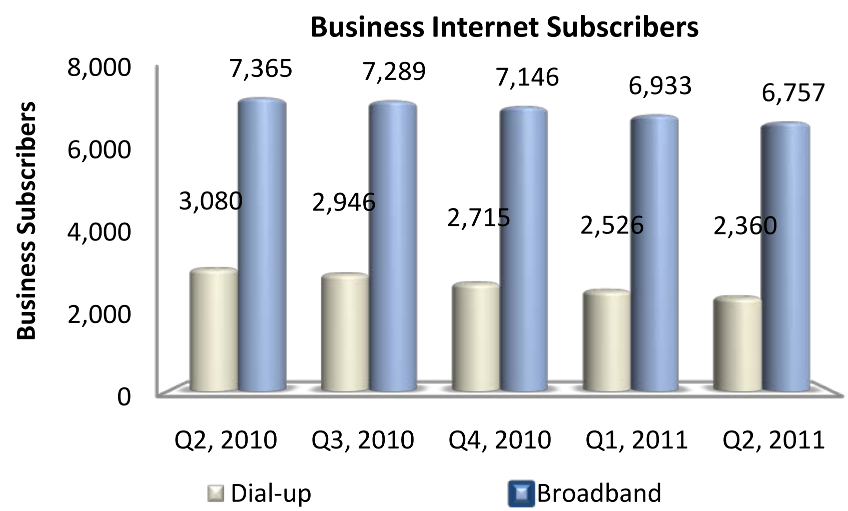


- In second quarter 2011 it recorded 1.83 Million Internet users with an increase of 6.96% over the previous quarter.
- Estimated internet users penetration rate increased to 66% from 62% of Q1, 2011.
- The Fixed estimated internet users are calculated using the 5.8 multiplier of the average household size eligible for internet use in Oman which includes population of the age of 5 years and above.
- Mobile Internet Users are calculated as sum of the actual 2G and 3G sessions of users who manage download / upload.

Residential Vs Business Internet Subscribers

Type of Service			As of Jun 2011	As of Mar 2011	% Change
Resident & Business Internet Subscribers					
1.	Dial Up	1.1 Residential	7,686	8,986	-14.47%
		1.2 Business / Government	2,360	2,526	-6.57%
		Total Dial up Internet Subscribers (1.1-1.2)	**10,046**	**11,512**	**-12.73%**
2.	Broadband	2.1 Residential	53,897	47,729	12.92%
		2.2 Business / Government	6,757	6,933	-2.54%
		Total Broadband Internet Subscribers (2.1-2.2)	**60,654**	**54,662**	**10.96%**
		GRAND TOTAL (1 + 2)	**70,700**	**66,174**	**6.84%**



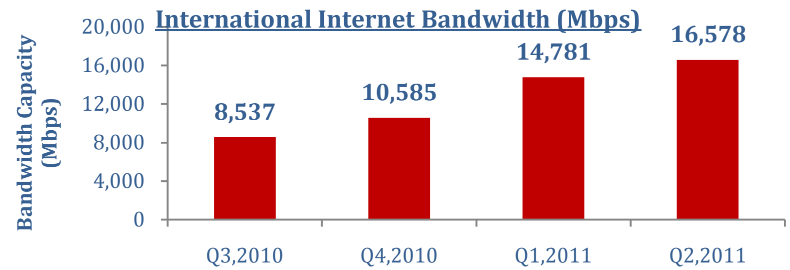


Internet Bandwidth (Mbps) - Capacity

Type of Service	As of Jun 2011	As of Mar 2011	% Change
Internet Bandwidth			
1. International Internet Bandwidth (Mbps) - Capacity	16,578	14,781	12.2%
2. International Internet Bandwidth (Mbps) - % Utilized (Outgoing)	52.7%	49.9%	5.6%
3. International Internet Bandwidth (Mbps) - % Utilized (Incoming)	15.2%	15.7%	-2.9%

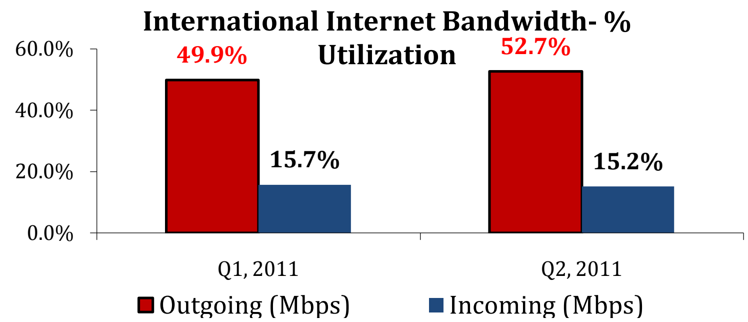
International Internet Bandwidth

- Q2, 2011 recorded 16,578 Mbps as total of international internet bandwidth capacity in the market. An increase of 12.2% over the previous quarter.



International Internet Bandwidth - % utilization

- Out of 16,578 Mbps capacity, on an average 52.7% has been utilized for the outgoing and 15.2% for the incoming.

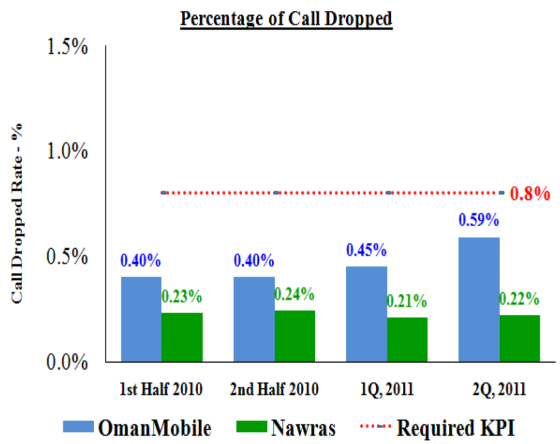


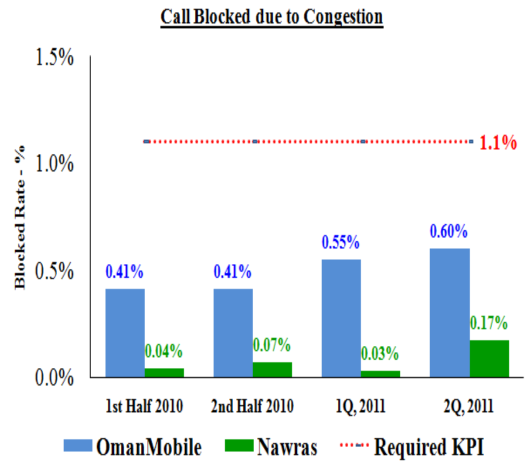
Quality of Service

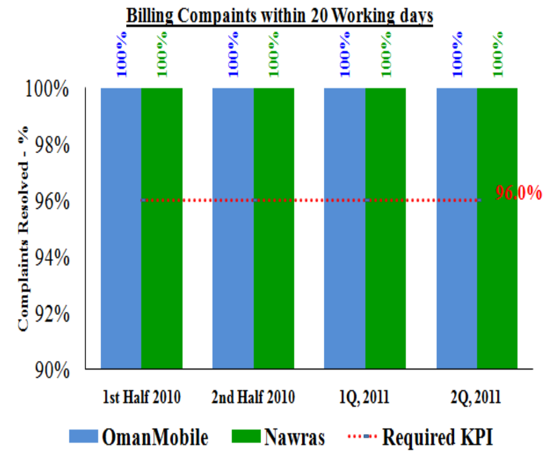
Mobile KPIs	Required KPI	2nd Quarter 2011		1st Quarter 2011	
		Oman Mobile	Nawras	Oman Mobile	Nawras
1. Percentage of Calls Dropped	Less than 0.8%	0.59%	0.22%	0.45%	0.21%
2. Percentage of Calls Blocked due to Congestion	Less than 1.1%	0.60%	0.17%	0.55%	0.03%
3. Percentage of billing complaints resolved within 20 working days	More than 96%	100%	100%	100%	100%

Fixed KPIs	Required KPI	2nd Quarter 2011		1st Quarter 2011	
		OmanTel	Nawras	OmanTel	Nawras
1. Faults per 100 lines	Less than 12	1.97	0	1.8	0
2. % of faults to be cleared within 24 hours	More than 90%	95.43%	100%	92.29%	100%
3. Unsuccessful call Ratio for local and national fixed calls	Less than 1%	0.95%	0.043%	0.96%	0.040%
4. Percentage of Orders for access lines in the served areas completed within 10 days	More than 90%	94.92%	100%	97.11%	1 Service in 2010 which was completed in 17 days
5. Percentage of payphones in working order	More than 96%	99.73%	N/A	99.85%	N/A
6. Billing complaints per 1000 Bills	Less than 1.5%	0.864%	0.120%	0.910%	0.120%
7. Percentage of billing complaints resolved within 20 working days	More than 96%	100%	100%	100%	100%

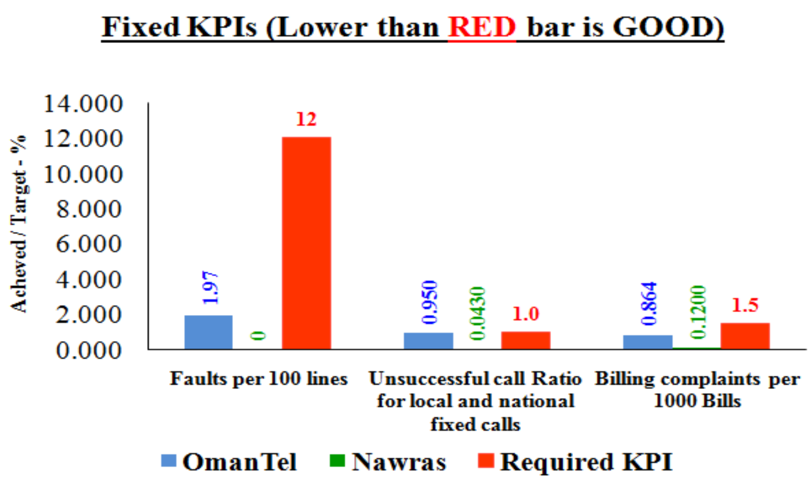
Mobile KPIs

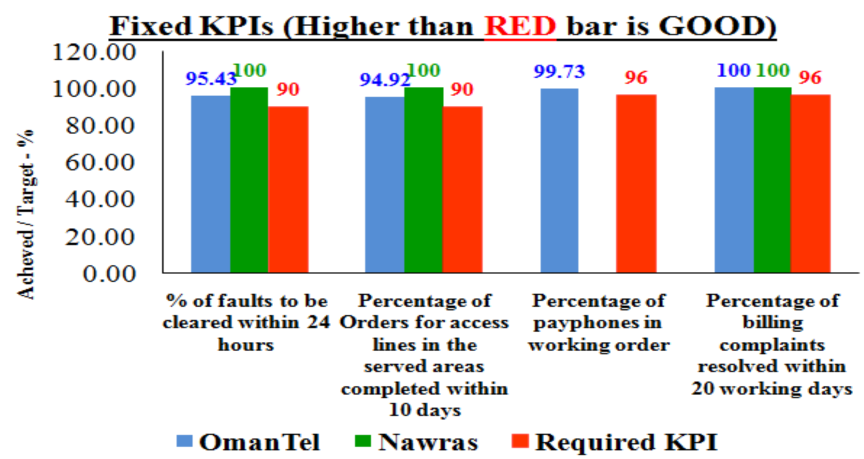






Fixed KPIs



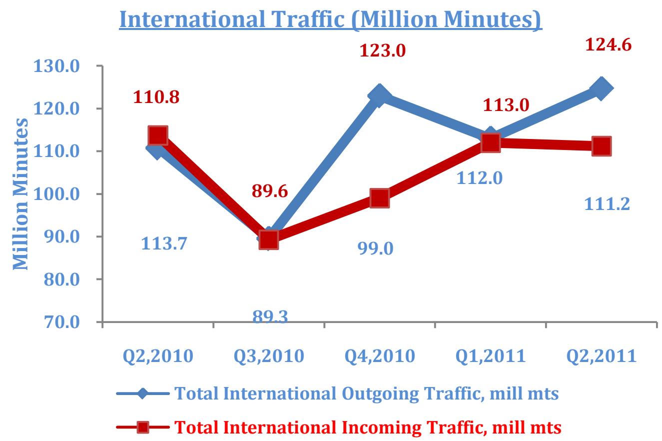


Traffic

Type of Service	As of Jun 2011	As of Mar 2011	% Change
Traffic:			
1. International outgoing Telephone (minutes) -In Millions	124.6	113.0	10.3%
2. International Incoming Telephone (minutes) -In Millions	111.2	112.0	-0.7%
3. Total Mobile SMS Sent - In Millions	1,458	1,418	2.9%
4. Total Mobile MMS Sent - In Millions	16.41	8.37	96.1%

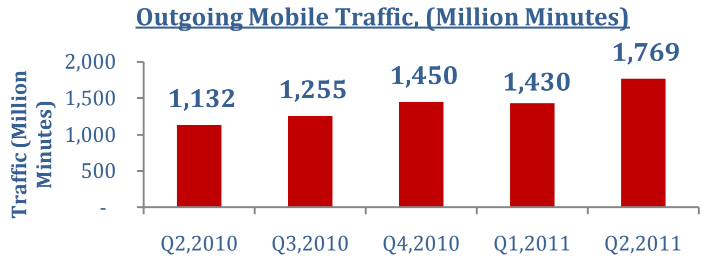
International Traffic for Voice(Million Minutes): Outgoing & Incoming

- As of June 2011, outgoing International Traffic experienced a increased by 10.3% while the incoming international traffic experienced a decrease of 0.7% over previous quarters.



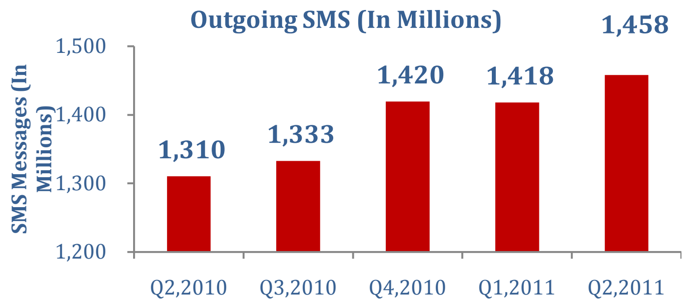
Outgoing Mobile Traffic (Minutes)

- The total originated mobile traffic reached 1,769 million minutes during this quarter. This has shown an increase of 23.7% compared to the previous quarter.



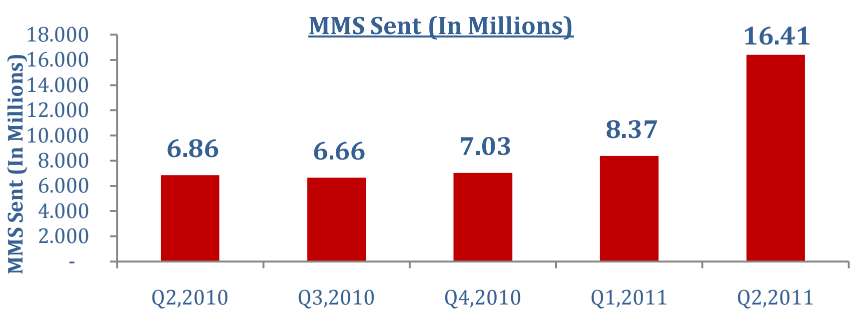
SMS (Sent) – In Millions

- The total volume of Sent SMS messages were increased to 1458 million SMS during Q2, 2011from 1,418 million SMS , which is 2.8% higher compared to Q1, 2011.



Mobile MMS (Sent) – On Millions

- By end of second quarter 2011, the total volume of originated MMS also increased to 16.41 million from 8.37 million, which is 96.1% higher than Q1, 2011.



Type Approval

Type Approval

During the 2nd quarter 2011, TRA :

- Approved a total number of 122 (Previous Quarter 280) Telecom Equipments
- Renewed 57 (Previous Quarter: 65) registrations of Telecom Dealers and registered 68 (Previous Quarter :117) new dealers
- Issued 196 (Previous Quarter: 197) Releases to Customs for Imported Telecom equipments
- Inspected 40 (Previous month 21) Violations (Breakdown by Type indicated in the graph).