Telecom Market Indicators

Report: Q3, 2011

(July 2011 – September 2011)

Market Research & Planning

Economic Affairs Unit

Table of Contents

Introduction

This is the 3rd 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).

Disclaimer

The TRA tries its best to ensure accuracy of the information provided in this report. However, TRA shall not be liable for any loss, damage, cost or expense whether direct, indirect, or consequential, incurred by, or arising by reasons of, any person using or relying on this information and whether caused by reason of any inaccuracy, error, omission or misinterpretation or otherwise.

Executive Summary

Market Observations

- The Sultanate of Oman witnessed growth in the Telecom Sector during Q3, as on Sep 2011 compared to Q2, as on June 2011 status.
- By the end of Q3 2011, The Fixed subscribers increased by 2.05%, (from 279,257 to 284,969) , Mobile Subscribers also increased by 2.45% (from 4,578,592 to 4,690,906) and Fixed Internet subscribers also increased by 3.31% (from 75,139 to 77,626)
- Penetration Rates also increased during Q3, 2011 to 10.27% for Fixed, 169.12% for Mobile and 19.30% for Internet services. Further, Mobile Broadband Penetration rate increased by to 86.78% and the Estimated Internet Users increased to 76% compared to Q2, 2011.
- The number of Fixed broadband subscribers increased by 6.97% (from 60,654 subscribers in Q2, to 64,879 subscribers in Q3).
- International Internet bandwidth capacity increased by 6.5% from 16,578 Mbps to 17,663 Mbps, over the previous quarter.
- International calls: Total International Outgoing Voice Traffic increased by 5.9% in the Q3 (from 124.6 Mio minutes to 132.0 Mio minutes) while the Total International Incoming traffic experienced a marginal decrease by 0.4% (from 111.2 Mio minutes to 110.7 Mio minutes) compared to previous quarter.

Tariff Plans & Promotions

- A total of 23 (Previous quarter: 12) Promotional offers were approved during the quarter (OmanTel=2, OmanMobile =8, Nawras =7, Renna =1 and Friendi =5).

Type Approval

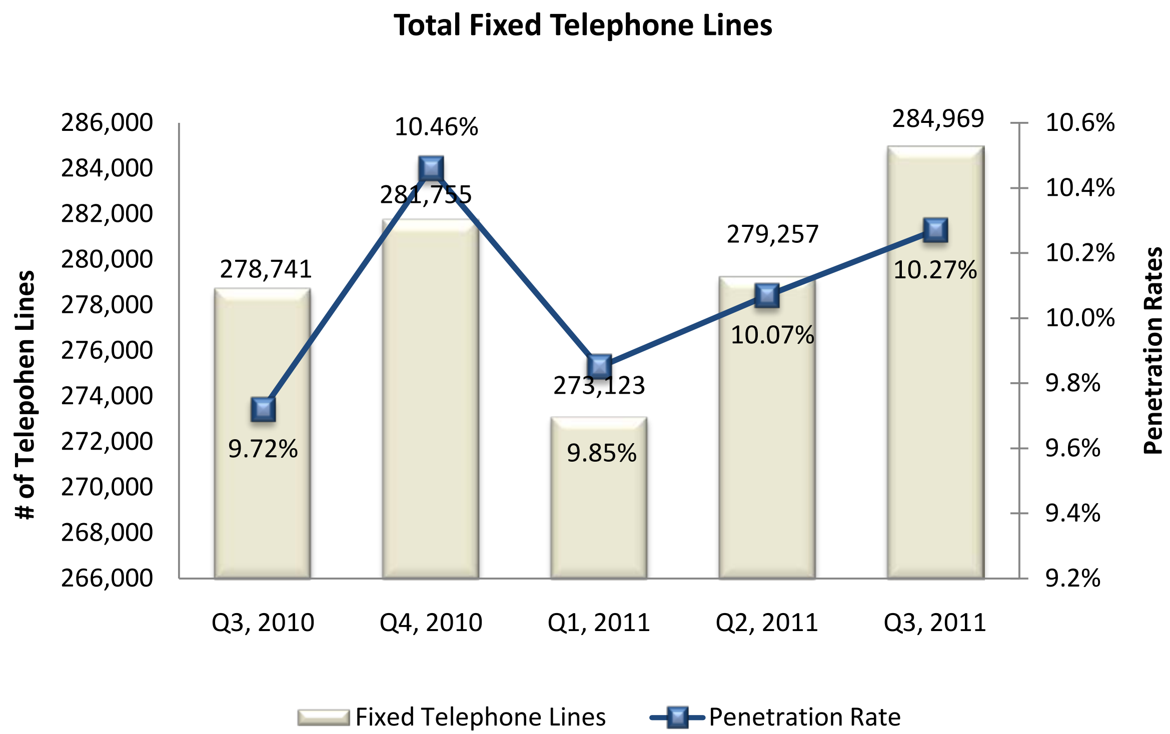
- During the 3rd quarter 2011, TRA approved a total number of 167 Telecom Equipments, Renewed 47 registrations of Telecom Dealers and registered 77 new dealers, Issued 231 Releases to Customs for Imported Telecom equipments and 130 inspected Violations.

Fixed & Mobile Sector at a Glance

Type of Service	As of Sep 2011	As of Jun 2011	% Change
1. Main Fixed Telephone Lines:			
1.1 Post Paid	209,087	205,970	1.51%
1.2 Pre-Paid	29,939	27,694	8.11%
1.3 Public Telephone – Payphone	6,801	6,801	0.00%
1.4 ISDN Equivalent Channels	39,142	38,792	0.90%
Total Fixed Telephone Lines in Operation (1.1-1.4)	**284,969**	**279,257**	**2.05%**
Fixed Line Penetration	10.27%	10.07%	2.05%
2. Mobile Subscribers:			
2.1 Post Paid			
2.1.1 Operators	428,068	417,828	2.45%
2.1.2 Resellers	-	-	-
Total Postpaid Subscribers	**428,068**	**417,828**	**2.45%**
2.2 Pre Paid			
2.2.1 Operators	3,712,863	3,656,853	1.53%
2.2.2 Resellers	549,975	503,911	9.14%
Total Prepaid Subscribers	**4,262,838**	**4,160,764**	**2.45%**
Total Mobile Subscribers: (2.1+2.2)	**4,690,906**	**4,578,592**	**2.45%**
Mobile Penetration	169.12%	165.08%	2.45%

NOTE: Penetration rates are based on the latest published figures by MoNE Census 2010 (Final Population: 2,773,479 & Estimated Household: 402,286).

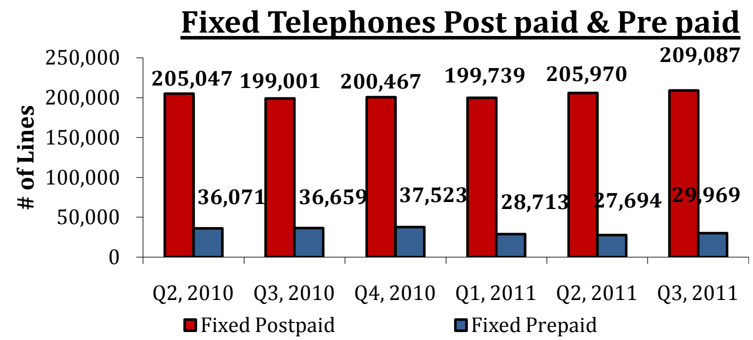
Fixed Telephone Service



- Q3, 2011 ended with 284,969 fixed lines compared to 279,257 lines, an increase of 5,712 (2.05%) compared to previous quarter.
- There was an increase in demand for fixed services due to the Home broadband promotion which started in Mid Aug & the uptake affectively started in September 2011.
- Fixed line penetration rate was 10.27% as of Q3, 2011 with 2.05% increased over Q2, 2011.

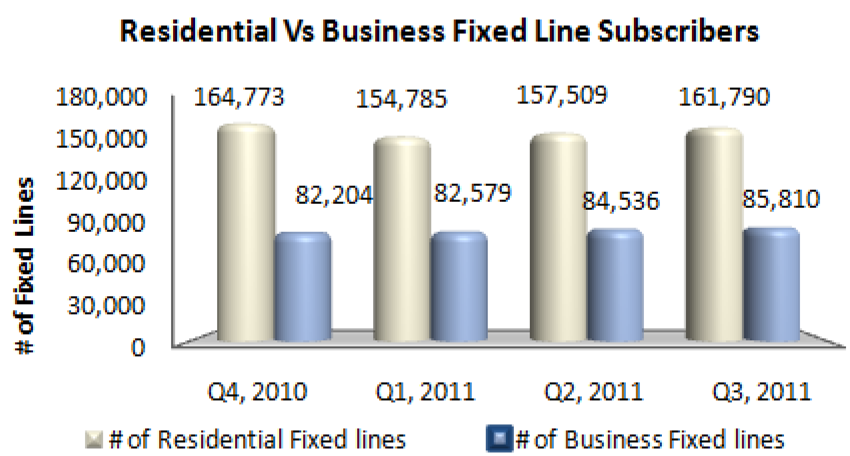
Fixed Line: Post paid & Prepaid

- The fixed post paid lines increased by 1.51% from the 2nd quarter resulting in total of 209,087 post paid lines.
- Quarter-3 ended with 29,969 prepaid connections. This number also increased by 8.21% over the previous quarter.



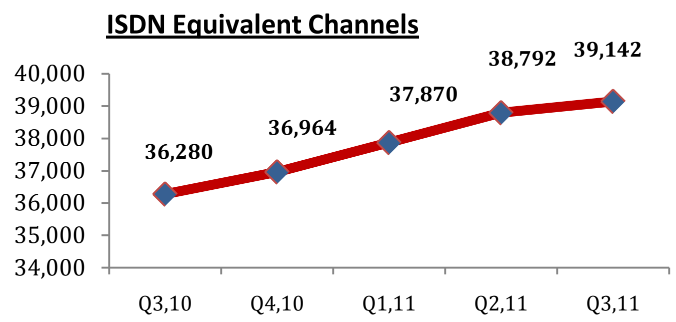
Residential Vs Business/Government Fixed Lines

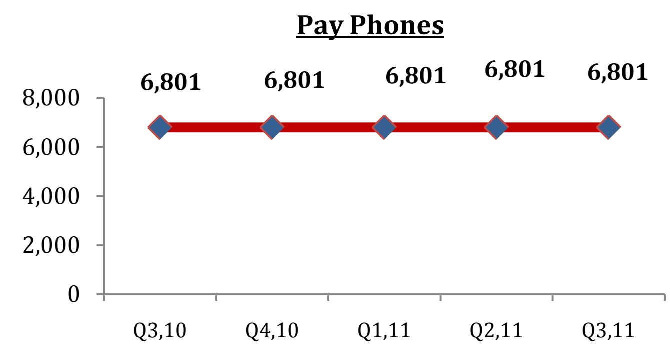
- The Number of residential lines between Q3, 2011 and Q2, 2011 increased by 2.72%.
- Out of the total fixed lines, the Residential were 65.34% and Business constituted 34.66%.
- Omantel residential fixed lines increased to 153,016 from 152,044, an increase of 0.64% over previous quarter. Business fixed lines also increased to 84,488 from 83,614, an increase of 1.05% over previous quarter.
- Nawras residential fixed lines increased to 8,774 from 5,465, an increase of 60.5% over previous quarter over previous quarter. Business fixed lines also increased to 1,322 from 922 an increase of 43.38% over previous quarter.



Payphones / ISDN Equivalent Channels

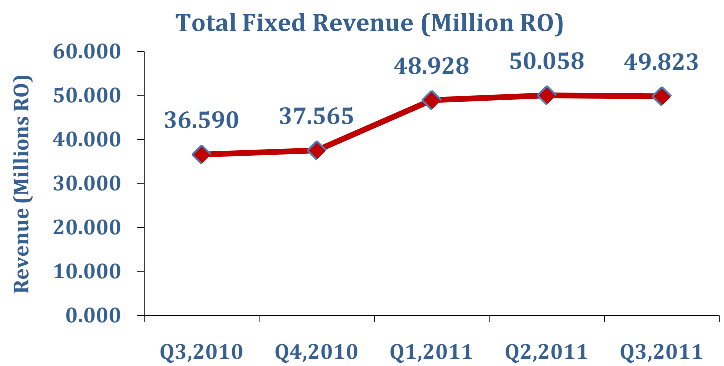
- The ISDN Equivalent Channels showed a slight increase of 0.9% from the Q2, 2011 resulting in total of 39,142 Subscribers.
- Public Payphones remained static for the last five quarters with the total of 6,801 pay phones in service.



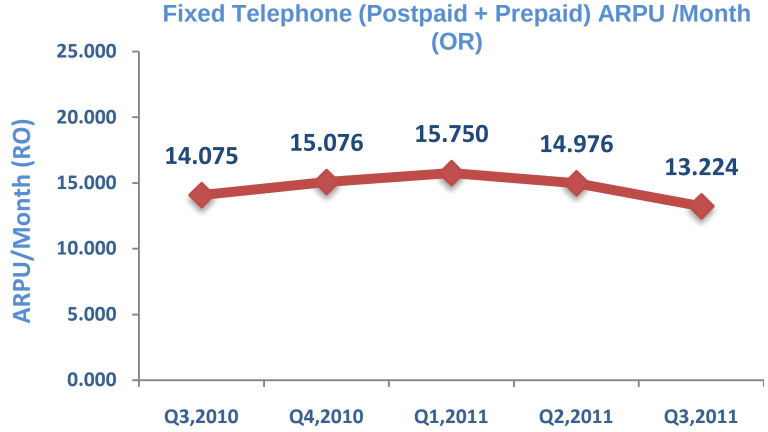


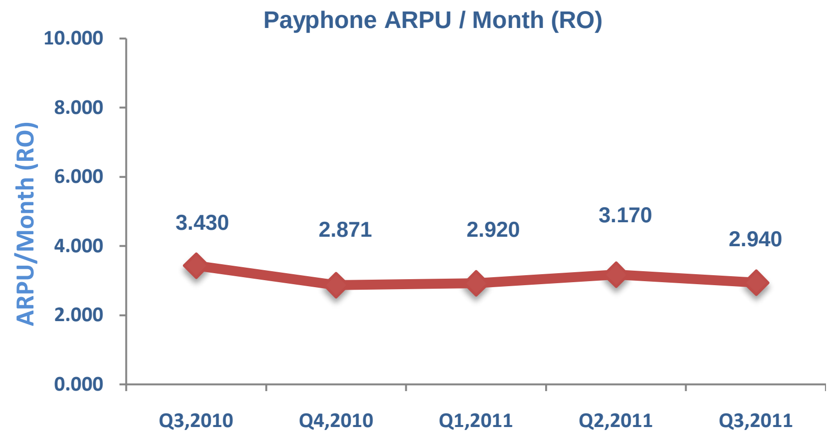
Fixed Line Revenue and ARPU's/month (OR)

Q3, 2011 registered revenue from fixed telephone line and internet services of RO 49.823 million, 0.5% less than previous quarter:

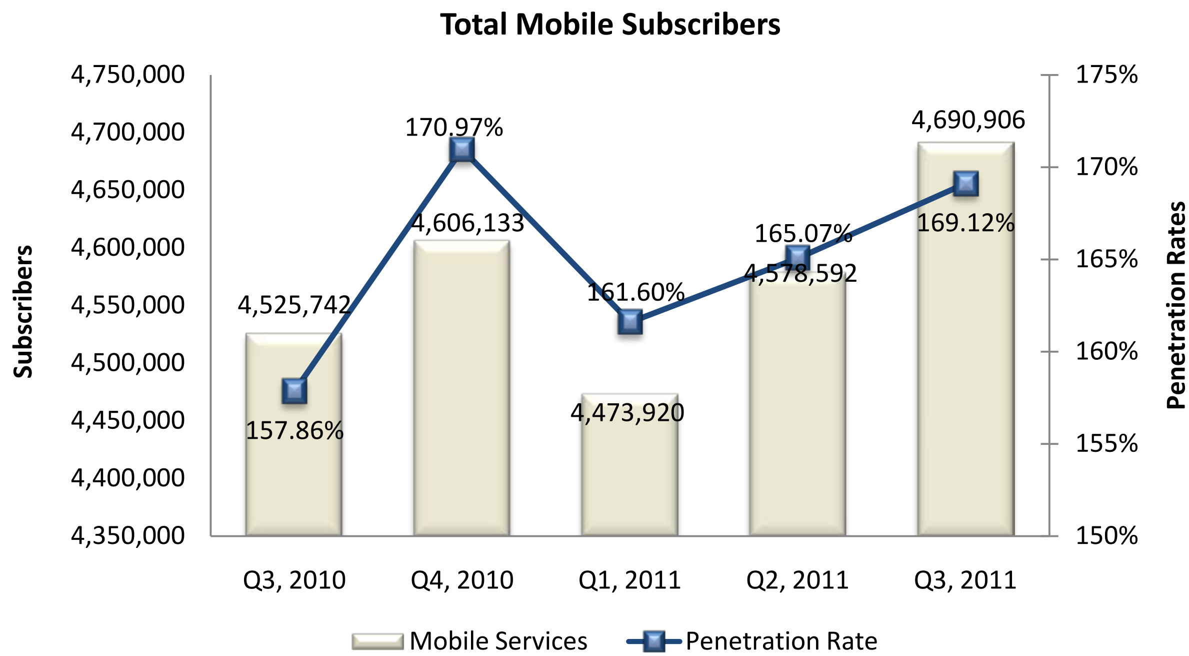


Fixed Telephone (Postpaid + Prepaid) and Payphone ARPU per month are as follows:





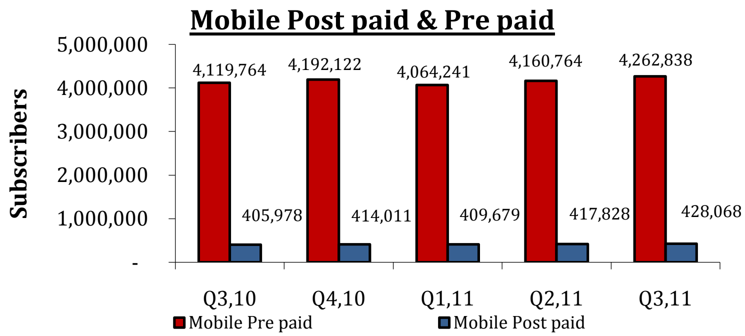
Mobile Cellular Service



- By end of Q3, 2011, total mobile subscribers stood at 4,690,906 with an increase of 112,314 subscribers during this quarter.
- The penetration rate of mobile subscribers was 169.12% by Q3, 2011, recording an increase of 2.45% from the previous quarter.

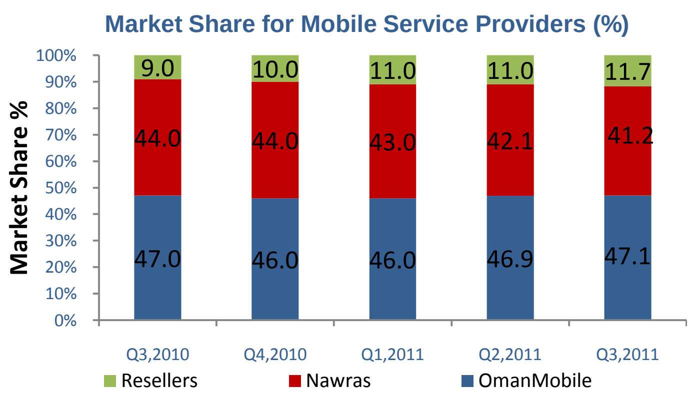
Mobile Post paid & Prepaid Subscribers

	Mobile Pre paid	Mobile Post paid
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
Q3,2011	4,262,838	428,068



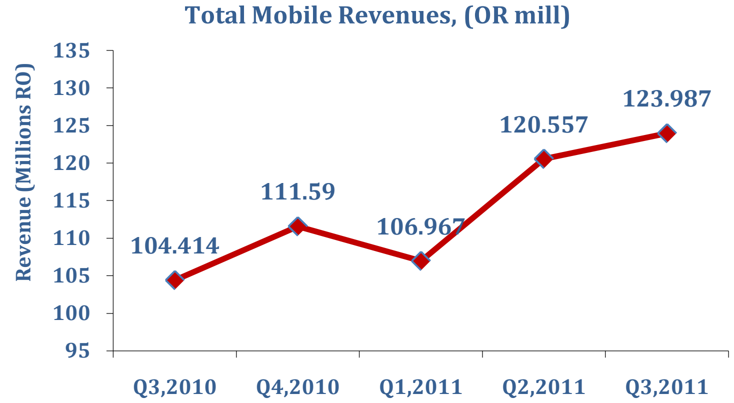
- Postpaid mobile subscribers stood at 428,068 at the end of 3rd Quarter 2011 showing an increase of 2.45% compared to previous quarter.
- Prepaid mobile subscribers were 4,262,838 also showing an increase of 2.45% compared to Q2, 2011.

Mobile Market Share

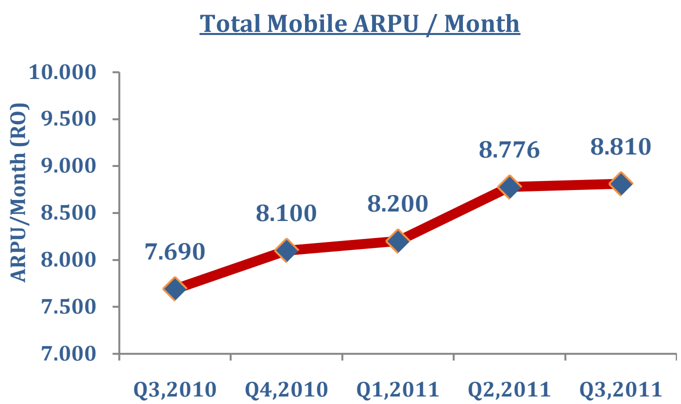


- As of end of September 2011, Oman Mobile possessed a market share of 47.1% while Nawras owned 41.2%. Resellers achieved 11.7% market share during the reported quarter.

Mobile Revenue and ARPU's/Month (OR)



- The mobile sector has generated total revenue of OR 123.987 million, 2.85% more than the previous quarter.
- Mobile subscribers are contributing with monthly revenue of RO 8.81 per subscriber.



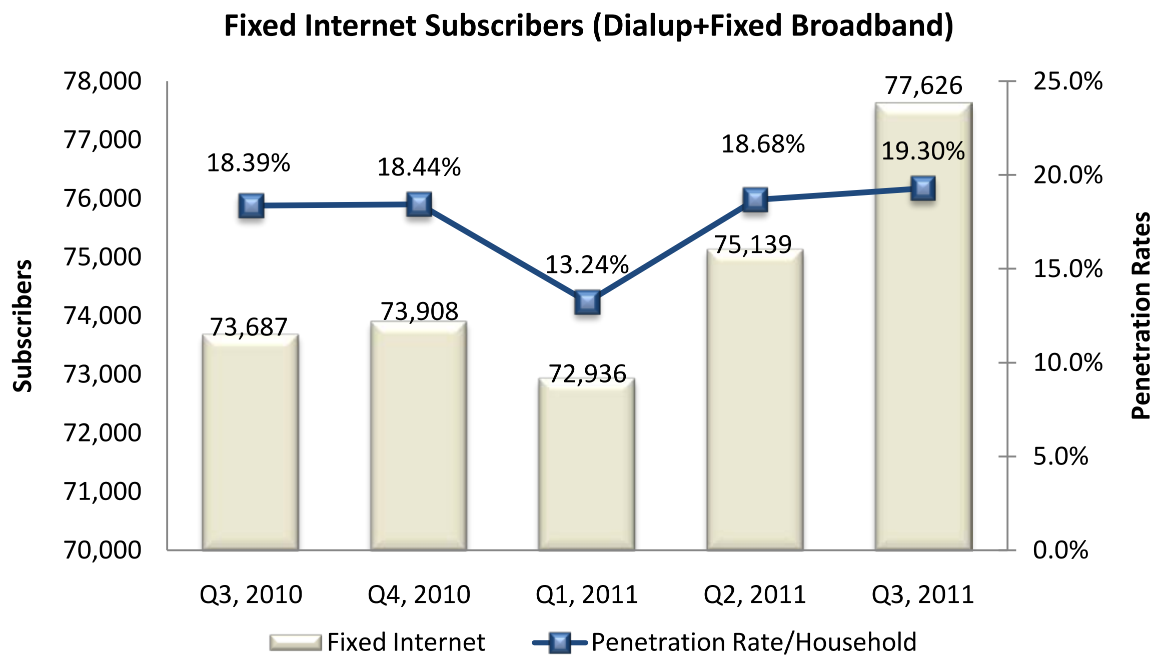
Internet Services

Type of Service	As of Sep 2011	As of Jun 2011	% Change
Internet Subscribers:			
1. Dial Up Subscribers			
1.1 Post Paid	9,212	10,479	-12.09%
1.2 Pre Paid**	3,535	4,006	-11.76%
Total Dial-Up Subscribers: (1.1+1.2)	**12,747**	**14,485**	**-12.00%**
2. Fixed Broadband Subscribers			
2.1 Total Fixed Broadband Subscribers	64,879	60,654	6.97%
Total Fixed Broadband Subscribers Penetration per Household	16.13%	15.08%	6.97%
Total Fixed Internet Subscribers (1.1+1.2+2.1)	**77,626**	**75,139**	**3.31%**
Total Internet Penetration per Household	19.30%	18.68%	3.31%
3. Mobile Broadband Subscribers* **	**2,407,113**	**2,197,771**	**9.53%**
Mobile Broadband Penetration	86.78%	79.23%	9.53%
4. Internet Users			
4.1 Estimated fixed internet users****	450,231	435,806	3.31%
4.2 Estimated mobile internet users	1,654,274	1,402,495	17.95%
Total Estimated Internet Users; (4.1+4.2)	**2,104,505**	**1,838,301**	**14.48%**
Estimated Internet Users' Penetration	76%	66%	14.48%

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 are based on the latest published figures by MoNE Census 2010 (Final Population: 2,773,479 & Estimated Household: 402,286).

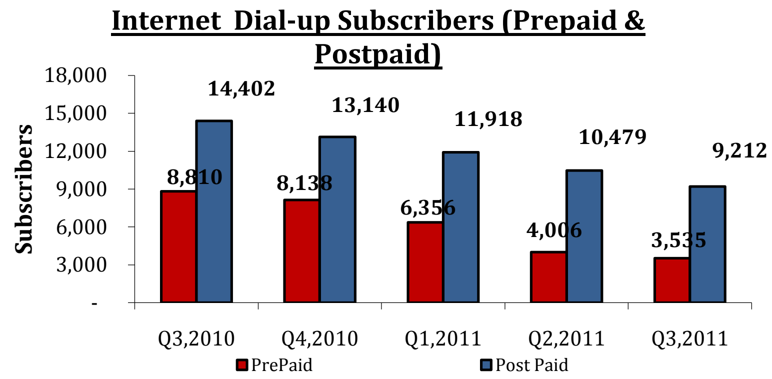
Fixed Internet Subscribers (Including Dial-Up + Fixed Broadband)



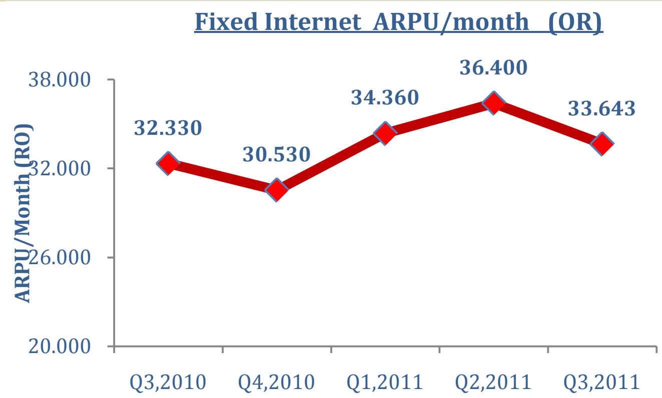
- Q3, 2011 had total fixed Internet subscribers of 76,626 with 3.31% increase against the previous quarter.
- Fixed internet subscribers' penetration rate per Household increased to 19.30% from 18.68% of Q2, 2011.

Internet Dial up (Post paid & Prepaid Subscribers)

- The third quarter also showed a further decline in the number of Internet Dial-up (Postpaid & Prepaid) subscribers by 12% from the previous quarter.



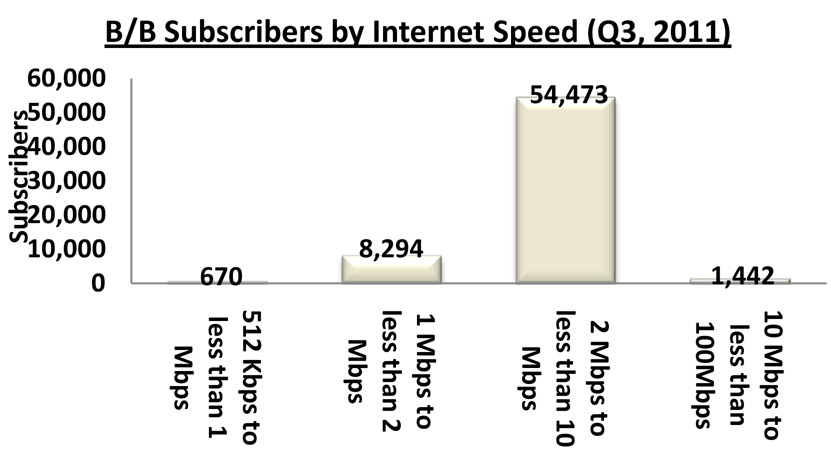
Fixed Internet ARPU's/month (OR)

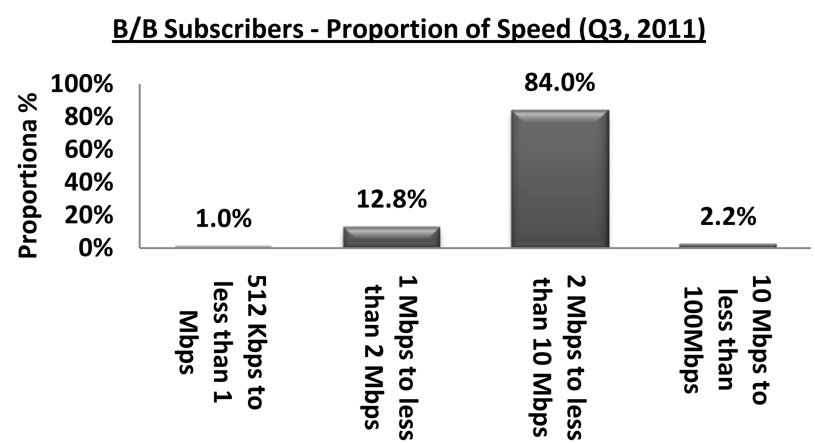


- Fixed internet ARPU decreased during Q3, 2011 to 33.643 from 36.400 of Q2, 2011, a decrease of 7.5% over previous quarter.

Fixed Broadband Subscribers

Fixed Broadband Subscribers by Speed	As of Sep 2011	As of Jun 2011	% Change
1. 512 Kbps to less than 1 Mbps	670	429	56.2%
2. 2 Mbps to less than 2 Mbps	8,294	48,727	-83.0%
3. 2 Mbps to less than 10 Mbps	54,473	10,245	431.7%
4. 10 Mbps to less than 100Mbps	1,442	1,253	15.1%
5. 100 Mbps to less than 1 Gbps	-	-	-
6. Above 1 Gbps	-	-	-
Total Fixed Broadband Subscribers (1 to 5)	**64,879**	**60,654**	**6.97%**

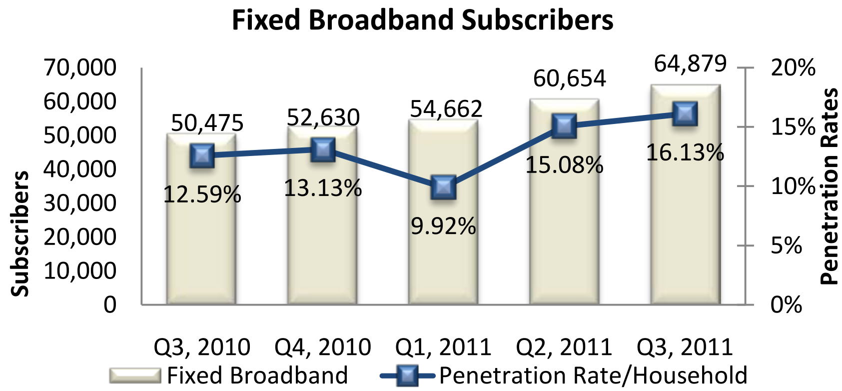




- 1.0% of Broadband subscribers during Q3, 2011 had access speed of 512Kbps to less than 1 Mbps.
- 12.8% of Broadband subscribers during Q3, 2011 had access speed of 1Mbps to less than 2 Mbps.
- 84.0% of Broadband subscribers during Q3, 2011 had access speed of 2 Mbps to less than 10 Mbps.
- 2.2% of the broadband subscribers have access to 10 Mbps and above

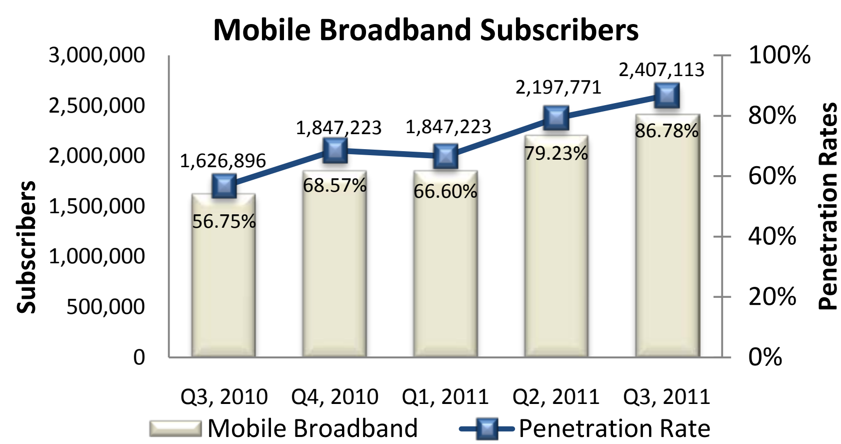
Fixed Broadband Subscribers

- Fixed Broadband subscription increased by 4,225 to 64,879. Penetration rate per Household also increased to 16.13% from 15.08% of Q2, 2011.



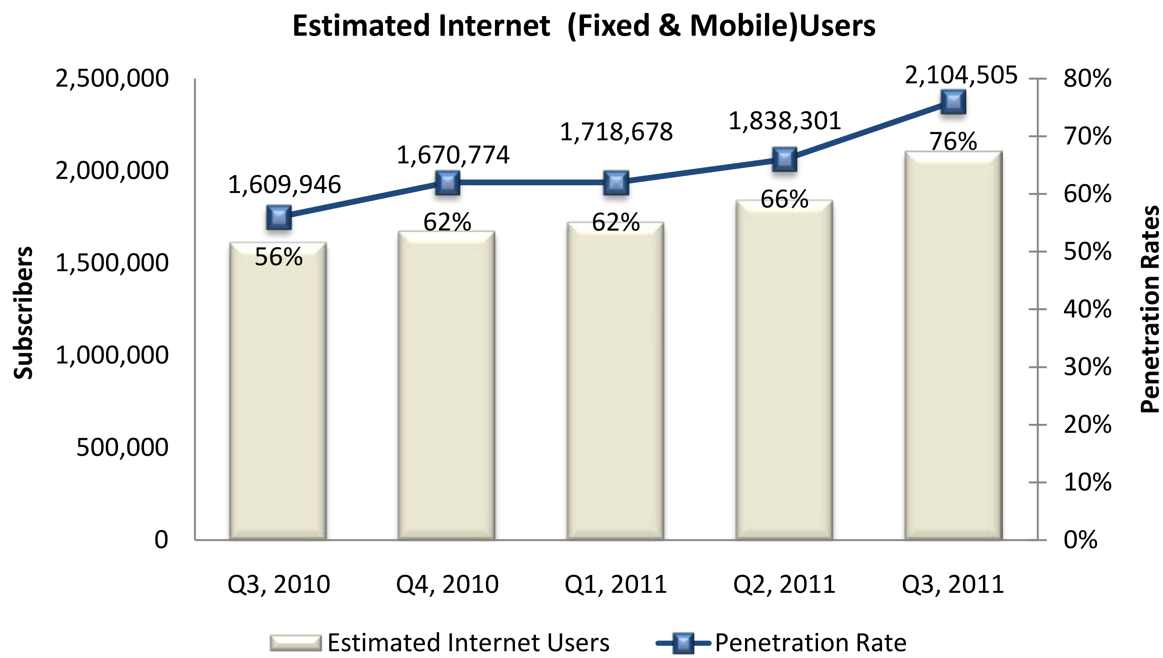
Mobile Broadband Subscribers

- Q3, 2011 recorded 2,407,113 as total mobile broadband subscribers with unique 3G supported devices, which is 9.53% higher than previous quarter.
- Mobile broadband subscribers' penetration rate stood at 86.78%.



هيئة تنظيم الاتصالات
Telecommunications Regulatory Authority

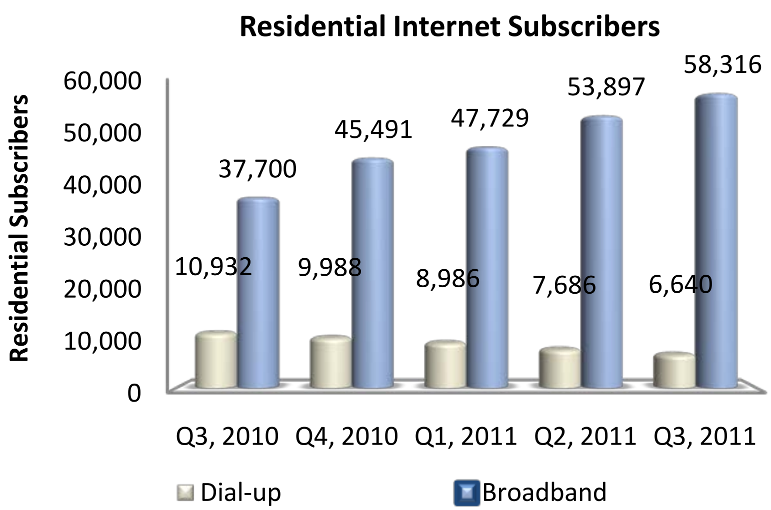
Estimated Internet Users (Fixed Internet Users + Mobile Internet Users)

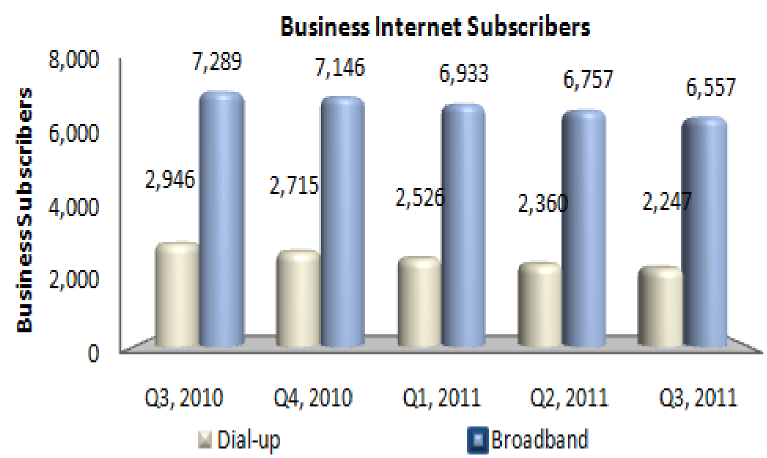


- In third quarter 2011 it recorded 2.10 Million Internet users with an increase of 14.5% over the previous quarter.
- Estimated internet users penetration rate increased to 76% from 66% of Q2, 2011.
- The Fixed estimated internet users are calculated using the 5.8 multiplier of the average household 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 Sep 2011	As of Jun 2011	% Change
Resident & Business Internet Subscribers				
1. Dial Up Lines	1.1 Residential	6,640	7,686	-13.61%
	1.2 Business / Government	2,247	2,360	-4.79%
	Total Dial up Internet Subscribers (1.1-1.2)	**8,887**	**10,046**	**-11.54%**
2. Broadband Lines	2.1 Residential	58,316	53,897	8.20%
	2.2 Business / Government	6,557	6,757	-2.96%
	Total Broadband Internet Subscribers (2.1-2.2)	**64,873**	**60,654**	**6.96%**
	GRAND TOTAL (1 + 2)	**73,760**	**70,700**	**4.33%**



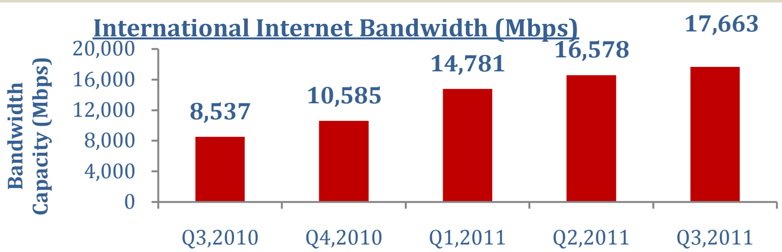


International Internet Bandwidth (Mbps) - Capacity

Type of Service	As of Sep 2011	As of Jun 2011	% Change
International Internet Bandwidth (Mbps)			
1. International Internet Bandwidth (Mbps) - Capacity	17,663	16,578	6.5%
2. International Internet Bandwidth (Mbps) - % Utilized (Outgoing)	8.4%	7.8%	7.0%
3. International Internet Bandwidth (Mbps) - % Utilized (Incoming)	59.2%	60.1%	-1.3%

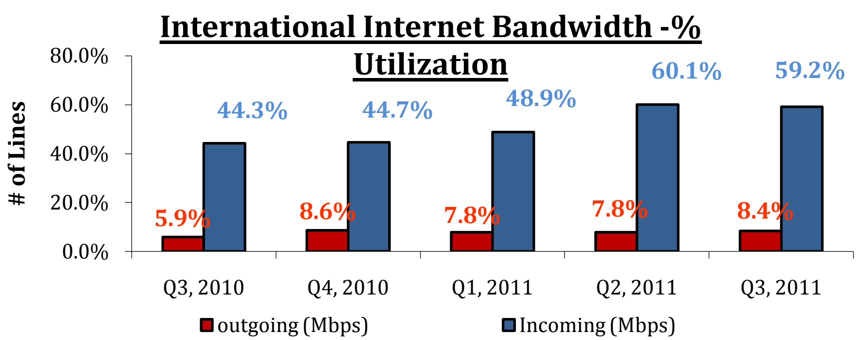
International Internet Bandwidth (Mbps)

- Q3, 2011 recorded 17,663 Mbps as total of international internet bandwidth capacity in the market. An increase of 6.5% over the previous quarter.



International Internet Bandwidth - % utilization

- Out of 17,663 Mbps capacity, on an average 8.4% has been utilized for the outgoing and 59.2% for the incoming.

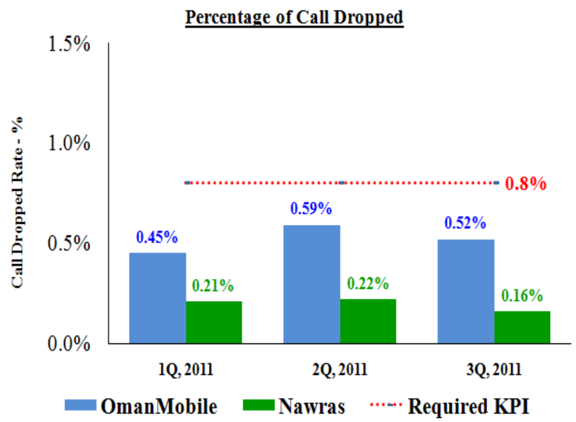


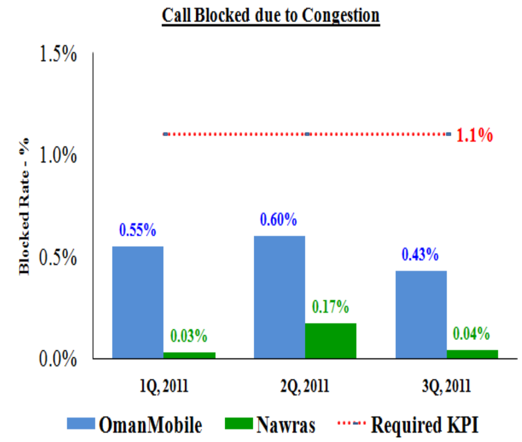
Quality of Service

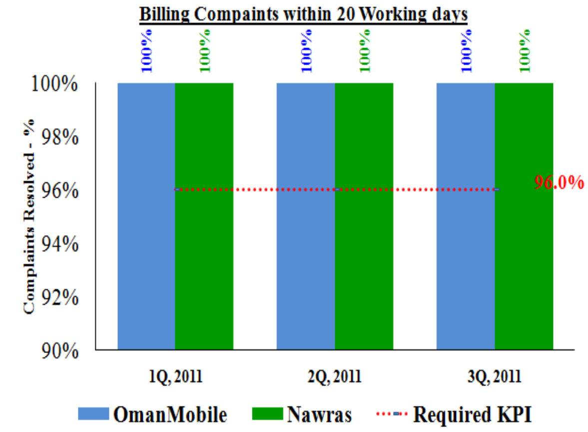
Mobile KPIs	Required KPI (Bi-Annual)	As of Sep 2011		As of Jun 2011	
		Oman Mobile	Nawras	Oman Mobile	Nawras
1. Percentage of Calls Dropped	Less than 0.8%	0.52%	0.16%	0.59%	0.22%
2. Percentage of Calls Blocked due to Congestion	Less than 1.1%	0.43%	0.04%	0.60%	0.17%
3. Percentage of billing complaints resolved within 20 working days	More than 96%	100%	100%	100%	100%

Fixed KPIs	Required KPI (Bi-Annual)	As of Sep 2011		As of Jun 2011	
		OmanTel	Nawras	OmanTel	Nawras
1. Faults per 100 lines	Less than 12	2.24	0	1.97	0
2. % of faults to be cleared within 24 hours	More than 90%	95.89%	100%	95.43%	100%
3. Unsuccessful call Ratio for local and national fixed calls	Less than 1%	0.96%	0.09%	0.95%	0.043%
4. Percentage of Orders for access lines in the served areas completed within 10 days	More than 90%	91.14%	98%	94.92%	100%
5. Percentage of payphones in working order	More than 96%	99.90%	N/A	99.73%	N/A
6. Billing complaints per 1000 Bills	Less than 1.5%	1.9%	0.03%	0.864%	0.120%
7. Percentage of billing complaints resolved within 20 working days	More than 96%	100%	100%	100%	100%

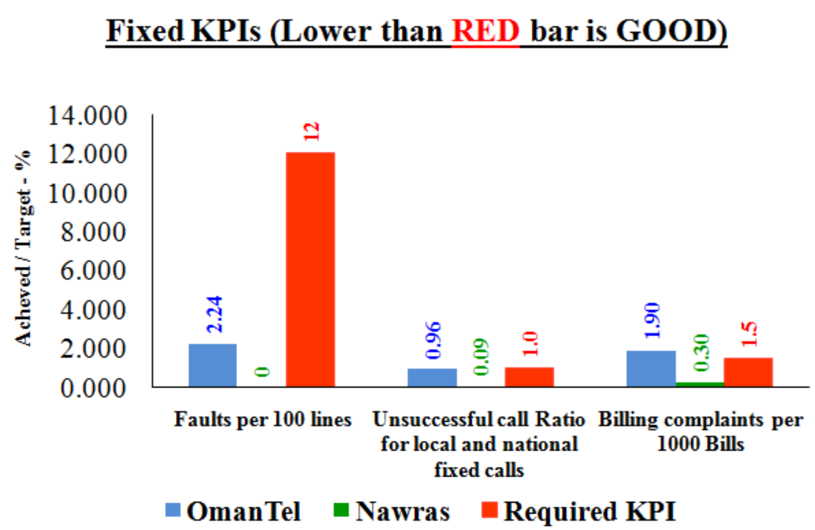
Mobile KPIs

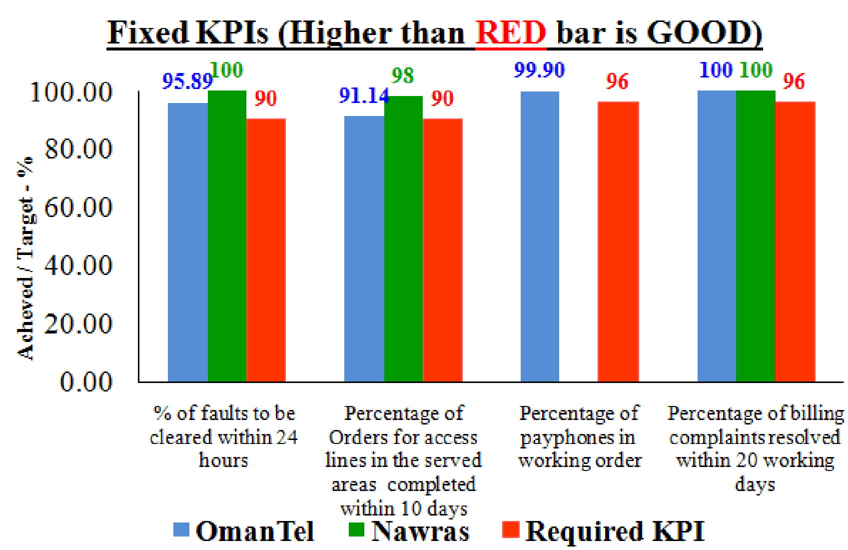






Fixed KPIs



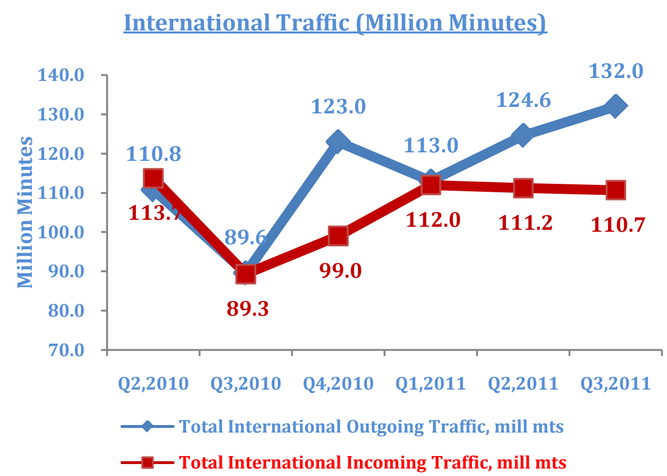


Traffic

Type of Service	As of Sep 2011	As of Jun 2011	% Change
Traffic:			
1. International outgoing Telephone (minutes) -In Millions	132.0	124.6	5.9%
2. International Incoming Telephone (minutes) -In Millions	110.7	111.2	-0.4%
3. Outgoing Mobile Traffic (Minutes) –In Millions	1,728	1,769	-2.3%
4. Total Mobile SMS Sent - In Millions	1,539	1,458	5.6%
5. Total Mobile MMS Sent - In Millions	7.34	16.41	-55.2%

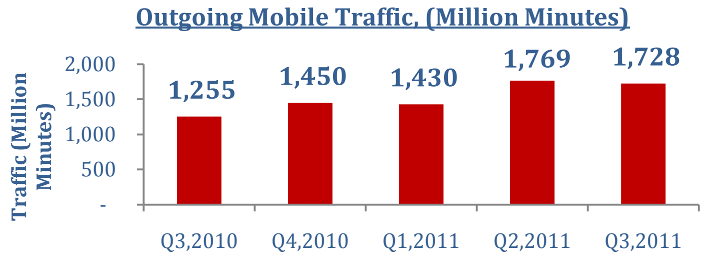
International Traffic for Voice (Million Minutes): Outgoing & Incoming

- During the quarter, outgoing International Traffic experienced an increased by 5.9%, while the incoming international traffic experienced a marginal decrease of 0.4% over the previous quarters.



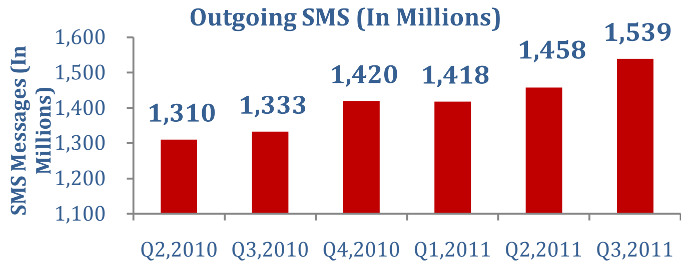
Outgoing Mobile Traffic (Minutes)

- The total originated mobile traffic decreased to 1,728 million minutes during this quarter from 1,769 million achieved during the previous quarter. This has shown a decrease of 2.3% compared to the previous quarter.



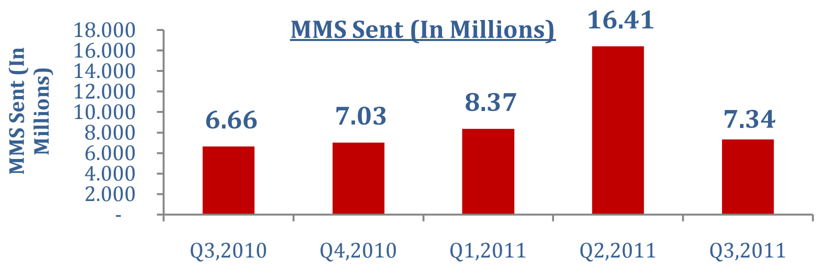
SMS (Sent) – In Millions

- The total volume of Sent SMS messages were increased to 1,539 million SMS during Q3, 2011from 1,458 million SMS, which is 5.6% higher compared to Q2, 2011.



Mobile MMS (Sent) – On Millions

- Q2, 2011 MMS traffic was high due to MMS Promotion offer during the months of April & May 2011.
- Q3, 2011 MMS traffic attained its normal trend in line with previous quarters and recoded at 7.34 Millions.



Type Approval

Type Approval

During the 3rd Quarter 2011, TRA :

- Approved a total number of 167 (Previous Quarter 122) Telecom Equipments.
- Renewed 47 (Previous Quarter: 57) registrations. of Telecom Dealers .
- Registered 77 (Previous Quarter: 68) new dealers.
- Issued 231 (Previous Quarter: 196) Releases to Customs for Imported Telecom equipments.
- Inspected 130 (Previous month 40) Violations (Breakdown by Type indicated in the graph).