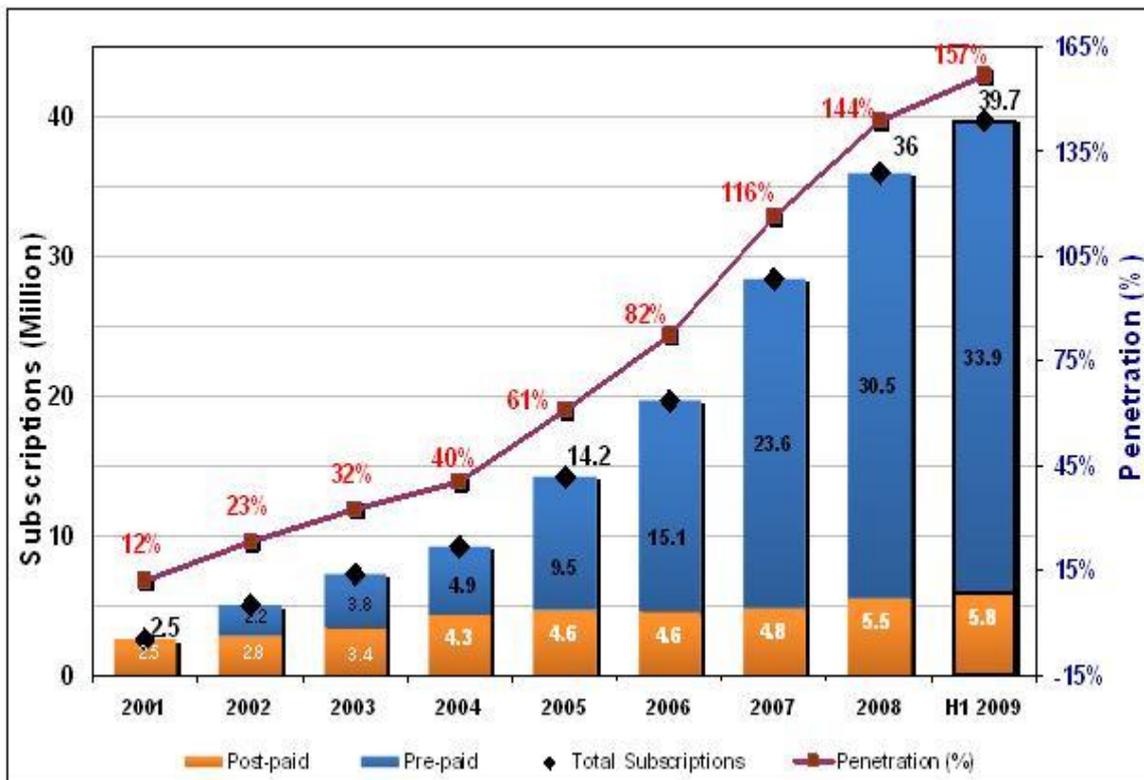


# ICT Indicators in the Kingdom of Saudi Arabia (H1 2009)

## 1- Mobile Telecommunications Market:

Competition in the mobile telecommunications market, which started in 2005, intensified in 2008 with the launch of the services of the third mobile licensee (Zain - Saudi Arabia). The total number of mobile subscriptions has grown to around 39.7 million (157% penetration) by H1 2009. The majority of these subscriptions are pre-paid (85%). Figure 1 depicts the mobile subscription evolution from 2001 to H1 2009.

Figure 1: Mobile Service Market Growth –Subscriptions (2001-H1 2009)

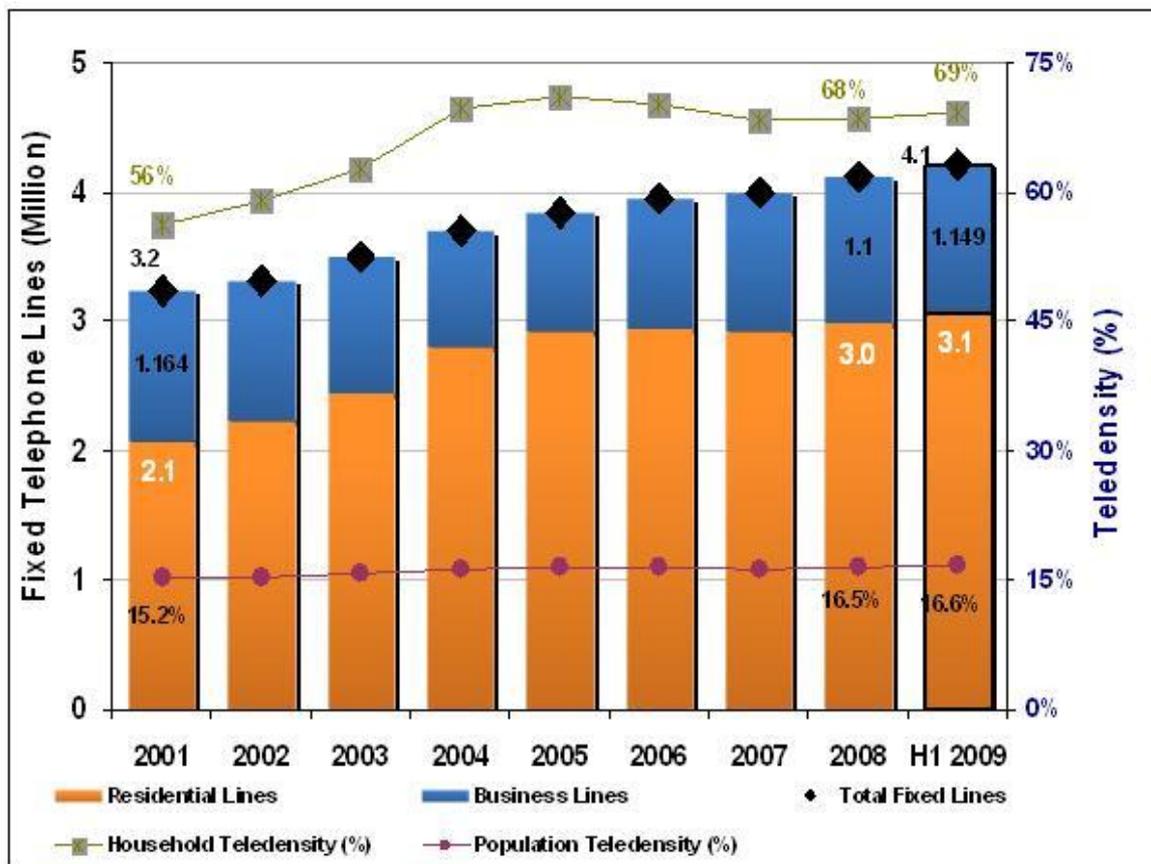


Note: Based on numbers reported by mobile service providers

## 2- Fixed Telephony Market:

Figure 2 below shows the evolution of fixed telephone service in Saudi Arabia from 2001 to H1 2009. Fixed telephone lines reached 4.207 million at H1 2009, of which around 3 million or 73% were residential lines. This represents a household teledensity of around 69%. The population teledensity is around 16.6% .

*Figure 2: Fixed Telephone Evolution in Saudi Arabia (2001-H1 2009)*



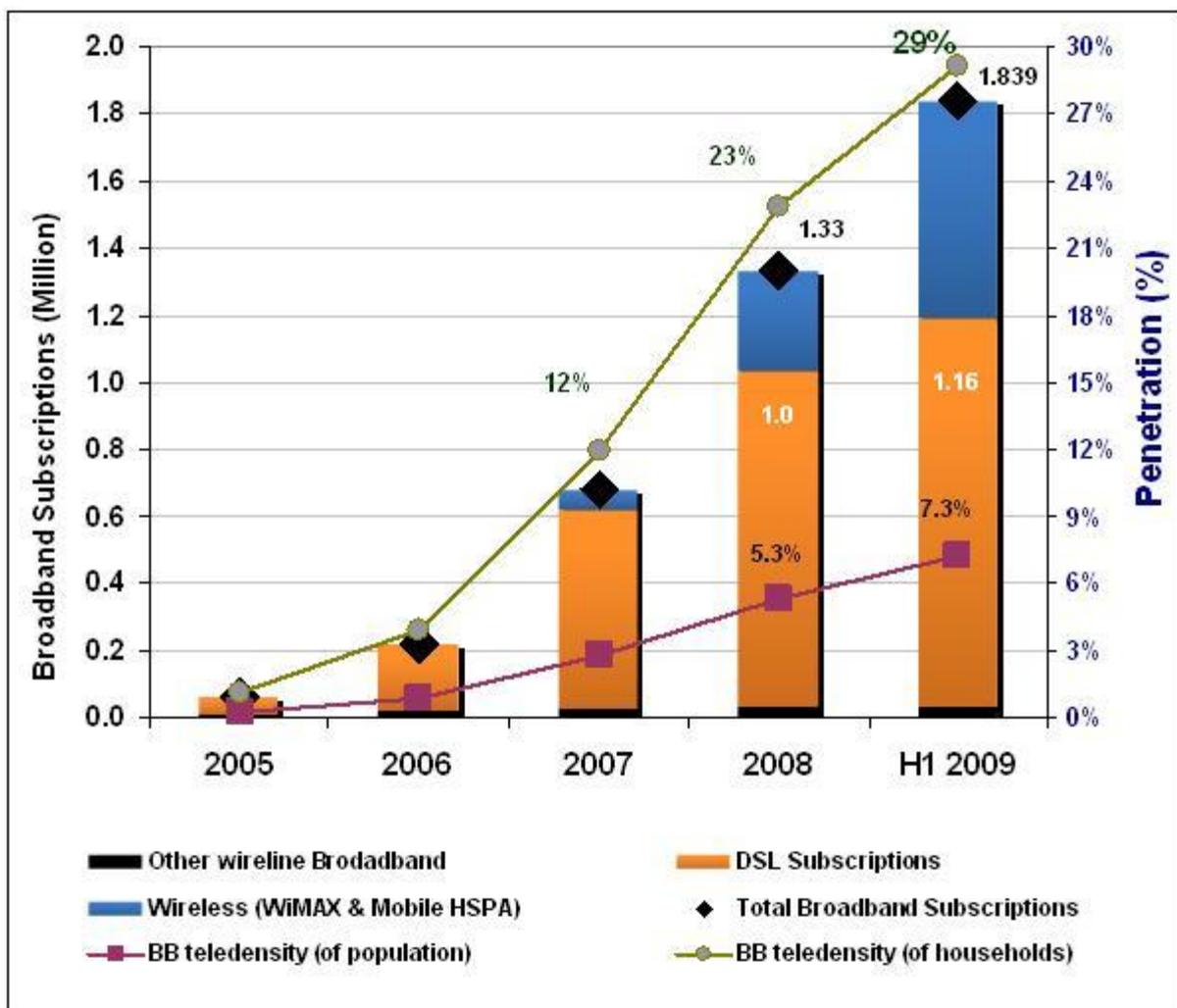
Note: Population teledensity is calculated by dividing total fixed telephone lines by the population, while household teledensity is calculated by dividing only residential lines by the number of households.

### 3- Broadband Services Market:

The number of broadband subscriptions has grown from 64,000 in 2005 to over 1.8 million at H1 2009, 35% increased from Q4 2008. The broadband penetration rate stood at around 7% of population by the end of H1 2009,

Broadband household penetration is a more relevant indicator as a single broadband connection in a house can provide high speed data access to all members of a household. By H1 2009, household broadband penetration stood at around 29% or 29 broadband connections for every 100 households.

*Figure 3: Broadband Market Evolution (2001-H1 2009)*

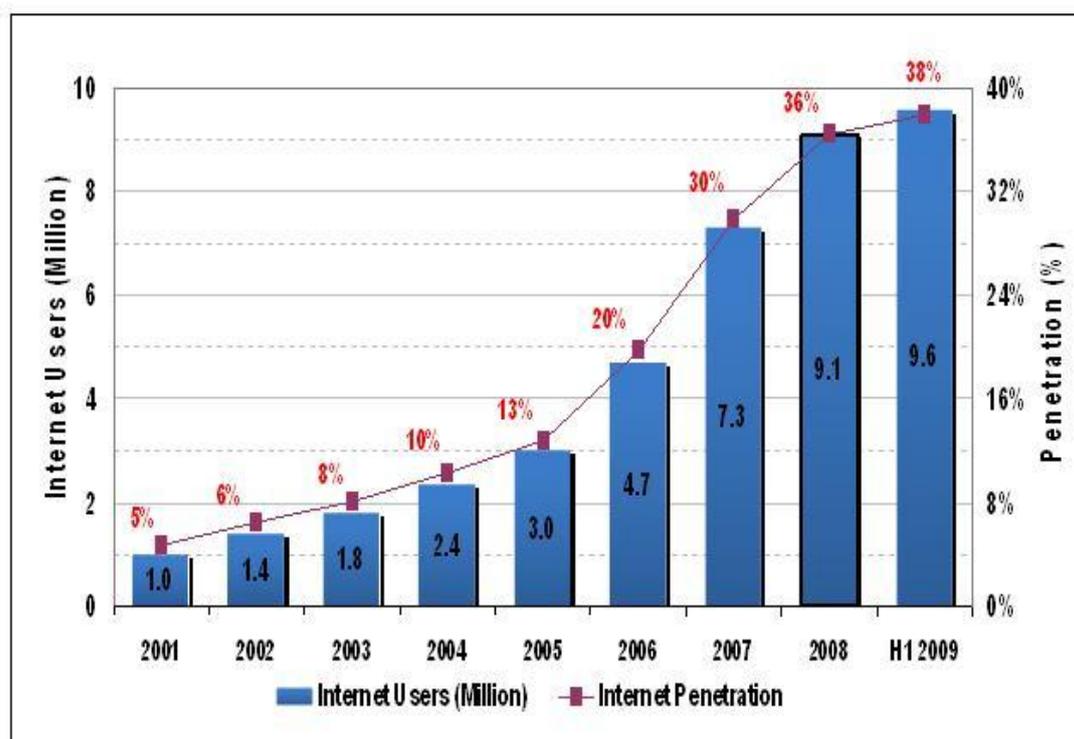


#### 4- Internet Services Market:

The number of Internet users grew from around 1 million in 2001 to an estimated 9.6 million at H1 2009, as shown in Figure 4. This corresponds to a cumulative average growth rate (CAGR) of around 35% per year (2001-H1 2009). Internet penetration increased to 38% of the population in H1 2009.

This rapid growth is attributed to increased public awareness; growth in availability of broadband services; decreasing cost of personal computers and Internet access; and enhanced usefulness of the Internet brought about through increased availability of local content, of Arabic language sites, and of e-services such as online banking, e-commerce and e-government applications.

*Figure 4: Internet Market Evolution (2001-H12009)*



Note: (1) For the years 2001-2006, numbers of users are CITC estimates based on reported Internet connections (dial-up and broadband).

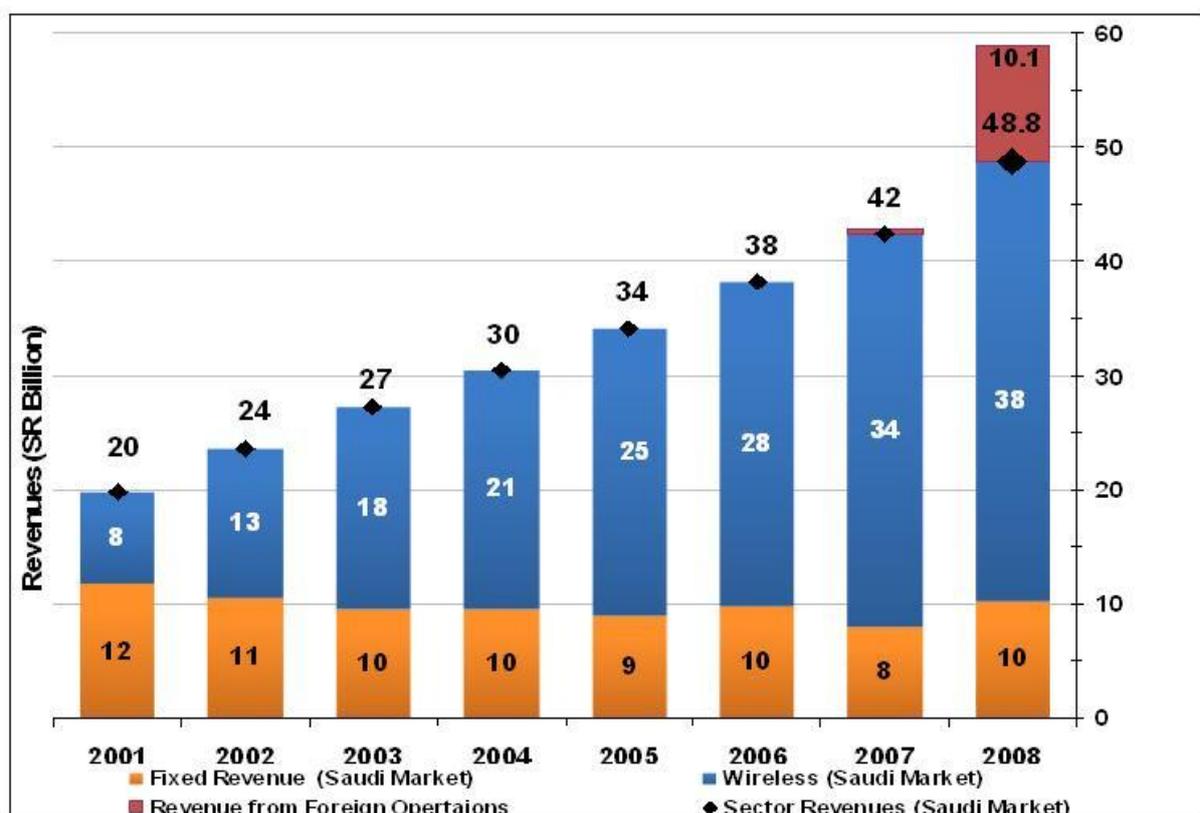
(2) For the years 2007 and 2008, the number of internet users are based on the results of 2 major field surveys of the Internet market commissioned by CITC. The numbers for H1 2009 are CITC estimates.

## 5- Telecom Services Sector Revenues:

Telecom services revenues have been steadily growing at a cumulative average rate of around 15% annually, increasing from around SR 20 billion (US\$ 5.3 billion) in 2001 to around SR 58.9 billion (US\$ 15.7 billion) in 2008. Mobile services revenues represent around 80% of all telecom sector revenues in the Saudi market. In H1 2009 Telecom services revenues recorded SR32 billion (US\$ 8.6 billion).

In addition to revenue from the domestic market, investment by Saudi licensed telecom companies in foreign telecom markets including Malaysia, Indonesia, India, Turkey and South Africa, have led to rapid growth of revenue for the sector from foreign operations, from zero in 2006 to SR 455 million in 2007 and to more than SR 10 billion in 2008, and expected to reach more than SR12 billion .

*Figure 5: Telecom Sector Revenues (2001-2008)*



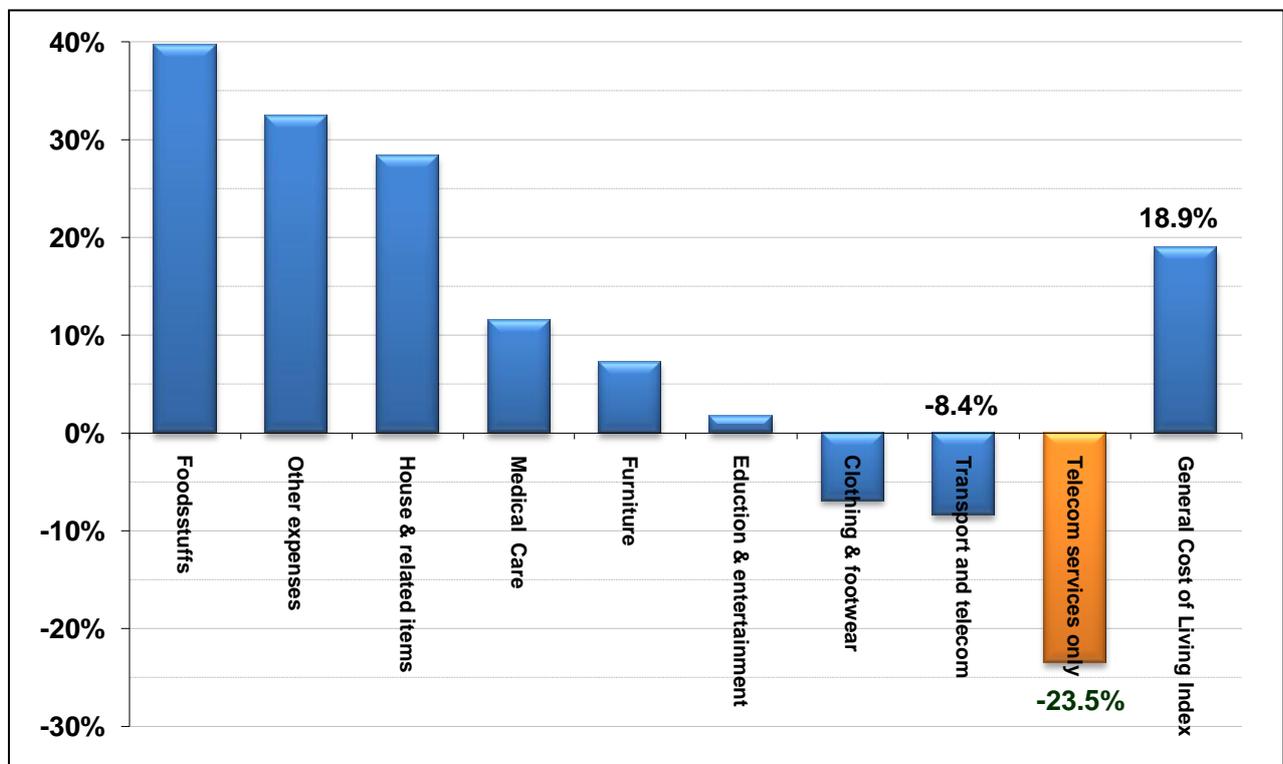
## 6- Telecom Services Prices and Inflation:

The liberalization of the telecom sector, and the resulting competition in the market, has led to remarkable benefits for the economy at large and for the consumers in particular – in terms of increased service availability, better quality services, improved customer care, more consumer choices, and lower prices.

While the cost of living index continued to rise in the last few years due to increased prices of most of its components, the prices of telecom services progressively decreased.

Figure 6 depicts the relative changes in the overall cost of living index (CLI) and of its major expenditure groups, during the period 2002 to 2008. The telecommunications services subgroup is also included in the Figure for ease of comparison. While the general CLI index increased by around 19% cumulatively over the last six years, with most of its expenditure groups rising, the transportation and telecom groups decreased by around 8.4%. Most notably, however, is that the telecom services subgroup went down during the same period by 23.5%.

*Figure 6: Change in the Cost of Living Index (inflation) in Saudi Arabia over the period 2002-2008 (cumulative)*



Source: CITC analysis is based on data published by the Central Department of Statistics & Information ([www.cdsi.gov.sa](http://www.cdsi.gov.sa))