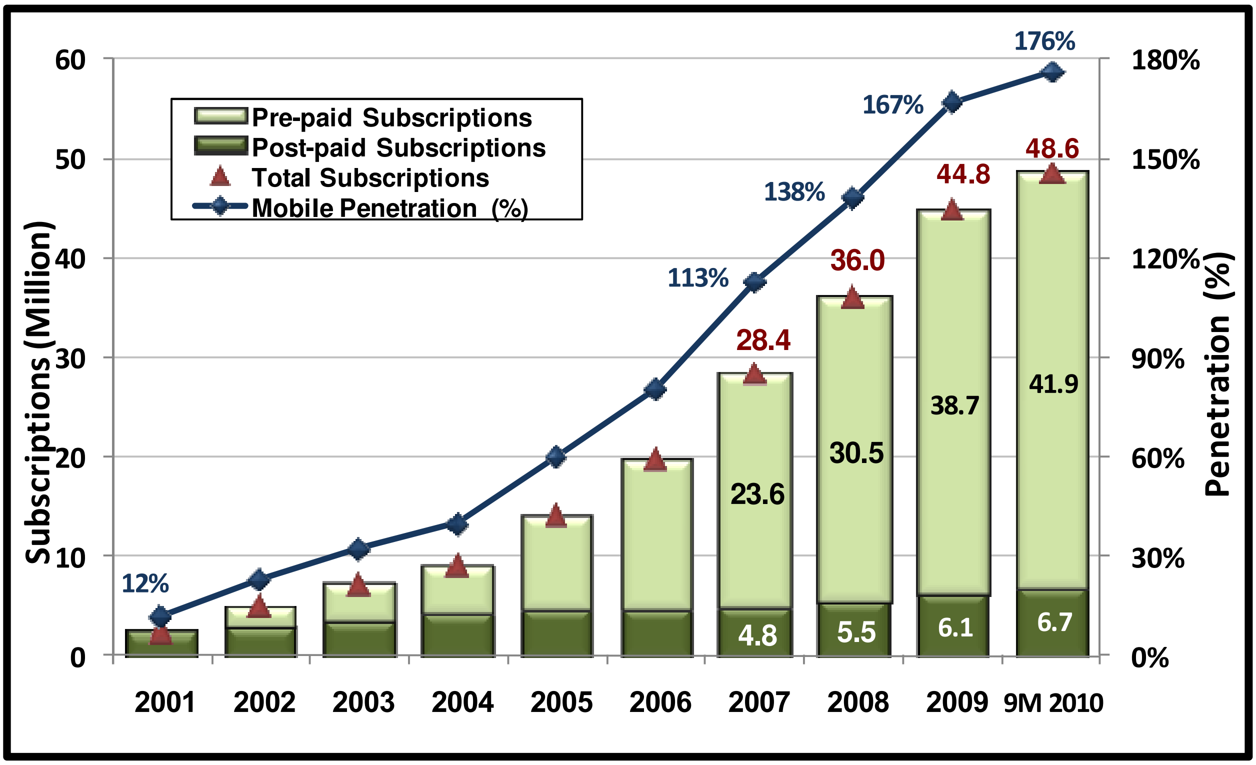
ICT indicators in K.S.A (Q3- 2010)

Mobile Telecommunications Market

Competition in the mobile telecommunications market, which started in 2005, has resulted in major developments in terms of service offerings, quality of service, customer care, reduced prices, and subscriber growth. The total number of mobile subscriptions grew to around 49 million by Q3 2010, with penetration stood at 176. %. Prepaid subscriptions constitute the majority (86%) of all mobile subscriptions, in line with the trend in other similar markets around the world.

Figure (1): Mobile Service Market Growth - Total Subscriptions (2001-Q3 2010)

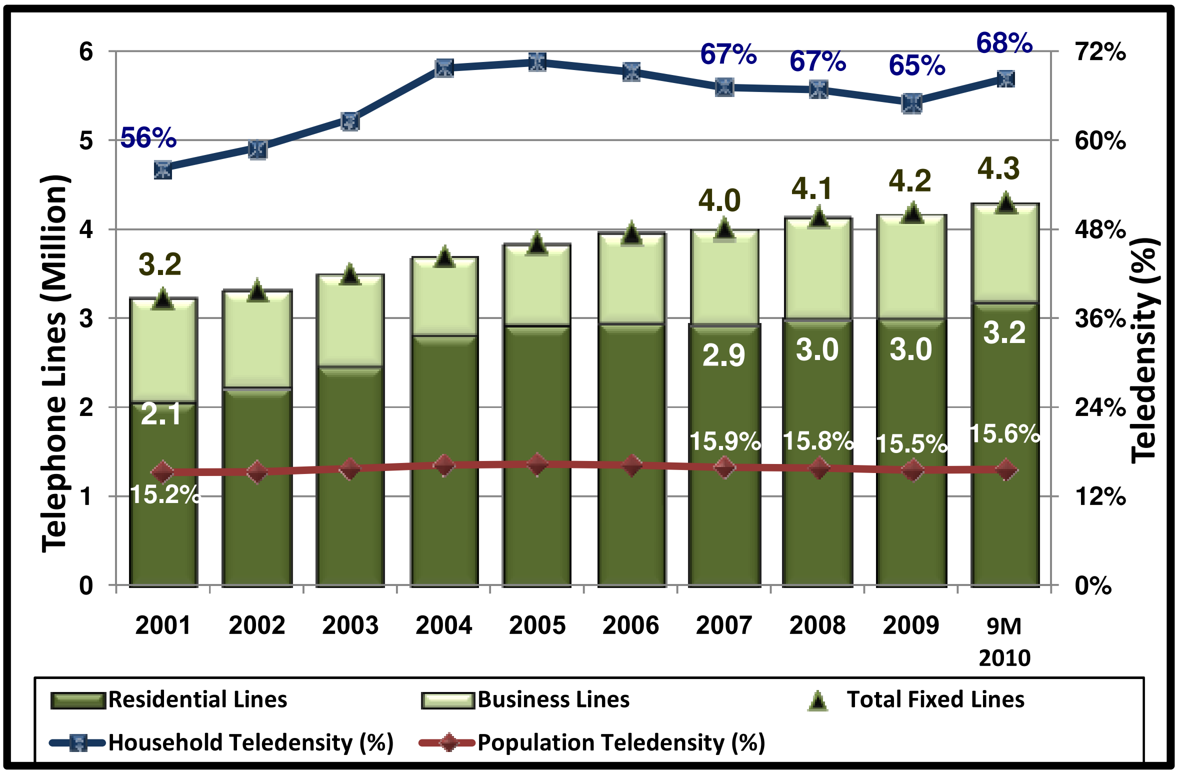


Source: Based on numbers reported by mobile service providers

Fixed Telephony Market

Fixed telephone lines stood at 4.3 million by Q3 2010, of which around 3.2 million or 74% were residential lines. This represents a household teledensity of around 68%, The population teledensity is around 15.6% or 158 telephone lines for every 1000 inhabitants. This is slightly lower than the world average of 17.8%, but is higher than the Arab World average of 10.5% and the developing countries average of 13.5%.

Figure (2): Fixed Telephone Market Evolution (2001- Q3 2010)



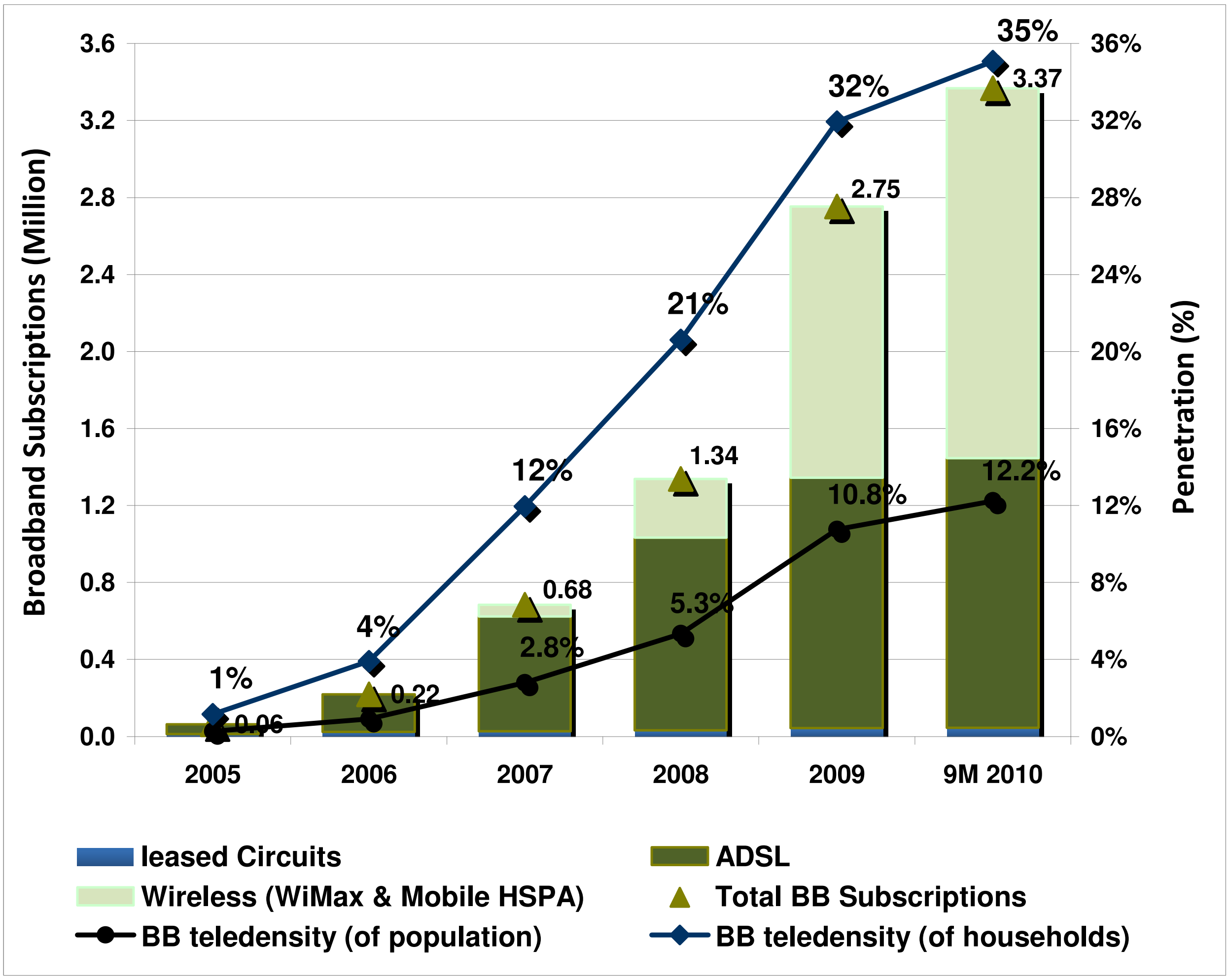
The slight decline in residential fixed telephone lines is attributable to the reduced demand for fixed services caused by the increased adoption of mobile services, as telecommunications is becoming more personal and focused on the individual (rather than a shared household service).

Broadband Services Market

Broadband subscriptions have grown from 64,000 in 2005 to over 3.2 million at the end of Q3 2010. The broadband penetration rate stood at around 12.2 % of population at the end of Q3 2010.

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. At the end of Q3 2010, household broadband penetration stood at around 35%, assuming that 80% of wireline broadband connections and 25% of wireless broadband subscriptions are for residential use, with the rest being either for business or individual use only. This means that around a third of all households in Saudi Arabia have a broadband connection.

Figure (3): Broadband Market Evolution (2001- Q3 2010)

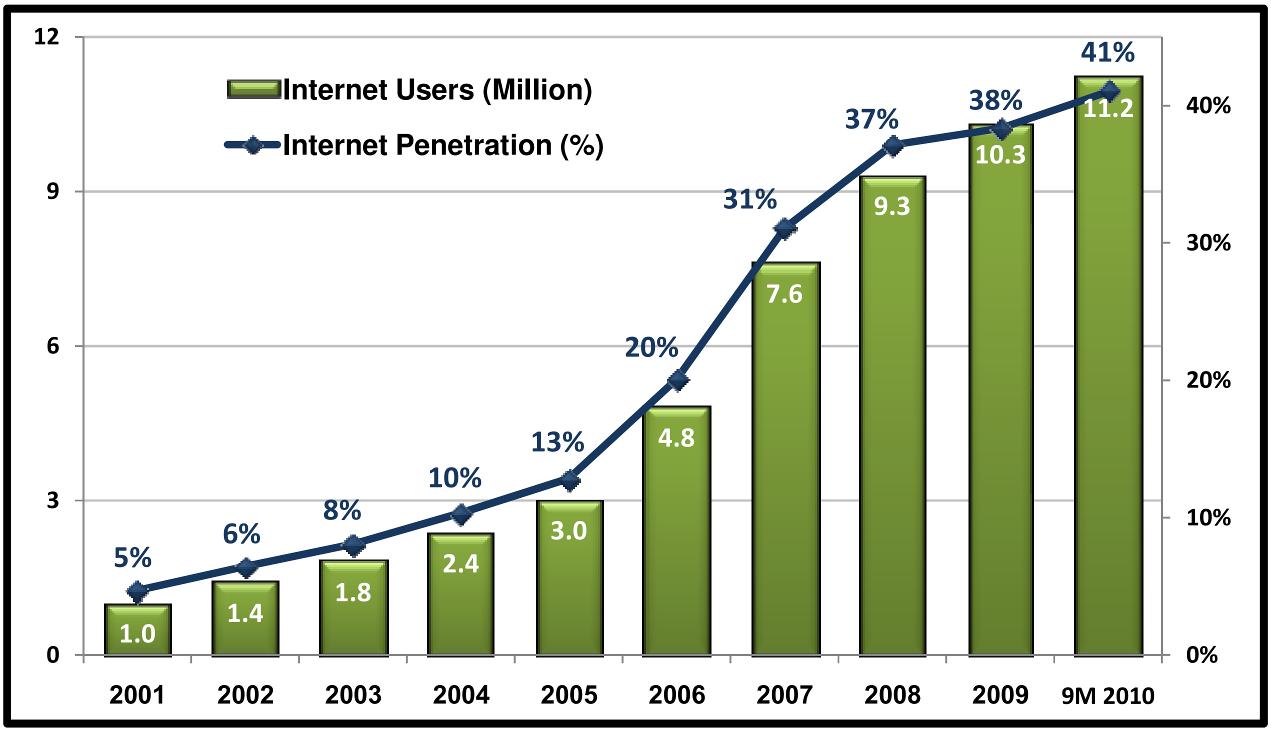


Most broadband growth in was due to a phenomenal increase in wireless broadband connections, which reached 1.92 million wireless broadband subscriptions, which translates to over 57% of all broadband connections, while digital subscriber lines (DSL) reached 1.4 million lines in Q3 2010.

Internet Services Market

The number of Internet users grew from around 1 million in 2001 to an estimated 11.2 million at the end of Q3 2010, This corresponds to a CAGR of around 33% over the eight years period (2001-2009). Internet penetration increased to 41% of the population by the end of Q3 2010. %. This rapid growth of Internet users in Saudi Arabia is attributable to increased public awareness, growth in broadband availability, decreasing costs of personal computers laptops; internet enabled handheld devices and Internet access. Additionally increases in consumer ICT literacy, understanding of the value the Internet (personal and business life), availability of local content, of Arabic language sites, and of e-services such as online banking, e-commerce, and e-government applications have played a significant role in the increased adoption and use of internet.

Figure (4): Internet Market Evolution (2001- Q3 2010)



Notes:
1) For years 2001-2006: CITC estimates based on reported Internet connections (dial-up and broadband).
2) 2007 ,2008 and 2009: Based on the results of two major field surveys of the Internet market commissioned by CITC.
3) H1 2010: CITC estimate (projection) based on the results of the two field surveys of 2007 and 2008.