

Kingdom of Saudi Arabia

هيئة الاتصالات وتقنية المعلومات
Communications and Information Technology Commission



ICT Indicators

H1 - 2012

September, 2012

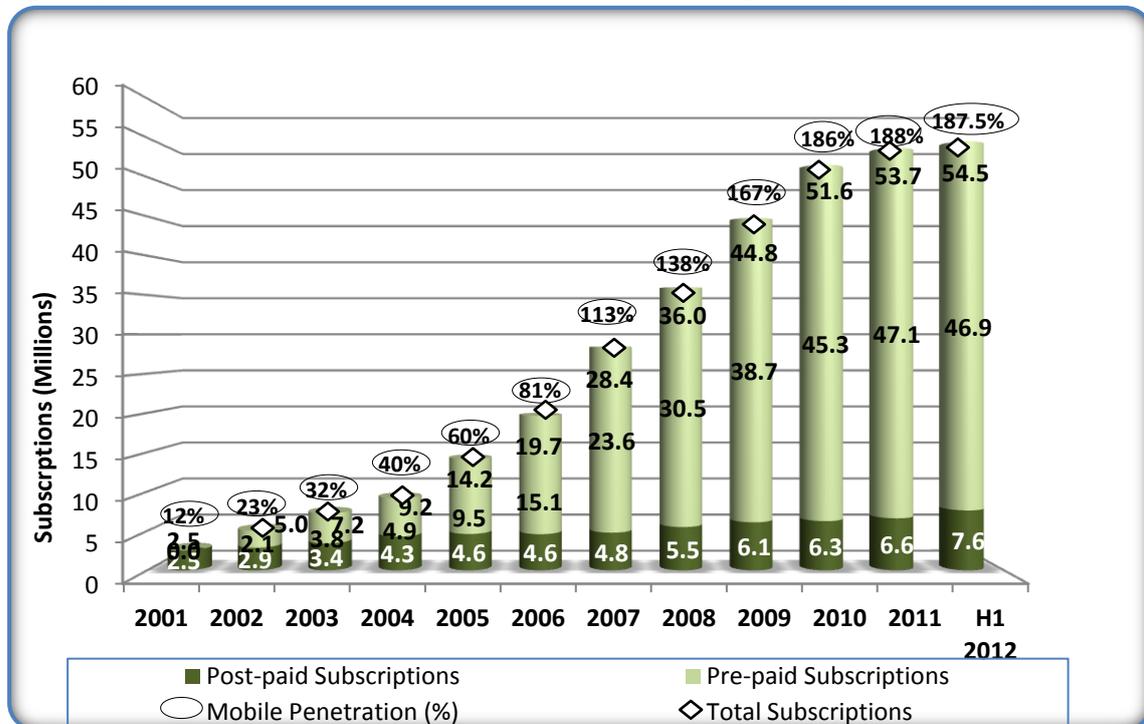


The ICT Sector in the Kingdom of Saudi Arabia

1. Mobile Telecommunications Market

The total number of mobile subscriptions grew to around 54.5 million by the end of H1 2012, with penetration rate of 187.5%. Prepaid subscriptions constitute the majority (over 86%) of all mobile subscriptions. Despite the high growth rates achieved by the mobile sector in recent years, the growth is expected to continue albeit at a slower growth rate.

Figure (1): Mobile Service Market Growth-Total Subscriptions (2001-H1 2012)



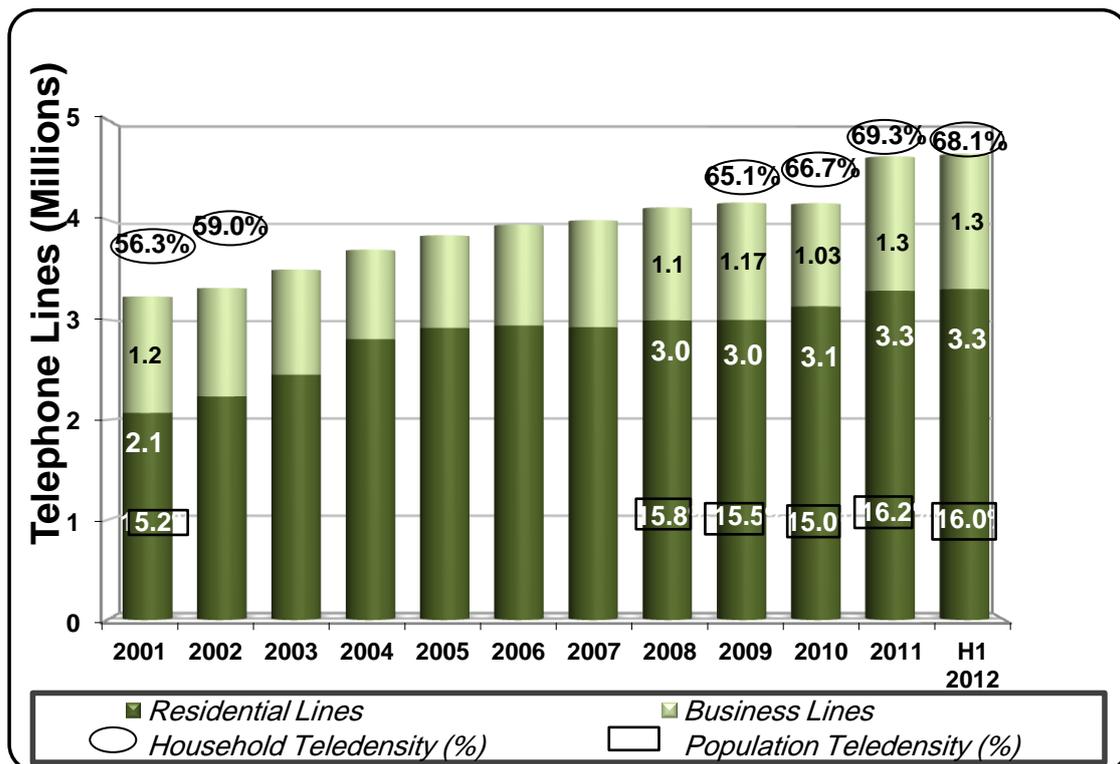
2. Fixed Telephony Market

Fixed telephone lines stood at 4.66 million by end of H1 2012, of which around 3.3 million or 71% were residential lines. This represents a household teledensity of around 68.1%, while the population teledensity is about 16%. It is clear from Figure (2) that the rate of demand for fixed line service has been relatively stable since 2004. The main reason is the



rapid spread of mobile telecom services, ease of subscription, and the gradual decrease in prices; which has led to the lower number of requests from consumers for a fixed service. However, the demand for fixed services, especially in major cities, is expected to grow as a result of growing demand for broadband services, especially for the fiber-optic network (FTTx) services.

Figure (2): Fixed Telephone Market Evolution (2001-H1 2012)



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

3. Broadband Market

Increased demand for broadband services recently significantly compared to previous years, due to the need for society to broadband services, especially after the government provided strong support for the projects, high technology, which requires the structure of a digital good, especially now that many of the government measures are made through e-government transactions. It helped this increase is also

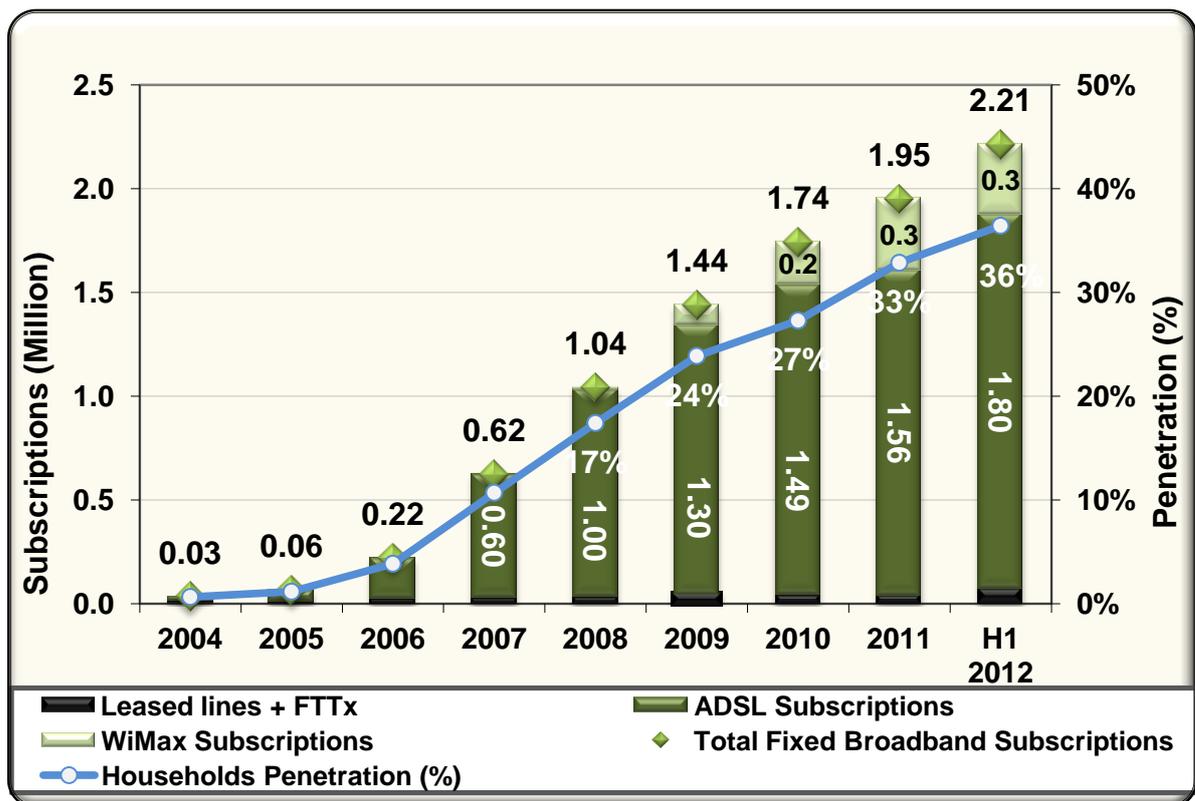


widespread use of Internet in society, which has become a major source of hundreds of thousands of programs that are downloaded to smart devices such as social networking, business applications, word processors, chat programs, security tools, games and more. Service providers are currently providing broadband services through networks of fixed and mobile networks.

3.1 Fixed Broadband Services:

Fixed Broadband subscriptions including the DSL, Fixed Wireless (WiMax), FTTx and other fixed lines have grown to around 2.21 million subscriptions at the end of H1 2012. The Fixed Broadband penetration rate was about 36.4% of the households.

Figure (3): Fixed Broadband Market Evolution (2004- H1 2012)

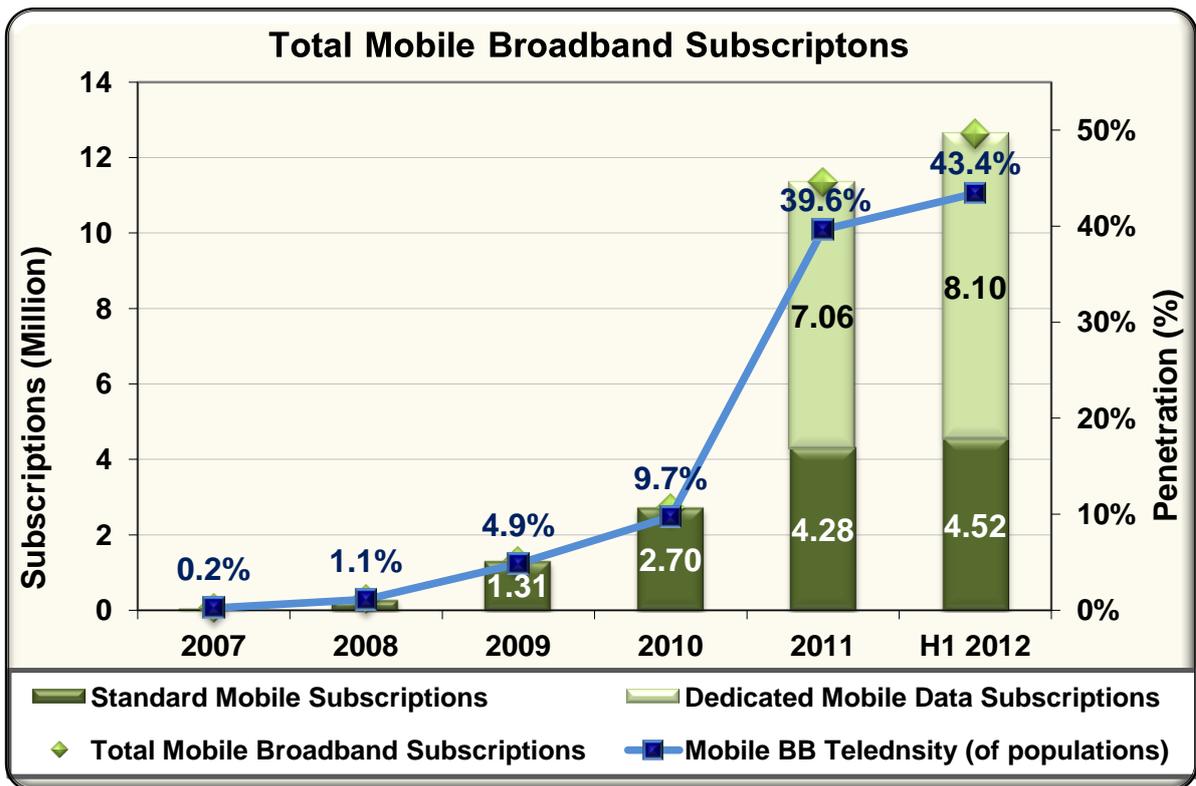




3.2 Mobile Broadband Services:

The total subscriptions to the mobile broadband reached 12.62 million by the end of H1 2012, representing a population penetration rate of 43.4%. The mobile broadband market continues to gain momentum in the Kingdom. The key reasons for this growth are the vigorous competition, a healthy expansion of smart phones and offer of various data packages by mobile operators. It has become easier to access via mobile devices such as smart phones. The mobile networks are also improving, as the 3.5G (HSPA) continues to be deployed and as wireless broadband technologies (4G) emerge over the next few years.

Figure (4): Mobile Broadband Market Evolution (2007- H1 2012)

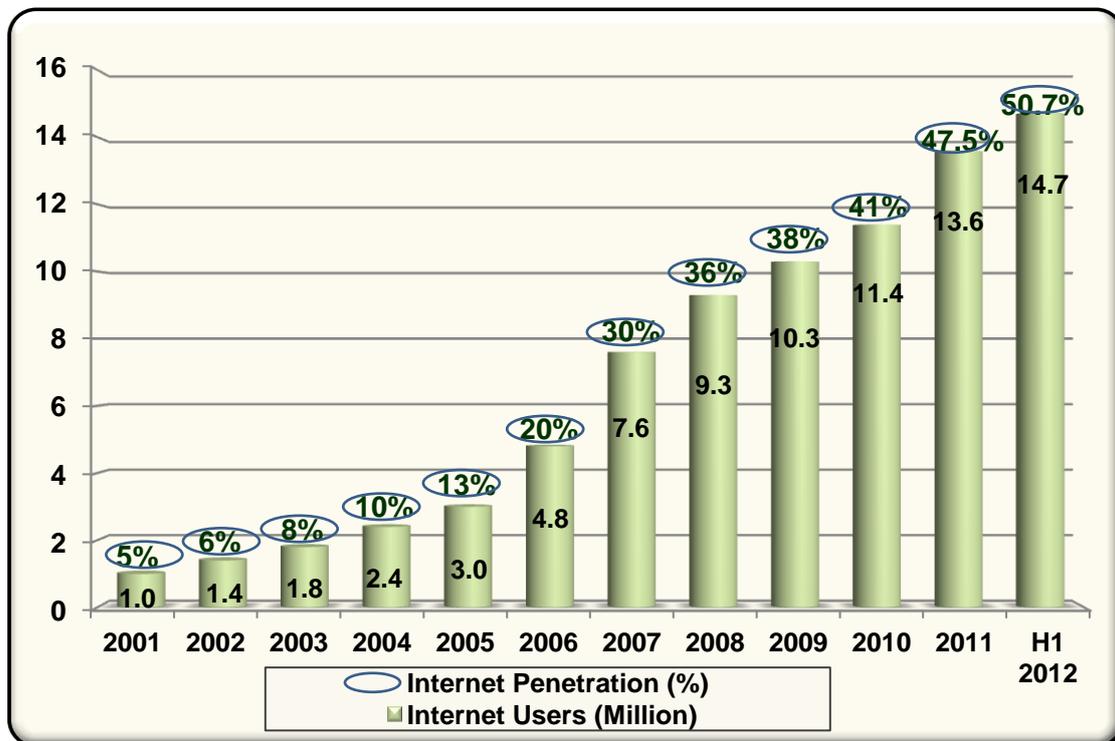




4. Internet Services Market

The estimated number of Internet users in the Kingdom is 14.7 million users at the end of H1 2012. Internet penetration increased to 50.7%. It is expected that the demand for Internet services will increase significantly in the next few years due to the availability of optical networks (FTTx) at very high speeds, especially in large cities initially, growing Internet content, and the spread of handheld smart devices and applications.

Figure (5): Internet Market Evolution (2001- H1 2012)



Notes:

2001-2006: CITC estimates based on reported Internet connections (dial-up and broadband).

2007-2009: Actual based on field surveys of the Internet market commissioned by CITC.

2010 – H1 2012: CITC estimate (projection) based on field surveys.