

Kingdom of Saudi Arabia

هيئة الاتصالات وتقنية المعلومات
Communications and Information Technology Commission



ICT Indicators Report

Q1 - 2013

May, 2013

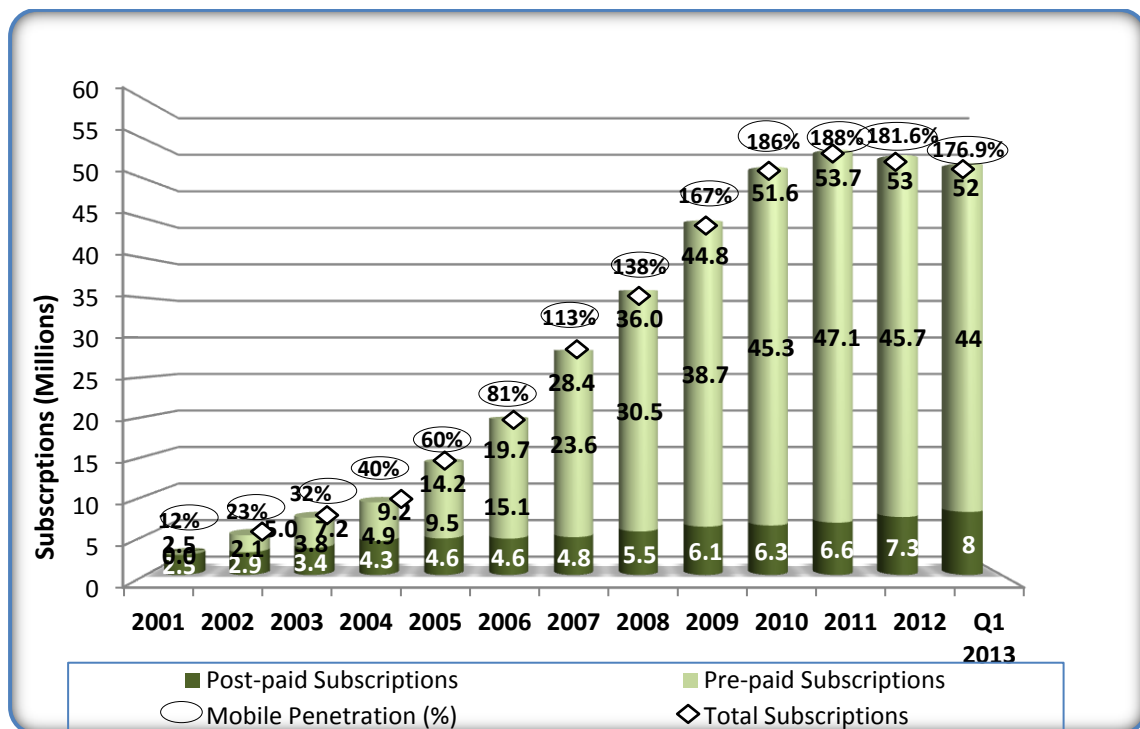


The ICT Sector in the Kingdom of Saudi Arabia

1. Mobile Telecommunications Market

The total number of mobile subscriptions reached around 52 million by the end of Q1 2013, with penetration rate of 176.9%. Prepaid subscriptions constitute the majority (over 84%) of all mobile subscriptions. There was a decline in the number of subscriptions, and thus the penetration rate, that can be attributed to the implementation of CITC's decision on regulating the sale and activation of pre-paid SIM cards, which led service providers to deactivate a large number of unidentified SIM cards. In addition, CITC decision to stop free international roaming which resulted in cancelation of large number of SIM-cards which were exported outside the Kingdom.

Figure (1): Mobile Service Market Growth-Total Subscriptions (2001 – Q1 2013)



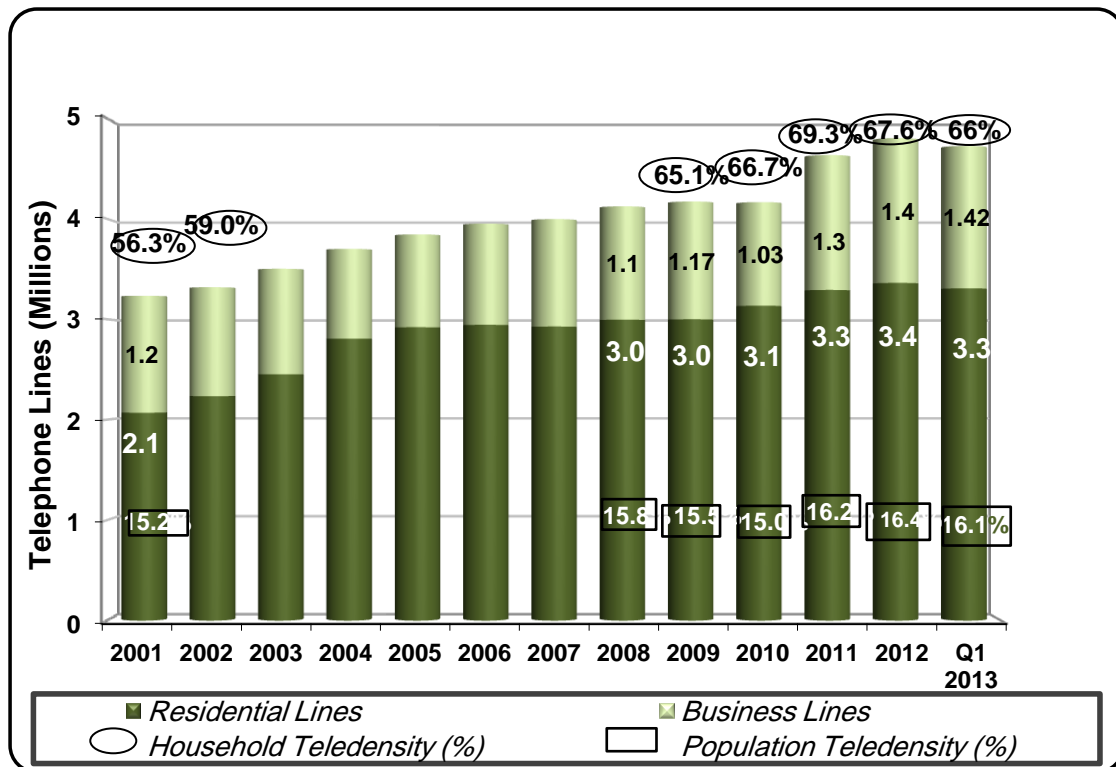
2. Fixed Telephony Market

Fixed telephone lines reached 4.7 million by the end of Q1 2013, of which around 3.3 million or 70% were residential lines. This represents a household teledensity of around 66%, while the population teledensity is about 16.1%. 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 – Q1 2013)



- 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

Recently, demand for broadband services has increased significantly compared to previous years, due to the society's need for broadband services, especially after the government strong support to the high tech projects, which require a good digital infrastructure. In addition to that, many government services are being made through e-government transactions. The widespread use of Internet in the society

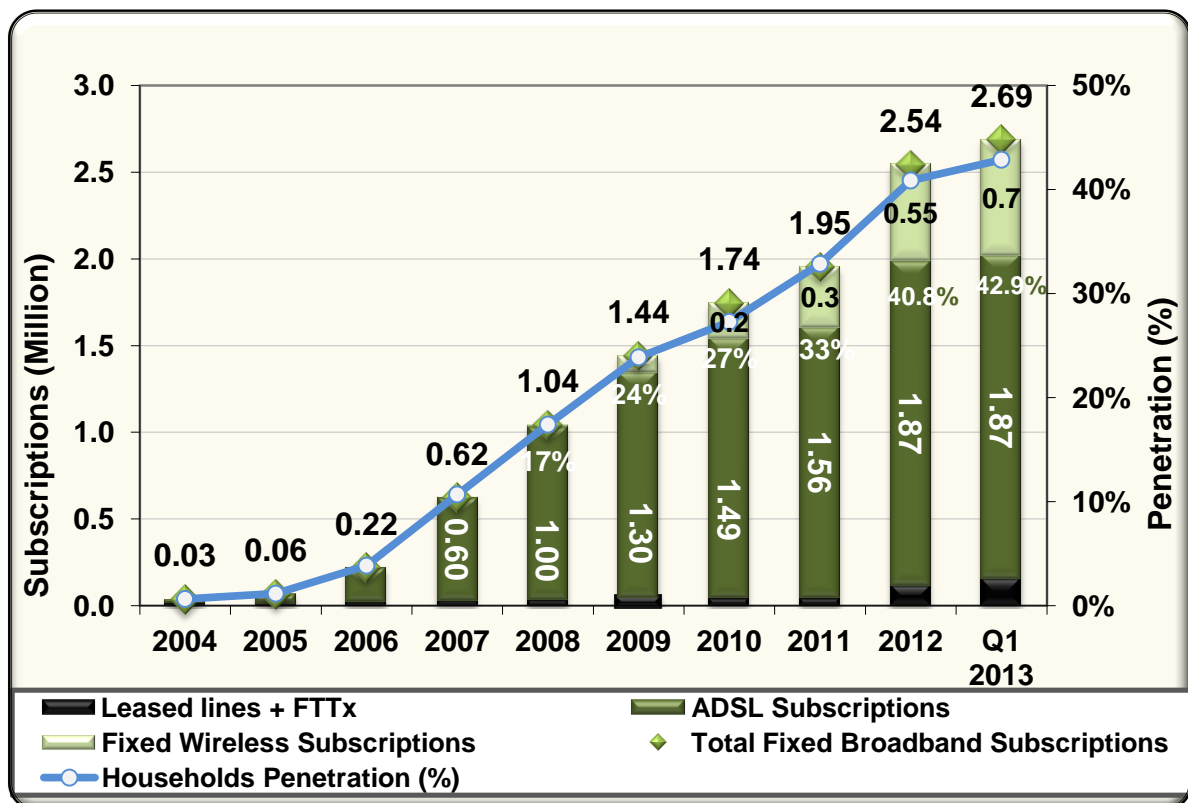


is another factor that led to this growth, where internet has become a major source of hundreds of thousands of applications that are downloaded to smart devices such as social networking, business applications, word processors, chat programs, security tools, games and more. Service providers are currently providing broadband services through both 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 2.69 million subscriptions at the end of Q1 2013. The Fixed Broadband penetration rate was about 42.9% of the households.

Figure (3): Fixed Broadband Market Evolution (2004 – Q1 2013)



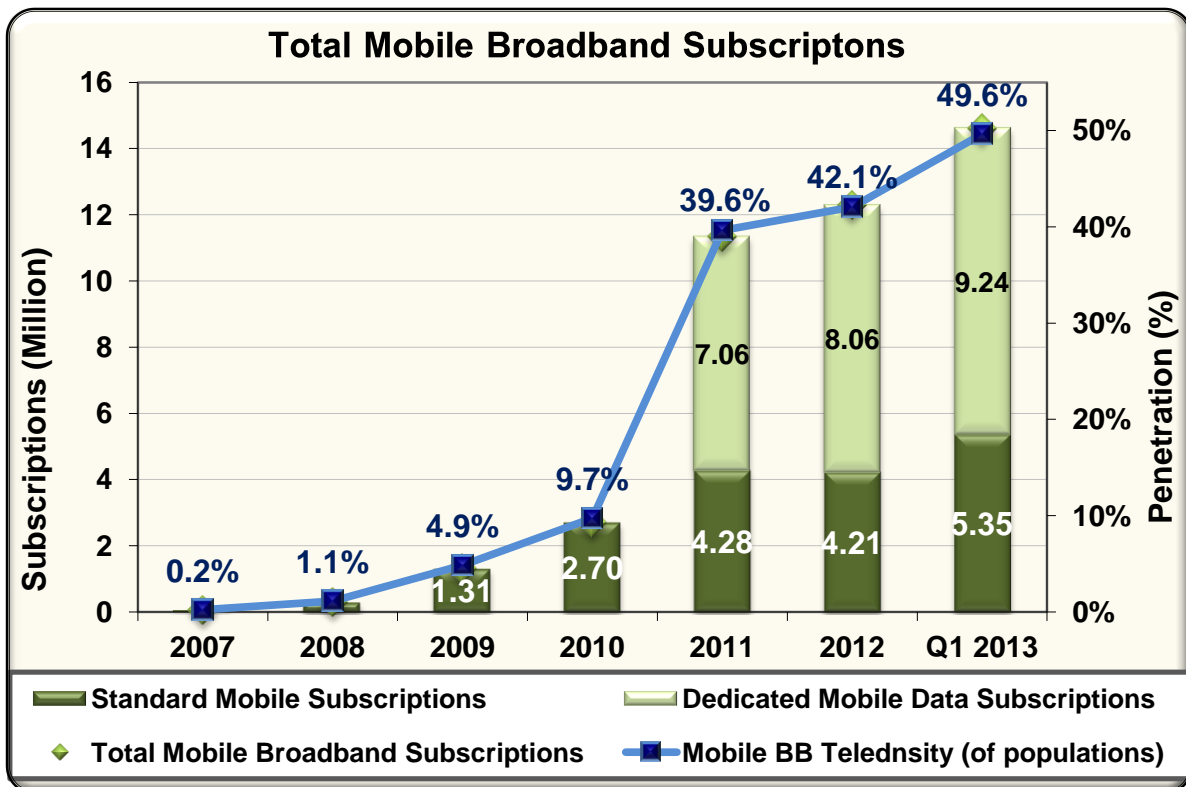
3.2 Mobile Broadband Services:

The total number of mobile broadband subscriptions reached 14.59 million by the end of Q1 2013, representing a population penetration rate of 49.6%. The mobile broadband market continues to



gain momentum in the Kingdom. The key reasons for this growth are the strong competition, the healthy expansion of smart phones, and the offering of various data packages by mobile operators. It has become easier to access the internet 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 – Q1 2013)



- Note: The figures were adjusted based on an audit and analysis of inputs and application of methodology for calculating the numbers.

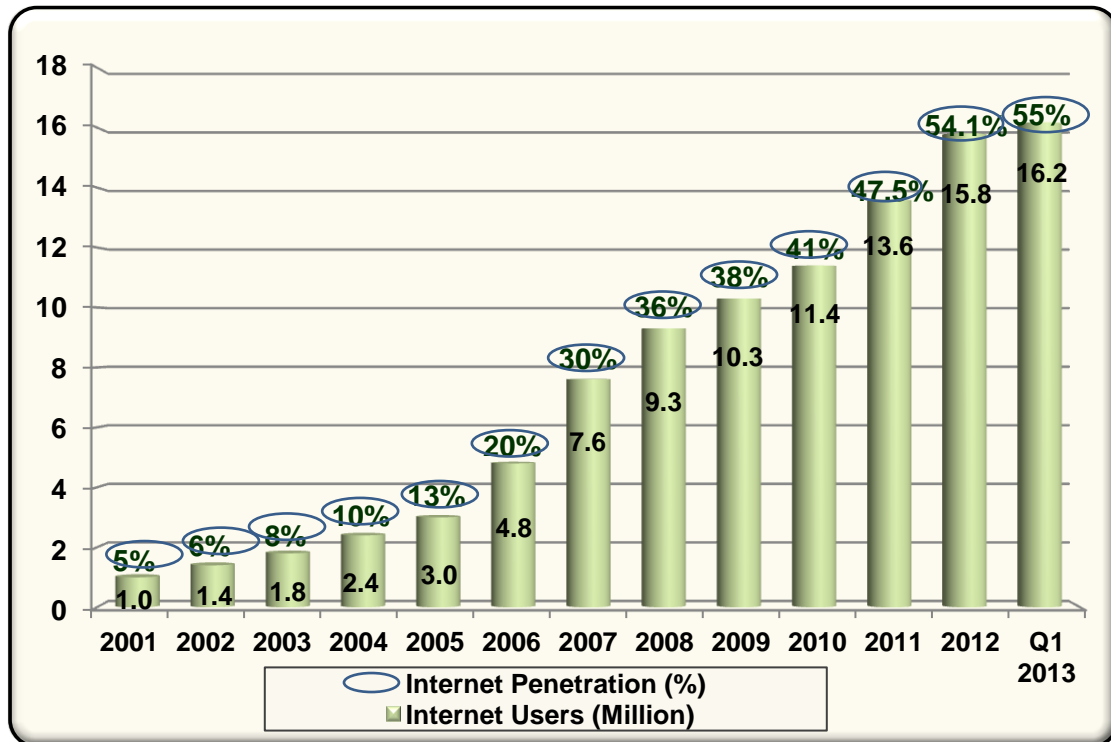
4. Internet Services Market

The estimated number of Internet users in the Kingdom is 16.2 million users at the end of Q1 2013, with a population penetration of 55%. It is expected that the demand for Internet services will increase significantly in the next few years due to the availability of fiber-optic networks (FTTx) at very high speeds, initially in large cities, growing



Internet content, and the spread of handheld smart devices and applications.

Figure (5): Internet Market Evolution (2001 – Q1 2013)



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 –Q1 2013: CITC estimate (projection) based on field surveys.