

# POSTAL AND TELECOMMUNICATIONS REGULATORY AUTHORITY OF ZIMBABWE (POTRAZ)



*'creating a level playing field'*

## POSTAL & TELECOMMUNICATIONS SECTOR ABRIDGED PERFORMANCE REPORT

**THIRD QUARTER 2024**

**Disclaimer:**

*This report has been prepared based on data provided by service providers. The information provided in this quarterly report is subject to alteration in case of any revisions or updates from the service providers. Whilst the Authority has taken effort to ensure accuracy of the data contained in this report, it is not liable for the inaccuracy of any information.*

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## **LIST OF ACRONYMS**

<b>2G</b> .....	Second Generation
<b>3G</b> .....	Third Generation
<b>5G</b> .....	Fifth Generation
<b>ACPU</b> .....	Average Cost per User
<b>AMPU</b> .....	Average Margin per User
<b>ARPU</b> .....	Average Revenue per User
<b>ADSL</b> .....	Asymmetric Digital Subscriber Line
<b>GB</b> .....	Gigabyte
<b>LTE</b> .....	Long Term Evolution
<b>MB</b> .....	Megabyte
<b>PB</b> .....	Petabyte (1PB = I Billion Megabytes)
<b>Mbps</b> .....	Megabits per Second
<b>VoIP</b> .....	Voice Over Internet Protocol
<b>TPI</b> .....	Telecommunications Price Index

## MAJOR HIGHLIGHTS

The following are the main sector trends for the third quarter, compared to the second quarter of 2024:

- The sector recorded 1.84% increase in active mobile subscriptions from 14,834,345 to 15,116,302 in the third quarter. Resultantly, mobile penetration rate increased from 96.76% to 98.60%.
- Active fixed telephone subscriptions increased by 1.08% to reach 295,056 from 291,911 recorded in the second quarter of 2024, resulting in a 0.02% increase in fixed tele-density from 1.90% to 1.92% in the quarter under review.
- The total number of active Internet/data subscriptions grew by 6.32% to reach 12,804,152 from 12,042,864.
- Internet penetration rate increased by 4.97 percentage points to reach 83.52% from 78.55% recorded in the second quarter.
- Broadband penetration rate increased by 5.43 percentage points from 76.22% to 81.65% in the third quarter of 2024.
- Significant national decline of 7.46% in mobile voice traffic across all traffic categories from 3.04 billion minutes to 2.81 billion minutes except for incoming traffic from IAPs and inbound roaming. This is largely attributable to increased Internet based calling, whilst the increase in inbound roaming can be attributed to increased tourist/foreign visitors' traffic.
- Quantum leap in mobile Internet/data traffic of 19.22% from 65.75 to 78.38 Petabytes (PBs).
- Total voice traffic by the Public Switched Telephone Network (PSTN) Operator contracted by 2.72% to record 62.21 million minutes from 63.95 million minutes recorded in the second quarter.
- Total nominal revenue for Mobile Network Operators grew by 17.66% to reach ZWG 3.40 billion from ZWG 2.89 billion, whilst Mobile Network Operators' operating costs grew by 8.62% from ZWG 1.48 billion to ZWG 1.61 billion. At the same time, capital expenditure increased by 268% from ZWG 164.77 million to ZWG 607.07 million recorded during the third quarter of 2024.
- Public Switched Telephone Network (PSTN) nominal revenue in the third quarter of 2024 increased by 20.65% to reach ZWG 378.72 million from ZWG 313.90 million, whilst PSTN operating costs grew by 4.75% to record ZWG 328.87 million from ZWG 313.97

million. At the same time, capital expenditure recorded 80.52% growth from ZWG 29.03 million to ZWG 52.41 million.

- Significant increase in the number of deployed 5G base stations of 200%, from 27 to 81, with Econet and NetOne deploying 42 and 12 additional 5G base stations respectively, during the quarter under review.
- Notable increase of 6.04% in Machine to Machine (M2M) subscriptions from 210,954 to 223,700 recorded in the previous quarter, signifying increased adoption of Internet of Things (IoTs).
- IAP revenues grew by 6.97% to record ZWG 1.23 billion in the third quarter, from ZWG 1.15 billion generated in the prior quarter. Meanwhile, operating costs and capital expenditure contracted by 6.94% and 83.88%, respectively, meaning that not much investment in Internet connectivity during the quarter under review.
- Used incoming international bandwidth capacity increased by 8.60% from 389,051 Mbps to 422,518 Mbps in the quarter under review, whereas used outgoing international bandwidth capacity grew by 2.19% from 123,926 Mbps to reach 126,635 Mbps in third quarter of 2024.
- Equipped International Internet bandwidth capacity for Internet Access Providers increased by 2.82% to record 1,092,105 Mbps from 1,062,105 Mbps recorded in the second quarter.
- Postal and courier volumes contracted by 23.83% to record 451,486 items from 592,757 items recorded in the second quarter.
- The total number of operational postal and courier outlets remained at 503 in the third quarter.
- Postal and courier revenues grew by 5% in nominal terms whilst operating costs declined by 17% and capital expenditure grew by 673% in the third quarter.

## 1.0 MOBILE TELEPHONY

### 1.1 ACTIVE MOBILE SUBSCRIPTIONS

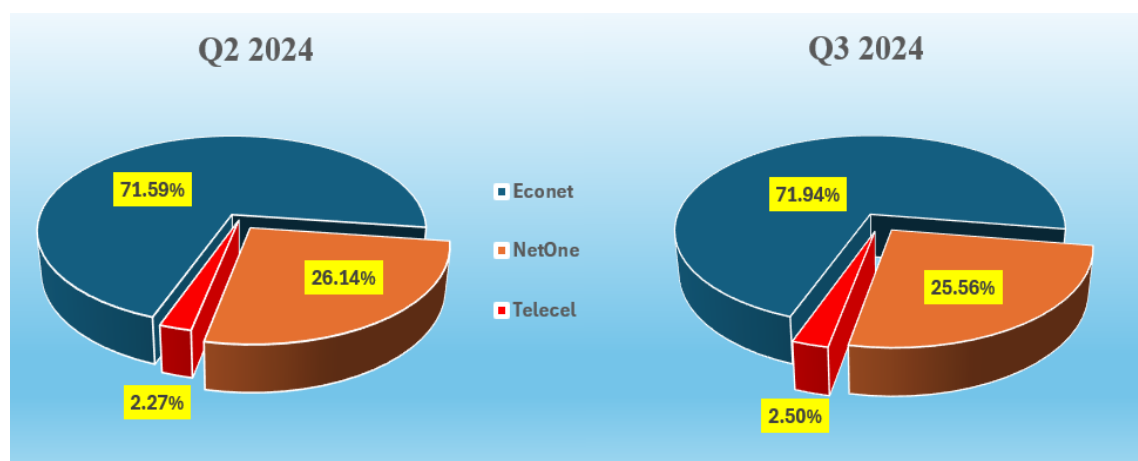
The sector recorded a 1.90% increase in active mobile subscriptions from 14,834,345 recorded in the second quarter of 2024 to 15,116,302 in the quarter under review. Resultantly, mobile penetration rate grew by 1.84 percentage points to record 98.60% from 96.76% recorded in the second quarter of 2024. The following table shows a quarterly comparison of active mobile subscriptions:

**Table 1: Active Mobile Subscriptions**

Operator	Q2 2024	Q3 2024	Change (%)
Econet	10,620,462	10,874,464	2.39%
NetOne	3,877,062	3,864,048	-0.34%
Telecel	336,821	377,790	12.16%
<b>Total</b>	<b>14,834,345</b>	<b>15,116,302</b>	<b>1.90%</b>
<b>Mobile Penetration Rate</b>	96.76%	98.60%	1.84%

In the quarter under review, NetOne lost subscribers by a margin of 0.34%, while Econet and Telecel gained subscribers by 2.39% and 12.16%, respectively. An increase in Telecel subscriptions 'may be attributable to a reactivation promotion which they ran during the third quarter where dormant subscribers were getting free data and on-net voice bundles upon reactivation. Figure 1 below shows a quarterly comparison of market shares of active mobile subscriptions by the three Mobile Network Operators (MNOs):

**Figure 1: Market Share of Mobile Subscribers**



NetOne mobile subscribers market share contracted by 0.58% from 26.14% recorded in the second quarter to 25.56%. Meanwhile, Econet and Telecel gained by margins of 0.35% and 0.23%, respectively.

## 1.2 MOBILE VOICE TRAFFIC

Total mobile voice traffic contracted by 7.46% from 3.04 billion minutes recorded in the second quarter to 2.81 billion minutes in the third quarter of 2024. The following table shows a per-quarter comparison of mobile telephony traffic for the last two quarters.

**Table 2: Mobile Telephone Traffic**

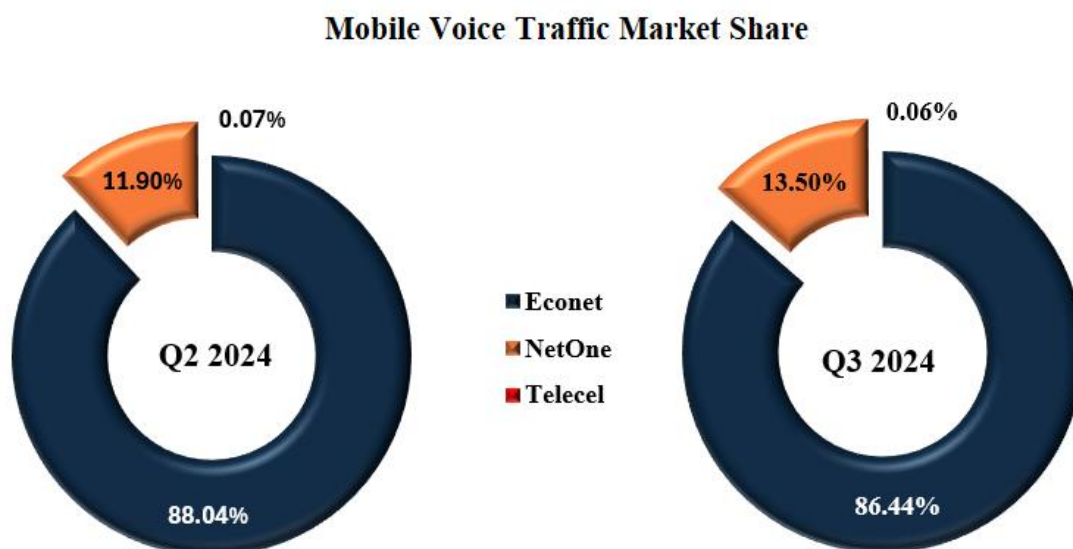
Traffic category	Q2 2024 (In Minutes)	Q3 2024 (In Minutes)	Change (%)
Net on Net	2,501,035,431	2,279,669,969	-8.85%
Mobile to Fixed	4,486,324	3,932,729	-12.34%
Incoming from Fixed	51,883,139	51,591,528	-0.56%
Mobile to Other Mobile	425,300,713	421,279,438	-0.95%
Outgoing to IAPs	2,888,967	2,633,327	-8.85%
Incoming from IAPs	28,726,655	29,493,672	2.67%
<b>Total National</b>	<b>3,014,321,229</b>	<b>2,788,600,662</b>	<b>-7.49%</b>
International Incoming	17,007,227	16,257,874	-4.41%
International Outgoing	4,218,401	4,106,085	-2.66%
Inbound Roaming	441,785	481,766	9.05%
Outbound Roaming	241,167	173,678	-27.98%
<b>Total</b>	<b>3,036,229,809</b>	<b>2,809,620,065</b>	<b>-7.46%</b>

The sector recorded significant global decline of 7.46% in mobile voice traffic across all traffic categories except for incoming traffic from IAPs and inbound roaming. This is largely attributable to the popularity of smart phone based third party applications such as WhatsApp, Facebook Messenger, Telegram, and Apple's FaceTime, amongst others, which offer alternative voice and video calling functions. This is a global phenomenon, with predictions that Mobile operators' market share will shrink from 79% in 2023 to 72% in 2028. Over and above the prominence of messaging apps, improvement in Internet connectivity and speeds, as well as improved smartphone adoption, has made users to rely more on data services for all sorts of communication including voice calls over the Internet. The rise in inbound roaming traffic can be attributed to an increase in tourist arrivals/foreign visitors.



Figure 2 below shows a quarterly comparison of mobile voice traffic market shares for Mobile Network Operators:

**Figure 2: Mobile Voice Traffic Market Share**



As depicted above, Econet lost its voice market share by 1.60%, moving from 88.04% to 86.44%. Telecel continued a downward trend, losing 0.01% of its market share realised in the prior quarter. On the other hand, NetOne gained 1.60% of the mobile voice traffic market in the third quarter of 2024.

## 1.2 MOBILE INTERNET/ DATA TRAFFIC

Mobile Internet/data traffic grew by 19.22% from 65.75 Petabytes recorded in second quarter of 2024 to 78.38 Petabytes in the quarter under review. Table 3 below illustrates a per-operator quarterly comparison of Internet/data traffic:

**Table 3: Mobile Internet & Data Traffic**

Operator	Q2 2024 (MB)	Q3 2024 (MB)	Change (%)
Econet	48,424,288,054	59,709,473,912	23.30%
NetOne	17,049,628,020	18,397,992,390	7.91%
Telecel	273,751,000	275,698,679	0.71%
<b>Total</b>	<b>65,747,667,074</b>	<b>78,383,164,981</b>	<b>19.22%</b>

NB: 1PB = 1,000,000,000MB

During the quarter under review, all mobile operators recorded Internet/data traffic growths. Econet, recorded a quantum leap of 23.30% in traffic, followed by NetOne (7.91%) and Telecel

recorded a marginal growth of 0.71%. The exponential growth in mobile Internet/data traffic over the years may be attributed to several factors, that are, but not limited to improved network infrastructure i.e. increase in LTE and 5G deployments, e-commerce and e-learning, wide adoption of smartphones and social media engagement.

Meanwhile, during the quarter under review both total inbound and total outbound roaming data traffic grew by 20.13% and 40.15% respectively as shown in the table below:

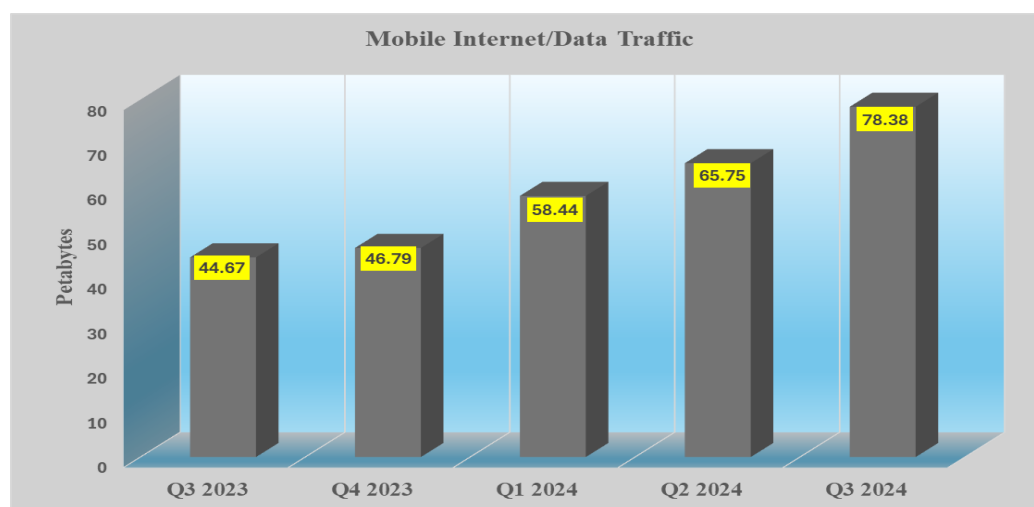
**Table 4: Roaming Internet and Data Traffic (MB)**

	<b>Q2 2024</b>	<b>Q3 2024</b>	<b>Change</b>
<b>Total Inbound Data Roaming (MB)</b>	12,275,345	14,746,229	20.13%
<b>Total Outbound Data Roaming (MB)</b>	231,727	324,758	40.15%

Data roaming provides flexibility and connectivity for travellers, enabling them to stay connected while abroad. It provides seamless communication, through voice, data, and messaging. The significant growth in inbound data roaming traffic could have been triggered by a surge in tourist arrivals and foreign visitors during the period under review. However, the same cannot be said for outbound roaming traffic which remains relatively much lower compared to inbound data roaming traffic. Hence, the increase in outbound data roaming traffic could be an indication of increased foreign travel by Zimbabwean nationals.

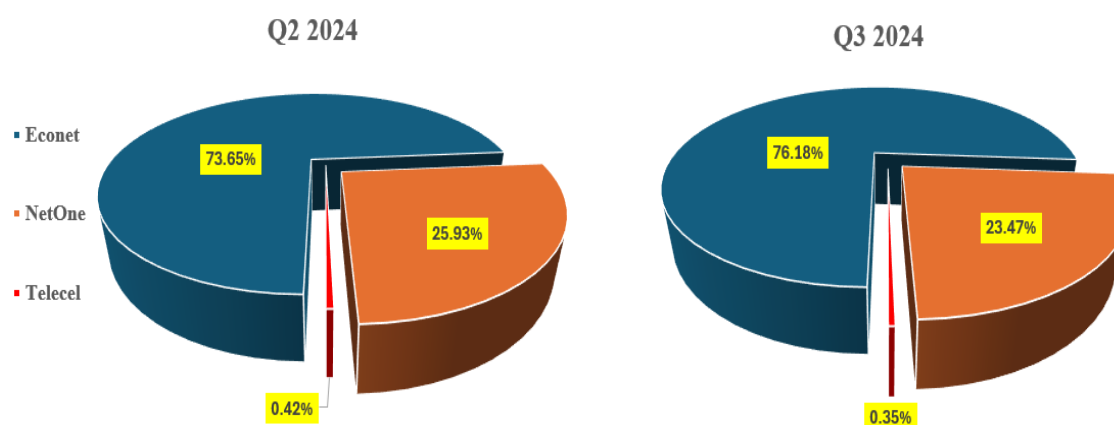
Overall, there has been significant growth in data/Internet traffic of about 76% over the past year since the third quarter of 2023 compared to the same quarter in 2024. The growth in Internet and data usage over the past years is shown in the Figure below.

**Figure 3: Mobile Internet & data Traffic in Petabytes (PB).**



The market shares for Internet and data traffic are shown in Figure 4 below:

**Figure 4: Market Share for Internet & data Traffic.**



As shown in Figure 4 above, only Econet gained market share for Internet/data traffic in the quarter under review. NetOne and Telecel lost Internet/data traffic market shares by 2.46 and 0.07 percentage points respectively. Worth noting is that NetOne mobile Internet/data traffic did not contract, the lost market share is attributable to a quantum Internet/data traffic leap by Econet in the quarter under review.

### 1.3 MOBILE REVENUES, COSTS & INVESTMENTS

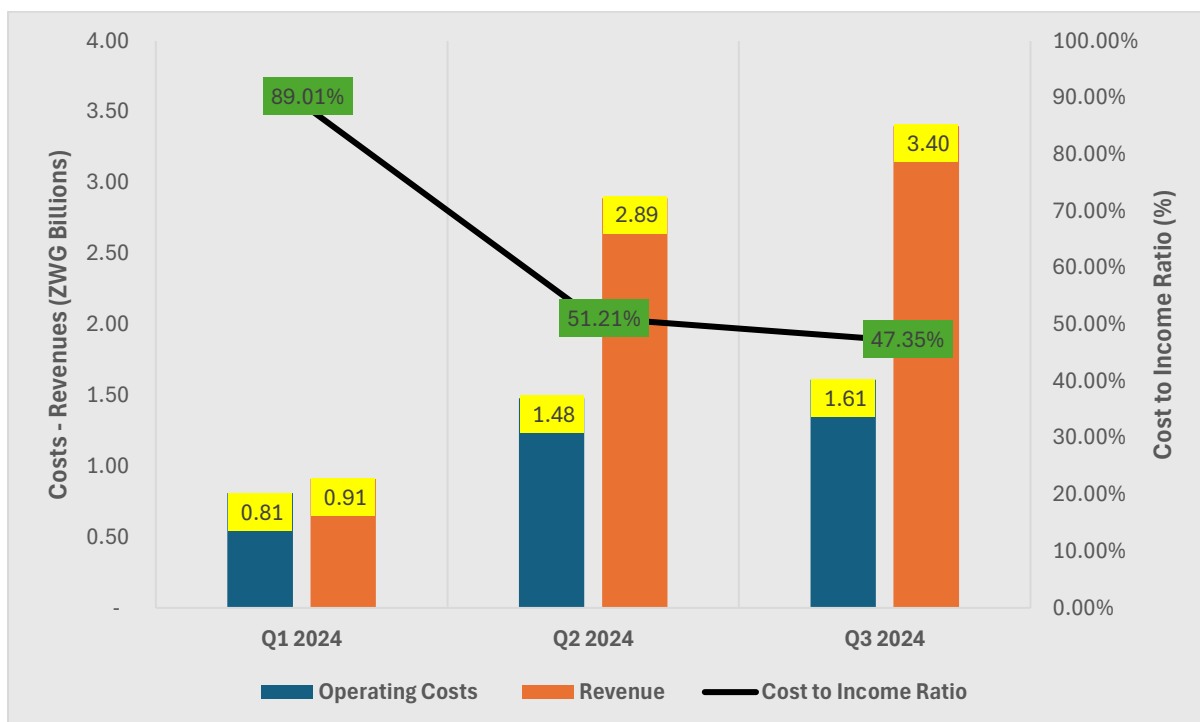
Total nominal revenue for Mobile Network Operators grew by 17.66% to reach ZWG 3.40 billion from ZWG 2.89 billion recorded in the second quarter of 2024. Growth in nominal revenues may be indicative of the real growth realized in the quarter due to a stable exchange rate which prevailed during the second and third quarter. Aggregate operating costs for MNOs grew by 8.62% from ZWG 1.48 billion recorded in the second quarter to ZWG 1.61 billion whereas total capital expenditure increased by 268% from ZWG 164.77 million recorded in second quarter of 2024 to ZWG 607.07 million recorded during the third quarter of 2024. Capital expenditure by MNOs was mainly in National Switching and Transmission. This may be a consistent move by operators to enhance call routing, interoperability, data protection, network speeds and reliability. The following table shows per-quarter nominal revenue, cost, and investment growth in the third quarter compared to the second quarter of 2024:

**Table 5: Mobile Operator Revenues, Costs & Investment**

Operator	Q2 2024 (ZWG)	Q3 2024 (ZWG)	Change (%)
Revenue	2,887,988,288	3,398,104,668	17.66%
Costs	1,484,845,258	1,612,903,866	8.62%
CAPEX	164,773,112	607,067,675	268%

An analysis of cost and revenue trends showed that from second quarter to third quarter 2024, the financial status of operators improved in terms of profitability. The following figure shows a trend of revenues, operating costs, and cost to income ratios:

**Figure 5: MNOs Revenue, Costs & Income Ratio**



The MNOs’ revenue proportion necessary to cover operating costs contracted by 3.86% to 47.35% in third quarter from 51.41% realised in second quarter of 2024.

### 1.5 MOBILE TELEPHONY INFRASTRUCTURE

A total of 386 net deployments were made in the quarter under review. The new deployments consisted of six (6) 2G base stations targeting remote and underserved areas, seventy-nine (79) 3G base stations, 254 LTE base stations, fifty-four (54) 5G base stations, whereas seven (7) 2G base stations were decommissioned as shown in the tabular exposition below:

**Table 6: Mobile Base Stations**

Base stations (Total)	Q2 2024	Q3 2024	Net Addition	Change (%)
2G	4,973	4,972	-1	-0.02%
3G	3,596	3,675	79	2.20%
LTE	2,530	2,784	254	10.04%
5G	27	81	54	200%

The above table shows that more investment is taking place on high-speed mobile broadband network infrastructure. This is evidenced by an increase in the deployment of more LTE and 5G base stations as indicated by the deployment growth rates of 10.04% and 200% respectively in the quarter under review.

## 2.0 FIXED TELEPHONY

### 2.1 SUBSCRIPTIONS

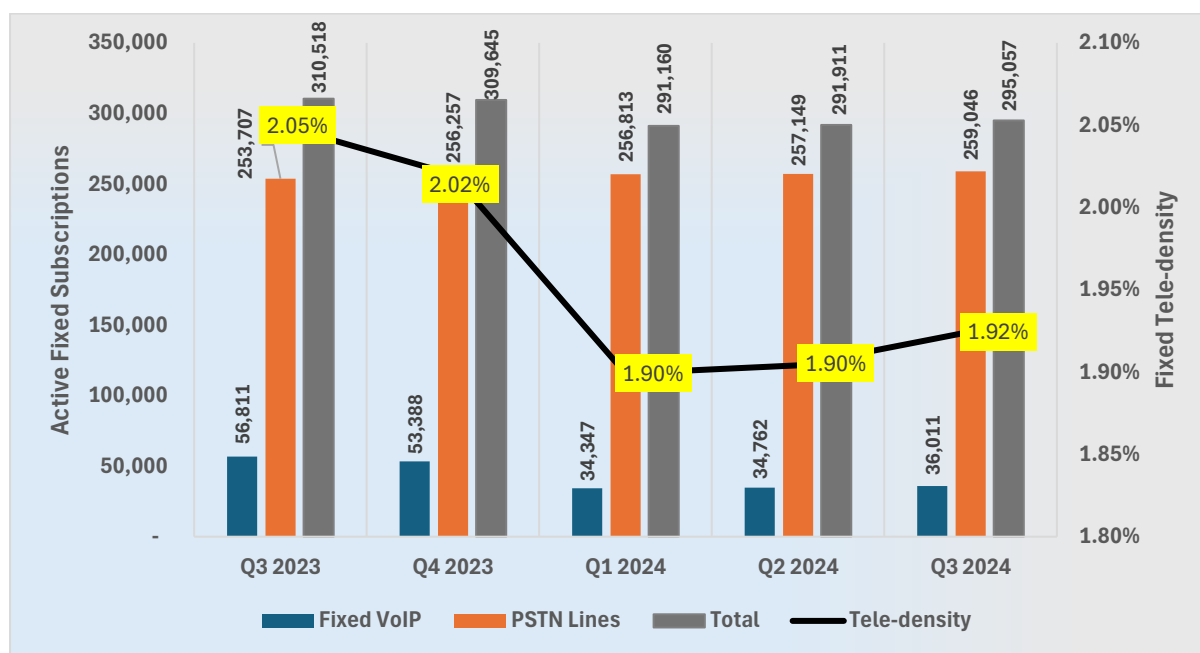
The total number of active fixed telephone subscriptions increased by 1.08% in the third quarter of 2024, reaching 295,056 from 291,911 recorded in the previous quarter. Resultantly fixed tele-density grew by a margin of 0.02% to record 1.92% from 1.90% realised in the prior quarter. The table below shows fixed telephone subscriptions for the third quarter of 2024 in comparison to the second quarter:

**Table 7: Fixed Telephone Subscriptions**

Subscriber Category	Q2 2024	Q3 2024	(%) Growth
PSTN Lines	257,149	259,046	0.74%
Fixed VoIP	34,762	36,010	3.59%
<b>Total</b>	<b>291,911</b>	<b>295,056</b>	<b>1.08%</b>

Figure 7 below shows trend of active fixed subscriptions for the past one year.

**Figure 6: Active Fixed Telephone Subscriptions**



### 2.1.1 FIXED VoIP MARKET SHARE

The market shares for fixed VoIP subscriptions are shown in the table below:

**Table 8: Market Share for Fixed VoIP Subscriptions.**

Operator	Q2 2024	Q3 2024	Change
Liquid	60.94%	57.45%	-3.49%
TelOne	5.65%	5.39%	-0.26%
Dandemutande	10.12%	13.24%	3.12%
Africom	24.08%	23.51%	-0.57%
Telco	0.43%	0.41%	-0.02%

As shown in table 10 above, Liquid Intelligent Technologies continued to dominate the VoIP subscriptions market followed by Africom with market shares of 57.45% and 23.51% respectively, albeit the contraction in their market shares during the third quarter of 2024. All operators save for Dandemutande, realised market share contraction during the quarter under review as indicated above.

### 2.2 PSTN VOICE TRAFFIC

Total voice traffic by the Public Switched Telephone Network (PSTN) Operator declined by 2.72% to record 62.21 million minutes from 63.95 million minutes recorded in the second

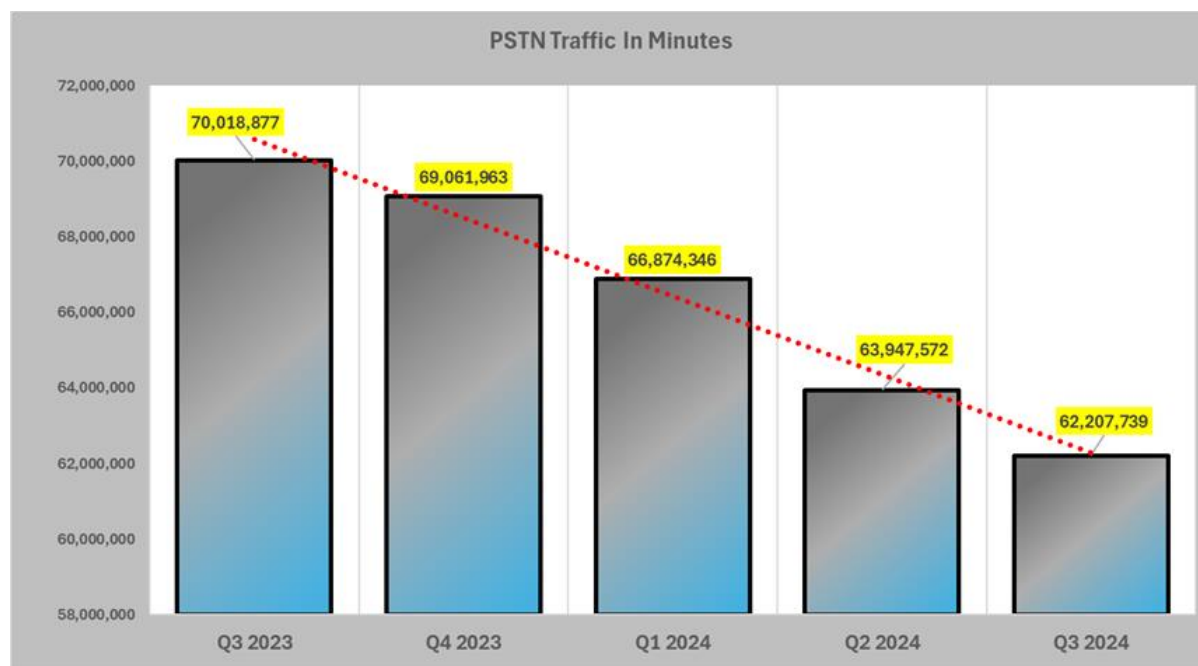
quarter. The following table shows a quarterly comparison of PSTN traffic per service category:

**Table 9: Fixed Voice Traffic (PSTN Traffic)**

Traffic category	Q2 2024	Q3 2024	Change (%)
Net on Net	5,273,009	4,969,694	-5.75%
Outgoing to Mobile	51,883,139	50,806,163	-2.08%
Incoming from Mobile	4,486,324	4,030,934	-10.15%
Incoming from IAPs	545,479	518,111	-5.02%
Outgoing to IAPs	696,511	659,598	-5.30%
<b>Total National Voice Traffic</b>	<b>62,884,462</b>	<b>60,984,500</b>	<b>-3.02%</b>
International Incoming	612,546	545,007	-11.03%
International Outgoing	450,564	678,231	50.53%
<b>Total traffic</b>	<b>63,947,572</b>	<b>62,207,739</b>	<b>-2.72%</b>

Figure 8 below depicts PSTN voice traffic trend for the past one year:

**Figure 7: PSTN Voice Traffic**



The Public Switched Telephone Network (PSTN) voice traffic contracted by 11.70% in second quarter 2024 from the same period in the prior year. This may be attributed to the substitution effect of Over-The-Top communication applications which use the Internet to offer cheaper communication options.

## 2.3 REVENUES, INVESTMENT & COSTS

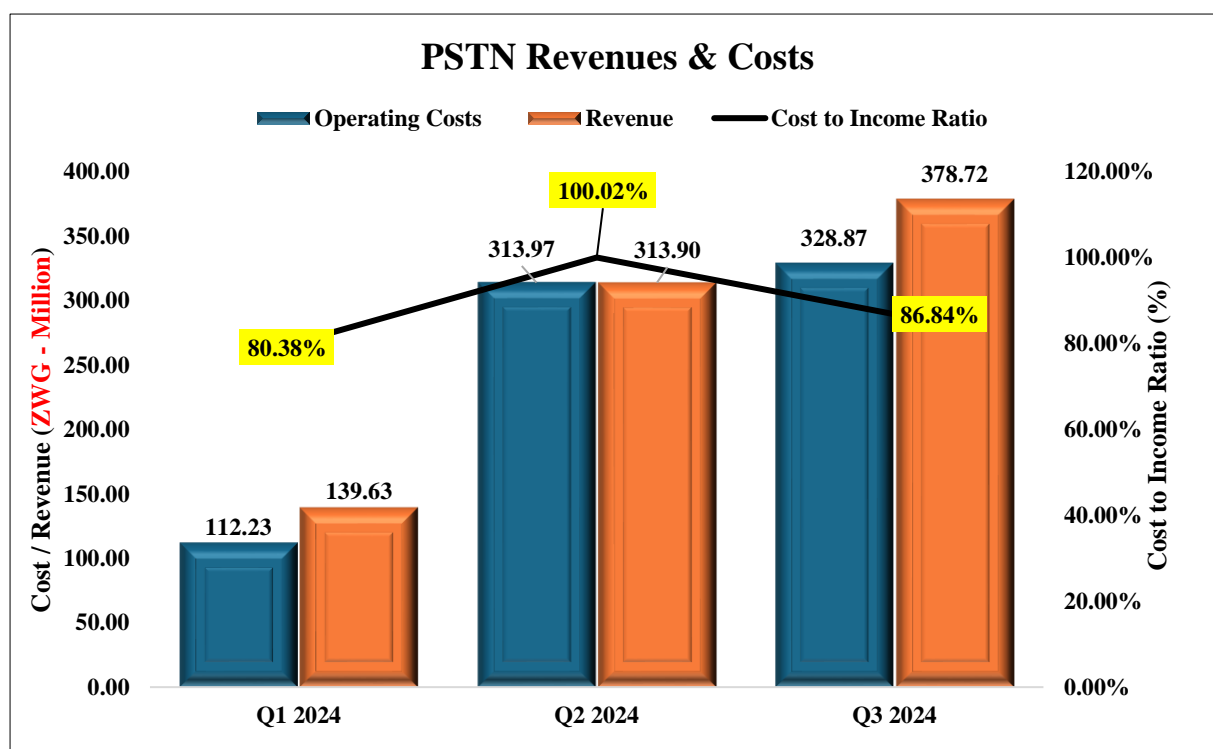
Public Switched Telephone Network nominal revenue in the third quarter of 2024 increased by 20.65% to reach ZWG 378.72 million from ZWG 313.90 million recorded in the second quarter. On the other hand, operating costs and investment increased by 4.75% and 80.52% respectively as shown below:

**Table 10: Fixed Voice Revenue, Investment & Costs**

Revenue/Cost	Q2 2024 (ZWG)	Q3 2024 (ZWG)	CHANGE (%)
Revenue	313,900,571	378,719,792	20.65%
Operating Costs	313,973,710	328,873,104	4.75%
Investment	29,033,374	52,411,647	80.52%

The following figure shows a trend analysis of the fixed network revenue and costs.

**Figure 8: PSTN Revenues & Costs**



Cost to income ratio for PSTN improved to 86.84% in the third quarter from 100.02% recorded in the second quarter of 2024.



### 3 INTERNET & DATA SERVICES

#### 3.0 INTERNET/DATA SUBSCRIPTIONS

The total number of active Internet/data subscriptions increased by 6.32% in the third quarter to reach 12,804,152 from 12,042,864 recorded in the second quarter of 2024. Consequently, Internet penetration rate grew by 4.97% to reach 83.52% from 78.55% attained in the prior quarter. The following table shows a comparison of active Internet and data subscriptions by technology:

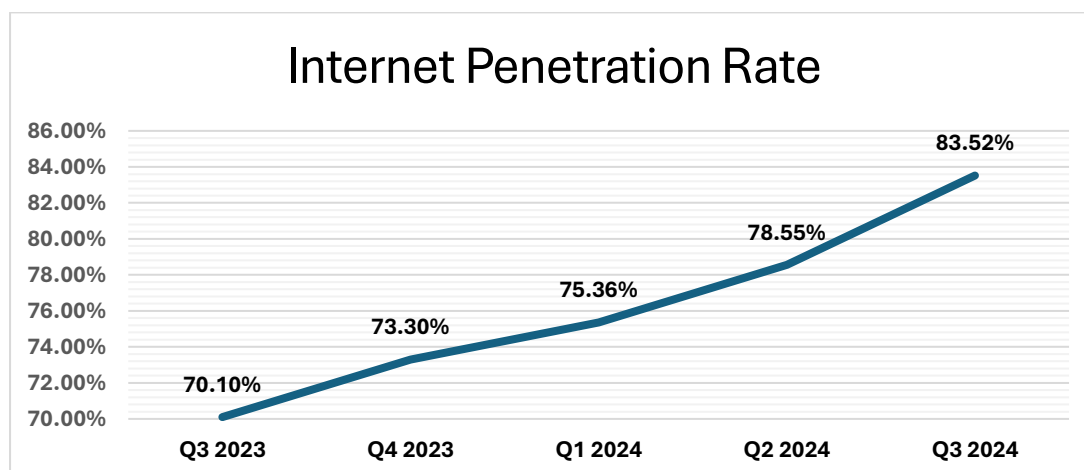
**Table 11: Active Internet & Data Subscriptions**

Technology	Q2 2024	Q3 2024	Change (%)
Mobile Internet Subscriptions	11,758,515	12,517,881	6.46%
Fixed LTE	84,277	89,716	6.45%
Leased Lines	2,805	2,873	2.42%
DSL	100,689	98,155	-2.52%
WiMAX	11,262	12,059	7.08%
CDMA	113	192	69.91%
VSAT	4,651	3,814	-18.00%
Active Fibre Subscriptions	80,552	79,462	-1.35%
<b>Total</b>	<b>12,042,864</b>	<b>12,804,152</b>	<b>6.32%</b>

*NB: The provided data does not include any Starlink connections, as Starlink was only licensed at the end of the quarter and will start submitting its quarterly return in the 4<sup>th</sup> quarter of 2024.*

The growth in total Internet subscriptions (6.32%) can be attributable to the growth of mobile internet subscription (6.46%) as the mobile internet constitute 97.76% of the total Internet subscriptions. This resulted in an increase in Internet penetration rate as depicted in Figure 11 below:

**Figure 9: Internet Penetration Rate**



Notably, the sector recorded 223,700 Machine to Machine (M2M) subscriptions from 210,954 recorded in the last quarter. This is attributable to the growth of Internet of Things (IoTs) as more devices become connected through such service offering as Connected cars, Connected Home, and advancements in Technology i.e. the prominence of 5G.

### 3.1 IAP REVENUES, OPERATING COSTS & INVESTMENT

Total IAP revenues increased by 6.97% to record ZWG 1.23 billion in the third quarter, from ZWG 1.15 billion generated in the prior quarter. Operating costs and capital expenditure decrease by 6.94% and 83.88% respectively as shown in the table below:

**Table 12: IAP Revenues, Operating Costs & Capital Expenditure (ZWG)**

<b>Metric</b>	<b>Q2 2024 (ZWG)</b>	<b>Q3 2024 (ZWG)</b>	<b>CHANGE (%)</b>
<b>Revenue</b>	1,154,303,303	1,234,769,182	6.97%
<b>Operating Costs</b>	1,271,285,917	1,183,086,062	-6.94%
<b>Capital Expenditure</b>	223,189,763	35,971,380	-83.88%

IAPs operating costs and investment decreased during the quarter under review, while revenues registered a positive growth.

### 3.2 INTERNATIONAL INTERNET CONNECTIVITY

#### 3.2.1 EQUIPPED INTERNATIONAL INTERNET BANDWIDTH CAPACITY

Equipped International Internet bandwidth capacity for Internet Access Providers increased by 2.82% to record 1,092,105 Mbps from 1,062,105 Mbps recorded in the second quarter of 2024. Only TelOne upgraded its equipped international Internet bandwidth capacity by 18.18% as shown in the table 13 below:

**Table 13: Equipped International Incoming Internet Bandwidth Capacity (Mbps)**

<b>Operator</b>	<b>Q2 2024</b>	<b>Q3 2024</b>	<b>Change (%)</b>
Liquid	850,000	850,000	0.00%
TelOne	165,000	195,000	18.18%
Powertel	27,100	27,100	0.00%
Dandemutande	17,385	17,385	0.00%
Telecontract	2,000	2,000	0.00%
Africom	620	620	0.00%
<b>Total</b>	<b>1,062,105</b>	<b>1,092,105</b>	<b>2.82%</b>

Tel One is the only IAP that increased its international bandwidth capacity 18.18%. However, Liquid continued to dominate the market share of equipped international internet bandwidth capacity, despite losing 2.20% of its market share as shown in the table below:

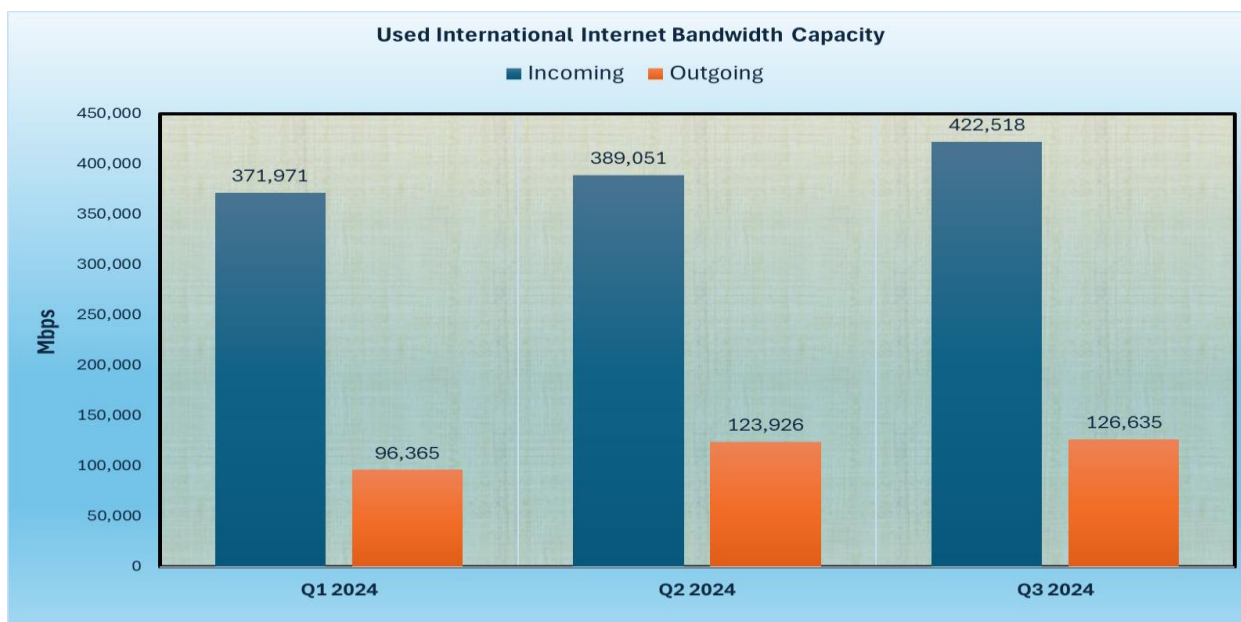
**Table 14: Market Share of Equipped International Internet Bandwidth Capacity**

<b>Operator</b>	<b>Q2 2024</b>	<b>Q3 2024</b>	<b>Change</b>
Liquid	80.03%	77.83%	-2.20%
TelOne	15.54%	17.86%	2.32%
Dandemutande	1.64%	2.48%	0.84%
Powertel	2.55%	1.59%	-0.96%
Telecontract	0.19%	0.18%	-0.01%
Africom	0.06%	0.06%	0.00%

### **3.2.2 USED INTERNATIONAL INTERNET BANDWIDTH CAPACITY**

A quarterly comparison of used international incoming and outgoing bandwidth capacity is shown below:

**Figure 10: Used International Internet Bandwidth Capacity (Mbps)**



Used incoming international bandwidth capacity increased by 8.60% from 389,051 Mbps recorded in the second quarter of 2024 to 422,518 Mbps in the quarter under review, whereas used outgoing international bandwidth capacity grew by 2.19% from 123,926 Mbps recorded in second quarter to reach 126,635 Mbps in third quarter of 2024.

## 4.0 POSTAL & COURIER

### 4.1 POSTAL & COURIER VOLUMES

Postal and courier volumes decreased by 23.83% to record 451,486 items from 592,757 recorded in the second quarter of 2024. The quarterly comparison per postal/courier category is shown in Table below:

**Table 15: Postal and Courier Volumes**

Service	Q2 2024	Q3 2024	Change (%)
Domestic postal letters	268,461	207,484	-22.71%
International incoming letters	121,729	53,467	-56.08%
International outgoing letters	790	474	-40.00%
Domestic courier	169,752	160,922	-5.20%
International incoming courier	19,015	19,374	1.89%
International outgoing courier	13,010	9,765	-24.94%
<b>Total Postal &amp; Courier</b>	<b>592,757</b>	<b>451,486</b>	<b>-23.83%</b>

## 4.2 POSTAL DENSITY

The total number of operational postal and courier outlets remained the same at 268 and 235, respectively. The distribution of courier outlets is tabulated below:

**Table 16: Distribution of Courier Outlets**

Operator	Q2 2024	Q3 2024	Change (%)
Overnight	8	8	0.0%
UPS	16	16	0.0%
Skynet	32	32	0.0%
Unifreight	36	36	0.0%
DHL	50	50	0.0%
Fedex	93	93	0.0%
<b>Total</b>	<b>235</b>	<b>235</b>	<b>0.0%</b>

The postal and courier density remained at 30,479 in the third quarter of 2024, as shown in the table below.

**Table 17: Postal and Courier Density**

Sector Outlets	Q2 2024	Q3 2024	Change (%)
Postal	268	268	0.00%
Courier	235	235	0.00%
Total	503	503	0.00%
<b>Postal and Courier Density</b>	<b>30,479</b>	<b>30,479</b>	0.00%

## 4.3 POSTAL & COURIER REVENUES, COSTS & INVESTMENT

During the period under review, postal and courier nominal revenues grew by 5% whilst operating costs decreased by 17% and capital expenditure grew by 673% as shown in the table below:

**Table 18: Postal & Courier Revenues, Costs & Capital Expenditure**

Metric	Q2 2024	Q3 2024	Change (%)
Revenues	91,744,144	95,920,322	5%
Operating Costs	148,817,865	123,962,499	-17%
Capital Expenditure	160,286	1,238,698	673%
Cost - Income Ratio	162%	129%	-33%

Cost to income ratio for the licensed postal and courier operators improved by 33% from 162% recorded in the previous quarter to 129% in the third quarter of 2024. This reflects a turn in the right direction for the licensed postal and courier operators. However, the operating costs outweighed the revenues, indicating operating losses in the quarter under review.

## **5.0 OUTLOOK**

Business performance for the sector improved significantly on the back of a relatively stable operating environment following the pronouncement of the new Monetary Policy in April 2024, which came with the introduction of a new local currency as well as currency stabilisation measures. This saw an easing of inflationary pressures during the third quarter of 2024. It is expected that the macroeconomic environment will improve for the better.

In general, the sector registered growth on all fronts except for traditional voice traffic which dropped by 7.46%. The trend of declining voice traffic is expected to continue due to increasing adoption of smartphones and the growing popularity of third-party applications such as WhatsApp, Facebook Messenger and Apple's FaceTime that substitute traditional circuit switched voice calling. This is a global phenomenon, with predictions that the mobile network operators' market share for voice traffic will fall from 79% in 2023 to 72% in 2028. At the same time, mobile voice traffic is expected to gradually migrate to Voice over Long-Term Evolution (VoLTE) as operators increase deployment of high speed 4G and 5G base stations to cater for the unfolding relentless demand for high-speed data connectivity. This has potential to unlock new possibilities for healthcare and Internet of Things (IoT).

On the competition side, the coming on board of Starlink has brought about more connectivity options for consumers, ranging from terrestrial wireline, wireless and space based wireless networks. This has shaken the market, and we expect market players to come up with more innovative service offerings to counter the competition, particularly on Internet/data packages. Accordingly, market players are likely going to focus on experimenting the exploitation of generative Artificial Intelligence (AI) to manage their cost to maximise on their return on investment. Consumers are likely to benefit from competition-induced lower prices, improved quality of service and more service offerings.

The sector continues to be affected negatively by the current power shortages. This has a negative bearing on the cost-of-service provision and revenue generation. The onset of the rain season poses various challenges to network infrastructure leading to service outages in some areas. This may call for proactive measures by service providers to safeguard network

infrastructure especially in low lying areas that are prone to floods. Paradoxically, rainwater may increase water levels at Kariba Hydro-power station, thus improving the power situation and improving service availability and quality of service.

Overall, the telecommunications sector is on a growth trajectory driven by digital transformation, technological advancements, increasing demand for internet connectivity and a relatively stable operating environment, albeit foreign currency shortages.