POSTAL & TELECOMMUNICATIONS QUARTERLY SECTOR STATISTICS REPORT – 2nd QUARTER OF 2012

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Disclaimer

This report has been prepared based on data provided by Postal and Telecommunications Service Providers.

The information provided in this quarterly report is subject to alteration in case of any revisions or updates from the service providers.

Although every effort has been made to ensure accuracy of the data contained in the report, the Regulator is not liable for the inaccuracy of the information, which is contingent to the Operators´ information returns.

MAJOR HIGHLIGHTS OF THE FIRST QUARTER 2012

- Total mobile subscribers increased by 10.65% to reach 10.91 million in the 2nd quarter of 2012 from 9.86 million recorded in the 1st quarter of 2012.
- Total mobile and fixed tele-density increased by 8.8% to reach 89.8% in the 2nd quarter of 2012, from 81% recorded in the 1st Quarter 2012.
- Mobile internet subscribers registered an increase of 45.5% to reach 3.2 million in the 2nd quarter of 2012 from 2.2 million recorded in the first quarter of 2012.
- Total switching capacity increased by 13.7% to reach 14.8 million in the 2nd quarter of 2012 from 12.9 million recorded in the first quarter of 2012.

INTRODUCTION

The second quarter of 2012 registered 10.9 million mobile subscribers up from 9.8 million recorded in the first quarter of 2012 and 346,211 fixed subscribers; down from 373 849 recorded in the 1st quarter of 2012. This reflects an 11.2% increase in the mobile subscriber base and 7.3% reduction in the fixed subscribers. There was a 48.6% increase in the number of internet subscribers as internet subscribers grew from 2.2 million in the first quarter of 2012 to 3.27 million recorded in the second quarter of 2012. The growth is mostly attributed to the increasing number of mobile subscribers connecting to the internet. There was a 13.7% increase in the total switching capacity; attributed to Telecel and NetOne`s network expansion.

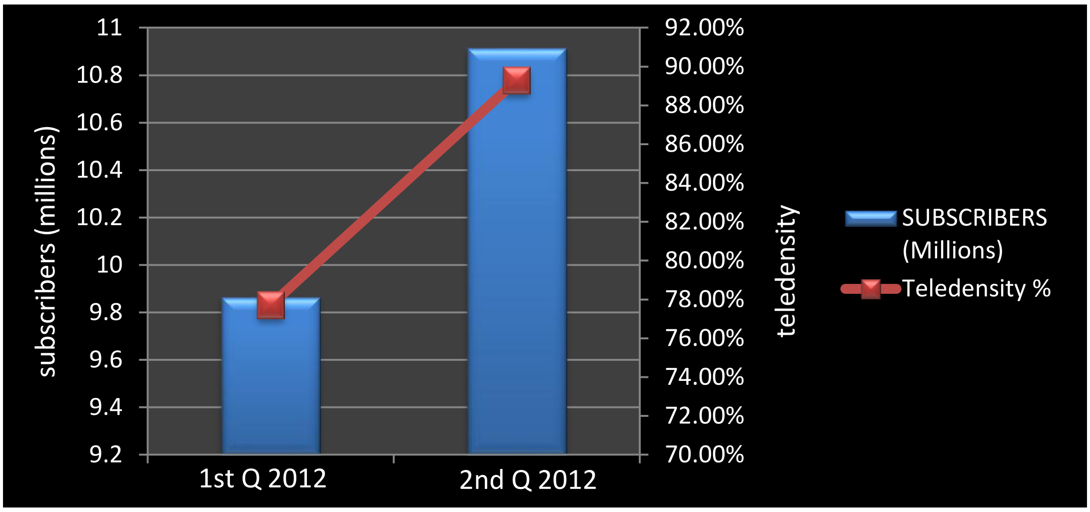
SUBSCRIBER DATA

Mobile, Fixed, Data and Internet subscribers recorded in the second quarter of 2012 are shown in the following table and illustrated in the graph below:

Table 1: Subscriber data

Service	Total Subscribers	Penetration ratio
Mobile Voice	10,914,770	86.6%
Data and Internet	3,266,411	25.9%
Fixed Voice	346,211	2.75%

Fig 1: Tele-density growth



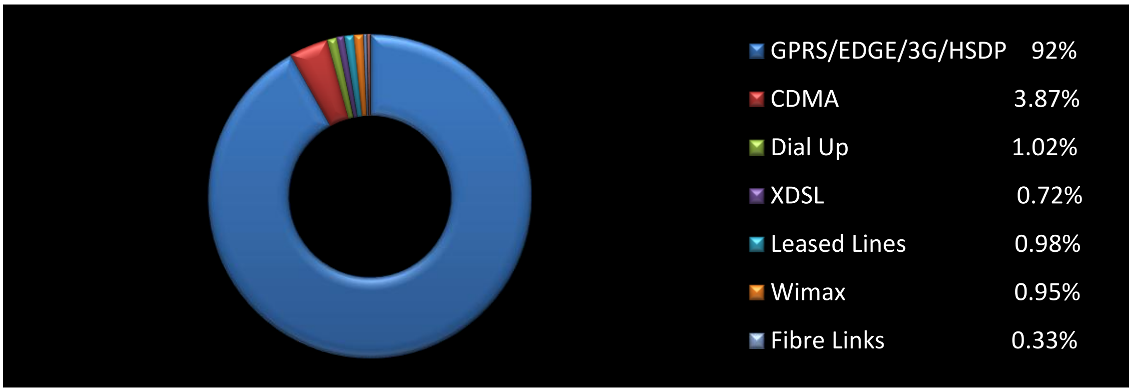
Source: POTRAZ, Operator´s Returns

The second quarter of 2012 registered a mobile teledensity of 86.6%, a fixed teledensity of 2.75% as well as a data and internet penetration ratio of 25.9%. The data and internet penetration is mostly attributed to the increase in the number of mobile internet subscribers.

INTERNET PENETRATION BY TECHNOLOGY

Internet subscribers are aggregated according to technology and the share of data and internet service by technology is illustrated in the graph below:

Fig 2: Share of Data and Internet Service by Technology



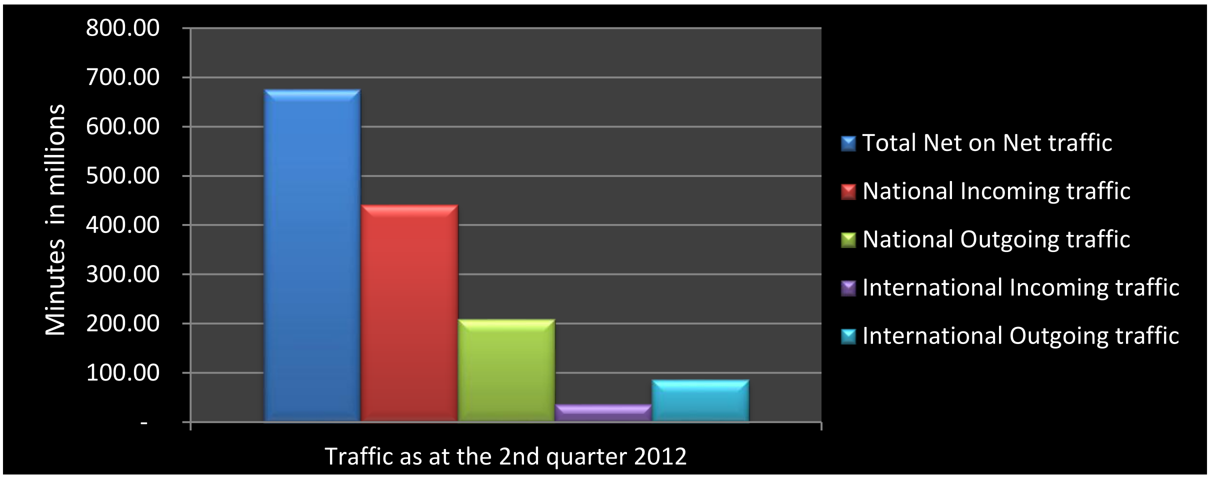
Source: Source: POTRAZ, Operator´s Returns

An aggregation of internet penetration by technology shows that mobile internet in the form of 3G, EDGE, GPRS and HSDP is the most dominant with a share of 92%. This is attributed to the increasing mobile density. As the the mobile density continues to increase so does the number of subscribers with mobile internet

TRAFFIC STATISTICS

Traffic figures recorded in the 2st quarter of 2012 are shown in the graph below:

Fig 3: Total Traffic statistics



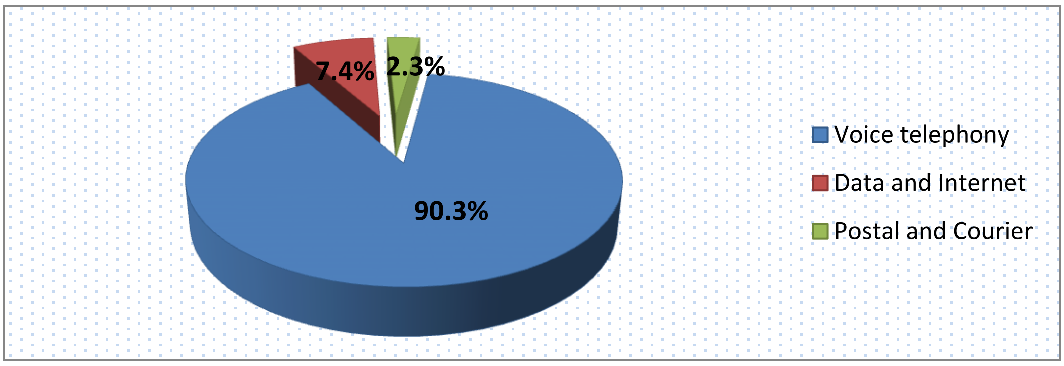
Source: POTRAZ, Operator´s Returns

Net on net traffic was significantly higher than national incoming and national outgoing traffic. This can be attributed to operator promotions than significantly reduced tariffs for net on net calls.

REVENUES

The communications sector as a whole realized 242.5 million revenues in the second quarter of 2012. The contribution to sector revenue by service is shown in the graph below:

Fig 5: Contribution to Sector Revenue



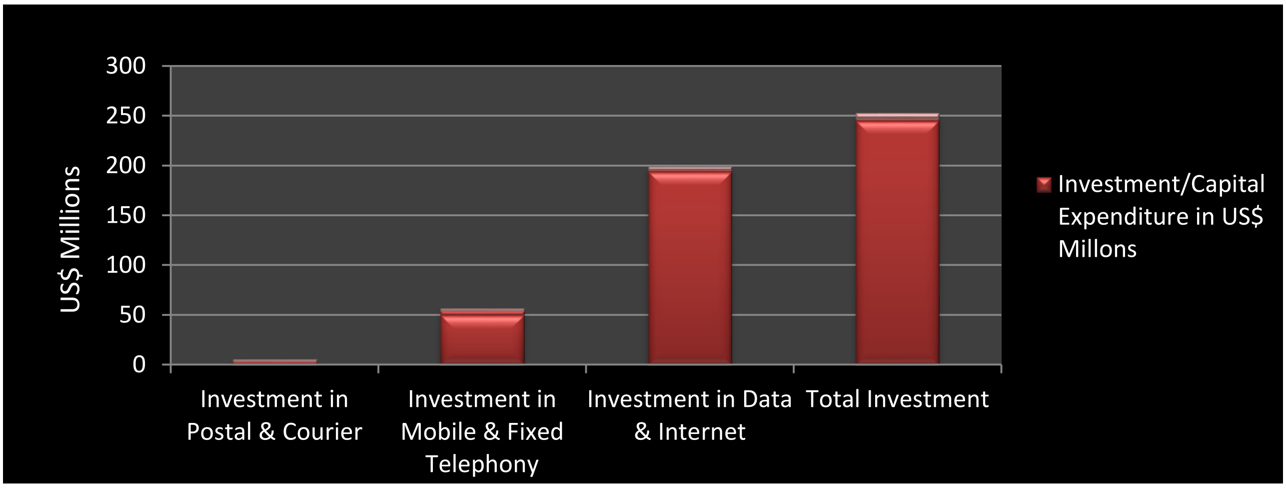
Source: POTRAZ, Operator´s Returns

Voice Telephone contributed 90.3 % of the revenues generated in the sector. The contribution of data and internet and postal and courier was 7.4 % and 2.3 % respectively.

INVESTMENT

Investment in the postal and telecommunications sector in the second quarter of 2012 is summarised in the graph below:

Fig 6: Postal and Telecommunications Investment



Source: Source: POTRAZ, Operator´s Returns

The total investment in the postal and telecommunications sector in the 2nd quarter of 2012 was $248,774,728; 78% of this investment was in data and internet services.