The Arab Telecom and Media Markets

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ARAB ADVISORS GROUP

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Outline

- Regulatory Framework in the Arab World
- Telecoms Landscape in the Arab World
- An Overview of the Arab World's Broadcast Industry.

Regulatory framework in the Arab World (February 2010)

Country	Fixed market	Cellular market	Internet market
Algeria	Monopoly	Competitive	Competitive
Bahrain	Competitive	Duopoly	Competitive
Egypt	Monopoly	Competitive	Competitive
Iraq	Competitive	Competitive	Competitive
Jordan	Competitive	Competitive	Competitive
Kuwait	Monopoly	Competitive	Competitive
Lebanon	Monopoly	Duopoly	Competitive
Libya	Monopoly	Duopoly	Monopoly
Mauritania	Duopoly	Competitive	Competitive
Morocco	Competitive	Competitive	Competitive

Notes:

- **Bahrain**: STC Bahrain, the third cellular operator in Bahrain, is expected to launch its services in the first half of 2010.
- **Egypt**: The NTRA is planning to award a second fixed license but no specific date was yet set by the regulator.
- **Libya**: - On February 16, 2009 the General Telecommunication Authority of Libya (GTA) announced its intention to grant one license for mobile and fixed services to a single privately owned operator to offer cellular and fixed services in Libya, the license is expected to be awarded before the end of the first quarter of 2010.
  - GTA granted Al Jeel Al Jadeed and Libya Telecom and Technology (LTT) MVNO licenses but they did not launch their services yet.

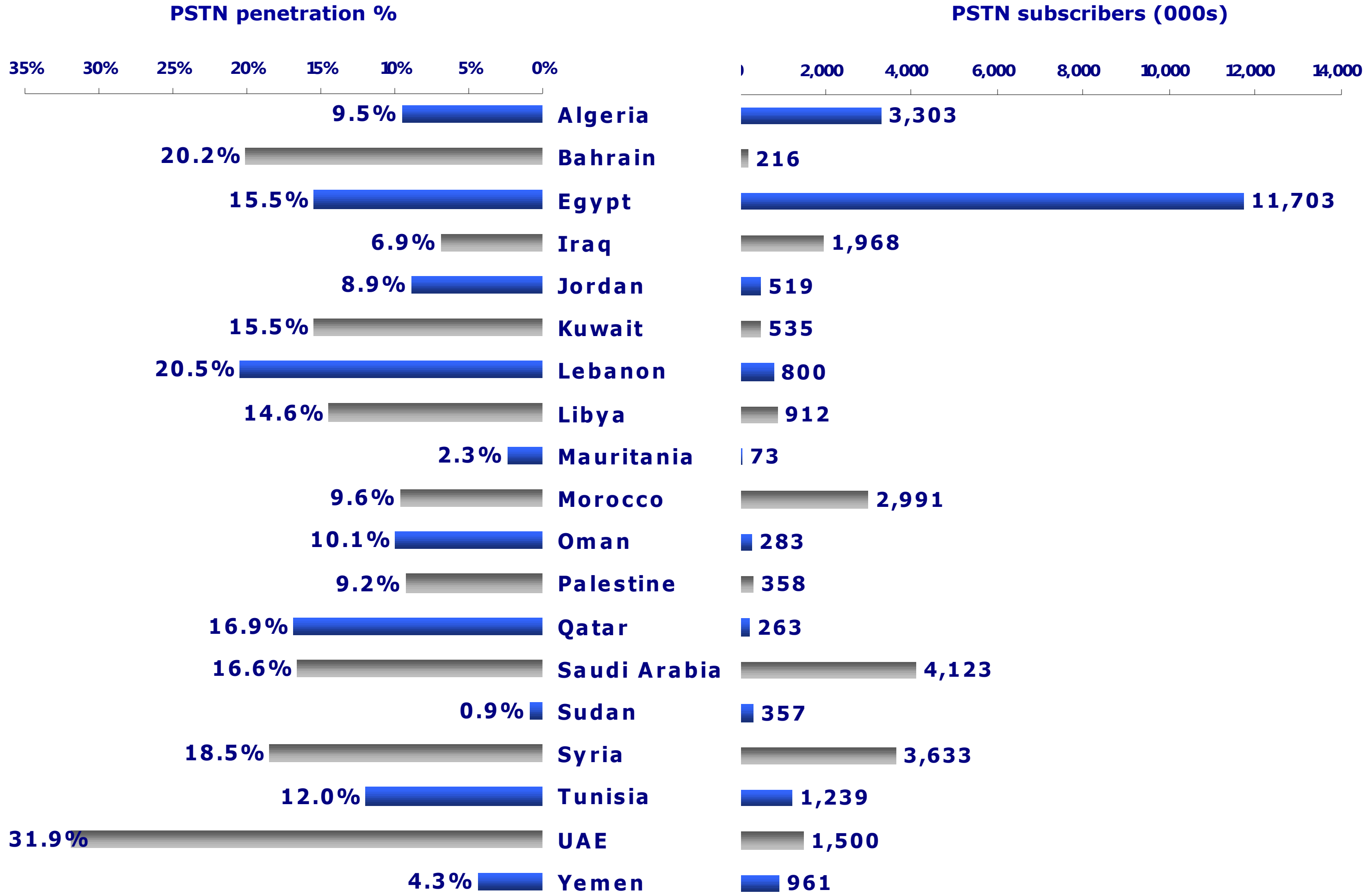
Regulatory framework in the Arab World (February 2010) (cont.)

Country	Fixed market	Cellular market	Internet market
Oman	Monopoly	Competitive	Monopoly
Palestine	Monopoly	Competitive	Competitive
Qatar	Monopoly	Duopoly	Monopoly
Saudi Arabia	Duopoly	Competitive	Competitive
Sudan	Duopoly	Competitive	Competitive
Syria	Monopoly	BOT Duopoly	Competitive
Tunisia	Monopoly	Duopoly	Competitive
UAE	Duopoly	Duopoly	Duopoly
Yemen	Monopoly	Competitive	Duopoly

Notes:

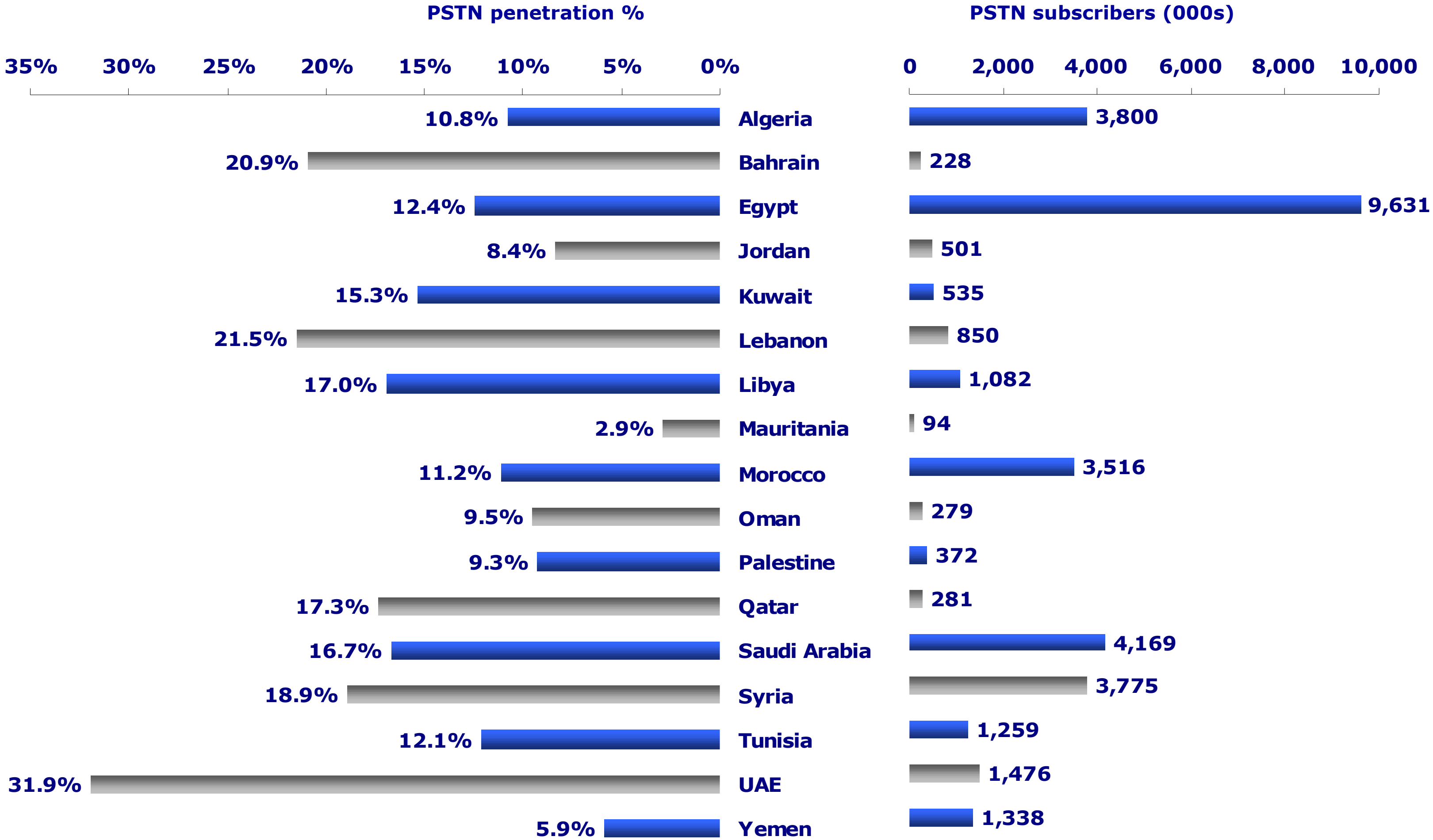
- **Oman:** The competitive landscape includes "Class 2" mobile reseller licensees (MVNOs).
- **Palestine**: The two mobile operators, Jawwal and Wataniya, face unlicensed competition from four Israeli operators.
- **Qatar**: Vodafone Qatar won the second fixed license but ictQATAR did not issue the license yet.
- **Tunisia**: On June 22, 2009, the Tunisian Ministry of Communication Technologies awarded the fixed and 2G/3G mobile telecommunication license to a consortium led by Divona Telecom and Orange (France Telecom). Tunisie Orange Telecom has successfully test-launched its 2G/3G mobile telecommunications network on February 4, 2010.

Arab fixed voice users: 35.7 million in 2008 up from 33.4 million in 2007



Source: Arab Advisors Group

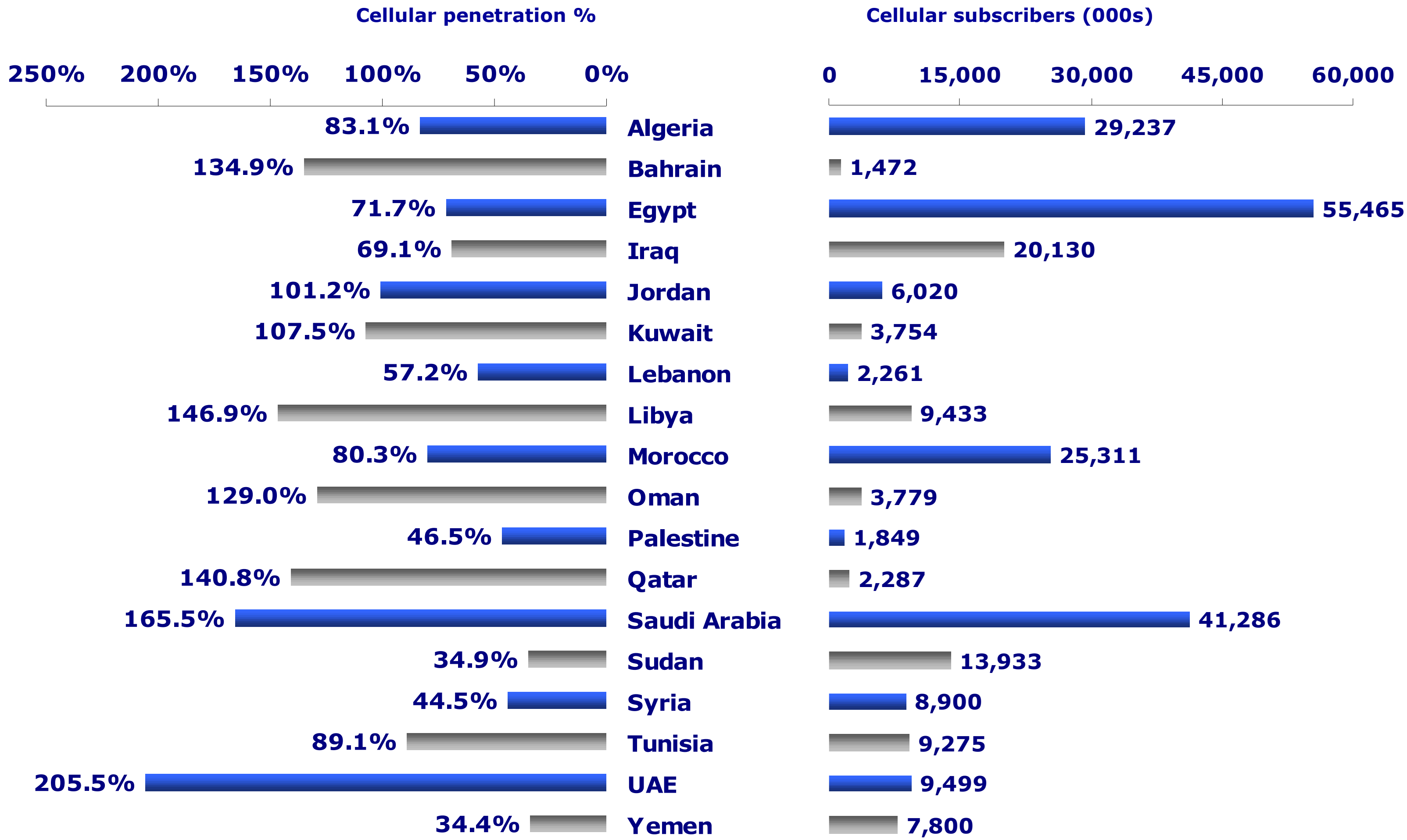
Fixed lines and penetration rates by September/end of 2009



Notes: Jordan, Palestine, Morocco, UAE and Yemen's PSTN figures are by end of 2009.
Lebanon's PSTN figures are by end of November 2009.
Bahrain's PSTN figures include Batelco and Mena Telecom only.

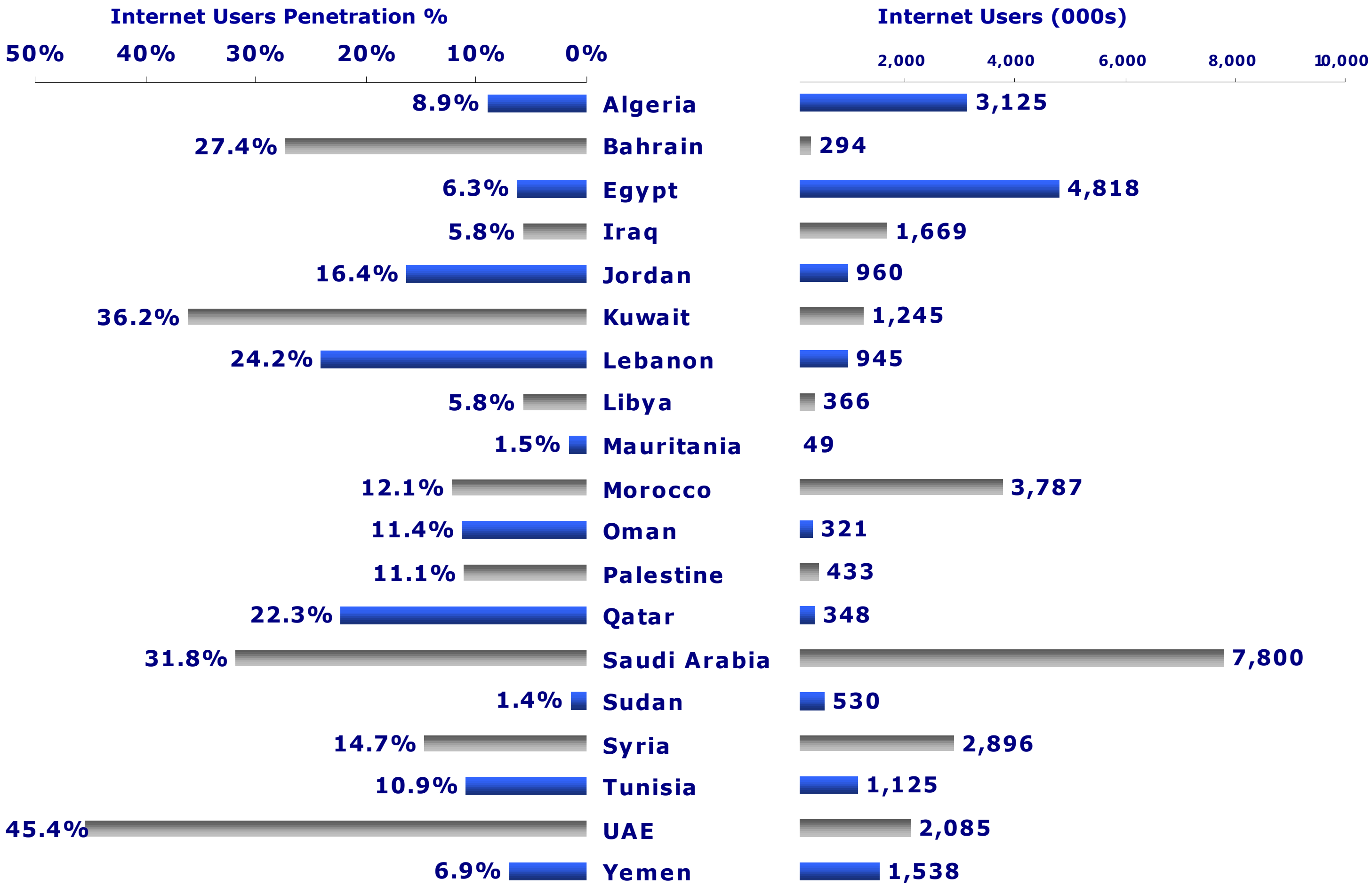
Source: Arab Advisors Group

Cellular lines and penetration rates by September/end of 2009



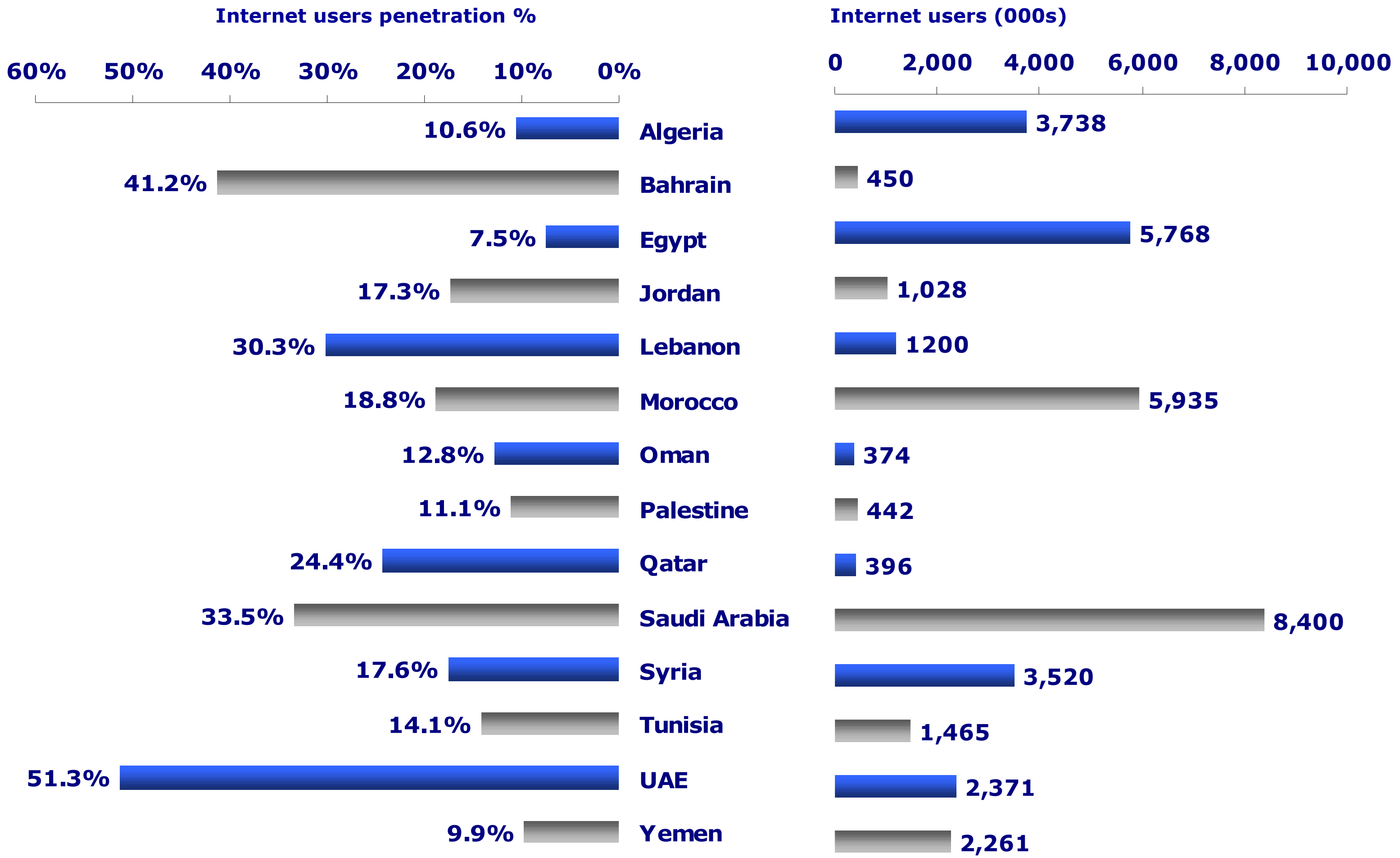
Note: Libya, Morocco, UAE's cellular figures are by end of 2009.
Iraq's cellular figures include the national operators only.
Source: Arab Advisors Group

34.3 million Internet users in the Arab World by end of 2008 of whom some 20-22 million are broadband users



Source: Arab Advisors Group

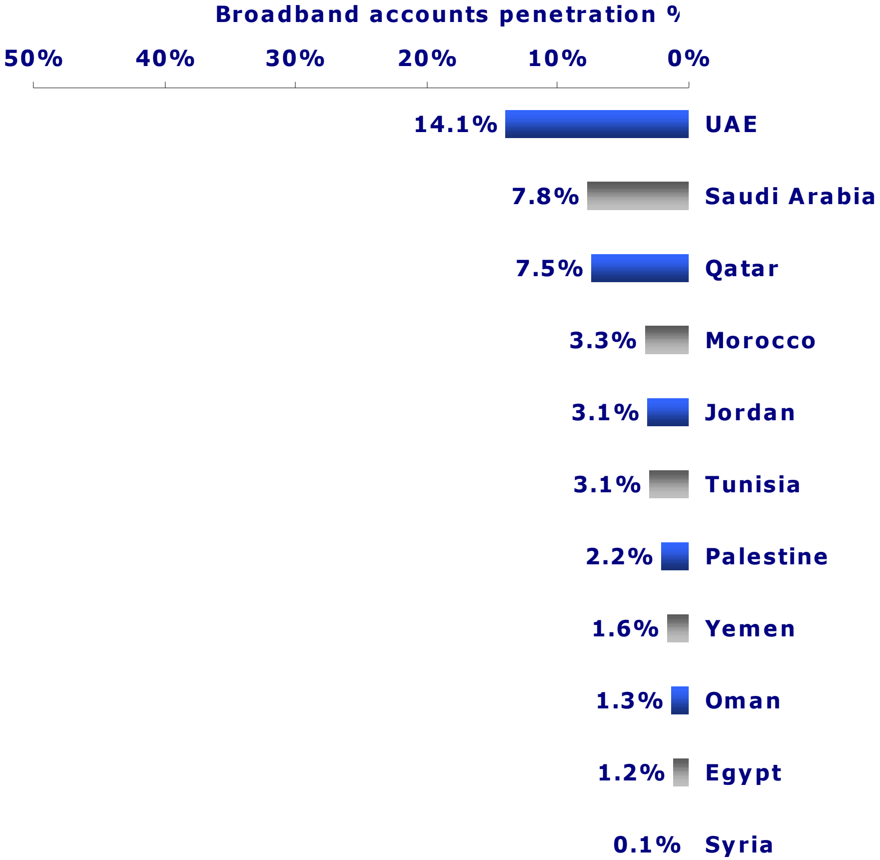
Arab Internet users by September/end of 2009

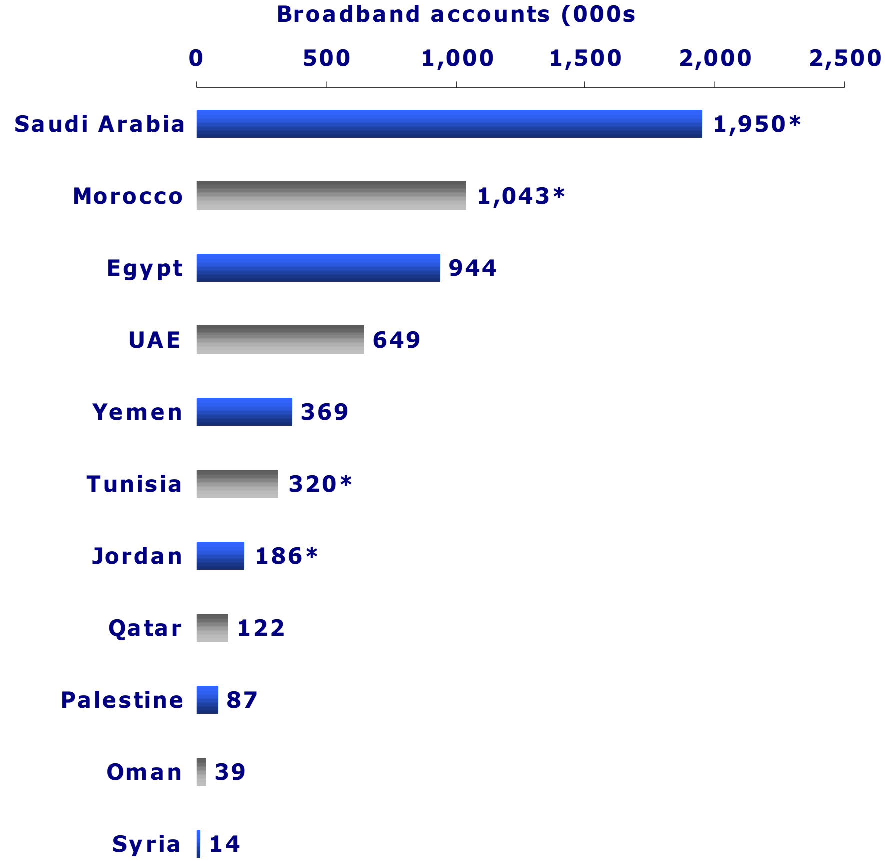


Notes: Morocco, Saudi Arabia, UAE, Lebanon and Yemen's Internet users figures are by end of 2009.

Source: Arab Advisors Group

Driven by wireless broadband, Saudi Arabia's broadband accounts reached almost 2 million by September 2009





* Includes wireless broadband accounts where data is available (WiMAX, 3.5G/HSPA, EVDO).

Source: Arab Advisors Group

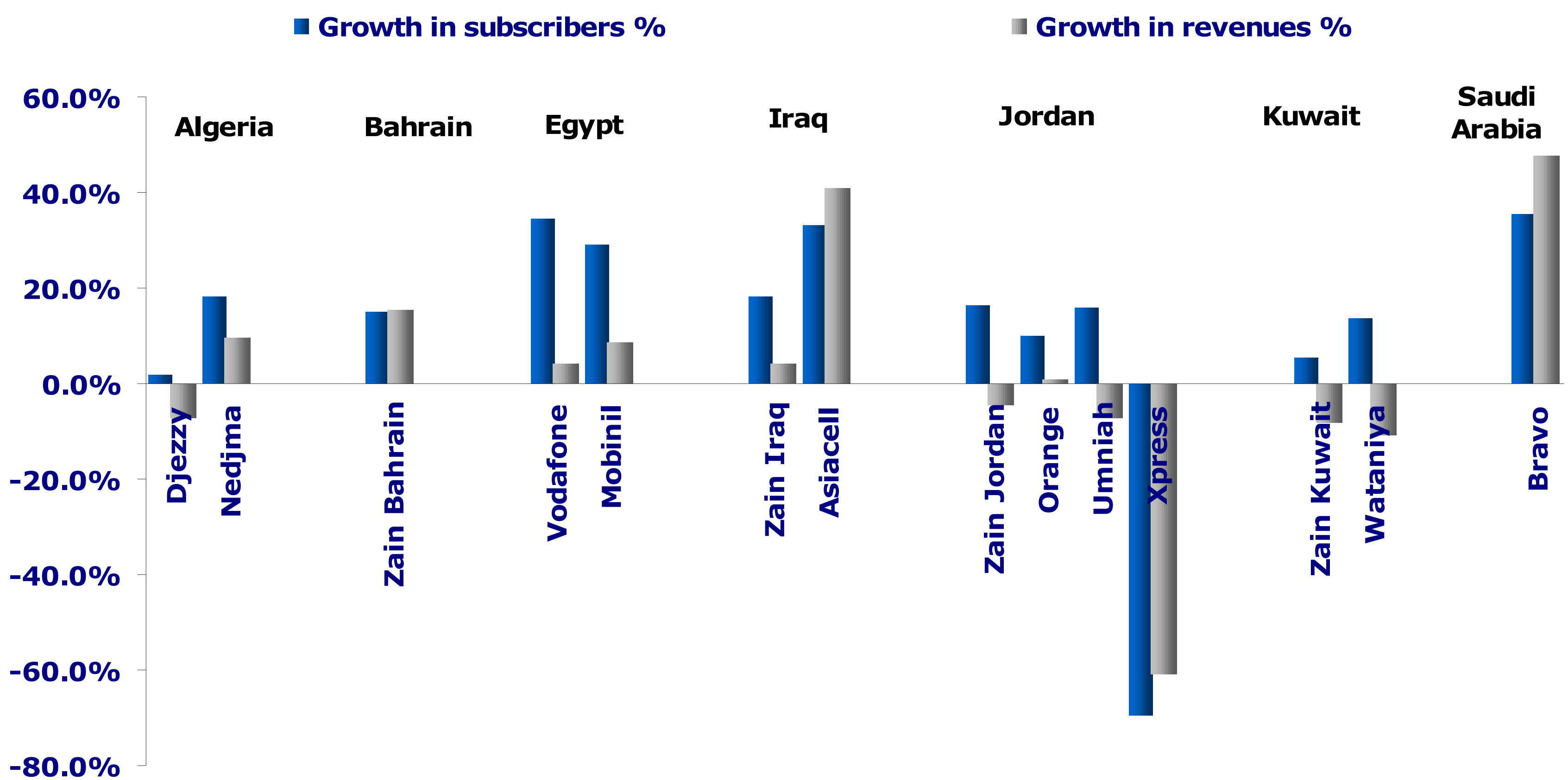
Twenty nine operators offered 3G/3.5G cellular services in thirteen Arab countries by end of 2009.

By end of 2009, a total of twenty nine operators in thirteen Arab countries offered 3G/3.5G cellular services.

The most common 3G/3.5G services offered by the operators are mobile Internet, followed by video calling and mobile TV.

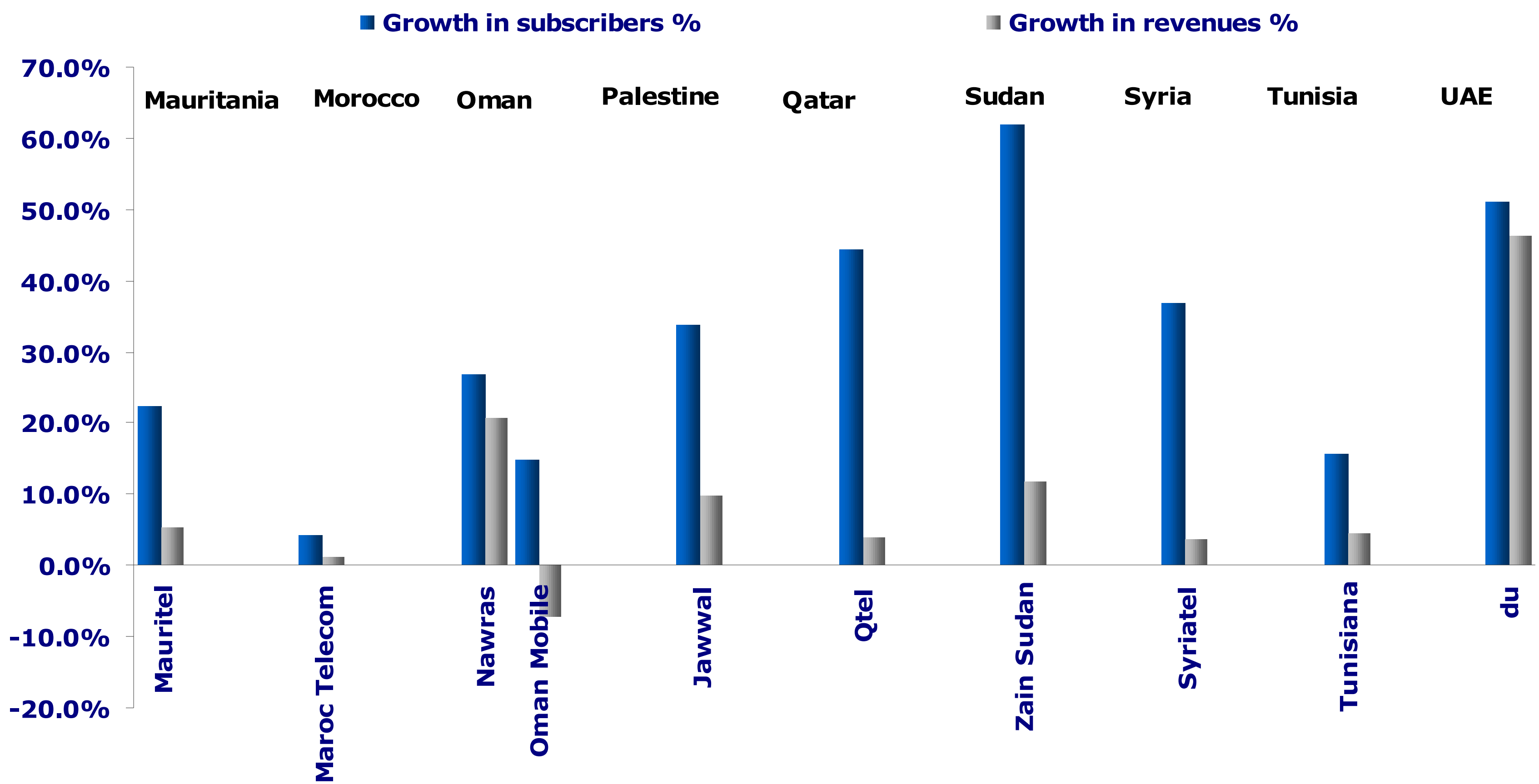
More operators are expected to commercially launch their 3G/3.5G services in 2010, these include: Orange in Jordan, Tunisie Orange Telecom in Tunisia and Wataniya Mobile in Palestine.

Competition effects: In Algeria, Jordan and Kuwait cellular lines' and revenues' growth are decoupled



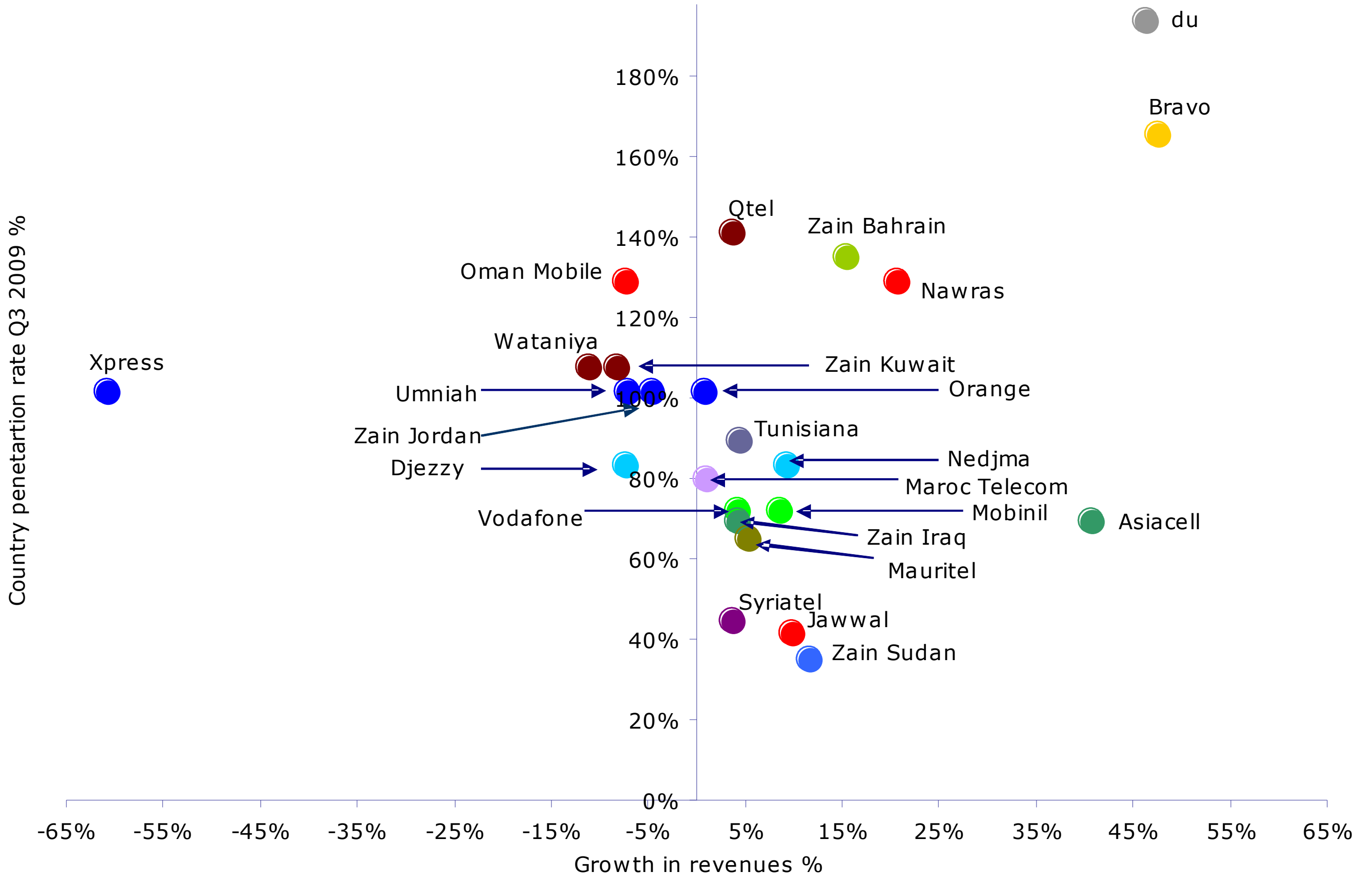
Source: Arab Advisors Group

du bucks the regional trend possibly due to UAE's comfortable duopoly situation



Source: Arab Advisors Group

7 out of 24 analyzed cellular operators registered a drop in revenues during 2009's first nine months



Source: Arab Advisors Group

FTTH status and prospects in the Arab World

- Fiber to the Home (FTTH) is still in its early stages in the Arab World.
- Eleven Arab countries have ongoing FTTH projects.
- Abu Dhabi will be the first city to be fully connected in FTTH.

FTTH milestone in Abu Dhabi: Etisalat plans to achieve a 100% FTTH reach in the city

- By year-end 2009, Etisalat passed 692,000 households in the UAE with FTTH.
- Etisalat’s plan is to connect over 1 million households by the year 2011.
- Etisalat’s broadband residential customers reached a total of 501,290 subscribers by end of Q3 2009.
- du offers Fiber to the Home (FTTH) network to its customers living in most new real estate developments in new Dubai areas.

Liberalization and privatization was a boon for regional connectivity

- New submarine FO systems coming online in 2010 such as
  - MENA FO Submarine Cable: Connecting the Middle East and North Africa to India, Greece and Italy.
  - Tunisie Telecom's FO Submarine Cable to Italy
  - The East African Marine System (TEAMS) connecting Kenya to the UAE.
- New satellite capacity from existing operators (e.g. ArabSat) and new entrants such as YahSat.
- Capacity glut? Hardly, as broadband remains narrowband compared to global leaders. Expect growth in speeds to severely outpace growth in revenues though.

Expanding Intra-country digital divides:

- Growth in cellular services massively outpaced that of Internet.
- Urban rural divide is massive.
- Poverty and illiteracy remain the largest challenges. ICT can enable some solutions but multi faceted solutions are needed.
- Young populations are a boon for ICT-enabled services and industries.

An Overview of the Arab World's Broadcast Industry

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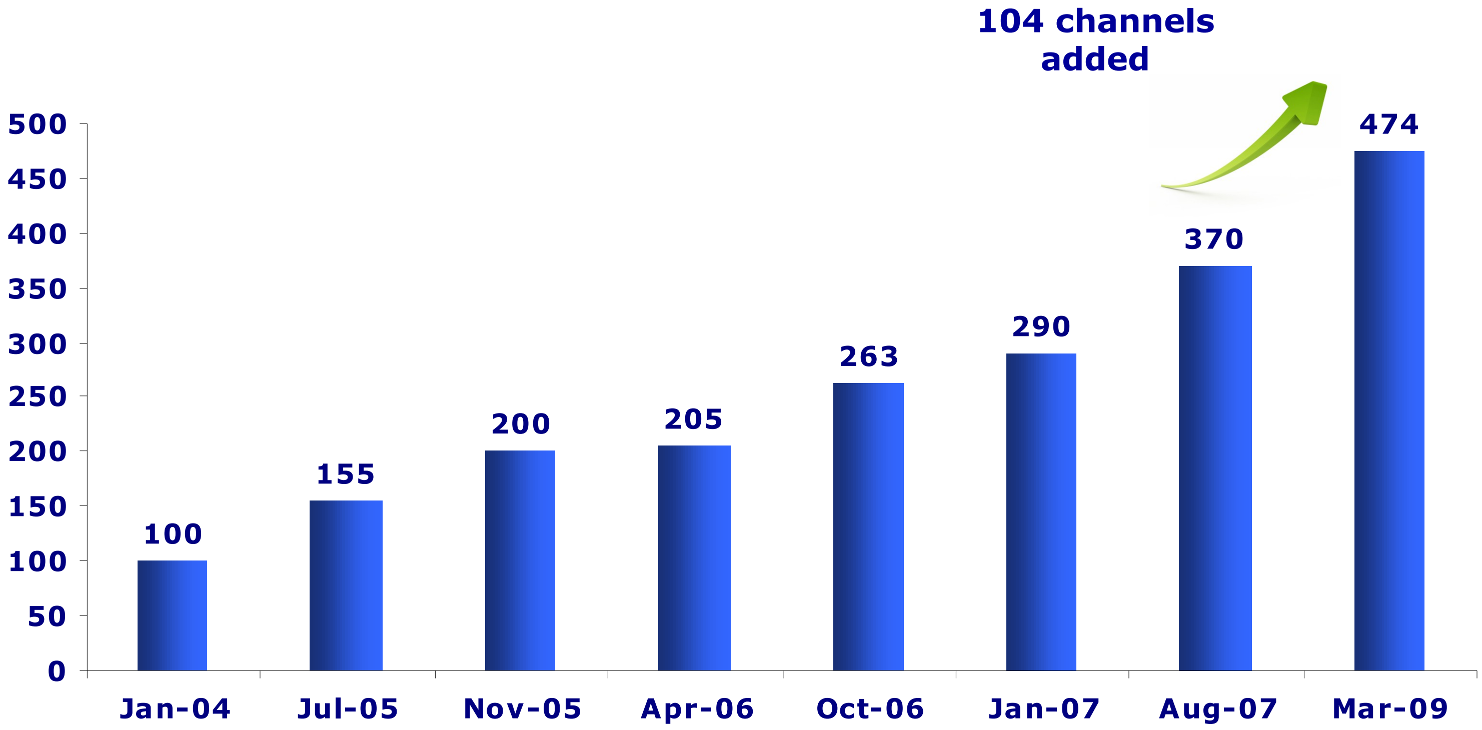
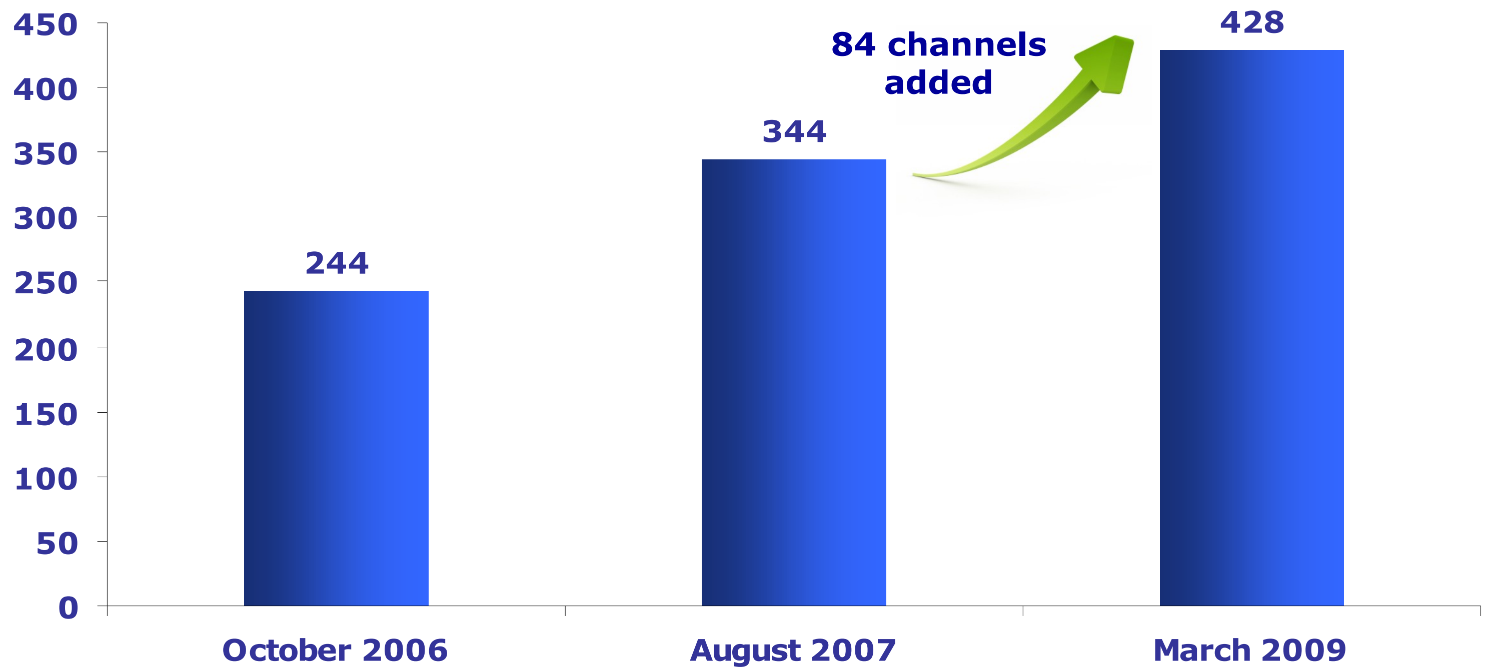
Satellite Free-to-Air channels growth



Note: The satellite systems included in the analysis are Arabsat, Nilesat and Noorsat.
Source: Arab Advisors Group's "Satellite TV in the Arab World 2009" report

Fully launched and operational FTA satellite channels in October 2006, August 2007 and March 2009



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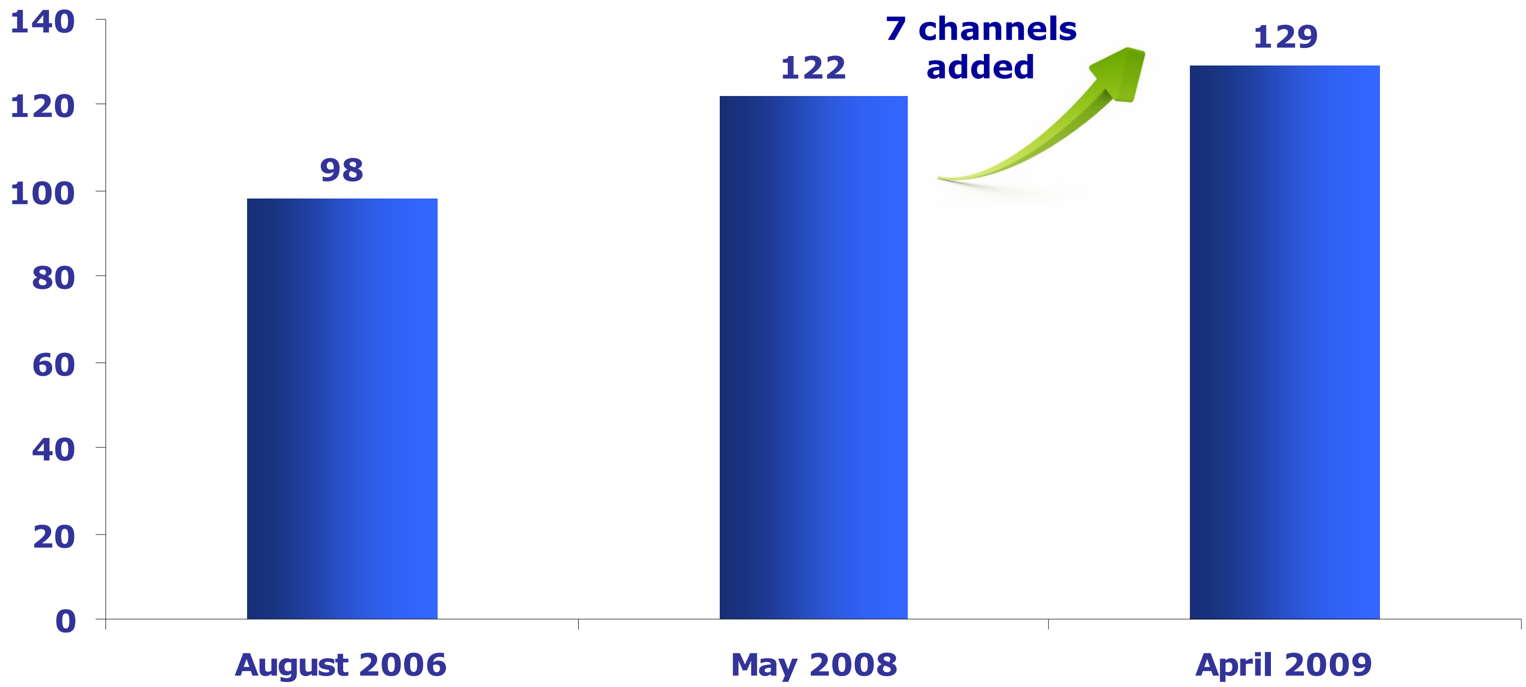
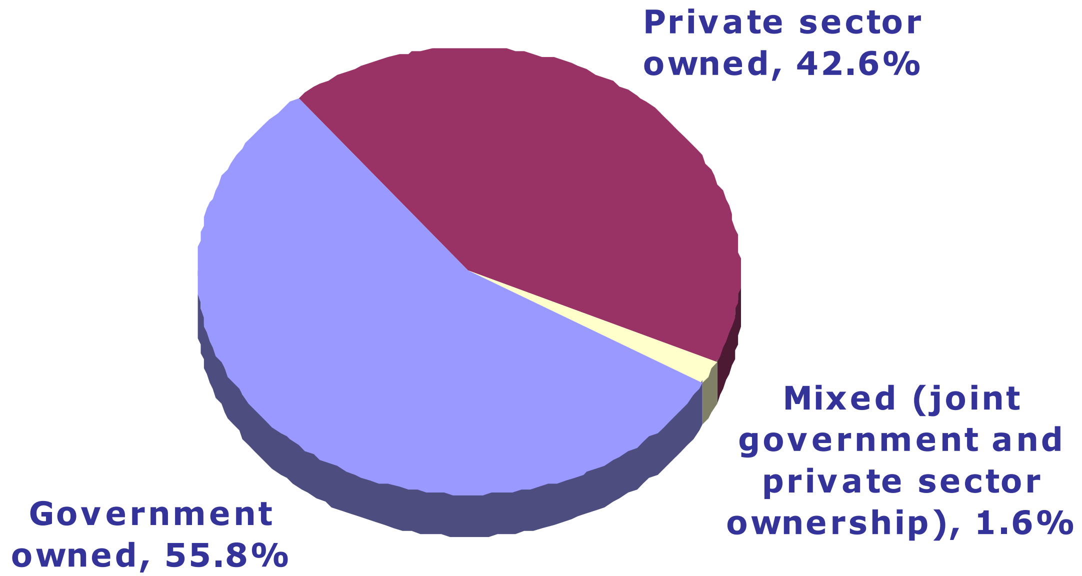
Terrestrial channels growth



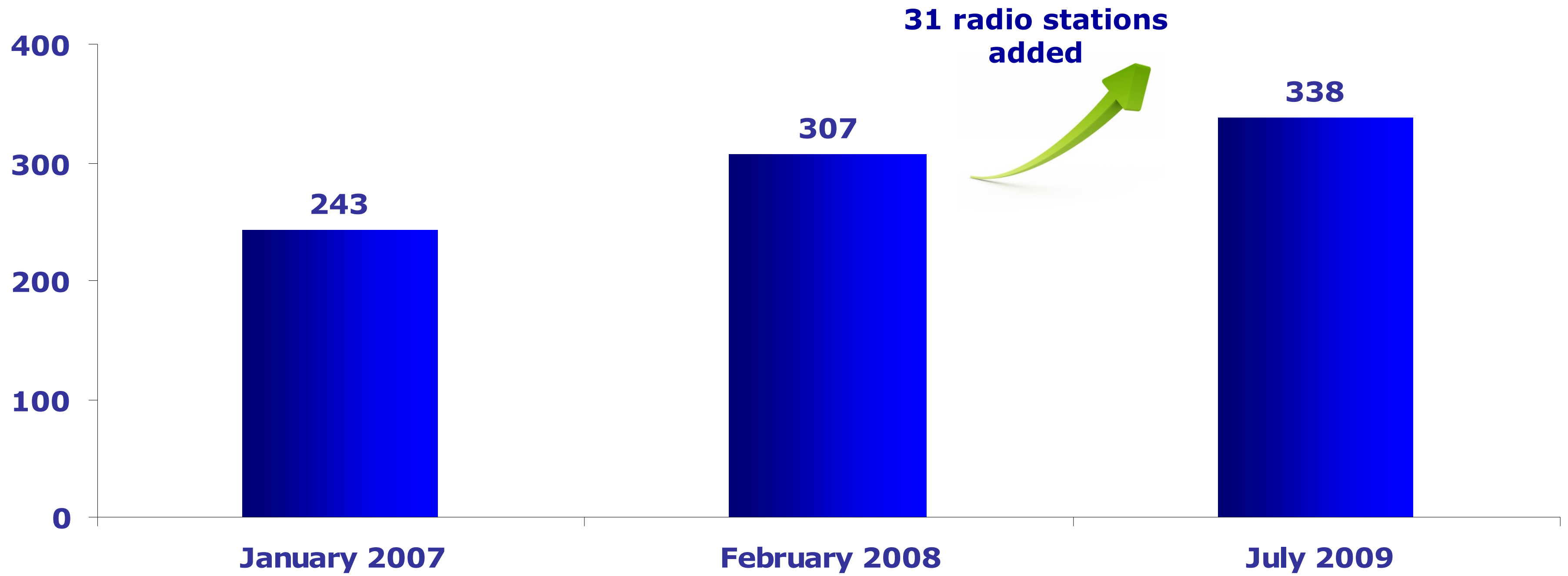
Source: Arab Advisors Group's "Terrestrial TV in the Arab World 2009" report

Terrestrial channels ownership



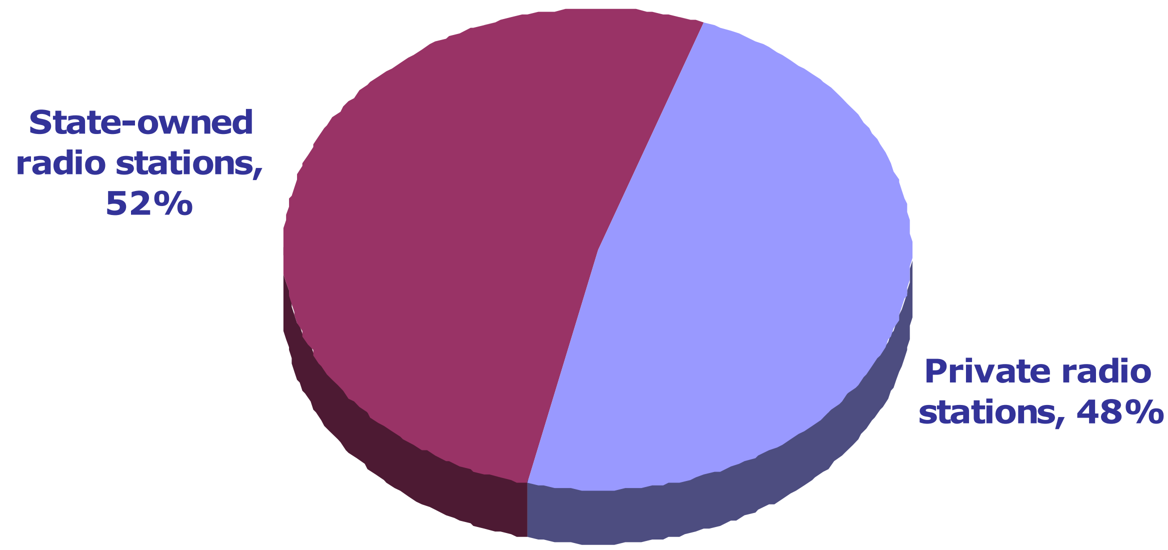
Source: Arab Advisors Group's "Terrestrial TV in the Arab World 2009" report

FM Radio stations growth



Source: Arab Advisors Group's "FM Radio in the Arab World 2009" report

52% of the FM radio stations are state-owned



Source: Arab Advisors Group's "FM Radio in the Arab World 2009" report

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