



Mobile Phone & Allied Products

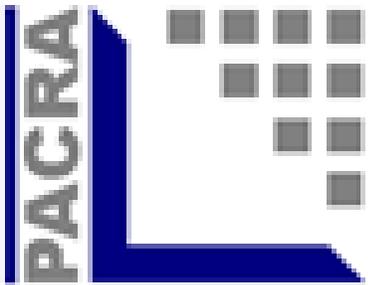
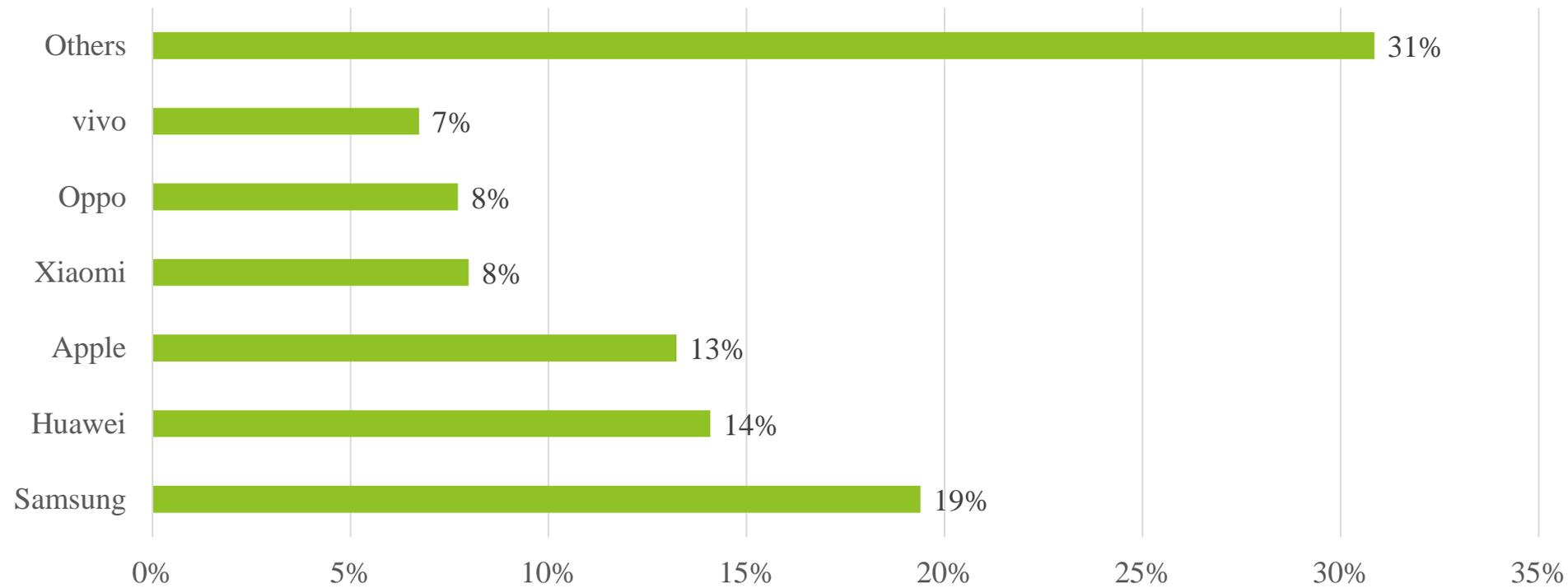


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International Market Share

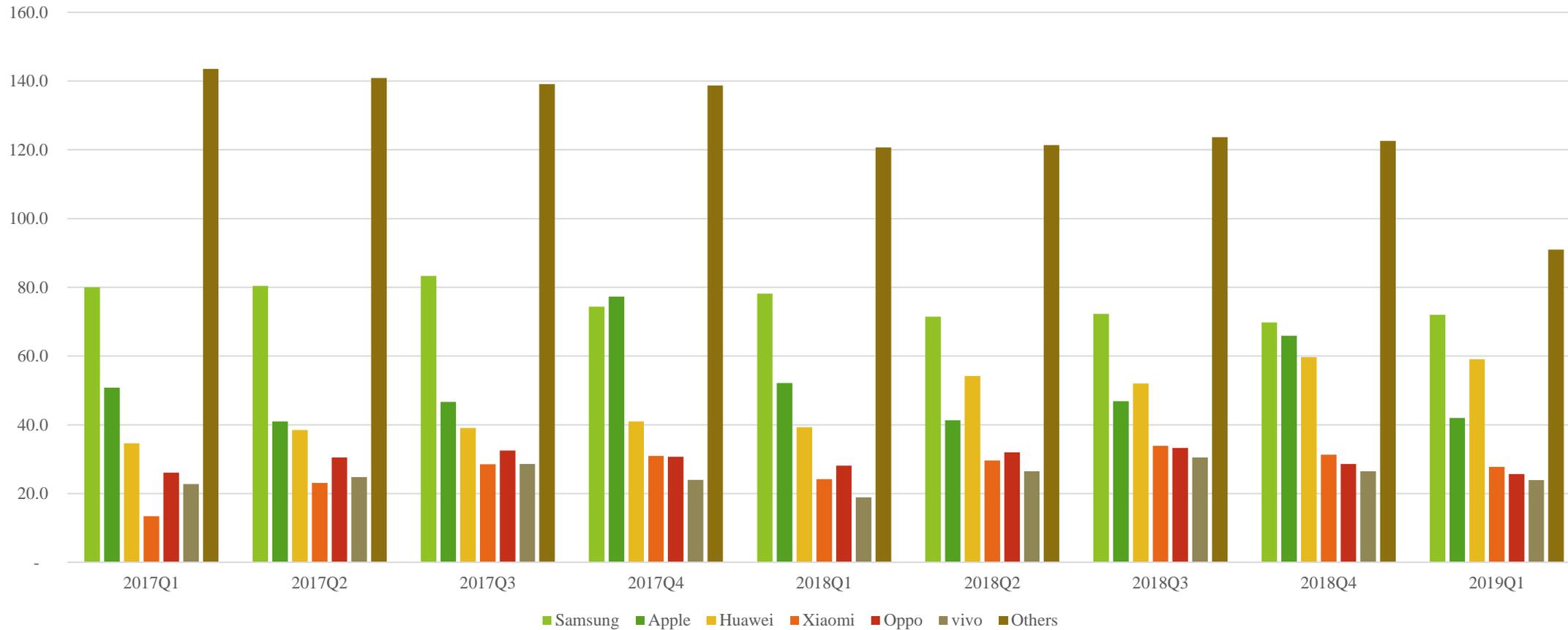
Market Share (March-19)
(No of units)



- ▶ More than ~600 mobile phone brands compete in international market
- ▶ Top 6 players dominate the market having a share of ~66%.
- ▶ Flagship products of Samsung and Apple continue to face tough competition from more affordable smartphones.
- ▶ Mobile phones claim ~44% share in global Technical Consumer Goods market in 2018.

Global Shipments

Shipment of Mobile Phones (units in mln)



- Mobile phones worth of US\$ 522 billion were sold in CY18 with ~5% YOY growth.
- Huawei showed strong growth as the total shipment grew by ~34% during 2018 followed by ~24% growth of Oppo.
- Improved market share in China, Asia and parts of Europe by Chinese brand was a major contributor to the growth of Huawei.
- Total global smartphone shipments decreased by ~2% to 1,535 million globally.

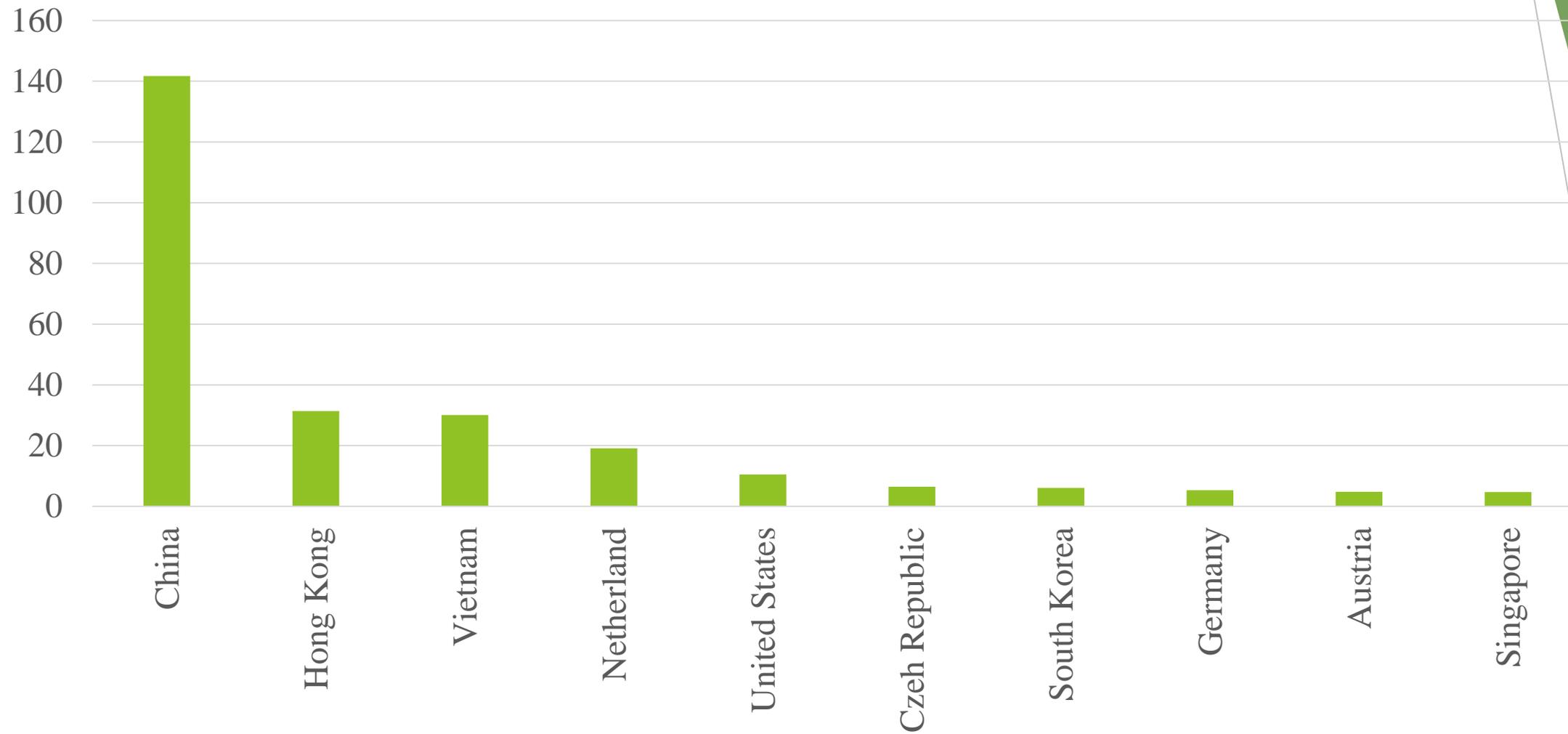
Smartphone Penetration

Ran k	Country	Total Population (mln)	Smartphone Users (mln)	Smartphone Penetration
1	China	1,415	783	55%
2	India	1,354	375	28%
3	United States	327	252	77%
4	Russian Federation	144	92	64%
5	Brazil	211	87	41%
6	Indonesia	267	73	27%
7	Japan	127	70	55%
8	Germany	82	65	79%
9	Mexico	131	60	46%
10	United Kingdom	67	55	82%
21	Pakistan	200	28	14%

- China has the highest number of smartphone users of ~783 million nearly doubled than the last year, second ranked India having ~375 million users as at September 2018.
- India has ~28% smartphone penetration - very low as compared to other top ranked countries
- Pakistan is ranked 21 in terms of smart phone users.
- Total smartphone users of Pakistan stood at ~28 million with user concentration of ~14%.

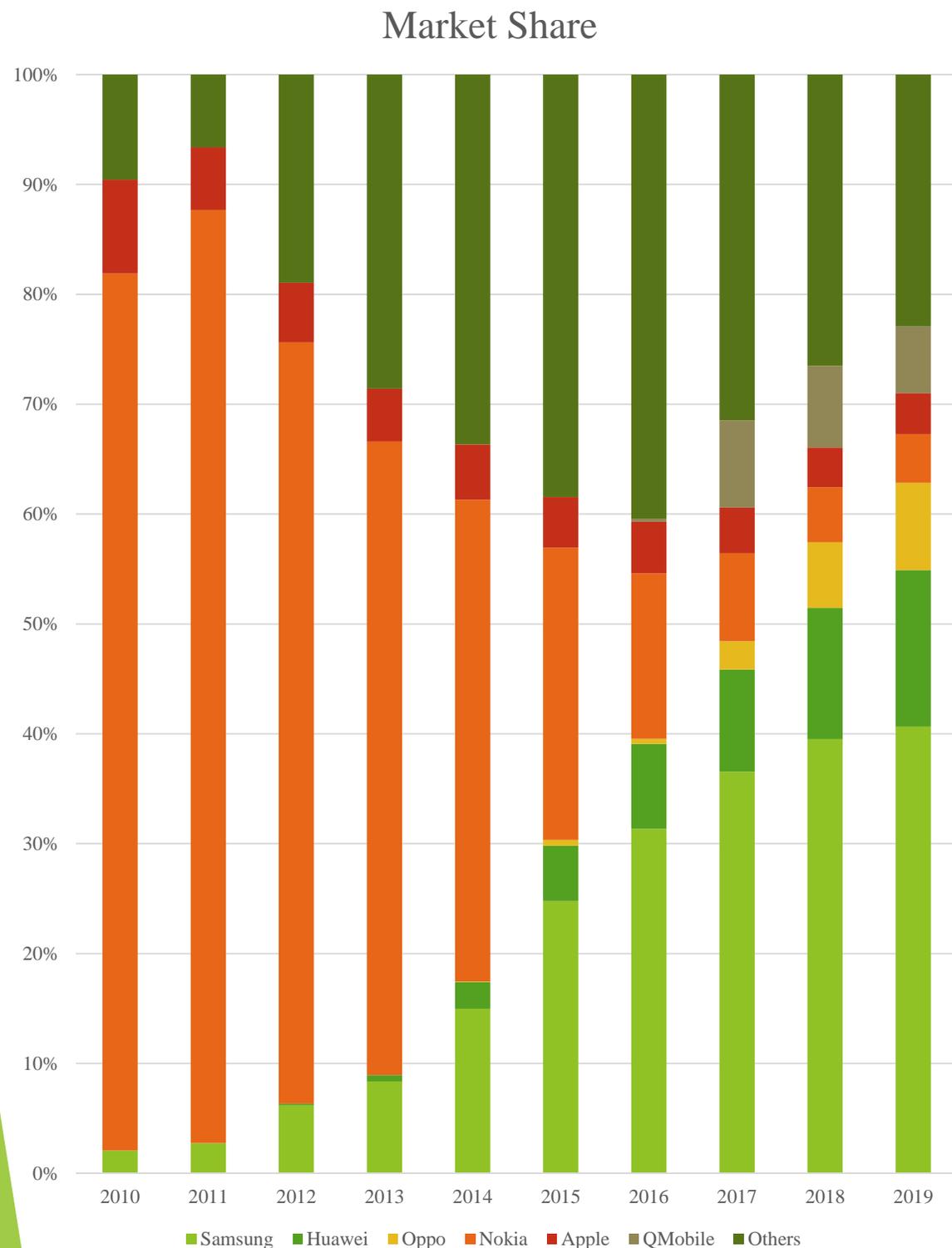
Top Exporters | Global

Top Smart Phone Exporters 2018 (US \$ bln) – Exporting Hub



- China is the largest exporter of mobile phones in the world with ~50% market share of total exported value.

Local Market Share



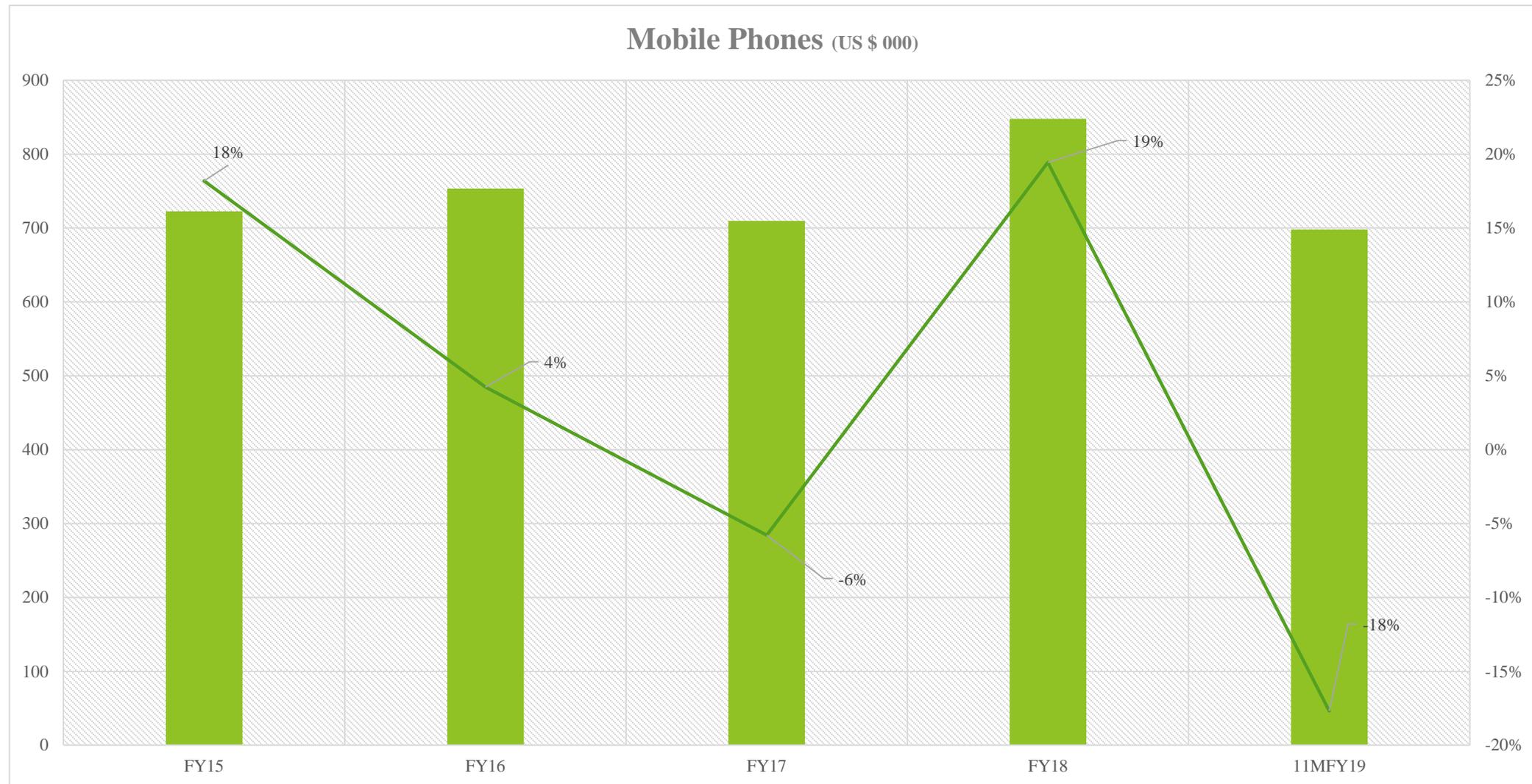
- ▶ Much like international mobile phone market, Pakistan's market is also dominated by few players.
- ▶ Top six brands constitute ~77% market share of total market while remaining is held by other players.
- ▶ Samsung is the largest player with ~41% market share followed by Huawei ~14% and Oppo ~8%.
- ▶ Huawei showed good growth since 2013 but still has been outpaced by Samsung.

Supply Chain | Pakistan



- ▶ Distributors are responsible to sell products and provide after sales services to clients
- ▶ Price of the products is being set by manufacturers and all distributors and dealers sell the products at invariable prices which reduces the competition amongst distributors

Import of Mobile Phones | Pakistan



- Pakistan relies on imports to meet the demand of mobile phones
- Pakistan imported US\$~697.811 million worth of mobile phones during 11MFY19 down ~8.18% on YOY basis alongside ~13% growth in Rupee term.

Top Players in Local Market



Samsung smart phones offered in Pakistan are divided in four major categories including Galaxy S, Galaxy Note, Galaxy A and Galaxy J.

Samsung Galaxy S and Galaxy Note are premium products as Galaxy S10 is price above PKR 200,000 Galaxy A and Galaxy J are medium to low end products.

Huawei offered P series, Mate, Honor and Y series smart phones

- Huawei P series and Mate phones are Premium to medium end product products
- Huawei Honor and Y series captures low price products

Medium to low end products including X, A and Y series

Most of the Oppo smart phones are medium to low end priced products.

Duty Structure

- ▶ The government has proposed to reduce sales tax and levy on imported mobile phones.

CURRENT DUTY STRUCTURE FOR MOBILE PHONES 2018-2019						
Price Range	\$0-\$30	\$31-\$100	\$101-\$200	\$201-\$350	\$351-\$500	\$500+
CD / RD (PKR)	180	1,800	2,700	3,600	10,500	18,500
SALES TAX (PKR)	150	1,470	1,870	1,930	6,000	10,300
LEVY (PKR)	-	-	500	1,500	3,500	7,000
WHT 5.5% (PKR)	70	730	930	970	3,000	5,200
TOTAL PER SET (PKR)	400	4,000	6,000	8,000	23,000	41,000

PROPOSED DUTY STRUCTURE FOR MOBILE PHONES 2019-2020						
TAXES	\$0-\$30	\$31-\$100	\$101-\$200	\$201-\$350	\$351-\$500	\$500+
CD / RD (PKR)	180	1,800	2,700	3,600	10,500	18,500
SALES TAX (PKR)	135	1,320	1,680	1,740	5,400	9,270
LEVY (PKR)	-	-	400	1,200	2,800	5,600
WHT 5.5% (PKR)	70	730	930	970	3,000	5,200
TOTAL PER SET (PKR)	385	3,850	5,710	7,510	21,700	38,570

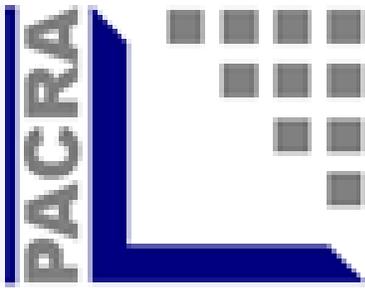
Local Distributors Network

Distributor	Mobile Sales & Distribution	Airlink Communication	Muller & Phipps	Advance Telecom	Oppo	Vivo	Q Mobile
Samsung	✓	✓	✓				
Huawei		✓	✓				
Oppo					✓		
Vivo						✓	
Nokia				✓			
Q Mobile							✓

- Samsung, Huawei and Nokia sell their products through distributors in Pakistan.
- Oppo, Vivo and Q Mobile has established their own distribution setup.

Industry Outlook

- ▶ Huawei to face pressure on account of it being accused by United States.
- ▶ Samsung, Oppo and Vivo are well poised to capture market share from Huawei.
- ▶ Implementation of Device Identification Registration and Blocking System (DIRBS) is a positive development for the sector. All illegally imported mobile phones will be blocked by PTA which will benefit local distributors.
- ▶ Recent devaluation of local currency is expected to impact the demand negatively.
- ▶ Current Government has proposed to reduce custom duty and levy on imported mobile phones.
- ▶ Considering the above factors overall demand of industry is expected to decrease but imports through green channels may increase considering recent steps by government to curb illegal imports.



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