

# Mobile Telecom

## Building Connections



April 2018

# Market share

		Cellular Sims (Number of Active SIMs)					
	Period	Jazz	Telenor	Zong	Ufone	Warid	Total
Subscribers	FY11	33,378,161	26,667,079	10,927,693	20,533,787	17,387,798	<b>108,894,518</b>
Share		31%	24%	10%	19%	16%	<b>100%</b>
Subscribers	FY12	35,953,434	29,963,722	16,836,983	23,897,261	13,499,835	<b>120,151,235</b>
Share		30%	25%	14%	20%	11%	<b>100%</b>
Subscribers	FY13	37,121,871	32,183,920	21,177,156	24,547,986	12,706,353	<b>127,737,286</b>
Share		29%	25%	17%	19%	10%	<b>100%</b>
Subscribers	FY14	38,768,346	36,571,820	27,197,048	24,352,717	13,084,823	<b>139,974,754</b>
Share		28%	26%	19%	17%	9%	<b>100%</b>
Subscribers	FY15	33,424,268	31,491,263	22,102,968	17,809,315	9,830,620	<b>114,658,434</b>
Share		29%	27%	19%	16%	9%	<b>100%</b>
Subscribers	FY16	39,118,521	38,020,771	25,251,329	19,833,670	11,017,174	<b>133,241,465</b>
Share		29%	29%	19%	15%	8%	<b>100%</b>
Subscribers	FY17	52,470,638	40,804,820	28,084,677	18,397,981	-	<b>139,758,116</b>
Share		38%	29%	20%	13%	-	<b>100%</b>
Subscribers	Jan-18	54,035,798	42,116,882	30,534,042	19,308,980	-	<b>145,995,702</b>
Share		37%	29%	21%	13%	-	<b>100%</b>

➤ Jazz continues to lead the market. During FY16, Telenor caught up with Jazz, however, with the merger of Warid, Jazz extended the lead.

➤ During FY17, excluding Jazz (due to merger), Zong depicted highest growth of 11%. Zong continued the momentum into FY18 and in 7MFY18 recorded growth of 9% (Jazz: 3%; Telenor: 3%; Ufone: 5%).

# Market share

3G/4G Subscribers											Share in the total Cellular subscribers
Operator	Technology	Jun-14	Dec-14	Jun-15	Dec-15	Jun-16	Dec-16	Jun-17	Dec-17	Jan-18	
Jazz	3G	3,656,345	1,795,549	3,656,345	7,248,761	8,919,218	12,326,033	12,443,340	14,299,648	14,546,165	10.0%
	*4G	-	-	-	-	-	-	937,209	1,934,752	2,238,018	1.5%
Telenor	3G	4,162,616	2,268,860	4,162,616	6,373,498	8,371,991	9,897,252	10,453,885	10,634,688	10,765,044	7.4%
	*4G	-	-	-	-	-	-	607,013	1,594,897	1,883,616	1.3%
Zong	3G	2,898,094	1,661,286	2,898,094	4,752,974	5,988,197	7,134,497	8,640,333	9,044,963	9,089,902	6.2%
	4G	105,128	2,242	105,128	282,701	680,620	2,274,157	4,041,766	4,961,350	5,072,443	3.5%
Ufone	3G	2,570,283	1,952,584	2,570,283	4,293,739	5,223,096	5,305,094	4,960,486	5,720,153	5,869,286	4.0%
Warid	LTE	-	-	106,211	214,046	347,132	637,363	-	-	-	0.0%
<b>Total</b>		<b>13,392,466</b>	<b>7,680,521</b>	<b>13,498,677</b>	<b>23,165,719</b>	<b>29,530,254</b>	<b>37,574,396</b>	<b>42,084,032</b>	<b>48,190,451</b>	<b>49,464,474</b>	<b>33.9%</b>

\* 4G Started in Jan17

Jan-18	Mobilink	Telenor	Zong	Ufone	Warid	Total
Number of total subscribers	54,035,798	42,116,882	30,534,042	19,308,980	-	145,995,702
Share of 3G subscribers in the cellular operator's subscriber base	26.9%	25.6%	29.8%	30.4%	N.A.	N.M.
Share of 4G subscribers in the cellular operator's subscriber base	4.1%	4.5%	16.6%	N.A.	N.A.	N.M.
Share of 3G/4G subscribers as % age of total 3G/4G subscribers	33.9%	25.6%	28.6%	11.9%	0.0%	<b>100%</b>

➤ Zong has a more diverse subscriber base as compared to peers 46.4% of subscribers are from 3G and 4G segment.

➤ In terms of absolute volume, Jazz has the highest number of 3G subscribers in the country, whereas in 4G, Zong leads the pack.

# Revenues

**LDI: Long Distance International**

**WLL: Wireless Local Loop**

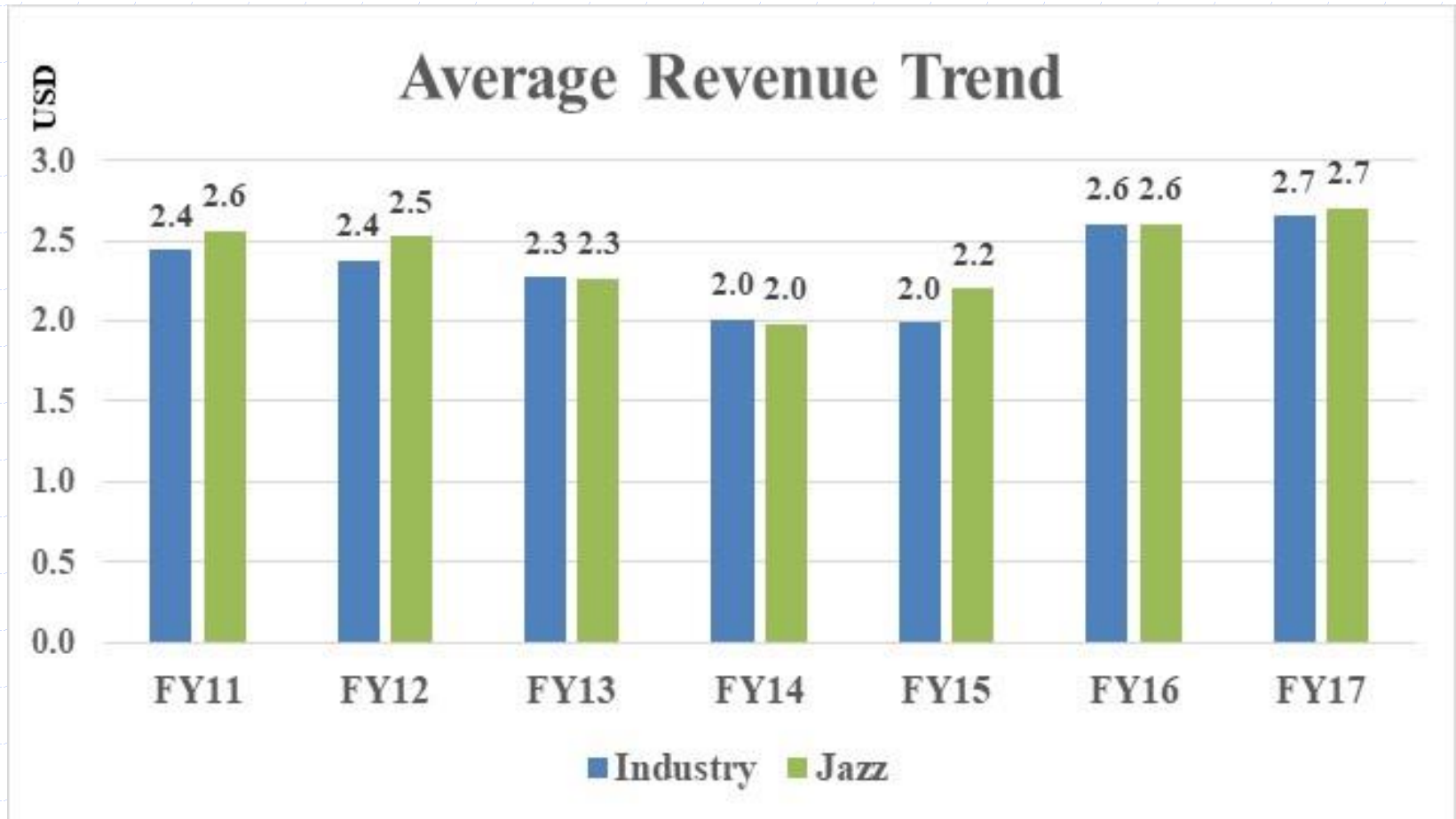
**VAS: Value Added Services**

Telecom Revenues							
						(PKR mln)	(USD mln)
	Cellular	Local Loop	LDI	WLL	VAS	Total	Total
2010-11	262,761	58,342	34,195	4,978	7,052	367,327	4,320
2011-12	298,510	63,805	32,675	5,861	11,175	412,026	4,617
2012-13	311,145	80,661	38,572	5,617	3,526	439,521	4,539
2013-14	322,683	86,808	43,874	2,144	4,123	459,632	4,469
2014-15	317,016	80,730	40,890	1,144	7,078	446,857	4,403
2015-16	345,537	76,344	32,554	90	2,499	457,024	4,378
2016-17	369,118	72,701	19,555	236	2,503	464,114	4,448

Telecom Revenues						
	Cellular	Local Loop	LDI	WLL	VAS	Total
2010-11	71.5%	15.9%	9.3%	1.4%	1.9%	100%
2011-12	72.4%	15.5%	7.9%	1.4%	2.7%	100%
2012-13	70.8%	18.4%	8.8%	1.3%	0.8%	100%
2013-14	70.2%	18.9%	9.5%	0.5%	0.9%	100%
2014-15	70.9%	18.1%	9.2%	0.3%	1.6%	100%
2015-16	75.6%	16.7%	7.1%	0.0%	0.5%	100%
2016-17	79.5%	15.7%	4.2%	0.1%	0.5%	100%

- Total telecom revenue witnessed nominal growth of ~1.5% during FY17. Herein, revenue from data usage has reached an all time high.
- OTT apps continue to pose a great challenge to telecom revenues.
- Cellular mobile segment continues to dominate total revenue.

# Pakistan | Average Revenue Per User



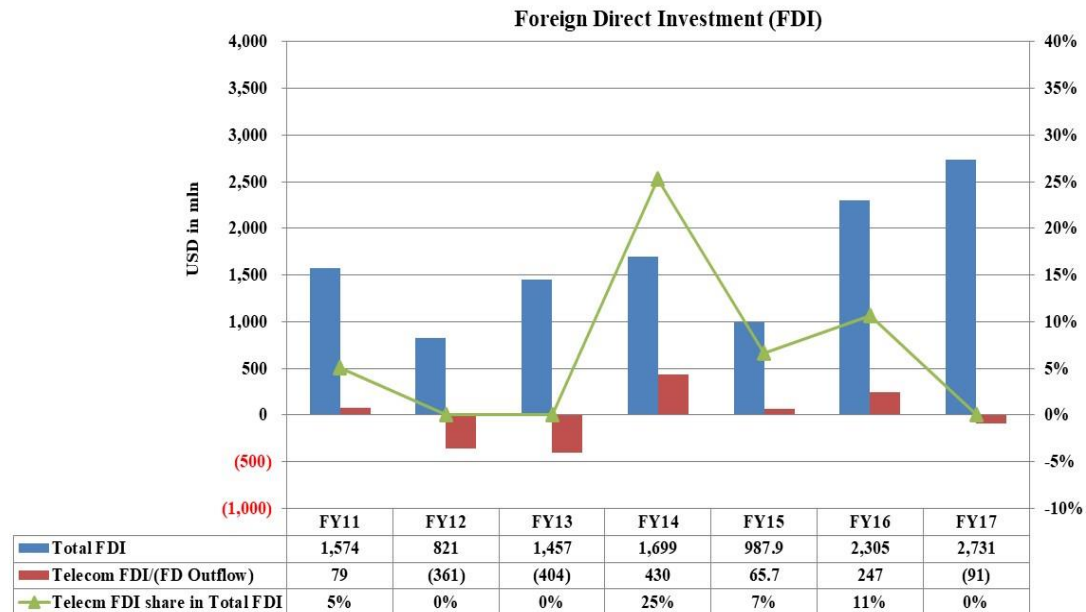
➤ Since FY15, ARPU mix has tilted towards data revenue on the back of roll out of high speed data services and increase in smartphone penetration in the country.

# Telecom Investment

➤ During FY17, total telecom investment decreased by 12% on YoY basis. Telecom operators have withheld further investments due to high tax regime. Rationalization in taxes will encourage operators to inject funds.

Telecom Investment					
<i>(USD mln)</i>					
	Cellular	LDI	LL	WLL	Total
<b>2010-11</b>	359	132	19	10	<b>519</b>
<b>2011-12</b>	212	16	5	7	<b>240</b>
<b>2012-13</b>	570	2	16	12	<b>600</b>
<b>2013-14</b>	1,790	2	14	10	<b>1,816</b>
<b>2014-15</b>	978	12	4	7	<b>1,001</b>
<b>2015-16</b>	659	9	54	0	<b>722</b>
<b>2016-17</b>	486	11	138	0	<b>635</b>

➤ During FY17, Telecom witnessed inflow of ~\$116mln and outflow of ~\$207mln, which resulted in net outflow of \$91mln. During the same period, Total FDI clocked-in at \$2,731mln.



# Snapshot

- Increased smartphone penetration is likely to yield benefits for the industry in terms of higher data revenue
- Mobile Financial Services offered by telcos in collaboration with sister concerns (MFBs) would unlock synergistic benefits
- Fierce competition from OTT apps coupled with price war amongst industry players is adding pressure on average revenue per user (ARPU).
- Rationalization of high taxation on end consumers is important
- Dividend repatriation by telecom operators is a challenge for the industry

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