POSTAL AND TELECOMMUNICATIONS REGULATORY AUTHORITY OF ZIMBABWE (POTRAZ)

TELECOMMUNICATIONS SECTOR PERFORMANCE SECOND QUARTER 2012

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1. MAJOR HIGHLIGHTS OF THE FIRST QUARTER 2012

- Total mobile subscribers increased by 2.64% to reach 10.12 million from 9.86 million recorded in the 1st quarter of 2012.
- Total mobile and fixed teledensity increased by 1.73% to reach 82.4%, from 81% recorded in the 1st Quarter 2012.
- Mobile internet subscribers registered an increase of 45.5% to reach 3.2 million from 2.2 million recorded in the first quarter of 2012.
- Total switching capacity increased by 13.7% to reach 14.8 million from 12.9 million recorded in the first quarter of 2012.

2. INTRODUCTION

The second quarter of 2012 registered 10.12 million total mobile and fixed subscribers; up from 9.86million recorded in the first quarter of 2011. This reflects a 2.64% increase in the subscriber base. 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 2011 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.

3. MOBILE TELEPHONE SERVICES

3.1 MOBILE SUBSCRIPTIONS

Total mobile subscribers increased by 2.6% to reach 10.12 million from 9.86 million recorded in the 1st quarter of 2012. The growth in mobile subscriptions per operator is shown in Table 1 below:

Table 1: Mobile Subscribers per operator

Operator	March 2012	June 2012	Change (%)
Econet	6 408 700	6 427 788	0.3%
Telecel	1 843 141	2 002 640	8.7%

Net One	1 612 567	1 694 129	5.1%
Total	9 864 408	10 124 557	2.6%

Econet and Telecel subscribers grew by 0.3% and 8.65% respectively whereas NetOne subscribers grew by 5.06%. The increase in the subscriber base of NetOne and Telecel bases is mainly attributed to their net on net promotions.

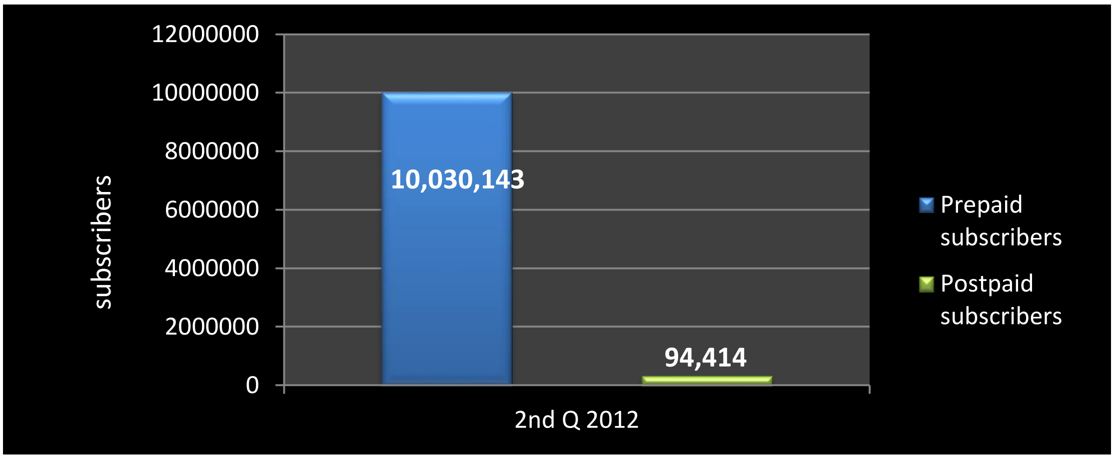
3.2. POST AND PREPAID SUBSCRIPTIONS

The table 2 below shows the summary of growth of pre-paid, postpaid and total mobile subscribers in the second quarter of 2012.

Table 2: Postpaid and pre-paid mobile Subscribers

Operator	March 2012	June 2012	Change (%)
Pre-paid	9 775 369	10 030 143	2.6%
Post-paid	89 039	94 414	6.%
Total mobile subscribers	9 864 408	10 124 557	2.6%

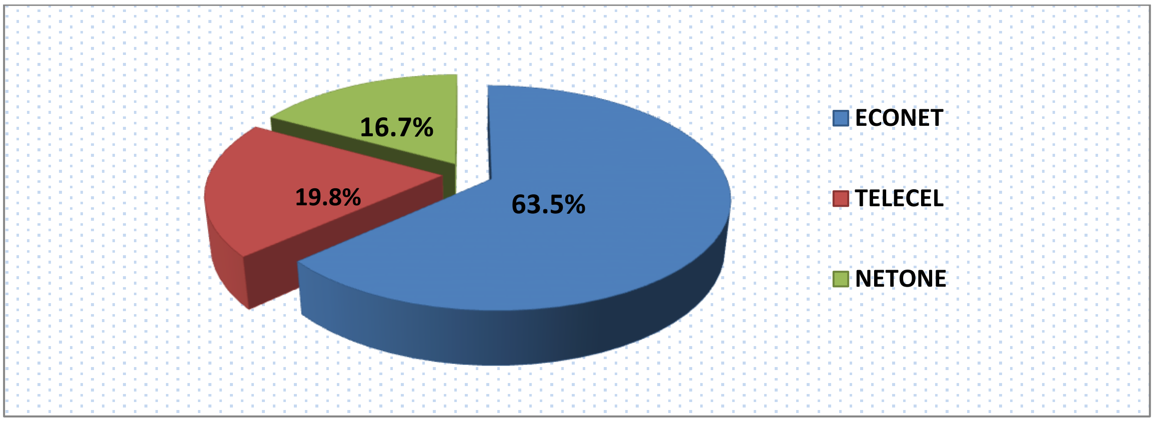
THE DISPARITY BETWEEN PREPAID & POSTPAID SUBSCRIBERS



In the second quarter of 2012, pre-paid mobile subscribers grew by 2.6% compared to 6% for the postpaid service. The pre-paid subscribers constituted 99 % of total mobile subscribers. This is attributed to the fact that consumers still favor the prepaid service as it offers more flexibility and control over calling behaviors than the postpaid service.

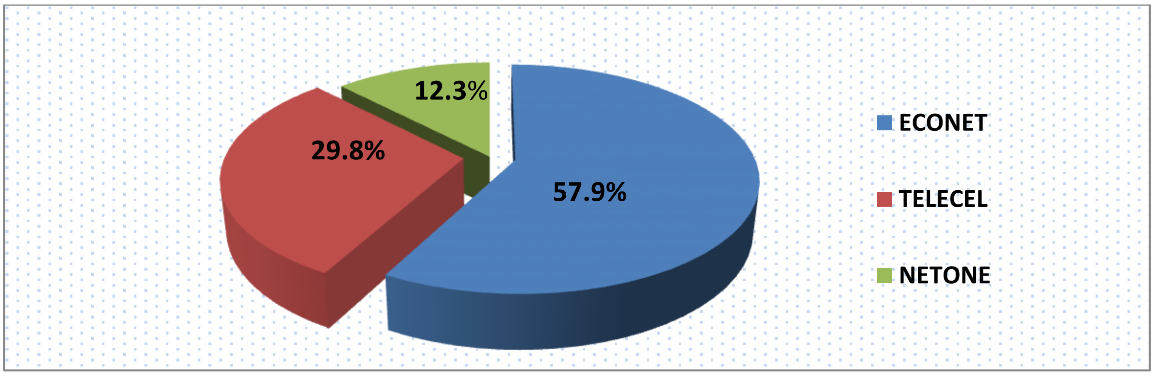
3.3 MARKET SHARE STATISTICS

MARKET SHARE BY SUBSCRIBERS



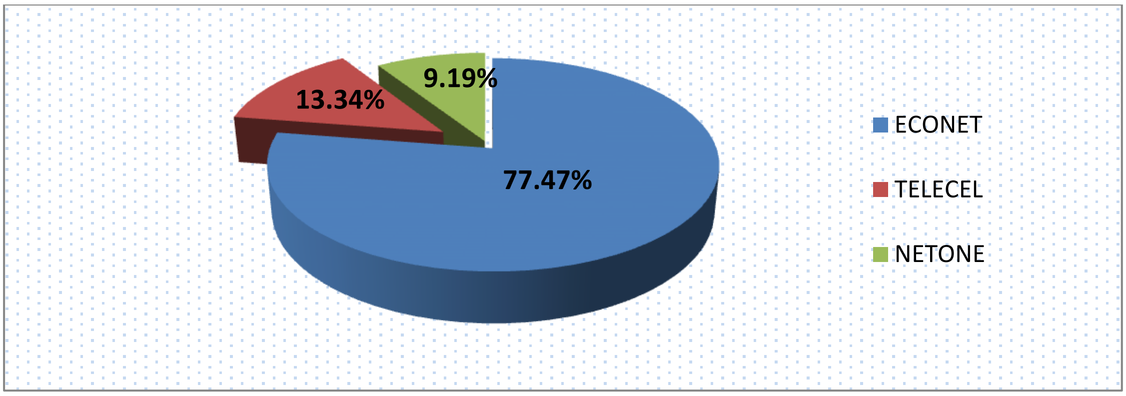
In subscriber terms, Econet had the largest market share with 63.5% followed by Telecel and NetOne who had market shares of 19.8% and 16.7% respectively. A Comparison with the first quarter`s statistics shows that there was no significant change in the market share statistics of the mobile operators from the first quarter of 2012.

MARKET SHARE IN TRAFFIC TERMS



In traffic terms, Econet has the largest market share with 57.9% followed by Telecel and Net One who had market shares of 29.8 % and 12.3 % respectively.

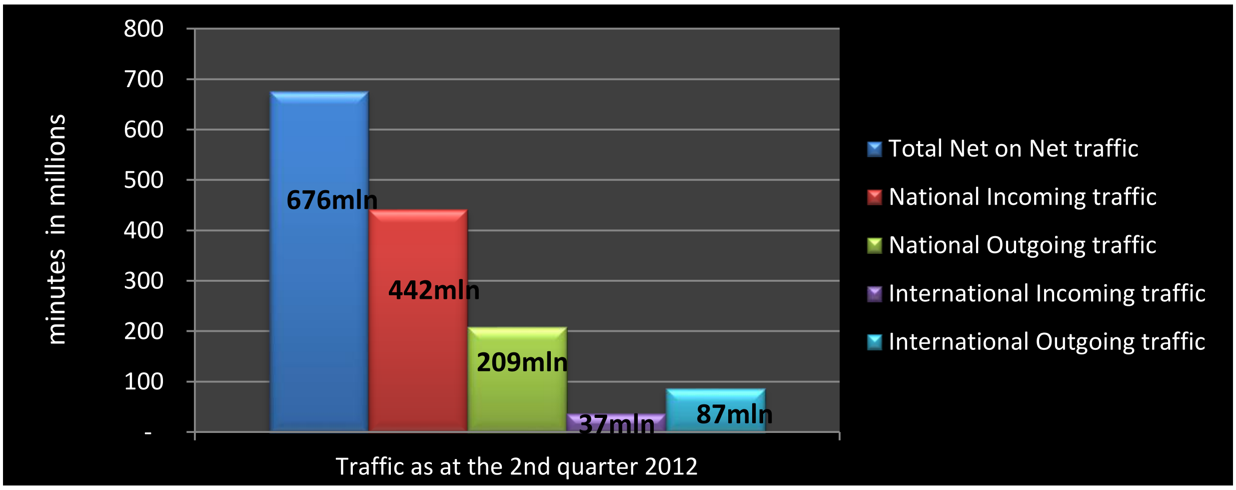
MARKET SHARE OF REVENUES



There was a 31.83% increase in the total revenues of the mobile operators; as revenue increased from \$181.4 million to \$239.1 million. Econet has the largest market share with 77.47% followed by Telecel and Net One who had market shares of 13.34 % and 9.19 %. In comparison with the first quarter of 2012 all the mobile operators except Econet gained market share of revenues. This is attributed to the fact that Econet`s subscribers only grew marginally by 0.3%.

3.4. MOBILE TRAFFIC STATISTICS

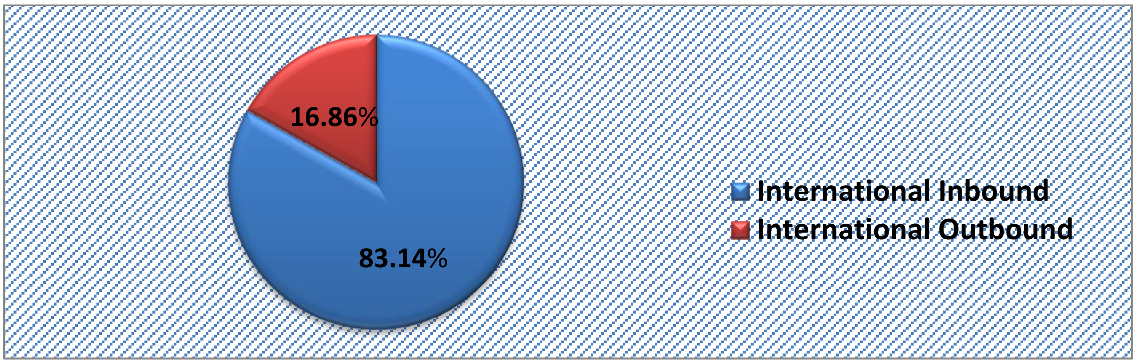
The following graph show total traffic processed by the three mobile networks by traffic category. Net on net traffic recorded the highest traffic flows followed by national incoming traffic.



Net on Net traffic increased by 8.4% to reach 675,904,894 minutes from 623,491,243 minutes recorded in the first quarter of 2012. International Incoming traffic increased by 0.93%; from 86,315,070 minutes recorded in the first quarter of 2012 to 87,118,896 minutes recorded in the second quarter of 2012. International Outgoing traffic declined by 0.92%, from 37,381,714 minutes recorded in the first quarter of 2012 to 37,037,513 minutes.

Total Roaming traffic was 1,030,440 minutes and of these 83.14% was international inbound. This shows that not many national subscribers prefer roaming services when they travel abroad.

ROAMING TRAFFIC



4. FIXED TELEPHONE SERVICE

4.1 FIXED NETWORK SUBSCRIBER STATISTICS

Table 3: Fixed Network Subscriptions

	March 2012	June 2012	Variation
Total Fixed Subscribers	**373 849**	**346 211**	**7.3%**
Fixed Teledensity	**2.9%**	**2.7%**	**(0.2%)**

The total fixed lines declined by 7.3% from 373 849 in the first quarter of 2012 to 346211 in the second quarter of 2012. This led to a decline in the fixed teledensity from 2.9% to 2.7%.

4.2 FIXED NETWORK REVENUES AND INVESTMENT

The table 4 below shows revenues generated and investment made by the fixed operator in first quarter of 2012 and second quarter of 2012.

Table 4: Revenues and Investment

	March 2012	June 2012	Change %
Revenues	$34,559,992	$34,521,516	(0.1)
Investment	$1,915,566	$7,344,980	283.4

Fixed telephone revenues declined by 0.1% from 34,559,992 to 34,521,516 as a result of the decline in fixed subscribers. However, investment increased by 283.4 % during the same period as the fixed operator incurred significant capital expenditure for data and internet services.

5. DATA AND INTERNET SERVICES

5.1 INTERNET SUBSCRIBERS

Total internet subscribers in the 2nd Quarter of 2012 were 3,266,436 registering an internet penetration rate of 25%. Table 5 shows internet subscriptions apportioned by technology.

Table 5: Internet Subscriptions

	Number of subscribers
GPRS/EDGE/3G/HSDP	3 211 576
Leased Lines	1 286
Dial up	8 926
XDSL	6 900
Wimax	748
CDMA	35 992
VSAT	367

Fibre links	641
TOTAL	**3 266 436**

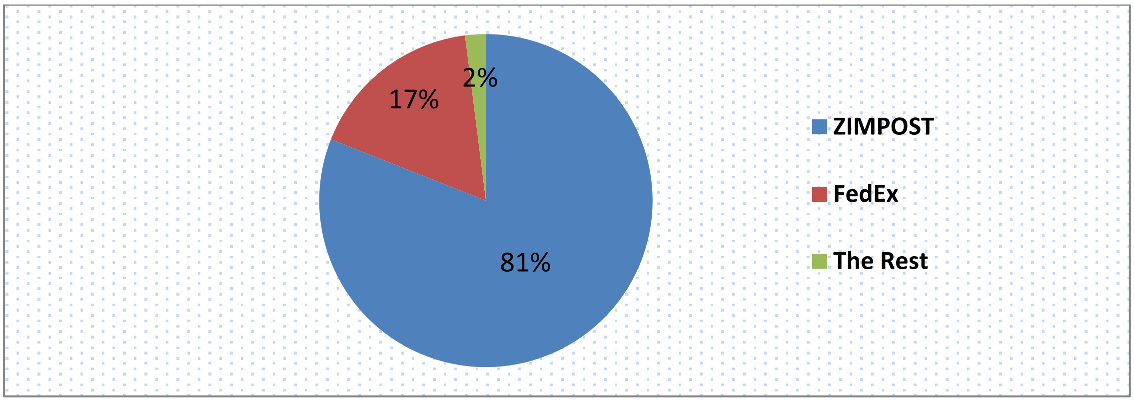
An annual review shows that internet subscriptions increased by 176.7% from 1,189,706 subscribers recorded in the second quarter of 2011 to 3,266,436 subscribers in the second quarter of 2012.

6. POSTAL AND COURIER SERVICES

6.1 POSTAL & COURIER VOLUMES, REVENUES AND INVESTMENT

The total postal and courier volumes were 5,002,463. In terms of volume the postal and courier services industry was dominated by ZIMPOST and FEDEX who had 81% and 17% market share respectively. The other operators shared the remaining 2% amongst themselves. DHL had significant market share in the international courier service as compared to local courier.

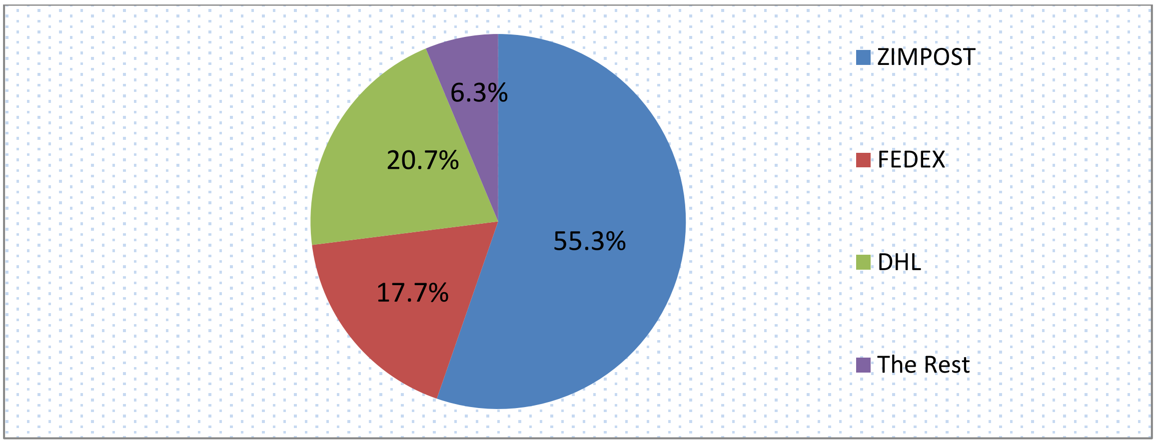
POSTAL AND COURIER MARKET SHARE BY VOLUMES



6.2 POSTAL AND COURIER REVENUES AND INVESTMENT

In the second quarter of 2012, the postal sector generated $5,993,584 million in revenues and total investment was $609,975. 55.3 % of total revenue in the postal and courier service sector was generated by ZIMPOST. DHL and FEDEX generated 20.7% and 17.7% respectively.

POSTAL AND COURIER MARKET SHARE BY REVENUES



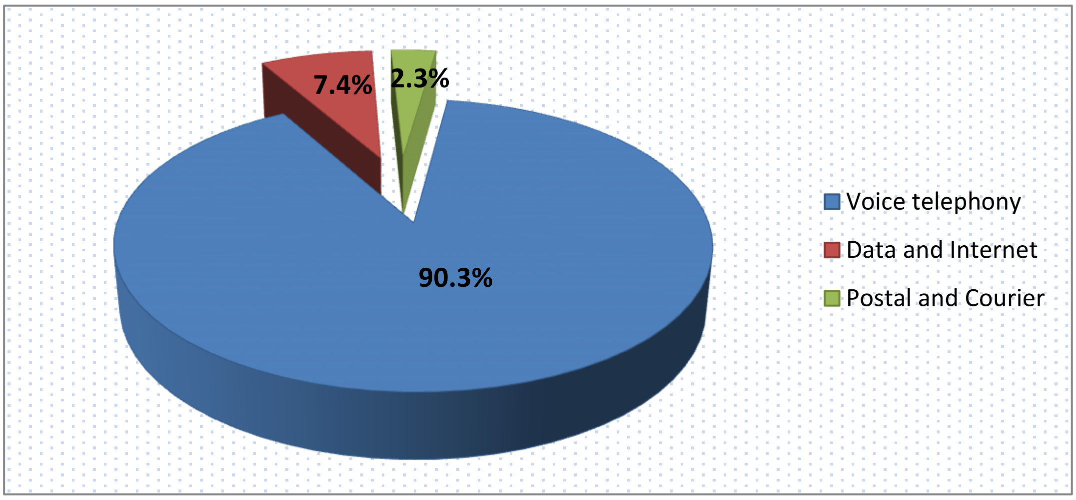
7. TOTAL SECTOR REVENUES

The postal and telecommunications sector as a whole realized $264.9 million revenues in the second quarter of 2012. Revenues generated by the postal and telecommunications sector in the first quarter of 2012 are summarised in the table and graph below:

Table 7: Total Sector Revenues

Service	Revenues
Voice Telephone	239 172 174
Data and Internet	19 702 458
Postal and Courier	5 993 584
TOTAL	**264 868 216**

The contribution to sector revenue by service is shown in the graph below:



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.

8. CONCLUSIONS

There was significant growth of the telecommunications sector in the second quarter of 2012. Growth of mobile subscribers, revenues as well as the mobile switching capacity was commendable. Incidentally even the data and internet subscribers grew at a rate almost the same as that of mobile subscribers. However the fixed line network has stagnated and the postal and courier sector has also remained stagnant as the populace has migrated from postal services to electronic communication; As a result their contribution to the totality of the sector is continuosly decreasing against the background of the growing Internet usage.