



51 Million Mobile Subscriptions in KSA at the end of 2013

The total number of mobile subscriptions in KSA reached around 51 million at the end of 2013, with a penetration rate of 169.7%.

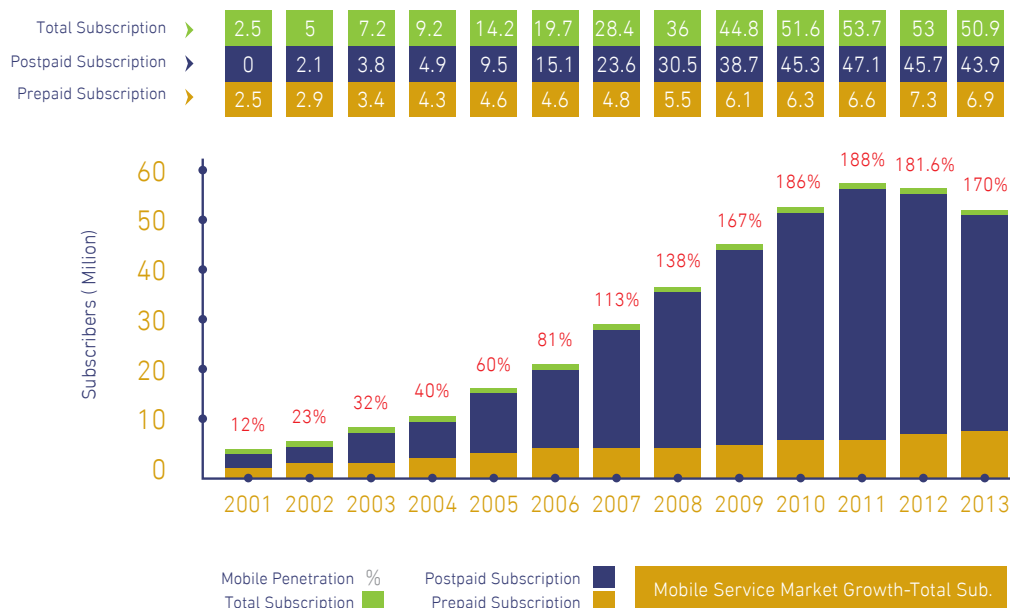
Prepaid subscriptions constitute the majority

(over 86%) of all mobile subscriptions.

The observation here is the decrease of the number of subscriptions due to the implementation of the recent CITC decision on regulating the

sale and activation of prepaid SIM cards, as companies deactivated a large number of unidentified SIM cards, thus affecting the total number of subscriptions and penetration rate.

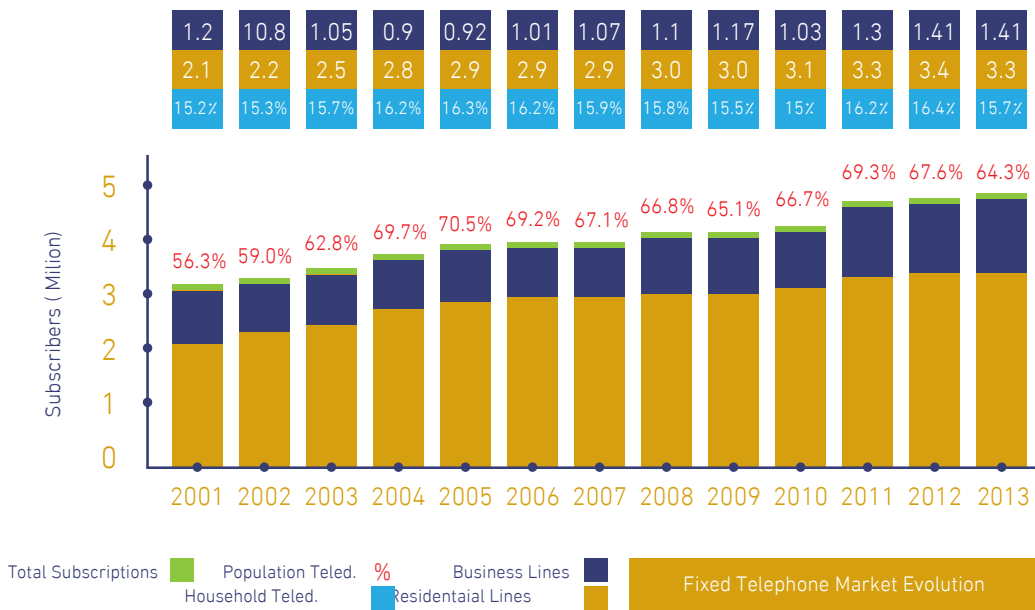
Mobile Service Market Growth-Total Subscriptions (2001 - 2013)



Fixed telephone lines stood at 4.7 million at the end of 2013, of which around 3.3 million or 70% were residential lines. This represents

a household teledensity of around 64.3%, while the population teledensity is about 15.7%.

Fixed Telephone Market Evolution (2001 - 2013)



- Note: Population teledensity is calculated by dividing total fixed telephone lines by population, while household teledensity is calculated by dividing residential lines by number of households

More than 14.4 Million Mobile Broadband Subscriptions in KSA

The number of mobile broadband subscriptions in KSA reached 14.27 million at the end of 2013, representing a population penetration rate of 47.6%.

The mobile broadband market continues to gain momentum in the Kingdom. The key reasons for this growth are the strong competition, the healthy expansion of smart phones, and the offering of various data packages by mobile operators

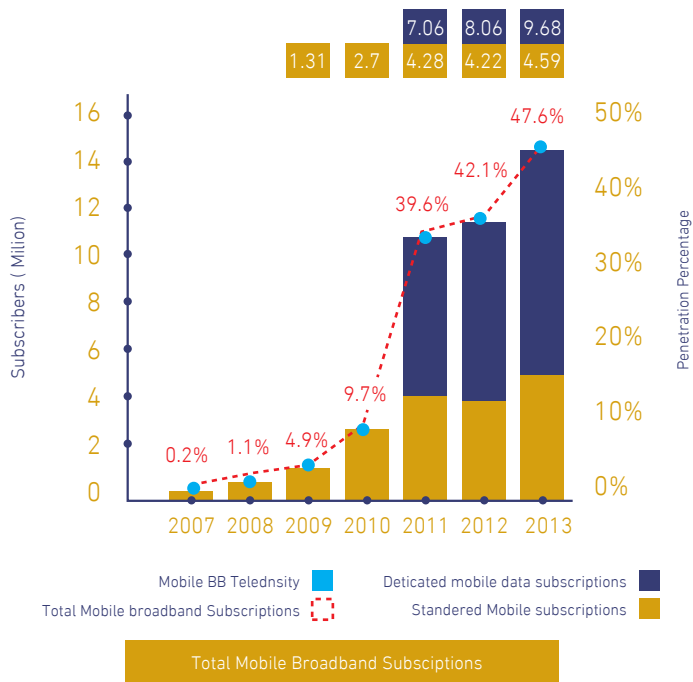
which have led to a dramatic rise in the number of users in recent years, as well as an increase in the data traffic over these devices supported by the wide range of 3G and 4G networks.

Fixed broadband subscriptions including DSL, fixed wireless (WiMAX), FTTx and other fixed lines have grown to around 2.92 million at the end of 2013. The fixed broadband penetration rate was about 45.5% of households.

Recently, demand for broadband services has increased significantly compared to previous years due to society's need for broadband services, especially after the strong government support of high-tech projects requiring a good digital infrastructure. In addition, many government services are being offered through e-government transactions. The widespread use of the Internet in the Kingdom is another

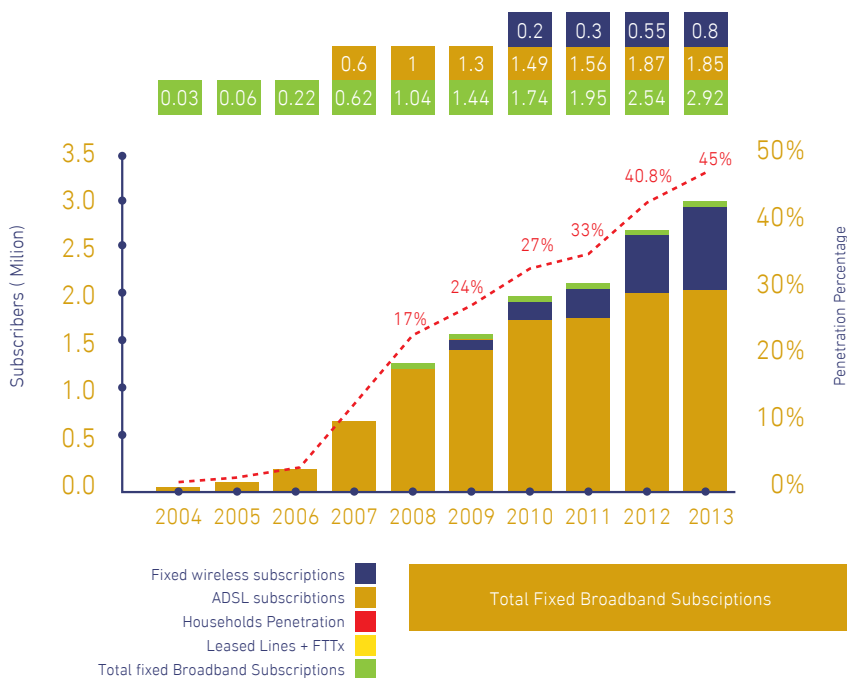
factor that has led to this growth. The Internet is a major source of hundreds of thousands of applications that are downloaded to smart devices such as social networking, business applications, word processors, chat programs, security tools, games and more. Service providers are currently providing broadband services through both fixed and mobile networks.

Mobile Broadband Market Evolution (2007 - 2013)



• Note: The figures were adjusted based on an audit and analysis of inputs and application of methodology for calculating the numbers.

Fixed Broadband Market Evolution (2004 - 2013)



16.5 Million Internet Users in KSA

The estimated number of Internet users in the Kingdom was 16.5 million at the end of 2013, with a population penetration of 55.1%.

An increased demand for Internet services

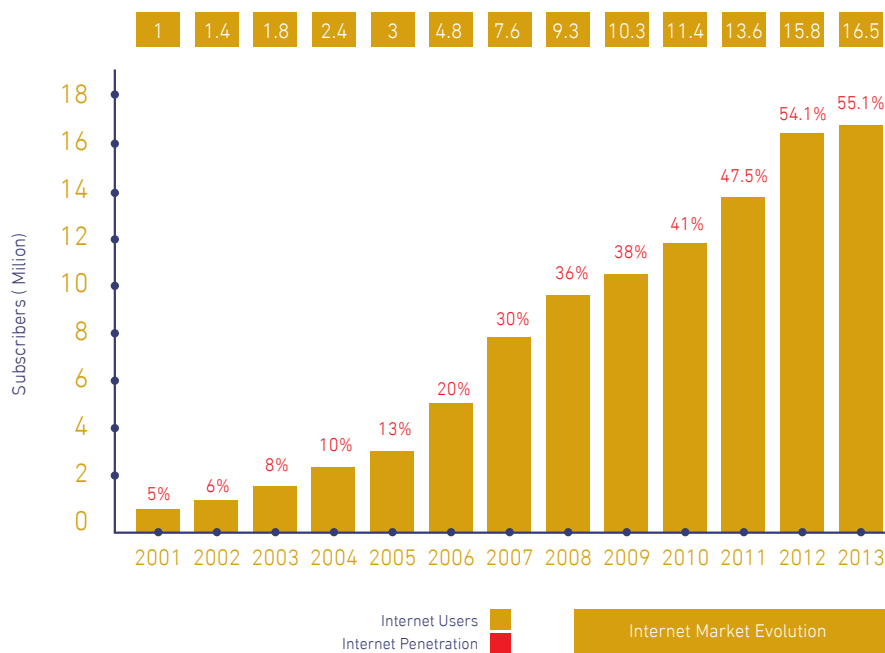
and broadband was observed due to the high use of social networking services, video downloading and gaming. Customers are seeking higher speeds and capacities resulting in heavy

data traffic on both mobile and fixed networks.

It is expected that the demand for Internet services will continue to increase significantly in the next few years as a

result of availability of high speed fiber optic networks (FTTx), increased Internet content, and the continuing spread of handheld smart devices and applications.

Internet Market Evolution (2001 - 2013)



Notes: 2001-2006: CITC estimates based on reported Internet connections (dial-up and broadband).

2007-2009: Actual based on field surveys of the Internet market commissioned by CITC.

2010 -2013: CITC estimate (projection) based on field surveys

Telecom Services Revenues at SAR 75 Billion in 2013

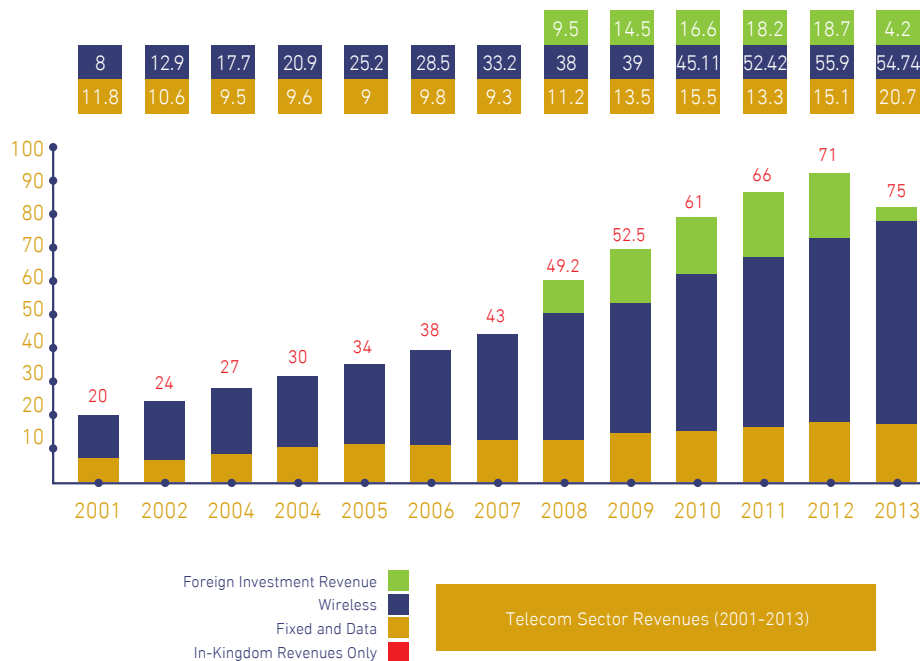
Telecom services revenues in Saudi Arabia have been steadily growing at a CAGR of around 10%, increasing from about

SAR 20 billion (US \$5.3 billion) in 2001 to SAR 75 billion (US \$20 billion) in 2013. The figure below tracks the overall

revenue growth, including both fixed and mobile services revenues, over the ten-year period 2003-2013. Mobile

services revenues represent about 73% of all telecom sector revenues in the Saudi market.

Telecom Sector Revenues (2001-2013)



Spending on ICT Services in KSA at SAR 102 billion in 2013

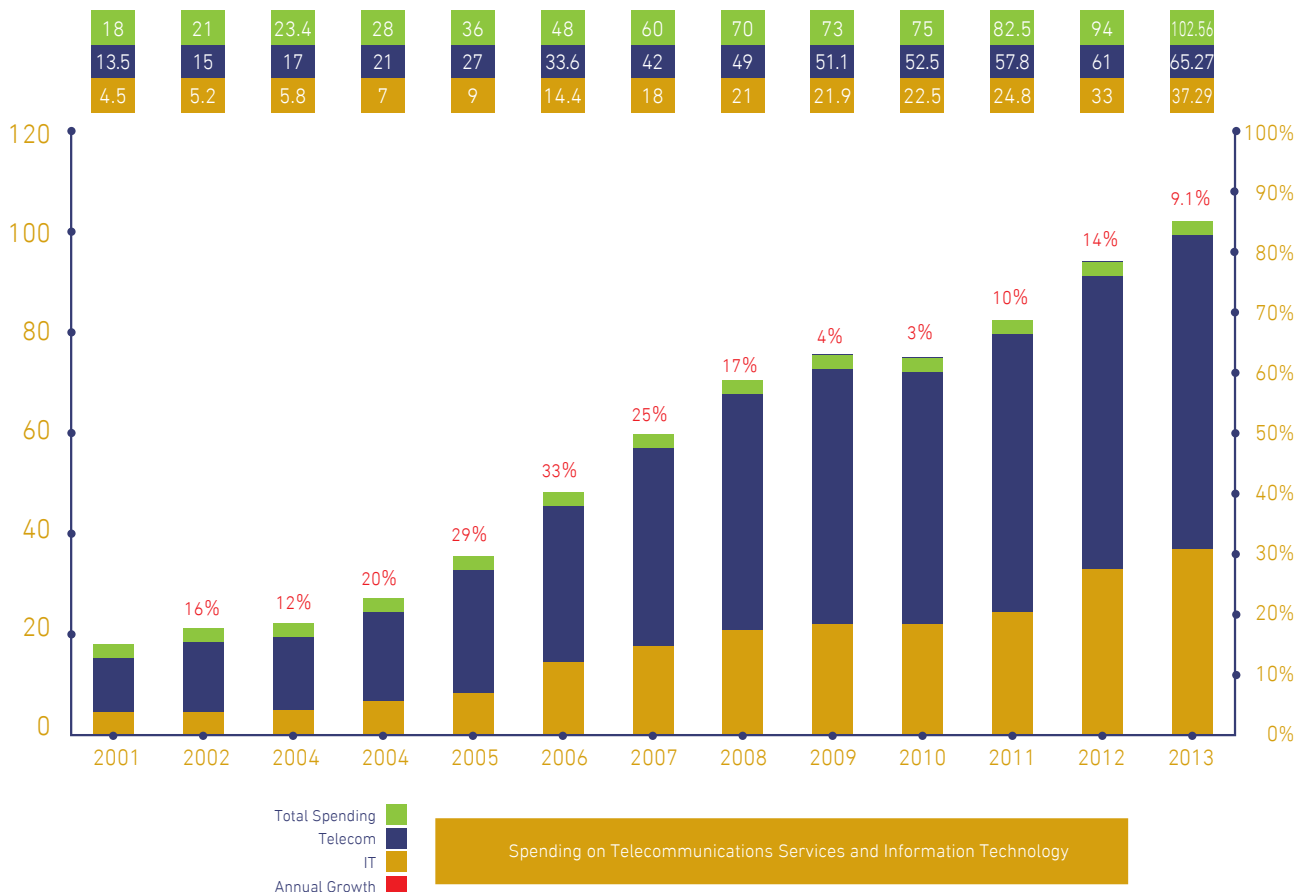
CITC estimates that the volume of spending on ICT services in KSA is up to SAR 102 billion in 2013 compared to SAR 36 billion 2005, an average annual growth of about 14%. The spending on IT is around 36% of the total, mostly concentrated in spending on hardware

and IT services. The spending on ICT products and services is expected to grow by more than 12% in 2014, driven mainly by expected strong growth in demand for smart phones, high speed networks and interactive applications and by implementation of government projects,

all of which will lead in turn to the growth of support services and investment in the sector. The ICT market in the Kingdom is the largest in the Middle East in terms of capital value and volume of spending and accounts for more than 70% of the GCC ICT market. Capital investment

has been more than SAR 135 billion in the past ten years. This is due to the industrial diversification in the Kingdom which has led to increased demand for software, equipment and services that make up the fastest growing sector in the ICT field.

Spending on ICT Services



ICT Contribution to the National GDP

Estimated at 2.78%

CITC has launched the first phase of an ICT market study in the Kingdom of Saudi Arabia in cooperation with the Research Center at King Fahad University of Petroleum and Minerals. The aim of the ICT market study is to assess the development status of the communications and information technology market

in KSA for the next three years, 2014 – 2016, focusing on ICT services development and penetration, status of investment in this sector, use of technology, identifying users' Internet habits, and addressing challenges and end-user satisfaction.

Most regions, cities and villages across the Kingdom will be covered in the study,

surveying a variety of target audiences including individuals, households, private enterprises, government agencies, and educational institutions.

Saudi students, male and female, from various universities in the Kingdom will contribute to the implementation of this project by collecting the study samples.

CITC believes that undertaking such a study will help build a reliable and solid reference on the ICT market in the Kingdom, from which government, businesses and individuals will benefit at the local level, and it will be a vital guide for domestic and foreign companies interested in investing in KSA.

CITC to Assess the Development Status of the ICT Market in KSA

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