

February 03, 2010

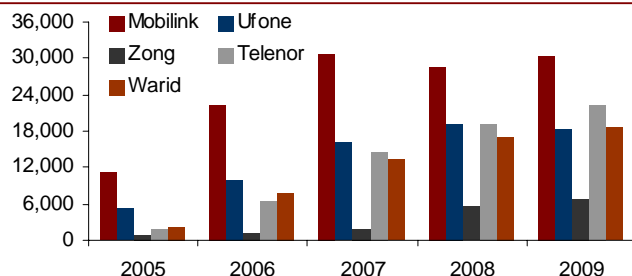
Pakistan Market**Telecom subscribers' roundup 2009****MORNING BRIEFING**

KSE100 Index: Closing 9595.24 ↑ (+3.73)

Pakistan Telecommunication Authority has released subscriber data for the month of Dec 09, giving us the cumulative figures for 2009. The sector continued to show impressive growth as total teledensity climbed to 63.5%, mainly led by cellular growth. WLL also continued to add to its base with users jumping by 15% in the calendar year, while cumulative broadband subscribers reached 587k as of Nov 2009.

Cellular subscribers rise to 96.7mn in 2009

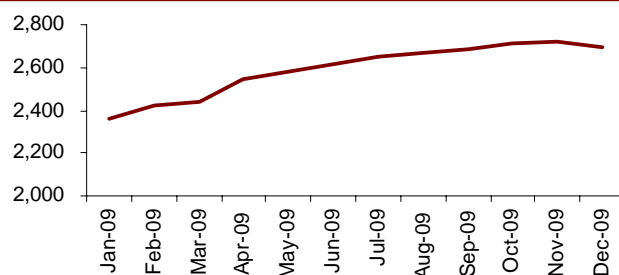
Cellular subscribers continued in the growth trajectory in 2009, albeit slower than previous years, as users grew by 9% in the calendar year – rising to a record level of 97.6mn. China mobile led the way in the outgoing year, with subs growing 26% from last year, followed by Telenor (16%) and Warid Telecom (11%). In absolute terms, Telenor came at top with cumulative additions of 3.1mn subscribers, followed by Mobilink with 2.3mn, and Warid with 2mn additions. Overall, 2009 fared well, with total additions of 7.7mn subscribers – pushing the cellular teledensity level to 59.6%. As far as market shares are concerned, Mobilink remained at the top spot with 32%, while Telenor closed in the gap, with a 23% market share. Warid and Ufone followed holding 19.3% and 19% respectively, of the market. Interestingly, China mobile enhanced its share to 7.1%, 22 months since its launch.

Graph: Cellular subscribers (000)

Source: PTA

Wireless Local Loop

Wireless Local Loop (WLL) subscribers also continued northwards, as the total subscribers rose by 15% to 2.7mn, up from 2.3mn at the start of the calendar year. The growth is somewhat reflective of the increasing preference of users to switch to WLL from Fixed LL- where the subs display a downward trend. As far as market share is concerned, PTCL continued to lead the way with a 46% cut in the pie, and Telecard and Worldcall following with 24% and 21% of the shares, respectively.

Graph: WLL subscribers (000)

Source: PTA

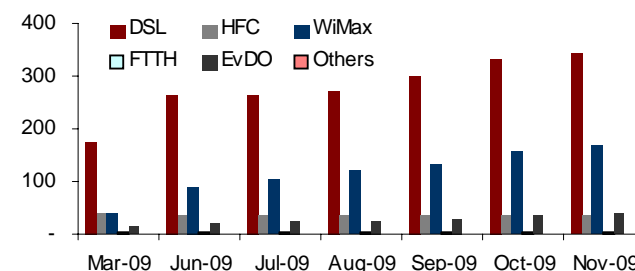
Broadband Subscribers grew by 42% in 5MFY10

Broadband subscribers grew by an impressive 42% in the first five months of the current fiscal year, up to 587K as of Nov09 from 414K as of end June. DSL technology continued to be the preferred option – accounting for 59% of the total connections. Wimax connections grew by an impressive 88% in the five months till Nov 09, with Wateen and Mobilink being major operators. Moreover, the popularity of the recently launched EvDo technology has escalated, which is evident from the increasing subscribers, which have jumped to 38k as of Nov 09.

Outlook: Broadband to lead growth

2009 proved to be an impressive year despite the difficult economic environment. Although, cellular growth is expected

to slow down going forward, as it is getting tougher to add new subscribers, broadband offers tremendous growth potential. With USF projects expected to begin contributing to the base, we can expect penetration to increase in the next few years. PTA expects broadband users to rise to 4.35mn by 2013.

Graph: Technologywise broadband subscribers (000)

Source: PTA

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Also in focus**Provincial tax collection for Jan at Rs104bn**

As per provisional numbers, the total tax collection in Jan 2010 arrived at Rs104bn 16% lower than the target of Rs124bn. Cumulative tax collection for 7M (Jul-Jan) FY10 came in at Rs684bn, up 8.5%YoY, which is low compared with the annual collection target of Rs1.38trn (envisages a 20% growth in FY10). Though, indirect taxes owing to higher commodity prices will improve tax collection figures in 2HFY10, achieving the full year target would still remain a tough ask for the government.

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