POSTAL AND TELECOMMUNICATIONS REGULATORY AUTHORITY OF ZIMBABWE (POTRAZ)

TELECOMMUNICATIONS SECTOR PERFORMANCE THIRD QUARTER 2012

TABLE OF CONTENTS

1. MAJOR HIGHLIGHTS OF THE THIRD QUARTER OF 2012

- Total mobile subscribers increased by 11% to reach11.23 million from 10.12 million recorded in the 2nd quarter of 2012.
- Total mobile and fixed teledensity increased by 8.6% to reach 91%, from 82.4% recorded in the 2nd Quarter 2012.
- Mobile internet subscribers registered an increase of 36.25% to reach 4.36 million from 3.2 million recorded in the 2nd quarter of 2012.
- Total mobile cellular switching capacity increased by 8.1% to reach 16 million from 14.8 million recorded in the 2nd quarter of 2012.

2. INTRODUCTION

The third quarter of 2012 registered 11.23 million total mobile subscribers; up from 10.12 million recorded in the second quarter of 2011. This reflects an 11% increase in the subscriber base. The number of internet subscribers increased by 36.25% to reach 4.36 million from 3.2 million recorded in the first quarter of 2011. The growth is mostly attributed to the increasing number of mobile subscribers connecting to the internet. There was a 8.1% increase in the total switching capacity; attributed to Econet`s network expansion.

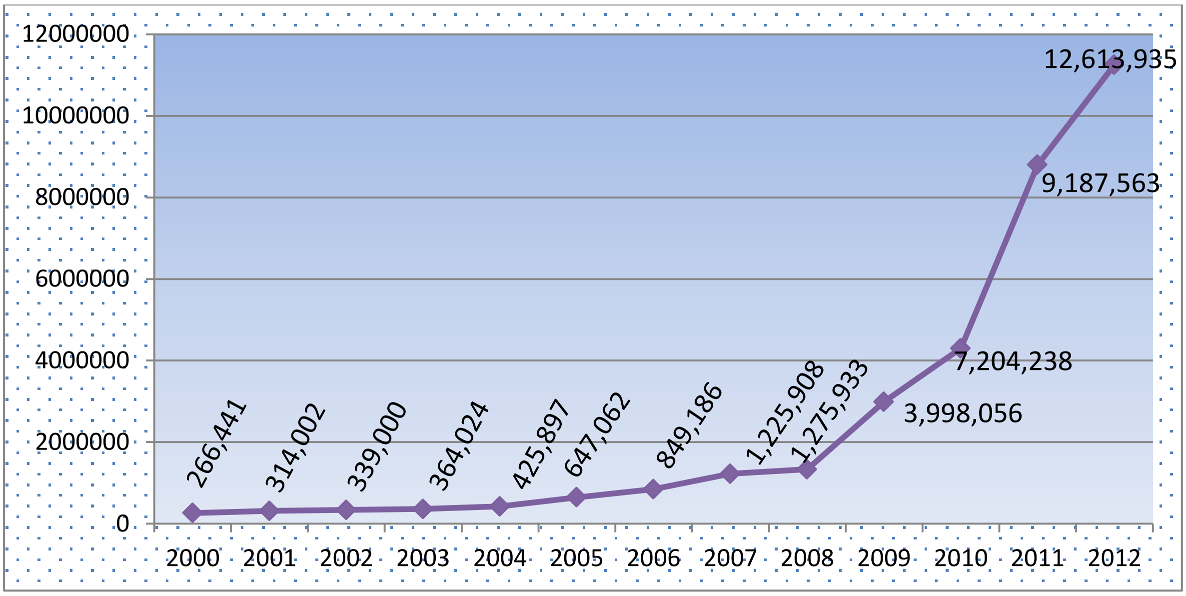
3. MOBILE TELEPHONE SERVICES

3.1 MOBILE SUBSCRIBERS PER OPERATOR

Table 1: Mobile Subscribers per operator

Operator	June 2012	August 2012	Change (%)
Econet	6 427 788	7 019 387	9.2%
Telecel	2 002 640	2 342 257	16.96%
Net One	1 694 129	1 869 433	1.34%
Total	10 124 557	11 231 077	10.93%

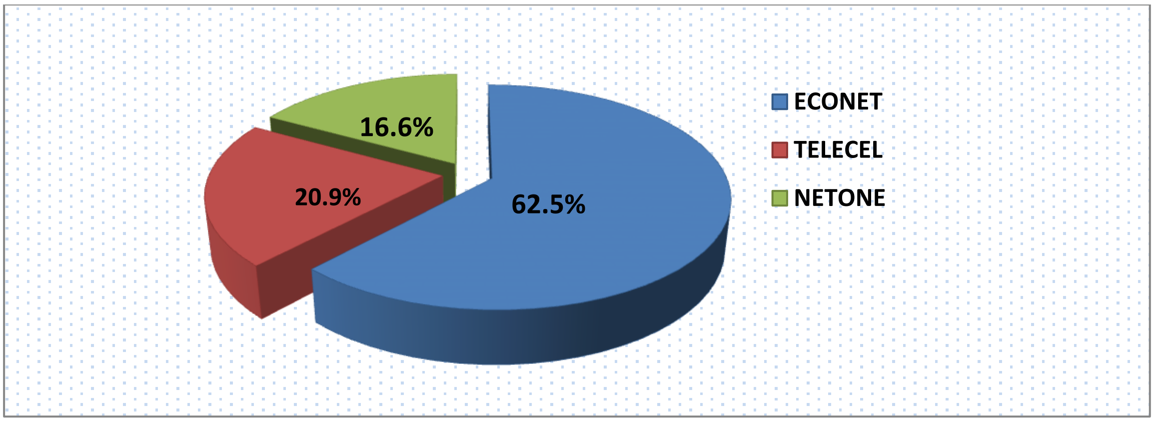
GROWTH IN MOBILE SUBSCRIBERS



Econet and Telecel subscribers grew by 9.2% and 16.96% respectively whereas NetOne subscribers grew by 1.34%. In total mobile subscribers grew by 10.9% to reach 11.2 million from 10.1 million recorded in the second quarter of 2012.

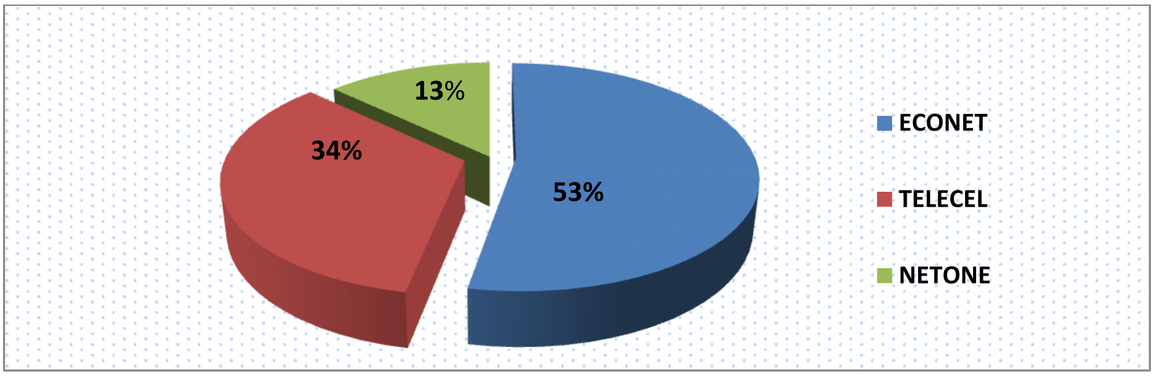
3.2 MARKET SHARE STATISTICS

MARKET SHARE OF MOBILE SUBSCRIBERS



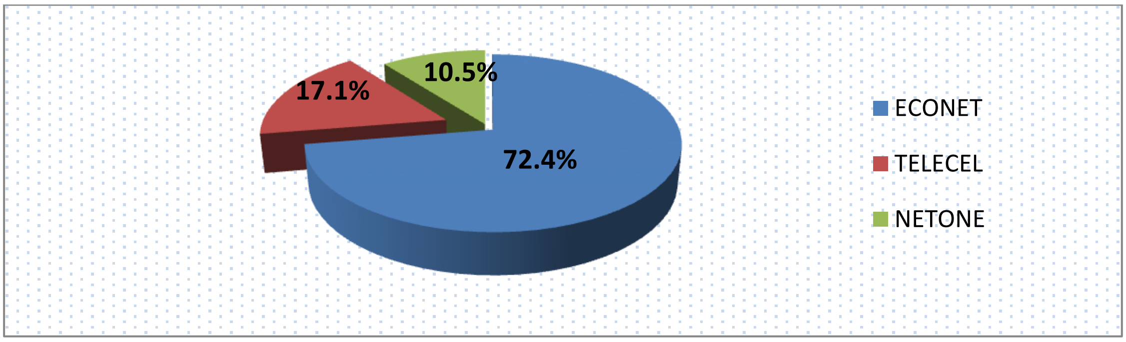
In subscriber terms, Econet maintained the dominant position with a market share of 62.5% followed by Telecel and NetOne who had market shares of 20.9% and 16.6% respectively. A Comparison with the second quarter`s statistics shows that there was no significant change in the market share statistics of the mobile operators.

MARKET SHARE OF TRAFFIC TERMS



In traffic terms, Econet had the largest market share with 53% followed by Telecel and Net One who had market shares of 34 % and 13 % respectively. A comparison with the second quarter`s statistics shows that only Econet lost traffic market share**.** Telecel and NetOne`s increase in traffic market share is attributed to their net on net promotions which increased their respective net on net traffic.

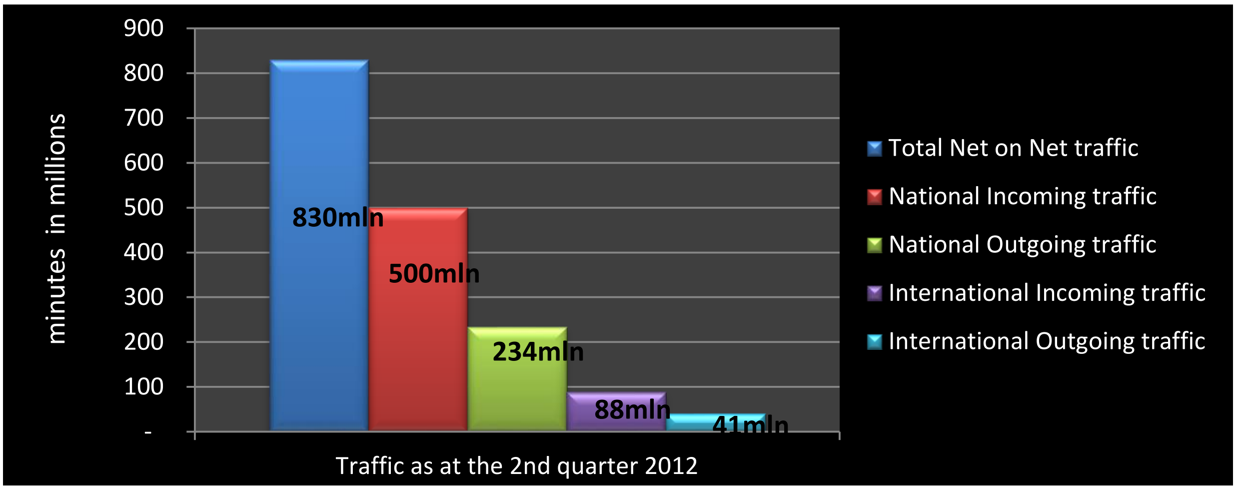
MARKET SHARE OF REVENUES



In terms of revenue, Econet had 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 second quarter of 2012 only Econet gained market share of revenues. This is attributed to Econet`s expanding mobile internet subscriber base.

3.3. MOBILE TRAFFIC STATISTICS

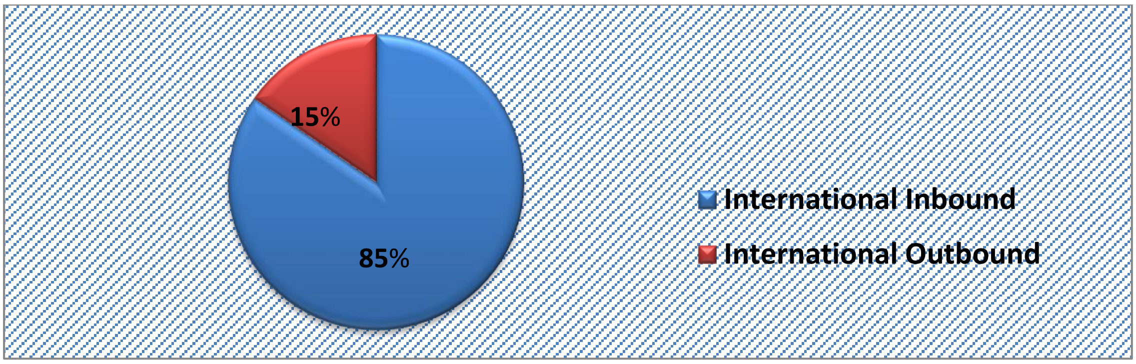
The following graph show total traffic processed by the three mobile networks by traffic category. Net on net traffic recorded the highest traffic flows of over 830 million minutes followed by national incoming traffic.



Total International Incoming traffic terminating on mobile networks increased by 1.2%; from 87 million minutes recorded in the second quarter of 2012 to 88 million minutes recorded in the third quarter of 2012. On the other hand International Outgoing traffic increased by 11.3%, from 37,037,513 minutes recorded in the second quarter of 2012 to 41,211,086 minutes in the third quarter. The increase in international outgoing traffic is attributed to Telecel and Econet`s promotions on international calls.

Total Roaming traffic was 1,200,261 minutes and 85% of the traffic was international inbound roaming traffic. Total Inbound roaming traffic was 1,015,174 minutes whereas outbound roaming traffic was 185,087 minutes.

ROAMING TRAFFIC



3.6. MOBILE REVENUES AND INVESTMENT

There was a 10.6% decline in the total revenues of the mobile operators; as revenue decreased from $239 million to $232 million. This was a result of a decline in airtime sales experienced from June to August 2012. On the other hand investment increased by 65.5% to reach $77 398 031 from $46 771 304 recorded in the previous quarter.

4. FIXED TELEPHONE SERVICE

4.1 FIXED SUBSCRIBER STATISTICS

Table 2: Fixed subscribers

	June 2012	September 2012	Variation
Total Fixed Subscribers	**346 211**	**330 316**	**4.6%**
Fixed Teledensity	**2.7%**	**2.6%**	**0.1%**

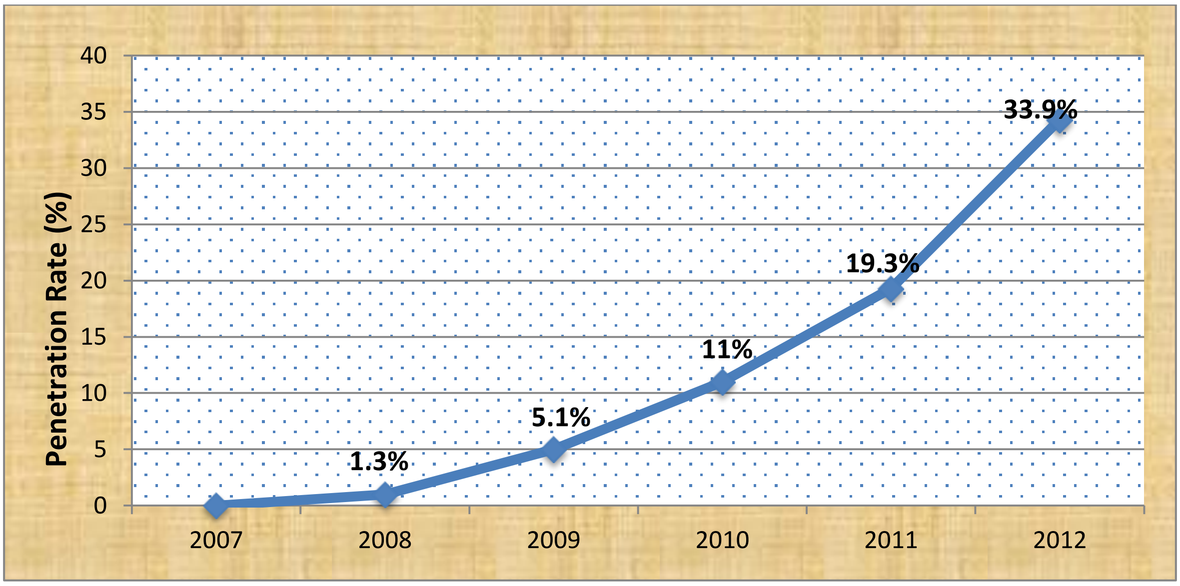
The total number of fixed lines declined by 4.6% from 346,211 lines recorded in the second quarter of 2012 to 330,316 lines in the third quarter of 2012. This led to a decline in the fixed teledensity from 2.7% to 2.6%.

5. DATA AND INTERNET SERVICES

5.1 INTERNET SUBSCRIBERS

At the end of the 3rd Quarter of 2012 total internet subscriptions were 4,432,464; hence the internet penetration rate was 33.9%. The uptake of internet services has been rapid as shown in the trend analysis below:

Internet Penetration

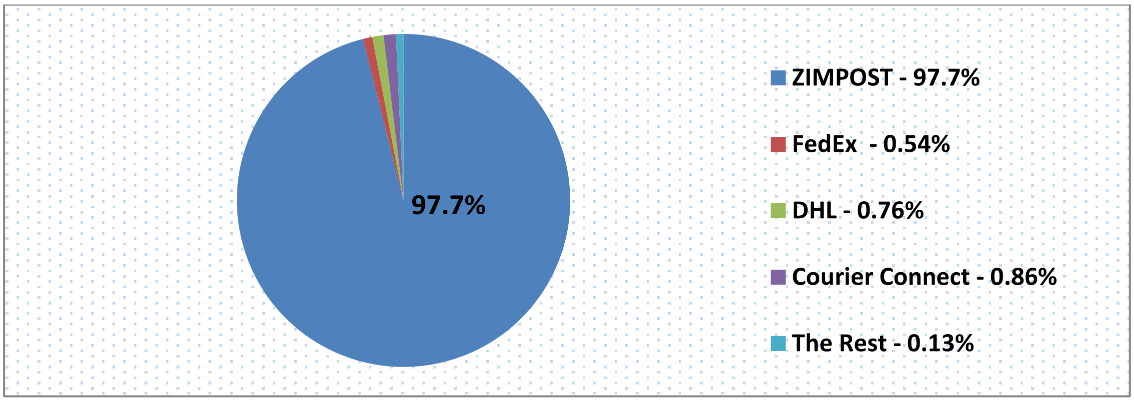


6. POSTAL AND COURIER SERVICES

6.1 POSTAL & COURIER VOLUMES, REVENUES AND INVESTMENT

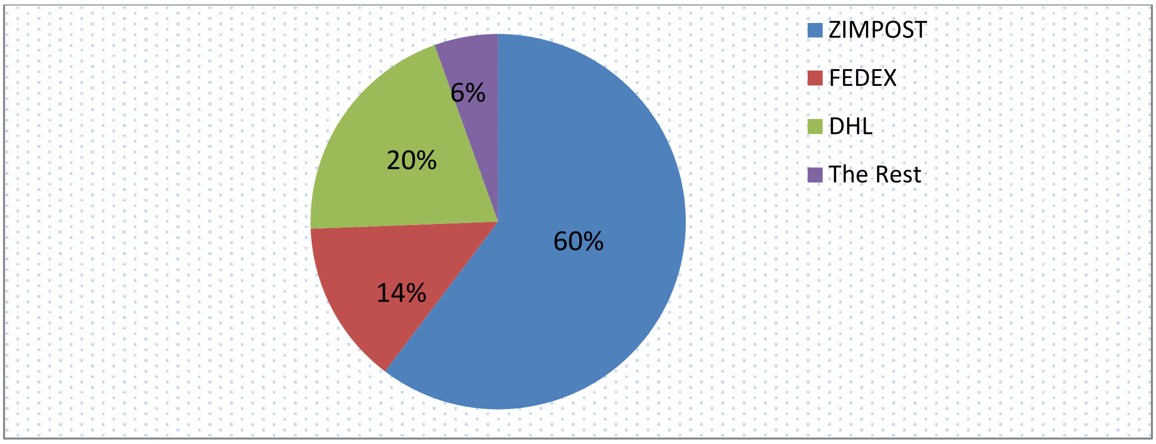
Total mail volumes in the second quarter of 2012 were 4,840,782. Revenues were $8,098,358 whereas total investment was $1,003,447. A comparison with the second quarter of 2012`s revenue and investment figures for the postal and courier sector shows that revenues increased by 35.1% and investment also increased by 64.5%.

POSTAL AND COURIER MARKET SHARE BY VOLUMES



In terms of volume the postal and courier services industry was dominated by ZIMPOST with 97.7%. Courier Connect was in second place with 0.86%; DHL and FedEx followed suit with 0.75% and 0.54% respectively. All the other operators shared the remaining 0.13%. It is important to note that although DHL and FedEx have low market shares in terms of total mail volume, they dominate the sector in terms of international courier service as compared to the local courier service.

POSTAL AND COURIER MARKET SHARE BY REVENUES



In the third quarter of 2012, the postal sector generated USD 4,840,782 million in revenues. 60% of total revenue in the postal and courier service sector was generated by ZIMPOST. DHL and FEDEX generated 20% and 14% respectively. A comparison with the second quarter of 2012 shows that there was no significant movement in the revenue market shares of the postal and courier operators.

7. ALL COMMUNICATIONS

7.1 REVENUES

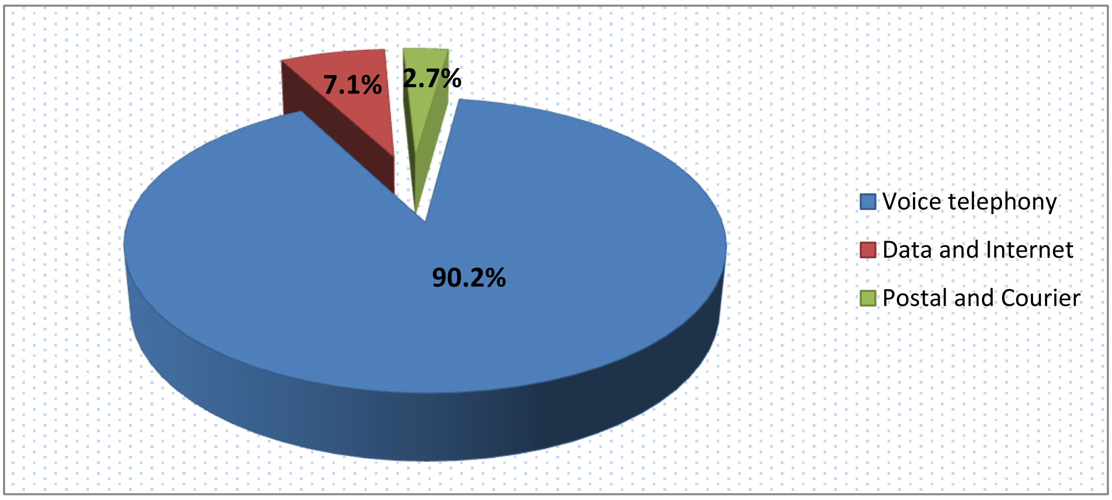
The communications sector as a whole realized US$294,529,873 million revenues in the third quarter of 2012. This was a, 11.2% increase from the revenue recorded in the second quarter of 2012 as shown below:

Service	**Revenues 2nd Quarter**	**Revenues 3rd Quarter**	**% Change in Revenues**
Voice Telephone	239 172 174	265 599 658	11%
Data and Internet	19 702 458	20 831 857	5.7%
Postal and Courier	5 993 584	8 098 358	35.1%
TOTAL	**264 868 216**	**294 529 873**	**11.2%**

Contribution to Sector Revenue

Service	**2nd Quarter**	**3rd Quarter**
Voice Telephone	90.3%	90.2%
Data and Internet	7.4%	7.1%
Postal and Courier	2.3%	2.7%
TOTAL	**100%**	**100%**

Contribution to Sector Revenue



Voice Telephone contributed 90.2% of the revenues generated in the sector. The contribution of data and internet and postal and courier was 7.1 % and 2.7% respectively. A comparison with the second quarter of 2012 shows that there was no significant change in the contribution of each service to sector revenue.

9. CONCLUSION

There was significant growth of the telecommunications sector in the third 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 growing Internet usage.