

Middle East and North Africa telecoms market: trends and forecasts 2019–2024



Julia Martusewicz-Kulinska, Karim Yaici, Jakub Konieczny,
Inigo Barker and Andrew Yi-Ju Chern

July 2019, based on data up to 4Q 2018



About this report

This report provides:

- a **5-year forecast of more than 180 mobile and fixed KPIs for the Middle East and North Africa** as a whole and for 12 key countries
- an **in-depth analysis of the trends, drivers and forecast assumptions** for each type of mobile and fixed service, and for the key countries
- an **overview of operator strategies and country-specific topics**, in order to highlight similarities and differences by means of a cross-country comparison
- a **summary of results, key implications and recommendations** for mobile and fixed operators.

Our forecasts are informed by on-the-ground regional market experts from our topic-led research programmes and our consulting division, as well as external interviews. In addition to our robust set of historical data, our forecasts draw on a unique and in-house modelling tool, which applies a rigorous methodology (reconciliation of different sources, standard definitions, top-down and bottom-up modelling).



Our forecasts are refined throughout the year. This report presents the results at the time of publication and will continue to give useful background information about key drivers. However, we recommend that you always use the Analysys Mason [DataHub](#) to view the latest data associated with this report.

¹ Includes USB modem, and mid- and large-screen, but not handset-based data.

² IoT connections and revenue figures include mobile services only.

³ Service revenue is the sum of retail and wholesale revenue.

REPORT COVERAGE		
Geographical	Key performance indicators	
Regions modelled: <ul style="list-style-type: none"> ▪ Middle East and North Africa (MENA) Countries modelled individually <ul style="list-style-type: none"> ▪ Algeria ▪ Egypt ▪ Iran ▪ Iraq ▪ Israel ▪ Kuwait ▪ Morocco ▪ Oman ▪ Qatar ▪ Saudi Arabia ▪ Tunisia ▪ United Arab Emirates (UAE) 	Connections	Revenue
	Mobile <ul style="list-style-type: none"> ▪ Handset, mobile broadband,¹ IoT² ▪ Prepaid, contract ▪ 2G, 3G, 4G, 5G ▪ Smartphone, non-smartphone 	Mobile <ul style="list-style-type: none"> ▪ Service,³ retail ▪ Prepaid, contract ▪ Handset, mobile broadband,¹ IoT² ▪ Handset voice, messaging, data
	Fixed <ul style="list-style-type: none"> ▪ Voice, broadband, IPTV, dial-up ▪ Narrowband voice, VoBB ▪ DSL, FTTP/B, cable, BFWA, 5G, other 	Fixed <ul style="list-style-type: none"> ▪ Service,³ retail ▪ Voice, broadband, IPTV, dial-up, specialist business services ▪ DSL, FTTP/B, cable, BFWA, other
	Voice traffic	ARPU
	Fixed and mobile <ul style="list-style-type: none"> ▪ Outgoing minutes, MoU 	Mobile: <ul style="list-style-type: none"> ▪ SIMs, handset ▪ Prepaid, contract ▪ Handset voice, data

Contents [1/2]

8. Executive summary and recommendations

9. Telecoms service revenue in the Middle East and North Africa will reach USD72 billion by 2024
10. Monetising high-speed internet and mobile data access will be crucial to achieve telecoms retail revenue growth in MENA
11. Geographical coverage: NGA and 4G/5G penetration will be the highest in GCC countries and in Israel
12. Key trends, drivers and assumptions for the mobile and fixed markets
13. Key recommendations for telecoms operators
14. Regional forecasts and cross-country comparison
15. Market context: the average spend per capita has declined, mainly due to increased competition in the GCC region
16. Key mergers, acquisitions and market entries
17. Key drivers at a glance for each country in the Middle East and North Africa
18. Market overview: the fast adoption of fixed broadband and mobile data services will help telecoms operators to maintain service revenue growth
19. Mobile: mobile services will account for most of the telecoms revenue in the region, driven by the growing demand for data and the fast migration from 3G to 4G
20. Mobile: population service penetration will remain flat because most of the mature markets have reached saturation point
21. Mobile: ARPU levels will be highly dependent on GDP per capita, competition levels and the penetration of data services
22. Mobile: the total mobile revenue will continue to increase due to the demand for data and the introduction of faster networks such as LTE and 5G

23. Fixed: the increase in household broadband penetration will be boosted by NGA network roll-outs and a growing demand for fixed data connectivity
24. Fixed: broadband penetration will increase in all countries in MENA, but the gap between the most and least penetrated countries will widen
25. Fixed: increasing competitiveness will lead to a decline in ASPU, but the demand for higher-speed services and bundling will lead to fixed broadband revenue growth
26. Fixed: broadband penetration will continue to increase across the region and VDSL will become the predominant access technology by 2024
27. Specialist business services: revenue growth will be fuelled by increased spending on mobile data and a growing demand for high-bandwidth dedicated connections
28. IoT: the total IoT value chain revenue in MENA will grow to over USD6.7 billion by 2024
29. Pay TV: revenue for traditional pay TV and operator-delivered OTT services will continue to grow in MENA
30. Individual country forecasts
31. Egypt: there are strong revenue growth prospects in both the fixed and mobile markets due to growing demand and infrastructure investments
32. Egypt: VDSL will be the dominant fixed broadband technology in 2024, supported by the growing demand for high-speed connectivity services
33. Egypt: the increase in fixed broadband revenue will be the main contributor to telecoms revenue growth during the forecast period
34. Egypt: forecast changes
35. Kuwait: investments in fixed infrastructure should provide a basis for future growth in fixed broadband take-up and revenue
36. Kuwait: fibre optics will become the dominant fixed broadband technology in Kuwait by 2024

Contents [2/2]

- 37. Kuwait: fixed market revenue growth will be driven by the expanding fibre-optic network footprint and encouraging service take-up
- 38. Kuwait: forecast changes
- 39. Oman: the total market revenue will increase thanks to the growth of the fixed broadband segment and the slow recovery of the mobile market
- 40. Oman: operators will increasingly focus on monetising their NGA investments and driving service take-up as network penetration increases
- 41. Oman: a new mobile entrant will increase competition in the mobile market, and the fixed broadband segment will benefit from NGA network roll-outs
- 42. Oman: forecast changes
- 43. Qatar: the overall revenue outlook remains positive, driven by fixed broadband and mobile handset data revenue growth
- 44. Qatar: operators in the country aim to lead in 5G coverage in the region and will focus on the quality of service for data users
- 45. Qatar: the demand for high-speed connectivity will drive both fixed broadband and mobile data revenue growth
- 46. Qatar: forecast changes
- 47. Saudi Arabia: telecoms revenue will grow due to improving economic indicators and the forthcoming launch of 5G services
- 48. Saudi Arabia: the growing demand for data, stimulated by the increasing popularity of OTT services, will offset the decline in legacy mobile revenue
- 49. Saudi Arabia: mobile service revenue will be boosted by the launch of 5G technology and the adoption of service-based tariffs
- 50. Saudi Arabia: forecast changes
- 51. UAE: telecoms revenue will increase to AED36.3 billion by 2024, driven mainly by the demand for high-speed broadband connections
- 52. UAE: good access to fibre services and the recent launch of 5G will help operators to grow their fixed and mobile revenue in the next 5 years
- 53. UAE: fixed broadband and mobile data revenue will drive telecoms revenue growth
- 54. UAE: forecast changes
- 55. Methodology**
- 56. Our forecast model is supported by sound market knowledge
- 57. Examples of forecast input drivers
- 58. Key drivers at a glance table: methodology [1]
- 59. Key drivers at a glance table: methodology [2]
- 60. About the authors and Analysys Mason**
- 61. About the authors
- 62. About the authors
- 63. Analysys Mason's consulting and research are uniquely positioned
- 64. Research from Analysys Mason
- 65. Consulting from Analysys Mason

List of figures [1/3]

Figure 1: Telecoms and pay-TV retail revenue, by type, and total service revenue, Middle East and North Africa, 2014–2024

Figure 2: Growth in telecoms retail revenue and nominal GDP by country, Middle East and North Africa, 2018–2024

Figure 3: 4G/5G share of mobile connections and NGA share of fixed broadband connections by country, Middle East and North Africa, 2018 and 2024

Figure 4: Summary of key trends, drivers and assumptions for the Middle East and North Africa

Figure 5: Metrics for the 12 countries modelled individually in the Middle East and North Africa, 2018

Figure 6: Recent and upcoming market structure changes in the Middle East and North Africa

Figure 7: Major forecast drivers: current situation (2018) and future trajectory (2019–2024), by country, Middle East and North Africa

Figure 8: Total fixed and mobile telecoms service revenue, Middle East and North Africa (USD billion), 2014–2024

Figure 9: Mobile connections by type, Middle East and North Africa (million), 2014–2024

Figure 10: Telecoms retail revenue and growth rate by service type, Middle East and North Africa, 2014–2024

Figure 11: Fixed connections by type, Middle East and North Africa (million), 2014–2024

Figure 12: Mobile connections by generation, Middle East and North Africa (million), 2014–2024

Figure 13: Mobile ARPU by type, Middle East and North Africa (USD per month), 2014–2024

Figure 14: Contract share of mobile connections (excluding IoT), Middle East and North Africa, 2014–2024

Figure 15: Mobile data traffic per connection, Middle East and North Africa (MB per month), 2014–2024

Figure 16a: Mobile penetration by country, Middle East and North Africa, 2014–2024

Figure 16b: Mobile penetration by country, Middle East and North Africa, 2014–2024

Figure 17a: Mobile ARPU by country, Middle East and North Africa, 2014–2024

Figure 17b: Mobile ARPU by country, Middle East and North Africa, 2014–2024

Figure 18: Broadband connections by technology, Middle East and North Africa (million), 2014–2024

Figure 19: Fixed retail revenue by service, Middle East and North Africa (USD billion), 2014–2024

Figure 20: NGA broadband household penetration and NGA share of broadband connections, Middle East and North Africa, 2014–2024

Figure 21: Fixed Internet traffic per broadband connection, Middle East and North Africa (GB per month), 2014–2024

Figure 22a: Fixed broadband household penetration by country, Middle East and North Africa, 2014–2024

Figure 22b: Fixed broadband household penetration by country, Middle East and North Africa, 2014–2024

Figure 23a: Fixed broadband access ASPU by country, Middle East and North Africa, 2014–2024

Figure 23b: Fixed broadband access ASPU by country, Middle East and North Africa, 2014–2024

List of figures [2/3]

Figure 24: Total market revenue from specialist business services, Middle East and North Africa, 2014–2024

Figure 25: Total IoT value chain revenue by sector, Middle East and North Africa, 2014–2024

Figure 26: Retail revenue from pay TV, Middle East and North Africa, 2014–2024

Figure 27: Total fixed and mobile telecoms service revenue, Egypt (EGP billion), 2014–2024

Figure 28: Mobile connections by type, Egypt (million), 2014–2024

Figure 29: Telecoms retail revenue and growth rate by service type, Egypt, 2014–2024

Figure 30: Fixed connections by type, Egypt (million), 2014–2024

Figure 31: 4G, 5G and contract share of mobile connections, Egypt, 2014–2024

Figure 32: Mobile ARPU, fixed voice ASPU and fixed broadband ASPU, Egypt (EGP per month), 2014–2024

Figure 33: Mobile data traffic per connection, Egypt (MB per month), 2014–2024

Figure 34: Broadband connections by technology, Egypt (million), 2014–2024

Figure 35: Total telecoms service revenue – current and previous forecasts, Egypt, 2014–2024

Figure 36: Total fixed and mobile telecoms service revenue, Kuwait (KWD million), 2014–2024

Figure 37: Mobile connections by type, Kuwait (million), 2014–2024

Figure 38: Telecoms retail revenue and growth rate by service type, Kuwait, 2014–2024

Figure 39: Fixed connections by type, Kuwait (thousand), 2014–2024

Figure 40: 4G, 5G and contract share of mobile connections, Kuwait, 2014–2024

Figure 41: Mobile ARPU, fixed voice ASPU and fixed broadband ASPU, Kuwait (KWD per month), 2014–2024

Figure 42: Mobile data traffic per connection, Kuwait (MB per month), 2014–2024

Figure 43: Broadband connections by technology, Kuwait (thousand), 2014–2024

Figure 44: Total telecoms service revenue – current and previous forecasts, Kuwait, 2014–2024

Figure 45: Total fixed and mobile telecoms service revenue, Oman (OMR million), 2014–2024

Figure 46: Mobile connections by type, Oman (million), 2014–2024

Figure 47: Telecoms retail revenue and growth rate by service type, Oman, 2014–2024

Figure 48: Fixed connections by type, Oman (thousand), 2014–2024

Figure 49: 4G, 5G and contract share of mobile connections, Oman, 2014–2024

Figure 50: Mobile ARPU, fixed voice ASPU and fixed broadband ASPU, Oman (OMR per month), 2014–2024

Figure 51: Mobile data traffic per connection, Oman (MB per month), 2014–2024

Figure 52: Broadband connections by technology, Oman (thousand), 2014–2024

Figure 53: Total telecoms service revenue – current and previous forecasts, Oman, 2014–2024

Figure 54: Total fixed and mobile telecoms service revenue, Qatar (QAR billion), 2014–2024

List of figures [3/3]

Figure 55: Mobile connections by type, Qatar (million), 2014–2024

Figure 56: Telecoms retail revenue and growth rate by service type, Qatar, 2014–2024

Figure 57: Fixed connections by type, Qatar (thousand), 2014–2024

Figure 58: 4G, 5G and contract share of mobile connections, Qatar, 2014–2024

Figure 59: Mobile ARPU, fixed voice ASPU and fixed broadband ASPU, Qatar (QAR per month), 2014–2024

Figure 60: Mobile data traffic per connection, Qatar (MB per month), 2014–2024

Figure 61: Broadband connections by technology, Qatar (thousand), 2014–2024

Figure 62: Total telecoms service revenue – current and previous forecasts, Qatar, 2014–2024

Figure 63: Total fixed and mobile telecoms service revenue, Saudi Arabia (SAR billion), 2014–2024

Figure 64: Mobile connections by type, Saudi Arabia (million), 2014–2024

Figure 65: Telecoms retail revenue and growth rate by service type, Saudi Arabia, 2014–2024

Figure 66: Fixed connections by type, Saudi Arabia (million), 2014–2024

Figure 67: 4G, 5G and contract share of mobile connections, Saudi Arabia, 2014–2024

Figure 68: Mobile ARPU, fixed voice ASPU and fixed broadband ASPU, Saudi Arabia (SAR per month), 2014–2024

Figure 69: Mobile data traffic per connection, Saudi Arabia (MB per month), 2014–2024

Figure 70: Broadband connections by technology, Saudi Arabia (million), 2014–2024

Figure 71: Total telecoms service revenue – current and previous forecasts, Saudi Arabia, 2014–2024

Figure 72: Total fixed and mobile telecoms service revenue, UAE (AED billion), 2014–2024

Figure 73: Mobile connections by type, UAE (million), 2014–2024

Figure 74: Telecoms retail revenue and growth rate by service type, UAE, 2014–2024

Figure 75: Fixed connections by type, UAE (million), 2014–2024

Figure 76: 4G, 5G and contract share of mobile connections, UAE, 2014–2024

Figure 77: Mobile ARPU, fixed voice ASPU and fixed broadband ASPU, UAE (AED per month), 2014–2024

Figure 78: Mobile data traffic per connection, UAE (MB per month), 2014–2024

Figure 79: Broadband connections by technology, UAE (million), 2014–2024

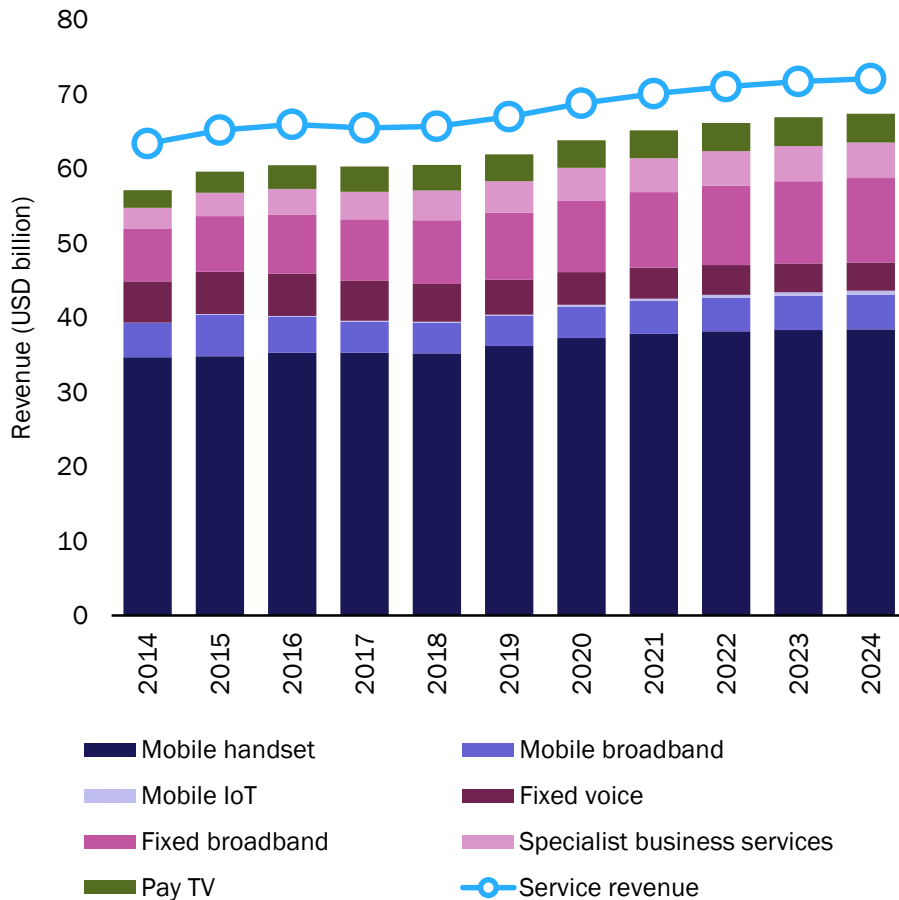
Figure 80: Total telecoms service revenue – current and previous forecasts, UAE, 2014–2024

Figure 81a: Methodology for attributing scores to each element in the key drivers table (current and future) and impact of high scores

Figure 81b: Methodology for attributing scores to each element in the key drivers table (current and future) and impact of high scores

Telecoms service revenue in the Middle East and North Africa will reach USD72 billion by 2024

Figure 1: Telecoms and pay-TV retail revenue, by type, and total service revenue, Middle East and North Africa, 2014–2024



Source: Analysys Mason

The growing adoption of fixed broadband and mobile data services will lead to an increase in telecoms service revenue in the Middle East and North Africa.

The total telecoms revenue in the Middle East and North Africa (MENA) will grow at a CAGR of 1.6% between 2018 and 2024.

Mobile retail revenue accounted for 66% of the total telecoms retail revenue in 2018, and will provide around 65% of the total telecoms retail revenue in 2024. We expect that fixed broadband revenue will grow at a CAGR of 5% during the forecast period, driven by the fast adoption of next-generation access (NGA)-based services and the limited competition in this segment. The developing IoT sector will generate the lowest share of the total revenue, but will grow the fastest, with a CAGR of 23% by 2024.

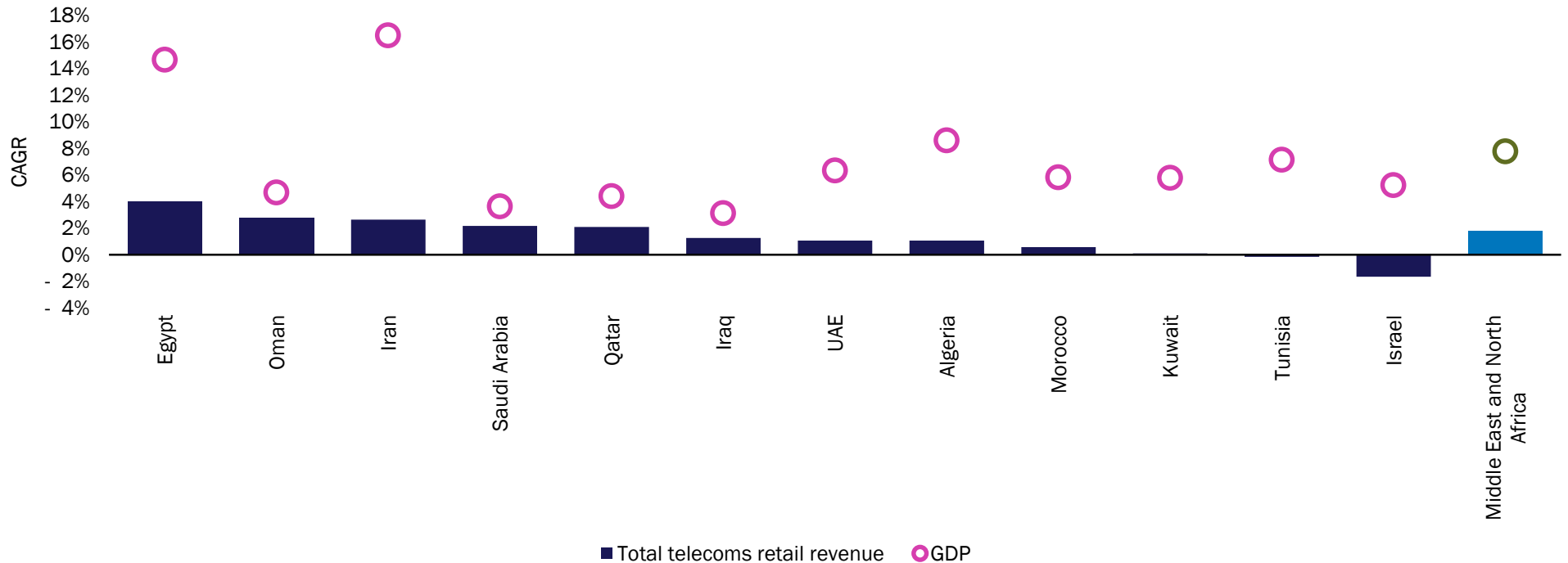
The region is highly diverse economically, and telecoms revenue will remain strongly correlated with GDP per capita trends. Increasing market saturation and competition will affect telecoms services, mainly in the Gulf Co-operation Council (GCC) countries.¹ In other countries, operators will benefit from a growing population with a large share of young users that generate a high demand for mobile data services.

Fixed and mobile network roll-outs and upgrades will be essential to address the high data demand. The increasing spend on data will offset the declining voice service revenue, and telecoms revenue will therefore continue to grow across the region.

¹ The GCC countries are Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the UAE.

Monetising high-speed internet and mobile data access will be crucial to achieve telecoms retail revenue growth in MENA

Figure 2: Growth in telecoms retail revenue and nominal GDP by country, Middle East and North Africa, 2018–2024



Source: Analysys Mason

Telecoms retail revenue growth will be positive in the majority of the individually modelled countries in MENA. We expect that revenue will decline at a CAGR of around 2% in Israel.

The telecoms retail revenue growth will be positive in most of the countries in MENA. The revenue growth in Egypt and Iran will be positive, but will lag well behind the GDP growth. The negative retail revenue compound annual growth rate (CAGR) in Israel will be driven by high market competitiveness, due to the presence of six active MNOs (the sixth MNO launched services in April 2018).



Contents



Executive summary and recommendations

Regional forecasts and cross-country comparison

Individual country forecasts

Methodology

About the authors and Analysys Mason

About the authors



Julia Martusewicz-Kulinska (Senior Analyst) is a member of the regional markets research team, contributing mainly to the *European Core Forecasts*, *Telecoms Market Matrix* and *European Country Reports* programmes. She has more than 16 years of research and telecoms industry regulations experience. Prior to joining Analysys Mason, she worked for the Qatar national regulatory authority as a Competition Analysis section manager and for Polish national regulatory authority as the head of the Research Division, where she was responsible for telecoms market research, and as the leader of the Telecommunications Market Analysis Department, which was accountable for co-operation between the regulatory authority and the Information Society and Media DG of the European Commission.



Karim Yaici (Senior Analyst) leads Analysys Mason's *The Middle East and Africa* regional research programme. His primary areas of specialisation include operators' digital strategies, new telecoms opportunities and challenges, and consumer trends in growth markets. Prior to joining Analysys Mason, Karim was an associate analyst at Ovum, where he authored reports on mobile accessories and mobile applications. Prior to that, he worked as a research engineer at the Institute for Communication Systems and Vodafone. Karim holds an MSc in Information Systems Management from the University of Southampton and a PhD in human–computer interaction from the University of Surrey.



Jakub Konieczny (Research Analyst) is a member of the regional markets research team in London, contributing mainly to the *Telecoms Market Matrix*, *European Country Reports* and *Global Telecoms Data* research programmes. Jakub holds a BEng in petroleum engineering from the University of Aberdeen.

About the authors



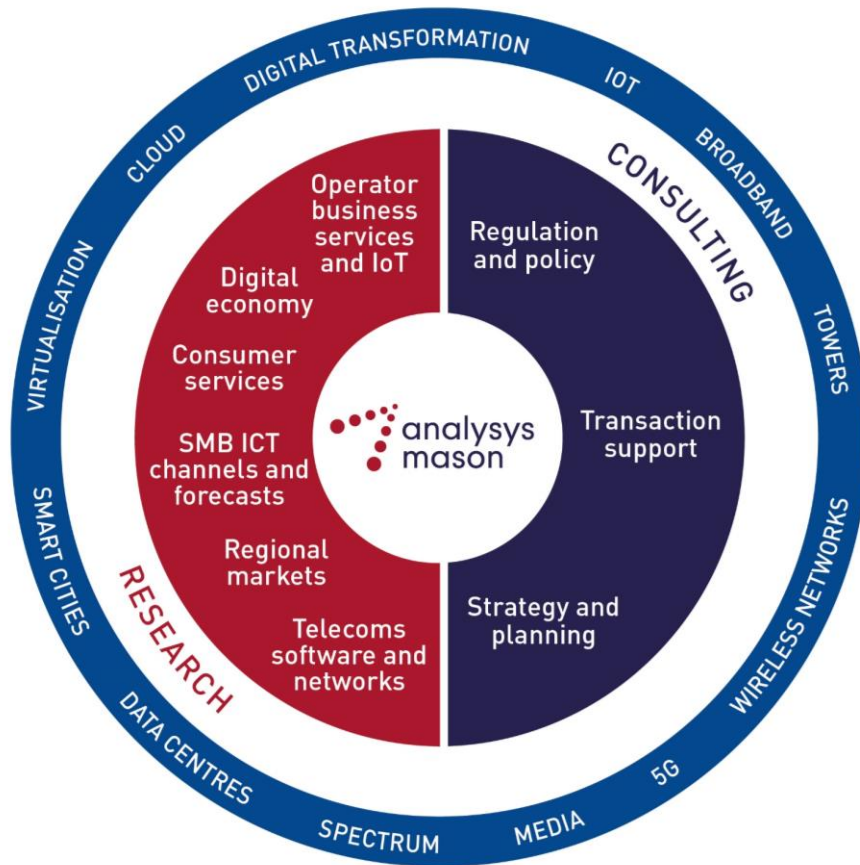
Andrew Yi-Ju Chern (Research Analyst) is a member of the regional markets research team in London, contributing mainly to the *Telecoms Market Matrix*, *Asia–Pacific* and *Global Telecoms Data* research programmes. Prior to joining Analysys Mason, Andrew was a business analyst at Vodafone. Andrew holds a BSc in Economics and Finance from Tsinghua University and a MSc in Strategic Management from HEC Paris.



Inigo Barker (Research Analyst) is a member of the *Consumer Services* research team in London, working on the *Video Strategies* research programme. He previously worked in trade publishing and editing. He holds a first-class BA (Hons) degree in Classics from the University of Cambridge.

Analysys Mason's consulting and research are uniquely positioned

Analysys Mason's consulting services and research portfolio



Consulting

We deliver tangible benefits to clients across the telecoms industry:

- communications and digital service providers, vendors, financial and strategic investors, private equity and infrastructure funds, governments, regulators, broadcasters and service and content providers

Our sector specialists understand the distinct local challenges facing clients, in addition to the wider effects of global forces.

We are future-focused and help clients understand the challenges and opportunities new technology brings.

Research

Our dedicated team of analysts track and forecast the different services accessed by consumers and enterprises.

We offer detailed insight into the software, infrastructure and technology delivering those services.

Clients benefit from regular and timely intelligence, and direct access to analysts.

Research from Analysys Mason

Consumer services programmes

- Mobile Services
- Mobile Devices
- Fixed Broadband Services
- Convergence Strategies
- Video Strategies

Operator investment programmes

- Operator Investment Strategies
- Network Traffic
- Spectrum

Telecoms software and networks programmes

- Software Forecast and Strategy
- Telecoms Software Market Shares

Network-focused

- Next-Generation Wireless Networks
- Video and Identity Platforms
- Service Design and Orchestration
- Automated Assurance
- Network Automation and Orchestration
- Digital Infrastructure Strategies

Customer-focused

- Digital Experience
- Customer Engagement
- Monetisation Platforms
- AI and Analytics



Digital economy programmes

- Digital Economy Strategies
- Future Comms

Operator business services and IoT programmes

- Large Enterprise Voice and Data Connectivity
- Large Enterprise Emerging Service Opportunities
- SME Strategies
- IoT and M2M Services
- IoT Platforms and Technology

SMB ICT channels and forecasts programmes

- Managed Service Provider Strategies
- Cyber Security

Regional markets programmes

- Global Telecoms Data
- Americas
- Asia-Pacific
- Middle East and Africa
- European Core Forecasts
- European Telecoms Market Matrix
- European Country Reports

DataHub

- ~2500 forecast and 250+ historical metrics
- Regional results and worldwide totals
- Operator historical data

Consulting from Analysys Mason

REGULATION AND POLICY

- Policy development and response
- Ex-ante market reviews, remedies, costing...
- Universal Service Obligation (USO)
- Scarce resources: radio spectrum management, auction support, numbering...
- Ex-post/abuse of dominance
- Postal sector



TRANSACTION SUPPORT

- Commercial due diligence
- Technical due diligence
- Mergers and acquisitions (M&As)
- Debt and initial public offerings (IPOs)
- Joint-venture structuring
- Mid-market financial sponsors

STRATEGY AND PLANNING

- Commercial expertise
- Technology optimisation
- New digital frontiers

analysismason.com/consulting



PUBLISHED BY ANALYSYS MASON LIMITED IN JULY 2019

Bush House • North West Wing • Aldwych • London • WC2B 4PJ • UK

Tel: +44 (0)20 7395 9000 • Email: research@analysismason.com • www.analysismason.com/research • Registered in England and Wales No. 5177472

© Analysys Mason Limited 2019. All rights reserved. No part of this publication may be reproduced, stored in a retrieval system or transmitted in any form or by any means – electronic, mechanical, photocopying, recording or otherwise – without the prior written permission of the publisher.

Figures and projections contained in this report are based on publicly available information only and are produced by the Research Division of Analysys Mason Limited independently of any client-specific work within Analysys Mason Limited. The opinions expressed are those of the stated authors only.

Analysys Mason Limited recognises that many terms appearing in this report are proprietary; all such trademarks are acknowledged and every effort has been made to indicate them by the normal UK publishing practice of capitalisation. However, the presence of a term, in whatever form, does not affect its legal status as a trademark.

Analysys Mason Limited maintains that all reasonable care and skill have been used in the compilation of this publication. However, Analysys Mason Limited shall not be under any liability for loss or damage (including consequential loss) whatsoever or howsoever arising as a result of the use of this publication by the customer, his servants, agents or any third party.