About this report

This report provides commentary and trend analysis for fixed services to support our 5-year forecast for the Middle East and North Africa (MENA). It includes worldwide context and commentary on six key countries: Iran, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (UAE).

Our forecasts are based on our robust set of historical data and draw on a unique and in-house modelling tool that applies a rigorous methodology (reconciliation of different sources, standard definitions, top-down and bottom-up modelling).

For the complete data set for the region, please see: www.analysysmason.com/DataHub.

WHO SHOULD READ THIS REPORT

▪ Market intelligence, strategy and project managers at fixed operators in the Middle East and North Africa.
▪ Regulatory bodies in the Middle East and North Africa.
▪ Financial institutions that directly invest in the telecoms sector in the region, or advise others that do so.
▪ Press and media bodies that need a foundation of knowledge of the Middle East and North Africa fixed telecoms market.

GEOGRAPHICAL COVERAGE

Regions modelled:
▪ Middle East and North Africa (MENA)

Countries analysed in this report:
▪ Iran
▪ Kuwait
▪ Oman
▪ Qatar
▪ Saudi Arabia
▪ United Arab Emirates (UAE)

KEY METRICS

Fixed connections
▪ Voice, broadband, IPTV, dial-up
▪ Narrowband voice, VoBB
▪ DSL, FTTP/B, cable, BFWA, other

Fixed revenue
▪ Service,¹ retail
▪ Voice, broadband, IPTV, dial-up, BNS
▪ DSL, FTTP/B, cable, BFWA, other

Fixed voice traffic
▪ Outgoing minutes, MoU

¹ Service revenue is the sum of retail and wholesale revenue.
Executive summary

The telecoms service market in MENA will grow to USD72.1 billion in 2022, amidst increased competition and challenging operating conditions.

Worldwide trends

Worldwide: fixed revenue growth will stagnate during the forecast period due to market saturation.

Regional trends

The total revenue increase will continue, but growth will slow over the forecast period.

Fixed: broadband market penetration will grow in most countries driven by demand and new infrastructure investments.

Fixed: broadband penetration will grow in all modelled countries, supported by competition and national broadband plans.

Fixed: speed upgrades and increased penetration of fibre services will help to maintain broadband a high average revenue per line.

Fixed: the broadband market will grow steadily, while voice revenue will decline due to reduced usage and mobile competition.

Country-level trends

Iran: investment in fixed broadband infrastructure will underpin revenue growth.

Kuwait: the fixed market is in need of liberalisation to support infrastructure investment and improve broadband penetration.

Oman: fibre connections will grow strongly during the forecast period thanks to an ambitious national broadband plan.

Qatar: bundled offerings will help to drive further demand for fixed voice and broadband services.

Saudi Arabia: the number of fixed voice and broadband connections will increase during the forecast period.

UAE: fixed broadband connections will grow at a stable pace, underpinned by investment in infrastructure.

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About the author

About Analysys Mason

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Worldwide: fixed revenue growth will stagnate during the forecast period due to market saturation

Worldwide growth in fixed service revenue will be marginal between 2016 and 2022, at a CAGR of 0.1%.

Central and Eastern Europe (CEE), North America (NA) and developed Asia-Pacific (DVAP) will be the only regions with declining fixed service revenue. In terms of CAGR, Sub-Saharan Africa (SSA) will be the fastest growing region, though this is because fixed service revenue in the region is currently negligible. The second-fastest growing region will be MENA. Western Europe (WE) will be the only region where the CAGR between 2016 and 2022 will be higher than it was between 2012 and 2016. This region is emerging from a period of strong competition as operators readjust their pricing strategies. Both MENA and emerging Asia-Pacific (EMAP) have gone through a period of rapid growth over the past few years, and as a result, their growth rates will slow down the most during the forecast period.

MENA's share of worldwide fixed revenue will increase slightly between 2016 and 2022, from 3.6% to 4.1%.

Broadband penetration in MENA reached 30.8% in 2016, which indicates that the market retains plenty of scope for expansion. By 2022, we expect household penetration to reach 40.0%. We project robust growth in both connections and revenue over the forecast period, albeit lower than during 2012–2016 as high levels of mobile penetration and increasing 4G coverage in the region continue to reduce consumers’ dependence on fixed services.

Figure 2: Fixed service revenue by location, Middle East and North Africa and worldwide, 2012–2022

Source: Analysys Mason
The total revenue increase will continue, but growth will slow over the forecast period

Figure 3: Telecoms retail revenue by service type, fixed voice and fixed broadband ASPU, Middle East and North Africa, 2012–2022

![Graph showing telecoms retail revenue by service type, fixed voice and fixed broadband ASPU, Middle East and North Africa, 2012–2022.]

Figure 4: Telecoms retail revenue by fixed service type, total service revenue and growth rates, Middle East and North Africa, 2016–2022

<table>
<thead>
<tr>
<th>Service type</th>
<th>2016</th>
<th>2022</th>
<th>2012–2016 CAGR (%)</th>
<th>2016–2022 CAGR (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fixed voice and narrowband</td>
<td>6.4</td>
<td>5.1</td>
<td>-1.2%</td>
<td>-3.3%</td>
</tr>
<tr>
<td>Fixed broadband</td>
<td>8.7</td>
<td>11.5</td>
<td>9.3%</td>
<td>4.7%</td>
</tr>
<tr>
<td>Business network services</td>
<td>4.4</td>
<td>5.6</td>
<td>12.5%</td>
<td>4.0%</td>
</tr>
<tr>
<td>Total retail fixed revenue</td>
<td>19.4</td>
<td>22.2</td>
<td>5.9%</td>
<td>2.3%</td>
</tr>
<tr>
<td>Total service fixed revenue</td>
<td>20.8</td>
<td>23.7</td>
<td>5.9%</td>
<td>2.2%</td>
</tr>
</tbody>
</table>

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

Figure 5: Connections by type, and growth rates, Middle East and North Africa, 2016–2022

<table>
<thead>
<tr>
<th>Connection type</th>
<th>Connections (million)</th>
<th>2012–2016 CAGR (%)</th>
<th>2016–2022 CAGR (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fixed voice</td>
<td>60.7</td>
<td>-1.2%</td>
<td>1.2%</td>
</tr>
<tr>
<td>Fixed broadband</td>
<td>28.1</td>
<td>15.5%</td>
<td>6.4%</td>
</tr>
<tr>
<td>IPTV</td>
<td>1.7</td>
<td>18.4%</td>
<td>15.6%</td>
</tr>
</tbody>
</table>

Source: Analysys Mason
About the authors

**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 in 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.

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Analysys Mason’s consulting and research are uniquely positioned

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