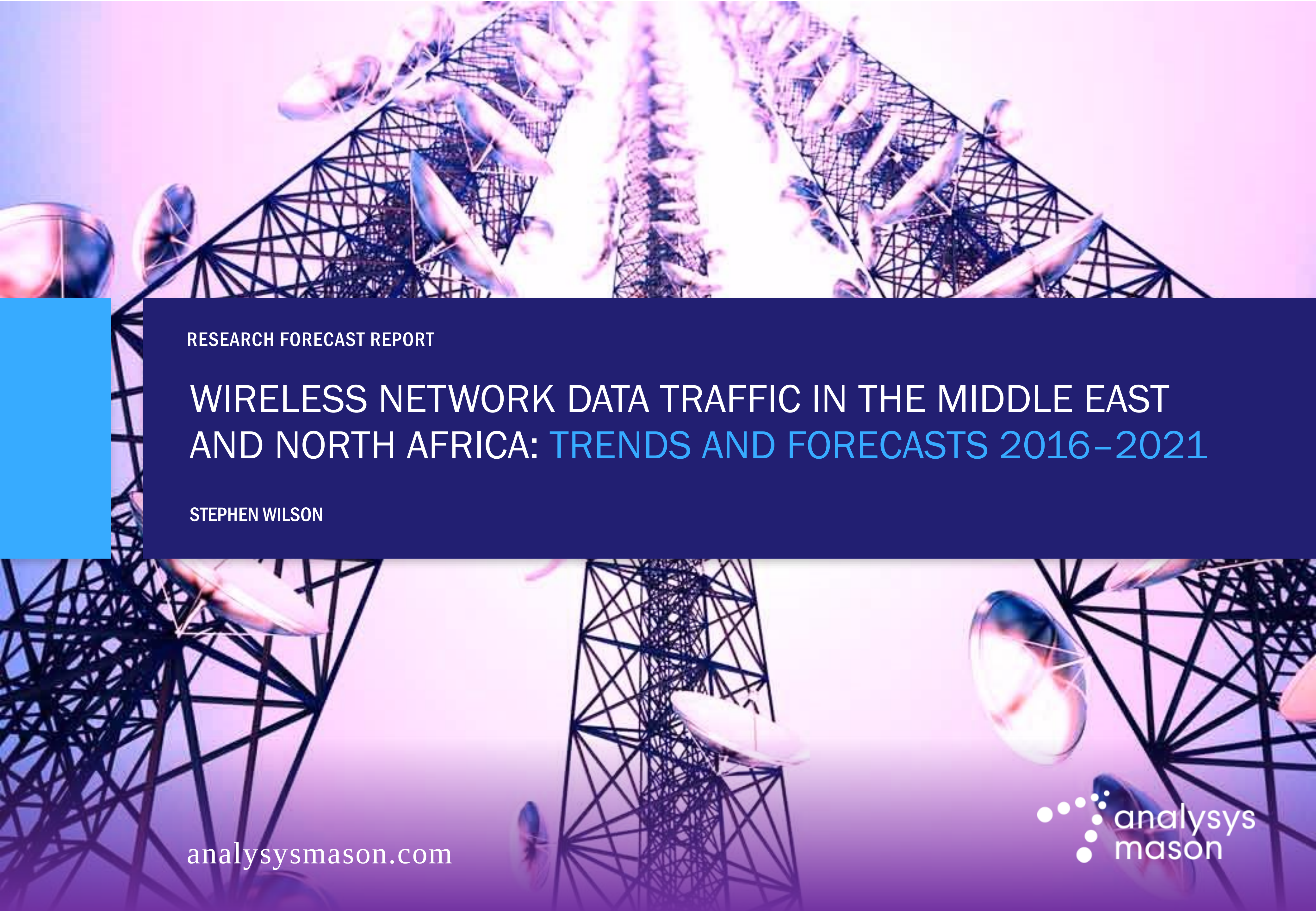

RESEARCH FORECAST REPORT

WIRELESS NETWORK DATA TRAFFIC IN THE MIDDLE EAST AND NORTH AFRICA: TRENDS AND FORECASTS 2016–2021

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About this report

This report presents 5-year forecasts of wireless data traffic worldwide for the **Middle East and North Africa (MENA)**, as a whole and for selected countries. It analyses the key trends in, and drivers and inhibitors of, data traffic. The forecast dataset underpinning this report covers:

- **mobile data:** data delivered over mobile (cellular) networks to: handsets (typically smartphones); mid-screen devices (typically tablets); USB modems, routers and other standalone data devices; median usage per smartphone; and downstream and upstream
- **Wi-Fi data:** data delivered over private Wi-Fi connections (at home or work) to handsets and mid-screen devices, and data delivered to all devices using public Wi-Fi connectivity.

The report assesses the enablers of future capacity on wireless networks and the cost of supplying that capacity.

It also analyses the trends in private and public usage, and their effect on the use of mobile and Wi-Fi connectivity.

This report is based on Analysys Mason's:

- internal research and modelling
- consumer surveys on smartphone and tablet usage.

Our forecasts are informed and sense-checked by on-the-ground regional market experts.

Summary of report coverage

<table>
<tr><th>Geographical coverage</th><th colspan="2">Major KPIs</th></tr>
<tr><td rowspan="2">Regions modelled:
▪ Worldwide
▪ Middle East and North Africa (MENA)

Countries modelled individually:
▪ Oman
▪ Qatar
▪ Saudi Arabia
▪ UAE</td><td>Mobile data</td><td>Wi-Fi data</td></tr>
<tr><td>Total volume and average usage for:
▪ handsets
▪ mid-screen devices
▪ USB modems and routers
Traffic split by:
▪ public and private usage
▪ median usage per smartphone
▪ downstream and upstream</td><td>Total volume and average usage for:
▪ handsets
▪ mid-screen devices, split by mobile-connected and Wi-Fi-only devices
▪ laptops (public Wi-Fi connectivity only)

Traffic split by:
▪ public and private usage.</td></tr>
</table>

The report serves as a companion to *Wireless network data traffic: worldwide trends and forecasts 2016–2021.*[1]

[1] For more information, see Analysys Mason's *Wireless network data traffic: worldwide trends and forecasts 2015–2020.*

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List of figures

Middle East and North Africa: GCC markets are showing solid rates of growth

In the wealthier GCC countries, growth continues to be robust (although the general trend continues to be one of decline), with 2016 annual growth rates ranging from 44% in Saudi Arabia to 61% in Qatar.

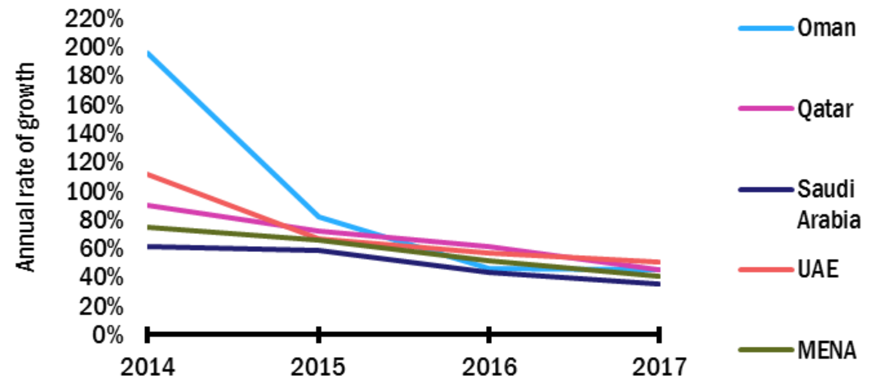
The level of reporting and disclosure on mobile networks in the Middle East and North Africa remains poor, and our forecasts for this region have a higher level of uncertainty than in the rest of the regions worldwide.

This region is also very diverse, encompassing wealthy oil exporting nations as well as significantly poorer countries. This is demonstrated by the fact the smartphone share of handsets at the end of 2016 is forecast to be only 21% in Egypt, compared with 66% in the UAE.

The competitive outlook remains largely benign across the region, although the granting of a 4G licence to fixed-line incumbent Telecom Egypt in December 2016 should help to boost data traffic in the region's most populous state.

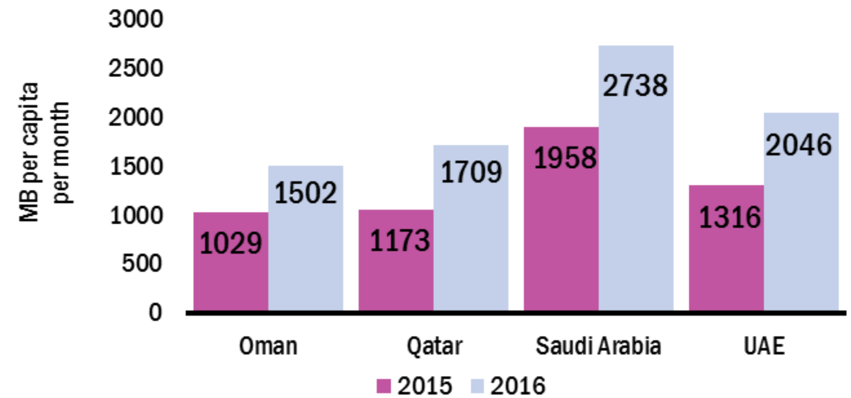
Mobile operators in a number of markets in the region are showing interest in offering wireline services, which will place constraints on overall cellular data traffic growth. For example, Mobily in Saudi Arabia has made significant investments in building its own FTTx network.

Figure 12: Annual rate of growth, cellular data traffic, selected MENA markets, 2014–2017



Source: Analysys Mason

Figure 13: Cellular data traffic per head of population per month, selected MENA markets, 2015 and 2016



Source: Analysys Mason

Middle East and North Africa: There is still significant potential for traffic growth in the region

MENA

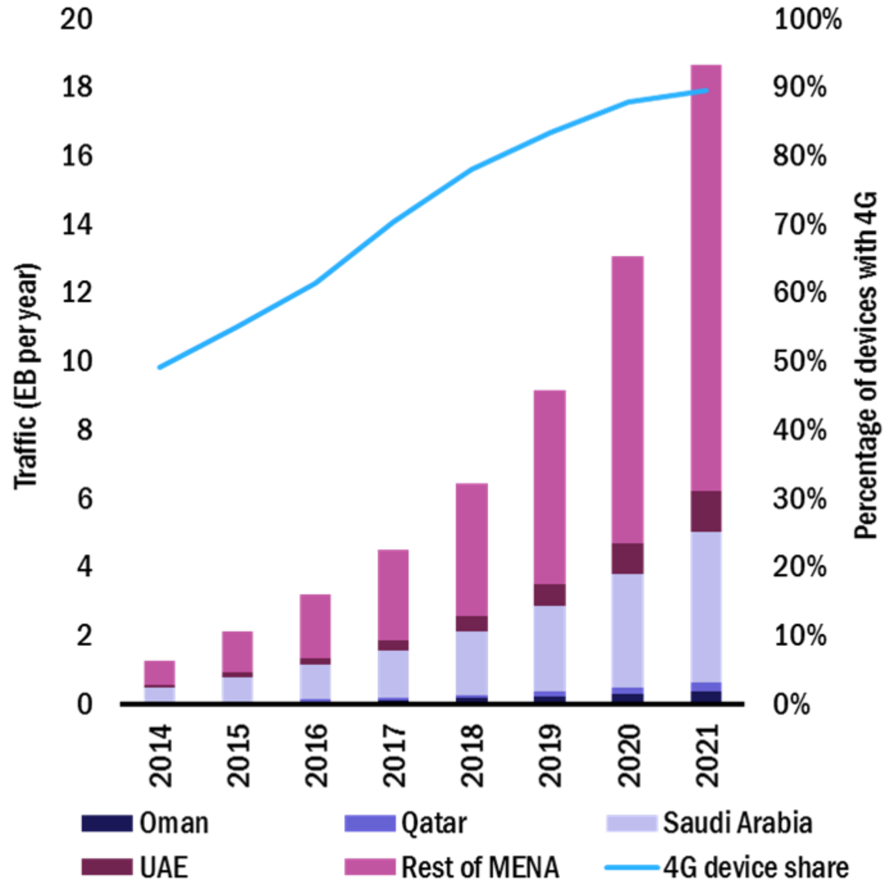
The less wealthy markets in the MENA region will gradually account for a higher share of traffic in the period to 2021.

Qatar and the UAE are both duopoly markets, and the lack of new infrastructure players will limit growth in these markets although existing LTE-A deployments should provide a boost. These countries' share of the regional traffic total will remain broadly unchanged by 2021.

Growth in Saudi Arabia will be aided by third-entrant Zain's attractively priced mobile data packages. In 2014, the operator launched the Shabab prepaid package, which it continues to offer and includes unlimited YouTube access. However, operators have reined in usage on LTE fixed–wireless networks and Zain has also indicated it is considering launching fibre broadband access; these factors ensure that Saudi Arabia's growth rates will be lower than those in the UAE or Qatar in the forecast period.

Much of the rest of the MENA region remains affected by political instability, which will have a significant negative impact on cellular data traffic growth rates. However, there is more room for growth than in the more-developed countries, including the potential for growth in 4G access. For example, the 4G licensing process in Egypt was only completed in October 2016, and Orange in Egypt is currently offering a double-sized data allowance for those subscribing to 4G. The rest of the MENA region will therefore grow its share of the region's traffic from 58% in 2016 to 67% in 2021.

Figure 14: Cellular data traffic by market and 4G device share, Middle East and North Africa, 2014–2021



Source: Analysys Mason

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About the author

Stephen Wilson (Principal Analyst) contributes research to our *Fixed Networks* and *Wireless Networks* research programmes. He joined Analysys Mason as a Senior Analyst in November 2012, having previously worked for Informa Telecoms & Media. Stephen has more than 5 years of experience of covering the telecoms industry and specialises in analysing fixed broadband access technologies and strategies, as well as developments in European telecoms markets across fixed and mobile sectors. He has produced reports on DSL acceleration technologies as well as regular updates on European markets, notably in Central and Eastern Europe. Stephen is a graduate in Politics, Philosophy and Economics from St Catherine's College, Oxford University.

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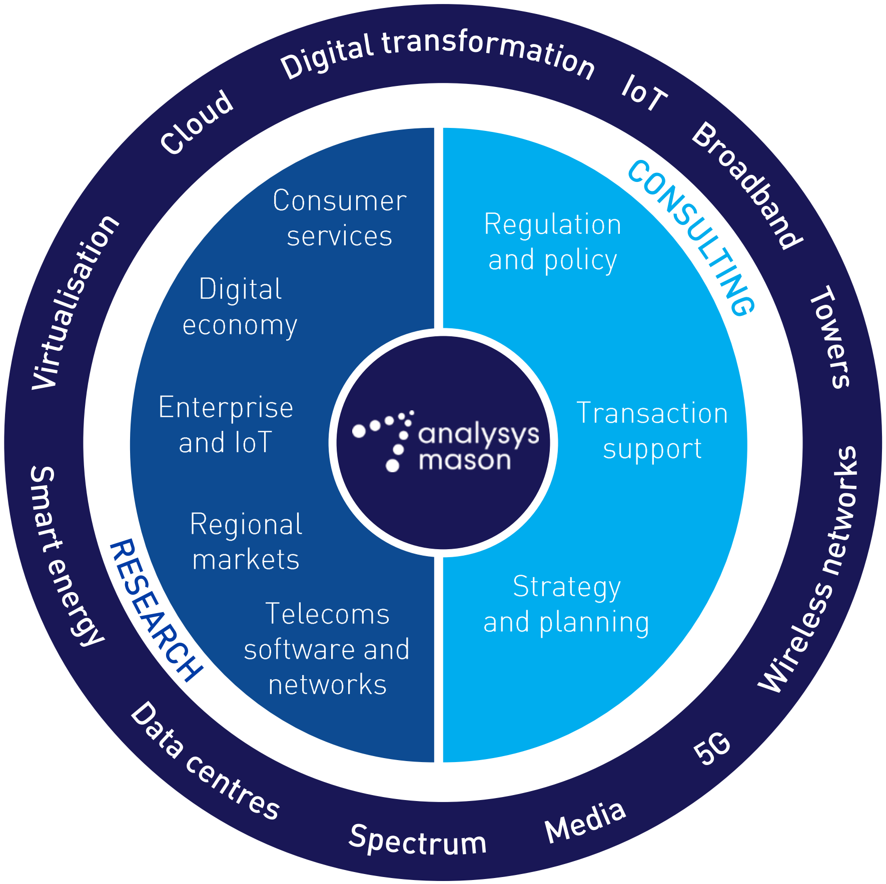

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