

Nigerian Telecommunications Sector

Q1 2015 SUMMARY REPORT:



22ND JUNE 2015

Telecommunications Data

The telecommunications data used in this report were obtained from the National Bureau of Statistics (NBS) and the Nigerian Communication Commission (NCC). All data are subject to amendments by NCC/NBS and should be treated as preliminary.

Telecommunications in Gross Domestic Product

In real terms, the telecommunications sector contributed N1,344,489.25 million or 8.38% to total economic output for the opening quarter of 2015, a marginal decline from the 2014 average contribution of 8.46%.

The opening quarter of 2015 recorded a real growth rate of 5.36%, a rise of 0.61% points from the 2014 average growth rate, which was 4.75%. As shown in Figure 1, the only negative Year on year growth rates were recorded in 2011, with the lowest rate reaching -6.45% in the third quarter. Yet the following quarter saw the highest rate recorded, of 8.67%, which has not been matched to date.

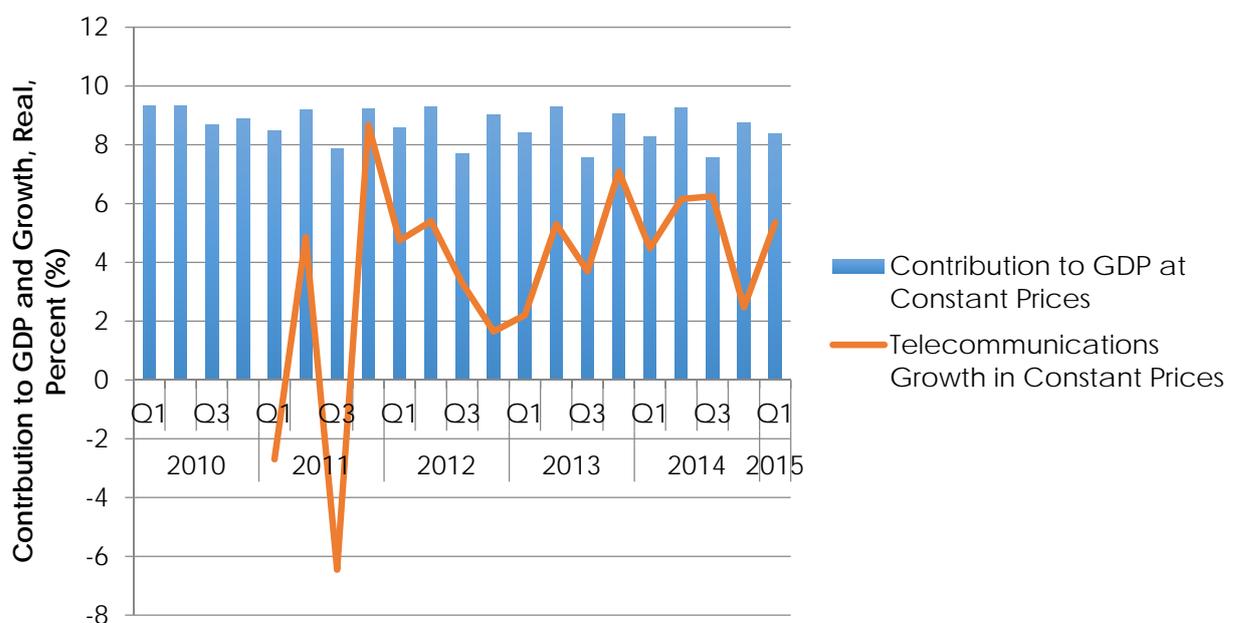


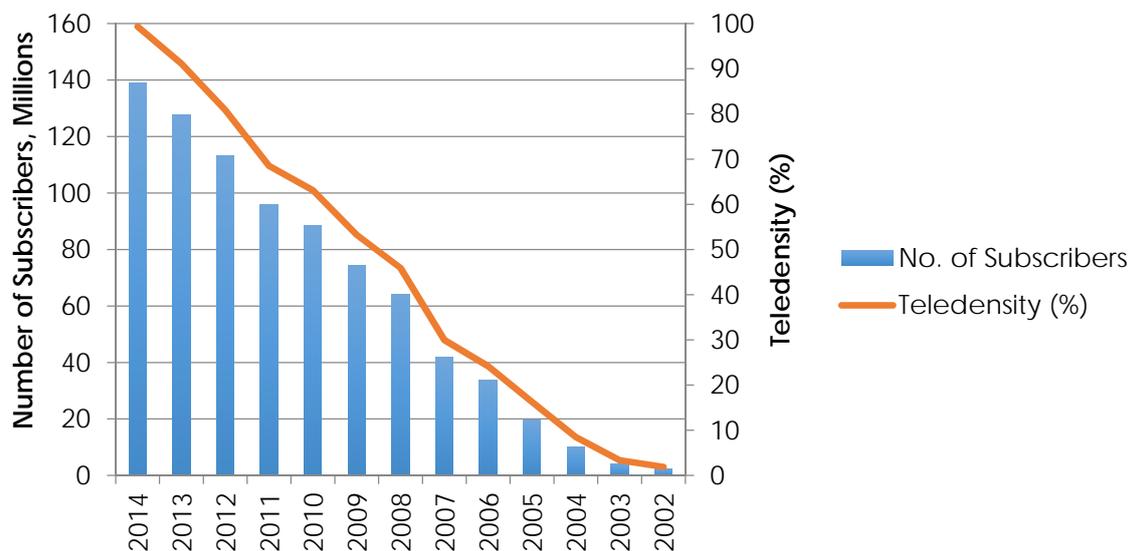
FIGURE 1: TELECOMMUNICATIONS IN GDP AT 2010 CONSTANT PRICES: CONTRIBUTION AND GROWTH 2010- Q1, 2015

The share of telecommunications in real GDP has fluctuated between a relatively narrow margin between 2010 and Q1 of 2015, peaking at 9.32% in Q1 of 2010, and reaching a low of 7.68% in Q3 of 2012. Nonetheless the annual averages have shown steady marginal declines; from 9.03% of real GDP in 2010, it declined to 8.68% in 2011, with marginal declines of 0.04% points in 2012, 0.07% points in 2013 and 0.11% points in 2014.

Total Subscribers 2002-2014

The total number of subscribers has been increasing rapidly over the period of review. From just 2.27 million registered lines in 2002, there were 127.61 million in 2014¹. Annual growth has averaged 46.29% between 2002-2014, with the highest rate recorded in 2004 at 153.65%, whilst 2011 saw the lowest rise, of 8.53%. The 8.97% growth recorded in 2014 represented an additional 11.44 million subscribers in that year alone.

FIGURE 2: SUBSCRIBERS AND TELEDENSITY BETWEEN 2002 AND 2014



Teledensity can therefore also be mapped, as shown in Figure 2. Teledensity is measured as the number of subscriptions as a ratio of the total population². As Figure 2 shows, teledensity has grown roughly equally to that of subscription rates. This would imply that subscription has grown at a similar rate to population growth. However, there is no limit to the number of subscriptions per person, meaning that some individuals or even businesses may have two or more lines, inflating the figure to make it appear that a larger portion of the population has access to mobile phones.

Subscribers in as of April 2015

¹ Between 2002-2006, estimates were based on connected lines, whereas from 2007 onwards, only active lines are counted.

² The Nigerian Communications Commission uses a population estimate of 127 million between 2002 and 2005, and an estimate of 140 million people thereafter

Subscriber data is broken into four sections according to the technology type used. The first two are for mobile technology; Global System for Mobile Communications (GSM), or 2G, and Core Division Multiple Access (CDMA), or 3G, whilst the latter two are fixed lines, either wireless or wired.

Mobile subscribers using GSM dominate, with 98.34% of the total, followed by CDMA with 1.54% of the total, whilst fixed wire and wireless make up 0.09% and 0.04% respectively.

Mobile Subscribers (GSM)

A total of 143,057,324 subscribers were registered with GSM technology to the four networks of MTN, Etisalat, Globacom and Airtel as of April 2015. As shown in figure three, MTN dominated the number of subscriptions, with 61,218,803 subscribers or 42.84% of the total. Globacom followed with 21.00%, whilst Airtel was third most dominant at 20.48% and Etisalat was fourth with 15.69%.

Since May of 2014, monthly growth in GSM subscribers has averaged 0.95%, with the greatest increase being recorded in December of 2014 at 1.97% and the lowest in July of the same year at -0.43%. The growth in subscribers was mainly driven by Globacom, which recorded an average rate of 1.45% over the period, followed by Etisalat with 1.37% and Airtel with 1.29%, whilst MTN recorded the lowest average monthly growth in subscribers at 0.44%.

The greatest monthly growth rate of the four networks was recorded for Globacom in July of 2014, in which the number of subscribers increased by 1,637,543 or 6.37%. The lowest rate was recorded for Airtel, in which in July of 2014, 436,260 or 1.72% fewer subscribers were recorded.

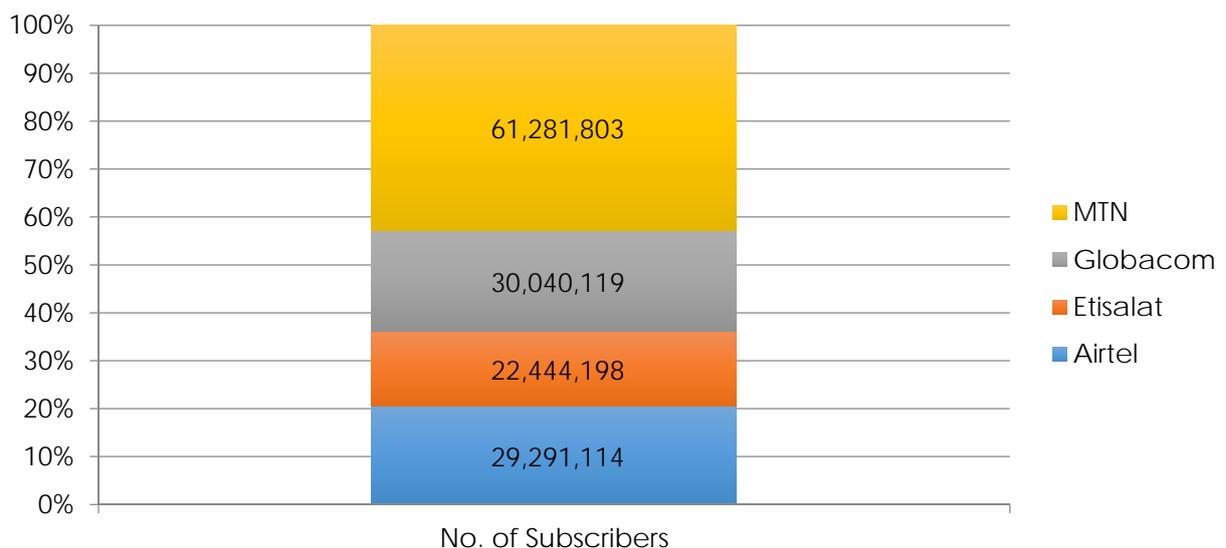
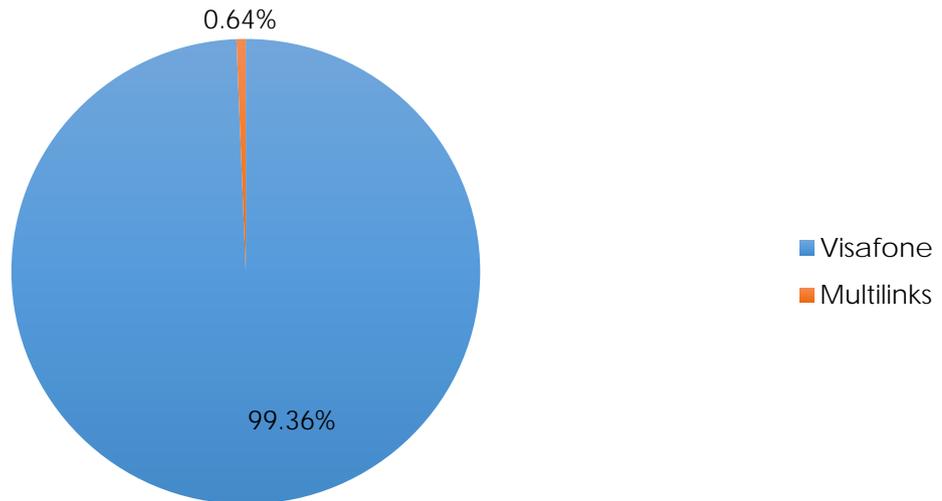


FIGURE 3: MOBILE SUBSCRIBERS (GSM) BY CARRIER

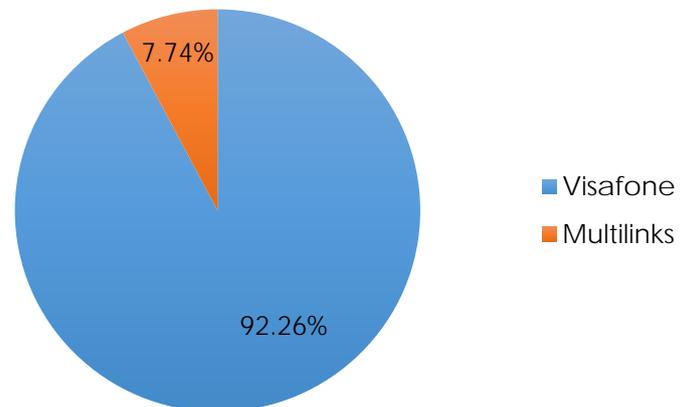
Mobile Subscribers (CDMA)

Of the 2,234,302 mobile subscribers using CDMA technology, 2,220,069 or 99.36% were with Visafone as of April 2015, whilst the remaining 14,233 or 0.64% were with Multilinks. The total monthly growth rate between the May 2014 and April 2015 period averaged 0.68%. This was completely driven by growth in Visafone subscribers, which recorded an average of 0.76% growth, whilst

FIGURE 4: MOBILE SUBSCRIBERS (CDMA) BY CARRIER



Multilinks recorded negative growth of 7.00%. Multilinks recorded negative growth in every month of review, with a total decline of 17,597 subscribers between May 2014 and April 2015. The strongest monthly growth was recorded for Visafone in August of 2014, in which subscriber numbers increased by 205,599 or 10.31%.



Fixed Wireless Line

The fixed wireless line market is also dominated by Visafone, with 55,244 or 92.26% of the 59,881 subscribers using this network as of April of 2015. The remaining 4,637 or 7.74% were held by Multilinks.

FIGURE 5: FIXED WIRELESS SUBSCRIBERS BY CARRIER

Growth in the fixed wireless technology subsector has been negative over the period. From the 60,978 subscribers recorded in May of 2014, there was a decline of 1,097 subscribers or 1.80% to the 59,881 subscribers recorded in April of 2015. The average monthly growth rate totaled -0.12% over the period, with Multilinks again driving the negative average of -7.00%, whilst Visafone had a positive rate of 0.87%. Similarly to CDMA subscriber numbers, the

greatest rate of growth was recorded by Visafone in August of 2014, with 4,473 or 8.32% more subscribers from the preceding month.

Fixed Wired Line

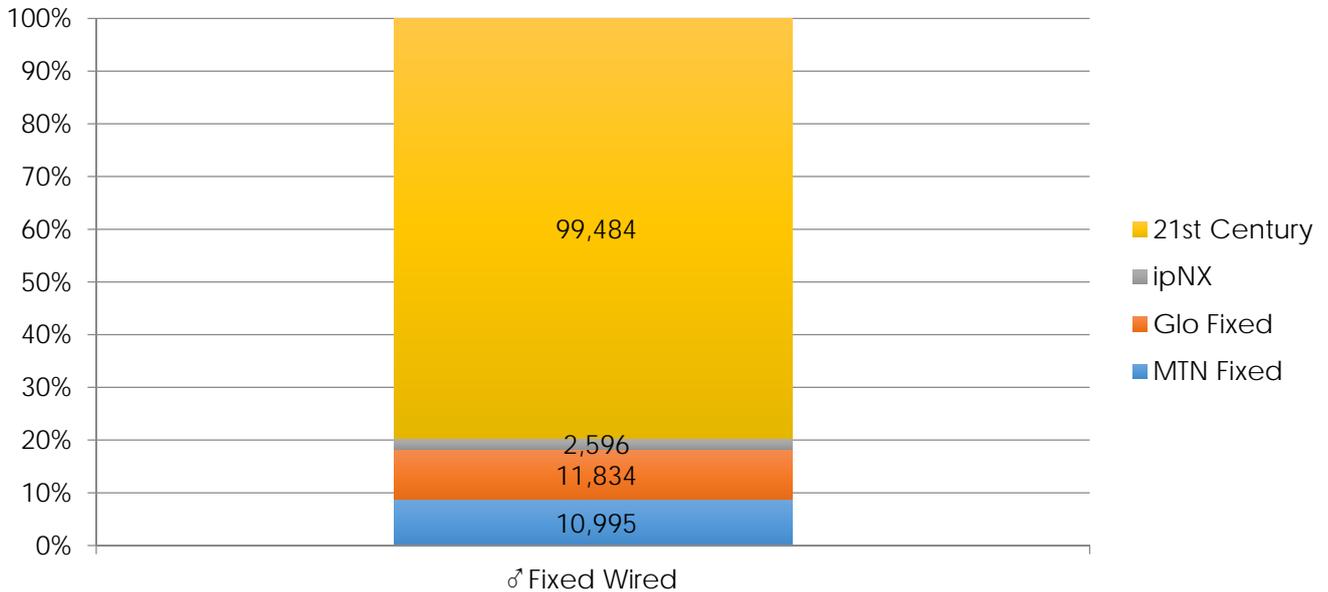


FIGURE 6: FIXED WIRED SUBSCRIBERS BY CARRIER

A total of 124,909 lines were registered with fixed wired technology as of April of 2015, across the four networks of 21st Century, ipNX, Glo Fixed and MTN Fixed. The market was dominated by 21st Century, with 99,484 lines or 79.65% of the total subscribers. Glo and MTN, which had 11,834 lines or 9.47% of the total and 10,995 lines or 8.80% of the total respectively, followed this. The smallest share was held by ipNX, with 2,596 lines or 2.08% of the total (Figure 6).

The average monthly growth rate over the period of review was 0.56%, which was mainly driven by 21st Century, which held a rate of 0.47%. The highest average rate however, was for ipNX, at 4.17%, with an increase of 684 or 35.77% of lines over the period. The only network to record negative average monthly growth was MTN, at -0.52%. The largest monthly decline in subscribers for MTN was recorded in July of 2014, with 1,432 or 12.12% fewer lines. Nonetheless, the first four months of 2015 saw positive monthly growth rates for MTN, with growth peaking in March of 2015 with 755 or 7.38% more lines than the preceding month.

Internet Subscribers

Internet Subscribers (GSM)

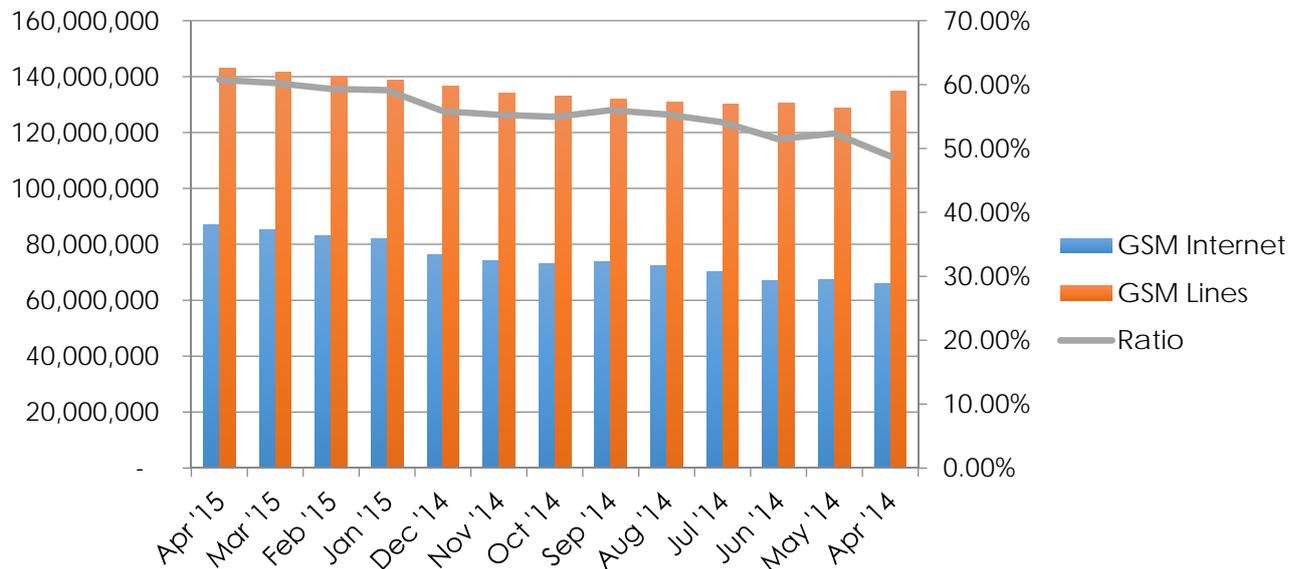


FIGURE 7: SUBSCRIBERS (GSM) BY INTERNET SUBSCRIPTION

Of the GSM users, a total of 86,904,705 had an Internet subscription with one of the four carries of Airtel, Etisalat, Globacom and MTN in May of 2015. This means that of all of the active GSM lines, 60.75% had an internet subscription. Figure 7 shows that from April of 2014, this ratio had been steadily increasing, from the 134,957,821 internet subscribers, or 48.77% of the GSM total in that month, there was an 11.98% point rise to the portion of subscribers by May the following year.

As Figure 4 shows, the majority of internet subscriptions were for MTN, with 39,520,285 or 45.48% of the total, followed by Globacom with 19,690,526 or 22.66% of the total. Airtel ranked third with 17,272,665 subscribers or 19.88% of the total, whilst Etisalat had the lowest number, with 10,421,229 or 11.99% of the total.

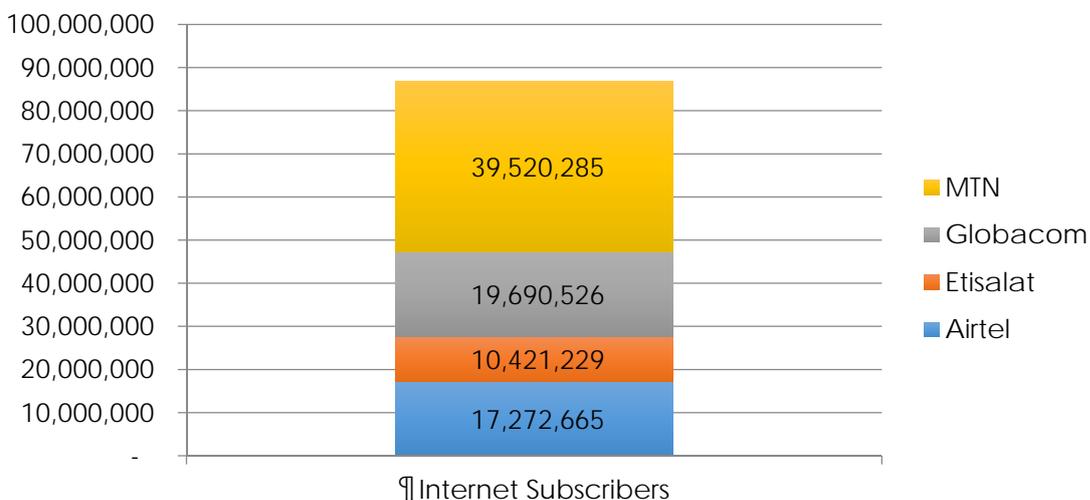


FIGURE 8: INTERNET SUBSCRIBERS (GSM) BY CARRIER

Between April of 2014 and May of 2015, monthly growth in internet subscriptions averaged 2.36%. All companies exhibited strong growth, although the main driver was globacom, with an average of 539,034 additional subscribers each month, a rate of 3.39%.

Internet Subscribers (CDMA)

Of the two networks of Multilinks and Visafone that use CDMA technology, a total of 150,799 have internet subscriptions, which is just 6.75% of the total CDMA mobile subscribers. Over the previous year, beginning May of 2014, there has been a decline in this ratio of 0.45% points.

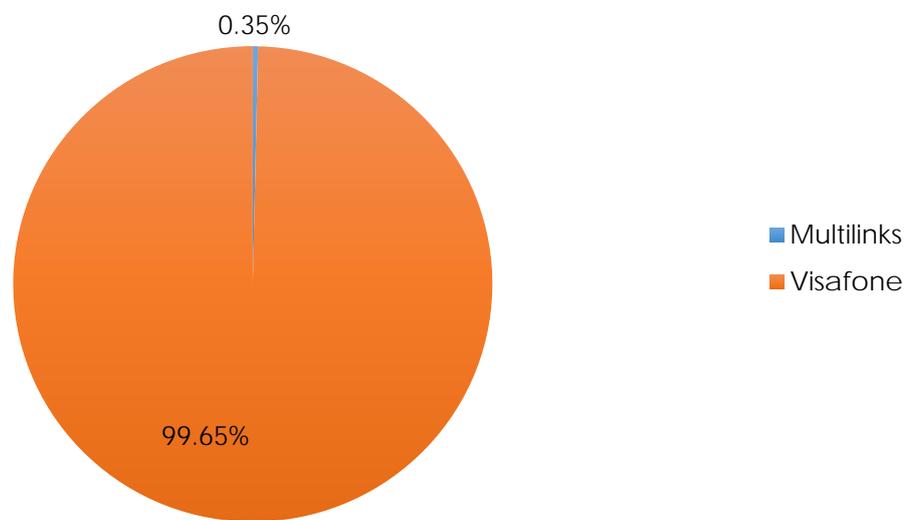


FIGURE 9: INTERNET SUBSCRIBERS (CDMA) BY CARRIER

As with the mobile subscription, Visafone holds the large majority of the internet subscriptions, with 150,252 or 99.65% of the total. The remaining 527 or 0.35% of internet subscribers are held by Multilinks. Nonetheless, month on month average growth in the number of internet subscribers remained low at 0.05%, driven by Visafone, which also had 0.05% average growth. Multilinks on the other hand had high average monthly growth, of 15.69%, although absolute numbers remained low.

Visafone experienced a month on month declines in internet subscriber numbers in four consecutive months in 2014, from July to September, reaching a trough of -2.39% that month, with 3,687 fewer subscribers that month. Growth picked up thereafter, with 2,063 or 1.35% more subscribers in April of 2015 from the preceding month.

Porting Activities

Porting activities refer to the transferal of subscribers to different network carriers. Therefore, incoming porting activities refer to those subscribers that have joined a network, whilst outgoing porting activities refer to those whom have left.

Incoming

A total of 15,519 active subscribers had joined a different carrier in April of 2015, representing just 0.01% of all mobile (GSM) subscribers. Of these Etisalat received the most, with 9,875 or 63.63% of the total, followed by Airtel with 2,993 or 18.90% and Globacom with 1,717 or 11.06%. MTN received the fewest subscribers at 994 or 6.41% of the total, as shown in Figure 10.

Monthly growth in receipt of subscribers transferring carriers averaged 2.73% between May of 2014 and April of 2015, which was primarily driven by Etisalat, which averaged a rate of 11.45% over the same period.

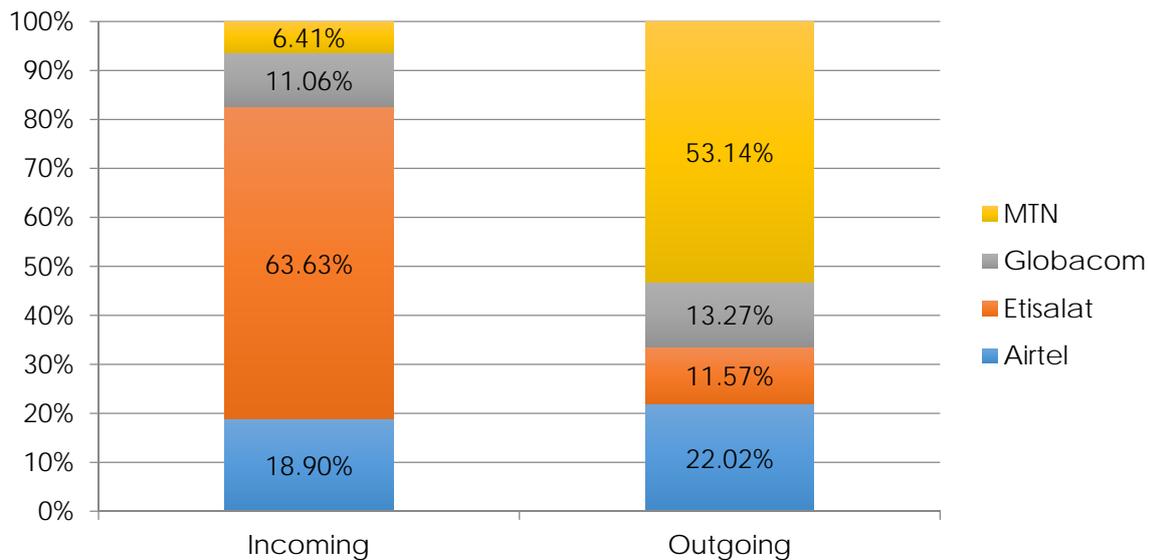


FIGURE 10: PORTING ACTIVITIES, INCOMING AND OUTGOING BY CARRIER

Outgoing

The four network carriers recorded a total of 15,357 active subscribers leaving their networks in April of 2015. Of these, MTN recorded the most, with 8,161 or 53.14% of the total leaving the network for another. Airtel followed, with 3,381 subscribers or 22.02% of the total transferring, whilst Globacom came third with 2,038 or 13.27% of the total. Etisalat had the fewest wishing to transfer, at 1,777 or 11.57% of the total.

Over the period of May 2014 to April 2015, monthly growth in subscribers transferring away from their network averaged 2.96%. This was primarily driven by MTN, which recorded a monthly average of 8.71% for the same period. The only carrier to record negative monthly growth over the period on average was Globacom, which had a rate of -1.75%.

APPENDIX I

Table 1.0 Telecommunications and Gross Domestic Product: Contribution and Growth (%)

	2013				2014				2015
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Contribution to GDP at Nominal Prices	8.00	10.57	7.18	7.39	7.95	10.53	7.41	7.57	8.55
Telecommunications Nominal GDP Growth	8.55	18.43	7.72	7.66	9.53	8.68	15.67	15.81	12.14
Contribution to GDP at Constant Prices	8.40	9.28	7.57	9.06	8.27	9.25	7.57	8.76	8.38
Telecommunications Growth in Constant Prices	2.21	5.30	3.70	7.09	4.48	6.15	6.25	2.48	5.36

Table 2.0 Mobile Subscribers (GSM) by Carrier

	2015				2014							
	April	March	February	January	December	November	October	September	August	July	June	May
Airtel	29,291,114	28,680,757	28,380,848	27,989,580	27,556,544	26,836,050	26,504,712	26,054,251	25,428,448	24,865,900	25,302,160	25,452,055
Etisalat	22,444,198	22,235,557	22,015,685	21,559,667	21,103,749	20,565,917	20,162,932	19,881,519	19,684,597	19,470,884	19,390,285	19,338,592
Globacom	30,040,119	29,577,125	28,877,537	28,486,530	28,219,089	27,591,967	27,889,235	27,611,353	27,483,195	27,352,007	27,327,646	25,690,103

MTN	61,281,803	61,149,397	61,001,529	60,495,053	59,797,224	59,046,669	58,523,509	58,363,105	58,271,212	58,289,807	58,516,759	58,415,881
Total	143,057,234	141,642,836	140,275,599	138,530,830	136,676,606	134,040,603	133,080,388	131,910,228	130,867,452	129,978,598	130,536,850	128,896,631

Table 3.0 Mobile Subscribers (CDMA) by Carrier

	2015				2014							
	April	March	February	January	December	November	October	September	August	July	June	May
Visafone	2,220,069	2,091,804	2,115,511	2,092,999	2,170,521	2,395,513	2,330,965	2,384,977	2,199,212	1,993,613	2,031,152	2,075,559
Multilinks	14,233	14,481	15,395	15,961	17,324	18,182	20,011	21,405	24,832	27,601	30,306	31,830
Total	2,234,302	2,106,285	2,130,906	2,108,960	2,187,845	2,413,695	2,350,976	2,406,382	2,224,044	2,021,214	2,061,458	2,107,389

Table 4.0 Fixed Wireless Line Subscribers by Carrier

	2015				2014							
	April	March	February	January	December	November	October	September	August	July	June	May
Visafone	55,244	55,123	54,698	54,349	53,990	54,153	57,232	58,891	58,250	53,777	50,916	50,535
Multilinks	4,637	4,711	4,949	5,125	5,614	5,883	6,433	6,855	8,431	9,284	10,163	10,443
Total	59,881	59,834	59,647	59,474	59,604	60,036	63,665	65,746	66,681	63,061	61,079	60,978

Table 5.0 Fixed Wired Line Subscribers by Carrier

	2015				2014							
	April	March	February	January	December	November	October	September	August	July	June	May
MTN Fixed	10,995	10,986	10,231	9,877	9,718	9,999	10,148	11,145	10,385	10,379	11,811	11,866
Glo Fixed	11,834	11,795	11,097	11,674	11,701	11,472	11,494	11,442	11,006	10,854	8,968	9,162
ipNX	2,596	2,796	2,414	2,659	2,821	2,551	2,746	2,852	2,994	3,047	1,927	1,912
21st Century	99,484	99,676	99,881	99,009	99,446	99,497	99,577	99,534	99,441	99,687	98,610	94,582
Total	124,909	125,253	123,623	123,219	123,686	123,519	123,965	124,973	123,826	123,967	121,316	117,522

Table 6.0 Internet Subscribers (GSM) by Carrier

	2015				2014							
	April	March	February	January	December	November	October	September	August	July	June	May
Airtel	17,272,665	16,603,147	15,894,061	14,969,924	14,371,987	13,820,307	13,831,804	13,588,542	13,201,901	12,562,495	12,052,455	12,108,982
Etisalat	10,421,229	10,189,568	9,852,713	10,078,388	6,194,758	5,810,488	5,824,861	5,800,277	6,724,797	6,925,753	6,828,671	6,860,902
Globacom	19,690,526	18,617,607	18,184,587	17,671,405	17,139,320	16,524,740	16,024,039	15,843,258	15,520,493	15,354,094	14,371,392	13,679,603
MTN	39,520,285	39,904,772	39,278,019	39,173,123	38,618,567	37,918,448	37,441,848	38,637,446	36,962,810	35,464,669	33,944,987	34,810,405
GSM Internet	86,904,705	85,315,094	83,209,380	81,892,840	76,324,632	74,073,983	73,122,552	73,869,523	72,410,001	70,307,011	67,197,505	67,459,892

Table 6.0 Internet Subscribers (CDMA) by Carrier

	2015				2014							
	April	March	February	January	December	November	October	September	August	July	June	May
Multilinks	527	551	649	739	954	1,284	1,717	2,031	2,326	2,719	3,262	3,555
Visafone	150,252	152,315	152,785	153,059	153,370	154,744	155,660	158,151	154,464	153,292	152,919	151,256
Total	150,779	152,866	153,434	153,798	154,324	156,028	157,377	160,182	156,790	156,181	154,811	151,764

Table 7.0 Porting Activities: Incoming

	2015				2014							
	April	March	February	January	December	November	October	September	August	July	June	May
Airtel	2,933	2,289	2,758	2,342	1,799	2,908	4,118	6,523	3,056	3,312	1,678	2,233
Etisalat	9,875	10,111	9,187	7,820	7,638	9,385	9,035	9,749	7,719	4,791	5,081	3,694
Globacom	1,717	1,435	1,532	1,146	621	962	2,145	2,112	2,065	1,965	2,540	2,823
MTN	994	1,559	1,478	1,186	1,110	839	778	1,304	720	1,252	1,516	674
Total	15,519	15,394	14,955	12,494	11,168	14,094	16,076	19,682	13,560	11,320	10,815	9,424

Table 8.0 Porting Activities: Outgoing

	2015				2014							
	April	March	February	January	December	November	October	September	August	July	June	May
Airtel	3,381	3,197	3,655	3,330	2,686	2,750	2,835	3,490	2,812	1,630	1,784	2,071
Etisalat	1,777	1,431	1,625	1,749	920	1,019	1,757	2,682	1,598	2,634	2,375	1,552
Globacom	2,038	2,651	2,570	2,680	2,260	2,305	3,310	3,945	2,632	1,922	1,608	1,542
MTN	8,161	7,439	6,951	6,571	4,673	7,504	8,795	8,863	6,836	4,924	4,558	4,200
Total	15,357	14,718	14,801	14,330	10,539	13,578	16,697	18,980	13,878	11,110	10,325	9,365

NOTE: Full Dataset can be downloaded from NBS eLibrary at:
<http://nigerianstat.gov.ng/pages/NBS%20eLibrary>