

Bahrain Telecom Pricing

International Benchmarking

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Report overview

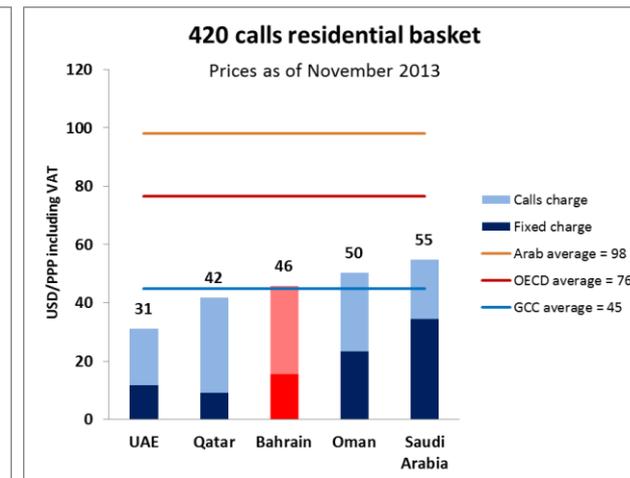
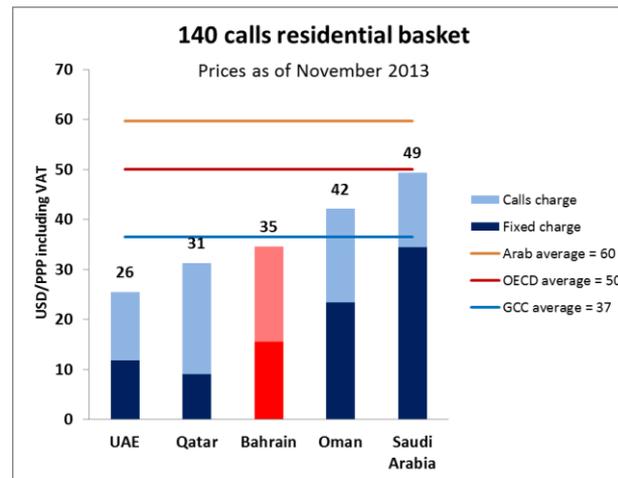
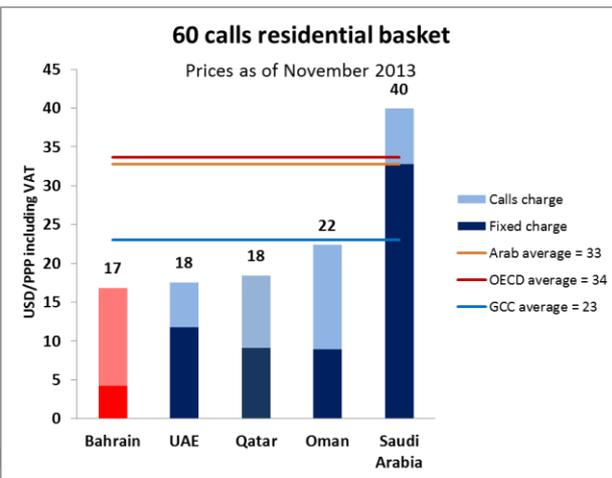
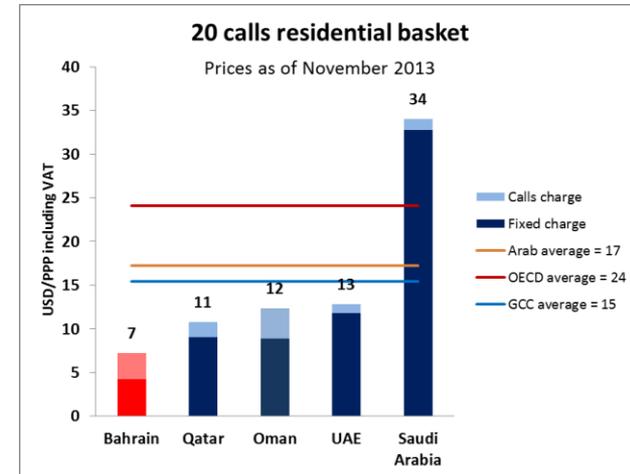
- ▶ This report focusses specifically on Bahrain retail prices for telecommunications services compared to GCC countries*, Arab average and OECD average.
- ▶ The services covered in this report are the same as the services covered in the main AREGNET report, namely:
 - ▶ Fixed voice (PSTN)
 - ▶ Mobile telephony
 - ▶ Fixed Broadband
 - ▶ Mobile Broadband
 - ▶ Leased lines
- ▶ In addition, aggregate analyses have been included, to illustrate the likely total costs faced by consumers and businesses separately who subscribe to a number of communications services. In this analysis, 3 types of user have been defined for consumers; with low usage, medium usage and high usage, and 2 types of user for businesses; medium and high usage.
- ▶ All the results contained in the report are derived directly from data from the main AREGNET study, which is based on OECD methodologies, and which uses data gathered in November 2013.
- ▶ References to both GCC and Arab averages are included, for comparison
 - ▶ Where relevant the OECD average is also shown
- ▶ An overview of the study methodology, as well as a description of the baskets considered within each service can be found in a separate document**

* Data for Kuwait is only available for mobile services

** AREGNET Price Benchmarking Methodology 2013

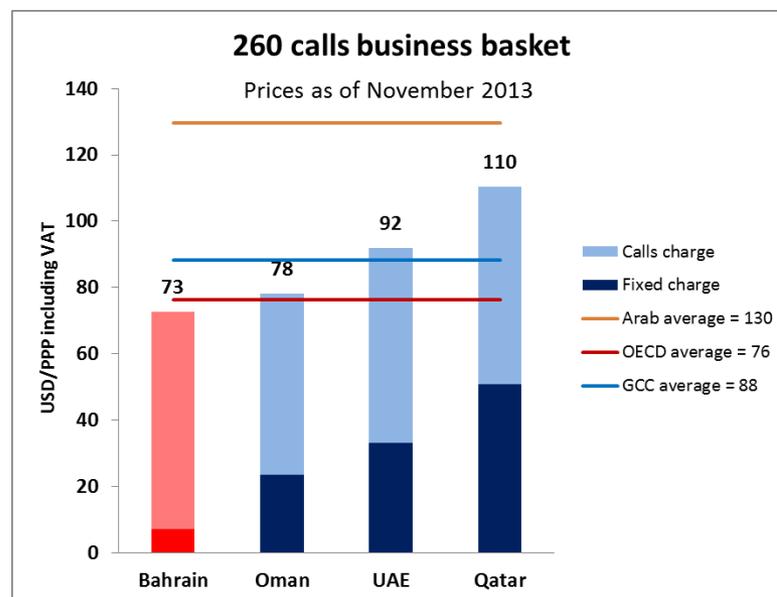
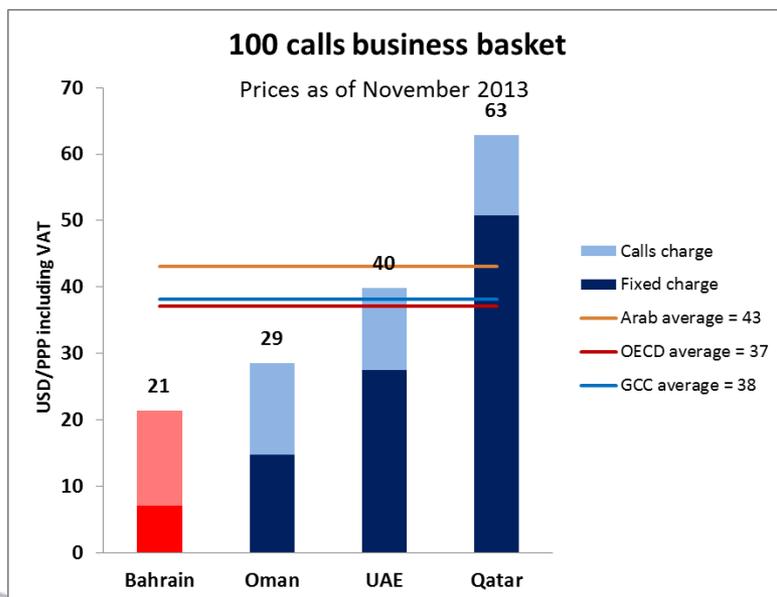
PSTN residential baskets

- ▶ Bahrain has the lowest fixed charge for residential telephone lines, for most baskets, but relatively high calling charges. Bahrain is the cheapest GCC country for the two lowest use baskets. For the higher use baskets, Bahrain ranks in the middle of the GCC countries.
- ▶ The introduction of unlimited on-net calls by Batelco benefits higher usage baskets. Many of the other GCC countries already have lower or “free” fixed line calls.



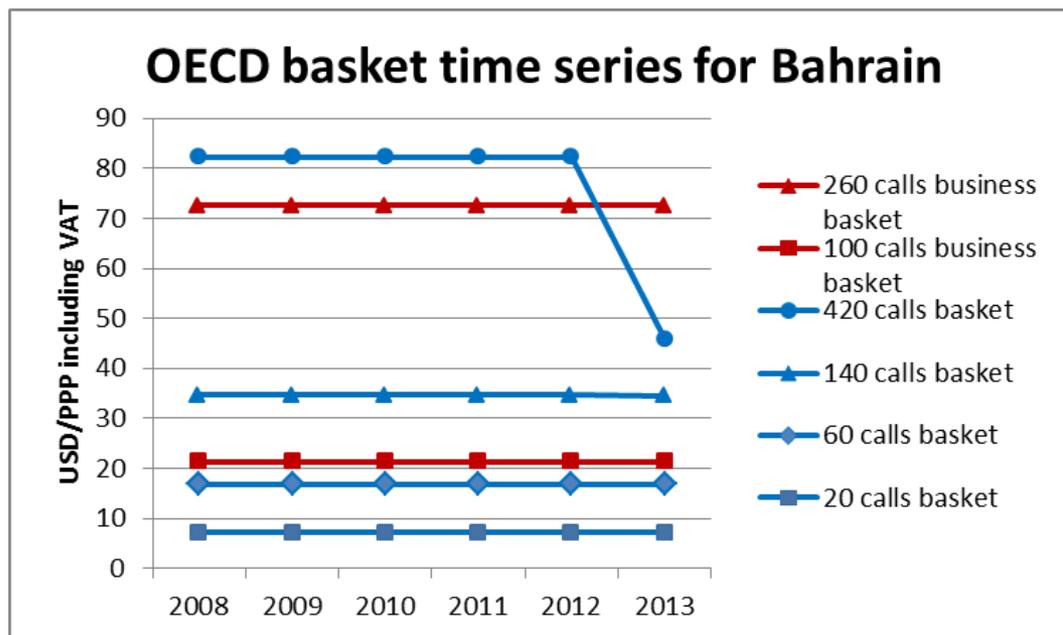
PSTN business baskets

- ▶ Bahrain has the lowest fixed charge for business telephone lines, and relatively high calling charges (especially for domestic fixed-to-fixed calls)
- ▶ Bahrain is performing well for low usage, e.g. for the low call basket (100 calls).
- ▶ Bahrain is also the most competitive country among the GCC for the high call basket (260 calls), although Oman is only slightly more expensive.
- ▶ Usage charges will escalate faster with usage in Bahrain than in the other countries.



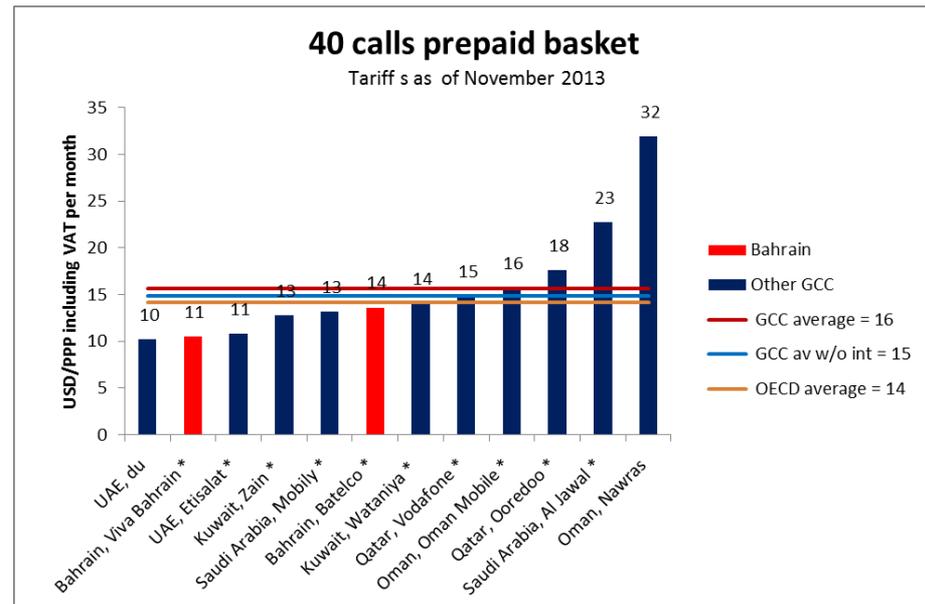
PSTN baskets results time series for Bahrain

- ▶ PSTN pricing in Bahrain has been static since 2008 for most users. The introduction of an unlimited calling option for residential customers in 2013 has resulted in a sharp fall in costs for the high usage residential basket.
- ▶ Prices have remained competitive during this time, compared to other GCC countries.

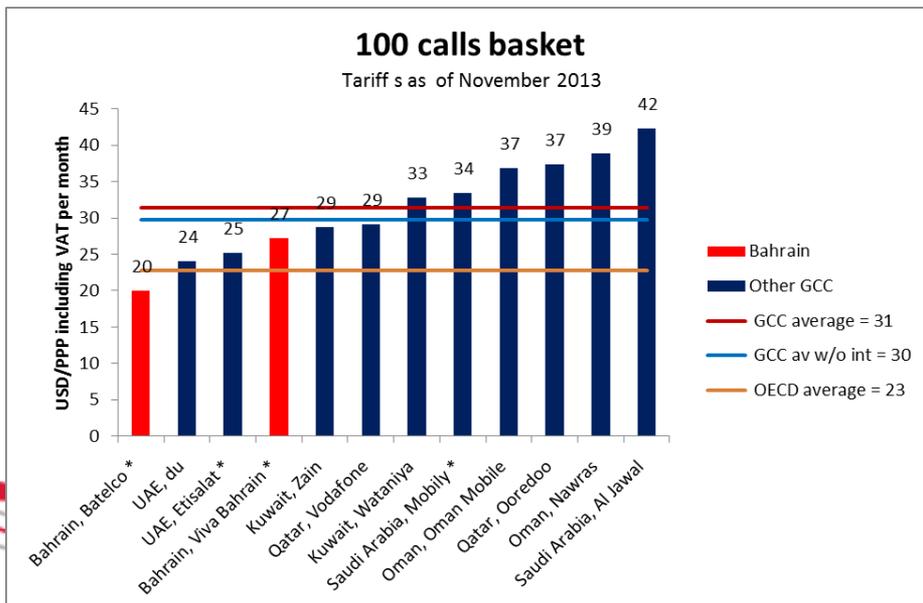


Mobile baskets without data

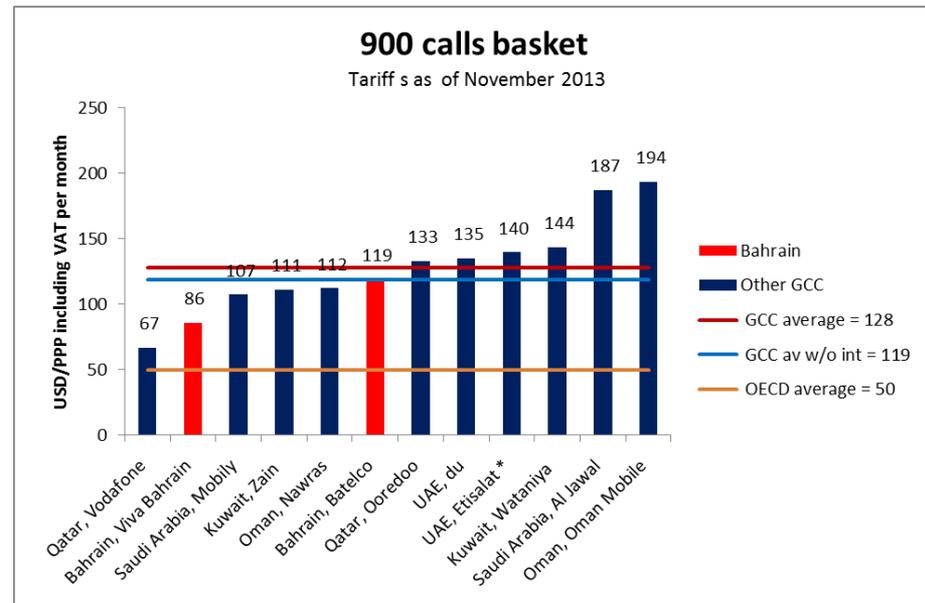
- ▶ Bahraini operators typically lie below the GCC average across the mobile baskets.
- ▶ Bahrain, and in general, most of the GCC providers are much more in line with the OECD average for lower usage baskets compared to last year. For higher usage baskets, Bahrain is significantly above the OECD average.



Note: the results shown for OECD do not include international calls, as this is not part of the OECD methodology.



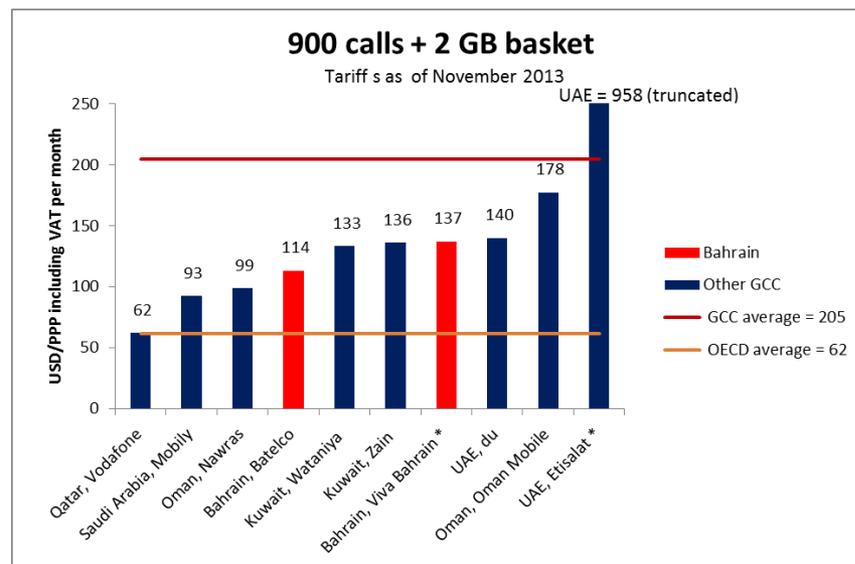
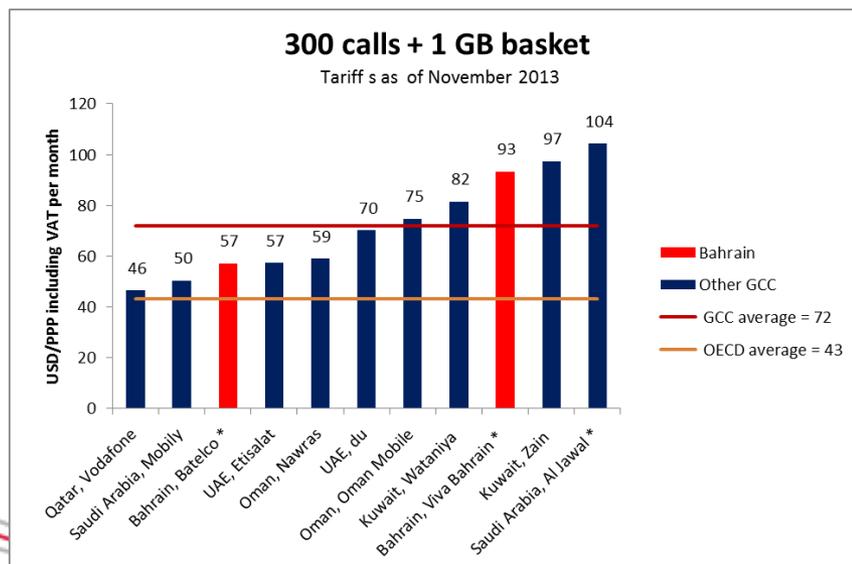
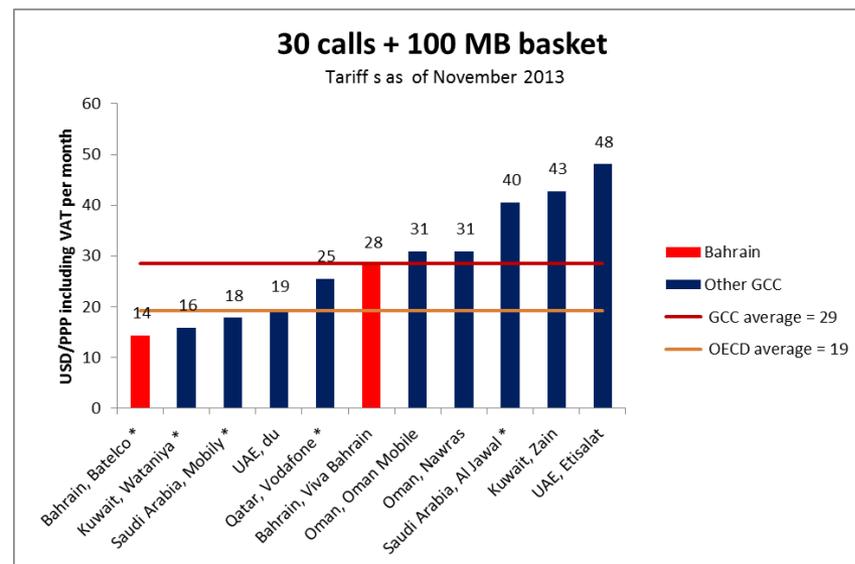
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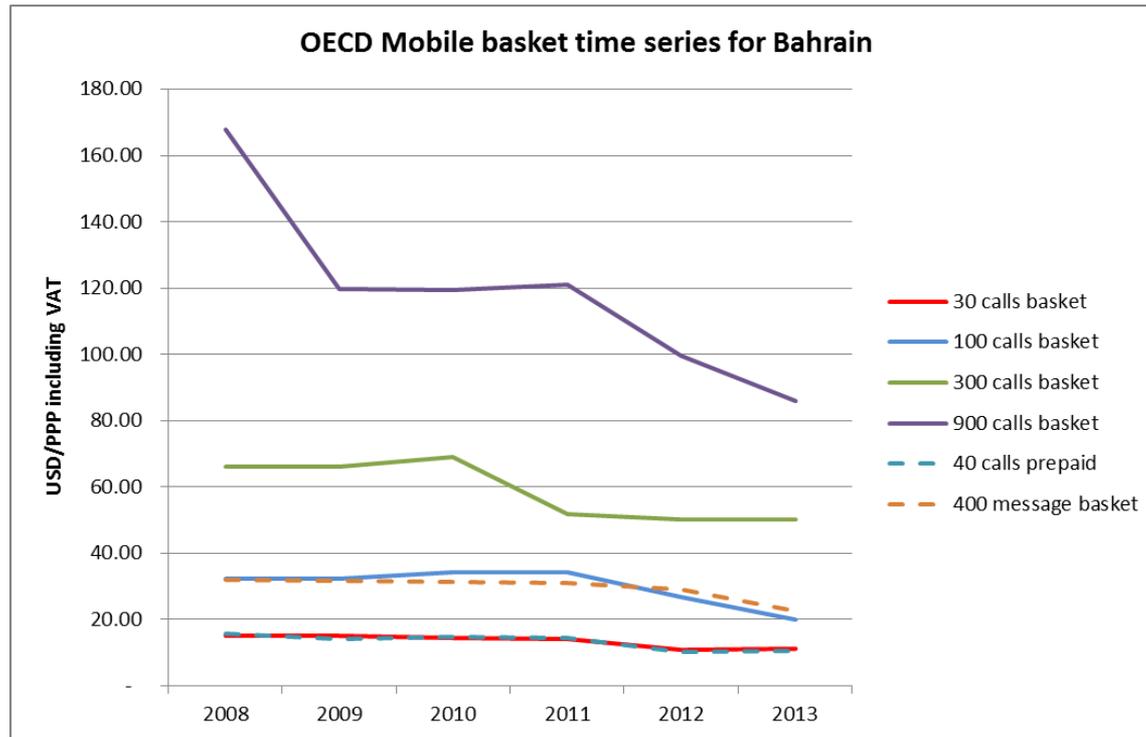
Mobile baskets with data

- ▶ Bahraini operators typically lie above the OECD average for mobile baskets that include data, with the exception of Batelco, for very low data usage (100 MB per month), which falls below the OECD average.
- ▶ For higher data usage, Batelco ranks among the cheaper providers, while Viva is more mid-range.



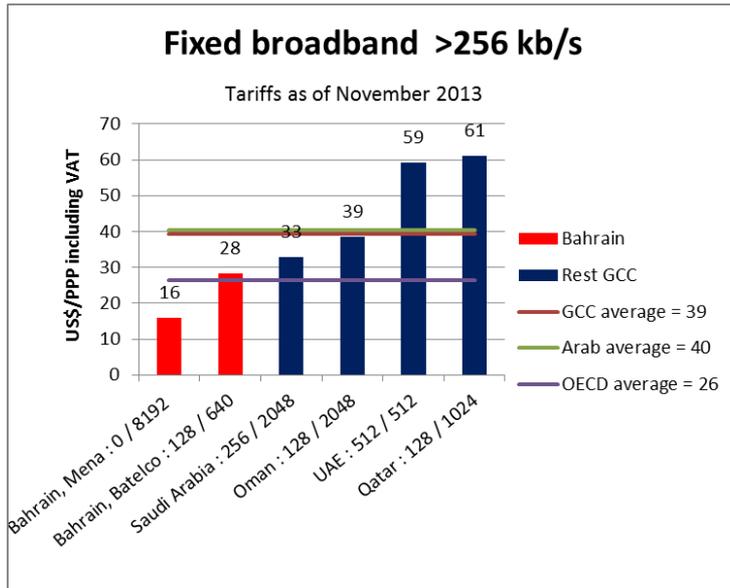
Mobile baskets time series for Bahrain

- ▶ Mobile prices in Bahrain have fallen up to 25% between 2012 and 2013 and by almost 40% over the last five years.

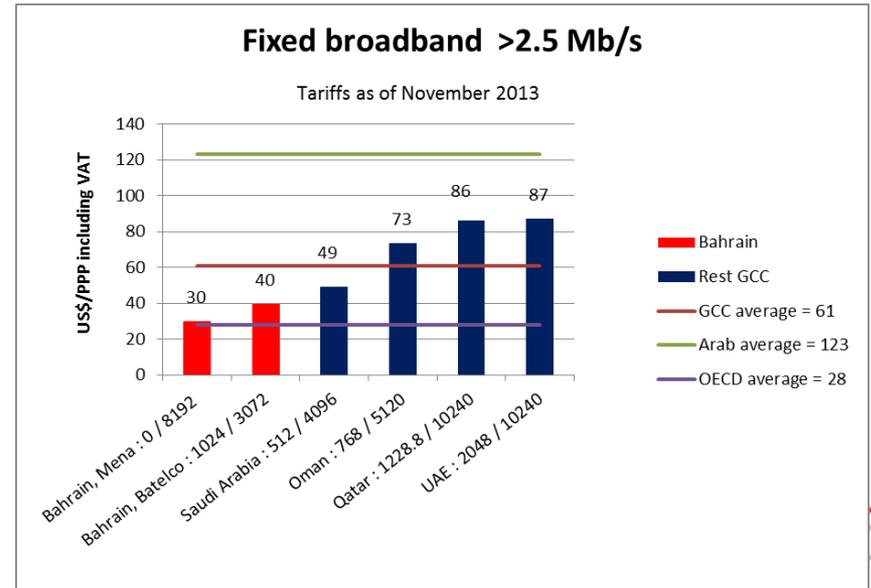


Fixed broadband baskets, residential tariffs

- ▶ The position of Bahrain varies, depending on the speed of the basket, and the provider.
- ▶ Mena is the cheapest provider across all baskets, and either below or in line with OECD average.



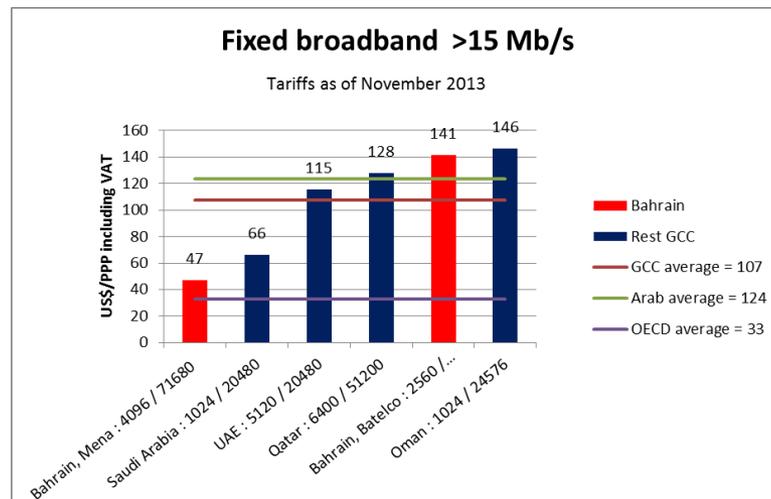
Note: The results shown, including average results are for low usage



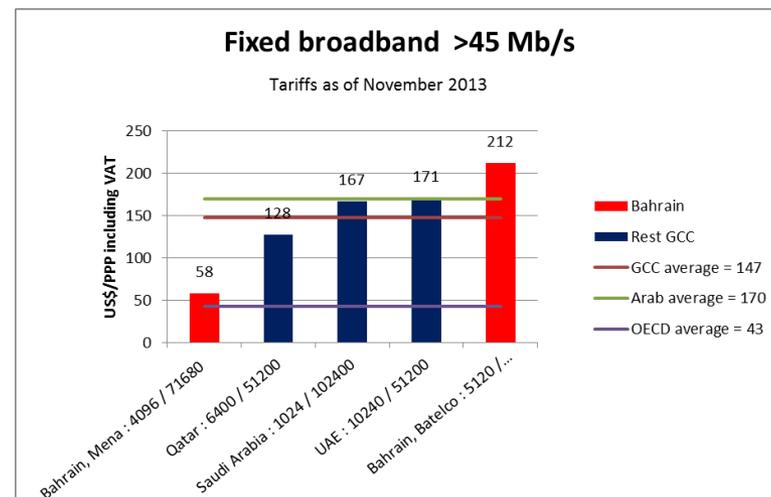
Note: The results shown, including average results are for low usage

Fixed broadband baskets, residential tariffs 2/2

- ▶ For the higher speed basket (>15 Mb/s and >45 Mb/s), the cost for Batelco rises dramatically, making it one of the most expensive providers in the GCC countries.
- ▶ The OECD average is significantly lower than both the GCC and Arab averages, particularly for the high speed basket
 - ▶ High speed services are much more prevalent in OECD countries, and costs have consistently fallen over several years, as services have become more widespread. A similar trend is being seen in the GCC countries, however.
 - ▶ Cable and fibre services are much more common in OECD countries, offering higher speed at lower price.



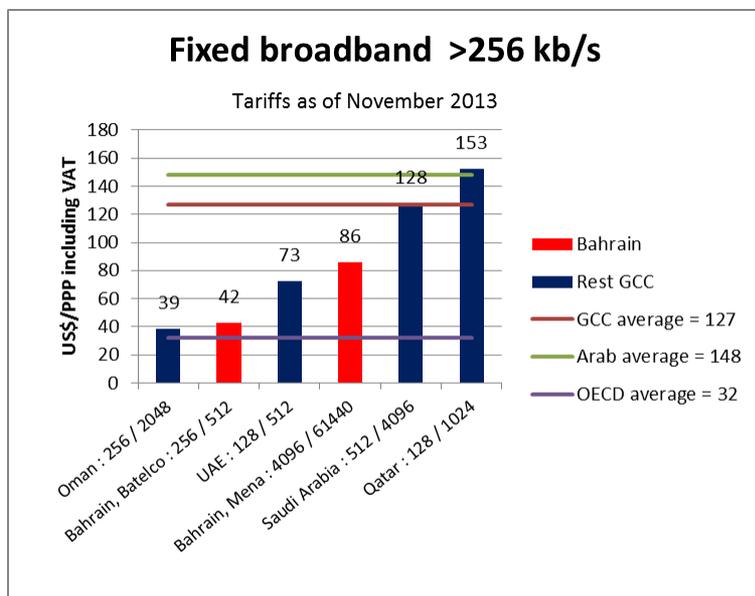
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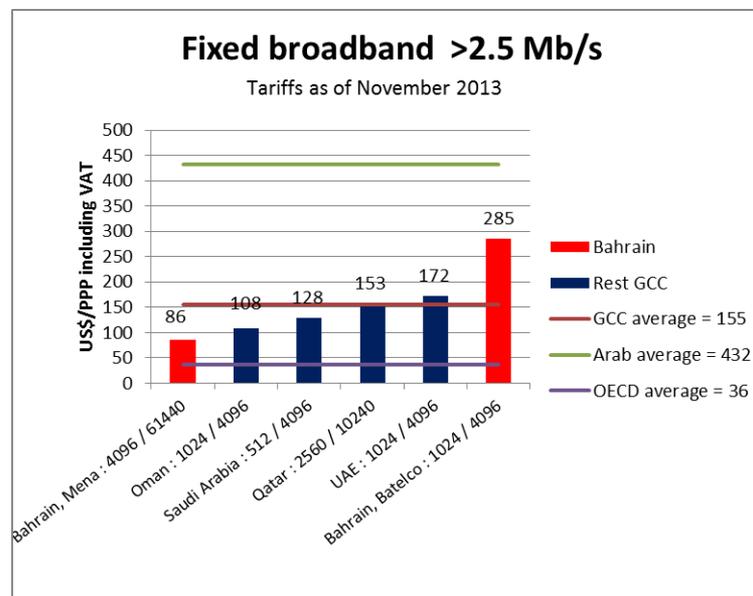
Note: The results shown, including average results are for low usage

Fixed broadband baskets, business tariffs 1/2

- ▶ Similar to the residential tariff basket results, the position of Bahrain varies depending on the provider and the speed of the basket
 - ▶ For the low (>256 kb/s) basket, businesses in Bahrain enjoy relatively favourable costs compared to their counterparts in other GCC countries.
 - ▶ For the mid (>2.5 Mb/s) baskets, Mena is the cheapest provider, and is much more in line with the OECD average.



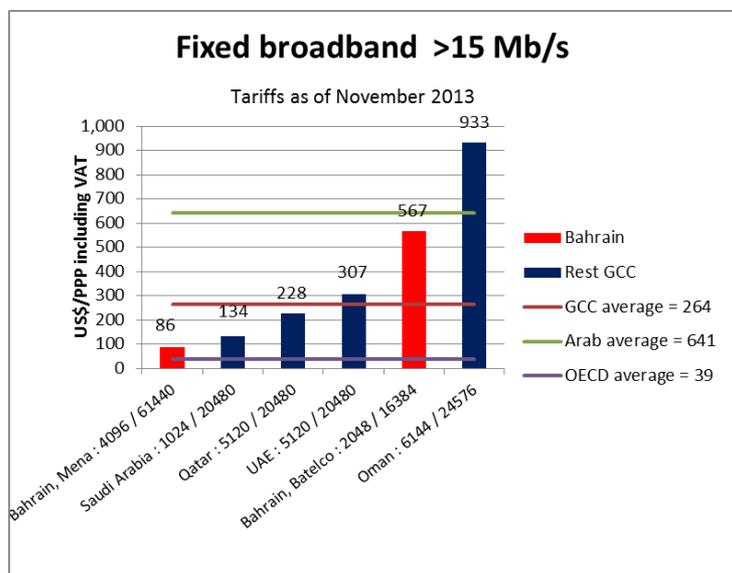
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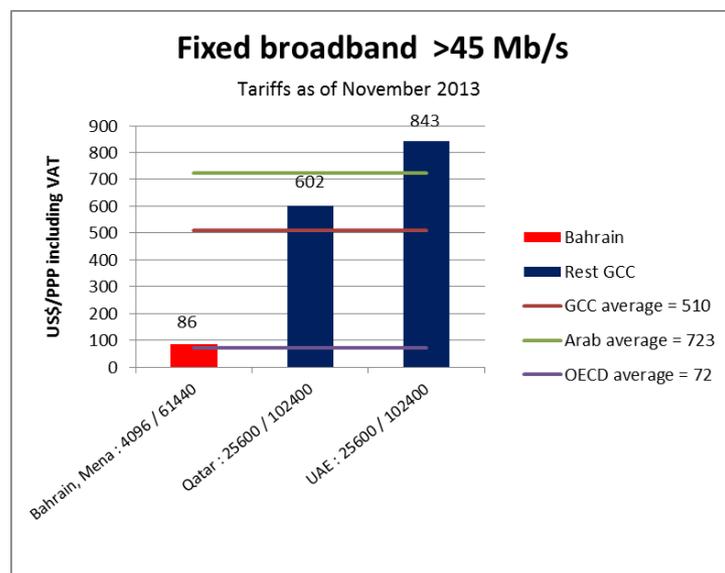
Note: The results shown, including average results are for low usage

Fixed broadband baskets, business tariffs 2/2

- ▶ For the high (>15 Mb/s and >45 Mbs/s) baskets, Mena is the cheapest provider, and is much more in line with the OECD average.
- ▶ Mena's favourable position is as a result of its WiMax broadband plans which are offered to fixed users, in place of fixed services.
- ▶ In general, there is a fundamental difference between prices for business services in Arab and OECD countries.
- ▶ The results shown, including average results are for low usage



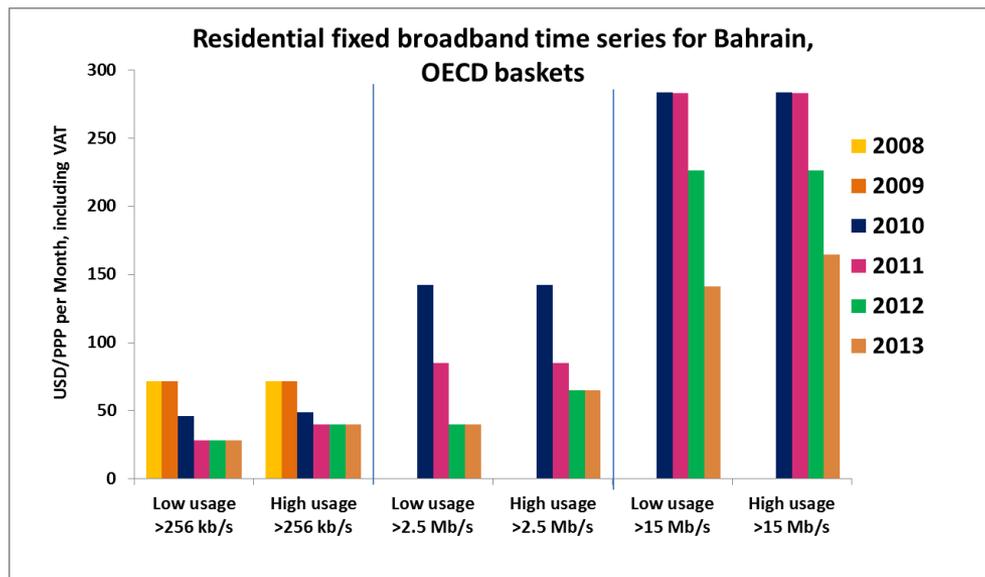
Note: The results shown, including average results are for low usage



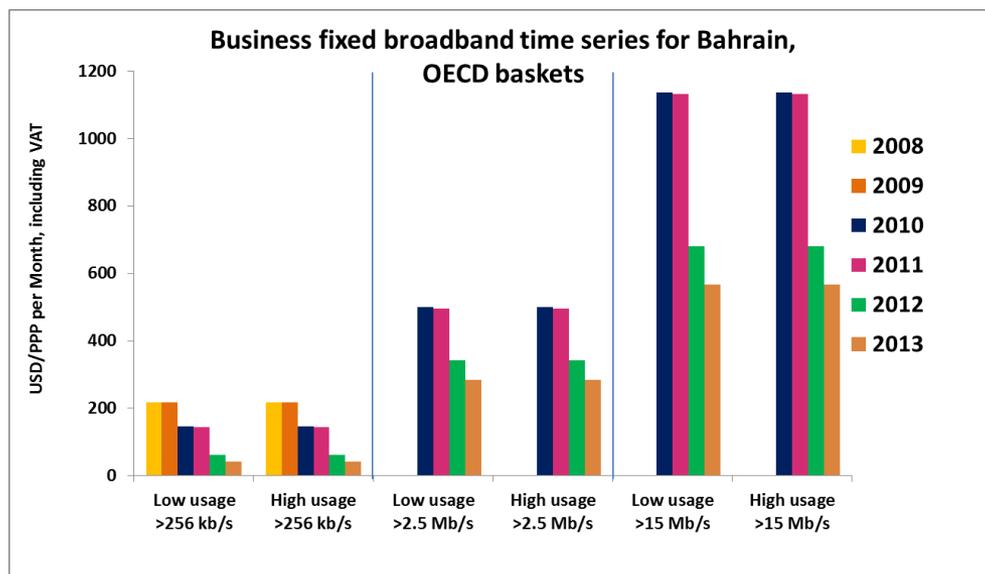
Note: The results shown, including average results are for low usage

Fixed broadband baskets results time series for Bahrain

► Residential fixed broadband prices in Bahrain have fallen by up to 38% between 2012 and 2013 and up to 53% between 2011 and 2013. Low speed service prices have remained static since 2011, while higher speed services (>2.5 Mb/s) have fallen dramatically.

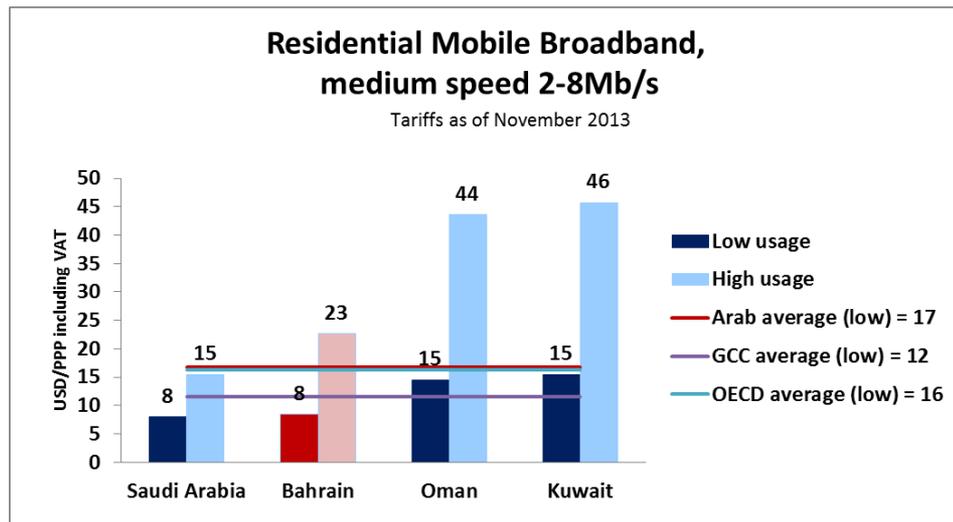


► Business fixed broadband prices in Bahrain have fallen by up to 32% between 2012 and 2013, and by up to 70% since 2011.

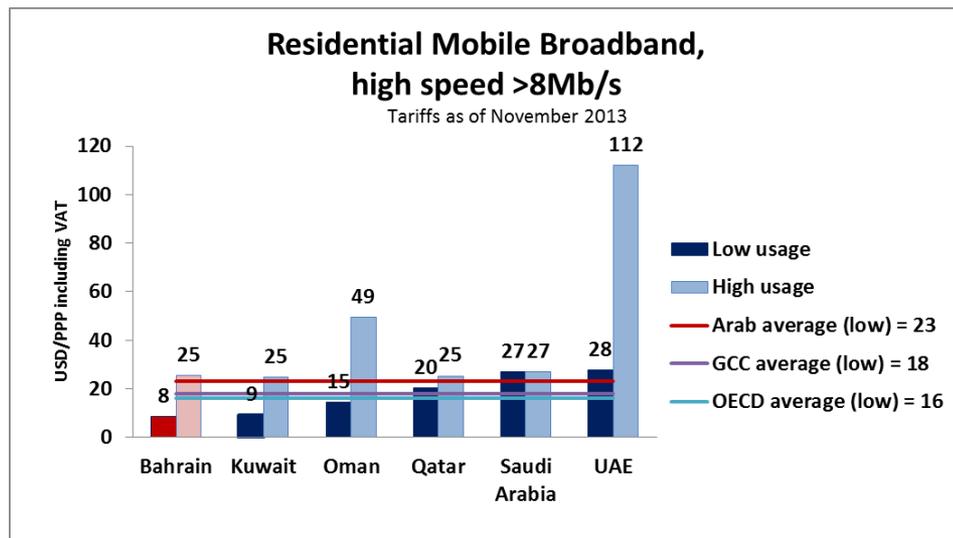


Mobile broadband baskets, residential tariffs

- ▶ At the medium speed (2-8 Mb/s), Bahrain is the second cheapest of GCC for both low and high usage.
- ▶ For the high speed (>8 Mb/s) baskets, Bahrain is the cheapest of the GCC countries.
- ▶ When all speeds are considered, Bahrain is the second cheapest for both low and high usage, and is on par with several other GCC countries.
- ▶ The OECD average is lower than the Arab average, and typically below the GCC average, depending on speed of service. When all service speeds are considered, the average cost of mobile broadband is on par with OECD, for both the GCC and Arab countries. Bahrain typically compares favorably against the OECD average at all speeds, particularly for low usage.
- ▶ UAE results for medium speed have not been included, as they are very expensive and distort the average.



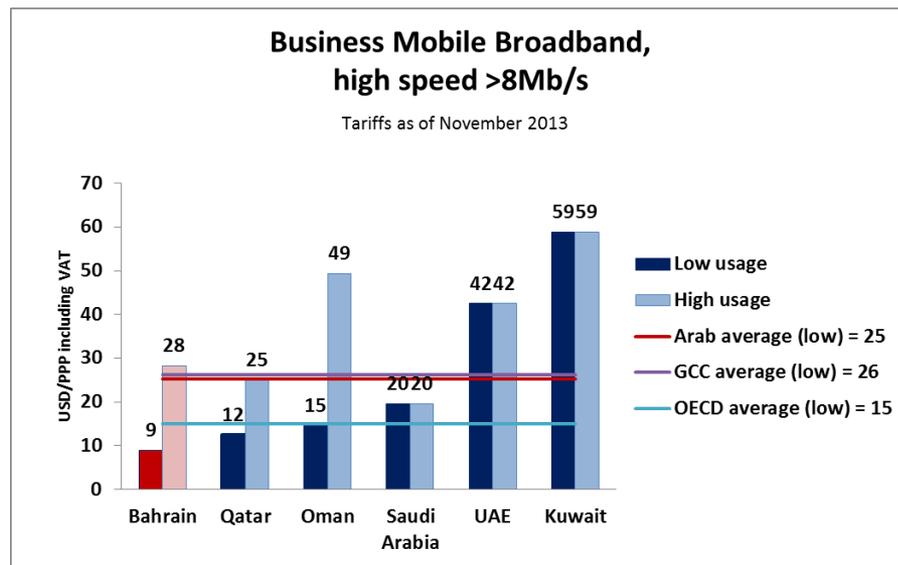
Low usage: 1 GB and 5 hours per month.
 High usage: 6 GB and 30 hours per month.



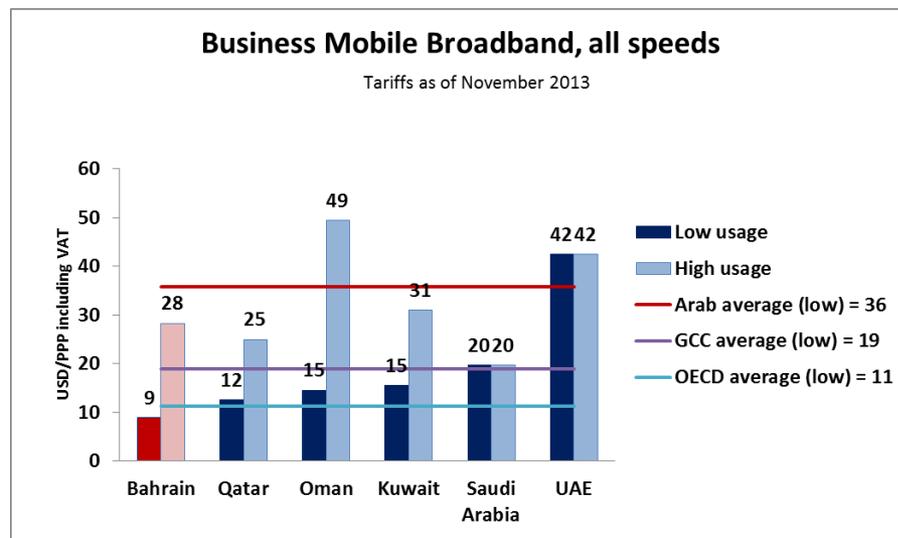
Low usage: 1 GB and 5 hours per month.
 High usage: 6 GB and 30 hours per month.

Mobile broadband baskets, business tariffs

- ▶ Bahrain is generally very competitive among the GCC countries for mobile broadband.
- ▶ For the high speed basket, low usage, Bahrain is the cheapest country, and third cheapest for high usage as a result of overage charges. There are no business services in the 2-8 Mb/s speed range.
- ▶ When all speeds are considered, Bahrain is the second cheapest for low usage.
- ▶ Bahrain low usage is broadly on par with the OECD low usage average.



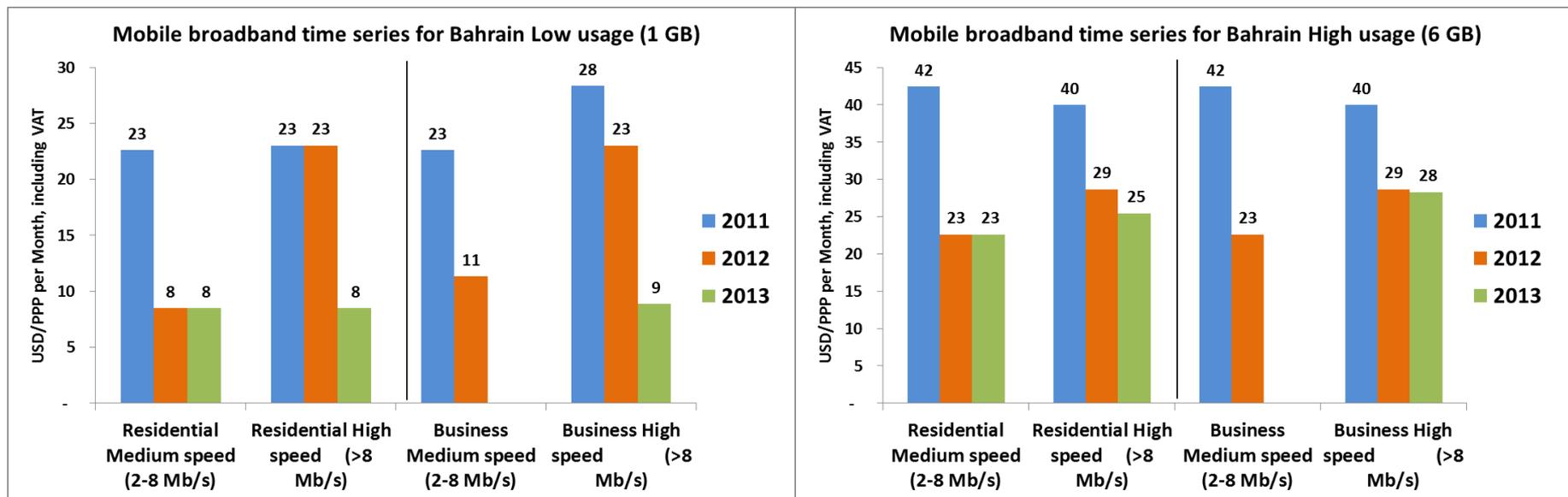
Low usage: 1 GB and 5 hours per month.
 High usage: 6 GB and 30 hours per month.



Low usage: 1 GB and 5 hours per month.
 High usage: 6 GB and 30 hours per month.

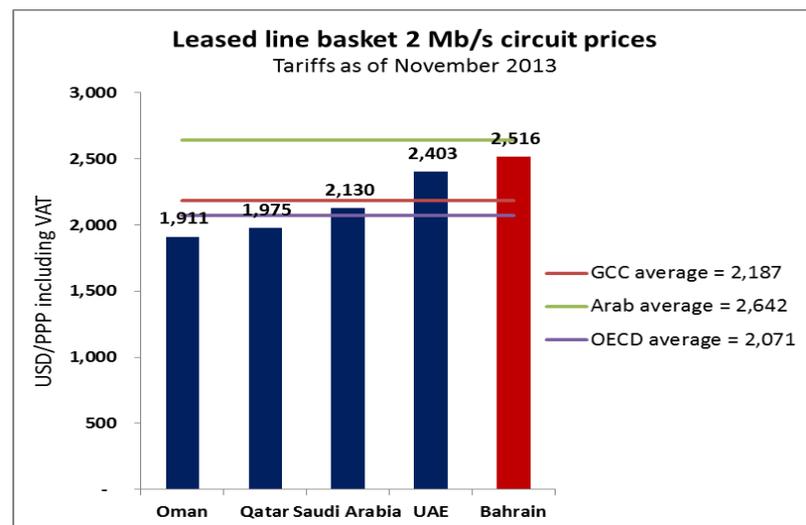
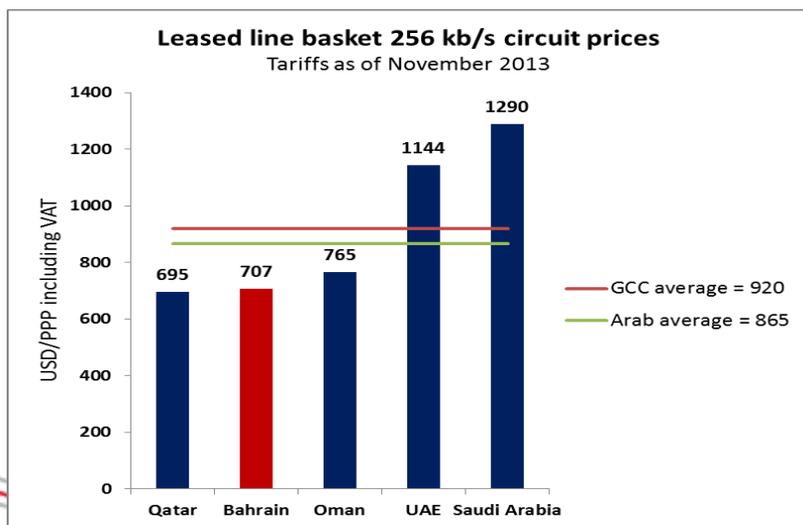
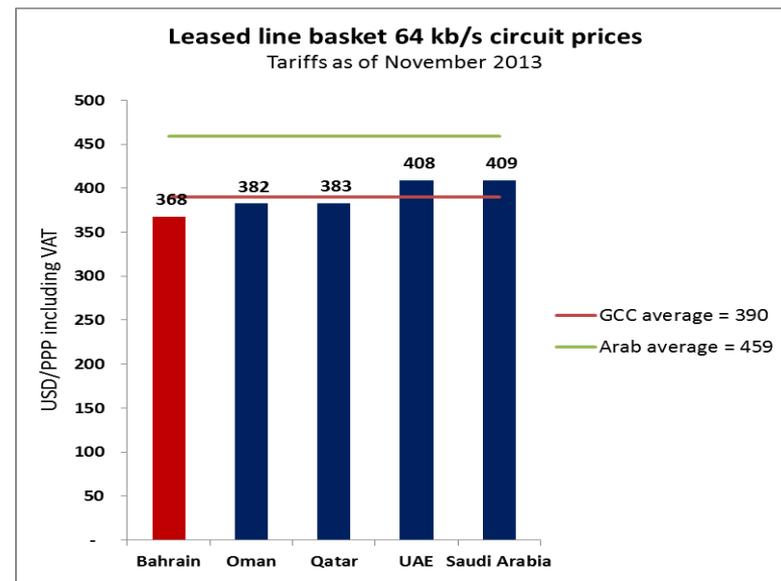
Mobile broadband baskets results time series for Bahrain

- ▶ Mobile broadband prices in Bahrain have fallen since 2011 for both medium and high speeds and low and high usage.
- ▶ Both medium and high speed residential service costs have fallen by around 63% since 2011, when the low usage basket is considered. High usage basket costs have fallen by up to 47%.
- ▶ High speed business service costs have fallen by around two thirds for low usage since 2011, and one third for high usage.



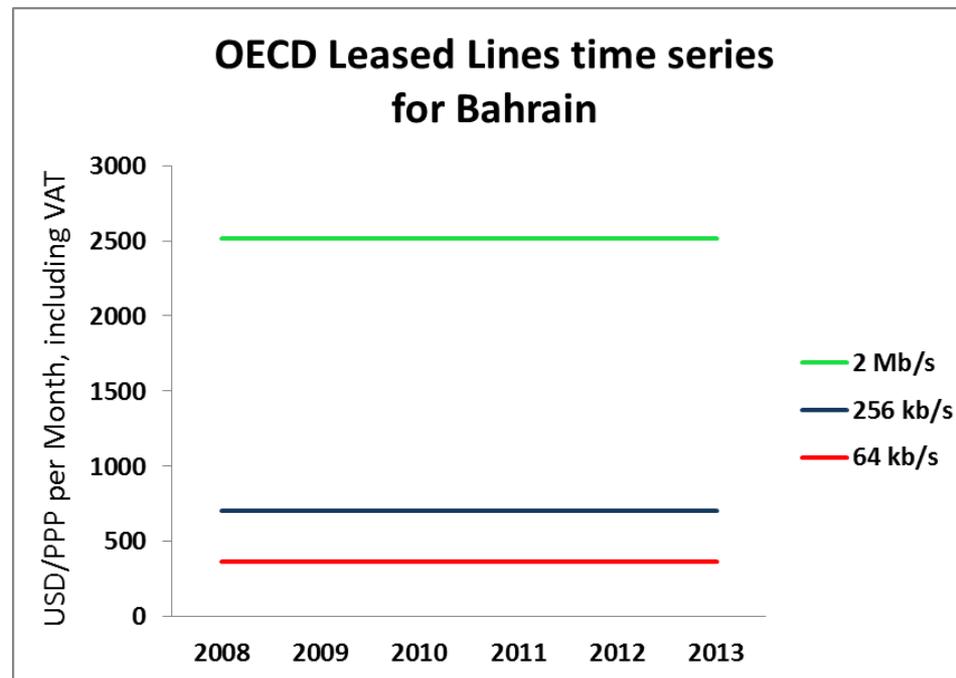
Leased line baskets

- ▶ The position of Bahrain among its peers varies, depending on the speed of the circuit
- ▶ For the lower speed basket of 64 kb/s, Bahrain is cheapest across the GCC countries, and below both the GCC and Arab average
- ▶ For the 256 kb/s basket, Bahrain is the second cheapest amongst the GCC countries, and below both the GCC and Arab average.
- ▶ For the 2 Mb/s basket, Bahrain is the most expensive of the GCC countries, but all the countries are broadly on par.
- ▶ Prices for circuits above 2 Mb/s are not available for Bahrain



Leased lines baskets results time series for Bahrain

- ▶ As is the case in most of the GCC countries, the prices for leased lines in Bahrain have not changed since first Arab Price Benchmarking Study in 2008
 - ▶ A similar trend has been observed in many OECD countries



Residential aggregate basket analysis

▶ A simple aggregation of services for residential use has been constructed, based on three separate usage profiles, as follows:

▶ Low user: low usage across fixed and mobile voice, and with a requirement for only basic fixed broadband

PSTN	Mobile voice	Fixed broadband
20 calls	30 calls	>256 kb/s, low usage

▶ Medium: a user who makes modest use of fixed and mobile voice and broadband services

PSTN	Mobile voice	Fixed broadband	Mobile broadband
60 calls	100 calls	>2 Mb/s, low usage	all speeds, low usage

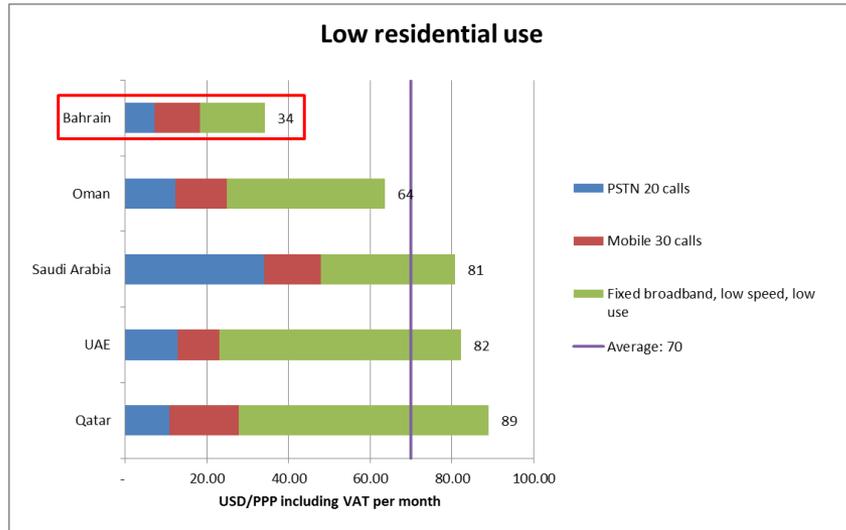
▶ High: a more intensive user, with high use of services, and with a requirement for higher broadband speeds than a medium user

PSTN	Mobile voice	Fixed broadband	Mobile broadband
140 calls	300 calls	>15 Mb/s, high usage	all speeds, high usage

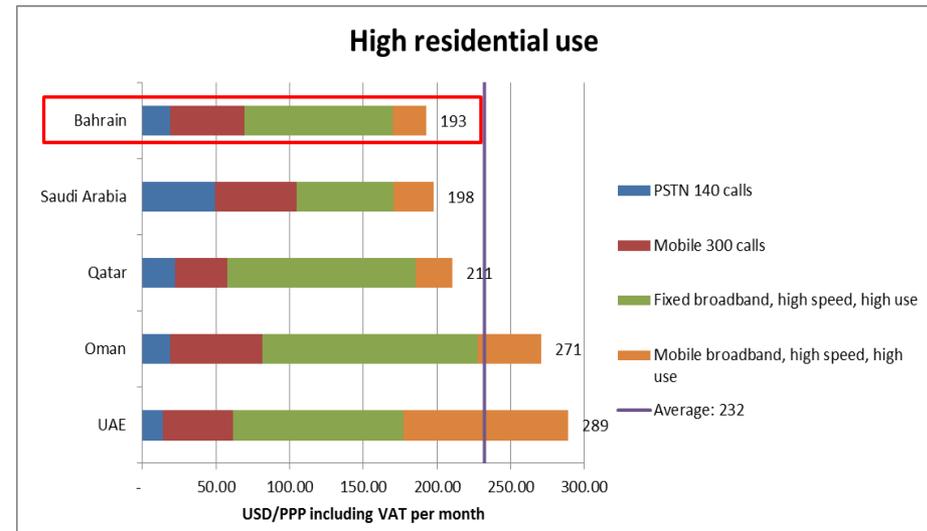
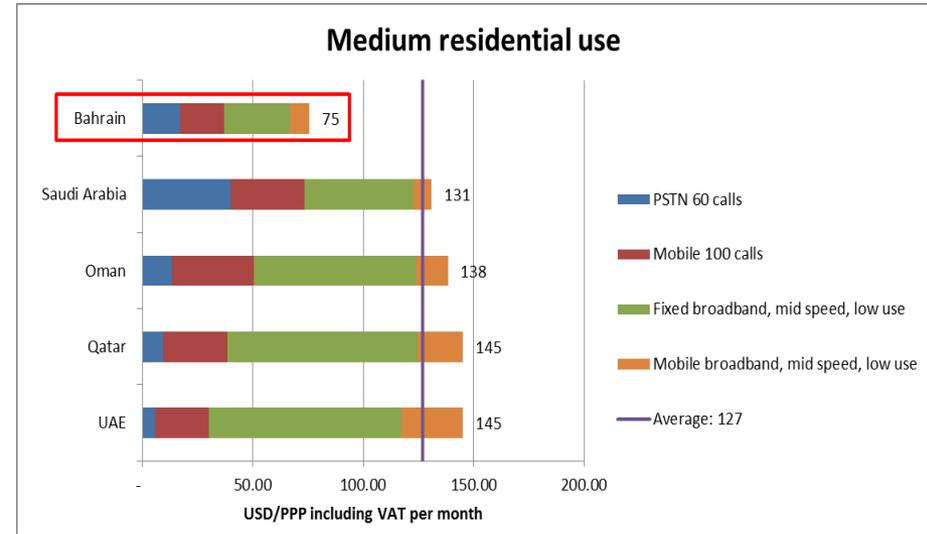
▶ Each user profile has been costed by taking the result for each individual service basket, and summing to produce a total cost. This is a relatively simplistic method for considering multiple service use, however, it provides an indication of likely overall costs that different types of users will face.

Residential aggregate basket results

▶ Bahrain is the cheapest country in the GCC across all residential user types, and enjoys very favourable prices for lower usage compared to other GCC countries



Results include any adjustment due to double play offers available in all countries apart from Saudi Arabia, where the broadband cheapest offers are standalone services.



Business aggregate basket analysis

- ▶ Similar to the approach for residential use, a simple aggregation of services has been constructed for business use, based on two separate usage profiles, as follows:
- ▶ Medium: a user who makes modest use of fixed and mobile voice and broadband services

PSTN	Mobile voice	Fixed broadband	Mobile broadband
100 calls (business)	100 calls	>2 Mb/s, low usage	all speeds, low usage

- ▶ High: a more intensive user, with high use of services, and with a requirement for higher broadband speeds than a medium user

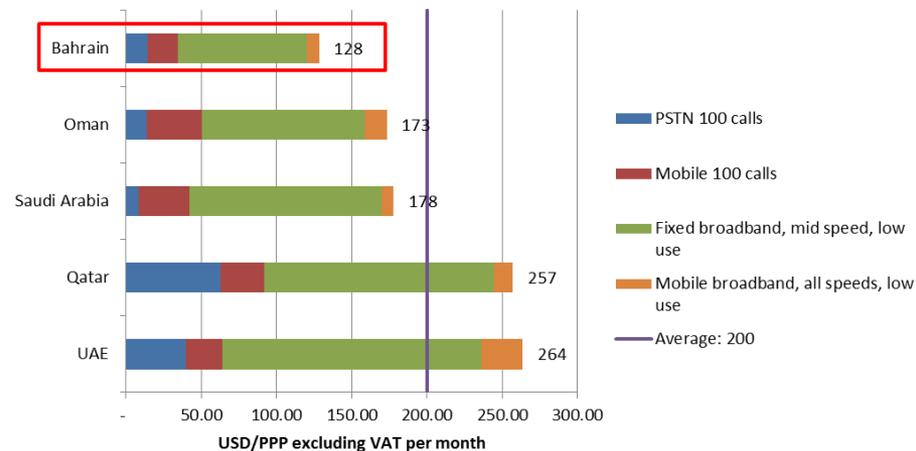
PSTN	Mobile voice	Fixed broadband	Mobile broadband
260 calls (business)	300 calls	>15 Mb/s, high usage	all speeds, high usage

- ▶ The business profiles are similar to the residential profiles but use the business baskets (and business pricing) for fixed voice, and business pricing for fixed broadband. As many business users will use residential services for mobile, the results used for mobile voice and broadband services consider both business and residential offerings.
- ▶ Each user profile has been costed by taking the result for each individual service basket, and summing to produce a total cost. This is a relatively simplistic method for considering multiple service use, however, it provides an indication of likely overall costs that different types of users will face.
- ▶ As there are no business-specific voice plans for Saudi Arabia, residential services have been used, to ensure it is not excluded from the aggregate analysis.

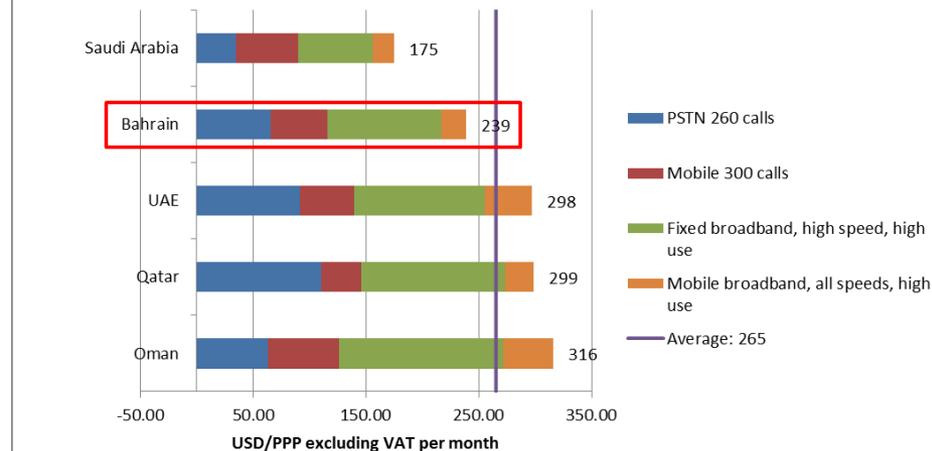
Business aggregate basket results

- ▶ For medium business use, Bahrain is the cheapest GCC country and is significantly cheaper than the GCC average.
- ▶ For high business use, Bahrain is the second cheapest country in the GCC, behind Saudi Arabia.

Medium business use



High business use



Note: Results include any adjustment due to inclusion of phone line/calls in Bahrain, Oman and Saudi Arabia.

Summary of findings

	Bahrain results compared to GCC averages	Bahrain results compared to Arab averages	Bahrain results compared to OECD averages
PSTN (Low usage)			
PSTN (High usage)			
Mobile (Low usage)			
Mobile (High usage)			
Fixed broadband (Low speed)			
Fixed broadband (High speed)			
Mobile broadband (Low usage)			
Mobile broadband (High usage)			
Leased lines			*

Better than ...	
On par with ...	
More expensive than ...	

Note: Results based on residential and business baskets.

* Only 2 Mb/s speed can be compared with the OECD data.

Acronyms used in the context of this report

- ▶ OECD: Organisation of Economic Co-operation and Development
- ▶ OECD countries: Australia, Austria, Belgium, Canada, Chile, Czech Rep., Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Israel, Italy, Japan, Korea, Luxembourg, Mexico, Netherlands, New Zealand, Norway, Poland, Portugal, Slovak Rep., Slovenia, Spain, Sweden, Switzerland, Turkey, UK, USA
- ▶ AREGNET: Arab Regulators Network.
- ▶ AREGNET member countries: Algeria, Bahrain, Comoros, Djibouti, Egypt, Iraq, Jordan, Kuwait, Lebanon, Libya, Mauritania, Morocco, Oman, Palestine, Qatar, Saudi Arabia, Somalia, Sudan, Syria, Tunisia, UAE, Yemen
- ▶ PPP: Purchasing Power Parity, exchange rates adjusted for the purchasing power of consumers in each country. Used in international comparisons to adjust for market differences.
- ▶ Service: A telecommunications service
- ▶ Basket: A theoretical usage profile describing the usage volumes across different types of calls and/or different kinds of usage. The basket includes all important elements of the service, including fixed cost elements.
- ▶ Tariff: The description of all the end user prices related to a service
- ▶ Tariff element: The part of a tariff describing the price(s) for a single type of call or service component.
- ▶ Basket calculation: The process where the Basket is applied to the individual tariff in order to calculate the cost of the individual tariff elements and the overall cost.
- ▶ Basket result: The cost of using the service as described in the Basket.
- ▶ Re-balancing: The process through which the prices are changed so that individual Tariff elements will cover their own cost, and not subsidise other Tariff elements.

Thank You..!

