



...interoperability may
enhance customer
convenience and growth in
transactions...

Telecoms Sector

Q1 Update

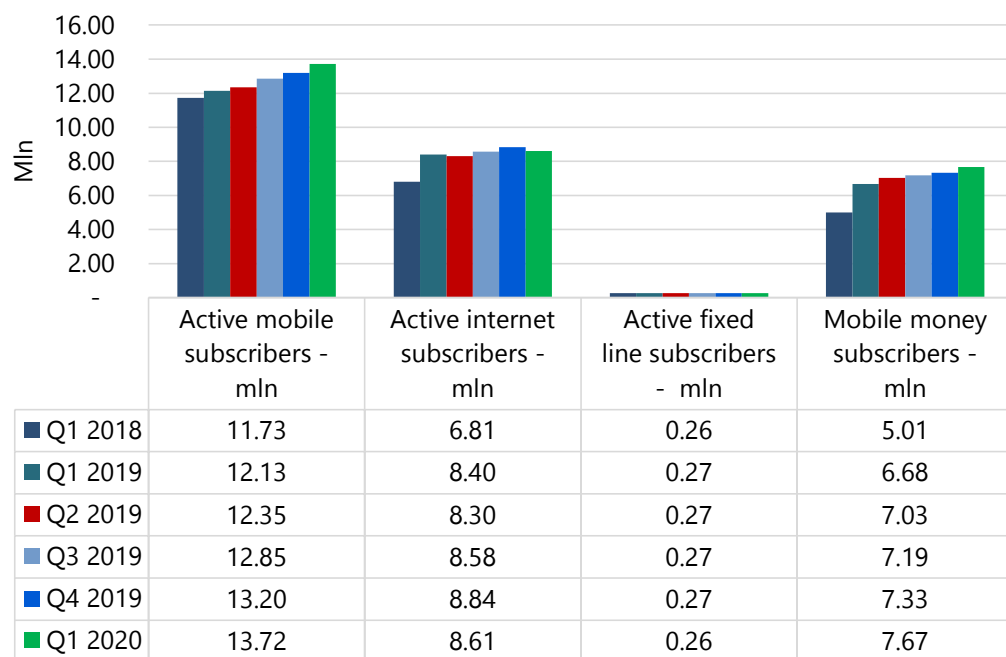
June 2020

Partners for Success

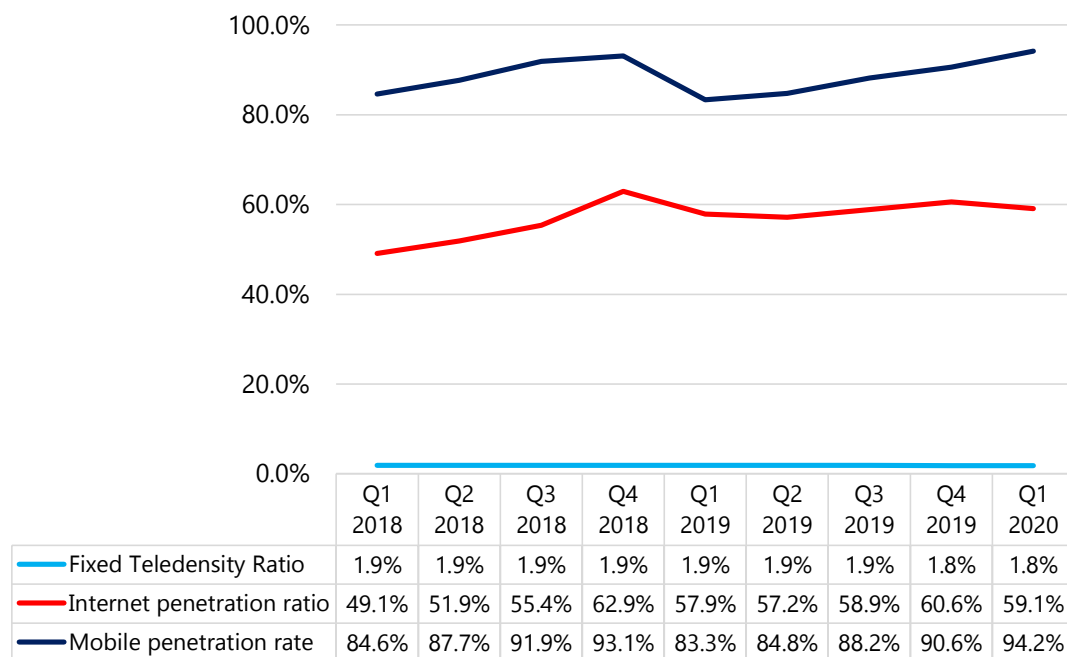


- According to the Postal & Telecommunications Regulatory Authority of Zimbabwe, "POTRAZ", the number of active mobile subscribers and mobile money subscribers rose by 4% and 5% q/q to 13.72m and 7.7m, respectively in Q1 2020", compared to Q4 2019 – **Graph 1**. Econet and Net*One recorded the most increases. Subsequently, the mobile penetration rose from 90.6% to 94.2%, over the same period.
- However, internet and fixed line subscribers declined to 8.6m and 0.3m, resulting in the penetration and density ratios falling to 59.1% and 1.8%, respectively in Q1 2020 - **Graph 2**.
- Nevertheless., the country remained above the regional average mobile penetration ratio of 44% (GSMA) and internet penetration ratio of 39.3% (Internet World Stats).

Graph 1: Trend in Subscriber base



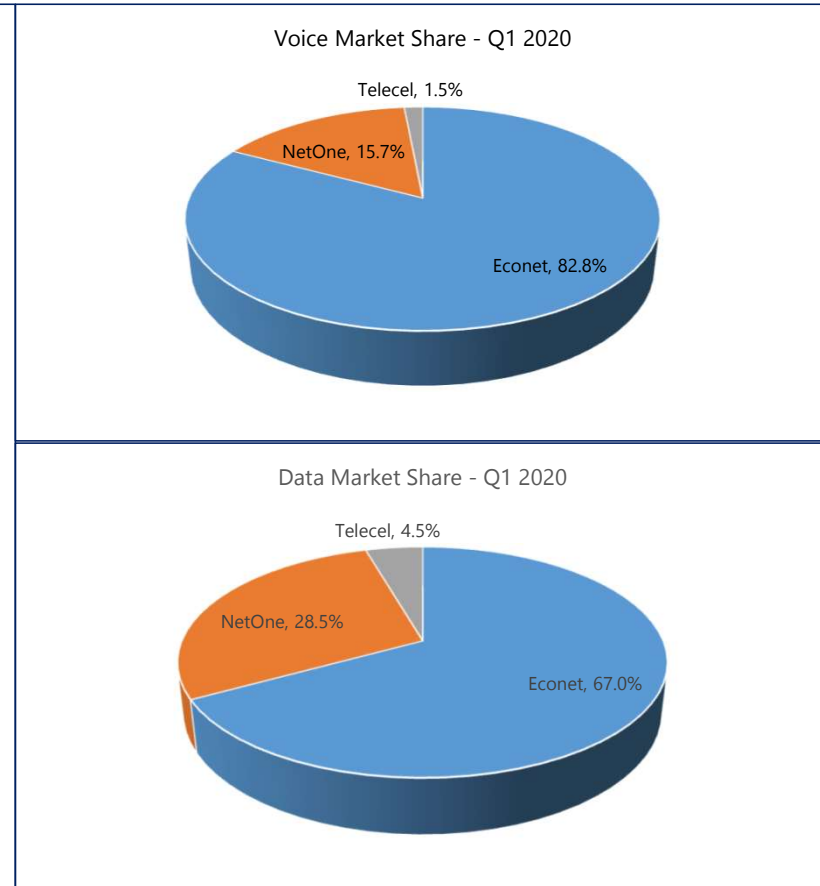
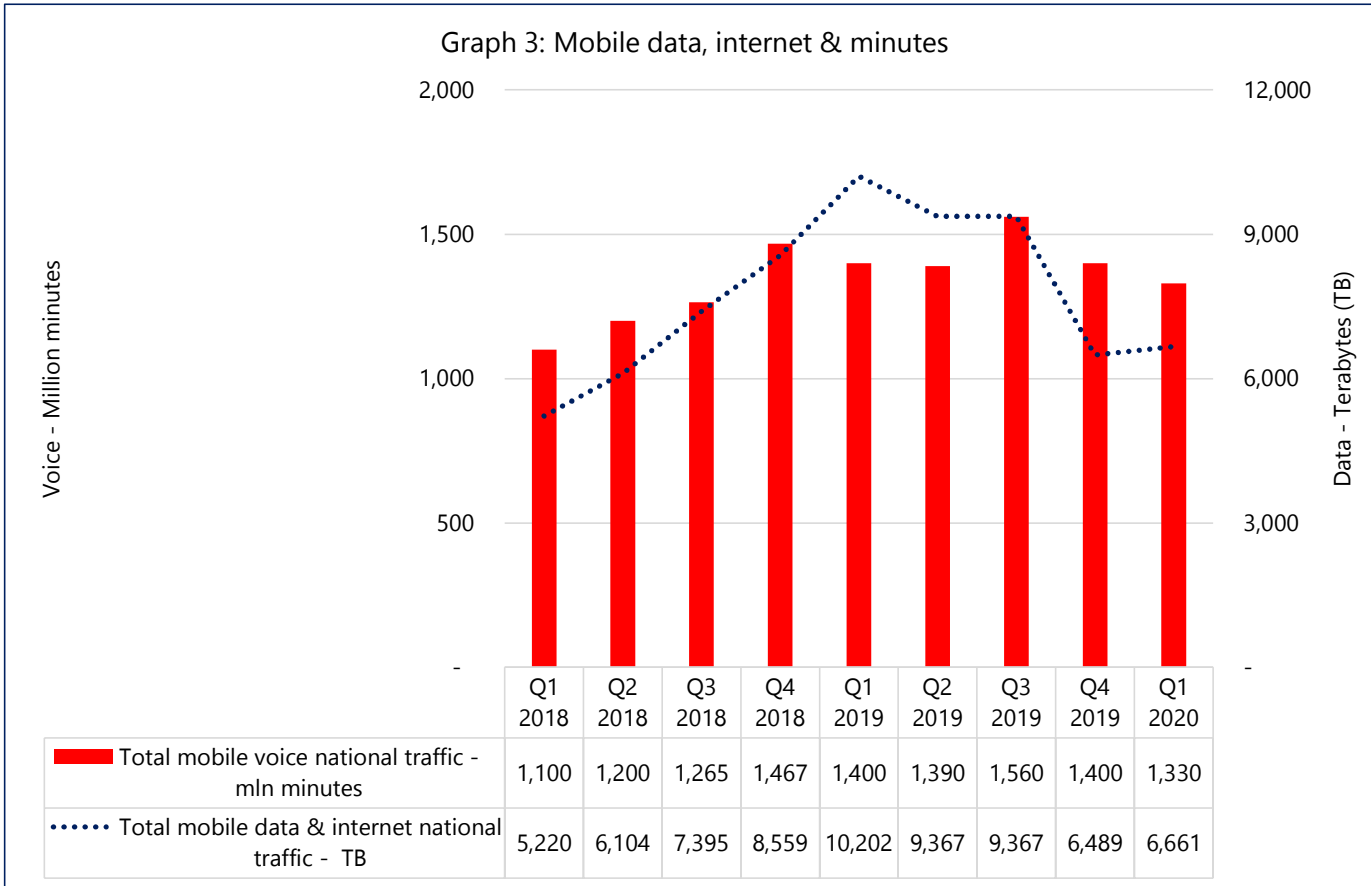
Graph 2: Penetration Rates



Source: Potraz

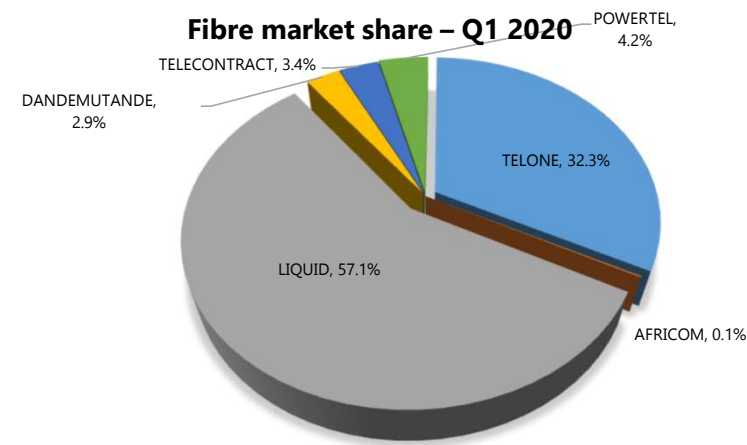
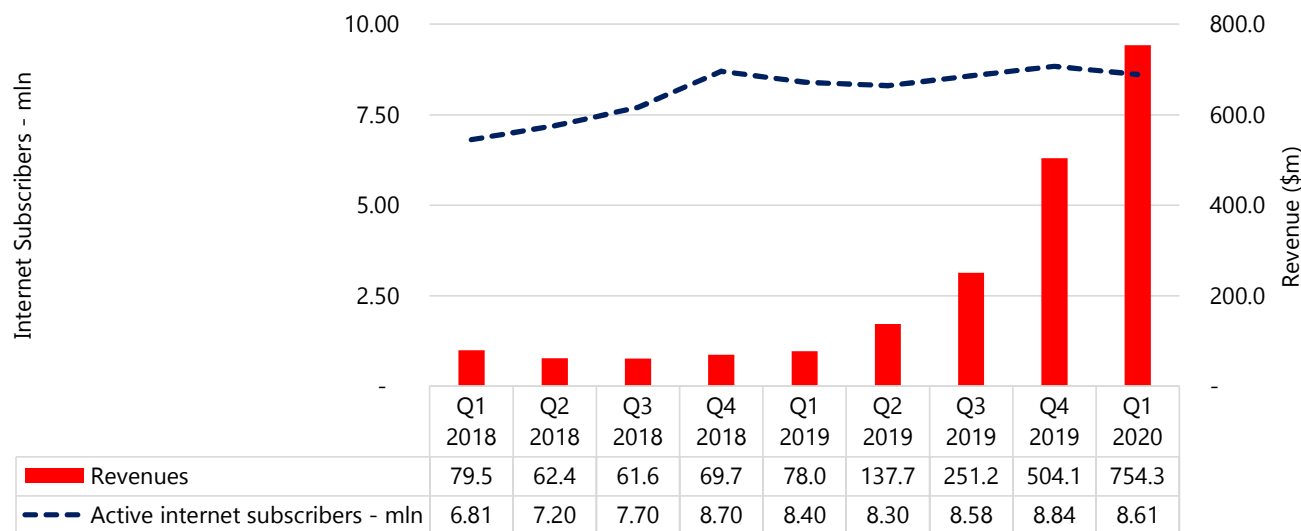
Sub-sectors: Mobile Telephony

Recovery in data; Decline in voice traffic

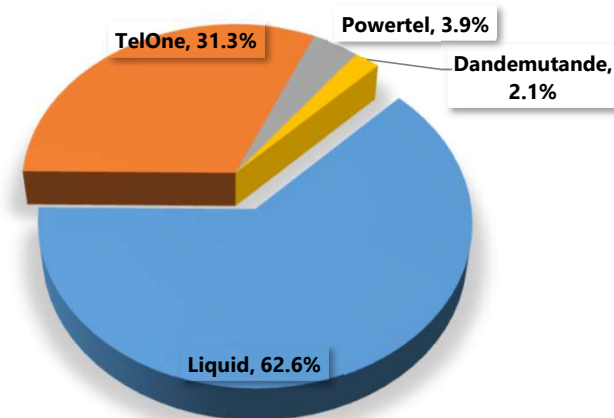


Sub-sectors: Data & Internet Services | Shift to fiber and ADSL...

Graph 4: Internet subscribers & revenue



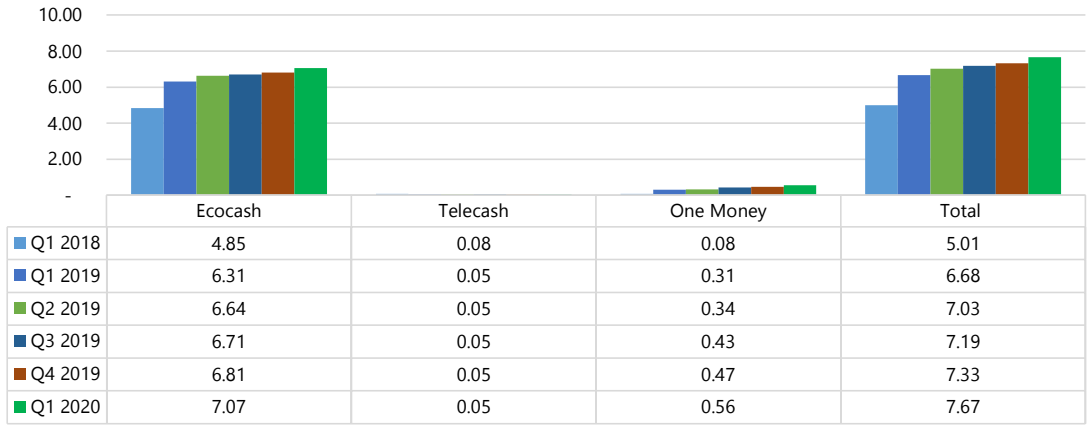
Equipped international bandwidth - Q1 2020



- o Internet subscribers fell by 3% due to a slowdown in active mobile and data subscriptions – **Graph 4**. Subsequently, the internet penetration ratio marginally fell from 60.6% to 59.1%.
- o WiMAX recorded the largest decline as subscribers migrated to other technologies such as Fibre and Asymmetric Digital Subscriber Line “ADSL”.
- o Liquid and TelOne were the most dominant players.
- o Total revenue for Internet Access Providers (IAPs) grew by 51%, whereas operating costs grew by 81%.

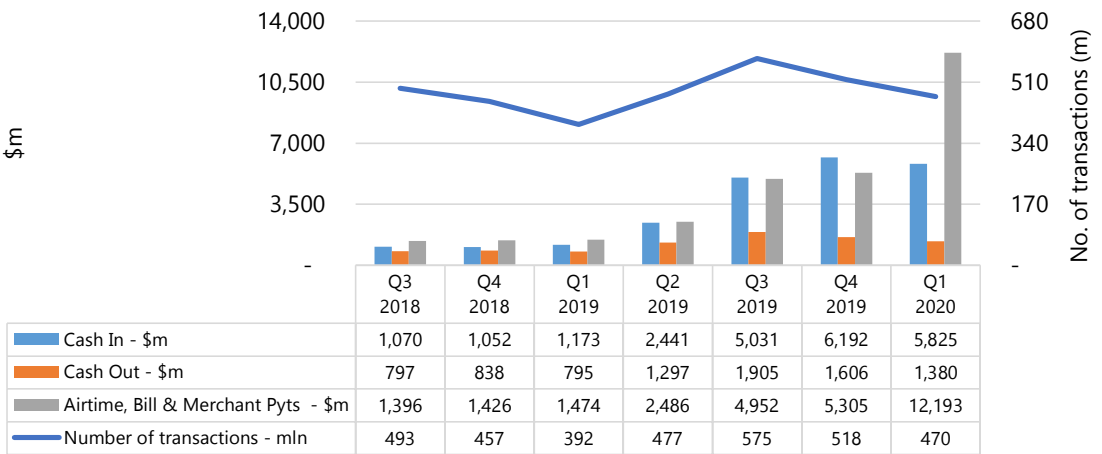
Sub-sector: Mobile Money | EcoCash remains a dominant player...

Graph 5: Trend in Mobile Money Subscribers - mln



- Mobile money subscribers grew by 5% to 7.67m – **Graph 5**. Net*One recorded the largest y/y growth of 78%, albeit from a low base.
- EcoCash remained the dominant player, accounting for 92% of total mobile money subscribers. One*Money and Tele-cash accounted for 7% and 1%, respectively.
- Meanwhile, the value of cash-in and cash-out transactions fell by 6% and 14% to \$5.83b and \$1.38b, respectively, due to cash shortages – **Graph 6**.
- However, airtime, bill and merchant payments rose by 130% to \$12.19b attributable to the increase in the scope of services that can be paid through mobile money as well as the general increase in the prices of goods and services.
- The government's drive to enforce interoperability of platforms, through the Banking (Money Transmission, Mobile Banking and Mobile Money Interoperability) Regulations, 2020, once implemented, should result in increased transaction volumes and revenue for the operators.

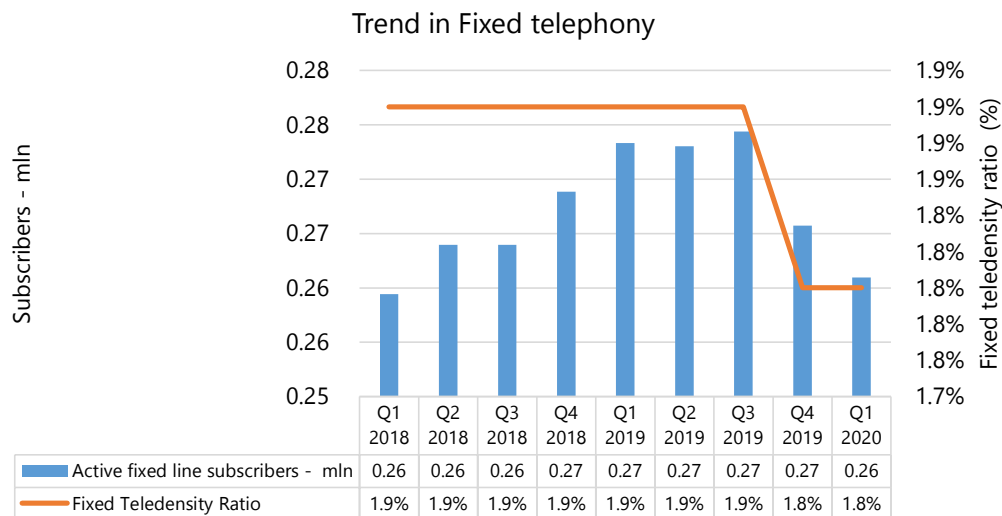
Graph 6: Trends in Mobile Money Transactions



SUB-SECTOR: FIXED TELEPHONY & COURIER SERVICES

Courier volumes dragged by e-substitution...

- The total number of active fixed telephone lines marginally declined by 2% from 0.27m to 0.26m in Q1 2020 due to a decline in both residential (-2%) and corporate (-1%) users.
- The fixed tele-density ratio, thus, remained flat at 1.8% - the lowest level since 2000 - attributed to the shift in technology over the years.
- Fixed voice traffic fell by 7% to 112m due to the decline in active subscriptions, depressed demand in the economy and the global shift from voice to data.



- Meanwhile, total postal and courier volumes fell by 1% to 1.34 items due to the decline in all major categories, except for domestic couriers - see Table below. A combination of e-substitution and reduced activity post-festive season caused the decline in overall courier volumes.

Postal and Courier Service	4 th Quarter 2019	1 st Quarter 2020	% Growth
Domestic postal letters	757,086	751,803	-0.7%
Domestic courier	296,404	301,781	1.8%
International incoming	283,403	269,045	-5.1%
International outgoing courier	20,471	20,328	-0.7%
Total Postal & Courier	1,357,364	1,342,957	-1.1%

- The number of postal outlets remained flat 219 – 142 urban and 77 rural - hence the postal density was 66,539.
- Of the total number of post offices, 152 had internet connection.

Contact Details

3rd Floor, Sapphire House,

Cnr Speke/Angwa St,

P O Box 3313,

Tel: +263 4 759 110-6

Website: www.cbz.co.zw

Email: economics@cbz.co.zw

Analysts

Andrew Chirewo

Group Economist

achirewo@cbz.co.zw

Victor Makanda

Analyst

vmakanda@cbz.co.zw

Johane Virima

Analyst

jvirima@cbz.co.zw

Disclaimer

CBZ Holdings Limited has prepared this report on behalf of itself and its clients for informative purposes only. Whilst the facts and opinions expressed in this report are based on sources that are believed to be reliable, and every care has been taken in preparing the report, no warranty (implicit or explicit) is made by CBZ Holdings Limited, its employees, directors, associates and affiliates regarding the accuracy, reliability, currency or completeness of the information in this report nor its usefulness for any purpose. CBZ Holdings Limited, its employees, directors, associates and affiliates accept no responsibility or liability, whatsoever, for any loss, damage, cost or expense, howsoever, incurred or arising by reason of any person using or relying on information or opinions expressed in this report. The opinions and estimates expressed in this report are based on the information available as at the date of publication and such opinions and estimates are given in good faith, but without legal responsibility, and may be changed after publication at any time without notice. The information contained in this report does not constitute legal advice or personal recommendation and each recipient may undertake his or her own independent investigation of the issues discussed in this report.