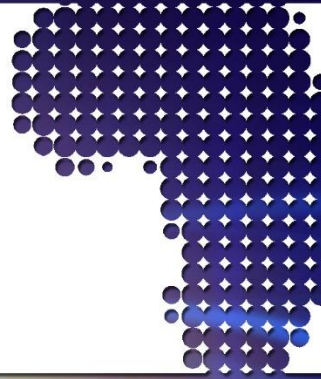





SA Broadband Market Pricing Update

Date: FTTH Council Africa Conference – Durban,
10 September 2018



Ofentse Dazela: Pricing Research - Director
Africa Analysis
www.africaanalysis.co.za



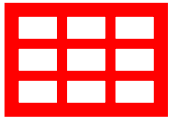
	1	Research Background
	2	Fibre Market
	3	DSL Market
	4	Mobile Market
	5	Fixed vs. Mobile Market
	6	Conclusions
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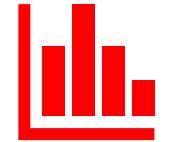
Key Objectives



1. Monitors pricing activities in the SA broadband market



2. Identifies and tracks biggest players in the market



3. Analyses pricing strategies adopted by players in the market



4. Identifies opportunities that exists in the market that can lead to new products



5. Assesses how various players are positioned from a pricing perspective



6. Helps companies to make informed decisions

Fixed and Mobile Operators



SA ADSL Database

- Start Date - 2005
- Total number of ISPs tracked – 22

Largest ISPs only
(By market share)

SA FTTH/B Database

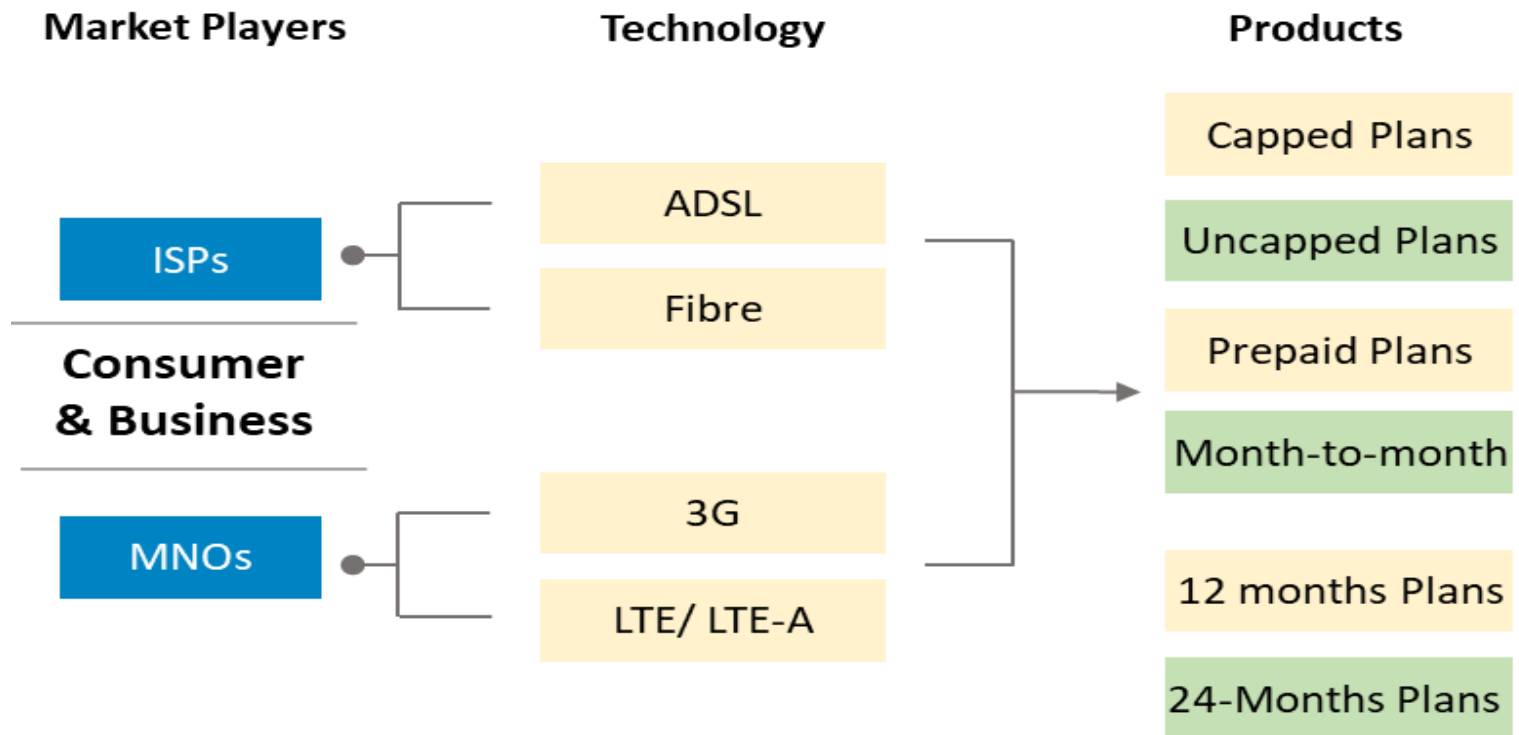
- Start Date - 2014
- Total number of operators – 114
- Wholesale operators - 52

Some also offer retail services

SA Mobile Database

- Start date - 2005
- Total MNOs - 4
- Total ISPs – 30

Through Rain & Cell C's networks



Source: Africa Analysis Pricing Databases, 2017

1 Research Background

➤ 2 Fibre Market

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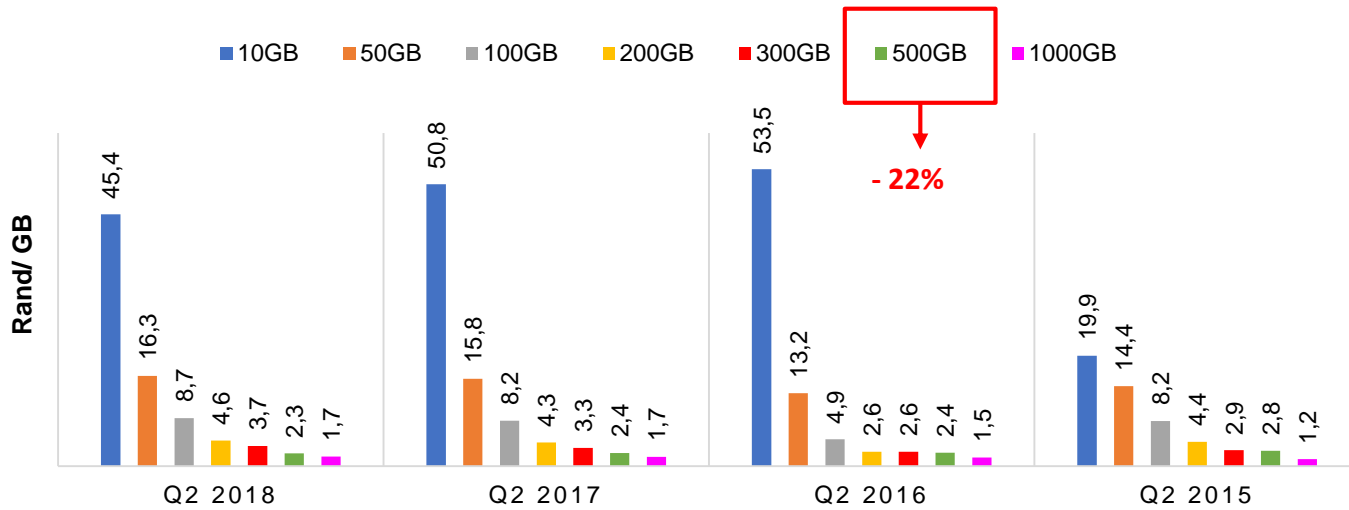
6 Conclusions

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Consumer Capped Fibre Packages



Rand per GB (Data + Fibre Port) - Month-to-month Consumer Fibre Plans

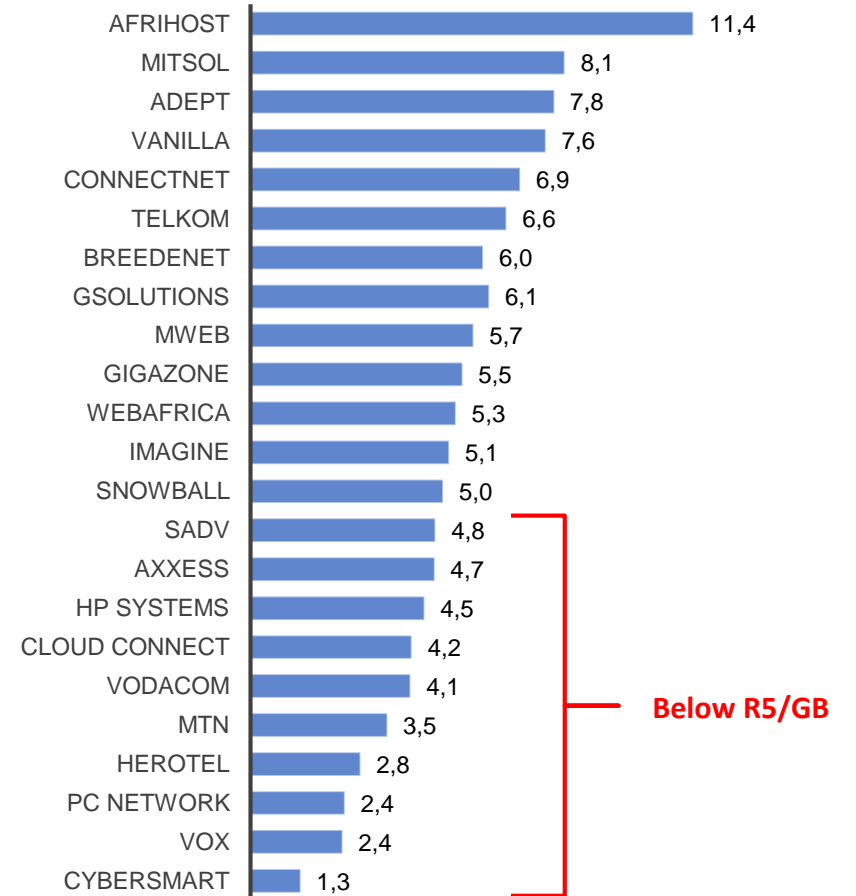


Source: Africa Analysis FTTX Database, Q2 2018

Prices include VAT

- The graph above shows that prices of consumer capped fibre packages have fluctuated in the past three years. During this period, some capped fibre packages have increased.
- However, the 500GB data fibre packages experienced the biggest prices cuts declining by 22% since Q2 2015.
- Cybermart has the most affordable bundles in the market, with various packages priced at less than R2/GB.
- Price include **Data plus Fibre Port Rental** fees

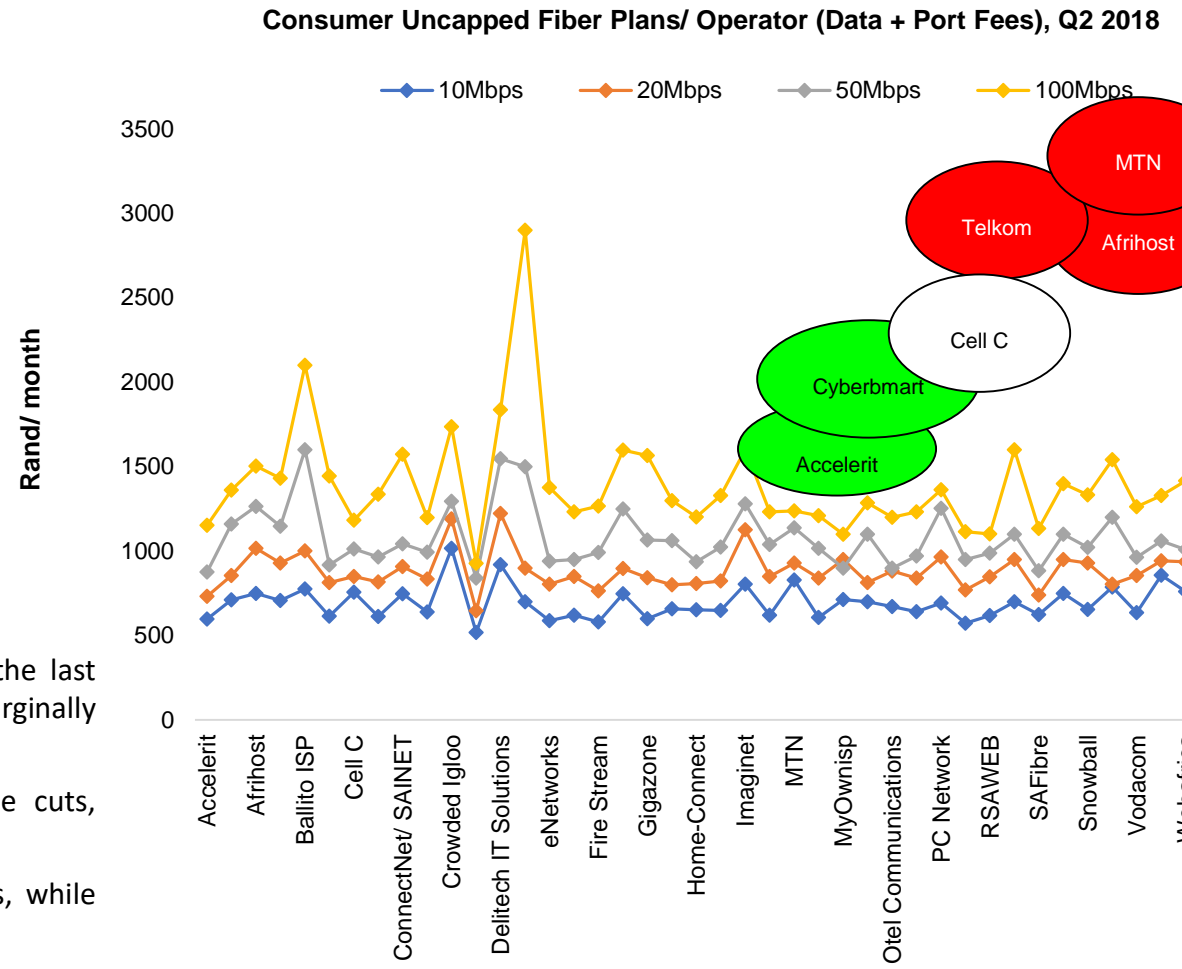
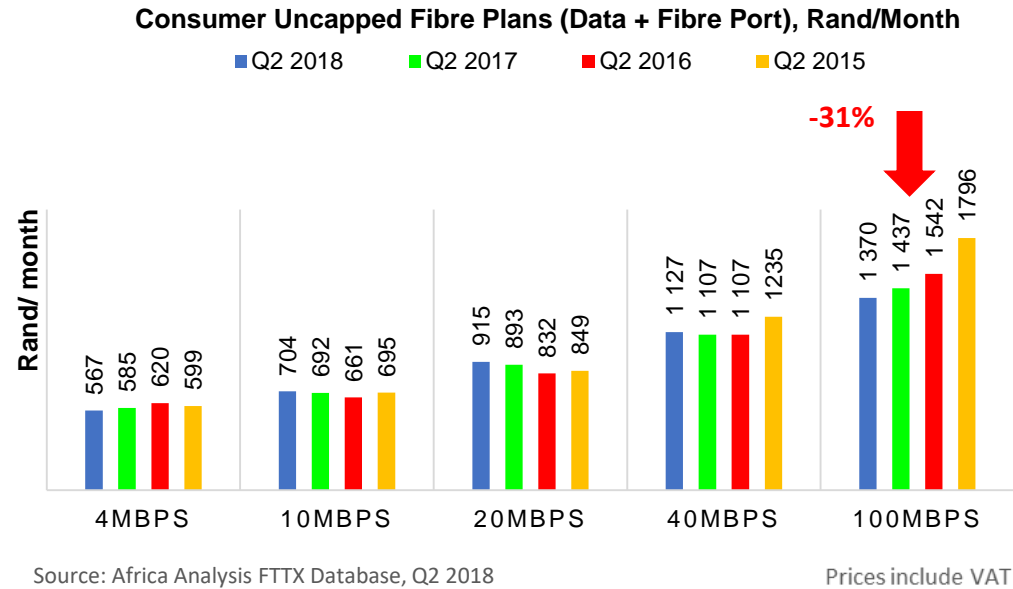
Average Price/GB (Rand), Q2 2018



Source: Africa Analysis FTTX Database, 2018

Prices include VAT

Consumer Uncapped Fibre Packages



- The consumer uncapped fibre packages have become more affordable in the last three years, although popular packages 10Mbps and 20Mbps have marginally increasing by 1% and 7% respectively.
- However, the 100Mbps uncapped packages experienced the biggest price cuts, declining by 31% during this period.
- Established players such as MTN, Afrihost, Telkom charge slightly higher prices, while Cell C notably charge market average prices.
- ISPs such as Accelerit and Cybersmart offer the most affordable consumer uncapped fibre packages in the market.

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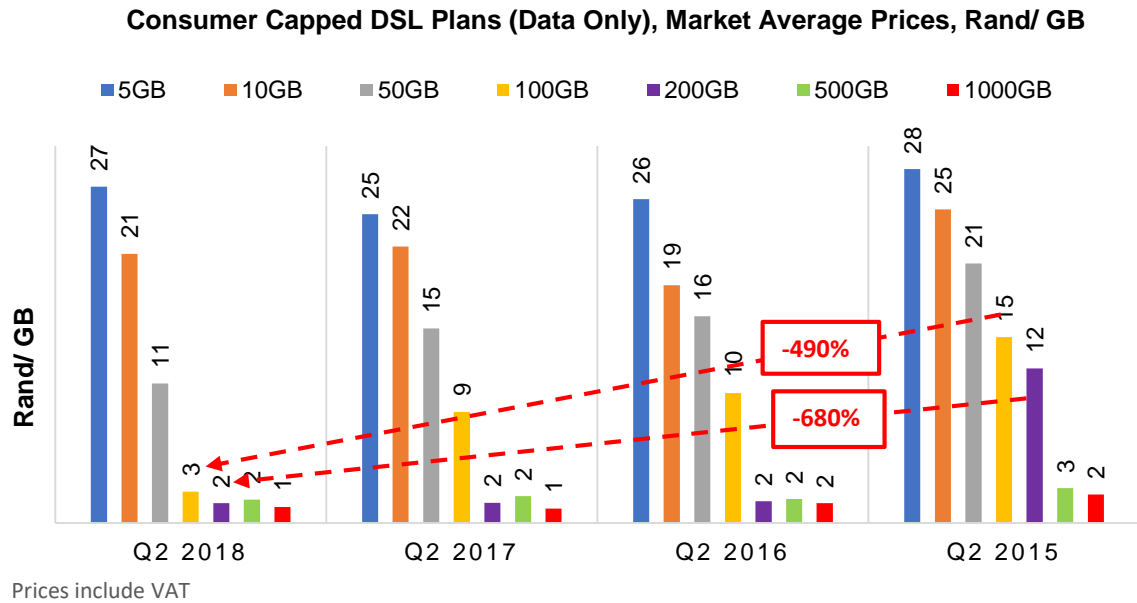
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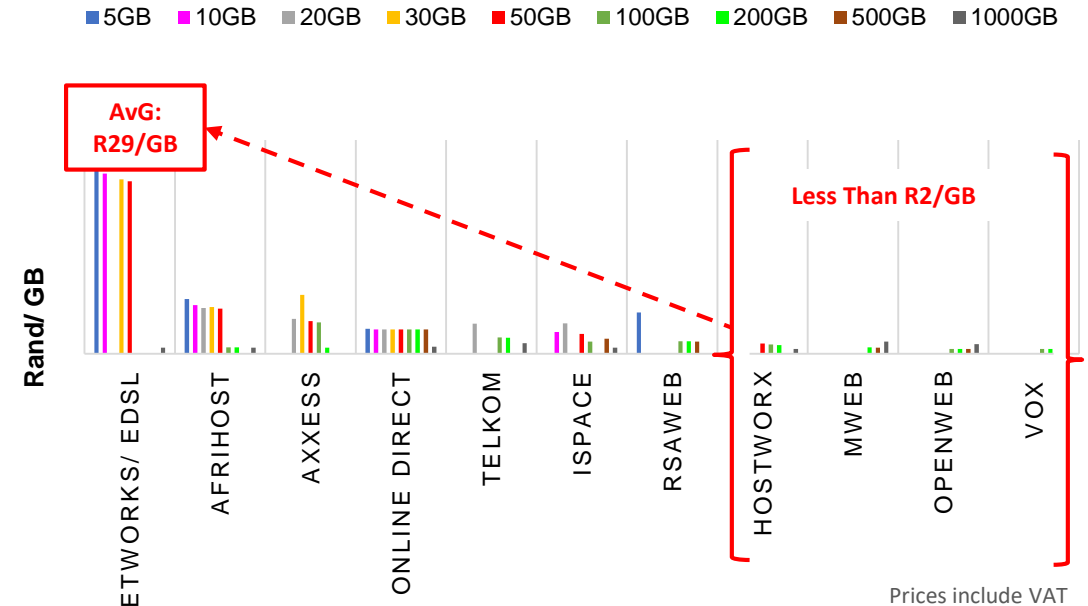


Consumer Capped DSL Packages

- Data-Only capped DSL packages have showed a significant downward price trend since Q2 2015.
- 100GB and 200GB capped data plans declined considerably compared to other packages declining by 490% and 680% respectively.
- Price exclude **Voice Line** and **DSL Port Fees**.



Capped DSL Plans (Data-Only), Rand/ GB – Q2 2018

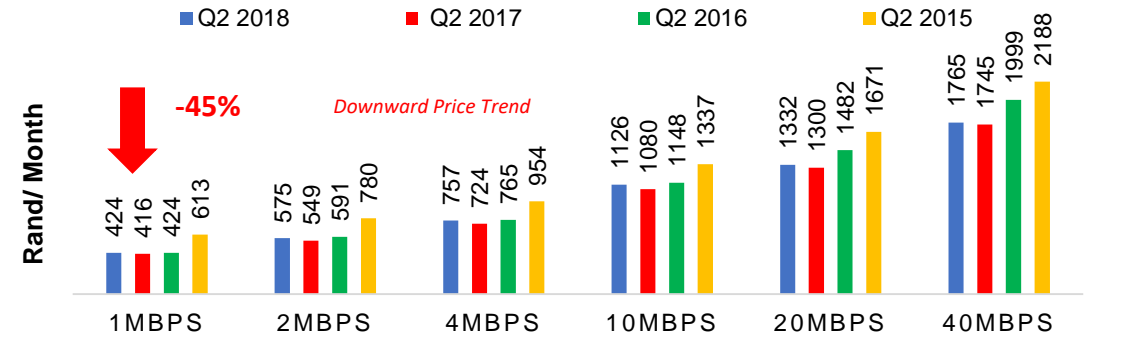


- By the end of Q2 2018, Vox, Openweb, Mweb and Hostworx were offering the most affordable plans in the market, priced below R2/GB on average.
- Enetworks/ EDSL offer the most expensive prepaid bundles in the market at an average rate of R29/GB.
- Price exclude **Voice Line** and **DSL Port Fees**.

Consumer Uncapped DSL Packages

- The consumer uncapped DSL packages continued a downward price trend in last three years.
- The 1Mbps uncapped plans experienced the biggest prices cuts during this period with the market average price declining by 45%, from R613/month to R424/month.
- On average, Afrihost, Axxess and Cybersmart offer lower-priced uncapped packages in the market.
- The packages offered by WWEB and Telkom are among the most expensive in the market.
- Price include **Data + Voice Line & DSL Port Rental Fees**

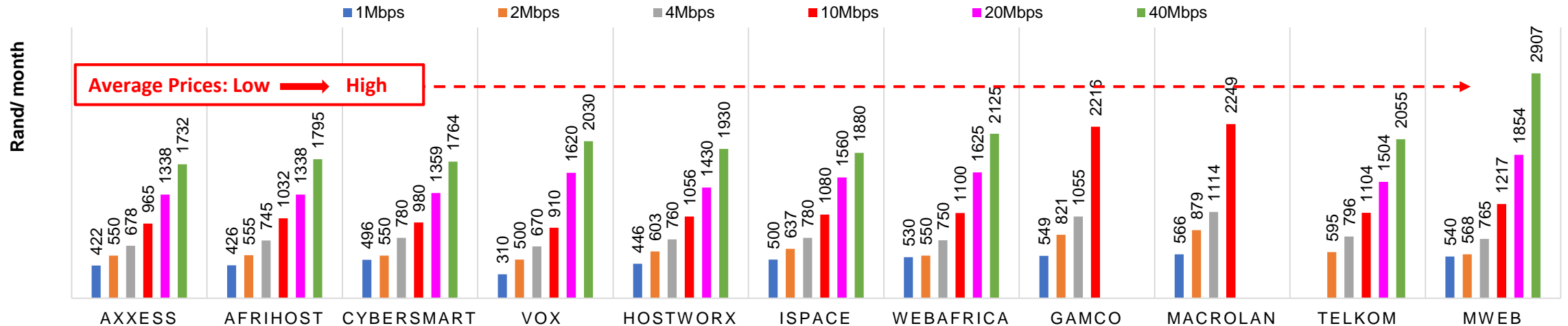
Uncapped ADSL Plans (Data + DSL Port), Market Average Prices -



Source: Africa Analysis DSL Database, Q2 2018

Prices include VAT

Uncapped DSL Plans (Data + DSL Port), Market Average Prices - Q2 2018



Source: Africa Analysis DSL Database, Q2 2018

Prices include VAT

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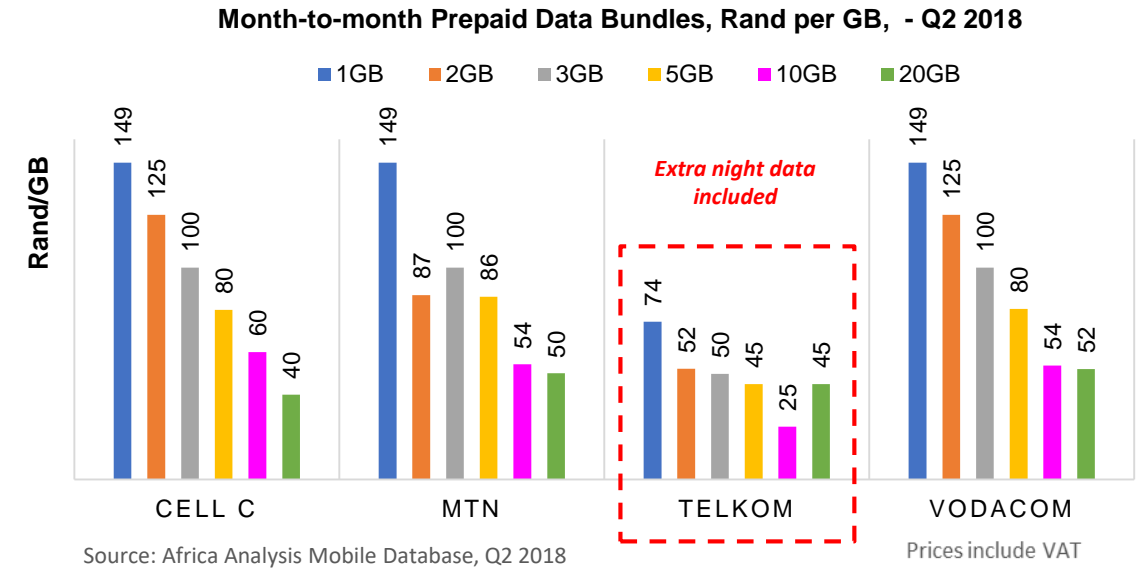
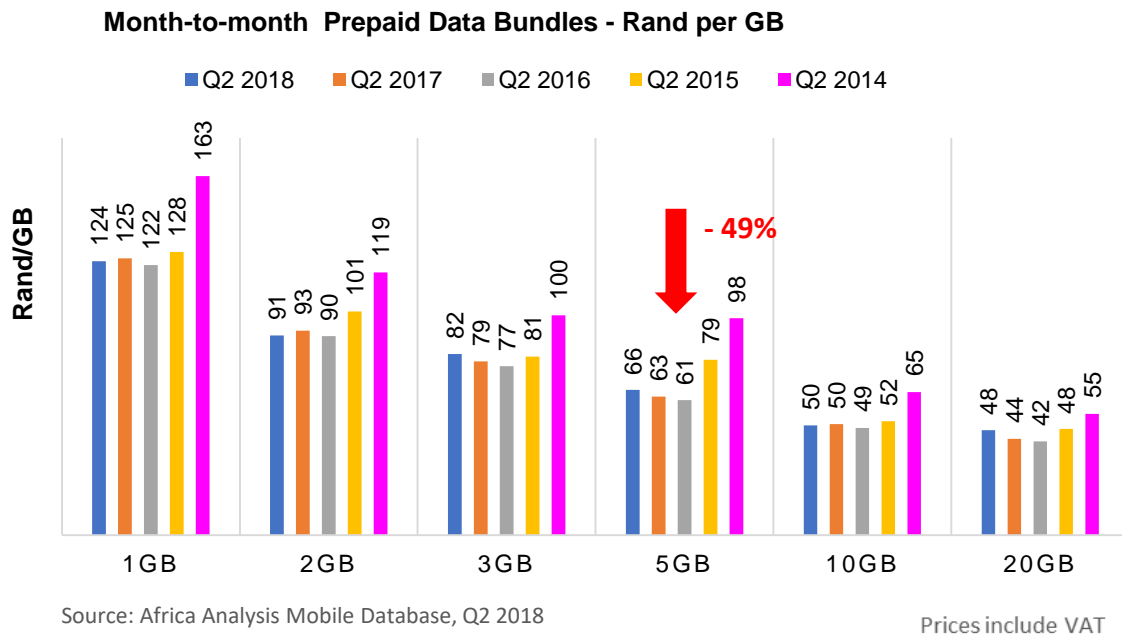
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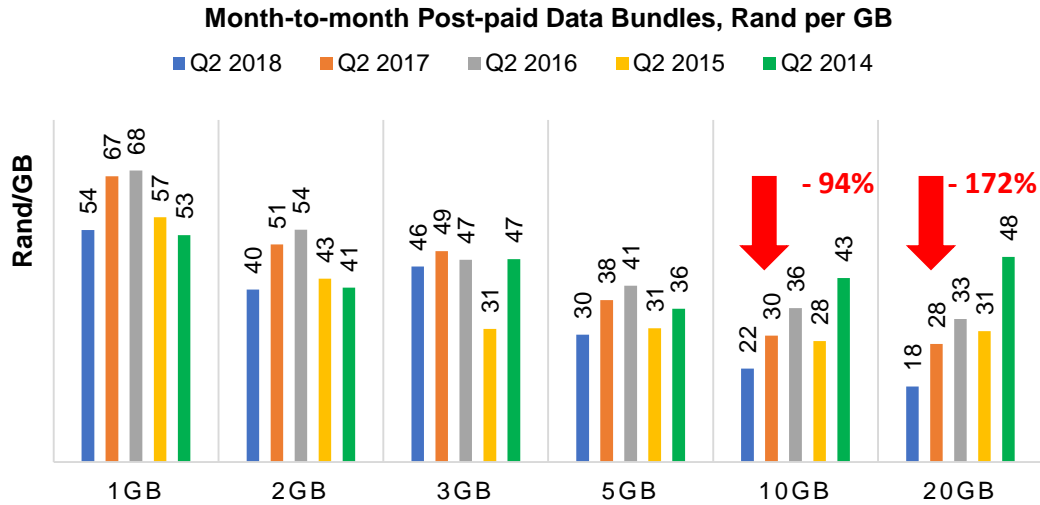
Month-to-Month Prepaid Data Bundles

- The prices for prepaid mobile data bundles have showed a general price decline since Q2 2015.
- The 5GB data bundles experienced the biggest price cuts declining by 49% during this period.
- Price include extra promotional and night data.



- On R/GB basis, Telkom currently offer the most affordable prepaid bundles in the market due to extra night data offered by this operator.
 - Cell C = R92/GB
 - MTN = R88/GB
 - Telkom = R48/GB
 - Vodacom = R93/GB
- Price include extra promotional and night data

Month-to-Month Post-paid Data Bundles



Source: Africa Analysis Mobile Database, Q2 2018

Prices include VAT

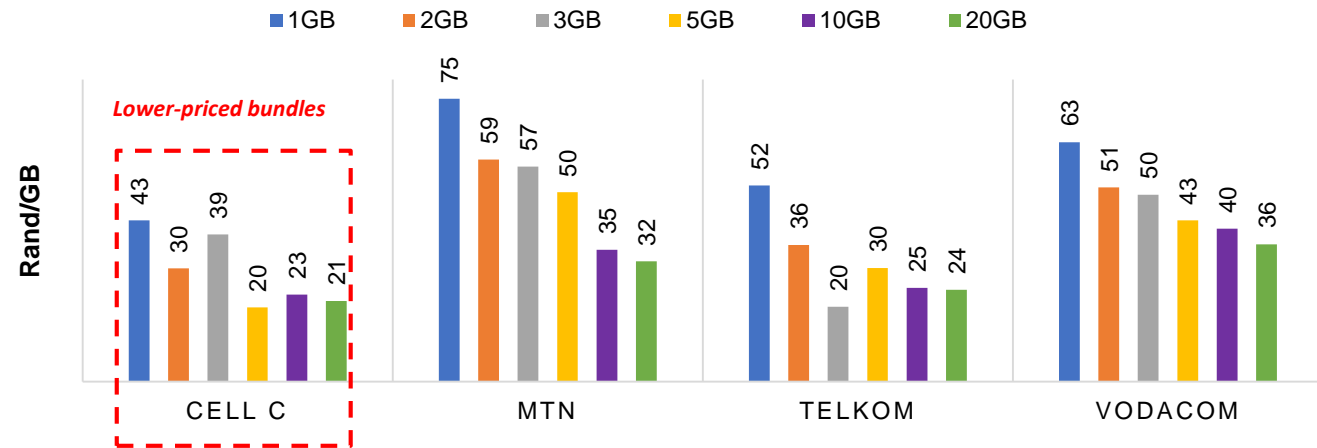
- The month-to-month post-paid plans show general price fluctuations in the past three years.
- However, the 10GB and 20GB bundles decreased substantially during this period, declining by 97% and 172% respectively.
- Price include extra promotional and night data

- Cell C offer the lowest-priced post-paid bundles in the market along with Telkom. On average, operators charge the rates below per GB:

- Cell C = R29/GB
- MTN = R51/GB
- Telkom = R31/GB
- Vodacom = R47/GB

- Price include VAT, extra promotional and night data

Monthly Post-paid Data Bundles, Average Price/GB - Q2 2018



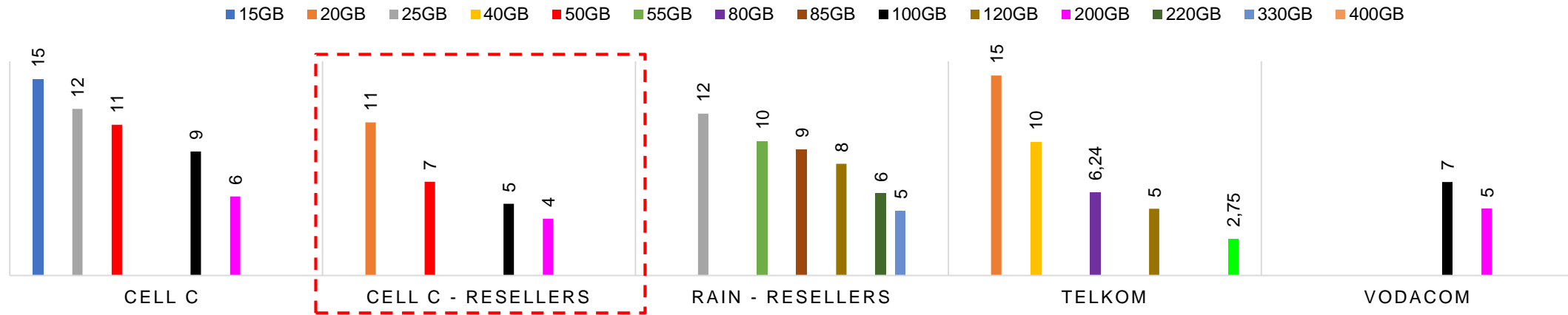
Source: Africa Analysis Mobile Database, Q2 2018

Prices include VAT

LTE Router Deals Launched



LTE-A Router deals - (Average Price/GB) Rand – Q2 2018

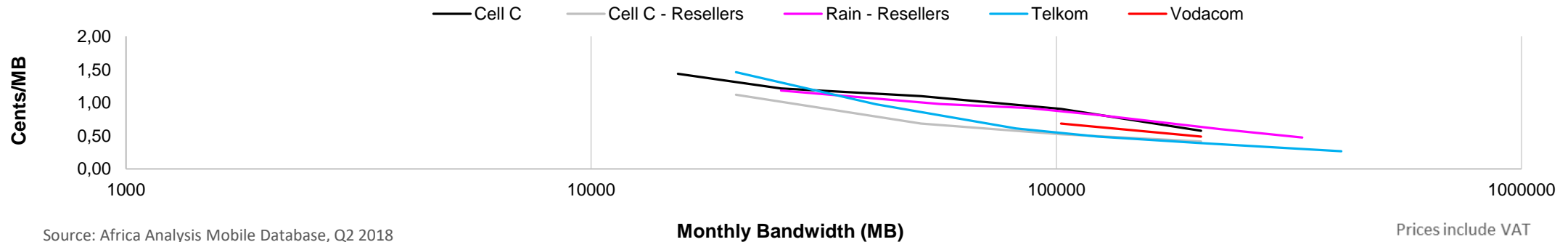


Source: Africa Analysis Mobile Database, Q2 2018

Prices include VAT

NB: ISPs that are competing on Cell C network currently offer the lowest-priced LTE router deals in the market.

Month-to-month LTE Router Deals (Average Price/MB) – Q2 2018



Source: Africa Analysis Mobile Database, Q2 2018

Prices include VAT

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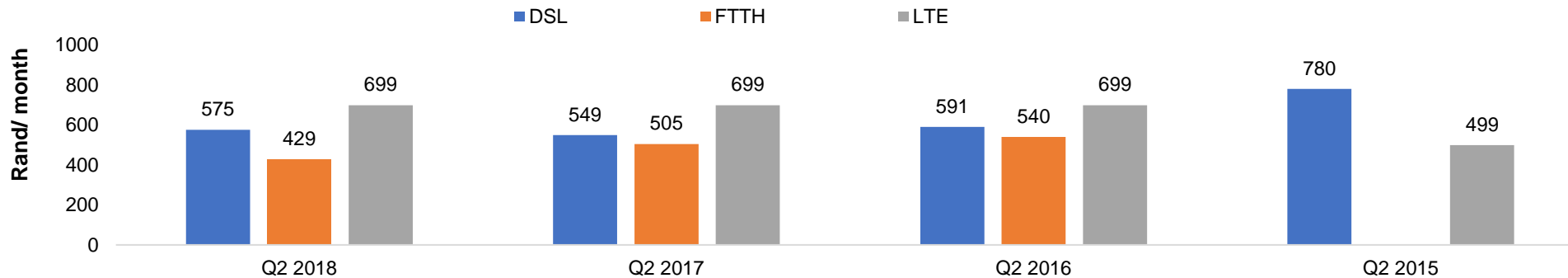
DSL vs. Fibre vs. Home LTE

Residential Broadband Packages

Up to 4Mbps Uncapped Broadband Packages

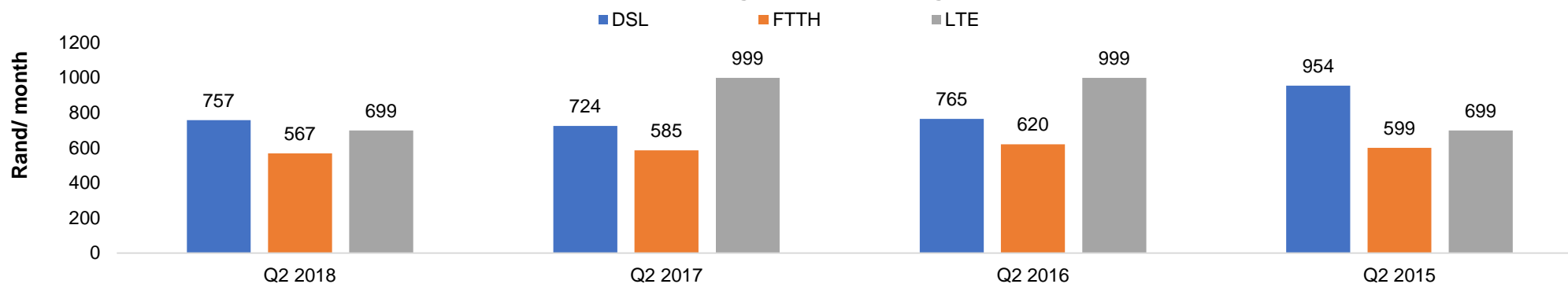


Residential Uncapped 2Mbps Packages (Market Average Prices)



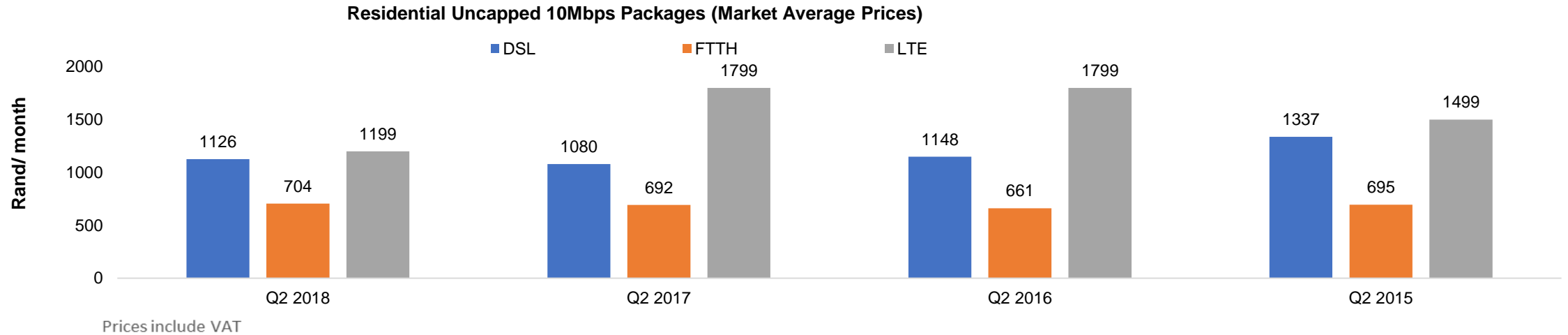
Prices include VAT

Residential Uncapped 4Mbps Packages (Market Average Prices)



- When comparing the uncapped residential broadband solutions with DL speeds of up to 4Mbps that were offered in the market by end of Q2 2018, fibre uncapped packages were more affordable than LTE and DSL solutions on average.
- DSL prices include Data, Voice Line and DSL Port Rental Fees.
- Fibre prices include Data + Fibre Port Fees.

10Mbps Uncapped Broadband Packages



- When comparing uncapped 10Mbps uncapped residential broadband plans that were offered in the market by the end of Q2 2018, Home LTE packages were considerably more expensive than similar speed Fibre and DSL packages.
- DSL prices include Data, Voice Line and DSL Port Rental Fees
- Fibre prices include Data + Fibre Port Fees

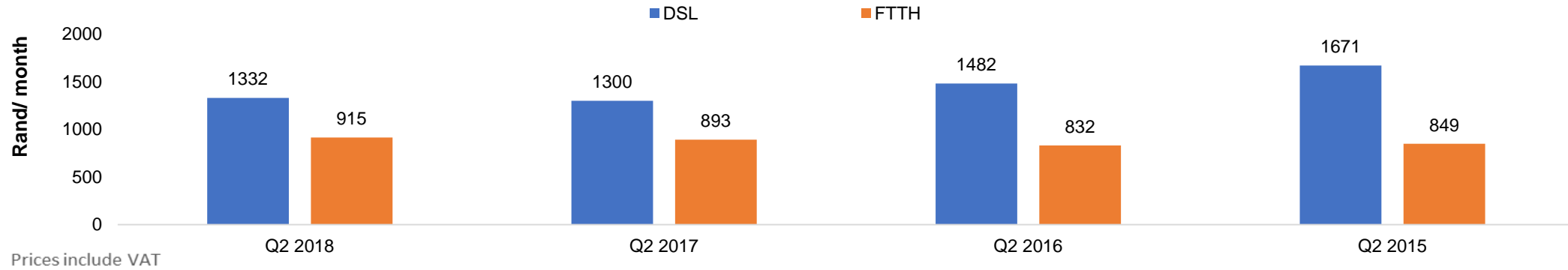
DSL vs. Fibre vs. Home LTE

Residential Broadband Packages

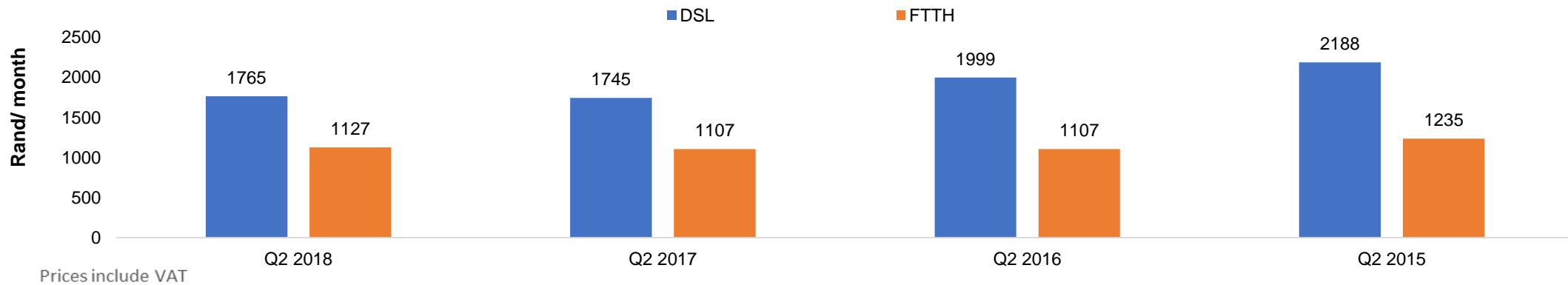
20Mbps Uncapped Broadband Packages



Residential Uncapped 20Mbps Packages (Market Average Prices)



Residential Uncapped 40Mbps Packages (Market Average Prices)



- DSL prices include Data, Voice Line and DSL Port Rental Fees
- Fibre prices include Data + Fibre Port Fees

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Key Highlights



DSL Market

- Data-Only capped DSL packages have showed a significant downward price trend since Q2 2015. On average, these plans (5GB – 1TB) declined by 200%. However, the prices of capped bundles which include DSL port fees continue to decline at a much slow rate.
- On average, Afrihost, Axxess and Cybersmart offer lower priced uncapped packages in the market.

FTTx Market

- Uncapped consumer fibre plans are the most affordable compared to Home LTE and DSL uncapped plans.
- Cybermart has the most affordable bundles in the market, with various packages priced at a rate less than R2/GB.
- Fibre service providers that are offering more value to their customers at relatively affordable prices such as Cybersmart will likely emerge as winners in the market.
- Notably, Cybersmart's 20Mbps uncapped fibre plan that is sold at a price of R599/ month now accounts for nearly half of its sales.

Mobile Market

- Telkom currently offer the most affordable prepaid bundles on a Rand per GB basis due to extra night data offered by this operator.
- Cell C offer the lowest priced post-paid bundles in the market followed by Telkom.

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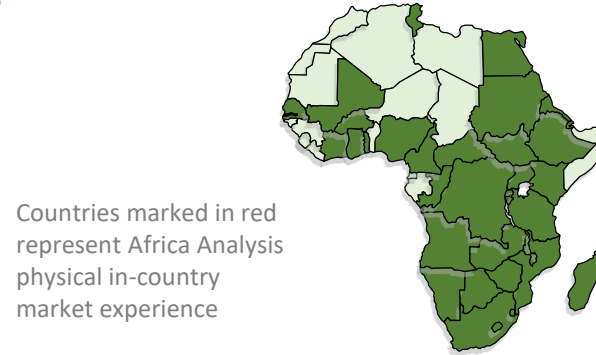


Our Africa reach and experience

Country offices



In-country market experience



Africa Analysis

Africa Analysis is a specialist ICT (telecoms, IT services, digital media) market research, analysis and consulting house, focusing exclusively on the merging markets of Africa.

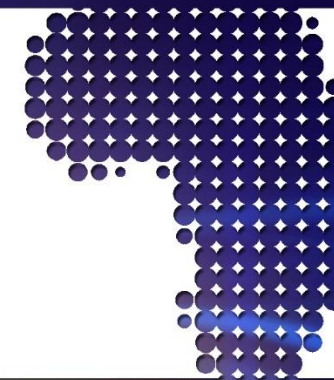
Africa Analysis was established in 2002

Our Services

- ❖ Strategy Assessment
- ❖ Competitive Brand Analysis
- ❖ Benchmark Studies
- ❖ Diversification Studies (M&A due diligence)
- ❖ Market Analysis, Evaluation and Selection
- ❖ Network Design and Economic Evaluation
- ❖ Competitive Positioning and Assessment
- ❖ Opportunity Assessment
- ❖ Creative Business Development Strategies
- ❖ Key Account Management Strategies
- ❖ Business Analysis
- ❖ Pricing Analysis & Strategy Development
- ❖ Product Development Strategies
- ❖ Policy and Regulatory Analysis
- ❖ Sales Strategies
- ❖ Syndicated Studies



End



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