

Mobile Broadband, DSL, & International Bandwidth Prices

Market and Competition Unit

TELECOMMUNICATIONS REGULATORY AUTHORITY (TRA), LEBANON

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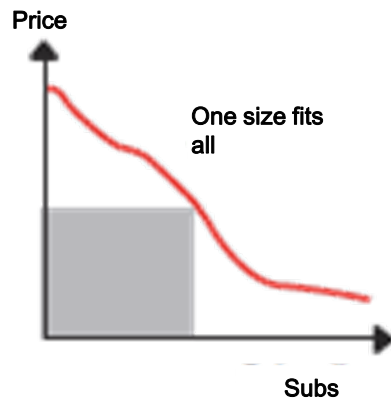
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The long-term growth of mobile broadband shows three distinct growth phases depending on the maturity of the data market.

First Wave

Establishing Market



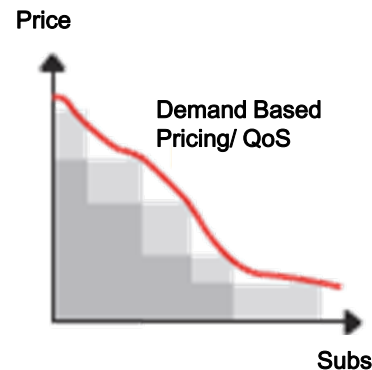
Phase 1: *Uptake and growth.*

- Start-up phase
- Simple packaging and pricing
- Reach a critical mass of smartphones and PCs.

In this phase, the Cost plus model used for charging is based on volume, usage, metered pricing and so on.

Second Wave

Differentiating Services

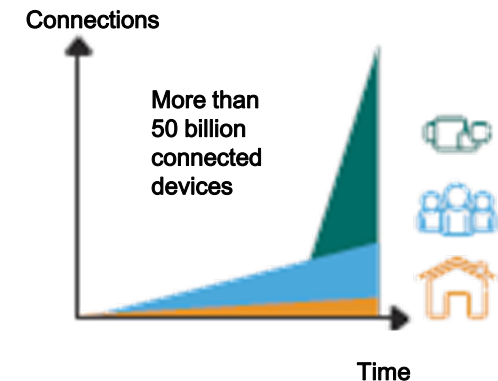


Phase 2: *Differentiating services.*

- Improved segmentation using speed differentiation, pre-paid plans and packages attracting the occasional user as well as the most advanced users.
- Expand the market towards saturation in terms of PCs and smartphones.
- Machine-to-machine and “invisible broadband” start to take off
- ARPU levels stabilize.

Third Wave

Connecting Everything



Phase 3: *Connecting everything.*

- Everything is connected
- The internet of things
- PCs and smartphones are outnumbered in the networks by other devices.

For phase 2 and future phase 3, the value-based model should be used where charging is based on values like speed, quality, capacity, coverage, brand, entertainment, video, services, experience and so on.

New 3G Monthly Price Plans are traffic sensitive and are the same for Prepaid and Postpaid Residential Subscribers



- Based on the 3G HSPA+ technology, Mobile Internet is now available in enhanced and upgradable bundles to satisfy the extensive needs of postpaid, business and prepaid subscribers.
- New services can be used for browsing the web, streaming, sending e-mails, Video calls, or for just keeping up with friends by using the latest social apps on compatible handsets.

Postpaid & Prepaid	Plan 0 100 MB	Plan 1 500 MB	Plan 2 1 GB	Plan 3 3 GB	Plan 4 5 GB
Price	\$ 10	\$ 19	\$ 32	\$ 79	\$ 99
Extra MB cost	\$ 0.1	\$ 0.08	\$ 0.07	\$ 0.07	\$ 0.06

Above prices are VAT exclusive

As per Alfa website, postpaid and prepaid subscribers plans 3 (3GB) and 4 (5GB) will be coming soon.

Alfa and MTC have different 3G HSPA+ Offers for Corporate Subscribers

Corporate (Alfa Prices)	Plan 0 100 MB	Plan 1 500 MB	Plan2 1.5 GB	Plan 3 4 GB	Plan 4 7 GB
Price	\$ 10	\$ 19	\$ 32	\$ 79	\$ 99
Extra MB cost	\$ 0.1	\$ 0.08	\$ 0.07	\$ 0.07	\$ 0.06

Above prices are VAT exclusive

As per Alfa website, corporate subscribers plan 4 (7GB) will be soon available.

Corporate (MTC Prices)		Plan 0 100 MB	Plan 1 500 MB	Plan2 1.5 GB	Plan 3 4 GB	Plan 4 7 GB	Pay as you go Price per MB
Corporate 10	Price	\$ 9.00	\$ 17.10	\$ 28.80	\$ 71.10	\$ 89.10	\$ 0.0450
	Extra MB cost	\$ 0.090	\$ 0.072	\$ 0.063	\$ 0.063	\$ 0.054	
Corporate 15	Price	\$ 8.50	\$ 16.15	\$ 27.20	\$ 67.15	\$ 84.15	\$ 0.0425
	Extra MB cost	\$ 0.085	\$ 0.068	\$ 0.060	\$ 0.060	\$ 0.051	
Corporate 20	Price	\$ 8.00	\$ 15.20	\$ 25.60	\$ 63.20	\$ 79.20	\$ 0.0400
	Extra MB cost	\$ 0.080	\$ 0.064	\$ 0.056	\$ 0.056	\$ 0.048	

Above prices are VAT exclusive

PAY AS YOU GO For Residential Subscribers

- Alfa **Prepaid** (Active and Waffer) and MTC Touch **Postpaid** subscribers can access the Internet using the Mobile Handset without monthly subscription.
- Charging is based on **data consumption at \$ 0.5 per MB (VAT exclusive).**

VIDEO CALL

- The video call feature allows users to make and receive local calls through their mobile phones while seeing the person they are talking to on their screen.
- For successful two-way video call, both making and receiving parties should have 3G network coverage and 3G-video enabled handsets.
- Video calls are charged **per minute for \$ 0.4 (VAT exclusive)**

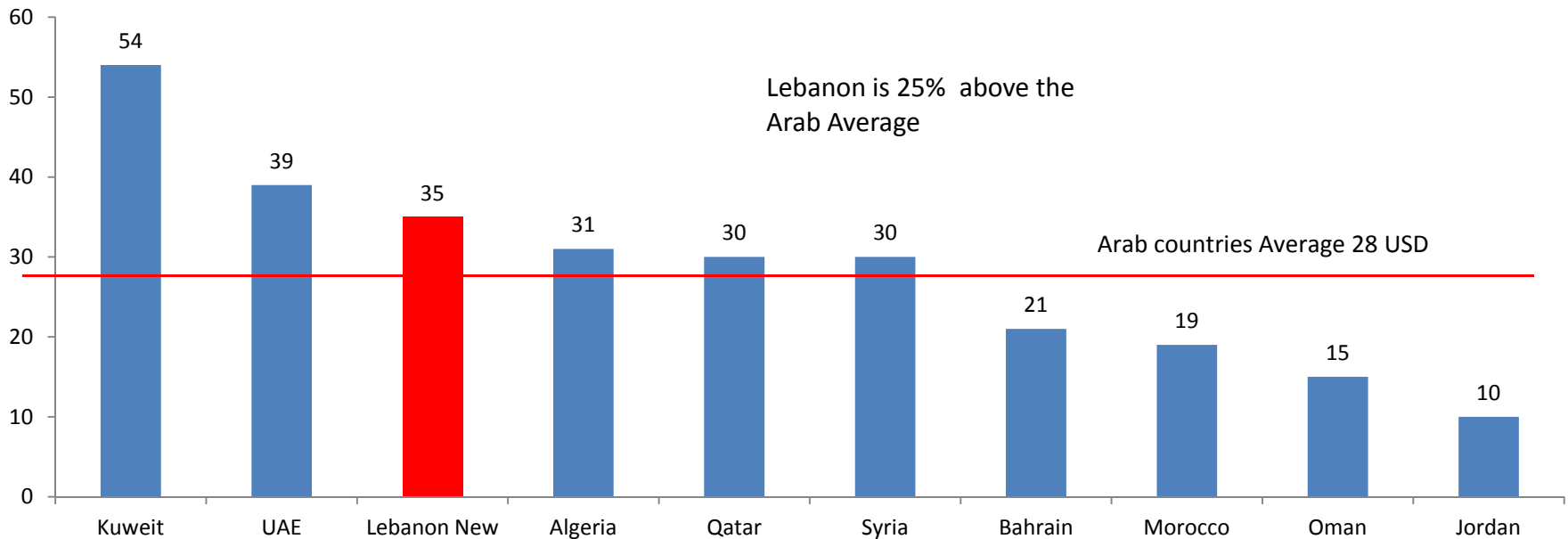
PREPAID DATA SIM CARDS

- Operators have introduced a new separate Data SIM card at \$19 (VAT excluded) enclosing a credit of \$19. This Data SIM card is intended for tablets (e.g. Apple iPad 3G, etc...)

As expected, in the start up phase, Lebanon's Residential Mobile Broadband Basket Price is comparable to the Arab Countries average. This leaves a comfortable margin to lower prices with the increased network maturity and a steady subscriber intake



**Residential
Speed Basket: 2Mbps -8Mbps
Low Usage: 1GB
(USD; VAT Inclusive)**

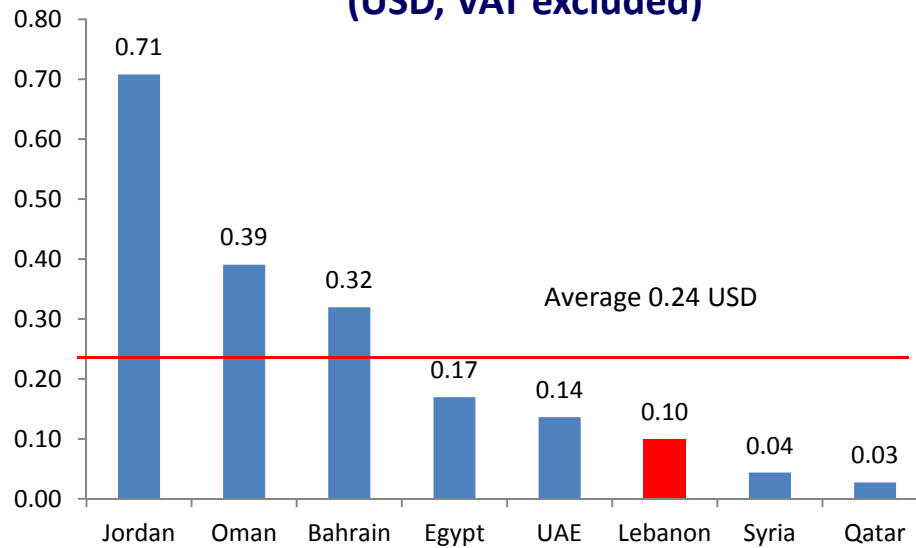


As previously explained, prices are expected to go further down with the offers differentiation and customization according to subscriber segmentation and behavior.

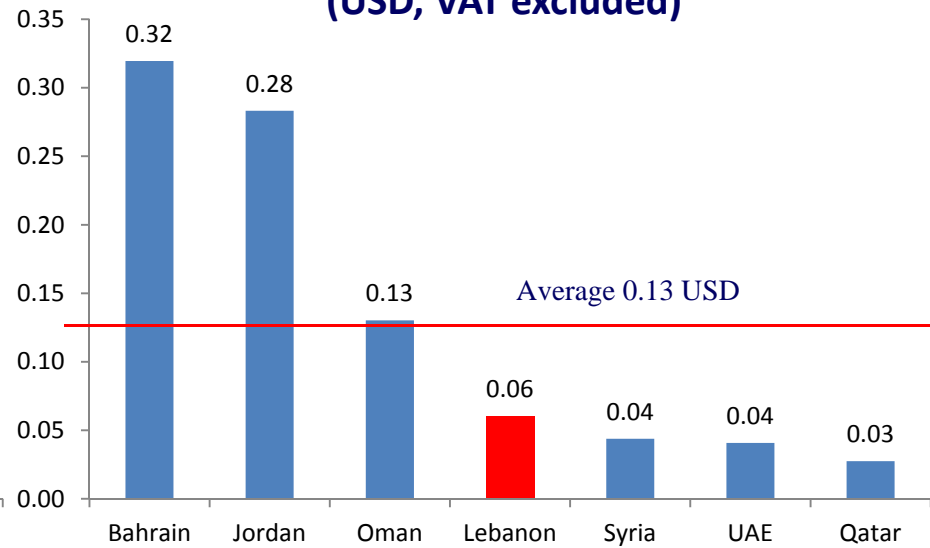
Additional Usage Benchmark shows that Lebanon 1MB Prices are very competitive with Prices among Arab Countries



Extra 1 MB Price Low Usage Packages (USD, VAT excluded)



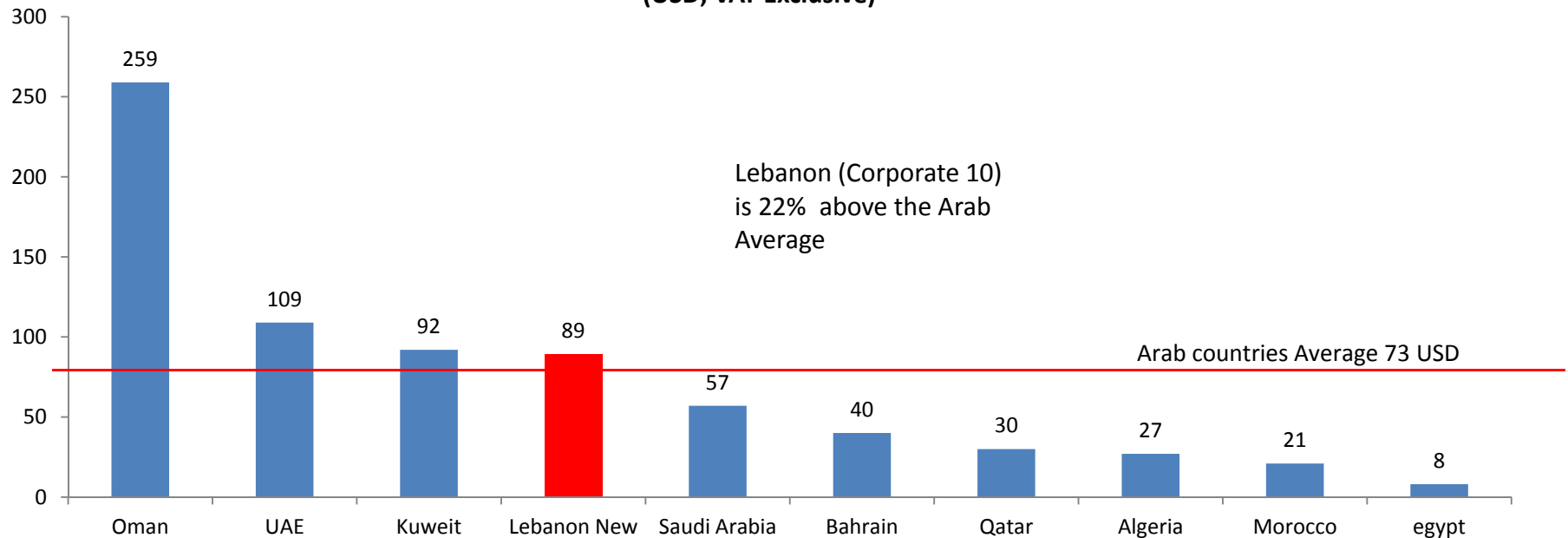
Extra 1 MB Price High Usage Packages (USD, VAT excluded)



For Low and High Usage Packages, the extra MB Price in Lebanon is 58% and 54% below the Arab Average respectively.

In its launching phase, Lebanon's Business Mobile Broadband Basket Price is comparable to the Arab Countries Average

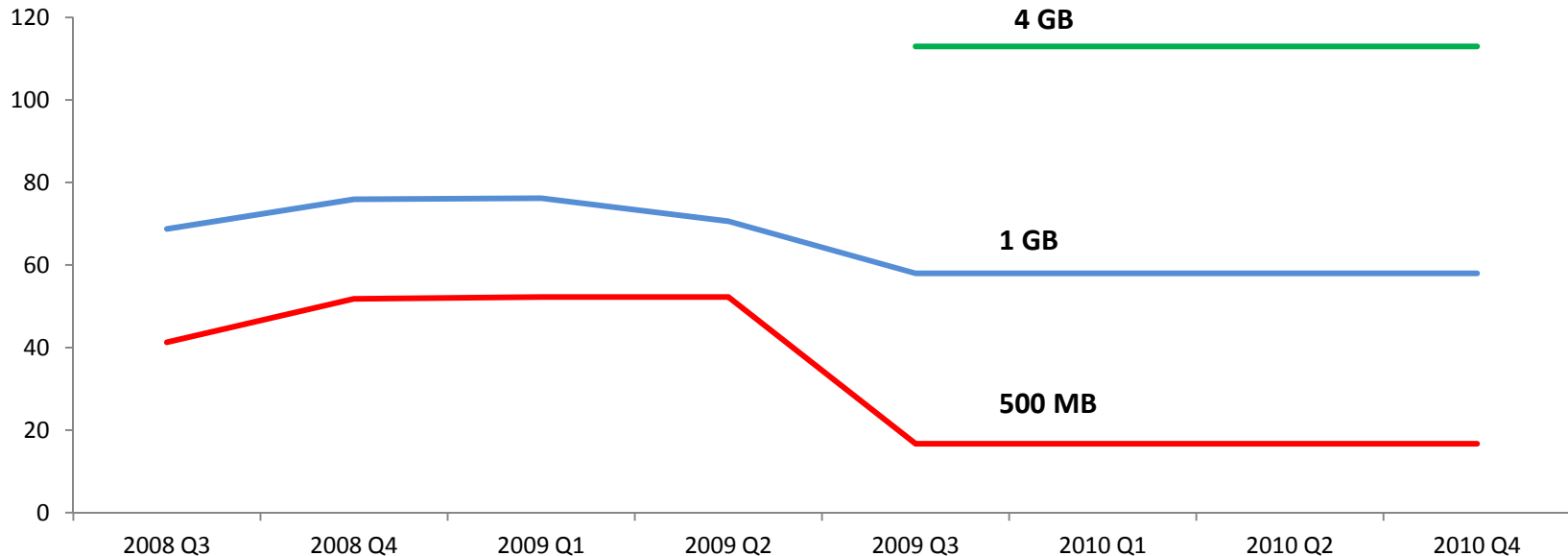
Business Medium Speed Basket: 2Mbps -8Mbps High Usage: 6GB (USD; VAT Exclusive)



- When compared to Residential Services, we notice that Kuwait, Oman, Saudi Arabia and UAE charge much more for the Business Services.
- It is worth mentioning that many other International countries differentiate the price between high and low usage packages but do not differentiate it between Residential and Business services.

In France, with the increase of the 3G Mobile Broadband penetration, the price of residential packages has decreased with the network maturity evolution

Historical Evolution of Price for 3G Mobile Broadband *Bundles in France**
(Average Price in USD; VAT Inclusive)



* Bundles includes voice, sms, Internet and TV.

- The price of the 500 MB Residential package has witnessed a 68% decrease in Q3 2009 while the 1GB Residential package has decreased by 18% for the same quarter.
- The decrease illustrates the transition of the 3G Mobile Network in France from phase 1 to phase 2 where the capacity utilization has increased and the cost per GB has decreased.



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 - Lebanon ADSL Offers Comparison
 - Price Benchmark Analysis



In application of decree 6297 issued in September 2011, MoT offers entry ADSL package of 1Mbps speed at a price 70% lower than the previous 1Mbps offer and a usage that can go up to twice the previous one.

	Old Pricing Scheme			New Pricing Scheme	
	OLD Ministry of Telecom Offers	OLD Private Sector Offers	OLD caps on usage	New Prices as per Decree 6297	Caps on usage as per Decree 6297
128 Kbps	35,000 LBP	28,000 LBP	2GB	N/A	N/A
256 Kbps	50,000 LBP	34,000 LBP	3GB	N/A	N/A
512 Kbps	70,000 LBP	60,000 LBP	4GB	N/A	N/A
1 Mbps	115,000 LBP	105,000 LBP	5GB	24,000 LBP	4 GB
1 Mbps	N/A	N/A	N/A	38,000 LBP	10 GB
2 Mbps	N/A	N/A	N/A	75,000 LBP	20 GB
4 Mbps	N/A	N/A	N/A	115,000 LBP	25 GB
6 to 8 Mbps	N/A	N/A	N/A	172,000 LBP	30 GB
HDSL 2Mbps	300,000 LBP	300,000 LBP	8GB	183,000 LBP	40 GB
Additional GB consumed	15,000 LBP/GB			6,000 LBP /GB	

- Low speed ADSL packages have been cancelled with the new Decree 6297. Minimum speed offered will be 1Mbps with a cap on usage of 4Gb or 10Gb
- The price of the entry package of 1 Mbps is lower than the previous offer for a 128kbps speed
- HDSL offers were reduced by more than 40%

Prices above exclude VAT

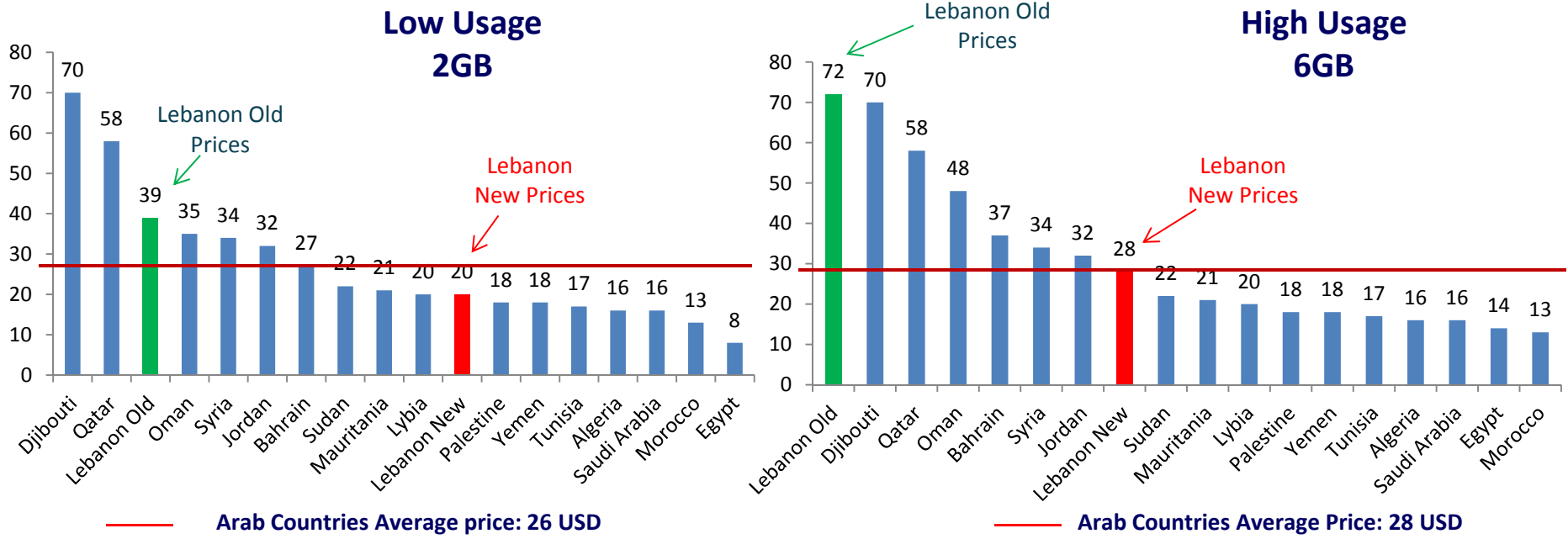
MoT DSL Monthly Pricing Table (in LBP)

Plan	Download Speed		Data Cap (GB)		LBP Price (Consumers)	
	Old	→ New	Old	→ New	Old	→ New
ADSL 1:	128 Kbps	x 8 → 1 Mbps	2 GB	x 2 → 4 GB	35,000	-31% → 24,000
ADSL 2:	256 Kbps	x 4 → 1 Mbps	3 GB	x 3.3 → 10 GB	50,000	-24% → 38,000
ADSL 3:	512 Kbps	x 4 → 2 Mbps	4 GB	x 5 → 20 GB	70,000	+7% → 75,000
ADSL 4:	1 Mbps	x 4 → 4 Mbps	5 GB	x 5 → 25 GB	115,000	0% → 115,000
NEW ADSL 5:	6-8 Mbps		30 GB		172,000	
HDSL:	2 Mbps		8 GB	x 5 → 40 GB	300,000	-25% → 225,000

- The price of an additional GB consumed drops from 15,000 to 6,000 LBP.
- Upload speeds are approximately 20% of download speeds.

Using OECD Baskets, Benchmarks show that new ADSL Prices are much better positioned among the Arab Countries and Lebanon is now ranked among the least expensive in providing Residential ADSL services.

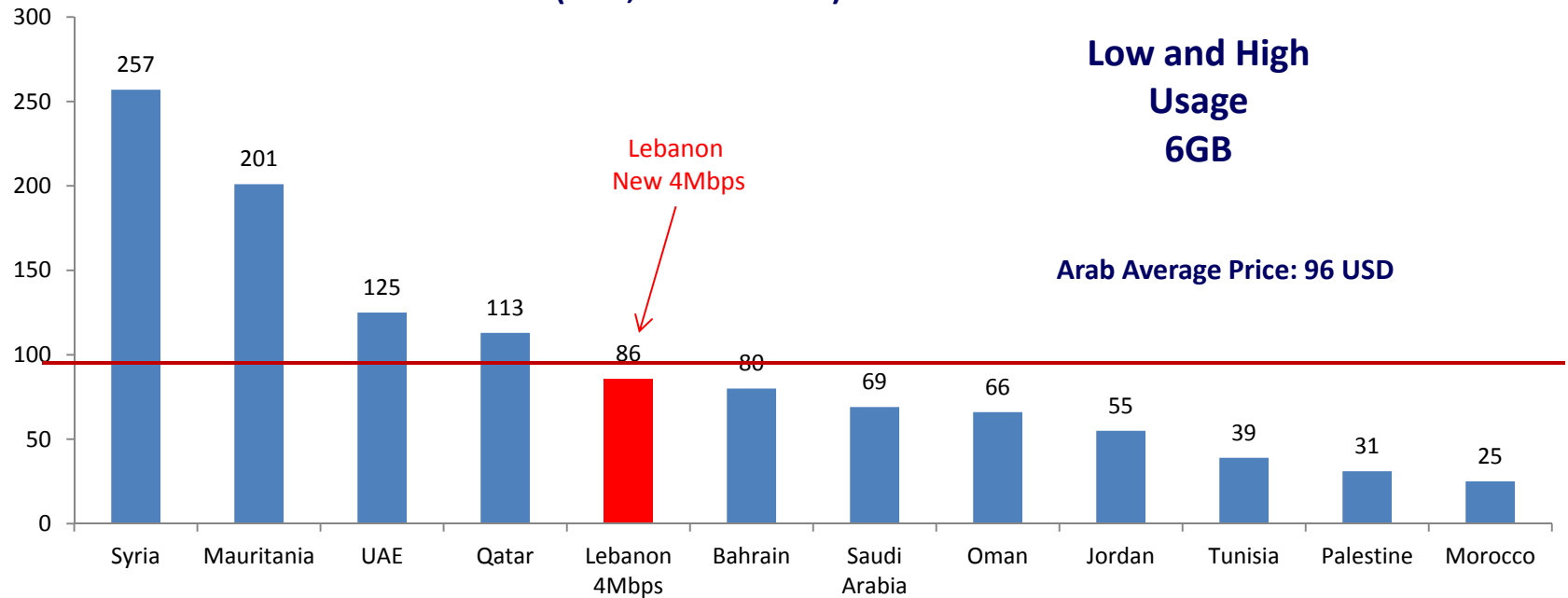
Residential Fixed Broadband Basket 256Kbps ≤ Low Speed OECD Basket < 2.5Mbps (USD; VAT inclusive)



- Lebanon New Low Speed ADSL Basket Prices have dropped by 49% & 60% depending on the Usage Type.
- New Low Usage ADSL Basket Price in Lebanon is ranked below Arab Countries Average by 23 % while the High Usage ADSL Basket Price is positioned at the Arab Countries Average.
- Only Lebanon, Morocco and Oman offer ADSL Services starting at capacities higher than 256kbps and 512Kbps.

Lebanon is finally placed among the Medium Speed Retail DSL Providers. When using OECD Baskets, Lebanon Medium Speed Services are ranked among the least expensive in the Arab region.

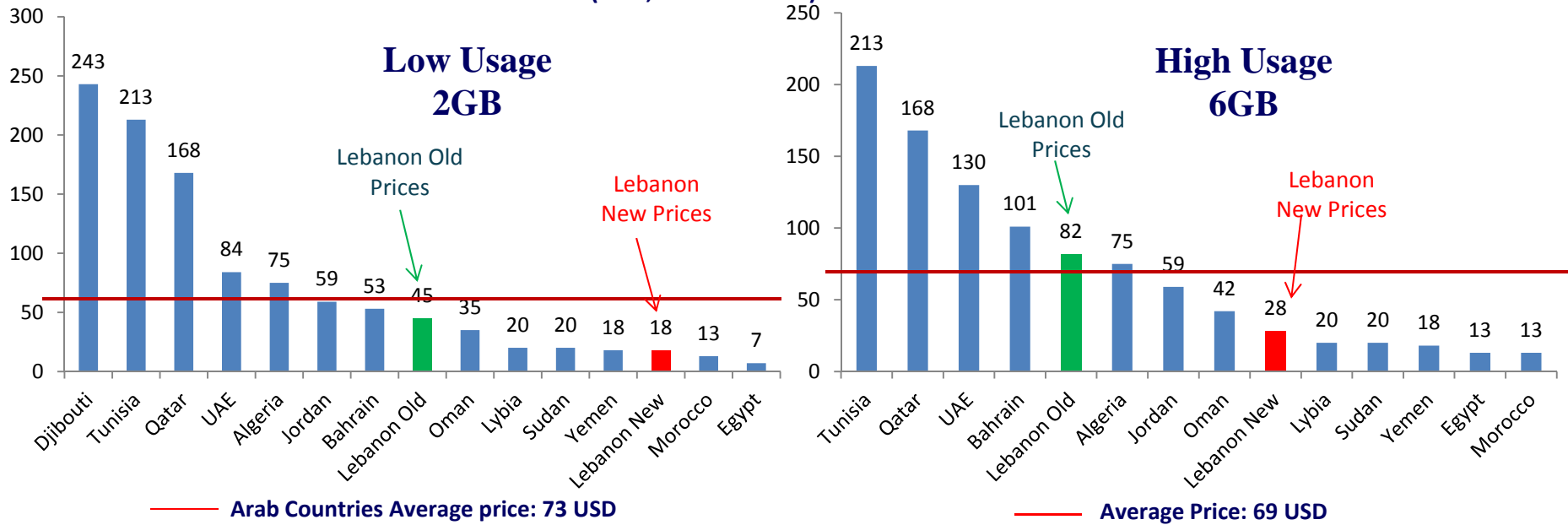
Residential Fixed Broadband 2.5Mbps ≤ Medium Speed OECD Basket < 15Mbps (USD; VAT Inclusive)



- Most of the services offered by the Arab Countries have a 4 Mbps speed (except for Oman, speed is 5Mbps) , and they do not differentiate between the 6 GB & 18 GB traffic caps
- The 4MB Basket Price in Lebanon is 10% below the Arab Countries Average

Lebanon is ranked much Lower than the Arab Country Average Prices in the Corporate 2GB Basket

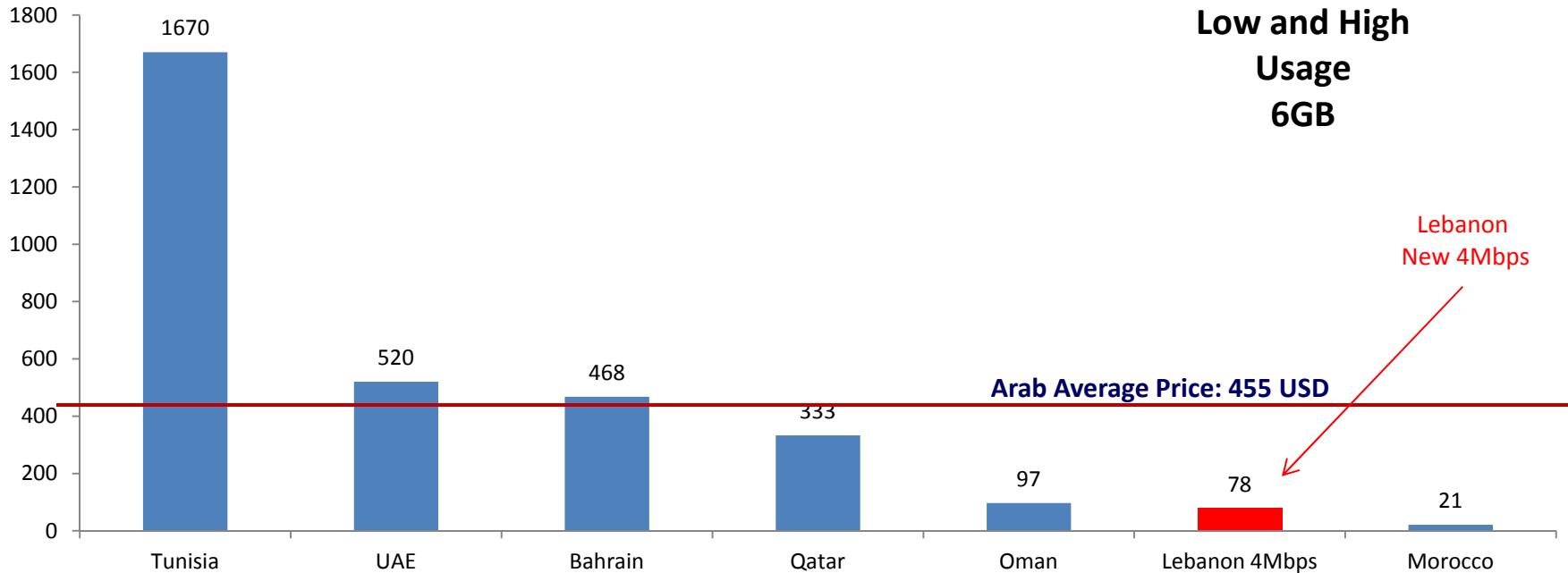
Corporate Fixed Broadband 256Kbps ≤ Low Speed OECD Basket < 2.5Mbps (USD; VAT exclusive)



- New Corporate Low Speed ADSL Basket Prices have dropped by 60% & 66% respectively depending on the Usage Type.
- We notice a major difference in Lebanon Basket Prices when compared to Arab Average Basket Prices. Low and High Usage Baskets in Lebanon are 75% and 59% below Arab Countries Average respectively (Arab Countries offer mainly 256 and 512 Kbps services in this category except for Qatar, Oman Morocco & Lebanon).

As with the case of Residential Baskets, Lebanon Corporate Medium Speed Basket is ranked among the least expensive in the Arab region.

**Corporate Fixed Broadband
2.5Mbps ≤ Medium Speed OECD Basket < 15Mbps
(USD; VAT exclusive)**



- **Most of the services offered by the Arab Countries have a 4 Mbps speed (except for UAE speed is 3Mbps), and they do not differentiate between the 6 GB & 18 GB traffic caps.**
- **Lebanon Corporate Medium Speed Basket is 83% below the Arab Countries Average .**

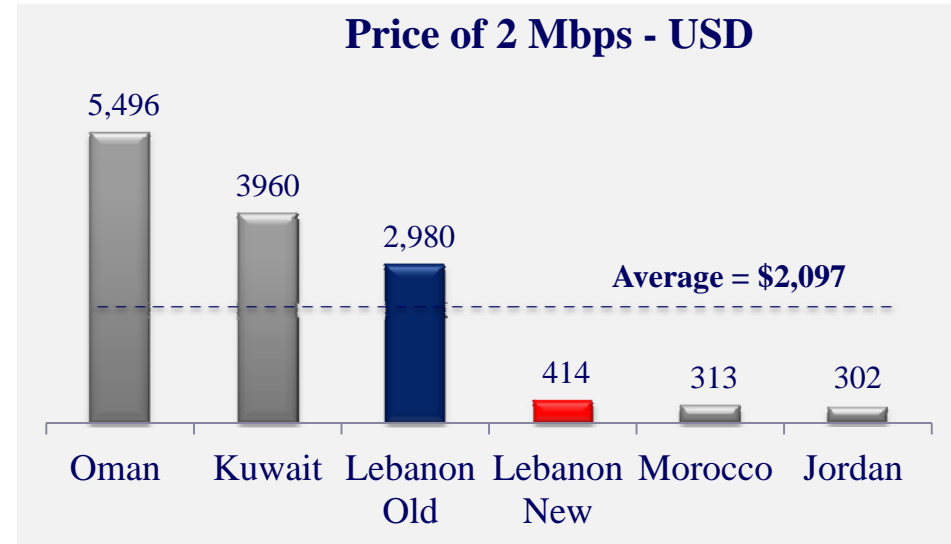
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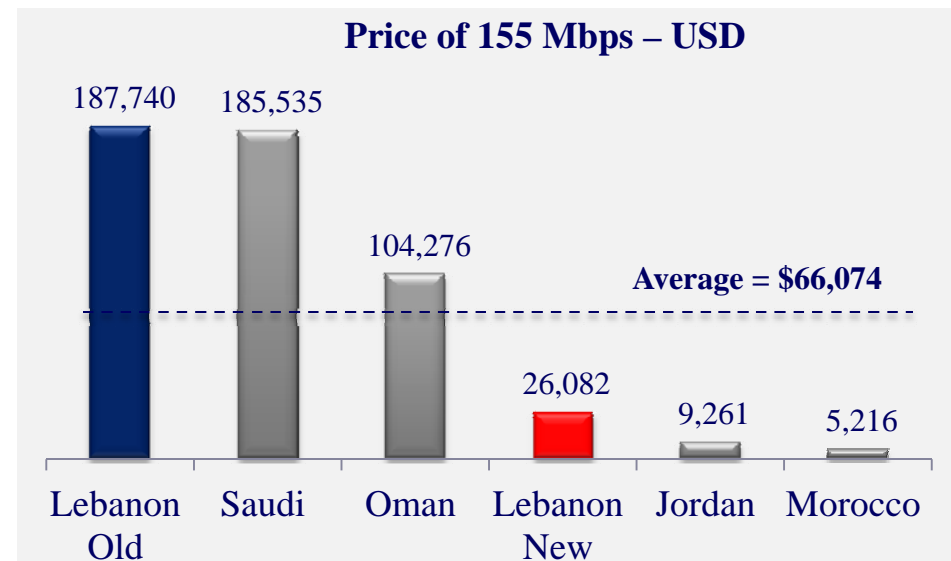


Decree 6297, decreased International bandwidth prices by 92% and 86%. Compared to International benchmarks, International bandwidth prices in Lebanon are lower than the average and similar to prices in Morocco and Jordan

International Bandwidth with IP Speed	Old Prices (USD)	New Prices (USD)
1024 kbps	\$ 2,512	\$ 207 (-92%)
2048 kbps	\$ 2,983	\$ 414 (-86%)



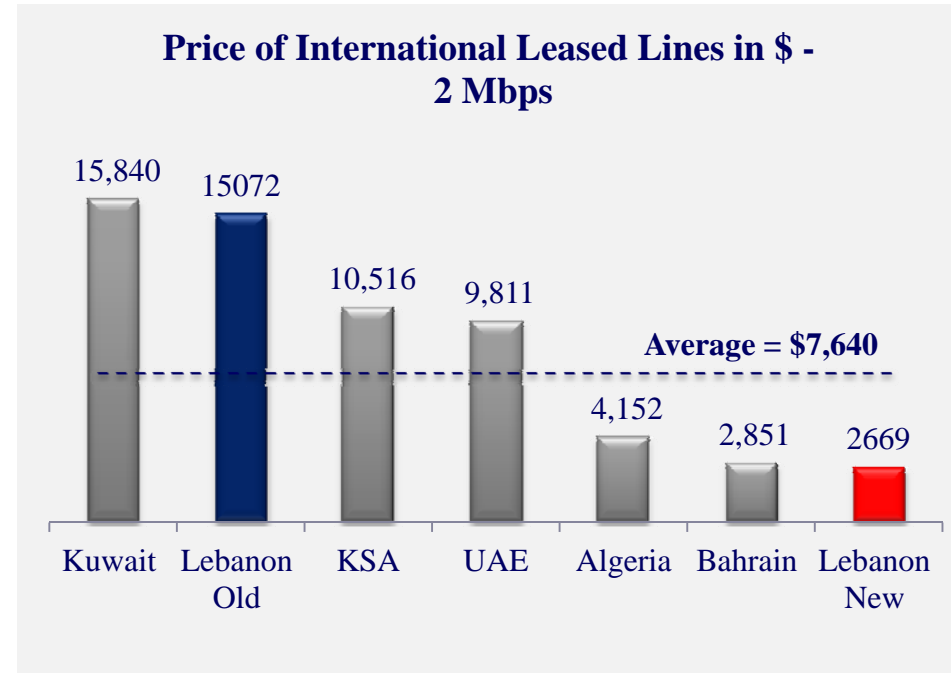
- Lebanon prices exclude VAT and include the Local Loop interconnection fee
- Prices of 155 Mbps in Lebanon are based on multiples of 2Mbps (63XE1)
- whereas in other countries packages include aggregate capacities such as STM1 unit and are much cheaper than multiple of 2Mbps



**Decree 6297, decreased International leased Circuits prices by 82% to 95%.
Compared to international benchmarks, International bandwidth prices in Lebanon are lower than the average**



International Leased Circuits	Old Prices (USD)	New Prices (USD)
256 kbps	\$ 5,338	\$ 267
512 kbps	\$ 7,536	\$ 550
1024 kbps	\$ 10,205	\$ 1,178
➤ Lebanon prices exclude VAT 2048 kbps	\$ 15,072	\$ 2,669





Republic of Lebanon
Telecommunications
Regulatory Authority

Thank You

