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# Telecommunication

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# Telecommunication

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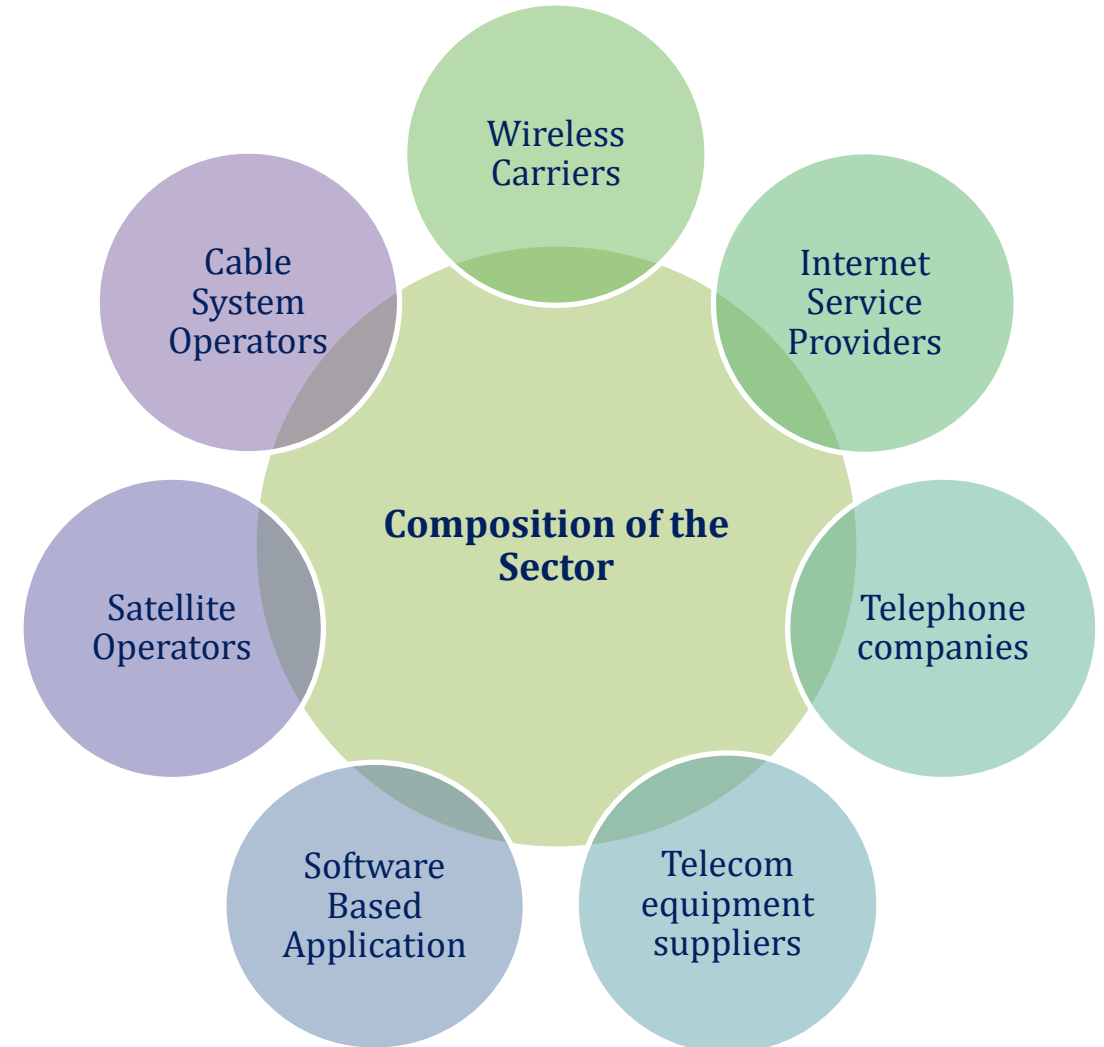
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# Telecommunication

## Introduction

**Definition:** Telecommunication is the suite of technologies, devices, equipment, facilities, networks, and applications that support communication at a distance. It has infrastructure that allows data in text, voice, audio, or video to be sent anywhere in the world.

- Telecommunication has submerged into lives as a necessity. From enabling communication around the globe, to increasing participation and providing infrastructure for national security, the industry has had tremendous advancement over the couple of years.
- Since the pandemic, the phenomenon have paced up with millions of additional subscriptions. Its role in routine activities, be it at work or at home, has also substantially increased.
- Primarily, the innovation and competition in the telecommunication industry accelerated in the early 2000s after the Telecommunication Act of 1996, which allowed anyone to enter the industry for the business. The industry had several restrictions and was centrally controlled previously.



# Telecommunication

## Global | Overview

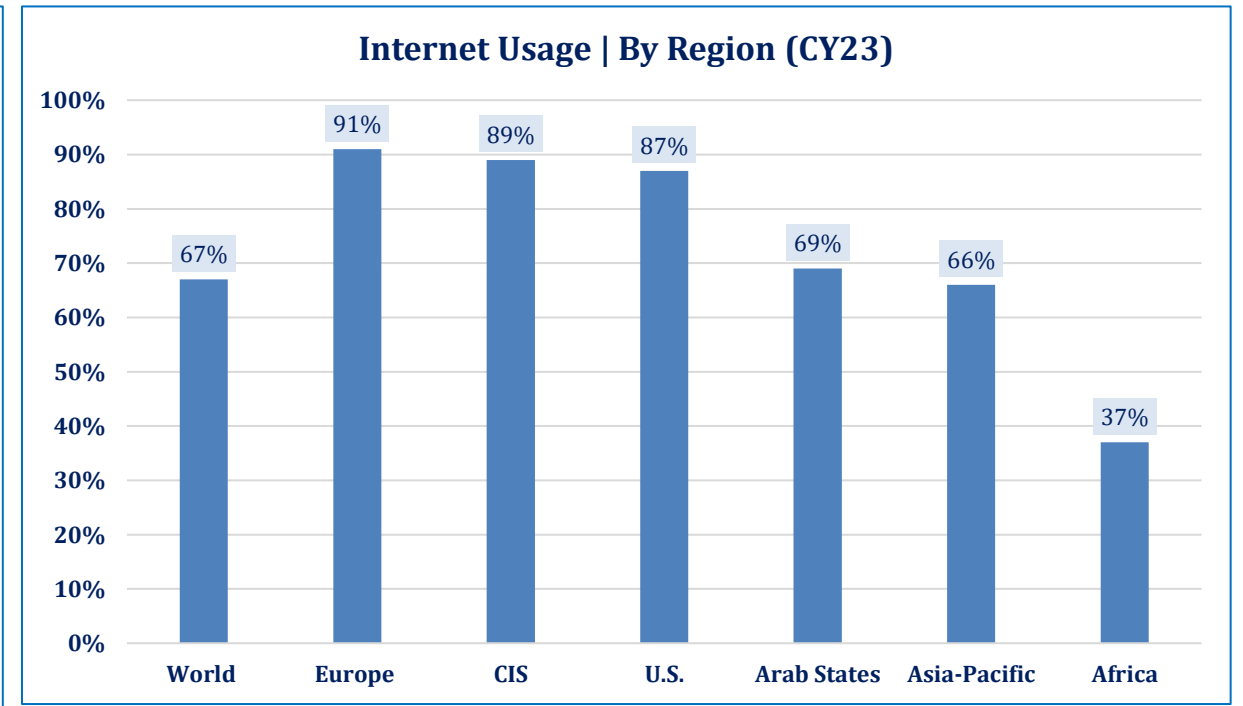
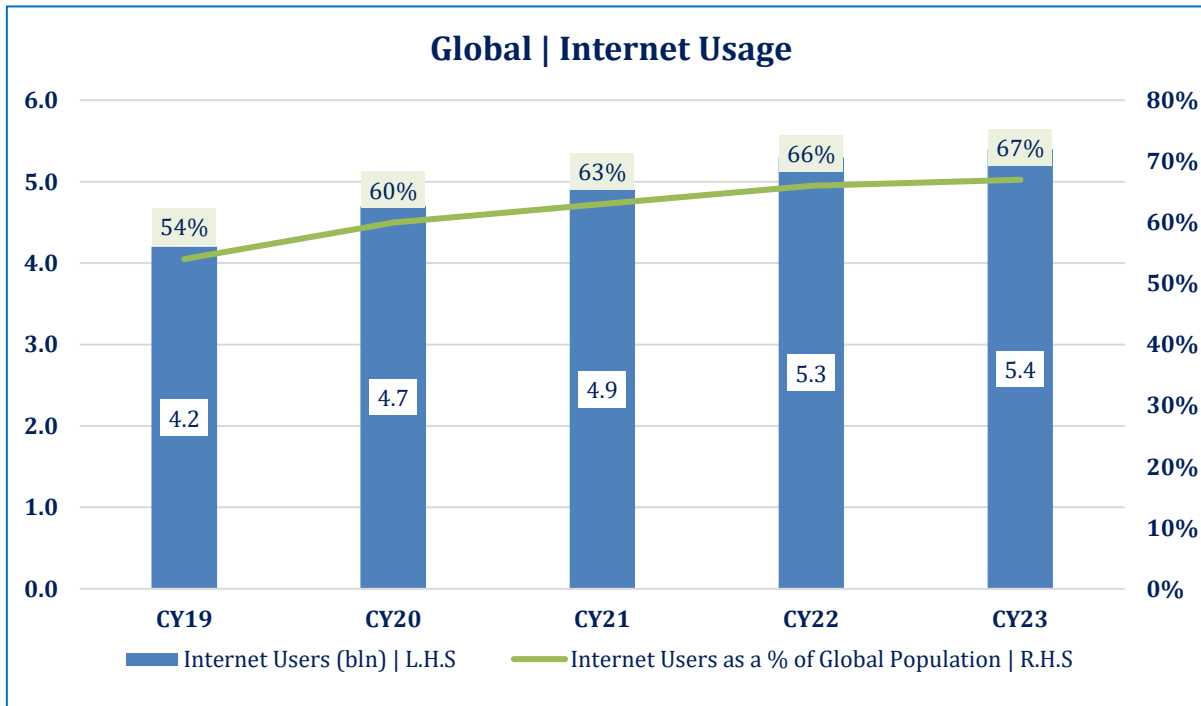
- During CY23, Verizon held the top position amongst the global telecommunication players with a brand value of USD~67.4bln (CY22: ~69.6bln), down ~3.2% YoY, followed by Deutsche Telekom with a brand size of USD~62.9bln (CY22: ~60.2bln) up ~4.5% YoY.
- However, during 5MCY24, Deutsche Telekom improved its position surpassing Verizon and climbed to the top position with a brand value of USD~73.3bln, whereas, Verizon recorded a brand value of USD~71.8bln during the same period.

Top Ten Global Telecommunication Players   Brand Value (USD mln)					
Brand	Position	Country	CY22	CY23	5MCY24
Deutsche Telekom	1	Germany	60,169	62,928	73,321
Verizon	2	United States	69,639	67,443	71,754
AT&T	3	United States	47,009	49,614	49,253
China Mobile	4	China	40,903	43,382	44,238
NTT Group	5	Japan	40,691	36,591	31,061
Xfinity	6	United States	31,263	28,754	30,046
Spectrum	7	United States	24,083	23,329	27,482
Orange	8	France	18,735	18,404	20,276
Vodafone	9	United Kingdom	19,506	16,859	14,596
China Telecom	10	China	18,374	17,780	14,211

# Telecommunication

## Global | Overview

- Global internet users were up ~1.9% YoY in CY23, recording at ~5.4bln (CY22: ~5.3bln). In terms of the global population using internet, the ratio as of CY23 stood at ~67% (CY22: ~66%), meaning thereby that the number of people offline worldwide in CY23 represented ~33.0% of the global population.
- Internet usage may be linked to the level of a country's development. Internet Usage in Europe, the Commonwealth of Independent States (CIS) and USA, was recorded at ~91.0%, ~89.0% and ~87.0% of the population, respectively. In the Arab States and Asia-Pacific regions, ~69.0% and 66.0%, respectively, use the Internet (in line with the global average), while average internet usage for Africa is just ~37.0% of the population.



# Telecommunication

## Global | Market Trends

- With respect to telephone subscriptions, fixed-telephone subscriptions have remained steady at ~11 per 100 inhabitants since CY05. This number stood at ~20 per 100 inhabitants before CY05. Meanwhile, mobile-cellular Telephone subscriptions (MCT) were up ~5.7% YoY during CY23 and clocked in at ~111 per 100 inhabitants (CY22: ~108 per 100 inhabitants).
- Fixed broadband subscriptions increased by ~5.6% YoY (CY22: ~19 per 100 inhabitants), while AMB subscriptions remained steady at ~87 subscriptions per 100 inhabitants.
- Region-wise, Europe recorded the highest number Fixed-Telephone and Fixed-broadband subscribers in CY23, whereas in the case of Mobile-Cellular Telephone subscriptions, the CIS region boasted the highest penetration (~149 per 100 inhabitants), ~1.6x the penetration rate of Africa (~92 per 100 inhabitants).

*Subscriptions per 100 inhabitants*

Broadband/ Telephone Subscriptions	CY21	CY22	CY23
Fixed-Telephone (FT)	11	11	11
Fixed-Broadband (FB)	17	18	19
Mobile-Cellular Telephone (MCT)	106	108	111
Active Mobile-Broadband (AMB)	82	87	87

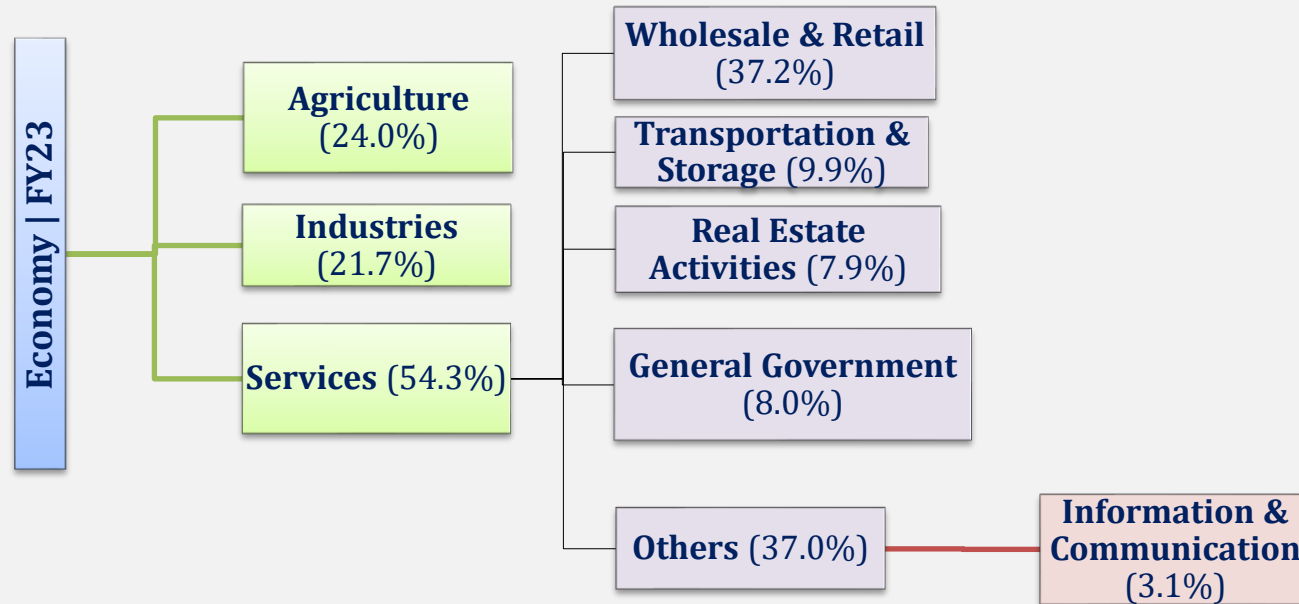
Subscriptions (CY23)	Africa	Americas	Arab States	Asia Pacific	CIS	Europe
FT	1	18	9	8	16	30
FB	1	26	12	19	23	36
MCT	92	110	103	112	149	123
AMB	48	116	75	88	106	110

**Note:** Number of Subscriptions per 100 inhabitants is greater than 100 based on the assumption that an individual has more than one subscription of a mobile service.

# Telecommunication

## Local | Overview

- In FY23, Pakistan’s GDP (nominal) stood at PKR~79.7trn (FY22: PKR~63.3trn), contracting, in real terms, by ~0.17% YoY (FY22: ~6.3% growth). The Service segment held ~53.6% share in GDP during the year. However, the provisional data released by National Accounts reveals that Pakistan’s GDP during FY24 is expected to clock in above PKR~100.0trn in nominal terms with expected GDP growth rate in real terms of ~2.4%, depicting an improved economic activity during FY24 compared with SPLY. The SBP estimates GDP growth at ~2-3% for FY24, while IMF’s forecast for the same stands at ~2.0%.
- The Telecommunication sector broadly falls under the Services segment. Being one of the largest segments of the economy, the sector players primarily carry on all or any of the businesses of establishing, developing, expanding, enhancing, managing and operating telecommunication systems including systems signals, data or messages of any and all kinds. Services segment contributed ~54.3% to the country’s total GDP in FY23 (FY22: ~55.0%). Telecommunication sector made up ~3.1% of value addition in the Services segment.



# Telecommunication

## Local | Overview

- Pakistan's Telecommunication sector with ~191mln cellular subscribers in FY23, covers ~82.0% of the population. During FY23, the sector registered a total revenue of PKR~530bln, up ~3.1% YoY . As of FY23, the sector contributed ~0.7% to the country's GDP, down by ~0.1% YoY.
- The sector attracted Foreign Direct Investment (FDI) Inflows worth USD~57.7mln (up ~67.0% YoY), while net FDI slipped into negative territory, signifying ~41.4% YoY higher outflows. In 10MFY24, inflows dipped by ~35.7% YoY, while net FDI rose by ~28.2% YoY.
- During FY23, the total number of locally manufactured/assembled mobile phones amounted to ~21.3mln, down ~2.7% YoY (FY22: ~21.9mln). Of this, ~8.3mln smartphones were manufactured, while remaining ~13.0mln accounted for manufacturing of 2G mobiles.
- Telephone imports during FY23 were registered at USD~570.0mln , down ~71.2% (FY22: USD~1,979mln due to import restriction (May'22-Jun'23) imposed by SBP. During 10MFY24, mobile phone imports increased by a massive ~209.0% YoY to stand at USD~1,462.8mln (SPLY: USD~473.3mln). The increase came on the back of uplifting of import restrictions w.e.f. Jun'23 and represents low localization levels.

Sector Snapshot	CY21	CY22	CY23	
<b>Telecom Revenue (PKR bln)</b>	463	514	530	
<b>Contribution to GDP - %</b>	0.9%	0.8%	0.7%	
Particulars	FY22	FY23	10MFY23	10MFY24
<b>Contribution to National Exchequer (PKR bln)</b>	326	340	-	-
<b>FDI Inflow (USD mln)</b>	174.9	57.7	28.0	18.0
<b>Net FDI (USD mln)</b>	-22.7	-222.2	-220.0	-158.0
<b>Tele-density (%)</b>	89.5%	81.4%	82.4%	80.6%
<b>Total Cellular Subscribers (mln)</b>	194.6	191.0	192.6	192.2
<b>Major Sector Players</b>	4			
<b>Structure</b>	Oligopoly			
<b>Regulatory Authority</b>	Pakistan Telecommunication Authority (PTA), Ministry of Information Technology (MOITT)			

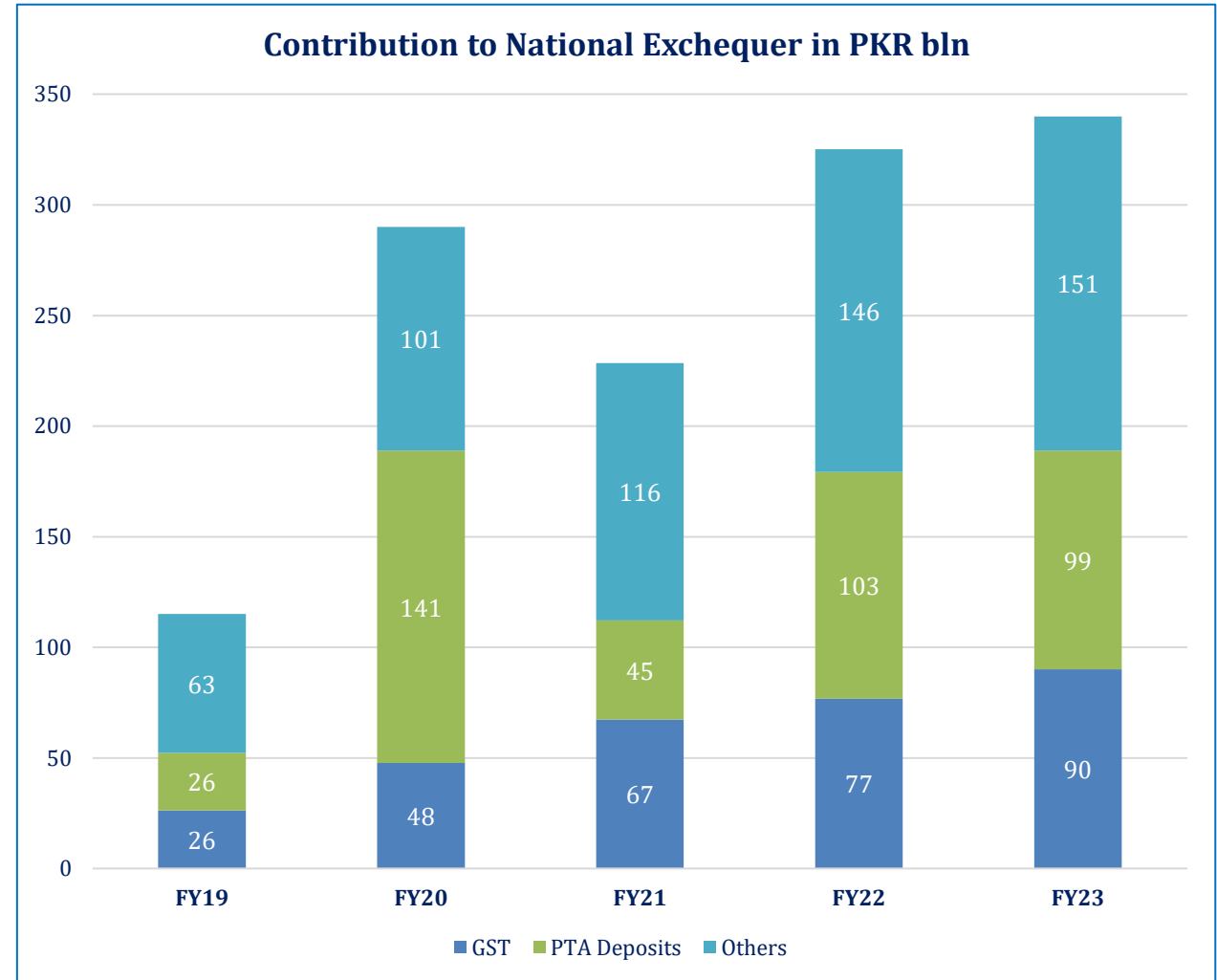
*Note: Revenue figures have been grossed up using respective revenues of 3 CMOs representing ~76% market share in terms of cellular subscribers. For contribution to GDP, CY=FY.*



# Telecommunication

## Local | Contribution to National Exchequer

- Contribution to national exchequer by the telecommunication sector increased by ~4.6% YoY during FY23 and stood at PKR~340bln (FY22: PKR~325bln).
- A breakdown of the sector’s contribution to the national exchequer reveals that major components included “Others”, which represented direct taxes such as Income Tax, WHT as well as custom duties and other taxes levied by the FBR. These were recorded at PKR~151bln (FY22: PKR~146bln) and made up ~44.4% of the total contribution in FY23 (FY22: ~44.9%).
- Meanwhile, GST and PTA deposits contributed ~90.0% and ~29.0% to the national exchequer pertaining to the telecommunication sector.

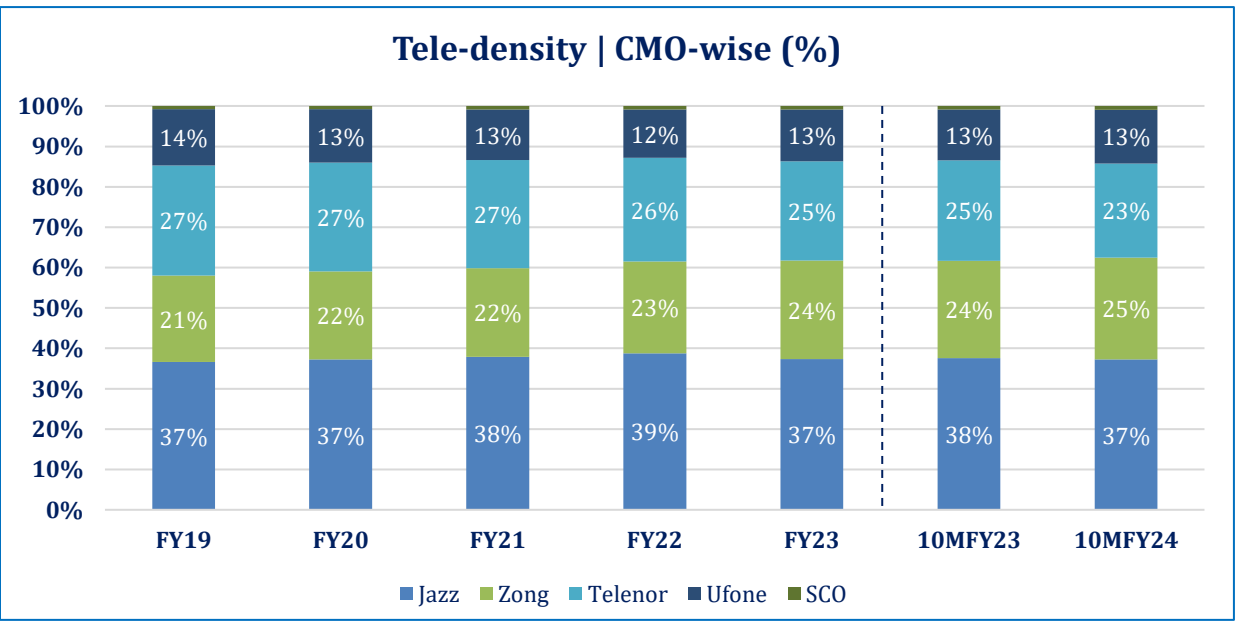
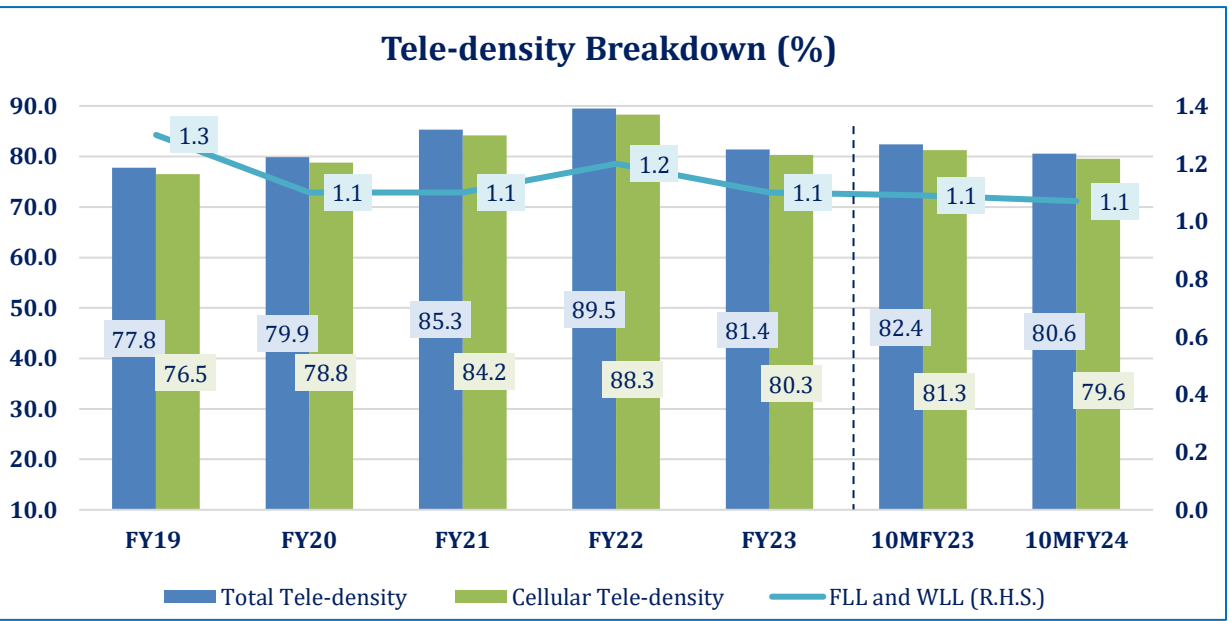


*Note: PTA Deposits refer to deposits made in Federal Consolidated Fund by the entity against spectrum auctions.*

# Telecommunication

## Local | Tele-density & Market Share

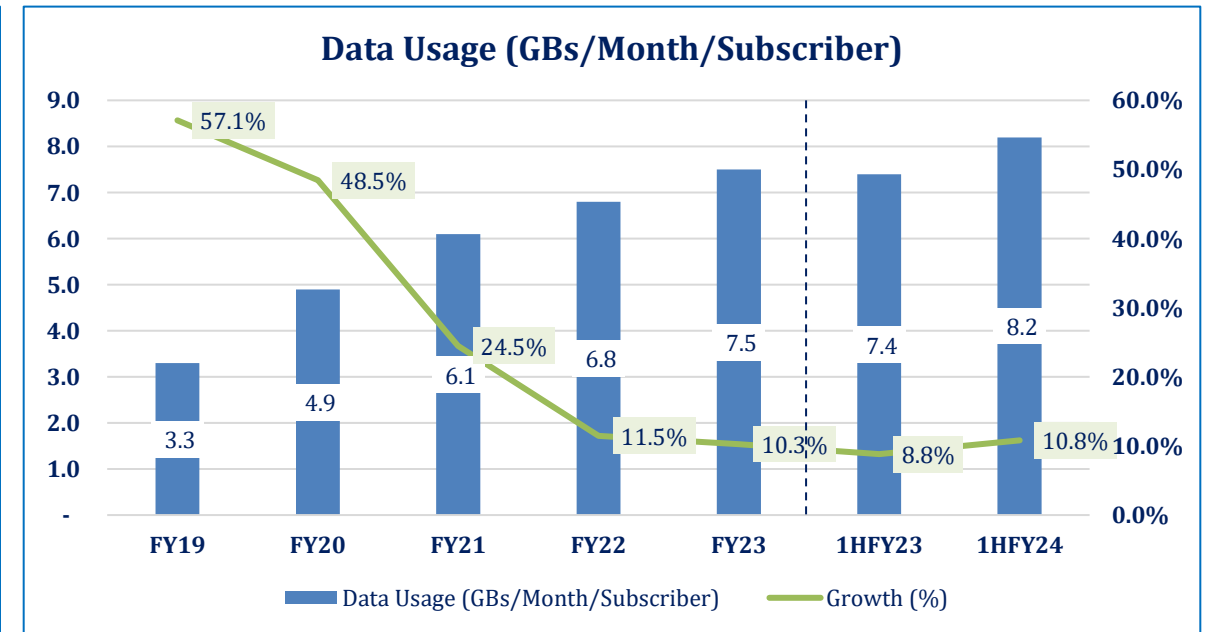
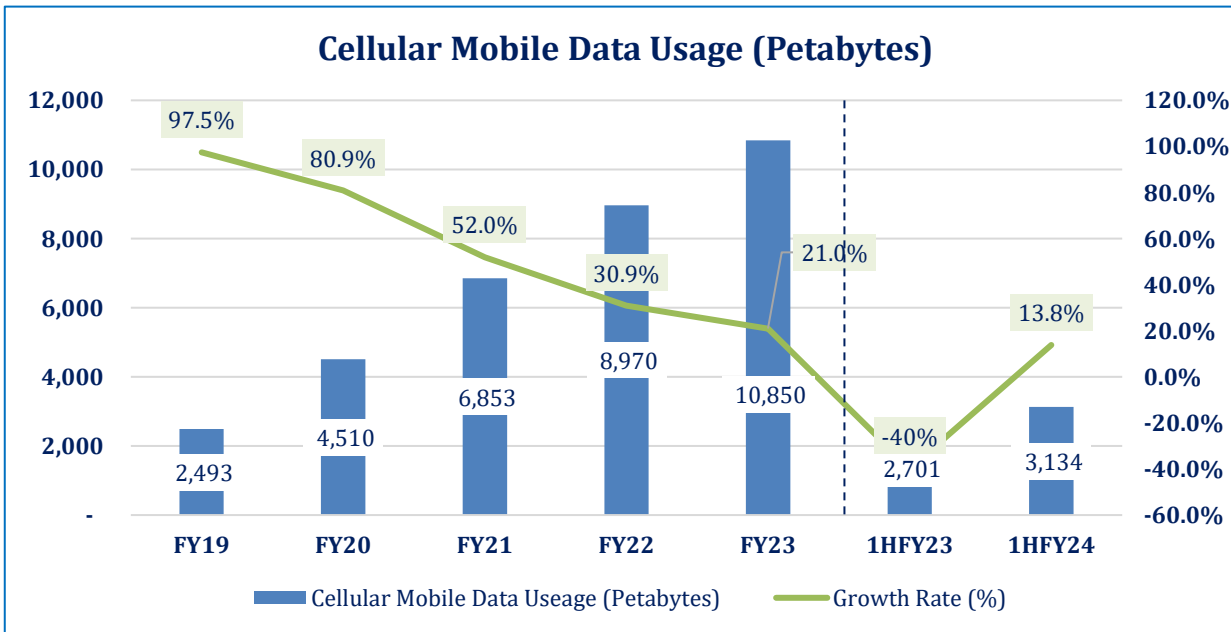
- Tele-density signifies the number of users per 100 people within an area for any telecom network. The overall tele-density for the country decreased from ~89.5% in FY22 to ~81.4% in FY23 owing to the economic slowdown during the period under review.
- During the year, tele-density for Wireless Local Loop (WLL) and Fixed Local Loop (FLL) marginally declined by ~0.1% and recorded at ~1.1% (FY22: ~1.2%). Similarly, Cellular tele-density also decreased to ~80.3% during FY23, compared with ~88.3% during FY22, down ~8.0 YoY.
- Jazz led the sector with ~37.0% market share in terms of tele-density during FY23, followed by Telenor, Zong and Ufone with shares of ~25.0%, ~24.0% and ~13.0%, respectively, during the same period. During 10MFY24, Jazz maintained its position at the top in terms of tele-density, however, Zong surpassed Telenor. SCO, operating only in Gilgit-Baltistan, represented ~1% of the market share during the period.



# Telecommunication

## Local | Data Usage

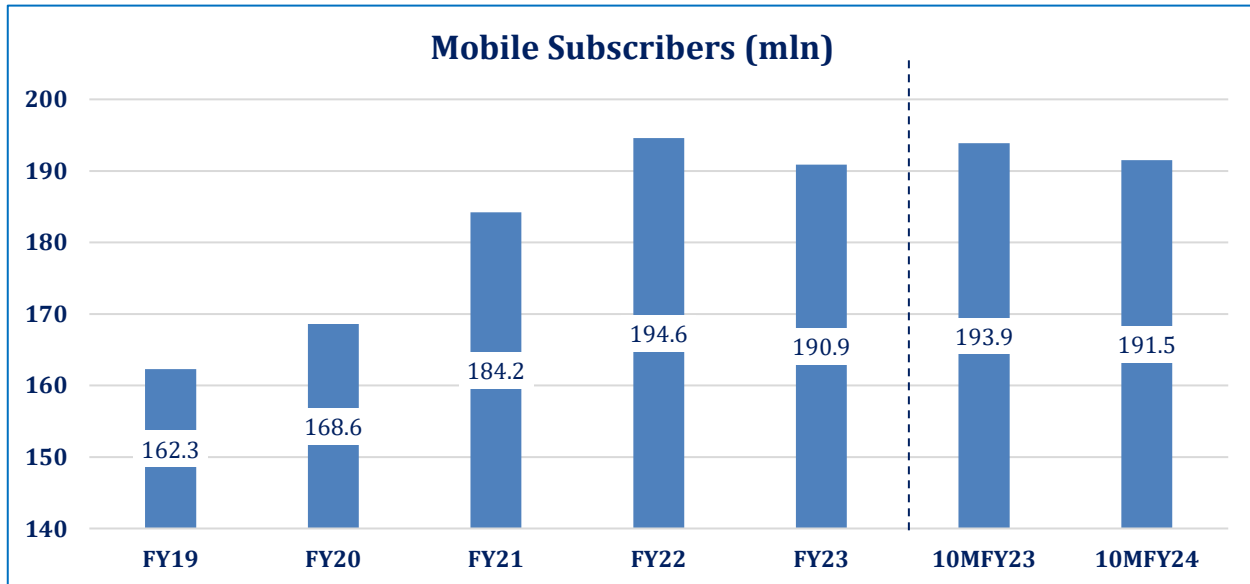
- Cellular mobile usage recorded ~21.0% YoY increase in FY23, reaching ~10,850 Petabytes (FY22: ~8,970 Petabytes) due to increased penetration of broadband services that has propelled active use of data services.. The average mobile data usage per month also rose by ~10.3% YoY (FY22: ~11.5%). The average data usage stands at ~7.5GBs per month per subscriber in FY23, as against ~6.8GBs per month per subscriber during SPLY.
- The phenomenon of increased internet usage and accelerating subscribers paced up since FY19 as a consequence of the pandemic and the trend continues still as progressive initiatives are taken by the regulatory body to ensure sustained growth. A few initiatives taken by the Government and Ministry of Information and Technology include the creation of specialized technology zones, the enlargement of broadband and 5G networks, encouragement of e-commerce and e-governance platforms, bolstering of cybersecurity & data protection protocols, and facilitation of foreign investment and partnerships.



# Telecommunication

## Local | Cellular Subscribers

- During FY19-22, the number of mobile subscribers recorded an increasing trend, however, the number of mobile subscribers was down ~1.9% in FY23 and stood at ~190.9mln (FY22: ~194.6). During 10MFY24, the number of mobile subscribers picked up pace and stood at ~191.5mln though still ~1.2% lower than SPLY.
- Over the years (FY19-22), the uptake of 3G/4G devices increased while the opposite can be observed in the uptake of 2G devices over the same period. As of Sep'23, uptake of 3G/4G and 2G stood at ~57.0% and ~43.0%, respectively.
- The advent of 5G represents a game-changing technology enabling communities to tap into the socio-economic advantages of an advanced, data-intensive digital economy. PTA (Pakistan Telecommunication Authority) and FAB (Frequency Allocation Board), in collaboration with MoITT (Ministry of Information and Technology), are aligning efforts for the successful introduction of 5G in Pakistan.



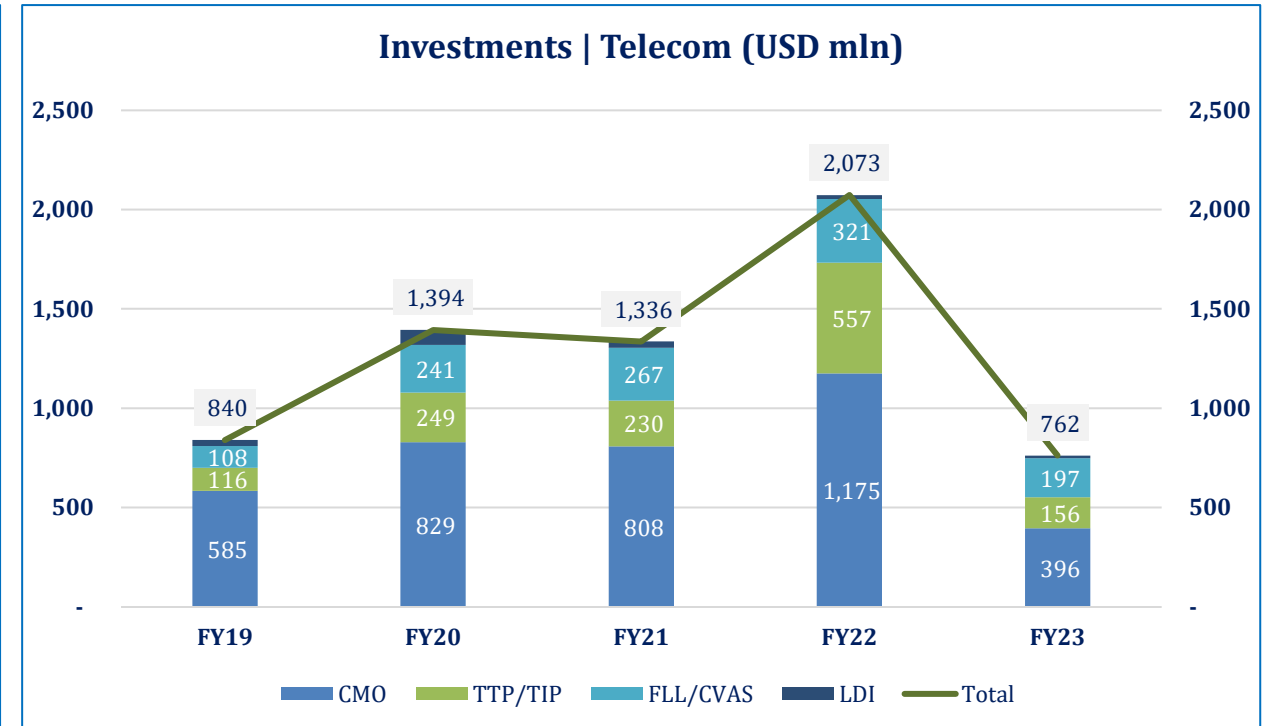
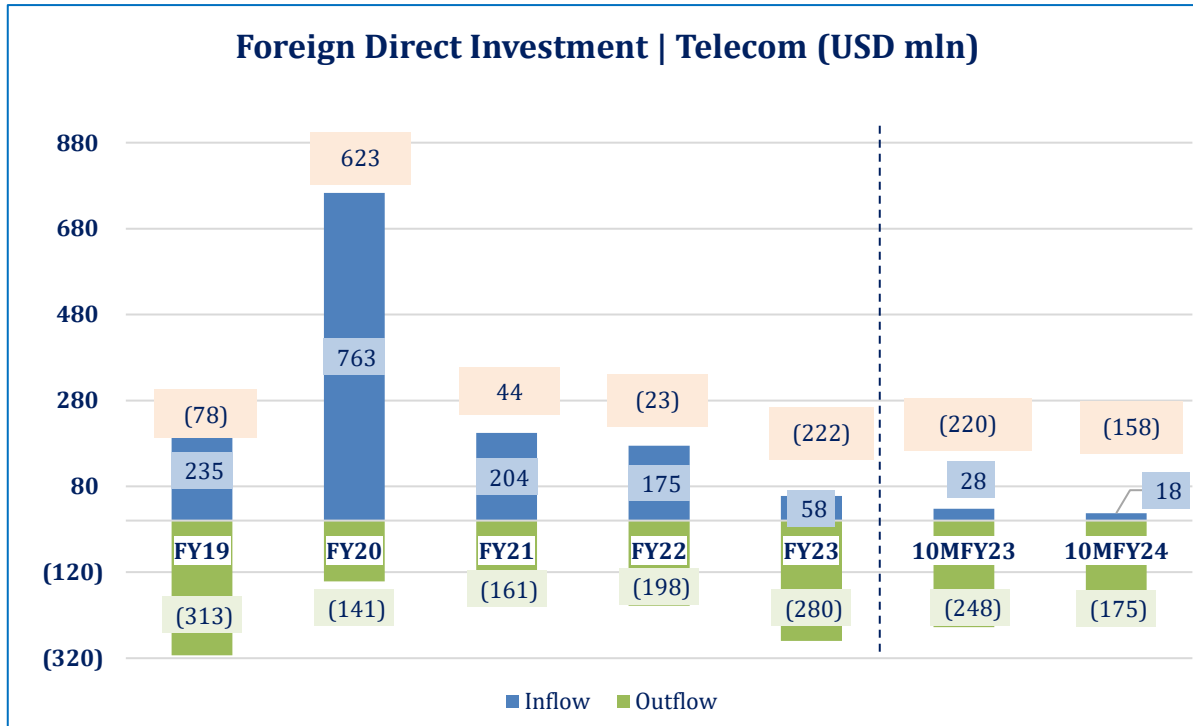
Period	2G	3G/4G
FY19	56%	44%
FY20	52%	48%
FY21	48%	52%
FY22	45%	55%
Sep'23*	43%	57%

Note: Latest available.

# Telecommunication

## Local | Investments

- FDI inflows towards the sector have traced a downward trajectory since FY21 at which time they stood at USD~204mln. During FY23, FDI inflows plummeted to USD~58mln down ~66.9% (FY22: USD~175mln). Resultantly, the Net FDI towards the sector stood at USD~-222.2mln during FY23 (FY22: USD~-23.0mln), depicting a ~41.4% YoY increase in FDI Outflows YoY (FY22: USD~198.0mln; FY23: USD~280mln).
- Total telecom investment for FY23 stood at USD~762mln (FY21: USD~2,073mln), down ~63.2% YoY. Out of the total investment in the telecom sector, ~52.0% pertained to CMOs, while ~26.0% and ~20.0% of the investment related to TTP/TIP and FLL/CVAS, respectively, during FY23.

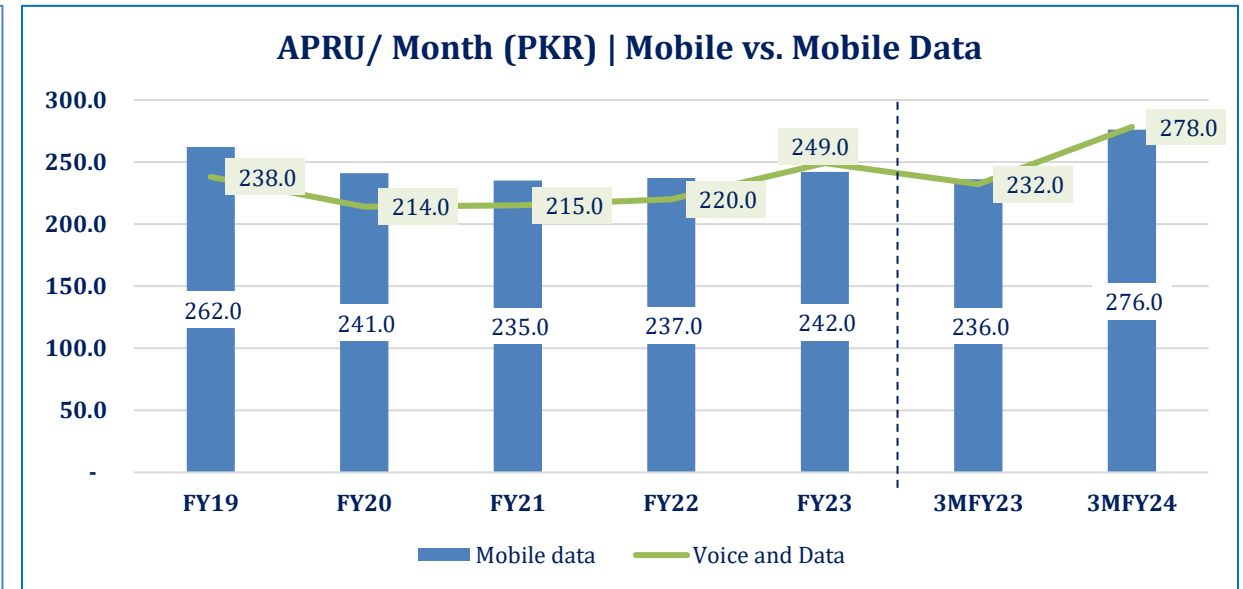
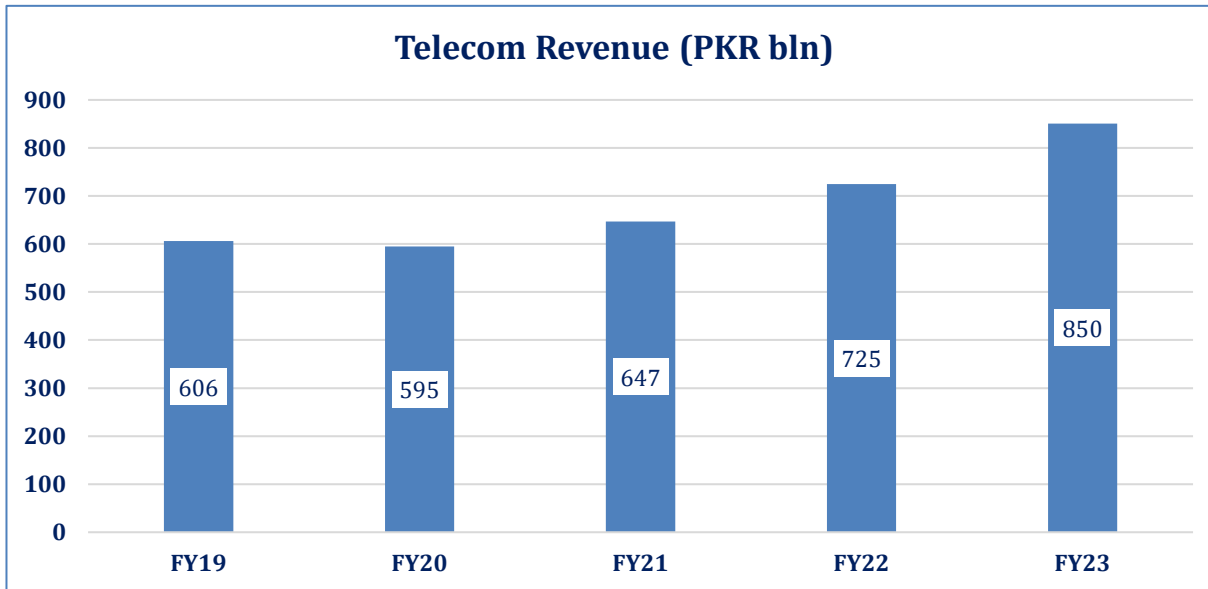


**Note:** CMO stands for 'Cellular Mobile Operator'; TTP/ TIP for 'Telecom Infrastructure Provider & Telecom Tower Provider'; FLL/CVAS for 'Fixed Local Loop/ Class Value Added Services'; LDI for 'Long Distance and International'. Net FDI for the respective year is depicted in yellow. FDI is representative of sectoral classification: "Telecommunications"

# Telecommunication

## Local | Business Risk

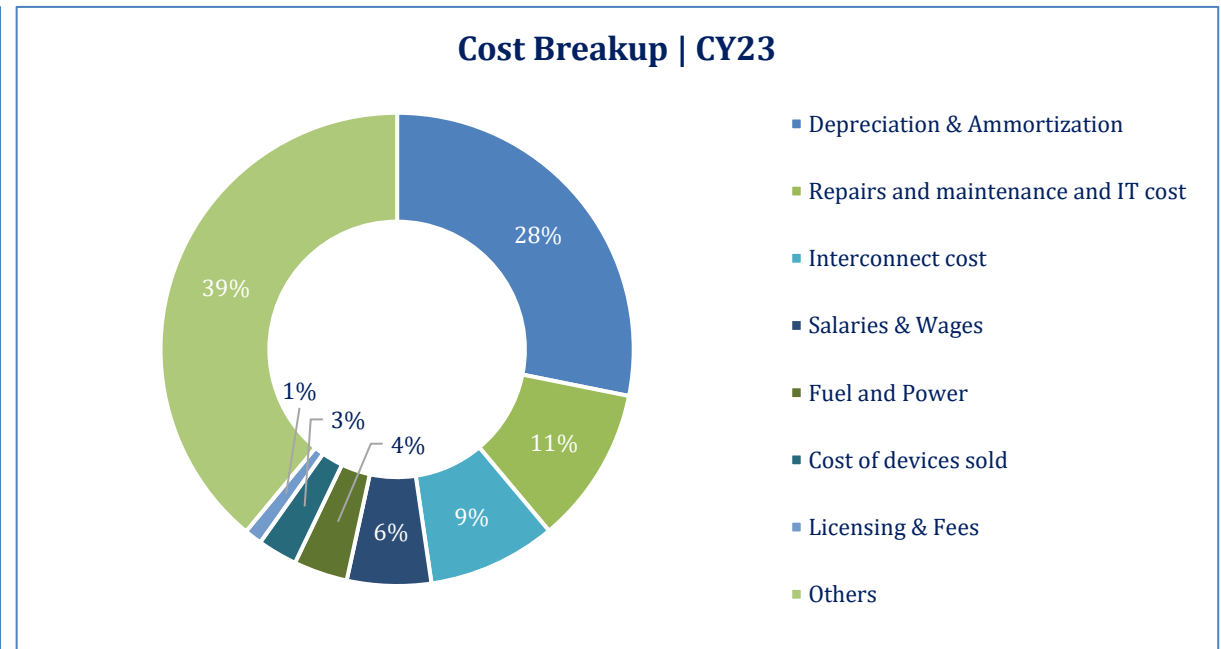
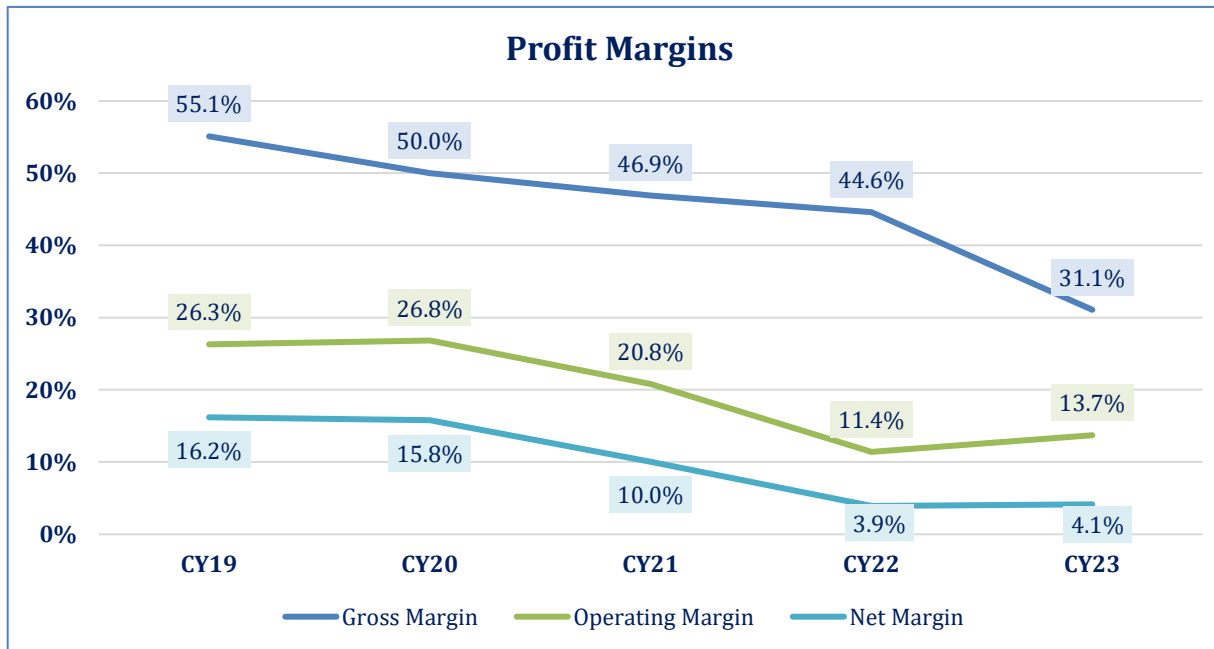
- During CY23, the overall revenues for the sector increased by ~17.2% YoY and clocked in at PKR~850bln (CY22: PKR~725bln). The Average Revenue Per User (ARPU) Per Month pertaining to Mobile data increased marginally by ~2.1% YoY in FY23 and stood at PKR~242.0/month, while the Average Revenue Per User (ARPU) Per Month pertaining to Voice and Data increased by ~13.2% PKR~249.0/month during FY23 (FY22: PKR~220.0/month).
- Amongst the cellular mobile operators, Jazz remained the market leader with average Mobile data ARPUs of PKR~300.2/month in FY23 (FY22: PKR~252.7/month), against sector's average Mobile data ARPUs of PKR~242.0/month (FY22: PKR~237.0/month).
- During 3MFY24, the average Mobile data ARPU stood at PKR~276.0/month (3MFY23: PKR~236.0/month), up ~16.9%. while the ARPU per Month pertaining to Voice and Data increased by ~19.8% to PKR~278.0/month during 3MFY24 (3MFY23: PKR~232.0/month).



# Telecommunication

## Local | Business Risk

- The sector’s average gross profit margin clocked in at ~31.1% in CY23 (CY22: ~44.6%) due to a greater increase in cost of services (~35.7% YoY) compared with an increase in the revenue (~9.2% YoY). However, the average operating profit margin increased to ~13.7% in CY23 (CY22: ~11.4%), owing to better expense management. Average net profit margin of the sector were recorded at ~4.1% (CY22: ~3.9%) on account of increase in other income that offset the high finance expense which resulted from high interest rates as part of SBP’s hawkish monetary stance.
- The cost of goods breakdown for the sector reveal that these comprise depreciation and amortization, repairs and maintenance, interconnect as well as “Other” costs. In CY23, these made up ~28.0%, ~11.0% and ~9.0%, respectively, in the average cost structure of the sector. The “Others” category, comprising overheads and satellite charges, comprised ~39.0% of the total cost structure in CY23.

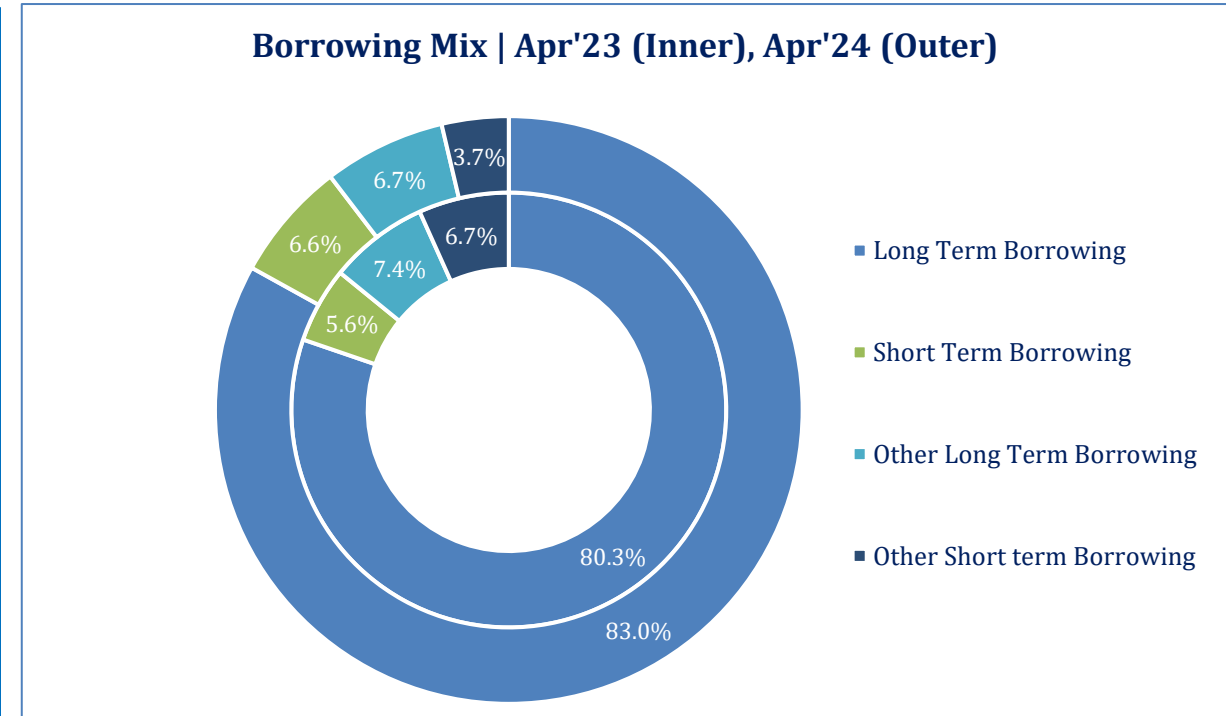
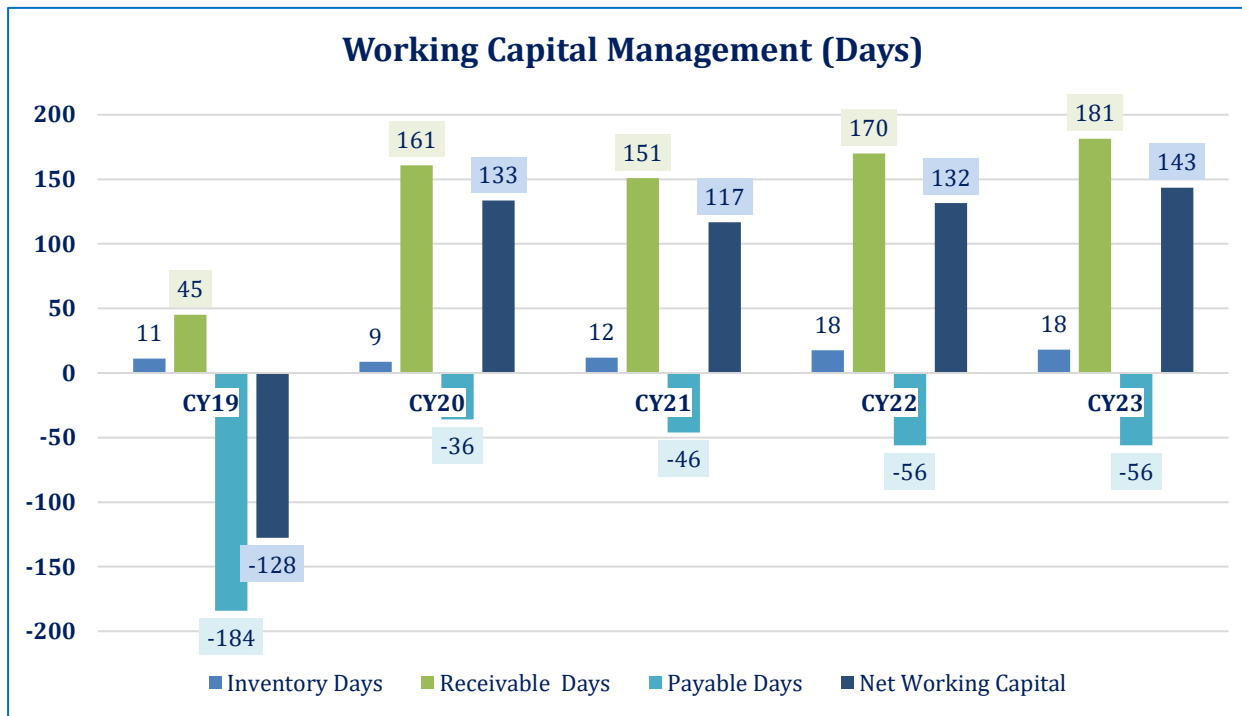


*Note: Calculations are based on ~2 PACRA/Listed Clients.*

# Telecommunication

## Local | Financial Risk

- The sector's total borrowings, as of End-Apr'24, stood at PKR~319.0bln, up ~4.0% YoY (End-Apr'23: PKR~307.0bln). Long-term borrowings as at End-Apr'24, stood at PKR~265.0bln, comprising ~83.0% of total borrowings and registered ~7.6% YoY increase. Meanwhile, short-term borrowings stood at PKR~20.9bln, comprising ~7.0% of total borrowings and registered ~21.4% YoY decline. Although, the sectors average leverage increased considerably from ~33.0% during FY22 to ~51.0% during FY23, the sector is considered as moderately leveraged.
- Average receivable days increased to ~181 days in CY23 (CY22: ~170 days). However, both inventory days and payable days remained steady at ~18 days and ~56 days, respectively, during CY23. As a result, net working capital days increased to ~143 days during CY23 (CY22: ~132 days).

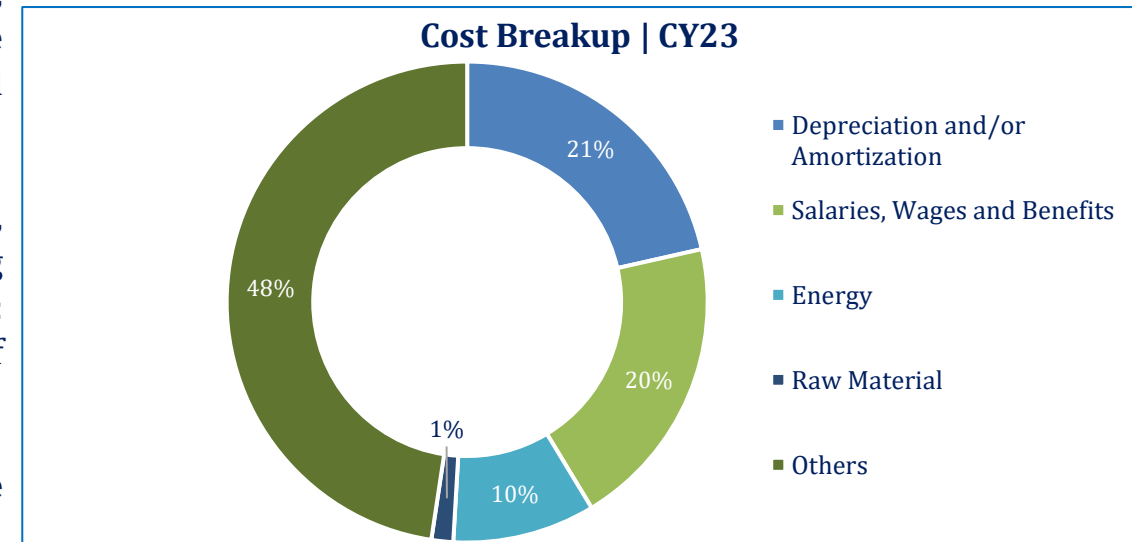
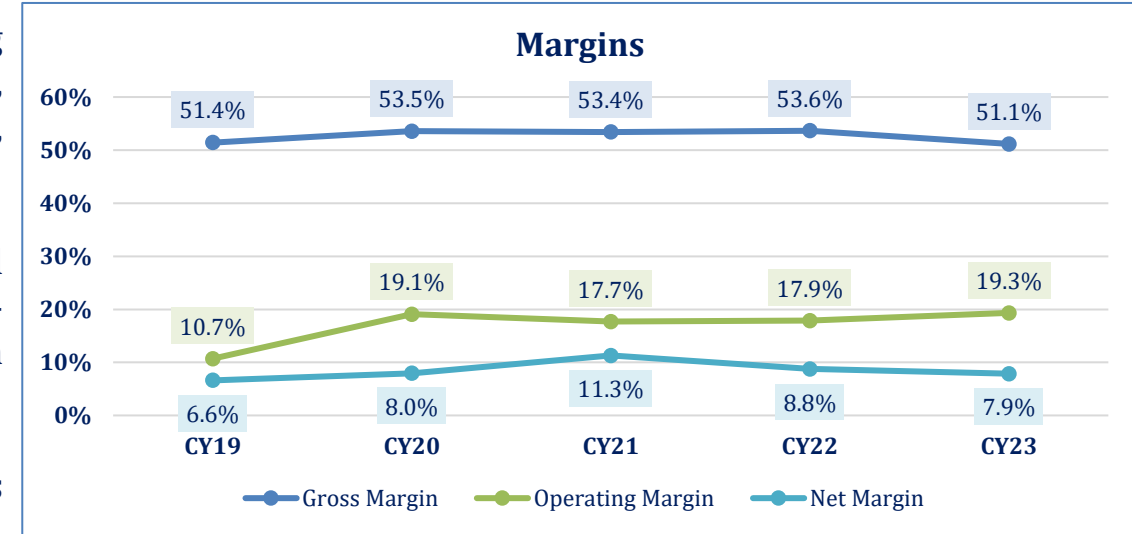




# Telecommunication

## Local | Internet Service Providers

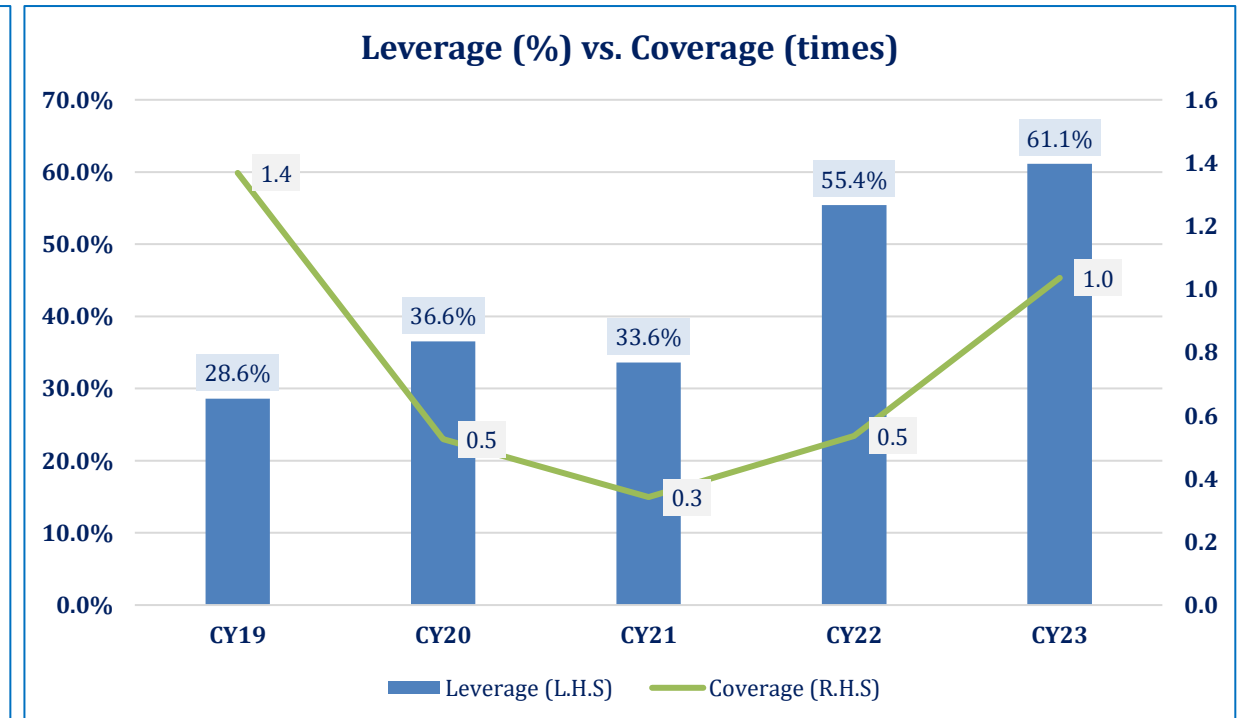
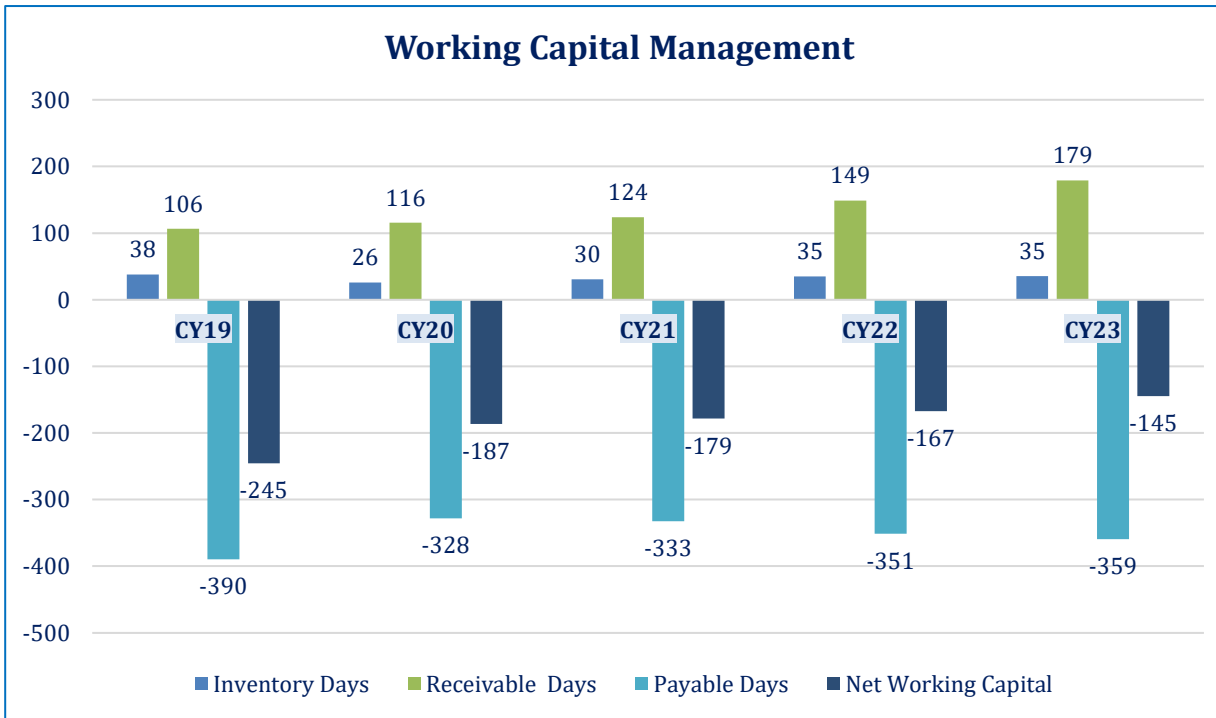
- Internet Service Providers (ISPs) are catering a continuously expanding market in the country. The broadband segment (other than cellular internet, i.e., 3G and 4G) is classified based on the technology type, including DSL, wireless services, and FTTH (Fiber-to-the-Home) internet services.
- An internet service provider can be further classified into Tier-I, Tier-II and Tier-III providers based on the type of internet service provided such as bandwidth and service outreach etc. For CY23, revenues for the segment clocked in at PKR~64.2bln (CY22: PKR~54.8bln), up ~17.2% YoY.
- The sector earns lucrative topline margins, with average gross margins clocking in above ~50% for the periods from CY19 - CY23. The margins, however, shrunk down to below ~20% at the operating level because of the higher operating costs that included administrative expenses, general expenses, selling and marketing expenses.
- During CY23, average gross margins declined to ~51.1% (CY22: ~53.6%), owing to an increase in the cost of services. However, average operating margins improved by ~1.4% and clocked in at ~19.3% during CY23 (CY22: ~17.9%). Average net margins dipped to ~7.9% (CY22: ~8.8%) on the back of higher finance costs.
- Depreciation accounted for ~21.0% of the total cost structure in CY23, while salaries and wages formed ~20.0%, whereas fuel and power made up ~10.0%.



# Telecommunication

## Local | Internet Service Providers

- The segment's working capital cycle is a function of days receivable and days payables. During CY23, average days receivables increased to ~179 days (CY22: ~149 days), up ~30 days while average payable days increased to ~359 days (CY22: ~351 days) owing to high payables with a major portion pertaining to the related parties. Net working capital days, therefore, improved to ~(145) days as against ~(167) days during CY22.
- During CY23, despite higher finance costs, average interest coverage improved to ~1.0x (CY22: ~0.5x) owing to increased operating profit of the sector. Moreover, the segment is highly leveraged, with debt making up ~61.1% of the total funding (debt + equity) during CY23 (CY22: ~55.4%).

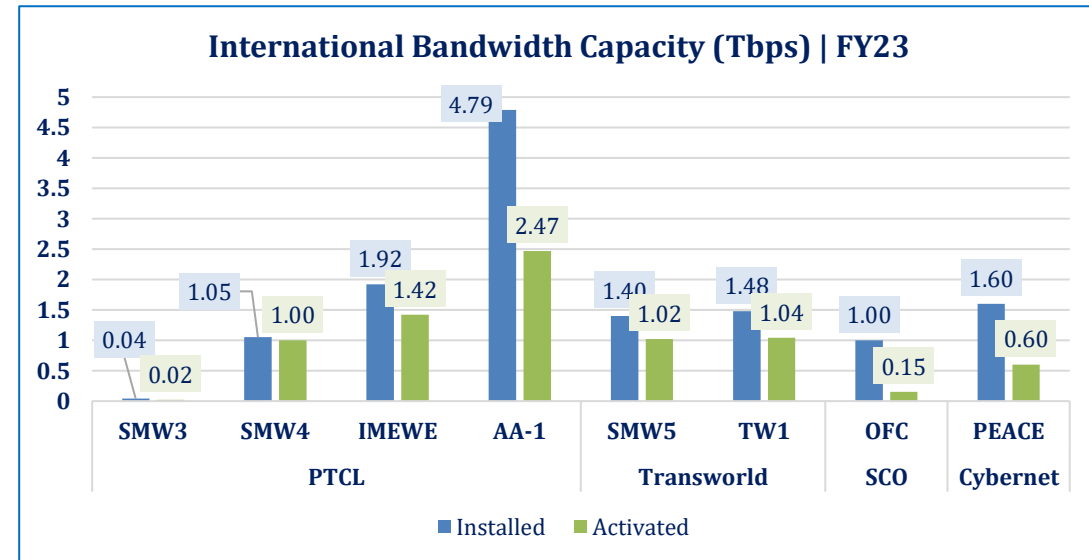
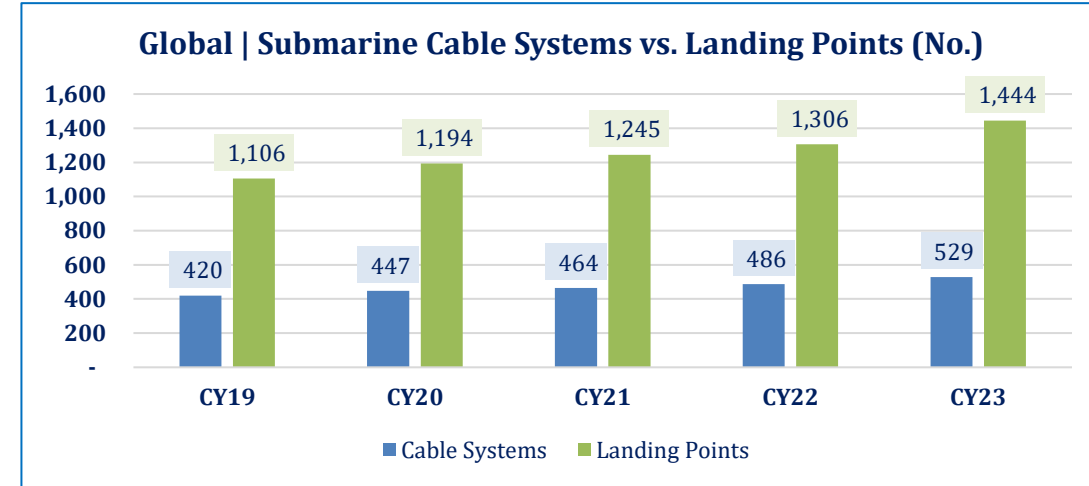


*Note: Calculations are based on ~4 PACRA-rated/ listed players.*

# Telecommunication

## Submarine Cables | An Overview

- As of Feb'24, there are ~1.4mln Km of submarine cables in service globally. Some cables are shorter, like ~131Km CeltixConnect cable between Ireland the UK. In contrast, others are incredibly long, such as ~20,000Km Asia America Gateway cable. During the same period, ~559 cable systems and ~1,636 landing points were recorded globally.
- As of FY23, Pakistan's telecom infrastructure comprises ~07 submarine cable connections and a Pak-China Optic Fiber Cable (OFC), enabling access to international Internet bandwidth having a total capacity of ~13.3Tbps (of which, activated capacity stands at ~7.7Tbps).
- Key players in Pakistan's international bandwidth provision include Pakistan Telecommunication Company Limited (PTCL), Transworld Associates (TWA), Cyber Internet Service Providers (Cybernet) and Special Communication Organization (SCO).
- These serve as landing points for AAE1 (Asia Africa Europe-1), IMEWE (India-Middle East-Western Europe), SMW4 (South East Asia-Middle East-West Europe 4), SMW3 (Sea-Me-We 3), SMW5 (SEA-ME-WE 5), TWA1 (connecting United Arab Emirates, Oman, and Pakistan) and PEACE (Pakistan & East Africa Connecting Europe) submarine cables.
- PTA approved the launch of operations for the PEACE submarine Cable Landing Station (CLS) in FY23, with ~96Tbps backbone, connects important global destinations spanning Asia, Africa, and Europe. Upcoming sea cables include Africa-1, SMW6 and 2Africa).



# Telecommunication

## Regulatory Framework & Updates

**Pakistan Telecommunication Authority:** The Pakistan telecommunication Ordinance 1994, established the primary regulatory framework for the telecommunication sector including the establishment of an authority. Thereafter, telecommunication (Re-Organization) Act no XVII was promulgated in 1996 that aimed to reorganize the telecom sector of Pakistan. Under Telecom Reorganization Act 1996, Pakistan Telecommunication Authority (PTA) was established to regulate the establishment, operation and maintenance of telecommunication systems, and the provision of telecom services.

**4<sup>th</sup> Generation Regulator:** The International telecommunication Union (ITU) ranked PTA as Generation 4 regulatory environment (G4), thus placing Pakistan among the top five regulators in the Asia-Pacific region and the only G4 regulator in South Asia.

**National Cyber Security Policy (NCSP):** Cyber Security is one of the highest priority areas of the present government. Through extensive efforts of the Ministry of Information Technology and Telecommunication (MIOTT), Government of Pakistan (GoP) and PTA have successfully implemented the National Cyber Security Policy 2021 with a focus of establishing a secure digital ecosystem. Under the policy the regulatory body is trying to identify and implement the legislative and regulatory reforms in accordance with the security mandates defined under the policy to enable the stakeholders a safe, secure, reliable and resilient digital services.

### Telecom Infrastructure Sharing Framework (TISF) | Nov'23

- The Framework provides a regulatory mechanism for licensees to share their active as well as passive telecom infrastructure in a fair and competitive manner.
- It is expected to lead to significant reductions in the cost of deploying (CapEx) and operating (OpEx) telecom networks, which will ultimately benefit consumers in the form of lower prices and better as well-enhanced services.
- Factors that paved the way for said Framework included increasing inflation, low Average Revenue Per User (ARPU), rising fuel prices, revenue challenges, massive CapEx demand for 4G & 5G expansion, connecting remote areas, and cost-effective capacity growth for nationwide coverage.

# Telecommunication

## Regulatory Framework & Updates

### Other Policies applicable to the Sector include the following:

- Deregulation (Jul'03)
- Mobile Cellular Policy (Jan'04)
- Broadband Policy (Dec'04)
- Policy Directive for Spectrum Auction for Next Generation Mobile Services in Pakistan (Oct'13)
- Policy Directive for the Unsold Next Generation Mobile Services (NGMS) Spectrum in Pakistan 2016 (Apr'16)
- Policy Directive under Section 8(2) of the Pakistan Telecommunications (Re-organization) Act 1996 for Renewal of Cellular Mobile Licenses in 2019 (May'19)

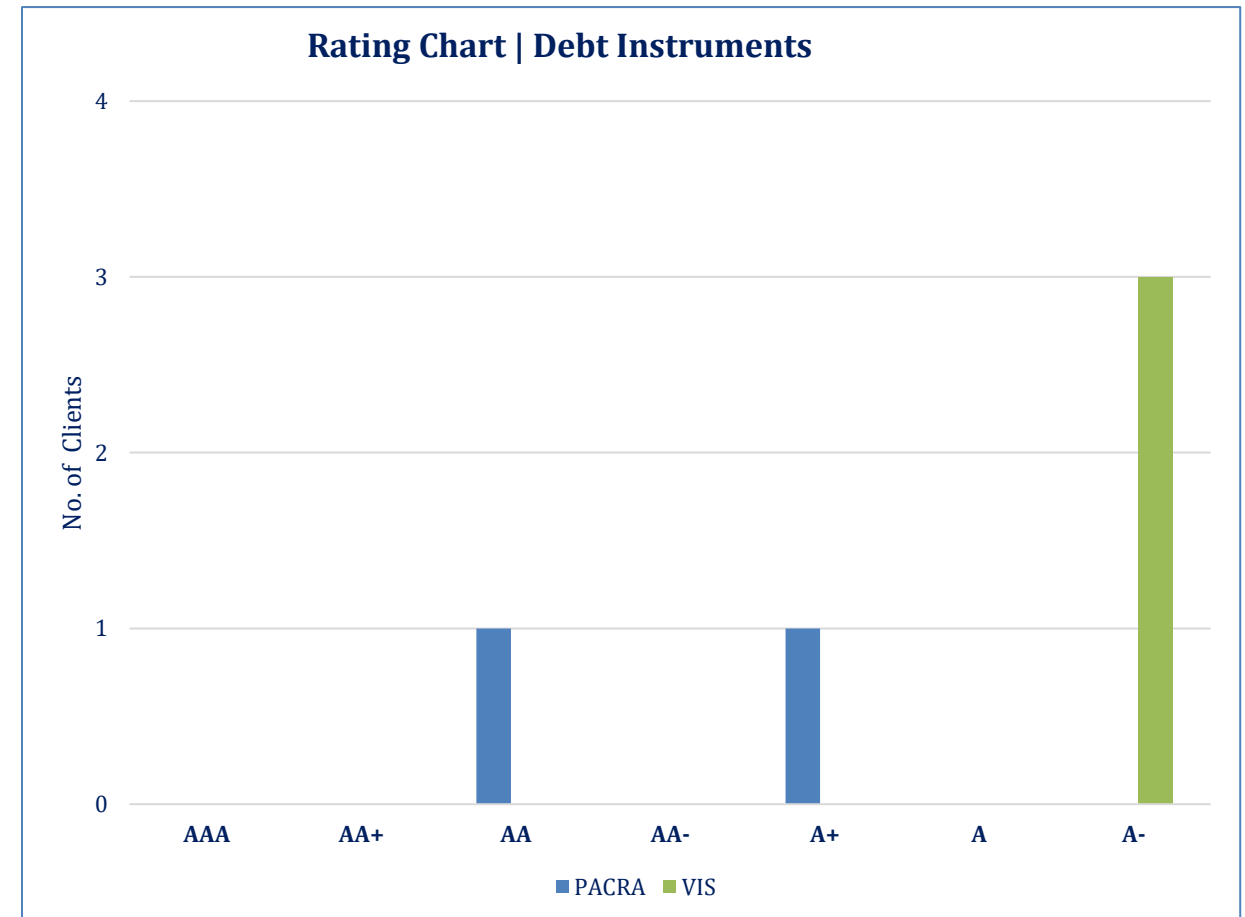
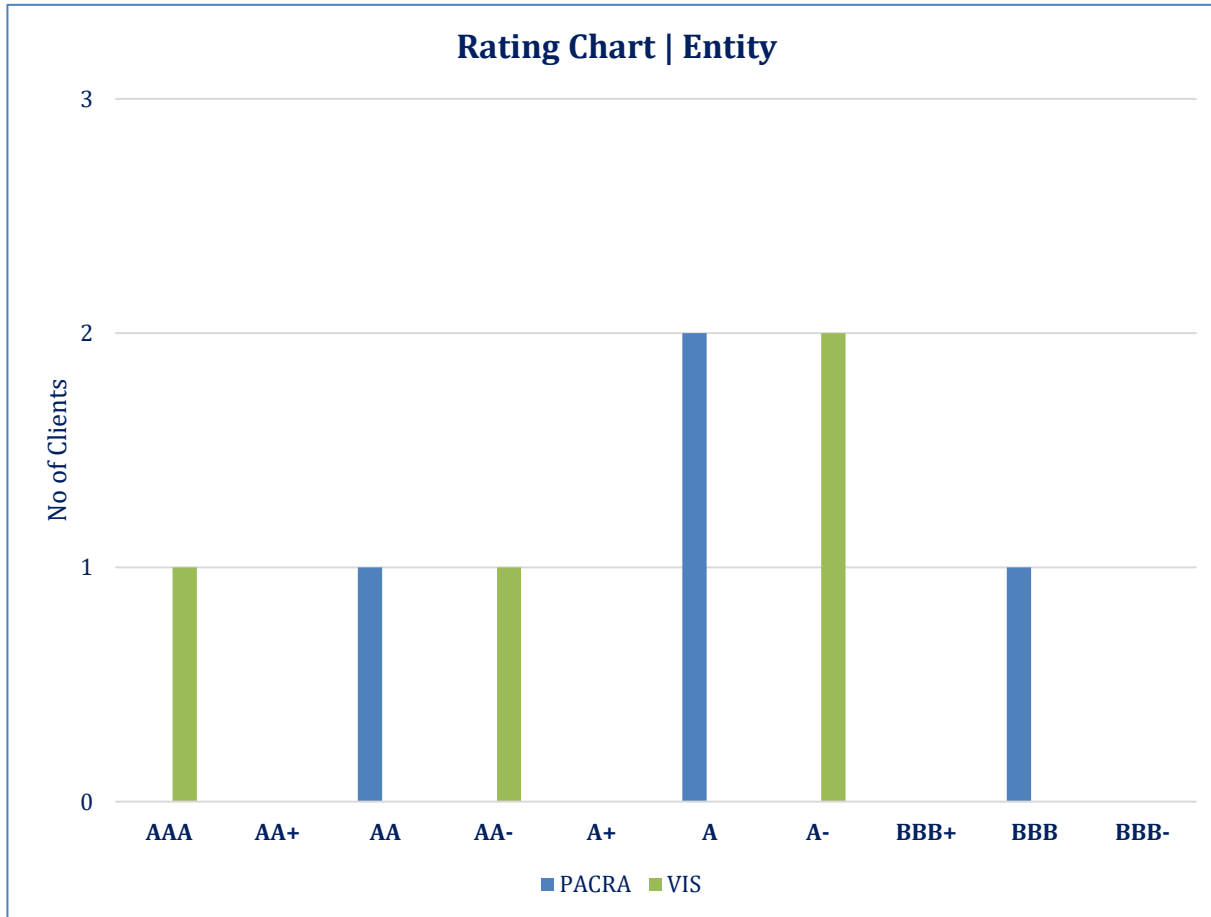
### Recent Updates

- PTCL entered into a Share Purchase Agreement with Telenor Pakistan (Pvt.) Ltd., for acquisition of 100% shareholding amounting to PKR~108bln (or USD~385mln), on a cash-free debt-free basis.
- The International Finance Corporation (IFC) has approved the debt financing up to US\$ 400 million to PTCL for acquisition of TPL.

# Telecommunication

## Rating Curve

- PACRA rates 4 entities in the sector. Rating bandwidth of the sector is BBB to AA. Whereas, PACRA also rates 2 debt Instruments. Rating band width is A+ to AA.



# Telecommunication

## SWOT Analysis

- Increase in 4G subscription and large customer base.
- Providing business-critical connectivity and resilience. Facilitating work-from-home arrangements.
- High barriers to entry
- Synergetic impact of financial services offered by telecom industry .



- Lack of accessibility in remote regions.
- Less spending on research and development.
- Privacy Issues- Cyber Crime
- Interconnection problems for small players.
- Low ARPU

- Requirement of significant capital expenditures for new technology.
- Price competition amongst industry players is expected to exert pressure on average revenue per user.
- Conflicts related to license renewal fee charge.

- Taking a more advanced approach to customer engagement
- Converging and remixing entertainment experiences through new service offerings and entertainment bundles—and by adopting new strategies that can enable business agility.
- Introduction of 5G in Pakistan.

# Telecommunication

## Outlook: Stable

- In FY23, Pakistan's GDP (nominal) stood at PKR~79.7trn (FY22: PKR~63.3trn), contracting, in real terms, by ~0.17% YoY (FY22: ~6.3% growth). The Service segment held ~53.6% share in GDP during the year. However, the provisional data released by National Accounts reveals that Pakistan's GDP during FY24 is expected to clock in above PKR~100.0trn in nominal terms with expected GDP growth rate in real terms of ~2.4%, depicting an improved economic activity during FY24 compared with SPLY. The SBP estimates GDP growth at ~2-3% for FY24, while IMF's forecast for the same stands at ~2.0%.
- During CY23, overall revenues for the sector increased by ~17.2% YoY and clocked in at PKR~850bln (CY22: PKR~725bln). The Average Revenue Per User (ARPU) Per Month pertaining to Mobile data increased marginally by ~2.1% YoY in FY23 and stood at PKR~242.0/month, while the Average Revenue Per User (ARPU) Per Month pertaining to Voice and Data increased by ~13.2% PKR~249.0/month during FY23 (FY22: PKR~220.0/month). During FY19-22, the number of mobile subscribers recorded an increasing trend, however, the number of mobile subscribers was down ~1.9% in FY23 and stood at ~190.9mln (FY22: ~194.6). During 10MFY24, the number of mobile subscribers picked up pace and stood at ~191.5mln though still ~1.2% lower than SPLY.
- Sector's average gross profit margin clocked in at ~31.1% (CY22: ~44.6%) due to a greater increase in cost of services (~35.7% YoY) compared with increase in the revenue (~9.2% YoY). However, the average operating profit margin increased to ~13.7% in CY23 (CY22: ~11.4%), owing to better expense management. Average net profit margin of the sector were recorded at ~4.1% (CY22: ~3.9%) on account of increase in other income that offset the high finance expense which resulted from high interest rates as part of SBP's hawkish monetary stance.
- The sector's total borrowings, as of End-Apr'24, stood at PKR~319.0bln, up ~4.0% YoY (End-Apr'23: PKR~307.0bln). Long-term borrowings as at End-Apr'24, stood at PKR~265.0bln, comprising ~83.0% of total borrowings and registered ~7.6% YoY increase. Meanwhile, short-term borrowings stood at PKR~20.9bln, comprising ~7.0% of total borrowings and registered ~21.4% YoY decline. Average receivable days increased to ~181 days in CY23 (CY22: ~170 days). However, both inventory days and payable days remained steady at ~18 days and ~56 days, respectively, during CY23. As a result, net working capital days increased to ~143 days during CY23 (CY22: ~132 days).
- Going forward, 5G stands as a revolutionary technology enabling communities to harness the socio-economic advantages of a sophisticated, data-rich digital economy. Collaboratively, PTA and FAB, in conjunction with MoITT, are aligning efforts for the seamless introduction of 5G in Pakistan. FAB has proactively pinpointed accessible spectrum within the broadest bandwidth for optimal deployment.



# Telecommunication

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- International Telecommunication Union

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