

Shrinking subscriber base hits PTCL revenue

By our correspondent

KARACHI: The Pakistan Telecommunication Company Limited's revenues have declined on account of shrinking subscriber base in the fixed line connections.

Total subscribers fell from 4.42 million in FY08 to 3.60 million in FY09. Although the major reason for the decline is consumer preference of wireless local loop (WLL) and cellular services, it is believed a successful campaign could help decelerate the depletion in fixed line connections.

Besides that, quality of service continues to be the major bottleneck. The PTCL has enhanced its focus on advertising in a bid to revive its fixed line business whose revenues have been dwindling over the last few years. After trying its hand at the free fixed line installation

campaign recently, the company has now shifted focus to 'Double Play Fixed Line and Broadband' package, a report of JS Research said.

The scheme aims to revitalise the fixed line business using support from the fast growing broadband segment. It is expected that a successful launch of the double play package could help revive fixed line revenues and boost earnings. The PTCL had recently started an aggressive nationwide advertisement campaign of its entire product portfolio to widen its subscriber base, which is expected to improve revenue figures from Q2 FY10.

The package aims to offer unlimited on-net local and nationwide calls along with broadband services for a fixed monthly charge. This could bode well for the company as

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bundling the growing broadband service with fixed line is likely to prove attractive with the customers.

Moreover, the company continues to remain aggressive on the broadband front, with current broadband subscribers estimated at 280,000 against only 56,000 in June 2008. According to a telecom analyst, it is expected international revenues will act as a safety net for the depleting top line. FY09 has seen a surge in international revenues due to higher Access Promotion Contribution (APC) to 7.5cents/min, increased incoming traffic and depreciation of PKR.

PTA has again revised downward the APC rate to 5.5 cents/min from 7.5cents/min, while the Approved Settlement Rate (ASR) has been reduced to 10.5 cents/min from 12.5 cents with effect from July 20, 2009. This cut will increase international traffic owing to cheaper call rates to Pakistan. It is expected that international revenues to increase to Rs22 billion in FY13 from Rs12 billion in FY08 posting a CAGR of 11 per cent. The international revenues contributed 14 per cent to total PTC revenues (inclusive of revenues from Ufone) in FY08 which is expected to increase to 19 per cent by FY13.