THE EDGE
CONSULTANCY

# The Edge Economic Update

## Kuwait Telecommunications Sector Report (2023 – H1 2025)

Sep 1, 2025

# Kuwait Telecommunications Sector (2023 – H1 2025)

## Overview

The telecom sector in Kuwait is a mature and highly penetrated market that plays a vital role in the country's economy and digital transformation. Kuwait has a population of about 5 million, yet mobile subscriptions number roughly 8 million (182% of the population). This indicates widespread multi-SIM usage and near-universal connectivity – approximately 99% of the population are internet users. The sector is dominated by three publicly listed mobile network operators – Zain, Ooredoo, and stc – which collectively account for the vast majority of subscriptions. These operators provide nationwide mobile coverage (extending into 5G networks) and, via subsidiaries or partnerships, also offer fixed broadband services. Competition among them is intense but has driven high service quality; for example, independent benchmarks show Kuwait's operators delivering fast speeds and extensive 5G coverage. Major developments from 2023 through the first half of 2025 include steady financial growth (despite some profit volatility from one-off factors), aggressive 5G rollout (even transition to 5G-Advanced), and new digital services and partnerships. In addition to the "big three" carriers, Kuwait's telecom landscape features a few other licensed operators/ISPs and one recent MVNO, which are discussed later in this report.

**Kuwait's telecom sector at a glance:**

- **Population**: ~5 million (virtually 100% urbanization)
- **Mobile connections**: ~182% of the population—a clear indicator of widespread multi-SIM usage
- **Internet users**: ~4.3 million, implying around 99% penetration
- **Key operators**: Zain, Ooredoo, and STC (serving over 95% of mobile and broadband subscriptions)
- **Market dynamics**: A competitive, infrastructure-intensive market with booming demand for data services, accelerated 5G adoption, and ongoing digital transformation.

# Kuwait Telecommunications Sector (2023 – H1 2025)

## Macroeconomic and Regulatory Context

Kuwait's telecom industry operates against a backdrop of high consumer demand for digital services, proactive government policy, and regional tech trends. Consumer behavior in Kuwait is characterized by heavy data usage and mobile-first connectivity. As of 2020, over 84% of households used wireless 4G/5G routers for home internet access (instead of wired lines), reflecting the historical dominance of mobile broadband. This trend has begun to shift more recently as the government invests in fixed fiber-optic infrastructure, but mobile data consumption remains very high. The advent of affordable smartphones and dual-SIM habits means many users maintain multiple subscriptions to optimize coverage and pricing. Yearly growth in mobile traffic is robust – for instance, the number of mobile connections rose ~3.7% in 2023 alone. Consumers have also eagerly adopted fast networks; by 2025, 5G users generate five times more data on average than 4G users, and 5G subscriber penetration has reached around 23% on Zain's network.

Government policy and regulation have been key enablers of telecom sector growth. The Communications and Information Technology Regulatory Authority (CITRA), established in 2014, oversees the sector and has pursued initiatives to expand access and ensure fair competition. CITRA spearheaded a national fiber-optic broadband program in partnership with the Ministry of Communications (MoC), aiming to replace legacy copper lines and extend fiber-to-the-home to over 90% of households by mid-decade. In July 2024, the MoC announced the shutdown of copper telephone/DSL services in major districts, accelerating the migration to fiber networks. On the mobile side, CITRA allocated spectrum (e.g. in the 3.5 GHz band) to facilitate early 5G rollout in 2019, making Kuwait one of the first countries globally to launch commercial 5G services. By June 2025, Kuwait was again at the forefront as one of the first to adopt 5G-Advanced (sometimes termed "5.5G"), with CITRA supporting operators' upgrades to this next-gen standard. Regulatory support is also evident in CITRA's push for modernization of telecom distribution: in 2025 it proposed new rules for mobile service resellers and virtual operators to enhance transparency and service quality. These draft regulations set licensing requirements and oversight for any third-party distributors, underscoring CITRA's commitment to a well-governed market.

Kuwait's broader economic strategy (the "New Kuwait 2035" vision) recognizes ICT and telecom as pillars of diversification beyond oil. Thus, telecom companies have received government encouragement to invest in digital infrastructure and services that align with national development goals. For example, operators are partnering on smart city and e-government initiatives, and CITRA has begun issuing new licenses (such as cloud service provider licenses) to telecom-affiliated companies to promote local data hosting and cloud computing. In 2022, Ooredoo Kuwait became the first operator to obtain a cloud services license from CITRA, enabling it to offer cloud and ICT solutions in line with Kuwait's digital economy ambitions. Additionally, the government's stable macroeconomic conditions and high-income levels in Kuwait support strong consumer spending on telecom and IT services. While inflation and global supply chain issues in 2023–24 impacted many sectors, telecom demand proved resilient; in fact, the COVID-19 pandemic had earlier accelerated consumers' reliance on online services and high-bandwidth connectivity, a trend that continued through 2023/24 with sustained growth in data revenues reported by the operators.

Regional market dynamics also influence Kuwait's telecom sector. Within the GCC, Kuwait's operators face similarly saturated home markets, prompting a race to differentiate via network quality and new services. All three Kuwaiti mobile operators have regional parents or affiliates (Zain Group spans MENA, Ooredoo Group is Qatar-based, and stc is part of Saudi Telecom), which allows know-how transfer and scale advantages. Regionally, there is an emphasis on 5G leadership and digital transformation – Kuwait has kept pace by achieving nationwide 5G coverage early and offering some of the fastest mobile speeds in the Middle East. Opensignal's benchmarking in late 2024 showed Kuwaiti networks outperforming many peers in download speed and 5G availability. However, intense competition has led to price wars and ARPU pressure, similar to other Gulf markets. To sustain growth, Kuwaiti telcos are expanding into ICT adjacencies (cloud, fintech, IoT) and focusing on efficiency. For instance, Zain Group's strategic plan (the "4WARD" or "4Sight" strategy) emphasizes digital innovation and cost optimization, helping place Zain among the top telecoms in the region for shareholder value creation over 2019–2024. In summary, Kuwait's regulatory environment and economic context from 2023–H1 2025 have been largely favorable, marked by supportive policies, evolving consumer habits (more data, more digital services), and a competitive impetus to invest in next-generation telecom capabilities.

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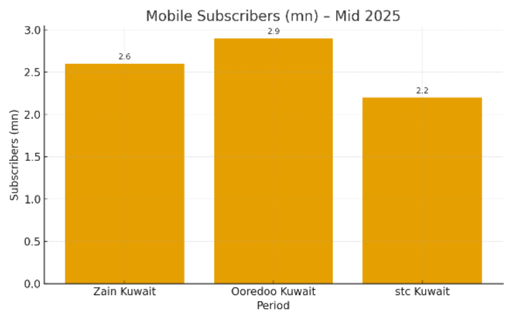
# Kuwait Telecommunications Sector (2023 – H1 2025)

## Market Structure and Key Operators




Publicly Listed Mobile Operators: Kuwait has three mobile network operators, all publicly traded and each with a significant share of the market:

- **Zain Kuwait** – The original incumbent (launched as MTC, now part of Zain Group). Zain is the market leader in terms of revenue and has historically been #1 in subscriber share. As of 2024, Zain Kuwait had roughly 2.6–3 million mobile subscribers on its network, equating to an estimated mobile market share of ~35–40%. It provides 2G–5G services nationwide and also offers fixed-wireless broadband (e.g. 5G home internet branded "BEAM") and limited fiber-to-the-home via partnerships with the MoC . Zain was the first to launch 5G in Kuwait (2019) and achieved near-100% 5G coverage within six months of launch. It is renowned for superior network quality – for example, Zain won 11 of 13 categories in Opensignal's Nov 2024 mobile experience awards (outright or jointly), leading in 5G download speed (~318 Mbps) and video streaming quality. Zain Group is listed on Boursa Kuwait and, beyond its Kuwait unit, operates in seven other countries, making it a major regional carrier.

- **Ooredoo Kuwait** – Formerly Wataniya Telecom, Ooredoo is the second oldest mobile operator (launched 1999) and is part of Qatar's Ooredoo Group. It has an estimated ~30–35% market share with around 2.5–2.9 million subscribers in recent years. Ooredoo offers nationwide 4G/5G mobile coverage and, through its subsidiary FASTtelco, is a leading provider of fixed broadband (fiber-optic) and enterprise connectivity services. Ooredoo acquired FASTtelco in 2016 to bundle fiber internet with its mobile offerings. It has distinguished itself with network innovations; for instance, Ooredoo was first to obtain a CITRA license for cloud services and has been working with Huawei on upgrading to "5.5G" 5G-Advanced networks. In speed metrics, Ooredoo often leads in raw throughput – as of late 2024, Ooredoo users enjoyed the fastest average download (84 Mbps) and upload (19 Mbps) speeds among Kuwaiti operators. The company positions itself on delivering value for money (competitive data plans) and has a strong urban coverage footprint. Nationally, Ooredoo Kuwait is listed on the stock exchange under the name "National Mobile Telecommunications Company K.S.C.P.".

- **stc Kuwait** – The third entrant (launched 2008 as "Viva", rebranded to stc in 2019) is part of Saudi Telecom Group. Despite being the youngest, stc quickly captured roughly 25–30% of the market, with about 2.0–2.2 million subscribers by mid-2025. It offers full 2G–5G mobile services and has aggressively expanded its network; stc was the first in Kuwait to deploy standalone 5G (5G SA core in 2021) and, like rivals, reached nationwide coverage in 5G. stc also moved into the fixed broadband arena by acquiring Qualitynet (Kuwait's leading ISP) in 2019. Qualitynet was rebranded to "Solutions by stc", through which stc provides fiber-to-the-premises, corporate data services, and ICT solutions. Uniquely, stc hosts Kuwait's first and only MVNO – Virgin Mobile Kuwait, launched in late 2022 on stc's network – expanding consumer choice in the mobile segment. In performance, stc's network is comparable on many metrics and it often ties for awards (for example, it shared the top spot in overall video experience and 5G gaming experience in 2024 Opensignal tests). stc's brand is positioned as a "digital pioneer," and it has focused on younger demographics with youth-centric plans and on enterprise clients via its ICT subsidiaries. Kuwait Telecommunications Company (stc) is listed on Boursa Kuwait and benefits from technology transfers and scale of its Saudi parent.

Other Telecom Operators (Unlisted): Besides the three main carriers, Kuwait's telecom ecosystem includes a few smaller or specialized operators, primarily in the fixed-line and ISP space:

- **FASTtelco** – A leading ISP in Kuwait (founded 2001) that provides fiber-optic broadband to homes and businesses. FASTtelco was acquired by Ooredoo Kuwait in 2016 and now functions as Ooredoo's fixed division. It offers high-speed fiber plans (100 Mbps and above), including FTTH in many areas, and complements Ooredoo's mobile network by delivering triple-play services and enterprise solutions.

- **Qualitynet** / Solutions by stc – Historically the largest ISP (est. 1998 and once partly state-owned), Qualitynet was acquired by stc in 2019. It has since been integrated and rebranded as "solutions by stc". This arm provides fixed internet (leased lines, DSL, GPON fiber) and ICT services to both residential and corporate clients. Under stc's ownership, it has launched new integrated offerings and supports stc's enterprise segment growth.

- **KEMS (Kuwait Electronic Messaging Services)/Zajil Telecom** – KEMS and Zajil were two of Kuwait's oldest ISPs (established in the 1990s). They merged in recent years and were acquired by Bahrain's Kalaam Telecom in 2021. Now often referred to as KEMS Zajil Telecom, this operator focuses on enterprise connectivity, international IP transit, MPLS networks, cloud and managed services. While not a mass consumer ISP anymore, KEMS/Zajil remains a key enterprise telecom provider, serving government agencies and businesses with data center and connectivity solutions. It is not listed on the stock exchange.

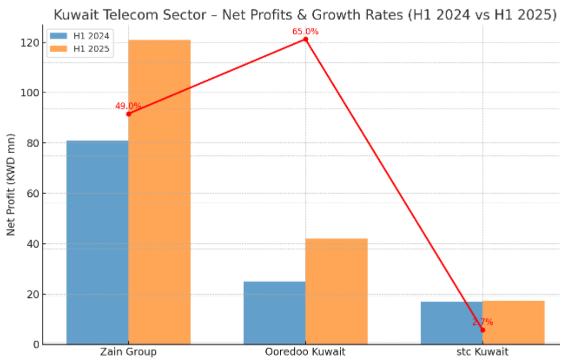
- **Gulfnet (B.Online)** – Another independent ISP, known by its brand "b.online" or Gulfnet, which has been operating since the dial-up era. It offers fixed broadband and internet packages (including some fiber via MoC's network) for home and business customers, though its market share has dwindled as the telco-owned ISPs grew. Gulfnet is privately held and continues to serve niche segments and areas not fully covered by larger ISPs.

- **Ministry of Communications (MoC)** – While not a commercial operator, the MoC still owns and manages much of the core fixed-line infrastructure in Kuwait (telephone exchanges, copper/fiber loops). The MoC wholesales capacity to ISPs has been instrumental, along with CITRA, in the national fiber rollout projects. The fixed voice telephony services (landlines) are provided by the MoC, with ISPs offering internet over those lines. The MoC's investments in backbone and international connectivity (submarine cables, etc.) form an important part of the telecom ecosystem supporting all operators.

- **Virgin Mobile Kuwait (MVNO)** – Launched in late 2022, Virgin Mobile operates as a mobile virtual network operator on stc's infrastructure. It is a partnership between Virgin Group and Kuwaiti/ regional investors, licensed by CITRA. Virgin Mobile targets the youth segment with fully digital app-based services and flexible prepaid plans. As an MVNO, it is not listed and its user base (still relatively small) is counted within stc's network subscriber numbers. However, its presence marks a notable addition to competition in the mobile market post-2023, offering consumers more choice and innovative digital onboarding.

These unlisted players, while much smaller in scale than the big three, contribute to the sector's diversity. They primarily focus on niche markets or act as service providers leveraging the MoC's infrastructure. Over the period 2023–H1 2025, the trend has been consolidation – many independent ISPs have been absorbed by the mobile operators (as seen with FASTtelco and Qualitynet) . Those remaining (KEMS Zajil, Gulfnet) largely cater to enterprise clients or specific consumer segments.

## Financial Performance of Major Telecom Companies (2023–H1 2025)




The period from 2023 through the first half of 2025 saw Kuwait's telecom companies grow revenues modestly and pursue efficiency to bolster profits, amid fierce competition and heavy capital expenditures. Below is a breakdown of each publicly listed operator's financial metrics and key strategic initiatives over this period:

### Zain Group (Ticker: ZAIN)

Financial Metrics: Zain Group – the parent company for Zain Kuwait and operations in 7 other countries – enjoyed solid growth. In 2023, Zain Group generated KWD 1.9 billion in consolidated revenue, a ~10% year-on-year increase. This was buoyed by recovering performance in key markets post-pandemic and higher data usage. Net profit for 2023 grew around 10% YoY as well. Zain's Kuwait unit remained the group's flagship contributor: Zain Kuwait is the most profitable operation in the group and maintained its #1 market position at home in 2023. Moving to 2024, Zain Group's revenue reached KWD 2.0 billion (USD 6.4 billion), marking a 15-year high and a 3% increase over 2023. Group EBITDA for 2024 was KWD 689 million with a healthy 35% margin. Net income was reported at KWD 208 million (USD 677 million) for 2024, which represents a 15% YoY growth in normalized net profit when adjusting for one-off items. (Notably, 2023 had seen exceptional gains from a "number range" legal claim and a tower sale, while 2024 included a gain from acquisition of a towers company; excluding these, the underlying profit rose 15%.) Zain's board distributed a generous 35 fils/share in dividends for 2024, reflecting strong earnings and a ~73% payout ratio. In H1 2025, Zain Group's trajectory accelerated – revenue for the first six months of 2025 was KWD 1.1 billion (USD 3.5 billion), up 14% year-on-year. Half-year EBITDA was KWD 356 million (33% margin), up 10% YoY. Net profit for H1 2025 surged 49% YoY to KWD 121 million (USD 395 million) , partly boosted by a one-time gain of KWD 15 million from a legal settlement. Even excluding that, Zain's profit growth was robust, indicating improving operations. Zain Kuwait (the domestic segment) saw its own revenues grow about 4% in 2024 to ~KWD 373 million and continued to deliver "solid results" in H1 2025 amid stiff competition, posting KWD 94 million revenue in Q2 2025 and KWD 41 million net income for H1 2025. Zain Kuwait's customer base stood at 2.6 million in mid-2025, generating roughly 36% of Zain's local revenue from data services alone. The operator's market share (by revenue) remains the highest in Kuwait, underpinned by its premium branding and network quality.

Strategic Developments: Zain's strategy in 2023–25 focused on network leadership, digital expansion, and efficiency. Having launched Kuwait's first 5G network back in 2019, Zain invested continually to stay ahead in coverage and capacity – in 2023, Zain Kuwait invested around USD 151 million in CAPEX (capital expenditure) to enhance its network and services. By 2024, Zain touted the largest 5G customer base and 5G revenue share in Kuwait. In early 2025, Zain Kuwait and Zain KSA were among the first in the region to launch 5G-Advanced (5G-A) services, offering even faster speeds and lower latency. This technical edge helped drive data revenue growth (Group data revenue was up 8% YoY in H1 2025, now 37% of total revenue). Alongside mobile network upgrades, Zain pursued digital transformation initiatives: the company's fintech and digital services segments grew significantly, with group fintech revenue up 28% and digital services up 7% YoY in H1 2025. Zain launched new digital platforms such as "ZainTech" (an enterprise ICT arm) and expanded its API platforms for developers. Notably, ZainTECH has been winning major B2B and government contracts across markets – in H1 2025, ZainTECH's revenue nearly doubled (+94% YoY) as it positioned Zain as an integrated ICT provider. The group also saw success in fintech, introducing mobile money services in certain markets (e.g. the "Bede" fintech platform in Sudan) and exploring digital payment apps in GCC markets. While Kuwait's regulatory framework does not yet allow full mobile wallet services by telcos, Zain has been preparing for future opportunities in that space.

Internally, Zain executed a cost optimization and diversification program called "4Sight" or "4WARD – Progress with Purpose," emphasizing acceleration of digital services and value creation. This contributed to margin improvements and allowed Zain to sustain its dividend commitments. On the partnership front, Zain entered collaborations with global tech firms to enhance its offerings – for example, working with Huawei and Ericsson on 5G-Advanced trials, and with local banks on fintech initiatives. Zain also monetized passive assets: prior to 2023 it had spun off or sold stakes in its tower infrastructure (e.g., selling towers to IHS Holding in Kuwait), using the proceeds to pay down debt and invest in core operations. By H1 2025, management highlighted that Zain's home market of Kuwait, while competitive, was still delivering growth and that Zain would continue investing in new technologies (AI, network automation) to maintain its leading position. In sum, Zain emerged from 2023–1H25 with revenue at record highs and a clear intent to evolve from a traditional mobile carrier into a digital service provider (with enterprise cloud, fiber, and fintech facets) across its markets, including Kuwait.

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### Ooredoo Kuwait / NMTC (Ticker: OOREDOO)

Financial Metrics: Ooredoo Kuwait (formally NMTC – National Mobile Telecommunications Co.) delivered robust growth in revenues during this period, while its net profits reflected some one-off impacts. For the full year 2023, NMTC reported KWD 653 million in consolidated revenue. In 2024, revenue climbed to KWD 711 million, a +9% increase YoY, driven by "sustained commercial momentum" across its markets. (NMTC's operations span Kuwait, Tunisia, Algeria, Palestine, and Maldives, with Kuwait being the largest contributor.) The customer base grew 5% to 26.6 million across the group in 2024. EBITDA also rose by 5% to KWD 262 million (37% EBITDA margin) in 2024. Net profit, however, decreased from **KWD 73 million in 2023 to KWD 49 million in 2024 *. This decline is entirely due to a one-off gain of KWD 43.8 million that had boosted 2023's profit – Ooredoo won a regulatory tariff court case in early 2023, booking that gain in Q1 2023 . Excluding this extraordinary item, Ooredoo's underlying profit actually grew ~70% in 2024 vs 2023, reflecting significant improvement in normalized earnings. The reported earnings per share were 99 fils for 2024 (versus 145 fils in 2023, again due to the prior one-off). Ooredoo's board still recommended a healthy dividend of 90 fils/share for 2024, showing confidence in the company's cash flow.

In the first half of 2025, Ooredoo Kuwait Group continued on an upward path. For H1 2025, consolidated revenue reached KWD 367 million, up 6% from KWD 346 million in H1 2024. Group EBITDA for H1 2025 was KWD 148 million, an impressive 19% higher YoY (or +14% on a normalized basis, excluding a one-off bad debt provision). The EBITDA margin improved to 40% in H1 2025, compared to 36% a year prior. Net profit for H1 2025 stood at KWD 42 million, soaring +65% from approximately KWD 25 million in H1 2024 (normalized +38% when adjusting for one-offs). This translated to EPS of 83 fils for the half, up from 50 fils . The surge in profit reflects both revenue growth and efficiency gains. Drilling down to the Kuwait segment: Ooredoo Kuwait (domestic) had 2.9 million mobile customers by mid-2025 (a slight +1.3% YoY increase) and generated KWD 133 million in H1 2025 revenue. While that local revenue was up just 1% YoY, the unit's EBITDA jumped 31% to KWD 45 million (driven in part by cost optimizations and one-time expense adjustments). This indicates that, despite flat topline in a saturated Kuwait market, Ooredoo managed to greatly improve its profitability at home through operational efficiency. Across its international portfolio, Ooredoo also saw strong trends in H1 2025 – notably, Ooredoo Algeria (its largest op by subscribers) grew revenue 14%, and Ooredoo Tunisia 9%, providing diversified growth engines. Overall, NMTC emerged from 2023–H1 2025 in a stronger financial position, with growing revenue and a normalized earnings upswing once extraordinary items are set aside.

Strategic Developments: Ooredoo's strategy in Kuwait and its other markets during 2023–25 emphasized network modernization, customer experience, and digital innovation. A flagship achievement was the launch of 5G-Advanced (5G+) services in 2025. In Kuwait, Ooredoo upgraded its network in early 2025 to 5G-Advanced, leveraging partnerships with technology leaders: for instance, Ooredoo's CEO highlighted a strategic collaboration with NVIDIA to deploy advanced AI for network and service enhancement. This move toward 5.5G positions Ooredoo to deliver ultra-fast speeds and new use-cases (like enhanced VR/AR and industrial IoT) ahead of many regional peers. Even prior to 5G-A, Ooredoo invested heavily in 5G rollout – it expanded coverage and capacity such that by late 2024, Ooredoo had some of the fastest mobile speeds in Kuwait (leading in overall download/upload throughput) . It also worked with Huawei on core network upgrades to pave the way for 5G-A and future technologies.

On the digital services front, Ooredoo launched or expanded several initiatives. It enhanced its "Nojoom" loyalty program in 2024–25, adding daily rewards and partnering with a broad range of merchants to improve customer retention. Ooredoo has also been focusing on customer experience digitization – offering more self-service apps, digital channels, and AI-powered customer support. In terms of new services, Ooredoo was a pioneer in cloud and ICT solutions: after getting the first cloud license in 2022, it rolled out cloud computing and data center offerings for enterprise clients (e.g. secure cloud hosting, SaaS products) by partnering with global providers. It has also introduced OTT streaming partnerships (Ooredoo was known to bundle streaming services with its data plans) and launched fintech trials (like mobile bill payment features within its app).

Another strategic pillar for Ooredoo has been operational efficiency and cost optimization. The significant rise in EBITDA margin to 40% in H1 2025 suggests that the company undertook successful efficiency drives – this included digitalization of processes, outsourcing of non-core tasks, and perhaps workforce optimization or renegotiation of supplier contracts. The CEO's statements in 2024 underlined a focus on "optimizing operations" and leveraging technological innovation to reduce costs. Such measures clearly paid off, with profitability improving markedly when stripping out anomalies.

Ooredoo also pursued growth via adjacent business lines and partnerships. It expanded fiber broadband coverage through FASTtelco, preparing to launch up to 400 Mbps and Gigabit fiber packages in new areas. It capitalized on being first-to-market in certain services (e.g. the first cloud license, as noted). Regionally, Ooredoo Group underwent some portfolio rationalization (for example, a strategic review of its smaller operations), but Ooredoo Kuwait's focus remained on its core markets. Finally, Ooredoo maintained a strong brand presence – it won awards such as "Best Promising Initiative in Telecom Sector" at a CSR forum in 2024, reflecting its community and innovation efforts. In summary, 2023–H1 2025 saw Ooredoo bolster its network leadership (with fastest mobile speeds and early 5G-A adoption) and restore earnings growth through strategic innovation and efficiency, all while growing its top line steadily.

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### stc Kuwait (Kuwait Telecommunications Co., formerly VIVA)

Financial Metrics: stc Kuwait experienced moderate growth in revenues and maintained stable profits over the 2023–H1 2025 period. As a purely domestic operator (all its business is within Kuwait, aside from minor subsidiaries), stc's results reflect the competitive local market conditions. In 2023, stc's revenue was KWD 327.4 million, and this increased by 2.8% to KWD 336.5 million in 2024. The growth was driven mainly by expansion in the consumer mobile segment, as stc actively gained postpaid subscribers and increased data usage among its customers. stc's revenue mix in 2024 was about 76% consumer and 24% enterprise, showing a slight uptick in enterprise contribution as the company pushed more B2B solutions. stc's EBITDA for 2024 was KWD 85.3 million, virtually flat (+0.3%) compared to KWD 85.1m in 2023 – indicating that operating costs rose in tandem with revenue, perhaps due to network investment and marketing expenses. Net profit for 2024 came in at KWD 31.4 million (earnings per share 31 fils), which is slightly down (–4%) from KWD 32.7 million in 2023. This minor drop in profit was attributed to higher depreciation and finance costs as stc invested in network upgrades, as well as competitive pressure on margins. Overall, stc's profit margin remained healthy (~9% of revenue) and the company continued to pay dividends (it has a policy of distributing around 60-70% of profits as dividends).

# Kuwait Telecommunications Sector (2023 – H1 2025)

In H1 2025, stc saw an uptick in performance. For the six months ended June 30, 2025, revenue totaled KWD 174.6 million, up 5.2% from KWD 166.0 million in H1 2024. This growth was largely driven by the consumer segment, which comprised 77% of H1 2025 revenues, while the enterprise segment made up 23%. The expansion of digital services and integrated solutions helped stc's business segment, but individual mobile customers remain its bread and butter. EBITDA in H1 2025 reached KWD 45.5 million, a 5.7% increase YoY (from 43.1m) thanks to the higher revenue and improved operational efficiency. Net profit for H1 2025 was KWD 17.3 million, a 2.7% rise from KWD 16.9 million in H1 2024. Earnings per share for the half-year stayed around 17 fils. These results indicate stc achieved modest but steady growth, balancing competitive pricing with cost control. Notably, stc's customer base grew to about 2.2 million mobile subscribers by mid-2025, which is an increase (the company added ~100K subs year-on-year). This suggests stc was able to capture some subscriber market share, possibly from its rivals, through aggressive promotions and service quality improvements. The financial position of stc also remained strong: by mid-2025, total assets were KWD 470 million and shareholders' equity KWD 223 million, indicating a solid balance sheet with capacity to fund further expansion.

Strategic Developments: stc's strategy during 2023–H1 2025 focused on quality growth, digital services, and strengthening its market position as a challenger. A headline achievement was the rollout of 5G Standalone and 5G-Advanced technologies. stc takes pride in being technologically advanced; it launched 5G-Advanced in June 2025 concurrently with its rivals, positioning Kuwait as a global leader in next-gen networks. This came after stc had already upgraded to a standalone 5G core earlier, enabling it to claim one of the largest and most advanced 5G networks in Kuwait. The adoption of 5G-Advanced allows stc to offer enhanced mobile broadband and IoT capabilities, which align with Kuwait's digital infrastructure goals and stc's strategy to enable "smarter" services.

On the consumer front, stc continually rolled out innovative plans and value-added services to grow its user base. It has a popular "Youth" segment offering (Xtra plans, etc.) and in 2023–24 launched promotions bundling entertainment content (stc partners with OTT streaming and gaming platforms to differentiate its offerings). stc also introduced new digital channels – for example, an improved mobile app for customer self-service and an online store for devices – to improve customer acquisition and retention. A notable initiative is stc's flagship startup accelerator program "InspireU", which had its third edition in Q2 2025. Through InspireU, stc mentors and supports Kuwaiti tech startups and SMEs, fostering a local innovation ecosystem and indirectly driving demand for its digital services. This program aligns with stc's corporate strategy and social responsibility, aiming to empower entrepreneurs in fintech, IoT, and other telecom-adjacent fields.

For the enterprise segment, after acquiring Qualitynet, stc integrated those services under "solutions by stc" and in 2023–25 it pushed into managed services, cloud solutions, and ICT systems integration. stc leveraged its regional know-how (via STC Group) to offer products like cyber-security solutions, unified communications for businesses, and IoT connectivity for industries. These efforts began contributing to revenue (enterprise rev was 23% of H1 2025 sales, as noted) and help diversify stc beyond pure consumer mobile.

stc also worked on operational excellence and governance. It obtained the ISO 45001:2018 certification in 2025 for occupational health and safety management – while not directly revenue-generating, this reflects a commitment to high standards and could improve productivity and brand trust. stc implemented cost-efficiency measures as well, such as network sharing in certain areas and optimizing its sales channels. In June 2025, CITRA's draft regulations on distributors dovetailed with stc's focus on transparency – stc began consolidating its distribution network to only use licensed partners, enhancing governance in its sales channels.

A crucial part of stc's strategy was market share expansion: through aggressive marketing, stc aimed to chip away at the long-time duopoly of Zain and Ooredoo. Its efforts appear to have had some effect, given subscriber growth and consistent revenue rise. The launch of Virgin Mobile MVNO on stc's network in 2022 (which continued through 2023–25) can also be seen as a strategy to capture price-sensitive segments via a secondary brand without diluting stc's main brand. Any Virgin Mobile customers essentially add to stc's wholesale revenue.

In summary, stc focused on "quality growth with operational efficiency". It invested in the latest network tech (5G-A, etc.) to keep up in the technology race, expanded offerings for both consumer and enterprise customers, and kept a tight rein on costs to ensure profits remained stable. These moves in 2023–H1 2025 have allowed stc to modestly increase its market share and solidify its image as a "world-class digital leader" in Kuwait's telecom sector.

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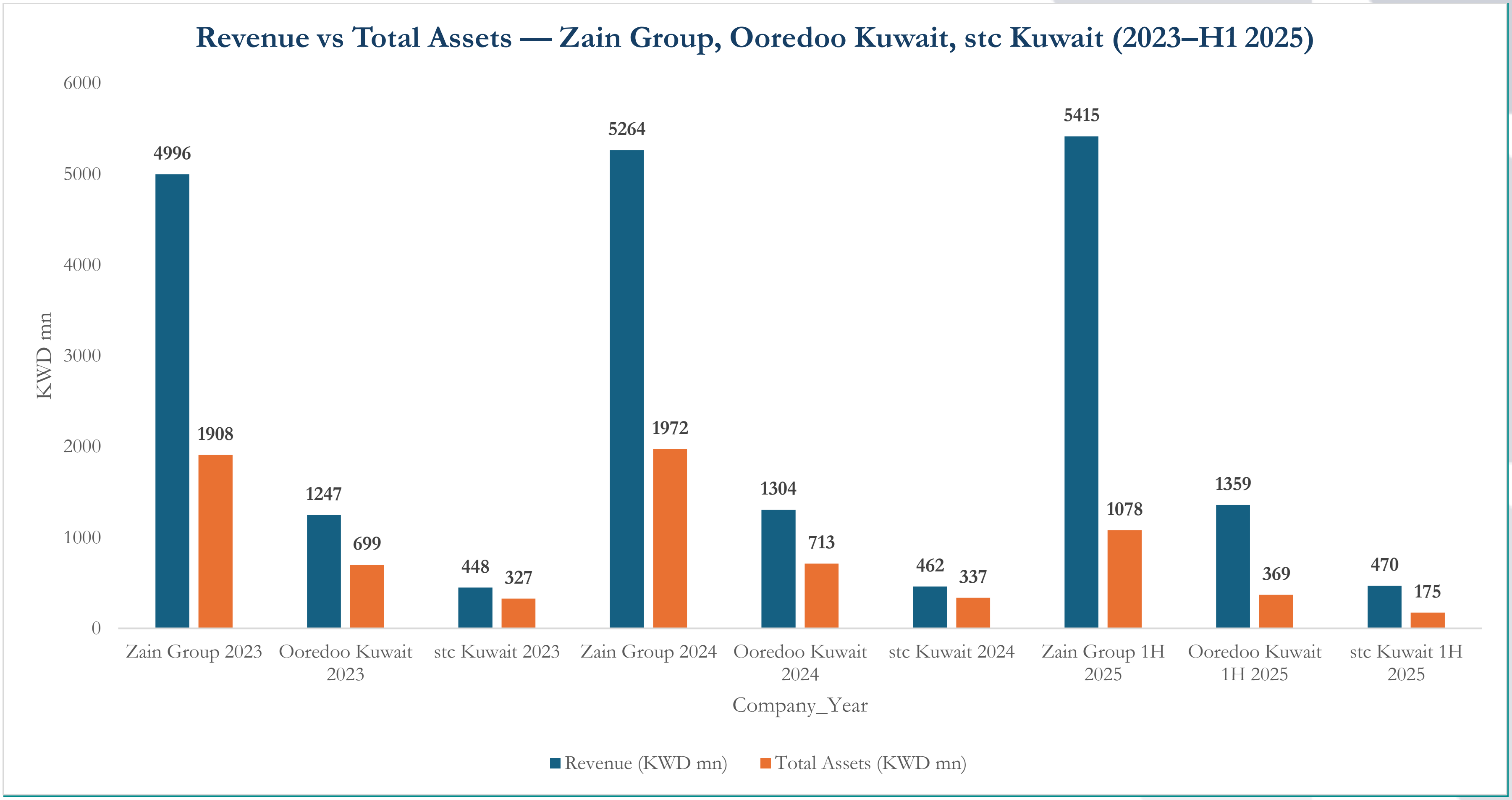

## Key Trends and Sector Comparison (2023–1H 2025)

Comparing the three major operators over this period, several key trends emerge:

- Revenue Growth and Market Share: All three telcos grew their revenues from 2023 to 2024, albeit at different paces. Ooredoo led in growth rate (9% in 2024, thanks in part to recovery in its foreign ops) followed by Zain Group (3% in 2024) and stc (2.8%). In absolute terms, Zain Group remains the largest by far (KD 2.0 bn revenue) since it's regional; within Kuwait, Zain's Kuwait segment (≈ KD 373m in 2024) and Ooredoo's Kuwait segment (part of KD 711m group) are of similar scale, with stc smaller (KD 336m). The competitive balance in Kuwait shows Zain still holding the greatest revenue share and ARPU, even as Ooredoo may have slightly more mobile subscribers by mid-2025 (2.9m vs Zain's 2.6m). stc has been inching up in share (now ~2.2m subs), but the market remains essentially a three-way split with no drastic shifts. The top two operators (Zain and Ooredoo) together accounted for about 67.5% of mobile subscriptions in 2023, leaving roughly one-third for stc – a ratio that has been relatively stable.

- Profitability and Margins: Zain and Ooredoo both had dips in reported net profit in 2023–24 due to one-time gains in 2023, but on a normalized basis they showed strong profit growth (Zain +15% in 2024, Ooredoo +70% excl. one-ooff) stc's net profit was flat-to-down slightly in 2023–24, reflecting tighter margins in a saturated market. However, all three improved profitability by H1 2025: Ooredoo's net up 65%, Zain's up 49%, stc's up 2.7% versus H1 2024. EBITDA margins are healthy for all: around 33–35% for Zain Group, ~37–40% for Ooredoo Group, and ~25% for stc (stc's EBITDA margin ~26% in H1 2025, since KWD 45.5m on 174.6m rev). The higher margins at Zain/Ooredoo partly reflect multi-market operations with higher returns abroad, whereas stc's single market focus and smaller scale yield lower margins. To preserve profits, all have undertaken cost optimization – Ooredoo especially succeeded in expanding margin by cutting costs and leveraging digital channels, as seen by its jump to 40% EBITDA margin in H1 2025. Zain's cost discipline (like tower sales and process digitalization) kept its margin ~35%. stc's margin was steady, indicating careful cost control, offset by heavy network investments.

- Capital Expenditure and Technology: The period saw sustained high capex as operators rolled out 5G and began 5G-Advanced upgrades. For example, Zain Group invested USD 397 million in capex in H1 2025 (11% of revenue) , and Zain

Kuwait alone spent ~$151m in 2023 on network enhancements. stc and Ooredoo likewise funneled significant investments into expanding fiber networks and 5G capacity. By 2025, Kuwait's operators were among the first in the Middle East to deploy 5G-Advanced features (leveraging mid-band spectrum, massive MIMO, etc.), indicating a technologically forward market. All three report nearly complete 5G population coverage and are testing new spectrum bands (e.g., mmWave for hotspot 5G). This tech race has improved consumer experience: average mobile download speeds in Kuwait increased by 34–48% on all networks from 2023 to 2024, a remarkable uplift, and 5G speeds exceed 300 Mbps on the leading network. Such metrics place Kuwait's telecom infrastructure on par with or ahead of regional peers.

- Digital Transformation and New Services: A major trend is the shift from pure telco to "techco" – all operators launched or expanded digital services beyond connectivity. Zain with its ZainTech and API platform, Ooredoo with cloud and fintech partnerships, and stc with IoT and ICT solutions, are seeking new revenue streams in enterprise services, cloud computing, and digital content. Enterprise ICT revenue is a growing component: Zain's enterprise/B2B revenue grew 11% YoY in H1 2025; stc's enterprise share rose to 23% of revenue. Additionally, content and media bundling are prevalent – for example, operators bundle OSN or StarzPlay streaming subscriptions, or gaming data passes, to drive data usage and differentiate offerings. Fintech is another nascent area: while regulatory constraints in Kuwait mean mobile payments are still emerging, Zain and Ooredoo have parent-company fintech arms active in other countries (like Zain Cash in Jordan/Iraq, Ooredoo's mobile money in North Africa). They are poised to introduce similar digital financial services in Kuwait when allowed. In the interim, they've introduced features like direct carrier billing, international remittance (through partnerships), and have built loyalty apps integrating local e-commerce.

- Customer Base and ARPU: Kuwait's mobile penetration is extremely high (over 180% of population), meaning subscriber growth is naturally slowing. Competition is thus about retention and ARPU growth from data. The operators' strategies reflect this: they all emphasize improving customer experience (via better networks, customer care, and rewards programs) to reduce churn. Zain and Ooredoo refreshed their loyalty programs (Zain's "Zain Rewards", Ooredoo's "Nojoom") with more partners and gamification. Meanwhile, ARPU (average revenue per user) trends are mixed – intense price competition, especially in prepaid, put pressure on ARPU, but the upselling of heavy data plans and 5G premium plans helped compensate. As users migrate to 5G with larger data bundles, operators see data ARPU rising. Data revenue now constitutes around 36–40% of total revenue for Zain Kuwait and stc , and likely even more for Ooredoo. We can infer that ARPU for 5G users is significantly higher (Zain noted 5G users consume 5× data of 4G users). In fixed broadband, ARPUs have been rising as customers shift to fiber plans with higher speeds (though those are often sold in bundles with mobile or content).

- Regulatory and Competitive Environment: There were no new MNO entrants in this period, but the launch of Virgin Mobile MVNO in 2022 created a bit of a shake-up by 2023, targeting the youth and expat segment with digital-only offers. While Virgin's scale is still small, it likely put some pricing pressure on the low end of the market (mainly affecting Ooredoo and Zain's prepaid base). CITRA's moves – like enforcing number portability, regulating prepaid SIM registrations, and proposing the 2025 distributor regulations – all aim to ensure a fair playing field and reduce grey-market practices. These are largely positive for the main operators in the long run (e.g., eliminating unauthorized resellers protects their brands and revenues). Interconnection and tariffs: A noteworthy regulatory win was Ooredoo's court victory in 2023 regarding MoC/CITRA tariffs, which resulted in a one-time gain and presumably clarified some cost structures. That indicates the government's willingness to settle disputes and create a stable tariff regime.
- Macroeconomic factors: Kuwait's stable economy (bolstered by oil revenues) and high GDP per capita provided a conducive environment – telecom spend as a portion of income remains modest, so consumers can afford high-end plans. The period also saw increased consumer demand for digital content (especially post-COVID), which the operators tapped into. One macro challenge has been the need for localization and workforce development – hence, we see operators like Ooredoo emphasizing national talent empowerment and Zain launching diversity and AI-era training programs. These initiatives ensure compliance with national workforce policies and also prepare the companies for future tech advancements.

## Conclusion

Kuwait's telecom sector from 2023 through mid-2025 has been marked by steady financial performance and transformative strategic moves. The publicly listed telcos – Zain, Ooredoo, and stc – all showed revenue growth and maintained strong profitability, collectively serving a saturated yet highly profitable market. They achieved milestones in 5G deployment (moving into 5G-Advanced) and broadened their business models to include digital services like cloud, fintech, and advanced enterprise solutions. This occurred under the guidance of proactive regulators (CITRA) and supportive government policies that aim to make Kuwait a regional technology hub. Going forward, as we pass H1 2025, the sector is on a path toward convergence of telecom and ICT: we can expect even greater emphasis on digital innovation (AI in networks, smart city applications), more fiber penetration to complement 5G, and possibly further consolidation or partnerships (e.g., between telcos and content or fintech companies). Consumer behavior trends – such as insatiable demand for data and a preference for seamless digital experiences – will continue to shape offerings. With near-universal connectivity achieved, the next battlefront for Kuwait's operators will be service differentiation and value creation in the digital economy. So far, the 2023–2025 trajectory indicates they are well-prepared: financially sound, technologically advanced, and strategically aligned with Kuwait's digital future.

**Final Note:** This report provides a comprehensive snapshot as of August 2025. It includes detailed figures to support further analysis. The data are drawn from official sources such as Financial reports and press releases of Zain Group, Ooredoo Kuwait (NMTC), and stc Kuwait, SAMENA Council news, and official disclosures for H1 2025 results and strategic updates, Operator Watch and TS² report for market statistics, subscriber data, and context on network experience, CITRA and Oxford Business Group insights on regulatory developments and

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