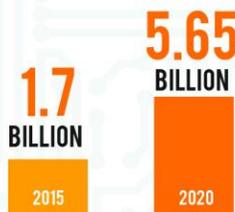


AFRICAN MOBILE TRENDS 2016

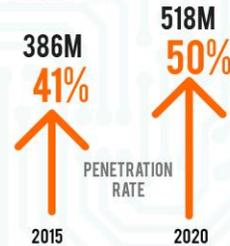


AFRICA IS ON A CALL: GROWING MOBILE SUBSCRIPTIONS

GLOBAL UNIQUE MOBILE SUBSCRIPTIONS



AFRICA UNIQUE MOBILE SUBSCRIPTIONS



WORLD TOP 15 COUNTRIES FOR MOBILE SUBSCRIPTIONS

- 7TH NIGERIA
- 11TH EGYPT
- 14TH SOUTH AFRICA

SMARTPHONE ADOPTION IS GAINING MOMENTUM

NUMBER OF SMARTPHONES ON THE PLANET



SMARTPHONES IN AFRICA



ASIAN BRANDS ARE FUELING THE GROWTH IN AFRICA

7/10 TOP SMARTPHONE VENDORS WORLDWIDE WERE CHINESE MOBILE MANUFACTURERS 2015

TOP SMARTPHONE BRANDS ON JUMIA AFRICA

- Infinix
- InnJoo
- XTOUCH
- SAMSUNG

THE AVERAGE PRICE OF SMARTPHONES HAS FALLEN (JUMIA)



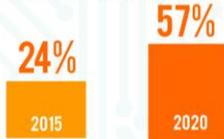
SMARTPHONE SALES HAVE SOARED (JUMIA)



MOBILE INTERNET IS KING

 **500 MILLION**  **AFRICAN INTERNET USERS** 2020

NUMBER OF AFRICANS ONLINE ON THEIR PHONES



NIGERIA IS THE WORLD'S MOST MOBILE CONNECTED COUNTRY

 **76%** INTERNET MOBILE TRAFFIC

MOBILE COMMERCE & SERVICES AFRICA



MOBILE GENERATED REVENUES

\$102 BILLION (5.7% GDP) 2015

\$166 BILLION (8% GDP) 2020

THE RISE OF M-COMMERCE

THE DIGITIZATION OF AFRICAN ECONOMIES IS ON ITS WAY



SERVICES



GOODS



REAL ESTATE



TRANSPORTATION



FINANCIAL SERVICES



THE AFRICAN SHOPPER IS ONLINE

 **50%** OF JUMIA CUSTOMERS (AFRICA) ACCESS THE WEBSITE WITH A MOBILE 2015

 NIGERIA

70% USED MOBILE TO GO ON JUMIA.COM.NG

 EGYPT

20% APRIL 2015
60% APRIL 2016
USED MOBILE TO GO ON JUMIA.COM.EG



1 OUT OF 25 AFRICAN HAS VISITED JUMIA IN 2015

IVORY COAST (JUMIA) 

3RD MOST VISITED WEBSITE

NIGERIA (JUMIA) 

7TH MOST VISITED WEBSITE

THE APP: THE NEXT FRONTIER



108 JUMIA APP DOWNLOADS PER MINUTE 2015



+255% MORE JUMIA APP DOWNLOADS IN THE FIRST 6 MONTHS OF 2015 THAN IN THE WHOLE YEAR OF 2014

AFRICAN MOBILE TRENDS 2016

JUMIA is pleased to present its second white paper on African Mobile Trends 2016.

By and large, the mobile industry in Africa continues to pave the way for innovation, providing ground breaking developments for the rest of the world. This paper addresses the evolution of the mobile industry in Africa for the next five years: the connection of the continent through mobile subscription, the growing smartphone adoption and mobile broadband as well as the full digitization of the economy through m-commerce.

Most of our research focuses on our 5 biggest markets in the region: Nigeria, Morocco, Egypt, Kenya and Ivory Coast.

A CONNECTED CONTINENT

AFRICA IS ON A CALL: GROWING MOBILE SUBSCRIPTIONS

The world has never been more connected than it is today: there were 4.7 billion unique mobile subscribers on a global scale at the end of 2015. This means that almost 70% of the world's population was communicating through a mobile phone in 2015. That number is expected to rise again to 5.645 billion by 2020. In just 5 years, almost three quarters of the entire world population will possess a mobile subscription, with almost 1 billion new subscribers added over this period.

The developing world will fuel most of that growth, accounting for 90% of the 1 billion incremental subscribers expected between 2015 and 2020. It will, however, grow at a lesser rate than the rate at which it has grown over the last five years: the annual growth rate of mobile subscriptions in the developing world will grow at an annual growth rate of 4.5% compared to 9.2% for the 2010-2015 period.

Mobile subscriptions across Africa will reach an exceptional 50% by 2020, with acute gaps between countries. Sub-Saharan Africa actually became the third biggest region in terms of mobile phone subscriptions, now accounting for 10% of the global subscriber base.

Nigeria (7th) Egypt (11th) and South Africa (14th) are ranked in the top 15 of the top countries in the world for the number of mobile subscriptions

SMARTPHONE ADOPTION IS GAINING MOMENTUM

At the end of 2015, there were 3.258 billion smartphones in circulation around the world. The smartphone penetration rate is still growing strongly but has progressively slowed down from

+65% in 2012, to +27% in 2013 and eventually to +23% in 2014. It is expected to reach 5.808 billion by 2020.

Smartphone adoption is higher in the developed world at 65% in 2015 and projected to grow to 76% by 2020. However, the progression in the developing world is faster with an increase of 23 points from 40% in 2015 to 63% in 2020. By 2020, Sub-Saharan Africa should reach a total of 540 million smartphones from 380 million at the end of 2015.

Many elements are to be considered when analyzing the smartphone penetration growth. However, the growth of supply from new smartphone manufacturers such as Xiaomi, Huawei, Infinix etc. is key. They have provided a greater choice of devices, particularly tailored to the needs and preferences of the African continent with a wider range of price points. In 2015, 7 of the 10 top smartphone vendors world-wide were Chinese mobile manufacturers.

Asian brands have indeed become key brands in Africa and taken over smartphone distribution there. The Chinese brand Infinix has definitely understood how to make a big entrance in Africa by conquering the online sales world and partnering with Jumia in the 11 countries where the retailer operates. This online bet has been working pretty well for the Chinese manufacturer. Indeed, it is the biggest smartphone seller on e-commerce Jumia in Nigeria, Kenya, Morocco, Ivory Coast and Egypt. Other contenders include Samsung and Xtouch in Egypt, InnJoo and Wiko in Kenya, Samsung in Morocco, ITEL and Samsung in Ivory Coast and InnJoo in Nigeria.

We reach the same conclusion when looking at both online and offline sales in these markets as Asian brands have gained a true head start in the game. For the period of December '14 to December '15, Samsung remains the top smartphone brand sold in those 5 markets, monopolizing more than 50% of each market.

The renewed competition brought by the entry of these new players and the product diversity they have brought has greatly advantaged the African consumer and contributed to increasing smartphone adoption rates.

Indeed, the price points of smartphones in Africa have radically dropped:

The results found when researching the average price of a smartphone sold on Jumia in 2013, compared to the average price of a smartphone sold in early 2016 are enlightening. We observed a drastic decrease of the average retail price of a smartphone in our 3 main markets: In Nigeria, Egypt and Kenya the prices tumbled down from \$280 (Nigeria) and \$200 (Egypt, Kenya) for a smartphone in 2013 to \$100 for Nigeria and Kenya and \$85 for Egypt.

Smartphones that are below the symbolic \$100 bar have become more and more available across Africa although they still have to reach mass-market adoption. For example, Chinese OEM Xinwei Telecom launched in June 2015 phones under the \$20 bar that support videos and internet browsing in Malawi.

As such, smartphone sales have soared in Africa. Nigeria seems to be at the forefront of this trend with a boom in smartphone sales of 349% from 2013 to 2014 on Jumia and of 366% from 2014 to 2015.

MOBILE INTERNET IS KING

As of the latest data released for 2016, there were 3.42 billion people across the world connected to the Internet, representing close to 46.1% of the world's total population. This is a huge jump if you compare this number to just 1% in 1995!

Africa is expected to reach 500 million Internet users by 2020, the majority of which will access internet through a mobile device. Indeed, mobile broadband connections in Africa will reach 57% by 2020 up from 24% in 2015.

Mobile devices are increasingly being used across the world to go on the Internet and connect: 63% of searches on Google are made on phones globally and according to Ofcom Adults' Media Use and Attitudes Report (2015), 61% of adults prefer to go online on their mobile.

Nigeria is one of the most, if not the most mobile connected countries with 76% of its Internet traffic happening on mobile, overtaking India (65%), South Africa and Indonesia. Egypt is in the top 15 but far behind, with only 19% of its internet traffic going through mobile.

Mobile thus remains the key device in Africa to bring Internet access. Part of that success can also be attributed to prohibitively expensive broadband services and limited fixed line infrastructure.

The main challenge regarding mobile broadband connections in Africa in the next coming years will be to switch to higher quality connections (3G and 4G). If those represent almost 50% of the total connections at the end of 2015 globally, Africa is lagging behind and expected to reach 7% by 2020, 10 times less than the expected global rate (70% by 2020).

THE RISE OF MOBILE-COMMERCE

MOBILE COMMERCE AND SERVICES IN AFRICA ARE ATTRACTING INVESTORS' ATTENTION

If mobile-generated revenues in Africa accounted for 5.7% of Africa's total GDP (\$102 billion) in 2015, they are presumed to reach 8% of the GDP by 2020, representing a total of \$166 billion: a massive contribution which echoes the global trend. Indeed, total mobile revenues generated more than \$1 trillion in 2015. Although the general trend has slowed down due to the catching up of African markets, the revenue generated through mobile will nonetheless continue to grow over the period of 2015-2020 at a 2% annual rate. The year 2015 has also confirmed investors' interest in the mobile sector and particularly in mobile commerce and services in Africa. Globally, there has been more investments in the mobile sector in the first nine months of 2015 than in the past two years put together, reaching an astounding \$25 billion. This is a very optimistic configuration for the African markets as those investments will carry the weight and support technology innovation.

Technological innovations in the mobile sector have been sprouting on the continent with the help of strong support from household names. The launch in May 2016 of Facebook's Internet.Org Free Basics in 20 African countries (40 in total), will allow offline populations to have access to news, information and services on their mobile phones and further asserts the continent's key importance for technology companies.

Africa Internet Group made headlines earlier this year 2016 as it received investments from its historical investors MTN and Rocket Internet and welcomed new household names in the investors' community: AXA, Orange and Goldman Sachs. 300 million Euros were thus invested in the different Internet platforms of the giant Africa Internet Group to fuel its growth and expand its online services across Africa.

The digitization of African economies is definitely a trend for the years to come and has moved at a faster pace than in any other western countries.

TOWARDS A FULL DIGITIZATION OF AFRICAN ECONOMIES

The GSM Association very rightly describes the different phases of digitization in our economies from 1980 to 2020. Digitization started in the 80s with the invention and development of the pc which allowed for a “revolutionized productivity” with key companies leading the way such as Microsoft and Intel. Internet protocols took over and were the technology innovation of the years 2001-2007 leading to what we call the “information age” brought by companies like Google and Amazon. The third digitization of the economy happened in 2008 with the growth of smartphone penetration allowing for a more global communication amongst the connected populations with the likes of Apple, Facebook, WhatsApp etc. Finally, the trend we are seeing for 2015-2020 is the rise of the connected devices and a digitization of each sector of the economy and each service.

Many start-ups and large groups in Africa are presently surfing on that trend and offering online services through mobile platforms that will address key sectors. Africa Internet Group was one of the pioneers of this trend in Africa as it started building as soon as 2012 online platforms for each sectors. The array of online services offered in Africa by Africa Internet Group offer technological innovations for key sectors of African economies: transportation (Carmudi, EasyTaxi), Goods (Jumia, Kaymu, Vendito), Services (Hellofood, Jovago), Real Estate (Lamudi) and Financial Services (Jumia Pay). Health and Education are other two key sectors in Africa where technology can truly have an impact: the outcome of the MTN Entrepreneurship Challenge powered by Jumia earlier this year (April 2016) highlighted that extreme digitization of the economy. It offered a platform on which many young talented African entrepreneurs could showcase their technology start-up ideas and gain access to investment, mentors and tools. The 3 finalists of the Challenge in Africa were symbolic of that digitization of the economy as they all developed mobile applications focused on improving the Health (MedRX, Ghana), Finance (Vicoba, Tanzania) and Education (Pass.ng, Nigeria) sectors of their respective economies.

THE AFRICAN SHOPPER IS ONLINE

39% of e-commerce transactions happen today through mobile and the figure may well explode for Africa as Internet penetration is led by mobile broadband connections.

Analyzing the data we have available at Jumia confirmed this trend at various levels across the 11 countries where Jumia operates. On average, 50% of our customers access our website through a mobile device and the growth is fast and steady. Nigeria definitely stands out with 70%

of its customers using the mobile responsive version of the website while Egypt recorded the fastest growth of its mobile share, increasing from 20% in April 2015 to 60% in April 2016. The appetite of Africans for e-commerce is growing steadily as Jumia has become the 3rd most visited website in Ivory Coast and the 7th most visited website in Nigeria in 2015. 1 out of 25 African had visited the website in 2015 confirming a strong interest for online services.

The next evolution for e-commerce on the continent is definitely the app revolution led by smartphone adoption and mobile broadband usage. South Africa is presently leading the number of app downloads on the continent but Nigeria, Kenya and Ghana are not far behind. There were 108 Jumia app downloads every minute in Africa in 2016 and 255% more Jumia app downloads in the first 6 months of 2015 than through the entire year of 2014.

NIGERIA CONFIRMS ITS MOBILE-ONLY TRAJECTORY

Nigeria's mobile trends for 2016 are positive, with a continued growth of mobile broadband penetration despite acute inequities between regions and rural and urban areas.

It has one of the highest mobile subscriptions rate in Africa with 80% of the population presumably owning a feature phone or smartphone. However, this number is inflated by how many SIM cards each mobile owner actually owns. In Nigeria, that number is very high as each subscriber owns on average 2.4 SIMS. As such, unique mobile subscription is much smaller, representing only 36.5% of the population in 2015. The unique mobile subscription rate increases at a fast pace which is optimistic for Nigeria's mobile penetration (annual increase of 14%). Furthermore, the access rate of the population to mobile phones is high, above 50%, allowing people with no mobile phone to still have access to it through friends or family members.

46% of the population, or 87 million Nigerians, were online in the first months of 2016. Internet access through mobile is a confirmed trend in Nigeria, who is paving the way. Of those 46%, 70% access Internet through their mobile phones (42% through feature phones, 28% through smartphones), the rest going on the internet on their desktop computers. This trend is reflected in online retail as well, where 70% of Nigerian customers access shopping websites thanks to their mobile phones. Apps are increasingly popular in Nigeria thanks to a growing smartphone adoption and now represent 1 out of 4 connections on retailer's website Jumia.

We predict a strong growth in smartphone adoption linked to decreased data tariffs and smartphone prices. Indeed, smartphone prices have decreased drastically: the average price of a smartphone sold on Jumia in 2016 has passed under the symbolic threshold of a \$100, boosted by Chinese mobile brands new releases, adapted to the Nigerian market needs.

Smartphone sales have thus boomed in 2015 and the trend should be confirmed in 2016. Jumia recorded a massive increase in its smartphone sales of 366% between 2014 and 2015. Between 6 and 7 million smartphones have been sold across Nigeria, both online and offline, in 2015. Online smartphone sales have been greatly boosted by massive sales organized by online retailers in 2015, most notably Black Friday (November) and Mobile Week Megathon (June) which could increase the share of smartphones bought online in 2016.

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To know more about Jumia and Mobile Trends in Africa, please write to bertille.guitton@jumia.com.ng

RESOURCES

Jumia Internal Data, 2012-2016

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The Mobile Economy Sub-Saharan Africa 2015 – GSMA Intelligence

Criteo Mobile Commerce Report, Q4 2015 and Q1 2016

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Ofcom Adults' media use and attitudes Report 2015

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