



**UGANDA  
COMMUNICATIONS  
COMMISSION**

# **Status of the Communications Market – Sept 2008**

# Introduction

- n The UCC yet again presents a review of the post and Communications request for the period July – Sept 2008 a period characterized by;
  - Headline inflation peak of 15.8% in August fueled by food and fuel shortages. Annual headline inflation at the end of the September however dipped to 15.2%
  - Gradual appreciation of the USD, at the end of Sept USD 1 = UGX 1671.98 from 1627.3 at the end of June.
  - Increasing total telephone customer base customer base reached 7.5 million while the resultant penetration is now a phone for every four Ugandans

## Sector at a Glance

	<b>Dec -07</b>	<b>Mar -08</b>	<b>June -08</b>	<b>Sept -08</b>
PIP + PSP Licensees	9	10	13	21
PSP Voice and Data Only	7	6	7	6
PSP Capacity Resale Only	5	5	6	5
Fixed Lines	165,788	166,552	160,768	167,011
Mobile Lines	5,163,414	5,704,506	6,140,822	7,460,011
Tele density	18.7	20.6	21.3	25.8
Number of Payphones	27,999	34,177	37,595	52,515

# TELECOMMUNICATIONS



# TELECOMMUNICATIONS Service Providers

- n The market continued attracting new entrants in both the infrastructure and service provisioning segments with entrants from South Africa, United Kingdom as well as indigenous investors.
- n 7 new Public Infrastructure licenses were issued during the period. These included;
  - Celtel Uganda Ltd, previously holding a Cellular Telephone Operator License
  - Latest Technologies International Ltd, an ISP license holder in the previous regime
  - Sure Telecom
  - Augere Uganda Ltd
  - Smile Communications Uganda Ltd
  - Clear Stream Uganda Ltd
- n This increase in service providers should enhance innovation and competition in the sector.
- n A complete list of licensed service providers is available at [www.ucc.co.ug/licensedOperators.php](http://www.ucc.co.ug/licensedOperators.php)



# Market Mergers and Acquisitions

- n Celtel Uganda Ltd like all other Zain Group African operations was rebranded from Celtel to Zain.
- n This was aimed at bringing together Zain's African and Middle East operations under a single brand.
- n Atlas Services Belgium, a subsidiary of France Telecom acquired a 53% holding in HITS Uganda Ltd, a licensed PIP and PSP.



# Network Growth

Infrastructure roll out and upgrade highlights during the period included;

- n Increasing number of BTS to 1850 Base Stations country wide resulting into a 90% mobile coverage
- n Increasing national telephone switch capacity from 9.5 million lines in June to 10.3 million at the end of Sept.

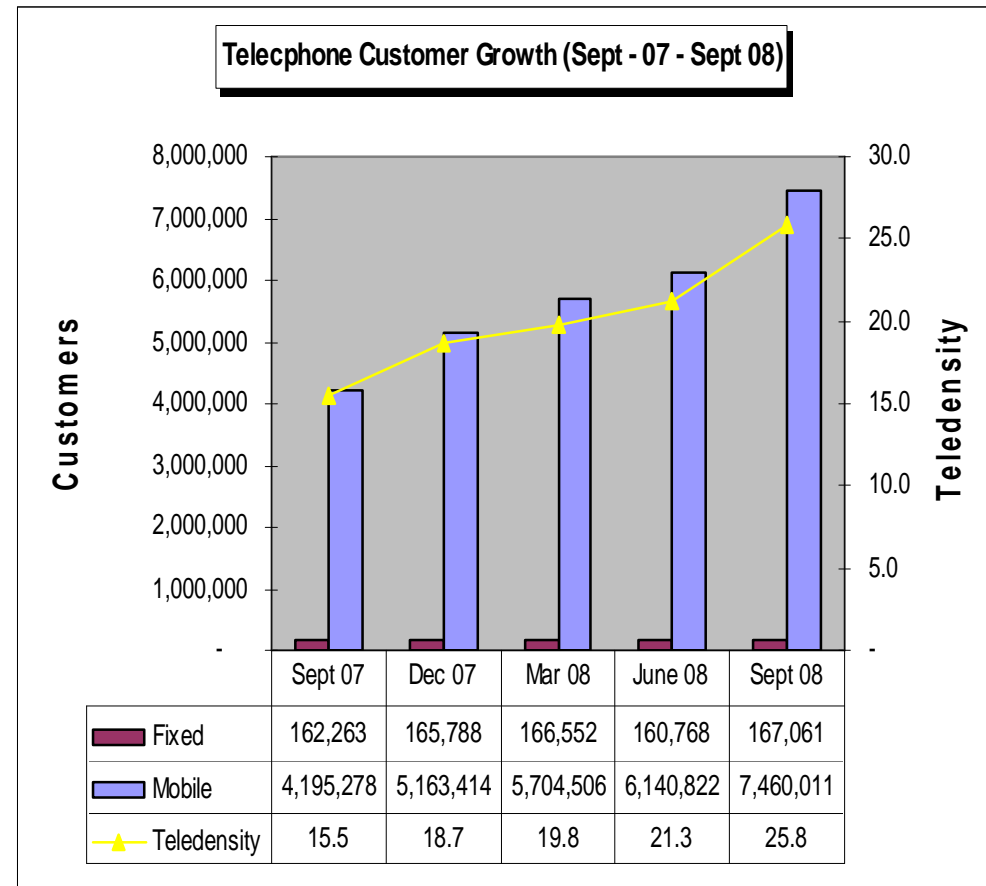
# Quality of Service - KPIs

	Traffic Channel Congestion (%)	Call Drop Rate (%)	Call Block Rate (%)
July	1.593	0.598	1.632
Aug	2.122	0.596	2.107
Sept	1.463	0.686	1.568
<b>Quarterly Average</b>	<b>1.726</b>	<b>0.626</b>	<b>1.769</b>

# Telephone Connections & Penetration

## Customer numbers

- n 1,053,534 new connections during the 3 months ended Sept 30<sup>th</sup> 2008. These were 1,047,241 and 6,293 new mobile and fixed connections respectively.
- n This was the first time that the market has achieved more than 1 million new customers in 3 months.
- n 16% quarterly growth up from 12 % growth between June and March



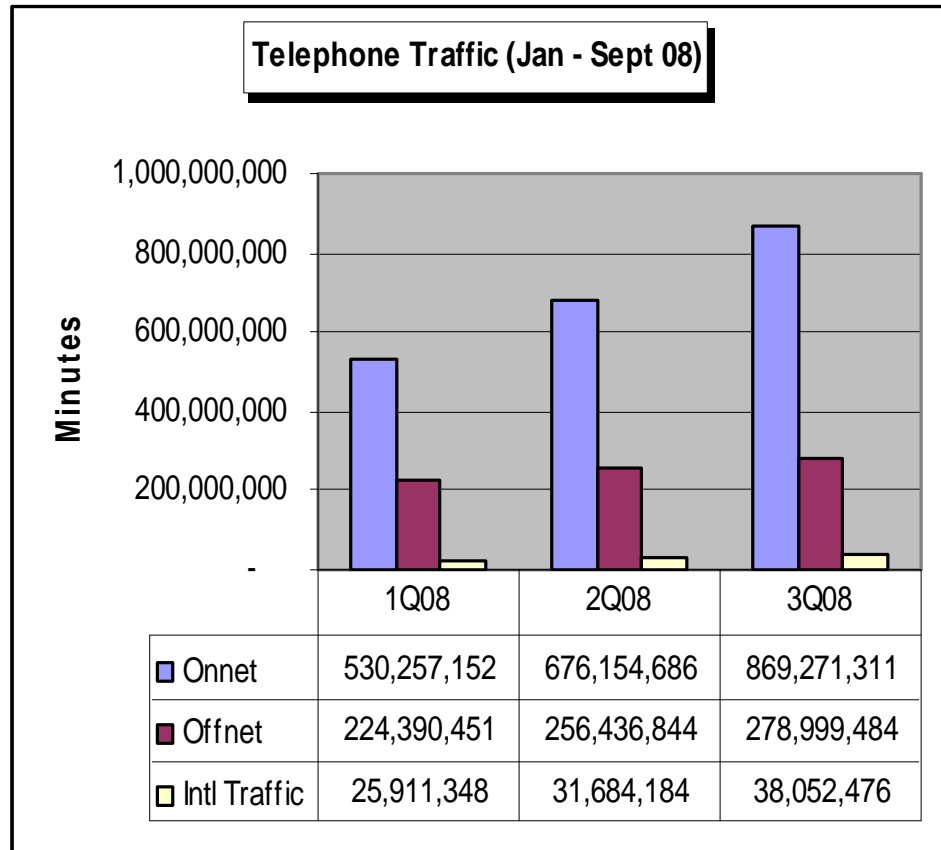


## Telephone Connections & Penetration - Contd

- n Resulted in a telephone penetration of 25.8 lines per 100 inhabitants up from the 21.3 penetration at the end of June.
  
- n The spurt in subscriber numbers is attributed to innovative campaigns and marketing plans run by the 4 telephone operators. These included;
  - MTN Zone campaign (offered customers call discounts depending on time and location)
  - Warid's Mega Bonus (Offered customers 24 hours of free on net calls upon loading any amount of call credit )
  - UTL's "Bonna Bogere" Promotion
  - UTL's "Vroomula" promotion (offered customers a chance to win new vehicles upon loading airtime)
  - Unlimited Zain to Zain Calls for 2000/= between 6am to 6pm

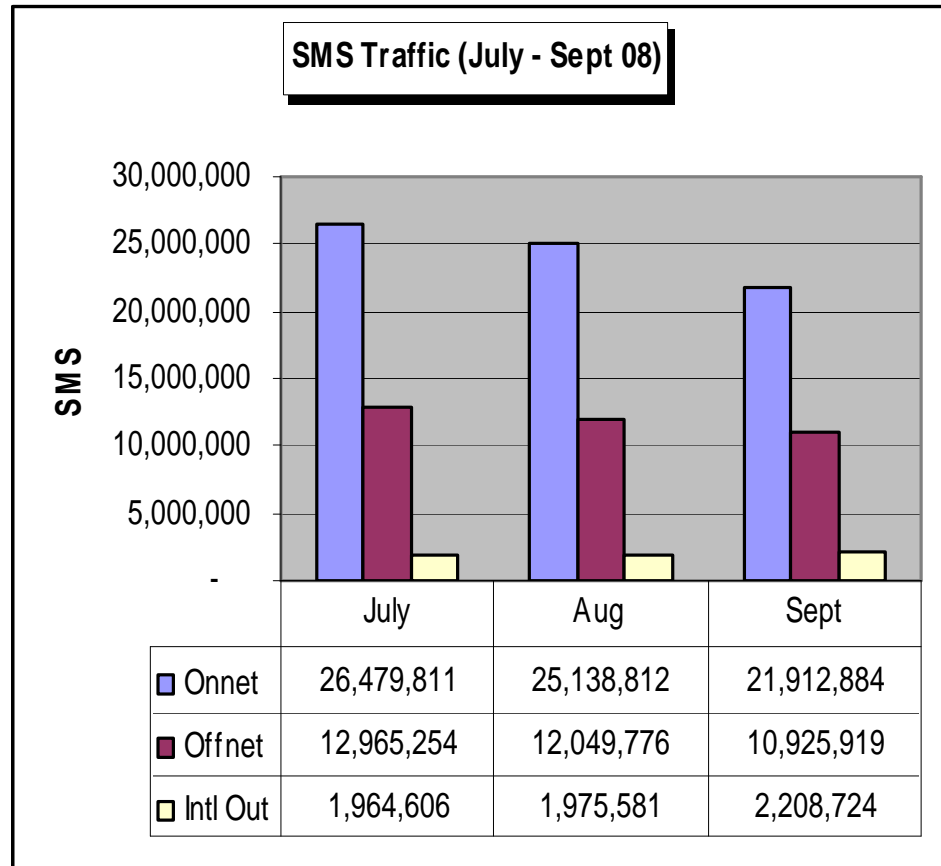
# Telephone Minutes of Use

- n Telephone usage patterns during the period have been largely driven by the marketing campaigns embarked on by the operators.
- n Resultant from the on net promotions has been
  - 1.2 billion minutes of talk during the review period
  - 28% increase in on net traffic
  - Comparatively lower 8% increase inter network (off net) traffic. Probably a manifestation of various pricing schemes that have been adopted.



# Emerging Services

- n Also important to note is the increasing importance of SMS as an alternative to voice calls.
- n During the review period, over 100million SMS were exchanged
- n Like the voice traffic, on net SMS accounted for 64% of SMS traffic



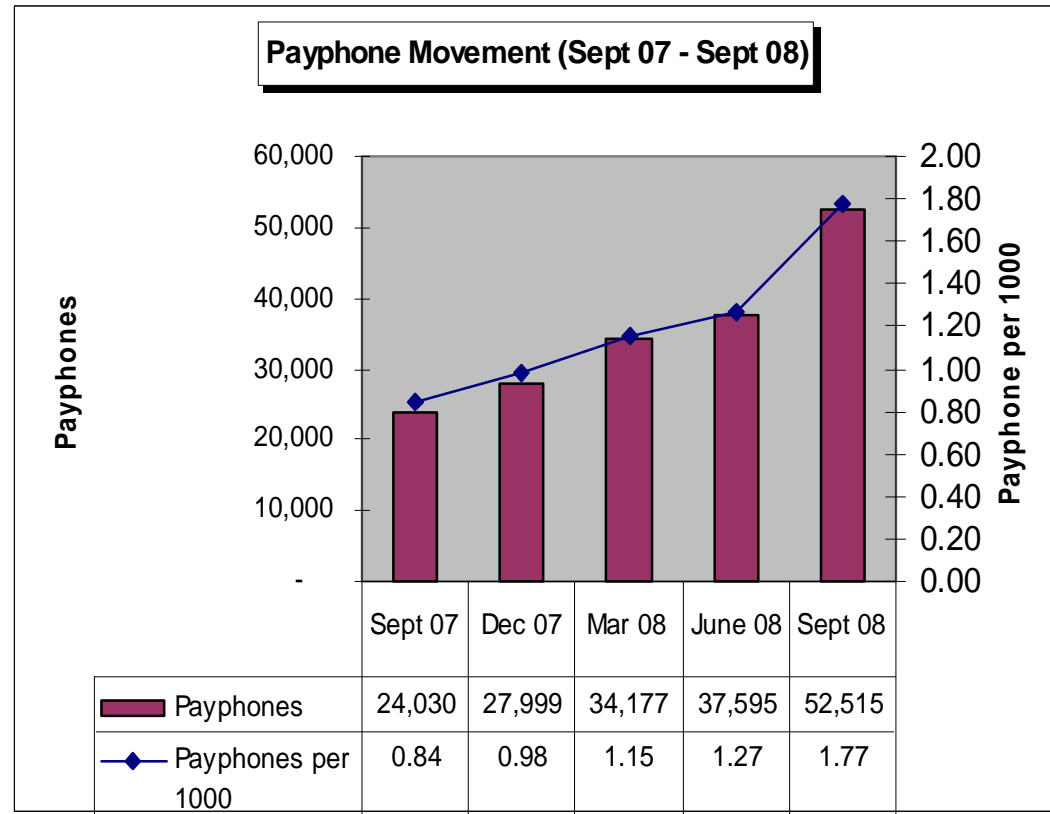


# Tariffs and Promotions

- n Tariff highlights during the period were the on net promotions that included;
  - UTL's Bonna Bogere
  - Warid's Mega Bonus
  - Celtel's Unlimited Call Promotion
  
- n The UCC with PWC UK embarked on the "Retail and Interconnect Cost study". This is aimed at
  - Development of a cost model for interconnect services for the determination of cost oriented interconnect rates
  - Development of a model interconnection offering to guide future interconnect negotiations
  - Prescription of a framework for the measurement of dominance/market power and the requisite obligations to operators with SMP.

# Payphones

- n The number of payphones rose to 52,515 from 37,595 at the end of June.
- n Resulted in a payphone penetration of 1.77 for every 1000 inhabitants up from the 1.27 at the end of June.



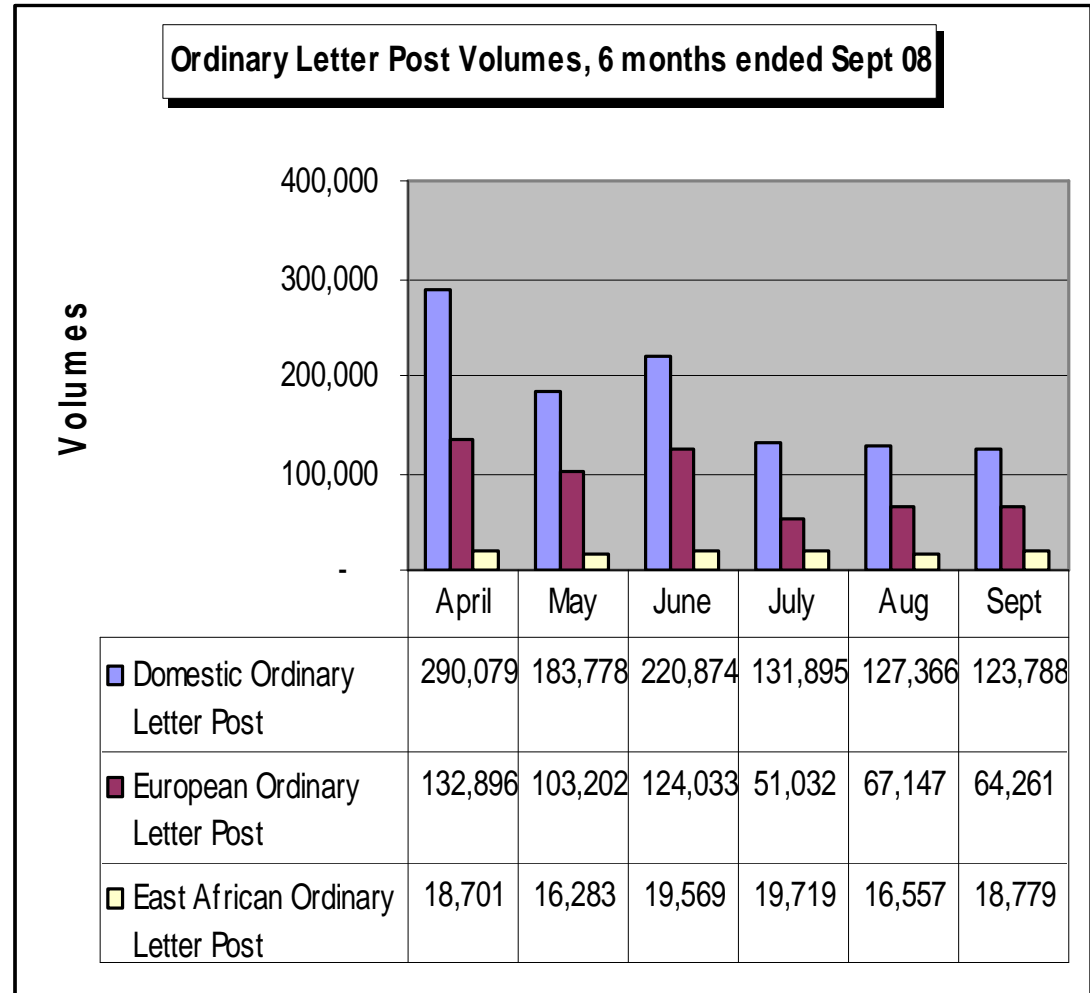
# POST AND COURIER

- n Domestic Courier license was issued to New Times Express
- n Modern Courier and Kampala Coaches Ltd issued Regional Courier licenses
- n To date, there 9 Domestic, 7 Regional and 5 International Courier licensees.
- n No significant increase in postal infrastructure between June and Sept.
- n 327 permanent post offices and 75,015 letter boxes country wide



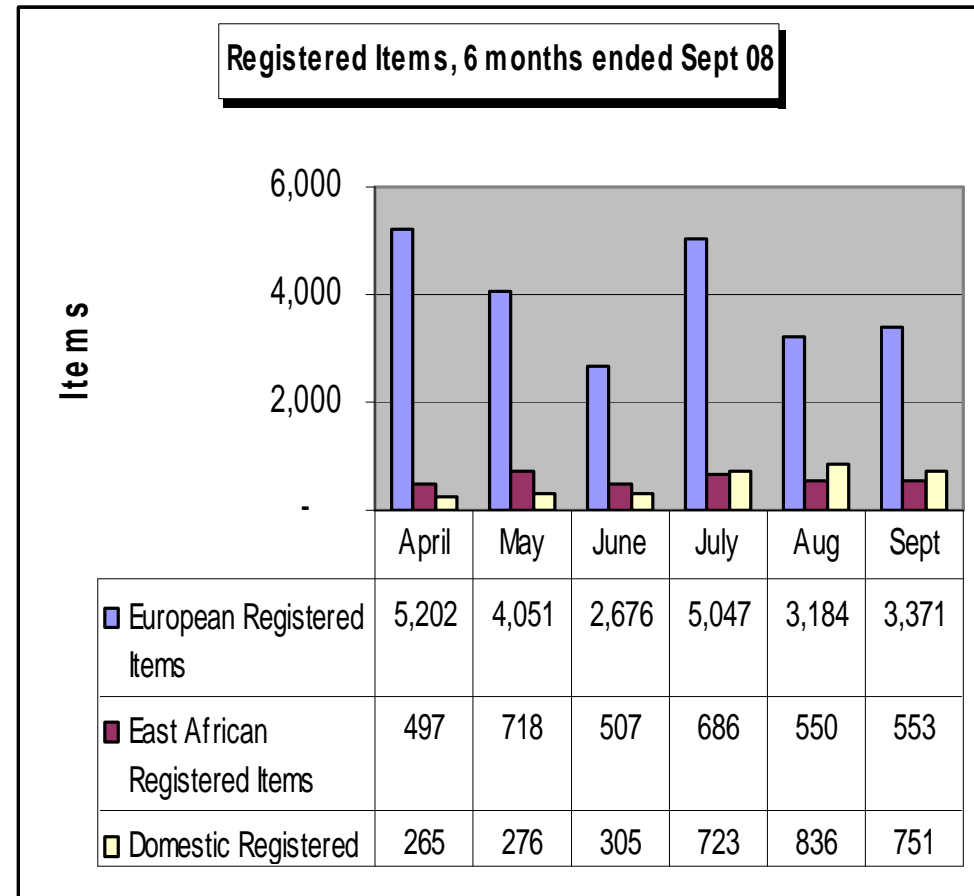
# Ordinary Letter Post

- n 44% drop in ordinary Letter Post Volumes
- n 45% and 49% drops in the Domestic and European segments
- n Minimal growth in the East African traffic
- n 90% of East African letter post handled was incoming
- n 60% of European traffic was incoming



# Registered Mail

- n 22,688 registered items handled between Jul and Sept 08 from 20,870 items between April and June 08
- n European traffic accounts for 50% of all traffic in this segment.



# Broadcasting

	Status	Dec 07	Mar 08	June 08	Sept 08
Radio	On	153	162	166	171
	Off	35	33	34	43
	<b>Total</b>	<b>188</b>	<b>195</b>	<b>200</b>	<b>214</b>
TV	On	25	26	26	28
	Off	5	15	18	18
	<b>Total</b>	<b>30</b>	<b>41</b>	<b>44</b>	<b>46</b>