

Post, Broadcasting and Telecommunications Market and Industry Report



SECOND QUARTER (APRIL-JUNE 2017)

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1.0 Introduction

This report is a summary of the analysis done on the market and industry data largely extracted from the operational reports of licensees in Uganda's Communications Industry for the period April to June 2017. The information derived from the market and industry data covers the following key aspects of the communications sector:

- a) Macro-economic factors
- b) Mobile Telephony
- c) Fixed Telephony
- d) Tele-density
- e) Traffic Growth
- f) Communications Infrastructure
- g) Internet/data Services
- h) Tariffs
- i) Tax revenue contributions of the communications sector
- j) Mobile money services
- k) Broadcasting and Postal Services
- l) Consumer Affairs

2.0 Macro-economic Factors

Macro-economic factors especially exchange rates and inflation have an impact on the operations of telecommunication, broadcasting and postal operators. A big percentage of the investment and operational expenditures is denominated in foreign currencies (especially the US Dollar), while the increase in prices of commodities as well has a direct effect on the operations of these companies.

2.1 Consumer Price Index (CPI)

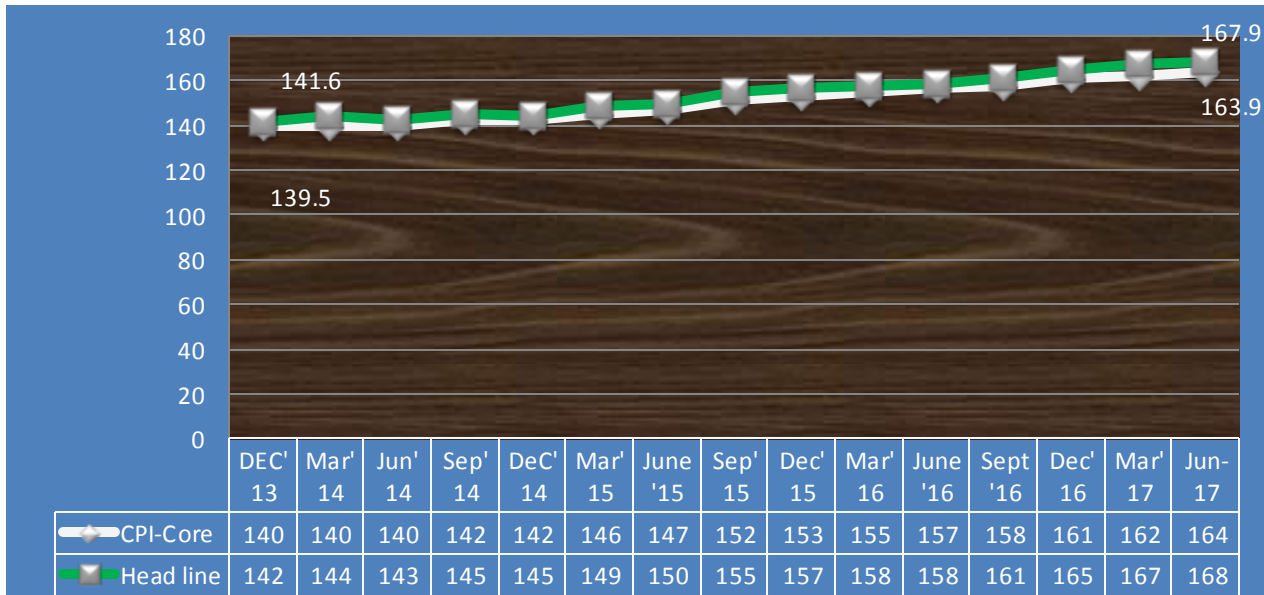
Consumer Price Index (CPI) is a measure that examines the weighted average of prices of a basket of consumer goods and services, such as transportation, food and medical care. CPI is calculated by taking price changes for each item in the pre-determined basket of goods and averaging them; the goods are weighted according to their importance. Changes in CPI are used to assess price changes associated with the cost of living. High prices in these goods and services indirectly affect consumption of communications services.

2.1.1 Core CPI

Core CPI is the consumer price index excluding energy and food prices. The Core CPI is widely used because food and energy prices can be very volatile, and this wide amount of movement would unfairly bias the measure of inflation.

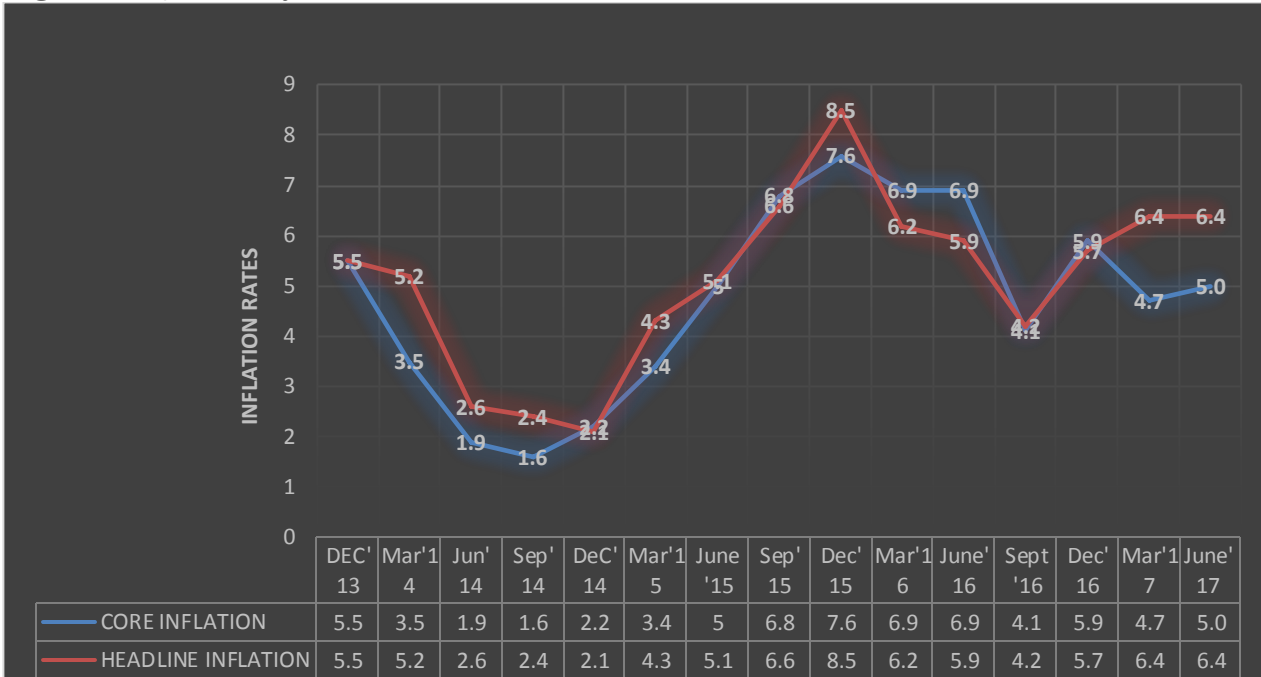
The Consumer Price Index (Core) increased from 161.9 in March 2017 to 163.9 in June 2017, leading to a 2% increment compared to an increase of 0.6% realised in the previous quarter. This shows an upward shift in the cost of living relative to the previous quarter which had a negative impact, though indirectly, on the consumption of communication services. The headline inflation also grew from 167.2 to 167.9 (a 0.7% increase).

Figure 1: Quarterly -Trend in Consumer Price Index



Source: BOU

Figure 2: Quarterly -Trend in Inflation

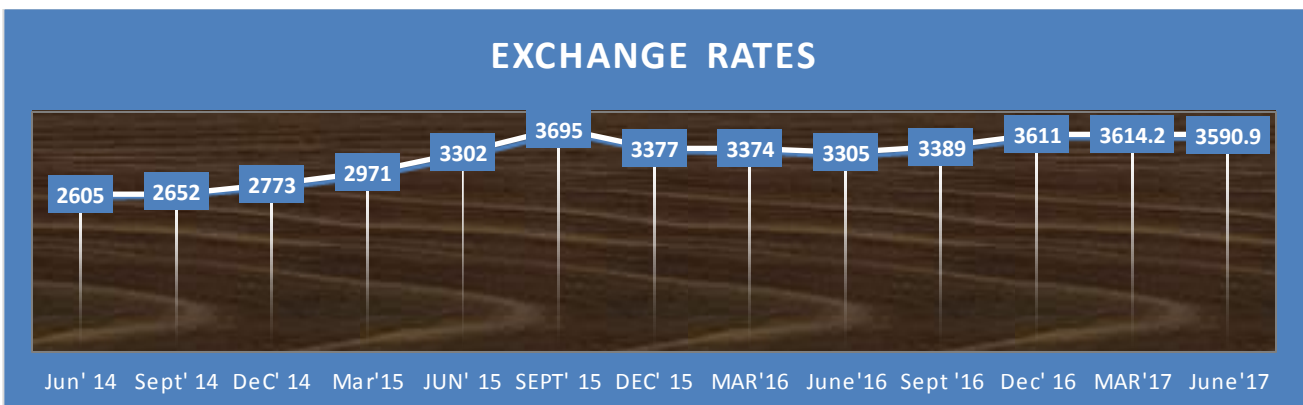


INFLATION TREND (BASE: 2009/ 10=100), Source: BOU

2.2 Exchange Rate

In this Quarter, the Shilling gained its value against the United States Dollar (USD) by 0.6% i.e from UGX 3614.2 per USD at the end of March 2017 to UGX 3590.9 at end of June 2017. The appreciation of the UGX against the USD is expected to translate into lowered costs of communication services. The mechanics of this transmission to final consumers is explained by the various structural facets of the Uganda’s economy.

Figure 3: Trend in Exchange Rates of the Shilling against the USD



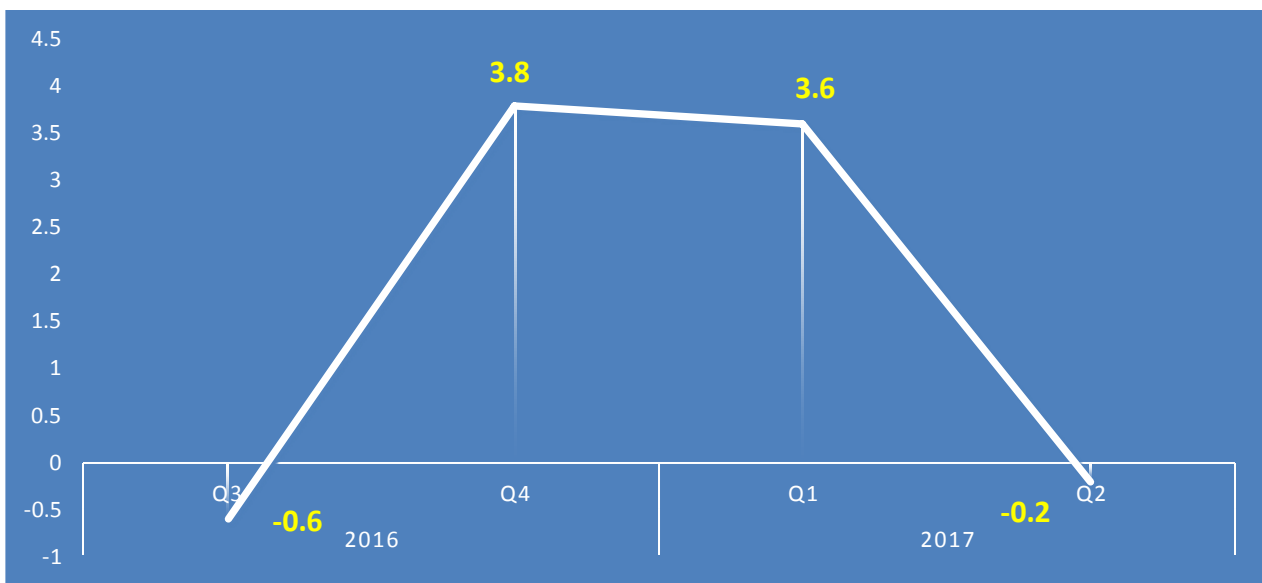
Source: BOU

3.0 Telecommunications

3.1 National Telephony

In this quarter, the total mobile and fixed telephony subscriptions decreased from 24,034,793 in the previous quarter to 23,993,111 in the current quarter, a drop of 41,682 subscribers (0.2%) compared to the 3.6% growth realised in the previous quarter. This drop has mainly been attributed to the continuous decline in post-paid subscription.

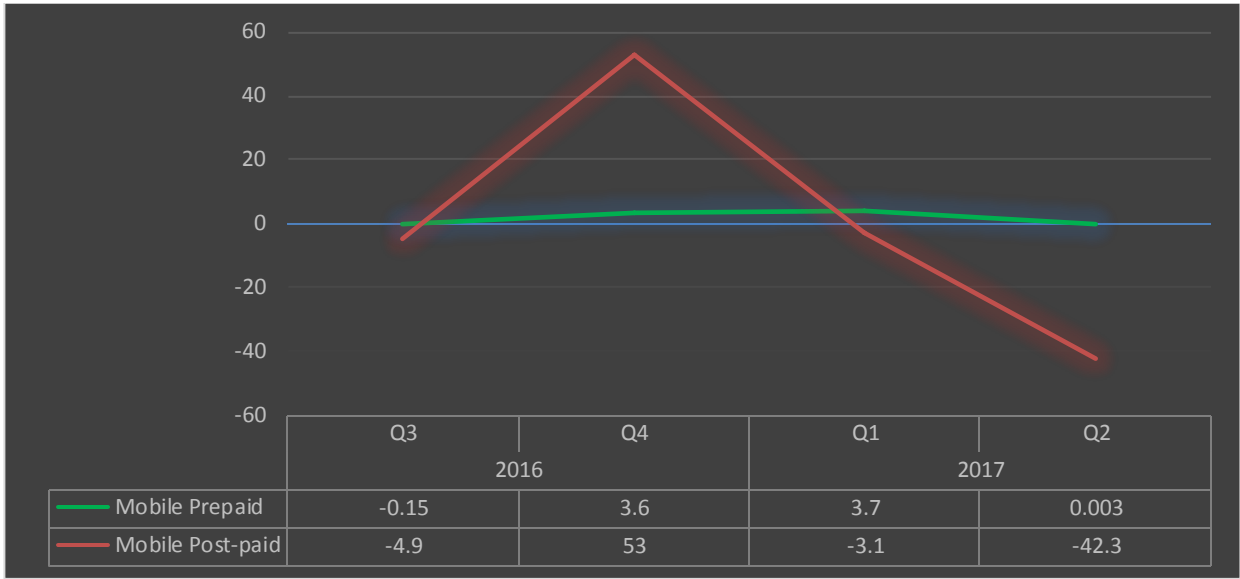
Figure 4: Quarterly Variations (%) in National Telephony



3.2 Mobile Telephony

The pre-paid subscription grew by 689 (0.003%) and post-paid subscriptions drop by 57,635 (42.3%) compared to the (3.7%) increases and (3.1%) drop experienced in the previous quarter.

Figure 5: Quarterly variations (%) in mobile subscriptions



3.3 Fixed Telephony

Fixed subscription grew from 369,237 to 384,503 (4.1%) compared to the 0.3% growth registered in the previous quarter.

Figure 6: Quarterly Variations (%) in fixed subscription

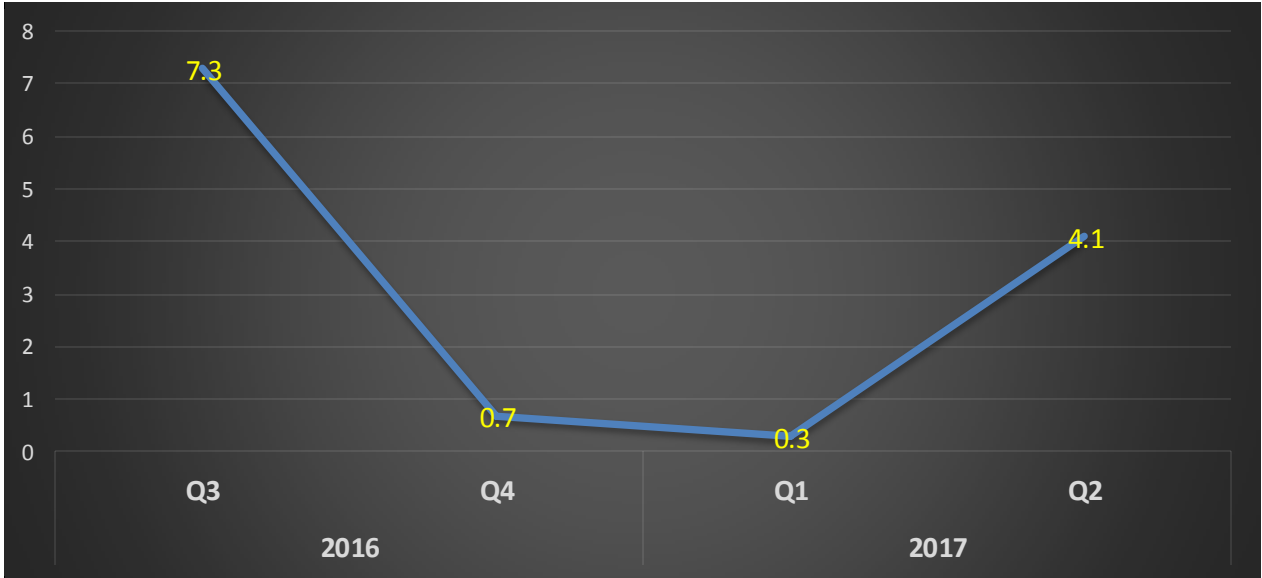


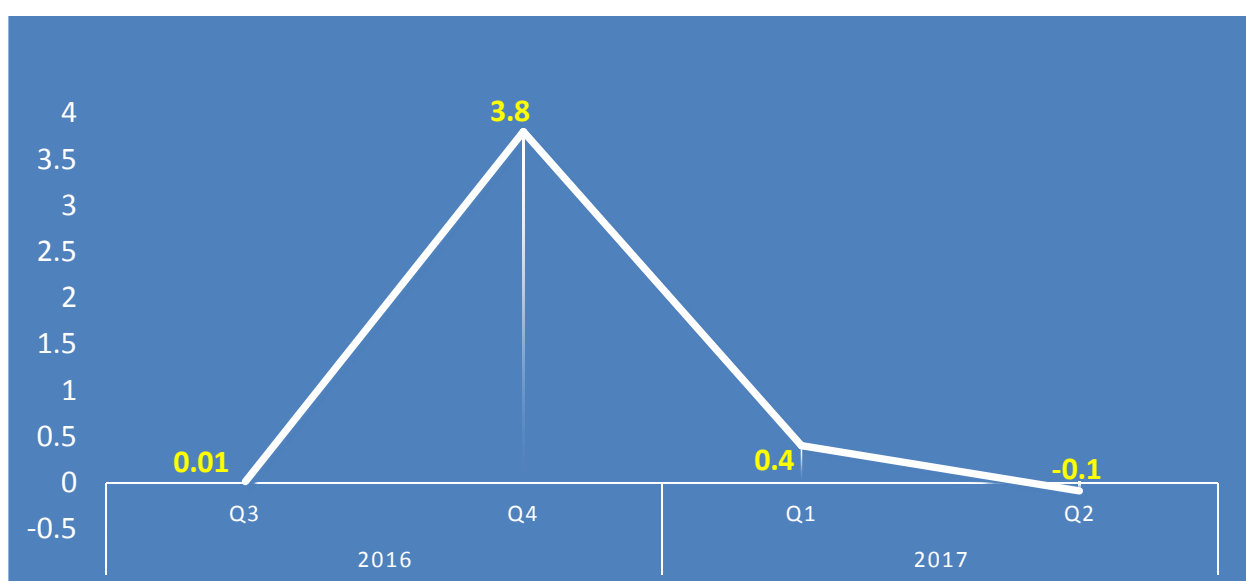
Table 1: Mobile and Fixed Telephony

Indicators	Q1 2017	Q2 2017	Change (%)
Mobile Subscriptions (pre-paid)	23,529,290	23,529,979	0.003
Mobile Subscriptions (post-paid)	136,266	78,631	-42.3
Fixed subscriptions	369,237	384,503	4.1
National status	24,034,793	23,993,113	-0.2
Tele-density	63.8	63.7	-0.1
Population (Projection-UBOS-Annual)	37,673,800	37,673,800	

3.4 Tele-density

Tele-density is the number of telephone connections for every hundred individuals living within an area (in this case Uganda). The sector registered a drop of 0.1% in Tele-density in the period under review. The previous quarter however registered a 0.4% growth in Tele-density.

Figure 7: Quarterly Variations (%) in Teledensity



3.5 Short Message Services (SMS)

Out-going **on-net** and **off-net** SMS dropped by 195,291,920 (16.2%) and 2,929,019 (12.6%) respectively during the reporting period. International outgoing and incoming SMS dropped by 307,425 (7.9%) and 9,092,719 (40.8%) respectively. In totality, there has been observed a drop in SMS traffic for all categories. This can be attributed to increased uptake of OTT messaging services that enables variety of content within messages.

Figure 8: Quarterly variations (%) in domestic outgoing SMS

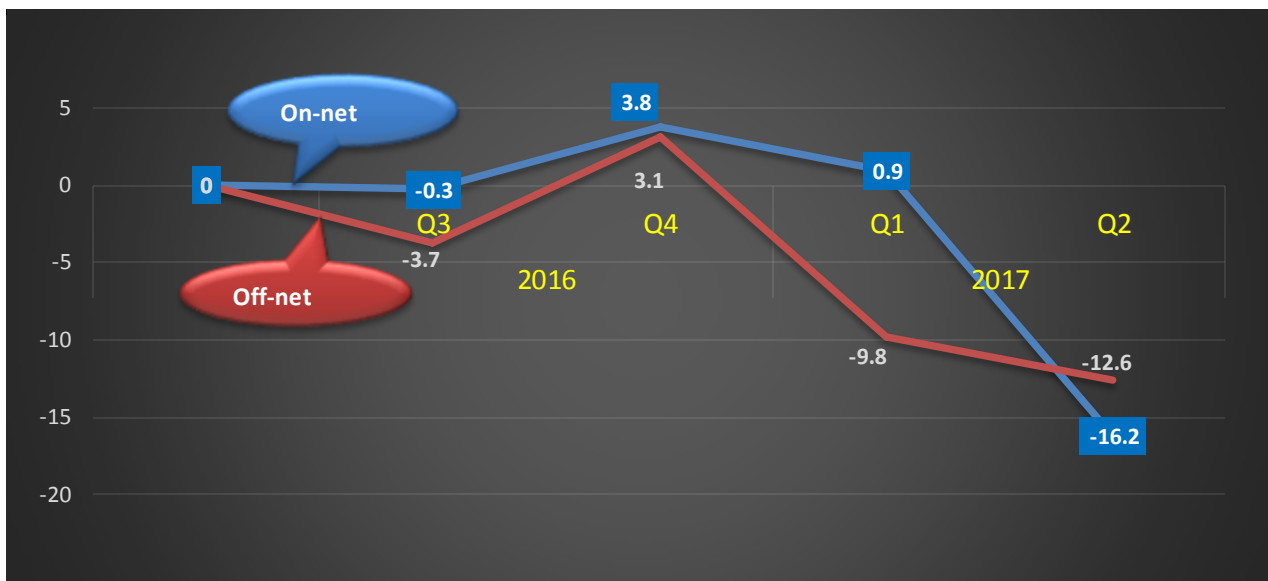


Figure 9: Quarterly variations (%) in International SMS

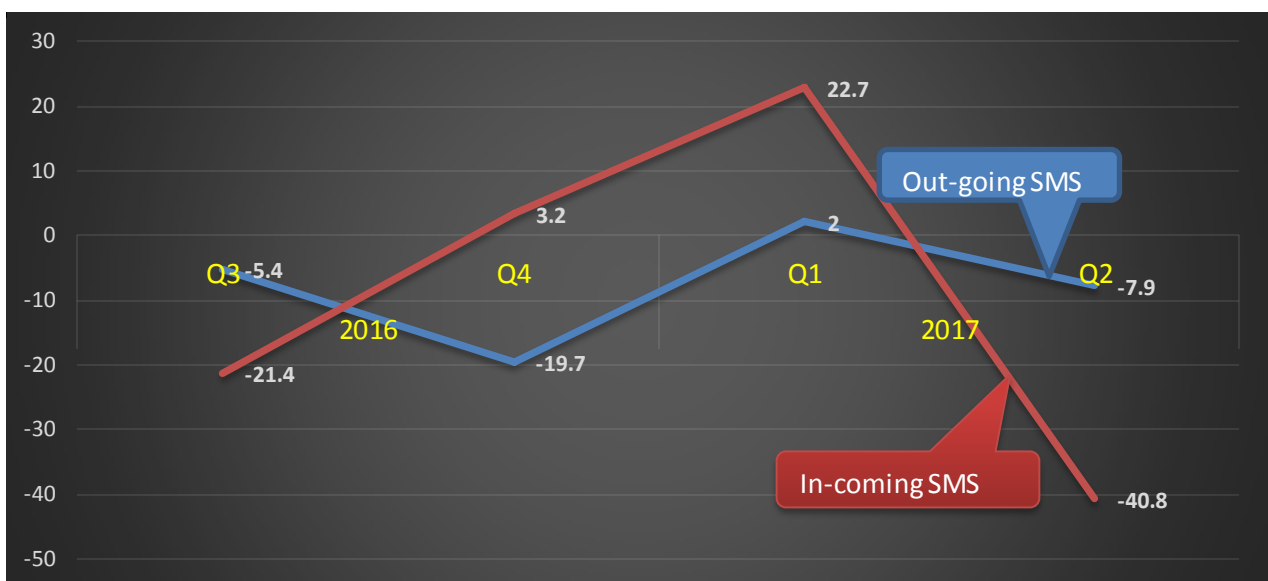


Table 2: Mobile Data SMS

Mobile Data (SMS)	Q1 2016	Q2 2017	% change
Out-going On net SMS	1,207,976,859	1,012,684,939	-16.2
Out-going SMS Off net	23,240,984	20,311,965	-12.6
International Out-going SMS	3,909,315	3,601,890	-7.9
International Incoming SMS	22,296,239	13,203,520	-40.8

3.6 Traffic Growth

3.6.1 On-net & off-net Voice Traffic

During this quarter, On-net voice traffic grew by 83,545,071 (1.3%) compared to the 6.6% growth registered in the previous quarter and the Off-net traffic dropped by 22,117,293 (10.4%) compared to the 13.2% dropped realised in the previous quarter.

Figure 10: Quarterly variations (%) in voice traffic (Domestic)

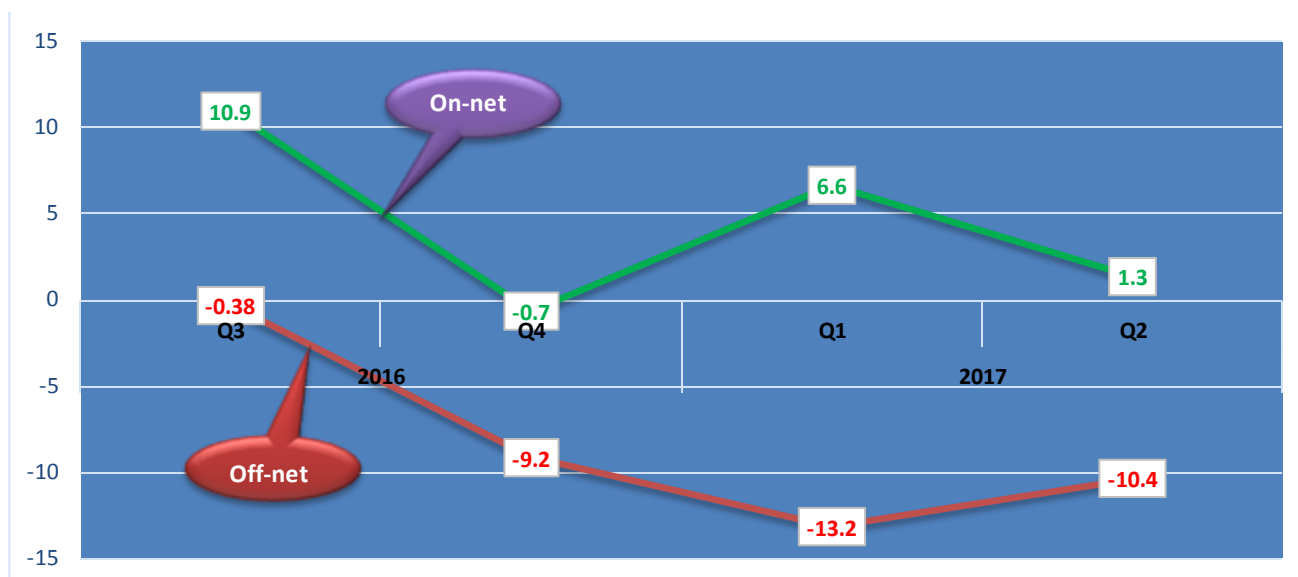


Table 3 On-net and Off-net Traffic (Minutes)

Indicators	Q1 2017	Q2 2017	Change (%)
On net traffic (voice)	6,461,542,274	6,545,087,345	1.3
Off net traffic (voice)	212,177,376	190,060,083	-10.4

3.6.2 International Voice Traffic

The international incoming voice traffic grew by 14,659,823 (14.9%) while the international outgoing voice traffic dropped by 5,890,649 (9.7%).

Figure 11: Quarterly variations (%) in international voice traffics

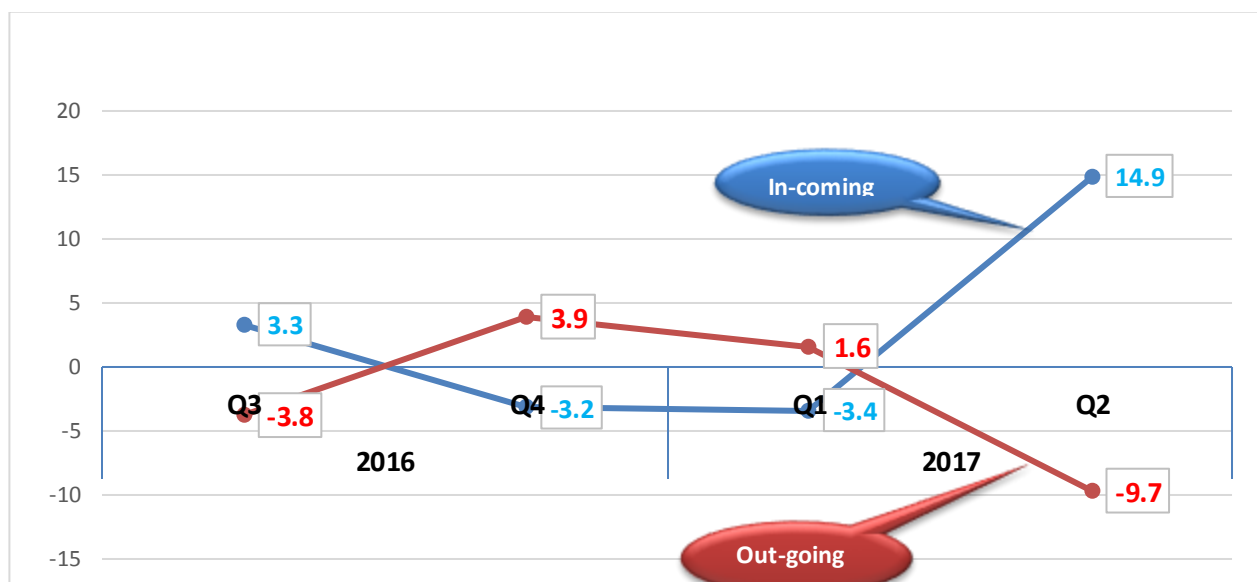


Table 4. International Traffic (Minutes)

Indicators	Q1 2017	Q2 2017	Change (%)
International traffic (voice incoming to mobile)	98,475,931	113,135,755	14.9
International traffic (voice outgoing)	60,541,730	54,651,081	-9.7

3.6.3 Roaming Traffic (Voice)

Roaming traffic in foreign networks grew by 1,764,673 (10.4%) compared to the (23.9%) growth registered in the previous quarter. Roaming by foreign networks grew by 1,632,800 (22.1%) compared to the 53.1% drop experienced in the previous quarter.

Figure 12: Quarterly variations (%) in roaming traffics

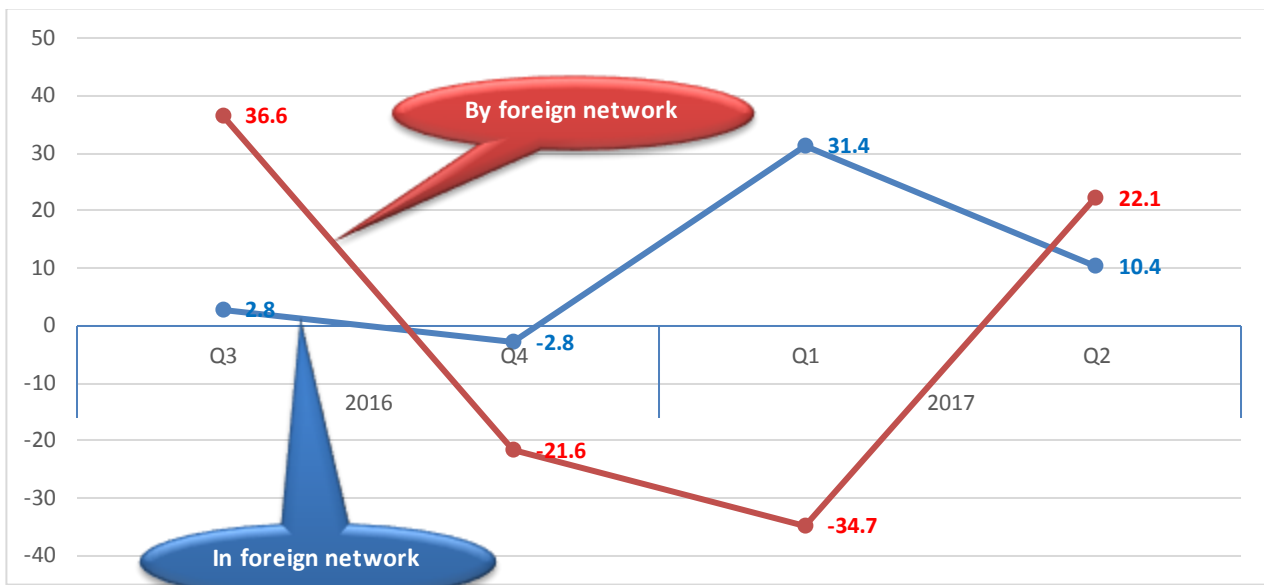


Table 5. Roaming Traffic (Minutes)

Indicators	Q1 2017	Q2 2017	Change (%)
Roaming in foreign networks	16,924,997	18,689,670	10.4
Roaming by foreign networks	7,396,734	9,029,534	22.1

3.7 Communications Infrastructure

3.7.1 Public Infrastructure Providers (PIP) and Public Service Providers (PSP)

The number of PIPs increased from 22 to 24. The number of PSPs as well increased from 30 to 34.

The number of Base Transceiver Stations (BTSs) increased during the quarter by 1.2% from 4,207 to 4,259. In the previous quarter, a growth of 0.8% was registered.

Table 6. Communications Infrastructure Data

Indicators	Q1 2017	Q2 2017	Change (%)
Public Infrastructure Provider (PIP)	22	24	9.1
Public Service Provider (PSP) Voice and Data and Capacity Resale.	30	34	13.3
Number of Base Transceiver Stations (BTS)	4,207	4,259	1.2

4.0 Internet Services

4.1 Mobile and Fixed Internet services

The sector registered an estimated 14.5% growth in mobile internet subscription (1,698,215 new subscribers) and a 3.2% growth in fixed internet subscription (4,850 new subscribers) in the same period. The estimated internet users increased by 3.7% from 16,484,312 to 17,102,456 in this quarter. The internet penetration increased from 43.8% to 45.4% (1.6% increase).

Figure 13: Quarterly variations (%) in internet subscriptions, Users and Penetration

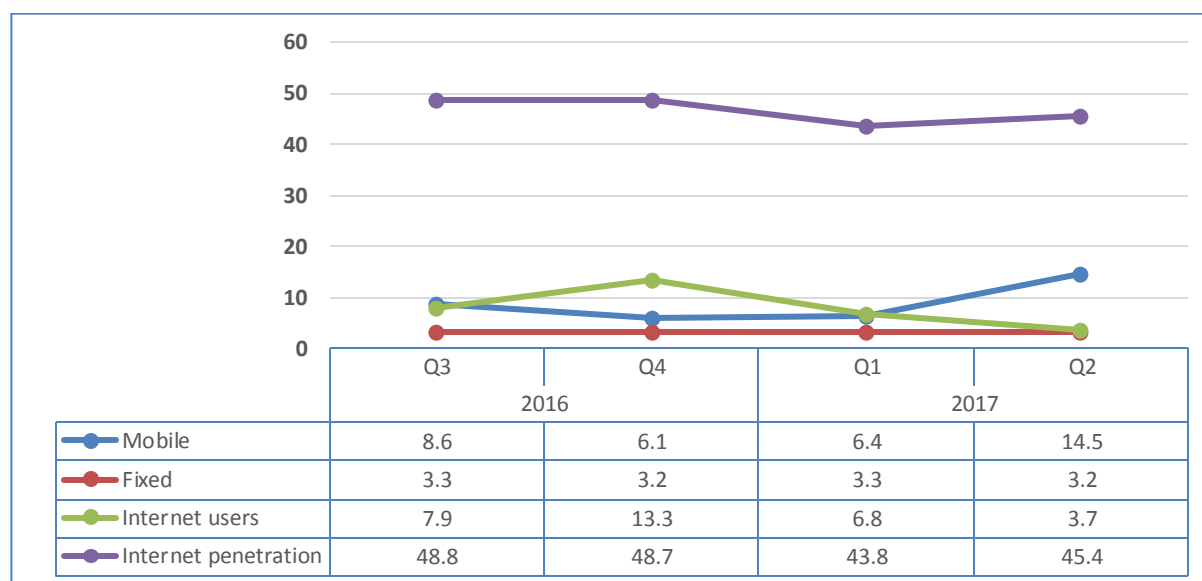


Table 7. Internet and Data

Indicators	Q1 2017	Q2 2017	Change (%)
Estimated Internet Subscription (Mobile)	11,694,927	13,393,142	14.5
Estimated Internet Subscription (Fixed)	153,150	158,000	3.2
Estimated Internet users	16,484,312	17,102,456	3.7
Internet Penetration per 100 population	43.8	45.4	1.6

4.2 Bandwidth

Bandwidth - the data transfer rate - is the amount of data that can be carried from one point to another in a given time period (usually per second). The total bandwidth (Mbps) grew by 6,103 (11%). This means increased network capacity to carry larger volume of information per second from one location to the next. This indirectly leads to improved network performance hence higher speed internet services to internet users. The bandwidth per one million inhabitants also grew by 162 (11%) in this quarter.

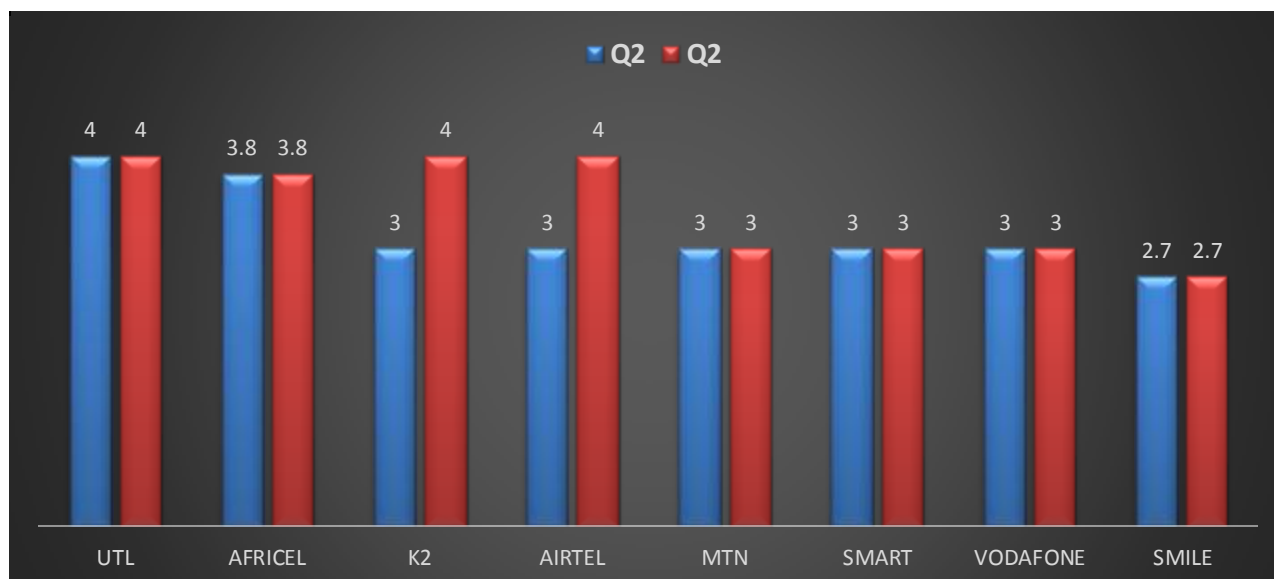
Table 8. Bandwidth

Indicators	Q1 2017	Q2 2017	Change (%)
Total Bandwidth (mbps)	55,482.6	61,585.6	11.0
Bandwidth per million inhabitants	1,472.7	1,634.7	11.0

5.0 Tariffs

All the operators are operating different tariff plans, and the comparative rates are available on www.price-check.co.ug and www.kompare.ug which are online resources for evaluation and comparison of different tariff plans. These two price comparator service providers are UCC approved. However, the common prepaid voice tariff plans across networks is the per-second one. For the quarter under review, all the licensees maintained the same rates as was the case in the previous quarter.

Figure 14: Per-second Voice Tariff Plans



6.0 Telecommunication Revenue

The revenue collected from Exercise Duty decreased by 7,699,622,083 (10.6%), VAT payments dropped by 19,139,119,192 (29.3%), while PAYE grew by 611,415,632 (7.8%). However, the total revenue collection dropped by 26,227,325,643 (18%).

Figure 15: Quarterly Revenue variations (%)

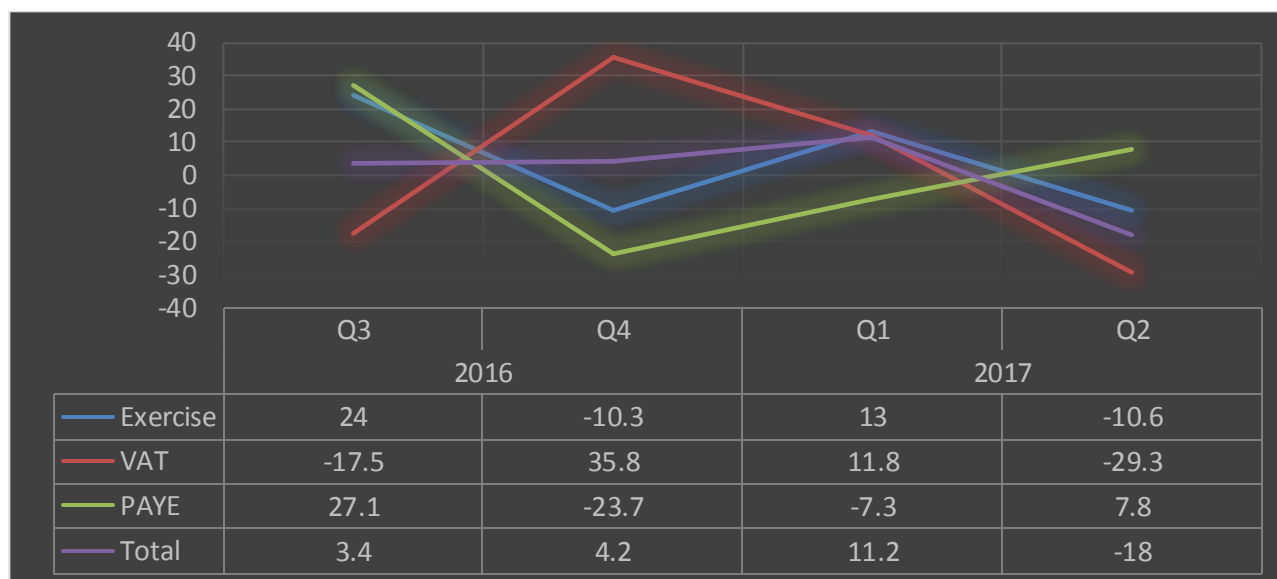


Table 9. Telecommunications Tax Revenue

Indicators	Q1 2017	Q2 2017	Change (%)
Excise (UGX)	72,776,504,199	65,076,882,116	-10.6%
VAT (UGX)	65,255,976,299	46,116,857,107	-29.3%
PAYE(UGX)	7,875,003,257	8,486,418,889	7.8%
Total	145,907,483,755	119,680,158,112	-18%

7.0 Broadcasting

In this sub sector, the number of operational Free-to-Air (FTA) TV stations is 31, while the number of digital terrestrial TV stations, digital satellite TV stations and cable TVs remained unchanged at two (2), four (4) and three (3) respectively. The number of operational FM stations changed to 275 as shown in the table below.

Table 10. Broadcasting Indicators

Indicators	Q1 2017	Q2 2017	Change (%)
Operational Free to Air TV service providers	28	31	10.7
Operational TV stations (Digital terrestrial stations)	2	2	0
Operational TV stations (Digital satellite stations)	4	4	0
Cable TVs	3	3	0
Operational FM Radio stations	292	275	-5.8

8.0 Pay Television

Seven (7) Pay Televisions are operational in the market, two (2) of which broadcast using terrestrial, four (4) use satellite and one (1) broadcasts over cable. Four Pay TVs broadcast country wide. Table 11 below lists the Pay TV companies and their areas of coverage.

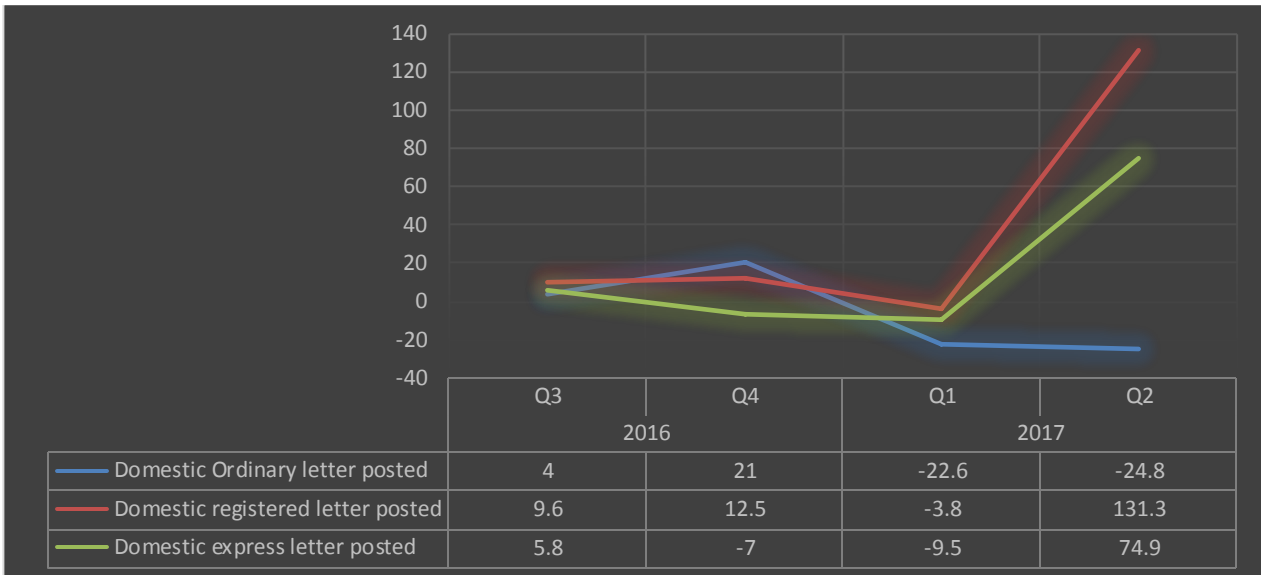
Table 11. Pay TVs, Mode of broadcasting and Geographical coverage

No.	Station Name	Mode of Broadcasting	Transmitter locations giving 60km radius of Coverage from each location
1.	CITI CABLE	Cable Internet	Kampala and Jinja (2)
2.	GOtv	Terrestrial	Kampala, Jinja, Iganga, Mbarara, Kasese Masaka, Mbale, Lira, Gulu, Arua, Entebbe
3.	STARTIMES	Terrestrial	Jinja, Kampala, Luwero, Masaka, Mbale, Mbarara, Nakasongola, Entebbe, Fort portal, Gulu, Ssesse Island
4.	DStv	Satellite	Countrywide
5.	AZAM TV	Satellite	Countrywide
6.	STARTIMES	Satellite	Countrywide
7.	ZUKU TV	Satellite	Countrywide

9.0 Postal Services

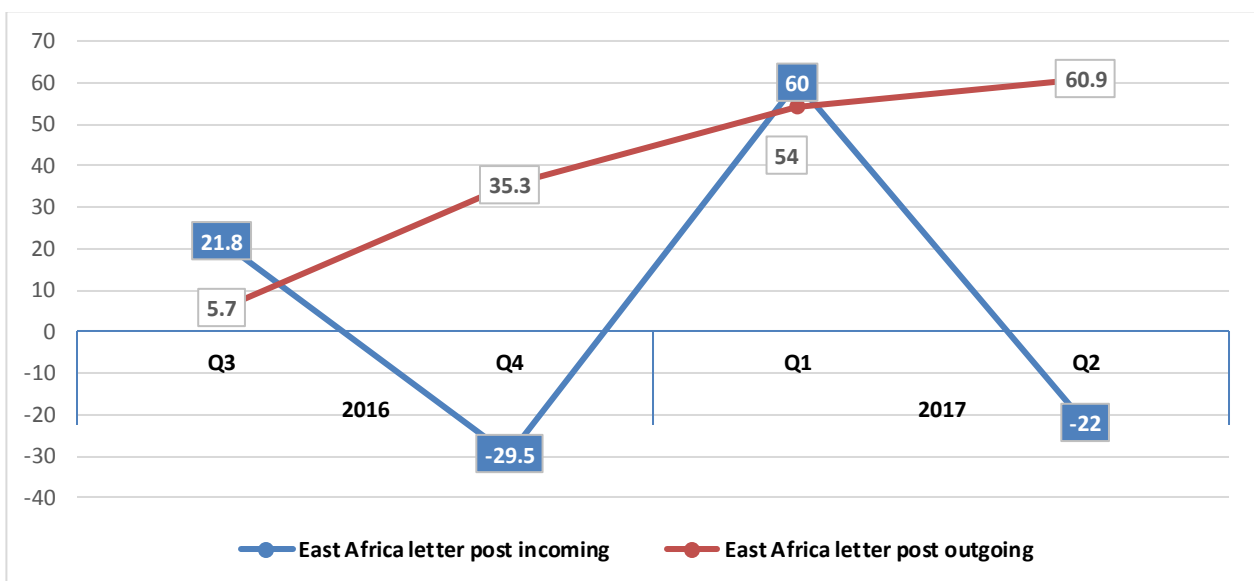
The Domestic ordinary letter posted dropped by 12,934 (24.8%), the domestic registered letter posted grew by 1,479 (131.3%) and the Domestic express mail services grew by 25,526 (74.9%).

Figure 16: Quarterly variations (%) in postal services (Domestic letter posts)



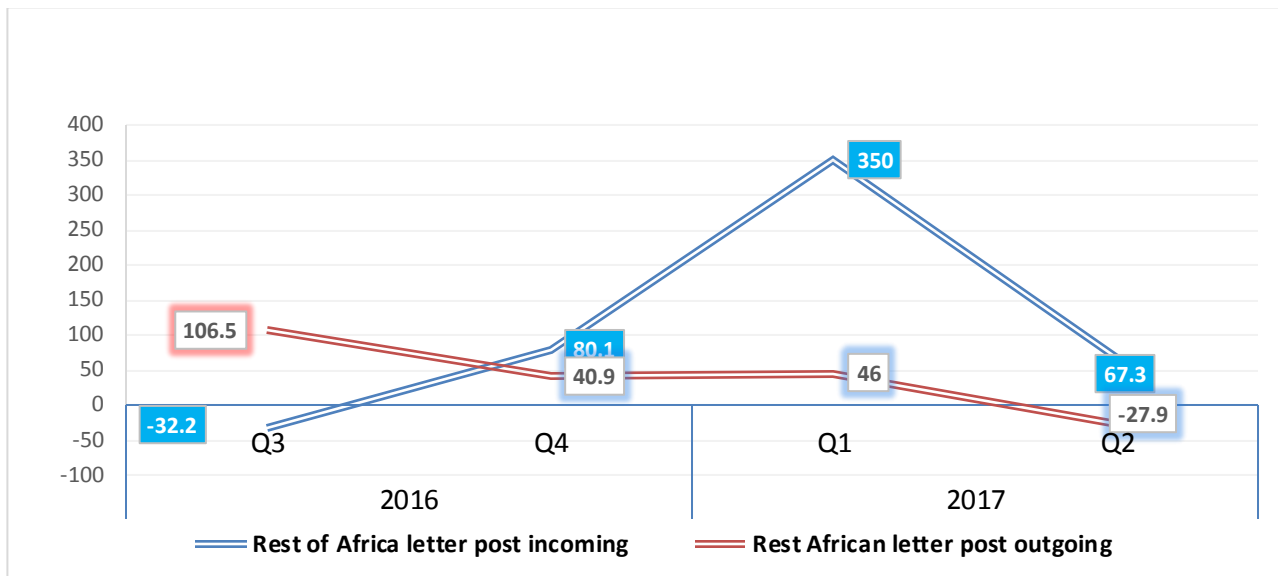
East African letter post incoming dropped by 1,523 (22.3%), East African letter post outgoing grew by 451 (60.9%).

Figure 17: Quarterly variations (%) in postal services (E.Africa)



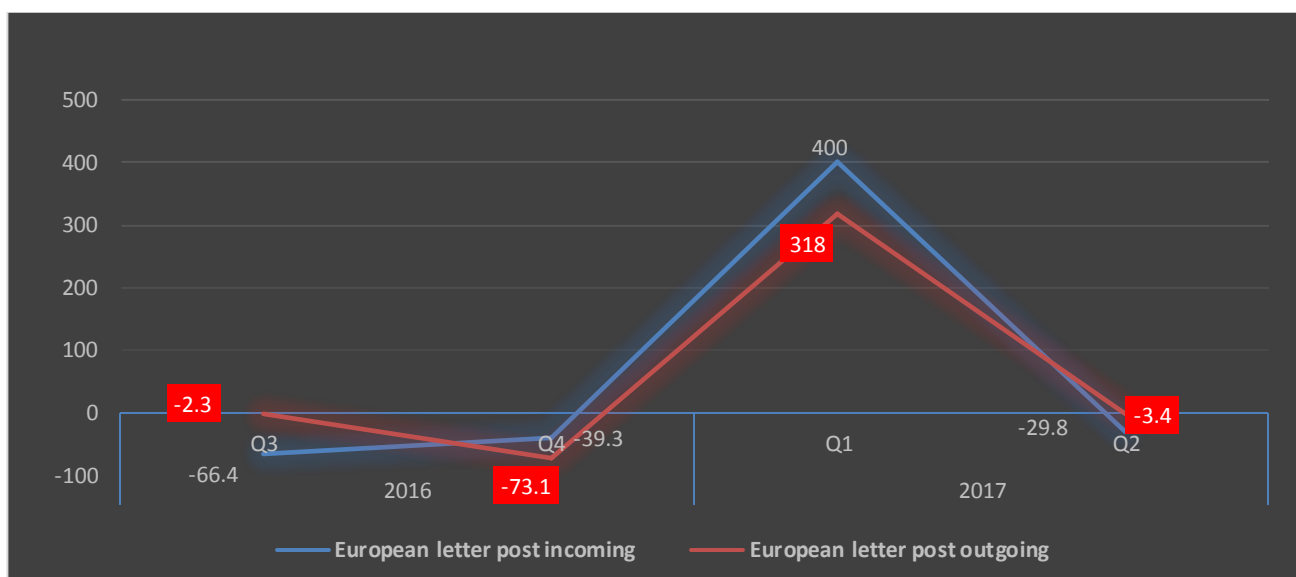
Rest of Africa letter post incoming grew by 1,956 (67.3%) and Rest of Africa letter post outgoing dropped by 282 (27.9%).

Figure 18: Quarterly variations (%) in postal services (Rest of Africa)



European letter post incoming dropped by 13,267 (29.8%), European letter post outgoing dropped by 787 (3.4%).

Figure 19: Quarterly variations (%) in postal services (European).



Rest of the world letter post incoming dropped by 4,938 (36.4%) and Rest of the world letter post outgoing dropped by 351 (15.2%) as shown in table below.

Figure 20: Quarterly variations (%) in postal services (Rest of the World).

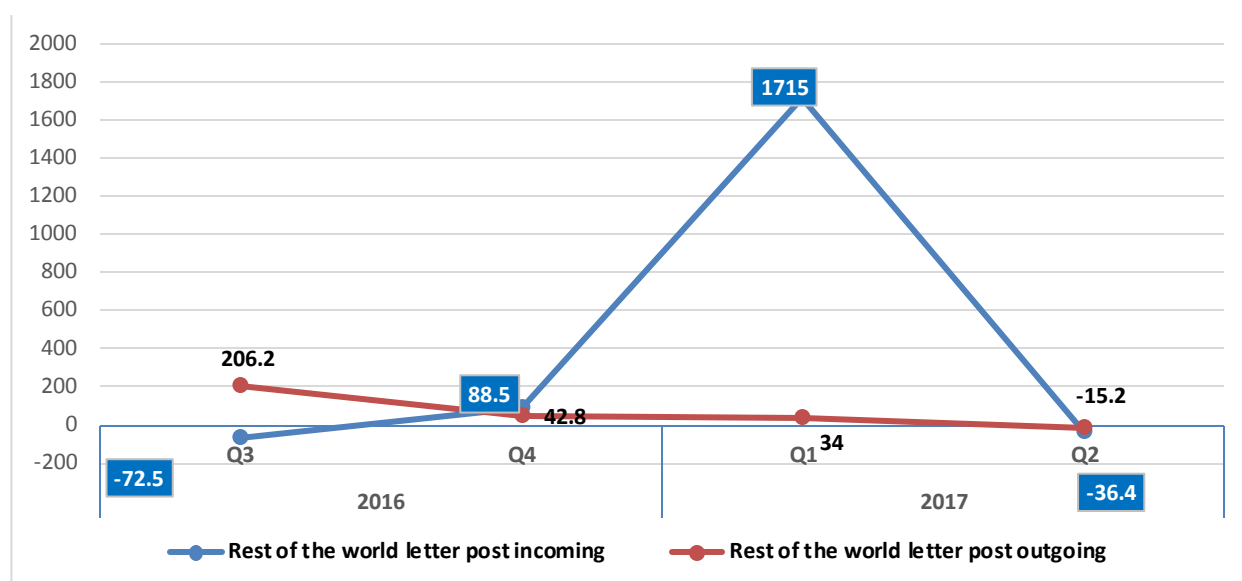


Table 12. Postal Data

Indicators	Q1 2017	Q2 2017	Change (%)
Courier Licence operators (International, Regional, Domestic)	(8,5,11)	(8,5,11)	N/A
Domestic ordinary letter posted	52,144	39,210	-24.8
Domestic registered letter posted	1,126	2,605	131.3
Domestic express mail service (DEMS)	34,076	59,602	74.9
East African Letter Post (Incoming)	6,835	5,312	-22.3
East African Letter Post (Outgoing)	740	1,191	60.9
Rest of Africa	2,905	4,861	67.3

Indicators	Q1 2017	Q2 2017	Change (%)
(Incoming)			
Rest of Africa (Outgoing)	1,012	730	-27.9
European Letter Post (Incoming)	44,519	31,252	-29.8
European Letter Post (Outgoing)	23,023	22,238	-3.4
American (Incoming)	16,223	13,856	-14.5
American (Outgoing)	6,601	9,095	37.8
Rest of the world (Incoming)	13,576	8,638	-36.4
Rest of the world (Outgoing)	2,314	1,963	-15.2

10.0 Mobile Money Services

The number of mobile money subscribers grew by 361,504 (1.6%). The number of transactions grew by 8,551,464 (3.1%). The value of transaction grew by 689,732,627,049 (5.0%).

The balance on customer accounts grew by 355,742,857 (0.1%), and the number of mobile money agents grew by 6,381 (4.5%) as shown in the table below.

Figure 21: Quarterly variations (%) in Mobile money services

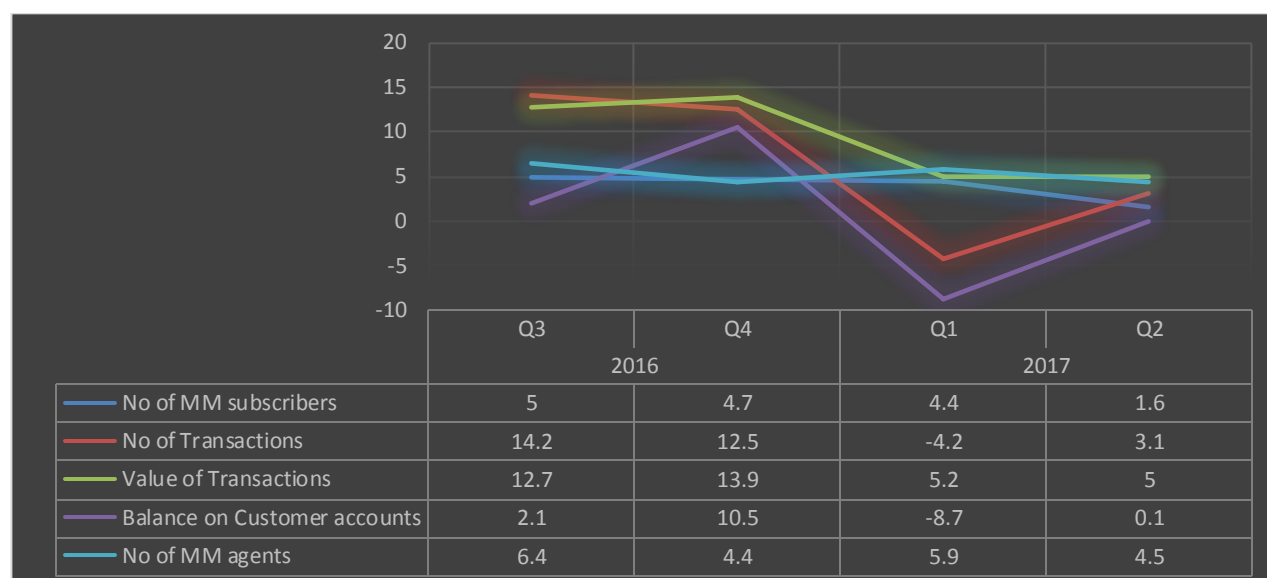


Table 13. Mobile Money Services

	Q1 2017	Q2 2017	Variations (%)
Number of Mobile money subscribers	22,532,144	22,893,648	1.6
Number of Transactions	279,006,959	287,558,423	3.1
Value of Transactions	13,759,142,582,498	14,448,875,209,547	5.0
Balance on customer accounts	322,856,595,238	323,212,338,095	0.1
Number of mobile money agents	140,765	147,146	4.5

Source: Bank of Uganda

11.0 Consumer Affairs

Consumers of communication services when dissatisfied with a service are required to first lodge complaints with their respective service providers. Where a consumer remains dissatisfied, they can then lodge complaints with UCC, at which point it becomes a second level complaint. The data used in this report represent second level complaints to UCC. However, the figures may include some first level complaints from consumers who claim inability to access their service providers.

A total of 35 complaints were received from the consumers of which 31 were resolved and closed, 4 were pending, awaiting response from service provider.

Out of all the complaints received:

- 25.7% of the complaints were received through e-mail,
- 54.3% of the complaints were received through phone calls,
- 20.0% of the complaints were received through walk-in clients

Figure 22: Number of Complaints received and resolved by quarter

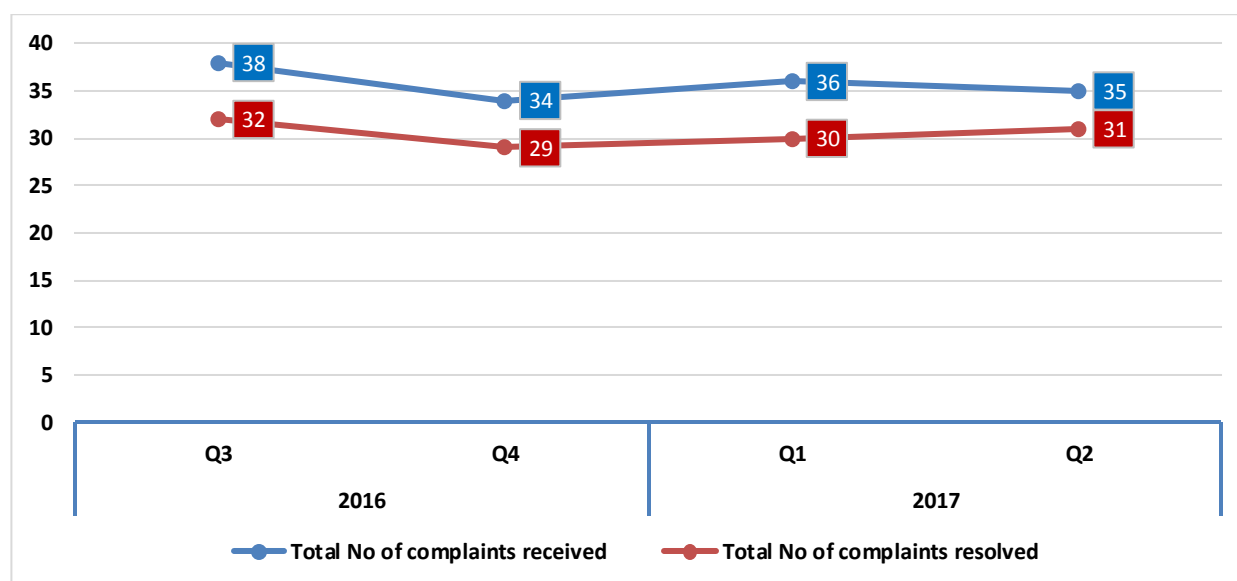


TABLE 14. Complaint types received, resolved and pending for the period under review

COMPLAINT TYPE	RECEIVED	RESOLVED	PENDING
SIM CARD REGISTRATION	8	8	0
BROADCASTING	7	4	3
QUALITY OF SERVICE	4	4	0
FRAUD	4	3	1
UNSOLICITED MESSAGES	3	3	0
INTERNET / GPRS SERVICES	3	3	0
MOBILE MONEY	3	3	0

BILLING	2	2	0
DENIAL OF INFORMATION	1	1	0
TOTAL	35	31	4