
Postal, Broadcasting and Telecommunications Market & Industry Report



Third Quarter (July-September, 2013)

Legal Disclaimer

The information and figures contained herein were obtained from licensees' submissions to the Commission and other sources available to the Commission. It is intended to provide an overview of the industry performance to the stakeholders. UCC does not give any warranty and may not be liable for any loss or damage arising from its use or misuse.

Contents

1.0 Introduction	4
2.0 Macroeconomic Factors.....	4
2.1 Inflation (General, Communication CPI)	4
Figure 1: Consumer Price Index (Q2 to Q3, 2013)	5
2.2 Exchange rate.....	5
Figure 2: Exchange Rate of the Shilling against the US\$	5
3.0 Telecommunications	6
3.1 Mobile Telephony	6
3.2 Fixed Telephony	6
Table 1. Mobile and Fixed Telephony	6
Figure 3. Quarterly subscription growth.....	7
3.3 Teledensity	7
Figure 4. Quarterly Teledensity.....	8
3.4 Traffic growth.....	8
3.4.1 On-net & off-net voice traffic.....	8
3.4.2 International Voice traffic	8
Table 2. Traffic data and growth.....	8
3.4.3 Roaming traffic (Voice)	9
Table 3. Roaming traffic data	9
3.5 Communications Infrastructure	9
3.5.1 PIPs and PSPs	9
Table 4. Communications Infrastructure data	9
3.5.2 The Fibre Optic Cable in Uganda.....	10
Fibre Infrastructure coverage as of June 2013	10
3.6 Mobile & Fixed Internet services	10
Table 5. Internet and Data	10
Figure 5. Internet penetration	11
3.7 Telecommunication Revenue	11
Table 6. Telecommunications Revenue Data.....	11
Figure 6. Growth in Tax Revenue from Telecommunication services	12
3.8 Mobile money services	12

Table 7. Mobile money Data	12
4.0 Broadcasting.....	13
Table 8. Broadcasting.....	13
5.0 Postal service	13
Table 9. Postal Data.....	14
6.0 Consumer Affairs.....	14
Table 10 Consumer Affairs data.....	14
6.1 Complaints by type	15
Figure 7. Complaints by type	15

1.0 Introduction

This report is a summary of the analysis done on the market and industry data extracted from the operational reports of all licensees in the Communications sector, and covers the period July to September 2013. In this report, data from Q3 (July-September) is compared against that from Q2 as the baseline which covers the period April to June 2013. The information derived from the market and industry data covers the following aspects of the Communications sector:

- a) Macroeconomic factors
- b) Mobile telephony
- c) Fixed telephony
- d) Teledensity
- e) Traffic growth
- f) Communications Infrastructure
- g) Internet/data services
- h) Tax Revenue contributions of the Communications sector
- i) Mobile money services
- j) Broadcasting and Postal services
- k) Consumer Affairs

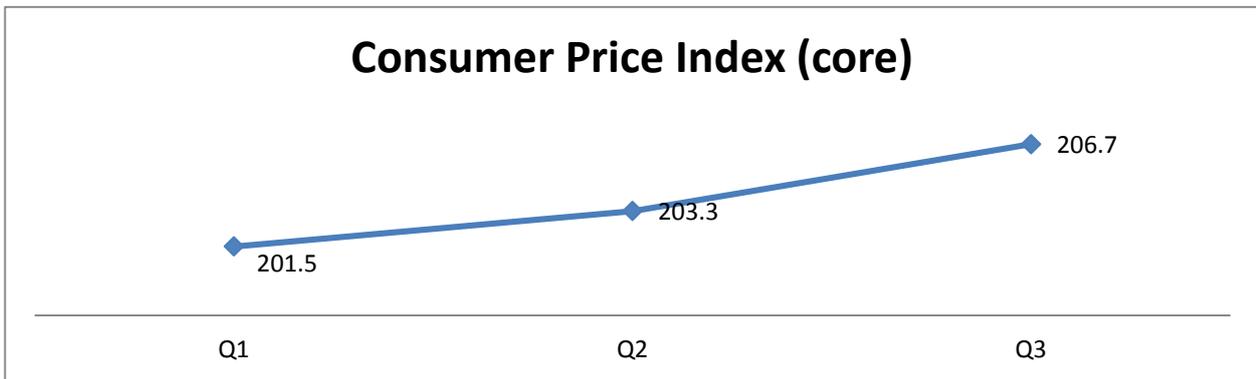
2.0 Macroeconomic Factors

Generally speaking, Macroeconomic factors especially exchange rates and inflation have impacts on the operations of telecommunication, broadcasting and postal sub sectors. A big percentage of the investments and operational expenditures are denominated in foreign currency (especially the US dollar), while the increase in prices of commodities as well has a direct effect on the operations of these companies, hence a snapshot into the movement of the exchange rates and the consumer price indices.

2.1 Inflation (General, Communication CPI)

The Consumer Price Index (Core) increased from 203.3 in June 2013 to 206.7 in September 2013, a marginal increment of 1.1%, compared to an increment of 0.9% in the previous quarter as indicated in Figure 1 below.

Figure 1: Consumer Price Index (Q2 to Q3, 2013)

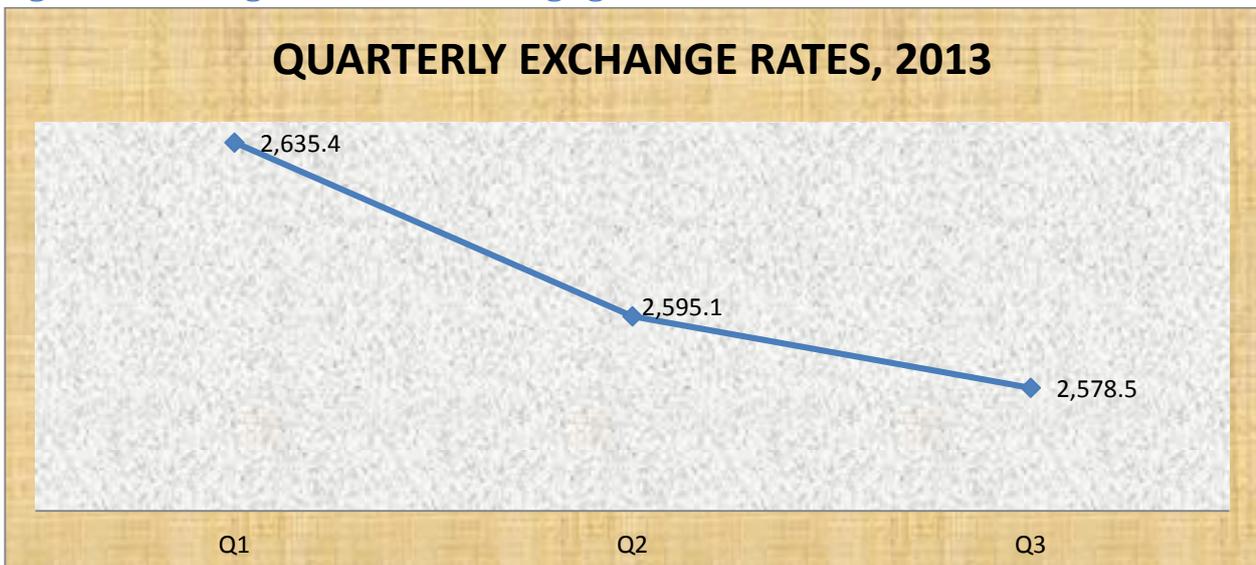


Source: Uganda Bureau of Statistics

2.2 Exchange rate

During the review period, the Shilling appreciated against the US\$ dollar by 0.6% from Shs 2595/USD at the end of June 2013 to Shs 2579/USD at the end of September 2013 as shown in Figure 2 below.

Figure 2: Exchange Rate of the Shilling against the US\$



Source: Bank of Uganda

3.0 Telecommunications

3.1 Mobile Telephony

For the quarter running July to September, the mobile telephony subscriptions (prepaid & post paid) grew respectively by 4.2% and 3.1% compared to a 1.6% drop and a 10.1% growth experienced respectively in the previous quarter.

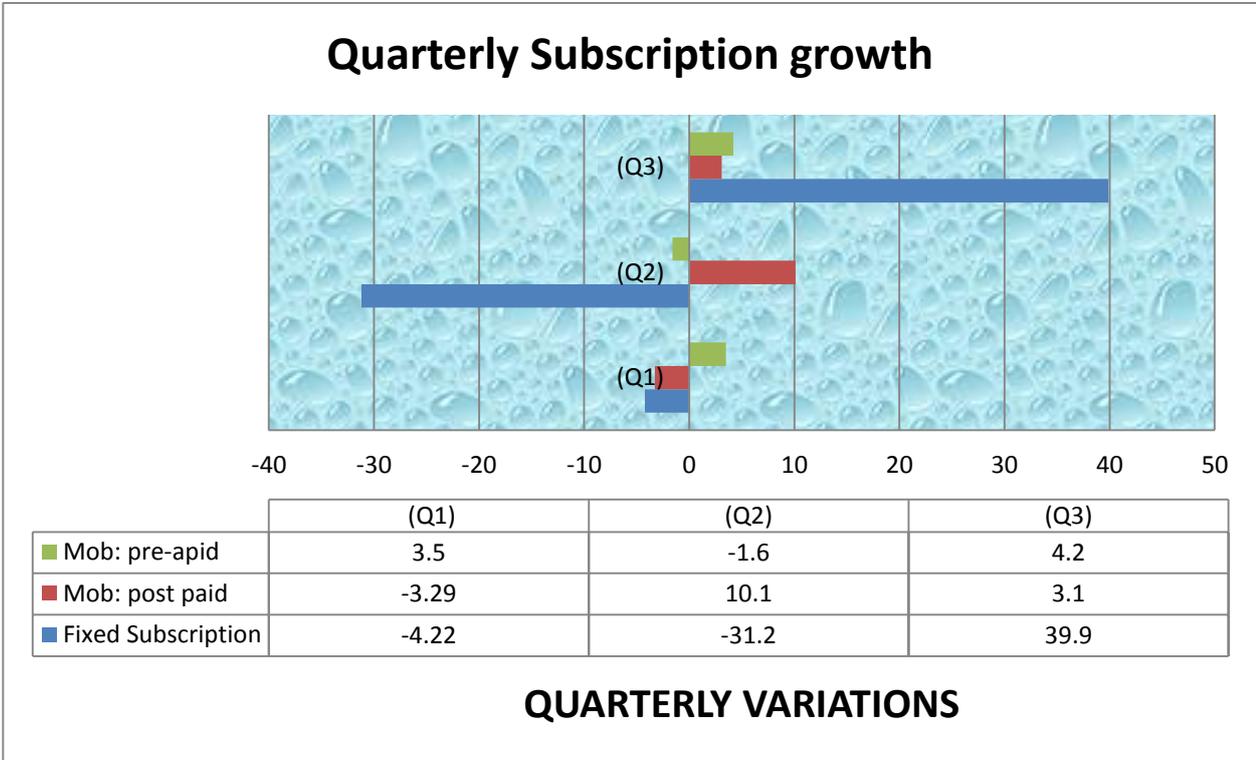
3.2 Fixed Telephony

Fixed subscription also grew by 39.4% compared to the 31.2% drop registered in the previous quarter.

Table 1. Mobile and Fixed Telephony

Indicators	Q2 2013	Q3 2013	Change in % (Q3-Q2%)
Mobile Subscriptions (prepaid)	16,486,109	17,182,465	4.2
Mobile Subscriptions (post paid)	82,677	85,205	3.1
Fixed subscriptions	207,474	289,255	39.4

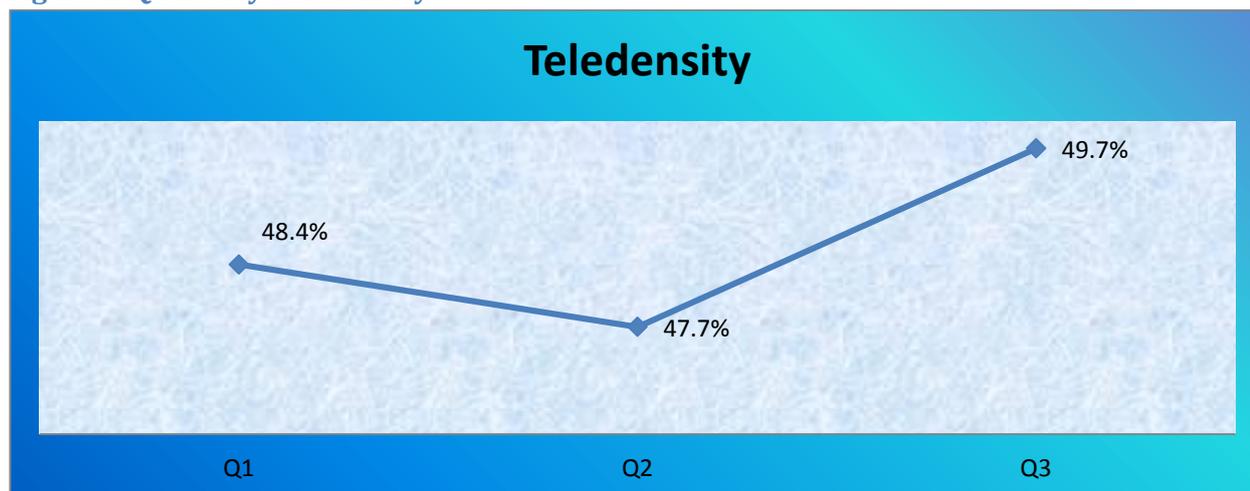
Figure 3. Quarterly subscription growth



3.3 Teledensity

The sector registered an upward growth of 2.0% in teledensity in the period being reviewed resulting to a teledensity of 49.7%. The growth implies increased coverage of telephony services in the country. In the previous quarter, the sector realised a 0.7% drop in teledensity as shown in figure 4.

Figure 4. Quarterly Teledensity



3.4 Traffic growth

3.4.1 On-net & off-net voice traffic

A 2.2% growth in the on-net voice traffic and a 13.6% growth in off-net voice traffic was realised during the quarter. This means that in terms of the above indicators, the sector performed better in this quarter compared to the previous quarter in which a 0.7% drop and a 5.7% growth were respectively realised.

3.4.2 International Voice traffic

Both the international incoming voice traffic and the International outgoing voice traffic experienced a drop of 15.1% and 0.9% respectively. In the previous quarter however, a respective 2.4% drop and a 6.8% growth were realised.

Table 2. Traffic data and growth

Indicators	Q2 2013	Q3 2013	Change (%) (Q3-Q2)
On net traffic (voice)	3,740,707,564	3,821,811,911	2.2
Off net traffic (voice)	455,573,877	517,665,819	13.6
International traffic (voice incoming)	120,651,837	102,404,036	-15.1
International traffic (voice outgoing)	70,620,623	69,968,423	-0.9

3.4.3 Roaming traffic (Voice)

Both roaming in foreign networks and roaming by foreign networks dropped by 20.0% and 20.3% respectively. These drops trends recurred since in the previous quarter the sector experienced respective drops of 46.3% and 27.0% in roaming in foreign networks and roaming by foreign networks.

Table 3. Roaming traffic data

Indicators	Q2 2013	Q3 2013	Change (%) (Q3-Q2)
Roaming in foreign networks	12,076,955	9,659,291	-20.0
Roaming by foreign networks	11,665,659	9,294,870	-20.3

3.5 Communications Infrastructure

3.5.1 PIPs and PSPs

The number of PIPs and PSPs remained unchanged during the quarter. However, the number of BTS grew by 0.7% as a result of 24 new sites coming online in third quarter, leading to a total of 3,620 sites country wide up from 3,596 realised in the previous quarter with a growth of 2.0%

Table 4. Communications Infrastructure data

Indicators	Q2 2013	Q3 2013	Change (%) (Q3-Q2)
Public Infrastructure Provider (PIP)	24	24	0.0
Public Service Provider (PSP) Voice and Data	36	36	0.0
Infrastructure Statistics			
Number of Base Transmitter Stations (BTS)	3,596	3,620	0.7

3.5.2 The Fibre Optic Cable in Uganda

A total of 5,110.85km of fibre optic cables were laid by June 2013. There is no new update in Q3. The details connections are as shown in the table below.

Fibre Infrastructure coverage as of June 2013

Company	Length (km) 2013
Uganda Telecom	1138.8
MTN (U) Limited	540.2
Airtel/Warid	82
Infocom	780
Roke Telekom	448
Uganda Electricity Transmission Company Limited (UETCL)	480.85
MolCTs -Government of Uganda (NBI Phase 1 & 11)	1,585
Total Fibre	5,110.85

3.6 Mobile & Fixed Internet services

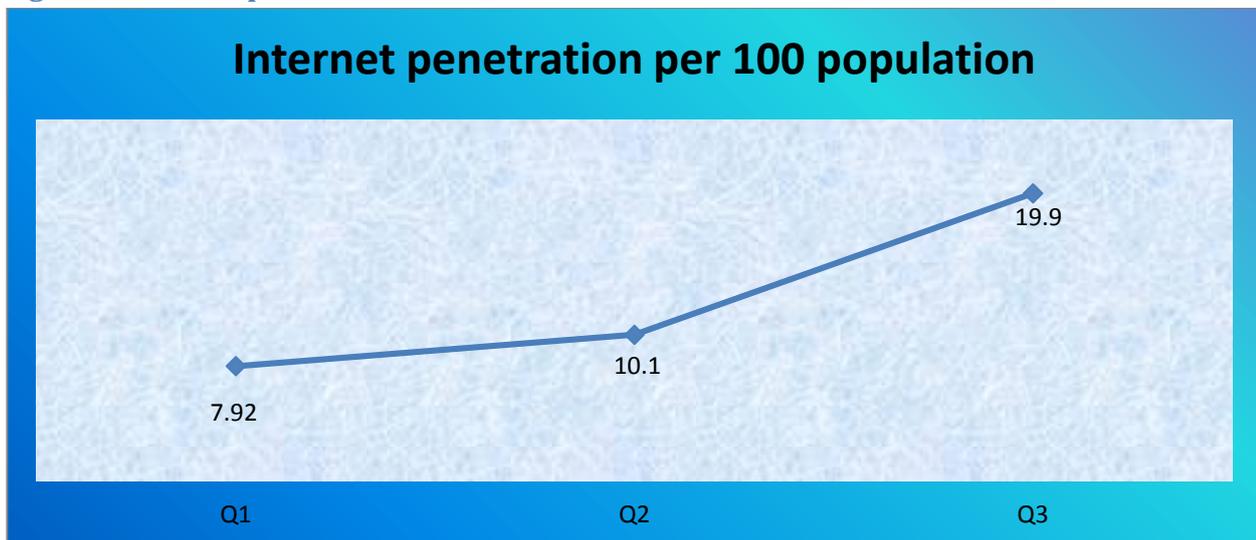
Although only a 1% growth in bandwidth was realised during the quarter, as estimated, the sector registered a 2.2% growth in mobile internet subscription, a 1.2% growth in fixed internet subscription, a 3.7% growth in number of internet users and 97% growth in internet penetration leading to internet penetration of 19.9%. In the previous quarter however, as compared respectively, 27.9%, 0.2%, 4.6% and 27.5% growth were realised which lead to internet penetration of 10.1%.

Table 5. Internet and Data

Indicators	Q2 2013	Q3 2013	Change (%) (Q3-Q2)
Estimated Internet subscription (Mobile)	3,458,351	3,532,751	2.2
Estimated Internet subscription (Fixed)	98,500	99,700	1.2

Indicators	Q2 2013	Q3 2013	Change (%) (Q3-Q2)
Estimated Internet users	6,800,000	7,050,000	3.7
Internet penetration per 100 population	10.1	19.9	97.0
Bandwidth Growth			
Total Bandwidth (Mbps)	25678.82	25935.61	1.0
Bandwidth per 1 million inhabitants (mbps)	726.27	733.53	1.0

Figure 5. Internet penetration



3.7 Telecommunication Revenue

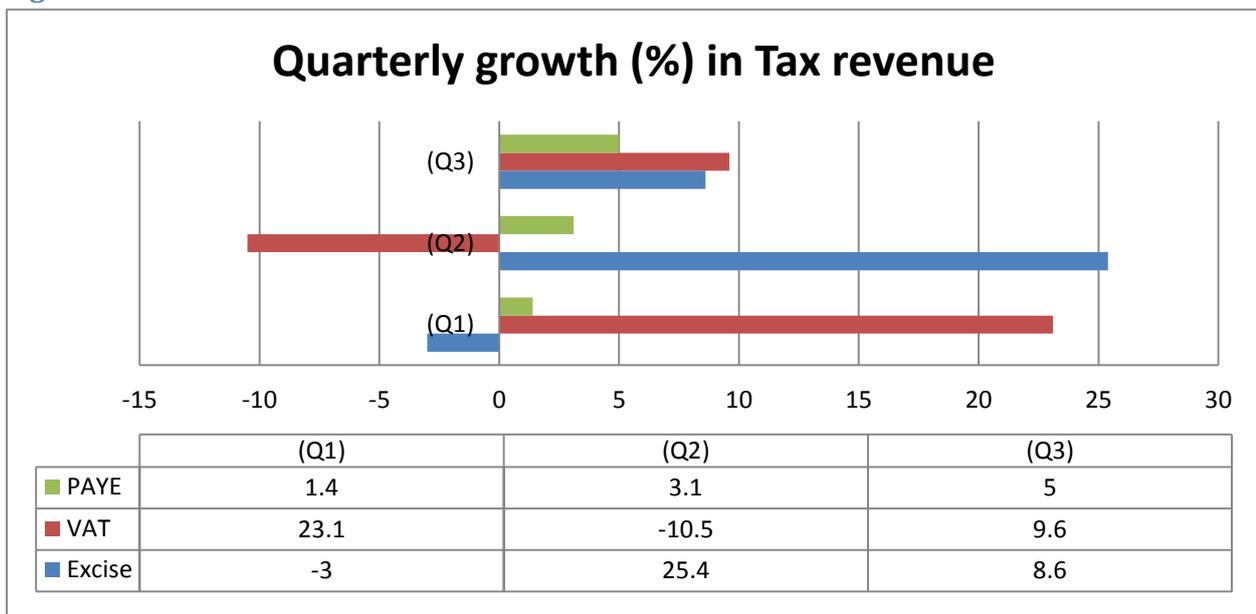
In this quarter, positive growth were realised in all the three revenue sources with Excise duty realising 8.6% growth compared to a 2.3% growth realised in the previous quarter. VAT grew by 9.6% compared to a 10.5% drop realised in the previous quarter and PAYE grew by 5.0% up from 3.1% growth realised in the previous quarter.

Table 6. Telecommunications Revenue Data

Indicators	Q2 2013	Q3 2013	Change (%) (Q3-Q2)
Excise	36,984,922,347	40,169,684,713	8.6
VAT	35,353,657,050	38,752,820,537	9.6

Indicators	Q2 2013	Q3 2013	Change (%) (Q3-Q2)
PAYE	11,953,367,603	12,551,752,860	5.0

Figure 6. Growth in Tax Revenue from Telecommunication services



3.8 Mobile money services

During this quarter, the sector experienced positive development in all the four key areas of mobile money services. The number of Mobile Money Subscribers grew by 8.9%, number of transactions grew by 0.2%, value of transaction grew by 18.6% and the balance on customer accounts grew by 13.4%. However, in the previous quarter, the sector experienced respectively 8.9% growth, 3.1% drop, 2.5% drop and 57.4% growth.

Table 7. Mobile money Data

Indicators	Q2 2013	Q3 2013	Change (%) (Q3-Q2)
Number of Mobile money subscribers	12,117,821	13,202,264	8.9
Number of Transactions	32,558,138	32,606,984	0.2
Value of Transactions	1,391,658,969,855	1,650,454,343,031	18.6
Balance on customer accounts	124,361,702,422	141,061,811,552	13.4

4.0 Broadcasting

In this sub sector, slight variations were noted on the number of analogue TV stations which grew by 6.3% to make (67) from 63, and the number of operational FM stations which grew by 0.8% to make (253) from 251. The number of digital terrestrial TV stations, and digital satellite TV stations remained unchanged at (3) and (2) respectively.

Table 8. Broadcasting

Indicators	Q2 2013	Q3 2013	Change (%) (Q3-Q2)
Operational TV stations (analogue)	63	67	6.3
Non Operational TV stations (analog)	10	4	-60.0
Operational TV stations (Digital terrestrial stations)	3	3	0.0
Operational TV stations (Digital satellite stations)	2	2	0.0
Operational FM Radio stations	251	253	0.8
Non operational FM Radio stations	35	40	14.3

5.0 Postal service

In this quarter, the sub sector experienced a 31.5% drop in Domestic ordinary letter posted, 47.1% drop in Domestic registered letter posted, and a 2.8% drop in Domestic EMS. In the previous quarter however, the performance was better since Domestic ordinary letter posted grew by 19.4%, Domestic registered letter posted grew by 188.1% and Domestic EMS grew by 35.3%.

Table 9. Postal Data

Indicators	Q2 2013	Q3 2013	Change (%) (Q3-Q2)
Domestic ordinary letter posted	325,081	222,565	-31.5
Domestic registered letter posted	6,323	3,343	-47.1
Domestic EMS	62,392	60,648	-2.8

6.0 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 statistics 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.

Table 10 Consumer Affairs data

REVIEW OF COMPLAINTS RECEIVED	Q1	Q2	Q3	Change (Q2-Q3)
	%	%	%	%
Complaints received and resolved by respective service provider	71.1	72.9	70.0	-3.8
Pending complaints	26.5	23.7	30.0	26.6
Complaints outside UCC mandates	2.4	3.4	0.0	100

The above table shows that there is a 3.8% reduction in complaints resolved by the operators. This is due to delayed response by the operators in resolving the complaints ultimately leading to the increase in number of pending complaints. In this quarter, pending complaints grew by 26.6%. The statistics for both indicators shows that there is reduced attention to customers by the operators.

In this quarter, no complaint was received outside the mandate of UCC. This means that consumers are more informed about which complaints are handled by UCC and what

role(s) UCC plays in resolving their complaints. All these came about as a result of consumer awareness campaign.

6.1 Complaints by type

The highest number of complaints registered in the period under review was on billing issues. The Commission also noted with great concern the increasing number of complaints on unsolicited messages and Mobile Money fraud.

Figure 7. Complaints by type

