



UGANDA  
COMMUNICATIONS  
COMMISSION

# Market Performance Report

*JANUARY 2020*



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2. Prospective entrants,
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# Introduction

This is a review of the industry performance, trends and key developments for the quarter starting October to December 2019. The quarter on quarter variations reported are for Q3 to Q4 2019. The report covers:

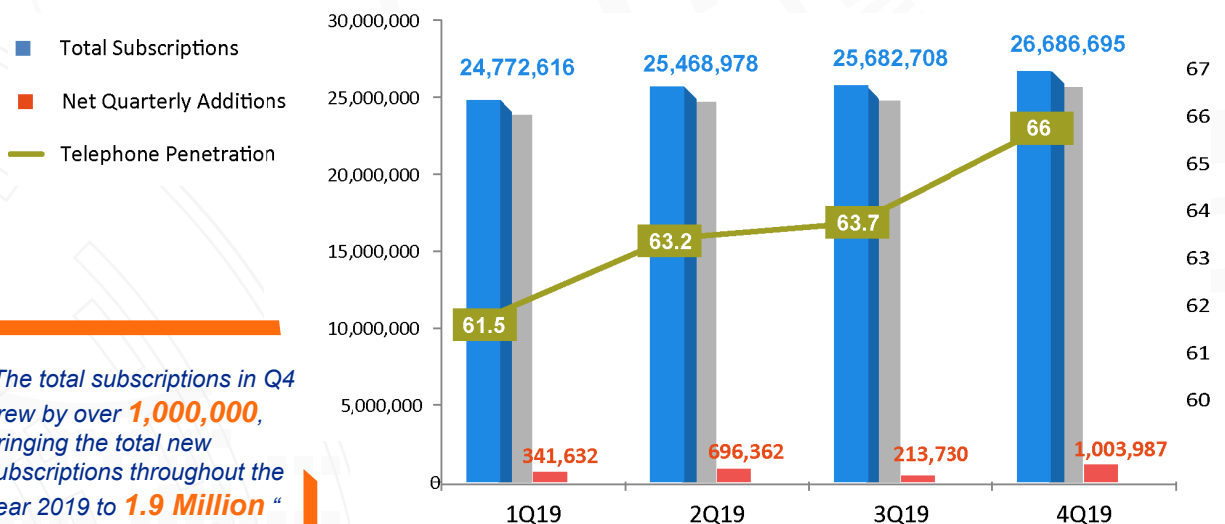
1. Telephone Subscriptions
2. Data Subscriptions
3. Financial Services
4. Network Infrastructure
5. Domestic Traffic
6. International Traffic
7. Monthly Average User Traffic Profile
8. Roaming
9. OTT Services
10. Revenues
11. International Interconnect
12. Postal Services
13. Broadcast and Multimedia Services

# Section A : Access

## 1. TELEPHONE SUBSCRIPTIONS

- ◆ The industry posted a 3% growth in total Fixed & Cellular Subscriptions, growing from 25.7 million active subscriptions in September 2019 to 26.7 million at the end of December 2019.
- ◆ The growth in Subscriptions translates into a penetration of 66 Lines per 100 from a penetration of 63.7 Lines per 100 at the end of September 2019.
- ◆ There has been a total of 1.9 million new additions in the last 4 quarters. 97% of Total Subscriptions remain Mobile, while 3% are fixed.

### Quarter on Quarter Subscriber Additions and Penetration Rates for the last 4 Quarters



*“The total subscriptions in Q4 grew by over **1,000,000**, bringing the total new subscriptions throughout the year 2019 to **1.9 Million** “*

## 2. DATA SUBSCRIPTIONS

- ◆ Total internet subscriptions grew over the quarter from 15.4 million subscriptions in October 2019 to 16.9 million at the end of December 2019.
- ◆ The growth in internet subscriptions may be due to increasing mobile data subscriptions, which are largely driven by growth in feature and smart handset penetration. At the end of December 2019, the number of active smartphones on the network had grown to 6.6 million, while feature phones with basic data connection capabilities had risen to 17.2 million from 17.1 million in October 2019

*This represents a growth of **1,479,274** internet subscriptions between October and December 2019.*



**BASIC MOBILE PHONE**  
Can make calls and send text messages

**Monthly Users**

oct-19	3,176,620
nov-19	3,268,166
Dec-19	3,409,724



**FEATURE PHONES**  
Can make and receive calls, send text messages and provide some of the advanced features found on a smartphone.

**Monthly Users**

oct-19	17,149,531
nov-19	17,171,267
Dec-19	17,181,564



**SMARTPHONES**

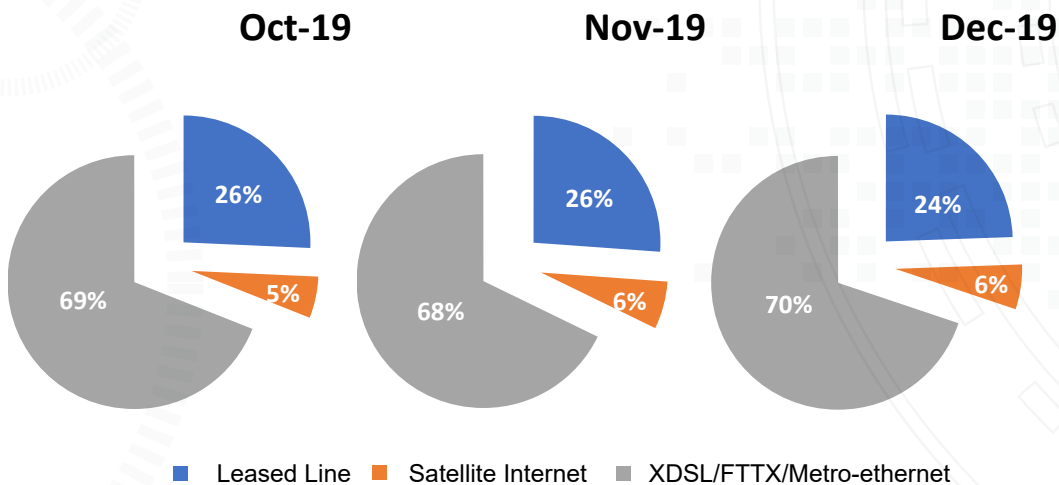
A class of mobile phones and of multi-purpose mobile computing devices. They are distinguished from feature phones by their stronger hardware capabilities and extensive mobile operating systems, which facilitate wider software, internet (including web browsing over mobile broadband), and multimedia functionality (including music, video, cameras, and gaming), alongside core phone functions such as voice calls and text messaging.

**Monthly Users**

oct-19	6,175,190
nov-19	6,529,264
Dec-19	6,614,153

- ◆ Fixed internet subscriptions have grown to 85,710 at the end of December 2019 from 81,366 at the end of September 2019. Worth noting is that Fixed data connections are largely xDSL with limited fixed satellite connections.

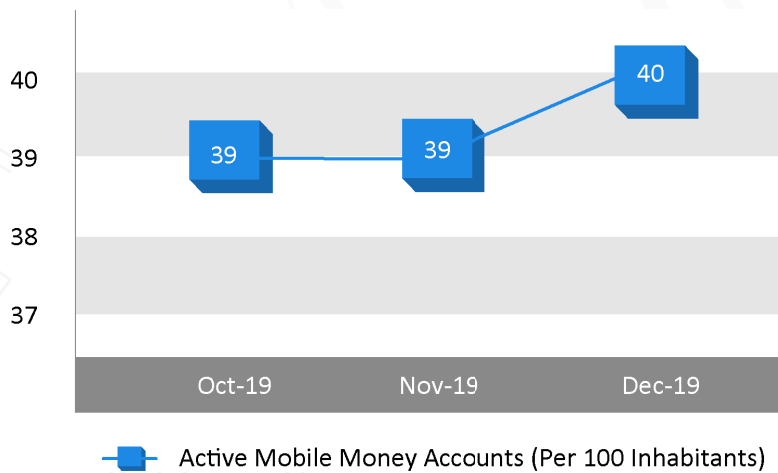
**Fixed Internet Subscriptions (FTTx, xDSL, Leased Lines and Satellite)**



### 3. MOBILE FINANCIAL SERVICES

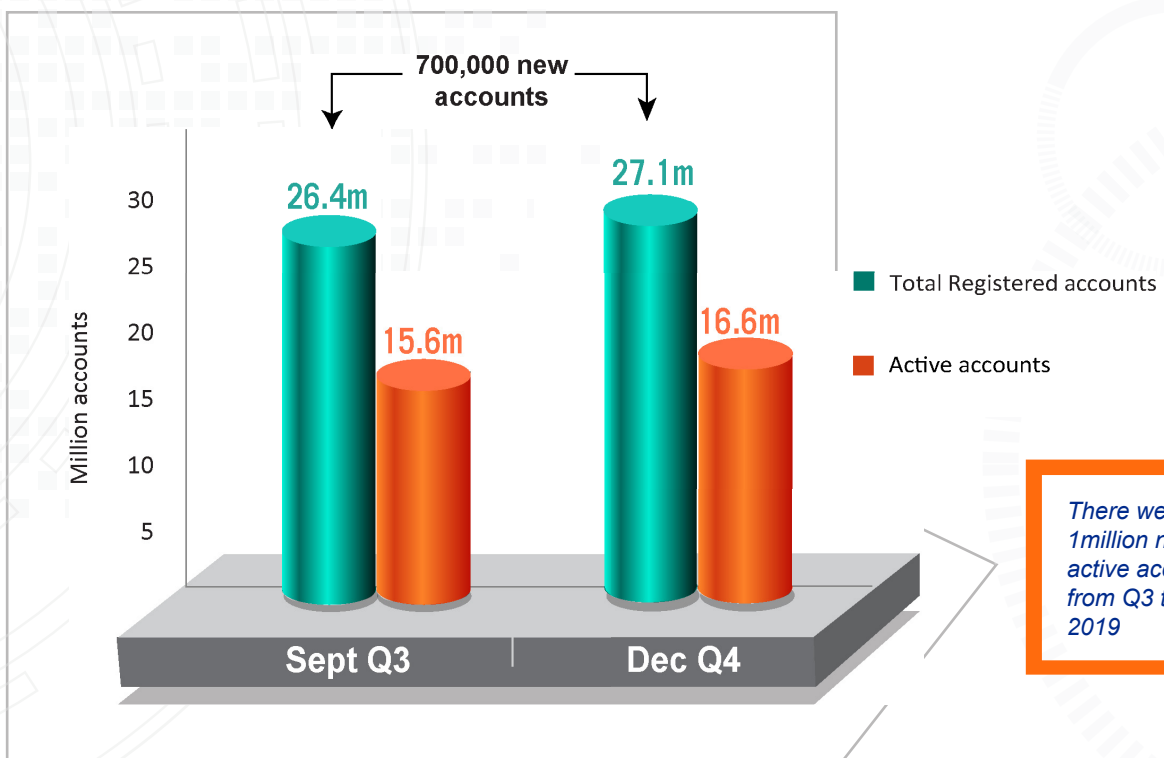
- ◆ The quarter ending December 2019 realised 700,000 new Registered Mobile Money Accounts.
- ◆ Net additions in registered mobile money accounts between December 2018 and December 2019 stood at 2.6 million new accounts.
- ◆ The quarter ended with 27.1 million registered mobile money accounts from 26.4 million in September 2019.
- ◆ Total Active Mobile Money Subscriptions now stands at 16.6 million accounts from 15.6 million active accounts in September 2019, representing 6% quarter-on-quarter growth.
- ◆ Active mobile money subscriptions are accounts that have conducted at least one billable mobile financial service in the three months October – December 2019.

#### Active Mobile Money accounts per 100 Inhabitants



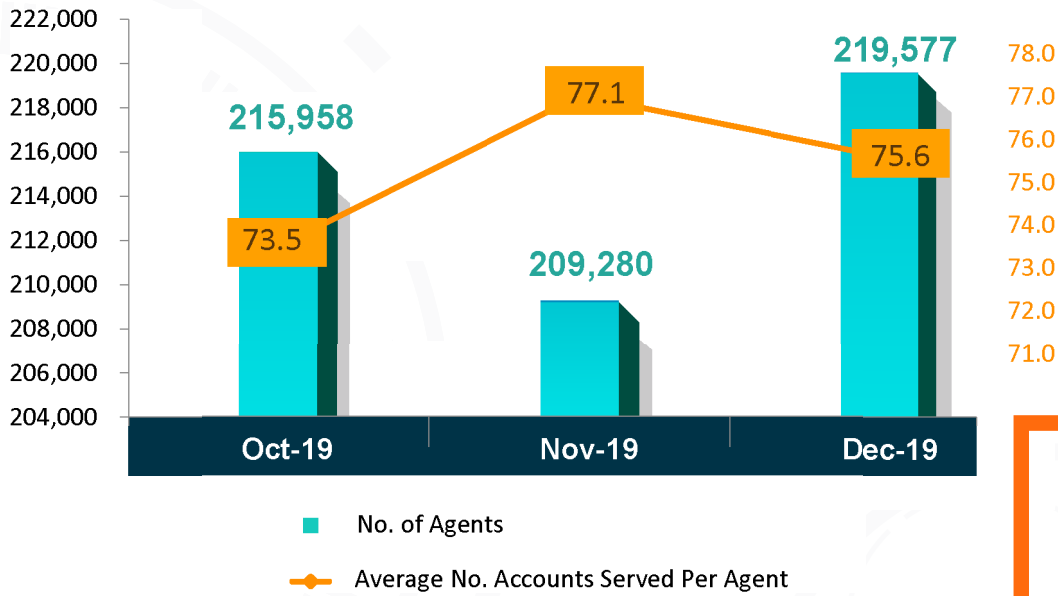
*Penetration per 100 inhabitants was constant at 66 for Registered Accounts in Q4, but grew from 39 in October to 40 in December for Active Accounts.*

#### New Accounts Vs Active Accounts from Q3 to Q4



*There were 1million new active accounts from Q3 to Q4 2019*

## Agent Network Growth & Average No. of Accounts Served per Agent



*Mobile money continues to drive Financial inclusion in the country, with a penetration of **41%** at the end of December.*

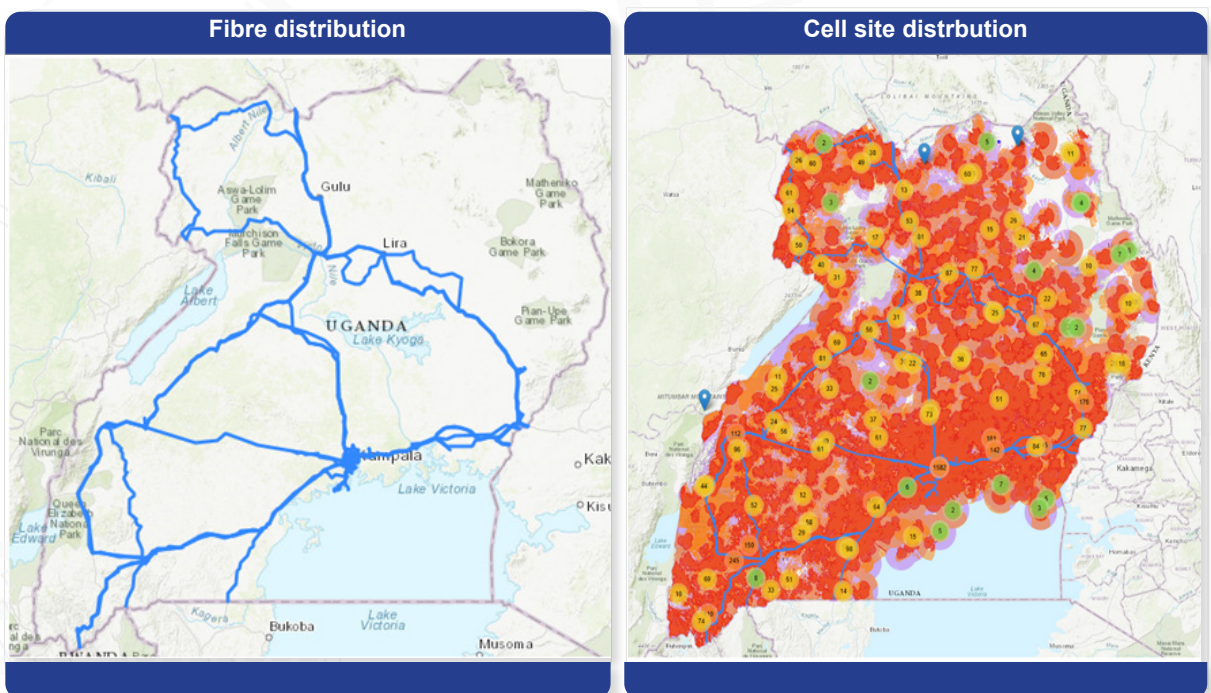
- ◆ The subscribers of mobile money accounts are largely serviced through an agent network of 219,577 nationwide at the end of December 2019. These have contracted from 225,879 agents at the end of September 2019.
- ◆ The contraction in the mobile money agent network may be attributed to:
  - New competition from agency banking.
  - Increased bank-to-wallet and wallet-to-bank transfers.
  - Multi-network agency models that have taken route following the barring of exclusive mobile money dealership obligations.
  - An increased number of merchants accepting payments that has kept money in the ecosystem.

## 4. NETWORK INFRASTRUCTURE

- ◆ The growth in cellular subscriptions is driven by new investment in both core and radio network coverage. By December 2019 2G sites stood at 4,810, 3G sites stood at 4,187 and 4G sites stood at 2,593. These were served by a network of 19,609 km of terrestrial backhaul fibre.

### Status Of Radio Network Coverage At The End Of December 2019

	Geographic	Population
2G	77.1%	96.9%
3G	47.6%	84.6%
4G	27.6%	60.9%



- ◆ Probably the highlight of the quarter was ATC's acquisition of Eaton Holdings LTD Uganda. The transaction, that received both local and regional regulatory approval by the Commission and COMESA, effectively brought together the local operations of Eaton and ATC in Uganda.
- ◆ The ATC portfolio includes a network of 2,943 passive cell sites, translating into more than 85% of total passive cell site infrastructure in the country.
- ◆ UTL maintains a market share of 10% of passive cell site infrastructure and remains the only mobile network operator running primarily on built-to-own towers.
- ◆ At the end of December 2019 the total passive cell site footprint in the country stood at 3,334
- ◆ Average tenancy ratio now stands at 1.3 tenants per site. The increase in tenancy factors presents shared efficiencies in resource management.



## Section B : Service & Usage

### 5. DOMESTIC TRAFFIC

- ◆ Growth in mobile subscriptions has translated into 9% growth in total domestic monthly traffic between October – December 2019.
- ◆ Consistent with previous traffic distribution, on net traffic accounts for 98% of total domestic traffic with off net domestic traffic only accounting for 2%. The dominance of on net traffic is a reflection of the current on net – off net pricing differential and the dominance of on-net price bundles.
- ◆ Many of the carriers have improved on-net price bundles offering an average of 300 minutes for Ugx.10,000 effectively pricing an on-net minute at less than Ugx.35 while an off-net minute remains at Ugx.240. Examples of comparable on-net bundles and pricing can be seen in the tables below:



Price (Shs)	Minutes
5,000	120
10,000	300
35,000	2400
50,000	4500



Price (Shs)	Minutes
5,000	125
10,000	300
30,000	2000
50,000	4500

- ◆ The industry has averaged 4.29 billion on net minutes per month during the quarter, with an on-net traffic peak in December of 4.5 billion minutes.
- ◆ This translates into an average of 164 on-net minutes per month per subscriber during 4Q19.
- ◆ The industry has averaged 61.07 million off net minutes per month during the quarter, with an off-net traffic peak in December of 68.4 million minutes.
- ◆ This translates into an average of 2.32 off-net minutes per month per subscriber during 4Q19.
- ◆ The industry has averaged 13.49 billion mobile MBs downloaded per month during the quarter, this translates into an average of 514 MBs per subscriber per month.

## Total Monthly Internet Traffic vs. Average MBs per Subscriber



Month	Total Internet Traffic (MBs)
Oct-19	10,585,800,638
Nov-19	10,940,375,511
Dec-19	11,455,656,051

Month	Average MBs Per Subscriber
Oct-19	409.1
Nov-19	419.4
Dec-19	429.2

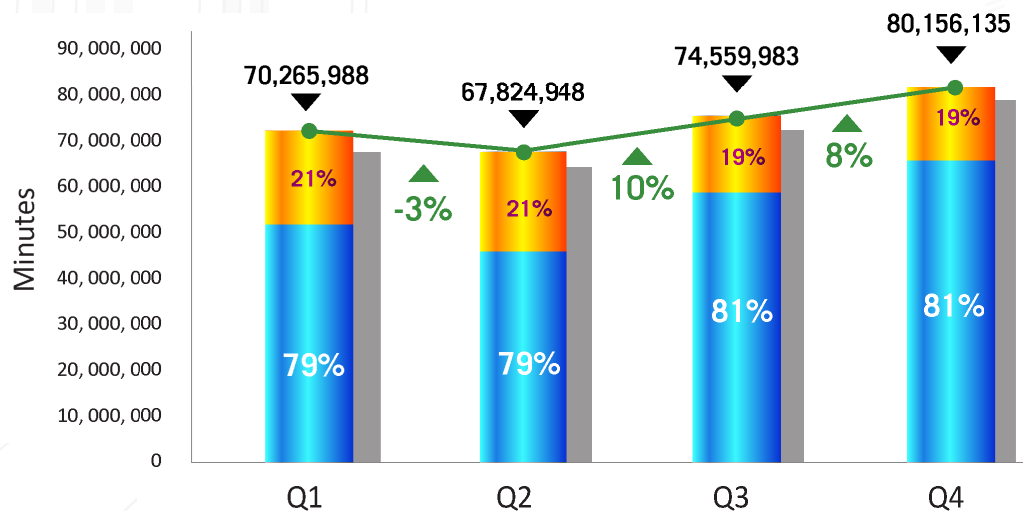
- ◆ Total USSD sessions have averaged 1.67 billion per month during the quarter. The quarterly peak was realised in December with a total of 1.8 billion USSD sessions.
- ◆ The growth in USSD sessions has been mainly dominated by mobile financial services.

## 6. INTERNATIONAL TRAFFIC

(This traffic excludes roaming traffic)

- ◆ Total international outgoing traffic grew from 74.6 million minutes in 3Q19 to 80.2 million minutes in 4Q19. This represents a 8% growth in total quarterly international outgoing traffic.
- ◆ International outgoing traffic remains largely destined to the Northern Corridor partner states of Kenya, Rwanda and South Sudan, with which Uganda has special international traffic termination arrangements ( through the ONA framework.)
- ◆ Retail call charges to Northern Corridor partner states have been capped at 10 UScts (UGX.3700) per minute.
- ◆ In 4Q19, calls to Northern Corridor partner states accounted for 81% of total international outgoing traffic. The rest of the world only accounted for 19% of total international outgoing minutes.

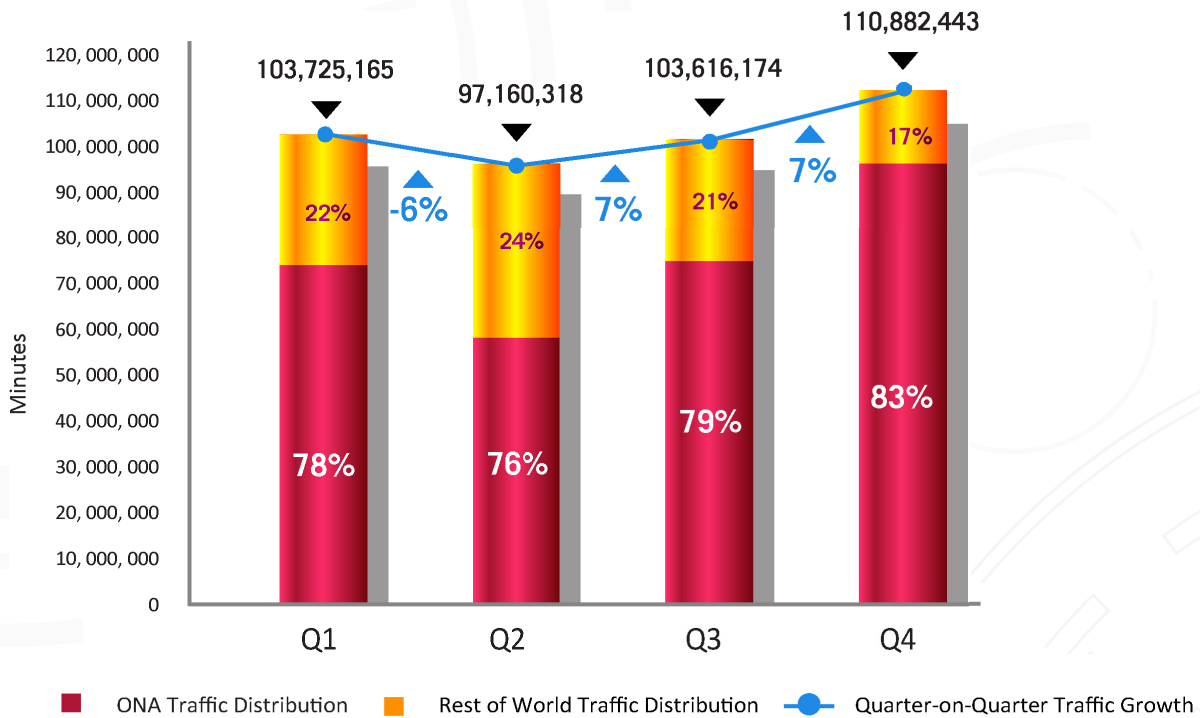
### International Outgoing Traffic (Minutes)



■ ONA Traffic Distribution ■ Rest of World Traffic Distribution —●— Quarter-on-Quarter Traffic Growth

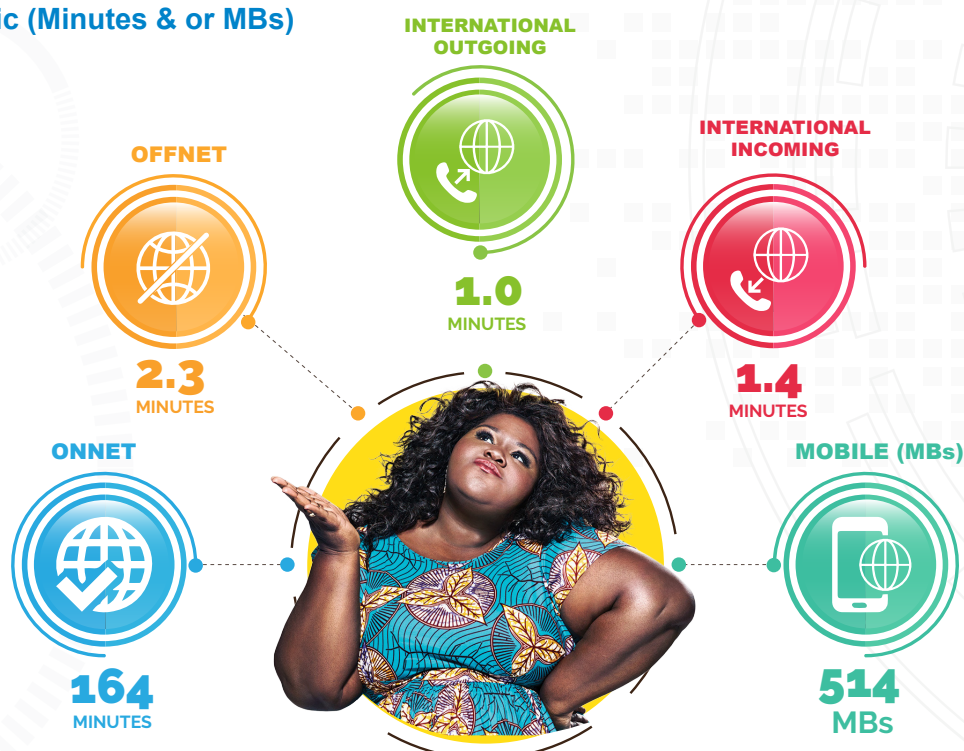
- ◆ Total international incoming traffic grew from 103.7 million minutes in 3Q19 to 110.9 million minutes in 4Q19. This represents 7% growth in total quarterly international incoming traffic.
- ◆ International incoming traffic largely originates from the Northern Corridor partner states of Kenya, Rwanda and South Sudan, with which Uganda has special international traffic termination arrangements (through the ONA framework).
- ◆ In 4Q19, traffic from Northern Corridor partner states accounted for 83% of total international incoming traffic. The rest of the world only accounted for 17% of total international incoming minutes.

### International Incoming Traffic (Minutes)



## 7. MONTHLY AVERAGE USER TRAFFIC PROFILE 4Q19

### Traffic (Minutes & or MBs)



## 8. ROAMING

- ◆ The total outbound roaming customers (Ugandans roaming in foreign networks/abroad) grew from 1.98 million in the quarter of July – September to 2.07 million in the quarter October - December 2019, translating into 5% quarter-on-quarter growth.

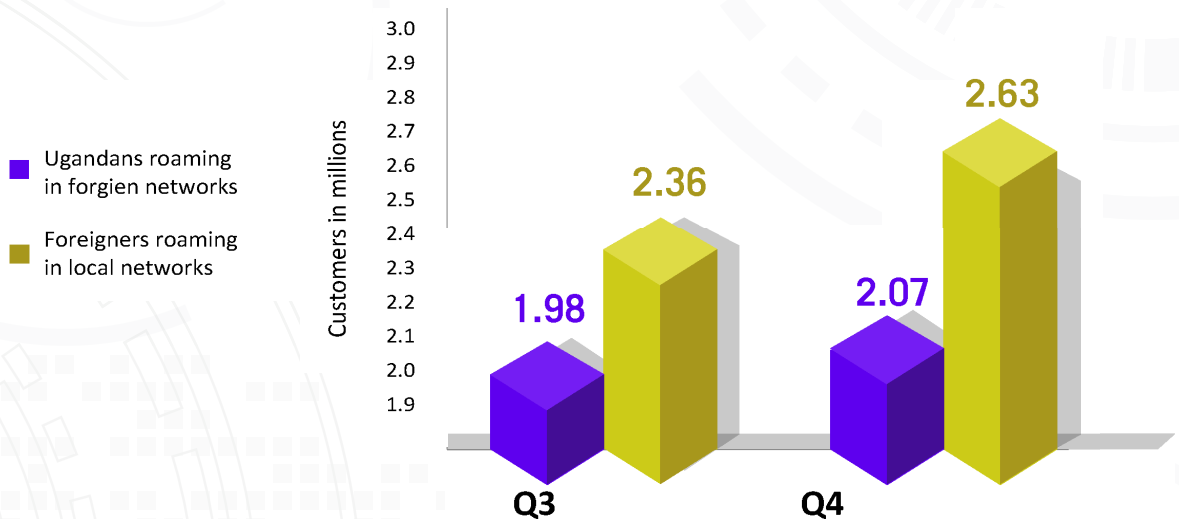


- ◆ The total inbound roaming customers (foreigners roaming on domestic networks) grew from 2.36 million in the quarter of July – September to 2.63 million in the quarter October - December 2019, translating into 11% quarter-on-quarter growth.



- ◆ To date, domestic Mobile Network Operators (MNOs) have roaming agreements in more than 180 countries across the world.
- ◆ In the quarter October – December 2019 80% of outbound roamers were in the Northern Corridor partner states.

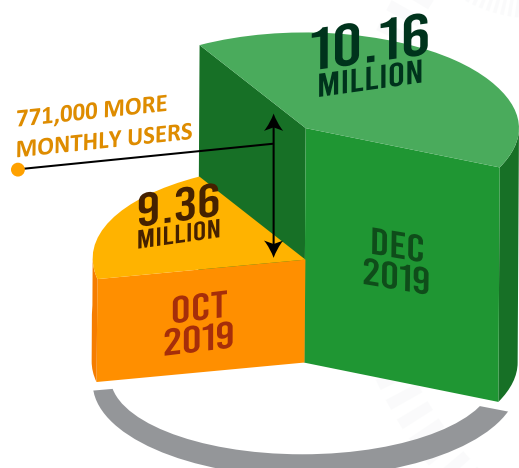
### Outbound Roaming VS Inbound Roaming Customers



## 9. OTT Services

- ◆ More than 10.16 million cellular users have accessed OTT services at least once in the month of December 2019.
- ◆ This represents a growth of 771,000 additional monthly users compared to 9.39 million Monthly OTT Users at the end of October 2019.

### Quarter on Quarter Monthly Users

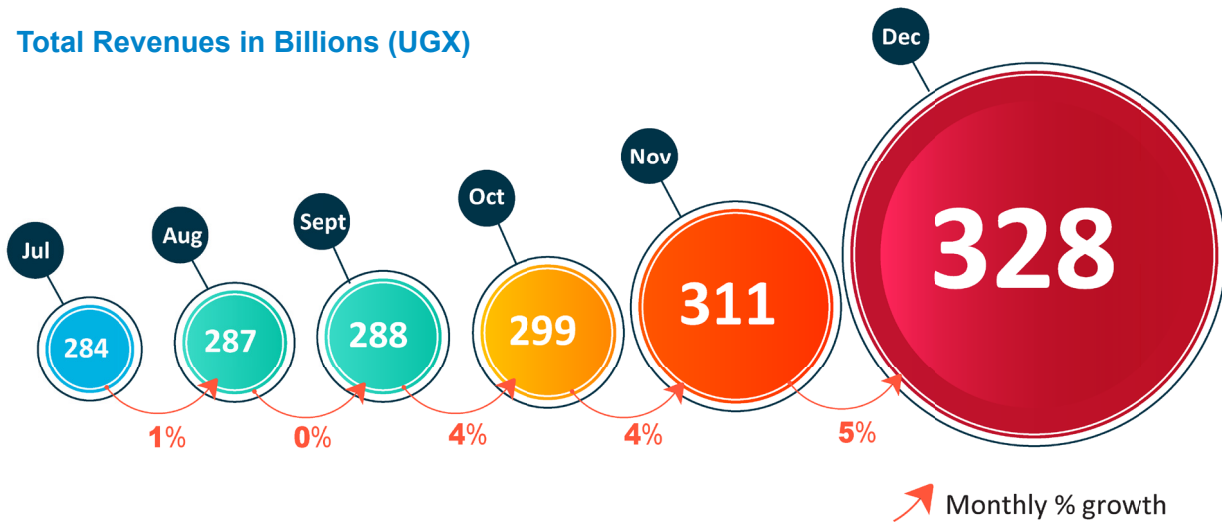


# Section C : Financials

## 10. REVENUES

- Monthly telecom industry revenues have grown by a factor of 18% from 286 billion in September 2019 to 327 billion in December 2019.

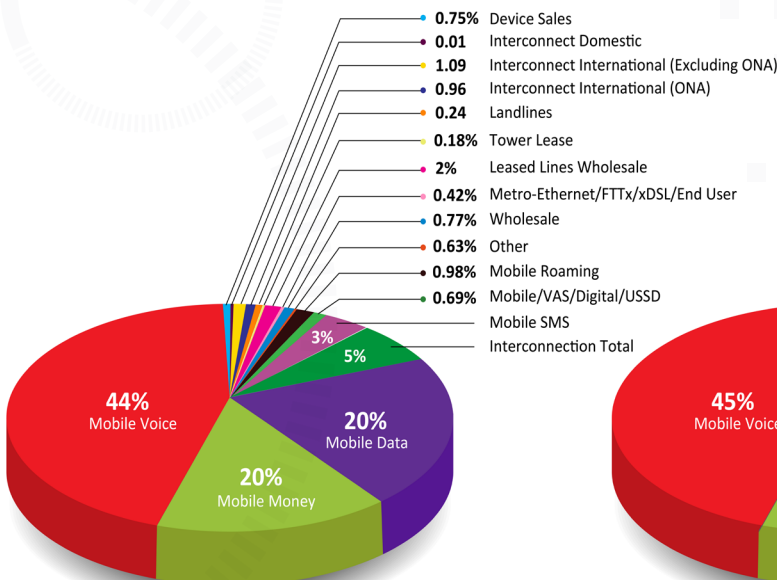
Total Revenues in Billions (UGX)



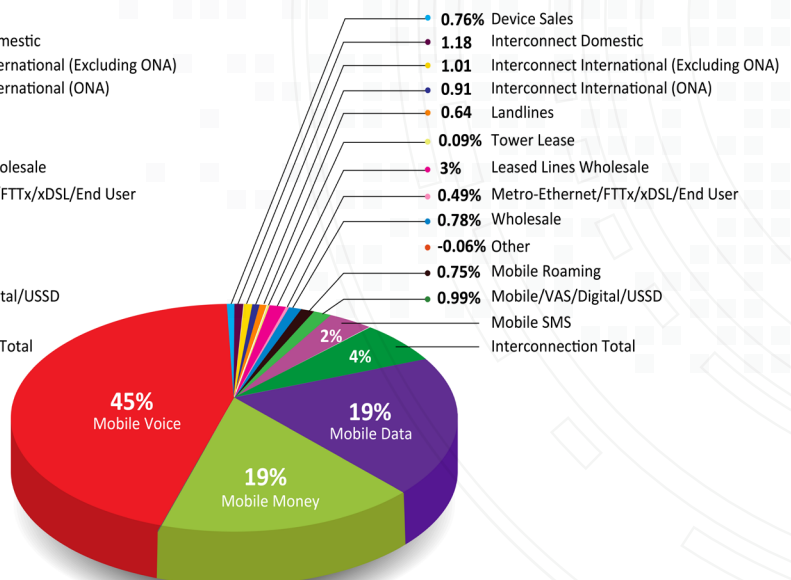
- While most of the revenue growth may be due to the new activity on mobile money and new subscriptions on cellular services, some of the growth in revenues may be attributed to the seasonal demand associated with the December holidays.
- In terms of distribution, Voice and SMS services accounted for 157 billion, while Data and Mobile Money posted revenues of 63 and 70 billion respectively in the month of December 2019.

Revenue distribution from Q3 to Q4 2019

Revenue Distribution Percentage in September (Q3)



Revenue Distribution Percentage in December (Q4)



## 11. INTERNATIONAL INTERCONNECT

- ◆ Total industry monthly revenues from international incoming traffic have averaged 10 billion shillings in 4Q19.
- ◆ Outbound international interconnect settlements have also averaged 6 billion per month in 4Q19.
- ◆ During 4Q19, Uganda has posted a positive balance of payments position (BoP) with respect to international traffic settlement, with a net positive position of **UGX 12.02 billion**.

	Oct-19	Nov-19	Dec-19
International Interconnect Revenue (UGX)	9,924,448,912	9,975,726,610	10,666,324,064
International Interconnect Expense (UGX)	6,076,905,660	6,241,699,181	6,226,810,236
Net Position	3,847,543,251	3,734,027,429	4,439,513,828

## Section D. Postal & Courier

### 12. Postal Services

- ◆ During the period of October – December 2019, 5 new courier licenses were issued, growing the number of courier service providers from 23 in September to 28 at the end of 2019.

The new licensees include:

Licensee	License Category
LBC Regional Couriers Ltd	Regional (Kenya, Tanzania, Rwanda, Burundi)
WBPF Consultants Ltd	Domestic
Patmos Investments Ltd	Domestic
Global Packaging Services	Domestic
Godel Uganda Ltd	Domestic

- ◆ In Q3 2019 the basic postal service tariffs were reviewed for the first time in seven years basing on an activity based costing (ABC) approach to cover local transit and handling costs, as well as changes in global remittance costs and international termination dues for outbound mail.
- ◆ A mark-up of 10% over cost was applied in the derivation of the new retail tariffs.
- ◆ The revised tariffs came into effect on 15th Feb 2020 and the changes are highlighted in the table below.

	2019	2020
Large Box Rental at Kampala GPO or Clock Tower	102,000	120,000
Small Box Rental at Kampala GPO or Clock Tower	76,500	90,000
Box at DPO (Branch Offices in Kampala)	63,700	90,000
Box at any other DPO	51,000	60,000
Box at any SPO	19,100	30,000
Domestic Letter (Up to 20g)	700	1,500
Small International Letter to Zone 1 (East Africa)	1,600	3,000

Note; GPO-General Post Office, DPO-Departmental Post Office, SPO-Sub Post Office

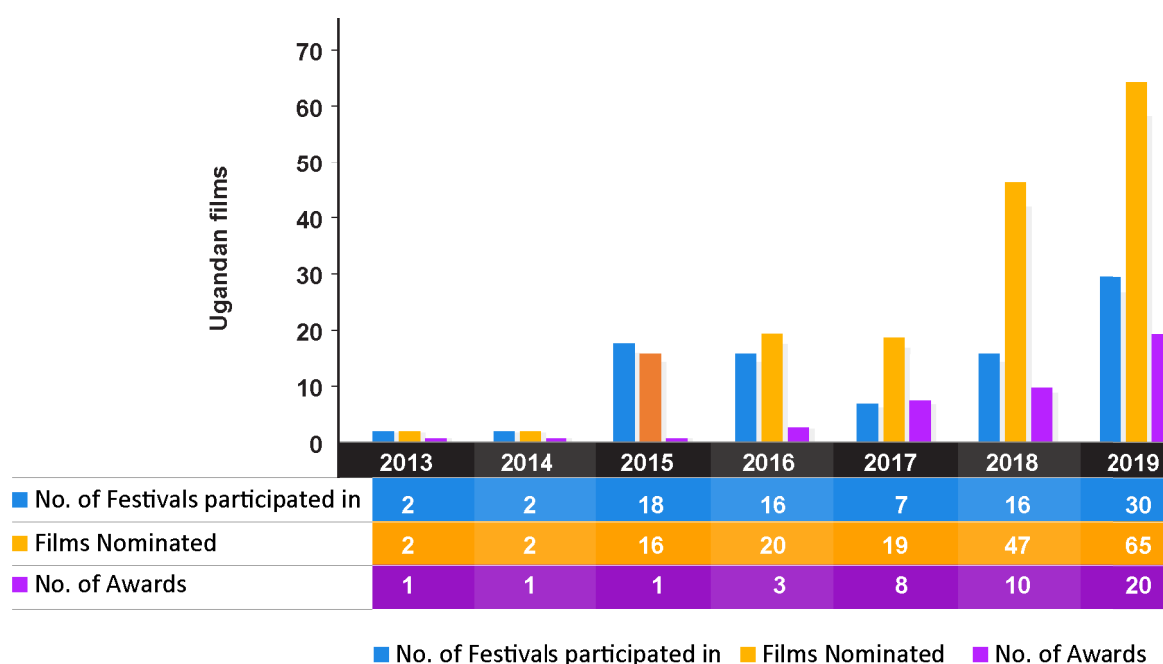
For further details go to <https://www.ugapost.co.ug/>

## Section E. Broadcast & Multimedia Markets

### 13. Uganda Film Festival

- ◆ The highlight of the quarter was the annual Uganda Film Festival (UFF) that culminated in an award gala night on 29 November 2019 at the UICT.
- ◆ More than 102 Ugandan productions participated in the gala, along with 20 international productions (East African and Rest of World).
- ◆ The feature film category dominates local productions, accounting for 36% of total screen time.

#### Ugandan films at International events



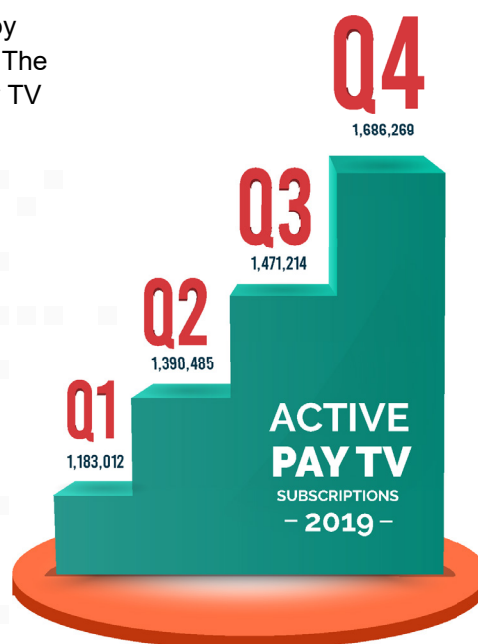
## The international film festivals that Ugandan content has participated in-include;



Africa Magic Viewers' Choice Awards (AMVCA), Nador Cinema Festival in Morocco, Black Stars International Film Festival in Accra-Ghana, ZAFAA (Zulu African Film Academy Awards), Zanzibar International Film Festival (ZIFF), Pan African International Film Festival, Davis Feminist Film Festival, Mashariki African Film Festival – Rwanda, The Global Short Film- New York, and Durban International Film Festival- South Africa among others

Film category	Online submission	Physical submission	Total	Minutes
Feature Films	13	24	37	2,720 min
Short films	21	15	36	450 min
Student films	4	2	6	101 min
Documentary films	8	3	11	193 min
Animation films	3	1	4	07 min
TV Drama Series	1	7	8	336 min
East African Films	10	0	10	812 min
International Feature Films	10	0	10	897 min
<b>Total Minutes</b>				<b>5,516 min</b>

- ◆ Pay TV subscriptions have grown by 215,055 between 3Q19 and 4Q19. The table (or graphic) below shows Pay TV subscriptions throughout the year.



The tariff plans in the communication sector varies according to the market segments. For the different market tariff plans, please visit the UCC accredited price comparison websites;

[www.kompare.ug](http://www.kompare.ug)





