UGANDA COMMUNICATIONS COMMISSION

Telecommunications, Broadcasting & Postal markets

Industry Report Q2 (April-June) 2019

Sector Performance **June 2019**

UGANDA COMMUNICATIONS COMMISSION

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Introduction

This is a review of the industry performance, trends and key developments for the quarter covering the period April to June 2019. Reference periods marked with an asterisk (*) implies estimates. It covers;

- The sector at a glance (Summary tables with key sector indicators)
- The mobile and fixed markets
- Communication Traffic
- Internet & OTT services
- The sector contribution to Tax Revenue
- The communication infrastructure
- Mobile Financial Services (Mobile Money)
- The Broadcasting services
- The Postal market
- Product and pricing movements in the industry

Uganda's communications Sector at a Glance - Telcos

KEY INDICATORS	Q3 2018	Q4 2018	Q1 2019	Q2 2019
Mobile Subscriptions	23,135,037	24,388,744	24,646,832	25,444036
Fixed Lines subscription	170,534	186,724	197,597	203,132
Teledensity (%)	60	63	62	63.6
Internet subscription (Mobile)	13,569,354	14,360,847	14,382,950	15,155,921
Internet subscription (Fixed)	8,868	9,485	9,597	9,929
Internet penetration (%)	35	37	36	38
Total Bandwidth (Mbps)	93,508	92,872	81,343	77,224
Est. Average Revenue per user (UGX) (ARPU)	10,273.92	11,144.09	11,102.09	10,251.99
PSP Voice and Data Licensees	33	33	33	33
PIP Licenses	22	22	22	22

Population Est: 40,308,000 (UBOS)

Uganda's communications Sector at a Glance – Broadcasting & Postal

KEY INDICATORS	Q3 2018	Q4 2018	Q1 2019	Q2 2019
No of operational TV stations (Local/FTA)	33	40	40	40
No of Pay TV service providers	8	8	8	8
Active Pay TV Subscriptions	1,165,293	1,188,233	1,183,012	1,390,485
No of FTA vendors	28	28	28	28
No of postal and Courier service providers	20	19	19	23
Number of Permanent Post Offices	154	154	154	154
Number of Permanent Post Offices connected to the internet	33	33	33	33
Post Offices offering public internet services	25	25	25	25
Number of Private letter boxes	82,900	82,900	82,900	82,900

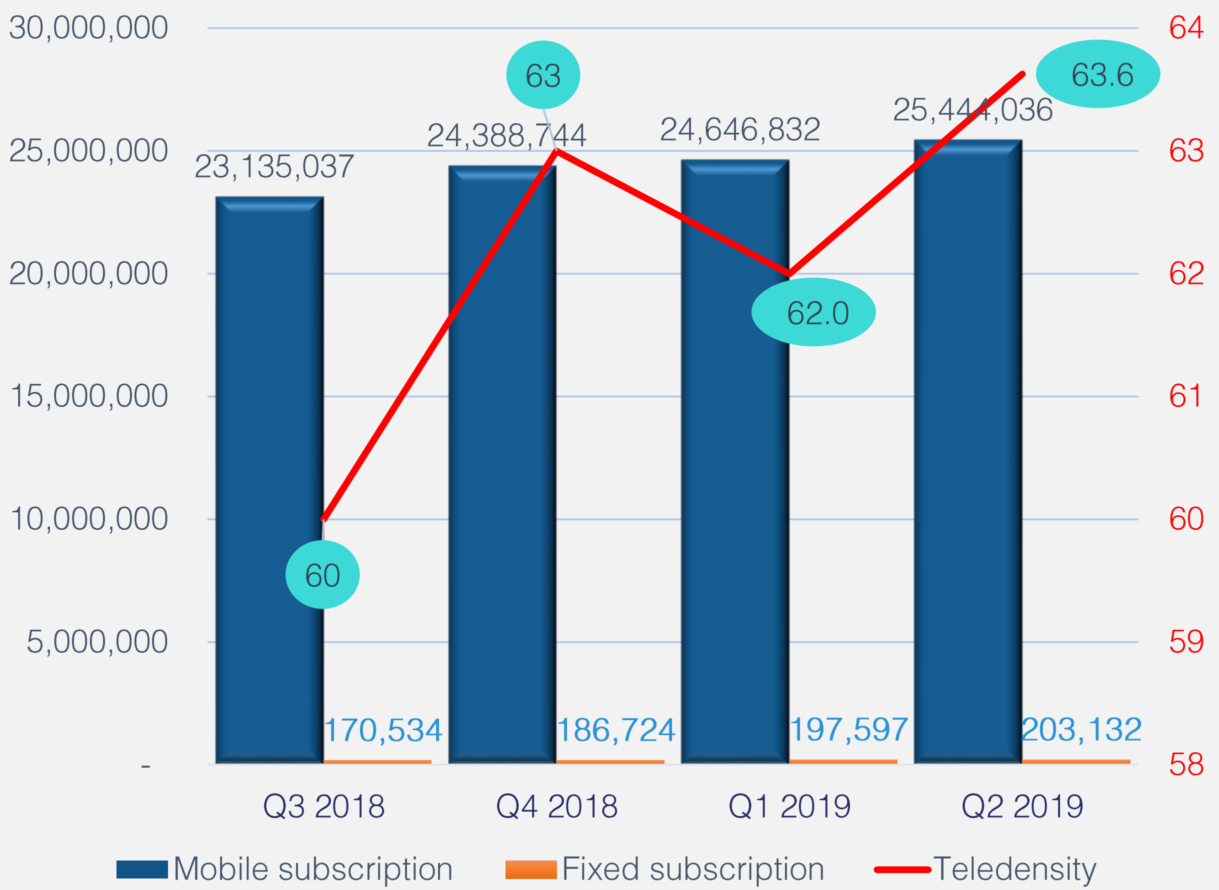
Uganda's communications Sector at a Glance – Mobile Money

KEY INDICATORS	Q3 2018	Q4 2018	Q1 2019	Q2 2019
Number of Mobile money subscriptions (Registered)	23,948,565	24,465,981	24,294,462	25,865,143
Number of Mobile money subscriptions (active 90 days)	14,169,240	14,652,583	15,346,594	15,481,296
Number of Transactions (mn)	554.4	625.3	657.5	673.1
Value of Transactions (tn)	14.9	18.0	17.0	17.0
Balance on customer accounts (bn)	288.1	338.2	326.3	331.6
Number of mobile money agents	178,248	184,529	195,959	200,857

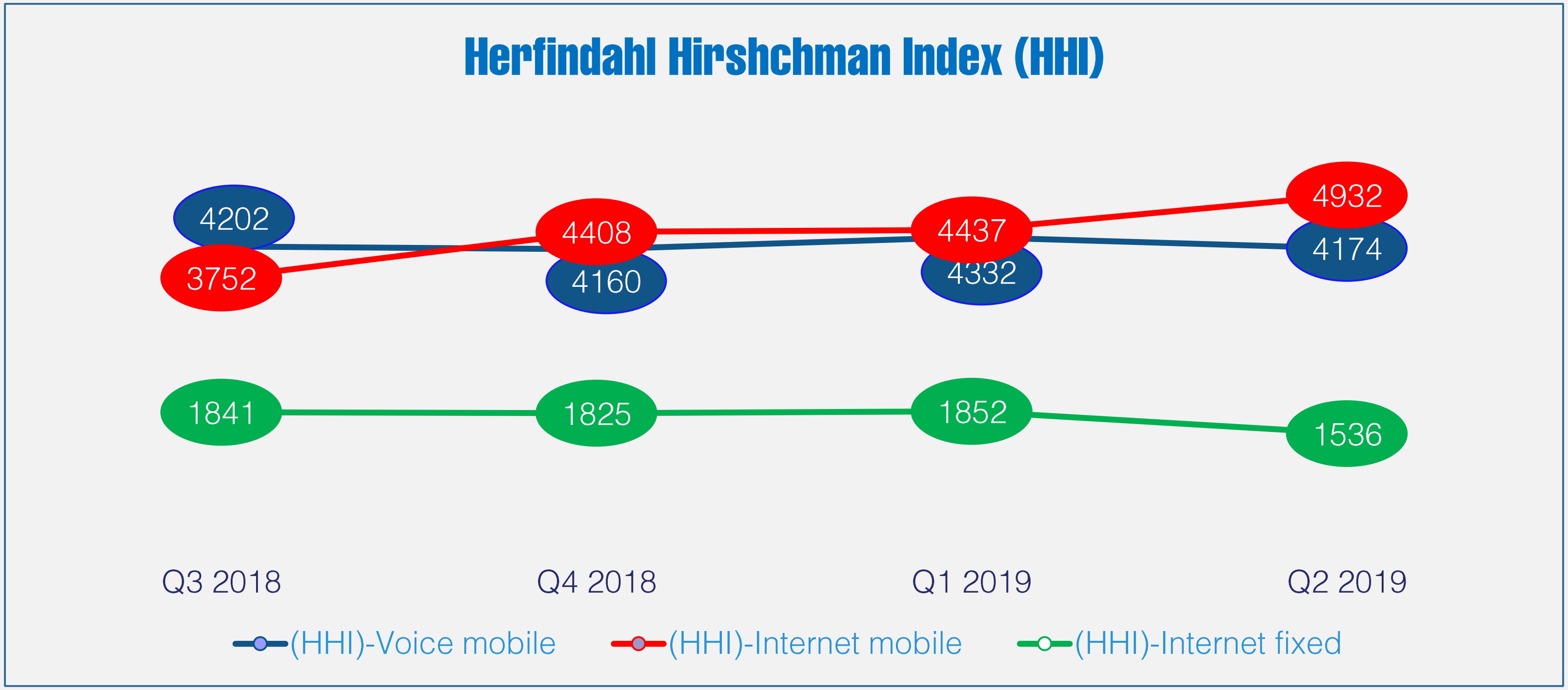
Population Est: 40,308,000 (UBOS)

Quarterly trend in Tele-density, Mobile and Fixed Subscriptions

For the period Q1 2019 to Q2 2019, both the mobile subscription and the fixed subscriptions grew by 3.2% and 2.8% respectively. This resulted in a 1.6% growth in teledensity. Thus reflecting a continuous organic growth in the usage of both mobile and fixed telephone services in Uganda.

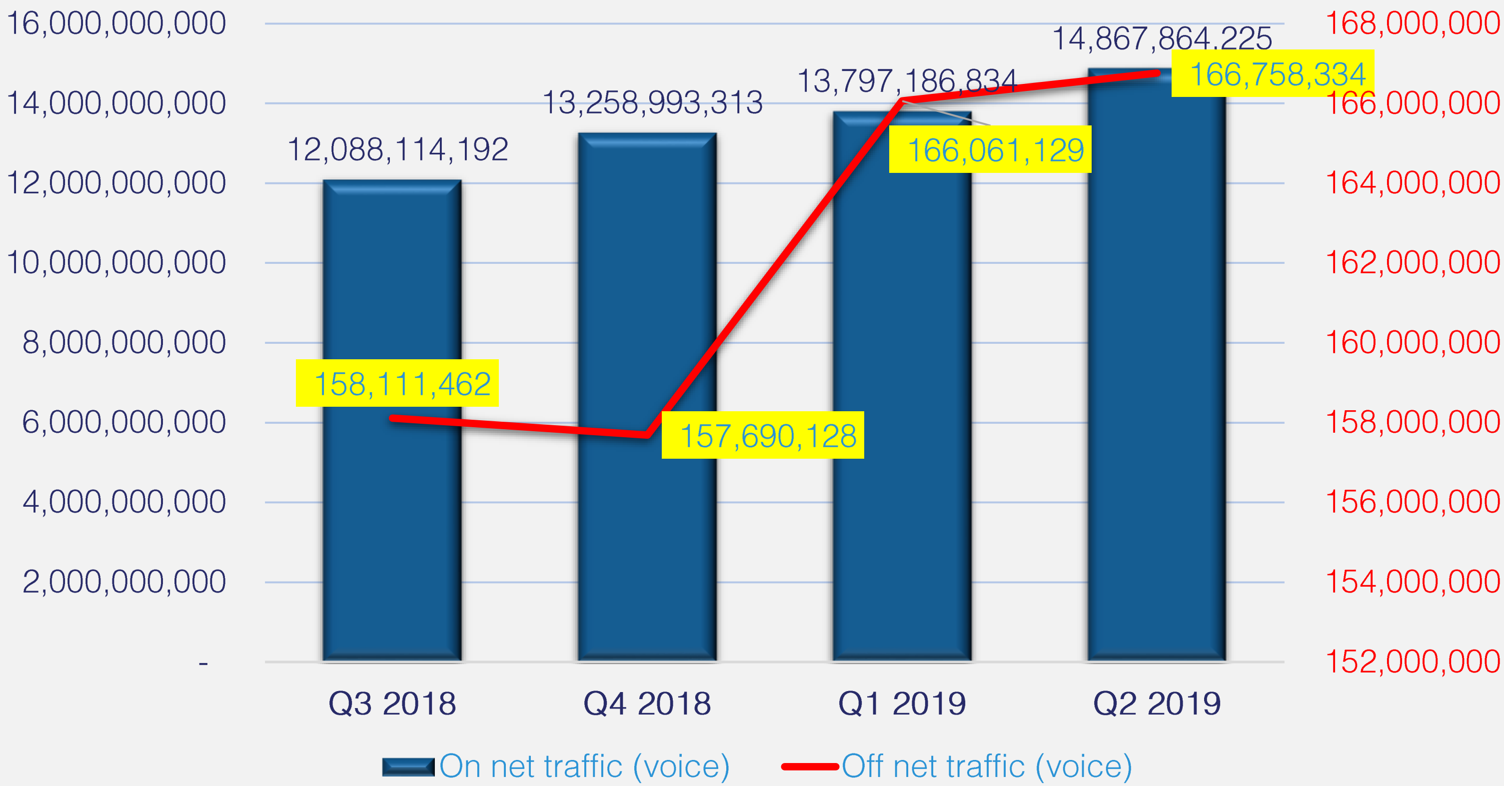


Market Competitiveness



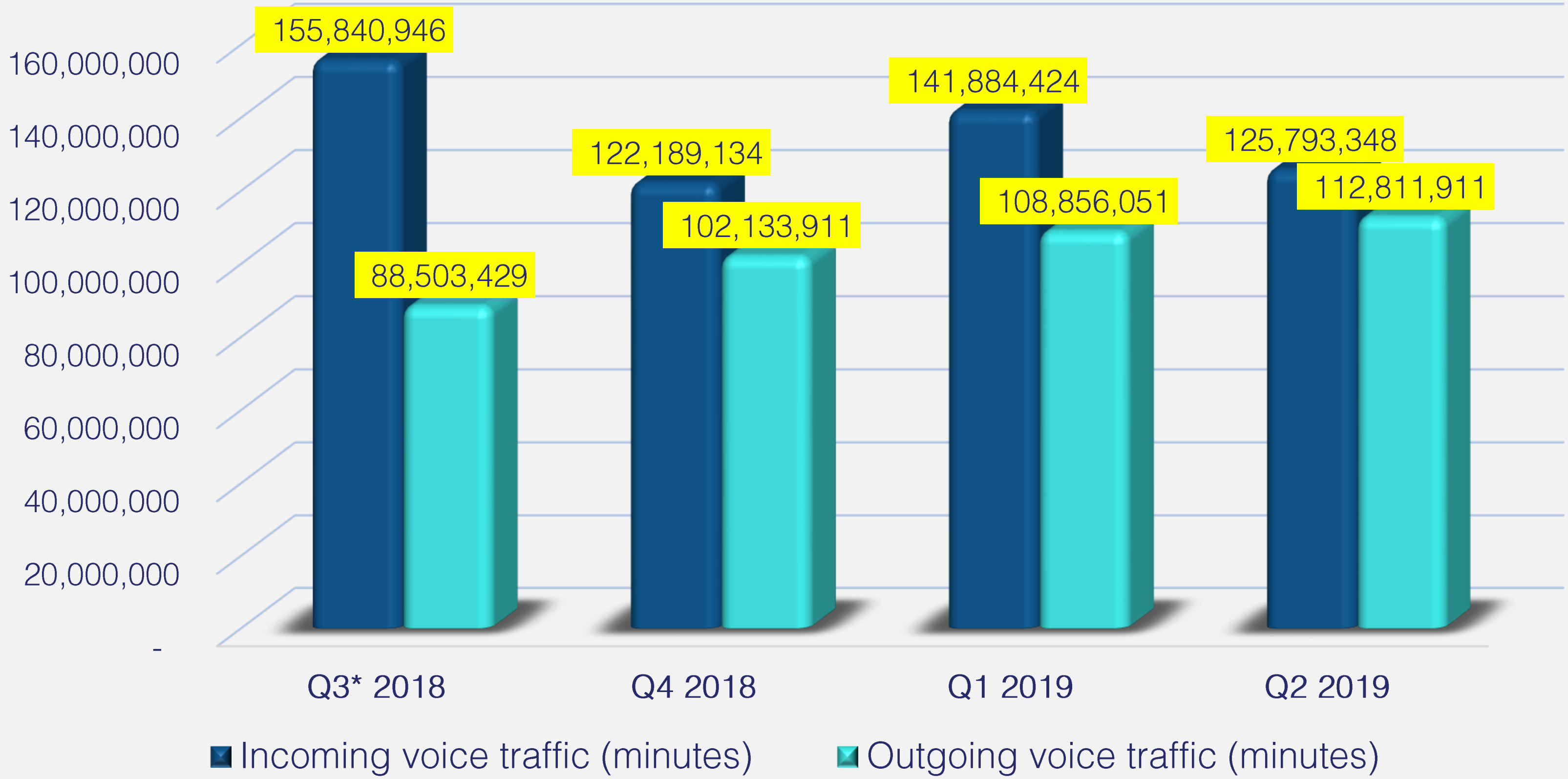
The HHI for mobile (voice and internet) generally shows that the market concentrations are high implying medium market competitiveness with few players. The Fixed internet market, however, shows a low market concentration suggesting more competitiveness in the market with many players than in the case of the mobile market.

On-net & Off-net voice traffic (minutes)



The On-net voice traffic dominates the voice traffic market. This is because Uganda is currently an on-net market due to significant variances of the on-net and off-net pricing. For the period Q1 2019 to Q2 2019, the on-net traffic grew by 7.8% and the off-net traffic grew by 0.4%.

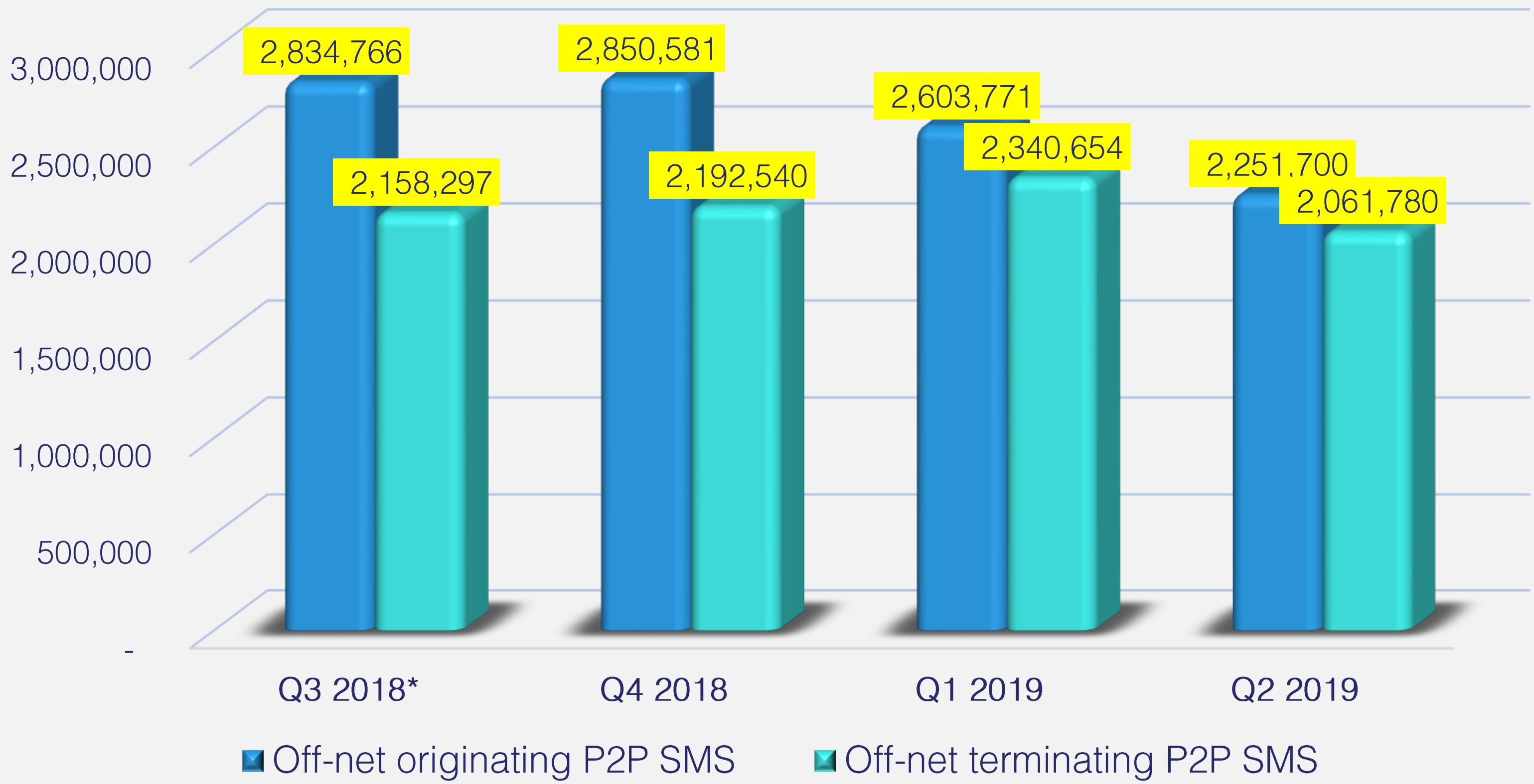
ONA VOICE TRAFFIC



There is more incoming voice traffic from ONA Countries than outgoing traffic to ONA countries. The incoming voice traffic dropped by 11.3%, and the outgoing traffic grew by 3.6% in the period Q1 2019 to Q2 2019.

ONA countries are Uganda, Kenya, Rwanda and South Sudan.

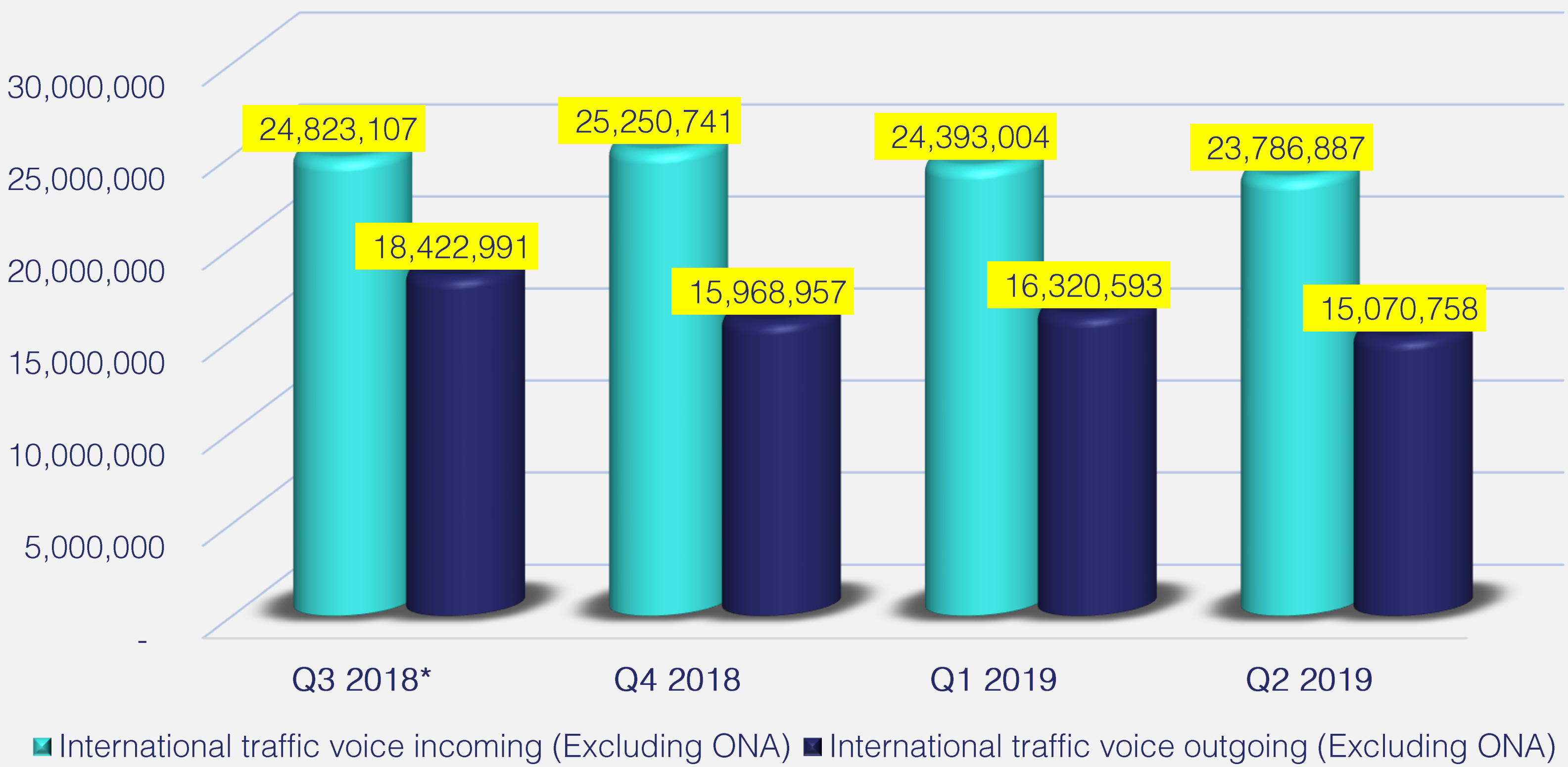
ONA P2P SMS TRAFFIC



Both the ONA off-net originating P2P SMS traffic and the Off-net terminating P2P SMS traffic dropped respectively by 14% and 12% in period Q1 2019 to Q2 2019.

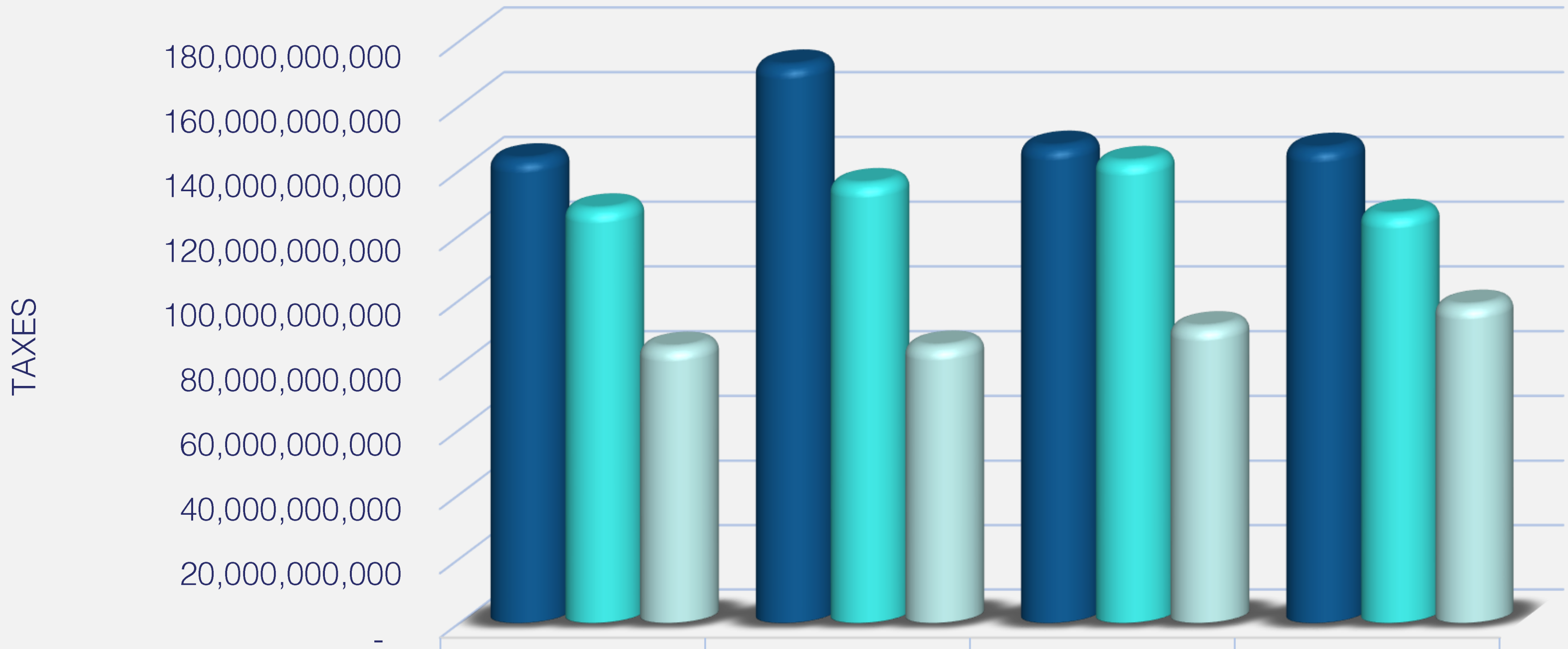
ONA countries are Uganda, Kenya, Rwanda and South Sudan.

International Voice Traffic



As had been the trend, more international incoming voice traffic was registered in Q2 2019 than the international outgoing voice traffic. This excludes international traffic from ONA countries. However, in the period Q1 2019 to Q2 2019, both the international incoming voice traffic and the international outgoing voice traffic dropped by 2% and 8% respectively.

ICT Sector Tax Contributions to Revenue

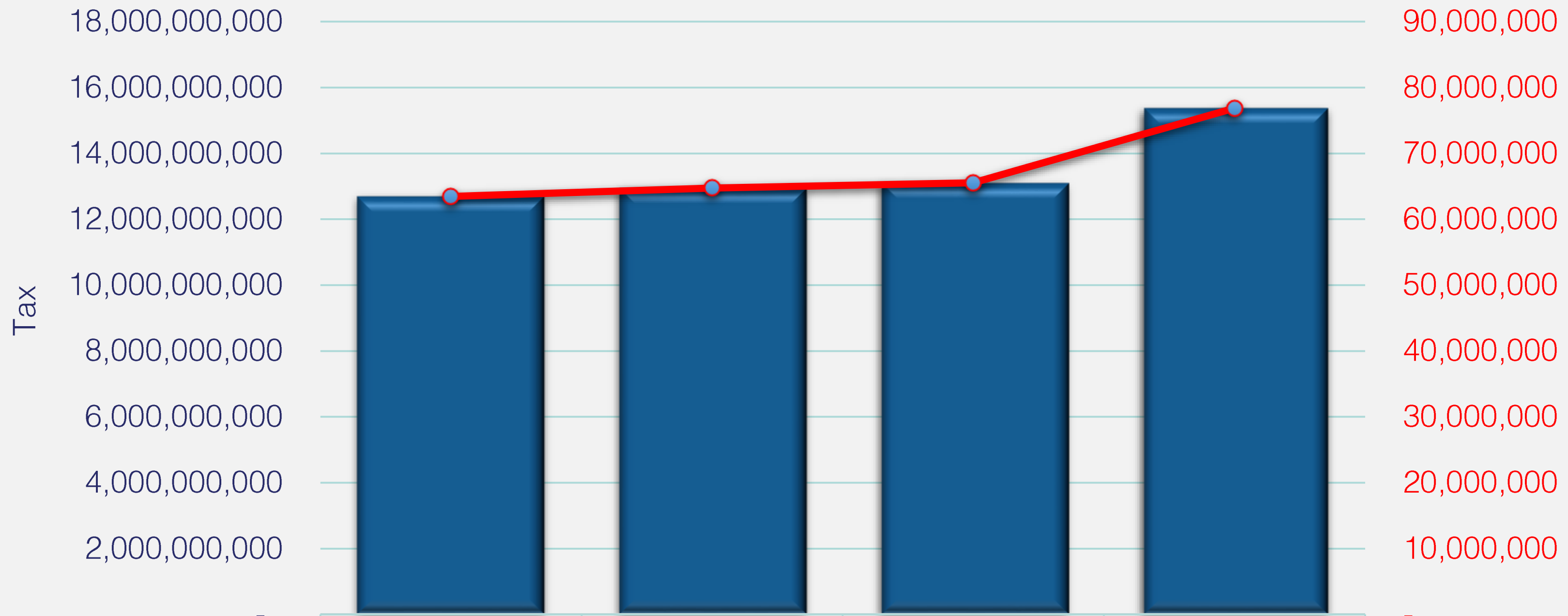


	Q3 2018	Q4 2018	Q1 2019	Q2 2019
Levy on Excise Duty (LED)	143,557,281,268	172,537,407,051	147,462,074,215	146,827,101,773
Value Added Tax (VAT)	128,087,238,261	135,905,130,645	142,763,491,861	126,401,355,319
Pay As You Earn (PAYE)	85,357,345,350	85,708,487,159	91,682,590,588	98,338,050,608

Source: URA

In Q2 2019, a total of UGX 371 billion was realised as tax revenue. The highest contribution (40%) was realized from Levy on Excise Duty, followed by VAT (34%) and PAYE contributed 26%.

Number of OTT tax payers and OTT Tax revenues



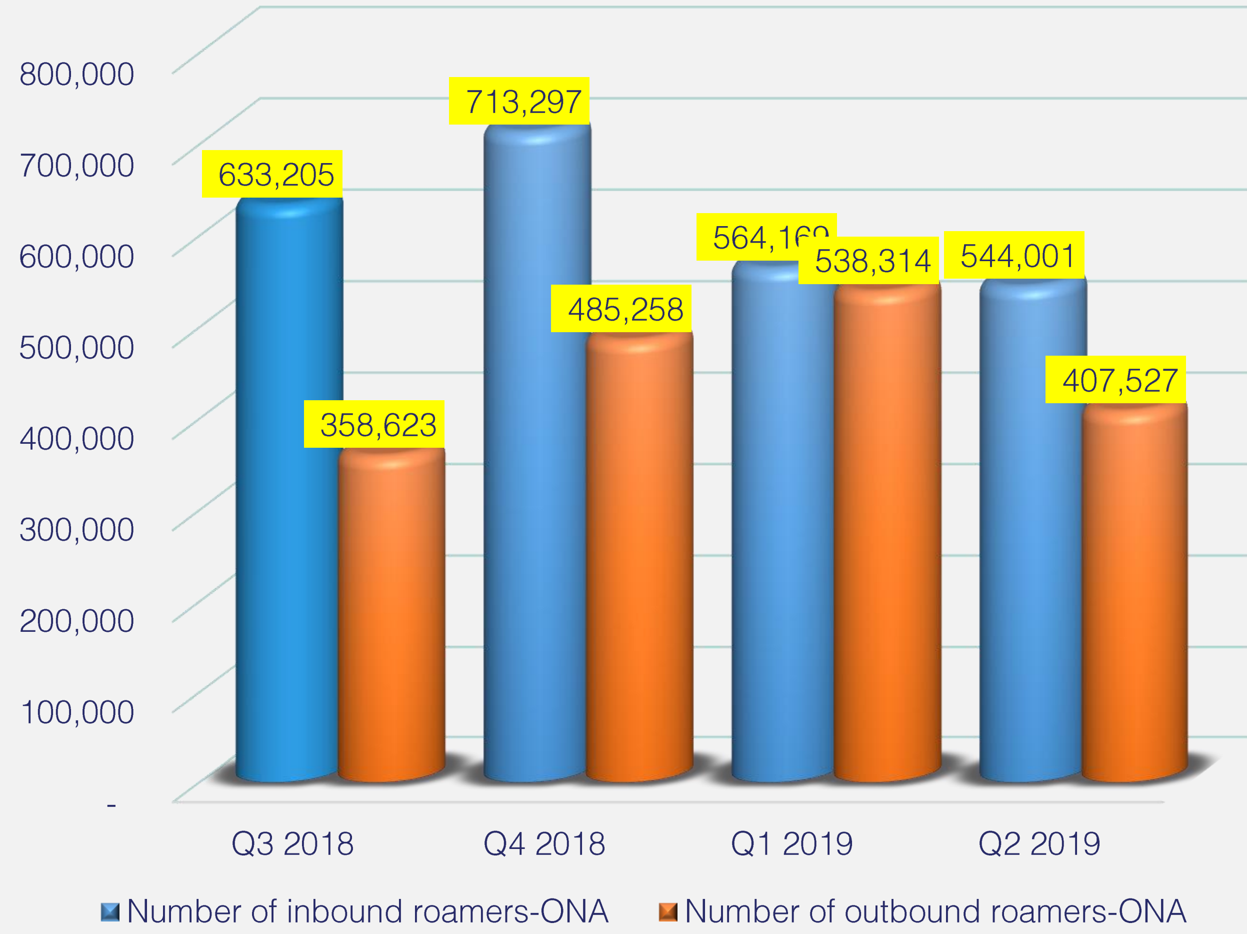
	Q3 2018	Q4 2018	Q1 2019	Q2 2019
OTT Tax	12,696,558,400	12,952,833,800	13,105,339,800	15,372,483,960
Daily OTT Tax payers	63,482,800	64,764,200	65,526,800	76,862,400

Source: URA

In the period Q1 2019 to Q2 2019, the OTT tax revenues grew by 17%. The figures are a reflection of those who have used OTT services at least once in the quarter.

ONA Unique (counted once) Roaming subscribers

In the period Q1 2019 to Q2 2019, both the number of unique ONA inbound roamers and the number of unique ONA outbound roamers dropped by 3.6% and 24.3% respectively



ONA inbound roaming traffic (voice)

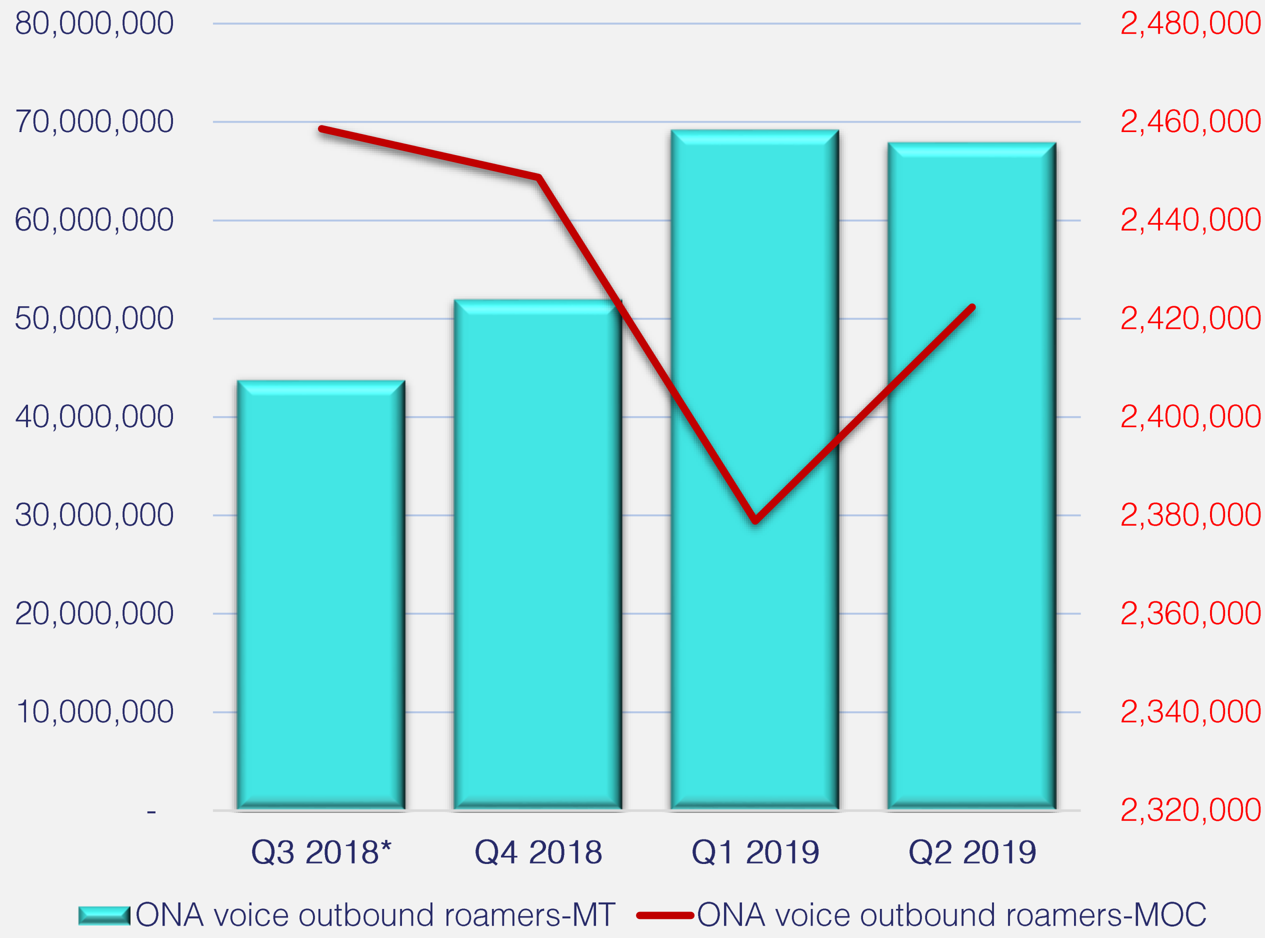
The ONA inbound roamers terminate more traffic than they generate, and this traffic has been declining in the last four quarters. In the period Q1 2019 to Q2 2019, the MT traffic dropped by 8% and the MOC traffic decreased by 9%.

	Q3 2018*	Q4 2018	Q1 2019	Q2 2019
ONA voice Inbound roamers-MT	72,981,19	69,279,79	67,402,04	61,693,92
ONA voice Inbound roamers-MOC	8,580,908	9,064,697	8,187,305	7,473,734

MOC-Mobile Originated Call; MT-Mobile Terminated call

ONA outound roaming traffic (voice)

The ONA outbound roamers terminate more traffic than they generate. The MT traffic has been growing in the last three quarters with a sliding drop in Q2 2019 (1.9%), whereas the MOC traffic has been declining over the previous three quarters with an increase in Q2 2019 (1.8%).

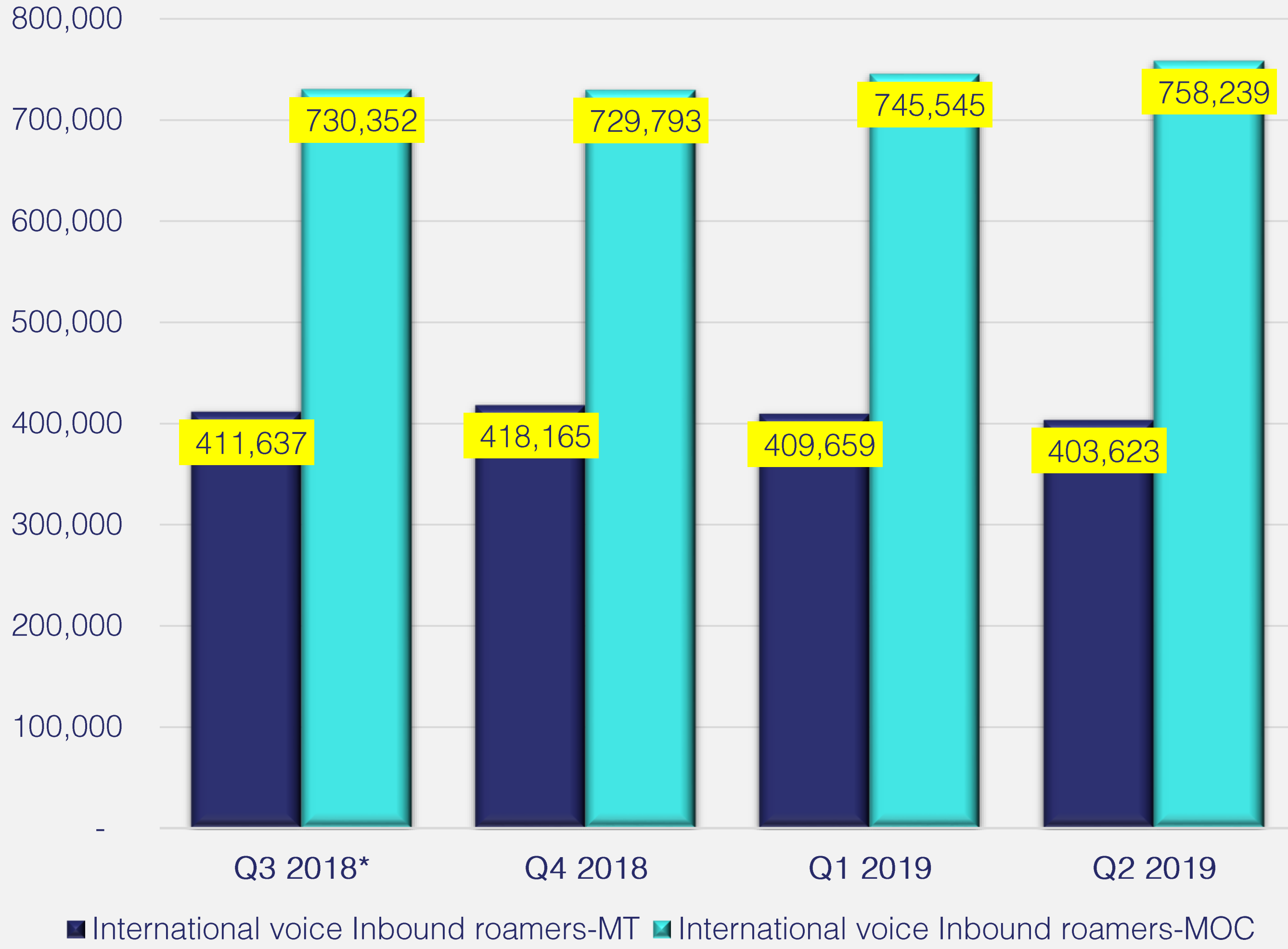


MOC-Mobile Originated Call; MT-Mobile Terminated call

International inbound roaming voice traffic (Excluding ONA)

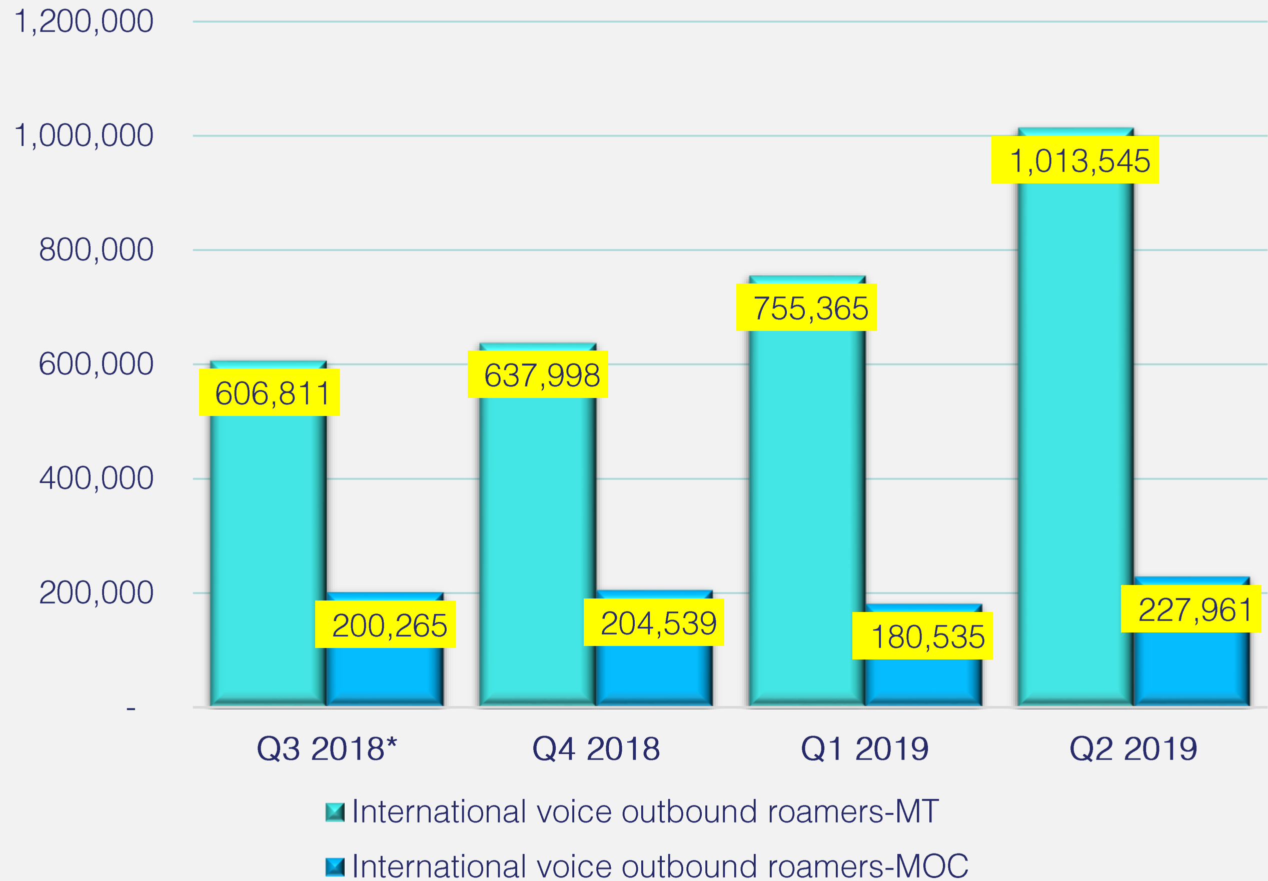
The amount of traffic generated by the international inbound roamers-MOC has been consistently higher than the amount of traffic they terminate (MT traffic).

In the period Q1 2019 to Q2 2019, the MT traffic dropped by 1.5%, and the MOC traffic grew by 1.7%.



International outbound roaming voice traffic (Excluding ONA)

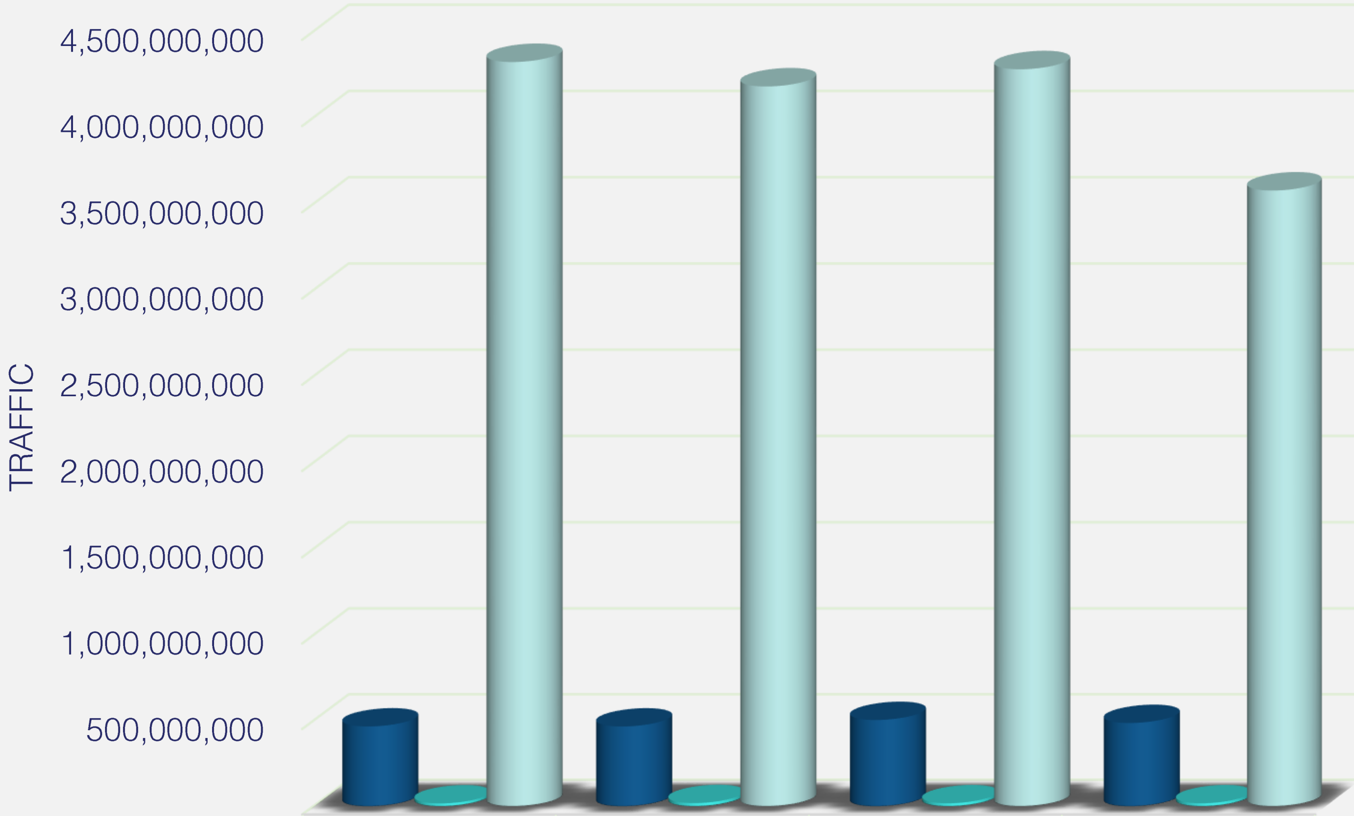
The amount of traffic generated by the international outbound roamers-MOC has been consistently lower than the amount of traffic they terminate (MT traffic). In the period Q1 2019 to Q2 2019, both the MT Traffic and the MOC traffic grew by 34% and 26% respectively.



Trend in SMS traffic (Domestic)

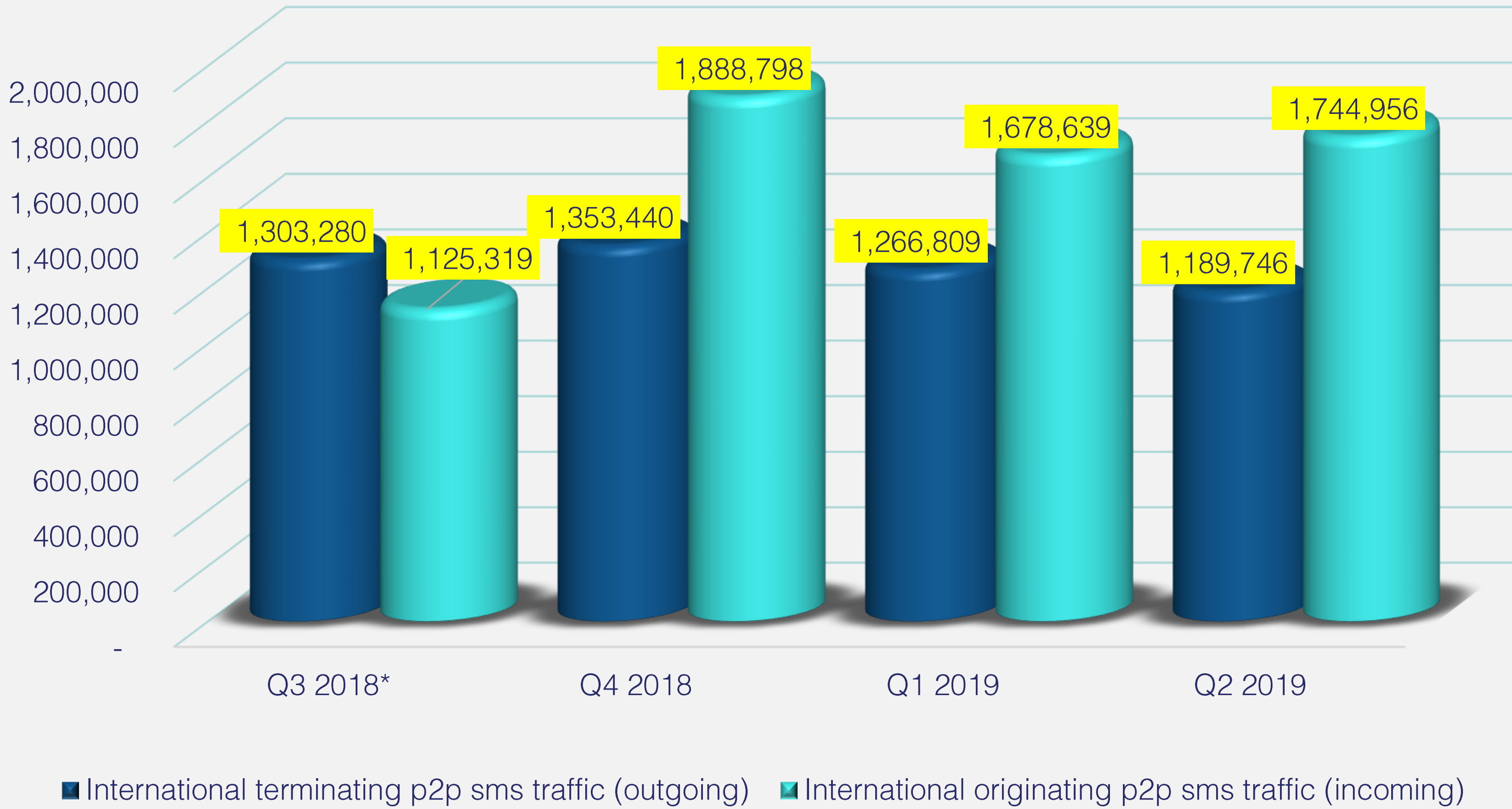
The Application to Person (A2P) SMS on-net traffic dominates the SMS market (88%) as a result of the electronic confirmations for various online services.
This is followed by the P2P on-net SMS (12%).

In the period Q1 2019 to Q2 2019, the P2P on-net SMS traffic, the P2P off-net SMS traffic and the A2P SMS on-net traffic dropped by 3%, 1% and 16% respectively.



	Q3 2018*	Q4 2018	Q1 2019	Q2 2019
P2P SMS On net	467,083,313	466,787,991	504,871,782	487,370,024
P2P SMS Off net	16,378,395	18,257,269	17,225,719	17,076,498
A2P SMS on-net	4,322,785,110	4,181,073,741	4,280,824,888	3,577,720,531

International Person to Person (P2P) SMS traffic



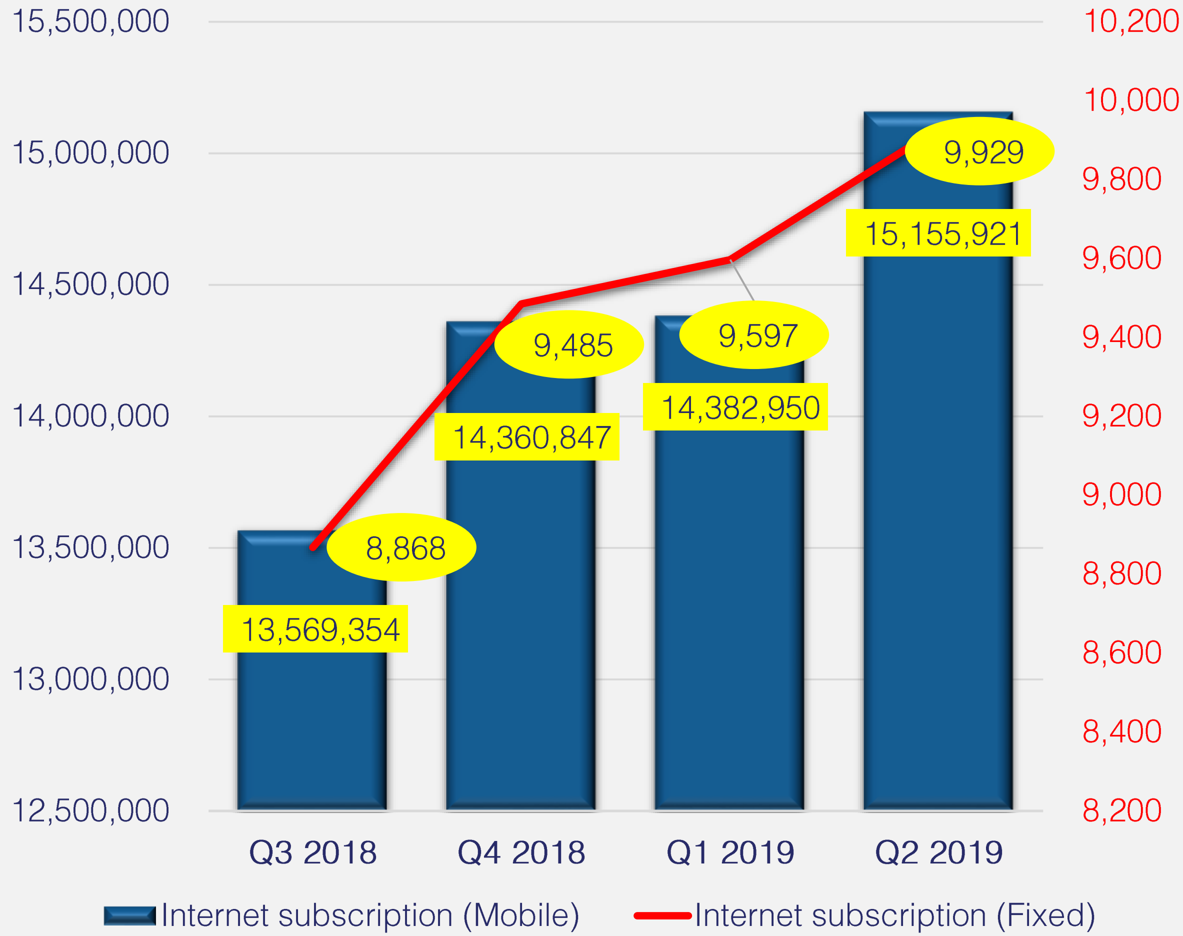
In the period Q1 2019 to Q2 2019, the international terminating (outgoing) p2p SMS traffic dropped by 6% and the international originating (incoming) p2p SMS traffic grew by 4%.

Internet

Internet Subscriptions

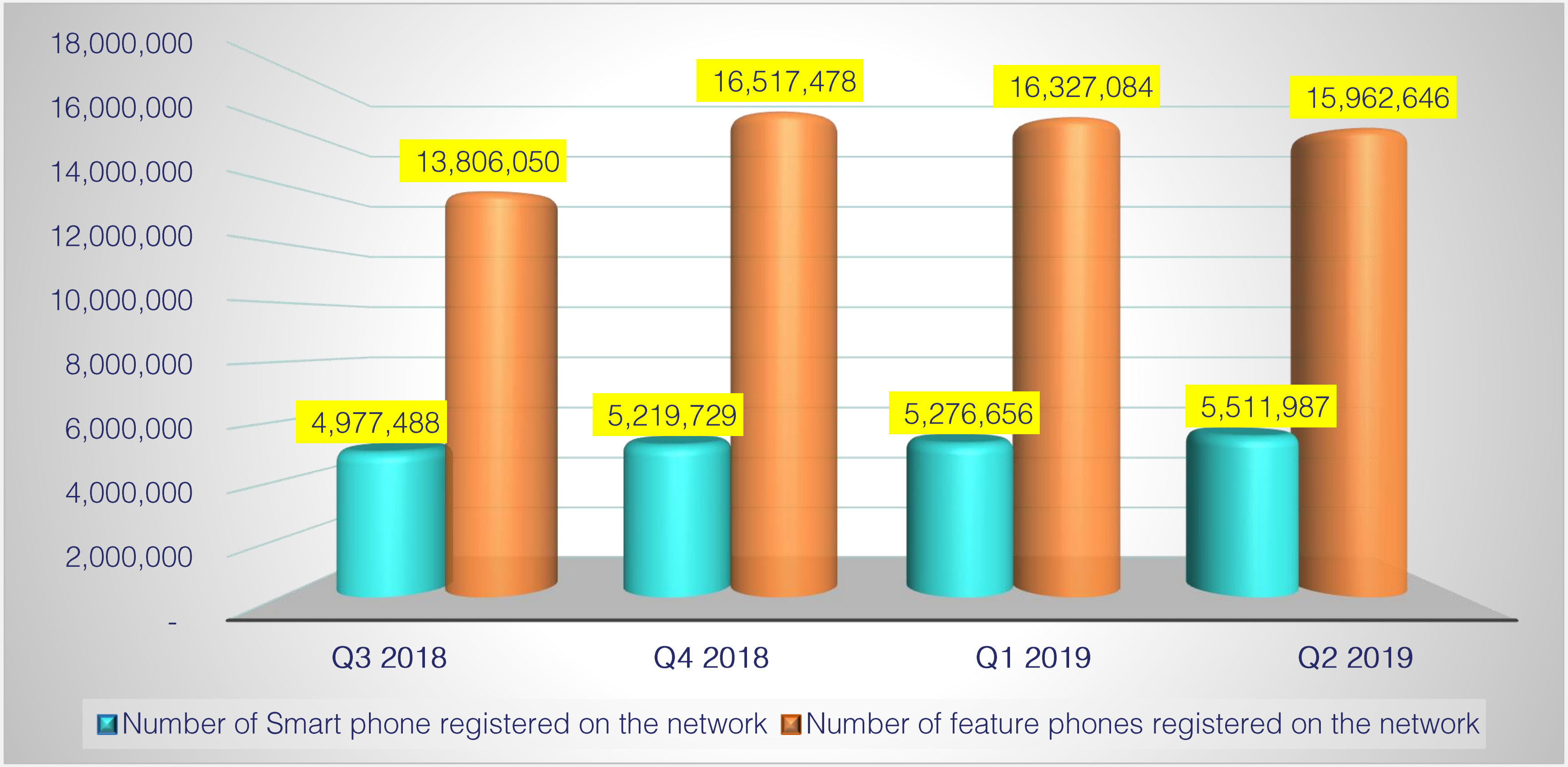
The Uganda internet market is dominated by mobile internet. The mobile internet subscription as of Q2 2019 stands at 15,155,921 up from 14,382,950 in Q1 2019 reflecting a growth of 5.4%.

The total market (this includes both OTT and web access) internet penetration in Q2 2019 stood at 38%.



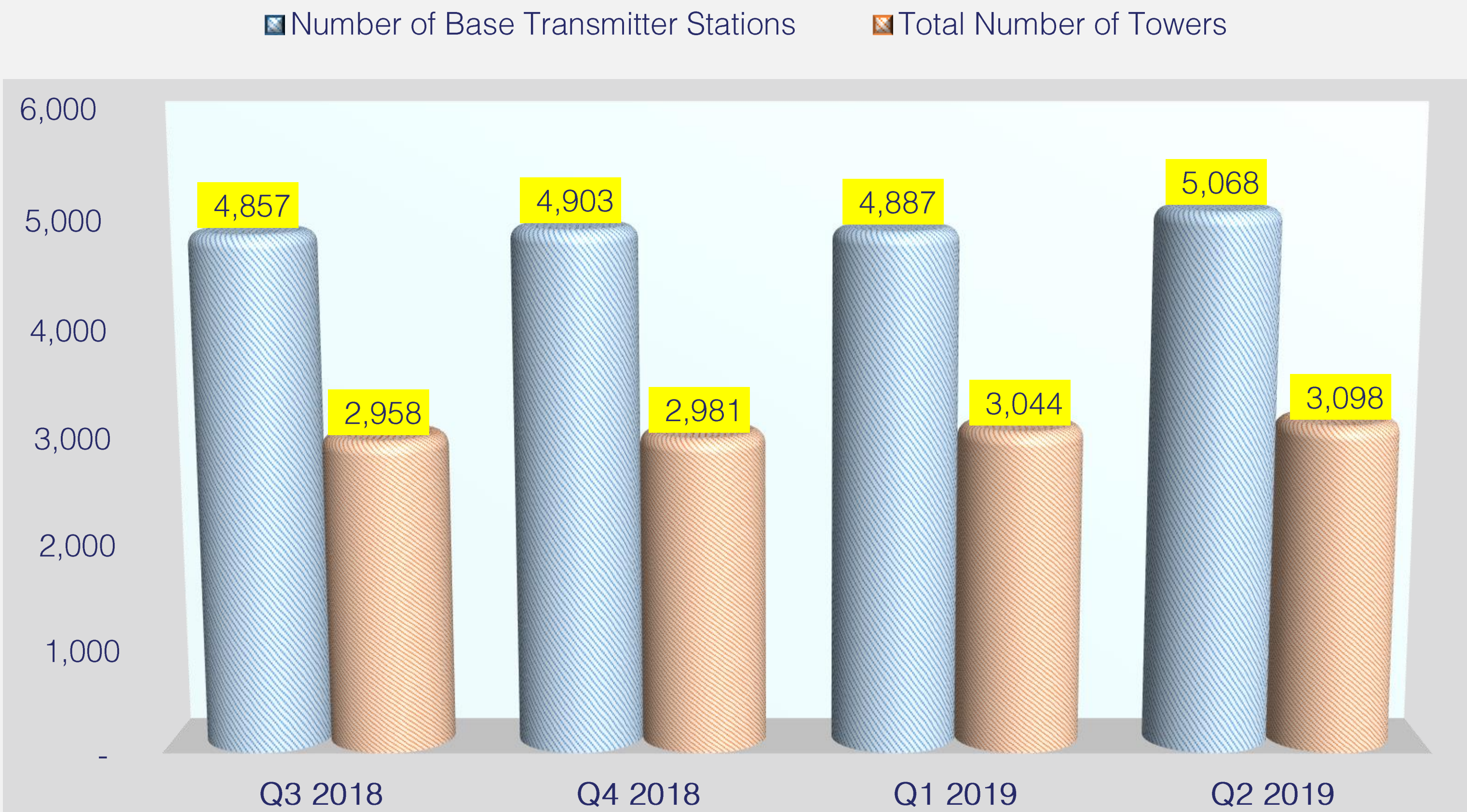
Population Est: 40,308,000 (UBOS)

Smart and Feature phones subscriptions



In the period Q1 2019 to Q2 2019, the total number of smartphones in the market grew by 1%. As of Q2, the number of smartphones in the market stands at 5,511,987

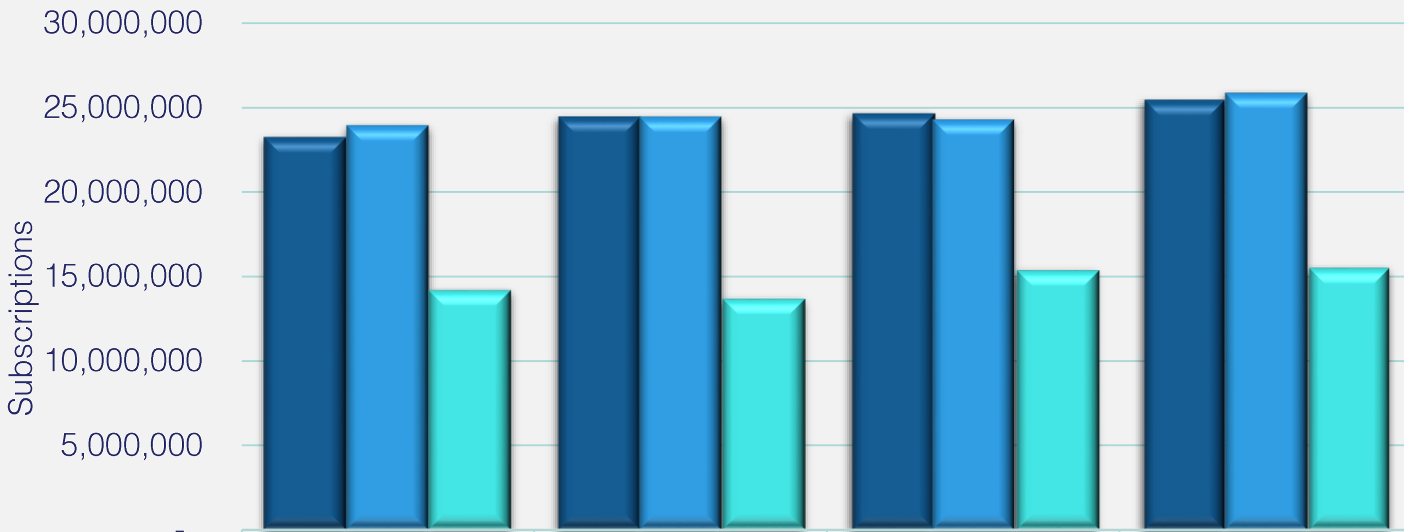
Tower Infrastructure and BTS



Both the number of Base Transceiver Stations (BTSs) and the total number of Towers grew respectively by 3.7% and 1.8% during the quarter Q1 2019 to Q2 2019.

Mobile Money

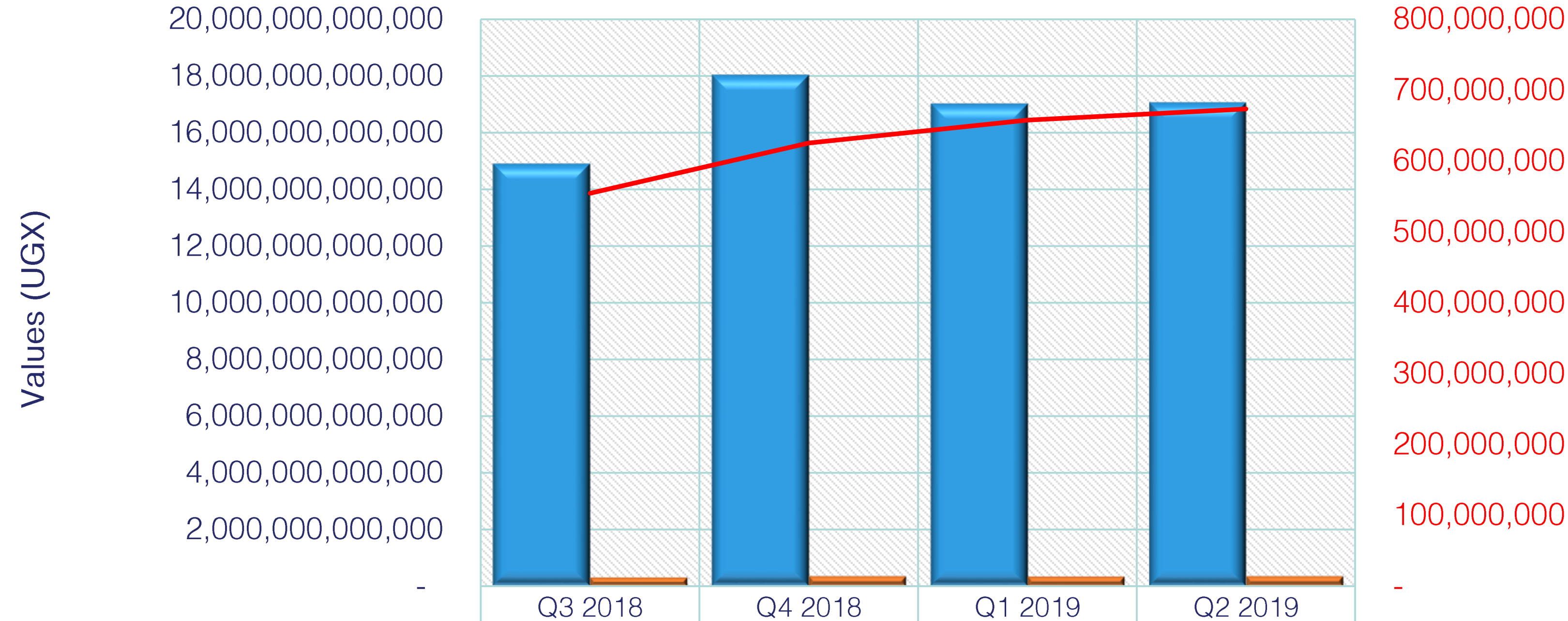
Mobile money subscription vs mobile (GSM) subscription



	Q3 2018	Q4 2018	Q1 2019	Q2 2019
Number of Mobile subscription	23,249,967	24,472,033	24,646,832	25,444,036
Number of Mobile money subscription (Registered)	23,948,565	24,465,982	24,294,462	25,865,143
Number of Mobile money subscription (Active 90 days)	14,169,240	13,652,583	15,346,594	15,481,296

In the period Q1 2019 to Q2 2019, The number of active mobile money subscription (SIMs which registered business in the last 90 days) grew by 0.9%, and the number of mobile subscription (GSM) increased by 3.2%.

Mobile Money Transactions

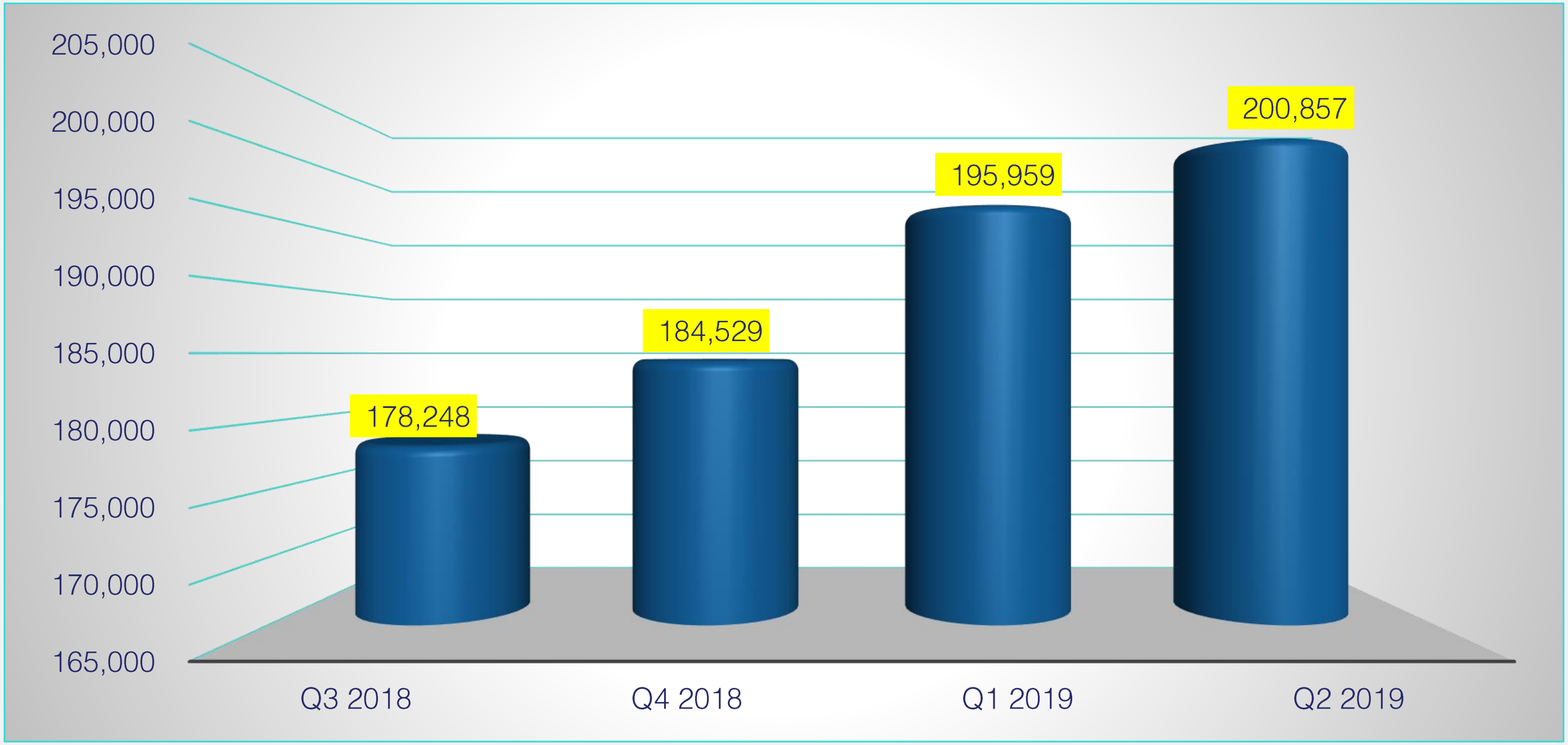


	Q3 2018	Q4 2018	Q1 2019	Q2 2019
Value of Transactions (Shs)	14,880,145,560,7	18,023,301,103,9	17,005,389,873,0	17,040,376,123,7
Balance on Customers Accounts (Shs)	288,114,749,253	338,207,228,569	326,296,843,753	331,577,414,843
No. of Transactions	554,412,571	625,314,713	657,478,592	673,091,009

Source: BOU

In the period Q1 to Q2 2019, the value of transactions, balance on customer accounts and Number of transactions all grew by 0.2%, 1.6% and 2.4% respectively.

Mobile Money agents



The number of mobile money agents had been on a growing trend, as shown in the chart. In the period Q1 2019 to Q2 2019, the number of mobile money agents grew by 2.5% bringing to service 4,898 new agents.

Broadcasting

PAY TVs, MODE OF BROADCASTING & GEOGRAPHICAL COVERAGE

No.	Station Name	Mode of Broadcasting (Platform)	Television Coverage
1	DSTV	Satellite	Country Wide
2	ZUKU TV	Satellite	Country wide
3	AZAM TV	Satellite	Country wide
4	STARTIMES SAT	Satellite	Country Wide
5	Kwese Support Services Uganda Ltd (KSSU)	Satellite	Countrywide
6	STARTIMES	Terrestrial	Kampala, Wakiso, Mpigi, Masaka, Mbarara, Fortportal, Jinja, Mukono, Kalangala, Luweero,Gulu and Mbale
7	GO TV	Terrestrial	Kampala, Jinja, Iganga, Mbale, Lira, Gulu, Arua, Kasese, Mbarara, Masaka, Wakiso
8	Kampala SITI Cable	Cable	Kampala & Jinja

Out of the Eight Pay Televisions Stations, five (5) broadcast using Satellite, two (2) Digital Terrestrial and one (1) uses cable as the mode of broadcasting.

Quarterly trend in Active Pay TV subscriptions

For the period Q1 2018 to Q2 2019, the number of active Pay-TV subscribers grew by 18%.

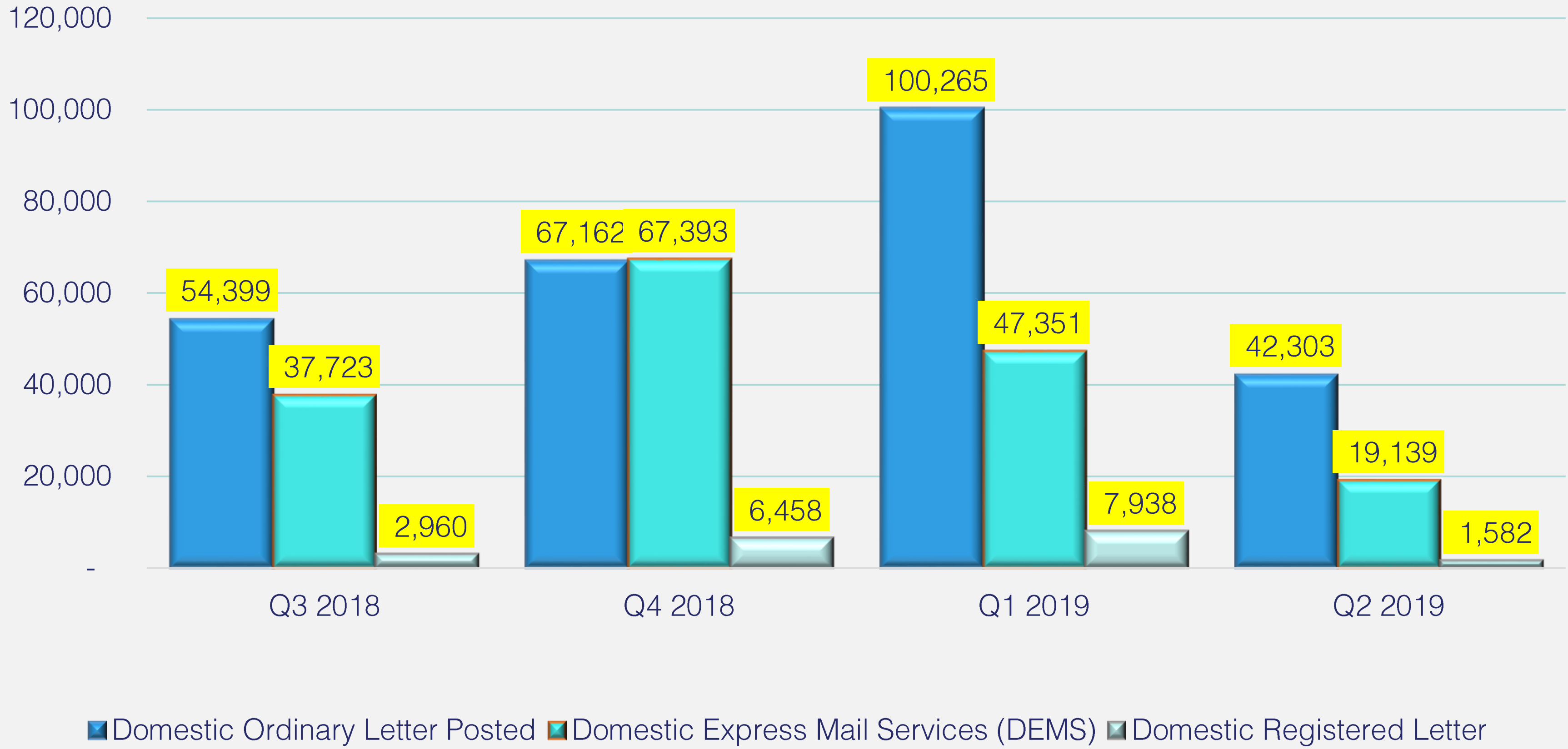
Post & Courier Services

POSTAL ACCESS

KEY INDICATORS	Q3 2018	Q4 2018	Q1 2019	Q2 2019
Number of Permanent Post Offices	154	154	154	154
Number of Permanent Post Offices connected to the internet	33	33	49	49
Post Offices offering public internet services	25	25	25	25
Number of Private letter boxes	82,900	82,900	82,900	82,900

In the period Q1 to Q2, no change was registered for all the postal access indicators.

Quarterly postal mail volume

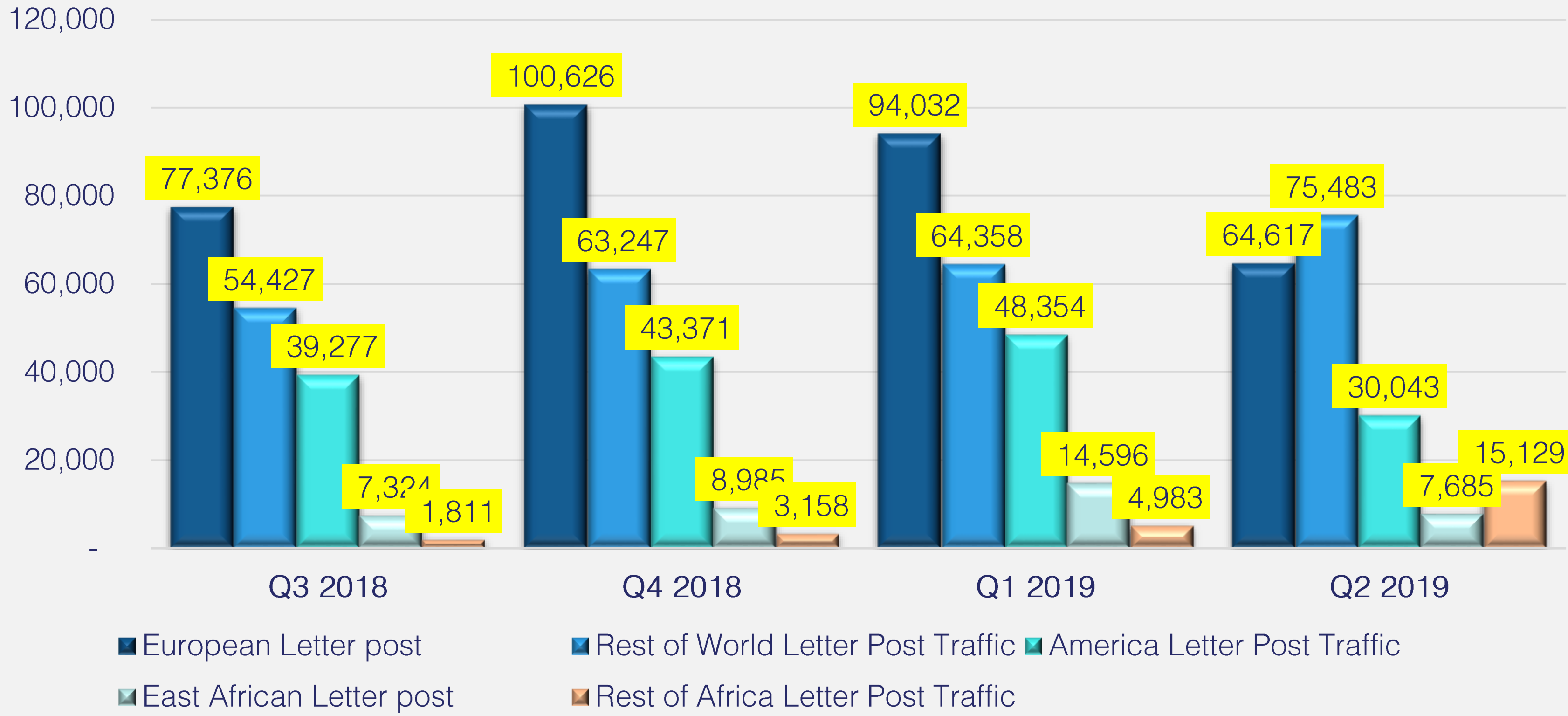


In the period Q1 2019 to Q2 2019, the volumes of all the categories of the letter traffic (Domestic ordinary, DEMS, Domestic registered) dropped respectively by 58%, 60% and 80%.

International Letter traffic

		Q3 2018	Q4 2018	Q1 2019	Q2 2019
East African Letter post	Incoming	6,527	7,830	12,810	6,178
	Outgoing	797	1,155	1,786	1,507
European Letter post	Incoming	45,196	63,974	53,635	44,467
	Outgoing	32,180	36,652	40,397	20,151
Rest of Africa Letter Post Traffic	Incoming	1,033	1,976	3,322	13,922
	Outgoing	778	1,182	1,661	1,207
America Letter Post Traffic	Incoming	27,022	26,960	27,421	21,548
	Outgoing	12,255	16,411	20,933	8,495
Rest of World Letter Post Traffic	Incoming	49,679	56,566	48,304	58,607
	Outgoing	4,748	6,681	16,054	16,875

The International letter traffic market shares



In the period Q1 2019 to Q2 2019, all the international letter traffic volumes dropped save for the Rest of Africa category. In this quarter, The Rest of the world has the highest international letter traffic (incoming and outgoing) with a market share of 39%, followed by The European letter post (33%).

Tariffs

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

1. www.price-check.co.ug
2. www.kompare.ug