UGANDA COMMUNICATIONS COMMISSION

Introduction

This is a review of the industry performance, trends and key developments for the quarter covering the period October to December 2018. Reference periods marked with asterisk (*) implies estimates. It covers;

1. The sector at a glance
2. The mobile and fixed markets
3. Communication Traffic
4. Internet & OTT services
5. The sector contribution to Tax Revenue
6. The communication infrastructure
7. Mobile Financial services (Mobile Money);
8. The Broadcasting services
9. The Postal market
10. Product and pricing movements in the industry

Uganda’s communications Sector at a Glance

Key indicators	Q2 2018	Q3 2018	Q4 2018	Q1 2019
The Telcos				
Mobile Subscriptions	23,701,960	23,135,037	24,388,744	24,646,832
Fixed Lines subscription	252,165	170,534	186,724	197,597
Teledensity (%)	61	60	63	62
Internet subscription (Mobile)	9,855,034	13,569,354	14,360,847	14,382,950
Internet subscription (Fixed)	10,273	8,868	9,485	9,597
Internet penetration (%)	25	35	37	36
Estimated Internet users	14,885,281	20,442,711	21,636,121	21,670,395
Total Bandwidth (Mbps)	85,744	93,508	92,872	81,343
Est. Average Revenue per user (USD) (ARPU)	8.0	8.1	8.5	8.6
PSP Voice and Data Licensees	31	33	33	33
PIP Licenses	22	22	22	22

Population Est: 40,308,000 (UBOS)

Uganda's communications Sector at a Glance

Key indicators	Q2 2018	Q3 2018	Q4 2018	Q1 2019
The Broadcasting				
No of operational TV stations (Local/FTA)	33	33	40	40
No of Pay TV service providers	8	8	8	8
Active Pay TV Subscriptions	1,469,129	2,165,293	2,188,233	1,183,012
No of FTA vendors	28	28	28	28
No of postal and Courier service providers	20	20	19	19
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

Population Est: 40,308,000 (UBOS)

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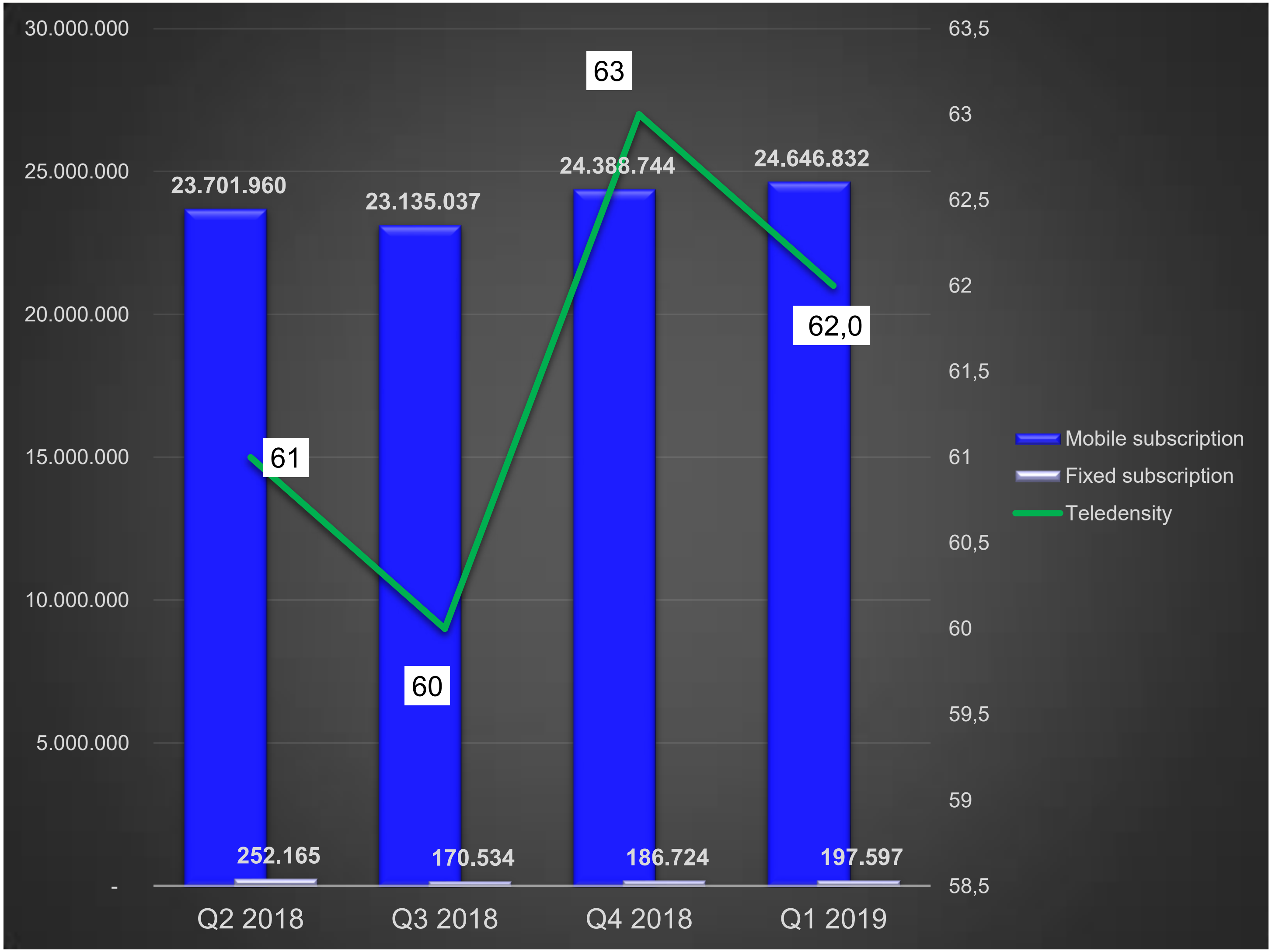
Uganda’s communications Sector at a Glance

Key indicators	Q2 2018	Q3 2018	Q4 2018	Q1 2019
Value added services (VAS)				
Number of Mobile money subscriptions	22,733,823	23,948,565	24,465,981	24,294,462
Number of Mobile money subscriptions (active 90 days)	12,842,833	14,169,240	14,652,583	15,346,594
Number of Transactions (mn)	358.3	554.4	625.3	657.5
Value of Transactions (tn)	19.3	14.9	18.0	17.0
Balance on customer accounts (bn)	496.0	288.1	338.2	326.3
Number of mobile money agents	166,194	178,248	184,529	195,959

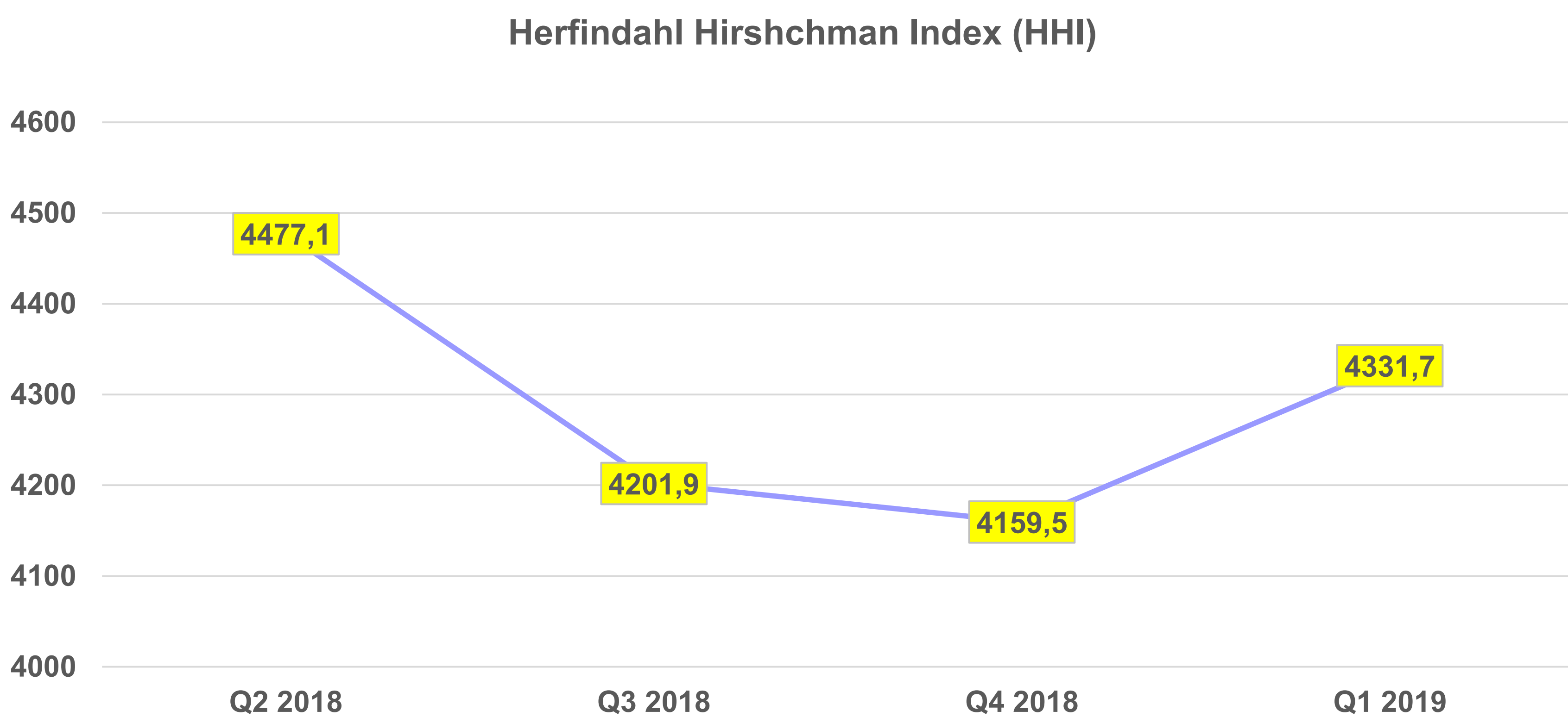
Population Est: 40,308,000 (UBOS)

Quarterly trend in Tele-density, Mobile and Fixed Subscriptions



The mobile subscription grew by 1.1%(258,088). The fixed subscription grew by 5.8% (10,873). The growth in subscription could partly be due to organic growth in business and quality of customer gross additions.

Mobile Market Competitiveness



The downward trend in HHI implies increasing mobile market competitiveness largely due to organic growth in the mobile market. However, the upward shift in this quarter implies a reduction in the mobile market competitiveness.

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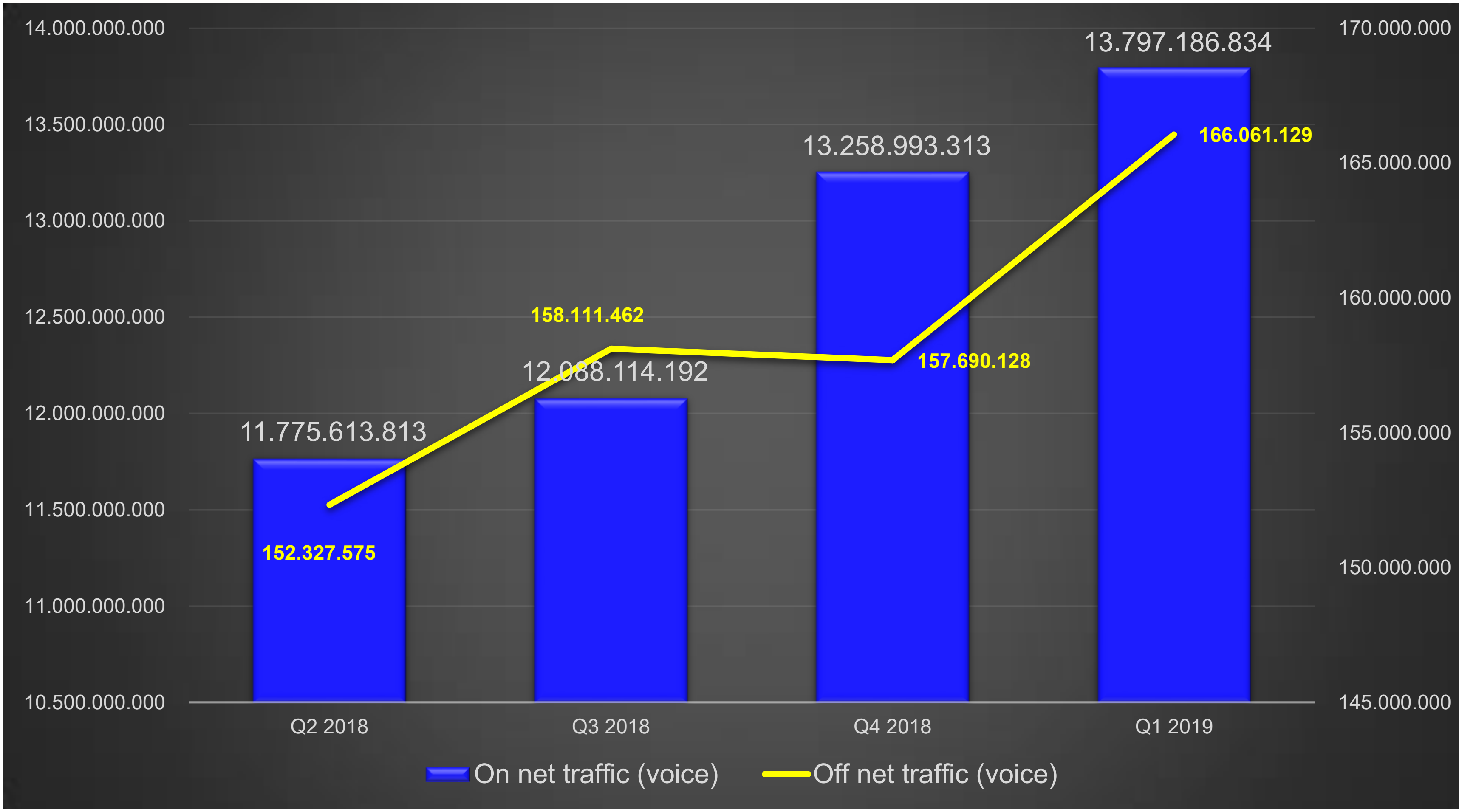
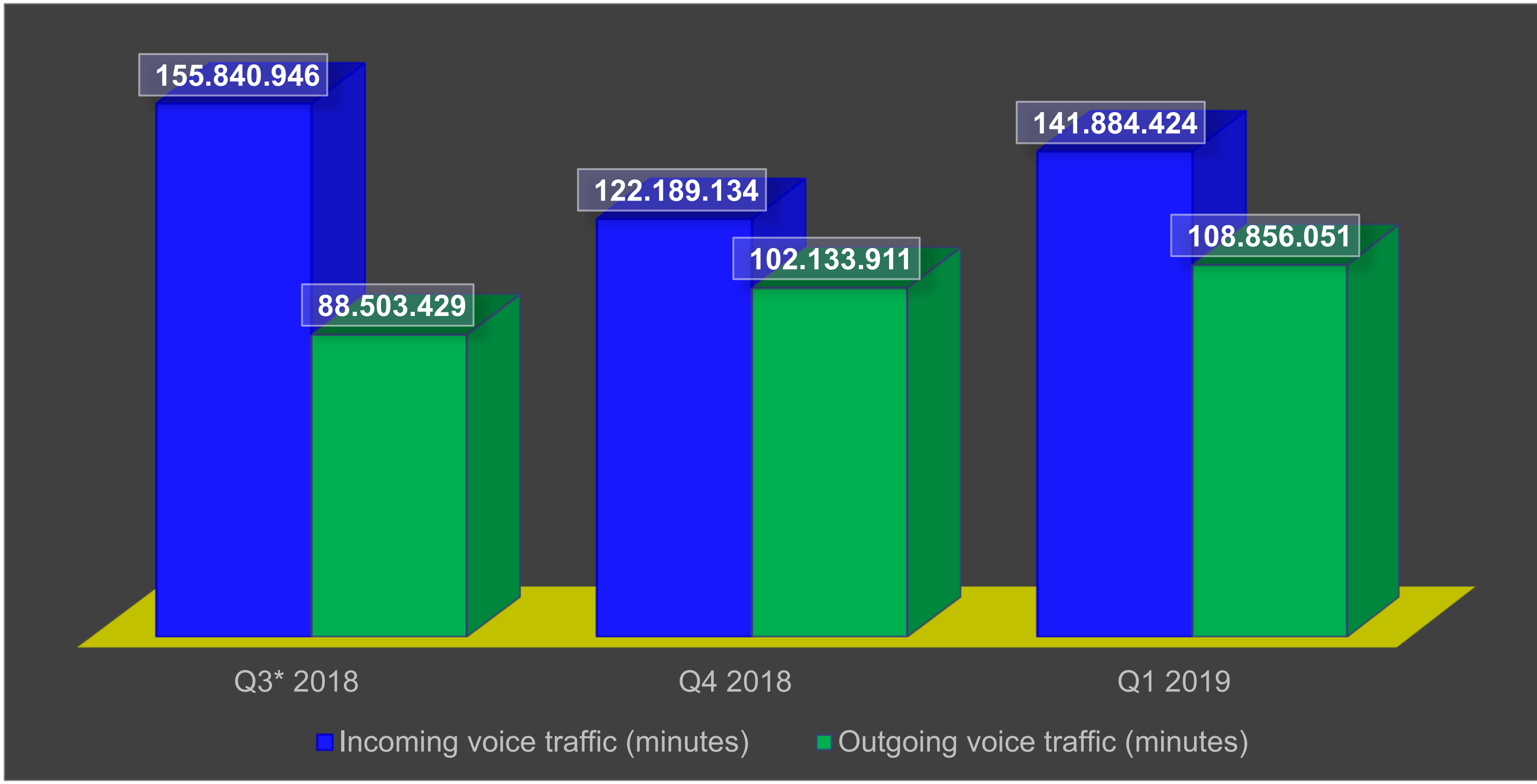
On-net & Off-net voice traffic



The On-net voice traffic dominates the voice traffic market. This is because Uganda is largely an on-net market due to voice bundle offerings. The on-net traffic grew by 4.1% (538,193,521) and the off net traffic grew by 5.3%(8,371,001).

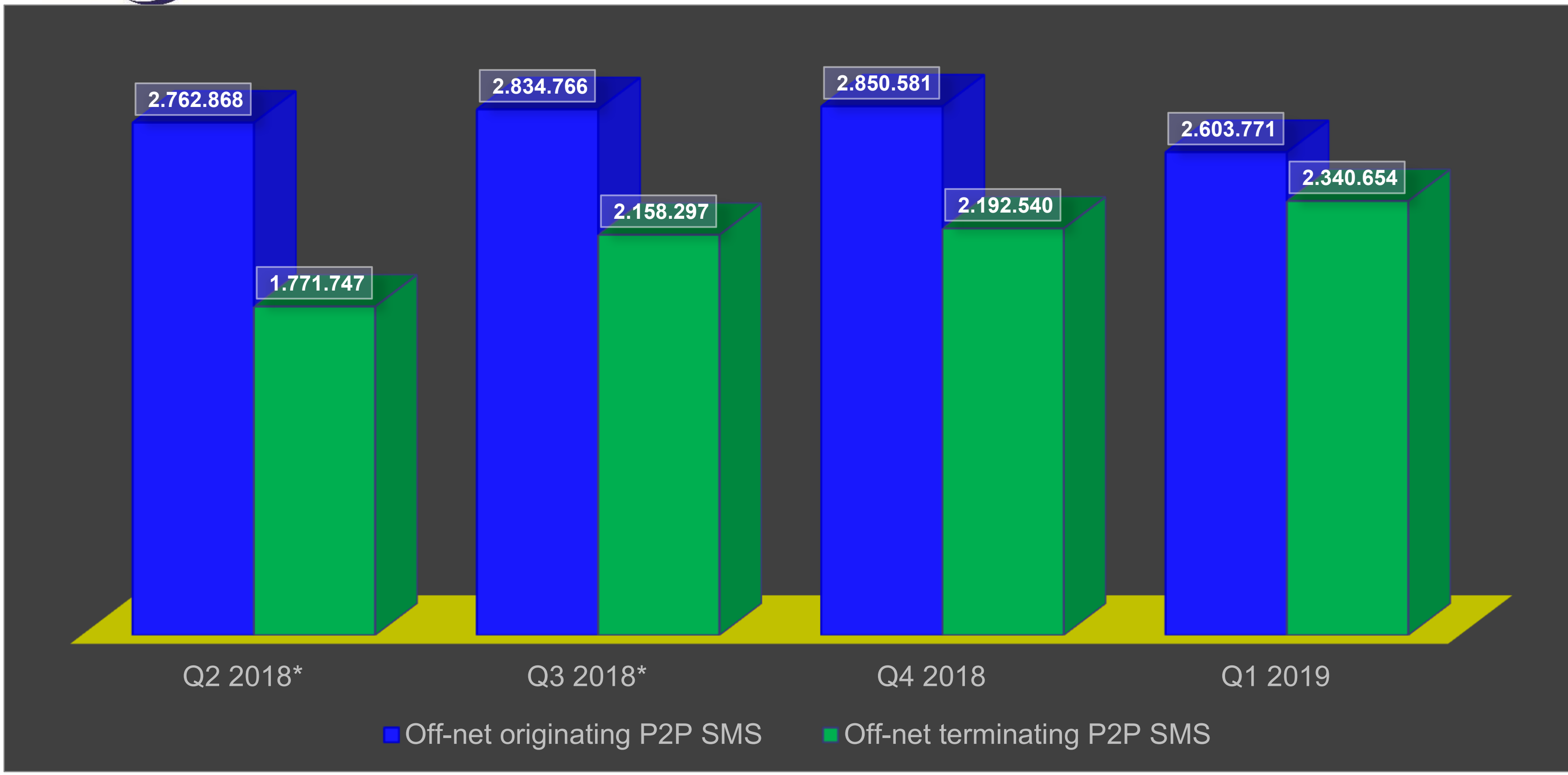
ONA VOICE TRAFFIC



There's more incoming voice traffic from ONA Countries than outgoing traffic to ONA countries. The incoming voice traffic grew by 16.1% (19,695,290) and the outgoing traffic grew by 6.6% (6,722,140).

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

ONA P2P SMS TRAFFIC



ONA off-net originating P2P SMS traffic dropped by 9% (246,810)) and the Off-net terminating P2P SMS traffic grew by 7% (148,114).

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

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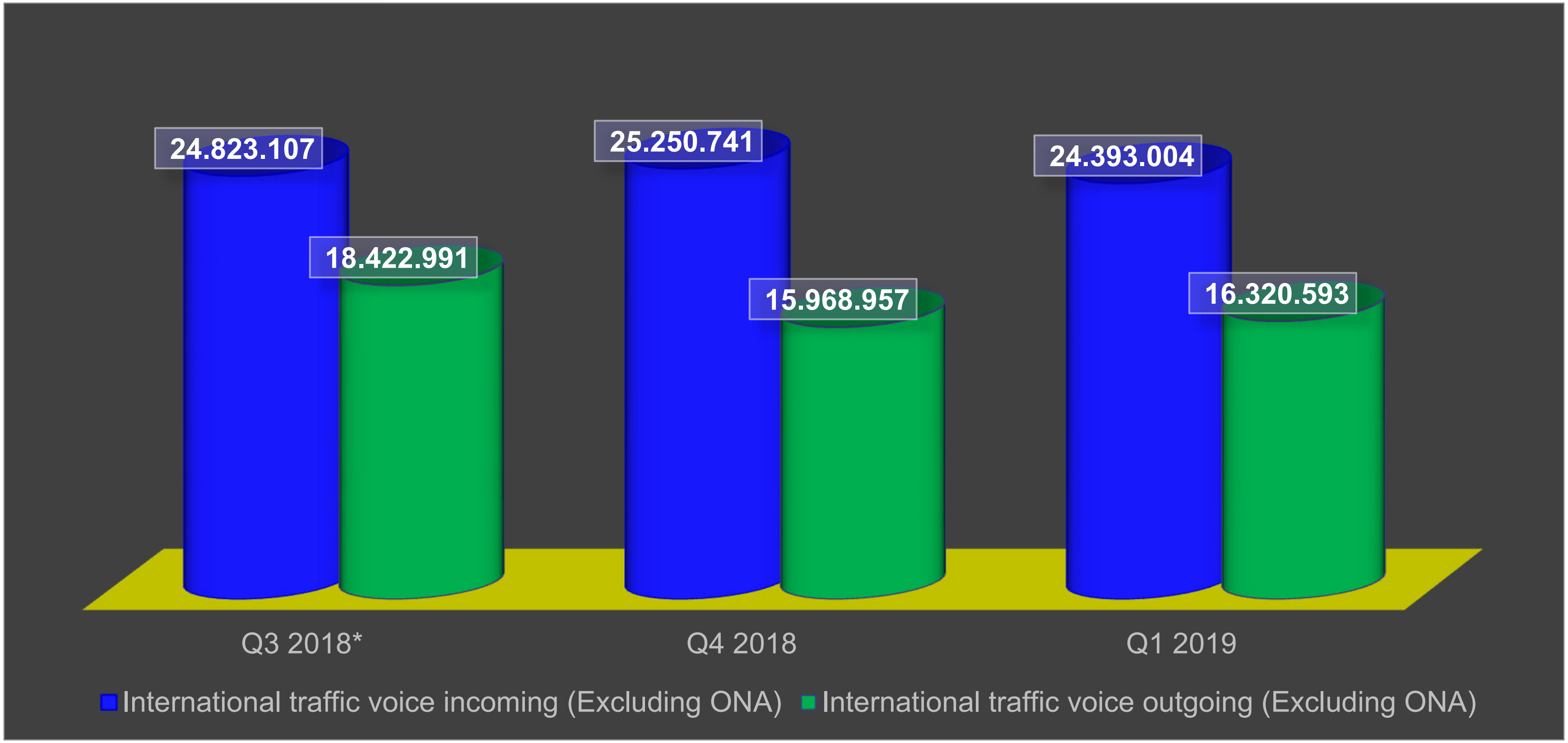
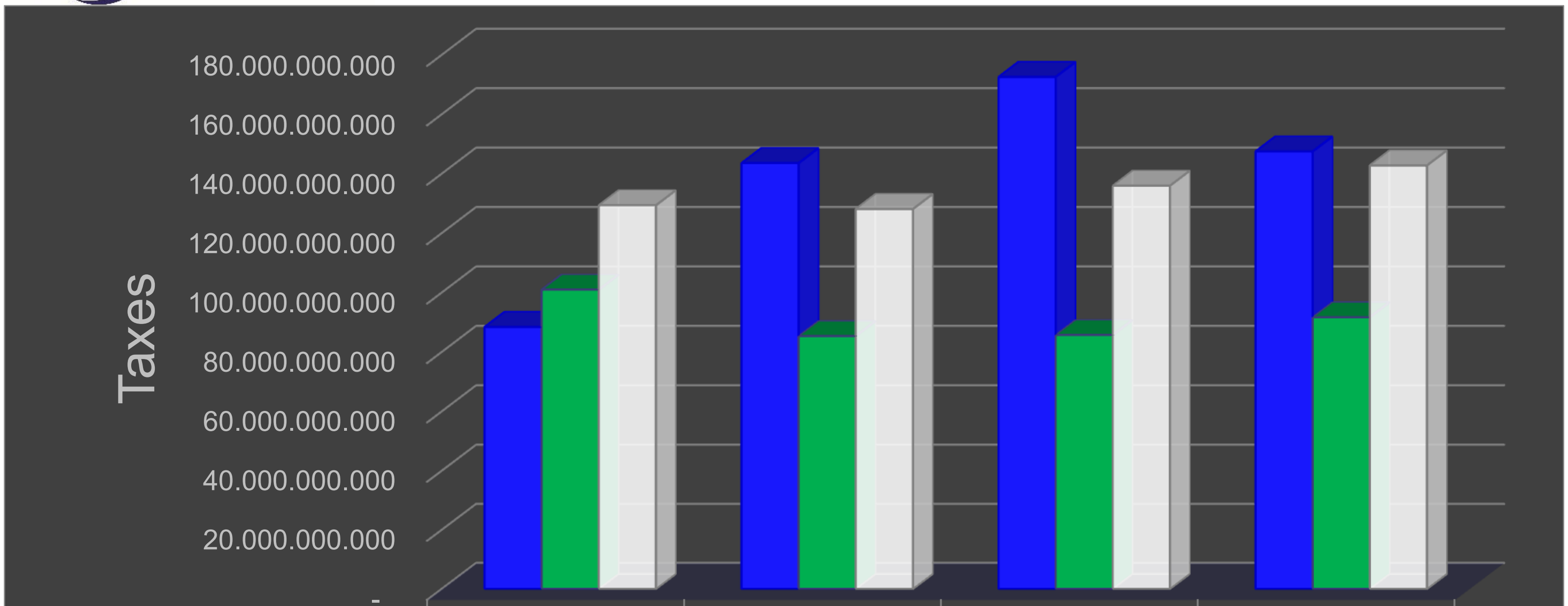
International Voice Traffic



As had been the trend, more international incoming voice traffic was registered in this quarter than the international outgoing voice traffic. This excludes international traffic from ONA countries.

However, the international incoming voice traffic dropped by 34% (857,737) and the international outgoing voice traffic grew by 2.2% (351636).

ICT Sector Tax Contributions to Revenue

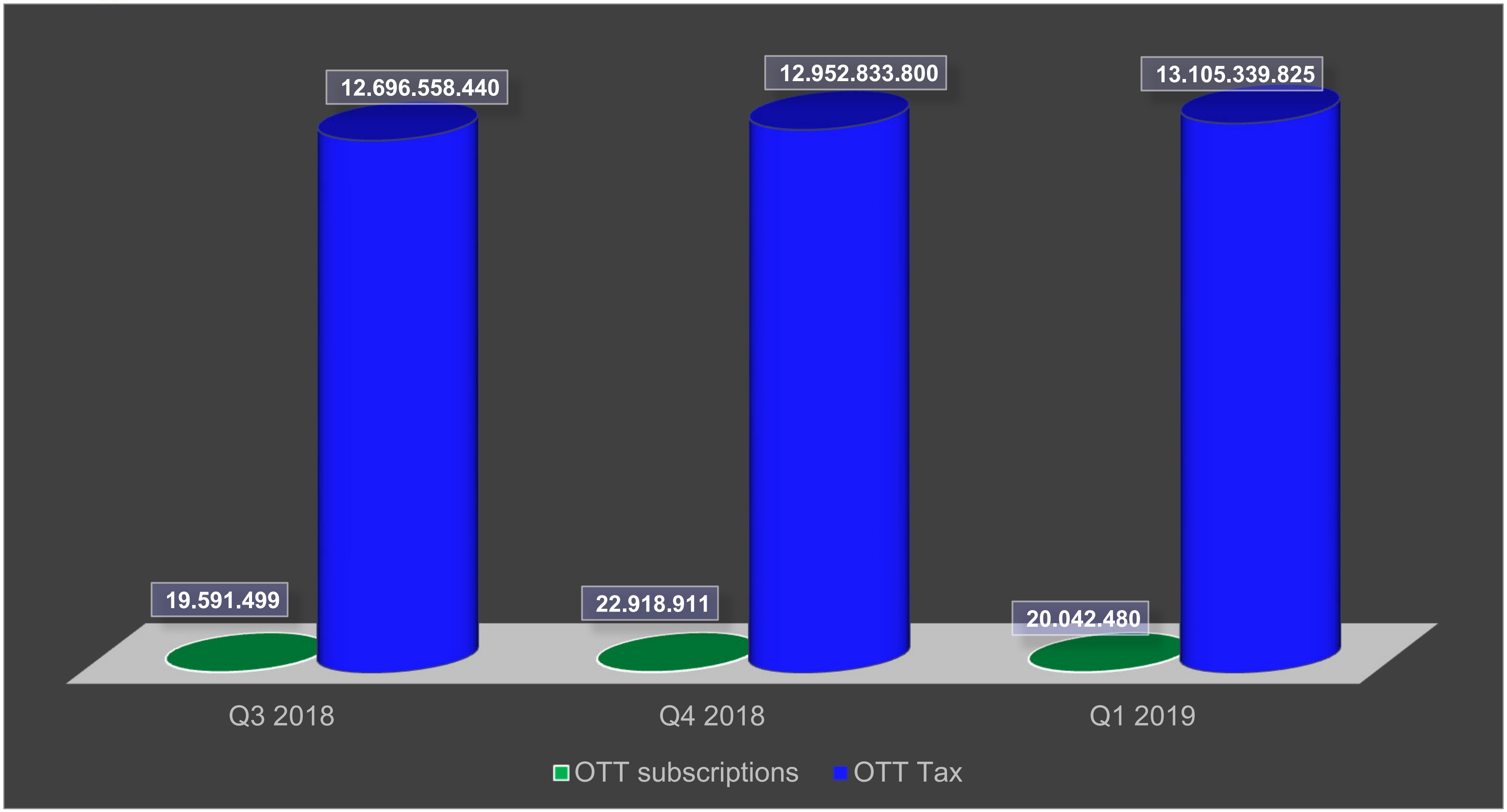


	Q2 2018	Q3 2018	Q4 2018	Q1 2019
Levy on Excise Duty (LED)	88.388.395.976	143.557.281.268	172.537.407.051	147.462.074.215
Pay As You Earn (PAYE)	100.955.552.647	85.357.345.350	85.708.487.159	91.682.590.588
Value Added Tax (VAT)	129.342.904.204	128.087.238.261	135.905.130.645	142.763.491.861

Source: URA

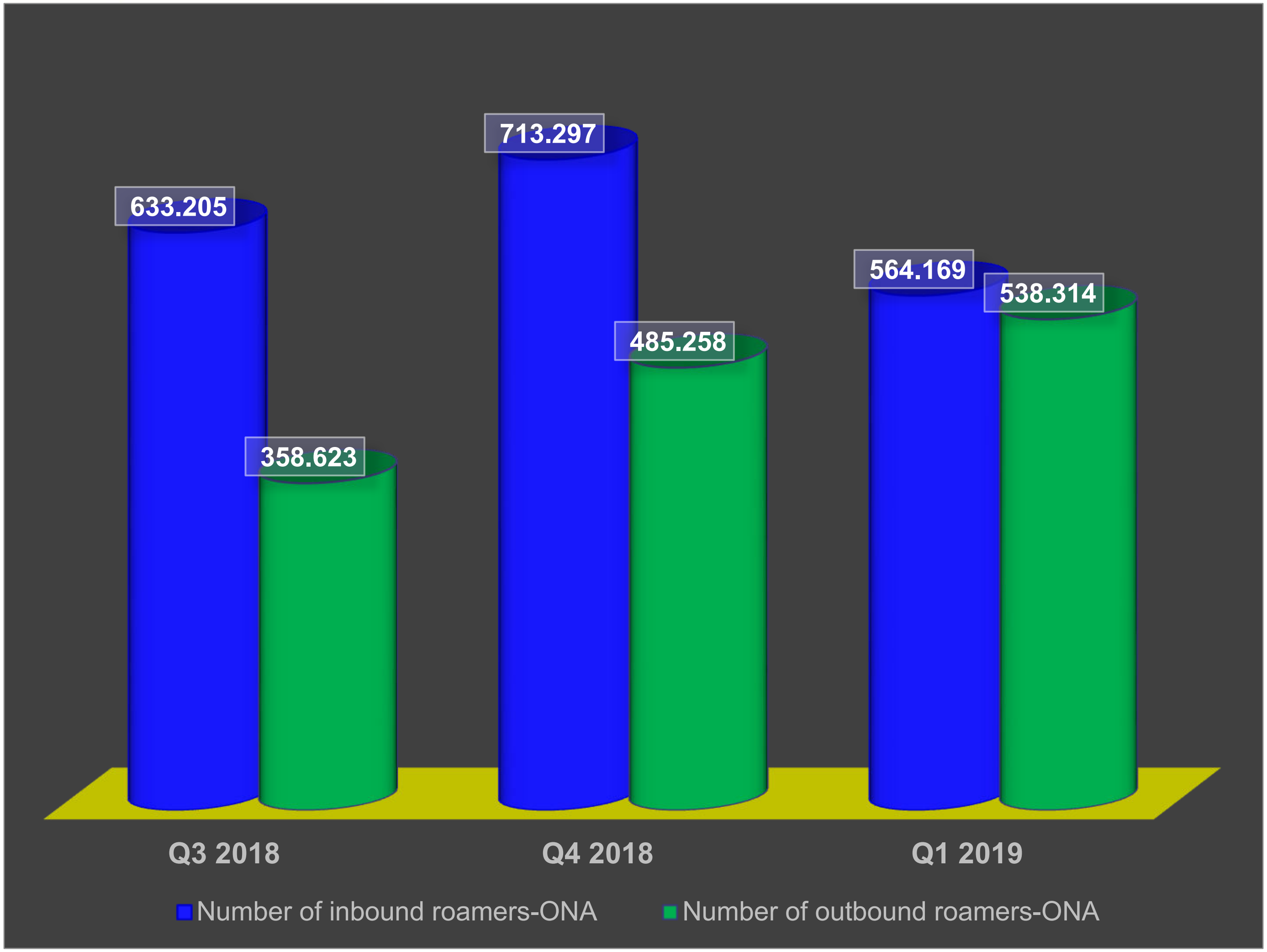
In this quarter, a total of UGX 381 billion was realized as tax revenue compared to 394 billion realized in the previous quarter signifying a 3% drop in ICT tax contributions to Revenue. The highest contribution (38.6%) was realized from Levy on Excise Duty, followed by VAT (37.4%) and PAYE contributed 24.0%.

OTT subscriptions and OTT Tax revenues
source: URA



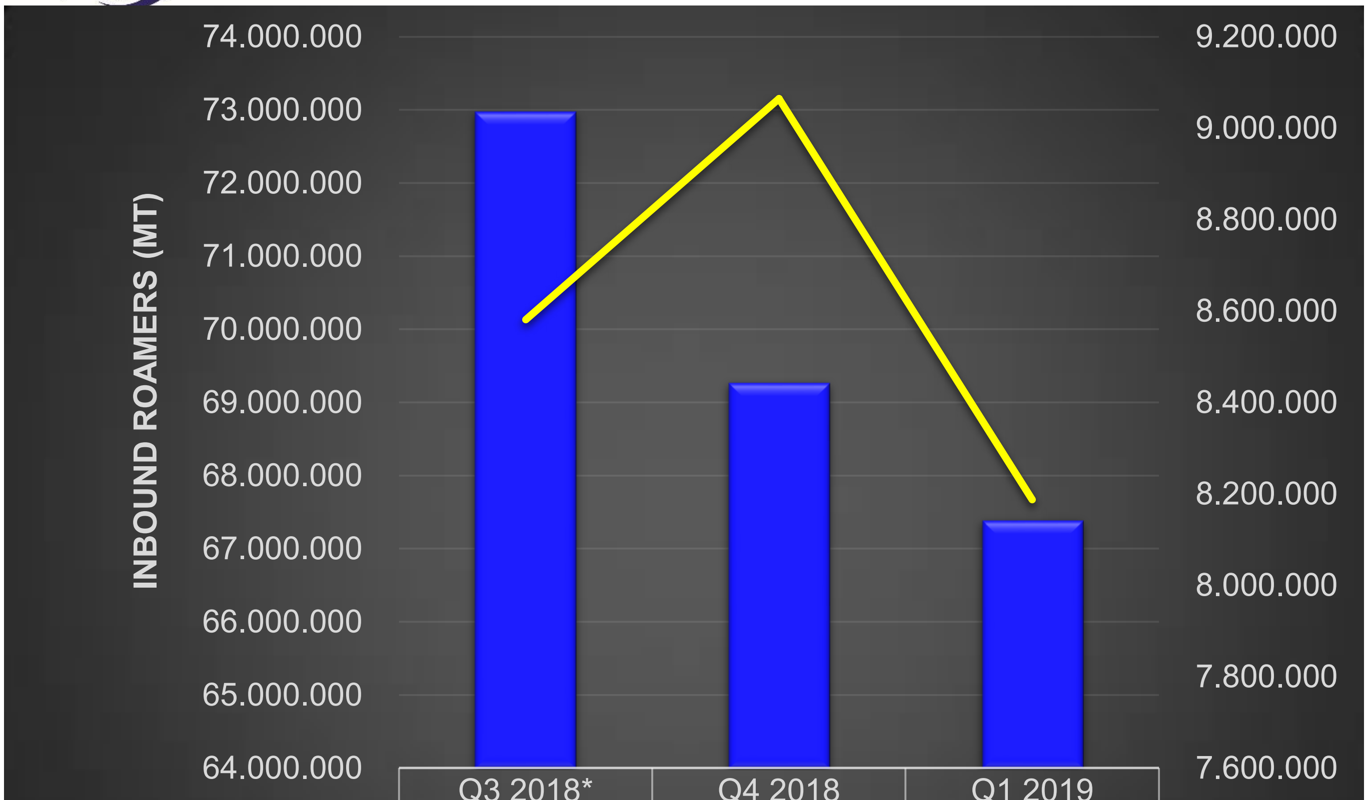
In this quarter, the OTT tax revenues grew by 1.2% (152,506,025) and the OTT subscriptions dropped by 12.6% (152,506,025). This figures are extracted from those who have used OTT services at least once in the quarter.

ONA Unique Roaming subscribers



The number of ONA inbound roamers dropped by 20.9% (149,128) and the number of ONA outbound roamers grew by 10,9% (53,056).

ONA inbound roaming traffic (voice)

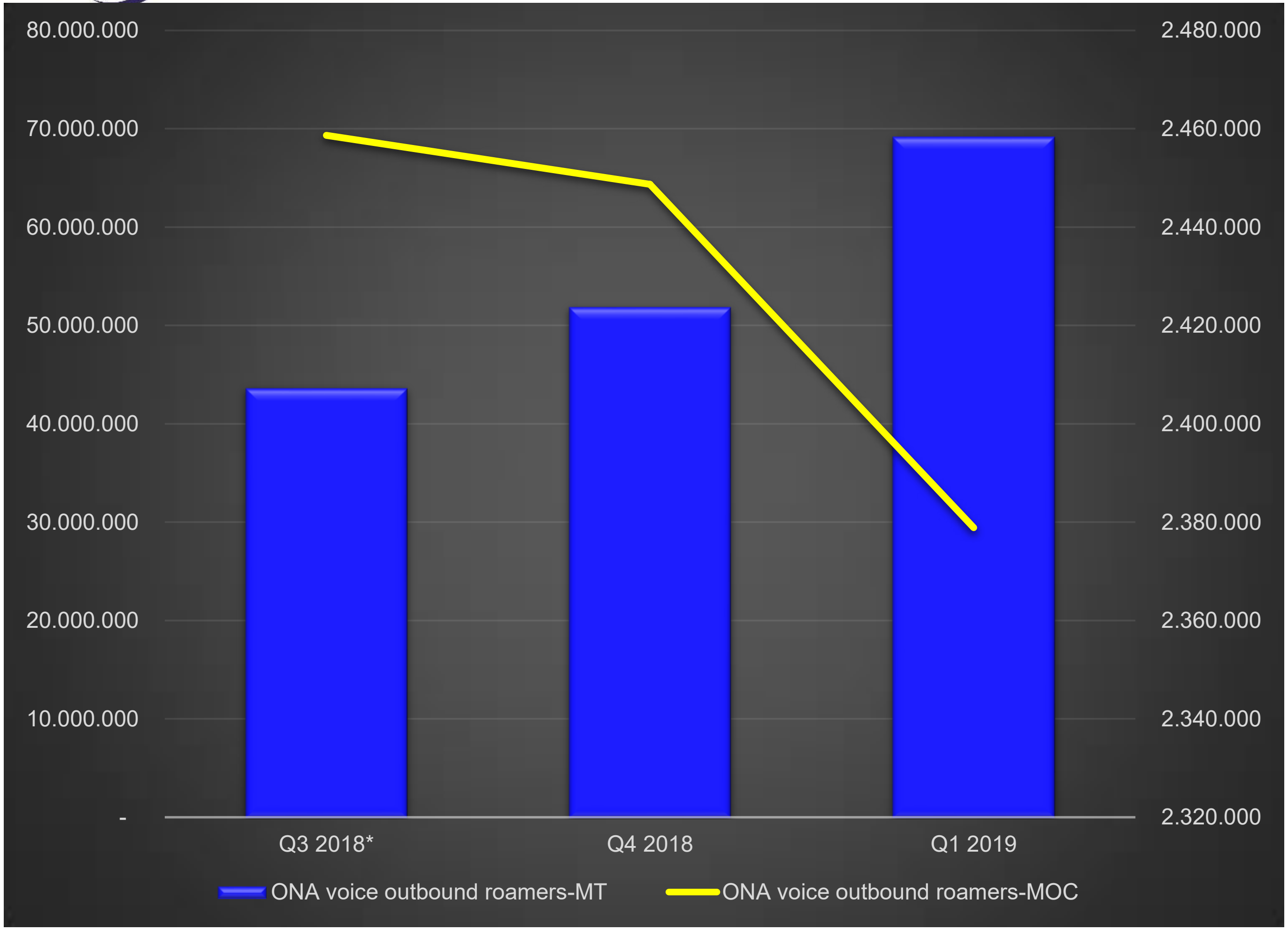


	Q3 2018*	Q4 2018	Q1 2019
ONA voice Inbound roamers-MT	72.981.193	69.279.799	67.402.048
ONA voice Inbound roamers-MOC	8.580.908	9.064.697	8.187.305

MOC-Mobile Originated Call; MT-Mobile Terminated call

The ONA inbound roamers terminate more calls than they generate and these traffics have been declining in the last three quarters. In the review period, the MT traffic dropped by 2.7%(1,877,751) and the MOC traffic dropped by 9.7% (877,392). The general decline in these traffic could be due to increased consumption of OTT services like Whatsapp calls and chats

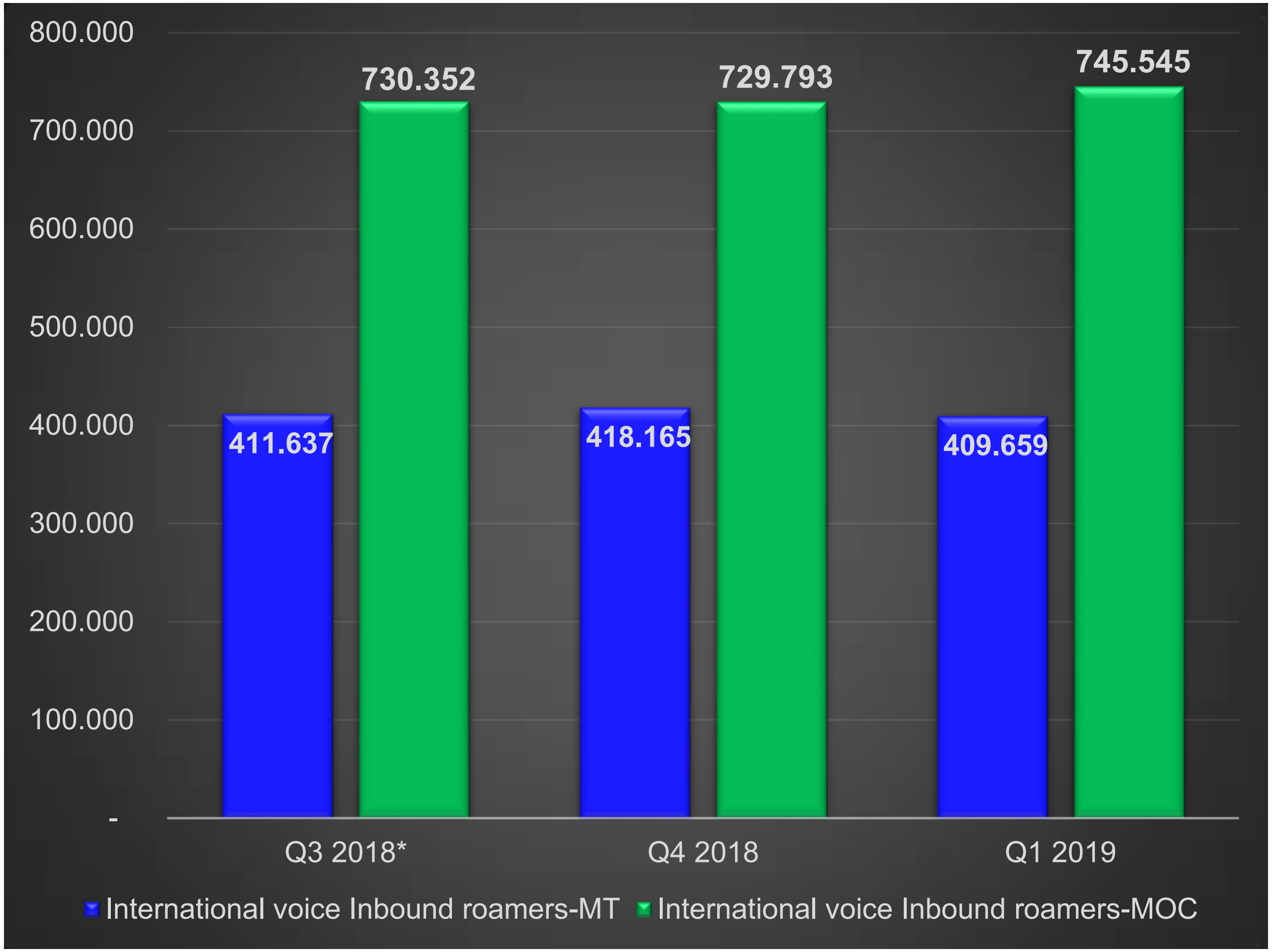
ONA outbound roaming traffic (voice)



The ONA outbound roamers terminate more calls than they generate. The MT traffic here has been growing in the last three quarters, whereas the MOC traffic has been declining. In the review period, the MT traffic grew by 33.2%(17,257,755) and the MOC traffic dropped by 2.9% (69,822.

MOC-Mobile Originated Call; MT-Mobile Terminated call

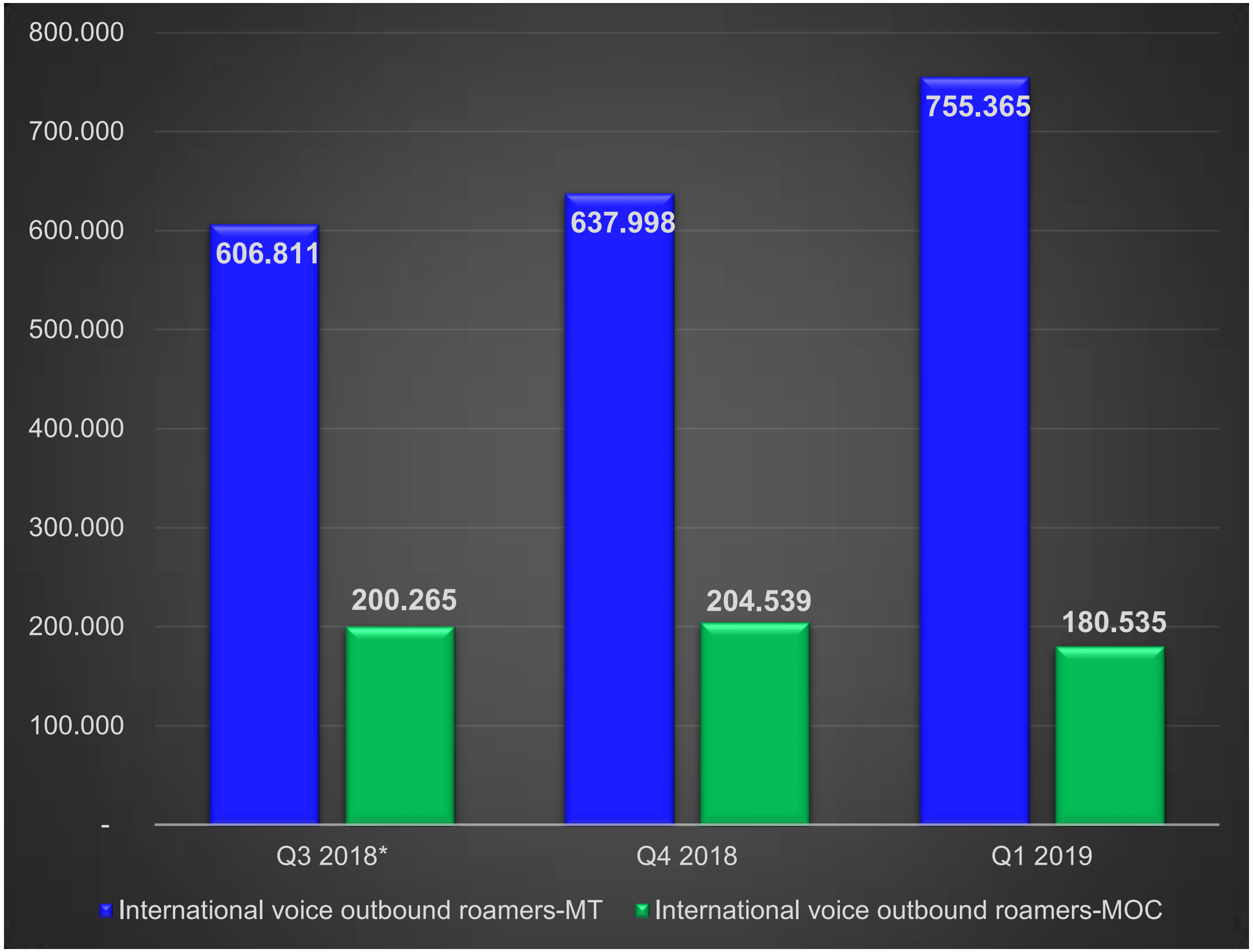
International inbound roaming voice traffic (Excluding ONA)



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

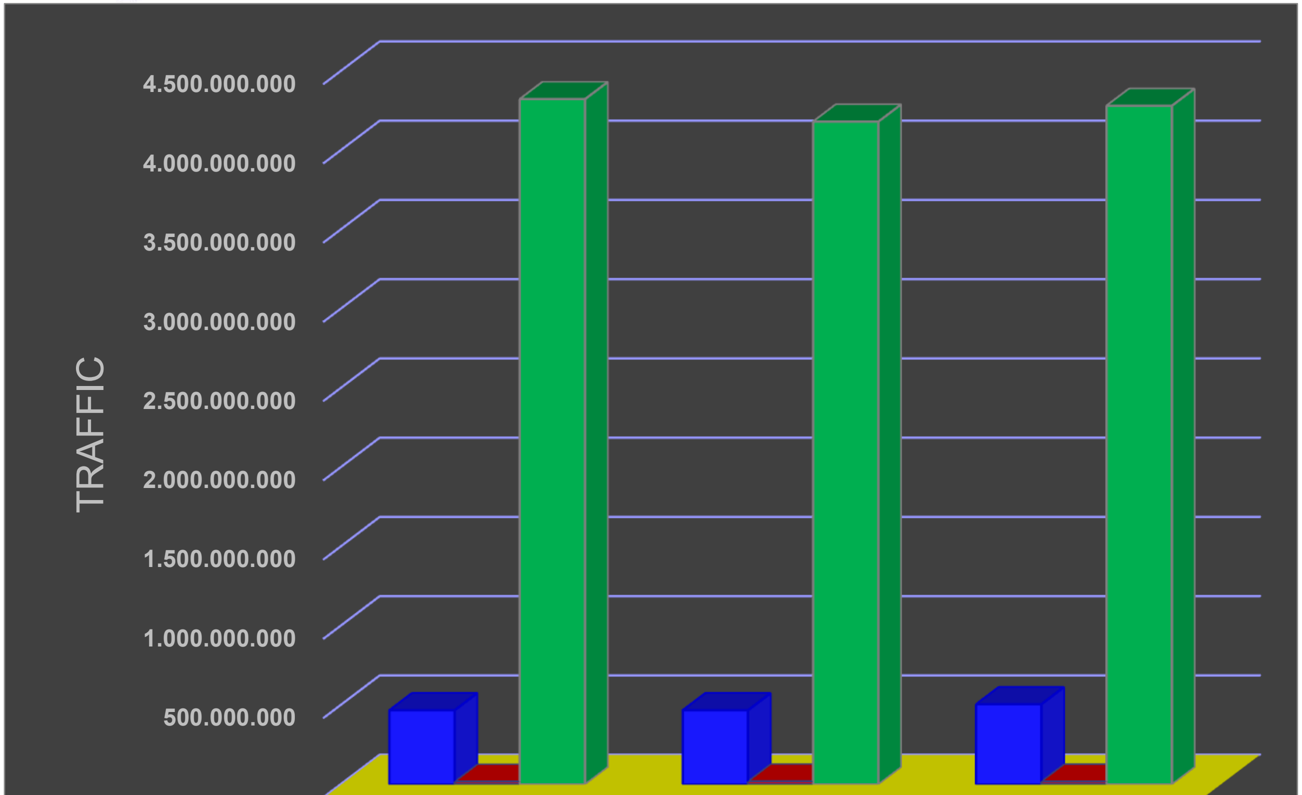
In the review period, the MT traffic dropped by 2.0% (8,506) and the MOC traffic grew by 2.2% (15,753).

International outbound roaming voice traffic (Excluding ONA)



The amount of traffic generated by the international outbound roamers-MOC, has been consistently higher than the amount of traffic they terminate (MT traffic). In the review period, the MT traffic grew by 18.4% (117,367) and the MOC traffic dropped by 11.7% (24,004).

Trend in SMS traffic



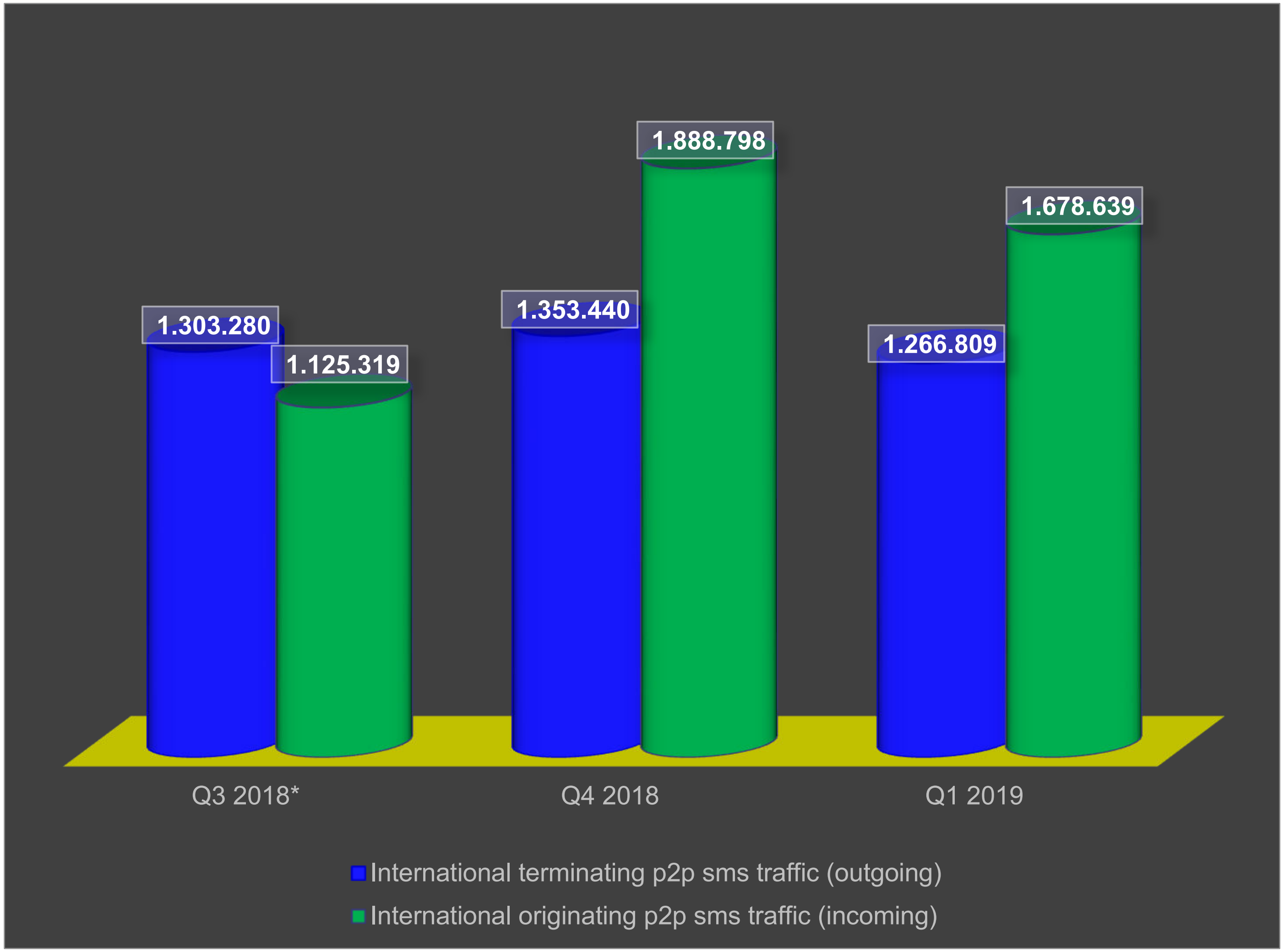
	Q3 2018*	Q4 2018	Q1 2019
P2P SMS On net	467.083.313	466.787.991	504.871.782
P2P SMS Off net	16.378.395	18.257.269	17.225.719
A2P SMS on-net	4.322.785.110	4.181.073.741	4.280.824.888

The A2P SMS on-net traffic dominates the sms market (89.1%).

This is followed by the P2P on-net SMS (10.5%).

In this review period, the P2P on-net SMS traffic grew by 8.2% (38,083,791) the P2P off-net sms traffic dropped by 5.7% (1,031,550) and the A2P SMS on-net traffic grew by 2.4%(99,751,147).

INTERNATIONAL P2P SMS TRAFFIC



In this review period, both the outgoing and the incoming traffics dropped respectively by 6.4% (86,631) and 11.1% (210,159)

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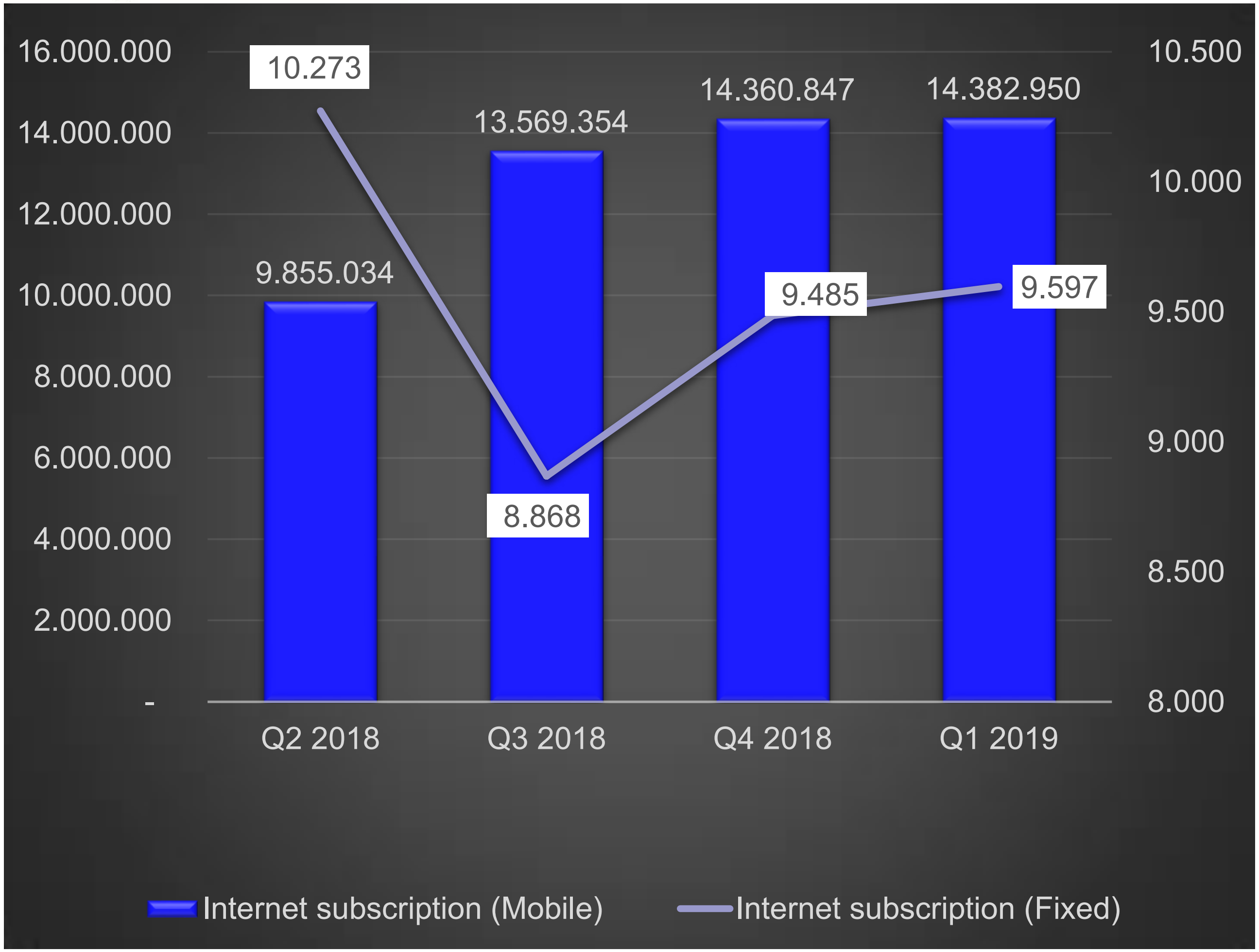
Internet Subscriptions

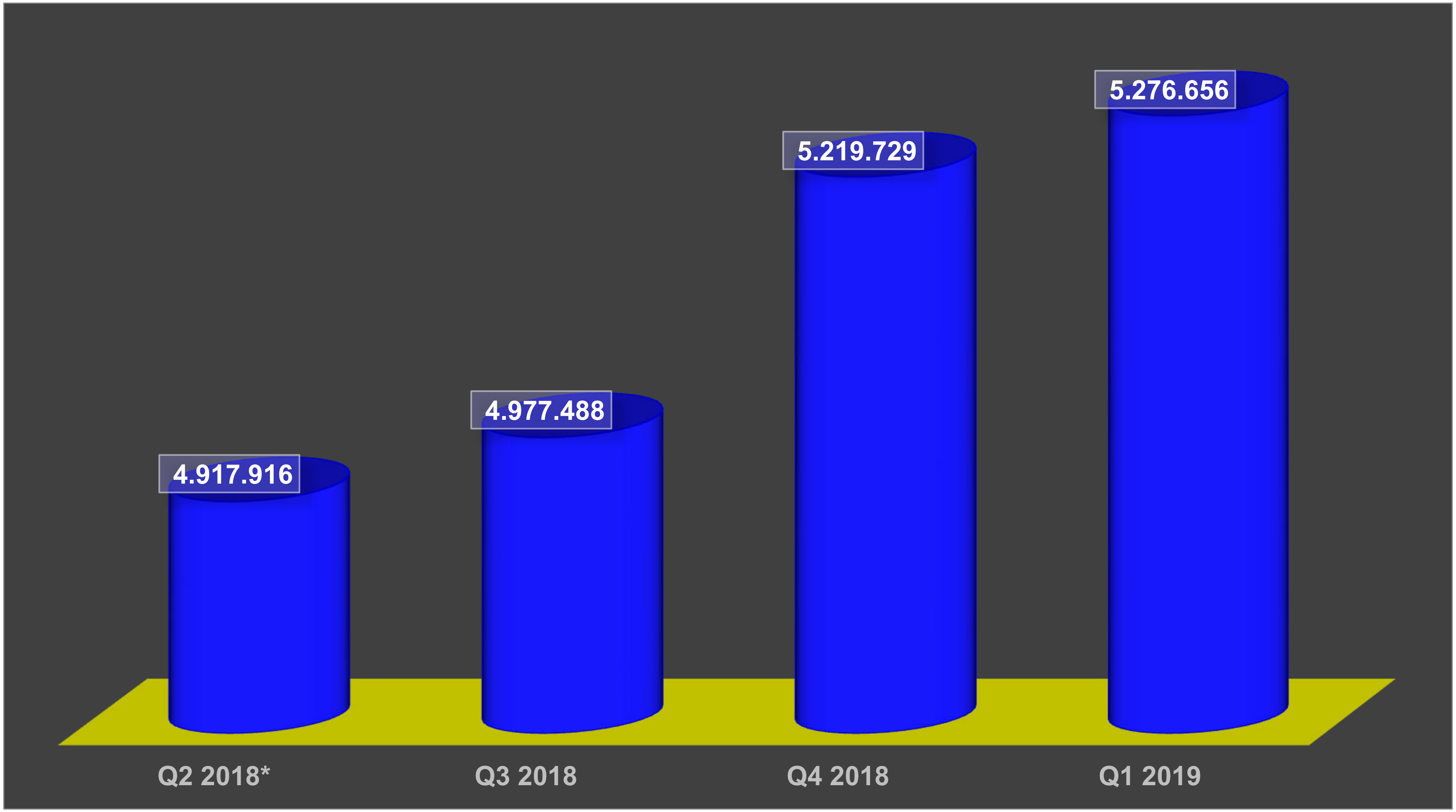


The Uganda internet market is dominated by mobile internet compared to fixed internet.

The mobile internet subscription now stands at 14,382,950 up from 14,360,847 reflecting a growth of 0.2%.

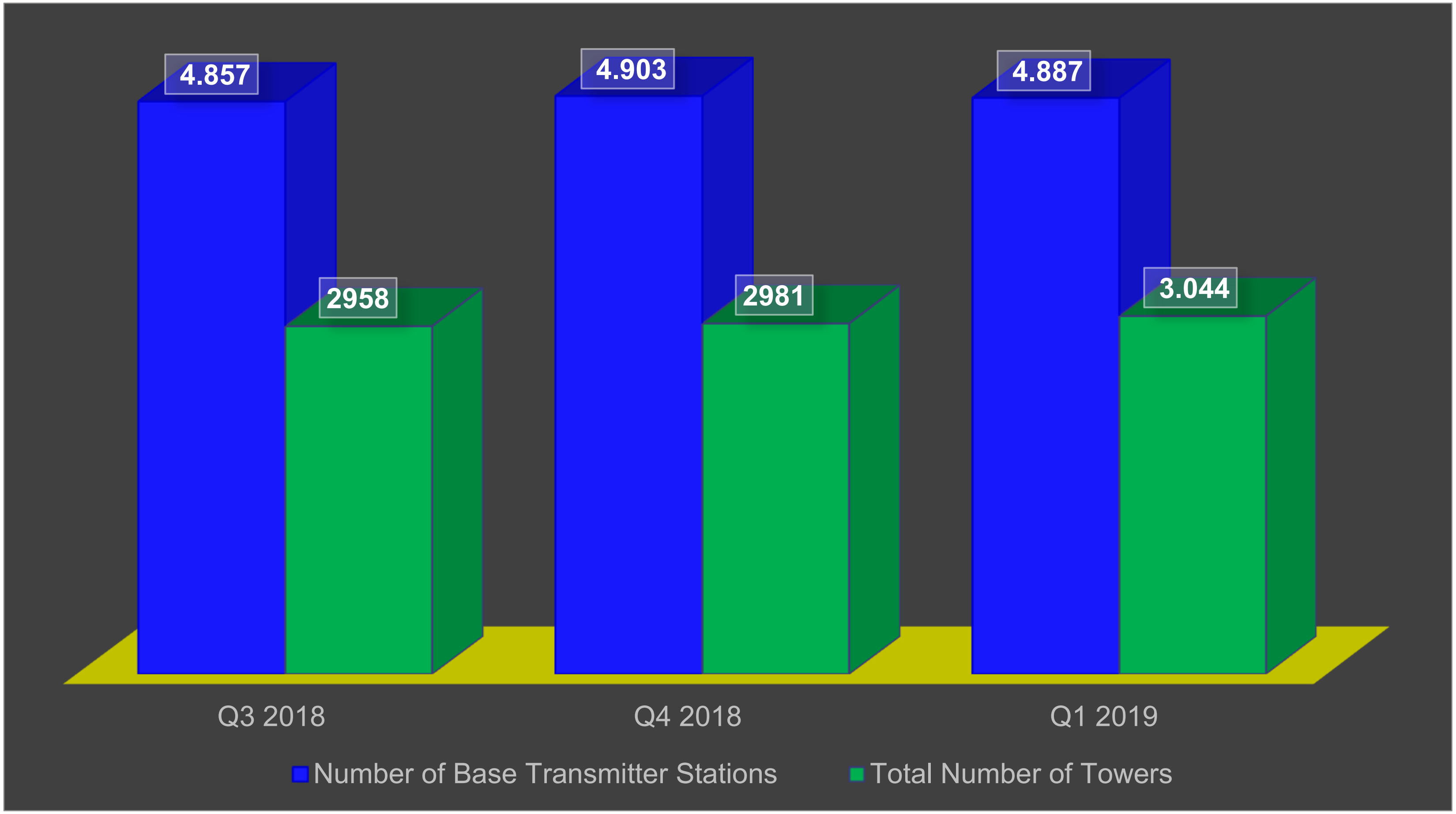
The internet penetration now stand at 35.7%.

Smart phone subscription



The total number of smart phones in the market grew by 1% (56,927).
The number of smart phones in the market now stands at 5,276,656.

Communications Infrastructure.



The number of Base Transceiver Stations (BTSs) dropped by 0.3% (16) during the quarter and the number of Towers grew by 2.1% (63).

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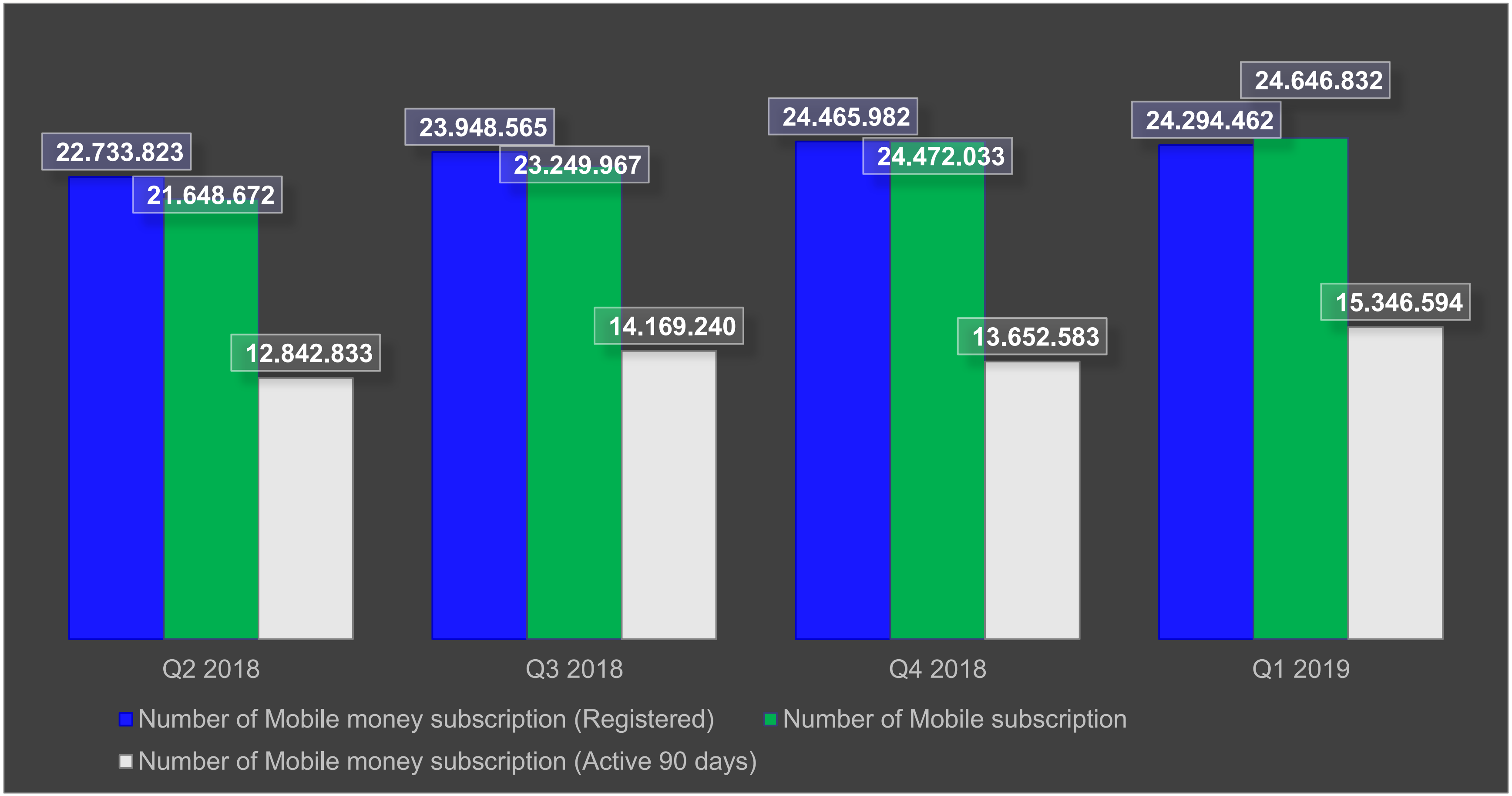
Mobile Money Services

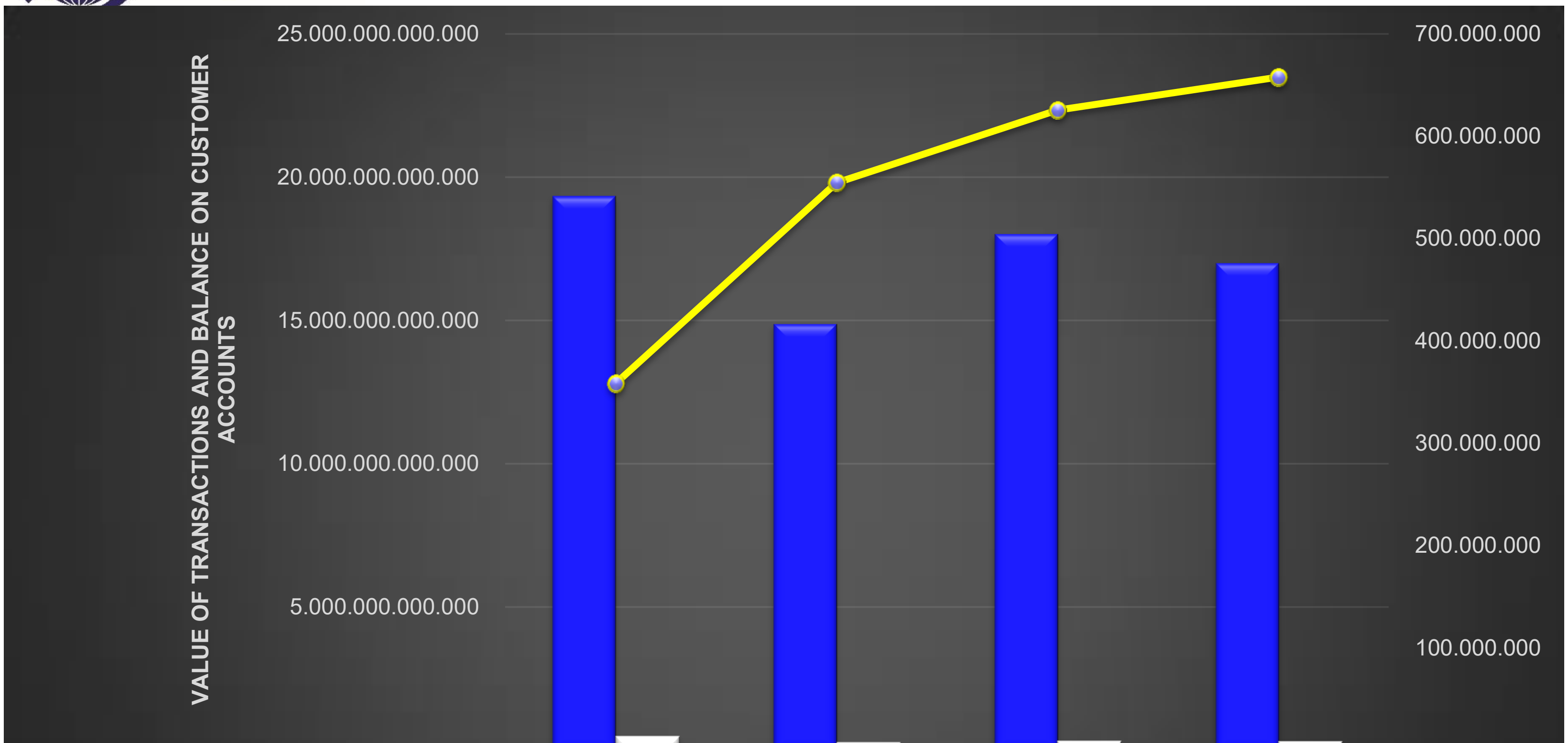
Mobile money subscription vs mobile subscription



The number of active mobile money subscription grew by 12.4% bringing on board 1,694,011 new active subscriptions and the number of mobile subscription grew by 0.7% (174,799).

Source: BOU, UCC

Mobile Money Transactions



	Q2 2018	Q3 2018	Q4 2018	Q1 2019
Value of Transactions (Shs)	19.347.889.204.239	14.880.145.560.785	18.023.301.103.972	17.005.389.873.043
Balance on Customers Accounts (Shs)	495.977.449.459	288.114.749.253	338.207.228.569	326.296.843.753
No. of Transactions	358.272.314	554.412.571	625.314.713	657.478.592

In this review period the value of transactions and balance on customer accounts dropped respectively by 5.6% and 3.5%. The number of transaction however grew by 5.1%.

Source: BOU

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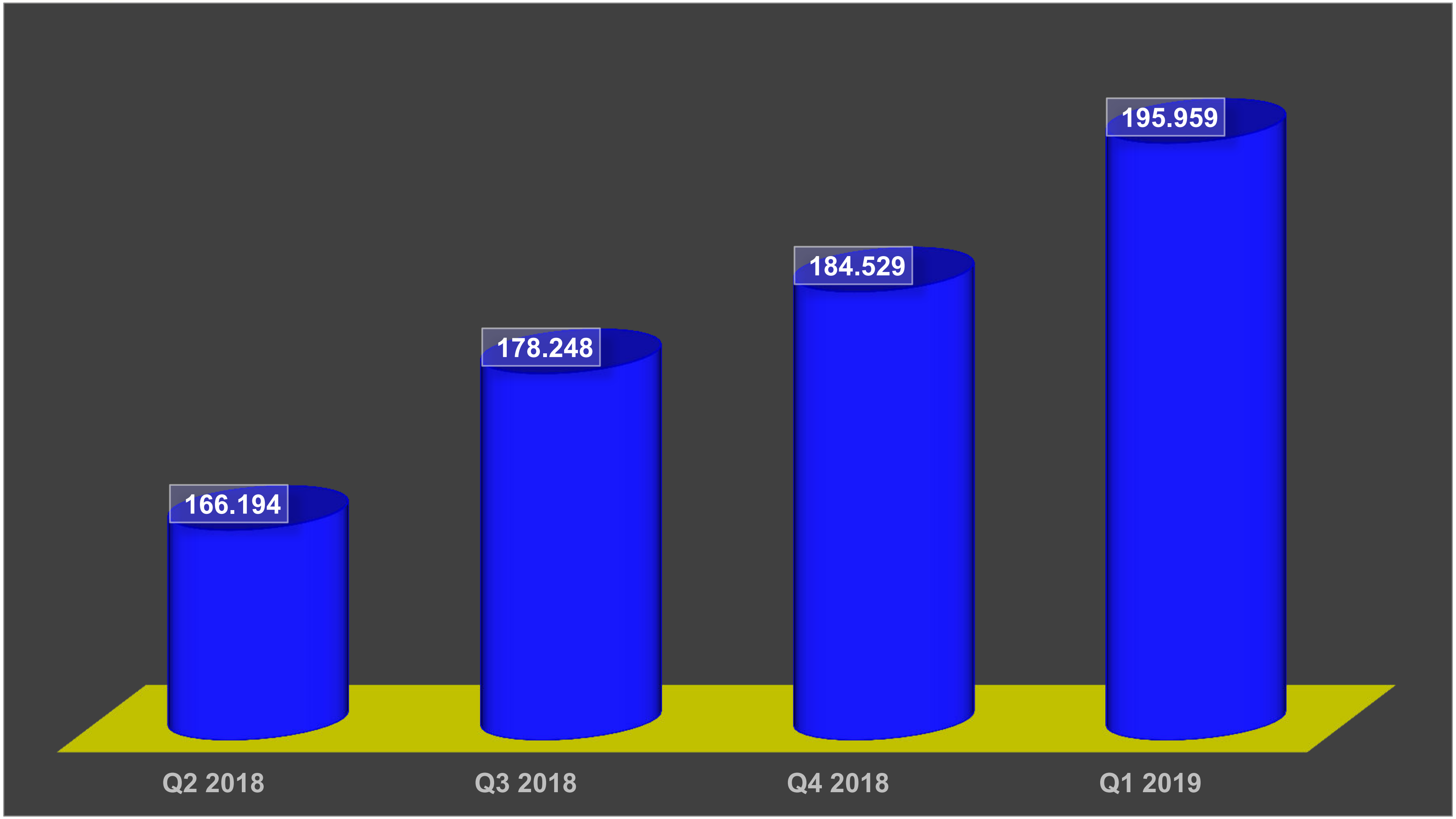
Mobile Money agents



The number of mobile money agents had been on a growing trend as shown in the chart. For this quarter, the number of mobile money agents grew by 6.2% bringing to service 11,430 new agents.

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BROADCASTING

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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

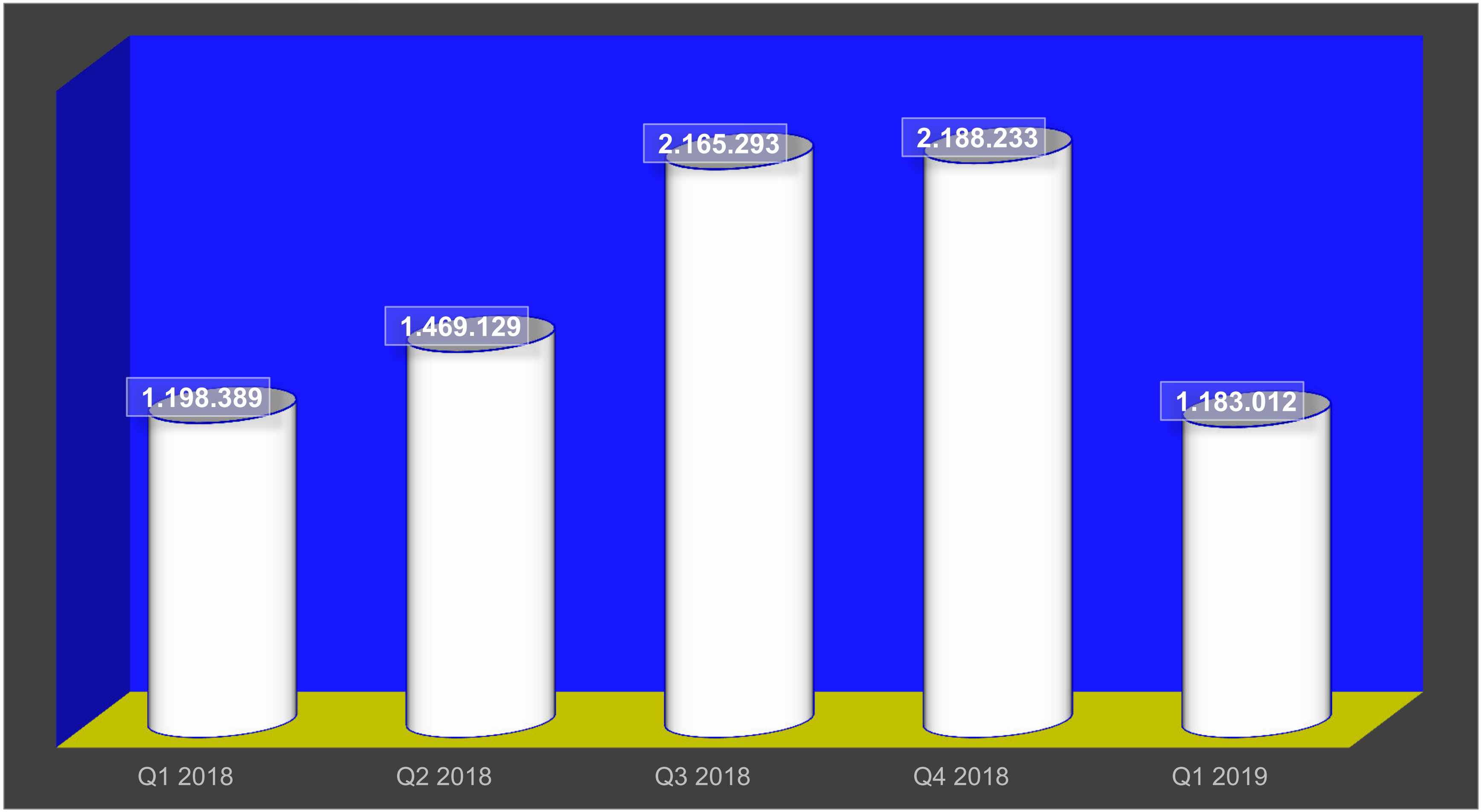
Broadcasting

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.

The stations using satellite have a coverage country wide i.e. DSTV, AZAM TV, ZUKU TV, STAR SAT, KWESE TV.

Others like GOTV and Startimes that use Digital terrestrial and Kampala SITI that use Cable are mainly concentrated in Kampala and neighboring towns.

Trend in Active Pay TV subscriptions



For this quarter, the number of Pay TV subscribers dropped from2,188,23 to 1,205,300 reflecting a 44.1% drop.

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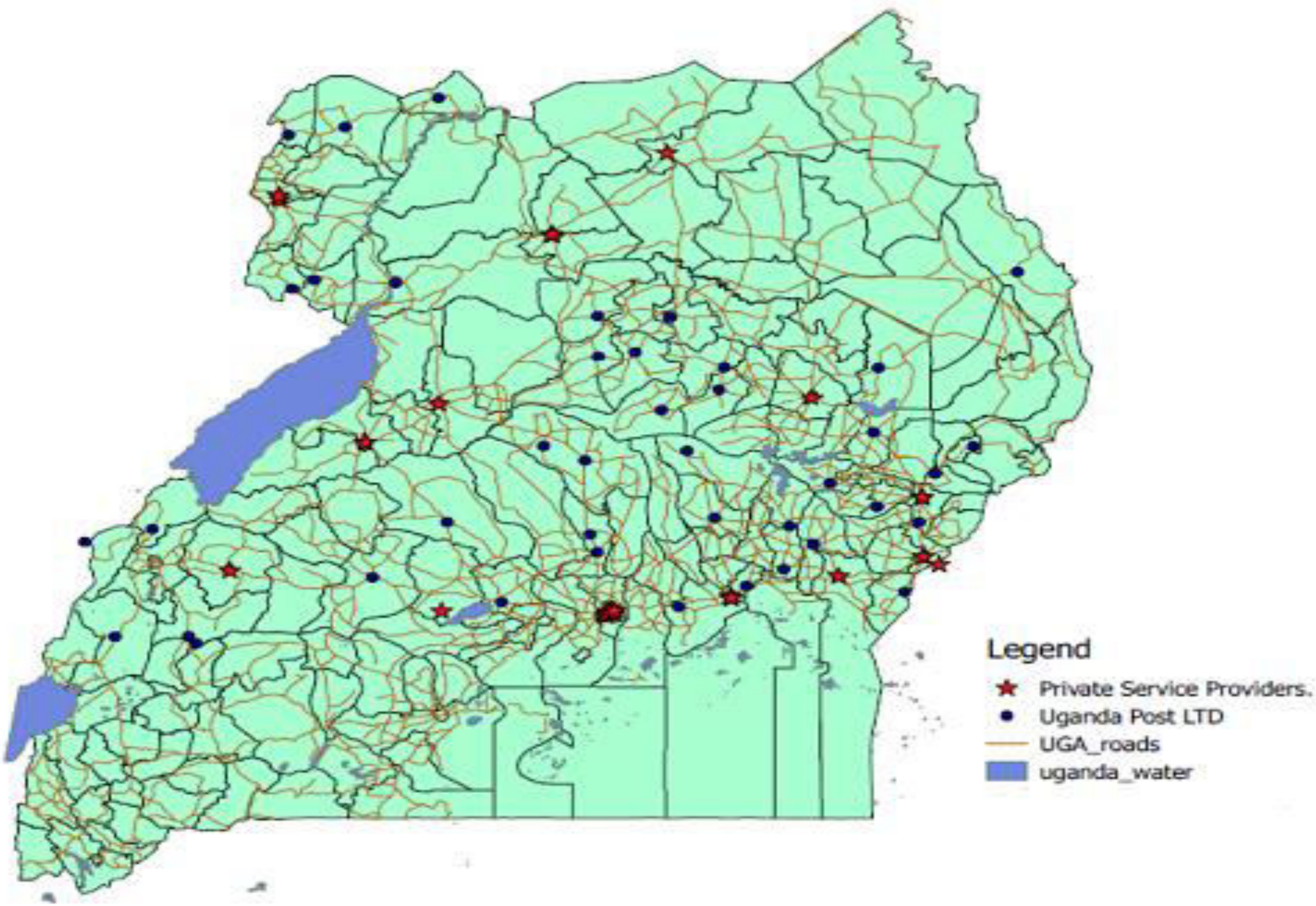
POSTAL SERVICES

POSTAL ACCESS

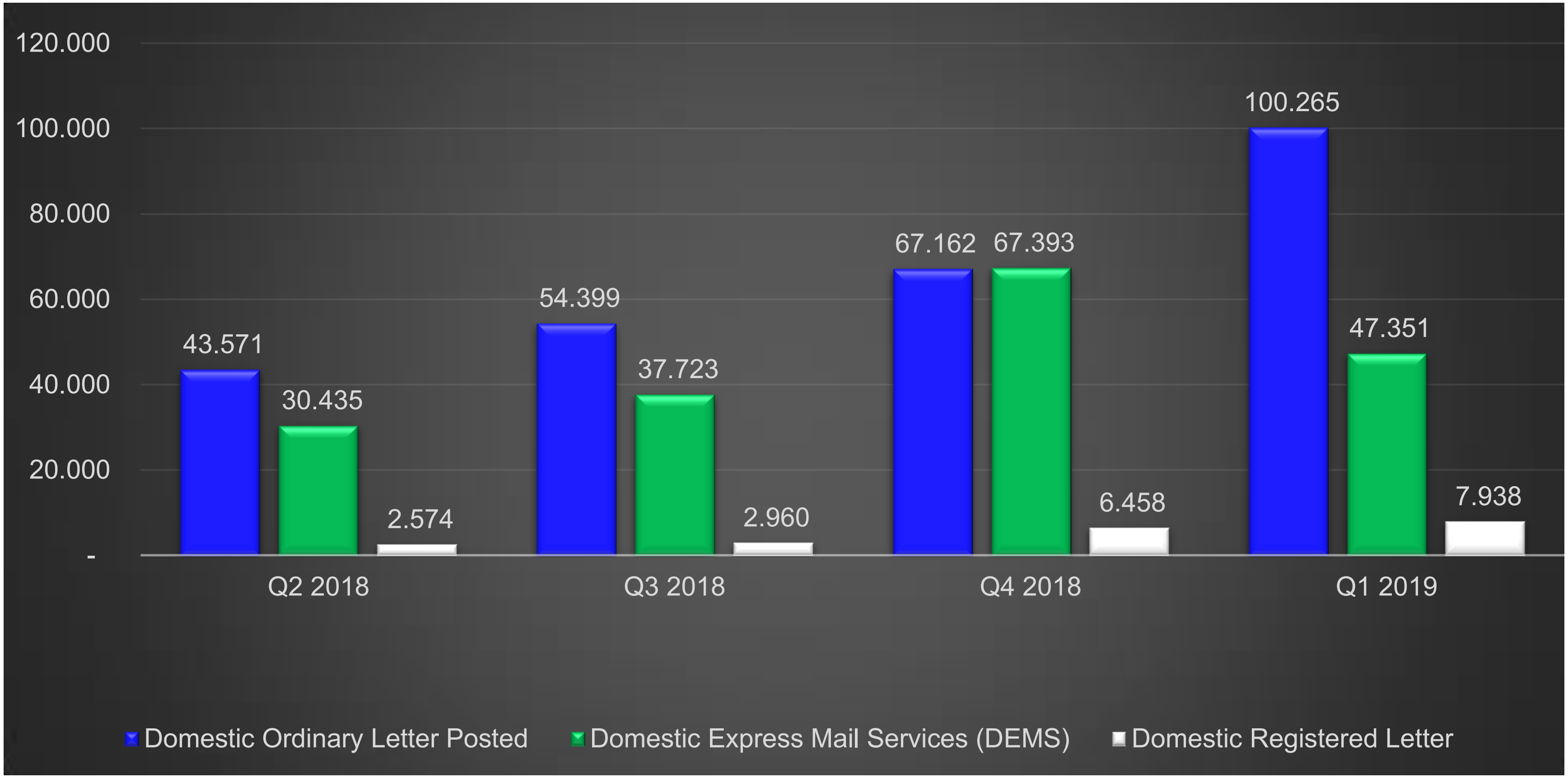
Indicator	Dec-17	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1 2019
Number of Permanent Post Offices	154	154	154	154	154	154
Number of Permanent Post Offices connected to the internet	33	33	33	33	33	49
Post Offices offering public internet services	25	25	25	25	25	25
Private letter boxes	82,900	82,900	82,900	82,900	82,900	82900

The rise in the number of permanent post offices connected to the internet is due to the move to implement the International Postal System (IPS) project which requires internet presence that enables recording and tracking of all registered mail (incoming and outbound) using internet.

Postal distribution in Uganda



Quarterly postal mail volume



A growing trend had been registered for all the categories of the Domestic letter post, however, in this quarter DEMS dropped by 29.7% (20,042).

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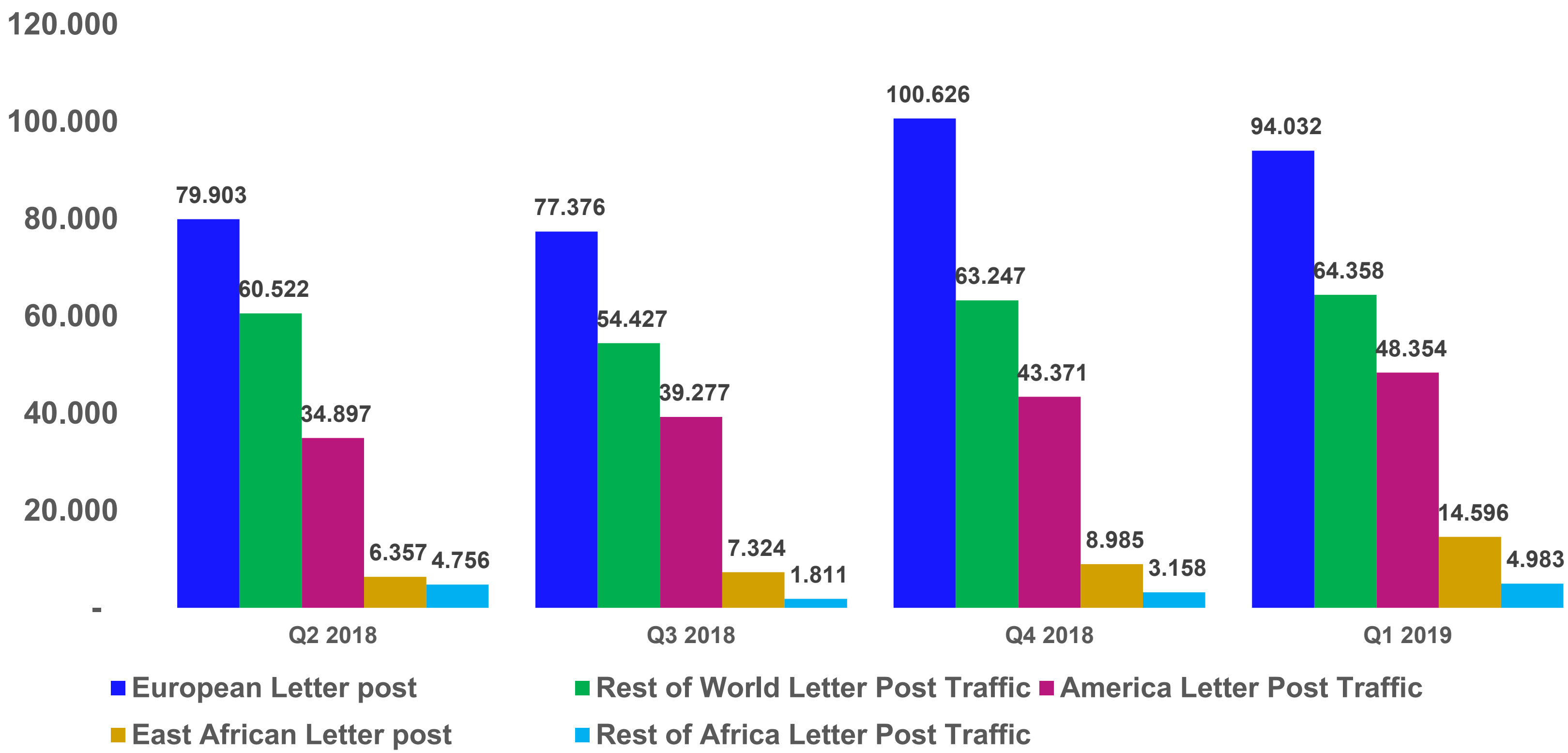
Letter traffic

		Q2 2018	Q3 2018	Q4 2018	Q1 2019
East African Letter post	Incoming	4,343	6,527	7,830	12,810
	Outgoing	2,014	797	1,155	1,786
European Letter post	Incoming	41,455	45,196	63,974	53,635
	Outgoing	38,448	32,180	36,652	40,397
Rest of Africa Letter Post Traffic	Incoming	3,045	1,033	1,976	3,322
	Outgoing	1,711	778	1,182	1,661
America Letter Post Traffic	Incoming	17,743	27,022	26,960	27,421
	Outgoing	17,154	12,255	16,411	20,933
Rest of World Letter Post Traffic	Incoming	37,548	49,679	56,566	48,304
	Outgoing	22,974	4,748	6,681	16,054

Consolidated letter traffic



As has been the trend, in this quarter, the European letter traffic (incoming and outgoing) has the highest market share (41.5%), followed by the Rest of the world (28.4%) and least by rest of Africa traffic (2.2%)

Tariffs

The tariff plans in the communication sector varies 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**