



UGANDA
COMMUNICATIONS
COMMISSION

Market Performance Report

1Q20



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1. The industry
2. Prospective entrants
3. Government
4. Academia and other stakeholders

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Introduction

This is a review of the industry performance, trends and key developments for the quarter starting January to March 2020. The quarter on quarter variations reported are for Q4 2019 to Q1 2020. The report covers:

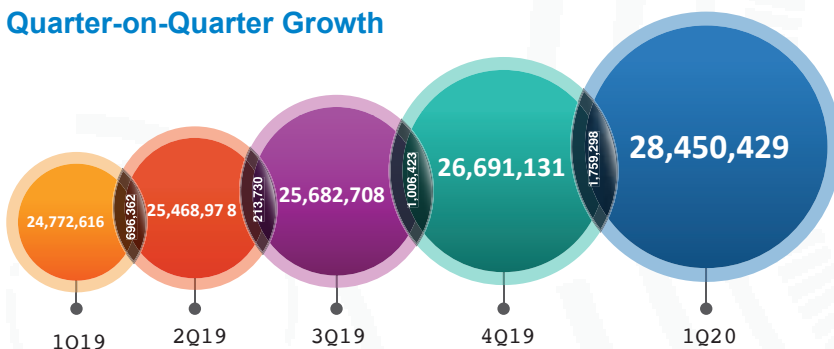
1. Telephone Subscriptions
2. Internet Subscriptions
3. Mobile Financial Services
4. Network Growth
5. Domestic Voice Traffic
6. Broadband Traffic
7. International Traffic
8. Monthly Average User Traffic
9. Roaming
10. OTT Services
11. Revenues
12. Cost of service
13. International Interconnect
14. Postal Services
15. TV market
16. Programming & Local Content.

Section A : Access

1. TELEPHONE SUBSCRIPTIONS

The industry grew from 26.7 million active subscriptions in December 2019 to 28.4 million at the end of March 2020. This translates into a total growth of 1.8 million subscribers and a quarter-to-quarter growth of 7%.

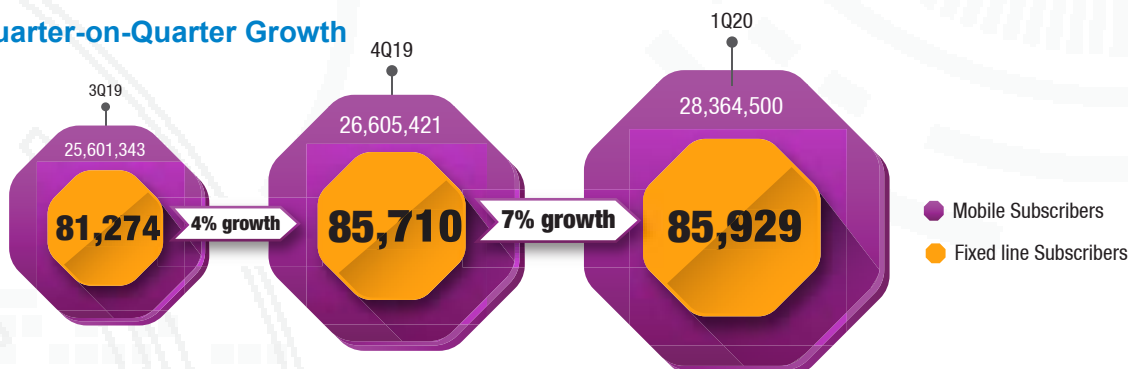
Quarter-on-Quarter Growth



There were **1.8 Million** new additions between 4Q19 and 1Q20*

The strongest growth was realised in the Mobile segment with 1.8 million new mobile subscribers, while growth in fixed line subscriptions was marginal with less than a thousand new connections.

Quarter-on-Quarter Growth



Note: These numbers are drawn from registered mobile subscriptions that have undertaken at least one billable service in the 90-day period ending March 31st, 2020.

Based on 2020 population estimates of 41.5 million, national tele-density now stands at 67% having grown from 66% at the end of December 2019.

The growth in subs in the quarter Jan – to March 2020 reflects the highest three-month growth rate in the financial year 2019/20. This is despite the traditional subscriber peaks associated with the December festivities. The unusual performance in Jan-March could in part be attributed to adoption of digital work methods, 'Work-From-Home' offers, as well as international returning residents in light of the global pandemic covid 19 since it's the first reference towards the end of the review period.

In comparison with 1Q19, the subscriber growth realised in 1Q20 is almost twice that in the same period last year:



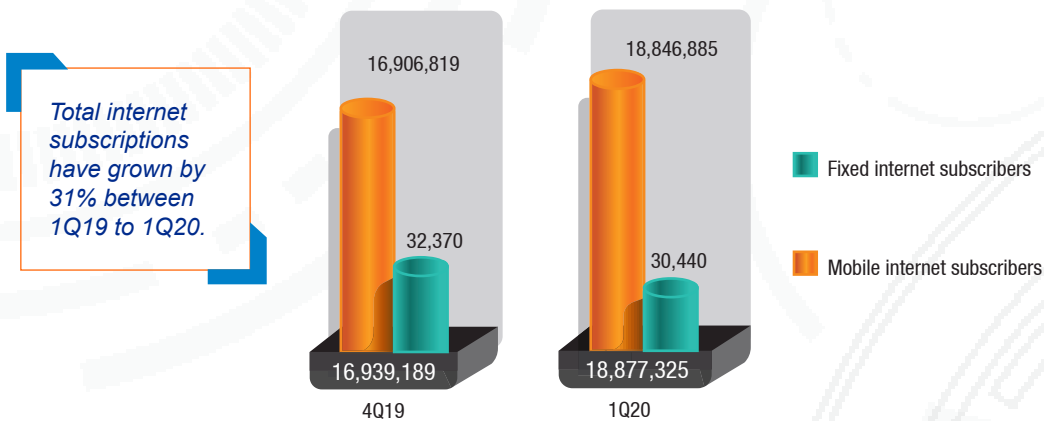
2. INTERNET SUBSCRIPTIONS

The broadband segment has, for the first time posted more than 1 million new connections in two consecutive quarters. In the quarter Jan-March, 1.2 million new broadband connections were posted. This followed 1.4 million new subs posted in the preceding quarter.

Total internet subscriptions have grown by 31% over the last 12 months.

The mobile (sim enabled devices) again stands out as the internet access medium of choice accounting for more than 95% of new growth in the quarter. At the end of the review period, mobile internet subscriptions accounted for 99.6% of all internet subscriptions in Uganda.

Spread of Mobile and Fixed Internet Subscriptions



Device Distribution of Network Connected Devices



BASIC MOBILE PHONE
Can make calls and send text messages

Monthly Users

Jan-20	3,422,727
Feb-20	5,071,470
Mar-20	5,076,937



FEATURE PHONES

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

Monthly Users

Jan-20	17,458,317
Feb-20	17,072,042
Mar-20	17,278,770



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

Jan-20	6,860,946
Feb-20	6,981,855
Mar-20	7,091,860

In terms of penetration, the new growth in internet subscriptions and internet-enabled hardware on the market translates into an internet penetration of 45 internet connections per 100 Ugandans.

Smartphones and feature phones with basic internet access remain the driver of new mobile internet subscriptions, growing from 23.8 million feature and smartphones in December 2019 to 24.4 million in March 2020.

During the period, 12 handsets and CPE terminals received Type Approval authorisations from the regulator:

Company	Equipment/Device Detail	
	ATOM VIDA	
	Smart T-pro M571M3	
	A2229	
	A2230	
	A2296	
	A2251	
	A2228	
	A2232	
	A2179	
A2289		
Reach Communications LTD	Hero K6	
	SM-A955Z	

The new growth in mobile internet subscriptions could in part be attributed to heavy promotional activity by MNOs and independent hardware distributors. Some of the highlights include:

An e-commerce platform (Jumia) offered a 70% discount on all technology products sold on its platform. These products included smartphones, feature phones, laptops, among others. The campaign - dubbed 'Tech Week' - ran from 19th March to 27th March 2020.

Airtel Uganda collaborated with iTel Mobile Uganda to offer the iTel A56 to consumers. The model, which is the latest addition in the A-Series line, comes pre-loaded with monthly data bundles of 3GB for 3G smartphones and 5GB for 4G smartphones.

3. MOBILE FINANCIAL SERVICES

Registered Mobile Money accounts have grown by almost 700,000 new registrations from 24.7 million registered accounts in December 2019 to 25.4 million registered mobile money accounts.

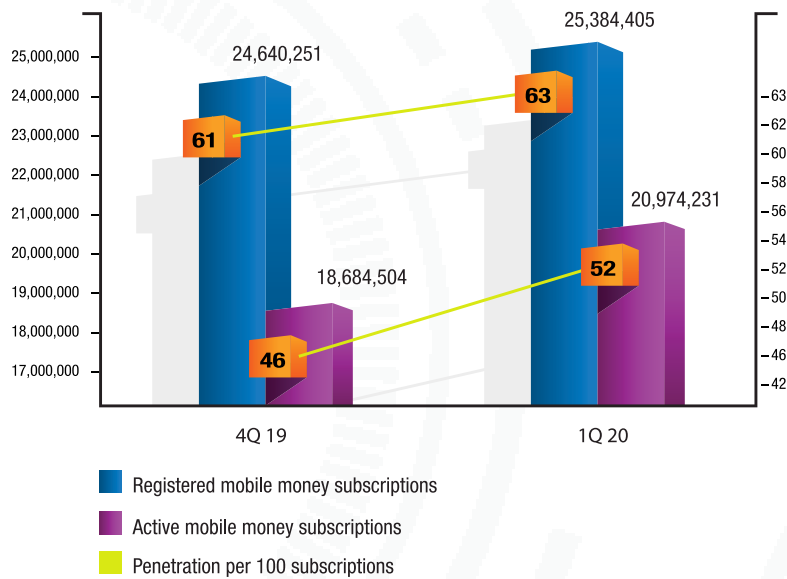
Of these, 21 million accounts had partaken in at least one billable mobile money transaction in the 90 days preceding 31st March 2020.

From the above, it is evident that growth was posted in terms of both subscriptions and Mobile Wallet activity during the review period.

While registered accounts grew at only 0.9% during the quarter, the growth in active mobile money accounts averaged 4% during the period. 75% of the new wallet activity is drawn from previously dormant accounts.

This resurgence in wallet activity is likely reflective of the boom in e-commerce due to limited mobility at the onset of the lockdown.

Growth in Mobile Money Registration



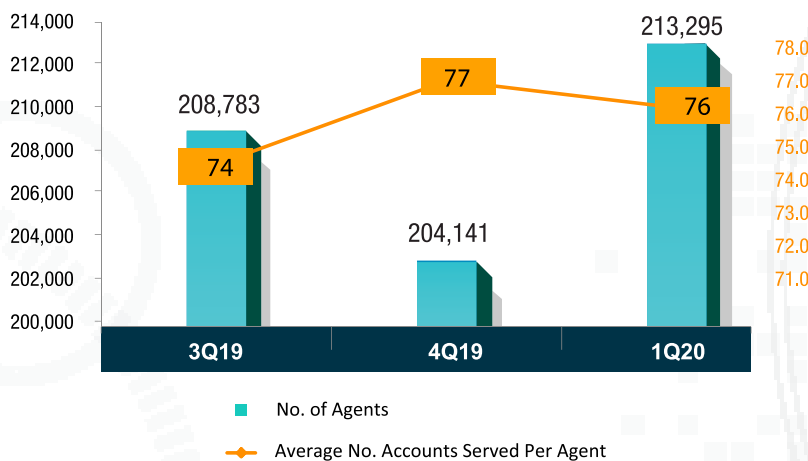
For every 2 Ugandans, at least 1 has an active mobile wallet.

*These figures are based off operator submissions to the Commission.

The number of active mobile money wallets has crossed the 20 million mark for the first time in Uganda.

Agent access points have grown from 204,141 nationwide at the end of December 2019 to 213,295 at the end of March 2020.

Change in Agent Networks over the last 3 Quarters



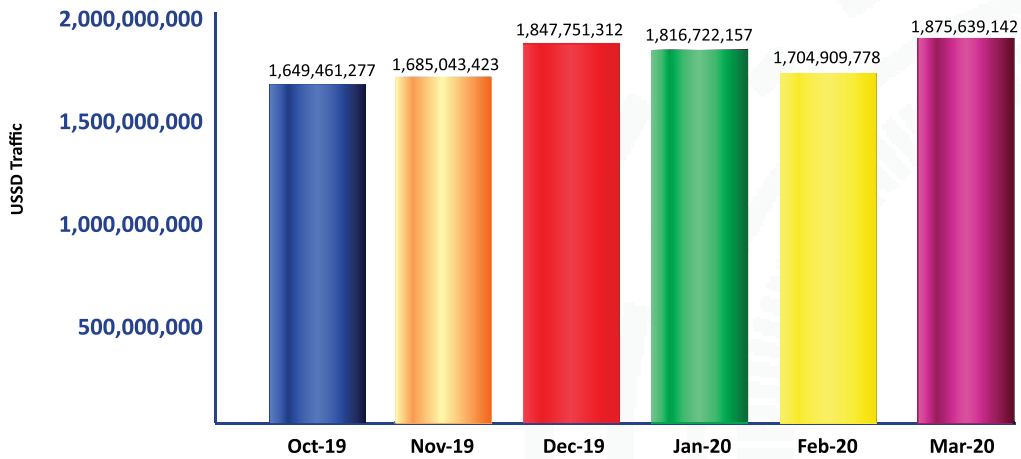
USSD.

Noting that the majority of mobile financial services are USSD-facilitated, a commensurate growth in total USSD sessions was realised during the quarter.

The total number of sessions averaged 1.80 billion per month during the quarter. The quarterly peak was realised in January 2020 with a total of 1.82 billion USSD sessions.

The growth in USSD sessions is attributed to mobile financial services.

USSD Traffic in 1Q20



4. NETWORK GROWTH

In March 2020, the number of 2G sites stood at 4,810, 3G and 4G sites stood at 4,187 and 2,593 respectively. These sites are served by a network of 21,327 km of terrestrial backhaul fibre. The growth in fibre infrastructure was largely due to expansions by UETCL and Airtel between the months of February and March.

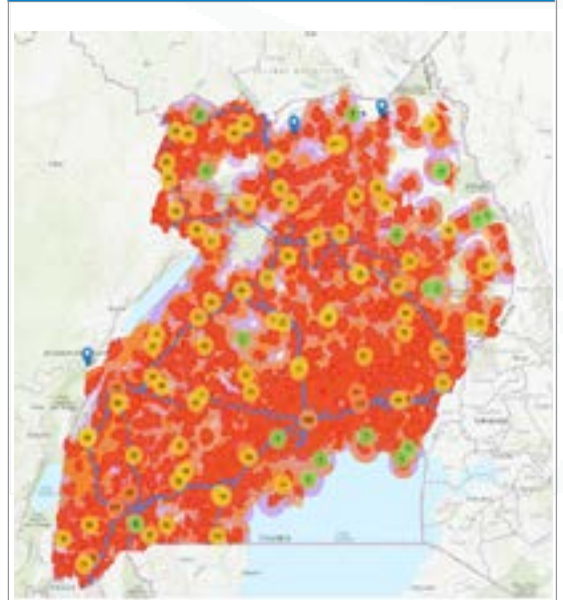
The status of radio network coverage at the end of March 2020 was as follows:

The total number of 3G and 4G sites stands at 6,780

Fibre cell site distribution



Passive cell site distribution



Other Developments in the Telecom Infrastructure & Access Market

MTN Uganda completed the divestiture of its interest in American Tower Company (ATC) Uganda – this was in fulfilment of the conditional no objection of the ATC-Eaton merger issued by the Commission in December 2019.

At the end of 1Q20, SEACOM submitted a notification and request for regulatory approval of internal transfer of shares within SEACOM Group.

Section B. Services & Usage

5. DOMESTIC VOICE TRAFFIC

The growth in mobile subscriptions between 4Q19 and 1Q20 translated into a 10% increase in total domestic traffic.

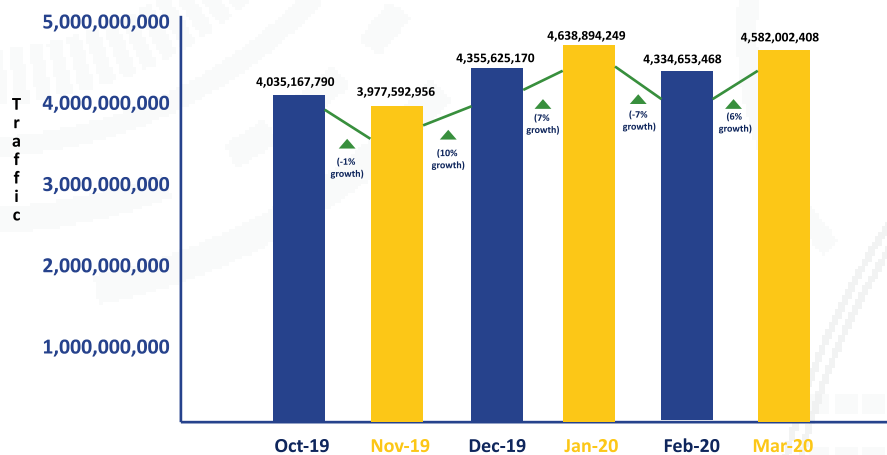
On net minutes continue to dominate domestic traffic accounting for 98.6% of total local traffic.

The dominance of on net traffic is attributed to the pricing differential caused by discounted promotional bundles.

The market has averaged 4.58 billion on net minutes per month during the quarter, with an on-net monthly traffic peak in January of 4.7 billion minutes.

Total quarterly on-net traffic stood at 13.6 billion minutes up from 12.4 billion in the quarter October-December 2019.

On-Net Traffic Growth.



During 1Q20, the market averaged 163.8 on-net minutes per subscriber per month, or approximately 5 minutes per day. This is approximately the same as the preceding quarter.

The market has averaged 63.53 million off net minutes per month during the quarter, with an off-net traffic peak in January of 66.5 million minutes.

This is a 4% growth from an average quarterly traffic of 61.1 million minutes in 4Q19.

The above translates into an average of 2.27 off-net minutes per month per subscriber during 1Q20.

The dominance of on net traffic may be indicative of strong incumbency and scale advantages of the two leading service providers. This may present special market entry bottlenecks in the voice segment for new entrants who may not have the means to match the on net value propositions provided by the incumbents.

To this end the Commission plans a further review of wholesale termination rates to mitigate the potential exclusionary effects of the current traffic distribution.

6. BROADBAND TRAFFIC

During 1Q20, total quarterly broadband traffic has grown to 49 billion MBs from 42.3 billion MBs in the quarter October-December 2019.

The market has averaged 16.34 billion MBs downloaded per month during the quarter, with a traffic peak of 18.3 billion in March 2020. This translates into an average of 582.2 MBs per subscriber per month.

49 billion MBS were used between January and March 2020

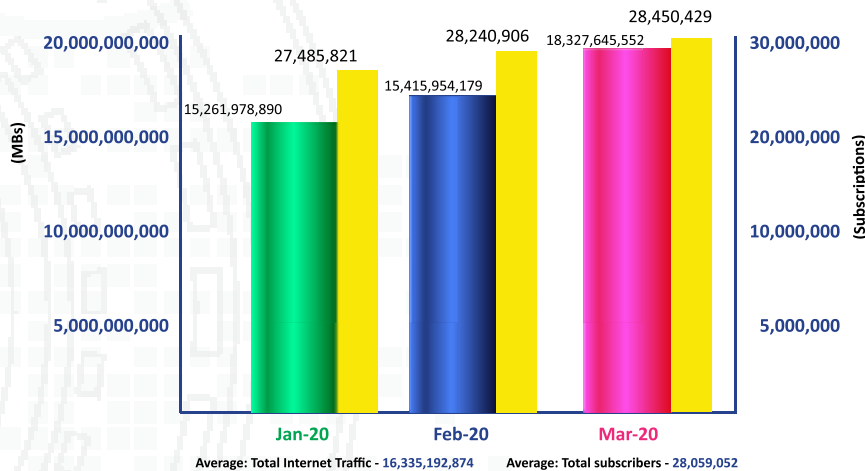
Monthly Internet Traffic vs. Average MBs per Subscriber



Month	Total Internet Traffic (MBs)
Jan-20	15,261,978,890
Feb-20	15,415,954,179
Mar-20	18,327,645,552

Month	Average MBs Per Subscriber
Jan-20	555
Feb-20	546
Mar-20	644

Internet Traffic vs Total Subscriptions.



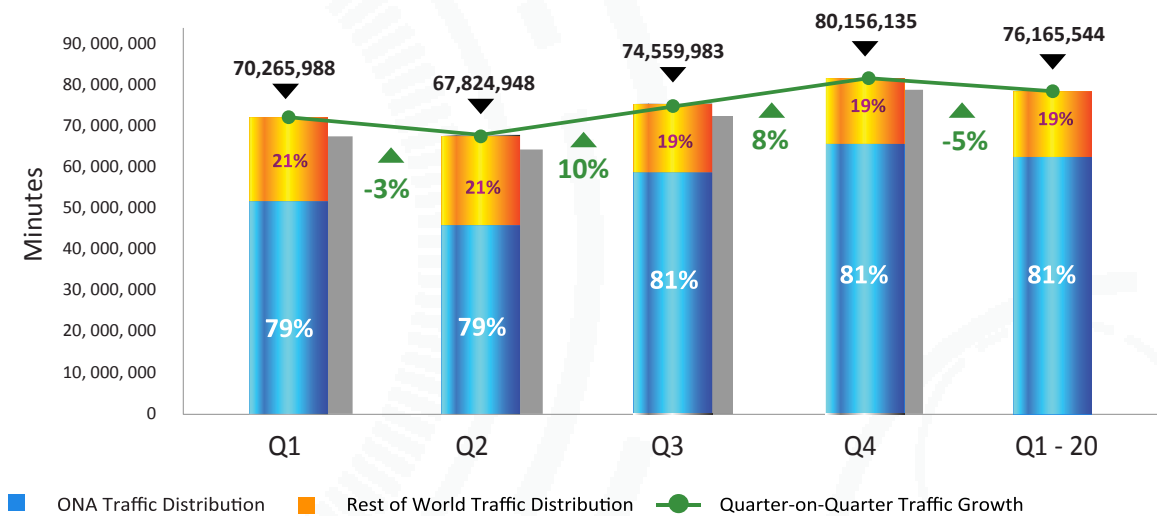
The new growth in mobile broadband traffic at the end of the quarter may be largely attributed to the early demand for Work-From-Home internet packages that followed the initial lockdown.

E-commerce, online conferencing and multimedia streaming applications dominated downloads of applications during the period due to social distancing and limited mobility during the lockdown period.

7. INTERNATIONAL TRAFFIC

This traffic excludes Roaming traffic

International Outgoing (Minutes)



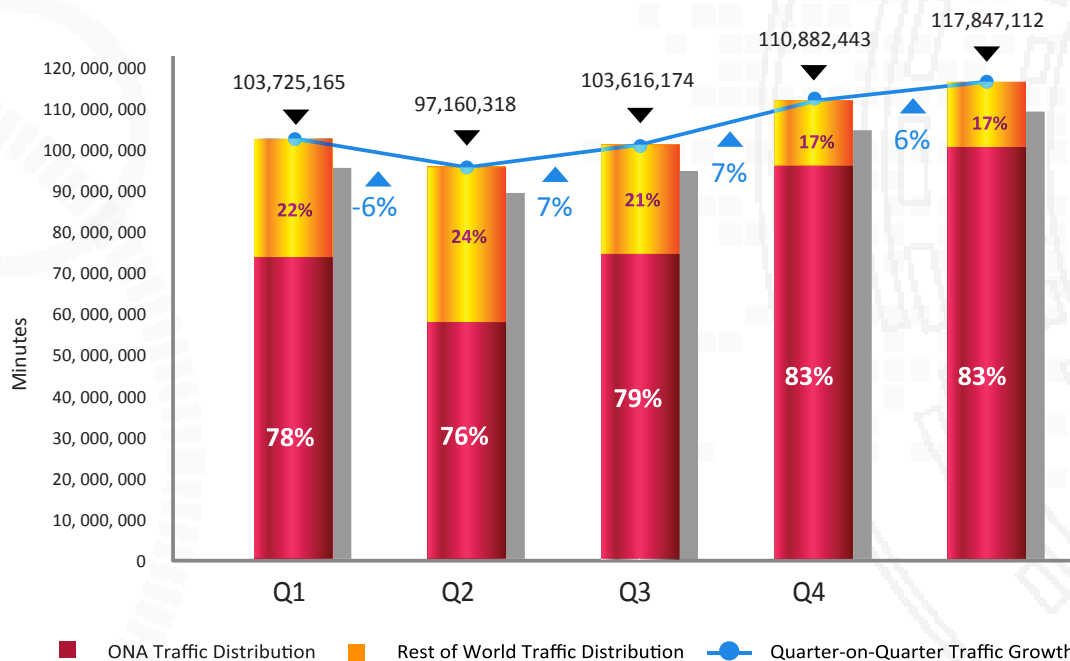
Total international outgoing traffic shrunk from 80.2 million minutes in 4Q19 to 76.2 million minutes in 1Q20. This represents a 5% drop in total quarterly international outgoing traffic.

This drop may be attributed to shrinkage in global trade and travel.

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 framework.

In 1Q20, ONA traffic accounted for 81% of total international outgoing traffic. The rest of the world only accounted for 19% of total international outgoing minutes.

International Incoming (Minutes)

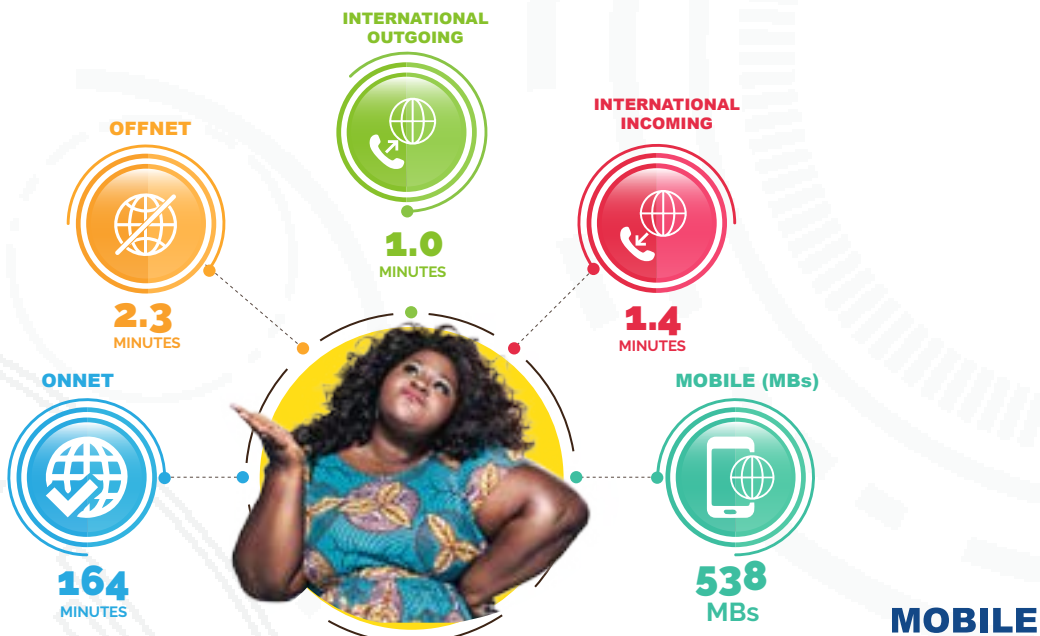


Total international incoming traffic grew from 110.9 million minutes in 4Q19 to 117.8 million minutes in 1Q20. This represents 6% growth in total quarterly international incoming traffic.

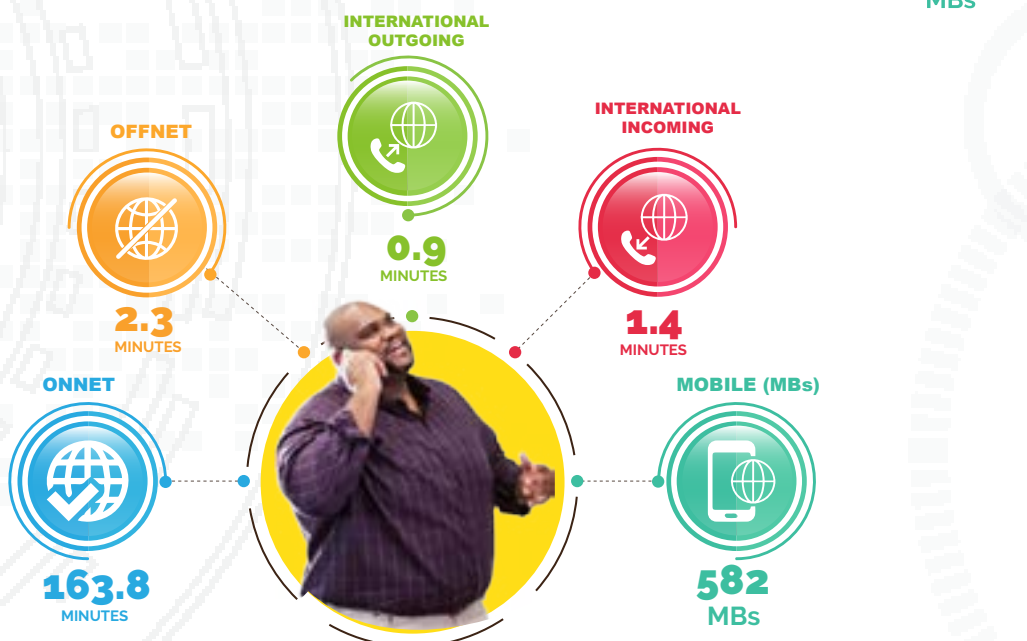
International incoming traffic largely originates from the Northern Corridor partner states of Kenya, Rwanda and South Sudan, with which Uganda has special international traffic termination arrangements (through the ONA) framework.

Consistent with the traffic distribution in 4Q19, 83% of total international incoming traffic was from ONA partner states. The rest of the world only accounted for 17% of total international incoming minutes landed in Uganda.

8. MONTHLY AVERAGE USER TRAFFIC PROFILE 4Q19



MONTHLY AVERAGE USER TRAFFIC PROFILE 1Q20.

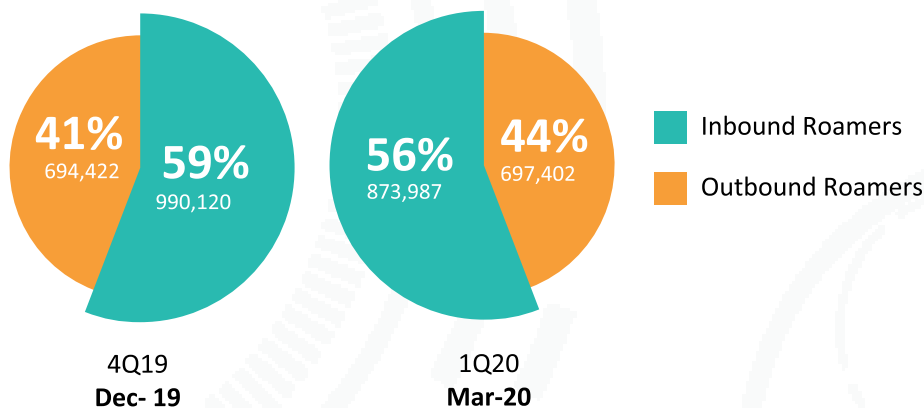


9. ROAMING

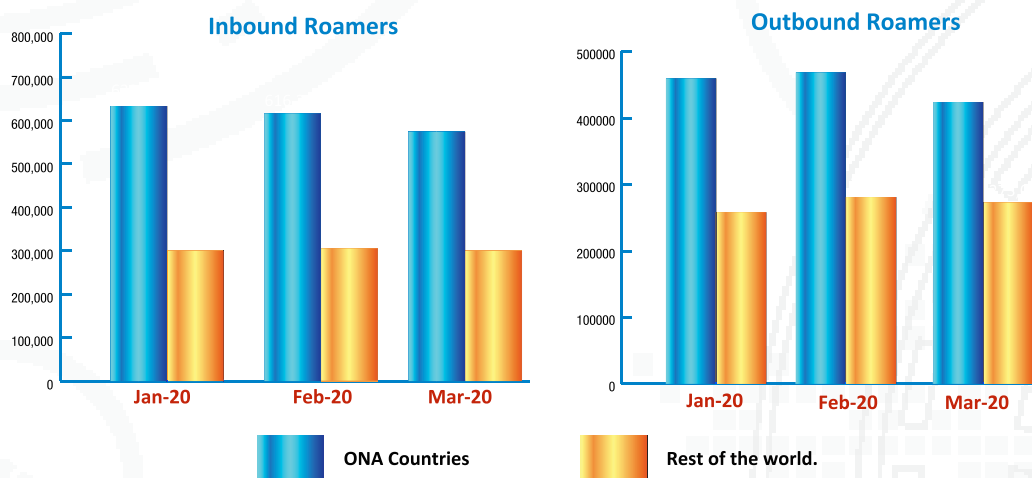
At the end of March 2020, the number of outbound roamers (Ugandans roaming on foreign networks) was at 697,402. Of these, 61% are from ONA countries.

At the end of March 2020, the number of inbound roamers (foreigners roaming in Uganda) was at 873,987. Of these, 66% are from ONA countries.

Visiting Customers vs. Ugandans Roaming in other Countries.



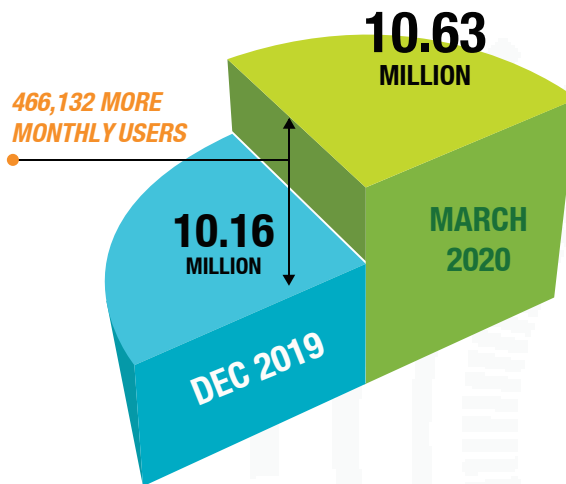
Distribution of Roamers (ONA vs. Rest of World)



10. OTT SERVICES

OTT subscriptions increased markedly with more than 10.63 million cellular users accessing OTT services at least once in the month of March 2020.

This is up from 10.16 million users in December 2019 and represents a growth of 466,132 additional monthly users, or a growth rate of 5%.



Section C. Financials

11. REVENUES

The telecom sector posted the highest quarterly revenues on record, crossing the Shs1 trillion mark in total quarterly earnings for the first time. These revenue lines include retail and input/wholesale revenues like Tower Lease sales, International Bandwidth, Mobile Financial Services as well as Voice and Data services.

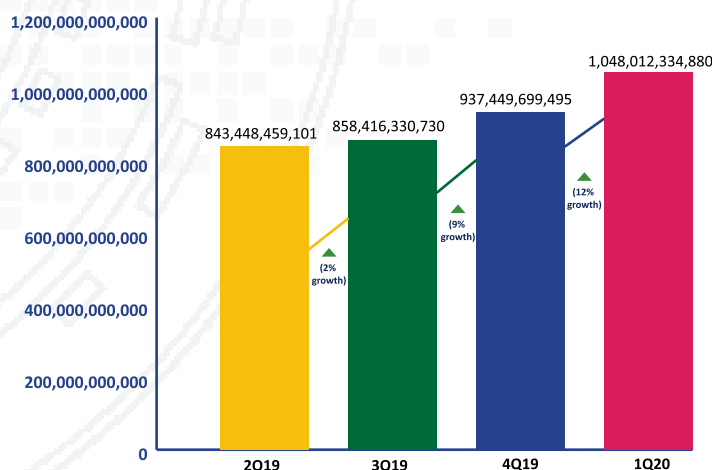
The growth in quarterly revenues represents a quarter-on-quarter growth of 12% between 4Q19 and 1Q20.

Within 1Q20, telecom sector revenues continued to grow at an average monthly rate of 3%. In the month of March, the telecom sector posted 361 billion in gross revenues from Shs328 billion recorded in the month of December.

While the sector witnessed a Shs 6 billion drop in monthly revenues between the months of January and February, a Shs 20 billion increase was realised in the month of March 2020. The revenue recovery in March may in part be due to demand arising from the circumstances surrounding the COVID-19 pandemic.

In this vein, it is worth noting that the share of Mobile Data with respect to total sector revenues grew by a factor of almost 2%.

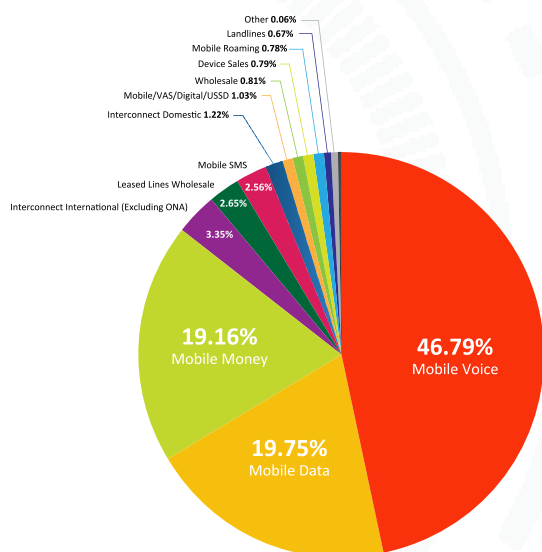
Quarterly Revenue Growth.



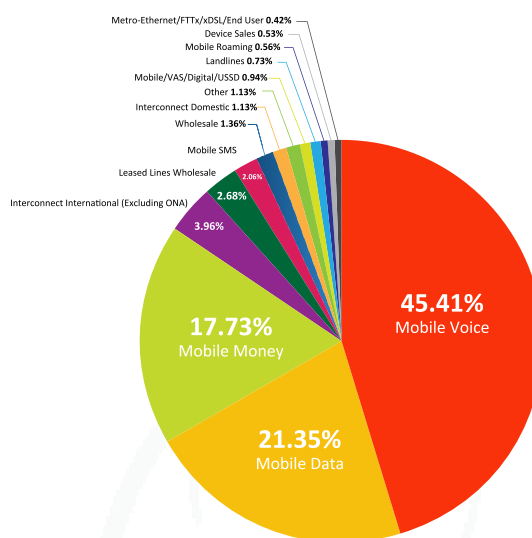
“ Quarterly telecom revenues crossed the 1 trillion mark for the first time.”

Revenue Distribution by Service

Revenue Distribution Percentage In December 2019 (4Q19)



Revenue Distribution Percentage In March 2020 (1Q20)



12. COST OF SERVICE

While total revenues have grown by 10% between December and March, the monthly cost of service has grown from Shs230 billion in December 2019 to Shs238 billion in March 2020.

The cost of service includes expenses on input/wholesale services, salaries, taxes, depreciation and other key metrics.

This cost-to-revenue ratio translates into an industry gross margin of 40%.

13. INTERNATIONAL INTERCONNECT POSITIONS

Total industry monthly revenues from international incoming traffic have averaged 11 billion shillings in 1Q20, an increase of almost Shs 1 billion when compared to last quarter.

Outbound international interconnect settlements have also increased, averaging 7 billion per month in 1Q20 compared to 6 billion in 4Q19.

During 1Q20, Uganda has posted a positive balance of payments position (BoP) with respect to international traffic settlement, with a net positive position of UGX 11.69 billion.

	Jan-20	Feb-20	Mar-20
Total International Interconnect Revenues (UGX)	9,949,938,961	10,402,043,336	12,588,972,268
Total International Interconnect Expenditures (UGX)	6,800,282,402	6,658,173,698	7,786,613,983
Net Position	3,149,656,559	3,743,869,638	4,802,358,284

Section D. Postal & Courier

14. POSTAL SERVICES

The postal and courier sector has a total of 30 licensees as of March 2020. Over 50% of these operators are Domestic license holders.

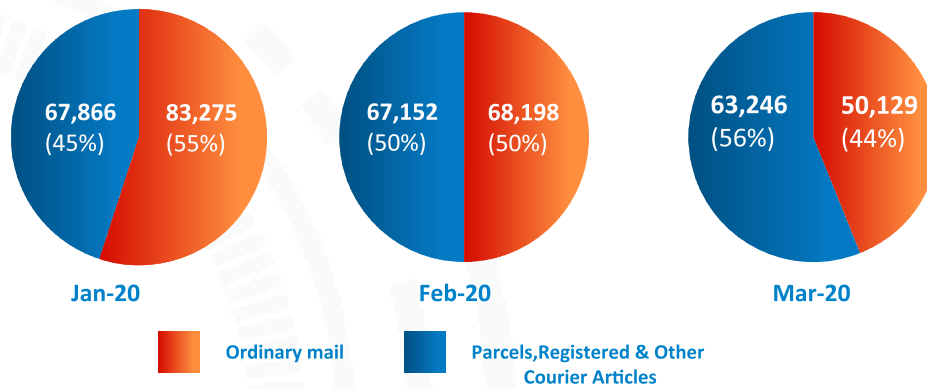
License Category	Number
National Operator	1
Diplomatic Post Office (DPO)	1
International	6
Regional	4
Domestic	16
Inter-City	2

Postal and courier operators use a number of pick up/drop off centres for the delivery and processing of mail. In the quarter under review, the total number of registered centres stood at 571.

The market averaged 133,289 processed mails per month in the quarter, with a quarterly peak in January of 151,141.

	Jan-20	Feb-20	Mar-20
Mail Volume Processed	151,141	135,350	113,375

Mail Volumes Processed



Section E. Broadcast & Multimedia Markets

15. TV MARKET

Free-to-Air

The delivery of FTA channels is mainly via the government-owned SIGNET UG Ltd. By the end of March 2020, 39 FTAs were carried on the SIGNET platform.

Pay TV

The Pay-Tv market in Uganda is served by a combination of satellite, cable and digital terrestrial networks, with 7 licensed content aggregators.

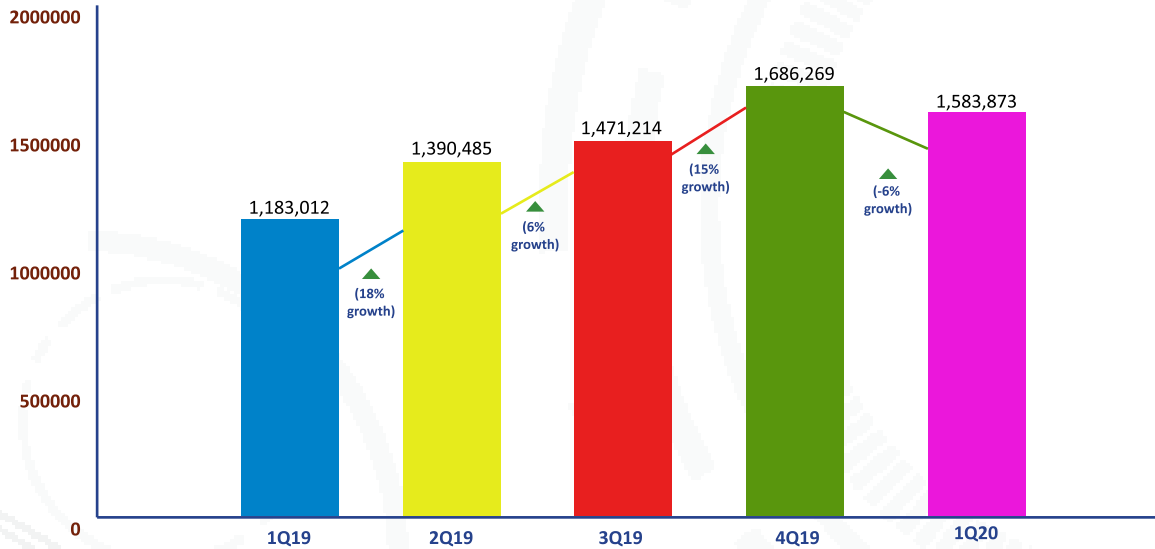
NO.	Station Name	Mode of broadcasting (Platform)	Television Coverage
1.	DSTV	Satellite	Countrywide
2.	ZUKU TV	Satellite	Countrywide
3.	AZAM TV	Satellite	Countrywide
4.	STARTIMES	Satellite	Countrywide
5.	STARTIMES	Terrestrial	Kampala, Wakiso, Mpigi, Masaka, Mbarara, Fortportal, Jinja, Mukono, Kalangala, Luweero, Gulu and Mbale
6.	GOTV	Terrestrial	Kampala, Jinja, Iganga, Mbale, Lira, Gulu, Arua, Kasese, Mbarara, Masaka, Wakiso
7.	Kampala SITI Cable	Cable	Kampala & Jinja

Total active subscribers are at 1.58 million as of March 2020, compared to 1.69 million in the

preceding quarter.

This translates to a contraction of 6% in comparison to active Pay-TV subscriptions at the end of 4Q19. This may in part be attributed to the suspension of major sports leagues such as the English Premier League and UEFA Champions League due to the novel coronavirus.

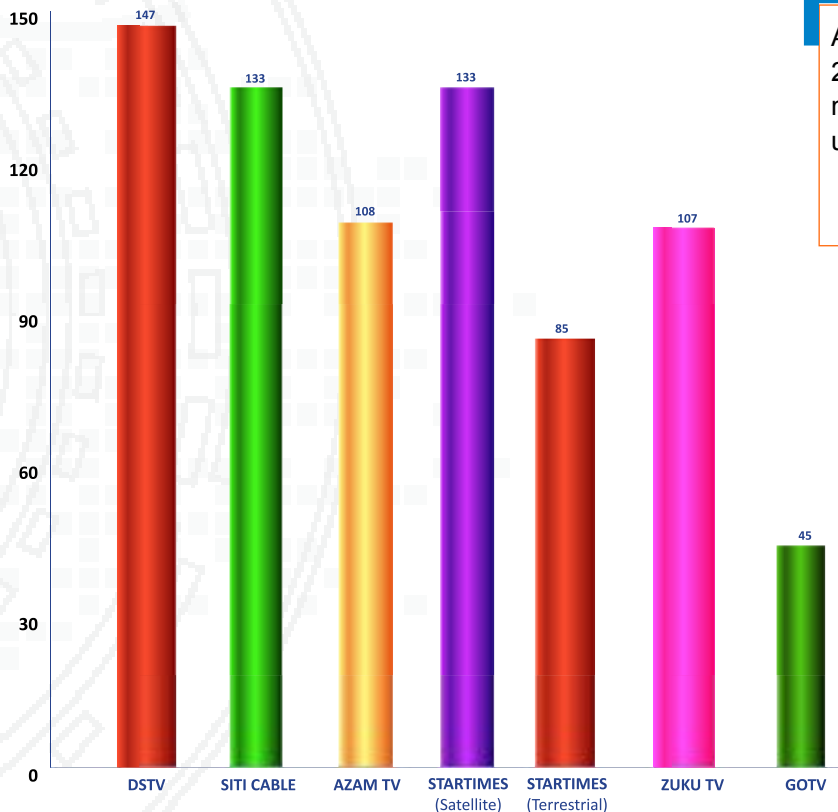
Active Pay TV subscriptions.



16. PROGRAMMING & LOCAL CONTENT

Pay-TV service providers deliver a range of content on their platforms and the number of channels on a network may vary slightly month to month.


Channel Distribution by Pay-TV Provider



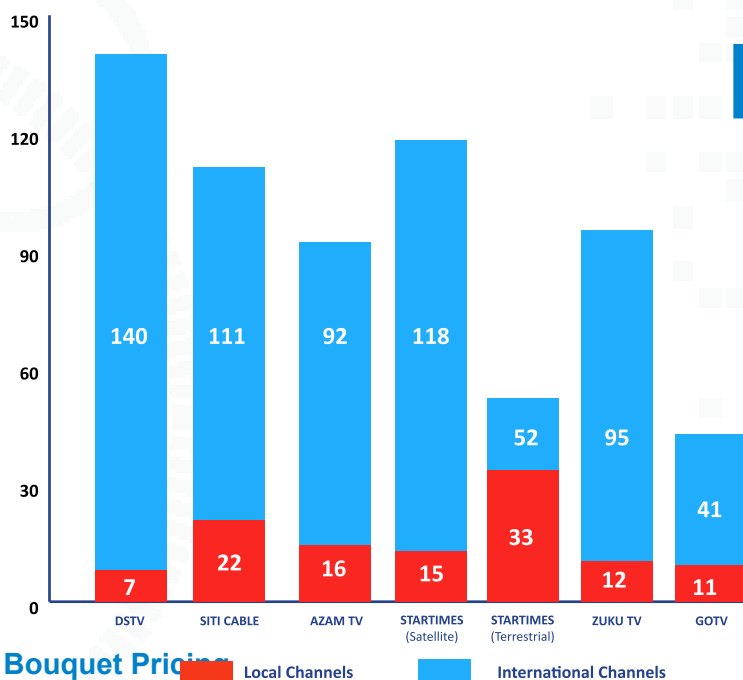
At the end of March 2020 there were more than 500 unique streams

Local Content Purchased in 1Q20.

Pay-Tv providers have increased promotion of local content by acquiring local films and setting up channels to show local content.

Operator	Content Name	Producer
	Akasandali	Pearl Bros Pictures
	Forced Relations	Golden Star Production
	Campus Lifa	Lexo Media Group Ltd
	Dream America	Art Angels
	Muyambe	Kman Media
	Reform	Zenken Films Uganda Limited
	Epidemic	New Cinema Productions
	Battle of the Souls (Relinse)	Bish Films
	The Life	Savannah Moon Limited
	Nsaali	Trendz Studios
	Ekanamba 7	Mamosa Production
		Who is a man
My House on fire		Luzinda Charles
Reform		Zenken Films Uganda Limited
The Forbidden		Red Pictures Movie Company
Tamz Production		Bala Bala Sese
Zziwa Aaron Alone		Wako
Kent and Kate		Vortex Creations
Save One		Mahj Films
Gold Vision Films		Ssaakitegeeza
Torture		Limit Productions Company
	Star Times Uganda Premier League	Sanyuka Television

Local Vs International Channels



Average Local Content Quota = 22%

Bouquet pricing is diverse, with Pay Tv providers offering packages targeted at various market segments.

While bouquets are traditionally billed on a monthly payment basis, some operators are providing bouquet offerings on a daily payment schedule. Such as the NOVA, Classic and Basic daily bundles on the StarTimes

Subscriber numbers by and large vary heavily with price, indicating a high price sensitivity for Pay-Tv content. The cheapest bouquet offerings on average represent 40% of a given service providers subscriber base, while the most expensive account for 13%.

Subscription Distribution Across Bouquet

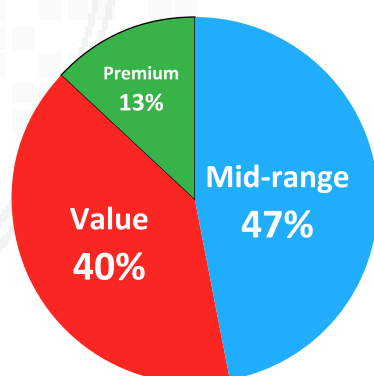
Basic Bouquet Prices				
Station	Bouquet	Price		Channels
DSTV	Access	UGX	33,000	75
SITI CABLE	Local	UGX	15,000	
AZAM TV	Azam PURE	UGX	10,000	50
STARTIMES (Satellite)	NOVA	UGX	13,000	38
STARTIMES (Terrestrial)	NOVA	UGX	11,000	31
ZUKU TV	Smart	UGX	12,000	53
GOTV	GOTV Lite	UGX	11,000	20

Average share of subscriber base = 40%

Premium Bouquet Prices				
Station	Bouquet	Price		Channels
DSTV	Premium	UGX	219,000	140
SITI CABLE	ASIAN	UGX	85,000	133
AZAM TV	Azam PLAY	UGX	37,000	105
STARTIMES (Satellite)	Chinese	UGX	80,000	21
STARTIMES (Terrestrial)	Classic	UGX	26,000	14
ZUKU TV	Asia Stand Alone	UGX	39,000	29
GOTV	GOTV Max	UGX	39,000	52

Average share of subscriber base = 13%

Subscriber Distribution by Bouquet Offering



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 website;

www.kompare.ug

