UGANDA COMMUNICATIONS COMMISSION

# Telecommunications, Broadcasting & Postal markets Industry Report Q3

*SEPTEMBER 2019*

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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 covering the period July to September 2019. The quarter on quarter variations reported covers Q2 to Q3 2019. The report covers:

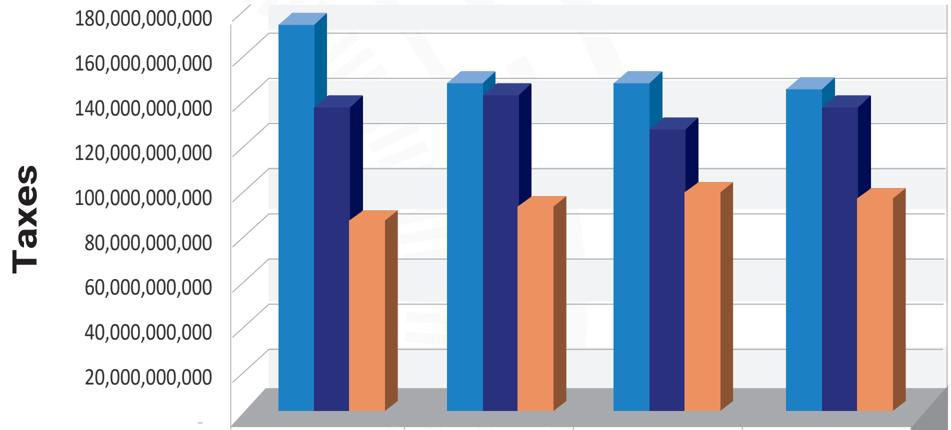
1. The sector at a glance (Summary tables with key sector indicators)
2. Sector contribution to Tax Revenue
3. Mobile and fixed markets
4. Telecommunications Traffic
5. Roaming services
6. Communication infrastructure
7. Internet
8. Mobile Financial services (Mobile Money);
9. Broadcasting services
10. Postal market
11. Product and pricing movements in the industry

# Uganda’s communications Sector at a Glance

| Key indicators | Q4 2018 | Q1 2019 | Q2 2019 | Q3 2019 |
|---|---|---|---|---|
| The Telcos | | | | |
| Mobile Subscriptions | 24,472,033 | 24,613,995 | 24,456,617 | 25,603,296 |
| Fixed Lines subscription | 186,780 | 197,597 | 203,132 | 145,521 |
| Population (source:UBOS) | 39,041,200 | 40,308,000 | 40,308,000 | 40,308,000 |
| Teledensity (%) | 63.0 | 62.0 | 63.6 | 63.9 |
| Internet subscription (Mobile) | 14,360,847 | 14,383,483 | 15,155,921 | 15,261,314 |
| Internet subscription (Fixed) | 9,485 | 9,597 | 9,929 | 11,144 |
| Internet penetration (%) | 36.8 | 35.7 | 37.6 | 37.9 |
| Estimated Internet users | 21,636,121 | 21,670,395 | 22,833,172 | 23,003,411 |
| Est. Average Revenue per user (UGX) (ARPU) | 11,144 | 11,102 | 10,252 | 10,318 |
| PSP Voice and Data Licensees | 33 | 33 | 33 | 33 |
| PIP Licenses | 22 | 22 | 22 | 22 |
| The Broadcasting & Postal | | | | |
| No of operational TV stations (Local/ FTA) | 40 | 40 | 40 | 39 |
| No of Pay TV service providers | 8 | 8 | 8 | 7 |
| Active Pay TV Subscriptions | 1,188,233 | 1,183,012 | 1,390,485 | 1,471,214 |
| No of FTA vendors | 28 | 28 | 28 | 28 |
| No of postal and Courier service providers | 19 | 19 | 23 | 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 |
| Mobile money | | | | |
| Number of Mobile money subscriptions (Registered) | 24,465,981 | 24,294,462 | 25,865,143 | 26,401,509 |
| Number of Mobile money subscriptions (active 90 days) | 14,652,583 | 15,346,594 | 15,481,296 | 15,673,621 |
| Number of Transactions (mn) | 625 | 658 | 673 | 721 |
| Value of Transactions (tn) | 18 | 17 | 17 | 19 |
| Number of mobile money agents | 184,529 | 195,959 | 200,857 | 206,683 |

*Source, BOU*

# ICT Sector contribution to Tax Revenue



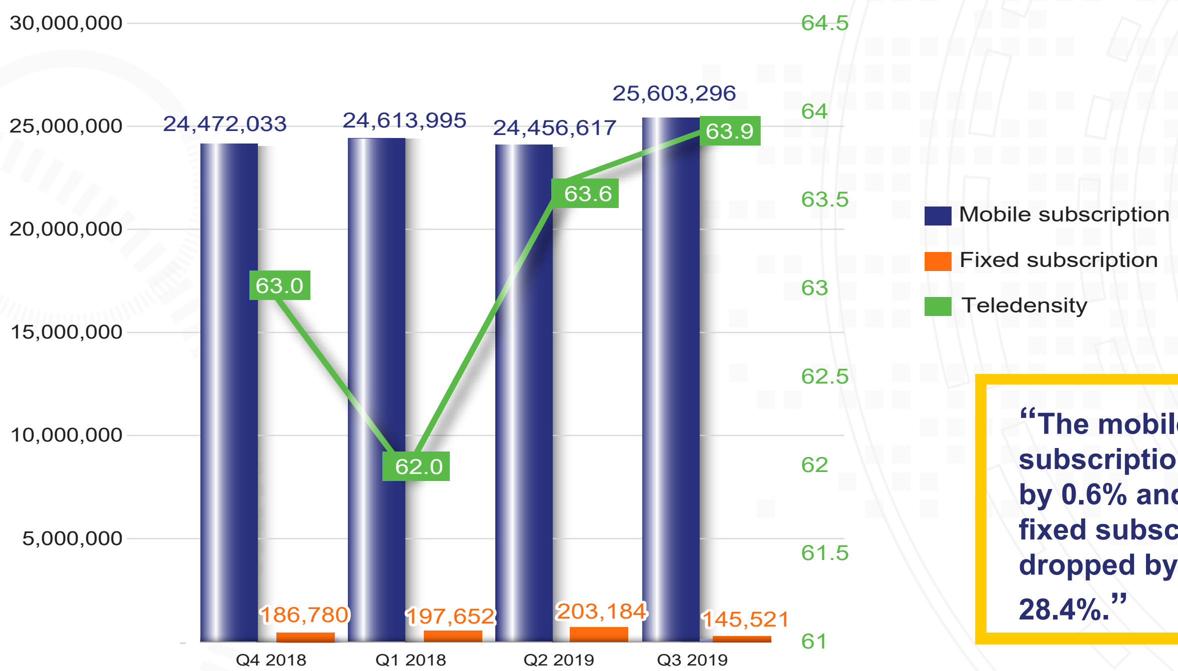

| | Q4 2018 | Q1 2019 | Q2 2019 | Q3 2019 |
|---|---|---|---|---|
| Levy on Excise Duty (LED) | 172,537,407,051 | 147,462,074,215 | 146,827,101,773 | 144,843,496,900 |
| Value Added Tax (VAT) | 135,905,130,645 | 142,763,491,861 | 126,401,355,319 | 136,222,606,665 |
| Pay As You Earn (PAYE) | 85,708,487,159 | 91,682,590,588 | 98,338,050,608 | 95,713,412,042 |

*Source, URA*

**"A total of UGX 376 billion was realized as tax revenue with the highest contribution realised from excise duty"**

In Q3 2019, a total of UGX 376 billion was realized as tax revenue. As usual, the highest contribution (38.4%) was realized from Levy on Excise Duty, followed by VAT (36.2%) and PAYE contributed 25.4%.

# Mobile And Fixed Markets

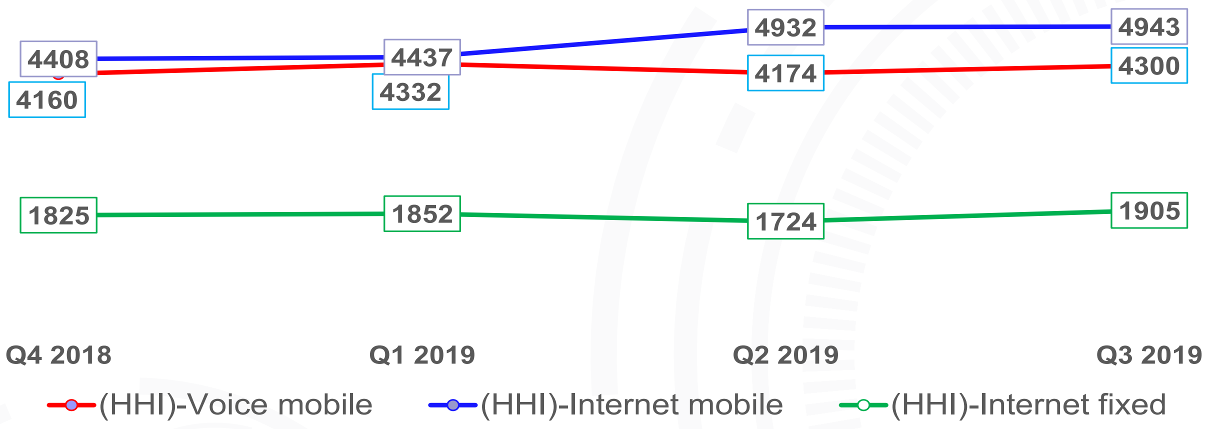



**"The mobile subscription grew by 0.6% and the fixed subscriptions dropped by 28.4%."**

For the period Q2 2019 to Q3 2019, the mobile subscription grew by 0.6% and the fixed subscriptions dropped by 28.4%. This resulted into a 0.3% growth in tele-density. Thus reflecting a continuous organic growth in the usage of both mobile and fixed telephone services in Uganda.

## Market competitiveness

Herfindahl Hirshchman Index (HHI)

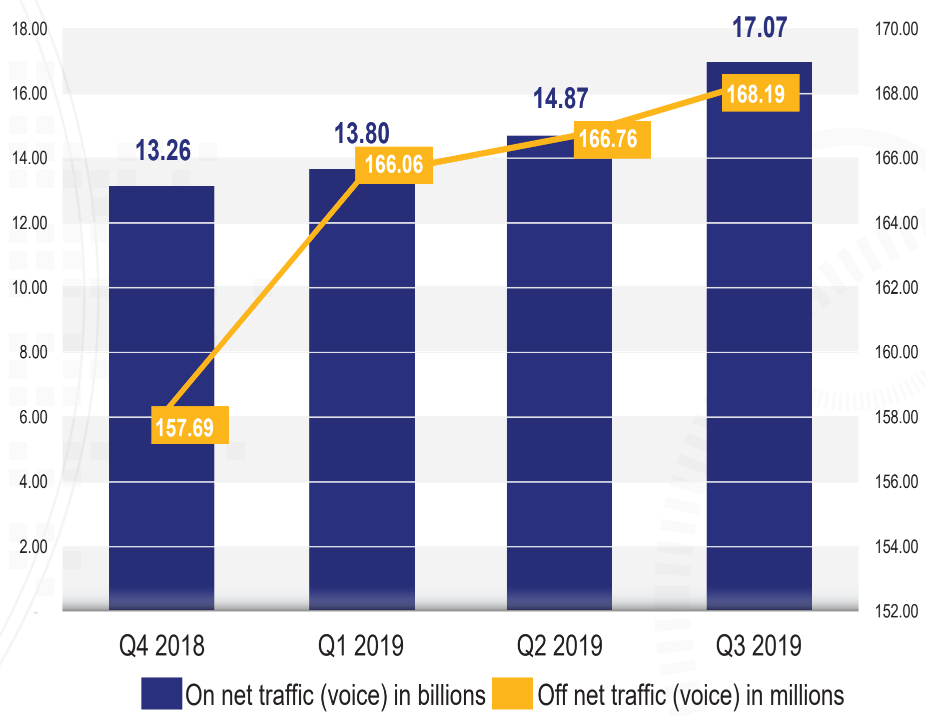



The HHI for mobile (voice and internet) shows generally that the market concentrations are high implying medium market competitiveness with few players. The Fixed internet market however shows a low market concentration implying more competitiveness in the market with many players than in the case of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

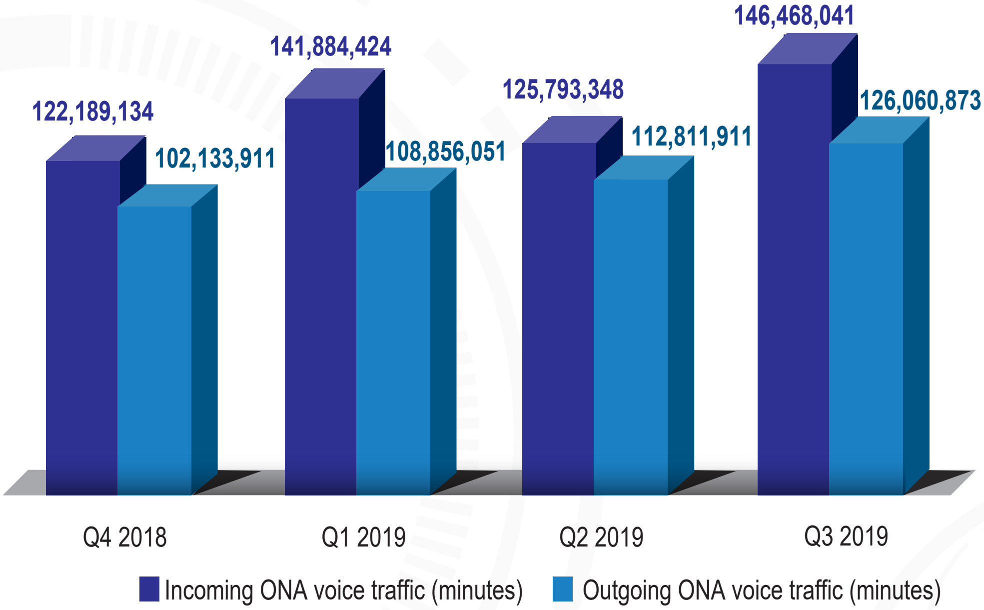
# Traffic

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

**"On-net traffic grew by 14.8% and the off net traffic grew by 0.8%."**



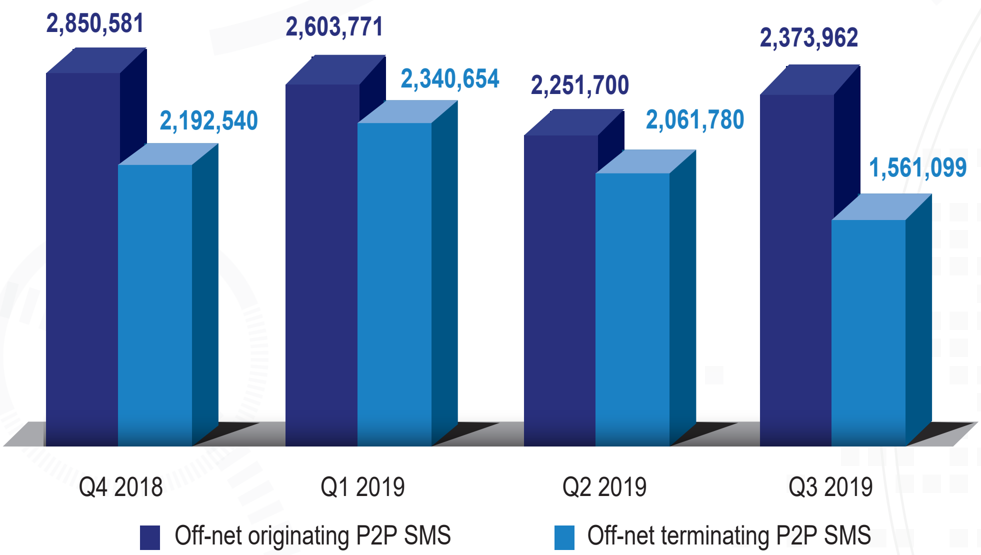
## ONA Voice Traffic




**"Incoming voice traffic grew by 16% and the outgoing voice traffic grew by 12% in the period Q2 to Q3 2019"**

There is more incoming voice traffic from ONA Countries than outgoing traffic to ONA countries. The incoming voice traffic grew by 16% and the outgoing voice traffic grew by 12% in the period Q2 2019 to Q3 2019.
*ONA countries are Uganda, Kenya, Rwanda and South Sudan.*

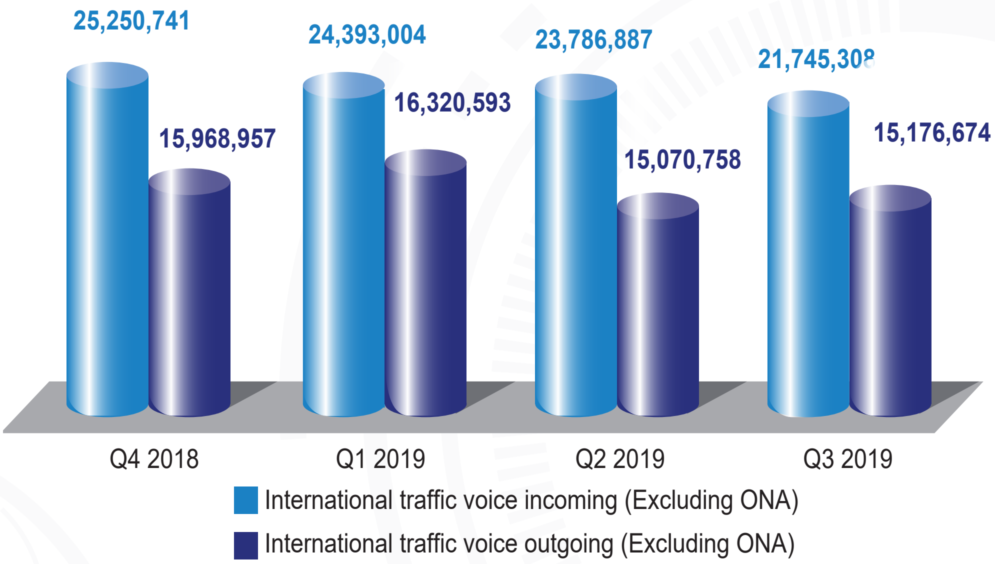
## ONA P2P SMS Traffic




**"ONA off-net originating P2P SMS traffic grew by 5.4% and the Off-net terminating P2P SMS traffic dropped by 24.3% "**

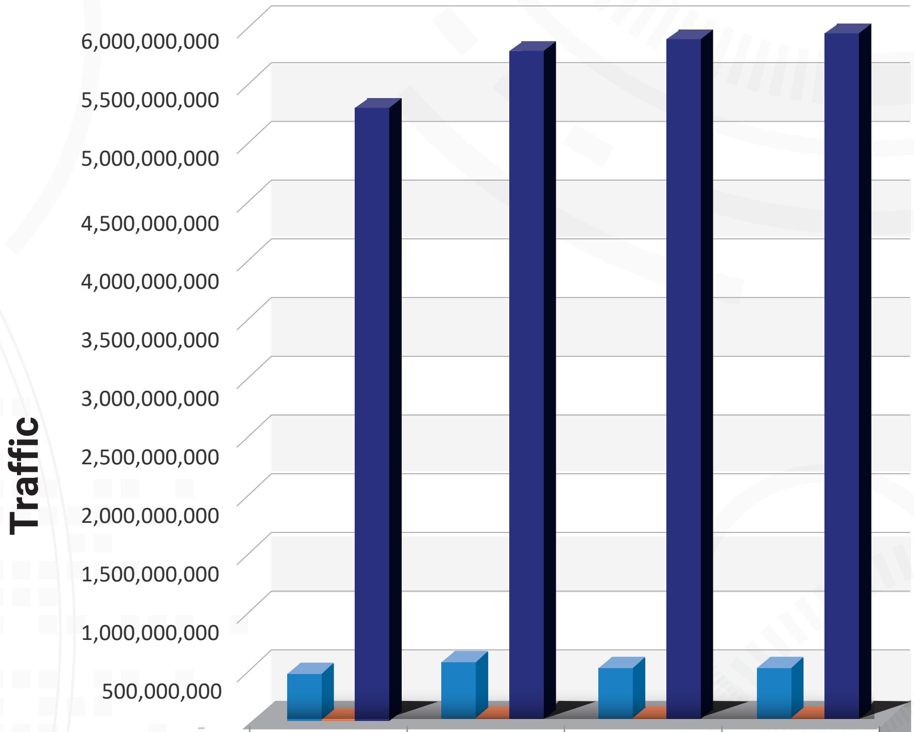
## International Voice Traffic

> **“International incoming voice traffic dropped by 8.6% & international outgoing voice traffic grew by 0.7%”**




## Trend in SMS traffic (Domestic)

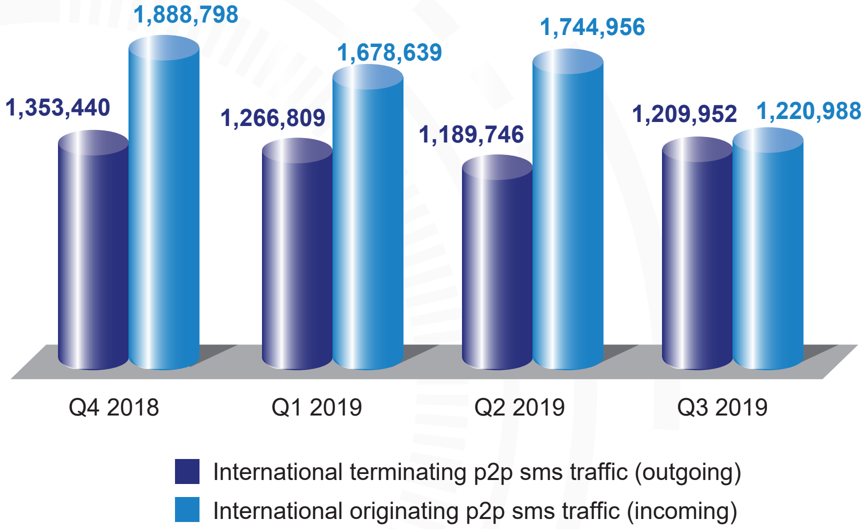
> **“P2P on-net SMS traffic dropped by 1%, the P2P off-net sms traffic grew by 45.3% and the A2P SMS on-net traffic grew by 1.0%”**




| | Q4 2018 | Q1 2019 | Q2 2019 | Q3 2019 |
|---|---|---|---|---|
| P2P SMS On net | 466,787,991 | 504,871,782 | 487,370,024 | 482,737,779 |
| P2P SMS Off net | 18,257,269 | 17,225,719 | 17,076,498 | 24,804,857 |
| A2P SMS on-net | 5,110,541,801 | 5,631,800,667 | 5,704,778,084 | 5,760,650,538 |

The Application to person (A2P) SMS on-net traffic dominates the sms market (91.9%) as a result of the electronic confirmations for various online services.This is followed by the P2P on-net SMS (7.8%).
In the period Q2 2019 to Q3 2019, the P2P on-net SMS traffic dropped by 1%, the P2P off-net sms traffic grew by 45.3% and the A2P SMS on-net traffic grew by 1.0%

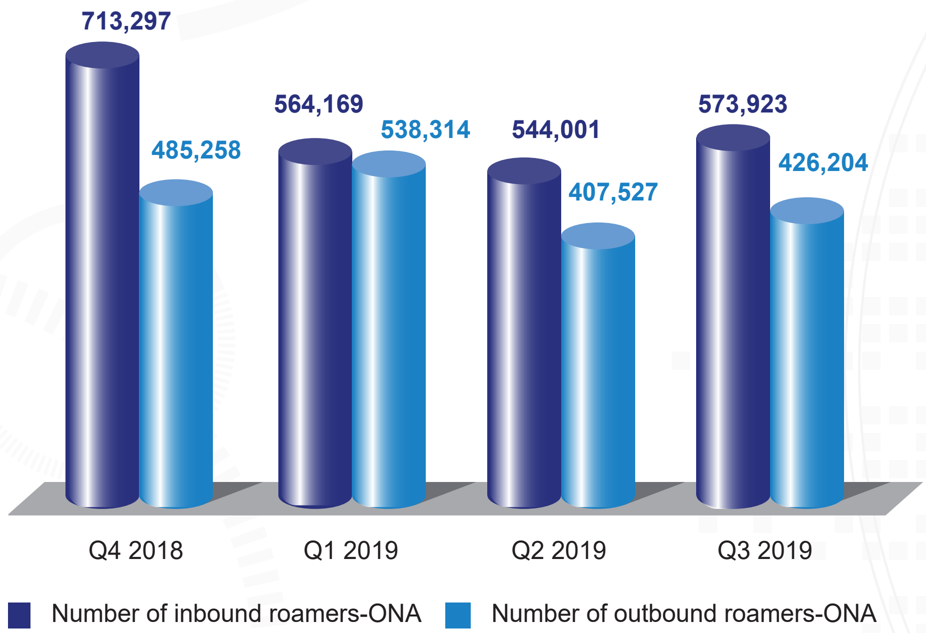
### International Person to Person (P2P) SMS traffic




**" International terminating (outgoing) p2p SMS traffic grew by 1.7% and the international originating (incoming) p2p SMS traffic dropped by 30%"**

## Roaming Services

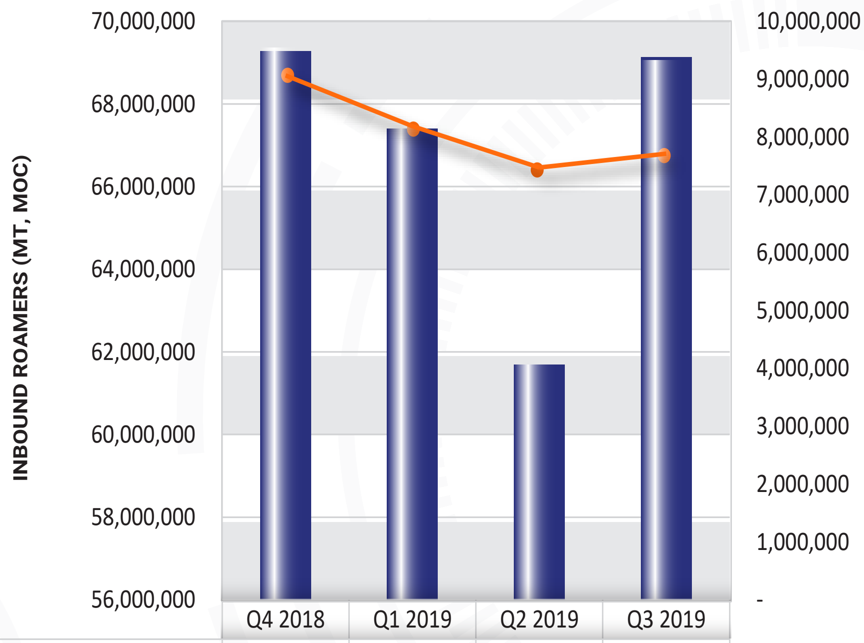
### ONA Unique (counted once) Roaming subscribers




**"The number of unique ONA inbound roamers and the number of unique ONA outbound roamers grew by 5.5% and 4.6% respectively"**

## ONA inbound roaming traffic (voice)

**“MT traffic grew by 12.1% and the MOC traffic grew by 3.2%”**

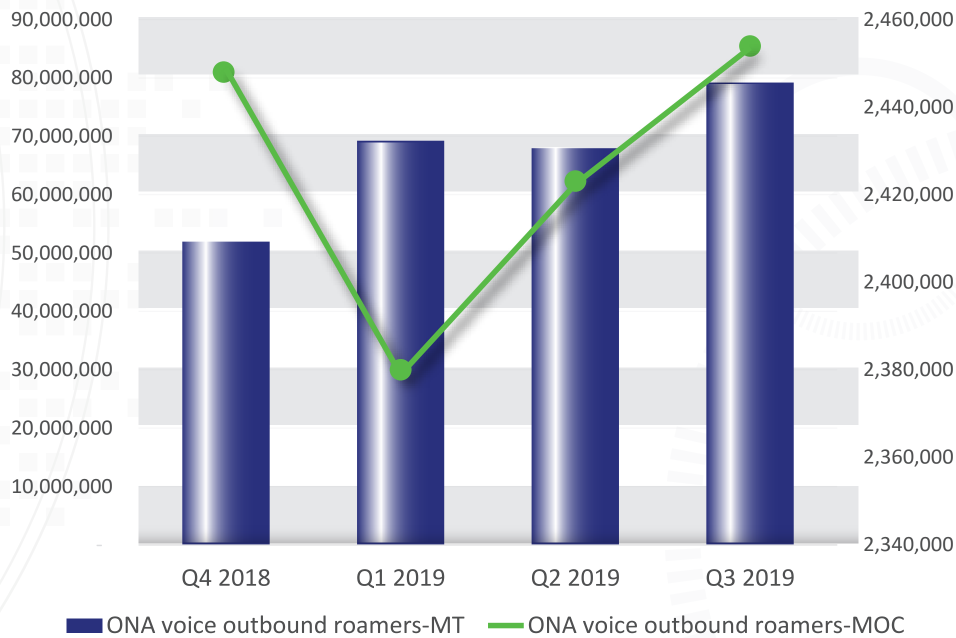



| | Q4 2018 | Q1 2019 | Q2 2019 | Q3 2019 |
|---|---|---|---|---|
| ONA voice Inbound roamers-MT | 69,279,799 | 67,402,048 | 61,693,929 | 69,135,728 |
| ONA voice Inbound roamers-MOC | 9,064,697 | 8,187,305 | 7,473,734 | 7,715,102 |

The ONA inbound roamers terminate more traffic than they generate. In the period Q2 2019 to Q3 2019, the MT traffic grew by 12.1% and the MOC traffic grew by 3.2%.
(MOC-Mobile Originated Call; MT-Mobile Terminated call)

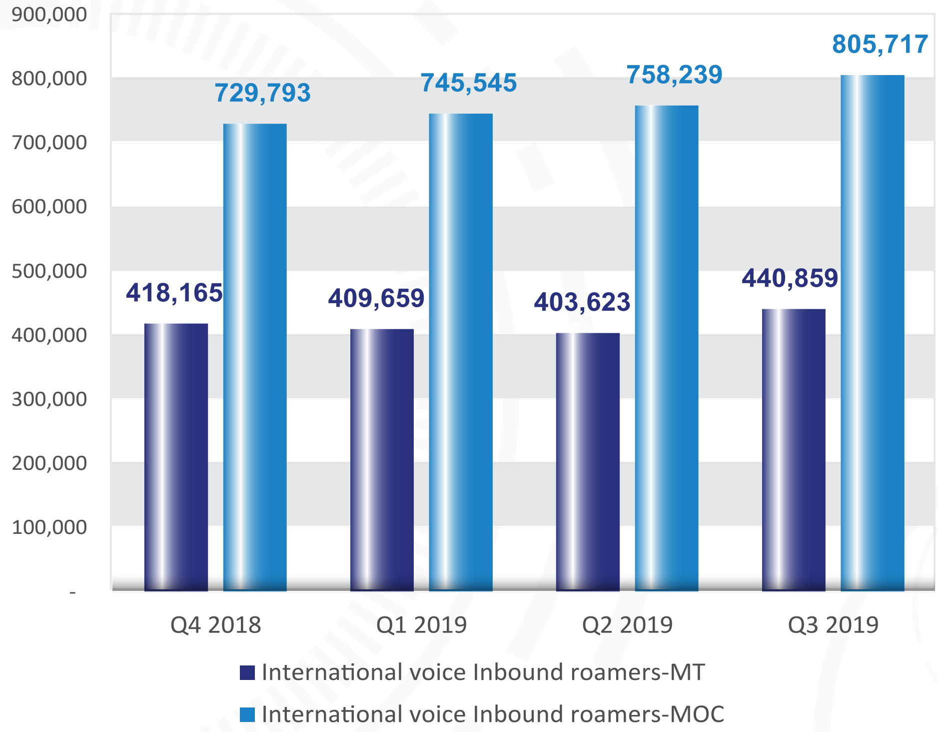
## ONA outbound roaming traffic (voice)

**“MT traffic grew by 16.6% and the MOC traffic grew by 1.3%”**



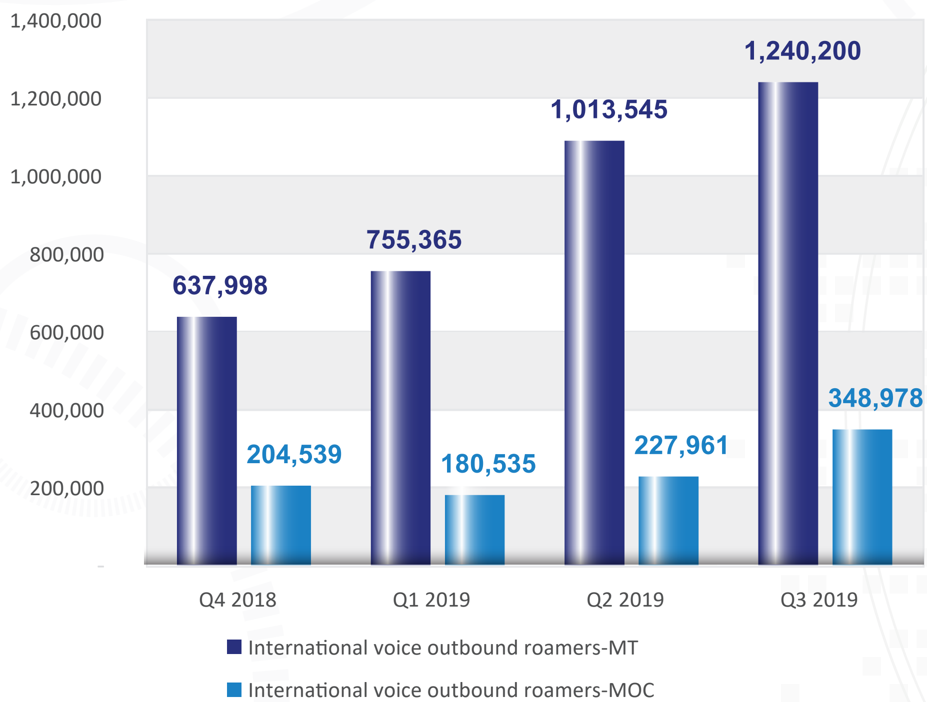

The ONA outbound roamers terminate more traffic than they generate. In the period Q2 2019 to Q3 2019, the MT traffic grew by 16.6% and the MOC traffic grew by 1.3%.
(MOC-Mobile Originated Call; MT-Mobile Terminated call)

## International inbound roaming voice traffic (Excluding ONA)




"MT traffic grew by 9.2% and the MOC traffic grew by 6.3%"

## International outbound roaming voice traffic (Excluding ONA)



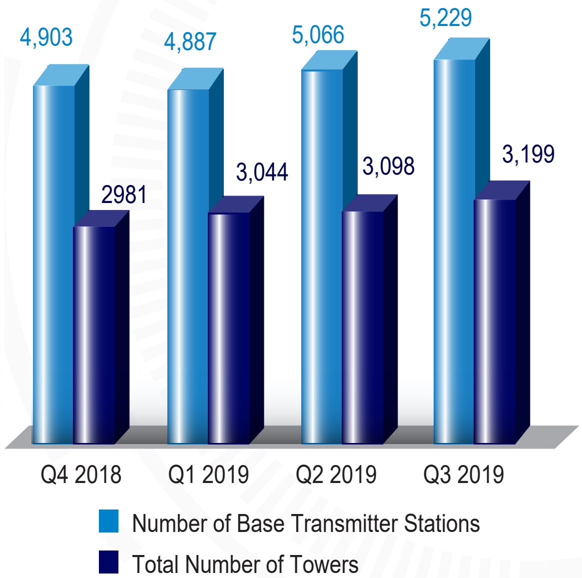

"The MT Traffic grew by 22.4% and the MOC traffic grew by 53.1%"

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 Q2 2019 to Q3 2019, the MT Traffic grew by 22.4% and the MOC traffic grew by 53.1%

# Communications Infrastructure

### Tower Infrastructure and BTS.

**“Total number of towers grew by 3.2% leading to a sharing ratio of 1.6 BTS per tower”**

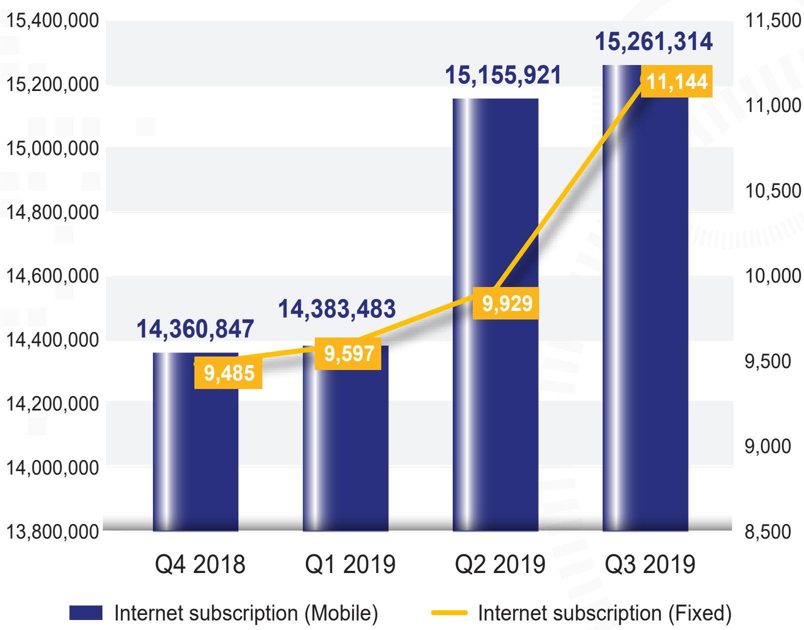



Both the number of Base Transceiver Stations (BTSs) and the total number of towers grew by 3.2% during the quarter Q2 2019 to Q3 2019.

# Internet

### Internet Subscriptions

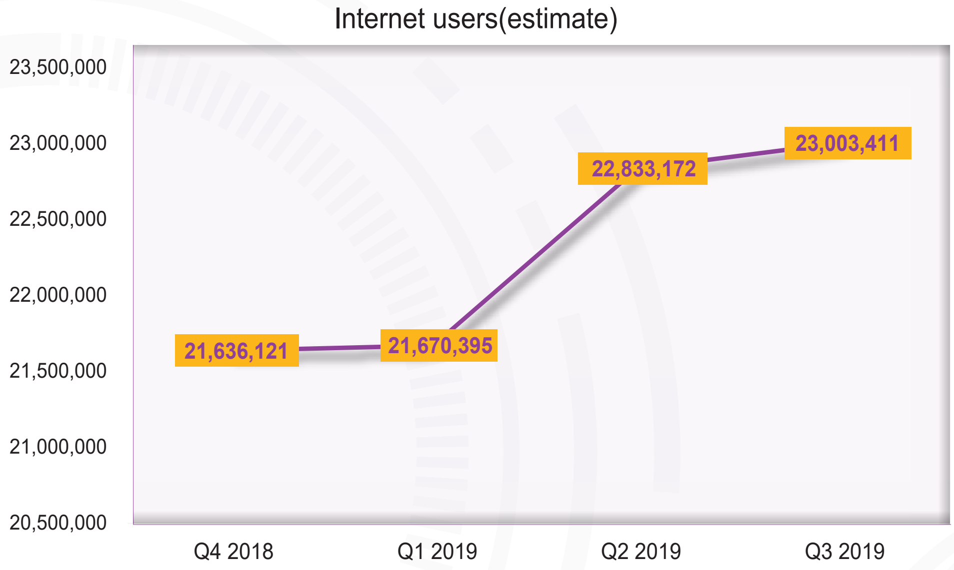
**“Mobile internet subscription grew by 0.7% and the fixed internet subscription grew by 12.2%”**




*Population Est: 40,308,000 (UBOS)*

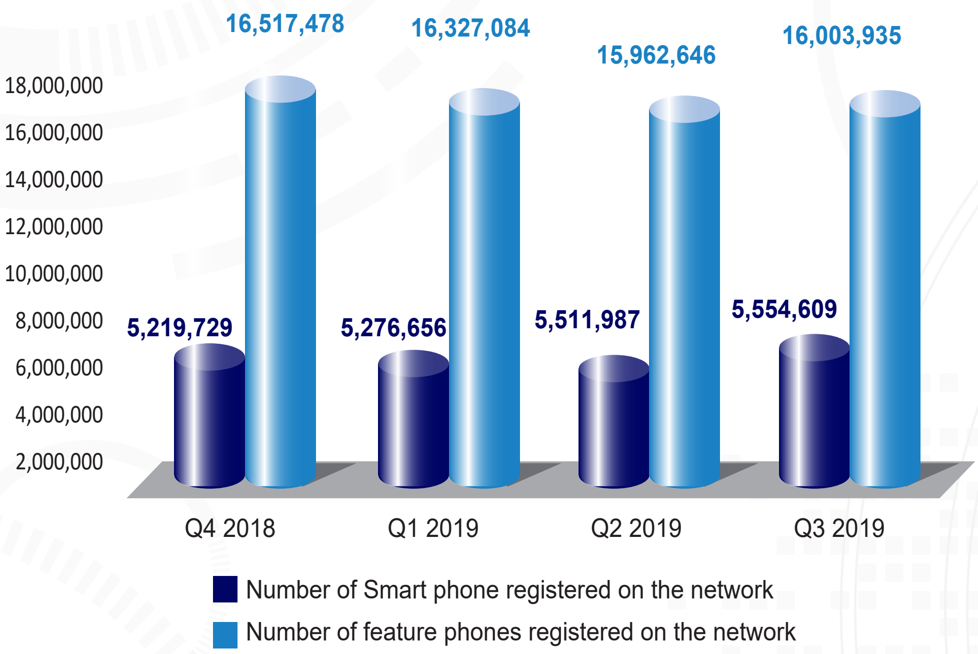
The total market (this includes both OTT and web access) internet penetration in Q3 2019 stands at 38%.

## Internet users (estimate)




**"Estimated internet users grew by 0.7% "**

## Smart and Feature phones subscriptions



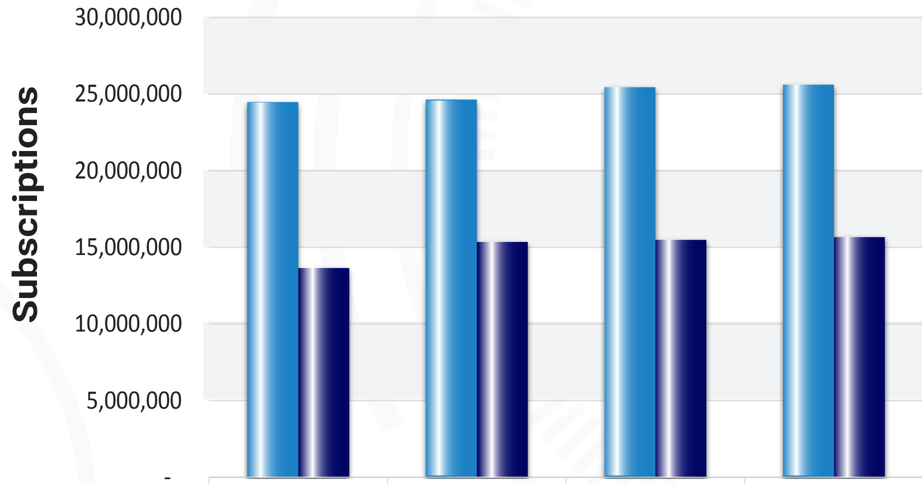

**"Total number of smart phones in the market grew by 0.8% to 5.6 million phones"**

In the period Q2 2019 to Q3 2019, the total number of smart phones in the market grew by 0.8%. As of Q3, the number of smart phones in the market stands at 5,554,609

# Mobile Financial services (Mobile Money)

## Mobile money subscription vs mobile (GSM) subscription

**"Active mobile money subscription grew by 1.2% and the number of mobile subscription (GSM) grew by 0.6%"**



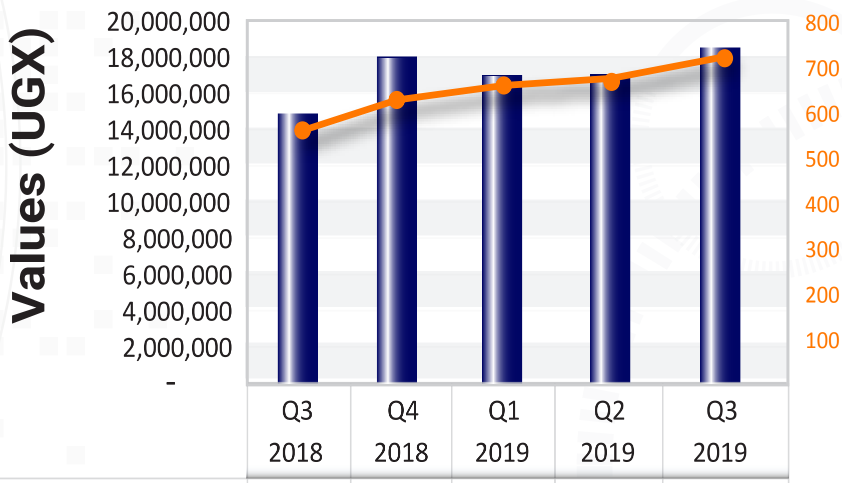

| | Q4 2018 | Q1 2019 | Q2 2019 | Q3 2019 |
|---|---|---|---|---|
| Number of Mobile subscription | 24,472,033 | 24,646,832 | 25,444,036 | 25,603,296 |
| Number of Mobile money subscription (Active 90 days) | 13,652,583 | 15,346,594 | 15,481,296 | 15,673,621 |

*Source: BOU, UCC*

Active mobile money subscription refers to SIMs which registered business in the last 90 days.

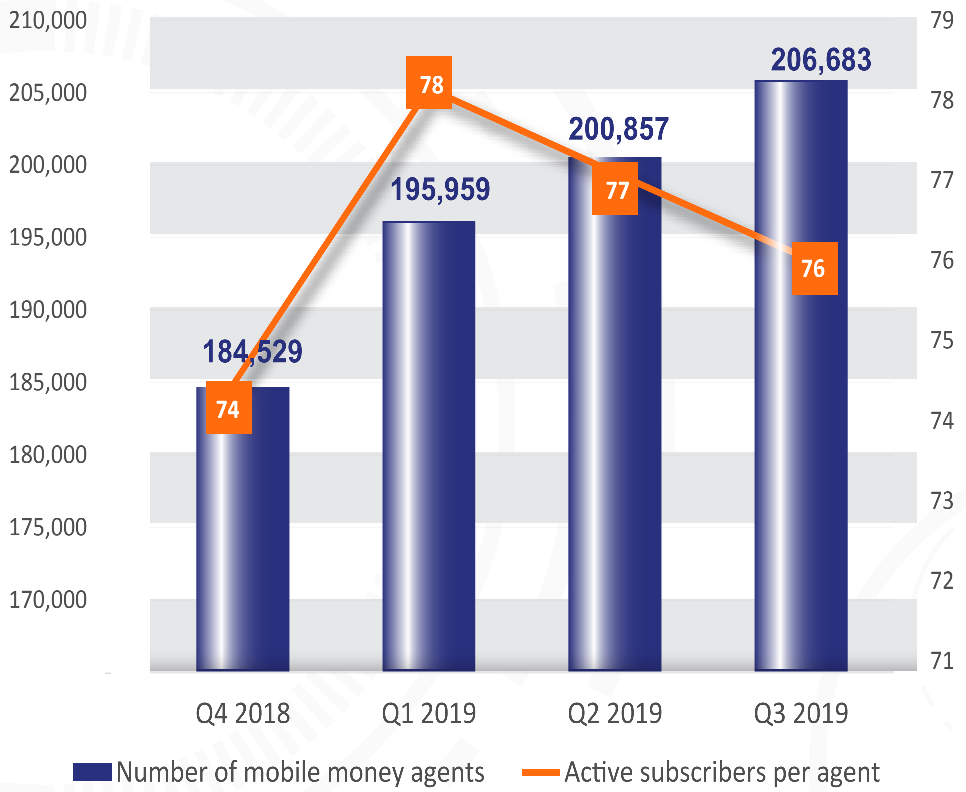
## Mobile Money Transactions (Millions)

**"Value of transactions grew by 8.7% and number of transactions grew by 7.1% "**




| | Q3 2018 | Q4 2018 | Q1 2019 | Q2 2019 | Q3 2019 |
|---|---|---|---|---|---|
| Value of Transactions (million Shs) | 14,880,146 | 18,023,301 | 17,005,390 | 17,040,376 | 18,521,099 |
| No. of Transactions (million Shs) | 554 | 625 | 657 | 673 | 721 |

### Mobile Money agents




**"Number of mobile money agents grew by 2.9% bringing to service 5,826 new agents"**

In the period Q2 2019 to Q3 2019, the number of mobile money agents grew by 2.9% bringing to service 5,826 new agents, leading to a reduced average service ratio of 76 active subscribers per agent.

# Broadcasting services

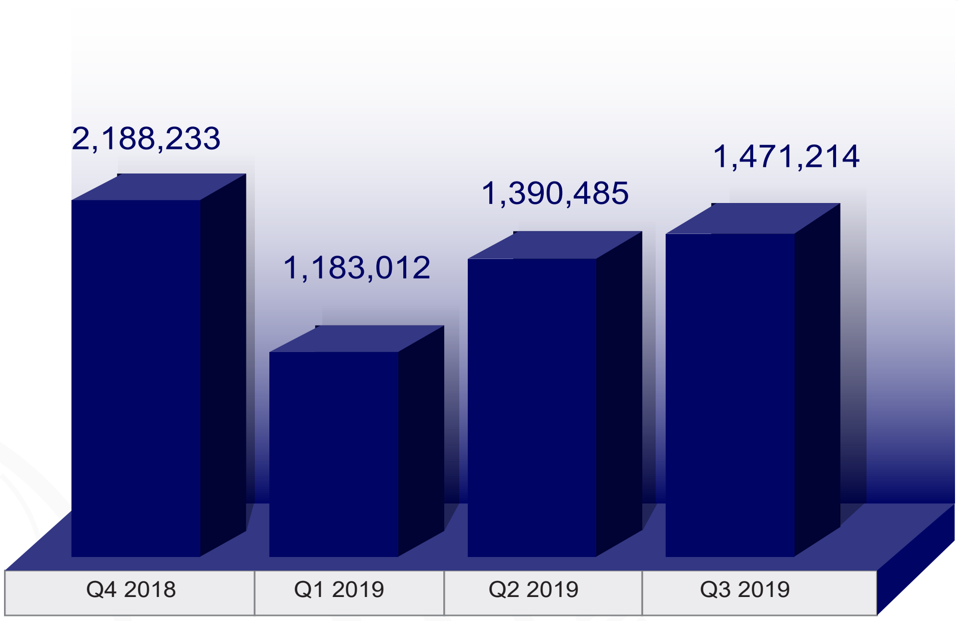
### Pay Tvs, Mode Of Broadcasting & Geographical Coverage

| 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 | STARTIMES | Terrestrial | Kampala, Wakiso, Mpigi, Masaka, Mbarara, Fortportal, Jinja, Mukono, Kalangala, Luweero,Gulu and Mbale |
| 6 | GO TV | Terrestrial | Kampala, Jinja, Iganga, Mbale, Lira, Gulu, Arua, Kasese, Mbarara, Masaka, Wakiso |
| 7 | Kampala SITI Cable | Cable | Kampala & Jinja |

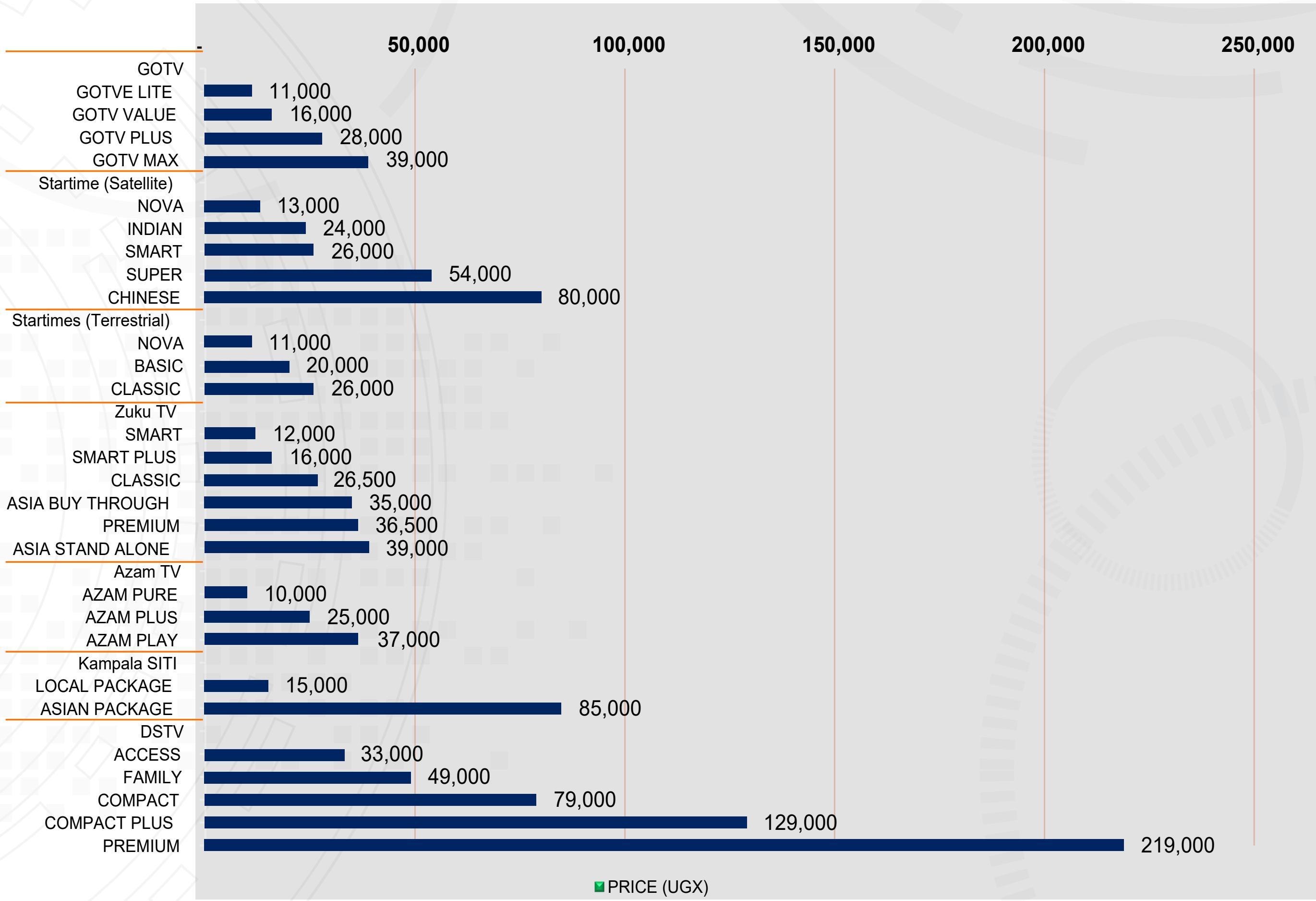
**The number of Pay TV stations dropped from 8 to 7 as a result of exit by Kwese. Out of the 7 Pay Televisions Stations, four (4) broadcast using Satellite, two (2) Digital Terrestrial and one (1) uses cable as the mode of broadcasting.**

## Quarterly trend in Active Pay TV subscriptions

**“Active Pay TV subscribers grew by 5.8%”**




## Pay TV Bouquets



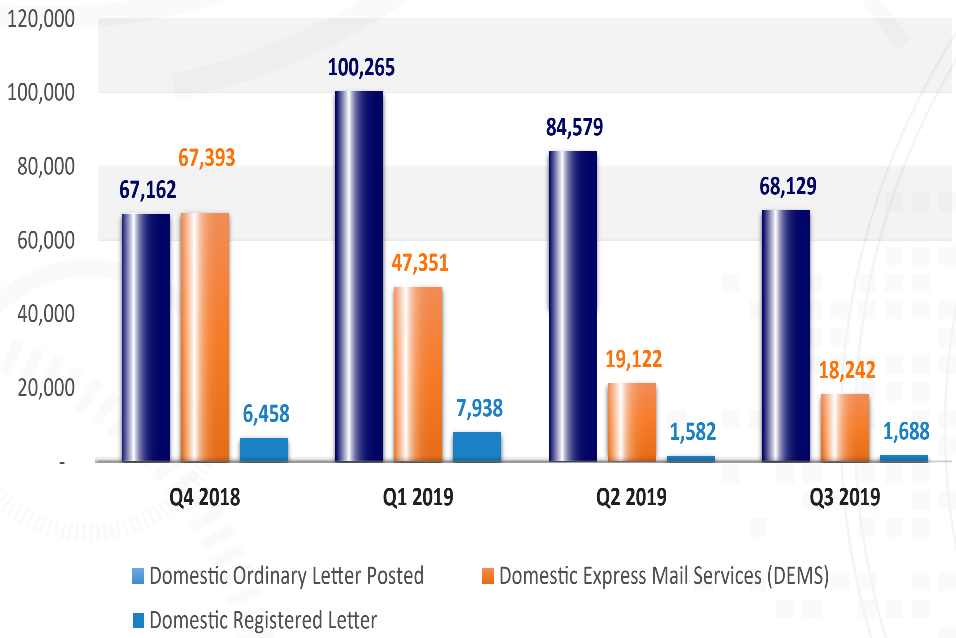
# Postal Services

## Postal access

| Key indicators | Q4 2018 | Q1 2018 | Q2 2019 | Q3 2019 |
|---|---|---|---|---|
| Broadcasting | | | | |
| 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 |

In the period Q2 to Q3, no change was registered for all the postal access indicators.

## Quarterly postal mail volume




**"Domestic ordinary letter post dropped by 19.4%, DEMS dropped by 4.7%, and the Domestic registered letter post grew by 6.7%"**

## International Letter traffic

| | | Q4 2018 | Q1 2018 | Q2 2019 | Q3 2019 |
|---|---|---|---|---|---|
| East African Letter post | Incoming | 7,830 | 12,810 | 6,178 | 6,272 |
| | Outgoing | 1,155 | 1,786 | 1,507 | 1,534 |
| European Letter post | Incoming | 63,974 | 53,635 | 44,467 | 42,268 |
| | Outgoing | 36,652 | 40,397 | 20,151 | 34,766 |
| Rest of Africa Letter Post Traffic | Incoming | 1,976 | 3,322 | 13,922 | 18,502 |
| | Outgoing | 1,182 | 1,661 | 1,207 | 882 |
| America Letter Post Traffic | Incoming | 26,960 | 27,421 | 21,548 | 28,598 |
| | Outgoing | 16,411 | 20,933 | 8,495 | 29,421 |
| Rest of World Letter Post Traffic | Incoming | 56,566 | 48,304 | 58,607 | 11,931 |
| | Outgoing | 6,681 | 16,054 | 16,875 | 7,072 |

# Product and pricing movements in the industry

## Tariffs

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**