



**UGANDA
COMMUNICATIONS
COMMISSION**

Status of the Communications Market – December 2008



The Telecommunications Sector at a Glance

| | Mar -08 | June -08 | Sept -08 | Dec -08 |
|---------------------------|------------------|------------------|------------------|------------------|
| PIP + PSP License Holders | 10 | 13 | 21 | 24 |
| PSP Voice and Data Only | 6 | 7 | 6 | 8 |
| PSP Capacity Resale Only | 5 | 6 | 5 | 5 |
| Fixed Lines | 166,552 | 160,768 | 167,011 | 168,481 |
| Mobile Subscriptions | 5,704,506 | 6,140,822 | 7,460,011 | 8,554,864 |
| Tele-density | 20.6 | 21.3 | 25.8 | 29.47 |
| Number of Payphones | 34,177 | 37,595 | 52,515 | 56,918 |



The Macro Economic Environment

- Although there was a slight improvement from the previous quarter, inflation remained high at 14.2 percent for the month ending December 2008.
- Food crops remained the main inflation driver enhanced by the seasonal demand, high transport costs and low supplies resultant from the earlier dry season.
- The Retail Price Index (RPI) for electricity, fuel and utilities, the key production inputs in the industry remained high at double digits.
- The UGX depreciated further against the US dollar with the 1USD trading for 1949 UGX from 1671.8 at the end of September 2008.
- Combining the three indicators, the cost of living and production in Uganda remained high which may impact the communication sector negatively.

| <i>Base Year 2005/06</i> | Sept 08 | Oct 08 | Nov 08 | Dec 08 |
|-------------------------------|----------------|---------------|---------------|---------------|
| Annual Headline Inflation | 15.2 | 14.2 | 14.6 | 14.2 |
| Annual core Inflation | 13.5 | 12.7 | 12.8 | 12.6 |
| Food Crops | 29.0 | 26.9 | 24.9 | 24.7 |
| Electricity, Fuel & Utilities | 13.5 | 12.7 | 12.8 | 12.6 |

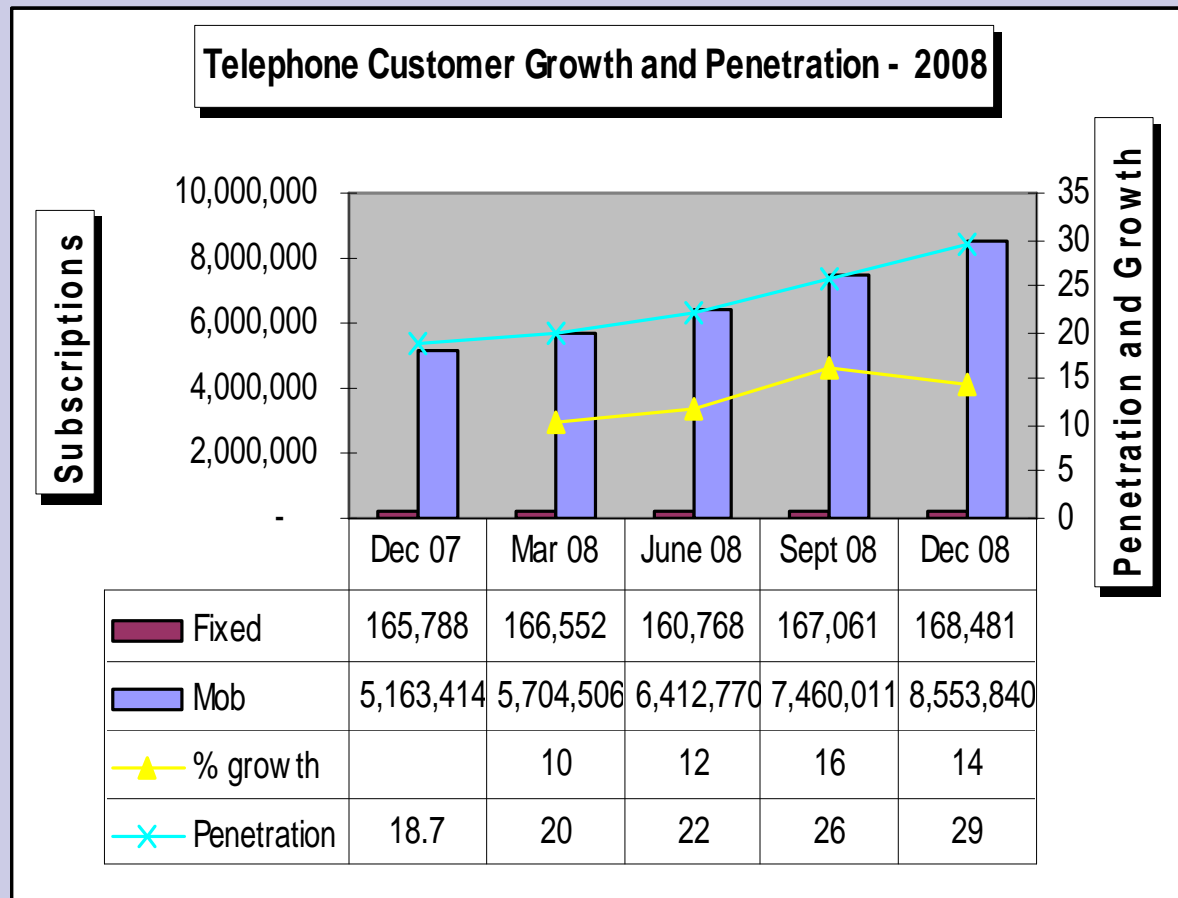


Telecommunication Infrastructure

- n The National telecommunications Infrastructure continued to improve, both in capacity and distribution. For the quarter ending December 2009;
 - .. The population coverage for mobile telephony in Uganda reached 100% with a total of 2176 base stations erected throughout the country
 - .. Key infrastructure additions were from Orange Uganda Limited, the new entrants in the market and MTN-Uganda who are currently upgrading their network.
 - .. A prevalence of Infrastructure sharing has also emerged as it is becoming more economically viable option for new-entrants
- n National Telephone switching capacity stood at 11.5 million lines from 10.3 in the previous quarter
- n The national fiber network on the other hand is estimated to be over 2500km, inclusive of government and privately owned fiber

Telephone Subscriptions

- n For the second time in the year, more than a million new telephone connections were recorded in one quarter
- n A total of 1,093,829 additional mobile subscribers were registered.
- n Only 1420 fixed connections were registered.
- n The above translates to a voice telephone penetration of close to 30%.

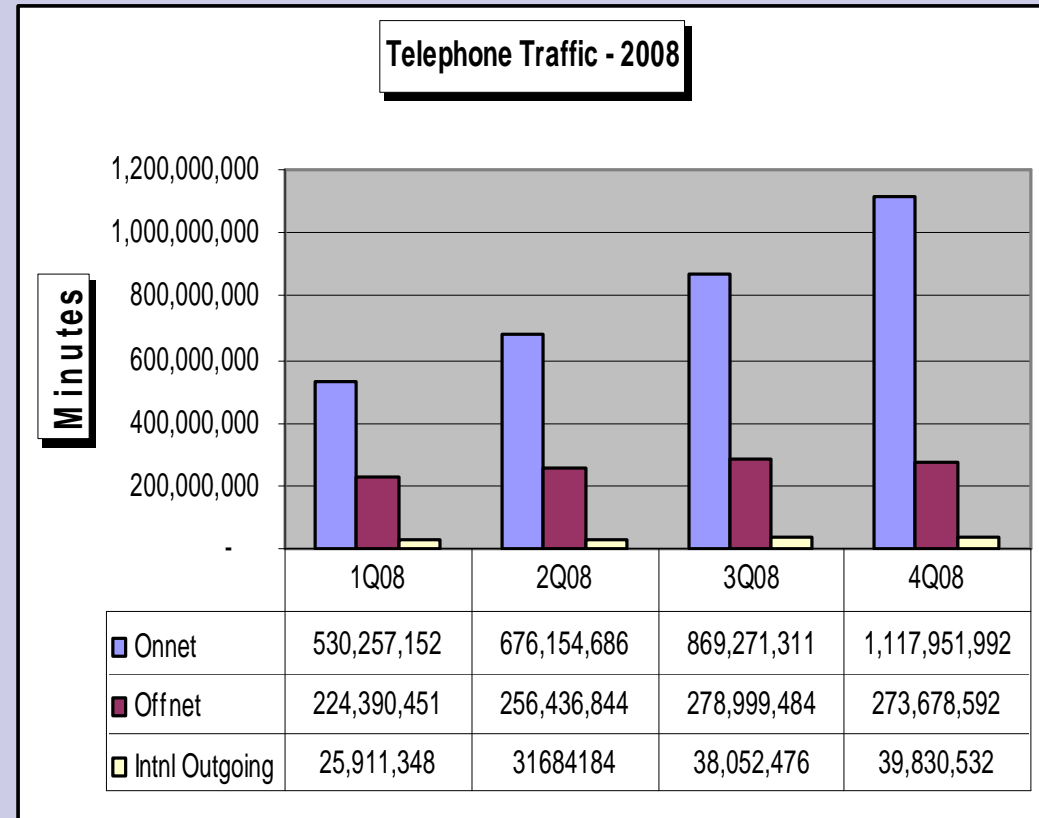


Telephone Minutes of Use

- n Total number of voice minutes for the period Oct – Dec 2008 was 1.4 billion. Of which;
 - .. 1.1 Billions was on-net minutes. (80% of total domestic traffic)
 - .. 270 million was off net and
 - .. 40 million International Outgoing minutes.

- n This translates to a 21% growth in voice traffic during the period.

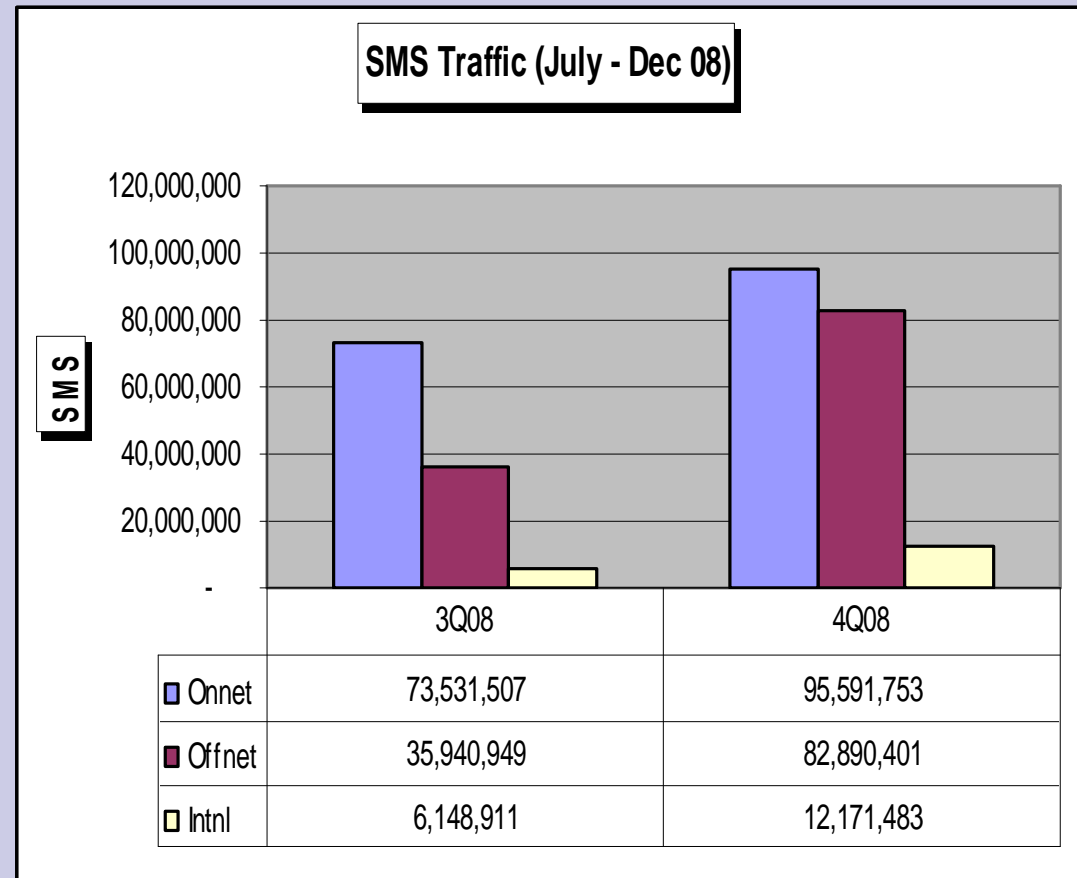
- n The traffic growth pattern (largely- on net) is a result of strongly discounted on-net tariffs which in turn has led to a prevalence of multiple sim-card ownership in Uganda.





Other Services

- n 190 million SMSs were sent during the quarter.
- n Of this;
 - .. 95 million were on net SMS
 - .. 82 million were off net
 - .. 12 million were international SMS
- n This equates to a 65% growth in total SMS volumes from the previous quarter.
 - .. 30% of the growth was derived from on-net SMS and
 - .. 130% from SMS off-network
- n The comparatively low growth in on net SMS is a result of low on-net tariffs and the opposite is true for off-net SMS.

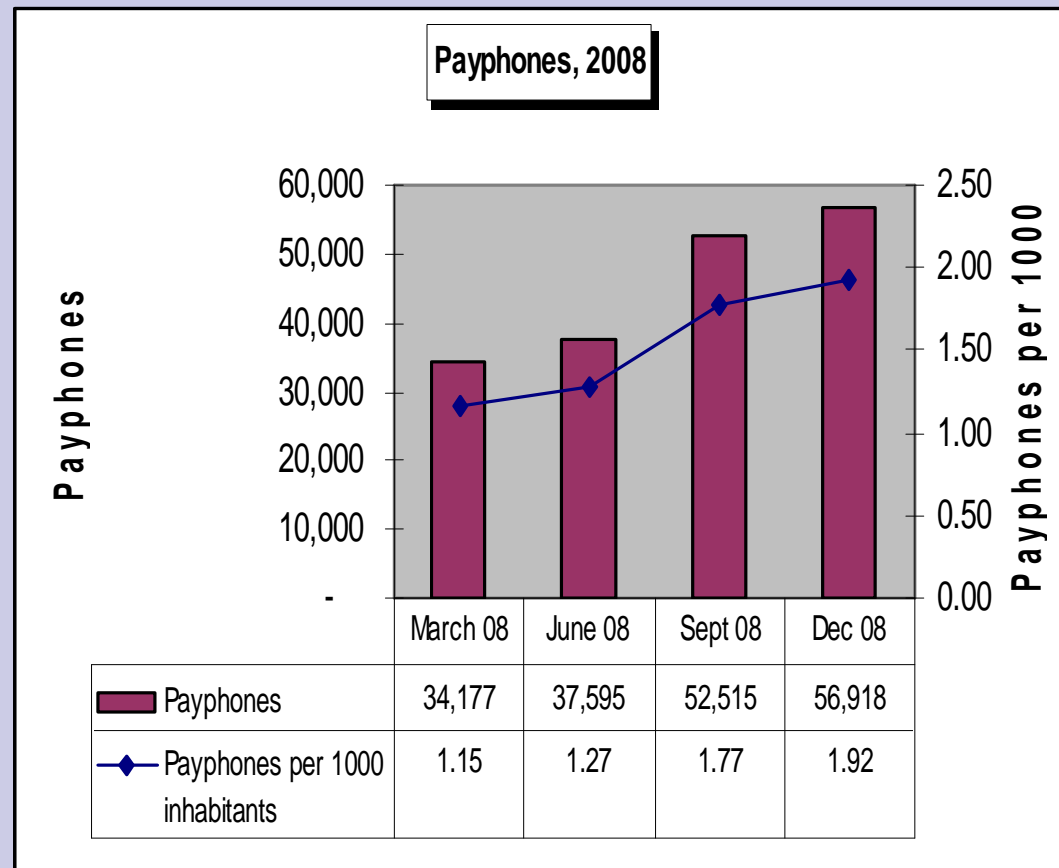


Tariffs and Interconnect

- n The UCC shall be publishing new regulation for retail tariff, interconnection and market analysis.
- n The following consultation document were published and can be assessed on the website;
 - Framework on competition assessment and regulation
 - Model Interconnection Offer
 - Retail and Wholesale price regulation
 - Account Separation and Operational reporting
- n Industry views and the Commission's responses are now available online
<http://www.ucc.co.ug/UCCResponseToConsultationDoc2.pdf>
- n The project also aims at deriving cost based interconnection rates that shall be applicable in Uganda moving forward
- n A list of Comparative tariffs for voice and data services can accessed on <http://www.ucc.co.ug/MobileAndFixedtariffsFeb2008.xls>

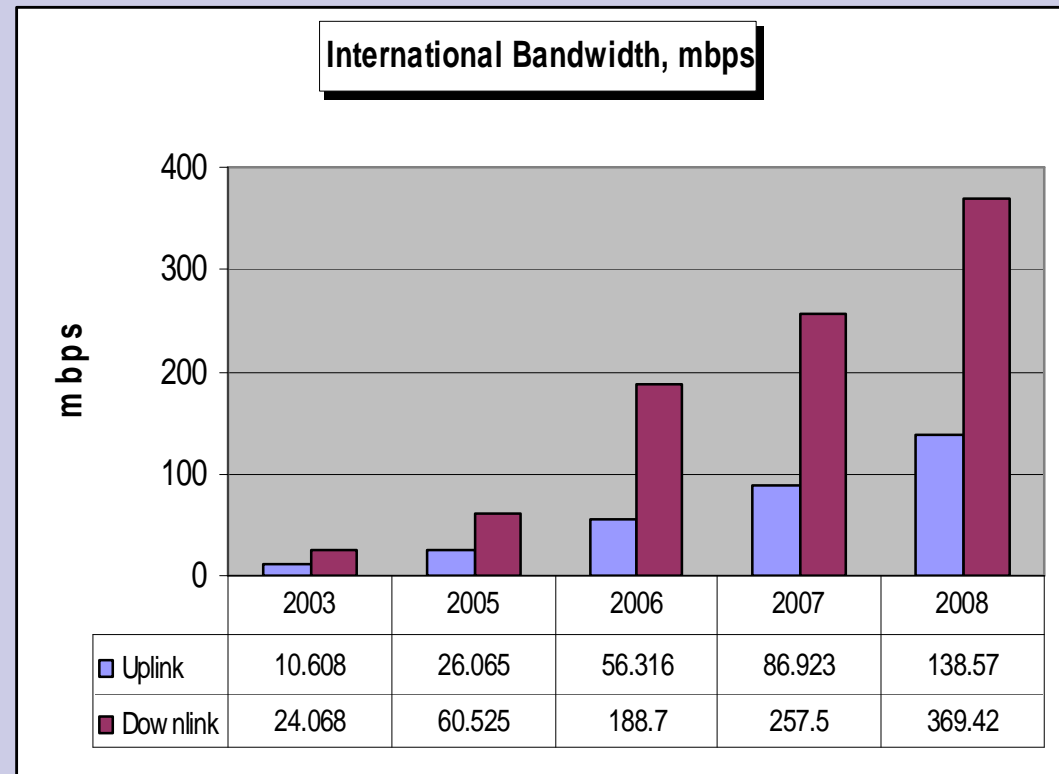
Payphones

- n The number of payphones nationwide was 56,918 in December 2008, up from 52,515 in the previous quarter.
- n This resulted in a national payphone penetration of almost 2 payphone for every 1000 inhabitants
- n The payphone count comprises of the official payphone set-up by the four major service providers and excludes payphones set up by private and Kiosk vendors



Internet – Access & Capacity

- n There was continued growth in mobile wireless internet access with a total of 214,293 active accounts reported by end of December 2008 compared to 166,621 in the previous quarter.
- n Fixed line internet subscription was estimated at 22,000.
- n The number of internet user on the other hand was estimated to be 2.5 million.
- n Total International Bandwidth of 507.99 mbps was recorded of which;
 - .. 138.5 Mbps was Uplink
 - .. 369.42 Mbps was Downlink



POST AND COURIER



Licensees and Access

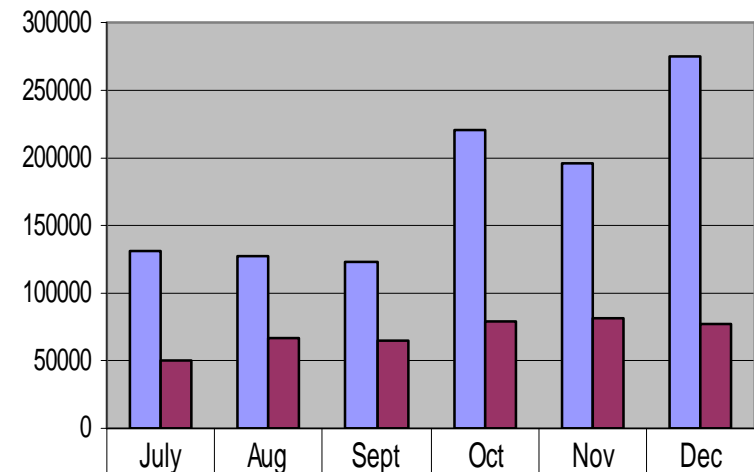
- n Globex Express Courier Ltd was awarded an International Courier License.
- n This brings the number of courier providers to 9 in the Domestic market, 7 Regionally and 6 in the International market.
- n In terms of point of access, the number of courier collection point is estimated to be 200 and 75,000 letter boxes distributed country wide.



Ordinary Letter Post

- n There were 690,000 domestic letters posted during the period Oct – Dec 2008 compared to 380,000 letters posted during the period July – Sept.
- n This represented an 80% increase in ordinary Letter Post Volumes. Whereas the seasonal surge was expected, the volumes of post were less compared to the previous years.
- n 30% increase in Ordinary European letter post.

Ordinary Letter Post Volumes - 6 Months ended Dec 08



| | | | | | | |
|------------------------|--------|--------|--------|---------|---------|---------|
| Ordinary Domestic Mail | 131895 | 127366 | 123788 | 221,865 | 196,044 | 274,039 |
| Ordinary European Mail | 51,032 | 67,147 | 64,261 | 78,315 | 81,319 | 77,833 |



The Broadcasting Sector at a Glance

| | Status | Mar 08 | June 08 | Sept 08 | Dec 08 |
|--------------|--------------|------------|------------|------------|------------|
| Radio | On | 162 | 166 | 171 | 188 |
| | Off | 33 | 34 | 43 | 32 |
| | Total | 195 | 200 | 214 | 220 |
| TV | On | 26 | 26 | 28 | 35 |
| | Off | 15 | 18 | 18 | 15 |
| | Total | 41 | 44 | 46 | 50 |