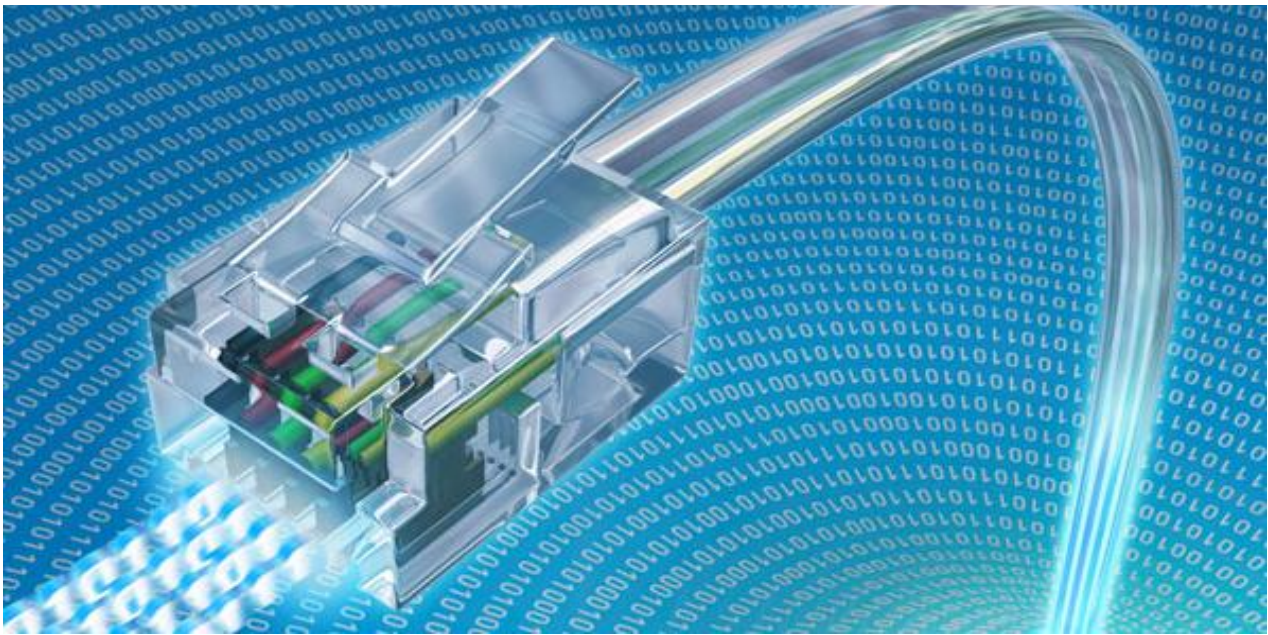


Post, Broadcasting and Telecommunications Market and Industry Report



FIRST QUARTER (JANUARY-MARCH 2017)

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1.0 Introduction

This report is a summary of the analysis done on the market and industry data largely extracted from the operational reports of licensees in Uganda's Communications Industry for the period January to March 2017. In this report, data for Q1 (January-March 2017) is compared against that for Q4 (October-December 2016). The information derived from the market and industry data covers the following key aspects of the communications sector:

- a) Macro-economic factors
- b) Mobile Telephony
- c) Fixed Telephony
- d) Tele-density
- e) Traffic Growth
- f) Communications Infrastructure
- g) Internet/data Services
- h) Tariffs
- i) Tax revenue contributions of the communications sector
- j) Mobile money services
- k) Broadcasting and Postal Services
- l) Consumer Affairs

2.0 Macro-economic Factors

Macro-economic factors especially exchange rates and inflation have an impact on the operations of telecommunication, broadcasting and postal operators. A big percentage of the investment and operational expenditures is denominated in foreign currencies (especially the US Dollar), while the increase in prices of commodities as well has a direct effect on the operations of these companies.

2.1 Consumer Price Index (CPI)

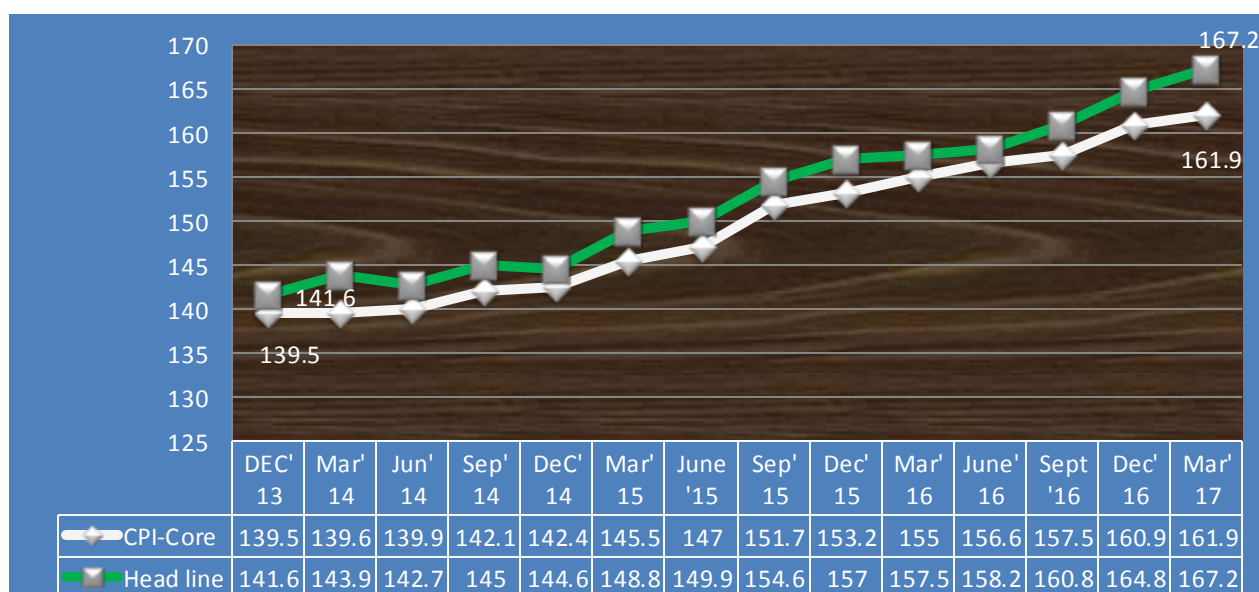
Consumer Price Index (CPI) is a measure that examines the weighted average of prices of a basket of consumer goods and services, such as transportation, food and medical care. CPI is calculated by taking price changes for each item in the pre-determined basket of goods and averaging them; the goods are weighted according to their importance. Changes in CPI are used to assess price changes associated with the cost of living. High prices in these goods and services indirectly affect consumption of communications services.

2.1.1 Core CPI

Core CPI is the consumer price index excluding energy and food prices. The Core CPI is widely used because food and energy prices can be very volatile, and this wide amount of movement would unfairly bias the measure of inflation.

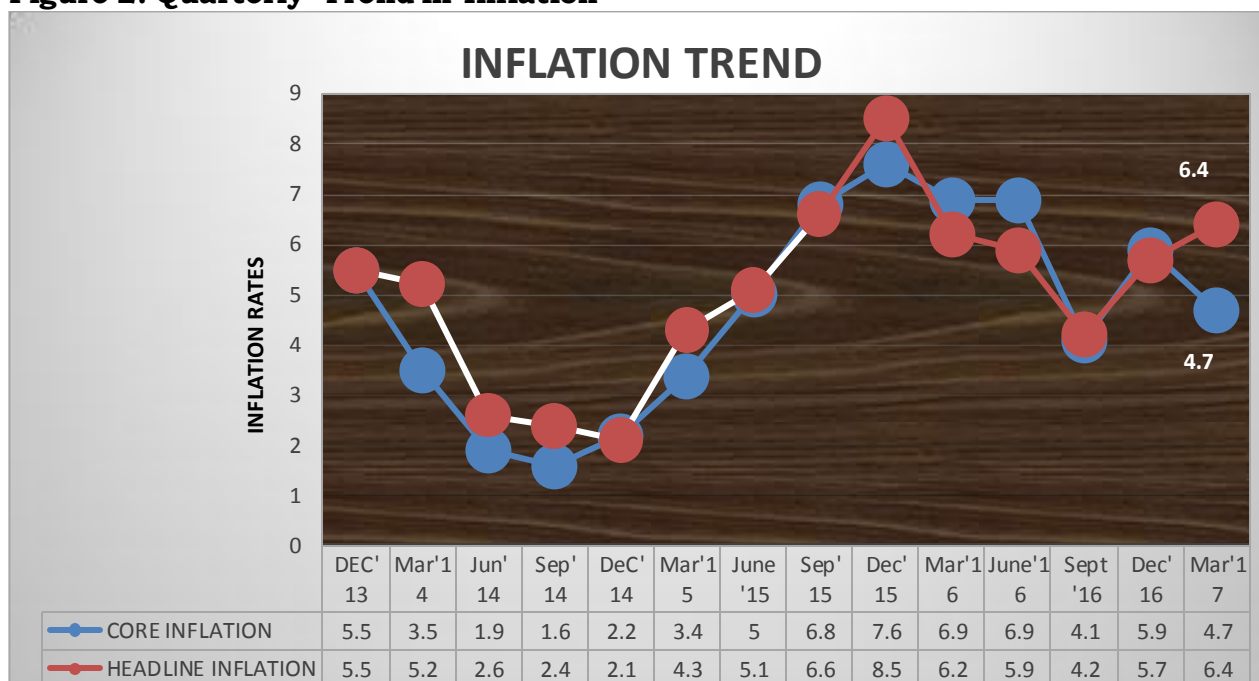
The Consumer Price Index (Core) increased from 160.7 in December 2016 to 161.9 in March 2017, leading to a 0.6% increment compared to an increase of 3.8% realised in the previous quarter. This shows an upward shift in the cost of living relative to the previous quarter which had a negative impact, though indirectly, on the consumption of communication services. The headline inflation also grew from 164.8 to 167.2 (a 2.4% increase). Core inflation also grew from 160.9 to 161.9 (a 1% increase).

Figure 1: Quarterly -Trend in Consumer Price Index



Source: BOU

Figure 2: Quarterly -Trend in Inflation

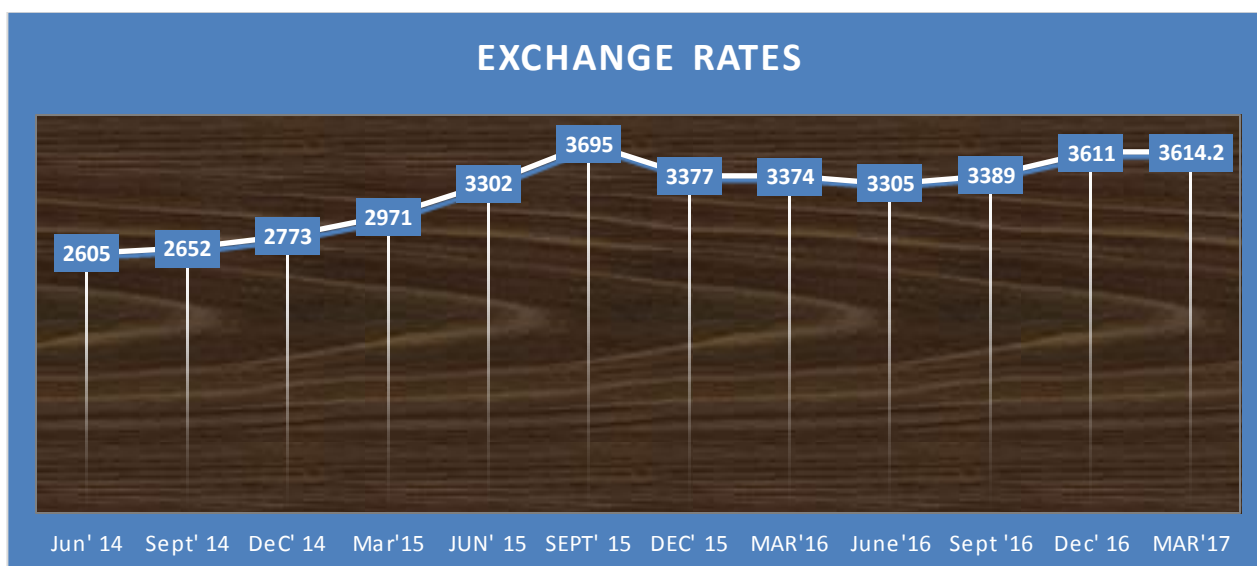


INFLATION TREND (BASE: 2009/10=100), Source: BOU

2.2 Exchange Rate

In this Quarter, the Shilling lost its value against the United States Dollar (USD) by 0.09% down from UGX 3311 per USD at the end of December 2016 to UGX 3614.2 at end of March 2017. The depreciation of the UGX against the USD inevitably led to an increase in the cost of communication services, given that most of the costs in the industry are foreign currency denominated.

Figure 3: Trend in Exchange Rates of the Shilling against the USD



Source: BOU

4.0 Telecommunications

4.1 National Telephony

In this quarter, the total mobile and fixed telephony subscriptions increased from 23,206,729 in the previous quarter to 24,034,793 in the current quarter, a growth of 828,064 subscribers (3.6%) compared to the 3.8% growth realised in the previous quarter.

4.2 Mobile Telephony

The pre-paid subscription grew by 381,253 (3.7%) and post-paid subscriptions drop by 4,183 (3.0%) compared to the (3.62%) increases and (5.3%) drop experienced in the previous quarter.

4.3 Fixed Telephony

Fixed subscription grew from 368,243 to 369,237 (0.3%) compared to the 0.7% growth registered in the previous quarter.

Table 1: Mobile and Fixed Telephony

Indicators	Q4 2016	Q1 2017	Change (%)
Mobile Subscriptions (pre-paid)	22,698,037	23,529,290	3.7
Mobile Subscriptions (post-paid)	140,449	136,266	(3.0)
Fixed subscriptions	368,243	369,237	0.3
National status	23,206,729	24,034,793	3.6
Tele-density	63.4	63.8	0.4
Population (Projection-UBOS-Annual)	36,593,000	37,673,800	3

4.4 Tele-density

Tele-density is the number of telephone connections for every hundred individuals living within an area (in this case Uganda). The sector registered a growth of 0.4% in Tele-density in the period under review. The previous quarter however, had registered a 3.8% growth in Tele-density.

4.5 Short Message Services (SMS)

The out-going **on-net** SMS grew by 0.9%, the out-going **off-net** SMS drop by 9.8%, the International outgoing SMS grew by 2% and the international incoming SMS grew by 22.7%.

Table 2: Mobile Data SMS

Mobile Data (SMS)	Q4 2016	Q1 2017	% change
Out-going On net SMS	1,197,065,579	1,207,976,859	0.9
Out-going SMS Off net	25,762,437	23,240,984	(9.8)
International Out-going SMS	3,832,178	3,909,315	2.0
International Incoming SMS	18,168,221	22,296,239	22.7

4.6 Traffic Growth

4.6.1 On-net & off-net Voice Traffic

During this quarter, On-net voice traffic grew by 6.6% and the Off-net traffic dropped by 13.2%.

Table 3 On-net and Off-net Traffic data (Minutes)

Indicators	Q4 2016	Q1 2017	Change (%)
On net traffic (voice)	6,063,649,957	6,461,542,274	6.6
Off net traffic (voice)	244,423,011	212,177,376	(13.2)

4.6.2 International Voice Traffic

The international incoming voice traffic dropped by 3.4% while the international outgoing voice traffic grew by 1.6%.

Table 4. International Traffic (Minutes)

Indicators	Q4 2016	Q1 2017	Change (%)
International traffic (voice incoming to mobile)	101,981,079	98,475,931	(3.6)
International traffic (voice outgoing)	59,595,433	60,541,730	1.6

4.6.3 Roaming Traffic (Voice)

Roaming traffic in foreign networks grew by 31.4% compared to the 2.8% drop registered in the previous quarter. Roaming by foreign networks dropped by 34.7% compared to the 21.6% drop experienced in the previous quarter.

Table 5. Roaming Traffic (Minutes)

Indicators	Q4 2016	Q1 2017	Change (%)
Roaming in foreign networks	12,885,369	16,924,997	31.4
Roaming by foreign networks	11,322,779	7,396,734	(34.7)

4.7 Communications Infrastructure

4.7.1 Public Infrastructure Providers (PIP) and Public Service Providers (PSP)

The number of PIPs remained unchanged at 22. The number of PSPs as well remained unchanged at 30.

The number of Base Transceiver Stations (BTSs) increased during the quarter by 0.8% from 4,175 to 4,207. In the previous quarter, a growth of 0.53% was registered.

Table 6. Communications Infrastructure Data

Indicators	Q4 2016	Q1 2017	Change (%)
Public Infrastructure Provider (PIP)	22	22	0.0
Public Service Provider (PSP) Voice and Data and Capacity Resale.	30	30	0.0
Number of Base Transceiver Stations (BTS)	4,175	4,207	0.8

5.0 Internet Services

5.1 Mobile and Fixed Internet services

The sector registered an estimated 6.4% growth in mobile internet subscription (892,584 new subscribers) and a 3.3% growth in fixed internet subscription

(4,850 new subscribers) in the same period. The estimated internet users increased by 6.8% from 18,999,112 to 20,296,112 in this quarter. The internet penetration increased from 51.9% to 53.9%.

Table 7. Internet and Data

Indicators	Q4 2016	Q1 2017	Change (%)
Estimated Internet Subscription (Mobile)	13,978,843	14,871,427	6.4
Estimated Internet Subscription (Fixed)	148,300	153,150	3.3
Estimated Internet users	18,999,112	20,296,112	6.8
Internet Penetration per 100 population	48.7	53.9	3.9

5.2 Bandwidth

Bandwidth - the data transfer rate - is the amount of data that can be carried from one point to another in a given time period (usually per second). The total bandwidth (Mbps) grew by 11%. This means increased network capacity to carry larger volume of information per second from one location to the next. This indirectly leads to improved network performance hence higher speed internet services to internet users. The bandwidth per one million inhabitants also grew by 7.8% in this quarter.

Table 8. Bandwidth

Indicators	Q4 2016	Q1 2017	Change (%)
Total Bandwidth (mbps)	49,984.3	55,482.6	11.0
Bandwidth per million inhabitants	1,366.0	1,472.7	7.8

6.0 Tariffs

All the operators are operating different tariff plans, and the comparative rates are available on www.price-check.co.ug and www.kompare.ug which are online resources for evaluation and comparison of different tariff plans. The two price comparator service providers have UCC approval to offer the service.

7.0 Telecommunication Revenue

The revenue collected from Exercise Duty increased from UGX 64.4bn to UGX 72.8bn, reflecting a 13% increase. VAT payments increased from UGX 58.3bn in the previous quarter to UGX 65.3bn in this quarter, a 11.8% increase, while PAYE dropped from UGX 8.5bn to UGX 7.9bn, reflecting a 7.3% drop. However, the total revenue collection grew by 11.2%.

Table 9. Telecommunications Tax Revenue

Indicators	Q4 2016	Q1 2017	Change (%)
Excise (UGX)	64,425,672,432	72,776,504,199	13.0
VAT (UGX)	58,344,272,317	65,255,976,299	11.8
PAYE(UGX)	8,495,134,931	7,875,003,257	-7.3
Total	131,265,079,680	145,907,483,755	11.2

8.0 Broadcasting

In this sub sector, the number of operational Free-to-Air (FTA) TV stations is 28, while the number of digital terrestrial TV stations, digital satellite TV stations and cable TVs remained unchanged at two (2), four (4) and three (3) respectively. The number of operational FM stations remained unchanged too at 292 as shown in Table 10.

Table 10. Broadcasting Indicators

Indicators	Q4 2016	Q1 2017	Change (%)
Operational Free to Air TV service providers	28	28	0
Operational TV stations (Digital terrestrial stations)	2	2	0
Operational TV stations (Digital satellite stations)	4	4	0
Cable TVs	3	3	0
Operational FM Radio stations	292	292	0

9.0 Pay Television

Seven (7) Pay Televisions are operational in the market, two (2) of which broadcast using terrestrial, four (4) use satellite and one (1) broadcasts over cable. Four Pay TVs broadcast country wide. Table 11 below lists the Pay TV companies and their areas of coverage.

Table 11. Pay TVs, Mode of broadcasting and Geographical coverage

No.	Station Name	Mode of Broadcasting	Transmitter locations giving 60km radius of Coverage from each location
1.	CITI CABLE	Cable Internet	Kampala and Jinja (2)
2.	GOtv	Terrestrial	Kampala, Jinja, Iganga, Mbarara, Kasese Masaka, Mbale, Lira, Gulu, Arua,
3.	STARTIMES	Terrestrial	Bugiri, Jinja, Kampala, Luwero, Masaka, Mbale, Mbarara, Mukono, Nakasongola, Tororo and Wakiso (11)
4.	DStv	Satellite	Countrywide
5.	AZAM TV	Satellite	Countrywide
6.	STARTIMES	Satellite	Countrywide

7.	ZUKU TV	Satellite	Countrywide
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10.0 Postal Services

In this review period, this subsector registered more positive development than the negative developments in all lines of operations save for domestic services. The Domestic ordinary letter posted dropped by 22.6%, the domestic registered letter posted dropped by 3.8% and the Domestic express mail services dropped by 9.5%. All the other remaining lines of operations for both incoming and outgoing namely; East African letter post, European letter post, Rest of Africa letter post and Rest of the world letter post registered positive growth as shown in table 12 below.

Table 12. Postal Data

Indicators	Q4 2016	Q1 2017	Change (%)
Courier Licence operators (International, Regional, Domestic)	(8,5,11)	(8,5,11)	N/A
Domestic ordinary letter posted	67,372	52,144	(22.6)
Domestic registered letter posted	1,170	1,126	(3.8)
Domestic express mail service (DEMS)	37,638	34,076	(9.5)
East African Letter Post (Incoming)	4,283	6,835	60
East African Letter Post (Outgoing)	482	740	54
Rest of Africa (Incoming)	643	2,905	350
Rest of Africa (Outgoing)	691	1,012	46

Indicators	Q4 2016	Q1 2017	Change (%)
European Letter Post (Incoming)	8,900	44,519	400
European Letter Post (Outgoing)	5,507	23,023	318
American (Incoming)	4,057	16,223	300
American (Outgoing)	5,350	6,601	23
Rest of the world (Incoming)	748	13,576	1,715
Rest of the world (Outgoing)	1,728	2,314	34

11.0 Mobile Money Services

The number of mobile money subscribers grew by 4.4%. The number of transactions dropped by 4.2%. The value of transaction grew by 5.2%.

The balance on customer accounts dropped by 8.7%, and the number of mobile money agents grew by 5.9% as shown in the table below.

Table 13. Mobile Money Services

	Q4 2016	Q1 2017	Variations (%)
Number of Mobile money subscribers	21,585,484	22,532,144	4.4
Number of Transactions	291,373,524	279,006,959	(4.2)
Value of Transactions	13,079,801,115,908	13,759,142,582,498	5.2
Balance on customer accounts	353,733,473,433	322,856,595,238	(8.7)
Number of mobile money agents	132,937	140,765	5.9

Source: Bank of Uganda

12.0 Consumer Affairs

Consumers of communication services when dissatisfied with a service are required to first lodge complaints with their respective service providers. Where a consumer remains dissatisfied, they can then lodge complaints with UCC, at which point it becomes a second level complaint. The data used in this report represent second level complaints to UCC. However, the figures may include some first level complaints from consumers who claim inability to access their service providers.

A total of 36 complaints were received from the consumers of which 30 were resolved and closed, 6 were pending, awaiting response from service provider.

Out of all the complaints received:

- 47.2% of the complaints were received through e-mail,
- 33.3 % of the complaints were received through phone calls,
- 13.8% of the complaints were received through walk-in clients,
- 2.7 % of the complaints were received through letters to the Commission.
- 2.7% of the complaints reviewed were received through social media,

TABLE 14. Complaint types received, resolved and pending for the period under review

COMPLAINT TYPE	RECEIVED	RESOLVED	PENDING
UNSOLICITED MESSAGES	10	10	0
BROADCASTING	9	6	3
QUALITY OF SERVICE RELATED ISSUES	3	3	0
NETWORK	3	3	0
FRAUD	3	2	1
INTERNET / GPRS SERVICES	3	1	2
BILLING	1	1	0
SIM CARD REGISTRATION	1	1	0
CALL DIVERTS	1	1	0
MTN MOKASH	1	1	0
DENIAL OF INFORMATION	1	1	0
TOTAL	36	30	6