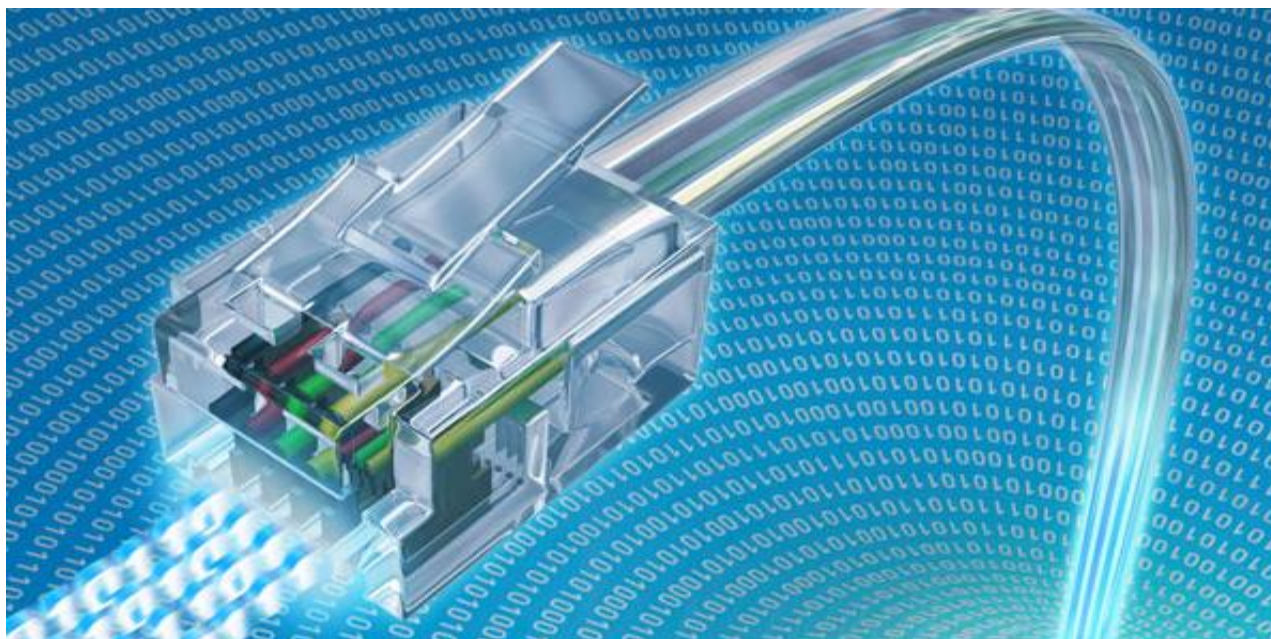


Post, Broadcasting and Telecommunications Market and Industry Report



FOURTH QUARTER (October-December 2015)

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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 of Uganda's communications sector for the period October to December 2015. In this report, data for Q4 (October-December 2015) is compared against that for Q3 (July-September 2015). 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)

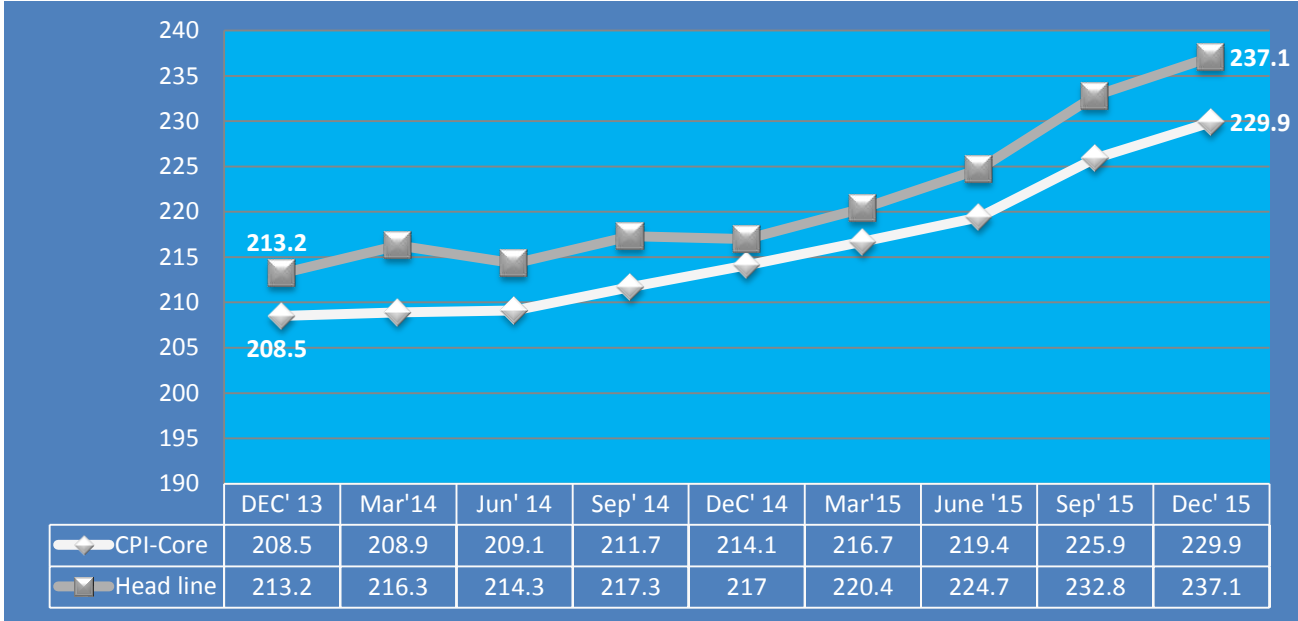
Consumer Price Index (CPI) is a measure that examines the weighted average of prices of a basket of consumer goods and services, such as transportation, food and medical care. CPI is calculated by taking price changes for each item in the pre-determined basket of goods and averaging them; the goods are 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

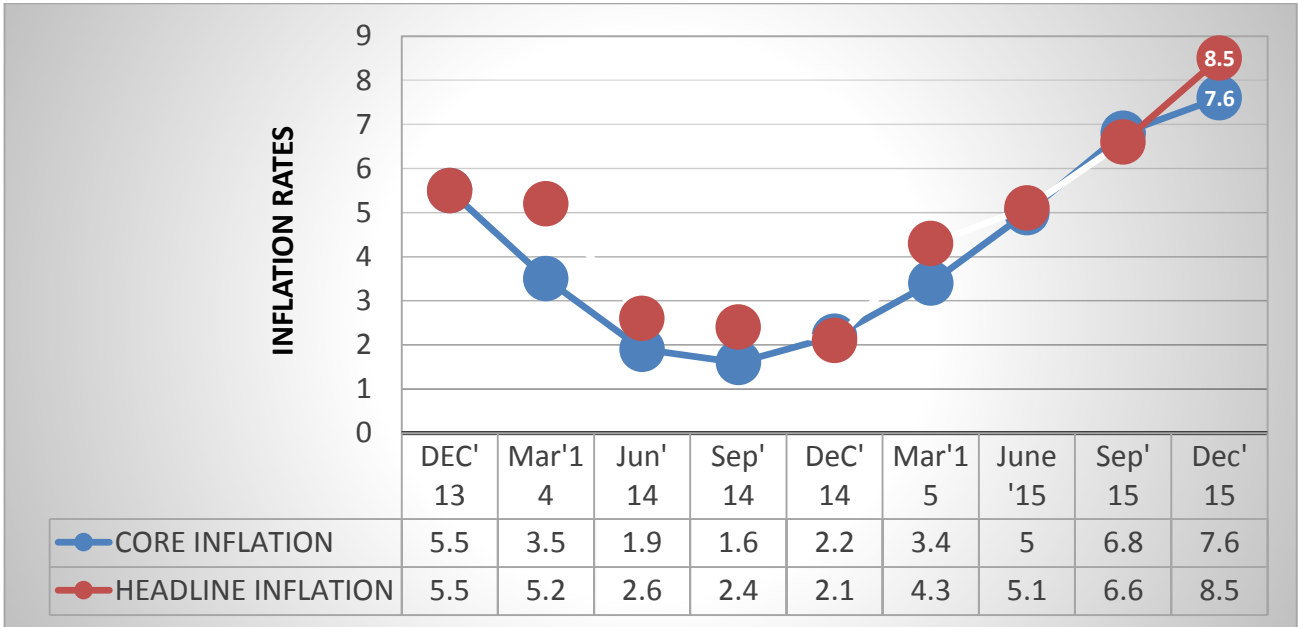
Core CPI is the consumer price index (CPI) excluding energy and food prices. The Core CPI is widely used because food and energy prices can be very volatile, and this wide amount of movement would unfairly bias the measure of inflation.

The Consumer Price Index (Core) increased from 225.9 in September 2015 to 229.9 in December 2015, leading to a 1.8% increment compared to an increase of 3% realised in the previous quarter. The increase in the cost of living in this quarter is lower than that experienced in the previous quarter. However, there was still an increase in the cost of living in this quarter compared to the previous quarter. This could have had a negative impact, though indirectly, on the consumption of communication services.

Figure 1: Quarterly -Trend in Consumer Price Index



INFLATION TREND (BASE: 2009/10=100)

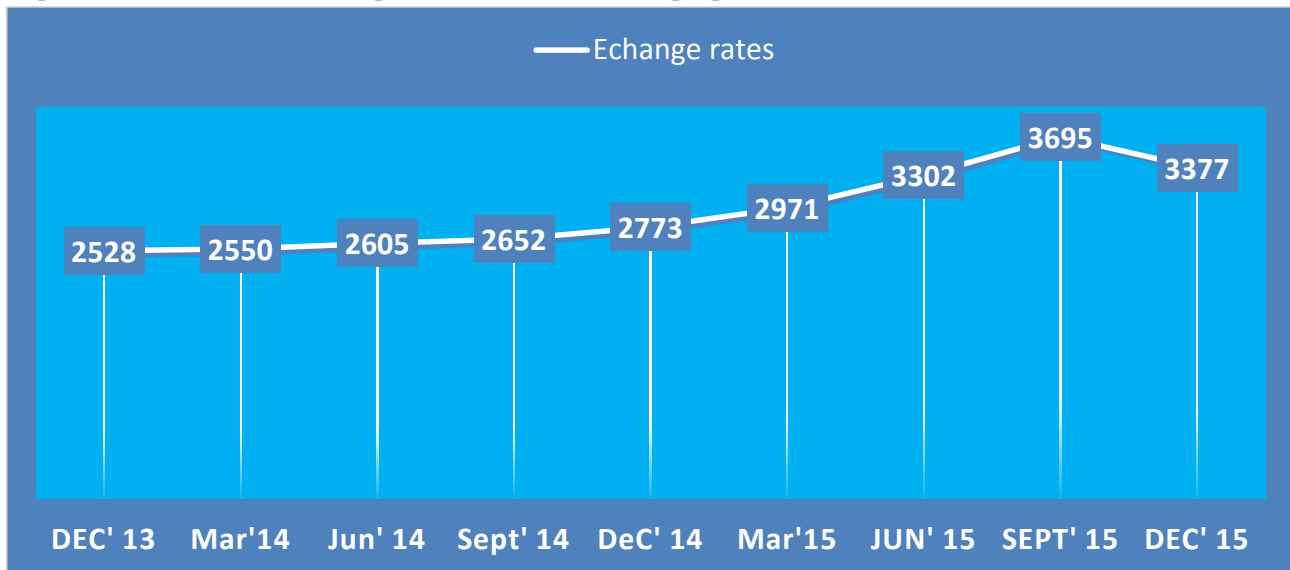


Source: BOU

2.2 Exchange Rate

In this Quarter, the Uganda Shilling (UGX) slightly regained its value against the United States Dollar (USD) by 8.6% down from UGX 3695 per USD at the end of September 2015 to UGX 3377 at end of December 2015. The trend for the last eight quarters had been upwards in favour of the dollar. This might portend the fall in cost of delivering communications services which ultimately may results into reduced cost of communications services.

Figure 2: 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 reduced from 22,973,902 to 20,549,084 a reduction of 2,424,818 subscribers (10.6%) compared to the 3.1% increases realised in the previous quarter. This was due to the exercise conducted by licensed telecom operators conducted in October and November to remove unregistered SIM cards from their data banks.

4.2 Mobile Telephony

The pre-paid and post-paid subscriptions dropped by 2,408,819 (10.7%) and 17,758 (17%) respectively compared to the (3.4%) growth and (0.03%) drop respectively experienced in the previous quarter.

4.3 Fixed Telephony

Fixed subscription grew from 327,052 to 328,811 (0.5%) compared to the 0.13% drop registered in the previous quarter.

Table 1: Mobile and Fixed Telephony

Indicators	Q3 2015	Q4 2015	Change (%)
National status	22,973,902	20,549,084	-10.6
Mobile Subscriptions (pre-paid)	22,542,182	20,133,363	-10.7
Mobile Subscriptions (post-paid)	104,668	86,910	-17.0
Fixed subscriptions	327,052	328,811	0.5
Tele-density	64.3	59	-5.3

4.4 Tele-density

Telephone density or tele-density is the number of telephone connections for every hundred individuals living within an area (in this case Uganda). The sector registered a drop of 5% in tele-density in the period being reviewed resulting into a tele-density of 59.3. The previous quarter however, had registered a 0.01% growth in tele-density.

4.5 Traffic Growth

4.5.1 On-net & off-net Voice Traffic

During this Quarter, both the on-net and off-net traffic grew by 1.6% and 5.2% respectively. In the previous quarter, growth was registered for both indicators as well.

Table 2 On-net and Off-net Traffic data

Indicators	Q3 2015	Q4 2015	Change (%)
On net traffic (voice)	4,923,793,515	5,004,168,459	1.6
Off net traffic (voice)	271,059,181	285,069,810	5.2

4.5.2 International Voice Traffic

The international incoming voice traffic dropped by 7.5% while the international outgoing voice traffic grew by 1.2%. In the previous quarter, however, the international incoming voice traffic had grown by 0.07% while the international outgoing voice traffic had dropped by 0.2%

Table 3. International Traffic (Minutes)

Indicators	Q3 2015	Q4 2015	Change (%)
International traffic (voice incoming to mobile)	125,391,910	116,001,574	-7.5
International traffic (voice outgoing)	57,922,217	58,624,564	1.2

4.5.3 Roaming Traffic (Voice)

Roaming traffic in foreign networks increased by 14% compared to the 0.24% increase registered in the previous quarter. Roaming by foreign networks increased by 6% compared to the 0.07% increase experienced in the previous quarter.

Table 4. Roaming Traffic (Minutes)

Indicators	Q3 2015	Q4 2015	Change (%)
Roaming in foreign networks	25,196,238	28,811,152	14.3
Roaming by foreign networks	9,505,379	10,088,603	6.1

4.6 Communications Infrastructure

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

The number of PIPs remained unchanged at 23. The same applies to the number of PSP which is 24. Thus no new entry was made in this market during this quarter.

The number of Base Transmission Stations (BTSs) increased during the quarter by 0.85%. In the previous quarter, however, only a growth of 0.01% was registered.

Table 5. Communications Infrastructure Data

Indicators	Q3 2015	Q4 2015	Change (%)
Public Infrastructure Provider (PIP)	23	23	0.0
Public Service Provider (PSP) Voice and Data and Capacity Resale.	24	24	0.0
Number of Base Transmitter Stations (BTS)	4,111	4,146	0.85

5.0 Mobile and Fixed Internet services

The sector registered a 13.7% growth in mobile internet subscription and a 0.04% growth in fixed internet subscription in the same period. The estimated internet users increased by 6.3% from 13,023,114 to 13,842,464 in this quarter. The internet penetration increased from 37.4% to 39.7% a growth of 6.1.

Table 6. Internet and Data

Indicators	Q3 2015	Q4 2015	Change (%)
Estimated Internet Subscription (Mobile)	6,463,479	7,349,540	13.7
Estimated Internet Subscription (Fixed)	127,200	130,200	2.4
Estimated Internet users	13,023,114	13,842,464	6.3
Internet Penetration per 100 population	37.4	39.7	6.1

5.1 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 7%. 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% in this quarter.

Table 7. Bandwidth

Indicators	Q3 2015	Q4 2015	Change (%)
Total Bandwidth (mbps)	33,408.39	35,746.97	7
Bandwidth per million inhabitants	958.45	1,025.5	7

6.0 Short Message Services (SMS)

The sector registered slight positive development in SMS services. The out-going on-net SMS increased by 32.2%, outgoing off-net SMS increased by 3.1%, while the international incoming SMS as well grew by 12.3%. However, the International outgoing SMS dropped by 13.9%.

Table 8. Mobile data SMS

Mobile Data (SMS)	Q3 2015	Q4 2015	% change
Out-going On net SMS	727,534,070	962,158,868	32.2
Out-going SMS Off net	26,985,915	27,814,198	3.1
International Out-going SMS	3,677,944	3,168,162	-13.9
International Incoming SMS	21,270,010	23,896,000	12.3

7.0 Tariffs

All the operators are operating at different tariff plans, as such 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.

8.0 Telecommunication Revenue

The revenue collected from Exercise Duty dropped from UGX 64.9bn to UGX 58.2bn, reflecting a 10.2% drop. VAT payments increased from UGX 41.1bn in the previous quarter to UGX 45.3bn in this quarter, a 10% growth, while PAYE decreased from UGX 11.5bn to UGX 7.7bn, reflecting a 33.6% drop.

Table 9. Telecommunications Tax Revenue Data

Indicators	Q3 2015	Q4 2015	Change (%)
Excise (UGX)	64,881,320,734	58,248,112,420	-10.2
VAT (UGX)	41,136,106,033	45,252,309,064	10.0
PAYE(UGX)	11,517,941,087	7,650,099,630	-33.6

9.0 Broadcasting

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

Table 10. Broadcasting

Indicators	Q3 2015	Q4 2015	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
Operational FM Radio stations	292	292	0

9.1 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.	DStv	Satellite	Countrywide
2.	GOtv	Terrestrial	Kampala, Jinja, Iganga, Mbarara, Kasese Masaka, Mbale, Lira, Gulu, Arua,
3.	CITI CABLE	Cable Internet	Kampala and Jinja (2)
4.	AZAM TV	Satellite	Countrywide
5.	STARTIMES	Satellite	Countrywide
6.	STARTIMES	Terrestrial	Bugiri, Jinja, Kampala, Luwero, Masaka, Mbale, Mbarara, Mukono, Nakasongola, Tororo and Wakiso (11)
7.	ZUKU TV	Satellite	Countrywide

10.0 Postal Services

The East African letter post incoming grew from 8,604 in the previous quarter to 15,574 in the current quarter resulting into 81% growth in the service. The East African letter post outgoing dropped from 8,257 in the previous quarter to 6,003 in the current quarter, resulting into 27.3% drop in the service.

The incoming European letter post grew by 100% from 62,045 to 124,163, while the Outgoing European letter post dropped by 2.4% from 33,709 to 32,888.

The incoming letter post from rest of Africa grew by 66% from 7,124 to 11,827, while the Outgoing letter post to rest of Africa dropped by 65.9% from 2,019 to 715.

The incoming letter post from America grew by 35.4% from 32,413 to 43,892 while the Outgoing letter post to America dropped by 18.5% from 15,231 to 12,407.

The incoming letter from Rest of the World grew by 71.1% from 49,104 to 84,022, whereas the outgoing letter post to rest of the world dropped by 2.6%.

Table 12. Postal Data

Indicators	Q3 2015	Q4 2015	Change (%)
Courier Licence operators (International, Regional, Domestic)	(8,5,11)	(8,5,11)	N/A
East African Letter Post (Incoming)	8,604	15,574	81
East African Letter Post (Outgoing)	8,257	6,003	-27.3
European Letter Post (Incoming)	62,045	124,163	100
European Letter Post (Outgoing)	33,709	32,888	-2.4
Rest of Africa (Incoming)	7,124	11,827	66.0
Rest of Africa (Outgoing)	2,094	715	65.9
American (Incoming)	32,413	43,892	35.4
American (Outgoing)	15,231	12,407	-18.5
Rest of the world (Incoming)	49,104	84,022	71.1

Indicators	Q3 2015	Q4 2015	Change (%)
Rest of the world (Outgoing)	7,121	6,934	2.6

11.0 Mobile Money Services

The number of mobile money subscribers grew by 6.1% up from 19.9million to 21.1million subscribers. The number of transactions grew from 185million to 200.1million resulting to 8.3% growth. The value of transaction increase from UGX 8.7trillion to UGX 9.4trillion, resulting to a 7.3% growth.

The balance on customer accounts grew by 7.5% from UGX 302.6billion to UGX 325.3billion. The number of mobile money agents grew by 3.9% from 105,304 to 109,458 in the current quarter.

Table 13. Mobile Money Services

	Q3 2015	Q4 2015	Variations (%)
Number of Mobile money subscribers	19,893,691	21,102,851	6.1
Number of Transactions	184,702,384	200,057,441	8.3
Value of Transactions	8,754,400,345,665	9,391,738,772,873	7.3
Balance on customer accounts	302,554,989,281	325,266,377,490	7.5
Number of mobile money agents	105,304	109,458	3.9

Source: Bank of Uganda (It can be noted from this table that the number of mobile money subscribers (21,102,851) is higher than the number of Mobile SIMs subscribers (20,220,273), the discrepancies in the numbers is arising out of the fact that the mobile subs include only active subscribers, while the registered mobile money users, include even those that have been deactivated, but still have balances on their mobile wallets).

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 50 complaints were received from the consumers of which 40 were resolved and closed, 10 were pending, awaiting response from Service provider.

Out of all the complaints received:

- 38% of them were through Phone Calls
- 46% received through Email
- 2% from Post/Courier
- 10% were Walk-In complaints
- 4% received through Facebook

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

COMPLAINT TYPE	RECEIVED	RESOLVED	PENDING
BILLING	8	5	3
INTERNET / GPRS SERVICES	2	1	1
QUALITY OF SERVICE-RELATED ISSUES	3	2	1
MOBILE MONEY SERVICES	12	12	0
VALUE-ADDED SERVICES	1	1	0
BROADCASTING	11	8	3
SIMCARD REGISTRATION	8	7	1
CALLER TUNE	1	1	0
OTHERS	4	3	1
TOTAL	50	40	10

Others in the above table include complaints such as Fraud, adverts and counterfeit devices.

Table 15 shows that there was a 9% increase in the number of complaints resolved by the operators compared to the 6.1% decrease realised in the previous quarter.

Table 15. Second Level Consumer Complaints

REVIEW OF COMPLAINTS RECEIVED	Q3 2015	Q4	Change (%)
Percent of Complaints received and resolved	71	80	9
Percent of Pending complaints	29	20	-9

As show in Figure 4, the highest number of complaints registered in this quarter were on mobile money related, broadcasting issues, billing and sim card registration.

Figure 4: Nature of complaints received and resolved

