Communication Sector Performance for the Quarter ending December 2017
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Introduction

- This review presents the performance of the Post, Broadcasting and Telecommunications industry market Report for the period ending December 2017. It covers the following:

1. Highlights in Telecommunication Market space.
2. Trends in service growth and penetration.
3. Product and pricing movements in the industry.
4. Mobile Financial services.
5. Internet & Data services.
6. The Broadcasting services.
7. Postal services.
8. Consumer affairs.
Highlights in Telecommunications

Telecommunications

- The global telecommunications market place in the year 2017 was associated with news of early commercial trials in 5G technology across major markets across Asia and Europe. With the US expected to see its commercial launch in late 2018.

- The none standalone 5G new radio (NSA 5G NR) specifications were officially approved in December 2017 hence completing the standardization of 5G.

- The early adopters like Ericsson and Nokia purport that the technology shall among others deliver;
  - Higher speeds
  - Better in building penetration
  - Reduced intra cell multi user interference

Artificial Intelligence

- Leading telcos in the world have embraced the benefits of artificial Intelligence which is dominated by big tech players in the US such as Google, Amazon, Apple, Facebook, Microsoft & IBM as well as Chinese Baidu, Alibaba & Tencent.

(source: GSMA)
# Uganda’s Telecommunication Sector at a Glance

<table>
<thead>
<tr>
<th></th>
<th>Dec -16</th>
<th>Mar – 17</th>
<th>June- 17</th>
<th>Sept 17</th>
<th>Dec 17</th>
</tr>
</thead>
<tbody>
<tr>
<td>PIP</td>
<td>24</td>
<td>23</td>
<td>23</td>
<td>23</td>
<td>23</td>
</tr>
<tr>
<td>PSP Voice and Data</td>
<td>36</td>
<td>33</td>
<td>33</td>
<td>33</td>
<td>33</td>
</tr>
<tr>
<td>Pay TV Subscriptions</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>1,159,345</td>
<td>1,618,913</td>
<td>1,691,634</td>
<td>1,634,067</td>
<td>1,627,594</td>
</tr>
<tr>
<td>Fixed Lines subscription</td>
<td></td>
<td></td>
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<td></td>
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<tr>
<td></td>
<td>368,243</td>
<td>369,237</td>
<td>384,503</td>
<td>263,963</td>
<td>262,286</td>
</tr>
<tr>
<td>Mobile Subscriptions</td>
<td></td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>22,838,486</td>
<td>23,665,556</td>
<td>23,608,610</td>
<td>24,361,551</td>
<td>24,948,878</td>
</tr>
<tr>
<td>Tele-density</td>
<td>63.4</td>
<td>63.8</td>
<td>63.7</td>
<td>65.4</td>
<td>66.9</td>
</tr>
</tbody>
</table>

Population est: 37,673,800 (UBOS)

By the Economic Regulation Unit
The figures are based on tax collections from 5 major players.

Shs.114 billion was realized in telecommunications VAT, Excise & PAYE in the period Oct- Dec 2017 compared to 134 billion realized in the preceding quarter.

The decrease (14.9%) in tax collections could be explained by heavy price discounting during the festive season as well as drops in off-net and international traffic.

Source: URA
## Fixed Subscriptions

<table>
<thead>
<tr>
<th></th>
<th>Dec-16</th>
<th>Mar-17</th>
<th>Jun-17</th>
<th>Sep-17</th>
<th>Dec-17</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number</td>
<td>368,243</td>
<td>369,237</td>
<td>384,503</td>
<td>263,963</td>
<td>262,286</td>
</tr>
</tbody>
</table>

**-0.64% quarter to quarter decline in fixed line subscriptions.**

By the Economic Regulation Unit
Graph above represents the number of fixed lines for every 1000 people in the country.

By the Economic Regulation Unit
Mobile Subscriptions, Dec 2017

- 587,327 new mobile subscriptions in the period October – December 2017.
- This largely on account of seasonality variations associated with the festive season.

By the Economic Regulation Unit
Up to 99.6% of the mobile subscribers are prepaid.
A 1.5% growth in mobile penetration was realized during the quarter.
The downward trend implies increasing mobile market competition.

This is largely on account of aggressive price and customer acquisition offerings within the segment.
The 585,650 growth in mobile subscriptions in the fourth quarter resulted into a 2.4% increase in tele density.

This growth is credited to the end of year aggressive on net promotions within the quarter.
The domestic traffic trends are as a result of the current pricing structure dominated by on-net bundle offerings.

The declining international outgoing traffic could largely be explained by increasing traffic migration to OTT services.
The graph shows that only the on-net traffic varied positively.
Voice Traffic Distribution, 2017

Voice Traffic Distribution Jan-June 17
- On net: 96%
- Intnl Outgoing: 1%
- 3% off net

Voice Distribution July - Dec 17
- On net: 97%
- Intnl Outgoing: 1%
- Off net: 2%

Jan- June 2017

July- Dec 2017

By the Economic Regulation Unit
International Incoming Traffic, 2017

- International incoming minutes continued to grow from 117 million minutes recorded in the preceding quarter to 122 million minutes for the quarter ending December 2017.

- This therefore represents a 4.6% growth from the previous quarter.

By the Economic Regulation Unit
The fourth quarter registered a total of 20.8 million roaming minutes in foreign networks compared to 17.3 million minutes realized in the previous quarter. Roaming by foreign networks dropped from 13 million to 12.5 million minutes during the quarter.

This translates to a respective 20.6% growth and 4.2% drop in roaming minutes.
SMS Traffic Growth

- There was a drop of 7.1% in total SMS traffic in the fourth quarter of 2017.

- This drop is accredited to the growing popularity and added functionality of Over The Top (OTT) messaging services.

- The On net SMS again dominated the sms market accounting for 98% of all SMSs sent, while off net accounted for only 1.5% of SMSs.

Quarterly SMS Traffic Growth, Dec 2017

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Onnet Sms</th>
<th>Off net Sms</th>
<th>Int'nal Out</th>
<th>Incoming Intn'l SMS</th>
</tr>
</thead>
<tbody>
<tr>
<td>1Q17</td>
<td>1,207,976</td>
<td>23,240,984</td>
<td>3,909,315</td>
<td>22,296,239</td>
</tr>
<tr>
<td>2Q17</td>
<td>1,012,684</td>
<td>20,311,965</td>
<td>3,601,890</td>
<td>13,203,520</td>
</tr>
<tr>
<td>3Q17</td>
<td>1,557,364</td>
<td>20,972,939</td>
<td>3,695,974</td>
<td>16,309,013</td>
</tr>
<tr>
<td>4Q17</td>
<td>1,444,287</td>
<td>21,469,994</td>
<td>3,691,904</td>
<td>12,588,164</td>
</tr>
</tbody>
</table>
Tariffs

Post broadcasting & telecommunication plans are available on the two UCC accredited price comparison websites;
Mobile Money Services
For the first time since the inauguration of Mobile money service in Uganda in 2009, the Industry has realized a 1.5% drop in mobile money subscriptions.
# Mobile Money Transactions

<table>
<thead>
<tr>
<th></th>
<th>1Q17</th>
<th>2Q17</th>
<th>3Q17</th>
<th>4Q17</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>No. of Transactions</strong></td>
<td>279,006,959</td>
<td>287,558,423</td>
<td>305,757,311</td>
<td>340,591,373</td>
</tr>
<tr>
<td><strong>Value of Transactions</strong></td>
<td>13,759,142,582,498</td>
<td>14,448,875,209,547</td>
<td>16,748,857,697,159</td>
<td>18,136,115,656,548</td>
</tr>
<tr>
<td><strong>Balances on customer Accounts</strong></td>
<td>322,856,595,238</td>
<td>323,212,338,095</td>
<td>418,978,104,604</td>
<td>511,885,255,712</td>
</tr>
<tr>
<td><strong>Number of Mobile money Agents</strong></td>
<td>140,765</td>
<td>147,146</td>
<td>151,644</td>
<td>160,351</td>
</tr>
</tbody>
</table>

*Source: Bank of Uganda*

- There has been an 8% growth in total value of transactions from UGX 16,748 trillion recorded in quarter 3 to UGX 18,136 trillion. The number of transactions also increased to Ugx 340.5 million as of December 2017.

- Balances on customer accounts as well as number of mobile money Agents continued to grow to UGX 511.8 billion and 160,351 respectively as indicated in the table above.

By the Economic Regulation Unit
Communications Infrastructure.

The number of Base Transceiver Stations (BTSs) increased during the quarter by 3% from 4,286 to 4,418.

The number of PIPs remained the same as of the previous quarter at 23.
International Bandwidth

- By the end of December 2017, total international bandwidth had risen to 75,879.7 mbps from 68,360.1 mbps at the end of September 2017. (see chart on the right)

- 85% of the available bandwidth is provided by sea cables at the East African Coast such as TEAMS, ESSAY, Seacom

- This has encouraged data usage leading to declining internet prices.
Internet Services

By the Economic Regulation Unit
Internet Subscriptions & Usage

Estimated internet users, Dec 2017

- As of March 2017: 8,583,536
- As of June 2017: 9,077,326
- As of Sept 2017: 9,637,568
- As of Dec 2017: 10,028,847

By the Economic Regulation Unit
Mobile Internet Access

- The mobile broadband subscriptions grew to 10 million while fixed internet subscriptions were 167,700 at the end of December 2017.

- The growth in subscriptions resulted in an estimated 18.8 million internet users translating into a penetration of 49 persons per 100.

- Internet growth in subscriptions is largely due to price reduction in internet bundles as well as increasing availability of data enabled handsets.
Monthly Mobile Internet capacity based pricing, Dec 2017

- 1GB UTL (GPRS/Edge): 28,000
- Smile Lite bundle (1GB): 32,000
- 1GB (Vodafone): 35,000
- Airtel 1.25GB bundle: 15,000
- Africell 1GB: 34,500
- 1GB MTN bundle: 30,000

By the Economic Regulation Unit
BROADCASTING

By the Economic Regulation Unit
Eight Pay Televisions players in the market, of which four broadcast using Satellite, 2 Digital Terrestrial, one uses cable and one uses SMS for broadcasting. The only Country Wide broadcasting is through satellite mode.
NUMBER OF CHANNELS RUN BY EACH PAY TV, 4Q17

<table>
<thead>
<tr>
<th></th>
<th>OCTOBER</th>
<th>NOVEMBER</th>
<th>DECEMBER</th>
</tr>
</thead>
<tbody>
<tr>
<td>DSTV</td>
<td>141</td>
<td>141</td>
<td>141</td>
</tr>
<tr>
<td>CITU CABLE</td>
<td>137</td>
<td>137</td>
<td>136</td>
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<tr>
<td>AZAM TV</td>
<td>91</td>
<td>91</td>
<td>91</td>
</tr>
<tr>
<td>STARTIMES (Satellite)</td>
<td>101</td>
<td>101</td>
<td>101</td>
</tr>
<tr>
<td>STARTIMES (Terrestrial)</td>
<td>84</td>
<td>87</td>
<td>89</td>
</tr>
<tr>
<td>ZUKU TV</td>
<td>105</td>
<td>105</td>
<td>105</td>
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<tr>
<td>GOTV</td>
<td>47</td>
<td>47</td>
<td>47</td>
</tr>
<tr>
<td>KSSU TV</td>
<td>76</td>
<td>76</td>
<td>78</td>
</tr>
</tbody>
</table>
PAY TV Subscriptions, Dec 2017

Q1: 1,559,913
Q2: 1,614,404
Q3: 1,544,615
Q4: 1,627,594

By the Economic Regulation Unit
POST & COURIER SERVICES

By the Economic Regulation Unit
## Postal & Courier Access

<table>
<thead>
<tr>
<th>Indicator</th>
<th>1Q17</th>
<th>2Q17</th>
<th>3Q17</th>
<th>4Q17</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of Permanent Post Offices</td>
<td>334</td>
<td>334</td>
<td>334</td>
<td>334</td>
</tr>
<tr>
<td>Number of Permanent Post Offices connected to the internet</td>
<td>33</td>
<td>33</td>
<td>49</td>
<td>33</td>
</tr>
<tr>
<td>Post Offices offering public internet services</td>
<td>25</td>
<td>25</td>
<td>32</td>
<td>25</td>
</tr>
<tr>
<td>Private letter boxes</td>
<td>82,900</td>
<td>82,900</td>
<td>82,900</td>
<td>82,900</td>
</tr>
<tr>
<td>Courier Access points</td>
<td>846</td>
<td>851</td>
<td>858</td>
<td>867</td>
</tr>
</tbody>
</table>

By the Economic Regulation Unit
Postal distribution in Uganda
Quarterly Postal Mail Volumes

Domestic Postal Mail Volumes, Dec 17

- Domestic Ordinary letter post
- Domestic Registered Letter Post
- Domestic EMS

1Q17: 52,144
   - Ordinary: 1,126
   - Registered: 34,076
   - EMS: 18,942

2Q17: 39,210
   - Ordinary: 2,605
   - Registered: 39,210
   - EMS: 1,395

3Q17: 44,460
   - Ordinary: 2,589
   - Registered: 32,584
   - EMS: 9,287

4Q17: 67,246
   - Ordinary: 6,826
   - Registered: 59,602
   - EMS: 10,818

By the Economic Regulation Unit
Quarterly Domestic Courier Volumes

Domestic Courier Volumes, Dec 17

By the Economic Regulation Unit
Select International Postal Traffic, Dec 2017

Select International Postal Traffic, Dec 2017

![Graph showing international postal traffic by quarter and type.](image)

By the Economic Regulation Unit
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.
Consumer Empowerment, Dec, 2017

24 HOUR COMPLAINT RESOLUTION

<table>
<thead>
<tr>
<th>Company</th>
<th>Resolution</th>
</tr>
</thead>
<tbody>
<tr>
<td>Africell</td>
<td>99.5</td>
</tr>
<tr>
<td>Airtel</td>
<td>84</td>
</tr>
<tr>
<td>MTN</td>
<td>57.4</td>
</tr>
<tr>
<td>Roke</td>
<td>84.4</td>
</tr>
<tr>
<td>Smart</td>
<td>90.6</td>
</tr>
<tr>
<td>Smile</td>
<td>91.7</td>
</tr>
<tr>
<td>UTL</td>
<td>92.9</td>
</tr>
<tr>
<td>Vodafone</td>
<td>77.8</td>
</tr>
</tbody>
</table>

Target
Consumer Empowerment, Cont’

- Operators are expected to resolve 90% of all complaints received within a 24-hour period.

- The data analyzed included tickets for inquiries, queries and complaints.

- The ticket items include feedback provided to customers within a call session of a customer calling the call center. The feedback includes guidance, advise, information and actual complaint resolution given to a complainant. It is noted that in several instances a resolution to a complaint may be reached after several customer calls.