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Market developments for electronic communications and post – a review of outcomes for 2024 based on Q1 figures.

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The first quarter of 2024 witnessed continued growth in the telecommunications sector, with year-on-year increases in the subscription base recorded in the mobile telephony sector (5.8%), pay-TV sector (3.3%) and the fixed broadband sector (2.6%). Conversely, the fixed-line telephony subscription base experienced a slight year-on-year decline (0.1%).

The data underscores end-users' growing dependence on high-speed internet, mobile devices, and connectivity. This quarter saw a decline in pre-paid mobile subscriptions, along with reductions in voice call and SMS volumes, while domestic and roaming data usage increased. Significantly, the first quarter of 2024 was the first time when post-paid subscriptions (i.e. subscriptions on a contract-term agreement) exceeded pre-paid subscriptions. These trends indicate a continued shift among mobile subscribers primarily underscored by the need for better data access and connectivity rather than voice services.

Notably in the fixed broadband segment, there was a 53% year-on-year increase in subscriptions with internet download speeds greater than or equal to 1 Gbps. Additionally, the number of fibre-to-the-home (FTTH) subscriptions surged by 30.6%, to represent 34% of all subscriptions recorded at the end of March. To date, all major fixed broadband providers in Malta offer internet plans via FTTH, with GO being the leader in terms of near nationwide coverage with this technology.

In the postal sector, mail items delivered within the universal service scope declined by 426,756 year-on-year, whereas those delivered outside scope increased by 76,636. The universal service is largely focused on domestic mail, accounting for 87.4% of all items within its scope. In contrast, mail outside the universal service scope is predominantly used for inbound cross-border parcel services, comprising 86% of such mail items.

Fixed broadband

In the first quarter of 2024, the fixed broadband sector experienced a 2.6% year-on-year increase in its subscription base, reaching 237,035 subscribers. By technology type, DSL subscriptions saw a significant 35.1% year-on-year decrease, as the operator owning this network infrastructure continues to migrate existing clients to FTTH. In the case of FTTH¹, subscriptions were up by 30.6% year-on-year, followed by fixed wireless subscriptions at 7.8% and cable subscriptions at 0.2%. By the end of March 2024, cable subscriptions still accounted for the largest share of Malta's internet subscriber base at 46.7% (down from 47.8% in the previous year), followed by FTTH subscriptions at 34.1% (up from 26.8% the previous year).

The number of subscriptions supporting headline download speeds under 100 Mbps decreased by 21.5% year-on-year, falling to 56,249 subscribers by the end of March. In contrast, all other speed categories saw year-on-year increases in subscriptions, with the most significant rise being on plans supporting headline download speeds exceeding 1 GB. The latter segment saw a 53.3% year-on-year increase in subscriptions (or an increase of 12,852 subscriptions in absolute terms). Additionally, 34% of subscribers had download speeds between 100 Mbps and 500 Mbps, and 26.7% had speeds between 500 Mbps and 1 GB, up from 33.4% and 25.1%, respectively, compared to the same period the previous year.

Given that fixed broadband is largely purchased in a bundle, at 91% by the end of March 2024, a substantial portion of operators' retail revenue is allocated to this service. In fact, during Q1 2024, fixed broadband remained the highest source of revenue per user for local telecommunication operators, with ARPU standing at €66.22. However, year-on-year, ARPU was down by 4.6% from €69.38 at the end of March 2023.

Mobile telephony

The mobile telephony subscription base grew by 5.8% year-on-year, reaching 754,926 subscribers by the end of the first quarter of 2024. This growth also led to an increase in the mobile penetration rate, which reached 135.7% of the total Maltese population. The rise was driven primarily by a year-on-year increase of 54,737 post-paid subscriptions, which, by March 2024, accounted for more than half (51.2%) of all mobile telephony subscribers. This marked a significant change in the subscriber dichotomy, resulting in more post-paid than pre-paid subscribers, for the first time since this data has been compiled. This change is largely attributed to the growing demand for interconnectivity and data-centric plans.

Meanwhile, voice call usage in this segment continues to decrease, with the volume of local outgoing voice calls declining by almost 1.0 million calls (or 0.8%). However, outgoing voice traffic minutes increased by 3.6 million minutes year-over-year, indicating that subscribers are overall making fewer but longer calls. In contrast, mobile data volumes surged, with domestic data volumes increasing by

¹ Following additional verification, FTTH subscriptions for Q4 2023 have been revised.

41% year-on-year and roaming inbound and outbound data volumes increasing by 22% and 76%, respectively.

The average revenue per user (ARPU) for mobile telephony decreased by 3.2%, year-on-year, from €38.56 in Q1 2023 to €37.30 in Q1 2024. This decline is likely attributed to the rising popularity of post-paid plans.

Pay-TV

The Pay-TV sector saw a 3.3% year-on-year increase in subscriptions to 191,221 by the end of March 2024. Notably, 83.2% of all subscriptions were on a bundle plan, unchanged from the previous year.

In terms of subscriptions by technology platforms, digital pay-TV subscriptions totaled 106,266 as at end of March, marking a 1.9% year-on-year decline. Conversely, the number of IPTV subscriptions increased by 10.7%, or by 8,174 subscriptions, to reach a total of 84,955 by the end of the same period. The market share margin between these two technologies decreased from 17% in Q1 2023 to 11% in Q1 2024.

The average revenue per user (ARPU) for Pay-TV services declined by 1.8% year-on-year, falling from €43.16 in Q1 2023 to €42.36 in Q1 2024.

Fixed telephony

By the end of March 2024, the number of fixed line telephony subscriptions was down marginally to 259,175 to mark a year-on-year decline of 0.1%. All major operators only offer plans on post-paid contracts, which are typically availed by the end-user in a bundle setting. In fact, 86.3% of all fixed telephony subscribers were included in a bundle by the end of March 2024. The figures supplied by operators also show that 'enhanced' subscriptions, which are essentially post-paid subscriptions but offered to business users seeking more advanced telephony functionalities, increased by 20.7% year-on-year to 3,537.

When it comes to fixed voice activity, both voice call volumes and call minute volumes experienced significant declines, by 15.8% and 15.9%, respectively. The average revenue per user (ARPU) of the fixed telephony service also declined year-on-year, in this case from €24.65 in Q1 2023 to €20.71 in Q1 2024.

High quality dedicated connections

Dedicated connections are premium, point-to-point data transmission connections commonly utilised by businesses in Malta, including government entities, banks, and gaming companies.

This business segment is niche for local operators, serving a smaller customer base, typically businesses, with well-defined data connectivity needs. The latter connectivity requirements are distinct to the internet mass market plans that are also available from the major operators in Malta.

These dedicated connections offer specific features such as no contention ratio, fully symmetrical speeds, and Service Level Agreements (SLAs).

By the end of March 2024, the total number of high-quality dedicated connections amounted to 336, reflecting a 5.3% year-on-year increase in the subscriber base for this segment. National retail leased line connections make up 91.7% of all connections. Within the segment, local operators predominantly use Ethernet interface connections, accounting for 93.8% of all connections, up from 90.8% in Q1 2023.

In contrast, international leased lines are used by local operators to connect with other non-national operators, representing 8.3% of all retail connections. All international retail connections use Ethernet interface connections, totalling 28 connections by the end of March 2024.

Post

The postal sector saw an overall decline in mail volume, dropping to 6.9 million mail items in the first quarter of 2024 from 7.3 million in the same period of 2023. This decline was particularly notable in mail volumes within the scope of the universal service, specifically single-piece letter mail and bulk mail, which decreased by 12% and 5.7%, respectively.

In contrast, mail volumes outside the scope of the universal service increased by 76,363 items, reaching 903,718 items for the first quarter of 2024. This increase was driven by a 28.4% rise in mail items weighing up to two kilograms, while mail items over two kilograms decreased by 23.4% over the same period.

Domestic mail items are the major component of mail volumes delivered within the universal service area, accounting for 87.4% of all mail items. Approximately 5.3 million domestic mail items were sent in Q1 2024 (compared to 5.6 million in Q1 2023). Conversely, postal services outside the universal service primarily encompass inbound cross-border mail items, accounting for 86% of all mail items sent outside the scope of the universal service.

Notes

- (1) Data cut-off date: 25th June 2024;
- (2) Data is preliminary and subject to change.