



Communications Market Review

July to December 2015

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1. Reporting parameters

This is the latest report in a series of Communications Market Review (CMR) publications from the Malta Communications Authority (MCA)¹, covering the period 2012 to December 2015. The report draws on quarterly and half-yearly data compiled by the MCA from network operators and service providers involved in the provision of electronic communications and postal services in Malta. This data is then utilised to develop key performance indicators (KPIs) for the relevant sectors.

Figure 1 below lists the network operators and service providers submitting data to the MCA.

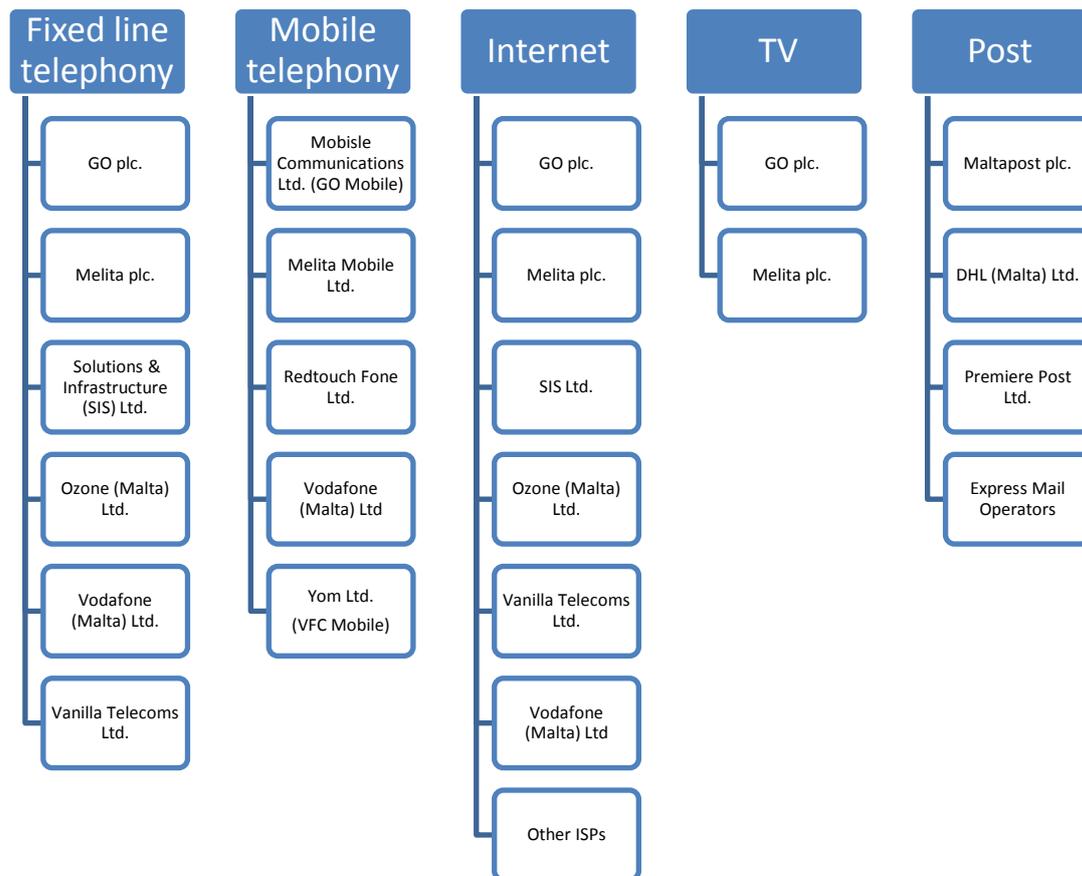


Figure 1: Operators providing quarterly data

This report also refers to findings extracted from publications of third parties in the areas of interest².

1.1. The reporting period and data cut-off date

The current review presents data and KPIs on a quarterly basis for the period starting Q1 2012 and ending Q4 2015³.

¹ These publications are available electronically: <http://www.mca.org.mt/market-overview>

² References to information contained in other websites and quotes from third party sources, such as reference to Deutsche Post's postal rate figures in Malta and the EU, should not be interpreted as constituting endorsement, accuracy and/or responsibility by the MCA.

³ Previous MCA CMR publications are available to download for free from the MCA website by clicking [here](#).

The data cut-off date for implementing changes and updates in the data has been set on the 8th of March 2016. Any data revised and updated by the sources after the cut-off date will be incorporated in the forthcoming Data Report Sheet (DRS) publication envisaged for June 2016⁴.

1.2. The KPIs in this report

This report is composed of five sections dealing with trends observed for fixed line telephony, mobile telephony, Internet, pay TV and post. Figure 2 below highlights on the list of indicators covered in this review.

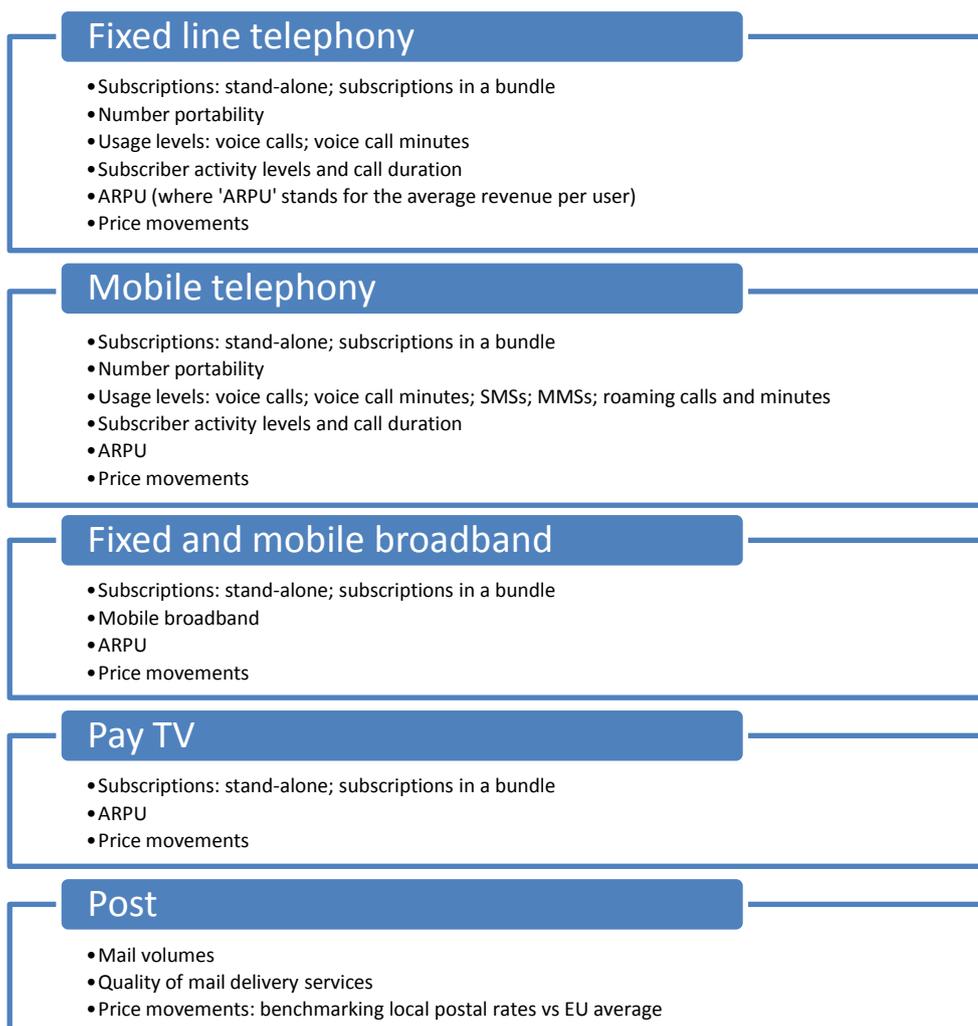


Figure 2: Key market indicators for electronic communications and post

⁴ The MCA publishes a DRS on a regular basis, the latest of which can be found on: <http://mca.org.mt/statistics/key-market-indicators-electronic-communications-and-post-q1-2011-q4-2015>

2. Key market outcomes

Two significant outcomes for electronic communications in 2015 are the accelerating use of mobile telephony services and the rapid uptake of superfast broadband connections. A significant rise in subscriber numbers, higher usage for mobile telephony and stronger demand for high speed broadband services underpin these two accomplishments.

The mobile subscriber base saw a solid expansion, with subscriptions climbing by 11,354 year-on-year, from 546,229 at the end of 2014 to 557,583 a year later. This development is attributable to an increase in take-up of post-paid telephony plans. The number of post-paid subscriptions went up by 15,254 year-on-year, in contrast to a drop of 3,900 pre-paid subscriptions. As a result, the proportion of post-paid subscriptions of the local mobile subscriber base improved by 2.2 percentage points during the period under review.

Mobile voice traffic volumes jumped ahead, with the number of mobile voice calls and mobile voice call minutes going up by 8.4 million (or by 3.2%) and by 22.5 million (or by 6.1%) respectively in the second half of 2015, when compared to the same period a year earlier. The rate of growth for voice traffic volumes was stronger than that for subscriptions. Hence, voice activity levels per subscription strengthened in the second half of 2015 compared to voice activity levels recorded in the corresponding period a year earlier. The number of mobile voice calls and the number of voice call minutes per subscription in the second half of 2015 totalled 490 and 700 respectively compared to 487 and 675 in the second half of 2014.

There are various factors driving the increasing usage of mobile voice telephony services. First, service providers have a number of plans, specifically post-paid plans, which combine minute allowances with the monthly access fee. Over the years, these minute allowances improved, as service providers went beyond the typical 'unlimited' on-net calling and offered off-net calling in the allowance. Second, consumers are steadily substituting voice telephony services from fixed to mobile. Fixed-to-mobile (FTM) substitution in part explains the continued decline in fixed voice traffic volumes in the second half of 2015 when compared to volumes recorded a year earlier.

The increase in subscriptions and traffic volumes for mobile also coincided with a strong increase in active usage of mobile data services. The number of end-users actively using mobile broadband services increased by around 44,500 (or by 19.7%) between December 2014 and December 2015. This increase comes on the back of a rapid uptake of smart-phones, tablet computers and laptops, especially as local service providers continue offering such devices at discounted prices in combination with mobile telephony plans.

These positive trends contributed to stronger revenue streams for the mobile sector, which is evident by the increase in ARPU levels. Mobile telephony ARPU in the second half of 2015 stood at €92.39, up from €91.07 in the second half of the previous year. This increase in ARPU materialised in parallel to a 2.4% reduction in the average rate per minute of mobile communication, from €0.086 in the second half of 2014 to €0.084 in the second half of last year. The overall positive aspect of these trends is the increasing value for money for local subscribers.

Consumers are also increasingly getting superfast fixed broadband services. In fact, the number of fixed broadband subscriptions supporting superfast download speeds (i.e. download speeds of 30Mbps or higher) went up by 14,167 (or by 16.9%) over a 12-month period ending December 2015. Underlying the considerable jump in take-up of superfast fixed broadband is the drive by service providers to upgrade existing customers to these products, occasional offers and discounts, and the increasing propensity of end-users to seek superfast speeds in order to avail of new services offered online, such as online TV.

The proportion of fixed broadband subscriptions supporting download speeds of 30Mbps or higher stood at 60.0% at the end of 2015, up from 55.3% a year earlier. Higher take-up of superfast fixed broadband connections enabled local service providers to improve ARPU levels. Fixed broadband ARPU for the second half of 2015 stood at €91.32, up by 1.4% from €90.02 for the same period a year earlier. This increase in ARPU happened at a time when the average price per Mbit was down by 10.1% year-on-year.

Take-up of Pay TV rebounded in 2015, with the number of subscriptions at the end of year standing at 149,378. This figure is up by almost 1,500 (or by 1.0%) from 147,880 a year earlier. This increase in subscriptions did not however leave much of an impact in terms of revenue. In fact, pay TV ARPU in the second half of 2015 was down by 2.4% when compared to the same period a year earlier. This is most likely a result of an increasing number of end-users purchasing pay TV as part of a bundle, whereby service providers offer related TV services at a discount as a marketing strategy to increase take-up for the bundle offer in question.

The number of subscriptions for the fixed line sector at the end of 2015 remained practically the same to that recorded a year earlier. Notably, the fixed telephony sector continues to experience a shift from pre-paid to post-paid subscriptions, as more people tend to purchase the service on post-paid terms and in a bundle. Fixed line telephony did however suffer a setback in terms of diminished use of the service, which also led to a reduced ARPU in the second half of 2015 compared to that recorded in the same period of 2014.

Postal mail volumes fell further in 2015, in line with long-term market trends. However, there still were some positive developments for the sector. Registered mail recorded a 0.4% increase in volumes whilst the increase in volumes for parcel mail stood at 25.0%. This is mainly attributable to an increasingly buoyant ecommerce activity. Meanwhile, standard mail volumes, which primarily consist of letter mail items and bulk mail items, totalled 18.5 million in the second half of 2015, down by 0.5 million (or by 2.8%) from 19.0 million in the corresponding period a year earlier. Overall, postal mail volumes were down by almost 0.5 million items (or by 2.4%) in the second half of 2015, when compared to the same period a year earlier.

The main market outcomes for the electronic communications and postal sectors are presented below, and more detailed information on market developments by sector is provided in Sections 4 to 8 of this document.

i. Mobile Telephony

- The number of mobile telephony subscriptions totalled 557,583 as at the end of 2015. This figure is up by 11,354 (or by 2.1%) from 546,229 reported at the end of the previous year.
- The number of post-paid subscriptions was up by 15,524 (or by 11.5%) during this period and the number of pre-paid subscriptions was down by 3,900 (or by 0.9%). As a result, the proportion of the subscriber base for mobile telephony on a post-paid contract increased from 24.3% at the end of 2014 to 26.5% at the end of last year.
- Approximately 10.0% of all mobile subscriptions⁵ recorded at the end of 2015 were bundled with some other electronic communications service.
- The number of mobile inward portings totalled 16,415 in the second half of 2015, down from 17,679 inward portings recorded in the same period a year earlier.
- Mobile traffic volumes continued to rise steadily in the second half of last year. In this respect, the number of mobile voice calls recorded in the second half of 2015 was up by 8.4 million (or by 3.2%) compared to the second half of 2014. A similar comparison for the number of mobile voice call minutes shows that the respective figure was up by 22.5 million (or by 6.1%).
- Stronger voice traffic volumes corresponded to higher voice activity levels per mobile subscription, as illustrated in Table 1 below.

| Mobile telephony | SH 2013 | SH 2014 | SH 2015 |
|---|---------|---------|---------|
| Subscriptions (end of period) | 556,652 | 546,229 | 557,583 |
| Activity levels per subscription | | | |
| Number of voice calls | 460 | 487 | 490 |
| Number of voice call minutes | 611 | 675 | 700 |
| Number of SMSs | 517 | 461 | 406 |
| ARPM (overall) | €0.093 | €0.086 | €0.084 |
| domestically-bound call | €0.092 | €0.085 | €0.083 |
| Internationally-bound call | €0.149 | €0.125 | €0.109 |
| Average rate per domestic SMS | €0.020 | €0.021 | €0.023 |
| Average rate per international SMS | €0.072 | €0.061 | €0.049 |
| ARPU | €84.64 | €91.07 | €92.39 |

Table 1: Take-up, activity levels and pricing for the mobile sector

- SMS traffic volumes persist in their long-term decline. In fact, the number of SMSs per subscription fell from an average of 461 per mobile subscription in the second half of 2014 to an average of 406 per mobile subscription in the second half of 2015.
- Mobile telephony maintains the trend towards more competitively priced voice call offers. In fact, the average rate per minute of mobile communications in the second half of 2015 was down by 2.4% to €0.084 from €0.086 in the second half of 2014.
- The increase in voice traffic volumes, a higher uptake of mobile data services contributed to an increase in mobile ARPU, despite the registered decline in the average rate per minute of mobile communication. ARPU in the second half of 2015 stood at €92.39 in the second half of 2015, up from €91.07 in the second half of 2014.

⁵ This figure may be overstated given that the end user may not necessarily activate the mobile subscription in a quad play bundle, and such information is not available.

ii. Fixed line telephony

- The number of fixed line subscriptions totalled 230,226 at the end of 2015, marginally lower than 230,361 recorded at the end of 2014. As for the proportion of the local subscriber base by type of subscription at the end of last year, 91.1% were on a post-paid contract, 7.% were on a pre-paid plan and 1.2% where on an 'enhanced' plan (the latter type of plans supporting multiple connections).
- 63.4% of all standard post-paid fixed line telephony subscriptions at the end of the current reporting period were bundled with some other electronic communications service.
- There were 848 fixed line inward portings in the second half of 2015, up from 732 inward portings recorded in the second half of 2014.
- Traffic volumes in the second half of 2015 were weaker than recorded during the same period a year earlier. The number of outgoing voice calls was down by 5.7 million (or by 7.1%) and the number of outgoing voice call minutes was down by 17.3 million (or by 6.2%). Overall, voice activity levels were also down, given that the rate of decline in traffic volumes coincided with a relatively unchanged fixed line subscriber base, as illustrated in Table 2 below.

| Fixed line telephony | SH 2013 | SH 2014 | SH 2015 |
|---|---------|---------|---------|
| Subscriptions (end of period) | 231,331 | 230,361 | 230,226 |
| Voice activity levels per subscription | | | |
| Number of voice calls | 376 | 349 | 327 |
| Number of voice call minutes | 1,289 | 1,210 | 1,144 |
| Average rate per minute (ARPM) | €0.033 | €0.031 | €0.030 |
| on-net FTF call | €0.011 | €0.010 | €0.009 |
| off-net FTF call | €0.013 | €0.013 | €0.013 |
| FTM call | €0.186 | €0.161 | €0.155 |
| FTI call | €0.084 | €0.094 | €0.094 |
| Average revenue per user (ARPU) | €80.04 | €77.50 | €75.47 |

Table 2: Take-up, activity levels and pricing for the fixed line sector

- ARPU for fixed line telephony in the second half of 2015 was down to €75.47, from €77.50 in the second half of 2014.
- The average rate per minute (ARPM) of fixed line communications was also slightly down, from €0.031 in the second half of 2014 to €0.030 in the second half of last year.

iii. Fixed and mobile broadband

- The number of fixed broadband subscriptions totalled 163,205 at the end of 2015. This figure is up by 11,648 (or by 7.7%) from 151,557 reported a year earlier.
- The fixed broadband penetration rate (measured as the proportion of the number of active fixed broadband connections to Malta's population) stood at 37.1% at the end of 2015, representing an increase of 2.3 percentage points on the corresponding rate at the end of 2014.

| Fixed broadband | SH 2013 | SH 2014 | SH 2015 |
|---|---------|---------|---------|
| Subscriptions (end of period) | 143,010 | 151,557 | 163,205 |
| less than 5Mbps | 11,229 | 9,387 | 2,435 |
| greater than or equal to 5Mbps but less than 10Mbps | 7,721 | 306 | 296 |
| greater than or equal to 10Mbps but less than 20Mbps | 77,844 | 53,213 | 57,902 |
| greater than or equal to 20Mbps but less than 30Mbps | 7,622 | 4,885 | 4,639 |
| greater than or equal to 30Mbps but less than 50Mbps | 34,718 | 78,699 | 87,256 |
| greater than or equal to 50Mbps but less than 100Mbps | 2,877 | 3,998 | 8,407 |
| 100Mbps and more | 999 | 1,069 | 2,270 |
| Average rate per Mbps (end of period) | €1.76 | €1.71 | €1.54 |
| less than 5Mbps | €3.79 | €3.79 | €4.43 |
| greater than or equal to 5Mbps but less than 10Mbps | €6.22 | €4.81 | €4.33 |
| greater than or equal to 10Mbps but less than 20Mbps | €1.91 | €1.77 | €1.54 |
| greater than or equal to 20Mbps but less than 30Mbps | €1.46 | €1.84 | €2.95 |
| greater than or equal to 30Mbps but less than 50Mbps | €1.10 | €0.95 | €0.89 |
| greater than or equal to 50Mbps but less than 100Mbps | €0.84 | €0.84 | €0.76 |
| 100Mbps and more | €0.80 | €0.83 | €0.81 |
| ARPU | €85.96 | €90.02 | €91.32 |

Table 3: Take-up and pricing for the fixed broadband sector

- 73.1% of all fixed broadband subscriptions reported at the end of last December were in a bundle. This figure is up by almost 7.3 percentage points compared to 12 months earlier. In absolute terms, the number of fixed broadband subscriptions in a bundle totalled 119,360 at the end of last year.
- The sector witnessed a considerable increase in the number of fixed broadband subscriptions supporting download speeds of 30Mbps or higher. At the end of 2015, 58.6% of all fixed broadband subscriptions had a download speed of 30Mbps but less than 100Mbps, up by four percentage points since the end of 2014. A further 1.4% of all fixed broadband subscriptions at the end of 2015 had access to download speeds of 100Mbps or more, up from 0.7% a year earlier. Meanwhile, the proportion of subscriptions with a download speed of less than 30Mbps fell by 4.7 percentage points to 40.0%.
- Of all fixed broadband subscriptions reported at the end of last year, those on the cable platform totalled 80,750 (equivalent to 49.5% of the total). Meanwhile, the number of subscriptions on the DSL and wireless platforms totalled 74,739 (equivalent to 45.8% of the total) and 2,502 (equivalent to 1.5% of the total) respectively. Fibre-to-the-Home (FTTH) subscriptions totalled 5,214 (equivalent to 3.2% of the total).
- Fixed broadband ARPU in the second half of 2015 stood at €91.32, up from €90.02 in the corresponding period a year earlier. ARPU increased despite the fall in the average rate per unit of download speed (or per Mbps) recorded during this period, from €1.71 in the second half of 2014 to €1.54 in the second half of 2015.

- The number of people utilising mobile broadband services continued to increase in 2015. The number of end-users actively making use of mobile broadband services went up from 225,562 at the end of 2014 to 270,055 at the end of last year.

iv. Pay TV

- The number of Pay TV subscriptions totalled 149,378 at the end of 2015, up by 1,498 (or by 1.0%) since the end of 2014.
- The number of analogue cable subscriptions was down by 756 (or by 11.0%) in twelve months to 6,092 by the end of 2015. Meanwhile, the number of DTTV subscriptions fell by 6,088 (or by 10.6%) to 51,390. In contrast, the number of digital cable subscriptions and IPTV subscriptions was up by 1,324 (or by 1.9%) and by 7,018 (or by 57.3%) respectively.

| Pay TV | SH 2013 | SH 2014 | SH 2015 |
|---|---------|---------|---------|
| Subscriptions (end of period) | 148,905 | 147,880 | 149,378 |
| Average market rates for pay TV packages | €19.37 | €22.44 | €22.54 |
| up to 24 channels | €3.99 | €5.00 | €5.00 |
| 25 to 49 channels | €12.49 | €15.66 | €15.66 |
| 50 to 74 channels | €23.49 | €23.49 | €23.49 |
| 75 to 99 channels | €24.49 | €26.32 | €24.99 |
| 100 channels or more | €29.99 | €34.99 | €32.99 |
| ARPU | €84.88 | €85.40 | €83.38 |

Table 4: Take-up and pricing for the Pay TV sector

- The share of total pay TV subscriptions on the analogue cable and digital cable platforms stood at 4.1% and 48.6% respectively at the end of 2015. In the former case, the share is down from 4.6% at the end of 2014, whilst in the latter case the share is up from 48.2%. Meanwhile, the Digital terrestrial TV (DTTV) and Internet Protocol TV (IPTV) platforms accounted for 34.4% and 12.9% of total pay TV subscriptions recorded at the end of 2015 respectively. The representativeness of the former compared to its standing at the end of 2014 is down by 4.5 percentage points, whilst that of the latter is up by 4.6 percentage points.
- Take-up of pay TV subscriptions in a bundle increased steadily in 2015. In this respect, the number of bundled pay TV subscriptions went up from 76,245 at the end of 2014 to 80,215 at the end of last year. The percentage of pay TV subscriptions purchased in a bundle⁶ at the end of 2015 stood at 56.0%, which is up by 1.9 percentage points in a year.
- Pay TV ARPU in the second half of 2015 stood at €83.38, down from €85.40 in the second half of 2014.
- MCA workings show that the overall average advertised rate (or average monthly access fee) for pay TV in the second half of 2015, at €22.44, was unchanged to that recorded in the second half of the previous year.

v. Post

- Postal mail volumes delivered in the second half of 2015 totalled 19.5 million items, down by almost 0.5 million (or by 2.4%) from 19.9 million items delivered in the second half of 2014.

⁶ This working excludes analogue pay TV subscriptions as these services are only offered to existing clients and on a stand-alone basis.

- Two types of mail, standard mail and express mail, account for postal mail activity in Malta. 97.3% of all mail activity recorded in the second half of 2015 was standard mail. Express mail accounted for the remaining activity.
- In absolute terms, standard mail activity in the second half of 2015 weakened by almost 0.6 million items (or by 2.9%) when compared to the same period a year earlier. A similar comparison for express mail shows that volumes were up by 84,621 mail items (or by 19.6%).

| Post | SH 2013 | SH 2014 | SH 2015 |
|----------------------------|------------|------------|------------|
| Postal mail volumes | 20,348,751 | 19,936,521 | 19,456,532 |
| Standard mail volumes | 19,954,142 | 19,504,634 | 18,940,024 |
| Single piece letter mail | 8,226,507 | 7,727,524 | 7,486,877 |
| Bulk mail | 11,131,185 | 11,040,459 | 10,704,011 |
| Registered mail | 533,043 | 668,329 | 670,995 |
| Parcel mail | 63,407 | 68,322 | 78,141 |
| Express mail volumes | 394,609 | 431,887 | 516,508 |
| Single piece letter mail | 250,701 | 280,239 | 320,470 |
| Bulk mail | - | - | - |
| Registered mail | - | - | - |
| Parcel mail | 143,908 | 151,648 | 196,038 |

Table 5: Postal mail volumes

- As to developments by type of mail item (standard mail and express mail added together), bulk mail activity accounted for 55.1% of all postal activity recorded in the second half of 2015, followed by letter mail at 40.1%, registered mail at 3.4% and parcel mail at 1.4%.

3. Market share trends of the local subscriber base

This section looks at the changes in market position of local service providers, based on the number of subscriptions reported at the end of the current review period.

3.1. Fixed line telephony

The largest fixed telephony service provider saw its share fall by 0.9 percentage points in the reporting period, from 66.3% at the end of 2014 to 65.4% at the end of last year. Meanwhile, the market share of Melita improved by 0.8 percentage points during the same period, up from 33.1% at the end of 2014 to 33.8% at the end of 2015.

The combined market share of other service providers, namely Vodafone (Malta), Ozone (Malta), SIS and Vanilla Telecoms stood at 0.7% at the end of the current reporting period, slightly up from 0.6% reported a year earlier.

| Market shares | GO | Melita | SIS | Ozone (Malta) | Vanilla Telecoms | Vodafone (Malta) |
|----------------|--------|--------|-------|---------------|------------------|------------------|
| End of SH 2015 | 65.43% | 33.84% | 0.08% | 0.34% | 0.02% | 0.29% |
| End of SH 2014 | 66.29% | 33.07% | 0.10% | 0.34% | 0.02% | 0.17% |
| End of SH 2013 | 69.84% | 29.58% | 0.10% | 0.34% | - | 0.14% |

Figure 3: Market shares in terms of fixed line telephony subscriptions as at end of period

3.2. Mobile telephony

The two largest mobile telephony operators recorded a marginal decline in their market share in the 12-month period ending December 2015. Vodafone’s market share was down by 0.3 percentage points, from 44.3% to 43.9%, whilst that of GO Mobile was down by 0.8 percentage points, from 39.1% to 38.2%.

Meanwhile, the market share of Melita strengthened by 1.2 percentage points, up from 14.8% to 16.0%.

The smaller players in the sector, namely RedTouch Fone and VFC Mobile, together accounted for just 1.8% of the local subscriber base at the end of last year, almost unchanged from their standing a year earlier.

| Market shares | GO Mobile | Vodafone (Malta) | Melita Mobile | Other |
|----------------|-----------|------------------|---------------|-------|
| End of SH 2015 | 38.24% | 43.94% | 16.01% | 1.81% |
| End of SH 2014 | 39.08% | 44.28% | 14.78% | 1.86% |
| End of SH 2013 | 36.92% | 47.49% | 13.69% | 1.91% |

Figure 4: Market shares in terms of mobile telephony subscriptions as at end of period⁷

⁷ Ping Mobile has not been active since 2013.

3.3. Fixed broadband

The market shares of fixed broadband service providers have seen very small changes in 2015. GO's market share stood at 48.9% at the end of 2015, slightly higher from where it stood 12 months earlier. Meanwhile, the market share of Melita was marginally down, from 49.8% at the end of 2014 to 49.5% at the end of the current reporting period.

Smaller service providers, namely Vodafone (Malta), Vanilla Telecoms, Ozone (Malta) and SIS, together accounted for a combined market share of 1.6% at the end of last year, slightly up from 1.4% a year earlier. IP-based ISPs were no longer active at the end of 2015.

| Market shares | GO | Melita | SIS | Ozone (Malta) | Vanilla Telecoms | Vodafone (Malta) | IP-based ISPs |
|----------------|--------|--------|-------|---------------|------------------|------------------|---------------|
| End of SH 2015 | 48.92% | 49.48% | 0.06% | 0.21% | 0.11% | 1.21% | - |
| End of SH 2014 | 48.59% | 49.88% | 0.05% | 0.25% | 0.14% | 0.99% | 0.10% |
| End of SH 2013 | 48.80% | 49.30% | 0.02% | 0.28% | 0.13% | 1.35% | 0.13% |

Figure 5: Market shares in terms of fixed broadband subscriptions as at end of period

3.4. Pay TV

The market shares of pay TV service providers at the end of 2015 were also very similar to those recorded a year earlier. GO's market share stood at 47.3% last December, slightly up from 47.2% at the end of 2014. Meanwhile, Melita's market share was slightly down to 52.7% from 52.8%.

| Market shares | GO | Melita |
|----------------|--------|--------|
| End of SH 2015 | 47.31% | 52.69% |
| End of SH 2014 | 47.16% | 52.84% |
| End of SH 2013 | 45.83% | 54.17% |

Figure 6: Market shares in terms of pay TV subscriptions as at end of period

4. Fixed line telephony

The fixed telephony subscriber base at the end of 2015 totalled 230,226 subscriptions, slightly unchanged from 230,361 subscriptions a year earlier. Notably, post-paid subscriptions during this period increased by almost 4,000 as service providers enhanced their efforts to market the fixed line telephony service as part of a bundle and to switch pre-paid subscribers onto post-paid plans with a contract. The number of pre-paid subscriptions at the end of last year totalled 17,721 down from 21,812 a year earlier. The proportion of pre-paid subscriptions of the local subscriber base stood at just 7.7% at the end of 2015, whilst that for post-paid subscriptions stood at 91.1%.

Fixed line traffic volumes maintained their downward trajectory, with the number of voice calls and the number of voice call minutes recorded in the second half of 2015 down by 7.1% and 6.2% respectively when compared to volumes recorded in the corresponding period a year earlier.

Some other relevant considerations for the fixed line sector are the following:

- Take-up of fixed telephony in bundled subscriptions strengthened in the second half of 2015, with the proportion of post-paid subscriptions in a bundle reaching 63.4%, up from 57.3% recorded a year earlier.
- The average rate per minute of fixed line communications in the second half of 2015 stood at €0.030, down by 3.2% when compared to the corresponding rate observed in the second half of 2014.
- In line with the fall in traffic volumes and the decline in the average rate per minute of fixed line communication, fixed telephony ARPU in the second half of 2015 was down by 2.6% when compared to the same period a year earlier, from €77.50 to €75.47.

4.1. Subscriptions

The number of fixed telephony subscriptions at the end of last year totalled 230,226 compared to 230,361 a year earlier. This corresponds to a slight decline in subscriptions of 0.1%.

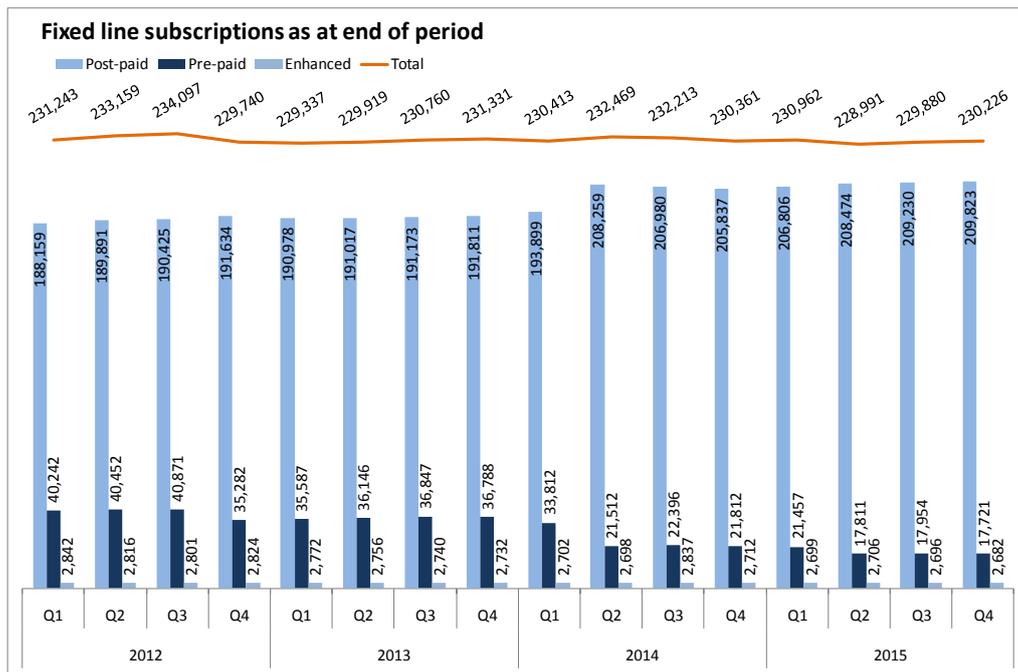


Figure 7: Fixed line telephony subscriptions as at end of period

This review distinguishes between two types of fixed line telephony subscriptions, namely standard subscriptions and enhanced subscriptions.

Standard subscriptions are categorised as either post-paid or pre-paid, with the former type contractually binding the consumer to purchase the service for a specified period (typically two years) and to pay a monthly access fee for the whole duration of the contract term agreement. Pre-paid subscriptions do not entail a contractual term agreement. However, both pre-paid and post-paid subscriptions offer the end-user a single connection at his/her residential unit or business location. The fixed line subscriber base at the end last year comprised 209,823 post-paid subscriptions and 17,721 pre-paid subscriptions. Compared to the end of 2014, the number of post-paid subscriptions was up by 3,986 (or by 1.9%) whilst the number of pre-paid subscriptions was down by 4,091 (or by 18.8%).

Enhanced fixed line telephony subscriptions refer to those subscriptions offering multiple (dual or more) channel connections. There were 2,682 enhanced subscriptions at the end of 2015. Compared to the end of 2014, the number of enhanced subscriptions was down by 30 (or by 1.1%).

The fixed line subscriber base shows a notable increase in post-paid subscriptions, as local service providers entice consumers to get their fixed telephony service in bundled subscriptions whilst disconnecting those pre-paid lines that were inactive for a long period.

At the end of the current reporting period, 91.1% of all fixed line telephony subscriptions were on a post-paid contract, which represents a 1.8 percentage point increase compared to 89.4% recorded at the end of 2014. Meanwhile, pre-paid subscriptions accounted for 7.7% of the local fixed telephony subscriber base, down from 9.5% a year earlier and enhanced subscriptions accounted for an unchanged 1.2% of the local fixed telephony subscriber base.

Subscriptions on a bundle

Take-up of fixed telephony in bundled subscriptions went up significantly in the period under review. In absolute terms, the number of post-paid fixed line telephony subscriptions purchased in a bundle increased by 15,184 (or by 12.9%) from 117,867 at the end of 2014 to 133,051 at the end of last year.

| Post-paid fixed line telephony subscriptions in a bundle | 2012 | | 2013 | | 2014 | | 2015 | |
|--|---------------|---------------|---------------|---------------|----------------|----------------|----------------|----------------|
| | FH | SH | FH | SH | FH | SH | FH | SH |
| Fixed telephony subscriptions on a dual play contract | 34,641 | 35,521 | 33,056 | 33,715 | 39,137 | 47,948 | 52,230 | 57,870 |
| Fixed telephony + mobile telephony | 12,738 | 13,567 | 12,156 | 12,443 | 13,427 | 11,112 | 8,985 | 7,850 |
| Fixed telephony + fixed broadband | 6,222 | 9,653 | 10,068 | 11,349 | 15,979 | 29,890 | 36,927 | 44,179 |
| Fixed telephony + pay TV | 15,681 | 12,301 | 10,832 | 9,923 | 9,731 | 6,946 | 6,318 | 5,841 |
| Fixed telephony subscriptions on a triple play contract | 9,802 | 9,794 | 15,459 | 21,376 | 22,477 | 25,490 | 26,718 | 28,193 |
| Fixed telephony + fixed broadband + mobile telephony | 437 | - | 344 | 289 | 312 | 620 | 630 | 807 |
| Fixed telephony + fixed broadband + pay TV | 9,365 | 9,794 | 15,115 | 21,087 | 22,165 | 24,870 | 26,088 | 27,386 |
| Fixed telephony subscriptions on a quad play contract | 39,019 | 40,583 | 41,339 | 42,486 | 44,069 | 44,429 | 45,683 | 46,988 |
| Fixed telephony + fixed broadband + pay TV + mobile telephony | 39,019 | 40,583 | 41,339 | 42,486 | 44,069 | 44,429 | 45,683 | 46,988 |
| Total number of fixed post-paid telephony subscriptions in a bundle | 83,462 | 85,898 | 89,854 | 97,577 | 105,683 | 117,867 | 124,631 | 133,051 |
| Number of fixed post-paid telephony subscriptions as at end of period | 189,891 | 191,634 | 191,017 | 191,811 | 208,259 | 205,837 | 208,474 | 209,823 |
| Percentage of fixed post-paid telephony subscriptions in a bundle | 43.95% | 44.82% | 47.04% | 50.87% | 50.75% | 57.26% | 59.78% | 63.41% |

Table 6: Fixed line post-paid subscriptions on a bundled offer

Table 6 shows that 63.4% of all post-paid fixed line telephony subscribers opted to purchase the fixed telephony service in a bundle of electronic communications services⁸. This figure was up by 6.2 percentage points when compared to the end of 2014.

4.2. Fixed line inward portings

The number of fixed line inward portings⁹ recorded in the second half of 2015 totalled 848, up by 116 (or by 15.8%) from 732 portings reported in the second half of the previous year.

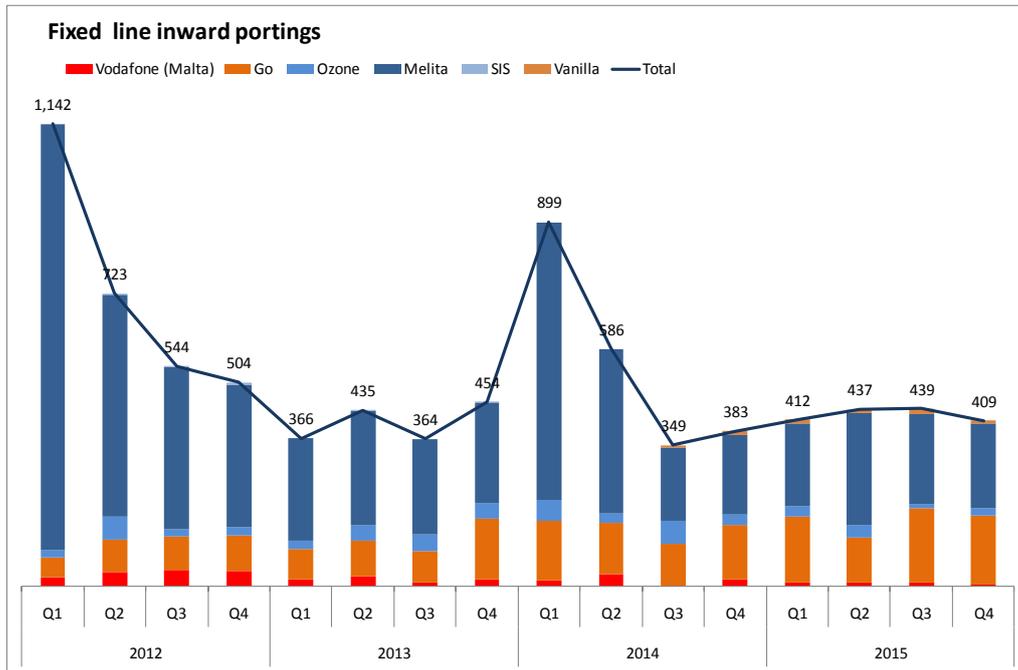


Figure 8: Fixed line number portability - number of inward portings

⁸ Locally, only fixed line subscriptions on a post-paid contract can be purchased in a bundle with other electronic communications services.

⁹ The term 'fixed line inward portings' refers to the total number of subscribers that switch from a fixed line operator to another whilst keeping the same number. Figures presented above only take into account inward portings.

Melita and GO accounted for 92.5% of all inward portings reported in the second half of last year. Market share developments for the different operators also indicate that fixed line portability during this period mostly came about as a result of end-users switching from GO to Melita.

On an operator level, Melita registered 432 inward portings, followed by GO, which recorded 352 inward portings, Ozone (Malta) recorded 88 inward portings, whilst Vanilla Telecoms and Vodafone (Malta) reported 21 and 15 inward portings respectively.

4.3. Usage trends for fixed line telephony

Fixed line traffic volumes in the second half of 2015 were down when compared to the same period a year earlier. The number of landline calls was down by 5.7 million (or by 7.1%) from 80.8 million in the second half of 2014 to 75.1 million. The number of fixed line voice call minutes was also down, in this case by 17.3 million (or by 6.2%), from 280.1 million to 262.7 million.

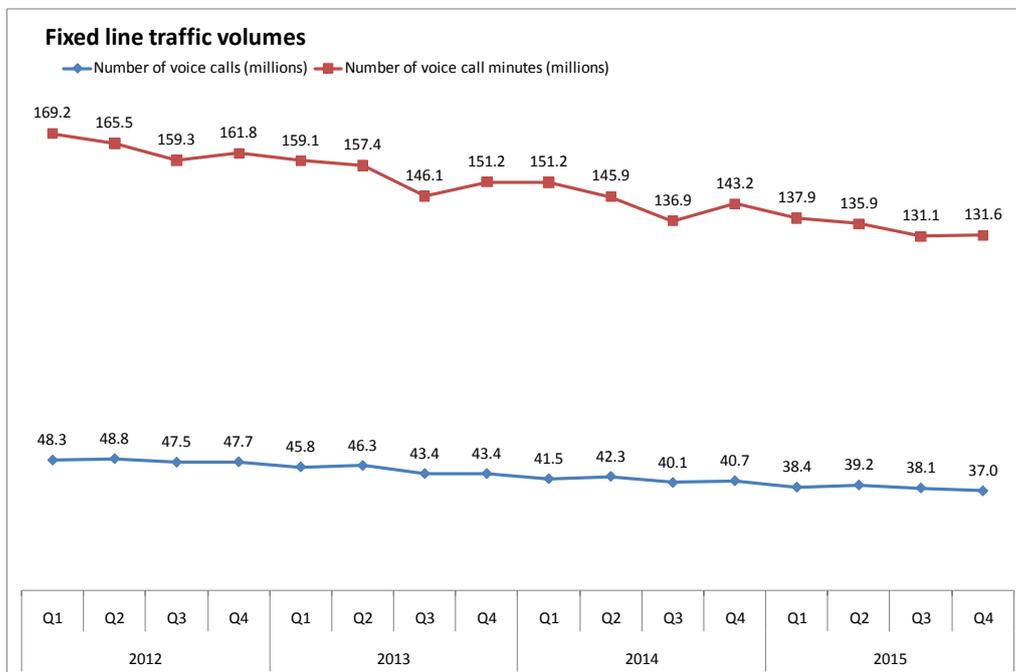


Figure 9: Voice traffic originating from local fixed line networks

Total fixed line traffic volumes referred to in Figure 9 encompass the national voice traffic segment and the international voice traffic segment. The former refers to volumes of fixed voice calls and voice minutes originated and terminated in Malta, whilst the latter traffic segment refers to volumes of fixed voice calls and voice minutes originated locally and terminated in a foreign territory. The relevant developments for these traffic segments are described below.

4.3.1 National voice traffic volumes

National fixed line traffic volumes in the second half of 2015 amounted to 72.7 million voice calls and 248.0 million voice call minutes. This means that, on average, each fixed telephony subscriber made approximately 316 national voice calls and 1,080 national voice call minutes during the period under review.

National voice calls

The number of national fixed line voice calls in the second half of 2015 totalled 72.7 million, down by 5.5 million (or by 7.0%) from 78.1 million in the corresponding period a year earlier.

A further drill down of these figures would show that all components of the national traffic segment registered a decline in volumes.

The number of on-net FTF calls fell by 3.5 million (or by 8.4%), from 41.2 million in the second half of 2014 to 37.7 million in the second half of this year. At the same time, the number of off-net FTF calls dropped by 1.0 million (or by 6.1%), from 17.1 million to 16.1 million, and the number of FTM calls dipped by 0.7 million (or by 4.0%), from 18.1 million to 17.4 million.

| Fixed voice calls (national) | 2012 | | 2013 | | 2014 | | 2015 | |
|------------------------------|------------|------------|------------|------------|------------|------------|------------|------------|
| | FH | SH | FH | SH | FH | SH | FH | SH |
| Total | 93,253,424 | 91,072,184 | 88,230,089 | 83,794,407 | 81,061,884 | 78,122,647 | 75,080,520 | 72,656,731 |
| Fixed-to-fixed (FTF) | 71,106,727 | 68,614,478 | 67,982,076 | 63,912,398 | 61,829,592 | 58,333,116 | 56,188,852 | 53,829,105 |
| on-net FTF | 51,767,904 | 49,553,582 | 48,651,217 | 45,868,914 | 44,020,136 | 41,187,247 | 39,631,778 | 37,723,423 |
| off-net FTF | 19,338,823 | 19,060,896 | 19,330,859 | 18,043,484 | 17,809,456 | 17,145,869 | 16,557,074 | 16,105,682 |
| Fixed-to-mobile (FTM) | 20,692,609 | 20,917,476 | 18,688,835 | 18,362,387 | 17,543,834 | 18,127,981 | 17,490,548 | 17,404,228 |
| Other | 1,454,088 | 1,540,230 | 1,559,178 | 1,519,622 | 1,688,458 | 1,661,550 | 1,401,120 | 1,423,398 |

Table 7: Outgoing fixed line traffic - number of national voice calls

The 'other' national calls component¹⁰ has also witnessed a decline in traffic volumes, with the number of calls reported in the second half of 2015 totalling 1.4 million, down by 0.2 million (or by 14.3%) from 1.6 million in the same period a year earlier.

National voice call minutes

In terms of national voice call minutes, traffic volumes in the second half of 2015 totalled 262.7 million. This figure is down by 17.3 million (or 6.2%) from 280.1 million minutes in the second half of 2014.

All national voice traffic components experienced a drop in minute volumes. The number of on-net FTF traffic voice minutes was down by almost 11.0 million (or by 6.7%), from 163.1 million in the second half of 2014 to 152.2 million in the second half of last year. Meanwhile, the number of off-net FTF minutes was down by 4.0 million (or by 5.9%), from 68.8 million to 64.8 million whilst the number of 'other' national voice minutes was down by 0.1 million (or by 3.5%).

| Fixed voice call minutes (national) | 2012 | | 2013 | | 2014 | | 2015 | |
|-------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | FH | SH | FH | SH | FH | SH | FH | SH |
| Total | 314,021,005 | 300,574,025 | 297,752,857 | 279,628,212 | 280,368,533 | 263,568,719 | 258,636,682 | 248,021,689 |
| Fixed-to-fixed (FTF) | 279,148,307 | 264,934,516 | 265,708,234 | 248,045,344 | 249,682,050 | 231,976,896 | 228,062,609 | 216,988,931 |
| on-net FTF | 202,010,148 | 190,009,017 | 189,659,199 | 177,296,513 | 178,064,325 | 163,134,907 | 160,680,942 | 152,164,197 |
| off-net FTF | 77,138,159 | 74,925,499 | 76,049,036 | 70,748,832 | 71,617,725 | 68,841,990 | 67,381,667 | 64,824,734 |
| Fixed-to-mobile (FTM) | 31,562,195 | 32,081,886 | 28,531,576 | 27,941,261 | 26,892,375 | 27,867,348 | 27,223,360 | 27,436,775 |
| Other | 3,310,503 | 3,557,623 | 3,513,046 | 3,641,606 | 3,794,108 | 3,724,475 | 3,350,713 | 3,595,984 |

Table 8: Outgoing fixed line traffic - number of national voice call minutes

The number of national FTM voice minutes totalled 27.4 million in the second half of this year, which is down by almost 0.5 million (or by 1.6%) from 27.9 million in the second half of 2014.

¹⁰ This traffic component includes freephone calls, premium calls and payphone calls.

4.3.2 International voice traffic volumes

During the second half of 2015, fixed line telephony users made 2.4 million fixed-to-international (FTI) voice calls and 14.7 million fixed-to-international voice call minutes. This translates into approximately 11 international voice calls and around 64 international voice call minutes per active fixed telephony subscriber during this period.

Compared to the second half of 2014, the number of fixed-to-international (FTI) voice calls was down by 0.2 million (or by 8.6%), whilst the number of international voice call minutes was down by 1.8 million (or by 10.9%).

4.4. Activity levels and call duration

The rate of decline with respect to fixed voice traffic volumes in the second half of this year was significantly stronger than the rate of decline recorded for fixed telephony subscriptions. As a result, activity levels for the sector (i.e. the average number of voice calls and voice call minutes per active fixed line subscription) in the second half of 2015 were weaker than recorded in the second half of the previous year.

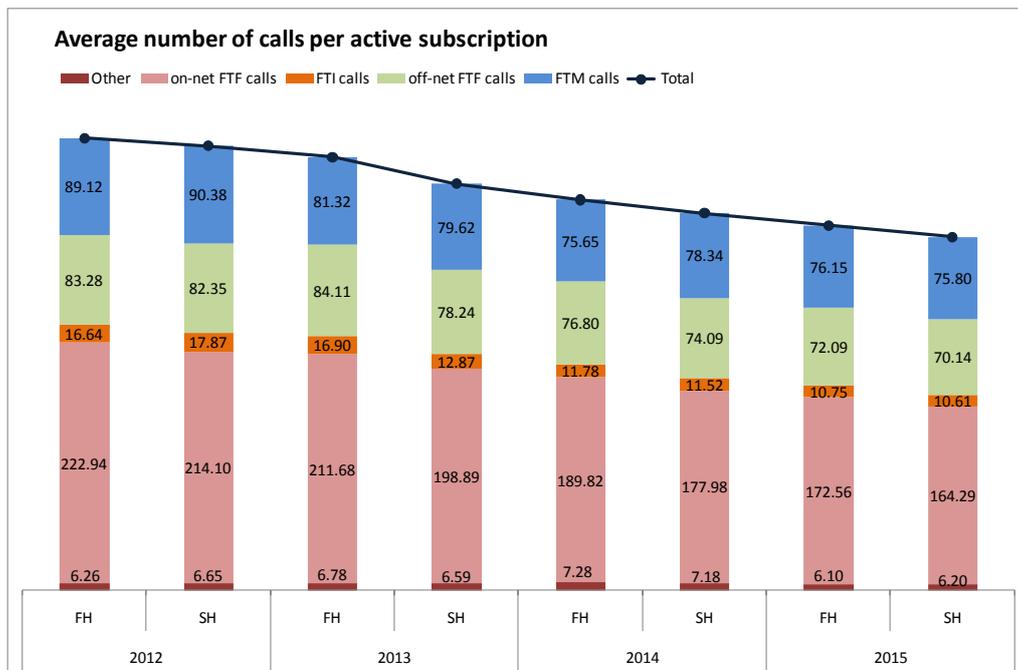


Figure 10: Average number of calls per active subscription

Figure 10 illustrates that each active fixed line subscription accounted for an average of around 327 calls in the second half of 2015¹¹, down from around 349 in the second half of the previous year. This drop mainly reflects the negative developments for both on-net FTF and off-net FTF traffic volumes, although volumes were also down for the FTI and ‘other’ traffic segments.

¹¹ Total depicted in Figure 10 includes the number of *other calls* (which encompasses premium, freephone, and Internet calls) per active subscription.

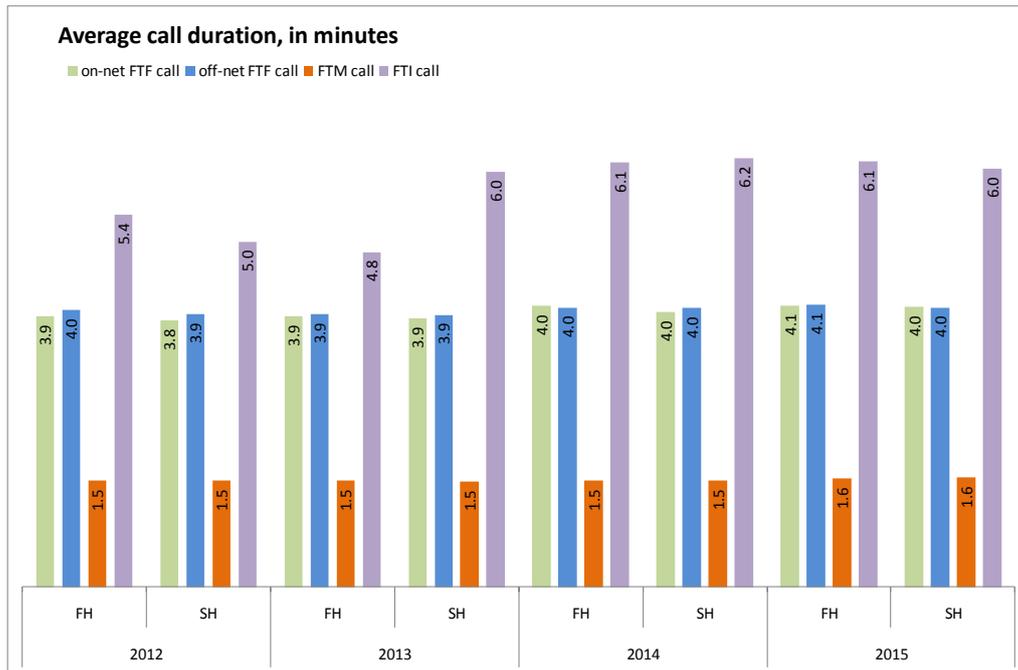


Figure 11: Average duration of an outgoing fixed line call

As for the average duration of an outgoing fixed line call, this stood at 3.5 minutes (or 3 minutes and 30 seconds) during the second half of 2015, which is relatively unchanged from the figure recorded in the second half of 2014.

As to the average length of fixed line calls according to type, Figure 11 illustrates that the average duration of a FTI call stood at around 6 minutes in the second half of 2015. Meanwhile, the average duration of a FTM call stood at 1 minute and 36 seconds for a FTM call. On-net FTF calls and off-net FTF calls on average lasted around four minutes during the same period.

4.5. Fixed ARPU

The average revenue per user (ARPU) in the fixed line sector totalled €75.47 in the second half of 2015. This is lower than the ARPU level observed in the second half of the previous year, which stood at €77.50.

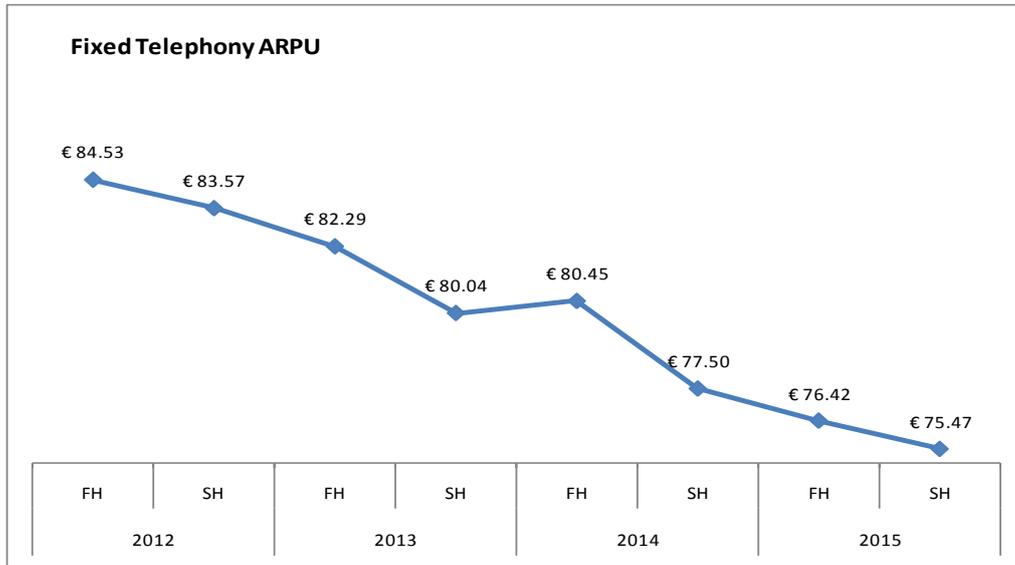


Figure 12: Average revenue per fixed line user

This decline in ARPU is a result of the relentless shift of voice traffic volumes to mobile, stable prices and increasing uptake of fixed telephony in bundled subscriptions. The latter factor has a significant impact on ARPU given that service providers occasionally offer discounts and promotional offers related to fixed telephony services when these are purchased in a bundle, apart from the fact that bundle access fees are cheaper compared to when the services in a bundle are purchased on a stand-alone basis.

Methodology used in deriving fixed ARPU figures

Fixed ARPU figures are derived by dividing the total revenues of service providers by the average number of active subscribers, during a given period.

The 'total revenues' heading includes a number of retail revenue elements, namely:

1. revenues from access;
2. revenues from all local and international voice call activity (incl. freephone & premium call activity); and
3. revenues from 'other' activity as specified by the operator.

The average number of active subscribers during a given period corresponds to the number of active subscriptions at the start of the period plus the number of subscriptions at the end of the same period, divided by two.

4.6. Average rate per minute of fixed line communications

The ARPM of a FTM call has seen a small but important decline in the second half of 2015¹². The ARPM of a FTM call has in fact gone down by 6.3% to €0.15 in the current reporting period, from €0.16 in the same period a year earlier. This change comes at a time when more consumers are opting for post-paid fixed telephony subscriptions in a bundle, which typically allow for a FTM call allowance.

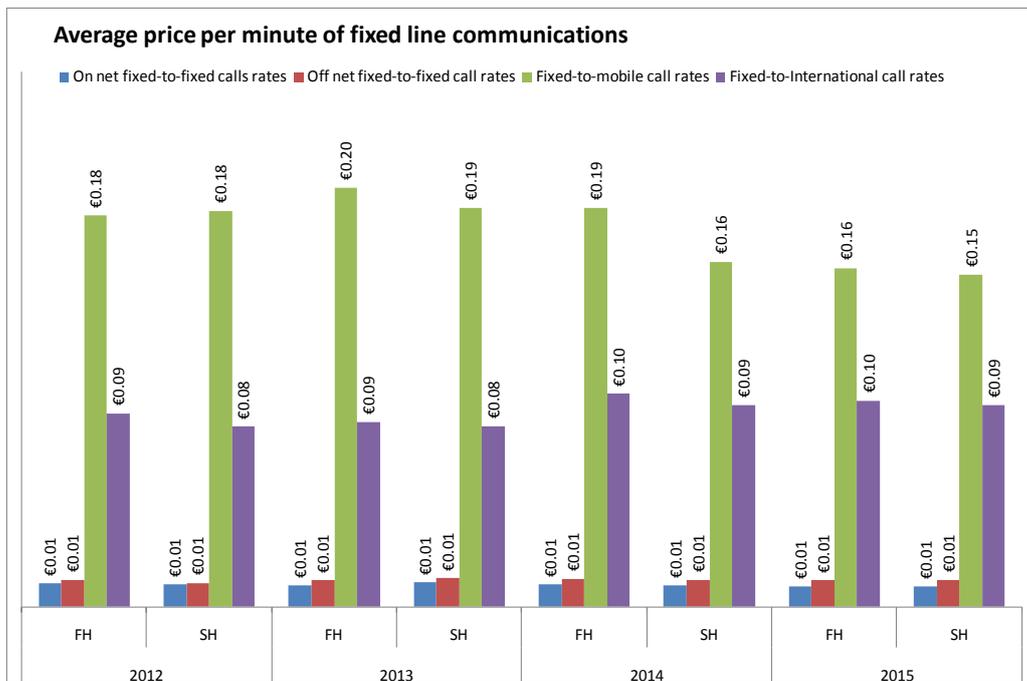


Figure 13: Average cost of a fixed line call derived from revenue-based workings

The ARPM of an on-net FTF call, an off-net FTF call and a FTI in the second half of 2015 was unchanged to that reported in the second half of the previous year.

Methodology used in deriving fixed ARPM figures

The average rate per minute of fixed line communications is derived by subdividing voice traffic revenues, but excluding revenues from access fees, VAT and excise tax, by the number of minutes reported under each respective heading.

Figures are to be interpreted with caution, as these are not the actual rates quoted on the market for the different plans and schemes launched by local operators. It is also noted that local fixed line operators may offer free calls or discounted call rates, such as free on-net calls with bundled offers and cheaper call rates on weekends. This would affect the outcome for the average rate per minute of fixed line communications.

¹² Workings do not take into account traffic volumes and revenues from free phone calls, premium calls and payphone calls.

5. Mobile telephony

The mobile telephony sector performed strongly in 2015, as it continued to grow its subscriber base and to boost traffic volumes. On average, the sector added around 13,000 new subscriptions last year. This increase came on the back of a solid growth in the number of post-paid subscriptions, which significantly outweighed the drop in the number of pre-paid subscriptions. The mobile penetration rate increased accordingly during the same period, from 127.4% at the end of 2014 to 131.3% at the end of last year¹³.

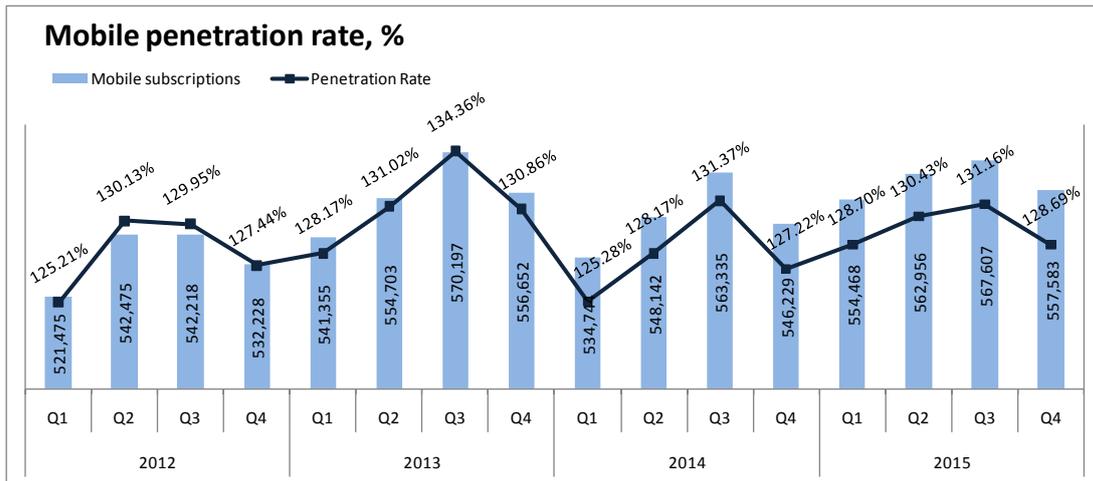


Figure 14: Mobile penetration in Malta

The number of post-paid subscriptions at the end of last year totalled 147,714. This figure is up by 15,254 (or by 11.5%) from 132,460 a year earlier. Meanwhile, the number of pre-paid subscriptions was down by 3,900 (or by 0.9%), from 413,769 to 409,869. Because of this development, the proportion of post-paid subscriptions to the local mobile subscriber base reached 26.5% at the end of last year, up from 24.3% a year earlier. The increase in popularity of post-paid mobile plans coincides with growing demand for mobile data services. Local service providers are reacting to growing demand for data by, for example, increasing data allowances with post-paid plans and by combining the purchase of smartphones with such subscriptions.

It is also of note that just around 10.0% of all mobile subscriptions are bundled with other electronic communications services. This reflects the prevailing preference of end-users to keep their mobile subscription as a personal service, bought separately from other electronic communications services shared by several people living in a particular household.

With more consumers availing of unlimited calling to fixed and mobile numbers for a flat monthly fee, traffic volumes experienced a notable increase. In fact, voice traffic volumes for the mobile sector in the second half of 2015 were significantly stronger than reported during the same period a year earlier. The number of mobile voice calls was up by 8.4 million (or by 3.2%) and the number of mobile voice call minutes increased by 22.5 million (or by 6.1%).

Growth in traffic volumes was stronger than growth in subscriptions. As a result, activity levels per subscription improved significantly in the second half of 2015 when compared to the second half of the previous year. The average number of mobile voice calls per subscription totalled 490 in the second half of 2015, up from 487 in the second half of 2014. Meanwhile, the average number of mobile voice call minutes per subscription jumped from 675 in the second half of 2014 to 700 in the second half of last year.

¹³ The mobile penetration rate corresponds to the proportion of Malta’s population owning an active SIM card.

Of significance here is the continued fixed-to-mobile (FTM) substitution, with consumers increasingly opt to use mobile when making calls rather than using the fixed line. Figure 15 illustrates that the number of mobile-originated voice call minutes has been exceeding the number of fixed-originated voice call minutes since 2013¹⁴. The gap between the two continued to widen in the second half of 2015, as mobile telephony registered considerable gains in voice traffic volumes in contrast to consistent declines for fixed telephony.

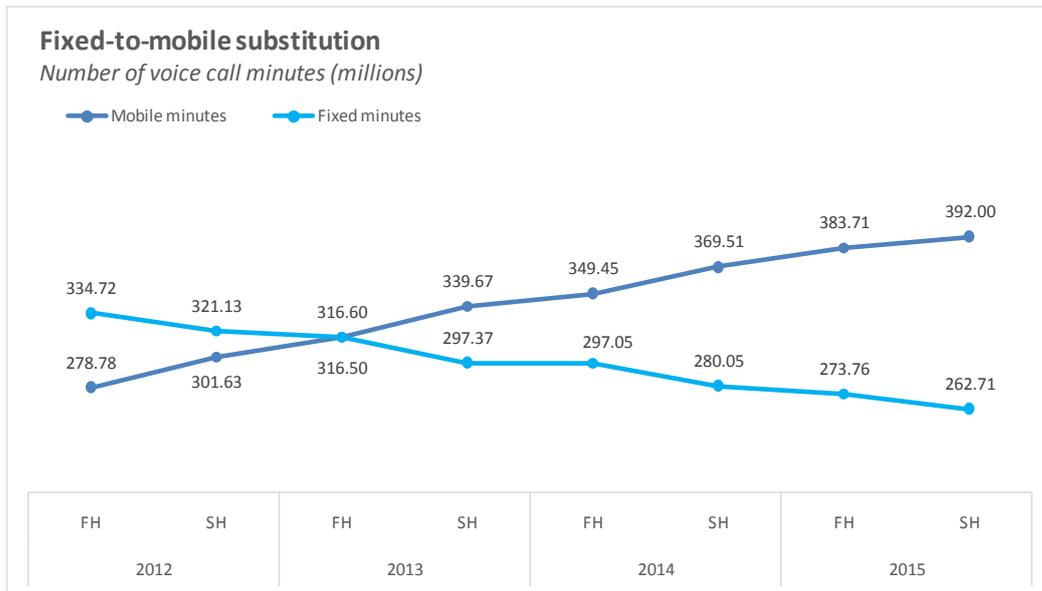


Figure 15: Fixed-to-mobile substitution

As local service providers continue to offer more generous minute allowances and discounted rates for on-net calling, the average rate per minute (ARPM) of mobile communication declined further last year. The ARPM of mobile communication in the second half of 2015 stood at €0.084, which is down by 2.3% from €0.086 in the second half of 2014.

The positive trends for subscriptions and traffic volumes contributed to a rise in revenues for the sector, as amply demonstrated by the steady increase in ARPU levels. In fact, mobile telephony ARPU in the second half of 2015 improved by 1.4% to €92.39 from €91.07 in the second half of 2014, despite the decline in ARPM.

5.1. Subscriptions

The number of active mobile subscriptions¹⁵ totalled 557,583 as at the end of 2015, up by 11,354 (or by 2.1%) from 546,229 a year months earlier. This rise came about as the increase in post-paid subscriptions outweighed the decline in pre-paid subscriptions. The number of mobile subscriptions on a post-paid contract at the end of last totalled 147,714. This figure corresponds to 26.5% of all mobile subscriptions registered at the time, up from 24.3% a year earlier. Meanwhile, the number of mobile subscriptions on pre-paid terms totalled 409,869. This figure corresponds to 73.5% of the local mobile subscriber base, down from 75.8% a year earlier.

¹⁴ It is also relevant to underline here that the number of mobile-originated voice calls has also been exceeding the number of fixed line-originated voice calls for the last few years.

¹⁵ The number of active mobile subscriptions refers to the number of subscribers having a MSISDN with registered inbound or outbound activity within 90 days of the period stipulated for pre-paid connections and within 30 days of the period stipulated for post-paid connections.

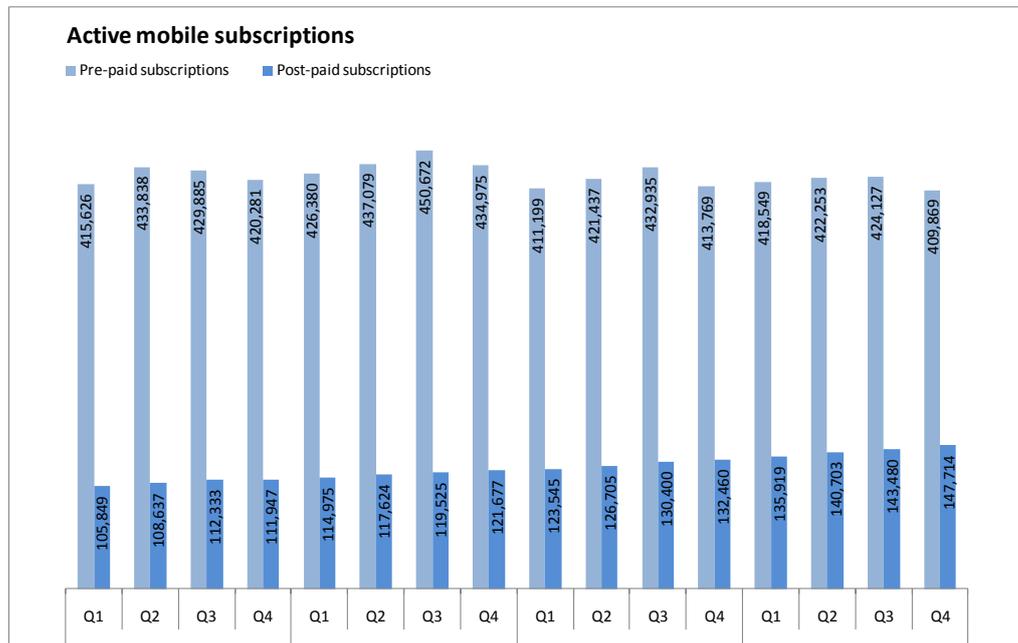


Figure 16: Mobile telephony subscriptions as at end of period

Subscriptions on a bundle

As to the number of mobile subscriptions purchased by the end-user in combination with other electronic communications services, Table 9 illustrates that these went down by 516 (or by 0.9%) in the 12-month period to December 2015. The proportion of mobile subscriptions on a bundle stood at almost 10.0% at the end of the current reporting period.

| Mobile telephony subscriptions in a bundle | 2012 | | 2013 | | 2014 | | 2015 | |
|---|---------|---------|---------|---------|---------|---------|---------|---------|
| | FH | SH | FH | SH | FH | SH | FH | SH |
| Mobile telephony subscriptions on a dual play contract | 12,738 | 13,567 | 12,156 | 12,443 | 13,427 | 11,112 | 8,985 | 7,850 |
| Mobile telephony + fixed telephony | 12,738 | 13,567 | 12,156 | 12,443 | 13,427 | 11,112 | 8,985 | 7,850 |
| Mobile telephony subscriptions on a triple play contract | 437 | - | 344 | 289 | 312 | 620 | 630 | 807 |
| Mobile telephony + fixed telephony + fixed broadband | 437 | - | 344 | 289 | 312 | 620 | 630 | 807 |
| Mobile telephony subscriptions on a quad play contract | 39,019 | 40,583 | 41,339 | 42,486 | 44,069 | 44,429 | 45,683 | 46,988 |
| Mobile telephony + fixed telephony + fixed broadband + pay TV | 39,019 | 40,583 | 41,339 | 42,486 | 44,069 | 44,429 | 45,683 | 46,988 |
| Total number of mobile telephony subscriptions in a bundle | 52,194 | 54,150 | 53,839 | 55,218 | 57,808 | 56,161 | 55,298 | 55,645 |
| Number of mobile telephony subscriptions as at end of period | 542,475 | 532,228 | 554,703 | 556,652 | 548,142 | 546,229 | 562,956 | 557,583 |
| Percentage of mobile telephony subscriptions in a bundle | 9.62% | 10.17% | 9.71% | 9.92% | 10.55% | 10.28% | 9.82% | 9.98% |

Table 9: Mobile subscriptions on a bundled offer¹⁶

5.2. Mobile inward portings

There were 16,415 mobile inward portings¹⁷ in the second half of 2015, down by 1,264 (or 7.2%) compared to the second half of 2014. This means that, on average, three out of every 100 subscribers have switched mobile operator in the current reporting period. As to the reason why there were less inward portings in the second half of 2015 compared to the second half of 2014, this is not due to any problems with the switching procedure per se but rather the increasing propensity of end-users to have multiple subscriptions.

¹⁶ See footnote 5, page 7.

¹⁷ This term corresponds to the total number of mobile users that switch their subscription from one operator to another, whilst keeping the same number. Figures presented above only take into account the number of mobile inward portings.

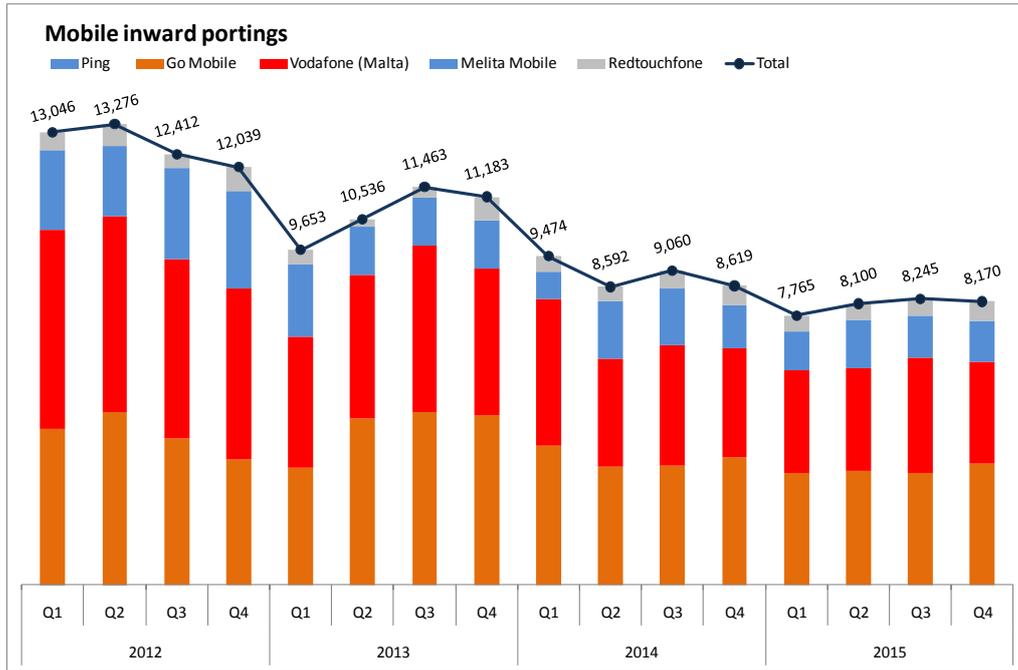


Figure 17: Mobile number portability - number of mobile portings

At an operator level, GO Mobile accounted for 41.0% of all mobile inward portings reported in the second half of 2015, closely followed by Vodafone (Malta) at 38.0% and Melita Mobile at 14.7%. Redtouchfone accounted for approximately 6.4% of all mobile inward portings reported in the period under consideration.

5.3. Usage trends for mobile telephony

Mobile voice traffic volumes have seen a rapid rise in the second half of 2015 compared to volumes recorded in the same period a year earlier. On the other hand, SMS and MMS traffic volumes were down.

5.2.1 Voice calls

The number of mobile voice calls in the second half of 2015 amounted to 274.7 million, which is up by 8.4 million (or by 3.2%) from 266.3 million in the second half of 2014.

All mobile voice traffic segments registered increases. The number of on-net mobile-to-mobile (MTM) calls was up by 0.3 million (or by 0.2%), from 183.1 million calls in the second half of 2014 to 183.4 million in the second half of this year.

The number of off-net MTM calls went up by 5.3 million (or by 8.8%), from around 59.5 million in the second half of 2014 to 64.8 million in the second half of 2015. Meanwhile, the number of mobile-to-fixed (MTF) calls was up by 1.2 million (or by 6.1%), from 19.2 million to 20.3 million.

| Mobile voice calls | 2012 | | 2013 | | 2014 | | 2015 | |
|-------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | FH | SH | FH | SH | FH | SH | FH | SH |
| Total | 171,375,310 | 201,566,855 | 222,398,680 | 255,812,768 | 251,385,555 | 266,261,676 | 262,647,216 | 274,656,869 |
| Mobile-to-mobile (MTM) | 150,024,073 | 179,120,273 | 201,056,673 | 233,375,534 | 229,218,248 | 242,622,349 | 237,813,657 | 248,146,406 |
| on-net MTM | 100,028,293 | 126,807,165 | 148,809,195 | 178,679,320 | 174,288,807 | 183,103,762 | 177,725,948 | 183,376,949 |
| off-net MTM | 49,995,780 | 52,313,108 | 52,247,478 | 54,696,214 | 54,929,441 | 59,518,587 | 60,087,709 | 64,769,457 |
| Mobile-to-fixed (MTF) | 18,228,588 | 19,564,658 | 17,824,243 | 18,492,513 | 18,443,136 | 19,163,833 | 19,176,332 | 20,336,816 |
| Mobile-to-international (MTI) | 3,122,650 | 2,881,924 | 3,517,764 | 3,944,721 | 3,724,171 | 4,475,494 | 5,657,227 | 6,173,647 |

Table 10: Outgoing mobile traffic - number of voice calls

The number of mobile-to-international (MTI) calls was also up in the second half of 2015 when compared to the same period a year earlier, in this case by 1.7 million (or by 37.9%), from 4.5 million to 6.2 million.

5.2.2 Voice call minutes

Call minute volumes were also higher in the current reporting period when compared to the same period a year earlier. The number of mobile voice call minutes totalled almost 392.0 million in the second half of 2015, up by 22.5 million (or by 6.1%) from 369.5 million in the second half of 2014.

| Mobile voice call minutes | 2012 | | 2013 | | 2014 | | 2015 | |
|-------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | FH | SH | FH | SH | FH | SH | FH | SH |
| Total | 278,778,213 | 301,626,037 | 316,595,055 | 339,669,546 | 349,449,383 | 369,508,631 | 383,712,174 | 391,996,179 |
| Mobile-to-mobile (MTM) | 237,380,477 | 256,368,562 | 271,614,107 | 292,677,979 | 302,343,734 | 318,839,211 | 328,242,026 | 332,491,267 |
| on-net MTM | 175,051,399 | 192,040,781 | 205,020,567 | 219,863,900 | 224,440,686 | 231,550,138 | 234,871,600 | 234,096,857 |
| off-net MTM | 62,329,077 | 64,327,781 | 66,593,540 | 72,814,079 | 77,903,048 | 87,289,073 | 93,370,425 | 98,394,410 |
| Mobile-to-fixed (MTF) | 33,264,802 | 35,650,809 | 36,001,708 | 37,262,779 | 37,279,753 | 39,565,696 | 39,894,002 | 42,412,245 |
| Mobile-to-international (MTI) | 8,132,934 | 9,606,666 | 8,979,240 | 9,728,788 | 9,825,896 | 11,103,724 | 15,576,146 | 17,092,667 |

Table 11: Outgoing mobile traffic - number of voice call minutes

Disaggregating this increase by the type of traffic shows that on-net MTM minutes were up by 2.5 million (or by 1.1%); off-net MTM minutes were up by 11.1 million (or by 12.7%); MTF minutes were up by 2.8 million (or by 7.2%); and MTI minutes were up by almost 6.0 million (or by 53.9%).

5.4. SMS and MMS activity levels

In line with long-term market trends, SMS and MMS traffic volumes maintained their downward trajectory, with volumes recorded in the second half of 2015 lower than recorded during the same period in 2014.

5.4.1 SMS traffic volumes

The number of outgoing text messages totalled 227.7 million in the second half of 2015, down by 24.6 million (or by 9.8%) from 252.3 million in the same period a year earlier¹⁸.

This development is mainly attributable to a large drop in the number of on-net SMSs, although other traffic segments registered declines as well.

¹⁸ Including on-net SMSs, off-net SMSs, SMSs sent to foreign mobile networks, SMSs sent from Internet Portal and premium SMSs.

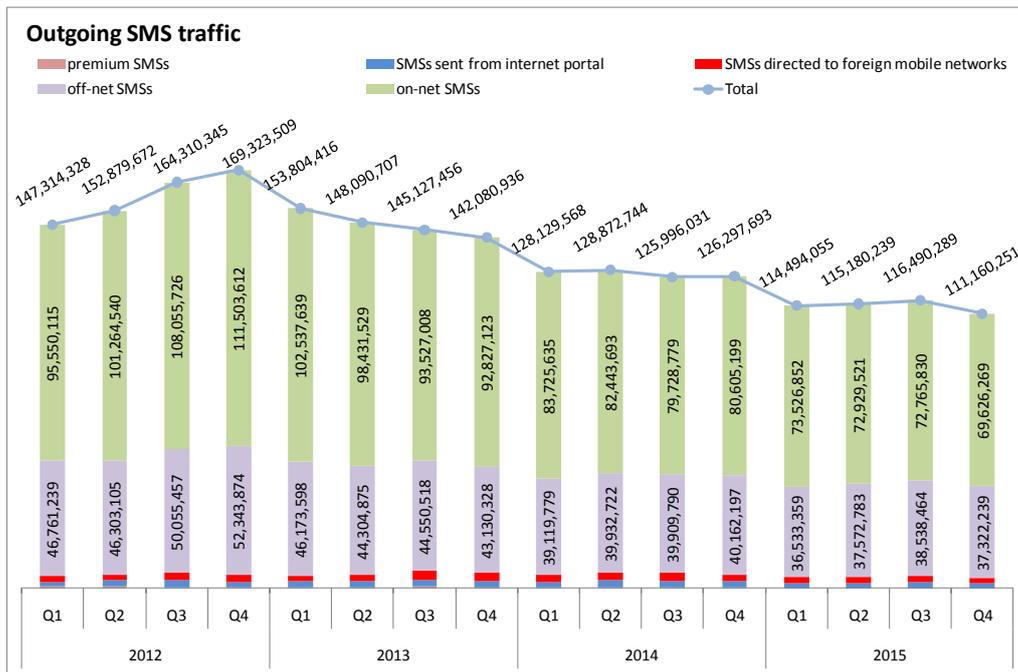


Figure 18: SMS activity - number of outgoing SMSs (1)

The number of on-net SMSs in the second half of 2015 totalled 142.4 million, down by 17.9 million (or by 11.2%) from 160.3 million in the second half of 2014. Meanwhile, the number of off-net SMSs was down by 4.2 million (or by 5.3%) from 80.1 million to 75.9 million and the number of premium SMSs declined by 0.3 million (or by 60.8%).

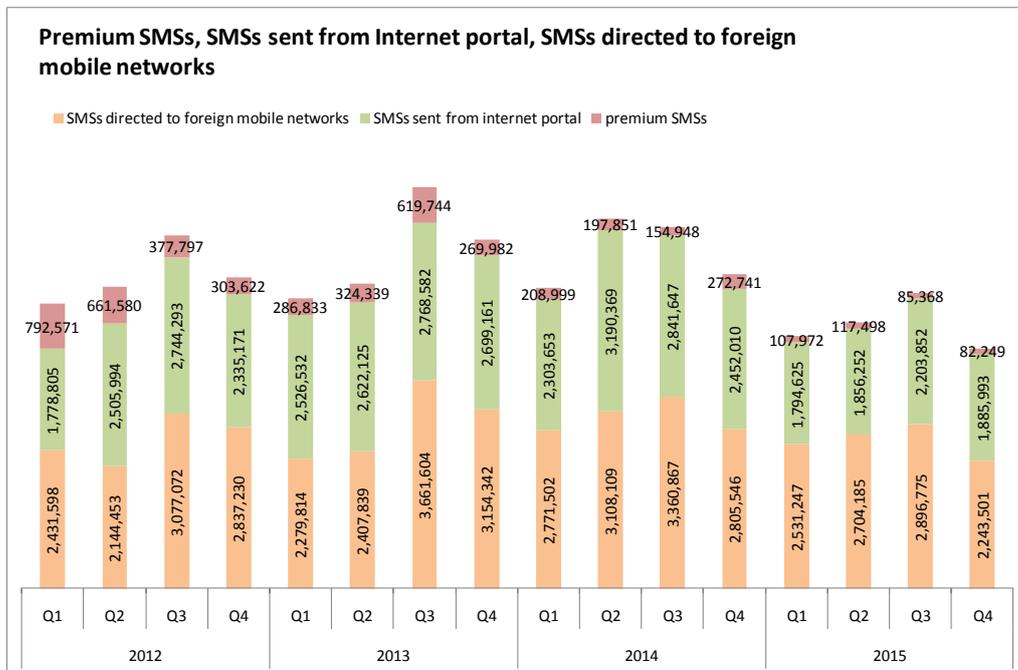


Figure 19: SMS activity - number of outgoing SMSs (2)

Other volume declines were recorded for SMSs directed to foreign mobile networks and SMSs sent from Internet portals. The former was down by 1.0 million (or by almost 16.6%), from 6.2 million in the second

half of 2014 to 5.1 million in the second half of last year. At the same time, the latter traffic segment was down by 1.2 million (or by 22.7%), from 5.3 million to 4.1 million.

5.4.2 MMS traffic volumes

The number of MMSs in the second half of 2015 totalled 29,142. This figure is 37.9% lower than that recorded in the second half of 2014, when the number of MMSs totalled 46,935.

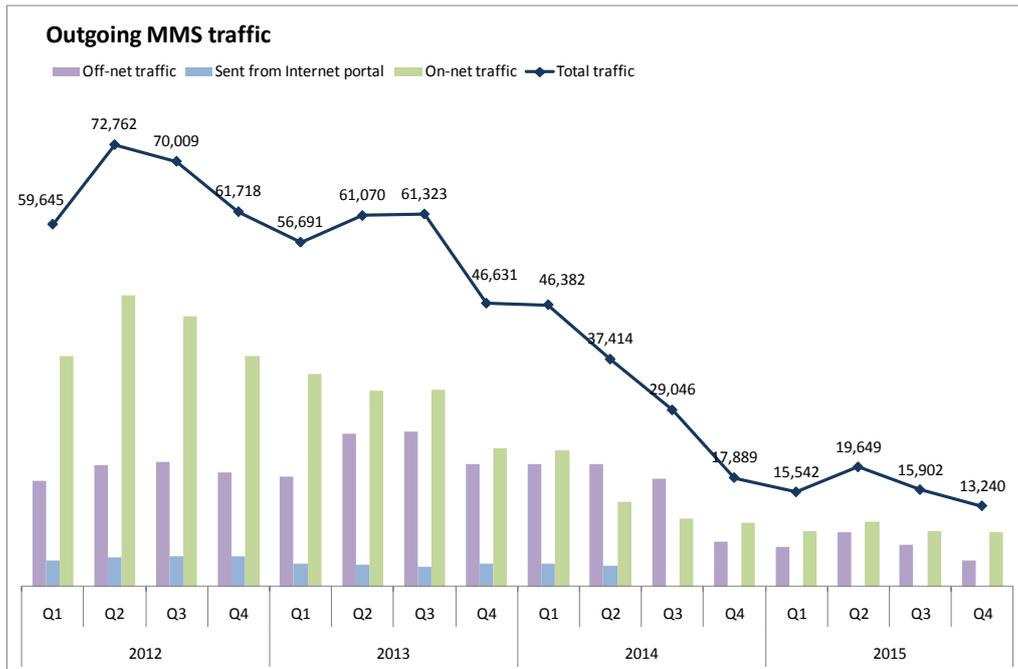


Figure 20: MMS activity - number of outgoing MMSs

5.5. Activity levels per mobile subscription

Developments in activity levels per mobile subscription depend on the rate of growth in traffic volumes and the change in the number of subscriptions.

5.5.1 Voice call activity levels per subscription

The last six months of 2015 witnessed a considerable increase in mobile voice traffic volumes and an increase in mobile telephony subscriptions. The rate of increase for volumes exceeded that reported for subscribers. As a result, the average number of voice calls per active subscription went up from around 487 in the second half of 2014 to around 490 in the second half of this year.

On-net traffic continues to represent the largest portion of voice call activity recorded by the sector. However, it is worth noting that the average number of on-net MTM calls per active subscription was down to 327 in the second half of 2015 from 335 in the second half of the previous year.

On the contrary, end-users are making more off-net MTM calls and MTF calls, most likely a result of an increasing number of post-paid subscriptions with more favourable allowances for these types of calls. In fact, the number of off-net MTM calls per active mobile subscription went up from 109 in the second half of 2014 to 116 in the second half of 2015, whilst the number of MTF calls per mobile subscription increased from 35 to around 36 during the same period.

An increase in activity levels was also reported in terms of the number of MTI calls per active subscription, up from 8 in the second half of 2014 to 11 in the second half of last year.

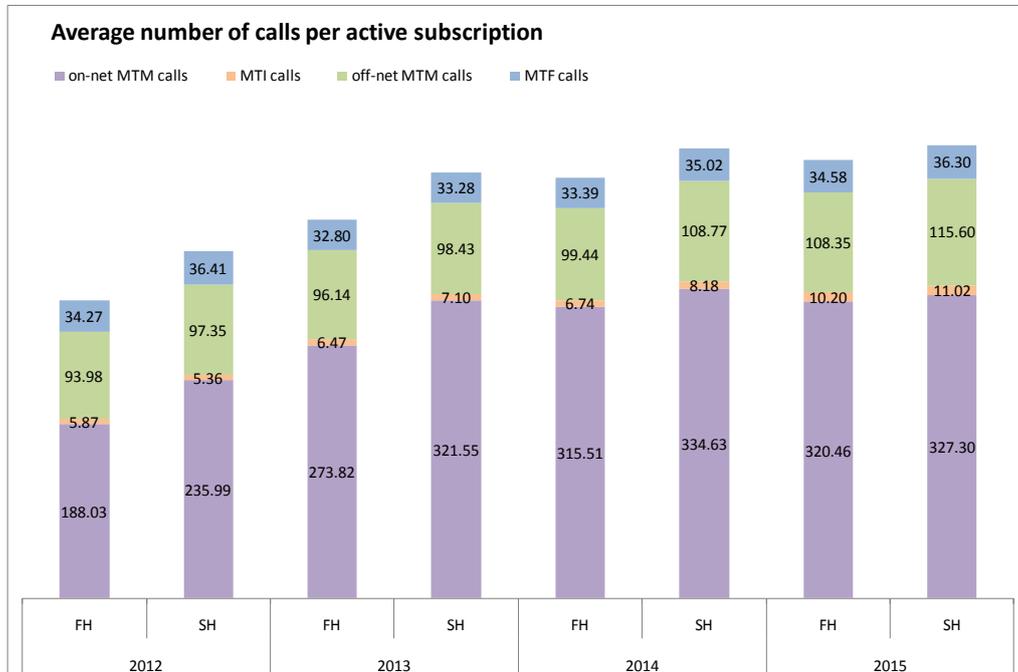


Figure 21: Average number of calls per active subscription

5.5.2 SMS activity levels per subscription

SMS traffic volumes in the second half of 2015 were down considerably when compared to volumes reported in the same period a year earlier. In combination with the increase in the number of mobile subscriptions, the decline in SMS traffic volumes resulted in lower activity levels per subscriber for this type of traffic.

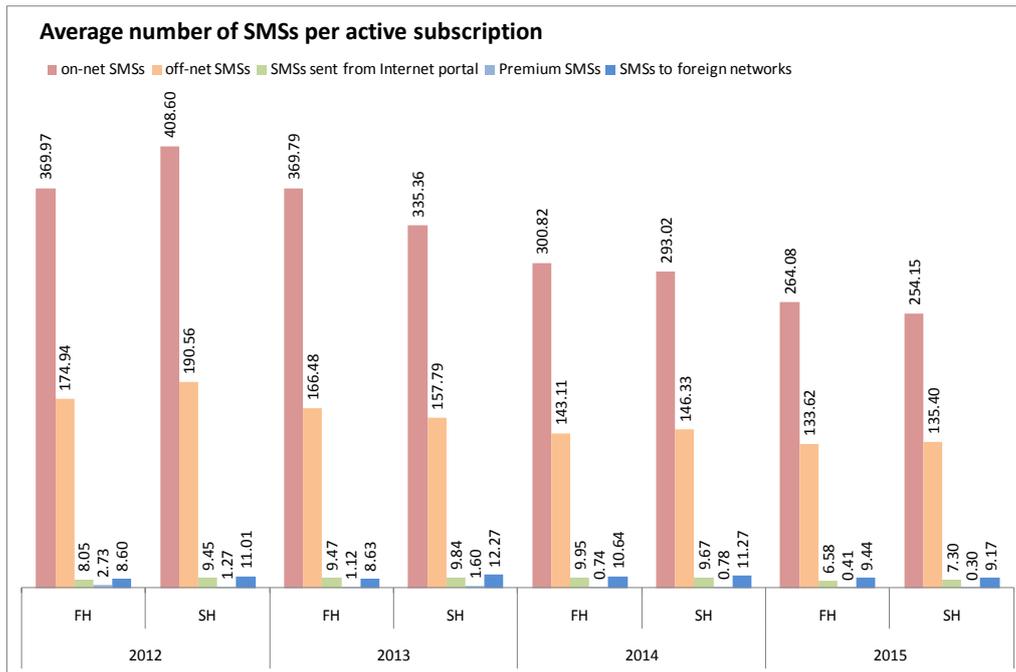


Figure 22: Subscriber activity - average number of SMSs per active subscription

In fact, the number of SMSs per active subscription in the second half of 2015 amounted to 406, notably down from 461 in the second half of 2014. Figure 22 illustrates that each SMS traffic segment registered a fall in activity levels.

As already observed in previous publications, this development mainly reflects the ongoing increase in usage of mobile voice services as opposed to a falling use of texting services. This is in part due to the improved availability of minute allowances and the increasing popularity of social networking platforms and OTT services.

5.6. Average mobile call duration

Mobile call rates and the availability of free minute allowances impact on the duration of a mobile-originated voice call. For example, lower mobile call rates are likely to contribute to lengthier calling times. Nevertheless, this trend is not always as straightforward given that various factors, particularly in a market where service providers constantly launch new offers and promotional discounts to enhance take-up and usage, may influence pricing outcomes and consumer preferences. For example, cheaper call rates and free minute allowances may entice end-users to substitute SMSs with on-net MTM voice calls that are of a shorter duration.

Overall, average mobile call duration in the second half of 2015 was 1.43 minutes (or approximately 86 seconds), slightly lengthier to what has been reported for the second half of 2014, at 1.39 minutes (or approximately 83 seconds).

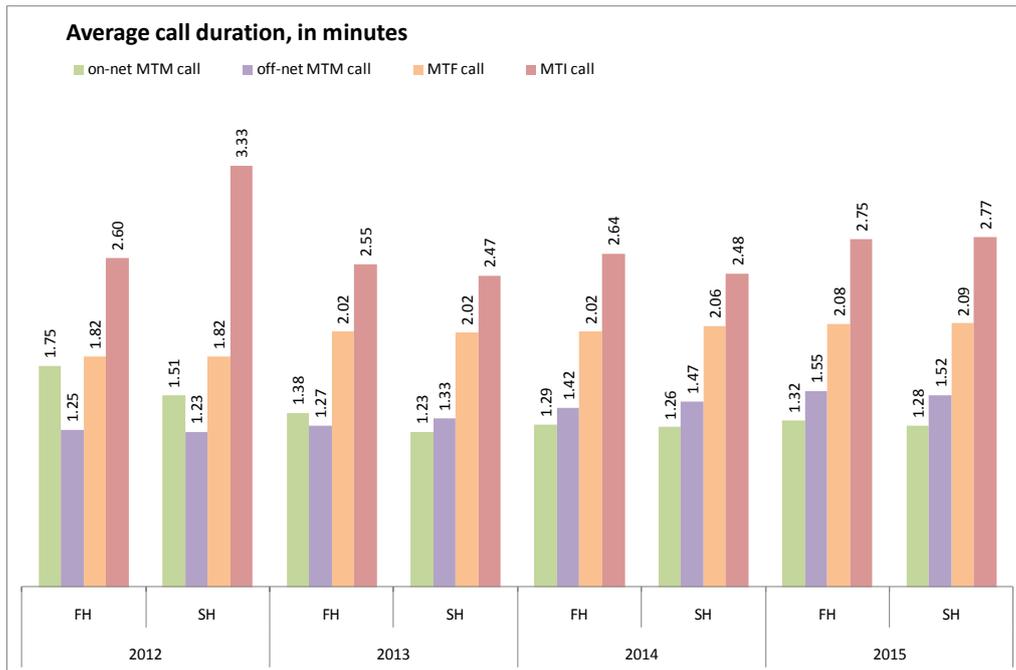


Figure 23: Average duration of an outgoing mobile call

This result is in line with the trends observed over the last few years, mainly that the wider availability of minute allowances, and their extension to different types of mobile-originated calls, contribute to longer calls and lower use of SMS.

5.7. International roaming activity levels

The level of international roaming activity¹⁹ depends on two main factors, namely the frequency and pattern of travel by end-users and the relative roaming charges that apply for calls and SMSs. It is of relevance to underline here that Malta continues to experience a consistently higher inflow and outflow of tourists over the last few years. Meanwhile, the number of Maltese travelling abroad has also increased. Stronger tourist flows have also coincided with falling roaming charges, both in the case of voice calls and text messaging.

5.7.1 Outbound roaming activity

This type of roaming activity refers to voice call, SMS, and data services operated on foreign mobile networks by local subscribers when roaming abroad.

¹⁹ From a technical perspective, international roaming encompasses any activity registered by mobile subscribers whilst travelling abroad. In this regard, end-users would be using voice-roaming services when making or receiving calls via their mobile subscription while abroad. They would be using SMS roaming services when sending or receiving an SMS via their mobile subscriptions. End-users can also send or receive data while abroad over their mobile.

Data for inbound and outbound roaming calls is currently under review and subject to revisions.

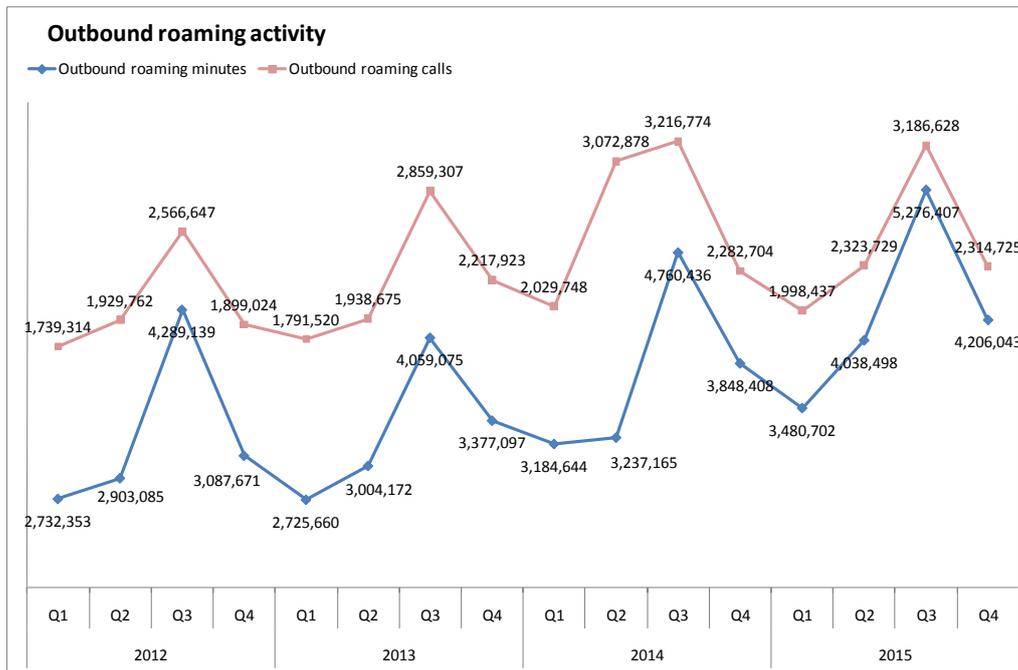


Figure 24: Outbound roaming activity

The number of outbound roaming calls totalled 5.5 million in the second half of 2015, almost unchanged from what was recorded in the second half of 2014. Meanwhile, the number of outbound roaming minutes in the second half of 2015 totalled 9.5 million, up by 0.9 million (or by 10.2%), from 8.6 million in the second half of the previous year. These positive developments are a result of more people travelling abroad and the implementation of lower roaming call charges. The fall in roaming call charges enticed mobile end-users to make lengthier calls rather than making multiple shorter calls whilst travelling.

5.7.2 Inbound roaming activity

This type of roaming activity refers to call, SMS and data services operated on local mobile networks by foreign subscribers when roaming in Malta.

The number of inbound roaming calls totalled 26.1 million in the second half of 2015, which is down by 2.5 million (or by 8.8%) from 28.6 million in the corresponding period a year earlier. This is again most likely a result of the decline in roaming call charges, which enticed end-users to make lengthier calls rather than a larger number of calls with a short duration.

This is confirmed by figures observed for inbound roaming activity in terms of voice traffic minutes.

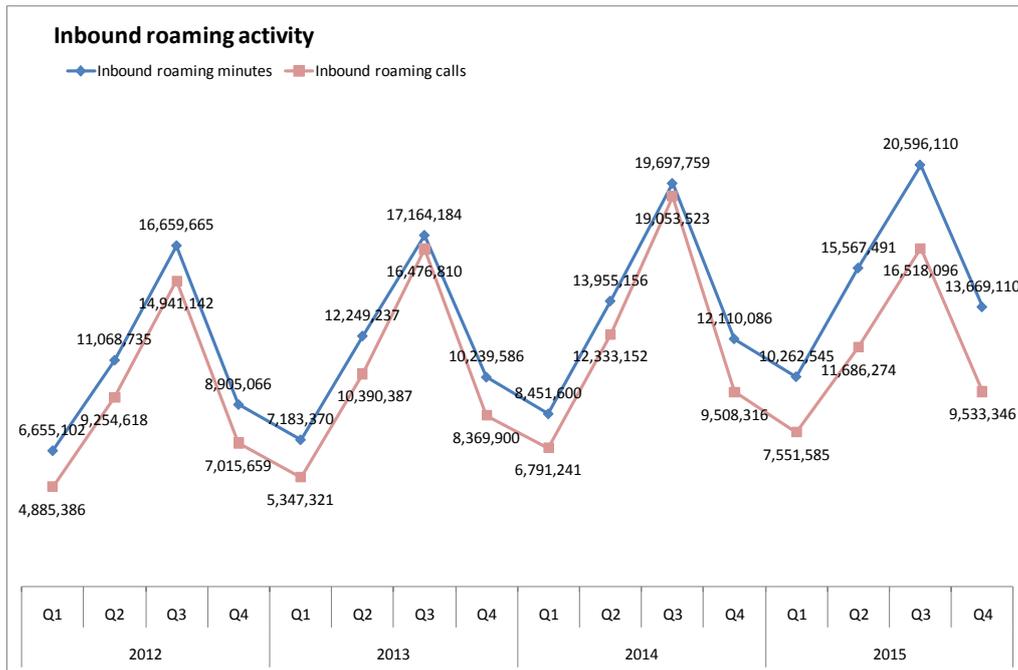


Figure 25: Inbound roaming activity

In fact, the number of inbound roaming minutes went up by 2.5 million (or by 7.7%), from 31.8 million in the second half of 2014 to 34.3 million in the second half of last year.

5.8. Mobile ARPU

The average revenue per user (ARPU) in the mobile sector for the second half of 2015 was higher than that observed in the second half of the previous year. Figure 26 shows that mobile ARPU in the second half of last year stood at €92.39, which is up by €1.32 (or by 1.4%) from €91.07 in the second half of 2014.

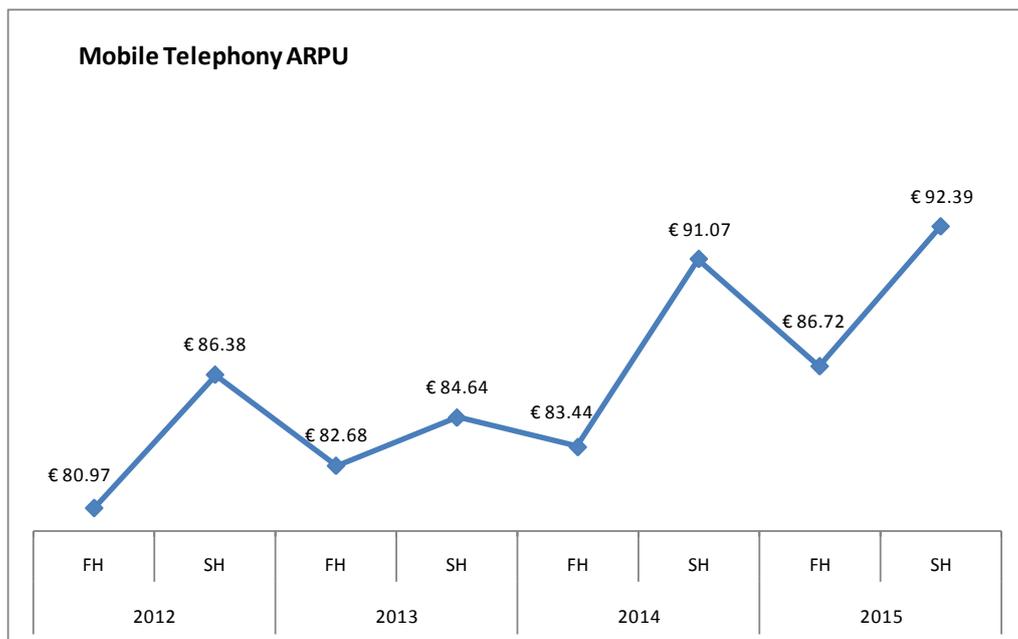


Figure 26: Average revenue per mobile user

This improvement in average revenue per mobile user is attributable to the strong increase in the number of mobile subscriptions on post-paid plans and the rapid increase in voice traffic volumes, which coincided with a higher usage of mobile broadband data services.

Methodology used in deriving mobile ARPU figures

Mobile ARPU figures are derived by dividing total revenues of service providers by the average number of active subscriptions, during a given period.

The 'total revenues' heading includes a number of retail revenue elements, namely:

1. revenues from all outgoing voice activity (excluding interconnection revenues);
2. revenues from SMS and MMS activity;
3. revenues from monthly access fees;
4. revenues from data services; and
5. revenues from outbound roaming activity (but excl. revenues from inbound roaming activity).

The average number of active subscribers during a given period is derived by adding the number of active subscriptions at the start of the period plus the number of subscriptions at the end of the said period, divided by two.

5.9. Pricing developments for mobile telephony

The shift observed from pre-paid to post-paid subscriptions reflects changing consumer preferences, underscored by the continued substitution from fixed to mobile voice services and the accelerating demand for mobile data.

The shift to post-paid is in fact happening at a time when service providers are adapting their product line-up to accommodate the evolving requirements of the consumer. Hence, the launch of new plans with improved minute and data allowances and the introduction of plans with hybrid pricing models.

Whilst this whole mix of new plans and offers makes it difficult to determine the exact price paid by the end-user to make a mobile voice call and / or to send an SMS, an overall pattern of falling average rates for these services is observed²⁰.

Figure 27 shows that the average rate per minute of mobile communication for a domestic call stood at €0.083 in the second half of 2015, down by 2.4% from €0.085 in the second half of 2014²¹.

²⁰ The MCA carries out a regular exercise to calculate the average rate per minute of mobile voice call services and the average rate per SMS. In the former case, figures are derived by dividing domestic and international mobile voice traffic revenues (including voice related access revenues but excluding roaming revenues), by the number of minutes reported under each respective heading. In the latter case, figures correspond to the division of SMS-related revenues by the number of SMSs made during the period.

In these calculations, revenues from VAT, excise tax, and retail roaming services are excluded.

²¹ It is again noted here that local mobile operators may offer free calls or discounted call rates, such as on weekends and evenings, and also in the case of particular schemes for closed user groups and bundled products. However, the current calculations do not take these factors into account.

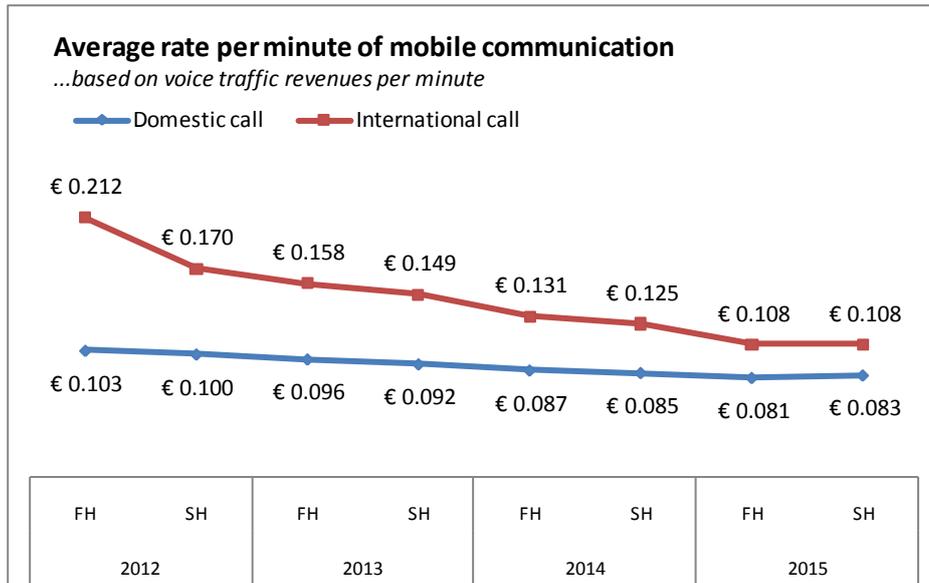


Figure 27: Average rate per minute of mobile communications

Meanwhile, the average rate per minute of mobile communication for an international call over the mobile network was also down, this time by almost 13.6%, from €0.125 in the second half of 2014 to €0.108 in the second half of 2015.

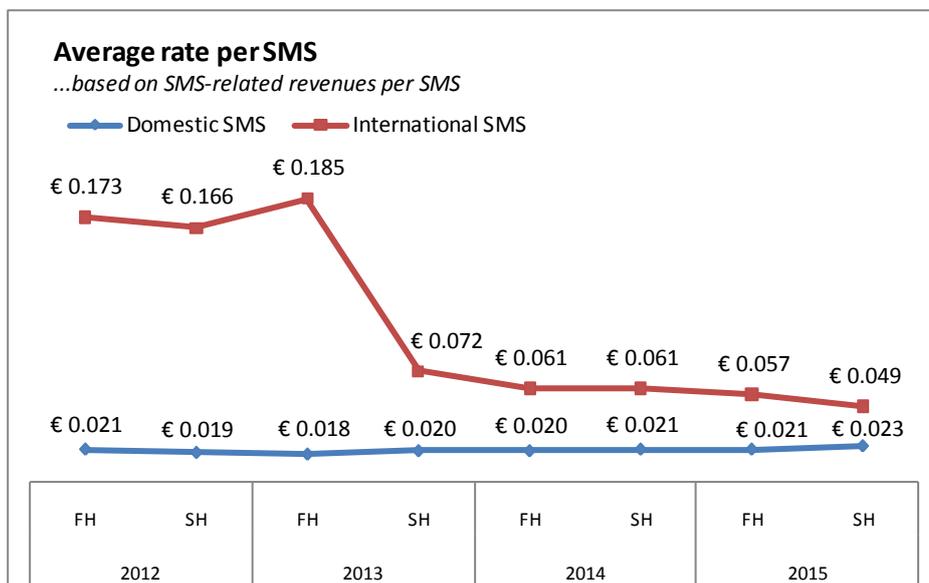


Figure 28: Average rate per domestic and international SMS

In terms of the average rate per SMS, Figure 28 illustrates that, in the second half of 2015, the consumer on average paid €0.023 for a domestically bound SMS and €0.049 for an internationally bound SMS.

6. Fixed and mobile broadband

Providers of fixed and mobile broadband services report a strong performance in 2015, particularly as take-up of their services increased substantially. Other indicators for the sector were also positive, such as the reported fall in the rate per Mbps paid by consumers, which coincided with improved ARPU levels.

The fixed broadband subscriber base accounted for 163,205 subscriptions at the end of last year, up by 11,648 (or by 7.7%) from 151,557 a year earlier. The fixed broadband penetration rate improved accordingly, from 35.3% at the end of 2014 to 37.7% at the end of 2015.

Of note is the substantial increase in the number of fixed broadband connections supporting superfast download speeds i.e. download speeds of 30Mbps or more. Of the total fixed broadband subscriptions recorded at the end of last year, 97,933 subscriptions (or 60.0% of the local fixed broadband subscriber base) had this type of connection²². Meanwhile, 65,272 subscriptions had a connection supporting a download speed of less than 30Mbps. Year-on-year, the number of connections supporting download speeds of 30Mbps or more was up by 59,339 (i.e. 1.5 times higher than a year earlier), whilst the number of connections supporting download speeds lower than 30Mbps was down by 39,144 (or by 37.5%).

More consumers opted to purchase fixed broadband in a bundle. The number of fixed broadband subscriptions in a bundle climbed by 19,551 (or by 19.6%), from 99,809 at the end of 2014 to 119,360 at the end of last year. As a result, the proportion of fixed broadband subscriptions on a bundle at the end of last year stood at 73.1%, up from 65.9% a year earlier.

The decline in the average rate per Mbps observed last year indicates a more competitive cost-to-quality relationship for the consumer, as many subscribers on legacy products upgraded to newer offers. The average rate per Mbps in the second half of 2015 stood at €1.54²³, down by around 10.0% from €1.71 in the second half of the previous year²⁴.

Despite the decline in the average rate per Mbps, ARPU for the sector improved by 1.4%, from €90.02 in the second half of 2014 to €91.32 in the second half of 2015.

Take-up of mobile broadband represents another area of growth for local service providers, as reflected by an increase of around 44,500 end-users actively using mobile broadband services between the end of 2014 and the end of 2015. In line with this increase, Malta continues to improve its mobile broadband penetration rate, closing its gap with the EU average, as confirmed by figures published by the European Commission.

6.1. Fixed broadband subscriptions

The number of fixed broadband subscriptions totalled 163,205 at the end of last year. This figure is up by 11,648 (or by 7.7%) from 151,557 fixed broadband subscriptions recorded at the end of 2014²⁵.

The number of fixed broadband subscriptions recorded at the end of last December equates to a fixed broadband penetration rate of 37.7%, an increase of 2.4 percentage points since the end of 2014.

²² Reference is to 'headline' (or 'advertised') download speeds.

²³ This represents the average rate per Mbps for the period and therefore differs from the average rate per Mbps quoted for the end of 2015.

²⁴ These figures vary from those quoted further down below given that they refer to the average rate per Mbps for the whole six-month period under review rather than the average rate per Mbps at the end of the reference period.

²⁵ For the purpose of this report, fixed broadband Internet subscriptions refer to those connections that are *always on* and have a speed of 128kbps or more.

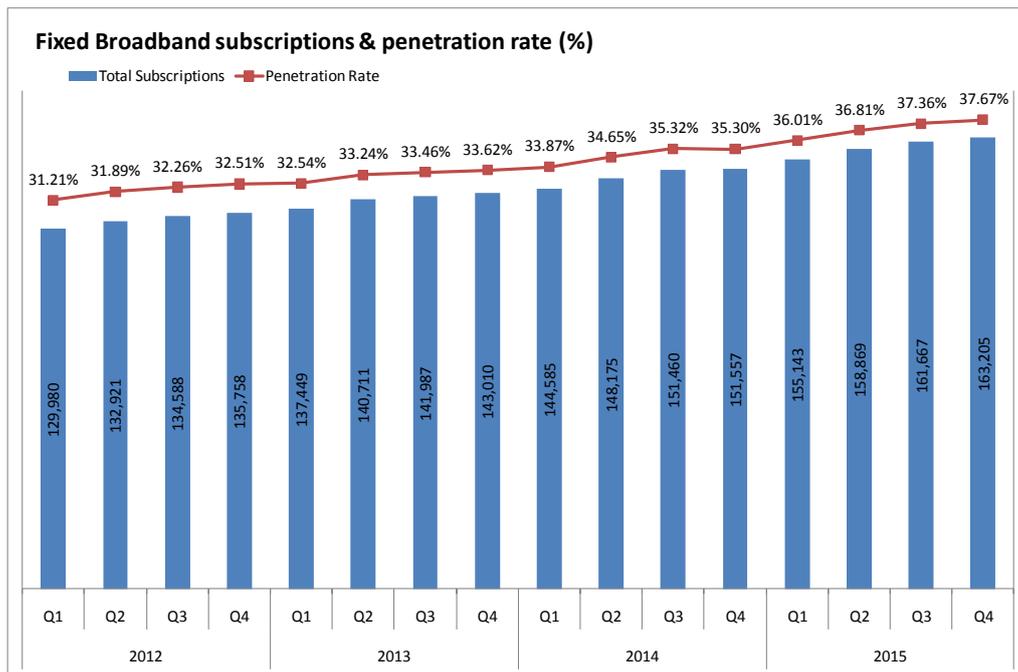


Figure 29: Take-up of fixed broadband and fixed broadband penetration

The number of end-users opting to purchase their fixed broadband subscription in combination with other electronic communications products and services in a bundle has also seen a rapid rise.

| Fixed broadband subscriptions in a bundle | 2012 | | 2013 | | 2014 | | 2015 | |
|--|---------------|---------------|---------------|---------------|---------------|---------------|----------------|----------------|
| | FH | SH | FH | SH | FH | SH | FH | SH |
| Fixed broadband subscriptions on a dual play contract | 6,222 | 9,653 | 10,068 | 11,349 | 15,979 | 29,890 | 36,927 | 44,179 |
| Fixed broadband + fixed telephony | 6,222 | 9,653 | 10,068 | 11,349 | 15,979 | 29,890 | 36,927 | 44,179 |
| Fixed broadband subscriptions on a triple play contract | 9,802 | 9,794 | 15,459 | 21,376 | 22,477 | 25,490 | 26,718 | 28,193 |
| Fixed broadband + fixed telephony + mobile telephony | 437 | - | 344 | 289 | 312 | 620 | 630 | 807 |
| Fixed broadband + fixed telephony + pay TV | 9,365 | 9,794 | 15,115 | 21,087 | 22,165 | 24,870 | 26,088 | 27,386 |
| Fixed broadband subscriptions on a quad play contract | 39,019 | 40,583 | 41,339 | 42,486 | 44,069 | 44,429 | 45,683 | 46,988 |
| Fixed broadband + fixed telephony + pay TV + mobile telephony | 39,019 | 40,583 | 41,339 | 42,486 | 44,069 | 44,429 | 45,683 | 46,988 |
| Total number of fixed broadband subscriptions in a bundle | 55,043 | 60,030 | 66,866 | 75,211 | 82,525 | 99,809 | 109,328 | 119,360 |
| Number of fixed broadband subscriptions as at end of period | 132,921 | 135,758 | 140,711 | 143,010 | 148,175 | 151,557 | 158,869 | 163,205 |
| Percentage of fixed broadband subscriptions in a bundle | 41.41% | 44.22% | 47.52% | 52.59% | 55.69% | 65.86% | 68.82% | 73.14% |

Table 12: Fixed broadband subscriptions on a bundled offer

In this regard, the number of fixed broadband subscriptions purchased in combination with some other electronic communications service on a bundle totalled 119,360 at the end of the current review period. The latter figure is equivalent to 73.1% of all fixed broadband subscriptions recorded at the time, which represents an increase of 7.3 percentage points over a 12-month period.

6.2. Fixed broadband subscriptions by type of access technology

A breakdown of fixed broadband subscriptions by technology shows that there were 80,750 cable-based subscriptions at the end of 2015, up by 5,156 (or by 6.8%) from 75,594 subscriptions a year earlier.

DSL-based subscriptions and FTTH-based subscriptions²⁶ totalled 74,739 and 5,214 respectively at the end of last year. The DSL subscriber base went up by 844 connections over a 12-month period since the end of 2014, whilst the subscriber base for FTTH registered 5,214 connections at the end of last year.

²⁶ This is the first time that the MCA is reporting on FTTH-based subscriptions as a separate category of fixed broadband.

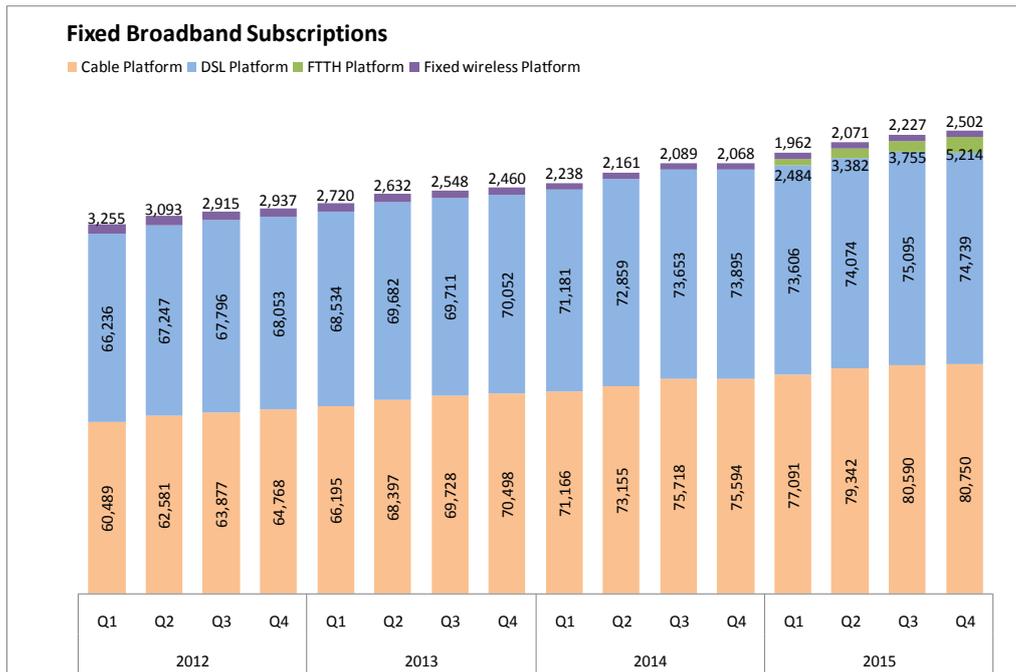


Figure 30: Broadband Internet subscriptions as at end of period - by technology

Meanwhile, the number of fixed wireless connections totalled 2,502 at the end of 2015, up by 434 (or by almost 21.0%) from 2,068 at the end of 2014.

In view of the changes observed above, cable’s market share slightly fell by 0.4 percentage points, from 49.9% at the end of 2014 to 49.5% at the end of last year. DSL also lost market share, in this case from 48.8% to 45.8%.

In contrast, the market share of FTTH improved by 3.2 percentage points whilst that of fixed wireless improved by 0.2 percentage points.

6.3. Fixed broadband subscriptions by speed²⁷

Over the last few years, take-up of fixed broadband has shifted towards products supporting higher download speeds, specifically superfast fixed broadband products.

Figure 31 illustrates that the number of fixed broadband subscriptions supporting download speeds of less than 30Mbps at the end of last year stood at 65,272. This figure is down by 2,519 (or by 3.7%) from 67,791 at the end of 2014.

Meanwhile, the number of fixed broadband subscriptions allowing for a download speed of 30Mbps but less than 100Mbps was up by 12,966 (or by 15.7%), from 82,697 to 95,663.

²⁷ Quoted figures refer to advertised speeds.

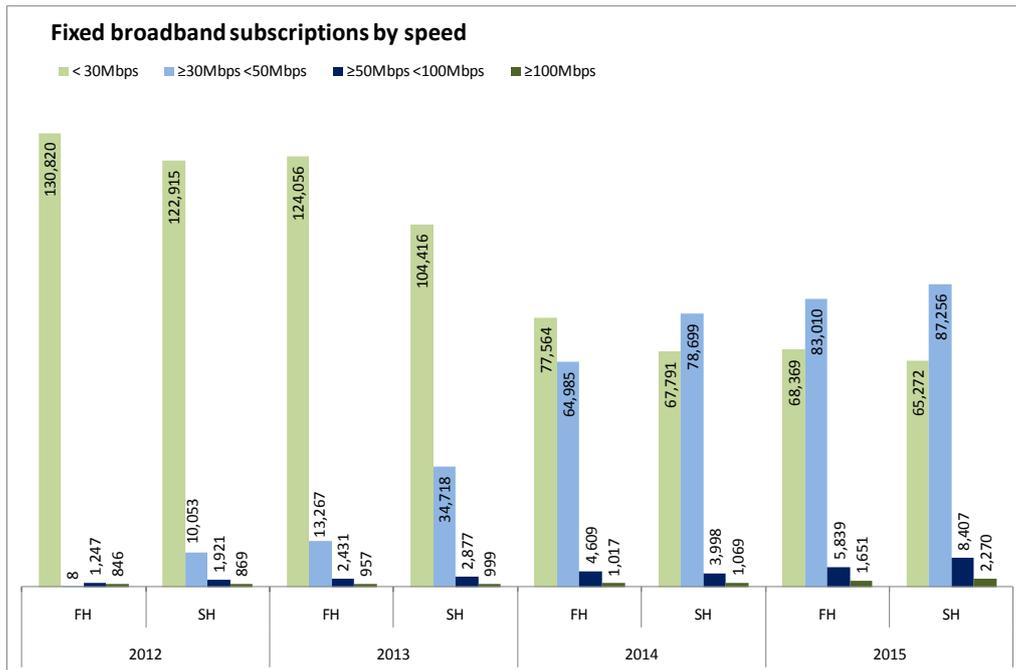


Figure 31: Fixed broadband subscriptions as at end of period, by speed

The number of fixed broadband subscriptions availing of a download speed of 100Mbps or more has also increased during the same period, in this case by 1,201 (or by 112.3%) from 1,069 to 2,270.

6.4. Fixed broadband subscriptions by access technology and download speed

A further look at the fixed broadband subscriber base, in particular to the number of fixed broadband subscriptions categorised by type of access technology and download speeds, would show that all fixed wireless broadband subscriptions recorded at the end of 2015, except for four, allowed for a download speed of less than 30Mbps. The four connections mentioned before allowed for a download speed of 30Mbps but less than 50Mbps.

Meanwhile, with respect to DSL, 81.2% of all subscriptions on this technology platform allowed for a download speed of less than 30Mbps and 18.8% allowed for a download speed of 30Mbps but less than 50Mbps.

40.4% of all subscriptions registered under the FTTH platform allowed for a download speed of less than 30Mbps, 55.6% allowed for a download speed of 30Mbps but less than 100Mbps and 3.9% allowed for a download speed of 100Mbps or more.

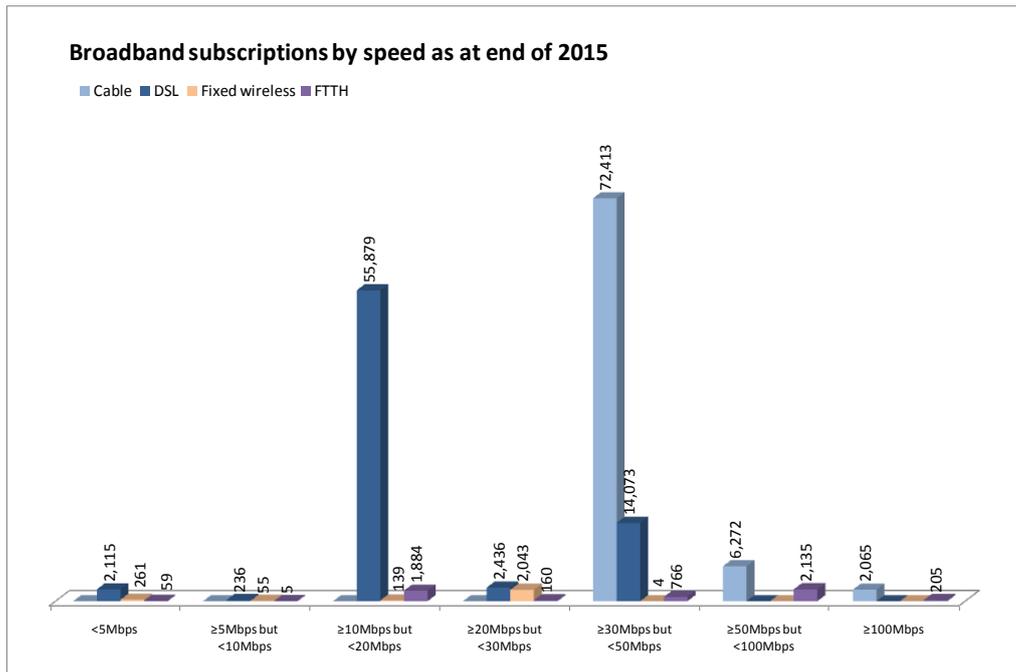


Figure 32: Broadband Internet subscriptions as at end of period - by technology & connection speed

With respect to cable-based fixed broadband subscriptions, Figure 32 illustrates that 89.6% of these allowed for a download speed of 30Mbps but less than 50Mbps, 7.8% allowed for a download speed of 50Mbps but less than 100Mbps and 2.6% allowed for a download speed of 100Mbps or more.

6.5. Fixed broadband ARPU

The average revenue per user (ARPU) for fixed broadband in the second half of 2015 stood at €91.32, up from €90.02 in the same period a year earlier.

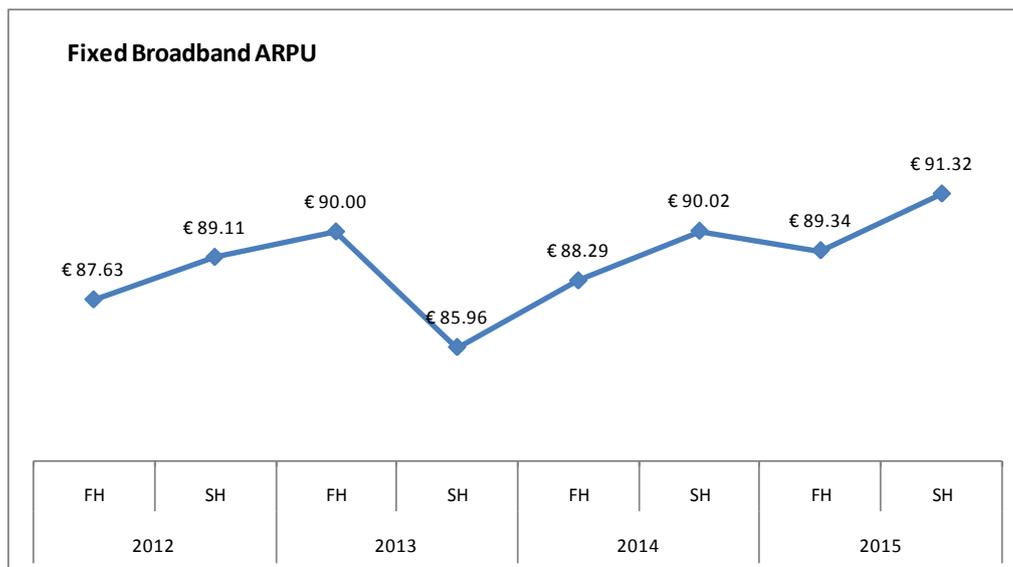


Figure 33: Average revenue per broadband user

This increase in ARPU for fixed broadband materialised at a time when take-up for products supporting fast and super fast download speeds increased significantly. Such an increase in take-up enables service providers to get a higher premium, notwithstanding the higher uptake of broadband in bundled subscriptions and the promotional offers and discounts that are common with bundled packages.

Methodology used in deriving fixed broadband ARPU figures

ARPU for fixed broadband corresponds to the average quarterly spend by end-users for data access and internet connectivity services provided over fixed access technology. The figures are derived by dividing the total retail revenues of service providers by the total number of subscriptions, during a given period.

The revenue element is composed of the total retail revenues from subscriptions to broadband services, excluding revenues from installation and connection fees.

The average total number of subscriptions takes the sum of the total subscriptions at the start and the end of the quarter under consideration divided by two.

6.6. Average rate per Mbps

The rate that Maltese consumers pay for bandwidth has gone down in 2015, in line with long-term market developments. An overall trend that emerges and became more evident last year is that consumers pay a lower price per Mbps for products delivering faster download speeds compared to products delivering slower download speeds.

The second half of 2015 has seen one service provider issuing a notice to its customers saying that its legacy plans would no longer be available and that they would be in a position to avail of plans supporting higher download speeds. This development, combined with a natural increase in demand for superfast fixed broadband services - particularly products offered on a 2-year contract term at a cheaper monthly fee - made it possible for the average rate per Mbps in the second half of 2015 to fall when compared to that prevailing a year earlier.

Overall, the average rate per Mbps at the end of 2015 stood at €1.30, down by around 23.7% from €1.71 at the end of 2014²⁸.

Figure 34 illustrates that, when compared to the average rate per Mbps observed at the end of 2014, the corresponding rates at the end of last year were higher with respect to several broadband products supporting download speeds of less than 30Mbps. On the other hand, the average rate per Mbps was lower for superfast fixed broadband products supporting download speeds of 30Mbps or more.

On a disaggregated level, the average rate per Mbps for products supporting a download speed of less than 5Mbps went up from €3.79 to €4.43 whilst the average rate per Mbps for fixed broadband products supporting download speeds of 20Mbps but less than 30Mbps went up from €1.84 to €2.95 during the same period²⁹. The average rate per Mbps of products supporting download speeds of 5Mbps but less than 20Mbps has however gone down.

²⁸ The average rate per Mbps calculation in this report takes into account fixed broadband offers on a stand-alone subscription or on dual play bundled packages.

²⁹ This increase reflects the discontinuation of a number of legacy products, with only those products on the higher-end of the price scale now featuring in this category.

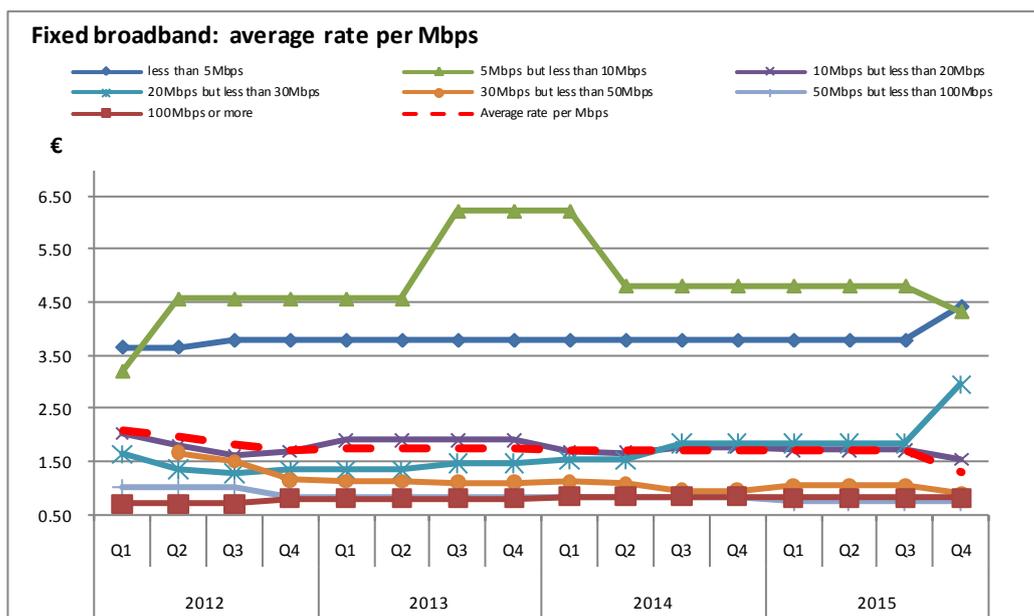


Figure 34: Average price per Mbps of fixed broadband for packages

The rate per Mbps for broadband products with download speeds of 30Mbps but less than 50Mbps was down by 6.3%, from €0.95 at the end of 2014 to €0.89 at the end of last year. Meanwhile, the rate per Mbps for broadband products supporting download speeds of 50Mbps but less than 100Mbps was down by 10.0%, from €0.84 to €0.76.

As for fixed broadband products supporting download speeds of 100Mbps or more, the average rate per Mbps was also down year-on-year³⁰, from €0.83 to €0.81.

Note

The MCA considers the average advertised rate of fixed broadband per unit of download speed (i.e. per Mbps) as a proxy measure of how pricing for local fixed broadband products develops over time.

Figure 36 illustrates movements in the average advertised rate per Mbps on a more disaggregated level. To this effect seven fixed broadband categories are identified, according to different brackets of headline download speeds, as follows:

- products with a download speed of less than 5Mbps;
- products with a download speed equal to or greater than 5Mbps but less than 10Mbps;
- products with a download speed equal to or greater than 10Mbps but less than 20Mbps;
- products with a download speed equal to or greater than 20Mbps but less than 30Mbps;
- products with a download speed equal to or greater than 30Mbps but less than 50Mbps;
- products with a download speed equal to or greater than 50Mbps but less than 100Mbps; and
- products equal to or greater than 100Mbps.

The calculation of the rate of fixed broadband per unit of download speed for the different products featuring in the above-mentioned categories is derived by dividing the relevant monthly access fee by the supported download speed. The final rate per Mbps figure for each category is based on a simple average of the rate per Mbps figures for the different products involved.

³⁰ Plans not available nationwide do not feature in this category for the purposes of deriving the average rate per Mbps.

6.7. Take-up and usage of mobile broadband

The term mobile broadband used in this review encompasses data access and internet connectivity services offered over the following devices:

- 3G-enabled mobile handsets, especially smartphones; and
- portable computers and tablets, enabled by USB dongles / keys and built-in broadband cards.

For the sake of consistency, the methodology used to measure the take-up of mobile broadband in Malta corresponds with that adopted by the EU Commission when measuring progress in this area across the EU³¹. Locally, mobile broadband via 3G-enabled mobile phones can be purchased in a bundle or as an add-on or acquired with other mobile telephony services.

Figure 35 illustrates that the number of users actively accessing mobile broadband services via 3G-enabled mobile subscriptions totalled 237,369 at the end of 2015. This figure is up by almost 26,203 (or by 12.4%) from 211,166 at the end of 2014.

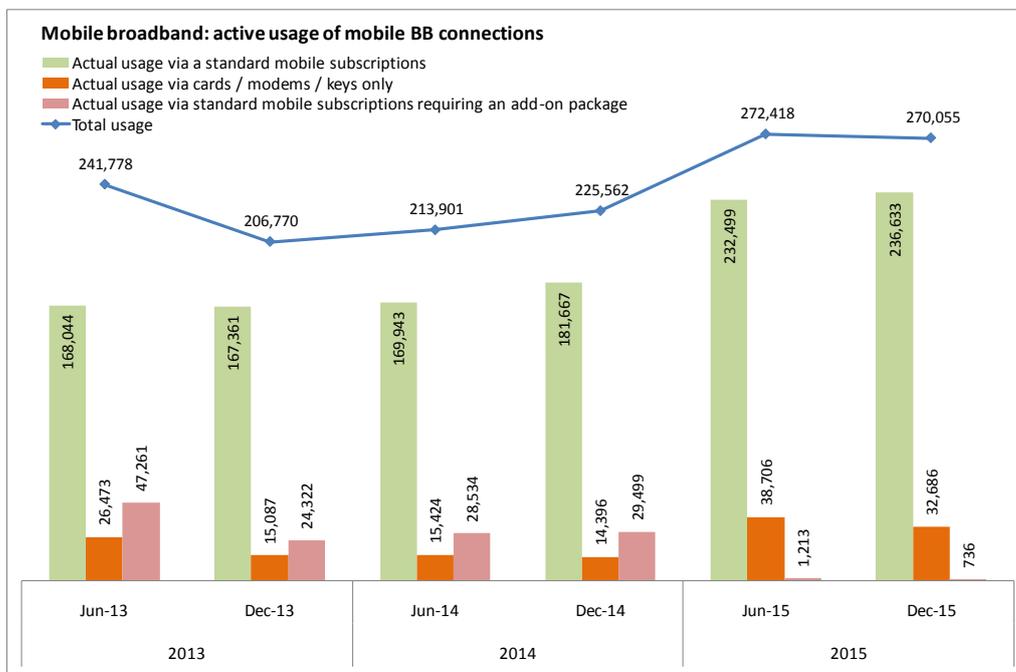


Figure 35: Mobile broadband active connections as at end of period³²

Meanwhile, the number of active mobile broadband connections via dedicated data service cards/modems/keys more than doubled during the same period, increasing by 18,290 (or by 127.0%) from 14,396 to 32,686.

6.6. Mobile broadband penetration

In line with developments observed over the last few years, Malta’s take-up of mobile broadband (or mobile broadband penetration)³³ has caught up significantly with the EU average last year.

³¹ The EU Commission states that, for the sake of clarity, what is measured for mobile BB is the number of users, and not the number of transactions, since the overall objective is to measure a penetration per 100 population.

³² Data is under review and subject to change.

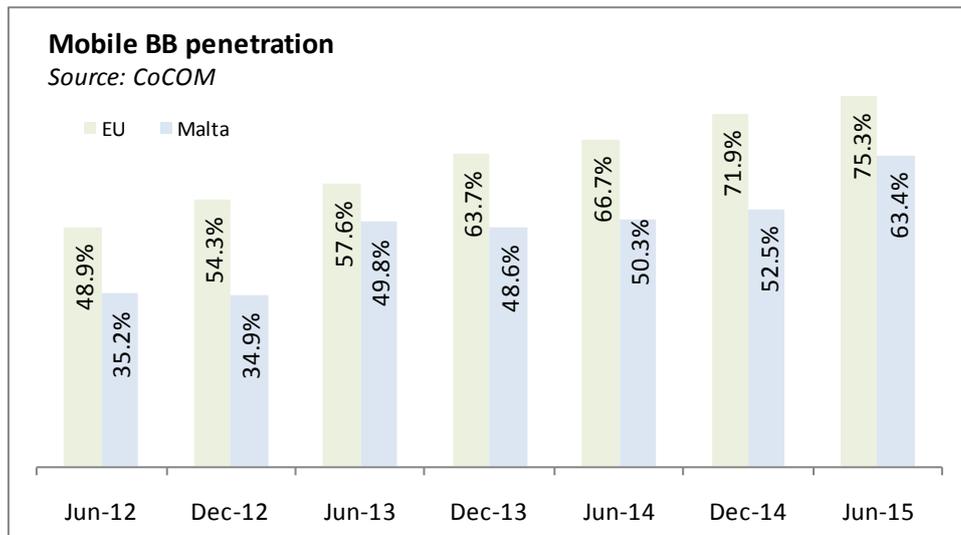


Figure 36: Mobile broadband penetration (active end-users/100 people), as at end of period

Figure 36 illustrates that, in June 2015, Malta’s mobile broadband penetration rate per 100 people stood at 63.4%, compared to an EU average of 75.3%³⁴. This means that, in a year, the gap between Malta’s standing and that of the EU average narrowed by 4.5 percentage points.

³³ The data is available on the EU Commission’s Digital Agenda Scoreboard.

³⁴ Data for December 2015 is currently not available on the Commission’s Digital Agenda Scoreboard.

7. Pay TV

The take-up of pay TV strengthened during 2015, with the number of pay TV subscriptions reaching 149,378 at the end of the year, which is up by 1,498 (or by 1.0%) since the end of 2014³⁵.

Pay TV services in Malta are currently offered over four different platforms, namely analogue cable (which is no longer marketed and is only offered to existing clients), digital cable, digital terrestrial (DTTV) and Internet Protocol (IPTV).

Notably, take-up of IPTV experienced strong levels of growth in the subscriber base. In fact, the number of IPTV subscriptions climbed by 7,018 (or by 57.3%) between December 2014 and December 2015. Meanwhile, the number of digital cable subscriptions was up by 1,324 (or by 1.9%). These increases outweighed declines recorded for analogue cable and DTTV, which lost 756 and 6,088 subscriptions respectively.

Pay TV is the third most commonly bought electronic communications service in a bundle, after fixed broadband and fixed telephony. At the end of last December, the proportion of pay TV subscriptions in a bundle stood at 53.7%, up from 51.6% a year earlier³⁶.

On average, end-users paid a monthly access fee of €22.50 for their pay TV service (when purchased on a stand-alone basis) in the second half of 2015, unchanged from the second half of 2014.

However, despite the increase in pay TV subscriptions and a higher uptake of bundle packages including pay TV plans, ARPU for the sector dropped from €85.40 in the second half of 2014 to €83.38 in the second half of last year. This is most likely a result of discounts and promotional offers on pay TV services when purchased in a bundle.

7.1. Pay TV subscriptions

There were 149,378 pay TV subscriptions at the end of last year, up by 1,498 (or by 1.0%) from 147,880 subscriptions a year earlier.

The proportion of bundled pay TV subscriptions continued to rise. Table 13 shows that the number of bundled pay TV subscriptions totalled 80,215 (corresponding to almost 56.0% of all digital-based and IP-based pay TV subscriptions) at the end of last year. This figure is up by 3,970 (or by 5.2%) from 76,245 (corresponding to 54.1% of all digital-based and IP-based pay TV subscriptions) at the end of 2014.

| Pay TV subscriptions in a bundle | 2012 | | 2013 | | 2014 | | 2015 | |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | FH | SH | FH | SH | FH | SH | FH | SH |
| Pay TV subscriptions on a dual play contract | 15,681 | 12,301 | 10,832 | 9,923 | 9,731 | 6,946 | 6,318 | 5,841 |
| Pay TV + fixed telephony | 15,681 | 12,301 | 10,832 | 9,923 | 9,731 | 6,946 | 6,318 | 5,841 |
| Pay TV subscriptions on a triple play contract | 9,365 | 9,794 | 15,115 | 21,087 | 22,165 | 24,870 | 26,088 | 27,386 |
| Pay TV + fixed telephony + fixed broadband | 9,365 | 9,794 | 15,115 | 21,087 | 22,165 | 24,870 | 26,088 | 27,386 |
| Pay TV subscriptions on a quad play contract | 39,019 | 40,583 | 41,339 | 42,486 | 44,069 | 44,429 | 45,683 | 46,988 |
| Pay TV + fixed telephony + fixed broadband + mobile telephony | 39,019 | 40,583 | 41,339 | 42,486 | 44,069 | 44,429 | 45,683 | 46,988 |
| Total number of pay TV subscriptions (excl. analogue) in a bundle | 64,065 | 62,678 | 67,286 | 73,496 | 75,965 | 76,245 | 78,089 | 80,215 |
| Number of pay TV subscriptions as at end of period | 139,213 | 139,330 | 141,085 | 141,410 | 141,950 | 141,032 | 141,694 | 143,286 |
| Percentage of pay TV subscriptions in a bundle | 46.02% | 44.99% | 47.69% | 51.97% | 53.52% | 54.06% | 55.11% | 55.98% |

Table 13: Pay TV subscriptions on a bundled offer³⁷

³⁵ This figure excludes forms of subscriptions to Over-the-Top (OTT) Video-on-Demand (VoD) offerings or internet-only streaming services. No data on take-up of such subscriptions is available to the MCA since these providers are not authorised locally.

³⁶ These figures are different from the ones provided in Table 13, given that they correspond to the proportion of bundled pay TV subscriptions to the total subscriber base. On the other hand, Table 13 presents the proportion of bundled pay TV subscriptions to the total digital-based subscriptions, as Melita no longer offers analogue-based pay TV services to new customers.

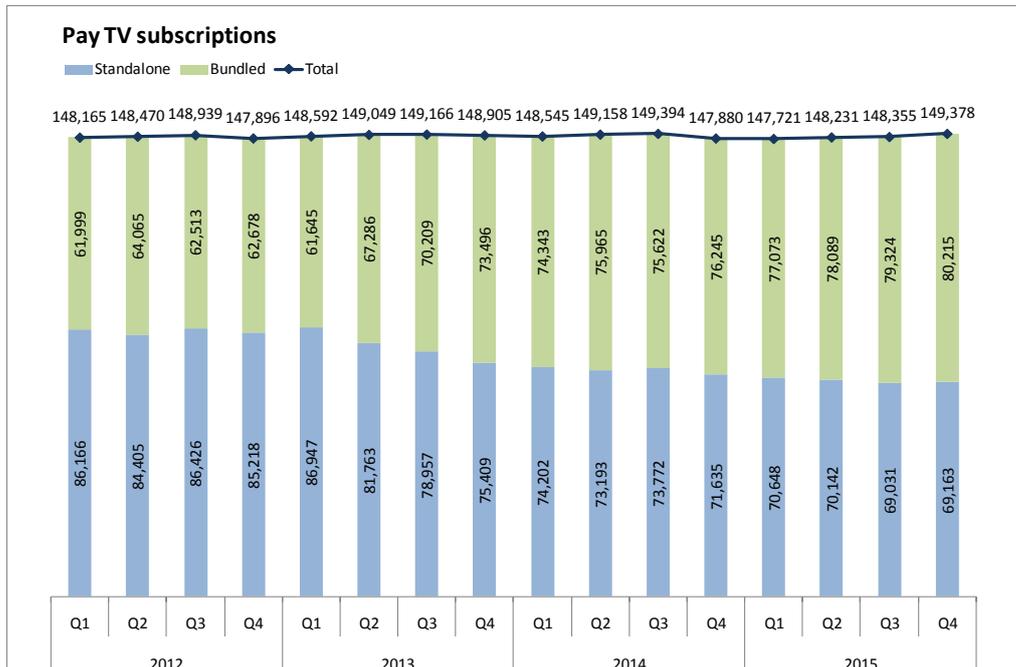


Figure 37: Pay TV subscriptions as at end of period

It is also relevant to underline that analogue cable pay TV subscriptions are no longer offered to new subscribers, either on a stand-alone basis or in a bundle. Table 13 therefore excludes analogue cable pay TV subscriptions from the total number of subscriptions.

7.2. Pay TV subscriptions by technology platform

Local end-users can avail themselves of pay TV services delivered over four technology platforms. These are the digital terrestrial television (DTTV) platform and the Internet Protocol television (IPTV) platform, which are owned by GO, and the analogue cable TV and digital cable TV platforms, which are owned by Melita³⁸.

Figure 38 shows the breakdown of pay TV subscriptions between these platforms. The number of DTTV subscriptions totalled 51,390 at the end of last year, which is down by 6,088 (or by 10.6%) from 57,478 a year earlier.

The analogue cable platform has also registered a decline in subscriptions, in this case by 756 (or by 11.0%), from 6,848 at the end of 2014 to 6,092 at the end of 2015.

Meanwhile, the number of digital cable and IPTV subscriptions was on the increase. In the former case, subscriptions were up by 1,324 (or by 1.9%) - from 71,298 to 72,622 - whilst in the latter case subscriptions were up by 7,018 (or by 57.3%) - from 12,256 to 19,274.

³⁷ See footnote 6, page 8.

³⁸ Melita also offers video on-demand services over its IPTV hybrid network, as an add-on to its IP-based digital cable TV.

There are to date no authorised satellite broadcasters or satellite pay TV platforms in Malta.

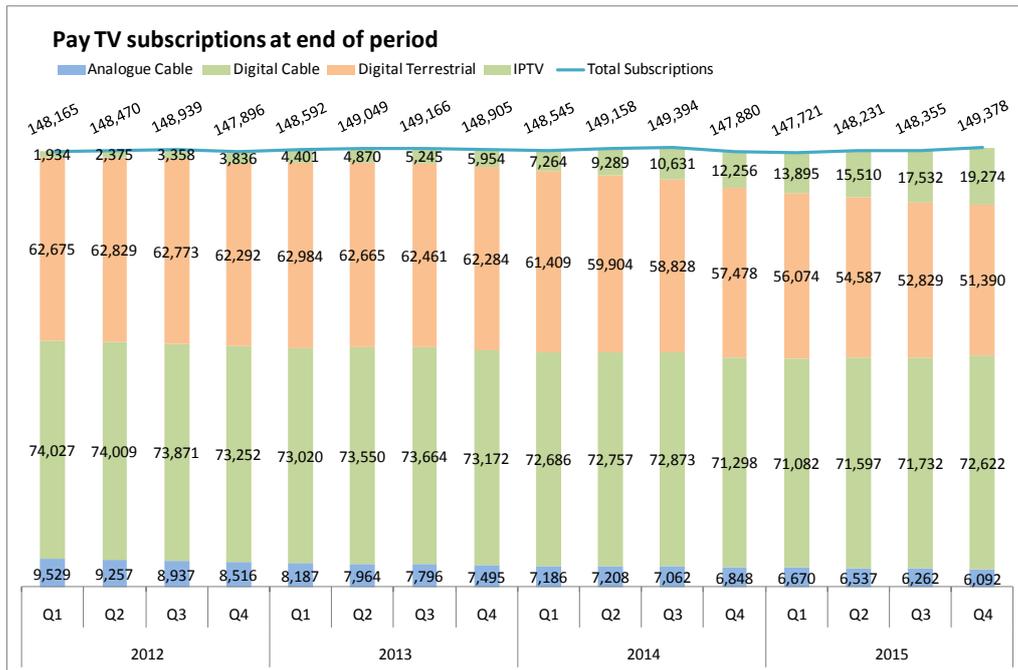


Figure 38: Pay TV subscriptions as at end of period

During the period under review, IPTV continued to gain market share at a fast pace, whilst a slight improvement was also recorded for digital cable. The market share of IPTV rose from 8.3% at the end of 2014 to 12.9% at the end of last year and that for digital cable went up from 48.2% to 48.6%.

In contrast to these gains, the market share of DTTV fell to 34.4%, from 38.9% a year earlier, whilst that for analogue cable TV was down to 4.1% from 4.8%.

7.3. Pay TV ARPU

The average revenue per user (ARPU) for pay TV in the second half of 2015 stood at €83.38, down from €85.40 in the same period a year earlier.

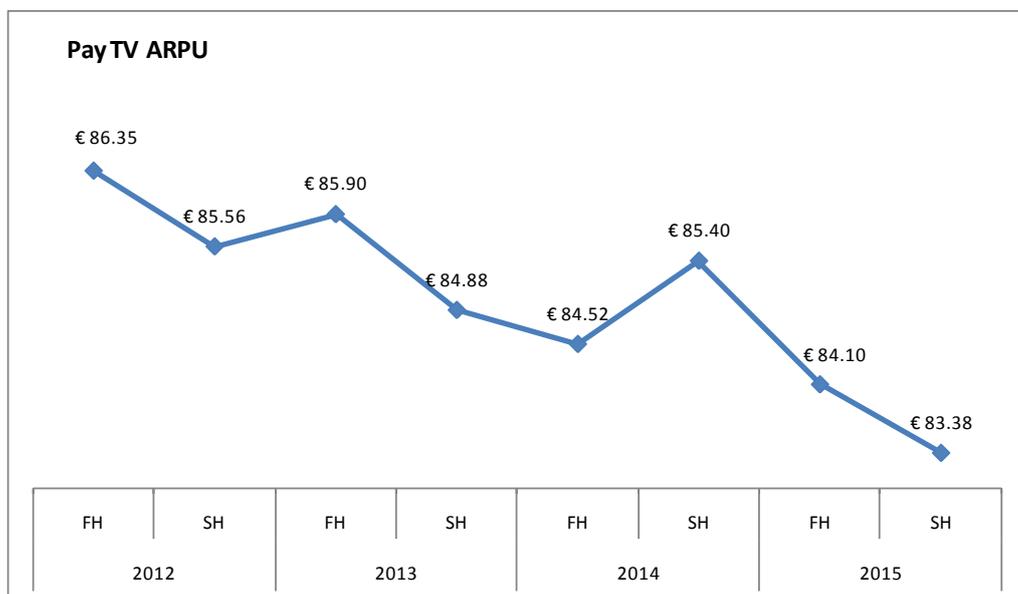


Figure 39: Average revenue per Pay TV user

This downward move in Pay TV ARPU is most likely a result of more subscribers availing of discounts and promotional offers on this service associated with the purchase of bundled offers.

Methodology used in deriving pay TV ARPU figures

ARPU for pay TV reflects the average quarterly spend by users for pay TV services. The figures are derived by dividing the total retail revenues of service providers by the total number of subscriptions, during a given period.

The revenue element is composed of the total retail revenues from pay TV subscriptions, but excludes revenues from premium services³⁹, installations and connections.

To derive the average total number of subscriptions, the MCA sums the total subscriptions at the start and the end of the quarter under consideration and divides the total by two.

7.4. Average advertised rates for Pay TV

This section presents an overview of the average advertised rates (or average advertised monthly access fees) for pay TV services offered in Malta. For ease of reference and practicality, the evaluation seeks to capture price movements for five distinct pay TV categories, with each category bundling plans listing a particular number of channels⁴⁰.

The average advertised rate paid by end-users for pay TV services in the second half of 2015 was practically unchanged to that observed in the second half of the previous year. Service providers did however implement some changes to channel line-ups⁴¹ and launched several promotional offers concerning a number of packages during the reporting period. Overall, however, the applicable monthly fees were unchanged for all packages, except for one featuring under the 'up to 24 channels' category.

Figure 40 illustrates that, in the case of the pay TV category encompassing packages listing 'up to 24 channels', the monthly average advertised pay TV rate (or pay TV monthly access fee) has gone up from €3.99 at the end of 2014 to €5.00 at the end of 2015. Only one pay TV package currently features in this category.

The average advertised rate was unchanged for the pay TV category encompassing packages listing '25 to 49 channels' and the pay TV category encompassing packages listing '50 to 74 channels'. The average advertised rate at the end of last year stood at €15.66 in the former case and at €23.49 in the latter case.

³⁹ Revenues from premium-related services include revenues from Sports, Movies, and VOD subscriptions.

⁴⁰ Calculations take into account products offered on a stand-alone basis.

⁴¹ The updating of channel line-ups did however lead to a reclassification of some packages between the different pay TV categories identified in this report, hence the observed changes in price at category level.

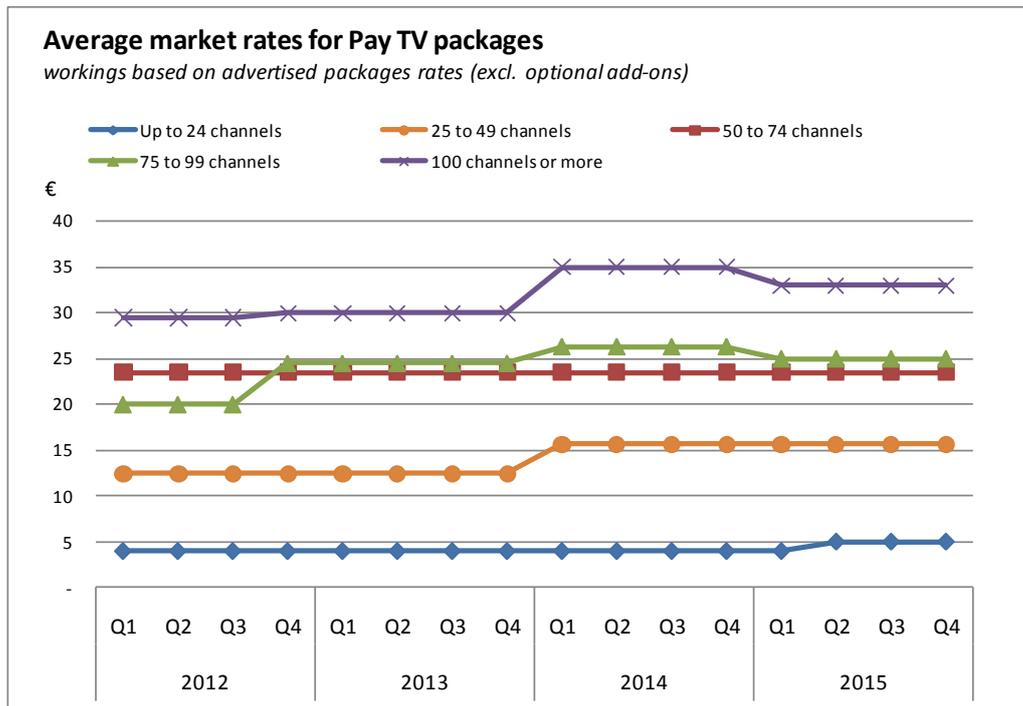


Figure 40: Average market rates for Pay TV packages

Meanwhile, the pay TV categories encompassing plans listing '75 to 99 channels' and '100 channels or more' experienced a drop in the average advertised rate. The average advertised rate for the former category was down to €24.99 from €26.32 whilst that of the latter category was down to €32.99 from €34.99. These declines are a result of the reclassification across the different categories following the update of the channel line-ups that materialised in the current reporting period. This reclassification concerns one plan formerly encompassing '75 to 99 channels' and now assigned to the pay TV category encompassing '100 or more channels'.

It is of note here that the figures presented above do not take into account billing charges i.e. those charges that come into force if the end-user requires paper bills and / or opts not to pay its bills via direct debit.

8. Post

Postal mail activity fell further in the second half of 2015, with mail volumes during this period down by almost 0.5 million items (or by 2.4%) when compared to the same period a year earlier.

This development does not however reflect a uniform drop in demand for the different mail activities and different mail items highlighted in this report. Notably, express mail activity⁴² was more buoyant in the second half of 2015, compared to the same period a year earlier, as mail volumes were up by 19.6%. The continued rise in eCommerce activity is the main factor behind the consistent increase in express mail volumes. Meanwhile, a negative trend persists for standard mail activity⁴³, with the corresponding mail volumes in the second half of 2015 down by 2.9% compared to the same period in 2014. In absolute terms, the drop in standard mail volumes outweighed the gain in volumes recorded for express mail.

A further drill down of mail volume data reveals that trends also vary according to the type of mail item. This report identifies four types of mail items, namely single-piece letter mail, bulk mail, registered mail and parcel mail. Compared to mail volumes recorded in the second half of 2014, single-piece letter mail volumes and bulk mail volumes in the second half of 2015 were down by 2.5% and 3.1% respectively, in contrast to a 24.6% rise in parcel mail volumes and a 0.4% rise in registered mail volumes.

Malta's postal rates for a *domestic standard letter* and an *outbound letter within the EU* last year benchmarked well below the EU average, as evidenced by a report published by Deutsche Post highlighting on postal rates in April 2015.

8.1. Postal mail volumes

Postal mail items delivered by local postal operators⁴⁴ in the second half of 2015 totalled 19.5 million. This figure is down by 0.5 million (or by 2.4%) from 19.9 million postal mail items delivered in the same period a year earlier.

⁴² Express mail activity encompasses the accelerated and secure worldwide delivery of mail items, be it for important letters, documents or parcels, through express mail or courier service providers. The services offered by these providers is characterised throughout by a degree of speed, tracking and managerial control (that exceed that applied to the fastest standard category of the basic universal letter post and parcel services). The distinguishing characteristic of a courier service provider is that it focuses on the delivery of express mail items that are in possession of an employee of the company at all stages of its journey.

⁴³ Standard mail activity encompasses services related to the delivery of single piece letter mail, bulk mail, registered mail and parcel mail.

⁴⁴ Maltapost plc (the designated Universal Service Provider, hereafter also referred to as "the USP"), DHL International Ltd., and Premiere Post Ltd. provide services within the universal service area. As part of its universal service obligation Maltapost is obliged to provide a set of services, outside the reserved area.

Another 16 postal operators (courier and express services) provide services outside the scope of the universal service area.

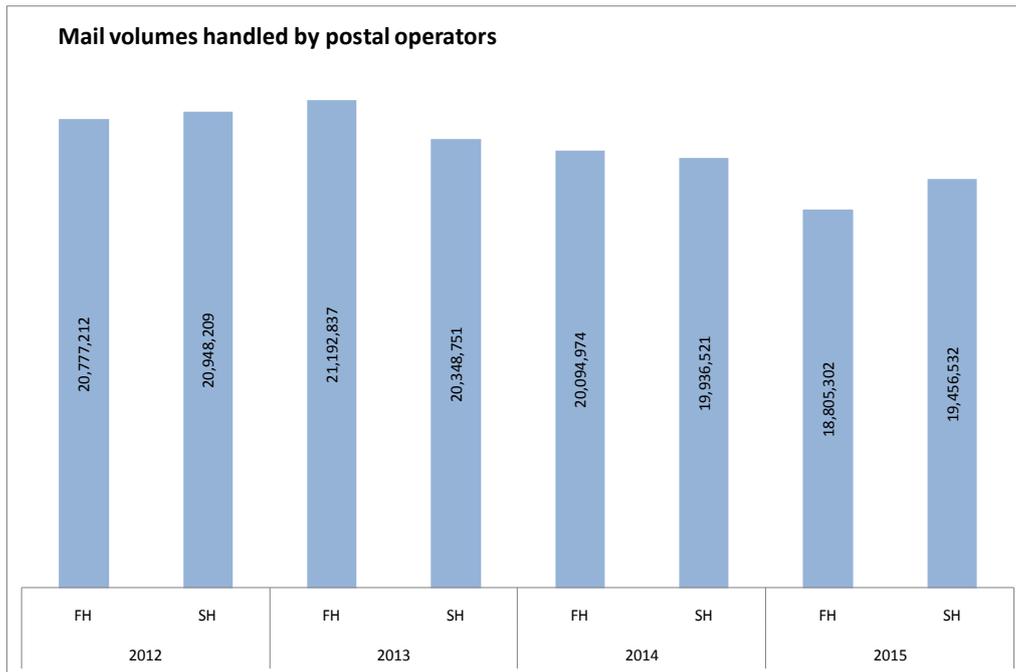


Figure 41: Postal activity - mail volumes handled by local service providers

Figure 42 illustrates that standard mail volumes account for the lion’s share of all postal activity recorded in Malta. Regarding the composition of postal mail activity in the current reporting period, standard postal mail activity accounted for 97.4% of total postal mail volumes. Express mail activity accounted for the remaining share, at 2.6%.

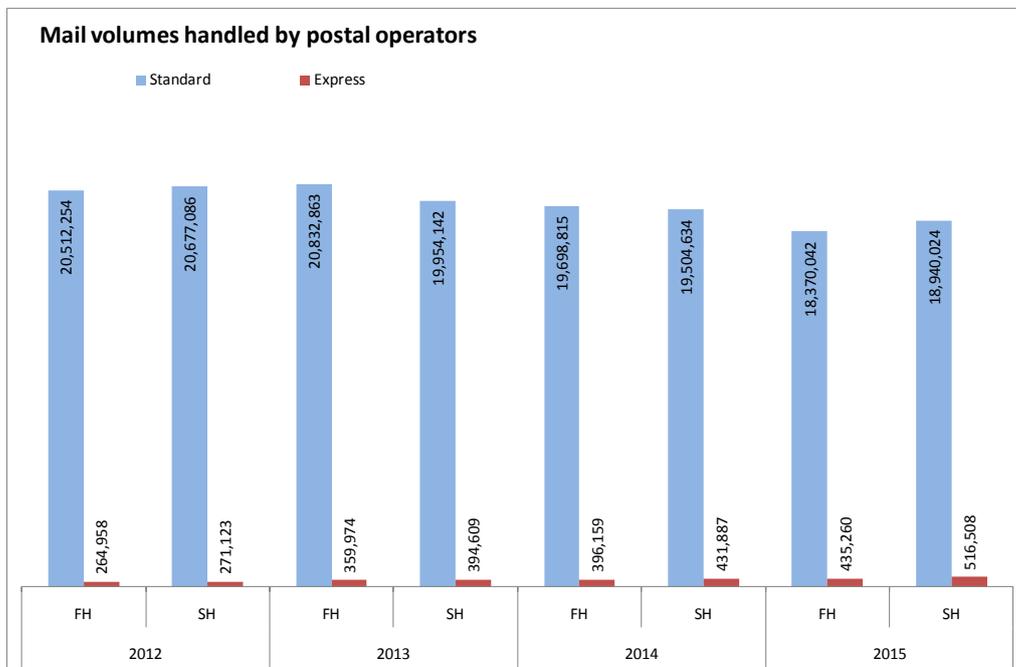


Figure 42: Postal activity - number of handled mail items by type of mail activity

The number of standard postal mail items handled in the second half of 2015 totalled 18.9 million, down by 0.6 million (or by 2.9%) when compared to the same period a year earlier.

Meanwhile, the number of express postal mail items delivered in the second half of this year totalled 516,508. This figure is up by 84,621 (or by 19.6%) from 431,887 express mail items delivered in the second half of 2014.

8.2. Postal mail volumes by type of mail

There are four different segments of postal mail. These are single piece letter mail, parcel mail, bulk mail and registered mail⁴⁵.

Single piece letter-post mail accounted for 40.1% of all mail items handled during the current review period. In absolute terms, the number of letter-post items totalled 7.8 million in the second half of 2015, which is down by 0.2 million (or by 2.5%) from 8.0 million items in the second half of 2014.

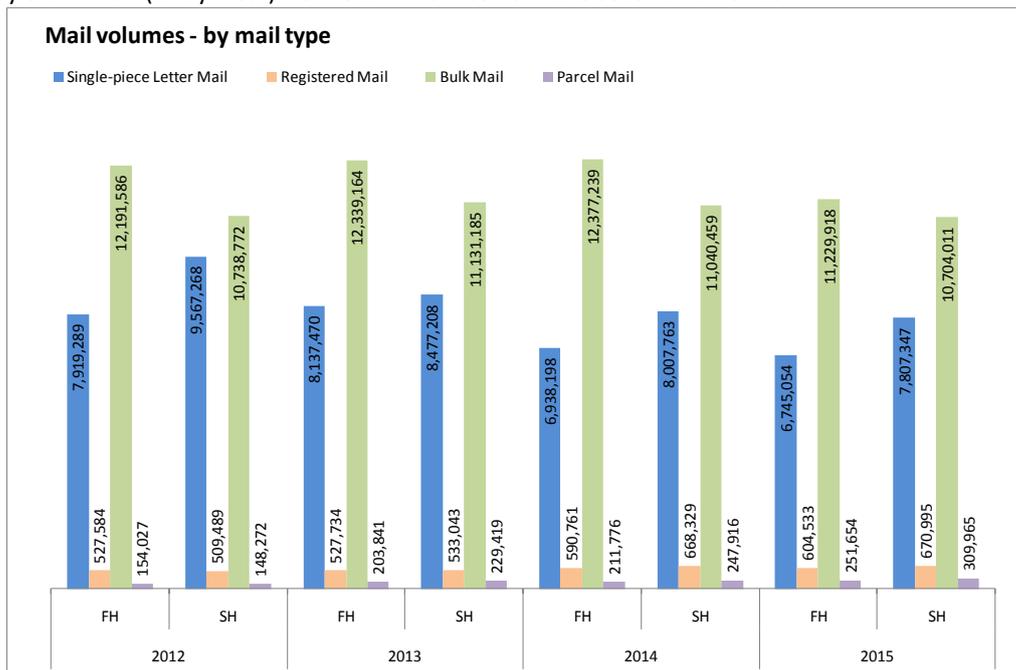


Figure 43: Postal activity - number of handled mail items by type of mail item

The number of registered mail items handled in the second half of 2015 totalled 0.7 million, which is equivalent to 3.5% of all postal mail items handled during the period. When compared with the second half of 2014, registered mail volumes were up by 2,666 items (or by 0.4%).

Bulk mail items totalled 10.7 million in the second half of last year, which is equivalent to 55.0% of total mail volumes delivered during this period. Compared to volumes recorded in the second half of 2014, bulk mail items were down by 0.3 million items (or by 3.1%).

⁴⁵ These different types of mail are defined below:

- Single piece letter-post mail (also referred to as ordinary mail) is the ordinary day-to-day correspondence posted by individuals and businesses (other than bulk letter-post mail), at street letterboxes or over the counter at postal outlets.
- Bulk letter-post mail (also referred to as bulk mail) consists of a substantial number of similar letter-post items deposited with MaltaPost at the same place and time, to be transported and distributed to the addressees indicated on each of the postal articles.
- The registered letter-post mail service (also referred to as registered mail) refers to a service providing a flat-rate guarantee against risks of loss, theft or damage and supplying the sender, where appropriate upon request, with proof of the handing in of the postal article or of its delivery to the addressee.

Parcel mail items totalled almost 0.3 million in the second half of 2015, which is equivalent to 1.4% of total postal mail volumes recorded in the current review period. Compared to mail volumes recorded in the second half of 2014, parcel mail items were up by 54,209 (or by 24.6%). As already observed in previous CMR publications, these increases are mainly a result of the ongoing growth in online shopping and eCommerce activity.

8.3. Postal mail volumes by activity heading

This section distinguishes between three postal mail activity headings according to destination: domestic mail; outbound cross border mail⁴⁶; and inbound cross border mail⁴⁷.

Domestic mail volumes delivered in the second half of 2015 totalled 15.1 million items. This figure is down by almost 0.4 million (or by 2.4%), from 15.5 million items delivered in the same period a year earlier.

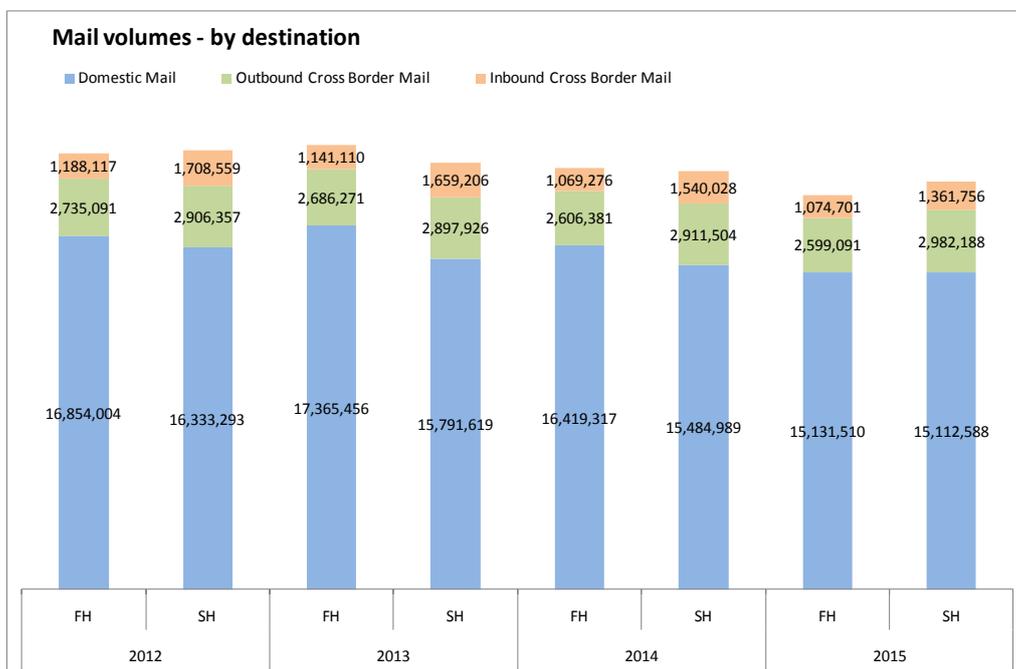


Figure 44: Postal activity - number of handled mail items by destination

Volumes of outbound cross border mail and inbound cross border mail in the second half of 2015 totalled 1.4 million items and almost 3.0 million items respectively. Figure 44 illustrates that, in the case of inbound cross border mail, volumes recorded in the current reporting period were up by 70,684 items (or by 2.4%, compared to volumes recorded in the second half of 2014. Meanwhile, volumes for outbound cross border mail were however down by 0.2 million (or by 11.6%).

8.4. Quality of postal delivery service

The MCA has established a methodology, based on a series of Quality of Service (QoS) targets, to determine whether Maltapost is meeting its universal service obligations for the delivery of different mail items. These

⁴⁶ These mail items originate locally for delivery to foreign destinations.

⁴⁷ Foreign-originated mail forwarded to Malta.

QoS targets are set in accordance with the MCA Decision⁴⁸ on the quality performance measurement of postal items delivered within the defined service standard. QoS data corresponds to the full calendar year⁴⁹.

8.4.1 QoS – Local ordinary mail and bulk mail

The QoS targets for the delivery to destination of local ordinary mail and bulk mail on the next day (D+1) has been set at 95%.

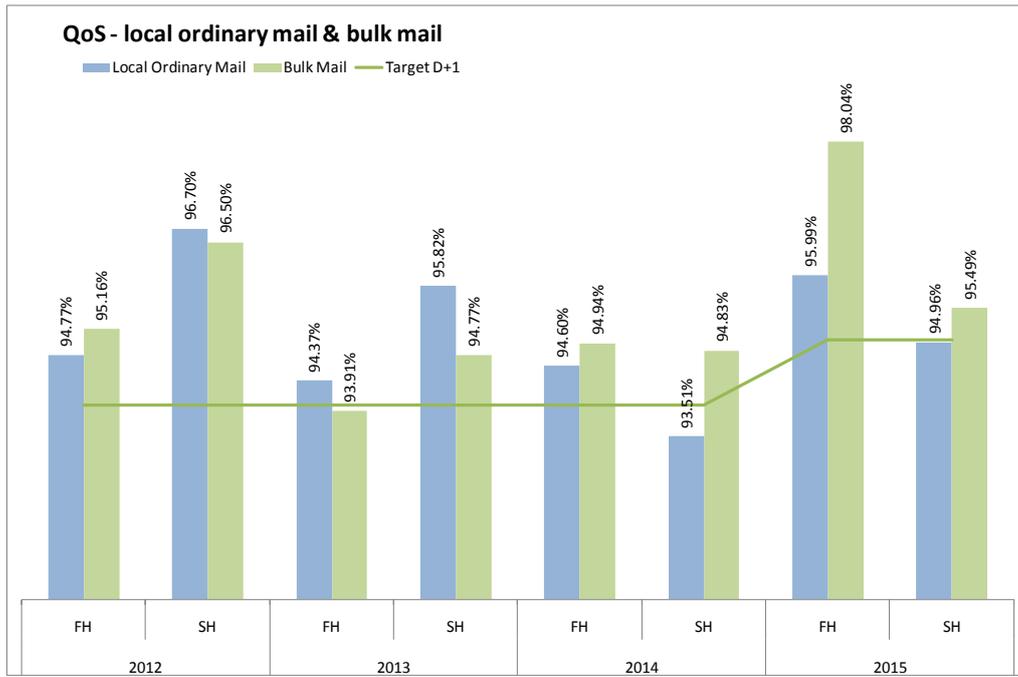


Figure 45: Quality of service - local ordinary and bulk mail

Figure 45 illustrates that Maltapost was very close to reaching this target for local ordinary mail in the second half of 2015 and comfortably surpassed it in the case of bulk mail.

8.4.2 QoS – Local registered mail and priority inbound parcels

The QoS targets for the delivery to destination of local registered mail and priority inbound parcels has been set at 98%.

⁴⁸ Link to MCA Decision concerning the 'Review of Quality of Service Targets and Requirements to be achieved by Maltapost plc': http://www.mca.org.mt/sites/default/files/articles/QoS_Review_-_DN.Nov.10.pdf

⁴⁹ In terms of the MCA Decision Notice on the measurement of MaltaPost’s Quality of Service, MaltaPost is required to attain the standards set by the Authority over a given financial year (October to September).

It is however of note that the QoS data presented in this report is adjusted to reflect developments over a standard calendar year, not a financial one.

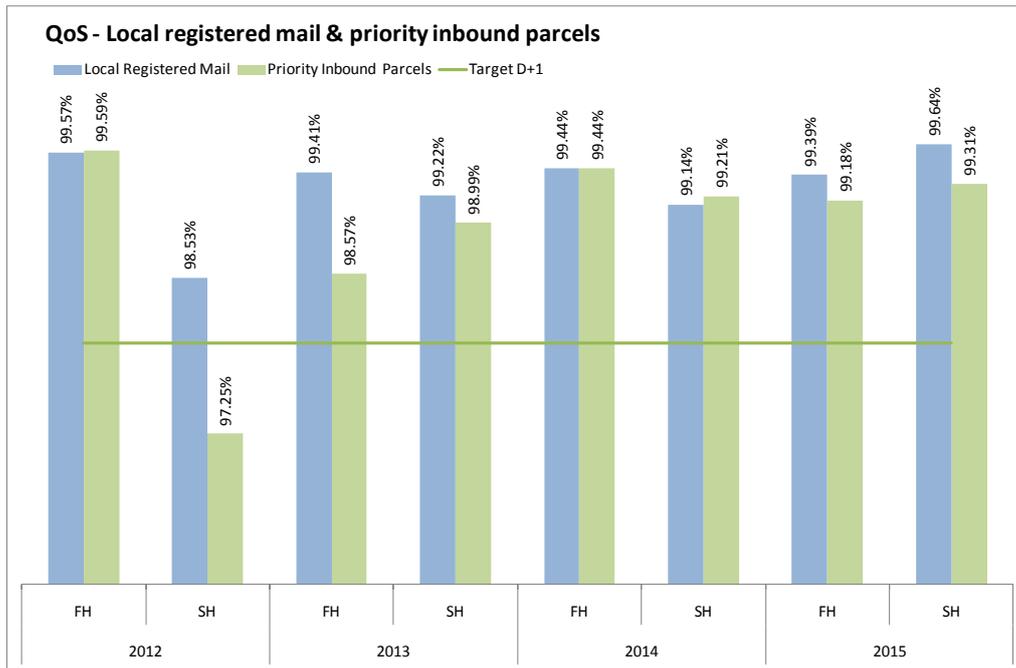


Figure 46: Quality of service - local registered mail and priority inbound parcels

Figure 46 illustrates that, last year, Maltapost has met and exceeded all the set targets for the mail activities under consideration.

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11. Glossary of Terms

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| ARPU | Average revenue per user. Selected revenue items of the operator divided by the average number of active subscriptions during the period. |
| Broadband | A service or connection to the Internet which is 'always on' and has a speed of more than 128kbps. The number of active broadband subscriptions refers to subscriptions/connections having recorded a transaction within 90 days of the period stipulated. |
| Dial-up | The number of active dial-up subscriptions refers to those subscriptions/connections which made a call to an Internet number (2188, or 2186) within the last 90 days. |
| DSL | Digital Subscriber Line. A high-speed transmission technology mainly applied for Internet and video file access service. DSL services allow voice and data to share the same infrastructure and usually require a splitter at the customer's premises to separate voice and data traffic from the line. Forms of DSL include ADSL, HDSL, and VDSL. |
| DTTV | Digital Terrestrial Television. The term refers to a delivery platform primarily for television programmes in digital format, using the DVB-T standard. |
| FH | First half of the year, referring to the period January to June. |
| FNO | Fixed network operator. A provider which owns a fixed line network. |
| FTF | Fixed-to-fixed traffic. |
| FTI | Fixed-to-international traffic. |
| FTM | Fixed-to-mobile traffic. |
| ISPs | Internet Service Providers. An ISP is a point of access to the Internet for small business and individual users. The ISP provides its customers with access to its router which relays traffic to web servers on the Internet. |
| Mbps | Megabits per second ("MBit/s") or millions of bits per second. Unit applied to measure the transmission speed of digital information. |
| MCA | Malta Communications Authority. |
| MMS | Multimedia Messaging Service. MMS extends the short messaging service ("SMS") to include longer text, graphics, photos, audio clips, video clips, or any combination of the above, within certain size limits. |
| MNO | Mobile network operator. A provider which owns a mobile network. |
| MPR | Mobile penetration rate. The MPR is a term used to describe the number of active mobile subscriptions (or SIM cards) as a percentage of total population. |
| MTM | Mobile-to-mobile traffic. |

| | |
|--------------------------|---|
| MTF | Mobile-to-fixed traffic. |
| MTI | Mobile-to-international traffic. |
| MVNO | Mobile Virtual Network Operator. An MVNO is a mobile operator that usually would not have a licence to use radio spectrum but would have access to the radio networks of one or more of the current mobile operators and would be able to offer services using that spectrum. |
| Off-net activity | Activity between two or more connections on different networks. |
| On-net activity | Activity between two or more connections on the same network. |
| Pay TV | Television services (generally a channel or set of channels) paid for by the user, by means of subscription or other ways of service payment. |
| Q | Quarter of the year. Q1 refers to first quarter (January to March), Q2 refers to second quarter (April to June), Q3 refers to third quarter (July to September), Q4 refers to fourth quarter (October to December). |
| QoS | Quality of Service. A statistical measure of a system or service. May also be used to set varying priorities for traffic. |
| Service provider | A supplier of electronic communications and postal services, to third parties, either through its own network or through a network of another operator. |
| SH | Second half of the year, referring to the period July to December. |
| SMS | Short message service. This refers to short text messages which can be sent from one mobile phone to another, usually up to 160 characters. Such messages can also be sent from the Internet to a mobile phone. |
| Universal service | The basic level of telecommunications services which should be available to all customers. |
| USO | Universal Service Obligations. A provision in Maltese law requiring certain operators to provide certain services to all specified persons who may reasonably request them. |
| VAT | Value Added Tax. |

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