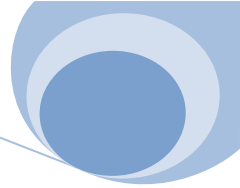


5. The Analogue And Digital Television Markets



5.1 Analogue / Digital Television Definition

For the purposes of this ECMR, Analogue Television is defined as television for which the images (beamed at high speeds so as to create the so-called effect of “persistence of vision”) making up a broadcast and the accompanying sound are encoded and transmitted as signals that vary in amplitude and/or frequency. National Television Standards Committee (NTSC), Phase Alternating Line (PAL) and SÉquentiel Couleur À Mémoire (SECAM) all constitute analog television system standards.

Digital Television (DTV), in contrast, does not rely on the transmission of analogue signals, but rather, as its name suggests, on compressed digitally-modulated data, which subsequently requires decoding, upon arriving at destination, by the television set, a standard receiver with a set-top box, or a machine (such as a personal computer) fitted with a television card.

Presently, in Malta there are two strands of DTV, namely Digital Terrestrial Television (DTTV), which uses an antenna (locally also referred to as an aerial) to pick up digital signals and the digital cable, which uses the cable operator’s cable infrastructure for signal transmission.

5.2 Analogue / Digital Television Subscriptions

At the end of March 2007, there were 110,948 registered subscribers for analogue and DTV, up by 2,744, or 2.5%, over the previous ECMR period and by 6,298 subscribers, equivalent to 6%, over the comparable period a year earlier. Periodic movements in this subscriber base are shown in chart 42 hereunder. The latter clearly illustrates, insofar as the subscriber base is concerned, that the combined digital and analogue TV markets are buoyant despite competition brought about by the wider availability of DVDs, satellites and other media that might, in some cases, serve as substitutes.

Chart 42 also features a superimposed 4-Quarter moving average intended to illustrate the movements in the subscriber base smoothed out for seasonal variations using a statistical MA(4) mechanism. The time-series, even when deseasonalised, exhibits a clear upward inclination.

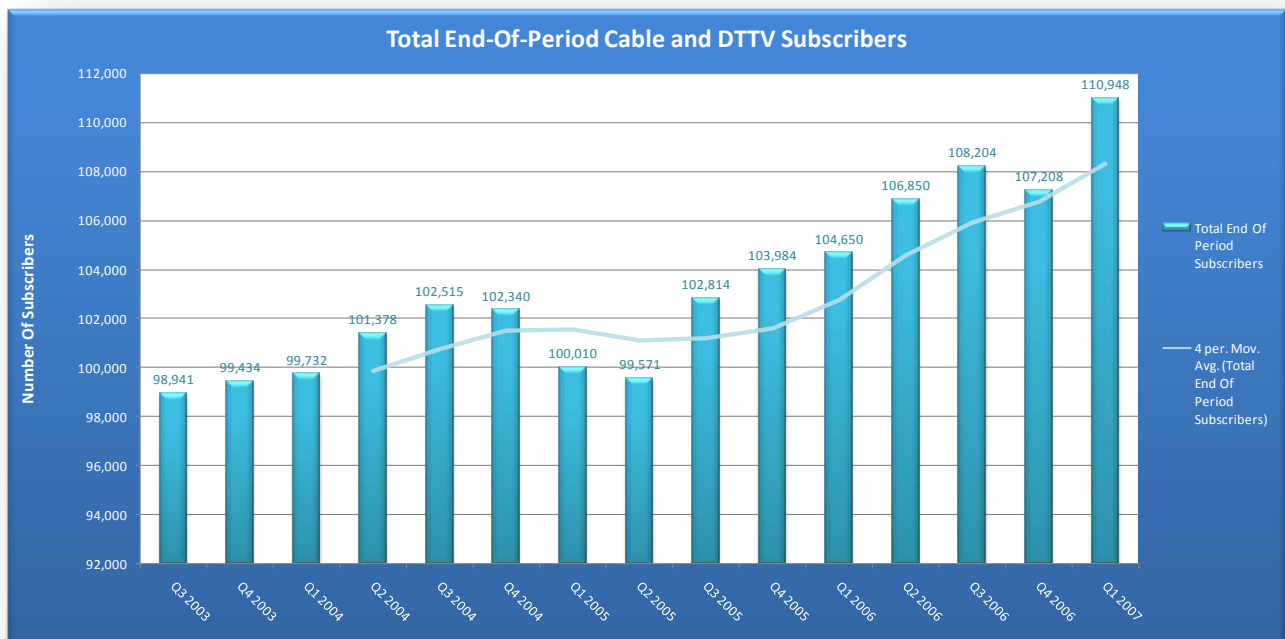


Chart 42. Quarterly End-Of-Period Subscribers To Cable TV and DTTV Services With Its 4-Quarter Moving Average Superimposed.

Since the introduction of digital television (DTV) in July 2005 and the concurrent entry of a new service provider, the subscriber base for Digital and Analogue TV has increased by 11,337. The latter figure, however, shrouds two very different trends that chart 43 is intended to unshroud, viz. that subscriptions to analogue TV services are falling at a considerable rate while those for DTV are climbing at an even more considerable rate. The combined result of the interplay of the two opposing trajectories is that shown in chart 42.

The cable and analogue TV subscription-rate-to-household ratio at the end of the period under review stood at 86.7%²⁴, up from 84.5% as reported for the previous ECMR period. At the end of the period under review, digital subscribers accounted for 36.4% of the total subscriber base, with the remaining 63.6% being analogue TV subscribers. Meanwhile, the current penetration rate of combined analogue and digital television at the end of the review period stood at 27.5%²⁵, up from 26.8% as per the last ECMR period.

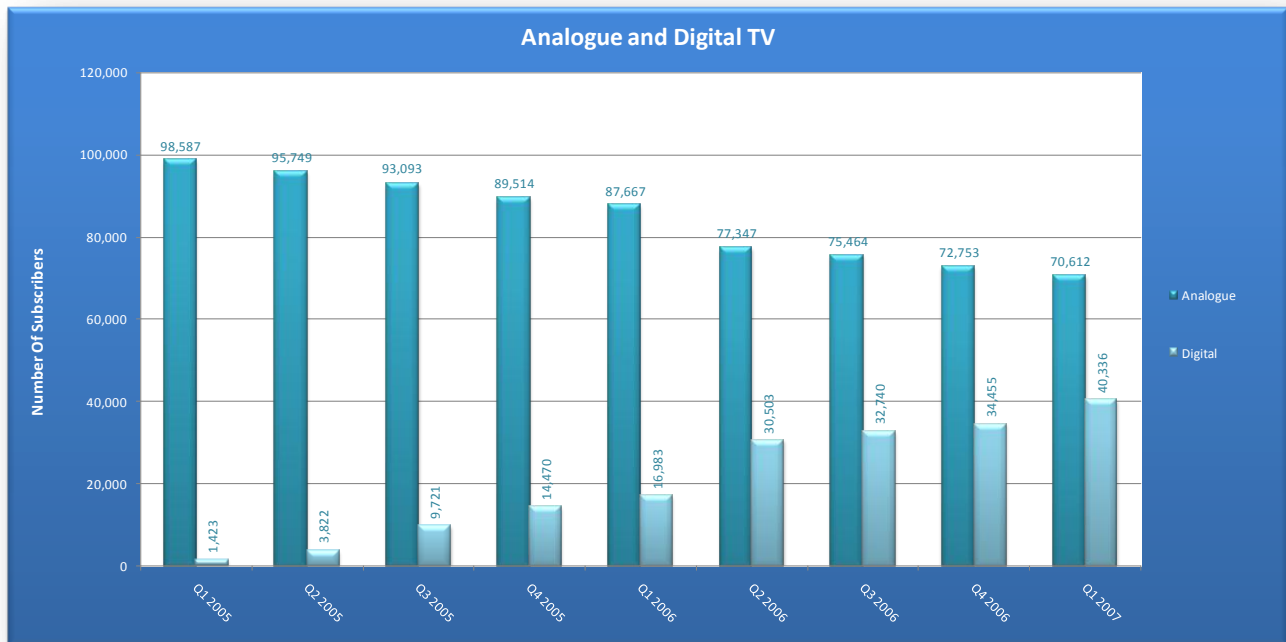


Chart 43. Quarterly End-Of-Period Subscribers Split Between Analogue And Digital Services.

²⁴ This cipher was estimated using the latest available accurate mensuration of households given in the NSO’s Household Budgetary Survey for the year 2000. The cipher quoted therein is that of 127,970 households. An updated figure for the number of households is due for publication in the forthcoming Household Budgetary Survey and will change this indicator according to the variation between the figure used and that to be published.

²⁵ The population statistic used to establish the penetration rate has been obtained from the “Census of Population and Housing – Preliminary Report”, NSO (2006) p. 3.