



Market developments for electronic communications and post – a review of outcomes for Q3 2021

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The MCA is hereby outlining the main markets trends observed for Malta's telecom and postal activities in the third quarter of 2021. These trends are based on data submitted by local service providers for the relevant quarter of the year.

More data is available in the 'Data Report Sheet (DRS)' publication covering the period starting in the first quarter of 2017 to the third quarter of 2021.

General developments

Overall consumer demand for telecoms remained strong in the third quarter of the year, particularly for fixed and mobile internet services. Stronger demand for mobile data materialised alongside a rise in voice minute volumes in the mobile segment, thus further entrenching mobile communications as the primary way Maltese stay connected.

The latest data indicates that, on a general level, many end-users sought fixed data offers with faster download speeds, whilst also upgrading to mobile data plans with bigger allowances. This happened in the context of continued investment by local service providers, such as in the commercial deployment of fibre networks and 5G networks.

Meanwhile, the postal segment did not see any reprieve from the long term decline in mail volumes. Postal mail volumes in the first three quarters of 2021 were 4% lower than mail volumes in the same period of 2020. Inbound cross border mail features as one of the main contributors to the overall decline, partly due to the drop in e-commerce volumes originating from China and the UK.

Additional insights for the telecoms and postal segments are provided below.

Fixed Broadband

The total number of fixed broadband subscriptions amounted to 219,460 by the end of September 2021. This figure is up by 8,931 compared to the corresponding figure a year earlier, equivalent to a 4% rise in subscriptions.

94% of all fixed broadband subscriptions were reported in a bundle setting at the end of the current reporting period.

Most end-users in Malta have access to fast and ultra fast internet, with download speeds of 100Mbps or more. The share of such users based on the local subscriber base was up by nine percentage points year-on-year, from 51% at the end of September 2020 to 60% at the end of September 2021.

Based on technology, subscriptions on the FTTH network were up by almost 12,000 (or by 35.6%) year-on-year, to represent 21% of all fixed broadband subscriptions by the end of the current reporting period. Meanwhile, the number of cable subscriptions rose by 4,074 (or by 4.0%), to represent 48.5% of all subscriptions by end of last September. Further to the above, the number of fixed wireless broadband subscriptions was up by 321 (or by 2.3%) year-on-year. The latter technology accounted for 6% of all fixed broadband subscriptions at the end of September. In view of the ongoing fibre roll-out and the general availability of better internet speeds, the number of copper DSL subscriptions declined by 7,964 (or by 13%) in the 12-month period ending September 2021.

Given the rise in take-up of fast and ultra fast internet, ARPU for this segment was up from €55.82 in the third quarter of 2020 to €61.93 in the third quarter of 2021.

Mobile telephony

The number of mobile telephony subscriptions was up by 22,378 (or by 3.5%) year-on-year to 657,418 by the end of last September. Evidently, subscriptions picked up substantially over the course of the year as Malta saw the return of a good number of ex pats alongside domestic growth. Of note is the continued rise in demand for post-paid plans, most likely as end users

matched their data requirements with allowances featuring in these plans. Year-on-year till the end of September 2021, the number of post-paid subscriptions was up by 36,153 (or by 14.4%). This change is largely attributed to new clients, noting that the number of pre-paid mobile subscriptions was down by 13,775 during the same reporting period.

In terms of voice and data usage, voice minute traffic volumes in the first three quarters of 2021 were 1.1% higher than the corresponding period in 2020, from 865 million minutes to 875 million minutes, whilst domestic data Mb volumes were 49.4% higher, from 23,887 million Mbs to 35,697 million Mbs.

Undescored by the shift towards traditional voice minutes and OTT-based voice and messaging services, SMS volumes recorded in the period January to September 2021 were 8.9% lower than in the same period of the previous year. The pandemic keeps weighing down on roaming voice activity. For example, in terms of inbound roaming activity (i.e. voice call minutes consumed by those visiting Malta for a brief time), minute volumes consumed in the first nine months of 2021 were 7.2% lower than consumed in the first nine months of 2020. Nonetheless, data volumes were 66.6% higher.

Mobile telephony ARPU was down to €43.30 in the third quarter of 2021 compared to €45.67 in the third quarter of 2020.

Pay-TV

The TV segment maintained an upward trend in take-up, with subscriptions rising by 4,656 (or by 2.7%) year-on-year, to 176,286 by the end of last September. 81.8% of all subscriptions were purchased in a bundle alongside other electronic communications products.

A look at the trends in take-up by technology platform shows that IPTV-based subscriptions were up by 5,704 (or by 9.6%) over the 12-month period ending September 2021. Meanwhile, the number of subscriptions for the DTTV platform, which is owned by the same operator, was down by 1,048 (equivalent to 0.98%), as this operator continued switching its clients to the former platform in view of the impending digital terrestrial switch-off.

An uptick in pay-TV ARPU was recorded, from €48.89 in Q3 of 2020 to €55.48 in the third quarter of 2021.

Fixed telephony

Breaking long-term market trends, the fixed line telephony segment reported a small decline of 827 subscriptions year-on-year, from 259,509 at the end of September 2020 to 258,682 a year later.

The above-mentioned drop came about mainly as a result of one of the larger providers discontinuing the pre-paid telephony service, with a good segment of impacted clients choosing not to renew the service on a post-paid contract. In view of this development, the number of pre-paid subscriptions dropped from 5,442 to just 15 over the 12-month period ending last September. Meanwhile, the number of post-paid subscriptions was up by 4,129 (or by 1.7%) year-on-year, to 258,667 (including the 'other' subscriptions referred to in the DRS) by the end of September 2021.

Of relevance to underline is that 84.4% of all fixed telephony subscriptions recorded at the end of September were purchased in a bundle plan.

Fixed voice call and minute volumes recorded in the first nine months of 2021 were also down compared to the same period a year earlier, by 26.4% and 25.7% respectively.

Fixed telephony ARPU in third quarter of 2021, at €32.48 was 3.4% lower than in the third quarter of 2020.

High quality dedicated connections

The description of dedicated connections are high-quality, point-to-point data transmission connections consumed by businesses operating in Malta, such as government entities, banks and gaming companies.

Such a business segment is relatively niche for local telecom operators as it represents a small portion of consumers with well-defined data connectivity requirements, different to those

exhibited by the mass market for fixed broadband. Often, these data connectivity services are offered with specific product characteristics such as no contention ratio, fully symmetrical speeds and Service Level Agreements (SLAs).

The the number of high-quality dedicated connections totalled 340 by the end of the third quarter of 2021, down by almost 7% year-on-year, from 365.

Post

The evolving scenario for the postal segment remains dominated by the continued decline in mail volumes. For the first nine months of 2021, a total of 23.4 million postal mail items were delivered, which is 4.2% lower than recorded in the same period of 2020.

When it comes to postal mail volumes within the scope of the universal service, a year-on-year comparison shows a downtrend for mail items. Particularly, single-piece letter mail exhibited the largest year-on-year decline of 799,222 (or 11.6%). Following it is bulk mail with a 564,239 (or 3.8%) decline; registered mail which decreased by 19,597 (or 1.5%), and; parcel mail which contracted by 1,336 (or 0.8%).

Mail volumes outside the scope of the universal service were up by 30% from the first nine months of 2020 compared to the same period in 2021, as mail volumes for mail items weighing less than 2kgs increased by 231,926 (or 35%) and volumes for bigger sized parcel mail items rose by 120,677 (or 24%).

Notes:

- (i) Data cut-off date: 22nd December 2021;
- (ii) Data is preliminary and subject to change.