

## **Communications Market Review**

---

**July to December 2012**

<b>Document No:</b>	MCA/R/13-1548
<b>Date:</b>	11 April 2013

## Table of Contents

<b>1. Reporting parameters .....</b>	<b>4</b>
<b>2. Key market outcomes .....</b>	<b>6</b>
2.1. The performance of electronic communications and post .....	6
2.2. The performance of the postal sector at a glance .....	12
<b>3. Market shares of the local subscriber base .....</b>	<b>13</b>
i. Fixed line telephony .....	13
ii. Mobile telephony .....	13
iii. Fixed broadband .....	14
iv. Pay TV .....	14
<b>4. Fixed line telephony.....</b>	<b>15</b>
4.1. Trends in fixed line subscriptions.....	15
4.2. Fixed line subscriptions on a bundled offer .....	16
4.3. Fixed line inward portings .....	17
4.4. Voice activity levels for fixed line telephony .....	18
4.5. Activity levels per fixed line subscription .....	21
4.6. Average call duration .....	22
4.7. Fixed ARPU.....	23
4.8. Average rate per minute of fixed line communications.....	24
<b>5. Mobile telephony.....</b>	<b>25</b>
5.1. Trends in mobile subscriptions .....	26
5.2. Mobile subscriptions on a bundled offer .....	28
5.3. Mobile inward portings .....	29
5.4. Malta's mobile penetration rate.....	30
5.5. Voice activity levels for mobile telephony .....	31
5.6. SMS and MMS activity levels .....	33
5.7. Activity levels per mobile subscription.....	35
5.8. Average mobile call duration.....	38
5.9. International roaming activity levels.....	39
5.10. Mobile ARPU.....	45
5.11. Average rates per minute ('ARPM') of mobile communications .....	46
5.12. Average rate per domestic SMS.....	47
<b>6. Internet .....</b>	<b>48</b>
6.1. Trends in fixed broadband subscriptions .....	49
6.2. Fixed broadband download speeds .....	50
6.3. Fixed broadband subscriptions on a bundled offer .....	53
6.4. Fixed broadband penetration rate.....	54
6.5. Fixed broadband ARPU.....	55
6.6. Average advertised rates for fixed broadband .....	56
6.7. Mobile broadband .....	58

---

<b>7. Reception of TV broadcasts via Pay TV platforms.....</b>	<b>60</b>
7.1. Trends in Pay TV subscriptions .....	61
7.2. Pay TV subscriptions on a bundled offer .....	63
7.3. Pay TV ARPU .....	64
7.4. Average advertised rates for Pay TV .....	65
<b>8. Post .....</b>	<b>67</b>
7.5. Postal mail volumes .....	68
7.6. Quality of postal delivery service.....	72
7.7. Postal rates: Malta vs the EU.....	75
<b>9. Tables .....</b>	<b>76</b>
<b>10. Figures.....</b>	<b>77</b>
<b>11. Glossary of Terms .....</b>	<b>78</b>
<b>12. Legal Disclaimer.....</b>	<b>81</b>
<b>13. Contact .....</b>	<b>82</b>

## 1. Reporting parameters

This report is the latest in a series of MCA Communications Market Review ("MCA CMR")<sup>1</sup> publications, presenting key quarterly performance indicators for electronic communications and post in Malta.

It is mainly drawn on data submitted by local operators and addresses the period starting Q1 2010<sup>2</sup> and ending Q4 2012.

The data cut-off date was the 15<sup>th</sup> of March 2013. Data updates and revisions submitted by local operators following the said date will be incorporated in the forthcoming Data Report Sheet ("DRS") publication envisaged for June 2013.

The list of operators submitting such data is presented in Figure 1, below.

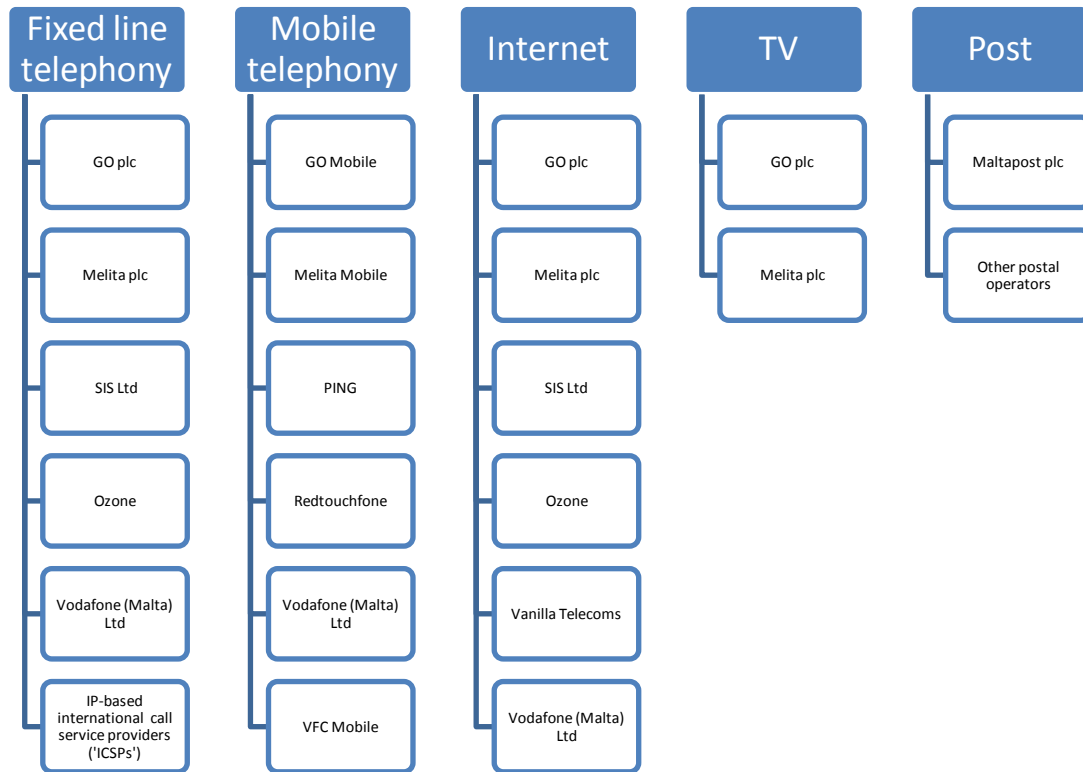


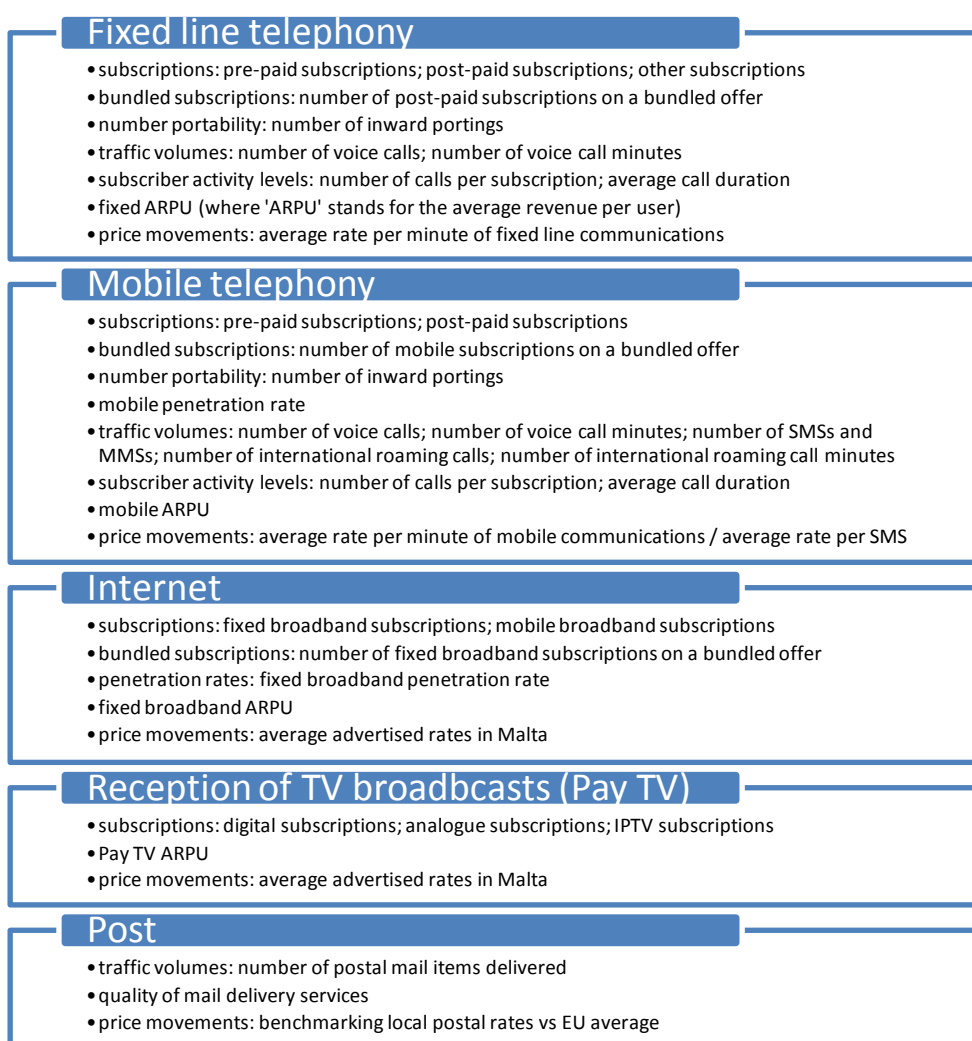
Figure 1: Operators providing quarterly data

The key performance indicators available in the report are categorised under five main headings as shown in Figure 2, below.

<sup>1</sup> Link to the previous publication: <http://www.mca.org.mt/consumer/reports/communications-market-review-january-june-2012>

The MCA also publishes a data report sheet ('DRS') on a regular basis, the latest of which can be found on: <http://www.mca.org.mt/service-providers/statistics/key-market-indicators-electronic-communications-and-post-q1-2009-q4>

<sup>2</sup> Data for 2009 is available in previous CMR publications.



*Figure 2: Key measurements for electronic communications and post*

This report also makes reference to findings extracted from publications of third parties<sup>3</sup> in the areas of interest.

<sup>3</sup> 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.

## 2. Key market outcomes

This report focuses on the performance of electronic communications and postal sectors in Malta in the second half of 2012.

For the purposes of this report, electronic communications encompass fixed line telephony and mobile telephony, fixed broadband and mobile broadband Internet, and Pay TV services.

### 2.1. The performance of electronic communications and post

#### *Take-up*

The mobile telephony and Internet sectors maintained their positive performance in terms of take-up, with subscriber numbers at the end of 2012 significantly up over those recorded at the end of the previous year. Meanwhile, the fixed line telephony and Pay TV sectors recorded a shrinking subscriber base, albeit marginally so.

It is noted however that the decline for the fixed line sector is explained by one of the larger operators cleaning its database from inactive prepaid subscriptions that have been on its books for a number of years. It is indeed relevant to underline that fixed line postpaid subscriptions have increased by 1.6% over a two-year period ending 2012.

It is also relevant to underline that the take-up of broadband has been marked by a shift towards higher broadband download speeds, over and above increasing subscriber numbers. This is because service providers launched new offers on the market and upgraded (very often free of charge) existing customers.

Irrespective of the contrasting developments in take-up, the proportion of subscriptions on a bundled offer went up further, for all electronic communications services. As at the end of 2012, the most popular type of bundle was quad play, taken up by 47.2% of those opting for a bundle. Dual play and triple play accounted for 41.4% and 11.4% of those opting for a bundle respectively.

The take-up of postal services persisted in its long-term decline, with postal mail volumes down for the third year in a row since 2009.

#### *Traffic volumes*

Developments in traffic volumes are particularly relevant for fixed telephony, mobile telephony and post.

The year 2012 was again marked by ongoing fixed-to-mobile traffic substitution. With a falling average rate per minute ('ARPM') of mobile communications, the use of mobile voice call services shot up, with traffic volumes in terms of calls and minutes up by 11.6% and 18% respectively over

those recorded for 2011. Meanwhile, fixed line traffic volumes were down, with the number of calls declining by 2.4% and minutes by 2.5%.

Postal mail volumes in 2012 were down by 2.8% compared to 2011, as the gains reported under the competitive area were far from sufficient to counter falling mail volumes within the universal service area.

A broader overview of key market developments for the second half of 2012 is provided in the following sections.

### i. Fixed line telephony

- The number of fixed line subscriptions totalled 229,736 as at the end of 2012, down by 1.1% since the end of 2011.
- The number of post-paid subscriptions totalled 191,630 (83.4% of the total) and the number of pre-paid subscriptions totalled 35,282 (15.4% of the total). Other subscriptions, or enhanced subscriptions, totalled 2,824 (the remaining 1.2% of the total).
- As at the end of the reporting period, 44.8% of all post-paid fixed line subscriptions were bundled with some other electronic communications service, up by 2.4 percentage points since the end of 2011.
- The number of fixed line inward portings recorded in the second half of 2012 totalled 1,049 compared to 1,705 inward portings in the second half of 2011.
- Fixed line traffic volumes recorded a further dip. Traffic levels in the second half of 2012 were lower than reported in the corresponding period a year earlier. The number of outgoing voice calls was down by 2.1% and the number of outgoing voice traffic minutes was down by 2.6%.
- Fixed ARPU in Q3 and Q4 2012 stood at €42.18 and €39.51 respectively. Both figures are down when compared to those recorded in Q3 and Q4 2011, which stood at €43.81 and €42.41 respectively.
- The average rate per minute of fixed line communications in Q4 2012 stood at €0.010 for on-net fixed-to-fixed (hereafter, the term fixed-to-fixed is referred to as "FTF") calls, €0.012 for off-net FTF calls, €0.083 for fixed-to-international (hereafter, the term international is referred to as "FTI") calls and €0.148 for fixed-to-mobile (hereafter, the term mobile is referred to as "FTM") calls. These rates are generally down when compared to those prevailing in Q4 2011, except for the average rate of FTI calls, which saw a very small increase.



## ii. Mobile Telephony

- Since the end of 2011, the number of mobile subscriptions went up by 3.4% to reach 539,452 as at the end of 2012.
- The number of mobile post-paid subscriptions as at the end of the current reporting period totalled 111,946 (20.7% of the total), up by 8.1% since the end of 2011, and the number of pre-paid subscriptions totalled 427,506 (79.3% of the total), up by 2.2%.
- As at the end of 2012, ten percent of all mobile subscriptions were bundled with some other electronic communications service.
- The number of mobile inward portings totalled 24,333 in the second half of 2012, 24.4% less than in the second half of 2011.
- The mobile penetration rate, measured on the basis of the number of active SIM cards as a proportion of Malta's population, increased from 125.4% as at the end 2011 to 129.2% as at the end of the current reporting period.
- Mobile traffic volumes in the second half of 2012 were significantly higher than traffic volumes recorded in the second half of 2011. The number of outgoing voice calls surged by 14.6% and the number of outgoing voice traffic minutes went up by 15.1%.
- SMS traffic volumes went up by 10.6%, from 301.5 million in the second half of 2011 to 333.6 million in the second half of 2012.
- MMS traffic volumes in the second half of 2012 were also up by 21.6% compared to the corresponding period a year earlier, from 108,315 to 131,727.
- The average rate per minute of mobile communications in Q4 2012 stood at €0.098 for a domestic (or local) call, down from €0.112 in Q4 2011. The average rate for an international call also went down from €0.252 in Q4 2011 to €0.158 in Q4 2012.
- The average rate per domestic SMS also went down during the same period, from €0.024 to €0.019.
- Mobile ARPU in Q3 and Q4 2012 stood at €43.36 and €41.63 respectively. Both figures are down when compared to those recorded in Q3 and Q4 of the previous year, which stood at €46.46 and €46.68 respectively.

### iii. Fixed and mobile broadband

- The number of fixed broadband subscriptions increased by 5.9% over a twelve-month period, to reach 137,009 by the end of 2012.

12.2% of all fixed broadband subscriptions as at the end of 2012 had a connection speed of *less than 5Mbps*. 10.9% had a connection speed of *5Mbps but less than 10Mbps*; 61% had a connection speed of *10Mbps but less than 20Mbps*; 6.6% had a connection speed of *20Mbps but less than 30Mbps*; 8.7% had a connection speed of *30Mbps but less than 100Mbps*; and 0.6% had a connection speed of *100Mbps or more*.

- As at the end of 2012, the digital subscriber line ("DSL") platform accounted for 49.7% of the local fixed broadband subscriber base, followed by the cable platform, at 47.3%, and the fixed 'wireless' platform, at 3.1%.

In absolute terms, DSL subscriptions totalled 68,053, cable subscriptions totalled 64,768, and fixed 'wireless' subscriptions totalled 4,188.

- As at the end of 2012, 43.8% of all fixed broadband subscriptions were bundled with some other electronic communications service. This is 2.9 percentage points higher than as at the end of 2011.
- The fixed broadband penetration rate, measured on the basis of the number of active connections as a proportion of Malta's population, increased by 1.7 percentage points since the end of 2011, to reach 32.8% by the end of 2012.
- Fixed broadband ARPU in Q3 and Q4 2012 stood at €44.81 and €44.91 respectively, higher than the corresponding figures recorded in Q3 and Q4 of 2011, which stood at €42.40 and €42.45.
- The average rate per unit of download speed ("Mbps") continued to fall, from €2.20 in Q4 2011 to €1.84 in Q4 2012.
- With respect to mobile broadband, the number of active mobile broadband connections increased significantly in the twelve-months to July 2012.

The number of active mobile broadband connections via a standard mobile subscription went up from 49,706 in July 2011 to 157,206 in July 2012. Active connections via dedicated data subscriptions (using a data card, modem or key) went up from 13,441 to 23,053. Meanwhile, active connections via an add-on data package to a mobile voice service increased from 13,473 to 50,978.

- Malta's mobile broadband penetration rate, via the use of dedicated service cards/modems/keys, stood at 4.8% compared to an EU average of 8.1%.

### iv. Pay TV

- The number of Pay TV subscriptions declined by 1,831 or 1.2%, since the end of 2011, to reach 147,896 as at the end of 2012.
- Analogue cable and digital cable subscriptions were down by 1,640 (or 16.1%) and 379 (or 0.5%) respectively. Digital terrestrial ('DTTV') subscriptions were also down by 2,375 (or 3.7%).
- Only the IPTV segment recorded an increase, with subscriptions going up from 1,273 as at the end of 2011 to 3,836 as at the end of 2012.
- The digital cable platform accounted for the largest segment of Pay TV subscriptions as at the end of 2012, at 49.5%, followed by the DTTV platform at 42.1%.

The analogue cable platform accounted for 5.8% of the local subscriber base, down by one percentage point since the end of 2011.

The IPTV platform accounted for the remaining share, at 2.6%, of the local Pay TV subscriber base.

- As at the end of the reporting period, 45.0% of all digital Pay TV and IPTV subscriptions were bundled with some other electronic communications service, up by 1.2 percentage points since the end of 2011.
- Pay TV ARPU in Q3 and Q4 2012 stood at €42.61 and €43.01 respectively, compared to €42.94 and €41.63 in Q3 and Q4 2011.
- MCA workings show that average advertised rates for Pay TV were on various instances higher in Q4 2012 than in Q4 2011. This has been the case for the categories encompassing Pay TV packages listing *between 25 and 49 channels, between 75 and 99 channels, and 100 channels or more.*

## 2.2. The performance of the postal sector at a glance

The postal sector reported lower activity levels in the second half of 2012, compared to the second half of 2011.

- Postal activity in the universal service area was down by 4.2%, with volumes falling from 21.6 million mail items to 20.7 million.
- Lower activity in the universal service area is mainly attributed to a significant drop in outbound cross border mail volumes, down by 22.6%, and a fall of 2.7% in domestic postal mail volumes. Inbound cross border mail volumes were only up by 0.8% and not sufficient to counter the afore-mentioned declines.
- Postal activity in the competitive area was also down by 0.9%, with mail volumes falling to 0.3 million items. The latter figure corresponds to 1.3% of all postal mail volumes handled in the second half of 2012.
- Lower activity in the competitive area is attributable to lower outbound cross border mail volumes, down by 4.3%, which outweighed a slight increase in domestic mail volumes. No change was reported for inbound cross border mail volumes.
- Malta's nominal stamp prices in 2012, for *domestic standard letters* and *letter mail within Europe*, were the lowest in the EU.

### 3. Market shares of the local subscriber base

#### i. Fixed line telephony

Over a two-year period ending 2012, Melita's market share of the local fixed line telephony subscriber base has seen an increase of six percentage points to 28.3%, up from 22.2% as at the end of 2010.

Meanwhile, GO's market share went down by nearly the same margin to 71.1%, down from 77.1% two years earlier. Vodafone (Malta)'s market share also showed a dip, whilst the market shares of SIS and Ozone stood their ground.

Market shares	GO	Melita	SIS	Ozone	Vodafone
End of Q4 2012	71.07%	28.27%	0.09%	0.42%	0.15%
End of Q4 2011	73.50%	25.77%	0.09%	0.41%	0.23%
End of Q4 2010	77.05%	22.20%	0.07%	0.41%	0.27%

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

#### ii. Mobile telephony

Mobile market figures indicate continued growth in the share of the local subscriber base for both Melita Mobile and Vodafone (Malta). Since the end of 2010, Melita's market share advanced to 12.7%, up by 4.7 percentage points, whilst Vodafone (Malta)'s share advanced to 50.4%, up by 2.7 percentage points.

On the other hand, GO Mobile's market share slid by 7.3 percentage points during the same period.

Market shares	GO Mobile	VFC Mobile	Melita Mobile	Ping	Redtouch fone	Vodafone
End of Q4 2012	34.83%	0.03%	12.67%	0.13%	1.97%	50.38%
End of Q4 2011	37.44%	0.05%	10.67%	0.14%	1.93%	49.78%
End of Q4 2010	42.12%	0.04%	7.97%	0.16%	2.02%	47.69%

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

Ping, Redtouchfone and VFC Mobile have also seen a decline in their respective market shares.

iii. Fixed broadband

Melita’s share of the local fixed broadband subscriber base increased by 3.2 percentage points since the end of 2010, to reach 47.3% as at the end of 2012.

During the same period, GO’s share slid to 49.4%, from 51.7%, with its lead over Melita narrowing to 2.2%.

SIS, Vanilla Telecoms, Vodafone (Malta) and other ISPs have also seen their market shares slide. Of these, Vodafone reported the largest decline, at 0.7%.

Meanwhile, Ozone managed to sustain its 0.3% market share.

Market shares	GO	Melita	SIS	Ozone	Vanilla Telecoms	Vodafone	IP-based ICSPs
End of Q4 2012	49.44%	47.27%	0.02%	0.29%	0.12%	2.69%	0.17%
End of Q4 2011	50.82%	45.69%	0.02%	0.29%	0.12%	2.85%	0.21%
End of Q4 2010	51.73%	44.06%	0.09%	0.28%	0.17%	3.38%	0.29%

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

iv. Pay TV

GO broadcasts TV services over the DTTV and IPTV platforms, and Melita broadcasts TV services over the analogue and digital cable platforms.

As at the end of 2012, Melita’s share of the local Pay TV subscriber base stood at 55.3%<sup>4</sup>, down from nearly 58% a year earlier.

On the other hand, GO improved its overall market share, up from 42.1% to 44.7%<sup>5</sup>, during the same period.

Market shares	GO	Melita
End of Q4 2012	44.71%	55.29%
End of Q4 2011	44.04%	56.96%
End of Q4 2010	42.05%	57.95%

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

<sup>4</sup> As at the end of 2012, Melita’s digital and analogue cable platforms accounted for 49.5% and 5.8% of the local Pay TV subscriber base respectively.

<sup>5</sup> GO’s DTTV and IPTV platforms accounted for 42.1% and 2.6% of the local Pay TV subscriber base respectively.

## 4. Fixed line telephony

The fixed market had a base of 229,736 subscriptions as at the end of 2012, 83% of which were on a postpaid contract.

Figures show that the fixed line subscriber base has in fact decreased for the second year in a row. However, this decrease has to be qualified, as it reflects a gradual clean up of data relative to inactive prepaid users being carried out by one of the largest operators.

It is of relevance to underline that the postpaid market segment added a total of 2,280 postpaid subscriptions over the 12-month period ending 2012.

As at the end of the current reporting period, nearly 45% of all fixed line postpaid subscriptions were on a bundled tariff.

Traffic volumes declined further in 2012, compared to the previous year, with the number of calls shrinking by 2.4% and minute volumes falling by 2.5%.

ARPU for the sector totalled €81.69 in the second half of 2012, down from €86.22 in the second half of 2011.

MCA workings show a decline for 2012 in the average rate per minute of fixed line communications.

### 4.1. Trends in fixed line subscriptions

The number of fixed line telephony subscriptions as at the end of 2012 totalled 229,736.

This figure is 1.1% down over that reported as at 2011, as a result of a fall in pre-paid and a slight drop in 'enhanced'<sup>6</sup> subscriptions.

During the said period, the number of pre-paid subscriptions declined by 11.9%, from 40,027 as at the end of 2011 to 35,282 as at the end of 2012. This development is attributed to a drop of 5,414 pre-paid subscriptions for GO, which outweighed an increase of 669 pre-paid subscriptions for other operators.

The number of 'enhanced' subscriptions declined by 0.1%.

---

<sup>6</sup> *Standard fixed line subscriptions* refer to subscriptions offering a single fixed line telephony connection.

*Enhanced fixed line subscriptions* encompass those subscriptions offering multiple channel (dual or more) fixed telephony connections.

As from Q2 2009, all operators submitted figures for pre-paid and post-paid subscriptions in a standard format. As from the said period, Melita started providing subscription figures disaggregated by type of subscriptions, namely post-paid and pre-paid subscriptions. Previously all Melita connections were reported under the post-paid category.

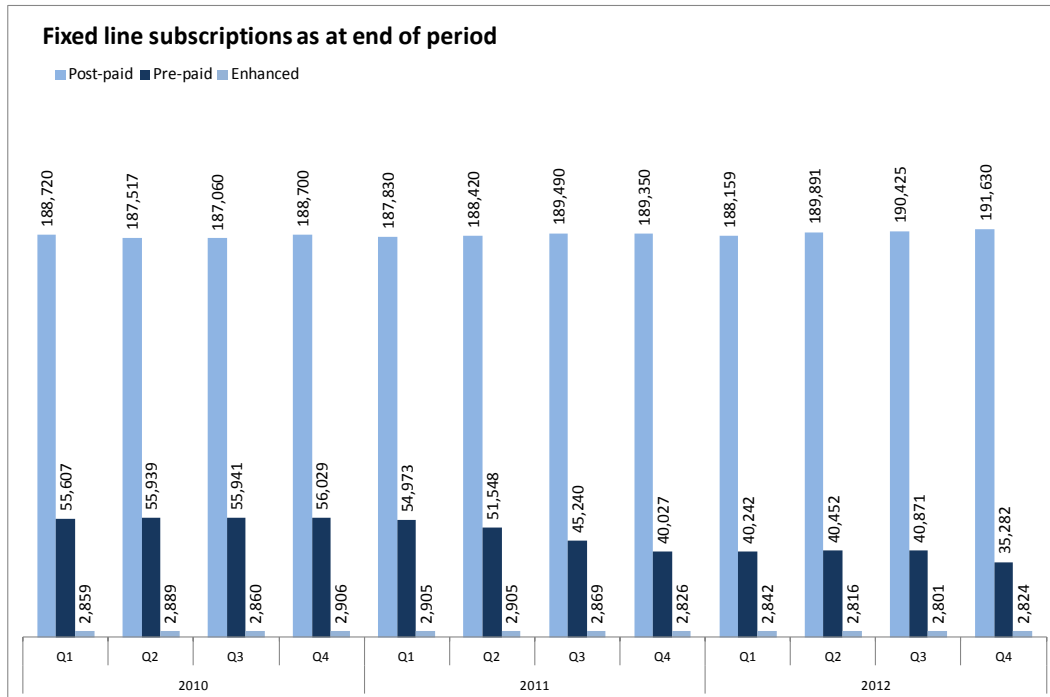


Figure 7: Fixed line telephony subscriptions as at end of period

The number of post-paid fixed line subscriptions went up by 1.2%, to reach 191,630 as at the end of the current reporting period.

4.2. Fixed line subscriptions on a bundled offer

The number of fixed post-paid subscriptions on a bundled offer continued to increase throughout 2012 to reach 85,900 by the end of the year, up by 6.9% from 80,367 a year earlier.

	2010				2011				2012			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Fixed post-paid subscriptions on a bundled offer	53,896	55,829	63,100	70,021	71,901	74,681	77,322	80,367	80,798	83,462	85,458	85,900
<b>Double Play</b>	<b>11,327</b>	<b>8,062</b>	<b>8,360</b>	<b>6,952</b>	<b>28,951</b>	<b>31,537</b>	<b>34,028</b>	<b>35,497</b>	<b>33,810</b>	<b>34,641</b>	<b>35,290</b>	<b>35,523</b>
Fixed & Mobile	-	-	-	-	4,681	7,022	8,914	10,917	11,971	12,738	13,352	13,567
Fixed & Internet	861	641	865	1,046	7,319	7,013	7,239	8,035	6,524	6,222	9,188	9,655
Fixed & TV	10,466	7,421	7,495	5,906	16,951	17,502	17,875	16,545	15,315	15,681	12,750	12,301
<b>Triple Play</b>	<b>4,757</b>	<b>4,723</b>	<b>5,083</b>	<b>5,934</b>	<b>7,589</b>	<b>6,798</b>	<b>5,872</b>	<b>7,136</b>	<b>8,653</b>	<b>9,802</b>	<b>10,430</b>	<b>9,794</b>
Fixed & Mobile & Internet	4,355	4,444	4,955	5,889	484	433	368	304	304	437	405	-
Fixed & Mobile & TV	-	-	-	-	-	-	-	-	-	-	-	-
Fixed & TV & Internet	402	279	128	45	7,105	6,365	5,504	6,832	8,349	9,365	10,025	9,794
<b>Quadruple Play</b>	<b>37,812</b>	<b>43,044</b>	<b>49,657</b>	<b>57,135</b>	<b>35,361</b>	<b>36,346</b>	<b>37,422</b>	<b>37,734</b>	<b>38,335</b>	<b>39,019</b>	<b>39,738</b>	<b>40,583</b>
Fixed & Mobile & Internet & TV	37,812	43,044	49,657	57,135	35,361	36,346	37,422	37,734	38,335	39,019	39,738	40,583
Number of post-paid fixed line subscribers	188,754	187,517	187,060	188,700	187,830	188,420	189,490	189,350	188,159	189,891	190,425	191,630
as a percentage of postpaid fixed line subscriptions	28.55%	29.77%	33.73%	37.11%	38.28%	39.64%	40.81%	42.44%	42.94%	43.95%	44.88%	44.83%

Table 1: Fixed line post-paid subscriptions on a bundled offer

Table 1 above shows that 44.8% of all fixed post-paid subscriptions as at the end of 2012 opted to buy the service in a bundle.



4.3. Fixed line inward portings

A total of 2,947 fixed line inward portings<sup>7</sup> were recorded in 2012, down by 7.1% compared to the previous year.

The number of inward portings reported in the second half of 2012 amounted to 1,049 or 35.6% of all fixed line inward portings recorded for the whole year.

The figure for the second half of 2012 is also 38.5% lower than that reported in the corresponding period of 2011.

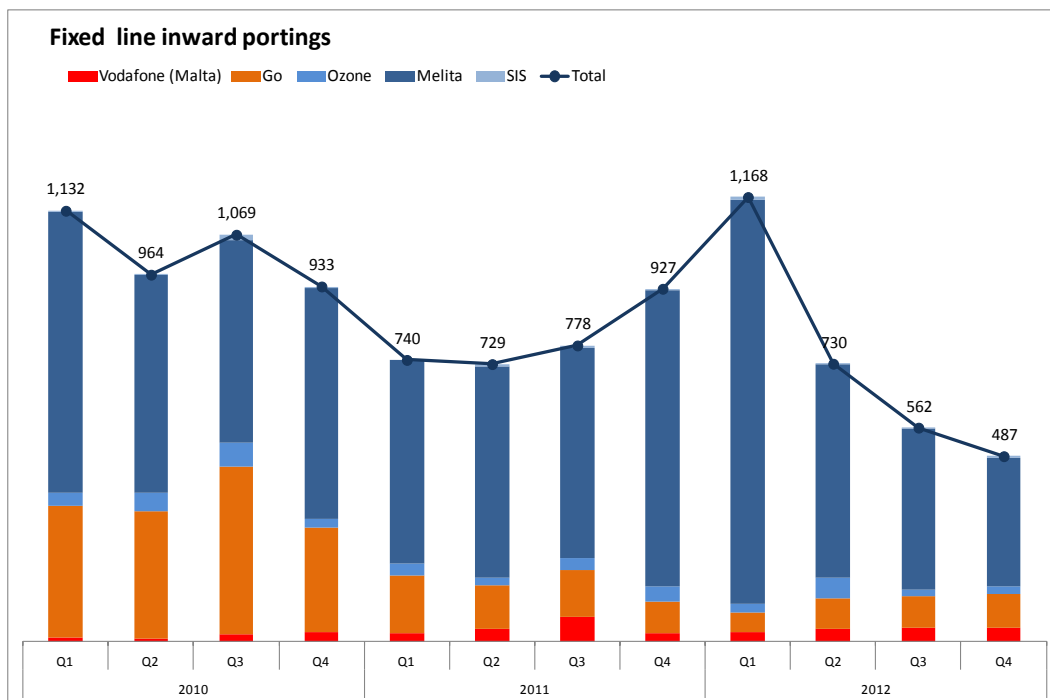


Figure 8: Fixed line number portability - number of inward portings

Melita accounted for nearly 72.4% of all fixed line inward portings reported in the period under review, followed by GO at 16.6%.

The remaining share of 11.0% of all fixed line inward portings were accounted for by Vodafone (at 6.9%), Ozone (at 3.5%) and SIS (at 0.6%).

<sup>7</sup> The term 'fixed line 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.

4.4. Voice activity levels for fixed line telephony

The number of outgoing fixed line voice calls totalled 95.2 million in the second half of 2012, down by 2.1% from 97.2 million reported in the second half of 2011.

The number of outgoing fixed line voice call minutes were also down, from 329.7 million to 321.2 million.

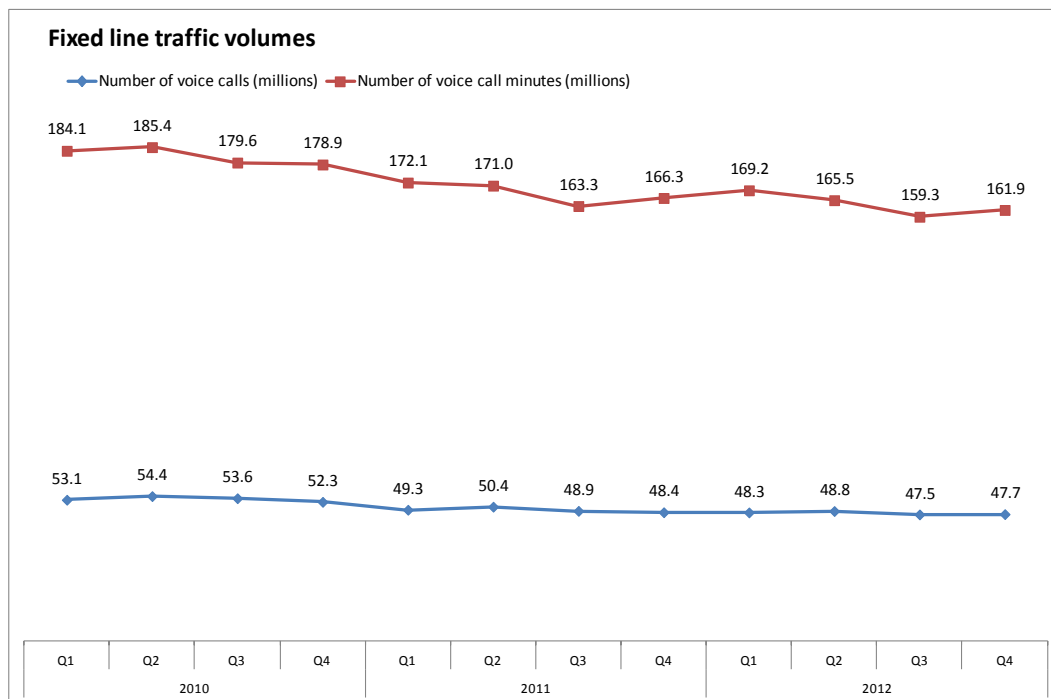


Figure 9: Voice traffic originating from local fixed line networks

Fixed voice traffic encompasses two segments, namely the national voice segment and the international voice segment.

*National voice call traffic – call volumes*

With respect to national voice traffic segment, the number of outgoing fixed line calls in the second half of 2012 totalled 91.1 million, down by 2.5% from 93.4 million in the corresponding period in 2011.

Disaggregating the figures further would show that the above-mentioned decline is attributable to a fall in traffic volumes for the on-net FTF call traffic segment, which outweighed gains recorded elsewhere.

The number of on-net FTF calls went down by 7.5%, from 53.6 million in the second half of 2011 to 49.6 million in the second half of 2012.

During the same period, the number of off-net FTF calls went up by 4.5%, from 18.3 million to 19.1 million, and the number of FTM calls were also up by 3.4%, from 20.3 million to nearly 21.0 million.

Period	Q1 2010	Q2 2010	Q3 2010	Q4 2010	Q1 2011	Q2 2011	Q3 2011	Q4 2011	Q1 2012	Q2 2012	Q3 2012	Q4 2012
National voice calls	50,389,173	51,874,217	51,085,651	49,960,588	47,067,277	48,288,345	46,889,393	46,516,114	46,503,971	46,750,282	45,443,213	45,627,014
Fixed-to-fixed calls	40,082,919	40,812,163	39,834,602	39,378,435	37,207,782	37,353,011	36,001,005	35,904,479	35,916,786	35,367,106	34,107,117	34,600,304
on-net	30,767,912	31,171,676	30,365,574	29,853,604	28,074,401	27,872,212	26,815,844	26,823,450	26,245,305	25,647,235	24,637,783	24,980,710
off-net	9,315,007	9,640,487	9,469,028	9,524,831	9,133,381	9,480,799	9,185,161	9,081,029	9,671,481	9,719,871	9,469,334	9,619,594
Fixed-to-mobile calls	9,704,790	10,298,084	10,534,384	9,843,862	9,179,772	10,254,237	10,307,431	9,965,030	10,014,823	10,763,878	10,730,381	10,230,148
Other voice calls	601,464	763,970	716,665	738,291	679,723	681,097	580,957	646,605	572,362	619,298	605,715	796,562
International voice calls	2,663,309	2,543,710	2,540,640	2,300,752	2,230,387	2,158,199	1,986,336	1,847,617	1,795,125	2,067,986	2,101,217	2,033,418
originating from local network operators	2,414,422	2,306,548	2,250,951	2,055,910	2,005,562	1,953,578	1,878,396	1,759,682	1,723,242	1,989,794	2,023,349	1,974,882
originating from third party ISPs	60,270	51,581	96,750	84,582	89,422	89,299	-	-	-	-	-	-
Total Voice Calls	53,052,482	54,417,927	53,626,291	52,261,340	49,297,664	50,446,544	48,875,729	48,363,731	48,299,096	48,818,268	47,544,430	47,660,433

Table 2: Outgoing fixed line traffic - number of voice calls

Another increase was recorded in terms of the 'other' national calls segment, which includes freephone and premium calls. The number of 'other' national calls went up by 14.2%, from 1.2 million in the second half of 2011 to 1.4 million in the second half of the following year.

*National voice call traffic – minute volumes*

In terms of national voice call minutes, traffic volumes were down by 2.2%, from 307.3 million minutes in the second half of 2011 to 300.6 million minutes in the second half of 2012.

Disaggregating the figures would show that on-net FTF traffic minutes were down by 6.3%, from 203 million in the second half of 2011 to 190.3 million in the second half of 2012. Again this decline outweighed increases reported during the same period in terms of off-net, FTM and 'other' national call minutes.

Period	Q1 2010	Q2 2010	Q3 2010	Q4 2010	Q1 2011	Q2 2011	Q3 2011	Q4 2011	Q1 2012	Q2 2012	Q3 2012	Q4 2012
National voice call minutes	169,597,533	171,171,859	165,400,674	165,021,530	158,939,617	158,527,431	151,887,110	155,439,196	158,909,481	155,124,871	148,789,578	151,806,396
Fixed-to-fixed minutes	153,589,008	154,167,828	148,298,760	148,974,839	143,782,450	141,827,524	135,304,080	138,996,377	142,486,370	137,516,777	131,061,800	134,341,135
on-net	118,050,365	117,415,884	112,865,508	112,604,604	107,940,665	105,277,867	100,013,280	102,994,998	103,410,847	99,167,734	94,003,765	96,303,290
off-net	35,538,644	36,751,944	35,433,252	36,370,235	35,841,785	36,549,657	35,290,800	36,001,379	39,075,522	38,349,043	37,058,034	38,037,844
Fixed-to-mobile minutes	14,158,690	14,924,617	15,177,353	14,196,207	13,421,832	14,945,602	15,238,211	14,993,162	15,356,984	16,288,915	16,385,485	15,741,145
Other call minutes	1,849,834	2,079,414	1,924,561	1,850,484	1,735,335	1,754,305	1,344,819	1,449,658	1,066,127	1,319,180	1,342,293	1,724,116
International voice call minutes	14,460,845	14,253,433	14,232,975	13,887,046	13,186,693	12,445,864	11,423,452	10,902,154	10,309,570	10,386,138	10,509,985	10,045,042
originating from local network operators	13,042,968	12,919,748	12,736,949	12,371,026	11,706,862	11,100,420	10,846,250	10,448,733	9,968,571	10,004,762	10,125,250	9,753,869
originating from third party ISPs	513,734	432,950	567,824	726,718	826,271	758,124	-	-	-	-	-	-
Total Voice Minutes	184,058,378	185,425,292	179,633,649	178,908,576	172,126,310	170,973,296	163,310,563	166,341,350	169,219,051	165,511,009	159,299,563	161,851,438

Table 3: Outgoing fixed line traffic - number of voice call minutes

The number of off-net FTF minutes went up by 5.3%, from 71.3 million in the second half of 2011 to 75.1 million in the second half of 2012.

The number of FTM minutes went up by 6.3% during the same period, from 30.2 million to 32.1 million.

The segment concerning 'other' national minutes went up by 9.7%, from 2.8 million to 3.1 million.

### *International voice call traffic*

With respect to international voice traffic volumes, the number of FTI calls<sup>8</sup> went up by 7.8%, from 3.8 million calls in the second half of 2011 to 4.1 million in the second half of 2012.

FTI call minutes were however down, this time by 7.9%, from 22.3 million minutes in the second half of 2011 to 20.6 million minutes in the second half of the following year.

---

<sup>8</sup> FTI figures also include GO's TEN21 and Melita's Telephony flex traffic.

4.5. Activity levels per fixed line subscription

Overall, activity levels per subscription in the second half of 2012 were lower than in the corresponding period of 2011, mainly as a result of less on-net FTF calls reported per subscriber.

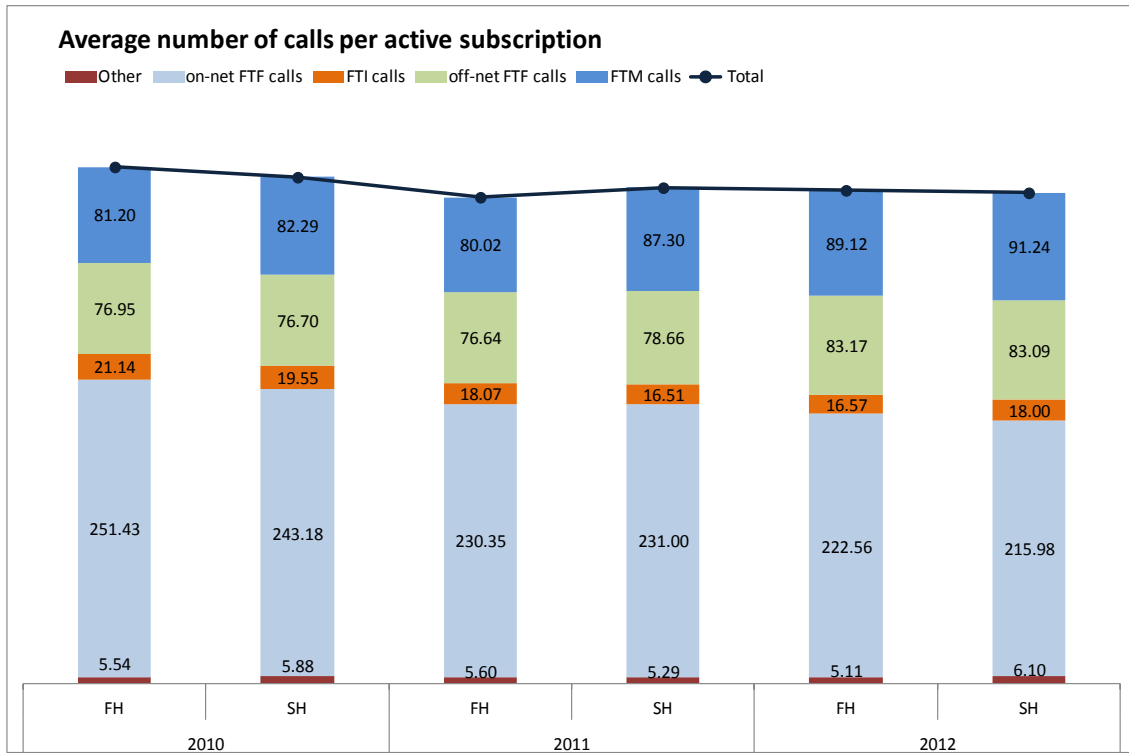


Figure 10: Average number of calls per active subscription

The average number of calls per active fixed line subscription<sup>9</sup> went down from around 419 in the second half of 2011 to around 414 in the second half of 2012.

This decline in on-net FTF activity outweighed higher activity reported in terms of FTM and FTI call activity.

<sup>9</sup> Total depicted in Figure 10 includes the number of *other calls* (which encompasses premium, freephone, and Internet calls) per active subscription.

4.6. Average call duration

On-net FTF calls, off-net FTF calls and FTM calls lasted slightly longer in the second half of 2012 than in corresponding period a year earlier.

Figure 11 shows that an on-net FTF call on average lasted 3.84 minutes (or around 230 seconds) in the second half of 2012, compared to an average duration of 3.78 minutes (or around 227 seconds) in the second half of 2011.

An off-net FTF call lasted 3.93 minutes (or around 236 seconds), up from 3.90 minutes (or around 234 seconds) in the second half of 2011, and a FTM lasted 1.53 minutes, up from 1.49 minutes.

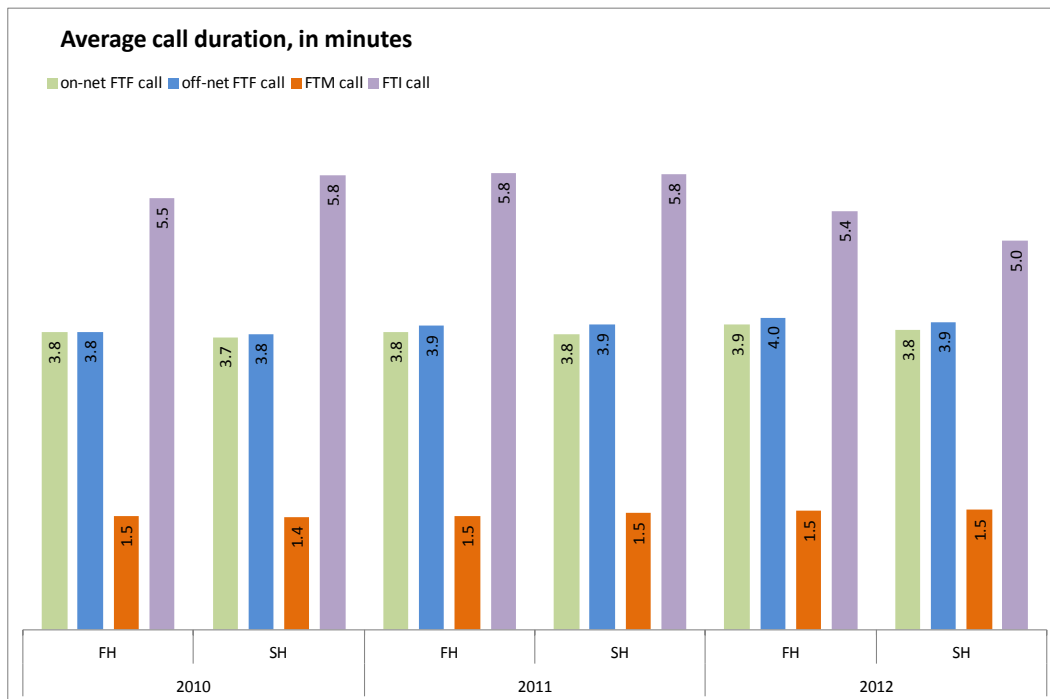


Figure 11: Average duration of an outgoing fixed line call

On the other hand, a fixed-to-international call on average lasted 4.97 minutes (or around 298 seconds) in the second half of 2012, down from 5.82 minutes (or around 349 seconds) in the second half of the previous year.

4.7. Fixed ARPU

*Definition*

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, including revenues from freephone calls and premium calls; and
3. revenues from 'other' activity as specified by the operator.

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.

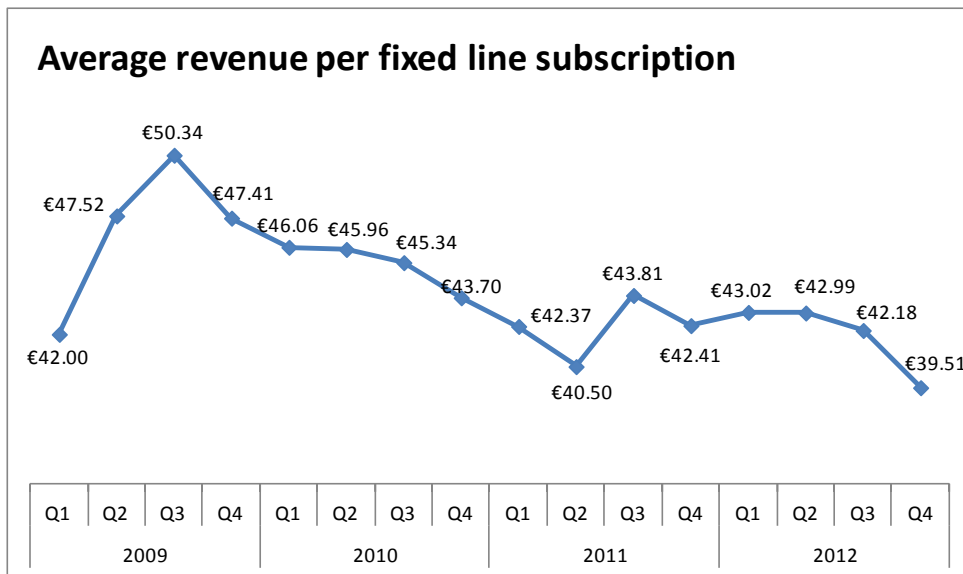


Figure 12: Average revenue per fixed line user

*Workings*

Total ARPU in Q3 and Q4 2012 stood at €42.18 and €39.51 respectively. In both instances, the figure is lower than that recorded in in the last two quarters of 2011.

4.8. Average rate per minute of fixed line communications

Revenue-based<sup>10</sup> figures for fixed line telephony show that, in the second half of 2012, the average rate per minute ('ARPM') of fixed line communications was lower than in the corresponding period a year earlier.

It is noted that, generally, ARPM for fixed line telephony has gone down in 2012.

The ARPM of an on-net FTF call was calculated at €0.010 in Q4 2012, down from €0.011 in Q4 2011.

The ARPM of an off-net FTF call was calculated at €0.012 in Q4 2012, down from €0.013 in Q4 2011.

The ARPM of a FTM call was also down to see the largest decline, from €0.193 in Q4 2011 to €0.148 in Q4 2012.

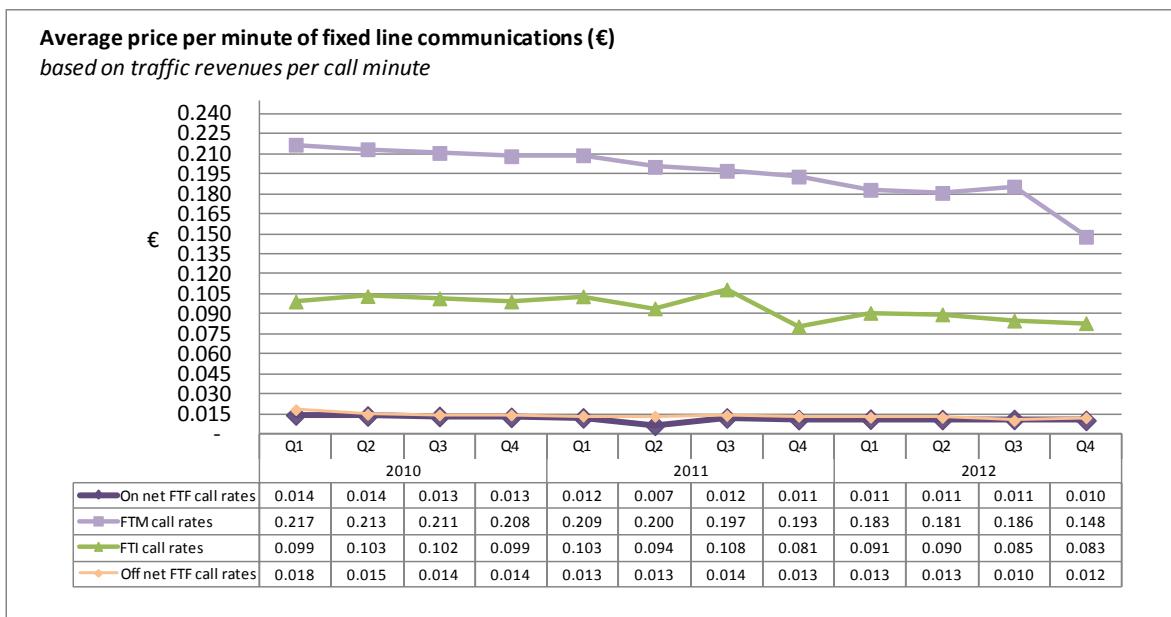


Figure 13: Average cost of a fixed line call derived from revenue-based workings

On the other hand, the cost of a minute of FTI communication saw a slight increase, from €0.081 in Q4 2011 to €0.083 in Q4 2012.

<sup>10</sup> 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 must also be 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 final outcome for the average rate per minute of fixed line communications.



## 5. Mobile telephony

The second half of 2012 saw the mobile market register a further expansion in the subscriber base, with subscriptions reaching 539,452 by the end of year. This corresponds to a mobile penetration rate of 129.2%<sup>11</sup>, which is up by 3.8 percentage points since the end of 2011.

79.3% of mobile subscriptions as at end 2012 were on a prepaid contract and 20.7% on a postpaid contract.

The postpaid segment grew and added a total of 8,356 subscriptions over the 12-month period ending 2012. The prepaid segment increased by 9,348 subscriptions.

As at the end of the current reporting period, 10% of all mobile subscriptions were on a bundled tariff.

Traffic volumes during the second half of 2012 improved over volumes reported in the corresponding period a year earlier. The number of mobile voice calls and voice call minutes in the second half of 2012 were up by 14.6% and 15.1% respectively. SMS traffic volumes were also up by 10.6%.

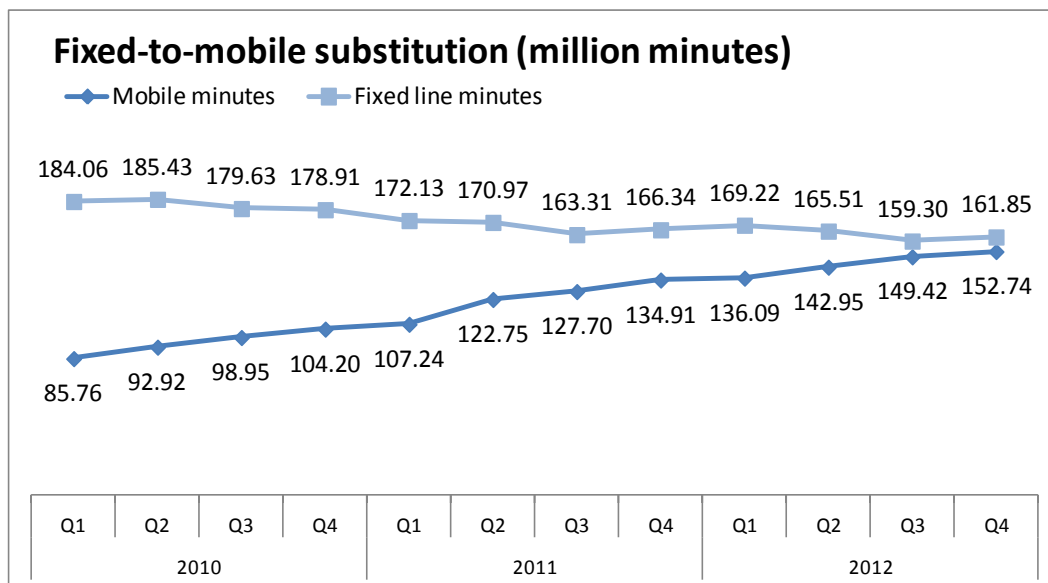


Figure 14: Fixed-to-mobile substitution

Figure 14 depicts traffic volumes originating from fixed and mobile networks. The gap between the two types of traffic narrowed further in the second half of 2012, with mobile traffic registering gains and fixed traffic falling.

<sup>11</sup> The mobile penetration rate is measured on the basis of the number of active SIM cards as a proportion of Malta's population.

During the said period, 48.5% of all local voice call minutes originated on mobile networks, up from 44.3% in the second half of 2011.

ARPU for the sector totalled €84.99 during the second half of 2012, down from €93.14 in the same period of 2011.

The average rate per minute of domestic mobile voice calls stood at €0.098 as at the end of 2012, down from €0.112 as at the end of the previous year. The average rate for international mobile voice calls stood at €0.158, which is also down from €0.252 as at the end of 2011.

### 5.1. Trends in mobile subscriptions

In the 12 months to the end of 2012, the number of active mobile subscriptions<sup>12</sup> went up by 17,704 (or 3.4%) to reach 539,452.

This increase is attributable to gains registered by both the pre-paid and post-paid segments, with the former segment increasing 9,348 subscriptions (or 2.2%) and the latter segment increasing by 8,356 (or 8.1%).

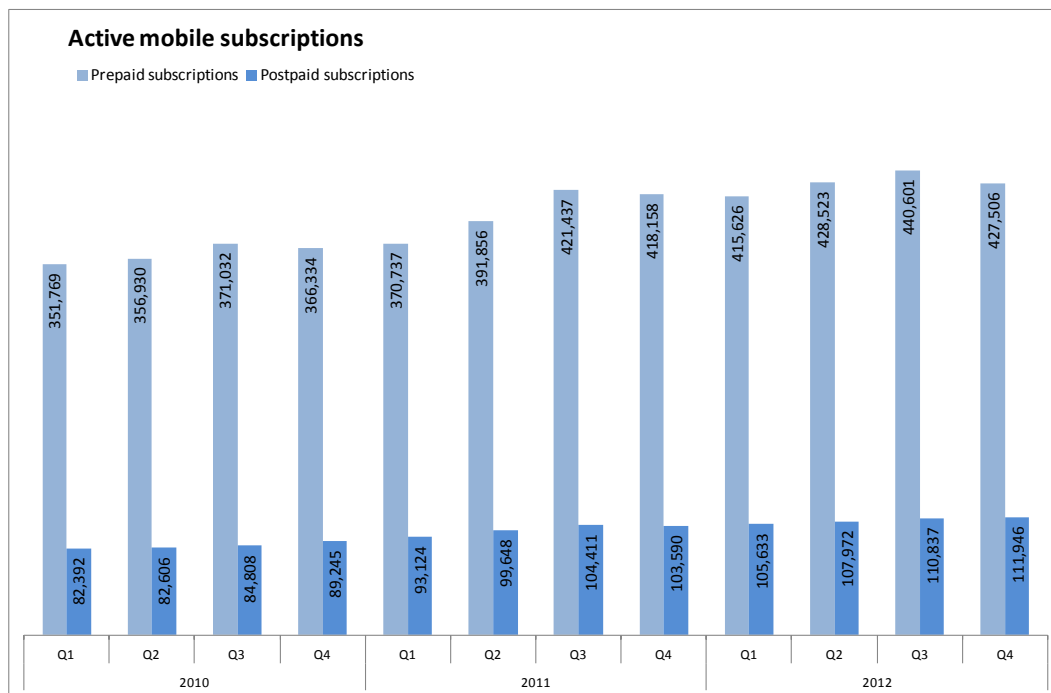


Figure 15: Mobile telephony subscriptions as at end of period

<sup>12</sup> 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.

As at the end of the current reporting period, the number of post-paid mobile subscriptions accounted for 20.7% of total mobile subscriptions, whilst pre-paid mobile subscriptions accounted for 79.3%.

Mobile subscriber statistics are also available on the basis of activity over the 2G or 3G network.

Figure 16 shows that, as at the end of 2012, 35.6% of all active mobile subscriptions registered activity over the 3G network<sup>13</sup>, up from 31.2% as at the end of 2011.

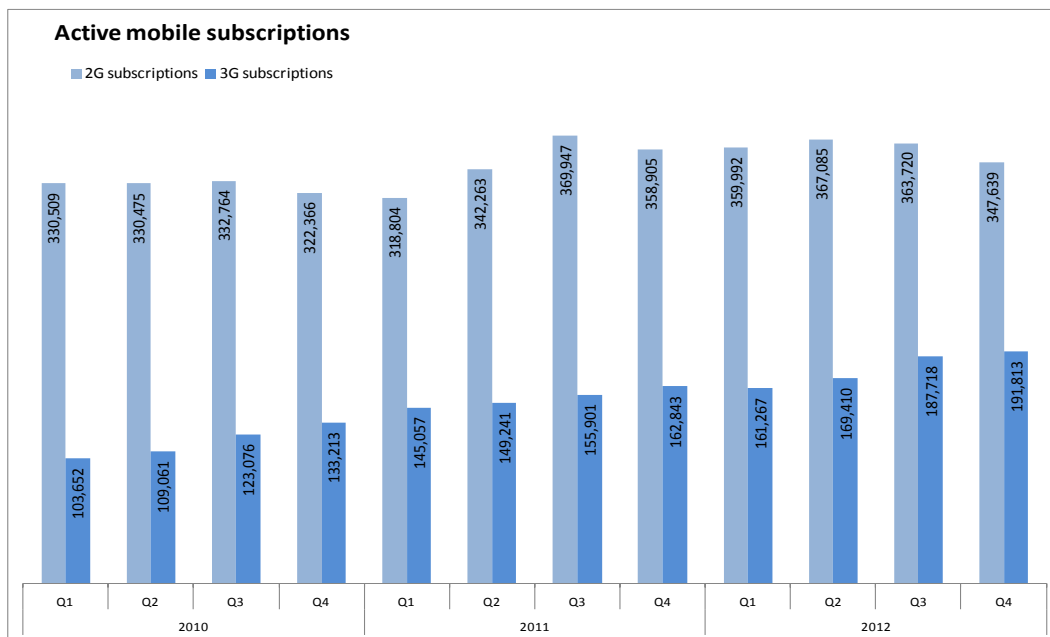


Figure 16: Mobile telephony subscriptions as at end of period, by activity

In absolute terms, the number of mobile subscriptions reporting activity over the 3G network increased by 28,970 or 17.8%, to reach 191,813 as at the end of the current review period.

The incidence of having a 3G-enabled mobile device is more likely amongst post-paid subscribers. In fact, as at the end of 2012, 51.7% of subscribers on post-paid contracts reported activity over the 3G network, compared to 31.3% of subscribers on pre-paid contracts. Twelve months earlier, the incidence rates were 52.8% and 25.8% respectively.

<sup>13</sup> Activity over the 3G network refers to those subscriptions having made at least one call, SMS, MMS or data activity over the said network.

5.2. Mobile subscriptions on a bundled offer

The number of mobile subscriptions on a bundled offer reached 54,150 by the end of 2012, which is up by 10.6% from 48,955 as at the end of the previous year<sup>14</sup>.

Mobile subscriptions on a bundled offer	2010				2011				2012			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
<b>Dual play bundled offers</b>	<b>45,959</b>	<b>51,374</b>	<b>58,695</b>	<b>67,325</b>	<b>40,526</b>	<b>43,801</b>	<b>46,704</b>	<b>48,955</b>	<b>50,610</b>	<b>52,194</b>	<b>53,495</b>	<b>54,150</b>
Fixed telephony + Mobile telephony	-	-	-	-	4,681	7,022	8,914	10,917	11,971	12,738	13,352	13,567
Mobile & Internet	-	-	-	-	-	-	-	-	-	-	-	-
Pay TV + Mobile telephony	3,792	3,886	4,083	4,301	-	-	-	-	-	-	-	-
<b>Triple play bundled offers</b>	<b>4,355</b>	<b>4,444</b>	<b>4,955</b>	<b>5,889</b>	<b>484</b>	<b>433</b>	<b>368</b>	<b>304</b>	<b>304</b>	<b>437</b>	<b>405</b>	<b>-</b>
Fixed telephony + Fixed broadband + Mobile telephony	4,355	4,444	4,955	5,889	484	433	368	304	304	437	405	-
Fixed telephony + Pay TV + Mobile telephony	-	-	-	-	-	-	-	-	-	-	-	-
Pay TV + Fixed broadband + Mobile telephony	-	-	-	-	-	-	-	-	-	-	-	-
<b>Quad play bundled offers</b>	<b>37,812</b>	<b>43,044</b>	<b>49,657</b>	<b>57,135</b>	<b>35,361</b>	<b>36,346</b>	<b>37,422</b>	<b>37,734</b>	<b>38,335</b>	<b>39,019</b>	<b>39,738</b>	<b>40,583</b>
Fixed telephony + Fixed broadband + Pay TV + Mobile telephony	37,812	43,044	49,657	57,135	35,361	36,346	37,422	37,734	38,335	39,019	39,738	40,583
<b>Number of mobile subscriptions</b>	<b>434,161</b>	<b>439,536</b>	<b>455,840</b>	<b>455,579</b>	<b>463,861</b>	<b>491,504</b>	<b>525,848</b>	<b>521,748</b>	<b>521,259</b>	<b>536,495</b>	<b>551,438</b>	<b>539,452</b>
<b>as a percentage of total mobile subscriptions</b>	<b>10.59%</b>	<b>11.69%</b>	<b>12.88%</b>	<b>14.78%</b>	<b>8.74%</b>	<b>8.91%</b>	<b>8.88%</b>	<b>9.38%</b>	<b>9.71%</b>	<b>9.73%</b>	<b>9.70%</b>	<b>10.04%</b>

Table 4: Mobile subscriptions on a bundled offer

The number of mobile subscriptions on a bundled offer as at the end of 2012 accounts for ten percent of all mobile subscriptions reported at the time.

<sup>14</sup> The significant change in the number of mobile subscriptions on a bundled offer between 2010 and 2011 is attributed to a reclassification of data/packages by Melita. Similar changes are also observed for fixed broadband and Pay TV subscriptions on a bundled offer.

Data in Table 4 is provisional and subject to change.

5.3. Mobile inward portings

The number of mobile inward portings<sup>15</sup> (i.e. the total number of successful inward portings of mobile numbers) in the second half of 2012 totalled 24,333.

This figure is 24.4% lower than the number of mobile inward portings recorded in the same period of 2011.

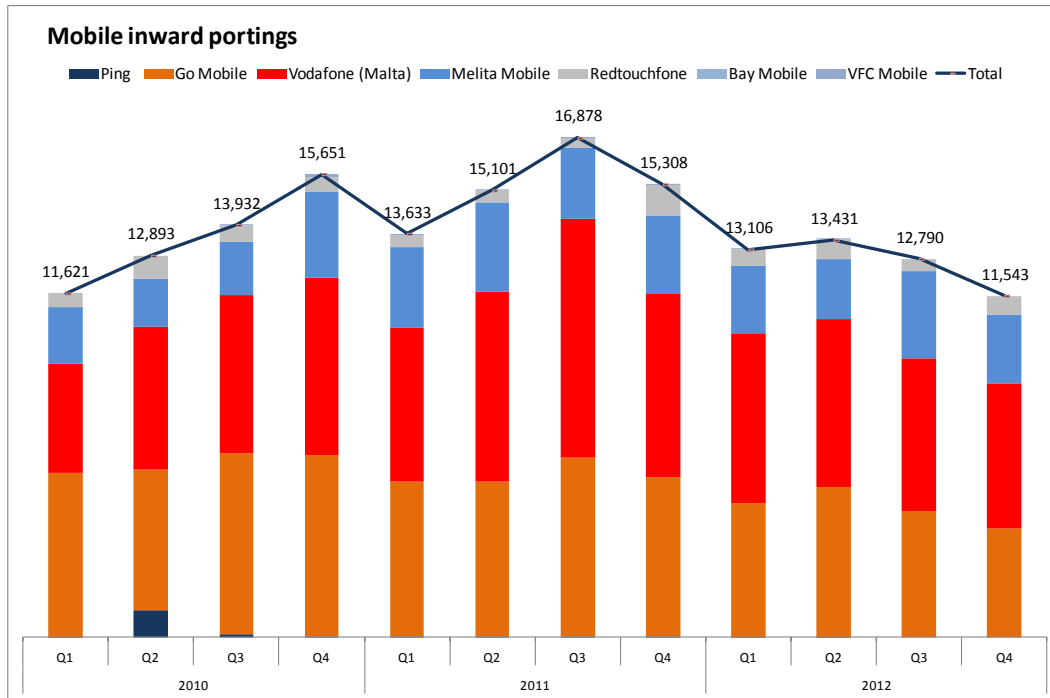


Figure 17: Mobile number portability - number of mobile portings

41.4% of all mobile inward portings reported in the second half of 2012 were accounted for by Vodafone (Malta), 32.6% were accounted for by GO Mobile and a further 21.8% were accounted for by Melita Mobile. Another 4.2% were accounted for by Redtouchfone.

<sup>15</sup> 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.

5.4. Malta’s mobile penetration rate

The mobile penetration rate (“MPR”)<sup>16</sup> reached 129.2% as at the end of 2012, up from 125.4% as at the end of the previous year.

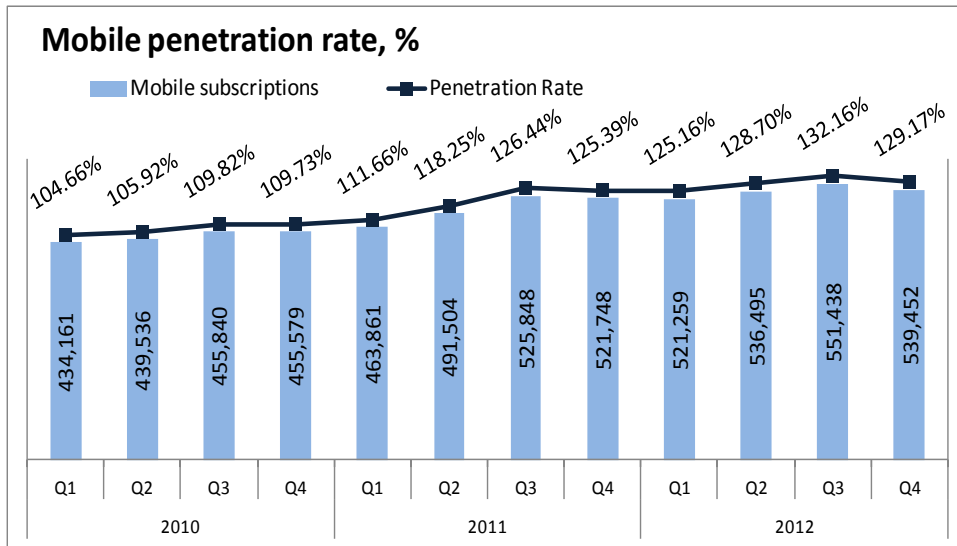


Figure 18: Mobile penetration in Malta

<sup>16</sup> Above footnote n 11, p 24.

5.5. Voice activity levels for mobile telephony

Mobile voice traffic volumes in the second half of 2012 grew significantly over those reported in the second half of 2011, with the number of voice calls and the number of voice call minutes increasing by 14.6% and 15.1% respectively.

*Voice calls*

In the second half of 2012, the number of outgoing mobile voice calls totalled 195.9 million, up from nearly 171 million in the second half of 2011.

89.9% of this increase is attributable to a rise in the number of mobile-to-mobile calls (hereafter, the term mobile-to-mobile is referred to as "MTM"), 6.7% is attributable to a rise in the number of mobile-to-fixed calls (hereafter, the term mobile-to-fixed is referred to as "MTF"), and a further 3.4% is attributed to a rise in the number of mobile-to-international calls (hereafter, the term mobile-to-international is referred to as "MTI").

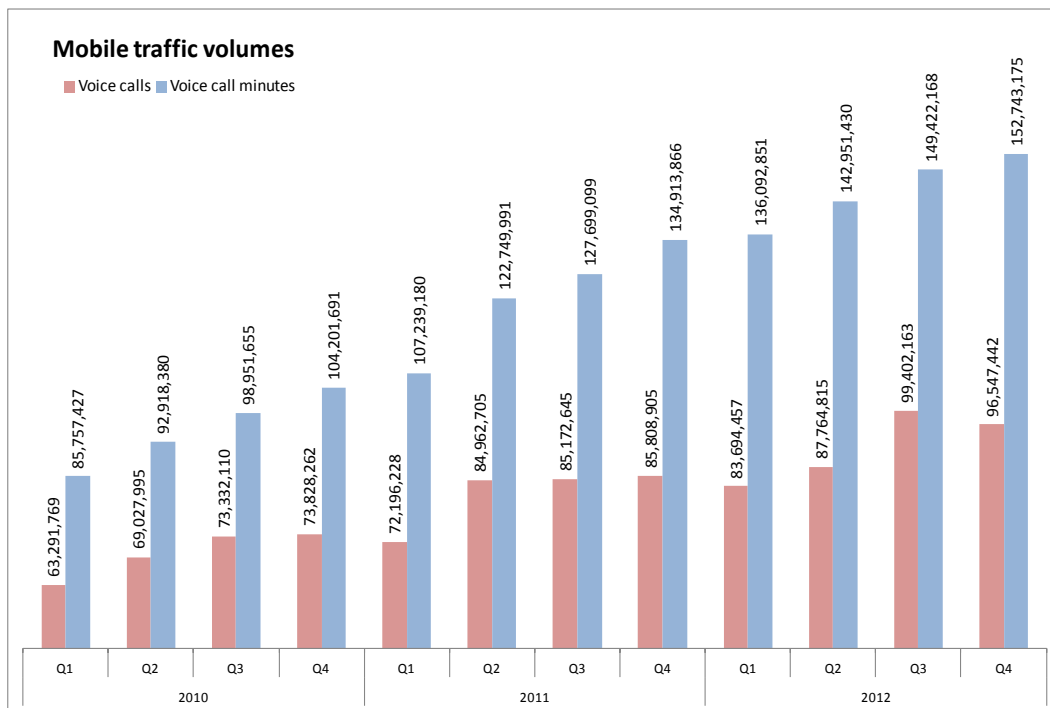


Figure 19: Voice traffic originating from mobile networks

The number of outgoing on-net and off-net MTM calls together totalled 172.7 million in the second half of 2012, up by 22.5 million, or approximately 15.0%, from 150.2 million in the second half of 2011.

Correspondingly, the number of MTF calls totalled 19.6 million, up by 1.7 million, or 9.4%, from 17.9 million.

Voice Calls	Q3 2010	Q4 2010	Q1 2011	Q2 2011	Q3 2011	Q4 2011	Q1 2012	Q2 2012	Q3 2012	Q4 2012
National voice calls	72,191,113	72,838,566	71,161,552	83,791,625	83,734,824	84,368,011	82,264,809	86,071,814	97,458,360	94,781,847
Mobile-to-mobile calls	65,662,106	66,067,433	63,791,622	75,156,988	74,942,255	75,259,456	73,172,718	76,837,842	87,576,345	85,080,224
on-net	40,650,916	41,492,700	40,867,369	48,774,403	48,717,711	49,726,132	48,469,723	51,545,062	60,743,304	59,233,633
off-net	25,011,190	24,574,733	22,924,253	26,382,585	26,224,544	25,533,324	24,702,995	25,292,780	26,833,041	25,846,591
Mobile-to-fixed calls	6,529,007	6,771,133	7,369,930	8,634,637	8,792,570	9,108,555	9,092,091	9,233,972	9,882,015	9,701,623
International voice calls	1,140,997	989,696	1,034,676	1,171,080	1,437,821	1,440,894	1,429,648	1,693,002	1,943,803	1,765,595
Total voice calls	73,332,110	73,828,262	72,196,228	84,962,705	85,172,645	85,808,905	83,694,457	87,764,815	99,402,163	96,547,442

Table 5: Outgoing mobile traffic - number of voice calls

The number of MTI calls totalled 3.7 million in the second half of 2012, an increase of 0.8 million, or 28.9%, from 2.9 million in the second half of 2011.

### Voice call minutes

Traffic volumes in terms of mobile voice call minutes were also up during the period under consideration. These totalled 302.2 million in the second half of 2012, which is 39.6 million minutes or 15.1% higher than in the second half of the previous year.

This increase is mainly attributable to developments in the MTM traffic segment, which saw an increase of 32.6 million minutes (or 14.6%) over volumes reported in the second half of 2011.

Both on-net and off-net MTM minutes increased, with the former traffic segment increasing by 29.2 million minutes, or 17.9% and the latter segment increasing by 3.4 million, or 5.6%.

Voice Minutes	Q3 2010	Q4 2010	Q1 2011	Q2 2011	Q3 2011	Q4 2011	Q1 2012	Q2 2012	Q3 2012	Q4 2012
National voice call minutes	96,914,106	102,060,839	104,931,902	119,742,548	123,981,457	131,224,796	132,318,261	138,593,086	144,563,064	147,994,451
Mobile-to-mobile minutes	86,999,739	91,281,792	91,376,321	105,476,754	109,094,003	115,120,886	116,045,330	121,334,177	126,460,538	130,391,328
on-net	59,592,074	63,926,878	65,258,350	75,516,347	78,824,384	84,357,240	85,781,319	89,269,299	93,852,269	98,538,207
off-net	27,407,665	27,354,914	26,117,971	29,960,406	30,269,619	30,763,647	30,264,012	32,064,877	32,608,268	31,853,120
Mobile-to-fixed minutes	9,914,367	10,779,047	13,555,581	14,265,795	14,887,454	16,103,910	16,272,931	17,258,909	18,102,527	17,603,123
International voice call minutes	2,037,549	2,140,852	2,307,279	3,007,443	3,717,642	3,689,070	3,774,590	4,358,344	4,859,104	4,748,724
Total voice call minutes	98,951,655	104,201,691	107,239,180	122,749,991	127,699,099	134,913,866	136,092,851	142,951,430	149,422,168	152,743,175

Table 6: Outgoing mobile traffic - number of voice call minutes

On comparing traffic volumes in the second half of 2012 with those in the second half of 2011, MTF voice minutes increased by 4.7 million or 15.2%, to reach 35.7 million.

MTI voice minutes increased by 2.2 million or 29.7% to reach 9.6 million.



5.6. SMS and MMS activity levels

SMS traffic volumes

SMS activity in the second half of 2012 was stronger than in the corresponding period of the previous year, with the number of outgoing text messages totalling 333.6 million, up by 10.6% from 301.5 million<sup>17</sup>.

Disaggregating SMS traffic volumes by type of SMS would show that the above-mentioned increase is attributable to more on-net and off-net SMSs and more SMSs sent from Internet portals.

In the second half of 2012, the number of on-net SMSs totalled 219.6 million, which is 15% higher than in the second half of 2011. Meanwhile, off-net SMS traffic volumes totalled 102.3 million, which is 3.4% higher than in the second half of 2011.

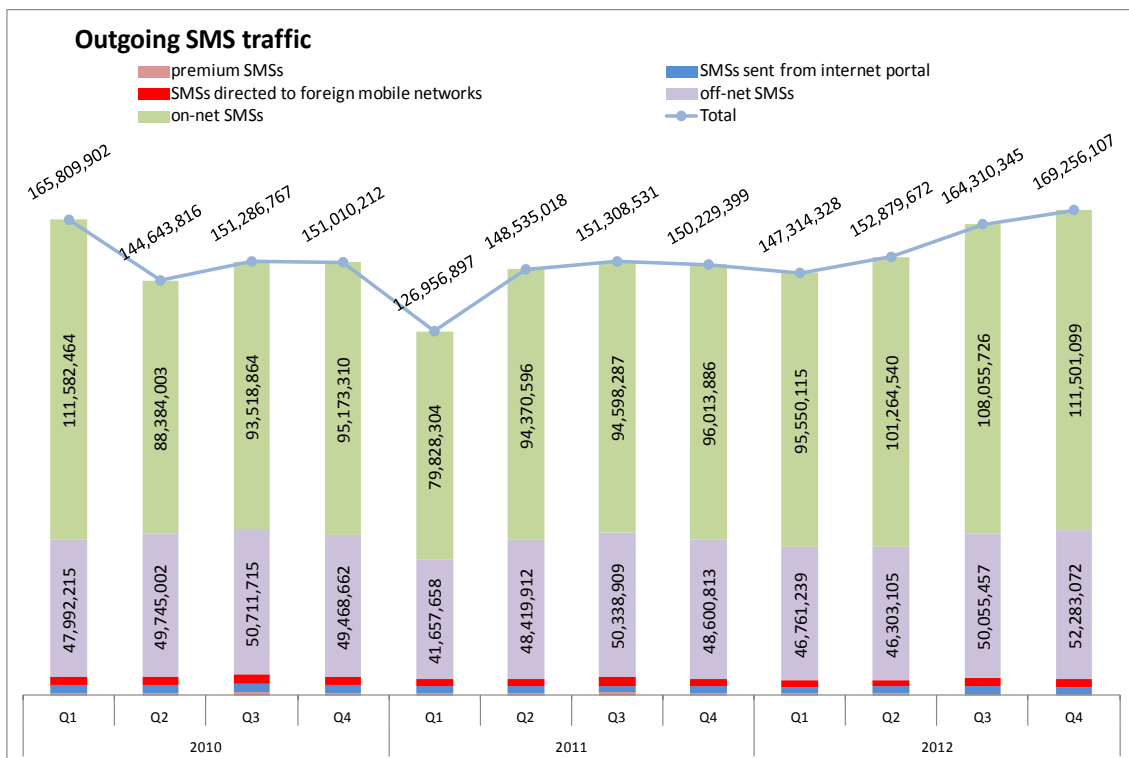


Figure 20: SMS activity - number of outgoing SMSs

<sup>17</sup> Including on-net SMSs, off-net SMSs, SMSs sent to foreign mobile networks, SMSs sent from Internet Portal and premium SMSs.

SMS Volumes	Q3 2010	Q4 2010	Q1 2011	Q2 2011	Q3 2011	Q4 2011	Q1 2012	Q2 2012	Q3 2012	Q4 2012
SMSs directed to national mobile networks	148,071,802	148,104,375	124,563,608	145,749,894	148,062,381	147,561,664	144,882,730	150,735,219	161,233,273	166,419,748
on-net SMSs	93,518,864	95,173,310	79,828,304	94,370,596	94,598,287	96,013,886	95,550,115	101,264,540	108,055,726	111,501,099
off-net SMSs	50,711,715	49,468,662	41,657,658	48,419,912	50,338,909	48,600,813	46,761,239	46,303,105	50,055,457	52,283,072
SMSs sent from Internet portal	2,861,077	2,660,656	2,356,592	2,185,887	2,156,657	2,099,637	1,778,805	2,505,994	2,744,293	2,335,171
Premium SMSs	980,146	801,747	721,054	773,499	968,528	847,328	792,571	661,580	377,797	300,406
SMSs directed to foreign mobile networks	3,214,965	2,905,837	2,393,289	2,785,124	3,246,151	2,667,735	2,431,598	2,144,453	3,077,072	2,836,359
Total SMS	151,286,767	151,010,212	126,956,897	148,535,018	151,308,531	150,229,399	147,314,328	152,879,672	164,310,345	169,256,107

Table 7: SMS traffic volumes

Traffic volumes in terms of SMSs directed to foreign mobile networks in the second half of 2012, totalling 5.9 million, were practically the same as reported in the second half of 2011.

On the other hand, premium SMSs, which totalled 0.7 million in the second of 2012, were down by 62.7% compared to traffic volumes in the second half of 2011.

*MMS traffic volumes*

MMS traffic volumes in the second half of 2012 increased by 23,413 or 21.6% over the corresponding period a year earlier and totalled 131,727.

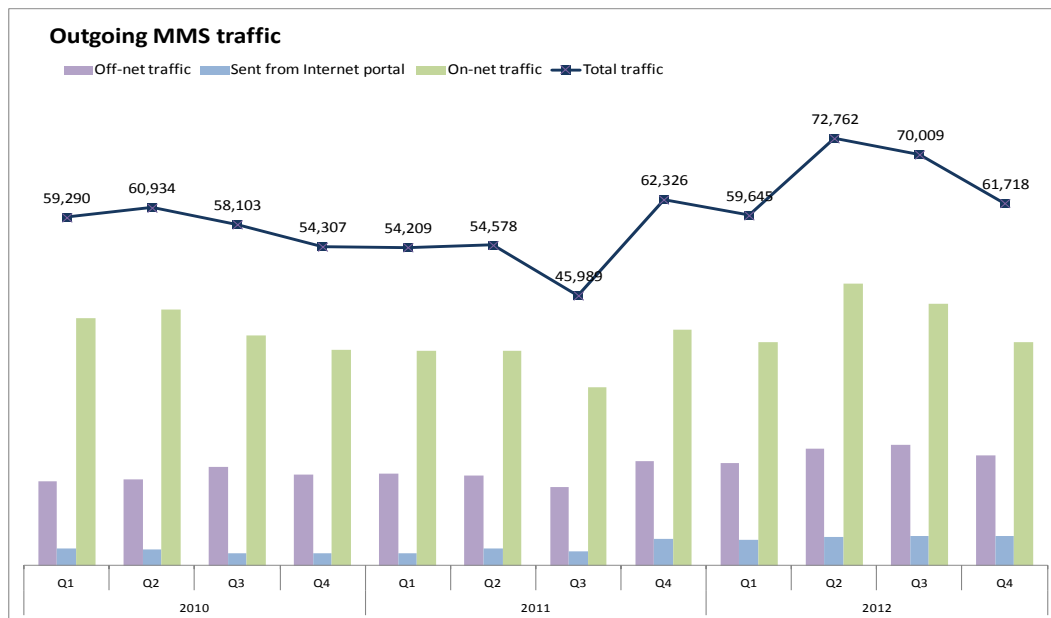


Figure 21: MMS activity - number of outgoing MMSs

On-net MMSs accounted for 62.6% of total MMS traffic for the reporting period. Off-net SMSs accounted for another 29.8% and the remaining share, at 7.6%, was accounted for by MMSs sent from Internet portal.

5.7. Activity levels per mobile subscription

This section provides information on the average number of voice calls, SMSs and MMSs per mobile subscription. Figures are reported on a per user basis (wherein the 'per user' term refers to an active mobile subscription).

Voice call and SMS activity levels per subscription in the second half of 2012 were both stronger than reported for the second half of 2011.

*Workings*

The average number of voice calls per active subscription went up from around 328 in the second half of 2011 to around 363 in the second half of 2012.

Meanwhile, the average number of SMSs per active subscription also went up from around 578 to around 618.

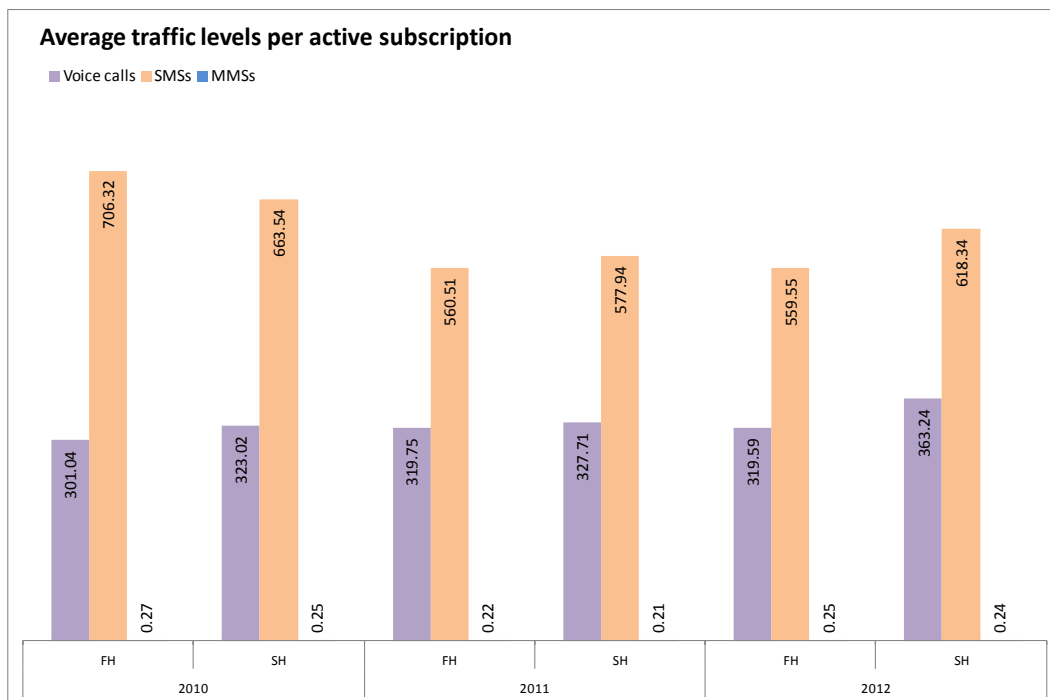


Figure 22: Subscriber activity - average traffic levels per active subscription

A very slight increase was recorded in terms of the average number of MMSs per active mobile subscription, up from 0.21 in the second half of 2011 to 0.24 in the second half of 2012.

*Voice call activity levels per subscription*

In terms of voice call activity per subscription, on-net MTM calls represent the largest segment of voice call activity recorded by active mobile subscribers.

In this regard, the average number of on-net MTM calls per active mobile subscription increased from around 189 in the second half of 2011 to around 222 in the second half of 2012.

On the other hand, the number of off-net MTM calls per active mobile subscription went down, from around 99 in the second half of 2011 to around 98 in the second half of 2012.

Call activity levels in terms of the average number of MTI calls and MTF calls per active mobile subscription improved. In the case of the former, the average number of calls per subscription increased from around 6 in the second half of 2011 to around 7 in the second half of 2012. In the case of the latter, the average number of calls increased from around 34 to around 36.

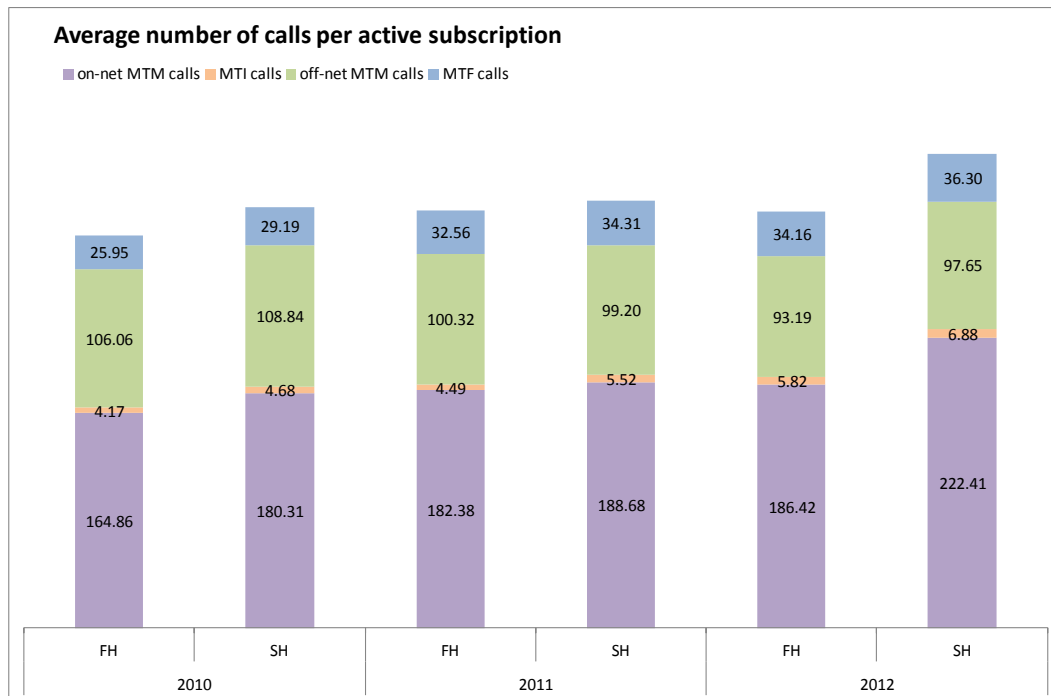


Figure 23: Subscriber activity - average number of calls per active subscription

*SMS activity levels per mobile subscription*

SMS traffic volumes in the second half of 2012 were significantly higher than in the corresponding period of 2011.

This is attributed to stronger activity levels in terms of on-net SMSs, which by far outweighed lower activity per subscription reported in terms of premium SMSs and SMSs sent to foreign mobile networks, as observed from Figure 24, below.

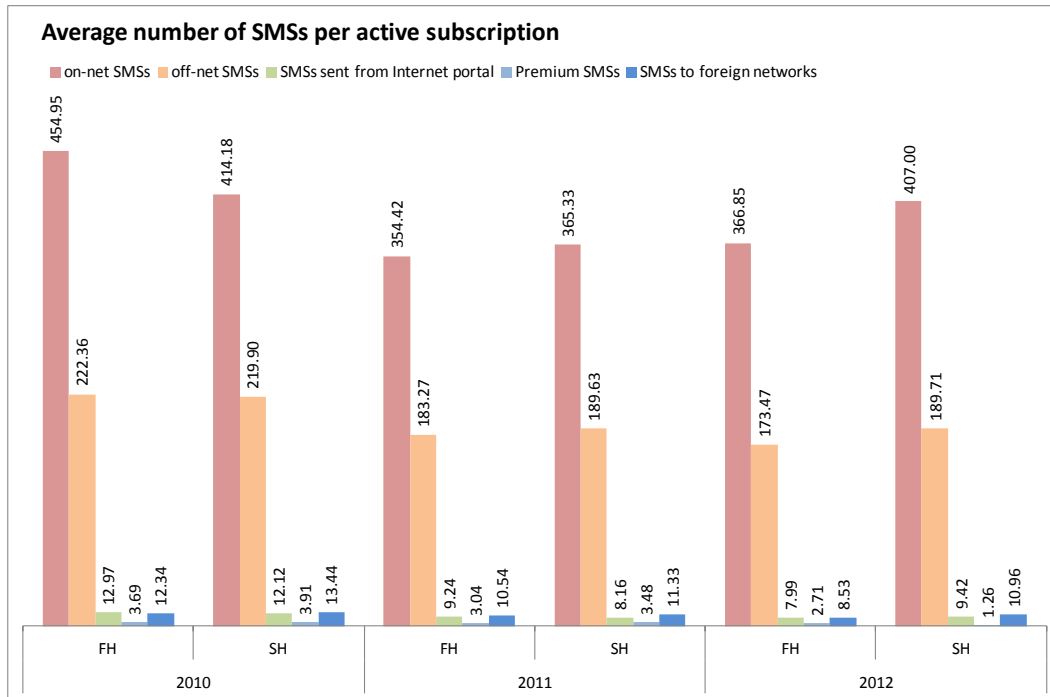


Figure 24: Subscriber activity - average number of SMSs per active subscription

Figure 24 also shows improved activity levels in terms of SMSs sent from Internet portals, a segment that saw its number increase from around eight per subscription in the second half of 2011 to around nine in the second half of 2012.

5.8. Average mobile call duration

On average, a mobile call lasted around 1.5 minutes (or 90 seconds) in the second half of 2012, which is the same result obtained for the second half of 2011.

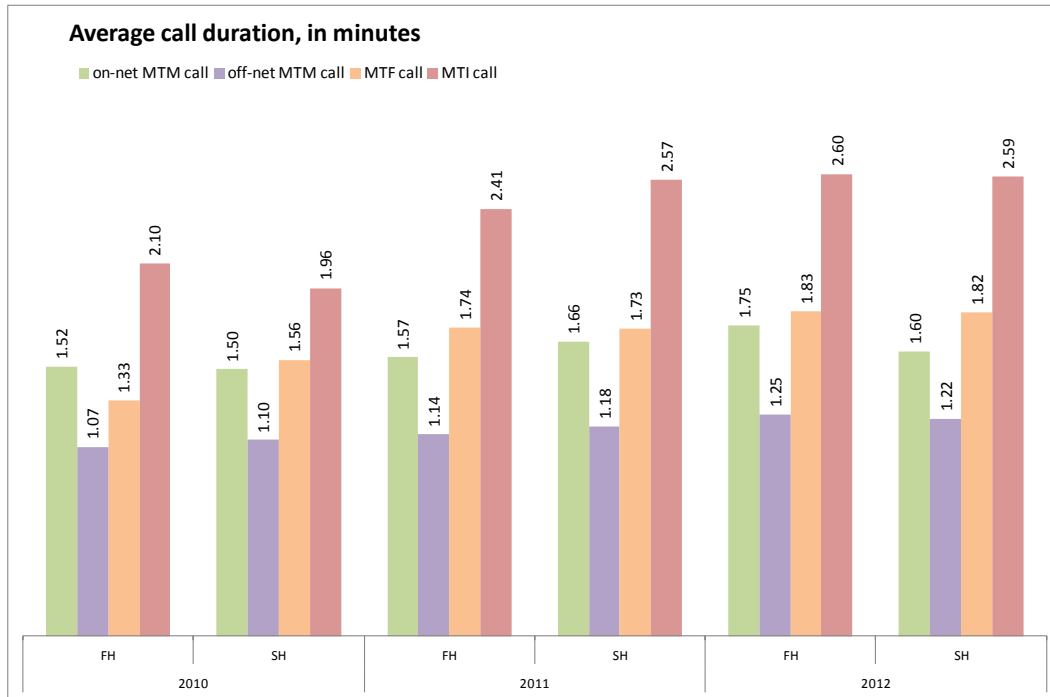


Figure 25: Average duration of an outgoing mobile call

An on-net MTM call on average lasted around 1.6 minutes (or 96 seconds) in the second half of 2012, down from around 1.7 minutes (or 102 seconds) in the second half of 2011.

An off-net MTM call on average lasted 1.2 minutes (or 72 seconds) in the second half of 2012, which is similar to the average call length reported in the second half of the previous year.

### 5.9. International roaming activity levels<sup>18</sup>

International roaming encompasses any activity registered by mobile subscribers whilst travelling abroad. When making or receiving calls while abroad, mobile subscribers would be using voice roaming services. When sending or receiving an SMS while abroad, mobile subscribers would be using SMS roaming services. Mobile subscribers can also send or receive data while abroad. These services are referred to as data roaming services.

When reporting on international roaming activity, local operators distinguish between inbound and outbound roaming activity.

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

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

#### *Outbound roaming activity*

The number of outbound roaming calls<sup>19</sup> totalled around four million in the second half of 2012, up by nearly nine percent from 3.7 million calls recorded in the second half of 2011.

Traffic volumes were also stronger in terms of outbound roaming minutes. Their number increased by 15.5%, from 6.6 million minutes in the second half of 2011 to 7.6 million minutes in the second half of 2012.

---

<sup>18</sup> Data for inbound and outbound roaming calls is currently under review and should therefore be interpreted with caution.

<sup>19</sup> Figures are only estimates and are currently under review.

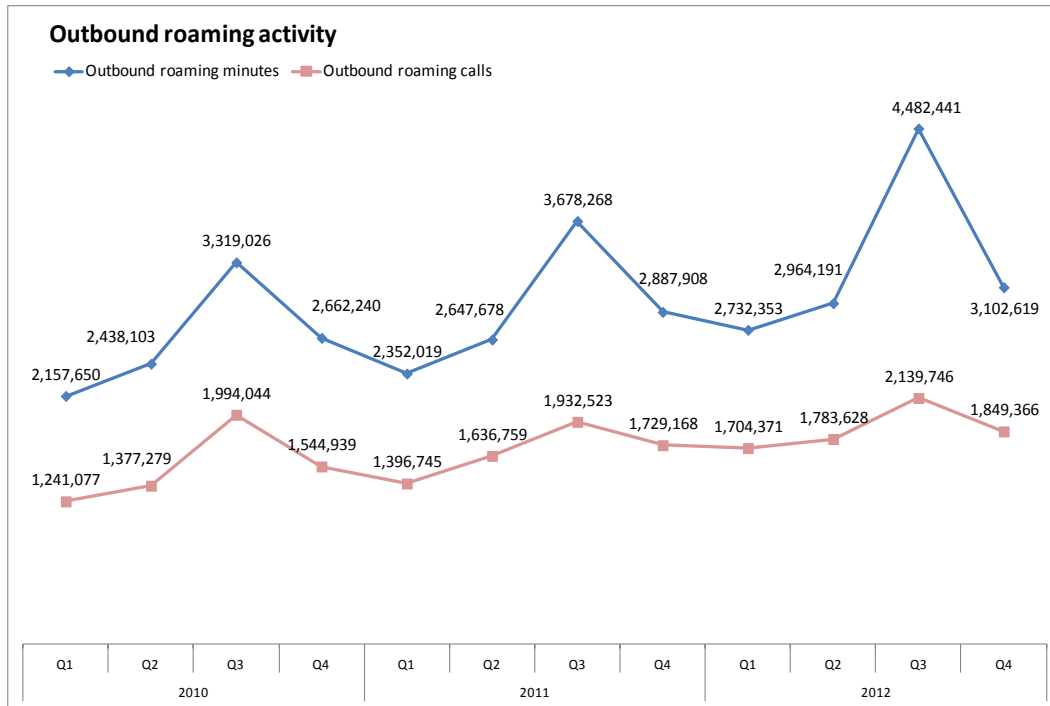


Figure 26: Outbound roaming activity

A more detailed look at developments in outbound roaming activity would show that, during the period under review, an increase was recorded under all sub headings of this indicator.

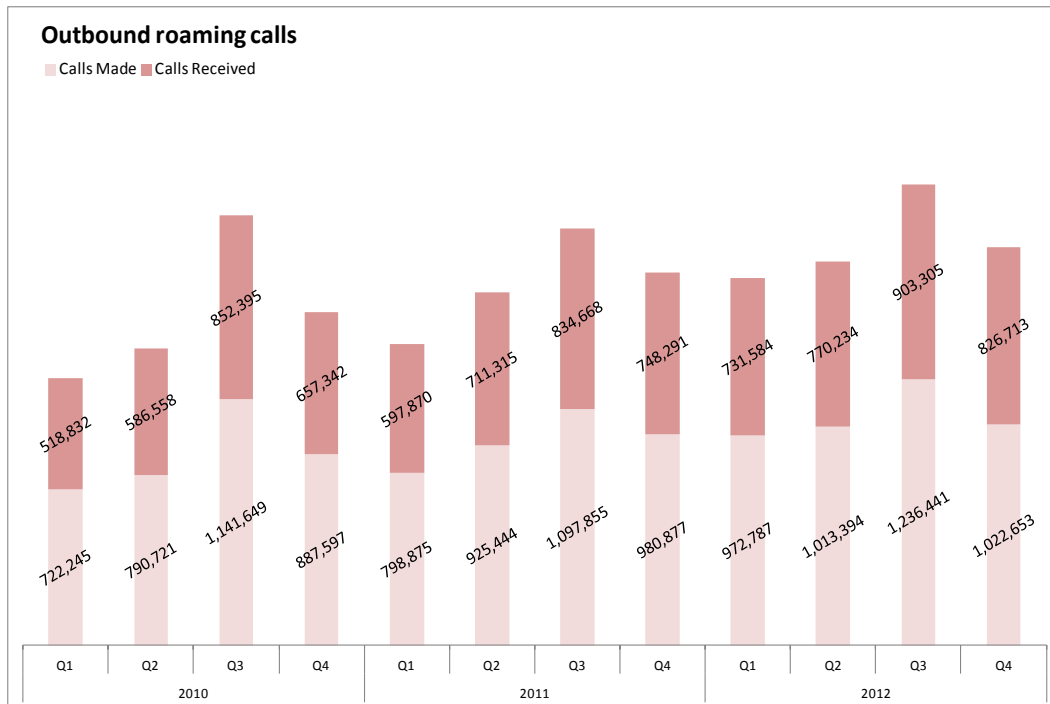


Figure 27: Outbound roaming activity - number of voice calls



The number of calls made by local subscribers whilst roaming abroad went up by 8.7% whilst the number of calls received by local subscribers when roaming abroad went up by 9.3%.

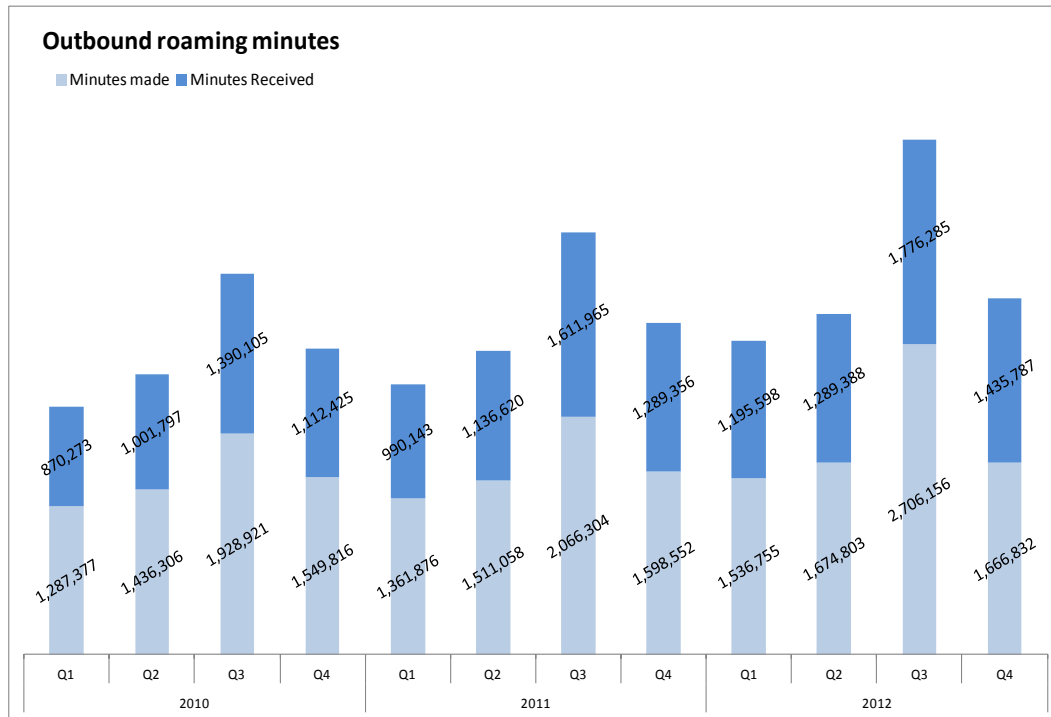


Figure 28: Outbound roaming activity - number of voice call minutes

In terms of outbound roaming minutes, the total received by local subscribers whilst roaming abroad increased by 10.7%, from 2.9 million minutes in the second half of 2011 to 3.2 million minutes in the second half of 2012. With respect to the number of minutes made by local subscribers whilst roaming abroad, traffic increased by 19.3%, from 3.7 million minutes in the second half of 2011 to 4.4 million minutes in the second half of 2012.

*Inbound roaming activity*

The number of inbound roaming calls totalled 12.6 million in the second half of 2012, representing a 5.2% increase in traffic over the corresponding period in 2011.

On the other hand, inbound roaming minutes increased by 6.9%, from 23.9 million minutes in the second half of 2011 to 25.6 million minutes in the second half of 2012.

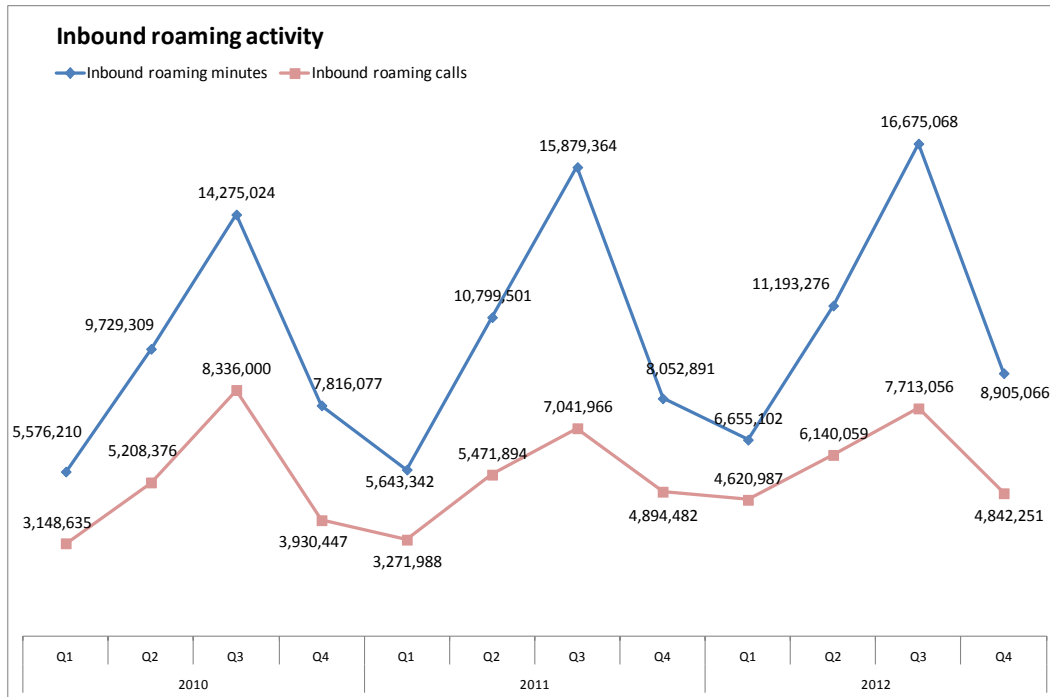


Figure 29: Inbound roaming activity

Disaggregating inbound roaming call figures would show that the number of calls received by foreign mobile subscribers whilst roaming in Malta went up by nearly ten percent, from 2.9 million in the second half of 2011 to 3.2 million in the second half of 2012.

The number of calls made by foreign mobile subscribers whilst roaming in Malta also increased by 3.6%, from 9.0 million in the second half of 2011 to 9.4 million in the second half of 2012.

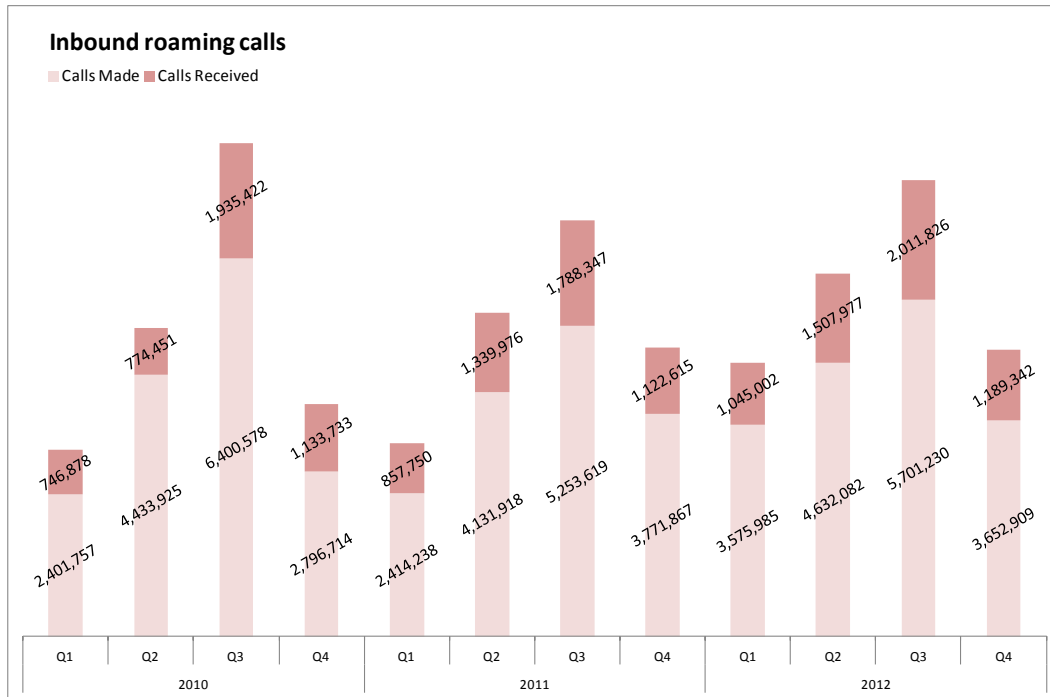


Figure 30: Inbound roaming activity - number of voice calls

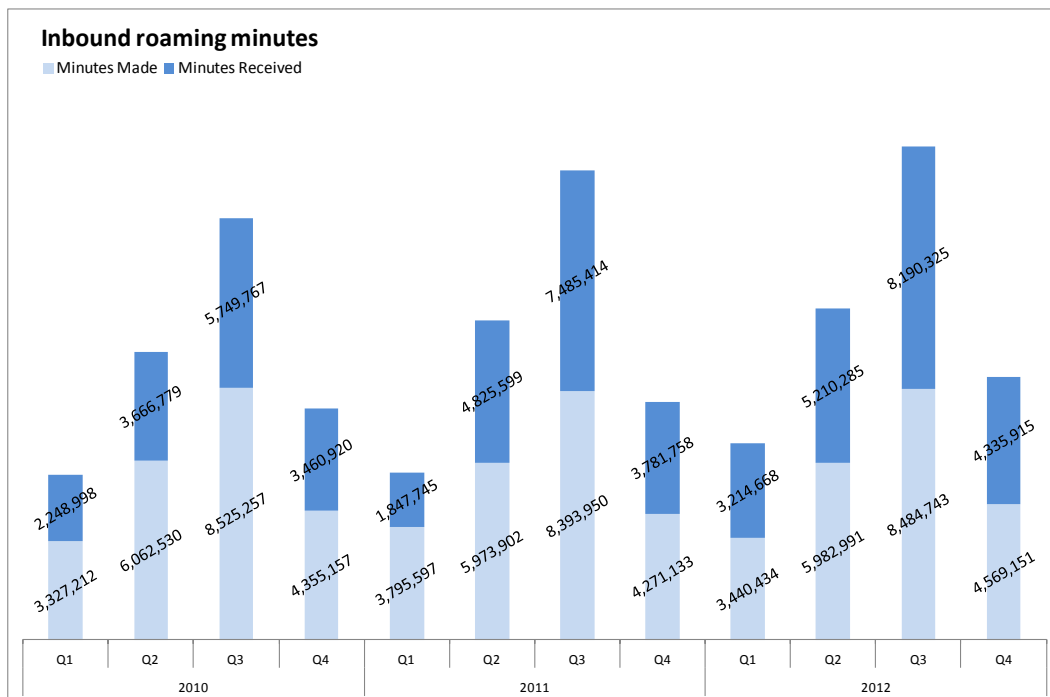


Figure 31: Inbound roaming activity - number of voice call minutes

In terms of inbound roaming minutes, minutes made by foreign mobile subscribers whilst roaming in Malta increased by 3.1%, from 12.7 million minutes in the second half of 2011 to 13.1 million in the second half of 2012.

Traffic in terms of the number of minutes received by foreign mobile subscribers whilst roaming in Malta also increased, this time by 11.2%, from a total of 11.3 million minutes in the second half of 2011 to 12.5 million minutes in the second half of 2012.

5.10. Mobile ARPU

*Definition*

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

The revenue heading comprises the following elements: revenues from all outgoing voice activity (excluding interconnection revenues), revenues from SMS and MMS activity, revenues from monthly access fees, revenues from data services, revenues from outbound roaming activity but excluding revenues from inbound roaming activity.

The average number of active subscriptions during the respective period is arrived at by adding the number of subscribers at the start of the period plus the number of subscribers at the end of the period, divided by two.

*Workings*

Figure 32 shows that mobile ARPU in the second half of 2012 totalled €84.99, down from €93.14 in the second half of 2011.

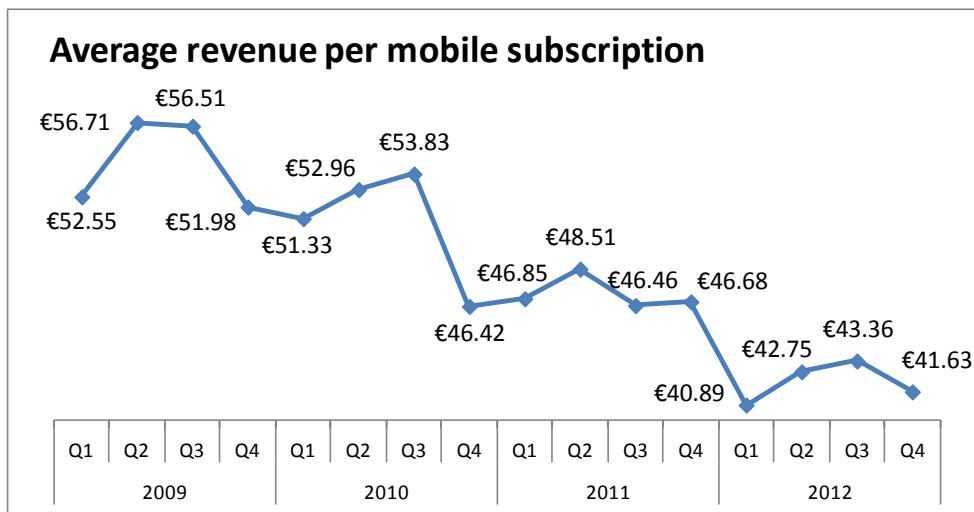


Figure 32: Average revenue per mobile user

5.11. Average rates per minute ('ARPM') of mobile communications

*Definition*

The ARPM of mobile communications is 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.

Revenues from VAT, excise tax, and retail roamings services are excluded from the workings.

It is also of note that this publication's ARPM figures for 2011 and 2012 are lower than those reported in previous CMR publications. This is because the access revenues that are now being included in the workings are only those related to voice telephony, as opposed to the previous practice of including all access revenues<sup>20</sup>.

*Workings*

Figure 33 shows that, as at the end of 2012, the average rate per minute of mobile communications for a domestic call over the mobile network stood at €0.098, down from €0.112 as at the end of 2011.

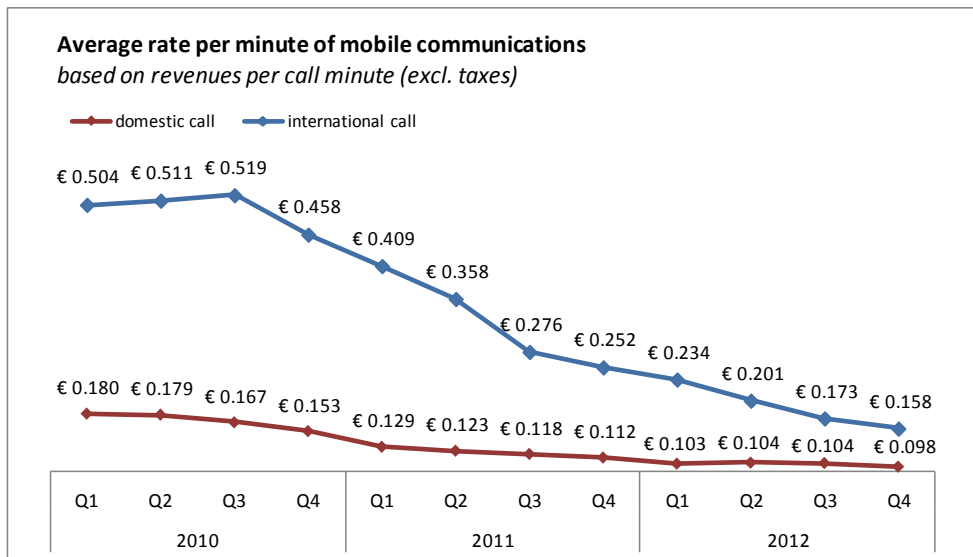


Figure 33: Average rate per minute of mobile communications

<sup>20</sup> It is of note 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. This would affect the final outcome for the average rate per minute of mobile communications.

5.12. Average rate per domestic SMS

The average rate per domestic SMS stood €0.019 as at the end of 2012, which is down from €0.024 as at the end of the previous year.

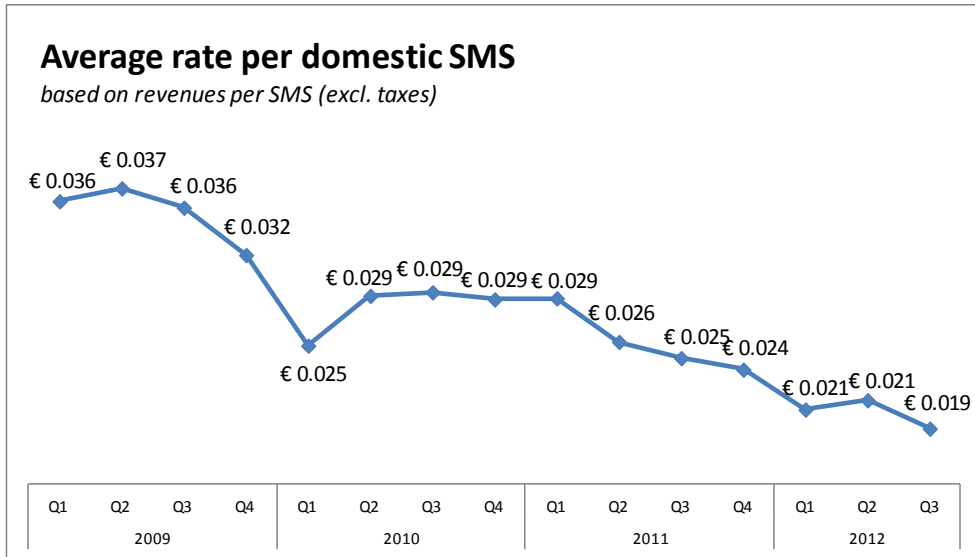


Figure 34: Average rate per domestic SMS

## 6. Internet

The broadband market has again shown a propensity to growth in the second half of 2012.

### *Fixed broadband*

Fixed broadband subscriptions rose by 5.9% over a 12-month period to reach 137,009 by the end of 2012. This figure corresponds to a fixed broadband penetration rate of 32.8%, up from 31.1% as at the end of 2011.

The number of fixed broadband connections on a bundled tariff also increased over the same period, with their number rising by 13.5% to 60,032 by the end of the current reporting period.

Although DSL continued to be the most popular technology platform for fixed broadband, with around 49.7% of all fixed broadband subscriptions having a DSL connection as at the end of 2012, cable maintained a steady growth in its presence on the market.

The cable technology platform accounted for 45.7% of all fixed broadband subscriptions as at the end of 2011. This share improved to 47.3% by the end of 2012.

Meanwhile, the incidence of fixed 'wireless' broadband (hereafter, referred to as "BWA") declined from 3.2% of the local subscriber base as at the end of 2011 to 3.1% by the end of the following year.

MCA workings show that the average rate per unit of download speed ("Mbps") continued to fall in the period under review, mainly because service providers launched new offers on the market and improved their existing offerings to the benefit of consumers.

Nevertheless, ARPU for the sector improved, from €84.85 in the second half of 2011 to €89.72 in the second half of 2012.

### *Mobile broadband*

Mobile broadband technology is distinct to fixed broadband technology, in that it encompasses broadband services offered over 3G-enabled mobile handsets, mainly smartphones, via USB dongles connected to a portable computer and tablets, and built-in broadband cards.

In the twelve months to July 2012, the number of active mobile broadband connections increased significantly. This is mainly a result of a surge in the number of active mobile broadband connections via 3G mobile subscriptions, which went up from 49,706 in July 2011 to around 157,000 in July 2012.



The Digital Agenda Scoreboard<sup>21</sup> reports that Malta’s mobile broadband penetration rate, via the use of dedicated data service cards/modems/keys stood at 4.8% in January 2012, which was well below the EU average of 8.1%.

6.1. Trends in fixed broadband subscriptions

In 2012, the number of fixed broadband subscriptions increased by 5.9% to reach 137,009 by the end of the current reporting period<sup>22</sup>.

Fixed broadband is currently offered over three technology platforms: the DSL platform, the cable platform, and the fixed wireless platform.

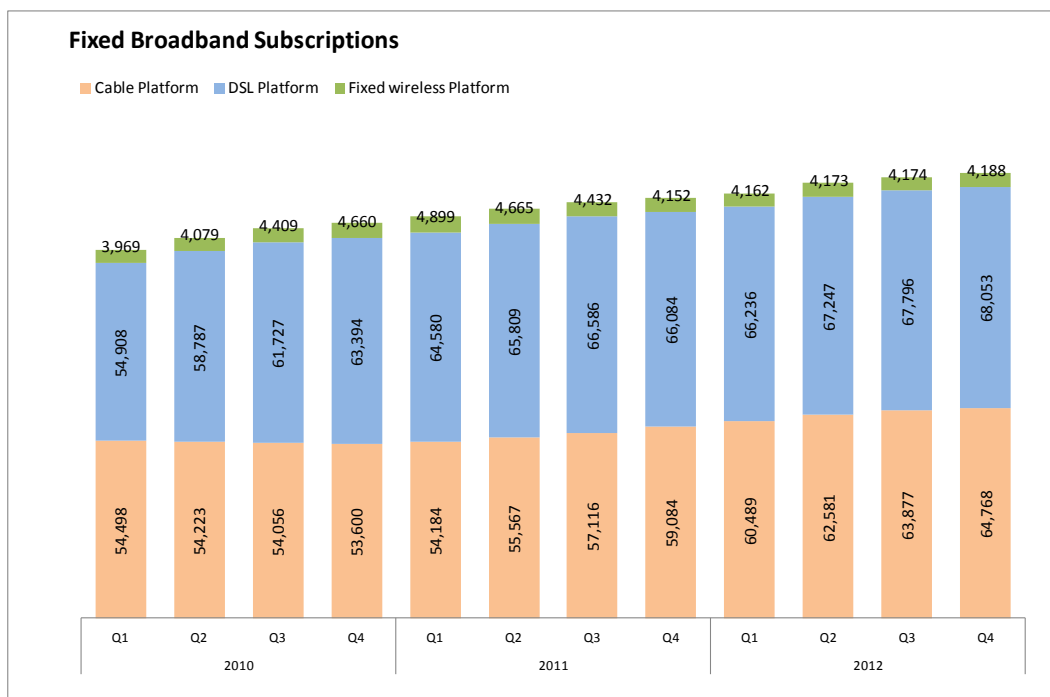


Figure 35: Broadband Internet subscriptions as at end of period - by technology

The increase in fixed broadband subscriptions highlighted above is mainly attributed to the cable platform, which added 5,684 new subscriptions.

Cable subscriptions totalled 64,768 by the end of 2012, which is 9.6% higher than the number of subscriptions recorded twelve months earlier.

The DSL platform added 1,969 new subscriptions during the same period, to reach 68,053 by the end of 2012.

<sup>21</sup> Link to relevant data: [Visualization of Digital Agenda Scoreboard Indicators](#).

<sup>22</sup> For the purpose of this report, fixed broadband Internet subscriptions refer to those connections which are *always on* and have a speed of 128kbps or more.

The number of fixed wireless subscriptions totalled 4,188 by the end of 2012.

In 2012, the number of fixed broadband subscriptions on the cable platform increased by a much faster rate than has been the case with the DSL platform and, as a result, the former improved its take of the local fixed broadband subscriber base.

However, by the end of 2012, the number of DSL subscriptions was still higher than the number of cable subscriptions, with the DSL platform accounting for 49.7% of the local fixed broadband subscriber base.

## 6.2. Fixed broadband download speeds<sup>23</sup>

Fixed broadband subscriptions are classified on the following categories:

- less than 5Mbps;
- equal to or greater than 5Mbps, but less than 10Mbps;
- equal to or greater than 10Mbps, but less than 20Mbps;
- equal to or greater than 20Mbps, but less than 30Mbps;
- equal to or greater than 30Mbps, but less than 50Mbps;
- equal to or greater than 50Mbps, but less than 10Mbps; and
- 100Mbps or more.

It is evident from available figures that the market experienced a further shift towards higher broadband download speeds.

As at the end of 2012, the number of fixed broadband subscriptions having a connection that allowed for a download speed of *less than 5Mbps* accounted for 12.2% of the local subscriber base, significantly down from 74.7% as at the end of 2011.

In absolute terms, the number of subscriptions under this category went down from 96,598 as at the end of 2011 to 16,661 as at the end of the following year. Most of the former subscriptions under this category, around 75%, have been upgraded to the category of *'10Mbps but less than 20Mbps'*, as described below.

The category encompassing fixed broadband subscriptions with a connection allowing for a download speed of *5Mbps but less than 10Mbps* accounted for 10.9% of all fixed broadband subscriptions as at the end of 2012, which is up from 0.7% as at the end of 2011.

In absolute terms, this category accounted for 14,878 subscriptions as at the end of the current reporting period.

Meanwhile, the respective market share of fixed broadband subscriptions with a connection allowing for a download speed of *10Mbps but less than 20Mbps*

---

<sup>23</sup> Quoted figures refer to advertised speeds.

went up by 45.8 percentage points. In absolute terms, the number of subscriptions under this category increased from 19,693 by the end of 2011 to 83,598 by the end of 2012.

For the category referring to connections with a download speed of *20Mbps but less than 30Mbps*, developments took a different direction. From 8.2% as at the end of 2011, this category's market share went down to 6.6% as at the end of 2012. In absolute terms, this translates to subscriptions falling from 10,548 to 9,029.

The categories encompassing fixed broadband subscriptions with a connection allowing for a download speed of *30Mbps but less than 50Mbps* and a download speed of *50Mbps but less than 100Mbps* together accounted for 8.7% of all fixed broadband subscriptions recorded as at the end of 2012.

In absolute terms, these two categories together accounted for 11,974 fixed broadband subscriptions by the end of 2012, up from just 966 subscriptions a year earlier.

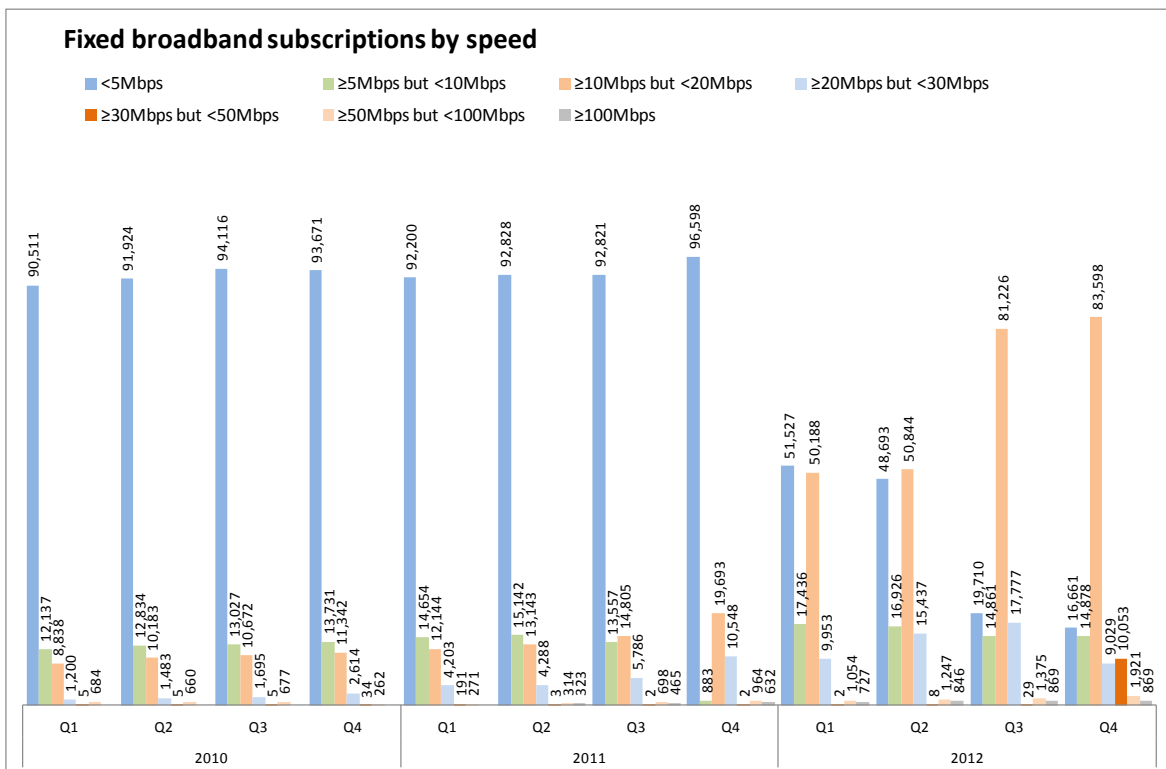


Figure 36: Fixed broadband subscriptions, by speed

The last category under consideration encompasses those connections that allow for a download speed of *100Mbps or more*. As at the end of 2012, this category accounted for 0.6% of all fixed broadband subscriptions recorded at the time, which is slightly up from 0.5% as at the end of the previous year.

In absolute terms, the number of fixed broadband subscriptions under this category totalled 869 as at the end of the current reporting period.

*Fixed broadband download speeds by platform*

An assessment of subscriptions by platform in terms of download speed would show that, as at the end of 2012, 96.3% of all fixed wireless broadband subscriptions had a connection with a download speed of *less than 5Mbps* and 3.7% had a connection with a download speed of *5Mbps up to, but not including 30Mbps*. No fixed wireless-based subscriptions had a connection allowing for a download speed of *30Mbps or more*.

With respect to DSL, 18.2% of all subscriptions on this platform had a connection with a download speed of *less than 5Mbps*; 81.6% had a connection with a download speed of *5Mbps up to, but not including 30Mbps*; and just 0.2% had a connection with a download speed of *30Mbps but less than 50Mbps*. No DSL-based subscriptions had a connection allowing for a download speed of *50Mbps or more*.

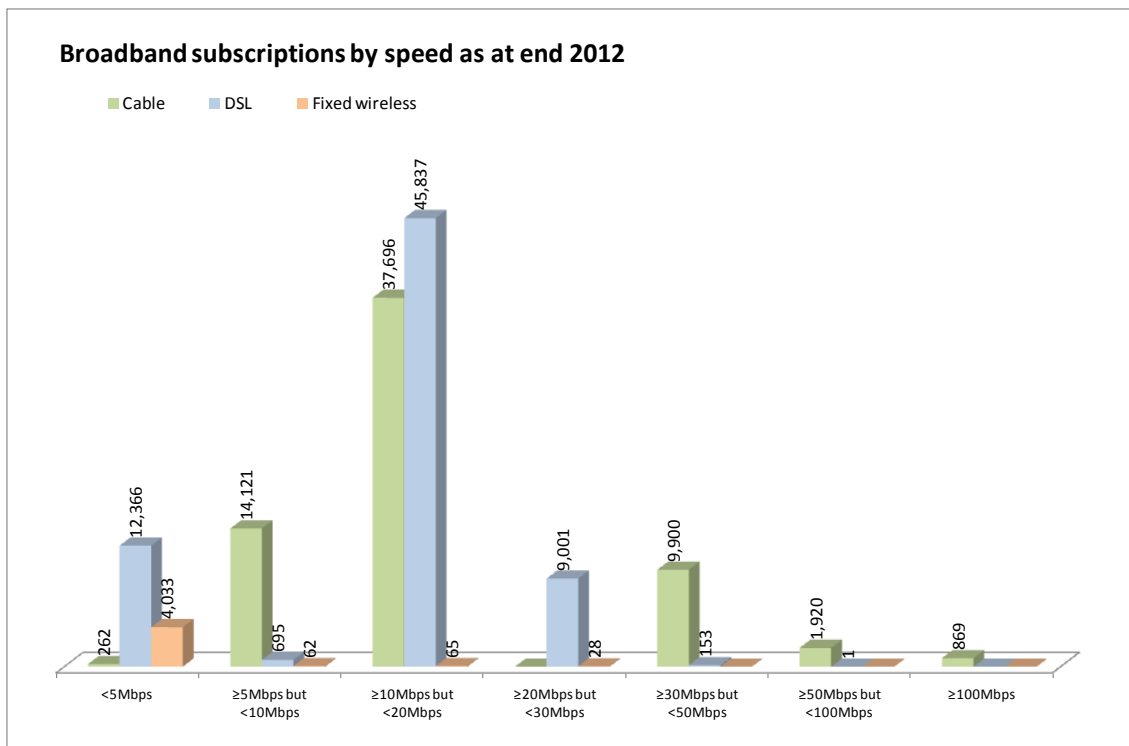


Figure 37: Broadband Internet subscriptions as at end of period - by connection speed

An assessment of the cable platform shows that only 0.4% of all subscriptions on this platform had a connection with a download speed of *less than 5Mbps*. 80% of cable broadband subscriptions had a connection of *5Mbps, up to, but not including 30Mbps* and a further 19.6% had a connection with a download speed of *30Mbps or more*.

6.3. Fixed broadband subscriptions on a bundled offer

The number of fixed broadband subscriptions on a bundled offer as at the end of 2012 totalled 60,032. This figure is up by 13.5% from 52,905 fixed broadband subscriptions on a bundled offer reported as at the end of the previous year.

Fixed broadband subscriptions on a bundle	2010				2011				2012			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
	43,430	48,408	55,605	64,115	50,269	50,157	50,533	52,905	53,512	55,043	59,356	60,032
<b>Total double play</b>	<b>861</b>	<b>641</b>	<b>865</b>	<b>1,046</b>	<b>7,319</b>	<b>7,013</b>	<b>7,239</b>	<b>8,035</b>	<b>6,524</b>	<b>6,222</b>	<b>9,188</b>	<b>9,655</b>
Fixed telephony + Fixed broadband	861	641	865	1,046	7,319	7,013	7,239	8,035	6,524	6,222	9,188	9,655
Mobile telephony + Fixed broadband	-	-	-	-	-	-	-	-	-	-	-	-
Pay TV + Fixed broadband	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total triple play</b>	<b>4,757</b>	<b>4,723</b>	<b>5,083</b>	<b>5,934</b>	<b>7,589</b>	<b>6,798</b>	<b>5,872</b>	<b>7,136</b>	<b>8,653</b>	<b>9,802</b>	<b>10,430</b>	<b>9,794</b>
Fixed telephony + Mobile telephony + Fixed broadband	4,355	4,444	4,955	5,889	484	433	368	304	304	437	405	-
Fixed telephony + Pay TV + Fixed broadband	402	279	128	45	7,105	6,365	5,504	6,832	8,349	9,365	10,025	9,794
Mobile telephony + Pay TV + Fixed broadband	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total quad play</b>	<b>37,812</b>	<b>43,044</b>	<b>49,657</b>	<b>57,135</b>	<b>35,361</b>	<b>36,346</b>	<b>37,422</b>	<b>37,734</b>	<b>38,335</b>	<b>39,019</b>	<b>39,738</b>	<b>40,583</b>
Fixed telephony + Mobile telephony + Pay TV + Fixed broadband	37,812	43,044	49,657	57,135	35,361	36,346	37,422	37,734	38,335	39,019	39,738	40,583
Number of fixed broadband subscriptions	113,375	117,089	120,192	121,654	123,663	126,041	128,134	129,320	130,887	134,001	135,847	137,009
as a percentage of fixed BB internet subscriptions	38.31%	41.34%	46.26%	52.70%	40.65%	39.79%	39.44%	40.91%	40.88%	41.08%	43.69%	43.82%

Table 8: Fixed broadband subscriptions on a bundled offer

The proportion of fixed broadband subscriptions on a bundled offer increased by 2.9 percentage points in the 12-month period ending 2012 to 43.8%<sup>24</sup>.

<sup>24</sup> Figures in Table 8 are provisional and subject to change.

6.4. Fixed broadband penetration rate

Malta’s fixed broadband penetration (per population) reached 32.8% as at the end of 2012, up by 1.7 percentage points over the end of 2011.

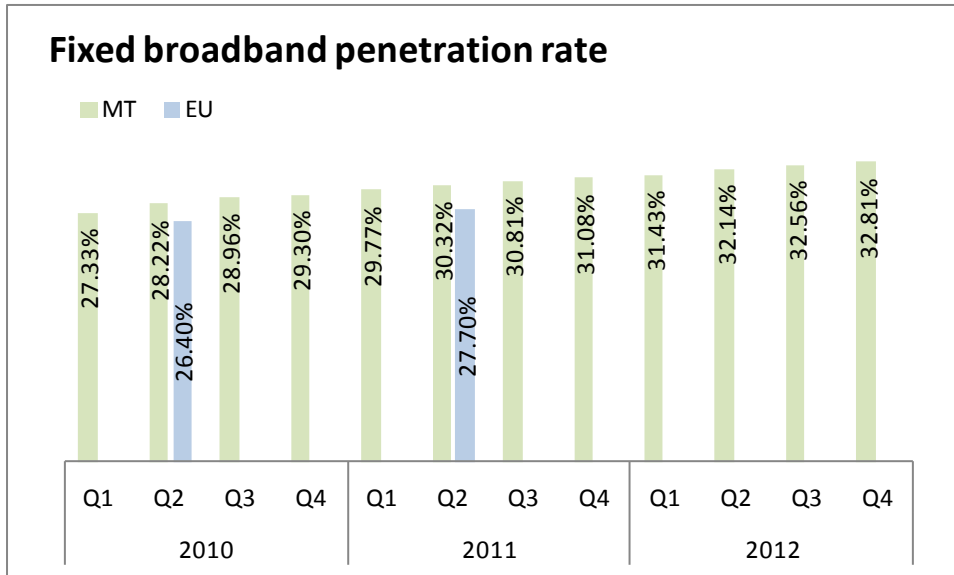


Figure 38: Fixed broadband penetration rate as at end of period

6.5. Fixed broadband ARPU

*Definition*

An indicator evaluating operators’ revenue per fixed broadband subscription (hereafter, also referred to as “retail fixed broadband ARPU”) has been developed. The data is presented below on a quarterly basis.

ARPU for fixed broadband reflects the average quarterly spend by users for broadband services, calculated as the total retail revenues for broadband subscriptions, divided by the average of the total number of broadband subscriptions within a quarter.

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 is calculated by taking the sum of the total subscriptions at the start and the end of the quarter under consideration divided by two.

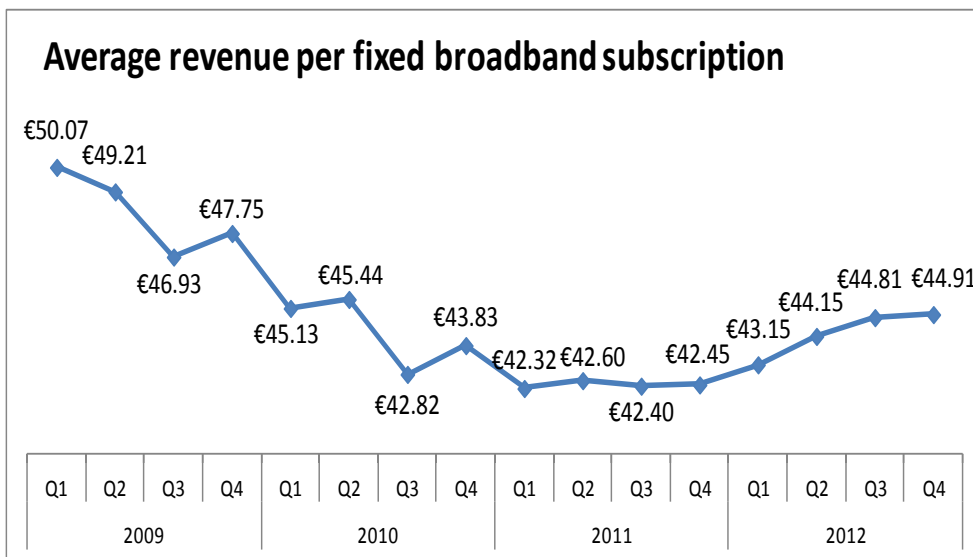


Figure 39: Average revenue per broadband user

*Workings*

Figure 39 shows that fixed broadband ARPU for the second half of 2012 totalled €89.72, up from €84.85 in the second half of 2011.

## 6.6. Average advertised rates for fixed broadband

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 fixed broadband products develops over time.

The average advertised rate per Mbps for the local fixed broadband product portfolio went down from €2.20 in Q4 2011 to €1.84 in Q4 2012<sup>25</sup>.

Average advertised rates are also available on a more disaggregated level, which is done by classifying the broadband products offered in the market into categories of headline download speeds, and then working out the average advertised rate for each identified category.

Seven different categories are identified as follows, encompassing:

- products with a download speed equal to or greater than 2Mbps but less than 4Mbps;
- products with a download speed equal to or greater than 4Mbps but less than 6Mbps;
- products with a download speed equal to or greater than 6Mbps but less than 8Mbps;
- products with a download speed equal to or greater than 8Mbps 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; and
- products equal to or greater than 30Mbps.

As at the end of 2012, local service providers did not market broadband products with a download speed of less than 4Mbps or with a download speed of 8Mbps but less than 10Mbps. No price assessment is therefore available for these two product categories.

With respect to the category encompassing broadband products with a download speed *equal to or greater than 4Mbps but less than 6Mbps*, the average rate per Mbps went down from €3.81 in Q4 2011 to €3.60 in Q4 2012. This is a result of Ozone reducing the price of its broadband products falling within this product category.

With respect to the category encompassing broadband products with a download speed *equal to or greater than 6Mbps but less than 8Mbps* did not change in the 12-month period ending December 2012 and stood at €2.22 in Q4 2012.

---

<sup>25</sup> Free Internet upgrades and promotional offers are not included in the workings. Such upgrades and offers are likely to lower the rates per Mbps for products in higher download speed categories.



With respect to the category encompassing broadband products with a download speed *equal to or greater than 10Mbps but less than 20Mbps*, the average rate per Mbps also went down from €2.54 in Q4 2011 to €2.13 in Q4 2012. This is a result of Melita introducing new offers (branded as the 15Mbps offers) in this product range throughout 2012, thereby reducing the overall average rate.

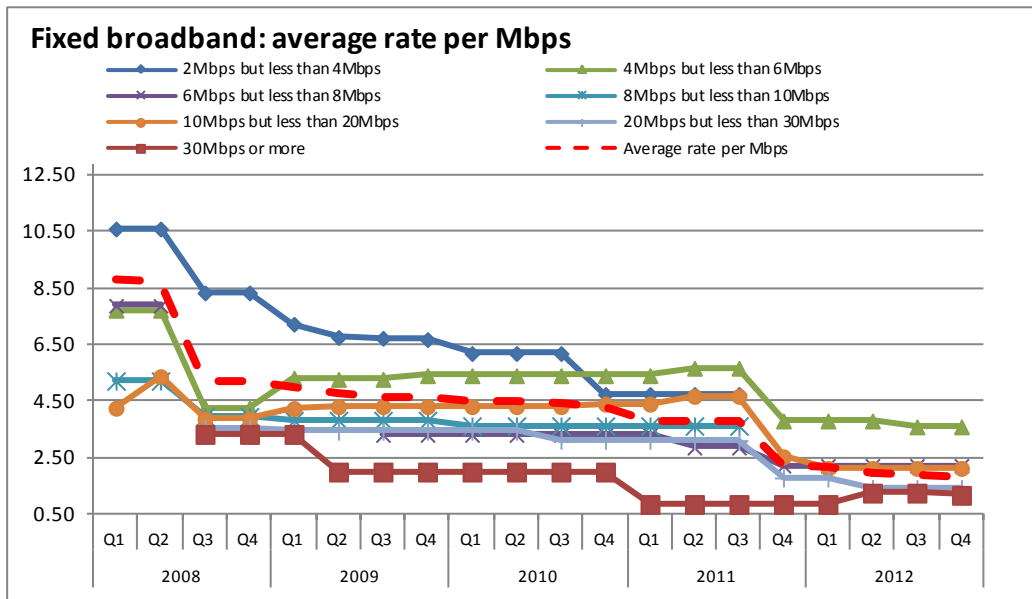


Figure 40: Average price per Mbps of fixed broadband for packages

A decline in the average rate per Mbps was also reported for those broadband products with a broadband speed falling within the category of *equal to or greater than 20Mbps but less than 30Mbps*, from €1.79 in Q4 2011 to €1.41 in Q4 2012. This development is a result of Vodafone introducing new offers in this product range (branded as LibertyPlus, and LibertyMax) throughout Q2 and Q4 of 2012, which brought down the average advertised rate.

The last category under consideration encompasses broadband products with a download speed of *30Mbps or more*. In this regard, the average price per Mbps went up from €0.85 in Q4 2011 to €1.18 in Q4 2012. This increase is a result of GO launching its 35Mbps offers in this product range, the launch of Melita's Fibre Power 30Mbps offers, and further readjustment by the latter operator with respect to download speeds and advertised rates.

6.7. Mobile broadband

This review outlines developments for the take-up and usage of mobile wireless broadband in Malta. For the sake of consistency, the measurement methodology corresponds with that adopted by the EU Commission<sup>26</sup> when measuring progress in this area across the EU.

Mobile broadband services encompass 3G services offered over customer equipment that is independent of a mobile phone handset, such as by using (USB) modem keys and/or cards, and 3G services that are dependent on having a compatible mobile handset and subscription. Subscription to the latter type of 3G service would either be marketed in a bundle with other mobile services or else purchased as an add-on to standard mobile voice telephony.

In the 12 months to July 2012, the number of active mobile broadband connections increased at a very fast rate.

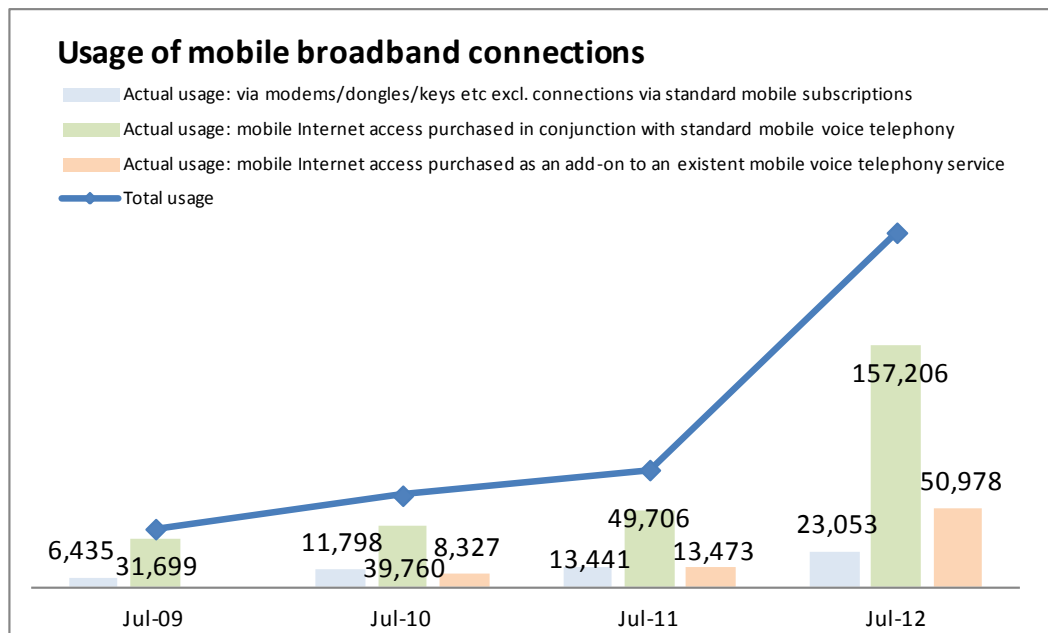


Figure 41: Mobile broadband connections as at end of period<sup>27</sup>

The usage of 3G-enabled mobile handsets contributed significantly to the surge in mobile broadband usage. In fact, the number of active mobile broadband connections via 3G-enabled mobile subscriptions more than tripled during the said period, up from 49,706 in July 2011 to 157,206 in July 2012.

<sup>26</sup> 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. For example, in country X, there are ten 3G equivalent phone users (mainly used for voice communication), but only two out of these ten users actually accessed advanced data services in the last 90 days. In addition there are four users who use their modems/USB keys/cards provided by a mobile operator to access BB data via their laptops, since there is, for example, no wired connection available to them.

<sup>27</sup> Data is under review and subject to change.

At the same time, the number of active mobile broadband connections via dedicated data service cards/modes/keys increased from 13,441 in July 2011 to 23,053 in July 2012.

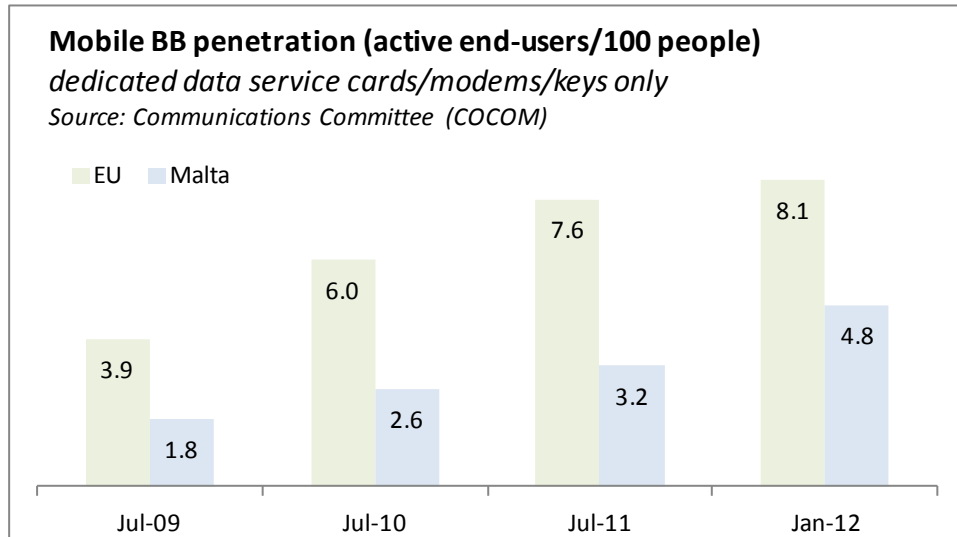


Figure 42: Mobile broadband penetration (active end-users/100 people), as at end of period

Figure 42 shows that, in January 2012, Malta's penetration rate of mobile broadband measured on the basis of the number of active end-users of dedicated data service cards/modems/keys was 4.8 per 100 people (up from 3.2 in July 2011), compared to an EU average of 8.1 per 100 people.

## 7. Reception of TV broadcasts via Pay TV platforms

Pay TV services are currently delivered over four technology platforms. These are the digital terrestrial (“DTTV”) and Internet Protocol television (“IPTV”) platforms, which are owned by GO, and the analogue cable and digital cable platforms, which are owned by Melita<sup>28</sup>.

During 2012, the Pay TV market has seen subscriptions fall, as the increase in IPTV subscriber numbers was not enough to compensate for the drop in subscriber numbers recorded for analogue cable, digital cable and DTTV.

The IPTV platform added 2,563 new subscriptions. On the other hand, the analogue cable, the digital cable and DTTV platforms lost 1,640 subscriptions, 379 subscriptions and 2,375 subscriptions respectively.

As at the end of the current reporting period, digital cable featured as the Pay TV platform with the highest number of subscriptions, at 49.5% of the local Pay TV subscriber base, followed by the DTTV platform with a share of 42.1%. Analogue cable accounted for 5.8% of the subscriber base and IPTV for 2.6%.

The number of Pay TV subscriptions bundled with some other electronic communications service climbed further and totalled 62,678 by the end of 2012. This figure corresponds to a proportion of nearly 45.0% of the local Pay TV subscriber base (excluding analogue subscriptions) recorded at the time.

MCA workings show that the average advertised rates for Pay TV were on various instances higher in Q4 2012 than in Q4 2011. This has been the case for the categories encompassing Pay TV packages listing *between 25 and 49 channels, between 75 and 99 channels, and 100 channels or more*.

Pay TV ARPU in the second half of 2012 totalled €85.62, which is up from €84.57 in the second half of 2011.

---

<sup>28</sup> 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.

7.1. Trends in Pay TV subscriptions

Pay TV subscriptions are categorised under four headings: DTTV subscriptions, IPTV subscriptions, cable analogue subscriptions and digital cable subscriptions.

*Overall outcome*

The number of Pay TV subscriptions fell by 1,831 or 1.2% since the end of 2011, to 147,896 as at the end of 2012.

During the said period, analogue and digital cable subscriptions went down by 1,640 (or 16.1%) and 379 (or 0.5%) respectively. DTTV subscriptions were also down by 2,375 (or 3.7%).

These declines outweighed an increase of 2,563 IPTV subscriptions.

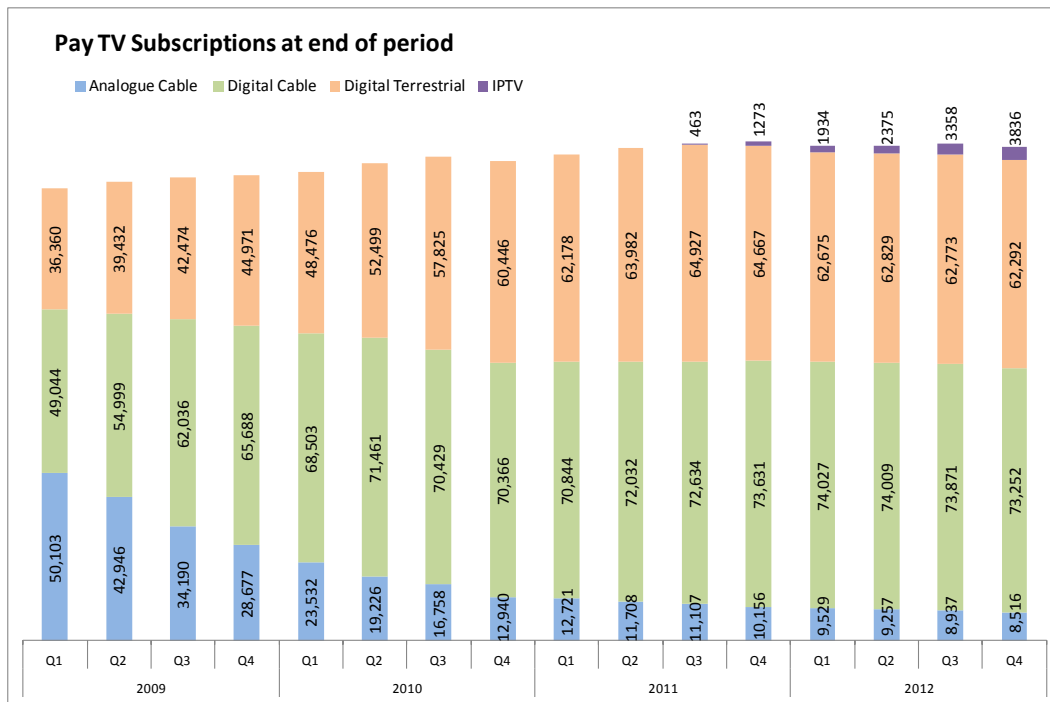


Figure 43: Pay TV subscriptions as at end of period

*Focus on standard digital Pay TV platform*

As at the end of 2012, the number of digital Pay TV subscriptions totalled 135,544.

This figure is made up of 73,252 digital cable subscriptions, and 62,292 DTTV subscriptions.

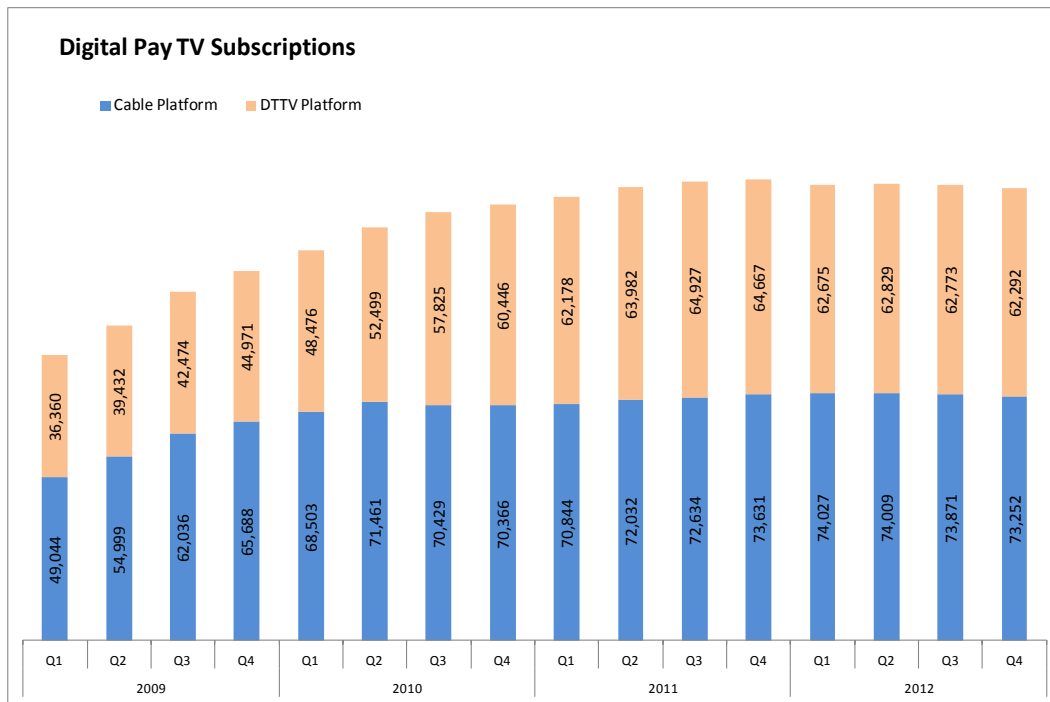


Figure 44: Digital Pay TV subscriptions as at end of period - by platform

As at the end of 2012, the digital cable platform accounted for 54.0% of all digital Pay TV subscriptions, up by 0.8 percentage points since the end of 2011, and the DTTV platform accounted for the remaining share at 46.0%.

7.2. Pay TV subscriptions on a bundled offer

The year 2012 saw a further increase in the number of Pay TV subscriptions (excluding analogue cable subscriptions) on a bundled offer. Bundled Pay TV subscriptions increased from 61,111 as at the end of 2011 to 62,678 as at the end of 2012<sup>29</sup>.

Pay TV subscriptions on a bundle	2010				2011				2012			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
	52,472	54,630	61,363	67,387	59,417	60,213	60,801	61,111	61,999	64,065	62,513	62,678
<b>Total Double Play</b>	<b>14,258</b>	<b>11,307</b>	<b>11,578</b>	<b>10,207</b>	<b>16,951</b>	<b>17,502</b>	<b>17,875</b>	<b>16,545</b>	<b>15,315</b>	<b>15,681</b>	<b>12,750</b>	<b>12,301</b>
Fixed telephony + Pay TV	10,466	7,421	7,495	5,906	16,951	17,502	17,875	16,545	15,315	15,681	12,750	12,301
Mobile telephony + Pay TV	3,792	3,886	4,083	4,301	-	-	-	-	-	-	-	-
Fixed broadband + Pay TV	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Triple Play</b>	<b>402</b>	<b>279</b>	<b>128</b>	<b>45</b>	<b>7,105</b>	<b>6,365</b>	<b>5,504</b>	<b>6,832</b>	<b>8,349</b>	<b>9,365</b>	<b>10,025</b>	<b>9,794</b>
Fixed telephony + Mobile telephony + Pay TV	-	-	-	-	-	-	-	-	-	-	-	-
Fixed telephony + Fixed broadband + Pay TV	402	279	128	45	7,105	6,365	5,504	6,832	8,349	9,365	10,025	9,794
Mobile telephony + Fixed broadband + PayTV	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Quad Play</b>	<b>37,812</b>	<b>43,044</b>	<b>49,657</b>	<b>57,135</b>	<b>35,361</b>	<b>36,346</b>	<b>37,422</b>	<b>37,734</b>	<b>38,335</b>	<b>39,019</b>	<b>39,738</b>	<b>40,583</b>
Fixed telephony + Mobile telephony + Fixed broadband + Pay TV	37,812	43,044	49,657	57,135	35,361	36,346	37,422	37,734	38,335	39,019	39,738	40,583
Number of digital Pay TV & IPTV subscriptions	116,979	123,960	128,254	130,812	133,022	136,014	138,024	139,571	138,636	139,213	140,002	139,380
proportion on a bundled offer	44.86%	44.07%	47.84%	51.51%	44.67%	44.27%	44.05%	43.78%	44.72%	46.02%	44.65%	44.97%

Table 9: Pay TV subscriptions on a bundled offer

The proportion of Pay TV subscriptions on a bundled offer stood at 45.0% as at the end of the current reporting period, which is 1.2 percentage points higher than recorded as at the end of the corresponding period a year earlier.

<sup>29</sup> It is important to note that the significant shift in the number of Pay TV subscriptions on a bundled offer observed between Q4 2010 and Q1 2011 is the result of a re-classification of data by Melita.

Data in Table 9 is preliminary and subject to change.

7.3. Pay TV ARPU

*Definition*

The current review is publishing an indicator evaluating operators’ revenue submissions per Pay TV subscription (hereafter, also referred to as “Pay TV ARPU”), with figures presented on a quarterly basis as shown below.

The ARPU calculation reflects the average quarterly spend by users for Pay TV services and is derived by dividing the total retail revenues for Pay TV services by the average number of Pay TV subscriptions for the period.

The revenue element encompasses total retail revenues from subscriptions to Pay TV services but excludes revenues from premium services<sup>30</sup>, installations and connections.

The average total number of subscriptions is calculated by taking the sum of the total subscriptions at the start and the end of the quarter divided by two.

*Workings*

Figure 45 shows that Pay TV ARPU in the second half of 2012 totalled €85.62, up from €84.57 in the second half of 2011.

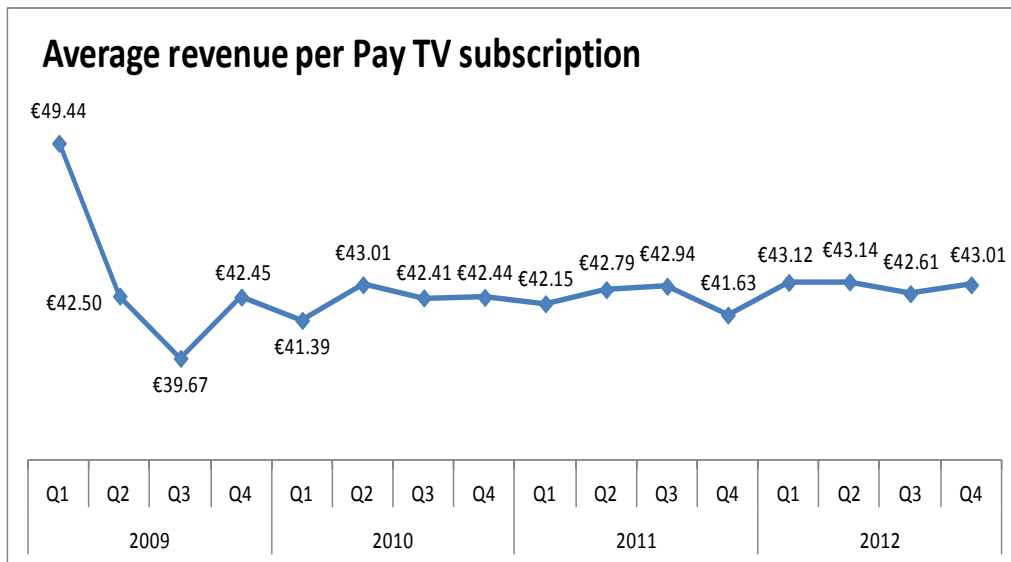


Figure 45: Average revenue per Pay TV user

<sup>30</sup> Premium services includes revenues from services, such as, Sports, Movies, and VOD subscriptions.



#### 7.4. Average advertised rates for Pay TV

This section presents findings based on an evaluation of advertised rates for local Pay TV packages. For ease of reference and practicality, price movements are captured according to five distinct Pay TV package categories: packages with up to 24 channels, packages with 25 to 49 channels, packages with 50 to 74 channels, packages with 75 to 99 channels, and packages with 100 channels or more.

In Q4 2012, the average advertised rate for Pay TV packages with *up to 24 channels* stood at €3.99, which is the rate also quoted for Q4 2011. This channel category only includes GO's *Bronze* package.

The average advertised rate for Pay TV packages listing *between 25 and 49 channels* stood at €12.49<sup>31</sup> in Q4 2012, up from €11.38 in Q4 2011. This change is a result of Melita increasing the price of its *Medium* Pay TV package, from €7.76 to €9.99 per month. GO's *Silver* Pay TV package also features in this package category but no change in price has been observed.

The average advertised rate for Pay TV packages listing between 50 to 74 channels stood at €23.49 in Q4 2012. Again, no change since Q4 2011. This channel category includes GO's *Gold* package and GO's *Silver Interactive TV* package (the latter excluding the HD channel line-up)<sup>32</sup>.

Regarding the category encompassing Pay TV packages listing between 75 to 99 channels, the advertised rate went up from €19.99 in Q4 2011 to €24.49 in Q4 2012<sup>33</sup>. The 75 to 99 channel category includes GO's *Gold Interactive TV* package (excluding the optional HD channel line-up), which was placed under this category in Q4 2012 following a minor channel line-up adjustment by GO, and Melita's *Large* Pay TV package.

---

<sup>31</sup> If Melita's *Medium+* package were to be considered, the average advertised rate in Q4 2012 would rise to €14.65. This package was launched in 2012 and combines the standard *Medium* package with the Melita More channel line up. The *Melita More* channel line-up is also available as an optional add-on to Melita's *Large* package. This combination is branded as *Large+*.

<sup>32</sup> GO's optional HD TV channel line-up, which could be added to *Gold Interactive* and *Silver Interactive* packages, comes at an additional fee of €4.99 per month.

<sup>33</sup> The average advertised rates would stand at €23.49 and €26.24 in Q4 2011 and Q4 2012 respectively if optional add-ons, such as GO's *HD* channel line-up (launched in 2011) and Melita's *Melita More* channel line up (launched in 2012), are taken into account.

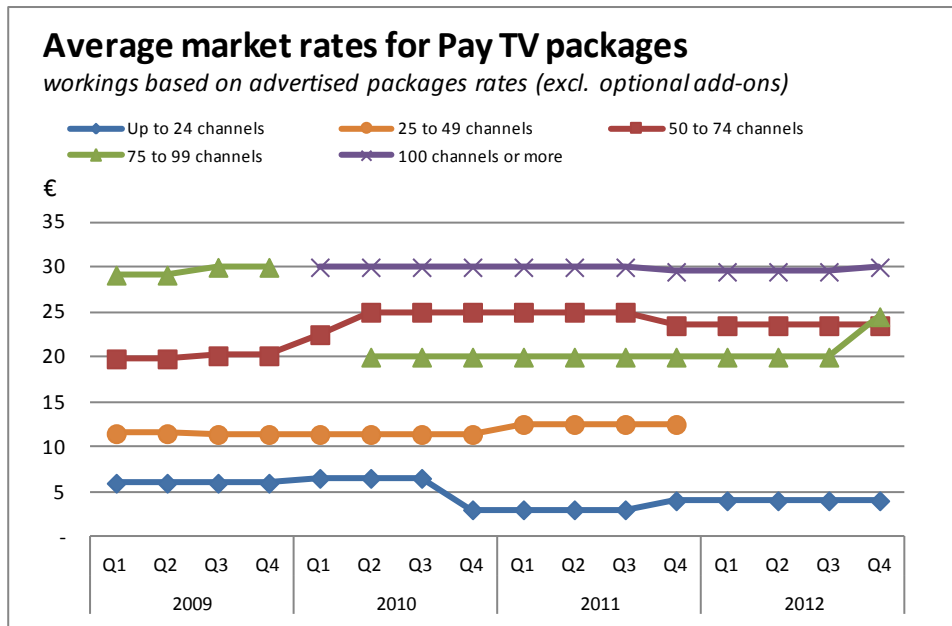


Figure 46: Average market rates for Pay TV packages

With respect to the '100 channels or more' category, the average advertised rate went up slightly from €29.49 in Q4 2011 to €29.99 in Q4 2012<sup>34</sup>. This is a result of the removal of GO's *Gold Interactive* TV package from this category to the one referring to Pay TV packages listing between 75 to 99 channels. As at Q4 2012, this category only included Melita's *Extra Large* Pay TV package.

<sup>34</sup> The average advertised rates would stand at €30.99 and €37.58 in Q4 2011 and Q4 2012 respectively if optional add-ons, such as GO's *HD* channel line-up (launched in 2011) and Melita's *Melita More* channel line up (launched in 2012), are taken into account.

## 8. Post

This report distinguishes between service providers operating within the scope of the universal service<sup>35</sup> area, which need a licence to operate, and service providers operating outside the scope of the universal service area, namely couriers/express mail service providers, who operate under a general authorisation regime.

In 2012, postal mail volumes totalled 41.6 million items, down from 42.8 million items in 2011. This decline is attributed to falling mail volumes within the universal service area, which outweighed increasing mail volumes reported in the competitive area.

With respect to postal rates for standard letter mail, Malta continues to benchmark well below the EU average, with rates for letter mail standing out as the cheapest across the EU.

With respect to the quality of postal service provided in 2012, the universal service provider ("USP") has met its legal obligations for the delivery of local ordinary and bulk mail but has generally failed to meet such obligations for the delivery of local registered mail and priority inbound parcels.

---

<sup>35</sup> The Universal Service refers to the delivery and collection, on every working day, of a minimum set of postal services to any person who requests such services. The universal service covers both inland and cross-border services and includes the following minimum facilities: the clearance, sorting, transport and distribution of postal articles up to 2kg; the clearance, sorting, transport and distribution of postal parcels up to 20kg; services for registered and insured articles; and a basic counter service throughout Malta.

A postal service shall be considered to be within the universal service area (also referred to as within the scope of the universal service) if:

- the postal service is within the description of the universal services as set out in the Postal Service Act (Cap 254 of the Laws of Malta) (the 'Act'); or
- if the postal service is within the description of the universal service set out in the Act, but the collection and delivery is not made on each of the working days as required in the Act, or the postal service is not provided throughout Malta, or the postal service is not provided at an affordable uniform price; or
- the postal service is of a kind that, having regard to postal service users, could reasonably be said to be interchangeable with a postal service that falls within the description a universal service set out in aforementioned Act.

For a detailed description of the postal services that are considered as forming part of the Universal Services including the definition of those services that are considered as falling within the scope of the Universal Service area, kindly refer to the MCA's decision entitled 'Specific Aspects of the Universal Postal Service', which was published on the 25th March 2011. Link to decision: <http://www.mca.org.mt/article/decision-specific-aspects-universal-postal-service-mcad11-0227-0>

7.5. Postal mail volumes

In the second half of 2012, nearly 21 million mail items were handled by local operators<sup>36</sup>, down by four percent over the same period a year earlier.

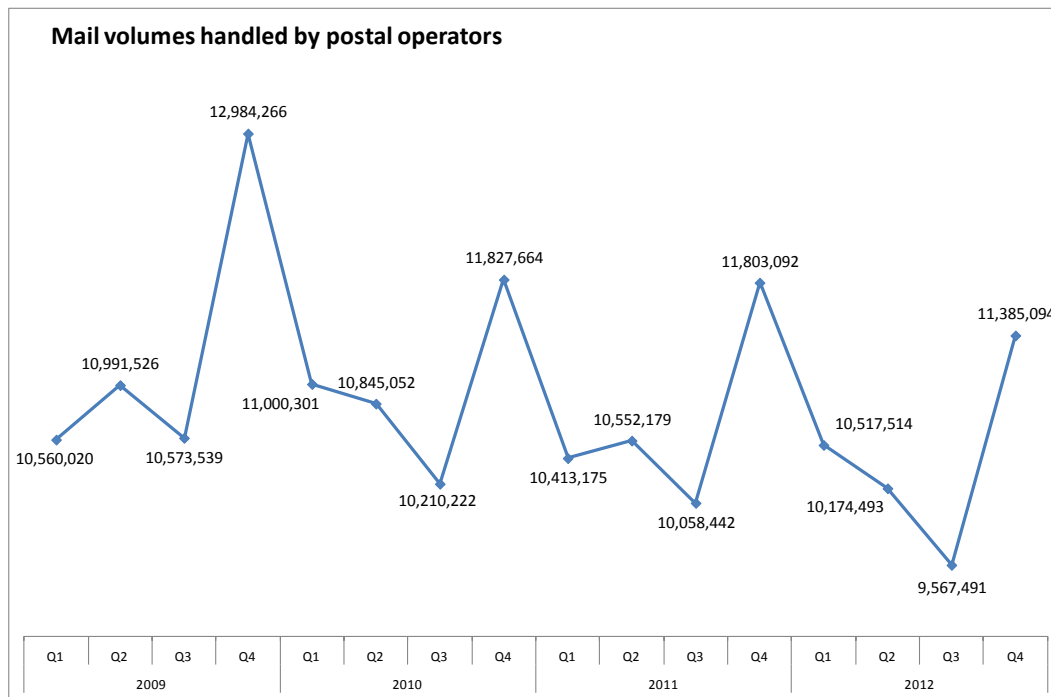


Figure 47: Postal activity - number of handled mail items<sup>37</sup>

Mail volumes, by service area

Postal mail volumes in the universal service area accounted to 98.7% of all mail items handled in the second half of 2012. Postal mail volumes in the competitive area accounted for the remaining share, at 1.3%.

<sup>36</sup> 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 registered postal operators (courier and express services) provide services outside the scope of the universal service area.

<sup>37</sup> Figure 47 shows that postal mail volumes peak in Q4 of each respective year as a result of higher activity registered during the Christmas period.

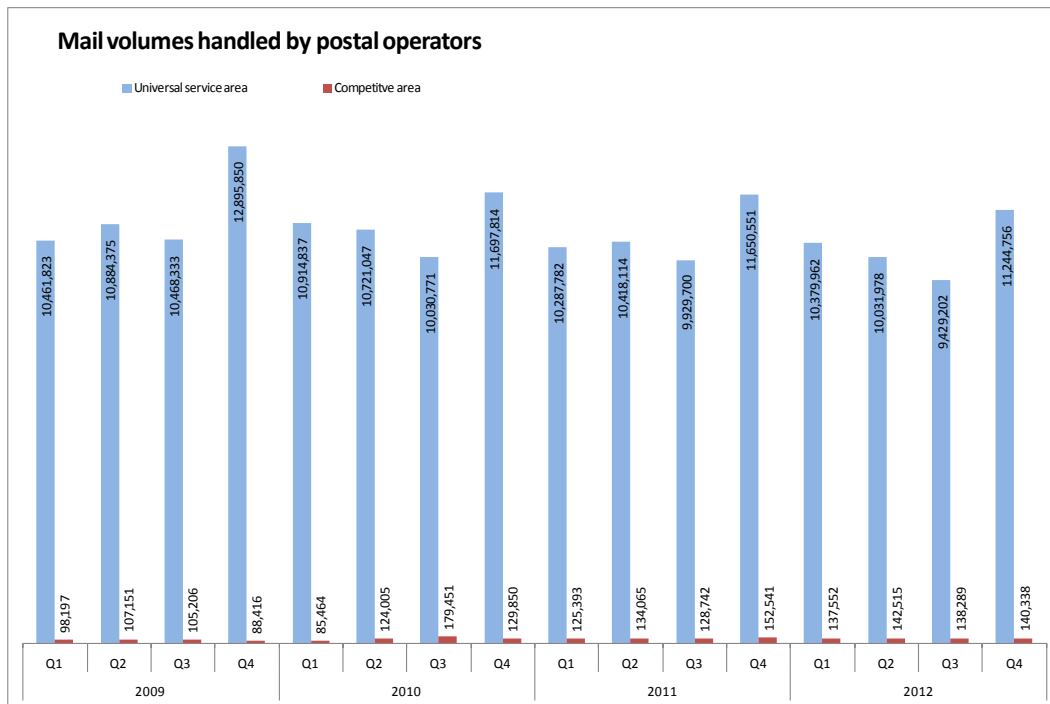


Figure 48: Postal activity - number of handled mail items by postal area

In the second half of 2012, mail volumes handled in the universal service area declined by 4.2% when compared to mail volumes handled in the second half of 2011. In absolute terms, postal volumes went down from 21.6 million mail items in the second half of 2011 to 20.7 million mail items in the second half of 2012.

Postal activity within the competitive area in the second half of 2012 was also slightly lower than in the same period of 2011. In fact, volumes fell by 0.9%, from 281,283 mail items to 278,627 mail items.

### Mail volumes, by type

Postal mail is categorised on the basis four different headings: letter post mail, parcel mail, bulk mail and registered mail.

Letter post mail accounted to 45.7% of all mail items handled during the current review period. In absolute terms, the number of letter post items totalled 9.6 million in the second half of 2012, up by 1.3% from 9.5 million items in the second half of 2011.

Meanwhile, registered mail accounted to 2.4% of all mail items handled during the second half of 2012. Total registered mail items handled in the second half of 2012 amounted 0.51 million, up by 4.2% from 0.49 million items handled in the second half of 2011.

Contrary to increased letter post and registered mail volumes, parcel mail and bulk mail volumes were down. When compared to the second half of 2011,

parcel mail volumes in the second half of 2012 fell by 15.6% and bulk mail volumes fell by 8.7%<sup>38</sup>.

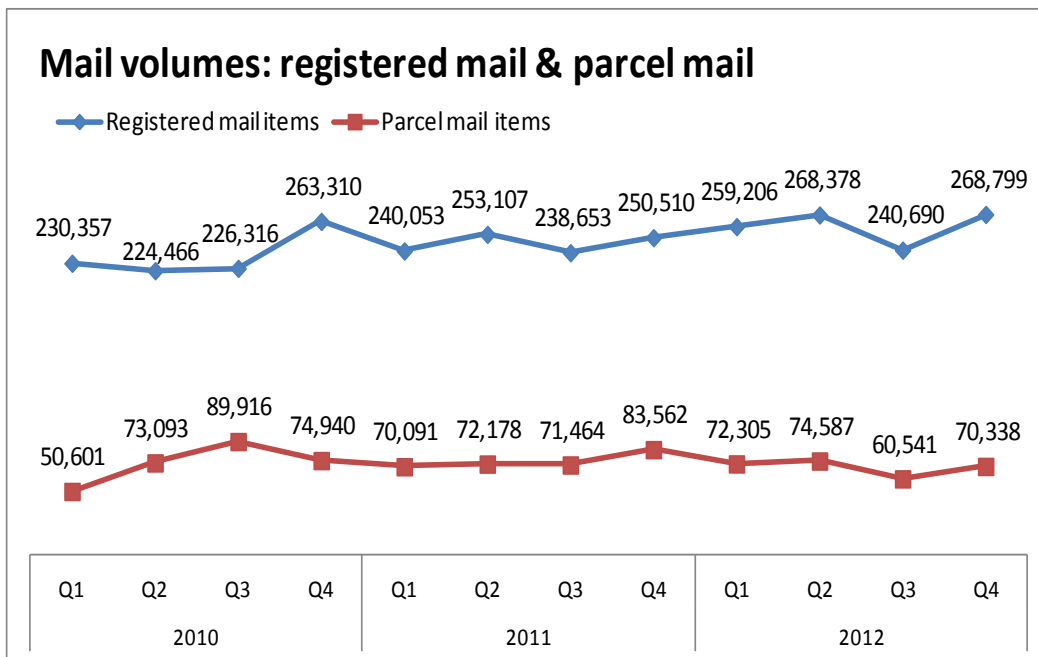
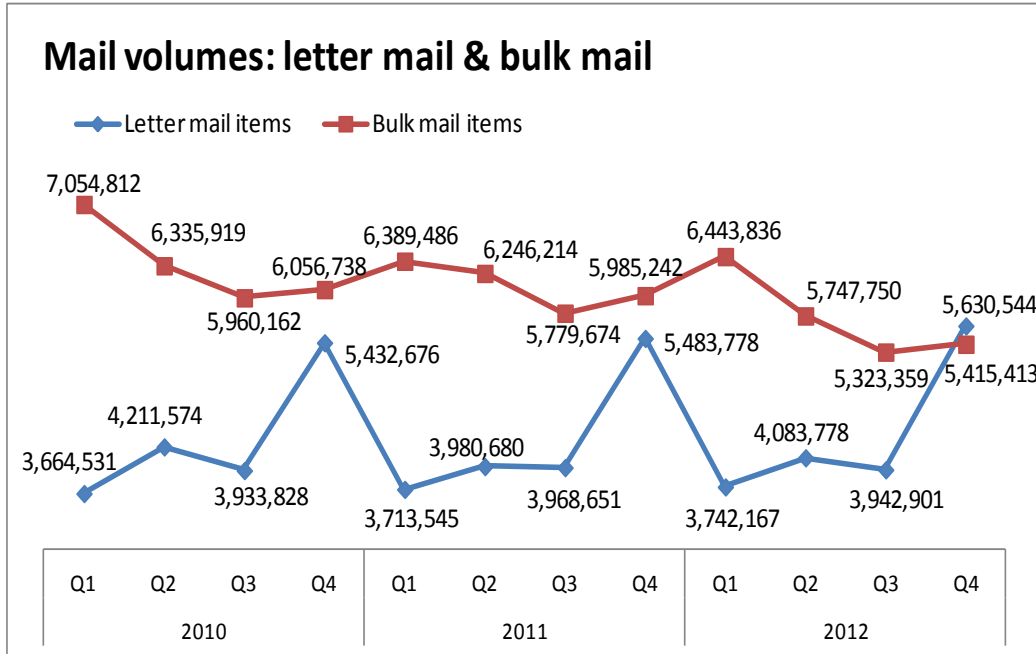


Figure 49: Postal activity – mail volumes by item

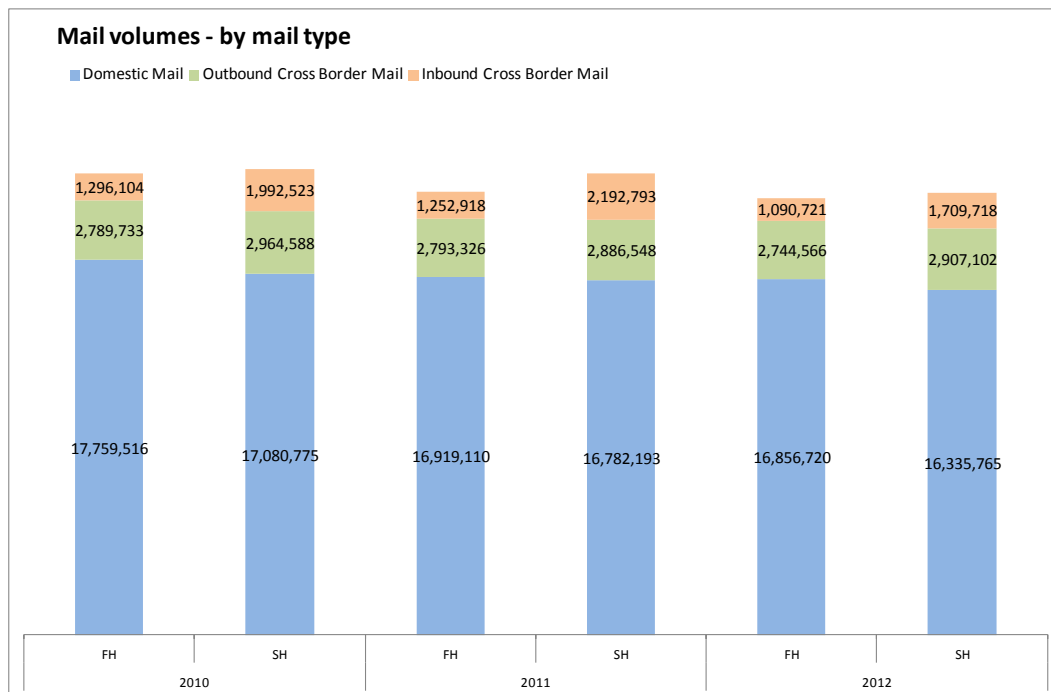
<sup>38</sup> Data is currently under review and subject to change.

*Mail volumes, by type of postal mail activity*

This section distinguishes between three postal mail activity headings: postal activity reported under domestic mail; postal activity reported under outbound cross border mail<sup>39</sup>; and postal activity reported under inbound cross border mail<sup>40</sup>.

In the second half of 2012, the domestic mail heading recorded a decline of 2.7% in traffic volumes or 0.4 million mail items when compared to the second half of 2011.

The domestic mail category accounted for nearly 78% of all mail activity recorded during the second half of 2012.



*Figure 50: Postal activity - number of handled mail items by type of mail*

Volumes of outbound and inbound cross border mail in the second half of 2012 totalled 1.7 million items and 2.9 million items respectively.

Volumes were higher than in the second half of 2011 for inbound cross border mail, up by 0.7%.

On the other hand, volumes were lower for outbound cross border mail, down by 22.0%.

<sup>39</sup> Domestically-originated mail forwarded to foreign destinations.

<sup>40</sup> Foreign-originated mail forwarded to Malta.

## 7.6. Quality of postal delivery service

The MCA has established a series of Quality of Service ("QoS") targets to ensure that universal service obligations are achieved by Maltapost in its delivery of different mail items.

This section benchmarks Maltapost's quality of its mail delivery services with respect to the QoS targets set for the delivery to destination of local ordinary mail, bulk mail, local registered mail and priority inbound parcels.

QoS targets are set in accordance to the MCA Decision<sup>41</sup> on the quality performance measurement of postal items delivered within the defined service standard.

In the second half of 2012, 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 94%.

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

Quarterly QoS data is presented on the basis of the full calendar year<sup>42</sup>.

### *QOS – local ordinary mail and bulk mail*

Maltapost met and exceeded its targets for delivering local ordinary mail and bulk mail within one working day.

Figure 53 (below) shows that in terms of local ordinary mail, results achieved in Q4 2012 were better than those achieved in Q4 2011. On the other hand, results were less positive for Q3 2012, when compared to Q3 2011.

The same outcome is observed for bulk mail, whereby Maltapost's performance was better in Q4 2012, compared to Q4 2011, but less positive in Q3 2012, compared to the same quarter a year earlier.

---

<sup>41</sup> 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](http://www.mca.org.mt/sites/default/files/articles/QoS_Review_-_DN.Nov.10.pdf)

<sup>42</sup> 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).



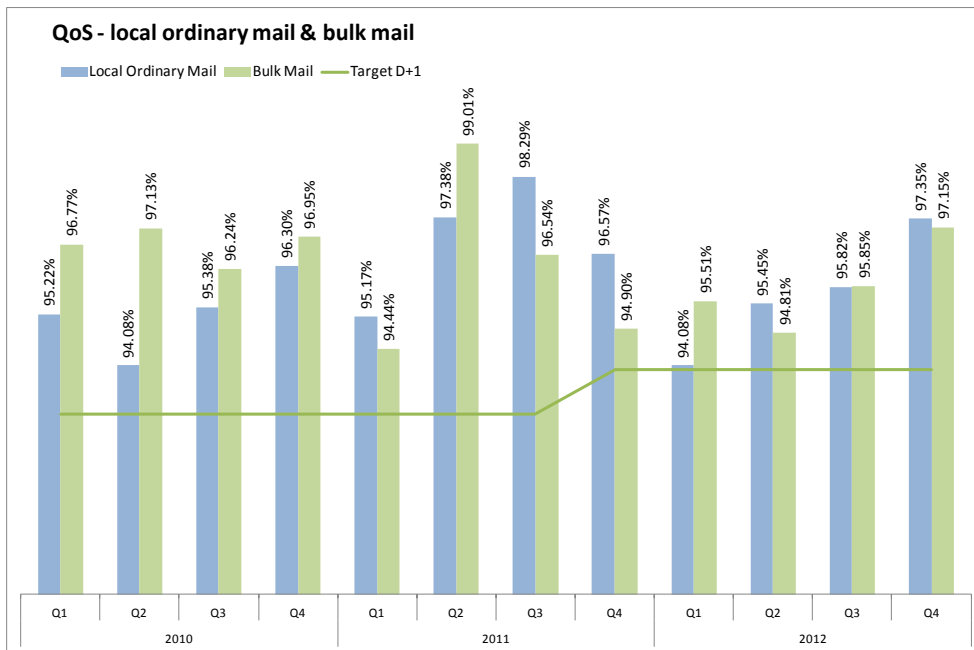


Figure 51: Quality of service - local ordinary and bulk mail

In 96% and 97% of local ordinary mail handling in Q3 and Q4 2012 respectively, local ordinary mail was delivered to destination on the next day.

The same rates are observed for the delivery of bulk mail in Q3 and Q4 2012.

*QoS – local registered mail and priority inbound parcels*

In the period under review, QoS (D+1) targets for priority inbound parcels have not been met in Q3 2012 (-1.1%) and Q4 2012 (-0.5%).

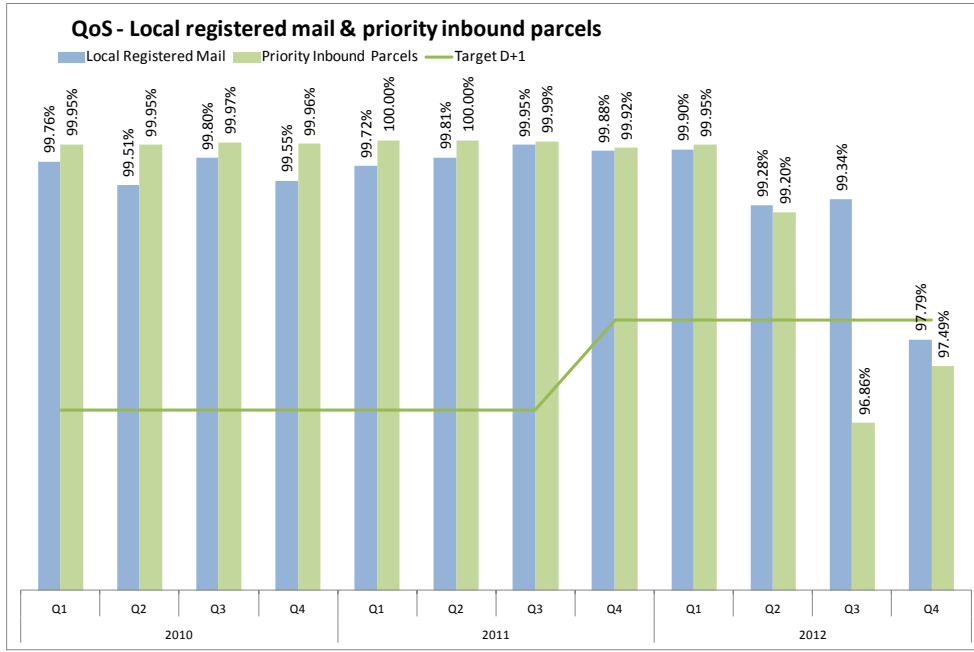


Figure 52: Quality of service - local registered mail and priority inbound parcels

The QoS (D+1) target for local registered mail was met and exceeded in Q3 2012, but not in Q4 2012, where actual performance was 0.2% short of the 98% target.

7.7. Postal rates: Malta vs the EU

In 2012, Malta’s nominal prices for a *domestic standard letter* and an *outbound letter within the EU* stood at €0.20 and €0.37 respectively.

A publication by Deutsche Post shows that the prices quoted above are well below the EU average. In this regard, Malta is benchmarked ‘*at the bottom of the ranking*’, with the lowest applicable rates in the EU<sup>43</sup>.

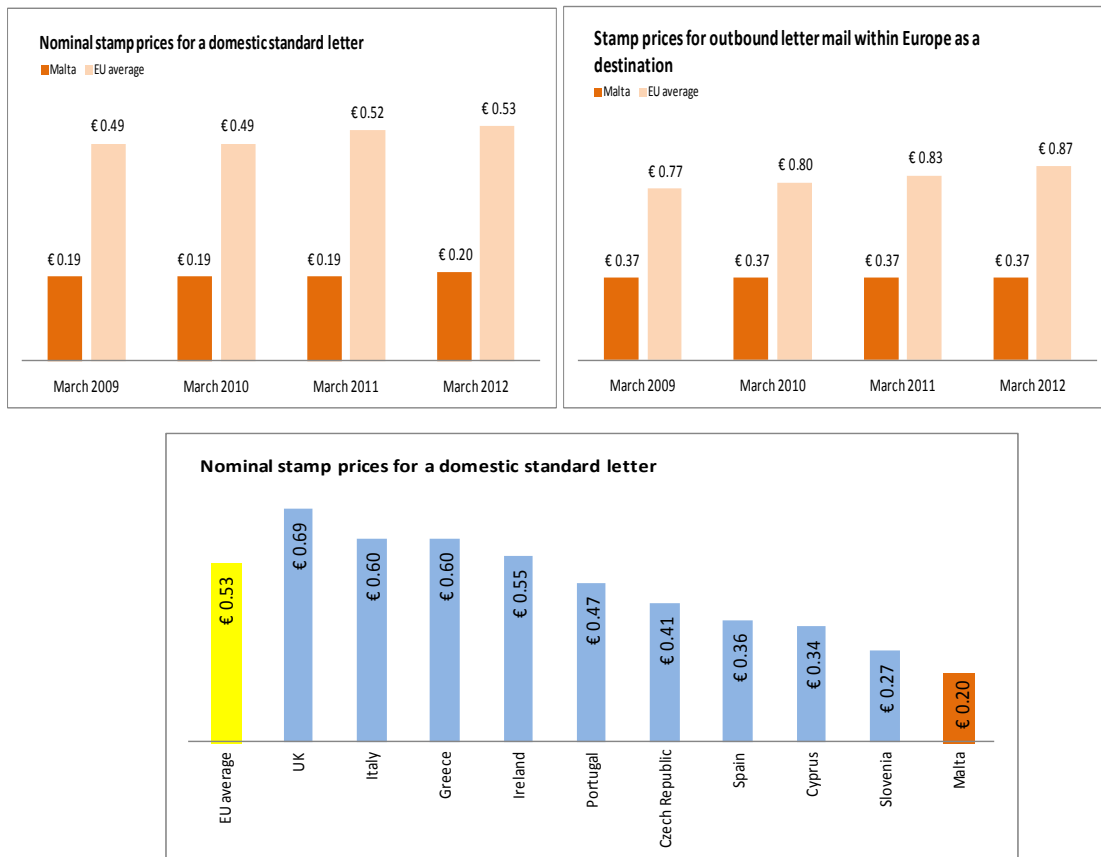


Figure 53: Nominal stamp prices in Malta and the EU

It is of relevance to underline that, in 2012, Maltapost announced that the postal rate for a *domestic standard letter* would go up to €0.26, as from the 1<sup>st</sup> of April 2013.

<sup>43</sup> Link to latest publication: [http://www.dp-dhl.com/en/media\\_relations/media\\_library/documents/letter\\_price\\_survey\\_europe.html](http://www.dp-dhl.com/en/media_relations/media_library/documents/letter_price_survey_europe.html)

The publication findings are based on a survey taking ‘into account all postage rate changes that were known at the time of its printing (April 2012)’ across the 27 EU Member States, the EFTA countries of Norway and Switzerland.

The MCA accepts no responsibility or liability whatsoever with regard to material accessed, operated and/or downloaded from the link provided.

## 9. Tables

TABLE 1: FIXED LINE POST-PAID SUBSCRIPTIONS ON A BUNDLED OFFER .....	16
TABLE 2: OUTGOING FIXED LINE TRAFFIC - NUMBER OF VOICE CALLS .....	19
TABLE 3: OUTGOING FIXED LINE TRAFFIC - NUMBER OF VOICE CALL MINUTES .....	19
TABLE 4: MOBILE SUBSCRIPTIONS ON A BUNDLED OFFER .....	28
TABLE 5: OUTGOING MOBILE TRAFFIC - NUMBER OF VOICE CALLS .....	32
TABLE 6: OUTGOING MOBILE TRAFFIC - NUMBER OF VOICE CALL MINUTES.....	32
TABLE 7: SMS TRAFFIC VOLUMES .....	34
TABLE 8: FIXED BROADBAND SUBSCRIPTIONS ON A BUNDLED OFFER.....	53
TABLE 9: PAY TV SUBSCRIPTIONS ON A BUNDLED OFFER .....	63

## 10. Figures

FIGURE 1: OPERATORS PROVIDING QUARTERLY DATA.....	4
FIGURE 2: KEY MEASUREMENTS FOR ELECTRONIC COMMUNICATIONS AND POST .....	5
FIGURE 3: MARKET SHARES IN TERMS OF FIXED LINE TELEPHONY SUBSCRIPTIONS AS AT END OF PERIOD.....	13
<i>FIGURE 4: MARKET SHARES IN TERMS OF MOBILE TELEPHONY SUBSCRIPTIONS AS AT END OF PERIOD.....</i>	<i>13</i>
FIGURE 5: MARKET SHARES IN TERMS OF FIXED BROADBAND SUBSCRIPTIONS AS AT END OF PERIOD .....	14
FIGURE 6: MARKET SHARES IN TERMS OF PAY TV SUBSCRIPTIONS AS AT END OF PERIOD .....	14
FIGURE 7: FIXED LINE TELEPHONY SUBSCRIPTIONS AS AT END OF PERIOD .....	16
FIGURE 8: FIXED LINE NUMBER PORTABILITY - NUMBER OF INWARD PORTINGS.....	17
FIGURE 9: VOICE TRAFFIC ORIGINATING FROM LOCAL FIXED LINE NETWORKS.....	18
FIGURE 10: AVERAGE NUMBER OF CALLS PER ACTIVE SUBSCRIPTION .....	21
FIGURE 11: AVERAGE DURATION OF AN OUTGOING FIXED LINE CALL .....	22
FIGURE 12: AVERAGE REVENUE PER FIXED LINE USER .....	23
FIGURE 13: AVERAGE COST OF A FIXED LINE CALL DERIVED FROM REVENUE-BASED WORKINGS .....	24
FIGURE 14: FIXED-TO-MOBILE SUBSTITUTION.....	25
FIGURE 15: MOBILE TELEPHONY SUBSCRIPTIONS AS AT END OF PERIOD .....	26
FIGURE 16: MOBILE TELEPHONY SUBSCRIPTIONS AS AT END OF PERIOD, BY ACTIVITY .....	27
FIGURE 17: MOBILE NUMBER PORTABILITY - NUMBER OF MOBILE PORTINGS .....	29
FIGURE 18: MOBILE PENETRATION IN MALTA .....	30
FIGURE 19: VOICE TRAFFIC ORIGINATING FROM MOBILE NETWORKS .....	31
FIGURE 20: SMS ACTIVITY - NUMBER OF OUTGOING SMSs.....	33
FIGURE 21: MMS ACTIVITY - NUMBER OF OUTGOING MMSs.....	34
FIGURE 22: SUBSCRIBER ACTIVITY - AVERAGE TRAFFIC LEVELS PER ACTIVE SUBSCRIPTION .....	35
FIGURE 23: SUBSCRIBER ACTIVITY - AVERAGE NUMBER OF CALLS PER ACTIVE SUBSCRIPTION.....	36
FIGURE 24: SUBSCRIBER ACTIVITY - AVERAGE NUMBER OF SMSs PER ACTIVE SUBSCRIPTION .....	37
FIGURE 25: AVERAGE DURATION OF AN OUTGOING MOBILE CALL.....	38
FIGURE 26: OUTBOUND ROAMING ACTIVITY .....	40
FIGURE 27: OUTBOUND ROAMING ACTIVITY - NUMBER OF VOICE CALLS .....	40
FIGURE 28: OUTBOUND ROAMING ACTIVITY - NUMBER OF VOICE CALL MINUTES .....	41
FIGURE 29: INBOUND ROAMING ACTIVITY .....	42
FIGURE 30: INBOUND ROAMING ACTIVITY - NUMBER OF VOICE CALLS.....	43
FIGURE 31: INBOUND ROAMING ACTIVITY - NUMBER OF VOICE CALL MINUTES .....	43
FIGURE 32: AVERAGE REVENUE PER MOBILE USER .....	45
FIGURE 33: AVERAGE RATE PER MINUTE OF MOBILE COMMUNICATIONS.....	46
FIGURE 34: AVERAGE RATE PER DOMESTIC SMS .....	47
FIGURE 35: BROADBAND INTERNET SUBSCRIPTIONS AS AT END OF PERIOD - BY TECHNOLOGY.....	49
FIGURE 36: FIXED BROADBAND SUBSCRIPTIONS, BY SPEED .....	51
FIGURE 37: BROADBAND INTERNET SUBSCRIPTIONS AS AT END OF PERIOD - BY CONNECTION SPEED .....	52
FIGURE 38: FIXED BROADBAND PENETRATION RATE AS AT END OF PERIOD.....	54
FIGURE 39: AVERAGE REVENUE PER BROADBAND USER .....	55
FIGURE 40: AVERAGE PRICE PER MBPS OF FIXED BROADBAND FOR PACKAGES .....	57
FIGURE 41: MOBILE BROADBAND CONNECTIONS AS AT END OF PERIOD.....	58
FIGURE 42: MOBILE BROADBAND PENETRATION (ACTIVE END-USERS/100 PEOPLE), AS AT END OF PERIOD.....	59
FIGURE 43: PAY TV SUBSCRIPTIONS AS AT END OF PERIOD.....	61
FIGURE 44: DIGITAL PAY TV SUBSCRIPTIONS AS AT END OF PERIOD - BY PLATFORM .....	62
FIGURE 45: AVERAGE REVENUE PER PAY TV USER.....	64
FIGURE 46: AVERAGE MARKET RATES FOR PAY TV PACKAGES.....	66
FIGURE 47: POSTAL ACTIVITY - NUMBER OF HANDLED MAIL ITEMS.....	68
<i>FIGURE 48: POSTAL ACTIVITY - NUMBER OF HANDLED MAIL ITEMS BY POSTAL AREA.....</i>	<i>69</i>
FIGURE 49: POSTAL ACTIVITY - MAIL VOLUMES BY ITEM.....	70
<i>FIGURE 50: POSTAL ACTIVITY - NUMBER OF HANDLED MAIL ITEMS BY TYPE OF MAIL .....</i>	<i>71</i>
FIGURE 51: QUALITY OF SERVICE - LOCAL ORDINARY AND BULK MAIL .....	73
FIGURE 52: QUALITY OF SERVICE - LOCAL REGISTERED MAIL AND PRIORITY INBOUND PARCELS.....	74
FIGURE 53: NOMINAL STAMP PRICES IN MALTA AND THE EU.....	75

## 11. Glossary of Terms

<b>ARPU</b>	Average revenue per user. Total revenues of the operator divided by the average number of active subscribers during the period. Total revenues include revenues from monthly access fees, revenues from all local and international voice call activity (excluding interconnection revenues), revenues from roaming activity but excluding inbound roaming revenues, revenues from MMS and SMS activity, and revenues from data services.
<b>Broadband</b>	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.
<b>Dial-up</b>	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.
<b>DSL</b>	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.
<b>DTTV</b>	Digital Terrestrial Television. The term refers to a delivery platform primarily for television programmes in digital format, using the DVB-T standard.
<b>FH</b>	First half of the year, referring to the period January to June.
<b>FNO</b>	Fixed network operator. A provider which owns a fixed line network.
<b>FTF</b>	Fixed-to-fixed traffic.
<b>FTI</b>	Fixed-to-international traffic.
<b>FTM</b>	Fixed-to-mobile traffic.
<b>ISPs</b>	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.
<b>Mbps</b>	Megabits per second (“MBit/s”) or millions of bits per second. Unit applied to measure the transmission speed of digital information.
<b>MCA</b>	Malta Communications Authority.
<b>MMS</b>	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.
<b>MNO</b>	Mobile network operator. A provider which owns a mobile network.
<b>MPR</b>	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.
<b>MTM</b>	Mobile-to-mobile traffic.
<b>MTF</b>	Mobile-to-fixed traffic.
<b>MTI</b>	Mobile-to-international traffic.
<b>MVNO</b>	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.
<b>Off-net activity</b>	Activity between two or more connections on different networks.
<b>On-net activity</b>	Activity between two or more connections on the same network.
<b>Pay TV</b>	Television services (generally a channel or set of channels) paid for by the user, by means of subscription or other ways of service payment.
<b>Q</b>	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).

<b>QoS</b>	Quality of Service. A statistical measure of a system or service. May also be used to set varying priorities for traffic.
<b>Service provider</b>	A supplier of electronic communications and postal services, to third parties, either through its own network or through a network of another operator.
<b>SH</b>	Second half of the year, referring to the period July to December.
<b>SMS</b>	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.
<b>Universal service</b>	The basic level of telecommunications services which should be available to all customers.
<b>USO</b>	Universal Service Obligations. A provision in Maltese law requiring certain operators to provide certain services to all specified persons who may reasonably request them.
<b>VAT</b>	Value Added Tax.



## 12. Legal Disclaimer

This document contains information and statistics that have been obtained from sources believed to be reliable in regard to the subject matter covered.

This document does not however constitute commercial, legal or other advice however so described. The Malta Communications Authority ("MCA") excludes any warranty and, or liability, expressed or implied, as to the quality, completeness, adequacy and accuracy of the information, statements and statistics contained within this document.

The MCA reserves the right to change and update the information, statements and statistics provided in this document at its discretion and without prior notification and assumes no obligation to update the document on the basis of suggestions, comments and/or queries made by third parties.

The MCA assumes no responsibility for any consequences that may arise in the absence of such changes and/or updates.

To the fullest extent permitted by law, neither the MCA nor any of its officers however so described or agents will assume responsibility and/or liability for any loss or damage, including losses or damages such as loss of goodwill, income, profit or opportunity, or any other claim of third parties, arising from or related to the use of the content of this document.

### **13. Contact**

For any queries, kindly contact via email [kevin.r.caruana@mca.org.mt](mailto:kevin.r.caruana@mca.org.mt).

Queries may also be posted or faxed to the address below.

**Malta Communications Authority**

Valletta Waterfront, Pinto Wharf,  
Floriana FRN 1913  
Malta  
Europe

*Contact numbers*

tel: +356 21 336840  
fax: +356 21 336846