Market developments for electronic communications and post – a review of outcomes for 2021 based on second quarter figures

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The MCA is hereby outlining the main markets trends observed for Malta's telecom and postal activities, based on figures submitted by local service providers for the second quarter of this year.

More data is available in the 'Data Report Sheet (DRS)' publication, which covers the period starting in the first quarter of 2017 to the second quarter of 2021.

General developments

The telecommunications sector exhibited continued growth in contract-based mobile telephony plans and a notable jump in mobile data consumption alongside further growth in take-up for fixed data services on fast and ultra fast download speeds. The COVID-19 unquestionably continues to drag down roaming traffic activity although volumes are slowly recuperating. Take-up increased for pay TV services, with subscriptions up by 2% year-on year whilst the fixed telephony subscriber base stood relatively unchanged.

As for the postal segment, overall mail volumes for the first six months of the year were slightly lower compared to the same period a year earlier. This drop is attributable to the domestic mail segment and outbound cross-border mail segment. In the case of domestic mail, declines were noted for single-piece letter mail and bulk mail. Otherwise the inbound cross-border mail segment registered healthy growth.

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

Fixed Broadband

The fixed broadband segment saw a 4.3% uptick in subscriptions year-on-year, to reach a total of 217,862 by the end of June. Two notable outcomes for this segment are (i) the continued year-on-year growth in take-up for fast and ultra-fast download speeds, as subscriptions capable of supporting such speeds increased by 26%; and (ii) a 1.4 percentage point increase in subscriptions on a bundle package, representing 93.8% of all fixed broadband subscriptions reported by the end of the current reporting period.

Subscriptions via the FTTH network were up by 9,628 (or by 30.4%) year-on-year to 41,292. Cable DOCSIS 3.1 subscriptions rose by 4,333 (or by 4.3%) to 105,496. Additionally, the fixed wireless broadband segment registered an increase of 970 subscriptions (or 7.3%) to a total of 14,261 subscriptions. The only recorded decline was registered for the copper DSL network, whereby the number of subscriptions was down by 6,000 (or by 9.6%) year-on-year to 56,813 by the end of June 2021.

Fixed broadband ARPU stood at €56.05 in the second quarter of 2021, down from €56.45 in the corresponding quarter of 2020.

Mobile telephony

The mobile telephony segment experienced a notable rise in take-up, as subscriptions jumped by 25,727 (or by 4.2%) year-on-year, to 642,060 by the end of June. This represents a significant departure from the picture observed a year ago, given the then shrinking subscriber base due to COVID-induced migration outflows. More significant is the rate at which take-up of post-paid plans outpaced growth in the pre-paid segment. Comparing figures as at the end of June 2021 to those recored a year earlier, the number of post-paid subscriptions was up by 19,350 (or by 7.8%) whilst the number of pre-paid subscriptions was up by 6,377 (or by 1.7%).

When it comes to mobile usage patterns, a bigger disparity in growth has been observed. The number of voice call minutes in the first half of 2021 was up by 1.6% when compared to the first half of 2020, whilst the number of units of data consumed (i.e. the number of Mbs) surged by 52%. SMS volumes continued to dwindle in the first half of 2021, this time by 8.6% compared to the same period a year earlier.

Specifically on roaming, activity during the first six months of this year in terms of minutes and data volumes exhibited contrasting developments. Compared to the first six months of 2020, the number of roaming minutes was down by 18.7% whilst the number of units of data consumed (in million Mb) was up by 27.3%.

Mobile telephony ARPU was down to €42.65 in the second quarter of 2021 compared to €44.08 in the second quarter of 2020.

Pay-TV

The TV segment maintained an upward trend in take-up for the first six months of this year. As a matter of fact, subscriptions rose by 3,572 (or by 2.1%) to reach 174,913 by the end of June 2021. Out of all pay TV subscriptions as at end of June, 81.4% were on a bundle package.

A look at the trends in take-up by technology platform shows that IPTV-based subscriptions were up by 5,305 (or by 9.1%) over the 12-month period ending June 2021. Meanwhile, the number of subscriptions for the DTTV platform, which is owned by the same operator, was down by 5,401 subscriptions (or by 56.6%), as this operator started switching its clients to the former platform in view of the impending digital terrestrial switch-off.

During the same period, the number of subscriptions for the digital cable platform was up by 3.6% year-on-year, equivalent to a rise of 3,668 subscriptions.

Pay-TV ARPU was down to €47.02 in Q2 2021 from €48.62 in Q2 of the previous year.

Fixed telephony

The client base for the fixed line telephony segment showed a marginal increase of 39 subscriptions in the 12 months ending at June 2021. 83.6% of all fixed telephony subscriptions were registered on a bundle at the end of the current reporting period.

Looking at subscriptions by type of contract, subscriptions on a standard plan increased by 4,637 (or by 1.9%) in the 12-month period till the end of lst June. The number of subscriptions on ‘enhanced’ plans (which refers to subscriptions that are considered to be non-standard such as ISDN connections and / or multi-channel connections) was also up, in this case by 556 (or by 15%). In contrast, the pre-paid customer base was down by 93.7% year-on-year as a result of a service provider discontinuing the provision of its pre-paid telephony services after having notified clients beforehand.

As for traffic acitivty, volumes were down when comparing the first six months of 2020 and 2021. The number of outgoing voice calls and outgoing voice minutes was down by 23.2% and 23.1% respectively.

Fixed telephony ARPU in the second quarter of 2021 stood at €31.41 compared to €32.88 in the second quarter of 2020.

High quality dedicated connections

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

Such a business segment is relatively niche for local telecom operators as it represents a small portion of consumers with well-defined data connectivity requirements, different to those exhibited by the mass market for fixed broadband. Often, these data connectivity services are offered with specific product characteristics such as no contention ratio, fully symmetrical speeds and Service Level Agreements (SLAs).

The the number of high-quality dedicated connections totalled 338 by the end of the second quarter of 2021. This means that the number of high-qulaity connections were down by almost 4% year-on-year.

Post

The COVID-induced challenges for postal activity have somewhat receded during the period under review, given the significant pick-up reported for inbound cross-border mail. Overall, however, mail volumes for the first six months of 2021 were 0.9% lower in relation to those recorded in the corresponding period of last year, mainly as a result of a continuation in the long-term volume decline in domestic letter mail.

Looking at changes materialising by type of mail, the domestic mail segment saw volumes dropping by 3.1% (in view of declines in single-piece letter mail and bulk mail) and the outbound cross border mail segment experienced a 22.9% dip. Meanwhile inbound cross-border mail registered a 15.2% jump of in mail volumes, mainly as a result of parcel mail activity resulting from ecommerce activities.

Notes:

(i) Data cut-off date: 10th September 2021;
(ii) Data is preliminary and subject to change.