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Market developments for electronic communications and post – a review of outcomes for 2024 based on Q2 figures.

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In the first half of 2024, the telecommunications sector saw continued growth in subscriber numbers across most segments, except for fixed telephony, which recorded a slight year-on-year decline of 0.32%. Some take-up trends are worth noting, such as in the case of mobile post-paid subscriptions, which have now surged past the number of subscriptions on pre-paid terms. Also in view of the market's shift towards gigabit connectivity, almost 17% of internet subscriptions by the end of last June could support download speeds of 1Gbps or more, compared to 11.7% a year earlier.

When it comes to voice telephony, mobile traffic volumes increased during the first half of 2024 compared to the same period in 2023, at 0.2% in terms of number of calls and at 2.0% in terms of minutes. On the other hand, fixed telephony traffic saw a notable decline of 16% in the number of both voice calls and voice minutes.

The shift towards higher speed internet connectivity remains underscored by the deployment of Fibre-to-the-Home (FTTH), with all three major operators now active in this area. Take-up of plans with fast and ultra-fast download continued its upward trend, in view of a mix of upselling activities by operators and organic market growth. Year-on-year, the share of internet subscriptions supporting download speeds of at least 100Mbps was up from 70.6% at the end of June 2023 to 79.6% at the end of June this year. A significant amount of these subscriptions are on plans supporting a download speed of at least 1Gbps.

In the postal sector, universal service mail volumes in the first half of this year declined across most categories, with the exception of registered mail, which grew by 3.0% compared to the first half of 2023. Significantly, volumes under the standard letter mail category were down almost 16%. Meanwhile, mail volumes outside the universal service scope increased by 17.1% in the first half of this year compared to the same period a year ago.

Fixed broadband

The fixed broadband segment experienced a 2.6% increase in its subscriber base, rising from 233,415 in June 2023 to 239,570 in June 2024. By the end of June 2024, cable subscriptions made up 46.3% of all fixed broadband connections, down slightly from 47.6% by the end of the first half of 2023. Fibre-to-the-Home (FTTH) saw significant growth, driven by ongoing deployment and the migration of legacy customers from the copper DSL network. FTTH's share of subscriptions increased from 28.4% to 37.6% year-on-year, reaching 90,196 by the end of June 2024. This shift contributed to the decline in copper DSL subscriptions, which fell from 16.4% to 8.3% during the same period. Fixed wireless technology saw a modest rise, from 7.6% to 7.7% of total subscriptions.

Recent trends and offers from operators highlight the market's shift towards gigabit connectivity, evidenced by a decline in the number of subscriptions supporting headline download speeds under 100 Mbps, which decreased from 68,590 in June 2023 to 48,839 in June 2024, reflecting a 28.8% year-on-year decrease. This shift is supported by a 1.9% increase in subscriptions with a headline download speed of 500 Mbps but less than 1 Gbps, and a 49.2% increase in subscriptions with headline download speeds of 1Gbps or more. Notably, the share of subscriptions with headline download speeds of 1 Gbps or more grew from almost 12% at the end of June 2023 to 17% at the end of June 2024.

In the 12-month period ending June 2024, the fixed broadband sector added 6,155 new subscriptions, of which around 4,000 (or circa 64%) formed part of a bundle. Meanwhile, the proportion of bundled subscriptions declined marginally from 91.4% to 90.7%, indicating that the growth in the number of fixed broadband subscriptions slightly outpaced growth in the bundled fixed broadband subscription category. Additionally, the fixed broadband average revenue per user (ARPU)¹ grew by 0.6% year-on-year, rising from €130.95 in the first half of 2023 to €131.69 in first half of 2024.

Mobile telephony

The mobile telephony segment continued its upward trend, with subscriptions growing by 3.4% year-on-year, bringing the total to 762,588 by the end of June 2024. During the first half of the year, a notable shift occurred in the mobile telephony subscription base. For the first time since data collection began, post-paid subscriptions outnumbered pre-paid ones. The share of post-paid subscriptions increased from 47.0% in June 2023 to 51.5% in June 2024, highlighting changing consumer preferences and growing demand for the flexibility and connectivity provided by post-paid plans.

The link between the rise in post-paid subscriptions and increased mobile data usage is evident in the ongoing growth of domestic data volumes. In the first half of the reporting period, data usage reached 71,568 million megabytes, marking a 34.6% increase over the same period in 2023. This

¹ For services that are predominantly obtained in a bundle, the operators have the discretion of allocating their bundle revenues to each telecom service. This note applies to all ECS.

consistent upward trend reflects the expanding demand for data, largely organic but possibly also induced by the data allowances that the end-user pays for when opting for a post-paid plan.

During the first half of 2024, outgoing voice calls saw a modest increase of 0.2% over volumes during the same period a year earlier, reaching 247.30 million. Outgoing voice traffic minutes also rose, in this case by 2%, thereby resulting in a 1.7% rise in call duration. Meanwhile, the SMS volume dropped significantly by 20.1%.

The mobile telephony ARPU decreased by 1% year-on-year, from €76.81 in the first half of 2023 to €76.04 in the first half of 2024, as the growth in subscription base outpaced the revenue growth.

Pay-TV

The Pay-TV segment saw continued growth during the current review period, with subscriptions increasing by 3.2% year-on-year, to reach 193,347 by the end of June 2024. As is the case with other fixed electronic communications services, Pay-TV is prevalently purchased in a bundle, with 82.9% (or 160,278) of subscriptions forming part of a bundle plan.

A shift in technology is evident in the Pay-TV segment. While digital cable Pay-TV subscriptions declined by 3.8% between June 2023 and June 2024, IPTV subscriptions saw a significant rise, growing by 13.0%.

The average revenue per user (ARPU) for Pay-TV increased by 3.3% year-on-year, rising from €82.13 in first 6 months of 2023 to €84.88 in same period of 2024.

Fixed telephony

The fixed telephony segment is the only area experiencing a decrease in the subscription base. For the second consecutive quarter, fixed telephony subscribers declined by 0.3% year-on-year, dropping from 259,609 subscriptions in June 2023 to 258,780 subscriptions in June 2024. Notably, 86.8% of subscribers received their fixed telephony service bundled with other electronic communications services, an increase from 85.3% in June 2023. Overall, the trends in subscription uptake reveal some notable developments in the business segment. In particular, enhanced fixed telephony subscriptions have continued to grow, rising from 2,896 subscribers in June 2023 to 3,717 subscribers by June 2024.

Traffic activity declined both in terms of outgoing voice calls as well as call minutes, with outgoing voice calls falling by 16.0% and call minutes falling by 16.4% when comparing volumes in the first half of 2024 to those in the first half of 2023.

Fixed telephony ARPU decreased by 1.1% year-on-year, dropping from €48.93 to €48.40.

High quality dedicated connections

Dedicated connections are premium, point-to-point data transmission connections commonly utilised by businesses in Malta, including government entities, banks, and gaming companies.

This business segment is niche for local operators, serving a smaller customer base, typically businesses, with well-defined data connectivity needs. The latter connectivity requirements are distinct to the internet mass market plans that are also available from the major operators in Malta. These dedicated connections offer specific features such as no contention ratio, fully symmetrical speeds, and Service Level Agreements (SLAs).

By June 2024, local operators recorded a total of 310 national retail leased line connections, up from 299 connections as of the end of June 2023. Ethernet Interface (EI) connections accounted for 91.3% of all national retail leased line connections, a decrease from a market share of 91.0% in June 2023. Traditional Interface (TI) connections halved its market share from 3.0% to 1.61%, while Wavelength Digital Multiplexing (WDM) connections saw an increase in market share, rising from 6.0% in June 2023 to 7.1% in June 2024, totalling to 22 connections by the end of the period.

In contrast, local operators only offered EI retail leased line connections for international services. This segment accounted for 8.0% of all retail leased lines connections, with a total of 27 connections being recorded by the end of June 2024.

In terms of speed, it is observed that international leased line connections generally operate at a higher speed than national connections. 44.0% of all international retail connections have speeds exceeding 500 Mbps, compared to only 9.4% for national retail leased line connections. Specifically, international leased line connections are predominantly clustered in the 100 Mbps to 500 Mbps range (25.9%) and the more than 1 Gbps range (37.0%). In contrast, national retail leased line connections are mainly concentrated in lower ranges; the 10 Mbps to 20 Mbps range (35.4%) and the 20 Mbps to 50 Mbps range (24.7%).

Post

In the first six months of the year, the postal sector saw a 1.6% decline, with volumes dropping from 14,209,144 mail items delivered in the six-month period ending June 2023 to 13,975,596 in the same period of 2024. This decline was driven by a 4.2% decrease in mail items sent within the universal service area, while mail items sent outside the universal service area experienced a 17.1% year-on-year increase.

Upon further analysis of the type of mail items sent within the scope of the universal service, a decrease is observed across most types, including single-letter mail (15.9%), bulk mail (0.1%) and parcel mail (5.2%). The only exception is registered mail, which has increased by 3.0% between the first six-month period ending June 2023 and June 2024. The universal service continues to be

predominantly characterised by bulk mail services, for which volumes of delivered mail items account for 72.5% of all mail delivered within the universal service area.

Mail items sent outside the scope of the universal service increased by 17.1% over the first six months ending June 2024 compared to the first six months of 2023. The increase was driven by mail items weighing less than or equal to 2kg, which increased from almost 1.1 million to 1.4 million.

In terms of destination, the universal service is primarily utilized for domestic mail, with 88.3% of all mail items being domestic in the first half of 2024. Conversely, 84.6% of all mail items sent beyond the scope of the universal service during the same period comprised of inbound cross border mail.

Notes

- (1) Data cut-off date: 10th September 2024;
- (2) Data is preliminary and subject to change.