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Market developments for electronic communications and post – a review of outcomes for 2024 based on Q3 figures.

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The performance of the telecommunications sector remains largely positive. The mobile telephony and fixed broadband segments stand out for their subscription growth and the greater use of connectivity services, fuelled by the availability of higher data speeds and enhanced network capabilities. This momentum reflects a growing demand for seamless connectivity, with consumers and businesses alike benefiting from advancements in mobile networks and the widespread adoption of Fibre-to-the-Home (FTTH) technology.

Fixed broadband exemplifies the observed trends, with subscriptions increasing by 4,946 during the period under review. Meanwhile, rising adoption of Fibre-to-the-Home (FTTH) technology and a broader shift toward gigabit connectivity and ultra-fast download speeds were two key drivers of this growth. FTTH technology accounted for 28,226 new subscriptions, largely explained by the continued migration of legacy copper clients to this network but also influenced by the presence of all operators in this segment.

Mobile telephony also recorded robust growth in subscriptions and traffic activity, thus further cementing its position as a cornerstone of the voice and data communications landscape. Mobile traffic volumes and data consumption increased, driven by the continued rise in post-paid subscriptions, which are typically more data intensive.

Conversely, fixed telephony is struggling to keep pace with these trends. Subscriptions fell by 1.1% year-on-year, marking the third consecutive decline, and traffic volumes continue to shrink. While this service appears to be losing relevance in terms of usage, the number of business subscriptions recorded a modest increase.

The Pay-TV segment is evolving alongside these changes, as IPTV subscriptions grow, fuelled by the sector's investment in high-speed broadband infrastructure. This development highlights the industry's efforts to align with digital trends and meet consumer expectations for next-generation services.

Meanwhile, the postal sector continues to face challenges, with universal service mail volumes declining across all categories. However, lighter mail items outside the universal service scope, particularly those weighing less than or equal to two kilograms, bucked the trend with a modest increase.

For the purpose of this report, the current reporting period refers to the third quarter of the current year, i.e. July – September 2024.

Fixed broadband

The fixed broadband subscription base reached 240,319 by the end of September 2024, reflecting a 2.1% year-on-year increase compared to September 2023. Operators' ongoing investment in and expansion of Fibre-to-the-Home (FTTH) infrastructure drove much of this growth, with FTTH subscriptions rising by an impressive 40.4% period-on-period, reaching 98,134 by the end of the third quarter of this year. In contrast, other broadband technologies saw declines in user numbers, with cable DOCSIS 3.1 subscriptions down by 0.8% and fixed wireless subscriptions falling by 2.3%. The significant growth in FTTH subscriptions mainly stems from a directed migration away from copper DSL, which saw a sharp 61.6% drop in subscriptions.

Take-up of gigabit connectivity was up by 31.3% between the third quarters of 2023 and 2024, now holding a market share of 18.5%, up from 13.0% in the third quarter of the previous year. Nonetheless, the majority of subscribers still fall within the “greater than or equal to 500 Mbps but less than 1 Gbps” category, which accounts for 30.4% of the total. Subscriptions in all other lower speed categories declined consistently over the same period.

Although the bundling of fixed broadband services has seen a gradual decline, it remains the most popular bundled service, with 89.9% of all subscriptions forming part of a bundle by the end of September 2024. Indicatively, fixed broadband remains the main revenue source for local operators, despite a decline in average revenue per user (ARPU) figures, which declined from €203.38 in the nine-month period ending September 2023 to €197.28 in the same period of 2024.

Mobile telephony

In the third quarter of 2024, mobile telephony subscriptions reached 770,185, marking a 2.6% period-on-period increase. The gap between pre-paid and post-paid subscriptions has continued to widen, with post-paid plans now leading by a margin of 4.6% in terms of share by type of subscription.

As highlighted in previous reports, post-paid plans have gained significant traction, primarily due to the greater flexibility they offer for data usage, especially with their typically higher allowances. This shift aligns with the steady increase in domestic mobile data consumption, which reached 106,403 million megabytes in the first three quarters of 2024, up from 84,075 million megabytes in the same period of the previous year. Additionally, both domestic outgoing voice calls and voice call minutes experienced growth, rising by 0.5% and 3.2%, respectively throughout the same period.

Mobile telephony remains largely an independently bought service, with only 0.2% of subscribers obtaining it as part of a bundle. Meanwhile, mobile telephony ARPU in the third quarter showed a slight decrease from €116.32 in 2023 to €116.18 in 2024. This decline is likely due to the growing adoption of post-paid plans, which typically include fixed monthly access fees and usage allowances.

Pay-TV

Pay-TV subscriptions grew by 2.7% between the third quarters of 2023 and 2024, reaching 194,149 subscribers by the end of the reporting period.

IPTV continues to gain popularity due to its flexibility, efficiency, and customizability. It offers consumers on-demand content, interactive features, and multiscreen viewing, making it a preferred choice in the modern Pay-TV landscape. Locally, IPTV subscriptions have maintained steady growth, rising by 10.4% period-on-period to reach 90,293 by the end of the third quarter. As a result, IPTV's market share grew from 43.3% to 46.5%, while subscriptions to cable continued to decline.

Following fixed broadband, Pay-TV is the second most frequently bundled service, with 82.9% of all Pay-TV subscriptions included in a bundle as of September 2024. Pay-TV ARPU also rose from €123.31 in the first third quarters of 2023 to €127.51 in the first three quarters of 2024. This increase reflects not only the growth in IPTV subscriptions but also a rising preference for premium IPTV packages.

Fixed telephony

The fixed telephony segment stands apart from other telecommunication sectors as the only one experiencing a decline in subscriptions. By the end of the third quarter, subscriptions fell by 1.1% year-on-year, totaling 256,294—a trend marking the third consecutive period of decline.

Both pre-paid and post-paid fixed telephony subscriptions registered decreases, primarily due to the growing adoption of mobile telephony, broadband, and OTT services. Despite the increasing dominance of digital alternatives, fixed telephony retains specific advantages, particularly for businesses, where it offers reliable and advanced functionalities. Reflecting this, the business-focused category grew by 63% year-on-year, reaching 4,681 subscriptions by the end of September 2024, as local operators enhanced their service offerings to cater to business needs.

Fixed telephony traffic activity also continues to decline, with outgoing voice calls and voice call minutes dropping by 16.7% and 16.8%, respectively, period-on-period. Similarly, inward portings fell by 22.1%, with only 970 portings recorded in the first three quarters of 2024. These trends underscore the diminishing relevance of fixed telephony among residential users, as residential subscriptions dropped by 1.7% year-on-year.

Fixed telephony is predominantly bundled with other services, with 86.7% of subscriptions forming part of a bundle. However, it remains the lowest revenue-generating service for local operators, with an ARPU of €72.96 in the first three quarters of 2024, slightly down from €73.37 during the same period in 2023)¹.

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.

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.

These dedicated connections offer specific features such as no contention ratio, fully symmetrical speeds, and Service Level Agreements (SLAs).

In the first three quarters of 2024, a total of 342 retail leased line connections were recorded, up by 5.6% period-on-period. 91.8% of these retail connections were national retail leased line connections (91.4% in Q3 2023), whereas the remaining 8.2% were international retail leased line connections. Local operators only offered Ethernet Interface (EI) retail leased line connections for international services, with the total of 28 connections, remaining fixed from the third quarter of the previous year. On the other hand, national retail leased line connections consist of traditional interface (TI), EI and Wavelength Digital Multiplexing (WDM) connections, holding market shares of 1.6%, 91.4% and 7.0% of national retail leased line connections, respectively.

Having noted that the number of international retail connections is relatively small (with only 28 connections), it is evident that international users generally opt for higher speeds compared to national users. Minimal changes were recorded in connection speeds throughout the reporting period, with 42.9% of international connections opting for higher speeds – i.e. exceeding 500 Mbps – compared to 40.0% by the end of the third quarter of 2023. Among national connections, the take-up of speeds exceeding 500 Mbps decreased from 9.35% in the first three quarters ending September 2023 to 9.25% in the same period of 2024.

Post

In the first three quarters of 2024, postal mail volumes dropped by 3.0% compared to the same period in 2023, with total volumes reaching 5.68 million items.

The 6.6% period-on-period drop in mail items within the universal service scope largely explains this decline. Single-piece letter mail recorded the largest decrease (-15.6%), followed by bulk mail (-3.3%), registered mail (-1.7%), and parcel mail (-3.5%). Domestic mail items accounted for 87.9% of universal service mail, up slightly from 85.9% in the previous year.

Meanwhile, mail volumes outside the scope of the universal service grew by 30.0% period-on-period, increasing from 0.81 million mail items in the third quarter of 2023 to 1.08 million mail items in 2024. Mail items weighing 2 kilograms or less contributed significantly to this growth, rising by 36.3%, while heavier mail items dropped slightly by 3.6%. Inbound cross-border mail represented 84.6% of these items, climbing from 80.4% in the same period the previous year.

Notes

- (1) Data cut-off date: 7th January 2025;
- (2) Data is preliminary and subject to change.