



Communications Market Review

July 2019 to June 2020

<i>Document No:</i>	MCA-R/kc/21-4197
<i>Date:</i>	4 th May 2021

Table of Contents

Table of Contents	2
1. Reporting parameters.....	4
1.1. The reporting period and data cut-off date	5
1.2. The KPIs in this report	5
2. Key market outcomes	6
3. Market share on the basis of subscriptions.....	14
3.1. Fixed line telephony	14
3.2. Mobile telephony	14
3.3. Fixed broadband.....	15
3.4. Pay-TV.....	15
4. Fixed line telephony	16
4.1. Subscriptions	16
4.2. Subscriptions on a bundle	17
4.3. Fixed line inward portings	17
4.4. Usage trends for fixed line telephony	18
4.4.1. National voice traffic volumes	19
4.4.2. International voice traffic volumes	20
4.5. Activity levels and call duration.....	21
4.6. Fixed telephony ARPU	22
4.7. Average rate per minute of fixed line communications.....	22
5. Mobile telephony.....	24
5.1. Subscriptions	24
5.2. Mobile inward portings.....	26
5.3. Voice usage trends for mobile telephony	26
5.3.1. Voice calls.....	27
5.3.2. Voice call minutes	27
5.4. SMS and MMS usage trends.....	28
5.4.1. SMS traffic.....	28
5.4.2. MMS traffic.....	29
5.5. Activity levels per mobile subscription	30
5.5.1. Voice call activity levels per subscription.....	30
5.5.2. SMS activity levels per subscription	31
5.6. Average mobile voice call duration	32
5.7. International roaming usage trends.....	32
5.7.1. Outbound roaming.....	32
5.7.2. Inbound roaming.....	33
5.8. Mobile ARPU	34
5.9. Pricing developments for mobile telephony	34

6. Fixed and mobile broadband.....	37
6.1. Fixed broadband subscriptions	37
6.2. Fixed broadband subscriptions by type of access technology	38
6.3. Fixed broadband subscriptions by download speed	39
6.4. Fixed broadband subscriptions by access technology and download speed.....	40
6.5. Fixed broadband ARPU.....	41
6.6. Average rate per Mbps.....	42
6.7. Take-up and usage of mobile broadband	43
6.8. Mobile data usage	44
6.9. Mobile broadband data usage per active subscription.....	45
6.10. Mobile broadband penetration.....	46
7. Pay-TV	47
7.1. Subscriptions	47
7.2. Pay-TV subscriptions in a bundle	48
7.3. Pay-TV ARPU.....	4849
7.4. Average advertised monthly access fees for stand-alone pay-TV	49
8. Post.....	51
8.1. Postal mail volumes.....	51
8.2. Postal mail volumes by type of mail.....	53
8.3. Postal mail volumes by destination.....	54
8.4. Postal rates: Malta vs EU.....	55
9. Tables	57
10. Figures.....	58
11. Glossary of Terms.....	60
12. Legal Disclaimer.....	62
13. Contact.....	63

1. Reporting parameters

This is the latest report in a series of Communications Market Review (CMR) publications from the Malta Communications Authority (MCA). The report draws on quarterly and half-yearly data compiled by the MCA from network operators and service providers involved in the provision of electronic communications and postal services in Malta. This data is then utilised to develop key performance indicators (KPIs) for the relevant sectors.

Figure 1 below lists the network operators and service providers that submitted data to the MCA.

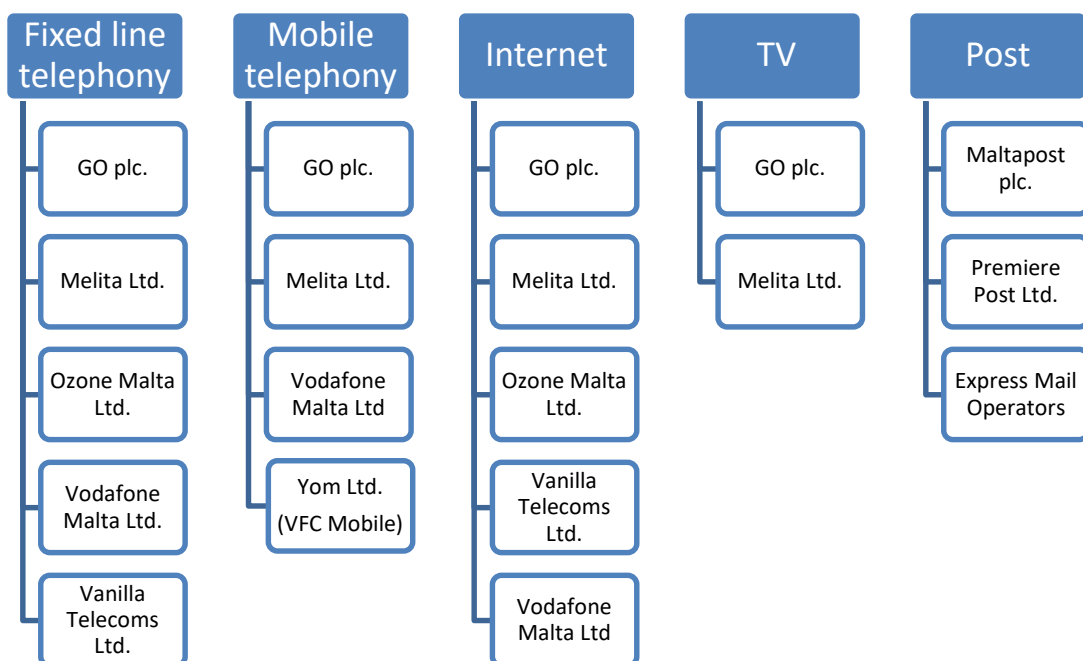


Figure 1: Operators providing quarterly data in 2019 and 2020¹

This report also refers to findings extracted from publications of third parties in the areas of interest².

¹ In previous years, DHL Malta featured separately under the list for post, given that in 2010 the MCA granted this postal operator a 10-year licence to provide 'universal postal services' in Malta. This operator renounced this licence late 2018.

Meanwhile, from the electronic communications front, Monaco Telecoms completed the acquisition of Vodafone Malta in April 2020. Vodafone Malta has been eventually rebranded to Epic in November 2020. Reference in this document is for Vodafone Malta as it covers a period prior to this rebranding.

In April 2020, Ozone Malta submitted a cessation notification form to the MCA for its operations with effect from the 29th April 2020. The MCA processed this notification and removed the company from the register of authorised ECS undertakings.

² 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.

1.1. The reporting period and data cut-off date

The current review presents Key Performance Indicators (KPIs) for the period starting Q1 2016 and ending Q2 2020.

More recent data on key market developments for electronic communications and post for 2020 is available in the latest Data Report Sheet published on the MCA website.³

1.2. The KPIs in this report

This report is composed of five sections dealing with trends observed for fixed telephony, mobile telephony, Internet, pay-TV and post. Figure 2 lists the main indicators covered in this review.

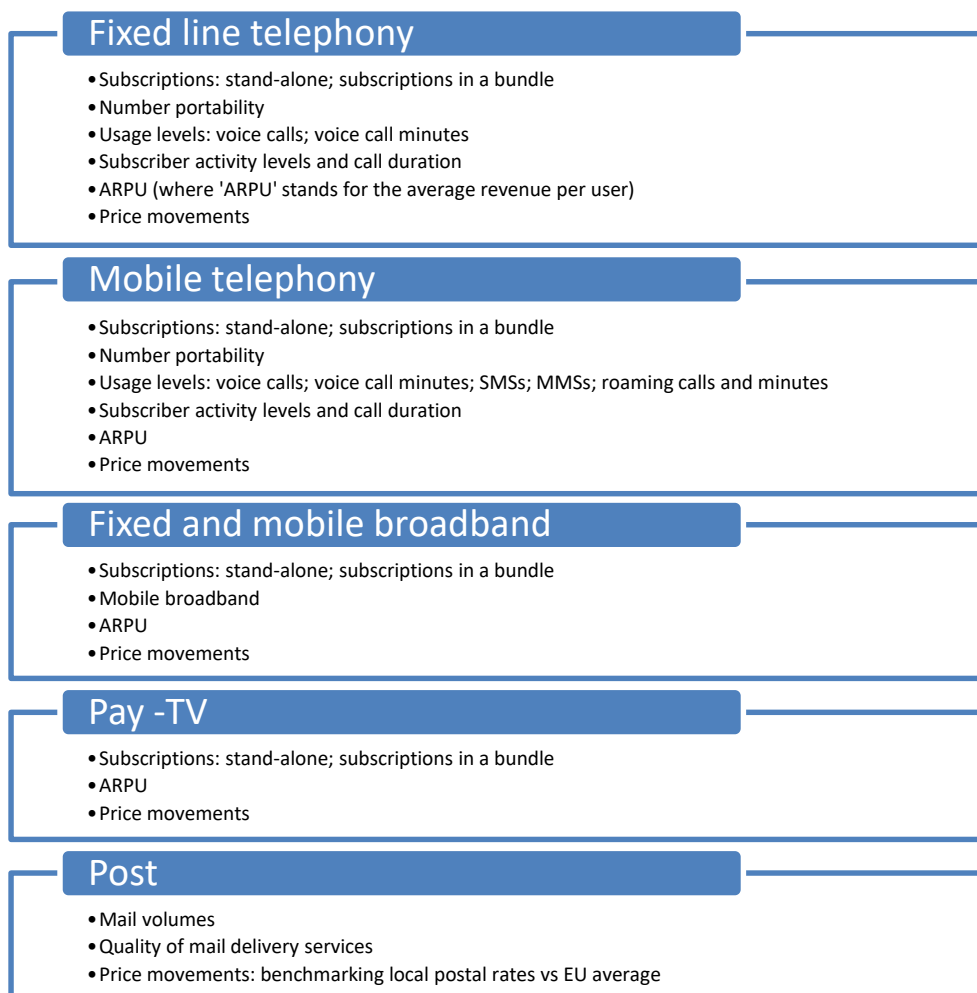


Figure 2: Key market indicators for electronic communications and post

³ The MCA publishes a DRS on a regular basis, the latest of which can be found on: <https://www.mca.org.mt/articles/key-market-indicators-electronic-communications-and-post-q1-2016-q4-2020>

2. Key market outcomes

The first half of 2020 presented challenges and opportunities for the local electronic communications industry. The period for the months of April to June coincides with the onset of the pandemic and a deeper realisation that telecoms and postal services serve as a critical bridge for human contact in a world bound by social restrictions.

Local operators had to adapt at meeting greater demand for fixed connectivity services, also as a result of many people transiting to remote working, learning and socializing via online access and increased use of video communications. Demand for data at higher speeds shot up, especially as entertainment centred on having a proper access to content.

Subscription figures for fixed services at the end of June 2020 were higher than a year earlier, given that the pandemic-defined environment bolstered much of the trends that have been observed in recent years. Fixed broadband subscriptions were up by 5.6% year-on-year, representing around 11,000 new subscriptions in the 12-month period to the end of June 2020. Retail offers at the end of June 2020 were not much different from those available a year earlier, albeit some differences in upload speeds could be observed. Prices were also largely unchanged. Nonetheless, take-up of fast and ultra-fast fixed broadband accelerated during the first six months of 2020, with 49.3% of all subscriptions at the end of June 2020 registered on plans with headline download speeds of 100Mbps or more, up from 40% a year earlier. Subscriptions were predominantly purchased in a bundle, with 92.4% of all subscriptions recorded at the end of June 2020 being recorded in a bundle set-up.

Given the prevailing bundle environment and the fact that the fixed broadband service is typically bundled with fixed telephony, take-up for the latter service was up by 0.7% year-on-year, representing an increase of 1,900 subscriptions. Nonetheless, fixed telephony traffic volumes for the first half of 2020 were lower than recorded for the same period a year earlier. In this respect the number of voice calls was down by almost 23% and the number of voice call minutes was down by 6.3%.

This is a significant outcome for local voice communications, as notwithstanding the almost universal availability of the fixed telephony service, end-users still turned to mobile to reach others. Significantly, mobile voice minute volumes in the first half of 2021 jumped by 15% compared to the same period a year earlier, but at the same time the number of mobile calls was 5.4% lower. Meanwhile, mobile data consumption shot up by 202% for the same comparative timeframe, notwithstanding that the mobility restrictions brought about by the pandemic meant that a bigger number of end-users were house-bound and could thus access data on their mobile via their home wi-fi.

The mobile telephony segment did however face two significant challenges during the first half of 2020, as a consequence of the pandemic. Local operators recorded a year-on-year drop of around 10,000 subscriptions, to 616,333 subscriptions by the end of June 2020. This drop likely reflects a reversal in migration trends, as a significant portion of expats working in Malta sought relocation at their mother country, at least temporarily in view of the travel, workplace and social restrictions. The touristic activities also came to an abrupt halt, leading to big declines in roaming traffic volumes recorded by local service providers.

The pay-TV segment did see its subscriber base grow by 3,708 subscriptions (or by 2.2%) year-on-year, thus reaching a total of 171,341 subscriptions by the end of June 2020. The increase in pay-TV subscriptions in a bundle plan was almost three times higher the number of new subscriptions, thus indicating that the number of subscriptions in a stand-alone set-up are dwindling at a very fast pace. By the end of June 2020, 79.2% of all pay-tv subscriptions were purchased in a bundle, up from 74.7% a year earlier.

The postal sector experienced a big hit from the pandemic almost instantly, particularly as a consequence of the widespread disruption to international postal supply chains. At one point, these were brought to an almost complete halt, particularly as air traffic was severely diluted. As a result, and significantly for postal activity within the scope of the universal service area, outbound cross-border mail in the first half of 2020 was almost 41% less than in the first half of 2019. Inbound cross-border mail also fell strong, with a 32.2% drop in mail volumes. Domestic mail also suffered, with mail volumes in the first half of 2020 down 5.5% compared to the same period a year earlier. Taking these changes into account, alongside the small rise in mail volumes recorded outside the scope of the universal service area, the postal segment experienced an overall decline of 10.8% in mail volumes when comparing the first half of 2020 with the same period in 2019.

More detailed information on the main market outcomes for the electronic communications and postal sectors is provided in Sections 4 to 8 of this document.

i. Mobile telephony

- The number of mobile telephony subscriptions was down by 10,272 (or by 1.6%) year-on-year, to 616,333 by the end of June 2020. The mobile penetration rate at the end of the current reporting period stood at 119.53%, down from 124.23% a year earlier.
- The number of post-paid subscriptions was up by 14,344 (or by 6.2%) year-on-year and the number of pre-paid subscriptions was down by 24,616 (or by 6.3%).
- The proportion of the subscriber base on a post-paid plan was up from 35.4% at the end of June 2019 to 40.2% at the end of June 2020.
- 10.3% of all mobile subscriptions recorded at the end of June 2020 were bundled with some other electronic communications service.
- The number of mobile inward portings totalled 7,053 in the first half of 2020, down by 8,022 (or by 53.2%) from 15,075 inward portings recorded in the same period a year earlier.
- The number of mobile voice call minutes recorded in the first half of 2020 totalled 575.4 million, which is up by 75.3 million (or by 15.1%) from 500.0 million recorded in the first half of 2019. The number of mobile voice calls was however down, by 13.3 million (or by 5.4%) from 254.5 million to 232.2 million.
- Table 1 below outlines these contrasting trends and the continued decline in usage levels per subscription noted in the case of SMSs.

Mobile telephony	FH 2018	FH 2019	FH 2020
Subscriptions (end of period)	615,423	626,605	616,333
Activity levels per subscription			
Number of voice calls	375	395	371
Number of voice call minutes	751	805	920
Number of SMSs	229	193	143
ARPM (overall; excl. taxes)	€0.060	€0.051	€0.038
Average rate per SMS (overall)	€0.038	€0.042	€0.052
ARPU	€87.21	€90.18	€88.41

Table 1: Take-up, activity levels and pricing for the mobile sector

- The average rate per minute (ARPM) of mobile communications in the first half of 2020 was down by 25.5% to €0.038 from €0.051 in the first half of the previous year.

ii. Fixed line telephony

- The number of fixed line subscriptions totalled 258,751 by the end of June 2020, up by 1,913 subscriptions (or by 0.7%) from 256,838 a year earlier.
- Year-on-year, the number of post-paid subscriptions was up by 6,465 (i.e. by 2.6%). In contrast, the number of pre-paid subscriptions and enhanced subscriptions was down by 4,425 (or by 60.3%) and by 127 (or by 3.5%) respectively.
- As for the proportion of the local subscriber base by type of subscription, 96.4% were on a post-paid contract at the end of the current reporting period, 2.1% were on a pre-paid plan and 3.5% were on an 'enhanced' plan.
- 78.3% of all fixed line telephony subscriptions at the end of the current reporting period were purchased in a bundle with other electronic communications services.
- There were 2,440 fixed line inward portings in the first half of 2020, up from 1,002 inward portings recorded a year earlier.
- Fixed line traffic volumes were down in the first half of 2020 when compared to the same period a year earlier: by 12.5 million (or by 22.6%) for outgoing voice calls and by 13.2 million (or by 6.5%) for voice call minutes. The decline in traffic volumes, combined with a larger subscriber base, contributed to lower voice activity levels per subscription (see Table 2).

Fixed line telephony	FH 2018	FH 2019	FH 2020
Subscriptions (end of period)	248,420	256,838	258,751
Voice activity levels per subscription			
Number of voice calls	250	216	166
Number of voice call minutes	912	789	732
Average rate per minute (ARPM)	€0.073	€0.080	€0.086
on-net FTF call	€0.021	€0.020	€0.023
off-net FTF call	€0.025	€0.027	€0.024
FTM call	€0.323	€0.324	€0.323
FTI call	€0.286	€0.367	€0.440
Average revenue per user (ARPU)	€70.54	€66.502	€66.89

Table 2: Take-up, activity levels and pricing for the fixed line sector

- Fixed telephony ARPU in the first half of 2020 was up by 0.6% when compared to the same period a year earlier, from €66.50 to €66.89.
- The ARPM of fixed line communications in the first half of 2020 stood at €0.086, which is slightly higher than the ARPM observed in the first half of 2019.⁴

⁴ These figures take into account access-based revenues, which were not taken into account in earlier publications.

iii. Fixed and mobile broadband

- The number of fixed broadband subscriptions totalled 208,931 by the end of June 2020. This figure is up by 11,412 (or by 5.6%) from 197,519 reported a year earlier.
- The fixed broadband penetration rate stood at 40.52% at the end of June 2020, representing an increase of 1.4 percentage points year-on-year.
- 92.4% of all fixed broadband subscriptions reported at the end of the first half of 2020 were in a bundle, up from 90.5% recorded by the end of the first half of 2019. In absolute terms, the number of fixed broadband subscriptions in a bundle totalled 193,145 by the end of the current review period.

Fixed broadband	FH 2018	FH 2019	FH 2020
Subscriptions (end of period)	188,004	197,519	208,931
less than 5Mbps	660	370	301
greater than or equal to 5Mbps but less than 10Mbps	118	100	80
greater than or equal to 10Mbps but less than 20Mbps	20,862	11,896	5,687
greater than or equal to 20Mbps but less than 30Mbps	2,061	1,311	806
greater than or equal to 30Mbps but less than 50Mbps	29,657	26,425	22,768
greater than or equal to 50Mbps but less than 100Mbps	83,369	78,486	76,286
100Mbps and more	51,277	78,927	103,003
Average rate per Mbps	€0.91	€1.28	€1.09
ARPU	€112.65	€120.35	€113.97

Table 3: Take-up and pricing for the fixed broadband sector

- The number of fixed broadband subscriptions supporting a download speed of '30Mbps but less than 100Mbps' totalled 99,054 at the end of June 2020. This figure is down by 5,857 (or by 5.6%) when compared to the end of June 2019. Meanwhile, the number of subscriptions supporting download speeds of '100Mbps and greater' was up by 30.5% year-on-year to 103,003 equivalent to 49.3% of the subscriber base at the end of last June.
- At the end of June 2020, the number of fixed broadband subscriptions on the cable platform totalled 101,163 (which is equivalent to 48.4% of the subscriber base). The number of DSL-based and wireless-based subscriptions totalled 62,813 (equivalent to 30.1% of the total) and 13,291 (equivalent to 6.4% of the total) respectively. Fibre-to-the-Home (FTTH) subscriptions totalled 31,664 (representing 15.2% of the subscriber base).
- Fixed broadband ARPU in the first half of 2020 stood at €113.97, down by 5.3% from €120.35 in the first half of 2019.
- The average rate per Mbps in the first half of 2020 stood at €1.09, down by 14.8% from €1.28 in the first half of 2019.

- Take-up of mobile broadband services was up in the current review period, with the number of active users of mobile broadband down by 0.5% from 405,076 at the end of June 2019 to 402,918 at the end of June 2020. Behind this change is the big decline in the number of end-users accessing mobile broadband via cards / keys – down by 44% - whilst mobile broadband users via mobile subscriptions increased by 3%to.
- On average, each end-user actively using mobile broadband consumed 38.1GB of data in the first half of 2020, up significantly from an average of 12.8GB in the first half of 2019.

iv. Pay-TV

- The number of pay-TV subscriptions totalled 171,341 at the end of June 2020, up by 3,708 (or by 2.2%) from 167,633 a year earlier.
- The number of digital terrestrial TV (DTTV) subscriptions fell by 9,169 (or by 49.0%), year-on-year, in view of envisaged switch-off of the DTTV platform.
- Conversely, demand was up for digital cable TV offered by Melita and Internet Protocol TV (IPTV) offered by GO. The former platform saw a rise of 4,831 subscriptions whilst the latter saw an increase of 8,046 subscriptions.

Pay-TV	FH 2018	FH 2019	FH 2020
Subscriptions (end of period)	161,697	167,633	171,341
Average market rates for pay-TV packages			
up to 24 channels	18.28	18.28	15.57
25 to 49 channels	€17.00	€17.00	-
50 to 74 channels	-	-	-
75 to 99 channels	€22.00	€22.00	€22.00
100 channels or more	€32.00	€32.00	€21.00
ARPU	€86.54	€86.91	€95.90

Table 4: Take-up and pricing for the pay-TV sector

- The share of total pay-TV subscriptions on the digital cable platform stood 60.3% at the end of June 2020, up 1.6 percentage points when compared to the same period a year earlier. Meanwhile, the DTTV and IPTV platforms respectively accounted for 5.6% and 34.1% of the subscriber base recorded at the end of current reporting period. Compared to its standing at the end of June 2019, DTTV is down by 5.6 percentage points, whilst IPTV is up by 4.0 percentage points.
- The number of pay-TV subscriptions in a bundle was up by 10,418 year-on-year to reach 135,618 by the end of June 2020. The percentage of pay-TV subscriptions purchased in a bundle at the end of June 2020 stood at 79.2%, up by 4.5 percentage points year-on-year.
- ARPU for the pay-TV segment has gone up by 10.3% when comparing the first half of 2020 with the first half of the previous year, from €86.91 to €95.90.
- The average advertised monthly access fee for pay-TV plans offered on a stand-alone basis stood at €15.57 in the first half of 2020.

v. Post

- Postal mail volumes delivered in the first half of 2020 totalled 16.2 million items, almost 2.0 million items lower than recorded in the same reporting period a year before.
- Standard mail activity accounts for 94.2% of all postal mail volumes recorded in the first half of 2020. Express mail activity accounted for the remaining share.
- In absolute terms, standard mail volumes in the first half of 2020 were down by almost 2.0 million items (or by 12.7%) when compared to the same period a year earlier. Express mail volumes were also down, in this case by almost 1.0%.

Post	FH 2017	FH 2018	FH 2019
Postal mail volumes	18,792,783	18,181,702	16,216,942
Standard mail volumes	17,773,490	17,382,507	15,425,455
Single piece letter mail	6,055,104	5,875,918	4,836,316
Bulk mail	10,724,599	10,507,620	9,978,866
Registered mail	892,125	901,567	517,432
Parcel mail	101,662	97,402	92,841
Express mail volumes	1,019,293	799,195	791,487
Single piece letter mail	426,878	488,836	442,814
Bulk mail	-	-	-
Registered mail	-	-	-
Parcel mail	592,415	310,359	348,673

Table 5: Postal mail volumes

- As to volume developments by type of mail item, bulk mail activity accounted for 61.5% of all postal mail volumes recorded in the first half of 2020, followed by single piece letter mail at 32.6%, registered mail at 3.2% and parcel mail at 2.7%.

3. Market share on the basis of subscriptions

This section looks at the changes in market position of local service providers, based on the number of subscriptions reported at the end of the current review period.

3.1. Fixed line telephony

By the end of June 2020, GO's market share stood at 52.7% when compared to Melita's market share of 43.1%. Vodafone Malta's market share stood at 4.2% whilst Vanilla Telecoms held a market share of 0.1% respectively.

Year-on-year, GO's market share was down by 2.7 percentage points, whilst Melita's market share was up by 2.8 percentage points and that of Vodafone Malta was up by 0.7 percentage points.

Market shares	GO	Melita	Vodafone Malta	Ozone Malta	Vanilla Telecoms
End of FH 2020	52.68%	43.08%	4.18%	-	0.06%
End of FH 2019	55.39%	40.25%	4.11%	0.19%	0.06%
End of FH 2018	58.12%	38.34%	3.28%	0.20%	0.06%

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

3.2. Mobile telephony

GO's market share stood at 38.0% by the end of June 2020, up by 1.7 percentage points year-on-year. Melita's market share also registered an uptick during the same period, by 1.4 percentage points, from 22.9% to 24.3%. On the other hand, Vodafone Malta saw its subscriber base shrink by 3 percentage points in the 12-month period to the end of June 2020, to 37.7%.

Market shares	GO	Vodafone Malta	Melita	Redtouch Fone	Yom Ltd.
End of FH 2020	38.04%	37.66%	24.29%	-	0.01%
End of FH 2019	36.38%	40.67%	22.91%	-	0.04%
End of FH 2018	36.09%	42.87%	19.63%	1.38%	0.03%

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

3.3. Fixed broadband

Melita accounted for 48.5% of the fixed broadband market share by the end of June 2020, slightly down from 48.63% a year earlier. GO followed close at 46.8% of the fixed broadband client base. The market share of this operator was up by 0.6 percentage point year-on-year. Vodafone Malta also registered a decline market share during the same period, from 4.9% to 4.6%. Vanilla Telecom’s market share was unchanged. As already highlighted, Ozone Malta ceased market operations in late 2018.

Market shares	GO	Melita	Vodafone Malta	Ozone Malta	Vanilla Telecoms
End of FH 2020	46.82%	48.49%	4.56%	-	0.13%
End of FH 2019	46.21%	48.63%	4.91%	0.11%	0.13%
End of FH 2018	46.95%	47.86%	4.90%	0.16%	0.13%

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

3.4. Pay-TV

Melita accounts for the largest market share in the pay-TV segment, registering consistent gains over the past years. The market share of this operator was up by 1.5 percentage points year-on-year, from 41.2% at the end of June 2019 to 56.8% at the end of June 2020. During the same period, GO’s market share dropped from 41.2% to 39.69%.

Market shares	GO	Melita
End of FH 2020	39.69%	60.31%
End of FH 2019	41.23%	58.77%
End of FH 2018	43.20%	53.98%

Figure 6: Market shares in terms of pay-TV subscriptions as at end of period.

4. Fixed line telephony

The fixed telephony segment exhibits strong movement in opposite direction when it comes to take-up and usage. Subscriptions were up by 1,913 (or by 0.7%) between the end of June 2019 and the end of June 2020, while fixed voice minute volumes in the first half of 2020 were down by 6.3% compared to the same period a year earlier. The rise in take-up for fixed telephony goes hand-in-hand with the continued rise in bundle subscriptions. Meanwhile, call and minute volumes dwindled as fixed voice usage saw further substitution by end-users to mobile telephony.

4.1. Subscriptions

Few end-users remain subscribed to the fixed telephony service on a pre-paid plan. In fact, the number subscriptions under this client category has been shrinking for several years. A total of 5,499 pre-paid subscriptions were recorded at the end of the current reporting period (equivalent to 2.1% of the local fixed telephony client base), down from 9,924 a year earlier. The figure at the end of June 2020 is equivalent to 1.4% of the local fixed telephony client base.

In a predominantly bundle environment (see sub-section 1.2), the overall year-on-year increase in fixed telephony subscriptions is attributed to the post-paid contract category. Subscriptions under this category were up by 2.6% between the end of June 2019 and the end of June 2020, from 246,914 to 253,252. Based on the distinction between ‘standard’ and ‘enhanced’ subscriptions in the post-paid category, the former recorded a year-on-year rise of 6,465 subscriptions (up by 2.7%) and the latter saw a year-on-year drop of 127 subscriptions (or down by 3.3%).

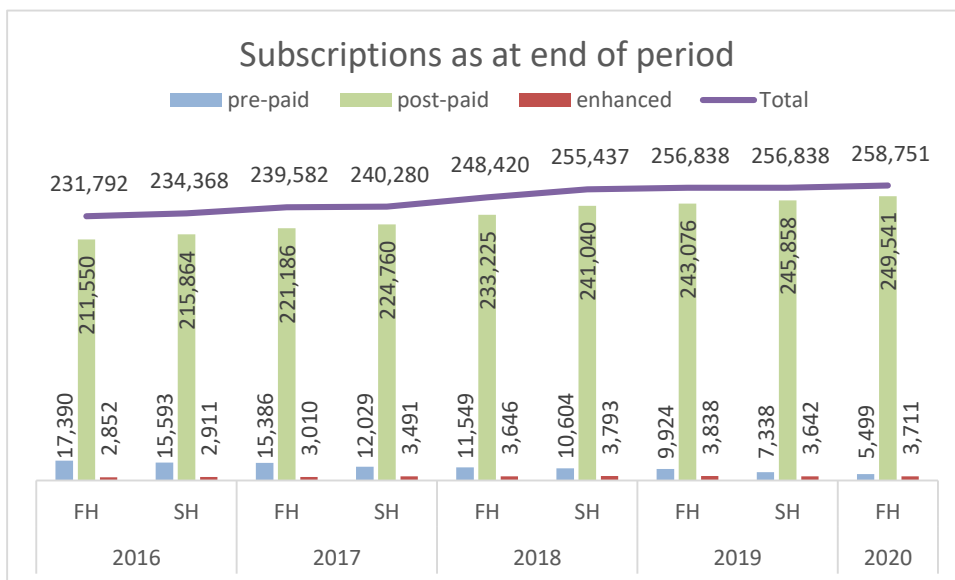


Figure 7: Fixed line telephony subscriptions as at end of period

Based on the distinction between ‘standard’ and ‘enhanced’ subscriptions in the post-paid category, the former recorded a year-on-year rise of 6,465 subscriptions (up by 2.7%) and the latter saw a year-on-year drop of 127 subscriptions (or down by 3.3%).

4.2. Subscriptions on a bundle

78.3% of all fixed telephony subscriptions were purchased in a bundle by the end of June 2020. In absolute terms, the number of fixed telephony subscriptions purchased in a bundle increased by 14,426 year-on-year, i.e. by 7.7% in the 12-month period to June 2020. This increase is by far bigger than the increase of 1,913 new fixed telephony subscriptions during the same period. This goes to show that a substantial portion of existing clients migrated to a bundle product plan during the 12 months under review.

Fixed telephony subscriptions in a bundle	2016		2017		2018		2019		2020
	FH	SH	FH	SH	FH	SH	FH	SH	FH
Fixed telephony subscriptions on a dual play contract	62,394	67,208	67,120	66,932	65,909	65,357	62,160	65,251	68,147
Fixed telephony + mobile telephony	7,052	7,251	6,597	6,092	5,555	5,090	4,602	4,232	3,856
Fixed telephony + fixed broadband	49,622	54,413	55,227	55,793	55,649	55,306	52,754	55,691	58,678
Fixed telephony + pay-TV	5,720	5,544	5,296	5,047	4,705	4,961	4,804	5,328	5,613
Fixed telephony subscriptions on a triple play contract	28,613	30,540	40,675	46,859	55,064	61,148	72,595	76,382	79,418
Fixed telephony + fixed broadband + mobile telephony	84	58	37	24	16	3	5,632	5,132	4,462
Fixed telephony + fixed broadband + pay-TV	28,529	30,482	40,638	46,835	55,048	61,145	66,963	71,250	74,956
Fixed telephony subscriptions on a quad play contract	48,075	49,900	49,175	49,785	51,691	53,164	53,433	53,887	55,049
Fixed telephony + fixed broadband + pay-TV + mobile telephony	48,075	49,900	49,175	49,785	51,691	53,164	53,433	53,887	55,049
Total number of fixed telephony subscriptions in a bundle	139,082	147,648	156,970	163,576	172,664	179,669	188,188	195,520	202,614
Total number of fixed telephony subscriptions at end of period	231,792	234,368	239,582	240,280	248,420	255,437	256,838	256,838	258,751
Percentage of fixed telephony subscriptions in a bundle	60.00%	63.00%	65.52%	68.08%	69.50%	70.34%	73.27%	76.13%	78.30%

Table 6: Fixed line subscriptions on a bundled offer

Whilst it can be argued that end-users benefit from discounts when purchasing a bundle, the decline in fixed voice call volumes indicates that end-users have to pay for a service that they are using less over time.

4.3. Fixed line inward portings

A total of 2,440 fixed line inward portings⁵ were recorded in the first six months of 2020. This is up by 1,147 (or by 143.7%) compared to the first six of 2019. This rise upward change has to do with the cessation of operations by one of the smaller providers, namely Ozone Malta, and by implication the transfer of its clients to the other operators.

Melita reported the biggest number of inward portings in the first half of 2020, at 2,174 representing 89.1% of all inward portings reported during the period under review. This coincided with the exit of Ozone Malta from the fixed market segment. GO recorded 204 inward portings during the same period and Vodafone Malta reported 41 inward portings. The remaining 21 inward portings were reported by other smaller providers, Vanilla Telecoms and Ozone Malta, which is no longer operational.

⁵ The term 'fixed line inward 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.

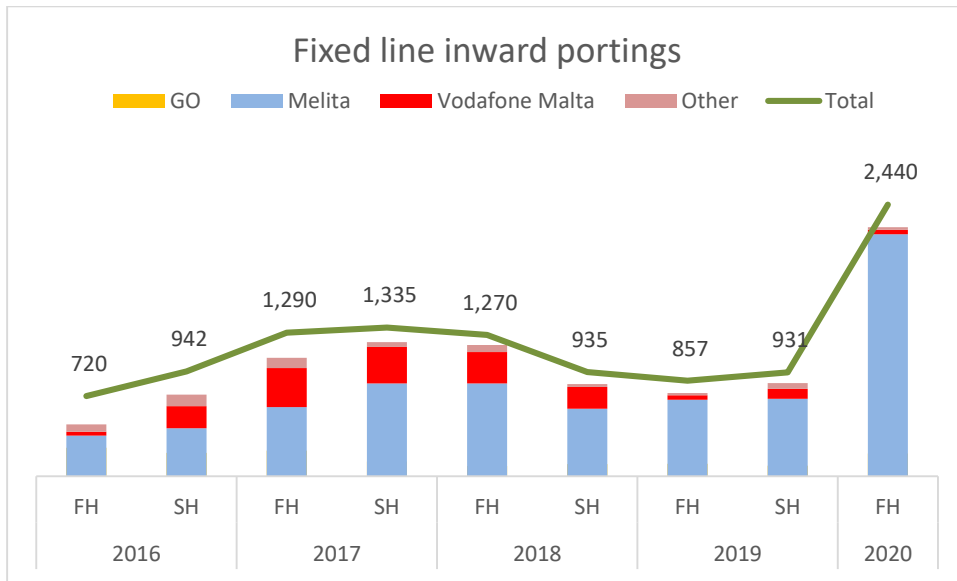


Figure 8: Fixed line number portability - number of inward portings

4.4. Usage trends for fixed line telephony

The fixed telephony segment recorded a drop in voice usage levels in the first half of 2020 compared to the first half of the previous year, notwithstanding the rise in subscriptions during this period. Of note is that the coronavirus pandemic played a part in pushing up fixed voice minute volumes by 1.9% during the second quarter of 2020, but the number of calls at the time were down by 25.6%. Broadly speaking, therefore, fixed voice usage trends maintained a downward trend in the period under review, with the pandemic though slowing down the rate of decline.

Comparing the number of voice calls in the first half of 2020 to the first half of 2019, volume was down by 22.6%, from 55.3 million to 42.8 million. At the same time, the number of voice calls minutes was down by 6.5%, from 201.6 million to 188.8 million.

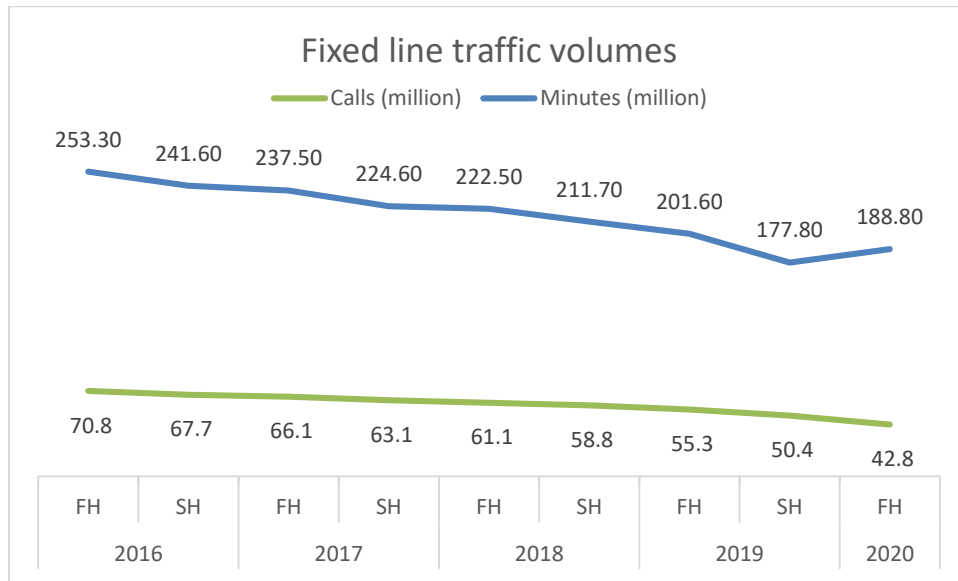


Figure 9: Voice traffic originating from local fixed line networks

The overall downward trend in fixed voice traffic volumes is further outlined hereunder for two categories of voice traffic: (i) national; and (ii) international. The national voice traffic element refers to volumes of fixed calls and voice minutes originating and terminating in Malta. International voice traffic element, on the other hand, refers to volumes of fixed voice calls and voice minutes originating locally and terminated in another jurisdiction.

4.4.1. National voice traffic volumes

National fixed line traffic volumes in the first half of 2020 comprised of 42.8 million voice calls and 188.0 million voice call minutes. This means that, on average during this period, each fixed telephony subscription accounted for approximately 163 national voice calls and 712 national voice call minutes.

National voice calls

Traffic volumes in this segment totalled almost 50.0 million in the first half of 2020, down by 5.3 million (or by 8.9%) from 59.4 million recorded in the corresponding period a year earlier.

Almost all components that make-up the national voice call traffic segment registered a drop in usage in the first half of 2020 when compared to the first half of 2019.

The number of on-net FTF calls was down by 7.6 million (or by 13.8%), from 28.7 million to 24.7 million, whilst the number of off-net FTF calls was down by 1.7 million (or by 30.6%), from 24.8 million to 17.2 million. Also, the number of fixed-to-mobile (FTM) calls was down by 3.3 million (or by 20.2%), from 16.3 million to 12.9 million.

Fixed voice calls - National	2016		2017		2018		2019		2020
	FH	SH	FH	SH	FH	SH	FH	SH	FH
Total	68,547,147	65,563,474	63,859,644	61,085,677	59,443,000	57,412,976	54,000,817	49,251,460	41,985,866
Fixed-to-fixed	50,621,535	48,005,094	45,981,776	42,777,957	41,402,808	38,834,568	35,938,162	31,952,493	26,674,528
on-net	35,555,002	34,006,980	32,594,971	29,661,016	28,701,962	26,845,531	24,750,090	22,008,431	17,181,054
off-net	15,066,533	13,998,114	13,386,805	13,116,941	12,700,846	11,989,037	11,188,072	9,944,062	9,493,474
Fixed-to-mobile	16,572,110	16,190,347	16,517,323	16,637,481	16,682,373	16,652,029	16,263,351	15,398,297	12,974,540
Other	1,353,502	1,368,033	1,360,545	1,670,239	1,357,819	1,926,379	1,799,304	1,900,670	2,336,798

Table 7: Outgoing fixed line traffic - number of national voice calls

The 'other' national calls element, comprising of Freephone, premium and payphone calls, was the only component of the national voice category to register an increase in volume of just over 0.5 million calls (i.e. up by approximately 30%).

National voice call minutes

In terms of national voice call minutes, traffic volumes in the first half of 2020 totalled 183.6 million, down by 10.6 million (or by 5.5%) from the first half of 2019.

On-net FTF traffic minutes accounted for 45.7% of all minutes recorded during the first half of last year. In this regard, volumes fell by 18.5 million (or by 17.1%), from 108.1 million in the first half of 2019 million to 89.6 million a year later.

Conversely, the number of off-net FTF minutes registered a 2.2 million increase for the same comparative period, from 50.6 million up to 52.8 million minutes.

Fixed voice call minutes - National	2016		2017		2018		2019		2020
	FH	SH	FH	SH	FH	SH	FH	SH	FH
Total	239,932,066	229,280,438	225,490,091	213,690,443	213,062,113	203,550,484	194,211,750	171,500,409	183,622,454
Fixed-to-fixed	209,588,785	198,933,848	194,717,465	179,863,433	180,421,182	167,698,720	158,735,727	137,697,012	142,434,491
on-net	147,487,069	140,732,212	137,236,132	123,580,585	124,542,376	114,850,688	108,096,496	93,438,060	89,592,590
off-net	62,101,716	58,201,636	57,481,332	56,282,848	55,878,806	52,848,032	50,639,231	44,258,953	52,841,901
Fixed-to-mobile	26,774,905	26,633,646	27,244,601	28,113,599	28,607,702	28,853,581	28,624,285	26,589,752	29,746,943
Other	3,568,376	3,712,943	3,528,025	5,713,411	4,033,230	6,998,183	6,851,738	7,213,644	11,441,020

Table 8: Outgoing fixed line traffic - number of national voice call minutes

In line with the registered increase under the 'other' national voice calls heading, the number of voice call minutes for this call category was up by 4.6 million minutes (i.e. up by 67%), when comparing the first half of 2020 with the same period a year earlier.

FTM voice call minutes were also up, in this case by 1.1 million (or by 3.9%), from 28.6 million in the first half of 2019 to 29.7 million in the second half of 2020. Correspondingly, FTF voice call minutes were down by 16.3 million (or by 10.3%).

4.4.2. International voice traffic volumes

There were approximately 0.8 million fixed-to-international (FTI) voice calls and 5.2 million FTI voice call minutes in the first half of 2020. These figures translate to an average of 3 international voice calls and 20 international voice call minutes per active fixed telephony subscription.

In comparison to the first half of 2019, the number of FTI voice calls was down by 0.5 million (or by 35.8%), whilst the number of international voice call minutes was down by 2.2 million (or by 29.8%).

4.5. Activity levels and call duration

Activity levels per active subscription reported in the first half of 2020 continued prior-year downward trends, as voice call and minute volumes declined. The average number of voice calls and voice call minutes per active fixed line subscription in the first half of 2020 stood at 163 and 712 respectively. This is down from an average of 211 voice calls and 758 voice call minutes per subscription in the first half of 2019.

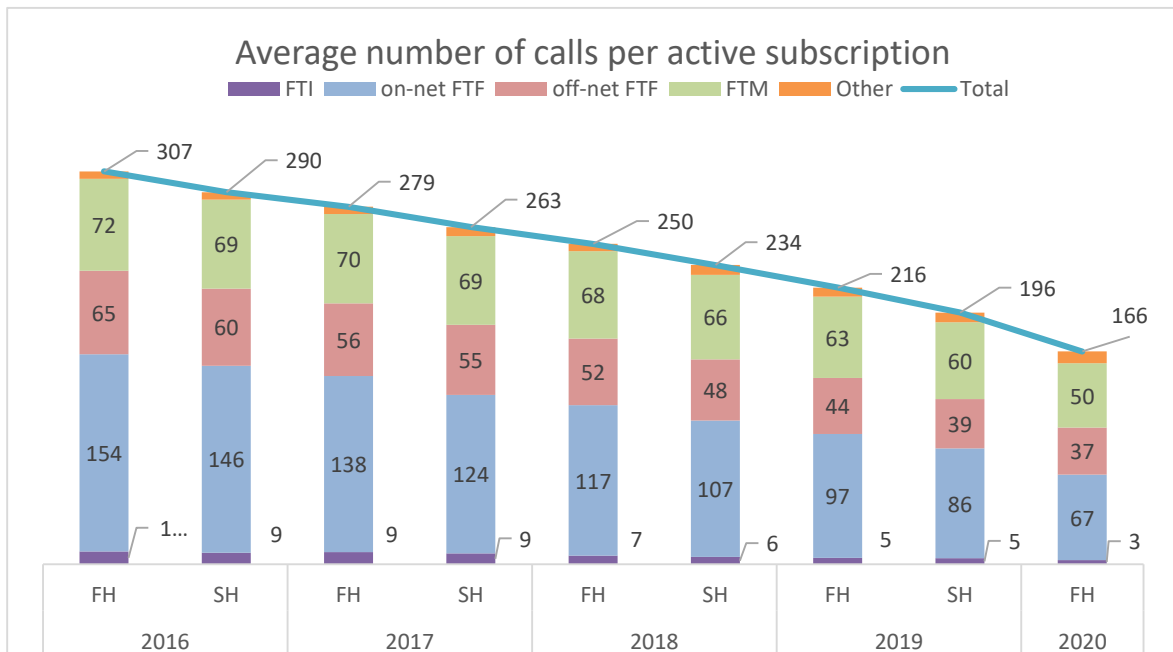


Figure 10: Average number of calls per active subscription

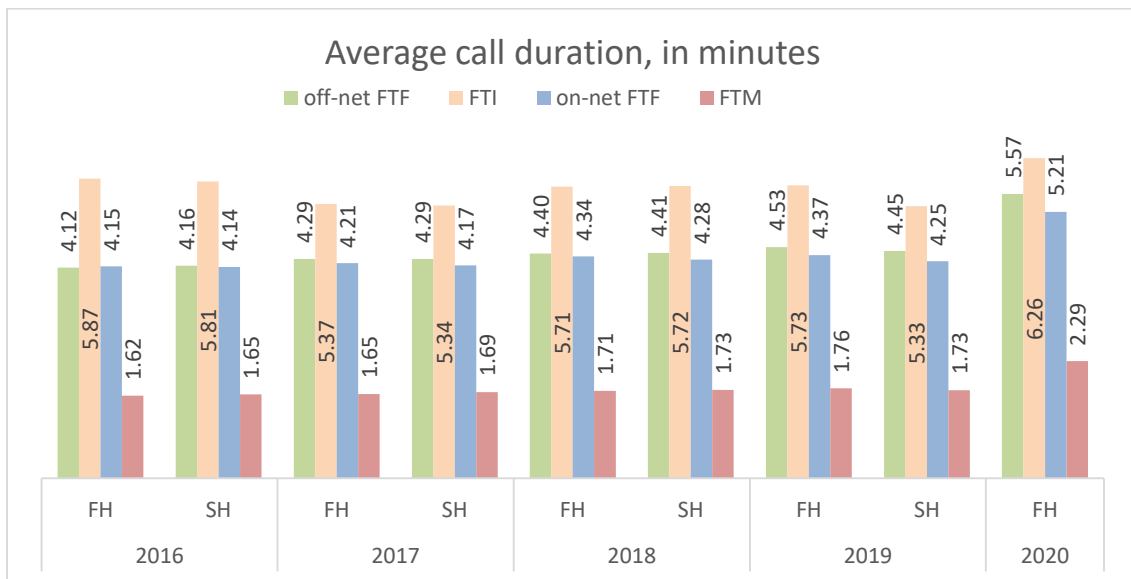


Figure 11: Average duration of an outgoing fixed line call

On average, a fixed line call generally lasted 4 minutes and 24 seconds during the first half of 2020, up from 3 minutes and 36 seconds in the first half of 2019. From the different type of calls FTI were the lengthiest in the second half of 2020, at 6 minutes and 18 seconds, followed by off-net FTF calls at 5 minutes and 12 seconds.

4.6. Fixed telephony ARPU

Fixed telephony ARPU totalled €66.89 in the first half of 2020, which is up by 0.5% from €66.50 recorded in the first half of 2019. Fixed ARPU figures are derived by dividing the total revenues of service providers, including revenues from access fees, by the average number of active subscriptions.⁶

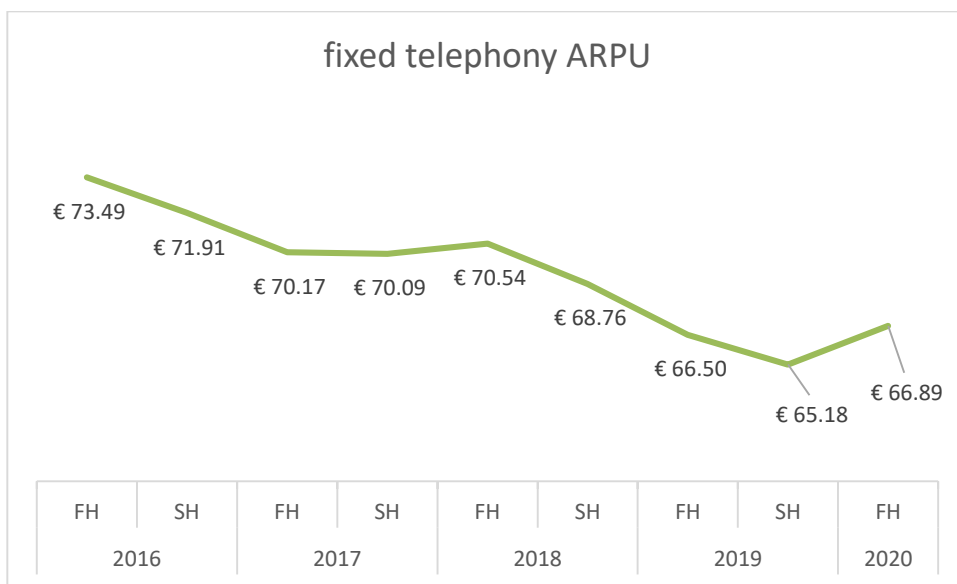


Figure 12: Average revenue per fixed line user

The current review period saw a reversal to the prior-year’s trend of declining ARPU, notwithstanding the continued decline in voice minute volumes.

4.7. Average rate per minute of fixed line communications

Figures for the average rate per minute of fixed line communications are derived by subdividing voice traffic revenues, including revenues from access fees⁷, VAT and excise tax, by the number of minutes reported under each respective heading.

⁶ The average number of active subscribers during a given period corresponds to the number of active subscriptions at the start of the period plus the number of subscriptions at the end of the same period, divided by two. The revenue element for each individual service is composed of revenues from both stand-alone and bundle subscriptions to a specific service, but excludes installation and connection revenues. Readers should note that operators are left at their discretion to allocate their ‘bundled’ revenues to the individual services.

⁷ The access revenues for the fixed telephony service have been included, as from this publication, in the calculations for the average rate per minute of fixed line communication. Given the observed decline in usage of fixed telephony service, the relevant rate(s) could see upward changes given that access revenues are more fixed in nature.

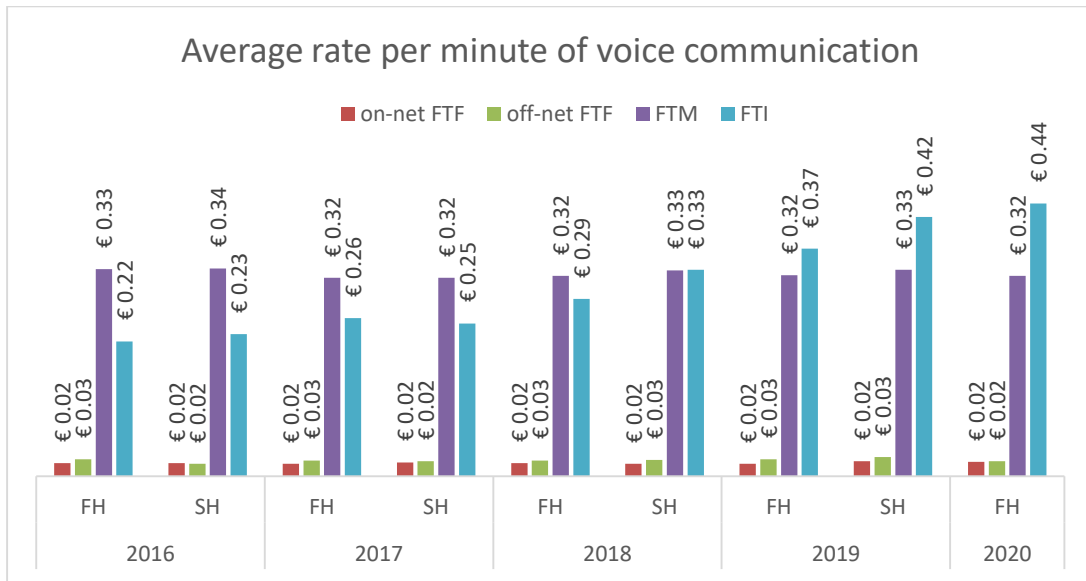


Figure 13: Average cost of a fixed line call derived from revenue-based workings

Overall, the ARPM for a fixed line voice call in the first half of 2020 was €0.09, up from €0.08 in the first half of the previous year. The ARPM of both on-net FTF calls and off-net FTF calls stood at €0.02 in the first half of 2020, thus being the lowest from all types of calls. Meanwhile the ARPM for FTM voice calls stood at €0.32, which is unchanged from the corresponding average rate per minute in the first half of 2019.⁸

⁸ Workings do not take into account volumes and revenues from free phone calls, premium calls and payphone calls. Also, 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 is to 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 the weekends. These would affect the outcome for the average rate per minute of fixed line communications.

5. Mobile telephony

The mobile telephony segment did register a mix of outcomes during the first half of 2020. Its subscriber base took a hit with the onset of the pandemic, given the reversal in migration trends observed during this period and the dramatic decline of visits by language students, for example. As a result, operators reported around 10,000 less subscriptions at the end of June 2020 compared to twelve months earlier. Nevertheless, the mobile telephony segment accommodated strong growth for voice and data services, especially as the period between April and June was a time of social and workplace restrictions that catapulted voice communications and data connectivity requirements to new heights.

Significantly, the 15% surge in mobile voice call minutes in the first half of 2020 compared to the first half of 2019 came alongside a 5.4% drop in the number of calls. Also of interest is that the average number of minutes per subscriber shot up to 410 in the April to June 2020 period, from 216 in the January to March 2020 period. Call duration was also significantly higher in the first half of 2020 compared to the same period a year earlier, most notably in the April to June period at 2.7 minutes up from 2.3 minutes in the January to March period for the year under review.

Growth in mobile data usage was substantial, up by 202% in the first half of the 2020 compared to the first half of 2019, even as people spent more time at home as a result of pandemic-related restrictions to mobility.

The mobile telephony segment was unavoidably and hardly impacted by the almost complete halt in tourism flows, as clearly evidenced by the strong dip in roaming-related voice and data volumes.

5.1. Subscriptions

A total of 616,333 mobile telephony subscriptions were reported by the end of June 2020, down by 10,272 (or by 1.6%) from 626,605 a year earlier.⁹ The dip in the subscriber base reflects a decline in pre-paid subscriptions that outweighed the increase observed for post-paid subscriptions. The number of post-paid subscriptions was up by 14,344 (or by 6.2%), from 233,339 at the end of June 2019 to 247,683 at the of the current review period. On the other hand, the number of pre-paid subscriptions was down by 24,616 (or by 6.3%), from 393,266 to 368,650.

The pre-paid segment accounted for 59.8% of the mobile telephony subscriptions recorded at the end of June 2020, down from 62.8% a year earlier. The remaining 40.2% of subscriptions pertained to the post-paid sector, up by almost 3.0 percentage points year-on-year.

⁹ 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.

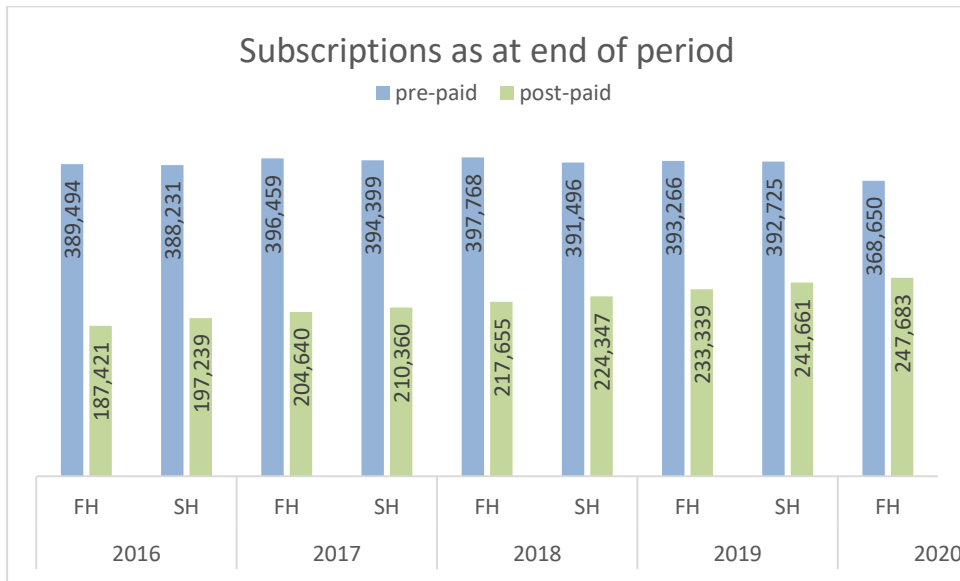


Figure 14: Mobile telephony subscriptions as at end of period

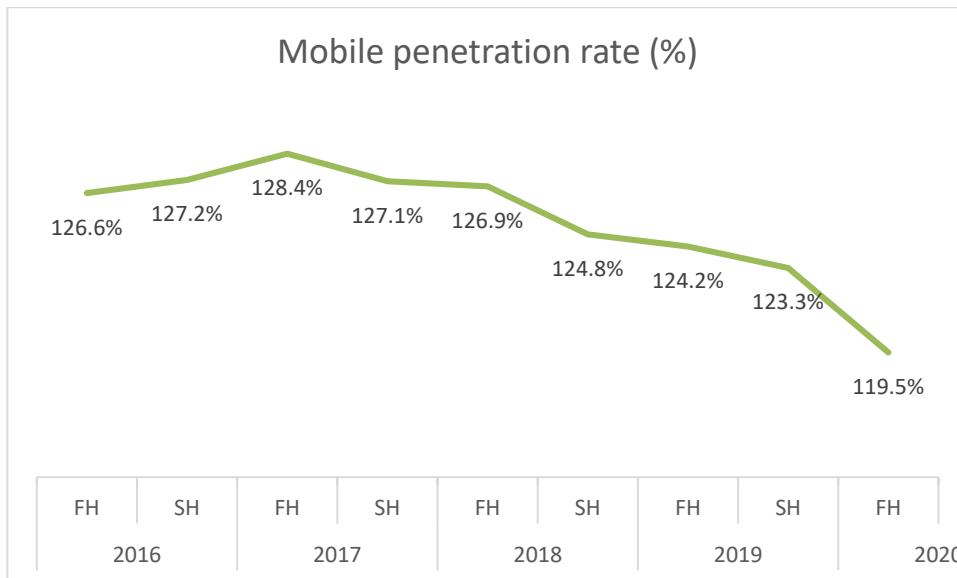


Figure 15: Mobile penetration in Malta

The adoption rate of the mobile telephony service depends on how the subscriber base evolves in view of changes in population. By the end of June 2020, the mobile penetration rate stood at 119.5%, down from 124.2% a year earlier.

Subscriptions in a bundle

On a general level, mobile subscribers largely purchase the service on a stand-alone basis, although local service providers have bundle offers in place that may allow end-users to register their mobile subscription as an add-on to their bundle plan. Just around 10% of all local mobile telephony subscriptions were purchased in the same contract of the bundle by the end of June 2020.

In absolute terms, the number of mobile telephony subscriptions purchased in a bundle totalled 63,367 at the end of June 2020, which is down by 300 year-on-year.

Mobile telephony subscriptions in a bundle	2016		2017		2018		2019		2020
	FH	SH	FH	SH	FH	SH	FH	SH	FH
Mobile telephony subscriptions on a dual play contract	7,052	7,251	6,597	6,092	5,555	5,090	4,602	4,232	3,856
Mobile telephony + fixed telephony	7,052	7,251	6,597	6,092	5,555	5,090	4,602	4,232	3,856
Mobile telephony subscriptions on a triple play contract	84	58	37	24	16	3	5,632	5,132	4,462
Mobile telephony + fixed telephony + fixed broadband	84	58	37	24	16	3	5,632	5,132	4,462
Mobile telephony subscriptions on a quad play contract	48,075	49,900	49,175	49,785	51,691	53,164	53,433	53,887	55,049
Mobile telephony + fixed telephony + fixed broadband + pay TV	48,075	49,900	49,175	49,785	51,691	53,164	53,433	53,887	55,049
Total number of mobile telephony subscriptions in a bundle	55,211	57,209	55,809	55,901	57,262	58,257	63,667	63,251	63,367
Total number of mobile telephony subscriptions at end of period	548,142	546,229	562,956	557,583	576,915	585,470	601,065	604,725	615,423
Percentage of fixed telephony subscriptions in a bundle	10.07%	10.47%	9.91%	10.03%	9.93%	9.95%	10.59%	10.46%	10.30%

Table 9: Mobile subscriptions on a bundled offer

5.2. Mobile inward portings

There were 7,053 mobile inward portings in the first half of 2020, down by 1,717 (or by 35.2%) compared to the same period a year earlier.¹⁰

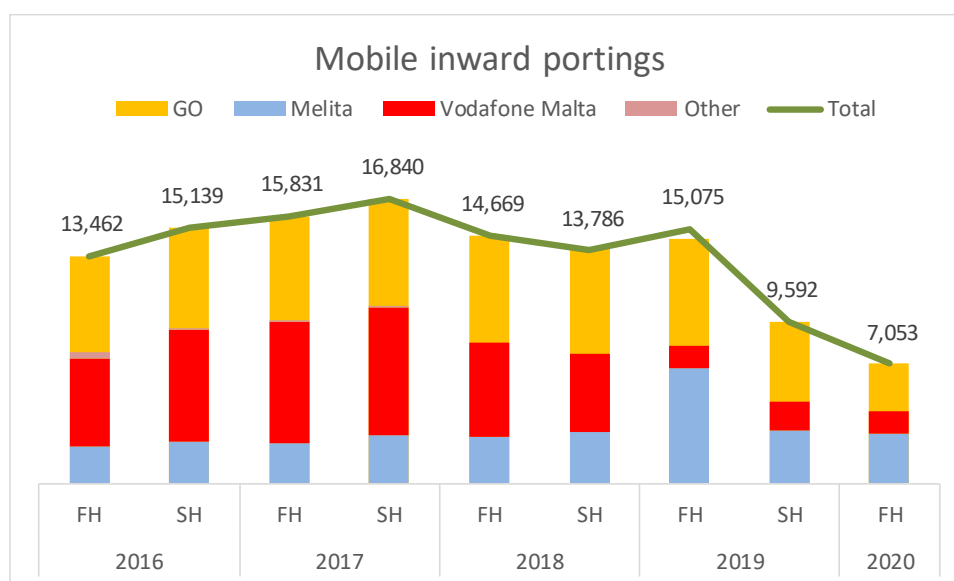


Figure 16: Mobile number portability - number of mobile portings

41.7% of all inward portings reported in the current review period took place on Melita's network, followed by 39.6% for GO and 18.7% for Vodafone Malta.

5.3. Voice usage trends for mobile telephony

At a time when many people were house-bound due to the pandemic and thus close to their fixed line connection, mobile voice telephony usage tended to rise. Effectively, the increase came in the form of minute volumes, as end-users consumed more minutes on a smaller amount of calls. This is also a result of more competition between operators when it comes to the post-paid client

¹⁰ This term corresponds to the total number of mobile users that switch their subscription from one operator to another, whilst keeping the same number. Figure 17 only takes into account the number of mobile inward portings.

segment, with emphasis on voice call allowances. As observed from Figure 17, fixed voice call minute volumes have been steadily going down for several years, although the first six months of the year have somewhat halted this decline, at least temporarily. On the other hand, the first six months of 2020 brought with them a faster rise in mobile voice minute volumes.

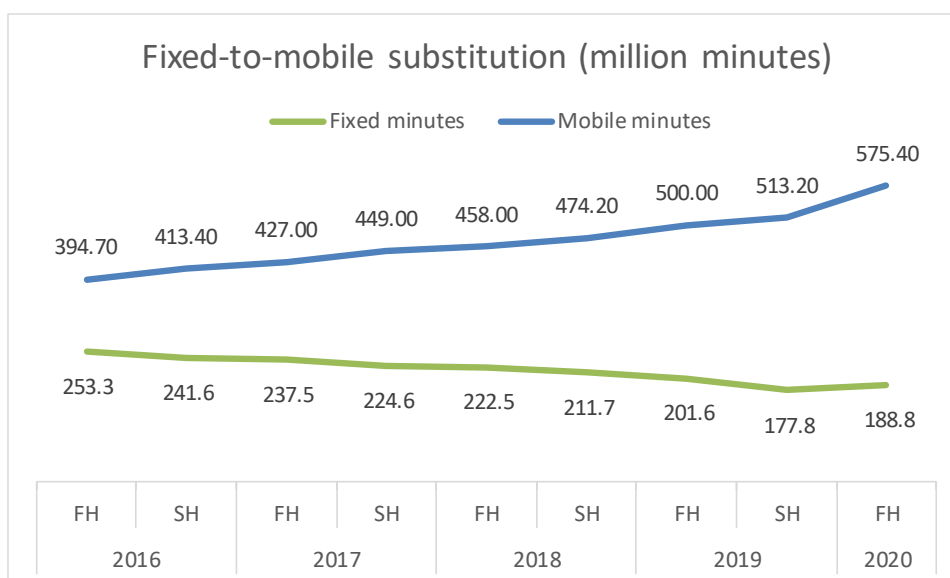


Figure 17: Fixed-to-mobile substitution

5.3.1. Voice calls

The number of mobile voice calls reported in the first half of 2020 amounted to 232.2 million, which is down by 13.3 million (or by 5.4%) from 245.5 million reported in the first half of 2019.

Mobile voice calls	2016		2017		2018		2019		2020
	FH	SH	FH	SH	FH	SH	FH	SH	FH
Total	259,931,283	252,890,126	227,372,393	233,389,349	228,873,729	241,459,866	245,466,482	255,166,763	232,187,480
Mobile-to-mobile calls (MTM)	236,647,482	224,160,687	200,923,780	201,924,304	198,754,552	209,375,479	213,763,997	220,269,889	203,289,239
on-net MTM	172,775,579	155,781,776	130,578,178	127,622,510	126,116,316	130,854,997	131,321,660	134,499,005	121,806,361
off-net MTM	63,871,903	68,378,911	70,345,602	74,301,794	72,638,236	78,520,482	82,442,337	85,770,884	81,482,877
Mobile-to-fixed calls (MTF)	19,340,803	23,356,467	20,751,963	22,971,117	21,573,991	22,052,414	22,381,189	24,140,808	21,457,037
Mobile-to-international (MTI)	3,942,998	5,372,972	5,696,650	8,493,928	8,545,186	10,031,973	9,321,296	10,756,066	7,441,204

Table 10: Outgoing mobile traffic - number of voice calls

On a disaggregated level, voice call volumes under the on-net and off-net mobile-to-mobile (MTM) segments were down by 9.5 million and 0.1 million respectively. Other declines were registered for the 'mobile-to-fixed calls' (MTF) calls category and the 'mobile-to-international calls' category. Call volumes were also down by 0.1 million (or by 4.1%) in case of the former and by 1.9 million (or by 20.2%) in case of the latter.

5.3.2. Voice call minutes

The number of mobile voice call minutes totalled 575.4 million in the first half of 2020, up by 75.3 million (or by 15.1%) from 500.0 million in the first half of 2019.

Mobile voice call minutes	2016		2017		2018		2019		2020
	FH	SH	FH	SH	FH	SH	FH	SH	FH
Total	394,663,889	413,350,385	427,029,443	448,998,678	458,000,106	474,242,556	500,009,106	513,176,684	575,355,357
Mobile-to-mobile calls (MTM)	342,331,655	355,905,501	369,606,725	381,318,473	392,614,001	405,525,806	430,004,359	437,986,047	502,121,662
on-net MTM	235,093,966	240,818,410	245,893,738	250,283,342	253,992,662	260,643,364	270,846,737	272,970,936	309,852,582
off-net MTM	107,237,689	115,087,091	123,712,987	131,035,130	138,621,339	144,882,442	159,157,622	165,015,111	192,269,080
Mobile-to-fixed calls (MTF)	41,464,160	44,463,315	44,217,808	50,039,970	47,735,163	48,422,109	49,626,080	51,445,263	53,948,961
Mobile-to-international (MTI)	10,868,074	12,981,569	13,204,909	17,640,236	17,650,942	20,294,641	20,378,667	23,745,374	19,284,735

Table 11: Outgoing mobile traffic - number of voice call minutes

On a disaggregate level for the first half of 2020 compared to the first half of 2019, on-net MTM minutes and off-net MTM minutes were up by 39.0 million (or by 14.4%) and by 33.1 million (or by 20.8%) respectively, whilst the number of MTF minutes was also up, in this case by 4.3 million (or by 8.7%). In contrast, the number of MTI minutes was down by 1.1 million (or by 5.4%).

5.4. SMS and MMS usage trends

In line with long term market trends, the number of SMSs recorded in the first half of 2020 was down by 30.2 million (or by 25.2%) compared to SMS volumes in the first half of 2019. A significant drop in MMS volumes was also recorded when comparing the respective figures for these two periods.

As already noted in previous CMR publications, these volumes are a reflection of a shift in preferences to voice calling alongside indications of the rising popularity of OTT-based services, as indicated by the MCA Consumer Perception Surveys for mobile telephony carried out by the MCA¹¹.

5.4.1. SMS traffic

Compared to volumes recorded in the first half of 2019, SMS volumes in the first half of 2020 were 30.2 million less (or down by 25.2%) and totalled 89.6 million.¹² Almost all segments of the SMS traffic activity followed a negative trend, with on-net volumes recording the biggest drop.

In the first half of 2020, the number of on-net SMSs was down by 21.1 million (or by 30.7%) to 68.6 million. Meanwhile, the number of off-net SMSs was down by 8.6 million (or by 18.4%) from 53 million to 46.6 million to almost 38.0 million. The number of premium SMSs and SMSs sent to foreign mobile networks was down by 28,089 (or by 12.0%) and by 0.5 million (or by 30.8%) respectively.

¹¹ Reference to the last survey carried out in 2019: <https://www.mca.org.mt/articles/overview-findings-perception-survey-concerning-mobile-telephony-usage-malta>

¹² Including on-net SMSs, off-net SMSs, SMSs sent to foreign mobile networks, SMSs sent from Internet Portal and premium SMSs.

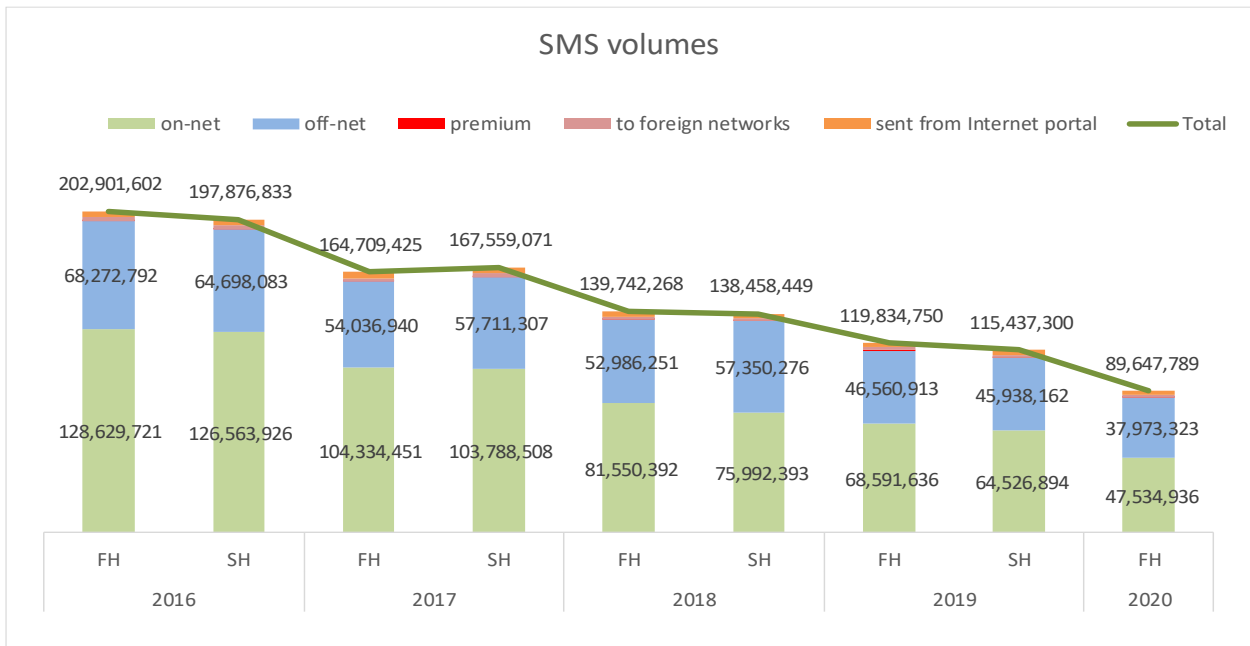


Figure 18: SMS activity - number of outgoing SMSs (1)

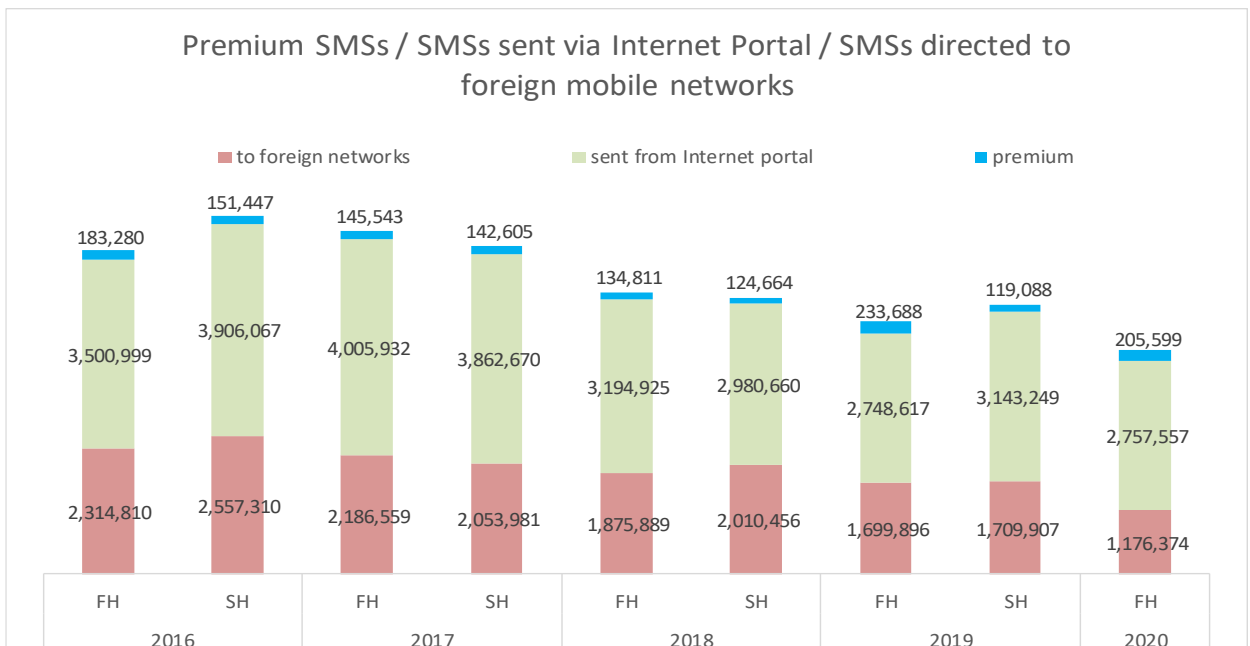


Figure 19: SMS activity - number of outgoing SMSs (2)

On the other hand, the number of SMSs sent via the Internet portals of local operators did show a very small increase in volumes, at 0.3%.

5.4.2. MMS traffic

The number of MMSs in the first half of 2020 totalled to 54,603. This figure is down by 17,586 (or by 24.4%) from 72,189 MMSs recorded in the first half of the previous year.

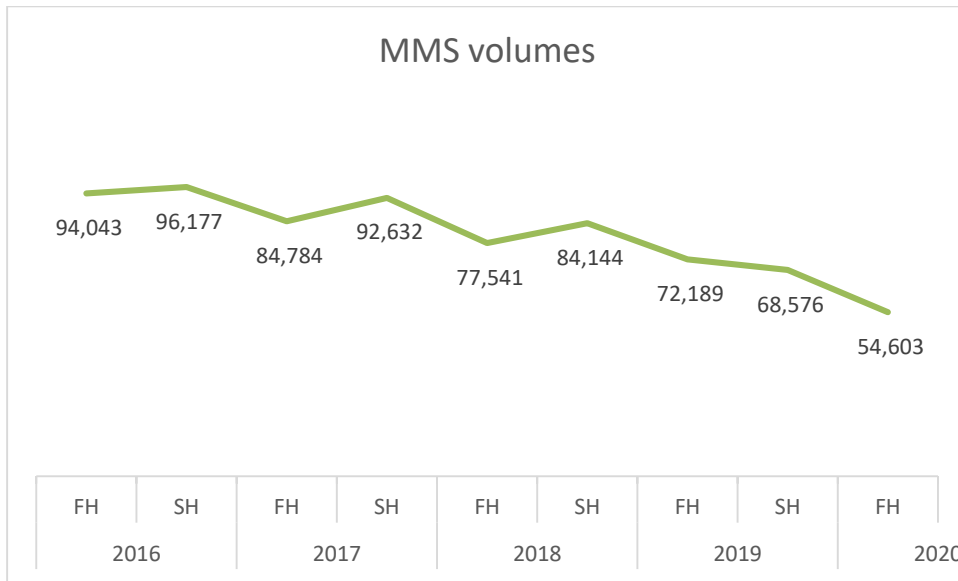


Figure 20: MMS activity - number of outgoing MMSs

5.5. Activity levels per mobile subscription

Developments in activity levels per mobile subscription depend on the rate of growth in traffic volumes and the change in the number of subscriptions.

5.5.1. Voice call activity levels per subscription

In the first half of 2020, mobile telephony voice minute volumes were up by 75.3 million (or by 15.1%) when compared to volumes observed in the first half of the previous year. On the other hand, the number of mobile telephony voice calls was down by 13.2 million (or by 5.4%).

This change also translated into a rise for the average number of voice call minute volumes per subscription. The average number of on-net MTM voice call minutes per subscription totalled 495 in the first half of 2020, up from 436 in the first half of 2019. For the same comparative period, the average number of MTM voice call minutes taking place off-net per subscription was up from 256 in the first half of 2019 to 307.

Voice minute activity levels were also up for MTF calls. In this case, on a per subscription basis, MTF minutes totalled 86 in the first half of 2020 up from 80 reported a year earlier. Meanwhile, the average number of MTI voice call minutes per subscription taking place in the first half of 2020 totalled 31, down from 33 in the same period of 2019.

In terms of voice calls per subscription, the average number of calls was down in the first half of 2020 compared to the same period a year earlier. In fact, on average, subscribers made 371 calls during the current reporting period, from 395 calls a year earlier.¹³

¹³ This figure includes calls taking place on-net, off-net, MTF and MTI.

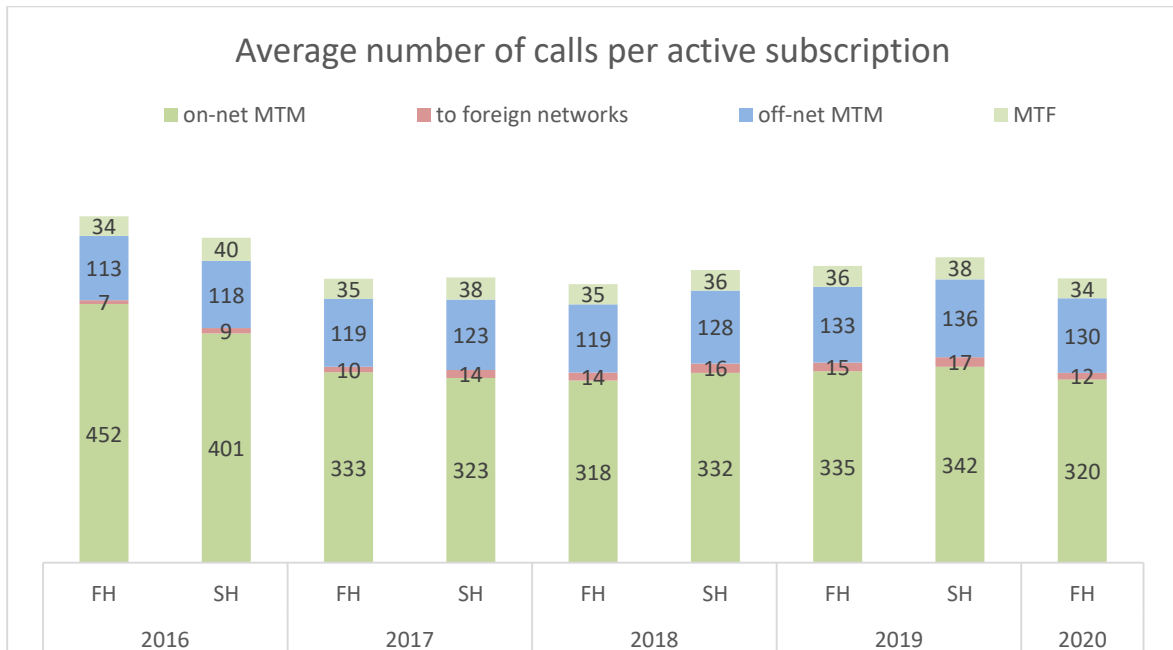


Figure 21: Average number of calls per active subscription

5.5.2. SMS activity levels per subscription

A continued drop in the traditional SMS segment is evident from Figure 22 below.

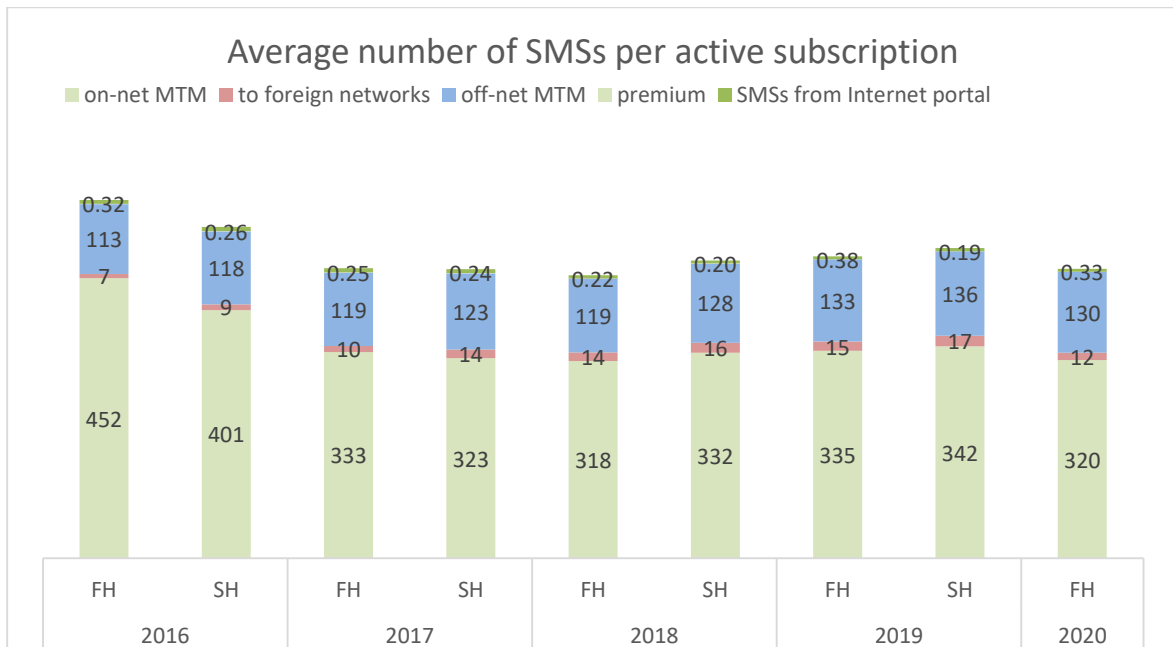


Figure 22: Subscriber activity - average number of SMSs per active subscription

In the current reporting period, the number of SMSs per active subscription was down to 143 from 193 in the first half of 2019.

5.6. Average mobile voice call duration

The continued increase in uptake of post-paid plans and the inherent voice and data allowances included with these plans, has led end-users to make lengthier calls. Overall the duration of mobile voice in the first half of 2020 was calculated at 2 minutes and 29 seconds, compared with 2 minutes and 2 seconds in the first half of 2019.

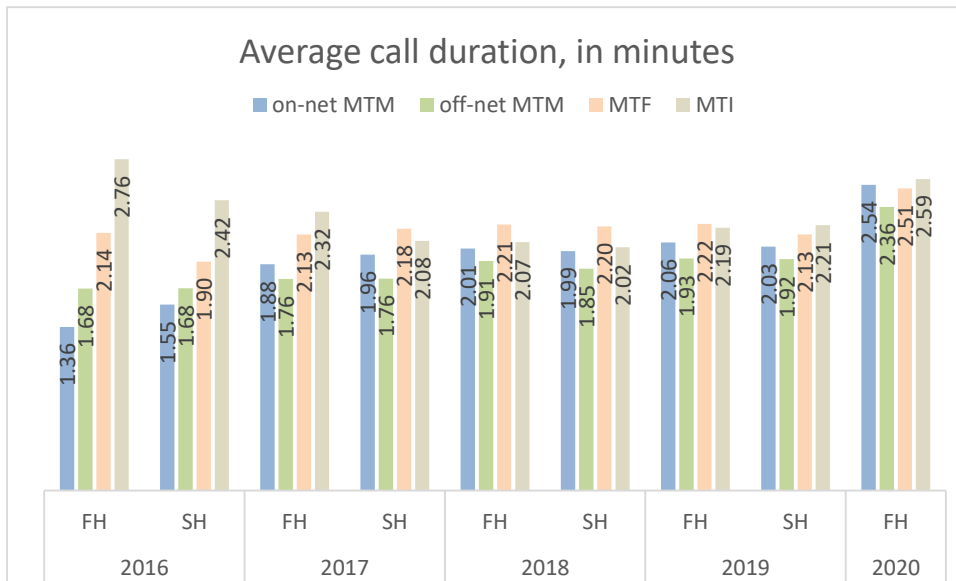


Figure 23: Average duration of an outgoing mobile call

5.7. International roaming usage trends

The level of international roaming activity depends on two main factors, namely the frequency and pattern of travel by end-users and the relative roaming charges that apply for calls and SMSs.¹⁴ Of relevance to underline here that the first months of the pandemic, essentially the period between March to June 2020, experienced a collapse of international travel. As a result, roaming traffic volumes dipped.

5.7.1. Outbound roaming

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

¹⁴ From a technical perspective, international roaming encompasses any activity registered by mobile subscribers whilst travelling abroad. In this regard, end-users would be using voice-roaming services when making or receiving calls via their mobile subscription while abroad. They would be using SMS roaming services when sending or receiving an SMS via their mobile subscriptions. End-users can also send or receive data while abroad over their mobile.

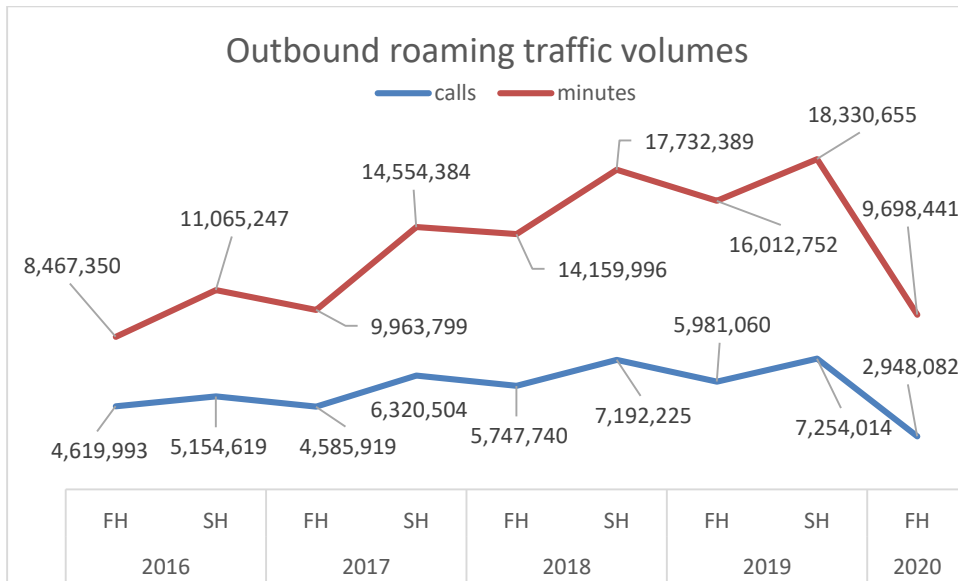


Figure 24: Outbound roaming activity

The number of outbound roaming calls totalled 2.9 million in the first half of 2020, down by .0 million calls (or by 50.7%) when compared to the same period a year earlier. Meanwhile, the number of outbound roaming minute volumes was also down by 6.3 million (or by 39.4%) from 14.2 million to 16 million.

5.7.2. Inbound roaming

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

The number of inbound roaming calls totalled 13.3 million in the first half of 2020, down by 12.4 million calls (or by 48.3%) from 25.8 million in the corresponding period a year earlier.

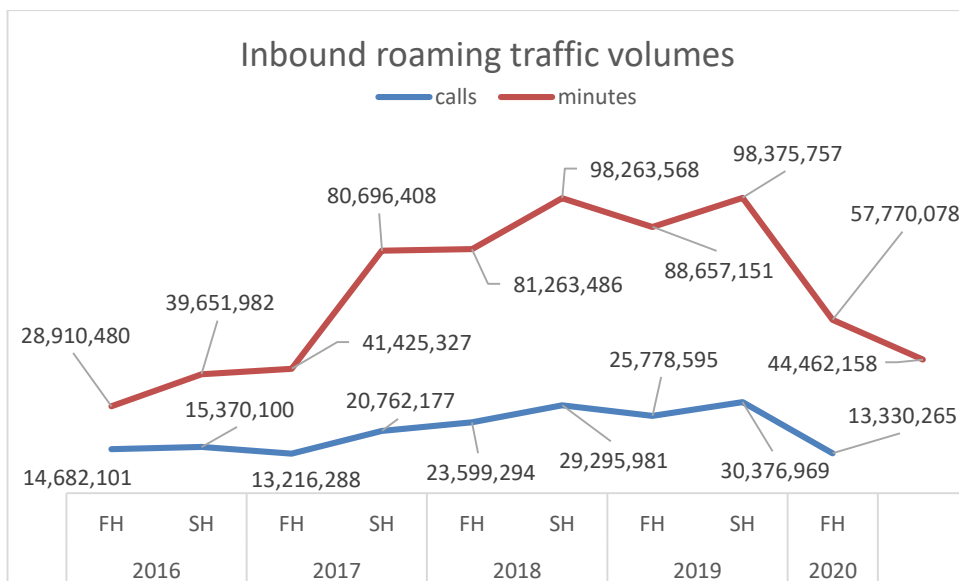


Figure 25: Inbound roaming activity

At the same time, the number of inbound roaming minutes was also significantly down, in this case by 30.9 million by 7.4 million (or by 34.8%), from 88.7 million in the first half of 2019.

5.8. Mobile ARPU

Mobile telephony ARPU in the first half of 2020 totalled €88.41, which is down by almost 2.0% from €90.18 in the first half of 2019.¹⁵ These figures are derived by dividing total revenues of mobile service providers, including access and activity revenues related to voice, SMS, MMS and data traffic, by the average number of active subscriptions, during a given period.¹⁶

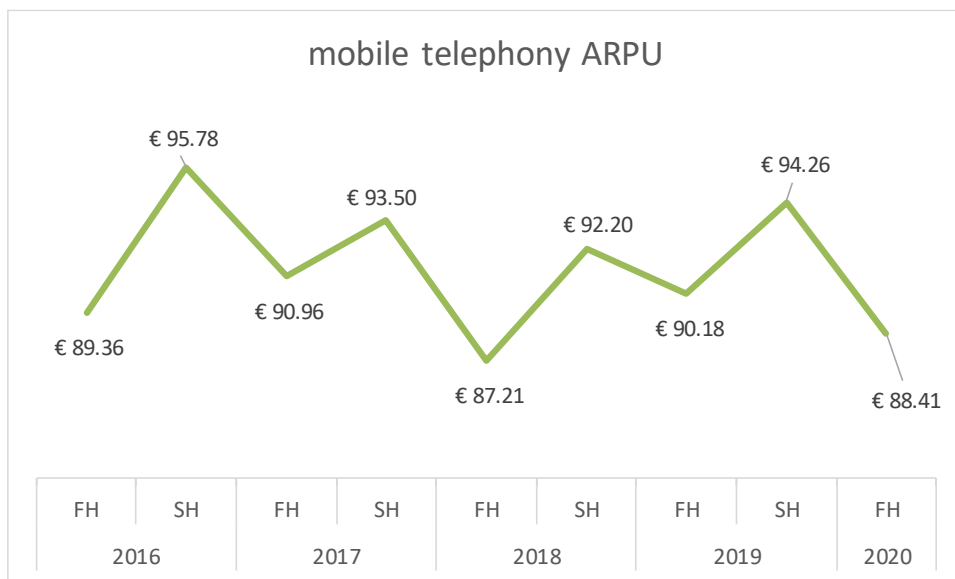


Figure 26: Average revenue per mobile user

This change is likely to the continued expansion of the post-paid client base, which also guarantees a fixed and constant source of revenue.

5.9. Pricing developments for mobile telephony

It is difficult to determine the exact price paid by the end-user to make a mobile voice call and / or to send an SMS, given the wide array of plans currently on offer and the availability of call and SMS allowances. To this effect, the MCA has developed a metric whereby it seeks to map price movements in mobile voice calls and SMSs by taking into account changes in the average revenue

¹⁵ The derived ARPU excludes revenues from interconnection and inbound roaming activity. The revenue element for each individual service is composed of revenues from both stand-alone and bundle subscriptions to a specific service, but excludes installation and connection revenues. Readers should note that operators are left at their discretion to allocate their revenues to individual services.

¹⁶ The average number of active subscriptions 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.

per call minute and the average revenue per SMS based on figures supplied by local service providers.¹⁷

As figure 27 shows, the average rate per minute (ARPM) of mobile communication went further down in the first half of 2020, most likely a result of the more beneficial voice calling allowances being offered locally.

The ARPM of mobile communication for a domestic call stood at €0.038 in the first half of 2020, down by 15.6% from an average of €0.045 in the first half of 2019.¹⁸

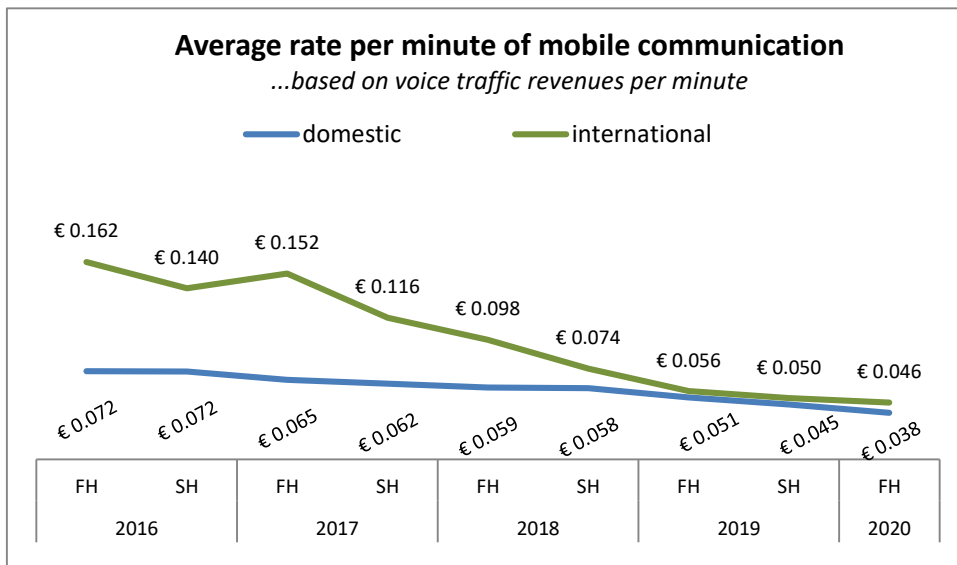


Figure 27: Average rate per minute of mobile communications

The average rate per minute of mobile communication for an international call was also down, this time by 8%, from €0.050 in the first half of 2019 to €0.046 in the first half of 2020.

¹⁷ To calculate the Average Rate Per Minute (ARPM) of mobile voice communication, figures are derived by dividing domestic and international mobile voice traffic revenues (including voice related access revenues but excluding roaming revenues, VAT and excise tax), by the number of minutes reported under each respective heading. In the case of the average rate per SMS, figures correspond to the division of SMS-related revenues by the number of SMSs made during the period. These calculations exclude revenues from VAT, excise tax, and retail roaming services.

¹⁸ It is again noted here that local mobile operators may offer monthly allowances such as 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. However, the current calculations do not take these factors into account.

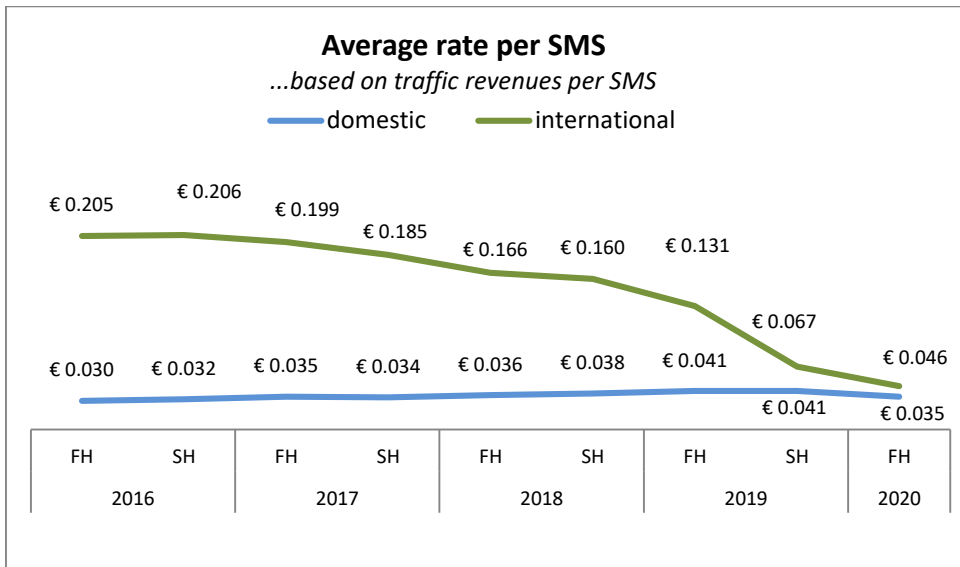


Figure 28: Average rate per domestic and international SMS

In terms of the average rate per SMS, Figure 28 illustrates that, in the first half of 2020, the end-user on average paid €0.035 for a domestically bound SMS and €0.046 for an internationally bound SMS.

6. Fixed and mobile broadband

Access to the internet certainly took centre stage during the first six months of 2020, as people scrambled to re-adapt their work and learn activities from home. This for certain boosted broadband take-up, with this segment of the electronic communications market reporting the biggest growth in subscriptions year-on-year, at 5.6%, corresponding to 11,412 more subscriptions recorded at the end of June 2020 compared to twelve months earlier. Prior-year trends in terms of the selected download speeds and type of subscription were confirmed. By the end of the current reporting period, 92.4% of fixed broadband subscriptions were purchased in a bundle (up by 1.9 percentage points year-on-year) and 49.3% of all subscriptions supported headline download speeds of '100Mbps or more' (up 9.3 percentage points year-on-year).

Demand for mobile broadband services also surged in recent years, with data usage per active subscription jumping in the first half of 2020.

6.1. Fixed broadband subscriptions

The number of fixed broadband subscriptions was up by 11,412 (or by 5.6%) year-on-year, from 197,519 at the end of June 2019 to 208,931 at the end of the current review period. This increase is again underscored by bigger take-up of fast and ultra-fast broadband services supplied over FTTH and DOCSIS 3.1 technologies.

The registered growth in subscription numbers was even faster than rate of population growth, thus resulting in a rising fixed broadband penetration rate, which was up by 1.3 percentage points year-on-year, to reach 40.5% by the end of June 2020.

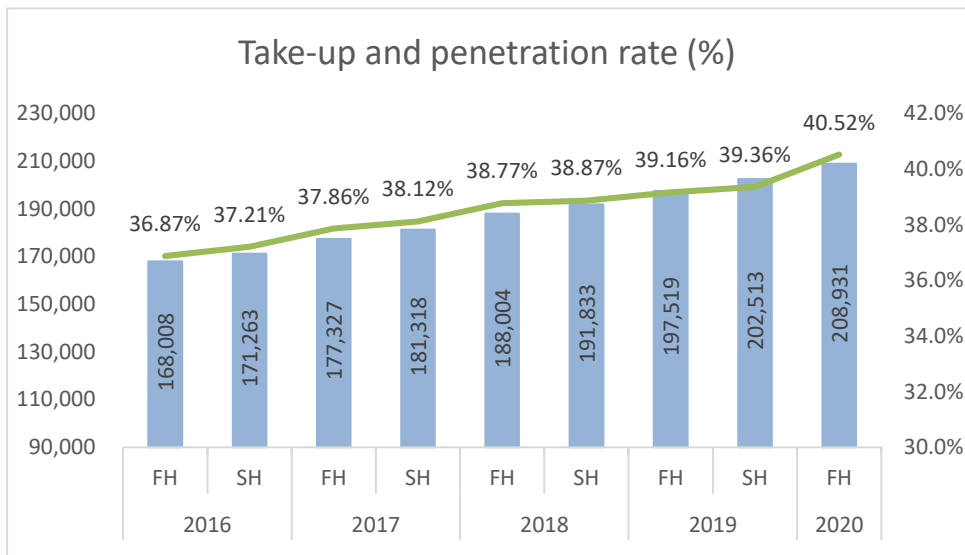


Figure 29: Take-up of fixed broadband and fixed broadband penetration

Fixed broadband subscriptions in a bundle	2016		2017		2018		2019		2020
	FH	SH	FH	SH	FH	SH	FH	SH	FH
Fixed broadband subscriptions on a dual play contract	49,622	54,413	55,227	55,793	55,649	55,306	52,754	55,691	58,678
Fixed telephony + fixed broadband	49,622	54,413	55,227	55,793	55,649	55,306	52,754	55,691	58,678
Fixed broadband subscriptions on a triple play contract	28,613	30,540	40,675	46,859	55,064	61,148	72,595	76,382	79,418
Fixed broadband + fixed telephony + mobile telephony	84	58	37	24	16	3	5,632	5,132	4,462
Fixed broadband + fixed telephony + pay-TV	28,529	30,482	40,638	46,835	55,048	61,145	66,963	71,250	74,956
Fixed broadband subscriptions on a quad play contract	48,075	49,900	49,175	49,785	51,691	53,164	53,433	53,887	55,049
Fixed broadband + fixed telephony + pay-TV + mobile telephony	48,075	49,900	49,175	49,785	51,691	53,164	53,433	53,887	55,049
Total number of fixed broadband subscriptions in a bundle	126,310	134,853	145,077	152,437	162,404	169,618	178,782	185,960	193,145
Total number of fixed broadband subscriptions at end of period	168,008	171,263	177,327	181,318	188,004	191,833	197,519	202,513	208,931
Percentage of fixed broadband subscriptions in a bundle	75.18%	78.74%	81.81%	84.07%	86.38%	88.42%	90.51%	91.83%	92.44%

Table 12: Fixed broadband subscriptions purchased in a bundle

During the first six months of 2020, more people entered into contract agreements encompassing a bundle of fixed broadband with other electronic communications services. Year-on-year, the number of fixed broadband subscriptions in a bundle was up by 14,363 (or by 7.7%), from 178,782 at the end of June 2019 to 193,145 by the end of June 2020. Whilst certainly bundle discounts played a role in this development, the limited choice in the fixed broadband stand-alone product line-up is a factor that contributes to overall outcomes.

6.2. Fixed broadband subscriptions by type of access technology

Fixed broadband services in Malta are offered over three main technology platforms, these being DSL, fibre and DOCSIS cable. To a significantly lesser and limited extent, these services are also offered over fixed wireless access.

A total of 101,163 cable-based broadband subscriptions were reported by the end of the current reporting period. Meanwhile, DSL-based subscriptions and FTTH-based subscriptions totalled 62,813 and 31,664 respectively and subscriptions on the fixed wireless platform totalled 13,291.

The largest increase in subscriptions year-on-year was recorded by the FTTH platform, where subscriptions were up by 7,296 (or by 26.4%) between June 2019 and June 2020. The rise in subscriptions was also strong during the same period for the cable platform. Here, the number of subscriptions was up by 5,105 (or by 5.2%). Meanwhile, the fixed wireless platform recorded an increase of 2,570 subscriptions (i.e. up by 22.1%).

On the other hand, and in line with prior-year trends, the number of DSL-based subscriptions was down by 3,559 (or by 5.5%) subscriptions during the 12-month period ending June 2020.

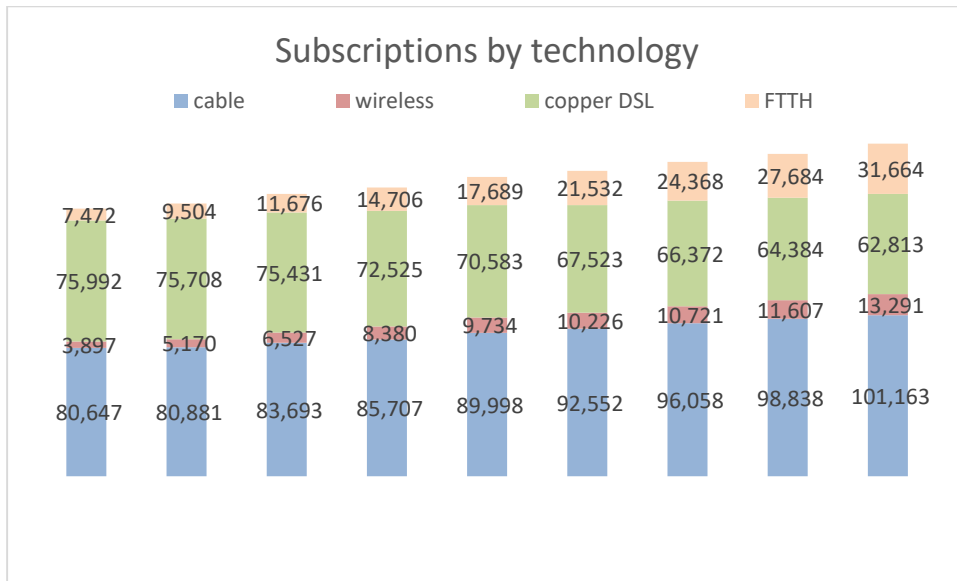


Figure 30: Fixed broadband subscriptions as at end of period - by technology

Given the above-mentioned developments, the cable platform accounted for 48.4% of all fixed broadband subscriptions followed by the DSL platform at 30.1%, FTTH at 15.2% and fixed wireless at 6.4%.

6.3. Fixed broadband subscriptions by download speed¹⁹

A disaggregated look at the fixed broadband subscriptions by speed shows that the '100Mbps and more' product segment accounts for the biggest number of subscriptions by the end of June 2020 at 103,003. This corresponds to 49.3% of all subscriptions recorded at the time. In absolute terms, the number of '100Mbps and more' subscriptions was up by 24,076 (or by 30.5%) year-on-year.

Meanwhile, the number of fixed broadband subscriptions supporting a download speed of '30Mbps but less than 100Mbps' was down by 5,857 (or by 5.6%), from 104,911 to 99,054. The subscriber base for fixed broadband subscriptions supporting download speeds of less than 30Mbps was also down, in this case by 6,807 from 13,681subscriptions at the end of June 2019 to 6,874 at the end of the current reporting period.

¹⁹ Quoted figures refer to advertised speeds.

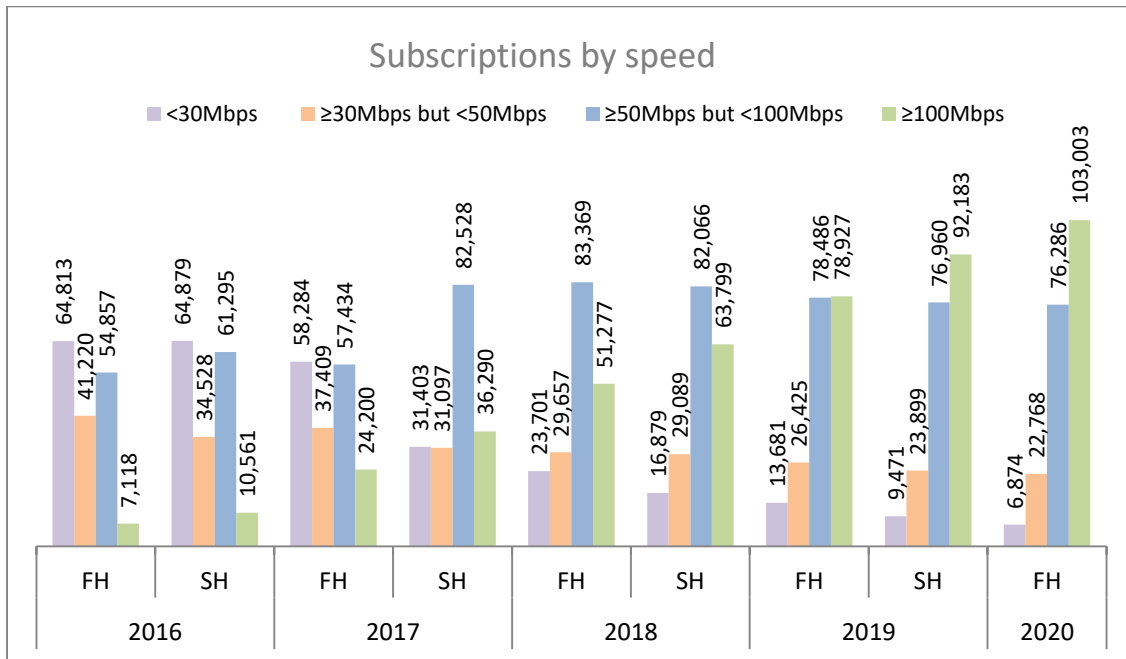


Figure 31: Fixed broadband subscriptions as at end of period, by speed

6.4. Fixed broadband subscriptions by access technology and download speed²⁰

A closer look at the reported fixed broadband subscription numbers by technology, shows that as at the end of June 2020, 80.0% of all cable-based fixed broadband connections supported download speeds of ‘100Mbps or more’ whilst 16.3% of cable-based subscriptions supported download speed of ‘50Mbps but less than 100Mbps’. The remaining 3.7% of all cable-based subscriptions supported download speeds of ‘30Mbps but less than 50Mbps’.

When it comes to FTTH, 69.6% of subscriptions supported download speeds of ‘100Mbps or more’ and 26.6% supported download speeds of ‘30Mbps but less than 100Mbps’. The remaining 3.8% of FTTH subscriptions allowed for a download speed of ‘less than 30Mbps’.

With respect to DSL, none of the subscriptions supported a download speed of 100Mbps or more, but 83.9% allowed for a download speed of between ‘50Mbps and 100Mbps’ whilst 7.7% supported a download speed of ‘30Mbps but less than 50Mbps’. Meanwhile, 8.4% of all DSL subscriptions supported a download speed of ‘less than 30Mbps’.

²⁰ The download speeds reported in this segment are those advertised by the operators and they do not necessarily represent the download speeds end-users reach in their households.

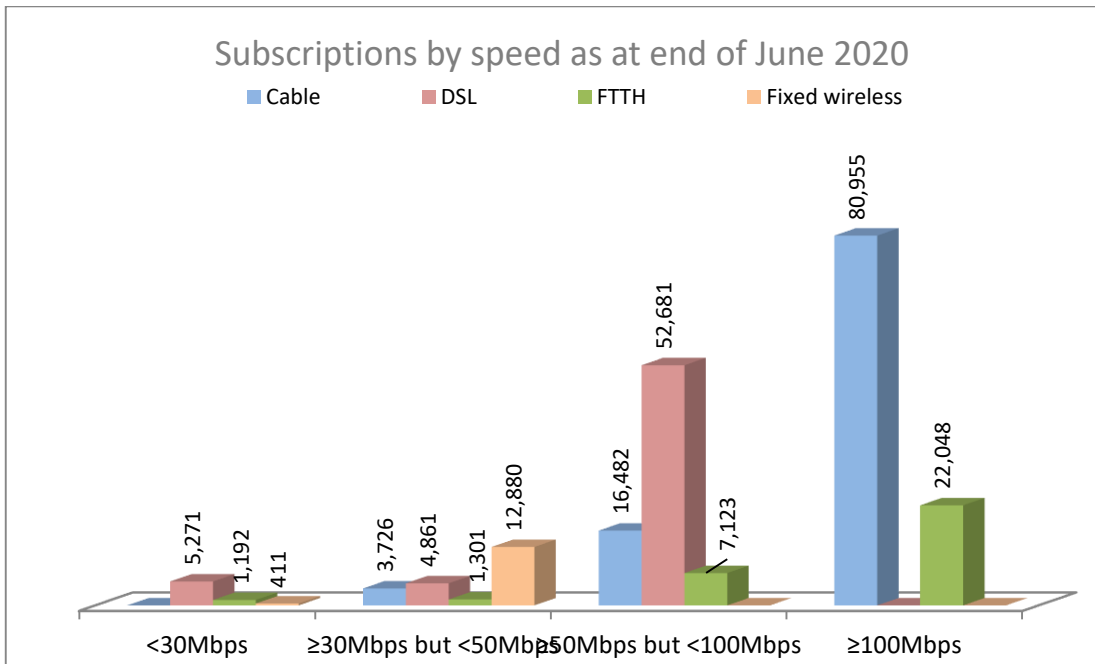


Figure 32: Broadband subscriptions as at end of period - by technology & connection speed

As for the download speeds supported over fixed wireless platforms, 96.9% of all subscriptions supported download speeds of '30Mbps but less than 50Mbps' whilst 3.1% of such connections supports download speeds of less than 30Mbps. Meanwhile, there were no connections over this technology platform that supported download speeds higher than 50Mbps.

6.5. Fixed broadband ARPU

Fixed broadband ARPU in the first half of 2020 totalled €113.97, down by 5.3% year-on-year. Fixed broadband ARPU figures are derived by dividing the total retail revenues reported by service providers in terms of monthly access fees related to the fixed broadband service (excluding installation costs and connection fees) by the average number of subscriptions during a given period.²¹

²¹ The average total number of subscriptions takes the sum of the total subscriptions at the start and the end of the quarter under consideration divided by two. The revenue element for each individual service is composed of revenues from both stand-alone and bundle subscriptions to a specific service, but excludes installation and connection revenues. Readers should note that operators are left at their discretion to allocate their revenues to individual services.

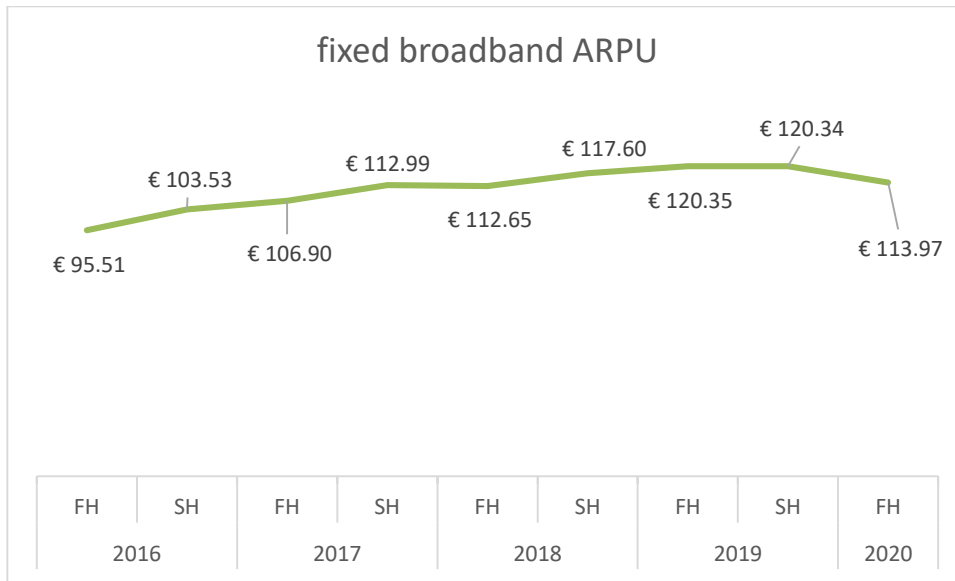


Figure 33: Average revenue per fixed broadband user

The ARPU for the fixed broadband sector has been steadily on the rise for a number of years prior to the change in trend observed in the first half of 2020. This could possibly be due to a change in product line-up for dual play offers and the methodology used by local operators to apportion bundle access revenues by service components comprising the bundle.

6.6. Average rate per Mbps

The MCA continuously monitors the pricing strategies undertaken by operators with respect to fixed broadband. Pricing developments in this sector have become increasingly more relevant seeing that such changes strongly influence competition. This segment gives special attention to the average rate charged per Mbps of download (the rate per Mbps) based on numerous observations of products advertised on websites of operators. Of note is that the average rates per Mbps quoted in this section correspond to different categories of stand-alone and dual-play offers depending on the advertised headline download speeds.²²

Based on the metric implemented for the purposes of this indicator, the MCA notes that the average rate per Mbps in the first half of 2020, at €0.61, was down by 51.2% compared to the rate prevailing in the first half of 2019. This is a result of the discontinuation of a number of legacy plans with headline download speeds of up to 30Mbps. In fact, no such plans were recorded by the end of June 2020.

In case of the other broadband speed categories, the lowest rate per Mbps stood at €0.13 by the end of June 2020, with this rate being recorded for the category of products supporting headline download speeds of '100Mbps or more'. As expected, the highest the headline download speed the less the end-user would pay for each Mbps of download, although it is relevant to underline that

²² The average rate per Mbps calculation in this report takes into account fixed broadband plans that are available nationwide, including dual play bundled packages. Plans that are on a triple-play or quad-play bundle are not taken into account. Also, expenses incurred by the end-user, such as installation fees and other charges, do not feature in the calculations when determining the average rate per Mbps.

the relevant rates in the first half of 2020 did not change much from the rates prevailing a year earlier.

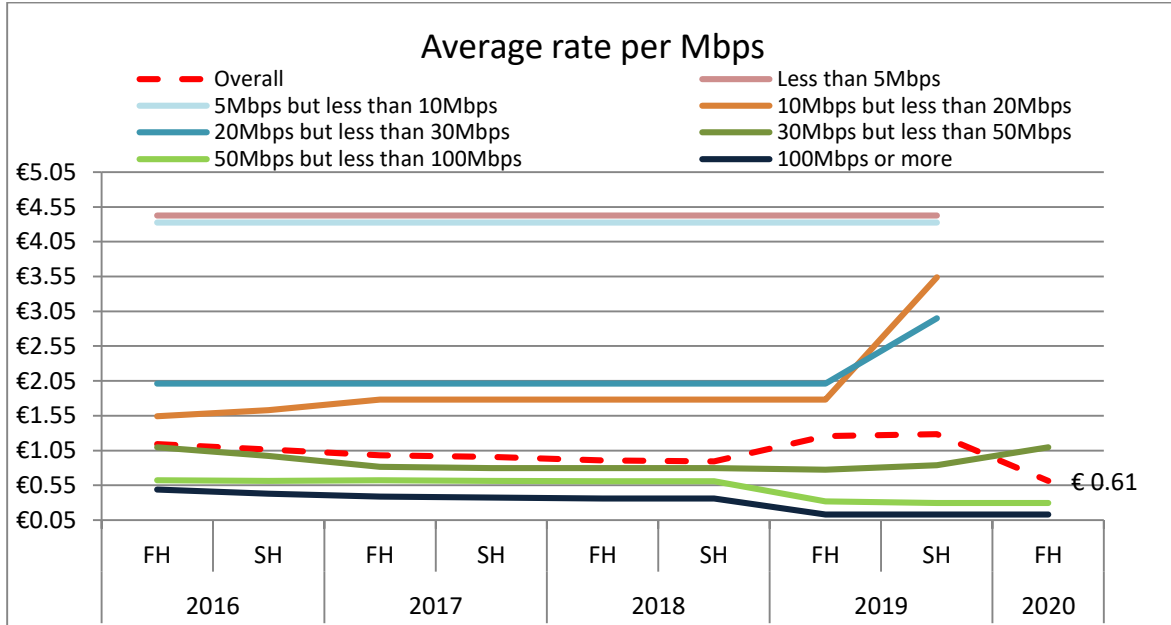


Figure 34: Average price per Mbps of fixed broadband

6.7. Take-up and usage of mobile broadband

The term mobile broadband used in this review encompasses data access and internet connectivity services offered over the following devices:

- A mobile handset with 3G or 4G capabilities; and / or
- portable computers and tablets, enabled by USB dongles / keys and built-in broadband cards.

For the sake of consistency, the methodology used to measure the take-up of mobile broadband in Malta corresponds with that adopted by the EU Commission when measuring progress in this area across the EU.²³

Figure 35 illustrates that the number of end-users actively accessing mobile broadband services in Malta via 3G and 4G-enabled mobile subscriptions totalled 402,918 at the end of June 2020. This figure is down by 2,158 (or by 0.5%) from 405,076 at the end of June 2019. This decline may somewhat be attributed to the drop in the overall number of subscriptions following the disruption in migration flows brought about by the pandemic.

²³ 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.

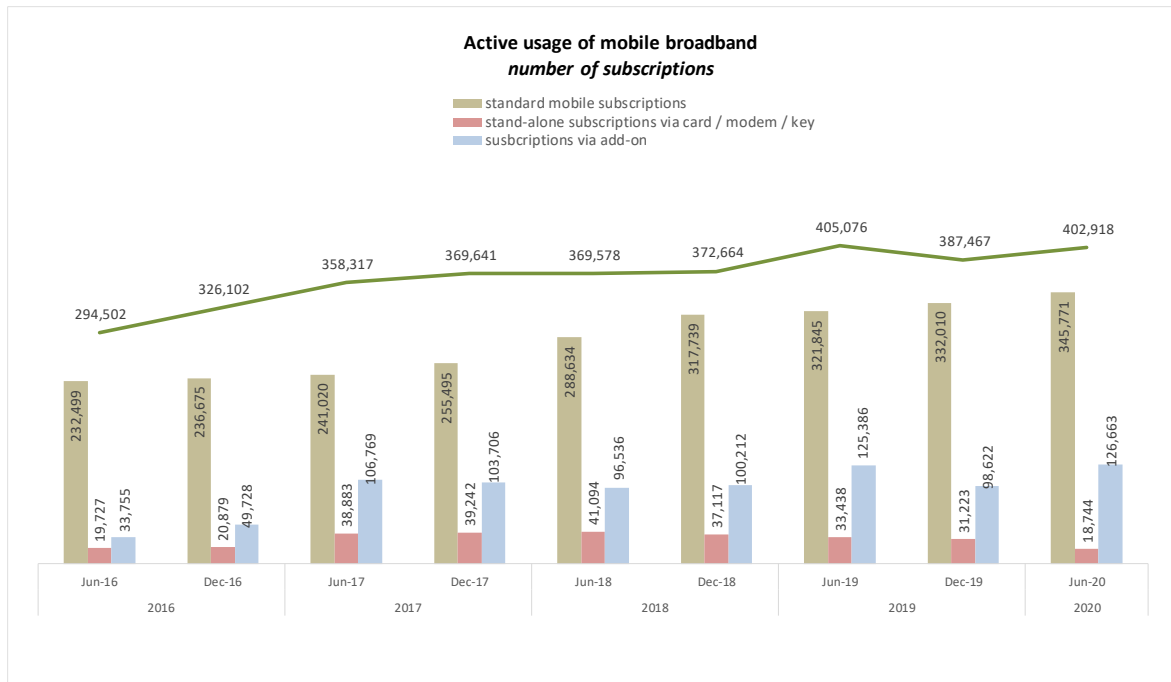


Figure 35: Mobile broadband active connections as at end of period

A disaggregated look at the above illustration shows that the number of active users of mobile broadband services via cards/modems and keys was down by 14,694 (or by 44%) year-on-year, from 33,438 at the end of June 2019 to 18,744 at the end of June 2020²⁴. During the same period, the number of active users of mobile data services through standard mobile subscriptions was up by 11,259 (or by 4.6%) from 246,252 to 257,511. Meanwhile, the number of active users making use of mobile data services via mobile telephony add-ons was up by 1,277 from 125,386 to 126,663.

6.8. Mobile data usage

Mobile data consumption surged in recent years, both as consumer preferences evolved and as operators introduced more advantageous plans in terms of data allowances, especially for mobile post-paid clients. This also explains the big increase observed in post-paid subscriptions during the period under review. Figure 36 shows that total mobile data volumes consumed in the first half of 2020 amounted to 15.0 million GB, up by 10.1 million GB (or by 202.2%) during the same period a year earlier.²⁵

²⁴ Figures are preliminary and subject to change.

²⁵ It is relevant to underline that these figures only take into account active mobile data users via paid mobile subscriptions. It does not consider any mobile data usage over wireless networks such as residential WiFis and free or paid WiFi hotspots.

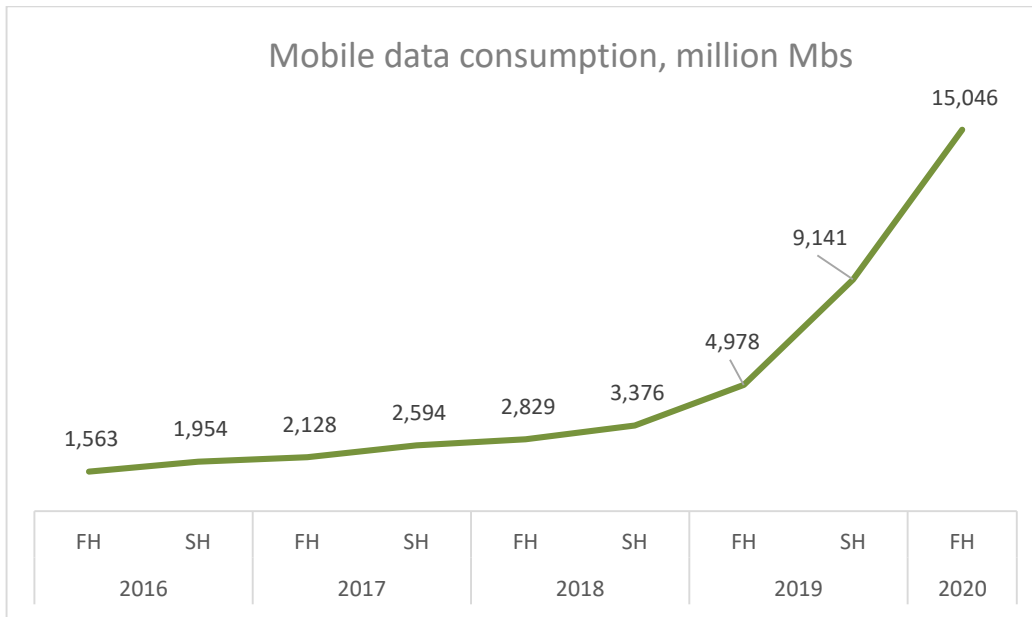


Figure 36: Mobile data during each half-yearly period

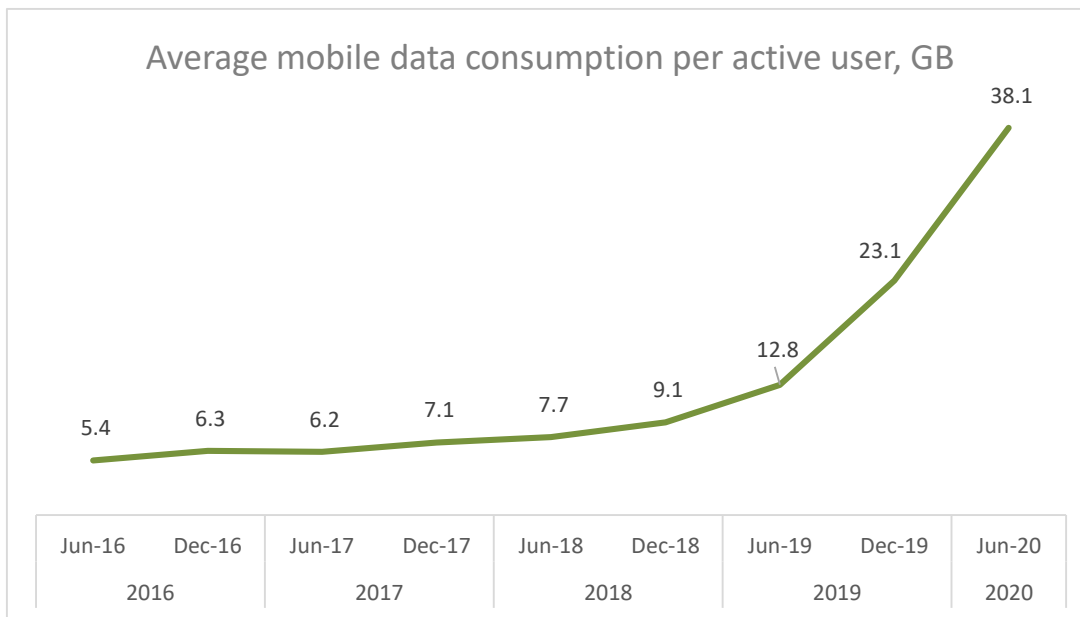


Figure 37: Active data usage per subscriber during each half-yearly period

6.9. Mobile broadband data usage per active subscription

Figure 37 shows that, on average, each active user of mobile broadband consumed 38.1GB of data in the first half of 2020, which is three times higher than what was consumed on average in the first half of 2019 at 12.8GB.

6.10. Mobile broadband penetration

According to the EU's Digital Agenda Scoreboard, Malta benchmarks below the EU average in terms of mobile broadband penetration. As at June 2020, there were 78.1 active mobile broadband SIM cards per 100 people, compared to 103.8 for the EU average.²⁶

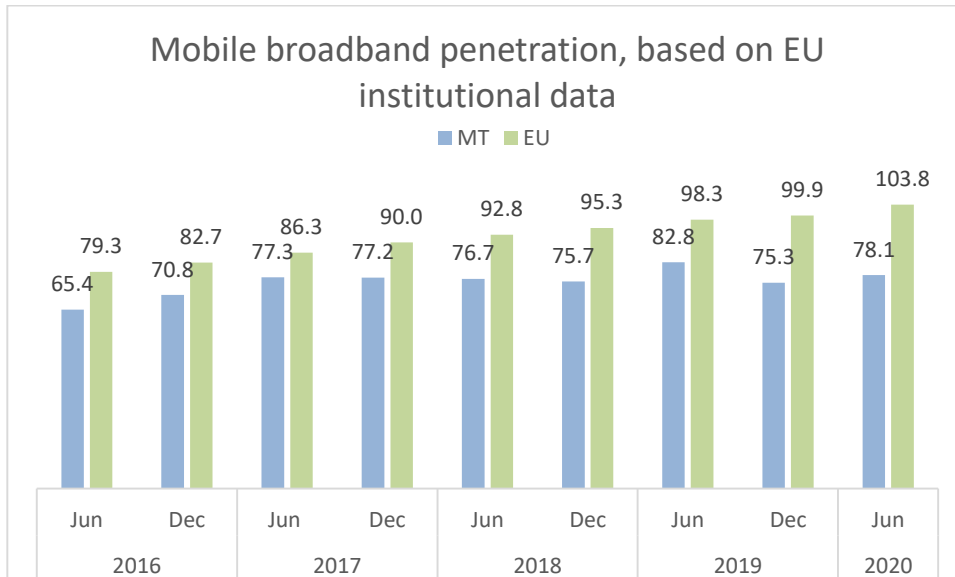


Figure 38: Mobile broadband penetration (active end-users/100 people), as at end of period

²⁶ Link: [https://digital-agenda-data.eu/charts/see-the-evolution-of-an-indicator-and-compare-countries#chart={%22indicator-group%22:%22mobile%22,%22indicator%22:%22mbb_penet%22,%22breakdown%22:%22total_mbb%22,%22unit-measure%22:%22subs_per_100_pop%22,%22ref-area%22:\[%22EU%22,%22MT%22\]}](https://digital-agenda-data.eu/charts/see-the-evolution-of-an-indicator-and-compare-countries#chart={%22indicator-group%22:%22mobile%22,%22indicator%22:%22mbb_penet%22,%22breakdown%22:%22total_mbb%22,%22unit-measure%22:%22subs_per_100_pop%22,%22ref-area%22:[%22EU%22,%22MT%22]})

7. Pay-TV

The local pay-TV segment saw positive growth in take-up during the pandemic, though the figures presented hereunder refer to traditional broadcasting and linear TV programming and services offered by the local operators. The MCA does not to date have information on take-up of the various online streaming services that have been identified internationally as having seen a major uptick in take-up across different countries, while people spent more time at home during the first months of the pandemic.

The local pay-TV segment has seen a 2.2% rise in subscriptions for the first six months of 2020, with new clients subscribed to either Melita’s cable-based TV service or GO’s FTTH-based TV service, the latter referred to hereunder as IPTV. This also at a time when the number of GO’s Digital Terrestrial TV (DTTV) subscriptions declined as the switch-off date for this platform approached.

7.1. Subscriptions

The number of pay-TV subscriptions totalled 171,341 by the end of June 2020, which is up by 3,708 (or by 2.2%) year-on-year.²⁷

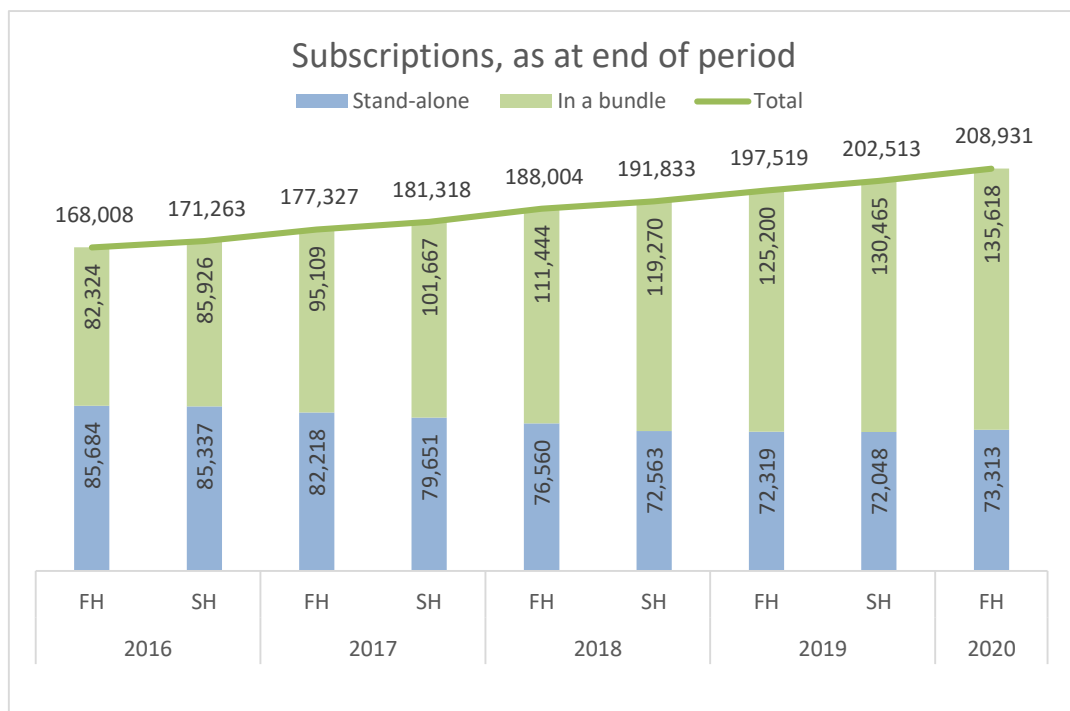


Figure 39: Pay-TV subscriptions as at end of period

Of note is that subscriptions on the cable digital platform increased by 4,831 between the end of June 2019 and the end of the current reporting period to reach a total of 105,042 subscriptions. During the same period, the number of subscriptions on the IPTV platform was up by 8,046 (or by almost 16%), from 50,413 to 58,459. This big jump has to be seen in the context of the falling

²⁷ This figure excludes subscriptions to Over-the-Top (OTT) Video-on-Demand (VoD) offerings or internet-only streaming services. No data on take-up of such subscriptions is available to the MCA since these providers are not authorised locally.

number of DTTV subscriptions, as the operator for this service is enticing customers to switch in view of the DTTV switch off. In the latter case, the number of subscriptions was down by 9,169 year-on-year, from 18,707 at the end of June 2019 to 9,538 at the end of last June.

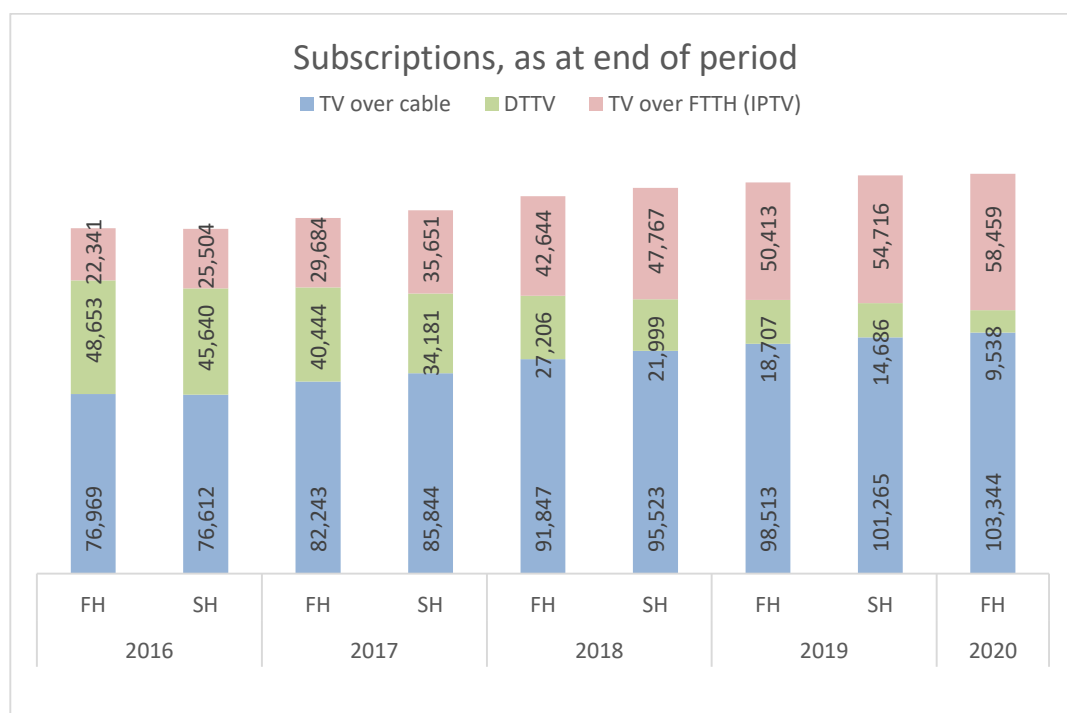


Figure 40: Pay-TV subscriptions as at end of period

7.2. Pay-TV subscriptions in a bundle

There were 135,618 pay-TV subscriptions in a bundle by the end of June 2020, up by 10,418 (or by 8.0%) from 125,200 a year earlier. The proportion of pay-TV subscriptions in a bundle was up by 4.5 percentage points during this period, from 74.7% to 79.2%.

Pay-TV subscriptions in a bundle	2016		2017		2018		2019		2020
	FH	SH	FH	SH	FH	SH	FH	SH	FH
Pay-TV subscriptions on a dual play contract	5,720	5,544	5,296	5,047	4,705	4,961	4,804	5,328	5,613
Pay-TV + fixed telephony	5,720	5,544	5,296	5,047	4,705	4,961	4,804	5,328	5,613
Pay-TV subscriptions on a triple play contract	28,529	30,482	40,638	46,835	55,048	61,145	66,963	71,250	74,956
Pay-TV + fixed broadband + fixed telephony	28,529	30,482	40,638	46,835	55,048	61,145	66,963	71,250	74,956
Pay-TV subscriptions on a quad play contract	48,075	49,900	49,175	49,785	51,691	53,164	53,433	53,887	55,049
Pay-TV + Fixed broadband + fixed telephony + mobile telephony	48,075	49,900	49,175	49,785	51,691	53,164	53,433	53,887	55,049
Total number of pay-TV subscriptions in a bundle	82,324	85,926	95,109	101,667	111,444	119,270	125,200	130,465	135,618
Total number of pay-TV subscriptions at end of period	142,220	142,357	148,642	154,220	161,682	165,289	167,633	170,667	171,341
Percentage of pay-TV subscriptions in a bundle	57.88%	60.36%	63.99%	65.92%	68.93%	72.16%	74.69%	76.44%	79.15%

Table 13: Pay-TV subscriptions in a bundle

7.3. Pay-TV ARPU

The pay-TV ARPU calculation outlines the total revenues reported by local service providers for the pay-TV service, divided by the average number of subscriptions in the current review period. The calculation takes into account revenues from premium services, such as movies or sports add-ons,

in addition to standard revenue streams, namely those generated from installation charges and monthly access fees.²⁸

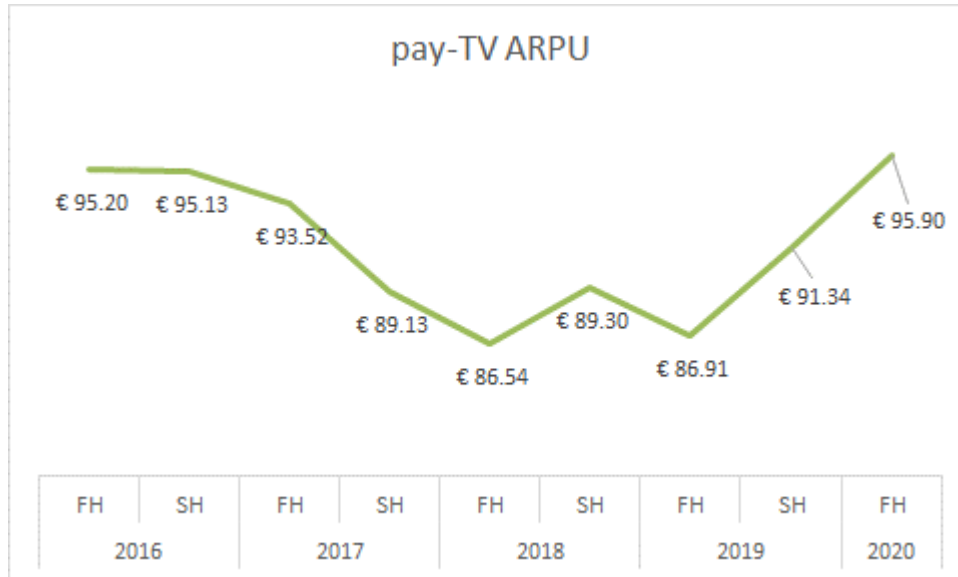


Figure 41: Average revenue per pay-TV user

Whilst pay-TV ARPU declined for several years in a row, the second half of 2018 marked a turning point with a trend reversal. This decline is mainly attributed to the increased take-up of the pay-TV service on bundle plans, alongside the rising demand for packages encompassing sports channels and packages encompassing movie channels. whilst take-up for packages.

7.4. Average advertised monthly access fees for stand-alone pay-TV

This section outlines changes in the average advertised monthly access fees for five distinct pay-TV channel categories, with each category encompassing stand-alone plans listing a particular number of channels, but excluding optional add-ons (such as those featuring sports and video-on-demand channels). The pay-TV categories highlighted in this section encompass the following number of channels: 'Up to 24 channels'; '25 to 49 channels'; '50 to 74 channels'; '75 to 99 channels'; and '100 channels or more'.

The product line-up scenario has changed significantly since the end of June 2019. GO removed its legacy TV plans and shifted to a more streamlined way of selling the service with a basic product over and above which clients could include add-ons with more TV channels depending on the package(s) selected. Melita already employed a similar approach in its product offering. Eventually, the first six months of 2020 set in motion a bigger emphasis by these two operators on the possibility offered to clients to register for an app that allowed for channel viewing, depending on the plans that are selected, via mobile and smart devices. The two operators introduced various

²⁸ Currently, local service providers apportion monthly access fees for bundled products by each electronic communications service featuring in the bundle. Each local service providers implements its own apportionment mechanism.

promotional offers and in some instances also offered free access to their clients for some add-on plans during the first months of the pandemic.

Figure 42 illustrates that the average advertised monthly access fee for pay-TV packages has declined in the first half of 2020. Overall, the average advertised monthly fee was down from €18.28 by the end of June 2019 to €15.57 by the end of the current reporting period. It is noted that movie and sport-related add-ons are not taken into account when calculating the average advertised monthly access fees for pay-TV in this report.

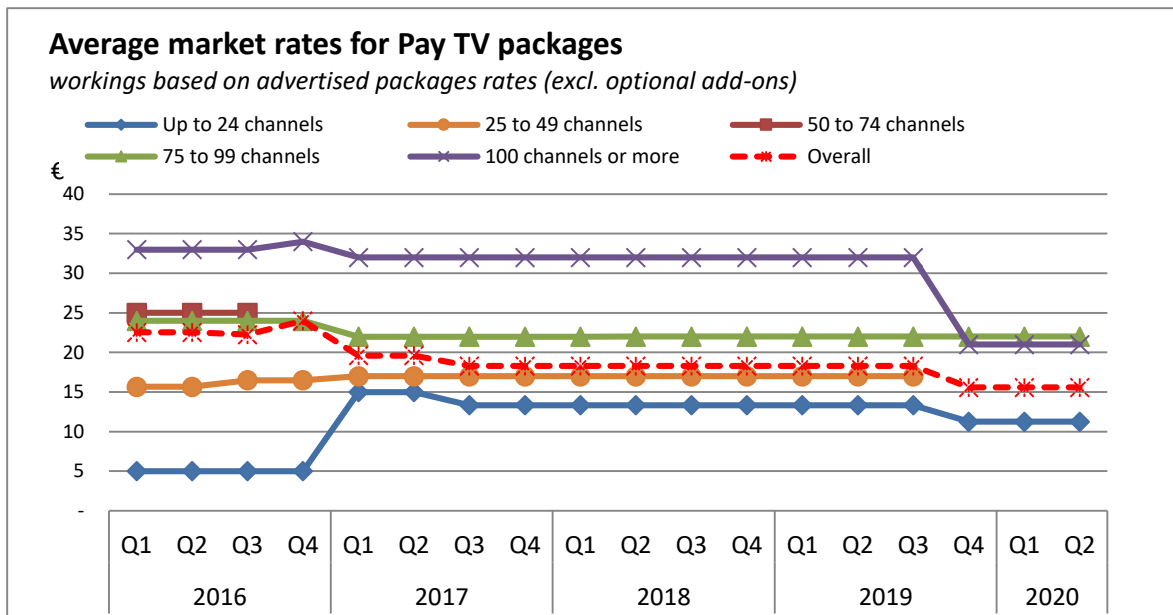


Figure 42: Average market rates for pay-TV packages

Furthermore, the figures presented above are for stand-alone plans only and do not take into account charges or fees that come into force if the end-user requires paper billing or opts not to pay bills via direct debit.

8. Post

The first six months of 2020 were particularly challenging for the postal segment, as mail volumes were hit hard with the disruptions to air travel brought about by the COVID-19 pandemic. Effectively, the pandemic factor exacerbated prior-year mail volume trends characterised by secular declines. Mail volumes in the first half of 2020 were almost 11% down when compared to volumes observed during the same period a year earlier. The parcel segment did however stand out as one area offering slight growth, as consumer behavior evolved during the pandemic towards a bigger reliance on e-commerce.

8.1. Postal mail volumes

A total of 16.2 million postal mail items were delivered by local postal operators in the first half of 2020.²⁹ This figure is down by almost 2.0 million (or by 10.8%) from 18.2 million postal mail items delivered in the same period a year earlier.

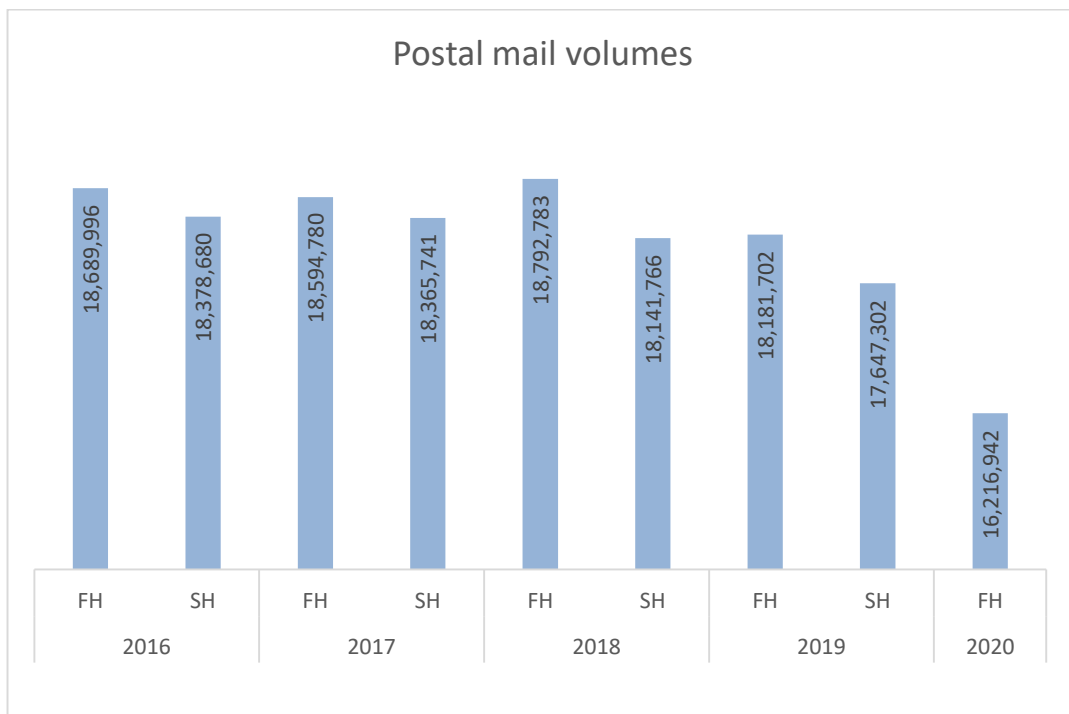


Figure 43: Postal activity - mail volumes handled by local service providers

²⁹ Maltapost plc (the designated Universal Service Provider, hereafter also referred to as “the USP”) 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 23 postal operators (courier and express services) provide services outside the scope of the universal service area. Up till the fourth quarter of 2018, DHL International Ltd. was also licensed to provide non-reserved postal services within the scope of the universal services. DHL International Ltd. renounced this license late 2018.

An important distinction for postal mail volumes relates to the standard postal mail category and the express postal mail category. By way of definition, standard postal mail encompasses the delivery of single piece letter mail, bulk mail, registered mail and parcel mail.³⁰ Express postal mail encompasses the accelerated and secure worldwide delivery of mail items, be it for important letters, documents or parcels, through express mail or courier service providers. The services offered by these providers is characterised throughout by a degree of speed, tracking and managerial control (that exceed that applied to the fastest standard category of the basic universal letter post and parcel services). The distinguishing characteristic of a courier service provider is that it focuses on the delivery of express mail items that are in possession of an employee of the company at all stages of its journey.

Of note is that standard postal mail segment accounted for 95.1% of total postal mail volumes delivered in the first half of 2020. Express mail activity accounted for the remaining share, at 4.9%.

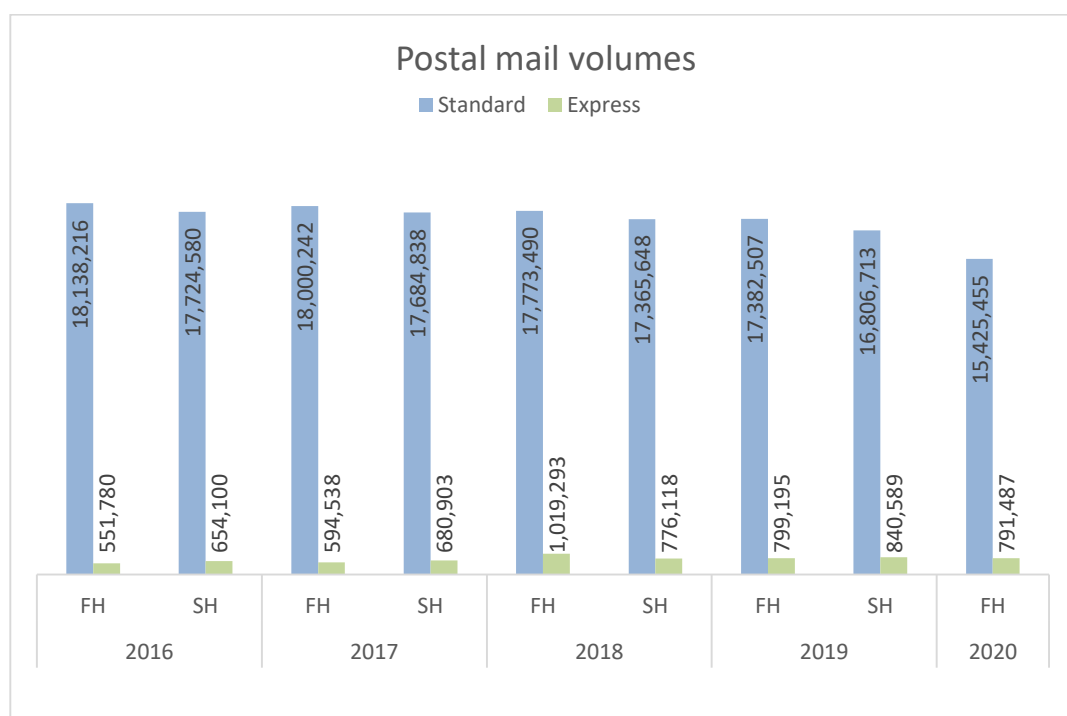


Figure 44: Postal activity - number of handled mail items by type of mail activity

In absolute terms, the number of standard postal mail items delivered in the first half of 2020 totalled 15.4 million, which is down by 1.96 million (or by 11.3%) compared to the corresponding volumes recorded in the first half of 2019. On the other hand, mail activity in the express postal segment was

³⁰ Single piece letter-post mail (also referred to as ordinary mail) is the ordinary day-to-day correspondence posted by individuals and businesses (other than bulk letter-post mail), at street letterboxes or over the counter at postal outlets. The registered letter-post mail service (also referred to as registered mail) refers to a service providing a flat-rate guarantee against risks of loss, theft or damage and supplying the sender, where appropriate upon request, with proof of the handing in of the postal article or of its delivery to the addressee. Bulk letter-post mail (also referred to as bulk mail) consists of a substantial number of similar letter-post items deposited with MaltaPost at the same place and time, to be transported and distributed to the addressees indicated on each of the postal articles.

slightly up by 1.0%, corresponding to a rise of 0.01 million items for the 2020 review period compared to the same period in 2019. ing mail volumes recorded in the first half of 2019.

8.2. Postal mail volumes by type of mail

There are four types of postal mail categories, namely single piece (or standard) letter mail, bulk letter mail and registered letter mail and parcel mail.

Single piece letter-post mail accounted for 32.6% of all postal mail items delivered during the current review period. In absolute terms, the number of single piece letter items totalled 5.3 million in the first half of 2020, which is down by 1.1 million (or by 17.1%) from volumes registered in the first half of 2019.

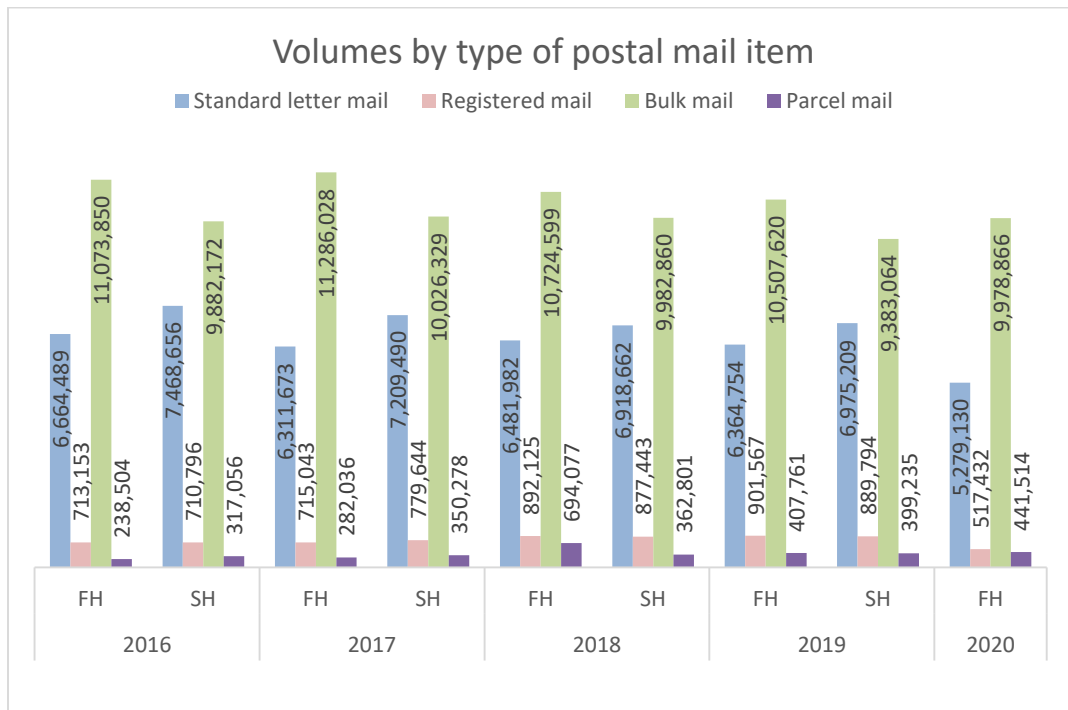


Figure 45: Postal activity - number of handled items by type of mail

Bulk letter mail items totalled almost 10.0 million in the first half of 2020, which is equivalent to 61.5% of total mail volumes delivered during this period. Compared to volumes recorded in the first half of 2019, the number of bulk mail items that were delivered in the current review period was down by 0.5 million (or by 5.0%).

The number of registered letter mail items delivered in the first half of 2020 totalled 0.5 million, which is equivalent to 3.2% of all postal mail items recorded during the period. When compared with the first half of 2019, registered letter mail volumes were down by 384,135 (or by 42.6%).

Parcel mail items totalled 0.4 million in the first half of 2020, which is equivalent to 2.7% of total postal mail volumes recorded during this period. Compared to parcel mail volumes recorded in the first half of 2019, the number of parcel mail items was up by 33,753 (or by 8.3%).

8.3. Postal mail volumes by destination

This section distinguishes between mail activity according to the destination, namely by outlining developments for domestic mail volumes; outbound cross border mail volumes,³¹ and inbound cross border mail volumes.³²

Domestic mail volumes delivered in the first half of 2020 totalled 13.2 million items. This figure is down by 0.8 million (or by 5.4%) compared to the mail volume figure recorded in the same period of 2019.

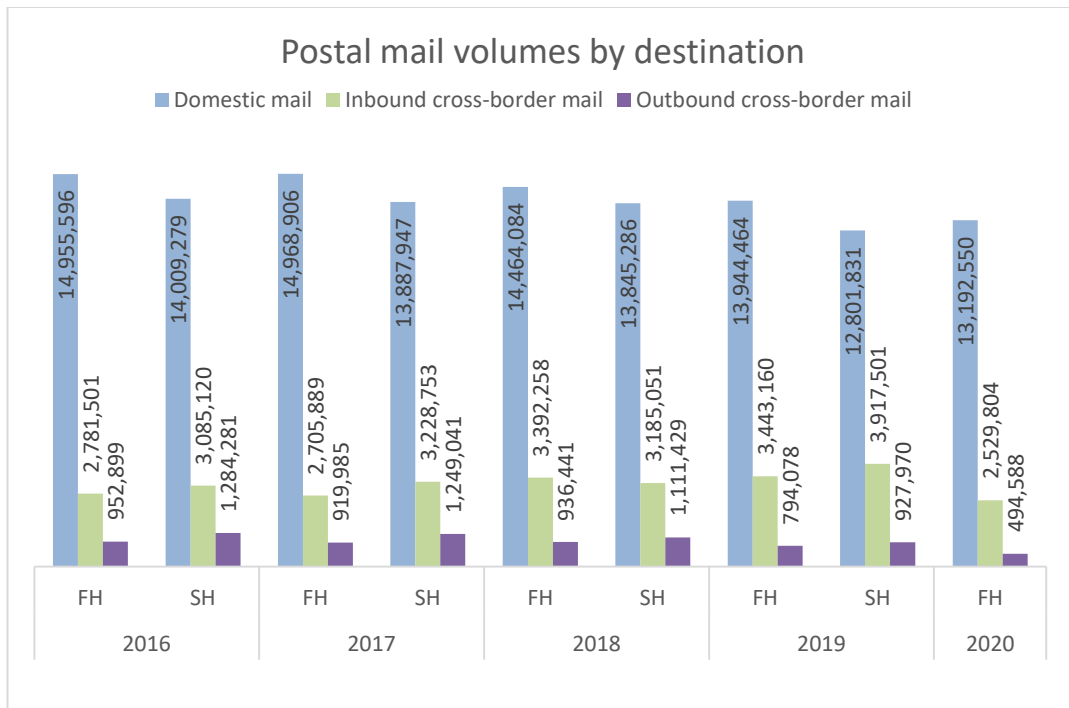


Figure 46: All postal activity - number of handled mail items by destination

Volumes of outbound cross border mail and inbound cross border mail in the first half of 2020 totalled 0.5 million items and 2.5 million items respectively. In the case of inbound cross border mail, volumes recorded in the current reporting period were down by 0.9 million items (or by 26.5%), compared to volumes recorded in the first half of 2019. Meanwhile, outbound cross border mail volumes were down by 0.3 million items (or by 37.7%).

³¹ These postal mail items originate locally for delivery to foreign destinations.

³² Foreign-originated postal mail forwarded to Malta.

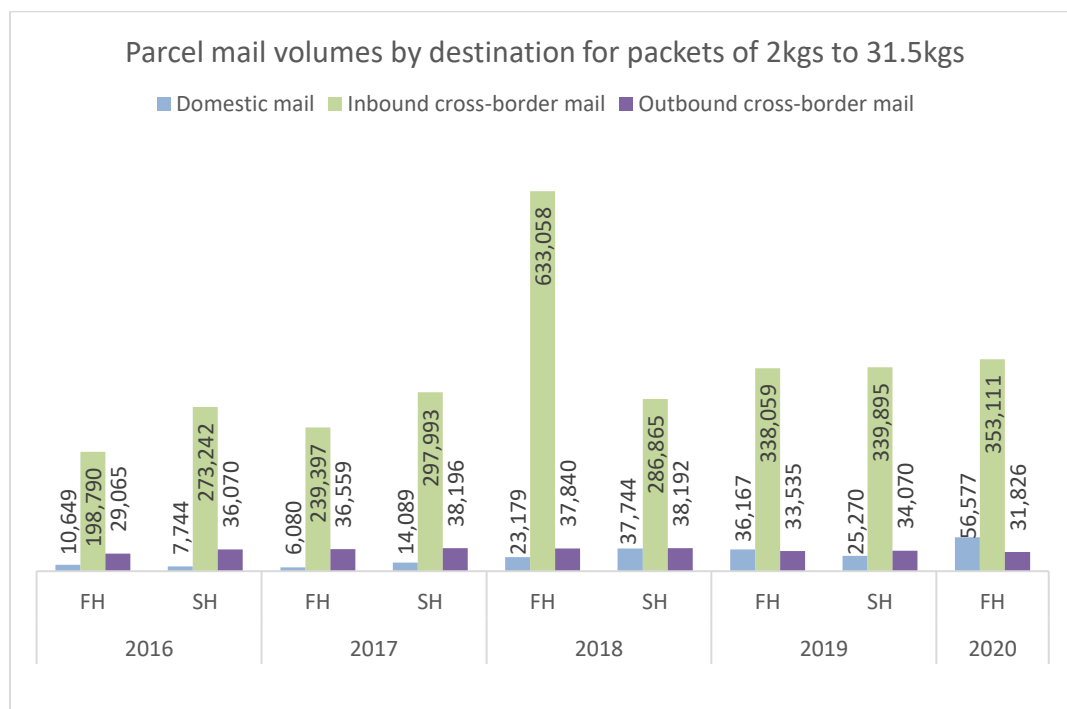


Figure 47: Parcel mail activity - number of handled mail items by destination

Specifically, for parcel mail, the volume of outbound cross border mail and inbound cross border mail in the current reporting period totalled 31,826 items and 353,111 items respectively. In the case of inbound cross border parcel mail, the volume recorded in the current reporting period was up by 4.5% compared to the same period in 2019.³³ Meanwhile, volumes for outbound cross border parcel mail were down by 5.1%. The domestic parcel mail segment was also up by 56.4%, when comparing activity reported for the first half of 2020 to that reported in the first half of 2019.³⁴

8.4. Postal rates: Malta vs EU

The 2020 publication by Deutsche Post entitled 'Letter Prices in Europe' shows that Malta's nominal prices for a domestic standard letter and an outbound letter within the EU to benchmark at the bottom (or close to the bottom) of the ranking.³⁵

This report shows that Malta's nominal price for a domestic standard letter mail item (weighing up to 50 grams) in March 2020 stood at €0.30 as against an EU average for domestic standard letter mail of €1.16.

³³ In the first half of 2018 there was a large amount of activity reported under 'inbound cross border'. This increased buoyancy is a result of an operator reporting an influx of parcels during this period.

³⁴ As of 2019, the MCA has adjusted its postal segment to include parcels up to 31.5KGs so as to be in line with new European regulations on cross-border parcel delivery services. Further information on this article can be found here: <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32018R0644&rid=2>

³⁵ Link to the 19th Edition of the study by Deutsche Post DHL Group entitled 'Letter Prices in Europe' : <https://www.dpdhl.com/content/dam/dpdhl/en/media-center/media-relations/documents/2020/dp-letter-prices-in-europe-2020.pdf>

Malta's rate for an outbound cross-border letter mail within Europe also benchmarked significantly below the EU average rate. Of note in this respect is that while Malta's rate was unchanged over the past five years, the EU average increased gradually

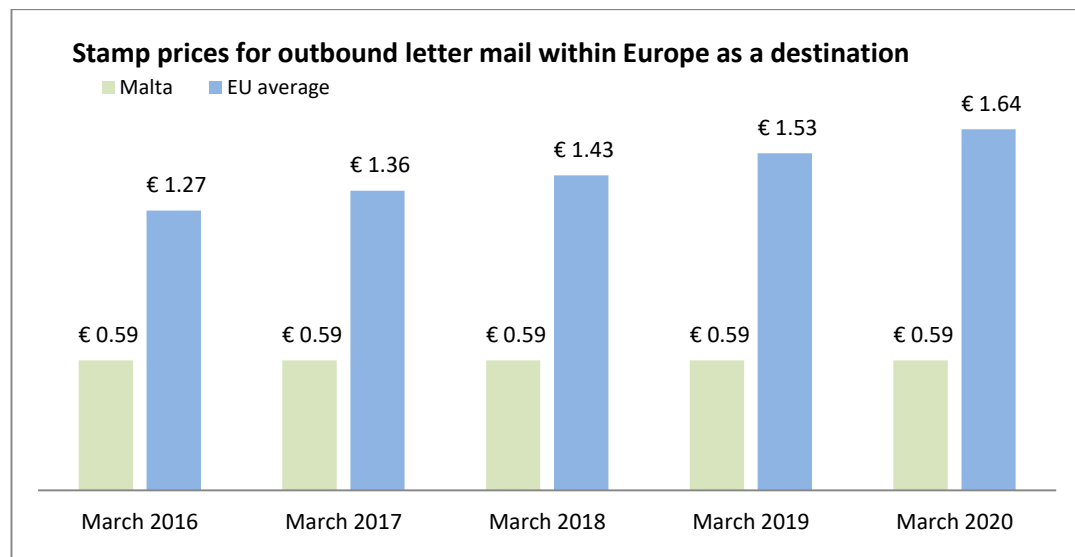
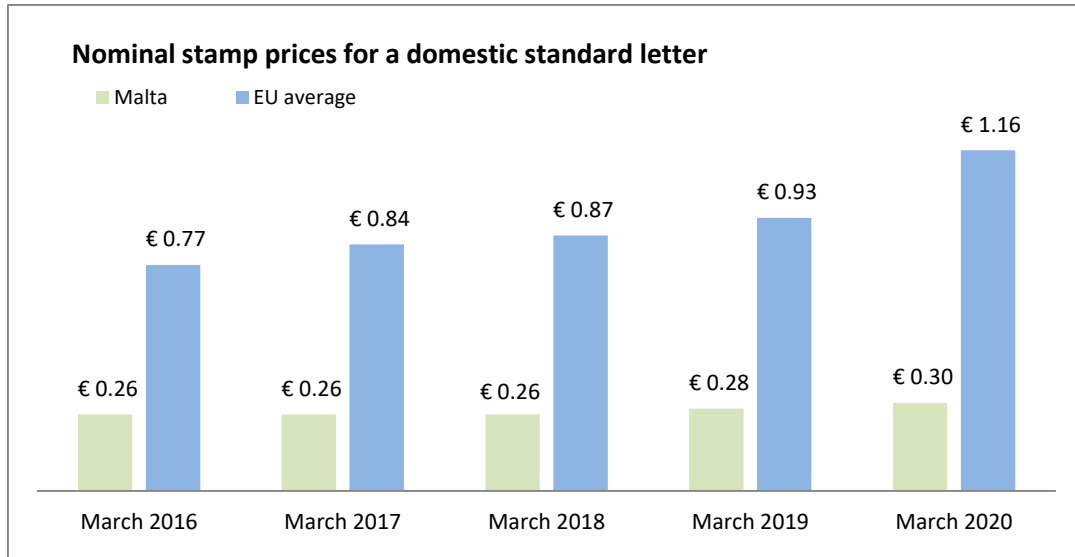


Figure 4850: Nominal stamp prices in Malta and the EU

9. Tables

TABLE 1: TAKE-UP, ACTIVITY LEVELS AND PRICING FOR THE MOBILE SECTOR.....	8
TABLE 2: TAKE-UP, ACTIVITY LEVELS AND PRICING FOR THE FIXED LINE SECTOR.....	9
TABLE 3: TAKE-UP AND PRICING FOR THE FIXED BROADBAND SECTOR.....	10
TABLE 4: TAKE-UP AND PRICING FOR THE PAY-TV SECTOR	12
TABLE 5: POSTAL MAIL VOLUMES	13
TABLE 6: FIXED LINE POST-PAID SUBSCRIPTIONS ON A BUNDLED OFFER.....	17
TABLE 7: OUTGOING FIXED LINE TRAFFIC - NUMBER OF NATIONAL VOICE CALLS	20
TABLE 8: OUTGOING FIXED LINE TRAFFIC - NUMBER OF NATIONAL VOICE CALL MINUTES	20
TABLE 9: MOBILE SUBSCRIPTIONS ON A BUNDLED OFFER.....	26
TABLE 10: OUTGOING MOBILE TRAFFIC - NUMBER OF VOICE CALLS	2728
TABLE 11: OUTGOING MOBILE TRAFFIC - NUMBER OF VOICE CALL MINUTES.....	28
TABLE 12: FIXED BROADBAND SUBSCRIPTIONS PURCHASED IN A BUNDLE	3840
TABLE 13: PAY-TV SUBSCRIPTIONS IN A BUNDLE.....	4851

10. Figures

FIGURE 1: OPERATORS PROVIDING QUARTERLY DATA IN 2019 AND 2020	4
FIGURE 2: KEY MARKET INDICATORS FOR ELECTRONIC COMMUNICATIONS AND POST	56
FIGURE 3: MARKET SHARES IN TERMS OF FIXED LINE TELEPHONY SUBSCRIPTIONS AS AT END OF PERIOD	14
FIGURE 4: MARKET SHARES IN TERMS OF MOBILE TELEPHONY SUBSCRIPTIONS AT THE END OF PERIOD.	14
FIGURE 5: MARKET SHARES IN TERMS OF FIXED BROADBAND SUBSCRIPTIONS AS AT END OF PERIOD.....	15
FIGURE 6: MARKET SHARES IN TERMS OF PAY-TV SUBSCRIPTIONS AS AT END OF PERIOD.....	15
FIGURE 7: FIXED LINE TELEPHONY SUBSCRIPTIONS AS AT END OF PERIOD	16
FIGURE 8: FIXED LINE NUMBER PORTABILITY - NUMBER OF INWARD PORTINGS.....	18
FIGURE 9: VOICE TRAFFIC ORIGINATING FROM LOCAL FIXED LINE NETWORKS.....	19
FIGURE 10: AVERAGE NUMBER OF CALLS PER ACTIVE SUBSCRIPTION	21
FIGURE 11: AVERAGE DURATION OF AN OUTGOING FIXED LINE CALL	21
FIGURE 12: AVERAGE REVENUE PER FIXED LINE USER	22
FIGURE 13: AVERAGE COST OF A FIXED LINE CALL DERIVED FROM REVENUE-BASED WORKINGS	23
FIGURE 14: MOBILE TELEPHONY SUBSCRIPTIONS AS AT END OF PERIOD	25
FIGURE 15: MOBILE PENETRATION IN MALTA	25
FIGURE 16: MOBILE NUMBER PORTABILITY - NUMBER OF MOBILE PORTINGS.....	26
FIGURE 17: FIXED-TO-MOBILE SUBSTITUTION	27
FIGURE 18: SMS ACTIVITY - NUMBER OF OUTGOING SMSs (1)	29
FIGURE 19: SMS ACTIVITY - NUMBER OF OUTGOING SMSs (2)	29
FIGURE 20: MMS ACTIVITY - NUMBER OF OUTGOING MMSs	30
FIGURE 21: AVERAGE NUMBER OF CALLS PER ACTIVE SUBSCRIPTION	31
FIGURE 22: SUBSCRIBER ACTIVITY - AVERAGE NUMBER OF SMSs PER ACTIVE SUBSCRIPTION	31
FIGURE 23: AVERAGE DURATION OF AN OUTGOING MOBILE CALL	32
FIGURE 24: OUTBOUND ROAMING ACTIVITY	33
FIGURE 25: INBOUND ROAMING ACTIVITY	34
FIGURE 26: AVERAGE REVENUE PER MOBILE USER	34
FIGURE 27: AVERAGE RATE PER MINUTE OF MOBILE COMMUNICATIONS.....	35
FIGURE 28: AVERAGE RATE PER DOMESTIC AND INTERNATIONAL SMS	36
FIGURE 29: TAKE-UP OF FIXED BROADBAND AND FIXED BROADBAND PENETRATION	37
FIGURE 30: FIXED BROADBAND SUBSCRIPTIONS AS AT END OF PERIOD - BY TECHNOLOGY	39
FIGURE 31: FIXED BROADBAND SUBSCRIPTIONS AS AT END OF PERIOD, BY SPEED	40
FIGURE 32: BROADBAND SUBSCRIPTIONS AS AT END OF PERIOD - BY TECHNOLOGY & CONNECTION SPEED ...	41
FIGURE 33: AVERAGE REVENUE PER FIXED BROADBAND USER	42
FIGURE 34: AVERAGE PRICE PER MBPS OF FIXED BROADBAND.....	43
FIGURE 35: MOBILE BROADBAND ACTIVE CONNECTIONS AS AT END OF PERIOD	44
FIGURE 36: MOBILE DATA DURING EACH HALF-YEARLY PERIOD.....	45
FIGURE 37: ACTIVE DATA USAGE PER SUBSCRIBER DURING EACH HALF-YEARLY PERIOD	45
FIGURE 38: MOBILE BROADBAND PENETRATION (ACTIVE END-USERS/100 PEOPLE), AS AT END OF PERIOD ...	46
FIGURE 39: PAY-TV SUBSCRIPTIONS AS AT END OF PERIOD	47
FIGURE 40: PAY-TV SUBSCRIPTIONS AS AT END OF PERIOD	48
FIGURE 41: AVERAGE REVENUE PER PAY-TV USER.....	49
FIGURE 42: AVERAGE MARKET RATES FOR PAY-TV PACKAGES	50
FIGURE 43: POSTAL ACTIVITY - MAIL VOLUMES HANDLED BY LOCAL SERVICE PROVIDERS	51
FIGURE 44: POSTAL ACTIVITY - NUMBER OF HANDLED MAIL ITEMS BY TYPE OF MAIL ACTIVITY	52

FIGURE 45: POSTAL ACTIVITY - NUMBER OF HANDLED ITEMS BY TYPE OF MAIL	53
FIGURE 46: ALL POSTAL ACTIVITY - NUMBER OF HANDLED MAIL ITEMS BY DESTINATION	54
FIGURE 47: PARCEL MAIL ACTIVITY - NUMBER OF HANDLED MAIL ITEMS BY DESTINATION.....	55
FIGURE 50: NOMINAL STAMP PRICES IN MALTA AND THE EU.....	56

11. Glossary of Terms

ARPU	Average revenue per user. Selected revenue items of the operator divided by the average number of active subscriptions during the period.
Broadband	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.
Dial-up	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.
DSL	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.
DTTV	Digital Terrestrial Television. The term refers to a delivery platform primarily for television programmes in digital format, using the DVB-T standard.
SH	Second half of the year, referring to the period July to December.
FNO	Fixed network operator. A provider which owns a fixed line network.
FTF	Fixed-to-fixed traffic.
FTI	Fixed-to-international traffic.
FTM	Fixed-to-mobile traffic.
ISPs	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.
Mbps	Megabits per second ("MBit/s") or millions of bits per second. Unit applied to measure the transmission speed of digital information.
MCA	Malta Communications Authority.
MMS	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.
MNO	Mobile network operator. A provider which owns a mobile network.

MPR	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.
MTM	Mobile-to-mobile traffic.
MTF	Mobile-to-fixed traffic.
MTI	Mobile-to-international traffic.
MVNO	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.
Off-net activity	Activity between two or more connections on different networks.
On-net activity	Activity between two or more connections on the same network.
Pay-TV	Television services (generally a channel or set of channels) paid for by the user, by means of subscription or other ways of service payment.
Q	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).
QoS	Quality of Service. A statistical measure of a system or service. May also be used to set varying priorities for traffic.
Service provider	A supplier of electronic communications and postal services, to third parties, either through its own network or through a network of another operator.
SH	Second half of the year, referring to the period July to December.
SMS	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.
Universal service	The basic level of telecommunications services which should be available to all customers.
USO	Universal Service Obligations. A provision in Maltese law requiring certain operators to provide certain services to all specified persons who may reasonably request them.
VAT	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.

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