



## ***Market developments for electronic communications and post – a first review of outcomes for 2021 based on Q1 figures***

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The MCA is hereby outlining the main markets trends observed for Malta's telecom and postal activities in the first quarter of 2021, based on figures reported by local service providers for the relevant quarter of the year.

More data is available in the ['Data Report Sheet \(DRS\)' publication](#) covering the period starting in the first quarter of 2017 to the first quarter of 2021.

### **General developments**

The telecom sector continues to leverage opportunities opened up by COVID-19, exhibiting an overall growth market trajectory and fixed broadband featuring as the fastest growing segment.

Fixed broadband subscriptions were up by 4% year-on-year, underscored by the significant uptrends in take-up of fast and ultra-fast download speeds and purchase of the service in a bundle. Interestingly, the number of subscriptions with 100Mbps or more leapt by 18.7% year-on-year to represent 54% of all fixed broadband subscriptions by the end of the current reporting period. The figures for the first three months of 2021 also show the continued acceleration of mobile voice minute and mobile data consumption. Upon comparing consumption in Q1 2021 to the same quarter a year earlier, mobile voice minute and mobile data volumes were up by 8.3% and 55.3% respectively.

Trends for the first quarter of the year were largely unchanged for the fixed telephony and pay TV segments. Subscription growth underpinned both, up by 1.3% and 0.8% respectively year-on-year. In line with long-term market trends, fixed telephony subscription growth

coincided with a 12.1% percent drop in minute volumes when comparing figures recorded in Q1 2021 to those recorded a year earlier.

Meanwhile, trends for the postal segment have remained on the envisaged downward course, with mail volumes in the first quarter of the year being 10.4% lower than mail volumes in the same quarter of 2020. This drop is accentuated by a 19% decline in single-piece letter mail items. The almost 11% rise in registered mail items was not significant enough to counter-balance declines recorded in other areas.

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

### **Fixed Broadband**

The number of fixed broadband subscriptions amounted to 214,094 by the end of March 2021, up by 8,274 subscriptions (or up by 4.0%) year-on-year.

The number of fixed broadband subscriptions in a bundle offer grew to 93.7% by the end of the first quarter of 2021, with more subscriptions supporting fast and ultra-fast speeds.

Looking at subscriptions by technology, subscriptions via the FTTH network rose the most, by 8,232 (equivalent to 27.8%) with this platform accounting for 17.7% of all fixed broadband subscriptions by end of the quarter. In the 12-month period under review, fixed wireless broadband subscriptions reported a year-on-year rise of 1,727 (or by 14%), representing 6.6% of all subscriptions, whereas cable subscriptions recorded a year-on-year rise of 3,854 or, equivalent to 3.8%, thus accounting for 48.6% of all fixed broadband subscriptions at the end of the quarter being reported. The copper DSL subscriptions, on the contrary, continued to decline by 5,564 (or by 8.8%) year-on-year. This segment amounted to 27.1% of all broadband subscriptions by end of the reporting period.

Fixed broadband ARPU displayed a downtrend, from €57.51 in 2020 to €52.46 in 2021 for the corresponding first quarter of the year. This trend contrasts with the rising ARPU for fixed telephony for the same reporting period.

### **Mobile telephony**

The mobile telephony segment saw a rise of 2,658 subscriptions year-on-year, mainly as a result of developments in the post-paid segment. In this case, the number of subscriptions was up by 2,658 in the 12-month period to the end of March 2021. Similarly, post-paid subscribers have also risen by 14,904 in the same reporting period.

When compared to the first quarter of 2020, the first three months of 2021 displayed a rapid rise in both domestic mobile traffic volumes as well as mobile data Mb consumption, with voice minutes up by 8%, whilst mobile broadband shot up by 55%.

In the meantime, SMS and MMS volumes for the first quarter of 2021 were down by 19% and 49% respectively, compared to volumes in the first quarter of the previous year. This serves as yet another confirmation that mobile telephony users are replacing texting with voice calling, given the generally improved allowances that are available today and possibly even with higher use of OTT-based messaging platforms.

Meanwhile, roaming voice and data volumes remain adversely impacted by the massive drop in travel activity. In this case, volumes were down by 42% and 30%, respectively.

Mobile telephony ARPU was down to €41.18 at the end of the first quarter of 2021 compared to €43.30 a year earlier.

## **Pay-Tv**

The TV segment sustained an upward trend in subscription take-up for the quarter in review. In fact, subscriptions were up by 1,295 (or by 0.8%) year-on-year. Almost 82% of all pay-TV subscriptions were purchased in a bundle at the end of March 2021.

It can be noted that take-up for the digital cable platform rose by 3,030 subscriptions (or by 2.95%) in the 12-month period ending March 2021. The number of IPTV-based subscriptions increased by 4,856 subscriptions (or by 8.5%), whereas the number of subscriptions for the DTTV platform was down by 6,591 (or by 56.7%), when compared to the first quarter in 2020. Both of these platforms are provided by the same service provider, which is close to switch-off completely the DTTV platform.

Pay-TV ARPU has decreased from €47.21 to €46.58 when compared to 12 months previous to the period under review.

### **Fixed telephony**

The fixed line telephony segment saw a rise of 3,349 subscriptions (an uptick of 1.3%) in 12 months, to reach a total of 260,405 subscriptions by the end of March 2021. The majority of subscriptions, at 83.2%, were purchased in a bundled offer. Looking at subscriptions by type of contract, the post-paid client base increased by 4,328 (or by 1.8%) from the end of March 2020 to the end of March 2021. In contrast, both pre-paid and enhanced subscriptions experienced a year-on-year decline, by 10.7% and 9.5%, respectively.

Notwithstanding the increase in subscriptions, fixed voice call and voice minute volumes were down year-on-year. Comparing traffic volumes in the first quarter of 2021 to that in the first quarter of the previous year, the number of fixed telephony voice calls fell by 24.2% whereas the number of outgoing fixed voice call minutes decreased by 12.1%.

Fixed telephony ARPU for the quarter ending March 2021 totalled €32.22, which is up by 7.9% from the previous 12 months.

### **High quality dedicated connections**

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

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

The the number of high-quality dedicated connections totalled 342 by the end of March. This is down by almost 10% year-on-year.

## **Post**

The postal industry in Malta has been experiencing significant competition from electronic sources, which has only grown more during the pandemic. Overall, postal mail volumes continue to decline, with the period under review showing a decrease of 10.6% in mail volumes when compared to the same quarter of 2020. This trend is exhibited in the year-on-year drop in letter post mail items and bulk mail items, which together make up 93% of all postal activity. Mail volumes for the former decreased by almost 20% and the latter by almost 8% compared to the first quarter of 2020. These drops were partially counterbalanced by increases in registered mail and parcel mail, most likely as a result of a rise in online retail shopping.

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- (i) Data cut-off date: 15<sup>th</sup> June 2021;
- (ii) Data is preliminary and subject to change.