

## Telecom Sector – Overweight

Nuttapop Prasitsuksant | Email: nuttapop.pra@thanachartsec.co.th

News Update

### Public hearing on spectrum auction to restart

- **NBTC will revise details on auction for six spectrum bands**
- **The 3500MHz spectrum may be added at the 7<sup>th</sup> band**
- **Targeting new draft for public hearing on 1 April**
- **We are not concern on a likely postponed auction date**

Per resolutions from the meeting yesterday, the board of the National Broadcasting and Telecommunications Commission (NBTC) instructed its team to revise the details of the upcoming spectrum auction, with a new draft targeted to be ready for another public hearings by 1 April 2025. The key areas identified for the revision include the following.

- The 3500MHz spectrum, currently used for television broadcasting in Thailand, may be added as the seventh spectrum band available in the coming auction, following requests by the operators.
- The reserve prices for the six spectrum bands announced earlier will be fully revised, especially those with lower prices than previous final prices, due to concerns over limited competition in the auction given there seems to be only two bidders joining, which could reduce potential revenue for the country from these spectrum licenses.
- The payment terms for spectrum licenses may be made more flexible. From the initial structure of 50% in the first year and 25% in the third and fourth year, new proposals include spreading payments equally at 25% over four years or 10% annually across 10 years payment term.
- There might be an additional clause to cap the maximum bandwidth an operator can hold per spectrum band to prevent monopolistic behavior. The consumer advocacy group has also proposed stricter regulations to safeguard public interest and enhance consumer protection.
- Lastly, due to concerns that the current grouping and sequencing of spectrum bands could create unfair bidding conditions, given that each of the two major operators may favor certain bands over others. The NBTC will revisit the auction structure with a goal is to ensure a fair playing field while stimulating more competitive bidding to maximize potential revenue creation for the country.
- As a result of another public hearing process required, NBTC may consider postponing the auction dates from the original schedule of 17-18 May 2025.

We are not concerned about this news. 1) The inclusion of the 3500MHz band should allow operators to optimize their spectrum portfolio more efficiently. 2) As we already assume final bidding prices to settle 30-50% above reserve prices in our forecasts, revisions of reserve prices are unlikely to result as a significant downside to our numbers. 3) Extension of payment term is positive for cash flows of the operators. 4) Despite a delay, we still expect the auction to be ahead of August, when three of the spectrum bands are set to expire.

We therefore maintain our bullish view on the sector with TRUE remaining our top pick. Despite our HOLD call on ADVANC, we now see some upside to its already corrected share price since our latest report last month.

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