

Telecom Sector – Overweight

News update

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

The spectrum auction date is set for 29 June

- **NBTC finalizes four spectrum bands for upcoming auction**
- **Reserve prices increase, but remain within expectations**
- **We expect only two participants in the bid**
- **Maintain our view of spectrum cost savings for operators**

Local newspapers yesterday (21 April 2025) reported the resolutions from the National Broadcasting and Telecommunications Commission (NBTC) board meeting regarding the upcoming spectrum auction draft, following the completion of two rounds of public hearings earlier this month. We summarize the key takeaways below:

- The spectrum auction date is now set for 29 June 2025. The application period is from 29 April until 28 May.
- Only four spectrum bands in which their ownership rights set to expire this August will be included in the auction, i.e. 850MHz, 1500MHz, 2100MHz, and 2300MHz bands. The operator-requested 3500MHz band will yet be available this round due to unresolved spectrum usage conflicts between mobile operators and television broadcasters, who are the current users of the band.
- The final reserve prices are set at 1) Bt7.8bn for 5MHz bandwidth of the 850MHz band, 2) Bt1.1bn for 5MHz bandwidth of the 1500MHz band, 3) Bt4.5bn for 5MHz bandwidth of the 2100MHz band, and 4) Bt2.6bn for 10MHz bandwidth of the 2300MHz band. While these prices are slightly higher than those proposed in the initial public hearing held in January, they remain below our assumed final bidding prices (see Exhibit 1).
- Recap that our forecasts assume 1) Advanced Info Service Pcl (ADVANC TB, BUY, Bt281) will win 15MHz bandwidth of the 2100MHz band (equivalent to three licenses) from the bid at a total cost of Bt15bn, and 2) True Corporation Pcl (TRUE TB, BUY, Bt12.0) will secure 60MHz bandwidth (six licenses) of the 2300MHz band at a total cost of Bt30bn. We believe the 850MHz band will likely be ignored as both operators already possess sufficient low-band spectrum. Similarly, we expect no interest for the 1500MHz band, given its relatively low adoption in global mobile service applications.
- As our assumptions remain consistent with the newly announced reserve prices, we maintain our view that this round of spectrum auction will lead to cost savings for both operators, i.e. Bt2.9bn saving for ADVANC (Bt3.9bn current rental cost on the 2100MHz band vs. Bt1.0bn amortization cost of the new 15-year license) and Bt2.5bn saving for TRUE (Bt4.5bn rental cost vs. Bt2.0bn amortization cost on the 2300MHz band).
- The official release of the spectrum auction details is expected this Friday (25 April 2025), and we will provide an update once the information is formally announced. In the meantime, we maintain our bullish view on the Thai telecom sector, supported by the sector's resilient revenue despite the weak domestic consumption outlook amid the global slowdown following the U.S. tariff announcement. Additionally, there remains cost savings room for both operators, including the expected reduction in spectrum costs from the coming auction.

Ex 1: Final Reserve Prices Of Four Spectrum Bands For The Upcoming Auction In June

	Public hearing #1 (January 2025)	Public hearing #2 (April 2025)	Final reserve prices	TNS' assumed final bidding prices
	(Bt m)	(Bt m)	(Bt m)	(Bt m)
850MHz	7,738	7,359	7,738	**n.a.
1500MHz	1,057	969	1,057	**n.a.
1800MHz	7,281	12,486	*n.a.	*n.a.
2100MHz (FDD)	3,970	4,500	4,500	5,000
2100MHz (TDD)	581	449	*n.a.	*n.a.
2300MHz	1,960	1,871	2,596	5,000
26GHz	423	423	*n.a.	*n.a.

Sources: The National Broadcasting and Telecommunication Commission (NBTC)
Note: *The spectrum bands will not be available in the coming bids. **We assume no interests in those spectrum bands.

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