

## Telecom Sector – Overweight

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

News update

### Official auction framework announced

- Four spectrum bands confirmed for upcoming auction
- Payment term slightly eased from the hearing draft
- Key auction dates are still pending official confirmation
- Maintain our view of a non-aggressive bidding environment

The official framework and procedures for spectrum allocation were announced in the Royal Gazette on 28 April 2025. We summarize the key takeaways below:

- Four spectrum bands will be available in the upcoming auction: 1) two licenses for the 850MHz band (5MHz bandwidth per license), 2) 11 licenses of the 1500MHz band (5MHz each), 3) three licenses of the 2100MHz band (FDD, 5MHz each), and 4) seven licenses of the 2300MHz band (10MHz each). Their reserve prices remain unchanged from the figures reported by local news last week (see Exhibit 1).
- The licenses will grant winners the rights to use the spectrum bands for a period of 15 years, starting from 4 August 2025.
- The auction will be divided into three groups: 1) the 850MHz band, 2) the 2100MHz and 2300MHz bands, and 3) the 1500MHz band. Each group will follow two phases: an allocation stage and an assignment stage. A simultaneous ascending clock auction will be used in the allocation stage to determine the number of licenses each bidder wins within each group. Subsequently, a first-price sealed-bid auction will be conducted for winners to select specific frequency blocks within the bands, based on the number of lots secured in the first stage.
- The payment terms for the license fees have been slightly eased compared to the public hearing draft. Payments will be made in three installments: 1) 50% of the final bidding price before the license commencement date, 2) 25% at the end of the third license year, and 3) the remaining 25% at the end of the fourth license year.
- However, the key auction dates were not included in this official document. Based on local news reports last week, the auction is scheduled for 29 June 2025, with the application period for interested bidders running from 29 April to 28 May 2025.

### Our view:

- We maintain our view that competition in the upcoming auction will be mild, expecting both Advanced Info Services Pcl (ADVANC TB) and True Corporation Pcl (TRUE TB) to focus primarily on reclaiming their currently utilized spectrum; the 2100MHz band for ADVANC and the 2300MHz band for TRUE.
- The inclusion of both the 2100MHz and 2300MHz bands in the same auction round should reduce the likelihood of aggressive bidding, in our view. We believe this auction format will encourage operators to focus on securing their targeted spectrum holdings, rather than bidding up less-needed spectrum to drive up competitors' costs.
- We anticipate no interest in the 850MHz band, as TRUE has clearly communicated that it no longer requires additional low-band spectrum. The 1500MHz licenses are also likely to be overlooked, given their limited adoption and use cases in the global telecom industry.
- The extension of payment terms from four years to five years is a slight positive for our valuation.

- In relative terms, we see higher risk for TRUE in this upcoming auction, as the 2300MHz band is its core spectrum for delivering 4G/5G mobile services. Given the importance of this band, we expect TRUE to bid aggressively and secure six licenses at an estimated cost of Bt5.0bn per license (93% above the reserve price), to retain its currently utilized 60MHz bandwidth of the band. Meanwhile, we believe ADVANC faces less pressure, as the 2100MHz band is mainly used for its 3G services, thus less critical. We assume ADVANC will reclaim its 15MHz bandwidth by winning three licenses at a cost of Bt5.0bn per license (11% above the reserve price).
- Nevertheless, we expect the final auction prices to result in lower spectrum cost for operators, which is one among the key earnings growth drivers for the sector over 2025–26F.

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

Spectrum band	# of available licenses	Spectrum bandwidth per license (MHz)	Reserve price per license (Bt m)	TNS' assumed final bidding price (Bt m)
850MHz	2	5MHz	7,738	n.a.*
1500MHz	11	5MHz	1,057	n.a.*
2100MHz (FDD)	3	5MHz	4,500	5,000
2300MHz	7	10MHz	2,596	5,000

Source: The Thai Royal Gazette

Note: \* We assume no interest bidders for the 850MHz and 1500MHz spectrum bands.

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