

Favorable auction results as expected

- The spectrum auction concluded peacefully as expected
- ADVANC got the 2100MHz licenses just above reserve price
- TRUE reclaimed 2300MHz band and some 1500MHz licenses
- We maintain our bullish view on Thai telecom sector

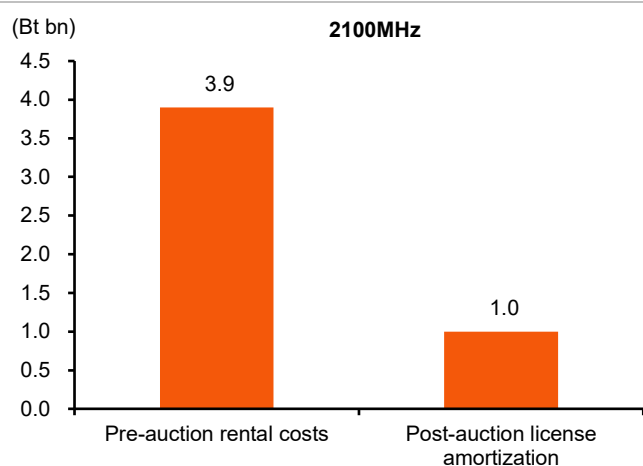
The spectrum auction held on Sunday (29 June 2025) concluded swiftly within an hour, with limited competition between the two major operators, ADVANC and TRUE, which were only bidders in the auction. Both players secured licenses for the spectrum bands they currently operate to replace their expiring rental contracts. With significantly lower amortization costs vs. current rental fees, starting from August 2025, we project substantial spectrum cost savings for both ADVANC and TRUE.

- The auction, held by the National Broadcasting and Telecommunications Commission (NBTC), for four spectrum bands, 850MHz, 1500MHz, 2100MHz, and 2300MHz on Sunday. The bids ended after just two rounds, reflecting minimal competitive tension as we expected. The results were favorable for both operators with lower-than-expected license prices.
- ADVANC secured three licenses for the 2100MHz band, totaling 15MHz bandwidth, to replace its expiring rental agreement on the spectrum, at the price of Bt14.8bn. This 11% higher spectrum cost from the reserve price comes in-line with our expectation, since TRUE did not compete for this spectrum band as we expected.
- TRUE secured seven licenses for the 2300MHz band, totaling 70MHz bandwidth, at the price of Bt22bn which is significantly below our assumption of six licenses at Bt30bn. In a mild surprise, TRUE also acquired four licenses for the 1500MHz band (20MHz bandwidth in total) at Bt4.7bn cost, contrary to our prior expectation that this band would receive no bids.
- TRUE did not participate in the 850MHz auction, as expected, so this low-band spectrum were completely ignored by both operators.
- Based on these final outcomes, we estimate Bt2.9bn p.a. lower spectrum cost for ADVANC, as its current Bt3.9bn rental cost is falling to a Bt1.0bn amortization cost for the 2100MHz licenses secured. For TRUE, cost savings are larger at Bt6.0bn p.a., as its combined Bt7.8bn rental cost (Bt2.7bn for 850MHz and Bt5.1bn for 2300MHz) sets to fall to Bt1.8bn amortization cost (Bt0.3bn for 1500MHz and Bt1.5bn for 2300MHz). These new cost structures will take effect in August 2025.
- Overall, we view the auction outcome as positive for both operators. The low bidding intensity indicates a continued rational pricing environment, in our view, while lower spectrum costs also enhance profitability for the sector. We therefore maintain a bullish stance on the Thai telecom sector and continue to prefer ADVANC for its stronger long-term revenue growth outlook, despite TRUE seeing a larger near-term cost benefit.

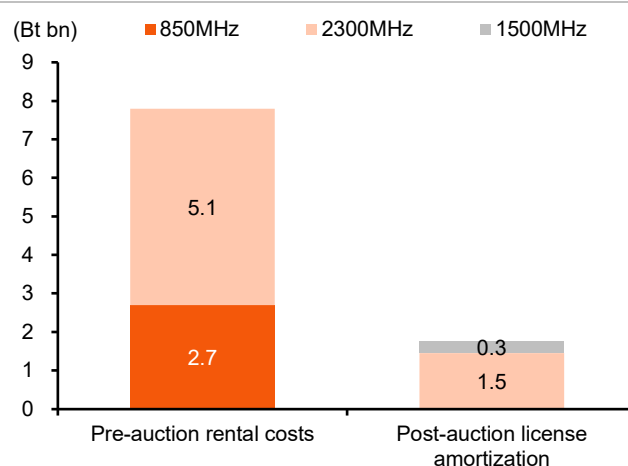
Ex 1: Favorable Spectrum Outcomes For Both Operators

Spectrum	Bandwidth per license (MHz)	# licenses sold	Final price (Bt m)	% above reserve price	Winner
850MHz	2 x 5MHz	0	n.a.	n.a.	n.a.
1500MHz	5MHz	4	1,163.5	10.0	TRUE
2100MHz	2 x 5MHz	3	4,950.0	10.0	ADVANC
2300MHz	10MHz	7	3,110.0	19.8	TRUE

Sources: The National Broadcasting and Telecommunication Commission (NBTC), Thanachart estimates

Ex 2: Lower Cost For ADVANC's 2100MHz Band

Sources: Company data; Thanachart estimates

Ex 3: TRUE's Higher Cost Savings Despite Extra Licenses

Sources: Company data; Thanachart estimates

Ex 4: ADVANC's Post-Auction Spectrum Holdings

Spectrum	Holding bandwidth (MHz)	License price (Bt m)	Average price per bandwidth (Bt m/MHz)
700MHz	20	34,738	1,737
900MHz	2 x 15	75,654	5,044
1800MHz	2 x 20	53,497	2,675
2100MHz	2 x 30	29,475	983
2600MHz	100	19,561	196
26GHz	1,200	5,345	4

Sources: Company data, Thanachart estimates

Ex 5: TRUE's Post-Auction Spectrum Holdings

Spectrum	Holding bandwidth (MHz)	License price (Bt m)	Average price per bandwidth (Bt m/MHz)
700MHz	20	35,168	1,758
900MHz	2 x 15	76,928	5,129
1800MHz	2 x 20	51,883	2,594
2100MHz	2 x 30	27,000	900
2600MHz	90	17,873	199
26GHz	1,000	4,478	4
1500MHz	20	4,654	233
2300MHz	70	21,770	311

Sources: Company data, Thanachart estimates

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