

TELECOMMUNICATIONS

NBTC veers away from remedy appeal

Court ruling stands ahead of auction

KOMSAN TORTERMVASANA

The telecom regulator scrapped plans at the last minute to appeal a ruling by the Central Administrative Court on Total Access Communication's (DTAC) remedy incentive after the country's third-largest mobile operator submitted a bid to join the second-round auction for a 900-mega-

hertz licence.

Yesterday was the last day for the National Broadcasting and Telecommunications Commission (NBTC) to file an appeal with the Supreme Administrative Court against the Central Administrative Court's order to allow DTAC to continue using its 850MHz frequency until Dec 15.

In addition, the regulator plans to extend DTAC's usage of 20MHz of bandwidth (20x2 upload and download) on the 1800MHz band from Oct 24 to Dec 15, despite the concession having expired on Sept 15.

This means after Dec 15, DTAC will be able to use only 5MHz (5x2) on the 1800MHz band with the licence it won from the 1800MHz auction on Aug 19.

An analyst from Kasikorn Securities (KS) recommends investors sell DTAC shares as it sees insufficient value creation from the 900MHz licence, which could result in earnings pressure and the return of investment capital erosion.



DTAC decided to bid on the second-round auction for a 900MHz licence. PORNPRON SATRABHAYA

Takorn Tantasith, secretary-general of the NBTC, said DTAC through subsidiary DTAC TriNet submitted bid documents for the second-round auction of the 900MHz licence, as well as a bid guarantee worth 1.9 billion baht yesterday, the submission date.

"DTAC's move expresses its intent to bid for the licence, so the NBTC has no need to file an appeal against the Central Administrative Court's order," he said.

The NBTC plans to auction the 900MHz licence by upgrading the 850MHz band under the concession to 900MHz. However, the auction's conditions allow the winner to operate the 850MHz band for another 24 months while transitioning to the 900MHz network to accommodate the nationwide hardware upgrade.

DTAC is the only prospective bidder for the auction, after its bigger rivals Advanced Info Service (AIS) and True Move decided to sit out.

AIS and True Move each won 900MHz licences in the 2015 auction, with each licence containing 10MHz of bandwidth (10x2 for upload and download).

Mr Takorn said the second-round auction date for the 900MHz licence will be Oct 28. The auction will start at 37.9 billion baht, with 76-million-baht increments.

DTAC chairman Boonchai Bencharongkul said joining the 900MHz auction will underpin its long-term strategy to enhance network quality and provide competitive services to all mobile users nationwide.

DTAC chief Alexandra Reich said the company intends to make the best use of this opportunity and fight back to capture its fair share of the growth in the Thai market.

Mr Takorn said the NBTC board will hold a meeting next week to approve the extension of the remedy measure for the 1800MHz range under DTAC's concession.

The NBTC board will allow DTAC to continue using 20MHz of bandwidth (20x2) under the original conditions of its concession until Dec 15, the same date as the 850MHz range that the court previously ordered, he said.

Previously DTAC was allowed to continue using the 20MHz on the 1800MHz range only until Oct 24, according to telecom regulations. The rules allow the concession holder to continue using the spectrum under the concession for another 30 days after the regulator awarded a licence to the auction winner.

The NBTC held the auction for the 1800MHz band on Aug 19. AIS and DTAC each won a licence containing 5MHz of bandwidth (5x2). The winners have until Nov 21 to submit the first instalments of 6.7 billion baht to the NBTC.

AIS placed its first instalment on Sept

24. That means DTAC will be able to use the 20MHz on the 1800MHz band until Oct 24, according to the NBTC regulations.

Mr Takorn said DTAC will pay the first instalment for the 1800MHz band on Nov 19.

"Allowing DTAC to continue using the 20MHz of bandwidth until Dec 15 is not a problem," Mr Takorn said. "After that, DTAC will be able to use only 5MHz, as per its licence."

SHORT-TERM GAIN, LONG-TERM PAIN

The KS analyst said the brokerage is positive DTAC will win a 900MHz licence for 38 billion baht at the Oct 28 auction.

The telecom market may react positively to this decision as DTAC's spectrum portfolio will have a good balance of low- and high-band spectrum. This decision is in line with market expectations, so DTAC's share price should rebound from the recent selling spree.

"We think this decision has come too late as DTAC's brand has already been damaged and DTAC has been bleeding customers. We also do not think DTAC, by acquiring a 900MHz licence, will see sizeable gains in revenue, market share or customer churn," said KS.

For the short term, the KS analyst said the NBTC's achievement in selling 900MHz licences will improve the regulatory relationship with DTAC and result in an extension of the remedy period for its 850- and 1800MHz spectrum, as per DTAC's request.

More importantly, DTAC's capital surplus will be quickly depleted by the upfront payment of the 900MHz licence fee, the capital expenditure required to roll out a 900MHz network, and costs related to restoring its brand, customer retention and acquisition, said KS. In addition, DTAC's financial performance, core profit, and return of investment capital would weaken, said the analyst.



The NBTC has no need to file an appeal against the Central Administrative Court's order.

TAKORN TANTASITH
Secretary-general, NBTC