

DTAC bids for 900MHz spectrum in strategic move to recapture market

BROADCAST REGULATOR CALLS OFF COURT APPEAL OVER EXTENSION OF COMPANY'S 850MHZ CONCESSION

THE NATION

DTAC TriNet, a subsidiary of telecommunications company Total Access Communication Public Co Ltd, yesterday submitted its bid for the 900MHz spectrum to the National Broadcasting and Telecommunications Commission (NBTC).

The submission makes it the only bidder for the spectrum.

Owing to the company's bid yesterday, the NBTC decided not to appeal against a recent Central Administrative Court ruling that gives DTAC customers the right to continue using the 850MHz service until December 15.

This leaves DTAC as the sole bidder for the October 29 auction of a licence to operate 2x5 MHz spectrum on the 900MHz bandwidth. The bid's starting price is Bt37.99 billion.

The Total Access Communication Plc's board of directors approved participation in the auction yesterday.

Boonchai Bencharongkul, chairman of Total Access Communication Plc, said: "Joining the 900MHz frequency band auction is an important decision which underpins DTAC's long-term strategy to enhance network quality and provide competitive services to all mobile users nationwide. We are confident this decision will enable DTAC to strengthen its market position and secure future value creation."

Alexandra Reich, company CEO, said: "The 900MHz auction provides a good opportunity for us to improve our spectrum position in line with DTAC's long-term strategy and [is] in the best interest of our customers. We intend to make the best use of this opportunity and fight back to capture our fair share of the growing Thai market." The NBTC had previously announced that it would lodge a court appeal on October 16 (yesterday), if DTAC failed to submit a bid for the 900MHz spectrum within the deadline early on the same day.

The NBTC had declined to allow

DTAC customers to continue using the 850MHz service after the company's concession of 1800MHz and 850MHz ended on September 15. This prompted DTAC to seek an interim protection from the Administrative Court. On September 14, the court decided to allow DTAC customers to continue using the 850 MHz spectrum until December 15.

Meanwhile, Fitch Ratings yesterday affirmed DTAC's long-term foreign- and local-currency Issuer Default Ratings (IDR) at "BBB" with a stable outlook. The agency also affirmed DTAC's national long-term rating at "AA(tha)" with a stable outlook and national short-term rating at "F1+(tha)".

The affirmation reflected Fitch's expectation that DTAC "should be able to maintain robust profit margins and operating cash flow over the medium term despite a continued deterioration in its market position", Fitch announced in a press release.

"We expect DTAC to maintain its FFO adjusted net leverage below 2.5x over the next three years, which is still commensurate with its current ratings," the release said. "Nevertheless, we may take negative rating action if the company's business risk increases due to greater-than-Fitch-expected deterioration in its market position."

DTAC yesterday announced a net profit of Bt572 million for the first nine months of 2018, down from the same period last year, due to higher depreciation and amortization expenses from continued investment in network expansion and one-time non-cash charge of Bt1.4 billion after the settlement of tower ownership dispute with CAT prior to the expiry of concession.

However, operating cashflow for the ninth-month period remained strong at Bt1.6 billion and financial ratios were solid with net debt to EBITDA of 0.7x and net debt to equity of 2.8x. Cash on hand at the end of Q3/18 stood at Bt26 billion.



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Narupon Rattanasamaharn, fourth from left, DTAC Senior Vice President, Head of Regulatory Division, hands over the bid documents to NBTC secretary-general Takorn Tantasith, fourth from right, yesterday.