

TELECOMMUNICATIONS

DTAC qualifies for 900MHz licence auction

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Total Access Communication's (DTAC) subsidiary DTAC TriNet was approved as the sole qualified bidder for the second-round auction of the 900-megahertz licence on Sunday, according to a resolution by the National Broadcasting and Telecommunications Commission (NBTC) yesterday.

The auction will start at 9am on Oct 28 with a reserve price of 37.98 billion baht for 5MHz of bandwidth on the 900MHz spectrum, containing 890-895MHz for upload and 935-940MHz for download.

Bids are to be made in increments of 76 million baht. DTAC TriNet has to bid on time as required by the auction rules.

NBTC secretary-general Takorn Tantasith said DTAC TriNet submitted bid documents and placed a bid guarantee of 1.9 billion baht to join the auction on Oct 16.

The NBTC plans to auction the 900-MHz licence by upgrading the 850-MHz band that is under concession to 900MHz. The auction's conditions allow the winner to operate the 850MHz for another 24 months while transitioning from the 850-MHz to the 900-MHz network.

Rivals Advanced Info Service (AIS) and True Move are sitting out the auction.

AIS and True Move each won a 900-MHz licence in the 2015 auction, with each

licence containing 10MHz of bandwidth (10x2 for upload and download).

Mr Takorn said the payment term of the 900MHz licence comprises four cycles — 4.02 billion baht within 90 days after the auction, 2.01 billion in the second year, another 2.01 billion in the third year, and the remainder of the winning price in the fourth year.

If the bid winner defaults on its first instalment, the bid guarantee, worth 1.9 billion baht will be confiscated and DTAC will have to pay a fine of 5.7 billion to the state.

Previously, an analyst from Kasikorn Securities (KS) recommended investors sell DTAC shares as there would be insufficient value creation from the 900MHz licence, resulting in earnings pressure and erosion of returns on investment capital.

The KS analyst said DTAC will surely win the 900MHz licence for 38 billion in the auction this Sunday.

The overall telecom market may react positively on this decision as DTAC's spectrum portfolio will have a good balance of low and high band spectrum.

"We think this decision is too late as DTAC's brand has already been damaged and DTAC's customers are bleeding. We also do not think DTAC's 900MHz licence will result in a sizeable revenue market share gain," said the analyst.