

# TELEVISION SOME REST FOR THE DIGITALLY WEARY

A Section 44 lifeline from the government will keep some sinking TV operators afloat for now, but a long-term fix remains distant. By Nanat Suchiva.



**D**igital TV operators have issued a final sigh of relief after the government's decision to grant a three year-debt moratorium on their unpaid licence fees.

The move is expected to allay those players who have been bleeding profits for years due to low ratings and decreasing ad revenue, spurred by the economic slowdown and technological disruption.

President of the digital TV association Suparp Kleekachai raised the issue of technological disruption last year, saying traditional media players, especially those in the TV industry, have had to contend with digital media, which is available on demand, any

time, anywhere.

He has urged the national regulator and the government to consider stricter media laws and regulations to create a fairer playing field between new entrants and old-school staples.

On May 22, the National Broadcasting and Telecommunications Commission (NBTC) prodded TV operators to submit their fifth licence payment or face having their channels blacked out after a 120-day warning period.

But the government ultimately invoked Section 44 to impose a three-year debt moratorium to support ailing firms. Billions of

baht in unpaid licence fees have, for the time being, been put on ice, letting digital TV players operate in full.

The moratorium points to recognition that the NBTC and the government failed to properly handle the digital TV transition and possibly imposed too high of a digital TV licence fee.

Apart from the debt moratorium, the rescue package also includes a 50% reduction in ground network fees for 24 months. Digital TV operators have already paid licence fees worth 34 billion baht or 68% of the total, and only Bangkok Television and Radio Channel 7 have made the fifth payment, worth a com-



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bined 372 million.

But the postponement of the consolidated 4.8 billion baht for the fifth instalment has not been met with fanfare in all corners, with some successful operators looking down on the decision by authorities to throw ailing players a lifeline, saying they knew the risks before jumping into the digital fray.

Two fruitful operators of note are Mono 29 and Workpoint TV.

The NBTC once suggested that the government should allow the existing digital TV operators to transfer their licences to other private companies as part of measures to rescue those who were strapped for cash. But while the current law allows for new shareholders to enter a company that has a digital TV licence, the licences themselves cannot be transferred.

A leading digital TV operator, BEC World's Channel 3, which operates three digital TV channels and has as many licences, is one player struggling to tread water, having seen its revenue languish over the past three-and-a-half years — a reality in sharp relief with its salad days as an analogue broadcaster.

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Last year, BEC World reported a net profit of 61.1 million baht on consolidated revenue of 11.2 billion, down from a profit of 1.2 billion on revenue of 12.53 billion in 2016.

BEC World recently joined hands with JKN Global Media Co, Thailand's largest global content management and distribution company, to explore more international markets for its 70 Thai soaps, aiming to generate massive revenue to help the company bring back its glory days.

One ailing operator, NewTV, a digital TV channel operated by DN Broadcast Co, has laid off 37 employees to survive and restructured internally to manage costs.

Other players have attempted varied strategies to manufacture a turnaround.

Spring News, for example, has formed a partnership with Thailand's leading home shopping company, TV Direct, giving it air-



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time slots in one effort to boost ratings.

RS Plc took a far more radical step, entering the health and beauty business three years ago to diversify its revenue streams.

GMM Grammy has sealed deals with Netflix, Line TV and VU, which will bring content from its GMM 25 and One HD digital TV channels to a much larger audience.

The rankings of digital TV operators have been fluctuating this half, with BBTV coming in first last month in terms of viewership numbers, followed by BEC World's Channel 3 HD, Mono 29, WorkPoint TV, RS's Channel 8 and GMM Grammy's One HD, according to the latest report by Nielsen Thailand.

Meanwhile, Thai TV's successful bid to win back its 1.6 billion baht in bank guarantees has set a new standard for the national regulator, while pushing other struggling operators to find new ways to offload the auction fee burden.

Many digital TV operators acknowledged

that they don't want to return their digital TV licences after the Thai TV ruling, but are rather heartened by the national regulator's signal that it will help the industry.

Media industry spending is expected to rebound by 6%, reaching 91 billion baht this year, on the back of growing online and out-of-home media outlets, including the positive outlook for Thailand's economy, according to a Media Intelligence forecast.

Last year was the worst for the industry in spending terms since 2010.

And while the estimated 6% hike is a positive sign, it is lower than the 10% needed to cover the losses incurred throughout the industry over the last several years.