

## ***Low 3G bids heighten odds of legal challenge***

### **Market had predicted higher prices for slots**

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Analysts and investors breathed a cautious sigh of relief at yesterday's successful auction of third-generation (3G) mobile network licences.



Tablet PC and smartphone makers can expect a jump in sales as customer demand increases with the rollout of genuine 3G service. PATIPAT JANTHONG

But the relatively low prices fetched from the sale are sure to fuel concerns about the prospect of court challenges against the National Broadcasting and Telecommunications Commission (NBTC).

All three mobile operators \_ Advanced Info Service (AIS), Total Access Communication (DTAC) and True Move \_ successfully won their full quota of 15 megahertz of spectrum on the 2.1-gigahertz frequency.

The total amount raised from the sale of 41.7 billion baht was just 2.8% higher than the set minimum price.

The highest bid for any one of the slots sold was 4.95 billion baht or just under 10% higher than the minimum price. Six of the nine slots offered were sold at the minimum price.

Mintra Ratayapas, an analyst at Kiatnakin Securities, said the market had been anticipating prices as high as 20% over the minimum price.

"The low prices could raise public questions about whether the state's interests are fully protected and ultimately could result in the auction being voided and a new auction being held," she said.

The NBTC has 90 days to certify the auction results.

In any case, if the results are certified and 3G services ultimately rolled out, then the entire mobile sector is set to jump sharply next year, with hundreds of billions of baht spent on everything from new network infrastructure to data content and handset upgrades by consumers.

Ms Mintra said content providers for smartphone applications will receive a certain boost as access and demand for high-speed wireless services increase. Tablet PC and smartphone makers will also see a jump in sales due to greater customer demand.

All three mobile providers already offer limited 3G services. But the new 2.1-GHz licences will allow operators to expand their operations based on international standards and, more importantly, grow outside of the current revenue-sharing terms set under concession agreements with the state-owned TOT Plc and CAT Telecom.

Kasikorn Research Center estimates the mobile phone market could grow by 32% to 210 billion baht next year.

It said operators will likely focus on Greater Bangkok first in their infrastructure upgrades, marketing heavily to attract customers and encourage existing users to migrate from existing 2G systems to the new networks.

Nattaporn Phan-udom, a partner at PricewaterhouseCoopers, said despite a subscriber base of 77.4 million and a mobile penetration rate of 120%, room remains for further growth.

"When you compare with other markets in Southeast Asia, where countries such as Malaysia, Vietnam and Cambodia have a significant mobile penetration rate of more than 130%, obviously we still have more room to grow," he said.

Mr Nattaporn said 3G will help to boost operator revenue due to higher data use, although marketing and investment costs will rise in the near term.

Business leaders, meanwhile, welcomed the prospect of the long-overdue sale of 3G licences.

Nandor von der Luehe, chairman of the Joint Foreign Chambers of Commerce in Thailand, said an improved telecommunications infrastructure is critical to the country's growth and competitiveness.

"I believe 3G will be implemented, although some legal challenges remain," he said. "Nowadays, even normal phone calls are difficult in some areas and during certain time periods."

Minoru Furusawa, president of the Japanese Chamber of Commerce, echoed those sentiments.

He said internet connections in Thailand are both slower and less convenient than in Tokyo and other parts of Japan, and that improving the telecom infrastructure "will certainly be beneficial for Japanese investors doing business here".

Shares of all three mobile operators fell yesterday despite the successful auction.

AIS shares (ADVANC) closed at 195 baht, down seven baht, in heavy trade worth 1.49 billion baht.

Shares of DTAC closed at 85 baht, down 3.25 baht, in trade worth 744 million baht.

True Corporation, the parent of True Move, closed at 5.55 baht, down five satang, in trade worth 2.5 billion baht.

The overall SET index closed yesterday at 1,287.49 points, down 3.07 points or 0.2%, in trade worth 29.7 billion baht.