

Thailand fixed broadband market updates

2024 edition

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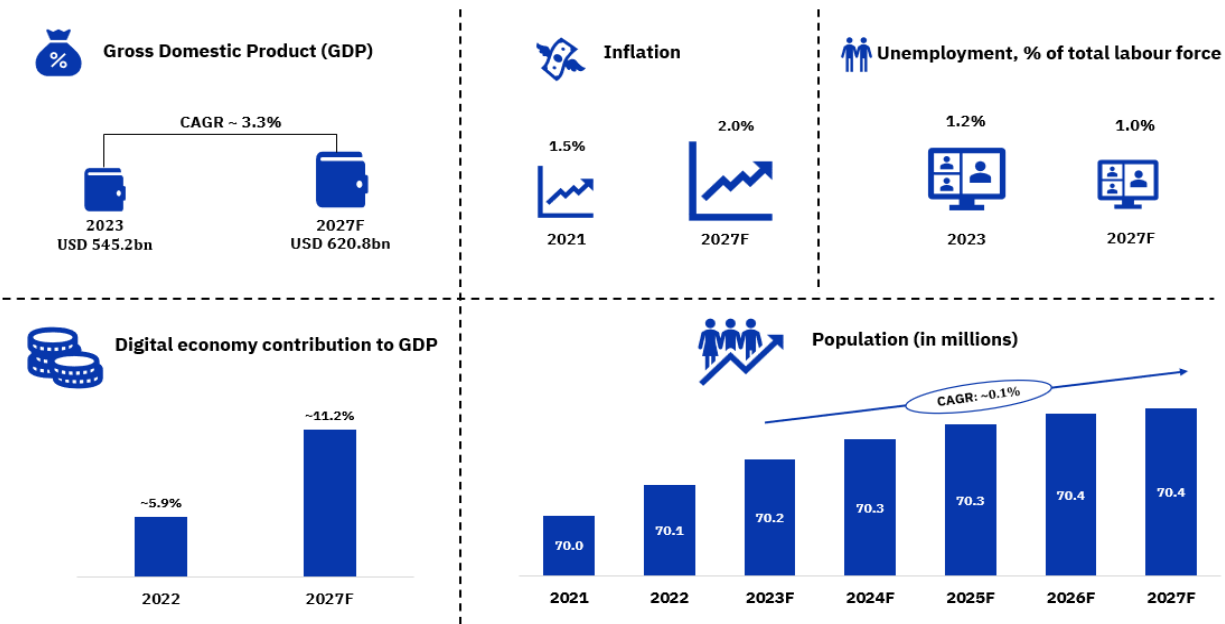
Key highlights

- Thailand's economy rebounded post-pandemic in 2022, driven by growth in tourism and private consumption. The GDP growth is estimated to be around 3.0% in 2023 and is forecasted to grow at a CAGR of 3.3% over 2023-2027.
- Thailand's telecommunications market has witnessed robust growth, driven by surging demand for connectivity and widespread adoption of digital technologies. The telecommunications market is expected to grow at a 3.9% CAGR over 2023-2027, reaching ~USD 16.5 billion (THB 590.9 billion) by 2027, driven by 5G adoption and digital demand.
- The telecommunications landscape in Thailand has undergone a significant transformation since 2020, owing to mergers and acquisitions. In 2021, the merger of state-owned telcos CAT Telecom and TOT Plc resulted in the formation of National Telecom (NT). True Corporation (True Corp) was formed in February 2023, post the merger of TrueMove and DTAC. Additionally, AIS acquired 3BB and a 19.0% stake in Jasmine Broadband Internet Infrastructure Fund in Nov-2023.
- To gain market share in Thailand's fixed broadband space, telcos are focusing on four key strategies: expanding fibre optic infrastructure, introducing high-speed broadband plans, bundling attractive content offerings, and offering competitive pricing. As a result, the fixed broadband subscriber base expected to grow at a CAGR of 6.8% over 2023-2027 to reach 19.1 million.
- Due to intense competition, the overall average ARPU in the fixed broadband segment declined to approximately USD 12.5 (THB 447.9) in 2022 from USD 13.7 (THB 488.4) in 2021. However, the ARPU is expected to continue decreasing, though at a slower pace due to the increasing demand for high-speed packages and bundled services.
- The overall increase in subscribers will offset the ARPU stagnation, leading to fixed broadband revenue expanding at a CAGR of 5.8% between 2023-2027, reaching USD 2.7 billion (THB 97.9 billion) by 2027.
- Thailand's fixed broadband market is dominated by few major players like AIS, True Online, 3BB and TOT, with AIS and True Online together accounting for ~45% of the overall fixed broadband revenue in 2022.
- In November 2023, the strategic acquisition of 3BB and Jasmine Broadband Internet Infrastructure Fund, enabled AIS to emerge as the largest fixed broadband player in Thailand with ~4.7 million subscribers in Q3-2023, displacing True Corp, which has 3.8 million fixed broadband subscribers.

Macroeconomic overview

Thailand has a diverse and mixed economy that balances its strengths in agriculture and industry with a thriving tourism and services sector. Its population of 70.1 million contributed to a GDP of approximately USD 524.7 billion in 2023, making it the second largest economy in Southeast Asia after Indonesia. Despite the impact of COVID-19, Thailand's economy witnessed signs of recovery as international tourism begins to return, with GDP growth of 3.7% in 2022. Tourism is a vital contributor to Thailand's economy, and it showed significant improvement in the first half of this year. It is expected to continue driving growth in the country throughout 2023. Despite the global uncertainties, Thailand's economy is on track for steady recovery, with growth predicted to accelerate in 2024. The GDP growth rate for 2023 is estimated to be around 3.0%. The revival of private consumption, led by the tourism sector's resurgence, is expected to play a crucial role in boosting economic growth. Looking ahead to 2023 and beyond, Thailand's economy is expected to maintain a positive trajectory, albeit at a slightly slower pace. GDP growth is projected to be 3.6% in 2024 and 3.4% in 2025. While tourism and private consumption are expected to remain key drivers of growth, external demand may soften. Over the five-year period from 2023 to 2027, Thailand's GDP is expected to grow at a steady CAGR of approximately 3.3%, reaching around USD 620.8 billion by 2027.

Exhibit 1: Thailand macro-economic indicators



Source: World Bank, IMF, Twimbit Analysis

Headline inflation is estimated to have been at an average of around 1.5% in 2023. This is supported by the easing of global energy prices as well as the implementation of price caps. However, core inflation, which excludes the volatile prices of food and energy, has remained higher than the levels seen before the pandemic. The headline inflation is expected to slightly accelerate, with a range of around 1.7% to 2% by 2027.

Thailand's digital economy contribution to its GDP was estimated to be USD 35 billion (THB 1.2 trillion) in 2022. The growing contribution from digital economy is driven by the country's improvement post-pandemic situation, which has led to a return to normalcy and fueled growth in the digital sector. The proportions between the digital economy value and the GDP was approximately 5.9% in 2022, which is further expected to reach around 11.2% by 2027.

Thailand has been one of the fastest-growing digital economies in the region for the past two years. According to the Portulans Institute's 2022 Network Readiness Index, Thailand was ranked 46th out of 131 economies globally and 3rd in the ASEAN region, trailing only Singapore and Malaysia.

Exhibit 2: Network Readiness Index (NRI) 2022- ASEAN countries

Country	NRI Ranking	Technology	People	Governance	Impact
Cambodia	104	89	102	122	87
Indonesia	59	48	66	64	67
Lao PDR	102	75	84	127	84
Malaysia	36	36	35	40	39
Philippines	71	85	73	82	50
Singapore	2	4	4	10	2
Thailand	46	47	45	48	46
Vietnam	62	50	80	76	41



Source: Portulans Institute's 2022 Network Readiness Index, Twimbit Analysis

In June 2022, the Digital Economy Promotion Agency (DEPA) of Thailand established the Thailand 5G Alliance. This alliance involves several government agencies, major telecom firms like AIS and True, and ICT companies such as Huawei. The aim of the alliance is to promote the use of industrial 5G applications in public health, security, education, transportation, factory management, and modern agriculture. This will help to upgrade service systems in these areas and strengthen the domestic economic value of Thailand.

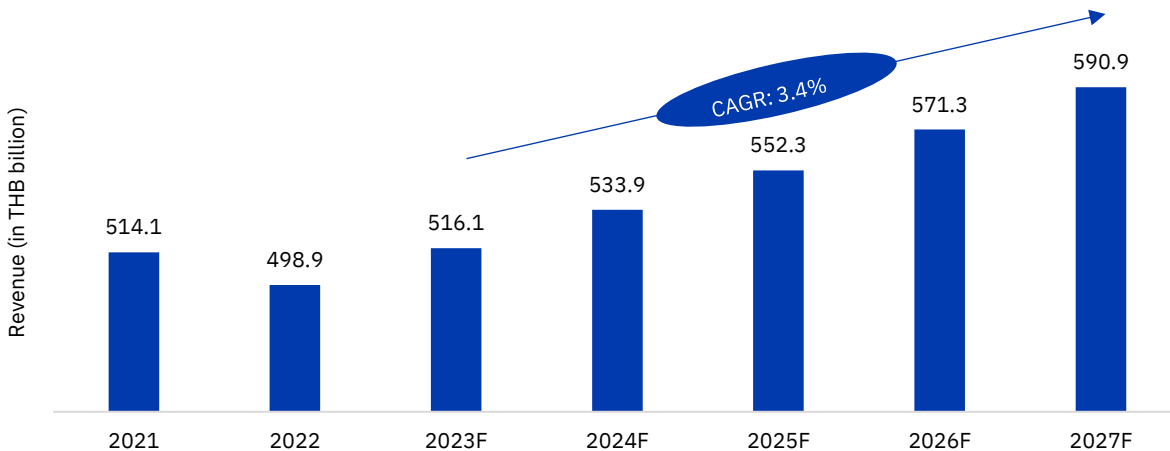
The government, through its policy implementation, is committed to further stimulating the digital economy as outlined in its 13th National Economic and Social Development Plan.

Industry snapshot

A. Telecom market size and growth

Thailand's telecommunications market has experienced robust growth in recent years. This growth is driven by surging demand for connectivity, including 5G and fixed broadband, alongside widespread adoption of digital technologies. The sector boasts a mature landscape with a diverse mix of public and private players. The growth trajectory is expected to continue, propelled by the imminent arrival of 5G technology, successful spectrum auctions, and ongoing network upgrades by major telecommunications providers.

Exhibit 3: Thailand telecom revenue forecast, 2021-2027F

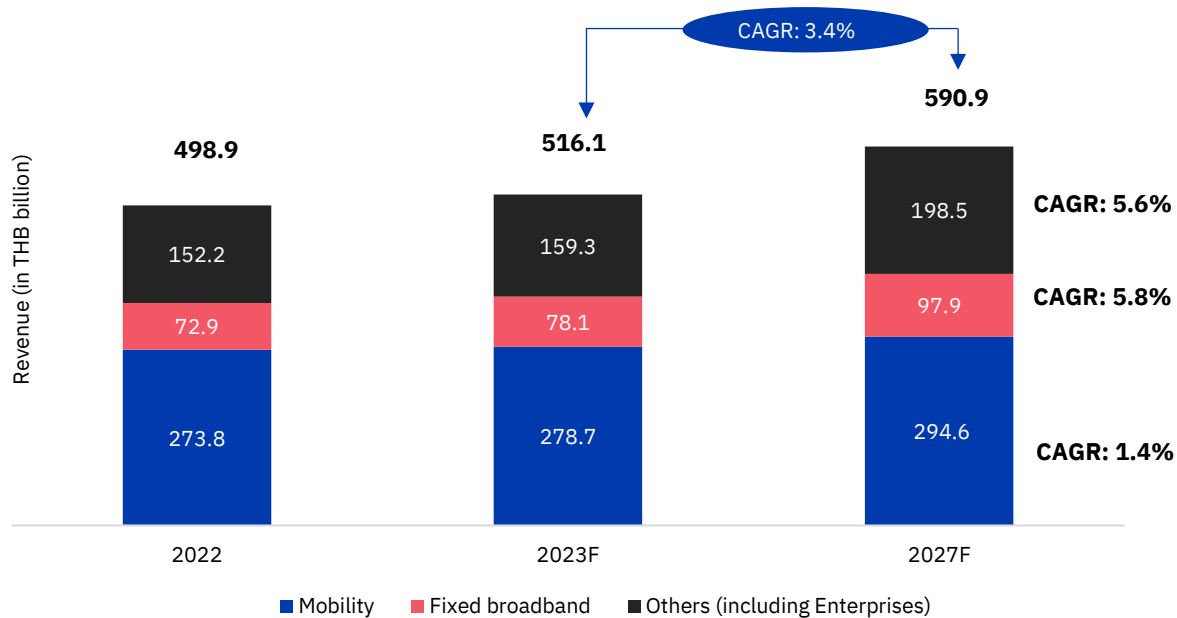


Note: Includes the overall telecom market revenue including fixed, mobile, and other offerings

Source: Telco financials, Twimbit analysis

Anticipated to undergo modest growth, the telecommunications market is projected to achieve USD 16.5 billion (~THB 590.9 billion) by 2027, growing at a CAGR of 3.4% over 2023-27.

Exhibit 4: Revenue of key telecom segments in Thailand, 2022 and 2027F



All figures mentioned are in THB billion
Source: Telco financials, Twimbit analysis

While mobility segment remains the largest revenue contributor for Thai telecom operators, the primary drivers of future growth will shift towards fixed broadband and the enterprise segment.

Fixed broadband subscriptions is expected to grow at a CAGR of 6.8% from 2023 to 2027. This will result in an overall fixed broadband revenue CAGR of 5.8% during the same period. This growth can be attributed to the aggressive network expansion plans by telecom companies and their attractive discounted and low-tier offerings to acquire new subscribers.

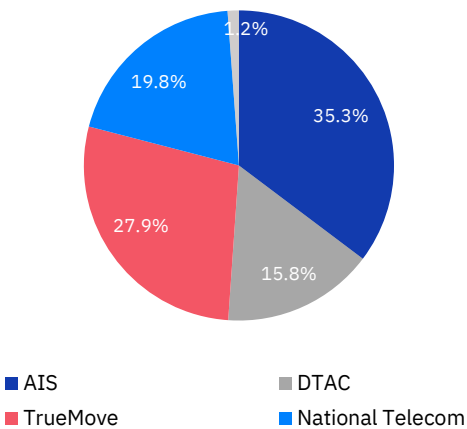
Thai telecommunications companies are placing increased emphasis on improving their capabilities to support mid-range and high-end devices. They are also investing in digital infrastructure that can accommodate high-speed data services and cloud solutions. Furthermore, the government and private sector are working together to establish Thailand as a hub for data centres, which will drive overall revenue growth. Notable developments that exemplify this trend include Amazon's construction of a data centre to support its Asia Pacific hyperscale infrastructure and the launch of Telehouse's datacentre facility in 2023.

B. Competitive landscape

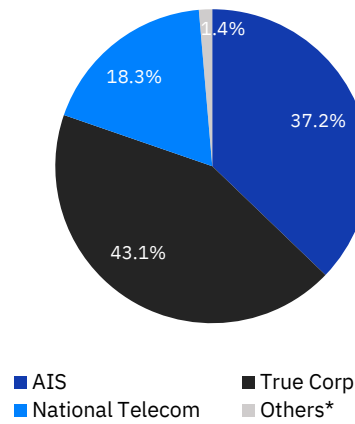
The telecommunications industry in Thailand has undergone significant changes since 2020. In 2021, state-owned telcos CAT Telecom and TOT Plc merged to form National Telecom (NT). In 2022, True Corporation (True Corp) was created through the merger of TrueMove, which was second in terms of revenue in 2021, and DTAC, which was third in terms of revenue. This merger was finalized in March 2023 with the approval of the National Broadband and Telecommunications Commission (NBTC). The consolidation has significantly altered the competitive landscape, resulting in True Corp now occupying the top spot in 2022, overtaking the once-dominant AIS. True Corp plans to take advantage of the combined strengths of True's well-established broadband internet, pay-TV, and digital services expertise, as well as DTAC's existing digital capabilities, to maintain its leadership position. However, in compliance with an NBTC condition for the merger, True and DTAC will maintain their distinct brands for at least three years, allowing for a smoother transition and market adaptation.

Exhibit 5: Revenue market share of leading telcos in Thailand, 2021 and 2022

Revenue 2021: THB 514.1 billion



Revenue 2022: THB 498.9 billion



Note: True Corp was formed by the merger of TrueMove and DTAC which was completed in March 2022; NT was established and corporatised in 2021 following the merger of state-run telecom operators CAT Telecom and TOT Plc.

*Others include Thaicom, Ada Digital, SUPERNAP Thailand, Triple T Broadband and others

Source: Telco financials, Twimbit analysis

The overall revenue of the telecom market decreased by 3.0% YoY in 2022, primarily due to a decline in the revenue of True Corp and Thaicom between 2021-22. The top three telcos collectively held approximately 98% of the market's revenue share in 2022. Other significant players in the telecom services sector include Thaicom, Triple T Broadband (3BB), Ada Digital, and SUPERNAP Thailand. The merged entity True Corp held the highest revenue share of 43.1% in 2022, surpassing AIS, which was the market leader until 2021.

Fixed broadband market in Thailand

A. Fixed broadband revenue and subscription forecast, 2021-2027F

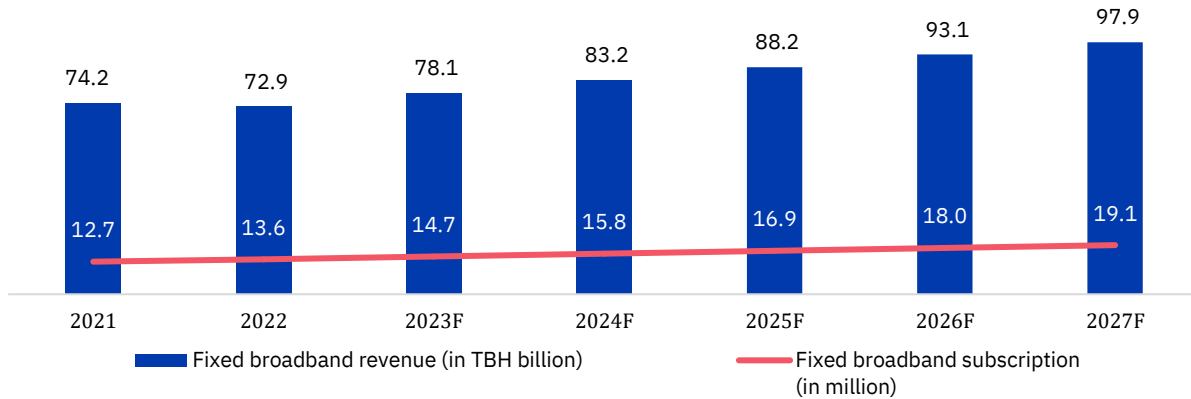
Thailand's fixed broadband market maintained robust growth in 2022, with the total subscriber base reaching ~13.6 million, a 7.1% increase over 2021.

The demand for broadband internet access has been fuelled by the "new normal" post-pandemic reality and the ongoing trend of digitalization. This demand is coming from both consumers and enterprises.

Looking ahead, the fixed broadband market is expected to continue its robust growth trajectory, driven by the sustained momentum of the digital shift and its ever-increasing demands for reliable connectivity.

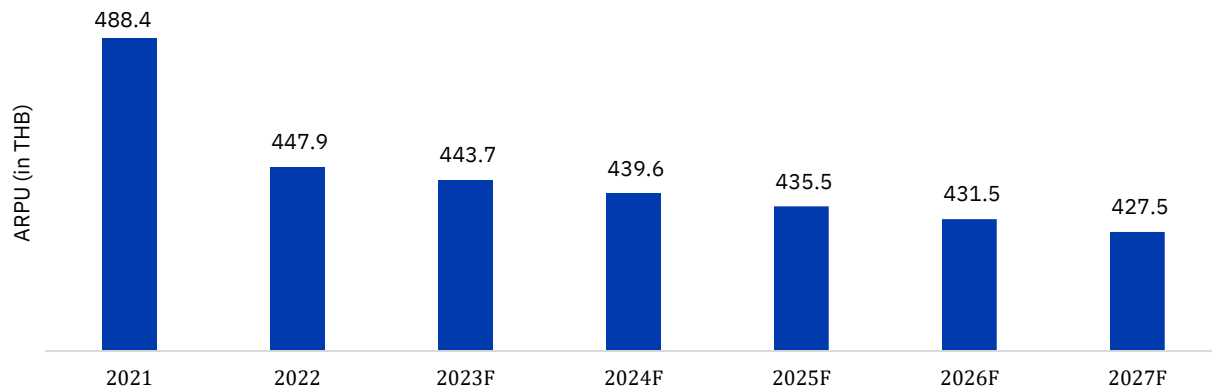
Fibre-optic network expansion, high-speed offerings, attractive content bundles, and competitive pricing are the primary battlegrounds in the Thai fixed broadband market. Thai telcos are employing a multi-pronged approach, leveraging these elements alongside targeted marketing and innovative solutions to attract new subscribers and boost revenue.

To capitalize on this opportunity, in November 2023, AIS strategically acquired 3BB for USD 546.0 million and a 19.0% stake in Jasmine Broadband Internet Infrastructure Fund for USD 361.2 million. The acquisition enables AIS to strengthen its fibre-optic internet services and offer consumer access to a broader and better quality of service by improving broadband inclusion in new areas. Additionally, it facilitated AIS to strengthen its competitive positioning against True Corp (formed by merger of TrueMove and DTAC). As a result of these acquisitions, AIS emerged as the biggest fixed broadband player in Thailand with ~4.7 million subscribers in Q3-2023, displacing True Corp, which has 3.8 million fixed broadband subscribers.

Exhibit 6: Thailand fixed broadband revenue and subscription forecast, 2021-2027F

Source: Telco financials, Twimbit analysis

Intense competition has led to aggressive pricing strategies and diverse service packages offering. The telcos are tapping growing demand for affordable connectivity with competitively priced basic broadband packages. These offerings attract first-time users and budget-conscious consumers, expanding the subscriber base. Further incentivizing subscriptions, introductory discounts and bundled packages with free devices or TV channels, is driving short-term subscriber growth.

Exhibit 7: Thailand fixed broadband ARPU forecast, 2021-2027F

Source: Telco financials, Twimbit analysis

While this strategy has resulted in the average ARPU declining from USD 13.7 (~THB 488.4) in 2021 to ~USD 12.5 (THB 447.9) in 2022. As a result of increasing adoption of 5G, the ARPU is expected to decline further, albeit at a lower rate and is estimated to reach ~USD 12 (THB 427.5). However, overall rise in subscribers translates to a projected growth rate (CAGR) of 5.8% for fixed broadband revenue during 2023-2027 to reach USD 2.7 billion (THB 97.9 billion).

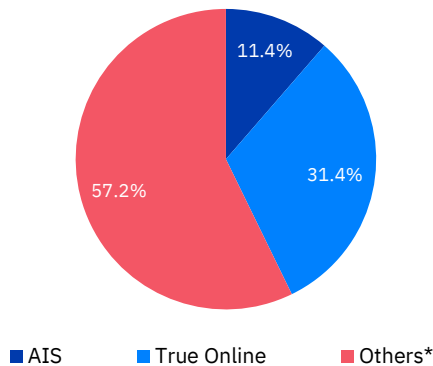
B. Competitive landscape

Thailand's fixed broadband market is dominated by few major players like AIS, True Corp (True Online), 3BB and TOT. The leading providers True Online and AIS together accounted for ~45% of the overall fixed broadband revenue in 2022.

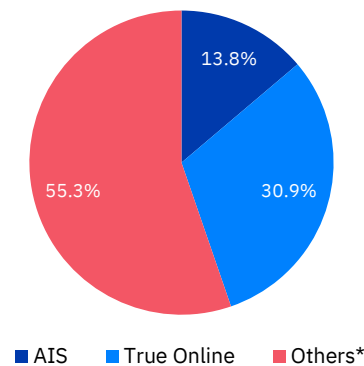
Thailand's fixed broadband revenue declined marginally by 1.8% over 2021-2022 to ~USD 2 billion (THB 72.9 billion), owing to intense competition. ARPU declined throughout the industry, as the telcos offered discounts and low-tier price plans to gain market share, especially in the newly extended service areas.

Exhibit 8: Fixed broadband revenue share of leading telcos in Thailand, 2021 and 2022

Total fixed broadband revenue
2021: THB 74.2 billion



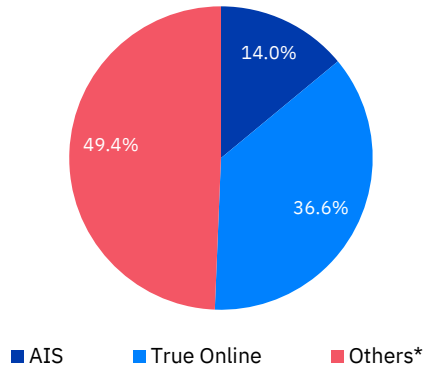
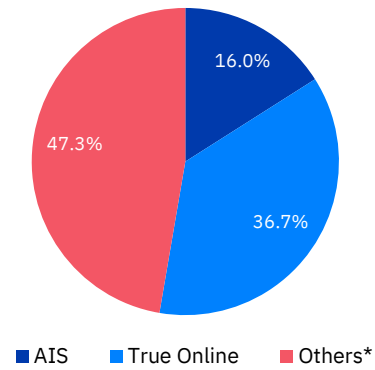
Total fixed broadband revenue
2022: THB 72.9 billion



*Others include 3BB, NT (TOT), Jasmine Broadband and others
Source: Telco financials, Twimbit analysis

The two leading providers True Online and AIS witnessed a decline in the overall ARPU in 2022. ARPU for True Online declined from ~USD 14.6 (THB 522) to ~USD 13.2 (THB 470), whereas AIS ARPU declined from ~USD 12.7 (THB 455) to ~USD 11.9 (THB 426) during the same period.

Total fixed broadband subscribers increased by 7.1% over 2021-2022 to reach ~13.6 million. Major players are aggressively expanding their FTTH networks, aiming for wider coverage and increased market share. Telcos are emphasizing on developing products, services and innovations to benefit customers. Government initiatives like the Digital Thailand 2027 plan are also pushing for nationwide fibre optic infrastructure development.

Exhibit 9: Fixed broadband subscriber share of leading telcos in Thailand, 2021 and 2022**Total fixed broadband subscribers 2021: 12.7 million****Total fixed broadband subscribers 2022: 13.6 million**

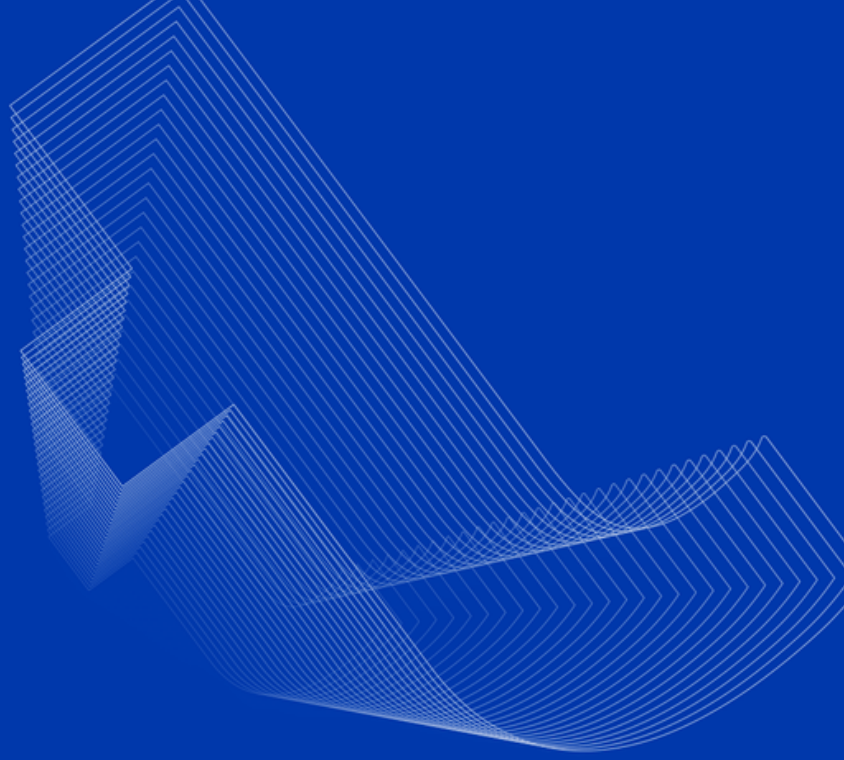
*Others include 3BB, NT (TOT) and others
Source: Telco financials, Twimbit analysis

The growing demand for reliable and high-bandwidth internet connections is propelled by the rising popularity of digital content and online businesses. AIS, having entered the fixed broadband market with AIS Fibre in 2015, has expanded its reach to 77 cities, covering 8.8 million households. Leveraging its strength in FTTH technology, AIS Fibre has penetrated the market effectively. In February 2023, further collaborations with Huawei (“1Gbps Every Room”), Netflix and HBO solidified its position. Consequently, AIS's fixed broadband subscriber base grew from ~1.8 million in 2021 to ~2.2 million in 2022.

True also responded to customer needs by introducing targeted campaigns. True Gigatex PRO Life bundled fibre broadband with a modem, smart IoT features (CCTV cloud), and content-rich True Unlock TV. True Gigatex Flexi PRO offered flexible speed adjustments catering to diverse lifestyles, including online work/learning, entertainment, and gaming. Additionally, a partnership with Disney+ strengthened the digital content offerings. As a result, True's fixed broadband subscriber base increased from ~4.6 million in 2021 to ~5 million in 2022.

Conclusion

Overall, Thailand's fixed broadband market is experiencing robust growth and has significant potential for future expansion. However, addressing infrastructure gaps, managing competition effectively, and adapting to evolving technologies will be crucial for sustained success.



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