twimbit

Thailand mobile market updates

2024 edition

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Table of Contents

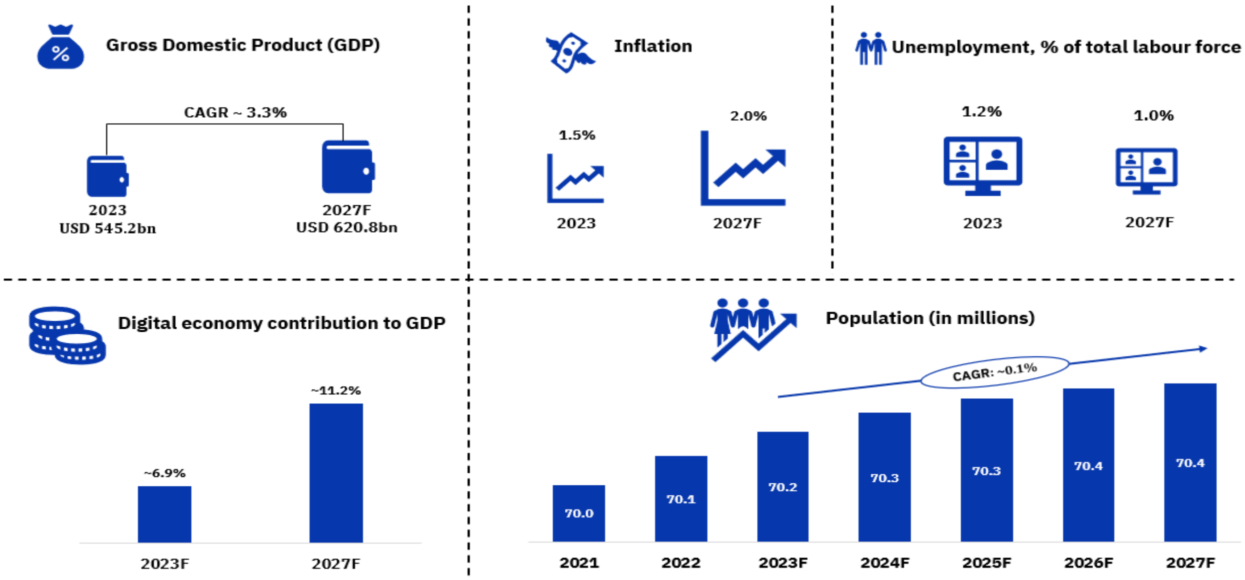
Key highlights

- Thailand’s GDP growth slowed to 1.9% in 2023 due to weak exports. However, the continuous increase in tourism and private consumption is expected to drive GDP growth, which is forecasted to grow at a CAGR of ~3.3% between 2023-2027, reaching ~USD 620.8 billion by 2027.
- Thailand’s digital economy’s contribution to its GDP was estimated to be around USD 36 billion (THB 1.1 trillion) in 2023. Its proportion to the GDP is estimated to be ~6.9% in 2023 and is forecasted to reach ~11.2% by 2027.
- The telecommunications landscape in Thailand has undergone a significant transformation since 2020, mainly due 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 also formed in February 2023, with the merger of TrueMove and DTAC. Additionally, AIS acquired 3BB and a 19.0% stake in Jasmine Broadband Internet Infrastructure Fund in November 2023.
- Amidst the intense competition, telcos continue to offer unlimited data plans at competitive prices in the prepaid as well as postpaid segment, resulting in low ARPU levels. As a result, the mobile segment revenue is estimated to witness moderate growth (CAGR) of 1.4% over 2023-2027 to reach USD 8.2 billion (THB 294.6 billion).
- Thailand's mobile operators are making significant efforts to provide a superior 5G experience. They are addressing challenges such as expanding the coverage to a larger population, offering more affordable 5G handsets bundled with attractive packages, and placing greater emphasis on AR/VR content to attract users. As a result, the adoption of 5G is expected to increase from 12.8% of the total subscriber base in 2022 to approximately 38% by 2027.
- The recent merger of TrueMove and DTAC into True Corp has reshaped the landscape of Thailand's telecommunications industry, resulting in True Corp having the highest mobile subscriber share of ~52% in 2022, surpassing AIS (market share ~42%) which was the market leader until 2021.
- Thailand's mobile market is characterized by a relatively high proportion of postpaid subscribers, accounting for ~30% of the total subscriber base. True Corp reigns its supremacy in the Thailand's mobile market, holding the highest proportion of postpaid subscriber penetration (30.5%) in 2022 as compared to 28.5% of AIS.

Macroeconomic overview

Thailand has a diverse and mixed economy that balances its strengths in agriculture and industry, thanks to tourism and private consumption. Its population of 70.2 million contributed to a GDP growth rate of 1.9% in 2023. The GDP is expected to grow further at an average CAGR of ~3.3% between 2023-2027, reaching ~USD 620.8 billion by 2027.

Exhibit 1: Thailand macro-economic indicators



Source: World Bank, IMF, Twimbit analysis

Thailand has also 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. The proportions between the digital economy value and the GDP is estimated to be ~6.9% in 2023 and is expected to reach around 11.2% by 2027.

Exhibit 2: Network Readiness Index (NRI) 2022 ranking- 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

Network Readiness Index Ranking
Lowest
Highest

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

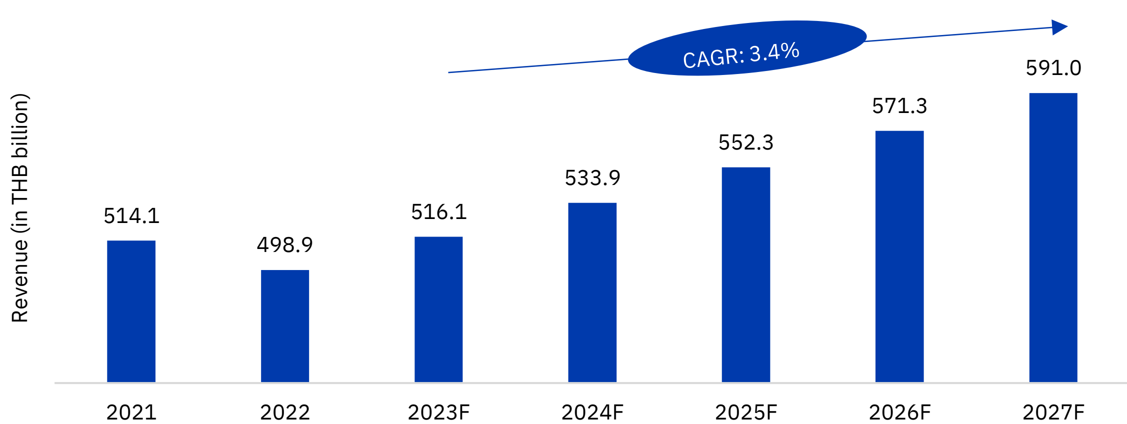
This push towards digitalization is further incentivized through the Thailand 5G Alliance. This initiative aims to promote the use of industrial 5G applications in public health, security, education, and other sectors. In line with this, the Prime Minister of Thailand also urged government agencies to enhance the implementation of the National AI Strategy and Action Plan (2022-2027).

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. Additionally, the upcoming auctions in the 700MHz band (previously designated for digital TV broadcasting) and the 3.6GHz range are expected to further augment network capacity, reinforcing Thailand's stature as a regional leader in telecommunications infrastructure. AIS has committed to acquiring the 700MHz spectrum license from National Telecom (NT) for USD 419.6 million (THB 14.9 billion) and has concurrently entered into equipment lease and roaming agreements.

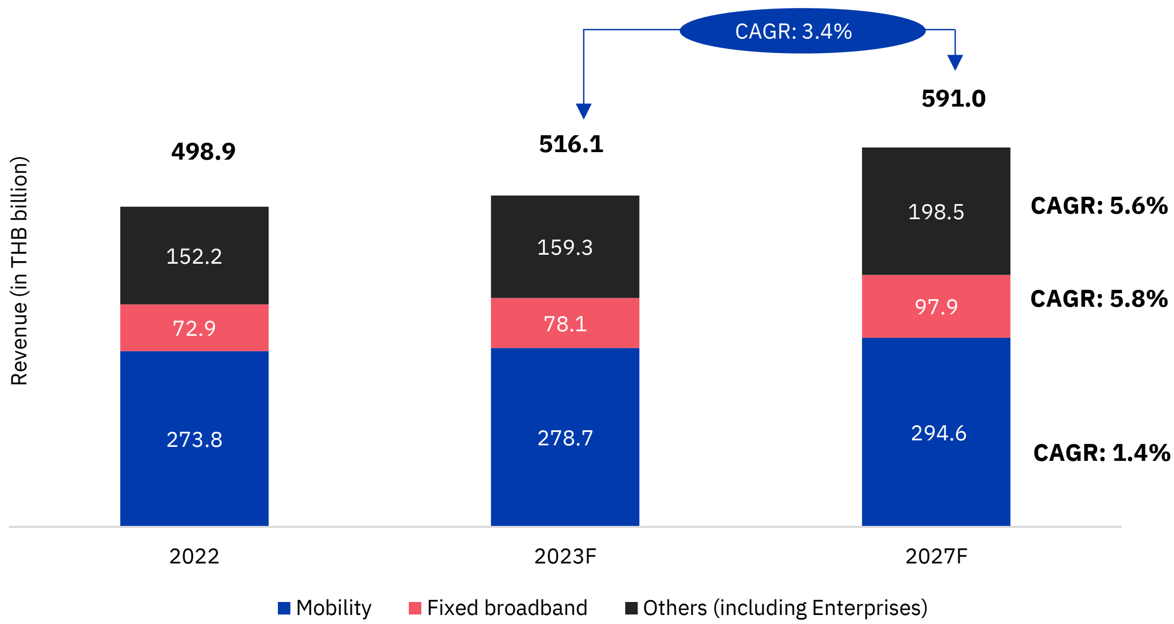
Exhibit 3: Thailand telecom revenue forecast, 2021-2027F



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 591 billion) by 2027, growing at a CAGR of 3.4% over 2023-2027.

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.

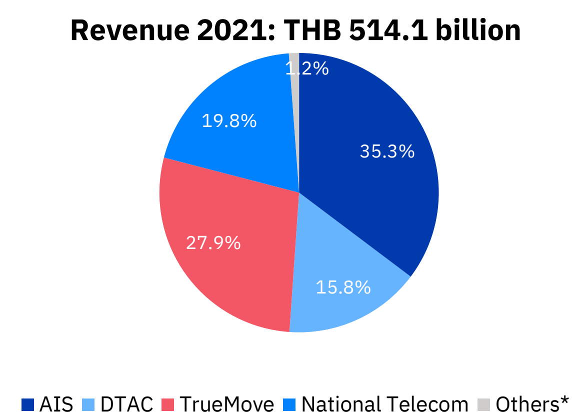
The mobile market, although still the largest, is expected to exhibit a moderate growth (CAGR) of ~1.4% over the 2023-2027 period. This slower pace reflects high market saturation, evidenced by maturity and the widespread practice of holding multiple SIM cards, inflating penetration rates.

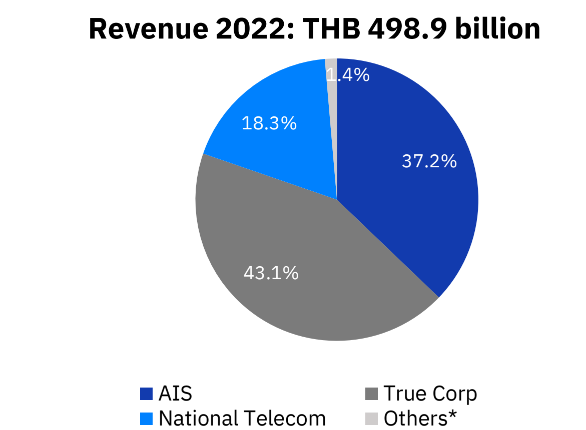
Thai telecom operators are strategically shifting their focus, bolstering capabilities for mid-range and premium devices while building robust digital infrastructure for high-speed data and cloud solutions. This, coupled with the government and private sector's concerted effort to establish Thailand as a regional data centre hub, positions them for sustained revenue growth.

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 finalized in March 2023 with the approval of the National Broadband and Telecommunications Commission (NBTC). The consolidation 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





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

Additionally in November 2023, AIS in order to strengthen its market position completed the acquisition of Triple T Broadband (3BB) and also acquired 19% stake in Jasmine Broadband Internet Infrastructure Fund (JASIF).

The overall revenue of the telecom market decreased by 3.0% YoY in 2022, due to a decline in revenue of True Corp and Thaicom between 2021-2022. The top three telcos collectively held approximately 98% of the market's revenue share in 2022. The merged entity True Corp held the highest revenue share of 43.1% in 2022, surpassing AIS, which was the market leader until 2021.

Mobile market in Thailand

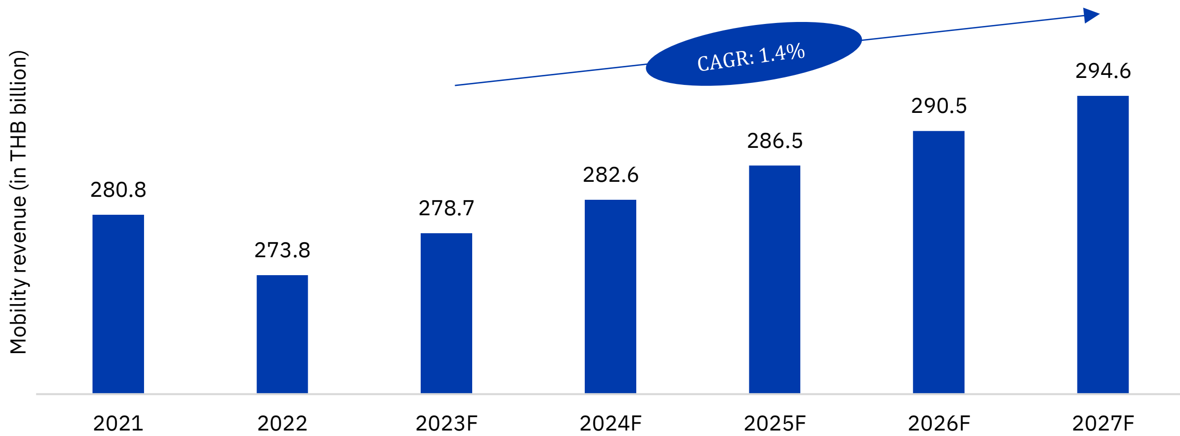
A. Mobility revenue forecast, 2021-2027F

The mobile market in Thailand is highly saturated, but there is still a significant growth potential, mainly in mobile payments and value-driven smartphone segments. Thai telecommunication companies are adopting a multi-pronged approach to diversify their revenue streams by offering digital services and non-traditional services, while targeting new subscribers through partnerships, targeted plans, and digital marketing initiatives. Beyond traditional voice and data services, telcos are exploring digital services like content partnerships, digital banking offerings, and enterprise solutions. For instance, DTAC's "Beyond Mobile Connectivity" initiative, launched in March 2023, comprises services like dtac Safe, dtac Gaming SIM, and Pay Via dtac, catering to contemporary digital needs. Similarly, National Telecom's (NT) first-phase investment in a 26GHz 5G network rollout with an initial outlay of USD 22.2 million (THB 800 million) underscores the focus on monetizing 5G capabilities.

Targeted mobile plans, strategic partnerships like AIS's collaboration with the Tourism Authority of Thailand (TAT) to provide tourist-specific services, and innovative digital marketing initiatives are key strategies to attract new subscribers and bolster customer loyalty.

The intense competition in the mobile segment, prompted by telcos focus on price competition to maintain their subscriber share and expand their market shares. Telcos continue to offer unlimited data plans at lower prices in the prepaid as well as postpaid segment, resulting in low ARPU levels. As a result, the mobile segment revenue is estimated to witness moderate growth (CAGR) of 1.4% over 2023-2027 to reach USD 8.2 billion (THB 294.6 billion).

Exhibit 6: Thailand mobile revenue forecast, 2021-2027F



Source: Telco financials, Twimbit analysis

B. Mobility subscription forecast, 2021-2027F

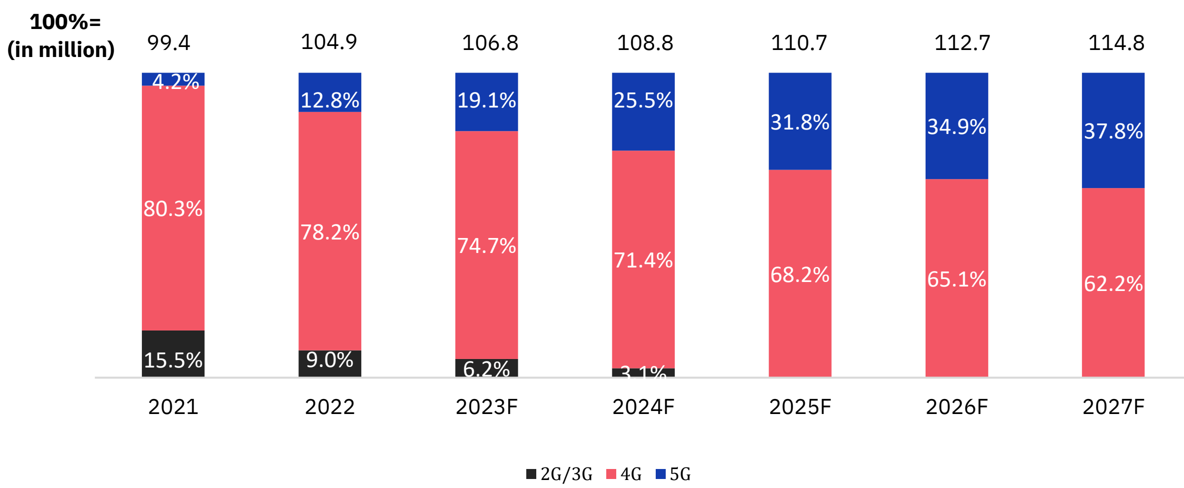
Thailand's telecommunications sector is experiencing a surge in 5G adoption, driven by a voracious appetite for data, especially in urban hubs like Bangkok. While investments in fibre optic infrastructure continue, their return on investment remains modest, due to consumer preferences for cost-effective and convenient solutions. However, the burgeoning 5G-powered Industrial Internet of Things (IIoT) ecosystem offers exciting prospects, as evidenced by successful trials in robotics, smart manufacturing, and cloud adoption.

Telecom operators are expanding their 5G network coverage to capture a larger customer base. AIS, for example, claimed nationwide coverage exceeding 85% and near ubiquity in Bangkok by the end of 2022. True Corp echoes this strategy, prioritizing key areas across all provinces, particularly major metropolitan and Eastern Economic Corridor (EEC) zones, achieving over 99% population coverage to cater to the burgeoning demand in these regions. These concerted efforts have translated into significant subscriber growth. AIS witnessed a remarkable surge in its 5G user base, leaping from 2.2 million in 2021 to 8.5 million by Q3-2023. Similarly, True Corp saw an impressive climb, reaching 9.4 million subscribers in Q3-2023, compared to 6.3 million just three months prior.

Thailand's fast adoption of 5G technology can be attributed to several key factors, including its early entry into the market. AIS was the first to launch 5G services in February 2020, followed by TrueMove and DTAC in March 2020 and 2021, respectively. This swift rollout was further bolstered by the availability of 5G spectrum, rapid network deployment by local telcos, and a readily available market for 5G devices. Supportive government policies also played a crucial role in creating a favourable environment for 5G adoption.

In September 2023, AIS further strengthened its position by acquiring a 700 MHz spectrum license from NT. This strategic move expands AIS's 5G coverage and enhances its ability to offer superior connectivity to its customers.

Exhibit 7: Thailand mobile subscription forecast by technology generation, 2021-2027F



Source: Telco financials, Twimbit analysis

Mobile operators in Thailand are working hard to provide a better 5G experience for their customers. They are taking various measures, such as improving network coverage and offering more affordable 5G handsets with attractive packages, to increase adoption. This proactive approach aligns with Thailand's national digitalization goals, the burgeoning demand for data and Internet of Things (IoT) offerings, and the government's progressive 5G roadmap.

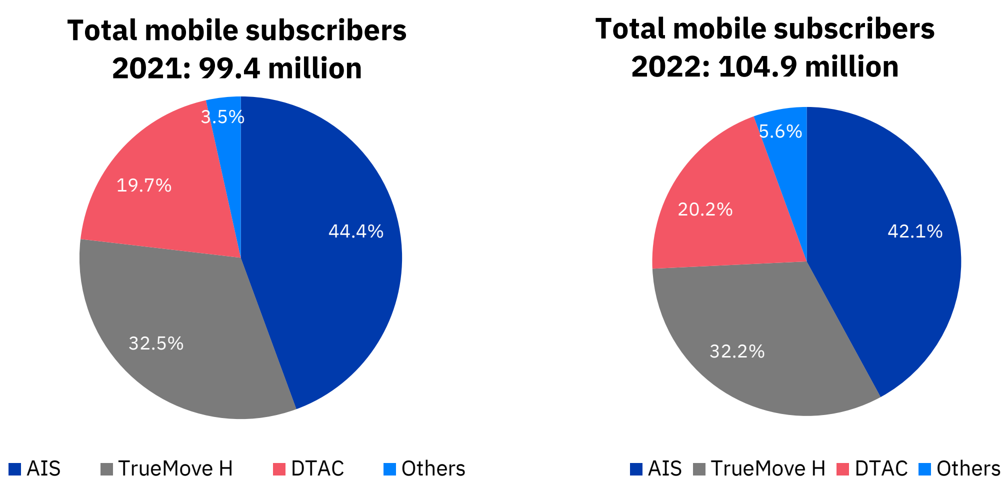
While total mobile subscriber numbers are expected to stabilize due to Thailand's high penetration rate, 5G adoption is poised for a significant leap. It is estimated that ~38% of the total mobile subscriber base will be using 5G by 2027, a substantial increase from 12.8% in 2022. This rapid adoption signifies a shift towards next-generation connectivity, with the potential to unlock new avenues for economic growth and societal advancement.

C. Competitive landscape

Thailand is the second-largest mobile market in Southeast Asia, with a remarkable mobile penetration exceeding 140%. The recent merger of TrueMove and DTAC into True Corp has reshaped the landscape of Thailand's telecommunications industry, sparking significant implications for market concentration and competitive dynamics.

Currently, True Corp (TrueMove+DTAC) and AIS dominate the mobile market, commanding a combined share of nearly 95%. Prior to the merger, in 2021, AIS held the top spot with ~44.4% of subscriber share, followed by TrueMove and DTAC with 32.5% and 19.7%, respectively. However, True Corp's emergence as the market leader with a staggering ~52.4% subscriber share (DTAC and TrueMove combined) post-merger has redefined the competitive landscape.

Exhibit 8: Mobile subscriber market share of leading telcos in Thailand, 2021 and 2022



Note: True Corp was formed by the merger of TrueMove and DTAC which was completed in March 2023
Source: Telco financials, Twimbit analysis

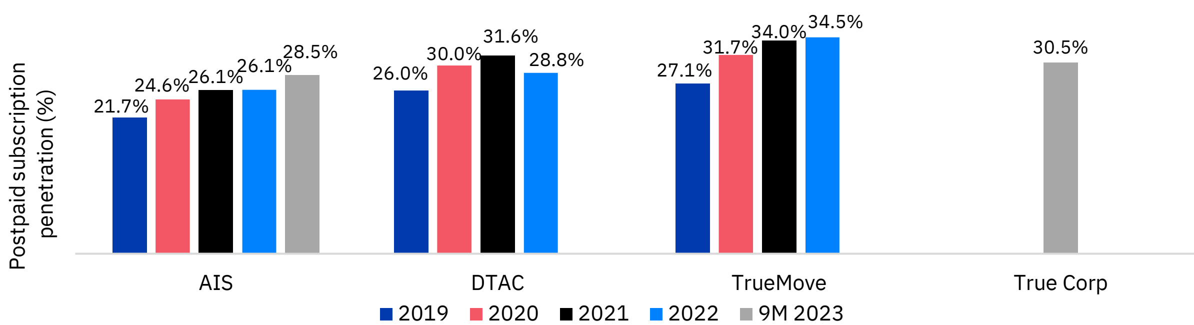
The overall mobile subscribers of telcos continue to increase, as telcos pursue the strategy to focus on the distinctive quality of products and services, capitalizing on its 5G network marked with excellent quality and broad coverage. As a result, AIS overall mobile subscribers reached 44.1 million in 2022, whereas TrueMove and DTAC registered a growth of 4.7% and 8.2% to reach 33.8 million and 21.2 million respectively during the same period.

D. Prepaid vs. Postpaid subscription trend, 2019-2023

In contrast to the broader Asia-Pacific region, Thailand's mobile market is characterized by a relatively high proportion of postpaid subscribers, accounting for approximately 30% of the total subscriber base.

Over the past five years, all major telecommunications operators have witnessed an increase in postpaid subscriptions. The emphasis placed by telcos on driving 5G adoption and encouraging prepaid-to-postpaid migration is likely to further propel the growth of the postpaid segment.

Exhibit 9: Postpaid subscription penetration (%) for leading players in Thailand, 2019-2023



Total subscriber in 2023 (in '000s)			
Telco	**Q1-2023**	**Q2-2023**	**Q3-2023**
AIS	46,121	45,316	44,449
True Corp	50,461	51,120	51,374

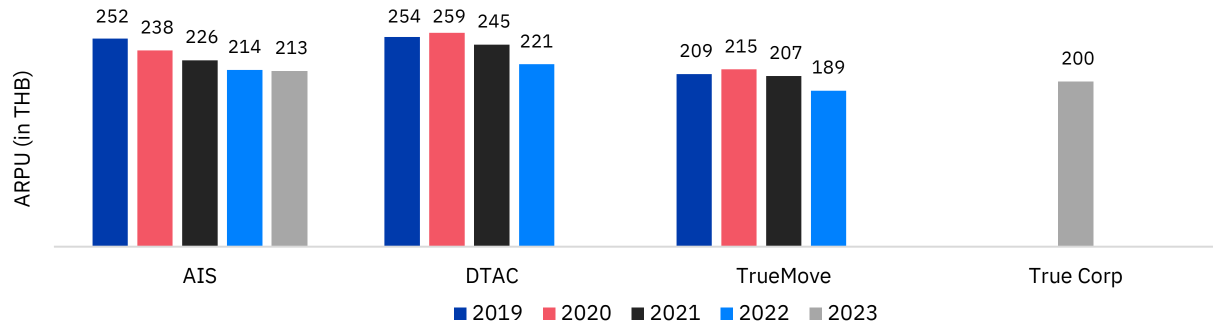
Source: Telco financials, Twimbit analysis

True Corp reigns supremacy in Thailand's mobile market, holding the highest proportion of postpaid subscribers, ahead of its nearest competitor AIS. This leadership is driven by a potent combination of network strength, strategic device-bundling campaigns with attractive benefits, and synergistic partnerships across the country.

E. ARPU trends for key telcos, 2019-2023

Macroeconomic factors like high inflation rates have weakened the consumers' purchasing and spending over the last two years, resulting in a significant decline in ARPU in 2021 and 2022, when compared to pre COVID-19 pandemic levels. This alongwith increased competitive intensity to gain subscriber market share, by offering unlimited data packages at lower prices has resulted in the decline in ARPU.

Exhibit 10: Blended ARPU for leading telcos in Thailand, 2019-2023

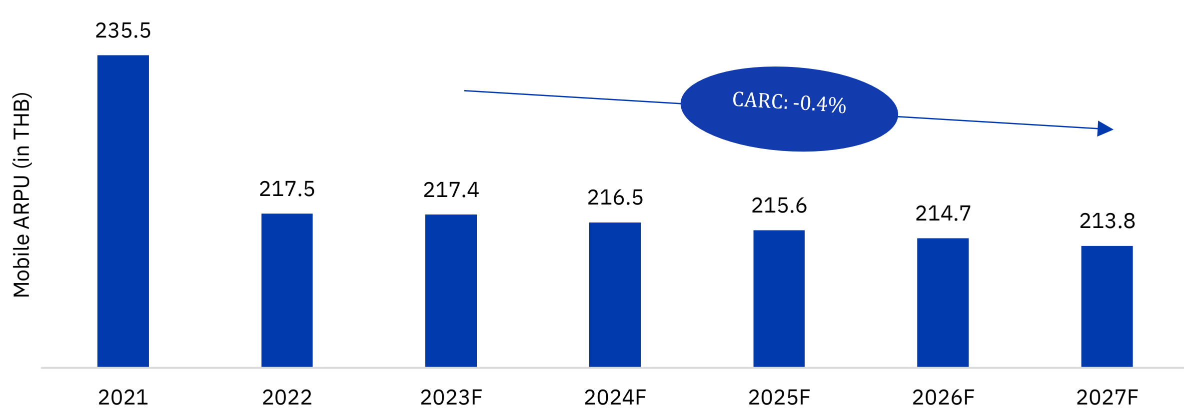


ARPU in 2023 (in THB)				
Telco	Segment	Q1-2023	Q2-2023	Q3-2023
AIS	Prepaid	120	123	125
	Postpaid	449	448	446
True Corp	Prepaid	103	104	103
	Postpaid	416	415	416

For 2023, the ARPU is the average of the ARPU reported in the respective quarters.
Source: Telco financials, Twimbit analysis

The existing competition amongst telcos to gain market share has resulted in the dilution of blended ARPU, which is expected to continue, though at a slower rate. However, the ARPU has stabilised in 2023 for both AIS and True Corp, owing to increasing adoption of 5G and improved 4G and 5G data usage amongst subscribers. In 2023, True Corp's blended ARPU is relatively lower as compared to AIS. The blended ARPU has declined post the merger of DTAC and True.

Exhibit 11: Thailand mobile ARPU forecast, 2021-2027F



Source: Telco financials, Twimbit analysis

Conclusion

Thailand's mobile segment exhibits strong maturity driven by surging data consumption, impending 5G adoption, and continuous technological advancements, owing to availability of affordable smartphones and government's digital economy initiatives. The extensive 4G coverage, coupled with the ongoing 5G rollout, is anticipated to pave the way for increased adoption of digital services, thereby providing potential for further sustainable growth of the telcos.

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