

Thailand telecom market updates

2024 edition



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Key highlights

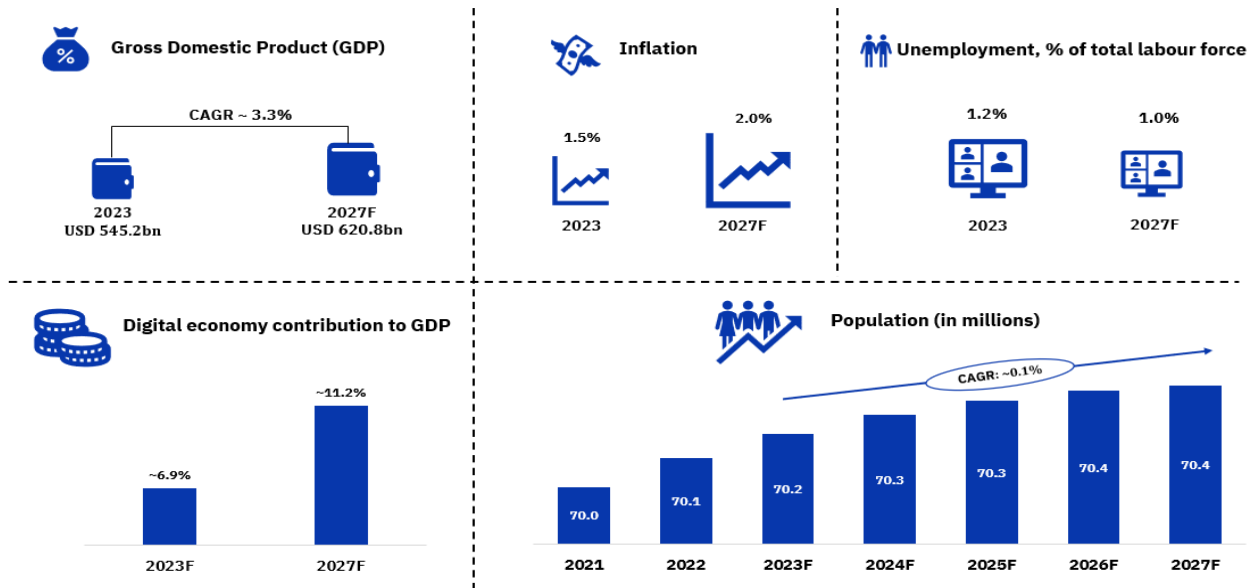
- Thailand's GDP growth slowed to 1.9% in 2023 due to weak exports. However, the continuous increase in tourism and private consumption is expected to drive GDP growth, which is forecasted to grow at a CAGR of ~3.3% between 2023-2027, reaching ~USD 620.8 billion by 2027.
- Thailand's digital economy's 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.
- Thailand's telecommunications market has witnessed robust growth in recent years, driven by surging demand for connectivity (5G and fixed broadband) and widespread adoption of digital technologies. The telecommunications market is expected to grow at a 3.4% CAGR over 2023-2027, reaching USD 16.5 billion (THB 591.0 billion) by 2027, driven by 5G adoption and digital demand.
- 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, following the merger of TrueMove and DTAC. Additionally, AIS acquired 3BB and a 19.0% stake in Jasmine Broadband Internet Infrastructure Fund in November 2023.
- Post merger, True Corp became the largest telco with the highest revenue share in 2022, with 43.1%. This surpassed the previous leader, AIS, which had a share of 37.2% in 2022. However, AIS had the largest number of fixed broadband subscribers, surpassing True Corp in Q3-2023 following its acquisition of 3BB and Jasmine.
- Telcos continue to offer unlimited data plans at competitive prices in the prepaid and postpaid segments, resulting in low ARPU levels. As a result, the mobile segment revenue is estimated to witness moderate CAGR growth of 1.4% over 2023-2027 to reach USD 8.3 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.

- In the race to dominate Thailand's fixed broadband market, providers are prioritizing four key areas: expanding fibre-optic infrastructure, launching high-speed plans, introducing attractive content bundles, and offering competitive pricing. As a result, Thailand's fixed broadband subscribers is estimated 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. As a result, supported with fixed broadband subscriber growth, the fixed broadband revenue is projected to grow at a CAGR (Compound Annual Growth Rate) of 5.8% from 2023 to 2027, and reach USD 2.7 billion (THB 97.9 billion) by 2027.
- The convergence of technologies like 5G, AI, and IoT holds immense potential for the Thai telcos. Telcos are embracing innovative offerings, prioritizing customer experience, and tapping into under-penetrated segments like rural areas and vertical markets.
- Telcos are diversifying beyond connectivity, offering digital services like mobile payments, streaming platforms, and cloud solutions. Enterprise solutions are another focus area, with offerings like cloud services, cybersecurity, and managed IT services.

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

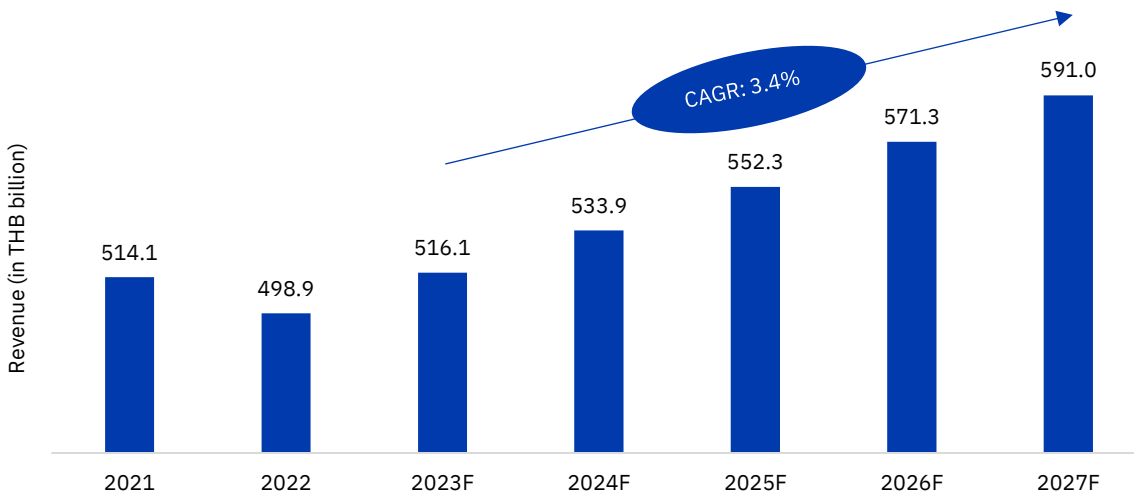
This push towards digitalization is further incentivized through the Thailand 5G Alliance. This initiative aims to promote the use of industrial 5G applications in public health, security, education, and other sectors. In line with this, the Prime Minister of Thailand also urged government agencies to 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, auctions in the 700MHz band (formerly allocated for digital TV broadcasting) and the 3.6GHz range will further enhance network capacity, solidifying Thailand’s position as a regional leader in telecommunications infrastructure. AIS has agreed to acquire the 700MHz spectrum license of National Telecom (NT) for USD 419.6 million (THB14.9 billion) and has also signed equipment lease and roaming agreements.

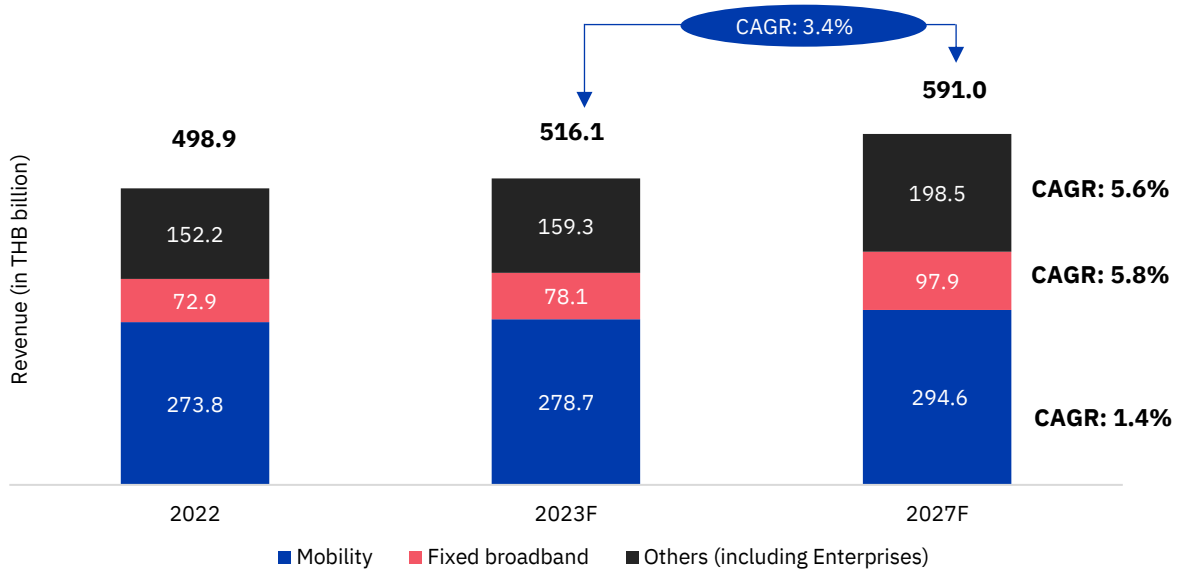
Exhibit 3: Thailand telecom revenue forecast, 2021-2027F



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 2023-27.

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, fixed broadband and the enterprise segment would be the key revenue growth drivers for the telcos.

Fixed broadband subscriptions are 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.

However, the mobile market will witness a moderate ~1.4% CAGR over the same period (2023-2027). This slower growth reflects a highly saturated market, owing to its maturity and the common practice of holding multiple SIM cards, which inflates penetration rates.

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

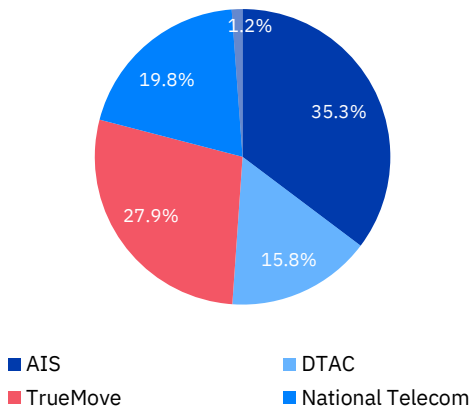
The telecommunications industry in Thailand has undergone significant changes since 2020. In 2021, state-owned telcos CAT Telecom and TOT Plc merged to form National Telecom (NT). In 2022, True Corporation (True Corp) was created through the merger of TrueMove, which was second in terms of revenue in 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 Of TrueMove and DTAC 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.

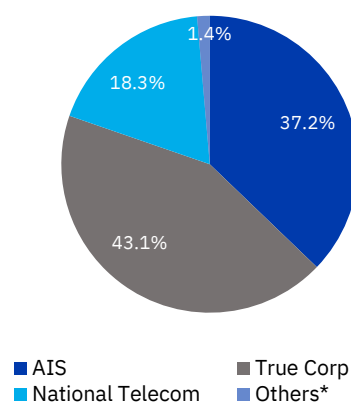
However, in compliance with an NBTC condition for the merger, True and DTAC will maintain their distinct brands for at least three years, allowing for a smoother transition and market adaptation.

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

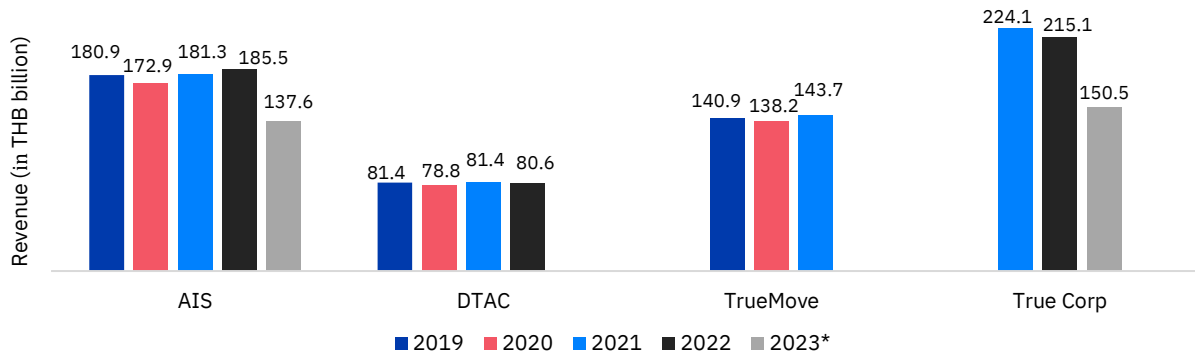
Additionally in November 2023, AIS in order to strengthen its market position completed the acquisition of Triple T Broadband (3BB) and also acquired 19% stake in Jasmine Broadband Internet Infrastructure Fund (JASIF).

The overall revenue of the telecom market decreased by 3.0% YoY in 2022, primarily due to a decline in the 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. 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.

C. Revenue trend of leading telcos, 2019-2023

True Corp’s financial performance for the first nine months of 2023 was marked by a 6.8% year-over-year (YoY) decline in total revenue, primarily driven by service revenue contraction. Mobile and pay-TV segments bore the brunt of the decline, with respective revenue dips of 2.4% and 1.3%, leading to a 1.5% overall service revenue decrease to USD 3.3 billion (THB 118.1 billion). Additionally, a 33.1% decline in product sales revenue to USD 411.6 million (THB 14.7 billion) further contributed to the negative top-line performance for the telco.

Exhibit 6: Revenue trend of leading telcos in Thailand, 2019-2023



Quarterly revenue of leading telcos in 2023 (in THB billion)			
Telco	Q1-2023	Q2-2023	Q3-2023
AIS	46.7	44.8	46.7
True Corp	51.5	49.1	49.9

* Revenue for 2023 is for upto nine-month for AIS and True Corp; Revenue for TrueMove not available for 2022
Source: Telco financials, Twimbit analysis

During the third quarter of 2023, True Corp showed signs of improvement with both its service and product sales revenue experiencing growth compared to the previous quarter. This growth was driven by improvements in the mobile and payTV segments.

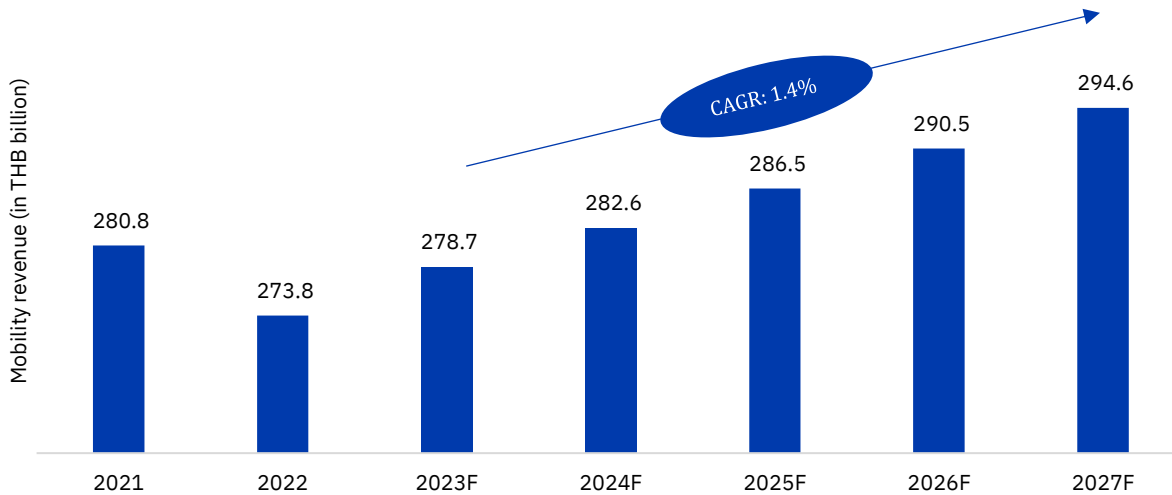
Its mobile revenue increased by 1.4% QoQ, reaching USD 47.6 million (THB 31.3 billion), due to an increase in the company’s subscriber base. Similarly, the payTV segment saw a 5.8% QoQ surge, reaching THB 1.7 billion, driven by strong performance in music and entertainment offerings.

Mobility 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.

Exhibit 7: Thailand mobile revenue forecast, 2021-2027F



Source: Telco financials, Twimbit analysis

The mobile market experienced a decline in revenue in 2022 due to the leading telcos, AIS and True Corp, experiencing a decrease in revenue. This was owing to the intense competition in the market, which has resulted in telcos focusing on price-based competition to maintain their subscriber shares and expand their market shares.

Both prepaid and postpaid segments have seen telcos offering unlimited data plans at lower prices, leading to low ARPU levels. As a result, the mobile segment revenue is

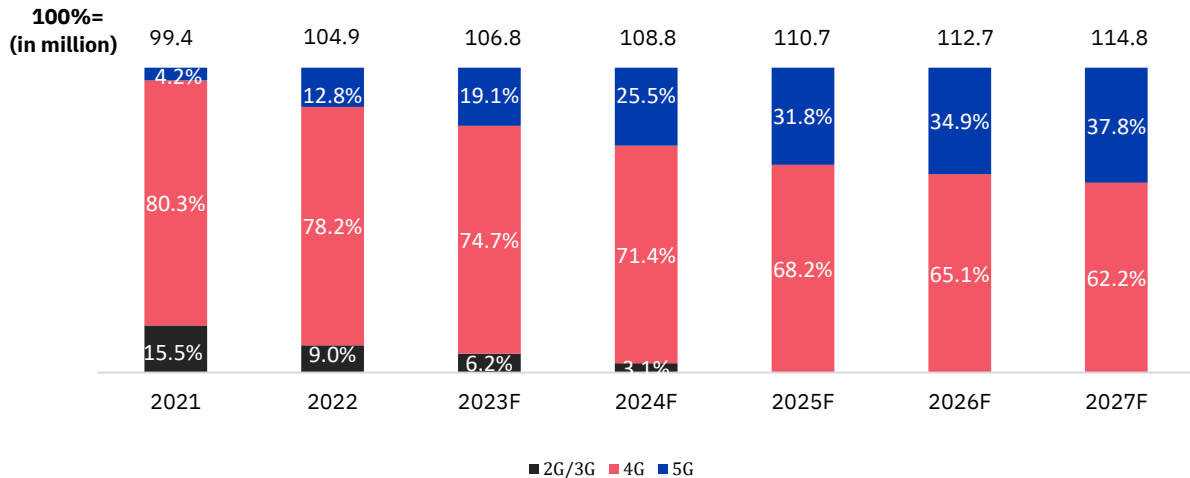
estimated to experience a moderate CAGR growth rate of 1.4% during 2023-2027, to reach USD 8.2 billion (THB 294.6 billion) by 2027.

B. Mobility subscription forecast, 2021-2027F

Thailand’s telecommunications sector is witnessing a rapid influx of 5G technology, driven primarily by soaring data consumption, particularly in urban centres like Bangkok.

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. Supportive government policies also played a crucial role in creating a favourable environment for 5G adoption.

Exhibit 8: Thailand mobile subscription forecast by technology generation, 2021-2027F



Source: Telco financials, Twimbit analysis

Mobile operators in Thailand are striving 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. Additionally, there is a growing focus on developing AR/VR content to attract users. It is expected that the adoption of 5G technology will increase from 12.8% of the total subscriber base in 2022 to approximately 38% by 2027.

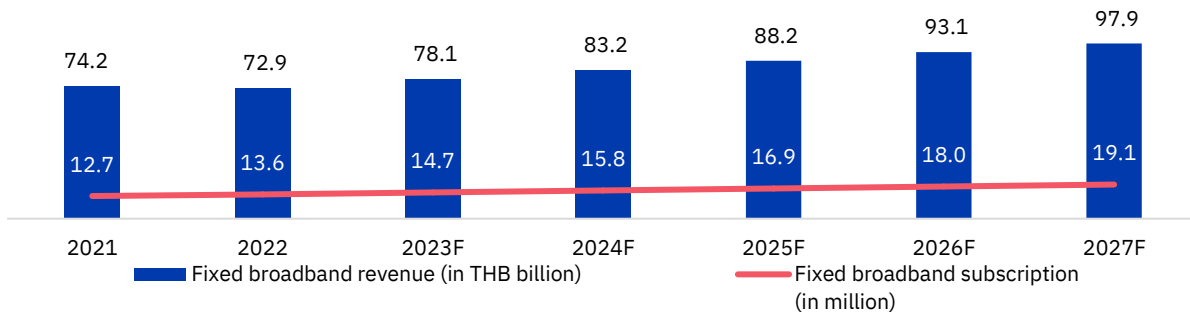
Fixed broadband market in Thailand

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

The fixed broadband market in Thailand is expected to experience strong growth in 2023 and with total number of subscribers estimated to have reached ~14.7 million, which is an increase of 8.1% from 2022. This growth is largely due to increased investments in fibre networks by telecommunication companies. 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.

Fibre-optic network expansion, high-speed offerings, attractive content bundles, and competitive pricing are the primary battlegrounds in the Thai fixed broadband market.

Exhibit 9: Thailand fixed broadband revenue and subscription forecast, 2021-2027F



Source: Telco financials, Twimbit analysis

Thai telecommunications companies are taking advantage of the rising need for affordable internet connectivity by providing competitively priced basic broadband packages. These packages are appealing to first-time users and budget-conscious consumers, resulting in expansion of the customer base. To further encourage subscriptions, introductory discounts and bundled packages with free devices or TV channels are also being offered, which is boosting short-term subscriber growth.

This strategy enabled the telcos to keep the decline rate of ARPU moderate as compared to the decline during 2021-2022. However, the increase in the number of subscribers is expected to result in a CAGR of 5.8% for fixed broadband revenue between 2023-2027. This means that the estimated market size will be around USD 2.7 billion (THB 97.9 billion) by 2027.

Key trends and growth opportunities

A. Digital non-connectivity offers a new revenue stream

Thailand's telecom landscape is morphing into a digital services powerhouse. Leading telcos AIS and True Corp are venturing beyond mere connectivity capabilities and are offering an array of digital services like mobile payments, streaming platforms, and cloud solutions.

AIS, a Digital Life Service Provider, plans to evolve into a Cognitive Tech-Co by investing USD 756-840 million (THB 27-30 billion) as CAPEX (excluding spectrum charges). The company focuses on three primary digital services: video platforms, mobile money, and digital marketplaces. AIS has established strategic partnerships with notable companies like Huawei, ZTE, HBO, and VMware to strengthen its network, content, and security capabilities.

True Corp is embracing the theme of "Telecom-Tech Leadership" by implementing a three-pronged strategy. Firstly, they aim to expand their 5G network infrastructure to unleash the full potential of 5G. Secondly, they plan to simplify their platform by creating a single, user-friendly master app that provides seamless access to all their services. Lastly, they aim to empower businesses by equipping them with cutting-edge IoT, 5G, edge computing, and AI solutions.

True Corp has a strong network of partners including Nokia, Qualcomm, ZTE, HUAWEI, GS Retail, Maxstream, and IDN Media, which has helped them improve their infrastructure, home commerce, and media outreach. They are also expanding internationally by collaborating with CJ ENM to create high-quality international productions and sublicensing content. As a result of these developments, in FY-2022, the number of active digital users increased by 25% YoY to 8.4 million, with prepaid digital users experiencing an impressive 60% YoY increase. Moreover, revenue from non-connectivity services has gone up by 18%, which is a clear indication of the success of their digital transformation.

B. Thailand's telcos embrace one-stop shop approach for enterprises

Telecom operators in Thailand are shifting towards a comprehensive one-stop-shop approach, offering a suite of cloud services, cybersecurity solutions, data analytics tools, and managed IT services to enterprises. This approach enables organizations to streamline their operations and reduce costs while adapting to the

digital landscape and improving operational efficiency. In addition to connectivity services, enterprises are also seeking data storage solutions such as cloud and data centre services.

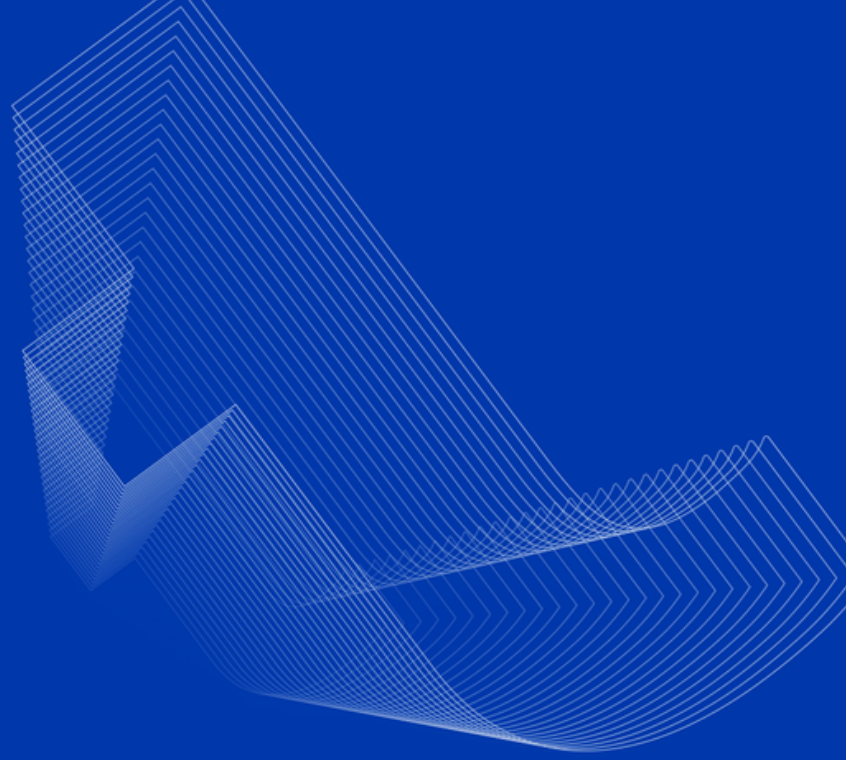
AIS has been keeping up with the trend of digital transformation by establishing AIS DC Venture and joining forces with Gulf Energy Development and Singtel to construct a data centre, aiming to meet the growing demand for digital infrastructure. AIS Enterprise is focusing on specific industries, expanding its Enterprise Data Services (EDS) business and creating vertical solutions utilizing its 5G Paragon Platform and CloudX. Notably, its Corporate Client Business (excluding mobile) revenue, covering cloud, data centre, cybersecurity, IoT, and ICT solutions, accounted for 3.9% of total service revenue in FY-2022, exhibiting a 19% YoY increase primarily driven by cloud services and ICT solutions.

True Corp, through its subsidiaries TrueMove and DTAC, is expanding its enterprise presence with a focus on introducing Professional Digital Solutions by TrueBusiness, launching True Analytics, and expanding Smart Energy solutions to hospitals. In addition, the company has partnered with Vectra AI for cybersecurity solutions and other managed security services offerings. As a result of these B2B initiatives, True Corp has seen 3% and 14% growth in connectivity and non-connectivity revenue, respectively, for the first nine months of 2023.

Conclusion

Thailand's telecom market offers a promising and dynamic landscape to telcos. While mobile subscription penetration is already high, increase in 5G adoption will drive data consumption, thanks to affordable smartphones and the government's push towards a digital economy. This growth is likely to lead to new opportunities in areas like IoT and cloud computing and could result in a boost in the current ARPU levels, driving overall revenue growth for telecom companies. However, competition is likely to remain intense, with margins squeezed by price wars and regulatory pressure. To succeed, telecom players must embrace innovative offerings, prioritize customer experience, and tap into under-penetrated segments such as rural areas and vertical markets.

Looking forward, the convergence of technologies like 5G, AI, and IoT holds immense potential. Embracing these advancements while addressing regulatory hurdles and bridging the rural-urban digital divide will be crucial for Thailand to maintain its telecom prowess.



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