

TELECOMMUNICATIONS

AIS eyes growth rate rebound

Operator upbeat after 2016 profit shrink

SRISAMORN PHOOSUPHANUSORN

Advanced Info Service (AIS) says it will return to normal annual growth rates for profit and revenue in 2017, setting fixed-line broadband and broadcasting video content as its new S-curve growth businesses.

After facing a shrinking annual profit figure in 2016 after its 10-billion-baht 4G smartphone giveaway to 10 million 3G customers still using 2G phones, the country's largest mobile operator said it expects to grow 1% higher than the anticipated GDP growth rate of 3.2% this year — its normal average growth rate.

AIS reported a net profit of 30 billion baht on consolidated revenue of 152 billion in 2016, compared with a profit of 39 billion on 155 billion in consolidated revenue in 2015.

Of the total revenue, 120 billion baht will come from mobile services, with the remaining 30 billion stemming from sales of mobile handsets.

"We're upbeat about our performance," said AIS chief executive Somchai Lertsutivong. "We expect to see growth of at least 4.2% this year, compared with only 1% in 2016, helped by our two new S-curve growth businesses: fixed-line broadband and video content services."

"2016 was an unusual year for AIS, with revenue and profit being weaker than we're accustomed to, due mainly to the expiry of our 2G mobile phone concession and allowing ourselves to fall a few steps behind our smaller rivals in the launch of commercial 4G services."

Mr Somchai said AIS expects its mobile



Mr Somchai expects higher growth this year after a 10-billion-baht 4G smartphone giveaway took a toll on 2016's profit. KITJA APICHONROJAREK

service revenue market share to reach 50% of the total this year, up from 49.5% or 290 billion baht in 2016.

He said the new S-curve fixed-line broadband business is expected to contribute up to 10% of total revenue by 2019, up from 1% currently.

AIS expects to have 2 million fixed broadband subscribers in 2019, up from the 300,000 who generated 900 million baht in revenue last year.

"We aim to become one of the top-three players with a 30% market share in the local fixed broadband market. We expect to have 10 million subscribers in 2021," he said.

But Mr Somchai said investment in fixed broadband networks would require 7-10 years to break even, compared with 3-5 years for investments in mobile networks.

AIS's second new S-curve broadcasting

video content business, through cooperation and partnerships with over-the-top operators under a revenue-sharing model, is set to be a new, lucrative revenue source.

To boost its presence in this field, AIS has secured two licences from HBO under three-year exclusive rights deals to broadcast HBO's TV channels on its mobile and Internet Protocol TV platforms, after TrueVisions, the cable TV arm of True Corporation, lost the rights to air HBO programming on its cable platform.

AIS has also signed an exclusive contract with Netflix, the world's leading internet TV network, to allow AIS to offer its customers over 10,000 of the subscription service's TV shows, movies and other programmes in Thailand.

"HBO will be AIS's flagship broadcasting service revenue generator, as HBO

is among the most popular channels for Thai consumers," he said. But Mr Somchai declined to elaborate on the price packages or commercial launch date for HBO.

He said the HBO broadcasting deal would not compete directly with TrueVisions' cable broadcasting system, saying AIS and True are targeting different customer segments.

Mr Somchai said Thailand's mobile market is expected to grow by 3-4% this year, with competition to continue heating up, especially in personalised digital lifestyle services.

The rapid technological change is the most critical issue telecom companies are facing, he said.

For example, the transition from 2G to 3G wireless technologies took 15-20 years, while the transition from 3G to 4G took only five years.

Meanwhile, 5G mobile service is expected to be launched commercially in the global market by 2020.

5G technology could provide up to 100 times faster data rates than 4G. This is likely to create opportunities for the Internet of Things, augmented reality, virtual reality, smart vehicles, remote healthcare and robotics.

There are 6 million 2G users in Thailand, 2 million of whom are on AIS's networks, Mr Somchai said.

He also said AIS is ready to participate in the planned auctions for various spectrum bands next year, pointing out that spectrum is a valuable asset for mobile companies to drive their business growth and accommodate explosive demand for online services.

AIS has appointed Saijai Boonyachotima as AIS's chief strategy officer. She will be responsible for public relations, startups and new business development. Ms Saijai was previously the marketing and operations director of Microsoft Thailand.