

# Business Threats

CAT has been corporatized from a duopoly telecommunication state enterprise to a licensed operator under the NRA Act of 2010. Not only CAT has to compete with private operators under the rapid changes in technologies, laws, and directions of related telecommunication agencies, e.g., National Broadcast and Telecommunication Commission (NBTC), Ministry of Information and Communication Technology (MICT), and Ministry of Finance. But also CAT has to support the projects under government policies. These factors have a great impact on our business as follows:

## 1. New entrants and more intense competition affecting CAT's market share and profit margin

CAT is one of the best national network coverage telecommunication operators and was historically a principal operator. However, the government and NBTC policies aim to introduce competition to the oligopoly telecommunication market to prepare for the liberalization of telecommunication industry and the joining of ASEAN Economic Community (AEC) in 2015. Moreover the fast-evolving technology in telecommunication market leads to fiercer competition, which drastically affects CAT business as follows:

**Mobile service** - There are three new licensed mobile operators providing 3G/4G services in 2.1 GHz band and possibly more in 1.8 GHz band. These operators are under license system and compete with CAT's mobile service.

**International Telephone Service** - Major mobile and fixed-line operators; for instance, Advance Info Service PCL (AIS), Total Access Communication PCL (DTAC), True Move (TMV), and TOT PCL, are offering international telephone service resembling to CAT's service on top of their services. As a result the customers switch to those international telephone service and CAT's revenue is affected.

**Data communication service** – That data communication service providers, e.g., Symphony Communication PCL and Jasmine Telecom System PCL, have continuously expanded their network and subscriber-base affects CAT's market share and profit margin.

## 2. Revenue loss at the end of concession

CAT has lost its concession revenue because two concession contracts have ended on 15 September 2013. These concessionaires are True Move (TMV) and Digital Phone (DPC).

## 3. Effect from NRA Act of 2010 Article 84 Paragraph 3

CAT has to remit its concession revenue from DTAC less expense to the NBTC since 20 December 2013. Consequently, the concession no longer generates profit for CAT.