




Overview



MESSAGE FROM THE CHAIRMAN



2016 marked another important milestone for AIS, as we overcame a number of challenges and changes that presented themselves throughout the year. Right from the very beginning of the year, we worked diligently to ensure that we could continue serving customers using 2G handsets and update as many as possible to 3G handsets. Even as we were participating in the 900 MHz spectrum auction again in May 2016, we were busy working on a quick implementation of 4G networks to meet the ever-growing demands of high-speed mobile internet. It was overcoming the challenges of these and other events that ensured every individual in the organization was kept active, cultivating the ideas which bring sustainability for the organization, develop our personnel, prepare us for any coming changes, and ultimately furnish AIS with the strength and the readiness to deal with any situations in the future.

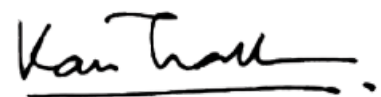
Our performance in 2016 reflects the solid foundation on which AIS stands: A revenue of 122,561 million Baht and 1.6 per cent growth from the previous year led to a net profit of 30,667 million Baht, created stable returns for shareholders with the fixed dividend policy at 100% of net profit for 2016, and provided us with a strong financial position and the preparedness to optimize future investment and business opportunities. This growth is the result of many factors that include our determination to be the foremost leader in mobile phone services, our constant search for exciting new innovations to offer our customers, our commitment to expanding our infrastructure with quality networks, and our dedication to developing service excellence to support our customers' lives in the digital era.

In addition to maintaining our leadership position in the mobile phone business, which remains our primary business, AIS also aims to create growth in a range of related new businesses which can supplement our overall strategy. Keeping in line with our vision of being a digital service provider who can completely satisfy the needs of customers in this era, these new business ventures include extending our reach

into the dramatically growing high-speed internet business as well as developing and providing a variety of digital content, both informative and entertaining, together with various other applications which are aimed at making life even easier in this digital era. AIS believes in making the optimum use of our resources, our abilities, our infrastructure and our innovations to improve the quality of communication, facilitate access to education, create jobs and enhance day-to-day living with the overall goal of helping to develop the quality of life in Thai society.

These developments are only possible through the collaboration of many parties. With this in mind, AIS places great importance on balancing company growth with the development of society, our customers, our partners, our staff, and the environment so that we are best positioned to achieve sustainable growth for the long term. We are especially committed to providing support to enhance the potential of our business partners, our distribution channel partners, our suppliers, and other trade partners who play a role in our customers receiving quality products and excellent service. Throughout our organization and wider network, AIS also aims to develop human resources and cultivate an organizational culture that promotes creativity, stimulates new ideas, and never stands still, so that we are always in the best position to adapt and keep pace with change.

Finally, 2016 marks the second year for which AIS has been the sole telecommunications provider selected for inclusion in the Dow Jones Sustainability Indices (DJSI) as well as the second year in which we have been included in the 'Sustainable Stock' list of listed companies assessed by the Stock Exchange of Thailand. It is my belief that the concept of sustainable development is incorporated into every aspect of AIS's implementation, allowing us to grow continuously and ensure stable returns for all stakeholders in the long-term, while also contributing to the growth and progress of the economy and Thai society.

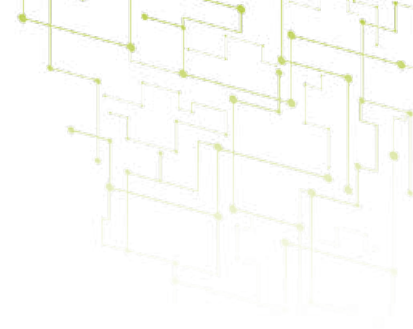


Mr. Kan Trakulhoon

Chairman of the Board of Directors



CEO MESSAGE



Dear AIS' shareholders

The year 2016 has been another significant year for AIS. First half of the year, we took our best effort to take care of our 2G customers while we faced a tough situation during the uncertainty of the 900MHz spectrum auction. Finally, we acquired the 900MHz in June, which has strengthened spectrum holding position of AIS. With the 2100/1800/900MHz, we have liberated from the past period of resource limitation, continued to enhance the network quality for our customers, and stayed competitive on our leading position. Corresponding with the accelerating data consumption growth, our 4G coverage has been expanded to cover 98% of the population, surpassing our guided target of 80% of the population. Also, we kept expanding 3G capacity and continued the 2G service, especially in provincial areas. Accordingly, we maintained our leadership with revenue market share of approximately 50%.

Another great achievement in 2016 was the success of our fixed broadband business. I would like to express my gratitude to all of our AIS staff as it is their ceaseless dedication that is yielding our current results. Despite being in its second year of operation, AIS Fibre continued to grow at a fast rate with the 301,500 current subscribers representing an sevenfold increase compared with the previous year. Total revenue was 860 million Baht. Indeed, AIS Fibre has now established itself as a viable source of revenue generation. Next year, we will pursue our goals of providing a higher standard of fixed broadband service in Thailand and delivering the best value for our customers by combining our strength in fibre technology with our competitive pricing strategy. We remain resolute in our objective that AIS Fibre will become one of the main players in the broadband market within the next 3 years.

Regarding digital content business, in 2016 we gave high emphasis on video content, particularly the application AIS PLAY which received great feedback from customers. AIS was the sole mobile operator who obtained the right to live broadcast on mobile the RIO Olympics and Paralympics in Brazil. Moreover, we partnered with GMM to provide live concert on mobile. This was the first important step in creating new forms of contents that current customer behavior urges to use. By focusing on ecosystem, AIS will build new excitement out of distinct digital contents to constantly give convenience to our customers.

During the past 26 years of operation, AIS has passed several challenges. Each time of conquest has made us stronger. With our full effort to strategically adapt ourselves to changes, I am confident that AIS can solidly move forward with good governance. This year AIS continued to be the only one in Thai telecom industry to be listed in the DJSI for two consecutive years. As a CEO, I am determined to lead AIS to reach our goal: to become the most-admired Digital Life Service Provider in Thailand.

Until we meet again.

Mr.Somchai Lertsutiwong

Chief Executive officer

Operational Highlights

Enhance 'digital life' for Thais with integration of mobile connectivity, Fibre to Home, and digital contents and services.

Strengthening leadership position

Mobile business



THAILAND'S NUMBER 1 NETWORK
serving 41 customers, approx. 50%
revenue market share

98% **2G** coverage

98% **3G** coverage

98% **4G** coverage



Capturing growth

Growth in mobile data revenue

20%

Strong demand for mobile data
supported by higher smart device
penetration, and better data speed.

3.6GB **29%**

average data usage

4G subscribers

increased 1.8

Fixed broadband business



301,500
subscribers

5.2 mn homepasses
in 28 cities

- Lift up broadband speed with better technology at affordable prices for Thais
- Create new revenue stream and leverage value from existing mobile business

Digital life services provider



AIS PLAY iia: AIS PLAYBOX

- Embarking on exclusive contents, live and VDO entertainment



AIS Business cloud

- End to end, one stop service for Thailand 4.0
- Supporting both corporates and SMEs cost efficiency and mobility



Mobile Money

- Partner with banks and financial institutions to create most convenience way to access financial services



Commit to deliver sustainable return

DJSI 2015 – 2016

We are the one and only Thai telecom selected
to be in DJSI family 2 years in a row



70%

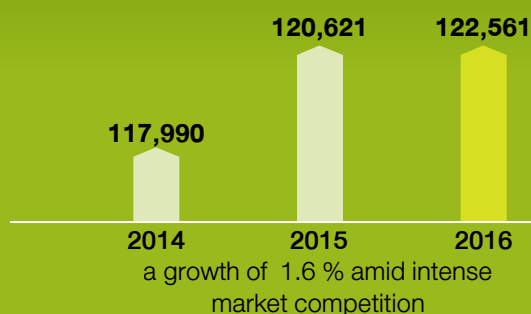
Dividend payout
from 2017 onwards

**Best
employer
in Thailand**
4 year in a row
By Aon Hewit

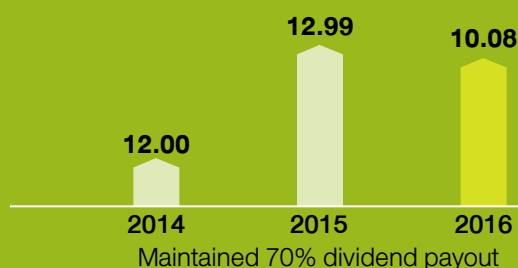


Financial Highlights

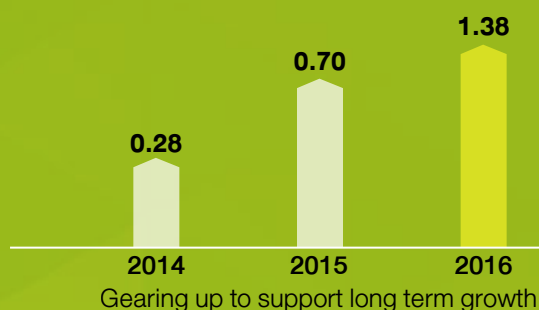
Service revenue (THB mn)



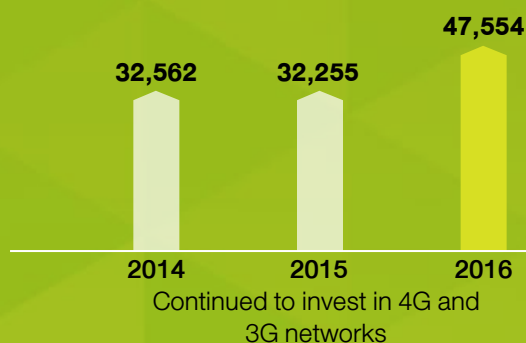
Dividend per share (THB/share)



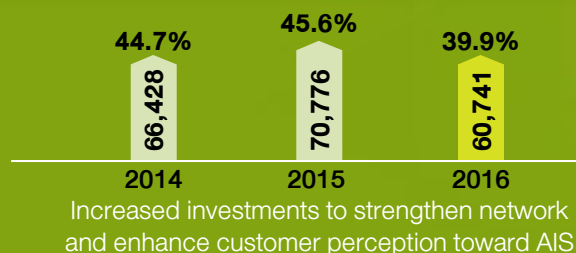
Net debt to EBITDA (times)



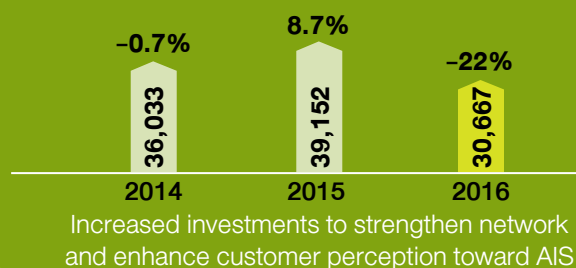
Capital Expenditure (THB mn)



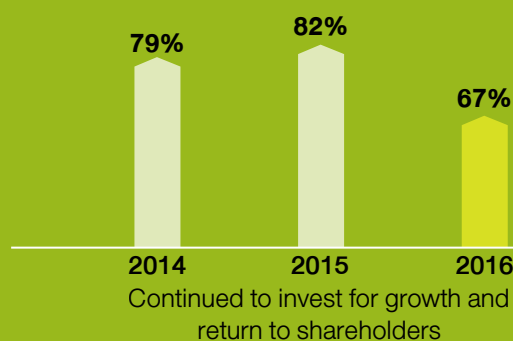
EBITDA (THB mn and % margin)



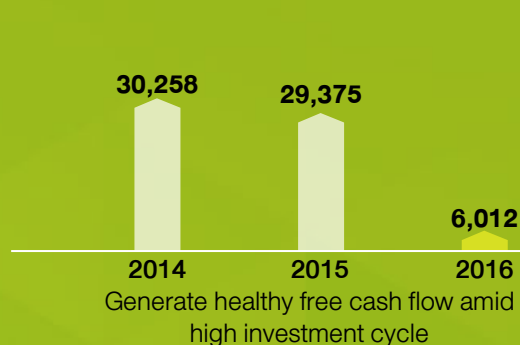
Net profit (THB mn and % margin)



Return on Equity



Free cash flow (THB mn)





Mission

- We commit to deliver superior, innovative and responsible services that can add value and enhance peoples' daily lives along with business capabilities.
- We commit to enhance Customer Intimacy through the best customer experience.
- We commit to drive intrapreneurship along with a professional and lively work culture for all our employees.
- We commit to build win-win growth with our key stakeholders.

Vision

To lead and shape the multi-media communications market in Thailand and aspire to become the most-admired Digital Life Service Provider.



Dividend Policy

On February 3, 2017, the Board of Directors approved the change in dividend policy as follow.

The Company aims to pay dividend at least 70% of consolidated net profit twice a year. The first of which shall be paid as interim as a result of operation during the first half of the year as approved by the Board of Directors and will be reported to the next general meeting of shareholders whereas the remaining thereof as annual payment which shall be approved by shareholders' meeting as a result of operation in the second half year.

As regards each subsidiary, dividend payment shall be based upon its operating results, financial conditions and other material factors.

In all cases, dividend payment shall be depending on cash flow, investment plan including any other future obligations of the Company and/or subsidiaries. Such dividend shall not exceed the retained earnings of the Company financial statements nor adversely affect the Company and subsidiaries ongoing operations.

The historical dividend payment which is based on former dividend policy 100% of net profit is as follows:

Historical Dividend	2012	2013	2014	2015	2016
Total Dividend Payment (Baht per share)	10.90	12.15	12.00	12.99	10.08
1. Interim Dividend	5.90	6.40	6.04	6.50	5.79
2. Annual Dividend	5.00	5.75	5.96	6.49	4.29
Dividend Payout Ratio	93%	99.58%	99.01%	98.64%	97.72%