

ADVANCED INFO SERVICE PLC

COMPANY OVERVIEW

Advanced Info Service Plc (AIS) or "AIS" is the "Digital Life Service Provider" which consists of three core businesses namely mobile, fixed broadband, and digital service. In this 26th year of mobile service, AIS has maintained its leading position with 49% revenue market share and is serving more than 41 million subscribers nationwide. AIS has 2G/3G/4G networks, covering 98% of populations at the end of 2016.

In 2015, AIS started a new fixed broadband business through a pure fiber optic network under the brand 'AIS Fibre'. In 2016, AIS Fibre had 301,500 subscribers with service coverage of 5.2mn homepass in 28 provinces. Striving to become a significant player in the next 3 years, we continue to expand our business and build stronger operational foundation.

The last part of AIS' core business is digital service, focusing on 5 key areas; video, game, mobile banking, cloud and M2M. For video service, AIS developed AIS PLAY, a video-content mobile application and AIS PLAYBOX, which is a set top box for home entertainment via AIS Fibre.

AIS' subsidiaries operate various telecommunications related businesses including domestic mobile service, international direct dialing services, and international roaming services etc.

The Thailand's telecommunication industry has been regulated under the National Broadcasting and Telecommunication Commission ("NBTC"). AIS granted the license to operate business from the NBTC as follows;

- 2100MHz spectrum license:** Advanced Wireless Network (AWN), a wholly-owned subsidiary of AIS, received a 15-year 2100MHz spectrum license (2x15MHz bandwidth), at the bidding cost of Bt14.6bn in December 2012. On the license scheme, service revenues are subjected to annual license fee of 5.25% and network ownership belongs to AWN. This spectrum has been invested for 3G coverage and capacity. The 2100MHz network is now used for 3G and 4G services.
- 1800MHz spectrum license:** AWN won a spectrum license of 1800MHz (2x15MHz bandwidth) from the auction held by the NBTC in November 2015 at the bidding cost of Bt41bn. The license is valid for 18 years until 2033 and also subjected to annual license fee of 5.25%. The 1800MHz spectrum is currently deployed for 4G LTE and LTE-A services.
- 900MHz spectrum license:** AWN acquired a spectrum license of 900MHz (2x10MHz bandwidth) from the re-auction in May 2016 at the bidding cost of Bt76bn. The license is valid for 15 years until 2031 and also subjected to annual license fee of 5.25%. The 900MHz is currently used to deploy 2G, 3G and 4G; however, in the near future, we aimed to fully deploy only 3G and 4G.

All these 3 spectrums are deployed for 2CA (1800/2100) and 3CA (900/1800/2100) technology in density areas.

CG score



"Very good"

The result of 2016 good corporate governance survey conducted by The Thai Institute of Directors Association (IOD),



2015 Constituent MSCI Global Sustainability Indexes



FTSE4Good

Credit rating

Fitch National rating: AA+ (THA), Outlook: Stable
S&P BBB+, Outlook: Negative

PRICE PERFORMANCE (Jan 2016 - Dec 2016)



AWARDS

2016

- 'Thailand's Top Corporate Brands 2016' for telecom sector from Faculty of Commerce and Accountancy of Chulalongkorn University for having the highest corporate value of Bt582,434 mn in the category of Information and Communication Technology. It was also the highest value across all categories. AIS has now received this award for five consecutive years.
- 'Best Company 2016, and Best Company 2016 under the Technology Industry category' awarded by Money & Banking Magazine to listed companies with the highest performance of the year in their industry.

KEY INVESTMENT FEATURES

- 6th largest listed company on SET by market capitalization as of Dec 2016
- Dividend payout at least 70% of consolidated net profit twice a year. Such dividend shall not exceed the retained earnings of the Company financial statements nor adversely affect the Company and subsidiaries ongoing operations.
- Operating cash flow was Bt71,538mn and net debt to EBITDA ratio of 1.38x
- Growth opportunities from fixed broadband and digital content

FINANCIAL HIGHLIGHTS

(unit: Bt mn)	2014	2015	2016	%YoY
Total revenue excluding construction	148,729	155,213	152,150	4.4%
Net Profit	36,033	39,152	30,667	8.7%
EBITDA	66,428	70,776	60,741	6.5%
EBITDA Margin	44.7%	45.6%	39.9%	+90 bps
Net Operating Cash Flow	62,820	61,629	61,653	-1.9%
Total Assets	126,351	181,761	275,670	44%
Total Borrowing	36,341	63,989	98,144	76%
Total Equity	46,864	48,493	42,708	3.5%
Net Debt to Equity (x)	0.39	1.02	1.38	N/A
ROE	79%	82%	67%	+300 bps
EPS (THB/Share)	12.12	13.17	10.31	8.7%
DPS (THB/share)	12.00	12.99	10.08	8.3%

MARKET DATA

Stock Symbol	ADVANC
Exchange	Stock Exchange of Thailand (SET)
First trade date	5 Nov 1991
Registered capital	Bt4,997mn with par value of Bt1
Paid-up capital	Bt2,973mn with par value of Bt1
52-week Range (as of 14 Feb 2017)	Bt141-190
Market Capitalisation (as of 30 Dec 2016)	Bt437,045.01mn / USD12,040 mn (@ Bt36.3 /USD)
Free Float	36.22%
Number of Shareowners (as of 18 Aug 2016)	54,420

Depository Receipts: AVIFY

ADR Ticker Symbol	AVIFY
Exchange	OTC
Depository	BNYM (Sponsored)
ADR to ORD Share Ratio	1:1
ADR CUSIP Number	00753G103
Recent Price (as of 14 Feb 2017)	USD4.87
52-week Range (as of 14 Feb 2017)	USD3.99- USD5.44

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OPERATIONAL HIGHLIGHTS

Mobile

As of	4Q15	4Q15	1Q16	2Q16	4Q16
Subscribers (million)	38.5	38.9	39.4	39.9	41
Prepaid	33.1	33.5	33.5	33.8	34.6
Postpaid	5.4	5.4	5.8	6.1	6.4
ARPU (bt/m/sub)	254	251	248	248	251
Prepaid	195	194	188	186	186
Postpaid	612	608	608	597	600
MOU (min/month/sub)	292	279	246	226	215
Prepaid	286	272	234	213	201
Postpaid	330	320	313	305	296
VOU (GB/data sub/month)	2.0	2.2	2.6	3.0	3.6
Prepaid	1.9	2.0	2.4	2.7	3.2
Postpaid	2.4	2.7	3.4	4.1	5.0
Fixed broadband					
Subscribers (subs)	44,000	72,000	115,000	195,000	301,500
Net additions	18,000	28,000	43,000	80,000	106,500
ARPU (bt/month)	615	583	520	498	510

REVENUE BREAKDOWN

% of Service Revenue ex IC	4Q15	1Q16	2Q16	3Q16	4Q16
Voice	47%	45%	43%	43%	39%
Non-voice	47%	49%	51%	51%	55%
Fixed broadband	0.2%	0.3%	0.5%	0.8%	1.2%
Others (IR, IDD, other fee)	4%	5.5%	5.5%	5.4%	5.2%
	100%	100%	100%	100%	100%

MAJOR SHAREHOLDERS

As of 18th August 2016

1. INTOUCH HOLDINGS PUBLIC COMPANY LIMITED	40.45%
2. SINGTEL STRATEGIC INVESTMENTS PTE LTD.	23.32%
3. THAI NVDR	5.99%
4. THE BANK OF NEW YORK MELLON	1.91%
5. SOCIAL SECURITY OFFICE	1.57%
6. GIC PRIVATE LIMITED	1.48%
7. STATE STREET BANK EUROPE LIMITED	1.32%
8. CHASE NOMINEES LIMITED	1.26%
9. LITLEDOWN NOMINEES LIMITED	0.64%
10. HSBC (SINGAPORE) NOMINEES PTE LTD	0.61%
Total	78.55%

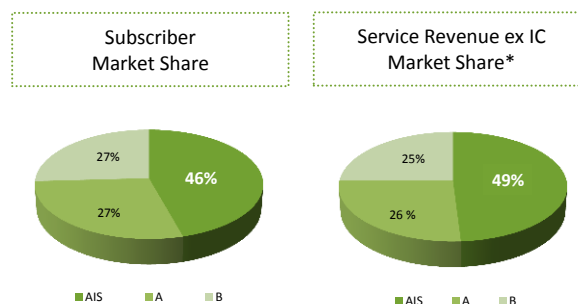
Source: Thailand Securities Depository Company Limited

LATEST FINANCIAL FIGURES

(unit Bt mn)	4Q15	1Q16	2Q16	3Q16	4Q16
Total Revenue (ex. IC)	29,887	37,252	36,482	37,096	31,617
Net Income	10,791	8,073	9,596	6,529	6,468
EBITDA	17,204	13,415	17,012	15,257	15,058
EBITDA Margin	43.2%	36.0%	46.6%	41.1%	36.4%
Total assets	181,761	193,570	270,724	271,503	275,670
Total Liabilities	133,268	156,291	223,839	235,278	232,962
Total Equity	48,493	37,279	46,885	36,225	42,708
Net Debt to Equity	1.02	1.23	1.62	2.57	1.38
ROCE	45%	33%	34%	21%	23%
EPS	3.63	2.72	3.23	2.20	2.18

MOBILE MARKET SHARE

As of 4Q16

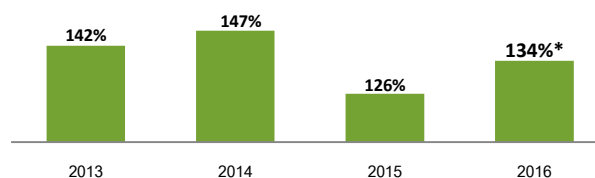


Note: excluding TOT, CAT, and other MVNOs as data is not publicly available
*By AIS' definition

MOBILE PENETRATION

As of 4Q16

■ Penetration Rate (%)



Note: excluding TOT, CAT, and other MVNOs as data is not publicly available
*Thai population: 65.9mn

Source: Department of Provincial Administration, Ministry of Interior

BOARD OF DIRECTORS

The Board of Directors is comprised of 10 directors, 3 of which are independent. The chairman is independent directors. Roles and responsibilities of the Board of Directors were separated from management. There are 9 out of 10 non-executive directors.

As of 31 December 2016

1. Mr. Kan Trakulhoon	Independent Director and Chairman of the Board of Directors
2. Mr. Somprasong Boonyachai	Vice-Chairman of the Board of Directors (non-executive director)
3. Mr. Krairit Euchukanonchai	Independent Director and Chairman of the Audit Committee
4. Mrs. Tasanee Manerot	Independent Director and Audit Committee
5. Mr. Surasak Vajait	Independent Director and Audit Committee
6. Mr. Philip Chen Chong Tan	Non-Executive Director
7. Mr. Allen Lew Yoong Keong	Non-Executive Director
8. Mr. Somchai Lertsutiwong	Director
9. Mr. Stephen Geoffrey Miller	Non-Executive Director
10. Ms. Jeann Low Ngiap Jong	Non-Executive Director

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THAILAND'S MOBILE MARKET

Thailand's mobile operators are AIS, Total Access Communications Plc. (DTAC), and True Corporations Plc. (TRUE). The operation under the concession agreement since 1990 has already ended after AWN was awarded 2100/1800/900MHZ spectrum licenses. Under the concession agreement, AIS and TRUE won the 1800MHz and only TRUE won the 900MHz while JAS defaulted. Later in May 2016, the NBTC held a re-auction of the defaulted 900MHz license in which only AIS participated and won. The results from the auctions changed the telecom landscape; market competition is more aggressive among operators in order to gain higher subscribers and market share.

The mobile penetration in Thailand was once 140% and declined to 134% from prepaid SIMs were enforced to register their identity, reflecting in high prepaid churn but healthier subscriber growth going forward. Although prepaid segment has seen high growth of adoption, prepaid segment is by far maintaining its share of 82%.

Mass mobile technology is still lying on 3G and less on 2G; nonetheless, 4G is penetrating the market due to growing smartphone users and exorbitant data consumption. Currently, majority of contents and applications consumed are basic social media such as LINE and Facebook, etc. However, more megabyte-burning contents such as videos and movie streaming are thriving quickly with better network quality being provided. Thus, mobile operators are gradually trying to monetize the high data usage by adopting limited price plans and attractive top-up packages for all customer segments.

During 2016, the operators accelerated their 4G network investments and tried to claim the leadership in data service. The competition has been focusing on handset subsidy to attract new customers as well as to retain the existing base. The monetization of data usage was pressured by the offering of non-stop packages with large data allowance although data consumption grew along with the higher smartphone penetration.

THAILAND'S FIXED BROADBAND MARKET

The fixed broadband market continued to expand competitively both from evolving lifestyle toward digital era and the higher demand for fibre to the home. At the same time, the current users of ADSL technology has faced limited speed and connection stability issue over copper lines. The fibre optic is an alternative technology for customers seeking for better speed and quality of service.

According to the NBTC, there are only 7 million households or 33% of population have accessed to high-speed internet service. The statistics show growth potential from untapped market by locations.

In 2016, the competition focused on improving speed and coverage as well as expanding their fibre service to replace the ADSL network.

GOOD CORPORATE GOVERNANCE

AIS continually reviews its policy and development plan for Good Governance. Activities and projects to further enhance Good Governance were organized as follows:

- Protect of shareholders' rights and encouragement to shareholders to exercise their rights under standard legal practice;
- Provide equal, important and up to date information via its website;
- Give opportunity to retail shareholders to propose agenda and candidate to be elected as director prior to the meeting date;
- Provide various channels for stakeholders to raise their concern of business ethics to the Board of Directors;
- Raise employee's awareness in doing business with moral.

AIS was certified as a member of Thailand's Private Sector Collective Action Coalition Against Corruption (CAC) and awarded by the ASEAN CAPITAL MARKETS FORUM as one of the top 100 ASEAN companies in terms of market value and good governance business practices that meet or exceed ASEAN standards (ASEAN CG Scoreboard).

Ownership Transparency & Rights

- The largest percentage of AIS shares held by a single shareholder is 40.45%.
- One share carries one vote.

Financial Transparency

- AIS' accounting is performed according to the Thai Accounting Standard (TAS), which is based on the International Financial Reporting Standard (IFRS).
- AIS reports its quarterly financial statement to SET and the public within 45 days at the end of each quarter, and its annual financial statement within 60 days.

Board Structure

- The Audit Committee, Leadership Development and Compensation Committee and Nomination Committee all work independently.
- The Director's remuneration, stock options, and professional background are well disclosed to the public.

Shareholders Rights

- The Company arranges effective and transparent shareholders' meetings annually. Shareholders will be granted notice of meeting at least 21 days prior to it taking place via mail, and at least 30 days via website.

SUSTAINABLE DEVELOPMENT

Key achievement

- Being the 1st mobile operator in Thailand to be selected as member of "Dow Jones Sustainability Indices" for two consecutive years
- Being a member of "Thailand Sustainability Investment" of the Stock Exchange of Thailand for two consecutive years

AIS strategy for sustainable growth (5 focus areas)

- **Bringing our society together** To thoroughly understand and take account of the needs of the direct community, and develop the appropriate strategic, integrated and systematic responses to ensure our social license to operate and leverage our strengths as a network provider to meet the needs of the larger society and be viewed as an industry leader in a socially responsible business.
- **Providing the best customer experience** To provide the best customer experience while tapping into new markets, through deep insight into people's needs, personalized products and services that meet those needs, and unparalleled service that says we will do our best to assure our customers "Live Digital, Live More".
- **Building a sustainable partnership** To share the responsibility for our partners' behaviors and actions and build win-win partnerships through mutual growth.
- **Growing our people with their strengths** To develop visionary leaders with our brand character and create opportunities for people to learn and develop so that they can guide AIS toward its goal within the framework of sustainability.
- **Greening our future** To develop innovative, yet easy-to-understand and environmentally friendly, products and services that will empower people today and meet the needs of future generations.

For more information, please see AIS sustainability report 2016

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FUTURE PLAN

Transform to be leading digital life service provider for Thais

Today's world has clearly transformed to digital. AIS is well aware of the trend and transform itself to be "Digital Life service Provider" in response to growing needs and lifestyle of customers in digital era. AIS is committed to providing services that can lift up the standard of living for Thais including services in multimedia content, health, education, and agriculture through our three core strengths; mobile, fixed broadband as well as digital contents.

Mark a leadership in mobile broadband, led by network and service quality

AIS is committed to the development of network quality, stability and reliability by our team who has expertise in network design and innovation. We continue to expand 4G network coverage to reach various areas as well as capacity enhancement for 3G to support more usage. The key differentiation for AIS to mark leading position is service excellence that is essential for retaining customers. AIS has brought technology to facilitate work processes, such as data gathering, data processing, and analysis to better serve customers with digital tools. Today, AIS remains top of customer's mind by offering privileges that can be customized and suit their lifestyles.

Step up in fixed broadband business, aiming for converged services

Residential internet broadband has become more important to customers following the trend of always-on connection and convergence. AIS maintains its focus on the target to gain significant market share within 3 years mainly by delivering the high-speed internet with pure fibre and attractive package to customers in order to compete with ADSL.

Build innovation in digital content for consumers and business customers

AIS realizes the importance of digital content as our new and quality revenue generator that can increase the use of internet via mobile and residential platforms. AIS focuses on five key areas, namely video, game, mobile banking, cloud and M2M. The main strategy is to develop platform and connect with content developers, creating growth together with partners. We also expand service platform to cover more segments, especially exclusive video contents on both mobile and home entertainment.

Balancing for stakeholder's best interest, creating sustainable growth

AIS believes in eco-system in telecom industry that integrates competencies among partners to serve customer's needs. This will encourage sustainable growth for AIS and partners. Developments for human resources and internal structure are also essential for changes in digital era. Our culture is to cultivate active working style and creativity to cope with upcoming changes. Fair compensation, training and development in digital areas are provided in order to retain competent staff in a long-term. AIS also has succession plan to ensure smooth transition. These are sustainable drivers for AIS and support us in transforming to leading digital life service providers for Thais.

PRODUCTS UNDER AIS DIGITAL LIFE SERVICE

 AIS Postpaid Postpaid mobile service	 AIS One-2-Call Prepaid mobile service	 mPAY Mobile money payment	 AIS Fibre Household internet with 100% Fibre	 AIS Business Cloud Cloud service for enterprise
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CONTACT US

Investor Relations

Advanced Info Service Plc 414 AIS Tower 1, 22th Floor, Phaholyothin Road, Phayathai, Bangkok, 10400, Thailand

Tel: +66 2029 5014

Fax: +66 2029 5165

E-mail: investor@ais.co.th

Corporate website: <http://www.ais.co.th>

IR website: <http://investor.ais.co.th>

TERMS AND DEFINITIONS

EBITDA	Earnings before interest, tax, depreciation and amortisation = Profit before interest and tax + Depreciation + Amortisation - Other income + Bad debt refund + Other non-cash items +/- Other non-operating items
EBITDA Margin	EBITDA as % of total revenue
Free Cash Flow	Operating cash flow-CAPEX
Operating Cash Flow	Refers to note to audited year-end financial statements
Net Debt to Equity	(Interest - bearing debts - Cash) / Total equity
ROCE	(Operating profit after tax) / (average interest bearing debt + average equity)
EPS	Earnings per share
DPS	Dividend per share (as paid out for the operation of that fiscal year)

DISCLAIMER "Some statements made in this material are forward-looking statements with the relevant assumptions, which are subject to various risks and uncertainties. These include statements with respect to our corporate plans, strategies and beliefs and other statements that are not historical facts. These statements can be identified by the use of forward-looking terminology such as "may", "will", "expect", "anticipate", "intend", "estimate", "continue" "plan" or other similar words. The statements are based on our management's assumptions and beliefs in light of the information currently available to us. These assumptions involve risks and uncertainties which may cause the actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Please note that the company and executives/staff do not control and cannot guarantee the relevance, timeliness, or accuracy of these statements."