

## 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 27<sup>th</sup> year of mobile service, AIS has maintained its leading position with 48% revenue market share and is serving 40.2 million subscribers nationwide. AIS has 4G/3G/2G networks, covering 98% of population at the end of 2016.

In 2015, AIS started a fixed broadband business through a pure fiber optic network under the brand ‘AIS Fibre’. As of 3Q17, AIS Fibre had 481,500 subscribers with service coverage of 5.2mn homepass in 28 provinces. Striving to become a significant player in the next three years, we continue to expand our business and build stronger operational foundation.

The last part of AIS’ core business is digital service, focusing on five key areas: video, game, mobile banking, Enterprise 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 connected via AIS Fibre.

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

Thailand’s telecommunication industry has been regulated under the National Broadcasting and Telecommunication Commission (“NBTC”). AIS was 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 4.0% and network ownership belongs to AWN. This spectrum has been invested for 4G/3G technology.
- **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 4.0%. 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 4.0%. The 900MHz is currently used to deploy 2G, 3G and 4G.

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

## CG scores



“Very good”

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

MSCI 2015 Constituent MSCI Global Sustainability Indexes



## CREDIT RATING

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

## PRICE PERFORMANCE IN 52 WEEKS



## RECENT AWARDS

- “Promoting Health in the Workplace” from Best Employer Brand Awards 2017
- “Best Company Award” for eight consecutive years hosted by Money and Banking Award 2017
- “Best Employers Thailand 2017” from Aon Hewitt and Chulalongkorn University’s Sasin Graduate Institute of Business Administration

## KEY INVESTMENT FEATURES

- 6th largest listed company on SET by market capitalization as of September 2017
- 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 in 9M17 was Bt51,969mn and net debt to EBITDA ratio of 1.4x
- Growth opportunities from fixed broadband and digital service

## FINANCIAL HIGHLIGHTS

(unit: Bt mn)	2014	2015	2016	%YoY
Total revenue excluding construction	148,729	155,213	152,150	-2%
Net Profit	36,033	39,152	30,667	-22%
EBITDA	66,428	70,776	60,741	-14%
EBITDA Margin	44.7%	45.6%	39.9%	-5.7pp
Net Operating Cash Flow	62,820	61,629	61,653	-1.9%
Total Assets	126,351	181,761	275,670	52%
Total Liability	79,486	133,268	232,962	75%
Total Equity	46,864	48,493	42,708	-12%
Net Debt to Equity (x)	0.39	1.02	1.38	N/A
ROE	79%	82%	67%	-15pp
EPS (THB/Share)	12.12	13.17	10.31	-22%
DPS (THB/share)	12.00	12.99	10.08	-22%

## 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	Bt141-195
Market Cap.	Bt567,843mn / USD16,951 mn (@ Bt33.5 / USD)
Free Float	36.22%
Number of Shareowners (as of 11 April 2017)	50,688

## 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	USD5.8
52-week Range	USD3.9- USD5.7

**OPERATIONAL HIGHLIGHTS**
**Mobile**

As of	2Q16	4Q16	1Q17	2Q17	3Q17
<b>Subscribers (million)</b>	39.9	41.0	40.6	40.5	40.2
Prepaid	33.8	34.6	34.0	33.5	33.0
Postpaid	6.1	6.4	6.7	7.0	7.2
<b>ARPU (Bt/mth/sub)</b>	248	251	244	251	254
Prepaid	186	186	181	182	182
Postpaid	597	600	579	593	590
<b>MOU (min/mth/sub)</b>	226	215	205	186	181
Prepaid	213	201	190	169	163
Postpaid	305	296	280	271	264
<b>VOU (GB/data sub/mth)</b>	3.0	3.6	4.0	4.7	5.9
Prepaid	2.7	3.2	3.5	4.1	5.4
Postpaid	4.1	5.0	5.7	6.7	7.5

**Fixed broadband**

<b>Subscribers (sub)</b>	195,000	301,500	373,900	445,900	481,500
<b>Net additions</b>	80,000	106,500	72,400	72,000	35,600
<b>ARPU</b>	498	510	541	600	637

**REVENUE BREAKDOWN**

% of Service Revenue ex IC	2Q16	4Q16	1Q17	2Q17	3Q17
<b>Voice</b>	43%	39%	36%	35%	32%
<b>Non-voice</b>	51%	55%	57%	58%	60%
<b>Fixed broadband</b>	0.5%	1.2%	1.7%	2.3%	2.7%
<b>Others (IR, IDD, other fee)</b>	5.5%	5.2%	5%	5.1%	5.1%
	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

**MAJOR SHAREHOLDERS**

 As of 10<sup>th</sup> August 2017

<b>1. INTOUCH HOLDINGS PUBLIC COMPANY LIMITED</b>	40.45%
<b>2. SINGTEL STRATEGIC INVESTMENTS PTE LTD.</b>	23.32%
<b>3. THAI NVDR</b>	5.04%
<b>4. LITLEDOWN NOMINEES LIMITED</b>	3.38%
<b>5. SOCIAL SECURITY OFFICE</b>	2.42%
<b>6. STATE STREET BANK EUROPE LIMITED</b>	1.34%
<b>7. CHASE NOMINEES LIMITED</b>	1.24%
<b>8. THE BANK OF NEW YORK MELLON</b>	1.04%
<b>9. STATE STREET BANK AND TRUST COMPANY</b>	0.89%
<b>10. GIC PRIVATE LIMITED</b>	0.67%
<b>Total</b>	<b>79.80%</b>

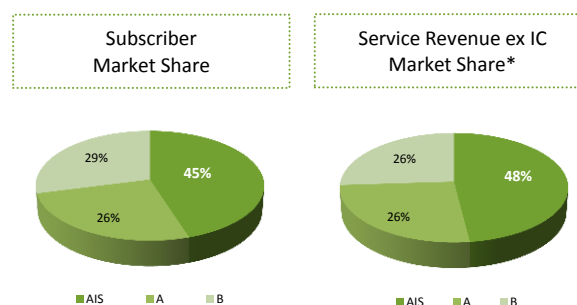
Source: Top ten shareholders as of 10 August 2017, the latest book closing date for the right to receive dividend

**LATEST FINANCIAL FIGURES**

(unit Bt mn)	3Q16	4Q16	1Q17	2Q17	3Q17
<b>Service Revenue (ex. IC)</b>	30,627	31,617	31,364	32,153	32,455
<b>Net Income</b>	6,529	6,468	7,693	7,215	7,469
<b>EBITDA</b>	15,257	15,058	17,347	17,108	17,589
<b>EBITDA Margin</b>	41.1%	36.4%	44.6%	43.8%	45.6%
<b>Total Assets</b>	271,503	275,670	279,147	281,350	279,731
<b>Total Liabilities</b>	235,278	232,962	241,491	236,505	237,838
<b>Total Equity</b>	36,225	42,708	37,656	44,846	41,893
<b>Net Debt to EBITDA</b>	1.5x	1.4x	0.9x	1.3x	1.4x
<b>ROCE</b>	21%	23%	23%	28%	23%
<b>EPS</b>	2.20	2.18	2.59	2.43	2.51

**MOBILE MARKET SHARE**

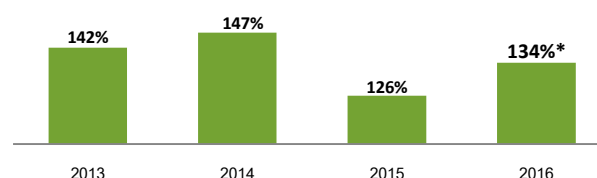
As of 2Q17


 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 an independent director. Roles and responsibilities of the Board of Directors are separated from management. There are 9 out of 10 non-executive directors.

As of November 2017

<b>1. Mr. Kan Trakulhoon</b>	Independent Director and Chairman of the Board of Directors
<b>2. Mr. Somprasong Boonyachai</b>	Vice-Chairman of the Board of Directors
<b>3. Mr. Krairit Euchukanonchai</b>	Independent Director
<b>4. Mr. Prasan Chuaphanich</b>	Independent Director
<b>5. Mr. Surasak Vajasit</b>	Independent Director
<b>6. Mr. Gerardo C. Ablaza, Jr</b>	Independent Director
<b>7. Mr. Allen Lew Yoong Keong</b>	Director
<b>8. Mr. Hui Weng Cheong</b>	Director
<b>9. Ms. Jeann Low Ngiap Jong</b>	Director
<b>10. Mr. Somchai Lertsutiwong</b>	Director
<b>11. Mr. Stephen Geoffrey Miller</b>	Director

## THAILAND'S MOBILE MARKET

Thailand's mobile operators are AIS, Total Access Communications Plc. (DTAC), and True Corporations Plc. (TRUE). In November and December 2015 the NBTC held the auctions of 1800MHz and 900MHz, respectively. AIS and TRUE won the 1800MHz and only TRUE won the 900MHz while Jamine Plc. (JAS) defaulted. Later in May 2016, the NBTC held a re-auction of the defaulted 900MHz license in which only AIS participated and won. Today, only DTAC has the concession agreement valid until 2018. The results from the auctions changed the telecom landscape; market competition is heightened among operators in order to gain higher subscribers and market share.

The mobile penetration in Thailand was once 140% and declined to 134% as prepaid SIMs were enforced to register their identity, reflecting in high prepaid churn but healthier subscriber growth going forward. Although postpaid segment has seen high growth of adoption, prepaid segment is by far maintaining its share of 79%.

Mass mobile technology is still relying 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 YouTube and other video/movie streaming are thriving quickly with better network quality being provided. Thus, mobile operators are gradually trying to monetize the high data usage by introducing suitable price plans and attractive top-up packages for all customer segments.

In 3Q17, the scale of overall subsidized campaigns has been controlled. Subscriber growth was driven by postpaid segment, due to attractive handset campaigns and the fact that prepaid subscribers migrated to postpaid progressively. In addition, pricing environment has been stable and slightly improved on the high-end segment after a raise in minimum ARPU of unlimited price plans.

## THAILAND'S FIXED BROADBAND MARKET

At the end of 2Q17, according to the NBTC, there are 7.2 million households or 34% of total household that have access to high-speed internet service. The statistics show growth potential from the untapped market.

The fixed broadband market continued to expand competitively both from an evolving lifestyle towards digital-centric 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 issues over copper lines. The fibre optic is a preferable technology for customers seeking for better speed and quality of service.

In 3Q17, fixed broadband market kept expanding while customers are offered more choices between subscriptions of pure broadband versus broadband plus other services. Meanwhile, the price and speed for the entry package has remained stable. The bundling packages of fixed broadband and content have gradually received better customer attraction.

## 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 1<sup>st</sup> mobile operator in Thailand to be selected as member of "Dow Jones Sustainability Indices" for two consecutive years in 2015-2016
- Being a member of "Thailand Sustainability Investment" of the Stock Exchange of Thailand for three consecutive years in 2015-2017

### AIS Strategy for Sustainable Growth (Five 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*

## FUTURE PLAN

### Transform to be the leading digital life service provider for Thais

Today's world has clearly transformed to digital. AIS is well aware of the trend and has transformed itself to be the "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 the 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

## CONTACT US

### Investor Relations

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

### Terms and Definitions

<b>EBITDA</b>	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
<b>EBITDA Margin</b>	EBITDA as % of total revenue
<b>Free Cash Flow</b>	Operating cash flow-CAPEX
<b>Operating Cash Flow</b>	Refers to note to audited year-end financial statements
<b>Net Debt to Equity</b>	(Interest - bearing debts - Cash) / Total equity
<b>ROCE</b>	(Operating profit after tax) / (average interest bearing debt + average equity)
<b>EPS</b>	Earnings per share
<b>DPS</b>	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."