3Q12 MD&A: Advanced Info Service Plc.

EXECUTIVE SUMMARY

Voice and non-voice services continued to grow in 3Q12. Service revenue grew 10%YoY and increased 0.8%QoQ, despite 3Q soft seasonality. Marketing campaigns were launched in this quarter to stimulate customer usage to offset seasonality impact. AIS' segmentation strategy continued to support our growth in the already saturated voice market, while non-voice services remained our primary growth area due to pent-up demand for mobile data services. In 9M12, our service revenue increased 11%YoY, in line with our full year guidance.

Increasing smart device users and social networking usage pushed non-voice revenue to grow 32%YoY and 5.7%QoQ. Our quality voice service and nationwide data network were key competitive differentiators. Smart devices users had expanded more into medium-end, driving smart device penetration to 16% in 3Q12. Popularity of social networking and experience sharing by users continued to attract new customers and increase existing users' data usage. As of 3Q12, our data users increased to 11.5mn from 9mn in 2011. In 9M12, non-voice revenue increased 33%YoY, compared to the 30% full year growth target.

Despite increasing network operating expenses from 3G-900MHz and capacity expansion throughout 2012, **EBITDA grew 8.4%YoY because of strong revenue growth**, while the EBITDA margin was 45%. In 9M12, EBITDA increased 8.8%YoY, while the EBITDA margin was 44.5%, in line with the full year guidance at 44%. Net profit for the first 9M12 grew 42%YoY because of EBITDA growth, lower amortization and finance cost and tax reduction. Our 9M12 free cash flow (EBITDA-CAPEX) was Bt40bn, increasing from Bt38bn last year, due to higher EBITDA, offset by higher CAPEX from network expansion.

On 18 October 2012, the National Broadcasting and Telecommunication Commission (NBTC) officially announced that Advanced Wireless Network Company Limited (AWN), a subsidiary of AIS, was a winning bidder in the 2.1GHz auction. The spectrum bidding price was Bt14,625mn for 15MHz bandwidth of 2.1GHz with 15 years license validity. AWN is now required to fulfill the terms and conditions set by the NBTC before officially being awarded the license to operate 2.1GHz. We will disclose new medium term guidance once AWN officially receives the 2.1GHz license from NBTC.

RESULTS

Operational Summary

AIS registered 515k new subscribers in this quarter, bringing **total subscribers** to 35.3mn. Our quality network and segmentation approach continued to support subscriber acquisition, particularly in rural segments and multiple SIM users. Average revenue per user (**ARPU**) on both postpaid and prepaid segments continued to rise YoY as subscribers adopted more data usage. Postpaid ARPU was Bt676, an increase of 4.5%YoY, while prepaid ARPU was Bt201, an increase of 3.1%YoY. Despite growing mobile data adoption, voice usage continued to rise. Postpaid **MOU** was 545 minutes, an increase of 3.4%YoY while prepaid MOU was 324 minutes, an increase of 8%YoY.

Revenue

In 3Q12, AIS total revenue was Bt33,721mn, an increase of 8.7%YoY driven by both service and handset sales. Service revenue was Bt30,701mn and grew 9.3%YoY due to the continued growth momentum of both voice and data. Handset sales were Bt3,020mn, an increase of 3.5%YoY due to increasing smart device popularity. QoQ, total revenue decreased 2.2% mainly due to a decrease in handset sales. Handset sales decreased 24%QoQ as customers have been waiting for iPhone5. In 9M12, total revenue grew 11% YoY, in-line with the full year guidance.

Voice revenue

Due to our voice network quality and segmentation strategy, our voice revenue continued to grow and stood at Bt18,508mn in 3Q12, an increase of 6.2%YoY, and flat QoQ. We responded to the 3Q soft seasonality by launching marketing activities, such as a lucky draw, to encourage customers to top-up. As a result, prepaid voice revenue was flat QoQ. Meanwhile, postpaid voice revenue slightly increased 2.5%QoQ owing to AIS segmented marketing strategy targeting quality subscriber bases. In 9M12, voice revenue improved 6.7%YoY. Our superior voice service quality allowed AIS to deliver a better experience to customers, while our extended network coverage let us capture organic growth opportunities in the regional markets.

Non-voice revenue

Non-voice revenue was Bt6,679mn, a firm growth of 32%YoY and 5.7%QoQ, driven by both increasing mobile data users and usage. Due to more affordable smart devices and growing social networking demand, the mass market continued to adopt mobile internet connectivity with 16% of our subscribers using smart devices, while data users expanded from 9mn in 2011 to 11.5mn in 3Q12. AIS enhanced its 3G-900MHz capacity, which served pent-up data demand in 17 key strategic cities, resulting in significant mobile data revenue growth of 59%YoY and 14%QoQ. Our 3G subscriptions increased to 3.5mn from 2.9mn in 2Q12. As well as AIS' network quality, we continued to offer bundling packages and a variety of applications such as AIS bookstore, AIS MusicStore and AIS Guide and Go to support today's customers' digital lifestyle. In 9M12, non-voice revenue posted a strong growth of 33% YoY, aligning with our 30% full-year target. Non-messaging revenue increased to 18% of service revenue, excluding IC, compared to 14% last year.

International Roaming (IR) and other revenues

In 3Q12, AIS introduced a comprehensive range of value IR packages and tariffs in partnership with worldwide operators, resulting in increasing data roaming usage from outbound users. However, ongoing global international roaming rate discounts pressured our **international roaming revenue** to fall 23%YoY to Bt609mn in 3Q12. QoQ, IR revenue decreased 14% due to seasonality. **Other service revenues**, mainly consisting of international calls (IDD), were Bt1,083mn, an increase of 3.6%YoY, but decreased 3.9%QoQ due to seasonality as well. In 9M12, international roaming revenue declined 15%YoY from global price pressure, while other service revenues increased 8.6%YoY from higher usage.

Handset sales

Because of the growing popularity of smart devices, **sales revenue** was Bt3,020mn, an increase of 3.5%YoY. However, as customers continued to wait for the new iPhone5 and a continuing fall in smartphone prices during the quarter, sales revenue decreased 24%QoQ. Although, the **sales margin** improved to 9.5% from 7.8% in 2Q12, this decreased from 12.7% in 3Q11, primarily due to falling smartphone prices throughout the year. In 9M12, sales revenue was Bt11,627mn, an increase of 17%YoY, while the sales margin decreased to 8.4% from 12.5% last year.

Interconnection charges (IC)

3Q12 **net IC** was Bt161mn and increased from Bt88mn in 3Q11 due to higher IC revenue. QoQ, net IC increased from Bt107mn in 2Q12 due to lower IC cost from the increased popularity and success of AIS buffet voice packages. In 9M12, net IC was Bt375mn, an increase of 6.1%YoY.

Expenses

Cost of services, excluding IC

Total cost of service, excluding IC, was Bt6,306mn and flat at 0.4%YoY due to falling amortization, offset by increasing network operating expenses from 3G-900MHz and capacity expansion. QoQ, total cost of service, excluding IC, increased 3.8%. Network operating expenses were Bt1,401mn and up 33%YoY and 12%QoQ, while other cost of services was Bt1,231mn, an increase of 21%YoY and 9%QoQ, due to 3G-900MHz network expansion. In 9M12, total cost of service, excluding IC, decreased 2.6%YoY from lower amortization.

Selling and general administrative expenses (SG&A)

SG&A was Bt2,846mn and flat at 0.9%YoY, but decreased 3.2%QoQ. The YoY figure was due to higher marketing spending to create mass 3G awareness, offset by lower staff cost, while the QoQ decrease was due to low season marketing spending. **Marketing spending** was Bt646mn, an increase of 17%YoY, but decreased 14%QoQ. Due to our quality subscriber base, **bad debt** was Bt125mn, a decrease of 14%YoY and 5.8%QoQ. Bad debt to postpaid revenue remained at 1.8%. In 9M12, SG&A increased 4.7%YoY from higher marketing and staff cost. Nevertheless, 9M12 SG&A to total revenue was 8.1% of total revenue and improved from 8.5% in 9M11.

Profit

Due to strong service revenue growth, **EBITDA** was Bt15,162mn, increasing 8.4%YoY, and stable at 0.1% QoQ. As the revenue mix from the handset sales business decreased QoQ, the **EBITDA margin** was 45%, up from 43.9% in 2Q12. YoY, the EBITDA margin was flat. As of 9M12, EBITDA was Bt46,009mn, an increase of 8.8%YoY, due to revenue growth, while the 9M12 EBITDA margin was 44.5%, decreasing from 45.3% last year, due to margin dilution from the handset business and network expansion. **Net profit** in 3Q12 was Bt8,787mn and increased 42%YoY and 0.8%QoQ. This YoY net income increase came from higher EBITDA, lower amortization, lower finance cost - after repayment of borrowing during the year - and a lower corporate tax rate (30% to 23%) beginning in 2012. The QoQ flat net income was due to a stable EBITDA. In 9M12, net profit was Bt26,426mn, an increase of 42%YoY. Despite a lower EBITDA margin, 9M12 net profit margin improved to 26% from 20% in 9M11 mainly because of lower amortization and tax expense.

Financial position and cash flow

After an interim cash dividend of Bt17,541mn was paid in 3Q12, total assets decreased to Bt85,865mn, compared to Bt96,163mn in 2Q12. Fixed assets continued to decrease because new CAPEX was smaller than fully amortized assets, despite the continued 3G-900MHz network expansion. **Liquidity**, represented by current ratio, was 1.01, decreasing from 1.26 in 2Q12 due to the interim dividend payment. In 3Q12, a debenture of Bt5,000mn was repaid, while new bank loans totaling Bt1,858mn were withdrawn. As a result, interest bearing debt decreased to Bt20,389mn, compared to Bt23,529mn in 2Q12. In 4Q12, a loan of Bt247mn will be repaid. However, AIS still maintained a net cash position in 3Q12. Equities declined to Bt35,752mn due to a decrease of unappropriated retained earnings, which decreased to Bt9,470mn from Bt18,223mn in 2Q12, after the interim dividend payment.

In 9M12, AIS generated **cash flow from operation** of Bt41,925mn, an increase of 8.6%YoY, while spent **CAPEX** of Bt5,965mn, a 74% of full year CAPEX plan, to achieve 3,500 nodes of 3G-900MHz expansion, enlarge network capacity for voice and data service, and modernize touch points for better customer experience. As a result, free cash flow (EBITDA-CAPEX) of 9M12 was Bt40bn, compared to Bt38bn in 9M11.

FINANCIAL RESULT

Table 1 – Revenue								(Bt million) /(% to total service revenue excluded IC)
	3Q11		2Q12		3Q12		YoY	QoQ
Voice revenue	17,427	71.6%	18,518	69.4%	18,508	68.9%	6.2%	-0.1%
Postpaid (voice)	4,191	17.2%	4,591	17.2%	4,707	17.5%	12%	2.5%
Prepaid (voice)	13,237	54.4%	13,927	52.2%	13,802	51.3%	4.3%	-0.9%
Non-voice revenue	5,077	20.9%	6,321	23.7%	6,679	24.8%	32%	5.7%
International roaming	794	3.3%	711	2.7%	609	2.3%	-23%	-14%
Others (IDD, other fees)	1,045	4.3%	1,127	4.2%	1,083	4.0%	3.6%	-3.9%
Service revenue excluding IC	**24,343**	**100.0%**	**26,677**	**100.0%**	**26,879**	**100.0%**	**10%**	**0.8%**

Table 2 – Sales								(Bt million)/(% to total revenue)
	3Q11		2Q12		3Q12		YoY	QoQ
Sales revenue	2,918	9.4%	3,971	11.5%	3,020	9.0%	3.5%	-24%
Cost of sales	2,546	8.2%	3,660	10.6%	2,733	8.1%	7.3%	-25%
Net sales	**372**	**1.2%**	**311**	**0.9%**	**287**	**0.9%**	**-23%**	**-7.6%**
Sales Margin (%)	**12.7%**		**7.8%**		**9.5%**			

Table 3 – Interconnection								(Bt million)/(% to total revenue)
	3Q11		2Q12		3Q12		YoY	QoQ
Interconnection revenue	3,752	12.1%	3,840	11.1%	3,822	11.3%	1.9%	-0.5%
Interconnection cost	3,664	11.8%	3,733	10.8%	3,661	10.9%	-0.1%	-1.9%
Net interconnection	**88**	**0.3%**	**107**	**0.3%**	**161**	**0.5%**	**82%**	**50%**

Table 4 – Cost of services excluding IC and sales								(Bt million)/(% to total revenue)
	3Q11		2Q12		3Q12		YoY	QoQ
Network amortization	4,259	13.7%	3,699	10.7%	3,674	10.9%	-14%	-0.7%
Network operating expenses	1,053	3.4%	1,248	3.6%	1,401	4.2%	33%	12%
Base station rental & utility	751	2.4%	835	2.4%	919	2.7%	22%	10%
Maintenance	302	1.0%	413	1.2%	483	1.4%	60%	17%
Other cost of services	1,018	3.3%	1,127	3.3%	1,231	3.6%	21%	9.2%
Cost of services excluding IC	**6,330**	**20.4%**	**6,074**	**17.6%**	**6,306**	**18.7%**	**-0.4%**	**3.8%**
Revenue sharing expense	**6,057**	**19.5%**	**6,729**	**19.5%**	**6,802**	**20.2%**	**12%**	**1.1%**

Table 5 – SG&A								(Bt million)/(% to total revenue)
	3Q11		2Q12		3Q12		YoY	QoQ
Marketing expense	551	1.8%	749	2.2%	646	1.9%	17%	-14%
General administrative & staff cost	2,074	6.7%	2,010	5.8%	2,025	6.0%	-2.4%	0.8%
Bad debt provision	145	0.5%	132	0.4%	125	0.4%	-14%	-5.8%
Depreciation	51	0.2%	49	0.1%	50	0.1%	-1.0%	1.8%
Total SG&A	**2,821**	**9.1%**	**2,940**	**8.5%**	**2,846**	**8.4%**	**0.9%**	**-3.2%**
% Bad debt to postpaid revenue	**2.4%**		**1.9%**		**1.8%**			

Table 6 – EBITDA								(Bt million)/(% to total revenue)
	3Q11		2Q12		3Q12		YoY	QoQ
Operating Profit	9,595	30.9%	11,351	32.9%	11,374	33.7%	19%	0.2%
Depreciation of PPE	598	1.9%	546	1.6%	528	1.6%	-12%	-3.3%
Amortization	3,825	12.3%	3,316	9.6%	3,309	9.8%	-14%	-0.2%
(Gain)/Loss on disposal of PPE	1	0.0%	-7	0.0%	0	0.0%	-69%	-104%
Management Benefit	-30	-0.1%	-44	-0.1%	-39	-0.1%	30%	-12%
Other financial cost	-8	0.0%	-10	0.0%	-11	0.0%	26%	11%
EBITDA	**13,981**	**45.1%**	**15,152**	**43.9%**	**15,162**	**45.0%**	**8.4%**	**0.1%**

Table 7 – Financial cost								(Bt million)/(% to total revenue)
	3Q11		2Q12		3Q12		YoY	QoQ
Total financial cost	439	1.4%	292	0.8%	255	0.8%	-42%	-13%

Table 8 - Consolidated (Bt million)	Where	3Q11	2Q12	3Q12	YoY	QoQ
Net income		**6,172**	**8,713**	**8,787**	**42%**	**0.8%**
Add:Impairment of DPC goodwill	Impairment loss	386	0	0		
Normalized net income		**6,558**	**8.713**	**8,787**	**34%**	**0.8%**

Table 9 – Financial Position	(Bt million)/(% to total asset)			
	2Q12		3Q12	
Cash	28,196	29.3%	22,343	26.0%
ST investment	7,342	7.6%	3,220	3.8%
Trade receivable	7,302	7.6%	7,452	8.7%
Inventories	1,152	1.2%	782	0.9%
Others	2,684	2.8%	4,146	4.8%
Current Asset	**46,676**	**48.5%**	**37,943**	**44.2%**
Networks and PPE	40,835	42.5%	39,765	46.3%
Goodwill	35	0.0%	35	0.0%
Intangible asset	2,093	2.2%	2,009	2.3%
Defer tax asset	5,901	6.1%	5,494	6.4%
Others	623	0.6%	620	0.7%
Total Assets	**96,163**	**100.0%**	**85,865**	**100.0%**
Trade accounts payable	4,147	4.3%	4,603	5.4%
CP of LT loans	9,474	9.9%	8,464	9.9%
Accrued R/S expense	9,234	9.6%	11,147	13.0%
Others	14,194	14.8%	13,380	15.6%
Current Liabilities	**37,048**	**38.5%**	**37,594**	**43.8%**
Total interest-bearing debt	23,529	24.5%	20,389	23.7%
Total Liabilities	**51,682**	**53.7%**	**50,113**	**58.4%**
Unappropriated retained earnings	18,223	19.0%	9,470	11.0%
Total Equity	**44,481**	**46.3%**	**35,752**	**41.6%**

Table 10 – Key Financial Ratio	3Q11	2Q12	3Q12
Debt ratio	0.62	0.54	0.58
Net debt to equity	0.24	Net cash	Net cash
Net debt to EBITDA	0.15	Net cash	Net cash
Total liabilities to equity	1.63	1.16	1.40
Current ratio	0.84	1.26	1.01
Interest coverage	23	40	47
DSCR	1.98	4.40	4.95
ROE (%)	67%	87%	88%

Table 11 – Debt Repayment Schedule		(Bt million)
	Debenture	Loan
1Q12	-	-
2Q12	-	247
3Q12	5,000	-
4Q12	**-**	**247**
2013	8,000	493
2014	2,500	2,939
2015	-	2,399
2016	-	2,709
2017	-	803
2018	-	247

Table 12 – Source and use of fund : 9M12			(Bt million)
Source of Fund		**Use of Fund**	
Operating CF before change in working capital	46,872	Dividend payment	30,223
Changes in working capital	5,643	Net change in current/long investments	2,494
Interest received	606	Income tax paid	10,591
Sale of property and equipment	14	CAPEX & Fixed assets	5,965
Proceeds of long-term borrowings	3,230	Finance cost and finance lease paid	925
		Debt repayment	5,243
		Cash increased	925
Total	56,366	Total	56,366

FY2012 MANAGEMENT OUTLOOK & STRATEGY *(Maintained)*

Service revenue excluding IC	8-10%
Sales revenue	20%+
EBITDA margin	44%
CAPEX	Bt8bn CAPEX (cash flow)
Amortization	-13%

Service revenue growth target, excluding IC, has been maintained at 8-10%. In 9M12, AIS achieved a revenue growth of 11%, in-line with the guidance. The growth was underpinned by a 6.7% increase in voice revenue and a 33% increase in non-voice revenue. Despite a high mobile penetration rate of over 110%, voice service posted a decent growth, particularly in regional markets where we have a stronger presence. As competition in the data market increases, AIS is witnessing reasonable data pricing with more affordable smart devices. We expect this growth momentum to continue throughout the year, mainly driven by non-voice revenue from increasing 3G popularity and usage and rising adoption of smart devices, while voice growth should soften slightly. 9M12 handset sales growth was 17%, in line with the full year guidance of 20%+. The growth was softer from the first half of 2012, in accordance with declining device price.

Non-voice revenue is expected to grow 30% because of growing smart device adoption and expected strong take up of 3G-900MHz services. Our “Quality DNAs” (Quality- Device, Network, Application and Service) philosophy continues to be our key value proposition delivered to AIS’ customers, leading to a more segmented approach. Apart from being strengthened by our 3G footprint, the 30% non-voice growth will be driven by our key differentiation, offering a variety of smart devices, data packages and applications, supporting the needs of a diverse consumer base. Moving to the end of 2012, the “Quality DNAs” concept will evolve to offer more affordable smartphones and 3G devices, prepare 3G-2.1GHz readiness, provide more customer lifestyle applications and enhance customer loyalty with our quality services and privileges.

EBITDA margin target has been maintained at 44%, which is slightly, lower than 44.8% last year, mainly due to the dilution from low-margin handset business, although we expect to maintain the service margin. Our cost efficiency will be maintained owing to AIS’ economy of scales and management disciplines. Marketing expense, which generally increases toward year end, is expected to be in a range of 2-2.5% of total revenue against 1.8% in 9M12.

AIS has maintained a Bt8bn CAPEX guidance mainly to strengthen our 3G-900MHz footprint and enlarge its data capacity. After launching an interim 3G-900MHz service since July 2011 and upgrading the network to EDGE+ nationwide, mass customers are starting to realize the benefits of wireless internet access, resulting in higher mobile internet usage. AIS has strengthened its seamless quality mobile internet network by installing 3,500 3G-900MHz base stations in total, covering Bangkok and 17 key provinces where consumers’ 3G-900MHz devices and demand are ready. Service at touch points is also important. AIS will be upgrading our AIS shops in order to customize our services in line with “Your World. Your Way.” concept. Network amortization continues to decrease because the majority of AIS’ network asset is fully depreciated, while new investment remains low. We expect network amortization will decrease 13% YoY.

Capital structure is well planned to preserve our strength for future investment, while maintaining our 100% dividend payout. In line with NBTC (National Broadcasting and Telecom Commission) guidance and advice, AIS is currently preparing for a change in the regulatory framework by appropriately managing its financial status for the spectrum auction (2.1GHz, 1800MHz and 900MHz) and new technology rollout. To maintain AIS position as leader in the industry for 3G and beyond, our gearing ratios are managed at low level, while our cost efficiency runs high to provide full flexibility to finance potential investment, strengthen our competitive edge and withstand competitive pressure.

OPERATIONAL DATA

Subscribers	**3Q10**	**4Q10**	**1Q11**	**2Q11**	**3Q11**	**4Q11**	**1Q12**	**2Q12**	**3Q12**
GSM Advance	2,928,100	2,976,500	3,027,500	3,056,200	3,116,200	3,193,600	3,288,500	3,371,900	3,452,000
GSM 1800	76,400	76,100	76,100	86,500	95,700	98,000	96,400	96,700	94,300
Postpaid	3,004,500	3,052,600	3,103,600	3,142,700	3,211,900	3,291,600	3,384,900	3,468,600	3,546,300
Prepaid	27,497,600	28,148,100	28,847,700	29,342,300	29,552,000	30,168,300	30,752,700	31,339,800	31,777,600
Total subscribers	30,502,100	31,200,700	31,951,300	32,485,000	32,763,900	33,459,900	34,137,600	34,808,400	35,323,900
Net additions									
Postpaid	27,300	48,100	51,000	39,100	69,200	79,700	93,300	83,700	77,700
Prepaid	467,100	650,500	699,600	494,600	209,700	616,300	584,400	587,100	437,800
Total net additions	494,400	698,600	750,600	533,700	278,900	696,000	677,700	670,800	515,500
Churn rate (%)									
Postpaid	2.1%	1.8%	1.6%	1.7%	1.6%	1.5%	1.7%	1.6%	1.6%
Prepaid	4.3%	4.4%	4.4%	4.7%	5.0%	4.3%	4.4%	4.4%	4.3%
Blended	4.1%	4.2%	4.1%	4.4%	4.7%	4.1%	4.2%	4.1%	4.1%
Subscriber market share									
Postpaid	43%	43%	43%	43%	45%	45%	44%	43%	n/a
Prepaid	44%	44%	44%	44%	44%	44%	44%	45%	n/a
Total	44%	44%	44%	44%	44%	44%	44%	45%	n/a
ARPU excl. IC (Bt)									
GSM Advance	631	647	649	645	652	694	678	681	683
GSM 1800	596	585	545	497	461	454	431	417	402
Postpaid	630	645	646	641	647	687	670	673	676
Prepaid	186	197	198	196	195	204	207	203	201
Blended	230	241	242	239	239	251	253	250	248
ARPU incl. net IC (Bt)									
GSM Advance	599	611	612	606	611	651	638	643	648
GSM 1800	577	576	536	484	445	437	415	401	384
Postpaid	598	610	610	602	606	644	632	637	640
Prepaid	194	203	204	202	201	209	213	208	206
Blended	234	243	244	240	240	252	254	251	250
MOU (minutes: billable outgoing only)									
GSM Advance	522	532	527	530	529	588	573	552	547
GSM 1800	387	496	484	479	463	499	486	484	478
Postpaid	518	532	526	529	527	585	570	550	545
Prepaid	280	292	301	299	300	323	334	322	324
Blended	304	316	323	322	322	349	358	345	346

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ARPU DEFINITION

In accordance with international practice, we have adjusted ARPU disclosure to better reflect all revenues generated from the mobile network. We believe the new definition should provide a more transparent representation of our reported service revenues and maintain the conservative approach of recognizing revenue on a net basis. The revenue items included in the calculation of ARPU figures are based on consolidated revenue, according to the Thai accounting standard. The ARPU definition is outlined accordingly.

	ARPU exclude IC	ARPU include IC
Definition	Consolidated service revenue excludes international call revenues from AIN and interconnection revenues divided by an average of subscribers at the beginning and ending period. = Service revenue - AIN revenue - Gross IC revenue (beg.sub + end.sub) / 2	Consolidated service revenue excludes international call revenues from AIN divided by average of subscribers at the beginning and ending period. = Service revenue - AIN revenue - Gross IC revenue + Net IC revenue (beg.sub + end.sub) / 2
Revenue composition	☑ Voice ☑ Value-added service (call management, SMS, MMS, data) ☑ International roaming ☑ International call via CAT, TOT ☑ Others ☐ Net interconnection revenue ☐ International call via AIN (AIS subsidiary) All categories are net of third-party sharing and commission	☑ Voice ☑ Value-added service (call management, SMS, MMS, data) ☑ International roaming ☑ International call via CAT, TOT ☑ Others ☑ Net interconnection revenue ☐ International call via AIN (AIS subsidiary) All categories are net of third-party sharing and commission

GLOSSARY OF TERMS AND DEFINITIONS

Operational data

Subscriber	Number of registered SIM at ending period whose status is not defined as churn
Postpaid churn	Subscribers whose payment status is overdue more than 45 days from due date
Prepaid churn	Subscribers who do not make a refill within 37 days after validity expires
Net additions	Change of number of subscribers and ending period from the beginning period
ARPU excl. IC	Consolidated service revenue excludes international call revenues from AIN and interconnection revenues divided by average of subscribers at the beginning and ending period. It includes voice revenue, value-added services, international roaming, international calls and other revenues such as national roaming, broadband and transmission
ARPU incl. IC	Including net interconnection (IC revenue – IC cost)
MOU	Number of billed outgoing minutes generated from voice calls, including international call usage and SMS divided by the number of average subscribers
Churn rate	Number of subscriber disconnections in the period divided by the sum of gross new subscribers in the period and the subscribers at the beginning period
Voice	Domestic voice usage generated by postpaid, prepaid subscribers and corporate subscribers
International roaming	Both inbound and outbound international roaming usage generated by foreign roamers using AIS network and AIS subscribers who roam overseas
IDD	International call (IDD) and other telecommunication services under subsidiaries
Non-voice (data)	Includes all non-voice services e.g. SMS, MMS, Mobile Internet, ring-back tone, infotainment and data transmission; excluding call management services e.g. call forward, conference call, call divert

Financial data

EBITDA margin	Operating profit before depreciation, amortization, and allowance for impairment as a percentage to total revenue
Interest Coverage	Operating profit for the period divided by Interest expenses for the period
DSCR	Debt service coverage ratio calculated from EBITDA after tax divided by repayment of short-term and current portion of long-term borrowing and debentures and interest paid for the period
Net Debt / EBITDA	Short-term and long-term interest-bearing debts minus cash divided by annualized EBITDA
Net Debt / Equity	Short-term and long-term interest-bearing debts minus cash divided by total shareholder's equity at ending period
Interest-bearing Debt to Equity	Short-term and long-term interest-bearing debts divided by total shareholder's equity at ending period
Total Liabilities to Equity	Total liabilities at ending period divided by total shareholder's equity at ending period
Debt Ratio	Total liabilities at ending period divided by total assets at ending period
Free cash flow to EV	(EBITDA – capex – tax) / (market capitalization + book value of net debt)
Free cash flow (FCF)	FCF = EBITDA – CAPEX
Cash OPEX	Network OPEX + Other cost of service + SG&A excluding amortization & depreciation
ROE (%)	Return to Equity: Annualized normalized net income divided by average equity