Financial Result 2012

Advanced Info Service Plc.
7 February 2013

Key Highlights

- In 2012, AIS recorded a strong total revenue growth of 12% YoY, supported by mobile data and smartphone adoption while voice continued to grow. Despite higher cash opex from doubling 3G-900MHz capacity, AIS retained tight cost management and achieved an EBITDA growth of 8.5% and net profit growth of 57%.

- The increasing demand for mobile data, supported by falling smart device prices and increased social networking popularity, led to an increasing number of mobile data users which now accounts more than 34% of total subscribers compared to approximately 27% last year.

- The long-awaited 3G 2.1GHz license was awarded in December 2012. AWN, a wholly owned subsidiary of AIS was granted a 15 year license to operate 2x15MHz of 2.1GHz spectrum. We estimate a total capex of Bt70bn (2G+3G) from 2013 to 2015 to achieve 3G coverage for 97% of total population. In 2013, we expect service revenue growth of 6-8%YoY, while EBITDA margin is expected to decline to 41-42% due to rising marketing expenses and additional revenue share incurred on roaming and rental charges from utilizing existing 900MHz network. This new license allows AIS to break away from the current concession based business model, resulting in a reduced regulatory fee burden, a fully owned asset and fairer terms and conditions.

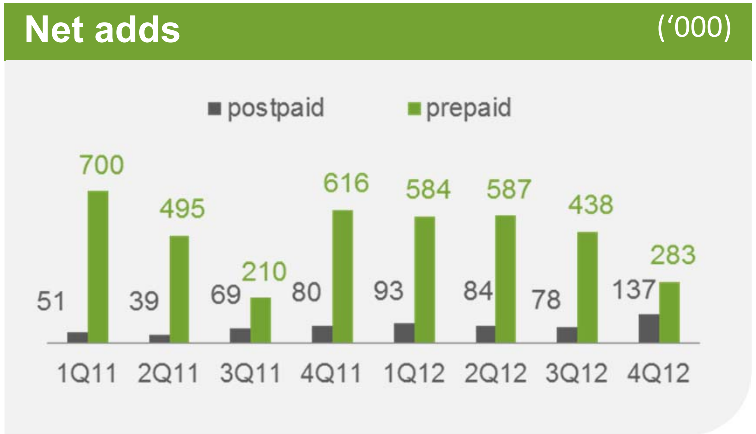
2012 Key Financial Highlights

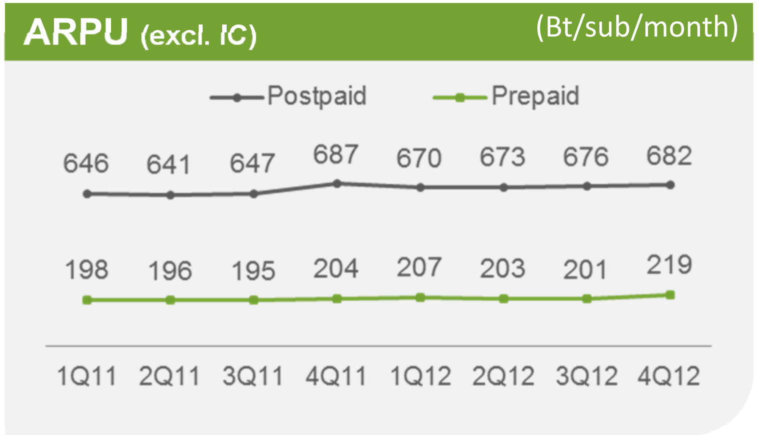
Financial Highlights (Bt million)	2011	2012	% yoy	FY12 Guidance
Service revenue ex. IC	97,911	**108,355**	▲11%	▲8-10%
Voice revenue	70,944	**74,742**	▲5.4%	NA
Non-voice revenue	19,736	**26,197**	▲33%	▲30%
Sales revenue	13,180	**17,695**	▲34%	▲20%+
Total revenue	126,437	**141,568**	▲12%	NA
EBITDA	56,623	**61,436**	▲8.5%	NA
EBITDA margin	44.8%	**43.4%**	▼140bps	44%
Capex	5,707	**9,598**	▲68%	8,000
Free cash flow (EBITDA-CAPEX)	50,916	**51,838**	▲1.8%	NA
EPS	7.48	**11.73**	▲57%	NA

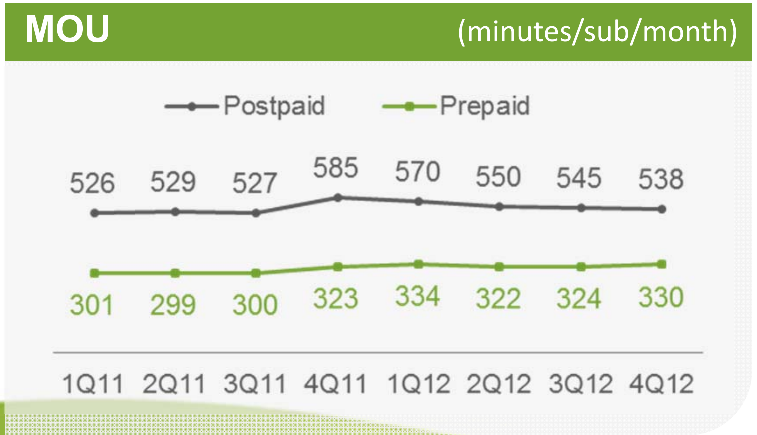
4Q12 Key Financial Highlights

Financial Highlights (Bt million)	**4Q11**	**3Q12**	**4Q12**	**% yoy**	**% qoq**
Service revenue ex. IC	25,869	26,879	**28,206**	▲9%	▲4.9%
Voice revenue	18,713	18,508	**19,014**	▲1.6%	▲2.7%
Non-voice revenue	5,451	6,679	**7,225**	▲33%	▲8.2%
Sales revenue	3,272	3,020	**6,068**	▲85%	▲101%
Total revenue	33,166	33,721	**38,182**	▲15%	▲13%
EBITDA	14,331	15,162	**15,428**	▲7.7%	▲1.8%
EBITDA margin	43.2%	45%	**40.4%**	▼280bps	▼460bps
Capex	1,991	2,490	**3,633**	▲83%	▲46%
Free cash flow (EBITDA-CAPEX)	12,341	12,672	**11,795**	▼4.4%	▼6.9%
EPS	1.23	2.96	**2.84**	▲131%	▼3.7%

Subscribers reached 36 million



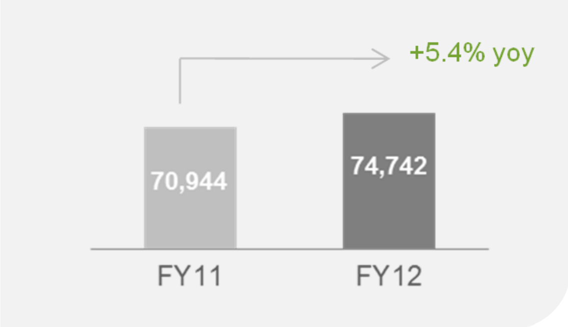




- **Subscribers** reached 35.7mn, representing 2.3mn net adds for 2012, driven by multiple SIM users and organic growth from regional markets.
- **ARPU** increased mainly from higher smart phone adoption.
- **MOU** improved from 2011 levels as customers continued to use voice on top of data services.

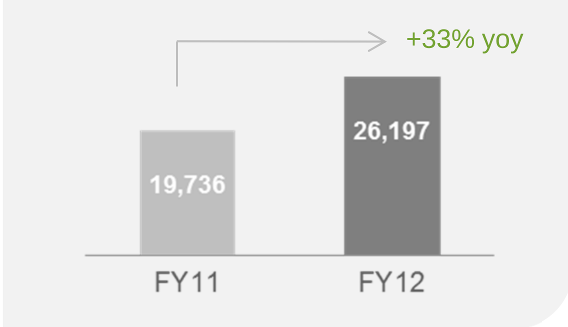
FY12 Revenue by segment

Voice revenue — Bt million



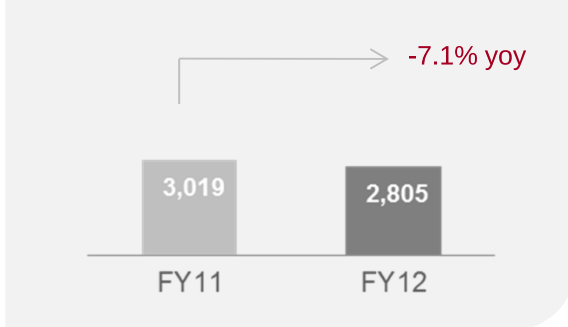
- Strong nationwide network coverage
- Diverse packages following segmentation strategy

Non-voice revenue — Bt million



- Growing importance of mobile internet in customers' daily life
- Launched 3G-900MHz in 18 cities

IR revenue — Bt million



- Global price pressure of international roaming rate partly offset by rising subscription on data roaming

IDD&Others revenue — Bt million

- Larger IDD subs base and usage driven by several marketing campaigns.

Net sales — Bt million

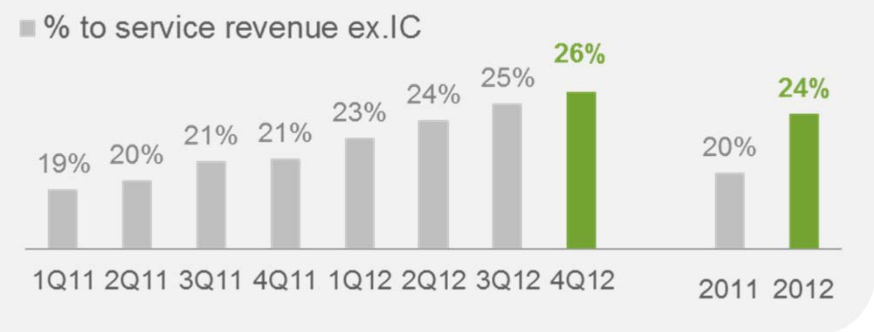
- Handset unit sales increased 7.5% and reached 3.8mn units.
- Rising competition in the handset market pushed down sales margin to 8.3% in 2012 compared to 11.9% in 2011

Net IC — Bt million

- Increased all-network promotions from other operators

The year of mobile data

Non-voice revenue

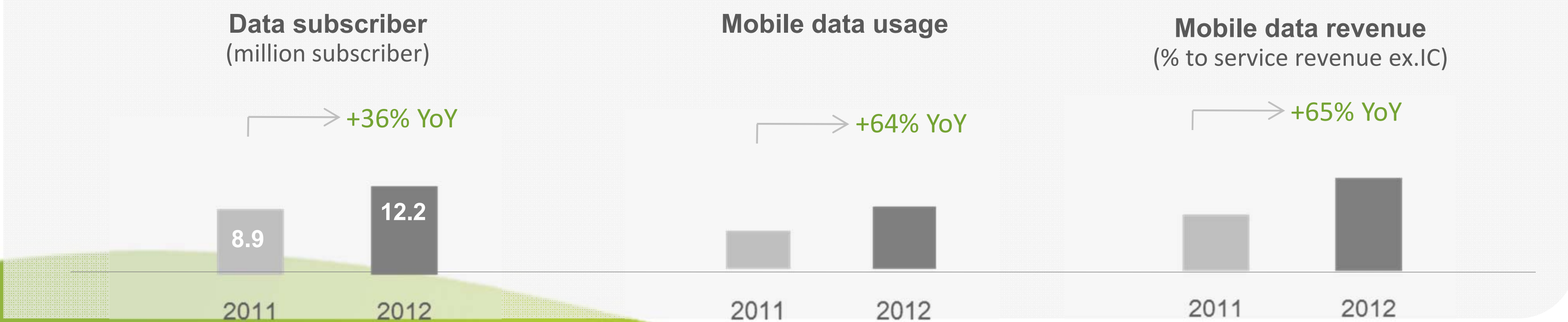


*Non-voice services = SMS+Ringback tone+Enterprise+Mobile data+others

We witnessed healthy mobile data usage throughout the year, supported by falling smart devices prices and increased social networking popularity.

- 34% of AIS customers used mobile internet
- 3G subscribers reached 4.5mn and accounted for 13% of total subscribers.
- 17% of subscribers were using smart devices compared to 12% in 2011

Data growth indicators



Empowering the customer experience through Quality DNAs

Customer Experience

DEVICE

Provide wide range of quality devices
- Bundling with value packages
- Tap the low-end market with low budget smart phones (<Bt4,000)

NETWORK

Seamless network
- Most reliable voice quality
- Nationwide data coverage
- Strengthened 3G footprint in BKK and strategic areas with 3.5k base stations

APPLICATIONS

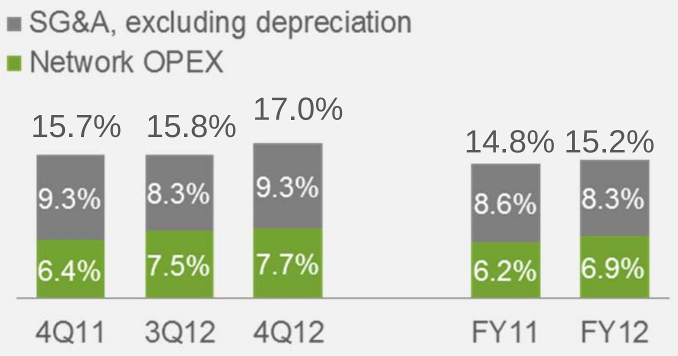
Offering digital lifestyles
- Working with partners to expand content e.g. Bookstore, Musicstore, Moviestore
- Compatible with both smart devices and feature phones

SERVICE

Established AIS experience shop
- Try & Buy smart devices
- 700 AIS Device Experts
- Express data transfer tool

Effective cost management remained despite 3G-900MHz expansion

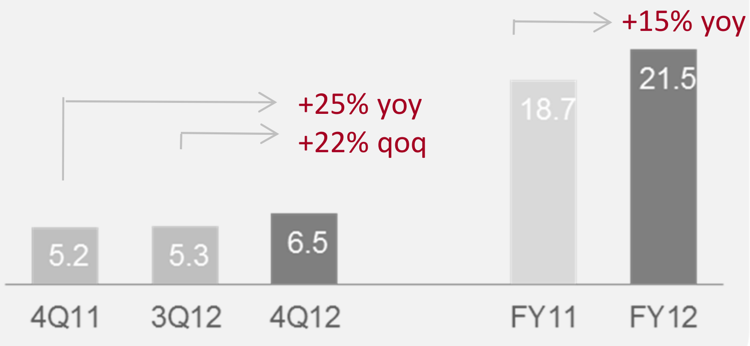
%Cash OPEX to total revenue



Cash OPEX

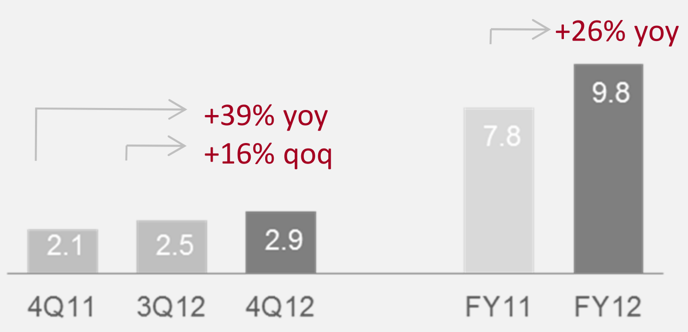
(Network OPEX + SG&A excluding depreciation)

Bt billion



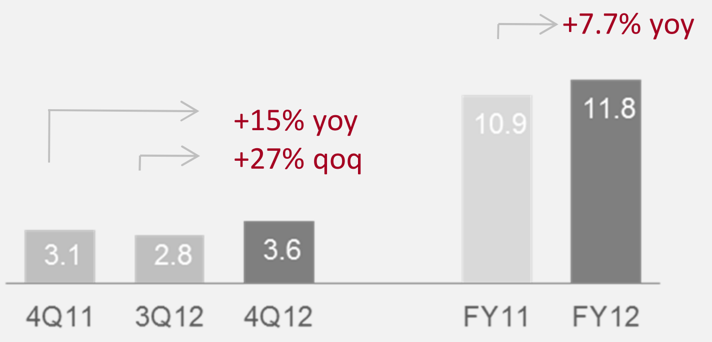
Network OPEX

Bt billion



SG&A, excluding depreciation

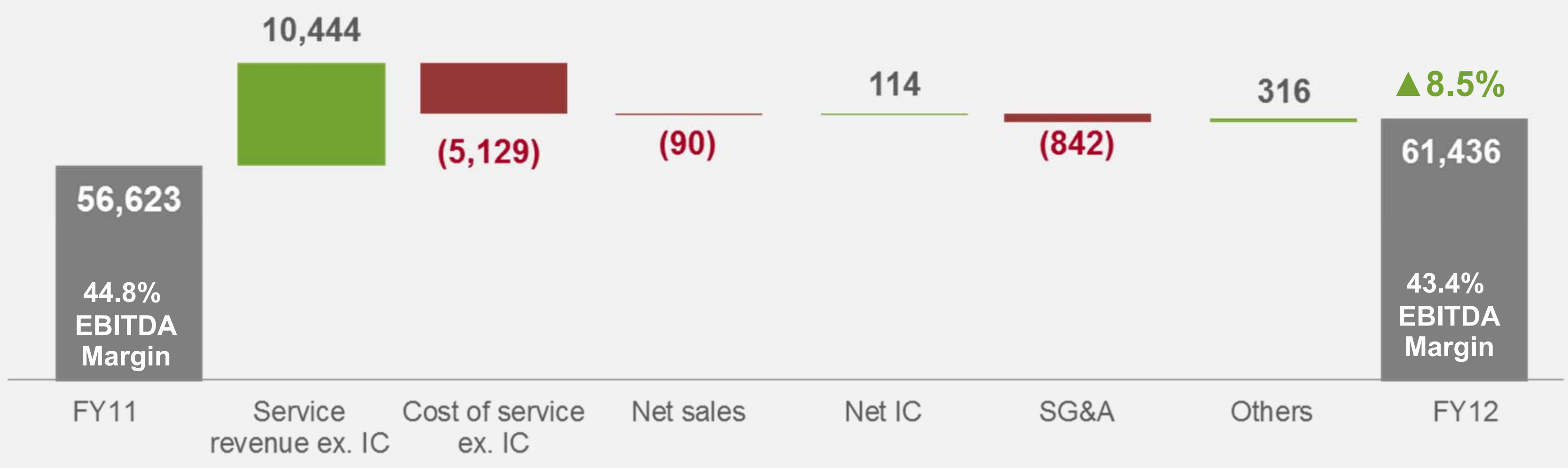
Bt billion



** Network OPEX = Cost of service, excluding IC, depreciation and amortization*

EBITDA growth

FY12 – EBITDA (YoY) (Bt million)

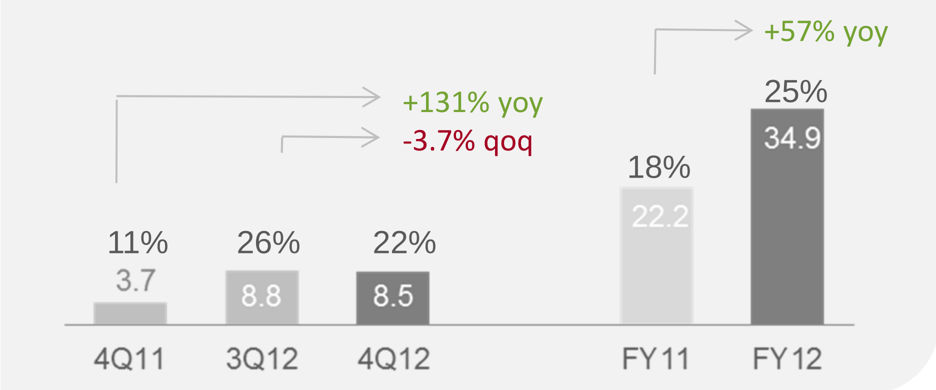


- EBITDA rose 8.5% mainly from strong revenue which was partly offset by increased cash opex due to enlarged network capacity to support higher voice and data usage.

- Consol. EBITDA margin dropped to 43.4% and was below our full year guidance of 44% because of dilution from a larger revenue mix from the handset business which generated a lower margin.

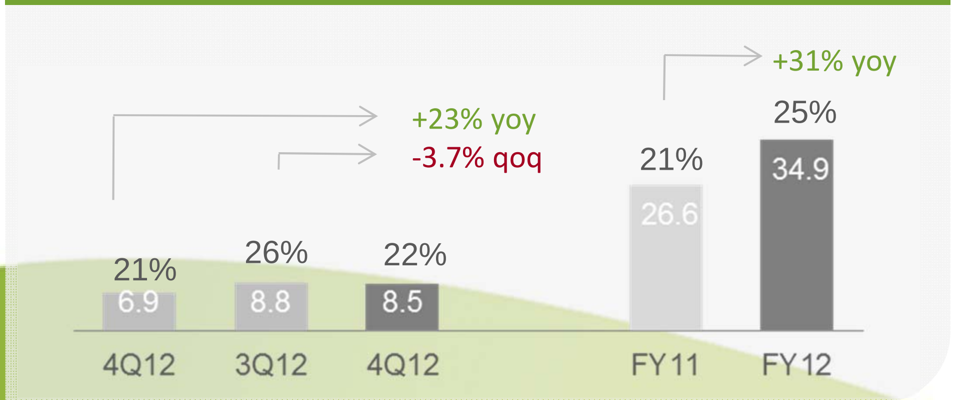
Strong net profit growth of 57%

Net profit/margin (Bt billion/%)



- In 2012, net profit improved 57% YoY to Bt34.9bn, mainly from strong revenue, lower amortization, finance cost and corporate tax.
- In 4Q12, net profit improved YoY from strong EBITDA , lower amortization, financial cost corporate tax and no special items as in 2011. QoQ, net profit slightly dropped as healthy revenue was offset by seasonally high marketing spending while amortization increased from 2.1GHz license granted in 4Q12.

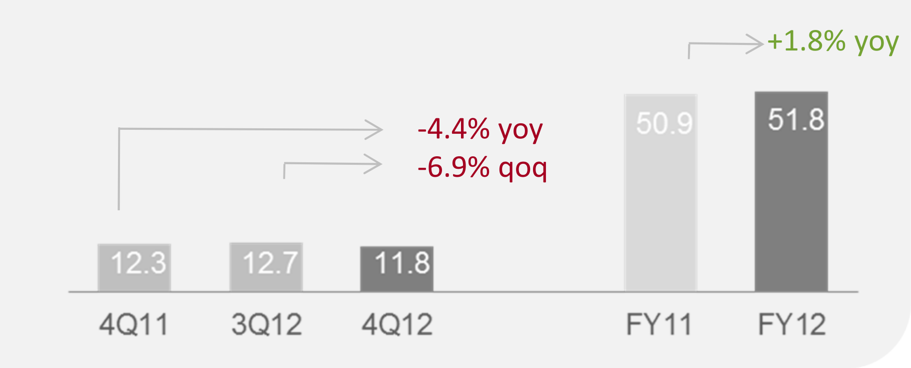
Recurring net profit/margin (Bt billion/%)



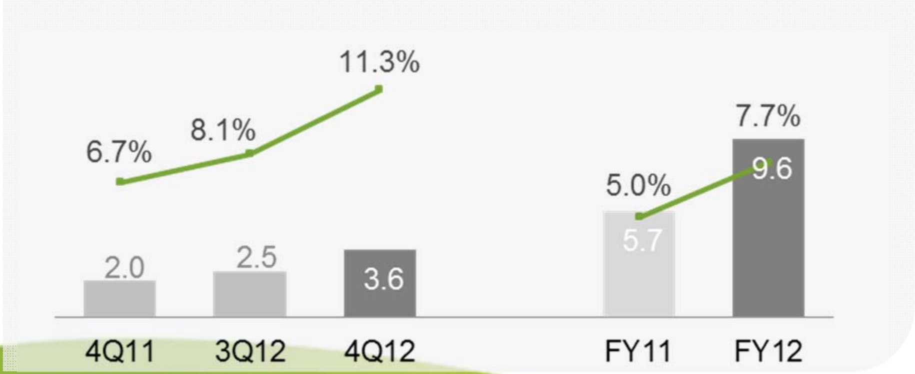
- Normalized net profit, excluding DPC goodwill impairment and deferred tax adjustment in 2011 , increased 23% YoY in 4Q12 and 31% YoY in 2012.
- Despite lower EBITDA margin, normalized profit margin rose from 21% in 2011 to 25% this year due to lower amortization , finance cost and corporate tax.

Healthy free cash flow generation

Free cash flow (EBITDA-CAPEX) (Bt billion)



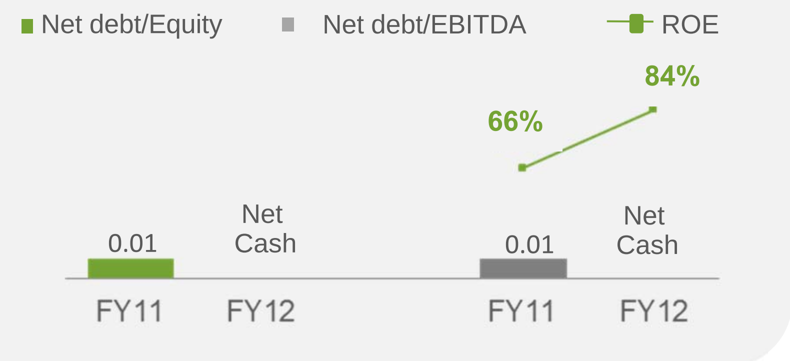
Capex/ % capex to service rev. (Bt billion/%)



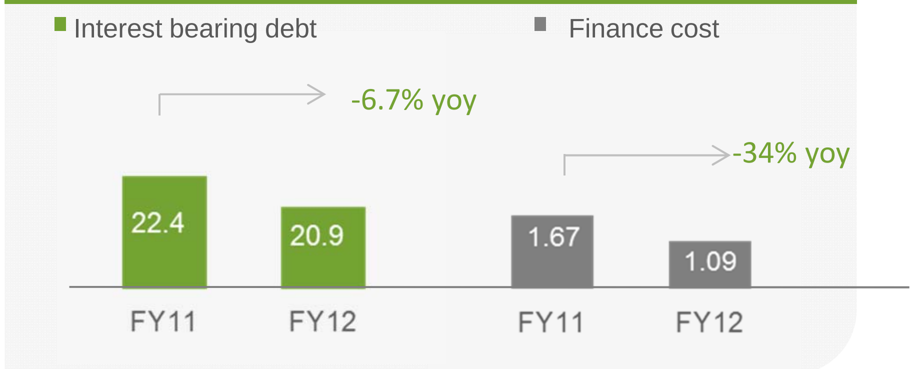
- Despite an increase in capex for network expansion in 2012, AIS generated a healthy free cash flow of Bt52bn.
- Capex in 2012 stood at Bt9.6bn, higher than the guidance of Bt8bn due to new 2.1GHz network investment in 4Q12.
- With healthy FCF and financial flexibility, AIS is fully prepared to capture upcoming growth opportunities.

Preserve low gearing to prepare for long-term growth and shareholder returns

Capital structure

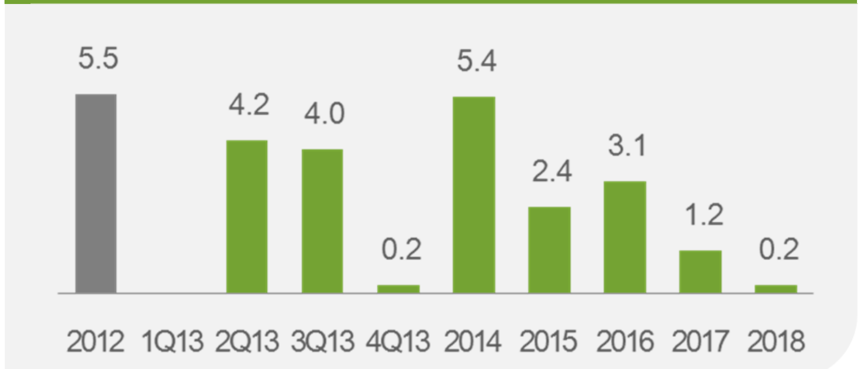


Interest bearing debt / Finance cost (Bt billion)



- AIS remained in a net cash position, providing flexibility for future growth opportunities.
- Debt level slightly declined because most of the repaid debt in 2012 was refinanced, resulting in lower interest bearing debt and financial cost.
- Average interest rate was 4.2% in 2012

Debt repayment (Bt billion)



Impairment loss of Investment in DPC

Basis

- In line with TAS36, an investment in a subsidiary is subject to an impairment test. This applies to the separated financial statement but not the consolidated statement.

Assumption

1) The DPC agreement of 1800MHz operation will end in 15 Sep 2013.
2) DPC will have no business after the agreement ends.
3) WACC = 9.9%

Method

NPV of future cash flow generation	+	Cash - Liability	<	Investment in DPC	=	Impairment loss
Bt4,479mn			-	Bt6,954mn	=	- Bt2,475mn

Impacts

Effected Items on 31 Dec 2012	Where	Consolidated FS	Separated FS
1) Impairment loss of asset	Statements of income	no impact	▼Bt2,475mn
2) Investment in subsidiaries	Statements of financial position	no impact	▼Bt2,475mn
3) Retained earnings	Statements of financial position	no impact	▼Bt2,475mn

Important notes

- The impairment loss of investment in DPC is recoverable, non-tax deductible and a non-cash item.
- If assumptions change, there could be further adjustment of impairment of investment in DPC
- On consolidated financial statements, from 4Q08 to 4Q11, the company fully booked a total impairment loss for DPC goodwill of Bt6,655mn, by discounting expected future cash flow , compared with the carrying amount of goodwill in DPC. This resulted in no more outstanding balance of DPC goodwill in consolidated financial statements.

Adjustment of employee benefits obligation

AIS

Basis

- In line with TAS19, the Company is required to recognise and account for its employee benefits obligation.
- The Company reviews the assumption for the calculation of its employee benefits obligation every 3 years and makes adjustments to reflect the current situation

Change in principal assumptions

Discount rate ▼

Salary increase rate ▲

Method

Present value of employee benefits obligation as of 2012 **based on new assumptions** - Present value of employee benefits obligation as of 2012 **based on old assumptions** =

Employee benefits obligation (actuarial losses)	
Bt417mn	*Separated FS*
Bt723mn	*Conso FS*

Impacts

Effected Items on 31 Dec 2012	Where	Consolidated FS	Separated FS
1) Employee benefits obligation*	Statements of financial position	▲Bt723mn	▲Bt417mn
2) Deferred tax asset*	Statements of financial position	▲Bt142mn	▲ Bt83mn
3) Retained earnings	Statements of financial position	▼Bt581mn	▼Bt334mn
4) Non-controlling interest*	Statements of financial position	▼Bt3mn	no impact

*Also recorded on Statements of other comprehensive income

Guidance 2013

2013-2015	
CAPEX	**Bt70bn in 3 years (10% allocated for 2G network)** • 97% population coverage, equivalent to current 2G network coverage in 3 years • Launch services in 77 provinces nationwide in year 1 • 20,000 of 3G-2.1GHz sites

FY2013	
Service revenue	**6-8% YoY** • 2-3% voice growth • 25-30% non-voice growth
3G-2.1GHz subscribers	**8-10 million subscribers** (40% using 3G devices)
EBITDA margin	**41-42%**
Dividend policy	**100% dividend payout** on consolidated earnings subjected to availability of retained earnings on separated financial statement

Disclaimers

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.

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