



Financial Results FY14
Advanced Info Service Plc.
5 February 2015

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Key Highlights



- **At year end 2014, the subscription on 2.1GHz-License reached 40.8mn or 92% of total subscribers with 55% of 3G device penetration.** Since May-14, 3G-2.1GHz has 97% population coverage and we continue strengthening our network by installing more small cells and Wifi hotspots.
- **In 2014, service revenue increased 1.2% tracking along with our guidance amid the gloomy macro economic outlook.** The network opex and marketing spending increased from the 3G-2.1GHz network expansion and operator's campaigns to promote 3G services while the regulatory cost declined from the higher 3G device penetration. Hence, EBITDA increased 4.3% while net profit slightly dropped.
- **In 2015, we will strengthen our number one position by becoming the Digital Life Service Provider with mobile, fixed broadband, and digital content.** We expect Bt40bn capex in 2015 mainly to expand network capacity and fiber optics to support both mobile and fixed broadband businesses. With better network quality and competitive offering, we target 3-4% service revenue growth and 80,000 fixed broadband subscribers.
- **We expect the 1800MHz auction to be held within 3Q15.** The spectrum is likely to be used for 4G to uplift customers' experience particularly in dense areas.

4Q14 Key financial highlights



Bt million	4Q13	3Q14	4Q14	% YoY	% QoQ
Service revenue ex. IC	29,010	29,382	30,037	▲3.5%	▲2.2%
900MHz-BTO revenue ¹⁾	15,787	3,760	2,787	▼82%	▼26%
2.1GHz-License revenue ²⁾	11,747	23,875	25,368	▲116%	▲6.3%
Sales revenue	5,947	4,208	8,454	▲42%	▲101%
Total revenue ex. construction	36,803	35,354	40,444	▲9%	▲14%
EBITDA	16,316	16,442	17,727	▲8.6%	▲7.8%
Consolidated EBITDA margin	44.3%	46.5%	43.8%	▼50bps	▼270bps
Service EBITDA margin	51.8%	53.1%	54.9%	▲310bps	▲180bps
Sales margin	5.4%	-2%	1.8%	▼360bps	▲380bps
Capex	9,515	10,235	6,866	▼28%	▼33%
EPS	2.97	3.01	3.07	▲3.5%	▲1.9%

1) 900MHz-BTO refers to the subscription of customers under 900 & 1800MHz Build-Transfer-Operate contract

2) 2.1GHz-License refers to the subscription of customers under 2.1GHz license issued by NBTC. The subscribers who are holding 2G devices have to roam on the 900MHz network.

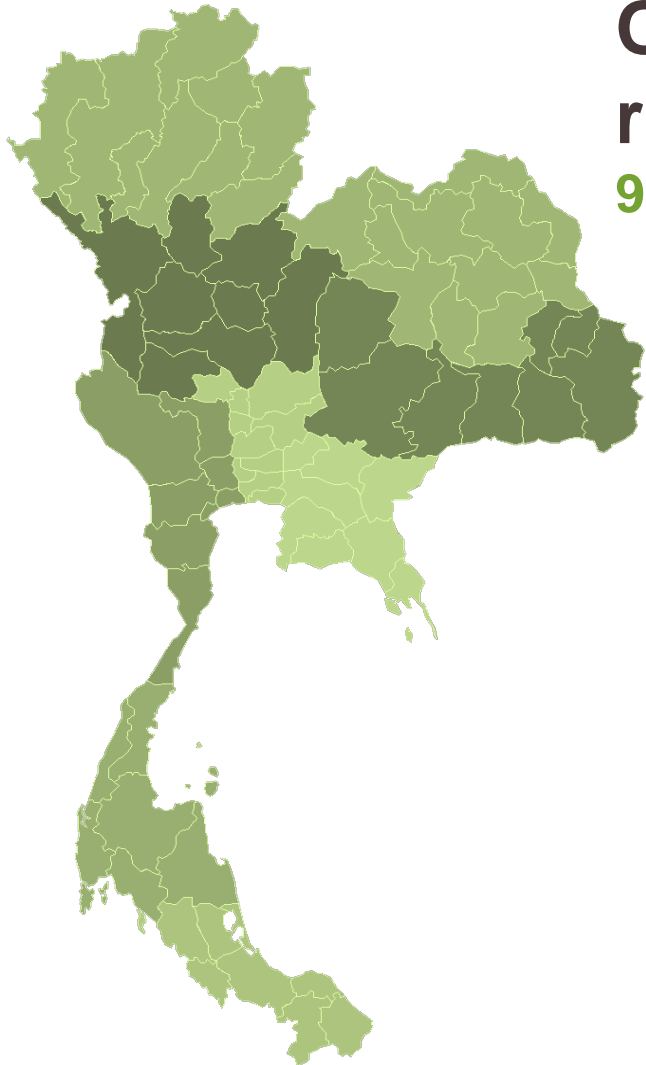
FY14 Key financial highlights



Bt million	FY13	FY14	% YoY	FY14 Guidance
Service revenue ex. IC	116,556	117,990	▲ 1.2%	1-2%
900MHz-BTO revenue ¹⁾	89,131	24,238	▼ 73%	NA
2.1GHz-License revenue ²⁾	21,904	86,879	▲ 297%	NA
Sales revenue	18,995	23,332	▲ 23%	NA
Total revenue, ex. Construction	148,812	148,729	▼ 0.1%	NA
EBITDA	63,691	66,428	▲ 4.3%	NA
Consolidated EBITDA margin	43.4%	44.7%	▲ 130bps	▲ 100bps
Service EBITDA margin	48.9%	52.8%	▲ 390bps	▲ 300bps
Sales margin	6.5%	0.8%	▼ 570bps	▼ 650bps
Capex	28,460	32,562	▲ 14%	Bt40bn
EPS	12.20	12.12	▼ 0.7%	NA
ROE	82%	79%	-	NA
Net debt to Equity	0.69x	0.39x	-	NA
Net debt to EBITDA	0.14x	0.28x	-	NA

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One of the fastest 3G network roll-outs in the world to achieve 97% population coverage within 1.5 year

2G&3G **97%** population coverage
The widest network coverage in Thailand

21,300 3G-BTS
The densest 3G base stations in Thailand
and most extensive fiber optic network

Providing **88,000** Wifi hotspots
(AIS 28,000, 3BB 60,000)

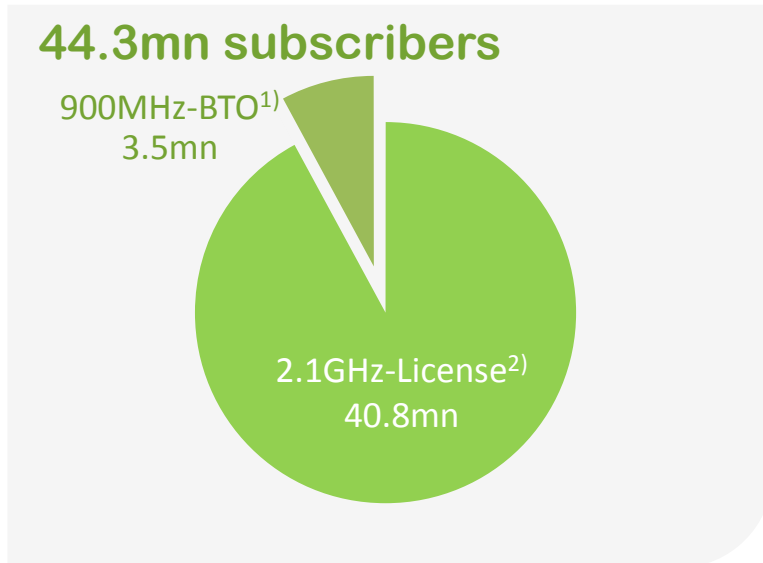
Achievement of AIS Super Combo series throughout 2014



Key strategy to increase the smartphone penetration from 28% in 2013 to 38% in 2014

2.5mn units sold

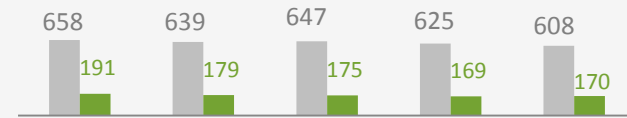
2.1GHz subs representing 92% of total users



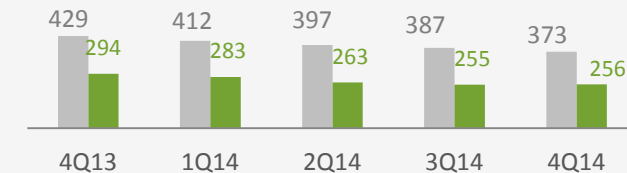
- **2.1GHz subscribers reached 40.8mn** or 92% of total subs
- **3G device users reached 22mn** from 8mn last year. This represented 55% of the 2.1GHz-License subscribers, largely driven by our handset marketing campaigns.

■ postpaid ■ prepaid

ARPU (Bt/sub/month)



MoU (minute/sub/month)



- **Overall the impact of multiple SIMs** diluted ARPU and MOU.
- **More mid-tier prepaid subscribers are moving toward postpaid**, resulting in dilution of postpaid ARPU
- **The MOU declined throughout the year**, due to the substitution of mobile data in some subscribers' segments.

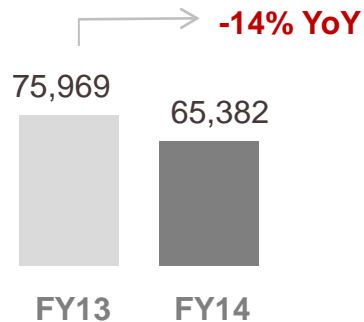
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FY14 Revenue Breakdown

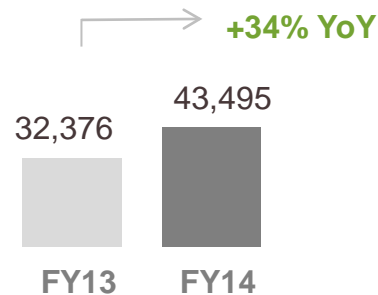
(Unit: Bt mn)

Voice revenue



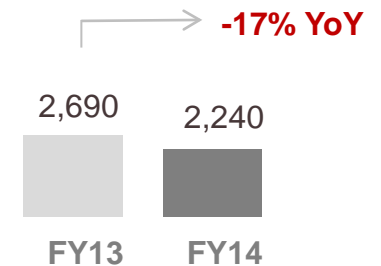
- lower usage from data substitution and cheaper price plans

Non-voice revenue



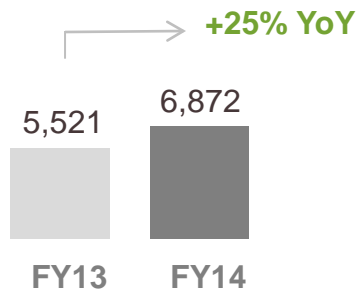
- accelerating data growth from higher smartphone penetration

IR revenue



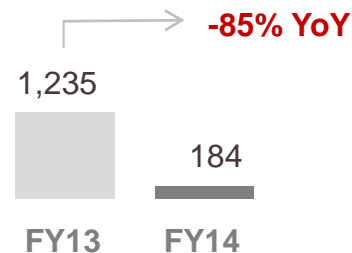
- gloomy economy and cannibalization from other substitute products

IDD & other revenues



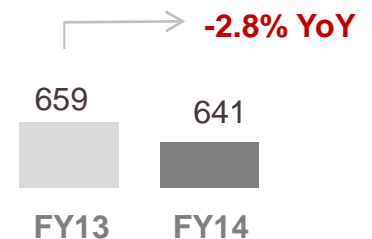
- more Wifi subscription

Net sales



- zero margin strategy to support 3G migration

Net IC

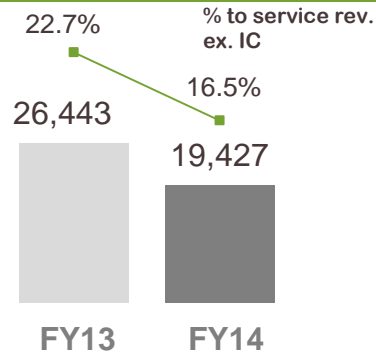


- lower IC rate per minute

FY14 Cost Breakdown

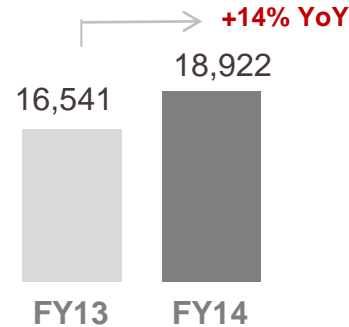
(Unit: Bt mn)

Regulatory fee



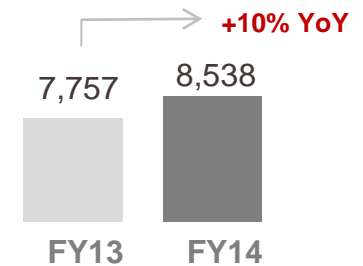
- more subscribers upgrade from 2G to 3G

D&A



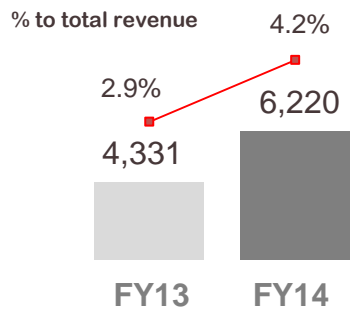
- 3G network investment

Network Opex



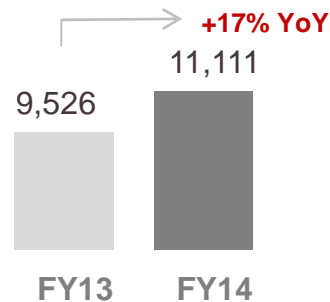
- 3G network investment

Marketing



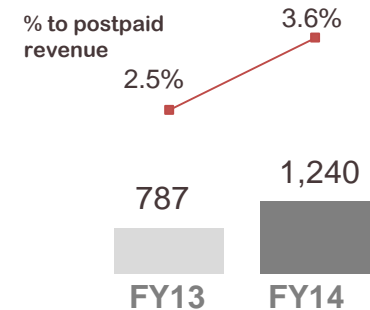
- 2G-to-3G upgrade promotional campaigns and enhancing brand awareness

Admin & Staff



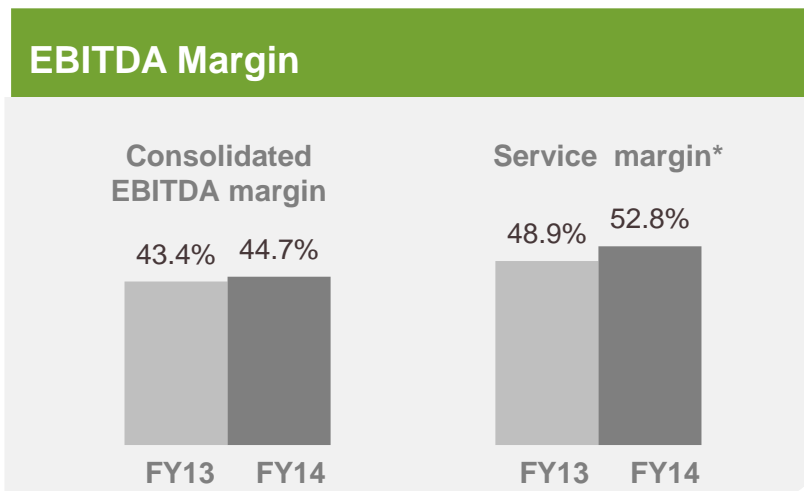
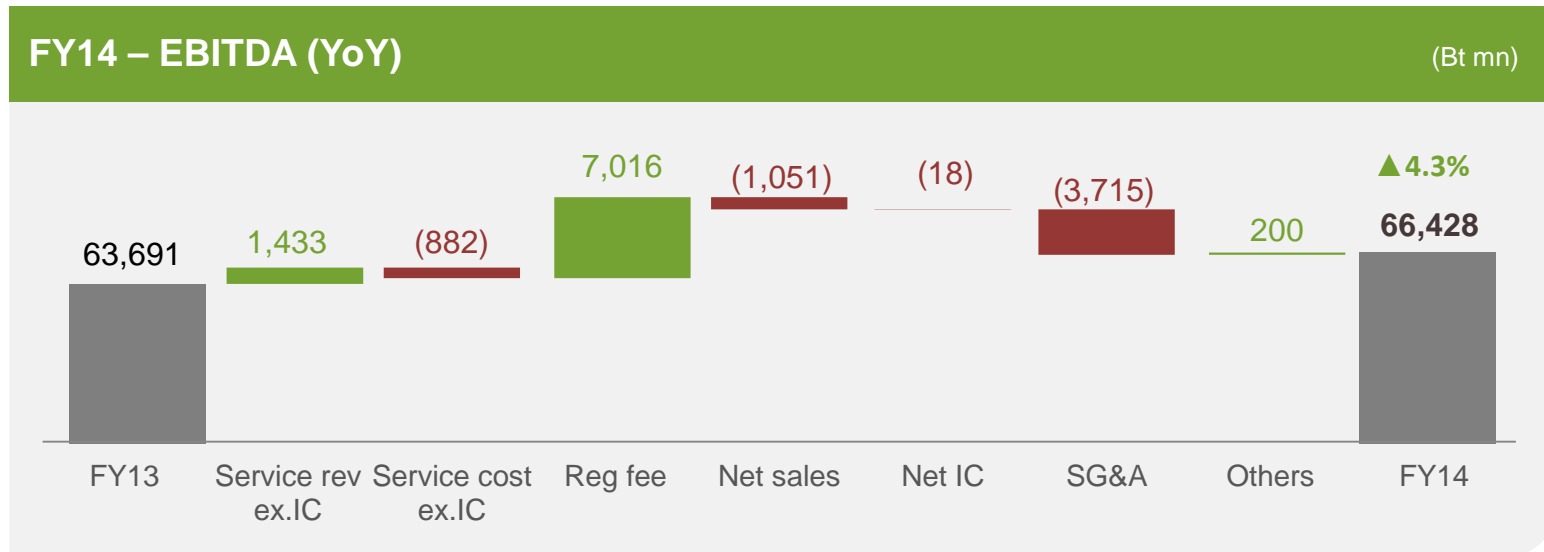
- higher headcounts
- write-off from obsolete assets

Bad debt



- higher postpaid subscribers

EBITDA grew from lower regulatory cost



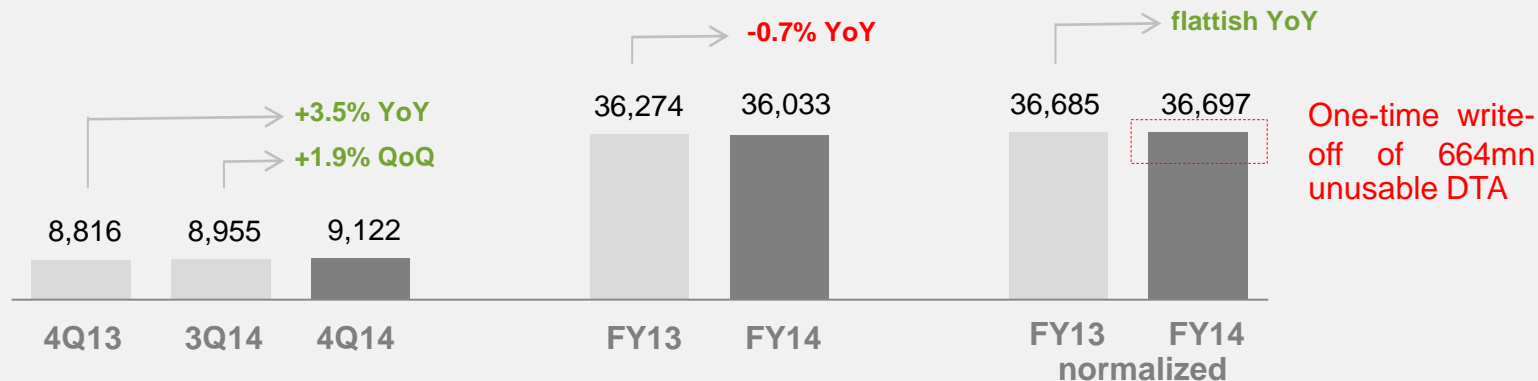
- EBITDA grew 4.3% YoY while service EBITDA margin grew 390bps YoY mainly from lower regulatory cost offsetting higher opex and SG&A

*Service margin is derived from service business which excludes handset business.
 Service margin = (EBITDA – Net sales)/(Total revenue – Sales revenue)

Net profit was stable from higher D&A

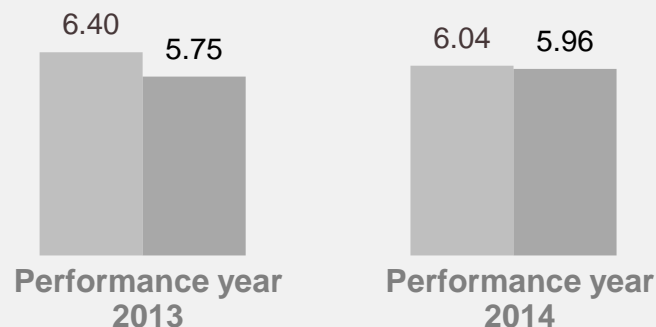
FY14 – Net profit (YoY)

(Bt mn)



Dividend

(Bt/share)



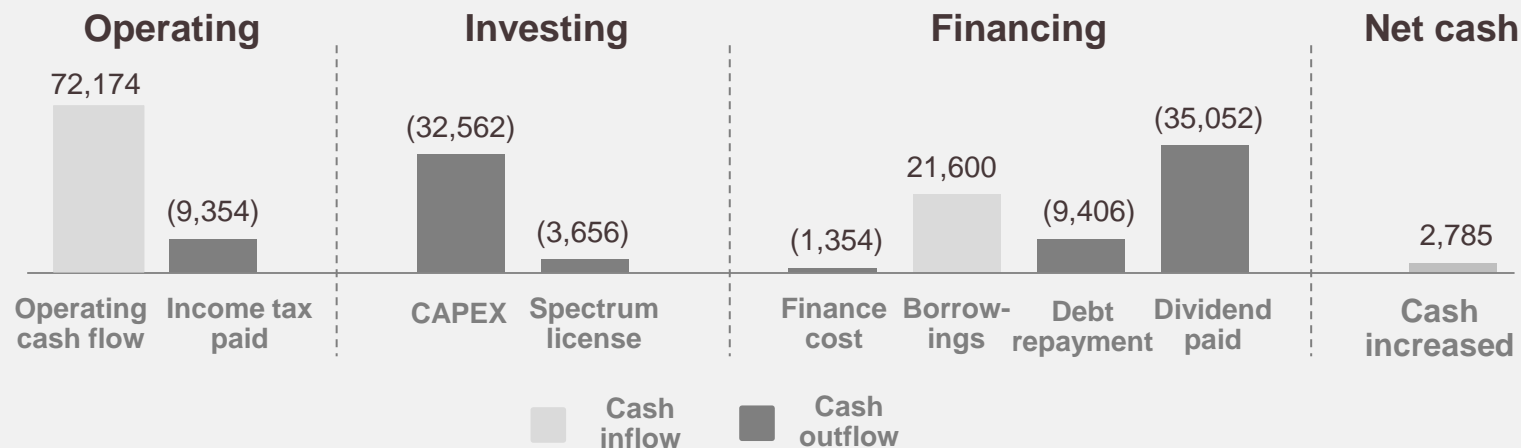
- For FY14, lower regulatory cost was offset by higher D&A, SG&A, and finance costs. Thus, net profit was flat.
- In 4Q14, there was a one-time write-off of deferred tax asset amounting Bt664mn.
- Dividend payout ratio is maintained at 100% of net profit.

Strong free cash flow to support dividend

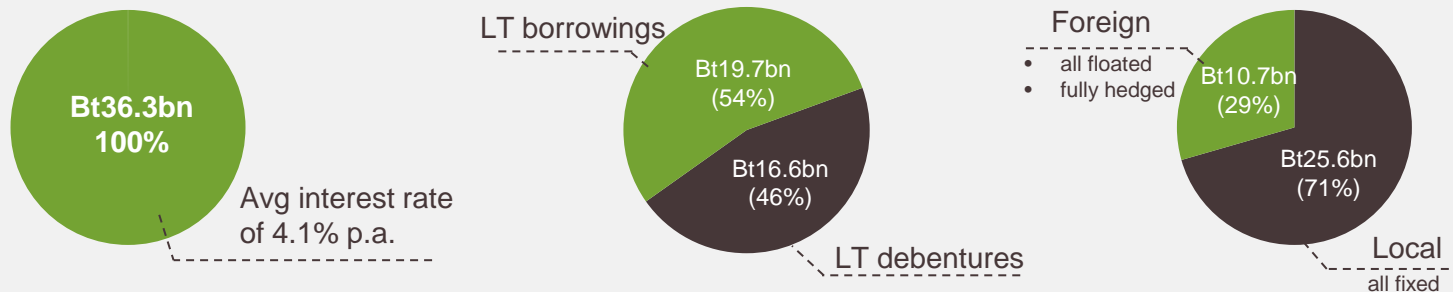


FY14 Cash flow

(Bt mn)



Net interest bearing debt



Guidance for 2015



Service revenue ex. IC

- grow 3-4%
-

Device sales

- grow 10% with margin close to zero
 - 70% 3G device penetration
-

EBITDA margin

- increase by 100-200 bps
 - marketing cost remained 4% of total revenue
-

CAPEX

- Bt40bn
 - Additional 3G BTS, fiber optic rollout, and shop renovation and expansion
-

Dividend

- maintained 100% dividend payout
-

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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