

Financial Results 1Q15  
Advanced Info Service Plc.  
8 May 2015

# 1Q15 Highlights

- In 1Q15, service revenue increased 4.6% YoY, slightly above our guidance. This was supported by continuous growth in mobile data although voice usage continued to decline. The network OPEX increased from the 3G network expansion while regulatory decreased 23% YoY from higher 3G handset penetration. Hence, EBITDA and net profit increased 9.8% YoY and 4.4% YoY.
- AIS continued to add more 3G base stations to 22,800 including small cells. AIS also installed AIS Super Wifi with a speed of 650Mbps, faster than 4G, in the dense areas to increase network capacity and enhance customer experience.
- In April, AIS officially launched fixed broadband and more digital contents to strengthen our position as the Digital Life Service Provider. There are AIS Fibre - fixed broadband, AIS Playbox – entertainment box, BEAT banking – mobile banking, iSWOP – 1<sup>st</sup> time online swap between voice and data.
- This quarter, we made one-time adjustment on prepaid subscribers who have been inactive for more than 90 days which resulted in net negative addition to total subscriber base.
- According to the announcement of the NBTC, the auction of 1800MHz will be held in November 2015 and 900MHz in December 2015.

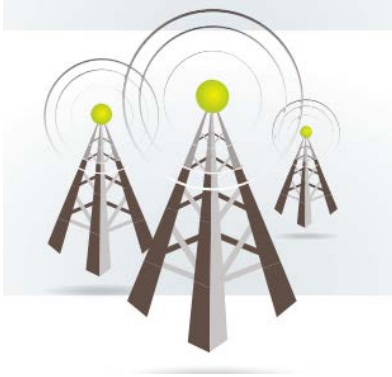
# 1Q15 Key financial highlights

Bt million	1Q14	4Q14	1Q15	% YoY	% QoQ
<b>Service revenue ex. IC</b>	<b>28,967</b>	<b>30,037</b>	<b>30,309</b>	▲4.6%	▲0.9%
900MHz-BTO revenue <sup>1)</sup>	11,304	2,787	2,231	▼80%	▼20%
2.1GHz-License revenue <sup>2)</sup>	16,091	25,368	25,954	▲61%	▲2.3%
<b>Sales revenue</b>	<b>5,646</b>	<b>8,454</b>	<b>8,288</b>	▲47%	▼2%
<b>Total revenue ex. construction</b>	<b>36,448</b>	<b>40,444</b>	<b>40,536</b>	▲11%	▲0.2%
EBITDA	16,454	17,727	18,073	▲9.8%	▲2%
Consolidated EBITDA margin	45.1%	43.8%	44.6%	▼50bps	▲80bps
Service EBITDA margin	53.0%	55.0%	55.0%	▲200bps	flatted
Sales margin	2.3%	1.8%	3.9%	▲160bps	▲210bps
Capex	8,017	6,866	7,165	▼11%	▲4.4%
EPS	3.19	3.07	3.33	▲4.4%	▲8.3%

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.

# Continued strengthening network



- ✓ **22,800** 3G base stations including small cells
  - ✓ **97% population coverage** since mid-2014
- 

- ✓ **AIS Super WiFi** 650 Mbps, faster than 4G
- ✓ **33,000** total AIS WiFi APs
  - **2,000** AIS Super WiFi APs



# AIS officially launched digital life contents



- Officially launched on 27<sup>th</sup> April: Bangkok, Chiang Mai, Nakhon Ratchasima, Udon Thani, Khon Kaen, Phuket, and Hat Yai
- Technology: FTTx
- Target: 80,000 subs in the first year,
- Now: 5,200 subs
- CAPEX in the first year: Bt1bn
- CAPEX for the first phase: Bt4.6bn



- Entertainment platform
- TV, Games, Karaoke, Music



- Swap usage between voice and data
- Offer to postpaid subscribers
- 1 minute = 5 MB



- Mobile banking with interest
- Bills payment, money transfer

# Pushing varieties of 3G handsets into the market

## New 3G feature phone



**AIS OLA POP**  
799 Baht

- AIS customers
- Trade-in 2G phone
- Pay Bt200 (if ARPU > Bt50) or Bt400 (if ARPU < Bt50)
- Free airtime of Bt200 or Bt400

## Low cost smartphone

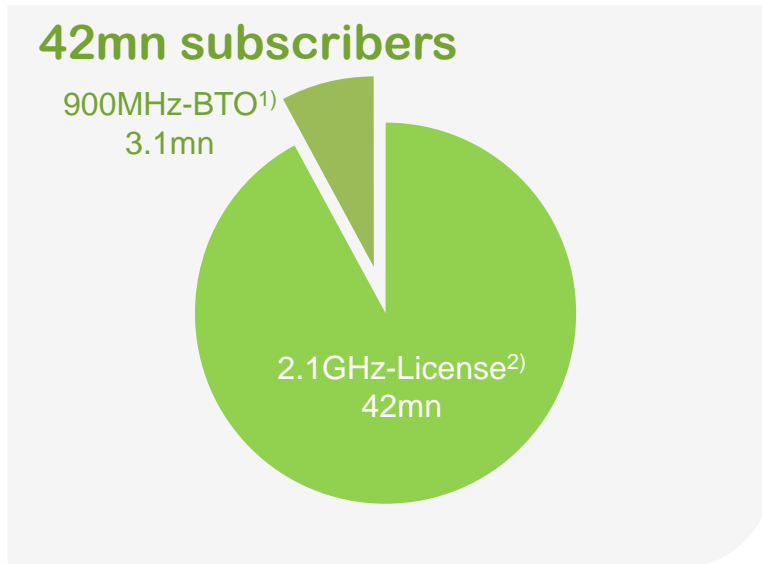


**LAVA 5.0"**  
3,290 Baht

**LAVA 5.0" PRO**  
4,790 Baht

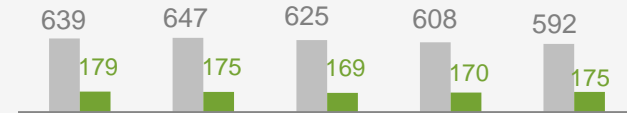
- Lava sales were **1.4mn** units in 1Q15, compared to 2.5mn units in FY14
- Average ARPU was Bt295, compared to Bt255 of blended ARPU

# 2.1GHz subs representing 93% of total users

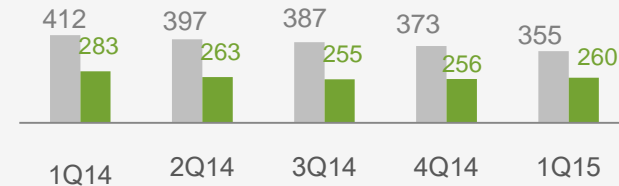


■ postpaid ■ prepaid

**ARPU (Bt/sub/month)**



**MoU (minute/sub/month)**



- **2.1GHz prepaid subscribers decreased** to 36.9mn from one-time adjustment as we discarded the inactive subscribers who were inactive for more than 90-days.
- **3G device users reached 23mn** from 15mn last year. This represented 58% of the 2.1GHz-License subscribers, largely driven by our handset marketing campaigns.

- **One-time adjustment on prepaid subscribers to discard inactive subscribers** who were inactive for more than 90-days resulting in more accurate 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.

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

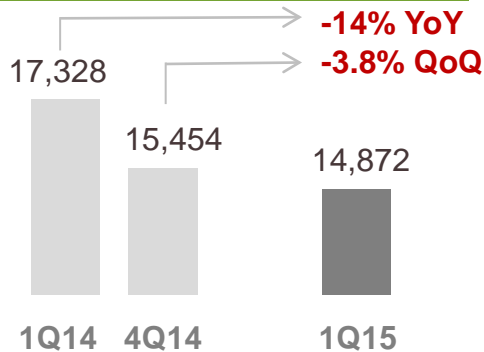
2) 2.1GHz-License refers to the subscription of customers under 2.1GHz license issued by NBTC. The subscribers who are holding 2G devices have to roam on the 900MHz network.

# 1Q15 Revenue Breakdown



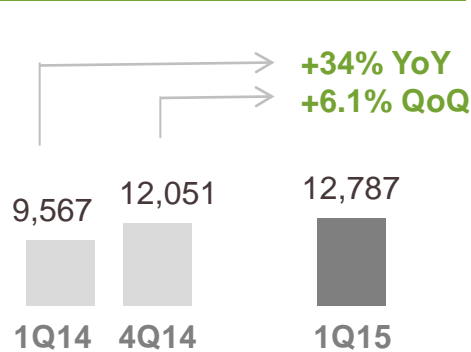
(Unit: Bt mn)

## Voice revenue



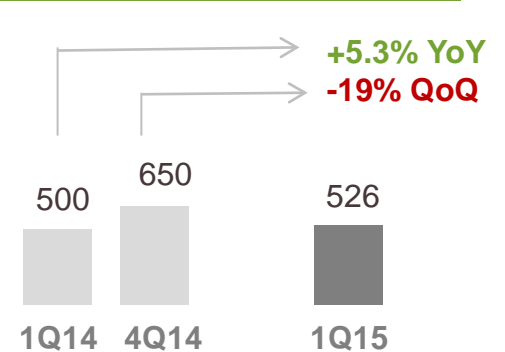
- lower usage from data substitution and cheaper price plans

## Non-voice revenue



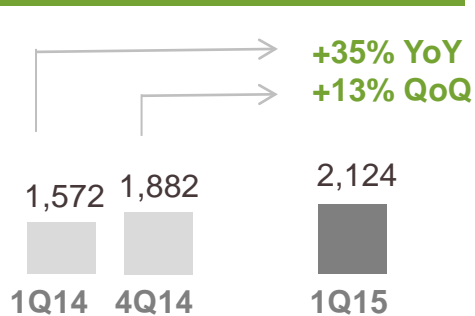
- driven by rising mobile data which now contributes 83% of non-voice revenue

## IR revenue



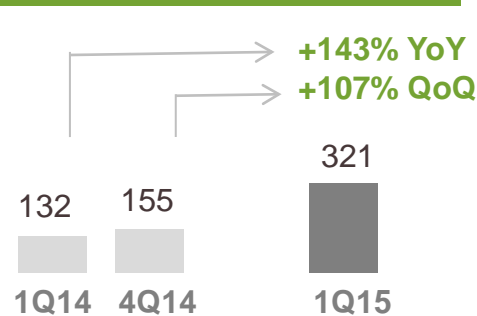
- weak economy and cannibalization from other substituted products

## IDD & other revenues



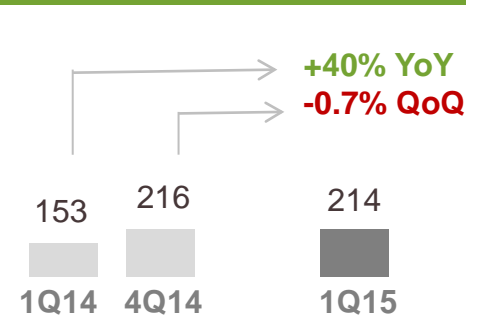
- growth driven by Wifi

## Net sales



- higher sales from AIS Lava and iPhone6 with margin

## Net IC

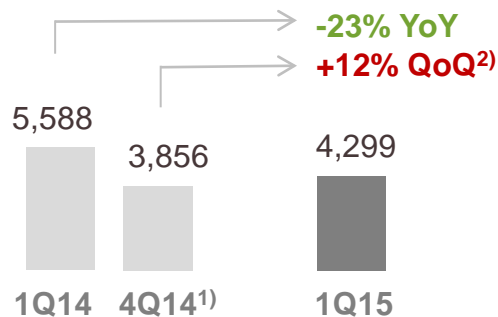




# 1Q15 Cost Breakdown

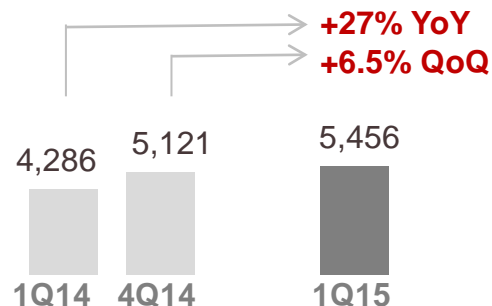
(Unit: Bt mn)

## Regulatory fee



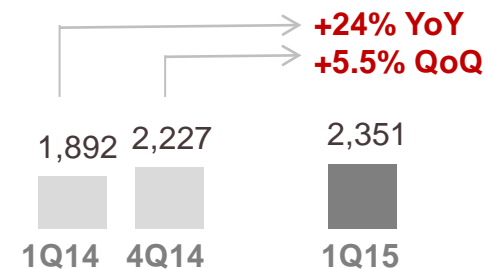
- higher 3G handset penetration
- <sup>1)</sup> if normalized, this would be 4,399mn.
- <sup>2)</sup> If normalized, this would be -2.3% QoQ.

## D&A



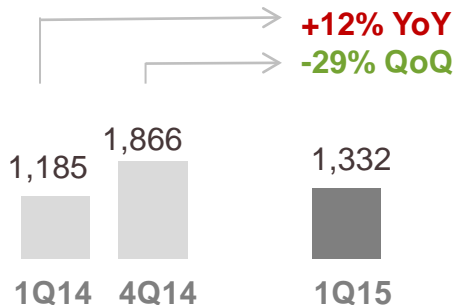
- continuous 3G investment

## Network Opex



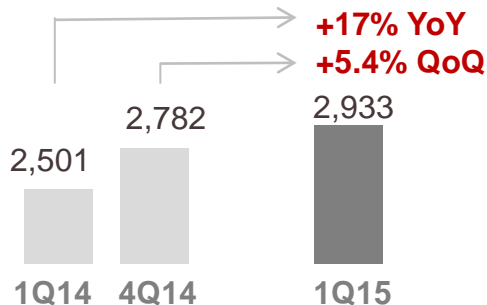
- more base stations from 3G investment

## Marketing



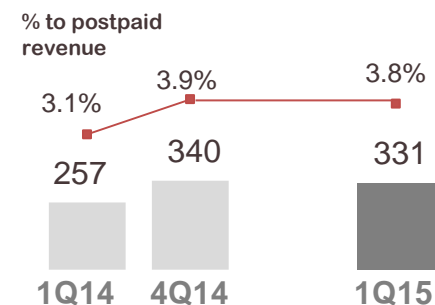
- QoQ, down from seasonality.
- YoY, up from 3G marketing campaigns

## Admin & Staff



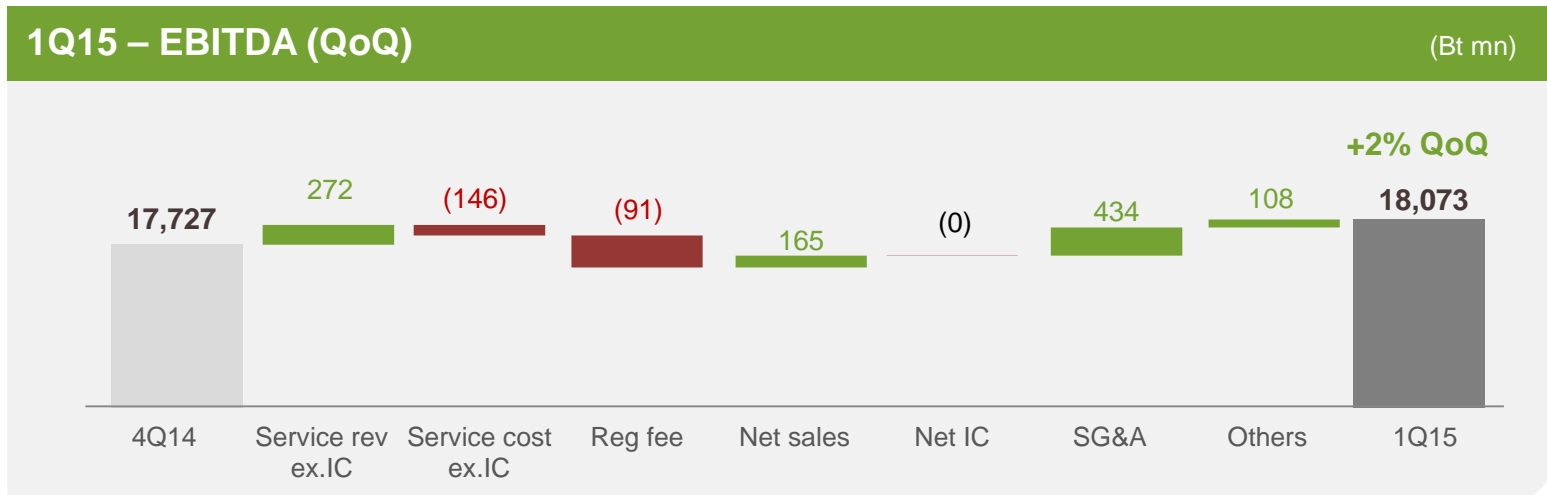
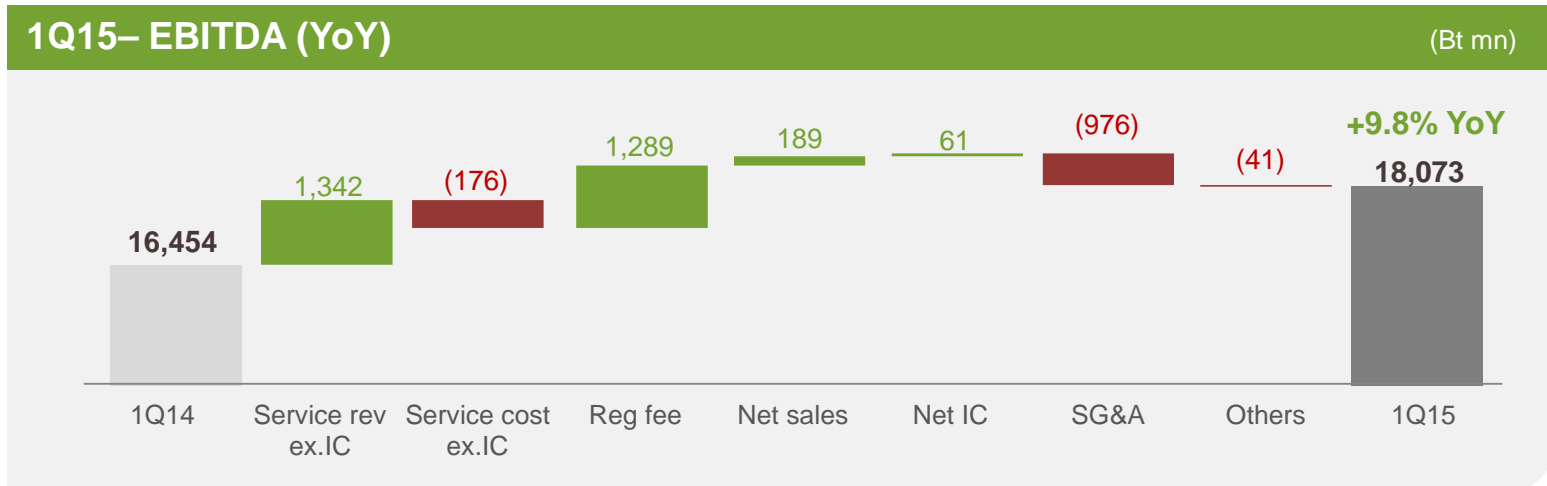
- YoY, higher headcounts
- QoQ, write-off from obsolete assets

## Bad debt



- higher postpaid subscribers

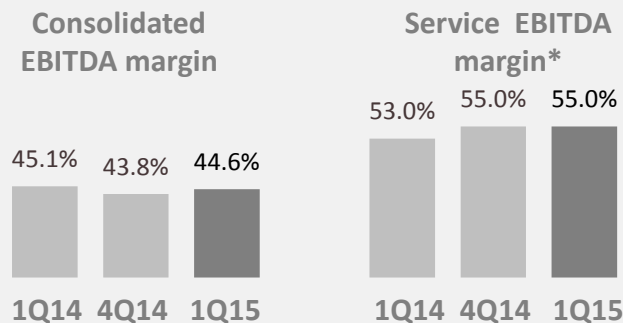
# EBITDA YoY gained from higher revenue and regulatory saving; QoQ gained from lower marketing expenses



# Service EBITDA margin grew YoY and remained strong QoQ



## EBITDA margin

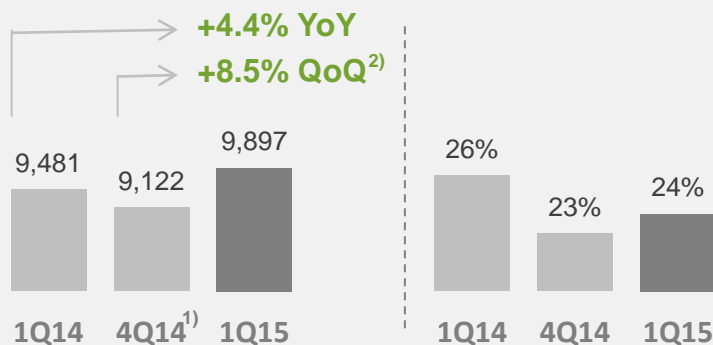


- Consolidated EBITDA margin dropped YoY from higher sales but rose QoQ from higher sales margin.
- Service EBITDA margin still grew YoY from improving revenue and lower regulatory fee. QoQ, lower marketing expenses were offset by higher regulatory fee and other costs.

\*Service EBITDA margin = (EBITDA – Net sales)/(Total revenue – Sales revenue)

## Net profit / Net profit margin

(Bt mn)

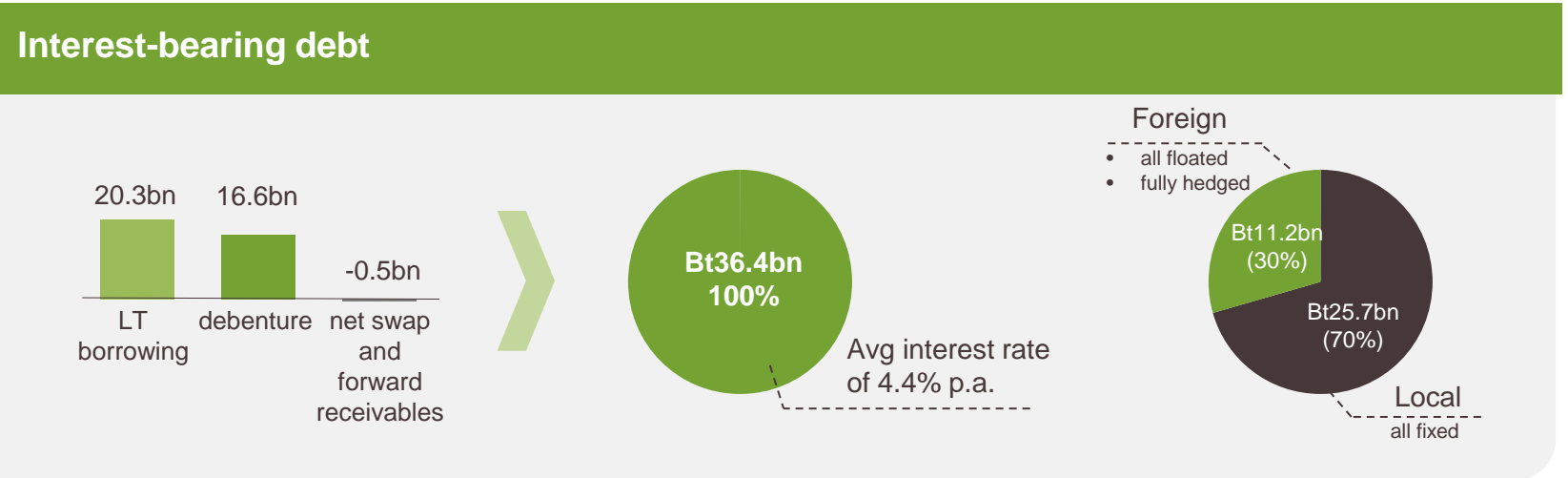
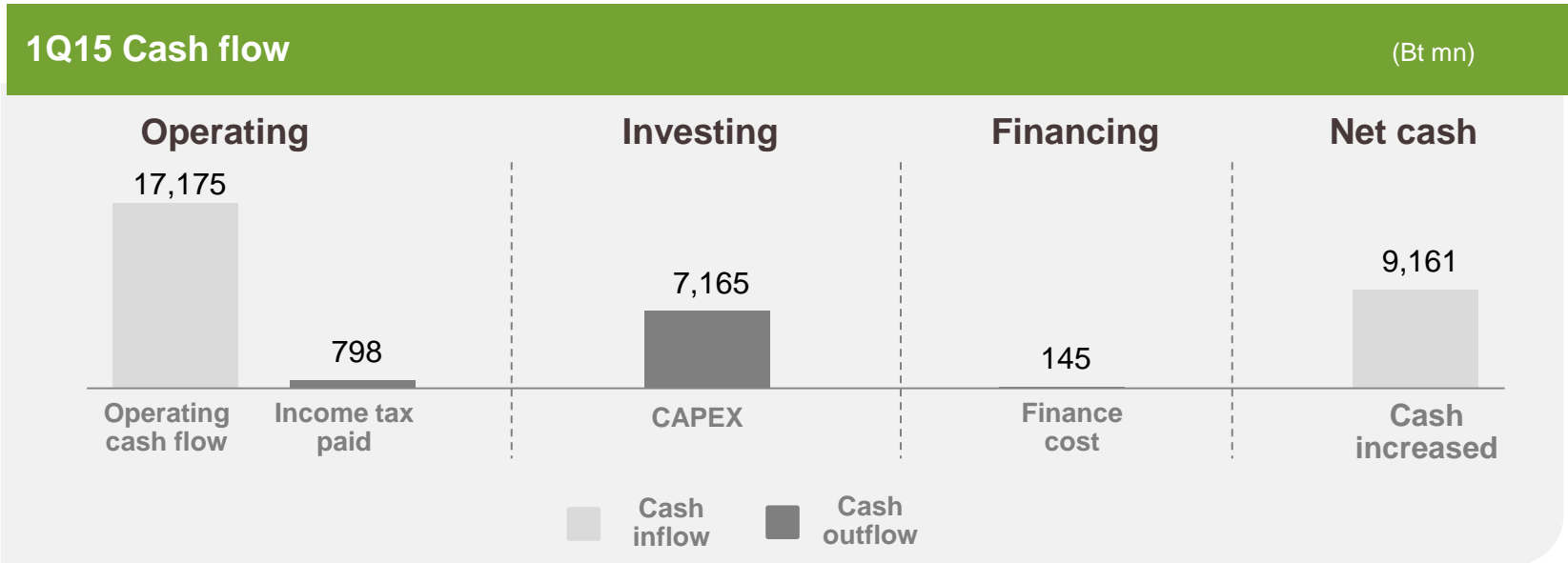


- YoY, net profit grew from growing EBITDA offsetting higher D&A and finance cost.
- QoQ, net profit grew from improving EBITDA, gain from FX, and lower tax expense.

<sup>1)</sup> if normalized one-time effect of DTA in 4Q14, this would be 9,792mn

<sup>2)</sup> if normalized one-time effect of DTA in 4Q14, this would be +1.1% QoQ

# Strong free cash flow to support dividend



# Guidance for 2015



## Service revenue ex. IC

- grow 3-4% (maintained)
- 

## Device sales

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

## EBITDA margin

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

## CAPEX

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

## Dividend

- maintained 100% dividend payout (maintained)
-

# 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.



**AIS INVESTOR RELATIONS**

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

[investor@ais.co.th](mailto:investor@ais.co.th)

TEL. +662 2995117