Financial Results FY15

Advanced Info Service Plc.
4 February 2016

FY15 Highlights and FY16 outlook

- **Service revenue ex. IC** grew 2.2% YoY, slightly below guidance, due to slow economic recovery. Postpaid revenue grew strongly from higher demand for data usage, compensating the impact from prepaid identification.

- **EBITDA** was Bt70,776mn, +6.5% YoY, driven by lower regulatory fee from 2G-to-3G migration despite higher OPEX and SG&A costs. With 2G-assets being fully amortized, **net profit** stood at Bt39,152mn, increasing 8.7% YoY (or 6.7% YoY normalizing one-time adjustment of deferred tax assets in 4Q14).

- Remedy period is expected to end in March. After that, roaming agreement with another operator will enable us to provide 2G service with continuing 2G-to-3G migration and handset subsidy.

- AIS will have 4G network covering 50% of population coverage by year end. Coverage gap filling with 3G-2.1GHz to have fully equivalent footprint to 2G-900MHz network will be completed by 2Q16.

- FY16, despite growth from new 4G service and more aggressive fixed broadband business, service revenue ex. IC is expected to be flat due to 2G shutdown. EBITDA margin is estimated to be 37-38% with impact of 2G shutdown & TOT partnership. CAPEX of Bt40bn is expected to be for 4G network and 3G network enhancement and fixed broadband.

Current spectrum portfolio sufficient in next 3-5 years

2100MHz
Under TOT partnership
(to be finalized)

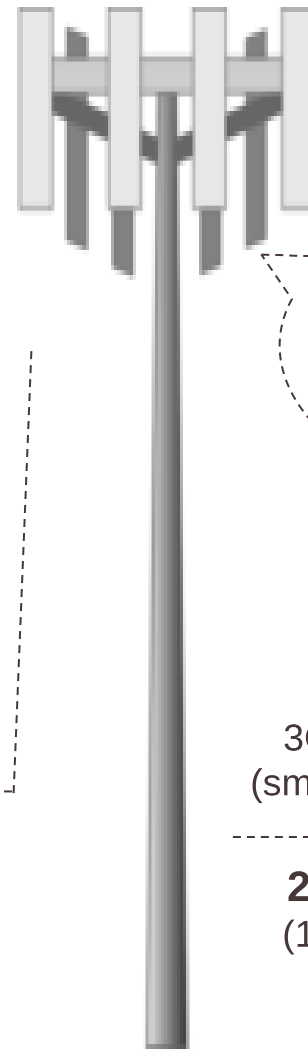
new carriers
for long-term competitiveness

1800MHz
15MHz bandwidth
License until 2033

Fully deployed 4G
7,000 base stations
42 provinces
as of 26-Jan

2100MHz
15MHz bandwidth
License until 2027

Fully deployed 3G
27,200 base stations
98% pop. coverage



"High-gain antenna" and "Cell splitting" to increase cell capacity

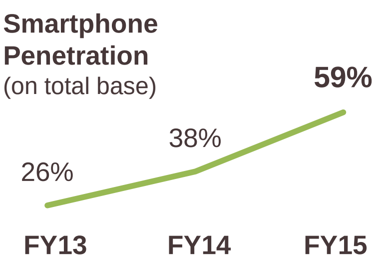
27,200
3G base stations
(small cells included)

22,500 towers
(13,198 disputed)

Increasing data usage was revenue growth driver

AIS LAVA, a game changer

FY15: 6mn units LAVA sold



Competitive price plans

bite-sized top-ups via LINE

Growing active data users

Postpaid

Total postpaid
5.4mn subs
+10% YoY
Bt612 ARPU

with 78%
data users

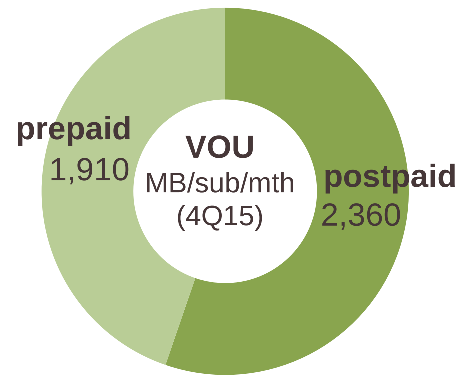
Prepaid

Total prepaid
33mn subs
-16% YoY
Bt195 ARPU

with 50%
data users

4mn subs being 4G ready

Accelerating VoU



Mobile data revenue

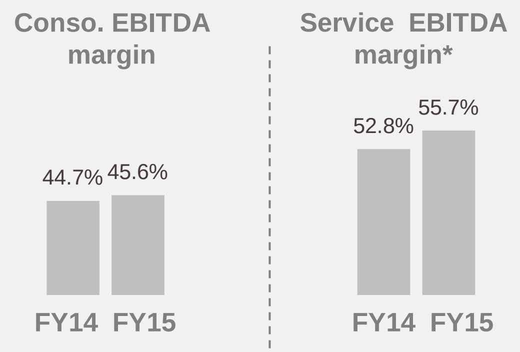
Bt45bn
+36% YoY
(contributing 41% of service revenue ex. IC in 4Q15)

FY15 & 4Q15 Key financial highlights

Bt million	4Q14	3Q15	4Q15	% YoY	% QoQ	FY14	FY15	%YoY
Service revenue ex. IC	30,037	29,956	29,887	▼0.5%	▼0.2%	117,990	120,621	▲2.2%
Sales revenue	8,454	5,356	8,422	▼0.4%	▲57%	23,332	27,798	▲19%
Total revenue ex. construction	40,444	36,769	39,784	▼1.6%	▲8.2%	148,729	155,213	▲4.4%
Cost of service ex. IC	12,780	13,124	10,578	▼17%	▼19%	53,034	50,624	▼4.5%
Total SG&A	5,069	4,896	5,643	▲11%	▲15%	18,860	20,091	▲6.5%
EBITDA	17,727	17,431	17,204	▼3.0%	▼1.3%	66,428	70,776	▲6.5%
Net profit	9,122	8,616	10,791	▲18%	▲25%	36,033	39,152	▲8.7%
Consolidated EBITDA margin	43.8%	47.4%	43.2%	▼60bps	▼420bps	44.7%	45.6%	▲90bps
Service EBITDA margin	54.9%	57.4%	55.1%	▲20bps	▼230bps	52.8%	55.7%	▲290bps
Sales margin	1.8%	-11%	-0.8%	▼100bps	▲1,030bps	0.8%	-0.8%	▼160bps
Capex	6,866	8,765	7,442	▲8.3%	▼15%	32,562	32,255	▼1%
EPS (Baht / share)	3.07	2.90	3.64	▲19%	▲26%	12.12	13.17	▲8.7%

Lower regulatory fee reflected in increased EBITDA

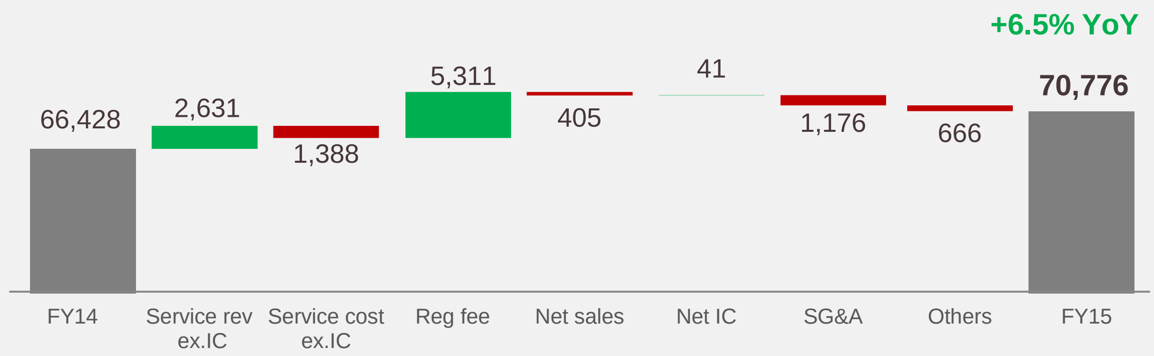
EBITDA margin



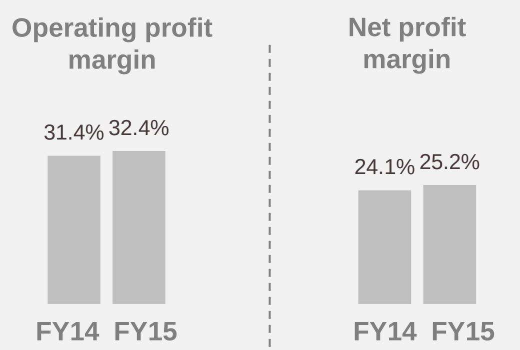
*Service EBITDA margin = (EBITDA – Net sales) divided by (Total revenue – Sales revenue)

FY15– EBITDA (YoY)

(Bt mn)

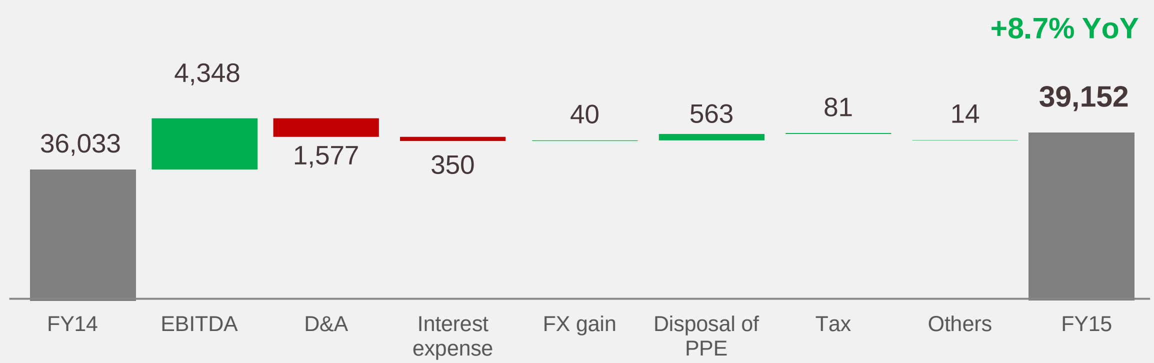


Profit margin



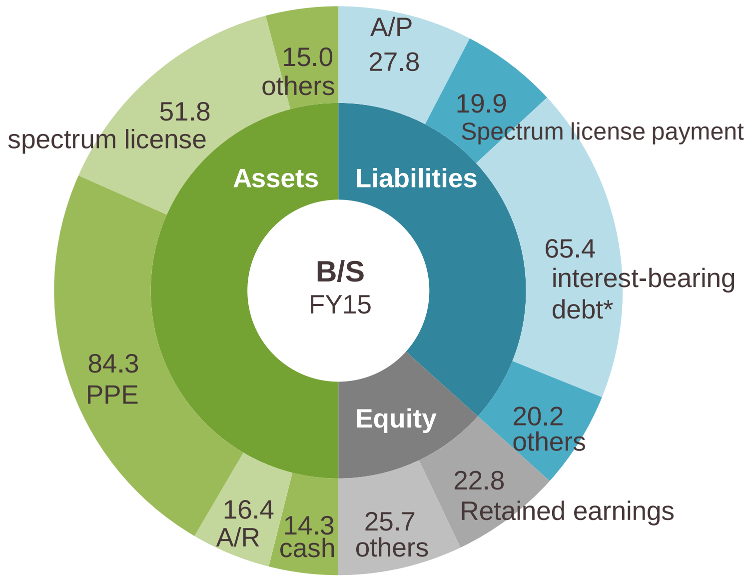
FY15– Net profit (YoY)

(Bt mn)



Strong balance sheet for further strategic executions

FY15 Balance Sheet
(Bt mn)



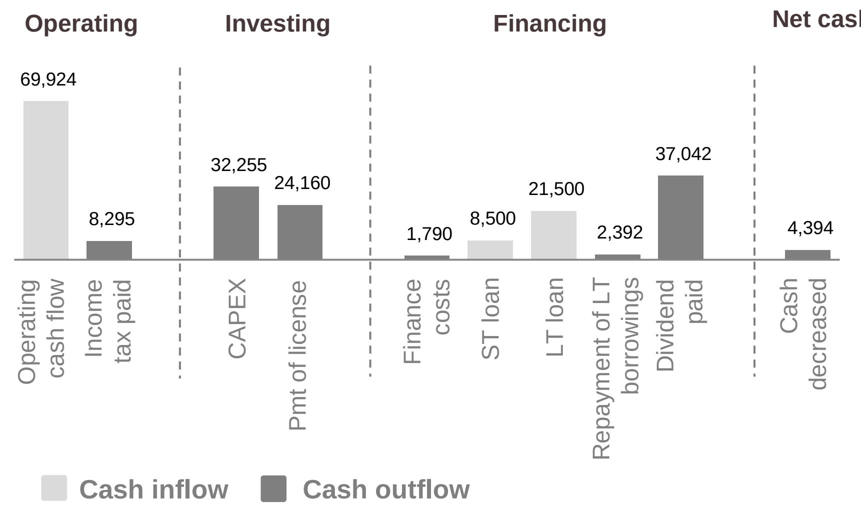
Net debt to EBITDA = 0.7x
remained strong and support further gearing

Debt to Equity = 1.3x
higher leverage from spectrum acquisition

ROE = 82%
one of highest profitability to shareholders among Listed companies

*interest-bearing debt excludes net forward/swap receivable of 1.4bn

FY15 Cash flow
(Bt mn)



CAPEX to sales = 27%
3G investments for long-term mass market

Average finance costs = 3.6%
stayed low from excellent credit ratings

2G-to-3G Migration update

Handset migration program

1) Open all conventional distribution channels: AIS shop, Telewiz, AIS Buddy, direct sales

2) Deal with 7,500 regional sub-districts to have direct approach with rural customers

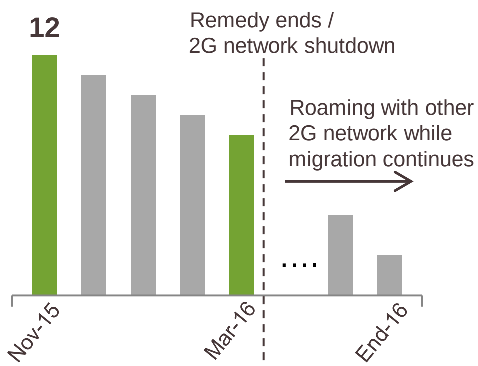
3) Customers "book" for a 3G/4G model. This ensures proper stock management.

4) Send SMS to customers informing date and location of delivery

5) Customers top up for free airtime and exchange for new handsets

Migration plan & Implications

2G subs (mn)
(illustrative only)



Short-term impact	Factor	Impact
Revenue loss	Number and ARPU of 2G subs who opt to migrate to other network	
Cost incurred		~ 8bn
1) handset subsidy	3G feature phone ~ Bt700; 3G/4G smartphone ~ Bt1,500	
2) roaming	Remaining 2G subs x roaming rate (not disclosed)	
Cost savings		
1) license cost		75bn
2) network OPEX	Lower electricity & maintenance bills	~ 1bn

Mobile: Strategy & Implications without 900MHz

2100MHz License 15MHz band

By mid year

- Fill up 4,000 locations to fully substitute 2G network
- Increase capacity for 2G-to-3G migration

By year end

- Strengthen 3G network to maintain leading quality position
- Enhance mass market adoption

1800MHz License 15MHz band

By mid year

- 14,000 sites of 4G to cover 77 provinces
- Deploy LTE-A by carrier aggregating with 2.1GHz in key urban areas
- Competitive 4G price plans launched

By year end

- 18,000 sites of 4G in 2H16, covering 50% of population
- Expand deployment of LTE-A to all provinces

Partnership with TOT

2100MHz utilization

Long-term

- Available carriers for network flexibility and competitiveness enhancement

Disputed towers

Long-term

- Set up JV to secure stakes
- Dissolve dispute

2G facilities

Long-term

- Utilize valuable assets & properly allocate CAPEX

Mobile: competitive 4G price plans, gearing toward limited package offerings

Leading limited
high data allowance

Product differentiation

4.2mn 4G-enabled
handsets ready
on AIS' base

Expect ARPU uplift
from attractive
data allowance

(All plans are available for
both existing and new subs)

Monthly fee (Baht)	4G | 3G Max Speed			All network calls (min.)	Get special privileges		
	Total 4G | 3G	4G | 3G	4G		AIS SUPER WiFi	AIS Cloud+ 100GB	AIS Play Watch free 4 movies/week
299	1.5GB	1.5GB	-	100	✓	✓	-
399	5GB	4GB	1GB	150	✓	✓	-
488	10GB	8GB	2GB	200	✓	✓	✓
688	20GB	16GB	4GB	300	✓	✓	✓
888	30GB	24GB	6GB	400	✓	✓	✓
1,288	50GB	40GB	10GB	600	✓	✓	✓
1,888	75GB	60GB	15GB	1,500	✓	✓	✓

4G Multi Package
One number, up to 5 devices
(Packages Bt488 up)

4G Share Package
One package, up to 5 numbers
(Packages Bt888 up)

FBB: 2016, a year of attacking & winning

FY15 Recap

End of Dec-15

- **44,000** subs
- **1.7mn** homepass
- Covering **12** provinces

The year of establishing fundamental

- New skill set on fiber installation
- Build up technical support team
- Allocate workforce
- Ensure punctual customer appointment and satisfaction

FY16 Strategy

AIS Fibre

- ✓ Better technology of FTTx with better pricing
- ✓ Free AIS PLAYBOX and installation

- Achieve significant market share in three years
- Lead in very attractive bundling packs & deploy mass advertisement
- Achieve full coverage in cities of **24** provinces or **6.5mn homepass**
- Recruit and streamlining workforce
- New capex budget of **7bn**

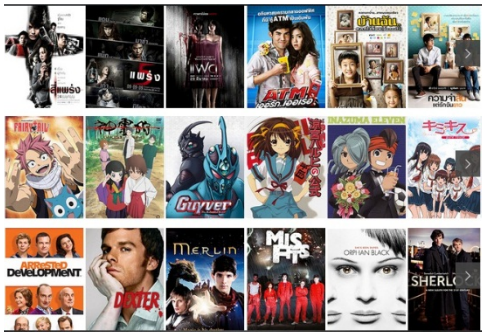
Digital content: more focused, more impactful

MOBILE MONEY | GAME | **VIDEO** | CLOUD | M2M

Entertainment gateway on MOBILE: AIS PLAY
Most Varieties & Most Convenience

- ✓ 100+ Live TV channels
- ✓ Catchup TV (7 days)
- ✓ 3,000+ hr of video on demand
- ✓ Easy access to popular stores (HOOQ, Primetime, etc.)
- ✓ Local & Hollywood content

Entertainment gateway on FIXED: AIS PLAYBOX



2016 Outlook & Guidance (i)

• **Service revenue ex. IC**	**Flat**
1) 2G shutdown impact Shutdown of 2G network is expected to be in March. After that, the handset subsidy and migration will continue, in parallel with providing 2G service by roaming on another operator's 2G network.	
2) 4G & 3G services revenue boost AIS launched 4G in January which will result in an immediate uplift of customer experience compared to last year. With higher data allowance on 4G plan, we expect double volume of data usage per subscriber. As mass adoption of low-cost smartphone continues, we also expect a continued strong demand for 3G.	
3) Attacking on fixed broadband AIS Fibre will expand coverage from 12 to full-city 24 provinces with more aggressive offerings. Larger determination is to achieve a significant market share in the next three years.	

• **Handset sales and margin**	
1) Handset sales Expect continued demand for smartphone adoption	Flat
2) Handset margin As handset subsidy cost is booked under market expense, normal handset sales margin should be positive.	(+) 3-4%

2016 Outlook & Guidance (ii)

- **Depreciation & Amortization**

1)	D&A from 3G/4G investment will rise but the fully amortized 2G assets from concession expiry last year will more than offset.	(-) 25%
2)	Total license amortization for 1800MHz and 2100MHz	3.3bn

- **EBITDA**

Consolidated EBITDA margin With 2G network shutdown, effective regulatory fee will fall to near 5.25%. However, factors that will be strained to EBITDA are short-term revenue drop from 2G customer loss, the rise of marketing expenses due to handset subsidy and 2G roaming service to leftover 2G subscribers. In addition, we also factored in the cost from potential TOT partnership.	37-38%

- **CAPEX** — **40bn**

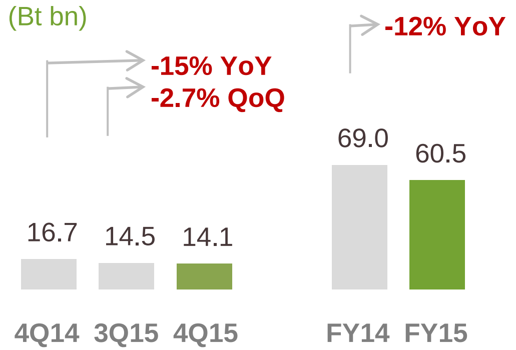
1)	**Mobile network** 4G network rollout of 18k sites in all 77 provinces covering 50% of population 3G network capacity expansion and additional coverage to fill in rural areas Shop renovation and expansion to increase brand attraction	33bn
2)	**Fixed broadband** Cover 6.5mn homepass in 24 provinces	7bn

- **Dividend policy** maintained — **100% payout**

APPENDIX

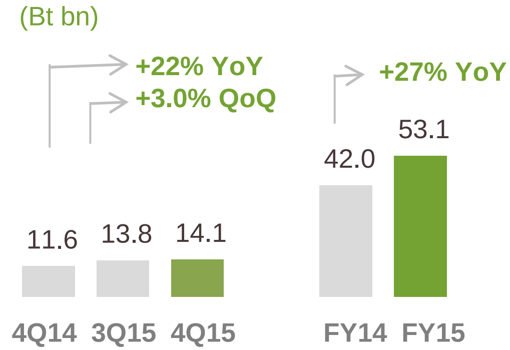
4Q15 Revenue Breakdown

Voice revenue*



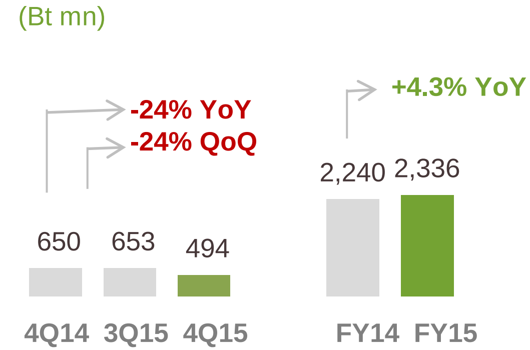
- Lower voice usage trend

Non-voice revenue*



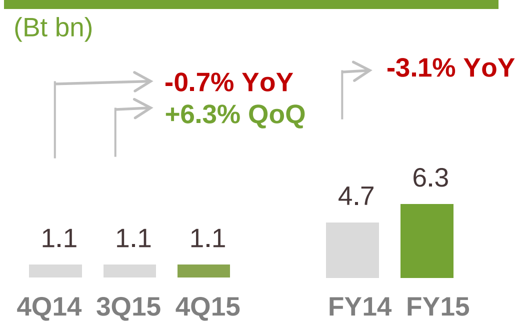
- Driven by higher smartphone penetration and mobile data usage

IR revenue



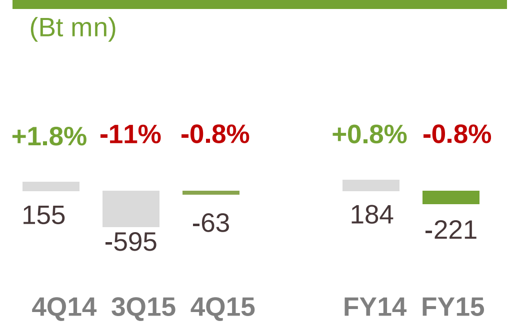
- Slow growth from impact of 2G-900MHz international roaming termination

IDD & other revenues*



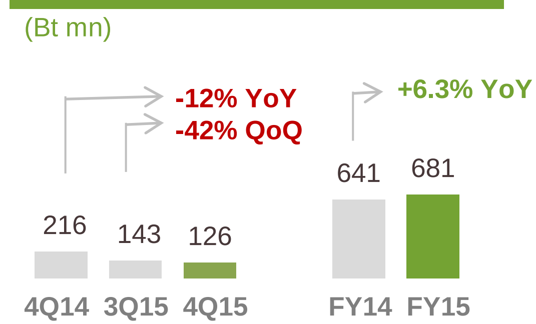
- WiFi revenue reallocated to service revenue
- Declining trend of IDD

Sales margin



- Sales of new iPhone models and 4G LAVA supported margin

Net IC



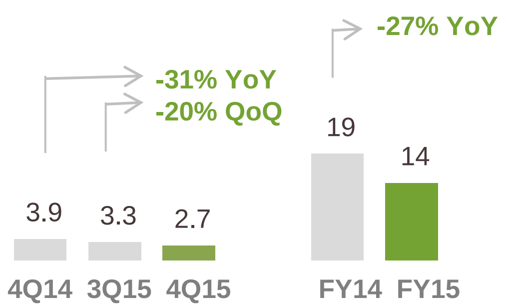
- Adjustment in interconnection rate from Bt0.45/minute to Bt0.34/minute starting in 3Q15

**restated since 4Q13*

4Q15 Cost Breakdown

Regulatory fee

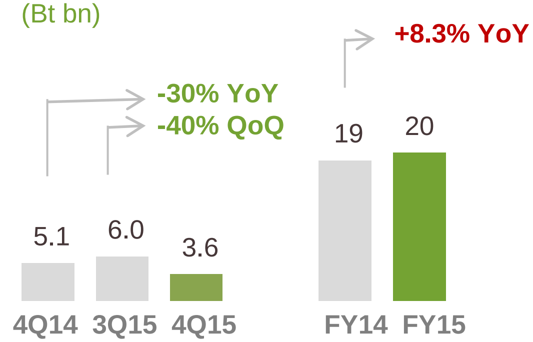
(Bt bn)



- Achieved 70% 2G to 3G migration
- Revenue sharing under remedy period paid to NBTC starting from 4Q15

D&A

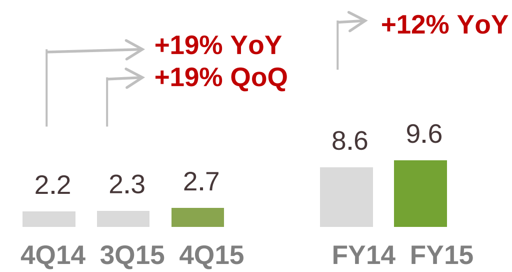
(Bt bn)



- Bt9bn of 2G fully amortized in 3Q15
- Continued in 3G investment to enhance network quality

Network Opex

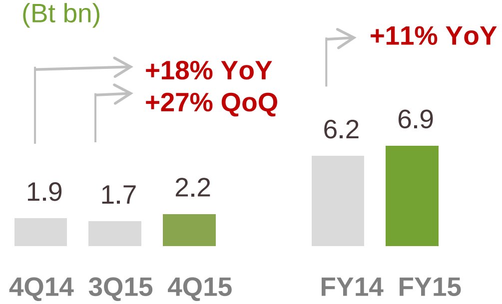
(Bt bn)



- Higher number of base stations and maintenance costs

Marketing

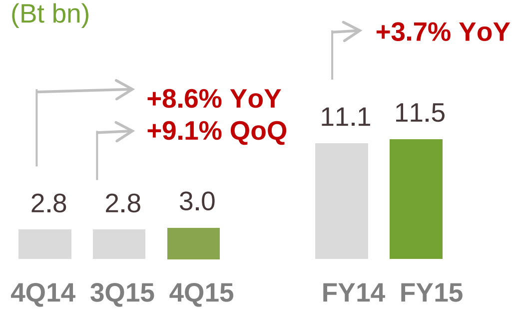
(Bt bn)



- Supporting handset migration
- Increase mobile and FBB brand awareness

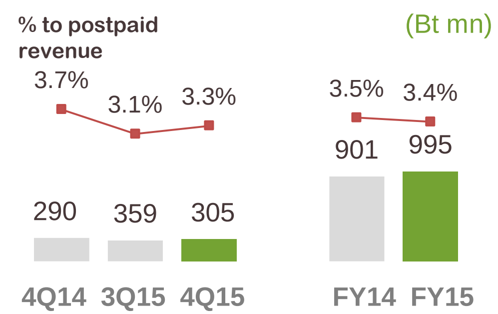
Admin & Staff

(Bt bn)



- Higher staff costs offset by small loss from asset write-offs

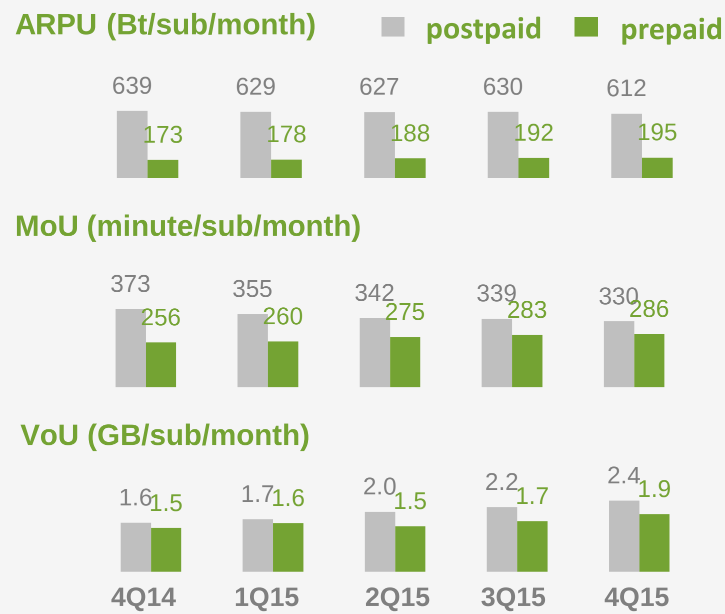
Bad debt



- Still under manageable range of 3-4%

Prepaid segment saw positive net addition after prepaid identification succeeded

Servicing 38.5mn subscribers

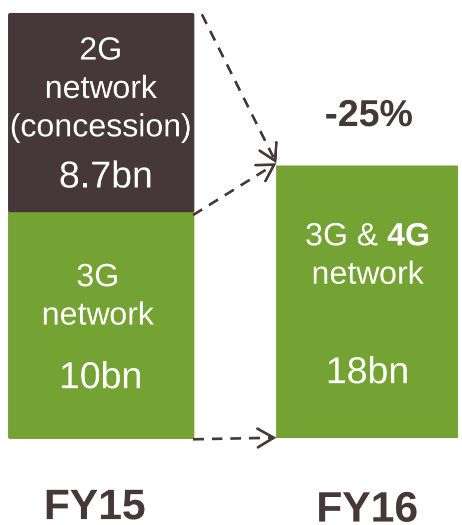


- **Total prepaid subs** gained a net addition of 609k subs after completion of prepaid identification while **total postpaid subs** still grew from a trend of continuous mobile data usage.
- SIM rotation should be lower going forward due to SIM registration process and ARPU should better reflect organic revenue.

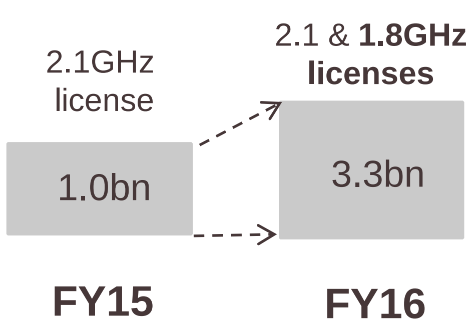
- **ARPU** of prepaid was quite stable while postpaid ARPU declined from acquisition of low-tier segment of customers. QoQ, lower voice usage in postpaid reflected in declining **MoU** whereas prepaid was quite stable.
- **VoU** continued to increase from higher smartphone penetration and attractive digital contents.

D&A movements in 2016

Network D&A



License amortization



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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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