

# Annual General Shareholders' Meeting 2018

Advanced Info Service Public Company Limited

29 March 2018

# Agenda 1

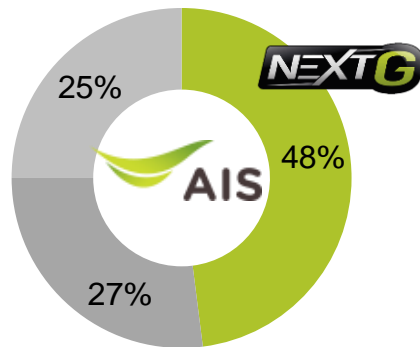
To Acknowledge the Board of Directors' Report  
on the Company's Operating Results in 2017

# AIS: Digital Life Service Provider



## Leading and digitally transform in “MOBILE”

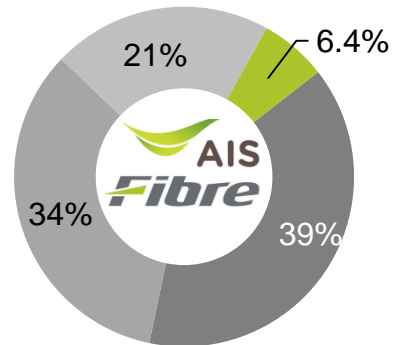
Mobile revenue market share



- Nationwide 4G/3G/2G coverage with a focus on network quality
- Focus on scale to maintain cost advantage

## Grow stronger in “FIXED BROADBAND”

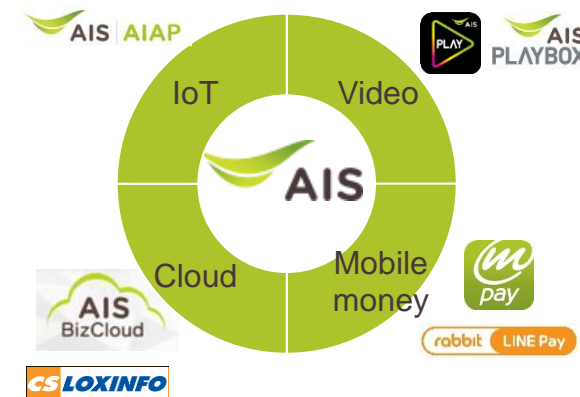
FBB subscriber market share



- Aim to be a key player in FBB market by 2020
- Leverage from existing mobile fibre infrastructure
- Defensive value to core mobile business

## Partner to offer differentiated “DIGITAL SERVICE”

Focus in 4 key areas



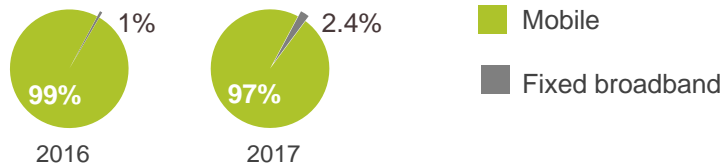
- Emphasize partnership & ecosystem
- Leverage the large sub base and telecom infrastructure

Data as of 4Q17

# FY17 revenue growth supported by integrated position of mobile & fixed broadband

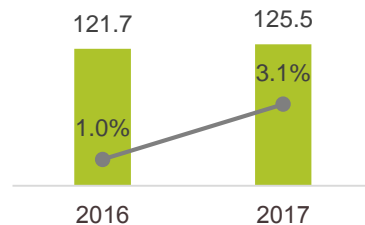
## Continuous revenue growth from both mobile and fixed broadband

### Revenue mix



### Mobile revenue (Bt bn)

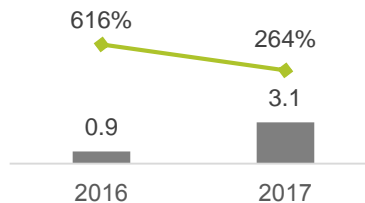
—■— %YoY



- Driven by increasing 4G users and postpaid penetration

### Fixed broadband revenue (Bt mn)

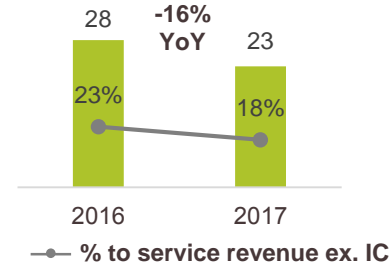
—■— %YoY



- Market share increased from 4% in 2016 to 6.4% in 2017

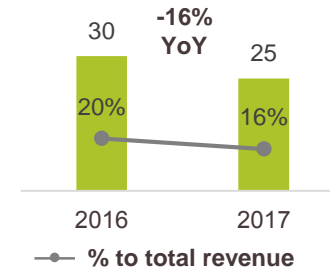
## Executing cost optimization in all areas

### Operational cost of service<sup>1)</sup> (Bt bn)



- Focused on network OPEX efficiency and digitized process

### SG&A (Bt bn)



- Managed subsidies to focus on quality revenue

<sup>1)</sup> Cost of service excluding IC, payments to TOT, and D&A

## Invested to ensure superior network quality

### Bt41bn CAPEX (down from Bt48bn in 2016)



- Deployed 2CA in all districts and 3CA in key cities



- Launched Next G network (speed up to 1Gbps)

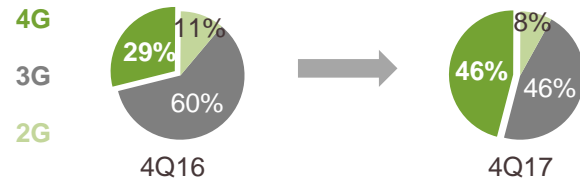


- Expanded FBB into 50 cities

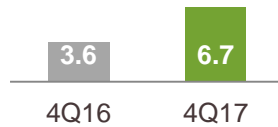
# 2017 MOBILE Operational Performance

## Growing 4G penetration & streaming

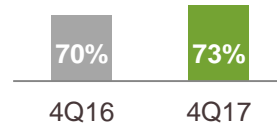
### Breakdown by technology



### VoU (GB/data sub/month)

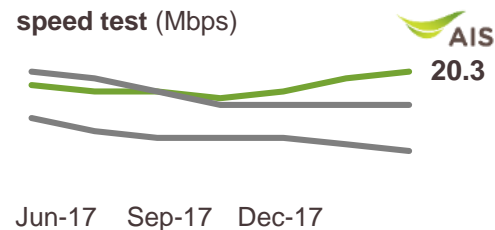


### Smartphone penetration



## Network superiority with improving brand perception

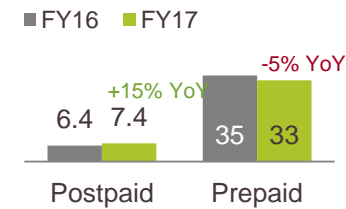
### 4G download speed test (Mbps)



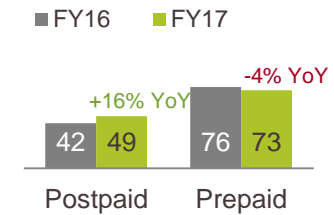
- Improving data network quality with optimum investment
- Position as leading brand in mobile data

## Continued prepaid-to-postpaid migration

### Subscribers (mn)



### Revenue (Bt bn)



- Postpaid conversion driven by customer behavior and attractive handset subsidies

## Invested in spectrum and technology to support growth

55 MHz

### Licenses

- 15MHz of 2100MHz
- 15MHz of 1800MHz
- 10MHz of 900MHz

### Partnership

- 15MHz of 2100MHz with TOT, officially signed

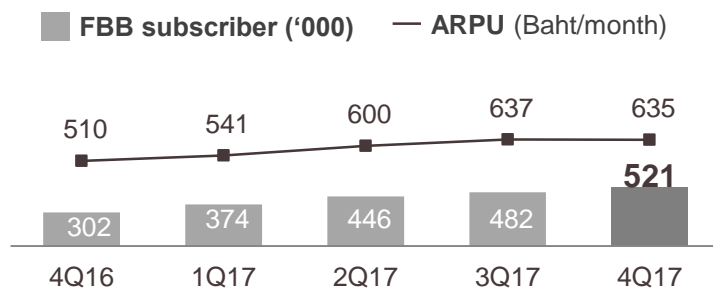


98% population coverage to serve all 4G | 3G | 2G

Ensure **5G-proof** network through advanced technology installation such as Massive MIMO

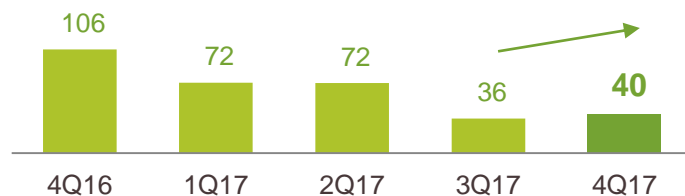
# 2017 FBB Operational Performance

## Focused on quality acquisition



- Penetrate market with **FTTX** technology
- Improving ARPU driven by higher customer awareness and product differentiation

## Net addition ('000)



- Ensure quality acquisition to capture faster **return on investment**

## Optimum investment in areas with high demand



Focus in existing  
**50 cities**,  
covering 6mn  
homepass



**Bt5bn CAPEX**

mostly for  
last miles

## Strengthen Fixed-Mobile-Content position

**78%**  
of AIS Fibre  
subs also use  
AIS Mobile



- Further target to increase value per household

## AIS FAMILY EXTRA



**FIXED**



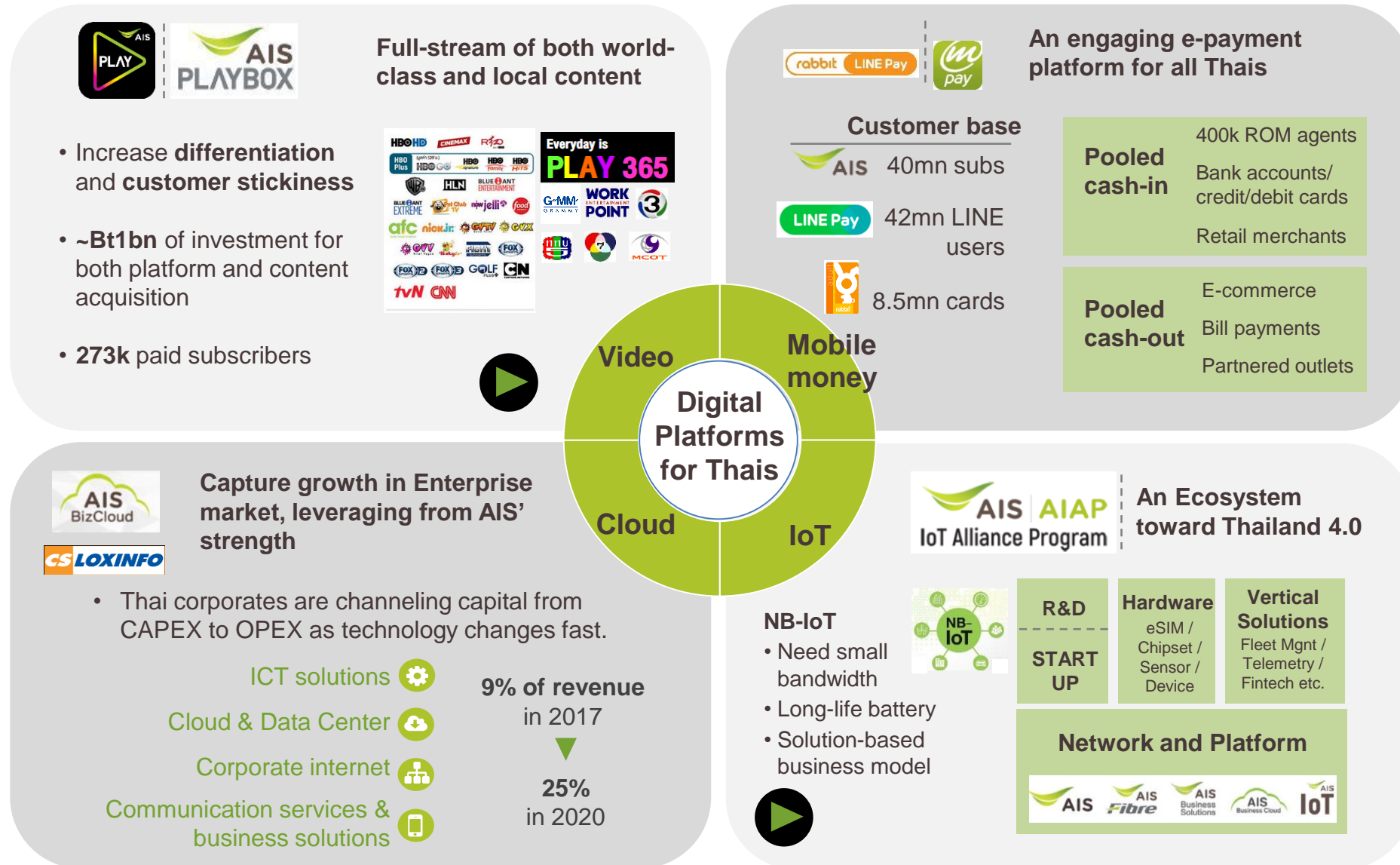
**MOBILE**



**CONTENT**

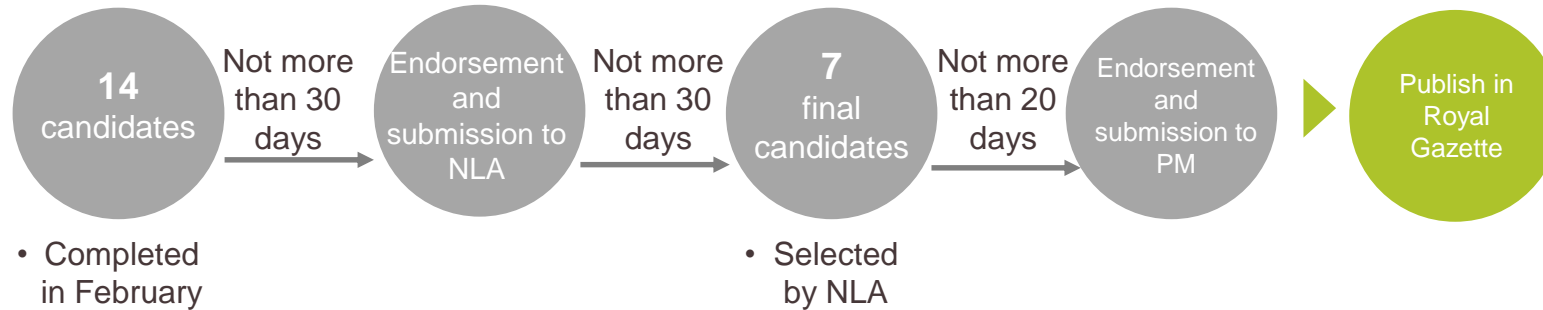
- Offer valued convergence proposition to family segment with privileges among the group

# 2017 Digital Service Operational Performance



# Regulatory update

## Ongoing new NBTC selection process



## Spectrums under concession to be allocated as license

<b>Spectrum</b>	<b>850MHz</b> from DTAC	<i>Pending discussion on impact to railways</i>	<b>1800MHz</b> from DTAC
<b>Bandwidth</b>	<b>10MHz</b>	<u>Discussed case</u> 5MHz x 1 license	<u>Discussed case</u> 15MHz x 3 licenses or 5MHz x 9 licenses











# 5 Focus Areas for Corporate Sustainability

Become the most-admired  
Digital Life Service Provider in Thailand

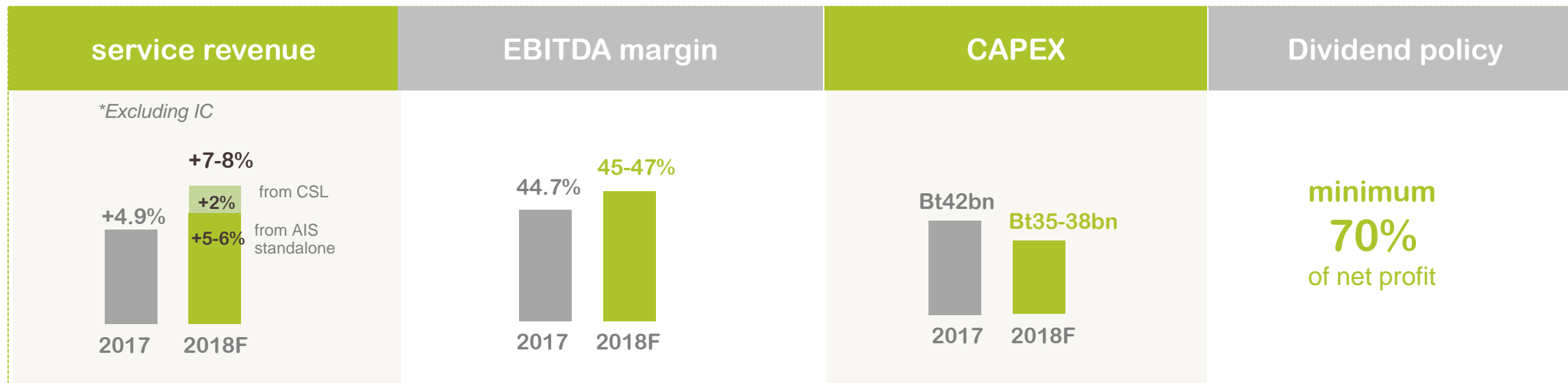
Strategic focus

2017 Performance Highlights

Community	Customers	Partners	People	Environment
<i>"Bringing our society together"</i>	<i>"Providing the best customer experience"</i>	<i>"Sustainable partnership"</i>	<i>"Growing our people with their strengths"</i>	<i>"Greening our future"</i>
<b>Agricultural</b>  <b>+7.5k D/L</b> Farmsuk Shop App  <b>Public health</b>  <b>+ 23k D/L</b> +1.2k Tambon Health Promoting Hospitals	<b>Protecting customers' personal data</b> <div> <div>Certified ISO 27001</div> <div>Information security management system</div> </div> <div> <div>RBAC*</div> <div>Restrict applications access based on roles</div> </div> <b>Enhance digital experiences</b> Encourage digital touch points <div>    </div>	<b>Co-developing innovation</b> Fulfill needs in digital era <div> <div>Smart parking</div> <div>mobike</div> </div> <div>Narrow Band IoT</div> <b>Enhance partners capability through digital tools</b> Promote digital tools for partners to enhance efficiency & competency <div>    </div>	<b>Staff well being</b> <div> <div>7k</div> <div>Staff joining wellness program</div> </div> <div> <div>-Bt6.3m</div> <div>Medical expenses</div> </div> <b>Corporate culture for digital age</b> <div> <div>LearnDi &amp; ReaDi</div> <div>e-learning platform</div> </div> <div> <div>430</div> <div>Digital Gurus</div> </div>	<b>Reduce paper use</b> <div> <div>+33%</div> <div>E-bill subs to 5.5m</div> </div> <div> <div>+78%</div> <div>eService subs to 2.5m</div> </div> Set a goal for <b>Carbon footprint reduction</b> <div> <div>-10% in 2020 &amp; -20% in 2030</div> </div>

\*Role Base Access Control

# 2018 Outlook and Guidance



- Growing 4G penetration and data usage
- Target 800k FBB subs

- Revenue improvement and continue cost management

- Expand mobile data capacity
- Invest in last miles for FBB

- Maintain strong financial flexibility for future strategic executions

# Agenda 2

To Approve the Statements of Financial Position  
and Statements of Income  
for the Year Ended 31 December 2017

# 2017 Statement of Income



Unit (Million Baht)	2016	2017	%YoY	
Revenue from services and rentals	128,226	132,947	3.7%	Higher data usage on 4G and subscriber base of FBB growth
Revenue from sale of goods	23,924	24,775	3.6%	Softened handset subsidy campaigns
<b>Total revenues</b>	<b>152,150</b>	<b>157,722</b>	<b>3.7%</b>	
Cost of services and rentals	(58,070)	(66,604)	14.7%	Higher D&A from 4G investment and payments for partnership with TOT
Revenue sharing expense	(4)	(1)	-74.1%	
Cost of sale of goods	(24,918)	(25,654)	3.0%	
<b>Total costs</b>	<b>(82,992)</b>	<b>(92,259)</b>	<b>11.2%</b>	
<b>Gross profit</b>	<b>69,158</b>	<b>65,463</b>	<b>-5.3%</b>	
SG&A expenses	(29,776)	(25,078)	-15.8%	Improving brand perception and lower handset subsidy
<b>Operating profit</b>	<b>39,382</b>	<b>40,385</b>	<b>2.5%</b>	
Finance costs	(4,236)	(5,302)	25.2%	Deferred interest from spectrum licenses and debt financing to support investment
Income tax expense	(5,175)	(5,843)	12.9%	
Others	719	838	16.6%	
<b>Profit for the period</b>	<b>30,690</b>	<b>30,078</b>	<b>-2.0%</b>	
Non-controlling interests	(23)	(1)	-97.4%	
<b>Net profit</b>	<b>30,667</b>	<b>30,077</b>	<b>-1.9%</b>	EPS decreased from Bt10.31 to Bt10.12

# 2017 Statement of Financial Position



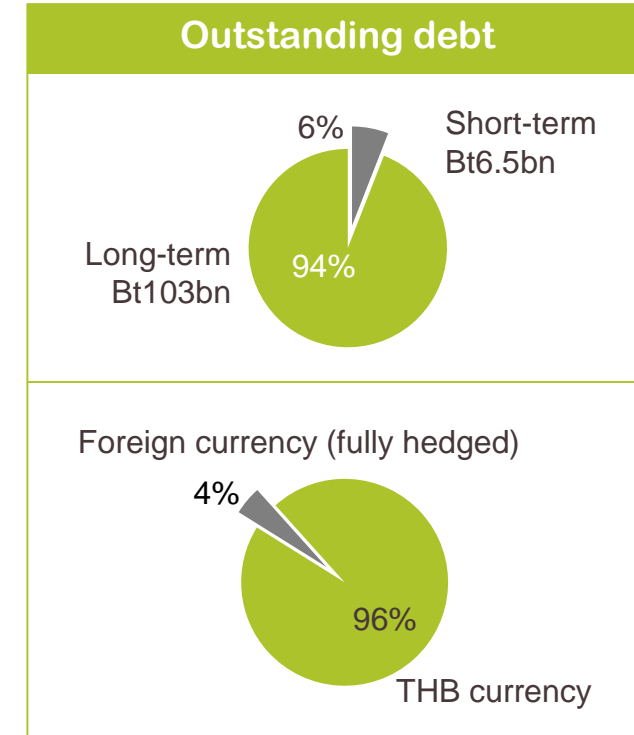
Unit (Million Baht)	2016	2017	%YoY	
Cash and bank deposits	14,189	13,293	-6.3%	Increasing receivables from growth in postpaid segment
Other current asset	18,077	21,548	19.2%	
<b>Total current asset</b>	<b>32,266</b>	<b>34,841</b>	<b>8.0%</b>	
Network and PPE	118,271	132,579	12.1%	Investment in 4G network & FBB last miles
Spectrum license	115,378	107,524	-6.8%	Yearly amortized over license useful life
Other non-current asset	9,755	9,123	-6.5%	
<b>Total assets</b>	<b>275,670</b>	<b>284,067</b>	<b>3.0%</b>	
ST and current portion of LT borrowings	11,685	9,576	-18.0%	Lower CAPEX payables
Trade accounts payable	17,737	14,686	-17.2%	
Current portion of spectrum payable	10,017	13,989	40%	1800&900MHz license payables in 2018
Other current liabilities	29,889	31,350	4.9%	
<b>Total current liabilities</b>	<b>69,328</b>	<b>69,601</b>	<b>0.4%</b>	
Long-term borrowings	87,273	100,102	14.7%	Loans support spectrum and CAPEX payments
Other non-current liabilities	76,361	63,937	-16.3%	
<b>Total liabilities</b>	<b>232,962</b>	<b>233,640</b>	<b>0.3%</b>	
<b>Total equity</b>	<b>42,708</b>	<b>50,427</b>	<b>18.1%</b>	

## 2017 Statement of Cash Flow

Unit (Million Baht)	2016	2017	
Cash from operation before changes in working capital	63,757	73,792	
Changes in working capital	7,812	(2,701)	
Employee benefit paid	(32)	(29)	
Income tax paid	(9,902)	(5,533)	Mainly from Improved EBITDA
<b>Net cash from operating activities</b>	<b>61,635</b>	<b>65,529</b>	
CAPEX	(47,554)	(41,108)	Declining trend of CAPEX
Payment of spectrum licenses	(8,069)	(10,246)	
Other	521	245	2 <sup>nd</sup> installment of 1800MHz spectrum license
<b>Net cash from investing activities</b>	<b>(55,102)</b>	<b>(51,109)</b>	
Net proceeds/repayments from borrowings	34,155	11,417	
Dividend payment	(36,509)	(23,190)	70% dividend payout ratio for 2H16 and 1H17 performance
Other	(2,817)	(3,217)	
<b>Net cash from financing activities</b>	<b>(5,171)</b>	<b>(14,990)</b>	
<b>Cash at beginning of the year</b>	<b>9,865</b>	<b>11,226</b>	
<b>Cash at end of the year</b>	<b>11,226</b>	<b>10,650</b>	Strong cash balance to support future strategic executions

## 2017 Financial ratios

Profitability ratios	2016	2017
Gross profit margin	45%	41%
EBITDA margin	40%	45%
Net profit margin	20%	19%
ROE	67%	65%
ROA	13%	10%
Liquidity ratios	2016	2017
Current ratio (x)	0.46	0.50
Quick ratio (x)	0.42	0.44
Solvency ratios	2016	2017
Debt-to-Equity ratio (x)	2.30	2.18
Interest coverage ratio (x)	14	13
Net debt-to-EBITDA ratio (x)	1.38	1.37



### Maintained financial strength amid competitive landscape

- EBITDA margin improved attributed from both revenue and cost improvement.
- Gearing level remained low, with average cost of debt of 3.1% p.a., to support future operations.
- Credit rating: BBB+ by S&P, AA+(TH) by FITCH

# 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**

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