Investor Presentation

Advanced Info Service Plc.

May 2018

Add AIS IR LINE@

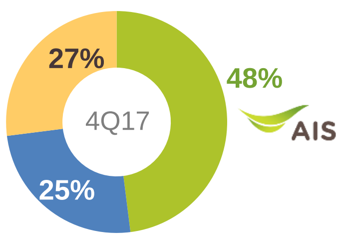
Ticker: ADVANC (SET)
AVIFY (ADR)

FTSE4Good

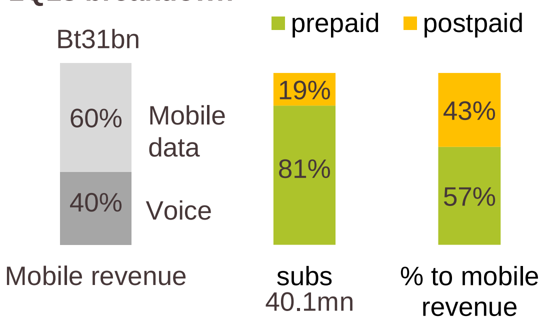
AIS: Digital Life Service Provider

Lead and digitally transform in "Mobile"

Mobile revenue market share

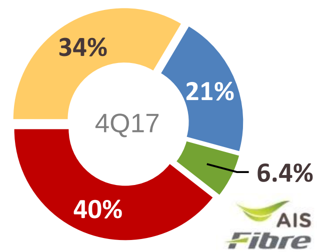


1Q18 breakdown



Grow stronger in "Fixed broadband"

Subscriber market share
(approx.8.2mn)



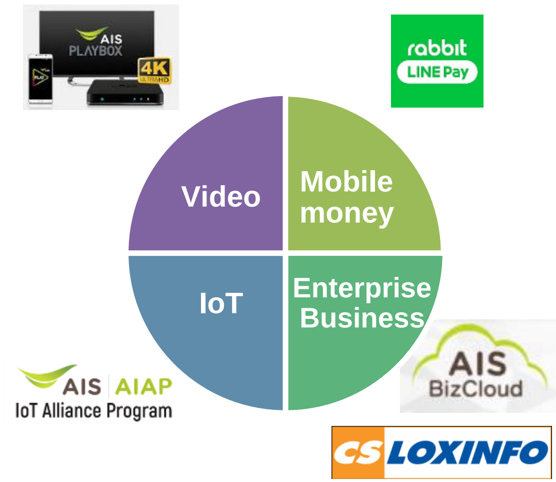
4th year of operation in 2018

covering **50 key cities** out of 77 provinces

expect to cover **6mn** homepass* out of total 21.5m households

Partner to offer differentiated "Digital service"

Focused on FOUR key areas



Digital life service provider with convergence products

Mark leadership in mobile data

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

Aim to be a significant player in 2020

- Leverage existing nationwide fibre infrastructure
- Defensive value to core mobile business

Pursue long-term growth with integrated services

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

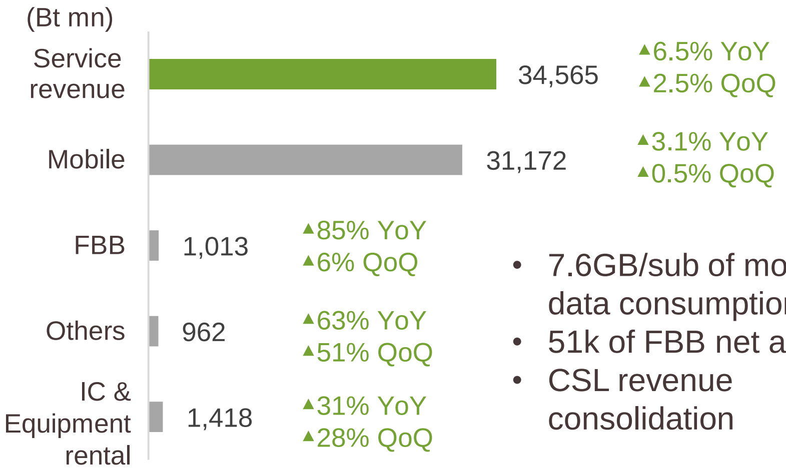
*Homepass is defined as a number of households within AIS fibre service area. This includes the homes that require additional investment i.e. port, last miles to be able to get connected.

AIS' digital transformation toward 2020

	Next Generation Network	Next Generation Economy	Next Generation Xperience		Next Generation Team
	Network Function Virtualization & Cloudification	Contents and Enterprise Segments	Customer Value Management	Full Service Digitization	Organization Transformation
					
Target 2020	• > 90% cloudification • Network virtualization ready for 5G	• Expand revenue contribution of enterprise business from 9% to 25%	• Move to ARPH • Improve revenue assurance and add valued users	• Provide shops & services that never sleep	• Data-driven organization & culture
Strategy toward 2020	• **5G** future-proof networks • **IT** legacy transformed to Cloud-friendly network architecture • **AI** for network operation	New **opportunities:** • IoT • SME & R-SME • Managed Security • Mobile Digital Marketing Maximize value of **contents** in customer retention and branding	**Data-driven analysis** based on customer insights: Bundle mobile, fibre & content via **FMC**	• **Digitize** all customer journeys • **AI/Chatbots** embedded into all self-service channels • Deployment of **OMNI channels**	• **Organization** readiness for digital disruption • **Leverage** capabilities and create synergies in value chain supporting digital business objectives

1Q18 Quarterly Summary

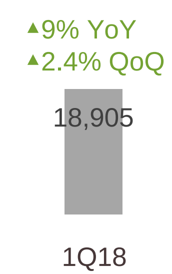
Service revenue improved in all segments



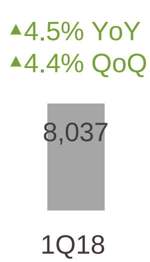
- 7.6GB/sub of mobile data consumption
- 51k of FBB net addition
- CSL revenue consolidation

Cost controlled resulted in profit expansion

EBITDA (Bt mn)



NPAT (Bt mn)



- Improved service revenue
- Lower regulatory fee, network OPEX, and controlled handset subsidies

Strategic executions

CS LOXINFO — **Expand into enterprise market**

- Paid Bt3.4bn for 81.47% of CSL's shares
- Fully consolidated since Feb-18
- Incurred goodwill of Bt2.8bn
- Final tender offer until 6-Jul at Bt7.80/share

rabbit LINE Pay — **Widen e-service/mobile payment to Thai users**

- Paid Bt788mn to buy 1/3 JV stake with Rabbit and LINE
- Utilize each party's strength in subscriber base, distribution channel, and brand

TOT — **Officially signed 2100MHz contract**

- Agreements effective since 1-Mar
  - Equipment rental agreement
  - Roaming agreement
- Net financial impact remains relatively the same at a net cost of Bt3.9bn/year

FY18 Guidance (maintained)

Item	FY18 Guidance	
Service revenue (ex. IC)	+7-8% YoY	• 2% of which comes from CSL • Increasing data usage on 4G and fixed broadband subscriber base • Moderate growth in enterprise business with synergy from CSL
Sale revenue	Decline and make near-zero margin	• More targeted marketing campaigns
EBITDA margin	45-47%	• Improving revenue and continuing cost management
Cash CAPEX	Bt35-38bn	• Strengthen 4G capacity to support mobile data growth using advanced technology • Expand fixed-broadband coverage and last miles
Dividend policy	Minimum 70% payout of NPAT	• Preserve financial health and flexibility for future growth

Mobile: Drive 4G users through valued offerings

Business direction in 2018

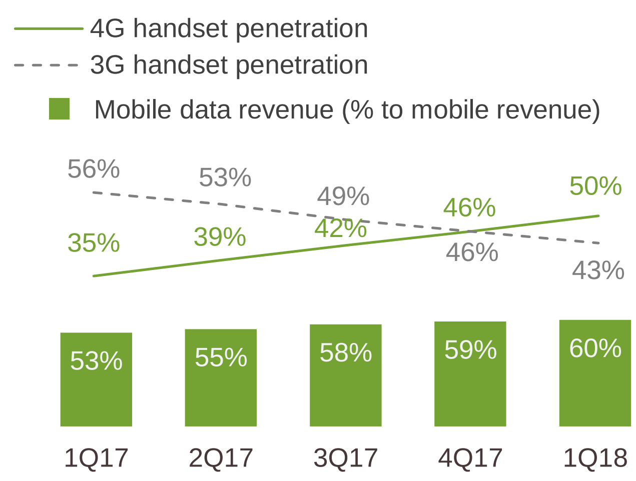
Key driver

- Increasing 4G penetration and data usage

Strategy

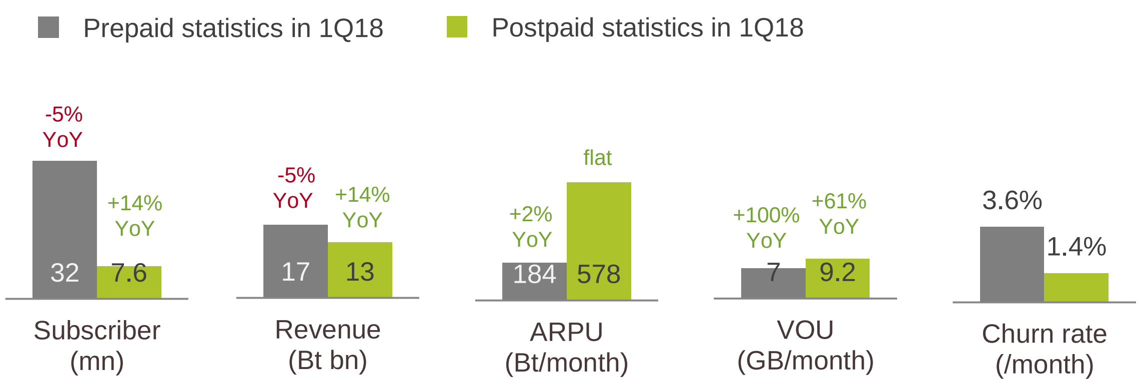
- **Continue** to improve network and brand perception
- Target uplifted offerings through **customer value management** program
- **Convergence** of mobile, FBB, and video content targeting revenue per household and brand value

4G adoption continued uptrend



Focus on postpaid and maintain competitiveness in prepaid

- Postpaid segment grew robustly following popularity of video streaming on mobile
- Prepaid segment softened due to prepaid-to-postpaid conversion and competition



Mobile: Build end-to-end customer satisfaction

End-to-end customer engagement

Strong branding

Product differentiation

Great network quality

Reinforce OMNI channel and privilege

Increase brand perception in both online & teen segment

Partner with CH3 to co-market "Love Destiny"

Zeed SIM for teenagers

Focus on valued-product proposition

FMC — Increase revenue per household

Maintain level of profitable subsidies

Targeted offerings

Ensure proper investment and strong spectrum position

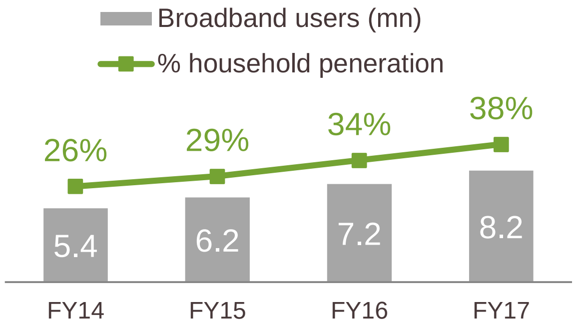
55 MHz — Low- and high-band spectrum

Advanced solutions with pre-5G network planning

FBB: Industry expanding into fibre-to-the-home

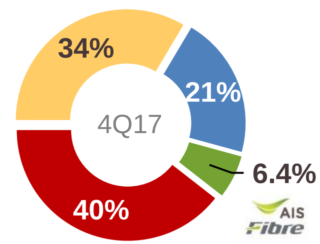
Thai fixed broadband market

38% market penetration with majority using xDSL



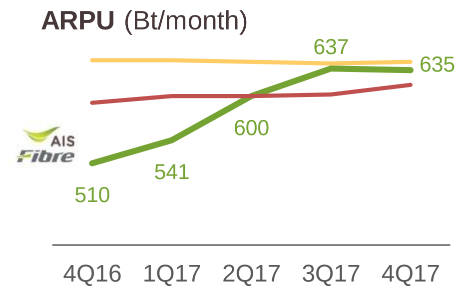
FBB subscriber market share

Total est.**8.2mn users**

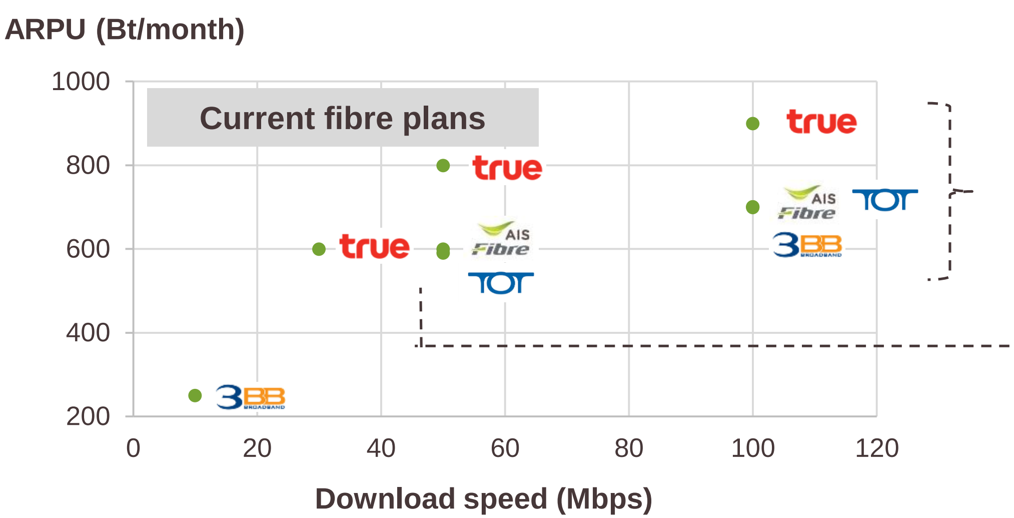


Industry ARPU

Maintained at around Bt600/month



Competitive fibre pricing with higher speed at same price

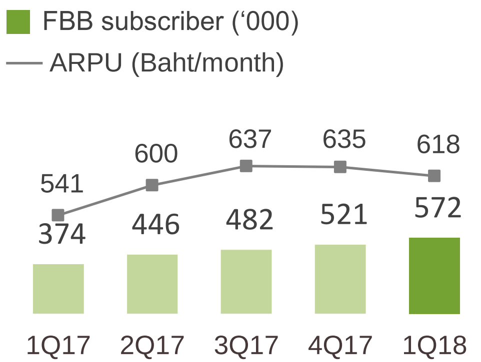


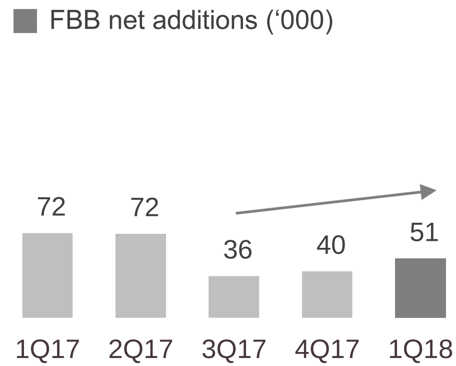
100Mbps packages are recently affordable at below Bt1,000

Typical package for new fixed broadband customers remained at Bt600, targeting new and ADSL users

AIS Fibre continues to focus on quality customers with improved acquisition rate

AIS Fibre performance





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

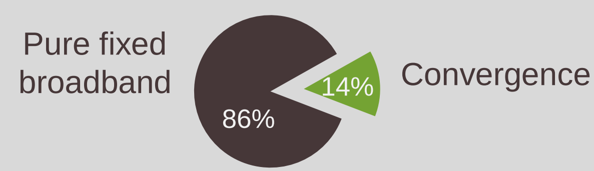
CS LOXINFO

Synergy with CSL in condo segment

Join AIS Fibre + up to 4 AIS mobile numbers, get extra privileges for a family

Free 2GB Mobile data	Free call to 1 AIS number
HBO FULL HD / FAMILY FULL HD HBO movies & series on mobile + World class cartoons at home	Get privileges for Serenade Emerald and extra meals & movies privileges

- Acquire quality subscribers through convergence services of **"Power4"** and "**Family Extra**" packages



AIS Fibre customers by segment

Digital services: add on variety of contents & expand further into digital money segment

Digital contents

2 new channels including **CNN** and **Cartoon** Network, available on AIS PLAY and PLAYBOX

CARTOON NETWORK

on the go

at home

available on both AIS PLAY and AIS PLAYBOX

Continued to add value and create differentiation through digital contents

On top packages: Mao Mao Entertain

Free internet in ViU, Hook, Karaoke apps

① เหมาเหมา viu — Korean series

② เหมาเหมา HOOQ — Hollywood movies

③ เหมาเหมา KARAOKE — Karaoke

+

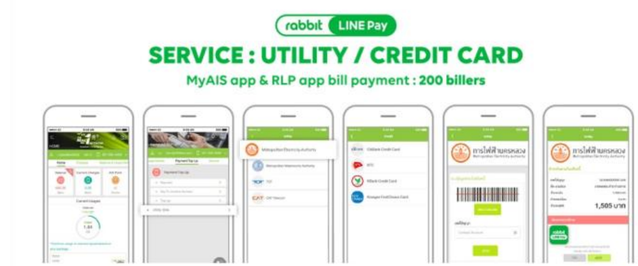
*Bt19/day 512Kbps**

or

Bt34/day for UL 4Mbps

AIS Rabbit LINE-Pay

- On 5th March 2018 ,AIS, through mPAY, has entered into 33.33% stake (Bt788mn) in a joint venture **with Rabbit LINE Pay**, an e-Money platform that connect with Bangkok Mass Transits and is embedded in Line chat application.
- Strengthen AIS' digital life service provider position by leveraging customer bases, platform, channels of AIS and partners to enhance mobile money for both AIS and non-AIS customers



+2.6mn users | +45mn users | +8.5mn users

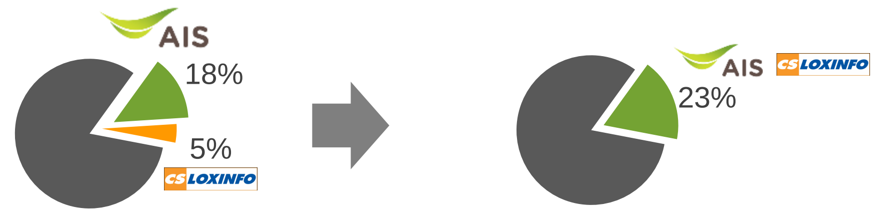
*FUP: speed drop to 64kbps after 300MB

Enterprise: CS LOXINFO Business Integration

Enterprise revenue market share

Bt56bn

ICT & Mobile enterprise market in 2017



Before M&A → After M&A

AIS	Strengthen position in enterprise market	CS LOXINFO
Lower inter. bandwidth cost Own fiber infrastructure	**COST SYNERGY** ✓ Operate CSL's services with lower OPEX	Asset light models
Data center outside BKK Large size corporate customers Sizable corporate mobile base	**REVENUE SYNERGY** ✓ Cross sell & upsell potential from larger customer base and complementary product portfolio ✓ Widen Data Center propositions and target segments	Data center in inner BKK Mid-size corporate customers Well-known brand with good service quality
Economies of scale	**OPERATIONAL EFFICIENCY** ✓ Sales & Marketing alignment ✓ Leverage sale and technical expertise ✓ Align product roadmap	Strong and experienced sales and technical support in ICT

Expected to realize synergy in 1-2 years

APPENDIX

1Q18 Financial Highlights

Bt mn	1Q17	4Q17	1Q18	%YoY	%QoQ	FY18 Guidance
Mobile revenue	30,226	31,016	31,172	▲3.1%	▲0.5%	
Fixed broadband revenue	549	956	1,013	▲85%	▲6.0%	
Other revenues*	589	639	962	▲63%	▲51%	
Service revenue ex. IC & equipment rental	**31,364**	**32,611**	**33,147**	▲5.7%	▲1.6%	+7-8% YoY
IC and equipment rental	1,087	1,107	1,418	▲31%	▲28%	
Service revenue	**32,451**	**33,717**	**34,565**	**▲6.5%**	**▲2.5%**	
SIM and device sales	6,407	7,488	6,368	▼0.6%	▼15%	decline
Total revenue	**38,858**	**41,205**	**40,933**	▲5.3%	▼0.7%	
Cost of service	(16,256)	(17,018)	(17,281)	▲6.3%	▲1.5%	
SG&A	(5,439)	(6,338)	(6,336)	▲17%	stable	
EBITDA	**17,347**	**18,454**	**18,905**	**▲9.0%**	**▲2.4%**	
EBIT	10,430	10,290	10,826	▲3.8%	▲5.2%	
NPAT	**7,693**	**7,701**	**8,037**	**▲4.5%**	**▲4.4%**	
Capex	(11,509)	(7,286)	(6,467)	▼44%	▼11%	Bt35-38bn
Sales margin	-6.7%	-0.6%	-1.1%	▲560bps	▼50bps	near-zero
EBITDA margin	44.6%	44.8%	46.2%	▲160bps	▲140bps	45-47%
EBIT margin	26.8%	25.0%	26.4%	▼40bps	▲140bps	
NPAT margin	19.8%	18.7%	19.6%	▼20bps	▲90bps	

**Other revenues include enterprise data services, including CSL and other revenues*

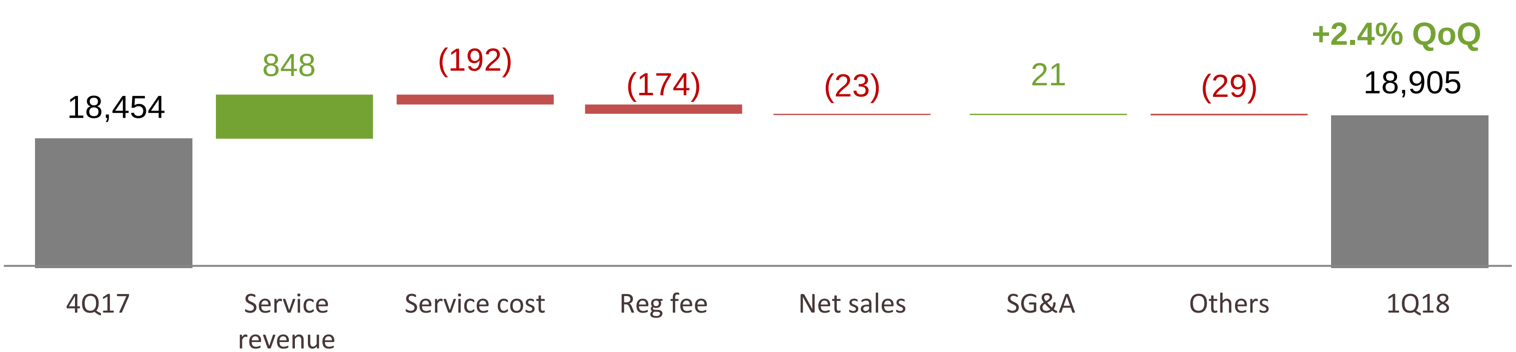
Improved EBITDA from better revenue growth and well-managed costs

1Q18 EBITDA (YoY)

(Bt mn)

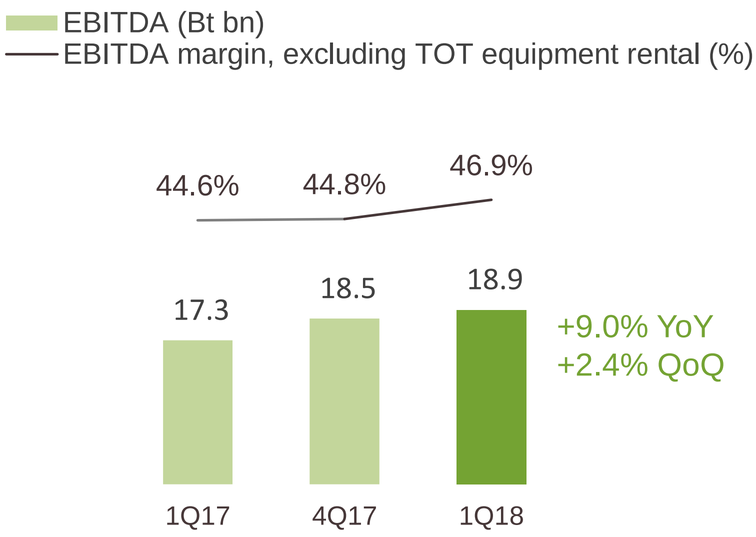
1Q18 EBITDA (QoQ)

(Bt mn)



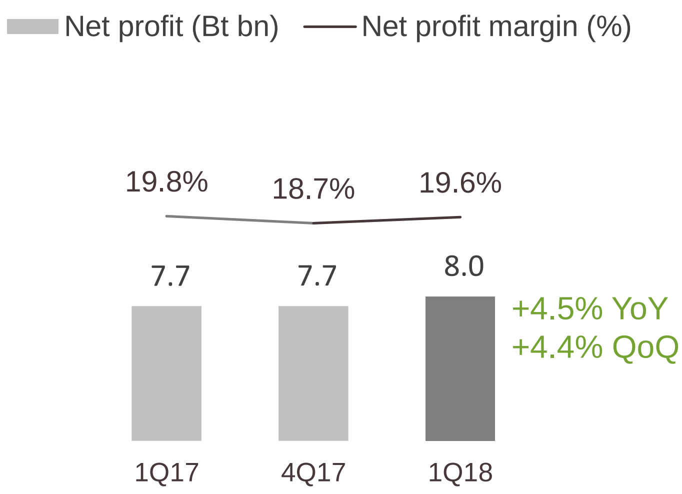
Net profit rose from strong EBTIDA despite 4G and fixed broadband investment

EBITDA & margin



- **1Q18 EBITDA** rose YoY and QoQ, underpinned by decent revenue momentum and ongoing cost optimization program.
- Excluding impact from TOT equipment rental, **EBITDA margin** improved to 46.9% and aligned with the full year guidance of 45-47%.

Net profit & margin

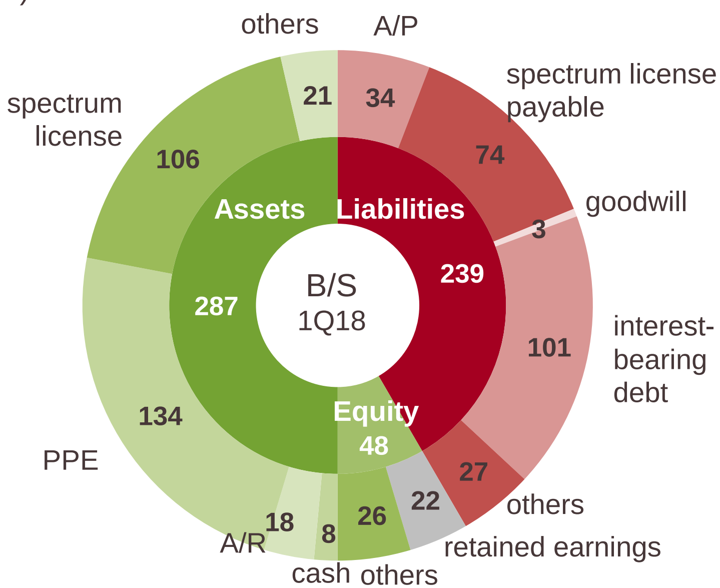


1Q18 net profit grew YoY and QoQ from improved EBITDA despite increased D&A from 4G investment.

Maintained financial flexibility for future growth

1Q18 Balance Sheet

(Bt bn)



1.2X
Net debt to EBITDA

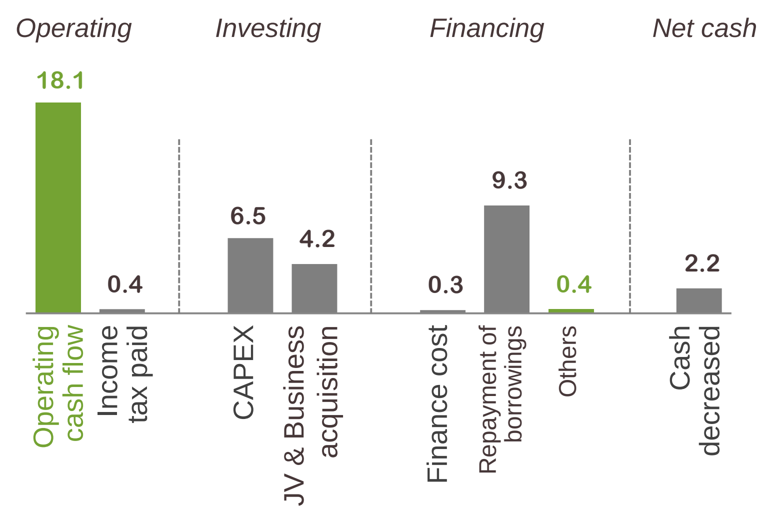
2.1X
Interest bearing debt to Equity

0.5X
Current ratio

65%
Return on Equity

1Q18 Cash flow

(Bt bn)



CAPEX continued to decline to Bt6.5bn or 19% to service revenue after completing nationwide 4G at end of 2016

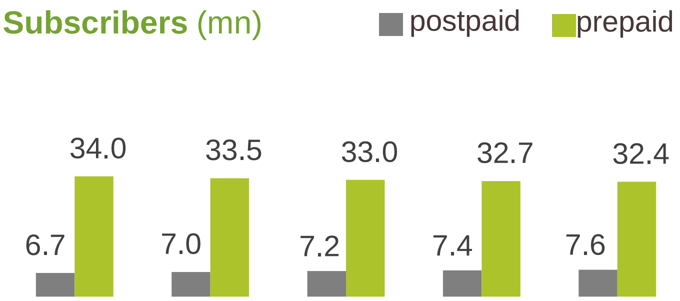
Operating cash flow remained strong to support future investment

Average finance costs = 3.2% p.a.

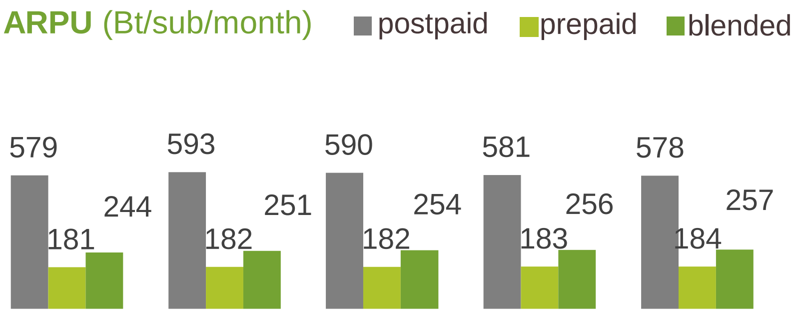
- Maintaining investment grade credit ratings
  - Fitch: national rating AA+ (THA), outlook stable
  - S&P: BBB+, outlook negative

Mobile: 40.1m subs with expanding postpaid segment

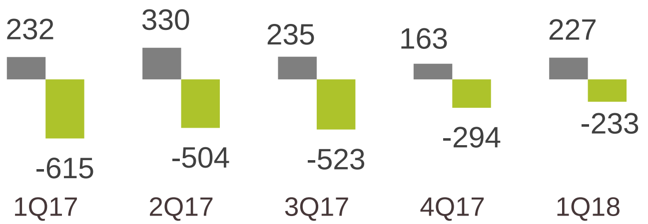
Subscribers (mn)



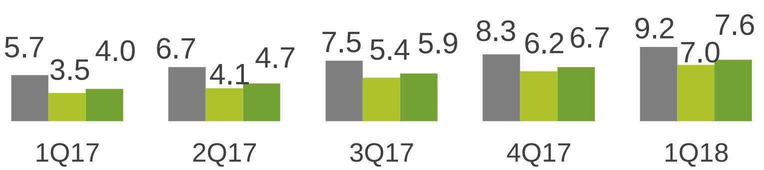
ARPU (Bt/sub/month)



Net addition (‘000)



VOU (GB/data sub/month)



- **Mobile subscribers was at 40.1mn,** a slight drop of 5.5k QoQ from lower prepaid users.
- **Postpaid subscribers grew 227k** QoQ from bundled package offerings and migration from prepaid.
- **Prepaid subscribers decreased 233k** QoQ due to migration to postpaid and market competition.
- **Blended ARPU** improved Bt1 QoQ, reaching Bt257 from larger postpaid mix.
- **Blended VOU** increased to 7.6GB from increasing 4G adoption and popularity of video streaming.

Mobile price plans: Target better ARPU and build differentiation on postpaid

Unlimited data usage with capped-speed packages

- Offer unlimited data usage at different speeds for diverse needs e.g. chat, social networks, music, HD video streaming
- Encourage customers to move from prepaid to postpaid subscription with worry-free plan

Buffet Net Plus

Monthly Fee (Bt)	4G/3G Unlimited max speed at	Call within AIS (mins)	Enjoy Free
299	1Mbps	5 numbers 24 hr.	1 month
450	2Mbps	Unlimited 5am – 5pm	3 months
550	4Mbps		
600	6Mbps		

**AIS WIFI is included in all packages.*

Full 4G speed packages

- Attract new data users and encourage higher ARPU subscriptions through premium VDO contents e.g. AIS PLAY, Premier package, HOOQ, and Netflix
- 4G speed with FUP, reduced speed after reaching the data usage limit
- Serve high-end heavy data users with real unlimited max speed experience

4G MAX SPEED

Monthly Fee (Bt)	Total internet	FUP after reach data usage limit	Call all networks (mins)	Enjoy Free
299	1GB	128kbps	100	1 month
399	3GB		150	
499	7GB		200	3 months
599	10GB		250	
799	15GB	384kbps	350	
999	20GB		450	
1,099	Unlimited at max speed	-	650	3 months
1,299			850	
1,499			1,200	
1,899			2,000	

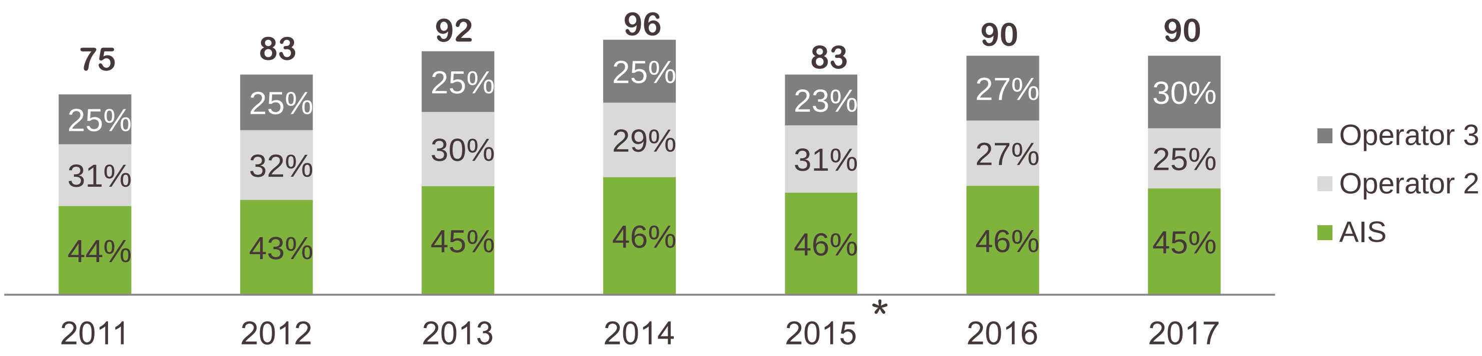
**AIS WIFI is included in all packages.*

Updated: May-18

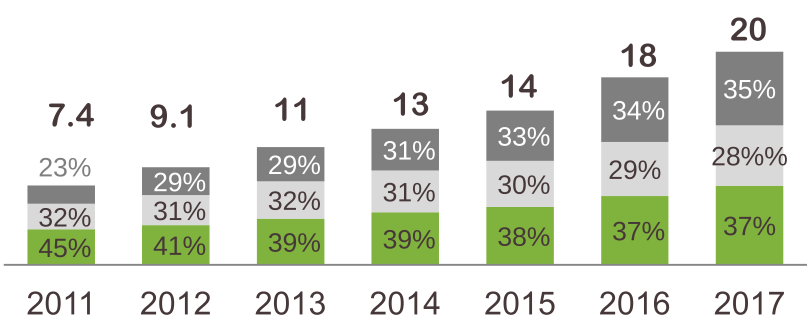
Mobile market share by subscribers

AIS

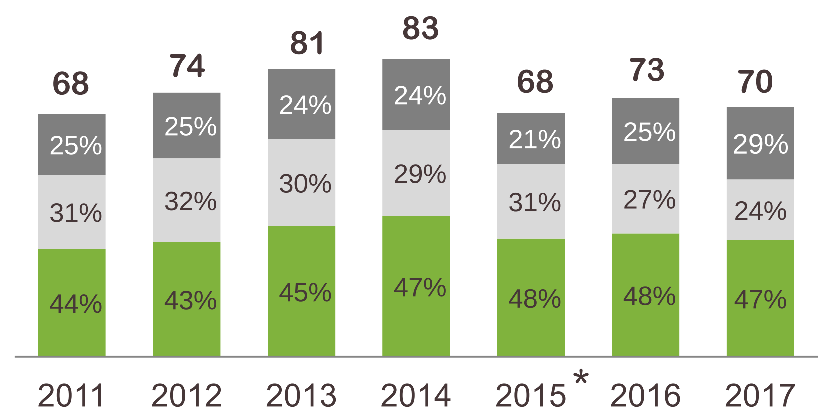
Total subscriber (mn)



Postpaid subscriber (mn)



Prepaid subscriber (mn)



** In 2015, sub base of the industry was affected by the adjustment of prepaid sub reporting to reflect only active ones. The decrease in sub base also caused by NBTC's announcement requiring prepaid sub to register their SIMs. The SIMs that failed to register by the deadline were terminated.*

FBB: Competitive price plans with differentiation

AIS

Home BROADBAND Package

Hi-Speed Home Broadband Internet. Get Max Speed without Interruption

Max Speed Internet (Download/Upload)	Price (Baht/Month)	Special price for AIS Postpaid Customer (Baht/Month)	Special Join Today
Best Deal 50/20 Mbps	599	539	FREE • Get discount for installation fee with outdoor wiring installation amount of 4,800 Baht • Has permission to borrow Dual Band Wi-Fi Router value 2,500 Baht*
100/30 Mbps	699	629	AIS Fibre entry fee only 650 Baht from 2,000 Baht *In case customer cancels the service, customer must return all AIS Fibre equipment to the company

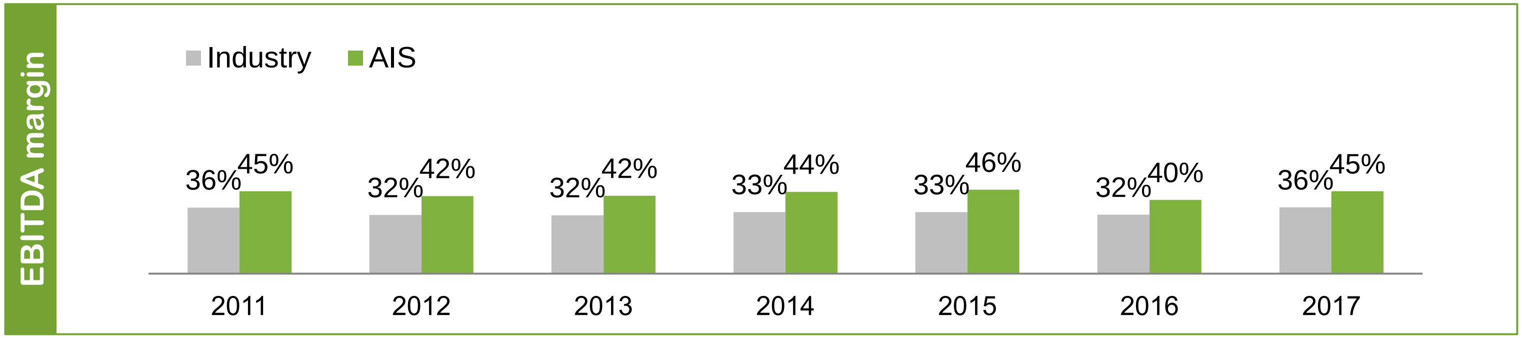
POWER4 Package

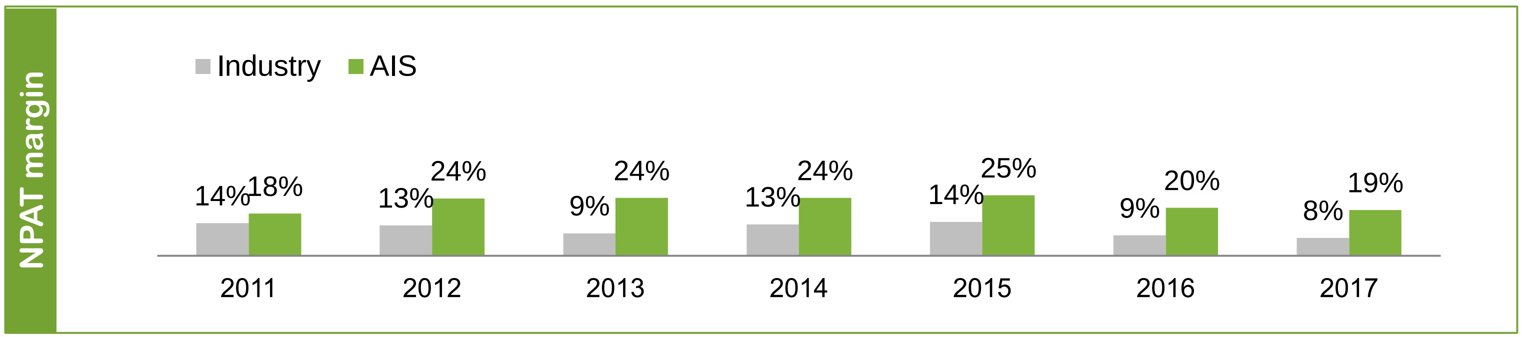
Unlimited Hi-Speed Home Broadband Internet and Mobile Internet with Premium Entertainment

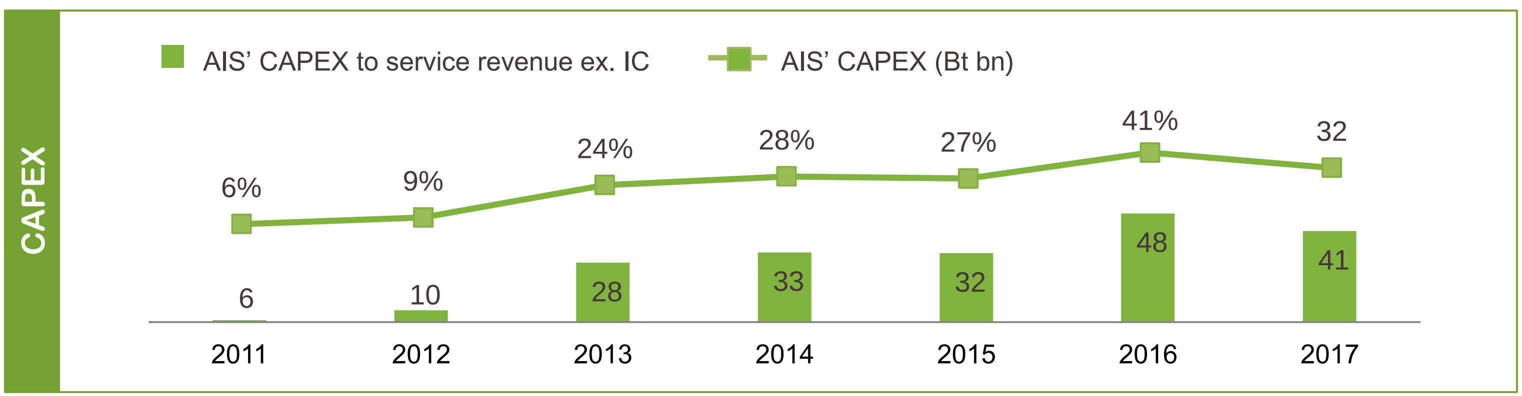
Price (Baht/Month)	Max Speed Internet (Download/Upload)	Mobile Data with Wi-Fi	Enjoy the Ultimate World Class Entertainment with AIS PLAYBOX	Special Join Today
599	30/10 Mbps	-	Watch live TV, News and Dramas from digital TV and premium TV more than 100 channels	FREE • Get discount for installation fee with outdoor wiring installation amount of 4,800 Baht • Has permission to borrow Dual Band Wi-Fi Router value 2,500 Baht* AIS Fibre entry fee only 650 Baht from 2,000 Baht *In case customer cancels the service, customer must return all AIS Fibre equipment to the company
Best Sellers 799	50/20 Mbps	Unlimited AIS 4G Advanced 4 Mbps AIS Super WiFi More than 100,000 Wi-Fi Access Point	Watch live TV, News and Dramas from digital TV and premium TV more than 100 channels + Enjoy contents from 42 world class channels with package PLATINUM FULL HD for 3 months	
1,099	100/30 Mbps			
Super High Speed 1,399	200/50 Mbps			

Bt599/month	Bt399/month	Bt299/month	Bt199/month
PLATINUM FULL HD PACKAGE	MOVIES FULL HD PACKAGE	FAMILY FULL HD PACKAGE	SPORTS FULL HD PACKAGE

Historical profitability and CAPEX trend



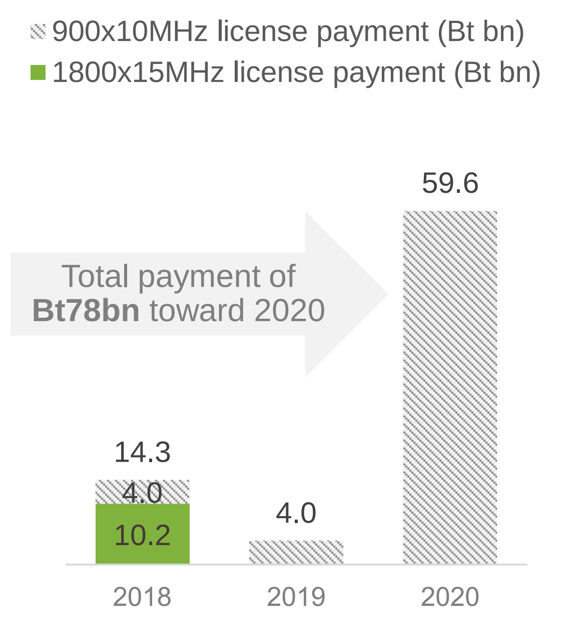




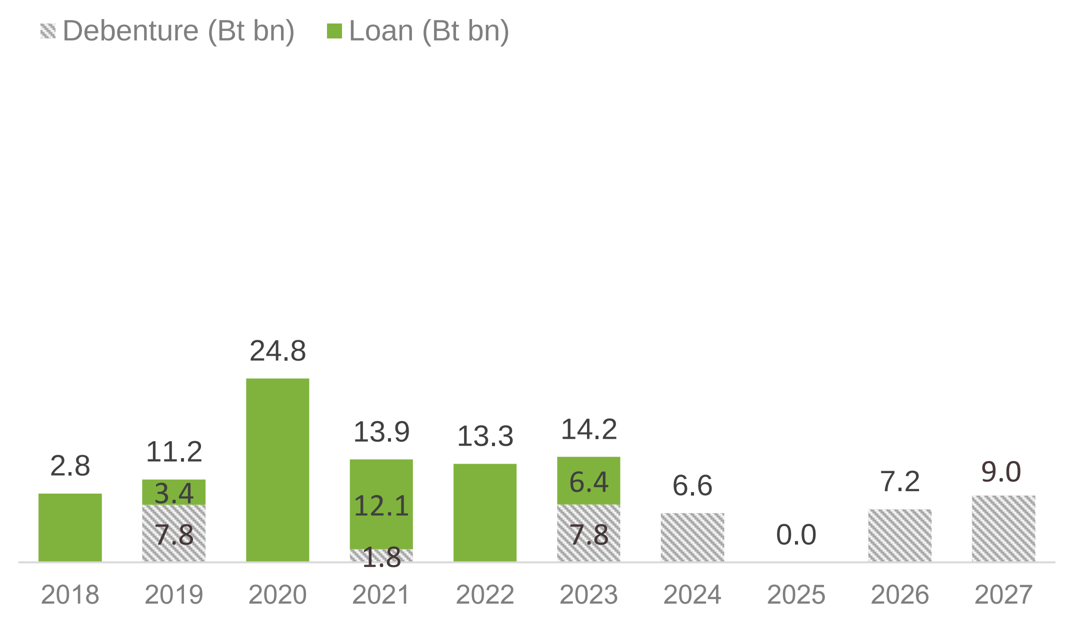
Source: company data

Debt payment and License payment schedule

Spectrum license payment schedule*



Debt repayment Schedule



Note: 1800x15MHz license: the total payment is Bt40,986m for the use of 18 years, expiring in 2033
900x10MHz license: the total payment is Bt75,654m for the use of 15 years, expiring in 2031

Distribution Channel
expanding touch points to +400k

AIS Branded Shop

100+ shops

Exclusive branded shop by partner (Telewiz)

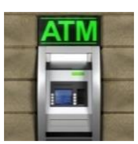
450+ shops

AIS Buddy

1,000+ shops

Electronic Distribution Channels

400k+ points



(refill-on–mobile agent)

Auto top-up KIOSK

Modern Trade Outlets

10k+ shops

Digital content: More varieties and exclusivities

Introduced new content packages to attract customers with different preferences e.g. sport, family, movies at more affordable prices on both AIS PLAY and AIS PLAYBOX.

Mobile

PREMIER FULL HD
Ultimate entertainment + Unlimited internet
Bt499/month

PREMIER FULL HD
Ultimate entertainment
Bt299month

NEW
HBO FULL HD
Movies and series from HBO
Bt199month

NEW
SPORTAINMENT FULL HD
Exclusive sport entertainment
Bt199month

Fixed broadband

PLATINUM FULL HD
Ultimate entertainment in all forms
Bt599/month

NEW
MOVIES FULL HD
Ultimate movies & series
Bt399month

NEW
FAMILY FULL HD
World class cartoons
Bt299month

NEW
SPORTS FULL HD
Thrilling sports matches
Bt199month

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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.