Investor Presentation

Advanced Info Service Plc.

November 2018

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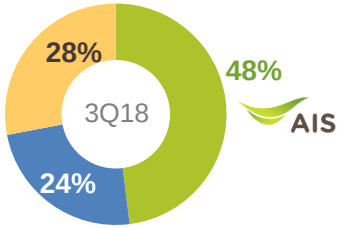
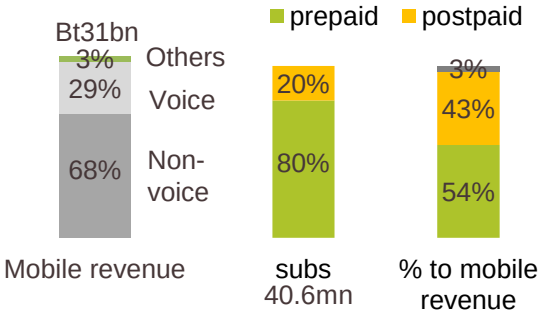
AIS: Digital Life Service Provider

Lead and digitally transform in "Mobile"

Mobile revenue market share

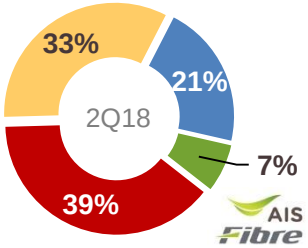


3Q18 breakdown



Grow stronger in "Fixed broadband"

Subscriber market share
(approx.8.6mn)



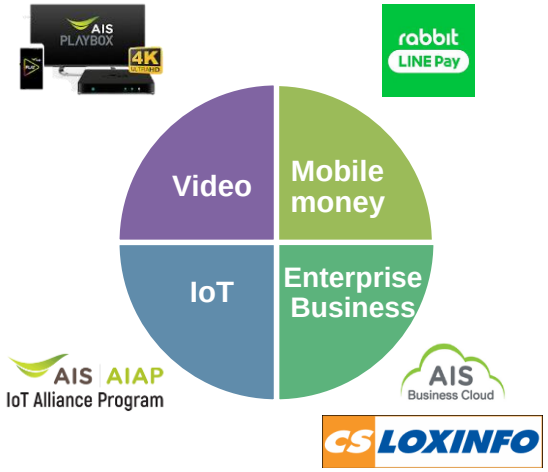
4th year of operation in 2018

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.

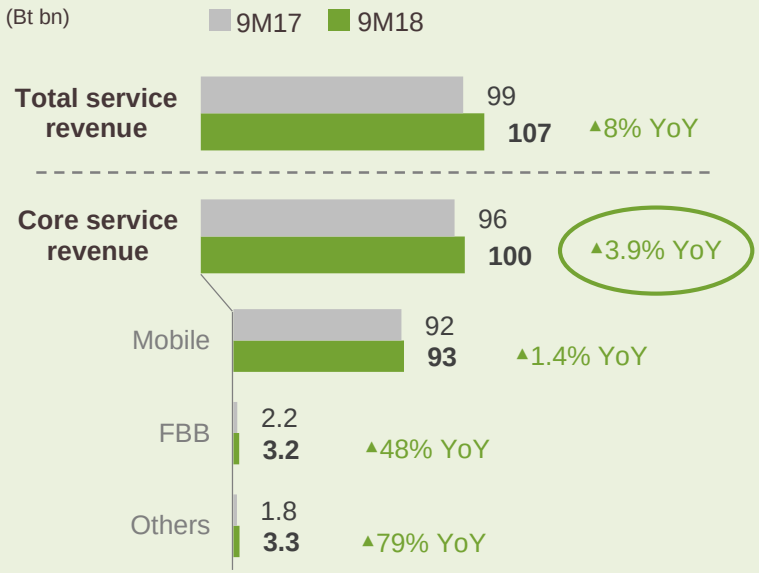
AIS' digital transformation toward 2020

1 Full Service Digitization	2 Digital Convergence & CVM	3 Enterprise Segments	4 NFV& Cloudification	5 Organization Transformation
Target 2020				
• Provide shops & services that never sleep	• Move to ARPH • Improve revenue assurance and add valued users	• Expand revenue contribution of enterprise business	• > 90% cloudification • Network virtualization ready for 5G	• Data-driven organization & culture
Strategy toward 2020				
• **Digitize** all customer journeys • **AI/Chatbots** embedded into all self-service channels • Deployment of **OMNI channels**	• **Data-driven analysis** based on customer insights: • Bundle mobile, fibre & content via **FMC** • Maximize value of **contents** in customer retention and branding	New **opportunities** • IoT • SME & R-SME • Managed Security • Mobile Digital Marketing	• **5G** future-proof networks • **IT** legacy transformed to Cloud-friendly network architecture • **AI** for network operation	• **Organization** readiness for digital disruption • **Leverage** capabilities and create synergies in value chain supporting digital business objectives

Please learn more about AIS' digital transformation at http://advanc.listedcompany.com/wp.html/t/vdo/e/am2q2018-en

9M18 Performance Snapshot

Growth remained in all segments



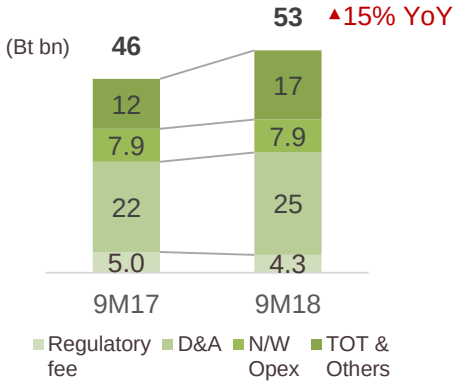
- YTD, core service revenue grew 3.9%, driven by softened mobile revenue following popularity in fixed-speed unlimited plans

- Acquired CSL and invested in Rabbit LINE-Pay, totaling Bt5bn

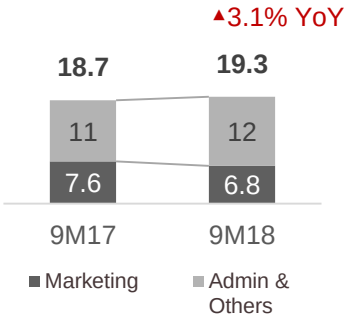
- 2100MHz agreements effective since 1-Mar
- Net cost of Bt3.9bn/year

OPEX and marketing expense under control

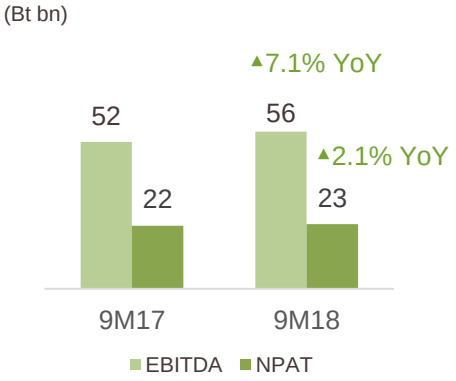
- Continued company-wide cost optimization



- Targeted handset subsidies, offset by higher staff cost



Back on profit improvement



- **46.2% EBITDA margin**, +150bps
- **18.2% NPAT margin**, -100bps

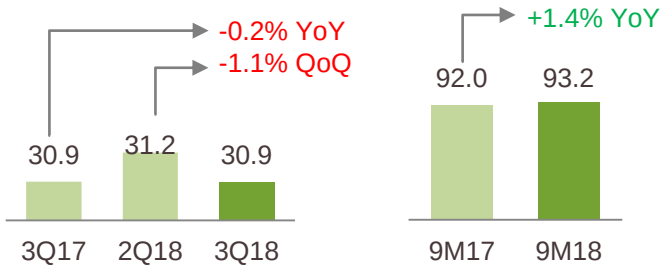
Revised FY18 revenue guidance

FY18 guided items	Revised guidance	Previous guidance	Rationale
Core service revenue (service revenue excludes IC & equipment rental)	+3.5-4.5% YoY	+5-7% YoY	• Market growth slowed down underpinned by mobile fixed-speed unlimited plans
SIM & device sale and margin	Decline with near zero margin	Decline with near zero margin	• Expect the market to remain cautious on handset subsidies
EBITDA margin (excludes equipment rental)	45-47%	45-47%	• Effective marketing spending to achieve quality growth • Continue to optimize and digitize operation and processes
Cash CAPEX (excludes spectrum payment)	Approx. Bt25,000mn	Approx. Bt25,000mn	• Investment plan remains unchanged with focus on adding 4G capacity and Fibre to home connectivity
Dividend policy	Minimum 70% payout ratio	Minimum 70% payout ratio	• Preserve financial health and flexibility for future growth

Mobile: Market competed on fixed-speed offerings

Revenue softened from fixed-speed unlimited

Mobile revenue (Bt bn)



Geared to uplift fixed-speed unlimited plans

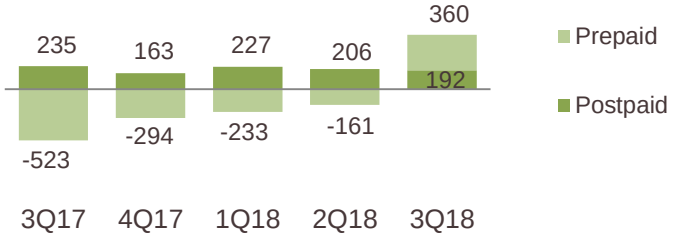
Monthly Fee (Bt)	Unlimited Fixed-speed	Voice call (mins)	Content
600	6Mbps	On-net: Unlimited 5am - 5pm Off-net: 200min	3 months
700	8Mbps		

- Managed to gradually seize low-tier plans
- Current plan starts at Bt600, up from Bt299

Net addition continued to improve

4G Penetration on total base

Net subscriber addition ('000)



- Maintained strong postpaid acquisition supported by handset campaigns and prepaid-to-postpaid migration
- Focused on prepaid segmentation and churn improvement

Teens

Outbound tourists

Inbound tourists

Mobile: Continued network and distribution enhancement

Acquired 1800MHz license to provide most efficient 4G

Largest bandwidth of 120MHz (2x60MHz) under operation

900MHz License	1800MHz License	2100MHz License	2100MHz Partnership with TOT
2x10MHz	2x20MHz Until 2033	2x15MHz	2x15MHz
Until 2031	in Aug-18	Until 2027	Until 2025

- Largest bandwidth of 2x60MHz in industry
- Most efficient 4G on contiguous 2x20MHz of 1800MHz
- Up to 15-30% faster speed for all 4G users

Expanded strategic distribution channel

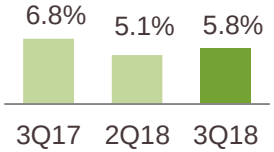
- Exclusive partnership with Jaymart to expand customer acquisition in key competing areas

- 400+ total branches with over 3,000 direct sales

Localized campaigns targeted key cities

- Continued strengthening brand awareness and customer perception

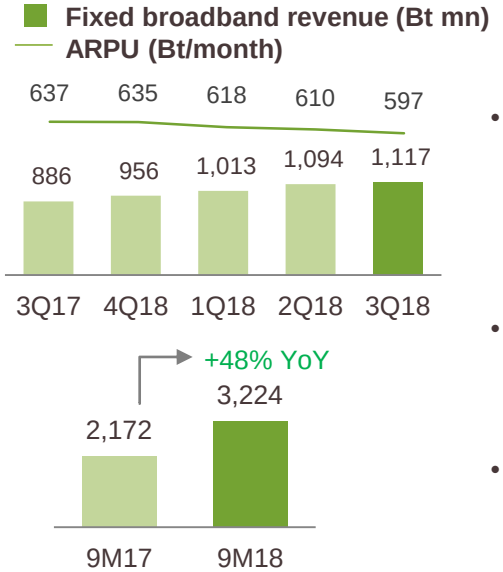
% marketing spending to revenue



- Marketing expense rose QoQ to support handset campaigns and localized activities.

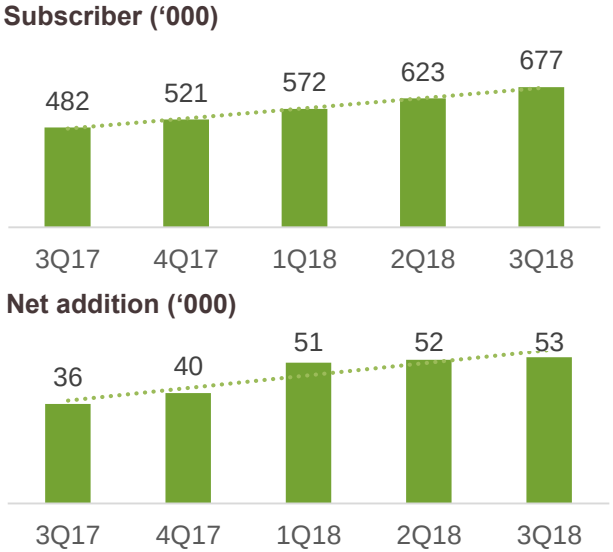
FBB: Focused on quality amidst competition

YoY growth remained strong



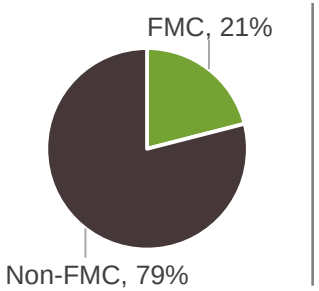
- FBB revenue increased 26% YoY and 2% QoQ from increased subscribers while ARPU declined 2.2% QoQ from price competition
- As of 3Q, FBB revenue contributed 3.4% of core service revenue.
- Contributed 34% of revenue increment for AIS in 9M18

Focused on quality acquisition



Proportion on bundling gradually rose

Of 677k subscribers



- Aimed to offer FMC to serve customers with integrated benefits

Geared toward efficient long-term growth

- Continued operational improvement to scale up

Enhancing sales strategy

Increasing utilization

Leveraging integrated proposition

Digital service: New services to serve both Enterprise and Consumer

Explored IoT/Cloud solutions to enhance new growth

CS LOXINFO → 99.11% → AWN

- Consol. Bt1.2bn from CSL as service revenue in 9M18

HIP, UTCC, Vision Net, KROTRON, CIRBOX

- Partnered to expand IoT/Cloud services for enterprise e.g. NB-IoT motor tracker, smart coin kiosk machine, Public cloud for education etc.

Video platform: building up subscriptions

1.8mn active users (Sep'18)

Available on both mobile and FBB

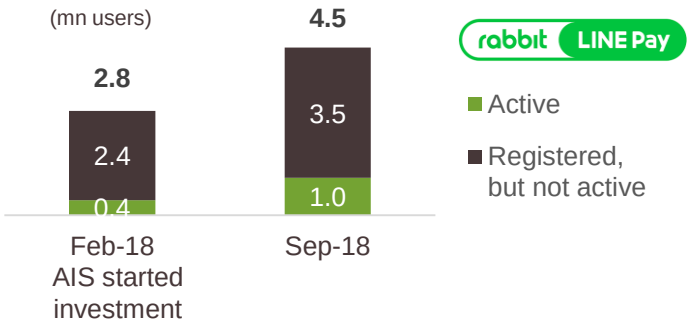
AIS PLAY | PLAYBOX

- Live concert World-class content on AIS PLAY application and PLAYBOX

NETFLIX, viu, HOOQ, NBA

- Exclusive operator billing, more convenience for AIS's customers

Mobile e-wallet: continued strong take-up



- **Expanded use case to transportation**

BTS

- A tie-up between RLP and sky train's Rabbit card to combine wallet and allow payment directly from the wallet

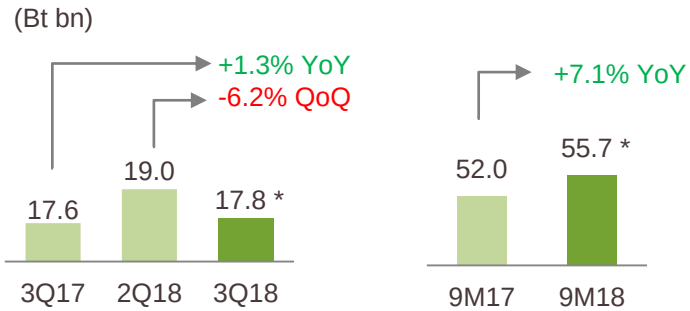
- **Launched cross-border e-wallet**

VIA, Singtel

- Collaborated with Singtel to launch a cross-border mobile e-wallet platform "VIA"
- Facilitate seamless payment for both Thai and Singaporean travelers
- Aim to provide cross-border gateway for other e-wallets

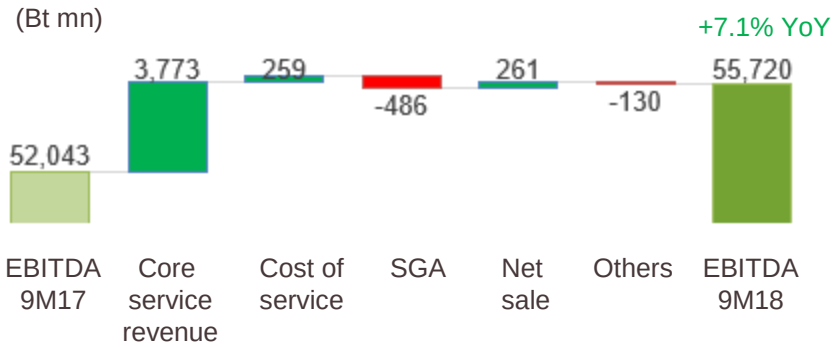
Ongoing cost management amid softened revenue growth

YTD, EBITDA expanded from improving operation



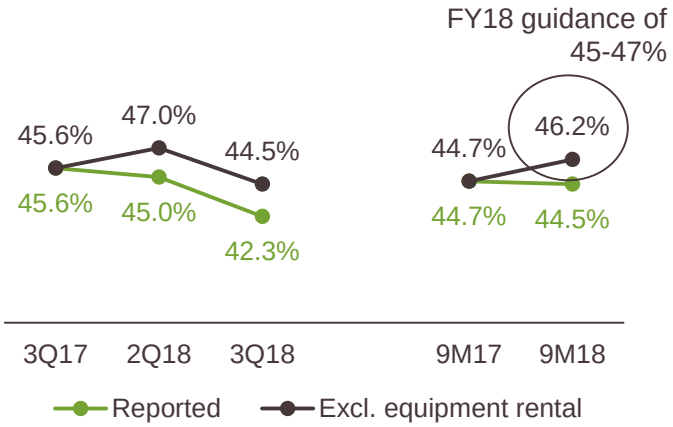
- 3Q18, EBITDA increased from revenue improvement and lower marketing expense. QoQ, EBITDA declined from softened revenue and higher SG&A.

9M18 EBITDA waterfall

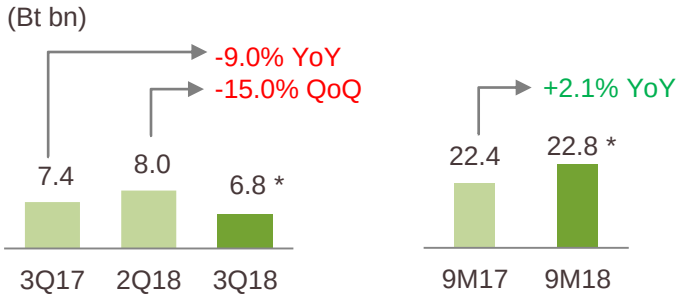


- Revenue improvement highly contributed to EBITDA growth while cost control continued.

EBITDA margin



Net profit



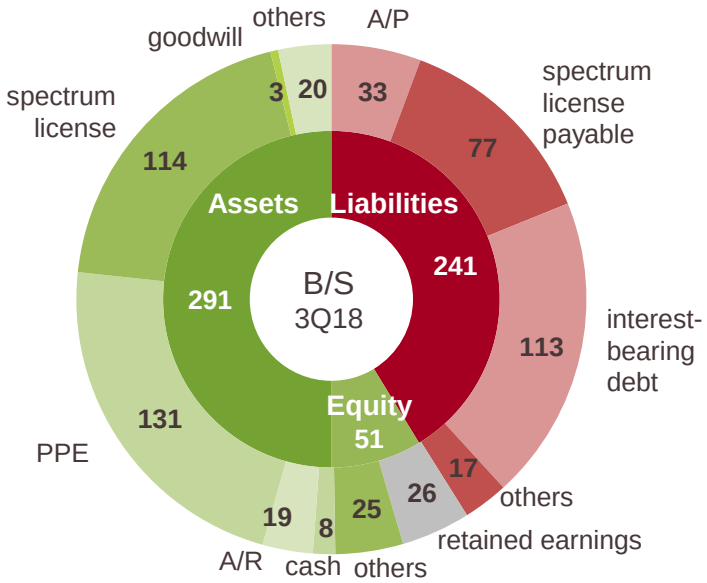
- Net profit in 3Q18 decreased due to the higher network depreciation.

**Include one time expense of Bt134mn from withholding tax in 3Q18*

Maintained financial flexibility for future growth

Balance Sheet

(Bt bn)



1.4x
Net debt to EBITDA

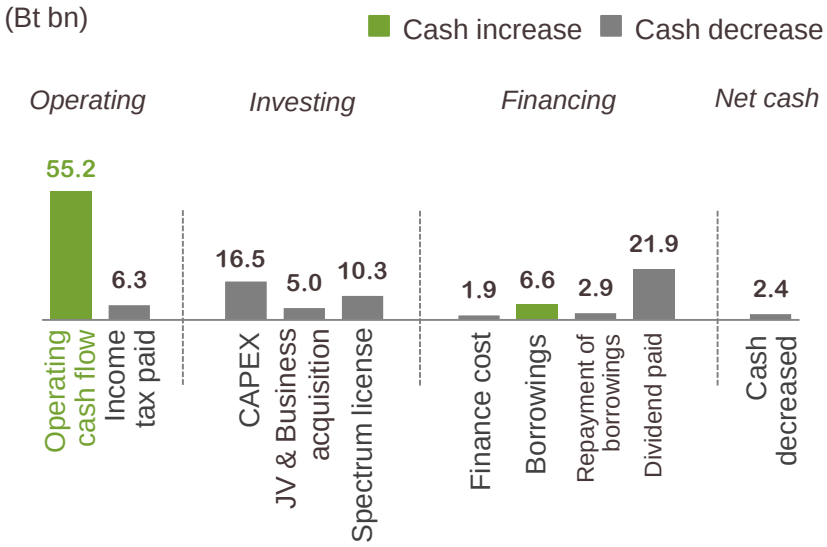
2.2x
Interest bearing debt to Equity

0.4x
Current ratio

66%
Return on Equity

9M18 Cash flow

(Bt bn)



Operating cash flow in 9M18 was sufficient to fund both CAPEX and cash paid to stakeholders.

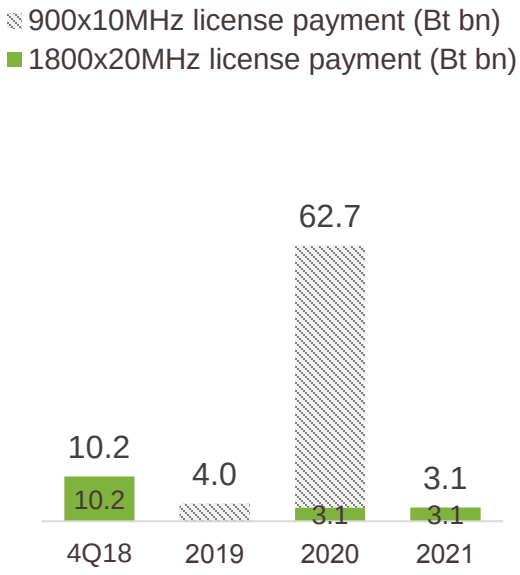
Cash CAPEX decreased to Bt16.5bn or 17% of core service revenue.

Average finance costs = 3.1% p.a.

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

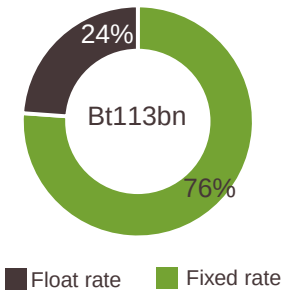
License payment and debt repayment schedule

Spectrum license payment schedule

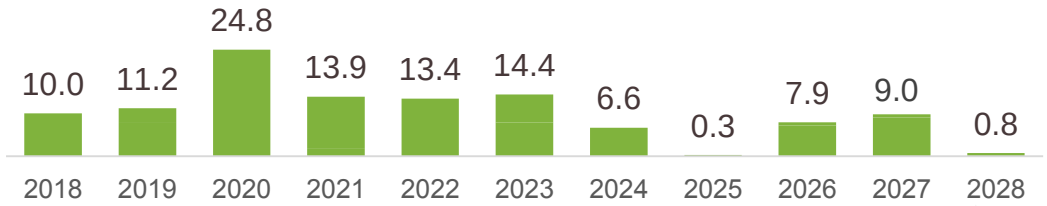


Total of **Bt80bn** toward 2021

Debt repayment Schedule



- All in THB currency
- S&P rating: BBB+
- Avg. cost of debt = 3.1% p.a.



Total of **Bt113bn** toward 2028

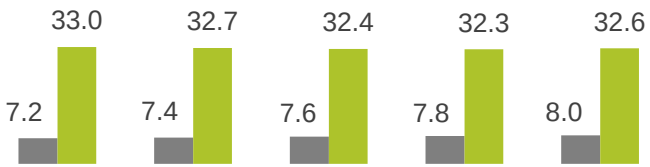
APPENDIX

3Q18 & 9M18 Financial Highlights

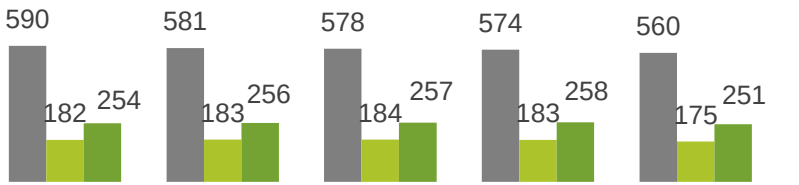
Bt mn	3Q17	2Q18	3Q18	%YoY	%QoQ	9M18	%YoY
Mobile revenue	30,937	31,203	30,862	▼0.2%	▼1.1%	93,237	▲1.4%
FBB revenue	886	1,094	1,117	▲26%	▲2.1%	3,224	▲48%
Other revenues	633	1,167	1,155	▲83%	▼1.0%	3,284	▲79%
Service revenue ex. IC & equipment rental	32,455	33,464	33,134	▲2.1%	▼1.0%	99,745	▲3.9%
IC and equipment rental	1,102	2,845	3,111	▲182%	▲9.3%	7,375	▲126%
Service revenue	33,558	36,310	36,245	▲8.0%	▼0.2%	107,120	▲8.0%
SIM and device sales	5,022	5,919	5,865	▲17%	▼0.9%	18,152	▲5.0%
Total revenue	38,580	42,228	42,110	▲9.2%	▼0.3%	125,271	▲7.5%
Cost of service	16,811)	(19,202)	(19,835)	▲18%	▲3.3%	(56,317)	▲14%
SG&A	(6,599)	(6,197)	(6,794)	▲3.0%	▲9.6%	(19,327)	▲3.1%
EBITDA	17,589	18,998	17,817	▲1.3%	▼6.2%	55,721	▲7.1%
EBIT	9,851	10,673	9,261	▼6.0%	▼13%	30,760	▲2.3%
NPAT	7,469	8,005	6,800	▼9.0%	▼15%	22,843	▲2.1%
CAPEX	(10,979)	(4,798)	(5,248)	▼52%	▲9.0%	(16,513)	▼51%
Sales margin	-4.9%	-3.0%	-5.5%	▼60bps	▼250bps	-3.2%	▲170bps
Reported EBITDA margin	45.6%	45.0%	42.3%	▼330bps	▼270bps	44.5%	▼20bps
-ex. equipment rental	45.6%	47.0%	44.5%	▼110bps	▼250bps	46.2%	▲150bps
EBIT margin	25.5%	25.3%	22.0%	▼350bps	▼330bps	24.6%	▼120bps
NPAT margin	19.4%	19.0%	16.1%	▼330bps	▼290bps	18.2%	▼100bps

Mobile: net addition gradually improved along with rising data consumption

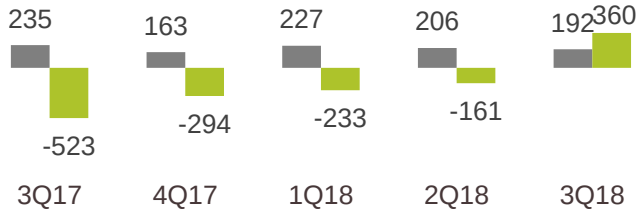
Subscribers (mn)



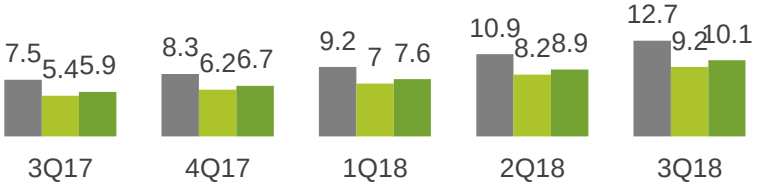
ARPU (Bt/sub/month)



Net addition ('000)



VOU (GB/data sub/month)



- **Mobile subscribers was at 40.6mn,** increasing 552k.
- **Postpaid subscribers grew 192k** QoQ following the demand to use mobile data and handset subsidies.
- **Prepaid subscribers grew 360k** QoQ, mainly from the attractive segmented SIMs.

- **Blended ARPU** dropped Bt7 to Bt251 QoQ from popularity of unlimited plans
- **Blended VOU** increased to 10GB from increasing 4G adoption (57%) and popularity of video streaming.

Mobile postpaid price plans: Gradually uplift ARPU by limiting subscription on low-tier plans

Full 4G speed

Monthly Fee (Bt)	Total internet		Throttled speed	Call all networks (mins)	Enjoy Free
299	1GB		128kbps	100	1 month
399	3GB			150	
499	7GB			200	3 months
599	10GB			250	
799	NEXTG Unlimited	15GB	384kbps	350	
999		20GB		450	
1,099		Unlimited	-	650	3-12 months
1,299				850	
1,499				1,200	
1,899				2,000	

- Attract new data users and encourage higher ARPU subscriptions through premium VDO contents
- Serve high-end heavy data users with real unlimited max speed experience

Fixed-speed unlimited

Monthly Fee (Bt)	Unlimited at speed of	Voice call (mins)	Enjoy Free
299	1Mbps	5 AIS numbers for 24 hr.	1 month
450	2Mbps	On-net: Unlimited 5am – 5pm Off-net: 100-200 min	3 months
550	4Mbps		
600	6Mbps		
700	8Mbps		

- Gradually pulled out low-tier fixed speed plans.

Updated: Nov-18

Mobile prepaid price plans: Fixed-speed per day/week gained popularity

Examples of **main packages**

Full 4G speed

Non-stop 123

- Bt123 / week
- 1GB of data
- Free calls 5am – 5pm

Fixed-speed unlimited

Freedom Unlimited

- 1Mbps at Bt99 / week
- Free calls 6am – 6pm

Examples of **on-top packages**

Full 4G speed

Per day	Per week	Per month
• Bt9 for 100MB • Bt35 for 1 GB	• Bt99 for 1GB • Bt150 for 5GB	• Bt199 for 1GB • Bt239 for 2GB • Bt488 for 5GB

Fixed-speed unlimited

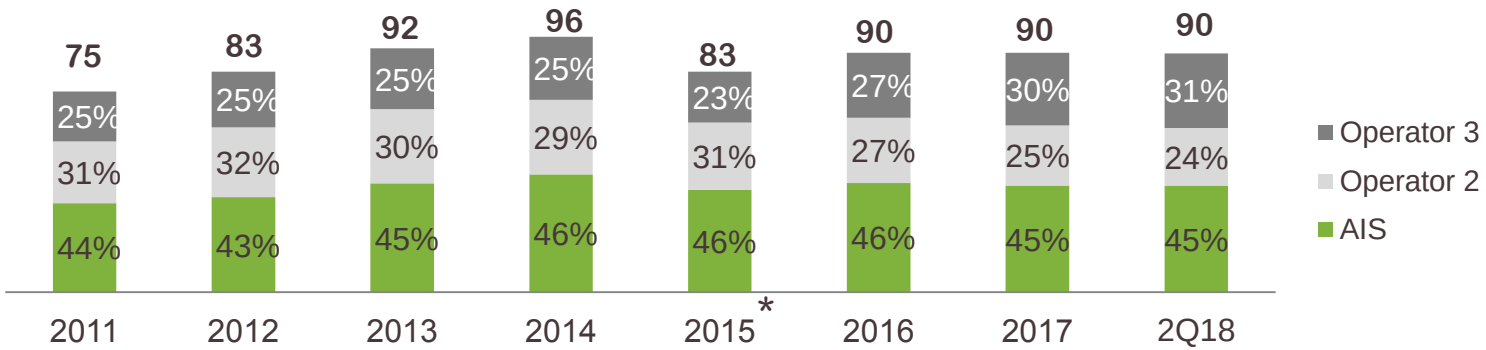
• Bt19 at 512kbps • Bt29 at 4Mbps	• Bt90 at 512 kbps • Bt100 at 1Mbps • Bt150 at 4Mbps	• Bt300 at 1Mbps • Bt500 at 4Mbps

- Take-up on per day/week on-top fixed-speed plans have been largely on low speeds of 512kbps and 1Mbps

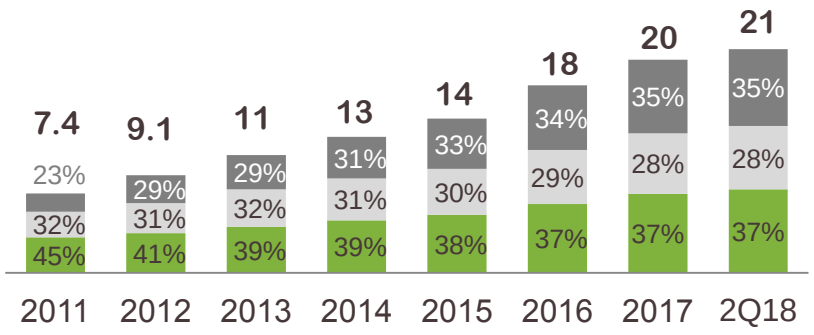
Updated: Nov-18

Mobile market share by subscribers

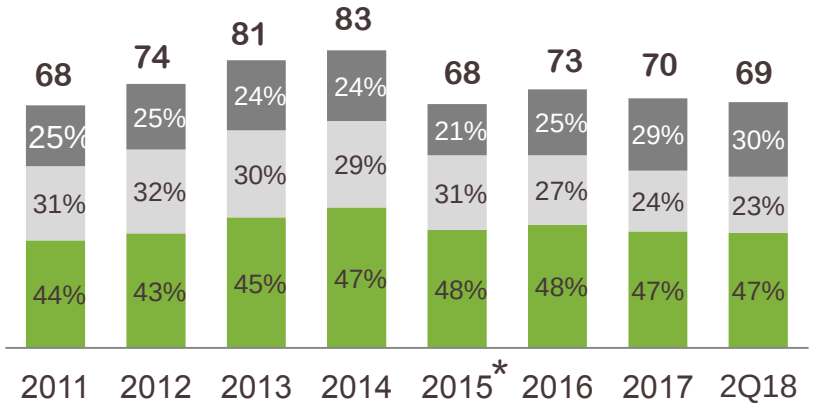
Total subscriber (mn)



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.*

AIS Fibre: Competitive price plans targeting pure internet and FMC customers

Home Broadband Package

- Basic pure internet pack for early broadband adopters including ADSL users

Max Speed Internet (Download/Upload) 50/20 Mbps

599 Baht/Month

Special

AIS Postpaid Customer 539 Baht/Month

Max Speed Internet (Download/Upload) 100/30 Mbps

699 Baht/Month

Special

AIS Postpaid Customer 629 Baht/Month

Power4

- Mid- to high-tier packs aiming to improve ARPH (average revenue per household

Max Speed Internet (Download/Upload) 200/50 Mbps

1,099 Baht/Month

From ~~1,399~~

AIS PLAYBOX
Watch live TV, News and Dramas from digital TV and premium TV more than 100 channels

PLATINUM FULL HD for 3 months
Enjoy contents from 42 world class channels with package

Unlimited Internet
Max Speed 4 Mbps

AIS SUPER WiFi Unlimited
More than 100,000 Wi-Fi Access Point

AIS PLAY
Enjoy live and catch up the ultimate world class entertainment anytime, anywhere via AIS PLAY app

Max Speed Internet (Download/Upload) 100/30 Mbps

Best Deal

899 Baht/Month

From ~~1,099~~

AIS PLAYBOX
Watch live TV, News and Dramas from digital TV and premium TV more than 100 channels

PLATINUM FULL HD for 3 months
Enjoy contents from 42 world class channels with package

Unlimited Internet
Max Speed 4 Mbps

AIS SUPER WiFi Unlimited
More than 100,000 Wi-Fi Access Point

AIS PLAY
Enjoy live and catch up the ultimate world class entertainment anytime, anywhere via AIS PLAY app

Max Speed Internet (Download/Upload) 50/20 Mbps

799 Baht/Month

AIS PLAYBOX
Watch live TV, News and Dramas from digital TV and premium TV more than 100 channels

PLATINUM FULL HD for 3 months
Enjoy contents from 42 world class channels with package

Unlimited Internet
Max Speed 4 Mbps

AIS SUPER WiFi Unlimited
More than 100,000 Wi-Fi Access Point

AIS PLAY
Enjoy live and catch up the ultimate world class entertainment anytime, anywhere via AIS PLAY app

Updated: Nov-18

Digital content: More varieties and exclusivities

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

Mobile

AIS PLAY
Your Entertainment Gateway.
Enjoy every moment, anywhere anytime

PLAY PREMIUM
Access to all exclusive content
Bt299/month

PLAY MOVIES
HBO, CINEMAX, WARNER, BLUEANT
Bt199/month

PLAY SERIES
WARNER, BLUEANT
Bt99month or Bt5/day

PLAY NEWS
HEADLINE NEWS, CNN
Bt99month or Bt5/day

Fixed broadband

PLATINUM
FULL HD
Ultimate entertainment in all forms
Bt599/month

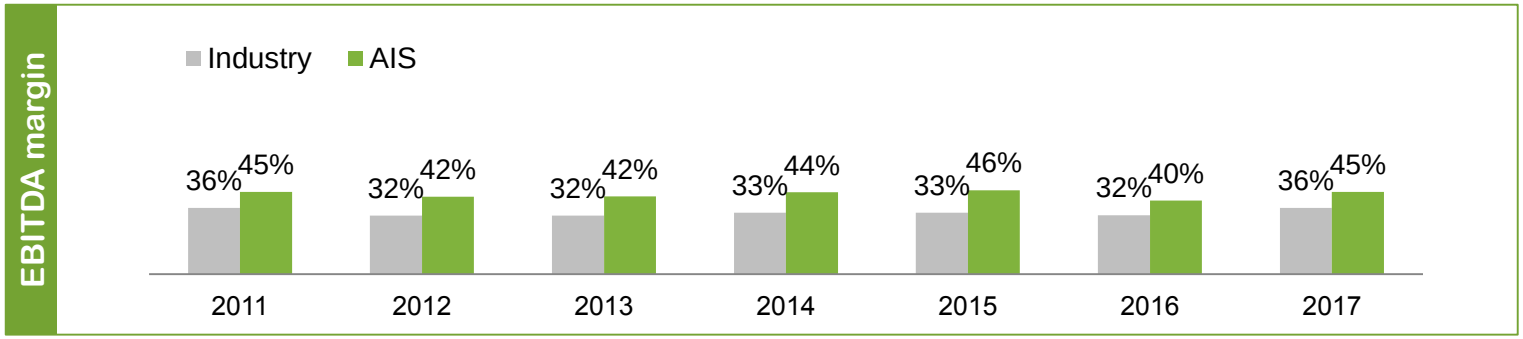
MOVIES
FULL HD
Ultimate movies & series
Bt399month

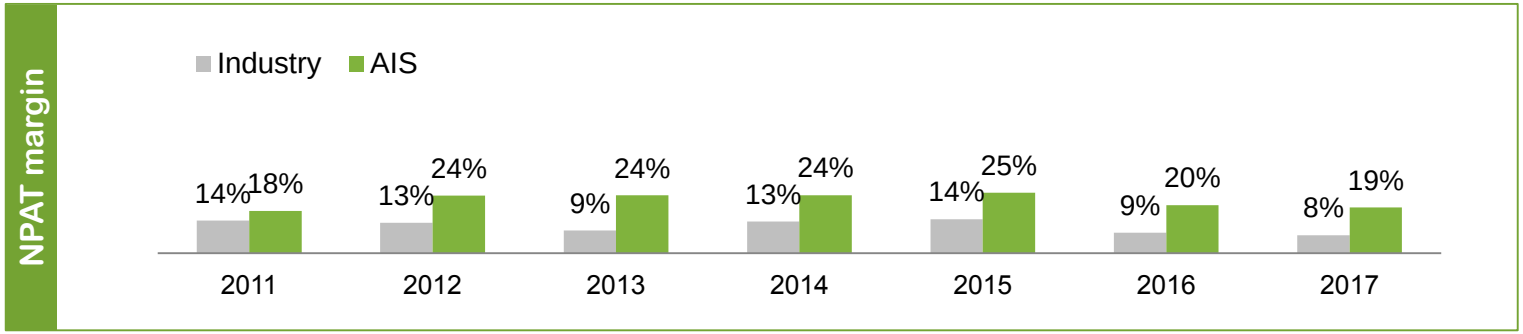
FAMILY
FULL HD
World class cartoons
Bt299month

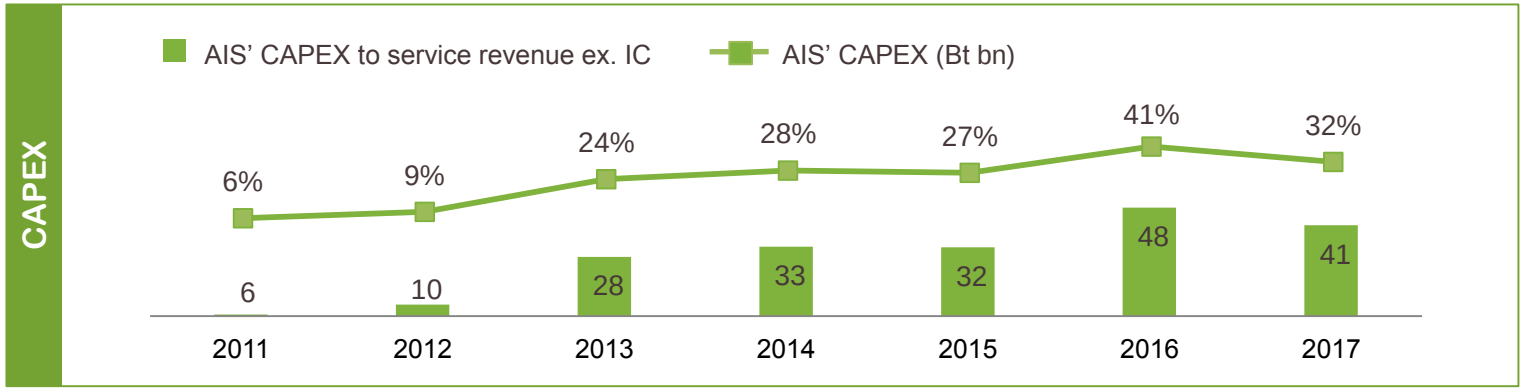
SPORTS
FULL HD
Thrilling sports matches
Bt199month

Updated: Nov-18

Historical profitability and CAPEX trend







Source: company data

Distribution Channel Structure

AIS Branded Shop (run by both AIS and partners)

150+ Shops

Telewiz: exclusive branded shop by partner

430+ Shops

AIS Buddy

1,100+ Shops

Exclusive Partner

650+ Shops

CSD Jaymart

BIG camera iStudio

TESCO Lotus

Traditional Channel

19K+ Shops

Modern Channel

3,000+ Shops

Power Buy IT CITY Jiffy Big C

FamilyMart BKK tablet | smartphone

Electronic Distribution Channel

400K + Points

mpay STATION

rabbit LINE Pay

TMB UOB

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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.