



# 1Q19 Financial Results

Advanced Info Service Plc.

9 May 2019

Ticker: ADVANC (SET)  
AVIFY (ADR)



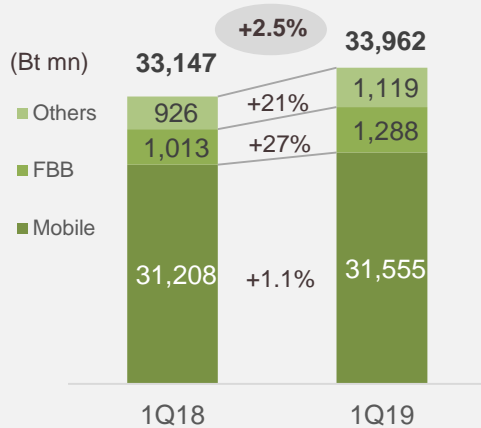
FTSE4Good



# 1Q19 Overview: Competitive in mobile while strongly grew in non-mobile



**Core service revenue:** grew 2.5% YoY driven by FBB and enterprise



## Mobile

- Revenue **+1.1% YoY, +0.4% QoQ** while discontinuing fixed-speed unlimited subscriptions
- **322k net addition** with data consumption of **11.4 GB/month**

## FBB

- Robust revenue growth of **+27% YoY, +6.3% QoQ** driven by **64.5k net addition**
- Focused on FMC and high-valued mobile customers

## Digital services

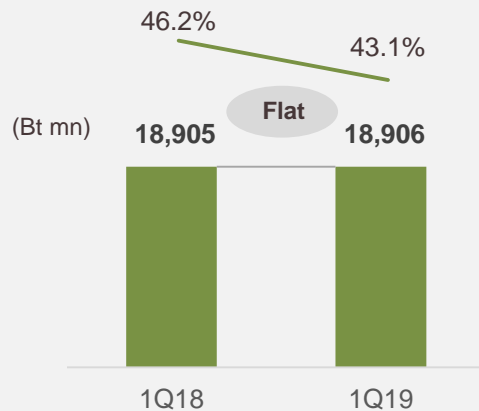
### Enterprise:

- Maintained **high-single digit growth for FY19**, supported by end-to-end product proposition combined with CSL

### Consumer:

- Established insurance broker company as point of online sale
- Made presence in eSports for future monetization

**EBITDA and margin:** continued cost control



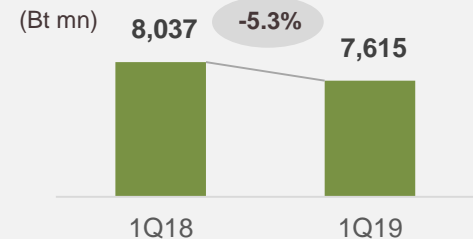
## Network OPEX (excl. TOT)

- **+10% YoY** from mobile & FBB expansion
- **-1.6% QoQ** from cost control

## SG&A

- **+7.1% YoY** from ad. and handset campaigns
- **-2.6% QoQ** driven by lower ad.

**Net profit:** pressured by investments



- **-5.3% YoY** from network and license D&A
- **+11% QoQ** following improved EBITDA

# 1Q19 Financial Highlights



Bt mn	Pre-TFRS 15					Post-TFRS 15	Amount difference
	1Q18	4Q18	1Q19	%YoY	%QoQ	1Q19	
Mobile revenue <sup>1)</sup>	31,208	31,426	31,555	▲1.1%	▲0.4%	30,678	(878)
FBB revenue	1,013	1,212	1,288	▲27%	▲6.3%	1,288	-
Other revenues <sup>1)</sup>	926	1,045	1,119	▲21%	▲7.0%	1,078	(40)
<b>Core service revenue</b>	<b>33,147</b>	<b>33,683</b>	<b>33,962</b>	▲2.5%	▲0.8%	<b>33,044</b>	(918)
IC and equipment rental	1,418	3,202	2,995	▲111%	▼6.5%	2,995	-
<b>Service revenue</b>	<b>34,565</b>	<b>36,885</b>	<b>36,957</b>	▲6.9%	▲0.2%	<b>36,039</b>	(918)
SIM and device sales	6,368	7,699	6,867	▲7.8%	▼11%	7,222	355
<b>Total revenue</b>	<b>40,933</b>	<b>44,584</b>	<b>43,824</b>	▲7.1%	▼1.7%	<b>43,262</b>	(563)
Cost of service	(17,281)	(20,383)	(19,817)	▲15%	▼2.8%	(19,817)	-
SG&A	(6,336)	(6,968)	(6,786)	▲7.1%	▼2.6%	(6,262)	(524)
<b>EBITDA</b>	<b>18,905</b>	<b>18,071</b>	<b>18,906</b>	flat	▲4.6%	<b>18,868</b>	(39)
EBIT	10,826	9,152	10,059	▼7.1%	▲9.9%	10,021	(39)
<b>NPAT</b>	<b>8,037</b>	<b>6,839</b>	<b>7,615</b>	▼5.3%	▲11%	<b>7,570</b>	(45)
Sales margin	-1.1%	-4.3%	-4.2%	▼310bps	▲8bps	0.9%	
EBITDA margin	46.2%	40.5%	43.1%	▼300bps	▲260bps	43.6%	
EBIT margin	26.4%	20.5%	23.0%	▼350bps	▲240bps	23.2%	
NPAT margin	19.6%	15.3%	17.4%	▼230bps	▲200bps	17.5%	

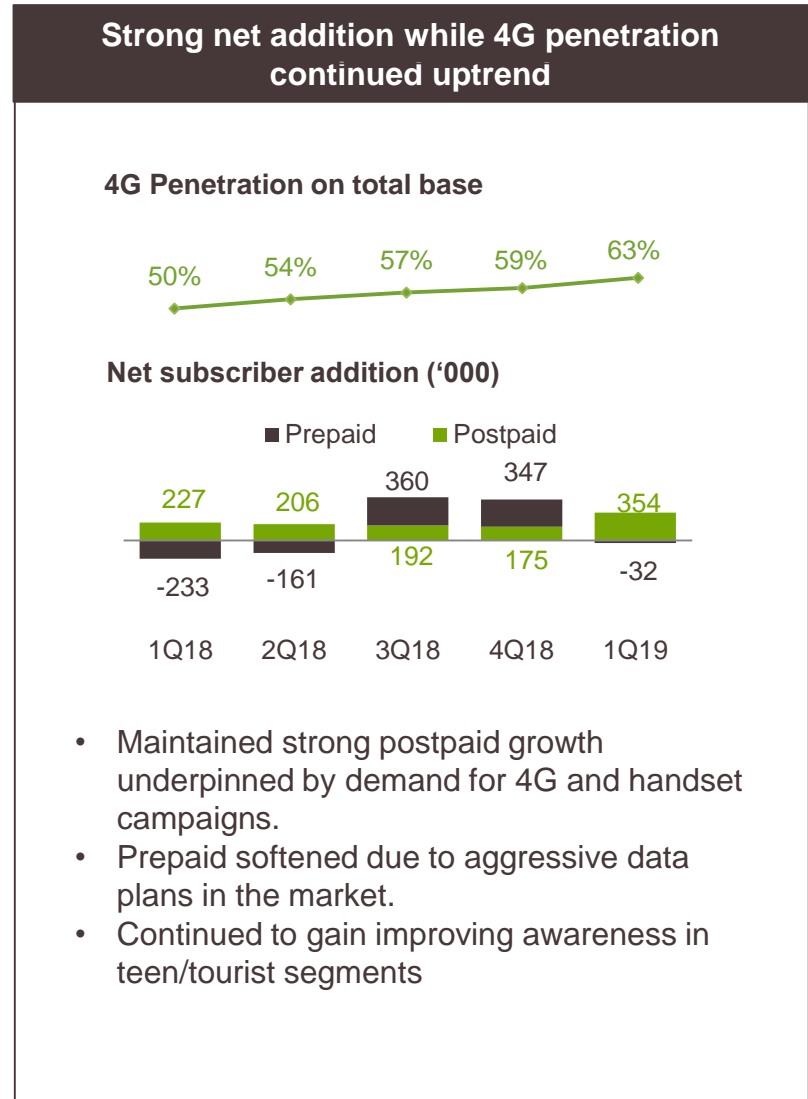
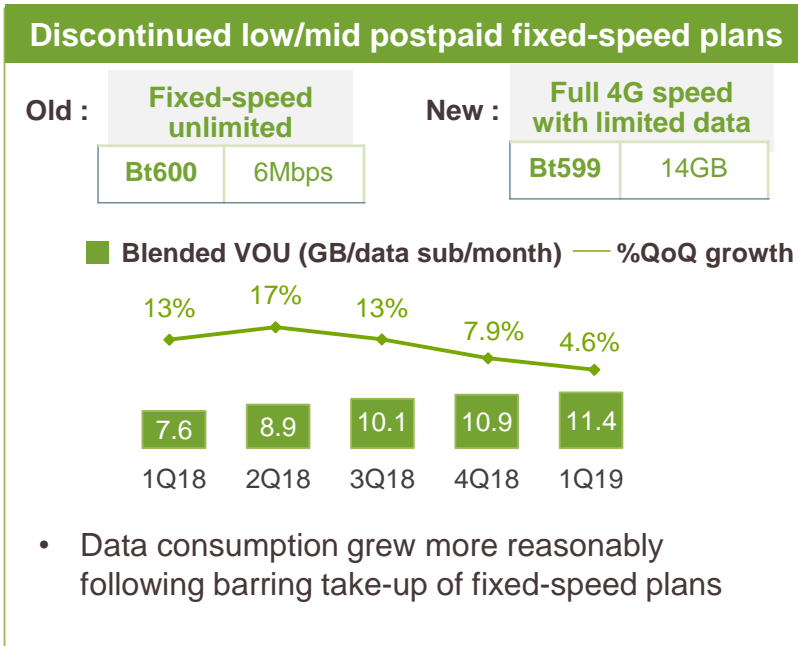
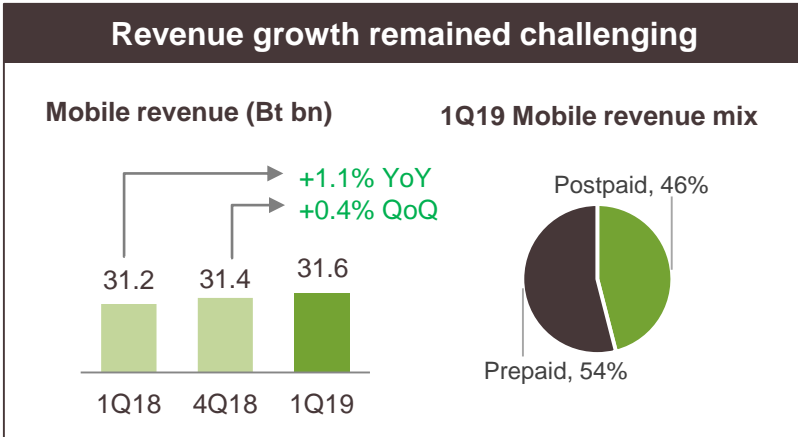
<sup>1)</sup> Reclassified some revenues from content in FY18 previously booked under other service revenue to mobile revenue

# FY19 Pre-TFRS 15 Guidance (maintained)

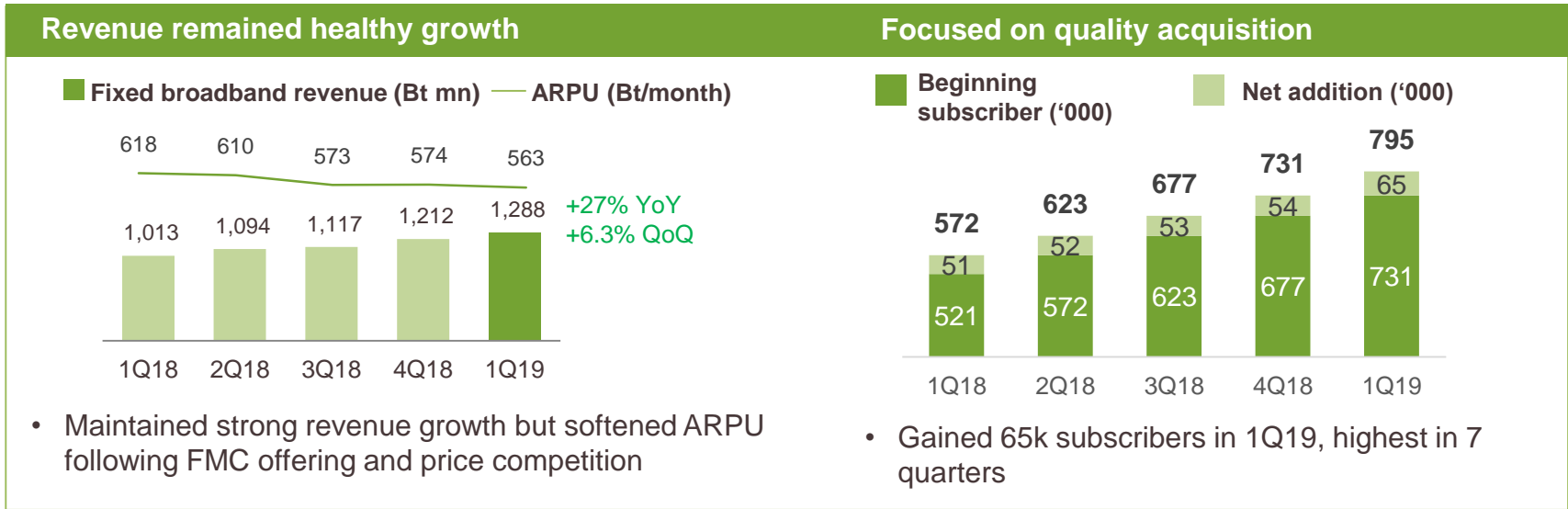


FY19 guided items	Guidance	Rationale
<b>Core service revenue</b>	Mid-single digit growth	<ul style="list-style-type: none"> <li>• Mobile: stay competitive in maintaining business scale driven by 4G and penetration in growing segments</li> <li>• FBB: deploy FMC (Fixed- Mobile Convergence) targeting 1mn subscribers milestone</li> <li>• Enterprise: gain share in mobile airtime and EDS while growing in Cloud/DC/ICT managed services</li> </ul>
<b>EBITDA margin</b>	Stable from last year (43.4% in FY18)	<ul style="list-style-type: none"> <li>• Allocate sufficient capital to retain and expand scale in respective businesses</li> <li>• Optimize OPEX, offset with cost to support network growth in all businesses</li> </ul>
<b>Budgeted CAPEX</b> (excludes spectrum payment)	Bt20-25bn, of which Bt4-5bn allocated for FBB	<ul style="list-style-type: none"> <li>• Focus on 4G capacity expansion incorporating 5G-compatible architecture</li> <li>• Expand last miles to serve 1mn FBB customers</li> </ul>
<b>Dividend policy</b>	Minimum 70% payout ratio	<ul style="list-style-type: none"> <li>• Preserve financial health and flexibility for future growth</li> </ul>

# Mobile: Revenue grew softly from price competition



# FBB: Competitively grew while focusing on FMC



### Guaranteed service quality for gamers

- Separate network between **Gaming and Internet**
- Seamless connectivity and Low Latency
- DL Speed = UL Speed** full efficiency

**eSports Package**

**Bt790**

- For Home Use  
100/100Mbps
- For Gaming  
100/100Mbps

### Continued to offer FMC and ramped up operations

Of 795k subscribers

FMC, 26%

Non-FMC, 74%

- Focused on cross selling convergence offerings
- Facilitated customers using online service via **"AIS Fiber Line Connect"**

# Digital service: Expanded strategic digital services for both enterprise and consumer



## Increased capabilities in enterprise segment

- Maintained target to achieve **high-single digit growth in FY19** for enterprise segment
- Strategic cooperation with business partners**



- Collaborated with China Unicom to provide local/international data connectivity



- Pioneered with Provincial Electricity Authority to launch Solar Rooftop IoT solution

- Established 5G Garage Innovation LAB**



- Cooperated with Faculty of Engineering, Chulalongkorn University, with the support from the NBTC to research and test 5G technology.

## Strengthened engaging consumer platforms

### 1 Video

**2mn** active users  
(March-19)

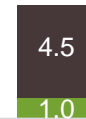


- Debuted the first eSports channel in Thailand on AIS PLAY and AIS PLAYBOX

### 2 Mobile money

5.5mn

rabbit LINE Pay



Active

Registered, but not active

Mar-19

- Continued expanding sub base

### 3 Insurance

- Established an insurance broker company to be a point of online insurance sale

### 4 Advertisement

- Targeted advertisement on partner's websites

### 5 Games

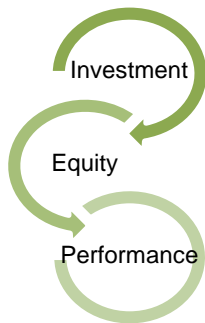
- Made presence in "eSports" to support game ecosystem and further monetize

# Continued highly-recognized in brand and customer engagement

## Ranked World's Strongest Telecoms Brand



- Awarded **“World’ Strongest Telecoms Brand”** by *Brand Finance* with a brand strength index (BSI) score of 90.0 out of 100, highest in 300 most valuable telecoms brands

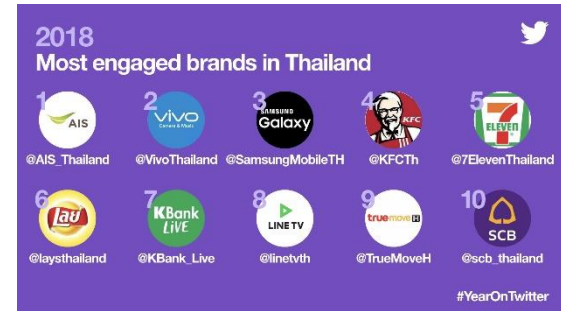


- Measured by the efficacy of a brand’s performance:
  - Marketing investment
  - Stakeholder equity
  - Business performance

- The only brand in the industry globally to post a **AAA+ rating**

**Mark #1 in brand leadership**

## Most retweeted hashtags in 2018



- Received **“2018 Most engaged brands in Thailand”** from Twitter

## Engaged with digital users on social media



- Best Brand Performance on Social Media, Social Media Platform and Media Campaigns** by Thailand Social Awards 2019

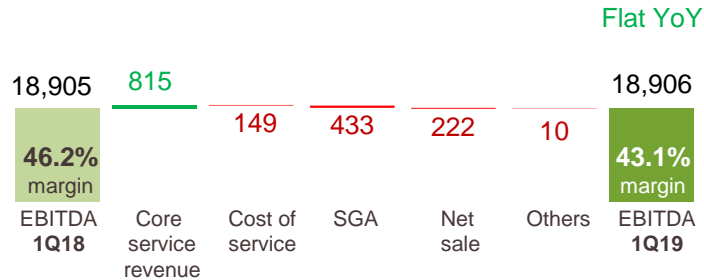


# Ongoing cost management supported profit growth QoQ



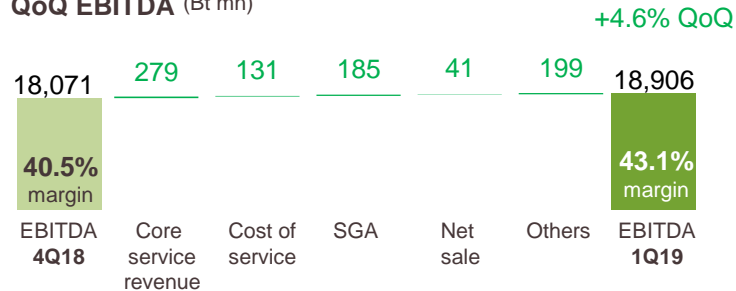
## EBITDA and net profit gradually improved sequentially

### YoY EBITDA (Bt mn)



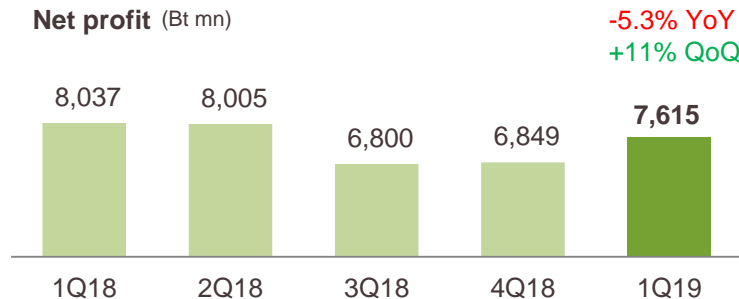
- YoY, EBITDA was stable mainly from higher network OPEX and localized marketing activities, offset by revenue improvement.

### QoQ EBITDA (Bt mn)



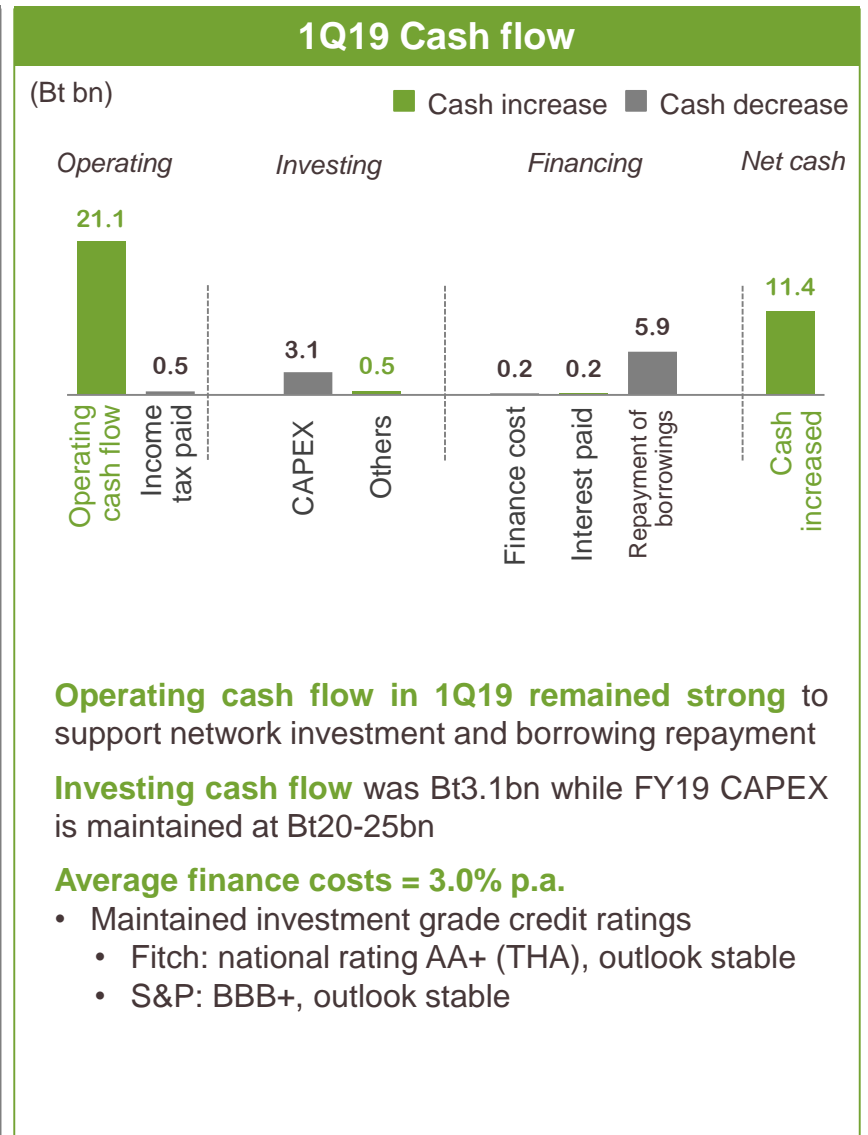
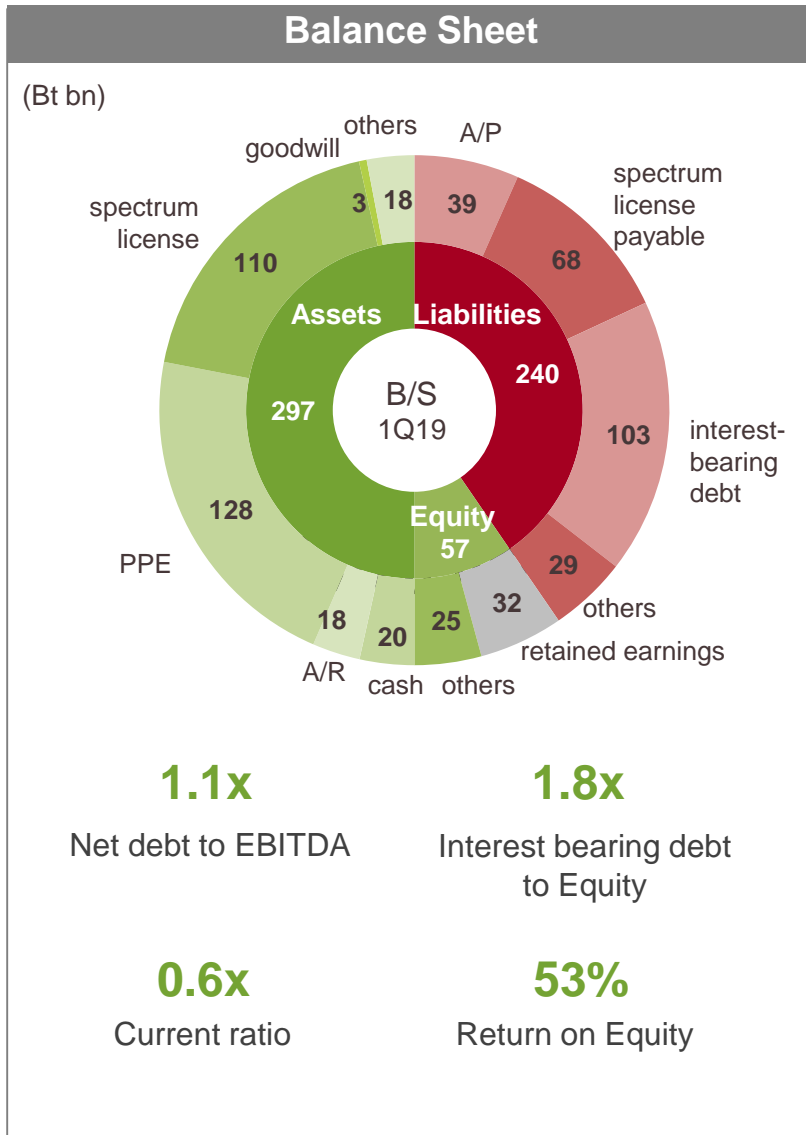
- QoQ, EBITDA improved from slight revenue growth, optimized network OPEX, and lower advertisement.

### Net profit (Bt mn)



- Net profit remained pressured by mobile & FBB depreciation and license amortization, but trended better in past 3 quarters.

# Maintained financial flexibility for future growth

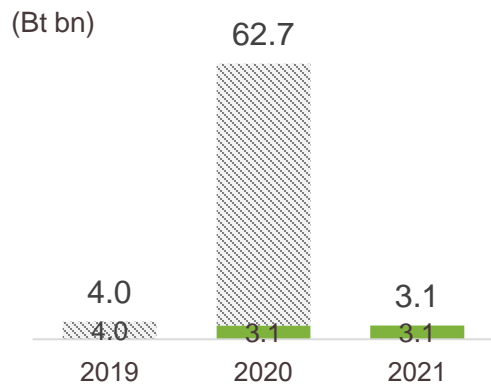


# License payment and debt repayment schedule



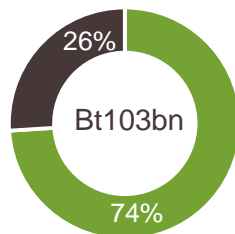
## Spectrum license payment schedule

- 900x10MHz license payment
- 1800x20MHz license payment



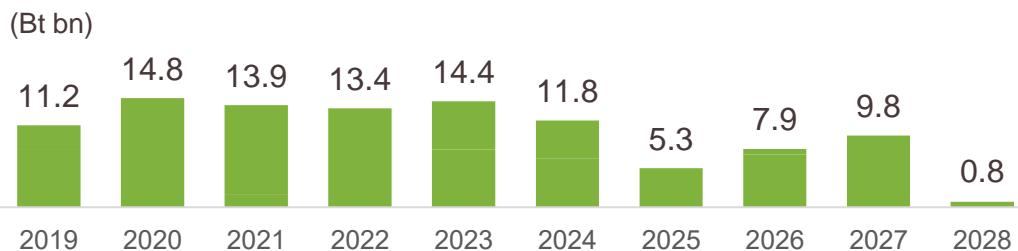
Total of **Bt70bn** toward 2021

## Debt repayment Schedule



- All in THB currency
- S&P rating: BBB+
- Avg. cost of debt = 3.0% p.a.

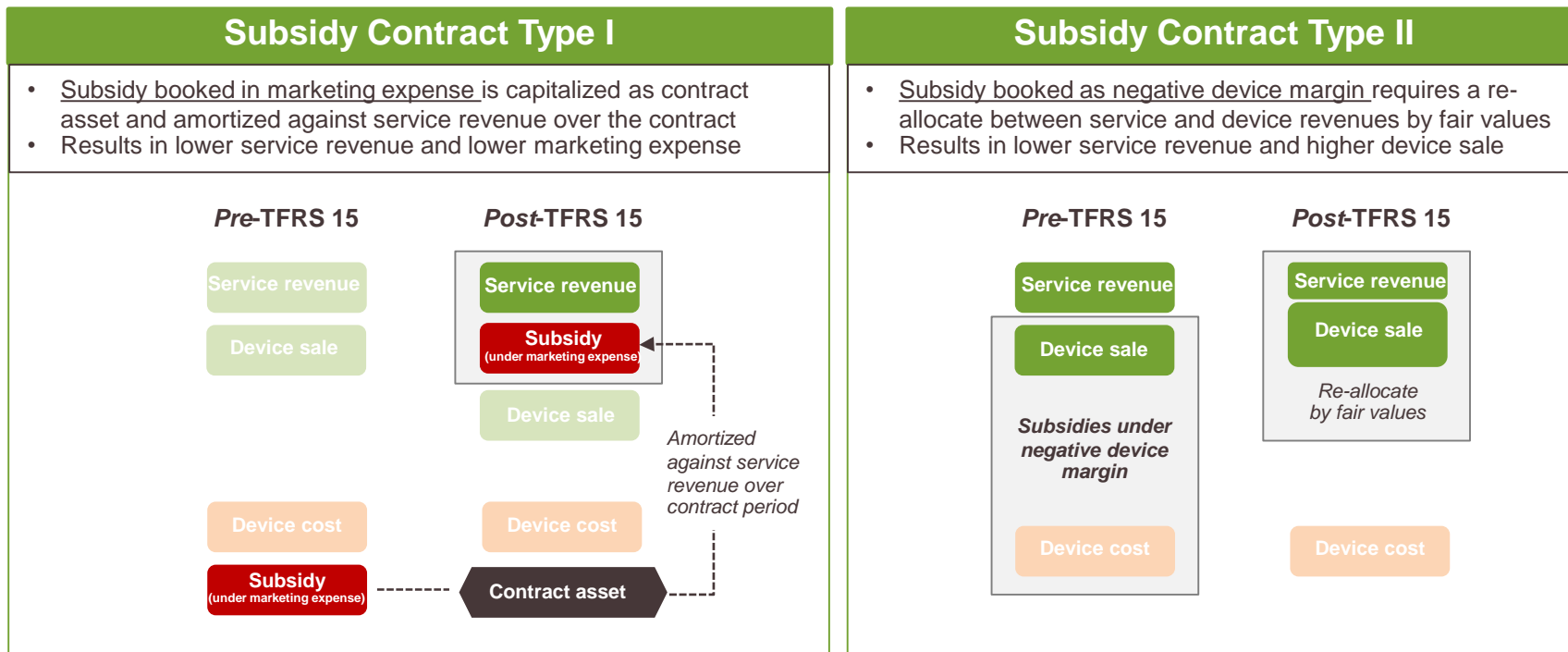
■ Float rate ■ Fixed rate



Total of **Bt103bn** toward 2028

# APPENDIX

# Impact from TFRS 15 adoption



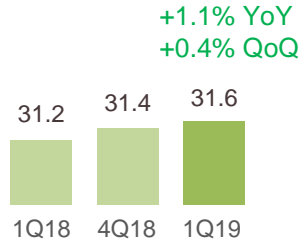
Net impact between Pre-TFRS 15 and Post-TFRS 15 for 1Q19						
Profit and Loss			Balance Sheet			Cash Flow
Service revenue	Device sale	SG&A	Contract asset	DTA	Retained earnings	Cash flow
-918mn	+355mn	-524mn	+1,639mn	-328mn	+1,311mn	No impact

# 1Q19 Revenue Breakdown



## Mobile revenue\*

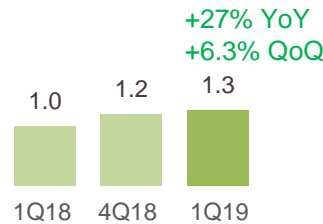
(Bt bn)



- Driven by postpaid segment and improving subscriber trend with total net addition of 322k in 1Q19.

## Fixed broadband revenue

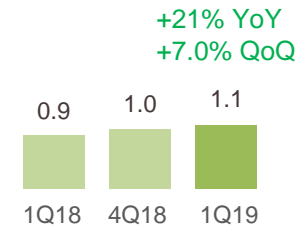
(Bt bn)



- Expanded subscriber base to 791k following 7mn homes passed in 57 key cities

## Other revenues\*

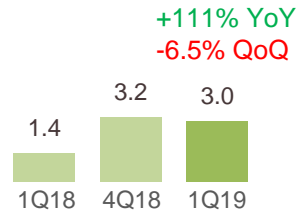
(Bt bn)



- Growth in enterprise sales and acquisition of CSL in Feb-18.

## IC and equipment rental

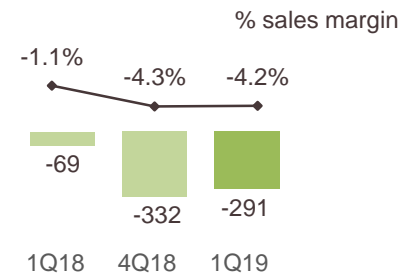
(Bt bn)



- YoY increased from equipment rental from partnership with TOT. QoQ, declined from lower IC revenue.

## Net Sales & margin

(Bt mn)



- Continued handset campaigns

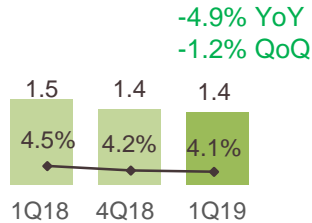
\*Reclassified some revenues from content in FY18 previously booked under other service revenue to mobile revenue

# 1Q19 Cost Breakdown



## Regulatory fee

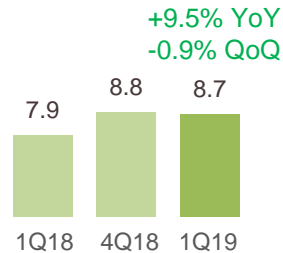
(Bt bn) % to core service revenue



- Regulatory fee to core service revenue remained at 4.1%

## D&A

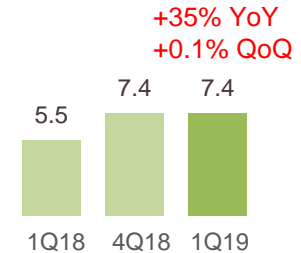
(Bt bn)



- Increased YoY from investment in network as well as new 1800MHz license

## Network OPEX

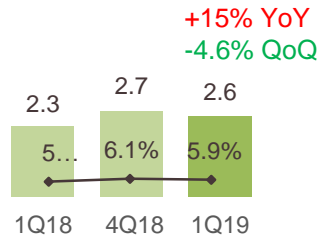
(Bt bn)



- YoY increased mainly from TOT partnership. Normalized network OPEX would grow 10% YoY but drop 1.6% QoQ.

## Marketing expense

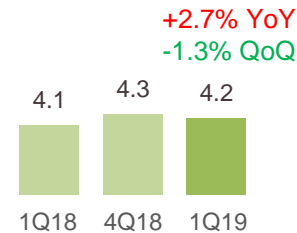
(Bt bn) % to total revenue



- Rose YoY from advertisement and low spending level in 1Q18 but dropped QoQ due to lower advertisement.

## Administrative & others

(Bt bn)

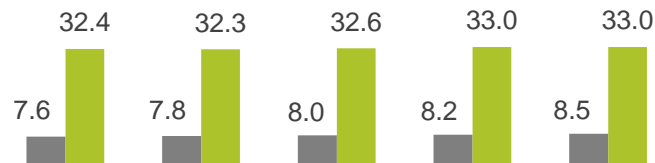


- Increased 2.7% YoY but declined 1.3% QoQ mainly due to staff cost.

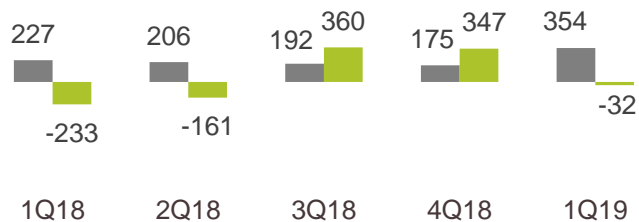
# Mobile: net addition continued positive along with rising data consumption



**Subscribers (mn)**      ■ postpaid   ■ prepaid

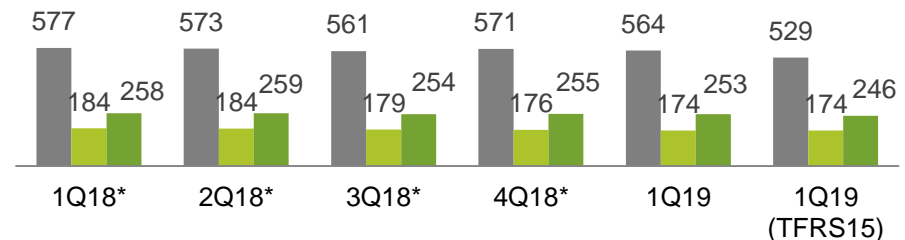


**Net addition ('000)**



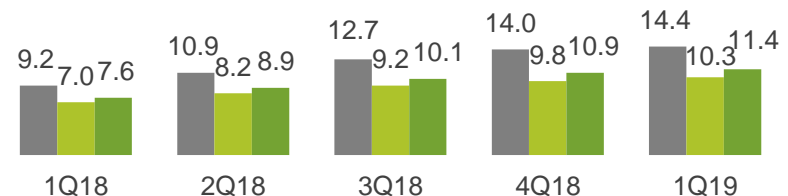
- **Mobile subscribers was at 41.5mn**, increasing 322k in 1Q19.
- **Postpaid subscribers grew 354k** QoQ, underpinned by attractive handset campaigns.
- **Prepaid subscribers decreased 32k** QoQ, mainly from market competition.

**ARPU (Bt/sub/month)**      ■ postpaid   ■ prepaid   ■ blended



\*Reclassified some revenues from content in FY18 previously booked under other service revenue to mobile revenue

**VOU (GB/data sub/month)**



- **Blended ARPU was Bt253**, slightly declining from aggressive data plans in the market.
- **Blended VOU** softly increased to 11.4GB following the barring of fixed-speed unlimited subscriptions.





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