



FY19 Financial Results

Advanced Info Service Plc.

6 February 2020

Ticker: ADVANC (SET)
AVIFY (ADR)



FTSE4Good



Mobile revenue grew 4.2% YoY from subscriber base and ARPU growth

- Subscriber base and ARPU grew 2% YoY as the overall price competition ease from FY18.
- Unlimited data package as well as prepaid to postpaid migration continue to drive 4G data consumption to an average of 12.7GB/user/month.

Fixed broadband achieved 1 million subscribers and reached 10% subscriber market share

- AIS Fibre grew 29% YoY in revenue to Bt5,722mn, which accounted for 4% of core service revenue and is making positive contribution to NPAT.
- Successfully gained 307k subscriber net add by offering competitive fiber-to-home and cross selling with existing mobile subscriber base. FMC subscribers to total FBB subscribers accounts for 39% of total FBB subscribers.*

Digital service continue to grow

- Video platform reached more than 2mn active users
- Enterprise revenue accounted for 10% of service revenue and is still growing along with the guideline.

Achieved FY19 guidance

- AIS overall FY19 performance was in line with the guidance
- Service revenue of Bt140,454mn grew 5.3% YoY against the guideline of mid-single digit growth.
- EBITDA margin maintained at 42.8% versus 43.4% in FY18
- CAPEX was Bt20bn in line with the guidance budgeted for Bt20-25bn.

4Q19 & FY19 Financial Highlights (Pre-TFRS15)



This table is based on pre-TFRS 15

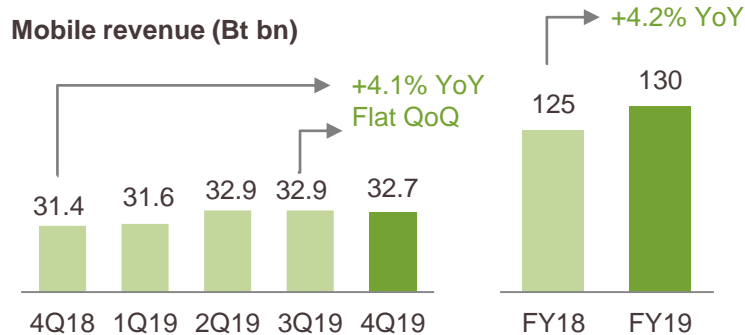
Bt mn	4Q18	3Q19	4Q19	%YoY	%QoQ	FY18	FY19	%YoY
Mobile revenue	31,426	32,880	32,716	▲4.1%	▼0.5%	124,784	130,062	▲4.2%
FBB revenue	1,212	1,475	1,579	▲30%	▲7.0%	4,436	5,722	▲29%
Other revenues	1,045	1,172	1,276	▲22%	▲8.9%	4,208	4,670	▲11%
Core service revenue	33,683	35,527	35,571	▲5.6%	▲0.1%	133,429	140,454	▲5.3%
IC and TOT partnership	3,202	4,278	3,443	▲7.5%	▼20%	10,576	13,557	▲28%
Service revenue	36,885	39,804	39,014	▲5.8%	▼2.0%	144,005	154,010	▲6.9%
SIM and device sales	7,699	5,652	10,449	▲36%	▲85%	25,851	29,422	▲14%
Total revenues	44,584	45,457	49,464	▲11%	▲8.8%	169,856	183,432	▲8.0%
Cost of service	(20,383)	(20,748)	(20,752)	▲1.8%	flat	(76,700)	(81,487)	▲6.2%
SG&A	(6,968)	(7,227)	(8,807)	▲26%	▼22%	(26,295)	(30,526)	▲16%
EBITDA*	18,071	21,135	19,305	▲6.8%	▼8.7%	73,792	78,463	▲6.3%
EBIT*	9,152	11,563	9,547	▲4.3%	▼17%	39,913	41,234	▲3.3%
NPAT*	6,839	8,679	7,032	▲2.8%	▼19%	29,682	31,051	▲4.6%
Sales margin	-4.3%	-4.2%	-2.0%	▲230bps	▲220bps	-3.5%	-3.4%	▼10bps
EBITDA margin*	40.5%	46.5%	39.0%	▼150bps	▼750bps	43.4%	42.8%	▼70bps
EBIT margin*	20.5%	25.4%	19.3%	▼120bps	▼610bps	23.5%	22.5%	▼100bps
NPAT margin*	15.3%	19.1%	14.2%	▼110bps	▼490bps	17.5%	16.9%	▼50bps

*Included one-time expense of Bt479mn (before tax) for TOT Partnership in 3Q19. See page 7 for normalization

Mobile: Revenue grew as subscriber and ARPU rose

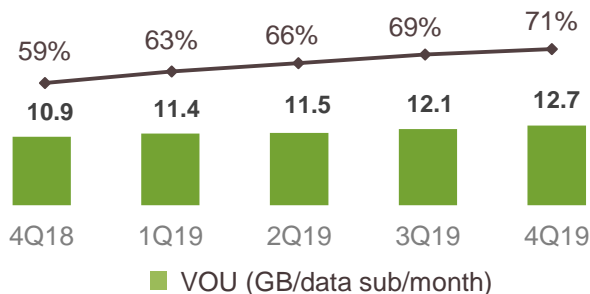


Revenue growth driven by subscriber and ARPU



- Mobile revenue robustly grew 4.2% YoY with subscriber increase and price improvement from FY18.

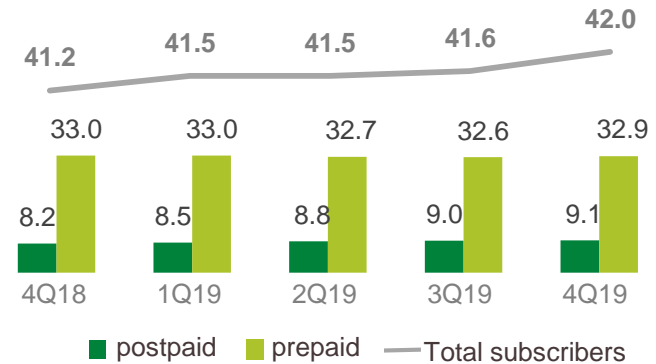
4G Penetration to total base (%)



- Data consumption still see an increasing trend with 4G penetration rate reached 71%

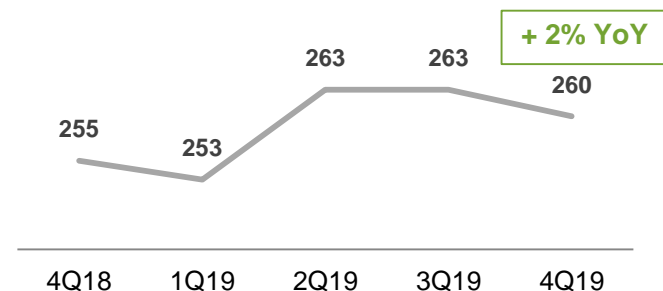
Subscriber and ARPU improvement

Total subscriber ('000)



- Postpaid subscribers steadily grew driven by pre- to post- migration and handset campaigns.

Blended ARPU (Bt/sub/month)

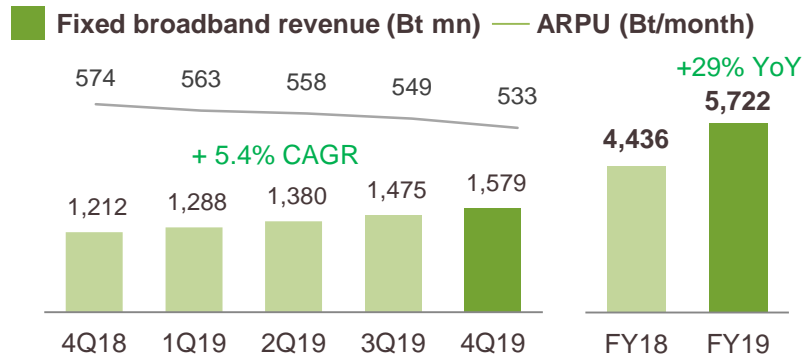


- Blended ARPU increased as price competition improved.

FBB: Contributed positive NPAT with 1mn subscribers

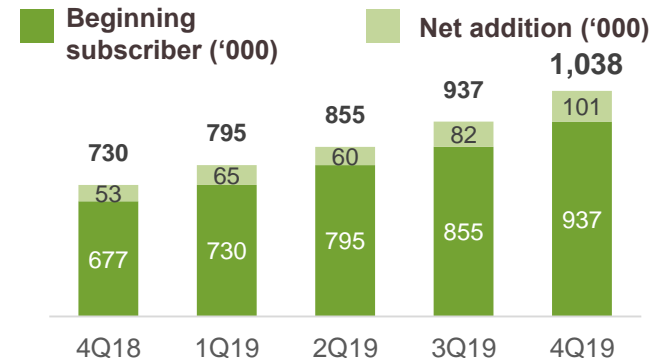


Remained double-digit revenue growth



- FBB grew 29% YoY, accounting for 4% of service revenue.
- ARPU declining from FMC offering and price competition.

Enhanced quality subscriber growth

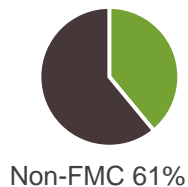


- Strong growth with net add of 307k subscribers
- Achieved 10% subscribers market share

Constantly improving coverage and quality

**1mn
Subscribers**

FMC 39%



- Achieved 1mn subscribers driving its scale to turn its net profit positive.
- Leverage on FMC and mobile subscriber base, which accounts for 86% of the subscribers.



High speed network and enhanced equipment



- Offer 1Gbps SuperMESH Wi-Fi with full house coverage— 2 mesh wifi routers.
- Exclusive deal packaged with AIS variety of contents in Playbox.



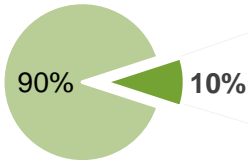
*FMC subscribers are mobile subscribers that receive promotional FBB package

Digital service: Expand strategic digital services for both enterprise and consumer

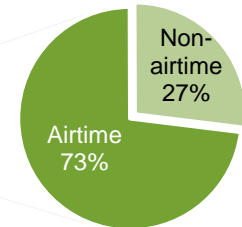


Enterprise: Repositioned to be #1 service provider

Service revenue contribution



Revenue from enterprise, including mobile airtime, grew to 10% of core service revenue



Enterprise revenue breakdown

Non-airtime services include



EDS

- Comprises of enterprise connection services, security and managed services



IOT/M2M

- Expanding partners to innovate new services using IoT/NB-IoT potentials.



DC & CLOUD

- 9 data centers across Thailand
- Growing data management demand



ICT

- Offers integrated services of IT solution, Application development, system solution and software.

Strengthened engaging consumer platforms

Video



AIS PLAY



PLAYBOX



WEBSITE

- Reach more than 2mn active subscribers through AIS Playbox, application, and website

Mobile money

7mn

6.1

0.9



Active

Registered, but not active

- Comprehensive payment platform complementing digital life service

Insurance

- Established an insurance broker company through online channel.



Advertisement

- Data-driven marketing through “THAN” – Advertising for Thais

Games

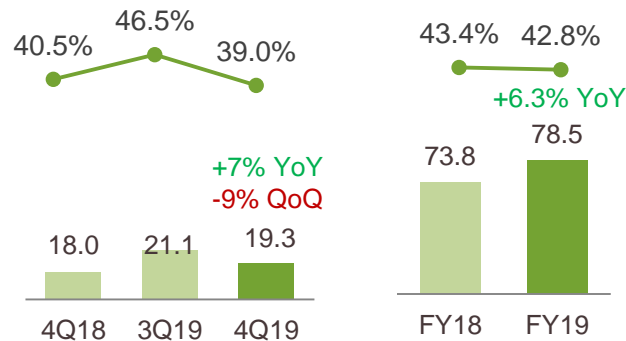
- Stimulate & facilitate Thais' eSports with 4 strategies : Connect, Compete, Share, & Educate

Profit rose from both revenue and cost improvement

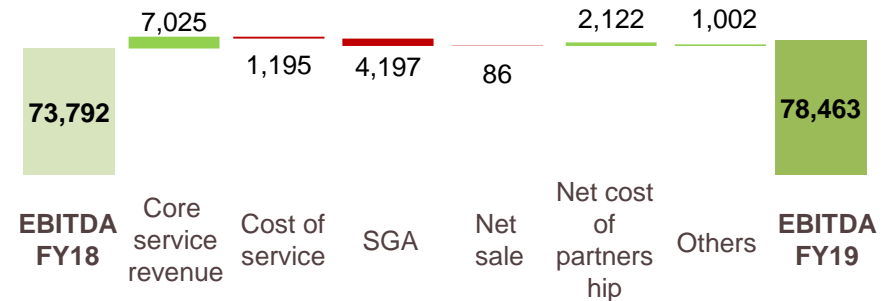


EBITDA and EBITDA margins

EBITDA (Bt bn) and EBITDA margin (%)



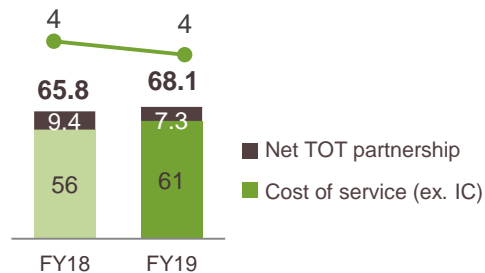
(Bt mn)



- YoY EBITDA grew from core service revenue growth and a cost well under controlled. EBITDA QoQ decreased from one-time recognition of TOT partnership saving in 3Q19 and high marketing expense in 4Q19.

Cost of service ex. IC (net TOT)

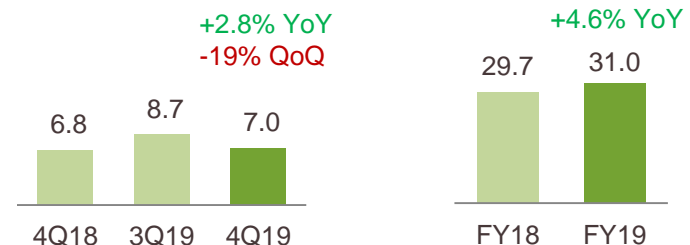
(Bt bn/ % to core service revenue)



- Saving on TOT partnership lowered %cost of service to revenue to 48.5%

Net profit

(Bt bn)



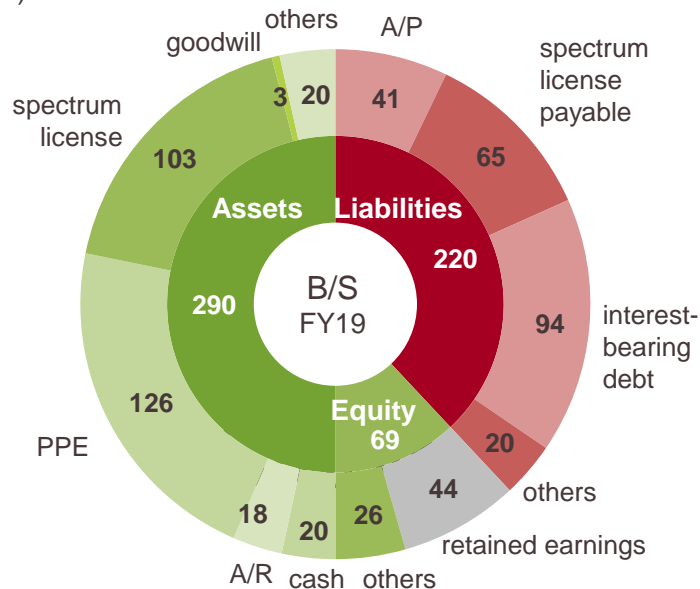
- YoY net profit increased by 4.6% due to growth in core service and cost saving from TOT settlement, which was partly offset by marketing expense.

Maintained financial flexibility for future growth



Balance Sheet

(Bt bn)



0.9x

Net debt to EBITDA

1.4x

Interest bearing debt to Equity

0.4x

Current ratio

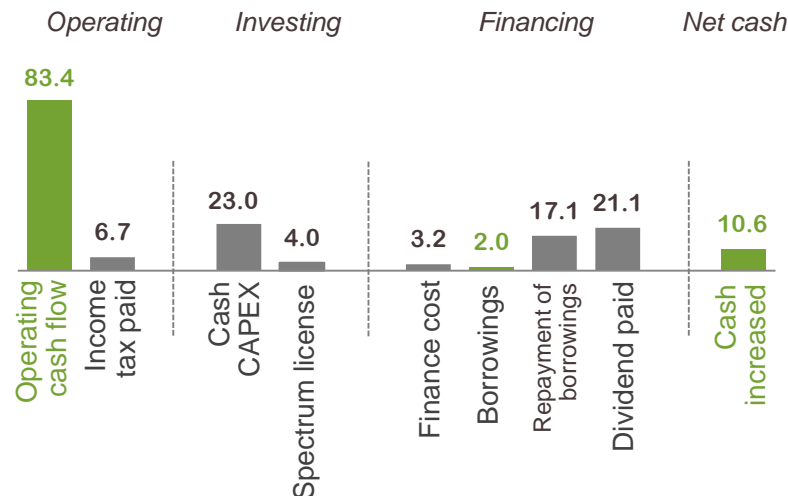
49%

Return on Equity

FY19 Cash flow

(Bt bn)

■ Cash increase ■ Cash decrease



Operating cash flow in FY19 was sufficient to fund both CAPEX, debt repayment, and dividend.

Investing cash flow was Bt23bn while FY19 budgeted CAPEX was Bt20-25bn

Average finance costs = 3.04% p.a.

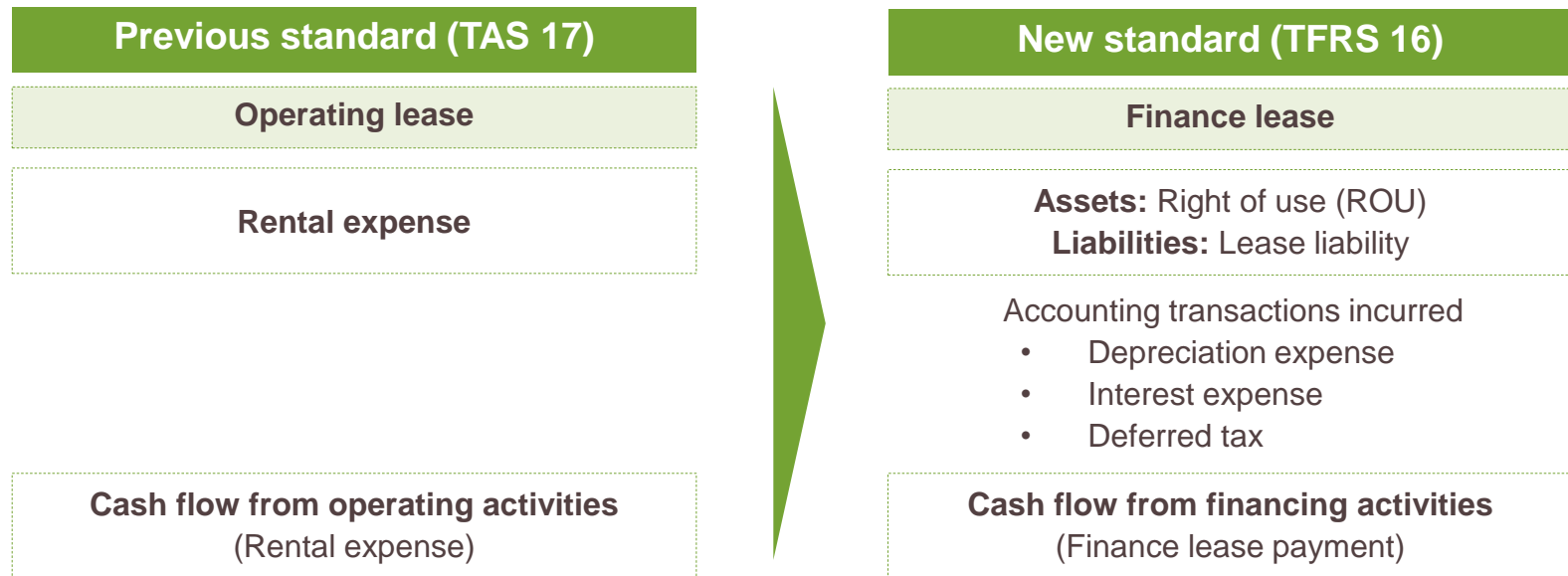
- Maintained investment grade credit ratings
 - Fitch: national rating AA+ (THA), outlook stable
 - S&P: BBB+, outlook stable

APPENDIX

Impact from TFRS 16

New account standard to replace TAS17, effective on 1 January 2020

- **AIS's major operating leases to be transferred:** tower and site rental, long term roaming contract with TOT on 2100MHz, office and shop building and transmissions



Net impact between Pre-TFRS 16 and Post-TFRS 16 in 2020

Profit and Loss

- ↑ **Higher EBITDA** (decrease in rental expense and increase in depreciation)
- ↓ **Lower net profit in the beginning** (high interest expense)

Balance Sheet

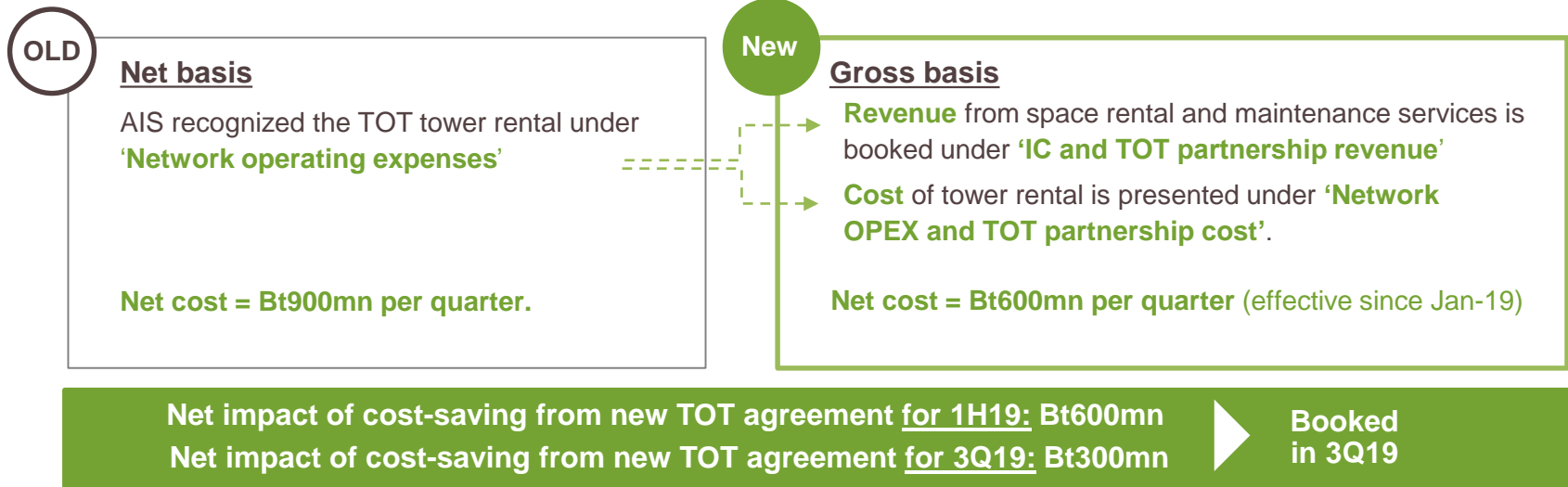
- ↑ **Higher Assets**
- ↑ **Higher liabilities**

Cash Flow

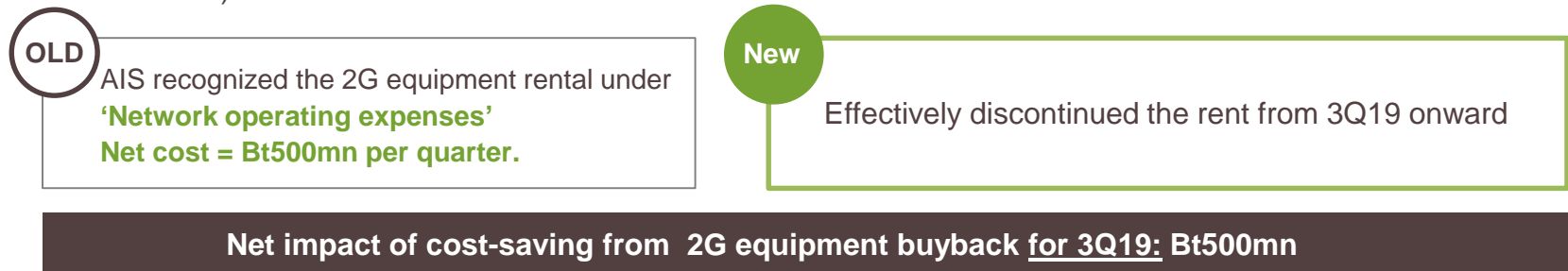
- ↑ Increase in cash flow from operating activities
- ↓ Decrease in cash flow from financing activities
- *No impact**

Impact from TOT partnership

Tower agreement: With dispute of tower ownership settled, AIS agreed to rent towers from TOT who will rent the space and use maintenance services from AWN for 10 years, effective from 1-Jan-19. The agreement effectively incurred a net cost of approximately Bt200mn/month in 2019 vs Bt300m previously.



2G equipment: AIS agreed to settle rental dispute and to purchase 2G equipment from TOT for Bt244mn, effectively discontinues the rent from Sep-19 onward. (Since Jul-15, AWN has paid for the use of 2G equipment at Bt167mn/month.)

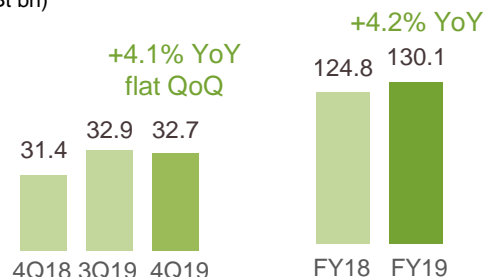


4Q19 & FY19 Revenue Breakdown



Mobile revenue

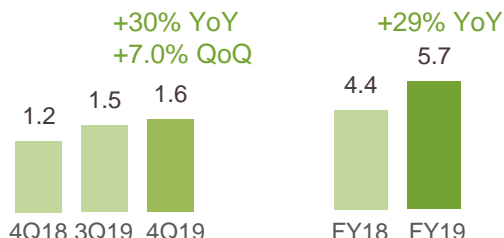
(Bt bn)



- FY19 growth was mainly due to postpaid price uplift and increase in subscriber base.
- High competition in 4Q19 led to flat growth QoQ

Fixed broadband revenue

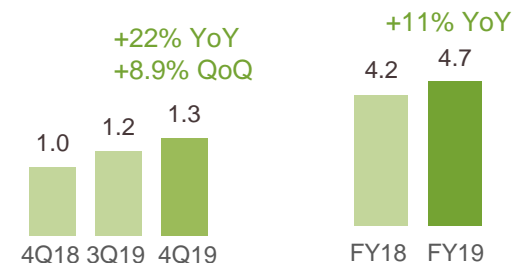
(Bt bn)



- Revenue growth of 29% was due to the actively subscriber acquisition of 307k in FY19.

Other revenues

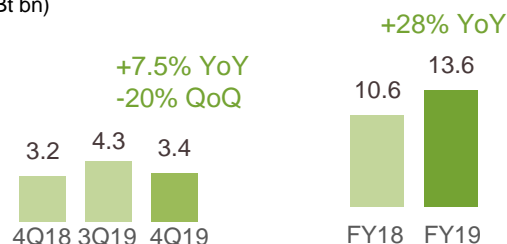
(Bt bn)



- Other revenues grew 11% YoY mainly driven from enterprise EDS growth.

IC and equipment rental

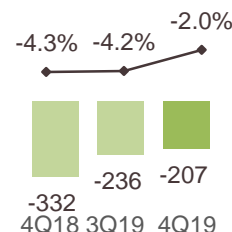
(Bt bn)



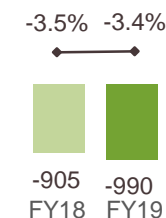
- In FY19, the increase was due to TOT settlement
- The 20% decrease in 4Q19 was from the recognition of TOT settlement in 3Q19.

Net Sales & margin

(Bt mn)



% sales margin



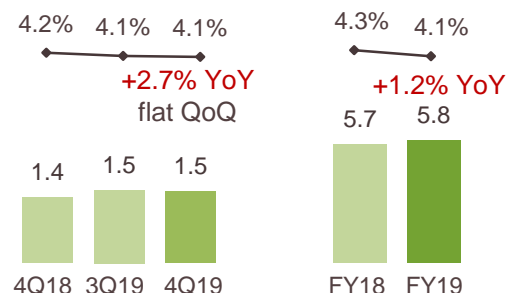
- FY19, continued handset campaigns led to slightly increase in negative net sale. However, % sales margin improved

4Q19 & FY19 Cost Breakdown



Regulatory fee

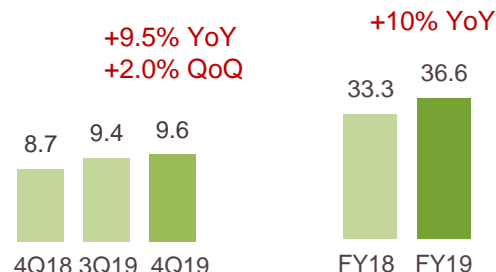
(Bt bn) % to core service revenue



- Regulatory fee remain fairly constant at 4.1% to core service revenue.

D&A

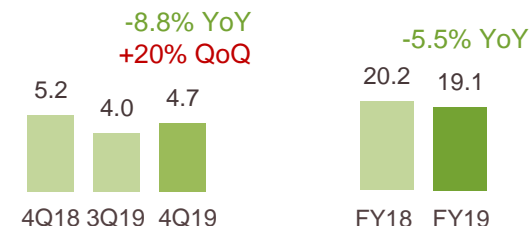
(Bt bn)



- Continued investment in 4G network, FBB, and 1800MHz spectrum license (acquired Sep-18)

Network OPEX

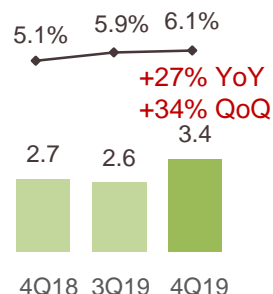
(Bt bn)



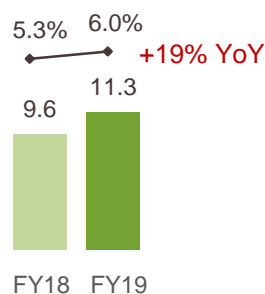
- The decrease of 5.5% YoY was from the new TOT contract. 3Q19 recorded a one-time cost saving accumulated from the beginning of the year.

Marketing expense

(Bt bn)



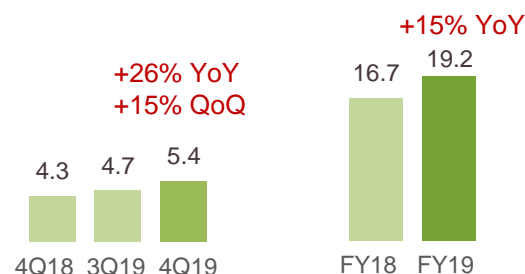
% to total revenue



- Investment in brand perception and handset subsidies resulting in +19% YoY marketing expense
- +34% QoQ, the spike came from subsidies new iPhone 11, brand investment, and special anniversary campaign.

Admin & others

(Bt bn)

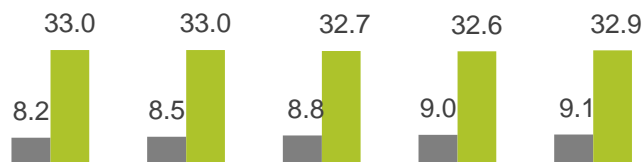


- 15% YoY increase was from a one-time legal severance pay in 2Q19 and the increase in marketing expense.

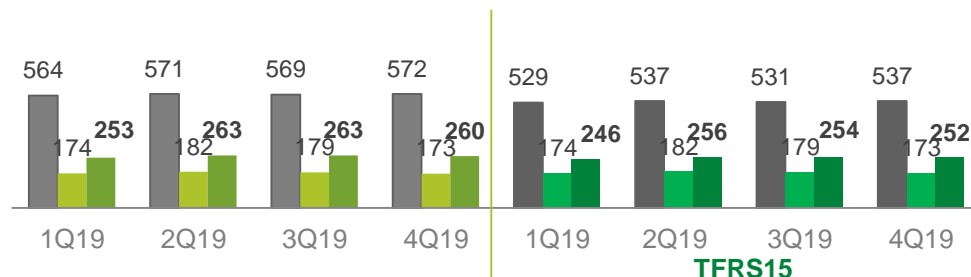
Mobile: Growing net add with rising data usage



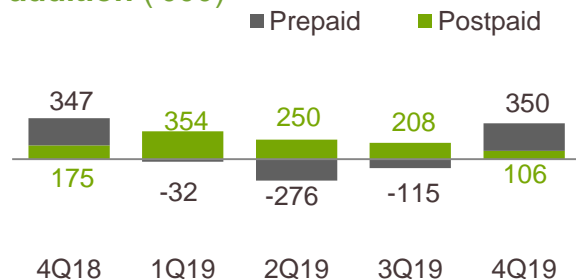
Subscribers (mn) ■ postpaid ■ prepaid



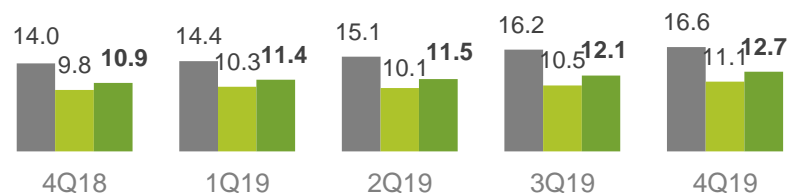
ARPU (Bt/sub/month) ■ postpaid ■ prepaid ■ blended



Net addition ('000) ■ Prepaid ■ Postpaid



VOU (GB/data sub/month)



- **Mobile subscribers was at 42mn** gaining net add of 845k subscribers in FY19.
- **Postpaid subscribers grew steadily** with net add of 918k in FY19.
- **Prepaid subscribers net add reduced** 73k from pre- to post- migration trend.

- **Blended ARPU increased to Bt260** as price competition improved from FY18.
- **Blended VOU increased to 12.7GB.** The increasing trend is due to pre- to post- migration and unlimited plan; however, the growth in FY19 became more modest.

4Q19 & FY19 Financial Highlights (Post-TFRS15)



Bt mn	Post-TFRS 15					FY19
	1Q19	2Q19	3Q19	4Q19	%QoQ	
Mobile revenue	30,678	32,042	31,851	31,770	▼0.3%	126,341
FBB revenue	1,288	1,380	1,475	1,579	▲7.0%	5,722
Other revenues	1,078	1,083	1,136	1,213	▲6.8%	4,509
Core service revenue	33,044	34,505	34,461	34,562	▲0.3%	136,572
IC and TOT partnership	2,995	2,841	4,278	3,443	▼20%	13,557
Service revenue	36,039	37,346	38,739	38,005	▼1.9%	150,129
SIM and device sales	7,222	6,736	5,994	10,813	▲80%	30,765
Total revenue	43,262	44,081	44,733	48,818	▲9.1%	180,894
Cost of service	(19,817)	(20,170)	(20,748)	(20,752)	flat	(81,487)
SG&A	(6,262)	(7,047)	(6,331)	(8,100)	▲28%	(27,740)
EBITDA	18,868	19,169	21,307	19,366	▼9.1%	78,710
EBIT	10,021	10,118	11,734	9,277	▼21%	41,150
NPAT	7,570	7,754	8,800	7,065	▼20%	31,190
Sales margin	0.9%	0.4%	1.8%	1.5%	▼30bps	1.1%
EBITDA margin	43.6%	43.5%	47.6%	39.0%	▼860bps	43.3%
EBIT margin	23.2%	23.0%	26.2%	19.0%	▼720bps	22.7%
NPAT margin	17.5%	17.6%	19.7%	14.5%	▼520bps	17.2%



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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.