



2Q20 Results Conference

Advanced Info Service Plc.

7 August 2020

2Q20 Summary



2Q20 reflected the full effect of COVID-19

- **Full impact of COVID-19 hit consumer spending** while inter-roaming declined further and NBTC mandate for free data and voice also affected revenue.
- **Lifting of lockdown in late May-20 and economic activity slowly resumed**, led to rebound in new acquisition and handset sale from pent up demand.

Deploy 2600MHz to launch 5G and strengthen 4G

- **2600MHz rolled out for both 4G/5G network** in high data usage area in 77 cities with over 4,000 base stations and 50% of EEC area roll out requirement was fulfill.
- **By end of 2020, our 5G network targets to cover 13%** of the country's population and 50% Bangkok's population.

Slightly improved competition on mobile

- **Mobile data pricing remained challenge** amidst weak consumer spending, albeit initiated effort to raise price.
- **Fixed broadband saw strong demand of work-from-home**, although, price competition remained intense .

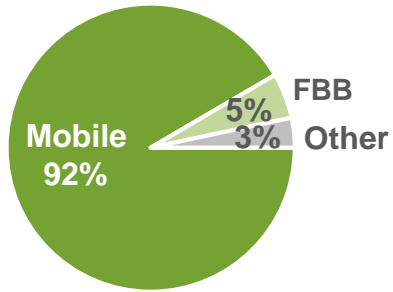
Manage cost amidst pandemic to sustain profit

- **Core service revenue in 2Q20 -6.4%YoY and -2.4% QoQ** from COVID-19. With cost measures, EBITDA of Bt19bn (pre-TFRS16) was flat YoY and -2% QoQ.
- **FY20 guidance:** With weak demand and continued price competition, revenue and EBITDA expect to decline at low-single-digit rate while CAPEX is approx. 35bn.

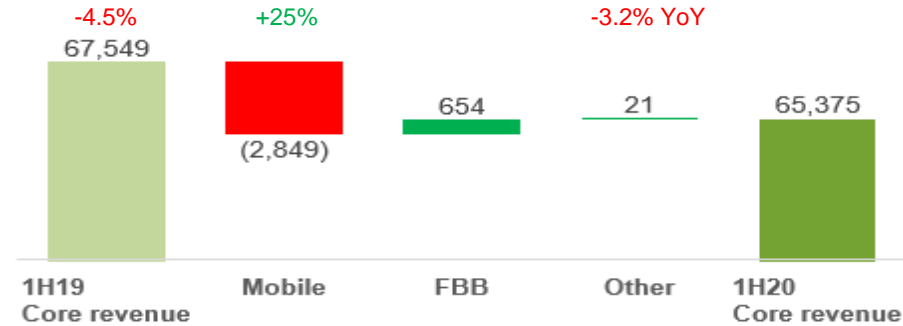
1H20 Performance:

COVID-19 impact to revenue offsetting with cost measures

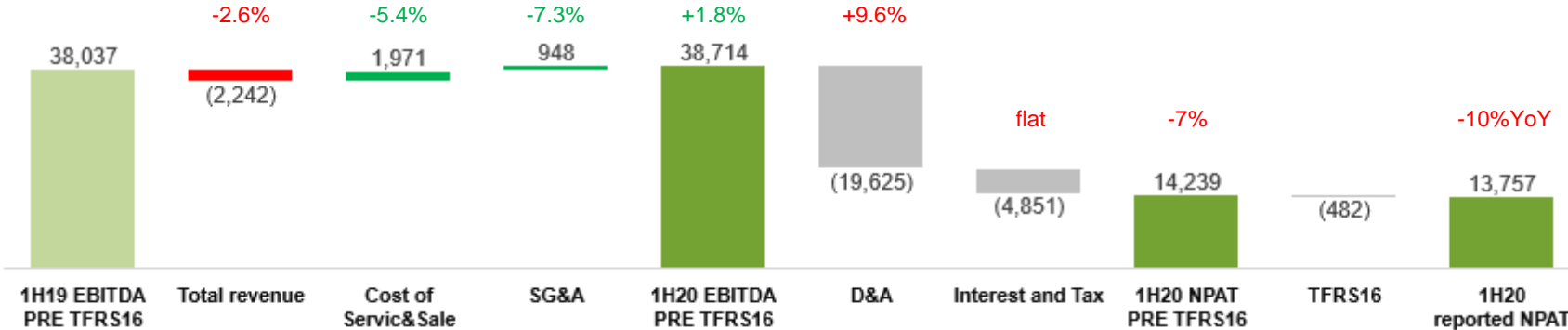
Revenue contribution



Core service revenue (Bt mn)



Profitability (Bt mn)



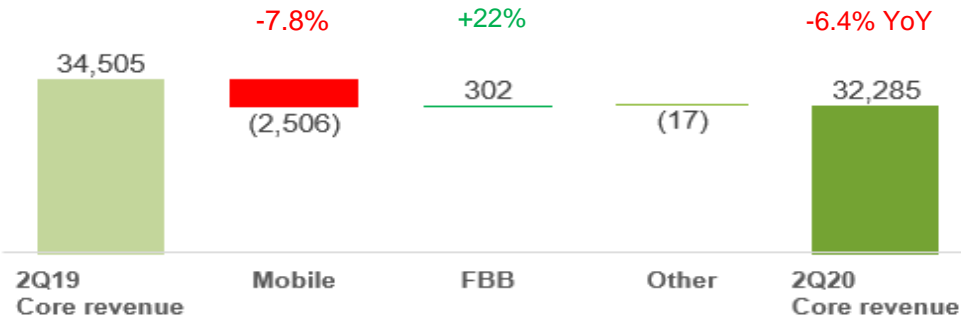
- **Core service revenue** affected by COVID-19 especially in mobile business while fixed broadband was the beneficiary stimulated by demand to work-from-home.
- **EBITDA** grew +1.8%YoY in the 1H20 amidst pandemic due to cost measures.
- **NPAT** -7%YoY as AIS continued to invest in network and spectrum for both 5G and 4G.

2Q20 Performance:

NPAT declined YoY from the pandemic but increasing QoQ from SG&A saving

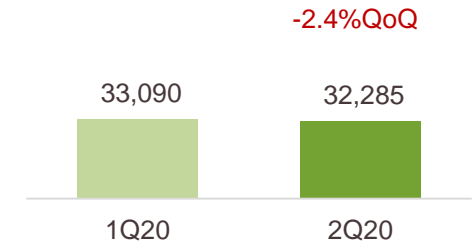


Core service revenue (Bt mn)

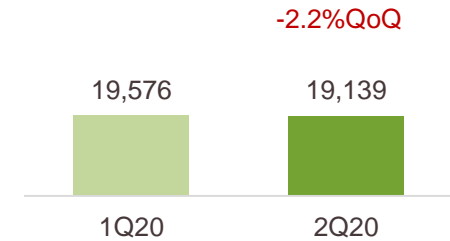


- **Core service revenue** impacted from lockdown to mobile business offset by growing demand on FBB resulted in decrease -6.4%YoY.
- **EBITDA** was flat YoY from decreased revenue offset by cost saving.
- **NPAT** -6.7%YoY from continued investment in new spectrum.

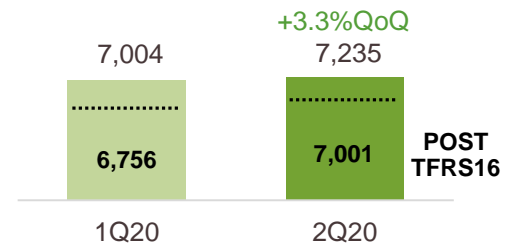
Core service revenue (Bt mn)



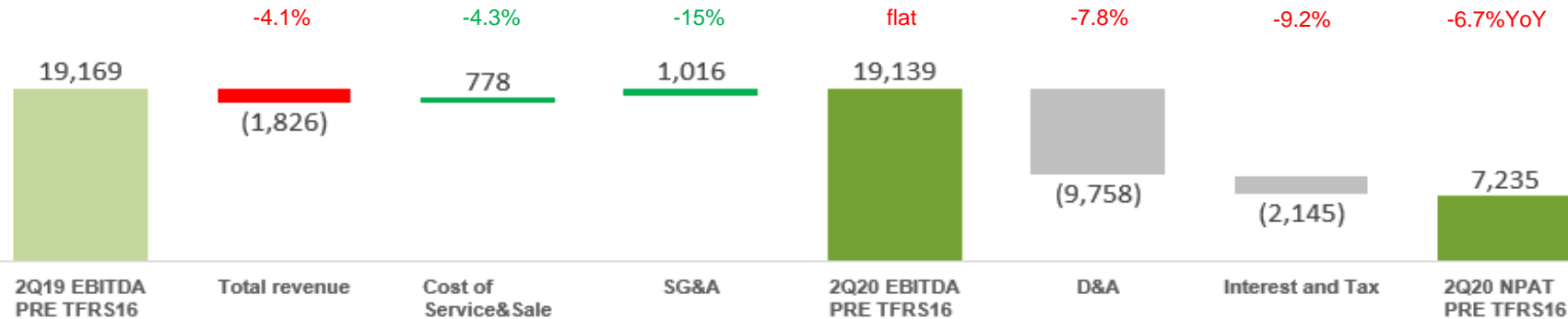
EBITDA (Bt mn) PRE TFRS16



NPAT (Bt mn) PRE TFRS16



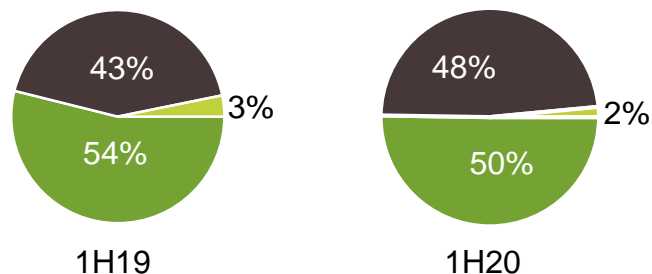
Profitability (Bt mn)



Mobile revenue impacted from lock down and competition

% Mobile Revenue Contribution

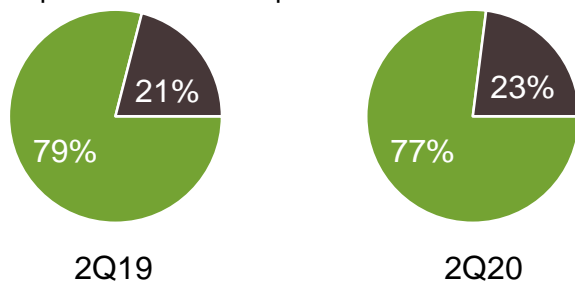
■ Prepaid ■ Postpaid ■ IR & IDD



- Lower IR& IDD contribution following lock down
- Postpaid revenue mix continued to expand

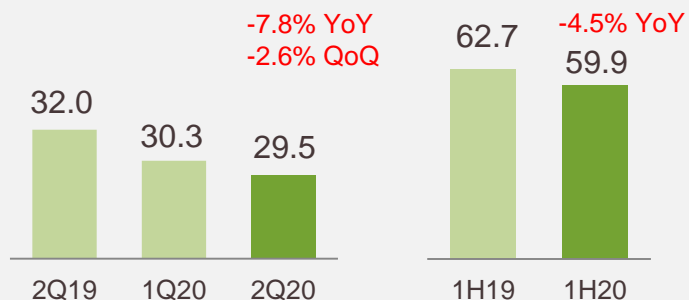
% Mobile Subscriber Contribution

■ Prepaid ■ Postpaid



- Pre-to-post migration has resulted in a larger proportion of postpaid subscribers from 21% in 2Q19 to 23% in 2Q20.

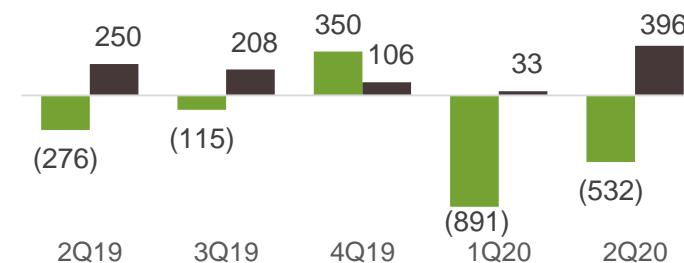
Mobile revenue (Bt bn)



- Mobile revenue was negatively affected by price competition and COVID-19 impact.
- Travelers segment revenue continued to decline due to international travel restriction.
- NBTC's mandate on free data and free voice in 2Q20 caused significant drop in top-up, while the compensation from NBTC partially covered.
- Postpaid revenue was able to withstand the pandemic from larger sub base.

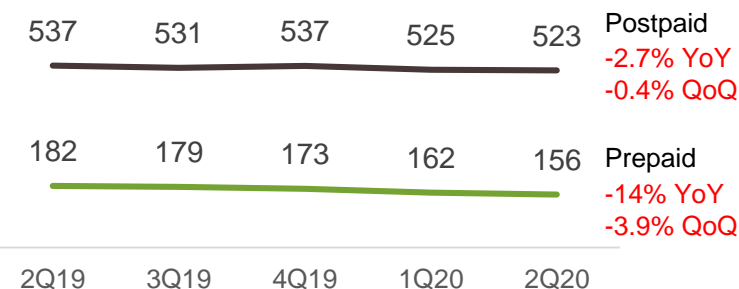
Net subscriber addition ('000)

■ Prepaid ■ Postpaid



- The decrease in prepaid subscribers resulted from tourist segment and weak consumption, while postpaid gained from migration from prepaid.

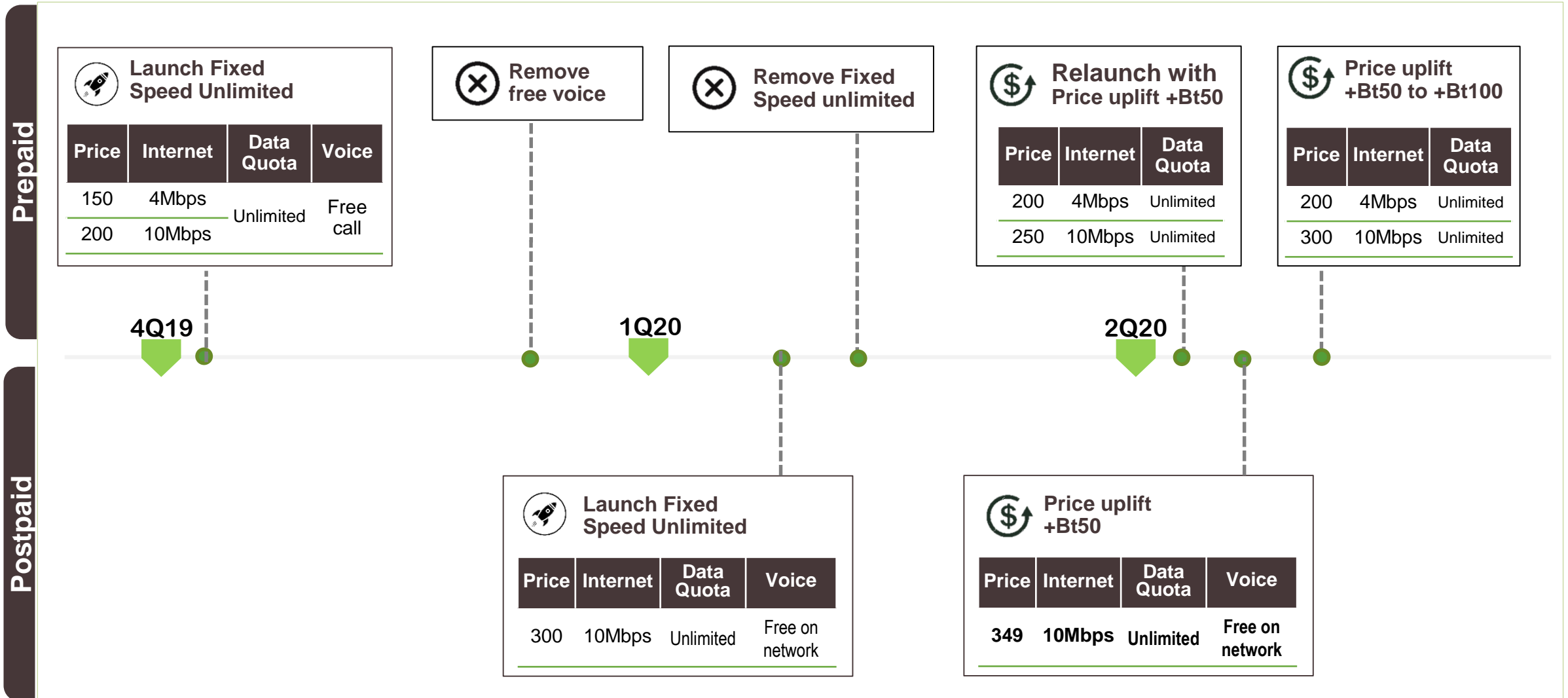
Mobile ARPU (Bt/sub/month)



- Declining trend ARPU from price competition and the effect of the NBTC's campaign

Mobile Fixed Speed Unlimited package industry's movement:

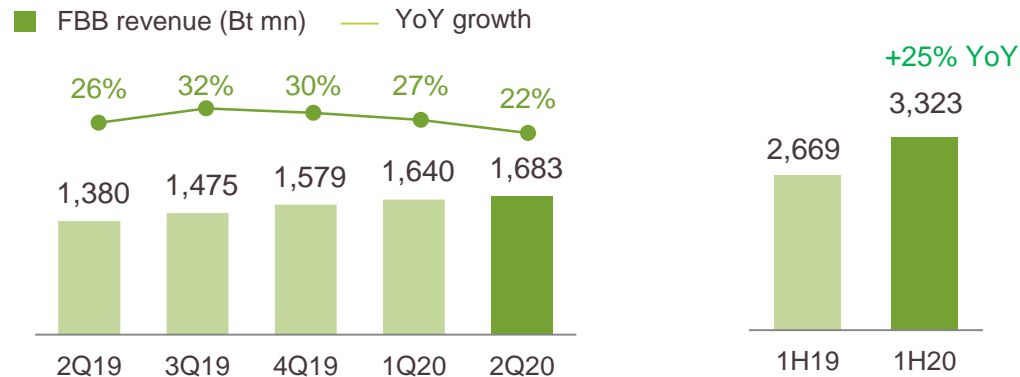
Attempted to uplift tariff for fixed speed unlimited data package in 1H20



High demand for fixed broadband from Work-from-home trend

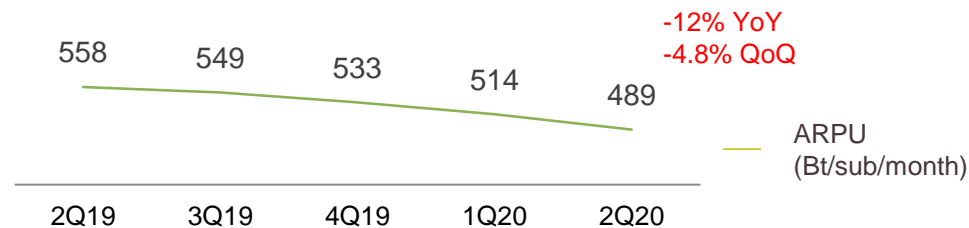
FBB had strong growth +20% YoY

Continued expansion of FBB revenue base



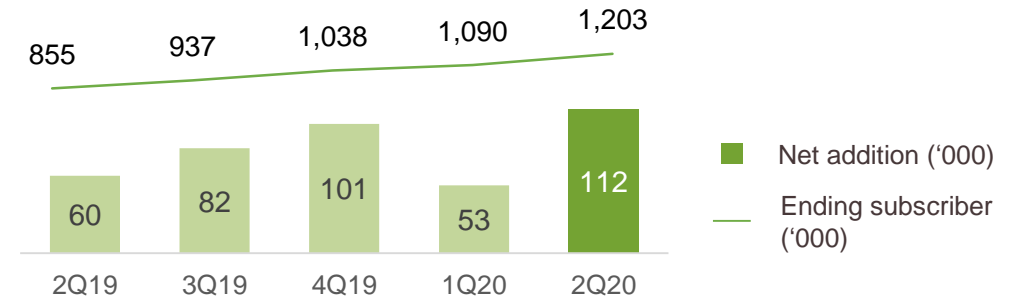
- FBB revenue was driven by subscriber gain offsetting lower ARPU due to price competition.

ARPU continued to decline from small package



- FBB ARPU continued downward trend as Work-from-home package at Bt399 for 100/100Mbps was dominating the FBB market.

Robust subscriber growth driven by Work-from-home trend



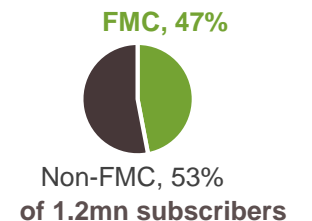
- FBB subscribers grew double-digit with 112k net addition in 2Q20, record high since inception from demand of Work-from-home

Geared toward long-term growth



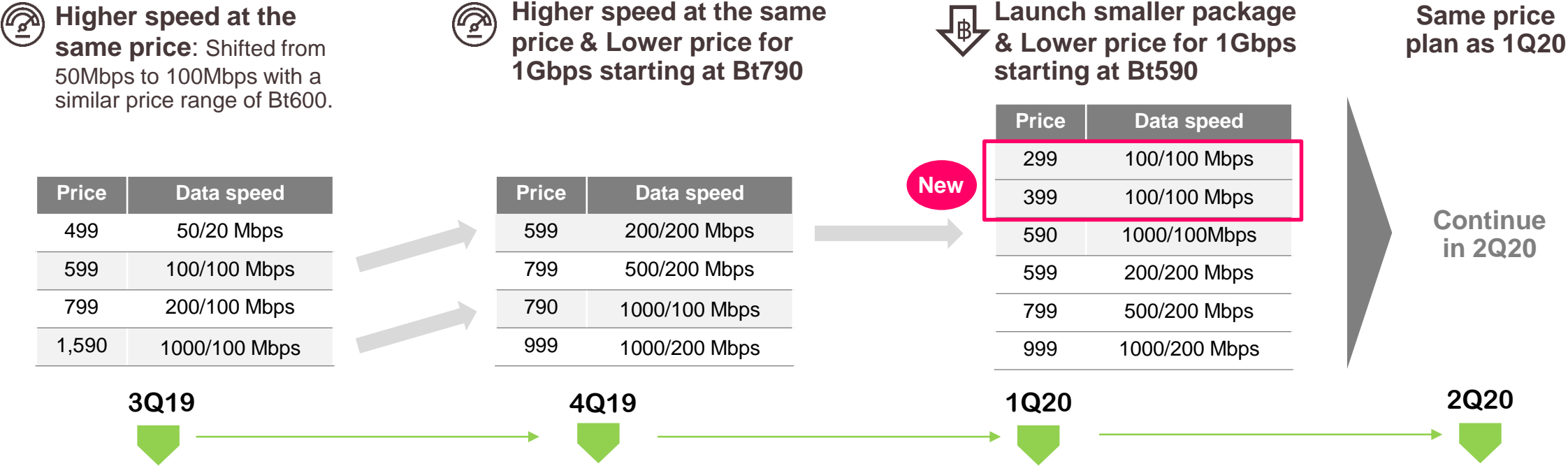
- AIS fibre expanded nationwide network coverage in **77 cities**.
- Cover **8mn** home-pass out of 22mn households in Thailand

- Gain market share with competitive fibre pricing
- Leverage mobile subscriber base with targeted offering



*FMC subscribers are FBB subscribers on bundling package with mobile service.

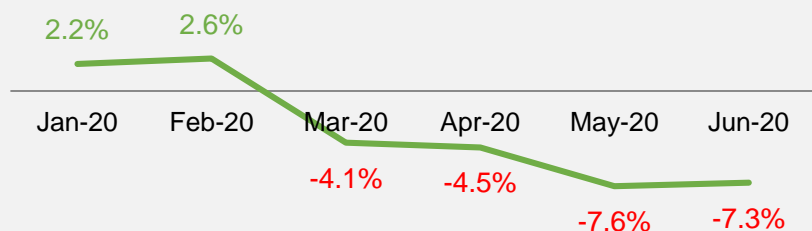
FBB market movement 3Q19 - 2Q20



COVID-19 impact on 2Q20

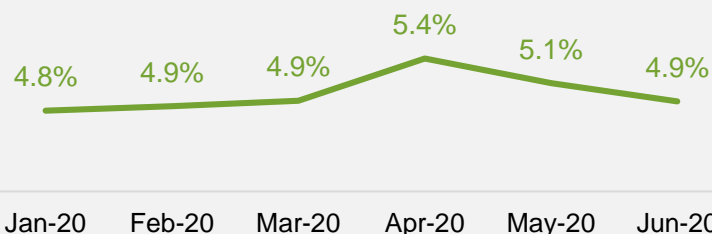
Ease of lockdown show improved trend in June

%YoY Service revenue



- Following ease of lockdown, revenue started to stabilize and June showed slight rebound 3.3% MoM.

%Bad debt provision to postpaid & FBB revenue

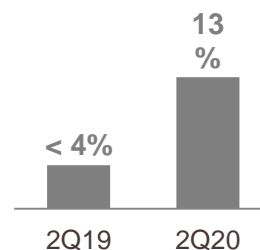


- After resuming collection process, % bad debt provision improved since May

Accelerated digital transformation

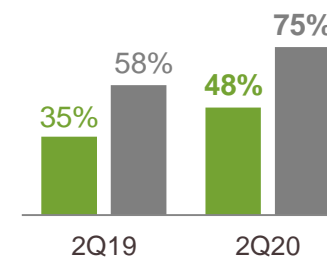
Moving toward online channel

Postpaid Subscriber acquisition via online



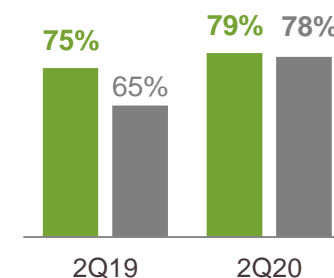
%Top up & Payment amount via online channel

■ Prepaid top-up
■ Postpaid bill payment



%Top up & Payment via self-service channel*

■ Prepaid top-up
■ Postpaid bill payment



*Self-service channel: online + machine

Expand active users on digital product and service platform



- Grew AIS Play user base with **2.3mn** active users
- Added attractive original content and acquire best premium contents

New launch in 2Q20

- 'beIN SPORTS' channel
- Device expansion to high-ended box, "Apple TV"
- Now available on SAMSUNG smart TV

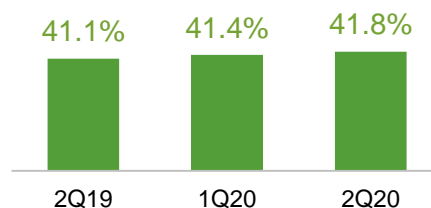


2Q20 Cost breakdown (Pre-TFRS16)

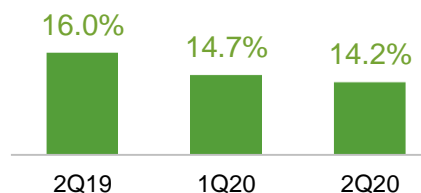
	2Q19	1Q20	2Q20	%YoY	%QoQ	
Cost of service	(20,170)	(20,385)	(20,439)	▲1.3%	▲0.3%	Increased mainly from network expansion
Regulatory fee	(1,462)	(1,409)	(1,281)	▼12%	▼9.1%	Dropped following core service revenue and one-time gain in 2Q20
Depreciation & Amortization	(8,896)	(9,712)	(9,606)	▲8.0%	▼1.1%	Decreased QoQ from fully amortized 3G equipment
Network OPEX & TOT partnership (gross)	(7,320)	(7,173)	(7,604)	▲3.9%	▲6.0%	Higher network OPEX
Network OPEX & TOT partnership (net of rev.)	(5,251)	(4,538)	(4,821)	▼8.2%	▲6.2%	Lower TOT rental cost but increasing QoQ from network expansion
Other costs of services	(2,492)	(2,090)	(1,948)	▼22%	▼6.8%	Lower prepaid commission
Cost of SIM and device sales	(6,709)	(6,419)	(6,372)	▼5.0%	▼0.7%	Dropped from lower device sales
SG&A	(7,047)	(6,288)	(6,021)	▼15%	▼4.2%	Lower marketing expenses and admin expenses
Marketing expense	(1,906)	(1,762)	(1,600)	▼16%	▼9.2%	Lower marketing activities during lock down
Admin and others	(5,141)	(4,526)	(4,421)	▼14%	▼2.3%	YoY reduction due to one-time provision for legal severance
Net foreign exchange gain (loss)	84	(422)	344	▲37%	▲182%	FX gain from Baht appreciation of CAPEX payable
Other income (expense)	91	271	129	▲42%	▼53%	Decreased QoQ from accrued expenses reversal in 1Q20
Finance cost	(1,194)	(1,201)	(1,194)	Flat	▼1.3%	Lower interest-bearing debt offset by higher deferred interest

Common size

Cost of service
(Net cost of TOT partnership)



SG&A



2020 Guidance

	FY2020	Rationale
Core service revenue	Low single digit decline	<ul style="list-style-type: none"> Revenue to rebound in 2H20, but still declining YOY from weak private consumption and pricing pressure Maintain mobile revenue market share with similar growth rate as industry
EBITDA	Low single digit decline	<ul style="list-style-type: none"> EBITDA growth in line with revenue growth from cost saving measures implemented
CAPEX *exclude spectrum	Approximately Bt35bn	<ul style="list-style-type: none"> Continue to invest for long term leading position



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