

(Translation)

AIS-CP 024/2018

20 August 2018

Subject: The Acquisition of 1800MHz License
 To: President
 The Stock Exchange of Thailand

Advanced Info Service Public Company Limited (the “Company”) would like to inform that Advanced Wireless Network Co., Ltd. (“AWN”), a 99.99% subsidiary of the Company is the winning bidder in the auction of 1800MHz spectrum license as announced by the National Broadcasting and Telecommunications Commission (“NBTC”) on 19 August 2018. The summary of 1800MHz spectrum license acquisition is as follows:

1. AWN is the winning bidder of the 1800MHz spectrum license with a bandwidth of 5MHz, covering 1740-1745MHz and paired with 1835-1840MHz, and a validation of 15 years. The total bid price was Baht 12,511 million. AWN is required to make spectrum license payments as follows:

Instalment	Payment Period	License payment (million baht)	
1	Within 90 days after receiving the official notification of auction result and submit a letter of bank guarantee for the remaining amount	50% of total bid price	6,255.50
2	2 years from the date of obtaining the license and submit a letter of bank guarantee for the remaining amount	25% of total bid price	3,127.75
3	3 years from the date of obtaining the license	25% of total bid price	3,127.75
	Total		12,511

Note: The bid price above excludes VAT.

As at the date of this disclosure, AWN is waiting for the official notification of the auction result from the NBTC. AWN will follow the procedure for license awarding within the period determined by the NBTC, including the preparation of the financial obligation. The source of fund will be from operating cash flow as well as borrowing. As of first half of 2018, the Company had net operating cash flow of Baht 31,193 million, total interest-bearing debt of Baht 102,832 million, and net debt to EBITDA ratio of 1.2 times, which show Company’s strong capital structure and room for debt capacity.

2. The added 5MHz of 1800MHz can be used with the existing 1800MHz network and equipment that the Company has invested. Also, combining with the existing 15MHz of 1800MHz, the Company will have a total contiguous 20MHz of 1800MHz. The expanded bandwidth is an alternative to investing in new base stations for capacity expansion, and therefore helps reduce future investment in network equipment in response to increasing mobile usage.
3. Rationale and benefits of 1800MHz license acquisition

Expand network capacity with accretive value

The financial evaluation has shown that acquiring 5MHz of 1800MHz would be the most economical use of capital to serve network capacity expansion for rising 4G demand. On the other hand, the 900MHz auction price and its post-auction contingencies would not yield the most benefit to the Company at this stage given the existing 10MHz of 900MHz spectrum already provides the coverage benefit.

Enhance customer experience with the most efficient bandwidth

Combining with the existing 15MHz of 1800MHz, the added 5MHz block will provide the Company a contiguous 20MHz bandwidth, the most efficient by technology standard to deliver 4G experience. This will uplift 4G speed by 15-30% across all 4G-compatible devices and hence strengthen the Company's leadership as a sole operator offering a full 20MHz-block of 4G in 1800MHz spectrum.

De-risk and open opportunity for future acquisition

While the industry continues to face regulatory changes, this acquisition would secure the Company's future in delivering quality service and improve competitive position. With 5G technology standard and spectrum decision approaching, the Company also ensures that the Company maintains the financial flexibility to capture future opportunities.

The acquisition of 1800MHz is considered the acquisition of assets with the transaction value according to value of consideration basis of 4.42% (based on consolidated financial statement as of 30 June 2018). The accumulation of the asset acquired during the past six months is 4.70%. Therefore, the transaction size is less than 15% and is not required for disclosure pursuant to the Notification of the Board of Governors of the Stock Exchange of Thailand Re: Disclosure of Information and Other Acts of Listed Companies Concerning the Acquisition and Disposition of Assets, 2004.

Please be informed accordingly,

Yours faithfully,

-Signed-

Mr. Somchai Lertsutiwong
Chief Executive Officer
Advanced Info Service Public Company Limited