2Q21 Financial Results

Advanced Info Service Plc.

4 August 2021

2Q21 Executive Summary

Prolonged economic impact from new phase of pandemic

- Despite of economic weakness from prolonged pandemic, service revenue was flat both QoQ and YoY.
- We continued to optimized cost while expanding 5G network which resulted in controlled cost of service and declined SGA. Reported NPAT was 7bn, +0.6%YoY and +6%QoQ. Excluding one-time items, normalized NPAT was 6.6bn, -5% YoY and flat QoQ.

Announced strategic partnership for Enterprise and VDO content

- Microsoft strategic partnership is part of our growth strategy in cloud service to widen our product suites and capabilities.
- Disney+ Hotstar is an exclusive partner in form of product offering and marketing to Thai population.

Focused on 5G leadership in network and customer value

- Our 5G network continued to expand and covered 25% of population
- We recorded over 1mn 5G subscribers, defining as those specifically signed up for the 5G package as they are willing to pay higher for a larger data plan; this resulted in the 10-15% ARPU uplift
- We expect more affordable models of 5G mobile devices, which should drive our 5G subscribers to 2mn, a renewed target.

Revised down full year guidance following the rising economic risk

- We revised down the FY21 revenue guidance to be flat or slightly decline and EBITDA to be flat.
- Our network capex remains between 25-30bn to ensure we invest for leadership both on network quality and customer perception
- We continue to focus on delivering fair profitability balancing between short- and long-term drivers while keeping our solid financial strength.

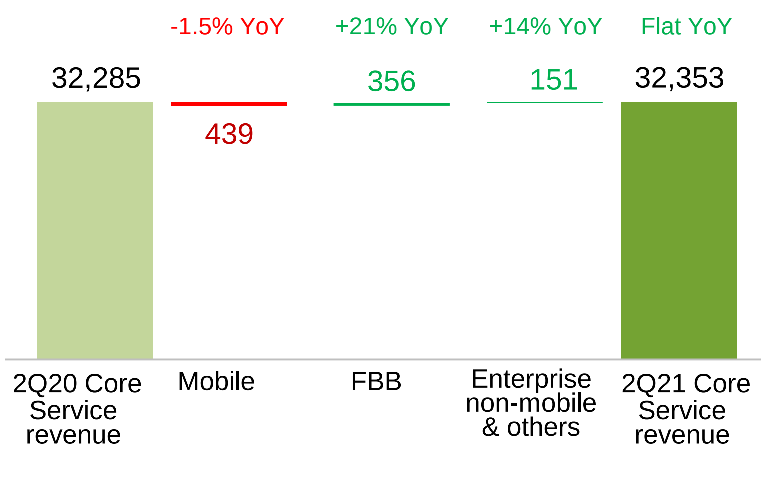
2021 Revised Guidance

FY21 guided items	Previous Guidance	Revised Guidance	Rationale
Core service revenue	Low-single digit growth	**Flat to slightly decline**	• Mobile revenue to continue under pressure due to weak consumer spending • Home broadband to maintain growth momentum and outpace the industry growth • Enterprise business is anticipated to continue delivering double digit growth
EBITDA	Low-single digit growth	**Flat**	• Focus on cost optimization for operation and SG&A
CAPEX *excluding spectrum	Bt25-30bn	**Bt25-30bn**	• 5G/4G network, FBB, digital and enterprise services • Build 5G leadership and 4G quality to deliver superior quality in selective are with high 5G device penetration • Focus on delivering 5G user experience, ensure good 5G coverage and expand 5G as penetration grows

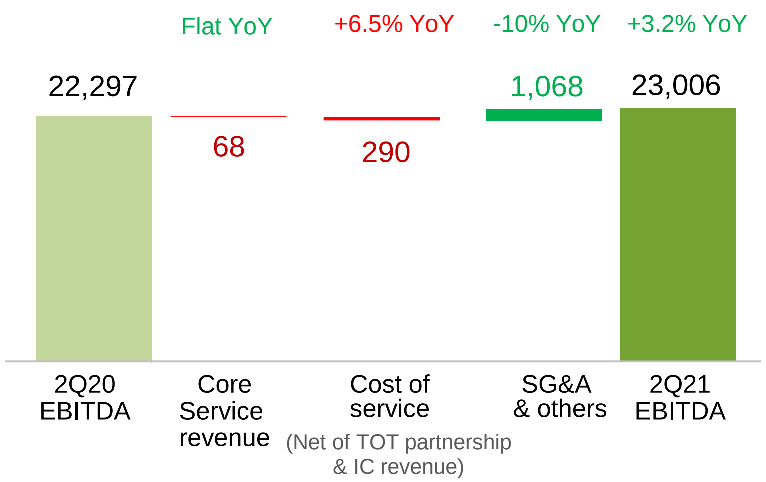
2Q21 Performance:

Despite of economic weakness, AIS delivered flat service revenue both QoQ & YoY

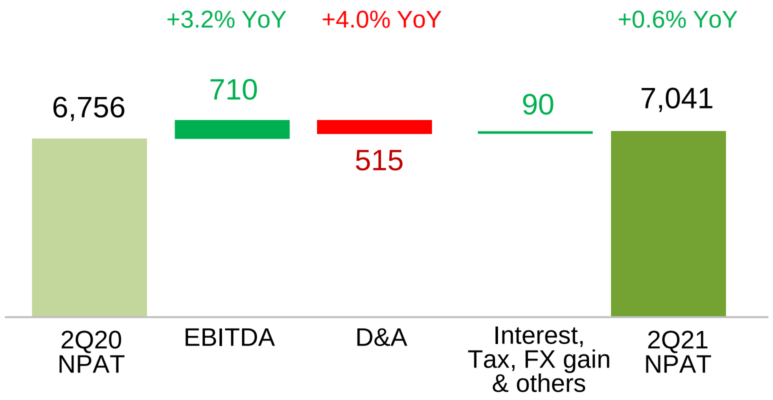
Core service revenue (Bt mn)



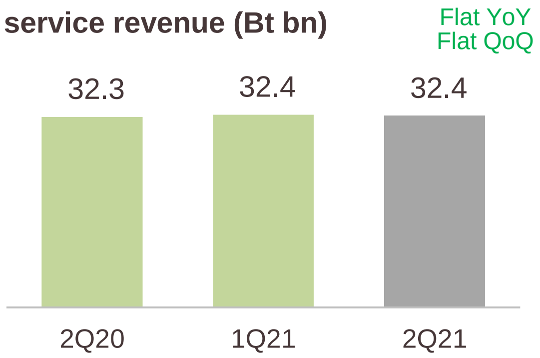
EBITDA (Bt mn)



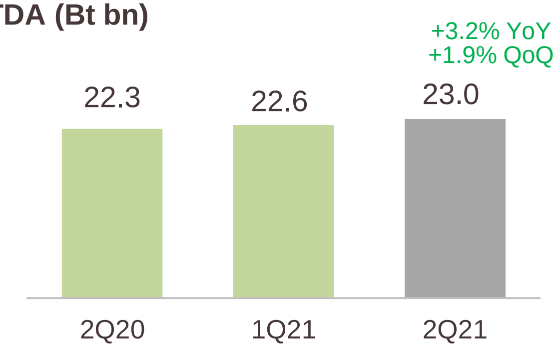
Reported NPAT (Bt mn)



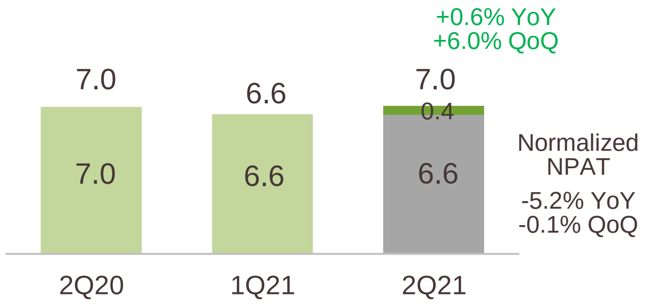
Core service revenue (Bt bn)



EBITDA (Bt bn)



NPAT (Bt bn)

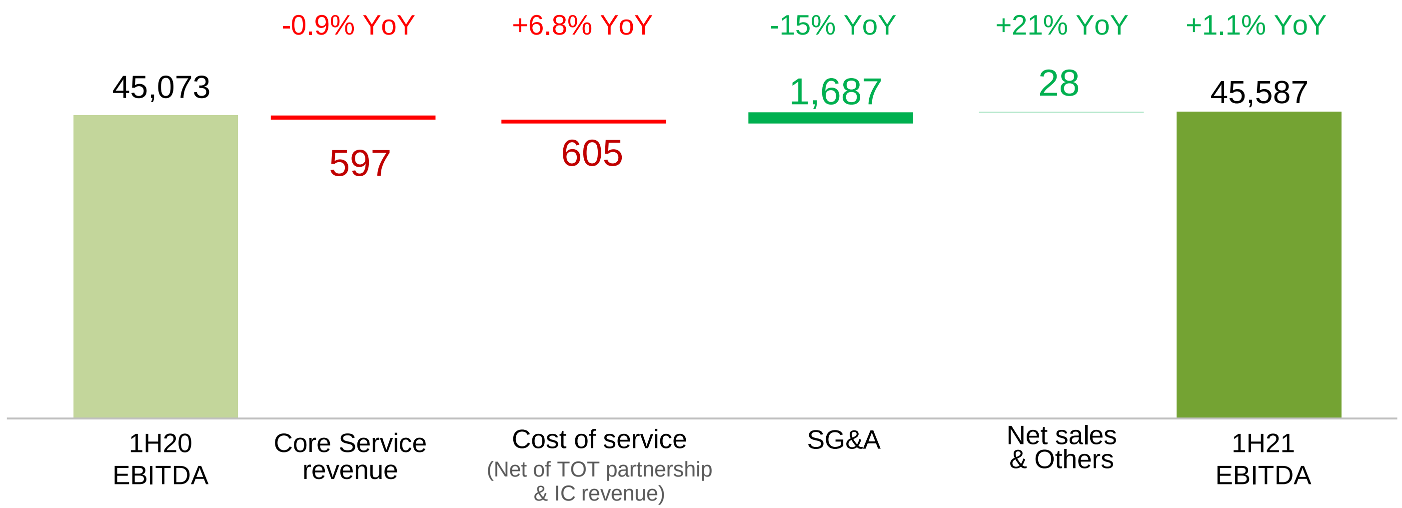


- **Core service revenue** was flat YoY and QoQ from a decrease in mobile revenue offset by solid growth in fixed broadband and enterprise segment.
- **EBITDA** increased YoY and QoQ due to weak core service revenue offset by continuous cost optimization
- **NPAT** improved both YoY and QoQ from one-time items in other income. Normalized net profit decreased 5.2% YoY from higher spectrum amortization but remained flat QoQ.

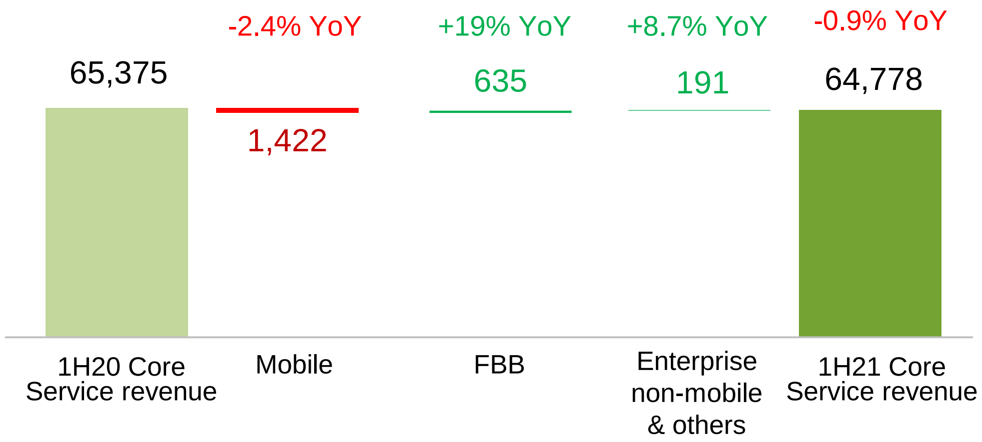
1H21 Performance:
COVID-19 impact to revenue mitigated by cost controls

- **EBITDA** increased despite soften core service revenue, offset by cost control in SG&A
- **NPAT** slightly dropped whereas **normalized NPAT** declined by 3.4% YoY from 700MHz & 26GHz license amortization

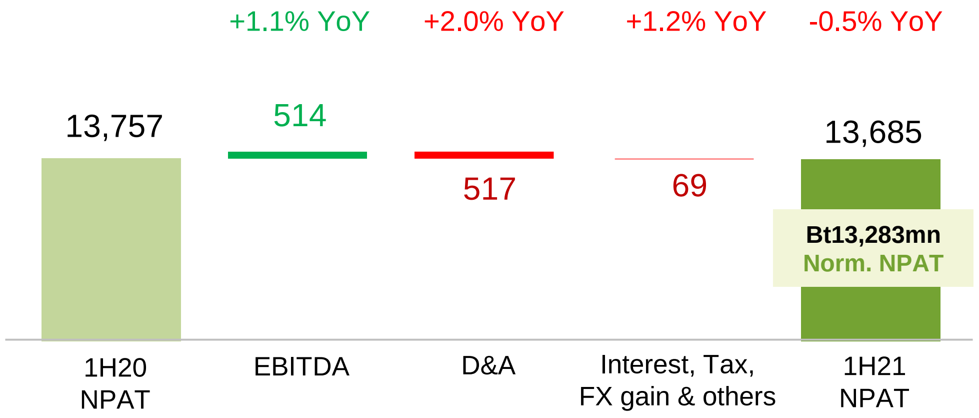
EBITDA (Bt mn)



Core service revenue (Bt mn)

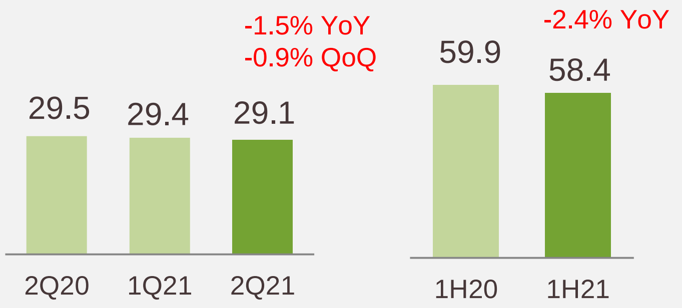


NPAT (Bt mn)



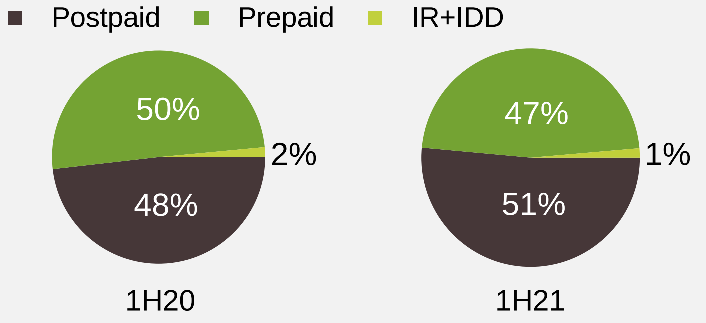
Mobile: Weak economy and pricing competition affected mobile revenue

Mobile revenue (Bt bn)



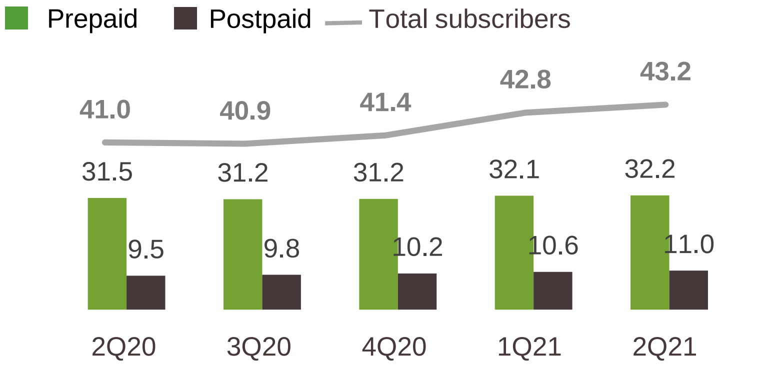
- Mobile revenue was negatively affected by price competition and weak consumer spending

% Mobile Revenue Contribution

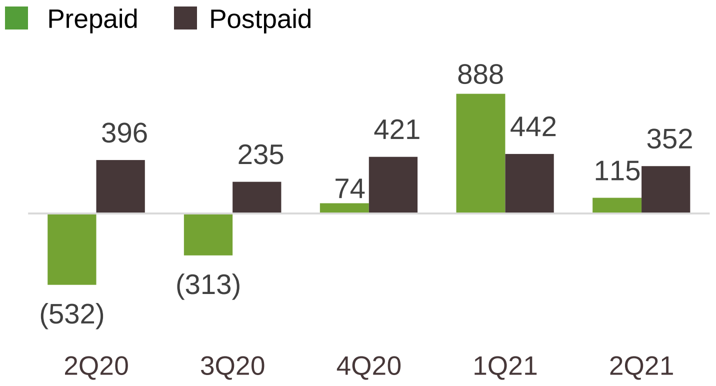


- Postpaid growth continued supported by pre-to-post migration

Total subscriber (mn)

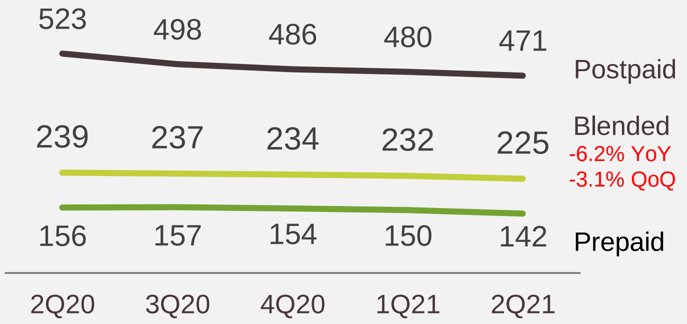


Net additional subscriber ('000)



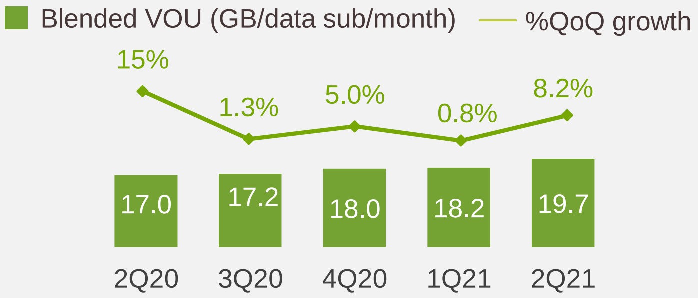
- Maintained strong postpaid acquisition underpinned by continuing migration from prepaid to postpaid
- Increase in prepaid segment from strong acquisition, partly offset by seasonal churns of one-time segmented SIMs.

Mobile ARPU (Bt/sub/month)



- Weak consumer spending and price competition on unlimited data plans continued to pressure ARPU

Data consumption



- Accelerated growth in data usage driven by new phase of pandemic

Enhance 5G leadership in network and customer value

Healthy 5G Momentum

Scaling 5G potential	**5G package subscribers** 1mn	**5G VOU** ▲30%
Monetization	**5G ARPU uplift** ▲10-15%	**5G ARPU** >Bt600

Value creation

Star Dating | Music | Education | Wellness | Travel

Provide most comprehensive content to capture targeted lifestyle and interests

Continue to invest for 5G leadership

77 provinces

>90% BKK (Population coverage)

EEC THE PRIME GATEWAY TO ASIA

>95% EEC area

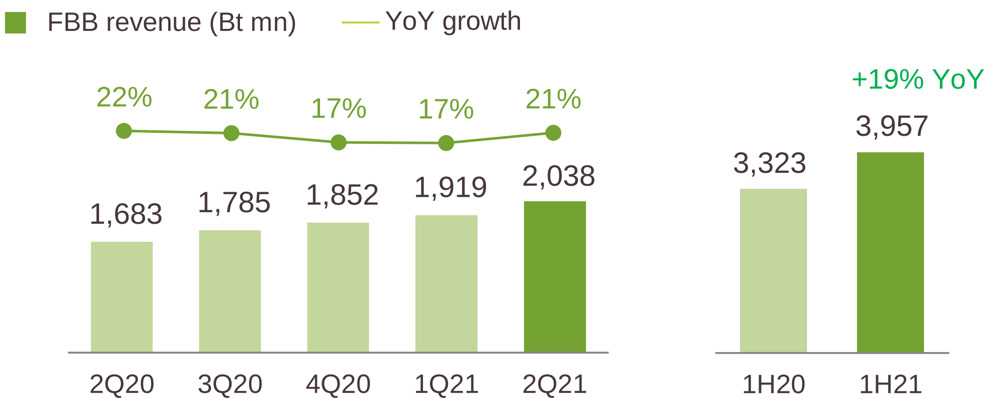
>25% Nationwide coverage (Population coverage)

5G Base station as of Jun-21

>6,700 sites

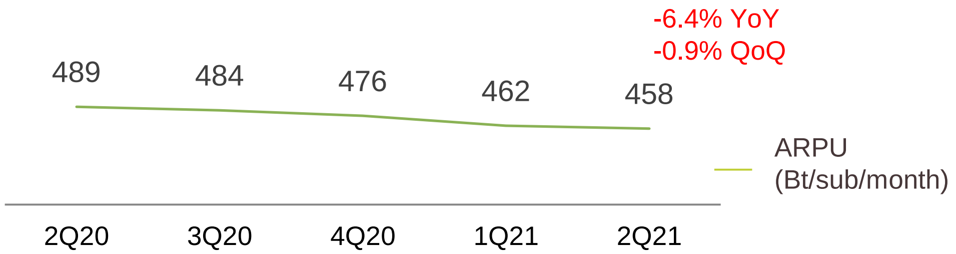
FBB: Solid demand continued driven by work from home

Despite soften ARPU, FBB continued to deliver high growth



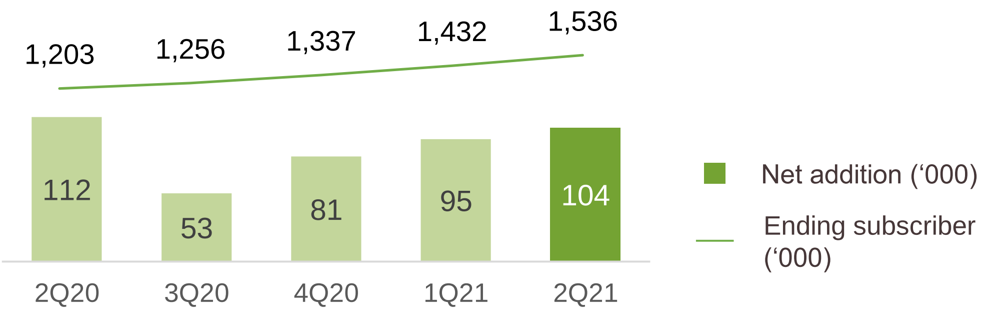
- FBB revenue was driven by subscriber gain offsetting lower ARPU due to price competition.

ARPU remained low from popularity toward low-price entry plan



- ARPU continued to decrease due to the popularity of a low-price plan at Bt399 for 200Mbps speed

Strong subscriber growth from high demand for Work-from-home



- Continue to deliver strong customer growth with 104k net addition in 2Q21

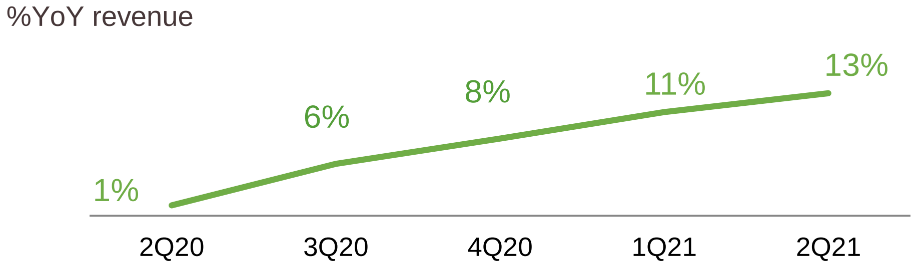
AIS Fibre places focus on positioning as superior service quality

- 24hr maintenance guarantee e.g. resolving problems, fast installation, and on-time arrival is positioning AIS Fibre as a superior service quality

COVID-19 & work from anywhere boost demand and accelerate enterprise services

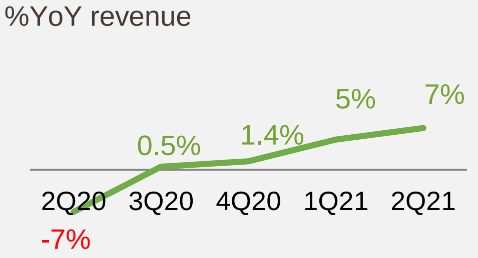
Enterprise business strongly grew amidst the new outbreak

Enterprise non-mobile revenue



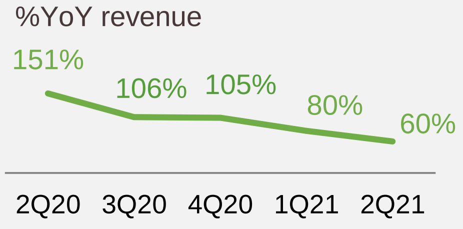
- non-mobile enterprise business grew due to increased demand for digital solutions e.g. Cloud, Cybersecurity and ICT solutions

Enterprise Data service (EDS)



- EDS revenue continued growth momentum after the corporate resuming their operation

Cloud, Data center and ICT solutions



- Cloud, Data center and ICT solution increased by double digits following products and service expansion strategy.

Announced strategic partnership with Microsoft

AIS 5G X Microsoft

Partnered with Microsoft to Bring together best-in-class network and cloud platform for consumers & enterprises

Network Partnership

- Strategic Partnership to bring global cloud to local (**Edge node**)
- Official Partnership of **ExpressRoute** Service for Microsoft Azure
- Official Partnership of **Edge Computing**

Solution Partner

- Official Microsoft **Cloud Solution Provider (CSP)** and Microsoft **Licensing Solution Partner (LSP)**

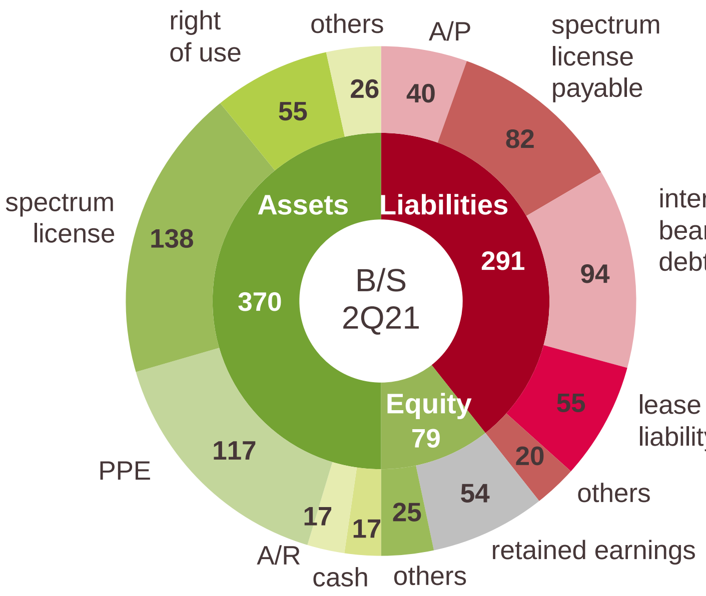
Advanced Specializations

- Fully support by **certified Microsoft experts** (Consult, Design, Migrate, Implement, Support)

Healthy Balance sheet and cash flow to support investment

Balance Sheet

(Bt bn)



0.8x
Net debt to EBITDA

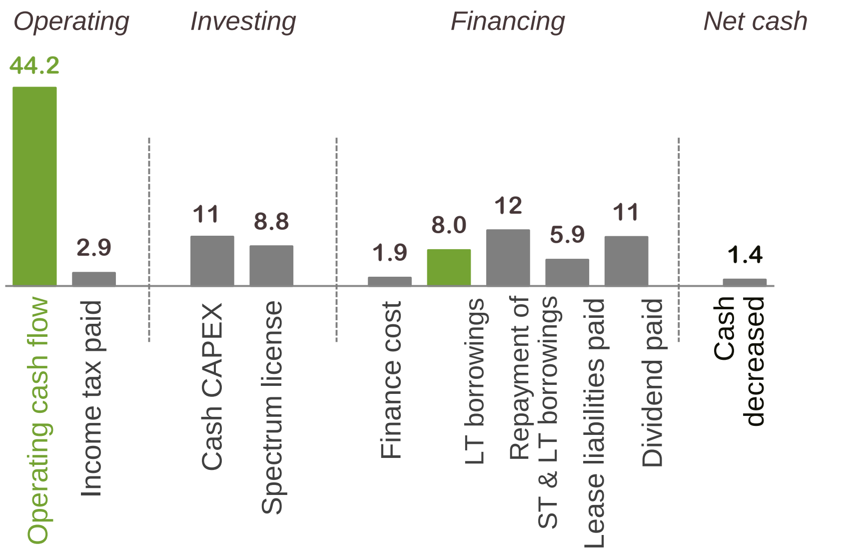
1.2x
Interest bearing debt to Equity

0.5x
Current ratio

36%
Return on Equity

1H21 Cash flow

(Bt bn)



Operating cash flow was healthy to support CAPEX, spectrum payment, and dividend

Investing cash flow was Bt20bn, including spectrum payment of Bt8.8bn

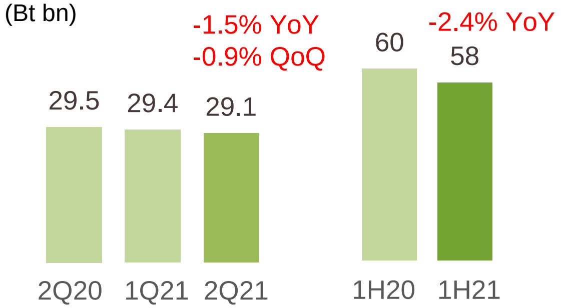
Average finance costs = 2.6% p.a.

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

APPENDIX

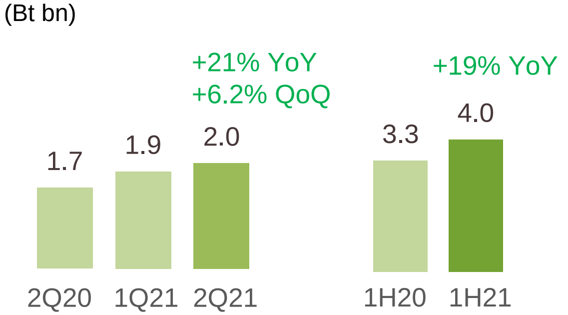
2Q21 & 1H21 Revenue breakdown

Mobile revenue



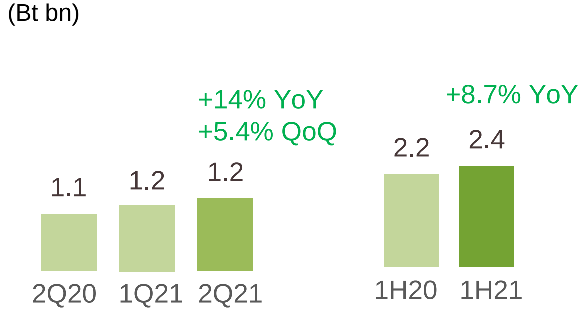
- Price competition and weak consumer spending have led mobile revenue to drop

Fixed broadband revenue



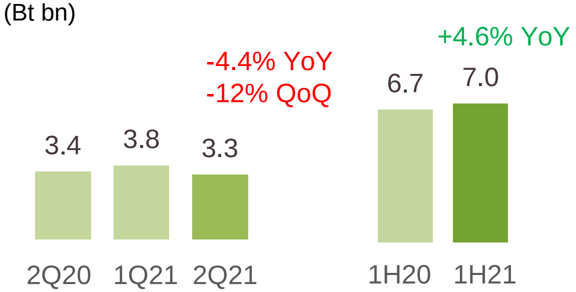
- Expanded subscriber base to 1.5mn while ARPU continued downward trend

Other service revenues



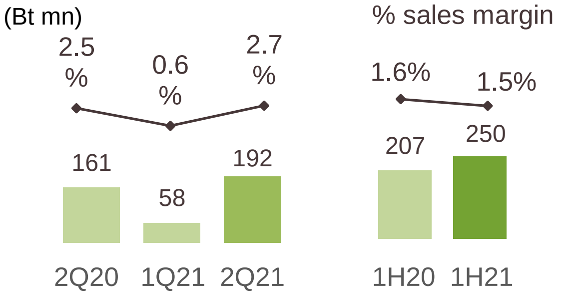
- Growth driven by increasing demand for Cloud, Data center and ICT solution following digital transformation trend

IC and TOT partnership



- Decreased YoY and QoQ following lower network traffic and IC revenue

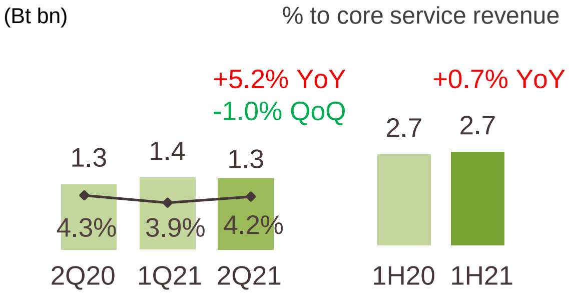
Net Sales & margin



- Sim & Device margin remained positive at +2.7% in 2Q21 due to more efficient subsidy

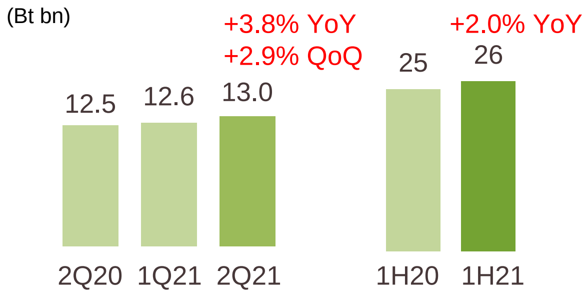
2Q21 & 1H21 Cost breakdown

Regulatory fee



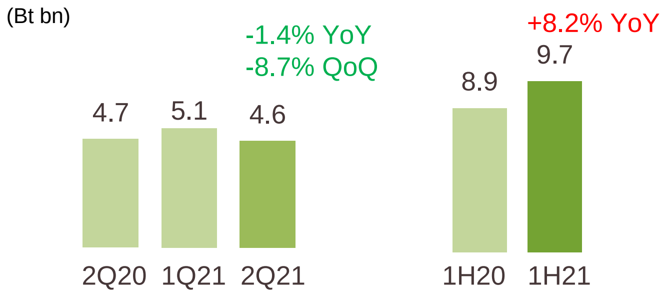
- Regulatory fee rose YoY from one-time USO fee reduction in 2Q20

D&A



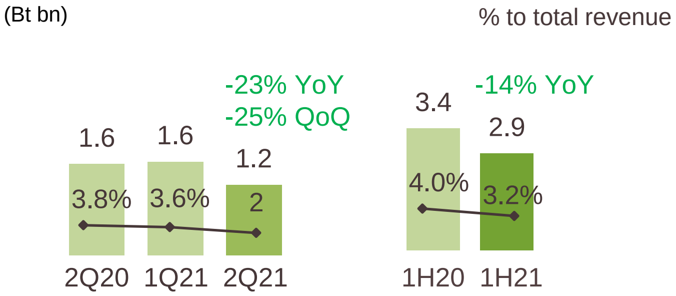
- D&A increased YoY from 700MHz spectrum license and 26GHz spectrum license acquired in 1H21

Network OPEX and TOT partnership



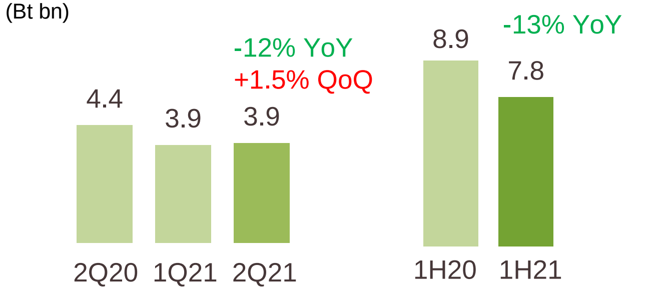
- Dropped YoY and QoQ mostly due to TOT partnership cost variable on usage

Marketing expense



- Dropped from lower marketing campaign and activities amid the pandemic

Admin & others



- Decreased YoY mainly from significant decline in bad debt provision

Contact us
IR website: http://investor.ais.co.th
Email: investor@ais.co.th
Tel: +662 029 3145