

# Advanced Info Service Plc.

## SingTel Investor Day 2014

Singapore, 3 June 2014



# AIS at glance



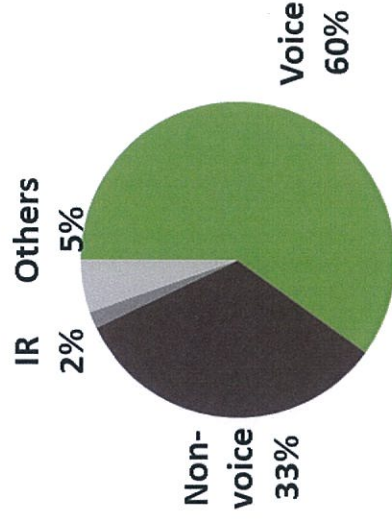
**No.1**

**mobile operator  
in Thailand**

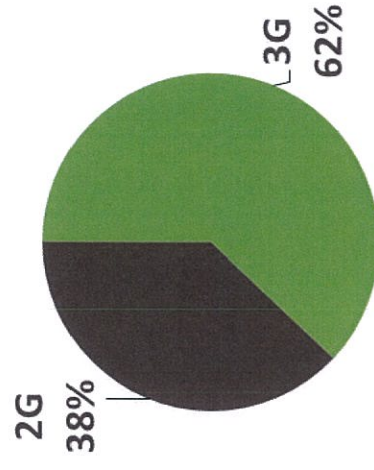
**42m users**

**52% revenue market share**

**26m 3G-2.1GHz users**



*Breakdown of Service Revenue*



*Breakdown of customers*

## Quick introduction

- Officially launched 3G-2.1GHz service in May-13 and expanded coverage to all 77 provinces with 90% population coverage under a 15-year license of 2x15MHz bandwidth.
- Provide nationwide 2G network on 900MHz under Built-Transfer-Operate contracts which will be expired in Sep-15.
- The 4G license auction is expected in Aug-14. The NBTC recently published the draft information memorandum on the 1800 MHz auction for public hearing expected in May-14. We managed to close down the GSM 1800MHz. The spectrum is ready to be handed back to the regulator for the upcoming auction.

# Deliver both growth & shareholder return

Transitional period of telecom industry



\*Apr-14, AVN, wholly owned by AIS, issued Bt16.6bn debenture. Including such item, net debt to equity stood at 0.45x.

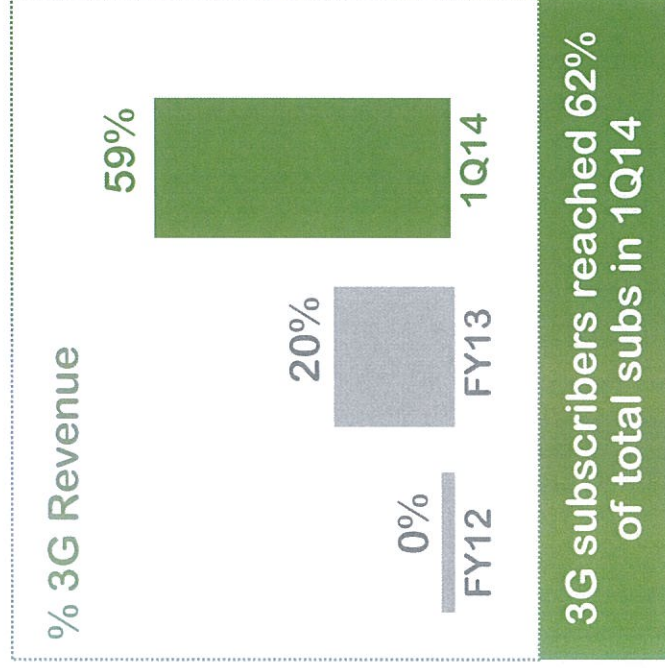
# Benefit from rising 3G adoption

## Regulatory fee saving

**20-30%** **vs** **5.25%**

Revenue sharing on 900/1800MHz  
BTO agreement

License fee on 2100MHz



## 3G Strategies

The best 3G network at competitive price

# To realized Regulatory fee saving on 3G-2.1GHz

Push

3G migration & subscription

Increase

3G handset adoption

7%



FY13

FY14

**ZERO**  
handset margin



| AIS 3G   |             | Performance 3G vs 2G |              | Performance 3G vs 2G |             |
|----------|-------------|----------------------|--------------|----------------------|-------------|
| Model    | Price (THB) | Speed (Mbps)         | Latency (ms) | Model                | Price (THB) |
| ZTE F266 | 1,200       | 3.1                  | 10           | ZTE F266             | 1,200       |
| HTC 7230 | 1,500       | 3.1                  | 10           | HTC 7230             | 1,500       |
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**Mid- to low-end**  
smartphone + package

- ↑ 700 direct sales
- ↑ Dealers' incentive
- ↑ Customer touch points
- AIS 3G centers
- Shop expansion & renovation

**Distribution channel**

## Updates 3G-2.1GHz Migration & Network expansion

| Population Coverage                                                                                                                                                                        | 3G to total subscribers                                                                                                  | 3G device penetration                                                                                                 |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------|
| <br>80%<br><br>FY13 | <br>40%<br>(16m)<br>FY13              | <br>50%<br>(8m)<br>FY13              |
| 90%<br><br>1Q14                                                                                        | 62%<br>(26m)<br>1Q14                                                                                                     | 46%<br>(12m)<br><br>1Q14            |
| 95%<br><br>Target<br>Mid-14                                                                            | 75%<br>(~32-33m)<br><br>Target<br>FY14 | 50%<br>(~16m)<br><br>Target<br>FY14 |

# Affordable 3G models lined up



**AIS 3G**  
**SUPER**  
**COMBO**

Black Series



**AIS LAVA 3.5"**  
Bt1,690



**AIS LAVA 4.0"**  
Bt2,390



**AIS LAVA 4.5"**  
Bt2,690



**Nokia X**  
Bt3,990



**Galaxy  
Pocket Neo**  
Bt2,690



**Acer  
Liquid Z3S**  
Bt2,590



**I-mobile  
I-STYLE 2.5**  
Bt2,990

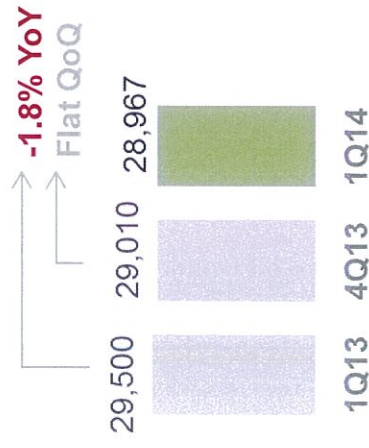


**Samsung  
Hero 3G**  
Bt1,390

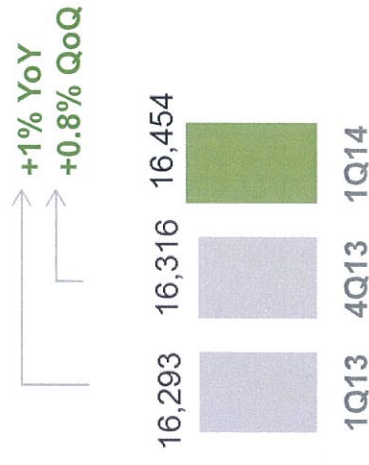
# 1Q14 financial highlight

(Unit: Bt mn)

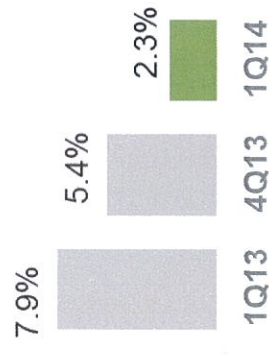
## Service revenue ex. IC



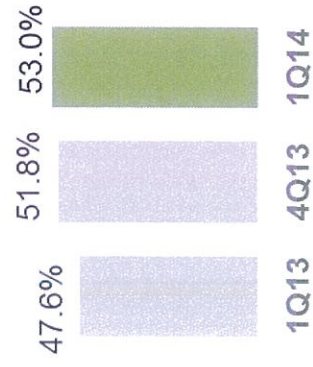
## EBITDA



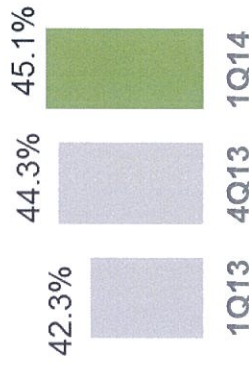
## Sales margin



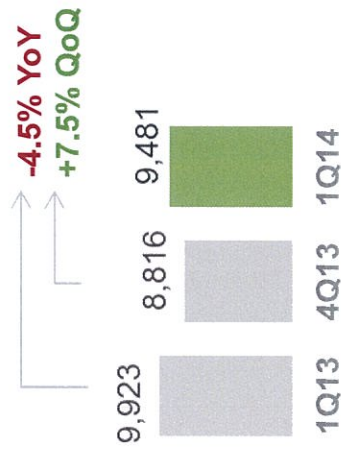
## % Service margin



## % EBITDA margin



## Net profit



## 2014 guidance (maintained)

**6 – 8%**

**Service revenue**  
(excluding IC)

- Contracted voice market
- Accelerated non-voice growth in 2H13

**75%**

**3G 2.1GHz subscribers**  
(50% using 3G devices)

**Flat**

**Consolidated**  
**EBITDA margin**

- Flat from FY13 at 43.4% due to zero handset strategy

**+300bps**

**Service margin**

- Increase 300bps from last year to 52%

**Bt40<sub>bn</sub>**

**FY14 CAPEX**

**18%**

**Depreciation**  
**& Amortization**

- 95% population coverage
  - 20k 3G BTS & additional small cells
  - Faster fiber optic rollout
  - AIS shop expansion & renovation
- Incl. network, license fee, and fixed asset in SG&A

# 4G auction timeline *Indicative draft*

**2014**

|           |                                   |
|-----------|-----------------------------------|
| April     | Draft Information Memorandum (IM) |
| May       | Public hearing                    |
| June      | Official IM                       |
| June      | Application submit                |
| July      | Announce prequalification bidders |
| August    | Auction                           |
| September | Announced winning bidder          |
| September | License award                     |

# Future growth

## 900/1800MHz BTO

### assets

- **1800MHz** for 4G LTE  
Expected auction in Aug-14
- **900MHz** to strengthen 3G  
Expected auction in Nov-14

## Wired-broadband

### services

- Target **DENSE** residential areas
- Leverage extensive nationwide **fiber** transmission
- Minimal investment in last mile extension

Capture potential growth in the future

# Appendix



# Depreciation & Amortization



Rising 3G investment will result in higher D&A but partly offset by lower 2G amortization



## Tier pricing – volume base

Fair usage policy: no real unlimited data offers

| Monthly fee  | Voice<br>(minutes) | Data                      | Throttling | Wifi      |
|--------------|--------------------|---------------------------|------------|-----------|
| <b>Bt299</b> | <b>100</b>         | <b>500MB</b><br>unlimited | 64Kbps     | unlimited |
| <b>Bt399</b> | <b>150</b>         | <b>750MB</b><br>unlimited | 64Kbps     | unlimited |
| <b>Bt599</b> | <b>300</b>         | <b>1.5GB</b><br>unlimited | 64Kbps     | unlimited |
| <b>Bt799</b> | <b>400</b>         | <b>2GB</b><br>unlimited   | 128Kbps    | unlimited |
| <b>Bt999</b> | <b>500</b>         | <b>3GB</b><br>unlimited   | 256Kbps    | unlimited |

# 3G device bundling promotions

For postpaid subscribers buying new 3G handset

## 50% package discount for 6 months



Low-ends  
smartphone

Mid-ends  
smartphone

High ends  
smartphone

| AIS 3G                 | get 50% discount |         |          |           | get 50% discount |         |          |           |
|------------------------|------------------|---------|----------|-----------|------------------|---------|----------|-----------|
|                        | Handset          | Package | Discount | Net Price | Handset          | Package | Discount | Net Price |
| iPhone 4s              | iPhone 4s        | 4GB     | 50%      | 14,900.-  | iPhone 4s        | 4GB     | 50%      | 14,900.-  |
|                        | iPhone 4s        | 8GB     | 50%      | 16,450.-  | iPhone 4s        | 8GB     | 50%      | 16,450.-  |
| Samsung Galaxy Grand 2 | Grand 2          | 4GB     | 50%      | 11,800.-  | Grand 2          | 4GB     | 50%      | 11,800.-  |
|                        | Grand 2          | 8GB     | 50%      | 13,350.-  | Grand 2          | 8GB     | 50%      | 13,350.-  |
| Samsung Galaxy Note 3  | Note 3           | 16GB    | 50%      | 23,500.-  | Note 3           | 16GB    | 50%      | 23,500.-  |
|                        | Note 3           | 32GB    | 50%      | 25,050.-  | Note 3           | 32GB    | 50%      | 25,050.-  |

~~Bt399~~  
**Bt199**

~~Bt599~~  
**Bt299**

~~Bt799~~  
**Bt399**

~~Bt999~~  
**Bt499**

## 3G handsets discount

Condition:

- subscribes monthly package
- pays 6 months package upfront fee

