Investor Presentation

Advanced Info Service Plc.

June 2019

Add AIS IR LINE@

Ticker: ADVANC (SET)
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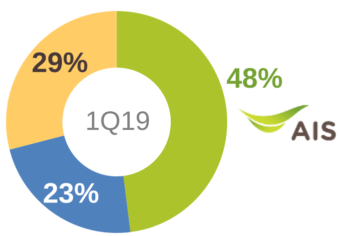
THAILAND SUSTAINABILITY INVESTMENT 2018

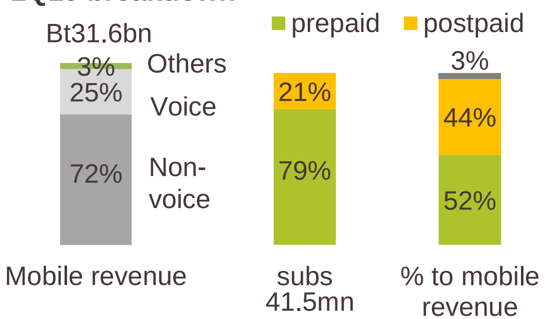
AIS: Digital Life Service Provider

Lead and digitally transform in "**Mobile**"

Mobile revenue market share

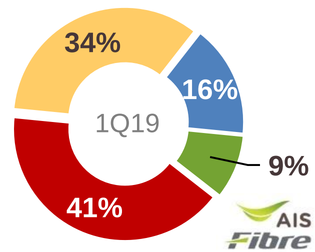


1Q19 breakdown



Grow stronger in "**Fixed broadband**"

Subscriber market share
(market size of approx. 8.7mn)



Source: Operators' reports

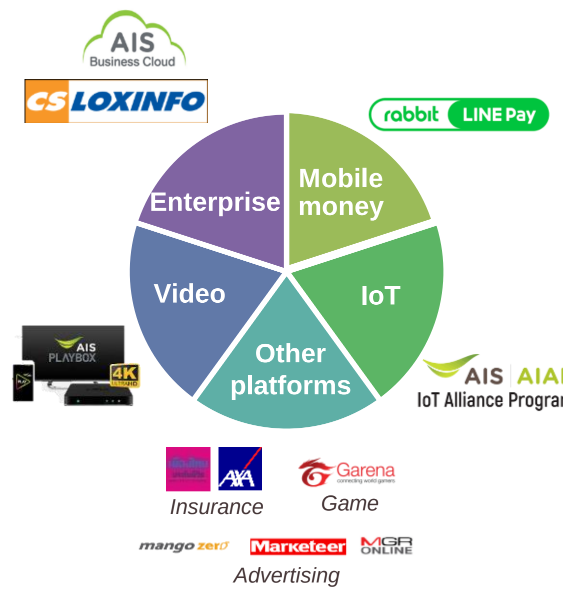
5th year of operation in 2019

covering **57 key cities** out of 77 provinces

expect to cover **7mn** homes passed out of total 21.5m

Partner to offer differentiated "**Digital service/platform**"

Focused on five key areas



Digital life service provider with convergence products

Mark leadership in mobile data

- Nationwide 4G/3G/2G coverage with focus on network quality
- Competitive in retaining both revenue and subscriber scale

Expand access and convergence to homes

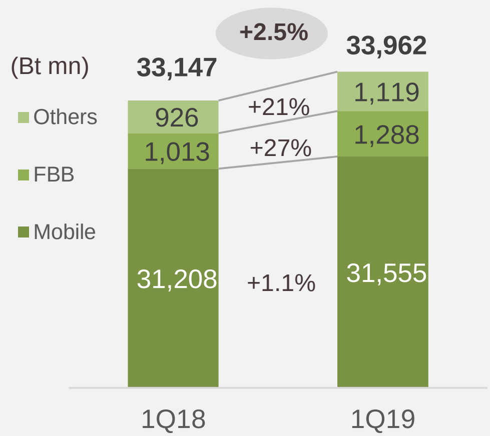
- Leverage existing nationwide fibre infrastructure
- Defensive value to core mobile business

Pursue long-term growth with integrated services

- Emphasize partnership & ecosystem
- Leverage the large sub base and telecom infrastructure

1Q19 Overview: Competitive in mobile while strongly grew in non-mobile

Core service revenue: grew 2.5% YoY driven by FBB and enterprise



Mobile

- Revenue **+1.1% YoY, +0.4% QoQ** while discontinuing fixed-speed unlimited subscriptions
- **322k net addition** with data consumption of **11.4 GB/month**

FBB

- Robust revenue growth of **+27% YoY, +6.3% QoQ** driven by **64.5k net addition**
- Focused on FMC and high-valued mobile customers

Digital services

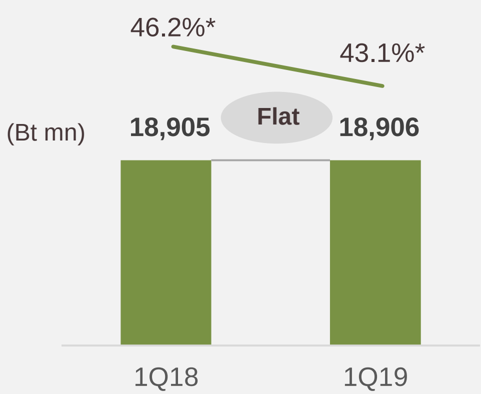
Enterprise:

- Maintained **high-single digit growth for FY19**, supported by end-to-end product proposition combined with CSL

Consumer:

- Established insurance broker company as point of online sale
- Made presence in eSports for future monetization

EBITDA and margin: continued cost control



Network OPEX (excl. TOT)

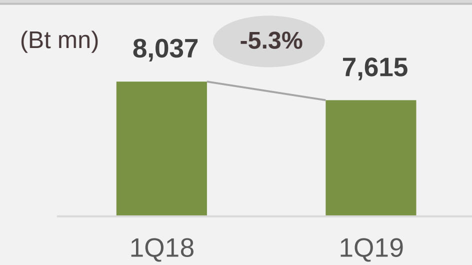
- **+10% YoY** from mobile & FBB expansion
- **-1.6% QoQ** from cost control

SG&A

- **+7.1% YoY** from ad. and handset campaigns
- **-2.6% QoQ** driven by lower ad.

**Normalizing impact from TOT partnership, margin would be 45.5% in 1Q19 vs 46.9% in 1Q18.*

Net profit: pressured by investments



- **-5.3% YoY** from network and license D&A
- **+11% QoQ** following improved EBITDA

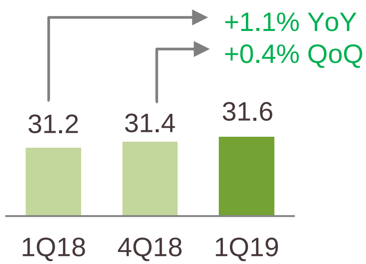
FY19 Pre-TFRS 15 Guidance (maintained)

FY19 guided items	Guidance	Rationale
Core service revenue	Mid-single digit growth	• Mobile: stay competitive in maintaining business scale driven by 4G and penetration in growing segments • FBB: deploy FMC (Fixed- Mobile Convergence) targeting 1mn subscribers milestone • Enterprise: gain share in mobile airtime and EDS while growing in Cloud/DC/ICT managed services
EBITDA margin	Stable from last year (43.4% in FY18)	• Allocate sufficient capital to retain and expand scale in respective businesses • Optimize OPEX, offset with cost to support network growth in all businesses
Budgeted CAPEX (excludes spectrum payment)	Bt20-25bn, of which Bt4-5bn allocated for FBB	• Focus on 4G capacity expansion incorporating 5G-compatible architecture • Expand last miles to serve 1mn FBB customers
Dividend policy	Minimum 70% payout ratio	• Preserve financial health and flexibility for future growth

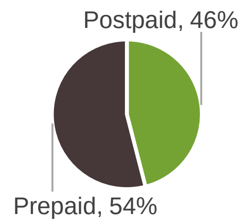
Mobile: Revenue grew softly from price competition

Revenue growth remained challenging

Mobile revenue (Bt bn)

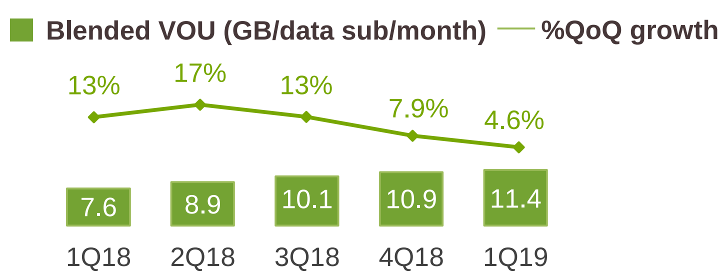


1Q19 Mobile revenue mix



Discontinued low/mid postpaid fixed-speed plans

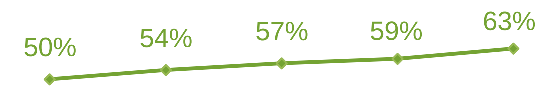
Old :	**Fixed-speed unlimited**	**Bt600**	6Mbps
New :	**Full 4G speed with limited data**	**Bt599**	14GB



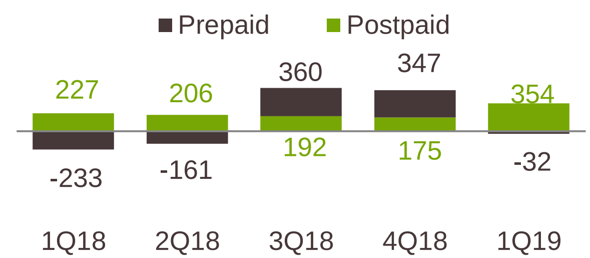
- Data consumption grew more reasonably following barring take-up of fixed-speed plans

Strong net addition while 4G penetration continued uptrend

4G Penetration on total base



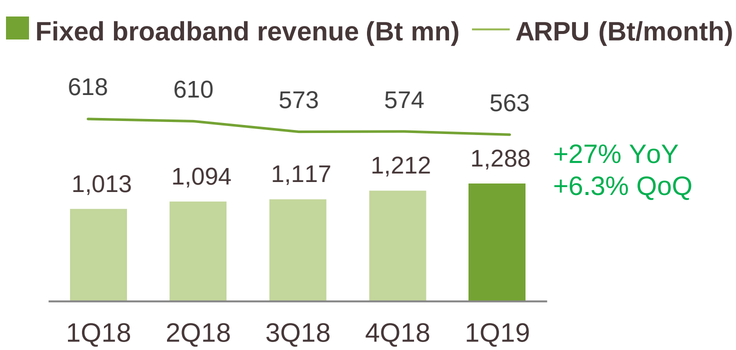
Net subscriber addition ('000)



- Maintained strong postpaid growth underpinned by demand for 4G and handset campaigns.
- Prepaid softened due to aggressive data plans in the market.
- Continued to gain improving awareness in teen/tourist segments

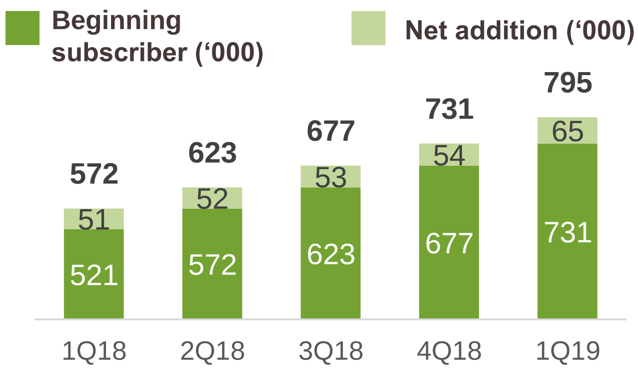
FBB: Competitively grew while focusing on FMC

Revenue remained healthy growth



- Maintained strong revenue growth but softened ARPU following FMC offering and price competition

Focused on quality acquisition



- Gained 65k subscribers in 1Q19, highest in 7 quarters

Guaranteed service quality for gamers

AIS eSports

- Separate network between **Gaming and Internet**
- Seamless connectivity and Low Latency
- **DL Speed = UL Speed** full efficiency

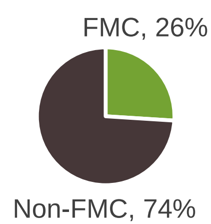
eSports Package

Bt790

- **For Home Use** 100/100Mbps
- **For Gaming** 100/100Mbps

Continued to offer FMC and ramped up operations

Of 795k subscribers



- Focused on cross selling convergence offerings

- Facilitated customers using online service via "**AIS Fiber Line Connect**"

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

Increased capabilities in enterprise segment

- Maintained target to achieve **high-single digit growth in FY19** for enterprise segment
- **Strategic cooperation with business partners**
  - Collaborated with China Unicom to provide local/international data connectivity
  - Pioneered with Provincial Electricity Authority to launch Solar Rooftop IoT solution
- **Established 5G Garage Innovation LAB**

- Cooperated with Faculty of Engineering, Chulalongkorn University, with the support from the NBTC to research and test 5G technology.

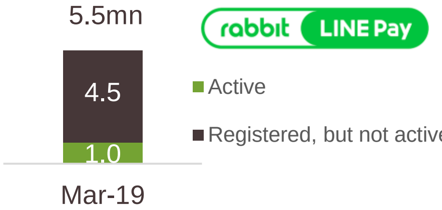
Strengthened engaging consumer platforms

1 Video

2mn active users (March-19)

- Debuted the first eSports channel in Thailand on AIS PLAY and AIS PLAYBOX

2 Mobile money



- Continued expanding sub base

3 Insurance

- Established an insurance broker company to be a point of online insurance sale

4 Advertisement

- Targeted advertisement on partner’s websites

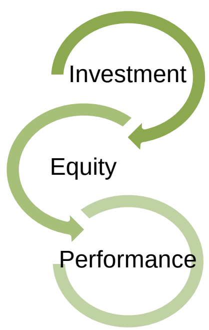
5 Games

- Made presence in “eSports” to support game ecosystem and further monetize

Continued highly-recognized in brand and customer engagement

Ranked World's Strongest Telecoms Brand

- Awarded "**World' Strongest Telecoms Brand**" by *Brand Finance* with a brand strength index (BSI) score of 90.0 out of 100, highest in 300 most valuable telecoms brands



- Measured by the efficacy of a brand's performance:
  - Marketing investment
  - Stakeholder equity
  - Business performance

- The only brand in the industry globally to post a **AAA+ rating**

Mark #1 in brand leadership

Most retweeted hashtags in 2018

- Received "**2018 Most engaged brands in Thailand**" from Twitter

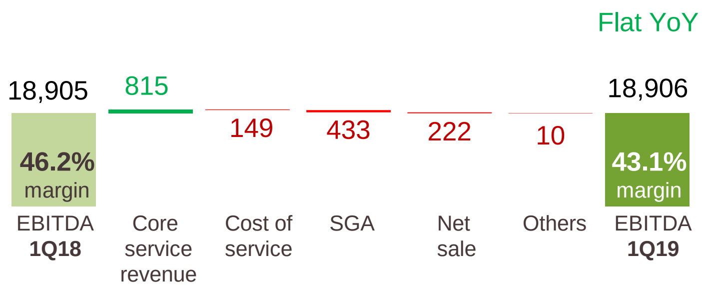
Engaged with digital users on social media

- **Best Brand Performance on Social Media, Social Media Platform** and **Media Campaigns** by Thailand Zocial Awards 2019

Ongoing cost management supported profit growth QoQ

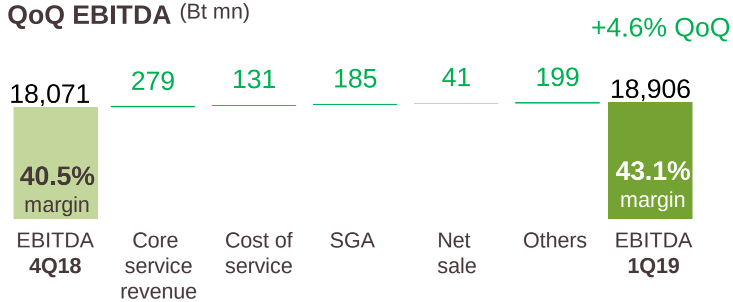
EBITDA and net profit gradually improved sequentially

YoY EBITDA (Bt mn)



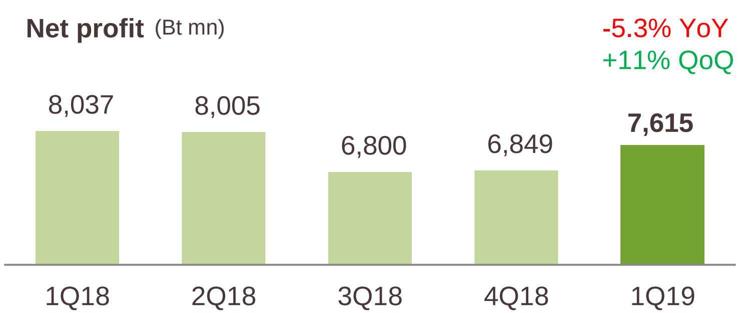
- YoY, EBITDA was stable mainly from higher network OPEX and localized marketing activities, offset by revenue improvement.

QoQ EBITDA (Bt mn)



- QoQ, EBITDA improved from slight revenue growth, optimized network OPEX, and lower advertisement.

Net profit (Bt mn)

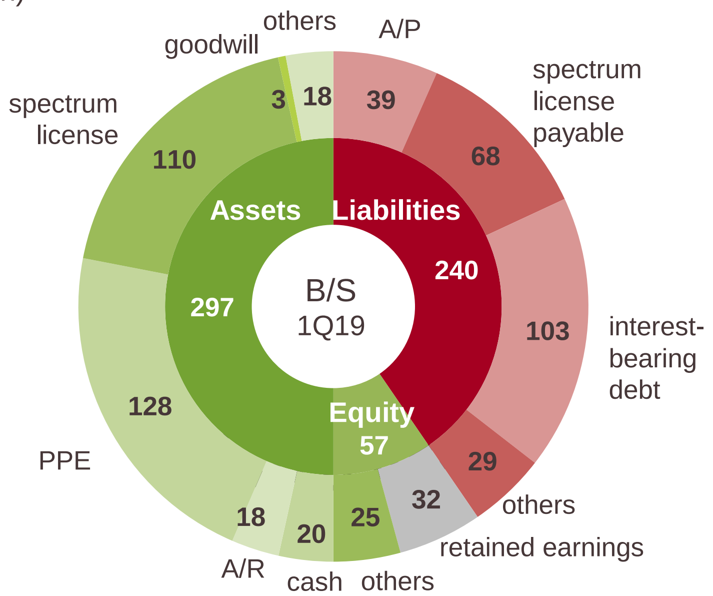


- Net profit remained pressured by mobile & FBB depreciation and license amortization, but trended better in past 3 quarters.

Maintained financial flexibility for future growth

Balance Sheet

(Bt bn)



1.1x
Net debt to EBITDA

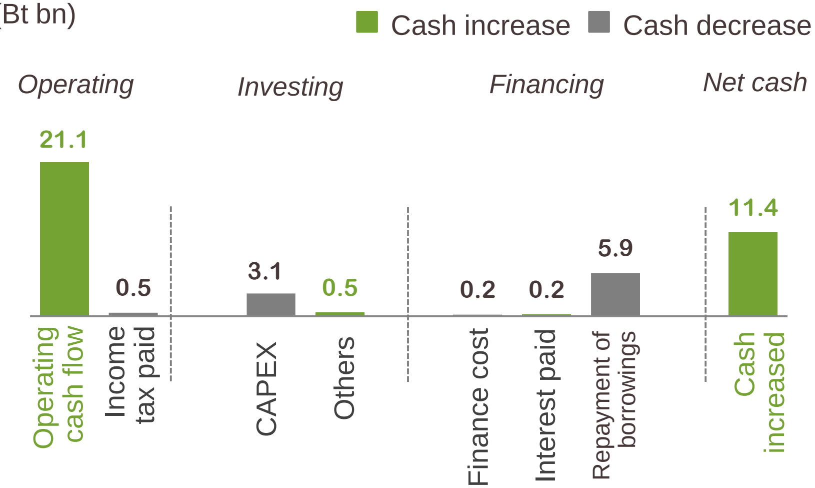
1.8x
Interest bearing debt to Equity

0.6x
Current ratio

53%
Return on Equity

1Q19 Cash flow

(Bt bn)



Operating cash flow in 1Q19 remained strong to support network investment and borrowing repayment

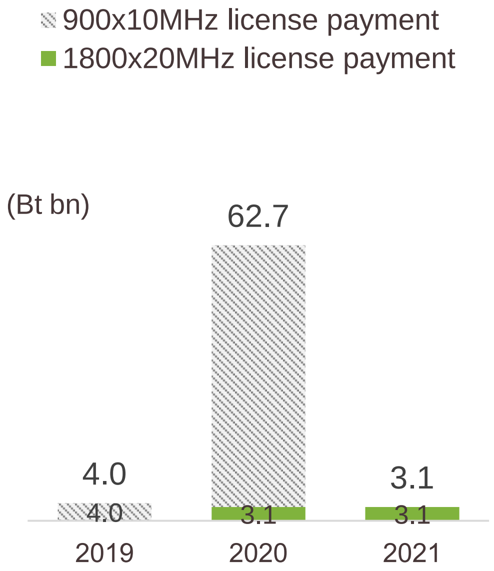
Investing cash flow was Bt3.1bn while FY19 CAPEX is maintained at Bt20-25bn

Average finance costs = 3.0% p.a.

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

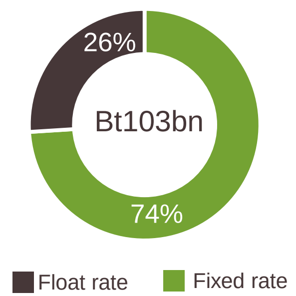
License payment and **debt repayment schedule**

Spectrum license payment schedule

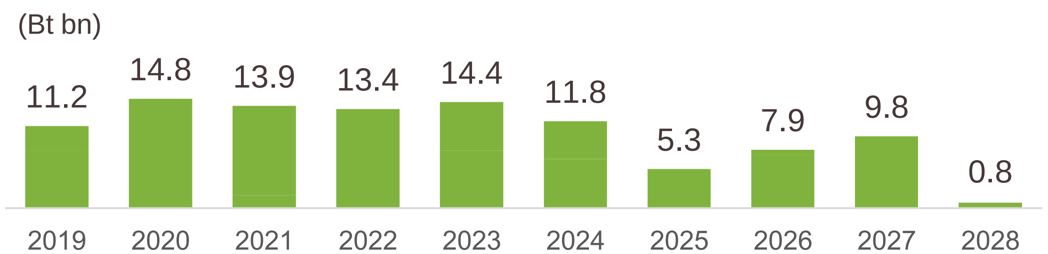


Total of **Bt70bn** toward 2021

Debt repayment Schedule



- All in THB currency
- S&P rating: BBB+
- Avg. cost of debt = 3.0% p.a.

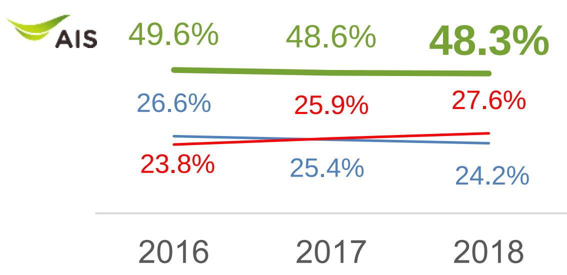


Total of **Bt103bn** toward 2028

APPENDIX

Mobile: Maintain leadership and stay competitive to retain scale

Revenue Market Share Trend



- **Retain business scale** in both subscriber and revenue
- **Optimize and digitize** operation

Branding

- Aim to be the brand for **digital population**

Offering

- Gain fair share in prepaid via **segmentation** and postpaid via **CVM**

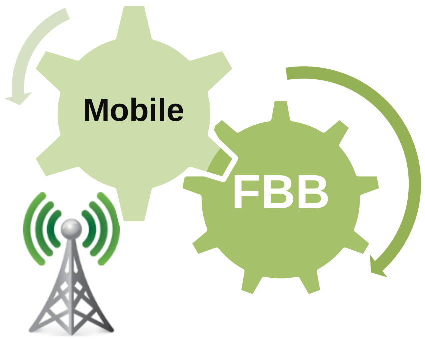
Network Investment

- Ensure effective use of **spectrum** and **future-proof** investment

Customer Management

- Revamp **points and privileges**
- Implement **predictive models**

FBB: Focus on FMC to win homes



FMC
Fixed Mobile Convergence

CVM
Customer Value Management

- 2019 target: **1mn** subscribers
- Move to **ARPH (average revenue per household)**

Investment

- Investment of **Bt4-5bn per annum**
- **70% of investment** occurs when customer request to connect
- **Target to drive revenue** and profitability growth over mid to long term

Growth strategies

- Deploy **FMC and CVM** to drive customer base and total customer value
- **Cross sell** with targeted mobile subscriber base
- **Acquisition focus** in selected segments and targeted area
- Utilize strength of **pull channels** to gain quality subscribers
- Ensure **end-to-end service** quality

Digital Service: New strategic offerings in both consumer and enterprise

Consumer

: Leverage and enhance customer base via partner platform

- Game
- Insurance
- Mobile wallet
- Video
- Advertisement
- Other related services

41M customers

+ Others

Enterprise

: Integrated services of Telecom-ICT-Digital

Products

- Telco services
  - Mobile
  - Data network
- ICT services
  - Cloud
  - DC/ICT Solutions
- Digital service
  - IoT
  - Cyber security

Capabilities

AWN+CSL

Partners

+

Drive quick learning curve

Mobile

FBB

Digital Service

1Q19 Financial Highlights

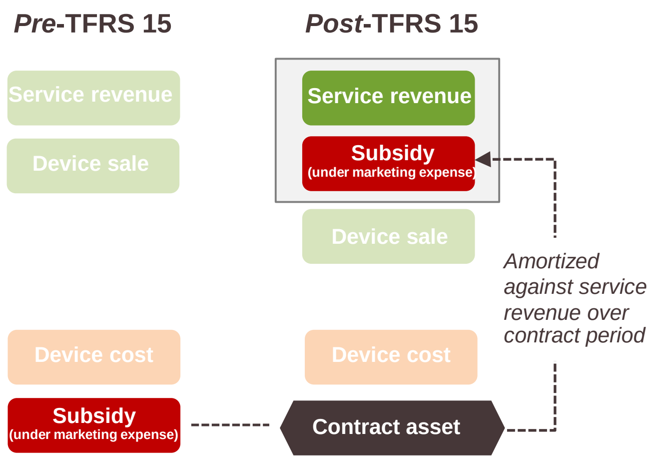
	Pre-TFRS 15					Post-TFRS 15	Amount difference
Bt mn	**1Q18**	**4Q18**	**1Q19**	**%YoY**	**%QoQ**	**1Q19**	
Mobile revenue[1)]	31,208	31,426	31,555	▲1.1%	▲0.4%	30,678	(878)
FBB revenue	1,013	1,212	1,288	▲27%	▲6.3%	1,288	-
Other revenues[1)]	926	1,045	1,119	▲21%	▲7.0%	1,078	(40)
Core service revenue	**33,147**	**33,683**	**33,962**	▲2.5%	▲0.8%	**33,044**	(918)
IC and equipment rental	1,418	3,202	2,995	▲111%	▼6.5%	2,995	-
Service revenue	**34,565**	**36,885**	**36,957**	▲6.9%	▲0.2%	**36,039**	(918)
SIM and device sales	6,368	7,699	6,867	▲7.8%	▼11%	7,222	355
Total revenue	**40,933**	**44,584**	**43,824**	▲7.1%	▼1.7%	**43,262**	(563)
Cost of service	(17,281)	(20,383)	(19,817)	▲15%	▼2.8%	(19,817)	-
SG&A	(6,336)	(6,968)	(6,786)	▲7.1%	▼2.6%	(6,262)	(524)
EBITDA	**18,905**	**18,071**	**18,906**	flat	▲4.6%	**18,868**	(39)
EBIT	10,826	9,152	10,059	▼7.1%	▲9.9%	10,021	(39)
NPAT	**8,037**	**6,839**	**7,615**	▼5.3%	▲11%	**7,570**	(45)
Sales margin	-1.1%	-4.3%	-4.2%	▼310bps	▲8bps	0.9%	
EBITDA margin	46.2%	40.5%	43.1%	▼300bps	▲260bps	43.6%	
EBIT margin	26.4%	20.5%	23.0%	▼350bps	▲240bps	23.2%	
NPAT margin	19.6%	15.3%	17.4%	▼230bps	▲200bps	17.5%	

[1)] Reclassified some revenues from content in FY18 previously booked under other service revenue to mobile revenue

Impact from TFRS 15 adoption

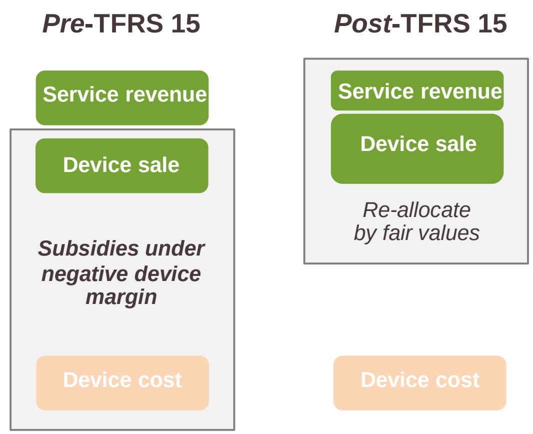
Subsidy Contract Type I

- Subsidy booked in marketing expense is capitalized as contract asset and amortized against service revenue over the contract
- Results in lower service revenue and lower marketing expense



Subsidy Contract Type II

- Subsidy booked as negative device margin requires a re-allocate between service and device revenues by fair values
- Results in lower service revenue and higher device sale



Net impact between Pre-TFRS 15 and Post-TFRS 15 for 1Q19

Profit and Loss

- **Service revenue**: *-918mn*
- **Device sale**: *+355mn*
- **SG&A**: *-524mn*

Balance Sheet

- **Contract asset**: *+1,639mn*
- **DTA**: *-328mn*
- **Retained earnings**: *+1,311mn*

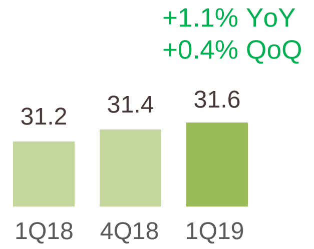
Cash Flow

- **Cash flow**: *No impact*

1Q19 Revenue Breakdown

Mobile revenue*

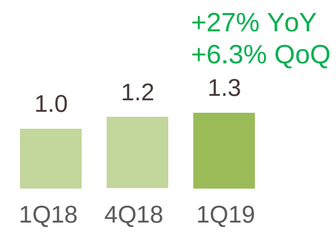
(Bt bn)



- Driven by postpaid segment and improving subscriber trend with total net addition of 322k in 1Q19.

Fixed broadband revenue

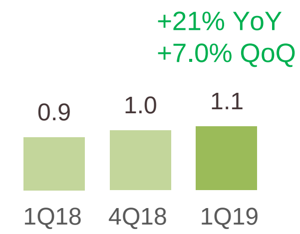
(Bt bn)



- Expanded subscriber base to 791k following 7mn homes passed in 57 key cities

Other revenues*

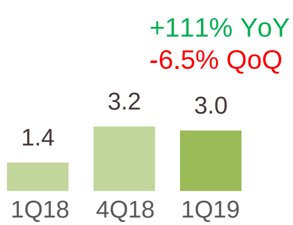
(Bt bn)



- Growth in enterprise sales and acquisition of CSL in Feb-18.

IC and equipment rental

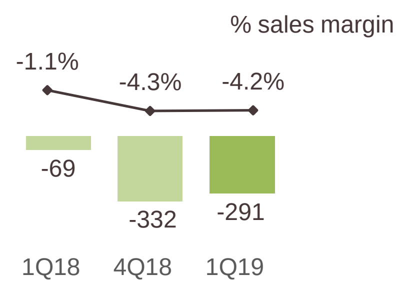
(Bt bn)



- YoY increased from equipment rental from partnership with TOT. QoQ, declined from lower IC revenue.

Net Sales & margin

(Bt mn)



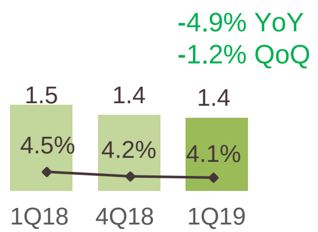
- Continued handset campaigns

*Reclassified some revenues from content in FY18 previously booked under other service revenue to mobile revenue

1Q19 Cost Breakdown

Regulatory fee

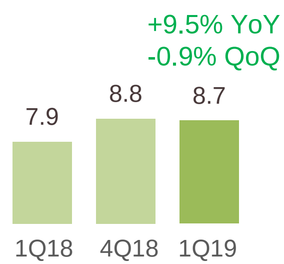
(Bt bn) % to core service revenue



- Regulatory fee to core service revenue remained at 4.1%

D&A

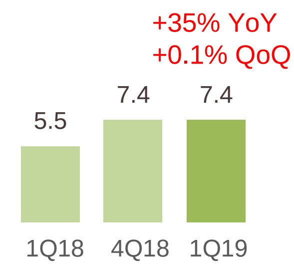
(Bt bn)



- Increased YoY from investment in network as well as new 1800MHz license

Network OPEX

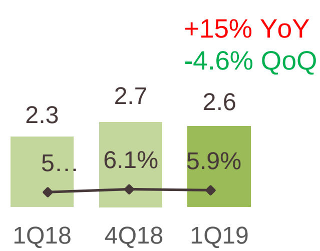
(Bt bn)



- YoY increased mainly from TOT partnership. Normalized network OPEX would grow 10% YoY but drop 1.6% QoQ.

Marketing expense

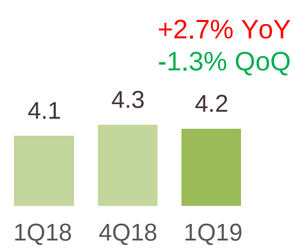
(Bt bn) % to total revenue



- Rose YoY from advertisement and low spending level in 1Q18 but dropped QoQ due to lower advertisement.

Administrative & others

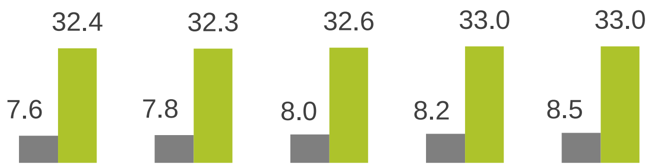
(Bt bn)



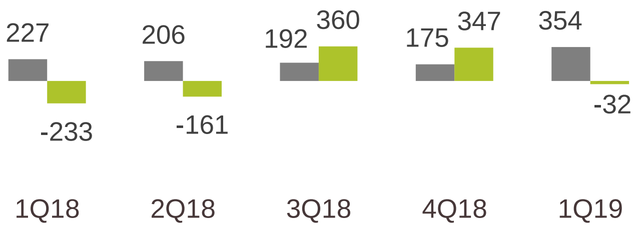
- Increased 2.7% YoY but declined 1.3% QoQ mainly due to staff cost.

Mobile: net addition continued positive along with rising data consumption

Subscribers (mn)

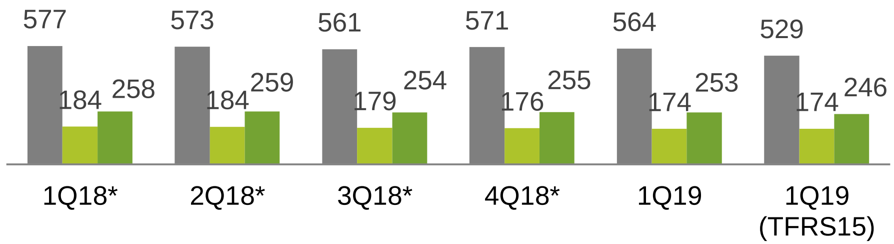


Net addition ('000)



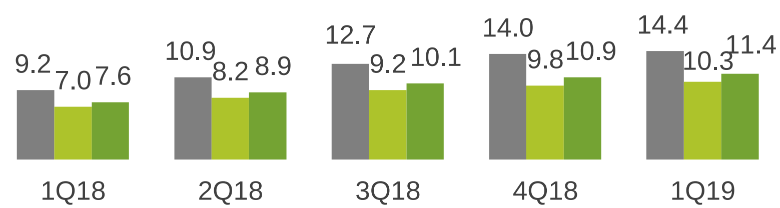
- **Mobile subscribers was at 41.5mn,** increasing 322k in 1Q19.
- **Postpaid subscribers grew 354k** QoQ, underpinned by attractive handset campaigns.
- **Prepaid subscribers decreased 32k** QoQ, mainly from market competition.

ARPU (Bt/sub/month)



*Reclassified some revenues from content in FY18 previously booked under other service revenue to mobile revenue

VOU (GB/data sub/month)



- **Blended ARPU was Bt253**, slightly declining from aggressive data plans in the market.
- **Blended VOU** softly increased to 11.4GB following the barring of fixed-speed unlimited subscriptions.

Mobile price plans: Gearing toward full-speed plans

AIS

Postpaid: Full 4G speed

<table>
<tr><th>Monthly Fee (Bt)</th><th colspan="2">Total internet</th><th>Throttled speed</th><th>Call all networks (mins)</th><th colspan="2">Enjoy Free</th></tr>
<tr><td>299</td><td colspan="2">1GB</td><td rowspan="4">128kbps</td><td>100</td><td rowspan="6">HBO
WB TV
6 months</td><td rowspan="7">NETFLIX
1 month</td></tr>
<tr><td>399</td><td colspan="2">4GB</td><td>150</td></tr>
<tr><td>499</td><td colspan="2">9GB</td><td>200</td></tr>
<tr><td>599</td><td rowspan="7">NEXT G
Unlimited</td><td>14GB</td><td>250</td></tr>
<tr><td>699</td><td>18GB</td><td rowspan="2">384kbps</td><td>300</td></tr>
<tr><td>899</td><td>28GB</td><td>400</td></tr>
<tr><td>1,099</td><td rowspan="4">Unlimited</td><td rowspan="4">-</td><td>650</td><td rowspan="4">JOOX
1 month</td></tr>
<tr><td>1,299</td><td>850</td><td rowspan="3">NETFLIX
3 months</td></tr>
<tr><td>1,599</td><td>1,200</td></tr>
<tr><td>1,999</td><td>2,000</td></tr>
</table>

- Attract new data users and encourage higher ARPU subscriptions through premium VDO contents
- Serve high-end heavy data users with real unlimited max speed experience

Prepaid: The ONE SIM

Required Top-up (Bt)	Bundle		
150 (Voice: Bt1.4/sec Data: Bt1.5/MB)	5GB for AIS PLAY and JOOX	750MB for YouTube	Unlimited WiFi

Prepaid: SIM2Fly

Required Top-up (Bt)	Bundle
399	6GB of data for 8 days in Asia & Australia
899	6GB of data for 15 days globally
2,799	15GB of data for 1 year globally

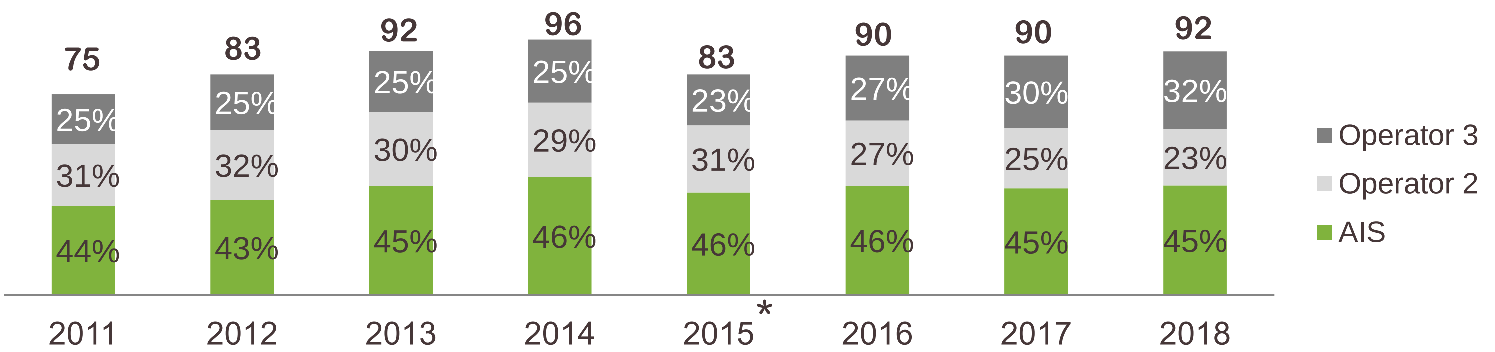
*Voice call: Bt6/minute for all packages

- Offer various segmented SIMs to cater different needs
- Leverage bundling services to encourage recurring top-up

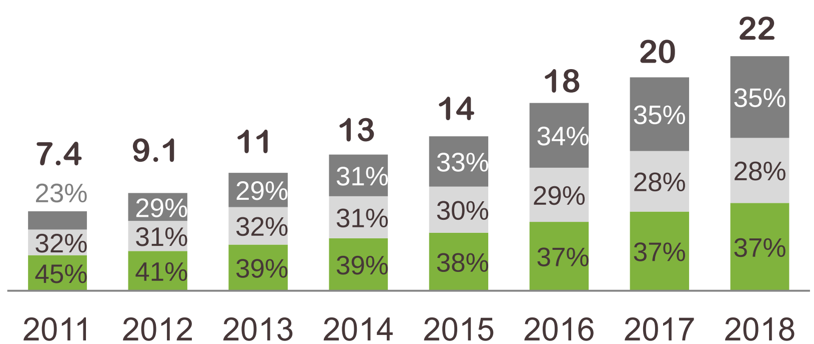
Updated: May-19

Mobile market share by subscribers

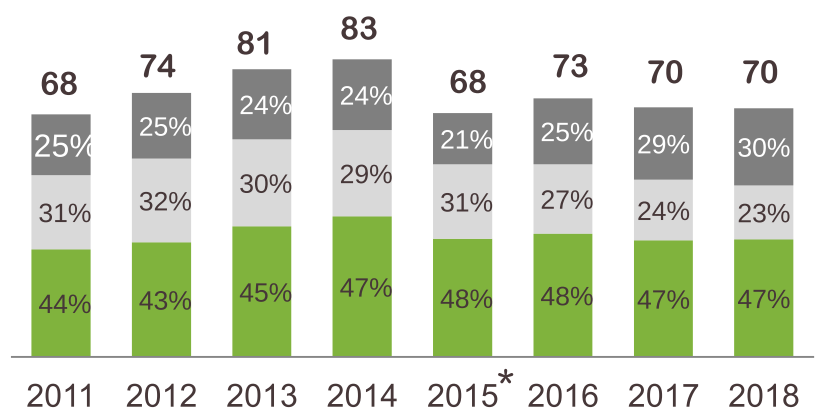
Total subscriber (mn)



Postpaid subscriber (mn)



Prepaid subscriber (mn)

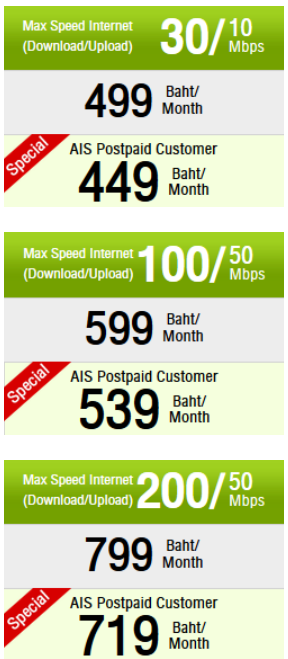


** In 2015, sub base of the industry was affected by the adjustment of prepaid sub reporting to reflect only active ones. The decrease in sub base also caused by NBTC's announcement requiring prepaid sub to register their SIMs. The SIMs that failed to register by the deadline were terminated.*

AIS Fibre: Competitive price plans targeting pure internet, game and FMC customers

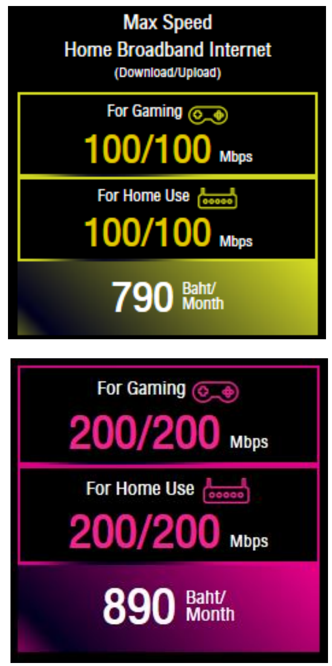
Home Broadband

- Basic pure internet pack for early broadband adopters including ADSL users



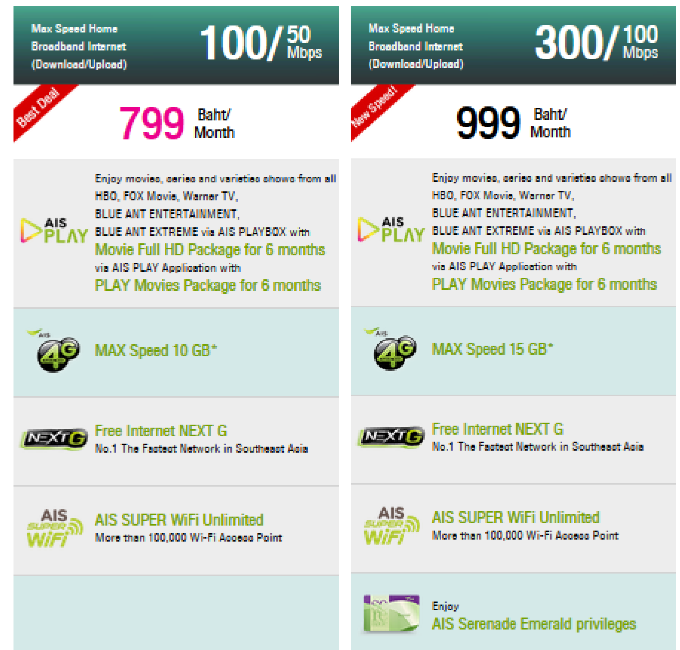
eSports

- Target gamers by separating network between Gaming and Internet



Power4 MAXX

- Offer FMC including fibre broadband, mobile data, premium content, and Super WiFi



Updated: May-19

Digital content: More varieties and exclusivities

Introduced content packages to attract customers with different preferences e.g. sports, family, movies at more affordable prices on both AIS PLAY and AIS PLAYBOX.

Mobile

AIS PLAY
Your Entertainment Gateway.
Enjoy every moment, anywhere anytime

PLAY PREMIUM
Access to all exclusive content
Bt299/month

PLAY MOVIES
HBO, CINEMAX, WARNER, BLUEANT
Bt199/month

PLAY SERIES
WARNER, BLUEANT
Bt99month or Bt5/day

PLAY NEWS
HEADLINE NEWS, CNN
Bt99month or Bt5/day

Fixed broadband

PLATINUM FULL HD
Ultimate entertainment in all forms
Bt599/month

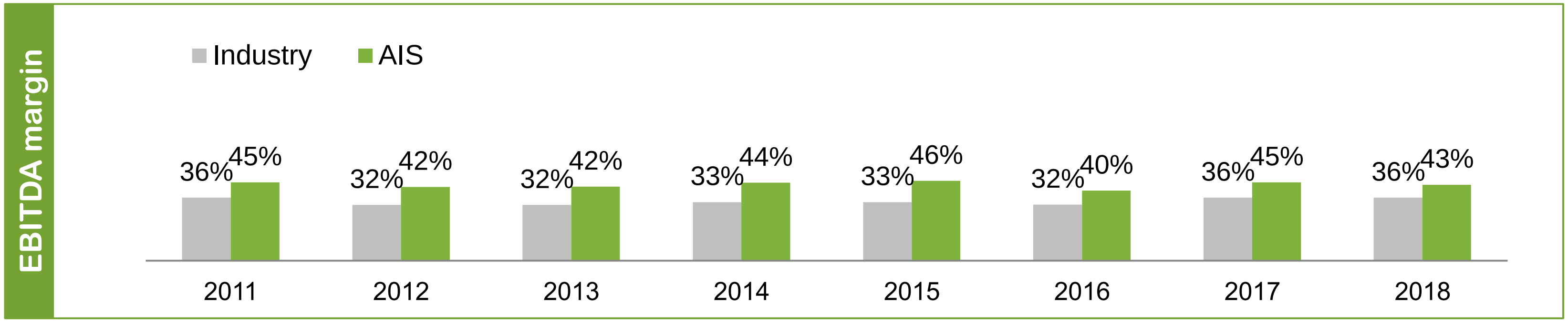
MOVIES FULL HD
Ultimate movies & series
Bt399month

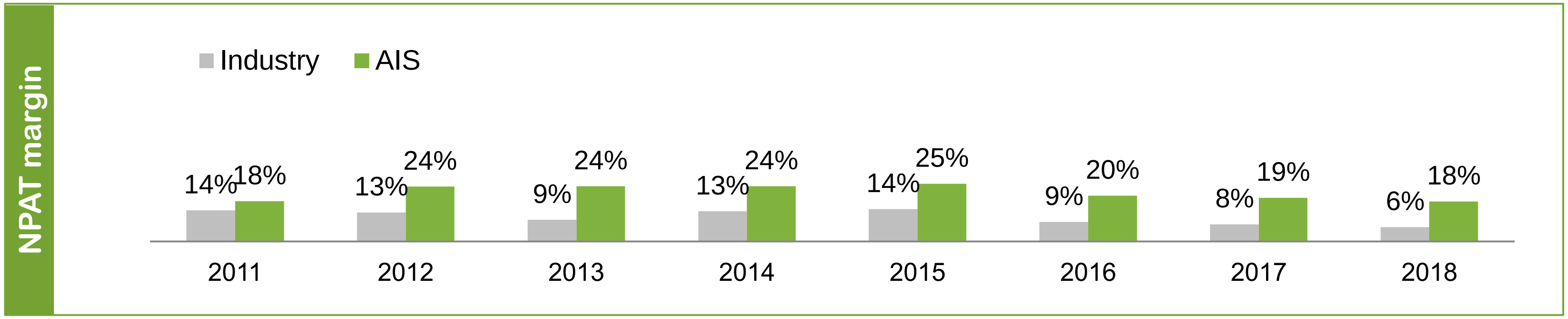
FAMILY FULL HD
World class cartoons
Bt299month

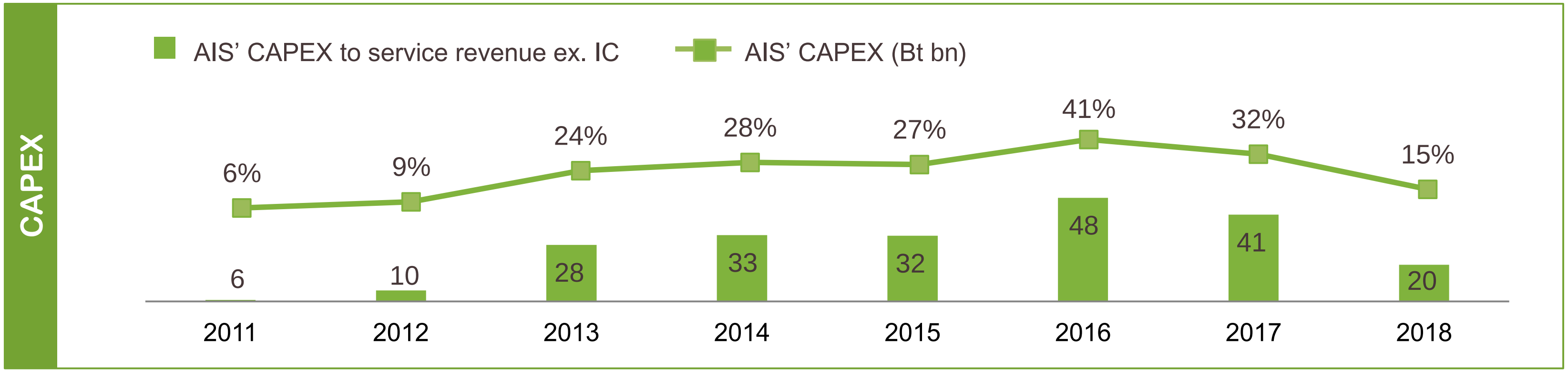
SPORTS FULL HD
Thrilling sports matches
Bt199month

Updated: May-19

Historical profitability and CAPEX trend







Source: company data

Distribution Channel Structure

AIS

AIS Branded Shop (run by both AIS and partners)

150+ Shops

Telewiz: exclusive branded shop by partner

430+ Shops

AIS Buddy

1,100+ Shops

Exclusive Partner

650+ Shops

Jaymart

BIG camera

iStudio

TESCO Lotus

Traditional Channel

19K+ Shops

Modern Channel

3,000+ Shops

Power Buy

IT CITY

Jiffy

Big C

FamilyMart

BKK tablet | smartphone

Electronic Distribution Channel

400K + Points

mpay STATION

rabbit LINE Pay

TMB

UOB

Contact us

IR website: http://investor.ais.co.th
Email: investor@ais.co.th
Tel: +662 029 5014