

dtac

1st quarter 2014

30 April 2014

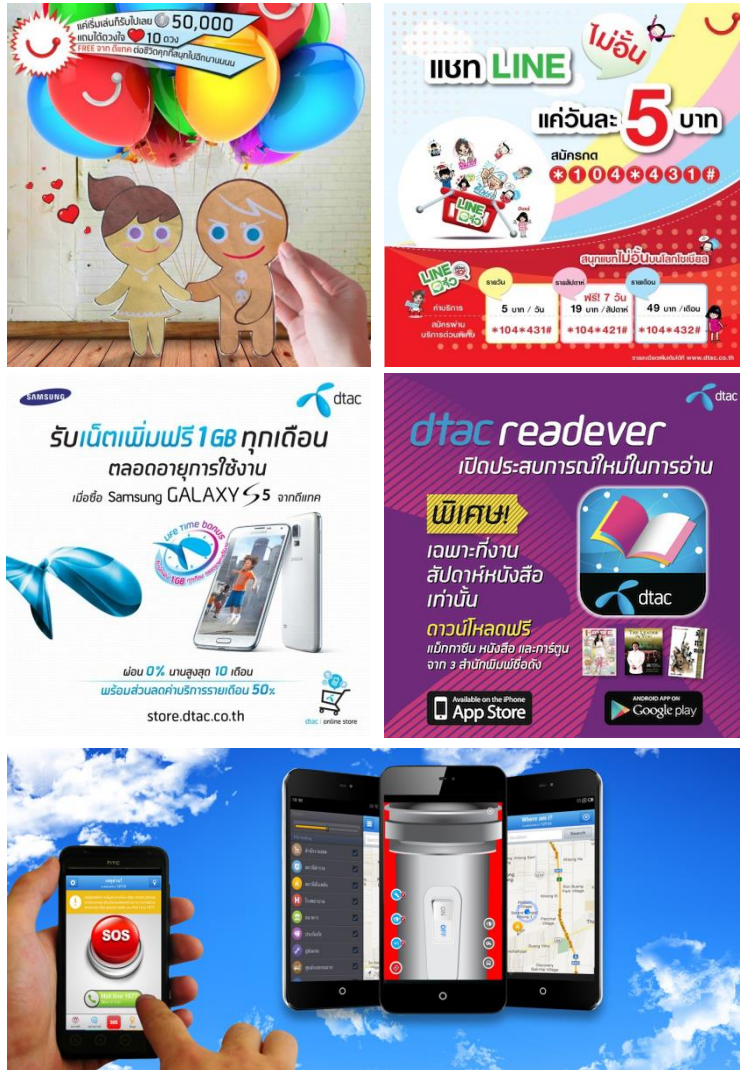


key highlights



- dtac TriNet subscribers rapidly increased to 16 million, representing 56% of total base
- 3G 2.1GHz network surpassed 70% population coverage
- Service revenue (excl IC) maintained YoY amidst challenging market environments
- Handset sales increased 16% YoY but turning into zero-margin business
- Significant margin uplifted from regulatory cost saving and cost efficiency. EBITDA margin climbed to 36.5%, +5.3pp YoY
- Total CAPEX efficiently spent while maintaining aggressive 3G 2.1GHz rollout on all co-located sites by mid 2014
- 4G on 2.1GHz in Bangkok ready for launch

mobile internet will drive future value of dtac



winning with 'Internet for All' strategy

1

Connect the unconnected

- ✓ attract 1st time data users
- ✓ easy-to-use contents
- ✓ low-end smartphone

2

Customized pricing

- ✓ value-for-money
- ✓ smart offering e.g. 'bite-sized' data plans
- ✓ contextual marketing

3

Best smartphone offerings

- ✓ feature-to-smartphone conversion
- ✓ affordable 3G devices
- ✓ attractive data bundling

4

CSR for equal opportunity

- ✓ 1 million hours internet for Thai Children
- ✓ Farmer info
- ✓ m-rescue

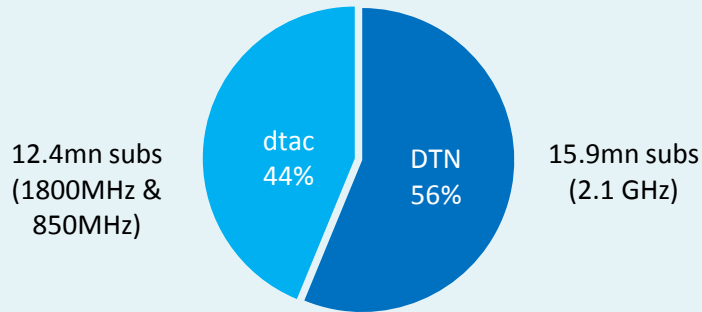
financial highlights



DTN subscribers reached 56% of total subscribers

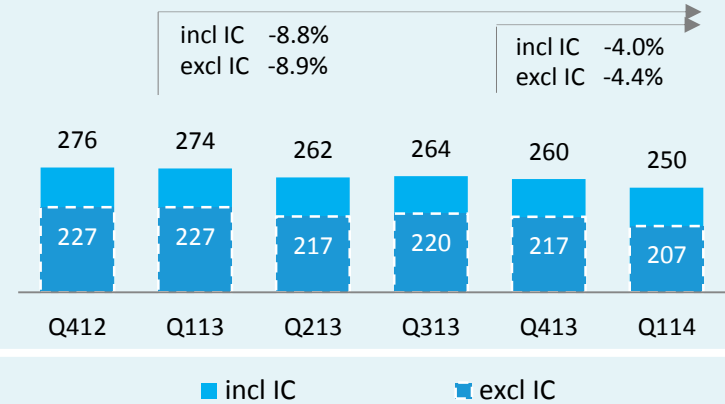
subscriber mix

28.2mn total subscribers

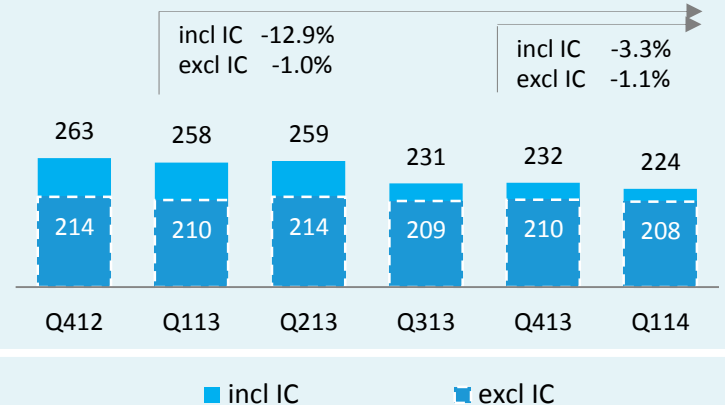


- **Total Subscribers** stood at 28.2mn, growing 284K **net adds** in Q114. Focus is now shifted towards subscriber quality as we move forward
- **Blended MOU (excl IC)** dropped YoY and QoQ mainly driven by prepaid segment
- **Blended ARPU (excl IC)** maintained YoY and QoQ with declining voice revenue compensated by growing data revenue

blended MOU (mins/sub/month)

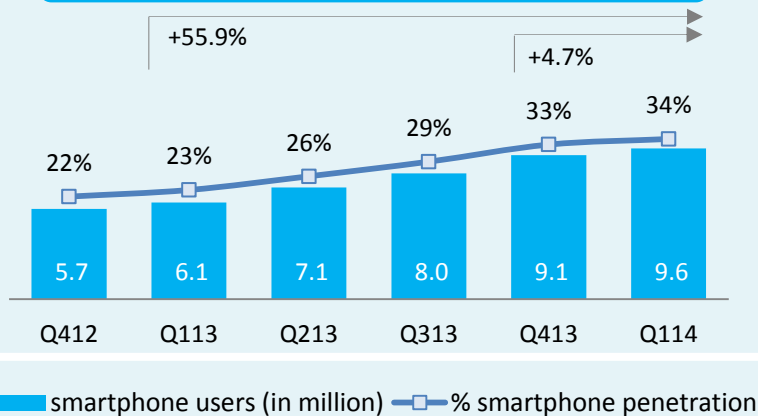


blended ARPU (THB/sub/month)



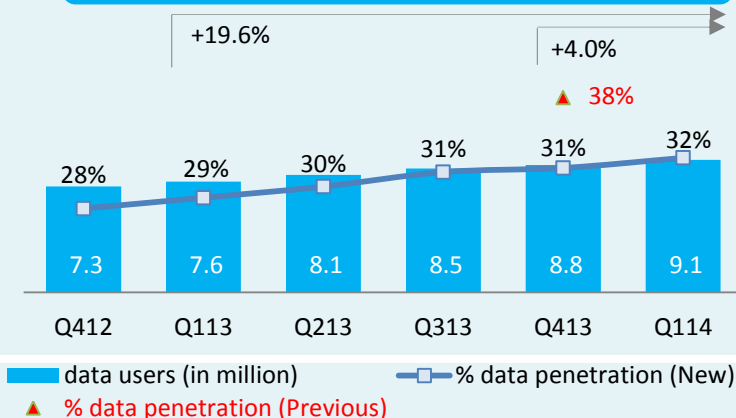
solid mobile internet development continues

smartphone penetration

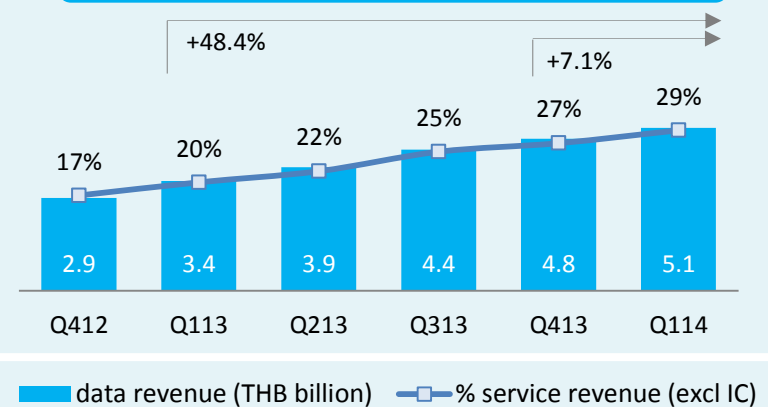


- **Smartphone users** increased 56% YoY, reaching 34% penetration, mainly contributed by sales of affordable dtac TriNet phones and iPhones
- **Data subscribers*** reached 9M, growing healthily 20% YoY and representing 32% of total subscribers
- **Data revenue** grew steadily supporting by quality 3G networks and higher smartphone penetration

NEW data penetration*



data revenue

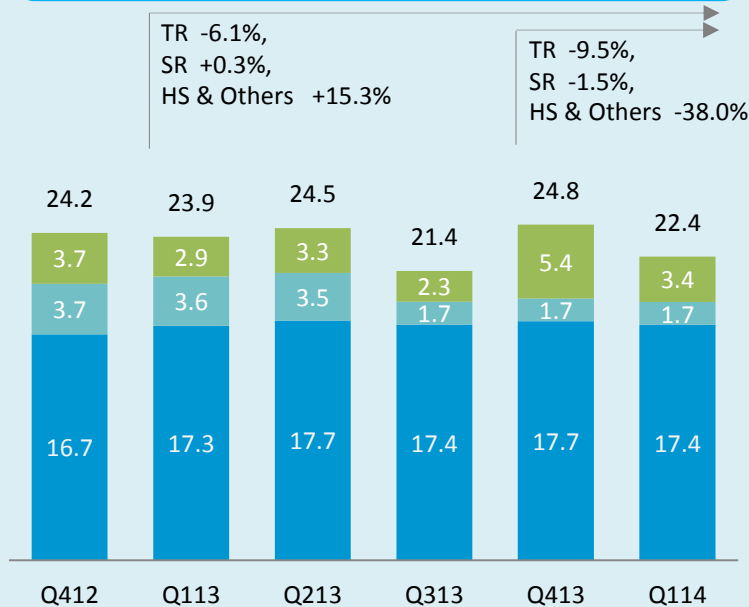


Note:

* Refined data user definition to exclude active subscribers who use less than 50KB/month.

stable revenues excl IC YoY despite intensified competition and weakening economy

total revenues (THB billion)



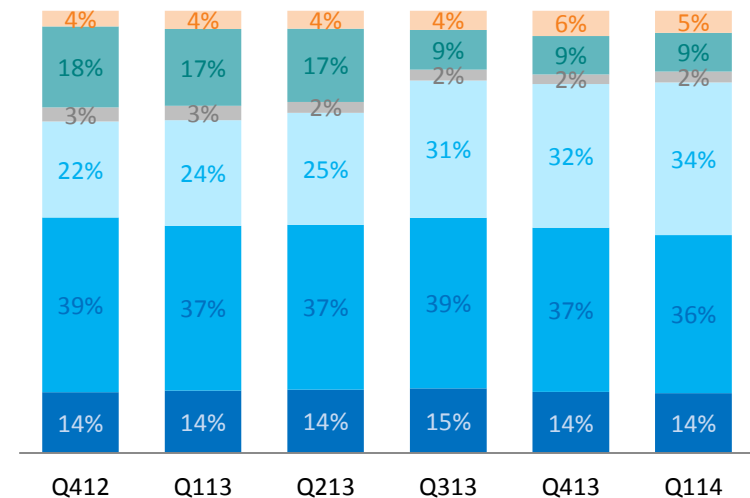
■ service revenues (excl IC) ■ IC revenue ■ handset & others

TR = total revenues

SR = service revenues (excl IC)

HS & Others = sales of handsets and starter kits & others

service revenues breakdown



■ prepaid airtime

■ VAS

■ IC

■ prepaid airtime

■ IR

■ Others

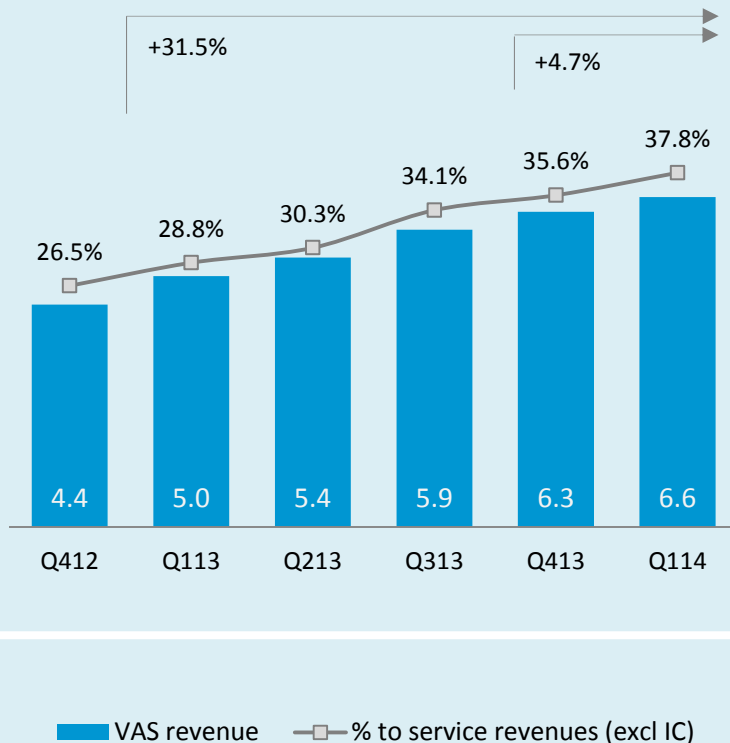
Note:

- Starting from 1 July 2013, Interconnection (IC) rate had been reduced bilaterally with other telecom providers from approx. THB 1.00 to THB 0.45 per minute, affecting IC revenue to drop approx. 50% since Q313

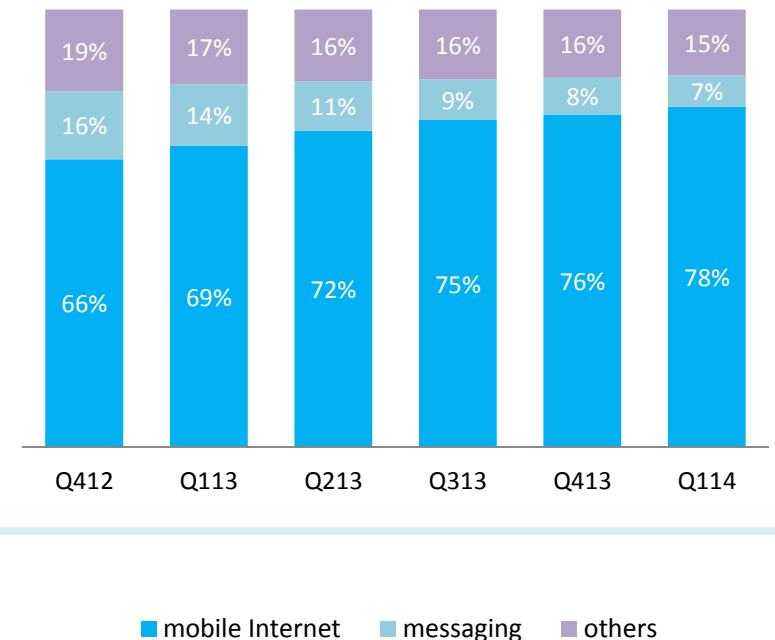


steady VAS growth trend driven by mobile Internet

VAS revenue (THB billion)



VAS breakdown

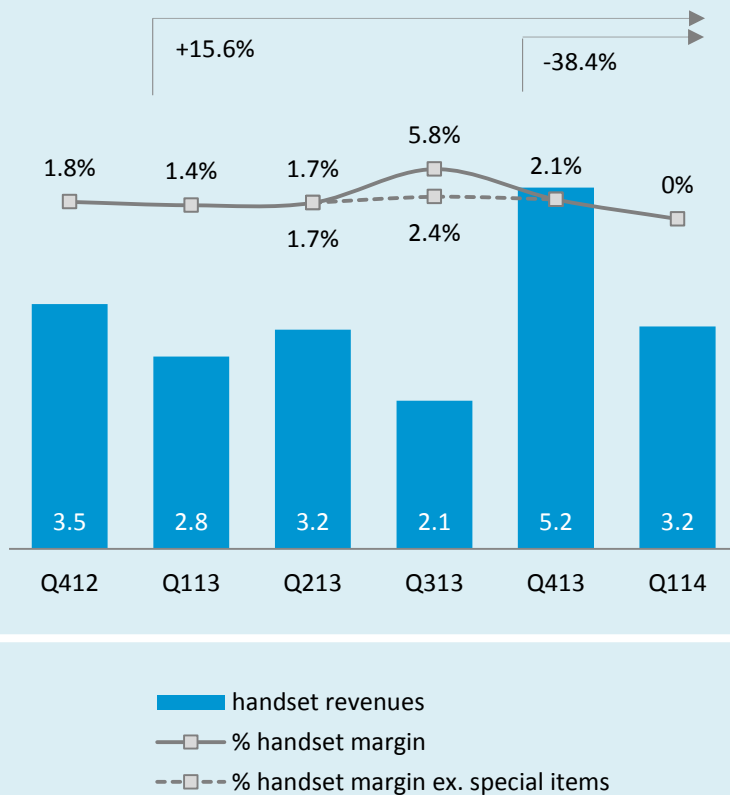


Note:

- VAS = Value-added Services including mobile Internet (data), messaging (SMS & MMS), and others (e.g. content, ring4u).

sales increased 16% YoY but margin under pressure

handset revenue (THB billion)



- Handset sales grew 15.6% YoY leading by sales from iPhone and dtac TriNet phones
- Handset margin was under pressure from intensified competition and challenging economy

ใหม่ ดีแทค โจอี้ จัมพ์

จัมพ์เข้าสู่ความสนุก ของโลกโซเชียล กับมือถือ 3G คู่ที่ดีที่สุด

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buy online

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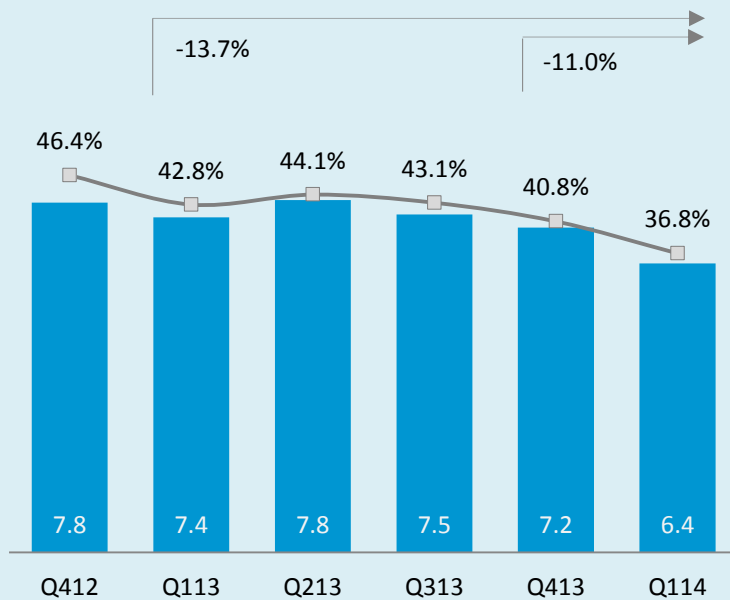
joey jump 3.5

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dtac online store

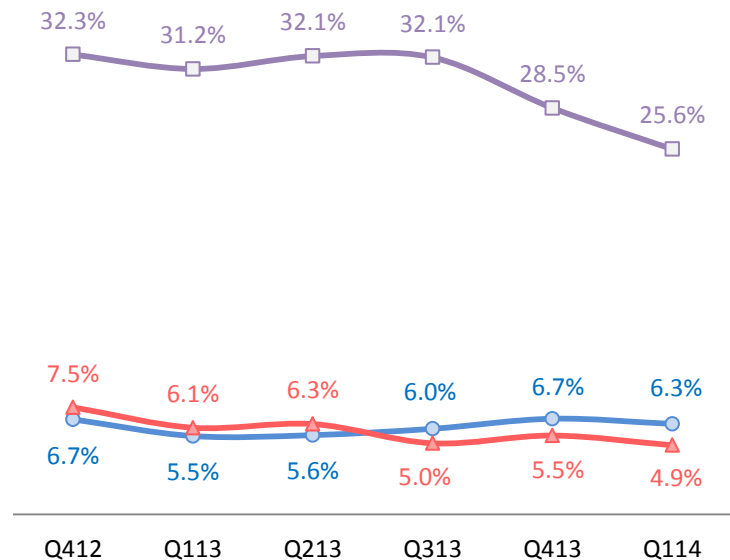
improved margin from lower regulatory cost and tight cost control

cost of services (THB billion)
excluding IC and D&A



cost of services % to service revenues (excl IC)

% to service revenues (excl IC)

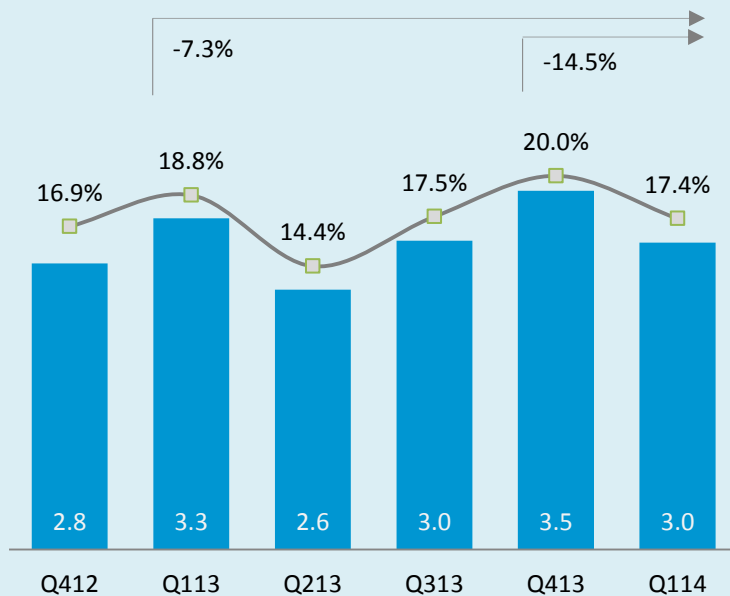


network opex other cost regulatory cost

Note:
D&A = Depreciation and Amortization

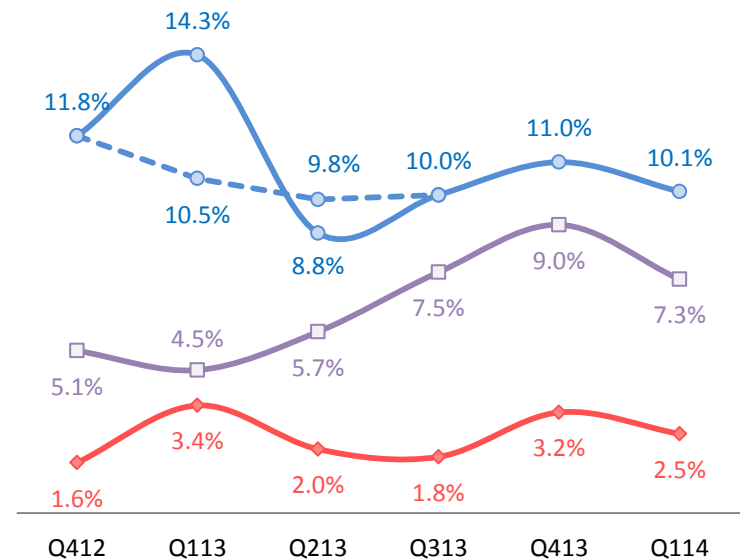
positive OPEX trends from operational efficiency and dynamic approach to S&M

SG&A (THB billion)
excluding D&A



SG&A excl D&A % to service revenues (excl IC)

% to service revenues (excl IC)

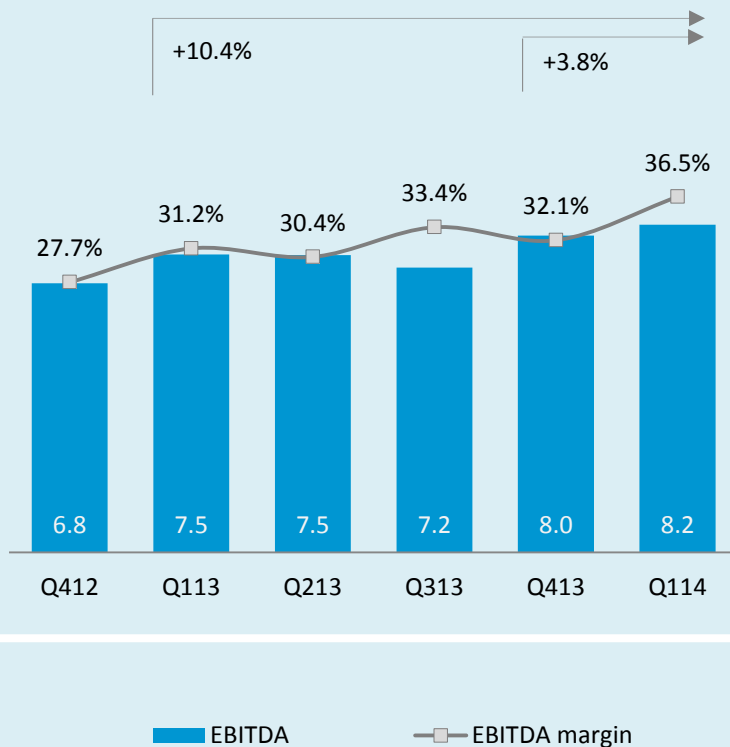


—●— Admin excl A&D as % to service revenues (excl IC)
 - - -●- Admin excl A&D as % to service revenues (excl IC) ex. 1-time
 —□— Selling & Marketing as % to service revenues (excl IC)
 —◆— Bad debt as % to postpaid revenues

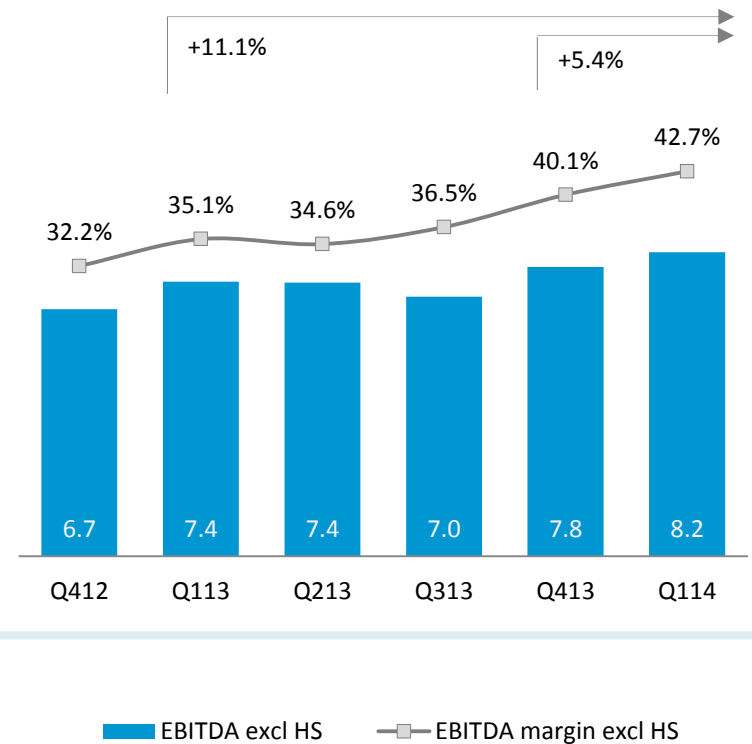
Note:
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healthy EBITDA margin improvement from lower regulatory cost and OPEX

EBITDA (THB billion)



EBITDA excl Handset (THB billion)



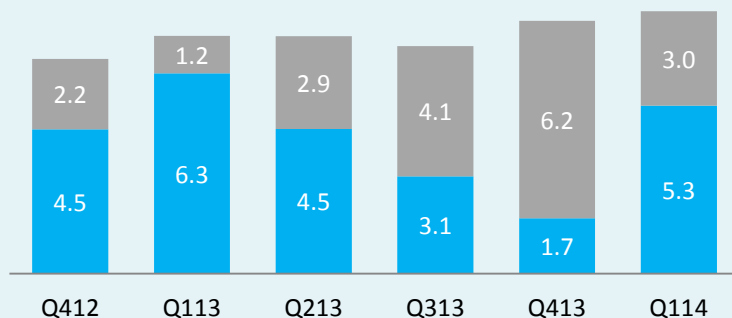
significant margin uplifted in Q114



- Net profit increased 9% YoY and net profit margin climbed to 15% supported by:
 - Lower cost of services from regulatory cost saving
 - Lower OPEX from cost efficiency
- However, by normalizing, the net profit would increase by 16% QoQ but dropped -7% YoY mainly from rising D&A (non-cash item) from 3G 2.1GHz network expansion

solid financial position with low leverage

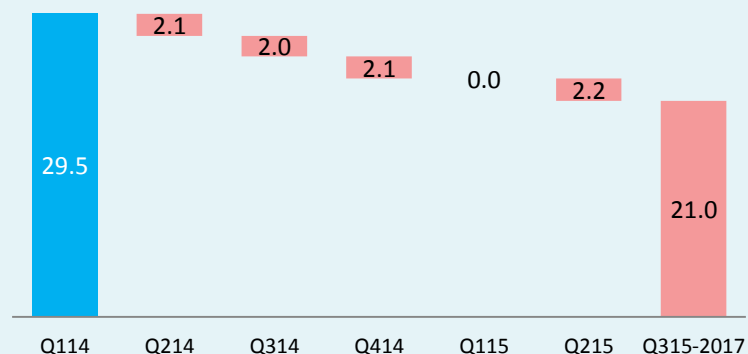
operating CF (THB billion)



■ operating CF (EBITDA - CAPEX)

■ CAPEX

L/T debt repayment (THB billion)



■ interest bearing debt

■ repayment

financial ratios

	Q412	Q113	Q213	Q313	Q413	Q114
Net debt to Equity	0.8	0.5	0.4	0.3	0.8	1.1
Net debt to EBITDA	1.0	0.6	0.5	0.4	0.9	0.7
Interest coverage ratio	26.4	24.7	24.2	25.1	14.6	14.9
FFO to total debt (%)	124.7	95.0	111.1	98.7	78.0	84.6

- THB 9.4 billion cash on hand at the end of Q114
- Q114 interim dividend of THB 1.42 per share, THB 3.4 billion in total
- Dividend policy remains at minimum 80% of company's net profit with an aim to pay quarterly

Outlook 2014

Total revenue

low single digit growth
(revised from 3–5% YoY growth)

EBITDA margin

35-37% EBITDA margin
(revised from 35-36% EBITDA margin)

CAPEX

minimum THB 13 billion

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