

second QUARTER 2014

18 July 2014

key HIGHLIGHTS



- **28m** total subscribers
- **68%** ported to DTN
- **37%** smartphone penetration
- **39%** data revenue growth
- **>80%** 2.1GHz pop coverage
- **36.4%** EBITDA margin
- **THb 1.58** per share dividend

OPERATIONAL HIGHLIGHTS

key CHALLENGES



macro
environment



intensified
competition

STRATEGY under CHALLENGING TIME

H114

weakening macro
caused by political
uncertainty

focused on transition
to 2.1GHz and
margin expansion

H214

possible economic
recovery

increasing focus on
top-line growth

INNOVATIVE OFFERS TO STAY COMPETITIVE

attractive prepaid
bite-sized packages



lower barrier to connect

value-for-money
postpaid packages



growing postpaid base

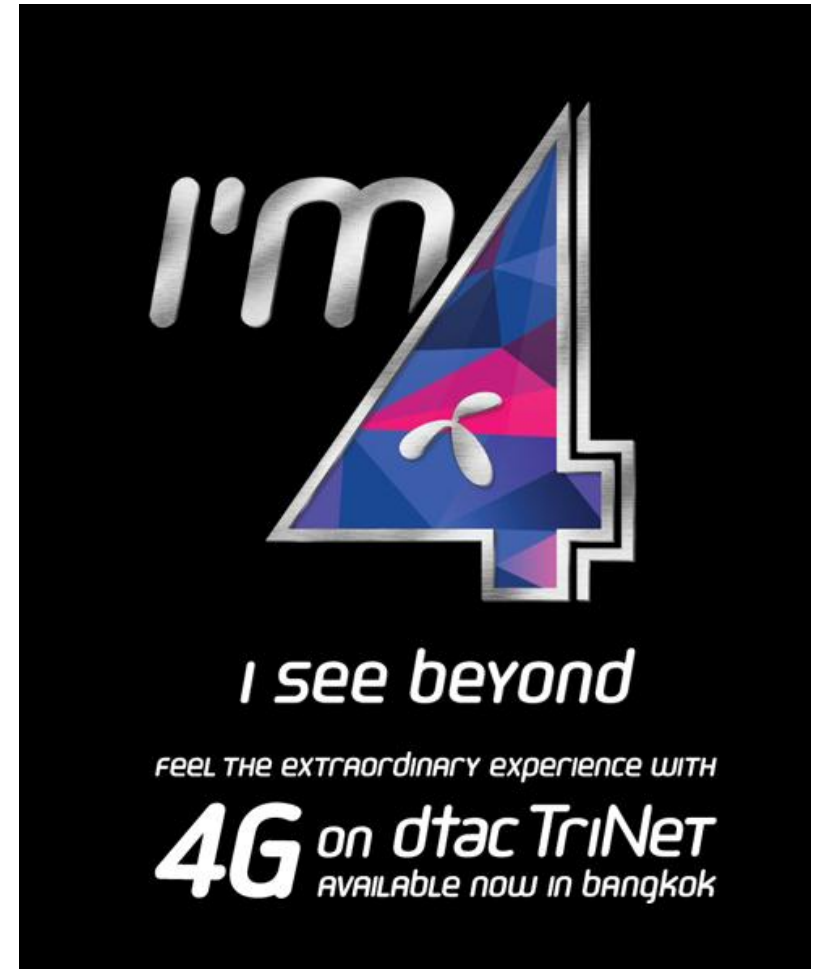
competitive device
bundling packages



2.1GHz transition
and connectivity

OPTIMIZING COVERAGE AND CAPACITY

- nationwide **2.1GHz** network with more than **80%** pop coverage
- launched **4G LTE** network in Bangkok on May 9, 2014
- continue to optimize coverage and capacity to create faster social networking experience



STRENGTHEN brand CHARACTER



Source: Business Insider

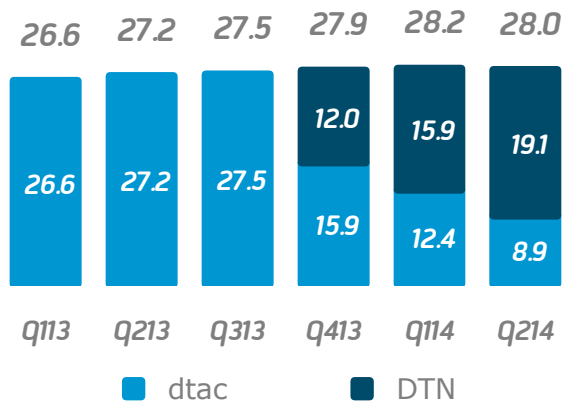
- strengthen dtac brand character and expose 'Loved by customer' strategy
- launched powerful "Technology will never replace love" campaign
- 1 million views in 9 hours; 10 million views in 12 days
- <http://www.youtube.com/watch?v=PmCDxY2IJAE>

FINANCIAL HIGHLIGHTS

19m dtn subscribers

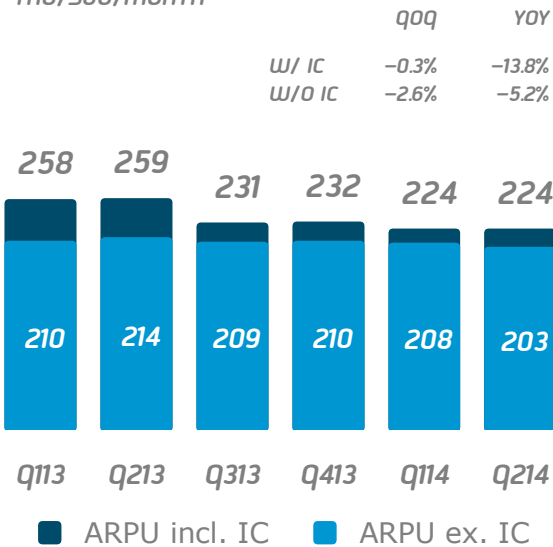
dtac vs dtn subscribers

million subs



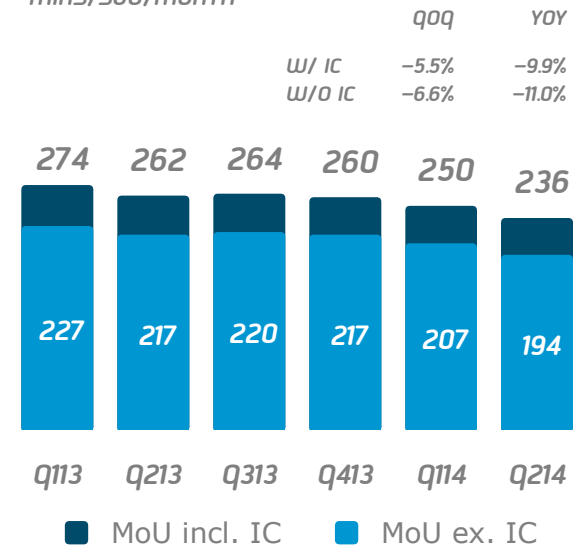
Arpu

THb/sub/month



MoU

mins/sub/month



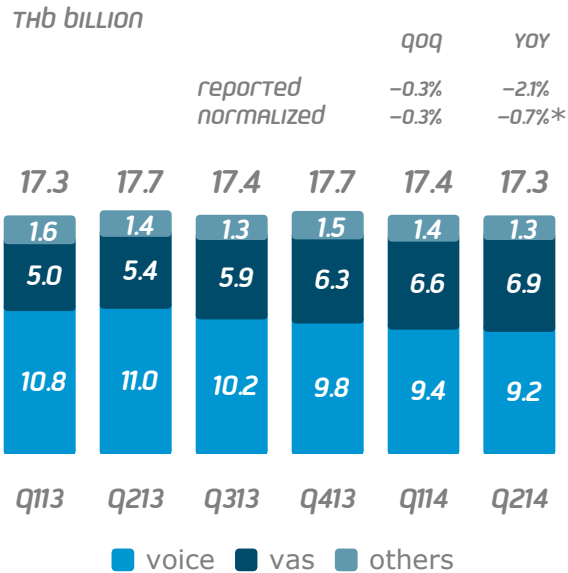
- porting of subs to DTN on track
- focus on sub quality

- ARPU maintained QoQ despite intense competition

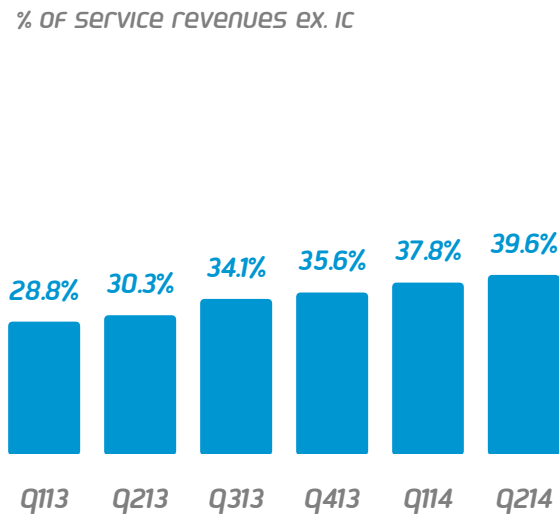
- MOU lower by voice-to-data substitution and weak economy

rising VAS revenue to 40%

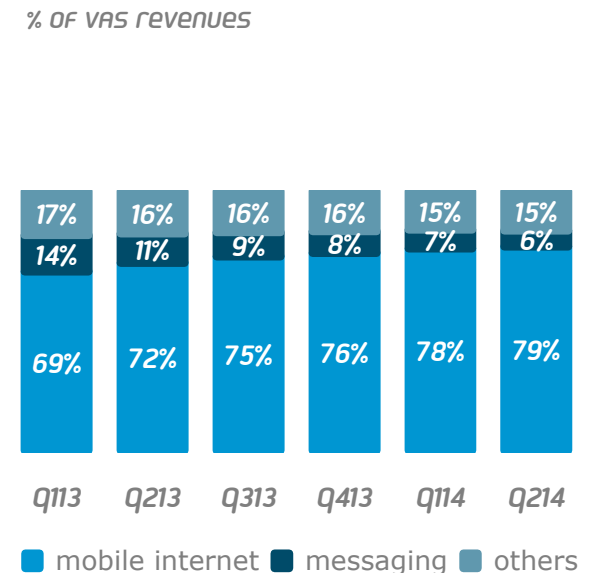
service revenues ex. IC



% VAS revenues



VAS revenues breakdown



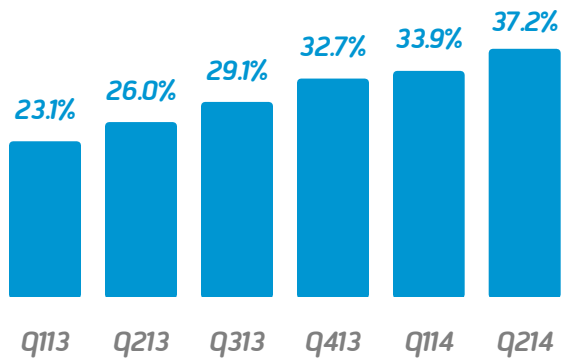
* excluding THB 248m prepaid bonus adjustment in Q213

- vas proportion continued to trend upward

- mobile internet growth more than offset the decline in messaging services

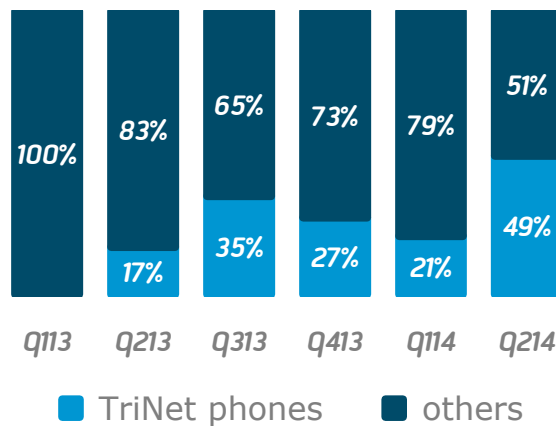
SMARTPHONE penetration up 11pp

% SMARTPHONE



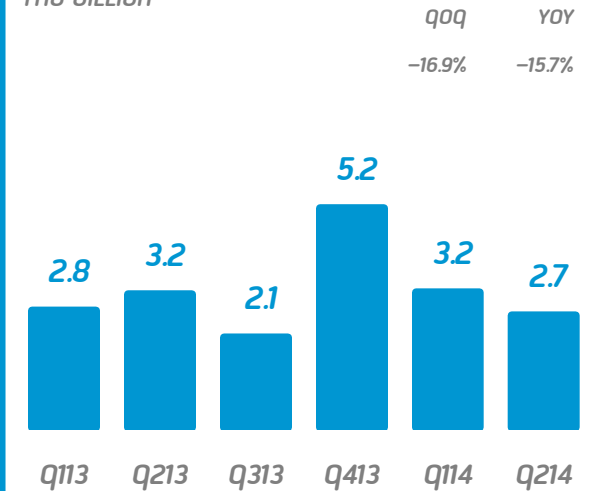
proportion OF UNITS SOLD

% TO TOTAL UNITS SOLD



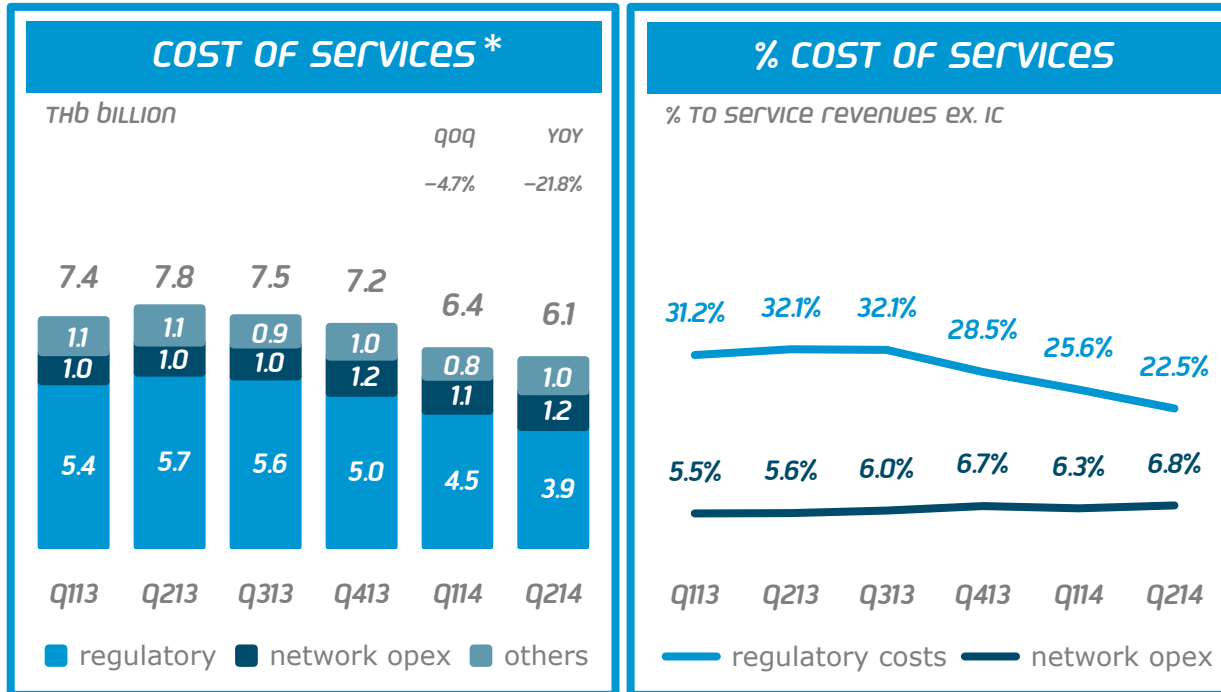
HANDSET SALE

THB billion



- higher penetration along with internet-for-all
- sharp increase in no. of units sold due to success of TriNet phones
- revenues reflected change in mix towards low-priced models

positive trend of regulatory cost



- positive development in regulatory cost driven by
 - DTN subs
 - smartphone penetration
 - network coverage
- 10pp** reduction in regulatory costs

* excluding depreciation and amortization, and IC

HIGHER S&M expenses

SQ&A expenses *

THB billion

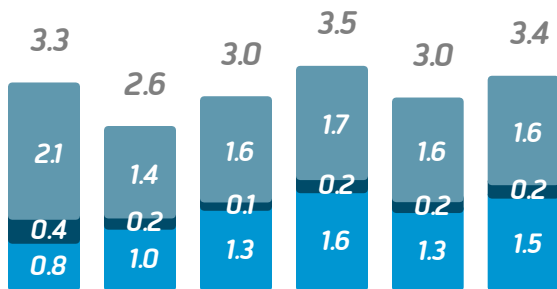
qoq

YOY

reported
normalized

+11.6%
+11.6%

+31.8%
+22.9%* **

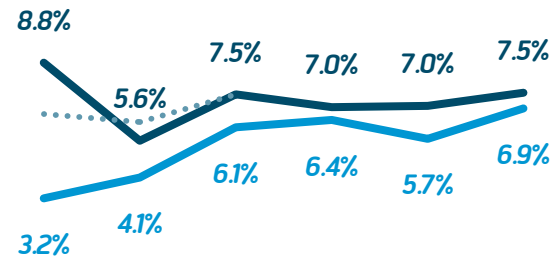


Q113 Q213 Q313 Q413 Q114 Q214

■ S&M ■ bad debt ■ gen admin

% SQ&A expenses

% TO TOTAL REVENUES



Q113 Q213 Q313 Q413 Q114 Q214

— S&M — gen admin normalized gen admin

- supporting 3G porting
- responding to intense competition
- dynamic spending to stay competitive

* excluding depreciation and amortization

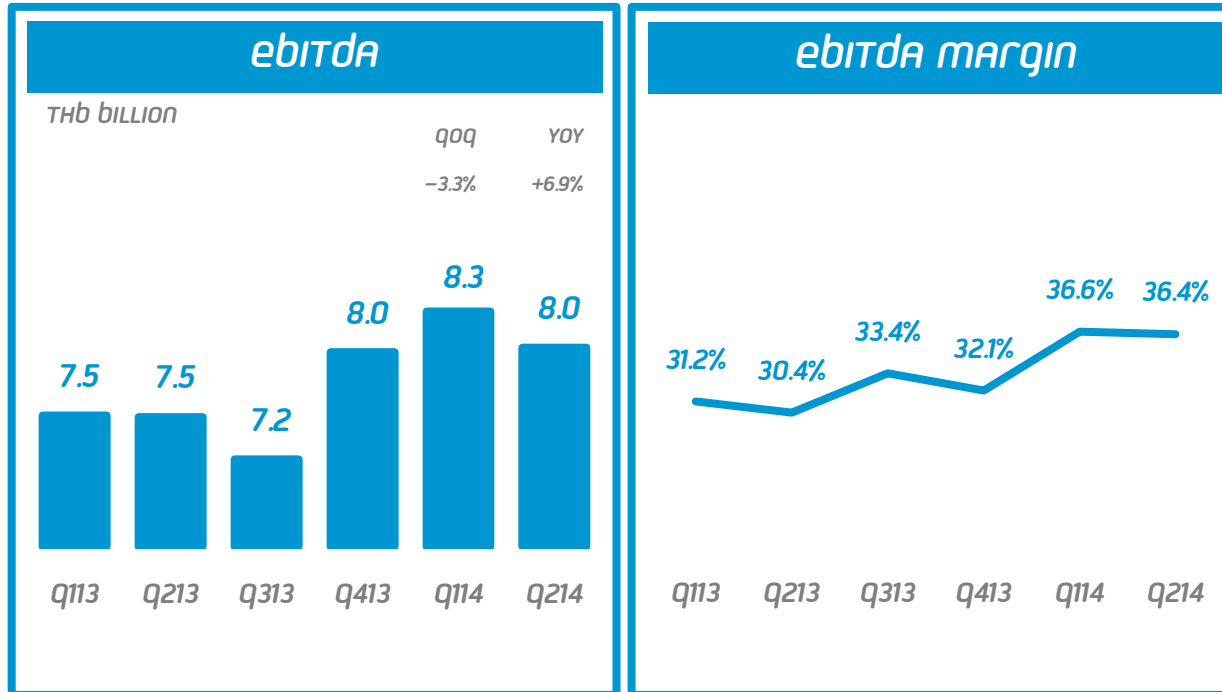
** excluding THB186m reversal of NEO write-off

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6pp ebitda margin expansion

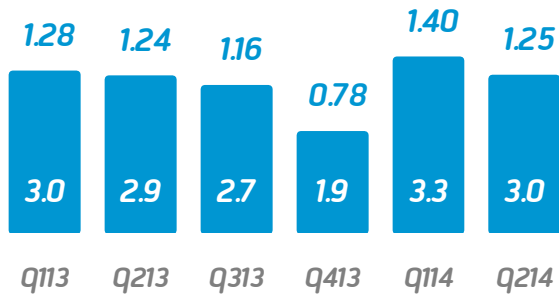


- increase in EBITDA from lower cost of services, partly offset by higher S&M expenses

Strong dividend growth

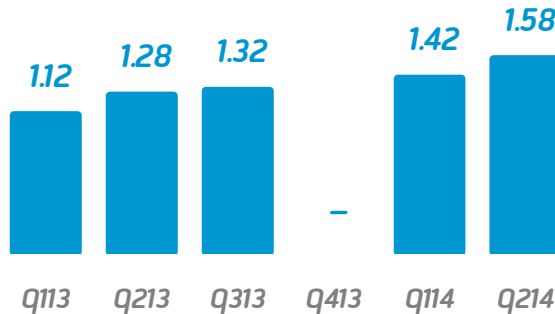
net profit

THb per SHARE (TOP) qoq yoy
THb BILLION (BOTTOM) -10.7% +0.5%



dividend

THb per SHARE qoq yoy
+11.3% +23.4%

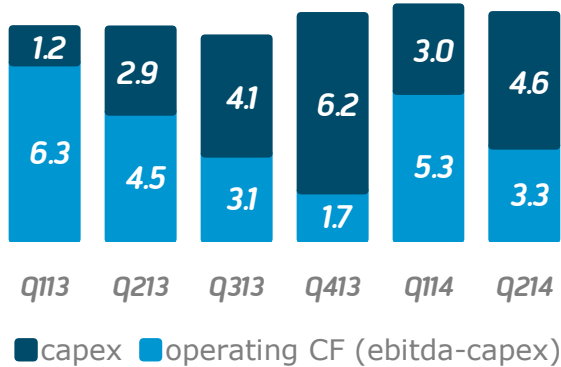


- stable net profit with **23%** growth in dividend

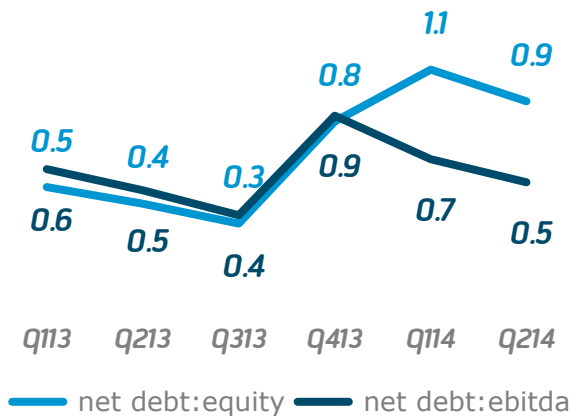
SOLID FINANCIAL POSITION

operating CASH FLOW

THb billion



key FINANCIAL RATIOS



- higher capex from 2.1GHz network expansion
- strong financial ratios
- solid financial position

OUTLOOK

STAY FIRM ON 3 STRATEGIC PILLARS

Internet FOR ALL

- >1,000 new base stations
- affordable devices
- attractive price plans

Loved by CUSTOMERS

- strengthen brand character
- CRM programs
- NPS methodology

operATIONAL effICIENCY

- continued 3G porting
- tight cost control
- dynamic S&M expenses

OUTLOOK 2014

FLAT

service revenues
ex. IC

35–37%

EBITDA margin

13.0

minimum capex
(in THB billion)

disclaimers

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