



(Translation)

AIS-CP 007/2020

19 February 2020

Subject: Acquisition of spectrum license

To: President

The Stock Exchange of Thailand

Advance Info Service Public Company Limited (AIS) would like to inform the spectrum auction result participated by Advanced Wireless Network Co.,Ltd. (AWN), a 99% subsidiary of the Company, on 16 February 2020. The Office of National Broadcasting and Telecommunications Commission (NBTC) officially announced that AWN won the following spectrum;

Spectrum license	Bandwidth	Final price (Bt mn) (Excludes VAT)	Schedule of payment and licensing
733MHz-738MHz pair with 788MHz-793MHz	2x5MHz	17,154	First installment within 15 days before the effective date of license which NBTC tentatively determined on 1 April 2021 or else announced.
2500-2600MHz	100MHz	19,561	First installment within 90 days after receiving the official notification of auction result
25.2-26.4GHz	1200MHz	5,345	Payment within 1 year after receiving the official notification of auction result

AWN is required to fulfill the terms and conditions set by the NBTC including making payment in order to be officially granted the licenses. Hence, the company will consider the readiness of technology and suitable period to obtain the licenses. A preliminary investment budget for provisioning of 5G service in key area is approximately Baht 10-15 billion within the next 12 months.

The transaction is considered an acquisition of assets under the Notification of the Capital Market Supervisory Board. The calculated transaction value is 19.7% of total assets based on consolidated financial statement as of 31 December 2019. Therefore, AIS is entitled to disclose the transaction to the SET and submit a notice of information on such transaction to all shareholders within 21 days from the date of disclosure to the SET. Details of the transaction are as follows.

1. Transaction date 19 February 2020

2. The related parties and the relation with the Company

Licensee : Advance Wireless Network Co.,Ltd (AWN)

Licensor : The National Broadcasting and Telecommunications Commission (NBTC)

Relationship : None

3. General characteristics of the transaction

Referring to the Notification of the NBTC on “Criteria and Procedure for Spectrum Licensing for 700MHz, 1800MHz, 2600MHz and 26 GHz”, AWN, a subsidiary of AIS, participated in the spectrum auction on 16 February 2020. The NBTC has endorsed the result of the auction and officially announced on 19 February 2020 that AWN is the winning bidder for the spectrum licenses as follow.

Spectrum license	Bandwidth	Final bid price (Baht million) (Excludes VAT)
733MHz-738MHz pair with 788MHz-793MHz	2x5MHz	17,154
2500-2600MHz	100MHz	19,561
25.2-26.4GHz	1200MHz	5,345

AWN is subjected to provide telecommunication network to render services within the scope of the license as specified by the NBTC. A preliminary investment budget for provisioning of 5G service in key area is approximately Baht 10-15 billion within the next 12 months.

Transaction size and type

The transaction size is calculated based on the total value of consideration as follow.

$$\frac{(\text{License value} + \text{Investment budget}) \times 100}{\text{Total assets as at 31December 2019}} = \frac{(42,060\text{mn} + 15,000\text{mn}) \times 100}{289,669\text{mn}}$$

The total transaction value of such acquisition is 19.7% of total assets when combined with other transactions occurred within the past 6 months. Such transaction size is more than 15% but below 50% of total assets, therefore is classified as Class 2 transaction under the Notification of the SET (Reference: Disclosure of Information and Other Acts of Listed Companies Concerning the Acquisition and Disposition of Assets, 2004). The Company must disclose the transaction to the SET and submit a notice of information on such transaction to shareholders within 21 days from the date of disclosure to the SET.

4. Detail of assets

4.1 License of 700MHz spectrum

License	License of spectrum for telecommunications service in the frequency band of 700MHz
Bandwidth	733MHz-738MHz pair with 788MHz-793MHz, equivalent to 2x5MHz bandwidth
License period	15 years from the license granted date tentatively on 1 April 2021 or else determined by the NBTC
Scope of license	<ul style="list-style-type: none"> To provide nationwide telecommunications services as a network

	provider and service provider as well as telecommunication facilities
Annual license fee	<p>The licensee is obliged to pay the following fees;</p> <ul style="list-style-type: none"> • Type 3 telecommunication business annual license fee • Spectrum administrative fee • Telecommunication numbering fee • Revenue contribution to Broadcasting and Telecommunication Research and Development Fund for public interest (Universal Service Obligation or USO) • Any other related fees
Key conditions	<ul style="list-style-type: none"> • Licensee is able to adopt any technologies under ITU-R Recommendations on IMT-Advanced (4G) and/or IMT-2020 (5G) including technologies based on IMT

4.2 License of spectrum 2600MHz

License	License of spectrum for telecommunications service in the frequency band of 2600MHz
Bandwidth	2500-2600MHz, equivalent to 100MHz bandwidth
License period	15 years from the license granted date
Scope of license	<ul style="list-style-type: none"> • To provide nationwide telecommunications services as a network provider and service provider as well as telecommunication facilities
Annual license fee	<p>The licensee is obliged to pay the following fees;</p> <ul style="list-style-type: none"> • Type 3 telecommunication business annual license fee • Spectrum administrative fee • Telecommunication numbering fee • Revenue contribution to Broadcasting and Telecommunication Research and Development Fund for public interest (Universal Service Obligation or USO) • Any other related fees
Key conditions	<ul style="list-style-type: none"> • Licensee is able to adopt any technologies under ITU-R Recommendations on IMT-Advanced (4G) and/or IMT-2020 (5G) including technologies based on IMT • To provide telecommunication network coverage on major economic zone of Thailand as follows; (1) At least 50% geographical coverage of the Eastern Economic Corridor (EEC) area, (2) At least 50% population coverage of key cities area including Bangkok Metro area, Chiang Mai, Nakorn Ratchasima, Khonkaen, Songkla and Phuket within 4 years from license granted date, to drive infrastructure development for smart city,

	<p>industry and service sector.</p> <ul style="list-style-type: none"> Special conditions applied for extended payment term in which 2nd – 7th installment starts in year 5 to year 10: To provide network based on IMT-2020 (5G) technology of at least 50% geographical coverage of the Eastern Economic Corridor (EEC) area within 1 year from license granted date.
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4.3 License of spectrum 26GHz

License	License of spectrum for telecommunications service in the frequency band of 26GHz
Bandwidth	25.2-26.4GHz, equivalent to 1200MHz bandwidth
License period	15 years from the license granted date
Scope of license	<ul style="list-style-type: none"> To provide nationwide telecommunications services as a network provider and service provider as well as telecommunication facilities
Annual license fee	<p>The licensee is obliged to pay the following fees;</p> <ul style="list-style-type: none"> Type 3 telecommunication business annual license fee Spectrum administrative fee Telecommunication numbering fee Revenue contribution to Broadcasting and Telecommunication Research and Development Fund for public interest (Universal Service Obligation or USO) Any other related fees
Key conditions	<ul style="list-style-type: none"> Licensee is able to adopt any technologies under ITU-R Recommendations on IMT-Advanced (4G) and/or IMT-2020 (5G) including technologies based on IMT

5. The total value of consideration

Payment and installment of each license are as follow;

5.1 Payment of 700MHz license fee at the rate of Baht 17,154 million (exclude VAT) is divided into 10 installments as follows;

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| 1 st installment | 10% of final bid price and submit a letter of bank guarantee for the remaining amount within 15 days before the starting date of license |
| 2 nd -10 th installment | 10% of final bid price on each installment from year 2 to year 10 and submit a letter of bank guarantee for the remaining amount within 15 days after each anniversary date of license granted |

The office of the NBTC will return the letter of bank guarantee of the previous installment within 15 days from the payment date of each installment.

5.2 Payment of 2600MHz license fee at the rate of Baht 19,561 million (exclude VAT) is divided into 7 installments as follows;

1 st installment	10% of final bid price and submit a letter of bank guarantee for the remaining amount within 90 days after receiving the notification letter of auction result
2 nd -7 th installment	15% of final bid price on each installment from year 5 to year 10 and submit a letter of bank guarantee for the remaining amount within 15 days after each anniversary date of license granted

The installment term above is subjected to the condition for providing telecommunication service in the key economic area as explained in section 4.2. In case that the licensee does not comply with the condition, the remaining payment after the first installment will be divided into 9 installments. Each installment from year 2 to year 10 equals to 10% of final bid price and a submission of a letter of bank guarantee for the remaining amount is required within 15 days after each anniversary date of license granted. The office of the NBTC will return the letter of bank guarantee of the previous installment within 15 days from the payment date of each installment.

5.3 Payment of 26GHz license fee at the rate of Baht 5,345 million (exclude VAT) within 1 year after receiving the notification letter of auction result.

5.4 A preliminary investment budget for provisioning of 5G service in key area is approximately Baht 10-15 billion within the next 12 months.

6. Source of fund

With strong financial position of AIS together with mainly 10 years installment term (detail for payment term in section 5), the company is able to utilize source of fund from operating cash flow, loans from financial institutions and/or debentures which carry no condition affecting rights of shareholders. In FY19, AIS generated operating cash flow (after tax) of Bt76,627mn, which was sufficient for allocating to investment and dividend payment. As at 31 December 2019, interest-bearing debt amounted to Bt94,184mn with debt to equity ratio of 1.36 and net debt to EBITDA of 0.92. Therefore, the company has strong capital structure and sufficient debt capacity.

7. The basis used to determine the value of consideration

7.1 The final bid value of spectrum license is based on the auction identified under the Notification of the NBTC : Criteria and Procedure for Spectrum Licensing for 700MHz, 1800MHz, 2600MHz and 26 GHz.

7.2 A preliminary investment budget for AWN to roll out telecommunication services is related transactions to be taken into account to calculate the value of the transaction according to the guidelines of the Capital Market Supervisory Board and the Stock Exchange of Thailand.

7.3 Total assets refer to financial statement of the Company ending 31 December 2019

8. Rationale and benefits

Best position to lead in the 5G technology cycle

This spectrum acquisition marks an important execution for AIS to lead in the 5G cycle over the next 10 years. It enables us to open up a new chapter in delivering dramatically different consumer experience and digitalization of industries and society. These frequency ranges we acquire provides us with full capabilities in delivering widespread coverage and supporting all potential 5G use cases for both consumers and enterprises e.g. augmented reality (AR)/virtual reality (VR) in entertainment and gaming, Internet of Things (IoT), and Fixed Wireless Access (FWA) broadband service all of which are to become potential new revenue stream for telecommunication industry. In particular, this is also highly relevant to our aim to expand the market for enterprise business in Thailand where digitalization such as automation and smart operations brings businesses the new advancement of business models and efficiencies.

According to 5G technology standard, a combination of three key frequency ranges, high band (above 6GHz), mid band (between 2-6GHz), and low band (below 2GHz) will enhance the provision of 5G services both in term of coverage and capacity. This will enable AIS to plan an investment efficiently as each spectrum offer different usage and strengths as follows:

- The 700MHz spectrum inherits a wide-coverage as a strong characteristic which will support 5G coverage and IoT services. Combining with the previously allocated 10MHz, the added 5MHz of 700MHz will provide us a contiguous 15MHz bandwidth to enhance network capacity and deliver a better customer experience.
- 2600MHz is a standard mid-band frequency offering a good mix of coverage and capacity, with fast growing ecosystem for 5G. A contiguous 100MHz bandwidth secure our long term competitiveness and capability to meet the full speed of 5G connectivity with the most efficient investment.
- 26GHz is a millimeter-wave band that can provide additional capacity and deliver the extremely high data rate in Gigabit per second (peak data rate is 20 times faster than 4G) required by some Enhanced Mobile Broadband (eMBB) applications, and also support Ultra Reliable Low Latency Communications (URLLC) applications in delivering latency lower than 1 millisecond which is important for critical mission. The 26GHz with as large as 1200MHz bandwidth will enhance the capability to address a wide range of 5G use cases especially for digitalized industry solutions most effectively.

In the early stage, as we start to see an initial use of 5G, the 700MHz and 2600MHz spectrum, of which the licenses are applicable to both 4G and 5G, can also be deployed onto the current network in order to support the expansion of network capacity and coverage. This shall result in saving of investment to expand capacity and the enhancement of overall efficiency of network management as well as customer experience.

AIS evaluated that the acquisition of 700MHz, 2600MHz and 26GHz spectrum provides an accretive value to strengthen our leadership in both short and long-term. The final bid price is suitable while the payment

term corresponds well with future commercial uses. Our strong financial position supports us in this important strategic execution, after which we maintain full financial flexibility to deliver decent return to all shareholders.

9. Opinions of Board of Directors on the transaction

The Board of Directors has considered that the acquisition of 700MHz, 2600MHz and 26GHz license is beneficial to AIS in supporting business expansion and long term growth as specified in section 8

10. Opinion of the Audit Committee and/or directors of the Company which is different from those of the Board of Directors

-None -

11. Pending material lawsuit or claim

Details for material lawsuit are disclosed on the notes to financial statement fiscal year 2019.

12. Interests or connected transactions between the listed company and directors, management and shareholders directly or indirectly holding shares amounting to 10% or more

-None-

The Board of Directors is responsible for this information disclosure to the shareholders. With careful consideration, information is adequately disclosed without any significant information omitted.

Please be informed accordingly

-Signed -

(Mr. Somchai Lertsuttiwong)

Chief Executive Officer

Advanced Info Service Public Company Limited