

4Q23 & FY23 MD&A

Advanced Info Service Plc.

Executive Summary

Achieved solid revenue growth from core business focus and TTTBB acquisitions.

FY23, the Thai economy experienced moderate growth amid global economic uncertainty, driven by the expansion of private consumption and tourism sectors, while the purchasing power of the grassroots consumer remained challenging. AIS reported a core service revenue of Bt138,569mn, increasing 4.2% YoY, attributed to the performance of all core services dedicated to delivering high-quality products, as well as additional revenue recognition since mid Nov-23 from the acquisition of TTTBB to expand broadband business.

Mobile business resumed growth YoY through quality commitment aiming to elevate customer experiences.

Mobile revenue reported Bt118,130mn, increasing 1.2% YoY, driven by expanded Thai consumption and notable recovery in tourist-related usage. The resumed growth was driven by delivering superior quality in network and services with value-based package structures, together with the deployment of personalized cross-selling upselling services to attract and retain high-quality customers at higher ARPU.

AIS prioritizes elevating service quality, particularly the quality of the 5G network which presently covers nearly 90% of the Thai population nationwide, utilizing the 700MHz and 2600MHz frequency bands for optimal coverage and best user experience. As a result, AIS 5G users experienced substantial growth reaching 9.2 million subscribers, or 20% of the total subscriber base.

FBB business sustained growth momentum propelled by quality expansion and TTTBB acquisition.

Fixed broadband revenue achieved Bt13,621mn, a noteworthy 35% YoY growth. The surge is attributed to a larger revenue base resulting from the inclusion of TTTBB since mid Nov-23 which expand our broadband business subscriber market share to around 45%. AIS Fibre also continued to achieve strong growth through the acquisition of new subscribers in a broader footprint while offering higher values, led by quality products and services with advanced technologies, driving sales of higher ARPU packages.

Enterprise business thrived on digitalization demand amid economic uncertainty.

Non-mobile enterprise business posted a revenue of Bt5,792mn, growing 10% YoY, despite global economic challenges and political uncertainties in Thailand during 2Q-3Q23. The emphasis was on high-margin services beyond connectivity with enhanced technology like SD-WAN, value-added services such as business cloud, and specific 5G vertical solutions to enhance operational efficiency in targeted industries. In addition, enterprise non-mobile revenue also benefited from TTTBB enterprise revenue consolidation.

Delivered healthy earnings through profitability focus and cashflow generation.

AIS reported an expanded FY23 EBITDA of Bt93,371mn, reflecting a 4.1% YoY increase. The growth was attributed to both solid ongoing operations as well as new acquisition of TTTBB, while sustaining a healthy margin of 49% through a focus on profitable revenue and efficient cost optimization.

AIS reported a net profit of Bt29,086mn, increasing 12% YoY reflecting an improved operating performance, and a one-time gain from FX.

Market and Competitive Environment

In FY23, the Thai economy sustained modest growth, driven by private consumption and the recovering tourism sector. Challenges persisted, including uneven income recovery, restrained spending in mid to low-income segments, high household debt, and global macroeconomic uncertainties. As a consequence, the overall economic growth is lower than initially anticipated.

The mobile industry has gained momentum aligned with increased private consumption and the resurgence of tourist-related activities. Amid an evolving competitive landscape of market consolidation, operators are focusing on providing value-driven based packages, incorporating cross-sell and upsell strategies. This approach has contributed to a rising trend in overall industry revenue and ARPU. Furthermore, the emphasis on 5G technology remains a fundamental growth engine with operators prioritizing the quality and coverage of 5G networks, and encouraging subscribers' transition to 5G packages, resulting in significant growth in the industry 5G subscribers.

The fixed broadband industry sustained its growth momentum, driven by rising household connectivity demands while Thailand's broadband penetration rate remained below 50% in FY23. The operators continued expanding networks to capture subscribers in remote areas with a strategy to diversify the services tailoring to specific segments such as gamers, entrepreneurs, and industrial users, aiming to boost the revenue and ARPU. The broadband market experienced consolidation in the latter part of the year, with competition remaining relatively stable across regions. While some operators continue offering discounts and promotions to attract new subscribers, others are introducing convergence services to attract new customers while enhancing the value proposition of the products and services.

Enterprise services are expanding due to the increasing digitalization of Thailand's business sectors. This growth is driven by the desire to enhance operational efficiency, particularly through essential digital infrastructure and data storage solutions like cloud and data centers that are pivotal for successful digital transformations. Simultaneously, digital platforms and 5G solutions are also in high demand as they are crucial in optimizing efficiency, security, and real-time operational process agility.

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FY23 Operational Summary

Mobile Business: In 2023, AIS concluded the year with a mobile subscriber base of 44.6 million, a reduction of 1.4 million numbers mainly from a decrease in Prepaid customers by 1.5 million subscribers, while Postpaid customers grew by 155,000 subscribers. This reduction was a result of AIS' strategic focus on quality customers and implementing stricter Prepaid Identification (PI) as mandated by the NBTC. Despite this, a commitment to customer quality and package enhancements resulted in a Blended ARPU increase to 223 Baht in 4Q23, compared to 213 Baht in 4Q22, reflecting a 4.7% YoY increase. The number of 5G subscribers increased to 9.2 million numbers, growing 34% YoY.

Broadband Business: Following the successful acquisition of TTTBB, the Fixed broadband business achieved a total customer base of 4.74 million subscribers by the end of 2023. This includes an organic increase of 276,000 subscribers from AIS operations and an additional 2.3mn subscribers from the acquisition of TTTBB. Through cross-sell and up-sell strategies and a focus on attracting high-quality customers with value enhancing packages, AIS FIBRE's ARPU reached 434 Baht in 4Q23, marking a 6.6% YoY increase on a standalone basis. Combining with TTTBB, the blended ARPU was uplifted to 490 Baht with a strong quality TTTBB subscriber base.

Mobile Business.	4Q22	3Q23	4Q23	%YoY	%QoQ
Subscribers					
Postpaid	12,560,100	12,663,800	12,715,000	1.2 %	0.4 %
Prepaid	33,453,000	31,785,900	31,901,500	-4.6 %	0.4 %
Total subscribers	46,013,100	44,449,700	44,616,500	-3.0 %	0.4 %
Net additions (Churns)					
Postpaid	189,100	(9,400)	51,200	-73 %	-645 %
Prepaid	162,300	(857,100)	115,600	-29 %	-113 %
Total net additions	351,400	(866,600)	166,800	-53 %	-119 %
ARPU (Baht/sub/month)					
Postpaid	455	446	449	-1.3 %	0.6 %
Prepaid	123	125	133	8.5 %	6.3 %
Blended	213	216	223	4.7 %	3.4 %
MOU (minute/sub/month)					
Postpaid	153	141	139	-9.2 %	-1.4 %
Prepaid	58	55	58	— %	5.5 %
Blended	82	77	79	-3.7 %	2.6 %
VOU (GB/data sub/month)					
Postpaid	33.8	35.6	37.4	11 %	5.1 %
Prepaid	30.2	31.6	31.3	3.6 %	-0.9 %
Blended	31.5	33.0	33.4	6.0 %	1.2 %
5G subscription					
5G subscription	6,830,000	8,496,000	9,170,000	34 %	7.9 %
Fixed Broadband Business					
Subscribers					
Total subscribers	2,169,200	2,380,700	4,742,300	119%	99 %
Total net additions	83,300	51,900	2,361,600*	NM%	NM%
ARPU (Baht/sub/month)					
AIS FIBRE	407	428	434	6.6 %	1.4 %
3BB			549		
Blended (AIS 3BB Fibre 3)			490		

*Including acquisition of TTTBB subscriber of 2.3mn

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4Q23 Snapshot (reported and organic growth)

For 4Q23, **core service revenue** was at Bt37,055mn, a 9.5% YoY and 8.7% QoQ growth, mainly from high seasonality in mobile and the organic growth momentum in fixed broadband, further boosted by the consolidation of TTTBB's revenue for 46 days. **Excluding TTTBB, the core service revenue's organic growth was 3.1% YoY and 2.4% QoQ.** **Mobile revenue** improved by 1.8% YoY and 2.6% QoQ, with seasonal variations driven by tourism and festivities, increasing purchasing power in the hospitality sector, and high-quality acquisition. **Fixed broadband revenue** ascended by 94% YoY and 67% QoQ, largely reflecting the consolidation of TTTBB's revenue along with the increasing number of new subscribers with high-value packages that also positively impacted the ARPU. **Excluding TTTBB, the Broadband's organic growth was 21% YoY and 3.9% QoQ.** **Enterprise business and other service revenue** reported at Bt1,957mn rose by 14% YoY and 12% QoQ driven by consolidation of TTTBB's non-fixed broadband revenue. **Excluding TTTBB's contribution, the Enterprise's organic revenue dropped -1.1% YoY and -2.8% QoQ** from those quarters with sizable projects.

The cost of service increased by 4.5% YoY and 5.7% due to the inclusion of TTTBB's expenses. **Excluding TTTBB, the cost of service was relatively flat, -1.0% YoY and 0.2% QoQ.** **Depreciation and amortization** expenses which increased 4.9% YoY and 7.0% QoQ came largely from TTTBB's assets and lease agreement, while the impact from the new 700MHz spectrum offset with fully depreciated asset in the quarter. **Network OPEX** rose 5.3% YoY and 3.0% QoQ from TTTBB cable-related expenses, while AIS operational transmission and equipment costs were offset by a lower FT rate. **Selling general and administrative expenses** increased 35% YoY and 49% QoQ driven by seasonal marketing expenses and acquisition-related expenses. Furthermore, a rise in administrative and other expenses was from increasing staff-related costs mainly from the consolidation of TTTBB, and asset provision expense occurred in 4Q23. **SG&A excluding TTTBB impact increased 20% YoY and 33% QoQ.**

EBITDA increased 4.6% YoY and 1.4% QoQ attributable to TTTBB consolidation. **Excluding this consolidation effect, AIS reported a 0.3% YoY increase in EBITDA** driven by improved core service revenue, offset by higher administrative expenses and -2.7% QoQ. Consequently, the **reported net profit** amounted to Bt7,003mn, a decrease -4.9% YoY due to the impact of net losses from TTTBB operations, asset provision expense, and increased finance cost from the acquisition. The profit declined -14% QoQ from one-time gain divestment in RLP during 3Q23, asset provision expense in 4Q23, and higher finance cost, despite an increase in FX gain. **Excluding one-time items, FX gain, and TTTBB impact, the normalized net profit was at 7,086 growing 6.3% YoY and -8.0% QoQ.**

FY23 Financial Summary (reported and organic growth)

Revenue

In FY2023, AIS achieved a total revenue of Bt188,873mn, marking a YoY increase of 1.8%. This growth was from improved service revenue from the consolidation of TTTBB performance, organic growth in broadband service, a revival of mobile service, and a strong momentum in enterprise business, partially offset by reduced device sales revenue. **Excluding TTTBB impact, total revenue increased 0.7% from lower device sales.**

Core service revenue (excluding IC and NT partnership) recorded at Bt138,569mn, an increase 4.2% YoY driven by the inclusion of TTTBB performance, improved mobile revenue, and growth momentum on fixed broadband and enterprise. **Excluding TTTBB impact, organic growth was at 2.5% YoY.**

- **Mobile revenue** was at Bt118,130mn, increased 1.2% YoY growing due to a focus on providing quality and superior experience to the customer and value-added product offerings, boosted by the overall economic recovery and increased consumer spending attributed from increased domestic and international tourism which led to higher roaming revenue. Our efforts to increase 5G adoption also provide additional uplift to the ARPU.

- **Fixed broadband revenue** was at Bt13,621mn, marking a 35% YoY increase due to the TTTBB consolidation of 46 days and sustained organic growth. The growth was also driven by quality customer acquisitions in the suburban areas through the introduction of attractive value packages aiming to uplift new customer ARPU while introducing convergence products to cross-sell and upsell to existing customers. **Excluding TTTBB, broadband organic growth was at 17% YoY.**

- **Enterprise non-mobile & others** was at Bt6,819mn, reflecting 8.7% YoY fueled by the robust performance of Enterprise Data Services (EDS) and Cloud services in alignment with the prevailing digitalization trend. This growth also includes the consolidation of TTTBB revenue for enterprise customers. **Excluding this impact, enterprise business and others grew 4.6%.**

Revenue from interconnection charge (IC) and NT partnership was at Bt13,352mn, showing a 2.9% increase from higher traffic usage with NT, despite a lower interconnection rate.

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SIM & Device sales reported Bt36,952mn, showing an -6.4% YoY decrease, caused by diminished sales volume, particularly during the mid-year period when no new flagship phones were launched, and a decrease in bundled packages with subsidized handset sales. Furthermore, the government tax campaign in early 2024 delayed significant customer expenditures in the last quarter of the year. The sales margin increased from 1.0% to 1.8% due to a higher mix of high-margin handsets.

Cost & Expense

FY23, the **cost of service** was Bt89,110mn, which increased 2.3% YoY due to TTTBB impact, higher IDD cost and network operating, including expenses related to electricity, and partnership costs with NT. **Excluding TTTBB, the cost of service increased 1.0% YoY.**

- **Regulatory fee** was Bt5,680mn, increasing 3.2% YoY, in line with an increase in core service revenue. The regulatory fee as a percentage of core service revenue remained flat around 4.1%.
- **Depreciation & amortization** were at Bt51,404mn, relatively flat at 0.2% YoY due to the fully depreciated network equipment, offset by the depreciation of new assets, including the 700MHz spectrum, and the Right of Use resulting from the consolidation of TTTBB.
- **Network OPEX & NT partnership cost** was at Bt21,825mn, increased by 8.7% YoY mainly due to increased network electricity cost from a low base of FT rate in the previous year. In addition, the higher NT partnership costs are associated with the NT partnership revenue.
- **Other costs of service** recorded at Bt10,201mn, flat YoY from higher IDD costs correlated with the increase in IDD revenue offset by lower interconnection costs. Additionally, there are some additional expenses related to the consolidation of TTTBB's costs,

SG&A expenses were at Bt22,840mn, slightly increased 2.2% YoY despite TTTBB impact due to the cost optimization efforts in marketing expenses. **Excluding TTTBB, SG&A decreased -1.4% YoY.**

- **Marketing expenses** reported at Bt5,784mn, decreasing -18% YoY from the high base last year after the country reopened post-COVID-19 and cost controls in advertising expenses.
- **Admin & other expenses** were at Bt17,056mn, increasing 11% YoY driven by higher employee-related costs and from the inclusion of expenses related to TTTBB acquisition. The increment also include asset provision expense occurred in 4Q23. The provision of bad debts as a % of postpaid and broadband revenue was 2.3% lower from FY22 at 2.6%.

Net FX gain at Bt620mn in FY23, compared to FX loss of Bt-37mn in FY22. AIS has the policy to mitigate the currency risk using hedging instruments where applicable.

Other Income at Bt877mn, increased 79% YoY from a one-time gain recognized in 3Q23 of Bt434mn from Rabbit Line Pay (RLP) divestment.

Finance cost was at Bt6,145mn, increasing 17% YoY mainly from acquisition funding. The average cost of borrowing was 2.9% in FY23.

Income Tax was at Bt6,909mn, increasing 12% YoY, following the increase in profit before tax. The effective tax rate was at 19.2% relatively flat from FY22.

Profitability

FY23 **EBITDA** was at Bt93,371mn, increasing 4.1% YoY driven by an increase in core service revenue and the positive contribution from TTTBB consolidation. **Excluding TTTBB, EBITDA grew 3.0%.**

EBITDA margin was at 49.4%, compared to 48.4% in FY22 from a lower proportion of device sales revenue.

The reported net profit was at Bt29,086mn, increasing 12% YoY, a noteworthy increase in core service revenue, surpassing growth in both OPEX and SG&A expense, which are continuously being optimized despite the profit-dilution impact of TTTBB consolidation. Furthermore, there was also a positive impact from foreign exchange gain and disposal of RLP in Q3. **Excluding one-time items, FX gain, and TTTBB impact, the normalized net profit was Bt28,656mn, improving 12% YoY.**

Cash flow

In FY23, cash flow from operation (after tax) reported at Bt87,641mn, increasing 7.7% compared to FY22 following an improvement in EBITDA. Net cash outflow from investing was at Bt37,088mn for network investment and at Bt13,904mn for spectrum license. As a result, free cash flow for FY23 was at Bt23,480mn (OCF less CAPEX, spectrum license, and lease liability paid). In summary, net cash increased by Bt5,730mn resulting in an outstanding cash of Bt14,744mn at the end of Dec-23.

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Financial position

Total asset as of ending 2023 significantly increased 35% to Bt454,439mn mainly from TTTBB and JASIF acquisitions. Current assets were at Bt41,838mn, increasing 22% from higher cash received from loan and higher trade account receivable. Total non-current assets were at Bt412,602mn, increasing by 36% from goodwill and PPE from acquisition, and higher ROU assets from JASIF rental contract.

Total liabilities amounted to Bt363,761mn increasing 45% mainly from increasing debt for TTTBB and JASIF acquisition and the lease liability from OFC rental contract obligation with JASIF. Interest-bearing debt stood at Bt127,244mn, increasing by 51%, Net debt to EBITDA (including lease liabilities and license payable) was at 2.9x increase from 2.0X in FY22 from the consolidation of TTTBB lease liability and new debt for the acquisition transaction. Total equity was at Bt90,678mn, increasing 5.7%.

Financial Ratio

Profitability: AIS continued delivering healthy profitability with an EBITDA margin of 49.4% from the focus on profitable revenue and well-cost control especially in marketing expenses. Net profit margin remained at 15%, while ROE improved to 33% and ROA stood at 7.3%.

Liquidity & Leverage: Current ratio was at 0.3x which illustrated stable liquidity status. Net debt to EBITDA rose up from 2.0X in FY22 to 2.9x and remained manageable despite new debt incurred for the acquisition deal. The interest coverage ratio remains healthy at 13x. In FY23, the Company maintained a credit rating of BBB+ from S&P Global rating and being upgraded to AAA(thai) from Fitch Ratings. The company places an importance to maintain its credit rating in the interest of keeping the capital costs at an appropriate level and strive to maintain the financial ratio that are keys to credit rating consideration such as Net Debt to EBITDA. However, there is no debt covenant that mentioned the required ratio that the company needs to adhere to. The detail of debt obligation of the company can be found in note NO.18 to the financial statement.

Asset turnover: The inventory was effectively managed, although inventory days increased from 28 days to 40 days. This was a result of an elevated handset stock-to-sales ratio due to the government tax campaign in early 2024, which postponed significant customer expenditures in the last quarter of the year. Account payable days was at 166 days, declined from 187 days in FY22

Credit term and collection period

The normal credit term granted by the Company ranges from 14 days to 120 days depending on the type of provided service and clients. For consumer business, mainly in mobile and fixed broadband service, the Company allows 30 days of credit term as most services are monthly mobile subscriptions. However, for enterprise clients, a longer credit terms were granted ranging from 30 days to 120 days depending on the type of services. The average collection period (days) for FY23 was 52 days.

Significant Events in FY23

- Advanced Wireless Network Company Limited (“AWN”) entered into an agreement to accept a transfer of the license of 700 MHz spectrum for 5MHz for telecommunications service from National Telecom Public Company Limited (“NT”). The total spectrum value is THB 14,866 million whereby AWN shall make a spectrum transfer payment to NT and the remaining annual spectrum installments to NBTC. The transfer of license was completed on 24th October 2023. The 700 MHz will enable AIS expansion of the 5G network to efficiently cover suburban areas and in high-rise buildings, and to increase network capacity to accommodate the genuine growth of 5G usages.
- In Sep-23, AWN entered into 13-year agreements with NT for a network equipment rental on NT’s 700 MHz spectrum for NT to provide their 5G mobile service by constructing a total number of 13,500 base stations across the country. AWN will start recognizing rental income when the service is delivered in phases to NT within 2 years. AWN is also obliged to provide roaming service for NT for 13 years in exchange for the rental and roaming fees from NT as specified in the contract.
- In Nov-23, AIS has announced the Completion of the acquisition of Triple T Broadband Public Company Limited (“TTTBB”) and investment units in Jasmine Broadband Internet Infrastructure Fund (“JASIF”). The settlement value of the transaction was at 28,371 million Baht. The consolidation of financial statements starts on 16 November 2023 onwards.

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Consolidated Profit and loss Statement (Reported*)

*Note: Consolidated financial statement, including TTTBB's and JASIF's results for 46 days since 16 Nov 23.

Income statement (Bt mn)	4Q22	3Q23	4Q23	%YoY	%QoQ	FY22	FY23	%YoY
Mobile revenue	29,524	29,311	30,065	1.8%	2.6%	116,696	118,130	1.2%
Fixed broadband revenues	2,598	3,021	5,033	94%	67%	10,064	13,621	35%
Other service revenues	1,718	1,748	1,957	14%	12%	6,274	6,819	8.7%
Core service revenue	33,840	34,080	37,055	9.5%	8.7%	133,033	138,569	4.2%
IC and NT partnership	3,373	3,313	3,371	-0.1%	1.7%	12,976	13,352	2.9%
Service revenue	37,213	37,393	40,426	8.6%	8.1%	146,009	151,921	4.0%
SIM and device sales	11,485	8,675	10,892	-5.2%	26%	39,476	36,952	-6.4%
Total revenues	48,699	46,069	51,318	5.4%	11%	185,485	188,873	1.8%
Regulatory fee	1,392	1,409	1,509	8.4%	7.0%	5,502	5,680	3.2%
Depreciation & Amortization	12,722	12,479	13,349	4.9%	7.0%	51,296	51,404	0.2%
Network OPEX and NT partnership	5,277	5,394	5,557	5.3%	3.0%	20,075	21,825	8.7%
Other costs of services	2,655	2,508	2,622	-1.3%	4.5%	10,202	10,201	0.0%
Cost of service	22,046	21,789	23,036	4.5%	5.7%	87,076	89,110	2.3%
Cost of SIM and device sales	11,353	8,517	10,638	-6.3%	25%	39,096	36,277	-7.2%
Total costs of service and sale	33,399	30,306	33,674	0.8%	11%	126,172	125,387	-0.6%
Gross profit	15,300	15,762	17,644	15%	12%	59,313	63,486	7.0%
SG&A	5,492	4,957	7,402	35%	49%	22,353	22,840	2.2%
Marketing Expense	1,874	1,126	2,001	6.8%	78%	7,026	5,784	-18%
Admin and others	3,619	3,832	5,401	49%	41%	15,327	17,056	11%
Operating profit	9,807	10,805	10,241	4.4%	-5.2%	36,960	40,646	10%
Net foreign exchange gain (loss)	572	123	412	-28%	236%	-37	620	-1791%
Other income (expense)	26	473	247	832%	-48%	489	877	79%
Finance cost	1,294	1,366	2,196	70%	61%	5,231	6,145	17%
Income tax	1,747	1,887	1,702	-2.6%	-9.8%	6,168	6,909	12%
Non-controlling interest	-1	-1	0	-127%	-119%	-3	-3	7.9%
Net profit for the period	7,363	8,146	7,003	-4.9%	-14%	26,011	29,086	12%

EBITDA (Bt mn)	4Q22	3Q23	4Q23	%YoY	%QoQ	FY22	FY23	%YoY
Operating Profit	9,807	10,805	10,241	4.4%	-5.2%	36,960	40,646	10%
Depreciation & amortization	13,118	12,844	13,745	4.8%	7.0%	52,902	52,880	-%
Management benefit expense	-29	-35	-36	23%	1.5%	-133	-139	4.1%
Other financial cost	-5	-4	-6	31%	52%	-17	-17	-3.0%
EBITDA*	22,892	23,610	23,945	4.6%	1.4%	89,711	93,371	4.1%
EBITDA margin (%)	47.0%	51.2%	46.7%	-35bps	-459bps	48.4%	49.4%	107bps

*EBITDA (restated)

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Financial Position (Bt mn%to total asset)	4Q22		4Q23	
Cash	9,014	2.7%	14,744	3.2%
ST investment	982	0.3%	557	0.1%
Trade receivable	16,414	4.9%	19,356	4.3%
Inventories	3,839	1.1%	4,147	0.9%
Others	4,088	1.2%	3,034	0.7%
Current Assets	34,338	10%	41,838	9.2%
Spectrum license	119,765	36%	121,154	27%
Network and PPE	113,252	34%	139,224	31%
Right of use	42,861	13%	101,225	22%
Intangible asset	16,827	5.0%	20,903	4.6%
Defer tax asset	4,597	1.4%	3,699	0.8%
Others	5,404	1.6%	26,396	5.8%
Total Assets	337,044	100%	454,439	100%
Trade payable	24,215	7.2%	16,031	3.5%
ST loan & CP of LT loans	20,496	6.1%	57,404	13%
CP of lease liabilities	11,135	3.3%	15,062	3.3%
Accrued R/S expense	3,361	1.0%	3,361	0.7%
CP of spectrum payable	10,903	3.2%	12,599	2.8%
Others	26,231	7.8%	29,190	6.4%
Current Liabilities	96,341	29%	133,647	29%
Debenture & LT loans	63,914	19%	69,840	15%
LT lease liabilities	32,871	9.8%	100,077	22%
Spectrum payable	52,085	15%	51,610	11%
Other	6,015	1.8%	8,587	1.9%
Total Liabilities	251,227	75%	363,761	80%
Retained earnings	60,675	18%	65,515	14%
Others	25,141	7.5%	25,163	5.5%
Total Equity	85,816	25%	90,678	20%

Key Financial Ratio	4Q22	3Q23	4Q23
Interest-bearing debt to equity (times)*	1.0	1.2	1.4
Net debt to equity (times)*	0.9	1.0	1.2
Net debt to EBITDA (times)*	0.8	0.9	1.1
Net debt & lease liability & spectrum license payable to EBITDA	2.0	1.9	2.9
Current Ratio (times)	0.4	0.4	0.3
Interest Coverage (times)	15.6	14.8	13.3
Debt Service Coverage Ratio (times)	3.1	2.5	1.3
Return on Equity	31 %	35 %	33 %

Figures from P&L are YTD annualized.
*Exclude Lease liability
**EBITDA in ratio is annualized from 46 days of 3BB EBITDA

Debt Repayment Schedule			License payment schedule		
Bt mn	Debenture	Loan	900MHz	2600MHz	700MHz
2024	8,012	49,432*	7,565		5,189
2025		9,102	7,565	2,934	5,189
2026	15,180	6,853		2,934	5,189
2027	9,000	6,110		2,934	5,189
2028	9,500	5,130		2,934	5,189
2029				2,934	5,189
2030	3,000			2,934	5,189
2031	3,000				
2032					
2033	3,000				

* Including bridge loan for financing TTTBB's deal.

Credit Rating	
Fitch	National rating: AAA (THA), Outlook: Stable
S&P	BBB+, Outlook: Stable

Source and Use of Fund: FY23 (Bt.mn)

Source of fund	Use of fund
Operating cash flow	38,091 CAPEX & Fixed assets
Net borrowings received	38,091 Dividend paid
Interest received	157 Net investment in subsidiaries
Sale of equipment	137 Spectrum license
Dividend received	22 Lease liability payments
	Income tax and Finance cost paid
	Net investment in JV & Associates
	Other
	Cash increase
Total	133,044
	133,044

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2024 Guidance

Core service revenue	Around 13-15%
EBITDA	Around 14-16%
CAPEX (exclude spectrum)	Approx. Bt 25-26bn

Core service revenue to grow around 13-15%

In 2024, the growth would benefit from inorganic growth from TTTBB acquisition and good momentum in organic performance, with expanded economic conditions and a stabilized competition outlook. The key is to deliver convergence across our services leveraging our relationship with the customers while continuously uplifting the value in multi-product proposition.

- **Mobile** to focus on sustaining leadership in network quality and coverage, personalized segmented offerings, value-uplifting proposition with 5G, FMC, and privilege ecosystems, as well as delivering superior digitized service quality to the customers.
- **Broadband** to benefit from TTTBB acquisition and continue the growth momentum with a larger subscriber base, leveraging a combined coverage across Thailand, innovative product offerings, and superior service quality to offer more than broadband experiences. The key focus would also be on integration activities in combining the operations to achieve operational efficiencies and synergies.
- **Enterprise** to focus on profitable growth with digital technology and evolving socioeconomic context, leveraging on connectivity with enhanced technologies, value-added digital product offerings, and differentiated 5G Paragon platform.

EBITDA growth around 14-16% focusing on profitability

AIS to continuously execute cost optimization with TTTBB synergies to achieve sustainable operations. To achieve higher efficiency while improving product delivery and superior customer experience, AIS will continue to enhance IT processes & systems, autonomous network, data analytics, and people capability. Optimal capital allocation will be executed to improve efficiency to maximize value to customers and stakeholders.

CAPEX approx. 25-26bn to sustain quality with optimization

CAPEX this year is expected to be lower than in previous years, benefiting from the acceleration of the 700MHz 5G rollout in the prior year and leveraging TTTBB's larger broadband footprint. The optimized spending is in line with the business ambition to bring in and maintain quality customers through sustained network leadership. The broadband growth would continue in the new areas while achieving CAPEX synergy from a combined broadband network. Approximately, 60% of CAPEX is for mobile business, 28% in broadband business, and the rest in enterprise and others.

Dividend policy at minimum 70% of net profit

AIS is committed to driving long-term growth while delivering returns to shareholders. We place importance on maintaining strong financial health and flexibility to pursue future growth. Our dividend policy is to pay a minimum of 70% of net profit. By preserving cash flow, we ensure that we have the financial flexibility to lead, compete, and pursue growth prospects in any changing circumstances.

The dividend payment shall be made twice a year and is based on consolidated earnings and subjected to the availability of retained earnings on the separate financial statements. In all cases, dividend payment shall depend on cash flow and investment plan including any other future obligations of the Company and/or subsidiaries. Such dividends shall not adversely affect the Company and its subsidiaries' ongoing operations.

Comparison of 2023 guidance and actual financial results

(Excluding 3BB impact)

	Guidance	Actual performance	Comparison
Core service revenue	Around 3-5%	growth 2.5%	Below guidance from macroeconomic condition, slower-than-expected tourist return, and refocus to profitability in enterprise
EBITDA	Mid-single digit growth	growth 3.0%	Below guidance from increase utility cost and higher admin expense
CAPEX (exclude spectrum)	Bt27-30bn	Bt41 bn	Above guidance from accelerated 5G investment in 700MHz network with NT partnership. Excluding acceleration impact, CAPEX was in-line with guidance

4Q23 & FY23 MD&A

Advanced Info Service Plc.

Glossary

Subscriber	Number of registered SIM at ending period whose status is not defined as churn
Postpaid churn	Subscribers whose payment status is overdue more than 60 days from due date
Prepaid churn	Subscribers who do not refill to extend their validity within 45 days or subscribers who are inactive more than 90 days
Net additions	Change of number of subscribers from beginning period to ending period
Churn rate	Number of subscriber disconnections in the period divided by the sum of gross new subscribers in the period and the subscribers at the beginning period
ARPU	Consolidated service revenue excluding inbound international roaming and interconnect revenues divided by average of subscriber at the beginning and ending period
MOU	Number of billed outgoing minutes generated from voice call including international call usage divided by average subscriber
VOU	Number of billed gigabyte generated from data usage divided by average data subscriber

EBITDA margin	EBITDA / Total Revenues
Interest-Bearing Debt to Equity	Interest Bearing Debt / Ending Equity
Net Debt to Equity	(Interest Bearing Debt - Cash) / Ending Equity
Net Debt to EBITDA	(Interest Bearing Debt - Cash) / EBITDA
Net Debt to EBITDA (Incl. lease liability and spectrum license payable)	(Interest Bearing Debt + Lease Liability + Spectrum License Payable - Cash) / EBITDA
Interest Coverage	Operating Profit / Interest Expense
Debt Service Coverage Ratio	EBITDA * (1 - Tax Rate) / (Debt Repayment in 1 Year + Interest expense annualized)
ROA	Net Profit / Average Asset Between Beginning and Ending Period
ROE	Net Profit / Average Equity Between Beginning and Ending Period
Free Cash Flow (FCF)	Net Cash Flow From Operating Activities - CAPEX - Lease Liability Paid