

Executive Summary

Mobile revenue driven by postpaid price adjustment

In 3Q19, the postpaid segment continued its growth as we continued to adjust postpaid price plans to suit customer's usage pattern. Prepaid competition, however, remained challenging with offering of large data allowance on low-tier package during the quarter to date. AIS selectively offered such plan to maintain fair share and ensure that we preserve our quality subscribers. As a result, AIS's mobile revenue stood at Bt32,880mn, increasing 6.4% YoY and flat QoQ.

Enhanced convergence strategy

AIS Fibre (Broadband business) growth continued amidst a competitive environment, gained 81,600 subscribers in this quarter, and landed a total subscriber of 937,000. Hence, we maintain our target of 1mn homes by end-19. Underpinned by the focus on the fixed-mobile convergence (FMC), AIS aims to acquire high-value customers leveraging upon mobile subscriber base. The revenue growth was 32% YoY and 6.9% QoQ, making the revenue contribution grew to 4.2% of AIS core service revenue.

Robust core service revenue growth (Pre-TFRS 15) with guidance maintained

Core service revenue (pre-TFRS) in 3Q19 was Bt35,527mn, increasing 7.2% YoY following growth in mobile postpaid segment, fixed broadband and enterprise business. QoQ, core service revenue was flat due to pricing competition in the prepaid mobile market. On the cost side, there's less marketing spending QoQ and lower tower & equipment rental from settling disputes with TOT. As a result, reported EBITDA was Bt21,135mn increasing 19% YoY and 11% QoQ. In conclusion, for 9M19, AIS reported a robust core service revenue growth of 5.2% YoY with a 44.2% reported EBITDA margin, both in-line with guidance.

Partnered to secure use of towers in long-term

In the quarter, AIS has settled two disputes with TOT on towers and 2G equipment. Effectively, AIS will be renting towers from TOT for a period of 10 years and ended the rent on 2G equipment, both of which resulted in lower opex. Further details are under Significant Event section.

Significant Event

1. In the quarter, AIS entered into a settlement of tower dispute with TOT; and as a result AWN (a wholly owned subsidiary of AIS) agreed to rent towers from TOT who will rent the space and use maintenance services from AWN for 10 years, effective from 1-Jan-19. The agreement effectively incurred a net cost of approximately Bt200mn per month in 2019 vs Bt300m previously (from Jul-2016 to Jun-2019, AIS paid Bt300m per month for the use of towers to TOT and recorded it under network opex). Based on the agreement, AIS recorded revenue received from TOT on space rental and maintenance service under "IC and TOT partnership revenue" while recording cost of tower rental under "network opex and TOT partnership cost". As the agreement is effective from Jan-2019, the revenue and cost of rent incurred for 9-month period are recorded in 3Q19 offsetting the actual cost previously paid to TOT in the 1H19.
2. In Sep-19, AIS has entered into the 2G equipment dispute settlement and purchase agreement of 2G equipment with TOT. As a result, AWN agrees to pay for the claim as requested by TOT including interest charge in total Bt680mn. Of the amount, AIS has already provisioned Bt559mn in the financial statements during Oct-15 to Jun-16. Hence, AIS incurred a one-time expense of Bt121mn under administration expenses in 3Q19. AWN also agrees to purchase 2G equipment from TOT for Bt244mn, effectively discontinues the rent from Sep-19 onward. (Since Jul-15, AWN has paid for the use of 2G equipment at Bt167mn/month.)

Market and Competitive Environment

In 3Q19, the competition in the postpaid segment remained fairly stable. There continued to be no new offering on fixed-speed unlimited data in the postpaid segment, which in turn led to an improvement in data monetization. For the prepaid segment, market environment escalated in the quarter. Since Jul-19, all operators offered aggressive data plans e.g. Bt200 monthly plan with a data quota of 100-200GB. In addition, the fixed-speed unlimited plan has re-launched in some key cities. However, these prepaid plans are only offered for new subscriptions and limited to certain sales channels.

On fixed broadband, competition has heightened. Operators continued to deploy half-price discounts in order to protect churn and acquire new subscriptions. Although an entry industry price remained in a range of Bt500-600 with a typical 100Mbps speed, 1Gbps plans are currently affordable at Bt800-1,000.

3Q19 Operational Summary

In 3Q19, the total number of mobile subscribers was 41.6mn, growing 2.2% YoY, and flat QoQ. The growth mainly came from an increasing number of postpaid subscribers contributed 22% of total subscribers. The decrease in prepaid customers resulted from subscribers moving into postpaid. Blended ARPU increased 3.6% YoY with improved pricing; and remained flat QoQ.

The subscribers for FBB business grew 38% YoY, and 9.5% QoQ with 28% of fixed broadband users subscribed to a fixed-mobile-content convergence package (FMC), which a part of the revenue allocated to mobile segment, led to a slight drop in ARPU in the quarter.

Mobile Business	3Q18	4Q18	1Q19	2Q19	3Q19
Subscribers					
Postpaid	8,014,700	8,189,900	8,543,800	8,793,500	9,001,700
Prepaid	32,632,300	32,979,300	32,946,900	32,670,900	32,556,400
Total subscribers	40,647,000	41,169,200	41,490,700	41,464,400	41,558,100
Net additions					
Postpaid	192,100	175,200	353,900	249,700	208,200
Prepaid	360,200	347,000	-32,400	-276,000	-114,500
Total net additions	552,300	522,200	321,500	-26,300	93,700
ARPU (Baht/sub.month)					
Postpaid	561	571	564	571	569
Prepaid	179	176	174	182	179
Blended	254	255	253	263	263
Postpaid (TFRS 15)	-	-	529	537	531
Postpaid (TFRS 15)	-	-	174	182	179
Blended (TFRS 15)	-	-	246	256	254
MOU (minute/sub.month)					
Postpaid	241	244	237	227	225
Prepaid	124	121	113	94	82
Blended	147	145	138	122	113
VOU (GB data sub.month)					
Postpaid	12.7	14.0	14.4	15.1	16.2
Prepaid	9.2	9.8	10.3	10.1	10.5
Blended	10.1	10.9	11.4	11.5	12.1
Device Penetration					
4G-handset penetration	57%	59%	63%	66%	69%
Fixed Broadband Business					
FBB subscribers	676,700	730,500	795,000	855,400	937,000
FBB net addition	53,300	53,800	64,500	60,400	81,600
FBB ARPU (Baht/user/month)	573	574	563	558	549

9M19 Snapshot

For 9M19, AIS's **total revenue** increased by 6.9% YoY, standing at Bt133,969mn. This includes revenue received from TOT on space rental and maintenance service upon the tower agreement with TOT, which had retrospectively taken effect from 1 Jan 2019. Excluding IC and ToT partnership, **core service revenue** was increase 5.2% YoY, against the FY19 guidance of mid-single-digit growth. Mobile service revenue rose 4.3% YoY following the discontinuation of fixed-speed unlimited subscriptions in postpaid partially offset by a decline in prepaid revenue. Fixed broadband continued growing 29% YoY with 206,500 net subscribers added, and growth accelerated from 9M18. The strong growth was mainly driven by the FMC offering to AIS mobile customers and leverage key channels to support the quality acquisition. Other service revenues mainly comprised of enterprise business, grew 7.3% YoY supported by growth in EDS and Cloud and acquisition of CSL in Feb-18.

Following the tower agreement with TOT and discontinue of 2G equipment rent as well as network expansion in both mobile and broadband, cost of service was Bt60,735mn, increasing 7.8% YoY. SG&A expenses were Bt21,719mn, increasing 12% YoY, mainly from continued investment for brand perception, handset subsidies as well as the legal severance pay recognized in 2Q19.

In summary, **reported EBITDA** stood at Bt59,159mn, 6.2% YoY, with a margin of 44.2%, in line with the FY19 guidance of stable YoY. Reported net profit grew 5.1% YoY to Bt24,019mn from robust growth of core service revenue offset by increased D&A following 4G investment.

3Q19 Financial Summary (Pre-TFRS 15)

Revenue

AIS has a strong total revenue growth of 7.9% YoY and 1.7% QoQ for 3Q19. Total revenue for the quarter was Bt45,457mn, of which 78% contributed by core service revenue, 12% from sale of device and SIM, and 10% from interconnection charge and TOT partnership. Compared to 2Q19, the percentage of revenue contribution is mostly the same. **The service revenue** can be categorized into

The core service revenue included revenue from mobile, fixed broadband, and others. In 3Q19, core service revenue was Bt35,527mn, grew 7.2% YoY and flat QoQ.

- **Mobile revenue** reported at Bt32,880mn increased 6.4% YoY and flat QoQ with total 93k subscribers gain. The YoY trend continued strongly due to improved pricing as fixed speed unlimited data plans has ceased. However, QoQ revenue was flat during the low season while prepaid price plan continued to offer large data allowance at low price point.
- **Fixed broadband revenue** reported at Bt1,475mn rising 32% YoY, and 6.9% QoQ driven by subscribers growth adding 81,600 QoQ. The growth strategy continued to focus on acquiring quality subscribers targeting from the existing mobile subscribers and the bundled offerings of fixed and mobile plan.
- **Other service revenues** reported Bt1,172mn increased 4.4% YoY and 6.3% QoQ, composed mainly of enterprise business driven by growth in EDS and cloud.

Revenue from Interconnection charge (IC) and TOT partnership reported at Bt4,278mn, grew 38% YoY and 51% QoQ. The surge in revenue resulted from the new tower agreement with TOT, recognizing revenue from space rental and maintenance which retrospectively taken affect from 1 Jan 2019. Such revenue is to offset against the cost paid to TOT for tower rental recorded under cost of service.

In total, the service revenue for 3Q19 reported Bt39,804mn increase 9.8% YoY and 4.1% QoQ.

The revenue from SIM and Device reported Bt5,652mn decreased 3.6% YoY, and 12% QoQ resulted from a lower sale volume of high-priced devices. The profit margin from selling SIM and device stood around -4.2% in 3Q19, similar to previous quarter.

Cost & Expense

Cost of service was Bt20,748mn increasing 4.6% YoY and 2.9% QoQ, mainly driven by 4G expansion. It comprises of the following items.

- **Regulatory fee** was Bt1,467mn increased 2.6% YoY and flat QoQ following the increase in core service revenue. It remains stable QoQ at 4.1% of core service revenue.
- **Depreciation & amortization** of Bt9,410mn increased 12% YoY and 5.8% QoQ due to continued investment in 4G network, fixed broadband, and 1800MHz spectrum license acquired in Sep-18.
- **Network OPEX & TOT partnership (gross) cost** was Bt7,416mn, increased 2.7% YoY and 1.3% QoQ. Although the effect is not apparent, 3Q19 network OPEX had two significant changes, regarding the agreement with TOT (Please refer to significant event). Network opex & TOT partnership cost, net of revenue from partnership was Bt3,953mn, decreased 23% YoY and 25% QoQ due to lower rental of tower and 2G equipment following settlement of disputes.
- **Other costs of service** were Bt2,455mn, decreasing 12% YoY and 1.5% QoQ. YoY, the main driver was lower IC cost.

SG&A expenses was Bt7,227mn, increased 6.4% YoY and was proportionate to the increase in total revenue, amounting 16% of total revenue. Compared QoQ, the SG&A decreased 6.2% from a one-time expense in legal severance¹ in 2Q19.

- **Marketing expenses** were Bt2,570mn, increased 5.9% YoY, but decreased 5.3% QoQ. YoY, marketing expense remain quite stable of 5.7% of total revenue in 3Q19. Comparing to 2Q19, the reduction was from marketing campaign in 2Q19.
- **Admin & other expenses** were Bt4,656mn increasing 6.6% YoY, but decreasing 6.7% QoQ. YoY. Admin & other expenses remain at 10% of total revenue for both 3Q18 and 3Q19. The decrease in QoQ was from one-time provision for legal severance¹ of Bt602mn in 2Q19. The effect is partly offset by interest charge from legal dispute settlement regarding 2G telecommunication equipment with TOT of Bt121mn (please refer to Significant Event).

¹The Labor Protection Act (No. 7) B.E. 2562, effective from 5-May-19, stipulates additional legal severance pay rates for employees who have worked for a period of 20 years or more to be entitled to receive not less than 400 days' compensation, compared to 300 days previously

Net FX gain was reported to be negative Bt44mn, which was mostly unrealized loss from fluctuated currency.

Finance cost was Bt1,195mn, decreased 6.5% YoY but flat QoQ. The decrease in finance cost was due to the repayment of debt from Bt113,164mn in 3Q18 to Bt97,974mn this quarter. Average cost of debt is 3.1% per year.

Profit

EBITDA in 3Q19 was Bt21,135mn increasing 19% YoY and 11% QoQ, as a result of an increase in service revenue along with well-controlled expenses as well as recognition of lower tower rental for the first half, in this quarter. EBITDA margin increased from 42.3% in 3Q18 and 42.8% in 2Q19 to 46.5% in 3Q19. **Net profit** was Bt8,679mn escalating 28% YoY and 12% QoQ, respectively. Net profit margin was 19% this quarter comparing to 16% 3Q18 and 17% 2Q19.

Financial position (Post TFRS-15)

Total asset was Bt283,593mn in 3Q19, decreased by 2.4% from 4Q18 as spectrum licenses had been amortized. However, some of the effect was negated by an increase in cash. Current liability increased 25% from 4Q18 whereas non-current liability decreased 19% from 4Q18. A major movement is a result of 900MHz spectrum license payable. With the extended term of payment, a portion of payment (approximately Bt20bn) will be paid within the year and the rest portion of Bt42bn will be paid equally in the next 6 years. Total liability was Bt221,495mn decreasing 4.9% from 4Q18 from a decrease in interest-bearing debt, which was Bt98,000mn comparing to Bt109,100mn in 4Q18. Total equity was reported at Bt62,098mn increasing 7.7% from 4Q18 as a result from 14% increase in retained earnings.

Cash flow

For 9M19, AIS reported operating cash flow of Bt62,078mn, increasing 12% YoY aligned with 6.2% growth in EBITDA. The CAPEX was Bt15,819mn decreased by 4.2%, which accounted for 12% of the 9M19 total revenue. Also, AIS paid the license fee for the 900Mhz spectrum to the NBTC totaling Bt4,020mn. As a result, free cash flow for 9M19 was Bt36,094mn (OCF less CAPEX less license fee), compared to Bt22,089mn in 9M18.

Income statement (Bt mn)	Pre-TFRS 15							
	3Q18	2Q19	3Q19	%YoY	%QoQ	9M18	9M19	%YoY
Mobile revenue	30,895	32,911	32,880	6.4%	-0.1%	93,358	97,346	4.3%
Fixed broadband revenues	1,117	1,380	1,475	32%	6.9%	3,224	4,143	29%
Other service revenues	1,122	1,103	1,172	4.4%	6.3%	3,163	3,393	7.3%
Core service revenue	33,134	35,394	35,527	7.2%	0.4%	99,745	104,883	5.2%
IC and TOT partnership	3,111	2,841	4,278	38%	51%	7,374	10,113	37%
Service revenue	36,245	38,235	39,804	9.8%	4.1%	107,120	114,996	7.4%
SIM and device sales	5,865	6,453	5,652	-3.6%	-12%	18,152	18,973	4.5%
Total revenues	42,110	44,688	45,457	7.9%	1.7%	125,271	133,969	6.9%
Regulatory fee	(1,429)	(1,462)	(1,467)	2.6%	0.4%	(4,303)	(4,333)	0.7%
Depreciation & Amortization	(8,401)	(8,896)	(9,410)	12%	5.8%	(24,515)	(26,998)	10%
Network OPEX and TOT partnership	(7,223)	(7,320)	(7,416)	2.7%	1.3%	(19,563)	(22,107)	13%
Other costs of services	(2,781)	(2,492)	(2,455)	-12%	-1.5%	(7,936)	(7,299)	-8.0%
Cost of service	(19,835)	(20,170)	(20,748)	4.6%	2.9%	(56,317)	(60,735)	7.8%
Cost of SIM and device sales	(6,189)	(6,709)	(5,889)	-4.9%	-12%	(18,724)	(19,756)	5.5%
Total costs of service and sale	(26,023)	(26,879)	(26,637)	2.4%	-0.9%	(75,041)	(80,491)	7.3%
Gross profit	16,087	17,809	18,820	17%	5.7%	50,230	53,477	6.5%
SG&A	(6,794)	(7,706)	(7,227)	6.4%	-6.2%	(19,327)	(21,719)	12%
Marketing Expense	(2,426)	(2,715)	(2,570)	5.9%	-5.3%	(6,837)	(7,873)	15%
Admin and others	(4,368)	(4,991)	(4,656)	6.6%	-6.7%	(12,491)	(13,846)	11%
Operating profit	9,293	10,103	11,594	25%	15%	30,903	31,759	2.8%
Net foreign exchange gain (loss)	12	252	(44)	-450%	-117%	(10)	293	-2900%
Other income (expense)	119	107	127	7.1%	19%	443	455	2.8%
Finance cost	(1,277)	(1,194)	(1,195)	-6.5%	0.1%	(3,859)	(3,605)	-6.6%
Income tax	(1,345)	(1,542)	(1,803)	34%	17%	(4,602)	(4,880)	6.0%
Non-controlling interest	(0.9)	(0.3)	(0.8)	-9.7%	179%	(31)	(2.1)	-93%
Net profit for the period	6,800	7,725	8,679	28%	12%	22,843	24,019	5.1%
Network OPEX & TOT partnership cost (net of revenue)	5,128	5,251	3,953	-23%	-25%	15,007	14,343	-4.4%

EBITDA (Bt mn)	Pre-TFRS 15							
	3Q18	2Q19	3Q19	%YoY	%QoQ	9M18	9M19	%YoY
Operating Profit	9,293	10,103	11,594	25%	15%	30,903	31,759	2.8%
Depreciation & amortization	8,556	9,052	9,572	12%	5.8%	24,960	27,471	10%
(Gain) loss on disposals of PPE	12	15	(3.2)	-127%	-121%	22	40	82%
Management benefit expense	(41)	(47)	(30)	-27%	-36%	(145)	(112)	-23%
Other financial cost	(1.5)	(5.4)	2.6	-274%	-147%	(19)	0.2	-101%
EBITDA	17,817	19,117	21,135	19%	11%	55,721	59,159	6.2%
EBITDA margin (%)	42.3%	42.8%	46.5%			44.5%	44.2%	

Normalized profitability (Bt mn)	Pre-TFRS 15							
	3Q18	2Q19	3Q19	%YoY	%QoQ	9M18	9M19	%YoY
EBITDA	17,817	19,117	21,135	18.6%	10.6%	55,721	59,159	6.2%
Withholding tax	134	-	-	NA	NA	134	-	NA
Legal severance provision (before tax)	-	636	-	NA	NA	-	636	NA
TOT Partnership (before tax)	-	-	479	NA	NA	-	479	NA
Normalized EBITDA	17,951	19,753	20,656	15%	4.6%	55,855	59,316	6.2%
Normalized EBITDA margin (%)	42.6%	44.2%	45.4%	-	-	44.6%	44.3%	-
Net Profit	6,800	7,725	8,679	28%	12%	22,843	24,019	5.1%
Withholding tax	134	-	-	NA	NA	134	-	NA
Legal severance provision (after tax)	-	509	-	NA	NA	-	509	NA
TOT Partnership (after tax)	-	-	383	NA	NA	-	383	NA
Normalized net profit	6,934	8,234	8,296	20%	0.7%	22,977	24,145	5.1%

Financial Position (Bt mn%, to total asset)	4Q18		Post-TFRS 15 3Q19	
	Cash	9,067	3.1%	11,281
ST investment	2,221	0.8%	1,938	0.7%
Trade receivable	16,361	5.6%	17,198	6.1%
Inventories	3,823	1.3%	2,885	1.0%
Others	3,433	1.2%	4,389	1.5%
Current Assets	34,905	12%	37,691	13%
Spectrum license	111,749	38%	105,264	37%
Network and PPE	130,212	45%	127,311	45%
Intangible asset	5,092	1.8%	5,291	1.9%
Defer tax asset	3,210	1.1%	3,021	1.1%
Others	5,337	1.8%	5,015	1.8%
Total Assets	290,505	100%	283,593	100%
Trade payable	18,422	6.3%	19,982	7.0%
ST loan & CP of LT loans	17,104	5.9%	13,527	4.8%
Accrued R/S expense	5,362	1.8%	5,248	1.9%
Others	31,877	11%	52,502	19%
Current Liabilities	72,764	25%	91,260	32%
Debenture & LT loans	92,030	32%	84,487	30%
Others	68,042	23%	45,748	16%
Total Liabilities	232,836	80%	221,495	78%
Retained earnings	32,505	11%	36,937	13%
Others	25,163	8.7%	25,162	8.9%
Total Equity	57,669	20%	62,098	22%

Key Financial Ratio	3Q18	Post-TFRS 15	
		2Q19	3Q19
Interest-bearing debt to equity (times)	2.2	1.5	1.6
Net debt to equity (times)	2.0	1.3	1.4
Net debt to EBITDA (times)	1.4	1.1	1.0
Current Ratio (times)	0.4	0.6	0.4
Interest Coverage (times)	11	13	15
Debt Service Coverage Ratio (times)	2.5	4.2	4.1
Return on Equity	51%	51%	55%

Figures from P&L are annualized YTD.

Bt mn	Debt Repayment Schedule		License payment schedule	
	Debenture	Loan	1800MHz	900MHz
4Q19	-	1,964	-	-
2020	-	14,829	3,128	21,747
2021	1,776	12,079	3,128	7,565
2022	-	13,440	-	7,565
2023	7,820	6,883	-	7,565
2024	6,638	5,817	-	7,565
2025	-	5,967	-	7,565
2026	7,180	1,083	-	-
2027	9,000	750	-	-
2028	-	750	-	-

*700MHz license has not yet officially allocated Hence the first payment for the spectrum will begin around Oct - 2020

Credit Rating

Fitch	National rating: AA+ (THA), Outlook: Stable
S&P	BBB+, Outlook: Stable

Source and Use of Fund: 9M19

(Bt mn)

Source of fund		Use of fund	
Operating cash flow	62,036	CAPEX & Fixed assets	15,819
Sale of equipment	62	Payment of spectrum license	4,024
Proceed from LT borrowings	2,000	Income tax paid	6,101
Interest received	99	Dividend Paid	21,050
Dividend received	8	Finance cost and financial lease paid	1,866
		Repayment of ST borrowings	3,900
		Repayment of LT borrowings	9,189
		Cash paid for acquire net asset from business acquisition	22
		Payment of other LT investments	8
		Cash increase	2,226
Total	64,205	Total	64,205

2019 MANAGEMENT OUTLOOK & STRATEGY (maintained)

All guidance is based on Pre-TFRS 15

<p>Core service revenue</p> <p>Consolidated EBITDA margin</p> <p>Budgeted CAPEX</p> <p>Dividend policy</p>	<ul style="list-style-type: none"> • Mid-single digit growth • Stable from last year • Bt20-25bn • Minimum 70% of net profit
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Core service revenue is expected to grow mid-single digit

In 2019, AIS strives to continue strengthening core mobile business while putting more focus on growing fixed broadband and enterprise as well as continue the building blocks of new digital services. We target to achieve core service revenue growth of mid-single digit YoY with the focus on being competitive to gain fair market share and hence retain or expand our scale in respective businesses.

For mobile business, 4G adoption and demand is expected to continue rising following improved customer perception of our 4G network supported by the competitive spectrum portfolio. As a leading operator, AIS aims to be competitive in maintaining our mobile business scale as well as enhancing our product and brand proposition to better penetrate and serve certain growing segments.

Having been in the market for four years, AIS Fibre continues to grow with subscriber market share reaching 8% at end-18. Our focus on quality acquisition has brought in healthy revenue stream and provided us vital customer access at home. In 2019, deployment of FMC (Fixed-Mobile Convergence) strategy will be more pronounced as we aim to increase ARPU per household (ARPH) leveraging the high-value mobile customer base and deeper household personalization. That said, we aim to achieve 1mn fibre customers milestone this year, implying an estimated market share of 10%.

Post the acquisition of CSL in 2018, strategic alignment has been actively executed. In 2019, we aim to continue our growth in Enterprise Data Service (EDS) while the integrated capability of AIS and CSL shall strongly support our provision of Cloud, Data Centers, ICT managed services as well as other enterprise verticals. Overall, the enterprise revenue, currently representing 10% of core service revenue including revenue from mobile airtime, should continue delivering high-single digit growth in 2019.

EBITDA expands with a margin stable from last year and CAPEX planned at Bt20-25bn

As we have executed the company-wide cost management, our cost structure has been continually optimized amidst the competitive landscape. To support our aspiration in 2019, we ensure to allocate sufficient capital to marking our core mobile leadership and expanding other businesses. As process digitization continues, operating expense is expected to be controlled, offset by the cost to support network growth in all businesses. As a result, we expect EBITDA margin (EBITDA over total revenue) to be stable from last year (43.4% in 2018). With the full range of spectrum portfolio in 900/1800/2100MHz to support more 4G and continued 3G, we plan to invest at a similar range to the previous year with Bt20-25bn in total, of which Bt4.5bn allocated for fixed broadband. This budgeted CAPEX is mainly for 4G capacity expansion incorporating our plan to ensure 5G-compatible architecture and our focus to carefully balancing investment with return.

Dividend policy at minimum 70% of net profit

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

The dividend payment shall still 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, investment plan including any other future obligations of the Company and/or subsidiaries. Such dividend shall not adversely affect the Company and subsidiaries ongoing operations.

Disclaimer

Some statements made in this material are forward-looking statements with the relevant assumptions, which are subject to various risks and uncertainties. These include statements with respect to our corporate plans, strategies and beliefs and other statements that are not historical facts. These statements can be identified by the use of forward-looking terminology such as "may", "will", "expect", "anticipate", "intend", "estimate", "continue", "plan" or other similar words. The statements are based on our management's assumptions and beliefs in light of the information currently available to us. These assumptions involve risks and uncertainties which may cause the actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Please note that the company and executives staff do not control and cannot guarantee the relevance, timeliness, or accuracy of these statements.

Appendix

Income statement (Bt mn)	Post TFRS 15				
	1Q19	2Q19	3Q19	%QoQ	9M19
Mobile revenue	30,678	32,042	31,851	-0.6%	94,571
Fixed broadband revenue	1,288	1,380	1,409	2.1%	4,078
Other service revenues	1,078	1,083	1,201	11%	3,362
Core service revenue	33,044	34,505	34,461	-0.1%	102,011
IC and TOT partnership	2,995	2,841	4,278	51%	10,113
Service revenue	36,039	37,346	38,739	3.7%	112,124
SIM and device sales	7,222	6,736	5,994	-11%	19,952
Total revenues	43,262	44,081	44,733	1.5%	132,076
Regulatory fee	(1,403)	(1,462)	(1,467)	0.4%	(4,333)
Depreciation & Amortization	(8,691)	(8,896)	(9,410)	5.8%	(26,998)
Network OPEX and TOT partnership	(7,371)	(7,320)	(7,416)	1.3%	(22,107)
Other costs of services	(2,352)	(2,492)	(2,455)	-1.5%	(7,299)
Cost of service	(19,817)	(20,170)	(20,748)	2.9%	(60,735)
Cost of SIM and device sales	(7,159)	(6,709)	(5,889)	-12%	(19,756)
Total costs of service and sale	(26,976)	(26,879)	(26,637)	-0.9%	(80,491)
Gross profit	16,286	17,202	18,096	5.2%	51,585
SG&A	(6,262)	(7,047)	(6,331)	-10%	(19,641)
Marketing Expense	(1,934)	(1,906)	(1,499)	-21%	(5,338)
Admin and others	(4,328)	(5,141)	(4,833)	-6.0%	(14,302)
Operating profit	10,024	10,155	11,765	16%	31,944
Net foreign exchange gain (loss)	84	252	(44)	-117%	293
Other income (expense)	203	91	108	19%	402
Finance cost	(1,217)	(1,194)	(1,195)	0.1%	(3,605)
Income tax	(1,523)	(1,550)	(1,833)	18%	(4,906)
Non-controlling interest	(1.0)	(0.3)	(0.8)	179%	(2.1)
Net profit for the period	7,570	7,754	8,800	14%	24,125
EBITDA	18,868	19,169	21,307	11%	59,344

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