

## Executive Summary

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### Mobile revenue slightly recovered QoQ following strong acquisition and government stimulus

In late 4Q20, the new phase of outbreak had re-emerged and further strained tension on economy. Competition around data pricing with unlimited plan remained high and barred monetizing rise in data demand as well as stabilizing ARPU. However, mobile revenue recovered QoQ due to strong subscriber acquisition as well as demand driven by government stimulus package.

### Fixed broadband and Enterprise business continued its growth momentum driven by the outbreak

Driven by rising home connectivity demand during pandemic, AIS Fibre added 95k and reached 1.43mn subscribers with 17%YoY growth which drove 17%YoY revenue growth. Despite eased price competition since 4Q20, ARPU continued declining 10%YoY from new acquisition on low price package. Enterprise non-mobile business continued to deliver low-teen digit growth YoY with rising demand on cloud, data center and ICT solution following digitalization trend.

### 5G mobile subscriber continued to grow strongly supported by new 5G handset launch while 5G package uplifted ARPU by 10-15%

5G mobile subscriber growth remained strong with 480k additional sub in 1Q21 driven by iPhone12 launch. Total 5G subscribers reached 719k or 6.8% of postpaid subs as of end 1Q21, while AIS is on track to 5G subscriber target at 1mn subs by the end 2021. AIS 5G service saw 10-15% uplift in ARPU of early adopter as 5G price plan geared toward larger data volume and value added services.

### Stabilized EBITDA from recovered mobile business and cost control

In 1Q21, core service revenue was Bt32,425mn, decreasing -2%YoY but increasing 1%QoQ from rebounded mobile revenue and robust growth in fixed broadband. Continuous 5G/4G network expansion led to increasing cost of service 3.9%YoY and 3.4%QoQ; however, SG&A was well-managed and dropped -12%YoY and -8.8%QoQ, resulted in stabilized EBITDA with -0.9%YoY and +1.6%QoQ. Net profit was Bt6,644mn, decreasing -1.7%YoY as D&A rose from new spectrum and expansion and decreasing -7.3%QoQ from unrealized foreign exchange loss and tax benefit in 4Q20.

## Market and Competitive Environment

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Mobile competition in 1Q21 was stable as the price point for unlimited plans had been maintained. Although the industry attempted to uplift ARPU by introducing larger unlimited package, the new acquisition remained concentrated on smaller packages as consumers affected by sluggish economy are seeking for value-for-money. Therefore, the industry ARPU remained under pressure amidst weak spending environment. After 5G consumer service had been launched in 4Q20, the operators were focusing on providing superior 5G service quality and coverage to capture high value segment and uplift ARPU. 5G adoption during initial launch period was supported by popularity of high-end 5G handset such as iPhone12 while introduction of 5G handsets under Bt10,000 in 1Q21 were expected to accelerate 5G adoption rate for the rest of 2021.

The fixed broadband market continued to grow healthily following work and learn from the home trend while the price competition was slightly improved as the operators had been focusing on added value offering such as speed boost, equipment upgrade, service quality and premium contents. Although the operators were able to retained higher starting price point of Bt399/month, deep discount offering had been deployed to attract new customers and prevent churn with 24-month contract, resulted in declining ARPU trend.

## 1Q21 Operational summary

In 1Q21, mobile subscribers continued recovering and resulted in 1.3mn net additional subscribers reaching a total of 42.8mn. Postpaid segment maintained its acquisition momentum and posted net addition of 442k driven by handset bundling and pre-to-post migration. Prepaid segment grew robustly, adding 888k underpinned by strong acquisition and government stimulus campaigns as well as improving churn management. Although mobile data usage saw strong growth in VoU, +24% YoY to 18.2GB per subscriber per month driven by pandemic situation, weak consumer spending and price competition around unlimited plans continued to pressure ARPU, resulted in -1.2%QoQ decline in blended ARPU to Bt232.

With continuing trends for work and learn from home, fixed broadband subscribers delivered solid subscriber growth of 7.1%QoQ, gaining 95k net add and reached total subscribers of 1.4mn. Although price competition has been eased as the starting package prices was uplifted from Bt299 to Bt399, ARPU remained on declining trend, decreasing -3.0%QoQ to Bt462 due to popularity of low price plan. AIS Fibre continued to expand its coverage into outskirts area of key cities while leading the industry with service guarantee package for fast installation, 24hr guarantee problem fixed as well as value added services. The new package aims to enhance service quality beyond the industry for better customer retention and reduce churn with contract length of 24 months.

Mobile Business	1Q20	4Q20	1Q21	%YoY	%QoQ
<b>Subscribers</b>					
Postpaid	9,140,800	10,192,400	10,634,800	16%	4.3%
Prepaid	32,015,300	31,244,400	32,132,300	0.4%	2.8%
<b>Total subscribers</b>	<b>41,156,100</b>	<b>41,436,800</b>	<b>42,767,100</b>	<b>3.9%</b>	<b>3.2%</b>
<b>Net additions</b>					
Postpaid	33,400	420,900	442,400	1225%	5.1%
Prepaid	-891,100	74,400	887,900	-200%	1093%
<b>Total net additions</b>	<b>-857,700</b>	<b>495,300</b>	<b>1,330,300</b>	<b>-255%</b>	<b>169%</b>
<b>ARPU (Baht/sub month)</b>					
Postpaid	525	486	480	-8.6%	-1.3%
Prepaid	162	154	150	-7.6%	-2.5%
<b>Blended</b>	<b>242</b>	<b>234</b>	<b>232</b>	<b>-4.2%</b>	<b>-1.2%</b>
<b>MOU (minute/sub month)</b>					
Postpaid	207	187	178	-14%	-4.6%
Prepaid	86	79	73	-15%	-7.2%
<b>Blended</b>	<b>112</b>	<b>105</b>	<b>99</b>	<b>-12%</b>	<b>-5.5%</b>
<b>VOU (GB data sub/month)</b>					
Postpaid	17.0	21.6	22.6	33%	4.8%
Prepaid	13.8	16.5	16.3	18%	-0.8%
<b>Blended</b>	<b>14.7</b>	<b>18.0</b>	<b>18.2</b>	<b>24%</b>	<b>0.8%</b>
<b>Device Penetration</b>					
4G-handset penetration	75%	77%	79%	-	-
<b>Fixed Broadband Business</b>					
FBB subscribers	1,090,400	1,336,900	1,431,900	31%	7.1%
FBB net addition	52,800	81,400	95,000	80%	17%
FBB ARPU (Baht/user/month)	514	476	462	-10%	-3.0%

### 1Q21 Financial Summary

#### Revenue

For 1Q21, AIS reported a total revenue of Bt45,861mn, increasing 7%YoY from higher handset sales offset by lower core service revenue with continued impact from COVID-19 pandemic, but flat QoQ.

**Core service revenue** (excluding IC and TOT partnership) was 32,425mn, decreasing -2%YoY from continuing decline in mobile revenue but increasing 1%QoQ from recovered mobile revenue and robust growth in fixed broadband.

- **Mobile revenue** was Bt29,351mn, decreasing -3.2%YoY as price competition coupled with revenue loss from traveler segment but increasing 1.2%QoQ from improved new subscriber acquisition. Postpaid revenue grew 4.5%YoY and 2.6%QoQ as postpaid subscriber base continued trending up in contrast to prepaid revenue which decreased -8.8%YoY and -1.8%QoQ due to pre-to-post migration trend and lack of tourist segment.
- **Fixed broadband revenue** was Bt1,919mn, increasing 17%YoY and 3.6% QoQ driven by solid subscriber growth offset by lower ARPU from aggressive price offering in the market.
- **Other service revenue** was Bt1,155mn, increasing +3.5%YoY due to rising demand for EDS, Cloud and Data center following digitalization but decreasing -5.6%QoQ from fluctuation in seasonal ICT projects.

**Revenue from interconnection charge (IC) and TOT partnership** reported at Bt3,750mn, increasing 14%YoY and 7.2%QoQ following higher network traffic. The increase will be offset with higher IC & partnership cost.

**SIM & Device sales** reported Bt9,686mn, increasing 50%YoY due to prolonged popularity of iPhone 12 in 1Q21 but decreasing -7.6%QoQ. Sim & Device margin slightly declined to +0.6%, compared to +1.2% in 4Q20 due to decline in high margin devices sale from seasonality.

#### Cost & Expense

**Cost of service** for 1Q21 was Bt21,126mn, increasing 3.9%YoY and 3.4%QoQ from network OPEX following 5G/4G expansion

- **Regulatory fee** was Bt1,361mn, decreasing -3.4%YoY following the decline in service revenue but increasing 7.6%QoQ from one-time USO reduction in 4Q20.
- **Depreciation & amortization** was Bt12,599mn, flat YoY and QoQ despite new spectrum acquisition and 5G/4G network expansion due to some fully depreciated 3G network equipment.
- **Network OPEX & TOT partnership cost** was Bt5,055mn increasing 19%YoY and 9.4%QoQ from higher

base rental & utility as well as maintenance from 5G/4G network expansion.

- **Other costs of service** were Bt2,111mn, increasing 1%YoY and 8%QoQ from higher value added services cost offset by prepaid commission following declined prepaid revenue.

**SG&A expenses** were Bt5,494mn, decreasing -12%YoY and -8.8%QoQ due to less marketing spending and cost control amidst pandemic situation.

- **Marketing expenses** were Bt1,642mn, decreasing -6.8%YoY and -2.5%QoQ from lower marketing campaign and activities following cost saving measures.
- **Admin & other expenses** were Bt3,852mn, decreasing -15%YoY due to lower bad debt provision while decreasing -11%QoQ due to some seasonal staff-related expenses.

**Net FX loss** was Bt223mn, turned negative, compared to FX gain of B263mn in 4Q20 due to THB depreciation against USD. In general, AIS has policy to mitigate currency risk using forward contract to partially cover capex payable.

**Finance cost** was Bt1,386mn, decreasing -11%YoY due to lower interest rate and decrease in interest bearing debt but increasing 2%QoQ from higher deferred spectrum interest after acquisition of 700MHz and 26GHz license

#### Profit

In 1Q21, **EBITDA** was Bt22,580mn decreasing -0.9%YoY due to decline in service revenue offset by cost control while increasing 1.6%QoQ from recovered service revenue as well as continuous cost management, with EBITDA margin of 49.2% improved from 48.3% in previous quarter. **Net profit** was Bt6,644mn, decreasing -1.7%YoY as D&A rose from spectrum acquisition and network investment and decreasing -7.3%QoQ from unrealized foreign exchange loss and tax benefit in 4Q20. As a result, 1Q21 net profit margin declined to 14.5% compared to 15.5% in previous quarter.

# 1Q21 MD&A

## Advanced Info Service Plc.



### Financial position

For the period ending Mar-21, total asset was Bt363,733mn increasing 3.9% compared to ending Dec-20 due to acquisition of 700MHz and 26GHz spectrum license in 1Q21. Total liability was Bt292,076 increasing 6.4%YoY from newly acquired spectrum. Interest bearing-debt as of end 1Q21 stood at Bt94,417, decreasing compared to Bt99,571mn as of end 4Q20. Total equity was Bt71,657mn, decreasing -5.3%YoY from dividend appropriated.

### Cash flow

In 1Q21, AIS continued to generate solid operating cash flow (after tax) of Bt20,764mn, while total investing cash flow was Bt14,110mn for network investment and payment for spectrum license including 700MHz and 26GHz acquired in 1Q21, resulting in free cash flow of Bt6,654mn. Cash flow used in financing activities was Bt7,301, mainly on lease liability paid of Bt2,996 and decrease in financial institution borrowing of Bt3,650. In summary, net cash decreased by Bt671mn resulting in Bt17,750 ending cash.

# 1Q21 MD&A

## Advanced Info Service Plc.



Income statement (Bt mn)	1Q20	4Q20	1Q21	%YoY	%QoQ
Mobile revenue	30,334	29,015	29,351	-3.2%	1.2%
Fixed broadband revenues	1,640	1,852	1,919	17%	3.6%
Other service revenues	1,116	1,223	1,155	3.5%	-5.6%
<b>Core service revenue</b>	<b>33,090</b>	<b>32,090</b>	<b>32,425</b>	-2.0%	<b>1.0%</b>
IC and TOT partnership	3,290	3,499	3,750	14%	7.2%
<b>Service revenue</b>	<b>36,380</b>	<b>35,589</b>	<b>36,175</b>	-0.6%	<b>1.6%</b>
SIM and device sales	6,465	10,485	9,686	50%	-7.6%
<b>Total revenues</b>	<b>42,845</b>	<b>46,074</b>	<b>45,861</b>	7.0%	<b>-0.5%</b>
Regulatory fee	1,409	1,265	1,361	-3.4%	7.6%
Depreciation & Amortization	12,586	12,596	12,599	0.1%	0.0%
Network OPEX and TOT partnership	4,253	4,622	5,055	19%	9.4%
Other costs of services	2,090	1,954	2,111	1.0%	8.0%
<b>Cost of service</b>	<b>20,338</b>	<b>20,437</b>	<b>21,126</b>	3.9%	<b>3.4%</b>
Cost of SIM and device sales	6,419	10,360	9,628	50%	-7.1%
<b>Total costs of service and sale</b>	<b>26,757</b>	<b>30,796</b>	<b>30,755</b>	15%	<b>-0.1%</b>
<b>Gross profit</b>	<b>16,088</b>	<b>15,277</b>	<b>15,106</b>	-6.1%	<b>-1.1%</b>
<b>SG&amp;A</b>	<b>6,273</b>	<b>6,026</b>	<b>5,494</b>	-12%	<b>-8.8%</b>
Marketing Expense	1,762	1,684	1,642	-6.8%	-2.5%
Admin and others	4,511	4,342	3,852	-15%	-11%
<b>Operating profit</b>	<b>9,815</b>	<b>9,252</b>	<b>9,613</b>	-2.1%	<b>3.9%</b>
Net foreign exchange gain (loss)	-430	263	-223	-48%	-185%
Other income (expense)	271	136	117	-57%	-14%
Finance cost	1,564	1,358	1,386	-11%	2.0%
Income tax	1,335	1,128	1,477	11%	31%
Non-controlling interest	-1	-1	-1	-18%	2.4%
<b>Net profit for the period</b>	<b>6,756</b>	<b>7,164</b>	<b>6,644</b>	-1.7%	<b>-7.3%</b>

EBITDA (Bt mn)	1Q20	4Q20	1Q21	%YoY	%QoQ
Operating Profit	9,815	9,252	9,613	-2.1%	3.9%
Depreciation & amortization	13,006	13,025	13,009	0.0%	-0.1%
(Gain) loss on disposals of PPE	-	6	8	n/m	46%
Management benefit expense	-40	-45	-45	11%	-0.3%
Other financial cost	-5	-4	-5	7.0%	28%
<b>EBITDA</b>	<b>22,777</b>	<b>22,234</b>	<b>22,580</b>	<b>-0.9%</b>	<b>1.6%</b>
<b>EBITDA margin (%)</b>	<b>53.2%</b>	<b>48.3%</b>	<b>49.2%</b>		

# 1Q21 MD&A

## Advanced Info Service Plc.



Financial Position				
(Bt mn.% to total asset)	4Q20		1Q21	
Cash	18,421	5.3%	17,750	4.9%
ST investment	1,921	0.5%	1,783	0.5%
Trade receivable	16,579	4.7%	15,862	4.4%
Inventories	2,372	0.7%	3,889	1.1%
Others	3,132	0.8%	3,097	0.9%
<b>Current Assets</b>	<b>42,155</b>	<b>12%</b>	<b>42,381</b>	<b>12%</b>
Spectrum license	110,219	31%	127,043	35%
Network and PPE	122,518	35%	119,278	33%
Right of use	58,723	17%	57,145	16%
Intangible asset	7,123	2.0%	8,487	2.3%
Defer tax asset	4,120	1.2%	4,136	1.1%
Others	5,312	1.5%	5,264	1.4%
<b>Total Assets</b>	<b>350,171</b>	<b>100%</b>	<b>363,733</b>	<b>100%</b>
Trade payable	22,382	6.4%	22,310	6.1%
ST loan & CP of LT loans	18,748	5.4%	17,205	4.7%
CP of lease liabilities	10,213	2.9%	10,561	2.9%
Accrued R/S expense	5,248	1.5%	5,248	1.4%
CP of spectrum payable	10,538	3.0%	12,322	3.4%
Others	26,684	7.6%	38,634	11%
<b>Current Liabilities</b>	<b>93,813</b>	<b>27%</b>	<b>106,279</b>	<b>29%</b>
Debenture & LT loans	79,301	23%	77,198	21%
LT lease liabilities	48,150	14%	46,435	13%
Spectrum payable	42,911	12%	55,455	15%
Other	10,306	2.9%	6,708	1.8%
<b>Total Liabilities</b>	<b>274,481</b>	<b>78%</b>	<b>292,076</b>	<b>80%</b>
Retained earnings	51,382	15%	47,084	13%
Others	24,307	6.9%	24,573	6.8%
<b>Total Equity</b>	<b>75,689</b>	<b>22%</b>	<b>71,657</b>	<b>20%</b>

Key Financial Ratio			
	1Q20	4Q20	1Q21
Interest-bearing debt to equity (times)	1.5	1.3	1.3
Net debt to equity (times)	1.0	1.0	1.0
Net debt to EBITDA (times)	0.7	0.9	0.8
Net debt & lease liability & spectrum license payable to EBITDA	2.2	2.1	2.2
Current Ratio (times)	0.4	0.4	0.4
Interest Coverage (times)	14	14	16
Debt Service Coverage Ratio (times)	2.6	3.3	3.7
Return on Equity	40%	40%	36%

Figures from P&L are annualized YTD.

Bt mn	Debt Repayment Schedule		License payment schedule			
	Debenture	Loan	1800MHz	900MHz	2600MHz	700MHz
2021	1,776	13,329	3,128	7,565	-	-
2022	-	14,040	-	7,565	-	3,473
2023	7,820	7,483	-	7,565	-	3,473
2024	6,638	6,417	-	7,565	-	3,473
2025	-	7,367	-	7,565	2,934	3,473
2026	7,180	5,083	-	-	2,934	3,473
2027	9,000	4,550	-	-	2,934	3,473
2028	-	3,750	-	-	2,934	3,473
2029	-	-	-	-	2,934	3,473
2030	-	-	-	-	2,934	3,473

\*The full payments for 26GHz spectrum licenses were made in 1Q21.

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

### Source and use of fund 1Q21(Bt mn)

Source of fund		Use of fund	
Operating cash flow	21,245	CAPEX & Fixed assets	5,304
Sale of equipment	11	Spectrum license	8,819
Interest received		2 Repayment of ST & LT borrowings	3,650
		Lease liability payments	2,997
		Income tax paid	481
		Finance cost paid	655
Cash decrease	648		
<b>Total</b>	<b>21,906</b>		<b>21,906</b>

## 2021 Guidance

All guidance is based on Post-TFRS 16

<b>Core service revenue</b>	• Low single digit growth (Maintained)
<b>EBITDA</b>	• Low-single digit growth (Maintained)
<b>CAPEX (exclude spectrum)</b>	• Bt25-30bn (Maintained)

### Core service revenue to recover and grow low-single digit

Thai economic growth in 2021 is expected to remain vulnerable as the new outbreak of pandemic re-emerged in late 2020 while most businesses are yet to recover to their pre-Covid level. Consumer spending is expected to remain weak as prolonged impact from pandemic lingers over declined income of local businesses, their workers as well as increased household debt. Moreover, recovery on tourist and export sectors, key engines for Thai economy, still mainly depend on large scale vaccination in domestic population and major developed countries. These uncertainties would pressure telecom industry and our core service revenue, while competition is anticipated to remain high with pricing strategy to capture value-to-money segment amidst weak spending environment. AIS will be focusing on creating differentiation through personalized products and services and enhancing retention program as well as digitalizing channels and operational processes to gain fair market share and expand our scale in respective businesses.

- **Mobile revenue to gradually rebound** – AIS aims to lead with 5G service emphasizing on superior 5G user experience to capture high value segment and gain revenue market share. Despite intense competition in the market, we place focus on strengthening retention program and use analytics to protect and enhance revenue to tackle continued challenging data pricing environment.
- **Home broadband to maintain growth momentum and outpace the industry growth** – Driven by rising demand from pandemic, home broadband aims to expand coverage around outskirts area of key cities with high potential growth and leverage mobile customers to grow subscriber with target of 1.6 million by ending 2021. Given weak consumption and intense competition, AIS Fibre focuses on value added service bundling to increase average revenue per household (ARPH) and ease pressure on ARPU as well as maintain pricing gap from competition.
- **Enterprise business is anticipated to continue delivering double digit growth** – With strong demand for digitalizing business operation under new normal, we expect enterprise business to capture demand with our strong ICT infrastructure and solution as well as 5G solution as a new driver.

### Continue investing in 5G/4G to strengthen leading position

To strengthen our leading position, AIS maintain our investment plan for long term with CAPEX budget of Bt25-30bn focusing on building 5G leadership, 4G quality, home broadband expansion, and investment in digital and enterprise service platform. The 5G network expansion will be deployed on both low band and mid band to deliver superior quality in selective area with high 5G device penetration. AIS emphasizes on delivering best 5G user experience and ensuring good 5G coverage as device penetration grows.

### Maintain profitability with well-manage cost control

To ensure healthy cash flow and preserve profitability amidst uncertainty in 2021, AIS' approach to optimize cost focuses on digitalization, efficiencies and prioritization. We expect ongoing digital cost initiatives to deliver saving particularly in automation and online sale and service channels. Moreover, IT transformation will enhance our time-to-market and simplify internal operational processes, as well as revamped network utilization management to improve capex efficiency. As a result, we expect EBITDA to grow low single digit.

### 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.