



dtac

30 November 2016

Agenda

Topic	by
dtac overview	CEO
Regulatory update	CFO
Network	CTO
Financial performance	CFO
Break	
Market updates	CMO
Tapad pilot	Head of customer value management
Retail shops visit	



OVERVIEW

Lars-Ake Norling

Chief Executive Officer, dtac



Bright prospect for Thai telcos



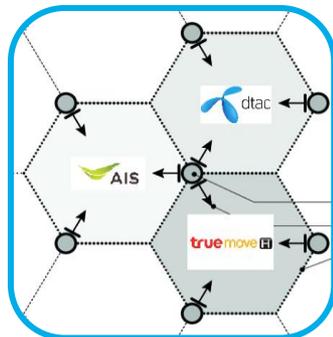
Country

- Large population
- Well-placed in AEC
- Urbanization



Economy

- Resilient economy
- Rising of middle class
- Increase efficiency/ productivity



Industry

- 3-player market
- Low fixed broadband penetration
- More room for growth of smartphone penetration



Consumer

- Data-centric consumer
- Social media enthusiasts
- Heavy usage of streaming services

dtac: 2nd largest mobile operator

Subscribers

24.8m

subscribers (Q316)



Revenues

THB 84.3 bn

total revenues
(12-m period ended Q316)



Revenue Market Share

27%

service revenue ex. IC
(12-m period ended 30 Sep 16)



Network Coverage

94% pop coverage

46k 3G and 4G sites (Q316)



Frequency Bandwidth

50MHz

total bandwidth in use (Q316)

850MHz band	concession	10MHz
1800MHz band	concession	25MHz
2100MHz band	license	15MHz

Market Capitalisation

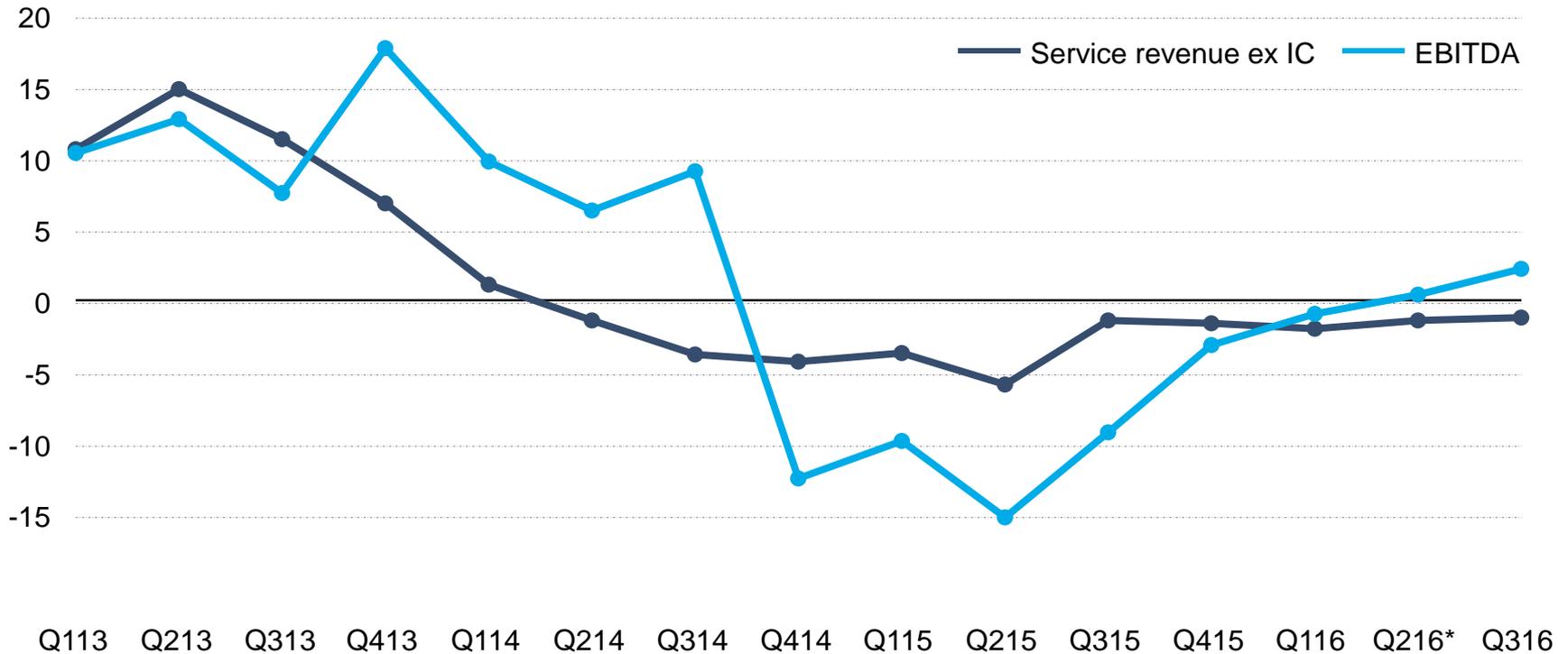
THB xx bn

as of 29 Nov 16



dtac has turned around a long-term negative trend

Service Revenue (ex.IC) and EBITDA YoY Growth (%)



Note: *Revenue growth for Q2'16 is normalized to exclude a one-off adjustment of THB164mn in prepaid revenue

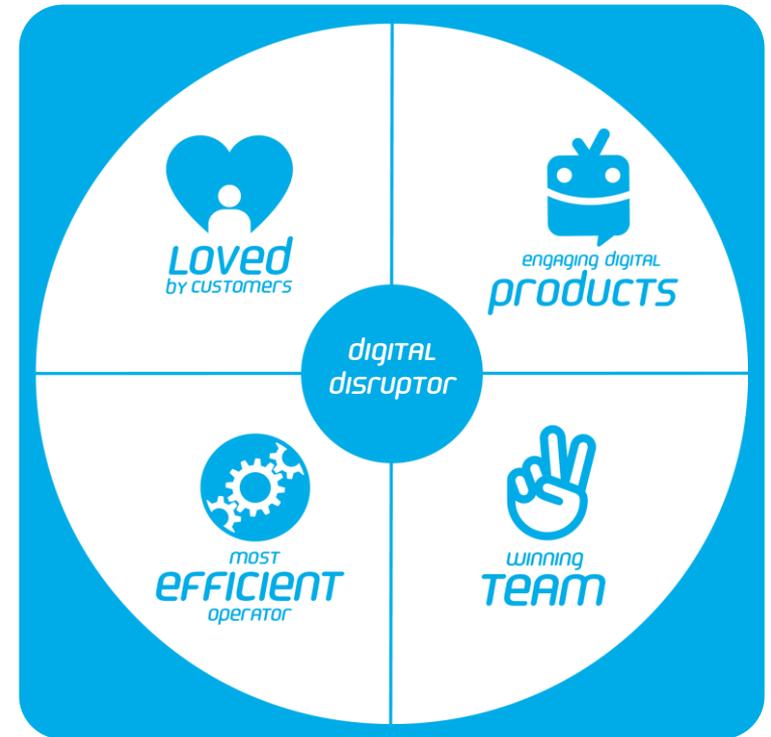
Strategic direction – No. 1 digital brand

vision

Empower society by connecting people to information, content and services that matter to them, helping to improve their lives, and securing a better future for all

goal

To be the no.1 digital brand in Thailand, by being our customers' favorite partner in digital life



dtac has strong spectrum portfolio

	Concession ^{1/}		License ^{2/}	Total
	850MHz	1800MHz	2100MHz	
2G		5MHz		5MHz
3G	10MHz		10MHz	20MHz
4G		20MHz	5MHz	25MHz
Total	10MHz	25MHz	15MHz	50MHz

^{1/} concession expires in 2018, excluding 20MHz of unused 1800MHz band.

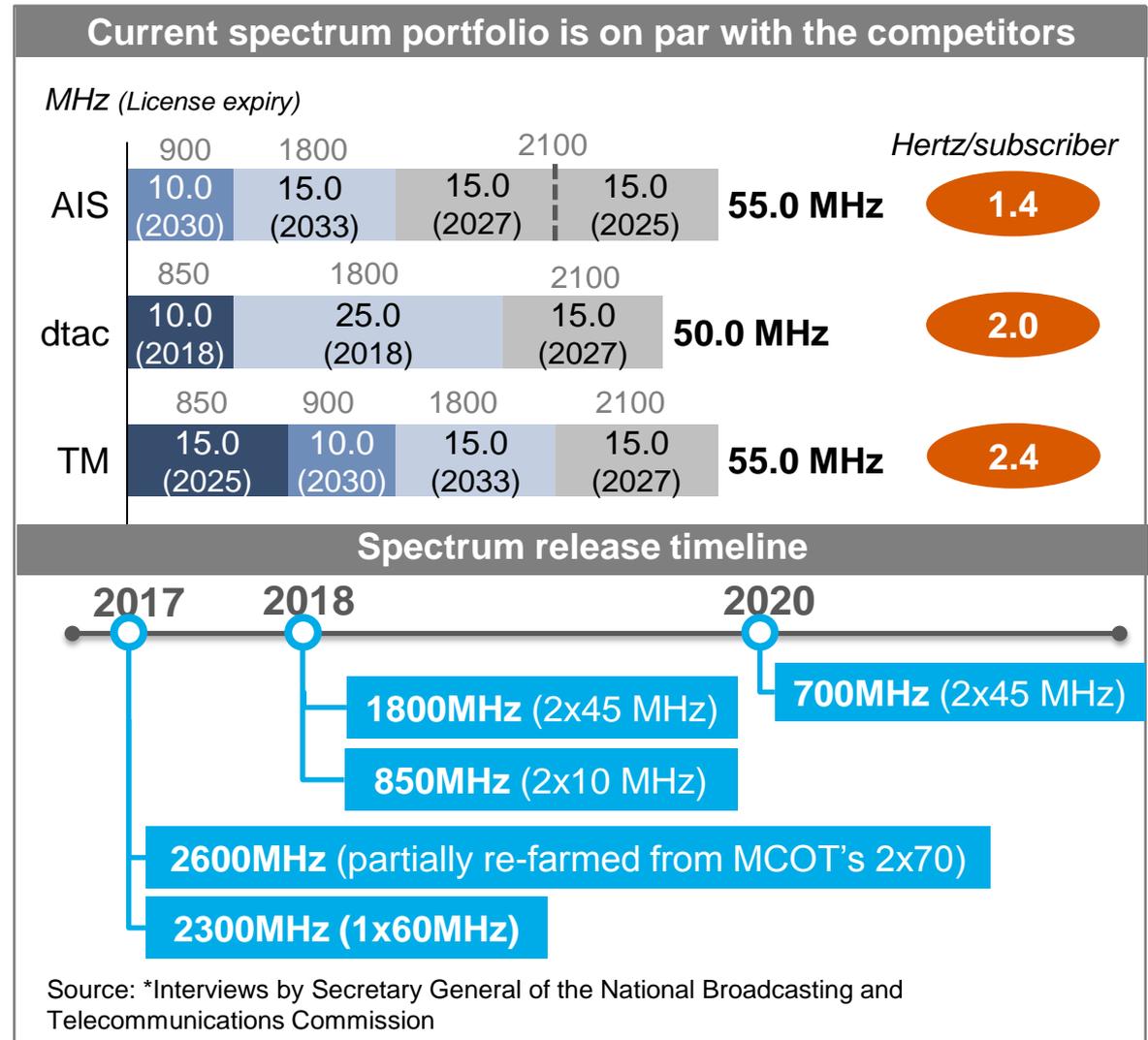
^{2/} license expires in 2027.

- spectrum not a short-term concern
- work with authority for a clear spectrum roadmap: 2.6GHz, 2.3GHz, 1800MHz, 850MHz, etc.
- dtac has every intent to obtain additional spectrum in future auctions

Network & spectrum investment to secure data position

Focus areas

- Spectrum
- JV with CAT
- Network densification
- Optimize where data users are
- Network perception



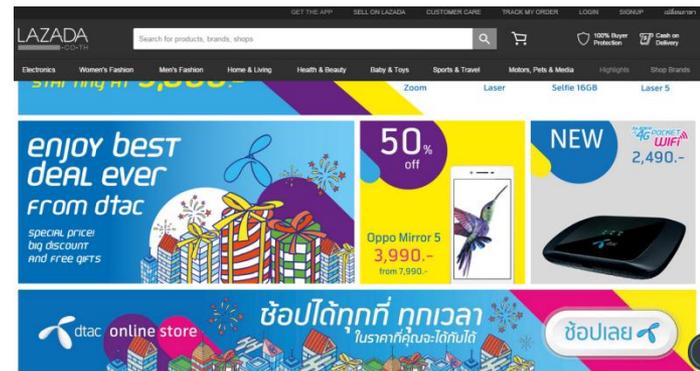
Channel expansion to better serve customers

retail shop network

55 additional branded shops in Q316
dInfinite flagship store launched
digital transformation of retail shop

digital channel

dtac official store on Lazada
dtac online store
personalized offers via dtac app and SMS



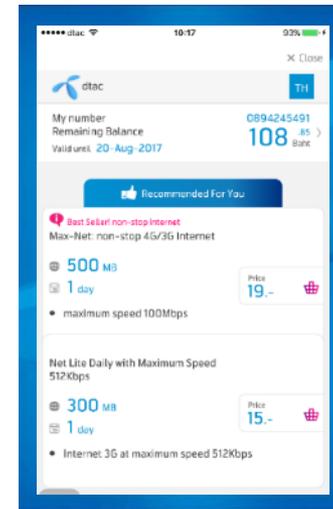
Leading on-line position to drive sales and lower cost

Tapad



- Real time/personalized offers to all customers in Thailand
- Double click through rate

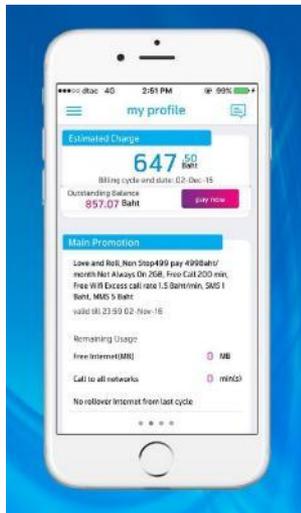
My Menu



- Real time/personalized offer engine in dtac app
- Best offers and payment solution

Digitize journey to improve efficiency and lower cost

dtac app



- Leading operator app in Thailand
- Best self service and offer engine

Retailer app



- Digitize all retailer transactions
- Simple app for refill, topping, MNP, and SIM registration

Continuous improvement in costs

% regulatory cost

% of service revenues

Concession

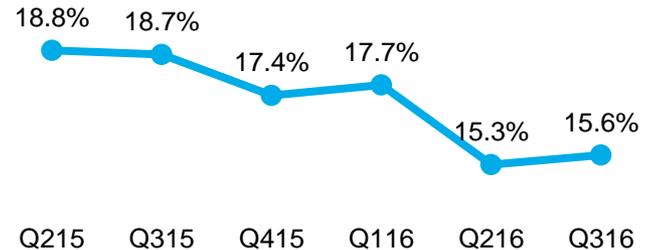
License

30%

5.25%

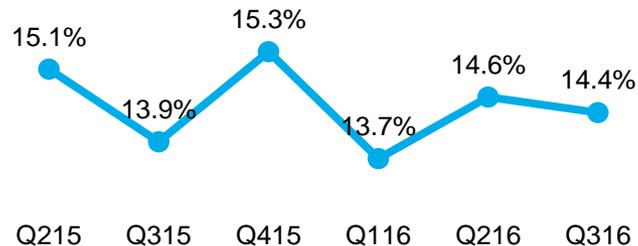
% regulatory cost

% of service revenues ex. IC



CoS excluding regulatory

% of service revenues ex. IC



- Declining trend of regulatory cost
- Network OPEX under control despite massive expansion of 3G and 4G network
- Ongoing implementation of OE programs

dtac offers engaging digital services



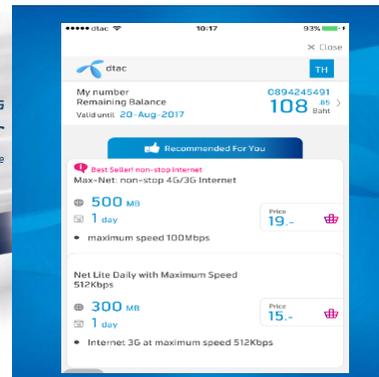
attractive and relevant digital services for customers

- dtac app
- VoLTE, VoWiFi
- Capture cloud storage
- Music Infinite

plan to launch new services regularly

Key focus areas

network



digitize core

prepaid
turnaround



postpaid
growth



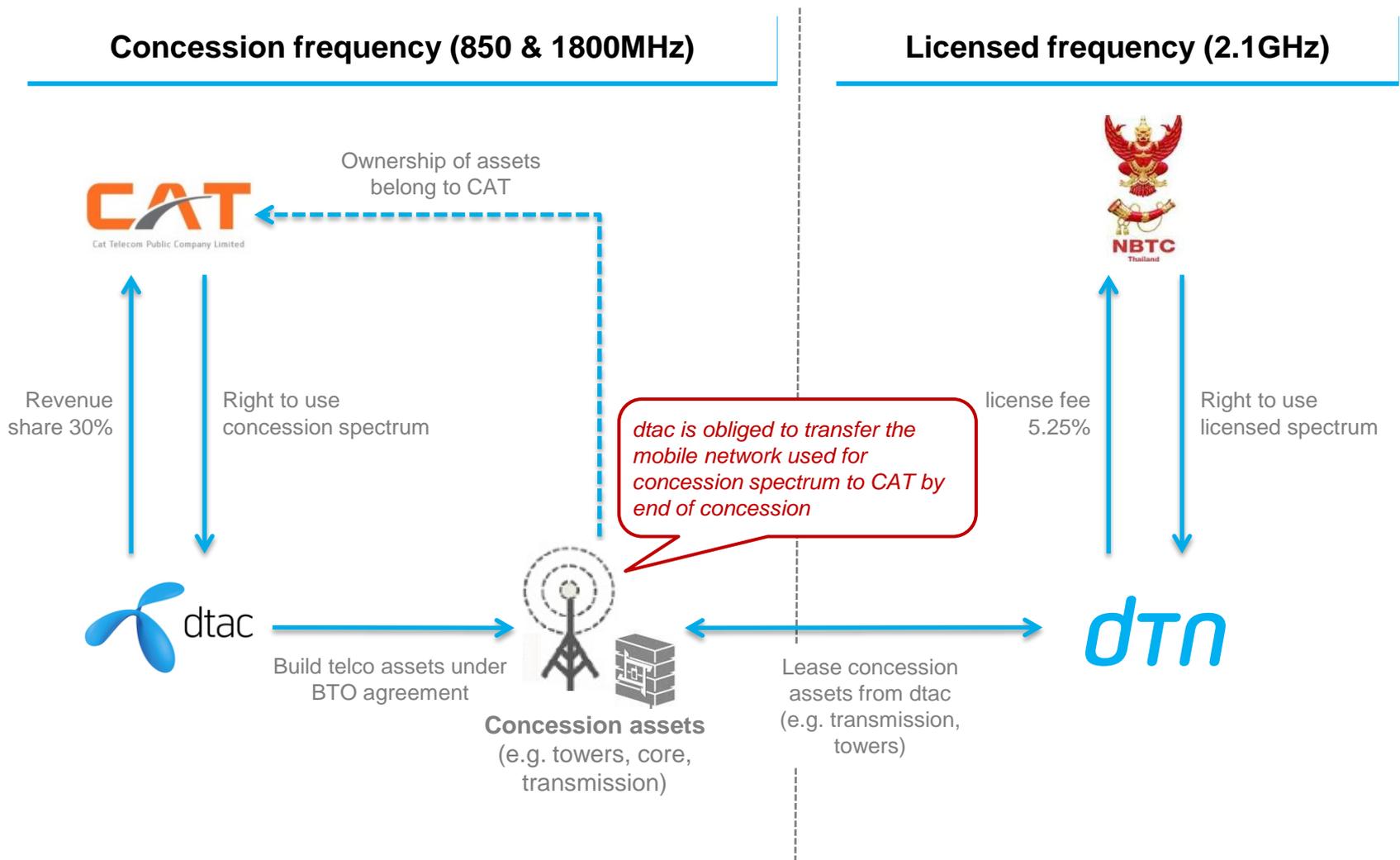
REGULATORY UPDATE

Sverre Pedersen

Chief Financial Officer, dtac



Summary of current situation



Strengthen relationships with CAT & TOT

Who are they

Key issues

dtac position



CAT Telecom Public Company Limited ("CAT")

- State owned enterprise
- Mobile telecom concessions owner on 850/1800MHz with dtac
- Wholesale on 850MHz with TRUE

- Transfer of tower and equipment
- 850/1800MHz spectrum auction
- Future infrastructure JVs

- Cooperate with CAT to find win-win solution
- Support NBTC to create fair environment
- Willing to rent infrastructure and do business with CAT



TOT Public Company Limited ("TOT")

- State owned enterprise
- Owner of mobile telecom infrastructure from concession with AIS
- Wholesale on 2.1GHz network with AIS

- Access Charge
- Future infrastructure sharing
- 2.3GHz spectrum deal

- Strong legal case
- Willing to rent infrastructure and do business with TOT
- To secure spectrum before auction in 2018



NETWORK UPDATE

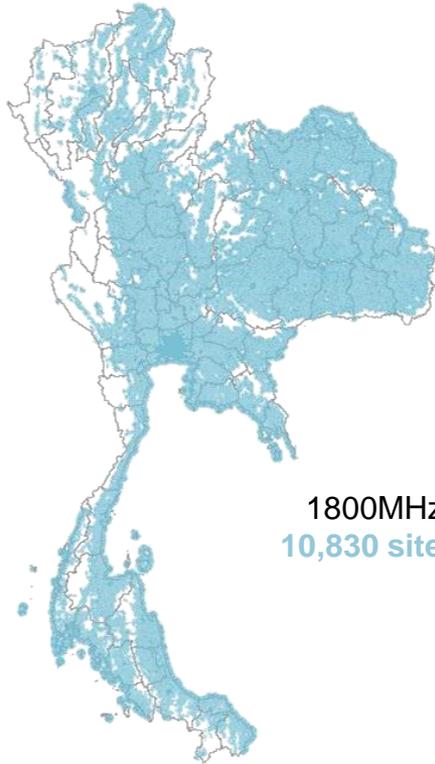
Prathet Tankuranun

Chief Technology Officer, dtac



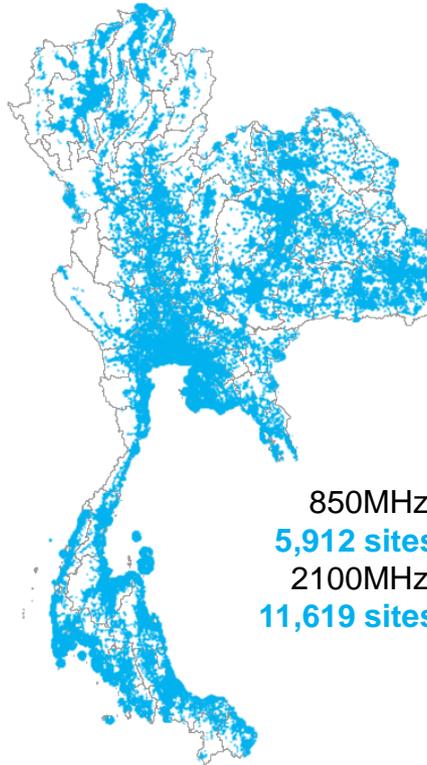
2014 EOY coverage

2G



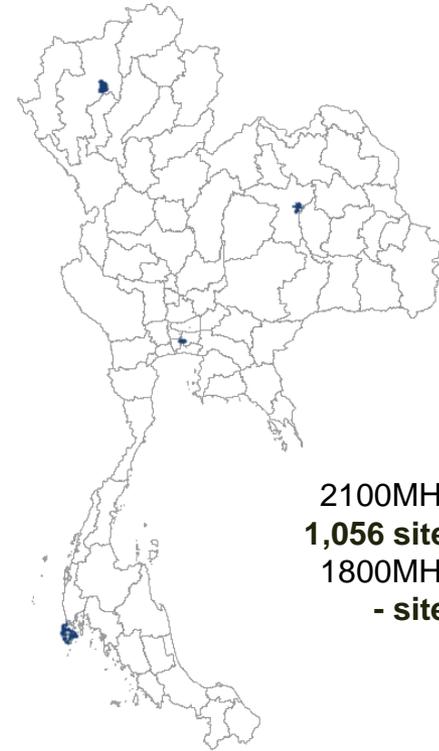
1800MHz :
10,830 sites

3G



850MHz:
5,912 sites
2100MHz:
11,619 sites

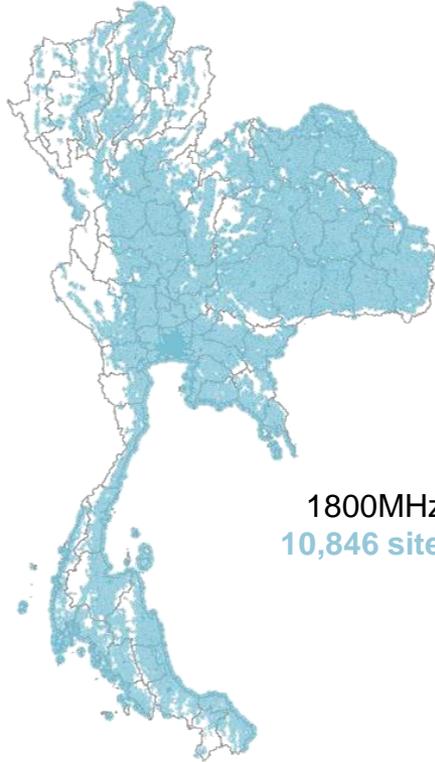
4G



2100MHz:
1,056 sites
1800MHz:
- sites

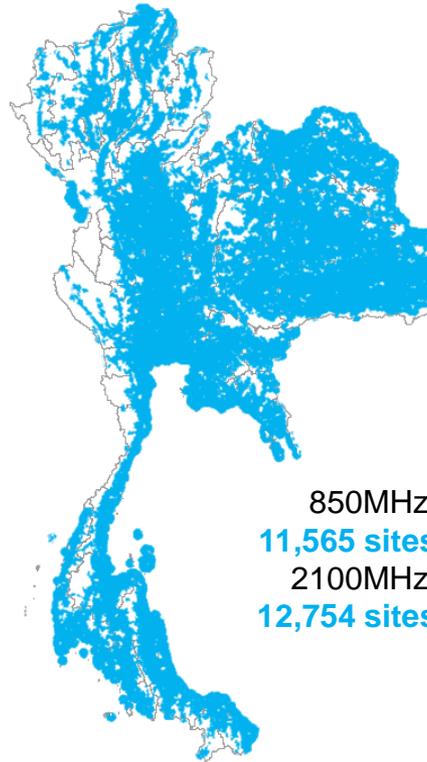
2015: 3G coverage expansion, First 4G on 1800MHz

2G



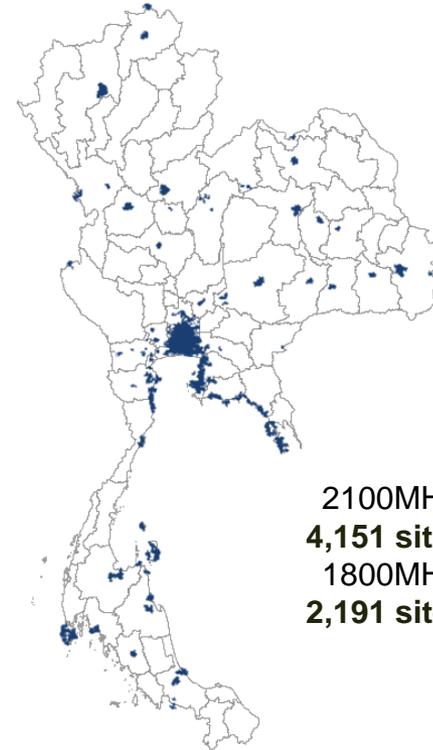
1800MHz :
10,846 sites

3G



850MHz:
11,565 sites
2100MHz:
12,754 sites

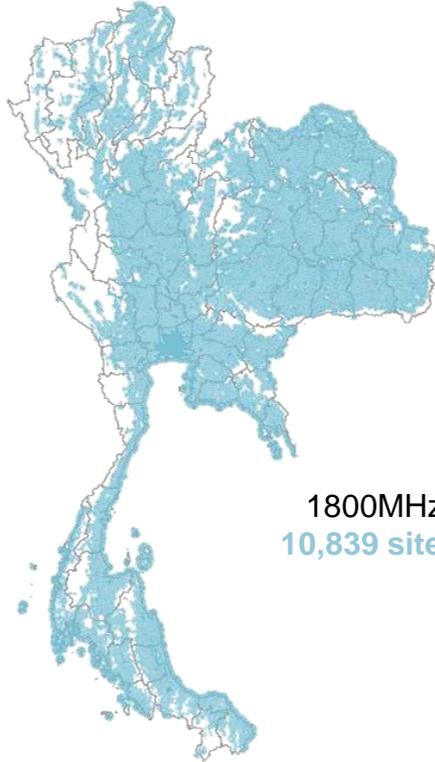
4G



2100MHz:
4,151 sites
1800MHz:
2,191 sites

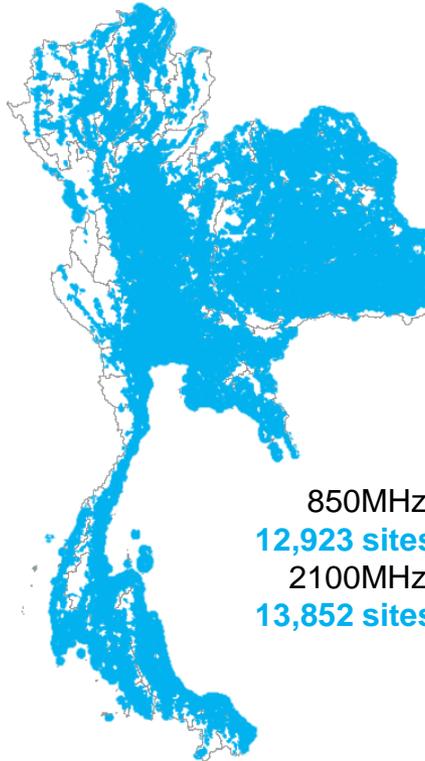
Q316: 4G coverage expansion, Fastest 4G on 20MHz carrier

2G



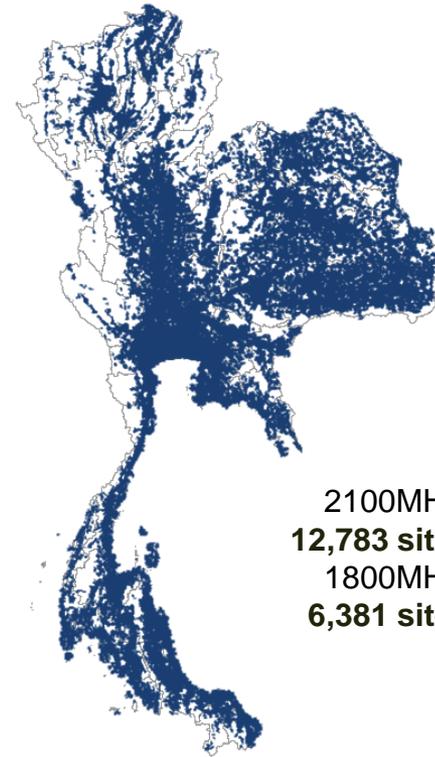
1800MHz :
10,839 sites

3G



850MHz:
12,923 sites
2100MHz:
13,852 sites

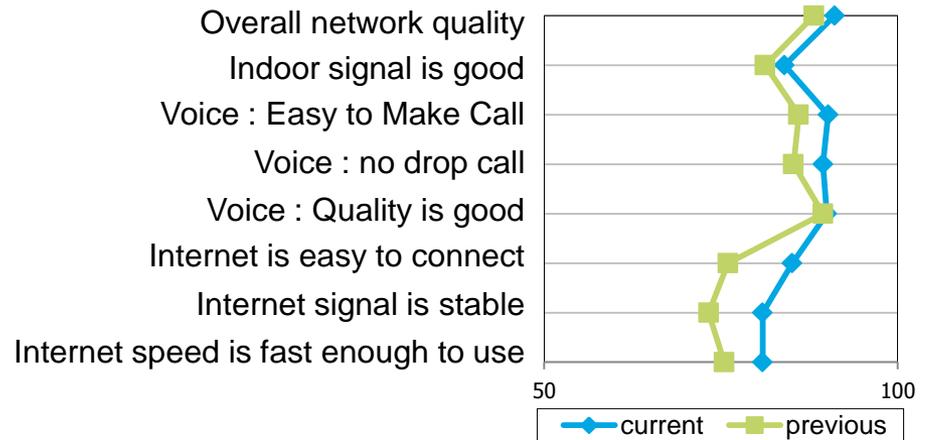
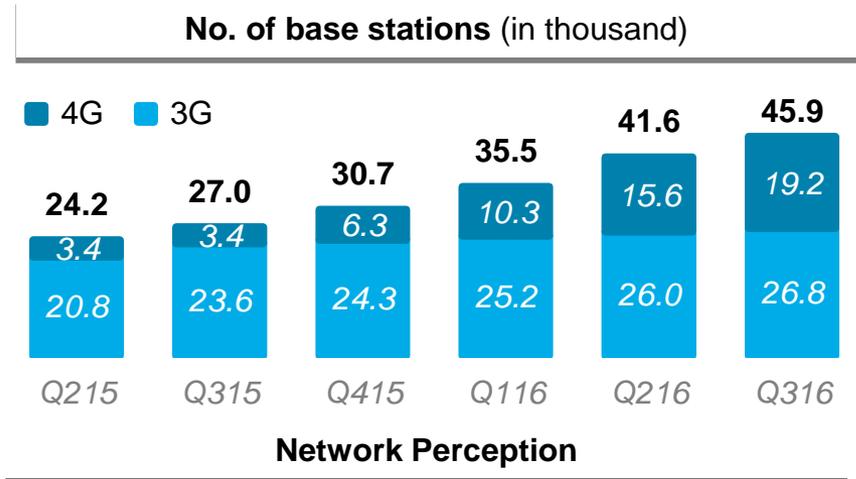
4G



2100MHz:
12,783 sites
1800MHz:
6,381 sites

Significant network improvement in recent years

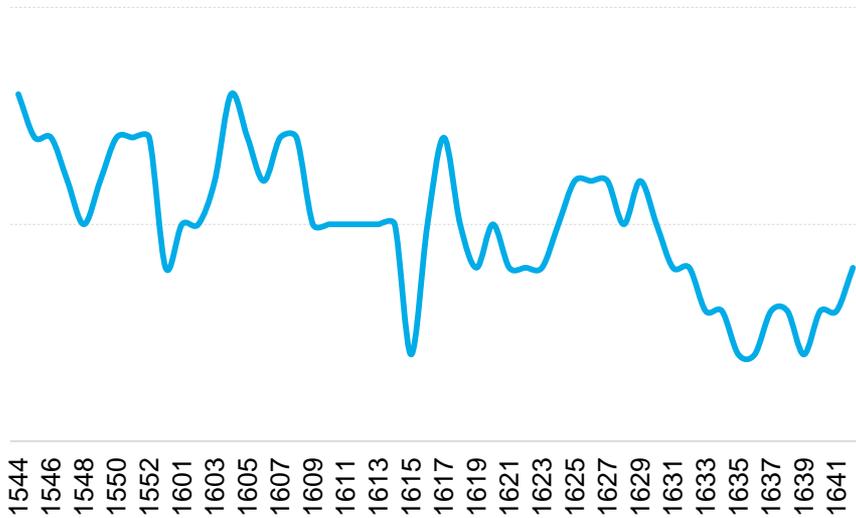
- 4G coverage in every district
- 20MHz contiguous bandwidth on 4G-1800MHz
- Network densification for capacity and coverage
- Network perception has improved



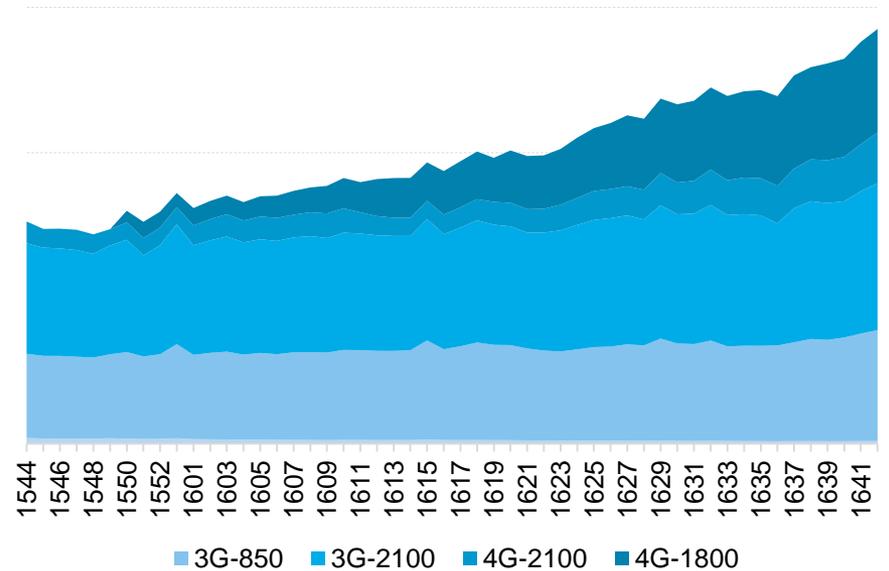
Source: Third-party market research

Network quality has improved

Weekly 3G drop call rate



Data traffic





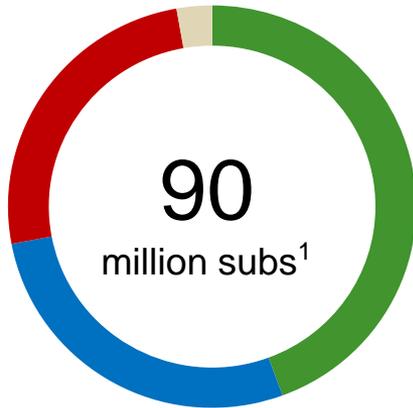
FINANCIAL PERFORMANCE

Sverre Pedersen

Chief Financial Officer, dtac

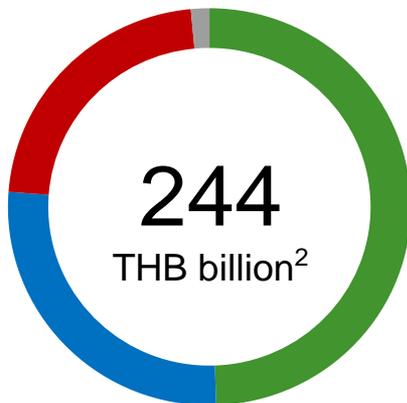


Market snapshot



Subscriber

- approx. 130% SIM penetration rate
- dtac: **24.8 million subs¹**
- 27.6% market share¹

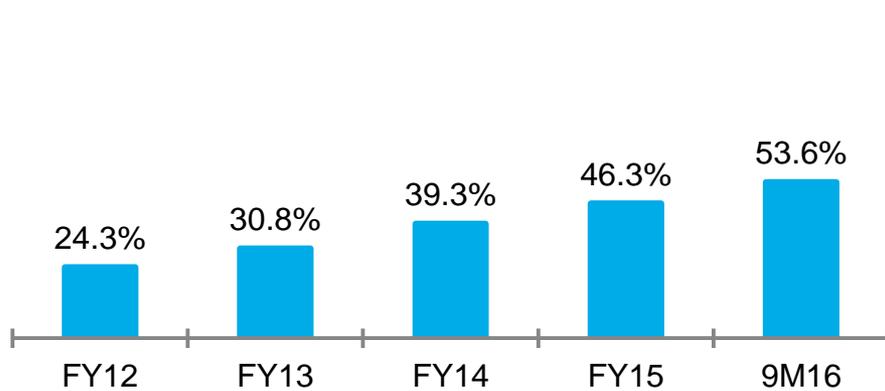


Service revenue

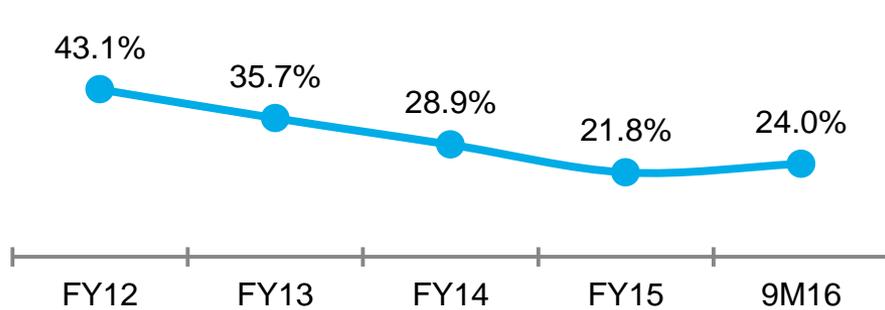
- approx. 2% of GDP
- dtac: **THB65.3 billion²**
- 26.7% market share²

■ AIS ■ dtac ■ TMH ■ others

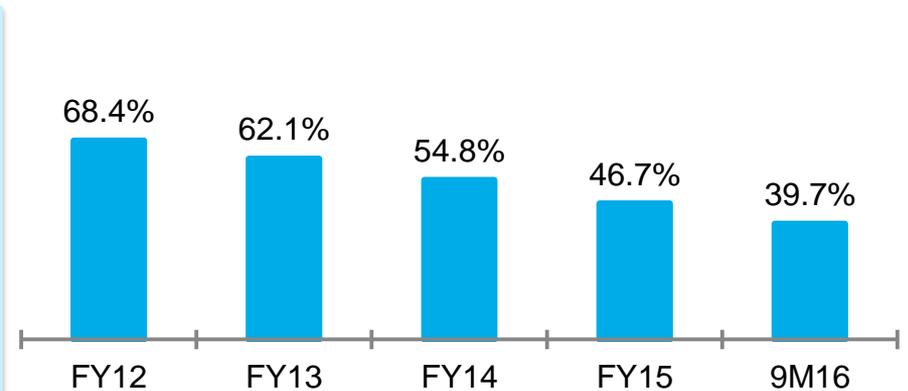
Revenue growth has been driven by data service



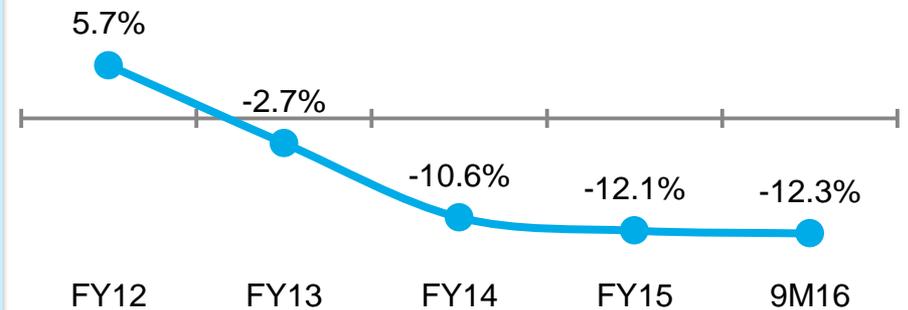
Industry data revenue as % of service revenue



Industry data revenue growth



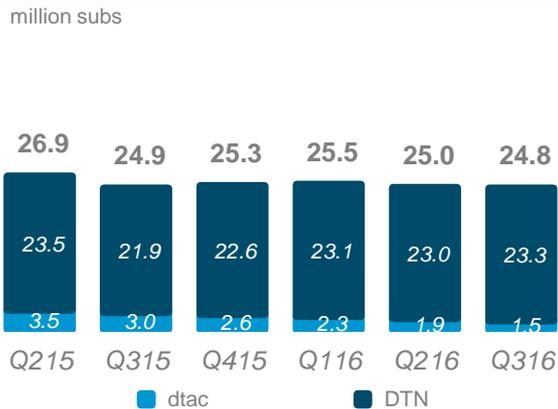
Industry voice revenue as % of service revenue



Industry voice revenue growth

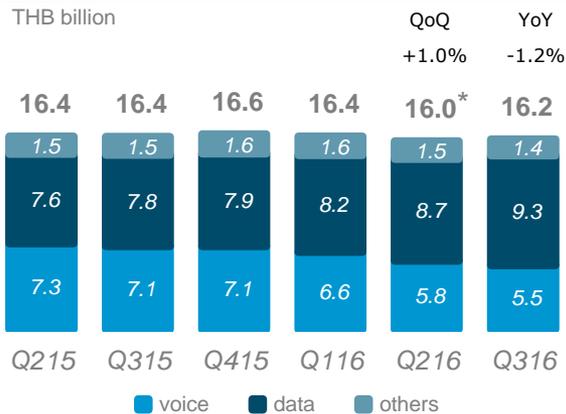
dtac's data revenue growth has accelerated

dtac vs. DTN subscribers



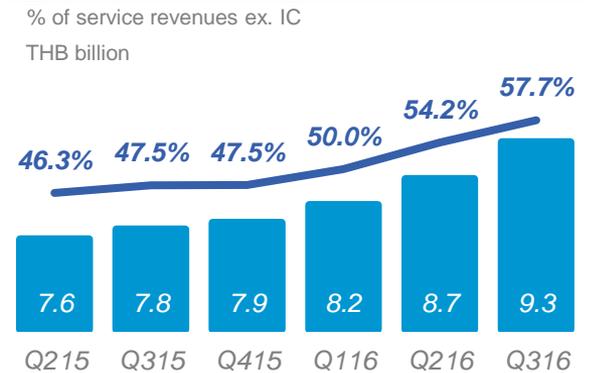
- 94% of sub base registered under DTN
- postpaid net adds remains strong

service revenues ex. IC



- YoY decline has slowed down

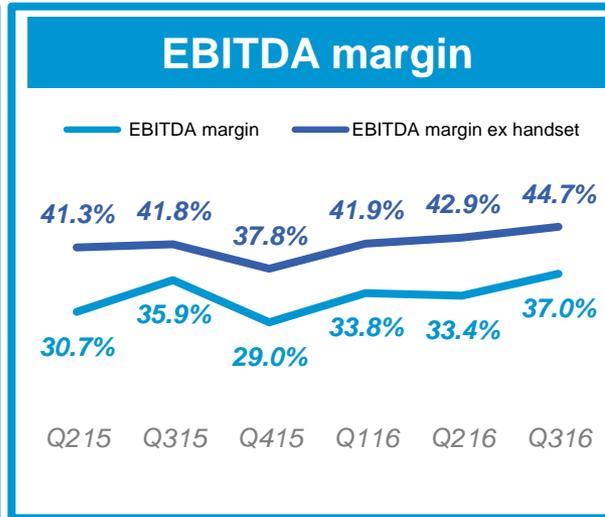
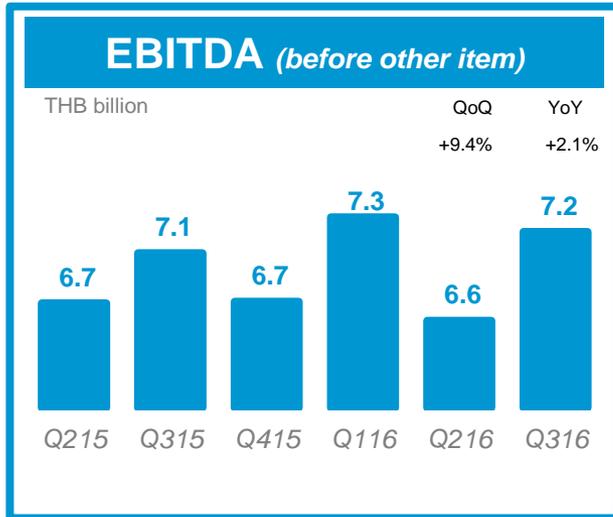
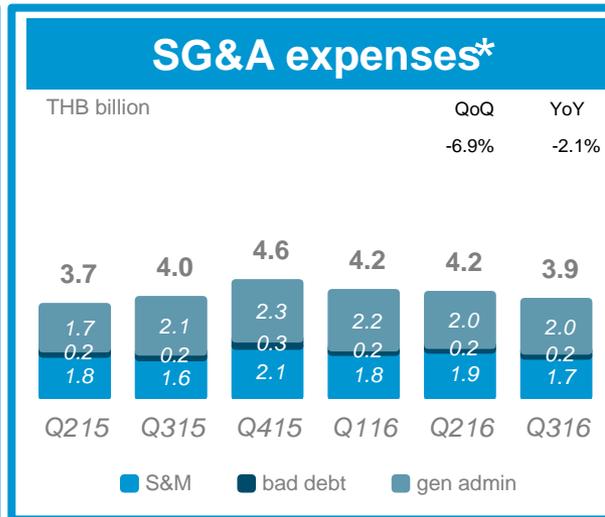
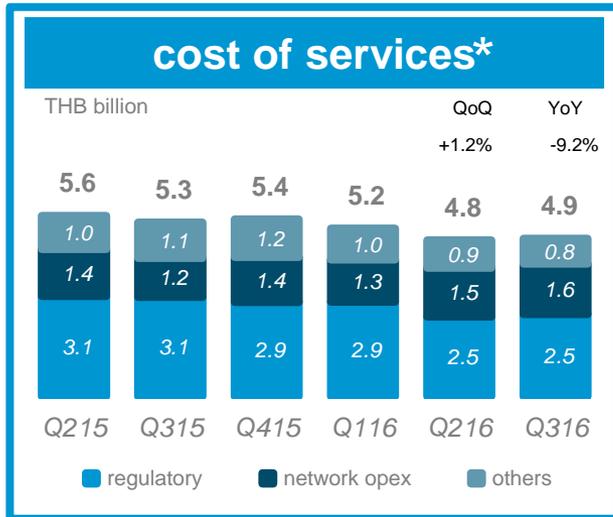
data revenue



- data revenue mainly driven by mobile Internet

* one-time accounting adjustment on prepaid revenues of THB164 mln.

Costs are well under control

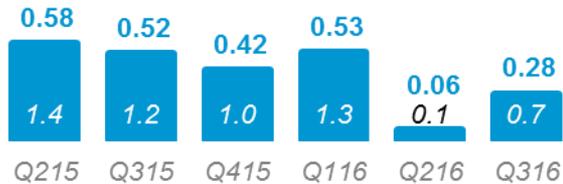


- Cost of services and SG&A expenses are on declining trend
- Ongoing programs to improve operational efficiency
- EBITDA margin has improved

Strong financial position

net profit

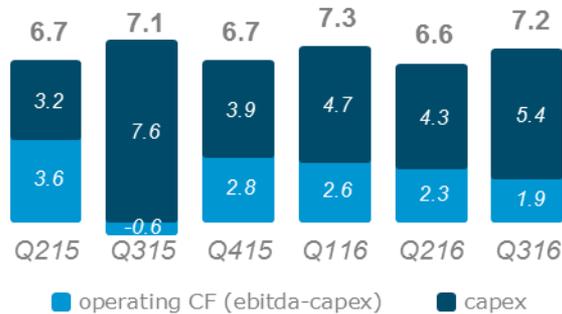
THB per share (top) QoQ YoY
 THB billion (bottom) +366% -46.3%



- QoQ rise was mainly driven by higher EBITDA, partly offset by higher D&A and income tax
- YoY decline was mainly driven by higher D&A

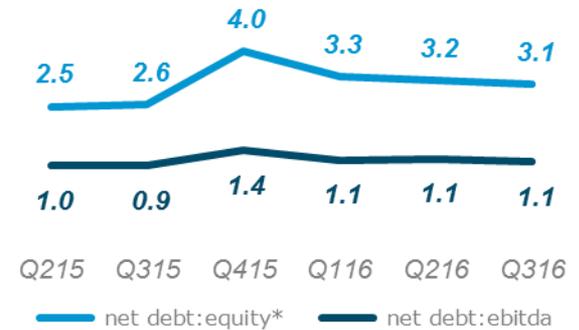
operating cash flow

THB billion



- operating cash flow declined due to higher investment but remained solid

key financial ratios



- financial ratios stabilized

* excluding other component of shareholders' equity.

2016 outlook

slight decline
from previous year

**Service revenue
ex. IC growth**

at least same level
as previous year

EBITDA

same level as
previous year

CAPEX



MARKETING UPDATE

Sitthichoke Nopchinabutr

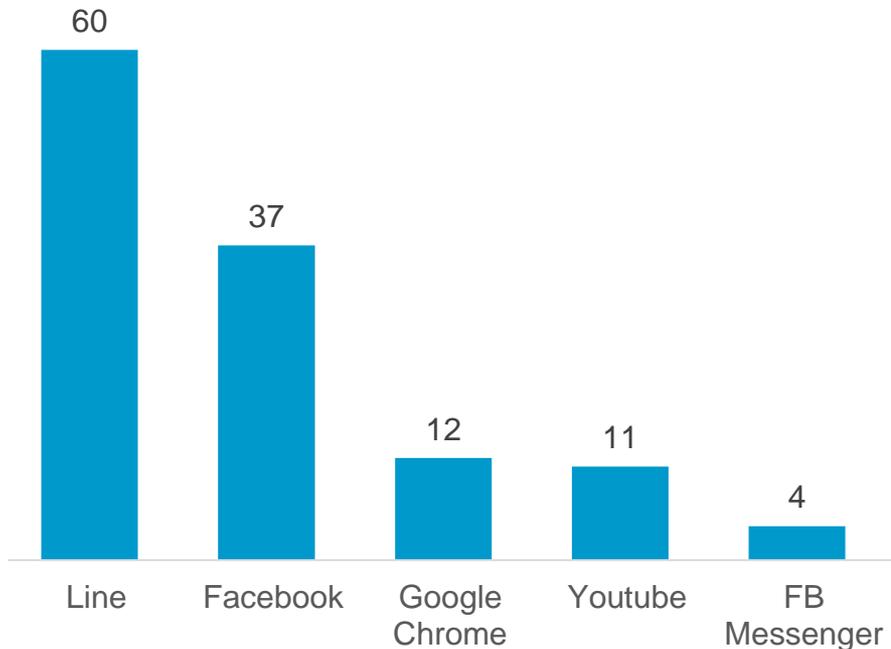
Chief Marketing Officer, dtac



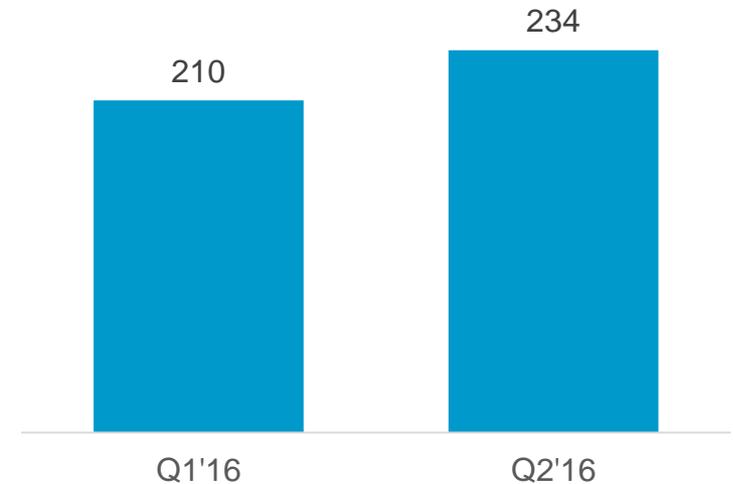
Thais spends 4 hours a day on smartphone on average

LINE the most popular app

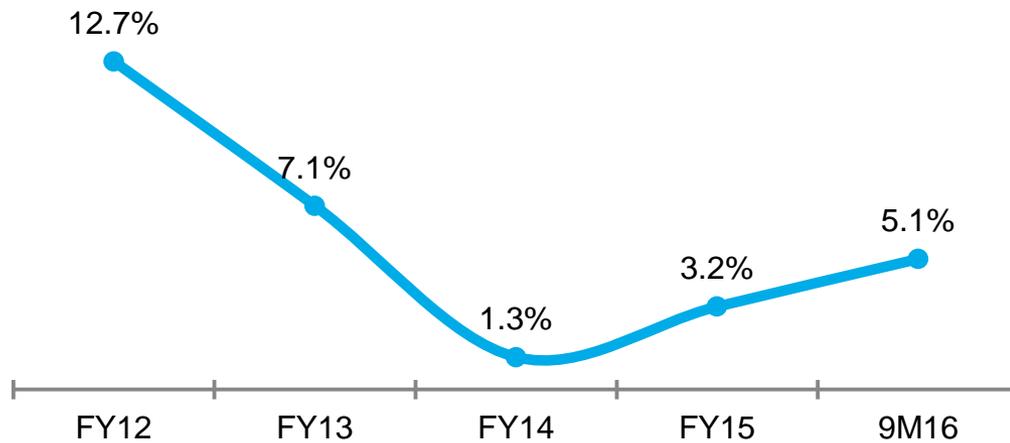
Top 5 App by Usage per Day
(Minutes per Day)



Avg. Minutes per Day on
Smartphone



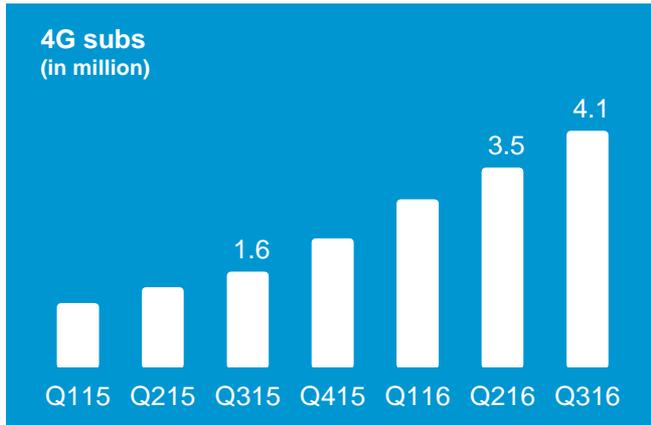
Industry revenue growth has accelerated



Mainly driven by

- 4G
 - Network expansion
 - Sub base
 - Device penetration
- Data usage
- Postpaid segment

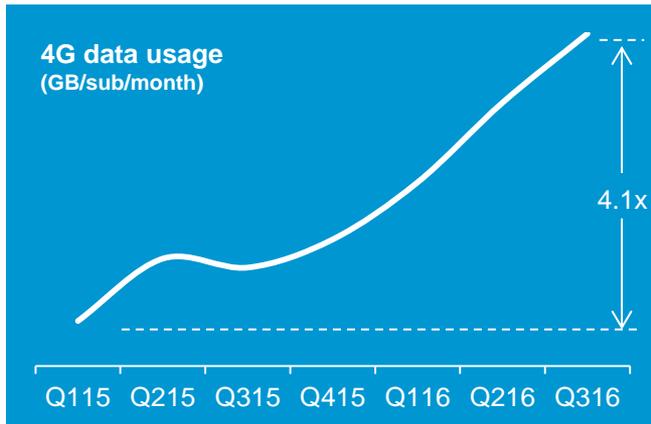
Consistently strong development in 4G service



4.1 million 4G subscribers

29% penetration of 4G-enabled devices

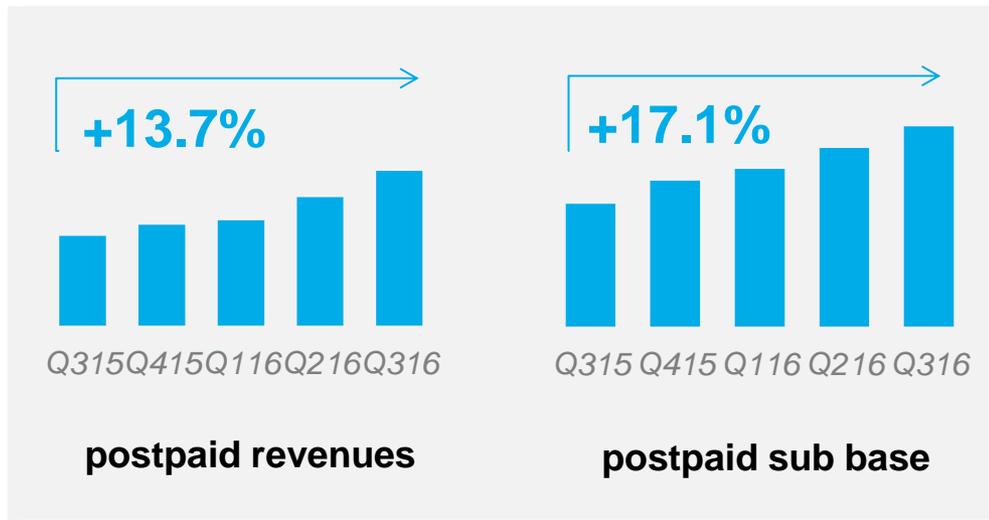
- driven in large part by handset campaigns



4.1x data usage increase

- continued expansion of 4G network
- driven by video and music streaming services

Double digit growth in postpaid



Key focus areas

- Network perception
- Value for money
- Device
- Pre to post migration
- Channel expansion

Prepaid development challenged by handset subsidies



Key focus areas

- Network perception
- Value for money
- Channel efficiency/ expansion
- Personalized offers

Prepaid in focus

On-ground troops & Trade Promotion

- Top-up & SIM promotions
- Target Student & Traditionalist



Student



Traditionalist

Reward Activation for Mass

- Only operator to bring reward to Mass nationwide

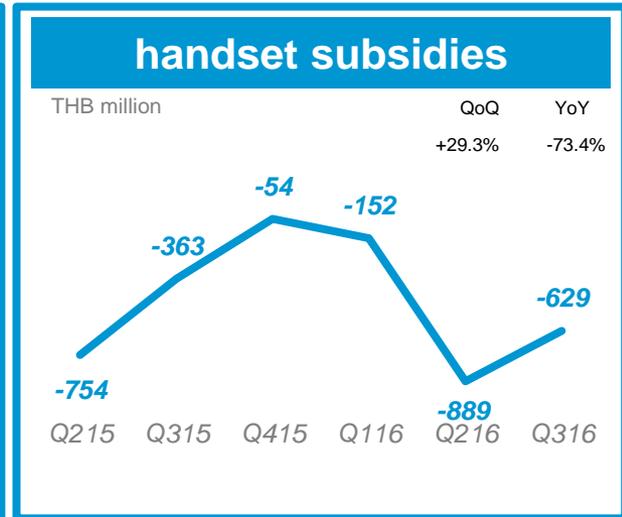
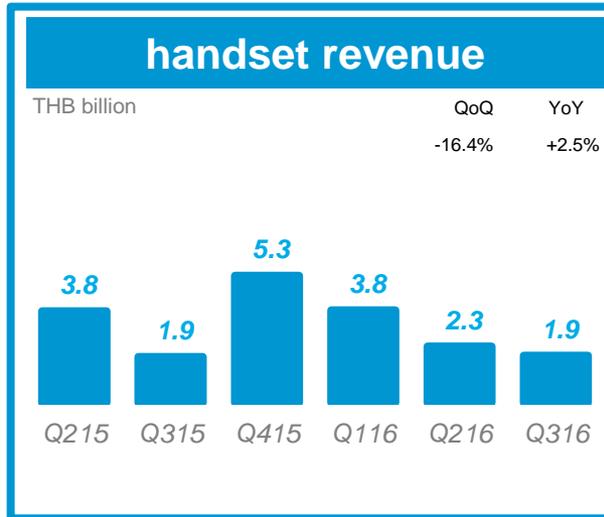
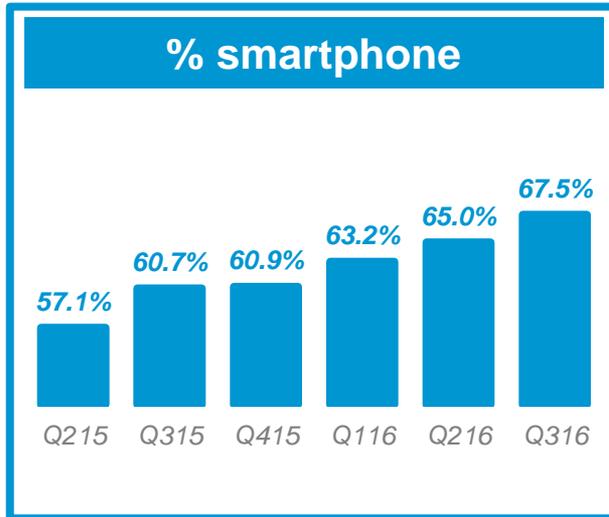


Gross Adds

Revenue stability

Churn reduction

Lower level of prepaid subsidies



- handset campaigns continued to drive smartphone penetration

- despite lower level QoQ, handset subsidies remained crucial for competing in the market

Distribution channel expansion

Postpaid

Expand ***sales and service touch points*** in order to attract and acquire more customers.

Provide exceptional channel convenience and experience for dtac customers

- Expand shops in terms of both coverage and density



Prepaid

Refill Channel Expansion



SIM Channel Expansion



Strengthening retailer channel to focus on SIM card distribution



Dedicated SIM Sales



Create position on network and value

Network Positioning

**SUPER
4G**

the widest 4G,
the smoothest experience



Value Offerings

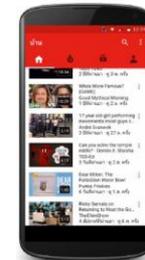
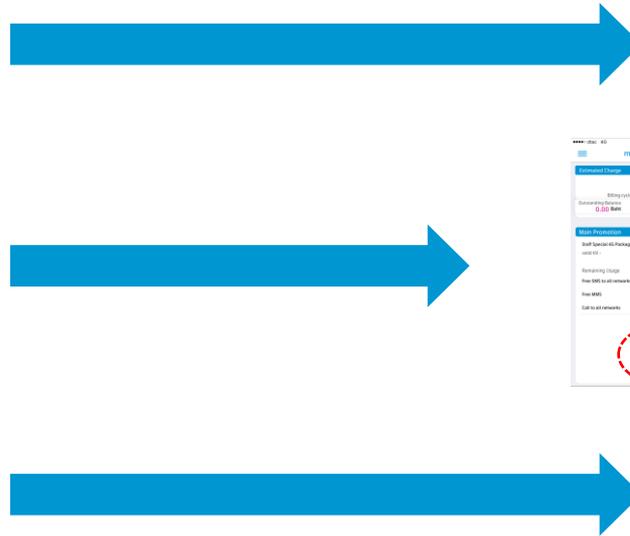
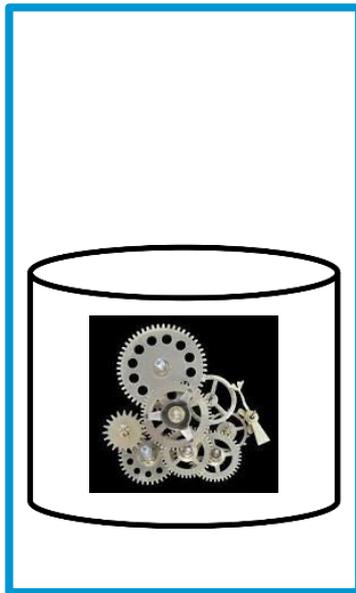


- Differentiated offers
- “Make It Easy & Worry Free” themes



Emphasis on digital innovation

Contextual offers pushed via digital channels





TAPAD PILOT

Michael Beck-Hansen

Head of Customer Value Management, dtac



Telecom & TAPAD insight

Unifying capabilities

Telecom – Insight & Contextual

Real time Contextual Capabilities

DNA

Internet & Content Usage

 Pantip

Network Experience


Topup & Payment



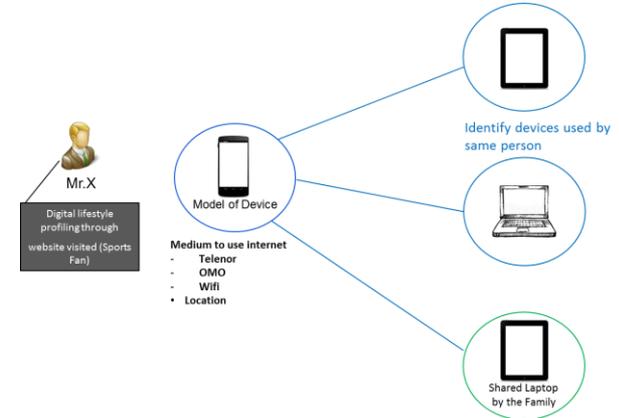
Call Detail Records



CRM



TAPAD (3rd Party) – Insight



Unification of Data & Contextual Capabilities

1 Telecom Use case

- Acquisition
- Upsell to existing base
- Win back & Spin back
- Move traffic to own channel

2 Digital Marketing Use case



Digital add Revenue
 2015 US, USD *60 Bil



Revenue Share **63%

*Source emarketer.com

** <https://www.bloomberg.com/news/articles/2016-04-22/google-and-facebook-lead-digital-ad-industry-to-revenue-record>

The goal

is to make Dtac the world's most sophisticated telco in digital marketing

1 Content offer

2 Device offer

3 Super easy digital porting

Free live streaming of European Championship 2016

50% discount on iPhone + 1000 baht to your device bank

easy porting process

dtac

Three programs

Multiple campaigns in each use case will address the different customer states

Use Case	Stage in lifecycle
Acquisition	 Prospect
Up-sell existing subs	 Healthy
Win-back & Spin-back	 Dormant/Churn

Acquisition use case

Targeted mobile advertising for attractive segments

Three main sources determine high ARPU subscribers

Device

Data Usage

Interest



Identifying the high-end subscribers

Native ads on Kaidee
Targeting subs with device and tariff offer



Demo

Conclusion

Thailand market

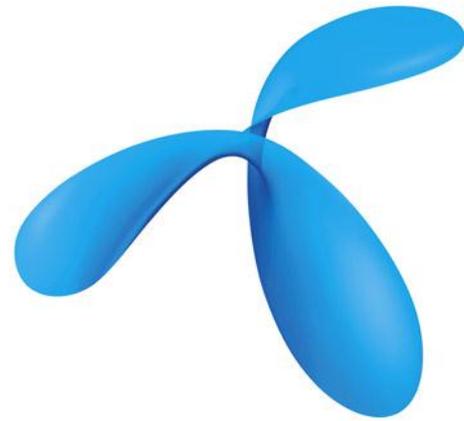
#2 operator in a competitive 3-player market

244 THB billion in mobile revenue
(Last Twelve Months ending 30 Sep 16)

mid-single digit market growth driven by data and postpaid

Key focus areas

- 01 Postpaid growth and prepaid turn around
- 02 Network and spectrum investments to secure data position
- 03 Operational Efficiency through digitization of the core
- 04 Digital products for differentiation and upsell



dtac

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