
dtac

THIRD QUARTER 2017

18 October 2017

Q317 highlights



23.1m total subscribers

96.8% of sub base registered under DTN

71.8% smartphone penetration

47.1% penetration of 4G-enabled devices

THB11.1b data revenues

69.9% of service revenues ex. IC

THB7.7b EBITDA

41.2% EBITDA margin

THB3.5b CAPEX

18.8% to total revenues

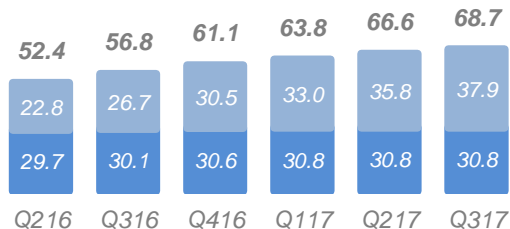
THB4.2b operating cash flow
(EBITDA – CAPEX)

operational highlights

1

ongoing network densification

■ licensed ■ concession



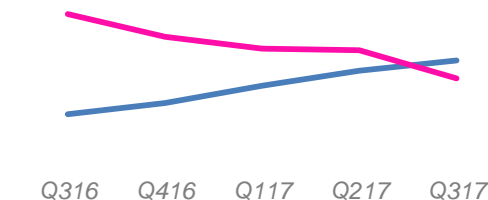
no. of base stations (in thousand)

- **42% YoY** increase in base stations under licensed network
- network campaign to strengthen perception

2

postpaid revenue has overtaken prepaid

— postpaid — prepaid



service revenues ex. IC

- continued focus on postpaid segment
- postpaid sub and ARPU have been on an upward trend
- pre-to-post migration also a key driver

3

digital transformation to disrupt market and improve efficiency



digitization of core business
dtac app, dtac ONE

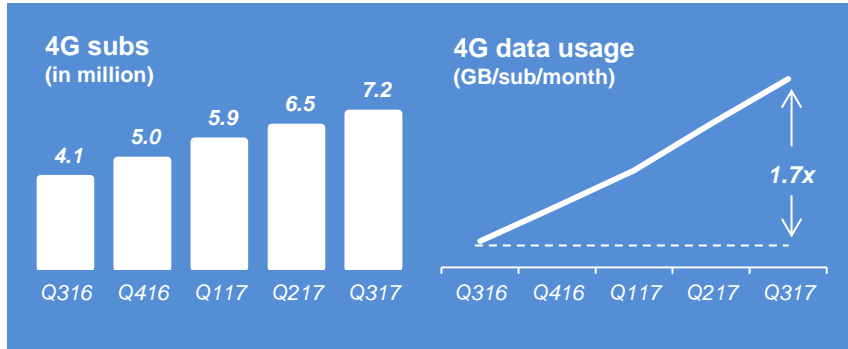


Line Mobile
fully digital mobile services



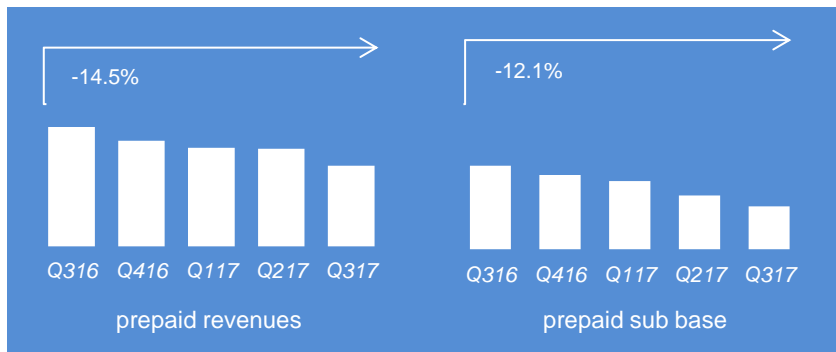
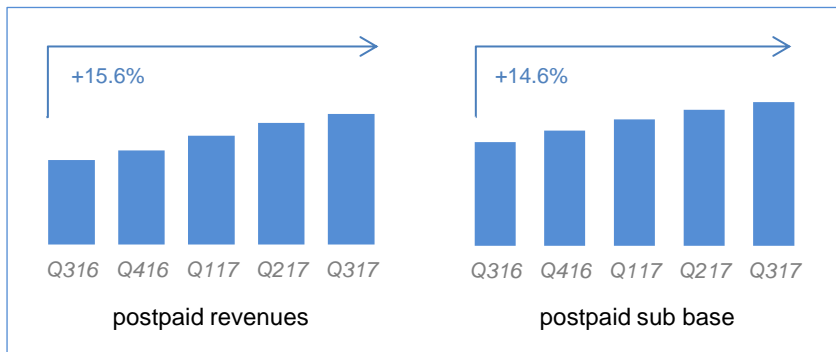
efficient operation
OPEX reduction while improving customer experience

4G sub base reached 7.2m



- **strong data growth**, driven by streaming services, and social network applications
- **ongoing densification of 3G & 4G network** to handle data growth
- **partnership with TOT** on track to increase 4G spectrum bandwidth
- **attractive device campaigns** to further increase the adoption of 4G

postpaid revenue has surpassed prepaid



strong postpaid growth, mainly driven by

- improved network quality
- value-for-money price plans
- handset/pre-to-post campaigns

prepaid continues trending down, as a result of

- dtac being more focus on creating value
- migration to postpaid
- declining voice revenue

key focus areas to stabilize prepaid

- retention and promotional campaigns
- branding and network perception campaigns
- pricing initiatives to stabilize decline in voice revenue and increase data revenue

digital transformation



dtac app

- **all-in-one, user-friendly** app that enables customer to easily enquire personal info, make payment, redeem rewards, etc.
- **enhanced UX / UI** aim at delivering optimized customer journey in all usage areas.

1.3
mil



1.8
mil

Dec 2016

Sep 2017

no. of dtac app users



dtac ONE retailer app

- digital platform that allows **fully online sales & service transactions** via app
- **simplified journey** with market leading and easy-to-use functionalities
- **real-time data capturing** – minimize fraud & error



< 7%

Dec 2016



~ 46%

Sep 2017

retailer adoption

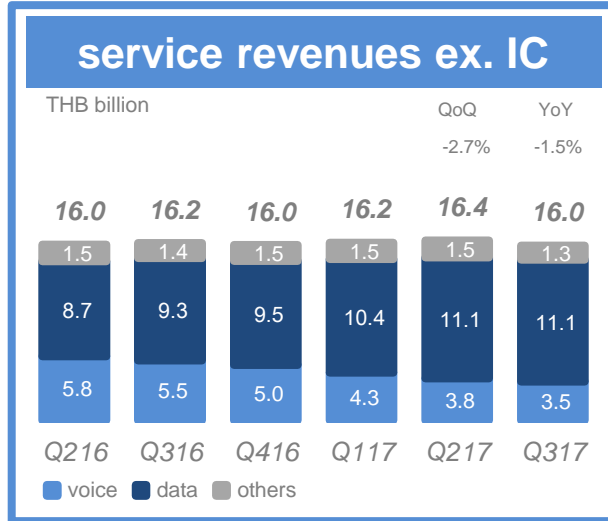


Line Mobile

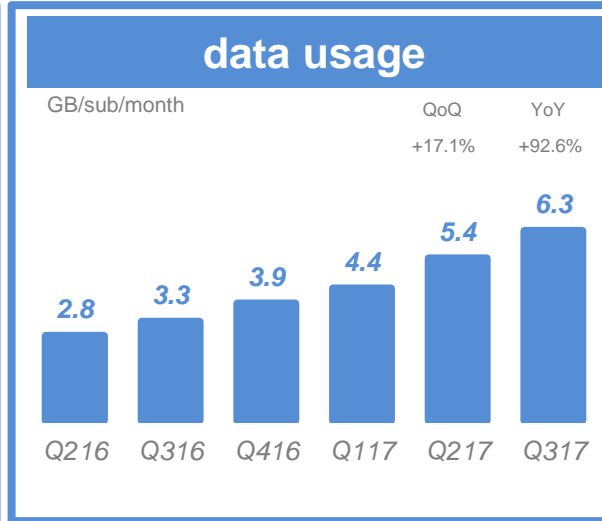
- **fully digital** mobile service
- **collaboration with Line Thailand**, the leading social network in Thailand
- lower cost to provide services via online channel only
- **commercial launch** in Sep-17

financial highlights

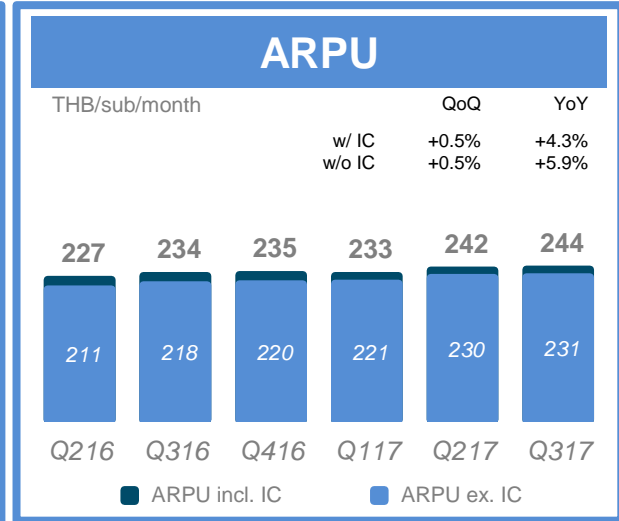
data consumption remains strong



- data revenue reaches 70% of service revenues ex. IC
- service revenues on track to meet full year target

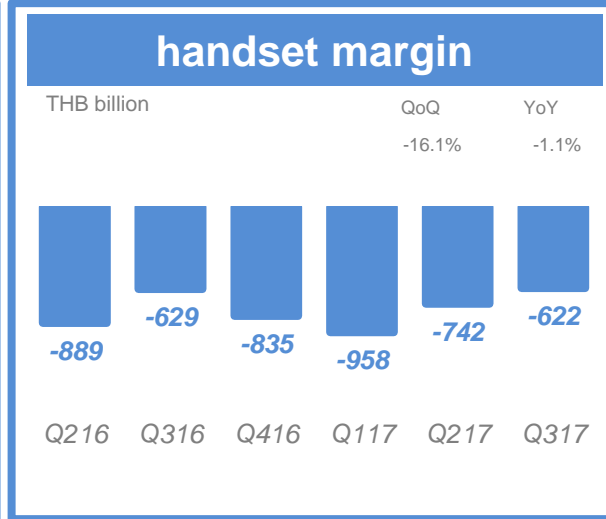
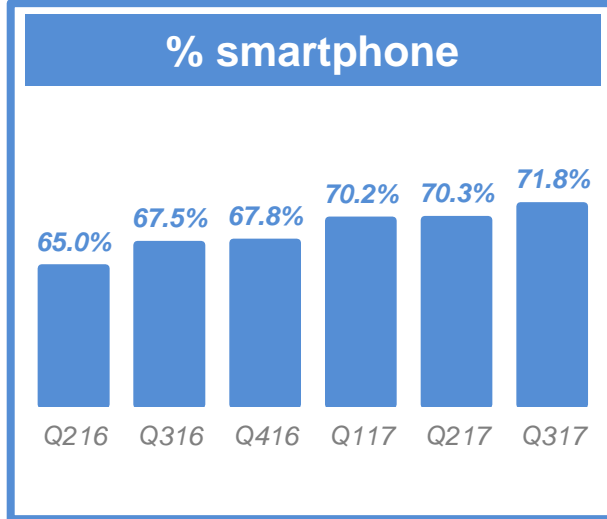


- strong data demand driven by streaming services
- densification of network helps to accommodate the strong data growth



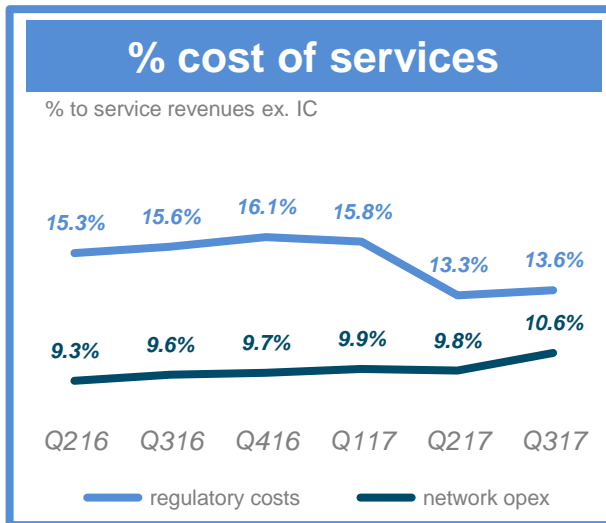
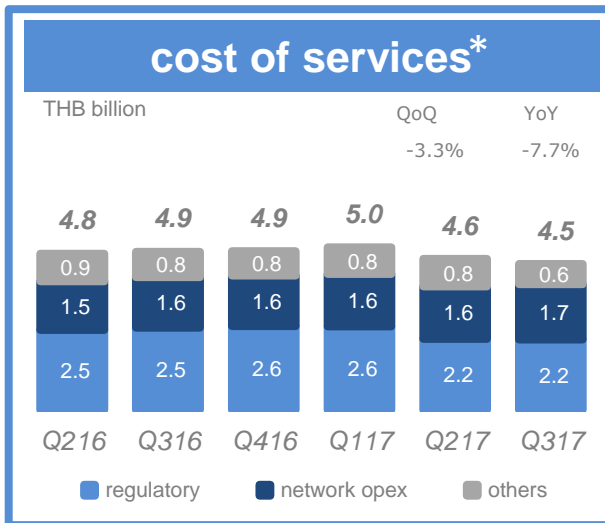
- ARPU uplift from pre-to-post migration
- ARPU continues to rise from higher mix of postpaid sub base

handset subsidies continue to decline



- **47.1%** penetration of 4G-enabled devices
- more focus on non-subsidy acquisition strategy
- on a normalized basis (2016), handset margin would have been –THB 456m in Q317 (–THB 575m in Q217, and –THB 723m in Q117)

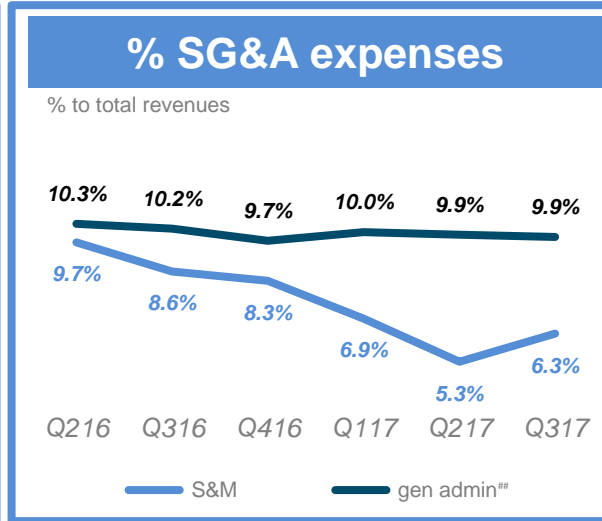
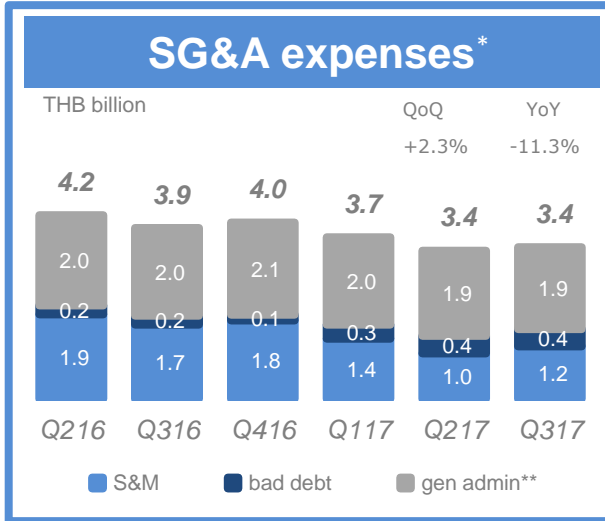
cost of services trending down



- regulatory costs continued to decline
- network OPEX well managed despite the ongoing network densification
- lower IDD costs and prepaid commission also contributed to lower cost of services

* excluding depreciation and amortization, and IC

sharp drop in SG&A YoY

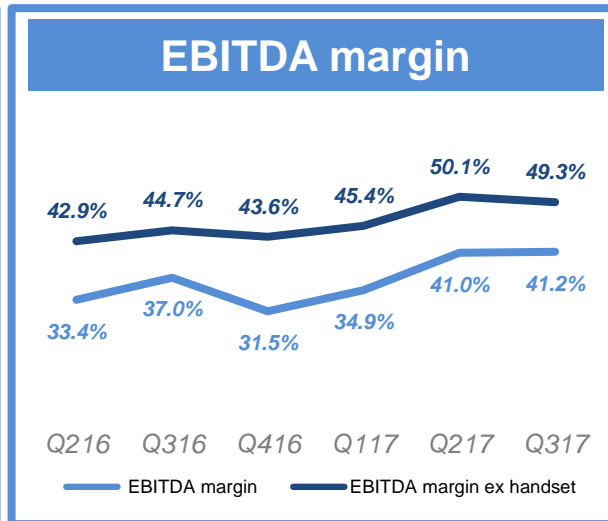
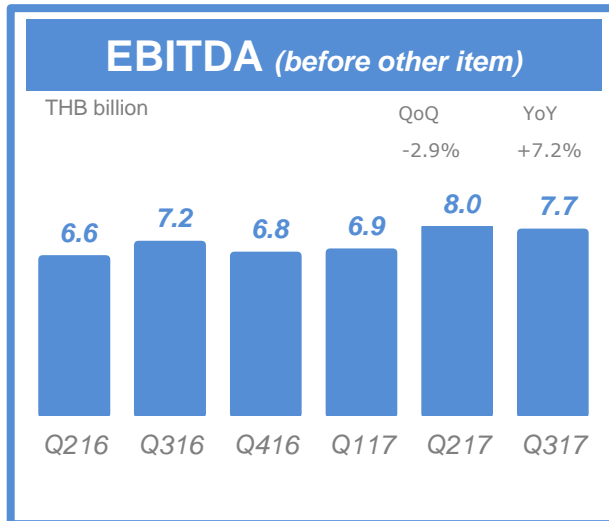


- sharp drop in S&M expenses YoY due to efficiency measures
 - increase in S&M expenses QoQ to build awareness and launch new service
- increase in provision for bad debt due to strong growth in postpaid segment
- gen admin expenses continued to decline from the ongoing implementation of operational excellence programs

* excluding depreciation and amortization

** excluding restructuring cost

EBITDA margin remains high at 41%



sharp increase in EBITDA,
mainly driven by

- lower regulatory costs
- network OPEX under control despite ongoing densification
- lower handset subsidies
- well managed SG&A expenses

operating cash flow remains strong

net profit

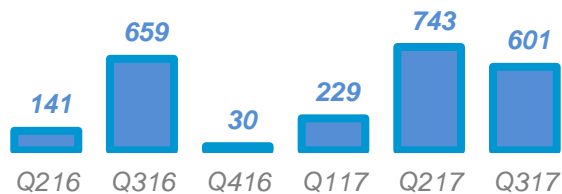
THB million

QoQ

YoY

-19.1%

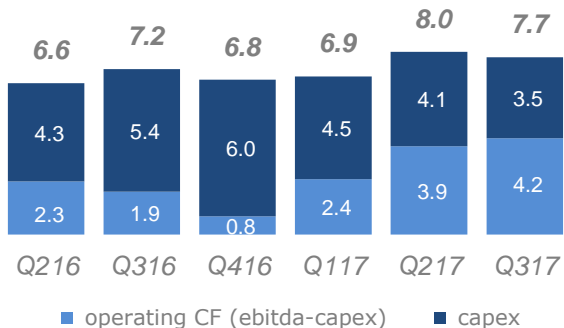
-8.8%



- one-time income of THB 134m from transaction related to Paysbuy
- net profit under pressure from higher D&A charges

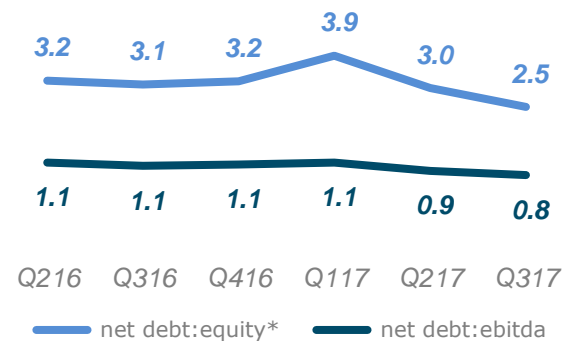
operating cash flow

THB billion



- operating cash flow is gradually expanding

key financial ratios



- financial ratios continued to improve

* excluding other component of shareholders' equity.

strategic direction and outlook

key focus areas to strengthen market position

'Flip It' brand platform

postpaid growth and prepaid stabilization

network and spectrum investments to secure data position

efficient operations through digitization of customer interactions

2017 outlook unchanged

**same level as
previous year**

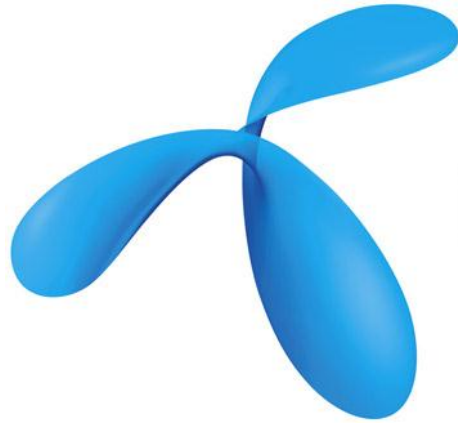
service revenues
ex. IC

**at least same level
as previous year**

EBITDA

**THB17 – 20
billion**

capex



dtac

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