
DTAC

ANALYST briefing

14 July 2017

Q217 highlights



23.6m total subscribers

96.3% of sub base registered under DTN

70.3% smartphone penetration

43.5% penetration of 4G-enabled devices

THB11.1b data revenues

67.4% of service revenues ex. IC

THB8.0b EBITDA

41.0% EBITDA margin

THB4.1b CAPEX

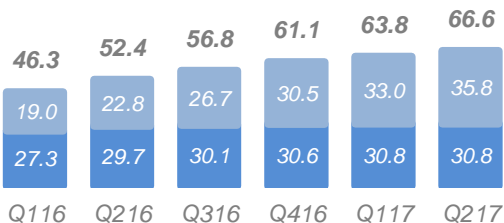
21.2% to total revenues

THB3.9b operating cash flow
(EBITDA – CAPEX)

operational highlights

1 ongoing densification of the network

■ licensed ■ concession



no. of base stations (in thousand)

- **57% YoY** increase in base stations under licensed network
- ongoing network campaign to strengthen network perception

2 building on success of Q1 campaigns



Smoothest
network



Go No Limit
price plans



dtac reward
CRM program

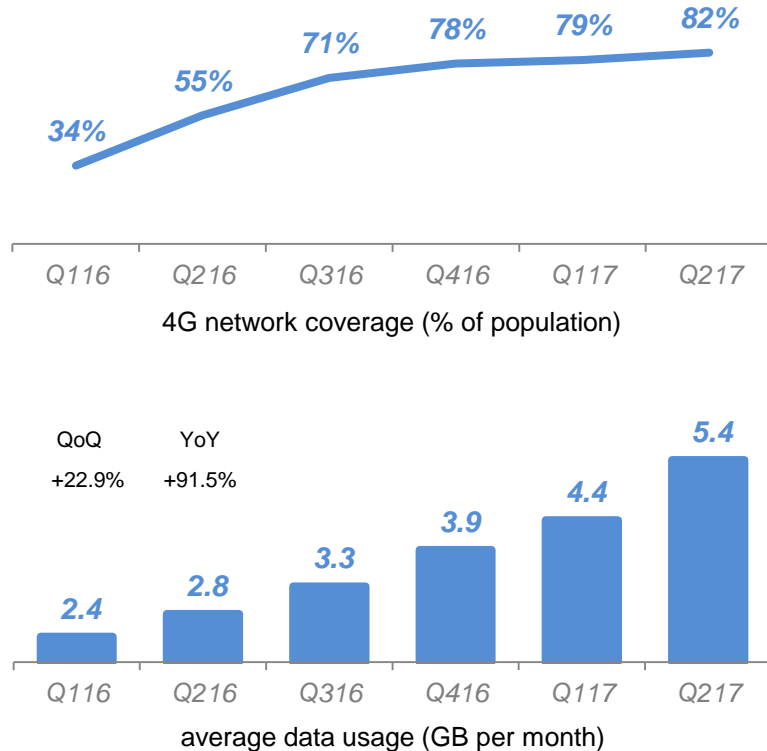
3 continue improving operational efficiency

- revenue returns to growth despite lower spending
- highest level of EBITDA margin in more than a decade

4 potential 2300MHz deal with TOT

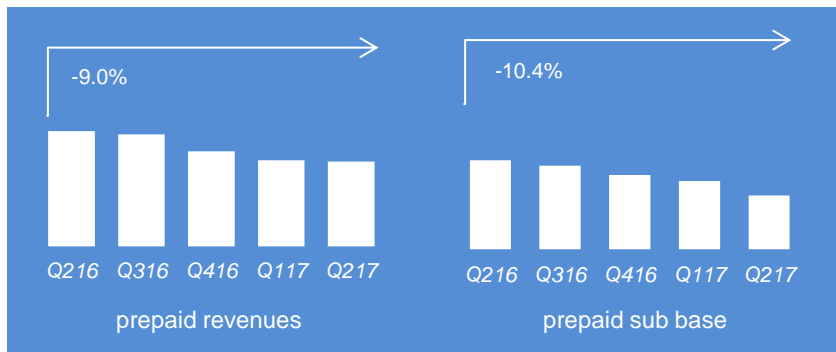
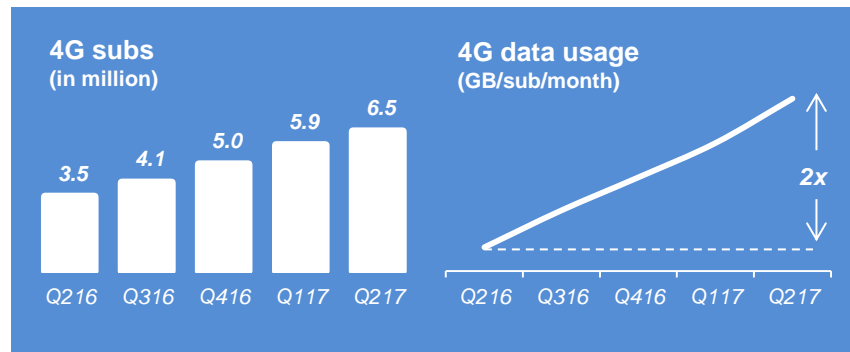
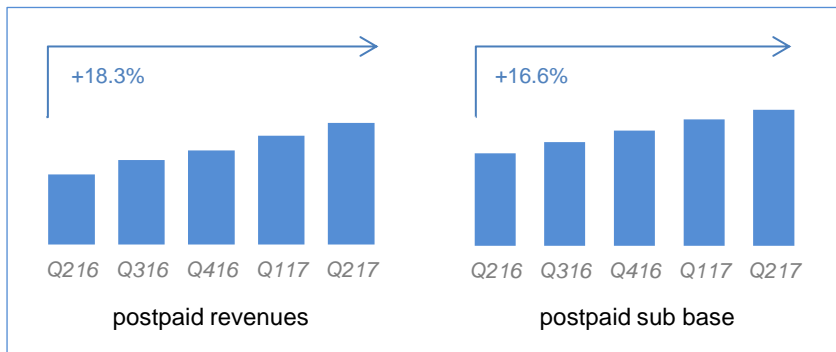
- selected by TOT as preferred bidder
- reduce spectrum uncertainty
- **60MHz** additional bandwidth
- **THB 4.51b** fixed annual payment

network densification to accommodate data growth



- overall network coverage: **94%** of population
- massive 4G network coverage expansion
- strong data usage growth
 - ARPU on an upward trend
 - data revenue growth has accelerated, registering a **27% YoY** growth in Q217

continued strong postpaid and 4G growth

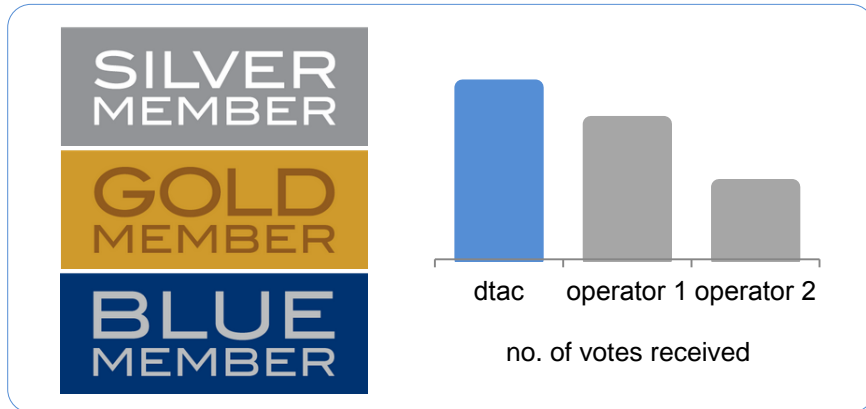
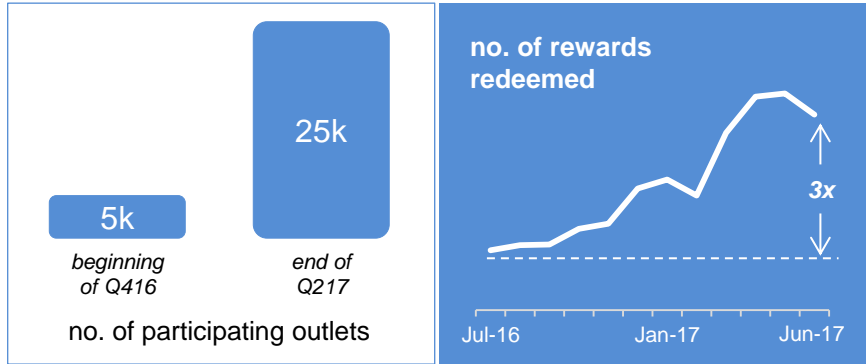


strong postpaid growth, mainly driven by Go No Limit plans and prepaid-to-postpaid migration

6.5m 4G subscribers, growing strongly thanks to ongoing expansion of 4G network and device offers

prepaid trending down as a result of migration to postpaid and dtac being more focus on creating value

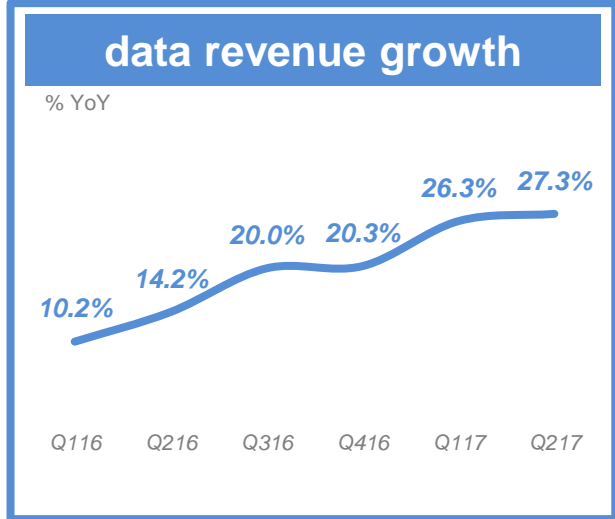
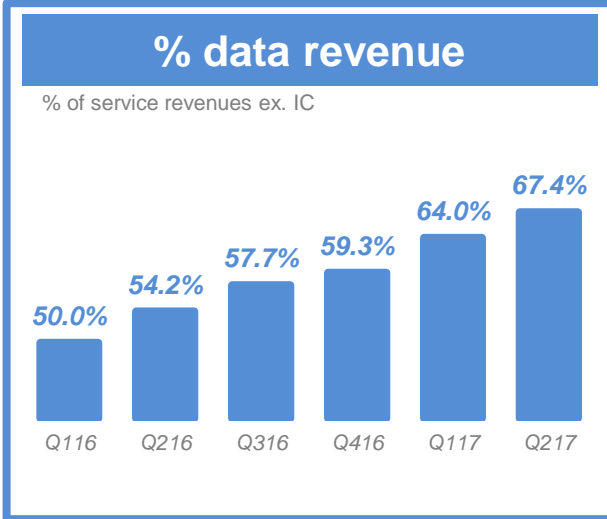
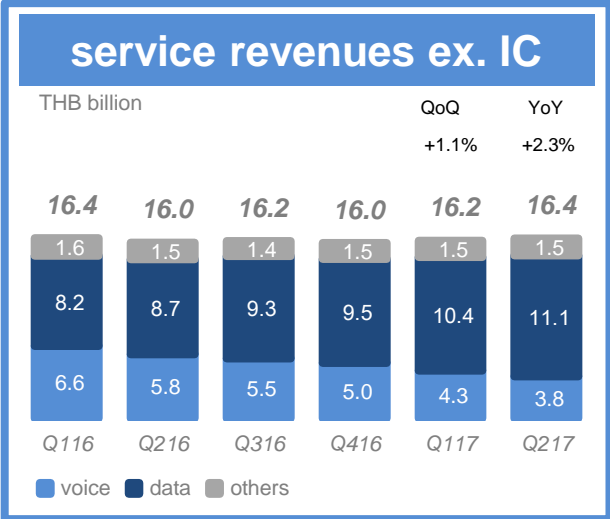
strengthening 'dtac reward' loyalty program



- **4x** increase in participating outlets over the past 3 quarters
- increase **brand dynamic** and **visibility** in high traffic areas
- best **CRM program** among mobile operators (survey of users on one of the biggest community website in Thailand)

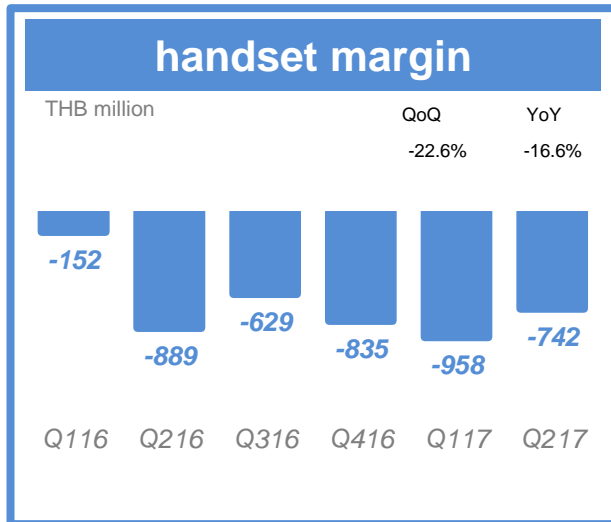
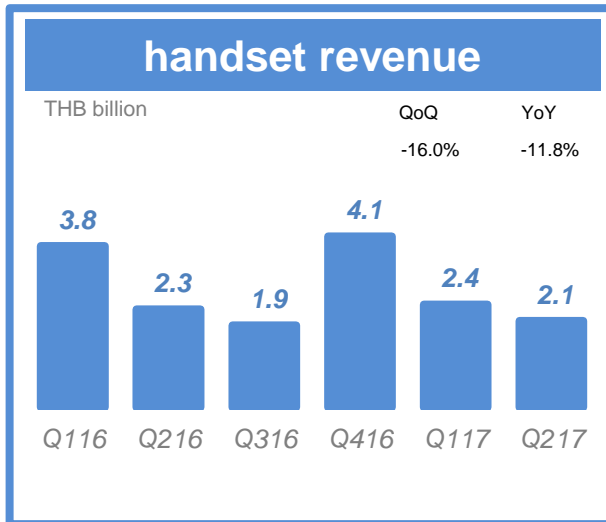
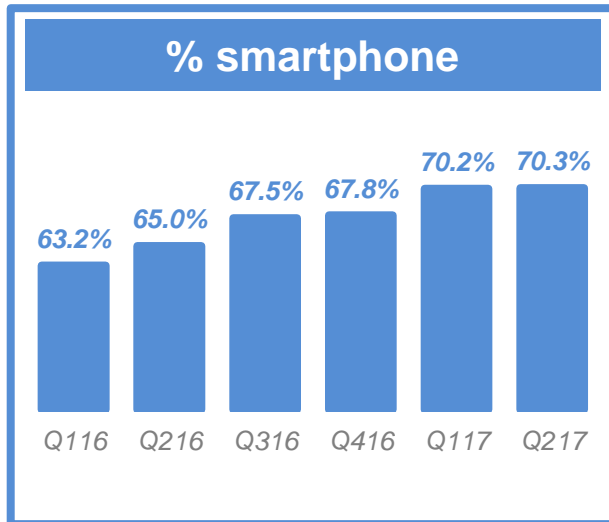
financial highlights

service revenues returned to growth YoY and QoQ



- increase in data revenue more than offset the decline in voice revenue
- data proportion continues to rise, driven by Go No Limit plans
- average data usage reached 5.4GB per month per user

handset subsidy has slowed down

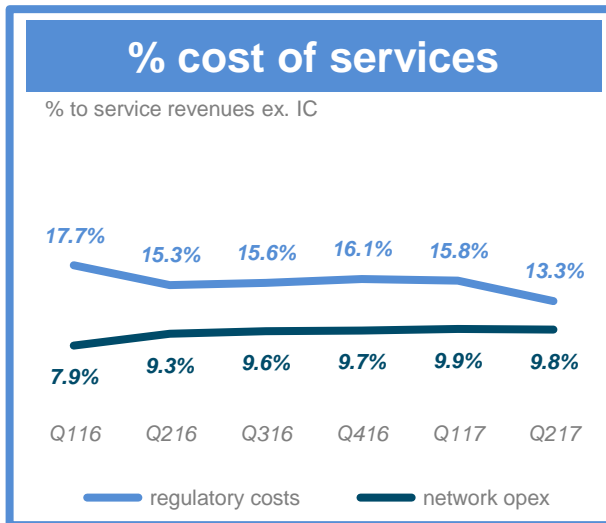
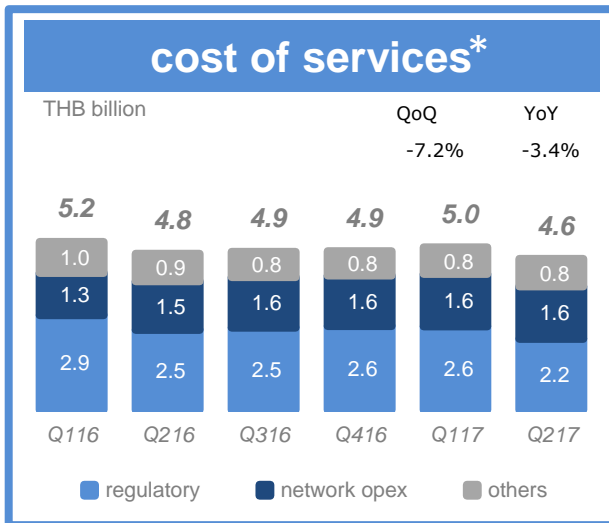


- 43.5% penetration of 4G-enabled devices
- at least 70% of 4G-enabled devices are 2300MHz-compatible

- lower handset revenue is driven by lower number of units sold and the reclassification of handset-related expenses to net off handset revenue

- handset remains an important tool to attract and retain subscribers
- on a normalized basis (2016), handset margin would have been –THB 575m in Q217 and –THB 723m in Q117.

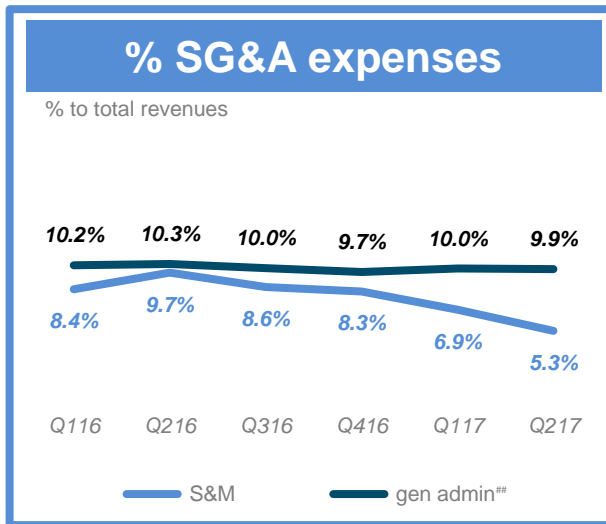
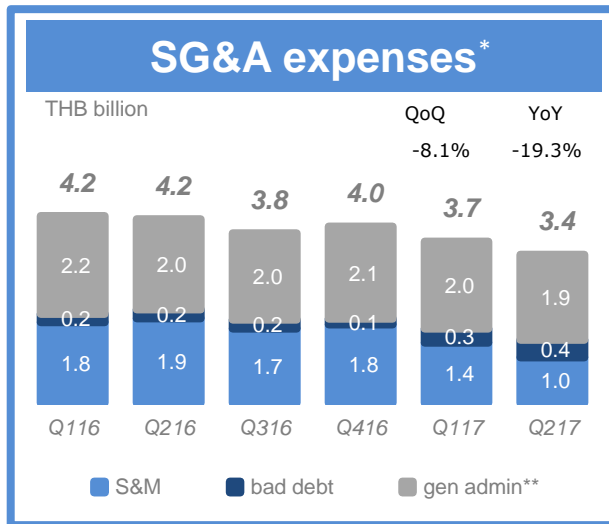
cost of services well managed



* excluding depreciation and amortization, and IC

- regulatory costs dropped from
 - higher traffic on 2100MHz network as a result of network densification,
 - customers migrating to DTN and replacing 2G handsets
 - reduction of USO rate
- network OPEX increased only slightly despite the ongoing network densification
- cost of services well controlled amid network expansion and data traffic growth

SG&A continued to decline

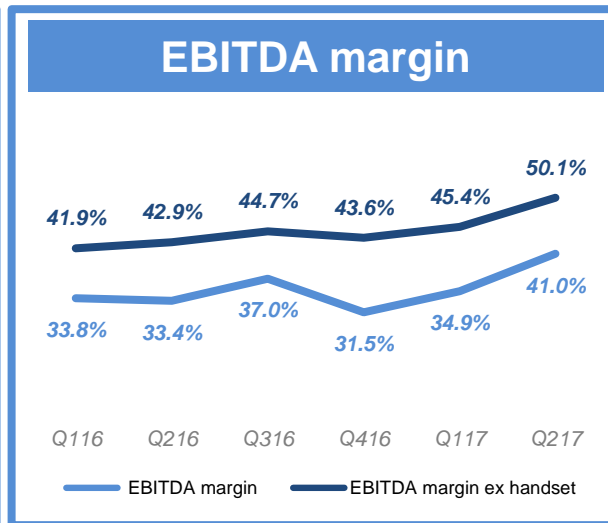
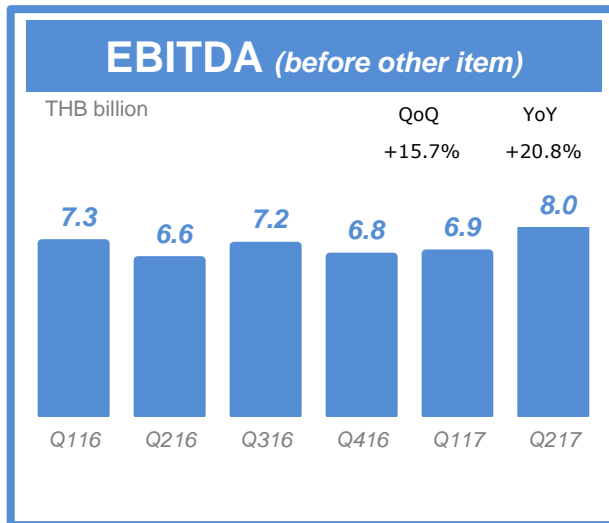


- sharp drop in S&M expenses during seasonally low quarter and due to efficiency measures
- increase in provision for bad debt as a result of strong growth in postpaid segment
- gen admin expenses continued to decline from the ongoing implementation of operational excellence programs

* excluding depreciation and amortization

** excluding restructuring cost

EBITDA margin increases to 41%



sharp increase in EBITDA, mainly driven by

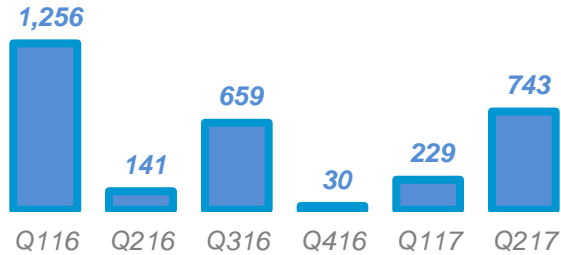
- lower regulatory costs
- network OPEX under control despite massive expansion
- lower handset subsidies
- lower SG&A expenses

dtac continues to generate strong operating cash flow

net profit

THB million

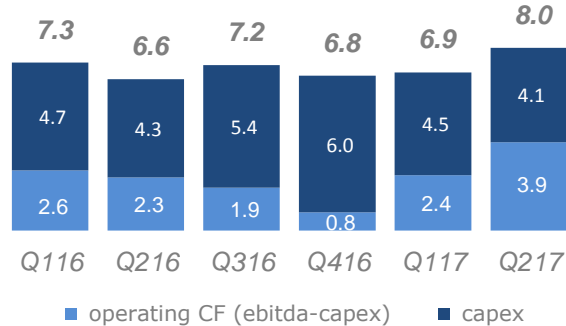
QoQ +224%
YoY +426%



- net profit rebounded strongly on higher EBITDA, partly offset by higher D&A charges

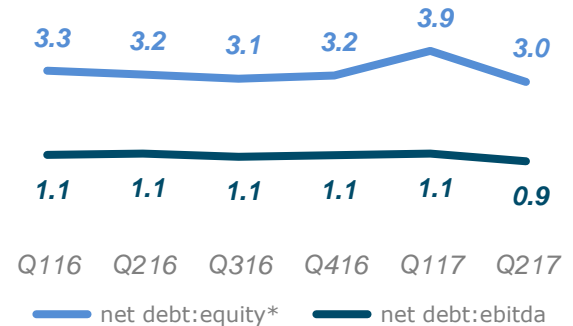
operating cash flow

THB billion



- strong operating cash flow

key financial ratios



- financial ratios slightly improved, and
- no interim dividend declared for the first half of 2017, giving financial flexibility before end of concession

* 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**

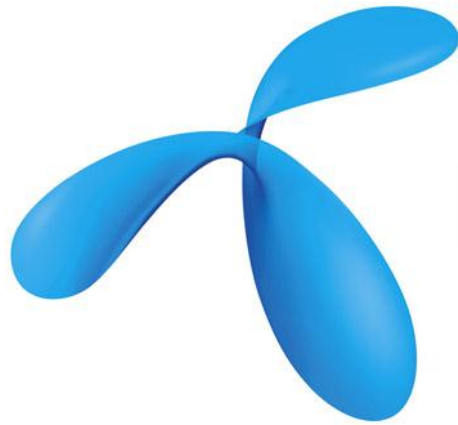
service revenues
ex. IC

**at least same level
as previous year**

EBITDA

**THB17 – 20
billion**

capex



dtac

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