

Advanced Info Service

Current price: Bt238 TP: Bt342 (44% upside)



AIS has been no. 1 mobile operator in Thailand ever since it was incorporated



Competitors



Strengths

- Network coverage
- Network stability



Drivers

- ARPU
- No. of subscribers
- Handset sales (but zero margins)

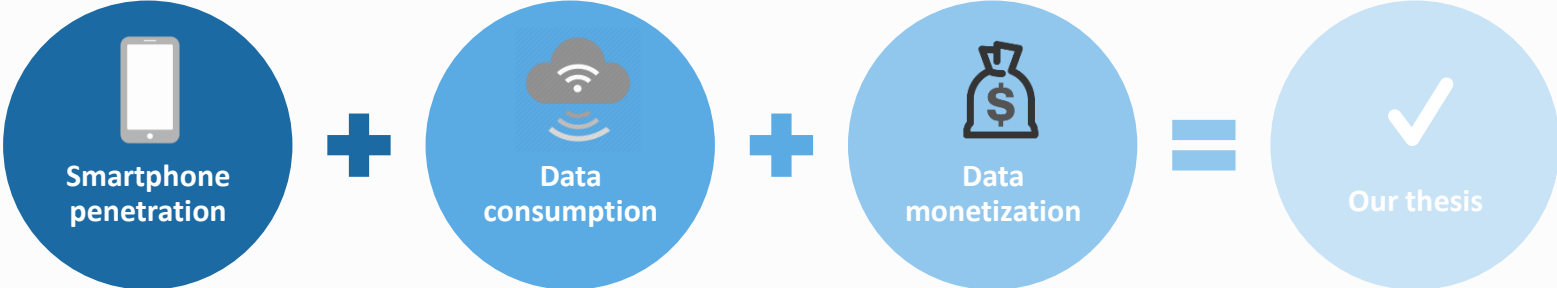


Perceived weaknesses

- Lack of spectrum
- Slow to move into new markets

3 broad trends that shape the industry

Favorable dynamics in Thailand's telecom landscape



Our investment thesis

Data monetization, cessation of discounts

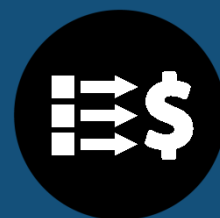
Thais love social media, and the telcos will make them pay



Non-voice \uparrow = Voice \downarrow



Non-voice \uparrow > Voice \downarrow



“dtac, under the strong leadership of the new CEO, Mr. Lars-Åke Norling, will lead towards more intensive focus on non-stop internet network development and data monetization together with inheriting the dtac way of unique customer engagement.”

Technical Project Manager - Data Mining

Teradata

November 2013 – December 2013 (2 months) | Thailand

TERADATA

Uplift an existing projects capability which was under stress, to deliver the initial phase of a Data Mining initiative for a telecom client (DTAC). Transitioning to local resource and planning for a future program stream activity occurred as part of this short term (contract) engagement. Project team (on/off shore) – 12.

Advanced Info Service Public Company Limited
www.ais.co.th

Senior Marketing Officer (Data Monetization-Increase Data Revenue) 🕒 13-Apr-15

📍 Bangkok

- Salary provided
- Full Time
- Middle level
- jobsDB ref: JTH300003000916053

Job Function
[Marketing / Public Relations > Management](#)

Our answer is no.



No cost savings for 3G->4G migration



Low 4G handset penetration



This don't need 4G...yet



DTAC and True gained little head start

Spending all the marketing dollars, but 4G utilization is simply not there

Market's views: AIS is slow



Our views: AIS is slow, but the more important question is: "does this tardiness reduces its value"



So why buy AIS instead of competitors?



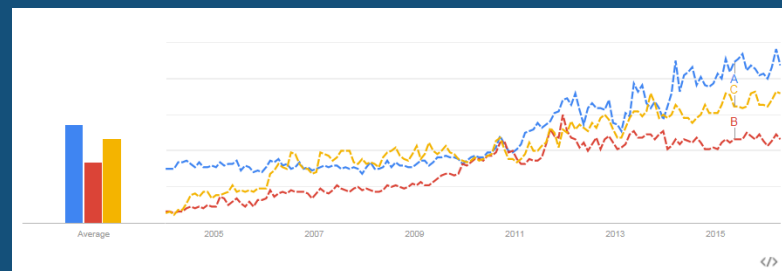
Economic moat



Google trends predict
highest revenue growth

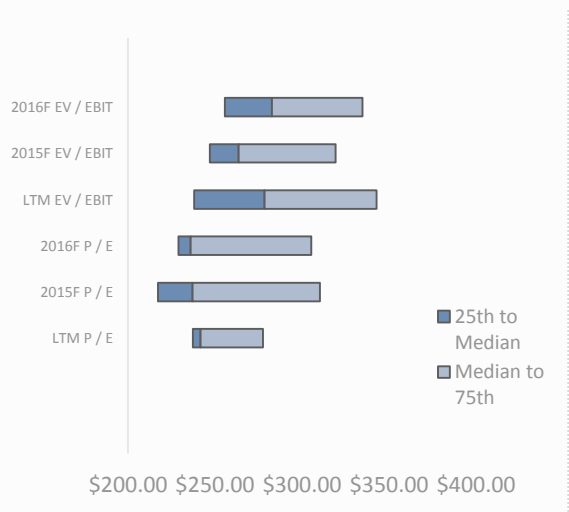


Will benefit
most from 4G
rollout



Valuation – TP of Bt342

Biggest assumption: revenue will grow at 24% per annum for the next 5 years



Btt 344

Valuation multiples

		Cost of equity		
		10.5%	11.0%	11.5%
Growth rate	3.5%	294	273	255
	4.0%	313	289	269
	4.5%	336	308	285
	5.0%	362	330	303
	5.5%	393	356	324
	6.0%	432	387	350
	6.5%	480	424	380

Btt 330

Two-stage DDM

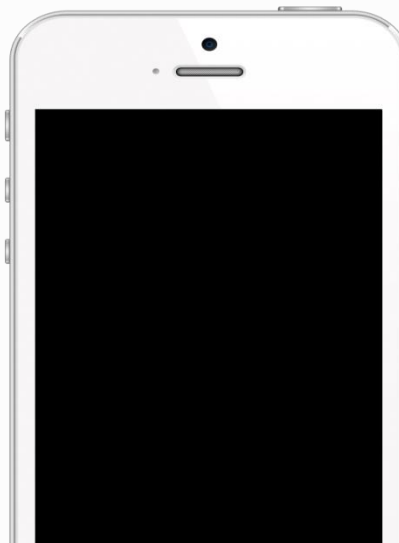
		WACC			
		9.0%	9.9%	10.0%	10.5%
Exit multiple	13.0 x	318	305	304	297
	14.0 x	340	327	325	318
	15.0 x	362	348	346	339
	15.6 x	375	361	359	351
	16.0 x	384	369	367	359
	17.0 x	406	390	389	380
	18.0 x	429	412	410	401

Btt 361

DCF with terminal value determined using exit multiple

Risks & Catalysts

Increased leverage



Pricing stalemate



△ pricing plans



Winning the 4G license



Q&A

Consensus TP: Bt259

We believe that believe that TP is Bt342, a 44% upside. The downside risk is 15%. To achieve our TP, we believe that 2 important things must occur, the monetization of data within the next 1-2 years, and AIS winning the 4G auctions this year. With that, I'll like to end my presentation and take questions, if any.