

Optimum Portfolio Strategy and M&A Post Mortem

Vivek Sood

Group Chief Financial Officer

Annis Sheikh Mohamed

Group Chief Corporate Development Officer

26 November 2018



Agenda

- **Capital Allocation Priorities Unchanged**
- **Funding The Journey**
- **Portfolio Mix – FY17 vs FY2022**
- **Enterprise Value Drivers by FY2022**
- **M&A Post Mortem**
- **Q&A Session**



Capital Allocation...priorities remain unchanged...

1

Investor Proposition: Moderate growth & moderate yield

2

Maintain Solid Balance Sheet
(below 2.5x Gross Debt/EBITDA)

3

Moderate yield with progressive growth in dividend payout ratio

4

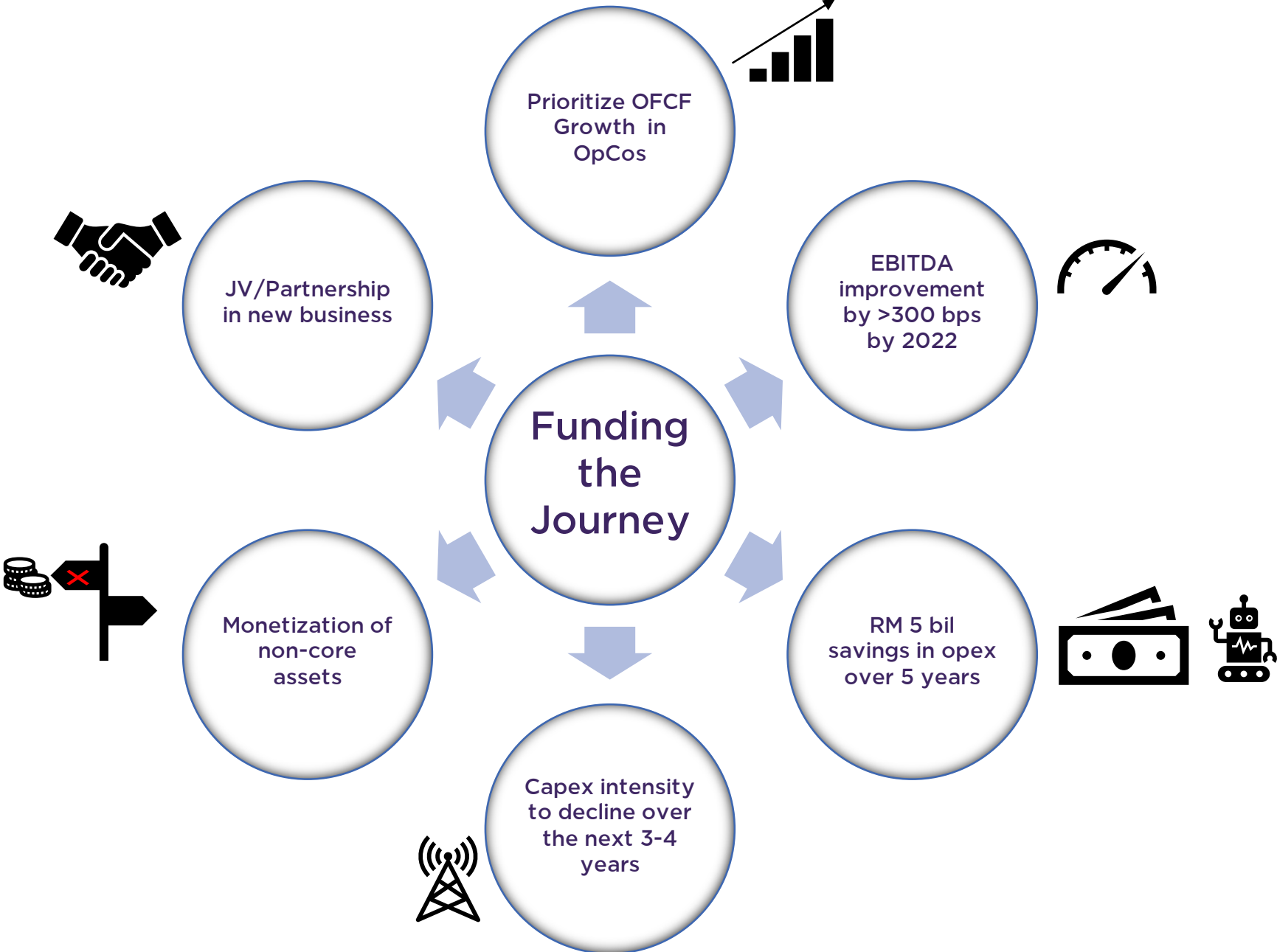
Prioritized allocation
in triple core strategy

5

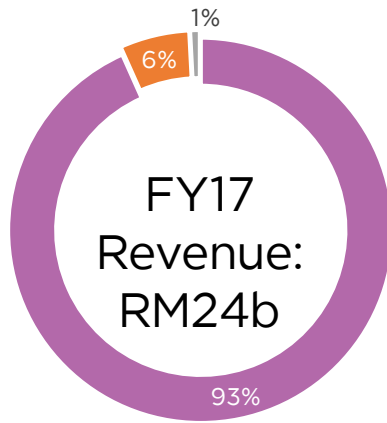
Spectrum
Requirements



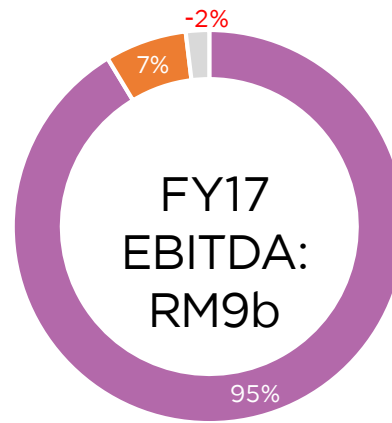
Funding the journey...



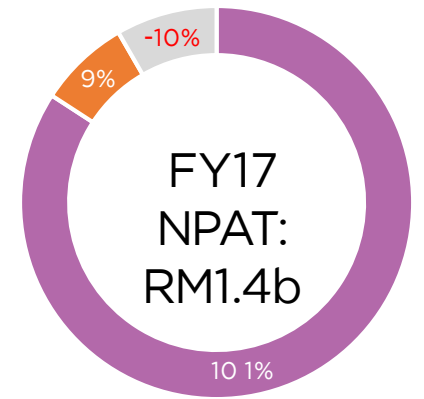
Portfolio Mix FY17 vs FY2022



■ Telco 2.0 ■ Infra ■ New Biz

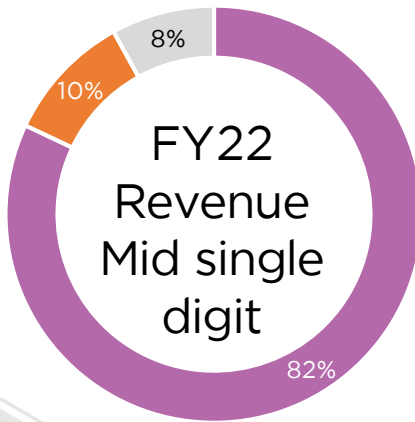


■ Telco 2.0 ■ Infra ■ New Biz

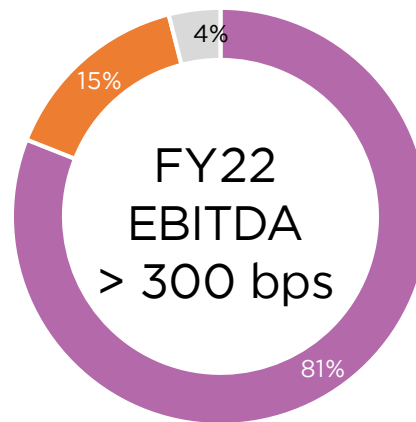


■ Telco 2.0 ■ Infra ■ New Biz

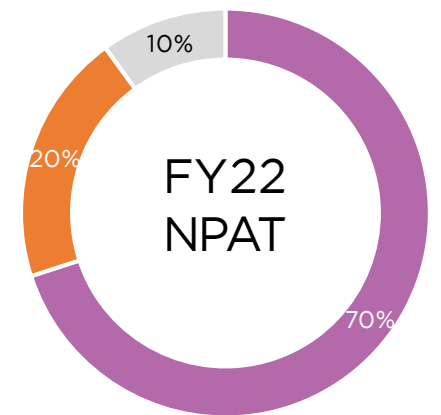
Portfolio Evolution



■ Telco 2.0 ■ Infra ■ New Biz



■ Telco 2.0 ■ Infra ■ New Biz

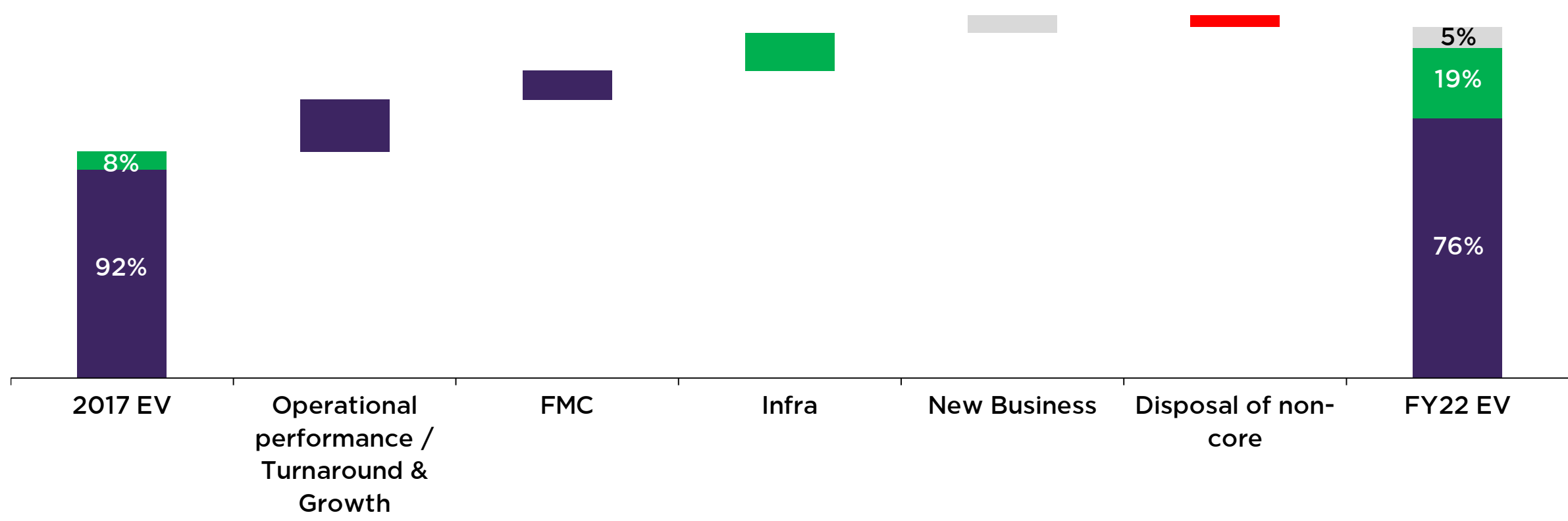


■ Telco 2.0 ■ Infra ■ New Biz

*Telco 2.0 includes Convergence and Enterprise

* Does not include inorganic opportunities

Operational efficiency, cost-cutting measures and FMC improves Axiata's EV by 2022; New businesses and infra pillar contributes ~25% of FY22 EV



- Telco 2.0
- Infra
- New Business



M&A Post Mortem (Completed M&A Transactions)



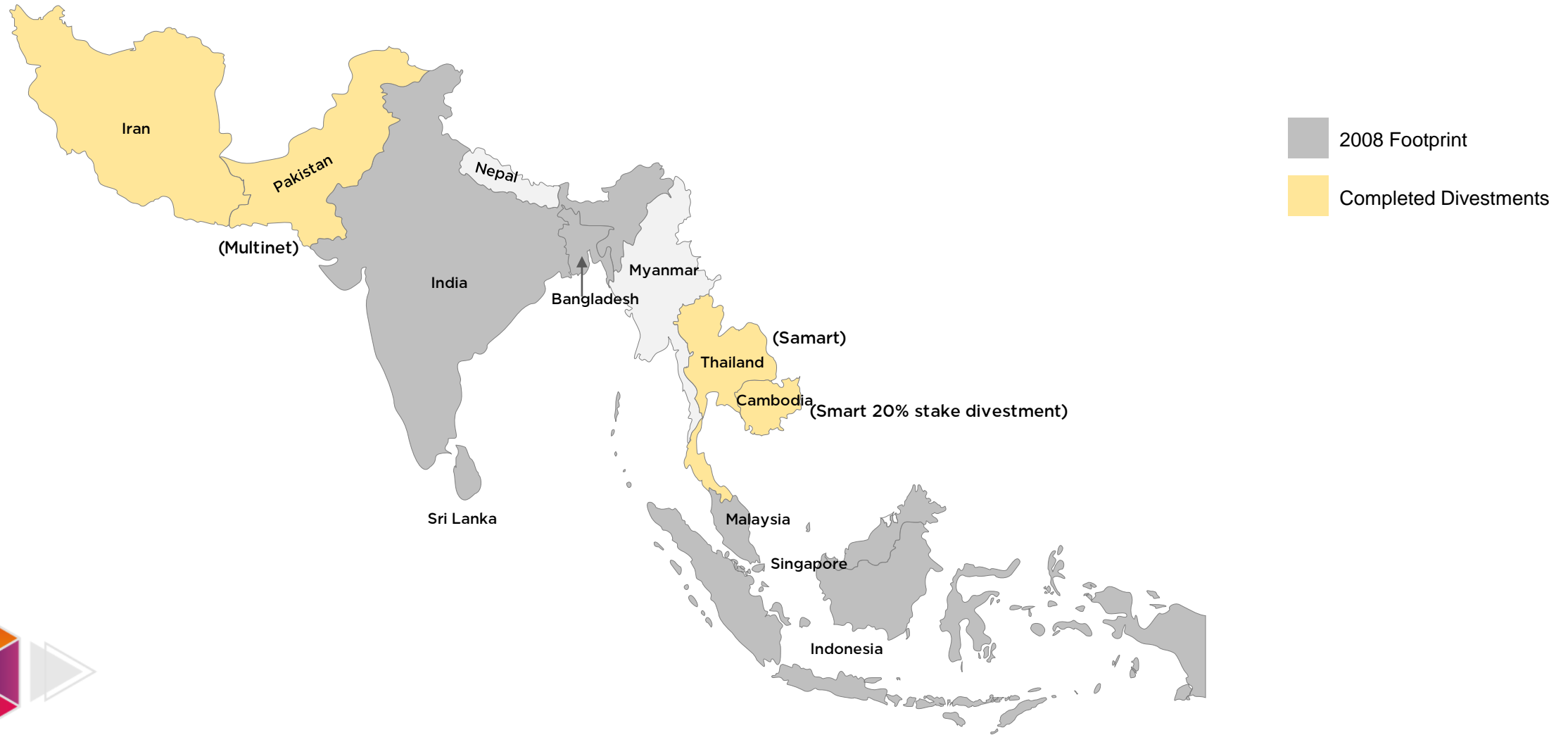
Axiata Footprint – M&A Transactions

Telecommunications and Infrastructure – 2008 Footprint



Axiata Footprint – M&A Transactions

Telecommunications and Infrastructure – Completed Divestments



Axiata Footprint – M&A Transactions

Telecommunications and Infrastructure – Completed M&A

















Axiata Footprint – M&A Transactions

Telecommunications and Infrastructure – Current Footprint



Summary of Closed Deals

Type	Country	Target	Deal Size (USD Mn)	Year	Stake (%)
In Country Consolidation	Sri Lanka 	Suntel	34.0	2011	100
		Sky TV	6.2	2013	100
	Cambodia 	Smart	195.0	2012	100
	Indonesia 	Axis	865.0	2013	100
	Bangladesh 	Airtel	559	2016	100
	Malaysia 	Yiked Bina	35	2018	80
New Geographic Footprint	India 	Spice / Idea	2,262	2006	19.75
	Nepal 	Ncell	1,365	2016	80
	Thailand 	Suvitech	11.1	2017	65
	Myanmar 	Myanmar Tower Company	124	2016	87.5
	Pakistan 	Tanzanite Towers	90	2017	100
Divestment	Iran 	MTCE	1.3	2011	49
	Thailand 	Samart	81.9	2014	24
	Cambodia 	Smart / Mitsui	158.4	2018	20
	Pakistan 	Multinet	NA	2018	89

* Total cost of investment for all tranches including the initial investment for Spice, based on historical rate



Case Studies of Selected Closed Deals



Smart – Hello Merger

Deal Completed :
February 2013

Investment Rationale

- Defensive play against ongoing market consolidation by other operators
- To improve market dynamics and position from the consolidation
- To derive the benefits that would arise from best practices (namely on cost management).

2017 Actual Status

- Improved market position from **#3 to a strong #1 - #2 player**
- **Business and cost synergies** from the seamless integration process with minimal execution risks/issues
- Smart has benefitted from management best practices and the improved market dynamics that arose from market consolidation (*predominantly 3 players now, vs 5 players previously*)

XL – Axis Merger

Deal Completed :
March 2014

Investment Rationale

- Spectrum acquisition, particularly 2G and LTE
- Market consolidation
- Asset re-use

2017 Actual Status

- Significant savings have been made from equipment reuse, CAPEX /OPEX savings on 3G / LTE from spectrum and efficient integration ahead of expectations.
- Subscriber base ~2x since merger, with the increase aided by the implementation of focused value disciplines across the dual brand of XL/Axis.



Robi – Airtel Merger

Deal Completed :
November 2016

Investment Rationale

- Market consolidation
- Spectrum acquisition for 2G and 3G capacity, alongside preparation for LTE readiness
- Revenue and cost synergies

Achievements

- Robi is now a strong #2 player with 28% revenue market share and 30% subscriber market share
- Integration was completed by Q3 2017 ahead of target
- Merged unit has the highest spectrum holding in Bangladesh
- Asset re-use and integration costs were within the planned expectations

Acquisition of Ncell

Deal Completed :
April 2016

Investment Rationale

- New footprint expansion in growth market
- Target is the market leader in a duopoly market
- Diversification of portfolio earnings
- Earnings accretion and dividend yielding

Achievements

- Ncell continues to dominate the Nepal market with ~ 60% revenue market share
- 2nd largest normalized PATAMI contribution to our Group
- Steady dividend yields since closing of the transaction.



Thank You

