



1Q 2016 Results

25 May 2016

Dato' Sri Jamaludin Ibrahim, President & Group CEO

Chari TVT, Group CFO

Executive summary: Financials

Mixed 1Q16 results; challenging performance at Celcom and Robi, off-set by excellent results from Dialog and Smart and forex translation



- ❖ **1Q16 results were mixed with challenging performance at Celcom and Robi, off-set by excellent results from Dialog and Smart and forex translation.**
 - QoQ growth : Revenue -6.6% ; EBITDA -4.5% ; PATAMI -21.2% ; Normalised PATAMI 12.2%
 - YoY growth : Revenue 5.4% ; EBITDA 7.7% ; PATAMI -37.0% ; Normalised PATAMI -16.5%

- ❖ **At constant currency, 1Q16 Group performance was generally below our expectations.**
 - QoQ growth : Revenue -5.6% ; EBITDA -3.6% ; PATAMI -19.5% ; Normalised PATAMI 14.1%
 - YoY growth : Revenue -1.1% ; EBITDA 0.8% ; PATAMI -41.6% ; Normalised PATAMI -20.1%

- ❖ **XL's balance sheet management initiatives are progressing well with the tower sale and rights issue expected to be completed by 1H16.**

- ❖ **On 12 April 2016 Axiata announced the completed of the Ncell acquisition, ahead of its mid-year target, which shall positively impact 2Q16.**

- ❖ **1Q16 gross debt/EBITDA rises to 2.84x post fund raising for the Ncell acquisition. Annualising Ncell's financial performance, gross debt/EBITDA is 2.43x.**



Key Group highlights (1/4):

Celcom: A challenging quarter due to heightened competition; significant drop in VAS and voice revenue



- A challenging quarter for Celcom due to heightened competition, particularly in the postpaid and OFW segments.
- Celcom's revenue was impacted by significant drop in VAS (-19.8% YoY) and voice (-16.4% YoY)
- On YoY basis, Celcom's 1Q16 revenue, normalised EBITDA and normalised PATAMI growth is -13.4%, -12.3%, and -22.3%, respectively; normalised EBITDA margin improved 0.5% pts to 40.7% on the back of lower direct expenses.
- Postpaid segment shows positive traction post launching of First Gold 80 in February, adding 37k subs by end-1Q16.
- 1Q16 mobile data revenue and mobile internet revenue grew 1.8% and 14.9% YoY respectively.

Note: Growth number based on results in local currency in respective operating markets

Key Group highlights (2/4):

XL: Delivers encouraging YoY performance; Axis brand showing strong success

- **XL started 2016 on a promising note as it embarks on year 2 of its '3R – Revamp, Rise & Reinvent' transformation agenda.**
- **On YoY basis, XL's 1Q16 revenue, EBITDA and PAT growth is 2.5%, 16.7% and >100%, respectively. EBITDA margin rises for a 4th consecutive quarter to 38.9%.**
- **XL continues to attract new subscriber base in 1Q16 with net-adds of 0.6m. ARPU increased 39.3% YoY to Rp39k, and other leading indicators are also trending positively.**
- **Under its Balance Sheet Management initiatives, XL has repaid or refinanced all unhedged external USD debt.**

Key Group highlights (3/4):

Dialog and Smart deliver another quarter of excellent performance; Robi records a weak 1Q16 performance



- Dialog delivers strong operational performance across all business units in 1Q16, with YoY revenue growth for mobile, fixed and TV at 20.3%, 25.2% and 8.4%, respectively.
- On YoY basis, Dialog's 1Q16 revenue, EBITDA and PAT growth is 22.1%, 17.4% and 34.5% respectively.
- Mobile data revenue grew by 60.3% YoY and 8.6% QoQ, driven by higher subscriber additions and increase in data usage.



- Robi's 1Q16 performance is affected by external factors ie heightened price competition and SIM bio-metric registration which commenced in end-2015.
- On YoY basis, Robi's 1Q16 revenue, normalised EBITDA and normalised PAT growth is -2.7%, -8.7% and -38.7% respectively.
- Robi's data subscribers grew 8.3% YoY to 13.0m users in 1Q16, driving data revenue growth of 19.1% YoY. In 1Q16, data revenue accounted for 12.4% of Robi's revenue.



- Smart continues its excellent performance in 1Q16, driven by data revenue (+41.8% YoY) and outstanding EBITDA margin of 50.3%.
- On YoY basis, Smart's 1Q16 revenue, EBITDA and PAT growth is 8.6%, 10.3% and 30.3% respectively.
- Total data subscribers grew 53.2% YoY to 3.2m, whilst 1Q16 data revenue contributed 36.1% to revenue.

Key Group highlights (4/4):

Associates: Significant contribution to normalised Group PATAMI

Associates



India

- Strong FY16 revenue and EBITDA growth of 14.0% and 20.5% respectively; however PAT growth was -3.5% as a result from higher depreciation and finance cost. In 1Q16, Idea contributed RM65.0m to Axiata, accounting for 14.0% of normalised Group PATAMI.



Singapore

- On YoY basis, 1Q16 revenue, EBITDA and PAT growth of -12.6%, -0.1% and -6.9% respectively. M1 contributed RM36.2m to Axiata, accounting for 7.8% of normalised Group PATAMI.

Note: Growth number based on results in local currency in respective operating markets

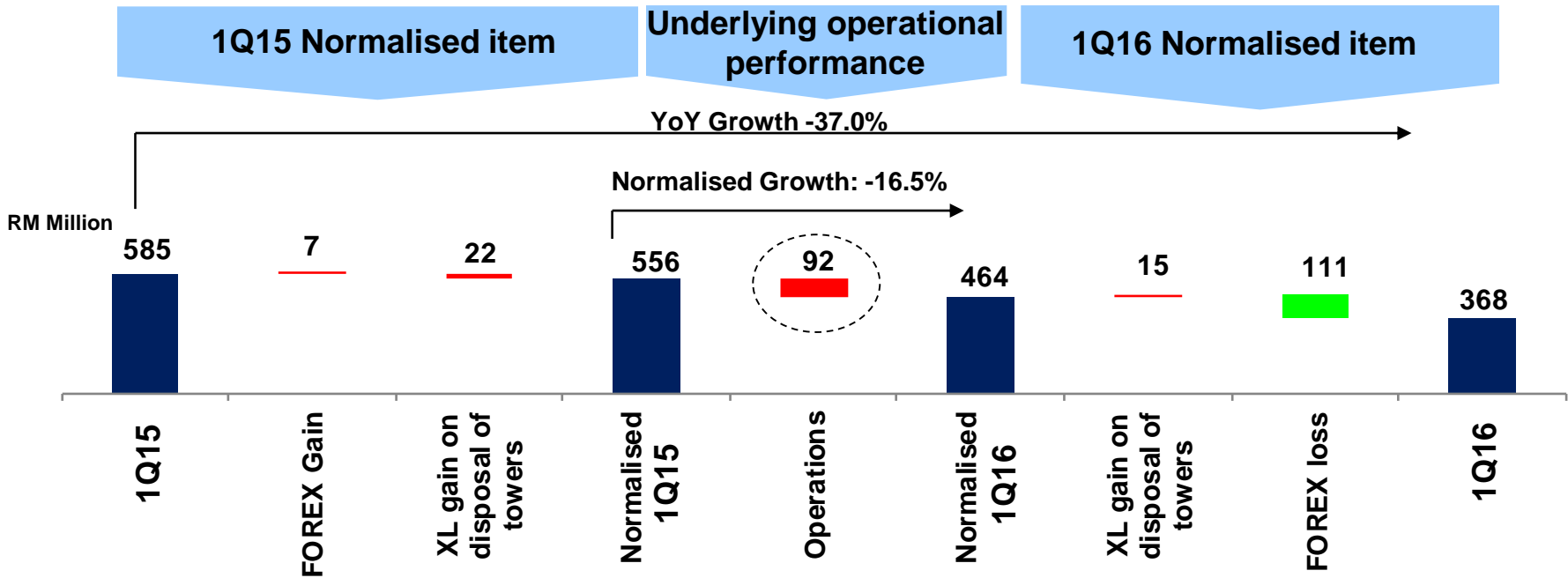
Financial highlights				
<u>RM mn</u>	<u>1Q16</u>	<u>QoQ Growth</u>	<u>YoY Growth</u>	<u>YoY growth (constant currency)</u>
Revenue	5,009	-6.6%	5.4%	-1.1%
EBITDA	1,875	-4.5%	7.7%	0.8%
EBITDA margin %	37.4%	+0.8pp	+0.7pp	+0.7pp
PAT	401	-22.1%	-25.2%	-30.7%
Normalised PAT	459	17.3%	-18.6%	-22.1%
PATAMI	368	-21.2%	-37.0%	-41.6%
Normalised PATAMI	464	12.2%	-16.5%	-20.1%
ROIC %	6.6%	-	-1.1pp	6.2%
ROCE % [^]	5.4%	-	-1.3pp	5.1%
Capex	1,053	-25.4%	-3.4%	
<i>% of revenue</i>	21.0%			
Operating Free Cash Flow*	467	>100%	23.4%	
<i>% of revenue</i>	9.3%			

*OFCF= EBITDA- Capex- Net Interest-Tax

[^] Normalised for Ncell payment = 6.1%

Normalised Group PATAMI: 1Q15 → 1Q16

Normalised performance decreased by 16.5% largely due to Celcom



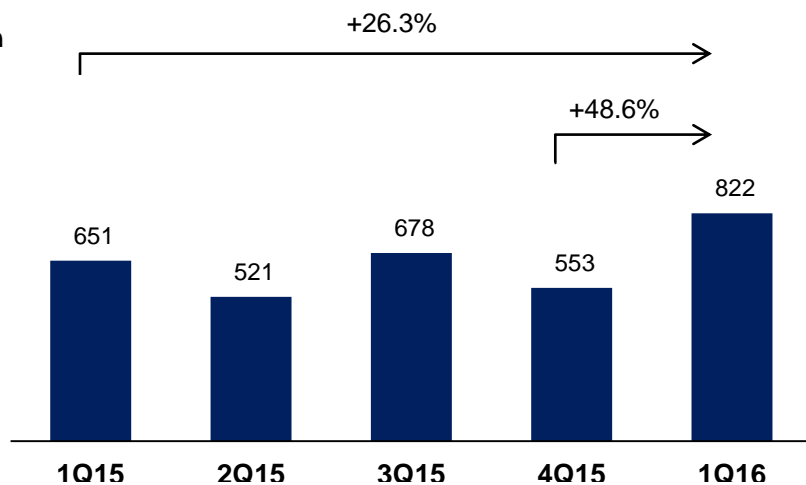
Norm. PATAMI	1Q15	YoY Growth Rates	Norm. PATAMI	1Q16
Celcom	382	(-95) -25.0%	Celcom	287
XL	(33)	(-10) -32.2%	XL	(43)
Dialog	52	(+17) +33.1%	Dialog	69
Robi	34	(-14) -41.5%	Robi	20
Smart	42	(+26) +64.0%	Smart	68
Associates & Others	79	(-16) -20.3%	Associates & Others	63
GROUP	556	(-92) -16.5%	GROUP	464



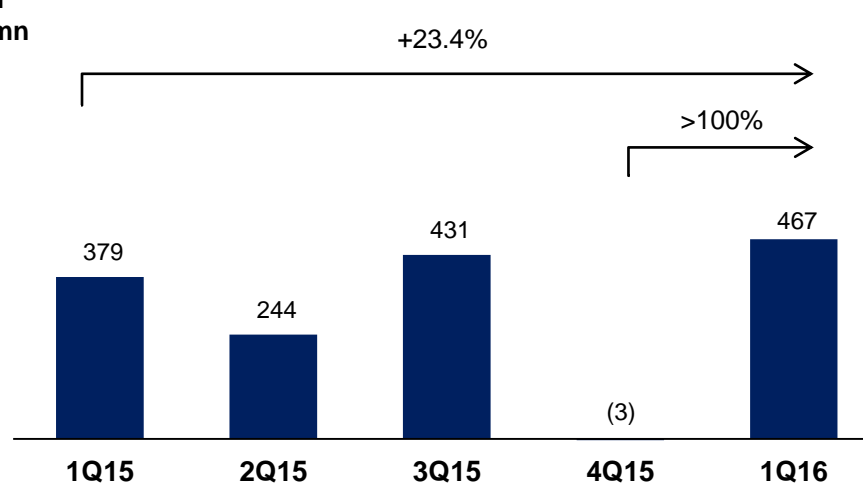
Capital expenditure

Capex intensity of 21% in 1Q16

FCF
RM mn



OFCF
RM mn



Capex (RM mn)	1Q15	1Q16
Celcom	189	174
XL	398	349
Dialog	60	103
Robi	326	330
Smart	82	67
Others	35	31
Total	1,090	1,053

Note:
Numbers may not add up due to rounding
FCF=EBITDA-Capex
OFCF= EBITDA- Capex- Net Interest-Tax



Group statements of financial position

Higher gross debt/EBITDA at manageable level when annualised with Ncell contribution; all of XL external USD loan are fully hedged; Holdco's unhedged USD loan is for Ncell

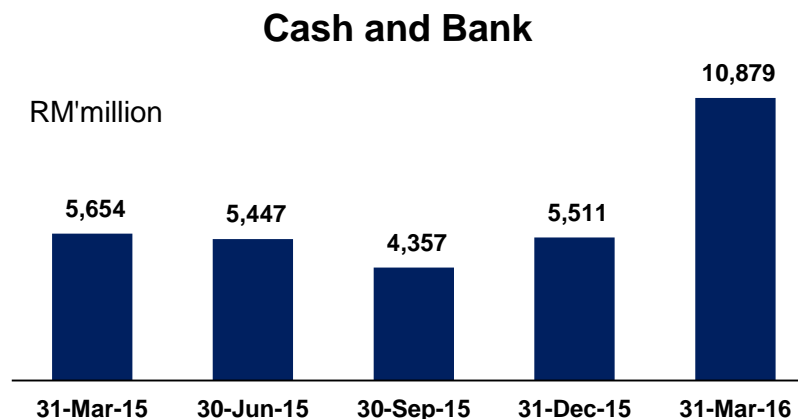
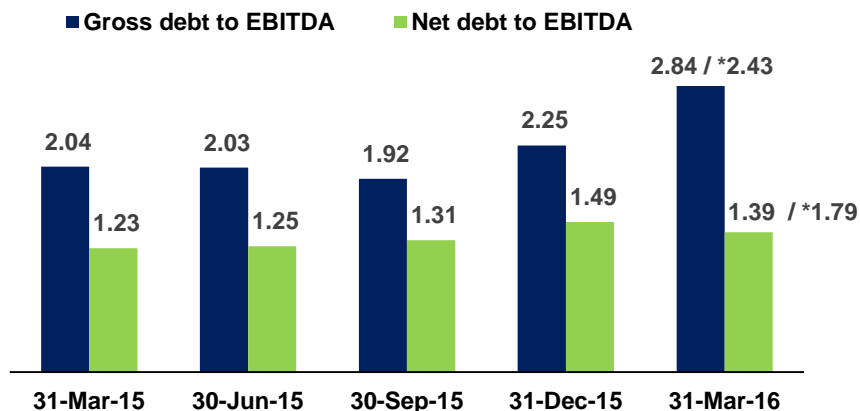


Group borrowings

In million	Loan Currency	USD	Local	Total (RM)
Hold co & Non OpCo	USD	2,215	-	8,733
	Sub-total	2,215	-	8,733
OpCos	USD	758		2,993
	RM		4,527	4,527
	IDR (mn)		13,999,600	4,191
	BDT		10,200	506
	SLR		11,170	298
	PKR		1,160	44
	Sub-Total	758		12,559
	Total Group	2,973		21,292

Group cash balance

RM Million	Currency	Amount
Hold co & Non OpCo	USD & Other FCY	7,221
	Local (RM)	495
	Sub-total	7,716
OpCos	USD	729
	Local (RM)	1,695
	Local (ex-RM)	740
	Sub-total	3,163
	Total Group	10,879



* NCELL's EBITDA on an annualised basis for Gross debt to EBITDA would be (2.43x) and Net debt to EBITDA would be (1.79x).

	Headline KPIs (based on Bloomberg* estimate in mid-Oct 2015 for 2016 forex)	Guidance	Headline KPIs (based on constant currency)	Guidance
Revenue growth	12.2%	In line	9.8%	In line
EBITDA growth	16.0%	In line	13.7%	In line
ROIC	6.8%	In line	6.6%	In line
ROCE	6.1%	In line	6.0%	In line
Capex **	RM5.7bn		RM5.5bn	

*1 USD = RM4.20

** Capex is not a headline KPI

Opportunities

- ❖ Recovery at Celcom with new 'data-led' product bundles.
- ❖ Successful implementation to 'Rise up the Ladder' for XL.
- ❖ Organic growth in edotco.
- ❖ Synergistic benefits from Ncell acquisition merger.
- ❖ Committed investments in data leadership driving data growth.

Challenges

- ❖ Spectrum reallocation in Malaysia i.e. pricing and fee structure uncertainty.
- ❖ SIM registration in Bangladesh, Indonesia and Cambodia.
- ❖ Heightened competition in Malaysia and Bangladesh.
- ❖ Currency volatility and global macroeconomic headwinds.
- ❖ Tax and regulatory uncertainties in Nepal and Bangladesh.

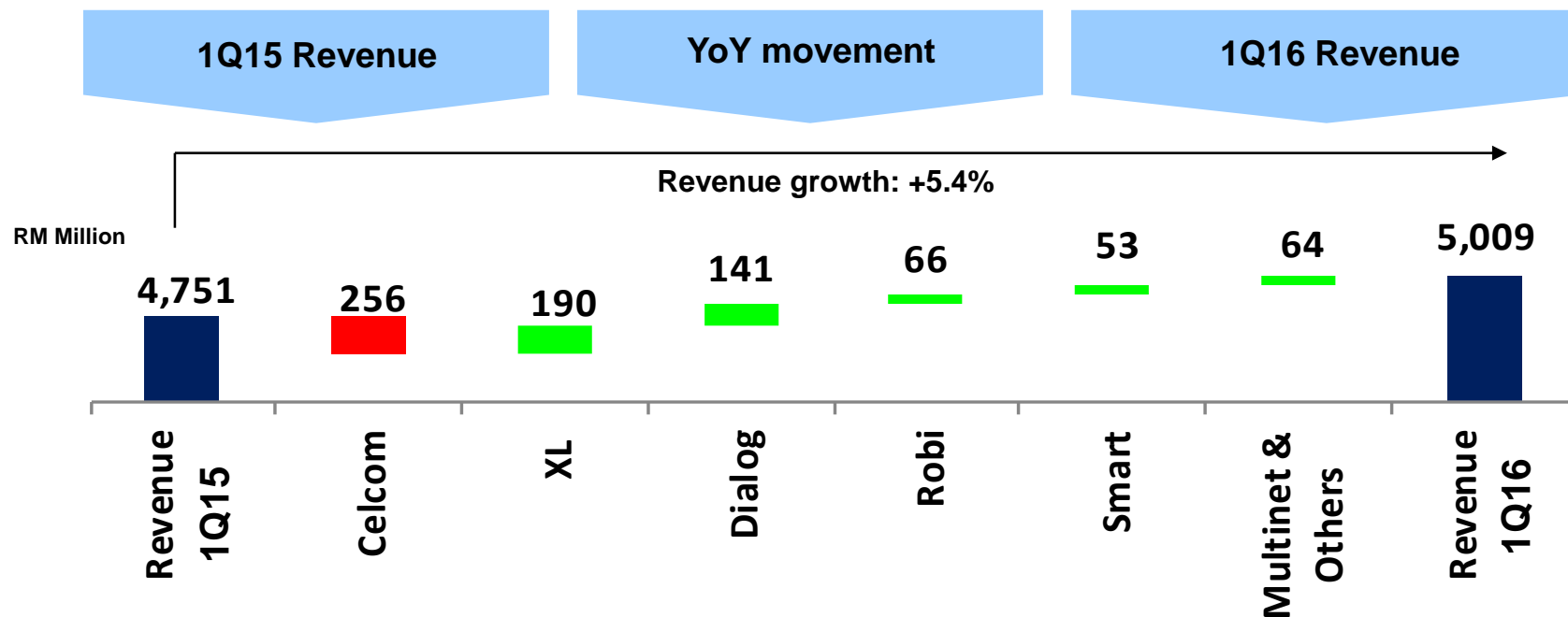


Appendix



Group revenue: 1Q15 → 1Q16

1Q16 revenue growth mainly from Dialog (mobile, fixed and TV) and Smart (data revenue), whilst forex gains lift revenue for XL and Robi

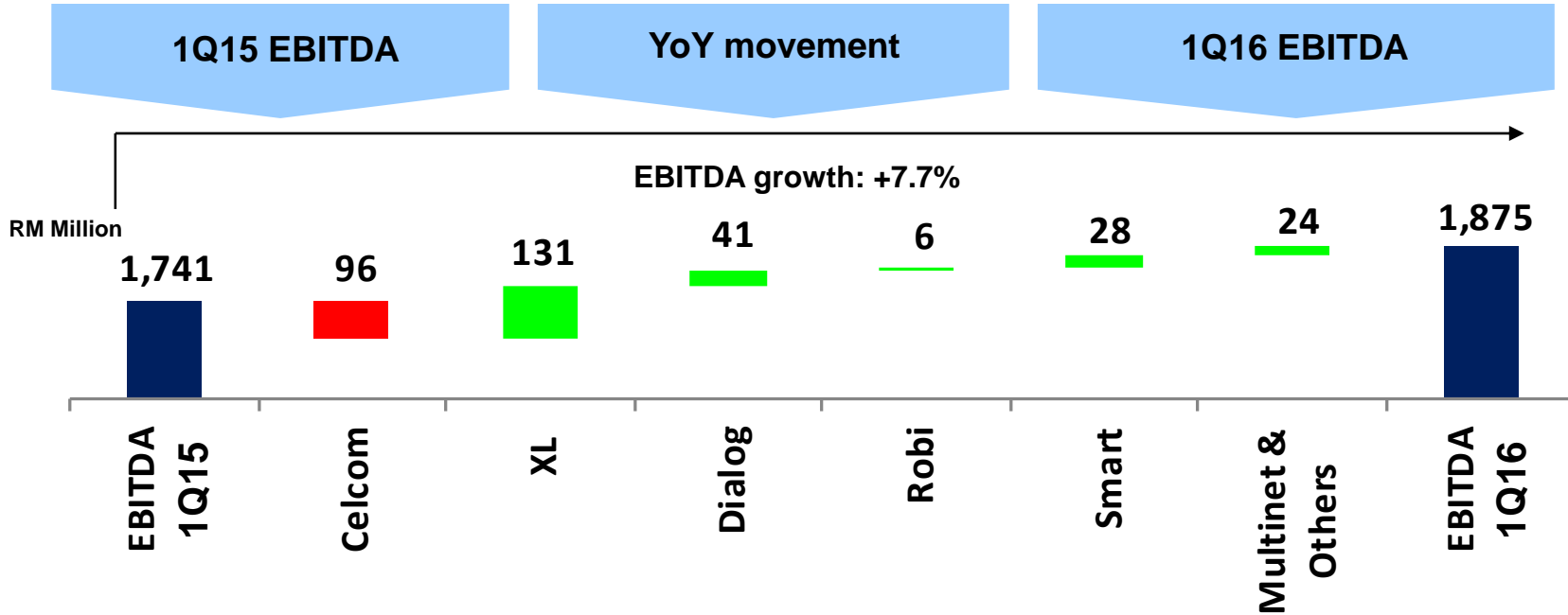


Revenue	1Q15	YoY Growth Rates	Revenue	1Q16
Celcom	1,919	(-256) -13.3%	Celcom	1,663
XL	1,551	(+190) +12.2%	XL	1,741
Dialog	473	(+141) +29.6%	Dialog	614
Robi	566	(+66) +11.8%	Robi	632
Smart	203	(+53) +26.2%	Smart	256
Multinet & Others	39	(+64) +164.1%	Multinet & Others	103
GROUP	4,751	(+258) +5.4%	GROUP	5,009



Group EBITDA: 1Q15 → 1Q16

1Q16 EBITDA growth mainly due to XL (lower interconnect costs and lower contract fees with RIM) and Dialog (mobile and fixed)

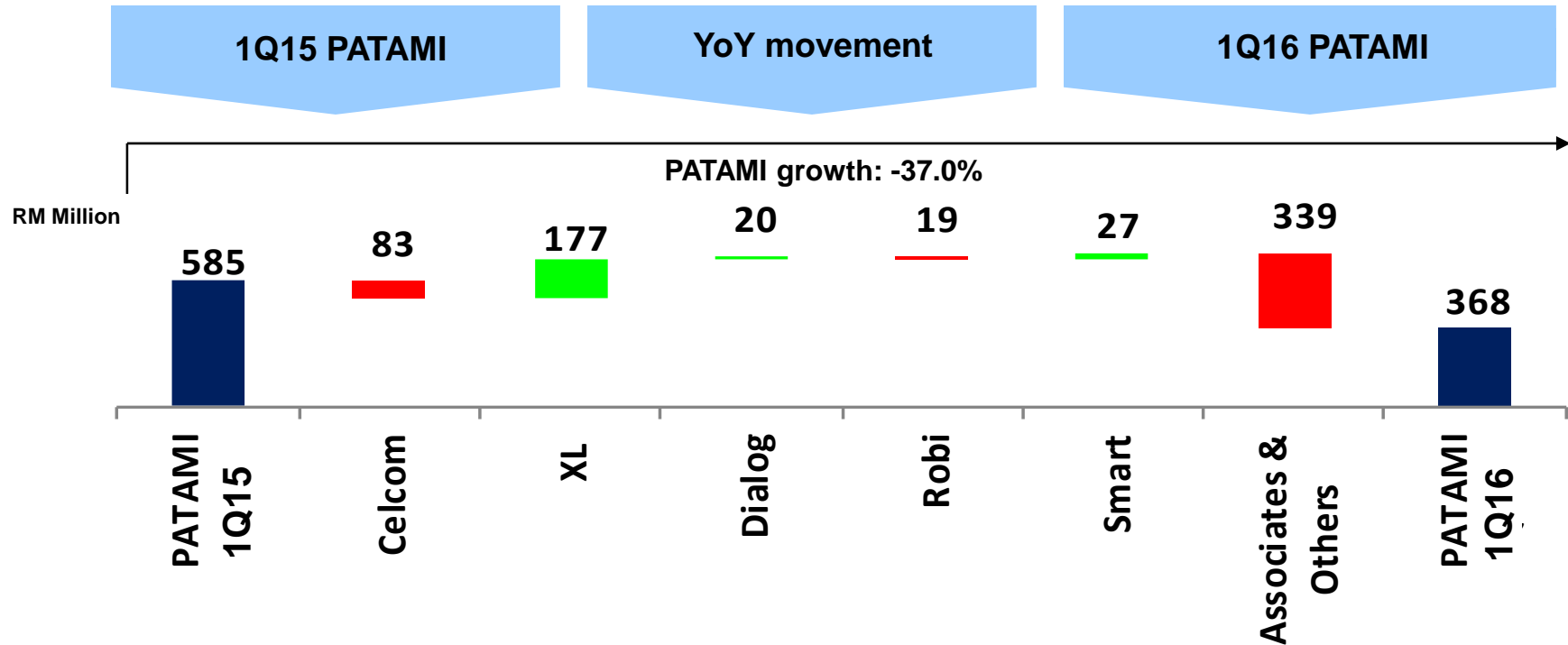


EBITDA	1Q15	YoY Growth Rates	EBITDA	1Q16
Celcom	713	(-96) -13.5%	Celcom	617
XL	577	(+131) +22.8%	XL	708
Dialog	163	(+41) +24.7%	Dialog	204
Robi	207	(+6) +2.9%	Robi	213
Smart	101	(+28) +28.2%	Smart	129
Multinet & Others	(20)	(+24) +120.0%	Multinet & Others	4
GROUP	1,741	(+134) +7.7%	GROUP	1,875



Group PATAMI: 1Q15 → 1Q16

1Q16 PATAMI decreased due Celcom, higher finance cost and D&A charges

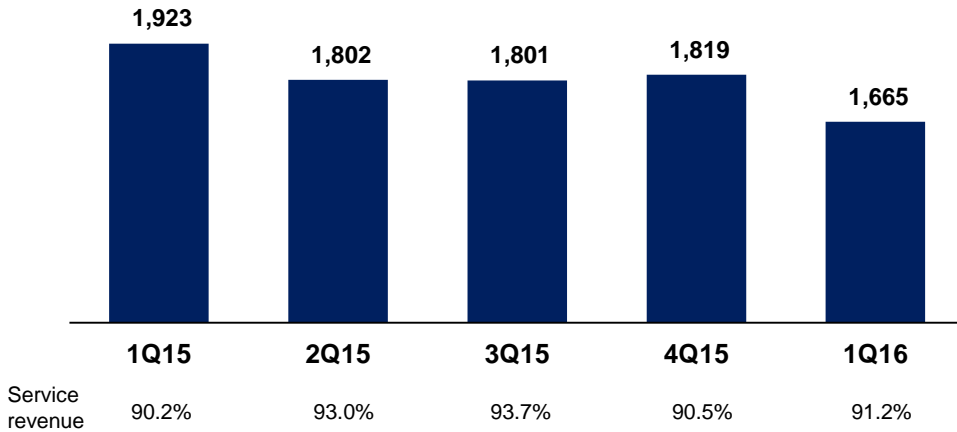


PATAMI	1Q15	YoY Growth Rates	PATAMI	1Q16
Celcom	376	(-83) -22.2%	Celcom	293
XL	(143)	(+177) +123.9%	XL	34
Dialog	45	(+20) +43.2%	Dialog	65
Robi	40	(-19) -47.6%	Robi	21
Smart	41	(+27) +64.9%	Smart	68
Associates & Others	226	(-339) -150.0%	Associates & Others	(113)
GROUP	585	(-217) -37.0%	GROUP	368

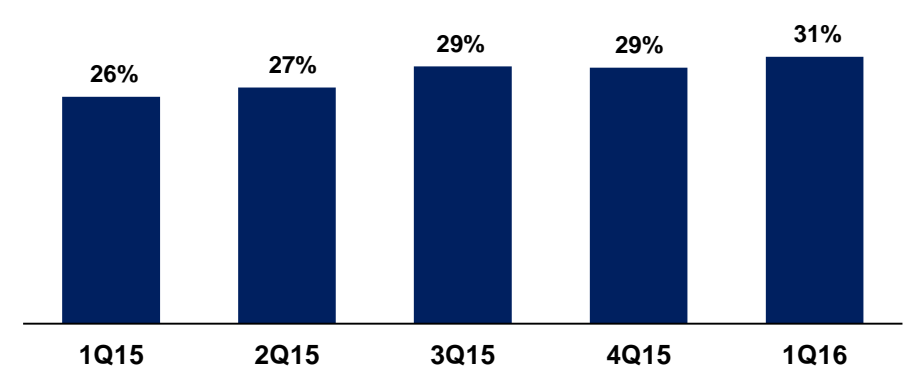
Celcom: financial performance

A challenging quarter due to heightened competition and MCMC regulation on VAS

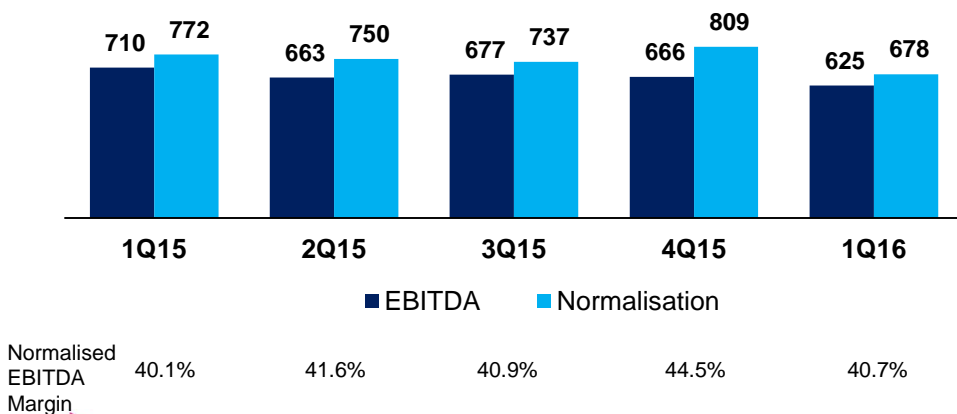
Revenue (RM mn)



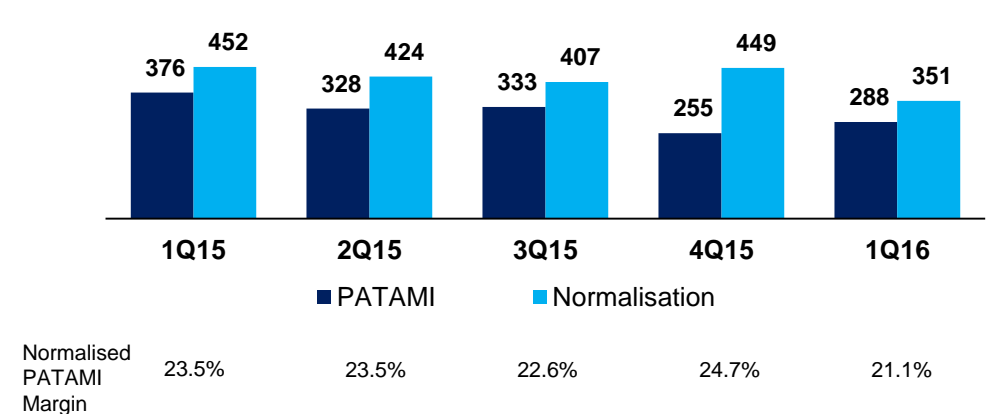
Data revenue as a % of total revenue



EBITDA* (RM mn) & margins (%)



PATAMI* (RM mn) & margins (%)



Normalised EBITDA Margin

Normalised PATAMI Margin

* Normalisation excludes holding company charge, impact of Edotco disposal, Escape, Celcom Planet, Employee Wish Plan, Sukuk interest



Celcom: financial performance

Impacted by higher network cost and D&A charges

Operating Expenses [^]

% of Revenue	1Q15	2Q15	3Q15	4Q15	1Q16
Direct Expenses	29.8%	27.6%	27.4%	27.4%	23.3%
Sales and Marketing	6.3%	7.5%	6.7%	7.3%	8.3%
Network Cost	9.6%	13.3%	14.1%	11.5%	13.6%
Staff Cost	7.3%	5.7%	5.4%	4.5%	8.2%
Bad Debts	0.5%	0.3%	0.2%	0.1%	0.5%
Others	6.3%	4.0%	5.2%	4.8%	5.3%
Total Expenses	59.9%	58.4%	59.1%	55.5%	59.3%
Normalised EBITDA Margin	40.1%	41.6%	40.9%	44.5%	40.7%
Depreciation & Amortisation	10.2%	12.0%	11.7%	12.8%	12.9%

Financial Position (RM mn)

	31 Mar 15	30 June 15	30 Sept 15	31 Dec 15	31 Mar 16
Capex	186	344	558	885	174
Cash and Cash Equivalents	2,537	1,506	1,312	1,535	1,695
Gross Debt	4,986	5,037	4,482	4,526	4,488
Net Assets	-700	-1,472	-1,133	-878	-591
Gross Debt / Equity (x)	n/m	n/m	n/m	n/m	n/m
Gross Debt / EBITDA (x)	1.6	1.7	1.5	1.5	1.7

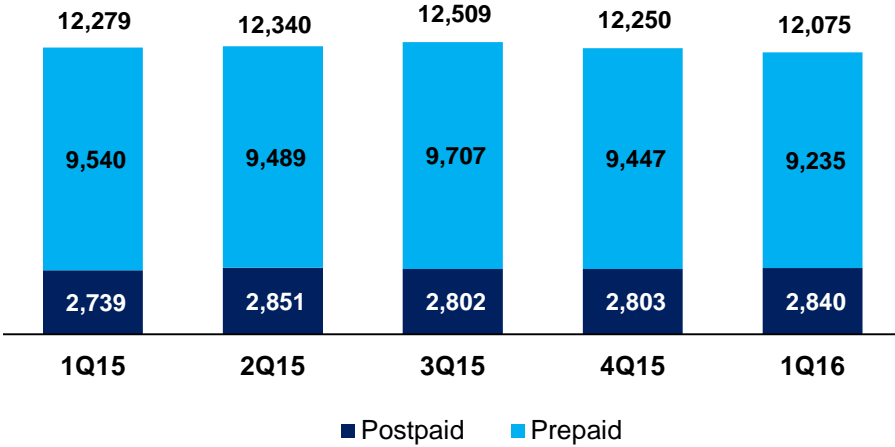
[^] OPEX and EBITDA Margin excludes holding company charge, impact of Edotco disposal, Escape and Employee Wish Plan

Celcom: operational performance

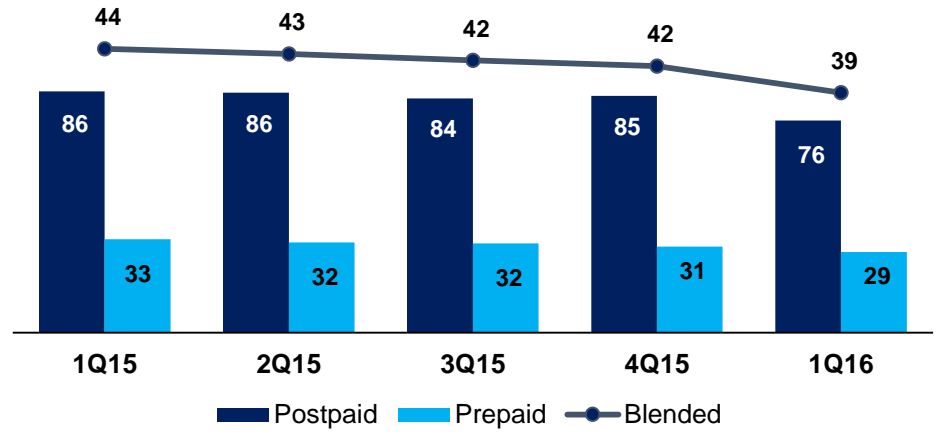
Encouraging postpaid net adds due to launch of First Gold 80



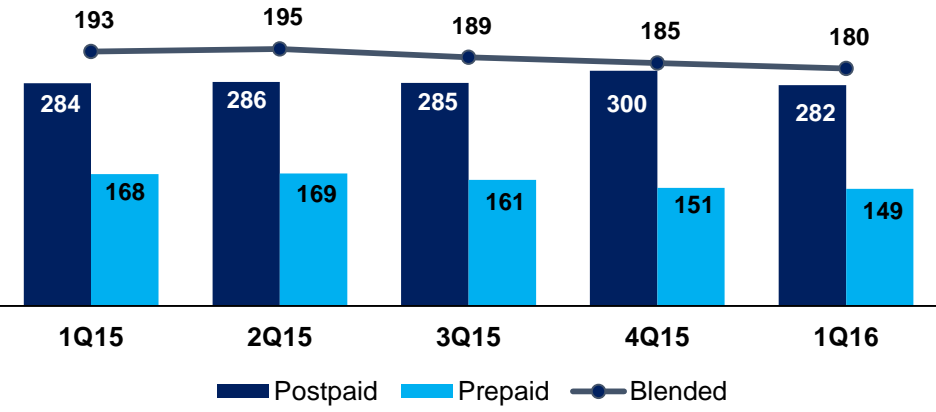
Subscribers ('000)



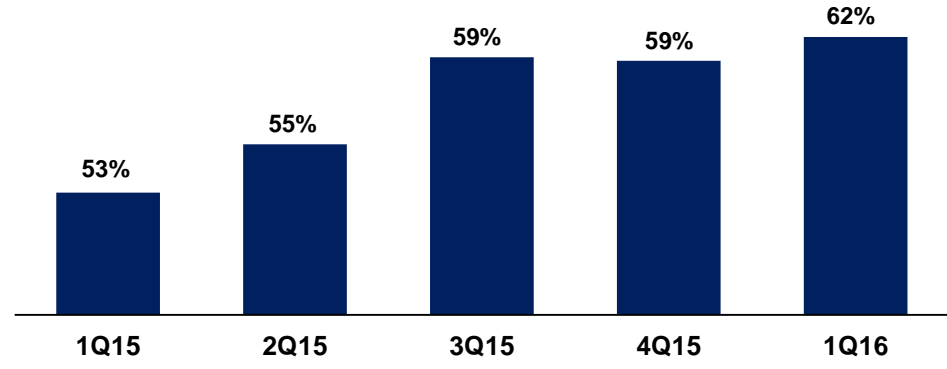
ARPU* (RM)



MOU/sub (min)



Smartphone penetration (%)



* ARPU re-stated to exclude inbound roaming revenue

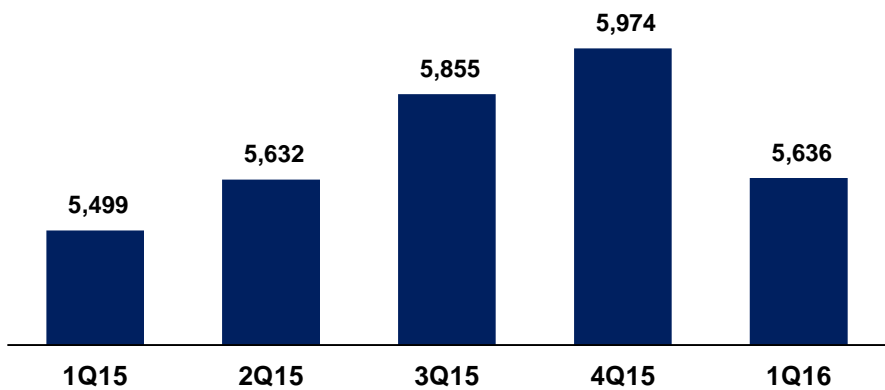


XL: financial performance

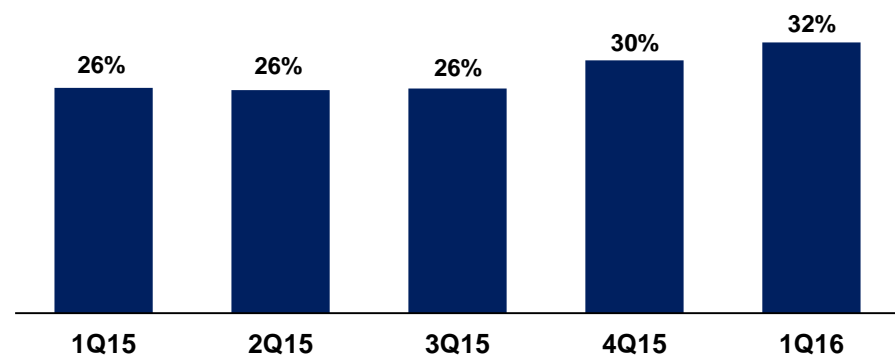
XL's transformation agenda starts its 2nd year on a promising note



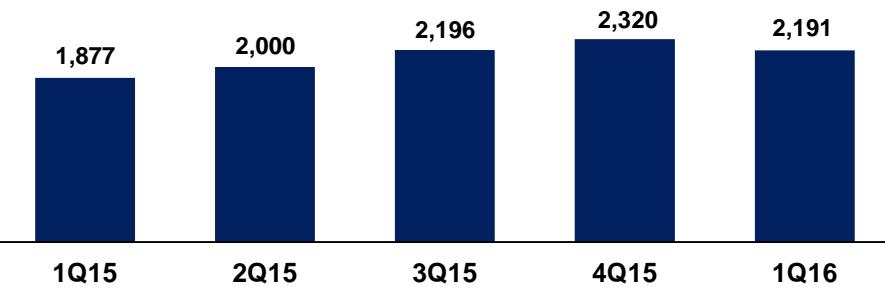
Revenue (IDR bn)



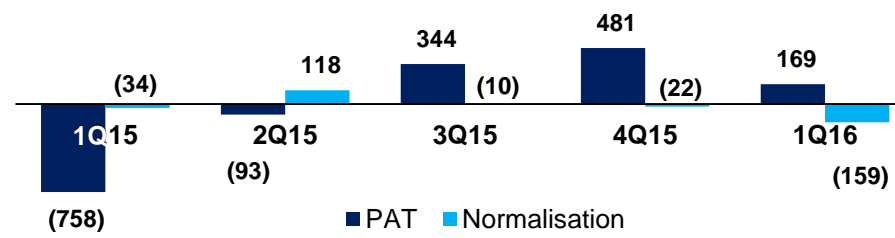
Data revenue as a % of total revenue



EBITDA (IDR bn) & margins (%)



PAT (IDR bn) & margins (%)



Quarter	EBITDA Margin (%)
1Q15	34.1%
2Q15	35.5%
3Q15	37.5%
4Q15	38.8%
1Q16	38.9%

Quarter	Normalised PAT Margin (%)
1Q15	-0.6%
2Q15	2.1%
3Q15	-0.2%
4Q15	-0.4%
1Q16	-2.8%



XL: financial performance

4th quarter of sequential EBITDA margin uplift

Operating Expenses

% of Revenue	1Q15	2Q15	3Q15	4Q15	1Q16
Direct Expenses	13.0%	9.2%	9.1%	9.3%	7.2%
Sales and Marketing	4.2%	4.5%	5.2%	5.7%	5.8%
Network Cost	40.8%	42.0%	40.3%	38.7%	39.3%
Staff Cost	4.6%	4.8%	4.7%	4.8%	5.8%
Others incl. discount	3.2%	4.0%	3.1%	2.7%	3.0%
Total Expenses	65.9%	64.5%	62.5%	61.2%	61.1%
EBITDA Margin	34.1%	35.5%	37.5%	38.8%	38.9%
Depreciation & Amortisation	32.6%	31.6%	28.7%	31.5%	33.2%

Financial Position (IDR bn)

	31 Mar 15	30 Jun 15	30 Sept 15	31 Dec 15	31 Mar 16
Capitalised Capex	1,211	2,890	4,330	4,848	1,048
Cash and Cash Equivalents	6,853	5,500	3,644	3,312	2,222
Gross Debt	30,268	29,198	27,049	26,953	25,229
Net Assets	13,283	13,242	13,620	14,092	14,270
Gross Debt / Equity (x)	2.3	2.2	2.0	1.9	1.8
Gross Debt / EBITDA (x)	3.6	3.5	3.2	3.2	2.9

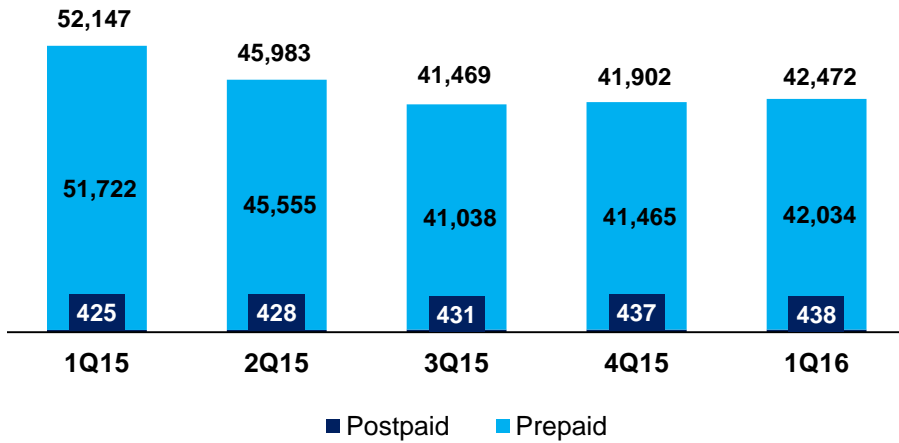


XL: operational performance

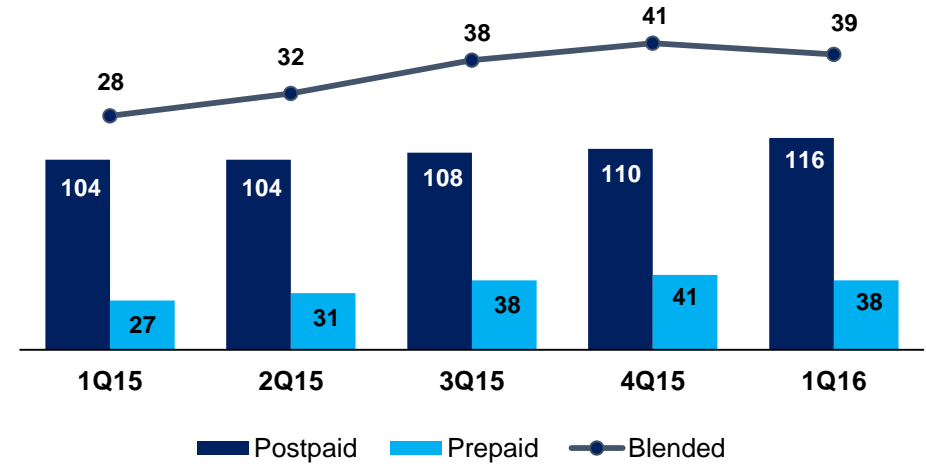
Positive subscriber net adds in 1Q16, and improved subscriber mix boosts ARPU YoY



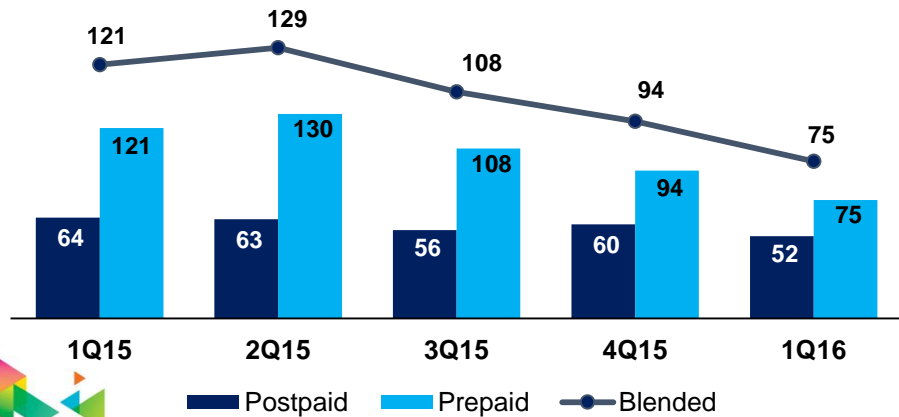
Subscribers ('000)



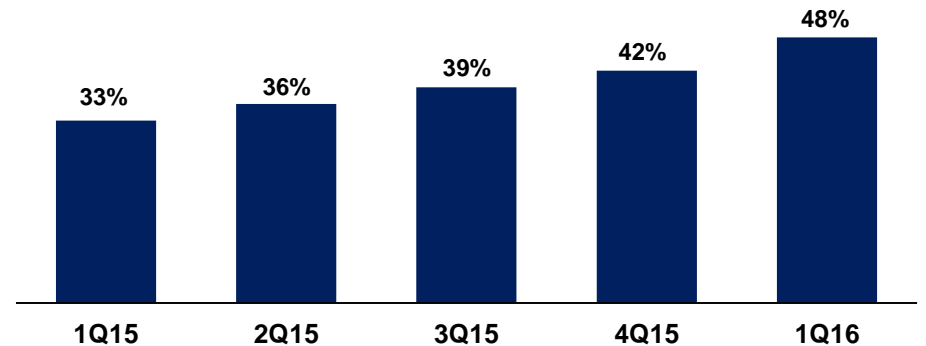
ARPU (IDR '000)



MOU/sub (min)



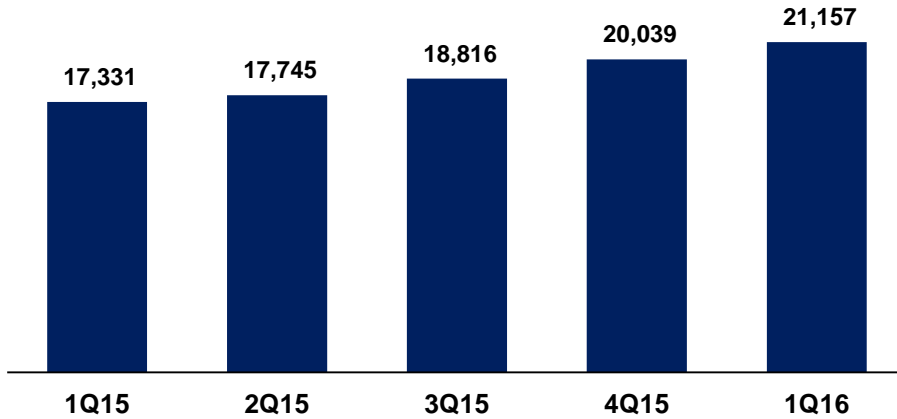
Smartphone penetration (%)



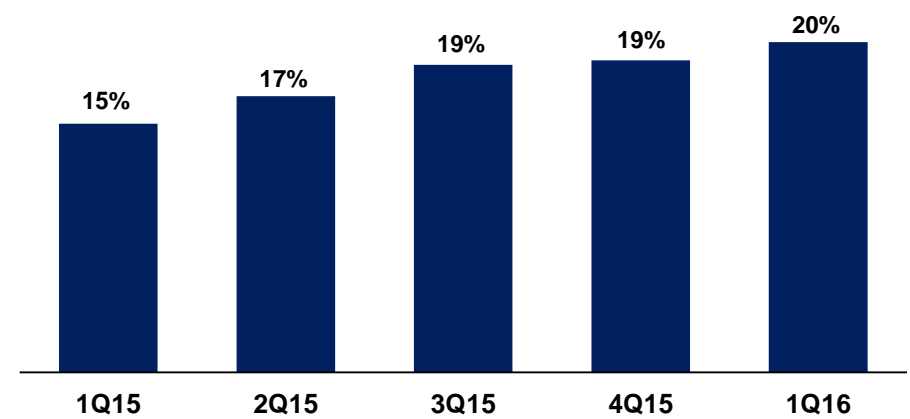
Dialog: financial performance

Strong performance in 1Q16 driven by growth in mobile, fixed and TV

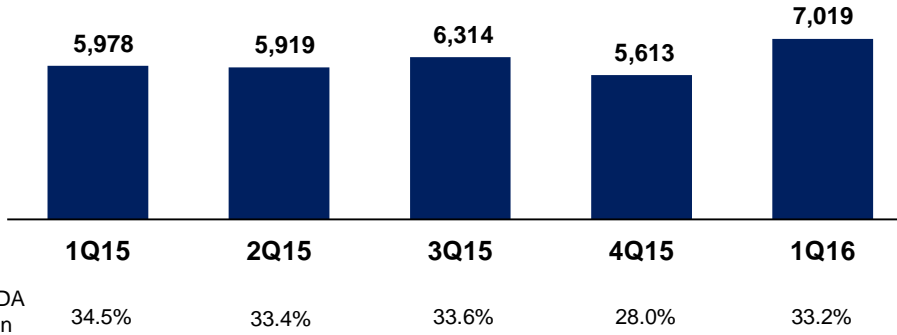
Revenue (SLR mn)



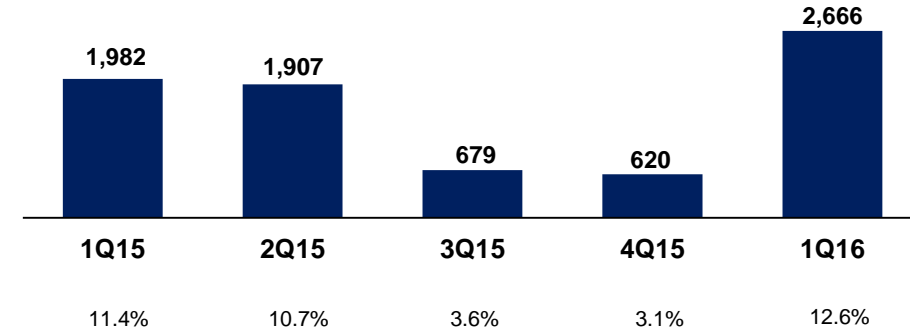
Data revenue as a % of total mobile revenue



EBITDA (SLR mn) & margins (%)



PAT (SLR mn) & margins (%)



EBITDA
Margin

PAT
Margin



Dialog: financial performance

YoY EBITDA growth of 17.4% driven by strong revenue growth of 22.7%

Operating Expenses

% of Revenue	1Q15	2Q15	3Q15	4Q15	1Q16
Direct Expenses	28.0%	29.6%	29.0%	28.5%	29.9%
Sales and Marketing	12.3%	13.1%	13.3%	15.6%	13.7%
Network Cost	10.9%	9.9%	10.1%	10.5%	9.6%
Staff Cost	8.1%	8.0%	7.8%	9.9%	7.8%
Bad debts	0.8%	1.1%	1.0%	1.1%	1.0%
Others	5.3%	4.9%	5.2%	6.4%	4.7%
Total Expenses	65.5%	66.6%	66.4%	72.0%	66.8%
EBITDA Margin	34.5%	33.4%	33.6%	28.0%	33.2%
Depreciation & Amortisation	19.0%	19.8%	18.8%	20.1%	17.4%

Financial Position (SLR mn)

	31 Mar 15	30 Jun 15	30 Sept 15	31 Dec 15	31 Mar 16
Capex ¹	1,740	5,276	8,959	19,577	2,942
Cash and Cash Equivalents ²	11,481	7,542	8,208	4,429	9,741
Gross Debt	28,169	24,542	26,187	22,910	31,540
Net Assets	46,773	47,643	48,285	47,317	49,935
Gross Debt / Equity (x)	0.6	0.5	0.5	0.5	0.6
Gross Debt / EBITDA (x)	1.2	1.0	1.1	1.0	1.1

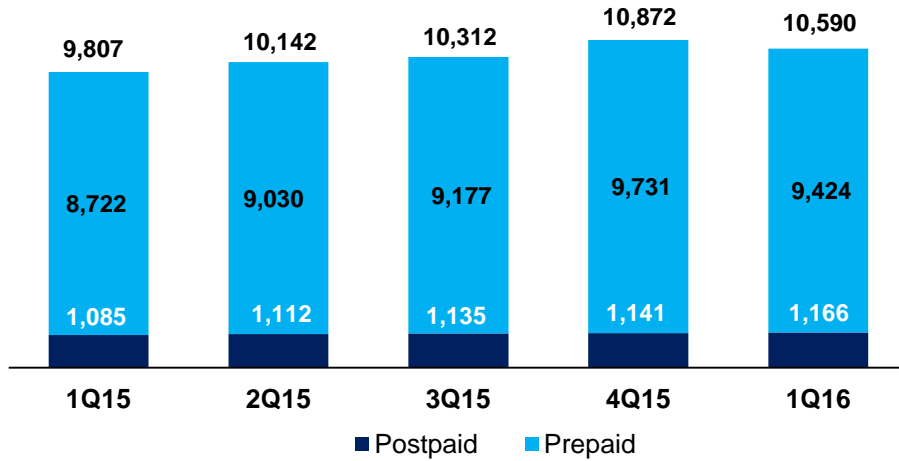
¹ Capex excludes Customer Premises Equipment investments and spectrum acquisition & license renewal

² Excludes cash from overdraft facilities

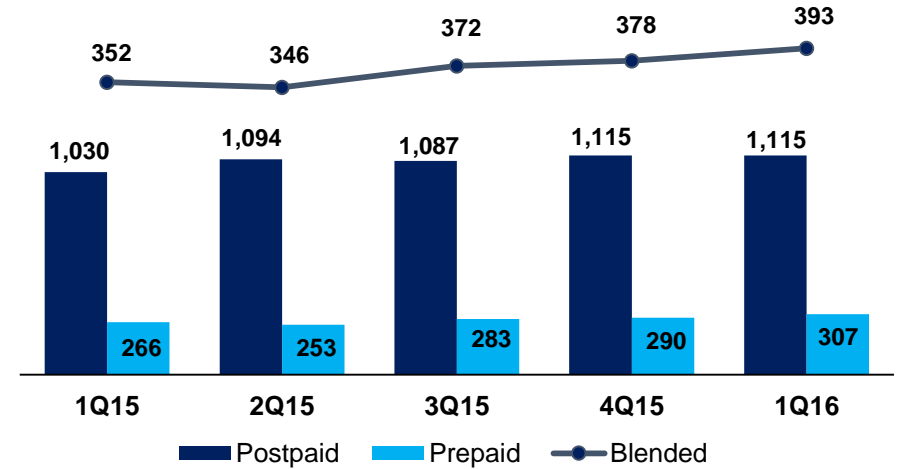
Dialog: operational performance

Continued growth in ARPU, driven by growth in data, VAS and voice

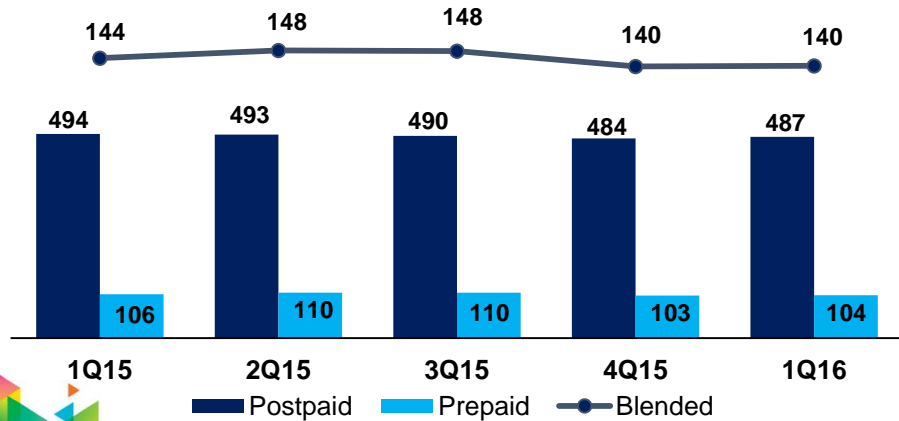
Subscribers ('000)



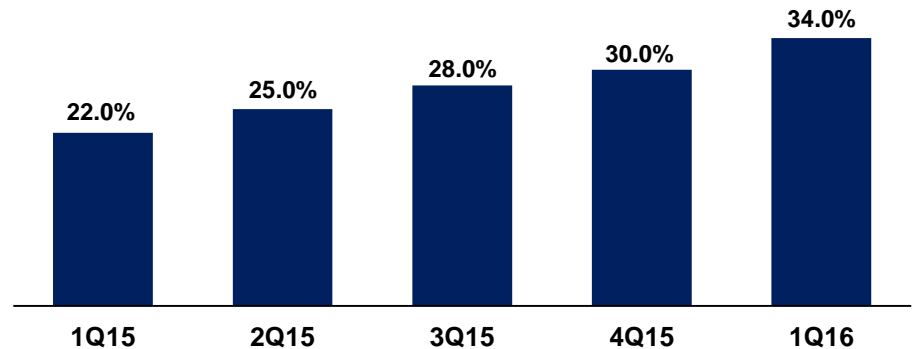
ARPU (SLR)



MOU/sub (min)



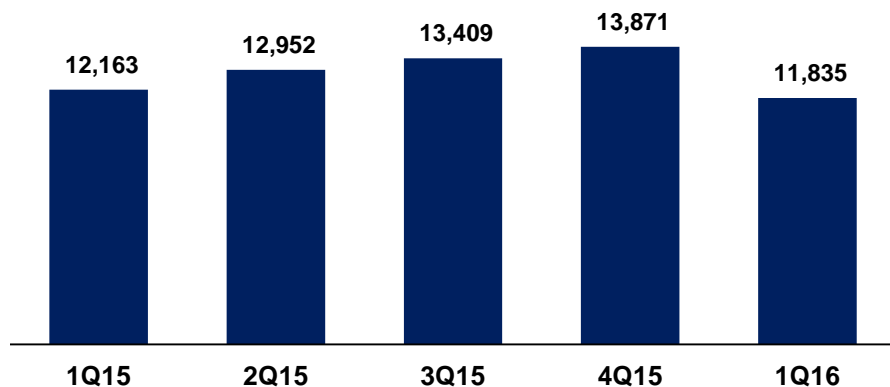
Smartphone penetration (%)



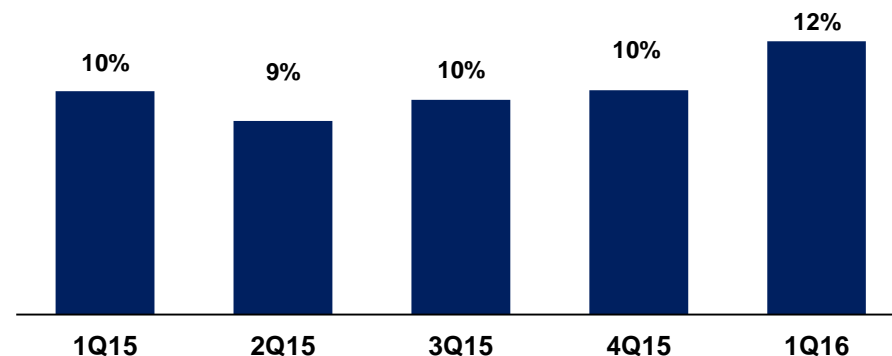
Robi: financial performance

Lower revenue QoQ mainly due to lower device sales

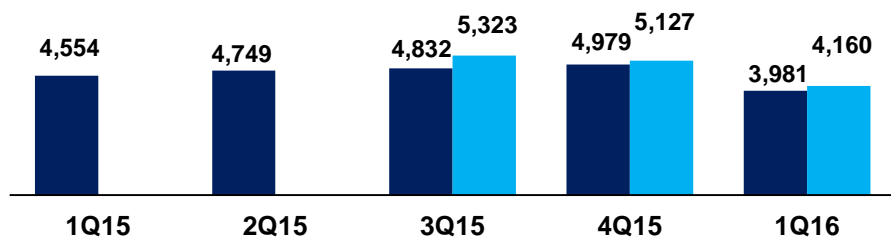
Revenue (BDT mn)



Data revenue as a % of total revenue



EBITDA¹ (BDT mn) & margins (%)

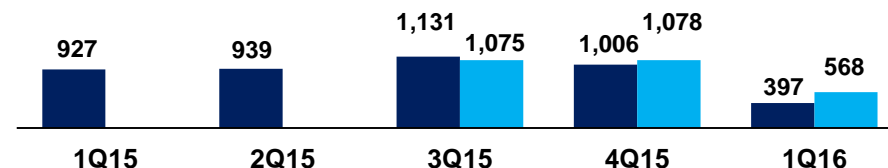


■ EBITDA ■ Normalisation

	1Q15	2Q15	3Q15	4Q15	1Q16
EBITDA Margin	37.4%	36.7%	36.0%	35.9%	33.6%

	3Q15	4Q15	1Q16
Normalised EBITDA Margin	39.7%	37.0%	35.1%

PAT¹ (BDT mn) & margins (%)



■ PAT ■ Normalisation

	1Q15	2Q15	3Q15	4Q15	1Q16
PAT Margin	7.6%	7.3%	8.4%	7.3%	3.4%

	3Q15	4Q15	1Q16
Normalised PAT Margin	8.0%	7.8%	4.8%

1. Normalisation excludes impact of edotco carve out in 3Q15

Robi: financial performance

Lower margins due to lower revenue and higher network cost

Operating Expenses

% of Revenue	1Q15	2Q15	3Q15	4Q15	1Q16
Direct Expenses	33.3%	33.3%	37.3%	39.4%	30.7%
Sales and Marketing	5.7%	4.5%	5.5%	5.1%	6.9%
Network Cost	11.2%	11.7%	11.3%	9.0%	14.1%
Staff Cost	5.0%	5.2%	5.4%	5.3%	5.8%
Bad debts	1.3%	2.0%	0.6%	-1.5%	0.4%
Others	6.1%	6.5%	0.2%	5.8%	6.9%
Total Expenses	62.6%	63.3%	60.3%	63.0%	64.9%
Normalised EBITDA Margin	37.4%	36.7%	39.7%	37.0%	35.1%
Depreciation & Amortisation	21.1%	21.5%	20.9%	20.4%	27.8%

Financial Position (BDT mn)

	31 Mar 15	30 Jun 15	30 Sep 15	31 Dec 15	31 Mar 16
Capex	6,409	13,542	17,844	19,996	4,435
Cash and Cash Equivalents	533	820	2,604	1,943	3,395
Gross Debt	10,428	13,326	13,141	15,004	22,029
Net Assets	45,675	46,614	53,884	54,890	55,287
Gross Debt / Equity (x)	0.2	0.3	0.2	0.3	0.4
Gross Debt / EBITDA (x)	0.6	0.7	0.7	0.8	1.4

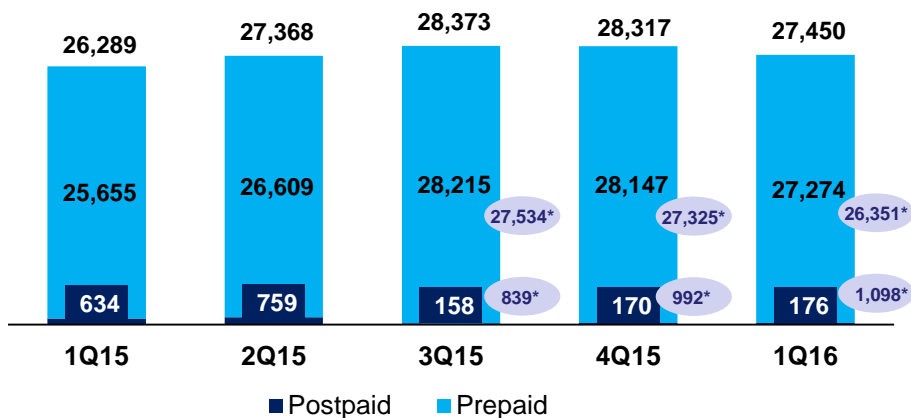


Robi: operational performance

Heightened competition and SIM bio-metric registration erodes subscribers and ARPU

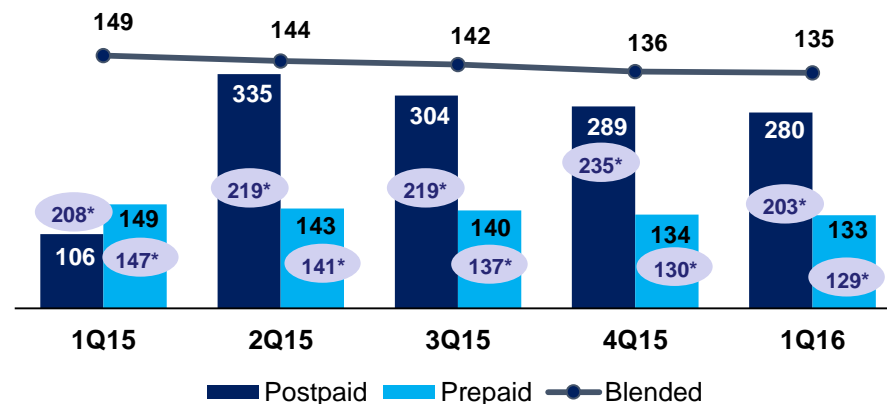


Subscribers ('000)

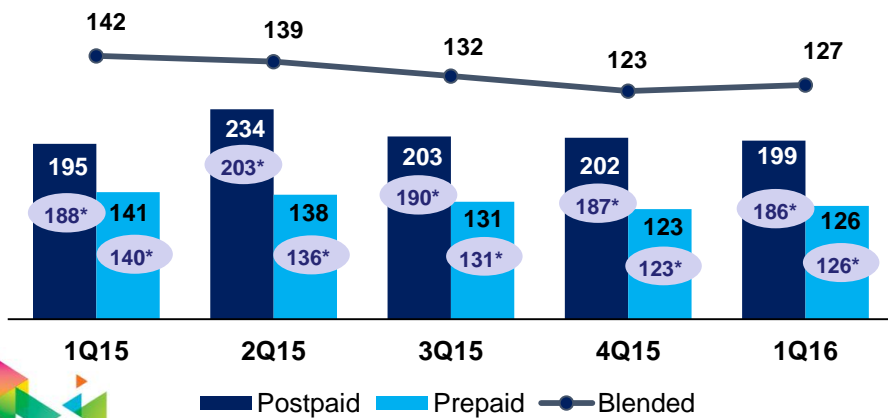


- SME subbase reclassification reported to BTRC from July 15 onwards

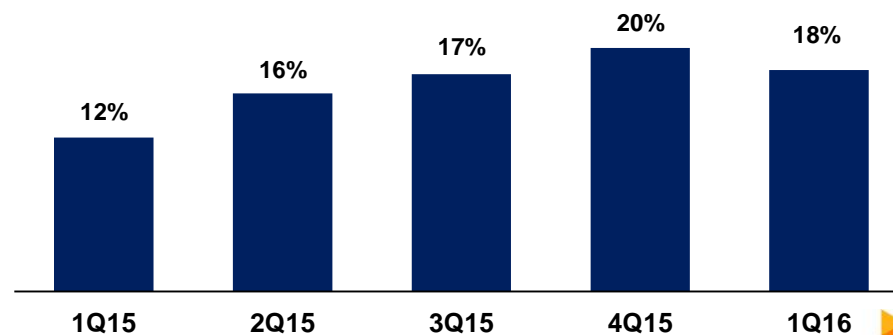
ARPU (BDT)



MOU/sub (min)



Smartphone penetration (%)



* SME billing base reclassified from postpaid to prepaid from 1Q15 onwards.



Foreign exchange

RM appreciated against all OpCos currencies in 1Q16

Local Currency	Average Rate 1Q15	Average Rate 4Q15	Average Rate 1Q16	QoQ Appreciation/ (Depreciation) against MYR (%)	YoY Appreciation/ (Depreciation) against MYR (%)	QoQ Appreciation/ (Depreciation) against USD (%)	YoY Appreciation/ (Depreciation) against USD (%)
INDONESIAN RUPIAH, IDR	0.000283	0.000311	0.000310	(0.32)	9.54	1.69	(5.66)
SRI LANKA RUPEE, LKR	0.027312	0.030124	0.029006	(3.71)	6.20	(1.77)	(8.53)
BANGLADESHI TAKA, BDT	0.046501	0.054606	0.053408	(2.19)	14.85	(0.22)	(1.08)
US DOLLAR, USD	3.615475	4.282427	4.197858	(1.97)	16.11	0.00	0.00
SINGAPORE DOLLAR, SGD	2.667632	3.042696	2.990634	(1.71)	12.11	0.27	(3.44)
PAKISTAN RUPEE, PKR	0.035680	0.040825	0.040070	(1.85)	12.30	0.13	(3.28)
INDIAN RUPEE, INR	0.058089	0.064976	0.062189	(4.29)	7.06	(2.36)	(7.79)

Source: Bloomberg



Thank You

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