

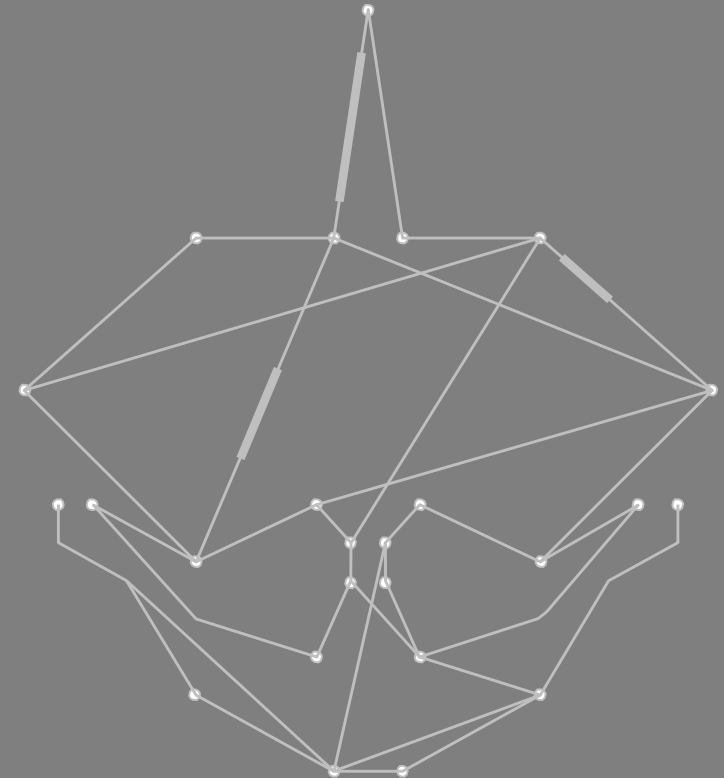
Axiata Group Berhad

1Q 2018 Results

22 May 2018

Tan Sri Jamaludin Ibrahim, President & Group CEO

Vivek Sood, Group CFO



Executive summary: Financials

Healthy underlying performance despite market and regulatory challenges in Indonesia.

OpCos gained revenue market share in 1Q18.

Normalised PATAMI impacted by losses from Idea and start up investments in new businesses.

Pre-MFRS* comparison:

❖ **Healthy underlying YoY revenue and EBITDA performance (constant currency), normalised PATAMI impacted by higher losses from Idea and start up investments in new businesses.**

- YoY growth : Revenue 5.2% ; EBITDA 4.3% ; PATAMI ->100% ; Normalised PATAMI -31.3% (ex-Idea +2.5%)
- QoQ growth : Revenue -6.5% ; EBITDA -8.2% ; PATAMI ->100% ; Normalised PATAMI -6.0% (ex-Idea -14.0%)

❖ **1Q18 YoY revenue and EBITDA impacted by forex translation; normalised PATAMI impacted by lower EBITDA, and higher losses from Idea and start up investments in new businesses.**

- YoY growth : Revenue -4.8% ; EBITDA -5.1% ; PATAMI ->100% ; Normalised PATAMI -34.1% (ex-Idea -3.2%)
- QoQ growth : Revenue -10.5% ; EBITDA -12.1% ; PATAMI ->100% ; Normalised PATAMI -8.4% (ex-Idea -17.0%)

Post-MFRS** comparison:

❖ **Positive YoY impact from MFRS on revenue (+RM148m), but largely neutral on EBITDA (-RM8m) and normalised PATAMI (+RM4m).**

- YoY growth : Revenue -2.3% ; EBITDA -5.5% ; PATAMI ->100% ; Normalised PATAMI -32.8% (ex-Idea -2.0%)
- QoQ growth : Revenue -8.2% ; EBITDA -12.4% ; PATAMI ->100% ; Normalised PATAMI -6.6% (ex-Idea -16.0%)

❖ **Cost optimisation programme on track to deliver target of RM1.3bn for 2018.**

❖ **Balance sheet remains healthy with gross debt/EBITDA of 2.23x in 1Q18 (vs 2.40x in 1Q17), partly impacted by lower EBITDA on forex translation.**

❖ **1Q18 capex spend of RM1.3bn, implying capex intensity of 23%.**

❖ **Loss of dilution from Idea of RM358m in 1Q18 due to non-participation in new issuance of Idea shares, reducing stake from 19.7% to 16.3%.**

❖ **Edotco's proposed acquisition of Deodar expected to be completed by 2Q18.**

Note: * Comparison against 1Q18 pre-MFRS impact
** Comparison against 1Q18 post-MFRS impact
1Q17 and 4Q17 are pre-MFRS figures in both cases

Key Group highlights (1/6)

CELCOM: Service revenue growth of 2.0% YoY contributed by improved prepaid performance; key operational drivers moving in the right direction.



- **Celcom's 1Q18 service revenue grew 2.0% YoY, which is ahead of industry growth; this was largely driven by growth in prepaid revenue.**
- **On YoY basis, Celcom's 1Q18 revenue, EBITDA and PATAMI growth was 2.3%, -1.6% and -2.5%, respectively.**
- **1Q18 data revenue grew by 15.4% YoY, accounting for 46.6% of total revenue.**
- **Celcom continues to focus on high value customers as 1Q18 ARPUs improved YoY for both postpaid (+RM6 to RM87) and prepaid (+RM4 to RM34).**
- **Continuous QoQ improvement in retail tNPS from 68 to 77.**
- **Aggressive network investments lift 4G and 4G LTE-A population coverage to 88% and 76% respectively.**
- **Uplift in subscriber base to 9.6m after declining since 4Q15, pushed by improved sales distribution and simplified product offerings.**
- **Short term impact on margins due to change in revenue mix and additional investments to enhance network experience; continue to focus on cost optimization.**

Key Group highlights (2/6)

XL: 1Q18 market performance was significantly distorted by prepaid registration and competition. Within that context, XL gains revenue market share. XL continues to benefit from the execution of its Transformation Strategy.



- The prepaid SIM registration process and competition have impacted the industry in 1Q18, which resulted in an industry mobile revenue decline of ~5% YoY.
- XL continues to benefit from its Transformation Strategy, as it delivers revenue and EBITDA growth ahead of industry in 1Q18.
- On YoY basis, XL's 1Q18 revenue, EBITDA and normalised PAT growth was 4.4%, 7.5% and -47.0%, respectively; normalised PAT impacted by higher depreciation charges (+10.1%).
- Focused on a strong data-led product proposition, and through its dual brand strategy and continuous network investment, has led to this positive trend.
- 1Q18 data revenue grew 31% YoY, accounting for 63% of XL's 1Q18 total revenue. Smartphone penetration rose 9pp YoY to 74% as XL continues to attract data-savvy customers.
- Increased investment in ex-Java has improved traffic and revenue growth in the region, and contributed to XL's strong performance.
- Market dynamics and structural changes while impacting 1Q18, the change is positive for a healthier market environment.

Key Group highlights (3/6)

DIALOG: Strong growth momentum continues to drive market share gains.

ROBI: Successful 4G launch drives service revenue growth and market share gains.



- Strong 1Q18 performance with YoY revenue, EBITDA and PAT growth at 17.2%, 32.1% and 82.3%, respectively, driven by growth across key business segments and on-target execution of cost management initiatives.
- 1Q18 YoY revenue growth for mobile, fixed and pay-TV operations at 14.3%, 25.9% and 8.6%, respectively.
- Mobile segment continues to capture market share, whilst strong growth for fixed is driven by home broadband.
- Data revenue accounted for 32% of 1Q18 mobile revenue (vs. 28% in 1Q17); 1Q18 smartphone penetration rose by 6pp to 53% YoY.



- On YoY basis, 1Q18 revenue and EBITDA growth was 5.9% and 24.0% respectively; 1Q18 losses widened to BDT1.6bn (vs BDT1.5bn in 1Q17), partly impacted by increase in local interest rate.
- 4G rollout ahead of competition, achieving >5,000 4G sites to-date.
- 1Q18 service revenue grew by 12.4% YoY and 3.4% QoQ driven by a successful 4G launch; service revenue market share recorded at 28.0% (+2.4pp YoY).
- 1Q18 data revenue grew by 42.0% YoY, accounting for 23% of total revenue (vs. 17% in 1Q17).
- Merger integration synergies continue to deliver as planned.

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

Key Group highlights (4/6)

NCELL: Good performance as strong growth in data offsets ILD decline.

SMART: Performance impacted by price pressures.



- On YoY basis, Ncell's consolidated (ie mobile + ILD) 1Q18 revenue, EBITDA and PAT growth was 4.3%, 3.1% and -22.0%, respectively. 1Q18 PAT was impacted by one-off prior year tax assessment of NPR885m; without which PAT growth was -3.4% YoY.
- Ncell's consolidated EBITDA margin sustained at 62.8% in 1Q18.
- On YoY basis, 1Q18 mobile revenue and EBITDA grew 13.9% and 19.8% respectively; mobile EBITDA margin rose 2.6pp to 52.5%.
- 1Q18 data revenue grew by 34.5% YoY, accounting for 22% of total revenue; smartphone penetration rate rose to 56% (+12pp YoY) and 45.7% of Ncell subscribers are data subscribers.
- As expected ILD usage continues its downtrend, translating into ILD revenue decline of 17.9% YoY.



- 1Q18 performance impacted by price pressures and regulatory impact.
- On YoY basis, Smart's 1Q18 revenue, EBITDA and PAT growth was -7.4%, -10.9% and -25.0%, respectively.
- 1Q18 data revenue grew by 12.9% YoY, as data accounted for 56.9% of Smart's total revenue.
- Launched fixed wireless Smart@Home, with encouraging take-up rate.

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



Key Group highlights (5/6): Business units

edotco: Strong underlying performance on improved portfolio and tenancy ratio.

ADS & ABS: Accelerating investments in Boost.



- For 1Q18, edotco accounts for 7.1% and 7.7% of group revenue and EBITDA, respectively.
- On YoY constant currency, edotco's 1Q18 revenue, EBITDA and PAT growth was 4.5%, -3.6% and -3.8%, respectively; strong performance in Malaysia and Myanmar was partially offset by catch-up regulatory cost, revisions in MSA with anchors and advisory fees from Pakistan and Bangladesh.
- On YoY basis, edotco's 1Q18 revenue, EBITDA and PAT growth was 7.3%, -13.0% and -64.1%, respectively, largely due to forex translation impact.
- As at 1Q18, edotco owns 16.8k towers (+9.7% YoY), and manages 11.0k sites (+3.9% YoY).
- 1Q18 tenancy ratio rose to 1.59x (vs 1.48x in 1Q17).
- Completion of Deodar acquisition by 2Q18.

**AXIATA
DIGITAL**



- Axiata Digital Services (ADS): Transitioning from 'Portfolio assets' to 'Operational businesses'. Boost has >2m users and >10k merchants.
- Axiata Business Services (ABS): Capitalising on under-focused enterprise solution and high growth IOT opportunities.

Key Group highlights (6/6): Associates and joint ventures

Continuing losses from Idea, stable contribution from M1.



India

- For FY18, Idea reported revenue, EBITDA and consolidated PAT growth of -20.5%, -41.2% and ->100%, respectively. For Axiata's 1Q18, Idea contributed a loss of RM114m (vs loss of RM25m in 1Q17) to the group.
 - Loss of dilution of RM358m as Axiata's stake is reduced from 19.7% to 16.3% due to non-participation in new issuance of Idea shares.
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Singapore

- On YoY basis, M1 reported 1Q18 revenue and EBITDA growth of 0.5% and -2.3% respectively, while PAT remained flat. For Axiata's 1Q18, M1 contributed a profit of RM29m (vs RM31m in 1Q17) to the group.

Financials

On pre-MFRS constant currency basis, 1Q18 revenue and EBITDA growth were 5.2% YoY and 4.3% YoY, respectively.

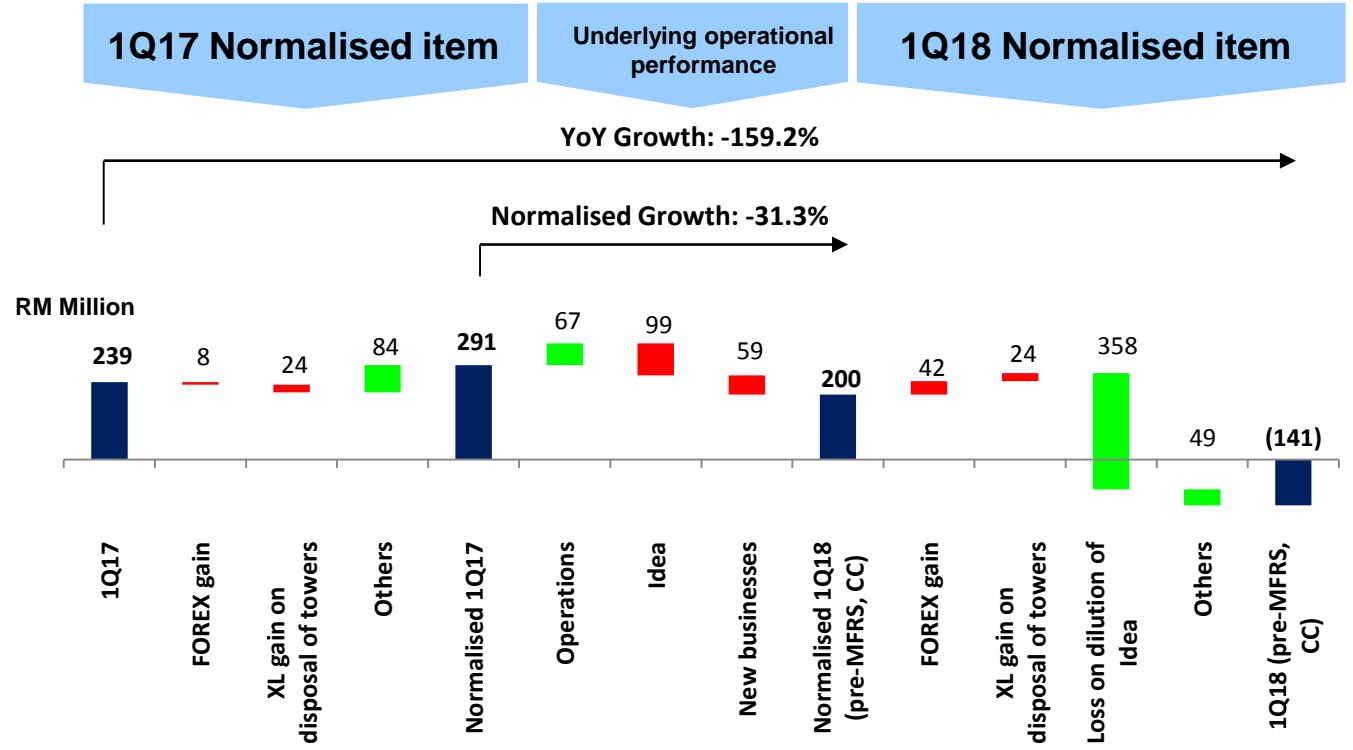
Financial highlights

RM mn	Pre-MFRS				Post-MFRS
	<u>1Q18</u> (constant currency)	YoY growth (constant currency)	YoY growth	QoQ growth	<u>1Q18</u>
Revenue	6,185	5.2%	-4.8%	-10.5%	5,748
EBITDA	2,248	4.3%	-5.1%	-12.1%	2,036
EBITDA margin %	36.3%	-0.3pp	-0.1pp	-0.6pp	35.4%
Depreciation	-1,562	2.9%	-7.4%	-7.9%	-1,393
Net finance cost	-268	-3.6%	-12.1%	0.0%	-241
PAT	-95	->100%	->100%	->100%	-94
Normalised PAT	255	-11.4%	-14.5%	-15.0%	258
PATAMI	-141	->100%	>-100%	->100%	-147
Normalised PATAMI	200	-31.3%	-34.1%	-8.4%	195
ROIC %	4.4%	+0.3pp	+0.2pp	-0.4pp	4.4%
ROCE %	3.9%	+0.2pp	+0.1pp	-0.4pp	3.8%
Capex	1,515				1,328
<i>% of revenue</i>	24.5%		23.6%	-31.9%	23.1%
Operating Free Cash Flow*	113				160
<i>% of revenue</i>	1.8%		-76.2%	->100%	2.8%

*OFCF= EBITDA- Capex- Net Interest-Tax

Normalised Group PATAMI : 1Q17 → 1Q18

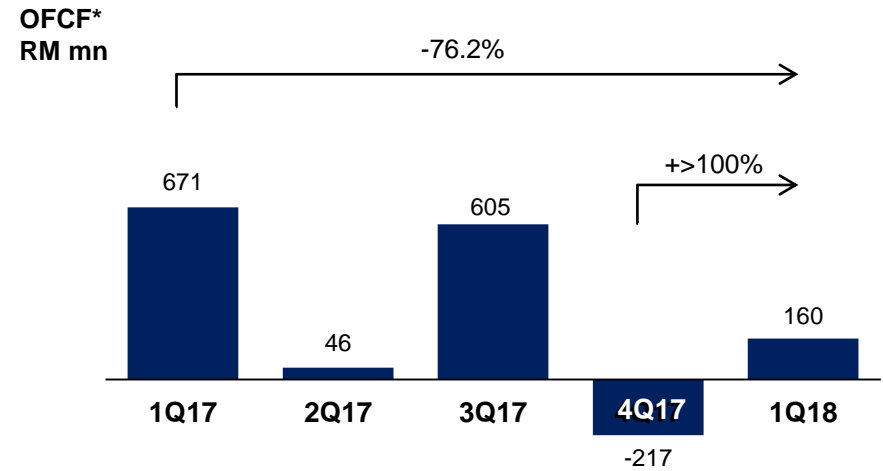
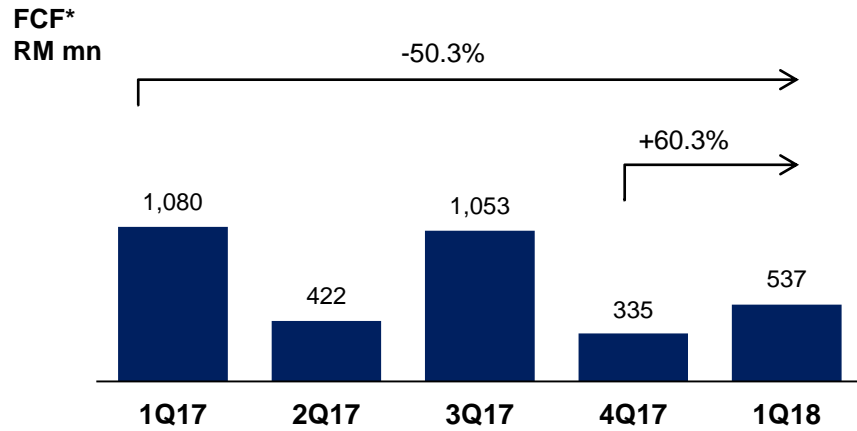
On pre-MFRS constant currency basis, Normalised PATAMI decreased by 31.3% due to higher losses from Idea, start up investments in new businesses and lower contribution from Smart and edotco.



Norm. PATAMI	1Q17	YoY Growth Rates		Norm. PATAMI (Pre-MFRS, cc)	Q118
Celcom	191	-5	-2.8%	Celcom	186
XL	(21)	-	-	XL	(21)
Dialog	49	+33	67.5%	Dialog	82
Robi	(59)	-2	3.3%	Robi	(61)
Smart	88	-33	-37.4%	Smart	55
Ncell	136	+16	11.7%	Ncell	152
Others	(93)	-100	107.5%	Others	(193)
GROUP	291	-91	-31.3%	GROUP	200

Capital expenditure

Lower YoY FCF and OFCF, driven by higher capex, spectrum fees and lower EBITDA.



Capex (RM mn)	1Q17	1Q18
Celcom	167	194
XL	349	592
Dialog	151	83
Robi	193	262
Smart	75	80
Ncell	55	18
Others	83	99
Total	1,074	1,328
Capex intensity	18%	23%

Note:

Numbers may not add up due to rounding

FCF=EBITDA-Capex

OCF= EBITDA- Capex- Net Interest-Tax

* Includes spectrum fees in 2Q17/3Q17/4Q17/1Q18 amounting to RM28.0m/RM6.3m/RM40.7m/RM171.2m respectively

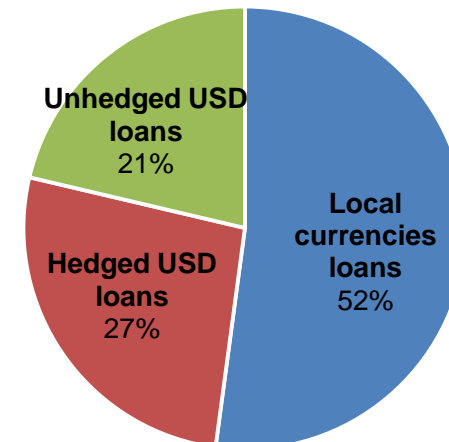
Group statements of financial position

Balance sheet remains healthy; gross debt/EBITDA increased to 2.23x due to lower EBITDA.

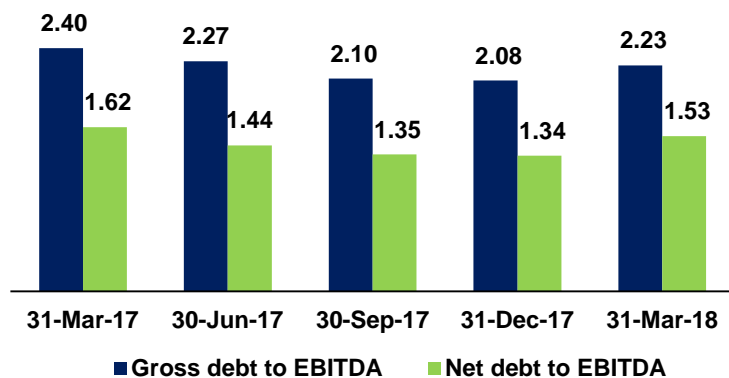
Group borrowings – by currency

In million	Loan Currency	USD	Local	Total (RM)
Hold co & Non OpCo	USD	1,560		6,026
	Sub-total	1,560		6,026
OpCos	USD	690		2,742
	RM		5,007	5,007
	IDR		10,020,536	2,816
	BDT		26,600	1,235
	SLR		13,258	329
	Sub-Total	690		12,129
Total Group	2,250		18,155	

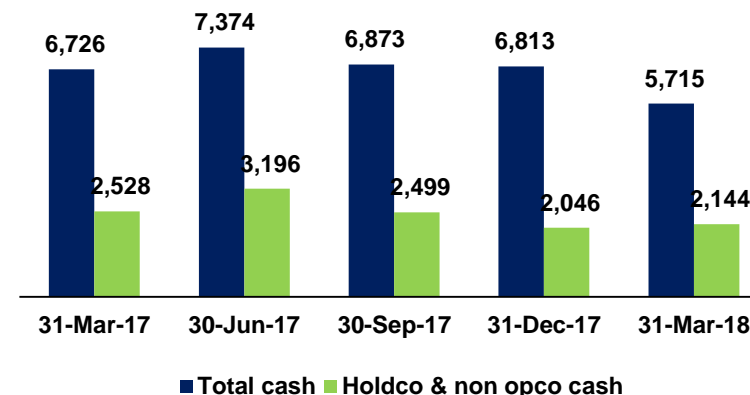
Group borrowings - hedged / unhedged loans



Gross and net debt/EBITDA (x)



Cash (RM million)



FY18 headline KPIs

Challenging 'EBITDA growth' KPI due to impact from forex volatility and start up investments in new businesses.

	FY18 Headline KPIs (based on Bloomberg* estimate for 2018 forex)	Guidance	FY18 Headline KPIs (based on constant currency)	Guidance
Revenue growth	Flat	In line	6.3%	In line
EBITDA growth	Flat	Challenging	5.8%	In line
ROIC	4.8-5.2%	In line	5.0-5.5%	In line
ROCE	4.1-4.6%	In line	4.5-5.0%	In line
Capex **	RM6.9bn		RM7.4bn	

*1 USD = RM3.90
** Capex is not a headline KPI

Key opportunities:

- ❖ Stable Indonesia market post completion of prepaid SIM registration on 30th April.
- ❖ 4G opportunity in Bangladesh and Nepal.
- ❖ Celcom 'Turnaround' and XL 'Transformation Strategy'.
- ❖ Cost optimization program more than offsetting drop in data yields.

Key risk:

- ❖ Currency volatility.
- ❖ Prolonged price war in Indonesia and Cambodia.
- ❖ ILD revenues to fall faster than expected in Nepal.
- ❖ GST impact; regulatory/tax issues in Malaysia.
- ❖ Delayed Idea-Vodafone merger and continued deterioration of market condition in India.
- ❖ Consequence to Idea-Vodafone merger, non-cash technical impairment (regardless of intrinsic value of stake in Idea)

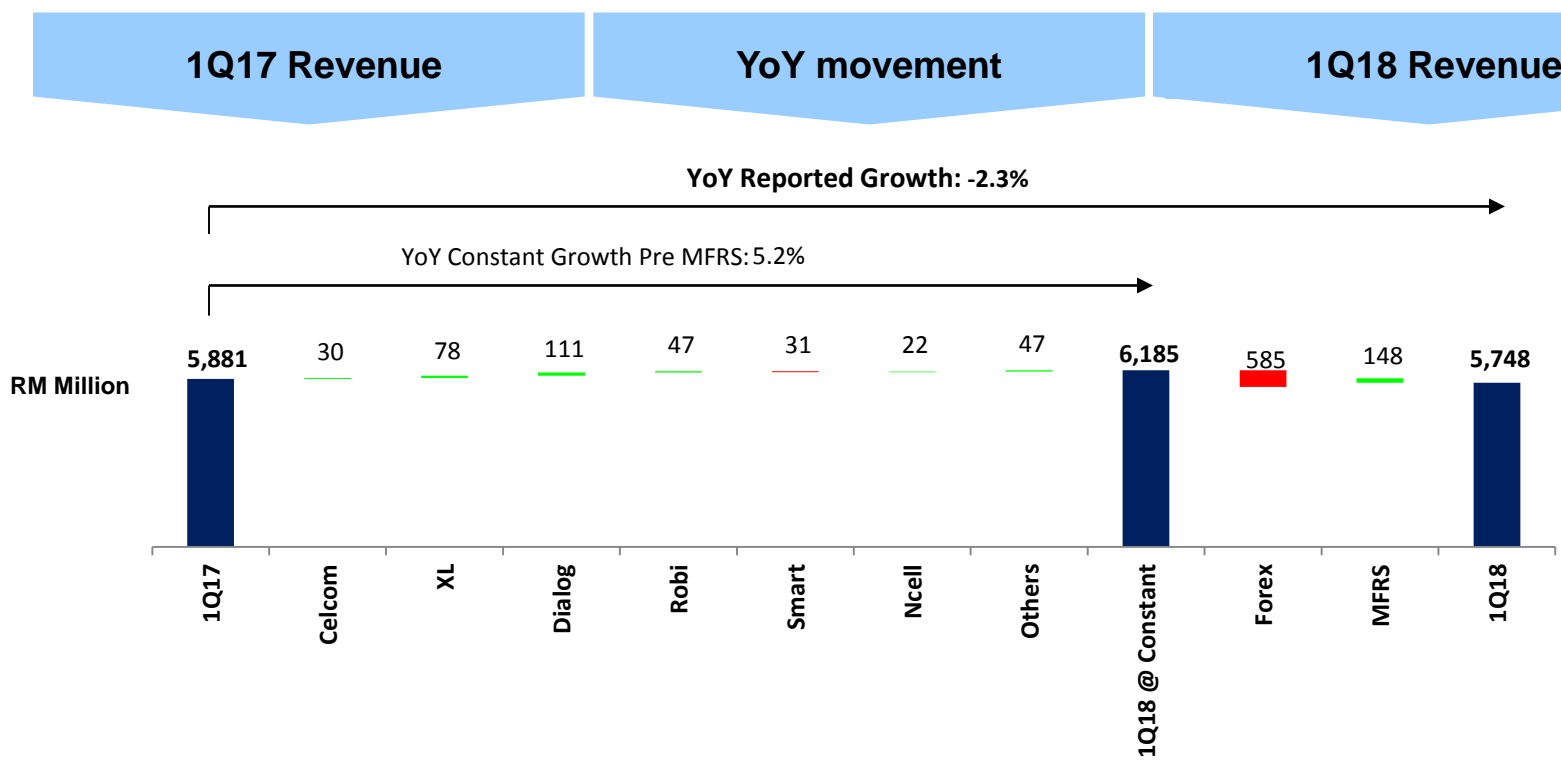


Appendix



Group revenue: 1Q17 → 1Q18

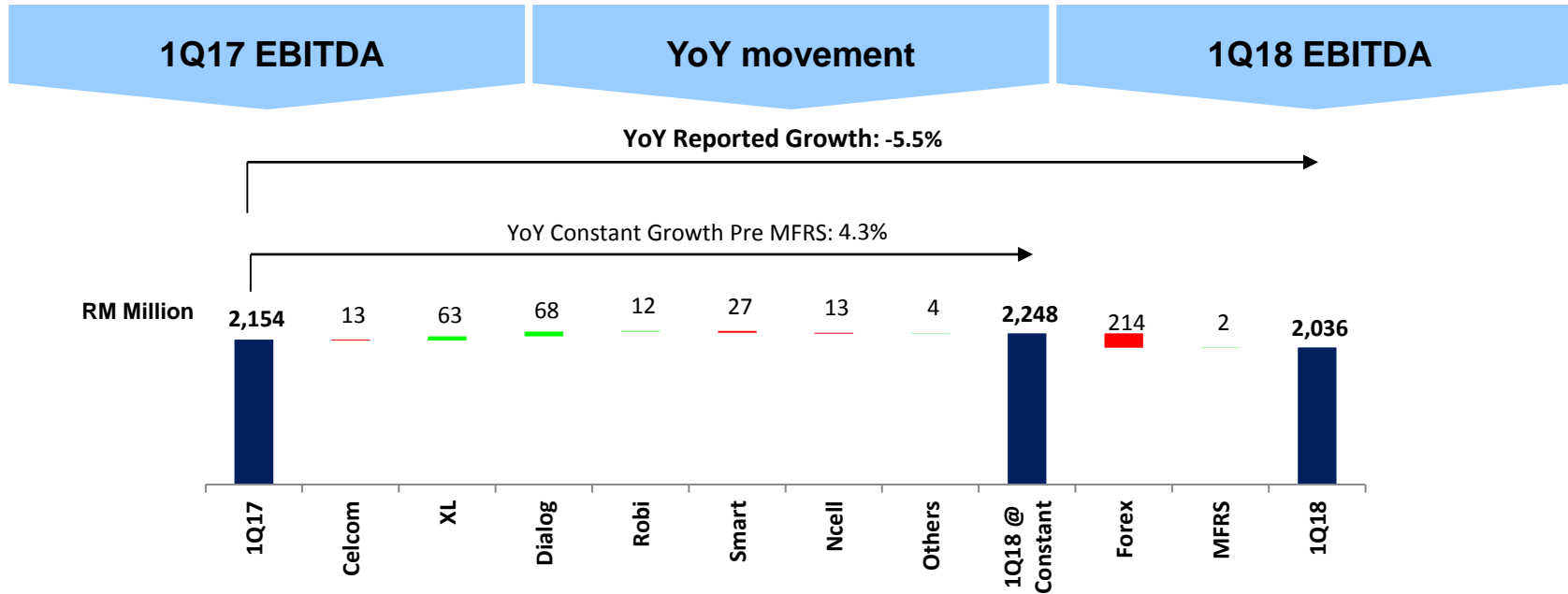
1Q18 revenue decline of 2.3% due to forex translation impact and lower contribution from Smart, partially offset by MFRS.



Revenue	1Q17	YoY Growth Rates		Revenue (Pre-MFRS, cc)	1Q18
Celcom	1,606	+30	1.9%	Celcom	1,636
XL	1,754	+78	4.5%	XL	1,832
Dialog	653	+111	17.1%	Dialog	764
Robi	870	+47	5.3%	Robi	917
Smart	318	-31	-9.8%	Smart	287
Ncell	576	+22	3.7%	Ncell	598
Others	104	+47	45.2%	Others	151
GROUP	5,881	+304	5.2%	GROUP	6,185

Group EBITDA: 1Q17 → 1Q18

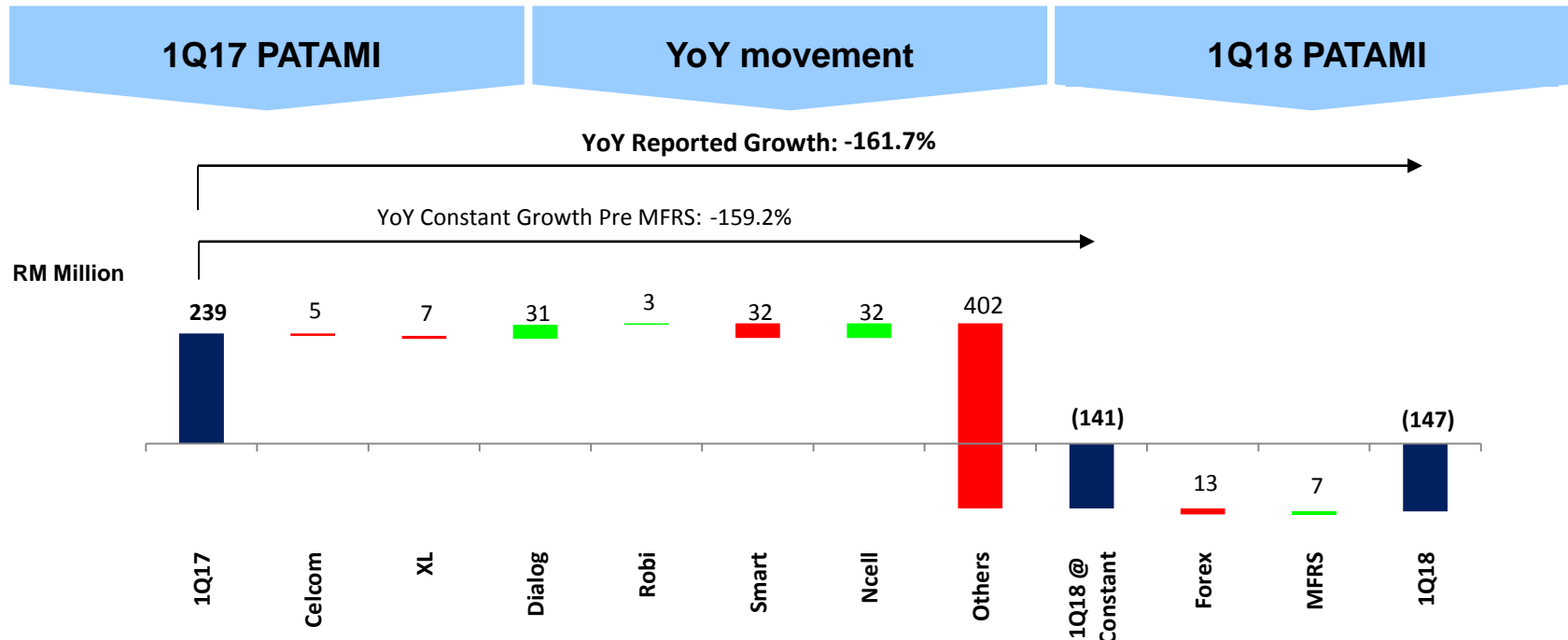
1Q18 EBITDA declined by 5.5% due to forex translation impact, start up investments in new businesses, and lower contribution from Smart, Celcom and Ncell.



	EBITDA	1Q17	YoY Growth Rates		EBITDA (Pre-MFRS, cc)	1Q18
Celcom		531	-13	-2.3%	Celcom	518
XL		632	+63	9.9%	XL	695
Dialog		213	+68	32.1%	Dialog	281
Robi		154	+12	7.6%	Robi	166
Smart		161	-27	-16.9%	Smart	134
Ncell		385	-13	-3.4%	Ncell	372
Others		78	+4	5.1%	Others	82
GROUP		2,154	+94	4.3%	GROUP	2,248

Group PATAMI: 1Q17 → 1Q18

1Q18 PATAMI slipped into the red, largely due to loss on dilution of Idea, Idea losses, start up investments in new businesses, and lower contribution from Smart and edotco.



PATAMI	1Q17	YoY Growth Rates		PATAMI (Pre-MFRS, cc)	1Q18
Celcom	192	-5	-2.4%	Celcom	187
XL	10	-7	-71.6%	XL	3
Dialog	38	+31	82.4%	Dialog	69
Robi	(65)	+3	-4.1%	Robi	(62)
Smart	87	-32	-37.1%	Smart	55
Ncell	124	+32	25.4%	Ncell	156
Others	(147)	-402	273.5%	Others	(549)
GROUP	239	-380	-159.2%	GROUP	(141)

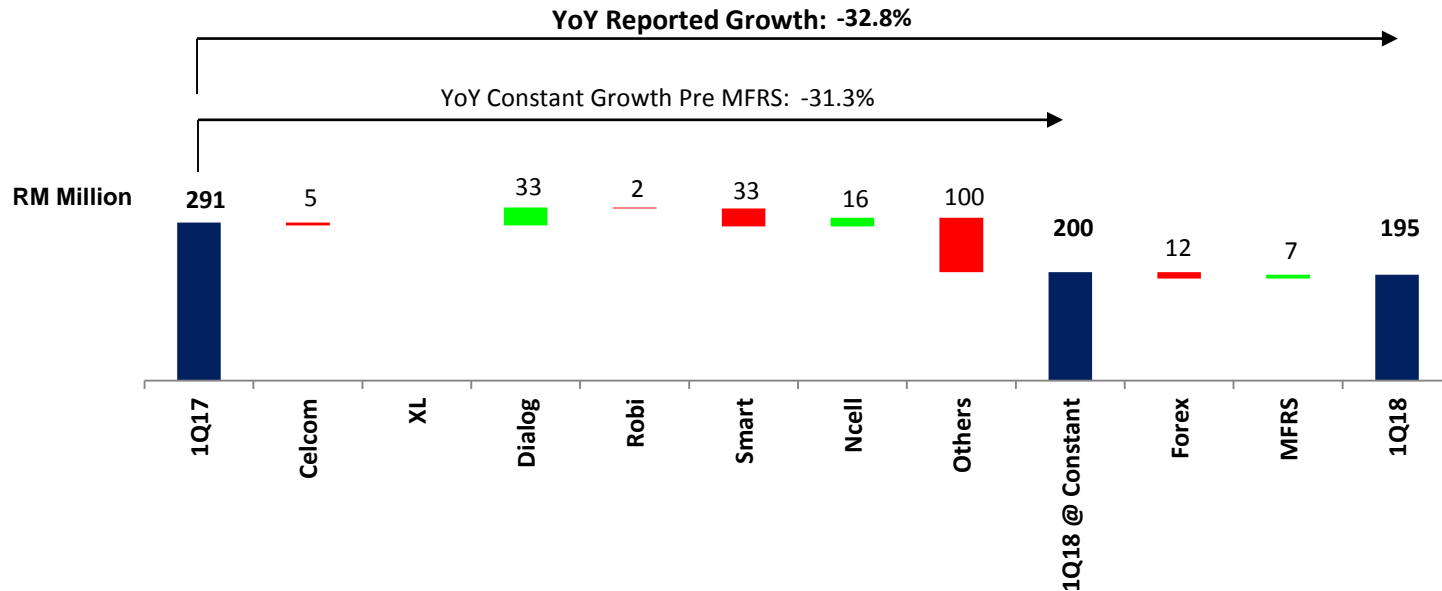
Group Normalised PATAMI: 1Q17 → 1Q18

1Q18 normalised PATAMI declined 32.8% due to Idea losses, start up investments in new businesses, and lower contribution from Smart, edotco and Celcom.

1Q17 norm. PATAMI

YoY movement

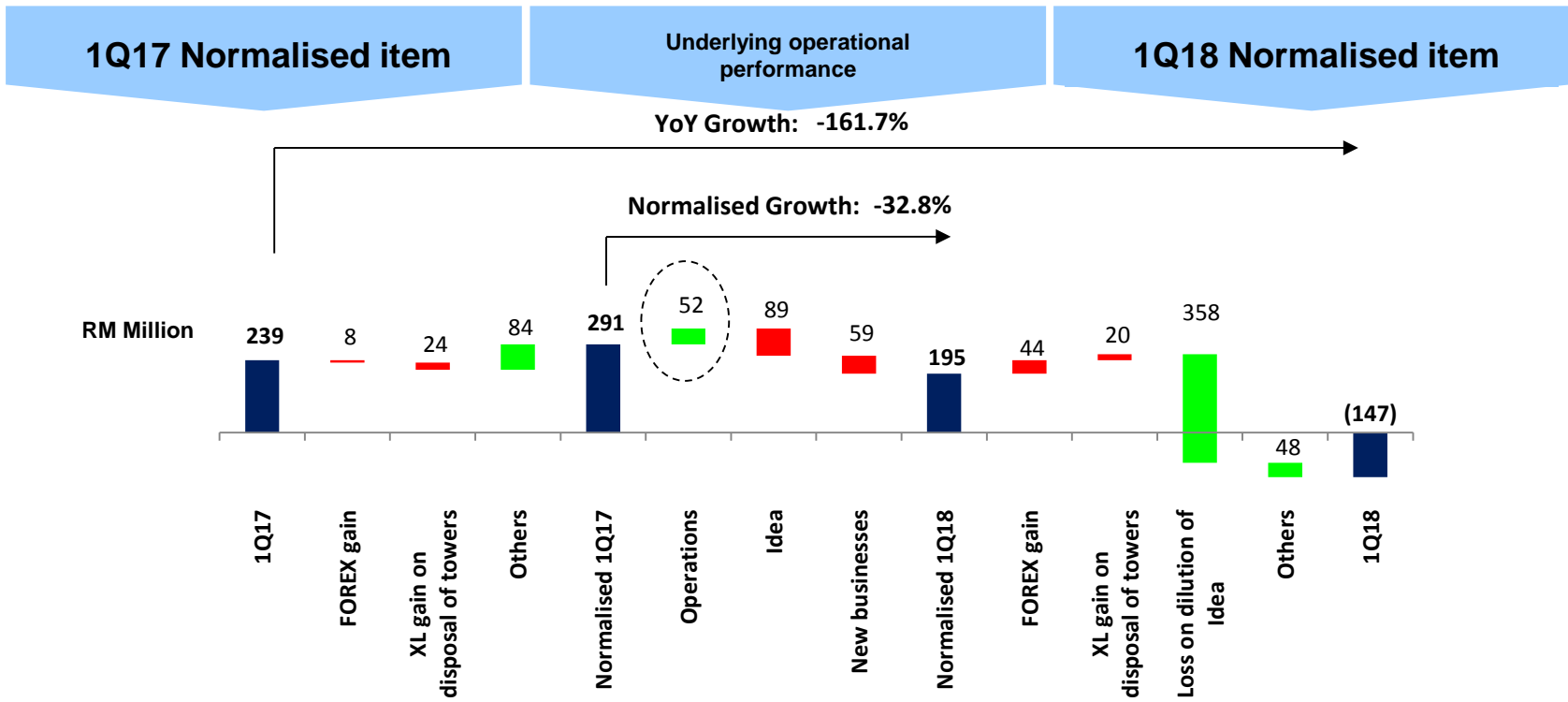
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Celcom	191	-20	-10.5%	Celcom	171
XL	(21)	+3	+14.3%	XL	(18)
Dialog	49	+22	+44.9%	Dialog	71
Robi	(59)	+26	+44.1%	Robi	(33)
Smart	88	-39	-44.3%	Smart	49
Ncell	136	+4	+2.9%	Ncell	140
Associates & Others	(93)	-92	-98.9%	Associates & Others	(185)
GROUP	291	-96	-32.8%	GROUP	195

Thank You

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