

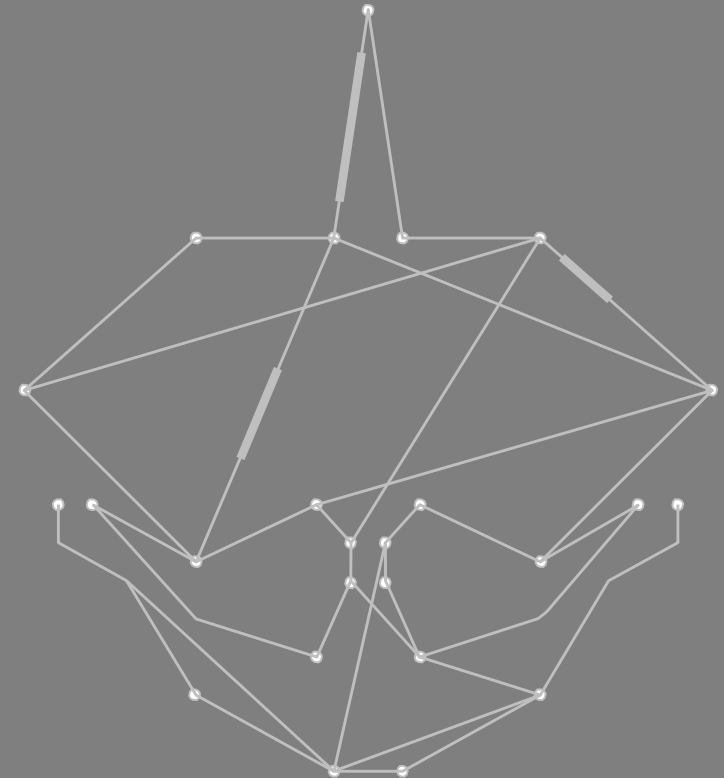
Axiata Group Berhad

3Q 2017 Results

23 November 2017

Tan Sri Jamaludin Ibrahim, President & Group CEO

Vivek Sood, Group CFO



Executive summary: Financials

Strong performance with YTD17 revenue growth of 15.0% and EBITDA growth of 14.5% as OpCos in general performed better than market; delivering cost savings/avoidance of ~RM1bn.

- ❖ **YTD17 normalised PATAMI impacted primarily by RM291m losses from Idea, vs RM80m profit in YTD16.**
 - QoQ growth : Revenue 2.4% ; EBITDA 8.9% ; PATAMI -41.4% ; Normalised PATAMI -0.4%
 - YoY growth : Revenue 13.6% ; EBITDA 18.4% ; PATAMI -7.0% ; Normalised PATAMI -30.4%
 - YTD growth : Revenue 15.0% ; EBITDA 14.5% ; PATAMI 8.7% ; Normalised PATAMI -25.7%

- ❖ **At constant currency, YTD17 financial performance reflect positive impact from a weaker ringgit vs all currencies.**
 - QoQ growth : Revenue 3.8% ; EBITDA 10.3% ; PATAMI -40.9% ; Normalised PATAMI 0.3%
 - YoY growth : Revenue 10.8% ; EBITDA 15.0% ; PATAMI -7.8% ; Normalised PATAMI -31.1%
 - YTD growth : Revenue 10.6% ; EBITDA 9.6% ; PATAMI 4.4% ; Normalised PATAMI -28.4%

- ❖ **Cost optimisation efforts achieved YTD17 savings/avoidance of RM960m, comprising RM400m opex and RM560m capex. This is ahead of RM800m targeted for 2017.**

- ❖ **Stronger balance sheet with gross debt/EBITDA improving from 2.64x in 4Q16 to 2.10x in 3Q17, on debt repayment coupled with EBITDA improvement. YTD17 OFCF is at RM1.3bn (+35.1%).**

- ❖ **YTD17 capex spend of RM4.3bn, implying capex intensity of 24%.**



Key Group highlights (1/6): South East Asia

Celcom: Celcom 'Refresh' is on track; more work to be done especially on sales/distribution and network.



- **QoQ total revenue and service revenue grew 2.1% and 1.9% respectively, which is ahead of industry peers.**
- **Prepaid revenue improved by 3.7% QoQ driven by positive traction from data, boosting ARPU by RM2 to RM33. Postpaid ARPU also rises RM2 to RM84.**
- **Normalised EBITDA grew 9.3% QoQ with continued cost focus and lower network cost.**
- **YTD17 cost savings/avoidance amounting to RM695m.**
- **YTD17 data revenue at 42.9% of total revenue, up from 33.1% in YTD16.**
- **4G and 4G LTE-A population coverage extended to 82% and 71% in 3Q17; whilst data consumption grew 16.1% QoQ to 7.2GB per month.**



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

Key Group highlights (2/6): South East Asia

XL: Positive momentum from Transformation Agenda continues into 3Q17; competition is heating up.
Smart: Impressive YTD17 performance in spite of price war.



- On QoQ basis, XL's revenue growth is ahead of the industry for the third consecutive quarter.
- XL's service revenue grew 5.0% QoQ, on the back of data revenue growth of 10.9% which continues to outpace the decline in legacy revenue.
- EBITDA grew 10.0% QoQ with 1.7ppt margin improvement to 38.2% driven by revenue improvement and focus on cost efficiencies.
- Both the XL and Axis brands offer innovative and differentiated data-led products and continue to gain traction in their respective market segments.
- Increased investment in ex-Java from the U900 programme last year and further BTS additions have significantly improved traffic and revenue growth in that region.



- 3Q17 EBITDA margin remained relatively resilient at 49.4% amidst price war.
- Smart's YTD17 revenue, EBITDA and PAT growth was 9.3%, 9.4% and 8.9%, respectively.
- Data subscribers grew 0.5% QoQ to 3.7m; YTD17 data revenue grew by 35.2%, as data accounted for 50.9% of Smart's total revenue.

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

Key Group highlights (3/6): South Asia

Dialog: Solid 3Q17 backed by strong recovery in core revenue and cost initiatives.

Robi: Excellent integration synergy delivers EBITDA margin expansion of 6.3ppt QoQ in 3Q17.



- 3Q17 and YTD17 revenue grew 5.2% and 8.5% respectively underpinned by strong recovery in core revenue streams.
- 3Q17 EBITDA grew 15.6% QoQ with 3.5ppt margin expansion to 38.8% backed by aggressive cost initiatives, with a YTD cost saving achievement of Rs2.5bn.
- 3Q17 PAT grew 58.6% QoQ but YTD17 PAT was down 2.3% due to impact of higher finance cost and D&A charges.
- YTD17 revenue growth for mobile, fixed and pay-TV operations at 10.7%, 34.6% and 1.2%, respectively. Revenue growth for fixed business was underpinned by network coverage enhancement and aggressive customer reconnection drive.
- YTD17 mobile data revenue grew by 42.0%, accounting for 30.6% of Dialog's total mobile revenue.



- 3Q17 EBITDA margin expanded 6.3ppt to 22.2% driven by Robi-Airtel integration synergy.
- In 3Q17, Robi's service revenue grew 4.1% QoQ, outperforming the industry. Robi's subscriber and revenue market share rose to 29.3% (+0.2ppt) and 28.0% (+0.5ppt), respectively.
- YTD17 data revenue grew by 88.9%, accounting for 18.6% of total revenue.

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

Key Group highlights (4/6): South Asia

Ncell: YTD17 core revenue grew 7.2%, YTD17 core EBITDA margin rises to 52.1%. Overall performance impacted by continuing fall in ILD revenue.



- **Ncell offers 4G in 19 cities, driving data revenue growth of 15.4% QoQ. YTD17 data revenue grew by 17.2%, accounting for 18.3% of total revenue.**
- **YTD17 core revenue and EBITDA grew 7.2% and 18.8%, respectively; EBITDA margin jumps 5.1ppt to 52.1%, lifted by cost initiatives.**
- **YTD17 ILD revenue declined 23.9%, resulting in total revenue, EBITDA and PAT growth of -3.6%, -2.9% and -3.0%, respectively.**

Key Group highlights (5/6): Business units

edotco: Sustained growth from expanding portfolio and higher tenancy ratio.

ADS: A new 3+1 strategic focus and monetisation of non-core investments.



- YTD17, edotco accounts for 6.2% and 7.4% of group revenue and EBITDA, respectively.
- edotco recorded YTD17 revenue growth of 9.7%, driven by higher tenancy across all footprints and maiden contributions from Tanzanite, Pakistan.
- As at 3Q17, edotco owns 16.4k towers (+9.9% YoY), and manages 10.8k sites (+16.7% YoY).
- 3Q17 tenancy ratio rose to 1.50x (vs 1.42x in 3Q16).



- 3+1 focus areas: Digital financial services, Adtech, Enterprise/IOT + digital platform.
- Digital financial services: Building ecosystem and rising contribution to core business.
- Continues to look for asset monetisation opportunities for non-core investments.

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

Widening losses at Idea in 3Q17.



India

- The Indian mobile industry remained challenging in a seasonally slow quarter with unrelenting pressure on pricing and regulatory changes (introduction of GST). For 2QFY18, Idea reported revenue, EBITDA and consolidated PAT QoQ growth of -8.6%, -19.9% and -35.8%, respectively. For Axiata's YTD17, Idea contributed a loss of RM291m (vs a profit of RM80m in YTD16) to the group.



Singapore

- M1 reported YTD17 revenue, EBITDA and PAT growth of 2.3%, -5.0% and -13.9%, respectively. For Axiata's YTD17, M1 contributed a profit of RM90m (vs a profit of RM100m in YTD16) to the group.

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



Financials

Solid YTD17 revenue and EBITDA growth; normalised PATAMI impacted primarily by losses from Idea. **axiata**
 Excluding Idea losses, YTD17 normalised PATAMI +2.0% and ROIC is 5.6%.

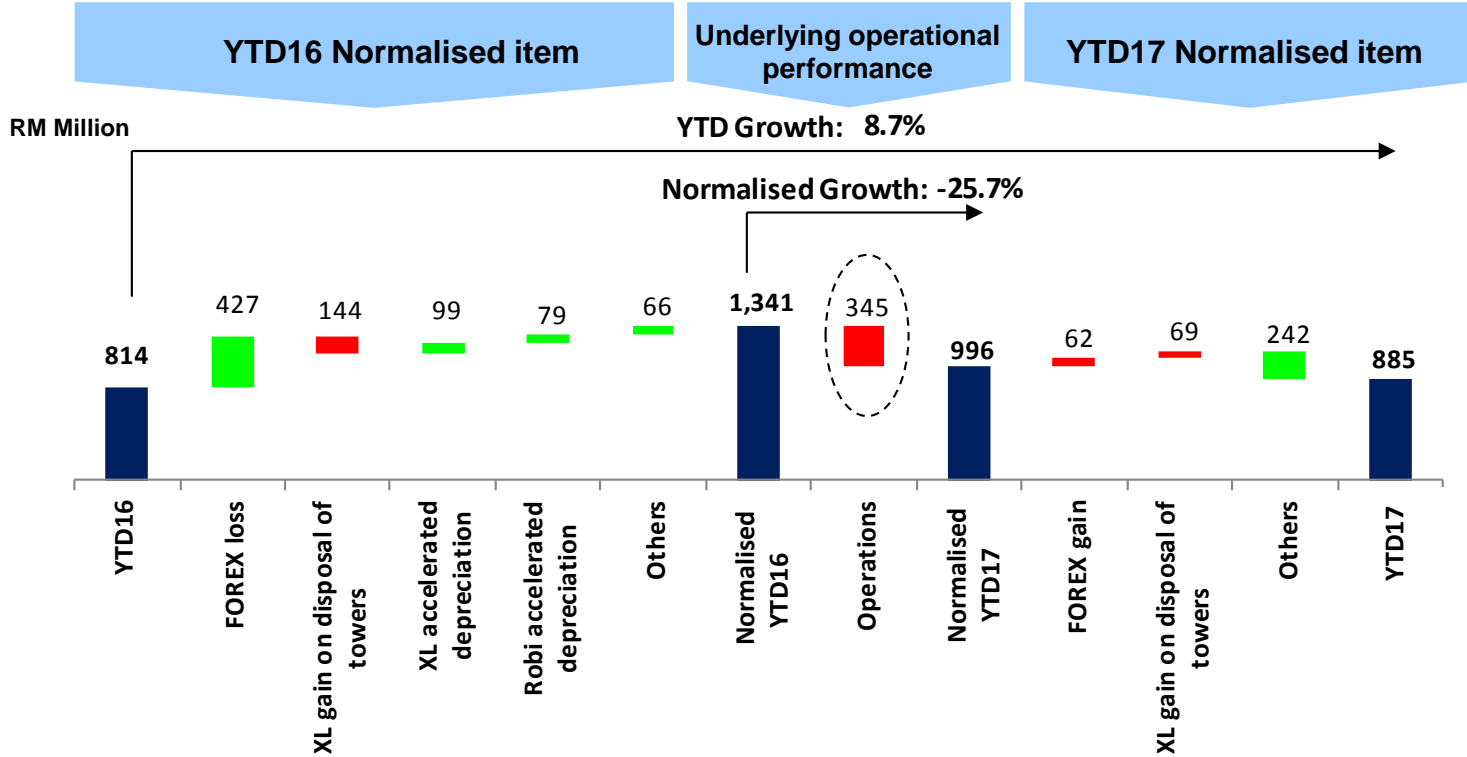
Financial highlights

| <u>RM mn</u> | <u>3Q17</u> | <u>YTD</u> | QoQ growth | YoY Growth | YTD growth | YTD growth (constant currency) |
|---------------------------|-------------|------------|------------|------------|------------|--------------------------------|
| Revenue | 6,202 | 18,141 | 2.4% | 13.6% | 15.0% | 10.6% |
| EBITDA | 2,477 | 6,905 | 8.9% | 18.4% | 14.5% | 9.6% |
| EBITDA margin % | 39.9% | 38.1% | +2.4pp | +1.6pp | -0.1pp | -0.3pp |
| Depreciation | -1,498 | -4,460 | 3.8% | 15.0% | 15.6% | 11.0% |
| Net finance cost | -205 | -767 | -27.9% | -16.0% | 5.1% | 1.9% |
| PAT | 319 | 1,060 | -33.4% | 7.9% | 14.1% | 8.9% |
| Normalised PAT | 440 | 1,156 | 2.6% | -21.8% | -18.9% | -22.3% |
| PATAMI | 239 | 885 | -41.4% | -7.0% | 8.7% | 4.4% |
| Normalised PATAMI | 352 | 996 | -0.4% | -30.4% | -25.7% | -28.4% |
| ROIC % | 4.7% | 4.7% | +0.2pp | -1.3pp | -1.3pp | -1.7pp |
| ROCE % | 4.2% | 4.2% | +0.3pp | -1.1pp | -1.1pp | -1.5pp |
| Capex | 1,418 | 4,316 | -22.2% | -8.6% | 12.4% | |
| <i>% of revenue</i> | 22.9% | 23.8% | | | | |
| Operating Free Cash Flow* | 605 | 1,322 | +>100% | +>100% | 35.1% | |
| <i>% of revenue</i> | 9.8% | 7.3% | | | | |

*OFCF= EBITDA- Capex- Net Interest-Tax

Normalised Group PATAMI : YTD Sep'16 → YTD Sep'17

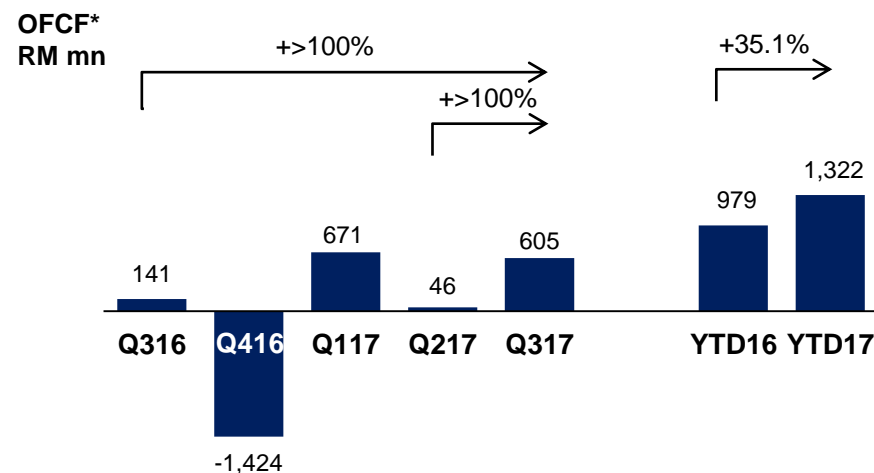
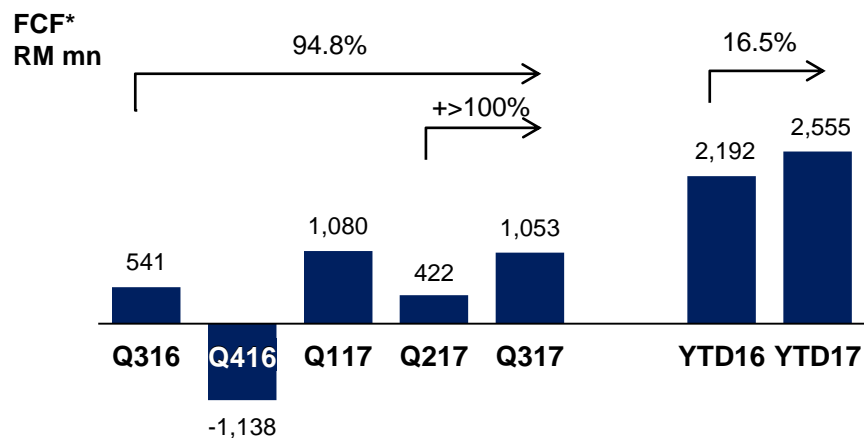
Normalised PATAMI decreased by 25.7% mainly due to losses from Idea, dilution from Robi-Airtel merger and lower contribution from Celcom.



| Norm. PATAMI | YTD16 | YTD Growth Rates | | Norm. PATAMI | YTD17 |
|---------------------|--------------|------------------|---------------|---------------------|------------|
| Celcom | 759 | -112 | -14.8% | Celcom | 647 |
| XL | (81) | +84 | +>100% | XL | 3 |
| Dialog | 197 | +1 | +0.5% | Dialog | 198 |
| Robi | 99 | -142 | ->100% | Robi | (43) |
| Smart | 205 | +16 | +7.8% | Smart | 221 |
| Ncell | 260 | +189 | +72.7% | Ncell | 449 |
| Associates & Others | (98) | -381 | ->100% | Associates & Others | (479) |
| GROUP | 1,341 | -345 | -25.7% | GROUP | 996 |

Capital expenditure

Higher FCF and OFCF in 3Q17, due to higher EBITDA and lower capex spending.



| Capex (RM mn) | YTD16 | YTD17 |
|------------------------|--------------|--------------|
| Celcom | 886 | 670 |
| XL | 1,359 | 1,724 |
| Dialog | 427 | 471 |
| Robi | 783 | 620 |
| Smart | 226 | 224 |
| Ncell | 85 | 341 |
| Others | 74 | 266 |
| Total | 3,841 | 4,316 |
| Capex intensity | 24% | 24% |

Note:

Numbers may not add up due to rounding

FCF=EBITDA-Capex

OCF= EBITDA- Capex- Net Interest-Tax

* Includes Celcom spectrum payment in 4Q16 amounting to RM816.8m and Dialog spectrum payment in 2Q17/3Q17 amounting to RM28.0m/RM6.3m

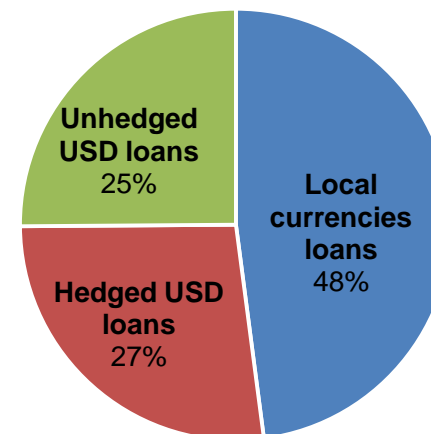
Group statements of financial position

Strong balance sheet; gross debt/EBITDA and net debt/EBITDA improves to 2.10x and 1.35x, respectively.

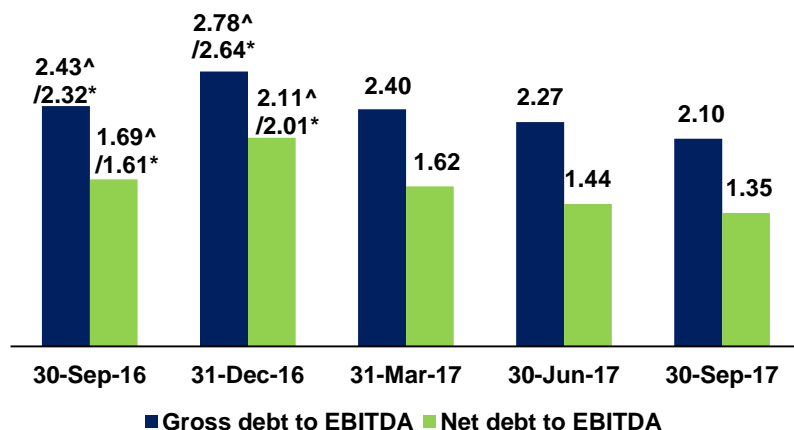
Group borrowings – by currency

| In million | Loan Currency | USD | Local | Total (RM) |
|--------------------|------------------|--------------|---------------|---------------|
| Hold co & Non OpCo | USD | 1,724 | | 7,296 |
| | Sub-total | 1,724 | | 7,296 |
| OpCos | USD | 680 | | 3,019 |
| | RM | | 5,008 | 5,008 |
| | IDR | | 8,671,346 | 2,714 |
| | BDT | | 17,648 | 906 |
| | SLR | | 12,502 | 345 |
| | PKR | | 1,320 | 52 |
| | Sub-Total | 680 | | 12,043 |
| Total Group | 2,404 | | 19,339 | |

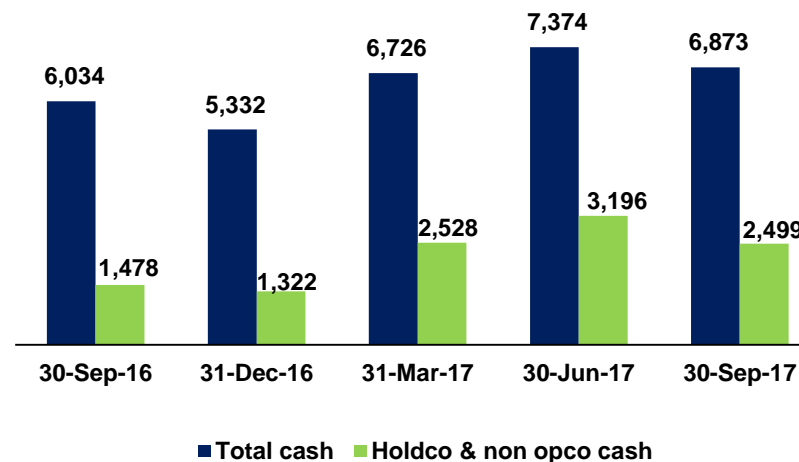
Group borrowings - hedged / unhedged loans



Gross and net debt/EBITDA (x)



Cash (RM million)



* Based on Ncell's EBITDA on an annualised basis.

[^] Based on Ncell's EBITDA of 8.5 months in FY16 (actual).

FY17 headline KPIs: In line

4G license in Bangladesh delayed, additional FY17 capex for Robi at risk.

| | Headline KPIs (based on Bloomberg* estimate for 2017 forex) | Guidance | Headline KPIs (based on constant currency) | Guidance |
|----------------|---|----------|--|----------|
| Revenue growth | 9% - 11% | In line | 8% - 10% | In line |
| EBITDA growth | 7% - 9% | In line | 6% - 8% | In line |
| ROIC | 4.5% - 5.0% | In line | 4.5% - 5.0% | In line |
| ROCE | 4.0% - 4.5% | In line | 4.0% - 4.5% | In line |
| Capex ** | RM6.6bn | | RM6.4bn | |

*1 USD = RM4.30

** Capex is not a headline KPI

Key risks

Strong momentum so far but cautious outlook

- ❖ Tax and regulatory uncertainties in Indonesia (SIM registration), Bangladesh (pricing of the 4G license / technology neutrality) and Sri Lanka (imposition of tower tax).
- ❖ Further deterioration in competitive landscape, especially in India.
- ❖ Pricing pressure in Indonesia and Cambodia.
- ❖ Falling ILD revenue in Nepal.



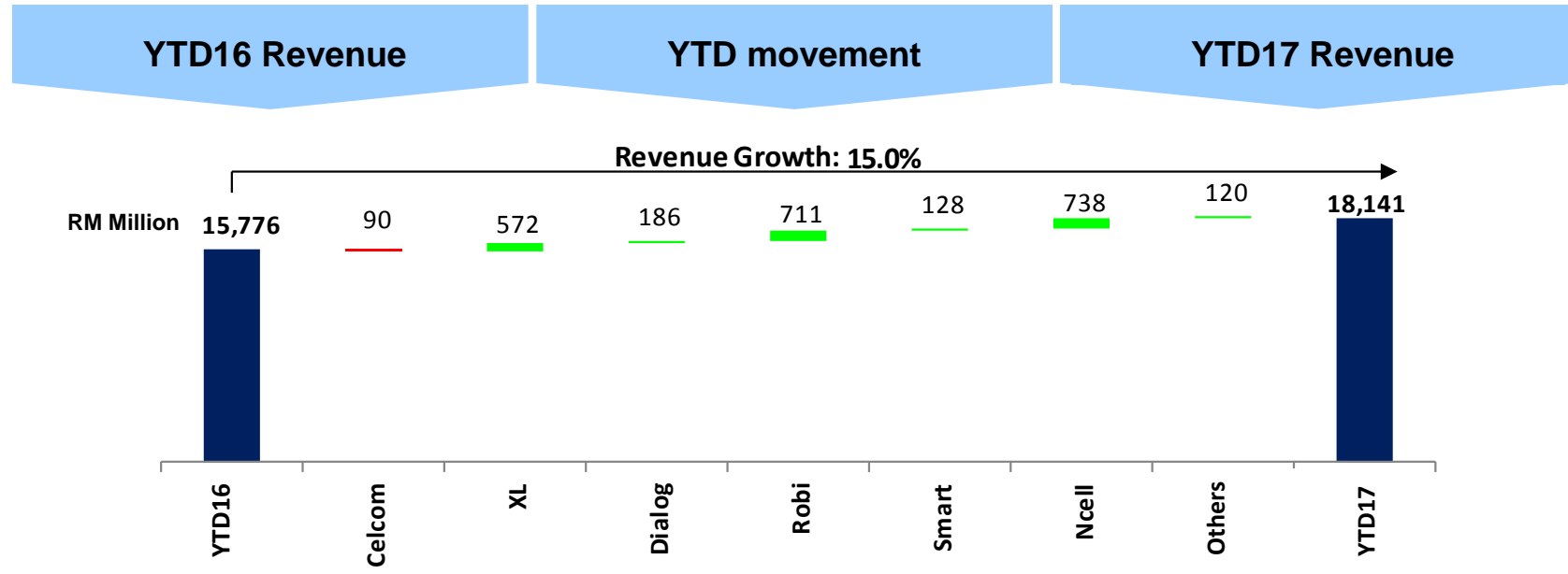
Appendix





Group revenue: YTD16 → YTD17

YTD17 revenue growth of 15.0% lifted by Ncell and Airtel consolidation, and stronger performance by all OpCos except Celcom.

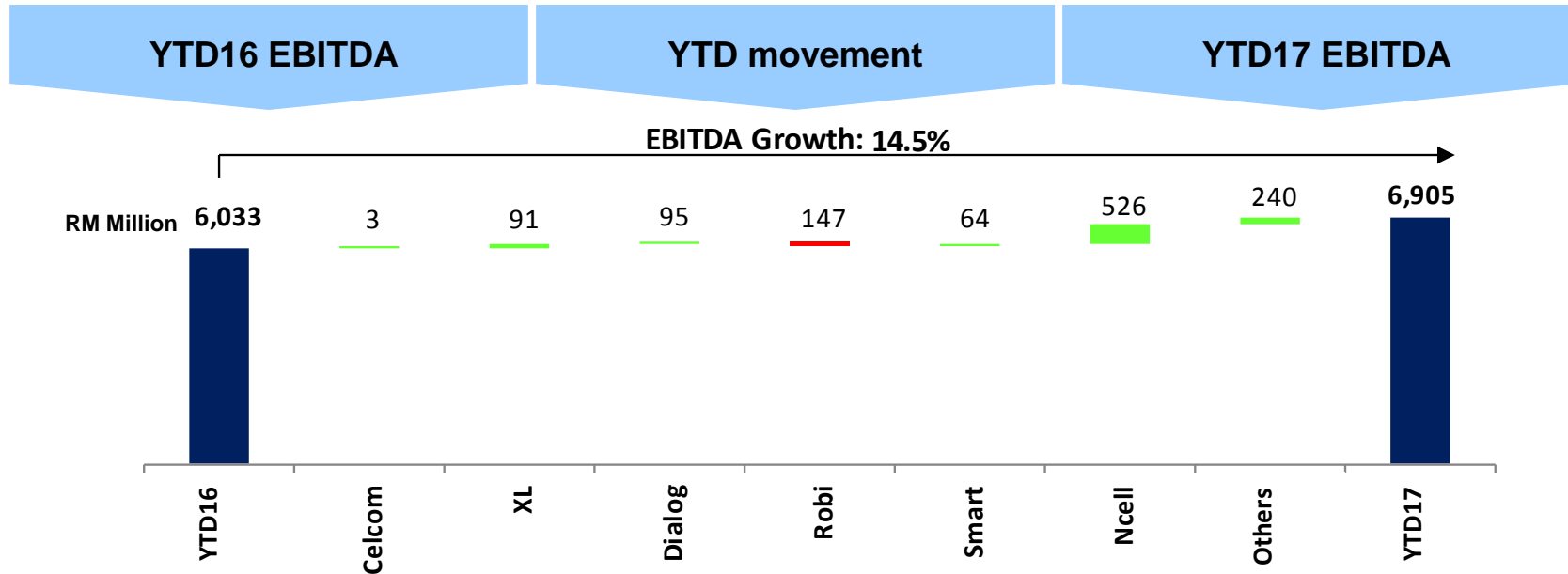


| Revenue | YTD16 | YTD Growth Rates | | Revenue | YTD17 |
|--------------|---------------|------------------|---------------|--------------|---------------|
| Celcom | 4,969 | -90 | -1.8% | Celcom | 4,879 |
| XL | 4,938 | +572 | +11.6% | XL | 5,510 |
| Dialog | 1,796 | +186 | +10.4% | Dialog | 1,982 |
| Robi | 1,986 | +711 | +35.8% | Robi | 2,697 |
| Smart | 783 | +128 | +16.4% | Smart | 911 |
| Ncell | 1,035 | +738 | +71.4% | Ncell | 1,773 |
| Others | 269 | +120 | +44.6% | Others | 389 |
| GROUP | 15,776 | +2,365 | +15.0% | GROUP | 18,141 |



Group EBITDA: YTD16 → YTD17

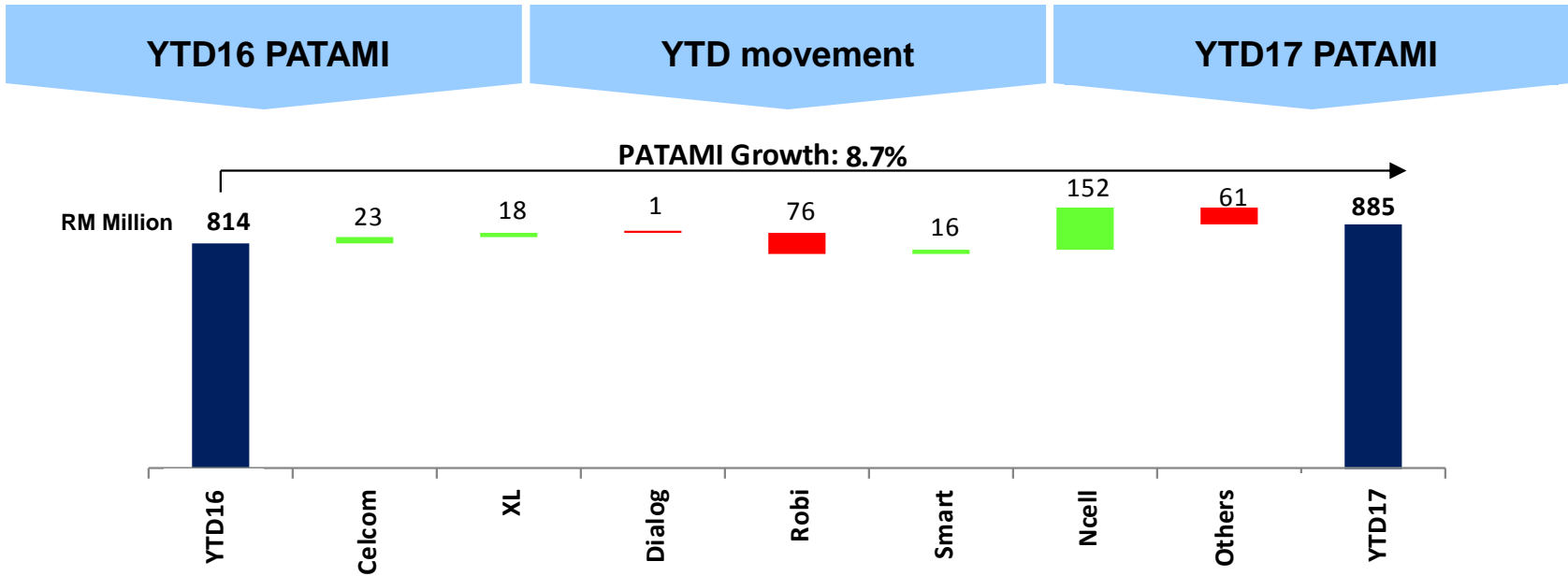
YTD17 EBITDA growth of 14.5% lifted by Ncell consolidation, higher contribution from Dialog, XL, Smart and edotco.



| EBITDA | YTD16 | YTD Growth Rates | | EBITDA | YTD17 |
|--------------|--------------|------------------|---------------|--------------|--------------|
| Celcom | 1,719 | +3 | +0.2% | Celcom | 1,722 |
| XL | 2,000 | +91 | +4.5% | XL | 2,091 |
| Dialog | 612 | +95 | +15.6% | Dialog | 707 |
| Robi | 650 | -147 | -22.6% | Robi | 503 |
| Smart | 392 | +64 | +16.5% | Smart | 456 |
| Ncell | 623 | +526 | +84.5% | Ncell | 1,149 |
| Others | 37 | +240 | +>100% | Others | 277 |
| GROUP | 6,033 | +872 | +14.5% | GROUP | 6,905 |

Group PATAMI: YTD16 → YTD17

YTD17 PATAMI growth of 8.7% lifted by forex gains and Ncell consolidation, partially offset by higher D&A and losses from Idea.



| PATAMI | YTD16 | YTD Growth Rates | | PATAMI | YTD17 |
|--------------|------------|------------------|--------------|--------------|------------|
| Celcom | 763 | +23 | +3.0% | Celcom | 786 |
| XL | 31 | +18 | +61.4% | XL | 49 |
| Dialog | 182 | -1 | -0.6% | Dialog | 181 |
| Robi | 22 | -76 | ->100% | Robi | (54) |
| Smart | 205 | +16 | +7.9% | Smart | 221 |
| Ncell | 267 | +152 | +57.0% | Ncell | 419 |
| Others | (656) | -61 | -9.3% | Others | (717) |
| GROUP | 814 | +71 | +8.7% | GROUP | 885 |



Thank You

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