



2Q 2015 Results

20 August 2015

Dato' Sri Jamaludin Ibrahim, President & Group CEO

Chari TVT, Group CFO

❖ **Revenue QoQ growth across all opcos in 2Q15 save for Celcom. PATAMI boosted by forex.**

- QoQ growth : Revenue -0.9% ; EBITDA -1.5% ; PATAMI 4.4%
- YoY growth : Revenue -0.5% ; EBITDA -1.6% ; PATAMI 34.2%
- YTD growth : Revenue 2.3% ; EBITDA -2.1% ; PATAMI 5.8%

❖ **At constant currency, financials reflect impact from weaker ringgit.**

- QoQ growth : Revenue -0.7% ; EBITDA -1.2% ; PATAMI 4.0%
- YoY growth : Revenue -3.5% ; EBITDA -4.6% ; PATAMI 28.9%
- YTD growth : Revenue -0.7% ; EBITDA -5.0% ; PATAMI 2.1%

❖ **A challenging 1H15 as expected**

❖ **PATAMI of RM1.2bn**

❖ **Strong balance sheet with cash of RM5.4bn and gross debt/EBITDA of 2.03x;
declared 8 sen interim dividend**



Key Group highlights (1/3):

XL and Celcom showing early signs of progress



- **Celcom's YTD revenue, normalised EBITDA, and normalised PATAMI is -3.4%, -9.7%, and -15.2%, respectively.**
- **GST implementation on 1st April created market confusion and affected consumer spend, and thus 2Q15 performance.**
- **IT / system problem predominantly resolved, gradually regaining trade confidence.**
- **After three consecutive quarters of decline, net add of 61k subscribers in 2Q15 due to positive market response to launch of new products.**
- **Continued robust data revenue growth (+28%), fuelled by mobile internet (+60%).**



- **A positive 2Q15 with QoQ revenue and EBITDA growth of 2.4% and 6.6% respectively; first QoQ revenue growth since 2Q14 as a result of the positive impacts from the transformation.**
- **Transformation on track with promising early signs and results including: materially improving subscriber mix, higher blended ARPU, stabilising data yield and improvement in EBITDA and EBIT margins.**
- **Management remains firm in their belief that the transformation agenda is the right strategy for XL going forward to build a more sustainable and profitable business.**
- **Clear and concrete plan to strengthen balance sheet to reduce USD exposure.**

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

Key Group highlights (2/3):

Strong performance from Dialog and Smart



- Strong YTD revenue, EBITDA and PAT growth of 6.3%, 19.6% and 32.9% respectively, with EBITDA margins +4 pp to 34%.
- This is despite 2Q15 performance being impacted by industry wide introduction of a 25% bonus on mobile prepaid domestic calls (from 7th April 2015).
- Mobile subscribers base surpassed the 10 million milestone while TV subscribers base grew 37% YoY to 534k.



- YTD revenue grew 4.9%, largely driven by data revenue and device sales.
- EBITDA and PAT growth of -2.4% and -14.4% respectively, due to heightened competition.
- Continued investment into data.



- Strong performance with YTD revenue, EBITDA and PAT growth of 39.1%, 68.1% and 67.4% respectively.
- Revenue growth was driven by voice (+15%) and data (+115%).
- Total data subscribers increased to 2.3m, i.e 32% of subscriber base (vs 31% in 1Q15). YTD15, data revenue contributed 29% to total revenue.

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

Associates



- Outstanding 1QFY16 performance with YoY revenue, EBITDA and PAT growth of 16.4%, 28.9% and 27.8% respectively. Idea's 1QFY16 contributed RM102m (+55% YoY) to Axiata PATAMI.



- YTD revenue, EBITDA and PAT growth of 19.1%, 1.4% and 3.8% respectively. Contributed RM81m (+7%) to Axiata PATAMI.

Financial highlights

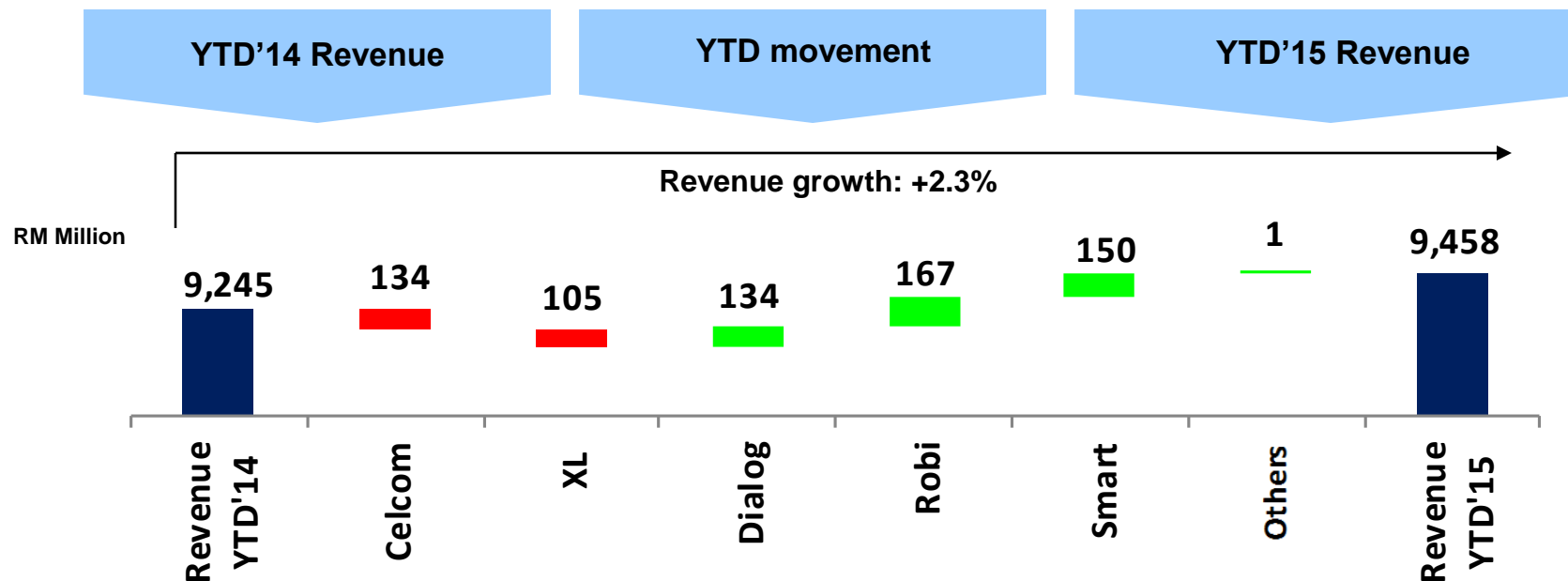
<u>RM mn</u>	<u>2Q15</u>	<u>YTD</u>	<u>QoQ growth</u>	<u>YoY growth</u>	<u>YTD growth</u>	<u>YTD growth (constant currency)</u>
Revenue	4,707	9,458	-0.9%	-0.5%	2.3%	-0.7%
EBITDA	1,715	3,456	-1.5%	-1.6%	-2.1%	-5.0%
EBITDA margin %	36.4%	36.5%	-0.3pp	-0.4pp	-1.7pp	-1.7pp
PAT	630	1,166	17.4%	55.9%	2.8%	-1.2%
Normalised PAT	617	1,181	9.4%	-2.7%	-8.8%	-12.3%
PATAMI	611	1,196	4.4%	34.2%	5.8%	2.1%
Normalised PATAMI	586	1,142	5.3%	-6.5%	-8.7%	-12.1%
ROIC %	-	8.1%	-	-	-0.9pp	8.0%
ROCE %	-	7.0%	-	-	-0.6pp	6.9%
Capex	1,194	2,284	9.5%	61.5%	28.8%	
<i>% of revenue</i>	25.4%	24.1%				
Operating Free Cash Flow*	244	623	-35.6%	-66.8%	-41.8%	
<i>% of revenue</i>	5.2%	6.6%				

*OFCF= EBITDA- Capex- Net Interest-Tax

Note: Group normalised items as per slide #10

Group revenue: YTD'14 → YTD'15

YTD revenue growth mainly from Robi (data revenue and device sales), Smart (voice and data) and Dialog (mobile and TV)

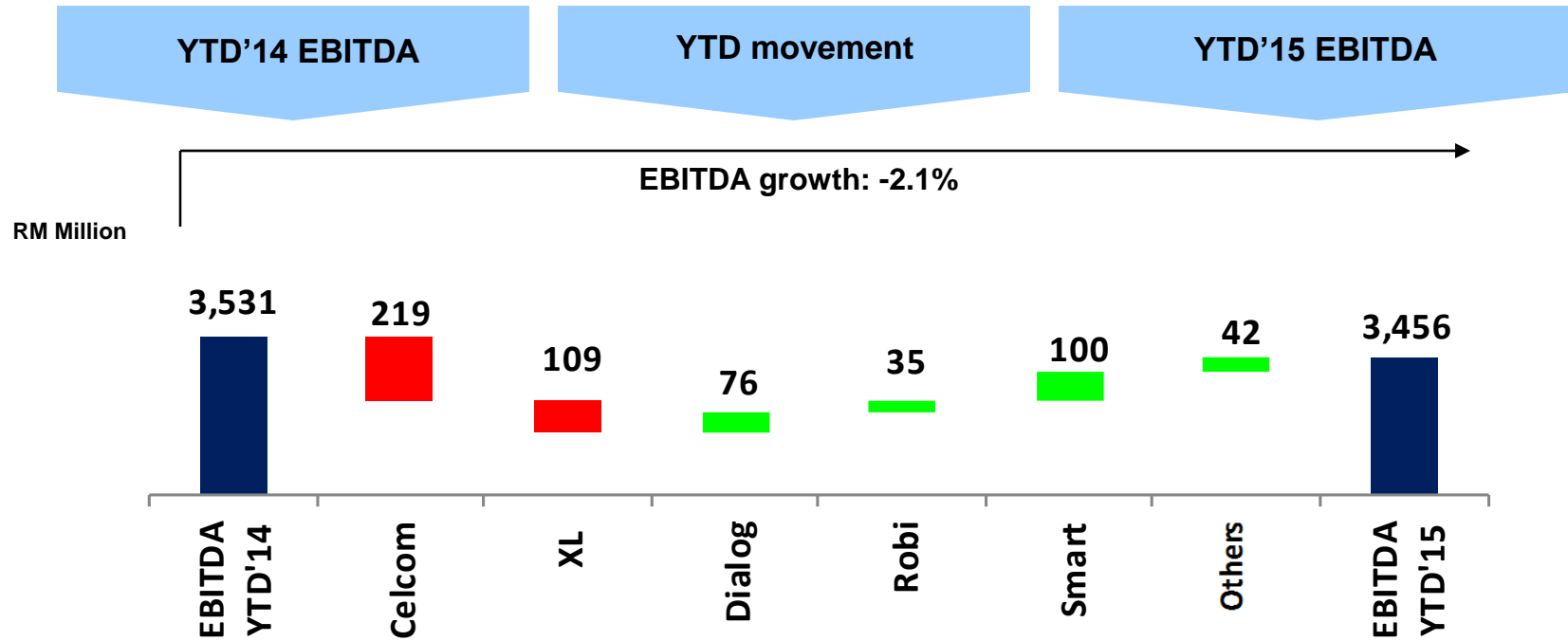


Revenue	YTD'14	YTD Growth Rates	Revenue	YTD'15
Celcom	3,851	(-134) -3.5%	Celcom	3,717
XL	3,222	(-105) -3.3%	XL	3,117
Dialog	825	(+134) +16.3%	Dialog	959
Robi	1,007	(+167) +16.6%	Robi	1,174
Smart	270	(+150) +55.4%	Smart	420
Others	71	(+1) +0.5%	Others	72
GROUP	9,245	(+213) +2.3%	GROUP	9,458



Group EBITDA: YTD'14 → YTD'15

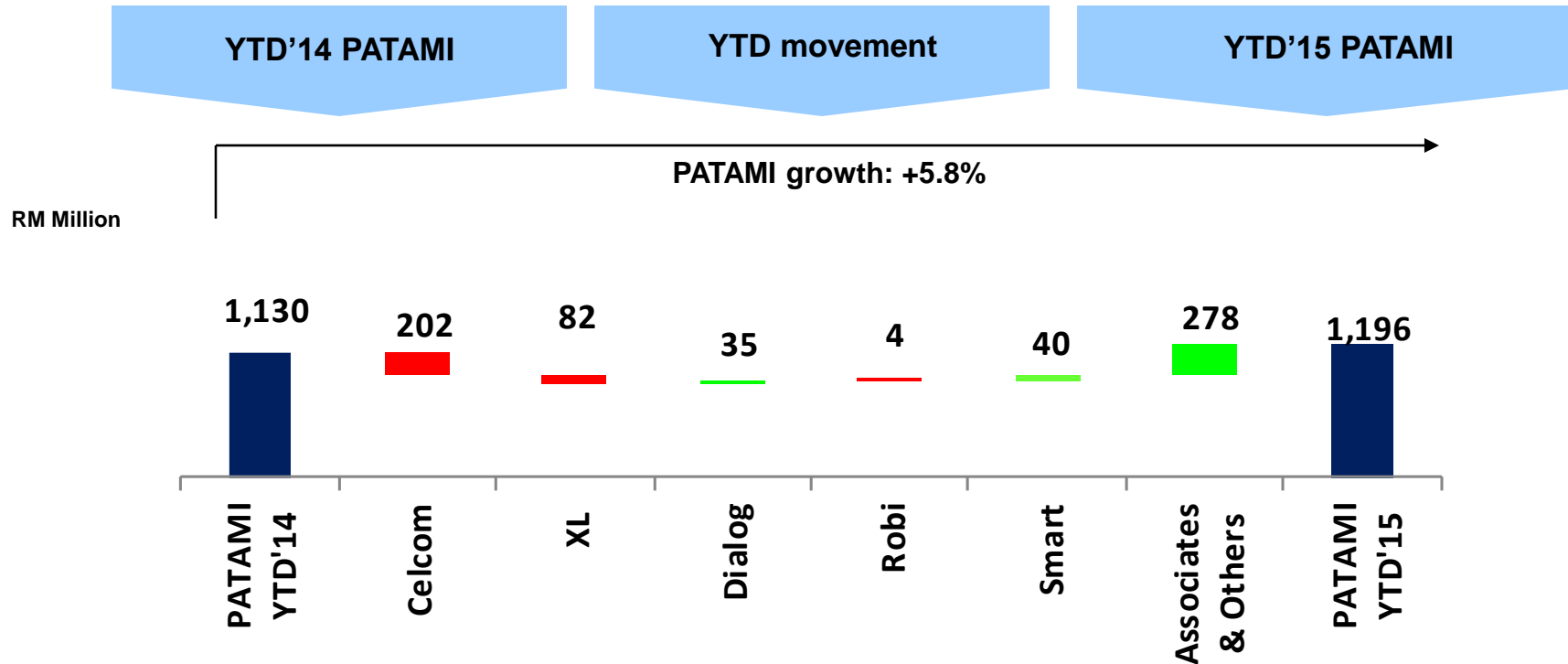
Lower revenue for Celcom and XL impacted group EBITDA



EBITDA	YTD'14	YTD Growth Rates	EBITDA	YTD'15
Celcom	1,614 (-219)	-13.6%	Celcom	1,395
XL	1,237 (-109)	-8.8%	XL	1,128
Dialog	249 (+76)	+30.6%	Dialog	325
Robi	390 (+35)	+9.1%	Robi	425
Smart	111 (+100)	+89.4%	Smart	211
Others	(70) (+42)	+59.9%	Others	(28)
GROUP	3,531 (-75)	-2.1%	GROUP	3,456

Group PATAMI: YTD'14 → YTD'15

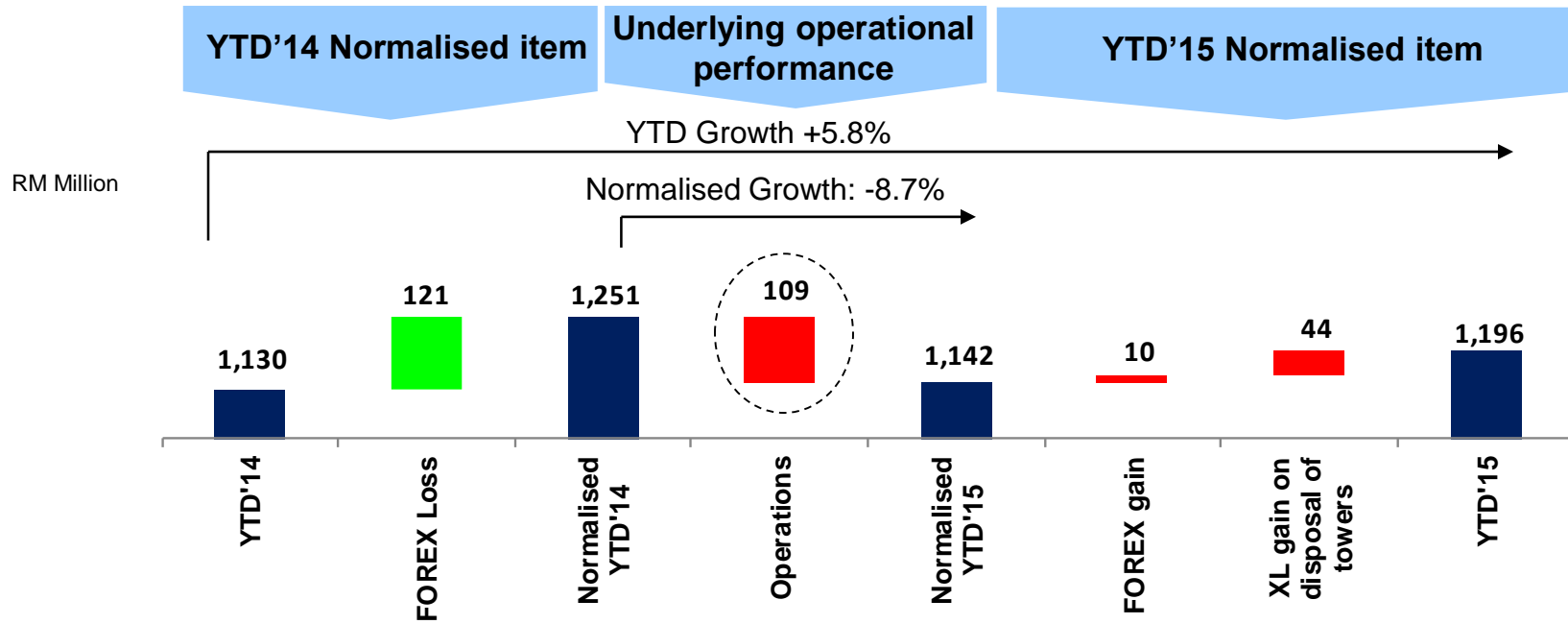
YTD PATAMI increased largely from Dialog, Smart and Idea



PATAMI	YTD'14	YTD Growth Rates	PATAMI	YTD'15
Celcom	924	(-202) -21.8%	Celcom	722
XL	(78)	(-82) -105.0%	XL	(160)
Dialog	65	(+35) +54.3%	Dialog	100
Robi	84	(-4) -4.6%	Robi	80
Smart	47	(+40) +84.5%	Smart	87
Associates & Others	88	(+278) +316.2%	Associates & Others	366
GROUP	1,130	(+66) +5.8%	GROUP	1,196

Normalised Group PATAMI: YTD'14 → YTD'15

Normalised performance lower by 8.7% due to Celcom, XL and forex impact



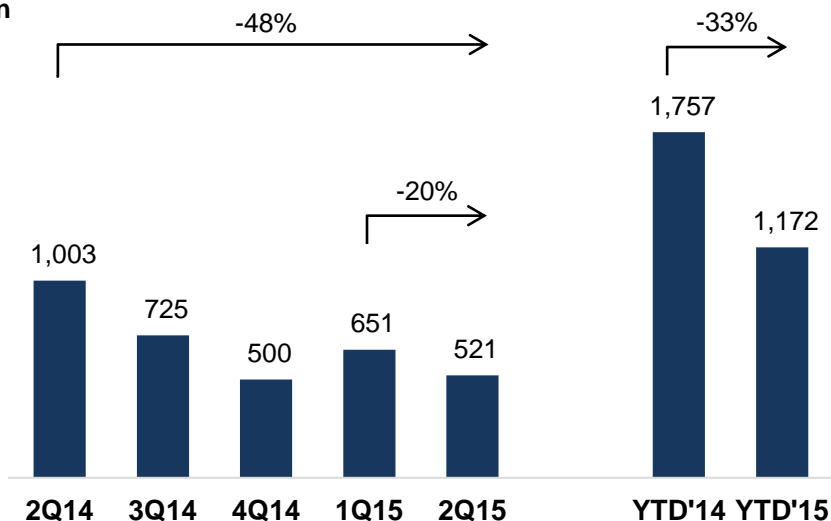
Norm PATAMI	YTD'14	YTD Growth Rates		Norm PATAMI	YTD'15
Celcom	921	(-190)	-20.7%	Celcom	731
XL	17	(-42)	-243.3%	XL	(25)
Dialog	59	(+49)	+83.7%	Dialog	108
Robi	83	(-8)	-9.2%	Robi	75
Smart	47	(+40)	+84.6%	Smart	87
Associates & Others	124	(+42)	+34.5%	Associates & Others	166
GROUP	1,251	(-109)	-8.7%	GROUP	1,142



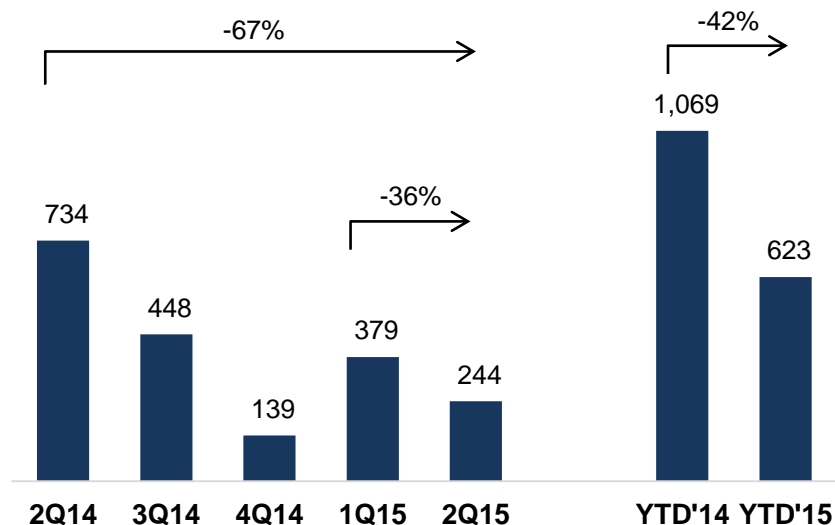
Capital expenditure

Aggressive network rollout to boost mobile data leadership

FCF
RM mn



OFCF
RM mn



Capex (RM mn)	YTD'14	YTD'15
Celcom	267	342
XL	867	894
Dialog	128	159
Robi	391	691
Smart	89	133
Others	32	66
Total	1,774	2,284

Note:

Numbers may not add up due to rounding

FCF=EBITDA-Capex

OFCF= EBITDA- Capex- Net Interest-Tax

2Q14 to 4Q14 are restated figures

Group statements of financial position

Strong balance sheet and cash balance; to address USD debt exposure at XL

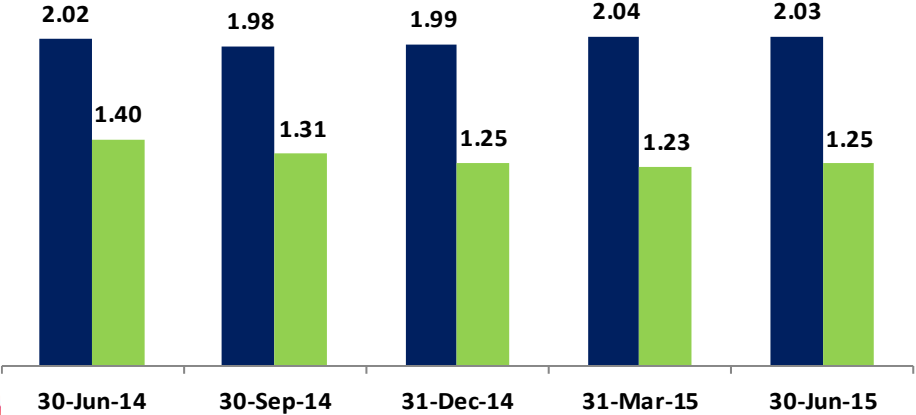
Group borrowings

In million	Loan Currency	USD	LC	Total (RM)
Holdco & Non Opco	USD	300	-	1,136
	Sub-total	300	-	1,136
Opcos	USD	1,341		5,101
	RM			5,037
	IDR (bn)		8,718,310	2,476
	BDT		5,432	262
	SLR		1,071	30
	PKR		618	23
	Sub-total	1,341		12,929
Total Group	1,641		14,065	

Group cash balance

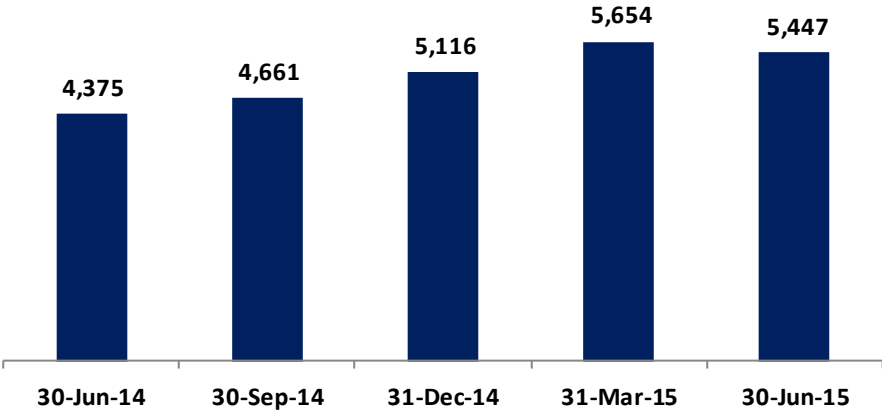
RM Million	Currency	Amount
Holdco & Non Opco	USD & other FCY	124
	Local (MYR)	1,680
	Sub-total	1,804
Opcos	USD	506
	Local (MYR)	1,489
	Local (ex MYR)	1,647
	Sub-total	3,643
Total Group		5,447

■ Gross debt to EBITDA ■ Net debt to EBITDA



RM' Million

Cash and Bank



FY15 headline KPIs: Guidance

Internal and external factors affected KPIs

	FY15 Headline KPIs*	Guidance
Revenue growth	4.0%	Challenging
EBITDA growth	4.0%	Challenging
ROIC (%)	8.7%	Slightly below
ROCE (%)	7.7%	Slightly below

Planned capex = RM4.8bn (Capex is not a headline KPI)

**The above Headline KPIs are based on 2014 average forex rates for the respective currencies.*

Opportunities

- ❖ **XL's Transformation Programme would deliver higher revenue growth and improved profitability with a more sustainable business model**
- ❖ **Accelerated recovery at Celcom would help regain market share**
- ❖ **Increased ARPU due to rising smartphone penetration and data consumption**

Challenges

- ❖ **Forex risk exposure as a result of weakening IDR and MYR**
- ❖ **Heightened competition in Malaysia and Bangladesh**



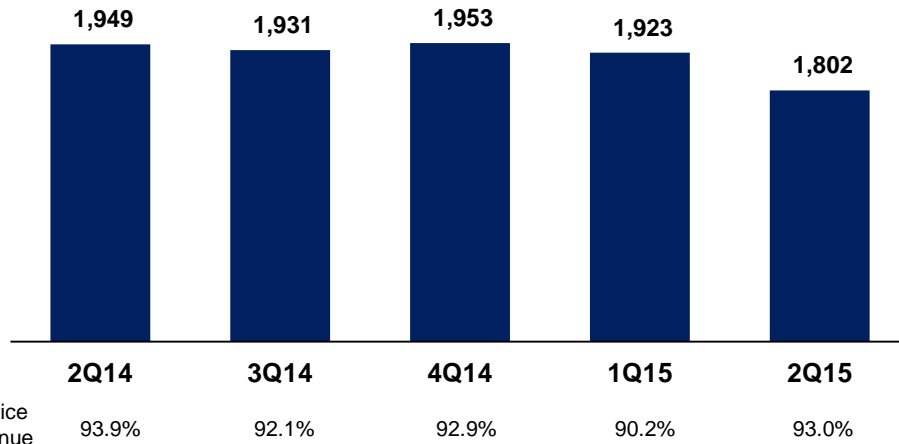
Appendix



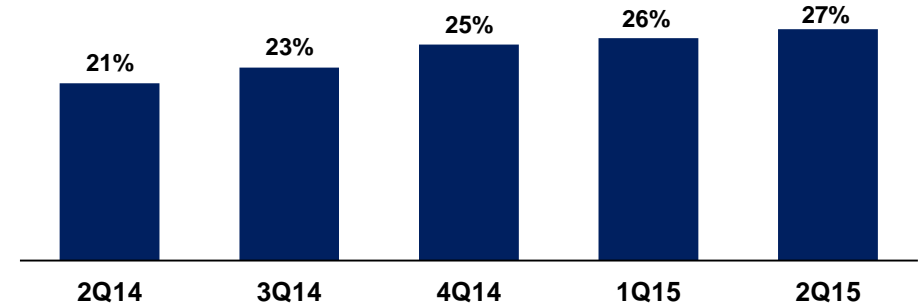
Celcom: financial performance

Implementation of goods and services (GST) impacted 2Q15 performance

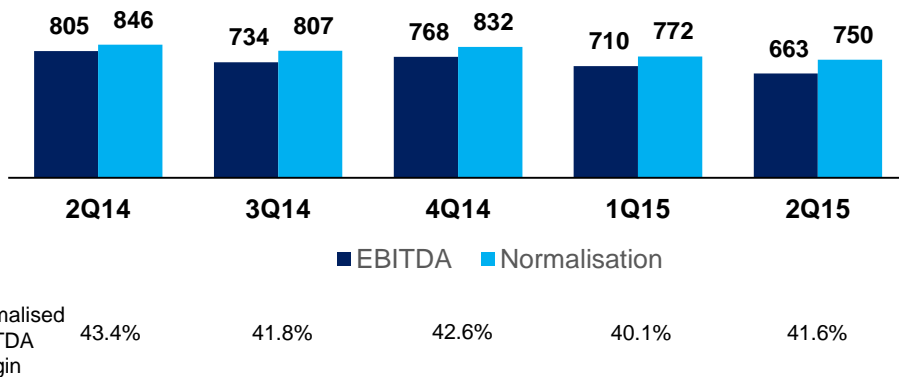
Revenue (RM mn)



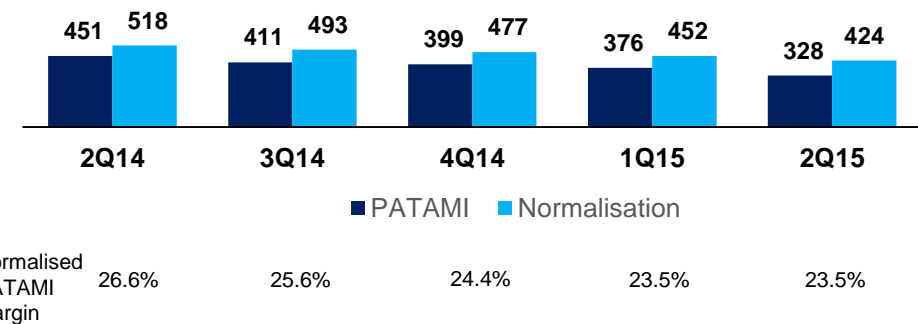
Data revenue as a % of total revenue



EBITDA* (RM mn) & margins (%)



PATAMI* (RM mn) & margins (%)



Normalised EBITDA Margin

Normalised PATAMI Margin

*
1. EBITDA/PATAMI excludes one of gain on disposal of Edotco of RM1,009mil in 2Q14
2. Normalisation – excludes impact of Edotco disposal, holding company charge, Escape, and interest/charges on Sukuk

Celcom: financial performance

QoQ margin improvements mainly due to lower sale of handsets and content provider charges



Operating Expenses ^

% of Revenue	2Q14	3Q14	4Q14	1Q15	2Q15
Direct Expenses	27.8%	27.9%	27.7%	29.8%	27.6%
Sales and Marketing	7.8%	6.7%	6.1%	6.3%	7.5%
Network Cost	10.0%	10.3%	10.6%	9.6%	13.3%
Staff Cost	7.3%	7.6%	7.5%	7.3%	5.7%
Bad Debts	0.6%	0.5%	0.9%	0.5%	0.3%
Others	3.0%	5.3%	4.6%	6.3%	4.0%
Total Expenses	56.6%	58.2%	57.4%	59.9%	58.4%
EBITDA Margin	43.4%	41.8%	42.6%	40.1%	41.6%
Depreciation & Amortisation	10.0%	9.2%	10.2%	10.2%	12.0%

Financial Position (RM mn)

	30 Jun 14	31 Sept 14	31 Dec 14	31 Mar 15	30 June 15
Capex	300	504	845	186	344
Cash and Cash Equivalents	1,593	2,067	2,032	2,537	1,506
Gross Debt	5,032	4,987	5,026	4,986	5,037
Net Assets	-1,827	-1,477	-1,074	-700	-1,472
Gross Debt / Equity (x)	n/m	n/m	n/m	n/m	n/m
Gross Debt / EBITDA (x)	1.5	1.5	1.5	1.6	1.7

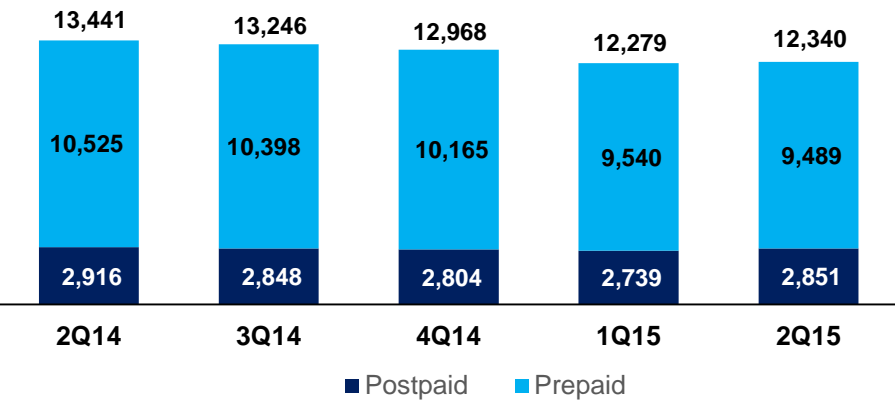
^ OPEX and EBITDA Margin excludes holding company charge, impact of Edotco disposal and Escape

Celcom: operational performance

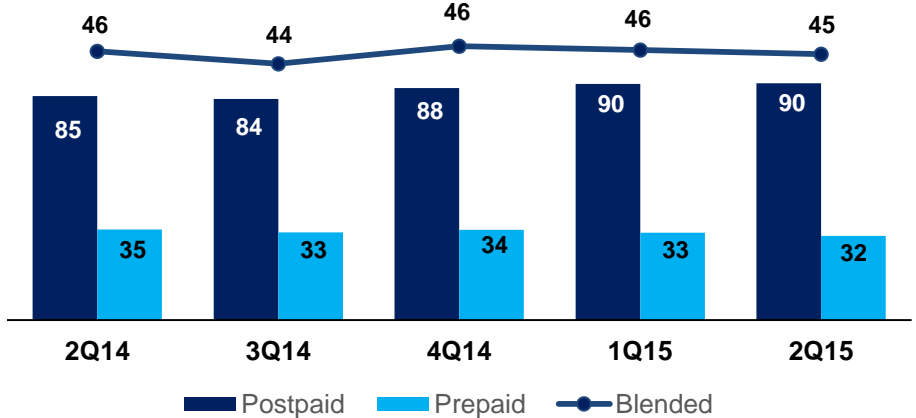
Positive subscriber net adds primarily from newly launched products



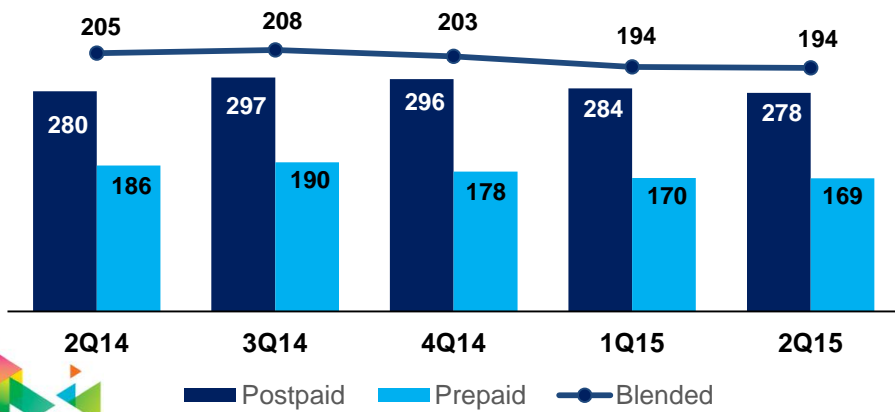
Subscribers ('000)



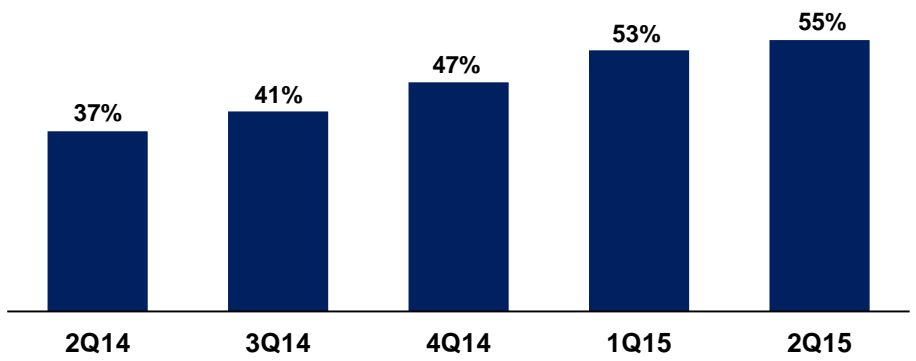
ARPU (RM)



MOU/sub (min)



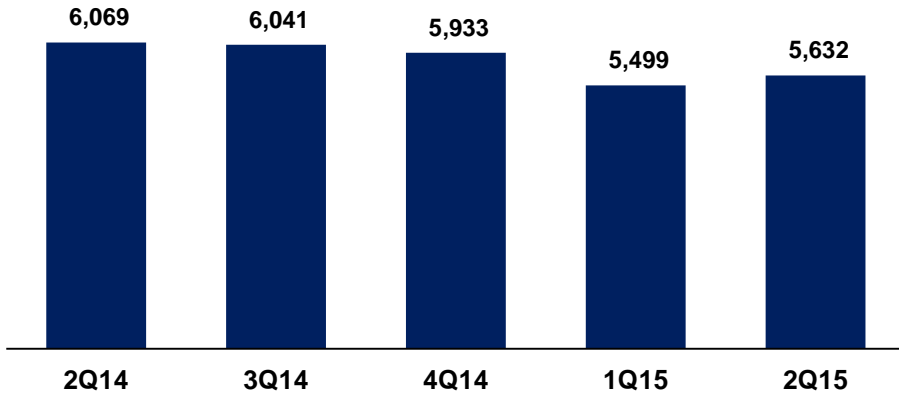
Smartphone penetration (%)



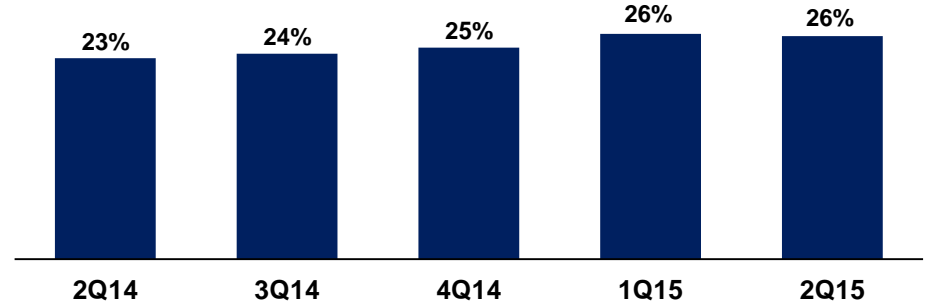
XL: financial performance

Encouraging 2Q15, demonstrating early signs of progress

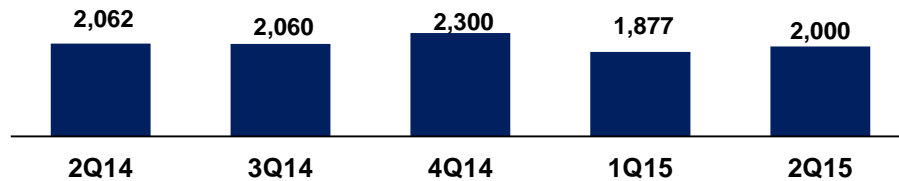
Revenue (IDR bn)



Data revenue as a % of total revenue

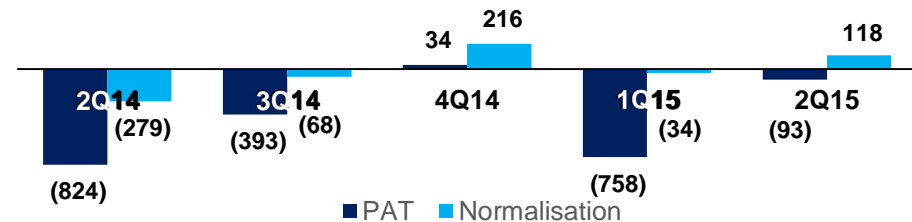


EBITDA (IDR bn) & margins (%)



Quarter	EBITDA Margin (%)
2Q14	34.0%
3Q14	34.1%
4Q14	38.8%
1Q15	34.1%
2Q15	35.5%

PAT (IDR bn) & margins (%)



Quarter	Normalised PAT Margin (%)
2Q14	-4.6%
3Q14	-1.1%
4Q14	3.6%
1Q15	-0.6%
2Q15	2.1%



XL: financial performance

EBITDA margin improved QoQ due to lower direct cost

Operating Expenses

% of Revenue	2Q14	3Q14	4Q14	1Q15	2Q15
Direct Expenses	14.5%	14.1%	13.3%	13.0%	9.2%
Sales and Marketing	5.6%	6.3%	6.9%	4.2%	4.5%
Network Cost	36.6%	37.5%	32.9%	40.8%	42.0%
Staff Cost	5.1%	5.0%	4.7%	4.6%	4.8%
Others incl. discount	4.3%	3.1%	3.5%	3.2%	4.0%
Total Expenses	66.0%	65.9%	61.2%	65.9%	64.5%
EBITDA Margin	34.0%	34.1%	38.8%	34.1%	35.5%
Depreciation & Amortisation	28.2%	31.6%	30.1%	32.6%	31.6%

Financial Position (IDR bn)

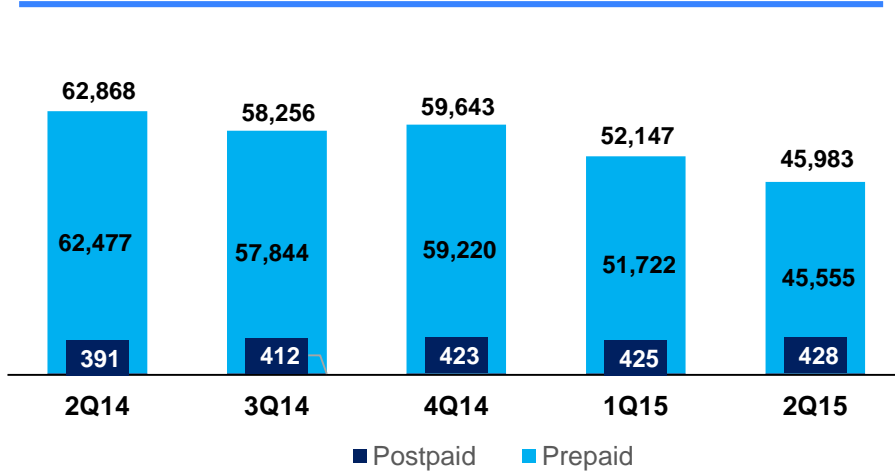
	30 Jun 14	31 Sept 14	31 Dec 14	31 Mar 15	30 Jun 15
Capitalised Capex	3,065	4,359	5,749	1,211	2,890
Cash and Cash Equivalents	2,490	3,147	6,951	6,853	5,500
Gross Debt	30,285	30,413	29,628	30,268	29,198
Net Assets	13,053	13,963	13,961	13,283	13,242
Gross Debt / Equity (x)	2.3	2.2	2.1	2.3	2.2
Gross Debt / EBITDA (x)	3.5	3.6	3.4	3.6	3.5



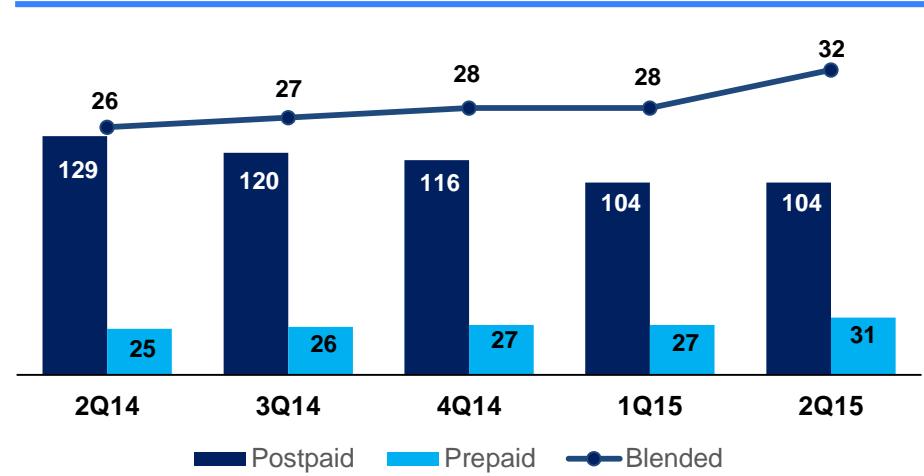
XL: operational performance

Focus on value subscribers drives up ARPU and MOU

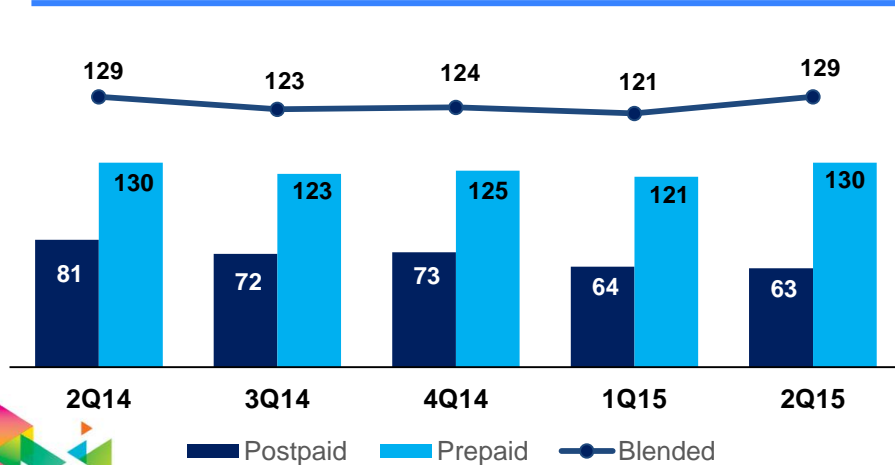
Subscribers ('000)



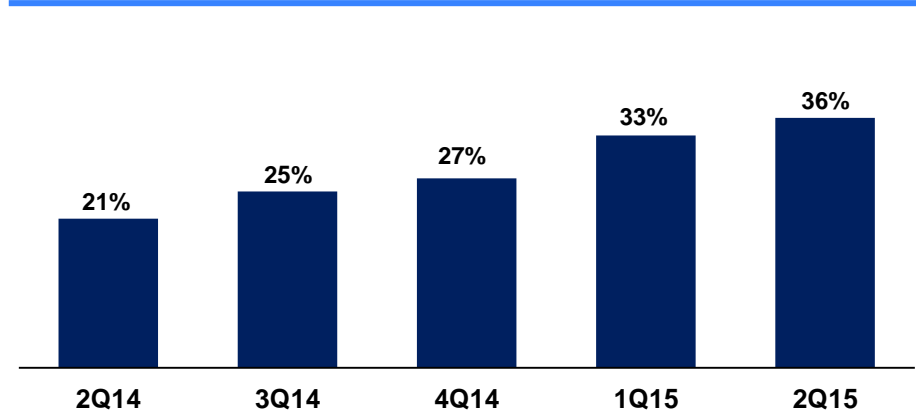
ARPU (IDR '000)



MOU/sub (min)



Smartphone penetration (%)

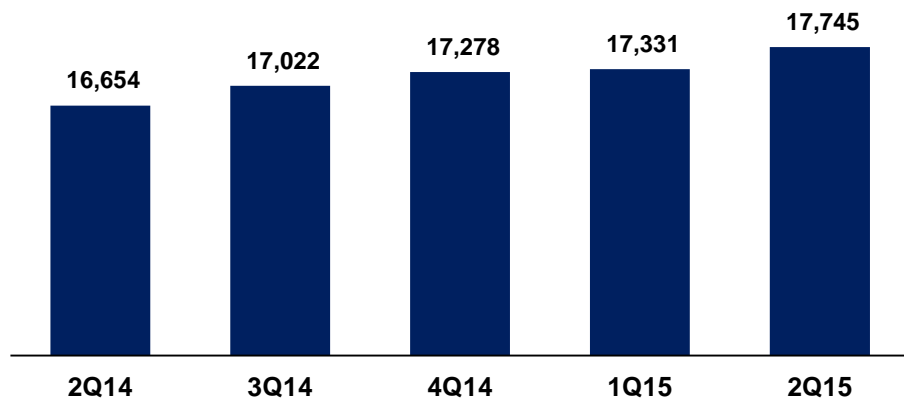


Dialog: financial performance

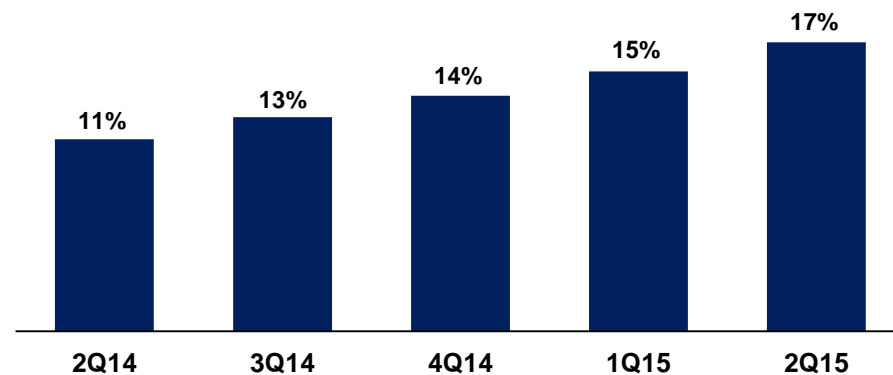
Strong performance despite industry-wide introduction of 25% bonus on mobile prepaid domestic calls



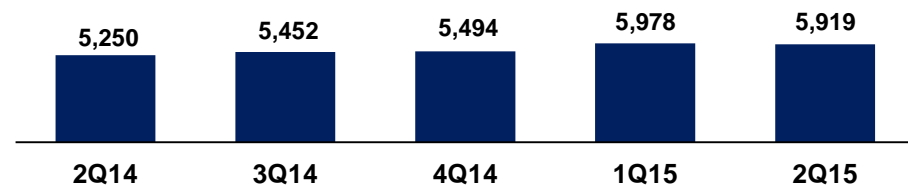
Revenue (SLR mn)



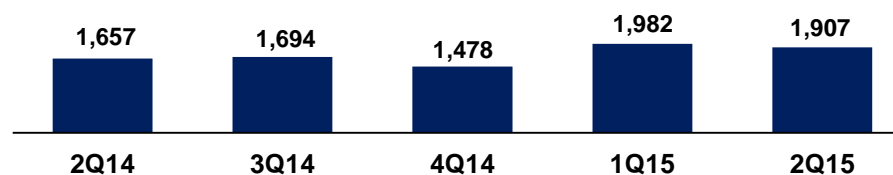
Data revenue as a % of total mobile revenue



EBITDA (SLR mn) & margins (%)



PAT (SLR mn) & margins (%)



EBITDA Margin	2Q14	3Q14	4Q14	1Q15	2Q15
EBITDA Margin	31.5%	32.0%	31.8%	34.5%	33.4%

PAT Margin	2Q14	3Q14	4Q14	1Q15	2Q15
PAT Margin	9.9%	10.0%	8.6%	11.4%	10.7%



Dialog: financial performance

Positive outcomes from cost management initiatives continue to support EBITDA margin 

Operating Expenses

% of Revenue	2Q14	3Q14	4Q14	1Q15	2Q15
Direct Expenses	27.0%	28.9%	27.7%	28.0%	29.6%
Sales and Marketing	13.0%	12.4%	13.5%	12.3%	13.1%
Network Cost	12.3%	12.3%	12.6%	10.9%	9.9%
Staff Cost	8.6%	8.4%	8.5%	8.1%	8.0%
Bad debts	2.6%	0.5%	0.5%	0.8%	1.1%
Others	5.0%	5.5%	5.4%	5.3%	4.9%
Total Expenses	68.5%	68.0%	68.2%	65.5%	66.6%
EBITDA Margin	31.5%	32.0%	31.8%	34.5%	33.4%
Depreciation & Amortisation	18.9%	19.0%	19.4%	19.0%	19.8%

Financial Position (SLR mn)

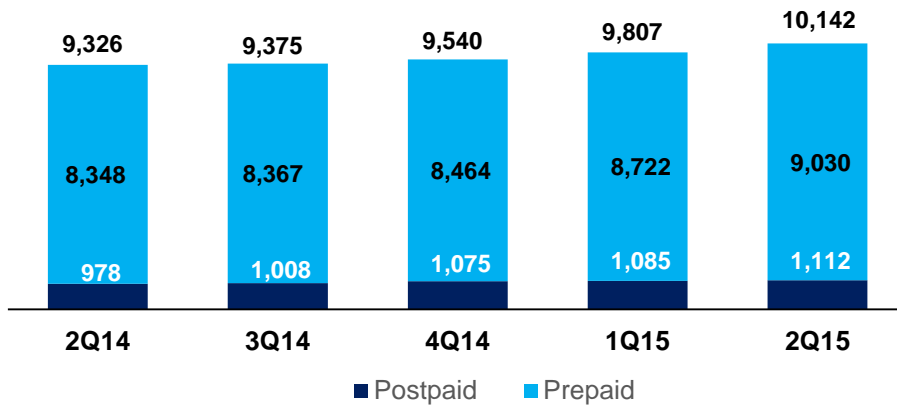
	30 Jun 14	31 Sept 14	31 Dec 14	31 Mar 15	30 Jun 15
Capex	5,645	9,667	15,204	2,249	5,799
Cash and Cash Equivalents	4,936	7,268	10,774	11,481	7,542
Gross Debt	27,576	27,584	27,874	28,169	24,542
Net Assets	40,273	42,045	44,832	46,773	47,643
Gross Debt / Equity (x)	0.7	0.7	0.6	0.6	0.5
Gross Debt / EBITDA (x)	1.4	1.3	1.3	1.2	1.0



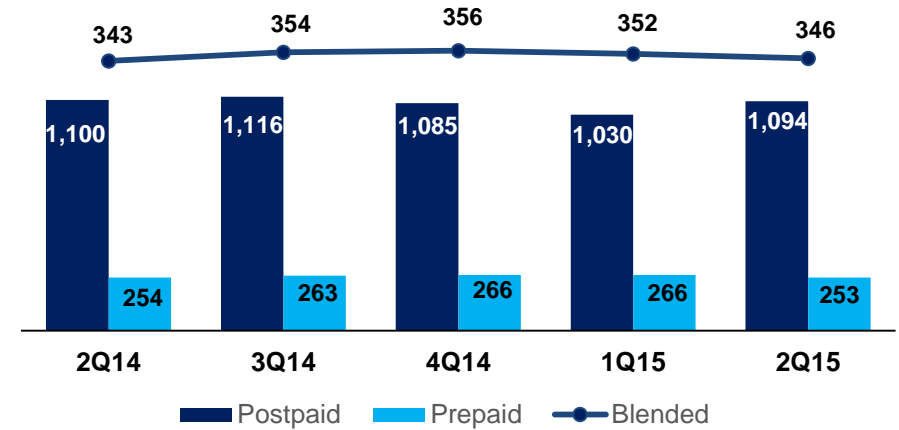
Dialog: operational performance

Mobile subscriber growth continues; up 3% QoQ and 9% YoY

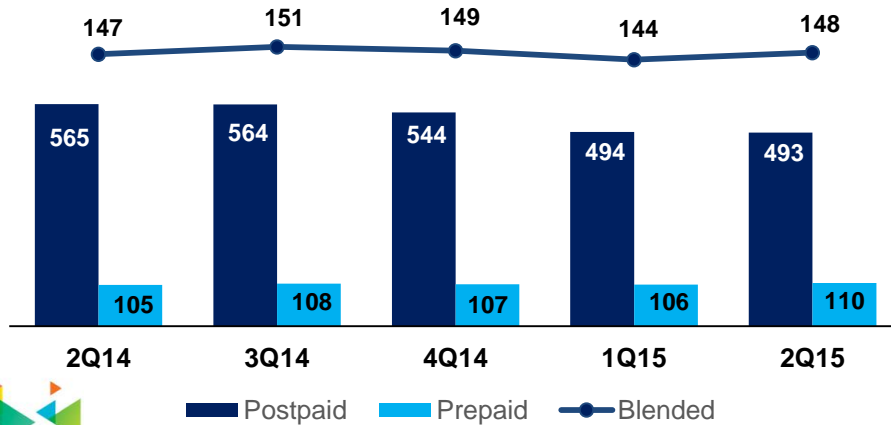
Subscribers ('000)



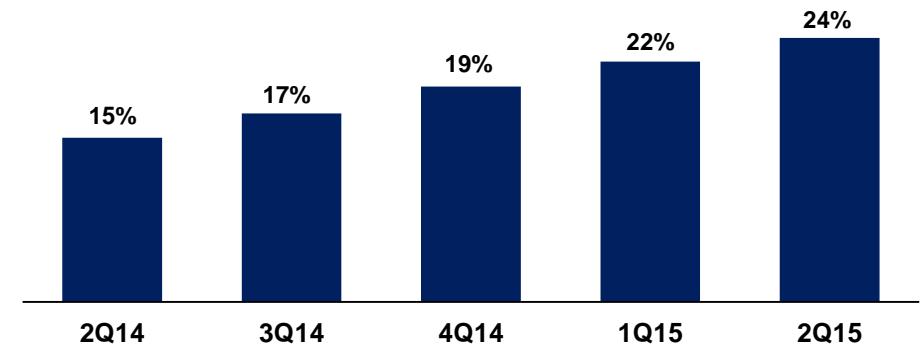
ARPU (SLR)



MOU/sub (min)



Smartphone penetration* (%)

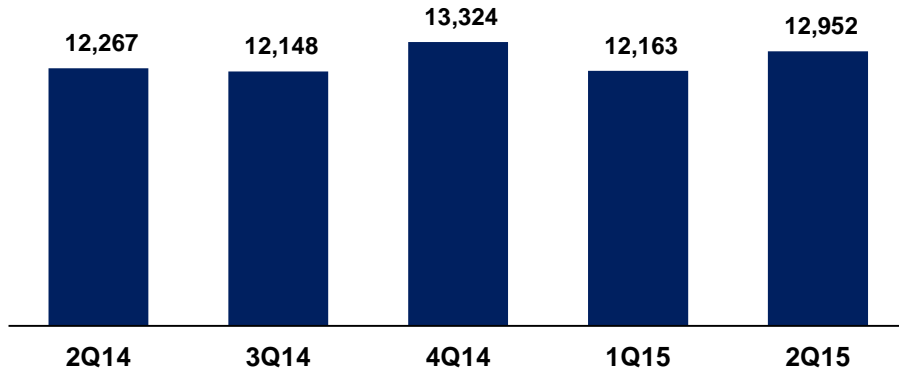


* Smartphone penetration calculated based on total smartphone subscribers over 90 days revenue generating base

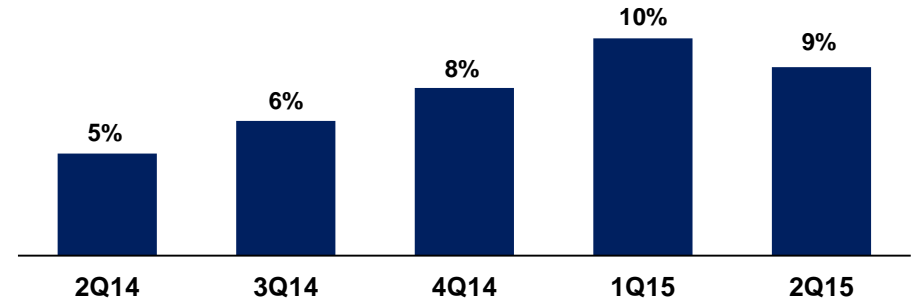
Robi: financial performance

Moderate performance due to heightened competition

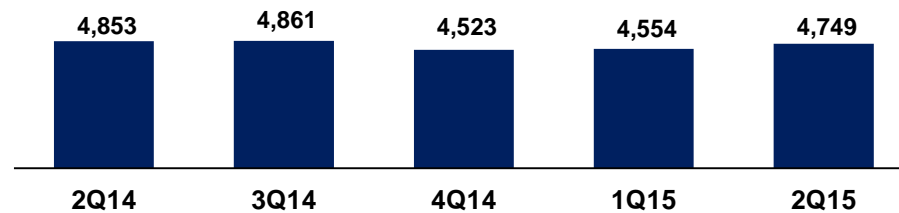
Revenue (BDT mn)



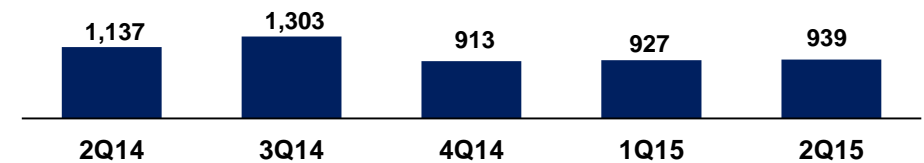
Data revenue as a % of total revenue



EBITDA (BDT mn) & margins (%)



PAT (BDT mn) & margins (%)



Quarter	EBITDA Margin (%)
2Q14	39.6%
3Q14	40.0%
4Q14	33.9%
1Q15	37.4%
2Q15	36.7%

Quarter	PAT Margin (%)
2Q14	9.3%
3Q14	10.7%
4Q14	6.9%
1Q15	7.6%
2Q15	7.3%



Robi: financial performance

Lower EBITDA margin due to increase in network costs

Operating Expenses

% of Revenue	2Q14	3Q14	4Q14	1Q15	2Q15
Direct Expenses	31.1%	34.3%	39.3%	33.3%	33.3%
Sales and Marketing	5.2%	5.1%	5.7%	5.7%	4.5%
Network Cost	11.3%	10.4%	10.3%	11.2%	11.7%
Staff Cost	5.7%	4.7%	5.5%	5.0%	5.2%
Bad debts	0.8%	-0.2%	0.5%	1.3%	2.0%
Others	6.3%	5.6%	4.7%	6.1%	6.5%
Total Expenses	60.4%	60.0%	66.1%	62.6%	63.3%
EBITDA Margin	39.6%	40.0%	33.9%	37.4%	36.7%
Depreciation & Amortisation	20.1%	21.0%	20.6%	21.1%	21.5%

Financial Position (BDT mn)

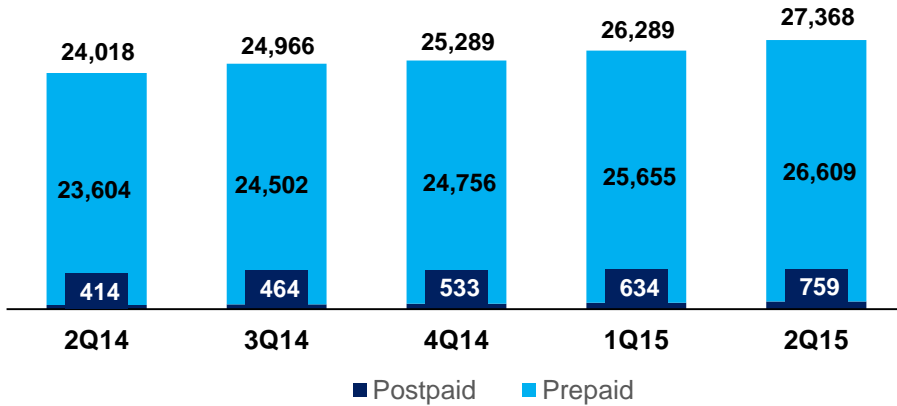
	30 Jun 14	31 Sept 14	31 Dec 14	31 Mar 15	30 Jun 15
Capex	9,929	14,451	20,986	6,409	13,542
Cash and Cash Equivalents	4,924	6,465	2,746	533	820
Gross Debt	11,730	11,577	9,033	10,428	13,326
Net Assets	44,294	45,597	45,096	45,675	46,614
Gross Debt / Equity (x)	0.3	0.3	0.2	0.2	0.3
Gross Debt / EBITDA (x)	0.6	0.6	0.5	0.6	0.7



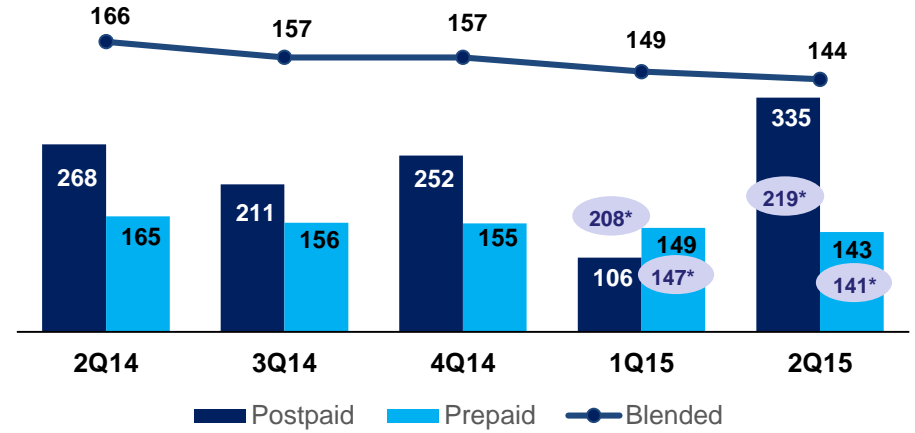
Robi: operational performance

Heightened competition erodes ARPU

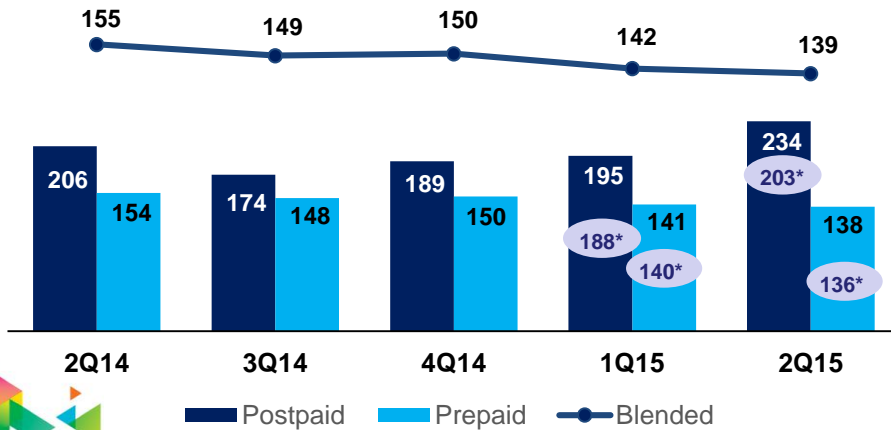
Subscribers ('000)



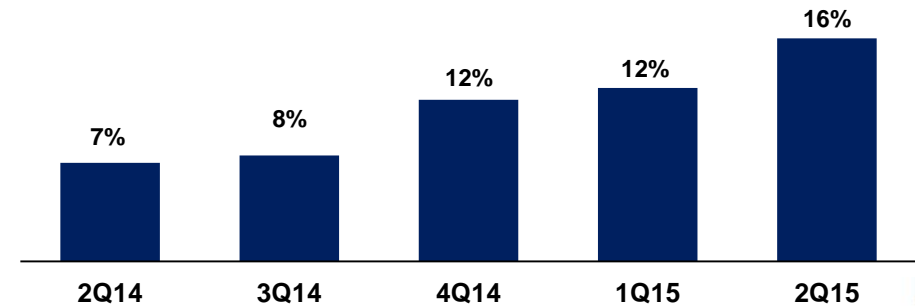
ARPU (BDT)



MOU/sub (min)



Smartphone penetration (%)



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

YTD'15 all OpCos currencies appreciated against RM

Local Currency	Average Rate YTD June'14	Average Rate 1Q15	Average Rate 2Q15	Average Rate YTD June 15	QoQ Appreciation/ (Depreciation) against MYR (%)	YTD Appreciation/ (Depreciation) against MYR (%)	QoQ Appreciation/ (Depreciation) against USD (%)	YTD Appreciation/ (Depreciation) against USD (%)
INDONESIAN RUPIAH, IDR	0.000279	0.000283	0.000279	0.000281	(1.41)	0.72	(2.55)	(10.68)
SRI LANKA RUPEE, LKR	0.025001	0.027312	0.027355	0.027333	0.16	9.33	(1.00)	(2.27)
BANGLADESHI TAKA, BDT	0.042038	0.046501	0.046984	0.046742	1.04	11.19	(0.13)	(0.17)
US DOLLAR, USD	3.266882	3.615475	3.657609	3.636542	1.17	11.32	0.00	0.00
SINGAPORE DOLLAR, SGD	2.590975	2.667632	2.723114	2.695373	2.08	4.03	0.90	(6.13)
PAKISTAN RUPEE, PKR	0.032398	0.035680	0.035936	0.035808	0.72	10.53	(0.44)	(0.93)
INDIAN RUPEE, INR	0.053735	0.058089	0.057686	0.057888	(0.69)	7.73	(1.84)	(4.12)

Sources :

Actual rate - Bloomberg 2014 & 2015



Thank You

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