



3Q 2015 Results

27 November 2015

Dato' Sri Jamaludin Ibrahim, President & Group CEO

Chari TVT, Group CFO

Executive summary: Financials

Good performance in 3Q15: Revenue reached the RM5bn mark, with significant QoQ growth in all key metrics due to better performance in most opcos and weaker RM

- ❖ **Good performance in 3Q15, lifted by forex translation. Positive QoQ revenue momentum across all opcos, whilst Celcom's was flat. 3Q15 PATAMI was boosted by forex gain, one-off gain from tower sale in XL and partially off-set by one time tax provision at Dialog.**
 - QoQ growth : Revenue 7.6% ; EBITDA 8.7% ; PATAMI 45.9%
 - YoY growth : Revenue 8.9% ; EBITDA 9.6% ; PATAMI 40.2%
 - YTD growth : Revenue 4.5% ; EBITDA 1.7% ; PATAMI 18.2%

- ❖ **At constant currency, 3Q15 operational performance improved on QoQ basis.**
 - QoQ growth : Revenue 2.9% ; EBITDA 3.9% ; PATAMI 42.5%
 - YoY growth : Revenue -0.3% ; EBITDA 0.3% ; PATAMI 33.7%
 - YTD growth : Revenue -0.6% ; EBITDA -3.3% ; PATAMI 13.6%

- ❖ **Celcom is stabilising, whilst XL has seen further positive momentum and is starting to reap benefits from its transformation agenda.**

- ❖ **Strong cash balance of RM4.4bn, gross debt/EBITDA of 1.92x with reduced exposure to USD-denominated debt.**



Key Group highlights (1/3):

Celcom performance remains challenging but has generally stabilized; XL's new strategy continues to show encouraging traction.



- Celcom performance remains challenging but has generally stabilized.
- Celcom's YTD revenue, normalised EBITDA, and normalised PATAMI is -4.5%, -9.4%, and -15.9%, respectively.
- After two consecutive quarters of service revenue decline, 3Q15 grew 0.7% QoQ.
- Records second consecutive quarter of positive net adds of 169k in 3Q15 (+61k in 2Q15), primarily driven by prepaid Magic SIM launched in June.
- YTD mobile data revenue and mobile internet revenue grew 25.7% and 58.1% respectively.



- XL's new strategy continues to show encouraging traction.
- XL's YTD revenue and EBITDA is -3.7% and -4.0%, respectively.
- Continued positive momentum with 4.0% QoQ revenue growth, driven by voice (+11.3%) and data (+4.6%). EBITDA margin strengthen further by +2% pp to 37.5%.
- Leading indicators generally continue to trend positively with improving subscriber mix, joiners ARPU > churning ARPU, rising reload/subscriber and increased share of modern distribution channels; transforming traditional channels and Axis performance are slightly below expectations.
- At end-October, XL has fully repaid and refinanced all its unhedged external USD debt of USD580mn.

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



Key Group highlights (2/3):

Overall Dialog's performance has been consistently excellent; Robi performed moderately; Smart's exceptionally strong performance YTD but moderated in 3Q15.



- Overall performance QoQ and YTD have been consistently good in most measurements.
- Strong performance with YTD revenue, EBITDA and PAT growth of 7.8%, 18.2% and -1.1% respectively. PAT includes forex losses of SLR1.4bn.
- 3Q15 revenue performance grew 6.0% QoQ supported by increase in subscribers for mobile and TV, and removal of the 25.0% bonus on mobile prepaid domestic calls in August.
- YTD EBITDA margin rose +3% pp to 33.8%, backed by revenue growth and cost management initiatives.
- YTD mobile data revenue grew by 63.0%, and in 3Q15 by 18.7% QoQ.



- Competition continues to be very stiff and in that context, Robi performed moderately.
- YTD revenue, normalised EBITDA and normalised PAT grew 6.7%, 1.6% and -15.5% respectively.
- 3Q15 performance was driven by Eid seasonality, device sales and data revenue growth of 14.8% QoQ (YTD +103.8%)
- In spite of heightened competition, Robi increased its subscribers by 3.7% QoQ and 13.6% YoY to 28.4m.



- Exceptionally strong YTD performance but moderated in 3Q15 due to aggressive competitive reaction.
- Strong performance with YTD revenue, EBITDA and PAT growth of 33.8%, 60.7% and 58.7% respectively.
- YTD revenue growth was driven by voice (+10.2%) and data (+102.1%).
- Total data subscribers grew 44.6% YoY to 2.3m. YTD data revenue contributed 31.3% to total revenue.

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

Key Group highlights (3/3):

Idea and M1 contributed significantly to Axiata PATAMI (YTD15: 19.1% vs. YTD14: 17.1%)



Associates



India

- Steady 2QFY16 performance with strong YTD revenue, EBITDA and PAT growth of 15.6%, 25.8% and 17.2% respectively. YTD Idea has contributed RM278.7m (+45.5% YTD).



Singapore

- YTD revenue, EBITDA and PAT growth of 16.3%, 1.8% and 2.8% respectively. M1 has contributed RM119.1m (+7.0% YTD).



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

Financials

Good performance in 3Q15: Revenue reached the RM5bn mark, with significant QoQ growth in all key metrics due to better performance in most opcos and weaker RM

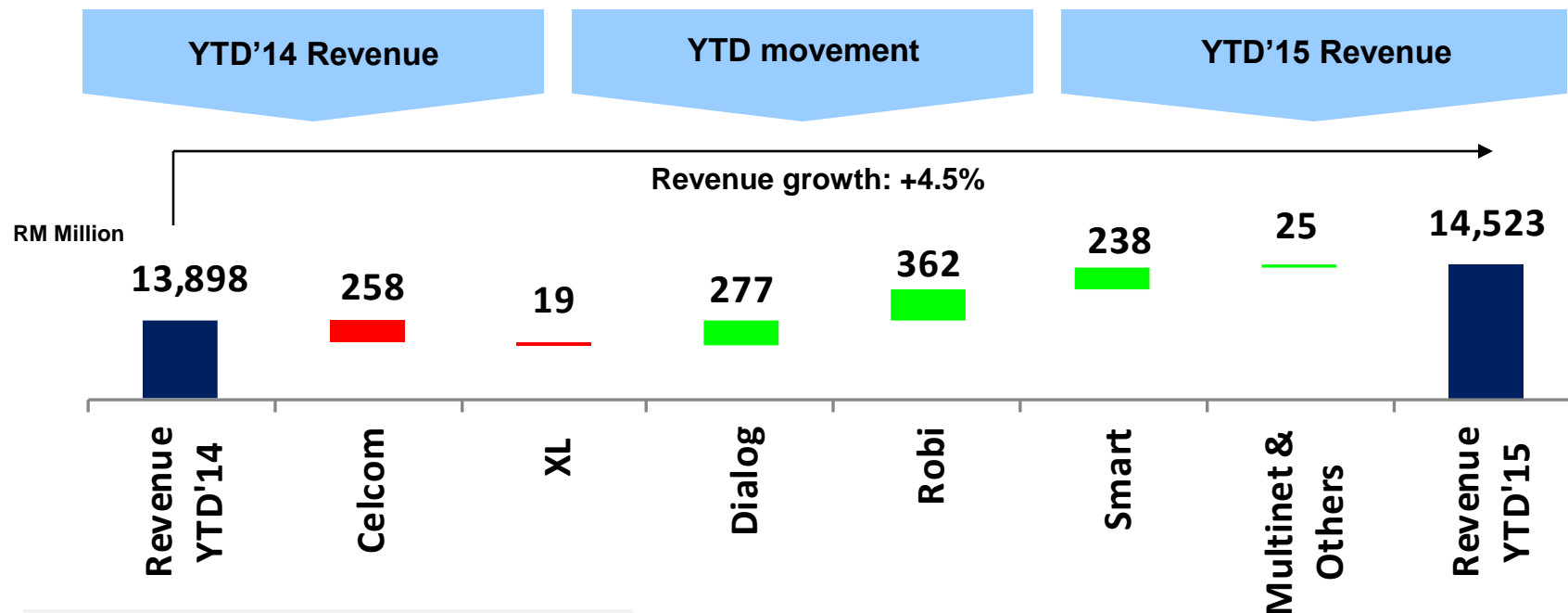
Financial highlights						
<u>RM mn</u>	<u>3Q15</u>	<u>YTD</u>	<u>QoQ growth</u>	<u>YoY growth</u>	<u>YTD growth</u>	<u>YTD growth (constant currency)</u>
Revenue	5,065	14,523	7.6%	8.9%	4.5%	-0.6%
EBITDA	1,864	5,320	8.7%	9.6%	1.7%	-3.3%
EBITDA margin %	36.8%	36.6%	+0.4pp	+0.3pp	-1.0pp	-1.0pp
PAT	955	2,121	51.7%	55.4%	21.3%	16.1%
Normalised PAT	563	1,744	-8.8%	2.1%	-5.6%	-16.3%
PATAMI	891	2,087	45.9%	40.2%	18.2%	13.6%
Normalised PATAMI	516	1,657	-11.9%	-4.4%	-7.4%	-12.8%
ROIC %	-	7.6%	-	-	-1.4pp	8.2%
ROCE %	-	6.7%	-	-	-0.9pp	7.2%
Capex	1,186	3,470	-0.7%	21.6%	26.2%	
<i>% of revenue</i>	23.4%	23.9%				
Operating Free Cash Flow*	431	1,054	76.7%	-3.7%	-30.5%	
<i>% of revenue</i>	8.5%	7.3%				

*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), Dialog (mobile and TV revenue) and Smart (data and voice revenue)

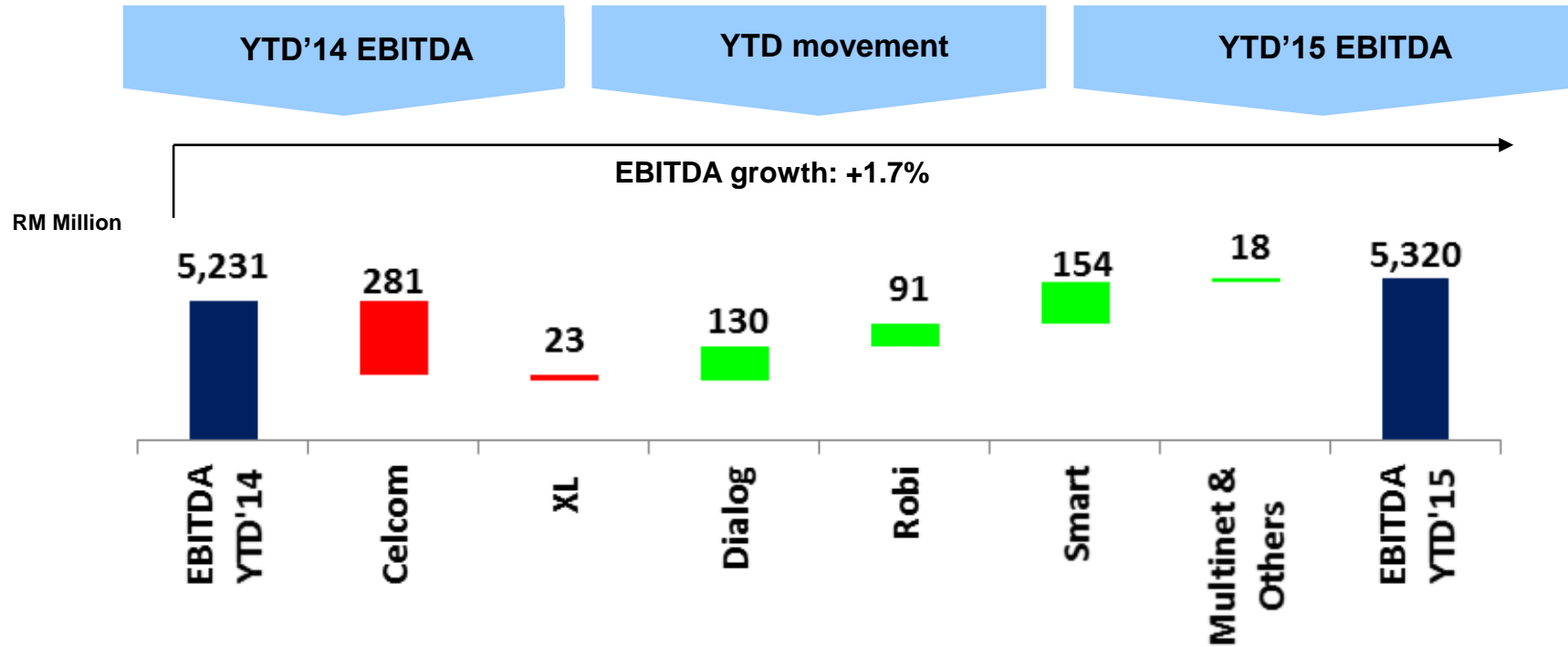


Revenue	YTD'14	YTD Growth Rates	Revenue	YTD'15
Celcom	5,778	(-258) -4.5%	Celcom	5,520
XL	4,842	(-19) -0.4%	XL	4,823
Dialog	1,242	(+277) +22.3%	Dialog	1,519
Robi	1,508	(+362) +24.1%	Robi	1,870
Smart	420	(+238) +56.4%	Smart	658
Multinet & Others	108	(+25) +22.7%	Multinet & Others	133
GROUP	13,898	(+625) +4.5%	GROUP	14,523



Group EBITDA: YTD'14 → YTD'15

YTD EBITDA growth mainly due to Smart (data and voice revenue) and Dialog (data and VAS revenue)

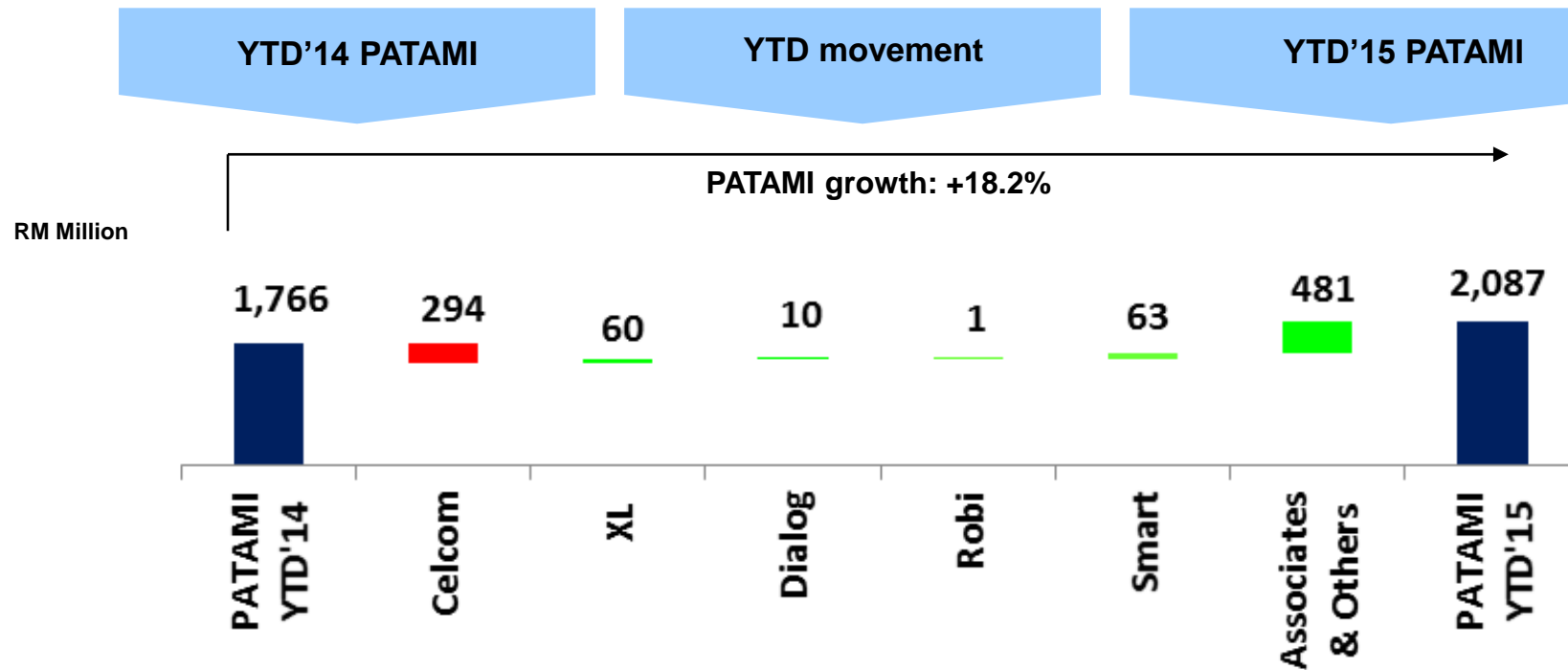


EBITDA	YTD'14	YTD Growth Rates	EBITDA	YTD'15
Celcom	2,343	(-281) -12.0%	Celcom	2,062
XL	1,816	(-23) -1.3%	XL	1,793
Dialog	383	(+130) +34.0%	Dialog	513
Robi	585	(+91) +15.5%	Robi	676
Smart	175	(+154) +88.6%	Smart	329
Multinet & Others	(71)	(+18) +25.2%	Multinet & Others	(53)
GROUP	5,231	(+89) +1.7%	GROUP	5,320



Group PATAMI: YTD'14 → YTD'15

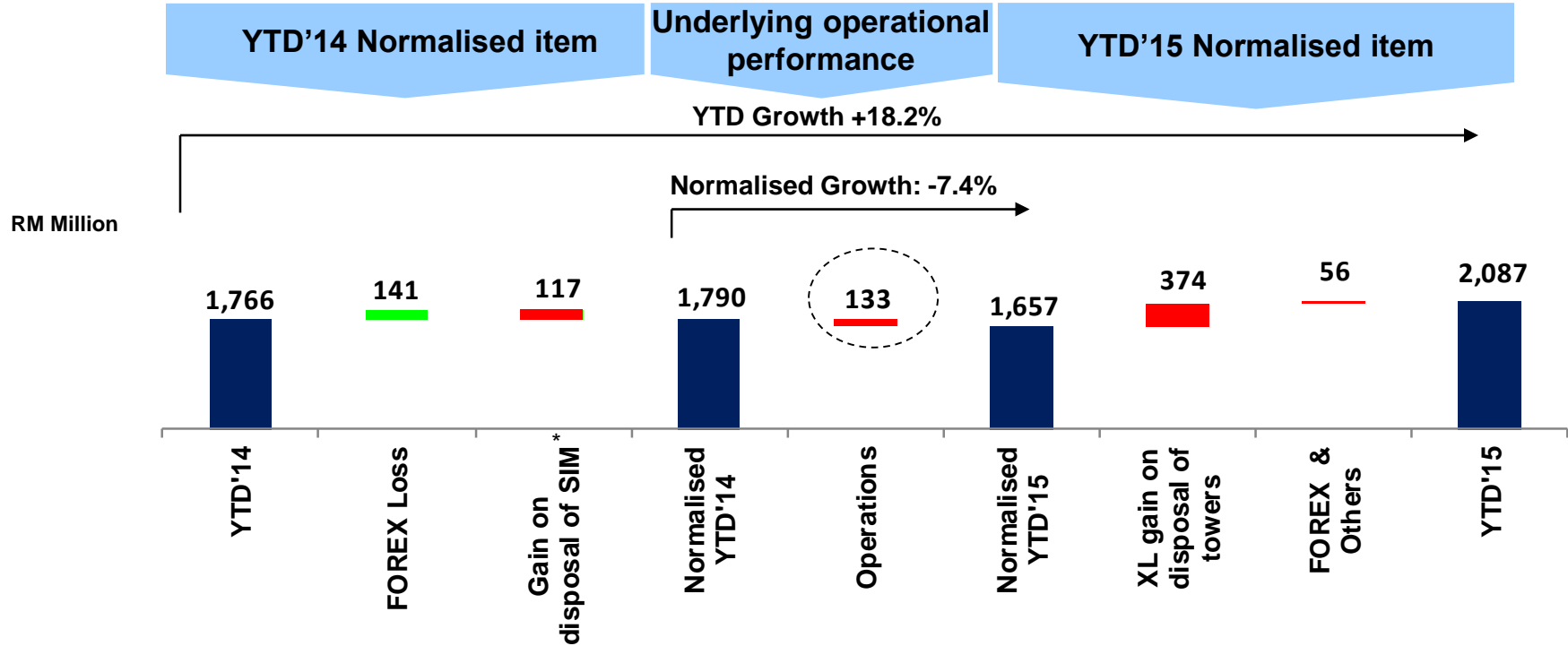
YTD PATAMI increased mainly due to better performance at Dialog and Smart; forex gain, XL tower gain and Idea



PATAMI	YTD'14		FY Growth Rates		PATAMI	YTD'15
Celcom	1,331	(-294)	-22.1%	→	Celcom	1,037
XL	(158)	(+60)	+38.0%	→	XL	(98)
Dialog	97	(+10)	+10.4%	→	Dialog	107
Robi	133	(+1)	+0.2%	→	Robi	134
Smart	77	(+63)	+81.2%	→	Smart	140
Associates & Others	285	(+481)	+168.9%	→	Associates & Others	767
GROUP	1,766	(+321)	+18.2%	→	GROUP	2,087

Normalised Group PATAMI: YTD'14 → YTD'15

Normalised performance lower by 7.4% due to Celcom and XL



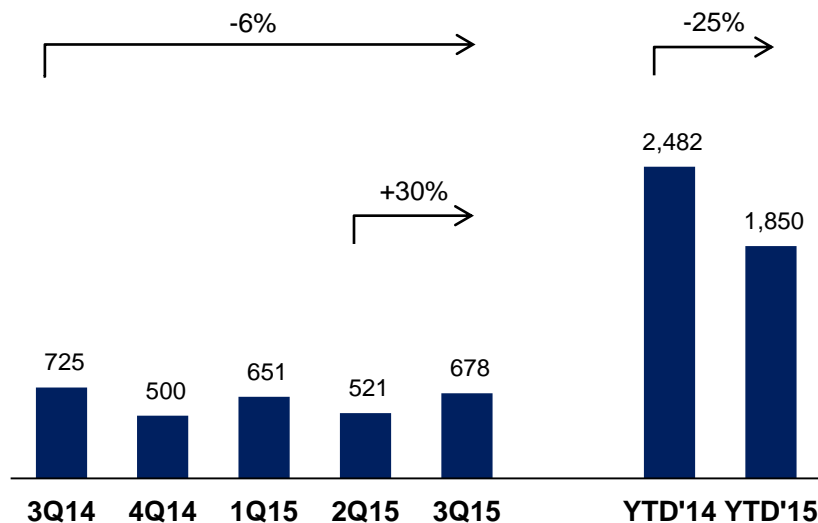
Norm. PATAMI	YTD'14	FY Growth Rates	Norm. PATAMI	YTD'15
Celcom	1,328	(-272) -20.5%	Celcom	1,056
XL	(1)	(-36) -2735.7%	XL	(37)
Dialog	92	(+60) +65.2%	Dialog	152
Robi	131	(-2) -1.1%	Robi	129
Smart	77	(+63) +81.0%	Smart	140
Associates & Others	163	(+54) +32.6%	Associates & Others	216
GROUP	1,790	(-133) -7.4%	GROUP	1,657

*SIM – Samart I-Mobile Public Co Ltd

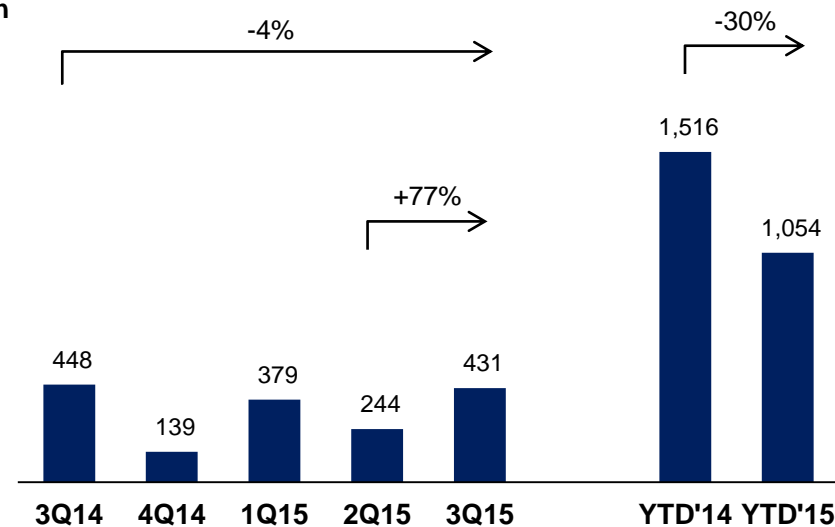
Capital expenditure

Elevated investments to boost mobile data leadership

FCF
RM mn



OFCF
RM mn



Capex (RM mn)	YTD'14	YTD'15
Celcom	460	555
XL	1,249	1,234
Dialog	235	298
Robi	592	1,029
Smart	135	244
Others	78	109
Total	2,749	3,470

Note:
 Numbers may not add up due to rounding
 FCF=EBITDA-Capex
 OFCF= EBITDA- Capex- Net Interest-Tax
 3Q14 to 4Q14 are restated figures

Group statements of financial position

Strong cash balance, with reduced exposure to unhedged USD debt as percentage of total USD debt from 50.2% in 2Q15 to 38.5% in 3Q15 (24.1% as of end-October 2015)

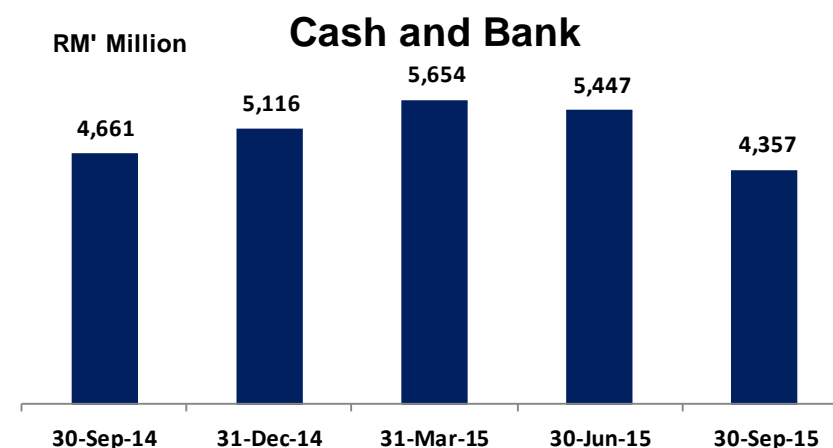
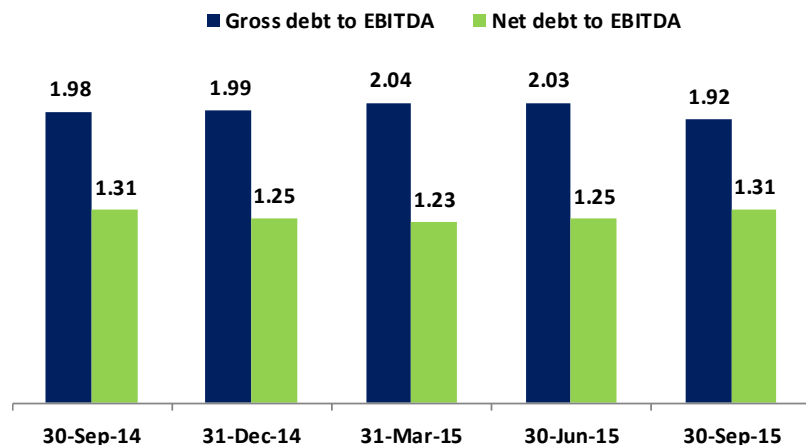


Group borrowings

In million	Loan Currency	USD	LC	Total (RM)
Holdco & Non Opco	USD	300	-	1,357
	Sub-total	300	-	1,357
OpCos	USD	1,007		4,500
	RM			4,482
	IDR (bn)		9,694,477	2,947
	BDT		5,406	305
	SLR		1,032	32
	PKR		603	26
	Sub-total	1,007		12,292
Total Group	1,307		13,649	

Group cash balance

RM Million	Currency	Amount
Holdco & Non OpCo	USD & other FCY	59
	Local (RM)	1,040
	Sub-total	1,099
OpCos	USD	848
	Local (RM)	1,288
	Local (ex-RM)	1,122
	Sub-total	3,258
Total Group		4,357



FY15 headline KPIs: Guidance

Internal and external factors affected KPIs

	FY15 Headline KPIs*	Guidance (actual currency)	Guidance (constant currency)
Revenue growth	4.0%	In-line	Challenging
EBITDA growth	4.0%	Slightly below	Challenging
ROIC (%)	8.7%	Slightly below	Slightly below
ROCE (%)	7.7%	Slightly below	Slightly below

FY15 forecast capex = RM4.5 - 4.8bn (Capex is not a headline KPI)

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

Opportunities

- ❖ Accelerated recovery at Celcom.
- ❖ Dual brand strategy for XL and Axis to deliver higher revenue growth and improve profitability.
- ❖ Organic and inorganic growth in edotco.
- ❖ Potential in-country consolidation.
- ❖ Committed investments in data leadership driving data growth.

Challenges

- ❖ Regulatory challenges in Malaysia, Bangladesh and Sri Lanka.
- ❖ Heightened competition in Malaysia, Bangladesh and Cambodia.
- ❖ Sluggish macroeconomic conditions in Malaysia and Indonesia.



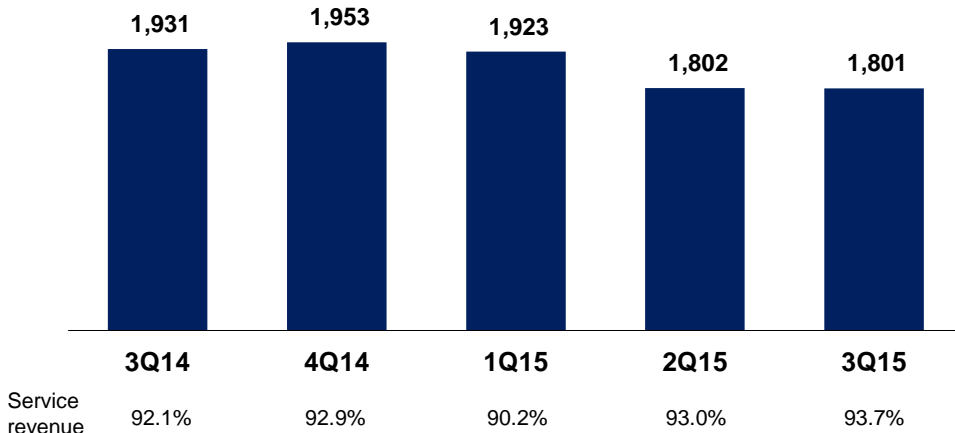
Appendix



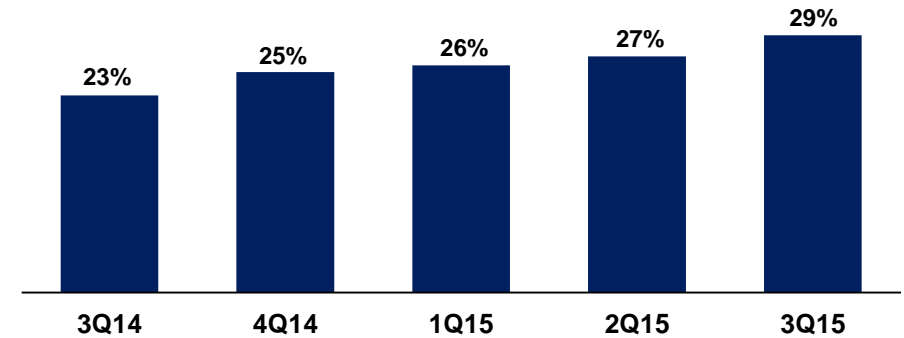
Celcom: financial performance

Positive QoQ service revenue growth after two consecutive quarters of decline

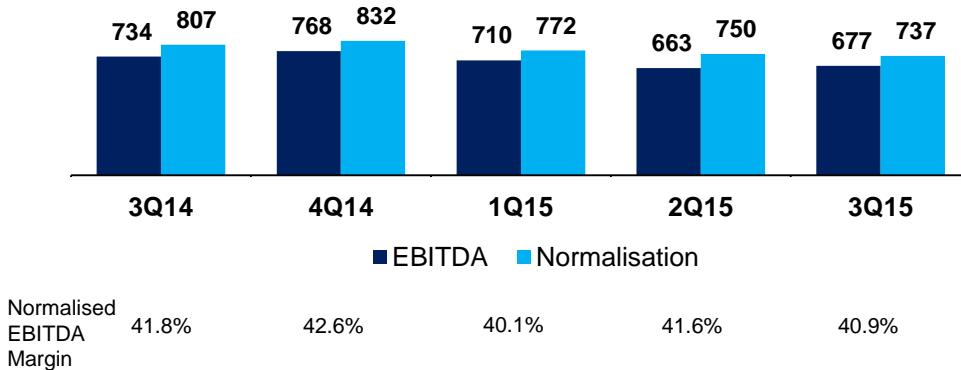
Revenue (RM mn)



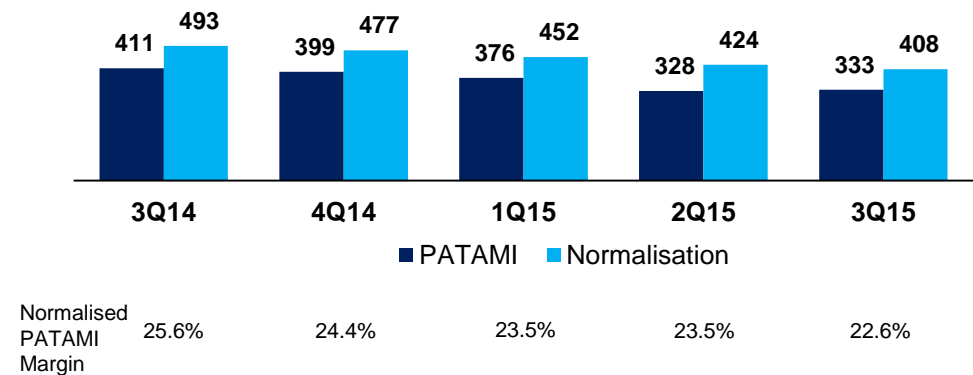
Data revenue as a % of total revenue



EBITDA* (RM mn) & margins (%)



PATAMI* (RM mn) & margins (%)



*
1. Normalisation – excludes impact of Edotco disposal, holding company charge, Escape, and interest/charges on Sukuk

Celcom: financial performance

Higher network cost attributed to lower margin as Celcom accelerates data investments



Operating Expenses [^]

% of Revenue	3Q14	4Q14	1Q15	2Q15	3Q15
Direct Expenses	27.9%	27.7%	29.8%	27.6%	27.4%
Sales and Marketing	6.7%	6.1%	6.3%	7.5%	6.7%
Network Cost	10.3%	10.6%	9.6%	13.3%	14.1%
Staff Cost	7.6%	7.5%	7.3%	5.7%	5.4%
Bad Debts	0.5%	0.9%	0.5%	0.3%	0.2%
Others	5.3%	4.6%	6.3%	4.0%	5.2%
Total Expenses	58.2%	57.4%	59.9%	58.4%	59.1%
EBITDA Margin	41.8%	42.6%	40.1%	41.6%	40.9%
Depreciation & Amortisation	9.2%	10.2%	10.2%	12.0%	11.7%

Financial Position (RM mn)

	30 Sept 14	31 Dec 14	31 Mar 15	30 June 15	30 Sept 15
Capex	504	845	186	344	558
Cash and Cash Equivalents	2,067	2,032	2,537	1,506	1,312
Gross Debt	4,987	5,026	4,986	5,037	4,482
Net Assets	-1,477	-1,074	-700	-1,472	-1,133
Gross Debt / Equity (x)	n/m	n/m	n/m	n/m	n/m
Gross Debt / EBITDA (x)	1.5	1.5	1.6	1.7	1.5

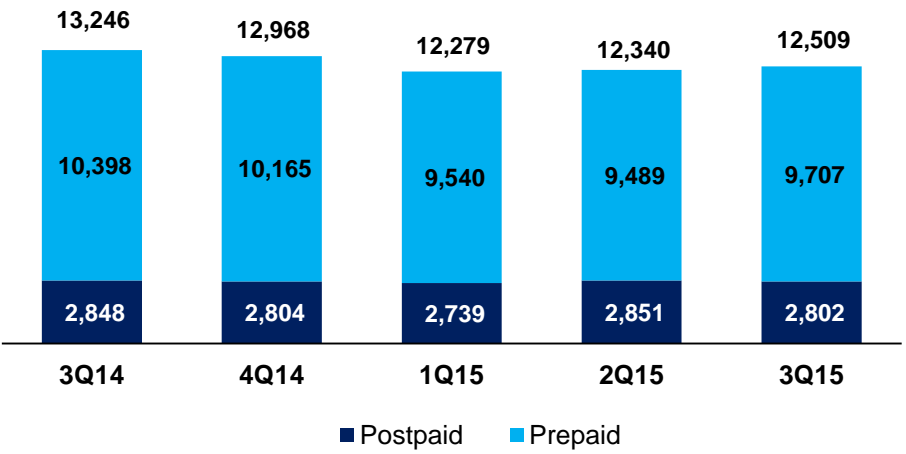
[^] OPEX and EBITDA Margin excludes holding company charge, impact of Edotco disposal and Escape

Celcom: operational performance

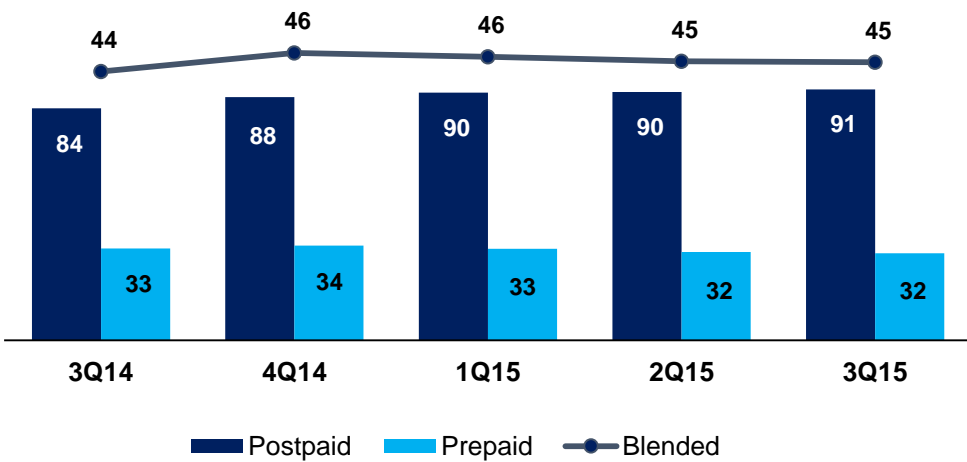
Momentum continues with subscriber net adds primarily from prepaid Magic Sim



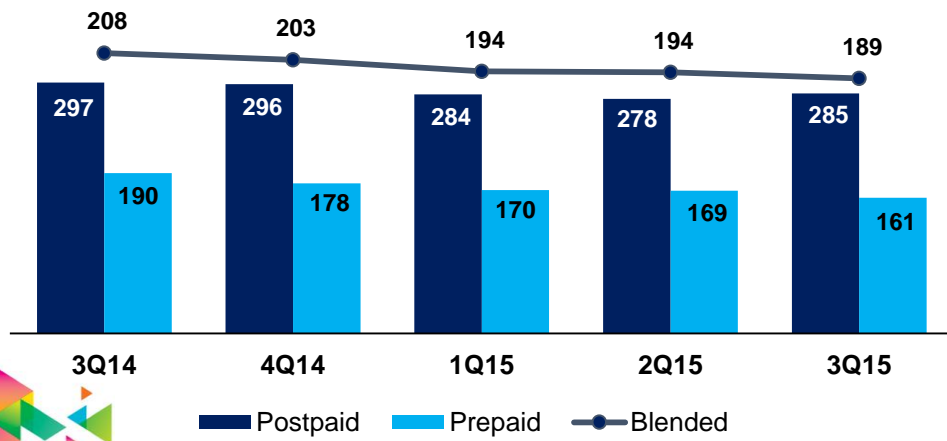
Subscribers ('000)



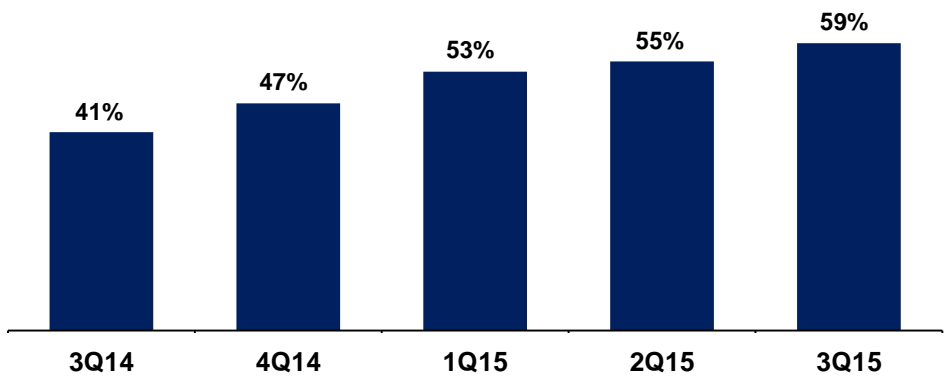
ARPU (RM)



MOU/sub (min)



Smartphone penetration (%)

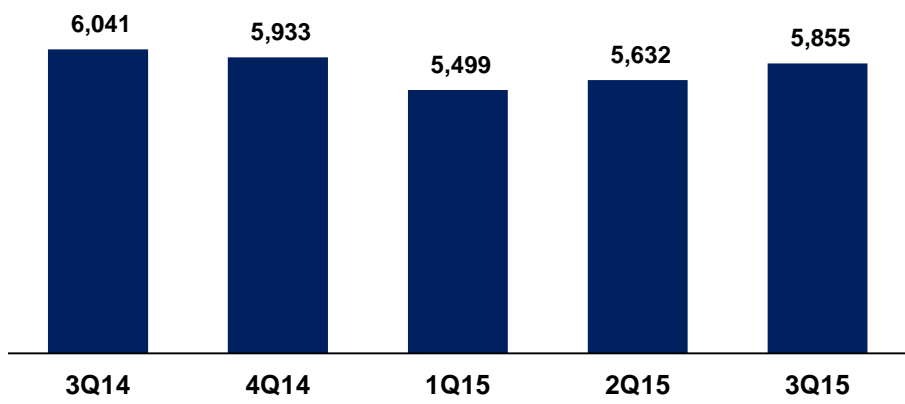


XL: financial performance

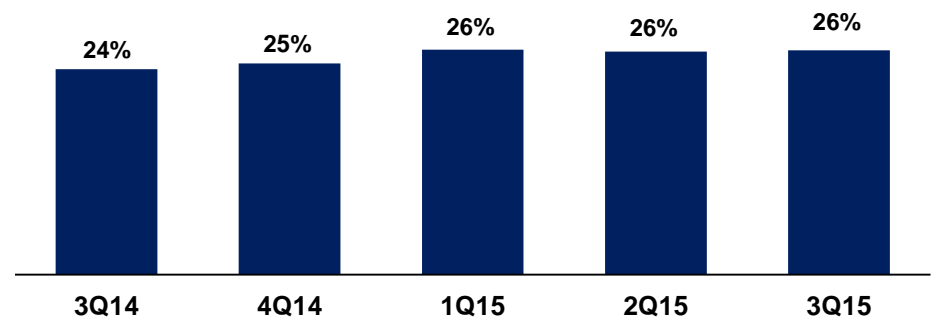
Further positive momentum from its transformation strategy



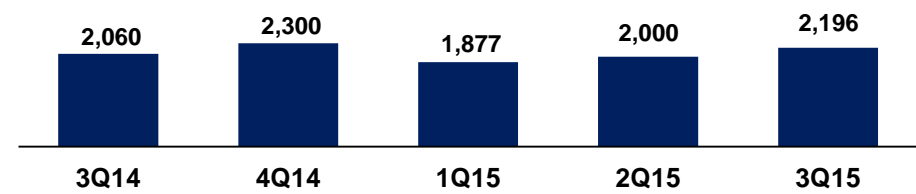
Revenue (IDR bn)



Data revenue as a % of total revenue

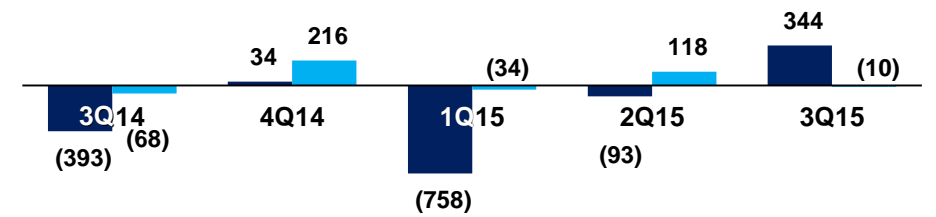


EBITDA (IDR bn) & margins (%)



Quarter	EBITDA Margin (%)
3Q14	34.1%
4Q14	38.8%
1Q15	34.1%
2Q15	35.5%
3Q15	37.5%

PAT (IDR bn) & margins (%)



Quarter	Normalised PAT Margin (%)
3Q14	-1.1%
4Q14	3.6%
1Q15	-0.6%
2Q15	2.1%
3Q15	-0.2%



XL: financial performance

Balance sheet is strengthened; at end October all external USD debt is hedged

Operating Expenses

% of Revenue	3Q14	4Q14	1Q15	2Q15	3Q15
Direct Expenses	14.1%	13.3%	13.0%	9.2%	9.1%
Sales and Marketing	6.3%	6.9%	4.2%	4.5%	5.2%
Network Cost	37.5%	32.9%	40.8%	42.0%	40.3%
Staff Cost	5.0%	4.7%	4.6%	4.8%	4.7%
Others incl. discount	3.1%	3.5%	3.2%	4.0%	3.1%
Total Expenses	65.9%	61.2%	65.9%	64.5%	62.5%
EBITDA Margin	34.1%	38.8%	34.1%	35.5%	37.5%
Depreciation & Amortisation	31.6%	30.1%	32.6%	31.6%	28.7%

Financial Position (IDR bn)

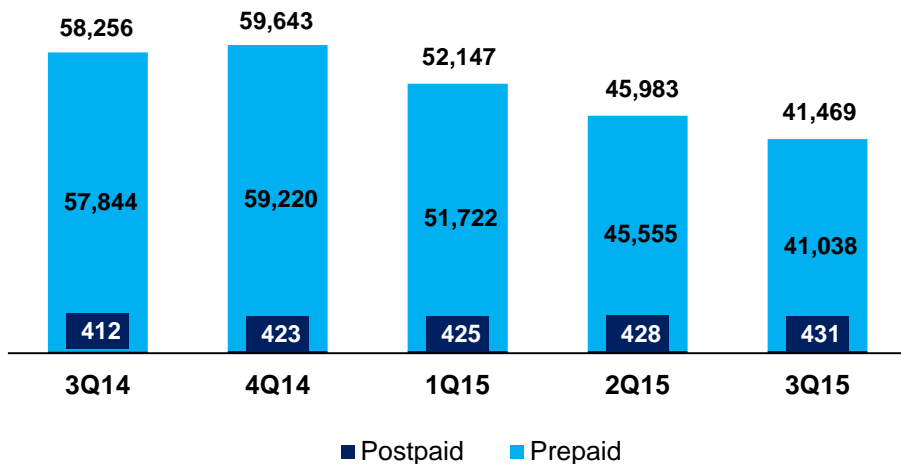
	30 Sept 14	31 Dec 14	31 Mar 15	30 Jun 15	30 Sept 15
Capitalised Capex	4,359	5,749	1,211	2,890	4,330
Cash and Cash Equivalents	3,147	6,951	6,853	5,500	3,644
Gross Debt	30,413	29,628	30,268	29,198	27,049
Net Assets	13,963	13,961	13,283	13,242	13,620
Gross Debt / Equity (x)	2.2	2.1	2.3	2.2	2.0
Gross Debt / EBITDA (x)	3.6	3.4	3.6	3.5	3.2



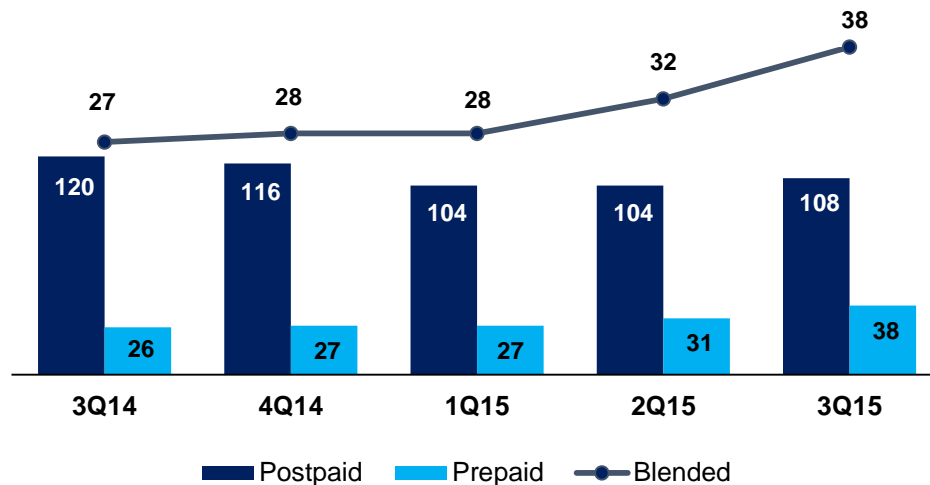
XL: operational performance

Focused on profitable subscribers

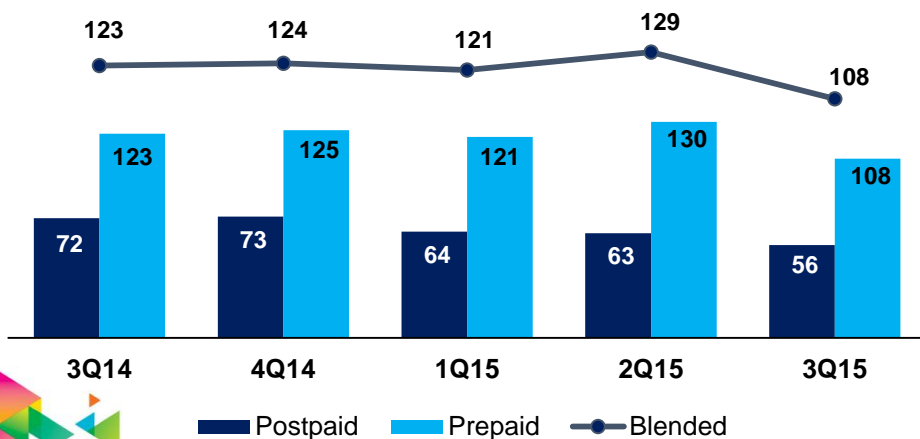
Subscribers ('000)



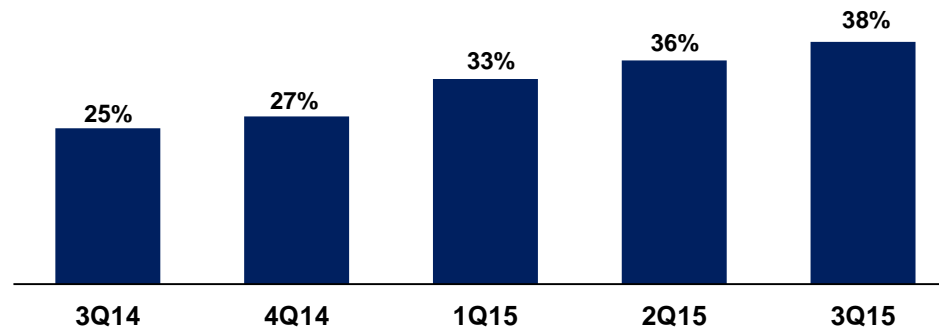
ARPU (IDR '000)



MOU/sub (min)



Smartphone penetration (%)

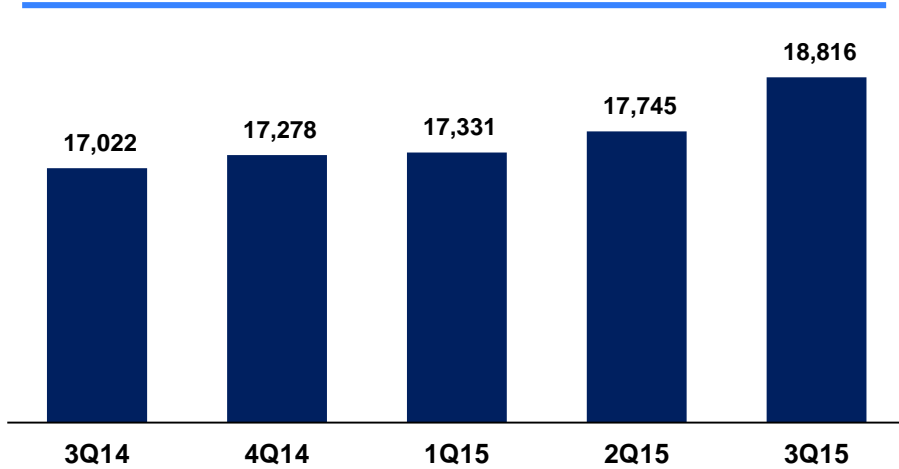


Dialog: financial performance

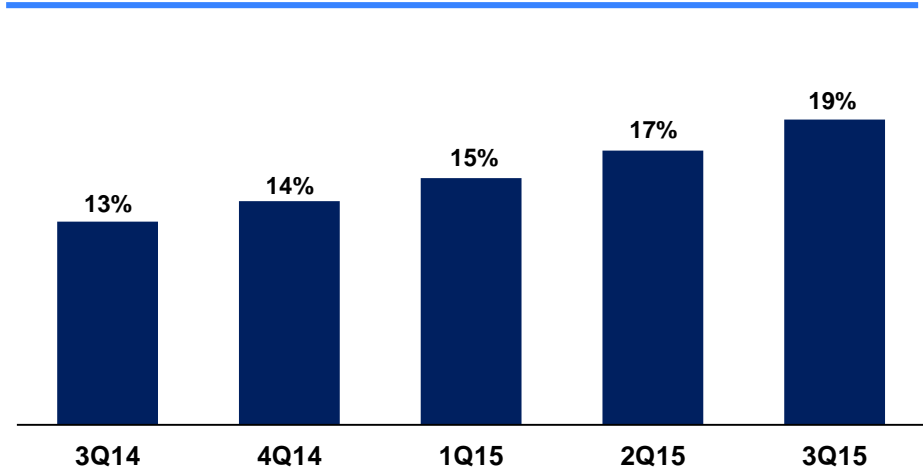
Strong revenue and EBITDA performance; 3Q15 PAT impacted by forex translation losses of SLR1.4bn



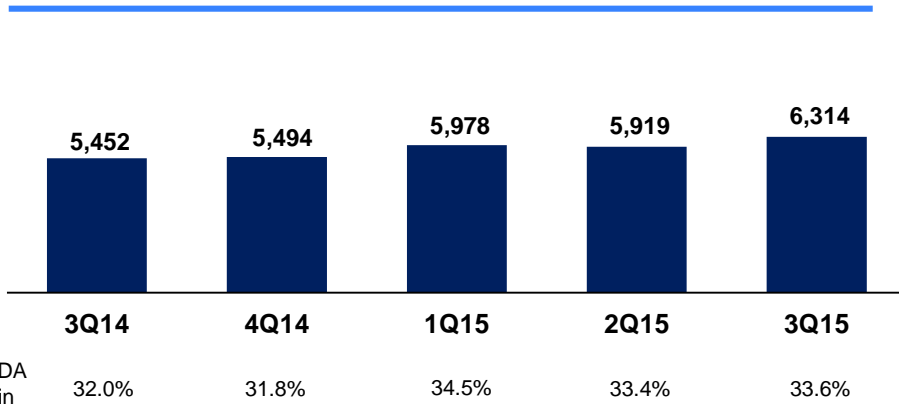
Revenue (SLR mn)



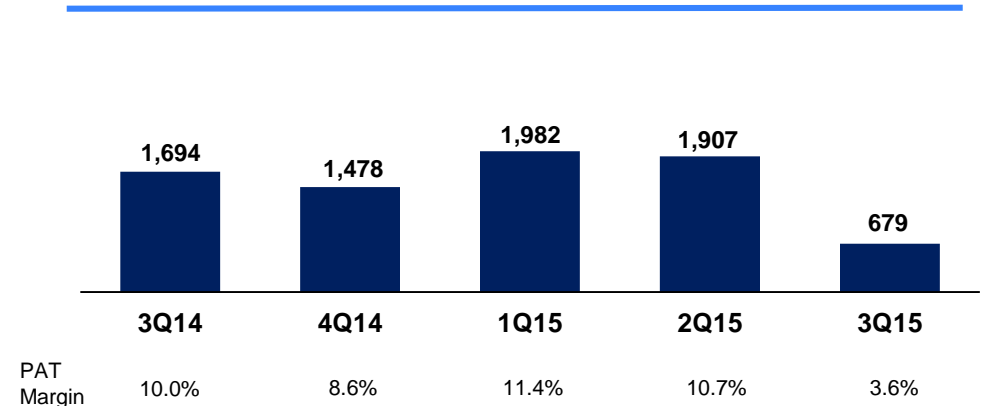
Data revenue as a % of total mobile revenue



EBITDA (SLR mn) & margins (%)



PAT (SLR mn) & margins (%)



Dialog: financial performance

EBITDA improvement driven by strong revenue growth and cost management initiatives 

Operating Expenses

% of Revenue	3Q14	4Q14	1Q15	2Q15	3Q15
Direct Expenses	28.9%	27.7%	28.0%	29.6%	29.0%
Sales and Marketing	12.4%	13.5%	12.3%	13.1%	13.3%
Network Cost	12.3%	12.6%	10.9%	9.9%	10.1%
Staff Cost	8.4%	8.5%	8.1%	8.0%	7.8%
Bad debts	0.5%	0.5%	0.8%	1.1%	1.0%
Others	5.5%	5.4%	5.3%	4.9%	5.2%
Total Expenses	68.0%	68.2%	65.5%	66.6%	66.4%
EBITDA Margin	32.0%	31.8%	34.5%	33.4%	33.6%
Depreciation & Amortisation	19.0%	19.4%	19.0%	19.8%	18.8%

Financial Position (SLR mn)

	30 Sept 14	31 Dec 14	31 Mar 15	30 Jun 15	30 Sept 15
Capex	9,667	15,204	2,249	5,799	9,746
Cash and Cash Equivalents	7,268	10,774	11,481	7,542	8,208
Gross Debt	27,584	27,874	28,169	24,542	26,187
Net Assets	42,045	44,832	46,773	47,643	48,285
Gross Debt / Equity (x)	0.7	0.6	0.6	0.5	0.5
Gross Debt / EBITDA (x)	1.3	1.3	1.2	1.0	1.1

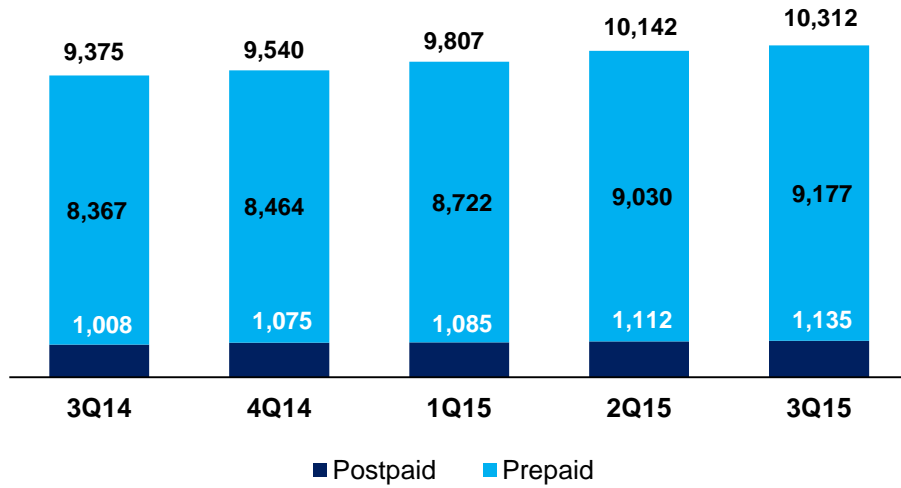


Dialog: operational performance

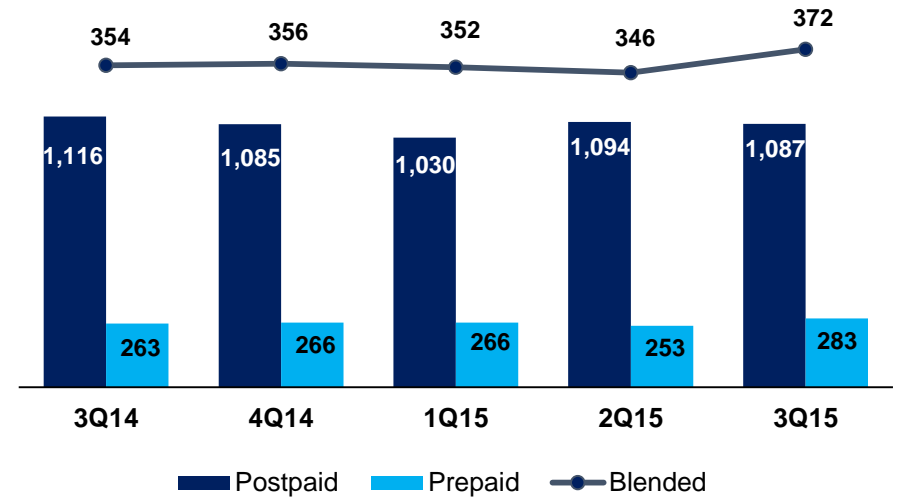
ARPU increased 7.5% QoQ driven by voice and data, and removal of the 25.0% bonus on mobile prepaid domestic calls



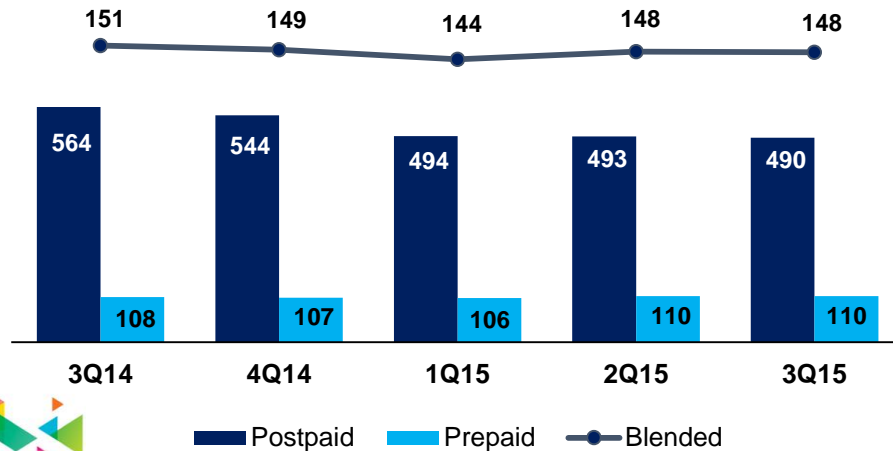
Subscribers ('000)



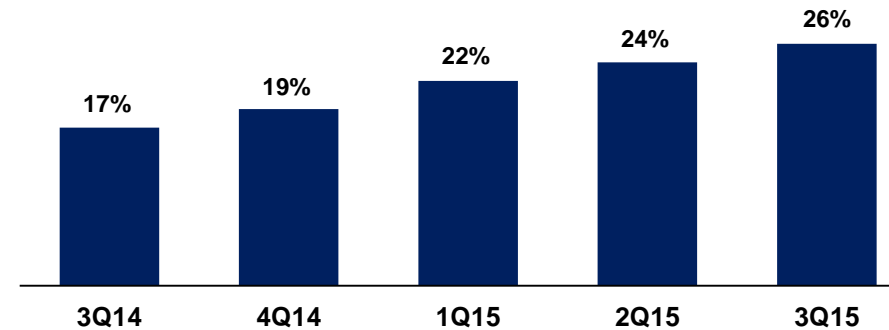
ARPU (SLR)



MOU/sub (min)



Smartphone penetration* (%)



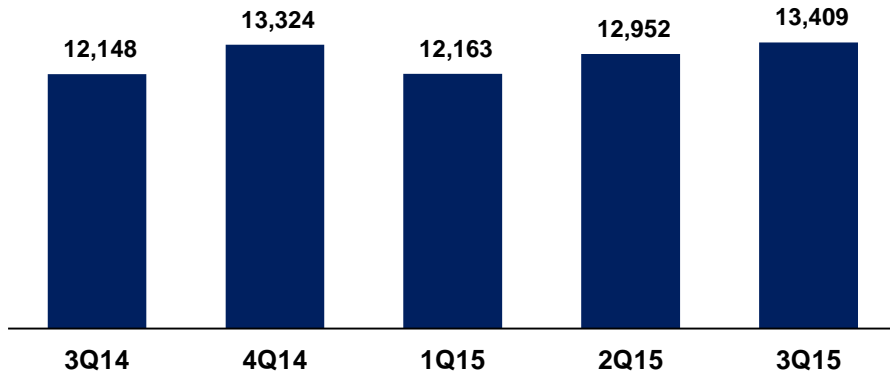
* Smartphone penetration calculated based on total smartphone subscribers over 90 days revenue generating base



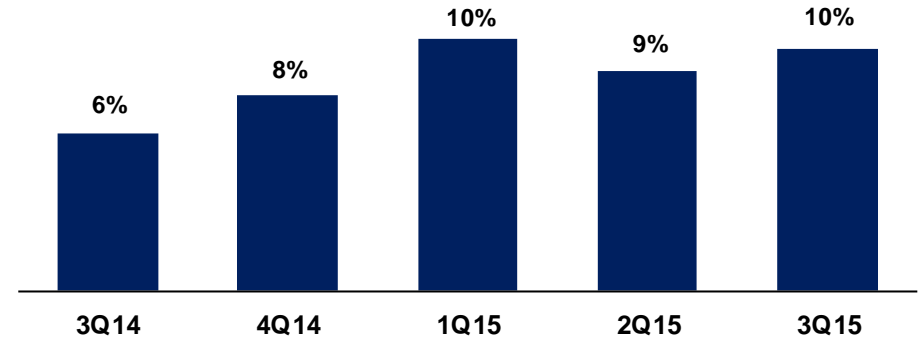
Robi: financial performance

Encouraging performance despite heightened competition

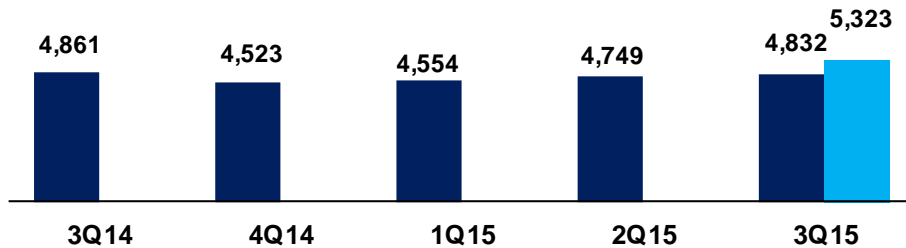
Revenue (BDT mn)



Data revenue as a % of total revenue



EBITDA (BDT mn) & margins (%)

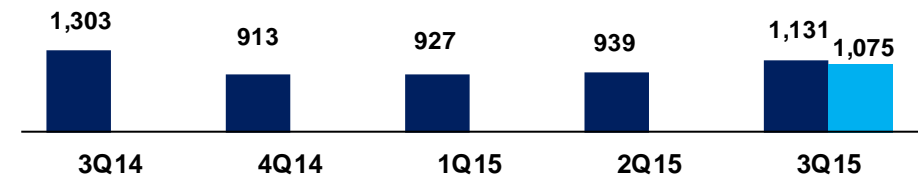


■ EBITDA ■ Normalisation

EBITDA Margin	3Q14	4Q14	1Q15	2Q15	3Q15
Margin (%)	40.0%	33.9%	37.4%	36.7%	36.0%

Normalised EBITDA Margin	3Q15
Margin (%)	39.7%

PAT (BDT mn) & margins (%)



■ PAT ■ Normalisation

PAT Margin	3Q14	4Q14	1Q15	2Q15	3Q15
Margin (%)	10.7%	6.9%	7.6%	7.3%	8.4%

Normalised PAT Margin	3Q15
Margin (%)	8.0%

1. Normalisation – excluding impact of edotco carve out in 3Q15

Robi: financial performance

Higher EBITDA margin in 3Q15 due to lower SIM tax, bad debt and network cost

Operating Expenses

% of Revenue	3Q14	4Q14	1Q15	2Q15	3Q15*
Direct Expenses	34.3%	39.3%	33.3%	33.3%	37.3%
Sales and Marketing	5.1%	5.7%	5.7%	4.5%	5.5%
Network Cost	10.4%	10.3%	11.2%	11.7%	11.3%
Staff Cost	4.7%	5.5%	5.0%	5.2%	5.4%
Bad debts	-0.2%	0.5%	1.3%	2.0%	0.6%
Others	5.6%	4.7%	6.1%	6.5%	0.2%
Total Expenses	60.0%	66.1%	62.6%	63.3%	60.3%
EBITDA Margin	40.0%	33.9%	37.4%	36.7%	39.7%
Depreciation & Amortisation	21.0%	20.6%	21.1%	21.5%	20.9%

Financial Position (BDT mn)

	30 Sept 14	31 Dec 14	31 Mar 15	30 Jun 15	30 Sep 15
Capex	14,451	20,986	6,409	13,542	17,844
Cash and Cash Equivalents	6,465	2,746	533	820	2,604
Gross Debt	11,577	9,033	10,428	13,326	13,141
Net Assets	45,597	45,096	45,675	46,614	54,236
Gross Debt / Equity (x)	0.3	0.2	0.2	0.3	0.2
Gross Debt / EBITDA (x)	0.6	0.5	0.6	0.7	0.7

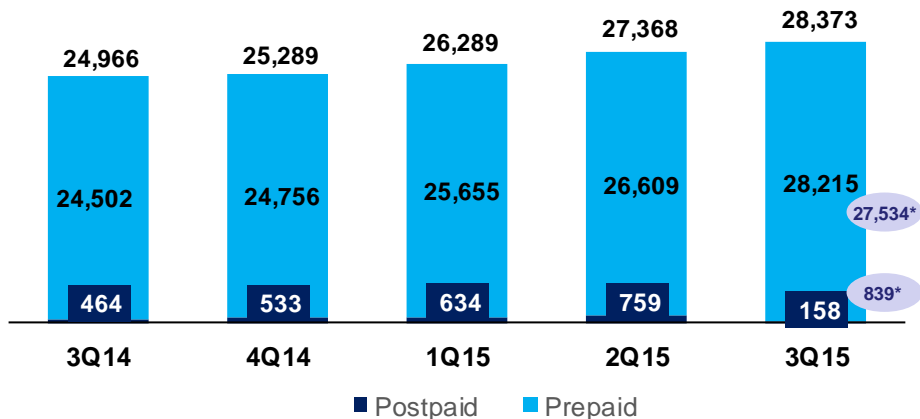
* Normalisation – excluding impact of edotco carve out in 3Q15

Robi: operational performance

Subscribers continues to grow, but heightened competition erodes ARPU

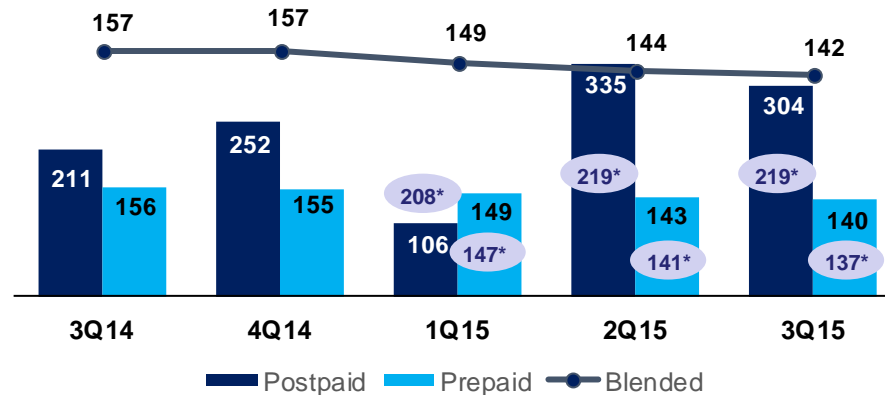


Subscribers ('000)

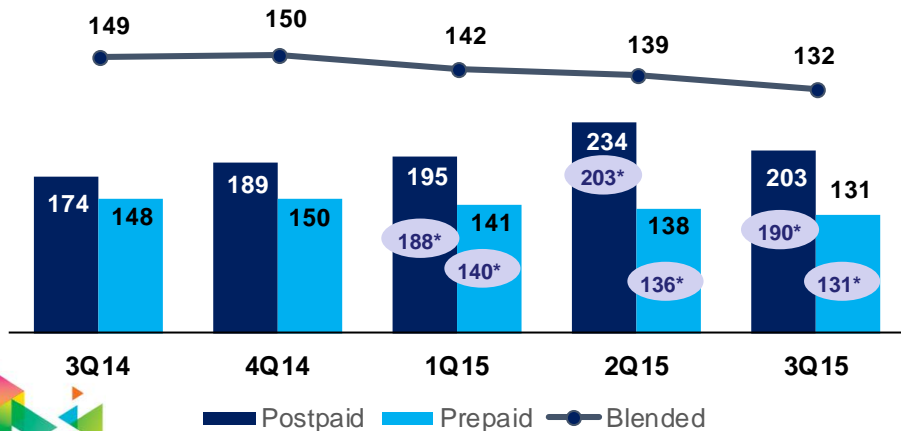


- SME subbase reclassification reported to BTRC from July 15 onwards

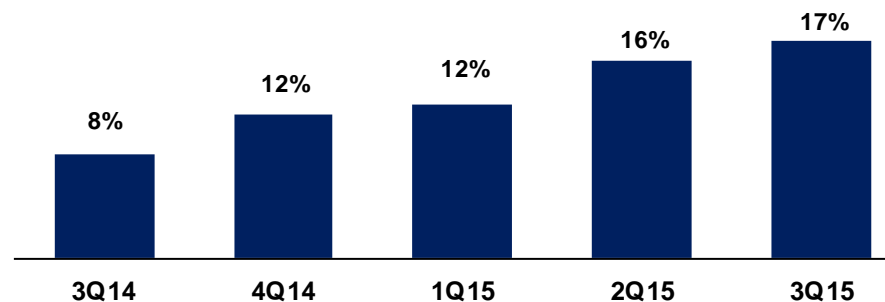
ARPU (BDT)



MOU/sub (min)



Smartphone penetration (%)



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



YTD'15 all OpCos currencies appreciated against RM

Local Currency	Average Rate YTD Sep'14	Average Rate 2Q15	Average Rate 3Q15	Average Rate YTD Sep 15	QoQ Appreciation/ (Depreciation) against MYR (%)	YTD Appreciation/ (Depreciation) against MYR (%)	QoQ Appreciation/ (Depreciation) against USD (%)	YTD Appreciation/ (Depreciation) against USD (%)
INDONESIAN RUPIAH, IDR	0.000276	0.000279	0.000292	0.000285	4.66	3.26	(5.44)	(15.28)
SRI LANKA RUPEE, LKR	0.024842	0.027355	0.029878	0.028182	9.22	13.44	(1.32)	(3.69)
BANGLADESHI TAKA, BDT	0.041760	0.046984	0.052158	0.048547	11.01	16.25	0.30	0.02
US DOLLAR, USD	3.241765	3.657609	4.048323	3.773810	10.68	16.41	0.00	0.00
SINGAPORE DOLLAR, SGD	2.577720	2.723114	2.911296	2.767347	6.91	7.36	(3.41)	(9.56)
PAKISTAN RUPEE, PKR	0.032202	0.035936	0.039367	0.036994	9.55	14.88	(1.03)	(2.11)
INDIAN RUPEE, INR	0.053389	0.057686	0.062295	0.059357	7.99	11.18	(2.43)	(6.57)

Sources :

Actual rate - Bloomberg 2014 & 2015



Thank You

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