

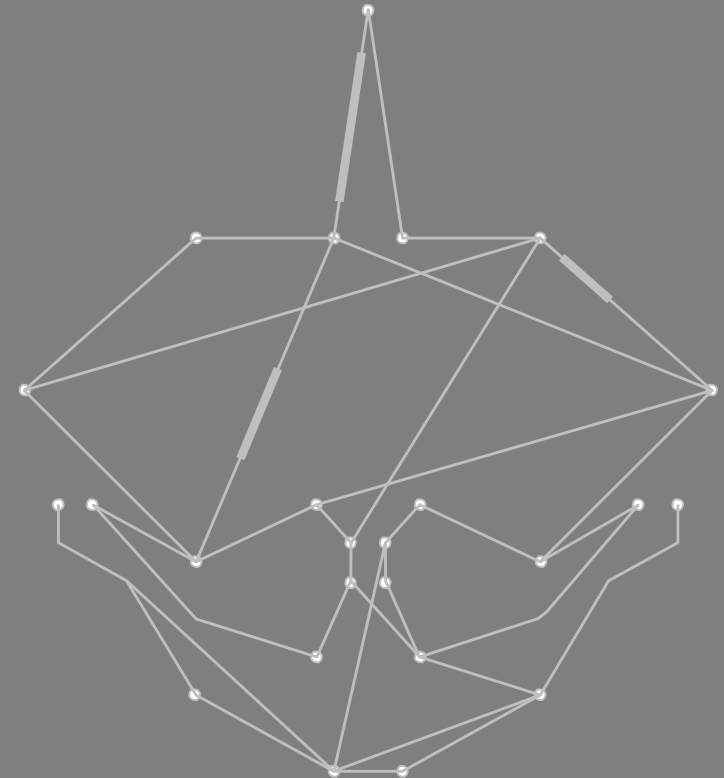
# Axiata Group Berhad

## 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.



- 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.



- 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%.

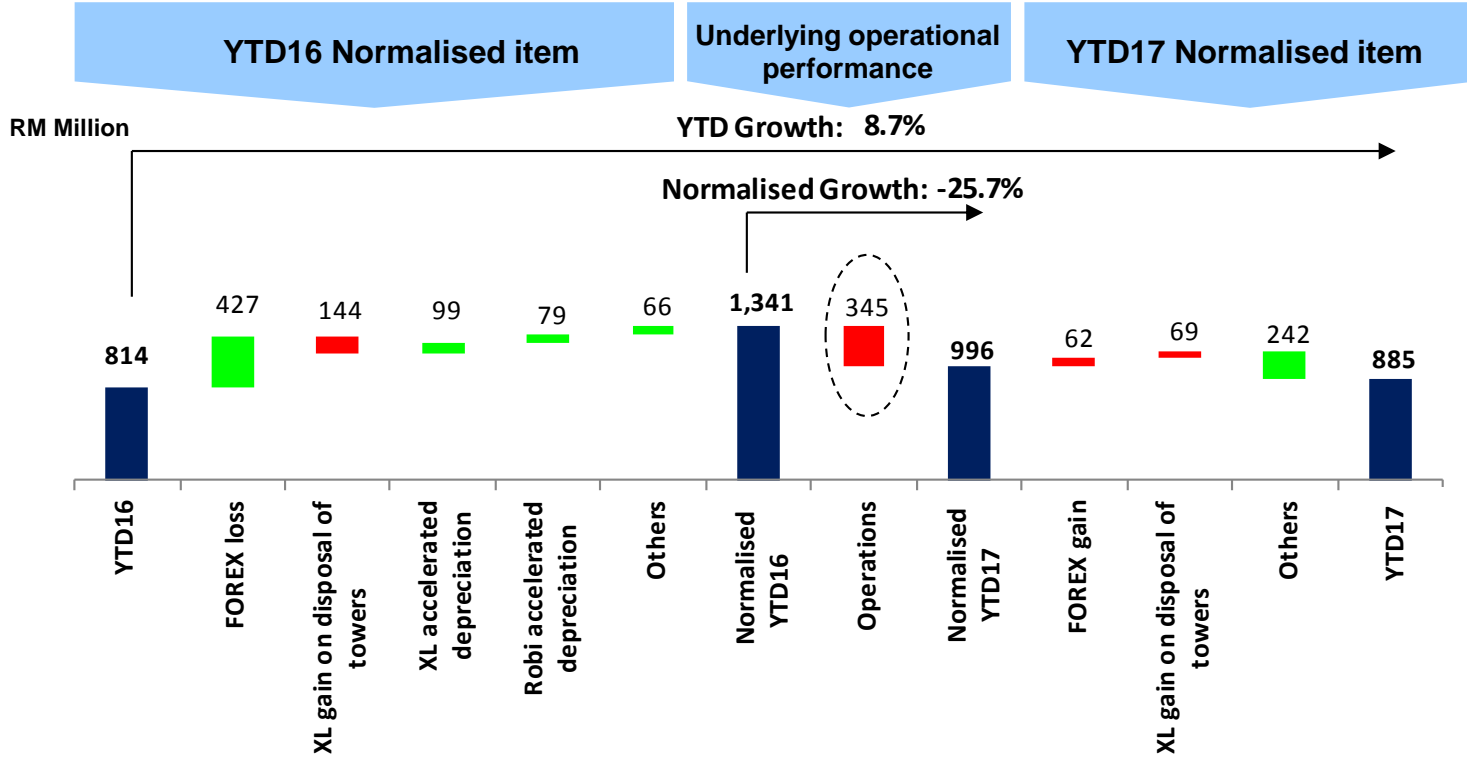
## Financial highlights

<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

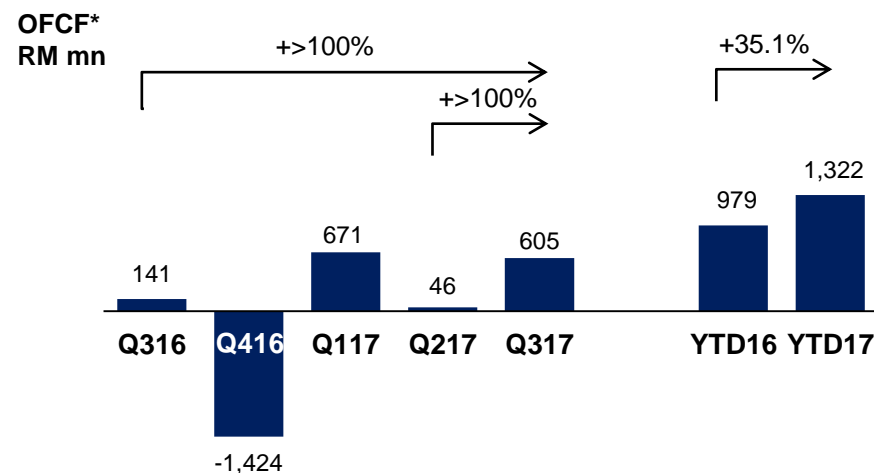
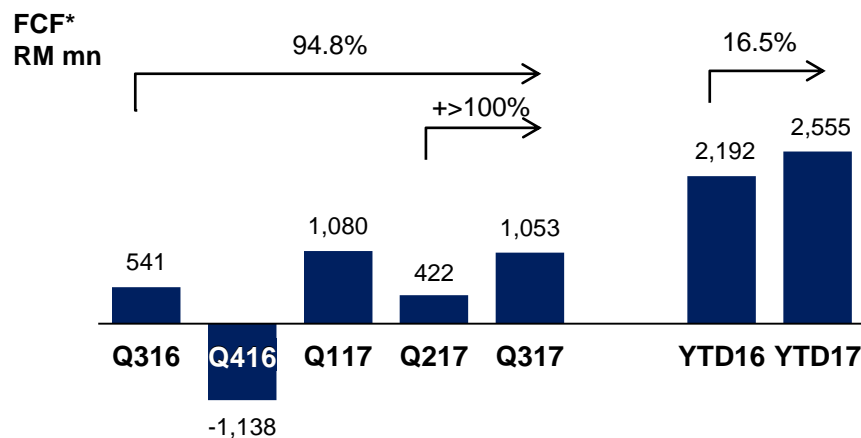
Normalised PATAMI decreased by 25.7% mainly due to losses from Idea, dilution from Robi-Airtel merger and lower contribution from Celcom.



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)
<b>GROUP</b>	<b>1,341</b>	<b>-345</b>	<b>-25.7%</b>	<b>GROUP</b>	<b>996</b>

# 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
<b>Total</b>	<b>3,841</b>	<b>4,316</b>
<b>Capex intensity</b>	<b>24%</b>	<b>24%</b>

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

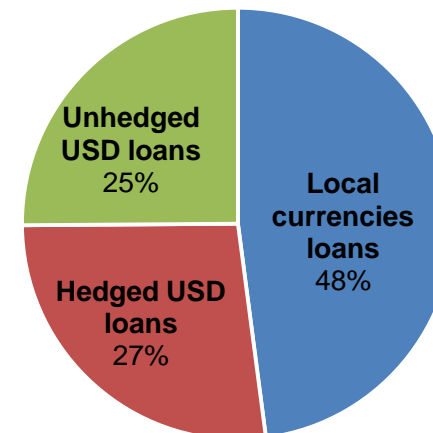
# Group statements of financial position

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

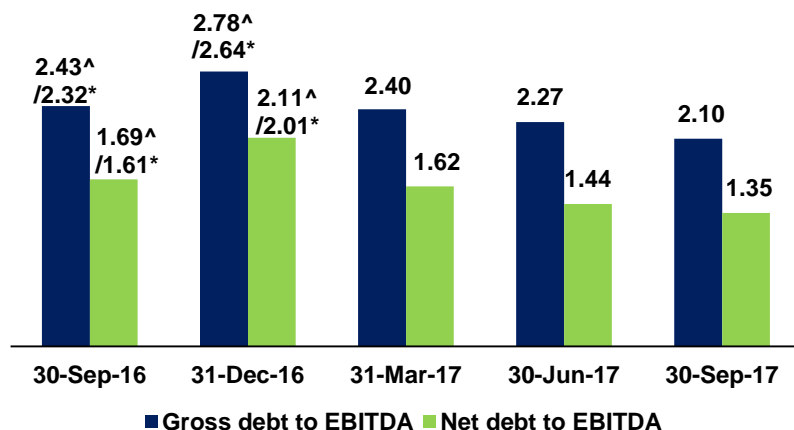
## Group borrowings – by currency

In million	Loan Currency	USD	Local	Total (RM)
Hold co & Non OpCo	USD	1,724		7,296
	<b>Sub-total</b>	<b>1,724</b>		<b>7,296</b>
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
	<b>Sub-Total</b>	<b>680</b>		<b>12,043</b>
<b>Total Group</b>	<b>2,404</b>		<b>19,339</b>	

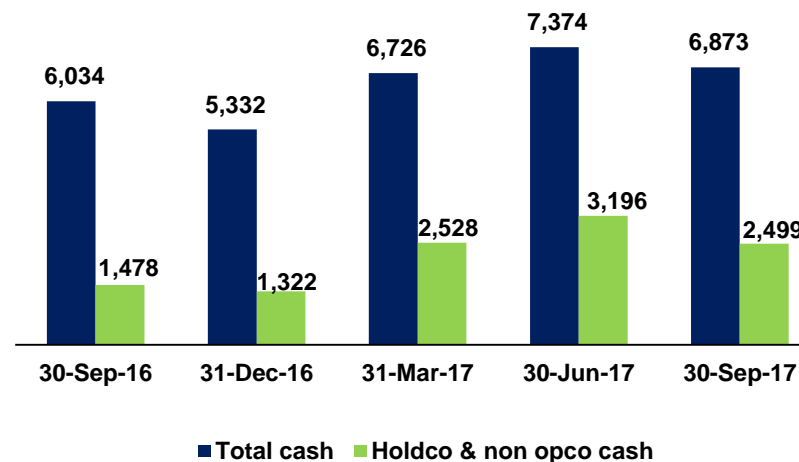
## Group borrowings - hedged / unhedged loans



## Gross and net debt/EBITDA (x)



## Cash (RM million)



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

<sup>^</sup> 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 = RM4.55  
\*\* 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.



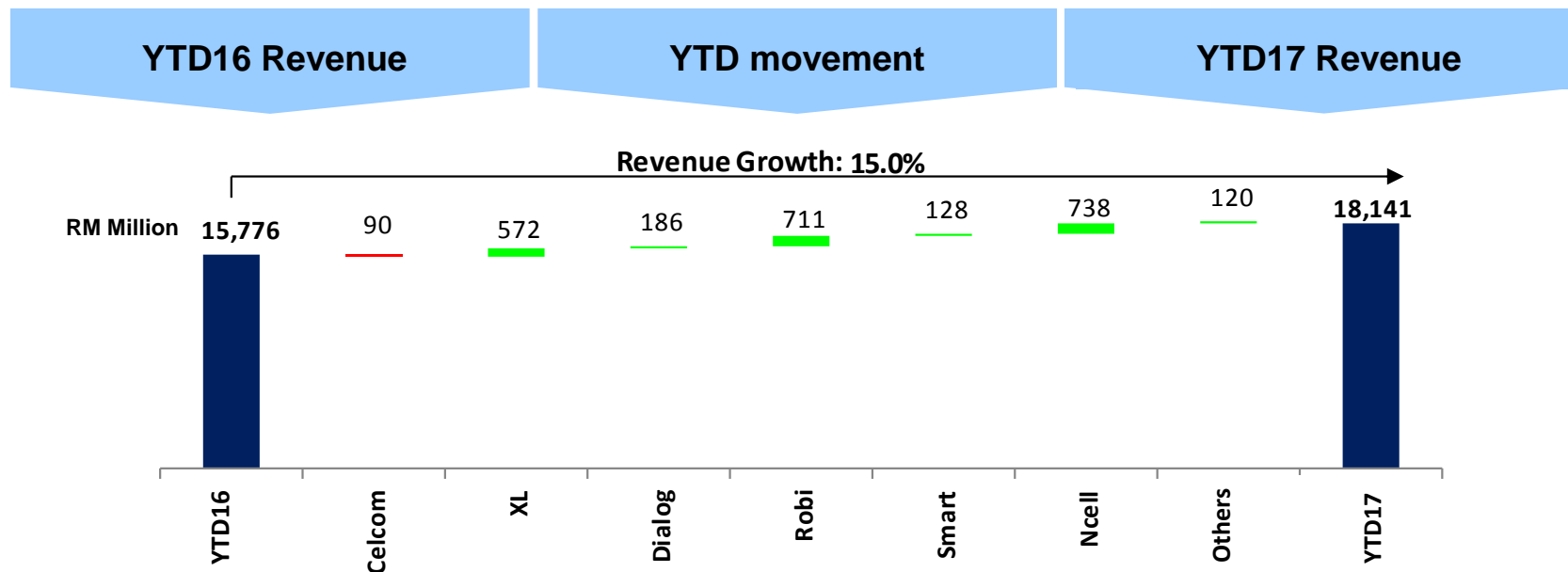
# Appendix





# Group revenue: YTD16 → YTD17

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



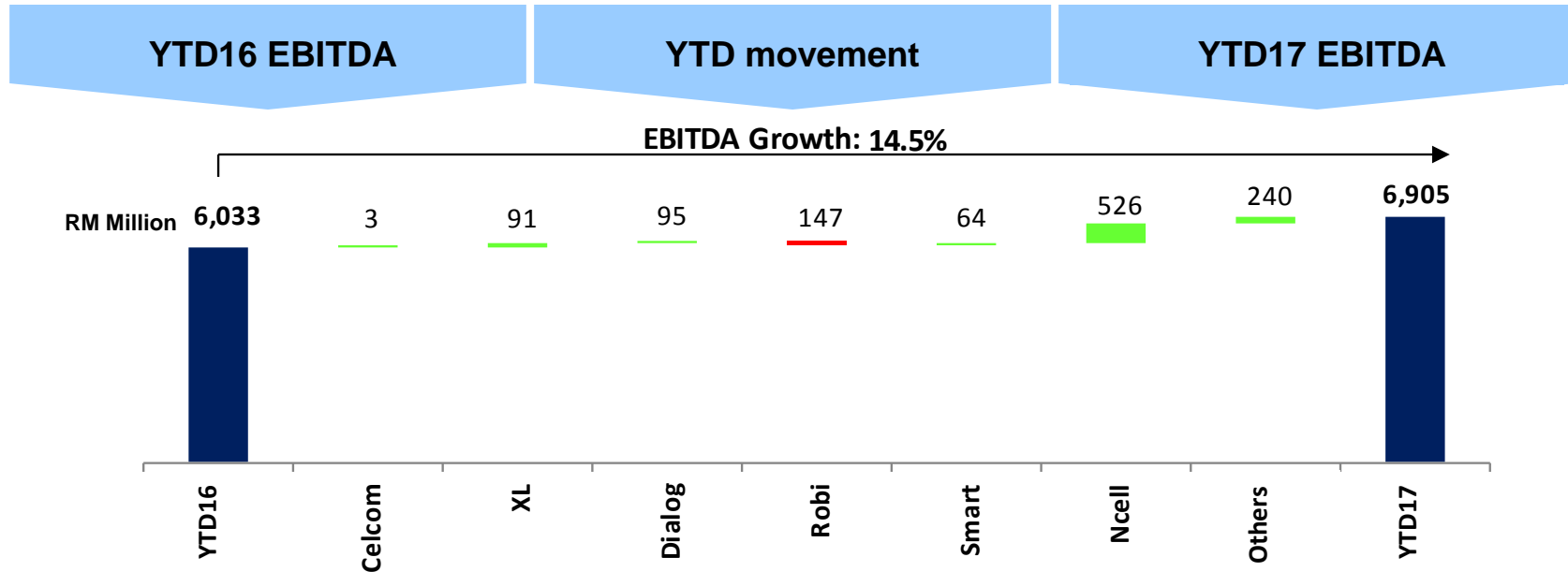
Revenue	YTD16	YTD Growth Rates		Revenue	YTD17
Celcom	4,969	-90	-1.8%	Celcom	4,879
XL	4,938	+572	+11.6%	XL	5,510
Dialog	1,796	+186	+10.4%	Dialog	1,982
Robi	1,986	+711	+35.8%	Robi	2,697
Smart	783	+128	+16.4%	Smart	911
Ncell	1,035	+738	+71.4%	Ncell	1,773
Others	269	+120	+44.6%	Others	389
<b>GROUP</b>	<b>15,776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





# Group EBITDA: YTD16 → YTD17

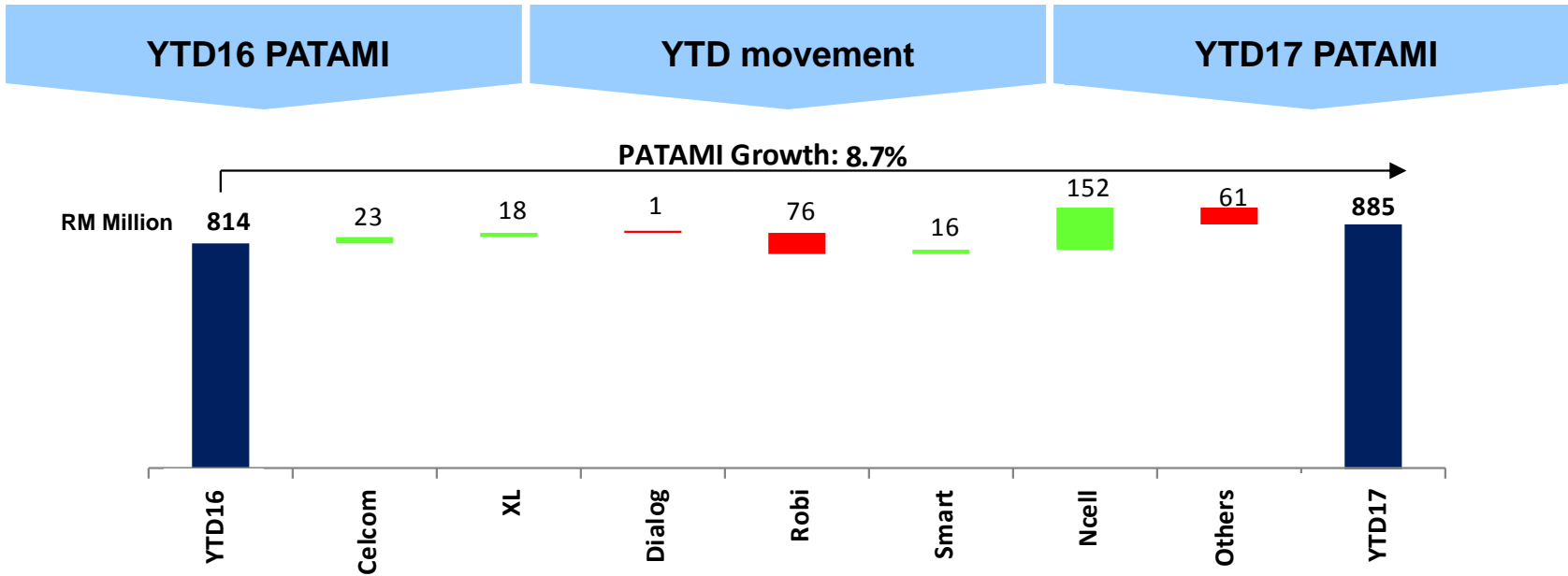
YTD17 EBITDA growth of 14.5% lifted by Ncell consolidation, higher contribution from Dialog, XL, Smart and edotco.



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
<b>GROUP</b>	<b>6,033</b>	<b>+872</b>	<b>+14.5%</b>	<b>GROUP</b>	<b>6,905</b>

# 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)
<b>GROUP</b>	<b>814</b>	<b>+71</b>	<b>+8.7%</b>	<b>GROUP</b>	<b>885</b>



**Thank You**

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