

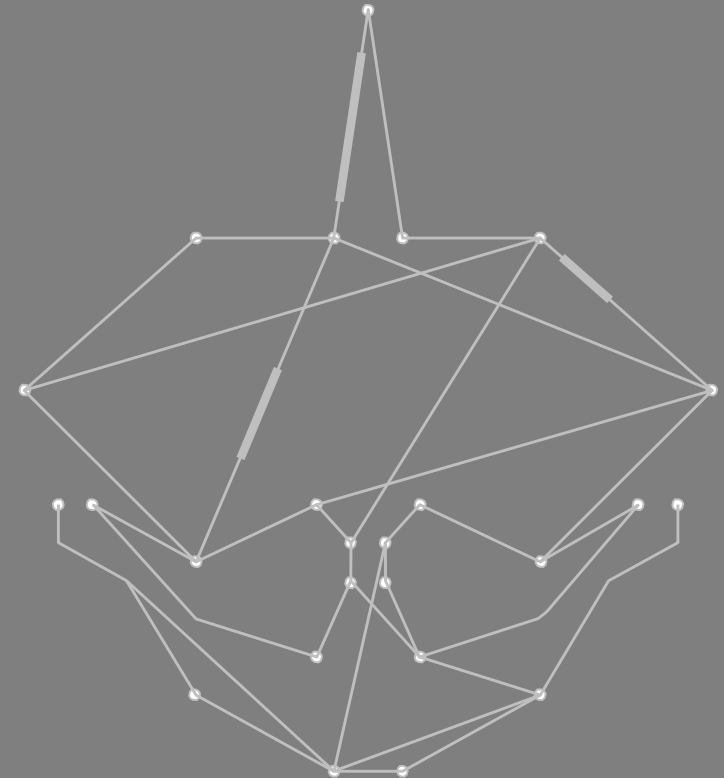
Axiata Group Berhad

4Q 2017 Results

22 February 2018

Tan Sri Jamaludin Ibrahim, President & Group CEO

Vivek Sood, Group CFO



Executive summary: Financials

Overall strong FY17 performance from ALL OpCos, but Group profits impacted by Idea losses. Turnaround of Celcom and XL as planned, cost optimisation programme ahead of target.

- ❖ **FY17 normalised PATAMI significantly impacted by RM450m losses from Idea, vs RM65m profit in FY16.**
 - QoQ growth : Revenue 1.0% ; EBITDA -6.1% ; PATAMI -89.6% ; Normalised PATAMI -40.6%
 - YoY growth : Revenue 8.1% ; EBITDA 17.5% ; PATAMI +>100% ; Normalised PATAMI +>100%
 - YTD growth : Revenue 13.2% ; EBITDA 15.2% ; PATAMI 80.4% ; Normalised PATAMI -15.1%

- ❖ **At constant currency, FY17 financial performance reflect positive impact from a weaker ringgit vs all currencies (except SLR). 4Q17 financial performance however show negative impact from a stronger ringgit vs all currencies.**
 - QoQ growth : Revenue 3.5% ; EBITDA -3.8% ; PATAMI -88.2% ; Normalised PATAMI -38.9%
 - YoY growth : Revenue 12.6% ; EBITDA 21.5% ; PATAMI +>100% ; Normalised PATAMI +>100%
 - YTD growth : Revenue 10.9% ; EBITDA 12.4% ; PATAMI 76.0% ; Normalised PATAMI -16.9%

- ❖ **Cost optimisation initiatives delivered cost savings/avoidance of RM1.3bn for FY17, well ahead of target of RM800m.**

- ❖ **Investments in digital businesses resulting in profit dilution of ~RM200m in FY17.**

- ❖ **Stronger balance sheet as gross debt/EBITDA improves from 2.64x in 4Q16 to 2.08x in 4Q17, due to debt repayment and 15.2% EBITDA growth.**

- ❖ **FY17 capex spend of RM6.3bn, implying capex intensity of 26%.**

- ❖ **FY17 total dividend declared of 8.5 sen (including 5 sen interim), translating into payout ratio of 64%, versus 50% in FY16.**

- ❖ **Dividend repatriation from Ncell in January 2018.**

- ❖ **Following Axiata's non-participation on the allotment of Preferential Issuance in February 2018, Idea stake is diluted from 19.7% to 18.1%, with estimated loss of dilution (non-cash) of RM151.5m to be reflected in 1Q18.**

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

Key Group highlights (1/6): ASEAN

CELCOM: Improvements in all turnaround elements/key performance drivers, amidst a more stable competitive environment.



- **Improvements in all turnaround elements/key performance drivers as Celcom delivers FY17 revenue, EBITDA and PATAMI growth of 0.6%, 2.9% and 8.5% respectively.**
- **Anchoring on customer experience as the key differentiator is already showing results in FY17.**
- **The strategy has resulted in capturing higher share of high-value customers, translating into higher FY17 ARPU's - postpaid and prepaid up to RM84 (+RM6) and RM32 (+RM2) respectively.**
- **Network: 4G and 4G LTE-A population coverage extended to 87% and 74% in 4Q17; and delivering better network experience for video.**
- **Product: Simplified portfolio and offer highest transparency; <3 weeks time-to-market.**
- **Sales & distribution: Revamped distribution channels and now enhancing trade experience through digitization.**
- **Organisation & culture: Enabling human capital via digital, introducing agile ways of working.**

Key Group highlights (2/6): ASEAN

XL: Transformation Agenda showing positive impact leading to strong FY17 performance; though 4Q17 saw competition heating up and SIM registration slowing down customer acquisition.

SMART: Impressive FY17 performance; slower 4Q17 impacted by continuing price war.



- Continued success of the Transformation Agenda, in most demographic and geographic segments.
- After two years of decline, FY17 revenue grew 7.0% led by significant growth in data.
- FY17 normalised EBITDA (ex-severance payment) increased 7.0%; FY17 normalised PAT returned to black at Rp740bn, highest since FY13.
- High smartphone penetration of 72% and data users at 73% of subscribers have supported FY17 data revenue growth of 60.9%, accounting for 57.2% of XL's FY17 total revenue – highest in the industry.
- Dual-Brand Strategy has proven successful with both XL and Axis brands on positive trajectory in their respective market segments.
- Further 4G BTS additions and capacity build to support the significantly increased data traffic growth and monetization of data opportunities.



- Continued impressive performance in spite of price war.
- Smart's FY17 revenue, EBITDA and PAT growth was 5.4%, 5.5% and 7.7%, respectively.
- FY17 data revenue grew by 28.4%, as data accounted for 51.5% 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: Stellar FY17 performance driven by revenue growth and cost management.

ROBI: Excellent Robi-Airtel merger synergies.



- **Stellar FY17 performance driven by revenue growth and cost management.**
- **Very strong FY17 performance with revenue, EBITDA and PAT growth at 8.6%, 16.0% and 19.3%, respectively.**
- **FY17 revenue growth for mobile, fixed and pay-TV operations at 7.2%, 28.2% and -1.5%, respectively. Strong growth for fixed was underpinned by home broadband on the back of network coverage enhancements and aggressive market capture.**
- **FY17 mobile data revenue grew by 38.9% driven by higher smartphone penetration and 4G conversion, accounting for 30.9% of Dialog's total mobile revenue.**
- **FY17 EBITDA margin improves 2.3pp to 36.0%, driven by disciplined cost management with realized cost saving of >LKR4bn.**
- **Declared cash dividend of SLR0.46 per share, translating to 35% DPR for FY17.**



- **Excellent Robi-Airtel merger synergies achieved better than expected results.**
- **FY17 Proforma revenue and EBITDA growth of 11.3% and 126.4% respectively; FY17 losses were narrowed to BDT2.6bn, vs BDT15.7bn in FY16.**
- **FY17 data revenue grew by 89.1%, accounting for 19.6% of total revenue, versus 13.4% in FY16.**
- **Received 4G license on 19 February 2018, ready to deploy 4G services.**

Key Group highlights (4/6): South Asia

NCELL: Strong core mobile growth cushions falling ILD revenue.



- Despite the expected fall in ILD revenue, profitability remains strong due to cost management and core revenue growth.
- FY17 data revenue grew by 17.9%, accounting for 18.9% of total revenue. Strong growth was supported by launch of 4G since June 2017, and is now available in 21 cities.
- Smartphone penetration rate is 52% (+10pp YoY), and 43.6% of Ncell subscribers are data subscribers.
- FY17 core mobile revenue and EBITDA grew 8.3% and 15.7%, respectively; core EBITDA margin rose 3.3ppt to 52.0%.
- FY17 total revenue, EBITDA and PAT growth of -1.0%, -1.7% and -6.8%, respectively, largely due to ILD revenue decline of 19.6%. EBITDA margin remains strong at 63.8% on the back of cost initiatives.

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

Key Group highlights (5/6): Business units

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

ADS & ABS: Leveraging on core telco assets, with investments totaling ~RM200m in FY17.



- Strong growth from expanding portfolio and operational performance.
- For FY17, edotco accounts for 6.3% and 7.4% of group revenue and EBITDA, respectively.
- edotco recorded FY17 revenue growth of 11.8%, driven by higher tenancy across all footprints and maiden contributions from Tanzanite, Pakistan.
- As at 4Q17, edotco owns 16.5k towers (+9.3% YoY), and manages 10.9k sites (+7.3% YoY).
- 4Q17 tenancy ratio rose to 1.57x (vs 1.44x in 4Q16).
- Completion of Deodar acquisition by 2Q18.

**AXIATA
DIGITAL**



- Investments of ~RM200m in FY17 paving the way for higher market visibility particularly in the Fintech and Adtech segments.
- Axiata Digital Services (ADS): Transitioning from 'Portfolio assets' to 'Operational businesses'; Boost has acquired 1.7m users to date.
- Axiata Business Services (ABS): Capitalising on under-focused enterprise segment and high growth IOT opportunities.

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

Significantly higher loss contribution from Idea in FY17.



- The Indian mobile industry was further challenged by the sharp reduction in IUC settlement rates during the quarter. For 3QFY18, Idea reported revenue, EBITDA and consolidated PAT QoQ growth of -12.8%, -18.5% and -16.1%, respectively. For Axiata's FY17, Idea contributed a loss of RM450m (vs a profit of RM65m in FY16) to the group.



- M1 reported FY17 revenue, EBITDA and PAT growth of 1.0%, -3.1% and -11.7%, respectively. For Axiata's FY17, M1 contributed a profit of RM122m (vs a profit of RM129m in FY16) to the group.





Financials

Double digit revenue and EBITDA growth; normalised PATAMI impacted by widening losses from Idea. **axiata**
 Excluding Idea, FY17 normalised PATAMI +22.3% and ROIC is 5.7%.

Financial highlights

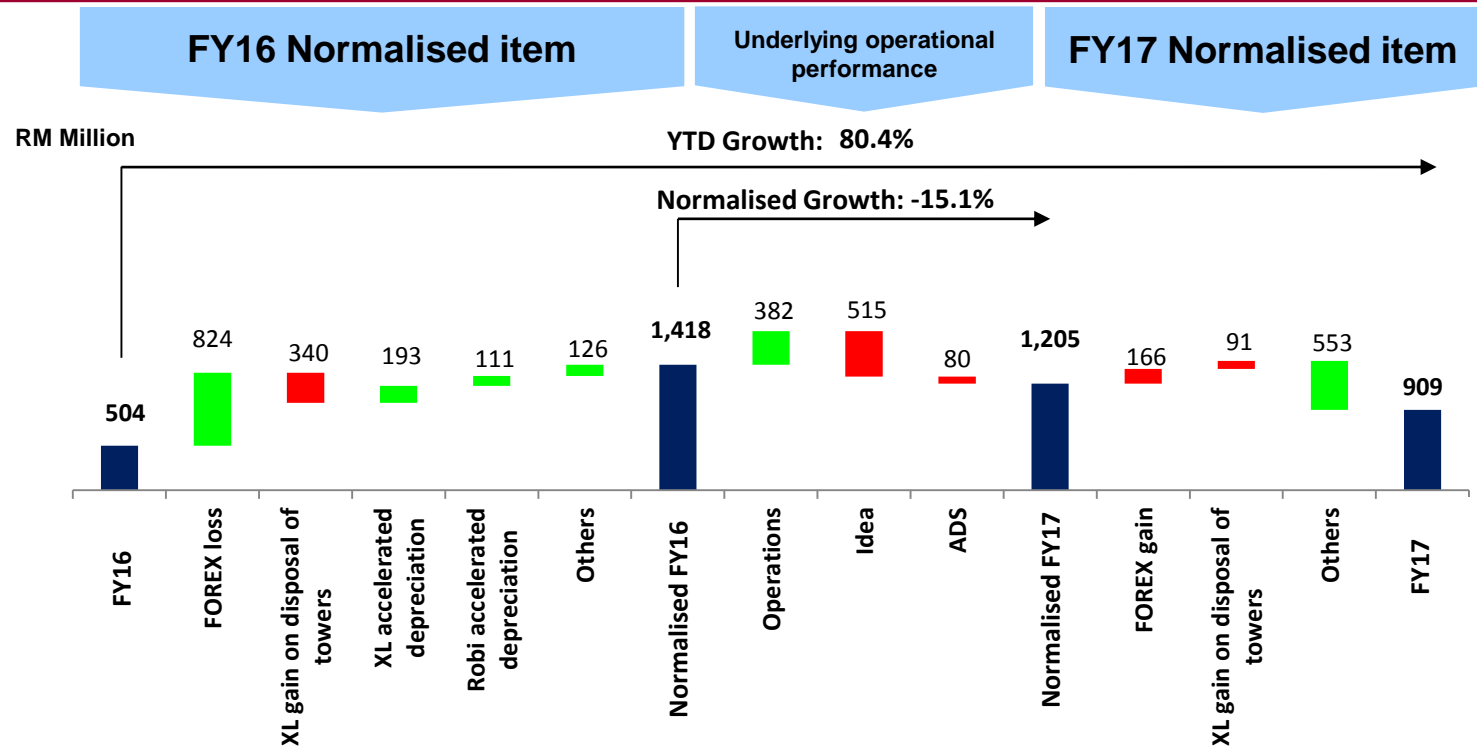
<u>RM mn</u>	<u>4Q17</u>	<u>FY17</u>	<u>QoQ growth</u>	<u>YoY Growth</u>	<u>FY17 growth</u>	<u>FY17 growth (constant currency)</u>
Revenue	6,261	24,402	1.0%	8.1%	13.2%	10.9%
EBITDA	2,325	9,230	-6.1%	17.5%	15.2%	12.4%
EBITDA margin %	37.1%	37.8%	-2.8pp	+2.9pp	+0.6pp	+0.5pp
Depreciation	-1,526	-5,986	1.8%	-15.6%	5.6%	3.5%
Net finance cost	-244	-1,012	19.2%	-15.2%	-0.6%	-2.2%
PAT	102	1,162	-67.9%	137.6%	76.9%	71.8%
Normalised PAT	289	1,446	-34.3%	228.6%	-4.5%	-7.0%
PATAMI	25	909	-89.6%	108.0%	80.4%	76.0%
Normalised PATAMI	209	1,205	-40.6%	170.2%	-15.1%	-16.9%
ROIC %	4.7%	4.7%	+0.0pp	+0.2pp	+0.2pp	+0.0pp
ROCE %	4.2%	4.2%	+0.0pp	+0.2pp	+0.2pp	-0.1pp
Capex	1,949	6,265	37.5%	-15.3%	2.0%	
<i>% of revenue</i>	31.1%	25.7%				
Operating Free Cash Flow*	-217	1,105	->100%	84.8%	+>100%	
<i>% of revenue</i>	-3.5%	4.5%				

*OFCF= EBITDA- Capex- Net Interest-Tax



Normalised Group PATAMI : FY16 → FY17

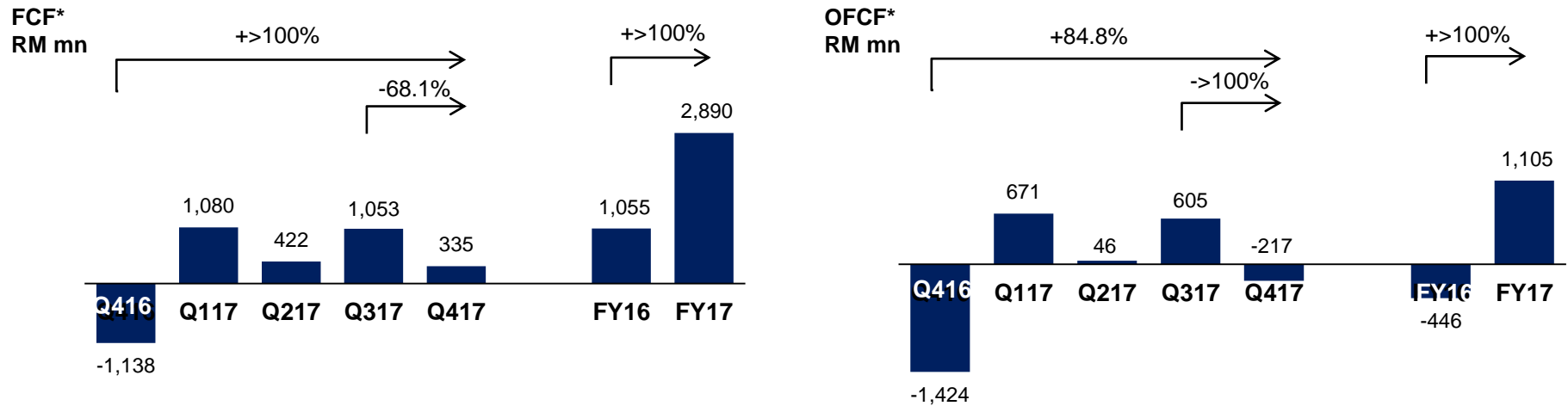
Normalised PATAMI decreased by 15.1% primarily driven by losses from Idea; core mobile operations delivered additional profits of RM382m.



Norm. PATAMI	FY16	YTD Growth Rates		Norm. PATAMI	FY17
Celcom	964	-64	-6.6%	Celcom	900
XL	(135)	+201	+>100%	XL	66
Dialog	241	+30	+12.4%	Dialog	271
Robi	(18)	-38	->100%	Robi	(56)
Smart	259	+29	+11.2%	Smart	288
Ncell	440	+171	+38.9%	Ncell	611
Associates & Others	(333)	-542	->100%	Associates & Others	(875)
GROUP	1,418	-213	-15.1%	GROUP	1,205

Capital expenditure

Higher FCF and OFCF in FY17, driven by higher EBITDA.



Capex (RM mn)	FY16	FY17
Celcom	1,321	1,261
XL	2,194	2,072
Dialog	792	754
Robi	1,191	1,140
Smart	366	190
Ncell	171	484
Others	106	364
Total	6,141	6,265
Capex intensity	29%	26%

Note:

Numbers may not add up due to rounding

FCF=EBITDA-Capex

OF CF= 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

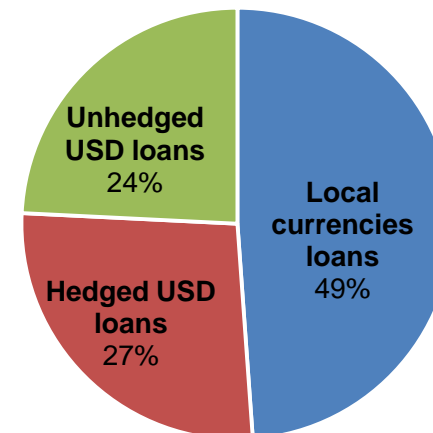
Group statements of financial position

Strong balance sheet; gross debt/EBITDA and net debt/EBITDA improves to 2.08x and 1.34x, respectively.

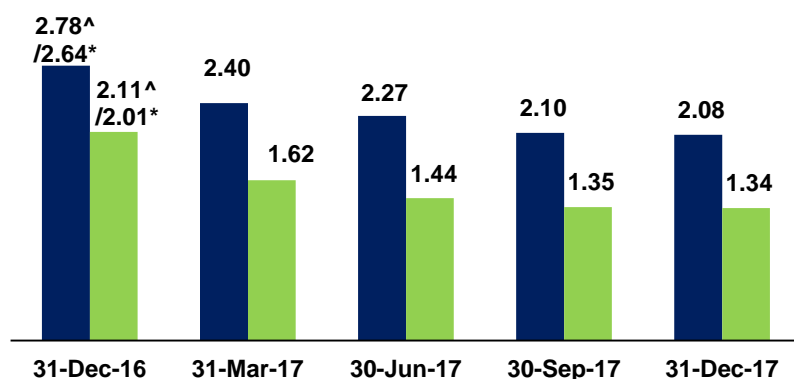
Group borrowings – by currency

In million	Loan Currency	USD	Local	Total (RM)
Hold co & Non OpCo	USD	1,722		6,983
	Sub-total	1,722		6,983
OpCos	USD	676		2,818
	RM		5,046	5,046
	IDR		10,020,969	2,986
	BDT		20,320	999
	SLR		13,320	353
	Sub-Total	676		12,201
Total Group	2,398		19,184	

Group borrowings - hedged / unhedged loans



Gross and net debt/EBITDA (x)

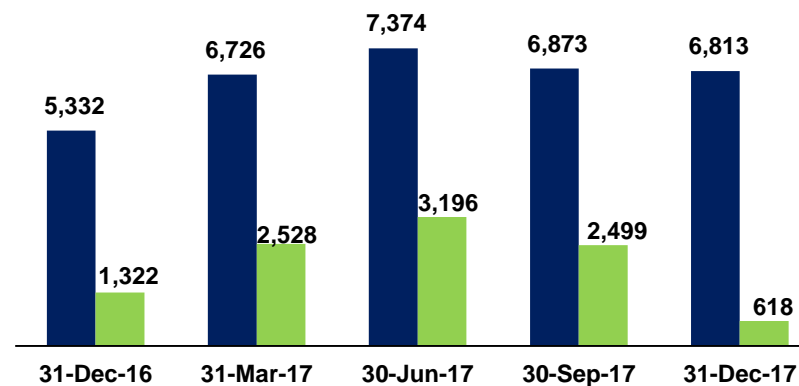


■ Gross debt to EBITDA ■ Net debt to EBITDA

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

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

Cash (RM million)



■ Total cash ■ Holdco & non opco cash

FY17 headline KPIs: Achieved

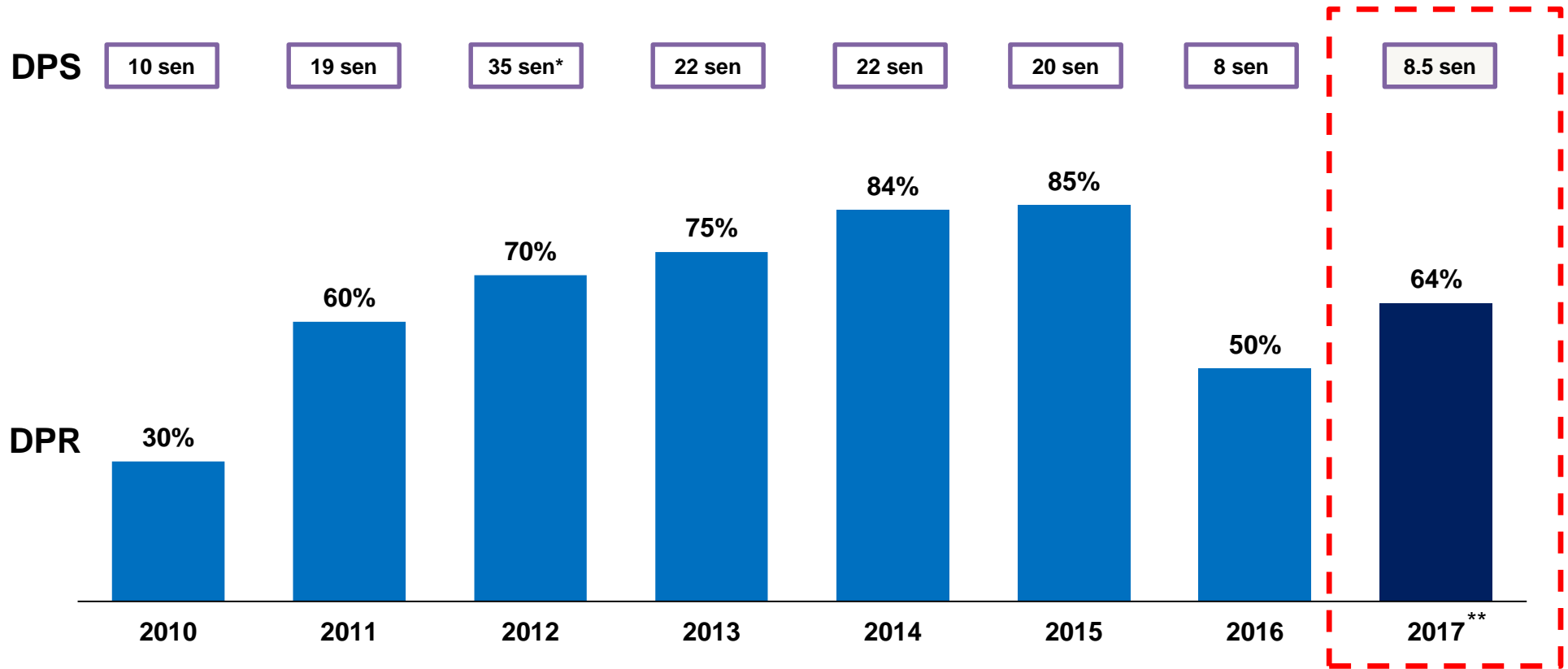
Exceed Revenue and EBITDA KPIs, meet ROIC and ROCE.

	FY17 Achievement @ Actual Currency	FY17 Headline KPIs (based on Bloomberg* estimate for 2017 forex)	FY17 Achievement	FY17 Headline KPIs (based on constant currency)	FY17 Achievement
Revenue growth	13.2%	9% - 11%	11.5%	8% - 10%	10.9%
EBITDA growth	15.2%	7% - 9%	13.1%	6% - 8%	12.4%
ROIC	4.7%	4.5% - 5.0%	4.7%	4.5% - 5.0%	4.6%
ROCE	4.2%	4.0% - 4.5%	4.1%	4.0% - 4.5%	4.0%
Capex **	RM6.3bn	RM6.6bn	RM6.5bn	RM6.4bn	RM6.5bn

*1 USD = RM4.55
** Capex is not a headline KPI

Proposed dividend

FY17 DPR is 64%, which is in line with our strategy for capital allocation for investments in core, infrastructure and digital, and as well as dividends for shareholders.



Recap from FY16 results announcement in February 2017:

Proposing 50% DPR for FY16:

- Prudent reasons: Volatile forex in particular USD:MYR, and regulatory risk (including spectrum auction/renewal in most markets in the next 1-2 years).
- Strategic reasons: 4G / data leadership investments, to be No.1 in selected areas / regions in every market, and possible market consolidation and edotco expansion.

This is for the short term and will revert to FY15 level within two years.

* Includes special dividend of 12 sen.

** Final dividend is subject to shareholders' approval.

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

Headline KPIs take into consideration:

1. No material change in competitive landscape in the mobile market of the Group's major operating countries
2. No material regulatory changes impacting the operating companies ("OpCos")
3. No material change in currency volatility, liquidity shortages and interest rates in the South Asia and South East Asia regions in particular
4. No material change in CAPEX spending in OpCos; KPIs reflected increase in CAPEX which will consequently affect depreciation and amortization
5. Incorporated investment/ short term losses from Digital business and Enterprise
6. Excluded potential merger/acquisition and divestment impacts except for edotco venture in Pakistan ("Deodar"), expected to be completed in Q2'18
7. No material change from global and domestic economy as well as consumer spending

*1 USD = RM3.90

** Capex is not a headline KPI




- ❖ New and prolonged price war in Indonesia.
- ❖ ILD revenues to fall faster than expected in Nepal.
- ❖ Regulatory/Tax issues in Sri Lanka, Malaysia and Bangladesh.
- ❖ Delayed Idea-Vodafone merger and continued deterioration of market condition in India.
- ❖ Consequence to Idea-Vodafone merger, non-cash technical impairment of RM1.2-1.8bn (regardless of intrinsic value of stake in Idea).



Axiata 3.0: 8 needle moving initiatives – progress update

	Initiatives	Outcome By 2020/2021	Against 2017 internal targets
1	Operational Turnaround Initiatives and Cost Optimisation	#1 to strong #2, and, top performer in all markets in all key metrics	
2	New Growth Areas	Triple Core: Telco 3.0 + New Businesses + Infra : Collaboration / Group Synergy	
3	Functional Superiority and Digitization	“Digitised” & “Modernized” functions	
4	Distinct Competitive Differentiation and Clear New Business Model	Clear and Distinct Customer Proposition, with Strong Partnerships	
5	Industry Restructuring and Rationalization	3 Players / 2 Netco Consolidation; Convergence	
6	Optimum Portfolio	Optimum Capital Allocation for Growth and Dividend	
7	Sustainability and Stakeholder Management	Exemplary Long-term Corporate Citizen, Holistic Focus, Regulatory “Fairness”	
8	Organizational and Cultural Changes	Modern, Agile and Digital (MAD) Organization	



 On track
  In progress
  Off track

FINANCIAL SERVICES

"Creating a regional digital financial services champion"

>5M

Number of users across the group;
largest m-Wallet in MY and SL



>1.7M users in MY;
3.6x growth since introduction
of wallet in Oct'17



250%+
Growth in merchant network
over the past 3 months



Strategic Partners



DIGITAL ADVERTISING

"Largest independent digital advertising business"

16x

Growth in Media Spend in 4 years



*Footprint spanning 9
countries in Asia*



*Serving over 1200
advertisers per month*



Clients and
Partners

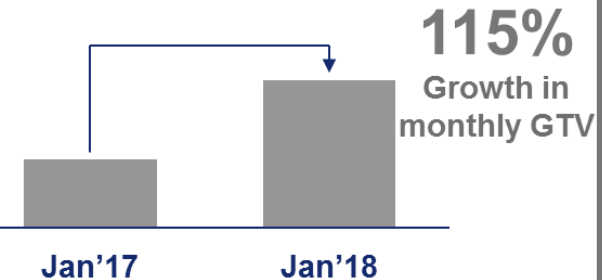


Timberland



PLATFORMS

*"Building an API Market
place"*



Over 1.3B customers served



Connected to 50+ MNOs



Key Clients



- ❖ **Cost optimization of RM1.5bn over 2018-2019**; RM5bn over 5 years (2017-2021).
- ❖ **Spectrum related events in FY18**: a) 700MHz spectrum for Celcom to be announced in FY18 (RM216m for every 2x5MHz block), b) Celcom's 2100MHz spectrum renewal for 16 years at RM118m, c) Tech neutrality and 4G license for Robi of USD45m.
- ❖ We plan to **invest RM200-250m in Fintech, Adtech and Enterprise IOT** in FY18, whilst monetizing all other digital investments.
- ❖ **Edotco acquisition of Deodar** to be completed in 2Q18, with profit accretion from Year 1. (Uplift of 3.6%, 4.0% and 3.2% to Axiata's FY17 Revenue, EBITDA and normalised PATAMI, respectively).
- ❖ In line with our **convergence strategy**, we will start modest investments in fixed wireless broadband rollout in Malaysia, Indonesia, and Cambodia, and continue expansion in Sri Lanka.
- ❖ We will continue with our **massive internal digitization program** and expect to have tangible impact this year in all our customer touchpoints across all OpCos.
- ❖ We expect to **extend our 4G leadership** in Cambodia, Sri Lanka and Nepal.
- ❖ There is no change in our **dividend commitment** as per statement in February 2017.
- ❖ There will be a **"technical impairment"** (an accounting, non-cash treatment regardless of the intrinsic value of our shareholding in the combined entity) **upon completion of the expected Idea-Vodafone merger of RM1.2-1.8bn**, including loss of dilution pre-completion.
- ❖ We have announced **two senior positions** in the Group a) **to focus on Enterprise/IOT** with the appointment of ABS CEO; b) **to focus on cyber security and data privacy** with the appointment of Group Chief Information Security Officer.

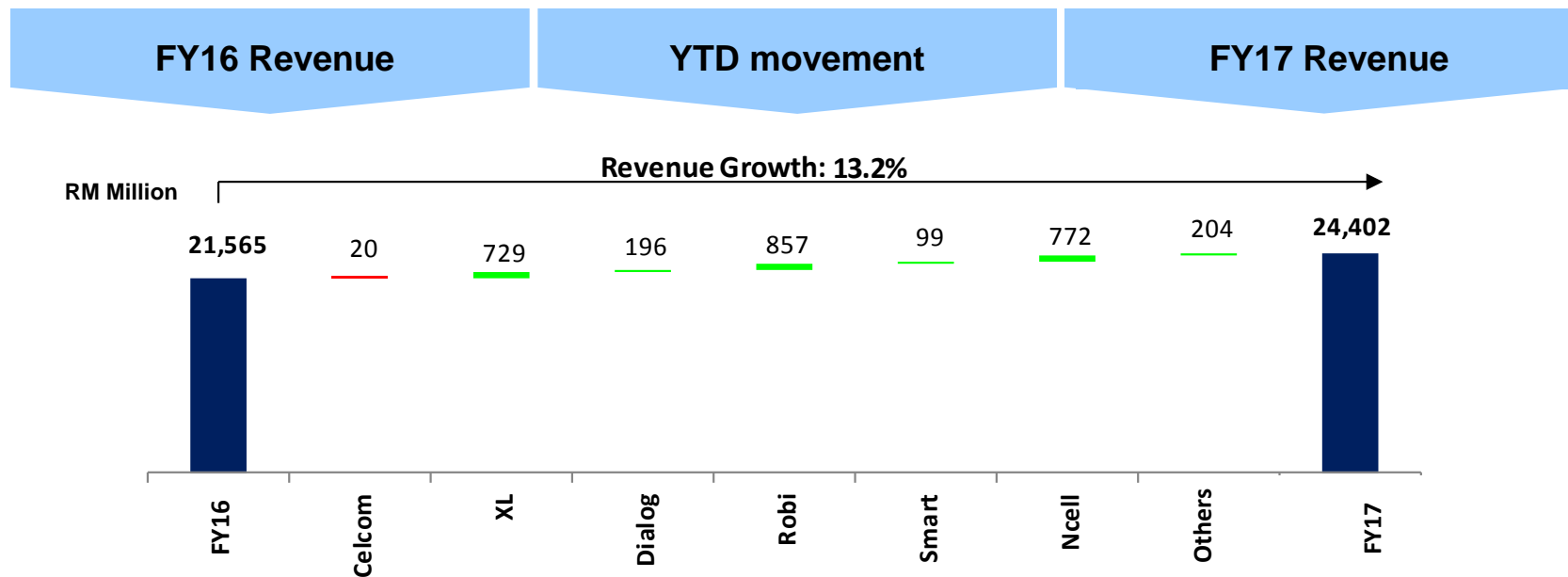


Appendix



Group revenue: FY16 → FY17

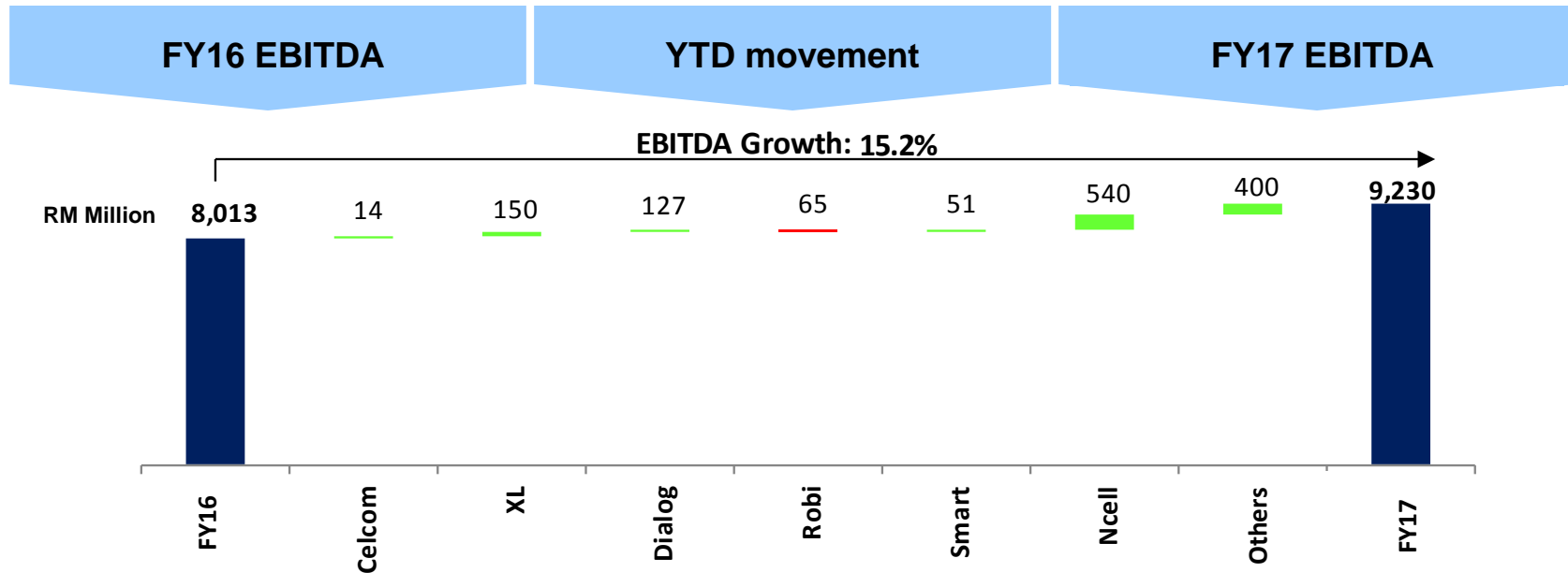
FY17 revenue growth of 13.2% lifted by stronger performance across all OpCos, aided by Ncell and Airtel consolidation.



Revenue	FY16	YTD Growth Rates		Revenue	FY17
Celcom	6,613	-20	-0.3%	Celcom	6,593
XL	6,637	+729	+11.0%	XL	7,366
Dialog	2,460	+196	+8.0%	Dialog	2,656
Robi	2,783	+857	+30.8%	Robi	3,640
Smart	1,089	+99	+9.1%	Smart	1,188
Ncell	1,630	+772	+47.4%	Ncell	2,402
Others	353	+204	+57.8%	Others	557
GROUP	21,565	+2,837	+13.2%	GROUP	24,402

Group EBITDA: FY16 → FY17

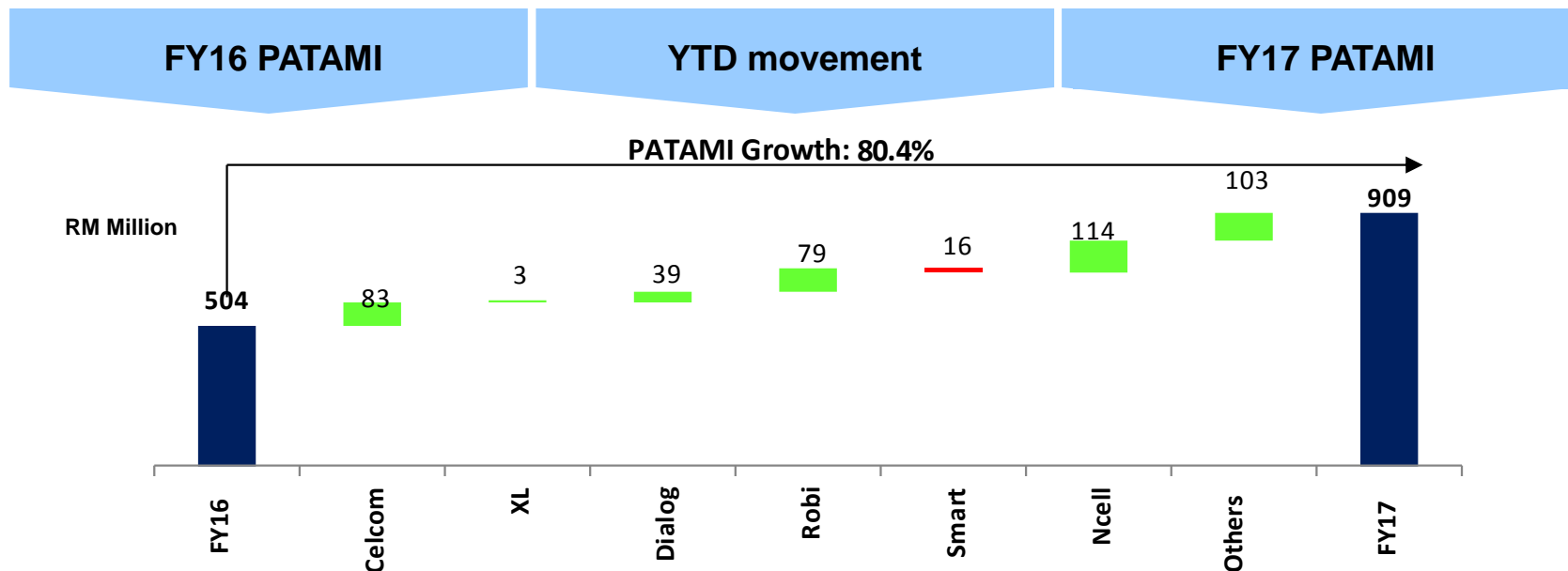
FY17 EBITDA growth of 15.2% lifted by Ncell consolidation, higher contribution from XL, Dialog, Smart and edotco.



EBITDA	FY16	YTD Growth Rates		EBITDA	FY17
Celcom	2,304	+14	+0.6%	Celcom	2,318
XL	2,612	+150	+5.7%	XL	2,762
Dialog	828	+127	+15.3%	Dialog	955
Robi	758	-65	-8.6%	Robi	693
Smart	538	+51	+9.6%	Smart	589
Ncell	1,021	+540	+52.8%	Ncell	1,561
Others	(48)	+400	+>100%	Others	352
GROUP	8,013	+1,217	+15.2%	GROUP	9,230

Group PATAMI: FY16 → FY17

FY17 PATAMI growth of 80.4% lifted by forex gains, Ncell consolidation and higher contribution from Celcom and Robi, offset by losses from Idea.



PATAMI	FY16	YTD Growth Rates		PATAMI	FY17
Celcom	966	+83	+8.5%	Celcom	1,049*
XL	75	+3	+3.4%	XL	78
Dialog	214	+39	+18.6%	Dialog	253
Robi	(149)	+79	+53.2%	Robi	(70)
Smart	259	-16	-6.1%	Smart	243
Ncell	455	+114	+25.2%	Ncell	569
Others	(1,316)	+103	+7.8%	Others	(1,213)
GROUP	504	+405	+80.4%	GROUP	909

*Primarily includes sale of 11st to ADS of RM140m, which is eliminated at Group level

Thank You

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Axiata Group Berhad

