

MEDIA RELEASE

Axiata posts Q1 2016 revenue of RM5.0 billion and EBITDA of RM1.9 billion

- **Group revenue up by 5.4% to RM5.0 billion; EBITDA increased by 7.7% to RM1.9 billion YoY**
- **EBITDA margin at 37.4% was its highest in the last seven quarters contributed mainly by XL¹, Dialog² and Smart³**
- **Dialog and Smart continued excellent performance with YoY revenue up 22.1% and 8.6% respectively**
- **XL delivers encouraging YoY performance as a result of its transformation agenda**
- **Ncell⁴ acquisition completed ahead of target**

Kuala Lumpur, 25 May 2016 – Axiata Group Berhad (Axiata) today announced its unaudited results for the first quarter of 2016. The Group saw mixed performance for the quarter, amidst heightened competitive market pressures.

Despite Celcom⁵ having a challenging first quarter, almost all of the Group's operating companies (OpCos) registered improved year-on-year (YoY) revenue growth. Dialog and Smart performed exceptionally well with XL showing continued stronger growth as a result of its transformation agenda. The Group also benefited from forex translation gains as a result of the weakened ringgit.

Total revenue for the Group grew by 5.4% to RM5.0 billion YoY while EBITDA (earnings before interest, tax, depreciation and amortisation) was up by 7.7% to RM1.9 billion mainly from the easing of expenses. EBITDA margin at 37.4% was its highest in the last seven quarters contributed mainly by XL, Dialog and Smart.

PATAMI (profit after taxation and minority interests) was at RM368 million, impacted by higher net finance costs and increased depreciation costs arising from growth driven capital expenditure as well as lower contribution from indirectly held associates.

¹ PT XL Axiata Tbk

² Dialog Axiata PLC

³ Smart Axiata Co., Ltd

⁴ Ncell Private Limited

⁵ Celcom Axiata Berhad

On service revenue, data continues to grow exceptionally well with all OpCos posting greater traction in the segment. YoY, data revenue grew by 22.9% for the Group, indicating strategic capex investments in data showing solid returns.

The Group's cash position remained robust at RM10.9 billion with gross debt/EBITDA rising albeit at a manageable level to 2.84x post issuance of USD500 million Sukuk and USD910 million external debt for the acquisition of Ncell. If Ncell is consolidated for the full financial year of 2016, gross debt/EBITDA would have been 2.43x for the Group.

Challenging Quarter for Celcom, Whilst XL Sees Continued Improvements

Malaysia

First quarter of 2016 remained challenging for Celcom due to heightened competition particularly in the postpaid and overseas foreign workers (OFW) segments, as well as the impact of the new regulation on value added services (VAS) where almost all VAS had to be temporarily halted due to customer complaints. Celcom's YoY revenue was affected by the drop in VAS by 19.8% and voice which was reduced by 16.4%.

On a YoY basis, Celcom's first quarter revenue, normalised EBITDA and normalised PATAMI dipped 13.4%, 12.3% and 22.3% respectively whilst normalised EBITDA margin improved 0.5 percentage points to 40.7% on the back of lower direct expenses.

Postpaid segment for Celcom showed positive traction with the launch of *First Gold 80* in February, adding 37,000 new subscribers by end of the quarter. Mobile data revenue and mobile Internet revenue for the quarter grew by 14.8% and 35.4% YoY respectively. Stabilization of Celcom's IT system has boosted trade confidence and enabled more aggressive product and services launches.

Indonesia

Moving into the second year of its transformation agenda, XL kicked off 2016 on a promising note, recording an encouraging YoY performance with its Axis brand showing strong success. First quarter revenue, EBITDA and profit after tax (PAT) increased 2.5%, 16.7% and over 100% YoY respectively. EBITDA margin at 38.9% has been on a steady sequential growth for the fourth consecutive quarter. XL continues to attract strong subscriber numbers with net subscriber additions growing by approximately 600,000 within the quarter. Similarly, Average Revenue Per User (ARPU) increased by 39.3% YoY to IDR39,000 with other leading financial indicators also trending positively. Under its balance sheet management initiatives, XL has repaid or refinanced all unhedged external USD debt.

STEADY PERFORMANCE IN EMERGING MARKETS

Sri Lanka

Dialog's excellent performance continues across all its business units for the first quarter of 2016. YoY, revenue growth for mobile, fixed and TV were at 22.3%, 20.8% and 8.3%, respectively. The company posted YoY revenue, EBITDA and PAT growth of 22.1%, 17.4% and 34.5% respectively for the quarter. Dialog's mobile data revenue registered an exponential

increase of 60.3% YoY, up by 8.6% QoQ driven by higher subscriber additions and an increase in data usage.

Bangladesh

Robi⁶'s first quarter performance was affected by external factors such as heightened competition and industry-wide drop in subscriber base impacted by bio-metric registration which commenced in December 2015. Revenue, normalised EBITDA and normalised PAT dropped 2.7%, 8.7% and 38.7% YoY respectively. Robi's first quarter data subscribers, however, grew by 8.3% YoY to 13.0 million users in the quarter and contributed to an increase of 19.1% in data revenue growth. Data revenue accounted for 12.4% of Robi's revenue during the quarter.

Cambodia

In the highly competitive Cambodian market, Smart continued to post sterling performance with quarter one of 2016 growth driven by data revenue upping by 41.8% YoY, and achieving an outstanding EBITDA margin of 50.3%. For the quarter, Smart recorded an increase in revenue, EBITDA and PAT growth of 8.6%, 10.3% and 30.3% respectively. Total data subscribers grew by 53.2% YoY to 3.2 million, whilst first quarter data revenue contributed 36.1% to total revenue.

SIGNIFICANT CONTRIBUTIONS FROM ASSOCIATES

India

Idea⁷ posted a strong FY16 revenue and EBITDA growth of 14.0% and 20.5% respectively. However, PAT slipped by 3.5% as a result from higher depreciation and finance cost. Idea's contribution to Axiata PATAMI for the quarter was RM65.0 million, accounting for 14.0% of normalised Group PATAMI.

Singapore

On a YoY basis, revenue, EBITDA and PAT for M1⁸ dipped 12.6%, 0.1% and 6.9% respectively. M1 contributed RM36.2m to Axiata PATAMI, accounting for 7.8% of normalised Group PATAMI.

Commentary

Axiata Chairman, Tan Sri Dato' Azman Hj. Mokhtar said, "The Group registered healthy revenue and EBITDA improvements despite a seasonally slow quarter against a challenging

⁶ Robi Axiata Limited

⁷ Idea Cellular Limited

⁸ M1 Limited

regional industry environment backdrop. This is a reflection of our diverse and dynamic portfolio.”

Dato’ Sri Jamaludin Ibrahim, President and Group Chief Executive Officer of Axiata added “The first quarter showed mixed results with XL, Dialog and Smart performing exceptionally well while Celcom’s performance impacted the Group’s results. However, I am pleased to note there are many positive signs; Celcom has been aggressively rolling out more LTE sites and a number of competitive and exciting data products and services over the last two months. I am confident with these initiatives in place, Celcom will be back on track to finish the year respectably.

“Balancing the scale, XL’s performance continues to strengthen and improve, contributing to the growth of Group’s EBITDA and EBITDA margin as its transformation agenda remains firmly on track and effective. Likewise, Dialog and Smart continued its exemplary growth momentum posting double digit improvements across key financial metrics. Balance sheet remains healthy with XL successfully hedging all its external USD debts. Incorporating annualised EBITDA of Ncell, Group gross debt/EBITDA would be below 2.5x.

Moving Forward

“Despite a slow start to the year, the Group’s KPIs for the year remains unchanged. With Ncell being consolidated from 12 April 2016, we expect to see immediate accretion to Group revenue, EBITDA, and PATAMI. We see encouraging growth in data, and an overall strong growth trajectory in all of our markets as we further solidify our positions. As a Group we have announced our biggest capex spend for 2016, primarily for investment in data in line with strategies to cement our mobile data leadership in all markets where we operate”, concluded Jamaludin.

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About Axiata

As one of the largest Asian telecommunication companies, Axiata today operates in ten countries, servicing approximately 290 million subscribers. With a diverse portfolio in mobile network operations, communications infrastructure services and digital services, the Group pieces together the best in connectivity, technology and people in its vision of Advancing Asia.

Axiata has controlling stakes in market leading mobile operators in South East Asia and South Asia. Axiata Group of companies operate under the brand name of ‘Celcom’ in Malaysia, ‘XL’ in Indonesia, ‘Dialog’ in Sri Lanka, ‘Robi’ in Bangladesh, ‘Smart’ in Cambodia and ‘Ncell’ in Nepal. Further to this, the Group also holds strategic interests in ‘Idea’ in India and ‘M1’ in Singapore.

‘edotco’, the Group’s infrastructure company, operates in six countries to deliver telecommunications infrastructure services, amassing a portfolio of over 16,000 towers and 12,000 km of fibre. It aims to be one of the top regional tower companies and is committed to responsible and sustainable business operations.

Axiata Digital (AD), its digital services arm, captures the rapid growth in internet-based businesses through its portfolio of 24 digital brands, servicing growing demands in mobile money, mobile advertising, e-commerce, entertainment and education.

As a committed and long-term investor, Axiata provides employment to 25,000 people within its operations. In line with its sustainability goals, the Group actively supports and drives young talent development; disaster response and recovery; as well as green initiatives.

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