MEDIA RELEASE

Axiata Posted Strong Operational Performance Across All Subsidiaries to Deliver FY18 Underlying Performance with Revenue & EBITDA Up 3.7% & 2.0%; Underlying PATAMI at RM1.2 billion; Proposed 85% DPR Translating to 9.5 sen Total Dividend

Group successfully concluded its most massive portfolio rationalisation with reclassification of Idea, divestment of M1, write-offs from network modernisation and transaction of digital investments paving the way for promising 2019 with profitable growth, stronger balance sheet & RM5.1 billion cash on hand

Axiata delivered commitments made to shareholders in 2016 as evidenced:

- Strong growth momentum in FY18 for operating companies (OpCos), with all six performing best in their markets in terms of revenue growth; four recording the highest EBITDA growth and two, the highest profit increase
- Group to propose dividend of 4.5 sen per share, declaring 85% DPR at 9.5 sen total dividend per share for FY18
- Portfolio rationalisation of non-core assets executed as per Triple Core Strategy:
    - Reclassification of its entire investment in Idea as simple investment in balance sheet due to change in status from associate to financial investment with one-off technical impairment, dilution and operational losses of RM3.9 billion
    - Divestment of its entire stake in M1 for total cash consideration of approximately RM1.65 billion[1]
    - Appointment of asset management firm to manage non-core digital ventures to be transacted at USD140 million in 2019
    - Write-offs of legacy technologies primarily in XL and Celcom as part of network modernisation exercise amounting to RM1.8 billion, to result in Depreciation & Amortisation ("D&A") savings of approximately RM150 million per year
- Cost optimisation programme delivered RM1.5 billion savings in 2018 with the aim of RM5 billion total savings over five years
- Solid cash position of RM5.1 billion prior to M1 proceeds, and strong investment grade rating maintained with gross debt/EBITDA at 2.29x to support future growth

Kuala Lumpur, 22 February 2019 – Axiata Group Berhad ("Axiata" or "the Group") continued to demonstrate healthy underlying operational performance[2] for the financial year ended 31 December 2018 (FY18), reflecting resilience of its fundamentals in facing an exceedingly tough business environment. Group revenue grew 3.7% Year-on-Year ("YoY") for FY18 to record at RM25.3 billion compared to RM24.4 billion in financial year ended 31 December 2017 (FY17) on the back of growth from most of its subsidiaries. Earnings Before Interest, Tax, Depreciation and Amortisation ("EBITDA") for the year rose 2.0% to RM9.4 billion mainly from higher contribution by Robi[3], Dialog[4] and XL[5]. Adjusting for Malaysian Financial Reporting Standards ("MFRS") 15 and MFRS 9 and forex translations, underlying PATAMI stood at RM1.2 billion.

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[1] Axiata announced its acceptance of the voluntary conditional general offer by Konnectivity Pte. Ltd for the Group's entire stake in M1 on 15 February 2019

[2] For the purpose of actual performance comparison, the Group's underlying performance is reported in i) constant currency as Ringgit Malaysia (MYR) strengthened by 10%-12% against all operating countries' local currencies during the year ii) excludes Malaysian Financial Reporting Standard (MFRS) 15 and 9 iii) excludes one-off items

[3] Robi Axiata Limited

[4] Dialog Axiata PLC

[5] PT XL Axiata Tbk

All its six operating companies (OpCos) performed best in their markets in terms of revenue growth. Four OpCos recorded the highest EBITDA growth in their respective markets whilst two OpCos captured the highest profit rise as compared to their competitors.

On actual basis, the Group's FY18 revenue stood at RM23.9 billion, EBITDA at RM8.3 billion and PATAMI dropped to a loss position of RM5.0 billion as it absorbed the one-off, non-cash, technical items mainly Idea-related losses of RM3.9 billion for the financial year-to-date, the RM1.8 billion asset write-off as a result of network modernisation primarily at XL and Celcom[6], and forex and derivatives losses of RM0.5 billion.

Axiata continued to deliver on its cost optimisation commitment, achieving RM1.5 billion in savings in FY18 to meet its aim of RM5 billion savings over five years, with operations generating free cash flow of RM605 million after paying for capex investments. Balance sheet for FY18 held up steadily against the barrage of external challenges to maintain its strong investment grade rating with Gross Debt/ EBITDA of 2.29x, and a solid cash position of RM5.1 billion prior to M1 proceeds.

PROPOSED DIVIDEND

In view of the Group's steady FY18 underlying performance, normalised PATAMI[7] of RM1.0 billion as well as in line with the commitment made to shareholders to revert to the 2015 dividend payout ratio ("DPR") by 2018, the Board of Directors resolved a higher full-year total dividend of 9.5 sen per ordinary share, including the interim dividend of 5 sen per ordinary share declared for the financial period ended 30 June 2018. Total dividend for FY18 translates to an 85% DPR compared to 64% in FY17.

BALANCE SHEET MANAGEMENT AND PORTFOLIO RATIONALISATION

Axiata continued to implement its portfolio management and rationalisation exercise in FY18 to prioritise capital allocation towards realising its Triple Core Strategy. This exercise involved rationalising its non-core portfolio:

i. Recent disposal of its entire non-strategic stake in M1 in Singapore at cash consideration of approximately RM1.65 billion and estimated gain of RM126.5 million following the voluntary conditional general offer announced by Konnectivity Pte. Ltd in December 2018
ii. Disposal of the entire 89% stake in Multinet (Pakistan) Pvt Ltd completed on 8 November 2018
iii. Deconsolidation of the Idea investment through the reclassification as a financial investment from associate on 16 August 2018, registering a technical impairment of RM3.3 billion. Earlier, the Group recorded a RM357.6 million non-cash loss on dilution as a result of its non-participation of Idea's rights issue

Other initiatives include:

i. Smart's[8] strategic partner, Mitsui Co., Ltd, exercised its call option of 10% on Smart at USD92.4 million, increasing its stake to 20% at the Group's Cambodian mobile operator
ii. ADA (analytics.data.advertising), the Group's digital advertising company secured USD20 million funds from its new strategic partner, Sumitomo Corporation for its planned expansion in the digital advertising global business, implying a valuation of USD120 million

[6] Celcom Axiata Berhad
[7] For the purpose of actual performance comparison, Normalised PATAMI excludes one-off items
[8] Smart Axiata Company Limited

iii. Sunsetting of legacy technologies mainly at XL and Celcom resulting in asset write-off of RM1.8 billion. This exercise is expected to result in D&A savings of approximately RM150 million per annum
iv. Axiata Digital has entered into partnership with an asset management firm on 21 February 2019 to manage its non-core Digital Ventures portfolio, targeted to be transacted at USD140 million in 2019
v. Being in an advanced stage of validating investments in Axiata's three core Digital Verticals, i.e. Digital Financial Services, Digital Advertising and Digital Platform

ASEAN MARKETS
Celcom's service revenue increased 1.1% YoY in FY18 amidst a stabilising competitive environment driven by growth in both postpaid and prepaid segments. Its focus on high value customers further drove momentum, resulting in a RM5 increase in FY18 postpaid Average Revenue Per User (ARPU) to RM89, while prepaid ARPU increased by RM3 to RM35. The addition of 169,000 customers in FY18 expanded Celcom's postpaid subscriber base to three million. LTE and LTE-A coverage was at 91% and 78% respectively.

XL's consistent strategy execution resulted in a 0.4% and 2.3% increase in revenue and EBITDA respectively in FY18, successfully delivering a market share gain and outperforming all its competitors despite a decline in revenue growth for the industry as a whole. XL registered a loss after tax of IDR3.3 trillion in FY18 mainly due to one-off impairment of assets from closure of majority legacy network. XL is Axiata's most data centric operator with 80% smartphone penetration and data revenue capturing 80% of its service revenue in FY18.

Smart's FY18 revenue increased 7.2% led by strong growth in the data segment which grew 28.3% and now accounts for 60% of total revenue for the subsidiary.

SOUTH ASIAN MARKETS
Dialog delivered an impressive performance fuelled by double digit revenue growth and cost excellence, amidst challenging externalities in FY18. Revenue rose 15.2% and EBITDA increased 17.4%, encouraged by higher data revenue from growth in smartphone penetration and 4G conversion, fixed home broadband and international business revenue. Excluding one-off asset impairment and accelerated depreciation, normalised PAT for the year grew 15.8%.

Robi demonstrated mobile data leadership in Bangladesh as a result of its 4G rollout, achieving a 9.5% increase in service revenue driven by 26% growth in data revenue for FY18. EBITDA rose 31.6% on the back of lower direct costs from lower material costs and reduction in interconnect charges. PAT turned positive to BDT2.1 billion partly due to gain on disposal of 20% of edotco shares mitigated by accelerated depreciation charge. Normalised PATAMI for FY18 registered a loss of BDT2.2 billion impacted mainly by higher net finance cost.

Ncell's[9] core mobile revenue and EBITDA grew 5.4% and 4.2% respectively in FY18 despite regulatory challenges, including the implementation of the Telecommunications Service Charge in July 2018 and increase in corporate tax during the year. Data revenue for the year accounted for 23% of total revenue with the market's smartphone rate improving by seven percentage points to 59%.

INFRASTRUCTURE
edotco[10] continued to post strong operational momentum for Axiata's infrastructure business especially in Malaysia, Bangladesh and Myanmar, delivering strong revenue in FY18 at 12.8% driven by higher number of tower build and co-location growth aided by two new entities

[9] Ncell Private Limited
[10] edotco Group Sdn Bhd

consolidated in Malaysia. PAT increased by 13.8% due to favourable unrealised forex movement. EBITDA remained flat for the year at RM684 million due to higher business expansion cost.

DIGITAL BUSINESSES

Axiata's Digital Business is classified under two groups:

i. Three core areas under its operations, namely Digital Financial Services (DFS), Digital Advertising and Digital Platforms
ii. Digital Ventures which Axiata has decided to de-focus

1) Core Areas

Boost, which is one of Axiata's flagship DFS businesses, is today the leading e-wallet in Malaysia. It continues to record a healthy uptrend in users and merchant base recording 5x and 24x growth respectively closing 2018 with 3.5 million users and over 61,520 merchants. Boost Indonesia meanwhile, focused on merchant services, growing its base to 458,710 merchants.

ada (analytics. data. advertising), was established in 2017 as the largest independent digital marketing agency across South & Southeast Asia. With a team of 250 people comprising data experts, growth hackers, advertising visionaries and number crunchers across ten countries in Asia Pacific, ada has established itself in the region with over 200 large accounts, providing PUC's Red Hot Media agency with services such as digital buying, programmatic advertising and social media management.

Apigate, the Group's digital enablement platform based on application programming interface (API) expanded its global reach in 2018 through partnerships with telco groups such as Zain and Etisalat, Tencent and GameLoft, giving it access to 3.1 billion consumers and over 110 mobile network operators (MNOs) from the previous 350 million and eight MNOs in 2017. Its future-ready APIs on one seamless platform allows local businesses to scale globally for SMS, Operator and e-Wallet Billing.

2) Digital Ventures, comprising non-core investments to be transacted at USD140 million in 2019, will now be under an asset management firm.

COMMENTARY

Commenting on the full year results, Tan Sri Ghazzali Sheikh Abdul Khalid, Chairman, Axiata Group Berhad said, "In spite of the many externalities as well as significant industry and market developments this year, Axiata continued to hold up, enabling the Group to strongly deliver on its 2018 underlying operational performance."

"We are pleased to announce Axiata was able to meet its adjusted headline KPIs for 2018. Given the overall results, the Board has proposed a full year dividend payout of 9.5 sen for 2018."

"Concerns have also been raised on recent news surrounding a possible Capital Gains Tax charge on Ncell by the Supreme Court of Nepal. In the absence of official notification, our parties to the litigation continue to await the full judgment to gain more clarity and we will provide an update upon receiving the order."

Tan Sri Jamaludin Ibrahim, President & Group Chief Executive Officer of Axiata commented, "2018 results are probably the most interesting results so far. The headline profit at a glance can be alarming and misconstrued, as it is almost all due to non-cash items that are purely accounting treatments as opposed to some fundamental performance."

"On the contrary, the underlying performance is very strong. It is also interesting, as the very issues that caused the headlines could materially help us this year and in the years to come".

"To be specific, due to the massive accounting adjustments especially the reclassification of our Indian asset into the balance sheet, Idea performance will no longer drag our profitability. In fact, there are now more upsides given our belief in the long-term future of the merged company."

"Additionally, the 2G and other legacy network write-offs are expected to result in D&A savings of around RM150 million per year, hence, correspondingly improve our profitability."

"All these cloud our strong underlying fundamentals. This is one of the years where all six mobile subsidiaries performed the highest revenue growth in the industry and most performed the highest EBITDA growth. More importantly, we now have a huge tail wind from both the momentum from the operational successes across the Group and the strong balance sheet from the M1 sale of RM1.65 billion on top of our RM5.1 billion cash balance."

"Hence, barring unexpected and external factors, we are confident we will have a promising 2019."

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