

AXIATA GROUP BERHAD (“AXIATA”) – HEADLINE KEY PERFORMANCE INDICATORS (“KPIs”) FOR FINANCIAL YEAR ENDING 31 DECEMBER 2018 (“FY2018”)

Axiata wishes to announce its FY2018 Headline KPIs

These Headline Key Performance Indicators (KPI) have been set and agreed by the Board of Directors and Management of Axiata Group (“Group”) and shall not be construed as forecasts, projections or estimates of the Group or representations of any future performance, occurrence or matter as they are merely a set of targets/aspirations of future performance aligned to the Group’s strategy and which have been derived on the assumptions that the Group shall operate under the current business environment under which they had been determined.

FY2018 Headline KPIs

| | FY2018 Headline KPIs @ Constant rate | FY2018 Headline KPIs @ Bloomberg rate |
|--|--|---|
| Revenue Growth (%) | 6.3% | Flat |
| Earnings before Interest, Tax, Depreciation and Amortisation (“EBITDA”) Growth (%) | 5.8% | Flat |
| Return on Invested Capital (“ROIC”) (%) | 5.0% - 5.5% | 4.8% - 5.2% |
| Return on Capital Equity (“ROCE”) (%) | 4.5% - 5.0% | 4.1% - 4.6% |

Note: Constant rate is based on the FY17 Average Rate (e.g. 1 USD = RM4.30), Bloomberg rate is based on 2018 Forex Forecast as at 24th January 2018 (e.g. 1 USD = RM3.90).

In establishing the FY2018 Headline KPIs, the Management of Axiata has taken into consideration the followings:-

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

Moving Forward

In line with Axiata 3.0, the Group will focus on the triple core strategy launched in 2017 to transform and form the Mobile business into Telco 3.0 (convergence and digitization), Digital businesses into four focused Digital verticals and Infrastructure/tower business into a global scale.

Macro-economic outlook, regulatory landscape and political environment will remain challenging in some of the markets. Amidst this, Axiata anticipates heightened competition in certain footprints. Axiata may also be affected by foreign currency fluctuations especially with the expected strengthening of RM against other transacting and translating currencies.

Against this landscape, Axiata is set to capitalize the momentum garnered and milestones achieved in FY2017. The Group is well positioned to continue the excellent growth across its existing portfolio, and FY2018 will be further elevated by Deodar contribution which is projected to be completed in Q2’18. Consistent with the triple core strategy, Axiata will be making significant investment to enhance its network presence and putting in moderate investment in digital businesses and consolidate its tower portfolio. Consequently, the year’s performance will be moderated by the spending required to nurture the expansion in these new growth areas; as well as by higher depreciation and amortization arising from recent and future capital expenditure and spectrum investments. Nonetheless, the Group is expecting to see positive impact from the cost optimization programs that was embarked since FY2017, now executed vigorously across the Group.

The Headline KPI is reflecting the above backdrop; balancing the short and long term requirements for the purpose of attaining sustainable growth as part of Axiata 3.0.

FY2017 Headline KPIs Achievements

Below are the Axiata Group 2017 achievements against 2017 Group Headline KPIs:-

| | FY2017 | FY2017 | | FY2017 | |
|--|----------------------------------|---|-------------|--|-------------|
| | Achievement @ Actual Currency | Headline KPIs (based on constant currency**) | Achievement | Headline KPIs (based on Bloomberg*) | Achievement |
| Revenue Growth (%) | 13.2% | 8% - 10% | 10.9% | 9% - 11% | 11.5% |
| Earnings before Interest, Tax, Depreciation and Amortization (“EBITDA”) Growth (%) | 15.2% | 6% - 8% | 12.4% | 7% - 9% | 13.1% |
| Return on Invested Capital (“ROIC”) (%) | 4.7% | 4.5% - 5.0% | 4.6% | 4.5% - 5.0% | 4.7% |
| Return on Capital Equity (“ROCE”) (%) | 4.2% | 4.0% - 4.5% | 4.0% | 4.0% - 4.5% | 4.1% |

*1 USD = RM4.55
**1 USD = RM4.14

FY2017 has been a strong year for the Group, where all our OpCos in Malaysia, Indonesia, Cambodia, Sri Lanka, Bangladesh and Nepal performed better than the mobile telecommunications industry in their respective countries. However the Group’s performance was adversely affected by associate in India. Idea continued to be adversely affected by unprecedented disruption from new entrant and changing industry dynamics.

Against a backdrop of still-intense competitive landscape in Malaysia, Celcom performed better than its main competitors, financial performance remains stable. In Indonesia, XL is staging a strong recovery, on the back of improved execution of its transformation agenda and network expansion into ex-Java. Our OpCo in Bangladesh, Robi has delivered larger-than-expected synergistic benefits from its merger with Airtel; whilst market leaders in Cambodia, Sri Lanka and Nepal continue to deliver excellent performance.

The Group’s performance was also lifted by our cost optimisation initiatives which delivered cost savings of RM1.3bn for FY17, which is well ahead of our initial target of RM800m.

Overall, the Group posted Revenue and EBITDA growth of 13.2% and 15.2% year-on-year, which is ahead of our Headline KPI, based on both constant and actual currency. The Group also achieved ROIC and ROCE of 4.7% and 4.2%, respectively, which is in line with our Headline KPI, based on both constant and actual currency.