

## MEDIA RELEASE

### Axiata Records Steady Growth amidst a Challenging Operating Environment

- **Celcom continues to show revenue growth; Data revenue grew significantly by 20% YoY**
- **XL, Dialog performed well against market**
- **Robi continues to show double digit Revenue & EBITDA growth YoY**
- **Strengthening Ringgit against most currencies affected results**

**Kuala Lumpur, 31 May 2011** – Axiata Group Berhad (“**Axiata**”) today announced its unaudited results for the first quarter of 2011. The Group saw stable performance in all financial metrics, in a seasonally slow quarter, amidst heightened competitive pressures, strengthening Ringgit and a maturing market in Malaysia. Slower momentum in traditional revenues was however, cushioned by strong growth in data seen at Celcom<sup>1</sup> and XL<sup>2</sup>. The Group reported revenue of RM3.9 billion, up 3% year-on-year (“**YoY**”) which at constant currency, stripping out forex movements, would have been up 8%. YoY EBITDA growth (Earnings Before Interest, Tax, Depreciation and Amortisation) remained steady at 3%, 7% at constant currency, to RM1.7 billion. Continued focus on cost management saw stable margins at 44%. Underlying operational performance showed strong and encouraging growth, with normalised PATAMI (Profit after Taxation and Minority Interests)<sup>3</sup>, up by 19% YoY to RM626 million. This was on the back of operational improvements and cost management at Celcom, XL and Dialog<sup>4</sup>. Regional mobile subscribers grew 30% to 168 million making Axiata one of the largest telcos in the region.

## STABLE YoY PERFORMANCES AT CELCOM AND XL

### Malaysia

Momentum was sustained at Celcom, which continued to show stable growth on a YoY basis in all key indicators with revenue up 2% and EBITDA increasing by 5%. PATAMI for the period increased by 13% to RM499 million. On a quarter-on-quarter (“**QoQ**”) basis, Celcom showed positive performance. In a traditionally slower quarter Celcom recorded a QoQ revenue growth of 0.8%, the highest growth seen for the last four quarters.

Celcom’s relentless focus on growing its data business saw a strong hike in total data revenue of 20% YoY. Excluding SMS, it grew 37% in the same period. This was driven by mobile broadband and increasingly small screen data. The quarter saw Celcom retain its leadership status in mobile broadband amidst increasing competition, with a total of 876,000 broadband subscribers, now contributing 11% to total revenue from 8% a year ago. Total Data now contributes 36% to revenue from 30% a year ago.

To support the growing data business and adoption, Celcom continues to enrich its portfolio of innovative data offerings and services. Amongst others, Celcom launched its homegrown

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<sup>1</sup> Celcom Axiata Berhad

<sup>2</sup> PT XL Axiata Tbk

<sup>3</sup> Stripping out the one-off gain of RM308 million recorded in Q1 2010 from the partial sale of XL shares and other one-off items. Including the exceptional one-off gain, PATAMI would have dipped by 40%

<sup>4</sup> Dialog Axiata PLC

social network 'Kolony', the first of its kind in Malaysia, which has attracted 1.8 million customers in less than three months.

## **Indonesia**

Following an exceptional 2010, XL started the year cautiously, with stable growth seen in all financial metrics and continuing market share gains albeit at a slower runrate than experienced in 2010. Revenue and EBITDA were up 9% and 10% respectively YoY. EBITDA margin remained stable at 52% and PAT rose by 26% in the same period.

Total Data continued to show a strong upward trend with a significant increase of 31% YoY. This segment now contributes 37% to total revenue from 31% a year ago.

XL performed well against market but did see a slowdown QoQ due to competitive pressures. As a whole the Indonesian telecommunications market softened marginally during the quarter.

## **TURNAROUND AND GROWTH IN SOUTH ASIAN OPERATIONS**

### **Sri Lanka**

Dialog recorded strong performance in revenue to reach SLR10.9 billion, up 10% YoY driven by a healthy growth in mobile subscribers and an increased adoption of mobile broadband services. EBITDA in the period showed healthy momentum with a growth of 7% due to revenue gains, resulting in the Group posting a robust PAT of SLR 1.2 billion, up 64%.

On a QoQ basis, revenue was up 2% on the back of active subscriber addition. Mobile subscriber base surpassed 7 million with net additions of 181,000 in the quarter. EBITDA and PAT were affected due to an increase in operational costs and capital expenditure. The latter, generally directed at strategic investments in high speed mobile broadband and optical fibre networks, was 64% higher YoY. The investment did have an impact on the quarter's results but are essential to support growth in data service revenue especially mobile broadband.

### **Bangladesh**

Robi<sup>5</sup> continued its strong growth trajectory with double digit revenue growth of 19% YoY amidst stiff market competition. This was on the back of growth in the prepaid segment from an enhanced customer base. Similarly, EBITDA was up a significant 45% in the same period.

Significant subscriber growth was added up 37% YoY and 10% in the quarter. PAT however, was affected due to forex movements in the quarter.

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<sup>5</sup> Robi Axiata Limited

## **STRONG PERFORMANCES AT ASSOCIATES**

### **Singapore**

MI reported a positive start to the year with operating revenue increasing 3.5% YoY due to higher service revenue and handset sales. Revenue from non-voice services rose by 4.9% points YoY to 34.7% of service. EBITDA in the period was affected however, due to higher handset costs. PAT increased 8.2% to SGD42.5 million.

### **Commentary**

Axiata Chairman, Tan Sri Dato' Azman Hj. Mokhtar said "It has been a tough start to the year with competition intensifying amidst a difficult operating landscape. Despite this the Group has displayed a reassuring ability to adapt and nimbly navigate the waters. We will continue to maintain our resilience by focusing on fundamentals and our long term objectives of ensuring strong profit and cash, whilst looking at more revenue growth opportunities".

Dato' Sri Jamaludin Ibrahim, President and Group Chief Executive Officer of Axiata added "The strengthening of the Ringgit against most other currencies has resulted in a negative translation loss. This, coupled with a maturing market in Malaysia and increased competition across the Group, has led to a challenging Q1. This was somewhat mitigated by strong data growth of 20% YoY. Despite the challenges, Axiata is well positioned to compete, delivering stable earnings across the Group. This is a reflection of our balanced portfolio of emerging and matured assets alongside our diligence on cost management initiatives and capex efficiency. Our South Asian operations in Sri Lanka and Bangladesh continue to do well, showing further signs of a positive turnaround and strong growth. In Malaysia and Indonesia, both Celcom and XL have shown resilience in the face of slowing market conditions. Our focus on data has already shown results and we expect this to be more tangible in the second half of the year"

### **A Year of Data Growth**

"2011 promises to be a year for data, especially for our more mature markets. Both Celcom and XL have seen data's contribution to revenue grow significantly from a year ago and we expect this to continue. The Group has already begun investing in network modernisation and looking at network sharing to facilitate the explosive growth in data. We will be pushing advanced data services across smartphones and other connected devices. Alongside this, we are also making major organisational and process changes to drive the exponential growth in data. This has had an impact on our results in the quarter but will benefit us in the longer term. Concurrently, our cost reduction programme is ahead of plan and we continue to explore further ways to reduce cost. We maintain our tight focus on capital discipline and returns to shareholders" concluded Dato' Sri Jamaludin Ibrahim.

### **About Axiata**

Axiata is one of the largest Asian telecommunication companies, focused on high growth low penetration emerging markets. Axiata has controlling interests in mobile operators in Malaysia, Indonesia, Sri Lanka, Bangladesh and Cambodia with significant strategic stakes in India, Singapore and Iran. India and Indonesia are amongst the fastest growing markets in the world. In addition, the Malaysian-grown holding company has stakes in non-mobile telecommunication operations in Thailand.

The Group's mobile subsidiaries and associates operate under the brand name 'Celcom' in Malaysia, 'XL' in Indonesia, 'Dialog' in Sri Lanka, 'Robi' in Bangladesh, 'HELLO' in Cambodia, 'Idea' in India, 'M1' in Singapore and 'MTCE' in Iran (Esfahan).

The Group, including its subsidiaries and associates, has over 168 million mobile subscribers in Asia. The Group revenue for 2010 was RM15.6 billion. The Group provides employment to over 25,000 people across Asia. Axiata's vision is to be a regional champion by 2015 by piecing together the best throughout the region in connectivity, technology and talent, uniting them towards a single goal: Advancing Asia.

Axiata was awarded the Frost & Sullivan 2009 and 2010 Asia Pacific ICT Award for Best Telecom Group and the Telecom Asia Best Regional Mobile Group 2010 for its operations in multiple Asian markets.

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