

## MEDIA RELEASE

### Axiata Registers PAT of RM2.7 Billion, a 28% growth, and Doubles Dividend Payout

- **Group year-end cash position at RM6.6 billion with significantly strengthened balance sheet; announces dividend payout of 19 sen per share, a 60% payout and a 100% increase over last year; XL and Dialog follow suit increasing dividends by 35% and 39% respectively**
- **YoY strong growth in all key areas and Operating Companies; Group revenue grew 5% and PATAMI 33%; margins impacted due to investment in data and changes in revenue mix**
- **Celcom PATAMI hits RM2 billion mark**
- **XL sees all round performance with excellent data growth with 61% growth in data services revenue**
- **Dialog and Robi continues significant growth trajectory, with double digit revenue growth of 10% and 18% respectively**

**Kuala Lumpur 23 February 2012,** Axiata Group Berhad (“**Axiata**”) today reported strong results for the financial year ended 31 December 2011 amidst slower market conditions and weakening currencies against the Ringgit. Despite a slow start, the year closed with all-round performances, in terms of revenue and profit growth, across almost all Operating Companies (“**OpCos**”). OpCos performed well, especially against industry which saw the Group posting solid revenue growth of 5% year-on-Year (**YoY<sup>1</sup>**) and PAT (“**Profit After Tax**”) of RM2.7 billion. The continuously strong performances seen from all key OpCos, puts the Group in a good position to end the year.

### FULL YEAR 2011 RESULTS

Aggressive execution by all OpCos on strategies saw positive quarterly revenue trends continuing with the Group recording revenue growth of 5% YoY to RM16.4 billion. Revenue was impacted by the weakening currencies outside of Malaysia and would have been 7.5% at constant currency. The robust performance was on the back of higher data in key markets particularly Celcom<sup>2</sup>, XL<sup>3</sup> and Dialog<sup>4</sup>.

The Group's EBITDA (“**Earnings Before Interest, Tax, Depreciation and Amortisation**”) remained steady at 1% to RM7.1 billion, 3% at constant currency, due to the growth in data and broadband at Celcom and XL in particular. Margins dipped by 1.9 percentage points due to aggressive network roll-out at Celcom and XL to accommodate the growth in data.

PAT in the period was up 28% to RM2.7 billion whilst actual PATAMI (“**Profit after Taxation and Minority Interests**”) was up by 33% to RM2.3 billion. Celcom in particular, saw profits increasing by 11%, hitting the RM2 billion mark. After adjusting for exceptional items, such

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<sup>1</sup> YoY refers to FY2010 vs. FY2011

<sup>2</sup> Celcom Axiata Berhad

<sup>3</sup> PT XL Axiata Tbk

<sup>4</sup> Dialog Axiata PLC

as impairment, FOREX and one-off gains on disposal/ merger, normalised Group PATAMI was up by 2%.

Group's total subscriber base expanded to close to 200 million, up 25% from a year ago, an average of 3.3 million per month, making the Group one of the largest telcos in the region.

Axiata ended the year in a position of strength with RM6.6 billion in cash and balance sheet significantly strengthened. Axiata's Gross Debt to EBITDA ratio now at 1.6 x, representing one of the healthiest balance sheets in the industry.

### **Proposed Dividend**

In light of the Group's strong performance, Axiata announced an accumulative increase payout in dividends of 19 sen per share (single tier including interim dividend of 4 sen per share paid last year), a 60% payout which is double the 30% from last year. The final dividend, based on the group's normalised PATAMI, is subject to the approval of the shareholders at the forthcoming Annual General Meeting ("AGM").

In the future we will continue with our policy of progressively increasing the payout ratio. Consistent with the policy, and as a guidance for next year, it is our intention to increase the payout ratio to around 65% subject to a number of factors. This includes actual 2012 overall financial performance, capital requirements, growth expansion strategies as well as dividends received from subsidiaries.

## **POSITIVE DATA TRENDS CONTINUE AT CELCOM AND XL**

### **Malaysia**

Celcom closed the year with a stellar performance with record breaking revenue and PATAMI growth. Even in a mature market, Celcom saw a robust 6% growth in revenue, driven by data and mobile broadband, to RM7.2 billion. Non-voice grew 12% YoY amounting to a 35% contribution to revenue.

Celcom defended its market dominance in mobile broadband closing the year with 937,000 subscribers, a growth of 9% YoY. Good take-up of smartphones and tablets drove data usage which increased in the same period. At 4.6 million, data users now represent 38% of Celcom's total subscribers.

Celcom saw excellent growth traction in total subscribers, via successful voice resuscitation initiatives. Favourable take up on usage stimulation campaigns saw Celcom adding 542,000 subscribers in the fourth quarter.

Celcom continued to generate healthy cash balance and saw, double digit PATAMI growth, the highest profitability to-date, up 11% to RM2.0 billion. EBITDA for the period rose 2%<sup>5</sup> to RM3.3 billion, from aggressive pursuit of smart spend initiatives and cost saving measures.

For 2012, Celcom will enhance its focus on mobile data. Work has already begun on improving network quality and capacity for better customer data experience. Alongside this the company will be driving greater cost efficiencies with a high focus on network infrastructure sharing. This has already started with the network collaboration agreement

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<sup>5</sup> Normalised for additional accelerated USP charges

signed with DiGi, aimed at addressing the increase of data capacity requirements, which is on track.

### **Indonesia**

XL closed the year in a position of strength with an excellent performance seen in data services. Revenue increased 7% YoY to IDR18.92 trillion driven by strong momentum in data revenue which grew 61%. XL saw tremendous increase in the adoption of advanced data with usage growing rapidly by 295%, contributing 15% to revenue from 10% a year ago. At 25.5 million, data users now represent more than half of XL's total subscribers.

Advanced data, VAS and SMS or non-voice services now contribute close to 50% of revenue. Alongside this, efforts on mitigation of voice substitution saw continued traction. XL's innovative packages focused on customers' share of voice wallet gained momentum even after the festive season which saw a further 3 million increase in subscribers for XL in the fourth quarter bringing a total of 46.4 million for the year 2011.

EBITDA in the period increased 4%<sup>6</sup> YoY to IDR9.3 trillion with margins at 49% whilst net profit remained stable at IDR2.8 trillion.

With a strong execution focus in expanding the network to improve data coverage, XL strengthened its 3G rollout with more than 6,000 new 2G base stations and an 81% increase in 3G base stations. Focus on delivering even better network quality will see the outsourcing of Managed Network Services in the first quarter of 2012.

Based on the positive results of 2011, XL announced a higher dividend payout of 35% of normalised net income of 2011. The proposed dividend will be paid in 2012 and subject to XL shareholders' approval at the forthcoming AGM.

## **CONSOLIDATION OF TURNAROUND**

### **Sri Lanka**

Dialog saw continued growth in all financial indicators, posting double digit revenue growth of 10% YoY, marking an eleventh consecutive quarter of growth. This was primarily driven by growth in prepaid revenue and television. Dialog Television<sup>7</sup> turned PAT positive for the first time since acquisition in 2006. Similarly, EBITDA increased by 9% in the same period, on the back of revenue growth and continued focus on cost management across the group. PAT grew by 6% in the quarter.

Positive free cash flow was maintained at Dialog for the eighth consecutive quarter. Accordingly, Dialog continued to maintain a structurally strong balance sheet with the Gross Debt to EBITDA ratio improving from 1.33 x in Q4 2011 from 1.76x in Q4 2010.

In the light of Dialog Group's strong performance, the Board of Directors of Dialog announced a cash dividend of SLR0.25 per share to shareholders, totaling to SLR2 billion an increase of 25% from 2010. The dividend is subject to Dialog shareholders' approval at the forthcoming AGM.

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<sup>6</sup> Normalised for provision of severance payment

<sup>7</sup> Dialog Television (Private) Limited

## **STRONG GROWTH CONTINUES**

### **Bangladesh**

Robi<sup>8</sup> continued its strong growth trajectory with double digit growth in both revenue and EBITDA. Despite competition, revenue growth continued, surging by 18% due to healthy revenue from voice and VAS which included data services revenue from the prepaid segment. In tandem, EBITDA grew by 15% with stable margins despite aggressive drive for growth. PAT for the period was down impacted primarily by forex losses arising from the weakening of BDT against USD. YoY, the ringgit has strengthened against BDT by a significant 11%.

On a normalised basis, PAT would have grown by 23%.

## **REGIONAL AFFILIATES**

### **India**

Idea continued to improve revenue market share and despite challenges and hyper competition. Revenue and EBITDA were up by an impressive 26% and 38% respectively. Although year-to-date PAT dipped due to competitive pressures, for the quarter it was up 90%.

Idea's 3G investment plans are on track and high speed broadband services are now available across 2,300 towns in 20 service areas in India. To help promote better take up, the company introduced affordable Idea branded 3G Smart-phones starting from as low as RM380.

Despite the overall challenges being faced in the market, such as regulatory issues and hyper competition, Idea remains one of the best performers in the industry with one of the highest EBITDA margins. The results show that despite new entrants and competitive pressures, Idea is growing stronger with steady quarterly improvements.

### **Singapore**

M1 ended the year on a positive note with operating revenue up 8.8% to SGD1,064.9 million, driven by higher service revenue and handset sales. Service revenue grew 2.4% to SGD750.5 million, benefiting from growth in mobile customer base, as well as higher contribution from fixed services. PAT increased 4.5% to SGD164.1 million.

Revenue from non-voice services, inclusive of SMS, rose by 3.7 percentage points to make up 35.6% of service revenue, driven by continued growth in smartphone customer base. This customer base now accounts for about 67% of total postpaid customers. With the coverage of the Next Generation Nationwide Broadband Network (NGNBN) expected to be nationwide by mid-year coupled the soon to be completed nationwide LTE network, M1 is well placed to capture data growth in both the fixed and mobile segments.

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<sup>8</sup> Axiata (Bangladesh) Limited

## **COMMENTARY**

Axiata Chairman, Tan Sri Dato' Azman Hj. Mokhtar said "It has been another good year for Axiata with the group delivering strong financials and performance amidst intensifying competition. Axiata's share price continued to perform well, outperforming the KLCI for a second consecutive year. The strong performance in 2011 and increased dividend plans go a long way towards value creation for shareholders."

Dato' Sri Jamaludin Ibrahim, President and Group Chief Executive Officer of Axiata added "Despite the challenges faced in the first half, such as slower than expected industry growth, investment in data and changes in revenue mix as well as the strengthening Ringgit, the Group ended the year in a position of strength, reflecting our ability to nimbly navigate our way through increasingly difficult market conditions. Our OpCos have performed very well across key metrics, outperforming the industry in most of our markets. We are particularly pleased with XL's and Dialog's all-round excellent performance, Celcom's profitability as well as Robi's revenue growth. Our performance resulted in strong balance sheets, not only at Group level but all major OpCos. The continued achievements seen in 2011 have enabled us to increase our dividends at group level as well as at XL and Dialog".

## **Outlook for 2012**

2012 will be a pivotal year for Axiata as we progress in our transformation beyond a traditional telco. The mobile world is constantly evolving and Axiata's strategy has always taken into account the dynamic nature of the industry, preparing the Group for the future. Competition has not let up and regulatory challenges continue, which makes urgency and the ability to adapt crucial. However, our healthy balance sheet, strong cash flow generation and continued underlying performances from our OpCos put us on solid footing to face the upcoming challenges.

We will continue to focus on data which we expect to be the main driver for growth, especially in 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 in 2012. In our emerging markets we expect subscriber growth to continue strongly, especially in fast growing markets, such as Bangladesh and India." concluded Dato' Sri Jamaludin Ibrahim.

## **ABOUT AXIATA**

Axiata is one of the largest Asian telecommunication companies. Axiata has controlling interests in mobile operators in Malaysia, Indonesia, Sri Lanka, Bangladesh and Cambodia with significant strategic stakes in India and Singapore. India represents one of the fastest growing markets in the world. In addition, the Malaysian-grown holding company has a stake in 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 and 'M1' in Singapore.

The Group, including its subsidiaries and associates, has over 190 million mobile subscribers in Asia. The Group revenue for 2011 was USD5.4 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, 2010 and 2011 Asia Pacific ICT Award for Best Telecom Group and the Telecom Asia Best Regional Mobile Group 2010 and 2011 for its operations in multiple Asian markets.

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