

## MEDIA RELEASE

**Axiata sees decent growth, with our emerging markets performing very well; in line with expectations, profitability affected due to acquisition of Axis and forex losses**

- **Group Revenue +5% QoQ, up 2% YTD (5% at constant currency)**
- **XL<sup>1</sup> and Smart<sup>2</sup> continue strong growth trajectory; YTD revenue up 12% and 35% respectively**
- **Excellent contribution by Idea to Group PATAMI, YTD growth up 84%**
- **Axis integration, well on track**
- **Group announces interim dividend of 8 sen per share**

**Kuala Lumpur, August 27 2014** – Axiata Group Berhad, (Axiata), today announced its unaudited results for the second quarter of 2014.

With its well diversified portfolio of assets, the Group showed significant resilience amidst short-medium term impact of Axis integration and forex losses due to the weakening of the Indonesian Rupiah. Almost all the Group's operating companies (OpCos) posted good quarterly growth with Robi<sup>3</sup> and Smart performing exceptionally well. Revenue for the Group was RM9.2 billion, up 1.5% on a year-to-date basis (YTD), which at constant currency would have been higher at 5%. Earnings before interest, tax, depreciation and amortisation (EBITDA) declined by 3% YTD due to the impact of the acquisition of Axis. Profit after Taxation and Minority Interests (PATAMI), fell 11% due to lower Group EBITDA and forex losses at XL. Until June 30, 2014, the Indonesian Rupiah has fallen by almost 12% since the beginning of the year.

Data continued to be the main growth driver, up 27%. Data revenue showed strong growth in all markets driven by increased smartphone penetration. Data now accounts for 20% or more of the revenues in Malaysia and Indonesia.

Regional mobile subscribers grew 11.7% to over 250 million and Axiata continues to be one of the largest telcos in the region.

## INTERIM DIVIDEND

In the light of Axiata's strong cash position, the Board of Directors has declared an interim tax exempt dividend under single tier system of 8 sen per share for the financial year ending 31 December 2014.

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<sup>1</sup> PT XL Axiata Tbk  
<sup>2</sup> Smart Axiata Co., Ltd  
<sup>3</sup> Robi Axiata Limited

## **STRONG DATA GROWTH CONTINUES**

### **Malaysia**

Celcom<sup>4</sup> service revenue of RM3.6 billion registered a slight QoQ growth despite challenges. Overall, revenue was impacted due to issues related to the on-going IT transformation, network quality issues in certain areas and the suspension of promotion via short codes. This was somewhat cushioned by growing data revenue, the fastest growing segment. Data now contributes 20% of YTD total revenue from 16% in 2013, representing an impressive 19% growth.

To support the growing data demand, Celcom will enhance its focus on mobile data with innovative and attractive data services and applications. This will be alongside concerted efforts to resolve issues around billing and network quality.

### **Indonesia**

XL delivered strong overall performance in the first half of the year with revenue up by 12% YTD to IDR11.6 trillion, the highest ever. This was due to consolidation of Axis and strong performance by XL itself which experienced excellent data revenue increase of 45%. Data traffic more than doubled in the same period, from continued focus on enhancing subscriber experience and range of offerings.

EBITDA increased by 2% to IDR4.3 trillion with lower EBITDA margin at 37% mainly due to the impact from Axis. This was however, mitigated by the ongoing efforts on cost reduction at Axis. Despite the encouraging operational results, PAT declined due to non-operational factors from higher interest from additional loans related to the Axis acquisition and forex losses due to the weakening of the Rupiah.

The quarter marked the first full quarter impact on financials since the completion of the acquisition of Axis where integration efforts remain well on track.

### **Sri Lanka**

The Group's Sri Lankan operations, Dialog<sup>5</sup>, saw another excellent quarter recording strong YTD growth of 7% in revenue of SLR33 billion. Data growth remained robust, up by 54%. Although international inter-connect business did see a drop, steady revenue growth was seen across all other business segments particularly mobile. Mobile subscribers grew a healthy 15% YTD. EBITDA decreased by 1% with EBITDA margin of 30.2%. PAT in the period increased by 15%.

### **Bangladesh**

Robi continued to post strong growth across all financial metrics. Revenue was up 7% to BDT24.0 billion due to strong voice as well as data growth. Strong traction in data revenue continued post the launch of 3G services. Data revenue grew by more than 100% in the period.

EBITDA in the period increased by 14%, driven by higher revenue. Margins also increased by 2.6 percentage points, an impressive feat in a growing business. YTD PAT was up 8% to BDT2.2 billion.

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<sup>4</sup> Celcom Axiata Berhad

<sup>5</sup> Dialog Axiata PLC

## **Cambodia**

Smart continued to post outstanding double digit growth across all financial metrics. In a highly competitive and crowded market, revenue was up a stellar 35% YTD and EBITDA by 78%. PAT in the period was up 81%.

Data revenue growth more than doubled up by 115% with data now contributing 19% of total revenue.

## **STRONG GROWTH CONTINUES AT REGIONAL AFFILIATES**

### **India**

Idea started the year with the highest ever incremental revenue growth of INR5.2 billion a growth of 7% QoQ. EBITDA was up 13% and PAT in the period was up 23%.

The first quarter of the fiscal year saw Idea carrying 165.2 billion minutes on its network, registering a 12.2% YoY growth and 32.5 billion Megabytes of Mobile Data, a YoY growth of 136%.

### **Singapore**

M1 saw a good quarter with service revenue up 1.5% YTD, to SGD412.9 million driven by growth in postpaid and fixed customer base, as well as higher mobile data revenue. Mobile data increased by 6.2 percentage points to 33.6% of service revenue. PAT increased by 8.2% to SGD86.7 million.

In the second quarter, M1 launched several new high-speed fibre broadband services, including Singapore's first 10Gbps broadband service on the national fibre network. This was alongside expanded managed service offerings and augmented by a cloud-based data centre which will be ready in the second half of the year.

## **COMMENTARY**

Commenting on the quarter's results Tan Sri Dato' Azman Hj. Mokhtar, Chairman of Axiata, said "It was a mixed quarter for the Group. Whilst Celcom, the Axis acquisition and forex translation dragged earnings in the short term, overall good operating performance was seen in all other markets. In this regard, the Board of Directors is happy to declare an interim dividend of 8 sen per share".

Dato' Sri Jamaludin Ibrahim, President & Group Chief Executive Officer of Axiata commented "I am pleased with the performance in all our growth and emerging markets. I'm also happy with the progress of the integration of Axis with XL. The Group has previously successfully integrated Hello and Smart in Cambodia and Suntel and Dialog in Sri Lanka. We are confident of successfully completing the integration of Axis with XL which will pave the way for significant synergies. The decline of the Indonesian Rupiah had an impact to the results but the bulk of the forex losses was unrealised. Strong performance was posted by Dialog, Robi & Smart. Smart in particular had a stellar first half with double digit growth across all financial metrics.

Celcom's performance in the quarter could have been better but we know exactly what the issues are and we are confident that they will be resolved within the next few months. Enhanced network quality will continue to be the key agenda for Celcom and good progress has already been made in network optimisation and LTE coverage expansion".

He added "At more than 70% of service revenue, voice and SMS still make up the bulk of our business but momentum in data is growing fast. In light of this, we have remained aggressive in our investments in data, but monitoring closely to ensure our investments are targeted and done at the most opportune time and in line with the growing demand".

### **Moving Forward**

"Currency volatility is still a concern but our business remains strong and we continue to execute strongly on our strategy to deliver long term growth. Based on the performance so far, at constant currency and barring any external factors that could materially affect our performance in the second half of the year, we expect the Group performance to be in line with the KPIs albeit at slightly lower revenue growth" concluded Dato' Sri Jamaludin Ibrahim.

### **About Axiata**

Axiata is one of the largest Asian telecommunications companies. Axiata has controlling interests in mobile operators in Malaysia, Indonesia, Sri Lanka, Bangladesh and Cambodia with significant strategic stakes in India and Singapore. In addition, the Malaysian group holding company has a stake in non-mobile telecommunication operations in Pakistan.

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, 'Smart' in Cambodia, 'Idea' in India and 'M1' in Singapore.

The Group, including its subsidiaries and associates, has over 250 million mobile subscribers in Asia. The Group revenue for 2013 was USD5.8 billion. The Group provides employment to over 20,000 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, 2011, 2012, 2013 and 2014 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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