

MEDIA RELEASE

Axiata posts strong QoQ PATAMI growth of 41%

- Group posts strong QoQ PATAMI growth of 41%, partly due to profits on sale of Smart.
- Year-to-date (“YTD”), Smart posts outstanding revenue growth of 37%.
- XL, Robi and Dialog continue good growth trajectory, with YTD revenue up 11%, 6% and 6% respectively.

Kuala Lumpur, 24 November 2014 – Axiata Group Berhad, (“Axiata”), today announced its unaudited results for the third quarter of 2014.

Group posted revenue of RM13.9 billion, steady YTD growth of 0.3%, which at constant currency would have been higher at 4.2%. YTD Earnings before interest, tax, depreciation and amortisation (“**EBITDA**”) declined by 5.9%, or 2.3% at constant currency, driven by the impact from the acquisition of Axis. Profit after taxation and minority interests (“**PATAMI**”) fell 11.2% primarily due to lower Group EBITDA and forex losses at XL¹. Until 30th September 2014, the Indonesian Rupiah has depreciated by 11.4% against USD since the beginning of the year. On a quarter-on-quarter (“**QoQ**”) basis, PATAMI increased by 40.9%, partly due to the disposal of Axiata’s 24% stake in Smart I-Mobile (Thailand) which recorded a gain of RM116.7 million.

Most of the Group’s operating companies (“**OpCos**”) posted good growth with Smart² performing exceptionally well. Data continued to be the main growth driver, up 27.9% YTD. In all markets data revenue showed strong growth driven by increased smartphone penetration.

Regional mobile subscribers grew 7.3% to over 250 million and Axiata continues to be one of the largest telcos in the region.

DATA LEADS GROWTH AT CELCOM AND XL

Malaysia

Celcom³ saw challenges in the quarter impacted by system related issues.

In mid 2012, Celcom embarked on a massive two year IT transformation exercise, a major undertaking and spanning all touch points from dealers, customer care to retail outlets. This was aimed at ensuring better customer experience whilst establishing a platform for growth. Whilst upgrading the system, Celcom faced some issues affecting customer service and dealer operations. At the same time, it was unable to launch any new products or services. The transformation, addressed in a phased approach, is now at the tail end and in October Celcom successfully launched new pre-paid plans.

Data continued to be Celcom’s fastest growing segment. Despite the overall sluggish market, data grew an impressive 20.4%, now contributing 20.9% of YTD total revenue from 16.7% in the same period last year.

¹ PT XL Axiata Tbk
² Smart Axiata Co., Ltd
³ Celcom Axiata Berhad

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 enhance network quality which will continue to be the key agenda for Celcom. Good progress has already been made in network optimisation and LTE coverage expansion.

Indonesia

XL revenue remained flat in the quarter but recorded an excellent 11.0% YTD increase in revenue driven by strong data traction and acquisition of Axis. YTD data revenue increased by 43.1% and it continues to be the main growth driver for XL. Data contribution to total usage revenue increased from 22.6% in the previous year to 28.4% this year. Data traffic grew 136% in the same period with data subscribers now at 31.2 million users or 53% of the total base. In tandem, XL saw strong growth in smartphone users with a penetration of 25% of the total base reaching 14.6 million in the period.

As a result of Axis integration, YTD EBITDA declined slightly by 1.5% to IDR6.3 trillion with EBITDA margin at 36%. Profit after tax (“PAT”) in the period was affected as a result of higher interests from borrowings for Axis acquisition as well as higher forex losses, of which around 80% was unrealised.

The integration of XL and Axis was completed in the period, well ahead of schedule, with the successful migration of the billing system, distribution as well as network and traffic migration. Also completed in the period was the sale of XL’s 3,500 towers enabling XL to focus on its core mobile services whilst optimizing its operations and costs. The proceeds will be used to repay XL’s outstanding debt and to achieve an improved capital structure.

STELLAR GROWTH IN OTHER FOOTPRINTS

Sri Lanka

Dialog⁴ demonstrated strong revenue growth across all businesses - Mobile, Digital Pay Television, Tele-infrastructure and Fixed Line. YTD revenue growth was 6.4% due to strong performance of the mobile business segment driven by increase in both voice and data revenues. YTD EBITDA was up 0.8% at SLR15.4 billion with margin of 31%.

YTD PAT was up an impressive 13.3% to SLR4.6 billion.

Bangladesh

Robi⁵ posted a decent quarter despite heightened competition. YTD revenue increased 5.8% with significant growth in data revenues. Consequently EBITDA was up 10.4% in the same period. However, PAT declined by 4.9% due to increase in depreciation charges resulting from continued growth driven capital expenditure.

⁴ Dialog Axiata PLC

⁵ Robi Axiata Limited

Cambodia

Smart continued to post excellent double digit growth across all financial metrics. In a highly competitive and crowded market, YTD revenue increased 37.1% while EBITDA increased by 73.6%. PAT during the period more than doubled.

Data revenue more than doubled and now accounts for 20.7% of total revenue. Total data subscribers of 1.6 million now represent 27.5% of total subscriber base.

REGIONAL AFFILIATES CONTINUE STRONG PERFORMANCES

India

Idea's YTD revenue increased 17.6% while EBITDA posted growth of 24.5%. Consequently, PAT increased by a significant 63.0%.

On a year-on-year basis, Idea registered double-digit growth in revenue on the back of robust increase in Voice MoUs and Mobile Data Volume.

Singapore

M1 posted YTD service revenue growth of 1.1% to SGD620 million driven by higher revenue from mobile data and growth in fixed customer base. Mobile data revenue further increased by 6.3 percentage points and now accounts for 34.5% of service revenue. PAT in the period increased 9.7% to SGD131 million.

M1 is on track to complete upgrade of the 4G network to LTE-Advanced nationwide which will offer even higher speeds.

COMMENTARY

Axiata Chairman, Tan Sri Dato' Azman Hj. Mokhtar said "It was a challenging quarter for the Group. Whilst headwinds continued at Celcom and forex did have an impact, overall good performance was seen in other markets, a reflection of strong execution across a balanced portfolio of investments".

Dato' Sri Jamaludin Ibrahim, President and Group Chief Executive Officer of Axiata added "The Group saw a mixed quarter. Systems related issues in Celcom and forex losses in XL, although mostly unrealized, did have an impact on the financial performance. However, data revenues continued to increase across all our growth and emerging markets. Strong YTD performance was posted by Dialog, Robi and Smart. Smart in particular outperformed across all financial metrics.

Moving forward, I am pleased to note that the two year IT transformation project at Celcom has now been completed with the issues resolved. I am confident of a turnaround in the last quarter as we gain back the confidence of our customers and dealers with our enhanced ability to expedite launch of new products whilst providing superior customer service".

He added "The Group is well positioned to finish the year on a stronger note as we regain momentum at Celcom and XL now well placed after completion of Axis integration. Data remains a priority given the speed of growth, and is expected to grow faster across Axiata markets facilitated by higher smartphone adoption. To support this we will remain aggressive but targeted in our investments in data".

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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