



## MEDIA RELEASE

# Axiata Registered Strong Results with 82.8% PAT Growth QoQ

### Group QoQ Highlights

- *Group total revenue increased 3.0% to RM6.1 billion; highest quarterly revenue*
- *EBITDA up 5.6% to RM2.3 billion*
- *PAT improved by 82.8% to RM479.1 million despite increased losses from Idea. Indian market continues to face intense competition from the new entrant*
- *Cost and Capex Optimisation Programme delivers approximately RM580 million in Savings for the Group*
- *Group Balance Sheet continued to strengthen significantly resulting in healthier cash balance at RM7.4 billion with better gross debt/EBITDA at 2.3x*
- *Declared interim dividend of 5 sen per share*

**Kuala Lumpur, 30 August 2017** – Axiata Group Berhad (“Axiata” or “the Group”) reported a strong quarter-on-quarter (QoQ) performance leading to a better first half for 2017.

Profit after tax (PAT) was up 82.8% to RM479.1 million from RM262.0 million in the previous quarter from improved overall operational performance. Excluding share of losses from the Group’s associate, Idea, which recorded RM109.4 million loss for the quarter against RM25.2 million in the previous quarter, Axiata’s PAT for the quarter would have more than doubled for the period.

In spite intense competition in all its markets, revenue for the Group grew by 3.0% to RM6.1 billion, the Group’s highest quarterly revenue to date, with its mobile operating companies (OpCos) performing better than industry average in their respective markets. Revenue growth was further enhanced by solid growth in data revenue which grew almost 11% QoQ to now account for 44.1% of service revenue solidifying the Group’s data leadership position.

Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) for the Group was up by 5.6% QoQ to RM2.3 billion on the back of greater cost efficiencies derived from its ongoing cost and capex optimisation programme. The initiative delivered approximately RM580 million in savings Group-wide for the quarter.

Year-to-date (YTD) revenue for the Group improved 15.7% to reach RM11.9 billion, EBITDA grew 12.4% to RM4.4 billion while PAT was up 17.0% to RM741.1 million.

The Group’s balance sheet continued to strengthen significantly resulting in healthier cash balance at RM7.4 billion from RM6.7 billion in the previous quarter. At the same time, gross debt/EBITDA also improved from 2.4x to 2.3x in the quarter from further paring down of debt.

### PROPOSED DIVIDEND

In light of Axiata’s half year performance, the Board of Directors declared an interim dividend of 5 sen per share for the financial year ending 31 December 2017.

## **ASEAN MARKETS**

Constant and steady improvements were seen in revenue and EBITDA at both Celcom and XL whilst Smart continued with its overall stellar performance.

Celcom showed encouraging signs of further stabilisation amidst a challenging competitive environment. QoQ service revenue and total revenue increased by 1.4% and 0.7% respectively, capitalising on the festive period to perform better than the industry's average growth. Celcom's popular First packages – First Gold, First Gold Plus and First Platinum – saw postpaid revenue grow by 8.2% YTD. Data consumption grew 23.2% QoQ to 6.2GB per month per data active user. At the same time, Celcom has implemented key cost savings initiatives to support its cost optimisation drive.

XL's performance is testament to the success of its Transformation Agenda. Revenue QoQ grew ahead of the industry for the second consecutive quarter, while service revenue surged by 9.3% fuelled by 19.4% growth in data revenue. The dual brand strategy continued to gain traction with the XL brand winning amongst white-collar workers, while Axis strengthened its position in the youth segment. Improved network presence and various data-focused value propositions saw XL's outside-Java revenue growth more than double the market growth rate.

Despite aggressive industry price war, performance at Smart remained resilient on the back of excellent data monetization and effective cost management. YTD data subscribers grew 10.4% to 3.6 million while data revenue grew by 42.2%, as data accounted for 50.0% of Smart's total revenue.

## **SOUTH ASIA MARKETS**

The Group's South Asia operations continued to deliver steady performance with data making higher contributions towards revenue growth. Dialog maintained its resilient performance despite adverse externalities during the period with improved revenue growth across all its business segments. Its cost rescaling initiatives lifted EBITDA margin QoQ by 2.7 percentage points to 35.3%. YTD Dialog's mobile data revenue grew by 44.1%, accounting for 20.5% of total revenue.

Post the successful integration of Airtel, Robi continued to gain revenue market share of 0.8 percentage point to 27.5% during the quarter while service revenue grew 7.8% to outperform the industry. YTD data revenue grew by 95.6%, accounting for 18.0% of total revenue.

Ncell saw an improved quarterly performance with the launch of 4G services in June, driving data revenue growth by 16.9% for date to account for 17.4% of total revenue.

## **AXIATA'S NEW BUSINESSES AND ASSOCIATES**

Following its successful private placement exercise of USD700 million in May 2017, in an inorganic growth exercise, edotco completed the acquisition of 700 towers in Pakistan from Tower Share in August 2017.

Axiata Digital continued to grow its portfolio of digital assets, which now stands at 30 digital companies and business units. The portfolio has been further strengthened with the inclusion of

BIMA, the pioneer for mobile-delivered insurance with a presence in 16 countries, as well as Unlockd, a leader in the smartphone lockscreen advertising industry.

The Group’s associates and joint ventures registered a negative contribution of RM95.6 million for the quarter, largely due to the disruption of the new entrant in the Indian mobile industry.

## COMMENTARY

Axiata’s Chairman, Tan Sri Azman Hj. Mokhtar said, “While the Group achieved better-than-expected half year performance, there remain considerable macroeconomic and industry challenges. As such, the Board is supportive of the ongoing turnaround of key units, while balancing the need to remain fiscally disciplined in terms of dividend and investment policies.”

Tan Sri Jamaludin Ibrahim, President & Group Chief Executive Officer of Axiata said, “At the halfway mark, we see all our OpCos performing better than the industry in terms of revenue growth to set a new milestone – our highest quarterly revenue to date to surpass the RM6 billion mark. At the same time, the turnaround at Celcom and XL’s transformation strategy are showing encouraging signs. Our Group-wide cost and capex optimisation programme which we initiated at the end of 2016 has already delivered a savings of close to RM600 million. All this has cumulated to an overall excellent quarter for the Group.”

## MOVING FORWARD

Jamaludin added: “Granting our performance is in line with guidance, we remain dedicated on meeting all our headline KPIs for 2017. While there are encouraging signs at Celcom and XL, we remain cognisant of significant challenges ahead, especially with heightening competition in most markets.

“In our ongoing and focused efforts to be a clear number one in 4G and data leadership in selected key markets and strategic geographically areas within our markets, we have raised our 2017 capex guidance to RM7.1 billion from RM6.6 billion. We will also organically and inorganically continue to expand edotco’s business to be in the world’s top 10 tower company.”

### QoQ Performance Snapshot

	1Q 2017	2Q 2017	QoQ
	RM	RM	%
<b>Revenue</b>	5.9 billion	6.1 billion	3.0%
<b>EBITDA</b>	2.2 billion	2.3 billion	5.6%
<b>PAT</b>	262.0 million	479.1 million	82.8%
<b>Normalised PAT</b>	287.4 million	429.0 million	49.3%

**End**

**About Axiata**

As one of the largest Asian telecommunication companies, Axiata today operates in ten countries, servicing approximately 320 million subscribers. With a diverse portfolio in mobile network operations, communications infrastructure services and digital services, the Group pieces together the best in connectivity, technology and people in its vision of Advancing Asia.

Axiata has controlling stakes in market leading mobile operators in South East Asia and South Asia. Axiata Group of companies operate under the brand name of 'Celcom' in Malaysia, 'XL' in Indonesia, 'Dialog' in Sri Lanka, 'Robi' in Bangladesh, 'Smart' in Cambodia and 'Ncell' in Nepal. Further to this, the Group also holds strategic interests in 'Idea' in India and 'M1' in Singapore.

'edotco', the Group's infrastructure company, operates in six countries to deliver telecommunications infrastructure services, amassing a portfolio of over 16,000 towers and 12,000 km of fibre. It aims to be one of the top regional tower companies and is committed to responsible and sustainable business operations.

Axiata Digital (AD), its digital services arm, captures the rapid growth in internet-based businesses through its portfolio of 30 digital brands, servicing growing demands in mobile money, mobile advertising, e-commerce, entertainment and education.

As a committed and long-term investor, Axiata provides employment to 25,000 people within its operations. In line with its sustainability goals, the Group actively supports and drives young talent development; disaster response and recovery; as well as green initiatives.

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