

MEDIA RELEASE

Axiata Posts Better 3Q16 Performance in Key Indicators Lifted by Ncell's First Full Quarter Contribution

Total QoQ Group revenue grew by 2.8% to record an all-time high of RM5.5 billion while EBITDA and PAT increased by 1.3% and 27.3%

Kuala Lumpur, 24 November 2016 – Axiata Group Berhad (Axiata or Group) today posted a better quarter-on-quarter (QoQ) unaudited results for the third quarter ending 30 September 2016. Quarterly improvements can be attributed to steady operational performance, particularly from the Group's South Asia Operating Companies (OpCos) namely Ncell¹, Dialog² and Robi³.

Total QoQ revenue for the Group grew by 2.8% to RM5.5 billion, its highest absolute quarterly revenue to date, driven mainly from its newest acquisition, Ncell in Nepal. As the leading mobile service provider of the country, Ncell successfully performed better than the investment plan in its first full quarter contribution.

Equally, EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) was up by 1.3% to RM2.1 billion on the back of better performance from Ncell, Dialog, Robi and Smart⁴. Lower Depreciation and Amortisation (D&A) and net finance cost, as well as lower forex losses led to the Group's profit after tax (PAT) improving by 27.3% to RM296 million for the quarter.

For year-to-date nine months (YTD) compared to the same period last year, revenue rose by 8.6% to RM15.8 billion and EBITDA increased by 13.4% to RM6.0 billion. PAT for the same period, recorded lower at RM929 million as compared to RM2.1 billion. This is as result of one-off tower gains recognised in XL in the previous year; incremental D&A; higher net finance costs from XL's refinancing of USD debt to IDR and the acquisition of Ncell; higher forex losses from the weaker ringgit as well as lower contribution from Associates and joint ventures.

The Group's cash balance for the quarter stood at RM6.0 billion and gross debt/EBITDA at 2.32x based on Ncell's annualised EBITDA.

ASEAN MARKETS

Improvements were seen in service revenue at Celcom⁵ and XL⁶, despite operational challenges, whilst Smart continued with its overall strong performance. Service revenue

¹ Ncell Private Limited

² Dialog Axiata PLC

³ Robi Axiata Limited

⁴ Smart Axiata Co., Ltd

⁵ Celcom Axiata Berhad

⁶ PT XL Axiata Tbk

growth at Celcom turned positive after three consecutive quarters of decline, recording revenue growth of 1.2% QoQ. Furthermore, its postpaid segment saw a recovery, tracking its second consecutive quarter of QoQ growth from data-led products. YTD mobile data revenue grew by 8.3% fueled by 18.9% increase in mobile internet revenue for the quarter. However, YTD performance dipped with revenue, normalised EBITDA and normalised PATAMI declining by 9.9%, 16.2% and 26.1% respectively.

XL gained 1.6% on service revenue for the quarter driven by strong growth in data revenue, reversing the declining trend over the last two quarters. XL's YTD total revenue continued to lag with a dip of 5.0% while EBITDA increased by 2.7% and EBITDA margin rose 2.9 percentage points to 38.6% from XL's continuous focus on profitability as part of its Transformation Agenda. YTD PAT, however, improved by over 100% from forex gains mainly due to refinancing of XL's USD debt to IDR.

Smart registered yet another quarter of overall outstanding performance on the back of strong growth in data revenue. Effective cost management continued to support healthy growth in EBITDA. Smart's YTD revenue, EBITDA and PAT grew by 10.4%, 9.7% and 23.7% respectively as compared to the same period of the previous year. Data subscribers grew 77.2% while YTD data revenue grew by 45.0% as data accounted for 41.1% of Smart's total revenue.

SOUTH ASIA MARKETS

The South Asia markets continued to deliver strong and steady performance. Ncell's first full quarterly performance registered better than the Group's internal investment targets. Ncell's YTD revenue, EBITDA and PAT grew by 2.0%, 3.2% and 16.9% respectively while data revenue grew by 76.8% with data accounting for 15.1% of Ncell's total revenue.

Maintaining its excellent performance across all business units and operating from its position of strength as Sri Lanka's market leader, Dialog posted YTD revenue, EBITDA and PAT growth of 18.7%, 19.7% and 70.5%. Dialog's YTD revenue grew by 18.3% in its mobile operations while its fixed and pay-TV businesses increased by 26.6% and 7.3%. Mobile data revenue saw a phenomenal increase of 54.2% YTD, with data revenue now making up 22.3% of Dialog's total mobile revenue.

Robi performed better for the quarter with revenue growth of 11.5% QoQ primarily due to higher device sales and co-branding as well as strong data revenue growth which was up by 31.8%. Robi's YTD revenue, normalised EBITDA and normalised PAT were lower by 1.0%, 11.5% and 61.3% respectively. YTD data revenue grew by 33.9%, as data accounted for 12.9% of Robi's total revenue.

GROUP'S ASSOCIATES

With heightened competitive pressures in India, Idea⁷ posted a YTD17 revenue and EBITDA growth of 7.6% and 2.5%, however, PAT growth was down 80.9% as a result of higher depreciation and finance cost. M1's⁸ YTD revenue, EBITDA and PAT growth fell 12.0%, 5.3% and 12.6% respectively. Idea and M1 accounted for 5.9% and 7.5% of the Group's YTD normalised PATAMI, respectively.

AXIATA'S NEW BUSINESSES

edotco Group⁹ now ranks as the 11th largest independent tower company in the world, registering a regional portfolio of over 17,000 towers owned and operated across core markets of Malaysia, Myanmar, Bangladesh, Cambodia, Sri Lanka and Pakistan. It also provides a range of managed services to over 7,000 towers in the region. As at September 2016, the group has achieved co-location ratio of 1.5x across the market, and was awarded the Frost & Sullivan 2016 Southeast Asia Telecoms Tower Company of the Year Award.

In Q3 of 2016, Axiata Digital¹⁰ continued to grow its portfolio with further investments, joint ventures and partnerships bringing the total to 30 digital brands under management. The company is currently trialling new services for launch in the space of mobile money, analytics, Internet-of-Things (IoT) and MVNO. As performance of its portfolio continues to be on track, Axiata Digital's focus is now on refining existing business models for scale, expansion across our current footprint and synergies for further value creation within Axiata OpCos and JVs.

COMMENTARY

Commenting on the Group's third quarter performance, Axiata's Chairman, Tan Sri Azman Hj. Mokhtar said, "We are pleased with the improvements in revenue and EBITDA, although the Group performance continues to be affected by the weaker operating environment and increased competitive pressures across our markets. We remain especially focused on management's plans for recovery and turnaround strategies at XL and Celcom."

Tan Sri Jamaludin Ibrahim, President & Group Chief Executive Officer of Axiata added, "Our quarter-on-quarter topline indicators improved due to Ncell's first full quarter contribution as well as improvements in service revenue registered across all markets, including Malaysia and Indonesia. At the same time, PATAMI for the quarter improved from lower depreciation and amortisation, net finance cost and forex losses. However, 2016 remains challenging for the Group across most of our markets particularly in Malaysia, Indonesia, Singapore and India where fiercer competition and rising capex have weighed in on overall performance and profitability.

⁷ Idea Cellular Limited

⁸ M1 Limited

⁹ edotco Group Sdn Bhd

¹⁰ Axiata Digital Services Sdn. Bhd.

MOVING FORWARD

“In the mid- term, we expect to regain our foothold in terms of stronger performance especially at Celcom as the refreshed management team executes on its turnaround plans and at XL with better implementation of its dual-brand strategies. Our Group-wide cost optimization plans will further help to improve profitability. In South Asia, barring regulatory changes, we expect our OpCos to continue its momentum of excellent performance. We also see our investments in the transformation of Axiata into a digital company taking shape and beginning to bear results.”

End

About Axiata

As one of the largest Asian telecommunication companies, Axiata today operates in ten countries, servicing approximately 300 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 24 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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