

## MEDIA RELEASE

### **Axiata Records Highest Revenue at RM19.9 billion, up 6.3%, and PATAMI up by 8% to RM2.6 billion, fueled by Forex Translation Gains, Tower Gains and OpCos' Performance**

- Record high revenue at RM19.9 billion, up 6.3% for FY15 on OpCos performance and forex translations gains
- Highest PATAMI at RM2.6 billion driven by excellent performance at Dialog<sup>1</sup>, Smart<sup>2</sup>, Idea<sup>3</sup> and M1<sup>4</sup> as well as forex translations gains and one-off tower gains at XL<sup>5</sup>
- EBITDA at RM7.3 billion, an increase of 4.1% for FY15
- XL's transformation agenda continues to show results

**Kuala Lumpur, 17 February 2016** – Axiata Group Berhad (Axiata) today reported good fourth quarter performance to deliver a steady close to its full year performance for the financial year ended 31 December 2015 (FY15).

Benefiting from a diverse portfolio of businesses spread across key emerging Asian markets and forex translation gains, Axiata registered its highest revenue and profit after taxation and minority interests (PATAMI).

#### **Full Year 2015 Results**

Revenue for the Group rose by 6.3% to an all-time high of RM19.9 billion whilst EBITDA grew by 4.1% to RM7.3 billion with an EBITDA margin of 36.6%. Correspondingly, PATAMI was up by 8.0% to record its highest at RM2.6 billion.

The Group's key topline numbers improved for the year from a good final quarter performance in revenue, as well as excellent operational performance as seen by most of its Operating Companies (OpCos), solid execution of turnaround strategies, stronger overall data growth and further supported by stronger currencies against the Ringgit.

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<sup>1</sup> Dialog Axiata PLC

<sup>2</sup> Smart Axiata Co., Ltd

<sup>3</sup> Idea Cellular Limited

<sup>4</sup> M1 Limited

<sup>5</sup> PT XL Axiata Tbk

The Group's two largest OpCos demonstrated strong QoQ growth, with Celcom recording its first revenue growth after three quarters of decline while XL's transformation agenda delivers promising results to record its third successive quarterly improvements.

Overall data growth continues to be seen across all OpCos. For the year, data revenue grew by 29.8%, driven mainly by Smart, Robi<sup>6</sup> and Dialog registering an increase of 86.2%, 78.9% and 62.7% respectively; demonstrating Group-wide targeted investment into data paying off.

Cash balance for the Group was higher at RM5.5 billion with gross-Debt to EBITDA ratio of 2.25x post its issuance of USD500 million Sukuk. Axiata also successfully hedged 67.3% of its USD-denominated external debt, particularly in Indonesia as a result of initiatives taken to mitigate currency volatility.

### **PROPOSED DIVIDEND**

In light of Axiata's higher revenue and overall performance of the Group, the Board of Directors declared a final dividend under a single tier system of 85% dividend payout ratio and 20 sen dividend per ordinary share of RM1 each in Axiata, which includes interim dividend of 8 sen per share paid in 2015.

Given the proposed acquisition of Ncell<sup>7</sup> and anticipated regulatory developments, Axiata has maintained its dividend payout policy by moderately increasing its dividend payout ratio. Final dividend is subject to shareholders' approval at the Group's forthcoming Annual General Meeting.

### **CHALLENGING YEAR FOR CELCOM, WHILST XL SEES STRONG CONTINUED IMPROVEMENTS**

#### **Malaysia**

Celcom's overall recovery was hampered by a flat growth market. Despite this, Celcom recorded its first positive revenue growth since a year ago, increasing by 1.0% quarter-on-quarter (QoQ) mainly due to higher sales of devices. Service revenue, however, saw a decline of 2.5% primarily as a result of lower voice revenue. Its 4Q15 normalised EBITDA and normalised PATAMI grew 9.8% and 10.2% QoQ respectively. PATAMI was impacted by one-off expense RM32 million and start-up losses of RM71 million in new ventures.

On a full year basis, Celcom's revenue, normalised EBITDA and normalised PATAMI was down 5.1%, 7.7%, and 13.5%, respectively. PATAMI was impacted by one-off expense RM53 million and start-up losses of RM71 million in new ventures. FY15 service revenue declined by 6.8% year-on-year (YoY) primarily due to heightened competition. Both mobile data revenue and mobile internet revenue grew 20.7% and 48.0% respectively.

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<sup>6</sup> Robi Axiata Limited

<sup>7</sup> Ncell Private Limited

## **Indonesia**

XL's transformation agenda is well on track and continues to gain momentum, reporting its third consecutive quarter of improved revenue and EBITDA. The positive momentum generated 2.0% QoQ revenue growth and EBITDA increase of 5.6% with EBITDA margin strengthening further 1.3 percentage points to 38.8%.

Subscriber base improved with XL adding close to 500,000 new subscribers during the quarter. In implementing its key transformation strategy of attracting higher value customer, XL recorded a 7.9% growth in blended Average Revenue Per User (ARPU) QoQ in 4Q15.

XL also continued its focus on completing a balance sheet management initiative which saw the successful reduction of unhedged USD-denominated debt exposure by end December. The company is also undertaking further initiatives to strengthen its balance sheet, including tower sale and the proposed rights issue, to repay the USD500 million shareholder's loan.

## **Sri Lanka**

Dialog had a stellar year in all metrics, despite regulatory challenges. Strong performance was recorded in revenue, EBITDA and normalised profit after tax (PAT) for FY15 which saw an increase of 10.0%, 14.2% and 29.0%, respectively. Outstanding performance at Dialog in FY15 was driven by strong revenue growth in its mobile, fixed and TV businesses, growing 9.7%, 12.9% and 22.6% respectively.

Dialog's FY15 EBITDA margin rose 1.2 percentage points to 32.3%, backed by its strong revenue growth and cost management initiatives. Mobile data revenue recorded a significant jump, growing by 62.7% for the year with 10.5% rise over the quarter.

## **Bangladesh**

Performance at Robi was moderated due to heighten price competition in the Bangladesh market. Nevertheless, Robi increased its subscriber base by 12% year-on-year (YoY) to close 2015 with 28.3 million customers as it focused on data leadership through device sales and co-branding. Revenue and normalised EBITDA for FY15 grew a healthy 6.0% and 4.4% respectively, while normalised PAT dropped by 8.6% due to depreciation and amortization charges arising from data driven capital expenditure. For FY15 data revenue Robi posted strong growth of 78.9%.

## **Cambodia**

Smart continues with another year of outstanding performance. FY15 revenue, EBITDA and PAT increase of 29.0%, 51.9% and 74.7% respectively. Smart's revenue rise was driven by a 7.3% improvement in voice and an 86.2% spike in data. With accelerated 4G-LTE rollouts, data revenue now contributes 32.3% to total revenue. Smart's total data subscribers grew an impressive 71.4% YoY to close the year at 3 million customers of its now 7.6 million strong subscriber base.

## **STRONG PATAMI CONTRIBUTIONS CONTINUES FROM REGIONAL AFFILIATES**

### **India**

Idea reported an all-round strong performance YTD revenue, EBITDA and PAT growth of 14.5%, 21.5% and 11.2% respectively. YTD Idea has contributed RM368.8 million to Group PATAMI, an increase of 51.6% over last year.

### **Singapore**

M1 ended FY15 on a strong note with revenue, EBITDA and PAT growth of 7.5%, 1.9% and 1.5% respectively. M1 contributed RM157.8 million to Group PATAMI, an increase of 8.6% over last year.

## **COMMENTARY**

Axiata Chairman, Tan Sri Azman Hj. Mokhtar said, “Given difficult economic and currency conditions globally, 2015 was a challenging year operationally, particularly for a regional company such as Axiata. While challenges remain, our diverse and strong portfolio and prudent cash management have allowed us to mitigate this, to report an overall healthy and profitable year.

2015 saw Axiata expand its tower business, edotco<sup>8</sup>, as well as its regional footprint into Myanmar. Upon completion of its proposed acquisition of Ncell, Axiata will be entering the fast-growing brownfield market of Nepal with controlling stake of its number one operator. These are bold and strategic investments that will strengthen the foundation for Axiata’s future growth.”

Dato’ Sri Jamaludin Ibrahim, President and Group Chief Executive Officer of Axiata commented, “We recorded strong headline numbers especially in revenue and PATAMI on the back of some one-off gains, forex translations but also from outstanding performance at Dialog, Smart and Robi.

“XL has made encouraging progress with three consecutive improved quarters and a significantly improved balance sheet. Hampered by a flat market we recognise Celcom has a fair bit to go to fully regain its footing but we can expect to see better results in the coming quarters.

“In establishing our strong mobile data leadership position in the region, we will continue with our aggressive rollout of 4G network in all of our markets, excluding Bangladesh. Our digital

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<sup>8</sup> edotco Group Sdn. Bhd.

services business has gained rapid traction and the Group's tower company has made significant headway especially with its entry into the Myanmar tower game."

## **Moving Forward**

Going into 2016, Jamaludin explained, "As smartphone penetration continues to dominate consumer demands, data and investment in data infrastructure remains a priority in driving significant data growth across all our markets. We hope to see a stronger recovery at Celcom. We are also confident XL's transformation agenda will show further traction during the year.

Upon completion, the acquisition of Ncell is expected to be immediately accretive to the Group, while Robi and Airtel<sup>9</sup> merger will realise significant synergies for us to significantly improve our position in the fiercely competed Bangladesh market."

In 2016, the Group expects continued and heightened competition in Malaysia, Bangladesh and Cambodia. Other regulatory and market challenges remain, include pricing and fee structure uncertainties as a result of spectrum reallocation in Malaysia.

End

## **About Axiata**

As one of the largest Asian telecommunication companies, Axiata Group today operates in nine countries, servicing over 260 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 interests under the brand name of 'Celcom' in Malaysia, 'XL' in Indonesia, 'Dialog' in Sri Lanka, 'Robi' in Bangladesh and 'Smart' in Cambodia, with strategic interests in 'Idea' in India and 'M1' in Singapore. 'edotco', the Group's infrastructure company, operates in five 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.

In 2012, Axiata established Axiata Digital Services (ADS) to capture the rapid growth in internet-based businesses. Within three years, ADS has built a portfolio of 28 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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<sup>9</sup> Airtel Bangladesh Limited