

MEDIA RELEASE

Axiata Posts Stellar Results with 13.2% Revenue Growth and 76.9% Improvement in PAT to Achieve all KPIs and Declared 64% Dividend Payout Ratio for FY17

Group FY17 Highlights

- *Revenue improved 13.2% to RM24.4 billion with EBITDA up 15.2% to RM9.2 billion; both the highest in its history, while PAT improved by 76.9% to RM1.2 billion in spite of losses from Idea of RM450 million*
- *Celcom Turnaround and XL Transformation Agenda executed as planned, supported by excellent performance from all core mobile operations*
- *Cost Optimisation initiatives delivered savings of RM1.3 billion against target of RM800 million*
- *Achieved all FY17 KPIs; Exceeds Revenue and EBITDA targets*
- ***Proposed full year dividend of 8.5 sen, translating to a payout ratio of 64%***

Kuala Lumpur, 22 February 2018 – Axiata Group Berhad (Axiata or Group) announced stellar results in its audited full year performance for the financial year ended 31 December 2017 (FY17). The Group achieved all its headline KPIs and exceeded revenue and EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) targets as the turnaround at Celcom¹ and transformation at XL² performed as planned while all other core mobile operations continued excellent performance and Group-wide cost optimisation initiatives delivered above expectation.

FULL YEAR 2017 RESULTS

With a 13.2% growth, Axiata registered its highest revenue at RM24.4 billion compared to RM21.6 billion in the previous year (FY16), from strong contributions across all its mobile Operating Companies (OpCos). Group also recorded a 15.2% increase in EBITDA to reach RM9.2 billion compared to RM8.0 billion in FY16 while EBITDA margin improved by 0.6

¹ Celcom Axiata Berhad

² PT XL Axiata Tbk

percentage points to 37.8% for the year on the back of higher revenue and cost optimisation initiatives.

Profit after tax (PAT) jumped by 76.9% to hit RM1.2 billion compared to RM657 million in FY16, despite significant losses from its Associate, Idea³, due to unprecedented, super-aggressive competition in India.

Year-on-Year Results (4Q 17 vs 4Q 16)

Axiata also recorded an excellent performance on a year-on-year (YoY) basis with 8.1% growth in revenue to RM6.3 billion in 2017 compared to RM5.8 billion in 2016 while EBITDA rose 17.5% to RM2.3 billion in 2017 comparison to RM2.0 billion in 2016. PAT for the Group improved 137.6% to RM102 million in 2017 against losses of RM272 million in 2016.

PROPOSED DIVIDEND

Given the Group's strong performance, the Board of Directors declared a higher full year total dividend of 8.5 sen per ordinary share, including the interim dividend of 5 sen per ordinary share paid in 2017. Total dividend for FY17 translates to a 64% dividend payout ratio (DPR) compared to 50% in FY16. The final dividend is subject to shareholders approval at the Axiata's forthcoming Annual General Meeting.

While the Group's gross debt/EBITDA is within a very healthy limit of 2.1x with a strong cash balance of RM6.8 billion, the Board remains prudent to ensure resilience against any market volatility and to support future strategic investments including spectrum, for long term growth. The Group expects to return to the dividend range of 2015 within the year.

ASEAN MARKETS

Good improvements were recorded in FY17 in the Group's ASEAN markets. Celcom marked improvements in all turnaround elements and key performance drivers to record a full year of positive growth in a more stable competitive environment. Celcom delivered FY17 revenue, EBITDA and PATAMI growth of 0.6%, 2.9% and 8.5%, respectively. Anchoring on customer experience as a differentiator in capturing high-value customers, Celcom's FY17 ARPUs were up with postpaid growing RM6 and prepaid improving RM2. Competing in a data-centric market, Celcom improved its network experience considerably especially with the expansion

³ Idea Cellular Limited

of its 4G and 4G LTE-A population coverage to 87% and 74% in 4Q17. Other key operational improvements in Celcom includes simplified product portfolio, improved sales and distribution channels, and enhanced organisation and culture transformation through digital and agile ways of working.

Similarly, XL demonstrated continued progress in its Transformation Agenda that resulted in its success to date in the demographic and geographic segments. FY17 revenue improved 7.0% led by significant growth in data. Normalised EBITDA increased 7.0% while normalised PAT returned to black and at its highest since FY13. High smartphone penetration of 72% and data users at 73% of its subscriber base supported FY17 data revenue growth of 60.9%, accounting for 57.2% of XL's FY17 total revenue. XL's Dual-Brand strategy has been successful with both XL and Axis brands continue to gain traction in their respective market segments. Further 4G network coverage expansion has significantly improved data traffic and monetisation of data opportunities for XL.

Smart⁴ continued its impressive performance in spite of intense price war. FY17 revenue, EBITDA and PAT growth was at 5.4%, 5.5% and 7.7%, respectively. Data revenue grew by 28.4% for FY17 as data accounted for 51.5% of Smart's total revenue.

SOUTH ASIA MARKETS

The South Asia markets continued to deliver strong and steady performance. Dialog⁵ delivered stellar FY17 performance driven by revenue growth and cost management. Revenue, EBITDA and PAT grew at 8.6%, 16.0% and 19.3% respectively. Revenue growth for its mobile and fixed operations in FY17 were at 7.2% and 28.2%. Mobile data revenue improved by 38.9% driven by higher smartphone penetration and 4G conversion, accounting for 30.9% of total mobile revenue. Dialog declared cash dividend of SLR0.46 per share, translating to 35% DPR for FY17.

Excellent merger synergies led to Robi⁶ achieving better than expected results for FY17 to record a proforma revenue and EBITDA growth of 11.3% and 126.4% respectively for FY17. FY17 data revenue grew by 89.1%, accounting for 19.6% of total revenue versus 13.4% of total revenue in FY16.

⁴ Smart Axiata Co., Ltd

⁵ Dialog Axiata PLC

⁶ Robi Axiata Limited

Strong core mobile growth helped cushion the anticipated international long distance revenue decline at Ncell⁷. FY17 core mobile revenue and EBITDA grew by 8.3% and 15.7%, respectively and core EBITDA margin rose 3.3 percentage points to 52.0% on the back of cost initiatives. FY17 data revenue increased by 17.9%, accounting for 18.9% of total revenue since its 4G services launched in June 2017.

INFRASTRUCTURE AND DIGITAL BUSINESSES

edotco⁸ saw strong growth from portfolio expansion and operational efficiencies. For FY17, edotco accounted for 6.3% and 7.4% of the Group's revenue and EBITDA, respectively. edotco recorded revenue improvement of 11.8% for FY17, driven by higher tenancy across all footprints and maiden contributions from Tanzanite in Pakistan. At end 2017, edotco owned 16,500 towers, an increase of 9.3% YoY and manages 10,900 sites, a growth of 7.3% YoY while its tenancy ratio rose to 1.57x compared to 1.44x a year ago. Its proposed acquisition of Deodar Private Limited in Pakistan is expected to be completed by mid-2018.

The Group's digital businesses, Axiata Digital⁹ and Axiata Business Services¹⁰ (Xpand), with a portfolio of digital companies and business units since early 2017 have been refocusing primarily on i) digital financial services (DFS) ii) digital advertising iii) enterprise/IoT and iv) enablement platforms. Its recently launched DFS product, Boost, continues to build its presence and ecosystem with approximately 1.7 million users and 8,000 payment touch points to date, is beginning to make a contribution to revenue while other business units to look for asset monetisation opportunities.

ASSOCIATES

With the continued and significant competitive disruption in India, Idea reported revenue, EBITDA and consolidated PAT QoQ decrease of 12.8%, 18.5% and 16.1%, respectively for 3QFY18. For FY17, Idea contributed RM450 million of losses to the Group compared to a profit of RM65 million in FY16.

⁷ Ncell Private Limited

⁸ edotco Group Sdn Bhd

⁹ Axiata Digital Services Sdn. Bhd.

¹⁰ Axiata Business Services Sdn. Bhd.

M1¹¹'s FY17 revenue grew 1.0% while EBITDA and PAT dipped 3.1% and 11.7%, respectively. For FY17, M1 contributed a profit of RM122 million compared to a profit of RM129 million in FY16.

COMMENTARY

Commenting on the Group's full year results, Axiata's Chairman, Tan Sri Datuk Wira Azman Hj. Mokhtar said, "We are pleased to announce that Axiata was able to meet its targeted headline KPIs for 2017. Given the improved overall results, the Board has declared a higher full year dividend payout of 8.5 sen for 2017. This translates to a payout ratio of 64% compared to 50% in 2016."

Tan Sri Jamaludin Ibrahim, President & Group Chief Executive Officer of Axiata said, "Coming off a very challenging 2016, we were determined to make 2017 one of our best performing years. The Group has met all its KPIs for FY17, recorded the highest revenue and EBITDA in our history with all our OpCos and businesses performing strongly. In fact, all OpCos performed better than industry while some performed the best in their respective markets. We also kicked off our biggest ever cost optimisation programme. With RM800 million in Opex and Capex saving targeted for 2017 while working towards a RM1.5 billion goal in 2018 and 2019. The Group has successfully delivered RM1.3 billion in saving within 2017.

"Our two largest operations, Celcom and XL, delivered as planned. Celcom's turnaround has been the key focus for us this year and I am pleased with the improvements made on all indicators to demonstrate that a firm turnaround is on track. XL's Transformation Agenda has brought tangible results from its dual brand strategy and network expansion. As encouraging as these results may be, we are always mindful that we have a lot more work to do."

OUTLOOK FOR 2018

Jamaludin concluded, "We have created a strong momentum and expect our core mobile operations to perform well. The proposed merger of Idea and Vodafone in India will make it the largest telco in India and one of the largest in the world, signifying a new era for all. We believe in the intrinsic value of Idea, however, consequent of the merger, there will be a significant technical impairment, which is a non-cash, purely accounting adjustment and not reflective of actual performance.

¹¹ M1 Limited

“In our newer business portfolios, the completion of edotco’s proposed acquisition in Pakistan will see material impact with an immediate profit accretion, while our investments in key digital businesses such as fintech and enterprise/IoT is expected to make significant inroads during the year.”

Performance Snapshot

	Full Year		Growth	YoY		Growth
	FY16	FY17		4Q 16	4Q17	
	RM	RM		RM	RM	
Revenue	21.6 billion	24.4 billion	13.2%	5.8 billion	6.3 billion	8.1%
EBITDA	8.0 billion	9.2 billion	15.2%	2.0 billion	2.3 billion	17.5%
PAT	657 million	1.2 billion	76.9%	-272 million	102 million	137.6%

End

About Axiata

As one of the largest Asian telecommunication companies, Axiata today operates in ten countries, servicing over 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 16,500 towers. It aims to be one of the top regional tower companies and is committed to responsible and sustainable business operations.

Axiata Digital and Axiata Business Services, operating under the brand Xpand, are digital businesses arm of the Group. Together, these businesses are focused on capturing the rapid growth in digital financial services, digital advertising, enterprise/IoT and platform services.

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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