

**AXIATA GROUP BERHAD (“AXIATA”)
ALLOTMENT OF SHARES IN IDEA CELLULAR LIMITED ON PREFERENTIAL BASIS**

1.0 INTRODUCTION

We refer to the notification by Idea Cellular Limited (“**Idea**”), an associate company of Axiata held through Axiata Investments 1 (India) Limited and/or Axiata Investments 2 (India) Limited on the allotment of 326,633,165 equity shares of face value of INR10/- each (“**Idea Shares**”) at an issue price of INR99.50 per Idea Share aggregating to INR32.5 billion on preferential basis to several entities (“**Preferential Issuance of Idea Shares**”) to the National Stock Exchange of India Limited (“**NSE**”) dated 12 February 2018.

Following the non-participation by Axiata, Axiata wishes to announce that the allotment of Idea Shares under the Preferential Issuance of Idea Shares has resulted with a dilution of Axiata shareholding in Idea from 19.7% to 18.1%. The purpose of this announcement is to provide the estimated financial impact resulting from the abovementioned dilution.

2.0 INFORMATION ON IDEA

Idea

Idea is India’s 3rd largest wireless operator, with nearly 200 million subscribers. With traffic in excess of 2.7 billion minutes a day, Idea ranks among the Top 6 country operators in the world. With a spectrum portfolio of approximately 900 Mhz across 900, 1800, 2100, 2300 and 2500 Mhz FDD and TDD bands, Idea has a pan India wireless broadband footprint. Idea is listed on both the NSE and Bombay Stock Exchange (“**BSE**”) in India.

The consolidated net loss after tax of Idea based on the latest audited financial statements for the financial year ended 31 March 2017 and unaudited 9-months financial results ended 31 December 2017 announced on 24 January 2018 are INR3,997 million and INR32,060 million respectively.

Idea had on 20 March 2017 announced a proposed Composite Scheme of Amalgamation and Arrangement with Vodafone India Limited (“**Vodafone India**”) and Vodafone Mobile Services Limited, a wholly owned subsidiary of Vodafone India via the effective issuance of 50.0% of the post issue paid-up capital of Idea to the shareholders of Vodafone India (“**Scheme**”).

The Preferential Issuance of Idea Shares forms part of Idea’s capital raising exercise of INR67.5 billion which cover the Preferential Issuance of Idea Shares to be followed by a further INR35.0 billion through a further preferential allotment, qualified institutional placement, rights issue or such other route which shall be determined by the Board of Directors of Idea.

The abovementioned capital raising exercise of Idea was approved by Idea’s shareholders in the Extraordinary General Meeting held on 30 January 2018.

3.0 FINANCIAL EFFECTS

The dilution of Axiata Group shareholding is expected to result with an estimated loss on dilution (non-cash) of RM151.5 million for the financial year ending 31 December 2018 (“**FYE2018**”) as shown below:-

	RM’ million
Shares of Proceeds received for Preferential Issuance of Idea Shares (18.1% x RM1,988.6 million ¹)	359.9
<u>Less:</u>	
Carrying value of the deemed disposed interest in Idea ((1.6%/19.7%) x RM6,159.6 million ²)	(511.4)
Estimated loss on dilution of equity interest in Idea	(151.5)

Notes:

⁽¹⁾ 326,633,165 shares x INR99.5 using exchange rate of INR1: MYR 0.061189 as at 12 February 2018

⁽²⁾ Calculated based on carrying value of investment in Idea as at 31 December 2017

The estimated loss on dilution from the Preferential Issuance of Idea Shares is expected to have a material impact on Earnings and Earnings per Share ("**EPS**") of Axiata Group for FYE2018.

For illustrative purpose, assuming the Preferential Issuance of Idea Shares was completed as at following date (audited financials as at 31 December 2016), pro-forma PATAMI and EPS of Axiata Group are set out below:-

	Financial Year Ended 31 December 2016 (Audited)	After the Preferential Issuance of Idea Shares
	RM'000	RM'000
PATAMI ⁽¹⁾	504,254	352,753
EPS (sen) ⁽²⁾		
- Basic	5.7	4.0
- Diluted	5.7	4.0

Notes:

⁽¹⁾ Includes impact of loss on dilution in relation to the Preferential Issuance of Idea Shares of RM151.5 million

⁽²⁾ Calculated using the weighted average number of shares in issue by Axiata as at 31 December 2016

This announcement is dated 13 February 2018