MEDIA RELEASE

Despite Challenging Externalities, Axiata's Third Quarter Results Continue to Demonstrate Improved Underlying Performance

- *Based on underlying performance at constant currency and pre-MFRS 9 & 15, YoY revenue grew 2.5% on the back of all OpCos performing better than industry; EBITDA decreased 2.9% while PAT and normalised PATAMI declined 27.4% and 28.4% respectively*
- *Underlying performance[1] improved in Q318 compared to preceding quarter in all parameters with revenue and EBITDA up 1.9% and 4.3%, while PAT and normalised PATAMI by over 100% and 35.4% respectively; YTD revenue and EBITDA improved by 4.2% and 1.6%*
- *Cost optimisation programme achieved RM1.3bn savings against RM1.4bn target for 2018*
- *Balance sheet healthy with gross debt/EBITDA at 2.34x; solid cash balance at RM6.0 billion*

Kuala Lumpur, 23 November 2018 – Despite the very challenging external environment and market specific issues, Axiata Group Berhad ("Axiata" or "the Group") recorded Year-on-Year (YoY) underlying[1] revenue growth of 2.5% to RM6.4 billion[2] for the third quarter ended 30 September 2018 (Q318) compared to Q317. This can be largely attributed to its mobile operating companies (OpCos) outperforming the industry in strengthening their market position and increasing revenue.

Overall, underlying[1] YoY Group Earnings Before Interest, Tax, Depreciation & Amortisation (EBITDA) declined 2.9% to RM2.4 billion[3] mainly from a one-time internal employee restructuring cost at Celcom and digital investments. Profit After Tax (PAT) and normalised Profit After Tax and Minority Interests (PATAMI) declined to RM232 million[4] and RM364 million[5] respectively, impacted by higher depreciation and amortisation (D&A) and finance costs incurred largely by some of our OpCos, as well as digital investments.

Against preceding quarter (Q218), underlying[1] Group revenue for Q318 rose by 1.9% whilst EBITDA increased 4.3% on the back of greater operational efficiencies and higher revenue contribution from all OpCos. For the current quarter under review, PAT

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[1] at constant currency and pre-MFRS 9 & 15
[2] RM5.9 billion at actual currency
[3] RM2.2 billion at actual currency
[4] RM188 million at actual currency
[5] RM322 million at actual currency

and normalised PATAMI increased by over 100% and 35.4% compared to Q218, recovering mainly from the one-off impairment exercise on its investment in India.

The Group's balance sheet remained robust, recording a healthy RM6.0 billion cash balance with gross debt/EBITDA at a solid 2.34x, below its debt covenant of 2.5x. Overall, the cost and capex optimisation programme successfully delivered savings of RM1.3 billion year-to-date (YTD), ensuring the Group is well on track to meet its stretched target of RM1.4 billion for full-year 2018.

YTD results impacted by external challenges and Idea[6] losses (YTD 2018 vs YTD 2017)

Axiata's YTD statutory results for 2018 continued to be challenged by the significant strengthening of the Malaysian Ringgit (MYR) against all regional currencies, along with other developments during the year including Idea-related transactions and the Malaysian Financial Reporting Standard (MFRS) 15 and 9 accounting adjustments. As a result, Group revenue and EBITDA YTD stood at RM17.6 billion and RM6.3 billion whilst PAT and PATAMI were largely affected by Axiata's investment in Idea.

Based on underlying performance[1], Group revenue YTD grew 4.2% driven namely by better performance from all major OpCos. EBITDA remained stable at RM7.0 billion[7] from successful Group-wide cost optimisation initiatives. Normalised PATAMI dipped to RM967 million[8], dragged by new digital investments, and D&A charges from capex investment mainly by Celcom[9], XL[10] and Dialog[11] during this period.

ASEAN markets[12]

Celcom's focus on high value customers continued to yield results, as its postpaid business recorded RM5 growth in Average Revenue Per User (ARPU) YTD from RM83 to RM88. For the same period, its revenue grew 3.0% on the back of a 2.1% increase in service revenue, driven by growth in prepaid and postpaid business. EBITDA YTD dipped 4.5% affected by a one-time internal employee restructuring cost and the change in revenue mix. Celcom's PATAMI decreased 30.8% mainly due to the one-time gain from the disposal of 11street in 2017, higher D&A charges and one-off charge on restructuring. As at Q318, its Long-Term Evolution (LTE) and LTE-A population coverage stood at 90% and 78%.

XL delivered a solid quarterly performance with revenue growth of 5.6% in Q318 compared to Q218, demonstrating wins from its transformation efforts and data monetization and a direct result of improved market conditions upon the completion of prepaid SIM registration in Indonesia. XL's data revenue, which accounts for 74% of its service revenue YTD is the highest in the country driven mainly by a strong data-led product proposition and continuous network investments. As a result of these milestones, EBITDA expanded 8.8% QoQ compounded by gains from cost efficiencies. XL's normalised PAT YTD was impacted by higher D&A charges from its

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[6] The new entity known as Vodafone Idea Limited
[7] RM6.4 billion at actual currency
[8] RM861 million at actual currency
[9] Celcom Axiata Berhad
[10] PT XL Axiata Tbk
[11] Dialog Axiata PLC
[12] All OpCo performance is reported on a pre-MFRS basis

extensive 4G network expansion which saw service now being made available in 387 cities with over 28,000 4G BTS.

Smart[13] delivered stable revenue supported by the data business. Revenue YTD increased by 3.4% with data revenue registering 22% increase and accounting close to 60% of total revenue. EBITDA grew 0.7% and PAT dropped 9.5% impacted by increased regulatory charges.

South Asia markets
Dialog delivered yet another round of stellar performance, sustaining its double-digit revenue and EBITDA growth YTD at 15.6% and 18.9% respectively. This was achieved on the back of higher contribution across all key segments and growth driven by data and cost optimisation. Revenue growth for mobile, fixed and pay-TV operations YTD increased by 13.7%, 33.5% and 8.4% respectively, driven by home broadband on account of network coverage expansion and aggressive market capture. Non-cash transactional forex losses, however, reduced Dialog's PAT YTD by 8.6%, although normalised PAT growth recorded a 21.0% increase.

Robi[14] achieved strong service revenue growth YTD of 9.1% backed by its aggressive 4G rollout resulting in over 7,000 4G BTS in the country, ahead of competition. This expansion enabled Robi to capture an additional 1.6 percentage points in service revenue market share to 27.9%. In line with these developments, revenue and EBITDA YTD grew 1.4% and 31.1%, with the latter mainly driven by lower material costs and the reduction in interconnect charges. PAT YTD turned positive to BDT3.1 billion as it recognised gain on disposal of 20% edotco shares in Q318.

Strong data growth at Ncell[15], marked by a 26.0% uptick in data revenue, supported a steady EBITDA margin of 63% YTD whilst mobile revenue (excluding International Long Distance) grew 8.7%. Overall, Ncell's total revenue YTD increased by 2.2% and EBITDA declined marginally by 0.6%. PAT declined 7.7% largely due to an increase in the tax rate and provision of asset impairment. The smartphone penetration rate in Nepal to date grew 9 percentage points to 58% while 46.7% of Ncell subscribers are data subscribers.

Infrastructure and digital business
edotco[16] recorded strong operational performance YTD, accounting for 7.5% and 8.0% of Group revenue and EBITDA respectively. edotco's portfolio grew to 17,800 towers owned and 11,300 towers managed in Q318, representing a growth of 8.5% and 4.3% respectively. Tenancy ratio increased from 1.50x to 1.62x. In Q318, while the Deodar acquisition in Pakistan was terminated due to the non-fulfilment of conditions precedent (specifically, regulatory approval) before the expiration of the SPA. The quarter also saw the successful acquisition of a tower company in Kedah, Yiked Bina Sdn Bhd, the award of a conditional tower license in Bangladesh, the deployment of the world's first multi operator, multi technology Small Cells solution in Malaysia.

[13] Smart Axiata Company Limited
[14] Robi Axiata Limited
[15] Ncell Private Limited
[16] edotco Group Sdn Bhd

As part of efforts to focus its digital business on core areas namely digital financial services, digital advertising, enterprise solutions/IoT and digital infrastructure, Axiata undertook a rationalisation exercise totaling RM90 million YTD of its non-core portfolio involving a loss in dilution in 11street and impairment in Unlockd. Boost, which is one of Axiata's DFS products, continues to gain traction, having expanded its user base to approximately 3.3 million YTD from 2.7 million when it started in January 2017. The number of merchants has grown considerably to more than 50,000 YTD from 2,539 in 2017.

Commentary
Tan Sri Ghazzali Sheikh Abdul Khalid, Axiata's Chairman said, "The results for Q318 are in line with our expectations for what has become a roller coaster year, affected mainly by regional geopolitics, aggressive market conditions and other externalities."

Tan Sri Jamaludin Ibrahim, Axiata's President & Group CEO added, "We were also significantly challenged by the ringgit and regional currency depreciation. Our loans in US dollar were affected, whilst OpCo currencies depreciating faster than the ringgit impacted dividend payments to the Group."

"Despite these external challenges beyond our control, the Group continued to demonstrate steady underlying[1] business performance. In fact, on a year-to-date basis, all the six OpCos performed the best in their respective markets in terms of revenue growth. We are confident of riding the waves and broadly hitting our headline KPIs for the year."

"XL's transformation strategy has resulted in positive spillovers as reflected in its performance, especially in revenue growth. Following the completion of the SIM registration exercise, we can expect to see an improved competitive landscape in Indonesia in spite of the currency and interest rate volatility, as well as sustained growth momentum in Sri Lanka, Cambodia and Nepal."

Moving forward
Tan Sri Jamaludin added, "Our Opcos continue to provide confidence, with most companies performing better than market in terms of revenue and EBITDA but we need to continue to work harder on cost and capex management."

UNDERLYING PERFORMANCE* SNAPSHOT

	Q3 2017	*Q2 2018*	*Q3 2018*	*QoQ*	*YoY*	*YTD 2017*	*YTD 2018*	*YTD*
	RM	RM	RM	%	%	RM	RM	%
Revenue	6.2 billion	5.8 billion	5.9 billion	1.9%	2.5%	18.1 billion	17.2 billion	4.2%
EBITDA	2.5 billion	2.1 billion	2.2 billion	4.3%	-2.9%	6.9 billion	6.4 billion	1.6%
Normalised PATAMI	508 million	232 million	322 million	35.4%	-28.4%	1.3 billion	861 million	-24.9%

Note: *Underlying results excluding MFRS 9 & 15 at actual currency; growth in % excluding MFRS 9 & 15 at constant currency

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About Axiata

Axiata is one of the leading telecommunications groups in Asia with approximately 350 million customers and with a presence in 11 countries. In pursuit of its vision to be the New Generation Digital Champion by 2021, the Group has transformed itself from a holding entity with a portfolio of pure-play mobile assets into a Triple Core Strategy driven business with the focus on Digital Telco, Digital Businesses and Infrastructure.

Within ASEAN and South Asia, Axiata has controlling stakes in market-leading mobile and fixed operators in the region including 'Celcom' in Malaysia, 'XL' in Indonesia, 'Dialog' in Sri Lanka, 'Robi' in Bangladesh, 'Smart' in Cambodia and 'Ncell' in Nepal. The Group also holds strategic interests in 'Idea' in India and 'M1' in Singapore. Axiata is in the cusp of transforming its mobile operations into Digital Telcos through digitisation and convergence.

'edotco', the Group's infrastructure company, operates in six countries to deliver telecommunications infrastructure services, amassing approximately 27,500 towers. Presently the 12th largest independent tower companies globally, it aims to be one of the top regional telecommunications tower companies and is committed to responsible and sustainable business operations.

Axiata Digital and Axiata Business Services are the digital businesses arms of the Group. Together, these businesses are focused on capturing the rapid growth in digital financial services ('Boost'), digital advertising ('ada'), enterprise solutions/IoT ('Xpand') and platform services ('APIgate') with user access to global markets.

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. Axiata's broader goal Advancing Asia pieces together the best in the region in terms of innovation, connectivity and talent.

Issued By:
Corporate Communications,
Axiata Group Berhad
Axiata Corporate Headquarters, Axiata Tower,
9 Jalan Stesen Sentral 5, Kuala Lumpur Sentral.
50470 Kuala Lumpur

For media enquiries, please contact:
Anuja Ravendran
Corporate Communications
Tel: +6012-2380581
Email: anuja@axiata.com