

**NEWS RELEASE
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**CELCOM STABILISES - IMPROVED EBITDA & PATAMI, MOBILE SERVICE REVENUE
GROWTH to RM1.52BIL**

Driven by digitised customer-centric approach, network modernisation, attractive, simplified product bundling and an organisational refresh

KUALA LUMPUR, 8 MARCH 2017 – Celcom Axiata Berhad saw a stabilisation in the fourth quarter with a **positive growth in mobile service revenue by 1.4%**, increasing from **RM1.50 billion to RM1.52 billion**, data revenue being a driver with **an increase of 10.0% YoY to RM2.26 billion in FY16**. The uplift of data revenue was mainly contributed by **mobile internet revenue growth of 19.0% YoY to RM2.08 billion**.

Data revenue of RM611 million in Q4 accounted for **34.1% of the total revenue RM1.65 billion**, while **smartphone penetration** was at **64%**, in the fourth quarter. Additionally, Celcom saw an **improved quarter with a QoQ growth in normalised EBITDA (RM635 million)** and **normalised PATAMI (RM281 million)** of **10.9%** and **1.8%**, respectively.

There was positive take-up on enhanced postpaid offerings such as First Gold 80 and First Platinum, which saw a **subscriber growth of 3.2% QoQ**, and a higher **ARPU of RM80 from RM76 in Q3**.

Michael Kuehner, Chief Executive Officer of Celcom Axiata Berhad said factors leading to the stabilisation included the company's **investments in network modernisation and LTE rollouts**, a **digitised customer-centric approach**, and **attractive, simplified product bundling**. Furthermore, the stabilisation was supported by Celcom's **organisational refresh** at the last quarter, introduced by its parent company - Axiata Group.

Kuehner said the telco has now embarked on **digitising its core operations** and **customer service and experience**, as well as **simplifying products and services** to become a **customer-focused digital company** that embraces the future, deeply rooted in the Malaysian culture, while remaining a strong contributor to the National Agenda.

"We are focused on **delivering higher value** and **superior customer experience** to our customers. We will continuously enhance **our network quality** and **diversify our products and services**, to complement their evolving lifestyles. Solid productivity improvement initiatives and efficient marketing tools will further contribute to a highly commendable revenue growth, moving forth," he said during a media briefing today.

SUPERIOR CUSTOMER EXPERIENCE

Kuehner highlighted that customer experience is a key focus area for Celcom going forward, in an increasingly mature market. A new organisational set-up and a broader portfolio of initiatives will help Celcom to drive improvements in these areas with the ambition to lead the market, latest two years from now.

"We aspire to deliver a user experience that engages and connects with our customers consistently across all our customer touch points and will drive a much stronger digital experience than what you are familiar with from us. We have launched initiatives to ensure this – a few early ones you might have recognised such as Device Self Help and more to come soon," he said.

DIGITISATION

"The **digital way** is our way – in effect developing a **Digital First mind-set** in our organisation. Within our core operations, we are developing new and have streamlined digital processes for our daily operations such as using software to execute processes, digitising human resource practices and other enterprise applications, among others," he said.

Elaborating further on digitising Celcom's core operations, Kuehner said this will enable the company to harness and create a **strong digital presence** across an ecosystem comprising customers, partners and suppliers.

"We are committed to delivering innovative products and services in the digital space, and engaging with our customers increasingly through digital and online channels," he added.

SIMPLIFICATION

Celcom's product bundling emphasises simplification and offers clear and precise messaging to its customers.

"This is evident in our Xpax **#nokelentong.** This reflects our dedication and commitment for transparency and simplification through the choice of new, easy-to-understand and affordable internet plans. The Internet quota can be used for anything, on any day, whether on 3G or 4G networks, with no quota splits.

"Similarly, the FIRST™ Gold, FIRST™ Gold Plus and FIRST™ Platinum have more data allocation flexibility with the AnydayGB™ add-on feature. Customers can enjoy total internet allocation with this feature, any day, anytime by combining their weekday and weekend internet allocations into a single independent allocation," he said.

NETWORK MODERNISATION

"Network quality of experience is an important criteria for consumers when they select their service provider," he said, adding that Celcom has **modernised its network** through the most advanced and first of its kind Single RAN SDR technology. This is supplied by top global vendors and uses the latest multi-port antenna system, and is part of Celcom's on-going effort to deliver the best quality experience for customers.

He said transmission network has been further bolstered by efficiently designing high capacity IP microwave and ultra-high capacity fibre in the intra-city and long distance routes. He said extra care has been taken to reduce the network latency to improve the data speeds and customer experience while core network has also been modernised through virtualised packet core.

"We are confident that the above modernisation initiatives will help us to offer **seamless coverage, the best network quality of service** and **leading the data connectivity experience.** We will continue to make significant investments to stand out and differentiate ourselves from our competitors, as we target to deliver the best **Data and Video network in Malaysia,**" he noted.

NATIONAL AGENDA

Kuehner noted that Celcom was dedicated to the sustainable growth of the local telco industry, and will continue to refine and develop its programmes to help Malaysian vendors develop and grow.

"Procurement demands will change as business evolves and therefore it is in the best interest of Celcom, its vendors and business partners, to develop a mutually supportive relationship that will expand together," he said.

MOVING FORWARD

Kuehner added that Celcom's **diversification into adjacency - convergences, IoT and the enterprise business** will drive some of the incremental growth for the company in 2017.

"Celcom aims to become a service provider that is easy to engage with and one that offers a personalised customer experience," he concluded.

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