

NEWS RELEASE
FOR IMMEDIATE RELEASE

CELCOM TO INVEST IN QUALITY TO FUEL GROWTH FOLLOWING STELLAR PERFORMANCE IN Q4, 2013

- *Highest subscriber base in industry at 13.1 million, while broadband leadership was sustained at 1.2 million subscribers*
- *Maintained the highest Net Promoters Score (NPS) in the industry for two years in a row (based on Nielsen's survey)*
- *Maintained healthy revenue growth; revenue grew 3.7% to RM8 billion*
- *Invested RM923 million for CAPEX, the highest in the industry, mainly for IT transformation (especially BSS/OSS and BI) and network modernisation to enhance our back-end to improve customer experience. 2014 CAPEX investment will be focussing on the front-end of customer experience*
- *Completed most parts of our IT transformation with the roll out of our new BSS phase 1 and soon to be completed phase 2.*
- *Also completed our zoom initiative which is the phase 1 modernisation - which will drive better performance among our trade and distribution network*
- *Gained traction in data performance through higher adoption of smart devices and tablets, with an increase of smartphone users by 48%*
- *An upsurge of more than 36% in Mobile Internet revenue, Y-o-Y to RM786 million*
- *Surpassed industry with highest PATAMI at RM2.4 billion with a 7.0% Y-o-Y growth*
- *Celcom has been recognised as 'Syarikat Contoh' by the Economic Planning Unit (EPU) for our commitment and active role in developing the nation through 'Skim Latihan 1Malaysia' (SL1M)*

KUALA LUMPUR, 4 March 2014 – Celcom Axiata Berhad, the first and foremost mobile telecommunications provider in the country, continues to be **at the forefront of Long Term Evolution (LTE) advancement**, with a **steadfast commitment to rapid LTE deployment** and maintenance of unparalleled network with **unrelenting focus on areas beyond Klang Valley**.

Celcom continues to display unwavering commitment to LTE advancement and **improving network quality and capacity for better customer data experience** demonstrated by an **investment of RM923 million for CAPEX in 2013, the highest in the industry**, mainly on network modernization, LTE and IT transformation which reflects our pledge to deliver customer experience that is second to none.

This announcement was made at the **Q4 2013 financial results media briefing** today by **Dato' Sri Shazalli Ramly, Chief Executive Officer, Mr. Christopher Tiffin, Chief Financial Officer of Celcom Axiata Berhad and Deputy Chief Financial Officer Jennifer Chui Fen Wong.**

Dato' Sri Shazalli stated, "Moving into 2014 and beyond, Celcom will remain focused on enterprise solutions, digital services and high value customers, simultaneously putting an **emphasis on customer experience**. We recently launched **Celcom First Elite**, the priority services plan that demonstrates a 360-degree approach to customer experience, offering our customers an access to exclusive lifestyle experiences and top class customer service which make them feel special and valued. The appointment of Russian tennis star, Maria Sharapova as the plan's brand ambassador is a testament to Celcom's commitment to perform relentlessly in giving our very best to our customers.

"By balancing revenue and costs with customer-centric investments, Celcom will sustain its growth on revenue and profitability moving forward," Dato' Sri Shazalli added.

Celcom continued its success streak by achieving its **31st quarter of consecutive revenue growth at RM2.02 billion** which led to the **year-on-year (Y-o-Y) total revenue to RM8.0 billion**, an **increase of 3.7%** from RM7.7 billion achieved in 2012.

Celcom **beat the industry in terms of number of subscribers** when its customer base surpassed 13 million.

In line with this, Celcom defended its market dominance in **mobile broadband closing the year with 1.2 million subscribers** and achieved **a double-digit revenue growth of over 18 % Y-o-Y** hitting **RM1.1 billion** in 2013 compared to RM927 million in 2012. The year saw strong growth in data services (excluding SMS and VAS), now contributing 17% to revenue, **a growth of 16% from 2012**. The surge was driven by increased smartphone penetration and positive response towards attractive offerings of data services.

Smartphone users rose 48% Y-o-Y while mobile internet revenue grew 36%. Celcom's 6 million data users now make up 46% of its total subscribers.

Celcom's **fourth quarter PATAMI (profits after tax, amortisation and minority interests) increased by 17.2% to RM665.8 million** from RM567.8 million in the previous quarter which resulted in a **record-breaking Y-o-Y PATAMI growth of 7.0% to RM2.4 billion, the highest in the industry** due to effective cost management efforts under Celcom's **Smart Spend initiatives**.

Despite a slight drop of 1.8% to RM881.8 million from RM897.5 million in Celcom's quarterly **EBITDA (earnings before interest, tax, depreciation and amortisation), its Y-o-Y results grew 3% to RM3.6 billion from RM3.4 billion.**

Commenting on Celcom's impressive entry into 2014, **Dato' Sri Shazalli said**, "We closed the year with **remarkable milestones that came as a result of our transformation initiatives**, specifically in our IT transformation and LTE advancements, and carved our way into every aspect of our strategic and operational plans. On the back of industry-leading results, Celcom will trudge on our **on-going agenda of improving customer experience through network modernisation and operational improvements.**"

"Celcom will kickstart 2014 with improvements in every area that underscores our **commitment to the utmost satisfaction of our customers, not only for those in Klang Valley, but ploughing back into communities** demonstrating our unwavering **commitment to sustain the widest, fastest, and most stable network in Malaysia** represented in Celcom's Fastest Territory. We will continue to invest significantly in network upgrades and enhancements throughout Malaysia, with East Malaysia as one of our priorities with a **focus on our rapid LTE network rollout,**" Dato' Sri Shazalli added.

Moving Forward

Celcom is committed to make customer experience as the core of its business. Our investment and strategy moving forward will be centred around achieving the best customer experience for our subscribers.

Performance Highlights		
	(RM mil)	(RM mil)
Year-on-year		
	2012	2013
Revenue	7,739.6	8,024.8 (+3.7%)
EBITDA	3,448.9	3,550.7 (+3.0%)
PATAMI*	2,201.9	2,355.1 (+7.0%)
Quarter-on-quarter		
	Q3'13	Q4'13
Revenue	2,015.4	2,016.1 (+0.03%)
EBITDA	897.5	881.8 (-1.8%)
PATAMI*	567.8	665.8 (+17.2%)

* operational PATAMI normalised for impact of accelerated depreciation

As data adoption grows alongside the proliferation of mobile devices, **Celcom will lead the eventual shift from traditional voice and SMS based services by expanding on new avenues contiguous to its core business.** Celcom recognises the shift in user behaviour and is geared towards driving new digital service innovations (especially in digital market place, digital payment and digital advertising) and virtualisation. Mindful of the importance to **adapt and shape its role in a digital society**, Celcom will continue to leverage its unique position in the communications value chain, **as a converged provider of network.**

Celcom's commitment to digital services is further underscored by its subsidiary **ESCAPE Axiata Berhad** and Celcom's three e-commerce portals **Bachabooku, Bazaar, and The Crescent.** These include a continued focus on digital services such as gaming, music, sports, social network applications, mobile commerce, mobile remittance, and mobile health services with a spotlight on mobile content.

Celcom will continue to invest in new core technologies to support its expanding infrastructure. In line with Celcom's commitment to **nation-building projects**, the company is also steadily **increasing data speed nationwide and coverage in rural areas** while partnering closely with the **Malaysian Communications and Multimedia Commission (MCMC)** to introduce more Community Broadband Centres at areas identified by the national regulator. Celcom is also selected by the Ministry of International Trade and Industry (MITI) as one of the anchor companies for its Vendor Development Programme (DVP).

Celcom is enhancing its 4G LTE performance and targets to have 1,200 active sites nationwide by mid-2014 in order to create the best network and user experience in the country. Celcom's LTE roll out is progressing as planned in major populated areas in the Klang Valley, Ipoh, Penang and Johor Bahru, and has extended its reach to Sabah, Sarawak and the Eastern region.

Equal focus will be placed on cost optimisation through several initiatives including industry collaborations, as well as focusing on data roll out for all technology towards building the best and most customer centric network. Celcom will continue to invest in new core technologies to support its expanding infrastructure. With all this in place, IT and network transformation investments are already in high gear to maintain Celcom's position as the best mobile network in Malaysia.

Awards Achieved in 2013:

- **Wireless Data Services Provider of the Year, Frost & Sullivan Asia Pacific ICT Awards** -- an accolade that closely echoed the Telco's fifth annual recognition as Mobile Service Provider of the Year
- **Mobile Service Provider of the Year** – fifth annual recognition.
- **Broadband Service Provider of the Year, Frost and Sullivan Malaysia Excellence Awards**

- **Telecommunications Wholesale Service Provider of the Year** -- showcasing the Telco's substantial investments and partnership with local and regional communication start-ups. This was also the first time that Celcom was recognised as Telecommunications Wholesale Service Provider of the Year.
- **Cyber Security Organisation of the Year Award by CyberSecurity Malaysia** -- an agency under the purview of the Ministry of Science, Technology and Innovation (MOSTI), becoming the **first and only telecommunications service provider to win since the award series" inception in 2009.**
- **Gold award at the Malaysia Effie Awards – Campaign “ Bolt out of the Blue”** won the award presented by the **Associated of Accredited Advertising Agencies Malaysia (4As).**
- **“ICT Personality of the Year” at the PIKOM ICT Leadership Awards 2013** – Highlighting **Dato' Sri Shazali Ramly, Chief Executive Officer, Celcom Axiata** for his **success in driving Celcom"s excellent growth and performance in the industry** during his eight-year tenure.

- End -