

Axiata Analyst & Investor Day 2020:
**Re-positioning to be
'High Dividend Company'**

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3rd December 2020

Axiata 5.0: Our Aspiration



Company Perspective: Vision by 2024 – “Next Generation Digital Champion”

AND

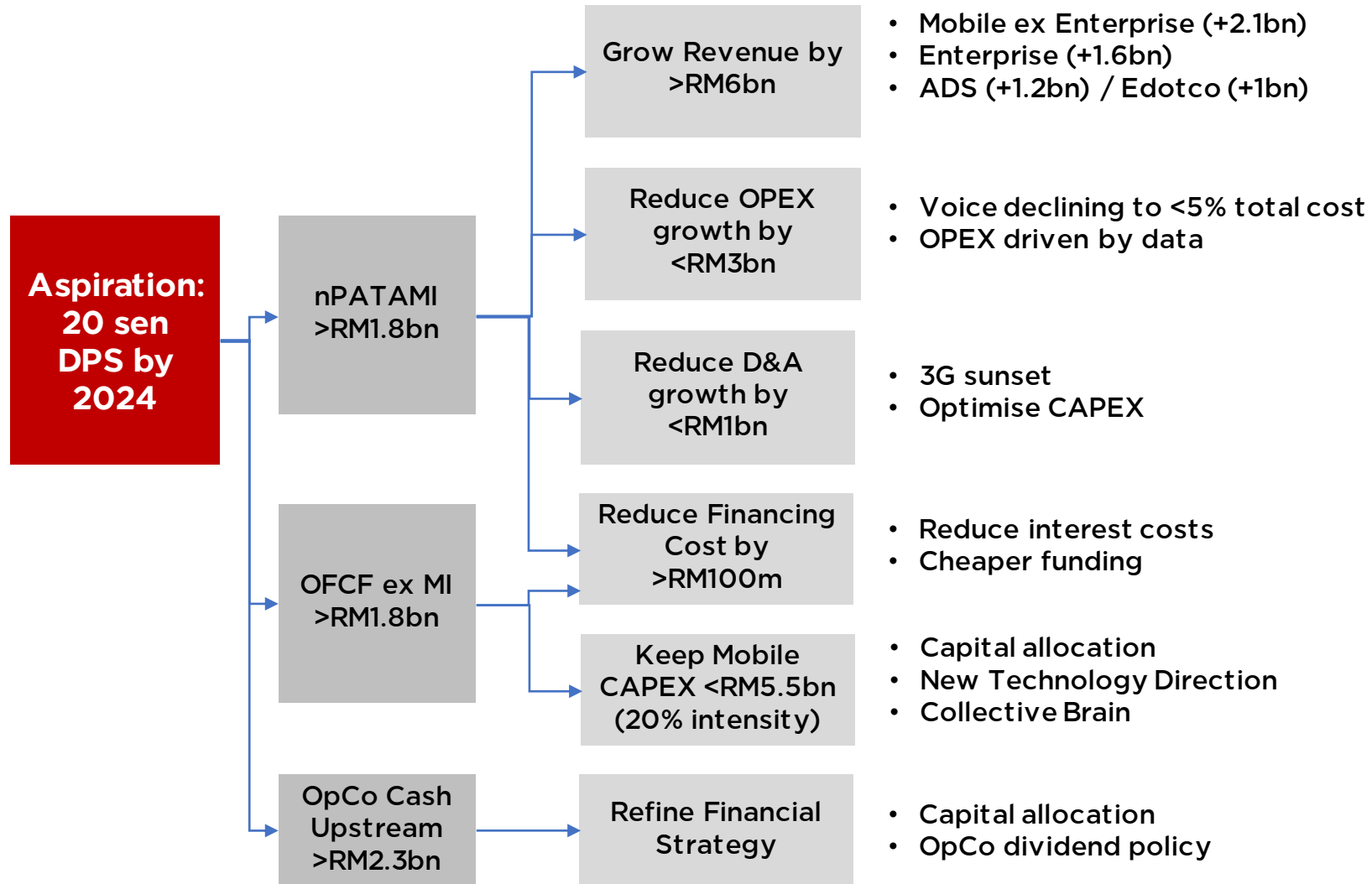


Investors' / Shareholders' Perspective: **5 : 10 : 20 : 20**

- Within **5 years**
- Cost / GB to be *(in US\$)* **< 10 cents / GB** *(from 60 cents in 2019)*
- Group EBIT Margin **> 20 %** *(from 14.4% in 2019)*
- Dividend / Share *(in RM)* **> 20 sen / share** *(from 8 - 10 sen in last 4 years)*
- **ROIC > WACC**

Re-positioning to be a 'High Dividend Company'

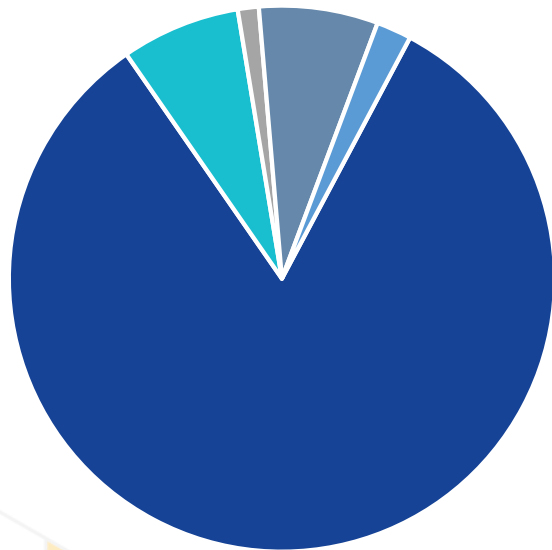
20 sen DPS to be delivered via a disciplined execution of ongoing and planned initiatives.



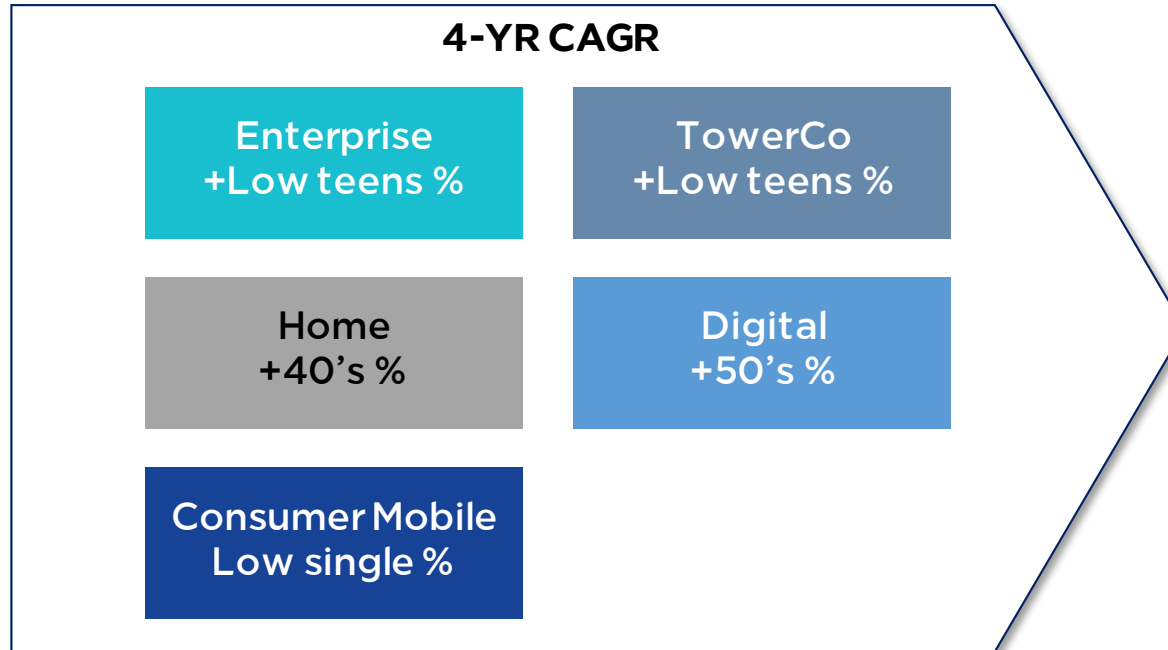
Re-positioning to be 'High Dividend Company': Revenue growth

Diversified portfolio to deliver mid-single digit 4-yrs compound annual growth, driven by digital services, infrastructure and home. Low single digit growth from mobile.

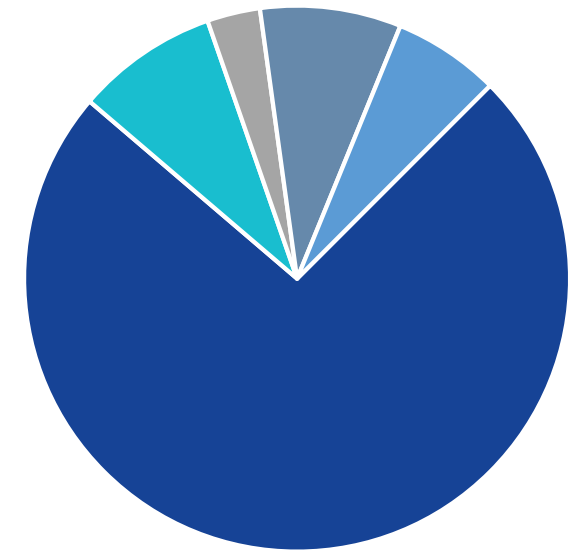
Axiata 2020



4-YR CAGR



Axiata 2024

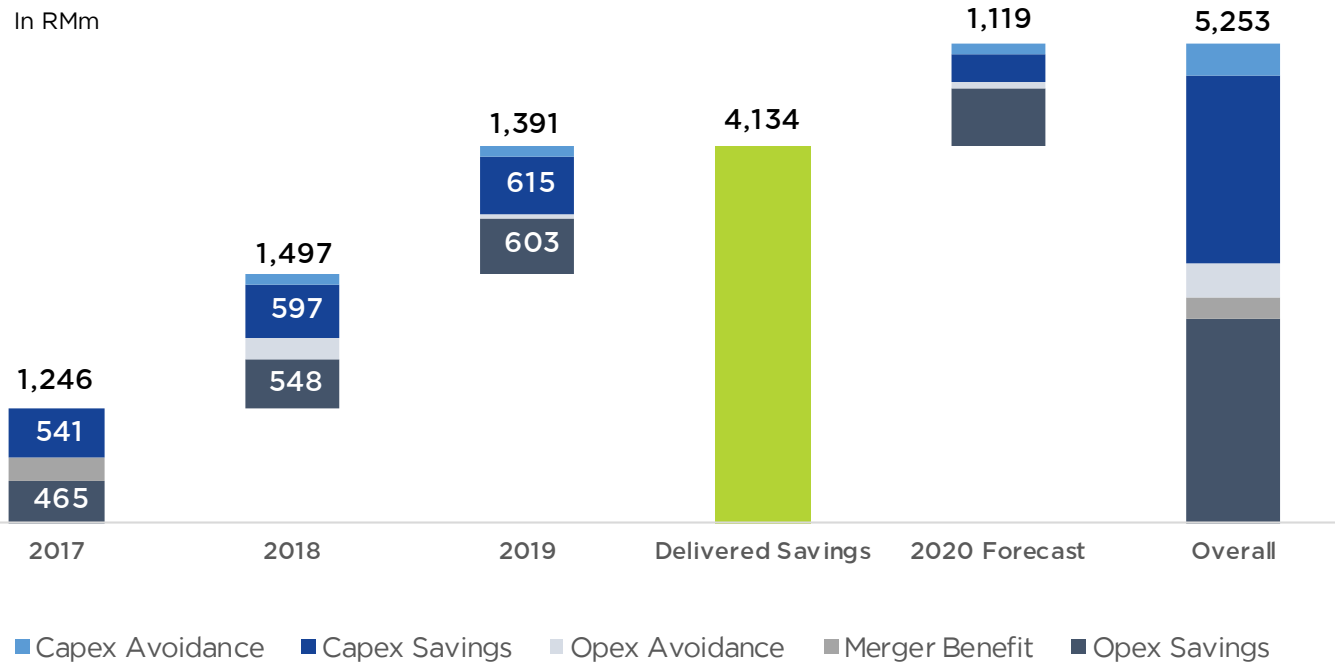


- Enterprise
- Home
- Consumer Mobile
- TowerCo
- Digital

Re-positioning to be 'High Dividend Company': Reduce opex growth

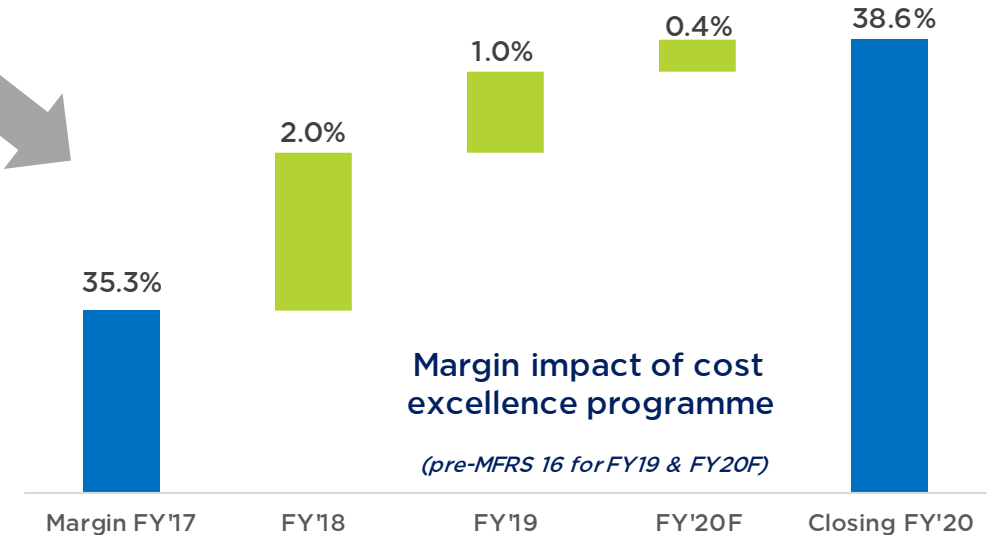
ARISE - RM5bn cost takeout one year ahead of schedule which helped keep cost growth at below revenue growth.

In RMm



Key Headlines

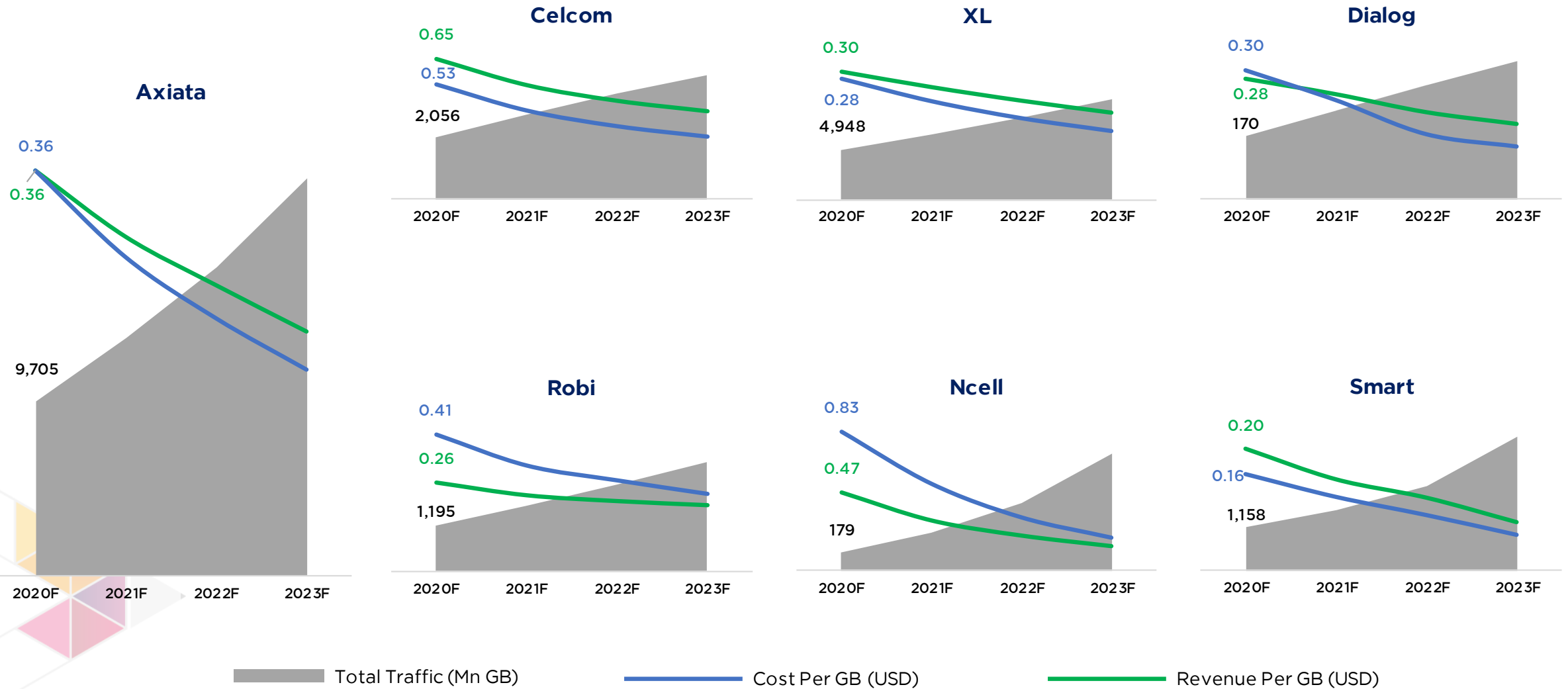
- ✓ Uplift of 9.2ppt on margins over 4 years (unadjusted) and 3.4ppt (adjusted)
- ✓ 41% of the RM5bn is in Opex savings
- ✓ Reliance on negotiations and low hanging fruits as a lever to deliver savings
- ✓ Initiatives under validation of RM200m will take us to RM5.5bn by FY20



Note: For Digital Telcos only

Re-positioning to be 'High Dividend Company': Reduce opex growth

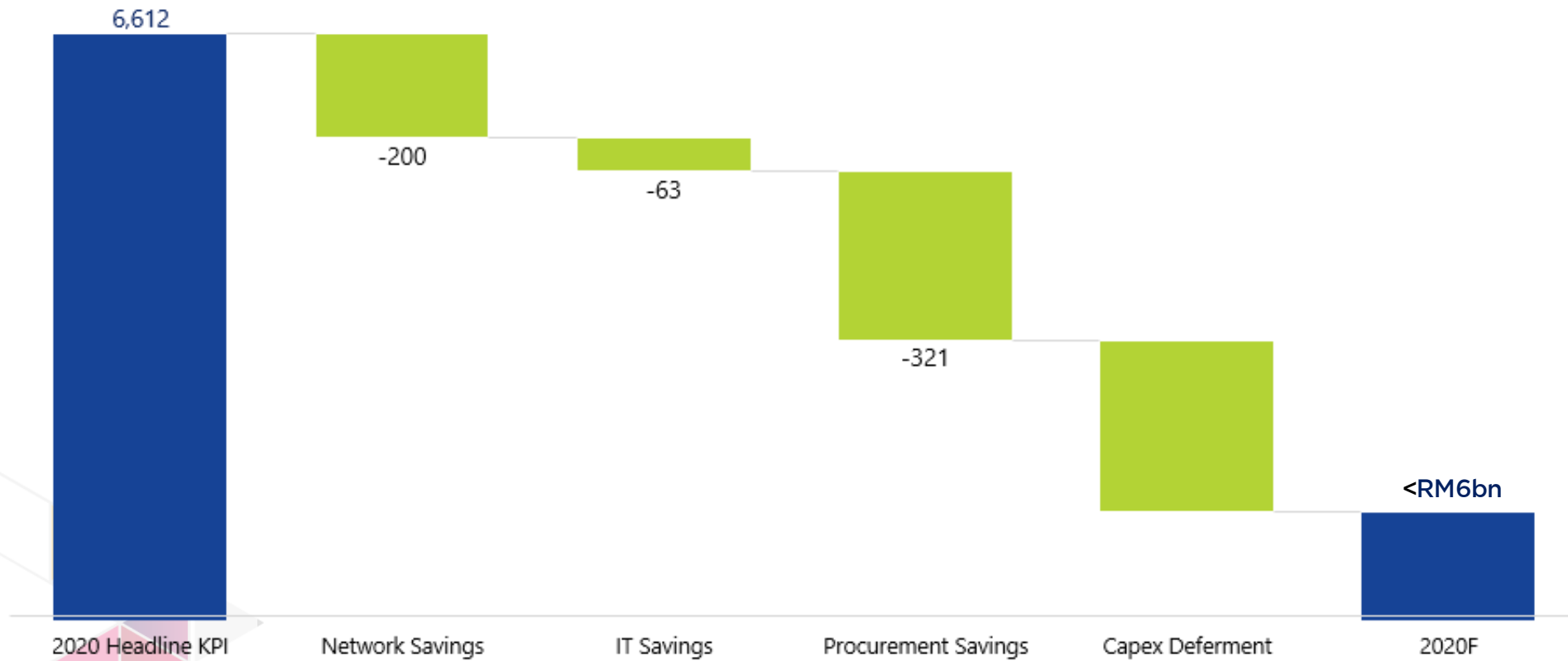
Pivot from absolute cost savings to improving data margin; leveraging on 'Collective Brain' to bring blended cost below 10cents/GB. Inculcated into company DNA.



Re-positioning to be 'High Dividend Company': Reduce D&A growth

'Collective Brain' savings from network, IT and procurement of ~RM600m in 2020; target savings of RM3-4bn by 2024.

Axiata 2020 capex (RMm)



Target savings of RM3-4bn by 2024, comprising 60% from network, 10% IT and 30% procurement.

Re-positioning to be 'High Dividend Company': Reduce financing cost

Bond issuance of USD1.5bn in August has improved holdco capital structure; cost of debt lowered by 0.7% pts from 2021 or interest savings of ~RM60m p.a. Predictable debt portfolio.

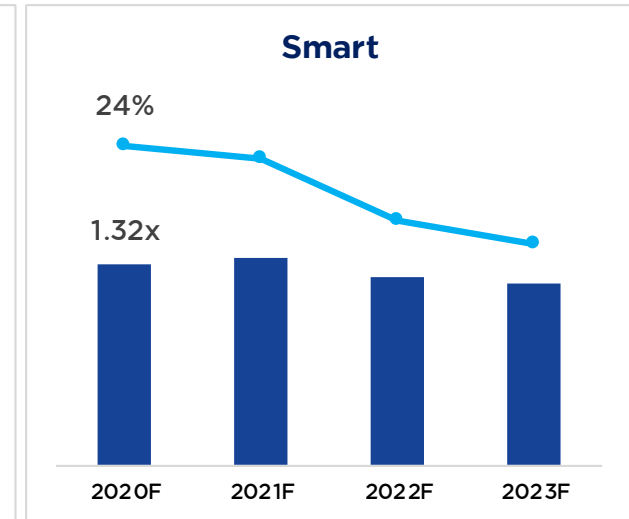
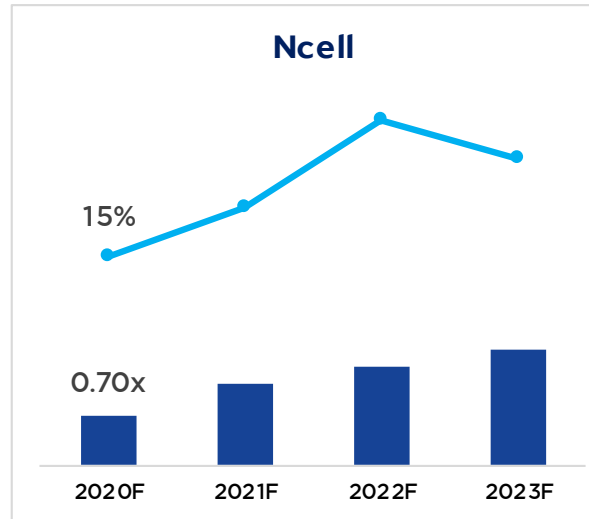
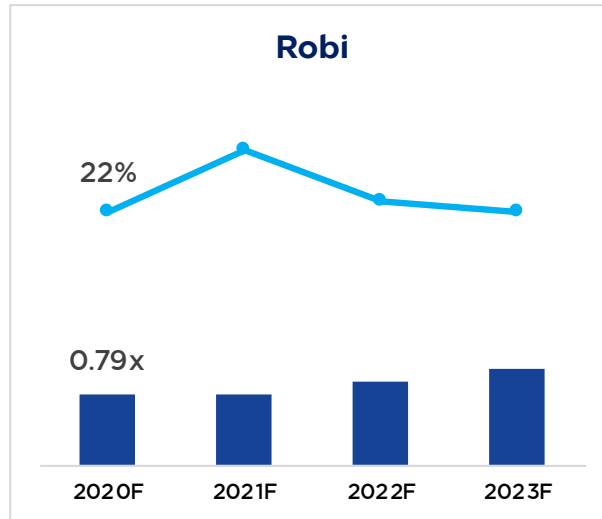
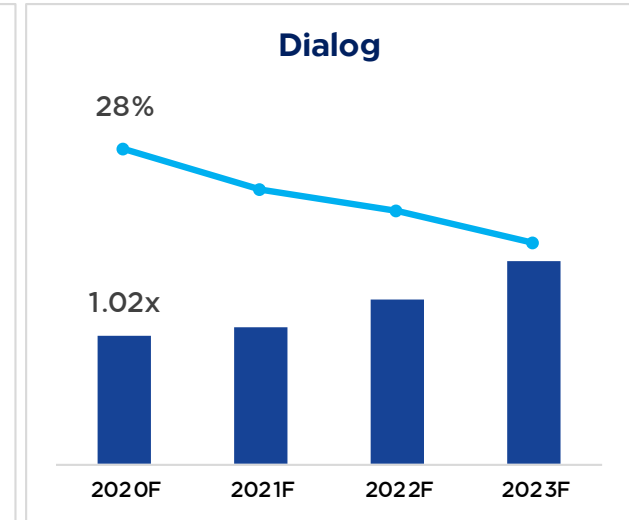
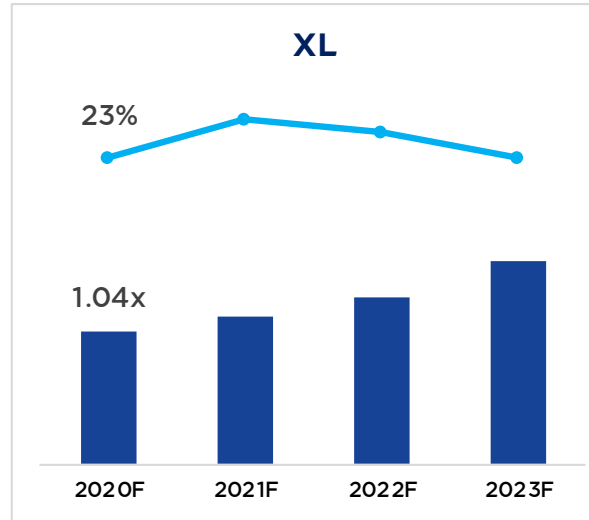
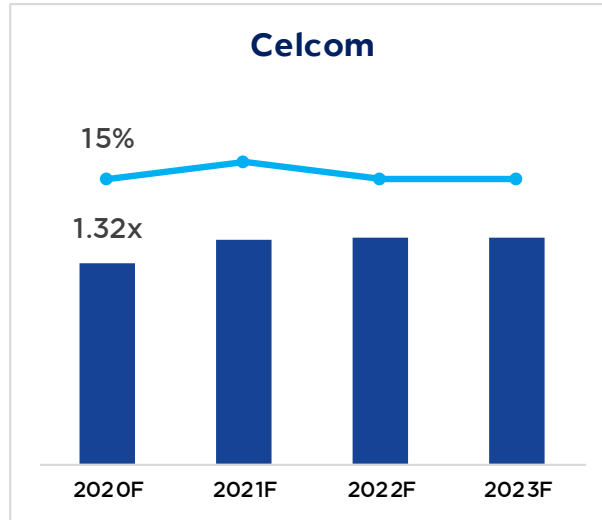
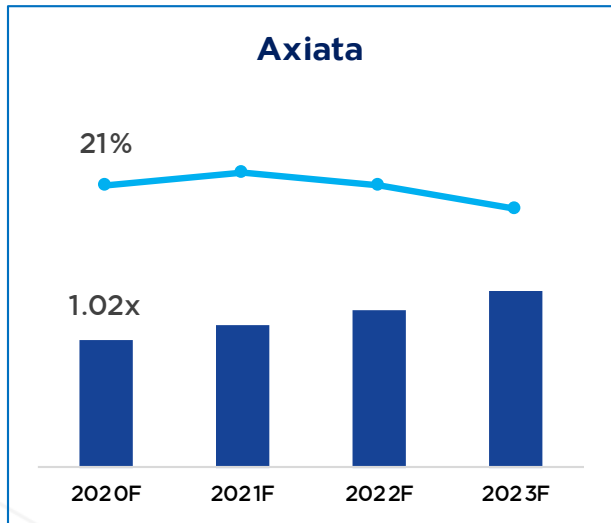
Improved Capital Structure

- 1 Tenure Improvement
- 2 Fixed Interest Rate
- 3 Interest Savings

	Current Position (3Q20)	2021 onwards
Company Debt	RM12.5bn	RM7.0bn
Company Avg Loan Life	2.6 years	16 years
Company Blended Borrowing Rate	4.0%	3.3%
Company Fixed / Float	66% / 34%	87% / 13%
Company Hedge / Unhedged	42% / 58%	50% / 50%

Re-positioning to be 'High Dividend Company': Lower mobile capex intensity to <20%








'Collective Brain' savings and improving asset productivity to lower mobile capex intensity to <20%; with the 'right to play', selective strategic investments, with clear guidance on shorter payback and good IRR.



■ Asset Productivity (x) — Capex Intensity (%)

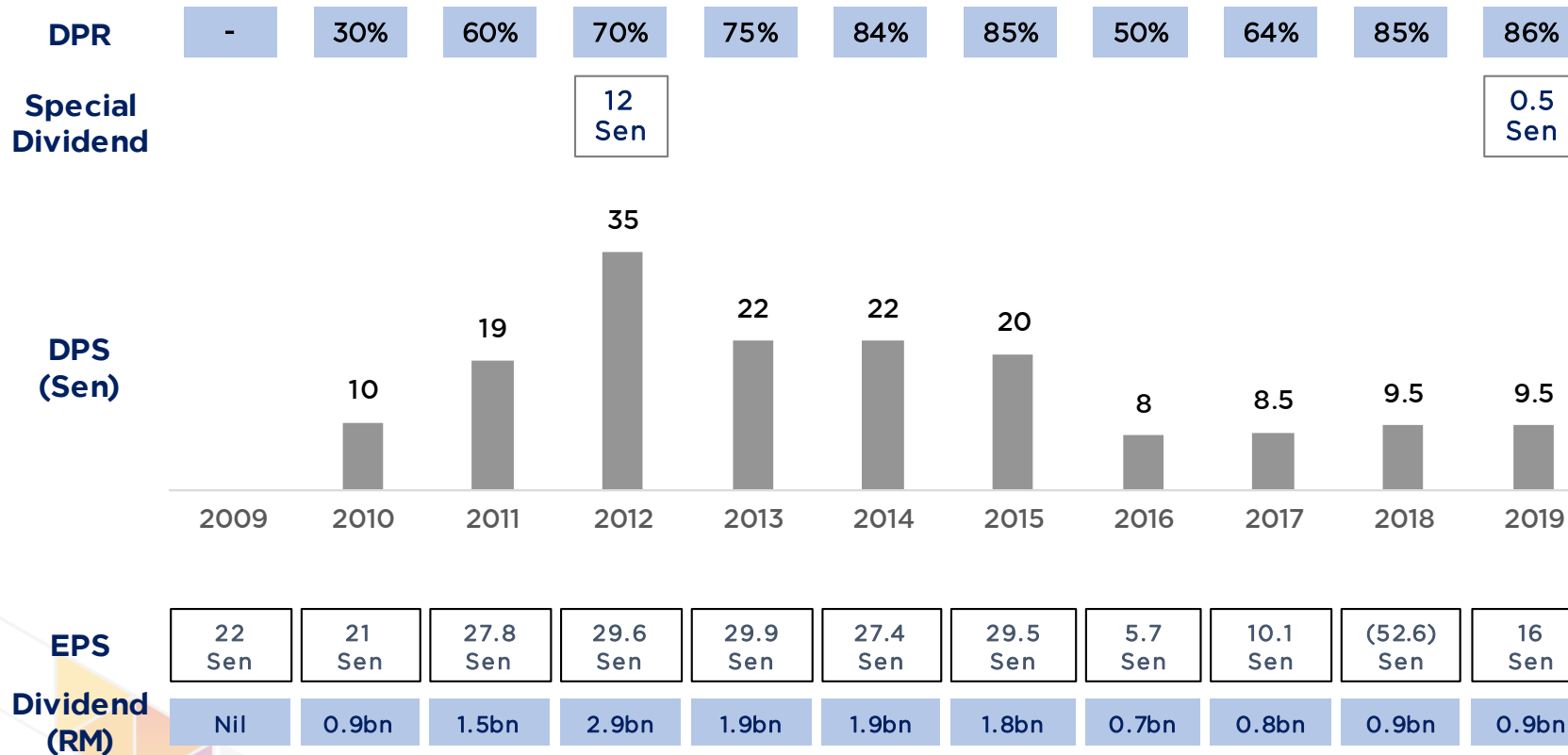
Re-positioning to be ‘High Dividend Company’: Refine financial strategy

Ensuring dividend policy at OpCos are also aligned with Axiata’s; OpCos’ dividend policy to be revised to minimum of 50% payout ratio, except for edotco as it continues to expand its tower footprint.

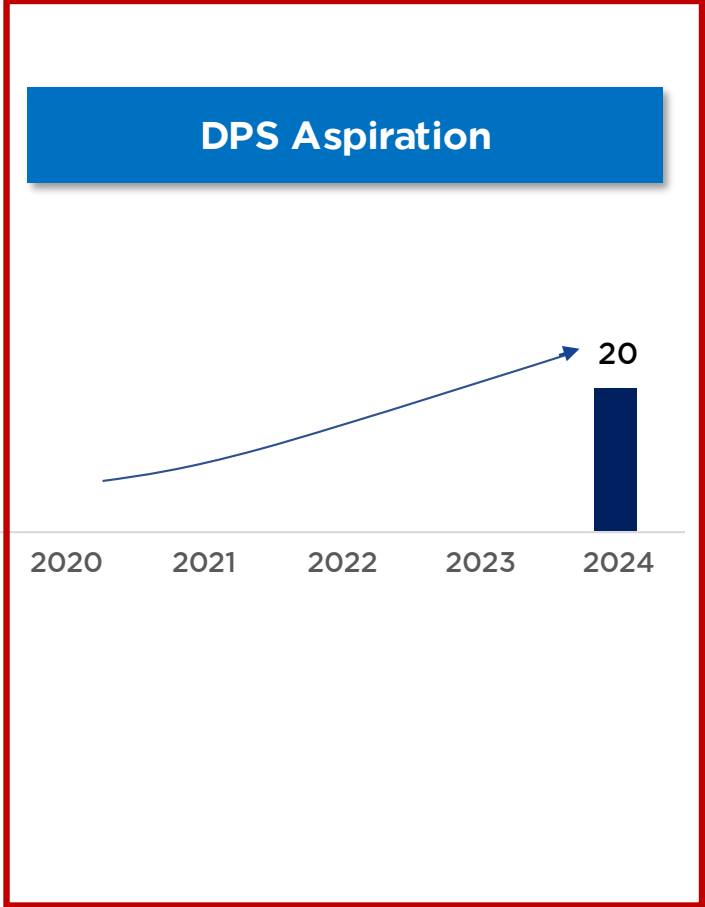
							
Current Dividend Policy	None	Consolidated Min. 30%	None	Consolidated Min. 30%	Consolidated Min. 50%	None	Consolidated Min 25%
Revised Dividend Policy	Consolidated Min. 50%, with intention of 100% of profit subject to OFCF						Consolidated Min. 25%

Re-positioning to be a 'High Dividend Company'


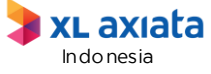






20sen DPS to be delivered via a disciplined execution of ongoing and planned initiatives.



Total Dividend Declared: RM14.2bn (including special dividend)



Risks & opportunities

	Risks	Opportunities
	<ul style="list-style-type: none"> ➤ Government CSR programmes ➤ 3G Shutdown and VoLTE adoption 	<ul style="list-style-type: none"> ➤ Transformation ➤ Cost optimization via Collective Brain
	<ul style="list-style-type: none"> ➤ Heightened price competition ➤ Government CSR programmes 	<ul style="list-style-type: none"> ➤ Monetisation of ex Java investments ➤ Omnibus Law
	<ul style="list-style-type: none"> ➤ Mobile number portability ➤ Economic uncertainties (GDP, LKR forex, inflation). 	<ul style="list-style-type: none"> ➤ 5G growth opportunities
	<ul style="list-style-type: none"> ➤ Regulatory uncertainty 	<ul style="list-style-type: none"> ➤ Monetisation of NCCD investments ➤ Leverage on Significant Market Player (SMP) regulation
	<ul style="list-style-type: none"> ➤ Delay in L900 deployment ➤ Consumer wallet impacted by higher unemployment and reduced overseas remittance 	<ul style="list-style-type: none"> ➤ Data monetization ➤ Regional FWA (Home)
	<ul style="list-style-type: none"> ➤ Regulatory uncertainty ➤ Consumer wallet impacted by unemployment and reduced overseas remittance 	<ul style="list-style-type: none"> ➤ 5G & rural investment upside ➤ 3G spectrum re-farm for home
	<ul style="list-style-type: none"> ➤ Anchor discounts ➤ Early contract termination 	<ul style="list-style-type: none"> ➤ BD and PK growth opportunities ➤ Inorganic opportunities
	<ul style="list-style-type: none"> ➤ DFS: Aggressive land grab from OTTs and traditional banks ➤ ADA: Customers/enterprise reduced spending 	<ul style="list-style-type: none"> ➤ DFS: Behavioral shift for contactless payment and digital transactions, digitization in SMEs ➤ ADA: improve scale and reach from wider offering end digital solutions

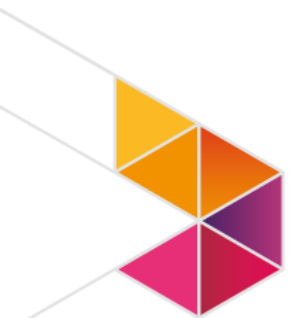
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Thank You

