

Path to RM5bn Cost Savings

Vivek Sood
Group Chief Financial Officer

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Good Progress To-date

Our ARISE Journey has enabled delivery of over 400+ cost focused initiatives across Opco and functions in the last 2 years

The Cost Excellence program has been deeply embedded across all OpCo. This is clearly evident from the broad participation across Opco & functions.

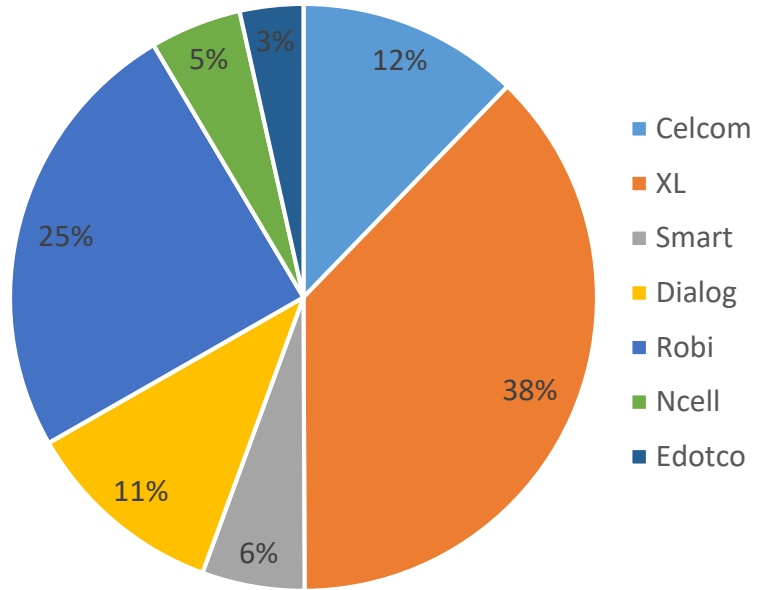
| | Across 2017 & 2018 (YTD) | | | | | | | |
|-------------------------------|--------------------------|------------|------------|-----------|-----------|----------|-----------|------------|
| | Celcom | XL | Dialog | Robi | Ncell | Smart | Others | Total |
| Network | 31 | 42 | 27 | 11 | 31 | 3 | - | 145 |
| IT | 7 | 15 | 8 | 2 | 4 | - | 1 | 37 |
| S&M- Acquisition & Retention | 1 | 7 | 13 | 6 | 2 | 1 | 7 | 37 |
| S&M- Product, Publicity etc., | 7 | 17 | 15 | 4 | 2 | - | - | 45 |
| Customer Care | 1 | 5 | 6 | 2 | - | - | - | 14 |
| Manpower | - | 4 | 1 | 1 | - | 1 | - | 7 |
| Facilities | 7 | 12 | 18 | 2 | - | - | 1 | 40 |
| Others | 9 | 8 | 34 | 9 | 6 | 1 | 33 | 100 |
| Total | 63 | 110 | 122 | 37 | 45 | 6 | 42 | 425 |

Collectively delivering

RM 2Bn (+)*

** Constant Currency*

In 2018 (so far), We have already delivered over RM 1Bn+ in saving, enabling us to continue investing without impacting EBITDA



- ✓ The realized savings are nearly equally split across Opex & Capex reflecting a healthy balance between operational and investment savings.
- ✓ The Savings include a small component of avoidance.



- ✓ Savings from ARISE has helped
 - ❖ Expand our NW to deliver superior experience
 - ❖ Fully absorb decline in Data Pricing
 - ❖ Absorb, regulatory increases among others
- ✓ And hold EBITDA margin %

Made feasible by continuation and rigorous focus to Drive on-ground execution across all our markets

Performance KPI's linked to Delivering on Cost Targets

- ❖ All Opco's have clearly defined Cost Targets within the Business performance goals.
- ❖ To ensure balance, separate KPI targets on Opex & Capex

Periodic Review of Progress on Cost Target with CEO's

- ❖ Holistic review on progress.
- ❖ Measuring financial & Operational KPI's via ARISE Dashboard
- ❖ Summary of Cost Targets delivery and status discussed at Group Steering Commitment headed by GCEO

Setting up of Dynamic Capex Allocation tied to Performance

- ❖ Planned capex released contingent on delivering on plan.
- ❖ Financial Business case follow-up triggered.

Structural & Transformation Opportunities

Our focus so far has primarily been on Operational efficiency and we are in early stages of our Structural & Transformation.

Our Primary Focus Area Today



| Operational Efficiency | |
|------------------------|--|
| | Network & IT spend optimization |
| | Sales & channel-mix improvement |
| | Marketing effectiveness |
| | Customer service streamlining |
| | End-to-end process improvements & digitization |
| | Rationalizing operating model & org. structure |

Early Stage of adoption – Impacted in 2019 & Beyond



| Structural & Transformation levers | |
|------------------------------------|---|
| | Simplification |
| | Step change digitization (“digital first”) |
| | Operating model redesign |
| | Extensive horizontal collaboration |
| | Legacy network shutdown with customer rethink |
| | resizing of organization |



We still have a lot of Opportunity to reduce our Cost base.

Driving Simplification→ In everything that we do from Products to Systems to leveraging Shared Services

Product Simplification & Rationalization

- ❖ Reduce numbers of Product offered
- ❖ Retire legacy Plan
- ❖ Eliminate non value propositions (Ex: Voice mails etc.,)
- ❖ Simplify E2E acquisition journey
- ❖ Among others...

IT Stack Simplification & Migration to Cloud

- ❖ Rationalization IT Change Request.
- ❖ Consolidate and retire old IT System
- ❖ Adoption of Open source
- ❖ Server virtualization and improve asset utilization
- ❖ Among Others..

Leveraging Shared Services Model

- ❖ Axiata Analytics Center
- ❖ Axiata Digital Labs
- ❖ Axiata Procurement Company
- ❖ Centralized shared services for support Functions (Finance, HR etc.,)



Moving towards Digital way of Working → Internally and on how we interact our customers

Digital customer Care

- ❖ Migrate from Physical Call Center to Digital Care interactions
- ❖ Opco's App as primary digital care channel.
- ❖ Among others...

Digital Sales & Marketing

- ❖ Moving 25%+ of all to Digital channels
- ❖ 10% of customer Acquisition to come from Digital
- ❖ Digitize remaining physical interaction with Dealers & retailers.
- ❖ Among others...

Digital Way of Working

- ❖ Adoption of RPA.
- ❖ Adoption of E-Tenders for Procurement
- ❖ Adoption of Automation and Analytical solution for the business.
- ❖ Among others...



Embracing Advanced Analytics → Leverage our deep customer insights for targeted Capex Investments and improving Asset productivity

Analytics Based Network Deployment

- ❖ Analytics Based Network Deployment to maximize Capex ROI.
- ❖ Analytics based solution for upgrade / Replacement of existing Network assets.
- ❖ Among others...

Driving Greater Asset Productivity

- ❖ Adopting a granular zonal / territorial holistic view of business performance
- ❖ Aggressively looking at negative margin asset
- ❖ Analytics led territorial shutdown of 2G/3G
- ❖ Among others...



Aggressively Leveraging our Scale → Across Network and IT, along with collaboration with other industry partners

Network

- ❖ Consolidating Network Operational Model into a regional structure
- ❖ Standardization of Network design configuration across Opco's
- ❖ Increase consolidated procurement via APC.
- ❖ Among others...

Information Technology

- ❖ Standardize and Virtualize IT Application
- ❖ Global / regional IT operating model
- ❖ Establishing API gateway across all IT solution using APIGATE solution
- ❖ Among others...

Leased Lines / Interconnect & Media Buying

- ❖ Aggregate Leased-line demand, improving pricing & under-sea cable investment.
- ❖ Aggregate purchase of IDD & Roaming volumes
- ❖ Aggregating group wide Media Buying & creative agencies spend.
- ❖ Among others...



Delivering on our RM5bn Cost Improvement Goal

Functionally, Our Goal of Delivering MYR 5Bn is anchored around 3 key functional areas which are we different stages of Implementation

| | | Operational | Structural | Transformational |
|-------------------|-----|--|---|---|
| Network & IT | 40% | Strong Momentum. Ongoing Focus | Early Stages. Some areas: ❖ Demand aggregation ❖ Energy & Managed Services Consolidation | Good Focus. Some areas: ❖ Analytics based NW Deployment ❖ Legacy NW shutdown |
| Sales & Marketing | 35% | Good Focus. Opportunities identified, Implementation ongoing | Early Stages. Some Areas: ❖ Sales Mix Optimization ❖ Product rationalization | Good Focus. Some Areas: ❖ Digitization |
| Other Functions | 25% | Early Stages. Opportunities identification ongoing | Early Stages. Some Areas: ❖ Process Simplification ❖ Organisation Right-Sizing | Nascent. Some Areas: ❖ Operating Model Re-Design |

We have started well on our Journey with a lot more opportunities still available

ARISE will have a +300Bps impact on EBITDA margin after planned investments back in the business for growth, by 2022

Operations and cost excellence
Three common themes emerge: Simplify, digitize, collaborate



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P&L Impact by 2022

Net 300Bps EBITDA margin Improvement after all Planned Investments



Thank you

