MEDIA RELEASE

MODEST GROWTH IN REVENUE & EBITDA, AND STRONG CASH POSITION AHEAD OF COVID-19 CRISIS

Steady progress through continued execution of Operational Excellence strategy; EBITDA margin improves 0.8 ppt; Free Cash Flow up 25.6% while costs remained flat at RM3.5 billion, and PAT at RM398.3 million; Stronger cash position and liquidity enhanced with first-of-its kind Islamic sustainability-linked financing of USD800 million

Group and all OpCos reprioritised efforts, focus on welfare of staff, customers, partners and communities in response to COVID-19 shocks;
XL and Robi maintain strong momentum with high single-digit revenue growth and double-digit EBITDA expansion

1Q20 YoY Key Highlights

- **Free Cashflow (FCF) grew by 25.6% YoY to RM1.2 billion:** FCF growth lifted by EBITDA expansion and lower capex of 11.7% (capex intensity fell 3.1 ppt to 21.1%)

- **Early USD300 million drawdown edged up gross debt/EBITDA to 2.64x in 1Q20:** Correspondingly, cash balance increased to RM6 billion as debt repayment is due in April; without early drawdown, gross debt/EBITDA at 2.51x; in early May, secured USD800 million syndicated facility to further strengthen liquidity position

- **Early impact on revenue and EBITDA from COVID-19:** EBITDA[1] up 2.5% YoY outpacing 1.5% revenue[1] growth (excluding device); opex savings of RM102 million kept cost flat YoY, lifting EBITDA margin[1] by 0.8 ppt to 41.5%; underlying PATAMI affected by higher D&A charges, lower contribution from Ncell and higher losses from digital business; PAT for 1Q20 stood at RM 398.3 million in line with 4Q19

- **Most markets impacted by COVID-19 in 2H March:** Apart from Indonesia and Cambodia, all other markets were impacted by stringent lockdown from mid-March, affecting sales and services at retail outlets, including prepaid reload, SIM activation and device sales; in Nepal, further impact arising from mobile-to-fixed substitution

- **CSR and customer engagement initiatives:** In the immediate wake of Covid-19 crisis, Axiata supported its customers via free data and connectivity to areas in healthcare, education, enterprise and government; launched RM150 million Axiata COVID-19 Assistance Program for micro-SMEs; Celcom and XL as example, contributed 1GB and 2GB free data respectively per day to customers

[1] Underlying performance – At constant currency

- **Celcom performance impacted by lower customer acquisition:** Mobile service revenue declined 7% YoY affected by lower customer acquisition and slower prepaid to postpaid migration; good early response of unlimited product (Infinity) launched Feb 2020; 1Q20 EBITDA margin[2] at 39.4% as EBITDA[2] grew 7.8% YoY due to lower direct cost and sales marketing cost

- **XL and Robi sustained strong performance:** XL and Robi recorded high single-digit revenue growth with EBITDA margin expansion as a result of high operating leverage and cost optimisation

- **FY20 Headline KPIs withdrawn:** Given the uncertainty surrounding the depth and duration of this pandemic, and the difficulty in predicting the pace of recovery at this point, Axiata is withdrawing its guidance on 2020 Headline KPIs

KUALA LUMPUR, 21 MAY 2020 – Axiata Group Berhad ("**Axiata**" or the "**Group**") demonstrated steady progress against its Operational Excellence (**OE**) strategy for the first quarter ended 31 March 2020 (**1Q20**) with stronger revenue, earnings and Free Cash Flow (**FCF**) achieved mainly on the back of better performance from most operating companies (**OpCos**), sustainable cost structure, lower capex and resilient balance sheet.

Despite the increasingly challenging operating environment and early consequences of the damaging COVID-19 fallout, Group revenue grew 1.5% Year-on-Year (**YoY**) to RM6 billion in 1Q20 on a reported basis. Group EBITDA increased 3.4% to RM2.5 billion due to improved operational performance from all OpCos except Ncell and Axiata Digital (**AD**). FCF rose 25.6% to RM1.2 billion lifted by EBITDA growth and lower capex.

Despite better toplines, Group Profit After Tax (**PAT)** at RM398.3 million, was dragged mainly by forex losses arising from the strengthening of the US dollar against local currencies and one-offs, especially Celcom's RM76.9 million employee restructuring program (**ERP**). Group Profit After Tax and Minority Interests (**PATAMI**), further impacted by lower one-off gains, stood at RM188.1 million. Axiata recognised a gain of RM278.9 million (PATAMI level) from XL's sale and leaseback of telecommunication towers as compared to 1Q19, where the Group saw a one-off gain totaling RM415.4 million from the disposal of non-strategic investments.

Underlying performance[1] held up in 1Q20 as revenue (ex-device) rose 1.5% to RM5.9 billion attributable to increased contribution from all OpCos, although Celcom and Ncell faced tough market competition. Group underlying EBITDA grew 2.5% YoY to RM2.5 billion driven by double-digit growth from XL, Smart and edotco, with Robi posting strong single digit growth. Excluding Celcom's ERP, EBITDA rose 6.7%.

However, despite steady operational performance, underlying PATAMI fell 41.9% YoY impacted by higher Depreciation and Amortisation (**D&A**) charges mainly from XL's aggressive 4G network expansion beyond Java, lower contribution from Ncell and AD's spend on the e-Tunai Rakyat initiative involving an RM45.5 million disbursement.

Cost remained largely flat during the quarter at RM3.5 billion, as XL's higher network expansion cost was cushioned by savings in network/IT, and sales & marketing cost as a result of the Group's execution of OE initiatives.

Cash balance rose to RM6 billion while gross debt/EBITDA edged up 2.64x from an early drawdown to refinance a bond due in April. Without the early drawdown, gross debt/EBITDA would have stood at 2.51x.

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[2] Excluding ERP

In further strengthening the Group's liquidity position to ensure adequate working capital to face economic challenges in the COVID-19 realities, the Group also successfully completed the region's first-of-its-kind Syndicated Multi-Currency Shariah-compliant sustainability-linked financing facilities of USD800 million.

In its proactive response to the devastating impact of COVID-19, Axiata initiated several initiatives across its footprint to support governments, customers and communities by providing free data, connectivity, digital solutions and funding to areas in healthcare, education, enterprise and government in addition to the launch of up to RM150 million Axiata COVID-19 Assistance Program for micro-SMEs in Malaysia.

Digital Telco[3]
The strong momentum of **Celcom's** multi-year transformation journey that began in 2017 will intensify this year as it enters the third phase (2020-2022). The earlier two phases were aimed at strengthening the core components of people, IT, products, distribution, as well as building a culture of operational excellence in order to prepare for this pivotal final phase. The next steps will require Celcom to double down on mission critical deliverables such as innovative, consumer-oriented products; enhancing enterprise solutions capacity; going beyond digital in terms of technologies and re-engineering network operations.

In 1Q20, Celcom's mobile service revenue declined by 7% YoY affected by lower customer acquisition in prepaid and slower prepaid to postpaid migration. New unlimited product launched in February 2020 showing positive early response. EBITDA declined 10% YoY mainly due to the one-off ERP. Adjusting for this, Celcom's EBITDA grew 7.8% attributable to lower direct and sales and marketing costs, driving EBITDA margin expansion of 5.1 percentage points (**ppt**). PATAMI declined 26% largely as a result of the ERP. Excluding this, PATAMI grew 31.6% because of underlying EBITDA growth, while FCF increased 34.7% largely from 46.9% lower capex.

XL's stellar performance continued its positive trajectory. Revenue was up 8.8% YoY on the back of strong data monetisation, as Average Revenue Per User (**ARPU**) rose 9.1% to IDR36,000. Cost optimisation and IFRS adjustments led to double-digit EBITDA growth of 39.7% YoY with 10.9 ppt margin improvement to hit 49%. Despite the 18% increase in capex to IDR1.8 trillion, FCF jumped 82.4% YoY driven by 39.7% EBITDA growth. PATAMI surged to IDR1.5 trillion from gain on tower sale.

Dialog's 1Q20 revenue and EBITDA remained largely flat YoY, with EBITDA margin sustained at 41.6%. FCF grew 7.9% YoY, on the back of lower capex amidst flat EBITDA growth. PATAMI declined 69.5% as a result of higher depreciation charges and forex loss.

Robi recorded healthy service revenue growth of 7% YoY fueled by strong data growth of 28.8% as ARPU increased 0.8% to BDT124. As a result of high operating leverage and lower staff costs, EBITDA grew faster than revenue at 10.1% YoY improving margins by 1.3 ppt to 40.4%. FCF declined 95.2% driven by 152% higher capex as capex rollout accelerated post delays in 2019. PATAMI grew 176% YoY due to EBITDA growth, aided by lower net finance cost and depreciation charges.

Ncell's revenue declined by 11% YoY, dragged also by a 9.7% drop in core revenue impacted by slower data adoption due to capacity constraint from the delay in spectrum assignment and intense price competition from fixed ISPs. EBITDA fell 16.3% YoY primarily

[3] Growth numbers for Opcos are based on results in local currency in respective operating markets and exclude MFRS 16 impact

from decrease in revenue coupled by higher direct costs, whilst PATAMI declined 67% on the back of EBITDA decline and higher D&A charges.

Smart recorded another excellent quarter with double-digit growth YoY across key metrics.

Digital businesses
ADA continued its growth momentum in Q1 2020 (1.8x YoY NR growth) by adding 20 new big brands to its growing list, including Sony Pictures Malaysia, Malaysia; OCBC NISP, Indonesia; Bonchon, Thailand; UNHCR, Singapore; Infobip, Bangladesh; LB Finance, Sri Lanka; and Amore Pacific, South Korea. ADA continues to expand its AI and data capabilities through the release of its social video machine learning and analytics tool, "Video Analytics and Creation Engine"; the merger of ADA in Cambodia with Branderz, a multidisciplinary creative agency, whilst continuing to enhance its creative offering with new expanded teams and capabilities; and the launch of its COVID-19 microsite to provide strategies and solutions for businesses to cope with the changing business climate.

Boost's Gross Transaction Value (**GTV**) expanded 3.8x from a year prior. Total users grew 1.8x to 7.3 million while total merchants grew 2.0x to 156,000 compared to 1Q2019. Active user spending increased to an average of RM326 per week this quarter compared to RM209 a year ago. This quarter, Boost entered into significant new partnerships with Sabah Pay, several state Zakat collection bodies, Village Grocer, SOGO Departmental Store, HeroMarket and Golden Screen Cinemas.

Apigate, Axiata's homegrown API platform is now connected to 125 digital merchants and recorded 29% increase in GTV YoY, driven by a 34% increase in Monthly Active Users for its Payment business and 51% surge in Application-to-Person traffic.

Aspirasi funded 1,070 merchants in Q1 2020 and collaborated with GHL, RHB Islamic, and On Site Services. For micro-insurance, new options for individuals and businesses include Aspirasi Hospicash and Aspirasi SME OwnerProtect-X. Aspirasi supports the Axiata COVID-19 Assistance program, launched on March 25 via Aspirasi Assist with Shariah compliant micro-financing ranging from RM1,000 to RM10,000. Initially targeted to micro-businesses within the Axiata ecosystem, Aspirasi made this available from April 24 to any eligible micro-business to help restart their business.

Infrastructure
edotco's performance remained steady, as the tower company recorded double digit growth across most metrics. Whilst revenue was up 3.7% YoY due to positive contribution across major footprints, adjusted[4] EBITDA rose 19.1% YoY as margin increased 8.3 ppt to 63.9% attributable to new tenancy growth aided by IFRS 16 adjustment. FCF surged 232% YoY to RM192 million encouraged by lower capex spend and the improvement in EBITDA, and PATAMI by 89.9% as a result of improvement in EBITDA. edotco's towers owned increased 10.3% to 20,728 while tenancy ratio remained stable at 1.61x.

Commentaries
Tan Sri Ghazzali Sheikh Abdul Khalid, Chairman, Axiata said: "As the pandemic hit our markets, the Board applauds how the Group placed aside commercial interests to take immediate, extensive and coordinated actions to meet the multifaceted needs of customers and communities. In addition to the RM150 million cash fund for micro-SMEs and Boost's Tabung COVID-19 in Malaysia, our operations have responded remarkably to the many demands made on the industry."

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[4] Excluding M&A cost and share-based payment expenses

“We collaborated with governments to deliver essential services, helped businesses and front-liners to operate and ensured customers stayed connected. Axiata and our OpCos also contributed in cash and kind to government health agencies and NGOs to meet urgent demands for personal protective equipment and other necessary supplies. Additionally, we ramped up on e-learning platforms to enable students to continue their schooling while proactively responding to vulnerable communities struggling with basic needs.”

“Business Continuity Management teams across our companies have also prioritised the well-being and safety of all employees as they seamlessly transitioned to working from home with access to efficient digital tools and platforms.”

Tan Sri Jamaludin Ibrahim, President and Group Chief Executive Officer, Axiata said: “Overall for the Group, there was limited immediate impact from COVID-19 in the first quarter as demonstrated by good growth in revenue, EBITDA and free cash flow. This reflects the hard and fast execution of our Operational Excellence initiatives.”

“As such, in terms of underlying performance, I am encouraged by XL’s continued growth trajectory in revenue and EBITDA, fueled by data monetisation. Robi also experienced yet another excellent quarter with expansion recorded across all key metrics boosted by data upsurge and lower network related cost, and therefore, is now back to black.”

“We however, believe we could have done better at Celcom. Ncell is still challenged competing with both mobile and ISP players without the badly needed spectrum.”

“Total data traffic surged in all our markets, from 12% to 40% in March and the trend seems to continue. However, in most cases because of the “lifeline” support given to our customers in the form of free data usage, revenue in Malaysia and some markets were affected.”

Tan Sri Jamal added: “We will continue to invest mainly in 4G mobile network and Enterprise solutions now more than ever, as economies everywhere attempt herculean efforts to bounce back in the new normal”.

“We brace for a tough business in the **short-term** in choosing to respond responsibly to society’s needs even as it eats into our revenue. We are also aware it will get even tougher in the **mid-term** when livelihoods are further impacted as some sectors falter and fail, leading to salary cuts and job losses.”

“But in the **long-term**, as the whole economy recovers with some sectors fully recovered, more jobs will return, and people will get back into employment with possible shapes of new businesses starting to emerge.”

“Bandwidth will become as critical as utilities, heightened demand will build-up for solutions, tools, platforms and applications. From individuals to organisations, they are now firm believers in and adopters of digitisation with customers themselves already ‘digitally accelerated’. We believe we will see the rise of the telco industry as one of the biggest winners in this new world. It would also be the engine of growth for the global economy.”

“As such, we can expect even stronger growth provided we get ourselves ready and position ourselves well – and of this I’m assured we will!”

-End -

About Axiata

As one of the leading telecommunications groups in Asia in pursuit of its vision to be the New Generation Digital Champion by 2022, Axiata has transformed itself from a holding entity with a portfolio of pure-play mobile assets into a Triple Core Strategy driven business focusing on Digital Telco, Digital Businesses and Infrastructure.

Within ASEAN and South Asia, the Group 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. Axiata is actively spearheading efforts to transform its mobile-centric operations into digital converged companies.

Axiata's digital businesses are focused on three verticals namely Digital Financial Services ('Boost'), Digital Advertising ('ADA') and Digital Platform ('APIgate') in the global market.

'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.

As a committed and long-term investor, and 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 of Advancing Asia aims to piece together the best in the region in terms of innovation, connectivity and talent.

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