

MEDIA RELEASE

Axiata's Focus on Profit and Cash Delivers with 2Q19 YoY PATAMI Up 12.2%, 61% Jump in YTD Free Cash Flow, ROIC Up 2 ppt

YoY, strong operational performance with revenue growth of 4.9% coupled with tangible results from cost efficiencies led to the expansion of EBITDA margin by 3.3 ppt

YTD, Celcom records 4.7% EBITDA growth; Robi is now profitable post Airtel merger; XL swings to black with PAT of IDR282 billion

Key highlights in 2Q19:

1. "Shifting Gear" towards profitability and cash focus: Gaining momentum as cost excellence programme shows tangible results with 3.3 ppt EBITDA margin expansion YoY to achieve 38.1%¹
2. Barring unforeseen circumstances, Axiata is likely to exceed its 2019 headline KPIs for EBITDA growth and ROIC. With ongoing capex rationalisation, 2019 capex likely to be below guidance of RM6.8 billion
3. For 1H19, five out of six OpCos maintained or gained revenue market share, and delivered highest profit growth in their respective markets
4. XL and Robi delivered strong profit and ROIC improvement, lifted by expansion in ex-Java and non-CCD². XL outperformed the market for eight quarters consecutively and Robi is now profitable¹ post Airtel merger in 1Q17
5. Celcom's cost discipline lifted YTD19 EBITDA (+4.7%), FCF (+5.0%) and PATAMI (+11.7%)¹. Overall industry revenue subdued
6. Double digit revenue and EBITDA growth for edotco, and ADA is aiming for full year profitability in 2019
7. Group announced dividend payment of 5 sen per share for the financial year ending 31 December 2019

KUALA LUMPUR, 29 AUGUST 2019 – Axiata Group Berhad's ("Axiata" or "the Group") 2019-2020 "Shifting Gear" focus announced in the fourth quarter 2018 with the aim of strengthening its position for a more promising future, gained better momentum to deliver significant performance improvements in 2019.

For the second quarter ended 30 June 2019 (2Q19), the Group's Earnings Before Interest, Tax and Depreciation and Amortisation (EBITDA) margin increased 3.3 ppt to 38.1% while Profit After Tax and Minority Interest (PATAMI) rose 12.2%¹ Year-on-Year (YoY). Additionally, Return on Invested Capital (ROIC) expanded 2 percentage points (ppt)¹ to 6.6%. Free Cash Flow (FCF)³ improved by 61%¹ to RM1.8 billion Year-to-Date (YTD) compared to RM1.1 billion for the first half of 2018. This healthy set of results can be attributed to strong operational performance across most of our markets and the Group's cost excellence initiatives that have managed to keep cost base broadly flat, resulting in margin expansion.

¹ Underlying performance: Pre-MFRS 16 and at constant currency

² Chittagong, Comilla and Dhaka

³ EBITDA less capex at constant currency

As of the first half of the year ended 30 June 2019 (1H19), the Group also continued to maintain its position of strength through a robust balance sheet, with gross debt/ EBITDA at 1.97x¹ and cash balance of RM5.4 billion.

YoY: Excellent performance by OpCos with improvements in revenue, EBITDA and PATAMI (2Q19 vs 2Q18)

The Group also posted a healthy set of results in 2Q19 compared to the same quarter last year. Revenue was up 3.7% YoY to RM6.2 billion due to better performance from all operating companies (OpCos) apart from Celcom⁴ and Ncell⁵. EBITDA rose 13.1%¹ to RM2.3 billion as a result of higher revenue and cost excellence. PATAMI improved by 12.2%¹ to RM250 million YoY despite higher taxes mainly in Bangladesh and the absence of M1's contribution.

YTD: Axiata is likely to exceed headline KPIs on EBITDA growth and ROIC (1H19 vs 1H18)

For 1H19, the Group's revenue grew 4.0%¹ to RM12.1 billion compared to the same period last year driven by positive contributions from all OpCos with the exception of Celcom and Ncell. Additionally, EBITDA recorded a strong 10.4%¹ increase, rising to RM4.5 billion in 1H19, on the back of double-digit growth at Robi⁶, XL⁷, edotco and Smart⁸, as well as cost excellence initiatives across the Group.

Barring any unforeseen circumstances, regulatory and external disruptions, Axiata is likely to exceed its headline KPIs for EBITDA growth and ROIC which were initially targeted to range between 5% to 8% and 5.2% to 5.6% respectively for its financial year ending 31 December 2019. The year's headline KPI for revenue growth is expected to remain in line with the targeted range of 3% to 4%, whilst capex for 2019 is likely to be below guidance of RM6.8 billion on the back of ongoing capex rationalisation.

Announced dividend

The Board of Directors have resolved a tax-exempt dividend of 5 sen per share for the financial year ending 31 December 2019.

Digital Telco⁹

Despite a subdued industry environment, Celcom maintained stable performance in 1H19. Whilst service revenue dipped 4.1% in 1H19, combined postpaid and prepaid revenue grew 1.9% YTD driven by strong postpaid revenue growth of 8.2%. Celcom's cost discipline proved critical in mitigating the overhang from the muted industry landscape, lifting EBITDA, FCF and PATAMI by 4.7%, 5.0% and 11.7%¹.

As Celcom focuses more towards profitable segments and increasing its data revenue, Average Revenue Per User (ARPU) for postpaid services grew RM1 whilst ARPU for prepaid services grew by RM3 in 2Q19 compared to the preceding quarter. Celcom continued to demonstrate network leadership against its peers as 4G population coverage rose to 93% whilst 4G LTE-A coverage to 81% compared to 89% and 76% respectively in 2Q18.

In 1H19, XL gained 0.5 ppt in revenue market share to 18.2% and recorded a 10.9% rise in revenue as a result of data growth. FCF grew significantly by 60% as cost excellence initiatives

⁴ Celcom Axiata Berhad

⁵ Ncell Pte Ltd

⁶ Robi Axiata Limited

⁷ PT XL Axiata Tbk

⁸ Smart Axiata Company Limited

⁹ Growth numbers are based on results in local currency in respective operating markets and exclude MFRS impact

led to 19.2% EBITDA improvement YTD. In 1H19, XL returned to profit at IDR282 billion versus losses of IDR82 billion in 1H18. XL remains the most data-centric operator in Indonesia with 86% smartphone penetration and data revenue capturing 88% of service revenue in 2Q19.

Dialog¹⁰ delivered strong YTD19 results with 10.3% revenue growth led by TV (+17.4%), fixed (+10.3%) and mobile (+1.9%), whilst quarter-on-quarter (QoQ) performance was impacted by the Easter Sunday incidents and intense competition. In 1H19, FCF was up 36.6% due to higher EBITDA and a calibrated network rollout, whilst PATAMI grew by 20.5%.

Smart recorded a strong 1H19 performance with double-digit growth across revenue (+12.3%), EBITDA (+14.6%), PATAMI (+13.2%) and more than 100% growth in FCF compared to the same period last year.

In 1H19, Robi gained revenue market share of 0.2 ppt to 28.1% and outperformed the market to post double-digit growth for service revenue at 11.3% compared to the same period last year, driven by strong data growth of 30.4%. FCF turned positive to BDT6.2 billion YTD as EBITDA surged 70.5% on high operating leverage. Robi returned to profit in 1H19 with PATAMI of BDT127 million versus losses of BDT1.9 billion in 1H18, despite increase in minimum tax rate on revenue.

Ncell's revenue dropped 5.7% in 1H19 against the same period last year, as core mobile revenue declined 3.2% due to changes in Telecom Service Charge since July 2018, as well as 13.7% drop in International Long-Distance revenue. In the same period, FCF declined 42.3% from calibrated network rollout, whilst PATAMI YTD increased 11.5% as a result of asset write-back in 1Q19.

Digital Businesses

As at 30 June 2019, Boost, the homegrown lifestyle and leading e-wallet in Malaysia recorded 1.7x growth in users to over 4.4 million and 4x growth in merchants to nearly 92,000 YoY. Boost's gross transaction value (GTV) also increased by 1.8x QoQ.

ADA, Asia's largest independent data-powered digital marketing agency is aiming to achieve full year profitability in 2019. In 2Q19, it continued to build upon its large customer accounts through new client wins around the region including Citibank, Petronas, Tokio Marine, Estee Lauder, Trax, Kowa, ClassPass and Tourism Malaysia. ADA has also rolled out a suite of Business Insights products for specific industries such as mobile, telco and retail. Through their data-driven campaigns ADA continues to achieve outstanding business outcomes for clients; such as 112% growth for Yoodo (telco), 400% growth for Boost (e-wallet) and 30% increase in revenue for Kalbe (pharmaceutical) and more.

Apigate, Axiata's homegrown API platform continues to innovate with new products and platforms to deliver new services. Apigate recorded a strong 88% rise in GTV YoY and now has more than 300 connected merchants.

Infrastructure⁹

For 1H19, edotco¹¹ recorded strong revenue and EBITDA growth across all footprints enhanced by fully integrated acquisitions in Malaysia and Cambodia. Revenue grew by 20.9% to RM875 million driven by positive contribution across its footprint countries, particularly

¹⁰ Dialog Axiata PLC

¹¹ edotco Group Sdn Bhd

Malaysia, Myanmar and Bangladesh. Adjusted EBITDA grew 29.4% to RM453 million¹², contributing to a margin expansion of 3.4 ppt to 51.8% driven by revenue mix, higher number of towers and a stable tenancy ratio of 1.6x. The improvement in EBITDA led to a surge in edotco's FCF by more than 100%.

Commentary

Commenting on 1H19 results, Tan Sri Ghazzali Sheikh Abdul Khalid, Chairman, Axiata Group Berhad said, "Axiata's commitment to deliver value to its shareholders is evident from the positive momentum recorded in the first two quarters this year. As a result, the Board is pleased to announce a dividend of 5 sen for the financial year ended 31 December 2019 which is consistent with the Group's moderate growth, moderate dividend investor proposition. Whilst the Group maintains its fiscal discipline on dividend and investment, the Board continues to be supportive of Axiata's long-term vision to become the next generation digital champion."

Meanwhile, Axiata's President and Group Chief Executive Officer Tan Sri Jamaludin Ibrahim said: "Following our portfolio rationalisation of non-core assets over the last 12 months and our "Shifting Gear" focus towards profitability and cash, we are pleased to deliver a very good set of tangible results fueled by cost excellence and strong operational performance across the Group."

"With this, we believe we can meet our headline KPIs in 2019 and to realise Axiata's profitable growth and cash focus."

"Our OpCos continue to step up. Five out of six OpCos maintained or gained revenue market share and delivered highest profit growth in their respective markets. In particular, it is good to see XL and Robi deliver strong profit growth and ROIC improvement, lifted by expansion in ex-Java and non-CCD respectively. XL also successfully outperformed the market for eight quarters consecutively and Robi is now profitable post the Airtel merger in the first quarter of 2017. Our strategy and execution at XL and Robi are clearly working well, even slightly better than expected."

"Celcom's continued cost discipline lifted EBITDA, PATAMI and Free Cash Flow in the first half of this year. I am encouraged by the steady turnaround we are seeing at Celcom which also enabled the company to perform better against its peers in terms of EBITDA and PATAMI growth for this quarter."

"Whilst our performance for this quarter has been positive, the Group remains vigilant on rapid changes in the regional and local macro environment in all our markets. We will continue to be disciplined in our cost excellence initiatives and performance improvements."

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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

¹² Adjusted for non-recurring cash items such as business development and M&A related costs, and share-based payment expenses

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.

Issued By:

Corporate Communications,
Axiata Group Berhad
Axiata Corporate Headquarters, Axiata Tower,
9 Jalan Stesen Sentral 5, Kuala Lumpur Sentral.
50470 Kuala Lumpur

For media enquiries, please contact:

Anuja Ravendran
Corporate Communications
Tel: +6012-2380581
Email: anuja@axiata.com

