

MEDIA RELEASE

Axiata Records Another Strong Quarter to Deliver on Profit and Cash
YoY PAT and EBITDA up 33.5% and 29%;
YTD PATAMI at RM1 billion with 1.9x Jump in Free Cash Flow
OpCos improve in Revenue, EBITDA, PATAMI and FCF; edotco posts double digit growth and ADA records maiden profit

Key highlights in 3Q19

- **“Shifting Gear” towards profitability and cash continued to show definitive results:** YoY PAT and EBITDA up 33.5% and 29% on the back of cost excellence initiatives with EBITDA margin up 8.9 ppt to 45.1¹; YTD19 FCF jumped 1.9x to RM3.5 billion boosted by higher revenue and cost excellence initiatives
- **Balance sheet remained strong:** Amidst uncertain macro outlook, balance sheet held steady as the Group pared down its debt by RM2.2 billion from cash generated through operations as well as proceeds from M1 sale, bringing gross debt/EBITDA to healthy 1.9x²; cash balance at RM5 billion. Maintains credit rating
- **XL’s stellar turnaround gained momentum. Fastest growing telco in Indonesia for third year running:** Strong data monetisation delivered one of XL’s highest ARPU of IDR36,000 and revenue of IDR6.5 trillion (YTD19 up 9.7% and 10.6% respectively); returned to profit with ROIC improvement of 4.5 ppt YoY to 6.2%³
- **Robi profitable post acquisition of Airtel:** Despite new Bangladesh taxes in 2Q19, Robi returned to profit with ROIC up 7 ppt YoY to 6.4%³; recorded highest revenue at BDT19 billion in 3Q19 as ARPU rose to BDT125 (+4.2% YTD19)
- **Celcom delivered:** Amidst a challenging market in Malaysia, Celcom recorded increase in YTD19 PATAMI and FCF by 7.9% and 15.3%; EBITDA margin up 3.5 ppt to 30%²
- Double digit growth for edotco across all metrics², whilst ADA delivered maiden profit in 3Q19

KUALA LUMPUR, 28 November 2019 – Axiata Group Berhad (“Axiata” or “the Group”) presented another strong set of results on the back of excellent execution of its short-term cash and profit focus and cost excellence initiatives.

For the third quarter ended 30 September 2019 (3Q19), the Group posted Year-on-Year (YoY) improvement with revenue up 3.5% to RM6.2 billion from better performance by most of its operating companies (OpCos). Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) increased 29% to RM2.8 billion driven by revenue growth as well as the Group’s

¹EBITDA margin registered a 2.8 ppt increase to 39.1% pre-Malaysian Financial Reporting Standards (MFRS) 16 impact and at constant currency

² For the purpose of actual performance comparison, numbers are pre-MFRS 16

³ For the purpose of actual performance comparison, numbers are reported at constant currency and pre-MFRS 16 impact

cost excellence initiatives which resulted in RM816 million savings. Excluding MFRS 16 impact and at constant currency of 3Q18, Group EBITDA grew 9.8% mainly attributable to revenue growth and cost excellence initiatives.

Profit After Tax (PAT) increased by 33.5% to RM247.6 million for the quarter as a result of better topline. Profit After Tax and Minority Interest (PATAMI), however, decreased 9.4% to RM119.7 million due to the absence of M1's⁴ contribution following its disposal, as well as higher taxes in Bangladesh.

Year-to-Date (YTD), the Group maintained momentum, as Free Cash Flow (FCF)⁵ jumped 1.9x to RM3.5 billion boosted by higher revenue and savings from cost excellence initiatives across the Group. PATAMI rose by over 100% to RM1 billion lifted by one-off gains from disposal of M1, divestment of non-core digital businesses and disposal of Idea⁶ rights as compared to Idea-related losses in YTD18. EBITDA grew 26.3% to RM7.9 billion YTD19 on the back of double-digit growth recorded at Celcom⁷, XL⁸, Robi⁹, Smart¹⁰ and edotco¹¹. At constant currency of YTD18 and excluding MFRS 16 impact, Group EBITDA registered strong growth of 10.3% due to improved performance by all OpCos except Ncell¹².

Armed with cash balance of RM5 billion, Axiata strengthened its balance sheet with gross debt/EBITDA at 1.9x² compared to 2.3x in the same quarter last year to remain financially resilient in the face of anticipated macroeconomic uncertainties. The Group successfully pared down RM 2.2 billion debt for the quarter.

Group revenue YTD19 grew 4% to RM18.3 billion as a result of strong data revenue growth, thus expanding EBITDA by 26.3% to RM7.9 billion. PAT increased to RM1.3 billion while PATAMI rose to RM1 billion. This can be attributed to better underlying performance across most OpCos, foreign exchange gain, discontinuation of losses related to its investment in India, gain on disposal of non-strategic investments and disposal of investment rights in India. All reflective of its portfolio rebalance strategy.

Digital Telco¹³

Amidst a flattish and highly competitive market in Malaysia, Celcom's FCF expanded 15.3% to RM674 million YTD supported by EBITDA growth of 3.9%. PATAMI grew 7.9% to RM562 million YTD backed up by operational excellence initiatives. Its combined postpaid and prepaid revenue rose 0.6% YTD whilst mobile service revenue dropped 4.1% YTD impacted by the decline in wholesale revenue. Blended Average Revenue Per User (ARPU) improved by RM1 to RM52 in 3Q19 as compared to the preceding quarter. Celcom's network leadership was retained against peers as 4G population coverage rose to 93% whilst 4G LTE-A coverage to 81% compared to 90% and 78% respectively a year ago.

XL's stellar turnaround YTD19 was led by its data-focused strategy continuing to deliver results as market share rose 0.6 ppt to 18.3%, returning to profit with PATAMI at IDR498 billion. Revenue grew 10.6% YTD driven by strong data growth of 30.4%. XL's FCF surged

⁴ M1 Limited

⁵ EBITDA less capex

⁶ Vodafone Idea Limited

⁷ Celcom Axiata Berhad

⁸ PT XL Axiata Tbk

⁹ Robi Axiata Limited

¹⁰ Smart Axiata Company Limited

¹¹ edotco Group Sdn Bhd

¹² Ncell Pte Ltd

¹³ Growth numbers are based on results in local currency in respective operating markets and exclude MFRS 16 impact

50.9% to IDR1.8 trillion YTD on the back of cost efficiencies fueling 19.4% jump in EBITDA. YoY, data subscribers grew to capture 88% of 55.5 million total subscribers from 53.9 million in 3Q18. In support of its data strategy, XL's 4G service is now available in 410 cities across the nation.

Dialog¹⁴ delivered stronger revenue expansion to the tune of 8.1% YTD compared to industry's 7.3% revenue growth due to continued growth momentum across its TV (+16.6%), fixed (+8.7%) and mobile (+0.4%) businesses. FCF grew 39.5% to SLR19.2 billion buoyed by higher EBITDA and calibrated network rollout. Its PATAMI rose by 12.5% to SLR8.3 billion YTD. However, quarter-on-quarter (QoQ) performance was moderated by intense competition and gradual recovery post Easter Sunday incident.

Smart delivered double digit growth across all metrics with revenue, EBITDA and PATAMI up by 11.4%, 14.5% and 14.3% respectively, and FCF by over 200%.

Despite new Bangladesh taxes, Robi returned to profit with PATAMI at BDT1.6 billion YTD. ROIC strengthened 7 ppt YoY to 6.4%, recording its highest revenue of BDT19 billion in 3Q19 as ARPU rose to BDT125.

With international long-distance revenue dipping 10.5% YTD, Ncell's core mobile revenue declined 3.5% as a result of intense competition by Internet Service Providers and Business Support System migration. Although PATAMI slipped 3.6%, PATAMI margin remained stable at 31%. FCF declined 42.8% due to calibrated network rollout.

Digital businesses

Boost, the homegrown lifestyle and leading e-wallet in Malaysia has 4.7 million users and 112,000 merchants as of end 3Q19. Its gross transaction value (GTV) YoY increased 13.2x.

ADA, Asia's largest independent data-powered digital marketing agency delivered its maiden profit in 3Q19.

Apigate, Axiata's homegrown API platform is now connected to over 140 merchants and has recorded 88% increase in GTV YoY as of 3Q19.

Infrastructure¹¹

In 3Q19, edotco posted double digit growth across all financial metrics. Revenue grew by 19% YTD with positive contributions across its major footprints. The tower company recorded adjusted EBITDA growth of 26.7% YTD, with a 3.2 ppt improvement in (adjusted) EBITDA margin driven by enhanced billing against lower maintenance costs in 2019. The improvement in EBITDA led to a 4.4x increase in FCF YTD as well as growth in PATAMI of 10.4% YTD.

Commentaries

Tan Sri Ghazzali Sheikh Abdul Khalid, Chairman, Axiata Group Berhad said: "The strong set of financial results recorded by Axiata this quarter is a testimony to the Group's disciplined and rigorous execution of operational and cost excellence initiatives aimed at steadying the Group and mitigating our geography's complex, uncertain and competitive business and regulatory environment."

"As Axiata transforms to realise its digital vision, staying focused on profit and cash in the short-term to strengthen our financial footing will be a key enabler for sustainable growth. In this regard, the Board is encouraged by the achievements in this third quarter."

¹⁴ Dialog Axiata PLC

Axiata's President and Group Chief Executive Officer Tan Sri Jamaludin Ibrahim said: "The Group's performance shows we have successfully 'shifted gear' these last nine months to take the lead among our peers in this region."

"I am particularly proud our operating companies emerged as top in their respective markets in meeting most of the metrics in EBITDA, profit and cash for this quarter. Even as we aimed for profitability and cash generation, we did not sacrifice topline growth.

"We have been working hard to step up on operational excellence across the Group and maintain the gruelling momentum since unveiling our 2019-2020 plans. Thus far, our main concern in most of our markets is in regulatory risks."

"Given the current trajectory and barring unforeseen circumstances, we are likely to exceed targeted FY19 Headline KPIs for EBITDA growth of 5%-8% and ROIC of 5.2%-5.6%. Revenue growth at 3%-4% is likely to be below," he added.

-Ends-

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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