

MEDIA RELEASE

FOCUS ON PROFIT DELIVERS

Axiata Records Highest PAT at RM1.8 billion (up over 100%¹) and ROIC at 6.4% since 2016;

Highest ever EBITDA at RM10.6 billion with margin up 8.3ppt to 43.2%;

*All OpCos now profitable as XL and Robi step up to deliver across key metrics;
Headline KPIs for EBITDA growth and ROIC exceed targets;
Announces 9 sen dividend for shareholders & special dividend of 0.5 sen to share gain from sale of M1 stake*

FY19 Key Highlights

- **“Shifting Gear” focus yielded highest ever EBITDA at RM10.6 billion:** EBITDA rose 27.4%, growing significantly higher than 2.9% increase in revenue. PAT turned around to record its highest in four years at RM1.82 billion with more than 100% increase (QoQ up from loss of RM1.79 billion² in Q418 to profit of RM404 million in Q419) while ROIC improved 5.1ppt as result of overall portfolio rationalisation strategy in divesting non-core businesses as well as “Operational Excellence”
- **All OpCos now profitable, as XL and Robi stepped up to deliver improved performance across key metrics³:** Data monetisation and upselling drove highest ever revenue and EBITDA for XL with ROIC up 4.1ppt to 6.7%; Despite surprise introduction of higher taxes in Bangladesh, Robi delivered BDT799 million profit with ROIC up 4.1ppt to 4.2%; Double-digit PATAMI and FCF growth recorded at Celcom, XL, Dialog, Smart and edotco
- **Despite focus on profit, all OpCos (excluding Ncell)³ gained market share:** OpCos achieved revenue growth multiple of $\geq 1x$, with Robi, Smart and edotco recording double-digit revenue growth
- **Challenging environment for Celcom³ and Ncell³:** Celcom revenue impacted by lower MTR, wholesale revenue and device sales; core revenue flat in a muted market. However, stringent cost management delivered 7.8% EBITDA growth for Celcom, PATAMI surged more than 100% and FCF grew 21.9%; Ncell’s EBITDA margin high at above 57% despite lower contribution from both core mobile and ILD
- **“Operational Excellence” delivered sustainable cost structure:** Cost excellence generated RM1.3 billion savings; Opex savings of RM0.6 billion kept cost flat YoY, whilst actual Capex spend chalked below budget at RM6.2 billion with RM0.7 billion savings
- **Exceeded FY19 Headline KPIs⁴:** Axiata exceeded Headline KPIs for EBITDA growth and ROIC, but revenue growth came in below; also exceeded internal KPI for revenue (excluding device) growth at 5.1%
- **Sustained FY19 DPR of 86%:** Second interim DPS of 4.0 sen brings FY19 DPS to 9.0 sen, implying DPR of 86%. In addition, Board approved a special dividend of 0.5 sen to share gain from disposal of M1 investment

KUALA LUMPUR, 21 February 2020 – Through disciplined execution of “Shifting Gear” to deliver cash and profit as well as initiatives under “Operational Excellence”, Axiata Group Berhad (“Axiata” or “the Group”) concluded financial year ended 31 December 2019 (“FY19”) on a high with highest reported Profit After Tax (“PAT”) since 2016 at RM1.8 billion and highest ever Earnings Before Interest, Tax, Depreciation and Amortisation (“EBITDA”) at RM10.6 billion. Following the successful implementation of its divestment strategy in 2018, ROIC significantly improved by 5.1ppt to hit 6.4%.

Group revenue increased 2.9% Year-on-Year (“YoY”) to RM24.6 billion in FY19 on the back of strong growth in data revenue. Group EBITDA rose 27.4% YoY to RM10.6 billion. Adjusting for Malaysian

¹ FY19 compared to FY18

² Restated Q418 and FY18 due to change in accounting policy

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

⁴ The Group’s Headline KPIs are reported in constant currency of FY18 and excludes MFRS 16 impact

Financial Reporting Standards 16 (“MFRS 16”) impact and at FY18 constant currency, Group underlying EBITDA registered solid double-digit 10.9% improvement, doubling the 5.1% growth in revenue (excluding device) due to better operational performance by all operating companies (“OpCos”) except Ncell⁵, and successful containment of absolute costs.

Group PAT and Profit After Tax and Minority Interest (“PATAMI”) returned to black for FY19 at RM1.8 billion and RM1.5 billion driven by improved performance, lower depreciation and amortisation, foreign exchange gain, discontinued losses related to its investment in India as well as gain from divestments in M1⁶ and digital venture assets.

Quarter-on-Quarter (“QoQ”), Group PAT recorded over 100% improvement with a profit of RM404.1 million in Q419 as compared to loss of RM1.79 billion² in the same quarter last year. The improvement of over RM2.2 billion can be attributed mainly to better operational performance resulting in jump of RM0.6 billion EBITDA, as well as one-off impairments of RM1.8 billion adjusted in Q418.

In FY19, Axiata’s balance sheet further strengthened as a result of reduction in gross debt to EBITDA⁷ which achieved a healthy 1.8x compared to 2.3x in FY18. Underlying Free Cash Flow (“FCF”)⁸ increased over 50% to RM3.0 billion YoY lifted by double-digit EBITDA growth and flat Capex.

Dividend

As a result of the Group’s steady FY19 performance and normalised PATAMI⁹ at RM960 million, the Board of Directors approved a total dividend of 9.0 sen per ordinary share, including the interim dividend of 5.0 sen per ordinary share declared for the financial period ended 30 June 2019. Total dividend for FY19 translated to 86% dividend payout ratio (“DPR”) compared to 85% in FY18. The Board also approved a special dividend of 0.5 sen to share gain from disposal of M1 investment.

Digital Telco³

Despite a decline in mobile service revenue, Celcom¹⁰ delivered 7.8% increase in EBITDA to RM2.1 billion whilst margin improved 4.7ppt to 30.6%, as a result of strong focus on more profitable products, continuous pursuit of “Operational Excellence” and cost optimisation. PATAMI surged more than 100% to RM813 million largely due to absence of one-off asset impairments and employee restructuring charges in FY18. Celcom mobile service revenue declined 3.9% due to lower Mobile Termination Rates (“MTR”), wholesale revenue and a challenging market environment. FCF grew 21.9% lifted by EBITDA expansion whilst Capex scaled down by 3.6%. Celcom continued to maintain leadership position in network coverage against peers in FY19 as 4G and 4G LTE-A population coverage rose to 93% and 81% respectively.

For the year, XL’s¹¹ successful execution of its data-driven strategy continued to deliver results. In addition to returning to black with PAT at IDR713 billion and ROIC at 6.7%, data monetisation and upselling translated to highest ever revenue, an increase of 9.3% to IDR25.2 trillion. EBITDA grew 17.1% whilst EBITDA margin expanded 2.6ppt to 39.6%. FCF was up 14.6% mainly attributable to double-digit EBITDA improvement. Network investments combined with product innovations led XL to be recognised as one of the leading brands in the industry. Data revenue contributed 89% to service revenue while smartphone penetration reached 86%. As part of its data business focus, XL’s network investments resulted in 40,000 4G BTS thus enabling the provision of 4G services in 425 cities.

Robi¹² held steady against a surprise introduction of higher taxes in Bangladesh to deliver a healthy turnaround, recording profit of BDT799 million. ROIC improved 4.1ppt to 4.2%. FCF turned positive at BDT9.8 billion driven by double-digit EBITDA growth of 43.9% with 7.5ppt margin improvement to 32% driven by high operating leverage and lower sales and marketing costs.

⁵ Ncell Private Limited

⁶ M1 Limited

⁷ For the purpose of actual performance comparison, gross debt to EBITDA is reported numbers excludes MFRS 16 impact

⁸ FCF = EBITDA less Capex

⁹ Normalised PATAMI reflects MFRS 16 impact but excludes one-off items

¹⁰ Celcom Axiata Berhad

¹¹ PT XL Axiata Tbk

¹² Robi Axiata Limited

Dialog¹³ posted a revenue growth of 7.0% led by TV (+17%), fixed (+7.1%) and mobile (+0.6%), while FCF grew 20.5%, notwithstanding the Easter Sunday incident impact and floor rate removal in 2018. EBITDA grew by 1.5% due to a change in revenue mix while PATAMI rose 43.4% to SLR10.8 billion.

Ncell recorded a PATAMI of NPR13.9 billion, and FCF of NPR15 billion in FY19. Revenue declined 5.7% as core revenues were hit by intense competition from Internet Service Providers, and operational and regulatory challenges.

Smart¹⁴ delivered another year of solid performance with double-digit growth across all metrics. Revenue, EBITDA, PATAMI, and FCF grew 10%, 12%, 15% and 47% respectively.

Digital Businesses

In FY19, ADA delivered on its commitment to be PAT positive and invested RM60 million in data and talent. Notable clients secured during the year included FrieslandCampina, Indonesia; Burger King, Thailand; Watsons, Philippines; ClassPass, Singapore; Samsung, Cambodia; Taaga, Bangladesh; and DIMO, Sri Lanka. In addition, ADA ventured into new partnerships with agencies such as VMLY&R, MullenLowe S'ng & Partners, and M&C Saatchi and media such as Viu, HOOQ, TikTok, ZEE5, and Viacom during the year.

Apigate, Axiata's homegrown API platform is now connected to over 140 digital merchants and recorded 85% increase in GTV YoY, driven by 72% increase in Monthly Active Users for its Payment business and 180% surge in Application-to-Person traffic.

Gross transaction value (GTV) for Boost expanded 10.5x, and continued to attract users and merchant base, which grew 1.4x to 5.1 million and 2x to 125,000 respectively compared to 2018. Boost saw an increase in weekly GTV per user, with users spending an average of RM323 per week compared to RM114 a year prior. Boost also entered into new partnerships with Malaysian government agencies namely Ministries of Health; Rural Development; Women, Family and Community Development; as well as Perak Tourism. Other big brand partnerships secured in the year include Shell Petron, KFC, Pizza Hut and Starbucks.

Launched in 2019, Aspirasi is the newest brand under Axiata Digital's digital financing pillar with an aim to finance and support micro-enterprises and SMEs. Total financing disbursed in FY19 grew more than 4x to above RM40 million, benefitting 8000 merchants. In becoming a full financial services partner, Aspirasi partnered with regional brands such as CIMB, Lazada and embarked on a landmark insurtech agreement with Great Eastern to provide affordable and customised insurance products, with premiums starting from as little as RM1.50.

Infrastructure

Delivering yet another stellar year, edotco¹⁵ posted double-digit growth across key metrics. Revenue grew 17.9% driven by positive contributions across major footprints. It recorded an adjusted EBITDA growth of 21.7%, expanding EBITDA margin by 1.6ppt to 50.2% driven by enhanced billing against lower maintenance costs in 2019. The improvement in EBITDA lifted PATAMI by 23.9%. In FY 19, edotco saw an 11.4% increase in the number of towers whilst sustaining a stable tenancy ratio of 1.6x.

Commentaries

Commenting on the Full Year 2019 results, Tan Sri Ghazzali Sheikh Abdul Khalid, Chairman, Axiata Group Berhad said: "The excellent set of results delivered by Axiata in 2019 signals that the Group is on the right track with its profit and cash focus. We will continue to strengthen the Group's balance sheet, while staying the course in ensuring operational excellence across our markets."

"In view of its performance and KPI achievements for 2019, the Board has approved a full year dividend payout of 9 sen per ordinary share including the first interim dividend of 5 sen per ordinary share. Additionally, we have declared a special dividend of 0.5 sen from the M1 divestment," he said.

On the recently announced leadership transition at Axiata, he added, "The Board is cognisant of the need for a smooth and successful transition, with both Tan Sri Jamaludin and Dato' Izzaddin Idris

¹³ Dialog Axiata PLC

¹⁴ Smart Axiata Company Limited

¹⁵ edotco Group Sdn Bhd

working closely in the coming months. We have full confidence in the leadership succession and will continue to guide the process to ensure continued performance and stability.”

Tan Sri Jamaludin Ibrahim, President and Group Chief Executive Officer of Axiata said: “The Group’s 2019 performance reflects the well-executed strategies and adjustments made in response to the hyper competitive and fast shifting industry landscape. We made a commitment it will be a promising 2019 and I am pleased to say we delivered!”

“The ‘Shifting Gear’ focus has been on point, as all OpCos are now profitable¹⁶ with XL and Robi surging over 100%. I am especially happy with the overall performance given the heightened challenges both externally and internally, and the fact that operationally, we were in no way distracted by the proposed mega M&A explored last year.”

“It is also encouraging despite our focus on profit, excluding Ncell, all operating companies performed exceedingly well with one continuing to maintain market share while the rest charged ahead to substantially gain during the year.”

“The drive on “Operational Excellence” in 2019 further realised the Group’s push towards a more sustainable cost structure. While containing costs we captured RM1.3 billion Capex and opex savings which translated into improved EBITDA margin.”

“2020 will be a defining year as we go full throttle on execution of “Operational Excellence”, in ensuring profitable growth as we future proof the organisation,” he said.

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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 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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¹⁶ For the purpose of actual performance comparison, profits reported exclude one-offs and MFRS-16 impact