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CELCOM'S AXIS OF TRANSFORMATION DRIVES SUSTAINABLE MOMENTUM

KUALA LUMPUR, 28 AUGUST 2018 – Celcom Axiata Berhad once again surges ahead of its competitors in a highly demanding market as its revenue registered growth ahead of the industry in 2Q 2018.

The adoption of Agile, a new working culture of efficiency and speed, company-wide has been the catalyst in its transformation as a diverse and dynamic industry player. Accelerating this process is the decommissioning of inefficient processes whilst improving customer experience, resulting in a 3.0% increase in its service revenue in 2Q 2018, in direct comparison to the previous quarter and earning a 6.8% higher EBITDA (earnings before interest, tax, depreciation and amortization) at RM554 million.

"Collaboration is the key to our sustainability, and we want to encourage this among our employees. We introduced a work process that requires more inter-departmental interactions and cooperation so the employees are more receptive towards ever-changing market trends. This results in more innovative ideas so we can remain responsive and relevant," said Michael Kuehner, Chief Executive Officer of Celcom Axiata Berhad.

Modern Workplace:

Headquartered in Petaling Jaya, the new Celcom building will include state of the art technology and embrace a new working concept – ABW, or *Activity Based Working* as it's known globally. This will promote a more fluid generation of ideas and effective solutions.

The 31-storey tower will house operational divisions and vendors previously located in separate locations - further improving operational efficiency and expenditure. According to Kuehner, the adoption of a modern workplace is another phase in Celcom's transformation journey.

"Businesses that have embraced Activity Based Working report an increase in productivity, as employees are given the freedom to choose the best work space which suits their tasks of the day. We are introducing this concept to enable more engagement within Celcom employees when they need to interact with their colleagues, yet provide them the space to stay quietly focused on their work when required."

Celcom's new headquarters will be equipped with facilities that ensure a work and life balance, as it aims to improve work satisfaction and increase overall productivity among employees.

Customer Experience Takes More Wins

"I am proud to announce that Celcom has once again become the choice of customers, as we obtained the highest Net Promoter Score among the four telcos, in a third party market research. Celcom also reigns with the highest satisfaction score in Peninsular Malaysia, and recorded the strongest NPS score in Northern Region," Michael commented on Celcom's achievement in customer experience.

The research was done by AC Nielsen, encompassing satisfaction scores for Network, Package, Service Quality, Billing & Top-Up, Brand & Loyalty, and Product Features. It was conducted with more than 7, 000 respondents from the four key Malaysian network operators across all regions, in Q2 2018.

Celcom has embraced Artificial Intelligence (AI) in its move towards digitalisation. The application of AI in customer management was evident with the introduction of *Clive* and *Emma*, state-of-the-art Intelligent Virtual Agents, programmed to attend and interface with customers queries.

Clive and *Emma* are available on Celcom's Online Customer Service 24 hours and are programmed to deliver quick and engaging responses to customers. This is among the digital efforts that Celcom has invested in and has led to an improvement in its satisfaction score for Service Quality via digital touchpoints, as reported by AC Nielsen.

The reigning score for Service Quality – Call Centre from the research also highlighted Celcom's strength in customer touchpoints, as was proven when it won the Frost & Sullivan's Excellence in Customer Experience - Contact Centre and Excellence in Customer Experience - In Store Experience Awards recently.

Financial Highlights 2Q 2018:

Celcom has consistently posted positive financial results, contributed by its continuous focus on overall customer experience:

- Celcom's total revenue in the observed quarter displayed a 2.8% increase, from RM1.636 to RM1.682 billion in 2Q 2018.
- 3.0% service revenue increment QoQ ahead of industry growth, from RM 1.504 billion to RM1.549 billion.
- EBITDA (earnings before interest, tax, depreciation and amortization) at RM554 million, a QoQ increment of 6.8%
- PATAMI (profit after tax, amortisation and minority interests) delivered at RM156 million.
- A higher YoY Average Revenue per User (ARPU) +RM5 to RM87 and +RM4 to RM35 for postpaid and prepaid respectively pushed by continuous focus on high value customer.

Network Enhancement:

Network enhancement has been at the top of Celcom's list in delivering awesome customer experience. The investment resulted in further expansion of Celcom's 4G population coverage, where it stood at 89%, and 76% for LTE-A in the second quarter of the year.

Michael said, "In our overall NPS score as reported by AC Nielsen, Network contributed the highest impact that led us to reign at no. 1. Our network strength is attributed by four out of five regions in Malaysia, with Northern as the strongest."

"The result enables us to plan for further network enhancement and expansion in the upcoming months, to ensure that all Malaysian will enjoy an awesome experience with our network," he added.

Moving forward:

In the remaining quarters, Celcom will further intensify its pace of transformation.

"Creating awesome moments for our customers will remain a priority. I am optimistic that the transformation journey we are going through right now will allow us to achieve our ambitious customer experience goals. We look forward to introducing more great products and services that will be relevant to the ever-changing needs of our customers. So, stay tuned!" Michael concluded.

For more info, visit: <https://www.axiata.com/investor/financial-reports/>

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