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Axiata delivers strong operational performance in 3Q23, positioned to end the year on track with Headline KPIs

- YTD revenue and EBITDA growth of 9.4% and 11.5% respectively.
- Axiata generated an adjusted operating free cashflow of RM958 million while the Group's cash balance stands at a healthy RM5.7 billion.
- Reported PATAMI impacted by asset impairment as Ncell is reclassified as asset held for sale and CelcomDigi Berhad's lower share of results compared to Celcom's contribution as a wholly-owned subsidiary in the previous year, however this was cushioned by lower forex losses.
- The Group's solid underlying performance was led by a 15.2% in YTD EBITDA growth contributed by all OpCos, primarily Robi, EDOTCO and XL, and consolidation of Link Net while EBIT grew by 8.9%.
- Underlying PATAMI dropped by 76.6% due to higher net finance cost and lower share of results from CelcomDigi Berhad compared to Celcom's contribution as a wholly-owned subsidiary in the previous year.
- Net debt/EBITDA increased to 3.17x from 3.06x in the previous quarter due to reclassification of Ncell as an asset held for sale.

Key Highlights for 3Q23[1]:

- **Strong reported operational performance, PATAMI hit by asset impairment resulting from the reclassification of Ncell as asset held for sale.** YTD revenue growth of 9.4% and EBITDA of 11.5% is driven by XL, Robi, and consolidation of Link Net. EBIT declined by 90.3% due to asset impairment as Ncell is reclassified as asset held for sale. PATAMI slips into losses further impacted by CelcomDigi Berhad's ("CDB") lower share of results, relative to PATAMI contribution as a wholly-owned subsidiary in previous year. However, this was cushioned by lower forex losses.
- **Underlying YTD23 PATAMI was impacted by higher Depreciation & Amortisation ("D&A") and finance cost, and lower contribution from CDB. Average interest rate moved up from 4.4% to 5.9%.** On constant currency basis, YTD revenue ex-device grew by 13.0%, contributed by all OpCos, primarily Robi, EDOTCO and XL and consolidation of Link Net, flowing through into EBITDA which grew by 15.2%. Meanwhile EBIT growth of 8.9% was moderated by higher D&A from XL, Link Net and EDOTCO. Underlying PATAMI dropped by 76.6% due to higher net finance costs and lower share of results of CDB compared to Celcom's contribution as a subsidiary in the previous year.

[1] Growth numbers for OpCos are based on results in local currency in respective operating markets

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- **Net debt/EBITDA increased** to 3.17x from 3.06x in the previous quarter due to reclassification of Ncell as asset held for sale while the Group's robust cash balance stands at RM5.7 billion.
- **XL maintains growth trajectory in sustained pricing environment post Lebaran.** YTD revenue growth of 10.5% on the back of sustained pricing environment with ARPU uplift to IDR41,000 and improved contribution from Data and Digital Services. Coupled with savings in direct cost, EBIT grew by 19.8%. PATAMI growth of 3.1% is moderated on the back of higher finance cost, taxes, and recognition of losses from associate.
- **Robi exhibits strong profit growth backed by subscriber and ARPU growth.** YTD revenue ex-device, EBITDA and EBIT increased by 17.7%, 18.6% and 27.0% respectively, driven by subscriber growth and ARPU expansion. Step increase in PATAMI by more than 100% from strong operational performance and lower forex losses.
- **Dialog's revenue growth and cost rescaling initiatives drive EBIT growth***.* YTD revenue ex-device increased by 13.2%, driven by international hubbing and growth in data from Mobile and Fixed Broadband. EBIT growth of 21.5% on the back of revenue growth, cost rescaling initiatives, and moderated D&A cost on the back of controlled capex spend. PATAMI increased by more than 100% supported by forex gain.
- **Smart remains a steady profit and cashflow generator.** YTD revenue ex-device declined by 0.9% due to one-off scratch card revenue in YTD22. Excluding this one-off, its 5.6% growth was driven by prepaid, international business and enterprise. Meanwhile, PATAMI grew by 2.0% on the back of lower net finance cost excluding one-off regulatory fees and forex losses.
- **Link Net grows residential subscribers, takes on FibreCo roll-out costs.** Positive trends with residential subscriber base at highest level in 2023. On YTD23 basis, however, revenue fell by 8.1% due to slow recovery of residential subscribers. EBITDA decline of 20.0% is due to impact of higher bad debt, device, and marketing costs. As Link Net transitions to a FibreCo, homes passed rollout for XL lifts D&A and net finance cost, resulting in the PATAMI decline.
- **Boost impacted by Digibank start-up costs.** YTD revenue growth of 60.0% mainly driven by Merchant Discount Rate ("MDR") charge from Jan'23 onwards and increased financing disbursed. EBIT and PATAMI losses widened due to start-up cost for Digibank; excluding the Digibank, YoY losses are lower.
- **ADA impacted by industry-wide challenges in digital engagement spends**. YTD revenue declined by 7.7%, impacted by lower revenue share of customer engagement (CE) segment and slower customer spend for Marketing Solutions. EBIT and PATAMI slipped by more than 100% due to lower margins and contractual obligations from the CE contract.
- **EDOTCO: Inorganic contribution complementing growth in B2S and Colo.** YTD revenue growth of 12.0% and EBITDA growth of 8.5% is testament to the organic growth from new build to suit and higher colocation rollout namely in Malaysia and Bangladesh as well as the inorganic expansion in the Philippines. EBIT declined by 1.6% due to higher D&A from Philippines, while PATAMI was dragged by higher unrealized forex losses, one-off impact from Bangladesh taxation, and higher net finance cost due to the inorganic expansion in Philippines.
- **CDB continues to deliver synergy as planned and integration is on target.** Remains a strong contributor of dividend.

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- **Group performance in-line with headline KPIs:** A challenging macro environment persists across the Group's footprint markets, whilst Indonesia's fixed broadband market offers exciting growth opportunities. On balance, the Group is cautiously optimistic for revenue ex-device and EBIT growth to be broadly in line with headline KPIs.

KUALA LUMPUR, 29 NOVEMBER 2023 – Axiata Group Berhad ("Axiata" or "the Group") turned in a stable topline growth in the form of Year-To-Date ("YTD") revenue of 9.4% to RM17.4 billion and Earnings Before Interest, Tax, Depreciation and Amortisation ("EBITDA") of 11.5% to RM7.9 billion. Profit After Tax And Minority Interest ("PATAMI") declined to a loss of RM1.3 billion, affected by asset impairment due to the reclassification of Ncell as an asset held for sale and lower share of results from CelcomDigi Berhad ("CDB") compared to Celcom's contribution as a wholly-owned subsidiary, however this was cushioned by lower forex losses.

The Group's stable underlying performance was led by 13.0% growth in YTD revenue ex-device. This was largely driven by consolidation at Link Net, better operational performance at Robi and XL and EDOTCO's consolidation of acquisitions in the Philippines and Indonesia. EBIT growth of 8.9% was moderated by higher D&A from XL, Link Net and EDOTCO. Underlying PATAMI declined by 76.6% due to higher net finance cost and lower contribution from CDB.

The Group's Net debt/EBITDA increased to 3.17x from 3.06x in the previous quarter mainly due to reduction of EBITDA as a result of reclassification of Ncell. The Group generated an adjusted operating free cashflow of RM958 million in 3Q23. Post paring down of debts and payment of dividends, the Group's cash balance stands at a healthy RM5.7 billion to sustain the Group's momentum going forward.

The Group's 3Q23 results demonstrates performance broadly in-line with headline KPIs**.** Challenging macro environment persist across the Group's footprint markets, whilst Indonesia's fixed broadband market offers exciting growth opportunities coupled with leverage to offer fixed mobile convergence. On balance, the Group is cautiously optimistic for revenue ex-device and EBIT growth to be broadly in line with headline KPIs.

Digital Telcos[2]

XL's[3] YTD revenue growth of 10.5% was driven by increased contribution from Data and Digital Services. Blended ARPU increased to IDR41,000 on the back of positive momentum from sustained rationality in the pricing environment. Revenue growth and direct cost savings more than offset the increase in network costs resulting in EBIT growth of 19.8%. Meanwhile, PATAMI growth moderated relative to EBIT due to higher net finance cost, taxes and recognition of share of associate losses.

[2] Growth numbers for OpCos are based on results in local currency in respective operating markets
[3] PT XL Axiata Tbk

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Robi's[4] performance sees its YTD revenue ex-device, EBITDA and EBIT growing by 17.7%, 18.6% and 27.0% respectively on the back of subscriber growth and ARPU expansion. PATAMI increased by more than 100% to BDT1.72 billion flowing through from EBIT and lower forex loss on USD denominated loans, which offset the increase in higher net finance cost and taxation.

Dialog's[5] YTD revenue ex-device has grown by 13.2.% mainly attributed to higher international hubbing and increased data revenues from mobile and broadband. EBIT shows strong growth of 21.5% driven by revenue growth, cost rescaling initiatives and subdued D&A on the back of controlled CAPEX spend. Dialog delivered a step change in YTD PATAMI of more than 100% boosted by a forex gain of LKR10.7 billion.

Ncell's YTD revenue ex-device shrank by 6.4% impacted by lower core revenue of 8.0% arising due to lower domestic interconnect rates and MoU reduction, marginally cushioned by improvement in ILD revenue. Despite cost optimization measures, EBIT declined 11.4% due to open year tax assessment while PATAMI was hit by higher net finance cost, resulting in a decline of 47.7**%.**

Smart's[6] YTD revenue ex-device decline of 0.9% due to one-off scratch card revenue recognized in YTD22. Excluding one-offs, revenue ex-device would have grown 5.6% supported by growth in prepaid, international business and enterprise. EBIT grew by 16.4% supported by reversal of TMSA charges and lower regulatory cost. YTD PATAMI reflected growth of more than 100%, as PATAMI in YTD22 was further impacted by one-off regulatory fee.

Link Net[7] exhibits positive trends with residential subscriber base at highest level in 2023. On YTD23 basis, however, revenue fell by 8.1% due to slow recovery of residential subscribers. EBITDA declined by 20.0% largely due to bad debt, higher device and marketing costs. An increase in D&A further impacted EBIT. PATAMI declined from lower EBIT and higher net finance cost from additional drawdown of borrowings.

Digital Business

Boost's[8] YTD revenue growth of 60.0% is mainly driven by the Merchant Discount Rate ("MDR") charge to merchants since January 2023 and increased financing disbursed. EBIT losses marginally widened due to the start-up cost of the Digibank. Meanwhile, Boost Life users continued growing by 6.4% YoY to 10.9 million and the merchant base in Malaysia rose by 15.3% to 620,000.

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[4] Robi Axiata Limited
[5] Dialog Axiata PLC
[6] Smart Axiata Company Limited
[7] PT Link Net Tbk
[8] Boost Holdings Sdn Bhd

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ADA's YTD revenue declined by 7.7% on the back of lower revenue share of customer engagement (CE) segment and lower spending from customers on Marketing Solutions. This flowed through to EBIT, which was further impacted by lower margins and costs accruing from fulfillment of contracted CE revenue commitments. As a result, PATAMI slipped into losses but was cushioned by higher interest income and lower taxation.

Infrastructure

EDOTCO's[9] YTD revenue and EBITDA growth of 12.0% and 8.5% respectively is largely supported by inorganic growth from the Philippines and organic growth from new build to suit and colo tenancies namely from Bangladesh and Malaysia. YTD EBIT declined by 1.6% due to higher D&A attributed to the full year and incremental impact from the completion of tower acquisition in Philippines, while PATAMI was dragged by higher net finance cost, one-off taxes, and net unrealised forex losses. Excluding forex losses and one-off tax adjustment, PATAMI would have recorded profits of RM28 million for the period under review.

Commentaries

Tan Sri Shahril Ridza Ridzuan, Chairman of Axiata said, "The Group continues on its value creation journey despite the significant macroeconomic challenges this year. We remain focused on adapting our strategy, refining our investment portfolio and cultivating the right strategic partnerships to position the Group for long-term success. As we work towards our vision of Advancing Asia, we will continue to improve operational and fiscal efficiencies to ensure the sustainability of our business and build lasting value for our shareholders."

Vivek Sood, Group Chief Executive Officer and Managing Director of Axiata said, "I am pleased to highlight that operational performance of our continued operations has been strong and we remain on track towards meeting our 2023 Headline KPIs. While concerns of macroeconomic volatilities persist, we believe risks will subside as interest rates start to lower in 2024. Our assets will continue to grow as market structure improves, price stability prevails and demand for mobile, digital and enterprise solutions remain.

In recent years, Axiata has directed its resources and investments towards growth categories. To achieve this, we have made several strategic moves - delivering on the synergies of CelcomDigi, continuing the fixed broadband and mobile convergence in Indonesia, creating value through our infrastructure business, illuminating the value of our digital businesses, and building our business in frontier markets. Axiata will actively invite new investors to support our growth and monetisation as the need arises.

The outlook in Nepal is increasingly challenging, thus the Board has decided to exit Nepal and accordingly reclassify Ncell as asset held for sale. We believe this move will place Axiata in a much stronger position to deliver on our strategic priorities and is in the best long-term interest of all our shareholders.

Axiata is on a journey of transformation, and we will continue to further optimise our portfolio, capture opportunities that will enable us to enhance our performance, accelerate value

[9] EDOTCO Group Sdn Bhd

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creation, build rigour on capital allocation and ultimately deliver long-term shareholder value via sustainable growth and portfolio actions."

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About Axiata

In pursuit of its vision to be The Next Generation Digital Champion, Axiata is a diversified telecommunications and digital conglomerate operating Digital Telcos, Digital Businesses and Infrastructure businesses across a footprint spanning ASEAN and South Asia.

The Group has controlling stakes in market-leading mobile and fixed operators in the region including 'XL' and 'Link Net' in Indonesia, 'Dialog' in Sri Lanka, 'Robi' in Bangladesh, 'Smart' in Cambodia and 'Ncell' in Nepal while 'CelcomDigi' in Malaysia is a Key Associate Company. Axiata's regional digital business verticals comprise 'Boost' a fintech company, and 'ADA', a digital analytics and AI company. 'EDOTCO' is among the top 10 independent TowerCos globally, operating in nine countries to deliver telecommunications infrastructure services.

As a committed and long-term investor, the Group actively supports and drives young talent development; community outreach; as well as climate change initiatives. Axiata's broader goal of Advancing Asia aims to piece together the best in the region in terms of innovation, connectivity and talent to drive digital inclusion and sustainable progress across our markets. Find out more at www.axiata.com

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