

Q2 2024 Results

28 August 2024



Disclaimer



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Forward looking information is based on management’s current views and assumptions including, but not limited to, prevailing economic and market conditions. Our business operates in an ever-changing macro environment. As such, any statement in this presentation that is not a statement of historical fact is a forward-looking statement that involves known and unknown risks, uncertainties and other factors which may cause Axiata actual results, performance and achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements.

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“RM” shall mean Ringgit Malaysia being the lawful currency of Malaysia. Any discrepancies between individual amounts and totals are due to rounding.

YTD24 achievements



Strong operational performance, on the back of improvement in ARPU across markets and operational excellence



Strengthening balance sheet as net debt/EBITDA drops to 2.88x



Executing the 5-by-5 strategy with completion of Dialog-Airtel merger



Declares 5sen interim dividend, aligned to Axiata's 10sen commitment

Executive Summary (1/2)

In the Q224 unaudited financial results, the face of P&L will show continuing operations.

- ❖ **Double-digit growth at reported EBITDA and EBIT.** YTD revenue growth of 7.8% contributed by strong performance from all OpCos except Link Net and Dialog; double-digit EBITDA and EBIT growth largely contributed by XL, Smart, Robi and EDOTCO. PATAMI +>100% flowing through from EBIT, higher share of results of associates and lower forex losses, moderated by higher net finance cost and taxation.
- ❖ **UPATAMI growth 4x YoY to RM324mn and margins +2.2 pts to 2.9%.** At constant currency, YTD revenue growth of 5.2% contributed by all OpCos, except Link Net and Dialog; EBIT growth of 40.0% supported largely by XL, Smart, Robi from market repair and cost optimization, and EDOTCO from increased contribution from key markets. UPATAMI +>100% as EBIT growth and higher share of results of associates out paced increase in net finance cost at XL, EDOTCO and Robi.
- ❖ **Strong AOFCF* generation of RM677mn.** AOFCF growth of >+100% to RM677mn, largely supported by strong EBITDA growth of 18.7%; this more than offset the increase in net finance cost from XL, EDOTCO and Robi, and higher taxation.
- ❖ **Net debt/EBITDA improves to 2.88x; HoldCo cash increases to RM1.3bn.** Net debt/EBITDA improved QoQ to 2.88x (from 3.01x) largely supported by EBITDA growth. Borrowings remained relatively unchanged QoQ at RM25.8bn. Cash increase to RM1.3bn QoQ largely due to proceeds of USD55mn from sale of ADA stake to Mitsui.
- ❖ **Revenue growth in line; EBIT growth ahead of FY24 Headline KPIs.** Despite the challenging macroeconomic environment, in particular the social unrest, followed by the political and economic uncertainties in Bangladesh, the Group expects revenue growth to be in line while EBIT growth to be ahead of headline KPIs, on the back of the strong operational performance in 1H24.
- ❖ **DPS of 5.0 sen.** Axiata has declared interim dividend of 5.0 sen, which is aligned with our commitment to reward shareholders with annual dividend of 10.0sen.

* Adjusted OFCF = OFCF less ROU depreciation

Executive Summary (2/2)

- ❖ **XL: Sustaining strong momentum post Lebaran.** YTD revenue +8.1% supported by rationale pricing environment with ARPU still stable at an all time high of IDR44k (+4.8%) and improved contribution from data and digital services. Coupled with savings in infrastructure and sales and marketing, EBIT +33.6% and PATAMI +57.5%.
- ❖ **Robi: Data and subscriber trends remain positive in Q224.** YTD revenue +4.8% driven by data (+18.8%) and positive subscriber growth (+5.6%). Cost optimisation measures contributed to double digit growth at EBITDA, while stable D&A aided EBIT performance. PATAMI +>100% to BDT2.1bn supported by improved EBIT and lower forex losses.
- ❖ **Dialog: Margin expansion from lower hubbing contribution.** YTD revenue -12.7% due to lower hubbing revenue as Dialog pivots away from the low margin business. EBITDA margin grew 4.1ppts benefiting from reduction in hubbing contribution. PATAMI -89.9% due to lower forex gain of LKR3.0bn (vs LKR12.3bn in YTD23) and higher taxation.
- ❖ **Smart: Strong cashflow generation underpin by subscribers and ARPU growth.** YTD revenue +10.8% supported by growth in subscribers (+2.7%) and ARPU (+4.9%). EBIT +34.3% and PATAMI +35.3% supported by lower direct costs which offset the increase in D&A and taxation.
- ❖ **Link Net: Sustaining subscribers and optimising cost.** YTD revenue -6.7% from lower enterprise contribution due to reduction of one-off projects, mitigated by sustained residential subscribers. EBITDA decline cushioned by lower manpower, marketing and lower bad debt. As Link Net transitions to FibreCo, home passed rollout for XL lifts D&A and net finance cost, and thus PATAMI ->100%.
- ❖ **EDOTCO: Improved contribution from key markets.** YTD revenue +13.3% mainly driven by higher contribution from MY, BD, KH and PH, which led to the corresponding growth in EBITDA. Accordingly, EBIT grew by 26.8%. PATAMI +80% supported by lower forex losses. Excluding forex, PATAMI would have been positive at RM15mn.
- ❖ **Boost: Delivering an embedded banking experience.** YTD revenue growth of 7.1% supported by growth in Boost Credit and Boost Connect; EBIT and PATAMI losses narrowed YoY on the back of lower marketing and staff cost. Nonetheless ecosystem continues to grow, as Boost Life users +4.2% YoY to 11.2mn and Malaysian merchants +8.1% to 656k.
- ❖ **ADA: Growth from Customer Engagement and Ecommerce.** YTD revenue +34.7%, largely supported by growth in the Customer Engagement, Ecommerce and Data & AI segments; EBIT +>100% as revenue growth outpaced cost increase; this flowed through to PATAMI +100% which was boosted by higher net interest income and forex gain.

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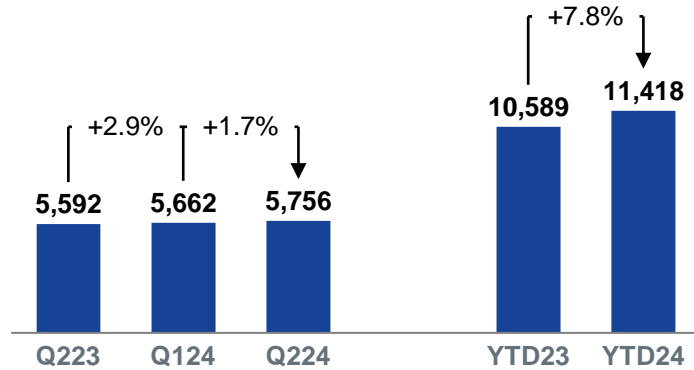


Reported Results

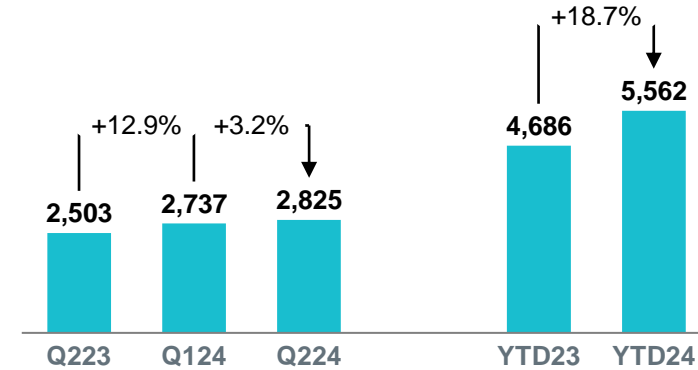
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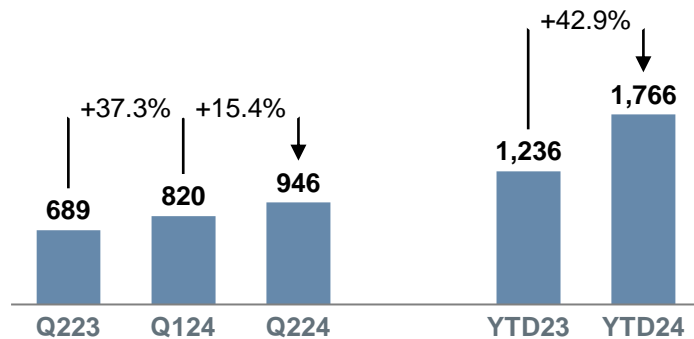
Revenue (RMmn)



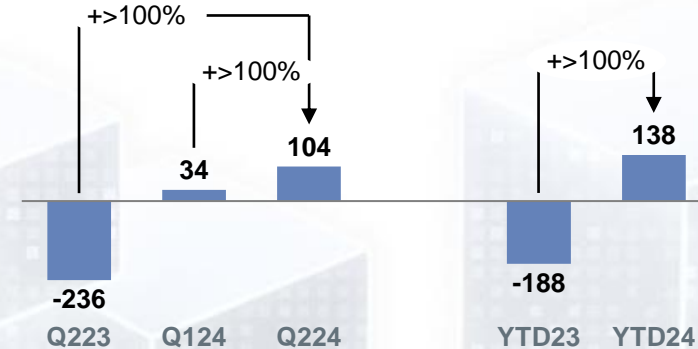
EBITDA (RMmn)



EBIT (RMmn)



PATAMI (RMmn)

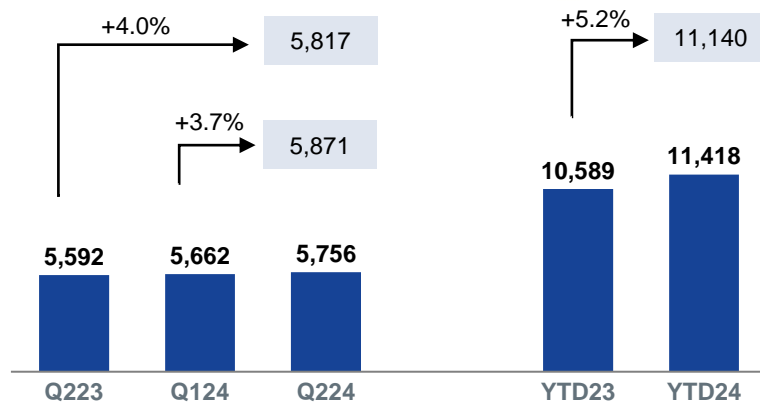


Underlying Performance¹

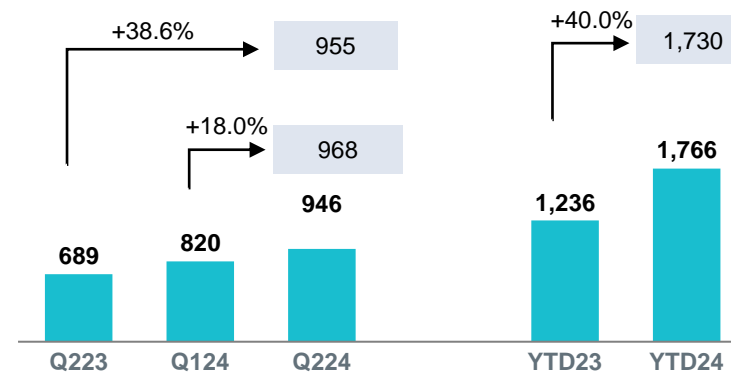
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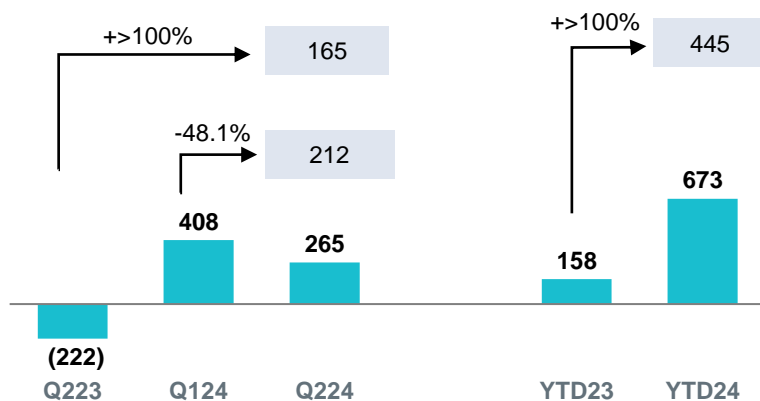
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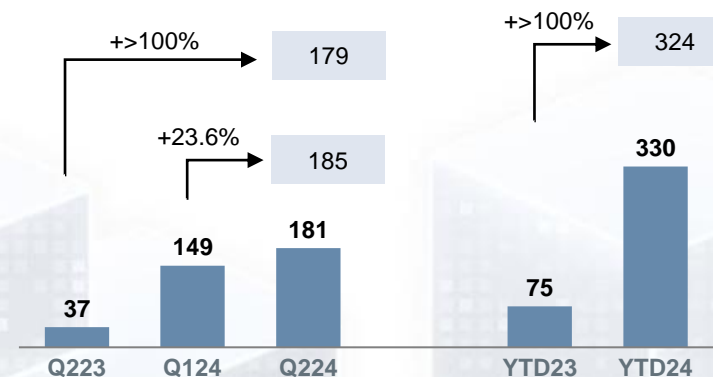
EBIT (RMmn)



AOFCF (RMmn)



UPATAMI² (RMmn)



Note:

xx - at actual currency xx - Underlying performance xx% - Underlying performance growth rate

1. Underlying - % growth at constant currency

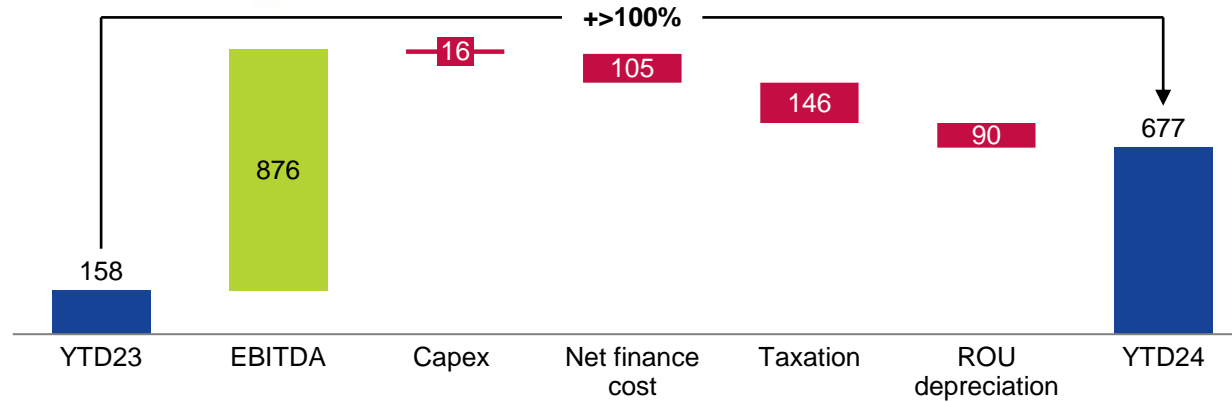
2. UPATAMI excludes forex related (forex/derivative gains/losses, hedging cost), XL gain on disposal, PPA amortisation and M&A transaction cost.

Adjusted OFCF¹

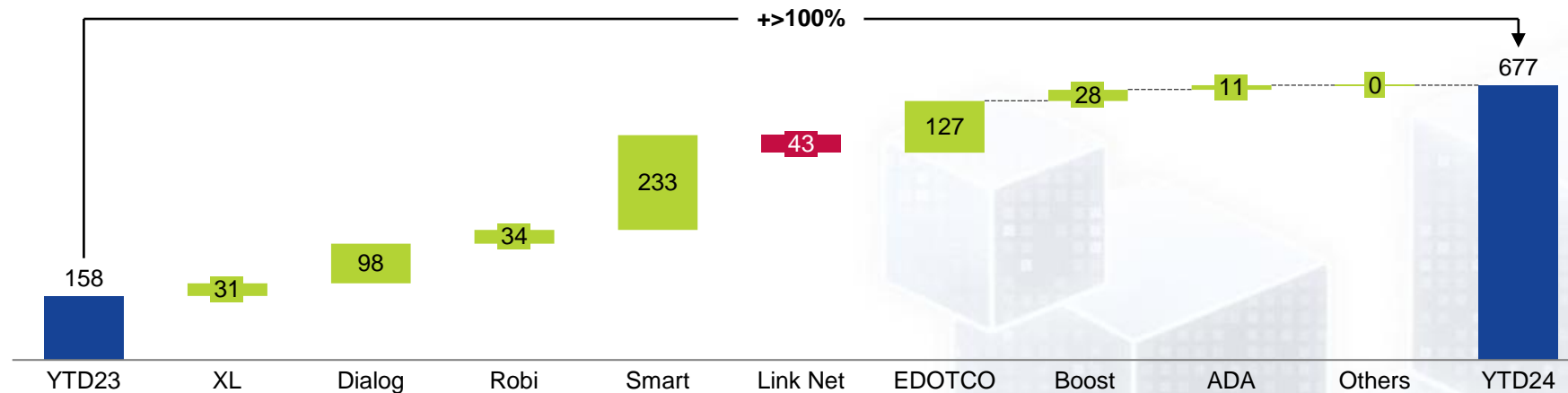
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YTD movement – by line items (RMmn)



YTD movement – by OpCos (RMmn)



¹ Adjusted OFCF = OFCF less ROU depreciation

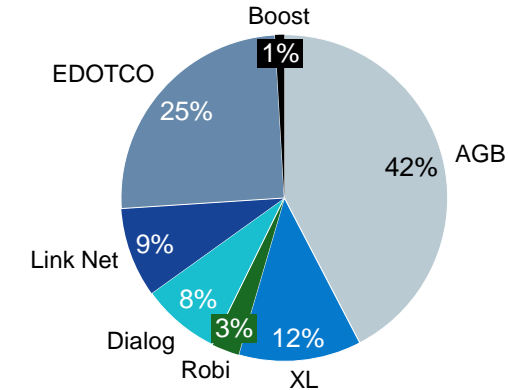
Balance sheet (1/2)

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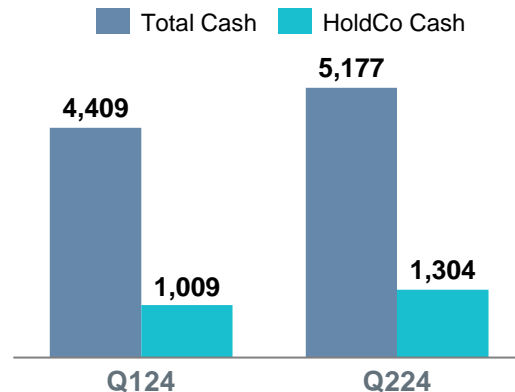
Group Borrowings – by Currency (RM mn)

LC mn	BDT	IDR	LKR	MYR	PHP	PKR	USD	Total (RM mn)
HoldCo	-	-	-	-	-	-	2,316	10,932
Sub-total (LC)	-	-	-	-	-	-	2,316	10,932
OpCos								
XL	-	10,897,756	-	-	-	-	-	3,139
Robi	13,581	-	-	-	-	-	34	709
Dialog	-	-	89,825	-	-	-	134	2,019
Link Net	-	7,950,899	-	-	-	-	-	2,290
EDOTCO	1,530	-	-	1,486	25,971	2,606	592	6,481
Boost	-	9,470	-	234	-	-	-	237
Sub-total	15,111	18,858,125	89,825	1,720	25,971	2,606	761	14,875
Q224 Total	15,111	18,858,125	89,825	1,720	25,971	2,606	3,077	25,807
Q124 Total	12,339	18,779,295	66,369	1,635	26,071	2,295	3,067	25,530
QoQ	22.5%	0.4%	35.3%	5.2%	-0.4%	13.5%	0.3%	1.1%

Group Borrowings – by OpCos (%)

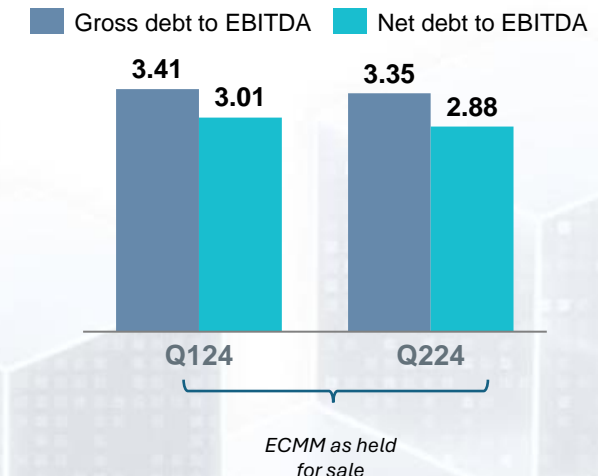


Cash (RMmn)



RM'mn	Q124	Q224
HoldCo and Non OpCo	1,009	1,304
Sub-total	1,009	1,304
OpCos		
XL	343	402
Robi	650	815
Dialog	236	152
Smart	864	903
Link Net	55	83
EDOTCO	582	841
ADA	424	386
Boost	246	292
Sub-Total	3,400	3,873
Total Group	4,409	5,177

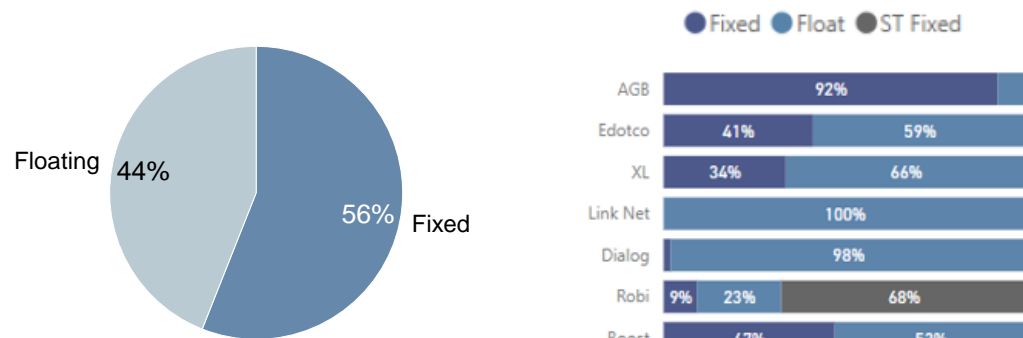
Gross and net debt/EBITDA (x)



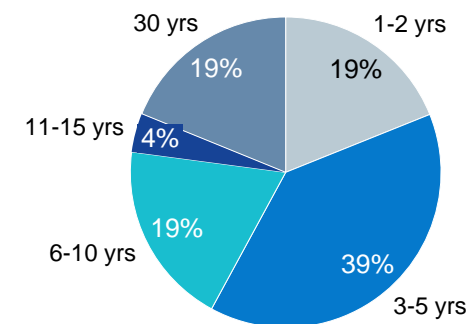
Balance sheet (2/2)

At Q224, 56% of the Group's borrowings are on fixed rate basis, predominantly from Axiata company, EDOTCO, Dialog and XL; 59% of foreign currency borrowing is unhedged, mainly from Axiata company 30-yr EMTN, EDOTCO term loan, and USD debt in frontier markets ie SL and BD. In terms of maturity profile, 19% of Group's borrowings has maturity within 2 years; for HoldCo it is 13%.

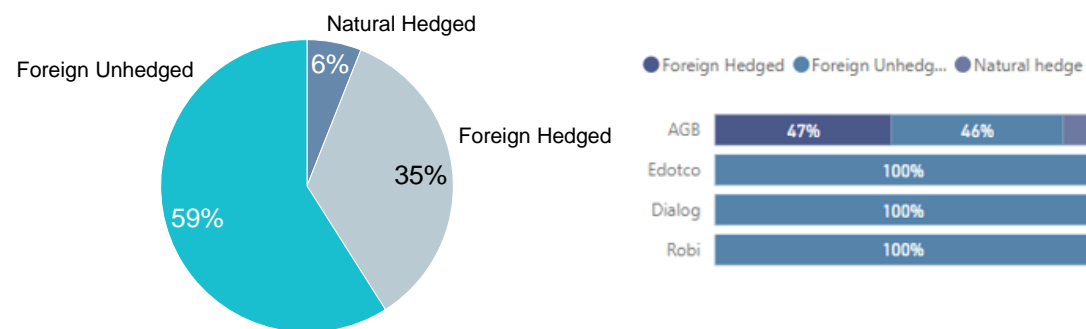
Group Borrowings – fixed/floating rates



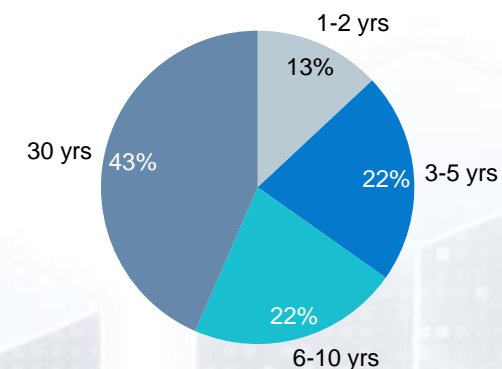
Group Borrowings – maturity profile



Group Borrowings – FX hedged/unhedged loans



HoldCo Borrowings – maturity profile



Moving forward



FY24 Headline KPIs

Despite the challenging macroeconomic environment, in particular the social unrest, followed by the political and economic uncertainties in Bangladesh, the Group expects revenue growth to be in line, while EBIT growth to be ahead of headline KPIs, on the back of the strong operational performance in 1H24.

	FY24 Headline KPIs @ constant rate²
Revenue growth	Mid single digit
EBIT growth	Mid-teens
Capex¹	RM6.1bn

Notes:

1. Capex is not a Headline KPI
2. Constant rate is based on FY23 Average Forex Rate (ie 1 USD = RM4.56)

Corporate Actions: Status update

In-country consolidation in Indonesia



Axiata Group and Sinar Mas sign non-binding Memorandum of Understanding to mutually explore proposed merger of XL Axiata and Smartfren in Indonesia.

Due diligence process is currently underway.

Delaying in Indonesia



The transaction is subject to approval from the Independent Shareholders at the upcoming GMIS on 23 Sep 2024.

In-country consolidation in Sri Lanka



Dialog, Axiata Group and Bharti Airtel have successfully completed the share sale transaction on 26 Jun 2024

EDOTCO exit from Myanmar



EDOTCO's exit from Myanmar is pending regulatory approvals.

RISKS

- Operating environment challenges due to recent developments in Bangladesh and upcoming elections in Sri Lanka.
- Funding fibre deployment roadmap in Indonesia.

OPPORTUNITIES

- Weakening of USD and lower interest rate.
- OpCo portfolio optimisation and/or asset monetization.
- Synergies from Dialog-Airtel merger.

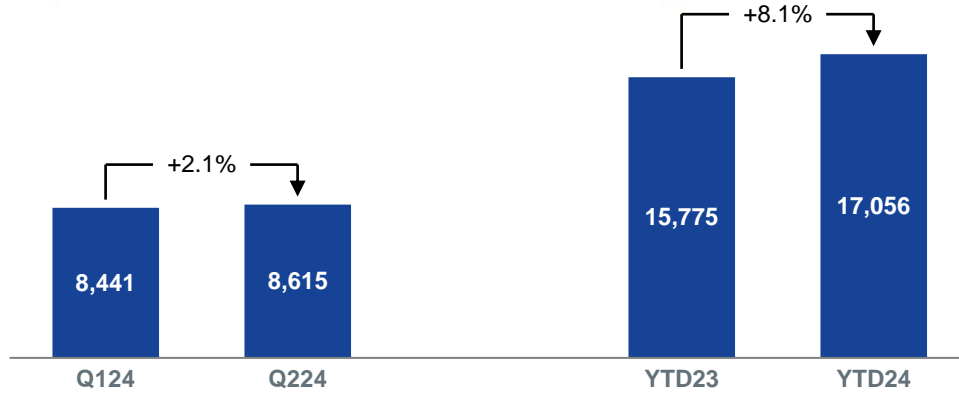
Appendix



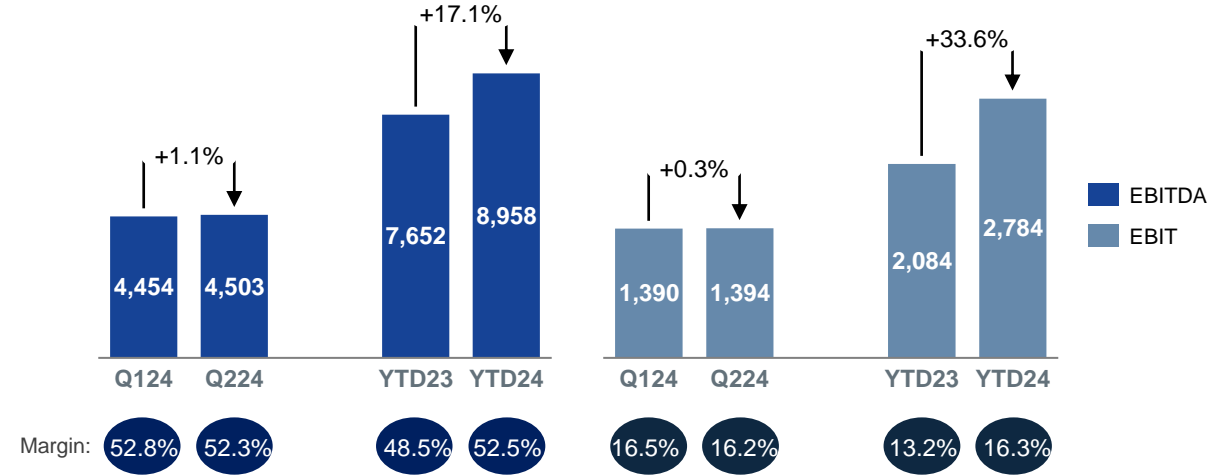
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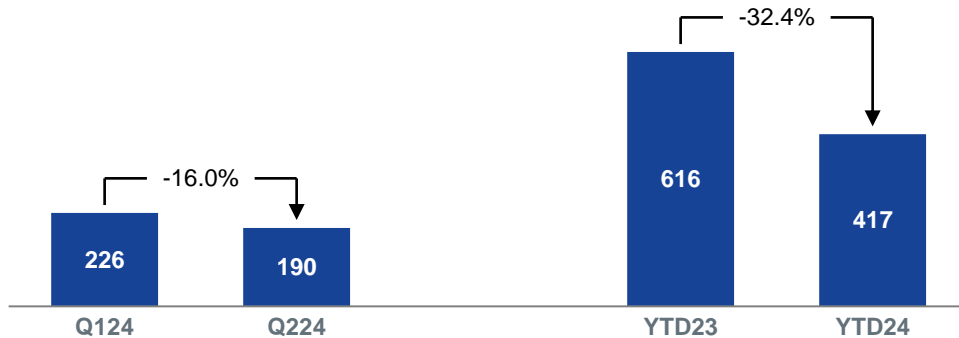
Revenue (IDRbn)



EBITDA & EBIT (IDRbn)



AOFCF¹ (IDRbn)



PATAMI (IDRbn)

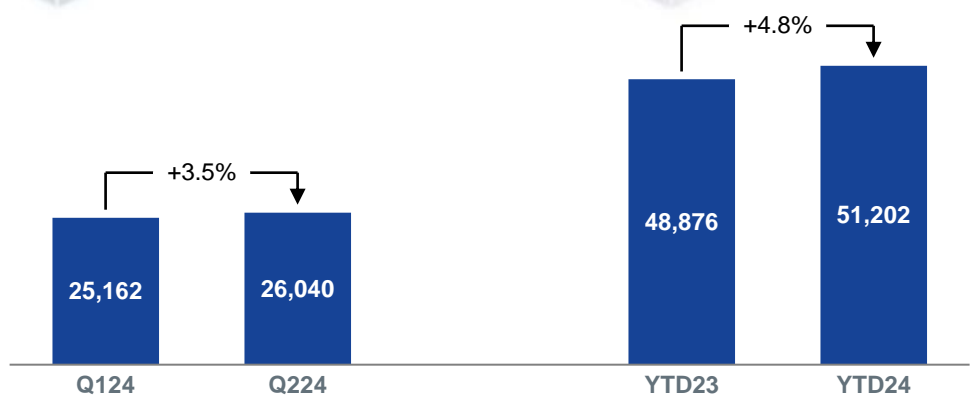


1. AOFCF = OFCF less ROU depreciation

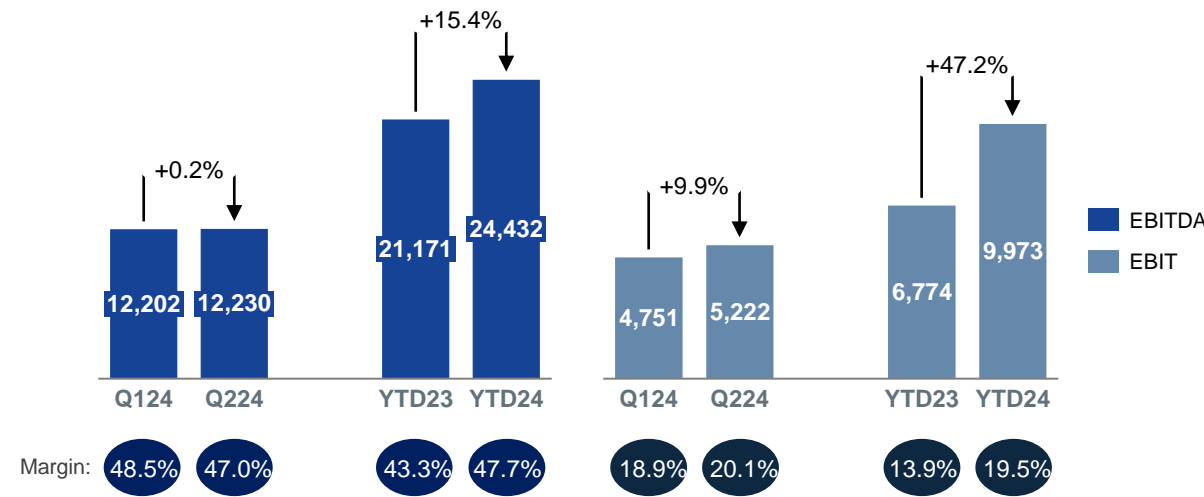
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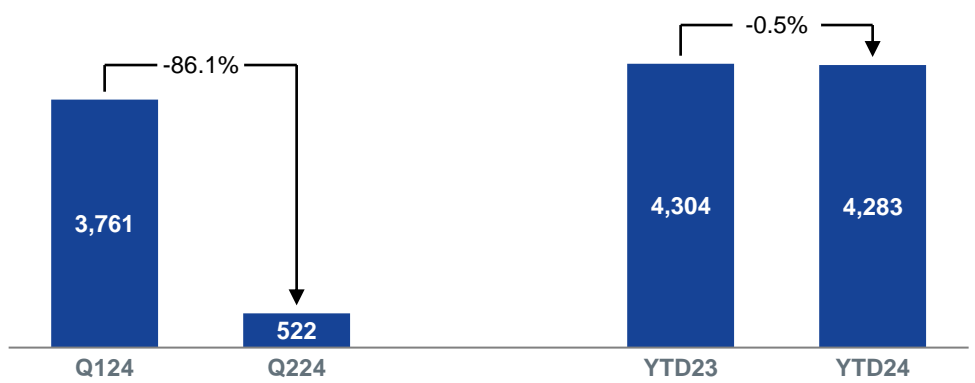
Revenue (BDTmn)



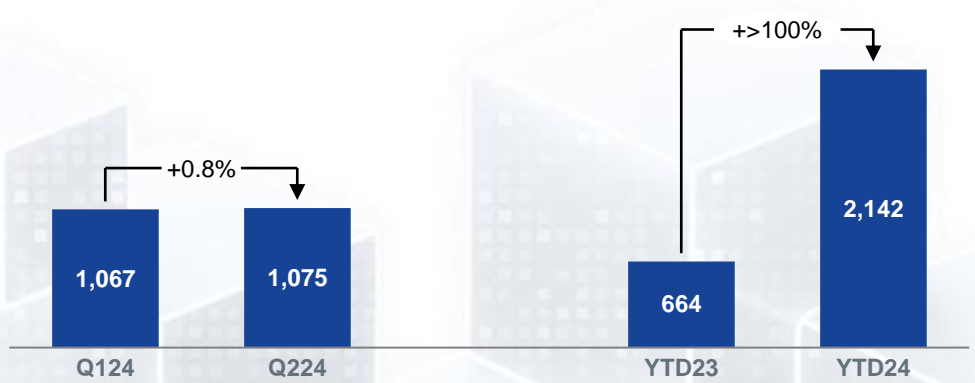
EBITDA & EBIT (BDTmn)



AOFCF¹ (BDTmn)



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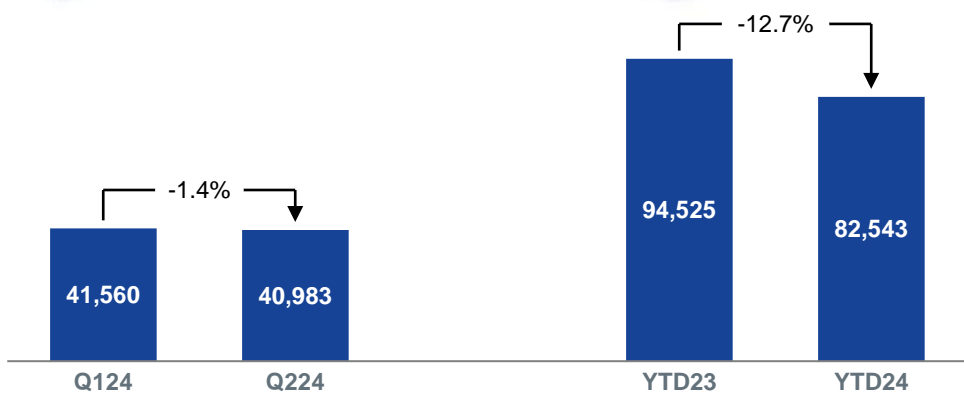


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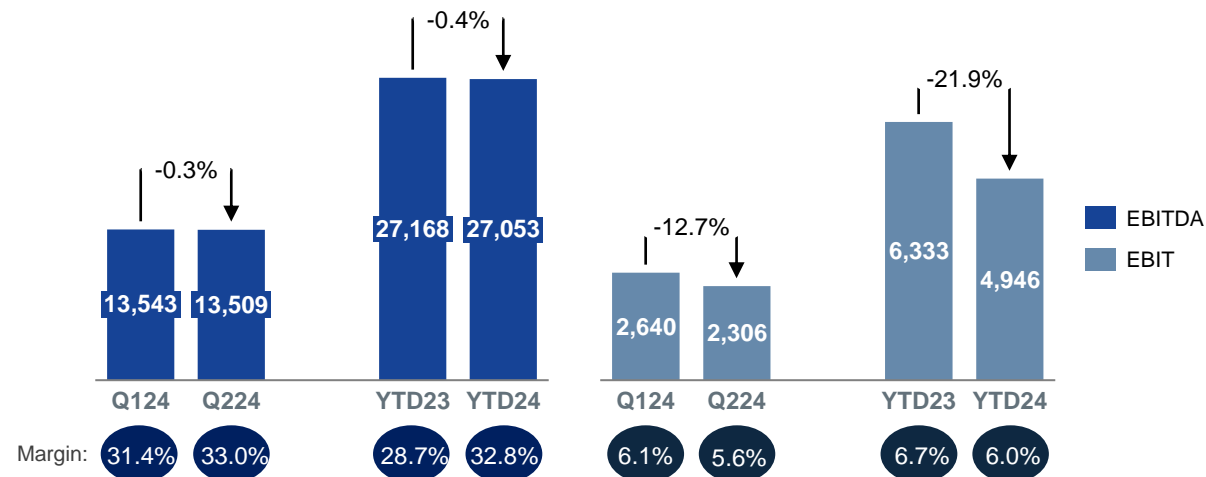
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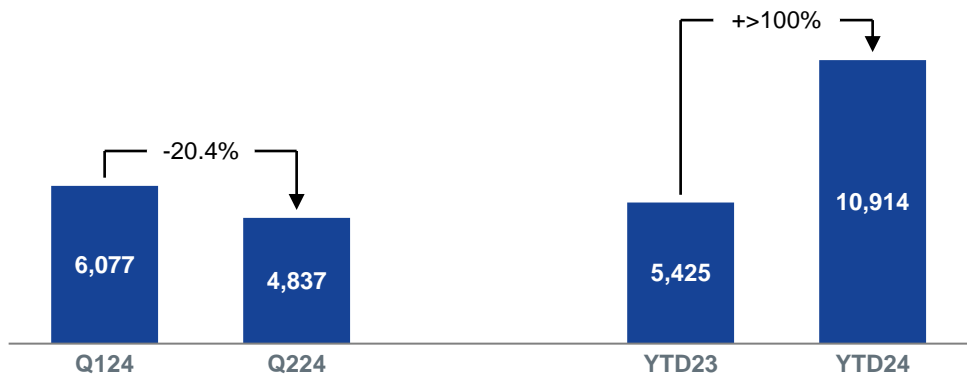
Revenue (LKRmn)



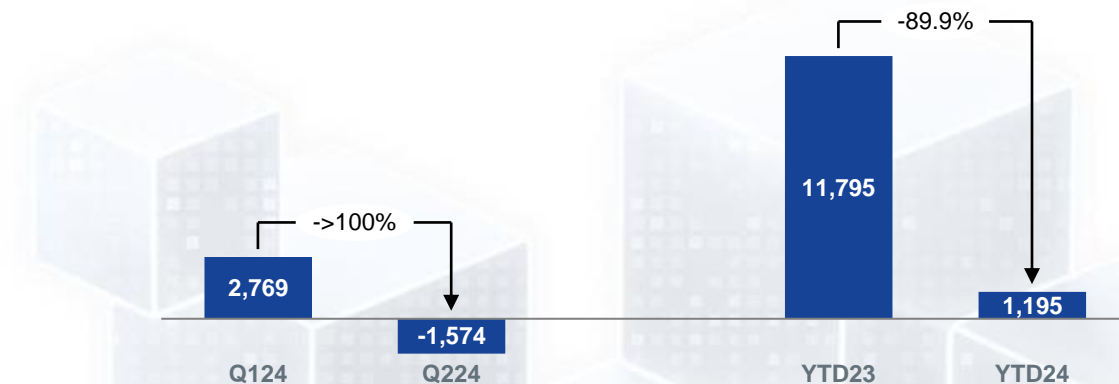
EBITDA & EBIT (LKRmn)



AOFCF¹ (LKRmn)



PATAMI (LKRmn)

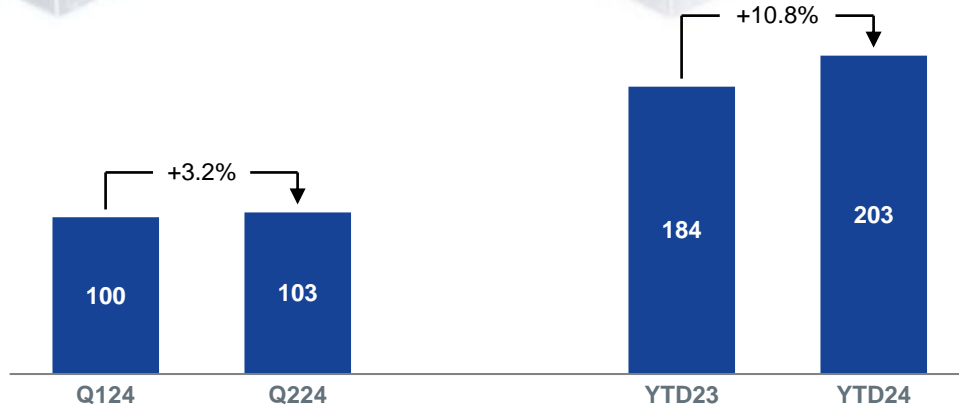


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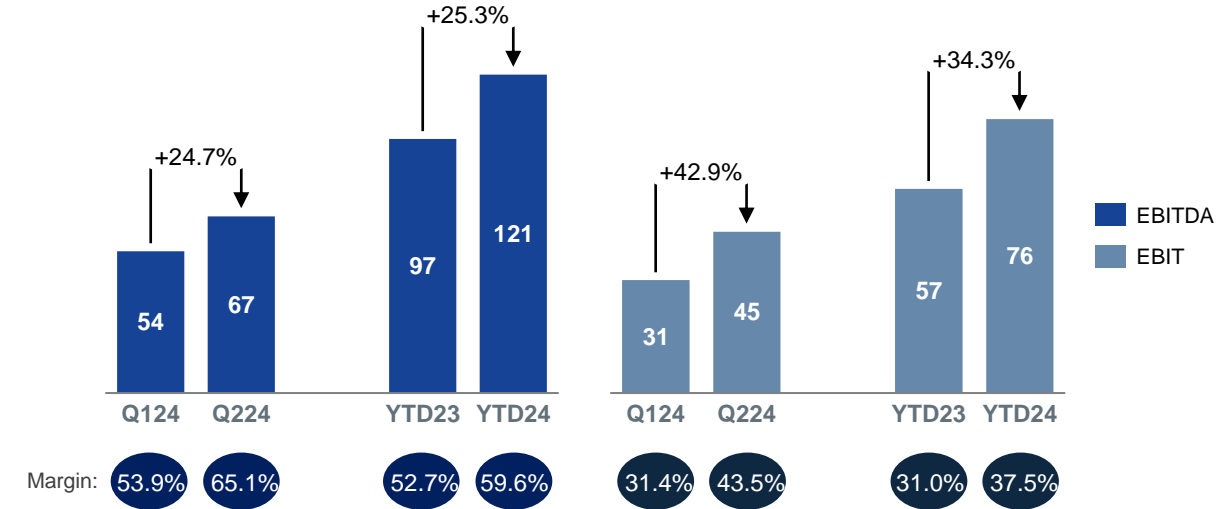
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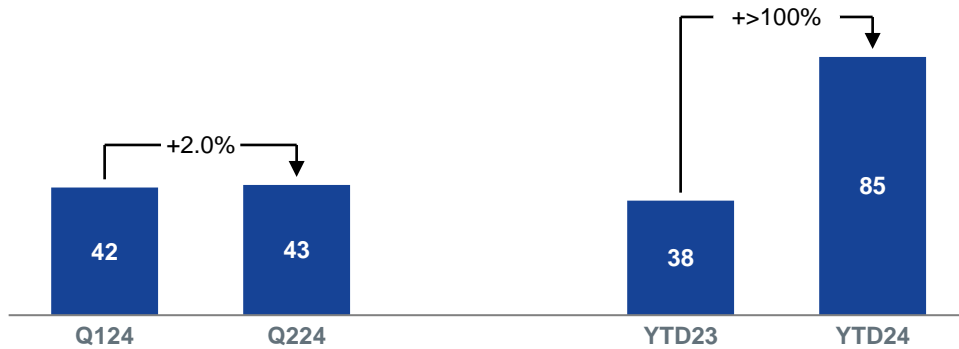
Revenue (USDmn)



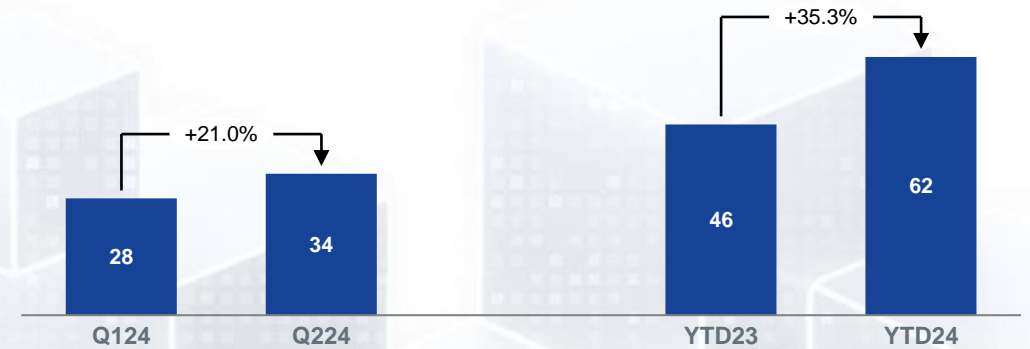
EBITDA & EBIT (USDmn)



AOFCF¹ (USDmn)



PATAMI (USDmn)

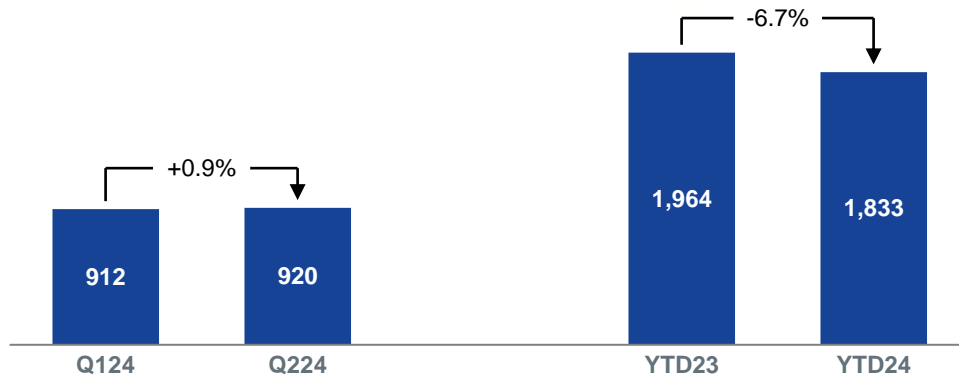


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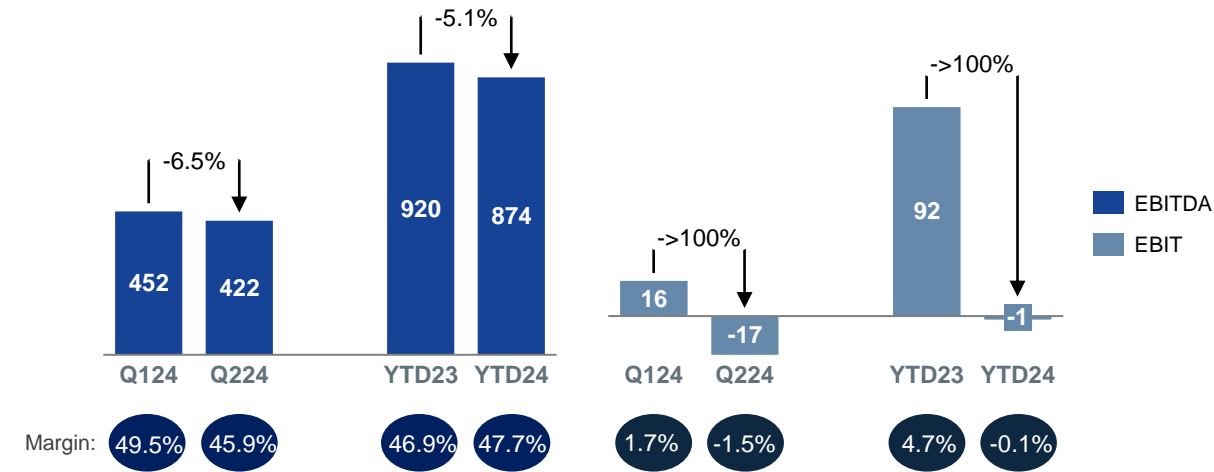
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EBITDA & EBIT (IDRbn)



AOFCF¹ (IDRbn)



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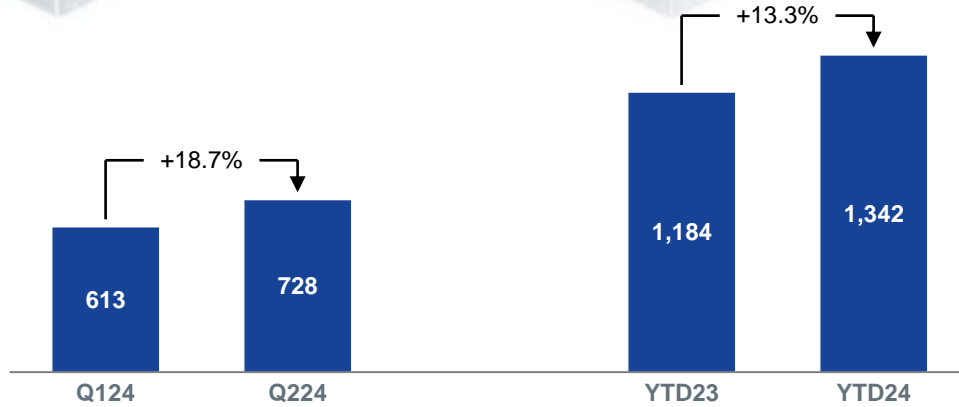


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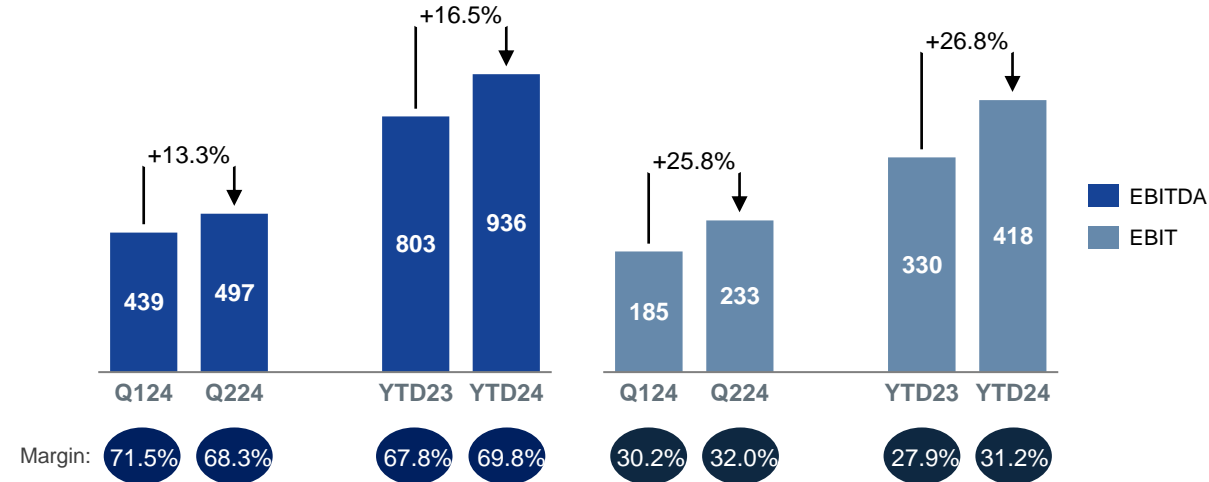
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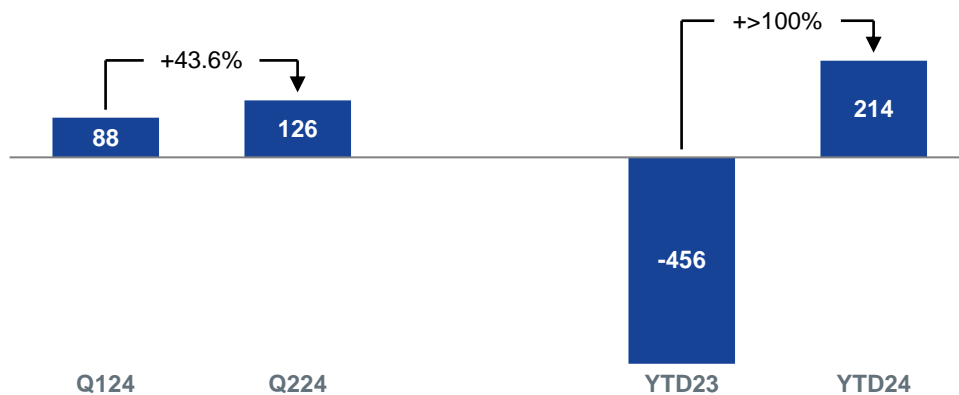
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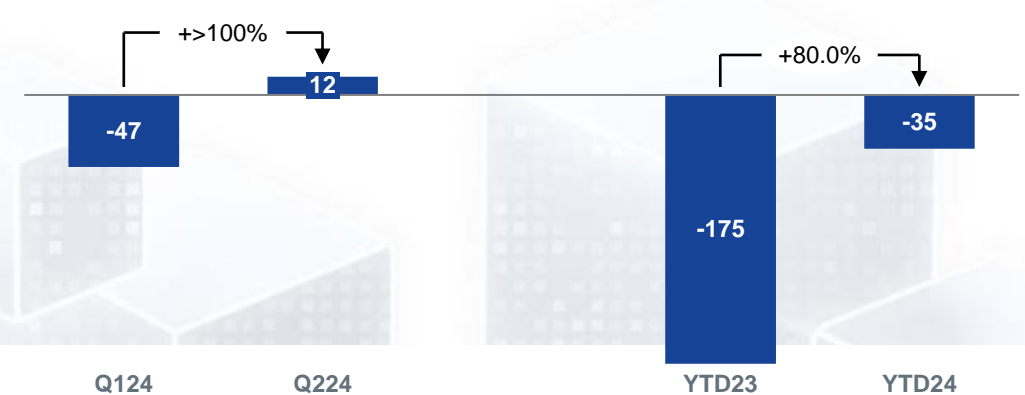
EBITDA & EBIT (RMmn)



AOFCF¹ (RMmn)



PATAMI (RMmn)

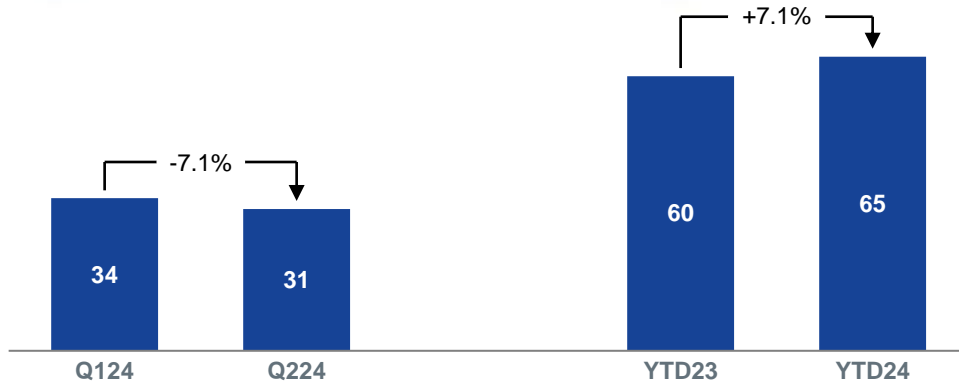


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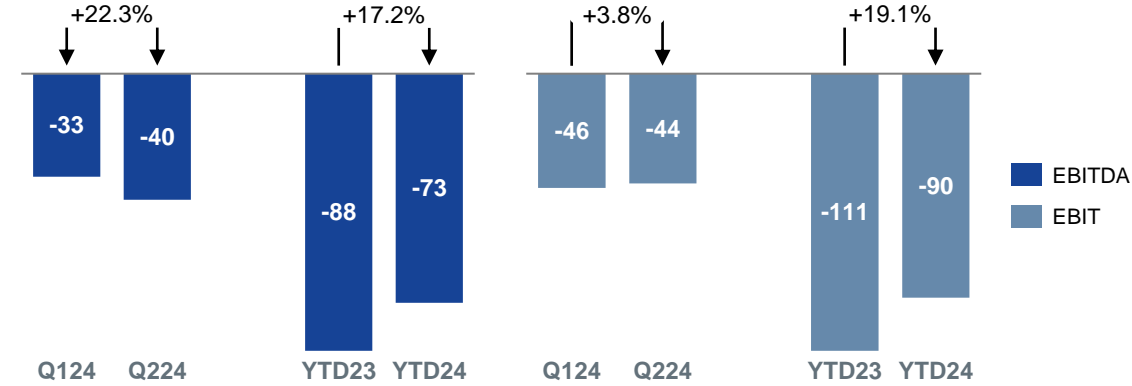
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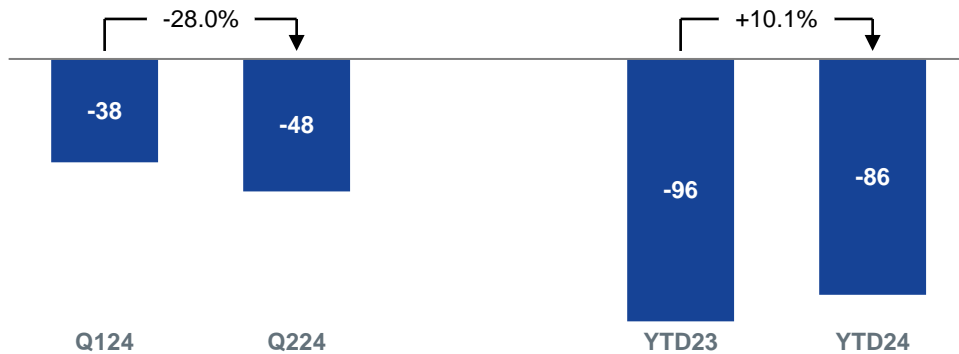
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EBITDA & EBIT (RMmn)



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PATAMI (RMmn)

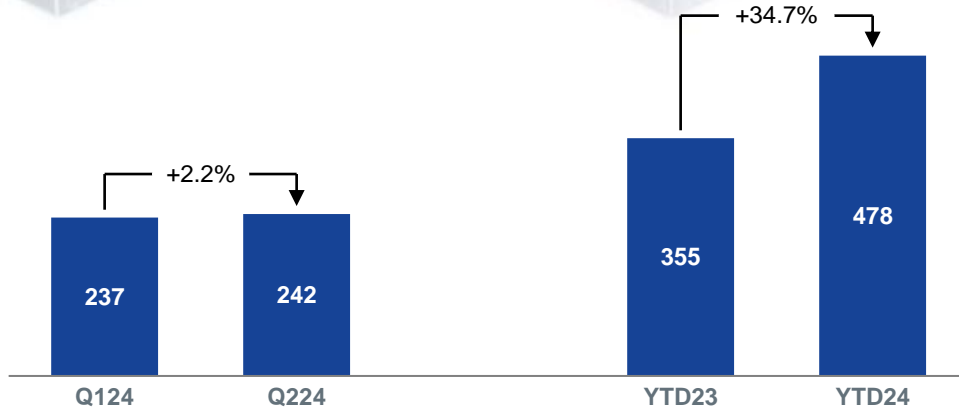


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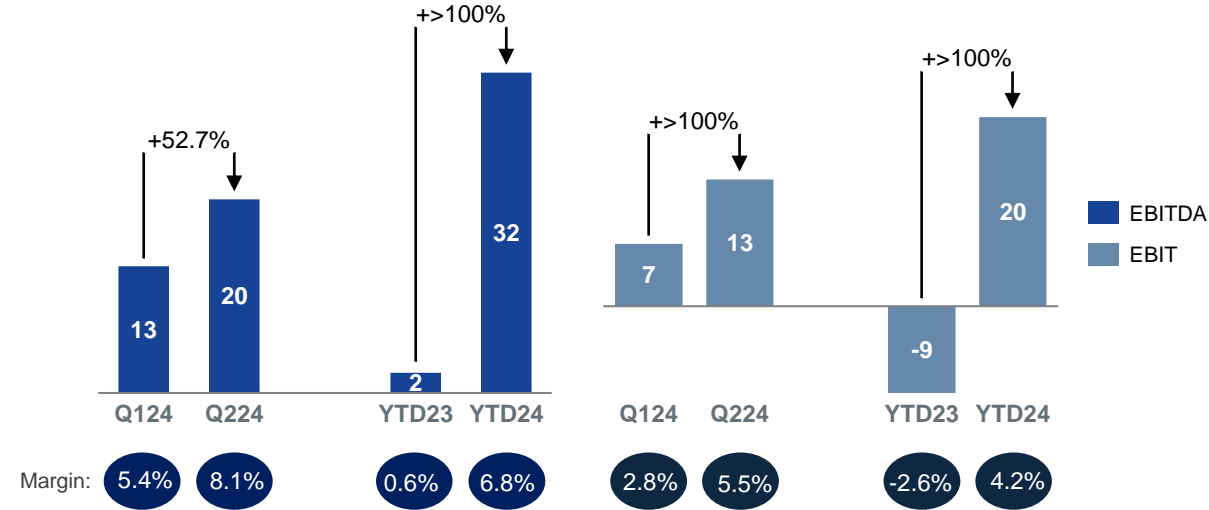
ADA: Growth from Customer Engagement and Ecommerce

YTD revenue +34.7%, largely supported by growth in the Customer Engagement, Ecommerce and Data & AI segments; EBIT +>100% as revenue growth outpaced cost increase; this flowed through to PATAMI +100% which was boosted by higher net interest income and forex gain.

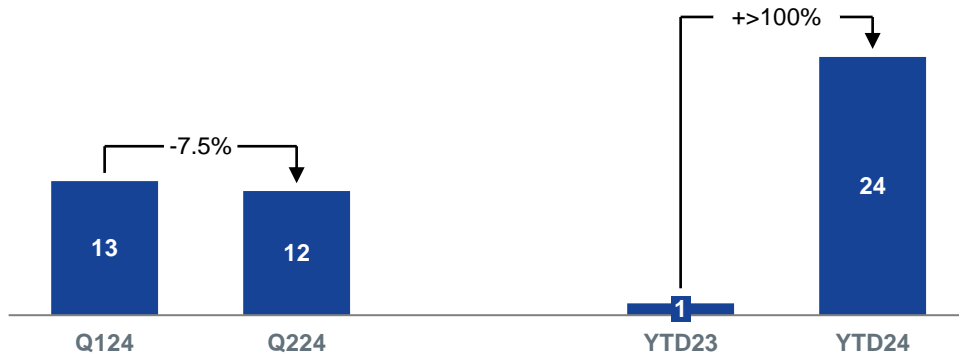
Revenue (RMmn)



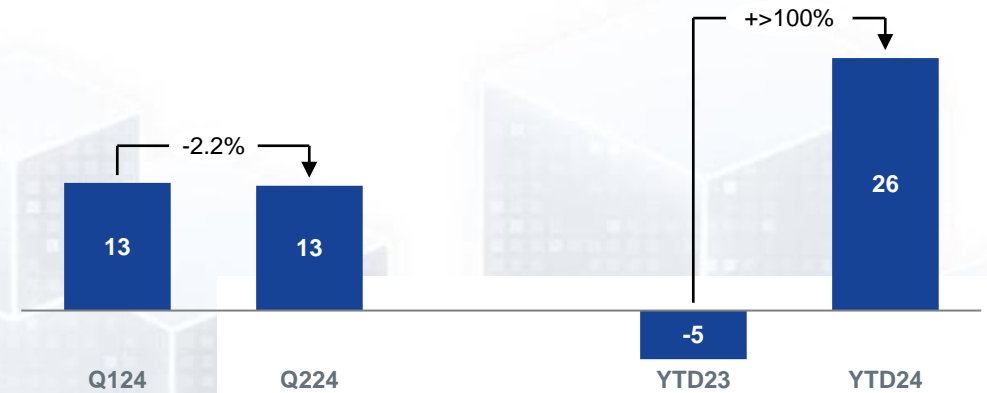
EBITDA & EBIT (RMmn)



AOFCF¹ (RMmn)



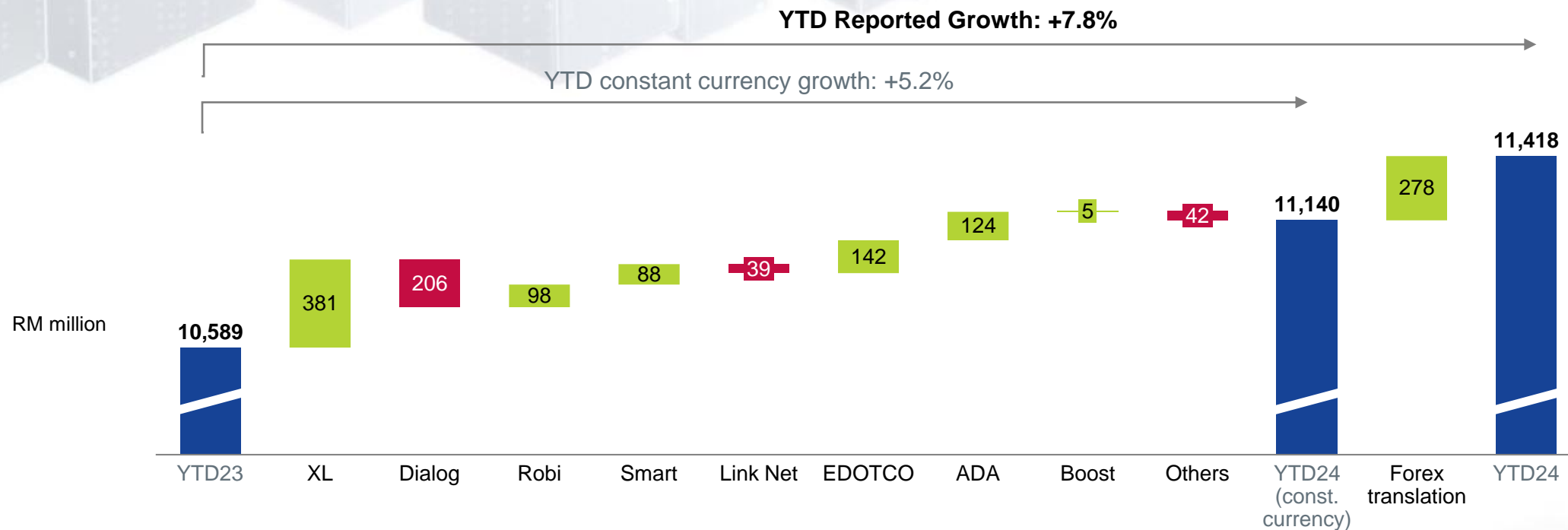
PATAMI (RMmn)



1. AOFCF = OFCF less ROU depreciation

Group Revenue: YTD23 → YTD24

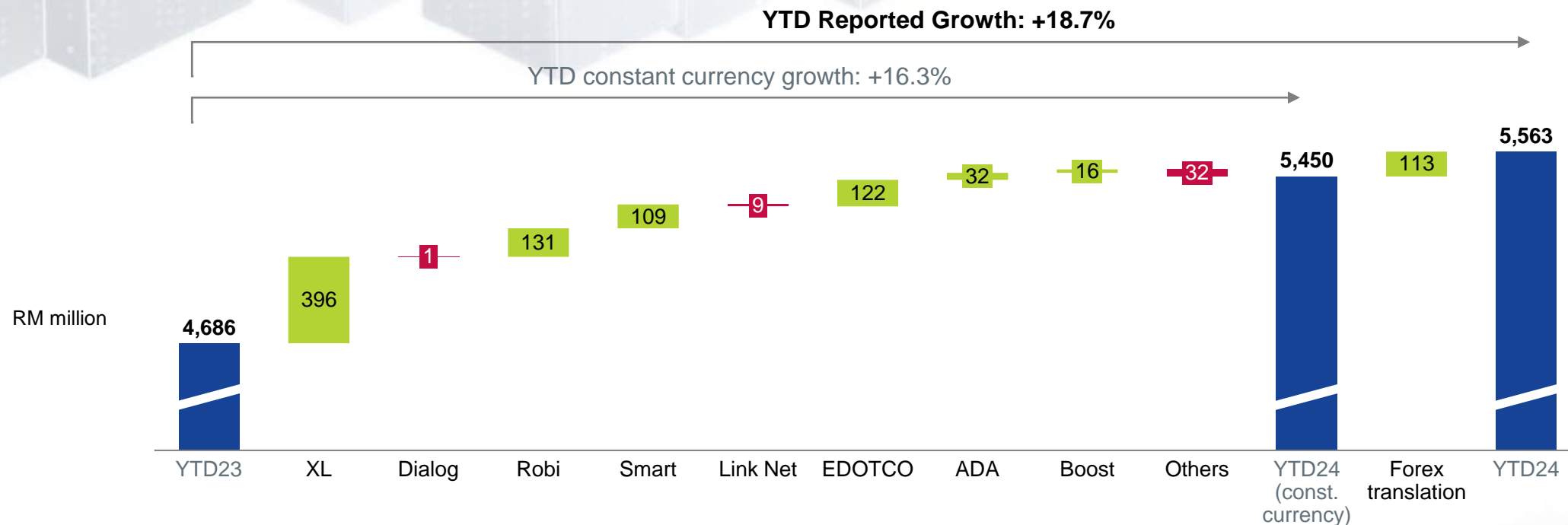
YTD24 revenue +7.8%, driven by improved performance across all OpCos, except Dialog and Link Net; there was also translation gain of RM278mn arising from appreciation of USD and LKR.



Revenue	YTD23	YTD Growth Rates		Revenue (const. currency)	YTD24
XL	4,666	381	8.2%	XL	5,047
Dialog	1,322	(206)	-15.5%	Dialog	1,116
Robi	2,049	98	4.8%	Robi	2,147
Smart	818	88	10.8%	Smart	906
Link Net	581	(39)	-6.7%	Link Net	542
EDOTCO	1,184	142	12.0%	EDOTCO	1,326
ADA	355	124	34.8%	ADA	479
Boost	60	5	7.1%	Boost	65
Others	(446)	(42)	-9.4%	Others	(488)
GROUP	10,589	551	5.2%	GROUP	11,140

Group EBITDA: YTD23 → YTD24

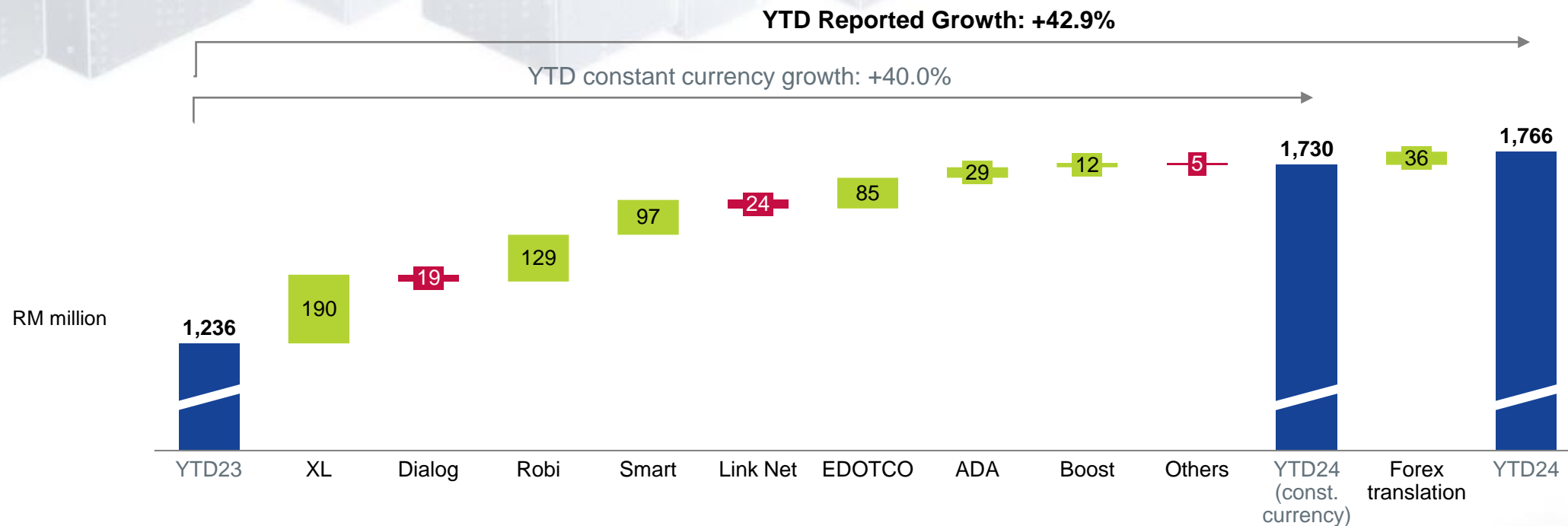
YTD24 EBITDA +18.7% driven by improved performance from majority of OpCos, boosted as well by forex translation impact of RM113mn due to appreciation of USD and LKR.



EBITDA	YTD23	YTD Growth Rates		EBITDA (const. currency)	YTD24
XL	2,275	396	17.4%	XL	2,671
Dialog	367	(1)	-0.4%	Dialog	366
Robi	881	131	14.8%	Robi	1,012
Smart	431	109	25.3%	Smart	540
Link Net	269	(9)	-3.1%	Link Net	260
EDOTCO	803	122	15.1%	EDOTCO	925
ADA	-	32	-8720.0%	ADA	32
Boost	(88)	16	-18.1%	Boost	(72)
Others	(252)	(32)	-12.7%	Others	(284)
GROUP	4,686	764	16.3%	GROUP	5,450

Group EBIT: YTD23 → YTD24

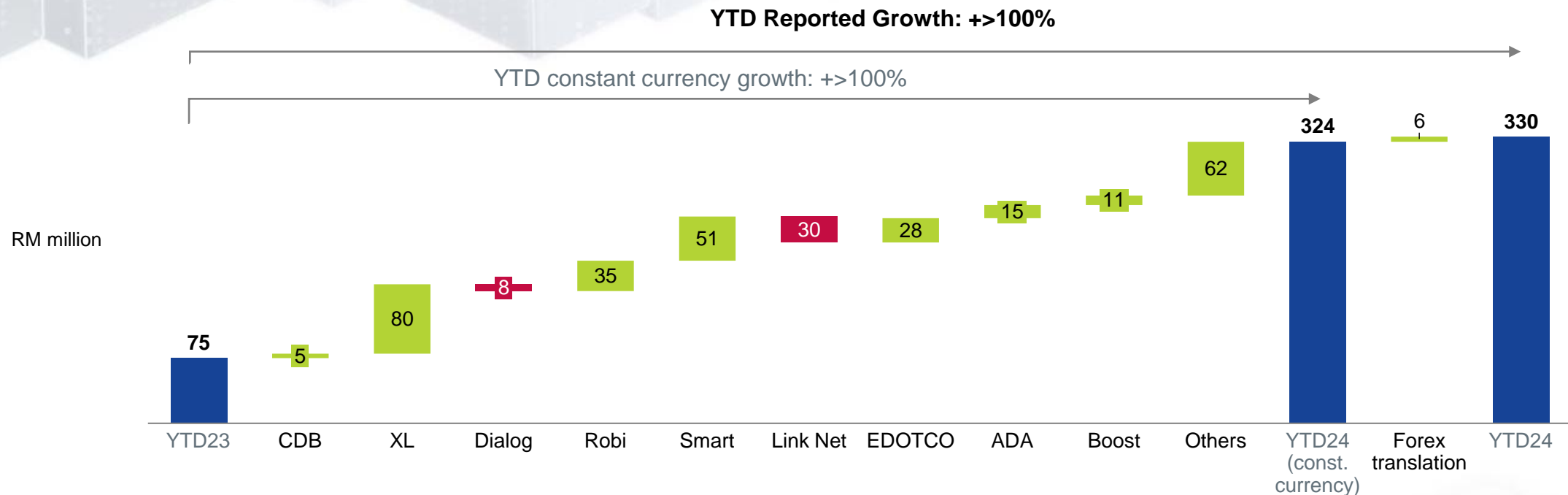
YTD24 EBIT +42.9%, contributed by all OpCos except for Dialog and Link Net; Growth from XL, Smart and Robi from market repair and cost optimisation, while EDOTCO improved contribution from key markets.



EBIT	YTD23	YTD Growth Rates	EBIT (const. currency)	YTD24
XL	629	190	30.2%	819
Dialog	86	(19)	-21.9%	67
Robi	276	129	46.6%	405
Smart	241	97	40.1%	338
Link Net	21	(24)	-112.7%	(3)
EDOTCO	330	85	25.9%	415
ADA	(9)	29	314.1%	20
Boost	(111)	12	11.0%	(99)
Others	(227)	(5)	2.2%	(232)
GROUP	1,236	494	40.0%	1,730

Group UPATAMI: YTD23 → YTD24

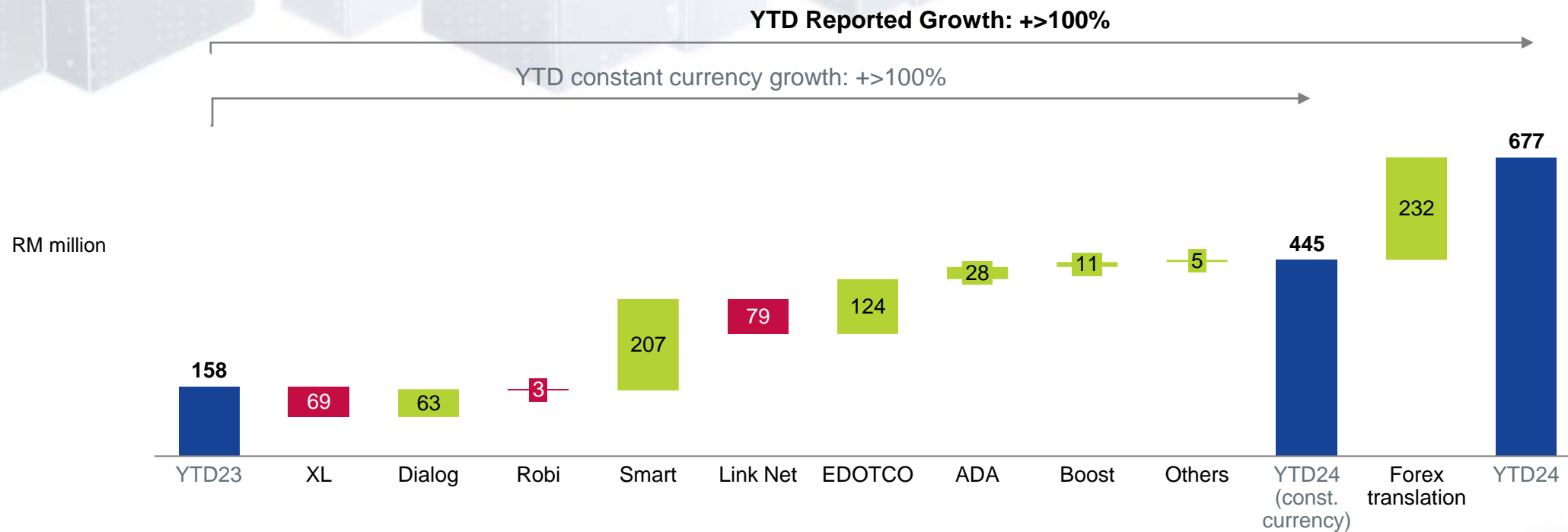
YTD24 UPATAMI +>100% contributed largely by XL, Smart and Robi, moderated by weaker performance from Link Net and Dialog; Others include cost optimisation initiatives.



Norm PATAMI	YTD23	YTD Growth Rates		Norm PATAMI (const. currency)	YTD24
CDB	228	5	2.2%	CDB	233
XL	86	80	93.5%	XL	166
Dialog	(6)	(8)	-146.1%	Dialog	(14)
Robi	30	35	115.7%	Robi	65
Smart	151	51	34.1%	Smart	202
Link Net	(33)	(30)	-94.3%	Link Net	(63)
EDOTCO	(24)	28	117.9%	EDOTCO	4
ADA	(3)	15	481.1%	ADA	12
Boost	(83)	11	12.7%	Boost	(72)
Others	(271)	62	-22.9%	Others	(209)
GROUP	75	249	271.2%	GROUP	324

Group AOFCF: YTD23 → YTD24.

YTD24 AOFCF +>100% to RM677mn contributed by Smart and EDOTCO (higher EBITDA and lower capex) and Dialog (capex phasing).



AOFCF	YTD23	YTD Growth Rates		AOFCF (const. currency)	YTD24
XL	207	(69)	-33.1%	XL	138
Dialog	58	63	110.0%	Dialog	121
Robi	202	(3)	-1.4%	Robi	199
Smart	160	207	128.9%	Smart	367
Link Net	(198)	(79)	-39.4%	Link Net	(277)
EDOTCO	91	124	136.7%	EDOTCO	215
ADA	(1)	28	2745.7%	ADA	27
Boost	(96)	11	11.6%	Boost	(85)
Others	(265)	5	-1.9%	Others	(260)
GROUP	158	287	180.9%	GROUP	445

Sustainability Highlights

SBTi near-term and long-term targets validated, and OpCos pushing the sustainability agenda locally



SCIENCE
BASED
TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

SBTi approves Axiata Group's science-based targets

Near Term Targets

- *Axiata Group Berhad* commits to **reduce absolute scope 1 and 2 GHG emissions 42% by 2030** from a 2022 base year.
- *Axiata Group Berhad* commits to **reduce absolute scope 3 GHG emissions by 25% by 2030** from a 2022 base year.

Long Term Targets

- *Axiata Group Berhad* commits to **reduce absolute scope 1 and 2 GHG emissions 90% by 2050** from a 2022 base year.
- *Axiata Group Berhad* commits to **reduce absolute scope 3 GHG emissions 90% by 2050** from a 2022 base year.

OpCo ESG Highlights



Launched Dialog Suraksha, a parental control service ensuring children's safety online



Concluded Robi Datathon 3.0, the largest data science competition in Bangladesh



Launched Vendor Development Program for Malaysian SMEs



Launched inaugural Sustainability Report 2023 – 1st of Axiata's Digital Business

Thank you

www.axiata.com

Axiata Group Berhad

