

Axiata Reports Strong Operational Start to FY2024 with 1Q24 Performance of Double-digit Growth in Revenue, EBITDA and EBIT

The Group accelerates execution of its portfolio strategy focused on five vectors of value creation

- Revenue of RM5.7 billion reflecting 13.3% growth compared to same quarter last year.
- EBITDA and EBIT growth of 25.4% and 49.9% respectively, while reported PATAMI dropped to RM33.6 million due to forex losses and higher net finance cost.
- On constant currency basis, underlying PATAMI grew by more than 100% to RM141.7 million as a flow through of strong EBITDA and EBIT.
- Net Debt/EBITDA improved to 3.01x and adjusted operating free cashflow strengthened to RM396.9 million, largely supported by EBITDA growth.

Key Highlights for 1Q24¹:

- **An encouraging start to FY2024 with double-digit growth in reported revenue, EBITDA and EBIT.** Double-digit revenue growth by 13.3% was contributed by strong performance from all OpCos except Link Net. Double-digit EBITDA and EBIT growth of 25.4% and 49.9% respectively was largely contributed by XL and Robi, from data revenue growth and cost optimisation; and EDOTCO due to higher co-location and lower manpower cost. Reported PATAMI lower at RM33.6 million due to forex losses and higher net finance cost.
- **Strong underlying 1Q24 performance² with underlying PATAMI³ growth of 4x YoY.** On constant currency basis, revenue growth of 6.6% was contributed by all OpCos, except Link Net and Dialog. EBIT growth of 41.3% contributed largely by XL and Robi from data revenue growth and cost optimisation and EDOTCO due to higher co-location and lower manpower cost. Underlying PATAMI soared by more than 100% to RM141.7 million corresponding to EBITDA and EBIT growth.
- **Improved Net Debt/ EBITDA.** Net Debt/EBITDA improved to 3.01x from 3.36x in the previous quarter largely supported by EBITDA growth and strong adjusted operating free cashflow of RM396.9 million. The Group's cash balance stands at RM4.4 billion.
- **XL doubles profits from ARPU improvements.** YoY revenue jumped 11.8% supported by rational pricing environment with ARPU uplift setting an all-time high of IDR44,000 (10.0% YoY) and improved contribution from data and digital services. Coupled with lower direct cost and sales and marketing costs, EBIT grew by 65.2% and PATAMI by more than 100%, respectively.

¹Discussion of 1Q24 performance is based on Continuing Operations for the Group

²Underlying performance is based on % growth at constant currency

³Underlying PATAMI mainly excludes forex related (forex/derivative gains/losses, hedging cost), XL gain on disposal of towers, impairment of material asset/goodwill/material asset write off and PPA amortisation

- **Robi's data revenue growth and cost optimisation support PATAMI growth.** YoY revenue grew by 7.2% driven by strong subscriber growth of 4.5% and ARPU expansion to BDT140 (from BDT138). Cost optimisation measures contributed to double digit growth at EBITDA and EBIT while PATAMI grew by more than 100% to BDT1.1 billion, supported by lower forex losses.
- **Dialog expands EBITDA margin by 5.4ppts.** YoY revenue dropped by 13.8% due to lower contribution from hubbing as Dialog pivots away from the low margin business. PATAMI contracted by 68.1% due to lower forex gain of LKR3.7 billion compared to last year and higher interest cost.
- **Smart's data growth underpins profit uplift.** YoY revenue rose by 10.7%, supported by strong data growth. EBITDA grew at a modest 4.7% due to higher regulatory and network cost while EBIT was impacted by higher D&A. PATAMI grew by 14.9% supported by higher interest income.
- **Link Net's stable customer base and cost optimisation drives improvement in performance.** YoY revenue fell by 6.7%, impacted by lower enterprise revenue. Positively, EBITDA improved by 3.4% YoY, attributed to lower direct costs, manpower, marketing and bad debt. As Link Net transitions to FibreCo, home passed rollout for XL lifts D&A and net finance cost and thus PATAMI fell by 86.3%.
- **EDOTCO uplifted by improved contribution from Bangladesh, Cambodia and Philippines.** YoY revenue grew by 7.2%, mainly driven by higher contribution from Bangladesh, Cambodia and Philippines on the improved co-location and Build-to-Suit (B2S) towers. EBITDA and EBIT grew 13.4% and 13.7% respectively on the back of lower manpower and site-related costs. PATAMI improved by 21.8% due to a one-off adjustment and lower forex loss.
- **Boost continues growing its fintech ecosystem.** YoY revenue grew by 8.9% supported by growth in Boost Credit and Boost Connect. EBIT and PATAMI losses narrowed YoY on the back of lower marketing and staff costs. The ecosystem continues to grow, as Boost Life users grew by 5.7% YoY to cross 11.1 million and Malaysian merchant touchpoints increased by 7.1% YoY to 649,000. Boost is gearing up for its public launch of Boost Bank in June.
- **ADA marks a positive start in 2024.** YoY revenue grew by 58.7%, largely supported by growth in e-commerce, customer engagement, data & AI. This translated into EBIT and PATAMI growth exceeding 100%.
- **The Group's performance in 1Q24 in line with FY2024 Headline.** While the operational performance in 1Q24 is encouraging, the Group recognizes that the challenging macro environment persists in frontier markets. On balance, the Group expects revenue and EBIT growth to be broadly in line with headline KPIs.

KUALA LUMPUR, 29 MAY 2024 – Axiata Group Berhad (“Axiata” or “the Group”) began FY2024 with a positive start, posting Year-on-Year (“YoY”) revenue, Earnings Before Interest, Tax, Depreciation and Amortisation (“EBITDA”) and Earnings Before Interest and Tax (“EBIT”) double-digit growth of 13.3%, 25.4% and 49.9% respectively on a reported basis for 1Q24. Strong revenue growth was mainly driven by excellent performance across all Operating Companies (“OpCos”) except for Link Net. Double-digit EBITDA and EBIT growth was largely contributed by XL and Robi due to data revenue growth and cost optimisation and higher co-

location and lower manpower cost at EDOTCO. Profit After Tax And Minority Interest (“PATAMI”) dipped to RM33.6 million due to forex losses and higher net finance cost.

Underlying performance showed a resilient topline with revenue growth of 6.6% on a constant currency basis contributed by all OpCos except for Link Net and Dialog. Underlying PATAMI soared by more than 100% to RM141.7 million as EBIT growth outpaced the increase in net finance cost.

The Group’s Net Debt/EBITDA improved to 3.01x from 3.36x in the previous quarter, largely supported by double digit EBITDA growth and strong adjusted operating free cashflow of RM396.9 million.

Axiata’s positive profit trajectory is underpinned by continuous market repair and cost optimisation, in line with Axiata’s strategic direction, guided by five vectors of value creation – synergies delivery of CelcomDigi, structural transformation in Indonesia, building business resilience in frontier markets, creating sustainable value through infrastructure, and illuminating the value of its digital businesses. This strategic framework prioritises sustainable growth while enhancing shareholder value, positioning Axiata as a Sustainable Dividend Company.

While the operational performance in 1Q24 is encouraging, the Group recognises that a challenging macro environment persists in frontier markets. On balance, the Group expects revenue and EBIT growth to be broadly in line with headline KPIs.

Digital Telcos⁴

XL’s⁵ revenue YoY was driven by increased contribution from Data and Digital Services Blended ARPU increased to an all-time high of IDR44,000 on the back of positive momentum from a rationale pricing environment. Meanwhile, cost rationalisation measures to lower direct cost and sales and marketing cost have resulted in EBITDA and EBIT margins expansion of 5.3ppts and 5.4ppts respectively.

Robi’s⁶ YoY revenue increased by 7.2%, supported by data growth of 25.7% on the back of 4.5% in subscriber growth YoY, and ARPU improvement to BDT140 (from BDT138). EBIT grew, supported by margin expansion of 2.8ppts on the back of cost optimisation measures. PATAMI growth of more than 100% was supported by increase in EBIT contribution and lower forex losses.

Dialog’s⁷ YoY revenue declined by 13.8%, largely due to lower contribution from hubbing as Dialog pivots away from this low-margin business. EBITDA margin grew 5.4ppts as a result. EBIT was impacted by higher depreciation and amortisation (“D&A”), dropping by 3.9% YoY. PATAMI declined 68.1% due to lower forex gain.

⁴ Growth numbers for OpCos are based on results in local currency in respective operating markets

⁵ PT XL Axiata Tbk

⁶ Robi Axiata Limited

⁷ Dialog Axiata PLC

Smart's⁸ YoY revenue grew by 10.7% attributed to data growth of 14.6% from its prepaid business. EBITDA growth moderated versus its topline due to higher regulatory cost and network cost, Meanwhile, EBIT was impacted by higher D&A. Higher net finance income contributed to the PATAMI growth of 14.9%.

Infrastructure

Link Net's⁹ YoY revenue declined by 6.7% impacted by lower enterprise contribution. This was cushioned by an ARPU increase to IDR364,000. EBITDA improved by 3.4% contributed by cost savings from lower device cost, marketing, manpower and bad debts; however, EBIT was impacted by the higher D&A from homes passed rollout and Hybrid Fiber Coaxial cable migration. PATAMI declined from lower EBIT and higher net finance cost.

EDOTCO's¹⁰ YoY revenue grew by 7.2% mainly driven by higher contribution from Bangladesh, Cambodia and Philippines on the improved co-location and build-to-suit (BTS) towers. EBITDA and EBIT growth of 13.4% and 13.7% respectively was supported by lower manpower and site-related costs. PATAMI improvement was mainly due to a one-off adjustment and lower forex losses.

Digital Businesses

Boost's¹¹ YoY revenue growth of 8.9% was supported by improved contribution from Boost Credit and Boost Connect. EBIT grew by 13.2% on the back of lower marketing and staff cost. Meanwhile, narrowing PATAMI losses flowed through from EBIT growth.

ADA's¹² YoY growth of 58.7% was largely supported by growth in e-commerce, customer engagement, Data & AI. EBITDA and EBIT growth, both at more than 100%, was supported by topline as operating cost remained relatively stable YoY. PATAMI flowed through from higher EBIT, higher net interest income and forex gains.

Commentaries

Tan Sri Shahril Ridza Ridzuan, Chairman of Axiata said, "The Group's strong operational start to the new financial year highlights our commitment to creating value from our portfolio of businesses. Axiata is refining its governance model and portfolio mindset while focusing resources on assets that have a greater potential of creating future value. With sustained operational excellence, solid business fundamentals, and a focus on key growth drivers, Axiata is well-positioned to expand its impact in the ASEAN and South Asian region, achieving its ambition of becoming the Next Generation Digital Champion."

⁸ Smart Axiata Company Limited

⁹ PT Link Net Tbk

¹⁰ EDOTCO Group Sdn Bhd

¹¹ Boost refers to Boost Holdings Sdn Bhd and its subsidiaries

¹² ADA refers to Axiata Digital & Analytics (ADA) and its subsidiaries

Vivek Sood, Group Chief Executive Officer and Managing Director of Axiata said, “Axiata delivered strong first-quarter results. We met our revenue targets and achieved significant improvements in underlying operating profit, thanks to our operational excellence program and an improved business mix.

In recent months, we have demonstrated our commitment to our strategic focus and capital allocation priorities, with the upcoming merger in Sri Lanka between Dialog Axiata and Bharti Airtel as part of our move to strengthen our business resilience in frontier markets. Meanwhile, we are executing on strategic and structural shift in Indonesia to transform Link Net into a FibreCo and XL into a converged ServeCo, along with exploring a proposed merger of XL and Smartfren.

I am confident that our focus on value creation and operational discipline will enable us to capitalise on the significant market opportunities in the ASEAN and South Asian regions, as well as in emerging technologies, to deliver value to our shareholders.

While we remain cautious about the macroeconomic outlook, we are committed to consistently executing our portfolio strategy. We will continue to maintain a long-term view on our business strategies, and on striking a balance between accelerating growth and enhancing profitability.”

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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, and 'Smart' in Cambodia 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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