

MEDIA RELEASE

Sustained Growth Momentum In 1H22

- **Pickup of revenue across markets from easing of COVID-19 restrictions. Good operational performance from OpCos in 1H22**
- **Actual profits impacted by forex translation losses especially in Sri Lanka, and macro headwinds**
- **Likely to exceed Headline KPIs for full year**

Highlights for 1H22¹:

- **Reported YTD22 PATAMI impacted by unrealised forex losses:** Revenue and EBITDA grew 5.8% and 7.4% respectively driven by good operational performance from most OpCos. PATAMI dropped to a loss of RM149 million impacted by unrealised forex translation losses and one-off taxes
- **Underlying YTD22 results driven by improved EBITDA from all OpCos, except Dialog and Ncell:** Improved EBITDA from all OpCos except Dialog and Ncell, resulted in underlying PATAMI² improving by 37.5%, whilst revenue ex-device and EBITDA increased by 7.9% and 8.1% respectively³
- **Sustained momentum in repositioning for future growth:** M&A transactions to realise the Axiata 5.0 Vision progressing towards completion including edotco's Philippines tower acquisition, Celcom-Digi merger and XL rights issue. Link Net acquisition completed on 22 June 22.
- **Balance sheet stretched but manageable:** Balance sheet at 3.03x gross debt/EBITDA on completion of acquisition of Link Net in Indonesia and towers in Philippines. With consolidation of profits in the second half of 2022, we should see the leverage easing. Maintained strong cash balance at RM6.6 billion
- **Deferment of interim dividend:** The declaration of an interim dividend has been deferred, in light of macroeconomic headwinds, particularly in frontier markets which the Group operates in. In addition to Sri Lanka, there is now some USD liquidity pressures in Bangladesh
- **Celcom's strong performance driven by prepaid and lower opex:** on year-on-year basis, YTD revenue ex-device up by 4.2%, EBITDA rose 13.0% whilst EBIT and PATAMI grew >100%

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

² Underlying PATAMI excludes forex related (forex/derivative gains/losses, hedging cost) and others

³ Underlying performance – at constant currency

- **Good performance amidst improved pricing environment for XL:** YTD revenue ex-device, EBITDA and EBIT improved by 8.5%, 3.8% and 4.4%, however PATAMI narrowed by 14.1% due to lower one-off gains and higher interest costs
- **Dialog’s resilient topline negated by forex losses:** YTD revenue ex-device increased by 20.3% driven by higher contributions across all segments. EBITDA slipped 1.4% due to devaluation of LKR and higher inflation impact, while EBIT dropped 25.3% further impacted by higher D&A in line with increased capex. PATAMI dropped to a loss position of LKR 28.3billion significantly impacted by forex losses, mostly unrealised. Excluding forex losses, PATAMI would have been LKR6.0 billion
- **Boost posted revenue growth and positive key metrics:** YTD revenue increased 11.9%, EBIT declined 2.1% and net loss widened by 2.2%
- **ADA maintained revenue expansion:** YTD revenue grew by 14.9% whilst EBITDA and PATAMI dropped by 4.8% and 17.6% respectively, mainly from continued expansion and addition of new services
- **edotco’s revenue benefitted from organic and inorganic contribution:** YTD revenue rose by 23.7%. EBIT grew 37.4% while PATAMI dipped 7.8%

KUALA LUMPUR, 26 AUGUST 2022 – Axiata Group Berhad (“Axiata” or “the Group”) recorded strong operational performance for the first half of the year ended 30 June 2022 (“1H22”) reflecting the solid fundamentals of its Operating Companies (“OpCos”) against a backdrop of inflationary pressures, higher interest rates, and forex losses stemming from the strengthening US Dollar. On track to exceed Headline KPIs for 2022, the Group has also embarked on proactive measures to withstand immediate challenges from macroeconomic risks by recalibrating its operations for enhanced resilience and sustainable long-term growth.

On a reported basis, the Group’s Year-to-Date (“YTD”) revenue and Earnings Before Interest, Tax, Depreciation and Amortisation (“EBITDA”) increased by 5.8% and 7.4% respectively, mainly contributed by all OpCos except Dialog⁴ and Ncell⁵. Profit After Tax and Minority Interest (“PATAMI”) slipped into a loss of RM149 million largely due to unrealised forex losses from Dialog and Axiata due to the strengthening US Dollar, higher taxes in the form of the one-off Cukai Makmur in Malaysian entities and surcharge tax in Dialog and net finance cost.

On an underlying basis, revenue excluding device (“ex-device”) grew by 7.9%, whilst EBITDA grew 8.1% correspondingly, offset by higher taxes and net finance cost. EBITDA margin improved to 44.9% while EBIT expanded by 34.0%, trickling down to Underlying PATAMI which steadily grew by 37.5%. The higher EBITDA contribution by all OpCos except Dialog and Ncell was also buoyed by the absence of accelerated depreciation of 3G assets in 2022, offsetting higher taxes and net finance cost.

Within the quarter, Axiata achieved cost excellence through capital expenditure (“Capex”) and operational expenditure (“Opex”) savings of RM388 million and RM257 million, totaling RM645

⁴ Dialog Axiata PLC

⁵ Ncell Axiata Limited

million in savings. The Group's balance sheet reflected its growth-fueled activities, with a Gross debt/EBIDTA of 3.03x, net debt/EBITDA of 2.48x and cash balance of RM6.6 billion. Capital structure was prudently managed despite challenging macroeconomic climate with 48% loans in local currency, while 43% of loans are on fixed rates, and 62% with more than two years maturity. Against a backdrop of the strengthening greenback, 40% of USD loans are hedged with a natural hedge of 43%.

Digital Telcos

Celcom maintained its year-on-year growth momentum with revenue ex-device up by 4.2% YTD driven by prepaid revenue and positive contribution from new acquisitions in Celcom's B2B business unit. EBITDA grew by 13.0% on the back of lower opex and debt recovery. EBIT and PATAMI improved >100% with PATAMI rising to RM542 million flowing through from higher EBIT, offset by higher taxes from Cukai Makmur.

XL's⁶ revenue ex-device increased by 8.5% benefitting from reopening during Lebaran and positive momentum from price improvements. EBITDA lagged revenue growth due to higher opex to drive revenue, and consequently EBIT margin slid to 11.6% compounded by higher D&A. PATAMI dropped by 14.1% on account of lower one-off gains and higher net finance cost.

Robi's⁷ revenue ex-device rose by 3.2% in tandem with higher data subscribers and usage. EBITDA and EBIT outpaced topline at 9.1% and 12.1% respectively. However, PATAMI dropped by 65.8% as a result of forex losses on USD-denominated loans and higher net finance cost.

Against a challenging socioeconomic climate, **Dialog's** resilient topline was negated by forex losses due to depreciation of the Sri Lankan Rupee against the dollar. Revenue ex-device increased by 20.3% YTD attributed to higher contributions across all segments. PATAMI dropped to a loss of LKR28.3 billion significantly impacted by forex losses, without which, PATAMI would have been LKR6.0 billion.

Ncell's revenue ex-device slipped by 4.4% driven by lower core posting of 1.9% and due to lower domestic interconnect rate whereby voice had dropped 11.3% while data moderated the downturn with a growth of 17.6%. The resulting EBIT and PATAMI had declined by 18.8% and 24.1% respectively.

Smart⁸ continued its upward momentum as revenue ex-device rose by 6.5% YTD on the back of strong data growth of 11.7% from increased data subscribers and usage. EBITDA increased by 5.3% which was moderated by higher direct cost. In the meantime, PATAMI increased by 14.2% in view of one-off investment impairment of financial services in the past financial year.

⁶ PT XL Axiata Tbk

⁷ Robi Axiata Limited

⁸ Smart Axiata Company Limited

Digital Businesses

Boost's⁹ revenue increased by 11.9% YTD mainly attributed to Boost Credit. EBIT and PATAMI narrowed by 2.1% and 2.2% respectively. Despite this, operational metrics continued to be strong, as YTD GTV grew by 26.8% to RM2.9 billion, while Boost Life users grew by 10.5% year-on-year and Malaysian merchant touchpoints grew by 43.1% to 505,000.

ADA¹⁰ sustained its revenue expansion with a 14.9% growth YTD, primarily driven by Customer Engagement, and eCommerce solutions which was bolstered by the acquisitions of Awake Asia in 2021 and SingPost's eCommerce unit in May 2022. EBITDA and PATAMI slid by 4.8% and 17.6% respectively due to higher opex and taxes.

Infrastructure

edotco's¹¹ revenue rose by 23.7% YTD benefitting from the inorganic acquisition of Touch Mindscape in Malaysia and organic contribution, particularly in Bangladesh. Inorganic growth along with organic B2S rollout and colocation were similarly reflected in YTD EBITDA growth of 32.5% and YTD EBIT growth of 37.4%. PATAMI slid marginally by 7.8%, mainly caused by unrealised forex translation loss, higher net finance cost and tax expense from Cukai Makmur. If excluding forex impact, PATAMI increased by 35.6% YTD.

Commentaries

Tan Sri Shahril Ridza Ridzuan, Chairman of Axiata said, "For the first half of 2022, the Board is encouraged by the continued discipline and perseverance of the operating companies in executing the Group's plans. I am pleased to report that Axiata's future-proofing efforts are on track, including the Celcom-Digi merger, completion of Link Net acquisition and expansion of edotco's tower portfolio. The Board has also been working closely with the leadership team to navigate the current environment to anchor the Group's businesses against macroeconomic uncertainties and industry developments."

"On 5G in Malaysia, we are closer to having a common alignment between the various stakeholders in the spirit of developing a sustainable ecosystem. Axiata looks forward to finalising access and commercial details with Digital Nasional Berhad so consumers and enterprises will benefit from next generation solutions as the nation accelerates digitally."

"Axiata's ESG commitments recorded further traction with the formalisation of its Board Sustainability Committee in April 2022 to strengthen and oversee ESG matters within the Group. Axiata's Diversity, Equity and Inclusion (DEI) Framework covering four areas of Gender, Abilities, Generations and Ethnicities, was also launched during the quarter," Tan Sri Shahril added.

⁹ Boost Holdings Sdn Bhd

¹⁰ Axiata Digital & Analytics Sdn Bhd

¹¹ edotco Group Sdn Bhd

Vivek Sood, Joint Acting CEO of Axiata said, “With COVID-19 impacts clearly behind us, a majority of our operating companies have delivered solid operational results in the first half of 2022, mostly outperforming in their markets. With the improved operational performance, we are likely to exceed the headline KPIs for the year both in terms of revenue excluding device as well as EBIT growth.”

“Forex impact and macro headwinds especially in Sri Lanka, Bangladesh and Nepal had adversely impacted Group earnings. To stem the tide, our immediate focus will be directed towards integrating new acquisitions, managing USD liquidity and inflation especially in frontier markets and easing out the balance sheet stretch.”

Dr Hans Wijayasuriya, Joint Acting CEO of Axiata added, “In the medium-term, we are cognisant of risks such as increased energy costs, global chip supply shortages and higher interest rates. We are also keeping a close watch on the impact of M&A transactions specifically the timing of completion, impact to gross debt/EBITDA and delivery of synergies.”

“Moving forward, we are confident of the learnings that can be applied Groupwide from Project Resilience - a Collective Brain initiative being piloted to steady Dialog against intense headwinds and macroeconomic pressures. In recalibrating for growth, the aim is to improve the business topline, optimise and rescale costs, whilst aggressively adopting technology and analytics to protect product, network and the service experience. Ultimately, we want to enhance resilience and drive long-term value creation Groupwide to benefit the customers and communities we serve as a regional digital champion,” Dr Hans concluded.

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About Axiata

In pursuit of its vision to be The Next Generation Digital Champion by 2024, 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 'Celcom' in Malaysia, 'XL' and 'Link Net' in Indonesia, 'Dialog' in Sri Lanka, 'Robi' in Bangladesh, 'Smart' in Cambodia and 'Ncell' in Nepal. Axiata's regional digital business verticals comprise “Boost” a fintech play, 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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