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Axiata reports double-digit growth in EBITDA and EBIT for 1H24

The Group declares interim dividend of 5 sen per share

- Revenue of RM11.4 billion reflecting 7.8% growth compared to the first half of last year.
- EBITDA and EBIT growth of 18.7% and 42.9% respectively, while reported PATAMI grew by more than 100% to RM138.0 million.
- On constant currency basis, underlying PATAMI grew by 4x to RM323.7 million, reflective of strong underlying results from most OpCos.
- Net Debt/EBITDA improved to 2.88x and operating free cashflow after lease payments strengthened to RM677.4 million, largely supported by strong EBITDA growth and steady capex. Cash balance at Group stood at RM5.2 billion.
- Axiata declares first interim dividend of 5 sen per ordinary share

Key Highlights for 1H24¹:

- **Solid performance in the first half of 2024 with double-digit growth in 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 of 18.7% and 42.9% respectively were largely contributed by XL, Smart, Robi and EDOTCO.
- **Profit after taxation and minority interest more than doubled.** PATAMI recorded a growth of more than 100% flowing through from strong operational performance of OpCos, higher share of results of associates and lower forex losses, moderated by higher net finance cost and taxation.
- **Strong underlying PATAMI growth of 4x YoY.** On constant currency basis, YTD revenue growth of 5.2% was contributed by all OpCos, except Link Net and Dialog. EBIT growth of 40.0% was largely supported by XL, Smart, Robi and EDOTCO. Underlying PATAMI grew by more than 100% as EBIT growth and higher share of associates outpaced increase in net finance cost.
- **Balance sheet strengthens.** Net Debt/EBITDA improved to 2.88x from 3.01x in the previous quarter, largely supported by EBITDA growth. The Group's cash balance stands at RM5.2 billion and operating free cashflow after lease payments at RM677.4 million.
- **XL's** YTD revenue grew by 8.1% with ARPU improving to IDR44,000. EBIT grew by 33.6% and PATAMI jumped by 57.5%.
- **Robi's** YTD revenue improved by 4.8%, driven by data growth of 18.8% and subscriber growth of 5.6%. PATAMI increased by more than 100% on the back of EBIT growth, cost optimisation measures and lower forex losses.
- **Dialog's** YTD revenue dropped by 12.7% due to lower contribution from hubbing as Dialog pivots away from this low margin business. Excluding hubbing, revenue remains

¹Discussion of 1H24 performance is based on Continuing Operations for the Group

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stable. EBITDA margin grew 4.1ppts as a result. PATAMI contracted by 89.9% due to a lower forex gain compared to last year and higher taxation.

- **Smart delivered a strong performance**, with YTD revenue growing by 10.8% supported by a 2.7% growth in subscribers and a 4.9% rise in ARPU. EBIT grew by 34.3% and PATAMI by 35.3%, supported by lower direct costs.
- **Link Net's** YTD revenue declined by 6.7% from lower enterprise contributions due to the reduction of one-off projects, mitigated by approximately 750,000 stable residential subscribers. EBITDA declined, cushioned by lower manpower, marketing and lower bad debt.
- **EDOTCO's** YTD revenue grew by 13.3%, mainly driven by increased co-location and higher contributions from Malaysia, Bangladesh, Cambodia and the Philippines, which led to the corresponding growth in EBITDA. Accordingly, EBIT grew by 26.8%. PATAMI improved by 80%.
- **Boost's** YTD revenue grew by 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 costs. Startup spending for launch of Boost Bank impacted profitability.
- **ADA's** YTD revenue rose 34.7%, largely supported by growth in Customer Engagement, eCommerce and Data and AI services as the business builds scale in the Data and AI vertical. EBIT grew by over 100% as revenue growth outpaced cost increase. This flowed through to PATAMI which rose by over 100%.
- **Group EBIT to exceed headline KPIs. Revenue growth in line with targets.** The operational performance in 1H24 is encouraging despite a challenging macroeconomic environment, especially in Bangladesh. On balance, the Group expects revenue growth to be in line with targets and EBIT growth to be ahead of headline KPIs on the back of the strong operational performance in 1H24.

KUALA LUMPUR, 28 AUG 2024 – Axiata Group Berhad (“Axiata” or “the Group”) turned in solid Year-To-Date (“YTD”) revenue growth of 7.8% and double-digit growth for reported Earnings Before Interest, Tax, Depreciation and Amortisation (“EBITDA”) and Earnings Before Interest and Tax (“EBIT”) of 18.7% and 42.9% respectively. This performance reflects the effective implementation of Axiata’s value creation strategy.

Revenue growth was mostly contributed by strong performance from all Operating Companies (“OpCos”) except Link Net and Dialog. Meanwhile, double-digit EBITDA and EBIT growth were largely contributed by XL, Smart, Robi and EDOTCO. Profit After Tax And Minority Interests (“PATAMI”) increased by over 100%, flowing through from EBIT, higher share of results of associates and lower forex losses, moderated by higher net finance cost and taxation.

The Group’s underlying performance on constant currency basis includes a 5.2% revenue growth contributed by all OpCos except Link Net and Dialog. EBIT jumped by 40.0%, supported largely by XL, Smart and Robi from market repair and cost optimisation and growth in EDOTCO’s key markets. Underlying PATAMI surged over 100% as EBIT growth and higher share of associates outpaced the increase in net finance cost at XL, EDOTCO and Robi.

Operating free cashflow after lease payments grew more than 100% to RM677.4 million, 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.

The Group's Net Debt/EBITDA improved to 2.88x from 3.01x in the previous quarter, largely supported by EBITDA growth. Borrowings remained stable at RM25.8 billion. Cash balance increased to RM5.2 billion quarter on quarter, largely due to proceeds of USD55 million from the sale of a stake in ADA to Mitsui.

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

In line with the solid performance, the Group has declared a first interim dividend of 5 sen per ordinary share which is seen as a commitment to shareholders to reach its 10 sen per share dividend target for 2024.

Digital Telcos²

XL³ sustains momentum post Lebaran. YTD revenue grew by 8.1% supported by a rationale pricing environment with Average Revenue Per User ("ARPU") still stable at an all-time high of IDR44,000 and improved contribution from data and digital services. Coupled with savings in infrastructure and sales and marketing, EBIT grew by 33.6% and PATAMI by 57.5%.

Robi's⁴ data and subscriber trends remain positive. YTD revenue improved by 4.8%, driven by data growth of 18.8% on the back of subscriber growth of 5.6%. Cost optimisation measures contributed to double-digit growth in EBITDA, while stable depreciation & amortisation ("D&A") aided EBIT performance. PATAMI grew more than 100% to BDT2.1 billion, supported by improved EBIT and lower forex losses.

Dialog⁵ experiences margin expansion from lower hubbing contribution. YTD revenue contracted by 12.7% due to lower contribution from hubbing revenue as Dialog pivots away from this low-margin business. EBITDA margin grew 4.1ppts, benefiting from the reduction in hubbing contribution. PATAMI declined by 89.9% due to a lower forex gain of LKR3.0 billion compared to LKR12.3 billion in YTD23 and higher taxation.

Smart's⁶ strong cashflow generation underpinned by subscribers and ARPU growth. YTD revenue grew by 10.8%, supported by a 2.7% growth in subscribers and 4.9% rise in ARPU. EBIT grew by 34.3% and PATAMI by 35.3%, supported by lower direct costs which offset the increase in D&A and taxation.

² Growth numbers for OpCos are based on results in local currency in respective operating markets

³ PT XL Axiata Tbk

⁴ Robi Axiata Limited

⁵ Dialog Axiata PLC

⁶ Smart Axiata Company Limited

Infrastructure

Link Net⁷ sustains subscribers while continuing cost optimisation. YTD revenue declined by 6.7% from lower enterprise contribution due to a reduction in one-off projects, mitigated by approximately 750,000 stable residential subscribers. EBITDA decline was cushioned by lower manpower, marketing and lower bad debt. As Link Net transitions to a FibreCo, the rollout of home passed for XL is lifting D&A and net finance cost, resulting in PATAMI declining by more than 100%.

EDOTCO⁸ uplifted by improved contribution from key markets. YTD revenue grew by 13.3%, mainly driven by higher contributions from Malaysia, Bangladesh, Cambodia and the Philippines, which led to the corresponding growth in EBITDA. Accordingly, EBIT grew by 26.8%. PATAMI improved by 80% supported by lower forex losses.

Digital Businesses

Boost⁹ delivers an embedded banking experience. YTD revenue growth of 7.1% is 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 4.2% YoY to 11.2 million, and Malaysian merchants grew by 8.1% to 656,000. The early adoption of deposits and customer acquisition following Boost Bank's launch in June 2024 has been particularly encouraging, signalling strong future potential.

ADA¹⁰ growth driven by Customer Engagement, eCommerce and Data and AI services. YTD revenue rose 34.7%, largely supported by growth in the Customer Engagement segment and contribution from eCommerce and Data and AI services. EBIT jumped by over 100% as revenue growth outpaced cost increase. This flowed through to PATAMI which grew by over 100%, which was further boosted by higher net interest income and forex gain.

Commentaries

Tan Sri Shahril Ridza Ridzuan, Chairman of Axiata said, "As Axiata continues its value creation journey and strategically reallocates capital, it is delivering strong operational performance with growth in revenue and improved margins in the first half of 2024. In recognition of this performance, the Board is pleased to declare a first interim dividend of 5 sen per ordinary share, reinforcing our commitment to delivering value to our shareholders and stakeholders."

"As the Group refines its governance model and portfolio strategy, we continue to focus on capital allocation towards assets that hold future potential. The Board remains steadfast in its support for the Axiata value creation strategy, which is pivotal to Axiata's aspiration to be a Sustainable Dividend Company."

⁷ PT Link Net Tbk

⁸ EDOTCO Group Sdn Bhd

⁹ Boost refers to Boost Holdings Sdn Bhd and its subsidiaries

¹⁰ ADA refers to Axiata Digital & Analytics (ADA) and its subsidiaries

Vivek Sood, Group Chief Executive Officer and Managing Director of Axiata said, “Axiata continued to deliver on its strategic priorities in the first half of 2024, demonstrating the Group's resilience and operational strength as reflected in strong underlying performance in 1H24.”

“Despite the sociopolitical and macroeconomic volatilities, we have remained focused on driving growth and improving margins. We have completed the Dialog-Airtel merger in Sri Lanka and initiated a proposed merger discussion between XL Axiata and Smartfren in Indonesia. These moves are in line with our strategy of market consolidation towards three major telco operators in each of our markets, where Axiata's operations either lead or are substantially scaled. This provides the most sustainable model for long-term returns. Meanwhile, our focus on delayering is underway, with the process of establishing a FibreCo in Indonesia. Additionally, the launch of Boost Bank further strengthens our fintech proposition in Malaysia.”

“Though we acknowledge headwinds with recent increased competition in Indonesia and uncertainty due to recent developments in Bangladesh, the Group anticipates revenue growth to meet our full-year targets, while EBIT growth is expected to be ahead of headline KPIs. Moving forward, we remain focused on accelerating growth while executing Axiata's value creation strategy.”

- Ends -

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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