MEDIA RELEASE

Steady Performance Amid Challenging Conditions & Well-Positioned for the Future

- Despite challenging macroeconomic conditions and prolonged lockdowns in the region, OpCos delivered steady performance on the back of operational excellence, and higher data consumption leading to growth in data revenue
- Reported revenue YoY rose to RM6.5 billion (+7.1%) with strong EBITDA margin of 43.7%, whilst PAT and PATAMI remained flat due to forex and one-offs. PATAMI margin remained low at 5.3% during the quarter
- Consistent improvement in reported QoQ results, increased revenue (+2.4%), EBITDA (+1.7%) and PATAMI (+25.9%)
- Strong balance sheet maintained with Gross Debt/EBITDA at 2.49x and cash balance of RM7.3 billion. Group is well funded for consolidation and expansion opportunities, and to deliver on future plans
- Axiata is pledging RM115 million for the next 10 years (2022 – 2031) to Axiata Foundation in line with its continuous commitment to the Education Pillar; Axiata together with its Malaysia-based operating companies have committed to train 1000 fresh graduates over two years (2021-2022) under the Malaysian Government's Professional Training and Education for Growing Entrepreneurs (PROTÉGÉ) programme

Key highlights for 3Q21 – Underlying performance[1]:

Strong YTD underlying performance from all OpCos: Revenue ex-device and EBITDA grew 7.7% and 7.6% with EBITDA margin stable at 44.0%. Underlying PATAMI[2] surged to RM914 million (+73.8%) fuelled by improved EBITDA, lower net finance cost and taxation, partially offset by accelerated depreciation of 3G assets at Celcom and Robi.

Resilient Q3 performance at Celcom with an addition of approximately 1 million subscribers YoY: YTD revenue ex-device up 4.6% driven by strong prepaid performance;

[1] Financial results % growth at constant currency
[2] Underlying PATAMI excludes forex related (forex/derivative gains/losses, hedging cost) and others

excluding one-off impact of Employee Restructuring Programme in YTD20, EBITDA climbed 7.3% with better credit and inventory management, as well as cost optimisation efforts. YTD PATAMI up 6.9% impacted by accelerated depreciation but cushioned by lower net finance cost.

Post Lebaran momentum continued into 3Q21 for XL: YTD revenue ex-device and EBITDA remained flat whilst PATAMI was lower by 51.0% as YTD20 included a one-off gain on tower disposal. Excluding this however, PATAMI improved as a result of lower net finance cost and tax.

Robi backed by solid data revenue: YTD revenue ex-device increased 8.1% spurred by data revenue in tandem with higher data subscribers and consumption. EBITDA and PATAMI up 2.8% and 44.3%.

Dialog delivered consistent results amid macro headwinds in Sri Lanka: YTD revenue ex-device and EBITDA improved 19.5% and 19.1%. PATAMI soared by 45.1% thanks to higher contribution across all segments of mobile, fixed and TV.

Improved bottomline despite lower revenue ex-device at Ncell: YTD revenue ex-device dipped 1.1% dragged by lower international long-distance business during the pandemic period. However, EBITDA rose 3.7% and PATAMI jumped 70.5% flowing through from EBITDA coupled with lower D&A.

Smart maintains steady trajectory: YTD revenue ex-device expanded 10.7% (like-to-like basis excluding reclassification of dealers' discounts +5.0%), EBITDA grew 5.4%, whilst PATAMI moderated by 6.4% arising from impairment of financial services investment.

Narrowed losses at Axiata Digital: YTD revenue more than doubled to RM643 million. Net loss narrowed by 60.0% to RM97 million mainly attributed to lower marketing expense at Boost and higher profits at ADA.

edotco bolstered by key markets: YTD revenue increased 3.9% fuelled by Malaysia and Bangladesh markets and supported by increased orders from Cambodia and Pakistan; EBITDA rose 2.7% consequently nudging PATAMI upwards by 19.7% and further supported by unrealised forex gain.

Continued progress of the Axiata 5.0 Vision to future-proof the company: As part of ongoing portfolio optimisation efforts**,** Axiata Investments (Indonesia) Sdn Bhd disposed approximately 5% of its equity stake in PT XL Axiata Tbk to Indonesian investor Ferrymount Investments Limited for RM423.5 million; on track with Celcom-Digi merger, Axiata Digital and

RHB Banking Group's joint digital banking license application and PT XL Axiata and Axiata's joint stake acquisition of PT Link Net Tbk; and edotco remains focused on identifying new opportunities for expansion.

Likely to exceed FY21 Headline KPIs: Full year guidance for Headline KPIs revised upwards to mid single digit growth for revenue ex-device and EBITDA.

Downside risks: Risks include inflationary pressure on SIMs and delay in network equipment delivery from global supply chain disruption, Sri Lanka macroeconomic challenges, regulatory uncertainties, slower than expected recovery in Ncell, and introduction of new taxes by Governments to manage fiscal challenges.

KUALA LUMPUR, 26 NOVEMBER 2021 – Axiata Group Berhad (Axiata or the Group) delivered consistent uplifts in its operating performance for the third quarter ended 30 September 2021 (3Q21), sustaining momentum across its markets that continue to be challenged by lingering pandemic impacts on the economic and business environments.

In 3Q21, reported revenue increased to RM6.5 billion (+7.1%) and Earnings Before Interest, Tax and Depreciation and Amortisation (EBITDA) margin remained stable at 43.7% on a Year-On-Year (YoY) basis on the back of contributions from XL[3], Dialog[4], Robi[5], and Axiata Digital[6].

Profit After Tax (PAT) and Profit After Tax and Minority Interest (PATAMI) remained flat at RM463 million and RM350 million. However, underlying PATAMI improved to RM394 million (+7.3%)[1].

On a Year-To-Date (YTD) basis, reported revenue increased by 5.9% driven by all OpCos except Ncell. EBITDA growth of 5.5% was largely in line with revenue whilst PATAMI rose 13.2% flowing through from higher EBITDA and lower net finance cost and taxation, offset by the absence of one-off gains at XL and accelerated depreciation of 3G assets for Celcom and Robi. PATAMI margin was at 3.7%.

The Group also recorded continued improvements on a Quarter-on-Quarter (QoQ) basis as revenue and EBITDA grew by 2.4% and 1.7% respectively due to higher contribution across all OpCos (except edotco). PATAMI increased by 25.9% mainly flowing through from higher top lines.

[3] PT XL Axiata Tbk
[4] Dialog Axiata PLC
[5] Robi Axiata Limited
[6] Axiata Digital Services Sdn Bhd

In 3Q21, the Group achieved opex savings of RM378 million and RM815 million in capex YTD bringing total cost savings to RM1.2 billion. Operating Free Cash Flow (OFCF) declined 3.9% to RM2.3 billon largely due to XL's accelerated capex.

The Group's healthy balance sheet with Gross Debt/EBITDA at 2.49x and cash balance of RM7.3 billion continued to work favourably in positioning for new opportunities and growth ventures in the Home, Enterprise and digital business segments.

Digital Telcos[7]

Celcom maintained its growth momentum, with an addition of approximately 1 million subscribers YoY. Revenue ex-device YTD increased 4.6% driven by strong prepaid performance and sustaining postpaid momentum. Excluding one-off impact of Employee Restructuring Programme (ERP), EBITDA and PATAMI grew faster than top line from cost saving initiatives. EBITDA was up 7.3%[8] with better credit and inventory management, as well as cost optimisation efforts, while PATAMI increased 6.9% impacted by accelerated depreciation, cushioned by lower net finance cost. Free Cash Flow (FCF) expanded by 27.7% as a result of EBITDA improvement and lower capex.

XL's revenue ex-device and EBITDA YTD were flat amidst competitive pressures in 1Q21 and higher sales and marketing expense; PATAMI contracted by 51.0% due to recognition of gain on tower disposal in YTD 2020 (YTD20). Excluding this, PATAMI would have improved due to lower net finance cost and tax.

Driven by solid data revenue growth, **Robi's** revenue ex-device YTD grew by 8.1% spurred by data revenue in tandem with higher data subscribers and usage. FCF increased by 12.3% thanks to a 2.8% improvement in EBITDA and lower capex, while the PATAMI increase of 44.3% was largely attributed to better operational performance and lower net finance cost.

Delivering consistent performance despite macro headwinds in Sri Lanka, **Dialog** sustained its momentum YTD with double-digit growth in revenue ex-device (+19.5%), EBITDA (+19.1%) and PATAMI (+45.1%) as a consequence of higher contribution across all segments of mobile, fixed and TV. FCF dropped by 23.3% due to preponement of capex spend.

Ncell's[9] revenue ex-device YTD slipped marginally (-1.1%) affected by the drop in international long-distance business. However, EBITDA increased by 3.7% and PATAMI

[7] Growth numbers for OpCos are based on results in local currency in respective operating markets
[8] Excluding ERP
[9] Ncell Axiata Limited

soared 70.5% flowing through from EBITDA coupled with lower depreciation and amortisation (D&A).

Smart[10] kept steady, recording 10.7% growth in revenue ex-device (like-to-like basis excluding reclassification of dealers' discounts +5.0%) YTD, whilst EBITDA climbed 5.4%, driven by higher data revenue amid moderately stable market condition. Consequently, FCF grew by 1.9%, moderated by higher capex. YTD PATAMI dropped 6.4% mainly due to impairment of investment.

Digital businesses

Axiata Digital's revenue more than doubled to RM643 million YTD due to higher revenue at **ADA**[11] from improvement in its Customer Engagement business. Net loss narrowed by 60.0% to RM97 million on account of lower marketing expenses at Boost and higher profit at ADA.

Axiata Digital's fintech holding arm was rebranded as **Boost**[12] in July, leveraging its digital brand established in 2017. The relaunched Boost brand unifies all fintech businesses into four core brands to serve regional consumer and enterprise customer bases via Boost Life (eWallet business), Boost Biz (merchant business), Boost Credit (micro-financing and micro-insurance business) and Boost Connect (API-based payment facilitation business).

Boost Life users grew to approximately 9.4 million (+8.0%), while total merchants grew to approximately 370,000 (+1.3x) YoY. This quarter, Boost was recognised again as a leading digital payments platform and selected for the Go-eCommerce Onboarding campaign and the Shop Malaysia Online initiatives under the *Belanjawan* 2021 programme by the Ministry of Finance and Malaysia Digital Economy Corporation (MDEC).

Boost Credit approved 11,042 financing contracts amounting to RM221 million (+379.0%) YoY. Under micro-insurance, a total of 19,531 policies (+202.0%) were sold. This quarter, Boost Credit launched two new insurance protection solutions covering COVID-19 vaccination side effects (Co-Vax Protect) and a motor insurance plan for private cars (Car Protect).

Since the submission of Boost and RHB Banking Group's joint application for a digital banking license, there have been positive engagements with Bank Negara Malaysia, which is expected to announce up to five successful licensees by the end of the first quarter of 2022.

[10] Smart Axiata Company Limited
[11] Axiata Digital & Analytics Sdn Bhd
[12] Boost Holdings Sdn Bhd

Infrastructure

edotco[13] maintained its solid trajectory, recording 3.9% growth in YTD revenue and adding approximately 2,800 gross new towers, driven primarily by orders from Bangladesh market, and further supported by Malaysia, Cambodia and Pakistan markets. EBITDA increased 2.7% year on year, as a result of higher revenue plus the impact from its opex optimisation exercise and lower bad debt provisions, whilst PATAMI expanded by 19.7% resulting from improved EBITDA and further supported by unrealised forex gain.

Commentaries

Tan Sri Ghazzali Sheikh Abdul Khalid, Chairman of Axiata said, “The steady performance demonstrated by Axiata in the third quarter places the Group on a strong trajectory to keep serving the needs of customers and communities across the region as digital technologies increasingly influence individual and business choices.”

“As demand for data and digital solutions proliferate, the Board continues to challenge the business to respond to commercial and community needs with resilience, agility and empathy across all our markets. Equipped with a solid operating model to tackle business opportunities and challenges, we are also deeply committed to supporting recovery and growth across our markets as societies emerge from the devastation of the pandemic to find their footing in the new digital normal.”

“Thus, it gives me great pleasure to announce that Axiata has pledged RM115 million for the next 10 years to Axiata Foundation to further expand the Education Pillar, which is anchored by the Axiata Young Talent Programme in order to advance skills and knowledge required by Malaysian youths to thrive in the digital economy.”

“In addition to Education, Axiata Foundation will also expand its scope to two other Pillars. This will include Community Investments – aimed at community enrichment driven by technology and community empowerment through digital inclusivity, and the Environment – to implement solutions aligned with Axiata’s Net-Zero Carbon Roadmap and Climate Action fundamentals,” Tan Sri Ghazzali said.

Dato’ Izzaddin Idris, President & Group Chief Executive Officer of Axiata said, “The Group’s performance has been improving consistently each quarter. Overcoming challenging macroeconomic conditions, our operating companies have relentlessly demonstrated

[13] edotco Group Sdn Bhd

operational excellence to deliver steadily on the back of higher data consumption and growth in digitalisation across the region."

"For the next quarter, we're keeping a close watch on potential inflationary pressure on SIMs and delay in network equipment delivery due to the global supply chain disruption, macroeconomic and regulatory risks across several markets and slower than expected recovery in Ncell."

"On 5G rollout in Malaysia, we reiterate our support towards national digital aspirations that will benefit Malaysian consumers and businesses, and it is encouraging that discussions with the Government are moving in the right direction," Dato' Izzaddin said.

"Business-wise, we're optimistic about improved data monetisation for Digital Telcos, the sustained growth momentum of Axiata Digital's businesses as well as a pickup in site roll-outs for edotco with the easing of lockdown restrictions across markets."

"In line with the steady performance and potential upsides, 2021 revenue excluding device and EBITDA growth are projected to be ahead of Headline KPIs at mid single digit percentage growth for both," he concluded.

-Ends-

About Axiata
As one of the leading telecommunications groups in Asia in pursuit of its vision to be The Next Generation Digital Champion by 2024, Axiata has transformed itself from a holding entity with a portfolio of pure-play mobile assets into a Triple Core Strategy driven business focusing on Digital Telco, Digital Businesses and Infrastructure.

Within ASEAN and South Asia, the Group has controlling stakes in market-leading mobile and fixed operators in the region including 'Celcom' in Malaysia, 'XL' in Indonesia, 'Dialog' in Sri Lanka, 'Robi' in Bangladesh, 'Smart' in Cambodia and 'Ncell' in Nepal. Axiata is actively spearheading efforts to transform its mobile-centric operations into digital converged companies.

Axiata Digital, the digital services arm of Axiata is focused on two digital business verticals namely Digital Financial Services ('Boost', 'Aspirasi') and Digital Analytics & AI ('ADA').

'edotco', the Group's infrastructure company, operates in eight countries to deliver telecommunications infrastructure services, amassing approximately 41,705 owned and managed towers. Presently among the top 10 of independent tower companies globally, it aims to be one of the top regional telecommunications tower companies and is committed to responsible and sustainable business operations.

As a committed and long-term investor, and in line with its sustainability goals, the Group actively supports and drives young talent development; disaster response and recovery; as well as green initiatives. Axiata's broader goal of Advancing Asia aims to piece together the best in the region in terms of innovation, connectivity and talent.

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