

MEDIA RELEASE

Strong Operational Performance in 3Q22, Well-Positioned to Deliver on Headline KPIs

- Continued top line growth in Revenue and EBITDA, up 11.0% and 12.0% YoY respectively, whilst EBIT improved by 25.9%. PATAMI slipped to a loss of RM52.4 million mainly dragged by continued unrealised forex losses as USD continued to strengthen against local currencies
- Strong underlying¹ performance in 3Q22 with double digit growth across key indicators. Revenue ex-device and EBITDA both increased by 15.9% YoY, whilst EBIT jumped 27.1%. However, PATAMI dropped marginally by 4.8% due to higher depreciation and amortisation (“D&A”), finance costs and taxes
- Balance sheet improvement underway with temporary uplift in gross debt/EBITDA to 3.19x. Expected to be normalised with proceeds from soon to be completed M&A. Cash balance at RM7.7billion
- Revenue ex-device and EBIT growth expected to be ahead of Headline KPI
- On the back of strong operational performance, Axiata declares 5 sen interim dividend for Q3 2022.

Highlights for 3Q22²:

- **Strong underlying results¹ with double digit growth YTD in key indicators:** Revenue ex-device and EBITDA increased by 10.7% and 10.8% with EBITDA margin stable at 44.6%; EBIT and PATAMI expanded by 31.5% and 19.1%
- **Celcom’s solid performance continues:** YTD headline revenue expanded 3.1% while revenue ex-device improved by 3.9%. Continued efforts in cost management resulted in double digit EBITDA and PATAMI growth at 12.4% and 65.3% respectively.
- **XL benefitted from better pricing environment and improved quality of network:** YTD revenue ex-device, EBITDA and EBIT grew by 9.2%, 4.8% and 8.4% respectively, however PATAMI fell by 3.5% on the back of higher net finance costs and absence of one-off gains relative to last year
- **Robi’s strong EBITDA growth dampened by forex loss:** EBITDA and EBIT grew by 10.3% and 23.9% respectively. YTD PATAMI fell by 66% dragged by forex loss on USD loans (BDT 1.1 billion) and higher net finance cost. Excluding forex loss, PATAMI would have grown by +38%

¹ Underlying performance is at constant currency

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

- **Dialog’s Project Resilience spurred QoQ growth:** QoQ, revenue ex-device, EBIT and PATAMI expanded by 5.5%, 9.1% and more than 100% respectively reflecting Groupwide efforts to rationalise cost and localise business
- **Ncell’s shortfall in voice exacerbated by higher cost:** YTD revenue ex-device dipped 3.4% impacted by lower voice and International Long Distance cushioned by higher data (+12.2%). Consequently, EBIT dropped by 26.1%, while PATAMI dropped 17.8%
- **Smart’s PATAMI impacted by one-off regulatory fees:** YTD revenue ex-device grew by 9.4%. However, EBITDA declined by 1.8% and subsequently, PATAMI fell by 39.6% impacted by higher microwave regulatory fees
- **Link Net has 3 million homes passed at ~26% penetration rate:** YTD revenue ex-device declined by 1.6%. EBITDA declined by 12.2% from higher cost, while PATAMI correspondingly declined by 64.1%
- **Boost’s revenue boosted by its AI lending business:** YTD Boost’s revenue grew by 30.1%, while EBIT grew marginally at 2.5%.
- **ADA’s revenue uplifted by Customer Engagement and eCommerce solutions:** YTD revenue grew by 11.7%. EBIT grew by 3.7% and correspondingly PATAMI improved by 3.9%
- **edotco benefitted from organic and inorganic contribution:** YTD revenue grew by 24.7% and EBIT jumped by 41.5%. PATAMI dipped by 60.4% impacted by net unrealized forex loss, higher net finance cost and higher statutory tax rate from Cukai Makmur. Normalised against forex impact, PATAMI grew by 2%
- **Continuing the Axiata 5.0 Story – M&As due for completion:** The Celcom-Digi merger received shareholders’ approval with completion due at the end of FY2022. The ISOC Philippines tower acquisition by edotco also moved smoothly towards completion, making the OpCo the leading independent TowerCo in the Philippines
- **Likely to exceed FY22 Headline KPIs:** Revenue ex-device and EBIT growth projected to be ahead of Headline KPIs, with further uplift from the consolidation of Link Net’s financial results from 3Q22 onwards. On the back of sustained performance, the Group is cognizant of managing macroeconomic headwinds, regulatory conditions and the sustainability of pricing environment in key OpCo markets to reach its goal.
- **Strong operational performance supports 5 sen interim dividend declared in Q3 2022**

KUALA LUMPUR, 25 NOVEMBER 2022 – In line with prudent management of the business in the face of prevailing macroeconomic and market volatilities, Axiata Group Berhad (“Axiata” or “the Group”) sustained its steady performance for the third quarter ended 30 September 2022 (“3Q22”). The balanced outcome was also encouraged by the resilience demonstrated by most of its operating companies (“OpCos”) as they met with increased demand for data and digitalisation in their markets.

For its reported results, on a Year-on-Year (YoY: 3Q22 vs 3Q21) basis, the Group’s Revenue grew by 11.0% to RM7.3 billion. Earnings Before Interest, Tax, Depreciation and Amortisation

("EBITDA") and Earnings Before Interest ("EBIT") increased by 12.0% and 25.9% respectively. Significant foreign exchange losses stemming from the strengthening of the USD against OpCos' local currencies and higher finance costs narrowed PATAMI into a loss of RM52.4 million.

However, on an underlying¹ basis, double digit growth was recorded across key indicators reflecting the Group's solid operational track record. YoY revenue excluding device ("ex-device"), EBITDA and EBIT expanded by 15.9%, 15.9% and 27.1% respectively. Underlying PATAMI¹ dropped 4.8% due to higher D&A, finance costs from recent acquisitions and taxes due to Cukai Makmur. On a Year-To-Date (YTD: YTD22 vs YTD21) basis, revenue ex-device and EBITDA increased by 10.7% and 10.8% respectively with EBITDA margin stable at 44.6%. EBIT and Underlying PATAMI improved by 31.5% and 19.1% with higher EBITDA contribution across all OpCos except Dialog³, Ncell and Smart⁴.

In delivering cost excellence, Axiata achieved a total savings of RM1.2 billion through RM755 million in capital expenditure ("Capex") and RM490 million in operational expenditure ("Opex").

The Group's balance sheet reflected its growth strategy, with a temporary uplift in gross debt/EBITDA at 3.19x primarily due to financing for Link Net and Philippines tower acquisitions. This will be normalised as proceeds from completed mergers and acquisitions ("M&As") are used to pare down debt and full EBITDA impact of acquisitions is consolidated. Cash balance was at RM7.7 billion.

Digital Telcos

Celcom⁵'s continuous transformation journey since 2019 has resulted in positive growth on all key metrics in 3Q22. Celcom continued its upward momentum as revenue ex-device rose by 3.9% YTD driven by prepaid revenue and contribution from new acquisitions in Celcom's B2B business unit. EBITDA expanded 12.4% arising from disciplined cost management resulting in lower Opex and debt recovery from postpaid customers. Consequently, PATAMI rose by 65.3% to RM856 million.

Benefitting from an improved pricing environment and better network, **XL**⁶'s revenue ex-device improved by 9.2% YTD due to reopening of the economy, Lebaran period and stabilised yield. EBITDA and EBIT increased by 4.8% and 8.4% respectively, However PATAMI narrowed to a decline of 3.5% on account of higher net finance costs and absence of one-off gains.

Robi⁷'s EBITDA and EBIT outpaced topline growth at 10.3% and 23.9% respectively YTD due to lower direct and staff costs, offset by higher network expense in tandem with additional site rollout and higher amortisation of a new spectrum. PATAMI however fell by 66% dragged by

³ Dialog Axiata PLC

⁴ Smart Axiata Company Limited

⁵ Celcom Axiata Berhad

⁶ PT XL Axiata Tbk

⁷ Robi Axiata Limited

forex loss on USD-denominated loans and higher net finance costs. Excluding forex loss, PATAMI would have improved by 38%.

Dialog's Project Resilience is turning in results as demonstrated by its QoQ growth. Revenue ex-device, EBIT and PATAMI grew 5.5%, 9.1% and more than 100%, respectively in 3Q22 compared to 2Q22, reflecting group-wide efforts to rationalise cost and localise business. Meanwhile, on a YTD basis Revenue ex-device improved by 21.7% driven by data and hubbing services. However, EBITDA was lower by 4.5% and EBIT declined by 35.4% largely impacted by inflation and forex. PATAMI dipped to a loss of LKR25.1 billion, impacted by forex loss of LKR32.9 billion. Excluding forex loss, PATAMI would have declined by 47.3%.

Despite higher data revenue, **Ncell's** YTD revenue ex-device was down by 3.4% impacted by lower voice and international long distance. Consequently, EBIT declined 26.1% compounded by higher direct and admin cost, while PATAMI slipped 17.8% cushioned by lower taxes.

Smart's revenue ex-device was up by 9.4% YTD driven by data and one-off revenue from expired scratch cards. However, EBITDA slipped by 1.8%, subsequently pushing PATAMI down by 39.6% due to higher microwave regulatory fees.

For **Link Net**⁸, revenue ex-device declined by 1.6% YTD impacted by higher churn rates due to post-COVID pandemic recovery. EBIT declined by 47.3% as a result of higher staff cost, bad debt and D&A and PATAMI correspondingly dropped by 64.1%. Link Net, Axiata's most recent acquisition, has close to 3 million homes passes and home connects of more than 800,000 or a penetration rate of 26%. ARPU stood at IDR334,000.

Digital Businesses

Boost⁹'s revenue grew by 30.1% YTD mainly attributed to its AI lending business and consumer fintech app, while EBIT grew marginally at 2.5%. GTV rose by 27.1% to RM4.6 billion YTD, while Boost users and merchants increased 9% YoY to 10.2 million, and 33.1% to 538,000 respectively.

ADA¹⁰'s revenue grew by 11.7% YTD was driven by a steady growth in Customer Engagement and an expansion of eCommerce solutions. EBIT grew by 3.7%, despite higher wage inflation and PATAMI improved by 3.9%.

Infrastructure

Benefitting from its organic and inorganic contribution, **edotco**¹¹'s revenue grew by 24.7% YTD led by inorganic growth in Malaysia, Philippines and Indonesia, and supported by Build to Suits and Colocation particularly in Bangladesh, Malaysia and Cambodia. Strong revenue growth led to a 41.5% expansion in EBIT. PATAMI declining by 60.4% impacted by net

⁸ PT Link Net Tbk

⁹ Boost Holdings Sdn Bhd

¹⁰ Axiata Digital & Analytics Sdn Bhd

¹¹ edotco Group Sdn Bhd

unrealized forex loss, higher net finance costs and higher statutory tax rate from Cukai Makmur. Normalised against forex impact, PATAMI increased by 2%.

Commentaries

Tan Sri Shahril Ridza Ridzuan, Chairman of Axiata said, “The Board of Axiata is heartened by the Group’s sustained momentum this quarter, encouraged by solid operational performance and Group-wide improvements to stay resilient in the face of prevailing macroeconomic headwinds. Additionally, the rate of completions for M&As including the Celcom-Digi merger and the expansion of edotco’s tower portfolio all point to the Group’s agility in navigating the current macroeconomic climate and delivering balanced results. In view of the strong operational performance, we are pleased to declare a 5 sen interim dividend for the third quarter ended 30 September 2022.”

Vivek Sood, Joint Acting CEO of Axiata said, “In bracing against challenging externalities, we have taken proactive measures to drive operational and cost excellence across our businesses. I am pleased to highlight that we remain on track towards exceeding our 2022 Headline KPIs. At the same time, we are working closely with our OpCos in frontier markets, namely Sri Lanka, Bangladesh and Nepal to manage risks associated with deteriorated macroeconomic conditions. Value chain issues such as global chip supply shortages and increased energy costs remain on our radar although our OpCos have been mitigating impacts effectively in their markets,” he said.

Dr Hans Wijayasuriya, Joint Acting CEO of Axiata mentioned. “Moving into the final quarter, our overall focus will be to sustain our strong underlying performance in order to exceed our targets and complete pending M&A transactions. We are very excited to leverage Axiata’s enhanced digital and technological capabilities, improved network experience and execute next level growth strategies for the Group as we champion digital inclusion and progress for communities across Asia,” concluded Dr Hans.

-Ends-

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

Issued By:

Corporate Communications, Axiata Group Berhad
Axiata Corporate Headquarters, Axiata Tower,
9 Jalan Stesen Sentral 5, Kuala Lumpur Sentral.
50470 Kuala Lumpur
Email: info@axiata.com

For media enquiries, please contact:

Chang Yan Yi
Corporate Communications
Tel: +6012-4218172
Email: yanyi.chang@axiata.com