

MEDIA RELEASE

On track in meeting strategic objectives, Axiata's Reported FY22 PATAMI stands at RM9.8 billion and ahead of Headline KPIs

- Solid Group performance with reported FY22¹ revenue and EBITDA of RM27.5 billion (+6.3%) and RM12.4 billion (+9.0%) respectively.
- PATAMI surges to RM9.8 billion (+>100%) flowing through from EBITDA improvement and one-off net gain from the Celcom-Digi merger, partly offset by goodwill impairment
- FY22 underlying performance² driven by improved EBITDA from all OpCos except Dialog and Ncell. Revenue ex-device grew by 10.3% and EBITDA by 11.4%, with EBITDA margin improving to 45.2%.
- Underlying PATAMI grew by RM275.7 million (+20.8%) to RM1.6 billion, mainly contributed by Celcom and improved performance of Robi and Smart.
- Resilient balance sheet with Gross Debt/EBITDA of 2.9x and Net Debt/EBITDA of 2.3x, with a healthy cash balance of RM7.5 billion.
- Total dividend per share ("DPS") for FY22 stands at 14.0 sen (including special dividend of 4 sen), higher than FY21 DPS of 9.5 sen.
- Overall performance demonstrates Group-wide business resilience and focus in driving strategic results, despite macroeconomic headwinds.
- Decisive transactions for a sustainable future: the Celcom-Digi merger, Link Net acquisition in Indonesia, EDOTCO's expanding portfolio in the Philippines and Indonesia and awarding of digital bank license in Malaysia.

Key Highlights for FY22³:

- **Strong finish for FY22:** Reported PATAMI of RM9.8 billion (+>100%) flowing through from EBITDA improvement and other income (net gain of RM13.5 billion from the Celcom-Digi merger), offset by higher depreciation and amortisation ("D&A"), taxes (Cukai Makmur and Dialog's one-off surcharge tax) and net finance cost, along with goodwill impairment for Ncell, XL and Dialog;
- **Efficient Capex Control:** Capex intensity drops to 23.8%⁴ as operational excellence initiatives translate to lower capex at Celcom, XL and Robi;
- **Exceeded FY22 Headline KPIs:** Double-digit growth for revenue ex-device (10.3%) and EBIT (20.1%⁵);

¹ FY22 reported performance is based on combination of continuing and discontinued operations results

² Underlying performance is at constant currency

³ Growth numbers for OpCos are based on results in local currency in respective operating markets

⁴ Excludes ISOC EDOTCO (Philippines) acquisition of telco towers and Celcom USP (Universal Service Provider)

⁵ Excluding goodwill impairment

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- **Delivering on Key Strategic Outcomes:** Progressed well on strategic objectives of market consolidation and creating a sustainable future – Partnership with Telenor to create a strong position in Malaysia by formation of the largest digital telco; anchoring EDOTCO's growth through acquisitions of towers in the Philippines and Indonesia, expanding its footprint as the leading regional TowerCo; shift of focus to emerging markets to include converged play in Indonesia through XL and Link Net and growing maturity of Boost to a full-scale digital bank;
- **Celcom's cost excellence delivers strong profitability:** FY22 revenue ex-device decreased by 3.7% upon the deconsolidation of Celcom of 30 November 2022. However disciplined cost management and absence of 3G accelerated depreciation contributed to strong EBIT improvement of 63.3% with PATAMI hitting 43.2% to RM1.4 billion flowing through from EBIT;
- **XL sustains revenue as competition rationalises and delivers on convergence:** FY22 revenue ex-device increased 9.0%, however, EBITDA lagged revenue growth due to increased opex from direct and regulatory costs. XL continues driving fixed-mobile convergence where 37% of XL Home subscribers are taking the triple play converged offer;
- **Robi's strong revenue traction despite macroeconomic challenges:** FY22 EBIT grew by 47.3%, outpacing topline growth by 6.1% mainly attributed to opex control. Meanwhile, PATAMI moderated to 1.3% dragged by forex loss on USD loans and higher net finance cost, excluding which, PATAMI stands at a solid 51.2% growth;
- **Dialog's stabilising performance amidst continuing macro uncertainties:** FY22 revenue ex-device grew by 26.1% driven by mobile and fixed data, international and enterprise business, while PATAMI dropped more than 100% due to higher forex loss, goodwill and asset impairments and higher net finance cost;
- **Ncell's revenue and cost pressures persist:** FY22 revenue ex-device dropped by 4.0% impacted by lower core (3.1%) and lower International Long Distance ("ILD") (8.1%), PATAMI slid by 22.6% cushioned by lower taxes and higher forex gain;
- **Smart's strong performance clouded by regulatory costs:** FY22 revenue ex-device increased by 6.9% predominantly driven by data growth. However, PATAMI slid by 25.9%, impacted by one-off retrospective microwave fees and charges;
- **Link Net's Homes passed reach 3.1 million:** Increased homes passed by 288k to 3.1 million homes, though FY22 revenue dropped 2.1%, impacted by higher churn rate and lower ARPU;
- **Boost's all-in-one fintech app and AI-based lending business driving growth:** FY22 sees a jump in revenue and EBIT by 87.5% and 18.4% respectively, offset by higher opex cost. Boost's all-in-one fintech app users grew by 7.4% to 10.4 million and Malaysian merchant touchpoints grew by 26.4% to 555k;
- **ADA's PATAMI surges by 49.8% to RM80 million and enters 4th year of profitability:** FY22 revenue eased by 1.7% due to clients' reduction in media spends, which was partially offset by strong growth in Customer Engagement and eCommerce solutions. EBIT improves by 30.3% due to higher gross margin extraction;



- **EDOTCO’s strong revenue performance from organic rollout and co-location; supported by full-year contribution from Malaysia acquisition and inorganic contribution in the Philippines and Indonesia:** FY22 revenue increased by 25.4%, flowed through to EBIT with a growth of 22.4%, partly offset by higher D&A cost; PATAMI impacted by forex loss and higher net finance cost;
- **2023 macroeconomic challenges:** Cognisant of ongoing macroeconomic challenges, Axiata remains resilient through superior capex and opex management and strategic capital structure, ensuring sustained performance of the Group.
- **Company declares second dividend of 5 sen for FY 22 to take total FY 22 dividend to 14 sen**

KUALA LUMPUR, 23 FEBRUARY 2023 – Axiata Group Berhad (“Axiata” or “the Group”) reinforced its strong execution capabilities, readiness, and resilience in meeting the rapidly evolving digital needs of consumers, businesses, and enterprises across the region. The Group’s sound fourth quarter and full year performance for its financial year ended 31 December 2022 (“FY22”) came in ahead of its targets and analyst consensus, bolstered by strong underlying performance across most markets.

On a reported basis, compared to the financial year ended 31 December 2021 (“FY21”), FY22 revenue and Earnings Before Interest, Tax, Depreciation and Amortisation (“EBITDA”) rose to RM27.5 billion (+6.3%) and RM12.4 billion (+9.0%) respectively, contributed by all Operating Companies (“OpCos”) except Dialog⁶ and Ncell⁷. At constant currency, revenue excluding device (“ex-device”) increased by 10.3% lifted by all except two (2) OpCos, Celcom,⁸ and Ncell. EBITDA climbed 11.4% mainly contributed by Celcom, XL⁹, EDOTCO¹⁰, and Robi¹¹. Earnings Before Interest and Tax (“EBIT”) decreased by 93.8% at constant currency, mainly impacted by goodwill impairment. Excluding this, EBIT would have increased by 20.1%.

Group Profit After Tax (“PAT”) and Profit After Tax and Minority Interest (“PATAMI”) increased by more than 100% to RM10.0 billion and RM9.8 billion respectively, mainly driven by the one-off net gain on the Celcom-Digi merger amounting to RM13.5 billion, offset by higher Depreciation and Amortisation (“D&A”), taxes (Cukai Makmur and Dialog’s one-off surcharge tax), net finance cost, as well as goodwill impairment.

⁶ Dialog Axiata PLC

⁷ Ncell Axiata Limited

⁸ Celcom Axiata Berhad

⁹ PT XL Axiata Tbk

¹⁰ EDOTCO Group Sdn Bhd

¹¹ Robi Axiata Limited

On a Quarter-on-Quarter (“QoQ”: 4Q22 vs 4Q21) basis, for the fourth quarter ended 31 December 2022 (‘4Q22’), Group’s revenue grew by 2.7% to RM7.1 billion. EBITDA grew by 9.2% to RM3.3 billion whilst EBIT dropped more than 100% to a loss of RM3.1 billion largely due to the above-mentioned goodwill impairment. Excluding this, EBIT would have decreased by 3.2%. Reported PATAMI surged by more than 100% to RM10.0 billion, contributed by off-net gain on the Celcom-Digi merger, higher revenue foreign exchange gains and lower taxes, offset by higher D&A and finance costs. Underlying PATAMI (“UPATAMI”) grew 21.6% on a constant currency basis.

In FY22, Axiata continued to drive cost excellence achieving a capex savings of RM1,068 million. The Group closed the year with a robust balance sheet as gross debt/EBITDA decreased to 2.9x compared to two previous quarters primarily impacted by higher debt to fund Link Net and ISOC Philippines tower acquisitions but normalised by the proceeds from the completed M&As. Cash balance remains healthy at RM7.5 billion.

Digital Telcos¹²

Celcom’s revenue recognition for 11 months led revenue ex-device to shrink by 3.7% to RM5.7 billion (on an equalised basis, revenue ex-device grew by 5.7%). It’s sustained cost management and absence of 3G accelerated depreciation however reflected positive EBITDA growth of 9.2% which flowed through to EBIT, that improved by 63.3%. PATAMI expanded by 43.2% to RM1.4 billion thanks to higher EBIT.

XL continues to benefit from the improved pricing environment in FY22, increased data contribution and blended Average Revenue Per User (“ARPU”) improvement to IDR39,000. Revenue ex-device increase by 9.0%, while EBITDA lagged revenue growth, due to opex increase from direct and regulatory costs. PATAMI fell 13.9% on the back of higher net finance cost from additional borrowings for Link Net acquisition and forex loss in FY22.

Robi’s EBIT outpaced topline growth at 47.3%, attributed to lower direct costs (regulatory fees, interconnect and material cost) and reversal of provision, offset by higher network expense in tandem with additional site rollout and higher D&A. PATAMI moderated to 1.3% dragged by forex loss on USD loans and higher net finance cost, cushioned by lower tax expense.

Dialog’s topline, double digit revenue ex-device growth of 26.1% driven by increases in data revenue, international traffic hubbing and contribution from enterprise business,

¹² Growth numbers for OpCos are based on results in local currency in respective operating markets

HOne. PATAMI contracted to -LKR33.4 billion impacted by forex loss arising from USD-denominated debt, compounded by higher net finance cost.

Ncell continues to be challenged by revenue and cost pressures. Revenue ex-device was down by 4.0%, impacted by reduction in core (3.1%) and lower International Long Distance (“ILD”) (8.1%). Revenue decline flowed through to EBIT at 25.2%, compounded by higher direct and admin costs. PATAMI dropped 22.6% cushioned by lower taxes and higher forex gain.

Smart’s¹³ FY22 revenue ex-device was up by 6.9% driven by data growth and one-off revenue. However, EBITDA (0.7%) was impacted by higher regulatory fees from accrual of current year microwave fee and one-off retrospective microwave fees resulting in a drop in PATAMI by 25.9%.

Link Net’s¹⁴, revenue ex-device declined by 2.1% due to higher churn rates and lower ARPU. EBIT declined by 54.3% as a result of higher staff cost, bad debt and D&A. PATAMI correspondingly dropped by 72.8%. With the addition of 288,000 home passes, Link Net has 3.1 million home passes in FY22.

Digital Businesses¹⁵

Boost’s¹⁶ revenue grew by 87.5% driven by Boost all-in-one fintech app and AI-based lending business growth, mainly attributed to offline payment and increased loan disbursement. In Q422, revenue spiked due to a Mastercard deal and monetisation of advertising assets from digital app. EBIT improved 18.4% as revenue growth was offset with higher opex. Gross Transaction Value (“GTV”) rose by 21.2% to RM6.1 billion, whilst Boost all-in-one fintech app users grew by 7.4% to 10.4 million users and Malaysian merchant touchpoints grew by 26.4% to 555k.

ADA’s¹⁷ revenue eased by 1.7%, due to clients’ reduction in media spends, partially offset by strong growth in Customer Engagement solutions and eCommerce solutions. EBIT surged by 30.3% on the back of higher gross margin extraction and controlled staff costs. PATAMI jumped 49.8% to RM80 million flowing through from higher EBITDA and one-off forex gains.

¹³ Smart Axiata Company Limited

¹⁴ PT Link Net Tbk

¹⁵ Axiata Digital Services Sdn Bhd

¹⁶ Boost Holdings Sdn Bhd

¹⁷ Axiata Digital & Analytics Sdn Bhd

Infrastructure

EDOTCO's double-digit revenue growth of 25.4% was driven by both significant increases in organic contributions such as the B2S rollout in Bangladesh, and co-location (“Colo”) tenancies in Bangladesh and Malaysia, full-year recognition of the acquisition in Malaysia, plus the inorganic addition of the towers in the Philippines and Indonesia. EBITDA grew by 33% resulting from the strong revenue flow and higher overall margin. This further led to EBIT growth of 22.4% despite registering higher D&A expenses. However, PATAMI dropped by 51.0% in FY22 impacted by forex movement resulting in a net unrealized forex translation loss in FY22 versus a gain position in FY21, and higher overall financing costs attributed namely to the acquisition funding in Malaysia and the Philippines.

Commentaries

Tan Sri Shahril Ridza Ridzuan, Chairman of Axiata said, “The Group’s strength in execution and continued resilience, agility, and speed in addressing the challenges throughout 2022 are reflected in the solid FY22 performance. With the completion of our M&As in 2022, Axiata is on track to strengthening its leadership position in the digital telco and infrastructure businesses across our regional footprint. From infrastructure, enterprise, to consumer solutions, our ongoing structural changes are intended to place Axiata and its OpCos in positions of strength to offer integrated solutions that cater to the transformation needs of enterprises and shifting consumer trends. On this basis, we are pleased to declare a second dividend of 5 sen for year ended 31 December 2022. This takes the Group’s overall dividend declaration to 14 sen for the Full Year 2022.”

“For 2023, the Board continues to emphasise operational resilience, and sound business fundamentals as we accelerate our pace towards achieving TechCo status. Building up our digital core remains our focus as we progress towards our goal of becoming The Next Generation Digital Champion. Following our Net-Zero emissions and science-based target commitments last year, Axiata has put in place the governance structures and resources to strengthen and oversee matters relating to sustainability within the Group including areas of digital inclusion and climate action. Our continued improved MSCI ESG Ratings and FTSE4Good Bursa Malaysia Index performance will be some of the outcomes of our efforts.”

Vivek Sood, Joint Acting Group CEO of Axiata said, “The Group’s core and underlying performance reinforces the team’s ability to progress well on meeting our strategic objectives and respond to the rapidly evolving operating environment, macro challenges and changing consumer needs. I am pleased to share that the proactive measures taken to reinforce the business has and continues to yield results as seen

by the FY22 underlying performance, exceeding headline KPIs, with revenue and EBIT growth of 10.3% and 20.1% respectively. We remain vigilant of the continued macroeconomic headwinds in 2023 and are working closely with our OpCos to manage the associated risks. Some of the key actions of resilience taken are the continued reduction of our forex exposure, increased hedging activities, reduction of capex, and zero-based costing. Given these proactive measures, we are targeting mid-single digit revenue growth and high single digit EBIT growth in 2023.”

Dr Hans Wijayasuriya, Joint Acting Group CEO of Axiata said, “FY22 featured major focus on operational excellence and resilience. Macro headwinds spanning currency devaluation, inflation, supply chain disruption and economic instability elicited a multi-faceted response, which in turn delivered revenue and underlying PATAMI growth of 10.3% and 20.8% respectively. Inorganic actions during the year strengthened our emerging market portfolio. The merger in Malaysia, in partnership with Telenor, established a new leader in the mobile market and seeded a platform for Growth and Synergy Realisation. The acquisition of Link Net, Indonesia’s No 2 Fixed Broadband player signaled our commitment to the country’s high growth fixed connectivity and convergence sectors and EDOTCO’s Philippines entry consolidated the company’s position as the sixth largest TowerCo globally. In sum, the Group built Resilience and Operational Muscle while seeding platforms for profitable growth. FY23 will be equally decisive, presenting opportunities and challenges associated with execution excellence and structural transformation, potentially on the backdrop of global macro headwinds.”

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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, 'Smart' in Cambodia and 'Ncell' in Nepal 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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