

Axiata 5*5 Strategy: Progressing to the Next

Vivek Sood
Axiata Group CEO & Managing Director



Disclaimer



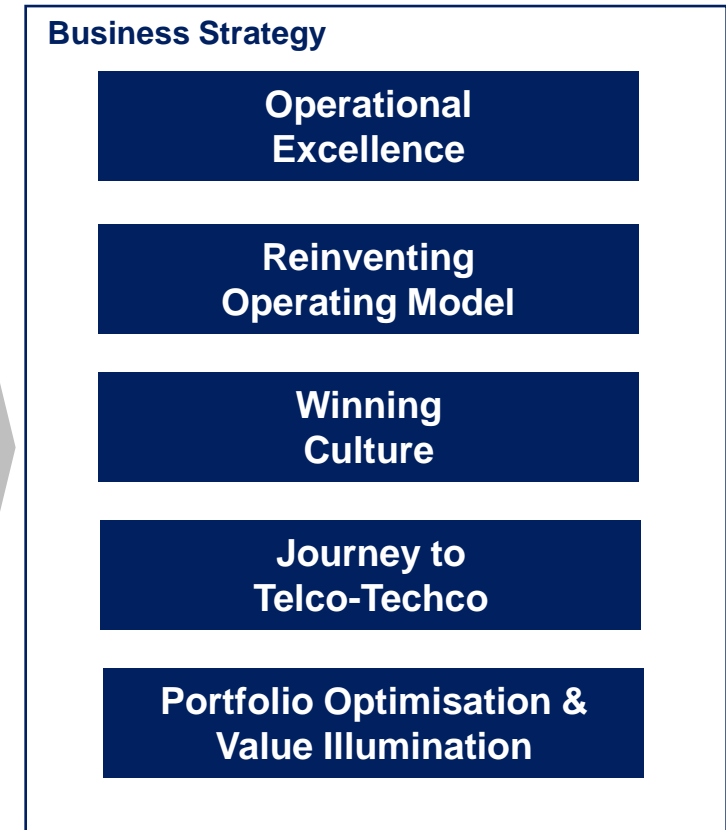
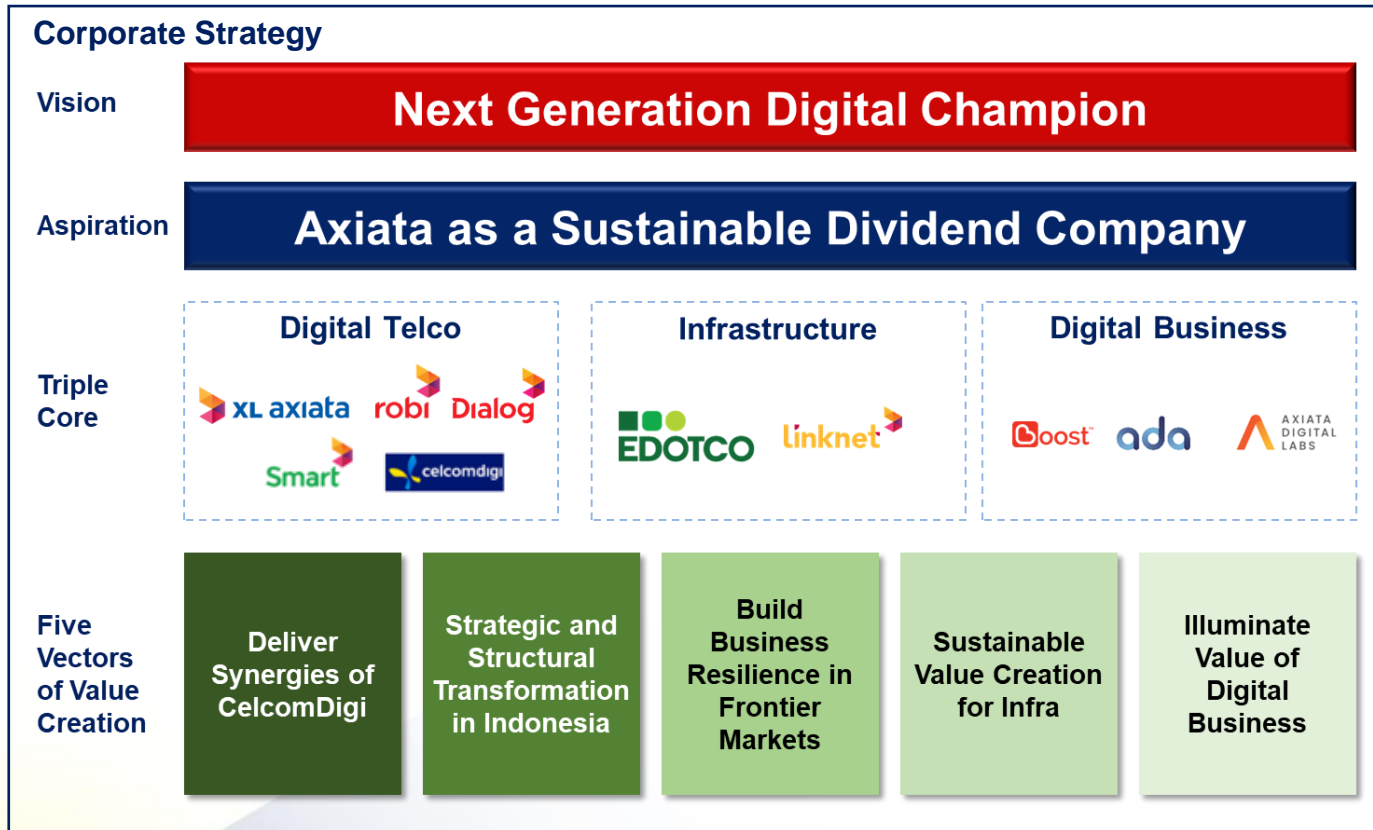
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Recap of Strategy presented in Axiata Analyst & Investor Day 2023

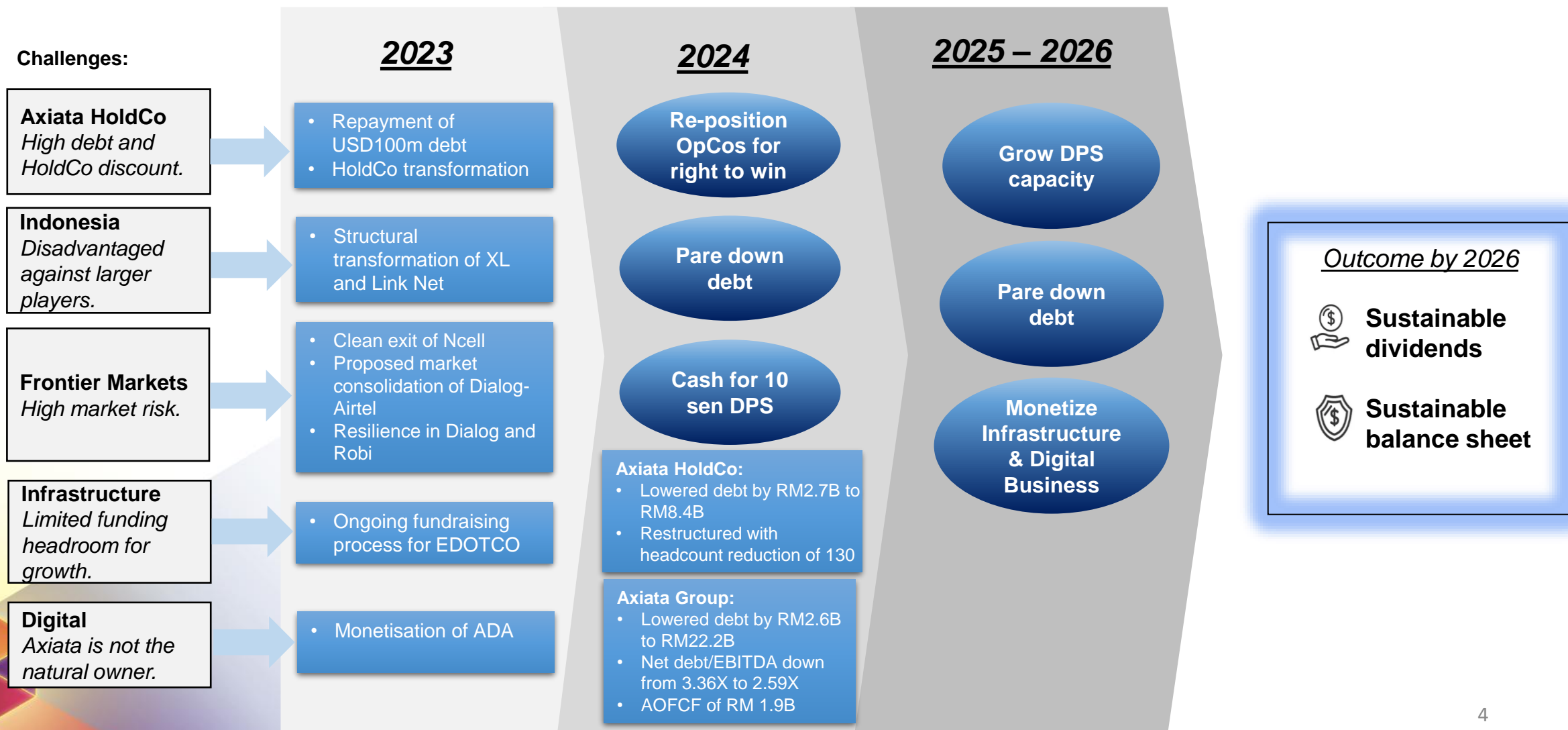


^ Ongoing transformation of Link Net a Digital Telco to FibreCo Infrastructure play

The journey continues in 2025 as per our Game Plan to improve Balance Sheet, dividend capacity and portfolio transformation for long term sustainability and value creation.



Recap of Game Plan as discussed in Axiata Analyst & Investor Day 2023



Definitive Agreement signed on 10/12/2024 to merge XL Axiata with Smartfren. Transaction to close in 2Q25, with commitment to annual cost savings of USD 300 – 400M post completion of integration.



Merger Rationale

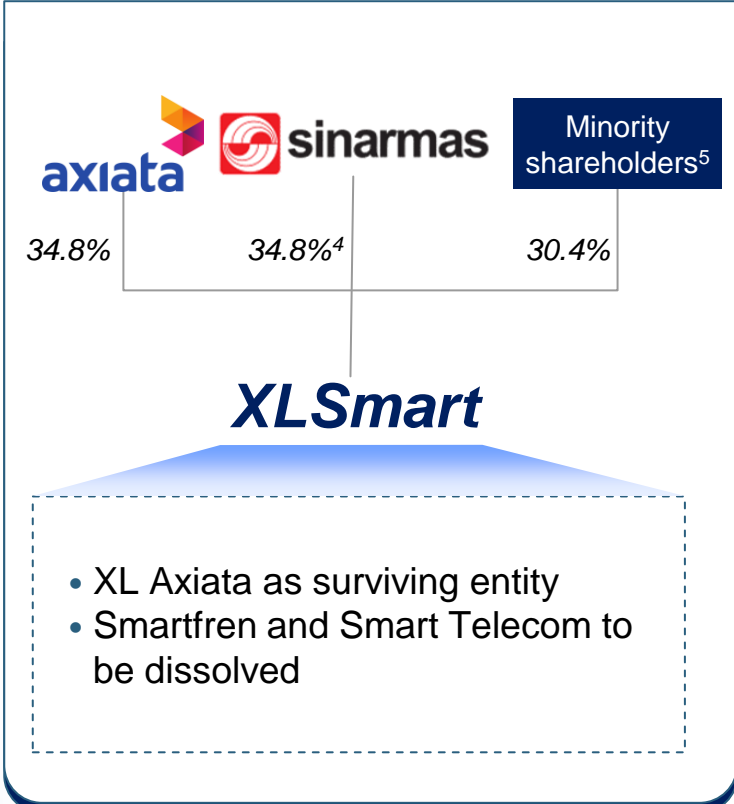
MergeCo has greater scale (27% CMS, comparable spectrum holding) to be competitive

Annual run-rate pre-tax synergies of USD300 – 400M post completion of integration

Axiata and Sinar Mas provide in-depth Regional telco experience and Local market expertise to XLSmart

Financial resilience and improved returns from higher ARPU and ability to capture growth

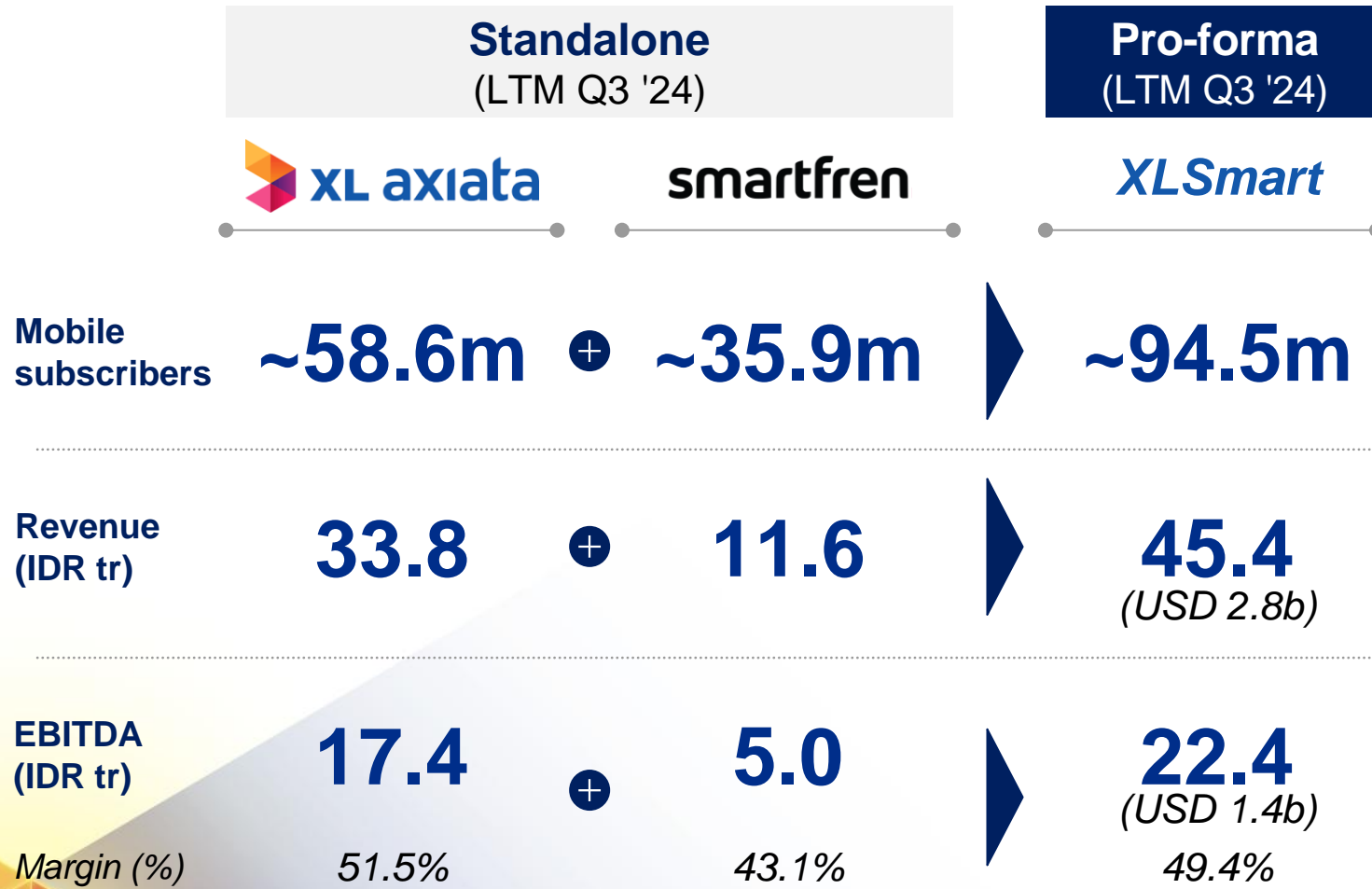
Post-merger shareholding structure



- XL Axiata will be the surviving entity and remain listed in IDX while issuing new shares to Smartfren shareholders as per merger ratio
- As part of merger, Sinar Mas will receive 21.7% stake in XLSmart while Axiata stake will be 47.9%
- Concurrent to merger, Sinar Mas would acquire an additional 13.1% stake in XLSmart from Axiata at a cash consideration of:
 - USD 400m at completion of the Proposed Merger
 - USD 75m on the first anniversary of the Proposed Merger subject to satisfaction of certain conditions
- Axiata and Sinar Mas will each own 34.8% stake in XLSmart and will remain joint controlling shareholders with equal influence over XLSmart’s strategic direction

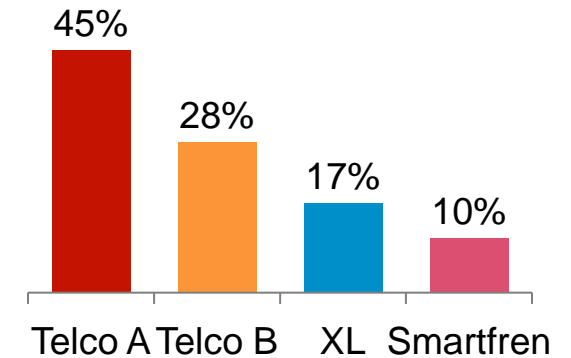
1. Axiata Group Berhad owns a 100% stake in Axiata Investments (Labuan) Limited which in turn owns a 100% stake in Axiata Investments (Indonesia) Sdn Bhd; 2. Sinar Mas’s 77.5% stake is held through four corporate entities, namely PT Bali Media Telekomunikasi (41.2%), PT Global Nusa Data (16.7%), PT Wahana Inti Nusantara (10.2%), PT Gerbangmas Tunggal Sejahtera (9.4%); 3. PT Industri Telekomunikasi Indonesia (Persero) ("PTT INTI") holds a minority stake of 0.003% in Smart Telecom; 4. Post merger, Sinar Mas’s 35% stake in the XLSmart will be held through four corporate entities, namely PT Bali Media Telekomunikasi (24.6%), PT Global Nusa Data (4.7%), PT Wahana Inti Nusantara (2.8%), PT Gerbangmas Tunggal Sejahtera (2.6%); 5. Includes stake held by PT INTI; Note: Numbers excludes treasury shares; Shareholding may not sum to 100% due to rounding

Merger results in a stronger Mobile operator and transforms the Indonesian Mobile sector into a 3-player market.

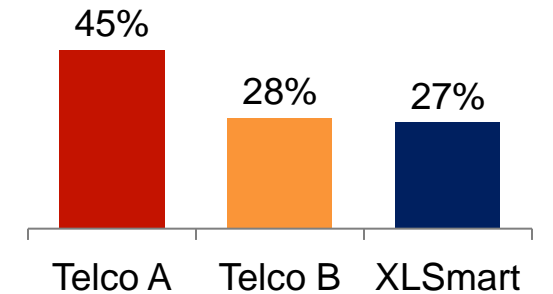


Customer Market share (LTM Q3 '24)

Pre XL-FREN merger (%)



Post XL-FREN merger (%)



Note: Numbers may not add up to 100% due to rounding. All financials as of LTM September 2024; Assumed FX (USD / IDR) of 16,000; Financials presented are pre-synergies; EBITDA values denote revenue less operating expenses plus depreciation / amortization
Source: Omdia; Company disclosure; Company quarterly report; Team analysis

Structural transformation in Indonesia expected to drive long-term value creation for Axiata.



Organic Initiatives

- ARPU increase ✓
- Direct distribution ✓
- Over 1/3 Revenue from digital channels ✓
- Improved site profitability ✓

Link Net Delayering

- Carve-out ServeCo to XL ✓
- Transform Link Net into FibreCo ✓
- Build-to-suit FTTH deployment by Link Net for XL ✓

XL – Smartfren Merger



Frontier Markets: Enhanced resilience while delivering high EBITDA growth at Robi and Smart.



Wins

- Market repair / price hardening at Dialog and Smart
- Zero-Base Cost approach helped to move towards cost excellence across all
- Strong operational performance (YTD 3Q24)
 - Robi +2.2% Revenue, +14.4% EBITDA
 - Dialog +1.3% EBITDA (despite merger)
 - Smart +9.8% Revenue, +19.9% EBITDA
- Net Debt / EBITDA (3Q24)
 - Robi: 1.1x
 - Dialog: 1.1x
 - Smart: Net cash
- USD Debt reduction (3Q24 vs. 4Q23)
 - Robi: from USD 76M to 35M
 - Dialog: USD 156M to 145M (including Airtel debt)
 - Smart: Net cash

Opportunities

- Further market repair / price hardening
- Advance in cost excellence
- Network collaboration
- Improve capital productivity
- Further reduce USD debt exposure
- Strengthening fundamentals in Sri Lanka
- Reforms in Bangladesh should help a quick recovery after short term shock

Infrastructure: Completed ServeCo carveout at Link Net to become a focused FiberCo. High EBITDA growth at EDOTCO.



Wins

- Completed Link Net ServeCo carveout in Sep. 2024
- EDOTCO performance (YTD 3Q24):
 - Revenue +7.8%
 - EBITDA +15.3%
 - PATAMI turnaround to RM210m
- MY: Increased Colo to 2.34x, CDB contract closure with extension to 2035, Won 30% share of DNB order
- BD: Increased Colo to 1.65x with 795 towers addition
- PH: Increased Colo to 1.06x with c3,000 towers

Opportunities

- Linknet: Cost optimization with segmental efficiency, Maximize asset utilization introducing 2nd tenant and Enterprise growth
- EDOTCO: Further improve position
 - MY: Capture demand from 5G; extension of contract with CDB by 10 years
 - BD: Improve Colo and tower consolidation
 - PH: Capture accelerating demand and improve cost structure
 - Deleverage balance sheet by external fund raise

Digital: Strong foundation to enable further monetization / value illumination.



Wins

- ADA: Value Illumination
 - Revenue +18.8%
 - Alpha completed: USD 58M proceeds
- BHSB: Digital bank launched
 - Revenue +8.3%
 - Close to securing a new investor
- ADL: Secured internal revenue and made progress in growing external revenue

Opportunities

- ADA: Data Transformation and AI driven opportunities especially in Developed geographies
- BHSB: Strong cost focus to reduce cash burn for Bank and cash positive for ecosystem
- ADL: External revenue growth. Resource efficiency

Effective execution of our Strategy leads to the Group transforming into Converged Connectivity Group with focus on growing yields through better Cashflows and Net Income.



Portfolio Category

Long term Strategic

XL+ (joint control) (merged with FREN)	Smart
CDB (joint control)	Robi
	Dialog
	ADL



Portfolio Objective

- Operational excellence
- Market Repair
- Consolidation in markets and consequently improved ROIC
- Be either No. 1 or Strong No. 2 with at least 25%+ market share
- Effective results of consolidation. Control not necessary, but at least Joint-Control a must
- Pivot into **primarily a yield play**

Medium term – value illuminator and monetizable

EDOTCO
Link Net
ADA
BHSB



- **Value illumination and path to monetization**, resulting in:
 - Long term sustainability of their businesses by inviting new capital
 - Proceeds from monetization to reduce corporate debt and fund new profitable growth opportunities
 - Scaled down Corporate Center

- **Top priority is to improve cashflow and yield**
- **Shift in Axiata's priority and focus:**
 - **Connectivity & Convergence as the main business**
 - **Investments will be in Malaysia and Emerging Markets**
- **Consolidation in Indonesia a key step under this pivot**

Role of HoldCo will evolve to strengthen management of Joint-Control entities, as overall number of subsidiaries has reduced.



				
Focus Areas of HoldCo	VALUE CREATION <hr/> <i>Portfolio value creation, capital allocation, strategic planning</i>	MANDATORY FOR LISTED CO <hr/> <i>Hygiene/ required functions for a listed entity to function</i>	SHAREHOLDER PROTECTION <hr/> <i>Functions to ensure shareholders best interests are protected</i>	INVESTMENT MANAGEMENT <hr/> <i>Oversight and monitoring of portfolio performance</i>
Key Action	Simplify	Simplify	Maintain	Strengthen

Axiata Sustainability Framework: Deepening our commitment to ESG as we drive forward our Vision of Advancing Asia.



Advancing Digital Societies

Enable all to thrive in a digitally connected world with a focus to improve the lives of people through technology whilst **ensuring digital inclusion**

~19 million lives impacted across areas of healthcare, education and financial inclusion

Target: To impact the lives of around 23 million people between 2022 and 2025

Advancing Green Economy

Promote climate action and circular economy across our markets to our commitment to the journey to **become Net-zero no later than 2050**



Axiata's Near-Term and Net-Zero targets have been validated and approved by SBTi

Target: To become net-zero no later than 2050

Advancing Our People and Communities

Create **positive social impact on our people (talent) and society.** Internally this links to our agenda for Fair, Diverse & Inclusive Employment



Ranked 22 out of 200 World Benchmarking Alliance on Digital Inclusion benchmark

Driving Governance and Risk

Adopt responsible and fair practices across our value chain to **build long-term digital trust and enhance cyber security and data protection**



Top 30% in the ASEAN region on the NIST maturity industry benchmark

Target: To rank among the top 25% by 2025

Prioritised UN SDGs



Today's agenda is curated to shed further light on our progress and opportunities in 2025.



Agenda for today:

Strategic Portfolio: Asia Connectivity Leader

Value Illumination & Path to Monetization

CDB: Delivering the Merger Synergies

Axiata.AI

Capital Management

Governing the Portfolio

Overview of Key Discussion

- Path to profitability
- Built-in Resilience

- Execution progress
- Outlook for 2025

- Progress against synergy targets
- Opportunities & risks ahead

- Priority internal & external AI use cases for Axiata

- Execution progress in the new operating model
- Financial outcome

- New governance model
- Governance framework and structure

Summary of achievements from executing the Game Plan shared in Axiata Analyst & Investor Day 2023.



Market Repair

>10% ARPU increase at XL, Robi, Dialog, Smart since 2022

Pared down debt

Group Net Debt / EBITDA down from 3.36x to 2.59x

Reduced HoldCo

Cost by ~18% YoY

Reduced USD debt exposure in Frontier Markets

(3Q24 vs. 4Q23):

- Robi: USD 76M to 35M*
- Dialog: USD 156M to 145M*
- Smart: Net cash*

Link Net transfer of customers

New shareholder to fund growth (Teaser to investors released)

Thank You

