

Capital management: Strengthening balance sheet

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“RM” shall mean Ringgit Malaysia being the lawful currency of Malaysia. Any discrepancies between individual amounts and totals are due to rounding.

1

**Capital
allocation**

Capital allocation
framework 2.0

2

Cost excellence

Step change in capital
productivity

3

**HoldCo cost
reduction**

New governance
model

4

**Balance sheet
optimisation**

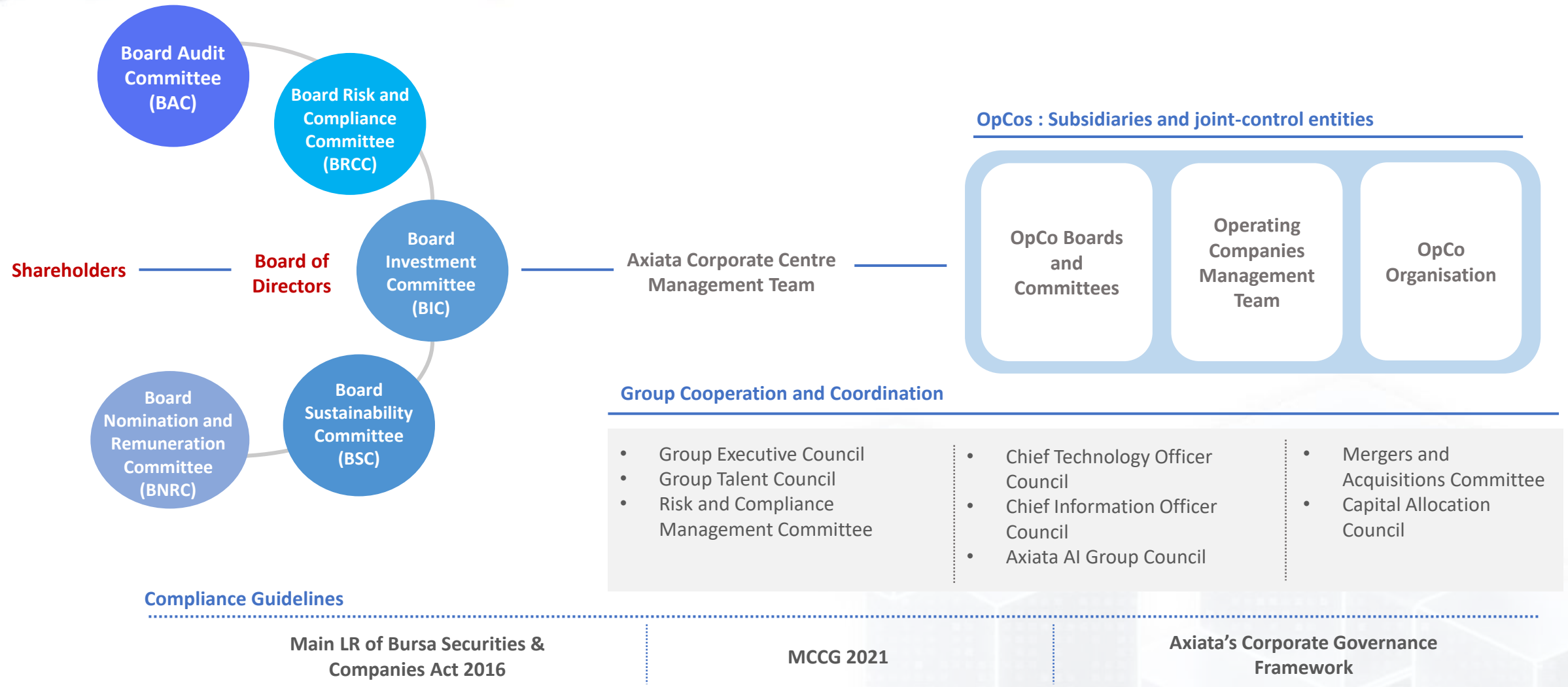
Financial guardrails &
dividend upstream

Operational Excellence: Operating model successfully re-invented in 2024

Operational Excellence at Axiata has been enhanced with a new operating model to govern and manage subsidiaries and joint-control entities in the Group.



AXIATA GOVERNANCE STRUCTURE



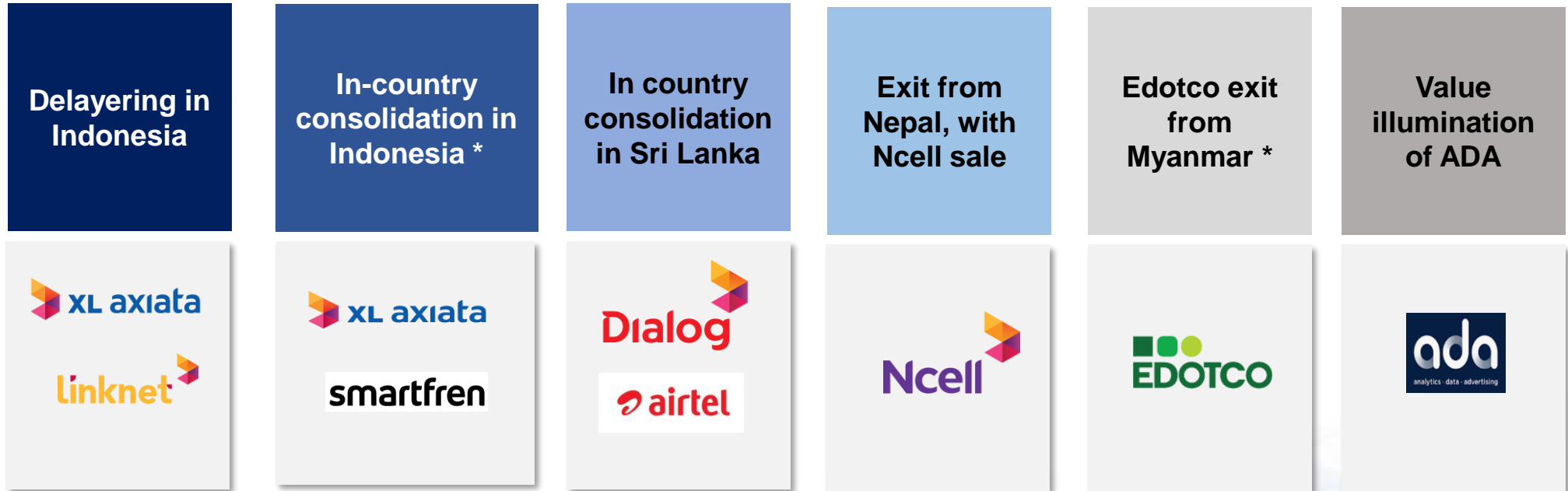
Operational Excellence: Capital management in the new operating model

There is a capital management process of planning, monitor and controlling the Group's financial resources to ensure optimal use of capital, maintain liquidity and achieve our business objectives, whilst maximising returns to shareholders. This is governed and executed with various board and management committees.



1. Capital allocation: Key corporate activities in 2023 & 2024

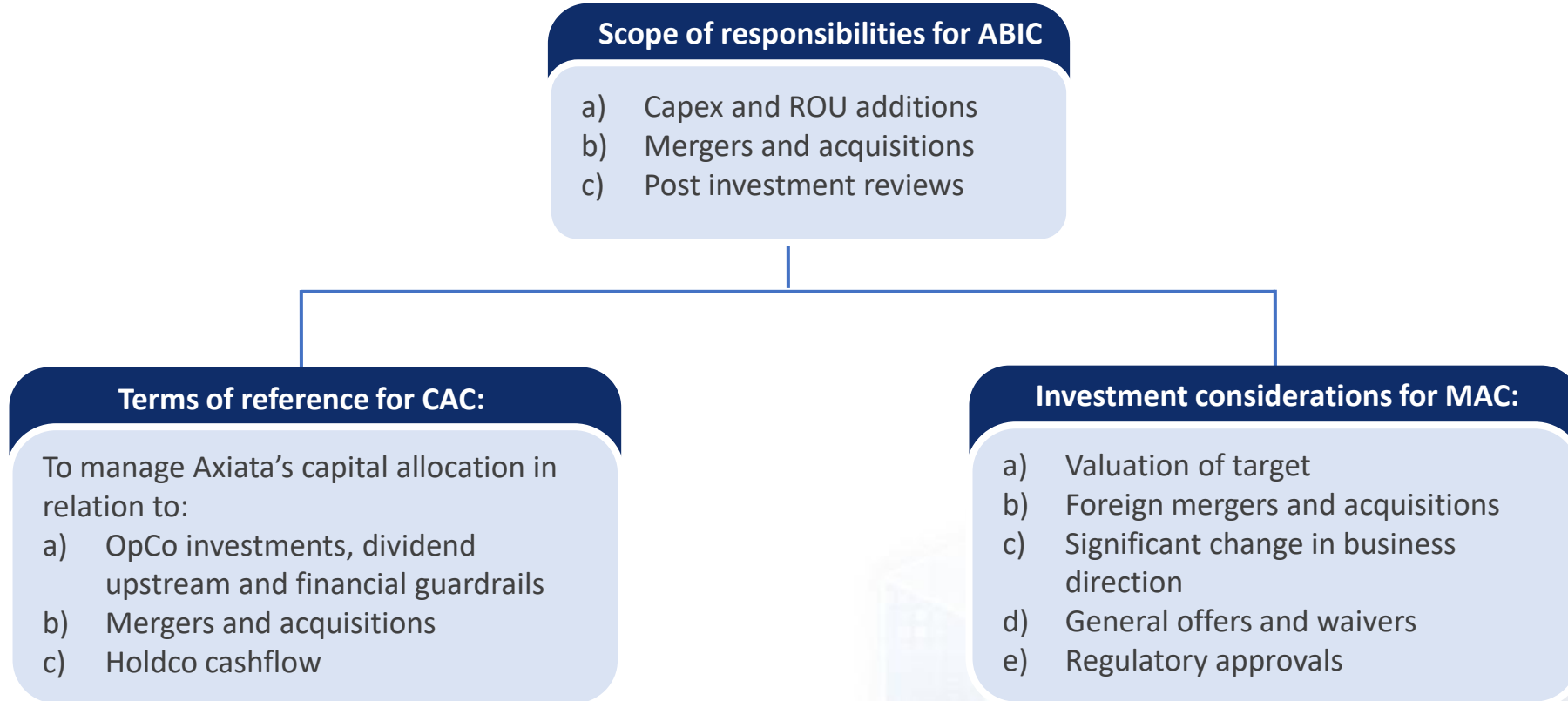
We are radically re-positioning the footprint to focus on emerging markets, where we are exploring options and investment opportunities for long term strategic assets to create growth and yield. For other assets in the portfolio, Axiata will look to illuminate value and monetise to pare down Holdco debt, and fund investments in new growth opportunities.



** Pending regulatory approval*

1. Capital allocation: Governed at board and management investment committees

Axiata Board Investment Committee (ABIC) ensures that investment activities of the Group generates value to shareholders, in terms of cash generation, return on investment, distributable profits and/or enterprise value creation. This board committee is supported and guided by management investment committees, ie Capital Allocation Council (CAC) and Merger & Acquisition Committee (MAC).

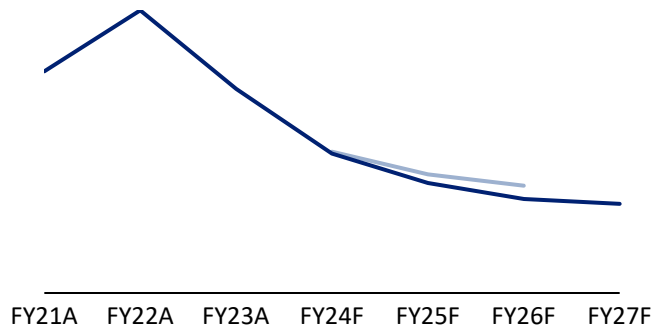


2. Cost excellence: Continuously improving capital productivity ratio

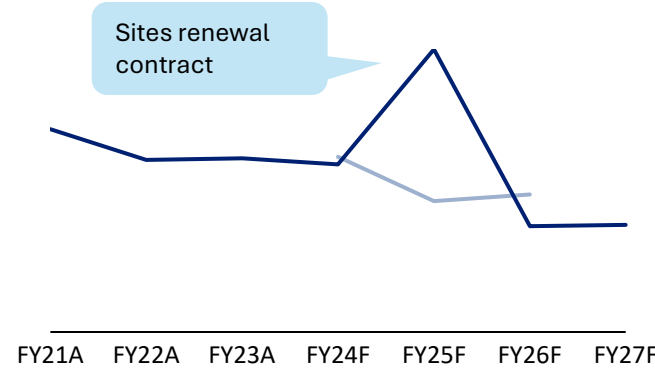
Axiata is likely to deliver capex below guidance of RM6.1bn in 2024, as stringent stage gating investment process for site rollout (for mobile coverage and capacity), build-to-suit towers, and homes passed rollout, was able to continuously improve OpCo's capital productivity ratio. Exceptions are Link Net and Dialog, which experienced transformation and merger, respectively in 2024.



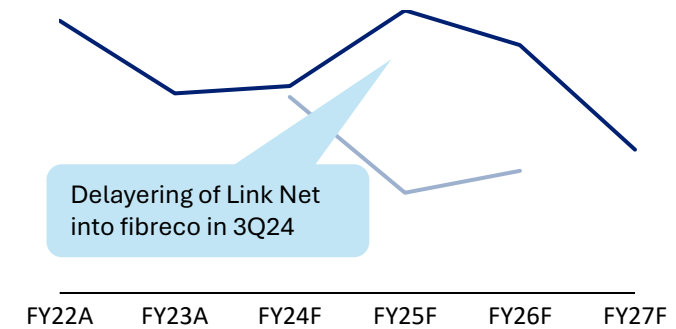
Capital Productivity (%)



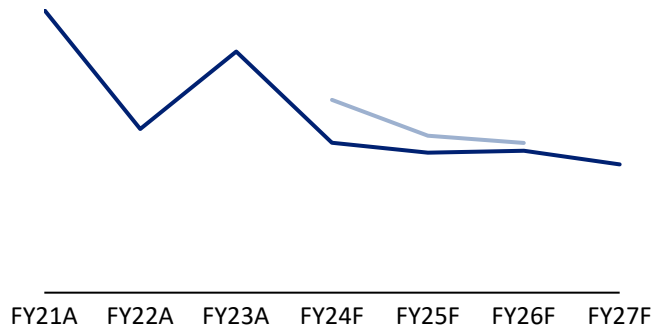
Capital Productivity (%)



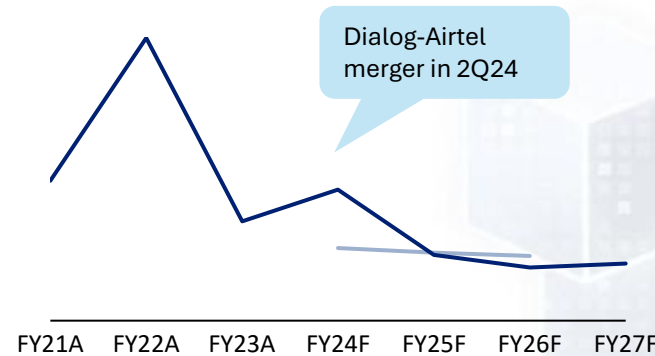
Capital Productivity (%)



Capital Productivity (%)



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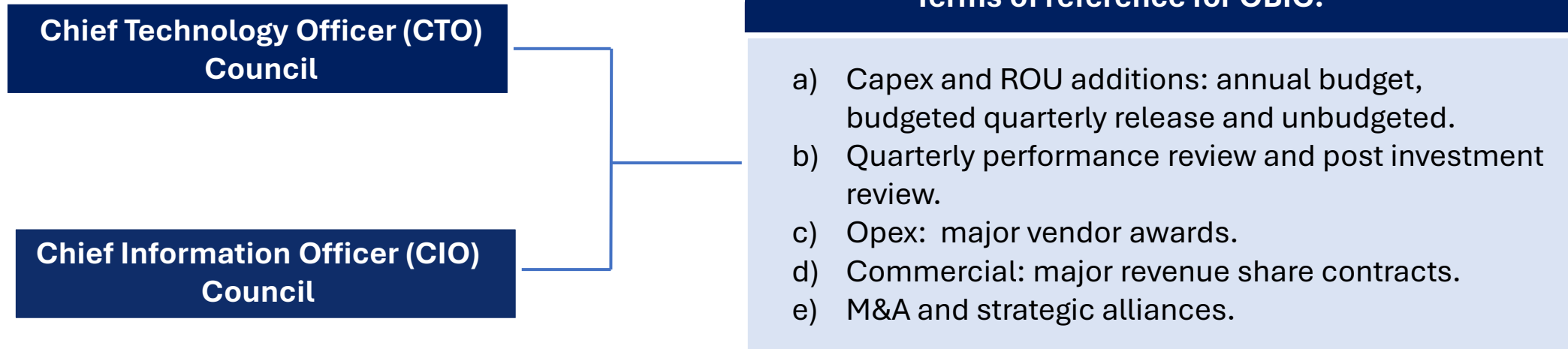
Capital Productivity (%)



Capital Productivity = (Capex + ROU Addition) / EBITDA

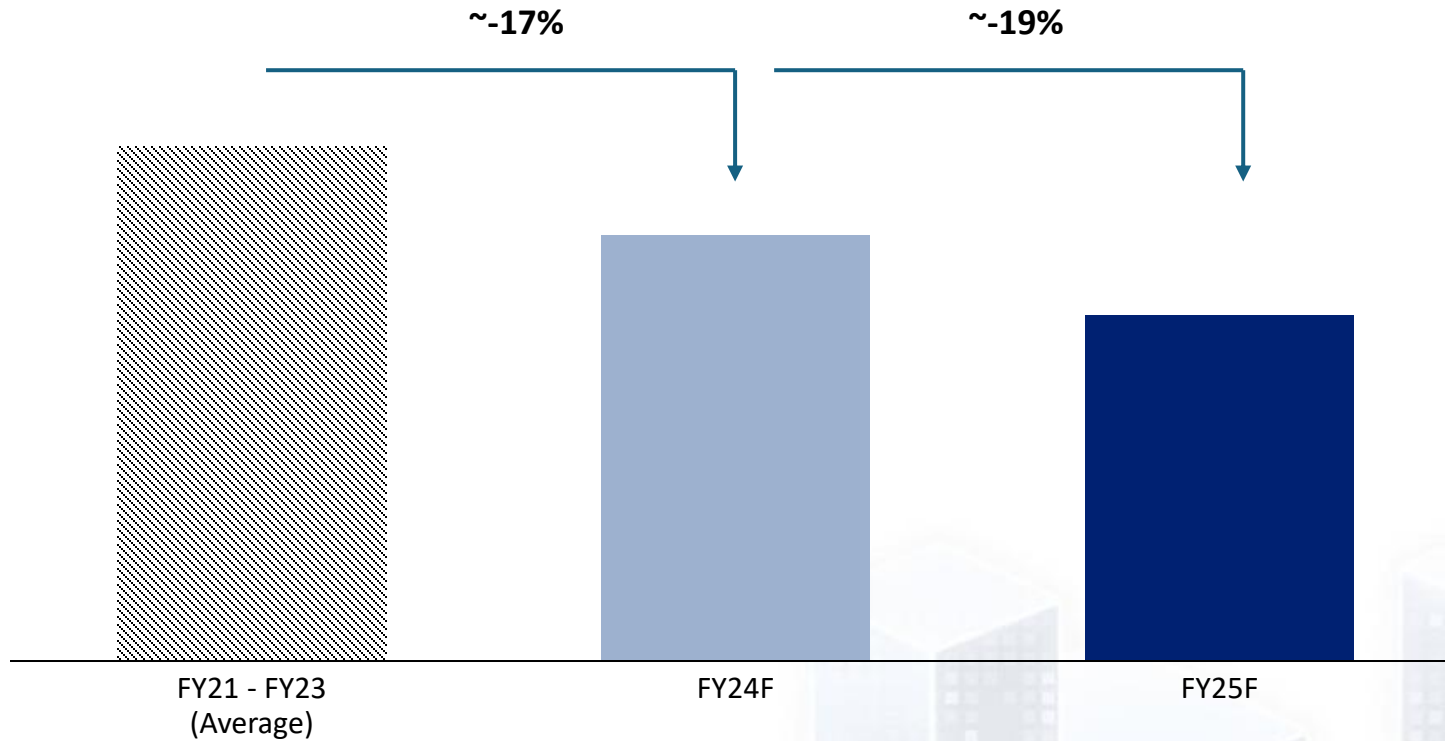
2. Cost excellence: Governed at OpCo board investment committee

In 2024, we set up Board Investment Committees (OBIC) across most OpCos. The empowerment of OpCos, and the close collaboration with CTO Council and CIO Council, has been a key success factor for Axiata in optimizing capex spend and cashflow.



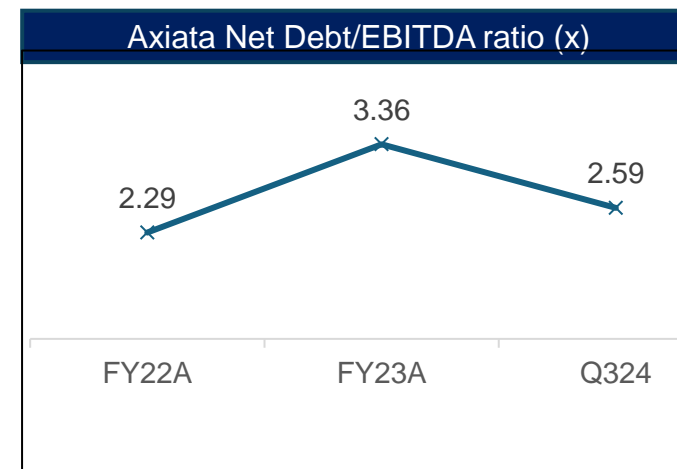
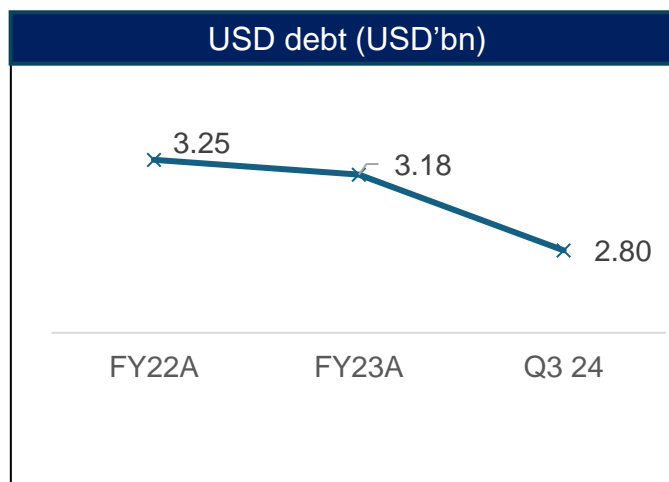
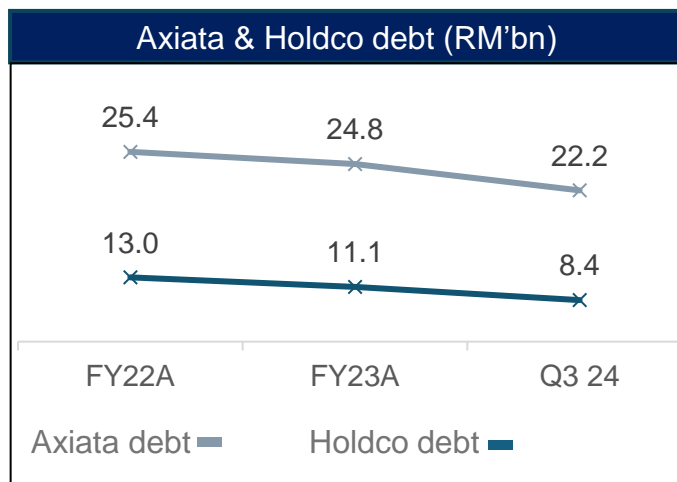
3. HoldCo cost reduction

The Axiata HoldCo role has evolved and strengthened to govern subsidiaries and joint-control entities ie CDB and XLSmart (upon completion of proposed merger). In addition to headcount reduction, the use of digital platforms and AI tools is reducing Axiata HoldCo cost by ~15-20% p.a.



4. Balance sheet optimisation: Strengthening the balance sheet

In 2024, Axiata has reduced Net Debt/EBITDA ratio to <math><3.0</math>, where at end-Q324 it is at 2.59x. Since 2022, total Group debt has been reduced from RM25.4bn to RM22.2bn, whilst HoldCo debt from RM13.0bn to RM8.4bn. USD debt exposure is also mitigated, where USD debt of total Group is now at 52% and aligned with Axiata Capital Structure policy of 50:50 foreign-local currency debt.



- ❖ Total debt reduction by RM3.2bn, including efforts to optimise Axiata HoldCo balance sheet:
 - Liability Management by buying back 2050 Euro Medium Term Notes at a discount ie USD73.5 for every USD100.0 outstanding.
 - Further debt prepayment of USD150m at HoldCo.

- ❖ Frontier market exposure to foreign exchange risk was mitigated with refinancing via local borrowings and internally generated funds.
- ❖ In Q3 2024, USD debt represented 52% of total debt for Axiata.

- ❖ Net debt/EBITDA ratio drops back to below 3x in Q324 is driven by:
 - EBITDA growth of 10.0% in 2023 and another 14.6% in Q324
 - Continuous effort to optimize balance sheet.

4. Balance sheet optimisation: Governed at board and management committees

With the support of Axiata Treasury Management Committee (ATMC) for both Axiata Board Audit Committee (ABAC) and OpCo Board Audit Committee (OBAC), the Group is able to reduce debt, as well as USD debt exposure amidst uncertain macro conditions in frontier markets.

Scope of responsibility of ABAC:

Independent review of:

- a) Financial statements
- b) Financial reporting process
- c) Audit process
- d) Internal controls, risk management & governance
- e) Compliance with law & regulations

Scope of responsibility of OBAC:

Independent review of:

- a) Financial statements
- b) Financial reporting process
- c) Audit process
- d) Internal controls, risk management & governance
- e) Compliance with law & regulations

Terms of reference for ATMC

As service center in managing treasury and corporate finance activities:

- a) Fund raising exercises to support business
- b) Optimise capital structure
- c) Increase efficiency of cash bank balance
- d) Manage treasury risk exposure incl. forex, interest and counter party risks

Financial outcome

Axiata is on track to deliver our financial aspirations committed during AAID23.

DPS 10sen p.a.



Progressively increase

**High single digit total
shareholder return p.a.**



**Net debt / EBITDA of
<2.5x by end-26**



Thank You

