

Axiata Analyst & Investor Day 2022

Axiata Investor Proposition

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Investor Proposition

1

**Capital
Re-allocation**

2

**Managing
Balance Sheet**

3

**Dividend
Transparency**

4

**Championing
Sustainability**



1 Capital Re-allocation

The framework has 5 guardrails i) Country capital allocation ii) Segment capital allocation iii) investment affordability guided by sources of capital iv) return requirements, v) portfolio mix, with capital re-prioritisation opportunities through partial divestment, pulling trapped cash and/or full exit.

**Axiata 5.0:
UPATAMI, EPS and TSR**

5 Guardrail 5: Portfolio mix. Capital re-prioritisation opportunities through partial divestment, pulling trap cash and/or full exit.

4 Guardrail 4(a): Organic returns. Measured using EBIT/Gross Investment ratio with target EBITDA/capex as a guiding principle.

Guardrail 4(b): Inorganic returns. Measured using IRR.

3 Guardrail 3: Affordability. Sources of capital to be ring fenced within segments, to ensure capital availability for its growth; temporary supported with leverage, with a glide path to returns.

1 Guardrail 1: Country. To determine a country's attractiveness for investment.

2 Guardrail 2: Segment. To determine a segment's attractiveness for investment.

2 Managing the Balance Sheet (1/2)

The Group has identified options to deleverage temporary uplift in debt due to recent acquisitions; includes using proceeds from the Celcom-Digi merger, fresh external capital in Edotco, digital businesses and potential fiber assets.

MOODY'S INVESTORS SERVICE

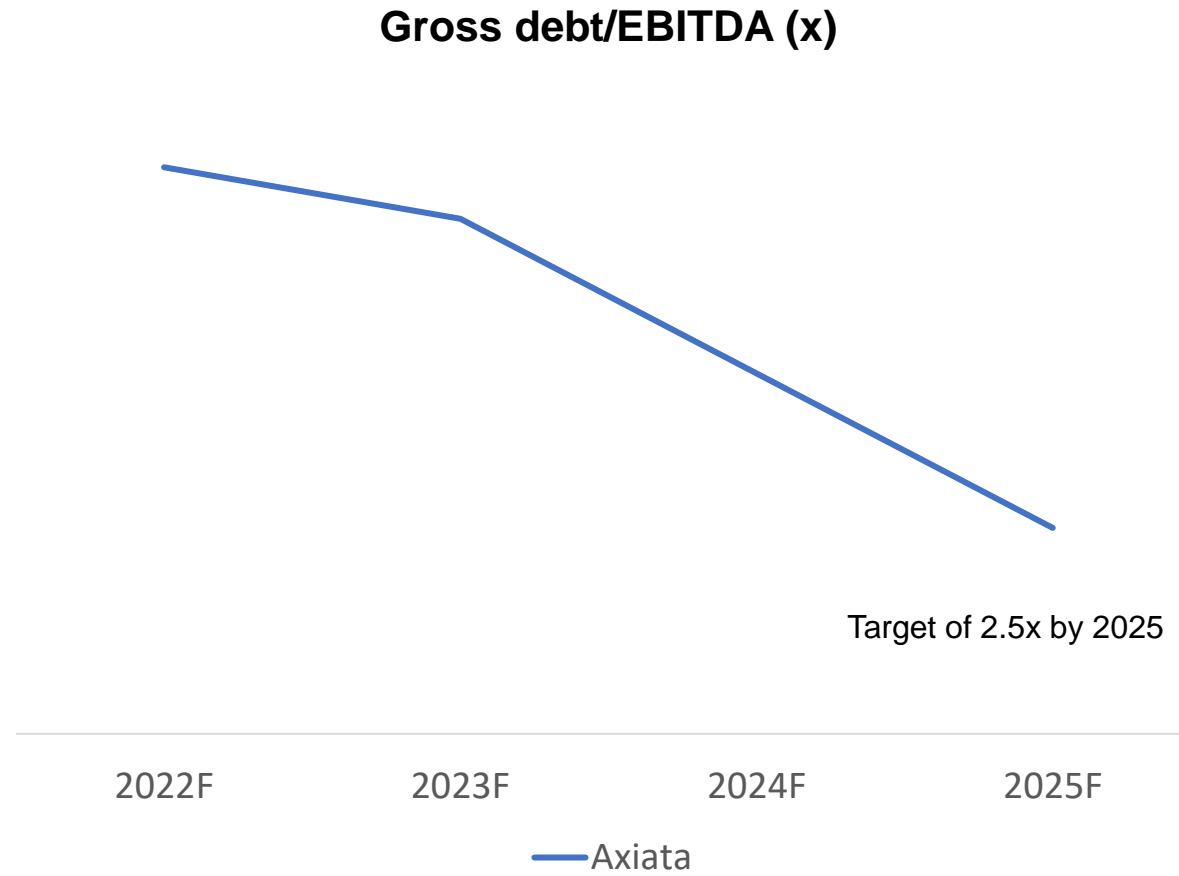
- 21 Apr 2022 - affirmed Axiata's Baa2 ratings with **stable outlook** with Gross Debt/EBITDA downgrade trigger adjusted from 2.5x to 3.0x on a sustained basis whilst opining that Axiata expected to **not breach leverage threshold of 3.0x**.
- Moody's comment: (1) proposed merger of Celcom and Digi will create a market leader in Malaysia with a stronger market position and improved profitability (2) expects dividends from Celcom Digi Berhad to broadly offset lower dividends from Celcom.

S&P Global Ratings

- 25 Nov 2022 – removal of rating from CreditWatch list and **downgraded Axiata's BBB+ rating to BBB** following impending completion of the Celcom Digi merger.
- S&P comment: Weaker earnings quality and higher leverage, however outlook will remain stable where Axiata expected to maintain a broadly stable operating performance and manage leverage such that its **adjusted debt/EBITDA will remain between 2.0x-3.0x** over the next 24 months.
- To note that, S&P's BBB rating will be on par with Moody's Baa2, with higher expected adjusted debt/EBITDA leverage threshold of between 2.0x-3.0x (aligned with Moody's revised threshold) which would provide more flexibility to AGB.

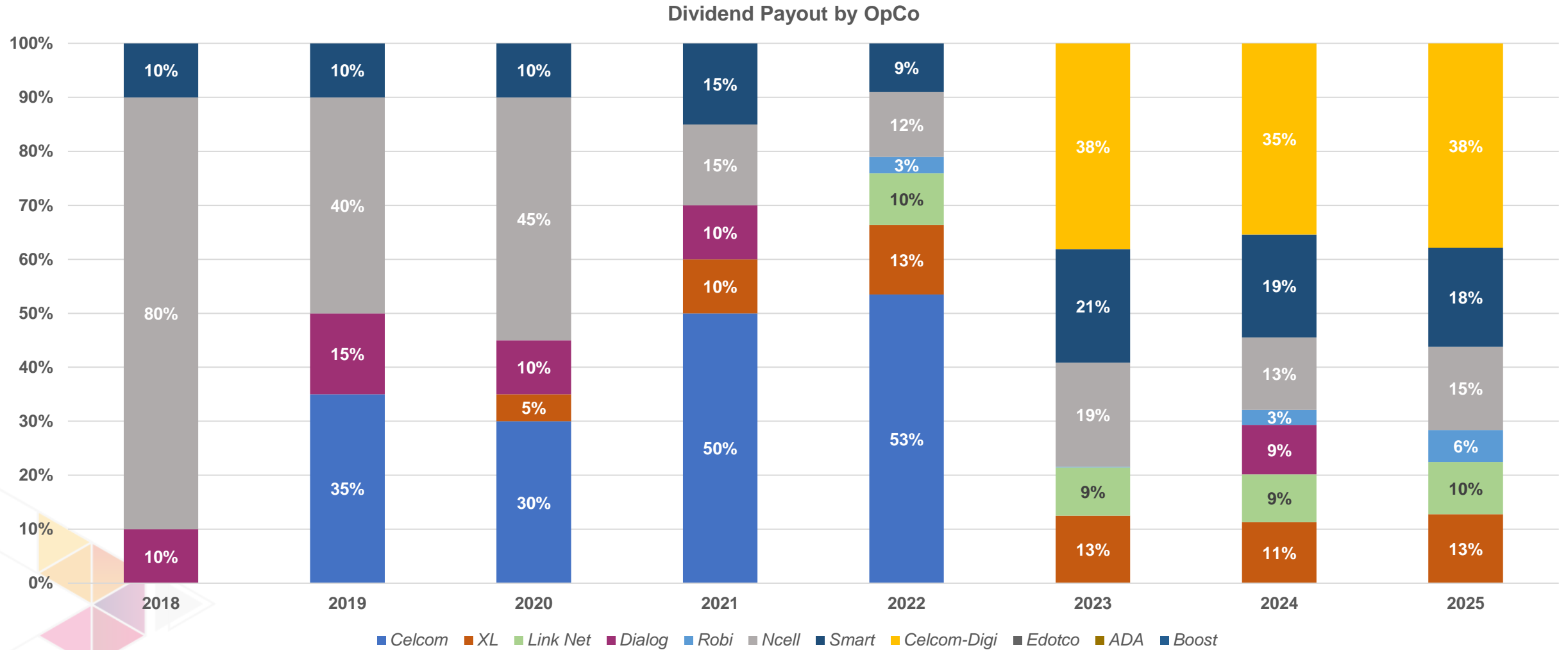
2 Managing the Balance Sheet (2/2)

Target to lower gross debt/EBITDA to 2.5x by 2025, from delayering, asset monetisation and minority position in fibre, tower and digital businesses.



3 Dividend Transparency

Axiata dividend portfolio is more diversified and balanced through strengthening of Opco Dividend Policy with minimum 50% payout. We are committed to return at least 10sen DPS per annum from BAU operations. Celcom Digi Bhd dividend policy to maximise dividend subject to debt threshold and available distributable reserves.



*Dividend received and expected to be received net of tax

4 Championing Sustainability

Axiata integrates Environment, Social and Governance (ESG) elements into our long term aspiration to be the 'Next Generation Digital Champion'. Material matters to Axiata include sustainable business growth, network quality & coverage, digital inclusion and digitization & monetization.

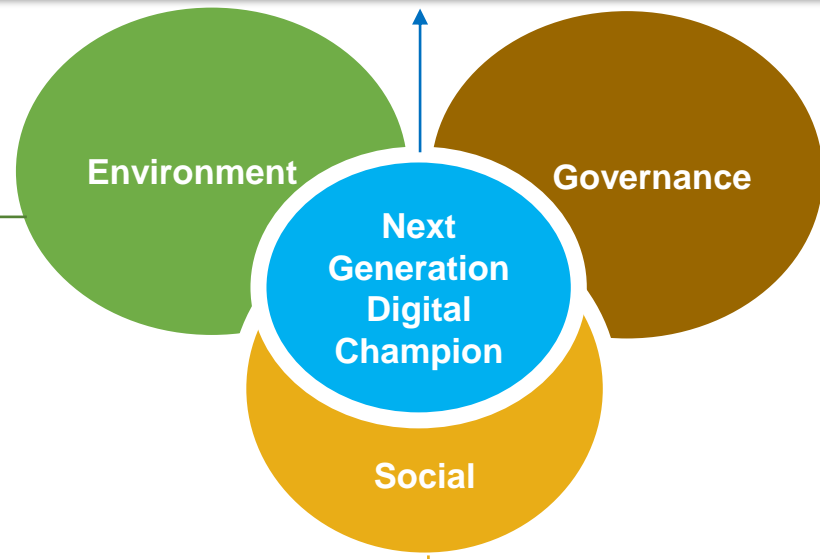


Our Material Matters for Next Generation Digital Champion:

- Sustainable Business Growth
- Network Quality and Coverage
- Digital Inclusion
- Digitisation and Modernisation

Our Material Matters for Environment:

- Climate Action
- Resource and Waste Management



Our Material Matters for Governance:

- Business Ethics and Compliance
- Data Privacy and Cyber Security
- Regulatory and Political Risk

Our Material Matters for Social:

- Fair Employment and Welfare
- Talent Development
- Employee Health, Safety and Wellbeing
- Emergency and Disaster Response
- Customer Service
- Supply Chain Management
- Community Development



Thank you