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Axiata Accelerates Value Creation Strategy for Sustainable Long-Term Growth

Kuala Lumpur, 30 May 2024 – Axiata Group Berhad (“Axiata” or the “Group”) concluded its 32nd Annual General Meeting (“AGM”) today with shareholders expressing support for the Group’s clear focus on value creation. All 10 resolutions tabled during the AGM were successfully passed.

Axiata delivered a steady operational performance in FY2023 accelerating its value-creation efforts. On a continuing basis¹, revenue in FY2023 grew by 9.9% to RM22.0 billion with contributions from all Operating Companies (“OpCos”) except Digital Businesses. Earnings Before Interest and Taxes (“EBIT”) rose sharply, by more than 100% to RM2.4 billion, driven by an 11.7% increase in Earnings Before Interest, Taxes, Depreciation and Amortisation (“EBITDA”) to RM9.6 billion. Growth in EBITDA was mainly driven by strong topline growth.

Normalised Profit After Tax and Minority Interest (“PATAMI”)² grew 94.1% to RM0.3 billion in FY2023. Against headline KPIs at a constant rate³, the Group exceeded its target of mid-single digit revenue ex-device growth and high single digit EBIT growth⁴, at 7.8% and 18.4% respectively. Reported Group PATAMI was negatively impacted by asset impairment and loss on disposal of Ncell in Nepal and impairment of EDOTCO Myanmar assets.

The sale of operations in Nepal and the decision to exit Myanmar amidst the deteriorating operating environment in these markets’ positions Axiata for future growth as one of Asia’s leading TelcoTechs.

Building on its momentum in 2023, Axiata is accelerating execution of its portfolio strategy focused on **Five Vectors of Value Creation** that encompass all areas of its business. The strategy focuses the Group’s resources on assets that can create future value to continue delivering on Axiata’s aspiration to be a **Sustainable Dividend Company**.

Shareholders demonstrated their support for Axiata’s strategic direction, with all 10 resolutions tabled during the AGM being passed. Among the key resolutions at the AGM were:

1. Re-election of Directors – Resolutions 1 to 4

During the AGM, Tan Sri Shahril Ridza Ridzuan, Thayaparan S Sangarapillai and Shahin Farouque Jammal Ahmad, each of whom retired by rotation pursuant to Clause 104 of the Constitution were re-elected as Directors. Shareholders also voted to re-elect Mohamad Hafiz Kassim, who retired pursuant to Clause 110 (ii) of the Constitution.

¹ Continuing Operations has excluded Ncell operation as 80% subsidiary of Axiata Group and EDOTCO Myanmar

² FY2023 normalised PATAMI excludes goodwill/assets impairment, purchase price allocations (PPA) amortisation, foreign exchange losses and derivatives and one-off regulatory fees and penalties

³ Constant rate is based on FY22 Average Forex Rate (ie 1 USD = RM4.39)

⁴ EBIT excludes impairment of asset/goodwill for Ncell, EDOTCO Myanmar and EDOTCO Pakistan

2. Directors' Fees and Benefits – Resolutions 5 to 8

Shareholders approved the payment of fees and benefits by Axiata and its subsidiaries to the Non-Executive Chairman (“NEC”) and Non-Executive Directors (“NEDs”) of Axiata from the 32nd AGM until the next AGM as well as the accrued payments of the Axiata Board Investment Committee’s fees and Axiata Digital & Analytics Sdn Bhd fees.

3. Reappointment of Auditors – Resolution 9

Shareholders approved the reappointment of PricewaterhouseCoopers PLT as the Auditors of the Company for the financial year ending 31 December 2024.

5. Proposed Shareholders’ Mandate for Recurrent Related Party Transactions (“RRPT”) of a Revenue or Trading Nature – Resolution 10

Shareholders approved the RRPT mandate at the AGM, providing the authorisation that enables Axiata to secure revenues from related parties in the course of doing business.

Commentaries

Tan Sri Shahril Ridza Ridzuan, Chairman of Axiata, emphasised the company's commitment to sustainable earnings in FY2023, which continued into the first quarter of 2024, highlighting its steady operational performance and path to being a Sustainable Dividend Company. "The Group delivered on its headline targets despite a challenging inflationary, high-interest rate operating environment."

"The Board was pleased to announce a total dividend of 10.0 sen per share for the financial year ended 31 December 2023, fulfilling our promise to shareholders."

"The Group continued to deliver for a wide range of stakeholders as part of our mission of Advancing Asia. Central to this mission is the vision of being a Next Generation Digital Champion, focusing on the forefront of technology and making it accessible to communities."

"Recognising our wider responsibilities, Axiata is committed to growing its business sustainably by advancing digital and financial inclusion, promoting equitable digital, climate impact and socio-economic growth. The Group supports around 0.6 million job opportunities and contributed USD8.7 billion to gross domestic product (GDP) across its markets in FY2023. In the same period, the Axiata Foundation expanded its scope to include community and environmental initiatives, impacting more than 13,400 people."

"The company's commitment to sustainable growth is evident in its integration of sustainability into its value creation strategy and improved ESG scores. In FY2023, Axiata's ESG ratings rose to 3.6 in the FTSE Russell ESG Rating, maintained a 3-star ESG Grading Band in the FTSE4Good Bursa Malaysia Index, and achieved high ranks in the S&P Global Corporate Sustainability Assessment and World Benchmarking Alliance. Collectively, these achievements underscore Axiata's dedication to sustainable value creation."

Vivek Sood, Group Chief Executive Officer and Managing Director, said “Axiata is well-positioned for the next phase of growth. Guided by Axiata’s ‘5 portfolio strategies and 5 strategic priorities’, Axiata is set to strengthen its portfolio, unlock value and seize new opportunities to foster balance between sustainable business growth and profitability with the objective of delivering sustainable dividends to our shareholders.”

“Axiata has rapidly implemented our strategy with a series of corporate exercises in FY2023 and continuing into FY2024. Our Key Associate Company, CelcomDigi, completed its first full year as a merged company and delivered on the projected merger synergies, contributing an RM530.6 million share of profit for FY2023. The focus is now on further accelerating the synergies from post-integration costs, and capitalising on the benefits of market consolidation and on our market leadership.”

“We are also continuing with Structural Transformation in Indonesia, accelerating the transformation of XL Axiata into a converged ServeCo and Link Net into a pure-play FibreCo, and capitalising on the synergies between the two operations. Axiata is pursuing its market consolidation efforts in Indonesia, having entered a non-binding Memorandum of Understanding (“MOU”) to explore a proposed merger between XL Axiata and another local player.”

“In our Frontier Markets, we have led industry consolidation in Sri Lanka, with our OpCo, Dialog, acquiring a 100% stake in its smaller competitor, Airtel Lanka. Post integration, Dialog is expected to deliver higher topline growth, expand margins and increase profitability, with the opportunity for higher dividends, resulting in higher returns of value to shareholders. In Q4 2023, we also completed our exit from Nepal through the sale of our local OpCo, Ncell, amidst an increasingly challenging operating environment.”

“In our infrastructure business, EDOTCO expanded in the Philippines by acquiring 2,710 towers from PLDT and also successfully refinanced USD700 million of short-term debt with a longer-term loan. EDOTCO also entered into a Share Purchase agreement to sell its operations in Myanmar in April 2024.”

“Our Digital Businesses continue to show strong growth potential, with their combined revenue now exceeding RM1.0 billion. Our digital analytics business, ADA, secured a watermark valuation at USD550 million following an additional USD58 million investment by Mitsui, underlining its high growth potential. The completion of this is awaiting regulatory approval. ADA aims to achieve a profitable unicorn status. We are also gearing up for the public launch of Boost Bank in June, which will offer a differentiated, embedded banking experience as we aim to expand financial inclusion.”

“As we move forward with a firm focus on value creation for our shareholders, our priority will be to continue capitalising on the opportunities created through the 5-by-5 portfolio and business strategy and developing a balanced growth and profitability portfolio.”

-Ends-

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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, and 'Smart' in Cambodia, 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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