

MEDIA RELEASE

Financial Year 2021

Strong Growth Supported by Robust Data Demand and Digitalisation

- Solid operational performance from all OpCos supported by accelerated data demand, connectivity and digitalisation needs across the region
- Reported revenue and EBITDA grew to RM25.9 billion (+7.0%) and RM11.4 billion (+7.0%) maintaining EBITDA margin of 44.0%. Growth partly impacted by strengthening of the Ringgit against local OpCo currencies.
- Achieved cost excellence through opex and capex savings of RM696 million and RM1.3 billion totalling RM2.0 billion
- Reported PATAMI soared to RM818.9 million (+>100%) from higher EBITDA, lower accelerated depreciation and net finance cost, with PATAMI margin at 3.2%
- Announced second interim dividend of 5.5 sen per share bringing total DPS to 9.5 sen, equivalent to a RM871.5 million payout, supported by robust performance and healthy balance sheet
- Formalised net zero target commitment with the signing of Science Based Target Initiative (SBTi) business pledge in November 2021
- The Group progressing well and meeting key milestones to deliver on Axiata 5.0 strategy of becoming The Next Generation Digital Champion

Key Highlights for FY21 – Underlying performance¹:

- ❖ **Strong growth in FY21:** Revenue ex-device and EBITDA increased 8.3% and 8.5%, with EBITDA margin stable at 44.0%. Underlying PATAMI improved to RM1.3 billion. Exceeded headline KPIs of low single digit growth for revenue ex-device and EBITDA.
- ❖ **Resilient balance sheet, OFCF affected by XL's accelerated capex:** Resilient balance sheet and strong cash balance of RM7.0 billion maintained with gross debt/EBITDA of 2.56x (net debt/EBITDA <2x). Touch Mindscape acquisition debt of RM1.4 billion lifted year end leverage. OFCF dropped 43.1% to RM1.9 billion largely due to XL's accelerated capex and backlog capex at edotco.
- ❖ **Strong recovery with positive subscriber momentum for Celcom:** Revenue ex-device up 5.6% driven by double-digit growth in prepaid and robust postpaid performance, with solid subscriber growth in excess of 0.9 million over the year. PATAMI increased 39.2%

¹ Financial results % growth at constant currency

- ❖ **XL kept steady amid competitive pressures:** Revenue ex-device grew 2.7%. EBITDA increased 1.7% whilst PATAMI increased by more than 100% to IDR1.3 trillion
- ❖ **Good data revenue momentum at Robi:** Revenue ex-device expanded by 7.6% spurred by a 11.8% rise in data revenue in tandem with higher usage led by increase in 4G subscriber base. EBITDA grew 2.7% whilst PATAMI was up 16.1%.
- ❖ **Continued double digit growth momentum at Dialog:** Revenue ex-device improved by 18.2%, whilst EBITDA, FCF and PATAMI expanded by 15.6%, 22.8% and 41.8%.
- ❖ **Ncell's revenue pressured by lockdown and stiff competition:** Revenue ex-device dipped 1.1%, EBITDA was up 1.1% and PATAMI surged more than 100% from a low base in FY20 due to asset write-off.
- ❖ **Smart's good results bolstered by higher data contribution:** Revenue ex-device expanded by 7.3%. EBITDA climbed 4.5%, PATAMI up by 3.0%.
- ❖ **Axiata Digital on track with strong profits at ADA and narrowed losses at Boost:** Revenue almost doubled to RM980 million. Net loss narrowed by 62.1% to RM112 million arising from lower marketing expense at Boost and higher profit at ADA.
- ❖ **edotco's growth fuelled by significant increase in new towers and co-location tenancies:** Revenue up 5.2%, EBITDA and PATAMI increased 13.0% and 72.9%.
- ❖ **FY22 Headline KPIs:** Mid single digit growth for revenue ex-device and high single digit growth for EBIT; change from EBITDA growth to EBIT growth as a better measurement of our capital-intensive business.
- ❖ **Downside risks for 2022.** Regulatory challenges, global chip supply shortage resulting in supply bottlenecks, increased taxes in Sri Lanka and Malaysia, uncertain macroeconomic environment in general and specifically in Sri Lanka, and developments in Myanmar.
- ❖ **Axiata 5.0:** Structural changes and portfolio optimisation on track with completion of ADA's Awake Asia acquisition and the RM250 million investment from SoftBank Corp., Touch Mindscape acquisition by edotco and disposal of 5% stake in XL to Ferrymount Investments. Pipeline for 2022 include completion of Celcom-Digi merger and Link Net acquisition.

KUALA LUMPUR, 22 FEBRUARY 2022 – Affirming its resilience and preparedness to meet with accelerating demand for digitalisation across the region in the pandemic environment, Axiata Group Berhad (Axiata or the Group) closed its financial year ended 31 December 2021 (FY21) with strong operating performance.

On a reported basis, compared to financial year ended 31 December 2020 (FY20) FY21 revenue and Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) both rose to RM25.9 billion (+7.0%) and RM11.4 billion (+7.0%) on the back of growth across all Operating Companies (OpCos) except Ncell. In constant currency, revenue excluding device

(ex-device) expanded by 8.3%¹ to RM25.1 billion lifted by all OpCos except Ncell². EBITDA climbed 8.5%¹ to RM11.4 billion mainly contributed by Celcom³, Dialog⁴, edotco⁵ and ADS⁶.

On a reported basis, Group Profit After Tax (PAT) and Profit After Tax and Minority Interest (PATAMI) improved significantly by more than 100% to RM1.3 billion and RM818.9 million respectively, flowing through from higher EBITDA, lower accelerated depreciation and net finance cost, whilst being offset by one-off items including Ncell's goodwill impairment and lower one-off gains. Underlying PATAMI⁷ expanded by 57.5%¹ to RM1.3 billion fuelled by improved EBITDA across all OpCos, narrowed losses from Axiata Digital, lower net finance cost and offset by accelerated depreciation of 3G assets in Celcom and Robi.

On a year-on year (YoY) basis, for the fourth quarter ended 31 December 2021 (4Q21), revenue grew by 10.2% to RM6.9 billion. Consequently, EBITDA rose 11.4% to RM3.0 billion. Reported PATAMI surged more than 100% to RM116.0 million mainly led by higher top lines and lower depreciation and amortisation offset by impairment of Ncell goodwill (RM338.4 million). In constant currency of 4Q21, revenue ex-device and EBITDA increased by 10.0% and 11.1% YoY respectively. Underlying PATAMI grew 29.7% to RM411.4 million.

In FY21, Axiata achieved cost excellence through opex and capex savings of RM696 million and RM1.3 billion, totalling RM2.0 billion. Additionally, it closed the year with a resilient balance sheet, as gross debt/EBITDA lifted to 2.56x with the acquisition of Touch Mindscape and cash balance remained healthy at RM7.0 billion. In view of the Group's balanced performance, a full year total dividend of 9.5 sen per ordinary share (DPS) was announced.

Digital Telcos⁸

Celcom's transformation delivered excellent results in FY21, demonstrating strong recovery on the back subscriber additions in excess of 0.9 million in both prepaid and postpaid segments. Revenue ex-device increased 5.6% through double-digit growth in prepaid revenue and robust postpaid performance. EBITDA, excluding one-off impact of Employee Restructuring Programme in FY20, rose 5.8% with revenue flow through and improved cost management. Coupled with lower net finance cost and one-off gains, PATAMI recorded double digit growth of 39.2%. Free Cash Flow (FCF) improved to RM1.8 billion (+13%) despite higher capex driven by EBITDA improvement. Guided by FY21 capex, Celcom invested approximately RM1 billion into its network and systems to support the 1.8 million subscriber and utilisation growth since the pandemic began in 1Q20.

² Ncell Axiata Limited

³ Celcom Axiata Berhad

⁴ Dialog Axiata PLC

⁵ edotco Group Sdn Bhd

⁶ Axiata Digital Services Sdn Bhd

⁷ Underlying PATAMI excludes forex related (forex/derivative gains/losses, hedging cost) and others

⁸ Growth numbers for OpCos are based on results in local currency in respective operating markets

Despite competitive pressures, **XL**⁹ maintained its steady pace as revenue ex-device rose 2.7% bolstered by a 5% increase in data contribution whilst Average Revenue Per User (ARPU) was stable at IDR36,000. EBITDA increased 1.7% moderated by higher sales and marketing expense to improve distribution channels. FCF slid 51.3% due to accelerated capex rollout to enhance network capacity and coverage. PATAMI soared beyond 100% to IDR1.3 trillion highest since 2013 from EBITDA flow through, boosted by lower depreciation and amortisation (D&A) from 3G sunset in FY20 and lower net finance cost.

Robi's revenue ex-device was up 7.6% spurred by data revenue momentum which increased 11.8% in tandem with higher usage led by growth in its 4G subscriber base, coupled with higher voice contribution. EBITDA was up 2.7% moderated by higher network cost and sales and marketing expense. PATAMI expanded by 16.1% lifted by lower net finance cost and tax benefit which cushioned the impact of higher D&A.

Dialog kept its momentum in delivering double digit growth, as revenue ex-device improved by 18.2% driven by higher contributions across all segments of mobile, fixed and TV, supported by the acquisition of enterprise ICT service provider H One in January 2021. FCF rose 22.8% despite higher capex to expand mobile and fixed data networks, supported by a 15.6% rise in EBITDA. PATAMI increased 41.8% flowing through from EBITDA and lower net finance cost.

Challenged by continued pressures from the lockdown and intense competition, **Ncell's** revenue ex-device slid 1.1% dragged by International Long Distance (ILD) revenue. EBITDA climbed 1.1% on the back of cost control, with healthy EBITDA margin of 58.2%. PATAMI jumped to more than 100% from a low base in FY20 due to asset write-off.

Smart¹⁰ kept steady as revenue ex-device increased by 7.3% encouraged by higher data contribution on the back of growth in data subscribers and usage. EBITDA expanded by 4.5% flowing through from revenue offset by higher network cost; consequently, PATAMI grew by 3.0%.

Digital Businesses

Axiata Digital's revenue almost doubled to RM980 million mainly driven by growth at ADA and Boost. Net loss narrowed by 62.1% to RM112 million arising from higher profit at ADA and lower marketing expense at Boost.

In FY21, Boost's¹¹ GTV grew by 25.7% to RM5.0 billion driven by growth in online and offline payments, with the latter picking up after easing of lockdowns. Its revenue soared by 65.4% following the acquisition of new users (+0.9 million) and merchants (+139k). Across Malaysia and Indonesia, Boost's loan book also grew healthily with total GTV of loans disbursed increased by about 13X and 55X respectively over two years (2020 to 2021). With Indonesia

⁹ PT XL Axiata Tbk

¹⁰ Smart Axiata Company Limited

¹¹ Boost Holdings Sdn Bhd

being a key growth engine, Boost Indonesia also saw a growth of 5X year-on-year through the pandemic, making it one of the largest lending P2P operations in Indonesia.

For the same period, ADA's¹² revenue soared by 89.4% primarily due to expansion in its customer engagement business and the increased focus by ADA clients on their digital transformation initiatives.

Infrastructure

2021 was a milestone year for edotco as total owned and managed towers grew by 34% whilst tenancy counts grew by approximately 16%. In line with this, revenue expanded 5.2% on an overall increase in tower and tenancy counts led by organic and inorganic growth from its major markets, Bangladesh and Malaysia including an asset purchase exercise completed in 4Q21. Organically, other markets, including Pakistan, Cambodia, and Sri Lanka, amongst others, also contributed positively. EBITDA for FY21 increased by 13.0%, benefitting from higher revenue, continuous cost optimisation efforts, and better collection overall, leading to lower bad debt provisions compared to FY20, offset against one-off retirement benefit and regulatory costs in Malaysia and Bangladesh, respectively. Consequently, PATAMI jumped 72.9%, contributed by higher EBITDA, further supported by unrealised forex gain, offset against higher tax provisions for the year.

Commentaries

Tan Sri Shahril Ridza Ridzuan, Chairman of Axiata said, "Emerging from a very challenging year, Axiata's growth in 2021 reflects well on our move to expand from a pure play mobile focus to include digital and infrastructure businesses. We continue to embrace digitisation and analytics at the core of this transformation to effectively identify shifting consumption patterns. In view of the steady performance, Axiata is pleased to announce a total dividend of 9.5 sen per ordinary share for the year, which includes the interim dividend of 4 sen per ordinary share declared for the financial period ended 30 June 2021."

"For 2022, the Board continues to challenge the team to enhance operational resilience and strengthen fundamentals as the group scales up across the region. We are encouraged by Axiata's improved performance in the MSCI ESG Rating and FTSE ESG Index and stand by our commitment to sustainability as a responsible business. In becoming The Next Generation Digital Champion, we look forward to raising our ESG contributions, as Axiata and its operating companies focus on driving concerted climate action in addition to our digital inclusion efforts across the region."

Dato' Izzaddin Idris, President & Group Chief Executive Officer of Axiata said, "Having navigated cautiously into 2021, it is heartening to deliver better than expected results, surpassing our headline KPI guidance of low single digits to record revenue¹³ and EBITDA growth of 8.3% and 8.5% respectively. The strong organic growth in revenue and EBITDA,

¹² Axiata Digital & Analytics Sdn Bhd

¹³ Revenue excluding device

and increased profits as a result, stem from deliberate steps taken to adjust and strengthen our foundations to position for the digitally accelerated environment we have experienced.”

“All our operating companies or OpCos played their parts in the rigorous execution of the Axiata 5.0 Vision which focuses on positioning for new norms, OpCo transformation and driving structural changes to future-proof the Group,” he said.

“Notably, Celcom demonstrated strong recovery in key metrics on the back of over 900,000 subscriber acquisitions thanks to improved go-to-market strategy covering products, network and distribution. At the same time, ADA is well-placed to support digital marketing transformation for enterprises and Boost is prepared to meet rising demand for fintech services. For Ncell, whilst revenue continues to be dragged by lockdown and competitive pressures, we are encouraged by growth in EBITDA on the back of cost controls and its healthy EBITDA margin.”

“Entering 2022, we’ll be focused on sustaining this growth momentum and are circumspect in targeting mid single digit for revenue growth⁴ and high single digit for EBIT growth in view of prevailing tough external conditions. Capex is targeted at RM7.1 billion.”

“Moving forward, we will be closely monitoring macroeconomic, regulatory and industry risks in addition to developments in Myanmar. Business wise, we are positive about upsides in Indonesia, revenue uplift from demand for data, digital content and enterprise digital transformation as well as the integration of completed acquisitions in 2021. We’re also looking at potential inorganic opportunities for 2022,” he concluded.

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About Axiata

As one of the leading telecommunications groups in Asia in pursuit of its vision to be The Next Generation Digital Champion by 2024, Axiata has transformed itself from a holding entity with a portfolio of pure-play mobile assets into a Triple Core Strategy driven business focusing on Digital Telco, Digital Businesses and Infrastructure.

Within ASEAN and South Asia, the Group has controlling stakes in market-leading mobile and fixed operators in the region including 'Celcom' in Malaysia, 'XL' in Indonesia, 'Dialog' in Sri Lanka, 'Robi' in Bangladesh, 'Smart' in Cambodia and 'Ncell' in Nepal. Axiata is actively spearheading efforts to transform its mobile-centric operations into digital converged companies.

Axiata Digital, the digital services arm of Axiata is focused on two digital business verticals namely Digital Financial Services ('Boost') and Digital Analytics & AI ('ADA').

'edotco', the Group's infrastructure company, operates in eight countries to deliver telecommunications infrastructure services, amassing approximately 42,227 owned and managed towers. Presently among the top 10 independent tower companies globally, edotco aims to be one of the top regional telecommunications tower companies and is committed to responsible and sustainable business operations.

As a committed and long-term investor, and in line with its sustainability goals, the Group actively supports and drives young talent development; disaster response and recovery; as well as green initiatives. Axiata's broader goal of Advancing Asia aims to piece together the best in the region in terms of innovation, connectivity and talent.

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