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Axiata remains a strong growth company in FY23; continuing operations report revenue growth of 9.9% to RM22 billion and EBITDA growth of 11.7% to RM9.6 billion

- Strong growth performance with continuing operations[1] revenue and EBITDA of RM22 billion (+9.9%) and RM9.6 billion (+11.7%) respectively.
- Reported PATAMI impacted by Ncell and EDOTCO Myanmar asset impairment, higher net finance cost and lower share of results of CelcomDigi Berhad relative to Celcom's contribution as a subsidiary in the previous year.
- Uncertain and deteriorating operating environment and risk of further value erosion led to the decision of exiting Nepal and Myanmar in FY23. Disposal of Nepal operations was completed on 1 December 2023 while discussion on the sale of EDOTCO Myanmar is ongoing.
- The Group's solid underlying performance[2] of combined operations[3] was driven by higher revenue ex-device growth of 10.3% contributed by all OpCos except Boost and Ncell.
- Underlying PATAMI[4] fell by 64.9% mainly due to higher D&A and net finance costs of Link Net and EDOTCO consequent to growth investments made in these two infrastructure businesses, coupled with lower share of results from CelcomDigi Berhad compared to Celcom's contribution as a wholly-owned subsidiary in 2022.
- Prudence in capital expenditure and improved EBITDA resulted in operating free cashflow generation of RM1.01 billion after leases.
- Company declares second dividend per share of 5.0 sen, bringing total dividend per share for FY23 to 10.0 sen.
- Overall performance demonstrates the Group's focus on executing its strategies by directing investments in growth categories of emerging markets and optimising long-term returns to deliver sustainable dividends.
- Against FY23 headline KPIs at constant rate[5], the Group's performance exceeded its target of mid-single digit revenue ex-device growth and high single digit EBIT growth[6], at 7.8% and 18.4% respectively.

Key Highlights for FY23[7]

- **Well-positioned for next phase of growth.** On a continuing basis, revenue grew by 9.9% contributed by all OpCos, except digital businesses where focus remains on path to profitability and investment in building Boost Bank in Malaysia. All Digital telcos have increased their revenue market share and improved monetisation with ARPU uplift. EBIT grew by more than 100% to RM2.4 billion due to flow through from EBITDA growth of 11.7%.

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[1] Continuing Operations has excluded Ncell operation as 80% subsidiary of Axiata Group and EDOTCO Myanmar
[2] Underlying performance is based on % growth at constant currency
[3] Combined Reported continues to include Ncell as 80% subsidiary of Axiata Group and EDOTCO Myanmar
[4] Underlying PATAMI mainly excludes forex impact, gain/loss on disposal and impairment of asset/goodwill
[5] Constant rate is based on FY22 Average Forex Rate (ie 1 USD = RM4.39)
[6] EBIT excludes impairment of asset/goodwill for Ncell, EDOTCO Myanmar and EDOTCO Pakistan.
[7] Growth numbers for OpCos are based on results in local currency in respective operating markets

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- **Sustained Cash Flow**. Adjusted operating free cashflow increased by more than 100% supported by higher EBITDA. Compared to the preceding quarter, net debt/EBITDA stands at 3.36x mainly due to EDOTCO Myanmar's reclassification as an asset held for sale. Actions to improve balance sheet are underway with RM2.2 billion loan prepayment in FY23. Cash balance stands at RM4.6 billion.
- **Delivering on key strategic outcomes.** Progressed well on transformational strategic objectives including delivering on the synergies of CelcomDigi Berhad, fixed broadband and mobile convergence in Indonesia by delayering into a ServeCo via XL Axiata and wholesale InfraCo via Link Net, strong and resilient frontier markets, creating value through infrastructure business in EDOTCO and illuminating value of digital businesses by focusing on path to profitability.
- **XL's market repair supports double digit growth**. FY23 revenue grew by 10.9% supported by sustained pricing environment with ARPU uplift to IDR41,000 and improved contribution from Data and Digital Services. Coupled with savings in direct cost, EBIT growth of 19.7% flowed through to PATAMI which reported double digit growth of 14.6%.
- **Robi's market repair strategy yielded strong operational performance, with double digit growth across key metrics**. FY23 revenue ex-device, EBITDA and EBIT surged by 16.0%, 19.3% and 27.9% respectively, driven by strong subscriber growth of 7.8% and ARPU expansion to BDT142. PATAMI jumped by 75.7% to BDT3.2 billion from strong operational performance and structured cost stewardship effort.
- **Dialog executes successful maneuvers amidst a prolonged Sri Lanka crisis.** FY23 revenue ex-device increased by 4.9% driven by international hubbing, mobile and fixed broadband. EBIT growth was supported by cost rescaling initiatives of LKR19.0 billion. PATAMI increased by more than 100% due to forex gain of LKR10.2 billion, offsetting the higher interest expense as Dialog pared down its USD debt exposure. Dialog remains focused on getting back to pre-crisis profits.
- **Smart remains a steady profit and cashflow generator**. FY23 revenue ex-device rises by 1.3% as growth in Data was moderated by decline in Voice and VAS; FY22 was also boosted by one-off scratch card revenue. EBIT growth of 12.7% and PATAMI growth of 73.8% is largely due to the one-off regulatory fee in FY22. Smart delivered its highest ever profit in FY23.
- **EDOTCO'S inorganic contribution complementing growth in B2S and Colo**. FY23 revenue and EBITDA grew by 12.5% and 13.9% respectively, largely supported by increased organic contribution namely from the core countries in Malaysia and Bangladesh, and inorganic contribution from the Philippines. EBIT growth moderated to 5.8% due to mainly higher D&A from towers in the Philippines, while PATAMI declined by more than 100% dragged by unrealised forex loss, one-off Bangladesh taxation impact, higher net finance cost, and impairment of asset for Pakistan and Myanmar.
- **Link Net continues transition to FibreCo.** FY23 revenue declined by 10.2% due to slow recovery for residential subs, cushioned by ARPU increase. EBITDA declined by 23.3% impacted by higher marketing, manpower and professional services cost. Balancing the structural transformation alongside managing the day-to-day business operations has been challenging, yet significant improvements were achieved in Q423. As Link Net transitions to FibreCo, homes passed rollout for XL lifts D&A and net finance cost, thus leading to a decline in PATAMI.

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- **Sustaining the ecosystem for Boost Bank growth opportunities:** Revenue declined marginally by 2.7%, as the company decided to take prudent measures to control its loan book growth in a high interest rate environment. EBIT and PATAMI losses were incurred due to start-up cost for Boost Bank. Nonetheless, the ecosystem exhibits encouraging growth with Boost Life users growing 6.5% YoY to 11.1 million and Malaysian merchants growing by 13.8% to 632,000.
- **ADA finishes strong in Q423, delivers 5th year of profitability.** QoQ revenue growth in most business segments, coupled with cost optimisation, boosted Q423 PATAMI over 100% to RM21 million, with FY23 PATAMI coming in at RM6 million.
- **CelcomDigi Berhad continues to deliver synergy as planned**. Effective integration is in progress, on track to establish a financially robust business with planned synergies captured.

KUALA LUMPUR, 22 FEBRUARY 2024 – Axiata Group Berhad ("Axiata" or "the Group") today announced financial results for its fourth quarter and fiscal year 2023. The Group surpassed its targets with a robust performance in the fourth quarter and full fiscal year ending on December 31, 2023 ("FY23"), driven by solid underlying performance across many of its markets in ASEAN and South Asia, demonstrating a year of resilient performance despite challenging global macroeconomic conditions.

On a continuing basis, compared to the financial year ended 31 December 2022 ("FY22"), FY23 revenue and Earnings Before Interest, Tax, Depreciation and Amortisation ("EBITDA") rose to RM22 billion (+9.9%) and RM9.6 billion (+11.7%) respectively, contributed by all Operating Companies ("OpCos") except Boost[8]. Earnings Before Interest and Tax ("EBIT") improved by more than 100% to RM2.4 billion due to flow through from EBITDA growth. Meanwhile, Group Profit After Tax and Minority Interest ("PATAMI") recorded a loss of RM125 million on the back of significantly lower forex losses, offset by higher interest expense. This represents a 95.2% improvement compared to the previous year.

Against headline KPIs at constant rate[9], the Group exceeded its target of mid-single digit revenue ex-device growth and high single digit EBIT growth[10], at 7.8% and 18.4% respectively.

Meanwhile, on a Quarter-on-Quarter ("QoQ": 4Q23 vs 4Q22) continuing basis, for the fourth quarter ended 31 December 2023 ('4Q23'), Group's revenue grew by 7.2% to RM5.8 billion. EBITDA grew by 6.9% to RM2.5 billion whilst EBIT improved by more than 100% to RM554 million. Reported PATAMI improved by more than 100% to RM49 million.

Compared to the preceding quarter, Group's net debt/EBITDA stood at 3.36x with the change mainly due to reclassification of EDOTCO Myanmar as an asset held for sale. Cash balance stands at RM4.6 billion due to loan pre-payments of RM2.2 billion, resulting in interest savings of RM82 million, in line with the Group's strategy to reduce borrowings.

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[8] Boost refers to Boost Holdings Sdn Bhd and its subsidiaries
[9] Constant rate is based on FY22 Average Forex Rate (ie 1 USD = RM4.39)
[10] EBIT excludes impairment of asset/goodwill for Ncell, EDOTCO Myanmar and EDOTCO Pakistan.

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Digital Telcos[11]

XL's[12] FY23 revenue growth of 10.9% was driven by increased contribution from Data and Digital Services. Blended ARPU increased from IDR39,000 to IDR41,000 on the back of positive momentum from rationale pricing environment. Revenue growth and direct cost savings more than offset the increase in network cost. As a result, EBIT margin increased by 1.0 ppts. PATAMI growth of 14.6% was supported by EBIT flow through, moderated by higher finance cost and recognition of losses from associate.

Robi's performance sees its YoY growth largely driven by voice and data on the back of growth in subscribers (7.8%) and ARPU expansion to BDT142. EBIT growth of 27.9% was supported by margin expansion as revenue growth (16.0%) outpaced increase in cost. Structured cost stewardship effort and stellar operational performance lifted PATAMI by 75.7% to reach BDT3.2 billion.

Dialog's[13] FY23 revenue ex-device has grown by 4.9% on the back of higher international hubbing and increased data revenues from mobile and broadband. EBIT climbed more than 100% driven by revenue growth, cost rescaling initiatives and subdued D&A on the back of controlled CAPEX spend. PATAMI growth of over 100% was supported by forex gain of LKR10.2 billion.

Smart's[14] revenue growth was flattish as growth in Data (from prepaid, enterprise, and international business) was impacted by decline in Voice and VAS. Comparatively, revenue in the previous year had recognised one-off scratch card revenue. EBIT grew by 12.7% and PATAMI by 73.8% due one-off regulatory fees in FY22.

Link Net's[15] revenue declined due to slow recovery of residential subs, yet this was cushioned by ARPU increase to IDR351,000 compared to IDR337,000 in FY22. EBITDA declined, largely impacted by higher marketing, manpower and professional services costs. EBIT was further impacted by higher D&A from homes passed rollout. Meanwhile, PATAMI declined from lower EBIT and higher net finance cost from additional drawdown of borrowings to support homes passed rollout.

Infrastructure

EDOTCO's[16] revenue and EBITDA growth of 12.5% and 13.9% respectively is largely attributed to increased organic contribution namely from the core countries in Malaysia and Bangladesh, and inorganic contribution from the Philippines. Revenue growth outpaced increase in costs to support EBITDA growth of 13.9%. PATAMI was impacted by higher D&A from the acquired towers in the Philippines, unrealised forex loss, one-off Bangladesh taxation impact, higher net finance cost, and impairment impact namely attributed to the decision to reclassify Myanmar's business to discontinuing operations, with its asset and liabilities being presented as held for sale in accordance with MFRS 5.

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[11] Growth numbers for OpCos are based on results in local currency in respective operating markets

[12] PT XL Axiata Tbk

[13] Dialog Axiata PLC

[14] Smart Axiata Company Limited

[15] PT Link Net Tbk

[16] EDOTCO Group Sdn Bhd

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Digital Business

Boost's[17] EBIT improved by 54% YoY (excluding bank start-up costs) mainly driven by cost optimization efforts and PAT was better by 34% YoY. Beyond BHSB's pursuit to optimise cost modules and grow contribution margin at a unit economics level, the Group will maintain a tight focus on reducing cash burns and seek out more economical cost of funds.

ADA's[18] FY23 gross revenue grew largely due to high growth in the Data & AI sector, tempered by a recessionary environment that reduced media spending in Marketing Solution segments. EBITDA was impacted by renegotiation of Customer Engagement contracts compared to prior year period. PATAMI continued to be positive into its fifth year of profitability.

Commentaries

Tan Sri Shahril Ridza Ridzuan, Chairman of Axiata said, "The Group, while continuing towards the path of portfolio transformation, delivered solid results in the fiscal year of 2023 in a challenging cost and operating environment. Tough, decisive actions were taken to exit the deteriorating operating environments of Nepal and Myanmar in FY23. These decisions allow management to focus on assets that can create future value for shareholders.

We remain focused on excellent execution of our strategies to achieve our aspiration as a sustainable dividend company. Considering the Group's overall performance, the Board of Directors are pleased to declare a second dividend of 5 sen per share for the financial year ended 31 December 2023. This brings the Group's overall dividend declaration to 10 sen per share for the full year 2023.

For 2024, the Board continues to focus on solid business fundamentals as Axiata accelerates our pace in the journey towards Telco-TechCo status and transforms its portfolio. As we continue our progress towards our goal of becoming The Next Generation Digital Champion, sustainability matters in the areas of digital inclusion and climate action will remain a top priority. We have commenced the validation process with the Science Based Targets initiative (SBTi) to substantiate our near-term and long-term net-zero targets, demonstrating our commitment to evidence-based climate action. This initiative is among several aimed at driving significant, impactful change across our markets."

Vivek Sood, Group Chief Executive Officer and Managing Director of Axiata said, "Axiata's strategic allocation of resources and investments toward growth sectors is yielding positive results. We closed out our fiscal year with revenue and EBITDA growth of 9.9% and 11.7% respectively, and exceeded our headline KPIs. This places Axiata in a stronger position to accelerate our progress and deliver on our strategic priorities. It is encouraging to note that most of our Digital Telcos delivered one of their most profitable performances, while also gaining market share.

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[17] Boost refers to Boost Holdings Sdn Bhd and its subsidiaries
[18] ADA refers to Axiata Digital & Analytics (ADA) and its subsidiaries

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We recently refreshed our corporate strategy, and these will be delivered by five vectors of value creation - synergy delivery of CelcomDigi, structural transformation in Indonesia, building business resilience in our frontier markets, creating sustainable value through our infrastructure and illuminating the value of our digital businesses.

Moving into 2024, we are excited for the next phase of our telco-techco journey, as we evolve to become an integral player in the region's digital and technology ecosystem. We remain confident that through our refreshed corporate strategy of delivering value through five vectors and five strategic priorities, we will continue to reshape our portfolio to unlock value and build on new opportunities to create value from sustainable businesses."

-Ends-

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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