

MEDIA RELEASE

Steady Operational Performance in 1Q22, Profit Impacted by Unrealised Forex Losses Primarily in Sri Lanka

- Revenue and EBITDA grew steadily at 6.7% and 7.7% YoY driven by all OpCos except Ncell. PATAMI slipped into a loss of RM43 million arising from unrealised forex translation losses due to weakened Sri Lankan Rupee and Ringgit against the USD
- Underlying PATAMI¹ jumped 70.7% YoY with margin at 5.7%, whilst revenue ex-device and EBITDA rose 7.8% and 7.4%²
- Healthy balance sheet with gross debt/EBITDA of 2.49x, cash balance at RM5.8 billion at quarter end
- Sustainable growth momentum continued with edotco's proposed acquisition of tower assets in the Philippines, BNM approval for proposed Link Net acquisition, preparations at Boost to launch the digital bank
- Launch of Axiata's Net-Zero Carbon Roadmap

Key Highlights for 1Q22³:

- **Celcom sustained its positive momentum:** YoY revenue ex-device up 5.2%, EBIT and PATAMI surged more than 100%
- **XL delivered strong revenue growth albeit at higher opex spend:** YoY revenue ex-device and EBITDA increased 7.9% and 1.8%. PATAMI dropped 56.6%, impacted by higher net finance cost and one-off gain in Q121
- **Robi's performance moderated by intense competition:** YoY revenue ex-device and EBITDA rose 2.0% and 4.9%, PATAMI climbed 16.1%
- **Dialog registered a loss despite strong revenue growth stemming from forex losses:** YoY revenue ex-device increased 16.6% and EBIT growth was at 2.1%. PATAMI reversed to a loss of LKR15.8 billion, due to unrealised non-cash forex loss arising from USD-denominated debt; excluding forex loss underlying PATAMI reached LKR4.3 billion
- **Ncell's topline impacted by lower voice revenue consequent to regulatory changes:** YoY revenue ex-device dropped further by 7.8% whilst EBIT and PATAMI declined by 20.0% and 9.7%
- **Smart maintained its performance on all metrics:** YoY revenue ex-device and EBIT increased by 6.3% and 2.5%, while PATAMI was up by 33.0%

¹ Underlying PATAMI excludes forex related (forex/derivative gains/losses, hedging cost) and others

² Underlying performance – at constant currency

³ Growth numbers for OpCos are based on results in local currency in respective operating markets

- **Boost recorded a steady growth in GTV:** YoY revenue grew 29.2%, net loss of RM48 million, Boost Life users up 11% YoY while Malaysian merchants grew 42%
- **ADA demonstrated sustained revenue momentum:** YoY revenue doubled to RM189 million, PATAMI slipped 55.6% due to higher tax and forex loss on translation
- **edotco delivered strong operational performance:** YoY revenue and EBIT grew 19.1% and 34.5%, PATAMI declined 3.1%. Tenancy improved to 1.63x from 1.57x in Q1'21
- **Meeting FY22 Headline KPIs, but cognisant of risk factors:** Cautiously optimistic for revenue ex-device growth and EBIT growth to be in line with Headline KPIs. However, risks for 2022 include macroeconomic challenges particularly in Sri Lanka, sustained global chip supply issues and regulatory uncertainties
- **Axiata 5.0 – Executing the Strategy:** Portfolio of acquisitions to supplement yield performance with sustainable growth i) proposed acquisition of 2,973 PLDT towers by edotco to become the leading independent TowerCo in the Philippines; ii) Boost and RHB consortium secured a digital bank licence in Malaysia; iii) acquisition of Hipernet Indodata by XL to strengthen its enterprise proposition; iv) Link Net acquisition and corresponding MTO expected to be completed in Q3'22, subject to shareholder approval; v) proposed Celcom-Digi merger expected to be completed within the second half of 2022
- **Axiata Net-Zero Carbon Roadmap:** Committed to achieve net-zero emissions no later than 2050, with a near term 2030 target to reduce operational carbon emissions by 45% from the 2020 baseline; our three-objective strategy for climate action include carbon emissions reduction, avoidance, and removal

KUALA LUMPUR, 25 MAY 2022 – Axiata Group Berhad (Axiata or the Group) presented improved operational performance for the first quarter ended 31 March 2022 (1Q22) driven by the resilience of its Operating Companies (OpCos) and sustained demand for data and digitalisation across the region.

On an underlying basis¹, revenue excluding device (ex-device) and Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) increased by 7.8% and 7.4%, mainly contributed by all OpCos except Ncell⁴. EBITDA margin stood at 44.8%, whilst EBIT expanded by 44.5%. Underlying PATAMI³ soared by 70.7% carried by higher EBITDA contribution across all OpCos except Ncell and the absence of accelerated depreciation of 3G assets in 2022, whilst being offset by higher tax.

On a reported basis, the company posted steady growth in revenue and EBITDA which were up by 6.7% and 7.7% year-on-year (YoY) on the back of contributions from all OpCos except Ncell, despite bracing against external impacts such as headwinds in Sri Lanka and macroeconomic uncertainties stemming from the slowing of major economies. Profit After Tax (PAT) and Profit After Tax and Minority Interest (PATAMI) however plunged significantly due

⁴ Ncell Axiata Limited

to unrealised foreign exchange (forex) losses primarily at the Dialog⁵ and Axiata levels, as well as higher tax contributions due to the one-off Cukai Makmur⁶.

During the quarter, Axiata achieved cost excellence through capital expenditure (Capex) and operational expenditure (Opex) savings of RM163 million and RM78 million, adding up to RM241 million in total savings. The Group's balance sheet held steady with Gross debt/EBITDA within target limit at 2.49x, net debt/EBITDA at 1.99x and cash balance of RM5.8 billion. Capital structure was well-managed amidst the challenging macroeconomic backdrop, where 45% of loans were in local currency, 60% on fixed rate and 65% with more than two years maturity.

Digital Telcos⁷

Celcom⁸ sustained its positive momentum as revenue ex-device climbed 5.2% YoY driven by its prepaid business and contribution from new Enterprise Solution subsidiaries – Bridgenet Solutions and Infront Malaysia. EBIT surged more than 100% as a result of the accelerated 3G depreciation in 2021, coupled with lower sales and marketing costs. Consequently, PATAMI grew more than 100%, whilst being partly offset by higher tax from the one-off Cukai Makmur. Celcom remains committed to investing in modernising its widest network coverage to deliver reliable services and consistent performance, affordable to its customers, towards enabling improved connectivity and digital inclusion in Malaysia.

Driven by increased operational expenditure (opex) spend, **XL's**⁹ revenue ex-device increased 7.9% supported by higher data revenue (+10%), whilst EBITDA rose slightly by 1.8% as a result of higher sales and marketing cost due to footprint expansion, while EBIT slipped 12.3% in line with network investments. PATAMI dropped 56.6% impacted by higher net finance cost and one-off gain in 1Q21.

Robi's¹⁰ performance in 1Q22 was moderated by aggressive competition, and revenue ex-device grew 2.0% YoY on the back of higher data revenue (+14.0%), in tandem with higher data subscribers and usage. EBITDA rose 4.9% due to lower direct and staff costs, while EBIT dipped marginally by 0.4% impacted by higher amortisation from the new spectrum. PATAMI expanded 16.1% benefiting from lower taxation.

Sri Lanka's economic and political crisis that resulted in the depreciation of its currency against the US Dollar USD since mid-March 2022 has significantly impacted most onshore businesses. At **Dialog**, despite the 16.6% increase in revenue ex-device YoY attributed to strong growth across all segments of mobile, fixed broadband and TV, PATAMI flipped to a

⁵ Dialog Axiata PLC

⁶ One-off Prosperity Tax for 2022 assessment year

⁷ Growth numbers for OpCos are based on results in local currency in respective operating markets

⁸ Celcom Axiata Berhad

⁹ PT XL Axiata Tbk

¹⁰ Robi Axiata Limited

loss of LKR15.8 billion, impacted by non-cash forex loss arising from USD-denominated debt. Excluding forex loss, underlying PATAMI was at LKR4.3 billion.

Ncell's revenue ex-device dropped 7.8% due to lower voice revenue from the impact of reduced interconnect rate, the lockdown, and a decline in International Long Distance. EBIT reduced by 20% due to the revenue decline coupled with higher network cost, while PATAMI decline of 9.7% moderated relative to EBIT, due to lower taxation.

Smart¹¹ maintained its steady performance across all metrics, recording an increase of 6.3% in revenue ex-device YoY on the back of growth in data contribution (+11.4%) in line with higher subscribers and usage. EBIT growth was muted at 2.5% on account of higher direct cost and D&A, while PATAMI expanded 33.0% due to investment impairment of financial services business in 1Q21.

Digital Businesses

Boost's¹² revenue grew by 29.2% YoY in line with improved gross transaction value from higher offline transactions for the payments business coupled with increased loan disbursements at Boost Credit. It recorded a net loss of RM48 million in 1Q22, down 10.6% YoY mainly due to recognition of forex gain in Q121. Boost Life users and Malaysian merchants expanded 11% to 9.9 million and 42% to 469,000 respectively.

ADA's¹³ revenue doubled to RM189 million YoY driven by improved contribution from its customer engagement business and new contribution from its eCommerce enablement business stemming from the acquisition of Awake Asia in June 2021. PATAMI decreased by 55.6% to RM6 million due to higher opex, taxation and forex loss.

Infrastructure

Delivering strong operational performance in 1Q22, edotco's¹⁴ revenue grew 19.1% YoY, driven by the organic expansion of higher co-location tenancies and new Build-To-Suit sites, namely from Bangladesh, and inorganically following the completion of the acquisition of Touch Mindscape in Malaysia. EBIT expanded 34.5% from revenue flow through and lower staff cost, while PATAMI slipped 3.1%, impacted by higher net finance cost and unrealised forex translation loss. Towers and managed sites expanded 47.0% YoY to 50,251 while the tenancy ratio improved to 1.63x in 1Q22 from 1.57x in 1Q21.

Commentaries

Tan Sri Shahril Ridza Ridzuan, Chairman of Axiata said, "The Board is encouraged to note the continued resilience and steady operating performance across the Group for the first

¹¹ Smart Axiata Company Limited

¹² Boost Holdings Sdn Bhd

¹³ Axiata Digital & Analytics Sdn Bhd

¹⁴ edotco Group Sdn Bhd

quarter, especially driven by initiatives for internal efficiencies under the Axiata 5.0 Vision. Significant deals have been closed or are in the midst of being completed in line with the plans to future-proof Axiata's businesses as well as to serve new growth areas in home and enterprise digitalisation."

"As part of its rigorous governance standards and in order to keep serving our communities effectively, Axiata regularly assesses business, operational and financial risks. In view of significant headwinds, Board attention will be trained on steadying the Group through current and future uncertainties affecting Dialog's business in Sri Lanka as well as the negative effects of supply chain shocks and global inflation," he said.

Dato' Izzaddin Idris, President & Group Chief Executive Officer of Axiata said, "On balance, given the challenging externalities, we landed the first quarter of 2022 on a steady footing. Backed by strong performance from Axiata's OpCos which also benefited from the absence of the accelerated depreciation of 3G assets, we delivered stable revenue and EBITDA growth. Correspondingly, underlying PATAMI jumped by 70.7% as a result of higher EBITDA contribution across all OpCos except Ncell."

"We are cautiously optimistic in our outlook for the rest of 2022 whilst externalities may persist in the medium-term. In addition to exercising prudence in our existing businesses through cost and operational efficiencies, we are doubling down to extract value from our deals. These involve the expansion of edotco's tower business in the Philippines, Boost's digital bank licence from Bank Negara Malaysia and in Indonesia, the Hipernet Indodata and proposed Link Net acquisitions," he said.

"In terms of risks, we are vigilant of the impacts from inflationary pressures, increased energy cost, higher interest rates and currency volatility on macroeconomic factors, as well as sustained supply chain issues. Regionally, Sri Lanka could be facing increased taxes, higher inflation, and forex volatilities, whilst in Indonesia, there is likely a need for opex reinforcement to navigate the hypercompetitive mobile telecommunications market."

"With a well-managed capital structure and strong balance sheet – where gross debt/EBITDA is at 2.49x and cash balance stands at RM5.8 billion, coupled with our continuing internal operational excellence initiatives, we will face the uncertainties ahead from a position of strength."

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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's digital business verticals comprise its fintech services arm, "Boost" and digital analytics and AI company, 'ADA'.

'edotco', the Group's infrastructure company, operates in eight countries to deliver telecommunications infrastructure services, amassing approximately 54,000 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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