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Axiata reports profits of RM160 million supported by merger synergies, operational excellence and forex gains, strengthens cashflow

Sharpens excellence in core connectivity and convergence and value realisation of digital and infrastructure assets

Key Financials for 1Q25

- Reported PATAMI increased by more than 100% YoY, boosted primarily by lower D&A, forex gains, lower net finance costs and higher contribution from CelcomDigi.
- The Group generated an increase in operating free cash flow which surged to RM815.4 million, an increase of 73.7% YoY.
- Cash balance stands at RM5.0 billion, reflecting a robust balance sheet.
- Revenue declined 11.3% YoY due to lower contributions from most OpCos except Boost, primarily impacted by forex translation as Ringgit strengthened against operating currencies; on a constant currency basis, the YoY decline was a softer 2.3%.
- Underlying PATAMI fell by 17.4% YoY, mainly due to reduced contributions from some OpCos and a revaluation of a non-strategic digital innovation fund investment
- Net Debt/EBITDA held steady at 3.00x YoY due to a reduction in borrowings and leases, (partially due to forex translation), and an increase in cash, which together offset a lower annualised EBITDA.
- Company received RM283.4 million in dividends from all OpCos.

Key Highlights for 1Q25: Axiata's 5*5 Strategy in Action

Synergies delivery of CelcomDigi

- **CelcomDigi delivers RM119.3 million in share of profits, a QoQ increase of over 100%.** Strong momentum in 1Q25 driven by growth across key segments like Postpaid, Home & Fibre, and Enterprise while managing Prepaid challenges. Crucially, integration and transformation efforts are progressing well and projected to unlock RM700 million in annual run-rate synergies by 2027.

Structural transformation in Indonesia

- **New jointly controlled entity, XLSMART[1] strengthens competitive edge and market standing.** XLSMART is now focused on the integration phase, which is set to deliver pre-tax cost synergies of USD300 to USD400 million annually.

Building business resilience in frontier markets

- **Integration of Dialog[2] and Airtel is significantly ahead of schedule**. Integration and cost management measures continue to deliver results**.** Cost re-scaling and strict budget controls led to a 20.6% decline in total costs, driving EBIT and PATAMI growth of over 100% and 49.2% respectively.

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[1] PT XL Axiata Tbk (known as PT XLSMART Telecom Sejahtera Tbk from 16 April 2025)

[2] Dialog Axiata PLC

- **Frontier markets reduce USD exposure yet maintain net positive USD balance.** Robi[3], Dialog and Smart[4] delivered strong profit growth and positive cash flow, reinforcing their balance sheets and signaling a healthy market recovery. This de-risking approach secures their long-term stability against weakening currency and macroeconomic pressures.

Creating sustainable value through infrastructure

- **Link Net[5] clinches new homes passed orders from third party ISPs, demonstrating its growing appeal.** Its second full quarter as a FibreCo following its delayering from XL Axiata[6] in late Sept 2024 reflects its significant business model shift. While YoY revenue and EBITDA both declined by 11.2% and 57.0% respectively (primarily due to the transfer of residential customers to XL Axiata in Q3 2024), the company achieved positive QoQ momentum. Strategic cost initiatives boosted EBITDA by 75.3%, EBIT by 33.2% and PATAMI by 7.5%.

Illuminating the value of digital businesses

- **Boost's[7] non-bank segment is on path to profitability, while banking grows loan book.** Non-bank and bank activities grew revenue by 36.0% YoY, driven largely by Boost Life & Credit and the Bank. As the Bank expands, costs rose by 89.6%, mainly driven by ongoing investments in talent and IT. The Bank's loan book reached close to RM150 million as of end April.

- **ADA[8] delivers strong net revenue growth in 1Q25, with improved margins driving higher EBITDA and EBIT.** While gross revenue from customer engagement segment slightly declined due to a shift in the revenue mix. Improvement in the net revenue margin flowed through to higher EBITDA and EBIT. Overall, the company continues to demonstrate positive momentum, with YoY PATAMI surging 61.1%.

KUALA LUMPUR, 28 MAY 2025 – Axiata Group Berhad ("Axiata" or "the Group") today announced a robust year-on-year ("YoY") increase in its Profit After Tax and Minority Interest (PATAMI) for the first quarter of 2025. This strong performance is a testament to the Group's focused execution of its 5*5 strategy, now into its second year, and significant strides in its long-term strategic portfolio ambitions.

PATAMI grew by over 100% YoY to RM159.8 million, attributed to positive contributions from EDOTCO[9], ADA, Dialog, Robi and Smart, along with lower depreciation and amortisation ("D&A"), forex gains, lower net finance costs and a higher share of results from CelcomDigi.

Reported revenue declined 11.3% with impact mainly due to forex translation, notably from the depreciation of the Indonesian Rupiah (impacting XLSMART) and Bangladeshi Taka (impacting Robi).

On constant currency, Group revenue fell 2.3% with mainly due to Link Net, Robi and ADA. EBITDA dropped by 12.5%, excluding currency effects, the decline was 3.0%. Similarly, EBIT dropped by 12.2% whilst on a constant currency basis of 2.0%.

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[3] Robi Axiata Limited
[4] Smart Axiata Company Limited
[5] PT Link Net Tbk
[6] PT XL Axiata Tbk
[7] Boost refers to Boost Holdings Sdn Bhd and its subsidiaries
[8] ADA refers to Axiata Digital & Analytics and its subsidiaries
[9] EDOTCO Group Sdn Bhd

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At underlying PATAMI[10], all telcos except XLSMART delivered growth, along with CelcomDigi. Underlying PATAMI was impacted by one-off losses, without which, it would have reflected a 7.4% growth.

The Group's Net Debt/EBITDA[11] held steady at 3.00x YoY, higher compared to the previous quarter as despite improvements in total debt and cash, this was negatively impacted by lower annualised EBITDA. Notwithstanding the decline in EBITDA in the first quarter by 12.5%, a significant capex reduction of approximately RM548.2 million across the OpCos helped drive cash flow higher to RM815.4 million.

Axiata's first quarter of 2025 saw substantial progress toward its strategic long-term and medium-term portfolio ambitions, driven by a sharper portfolio mindset. The Group is advancing its strategic framework structured around four core pillars: driving profit growth in frontier markets, realizing full synergies from its jointly controlled entities, executing focused monetisation plans for infrastructure assets, and relentlessly building value within its digital companies.

Both of Axiata's jointly controlled entities are actively integrating, with significant progress toward realising expected synergies. CelcomDigi is projected to deliver RM700 million in annual run-rate synergies by 2027, while XLSMART is anticipating annual pre-tax synergies of USD300 to USD400 million by 2027.

Axiata's frontier market assets: Robi, Dialog and Smart, successfully navigated volatility, delivering strong profit growth and positive cash flow while increasing their operational resilience.

The Group is also focused on illuminating and monetising its infrastructure businesses, EDOTCO and Link Net. These initiatives aim to drive long-term sustainability, attract new capital, reduce debt, and fund profitable growth. Meanwhile, Axiata's digital businesses continue to perform well. ADA recorded good growth and margin development, while Boost's non-bank segments are accelerating toward profitability. All digital businesses, except Boost Bank, are firmly on track to achieve profitability by the end of the year.

This strategic framework aligns with Axiata's 2025 portfolio roadmap, which strategically refocuses its assets into two clear pathways. Long-term strategic assets, including CelcomDigi Berhad, XLSMART, Robi, Dialog, and Smart, will drive operational excellence and market consolidation to deliver improved return on invested capital and enhanced shareholder yield.

Concurrently, medium-term value illumination and monetisable assets, such as EDOTCO, Link Net, Boost, and ADA, will focus on attracting new capital investments, with proceeds strategically dedicated to reducing Holding Company debt.

As a direct reflection of its operational excellence, successful market repair efforts, and strategic consolidation, Axiata received RM283.4 million in dividend earnings this quarter. These results are instrumental in Axiata's transformation into a Converged Connectivity leader in Southeast and South Asia, underpinned by a sharp focus on improving cash flow and overall profitability.

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[10] Underlying PATAMI excludes forex related (forex/derivative gains/losses, hedging cost), XL Axiata gain on disposal of towers, PPA amortisation, tax impact on delayering of XL Axiata and Link Net, and excludes EDOTCO Myanmar
[11] Net Debt/ EBITDA excludes EDOTCO Myanmar

Commentaries

Tan Sri Shahril Ridza Ridzuan, Chairman of Axiata said, "The Group's operational start to the new financial year clearly demonstrates our commitment to creating value from our portfolio of businesses. This quarter's performance highlights Axiata's ability to adapt, integrate and grow in a dynamic regional landscape, even amidst macroeconomic volatility."

"With a solid financial footing, strategic clarity, and strong leadership across our markets, we are laying the groundwork for enduring relevance in Southeast and South Asia's digital future. The Board remains focused on ensuring governance strength, strategic discipline, and long-term resilience as we continue to shape the next chapter of the Group."

Vivek Sood, Group Chief Executive Officer and Managing Director of Axiata said, "Despite a challenging first quarter marked by market volatility and macroeconomic headwinds, we took decisive steps to reposition Axiata toward its long and medium-term portfolio objectives. We are confident that our strategic framework, focused on strengthening connectivity and convergence businesses while streamlining our portfolio for value creation and monetisation, will enable us to capitalise on significant market opportunities.

This disciplined approach will deliver enhanced shareholder value and solidify Axiata's position as a Converged Connectivity leader in the region."

Appendix: Operating Company Performance Summary

For detailed insights into the performance of individual operating companies, please refer to the summary below.

Digital Telcos[12]

XL Axiata's 1Q25 performance impacted by continued pricing pressure. Revenue grew by 1.9% YoY, driven by contributions from home internet segment, total subscribers and data traffic. A change in business portfolio also led to a 7.4% YoY increase in operating expenditure in Q125 which flowed through to impact EBIT which declined by 1.0% and PATAMI which dipped by 28.6% YoY.

Robi faced headwinds from economic stress. Revenue declined by 7.0% due to continued macroeconomic challenges in Bangladesh, with degrowth in revenue generating base by 2.9% YoY and ARPU which declined by 3.9% YoY, leading to lower EBITDA. PATAMI increased by 17.6% YoY mainly due to lower D&A, net finance costs and taxes.

Dialog's accelerated integration and prudent cost management continues to deliver results. Revenue remained flat on stable mobile data and fixed broadband ("FBB"), while Airtel consolidation and cost re-scaling away from non-core areas drove a 20.6% decline in total costs, resulting in EBIT soaring by over 100% and PATAMI growing by 49.2%.

Smart's strong ARPU performance continues to deliver stable growth and profits. Revenue increased 3.6% YoY, driven by prepaid growth, while EBITDA grew by 11.8% YoY due to a 7.8% reduction in overall direct costs. Direct and opex cost savings contributed to a 7.0% YoY growth in PATAMI.

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

Infrastructure

Link Net's QoQ performance more reflective of steady state. YoY revenue, EBITDA and EBIT declined by 11.2%, 57.0% and over 100.0% respectively, as its business model shifted to a FibreCo. The ongoing expansion of home passes is expected to boost future value.

EDOTCO's tenancies continue to grow, yet forex dampens revenue performance. Revenue in 1Q25 was impacted by forex translation due to a stronger Malaysian Ringgit against the Bangladeshi Taka and Philippine Peso. However, a recovery in EBIT was mainly driven by lower D&A from extension of useful life of the towers. Lower finance costs, forex gains and reduced tax charges boosted PATAMI by over 100%.

Digital Businesses

Boost's non-bank segment on path to profitability, while bank segment grows loan book Revenue grew 36.0% YoY, driven by non-bank and bank segments. Total costs increased by 89.6%, mainly due to talent and IT costs, impacting EBIT and PATAMI.

ADA delivers strong PATAMI growth[13] 1Q25 gross revenue from the customer engagement segment declined due to a shift in the revenue mix Improvement in net revenue margin flowed through to increasing EBITDA by 79.8% and EBIT by over 100% YoY. Higher tax on improved profit before tax trimmed PATAMI growth.

\- Ends -

About Axiata

Axiata is a leading Converged Connectivity Group in Southeast and South Asia, strategically blending its digital telco operations with digital businesses and infrastructure. With two jointly controlled entities in Malaysia (CelcomDigi) and Indonesia (XLSMART), the Group holds controlling stakes in mobile and fixed operator companies in Sri Lanka (Dialog), Bangladesh (Robi), and Cambodia (Smart).

Axiata's regional digital business verticals comprise Boost a fintech company, and ADA, a digital analytics and AI company. Link Net, its fibre broadband company based in Indonesia and EDOTCO, the sixth largest independent tower company operating across nine countries, complement Axiata's portfolio, ensuring robust connectivity and infrastructure support across the region.

Axiata, a committed long-term investor, empowers regional progress by championing innovative technology and bridging the digital divide. The Group actively supports young talent, communities, and climate initiatives, striving to unite the region's best in innovation and connectivity to foster a thriving, inclusive, and sustainable future across its markets. Find out more at www.axiata.com

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