

FOR IMMEDIATE RELEASE

Axiata reports double-digit growth for Year-to-Date and Quarter-on-Quarter Revenue and EBITDA

- YTD Revenue and EBITDA growth of 11.7% and 12.4% respectively.
- Reported PATAMI affected by CelcomDigi Berhad's lower share of profits compared to Celcom's contribution as a wholly-owned subsidiary in the previous year, non-cash impairment of assets and write-offs of receivables at Ncell cushioned by the gain from the final closing adjustments of the Celcom-Digi merger.
- The Group's solid underlying performance was led by a 17.8% growth in YTD revenue ex-device contributed by all OpCos except ADA and Ncell, flowing through to EBITDA, which grew by 18.0%.
- Underlying PATAMI dropped by 83.2% due to higher net finance cost, Depreciation and Amortisation and lower share of results from CelcomDigi Berhad compared to Celcom's contribution as a wholly-owned subsidiary in the previous year.
- Quarter-on-Quarter growth of revenue of 11.4% and EBITDA of 12.9% is mainly attributed to improved operating environment and healthy performance by most OpCos.
- Net debt/EBITDA improved to 3.06x from 3.23x in the previous quarter, which, if adjusting for the CelcomDigi dividend, would further reduce net debt/adjusted EBITDA to 2.92x.
- Axiata generated an adjusted operating free cashflow of RM601million and cash balance stood at a healthy RM6.3billion.
- Group declares first interim dividend of 5sen per ordinary share.

Key Highlights for 1H23¹:

- **Strong Reported Topline, PATAMI impacted by impairment and write-off but cushioned by merger gain:** YTD Revenue growth of 11.7% is driven by all OpCos except ADA and Ncell, with EBITDA growth of 12.4%. However, PATAMI is impacted by CelcomDigi Berhad's ("CDB") lower share of results compared to Celcom's contribution as a wholly-owned subsidiary in previous year, Ncell's non-cash impairment of assets and capital gains tax write-off pursuant to the unfavourable outcome from the Bilateral Investment Treaty ("BIT") Arbitration proceedings in June 2023. Gain of RM402million following the final closing adjustments of the Celcom-Digi merger cushioned PATAMI loss;
- **Underlying Performance's Topline tempered by higher D&A, finance costs and smaller contribution from CDB:** On a constant currency basis, YTD revenue ex-device also charted a double-digit growth of 17.8% flowing through to EBITDA, which

¹ Growth numbers for OpCos are based on results in local currency in respective operating markets

grew by 18.0%. Underlying PATAMI dropped by 83.2% due to higher net finance costs and lower share of results from CDB compared to Celcom's contribution as a subsidiary in the previous year;

- **Improvement of Net Debt/EBITDA:** Net debt/EBITDA improved to 3.06x from 3.23x in the previous quarter due to EBITDA uplift while the Group's robust cash balance stands at RM6.3billion;
- **XL sustains growth amidst improving pricing environment:** Double-digit YTD revenue and EBIT growth of 12.0% and 27.2% supported by sustained rationality in pricing environment, lifting Average Revenue Per User ("ARPU") to IDR41,000 with additional boost from Lebaran season. PATAMI growth moderated relative to EBIT due to higher net finance costs, taxes and associate's share of losses;
- **Robi's stellar performance with 18.9% revenue growth across segments:** Both YTD revenue ex-device and EBITDA grew by 18.9% and 16.4% driven by Voice, Data and Value-Added Services ("VAS") on the back of subscriber volume growth and ARPU uplift. EBIT growth was sustained at 17.5% while PATAMI jumped more than 100% supported by lower forex losses of on USD loans;
- **Dialog displays cost discipline, underscoring steady performance:** Whilst YTD revenue ex-device grew by 19.8% contributed by international hubbing and data, YTD EBIT declined due to increased cost from inflationary pressures and higher Depreciation and Amortisation. Positively, strong cost discipline has resulted in QoQ EBIT growth of 30.6%. YTD PATAMI jumped by more than 100% supported by forex gain;
- **Ncell's lower core revenue balanced by International Long Distance ("ILD"):** YTD revenue ex-device decline impacted by lower core revenue (-8.3%), despite ILD revenue growth of 5.6%. EBIT margin continued to be stable due to cost optimization measures while PATAMI decline was moderated by lower net finance cost and taxes;
- **Smart remains a stable profit generator:** YTD revenue ex-device growth of 2.7% was driven by prepaid, international business and inbound roaming. Meanwhile, PATAMI grew 22.7% supported by lower D&A, net finance cost and improved share of associate's results;
- **Link Net on a recovery path:** Revenue bumped up by 0.9% from the previous quarter due to lower churn rates and improving ARPU. Quarterly EBIT also improved by 54.2% on the back of lower bandwidth cost and bad debts provisions. Meanwhile, YTD EBIT declined 72.6% from a combination of both higher cost and D&A expense while PATAMI was hit with higher net finance costs and additional borrowings as Link Net transitions towards FibreCo;
- **Boost's positive revenue trajectory amidst preparation for Digibank:** YTD revenue growth of 92.2% supported by Merchant Discount Rate ("MDR") charge from Jan'23 onwards, and increased loan disbursement. EBIT losses marginally widened due to additional start-up cost for Digibank;
- **ADA impacted by lower customer marketing spend:** YTD revenue decline of 13.2% impacted by lower contributions from the Customer Engagement and Marketing

Solutions segment. Consequently, PATAMI slipped into losses but cushioned by higher interest income and lower taxation;

- **EDOTCO's complementary organic & inorganic growth strategy bears fruit:** YTD Revenue and EBITDA growth by 12.6% and 13.0% stand testament to the effective organic colocation rollout in Bangladesh and Malaysia as well as the inorganic expansion in the Philippines and Indonesia. Profit was however impacted negatively by higher depreciation post-acquisition from increased block of towers in the Philippines, net finance cost, taxes and unrealised forex losses;
- **Group performance in-line with headline KPIs:** Despite continuing macroeconomic challenges especially in frontier markets, most of the Group's OpCos encountered improved competitive landscape. Against this backdrop, the Group is in line to achieving its headline KPIs for revenue ex-device of mid-single digit growth and EBIT growth of high single digit growth;
- **Group declares first interim dividend of 5sen per ordinary share:** In line with the Group's commitment to reward shareholders with a 10sen per share dividend yield for 2023.

KUALA LUMPUR, 29 AUG 2023 – Axiata Group Berhad (“Axiata” or “the Group”) turned in a stable double-digit growth to topline in the form of Year-To-Date (“YTD”) revenue of 11.7% to RM11.4billion and Earnings Before Interest, Tax, Depreciation and Amortisation (“EBITDA”) of 12.4% to RM5.1billion. Profit After Tax And Minority Interest (“PATAMI”) declined to a loss of RM0.5billion hampered by lower share of results from CelcomDigi Berhad (“CDB”) of RM223million compared to Celcom's contribution as a wholly-owned subsidiary, Ncell's² non-cash asset impairment of RM393million and capital gains tax (“CGT”) write-off of RM317million pursuant to the unfavourable outcome from the Bilateral Investment Treaty (“BIT”) Arbitration proceedings in June 2023. The Group continues operating in a persistently challenging macroeconomic environment. PATAMI was supported by gain of RM402million from the closing adjustments of the Celcom-Digi merger.

Similarly, the Group's stable underlying performance was led by 17.8% growth in YTD revenue ex-device by all OpCos except ADA³ and Ncell which flowed through to EBITDA, growing by 18.0%. Underlying PATAMI declined by 83.2% due to higher net finance cost and lower contribution from CDB.

The Group's EBITDA uplift helped improve its Net debt/EBITDA to 3.06x from 3.23x in the previous quarter, which if adjusted for the CelcomDigi dividend, would stand at 2.92x. The Group generated an adjusted operating free cashflow of RM601million in

² Ncell Axiata Limited

³ Axiata Digital & Analytics Sdn Bhd

1H23 and the cash balance stood at a healthy RM6.3billion to sustain the Group's forward going momentum. With the Group's 1H23 results demonstrating clear topline and margin growth, it broadly expects results to be in line with the year's headline KPIs.

In addition to the stable performance, the Group has declared a first interim dividend of 5sen per ordinary share which is seen as a commitment to shareholders to reach its 10sen per share dividend target for 2023.

Digital Telcos⁴

XL's⁵ YTD revenue growth of 12.0% was supported by sustained pricing environment with ARPU uplift to IDR41,000 and boost from the Lebaran season. Earnings Before Interest and Tax ("EBIT") growth of 27.2% was supported by incremental revenue and lower Sales & Marketing ("S&M") cost from channel digitalisation initiatives. Meanwhile, PATAMI moderated relative to EBIT, posting a 5.9% growth due to higher net finance costs, taxes and associate's share of losses.

Robi's⁶ stellar performance sees its YTD revenue ex-device and EBITDA growing by 18.9% and 16.4% respectively on the back of subscriber growth and ARPU expansion. PATAMI increased by more than 100% to BDT664million flowing through from EBIT and lower forex loss on USD denominated loans.

Dialog's⁷ YTD revenue ex-device has grown by 19.8% mainly attributed to higher international hubbing and data, but EBIT performance remains impacted by higher cost from inflationary pressures and higher D&A. Positively, QoQ EBIT has improved by 30.6% from cost rescaling initiatives. Meanwhile, YTD PATAMI jumped by more than 100% through forex gain of LKR12.3billion.

Ncell's YTD revenue ex-device shrank by 6.1% impacted by lower core revenue of 8.3% mainly due to lower domestic interconnect rate. Despite this, EBIT margin held stable on the back of cost optimisation measures while PATAMI decline slowed to 4.0% cushioned by lower net finance cost and taxes.

Smart⁸ turned in a stable performance with a 2.7% growth in YTD revenue ex-device driven by prepaid, international business and inbound roaming while EBIT grew by

⁴ Growth numbers for OpCos are based on results in local currency in respective operating markets

⁵ PT XL Axiata Tbk

⁶ Robi Axiata Limited

⁷ Dialog Axiata PLC

⁸ Smart Axiata Company Limited

4.7% flowing through from higher revenue and lower D&A. YTD PATAMI reflected double-digit growth of 22.7% boosted by lower net finance cost and improved associate's share of results.

Link Net's⁹ quarterly performance underscores its sequential improvement with an increase of 0.9% in YTD revenue on the back of lower churn rate. Coupled with lower bandwidth cost and reduction in bad debts, EBIT improved 54.2% from the previous quarter.

Digital Business

Boost's¹⁰ YTD revenue growth of 92.2% is mainly driven by the Merchant Discount Rate ("MDR") charge to merchants since January 2023 and increased loan disbursements. EBIT losses marginally widened due to the start-up cost of the Digibank, and increased opex. Meanwhile, Boost Life users continued growing by 6.3% YoY to RM10.7million and Malaysian merchants rose by 20.1% to 607,000.

ADA's YTD revenue declined by 13.2% on the back of lower contribution from the Customer Engagement sector following the renegotiation of revenue share terms with XL and lower spending from customers industry-wide impacting Marketing Solutions sector. As a result, PATAMI slipped into losses, cushioned by higher interest income and lower taxation.

Infrastructure

EDOTCO's¹¹ YTD revenue and EBITDA growth of 12.6% and 13.0% respectively is largely supported by higher colocation rollout in Bangladesh and Malaysia as well as inorganic growth from the Philippines and Indonesia. While YTD EBIT declined by 3.9% due to higher D&A, there was sustained EBIT growth of 4.6% from the previous quarter. PATAMI was dragged by higher D&A, net finance cost, one-off taxes and net unrealised forex losses. Excluding forex losses and one-off tax adjustment, PATAMI would have recorded profits of RM31million for the period under review.

⁹ PT Link Net Tbk

¹⁰ Boost Holdings Sdn Bhd

¹¹ EDOTCO Group Sdn Bhd

Commentaries

Tan Sri Shahril Ridza Ridzuan, Chairman of Axiata said, “As the Group continues its value creation journey, it is poised to extend its market leadership beyond the double-digit topline growth seen in the first half of the year. In light of this, the Board is pleased to declare a first interim dividend of 5sen per ordinary share even as Axiata continues adding value for the shareholders and different stakeholders of the Group.”

“The Board continues to support the strategic partnerships and continued integration of synergies consequential to the strategic moves undertaken as a Group. This underlines the endorsement of Axiata’s Winning Culture and enables continued business sustainability.”

Vivek Sood, Group Chief Executive Officer and Managing Director of Axiata said, “The improved competitive environment, continued efforts by OpCos to operate in challenging macro environment and focus on growth coupled with cost rescaling led to the strong revenue and stable margins in 1H23. Cash generation, improved balance sheet and capex to chase growth opportunities has been the focus of 1H23 and will remain so for the rest of the year.”

“Overall, while PATAMI may seem hampered by the lower contribution of CDB and non-cash impairment and tax losses of Ncell, as well as a persistent challenging macroeconomic environment, sustainability of growth, strong operating performance and cash generation provides a sustainable position against these one-off setbacks. We expect the Group to deliver on headline KPIs and the indicated dividend for the year.”

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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, 'Smart' in Cambodia and 'Ncell' in Nepal 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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