

Conversation with the Chief Executive Officer



Dear Shareholders,

2022 was truly a momentous year for us. Amid macroeconomic and competitive pressures, we delivered a solid performance, continued to drive the nation's recovery post-pandemic, and culminated an extraordinary year with the completion of the merger between Celcom and Digi. Celcom and Digi started 2022 as two separate companies and ended the year as a new, unified, and stronger CelcomDigi.

CelcomDigi was established with the aim of realising the combination of scale, experience, resources, and talent of two iconic Malaysian brands – Celcom and Digi. This merger has enabled a combined stronger network, better products and services offerings a wider ecosystem of retail touchpoints, the best customer experience, and a greater focus on innovation. Most importantly, CelcomDigi has a winning talent pool of vastly experienced CDzens to meet the needs of Malaysian businesses and consumers, now and in the future.

Today, CelcomDigi is the largest telecommunications service provider in the country. In the next few years, we will continue to focus on growing our core mobile business, while expanding into the Enterprise and Home & Fibre businesses. We will invest in new products and services innovation, as well as develop technology partnerships and ecosystem through the CelcomDigi Innovation Centre.

We aspire for CelcomDigi to be the Malaysian based technology company that will become a new innovation icon for the nation – an institution that has the scale and resources to be the nation's digital growth engine, to grow local talents, and develop the local digital ecosystem, while remaining as a caring and responsible corporate citizen.

Datuk Idham Nawawi
Chief Executive Officer

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Q1 How would you describe CelcomDigi in 2022?

It was a resilient year, as we continued to prioritise efforts to deliver on the expectations of stakeholders and customers from all segments, from providing high quality connectivity services, better digital experiences and offering products with greater value and flexibility, to deepening our commitments as a responsible business.

We worked alongside the government and industry to improve connectivity for all Malaysians through improved network coverage and performance under the *Jalanan Digital Negara (JENDELA)* initiative and rolled out affordable internet packages, such as *Pakej Peranti* and *Pakej Remaja Keluarga Malaysia*, for the rakyat.

At the same time, we were also intensifying our integration planning as we got closer to closing one of the largest and most complex transactions in the industry by completing the merger.

Today, CelcomDigi stands on a solid footing to better serve our customers and meet the rapidly increasing data demand in the coming years with our stronger combined network, a wider ecosystem of retail touchpoints, and a clear focus on delivering excellent customer experiences.



Read more about how we created value from our capitals on pages 38 to 73

Q2 What were some of the key considerations going into the merger?

It was not an easy task to close one of the most historic transactions in the industry. The challenge and complexity of merging two large mobile operators of equal size was enormous, to say the least, especially in having to conduct business as usual throughout the entire duration while planning for the merger transaction and integration activities at the same time.

Some key considerations were:

- **Early and detailed integration planning**, which helped us transition seamlessly into the merged entity. Our people were pivotal in the integration planning. We are proud that CelcomDigi today is powered by over 3,800 plus passionate and competent industry experts, an inclusive and diverse workforce in gender, ethnicity, age, and experience, reflective of the myriad customers we serve. We accelerated the process to put in place a solid leadership and management team, governed by our experienced Board of Directors.
- **Consistent engagement and communication with key stakeholders**, which helped us obtain the necessary regulatory approvals. We placed a lot of emphasis on giving our customers assurance on our service quality and experience post-merger, including the promise of a best-in-class data network and innovative product and service offerings for all Malaysian consumers and businesses. Equally important, we kept our people, or CDzens, constantly informed throughout the process, which kept uncertainties at a minimum while operations were running at an optimum. An immediate priority post-merger was having robust people engagement activities to unify our CDzens from Day 1. Multiple engagement and feedback sessions at all levels were held to allow us to listen to and act on all feedback.
- **Ensuring business continuity**, which was imperative as our execution machinery continued to deliver consistently to performance expectations.
- **Clear expectations and the establishment of new company DNA and strategy**, which helped rally CDzens towards our shared purpose, vision, ambitions, and core values as we build a unique and collaborative culture together and drive the company forward.



Read more About CelcomDigi on pages 2 to 3

Q3 What are CelcomDigi's ambitions and strategies to propel the company forward?

Being the largest telecommunications company today, serving more than 20 million customers, we are well placed to spearhead transformations beyond our core connectivity business to lead in digitalisation and innovation.

We aspire to be the digital growth engine as the nation's top telco-tech company. We aim to be the enabler of the digital lives of Malaysian consumers and businesses, by leveraging our widest network footprint, extensive distribution channels, and partner ecosystem, wide range of innovative digital products and services, and superior customer experiences.

To achieve this, we are committed to executing our strategy in three areas:

- Focus on growth:** Continuously strengthening the core mobile business to sustain our market leadership position, while expanding the Home & Fibre and Enterprise businesses.
- Deliver synergies and scale efficiency:** Accelerating integration activities and driving operational excellence transformation across the organisation to realise the RM8 billion synergies in net present value. This will enable us to further invest in service quality and overall customer experience via digitalisation and innovation.

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c) **Consistent shareholder returns:**

Committing to our promise of strengthening the resilience of shareholder returns with sustainable dividends to all trusted shareholders, backed by our strong balance sheet and significant synergies.



Read more about Our Corporate Strategy on pages 34 to 35

Q4 How will CelcomDigi continue to deliver its sustainability commitments?

Sustainability is a topic close to my heart, and I believe it is built-in with everything CelcomDigi does. We will focus extensively on achieving our ambition to become one of the ESG best practitioners in the country.

As one of the largest corporates in Malaysia, we remain conscious of the impact we make on the ecosystems we operate in. Our immediate priorities in sustainability for this year are:

- Setting a climate management roadmap and embedding climate-related considerations within our operations, as well as enhancing our climate-related reporting.
- Strengthening the sustainability governance framework with clear oversight of all sustainability initiatives of the company.
- Bridging the digital gap by providing access to the internet, improving service reliability, and equipping communities with digital skills.
- Safeguarding our value chain and ensuring all our partners adhere to and maintain the same high standards we aspire to ourselves.
- Developing talents and championing diversity, equality, and inclusion.

The key enabler in delivering these commitments and creating widespread impact is leveraging partnerships, so that we can collectively take measures to address ESG issues in Malaysia. These commitments are important to us, rooted in the spirit of doing the right thing, and will

ensure we have a sustainable pathway to a greener and more inclusive future for all.



Read more about our Sustainability Focus Areas on page 68

Q5 What is the company's outlook and financial guidance for FY2023?

The Central Bank of Malaysia has projected gross domestic product (GDP) growth of 4% to 5% this year for Malaysia. This reflects robust commercial activities in the private consumption and investment segments, further supported by various government initiatives to contain inflationary pressures. In addition, improving tourism activities and the influx of migrant inflows are expected to boost the sector's overall subscriber and revenue growth. These factors bode well for our 2023 guidance, as summarised below:

- Service revenue growth – Maintaining the growth momentum
- EBITDA growth – Flat to low single-digit increase
- Capex-to-sales ratio – Around 15% to 18%

Moreover, with the nation's focus on increasing 5G developments, we are firmly committed to driving 5G leadership while supporting the 5G partner ecosystem through smart investments in emerging technologies and cutting-edge solutions. This will present significant experiences and benefits to our customers. We will establish the CelcomDigi Innovation Centre to serve as a hub to drive digital innovation and the growth of the local ecosystem, in line with the government's aspirations in MyDIGITAL.

All in all, we are confident that CelcomDigi will deliver a robust 2023, underpinned by precise execution of our strategic priorities, and will build on the pedigree of operational excellence that both Celcom and Digi have excelled in. We also remain committed to supporting the Communications and Digital Ministry's strategic plans towards 'a digital golden decade', led by our purpose of Advancing and Inspiring Society.

On behalf of the Management team, Albern and I would like to thank all our customers and shareholders for your support and continued confidence in CelcomDigi throughout the past year. We are also grateful to the Ministry and the MCMC for their collaboration and engagement throughout the merger process, and on many other shared industry achievements.

I would also like to take this opportunity to thank the Board of Axiata and Telenor, as well as the past Boards of Celcom and Digi, for their leadership in guiding their respective business operations, and for playing a pivotal role in guiding the Management and our teams in completing the merger. We look forward to working closely with the Chair and Board members of CelcomDigi Berhad to deliver on our goals and commitments in 2023.

Lastly, we want to record our appreciation to all CDzens, who have been resilient in delivering quality experiences and support to our customers while balancing priorities in the merger process and integration planning. We look forward with vigour and enthusiasm to achieving a solid 2023 as CelcomDigi.