

How We Create Value



FINANCIAL CAPITAL

Our approach

Mapping to Our Strategy and Material Matters



E2

With our combined financial strengths and resources, CelcomDigi is set to expand and enhance our products and services to serve more than 20 million subscribers, equivalent to two-third of Malaysian consumers and businesses. Our enhanced footprint provides us with a unique platform to diversify our product offerings and to connect people for a better digital future.

As we transform ourselves into a telco-tech company, we have become commercially stronger to address industry challenges and to better serve the growing demand for digitalisation and innovation. Our stronger capability post-merger enables us to drive solid growth in our core mobile business and invest in new growth areas as we deliver superior returns for our shareholders.

Key inputs in 2022

- Top 5 company by market capitalisation in Malaysia
- Industry-leading total revenue
- Industry-leading EBITDA margin
- Healthy operating cash flow
- Optimum capex allocation
- Solid balance sheet

Outputs

- Strong topline growth driven by strategic core execution
- Market leadership position by subscriber size
- Sharp focus on generating resilient EBITDA and PAT, supported by disciplined cost-optimisation efforts
- Continued investments in modernisation and digitalisation
- Sustainable returns to shareholders
- Solid balance sheet management in maintaining financial strength for future growth

Looking ahead

We are optimistic about our ability to deliver the synergies and integration activities given our enhanced capacity to drive innovation and growth, as well as our strengthened resilience in managing macroeconomic and industry headwinds.

- ▶ Operational Excellence (OE) mindset and financial discipline to create sustainable value
- ▶ Capture synergies while accelerating digitalisation and innovation

- ▶ Invest in new synergistic platforms and new operating models
- ▶ Disciplined capital structure and cost allocation
- ▶ Deliver sustainable dividends on the back of solid balance sheet and synergy potentials

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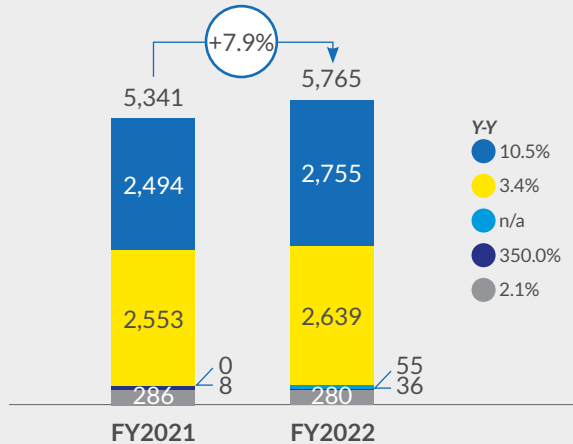
On 30 November 2022, Celcom and Digi successfully completed the merger and became the largest telco by subscriber size in Malaysia. Accordingly, the figures in Section 4 include the results and metrics of Celcom for the month of December 2022, unless stated otherwise.

For information on the 4Q2022 and FY2022 financial reviews, please refer to the Bursa Announcement at <https://celcomdigi.listedcompany.com/financials.html>.

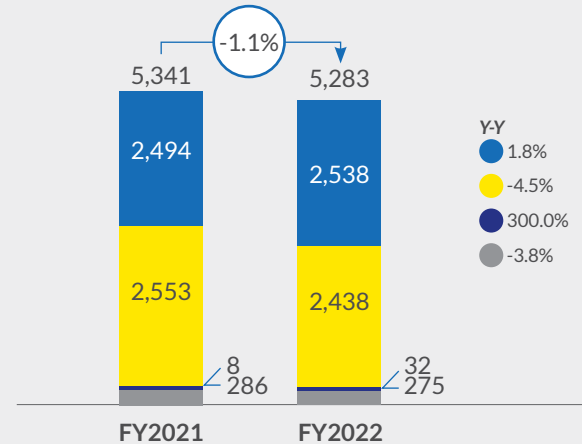
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Strong topline growth driven by strategic core execution

Service Revenue (CelcomDigi) including Wholesale



Service Revenue (Digi)



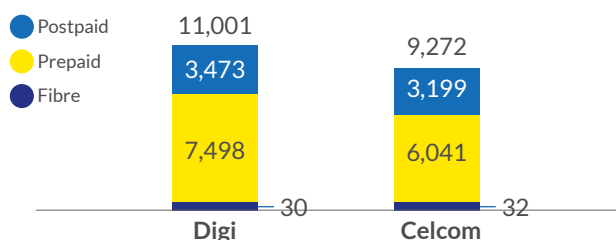
● Postpaid ● Prepaid ● MVNO ● Fibre ● Digital

- ▶ Increase in CelcomDigi's service revenue by +7.9% to RM5,765 million, following the inclusion of RM491 million from Celcom's one-month contribution, reflecting our market leadership position post-merger.
- ▶ Marginal reduction of -1.1% in Digi's service revenue to RM5,283 million, driven by healthy growth in the Fibre and Enterprise businesses to compensate for Prepaid softness upon the conclusion of *Jaringan Prihatin*.
- ▶ Our decline was marginally below the 2022 financial guidance of 'return to growth', despite the solid recovery in 4Q22 to offset the weaker first nine months of operations amid the macroeconomic pressures affecting consumption power.
- ▶ Growth in Digi's Fibre and Enterprise surged by 300.0% and 13.1%, respectively in FY2022, driven by our ability to leverage growing internet adoption through effective bundling strategies.

Market leadership position by subscriber size

- ▶ It is our privilege to serve over 20 million customers, of whom 9,272 million are from Celcom and 11,001 million from Digi, with our bolstered network capabilities.

Subscribers ('000)



- ▶ Digi registered a net addition of 683K subscribers, of whom 477K were from the Prepaid segment, driven by the affordable and flexible range of internet offerings.
- ▶ Digi's Postpaid subscribers grew for the ninth consecutive quarter, reflecting focused execution in driving bundling offers and effective base management.

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Market leadership position by subscriber size (Continued)

- ▶ Resilient blended ARPU developments for both businesses for the year ended December 2022.

RM	Digi	Celcom
Postpaid ARPU	60	80
Prepaid ARPU	32	30
Fibre ARPU	128	103
Blended ARPU	41	45



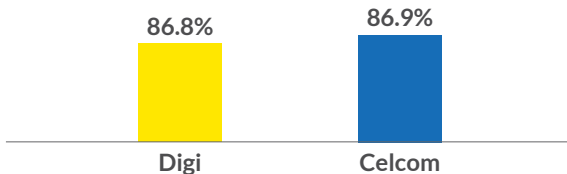
Higher upticks in entry-to-mid level Postpaid bundle plans and Prepaid internet passes led to a contraction in Digi's ARPU by RM2 from RM43 a year ago



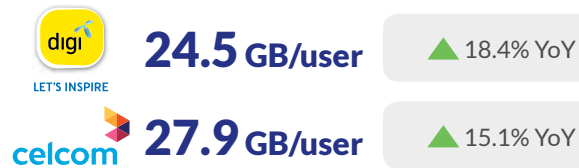
Celcom's blended ARPU sustained year-on-year (YoY) momentum, supported by robust demand for all product offerings

- ▶ With rising internet adoption across the country, our role as a digital services provider became more relevant than ever. Our growing network coverage nationwide led to increased average monthly data usage, reaching 24.5 GB and 27.9 GB per user for Digi and Celcom, respectively.

Internet Users



Blended GB Per User



Managing risks for trade receivables

- ▶ Tightened our credit management and collection process to manage provision for doubtful debts.
- ▶ Enhanced acquisition mechanisms such as higher credit score eligibility and device volume.
- ▶ Optimised balance sheet through risk transfer of trade receivables.

Low provision for doubtful debts ratio

2.9% in FY2022
(vs 2.2% in FY2021)

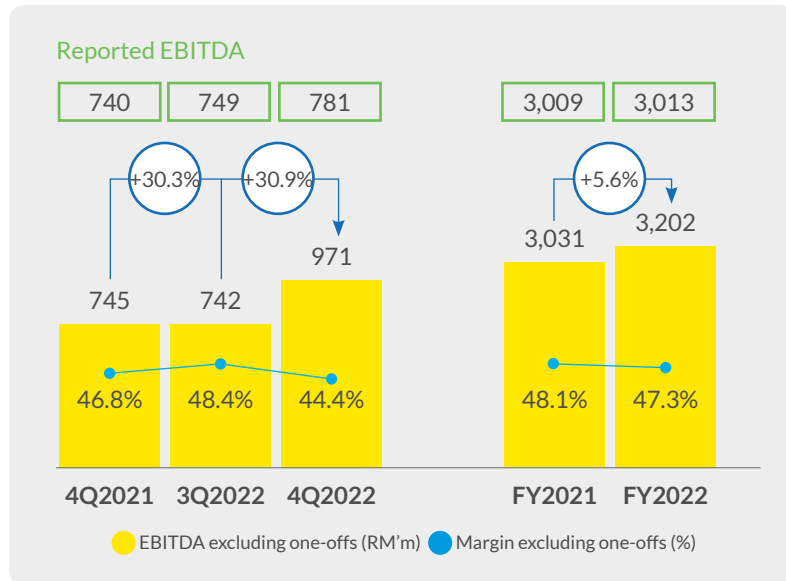


Below industry levels, reflecting our ability to manage collection risk

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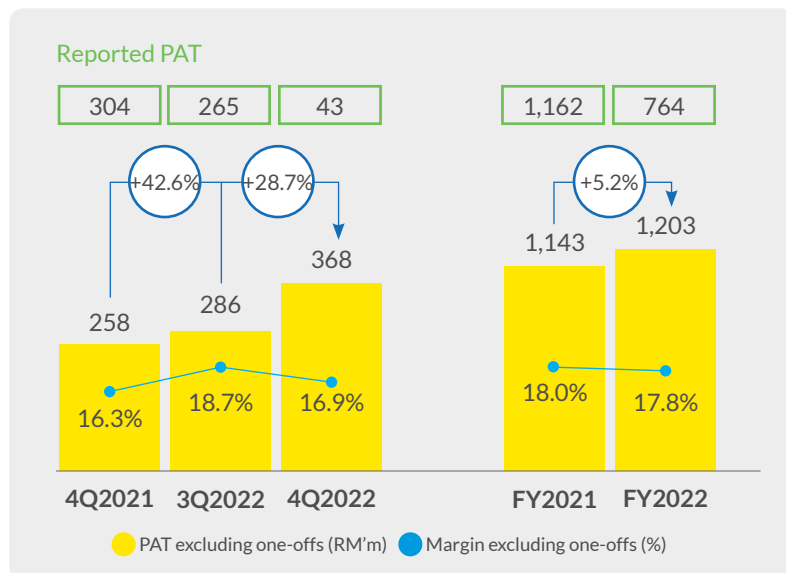
Sharp focus on generating resilient EBITDA and PAT

▶ EBITDA, excluding non-recurring items, grew 5.6% to RM3,202 million, with a margin of 47.3%.



- ▶ The positive underlying performance was achieved on the back of cost optimisation efforts and better credit management.
- ▶ Reported EBITDA for CelcomDigi amounted to RM3,013 million, impacted by merger-related expenses and non-recurring accounting adjustments, collectively termed as 'one-offs'.
- ▶ Excluding Celcom's EBITDA in December 2022, EBITDA excluding one-offs for Digi amounted to RM2,955 million, with a margin of 47.5%.

▶ Reported PAT was affected by one-offs while underlying development was sustained on the back of focused core execution.



- ▶ CelcomDigi's profit after tax (PAT) of RM764 million was impacted by additional depreciation and finance costs resulting from the harmonisation of accounting policies and estimates and the merger, respectively, as well as *Cukai Makmur*.
- ▶ PAT, excluding the harmonisation adjustments, merger-related one-offs, and *Cukai Makmur* for FY2022, would have been RM1,203 million, at a margin of 17.8%.

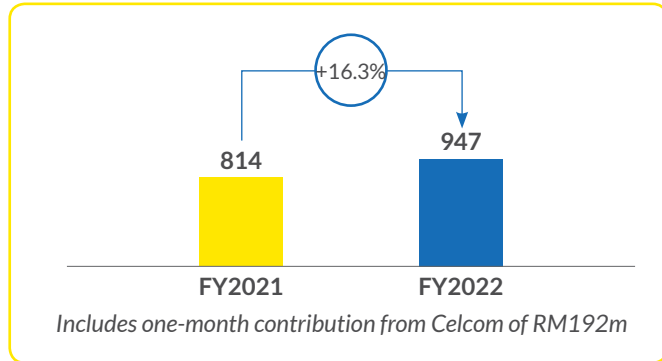
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Continued investments in modernisation and digitalisation

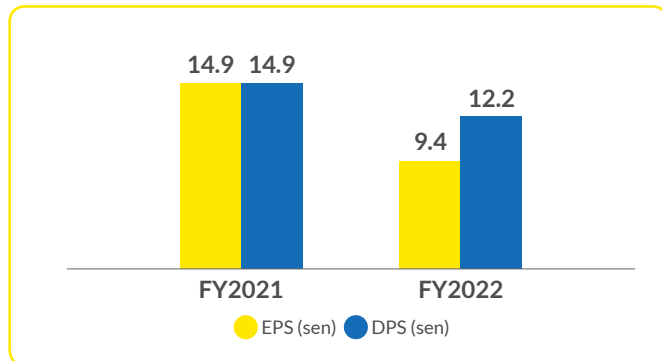
- Total capex was well managed within FY2022 guidance, reflecting our disciplined capital allocation approach.



- We invested a total of RM947 million in FY2022 towards improving network quality and coverage, as well as future-proofing our billing platforms and customer digital touchpoints.
- The increase of RM192 million was due to the inclusion of Celcom's capex in December 2022 as both Celcom and Digi continued to modernise operations and further develop our leading network position in Malaysia.

Sustainable returns to shareholders

- Lower Earnings Per Share (EPS) and Dividend Per Share (DPS), mainly due to one-offs despite healthy topline growth in FY2022.



- Total FY2022 dividend payout of RM1,071 million, over 100% dividend payout ratio.



Continued to exceed the company's dividend policy of distributing a minimum 80% of net profits.

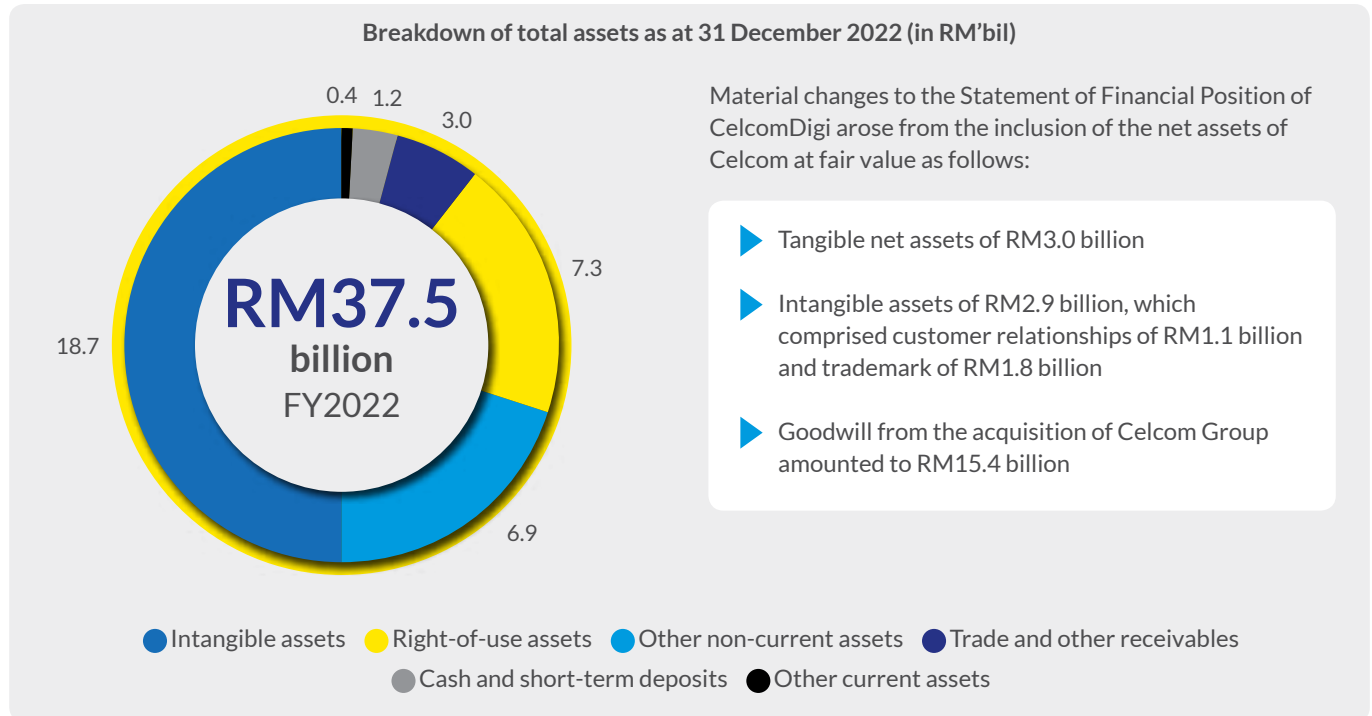


CelcomDigi is expected to strengthen the resilience of our shareholder returns over medium to long term through the execution of coherent strategies and significant synergies to drive sustainable value creation.

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Solid balance sheet management in maintaining financial strength for future growth

- ▶ Expanded total assets from RM7.8 billion to RM37.5 billion following the completion of the merger on various items.



- ▶ Share capital increased with the issuance of 4.0 billion new shares valued at RM15.8 billion as share consideration for the merger transaction.



- ▶ The enlarged share capital positioned us for the future to deliver value to our shareholders.