



# CELCOMDIGI BERHAD

## 2Q2024 Earnings Call

19 August 2024 | Kuala Lumpur



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## Presented by:



**Datuk Idham**  
CEO



**Albern Murty**  
Deputy CEO



**Lucy Tan**  
CFO



- **Overview and operational updates**
- **Market Performance**
- **Financial Review**
- **Q&A**

- 1** > **Strong quarter** marked by revenue growth and higher net profit
- 2** > **Notable progress in integration and transformation**, on track to deliver RM8 billion NPV synergy
- 3** > Submitted a **bid to build Malaysia's second 5G network**
- 4** > More than RM50 million invested in a **cutting-edge AI Experience Centre** together with partners to drive 5G and AI innovations
- 5** > **ESG strategic pillars** established to build strong foundation for a sustainable future



## 2Q2024: Strong quarter marked by revenue growth and higher net profit

Total Revenue

**RM3,106m**

▼ 2.0% Q-Q, ▼ 0.5% Y-Y

EBIT

**RM655m**

▲ 14.1% Q-Q, ▲ 8.8% Y-Y

CAPEX

**RM518m**

CAPEX intensity of 16.7%

Service Revenue

**RM2,695m**

▲ 0.3% Q-Q, ▼ 0.4% Y-Y

PAT

**RM416m**

▲ 12.1% Q-Q, ▲ 19.5% Y-Y

Total Subscribers

**20,223k**

▼ 242k Q-Q, ▼ 254k Y-Y

**Declared second interim dividend per share of 3.5 sen**

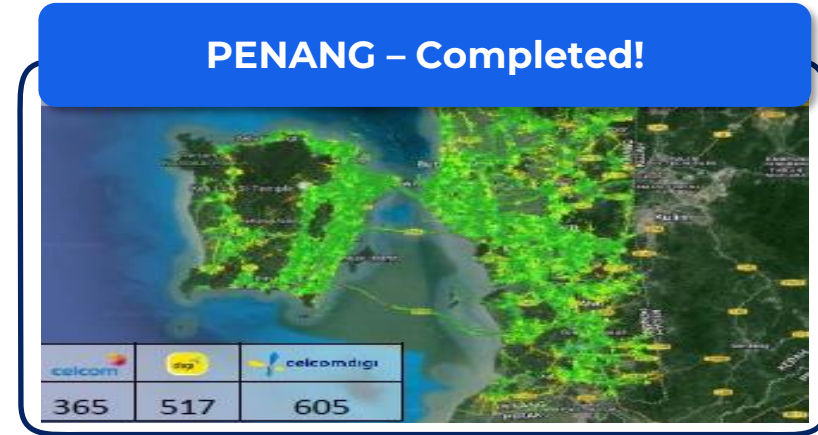
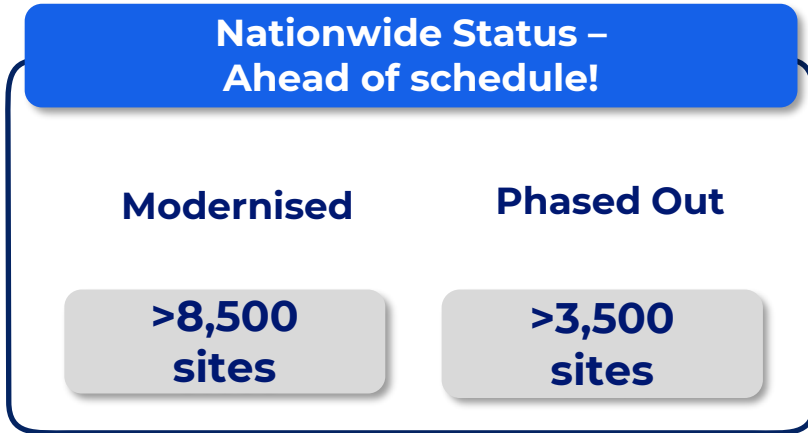
# Merger benefits yielding outcomes

<b>NETWORK INTEGRATION &amp; MODERNISATION</b>	▲ Signal quality	▲ Average speed	▲ Data traffic uptake	▲ Monthly Data Consumption	▼ Customer complaints
<b>SYNERGIES</b>	Scale efficiency	Sites modernisation and integration	~RM500mil CAPEX avoidance	Improved productivity	
<b>SIGNIFICANT SAVINGS IN IT INVESTMENT</b>	New billing system	New Customer Relationship Management system	New ERP	New Distribution Management System	
<b>OPERATING MODEL LAUNCHED</b>	Largest digital retail destination (9 stores live)	New distribution model completed	Organisation and talent refresh ahead of plan	Deep AI and analytics focus	





# Full speed on network integration & modernisation: Surpassed 50%, target 75% at end-2024



## Improved Customer Experience in Post-consolidated Areas

**Signal quality**  
 >82% experienced improvement

**Average speed**  
 NIC >80 Mbps  
 Nationwide >68 Mbps

**Data traffic uptake**  
 up to +13%

**Monthly data consumption**

celcom	33.2 GB/U 17.5% Y-Y
dig	28 GB/U 17.6% Y-Y

**Customer complaints**  
 >70% reduction

# Transforming to serve our customers better and set-up for long-term sustainable growth



## High levels of service quality and experience

Deployed Skuad 5G to test network nationwide, and various initiatives across all channels to elevate customer experience



## Retail transformation for single brand experience

Building our future digital everything retail destination – 9 stores live, 40 by year-end!



## New Distribution Model

Refreshed operating model driving channel growth, effectiveness and efficiency to better serve customers



# Accelerating Malaysia's transformation into a **5G-AI** powered digital society



## Best positioned to build Malaysia's second 5G network

**Widest, most modern 5G-ready network with 18,000 sites nationwide**

**Fully ready ecosystem to commence immediate rollout and complete in shortest possible time**

**Solid financial strength with healthy cash flow**

**Accelerate Malaysia's 5G-AI aspirations for consumers and enterprises**

**Committed RM250 million over 5 years in innovation centre to spur rapid development of 5G-AI solutions**



# CelcomDigi's AI strategy linked to larger purpose of accelerating 5G and AI for all Malaysians



## AI-Enabled Organisation

Data-driven,  
analytics focused



## Preferred AI Partner of Choice

For Sandbox,  
Pilot & Scale



## New Revenue Streams

Data & AI  
as a Service



# CelcomDigi AiX: State-of-the-art 5G-powered facility to accelerate development of AI and emerging tech solutions

- ✓ Immersive experience
- ✓ 45 real-world solutions, 8 verticals
- ✓ 40 participating partners
- ✓ Model of constant evolution
- ✓ Epicentre of co-creation



**Healthcare** – Telehealth consultation, telerobotics imaging, AI-assisted surgery, AR & VR immersive training



**Oil & Gas** – Live hazard monitoring, real-time hazard detection, worker safety, remote maintenance



**Smart City** – Autonomous delivery, connected servers, intelligent pole



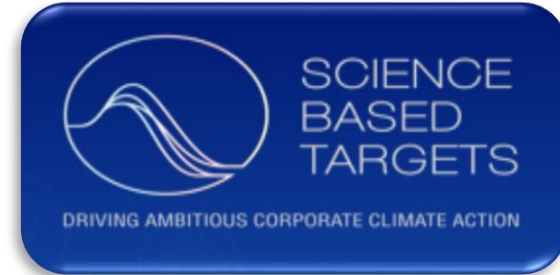
**Education** – Immersive robotic arm assembly, AR historic discovery

*Note: 8 verticals (Healthcare, urban development, energy & ports, manufacturing & logistics, agriculture, education, fleet management, cybersecurity & surveillance)*

Building a **sustainable, inclusive  
and trusted digital society**



# ESG: Strategic pillars set to build a strong foundation for a sustainable future



Announced  
5-year ESG strategy

Regulatory sustainability frameworks and ESG focused indices and ratings



Co-organised nationwide anti-scam roadshow with authorities including PDRM, Cybersecurity Malaysia

Published National Scam Awareness Survey 2024 report

Environmental impact & action

Complete the Net Zero 2050 roadmap & validate targets aligned to SBTi by 2025





# Market Performance



# Changes to market offers: Gaining traction with growth across segments

## ACTIVE EXECUTION

**Portfolio refresh**

**Mobile revenue growth**

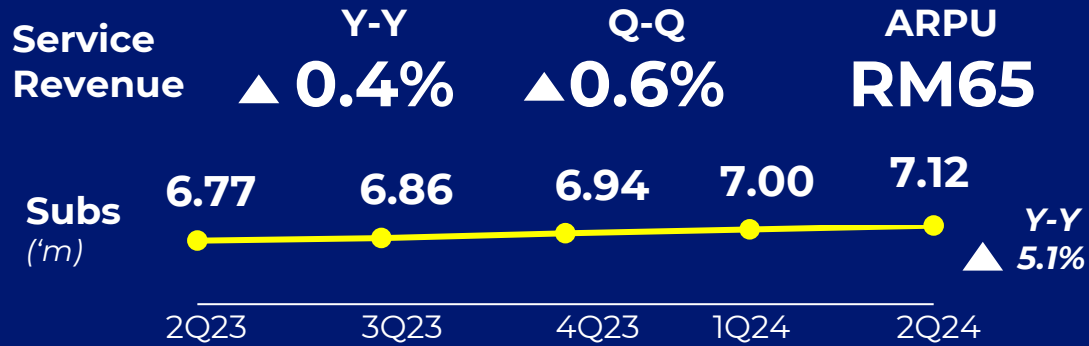
**Segmented marketing**

**Data driven, analytics-focused**

- ✓ Postpaid on growth momentum
- ✓ Quality prepaid base, with room for improvement to increase net adds
- ✓ Rapid growth in Home & Fibre
- ✓ Adjacent opportunities – IoT, gadget
- ✓ Continue to win solutions business for enterprises

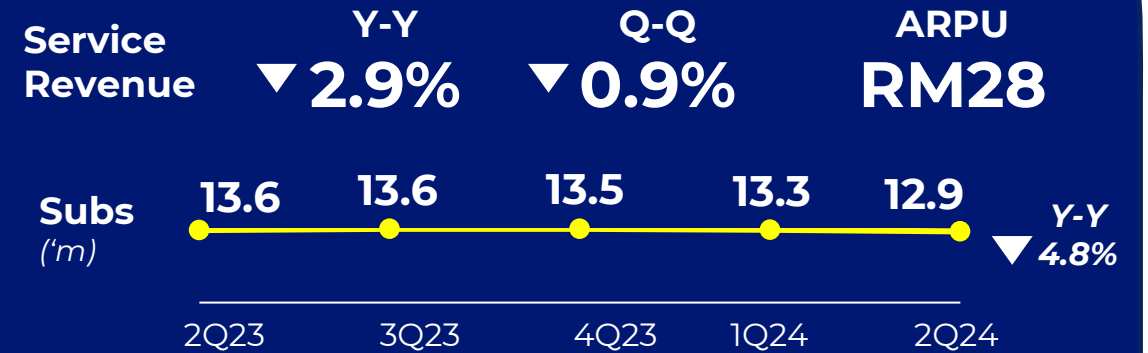
# Postpaid & Prepaid: Growth in postpaid, Prepaid showed resilient ARPU despite decline in subs base

## Postpaid



- Strong adoption in Converged ONE plans contributed to commendable subscriber growth in both Postpaid and Home & Fibre. Content bundles (Disney+) further accelerated the growth.

## Prepaid



- Lower subs led to lower revenue due to ongoing initiatives to improve subs base quality and sustainability
- ARPU stays resilient from Q1 portfolio refresh and continue to maximise digital app for robust user engagement

# Home & Fibre: Relentless efforts leading to continuous performance growth

## Fibre & Wireless Connections



Higher revenue Q-Q and Y-Y contributed by the continuous positive momentum on FTTH subs growth and acceleration on FWA adoption

- Base exclusive and wide range of offers for families, gamers and streamers
- Competitive online packages and across all CD stores & touchpoints

Competitive offers & bundles



Strong channel execution



# Enterprise Business: Capturing growth through connectivity solutions

## KEY WINS YTD



- Continue to win 5G and connectivity solutions
- Enhanced SME value proposition with 5G and digital solutions
- Continuous engagement with key customers and stakeholders with MY5G CEO series and MY5G SME digital workshops



Winner of **Best Enterprise Telco** at PC.Com Reader's Choice Award 2024

# Financial Review



## Delivered Q-Q revenue growth and improved profitability through revenue optimisation and operational efficiencies

RM'm	2Q24	1Q24	2Q23	Q-Q	Y-Y	1H24	1H23	YTD
<b>Total Revenue</b>	<b>3,106</b>	3,171	3,123	<b>-2.0%</b>	<b>-0.5%</b>	<b>6,277</b>	6,303	<b>-0.4%</b>
<b>Service Revenue</b>	<b>2,695</b>	2,688	2,707	<b>0.3%</b>	<b>-0.4%</b>	<b>5,383</b>	5,410	<b>-0.5%</b>
<b>EBIT</b>	<b>655</b>	574	602	<b>14.1%</b>	<b>8.9%</b>	<b>1,229</b>	1,196	<b>2.8%</b>
<b>PAT</b>	<b>416</b>	371	348	<b>12.1%</b>	<b>19.5%</b>	<b>787</b>	669	<b>17.7%</b>
<b>Capex</b>	<b>518</b>	318	252	<b>63%</b>	<b>105%</b>	<b>836</b>	359	<b>132.6%</b>

Service revenue rose by 0.3% Q-Q driven by Postpaid and Home & Fibre growth, despite a decline in Prepaid revenue from fewer one-time SIM acquisitions.

PAT improved by 12.1% Q-Q to RM416 million, contributed by stronger EBIT performance from lower operating costs and reduced depreciation.



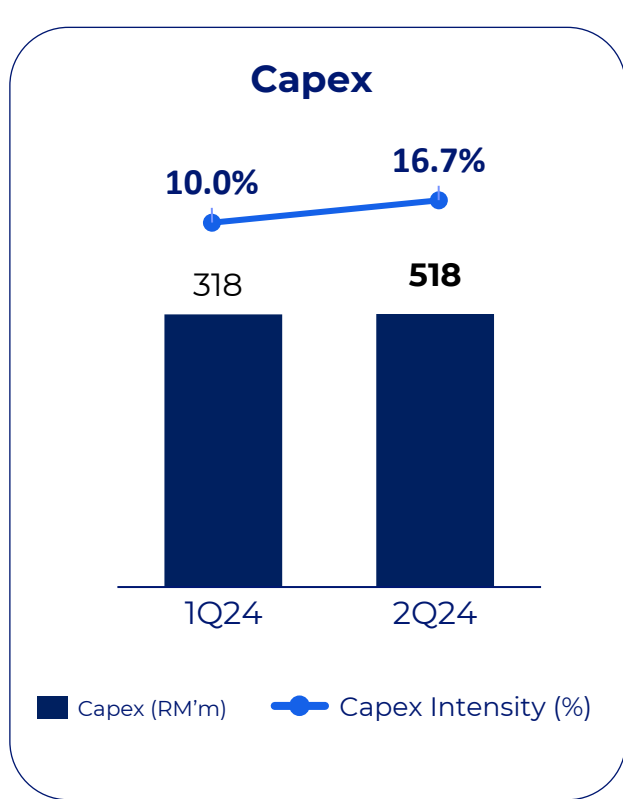
## Total expenses reduced 5.6% Q-Q and 2.7% Y-Y with lower depreciation and absence of VSS cost

<i>RM'm</i>	2Q24	1Q24	2Q23	Q-Q	Y-Y	1H24	1H23	YTD
<b>COGS</b>	<b>731</b>	749	644	-2.5%	13.5%	<b>1,480</b>	1,379	7.3%
<b>Sales &amp; marketing</b>	<b>174</b>	170	196	2.1%	-11.4%	<b>344</b>	368	-6.6%
<b>Staff costs</b>	<b>223</b>	354	219	-37.0%	2.0%	<b>577</b>	437	32.2%
<b>O&amp;M</b>	<b>232</b>	222	268	4.6%	-13.3%	<b>455</b>	515	-11.7%
<b>Other Opex</b>	<b>350</b>	329	316	6.4%	10.6%	<b>678</b>	612	10.7%
<b>Total Cost</b>	<b>1,710</b>	<b>1,824</b>	<b>1,642</b>	<b>-6.3%</b>	<b>4.1%</b>	<b>3,534</b>	<b>3,311</b>	<b>6.7%</b>
<b>D&amp;A</b>	<b>751</b>	769	896	-2.4%	-16.3%	<b>1,519</b>	1,813	-16.2%
<b>Others</b>	<b>(9)</b>	4	(18)	-340.2%	-47.3%	<b>(5)</b>	(17)	-67.4%
<b>Total Expenses</b>	<b>2,452</b>	<b>2,597</b>	<b>2,520</b>	<b>-5.6%</b>	<b>-2.7%</b>	<b>5,048</b>	<b>5,107</b>	<b>-1.2%</b>





# Network/IT integration and modernization remain the focus for Q2 capex; Net Debt/EBITDA remains stable; Interim dividend declared at 3.5 sen per share



	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24
<b>Net Debt /EBITDA</b>	2.2	2.1	2.0	2.0	2.1	2.1
<b>Free Cashflow</b>	696	1,094	690	-182	283	52
	-375	-375	-387	-411	-411	-411
<b>Dividend (sen)</b>	3.2	3.2	3.3	3.5	3.5	3.5
						Payment date 30/09/2024

## Achieved over RM700 million gross synergy in 1H24, on track to meet the RM8bn NPV net synergy target

<i>RM'm</i>	FY2023	1H24	Total (FY2023 + 1H24)	2H24	Total (FY2023 + FY2024)
<b>Gross Synergy</b>	366	727	1,093	~532	<b>~1,625</b>
<b>Integration Cost</b>	(119)	(273)	(392)	~(252)	<b>~(645)</b>
<b>Net Synergy</b>	247	454	701	280	<b>~980</b>
CAPEX	199	367	566	~90	~650
OPEX	48	87	135	~190	~330

- Gross synergy achieved through steady-state flow through from 2023, scale efficiency, and capex avoidance
- Integration costs include VSS costs, IT and retail store transformation costs



# Sustainable long-term growth

## Updated Guidance

## YTD2024

**Service Revenue Growth**

**Low single digit increase**

**In Progress**

**\*EBIT**

**Single digit decrease**

**In Progress**  
to close the gap

**Capex Intensity**

**Around 15% - 18%**

**In Progress**

*\*EBIT is expected to decline single digit due to an organisation adjustment, resulting in a one-time cost of RM140 million. We are proactively working to mitigate the impact of this cost.*

## Synergy: Striving towards RM8bn net NPV synergies by 2027

## YTD2024

**2024 Gross Synergy**

**RM700m**

**RM727m**



# Q&A



**Datuk Idham**  
CEO



**Albern Murty**  
Deputy CEO



**Lucy Tan**  
CFO

*Here's to you, **Malaysians!***

**JUALAN**  
**5G GEMILANG**

**Thank you!**

**Investor Relations**

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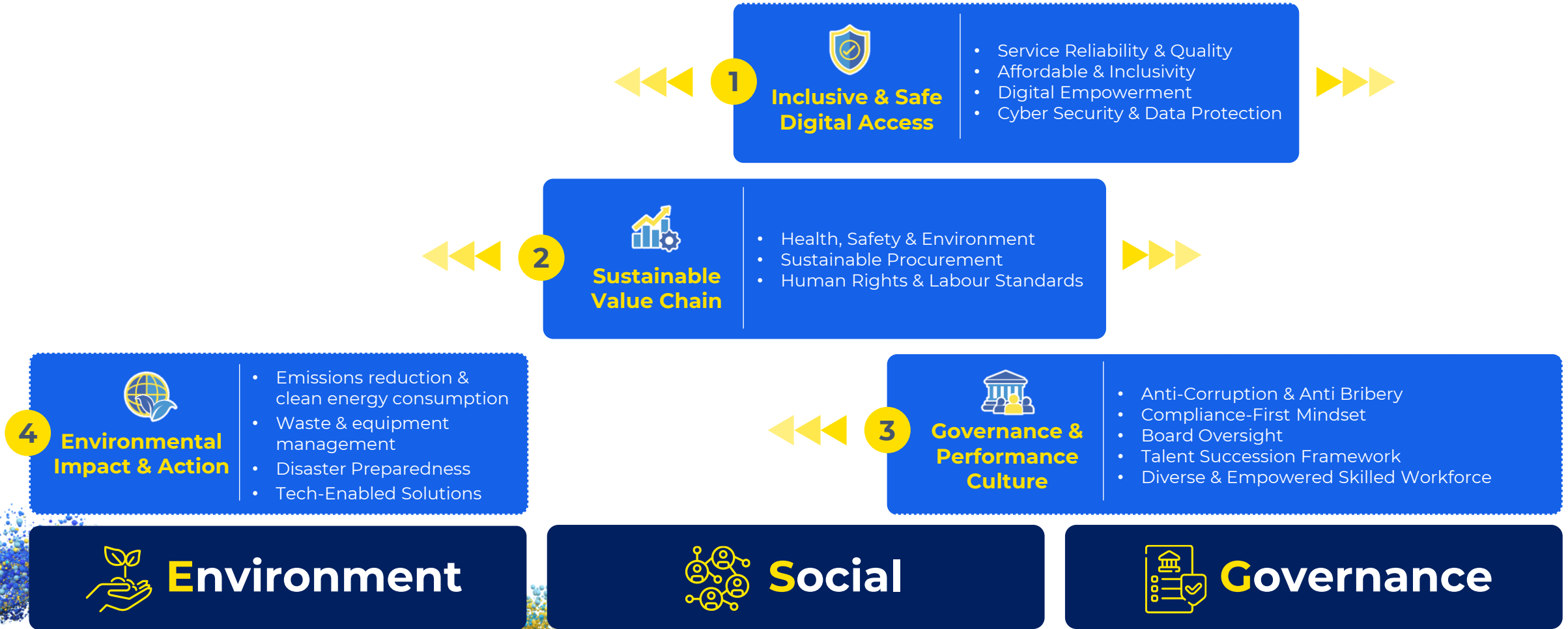
<https://celcomdigi.listedcompany.com/financials.html>

# APPENDICES



# Sharpening our focus to deliver impact on four priority areas that will drive our aspirations

## Trust in the Age of 'Digital-Everything'



# Catalyst for Malaysia's most inspiring digital innovation ecosystem built on partnerships



\*List not exhaustive



## Net Debt/EBITDA Reconciliation

RM'm	2Q23	3Q23	4Q23	1Q24	2Q24
<b>Borrowings</b>	<b>7,429</b>	<b>7,430</b>	<b>7,642</b>	<b>7,644</b>	<b>8,020</b>
Term Loan (Islamic)	2,479	2,480	2,780	2,781	2,857
Islamic Medium-Term Note (IMTN)/ Sukuk	4,250	4,247	4,247	4,247	4,947
Revolving Credit (Islamic)	-	-	-	-	100
Term Loan (Conventional)	694	697	609	610	97
Revolving Credit (Conventional)	1	1	1	1	7
Banker's Acceptance	4	5	5	5	12
<b>Lease Liabilities</b>	<b>6,112</b>	<b>5,847</b>	<b>5,354</b>	<b>5,172</b>	<b>4,860</b>
<b>Total Debt</b>	<b>13,541</b>	<b>13,278</b>	<b>12,996</b>	<b>12,816</b>	<b>12,880</b>
Cash and Bank Balances	834	747	397	269	273
<b>Net Debt</b>	<b>12,707</b>	<b>12,530</b>	<b>12,599</b>	<b>12,547</b>	<b>12,608</b>
4Q Rolling EBITDA	5,997	6,114	6,155	5,991	5,906
<b>Net Debt/EBITDA</b>	<b>2.1x</b>	<b>2.0x</b>	<b>2.0x</b>	<b>2.1x</b>	<b>2.1x</b>