

CELCOMDIGI BERHAD 3Q 2024 Earnings Call

18 November 2024 | Kuala Lumpur





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Presented By



Datuk Idham Nawawi
CEO



Albern Murty
Deputy CEO



Lucy Tan
CFO

- **Key Highlights**
- **Operational and Market Updates**
- **Financial Review**
- **Q&A**



- 1 > **Stronger quarter** backed by higher quality subscribers and operational excellence
- 2 > **Growth in core segments** – Postpaid, Home & Fibre, ICT solutions with stabilisation on prepaid
- 3 > **Merger integration on track** with savings realisation and increased productivity
- 4 > **Dividend 3.6 sen per share**, highest since merger



5G

FOR ALL



Continued momentum across the business



Stabilised customer base and topline

Positive subs growth, total revenue grew 0.6% Q-Q



Good performance in 3 of 4 core segments

Postpaid, Home & Fibre, ICT solutions grew, impact on Prepaid SIM consolidation lessened



Robust EBIT performance

Strict cost management mitigated VSS cost, stable PAT growth



Capex investment on track

Network modernisation ahead of plan, RM1.2bn Capex spent YTD



Elevated customer experience

Significant improvement in signal quality & throughput, transforming retail and digital experience



Integration and transformation delivering synergy

YTD RM1.0bn gross synergy through Capex and P&L cost savings, ~RM250m integration cost

Operational and Market Updates



Merger Integration and Transformation

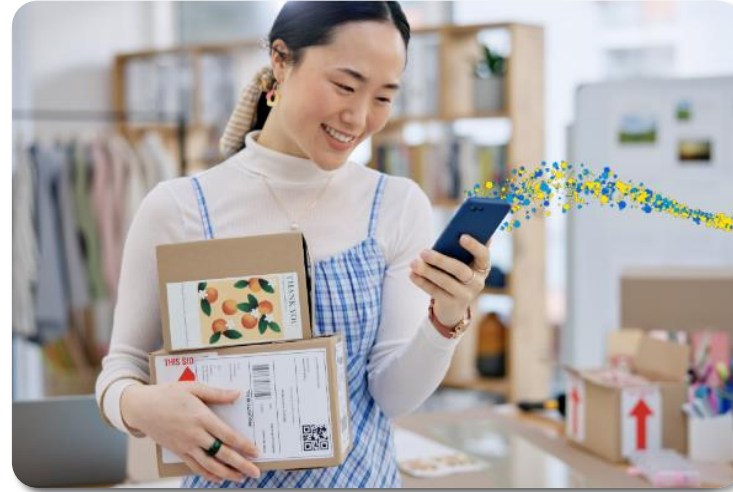
Full momentum, enhancing productivity and customer experience



Network Modernisation

At ~70% completion, on track to achieve 75% by year-end

Elevated quality of experience in post-consolidated areas



IT Transformation

Major milestone in Billing and CRM system consolidation

Enabling transformative digital customer experience capabilities



Next-Gen Retail

Launched 30 new retail stores, to complete 50 by year-end

Improved sales productivity by 1.2x

Consumer

Ramped up initiatives to drive growth and base management

Postpaid

Increase in ARPU / ARPA and subscriber retention from convergence, content bundles and family lines

High value plans upgrade from new 5G postpaid portfolio

New subscribers driven by Easy360 with latest 5G phones

Prepaid

Quality subscribers via strategic focus on reducing one-time SIM, churn rate improved

Strong adoption on 5G plans

Home & Fibre

Outpaced market with strong double-digit growth

Compelling convergence offerings with smart home solutions, add-ons for family, streamers, gamers

Strong channel execution

20.3 million subscribers enabled for 5G

Enterprise

Accelerating AI adoption and emerging technology solutions



Steady core connectivity with quality subscriber growth in recent 4 months

Encouraging adoption of ICT solutions (+14% growth YTD)

High level of interest in AiX solutions, (~2,000 visitors including 72 corporates, 15 pilots live!)

More commercial partnerships in the pipeline

Financial Review



Strong Profit Growth

EBIT and PAT increase Q-Q and YTD, supported by disciplined cost management and lower D&A

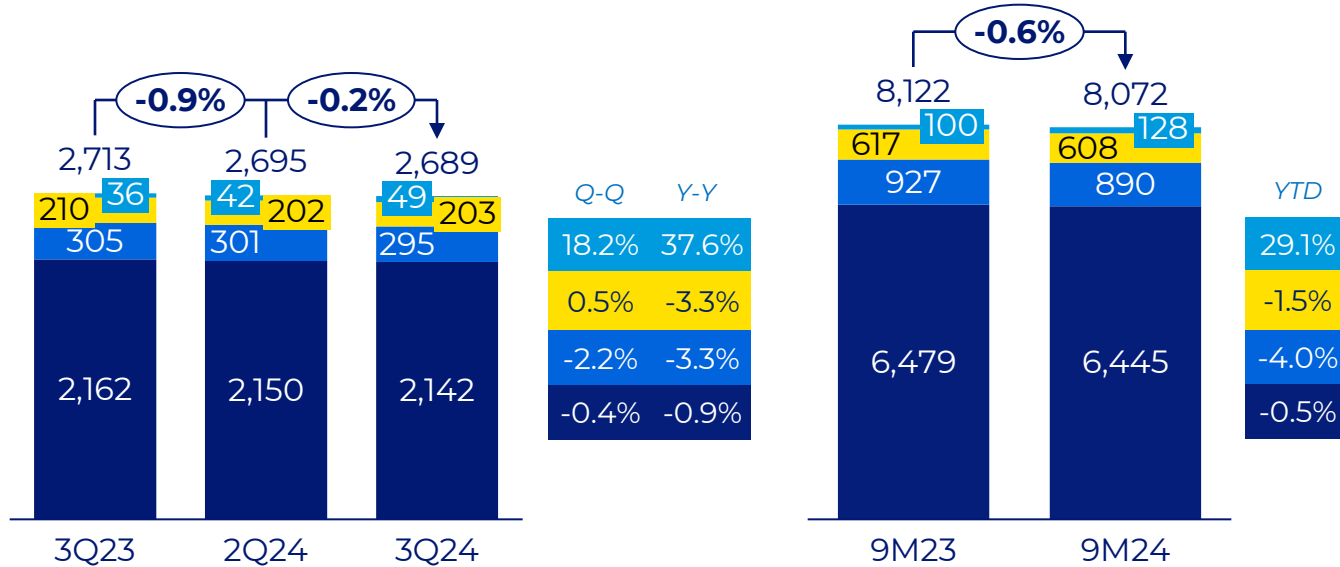
RM'm	3Q24	2Q24	3Q23	Q-Q	Y-Y	9M24	9M23	YTD
Total Revenue	3,126	3,106	3,104	0.6%	0.7%	9,403	9,407	-0.04%
Service Revenue	2,689	2,695	2,713	-0.2%	-0.9%	8,072	8,122	-0.6%
EBIT	771	655	695	17.7%	10.9%	2,000	1,891	5.8%
PAT	440	416	459	5.8%	-4.1%	1,227	1,127	8.9%
Capex	384	518	385	-25.9%	-0.3%	1,220	745	63.8%
Subscriber base (K)	20,255	20,223	20,600	0.2%	-1.7%	20,255	20,600	-1.7%

Continued growth in key revenue segments: Postpaid, Home & Fibre, and Enterprise Solutions offset Prepaid decline

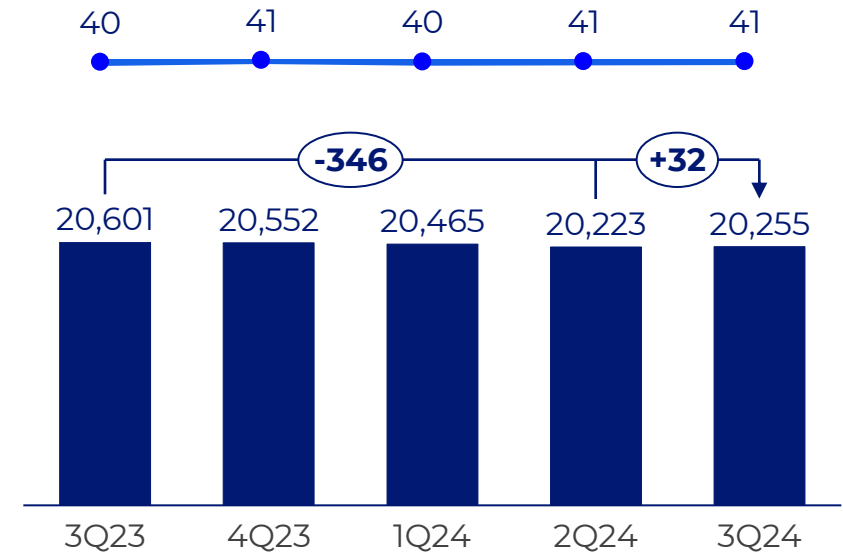
EBIT & PAT up, supported by synergy-driven efficiency and lower D&A

Stable Service Revenue Driven by strong Home & Fibre growth and Postpaid

Service Revenue (RM'm)



Total Subscribers & Blended ARPU



Service Revenue: Stable with a marginal decline of -0.2% Q-Q and -0.6% YTD

Continued strong momentum in Home & Fibre, alongside growth in Postpaid and ICT & connectivity solutions

Prepaid decline reflects the impact of SIM consolidation and a focus acquisition, paving for sustainable growth

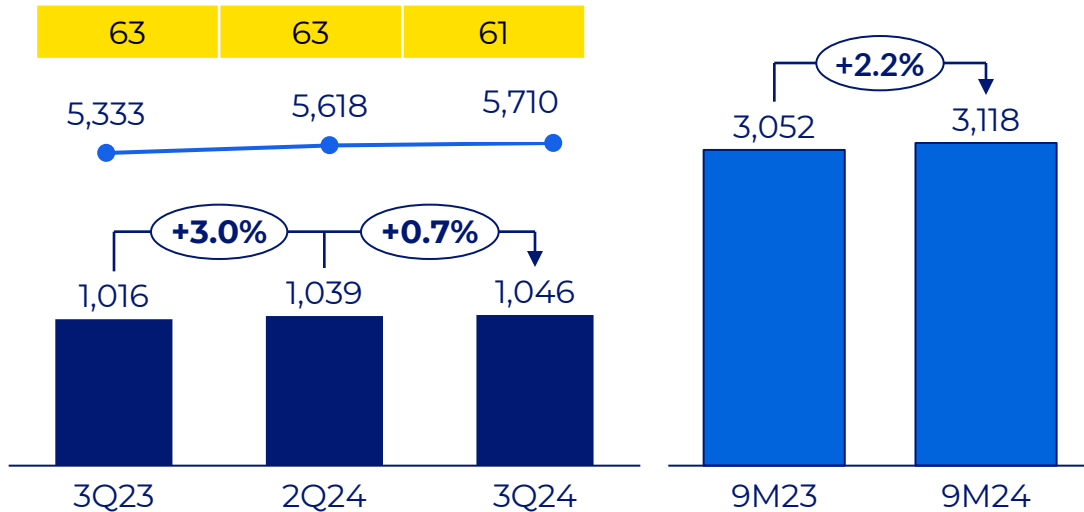
Positive subscriber growth with 32K net additions in this quarter, blended ARPU resilient at RM41

Consumer
 Enterprise
 Home & Fibre
 Wholesale



Postpaid growth momentum, Prepaid stabilising and resilient ARPUs

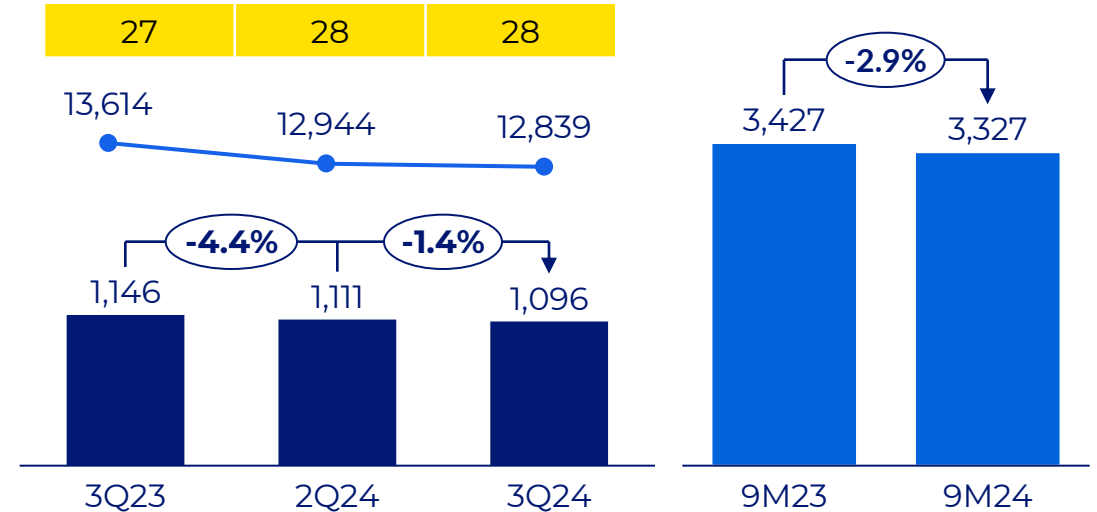
Postpaid



Steady postpaid revenue growth of 0.7% Q-Q and 2.2% YTD, supported by an expanding subscriber base, including the addition of family lines, content bundles and successful pre-to-postpaid migration

Added 92K subscribers this quarter and 377K Y-Y

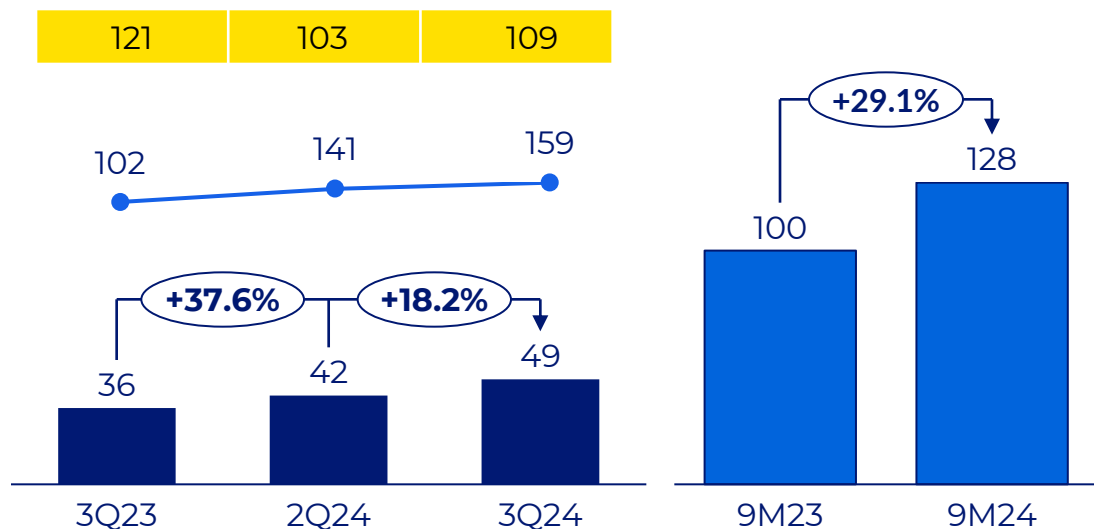
Prepaid



Prepaid revenue stabilising: Lessened impact from SIM consolidation and reduced reliance on one-time SIM, with affordable targeted plans driving growth

■ Revenue (RM'm) ● Subscribers ('000) ■ ARPU (RM)

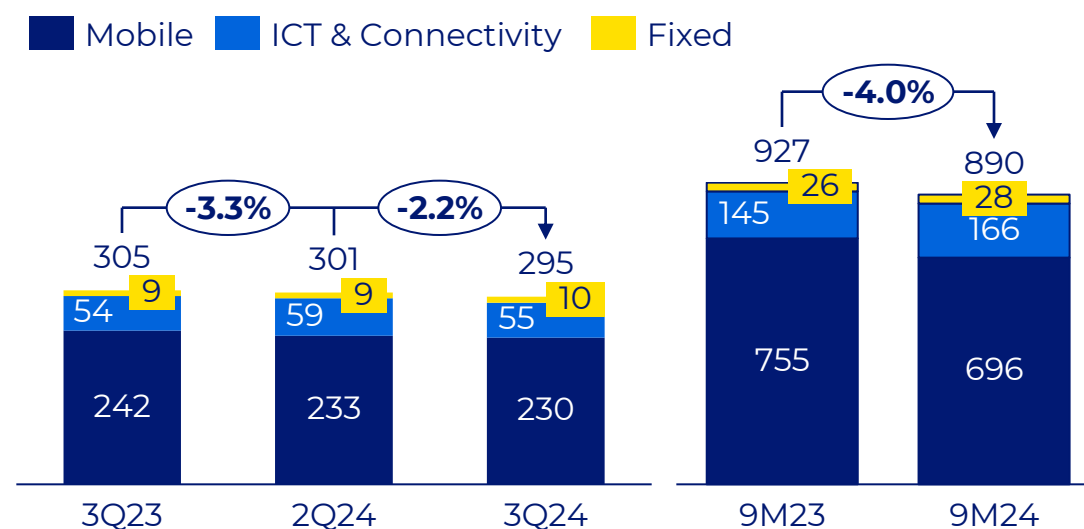
Home & Fibre Maintained strong growth momentum



Home & Fibre revenue continues strong double-digit growth at 18.2% Q-Q, 37.6% Y-Y and 29.1% YTD

Subscribers grew with 18K net additions in this quarter and 57K Y-Y, while ARPU increased to RM109, supported by higher take-up of premium speed plans

Enterprise Growth in ICT and connectivity solutions



YTD ICT & Connectivity Solutions revenue grew 14%, cushioning decline in mobile

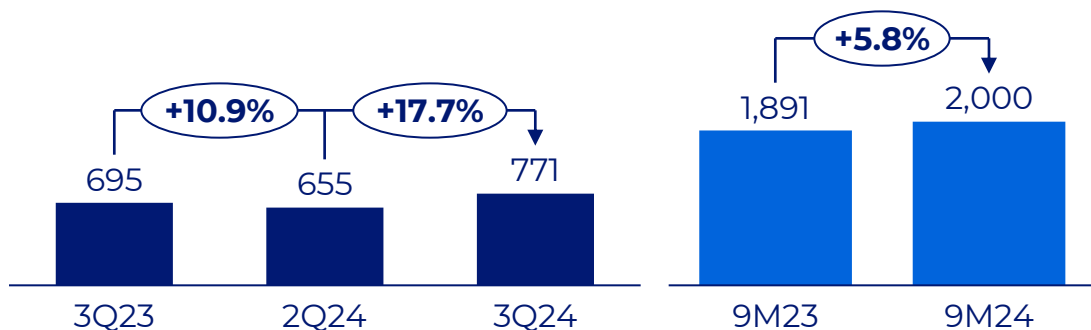
Mobile acquisitions in all segments with added focus in channels expansion

■ Revenue (RM'm) ● Subscribers ■ ARPU (RM)

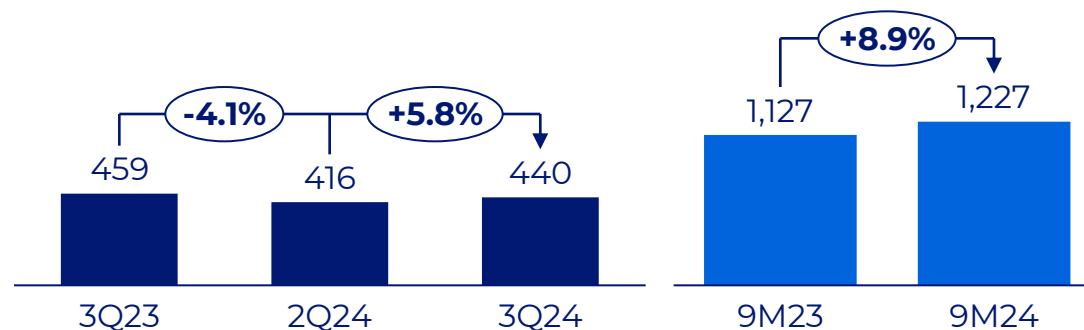
Profit Growth

Driven by realised synergies, cost efficiencies and lower D&A

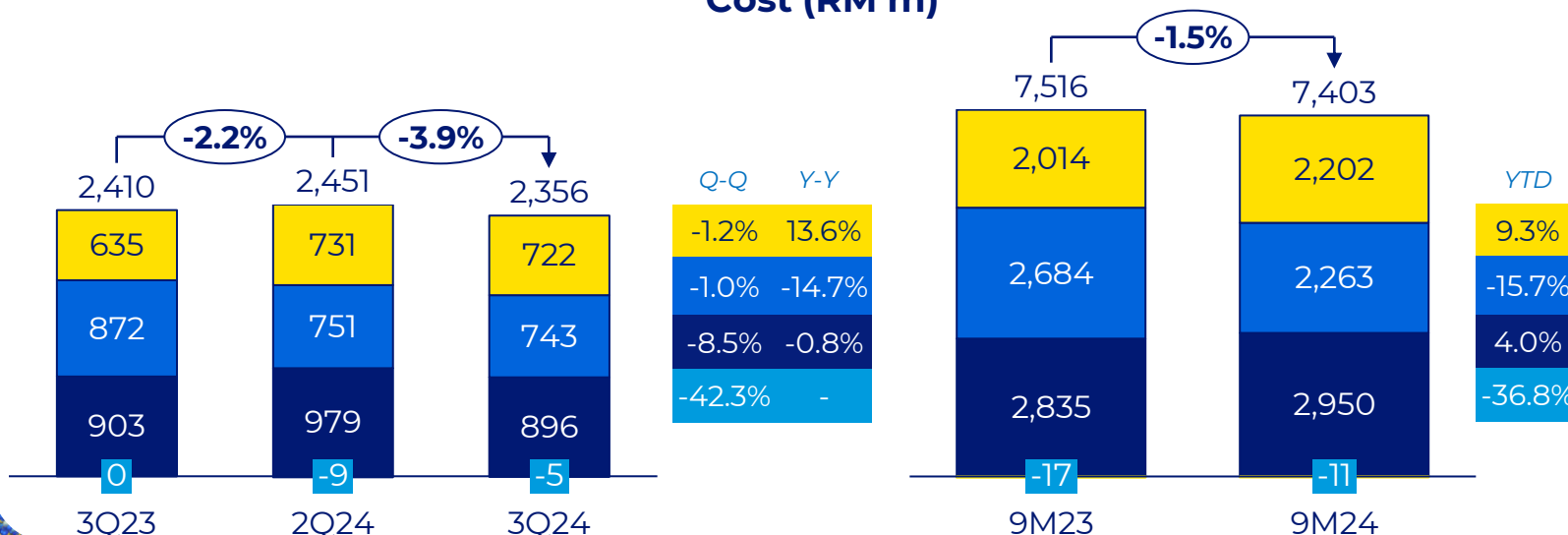
EBIT (RM'm)



PAT (RM'm)



Cost (RM'm)



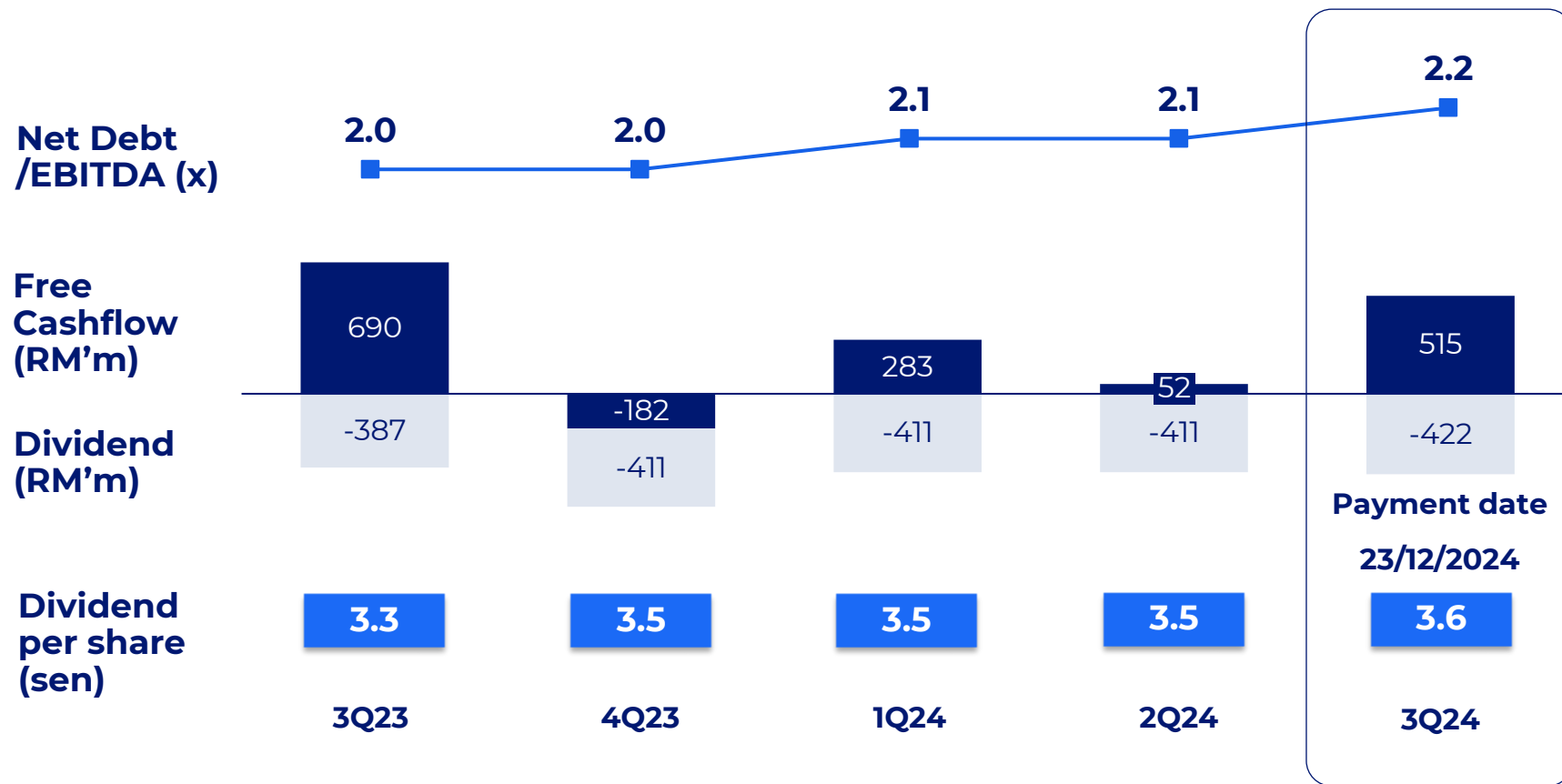
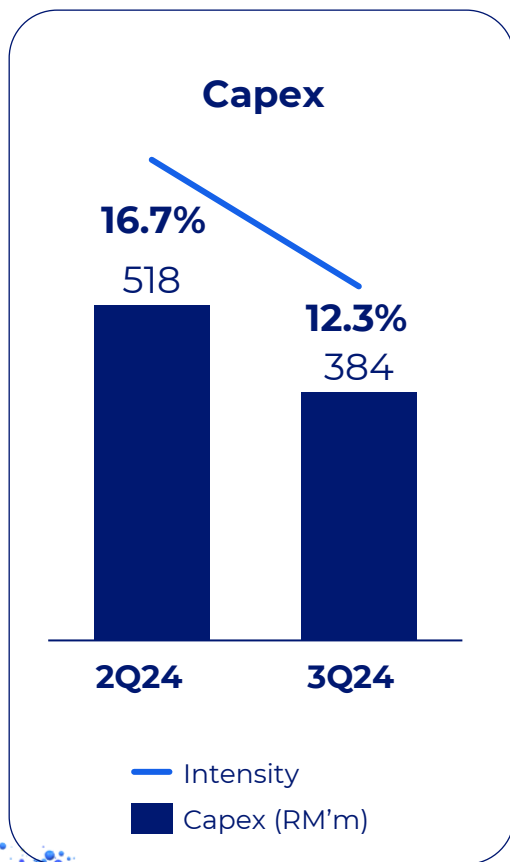
Total cost decreased 3.9% Q-Q and 1.5% YTD:

- Lower Opex – cost efficiencies, realised synergy
- Lower D&A – assets impacted by the change in useful lives fully depreciated
- Higher COGS – 5G access and fibre-related expenses

■ OPEX ■ D&A ■ COGS ■ Others

Interim Dividend of 3.6 sen per share

Lower Capex improved free cash flow, Net Debt/EBITDA at 2.2x



RM800m cost reduction expected in steady-state post 2027

RM'm	CAPEX		P&L		Steady-state post 2027
	2023	YTD 2024	2023	YTD 2024	
Network	192	710	9	50	150
IT	8	-	4	-	140
People	-	-	21	10	160
Others	9	30	123	140	350
Gross Synergy	209	740	157	200	800
Integration Cost	(10)	(70)	(109)	(170)	
Net Synergy	199	670	48	30	

Guidance



GUIDANCE

YTD 2024

Service Revenue Growth*Flat to slight decrease****In Progress**
to close the gap**EBIT****Single digit decrease****In Progress**
to close the gap**Capex Intensity****Around 15% - 18%****On track**

**Revenue performance expected to remain flat or experience slight decrease due to effects of SIM consolidation and lesser focus on one-time SIM. We remain focused on revenue initiatives to drive growth and maintain strict cost management to strengthen our position in the long term.*

SYNERGY

YTD 2024

2024 Gross Synergy**RM700mil****Better than expected**

Q&A



Datuk Idham Nawawi
CEO



Albern Murty
Deputy CEO



Lucy Tan
CFO

THANK YOU

Investor Relations

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

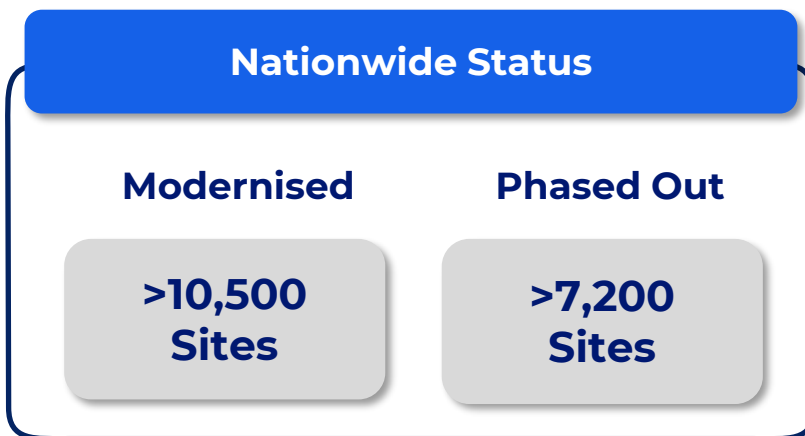


APPENDICES



Network Modernisation

At ~70% completion, on track to achieve 75% by year end



**65% of Subscriber
Enjoying New Network in
the Modernised Areas**

Improved Customer Experience in Post-consolidated Areas

Signal quality
>82%
experienced
improvement

Average speed
NIC
>79 Mbps
Nationwide
>70 Mbps

**Data traffic
uptake**
up to
+17%

**Monthly data
consumption**

celcom	33.8 GB/U 13.4% Y-Y
digi	30 GB/U 21.5% Y-Y

**Customer
complaints**
>83%
reduction

Net Debt/EBITDA reconciliation

RM'm	3Q23	4Q23	1Q24	2Q24	3Q24
Borrowings	7,430	7,642	7,644	8,020	8,082
Term Loan (Islamic)	2,480	2,780	2,781	2,857	2,857
Islamic Medium-Term Note (IMTN)/ Sukuk	4,247	4,247	4,247	4,947	4,596
Revolving Credit (Islamic)	-	-	-	100	500
Term Loan (Conventional)	697	609	610	97	100
Revolving Credit (Conventional)	1	1	1	7	22
Banker's Acceptance	5	5	5	12	7
Lease Liabilities	5,847	5,354	5,172	4,860	4,775
Total Debt	13,278	12,996	12,816	12,880	12,857
Cash and Bank Balances	747	397	269	273	474
Net Debt	12,530	12,599	12,547	12,608	12,383
4Q Rolling EBITDA	6,114	6,155	5,991	5,906	5,849
Net Debt/EBITDA	2.0x	2.0x	2.1x	2.1x	2.2x