

celcomdigi

CELCOMDIGI BERHAD

4Q2023 and FY2023 Results Announcement

20 February 2024
Kuala Lumpur





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Presented by:



Datuk Idham
CEO



Albern Murty
Deputy CEO



Lucy Tan
CFO

5G
FOR ALL

MALAYSIA'S
No.1
NETWORK

WIDEST | FASTEST

4G | 5G | FIBRE

Jom
5G
Malaysiaku



AGENDA

1. **2023 Overview**
2. **Operational Performances**
3. **Financial Review**
4. **2024 Outlook**
5. **Q&A Session**

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2023 Overview



2023: A solid first year post-merger



INTEGRATION

**Year 1
Milestones**
and
gross synergy
on track

1



MARKET

Retained **market
shares** for core
segments with
stronger
subs base

2



RESULTS

Strong earnings,
delivered
13.2 sen
dividend

3

2023: Integration Progress Highlights



Completed **organisational integration** for business continuity



Harmonised **Channels** with integrated **Sales** teams



Embracing new **CelcomDigi** culture integration

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Launched **new iconic CelcomDigi** brand



> **50 product campaigns** including unified **5G offerings**



Digi Stores & Celcom bluecubes **open 365 days** a year



~**5,000 sites** integrated ahead of schedule



Efficient **cost management** & improved **free cash flow**



Realised gross synergy of **RM366mil**

Strong Delivery Of 4Q2023



Total Revenue

RM3,275mn

5.5% Q-Q

-0.9% Y-Y



Service Revenue

RM2,737mn

0.9% Q-Q

0.7% Y-Y



EBITDA

RM1,597mn

1.9% Q-Q

2.6% Y-Y

EBITDA margin:
48.8%



PAT

RM439mn

-4.4% Q-Q

-13.4% Y-Y

Normalised PAT:
RM507mn



CAPEX

RM1,010mn

31%

CAPEX Intensity



DIVIDEND

**3.5 sen
per share**

Delivered 2023 financial guidance

2023 Guidance

Maintaining growth momentum

Flat to low single digit increase

Around 15% to 18%

Service Revenue Growth

EBITDA Growth

Capex Intensity

2023 Achievement

0.4%

3.3%

RM1.7b / 13.8%

Total
Subscribers
20,552K
466k YoY



Total
Revenue
RM12.7b
1.4% YoY



PAT
RM1.6b
Normalised:
RM2.2b
3.2% YoY



FY2023
Dividend
13.2 sen



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Operational Performances



Completed Phase 1 of Network Integration Ahead of Target

Integration & Modernisation

Modernised  **5,665**
sites

Phased Out  **~2,400**
sites

**Achieved 35% of the
overall network
integration target**
(vis-à-vis 30% initial target)

Elevating and Uplifting Customer Experience



Signal
strength



13% - 16%



Download
Speed
per Ookla



20% - 26%



Data Traffic



10% - 17%



Monthly Data
Consumption



26 GB/U
5.7% Q-Q



31 GB/U
10.2 % Q-Q

Enhanced 4G & 5G Offerings Fulfilling The Needs Of All Segments

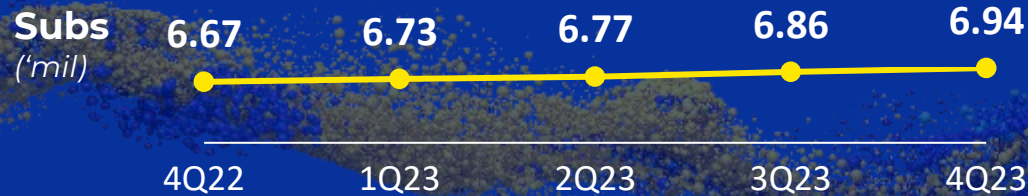
Postpaid



- Contracting opportunities through device bundles
- Supporting government initiatives such as Pakej 5G Rahmah

Service Revenue Growth 4Q23 QoQ FY23 YoY FY23 ARPU

0.9% **-0.8%** **RM68**



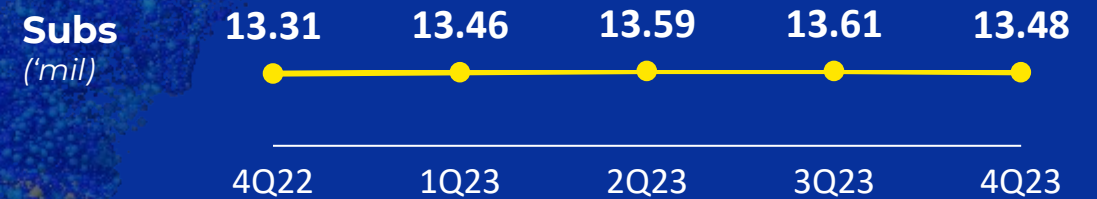
Prepaid



- High-speed internet passes with 5G

Service Revenue Growth 4Q23 QoQ FY23 YoY FY23 ARPU

0.1% **0.8%** **RM28**



Best Fibre Mobile Convergence Offers and Experience on Widest Network

Fibre & Wireless Connections

A fully connected home with CelcomDigi fibre.
Reimagine yours with the best fibre experience today.

Reduced price
300Mbps for RM97
average/month

To our valued CelcomDigi fibre customers, you will enjoy the reduced price automatically.

NEW improved fibre prices

CelcomDigi
5G home WiFi
RM149/month
plan + router

Unbox & connect, easy
Premium dual band 4G/5G router
Connects up to 30 devices

- Best fibre offer & simplified customer experience
- Ultra-fast 5G FWA & 1st in M'sia Fibre-to-the-Room up to 1Gbps
- Convergence solution add-ons with home entertainment, gaming, smart home IOT, digital & home security services

Exclusive add-on deals from **RM2/day**

ENTERTAINMENT



Samsung Smart TV

GAMING



PlayStation®5 Digital Edition

SMART HOME



Xiaomi Clean & Cool Air Bundle

DIGITAL TRUST SERVICES



Internet Security by F-Secure & Cyber Insurance by Oyen

ULTRA-FAST FIBRE
1Gbps IN EVERY ROOM

Now every room has the best Internet in the house with
CelcomDigi fibre-to-the-room.

Finally, the best fibre experience as it should be.

Steady Growth

Service Revenue Growth

4Q23 QoQ
4.4%

FY23 YoY
27.2%

FY23 ARPU
RM126

Subs ('000)



Positive Growth Momentum In CelcomDigi Business

Service Revenue Growth

2.7%
4Q23 QoQ

1.1%
4Q23 YoY

1.4%
FY23 YoY

- Solid contributions driven by higher revenue from M2M, Connectivity and ICT Solutions, alongside better performances from our subsidiaries – Bridgenet and InFront

KEY WINS IN 2023



Connectivity



TENAGA NASIONAL

Solutions



Cloud Security



Connectivity



SYARIKAT SESCO BERHAD

Solutions



KEMENTERIAN PENDIDIKAN MALAYSIA

Connectivity



Connectivity



CIMB

Solutions



Connectivity

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Financial Review



Overview of FY2023 and 4Q2023 Results

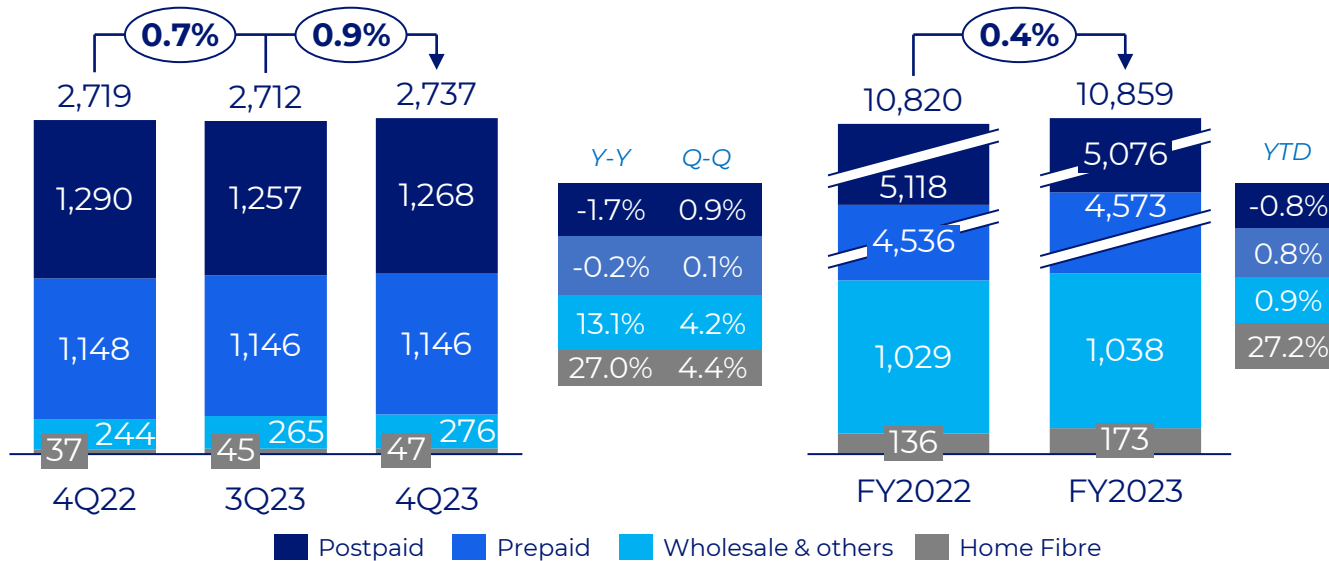
	FY2023	FY2022 ¹	Y-Y	4Q2023	3Q2023	4Q2022 ¹	Q-Q	Y-Y
<i>RM'm</i>								
Total Revenue	12,682	12,511	1.4%	3,275	3,104	3,306	5.5%	-0.9%
Service Revenue	10,859	10,820	0.4%	2,737	2,712	2,719	0.9%	0.7%
EBITDA	6,155	5,957	3.3%	1,597	1,567	1,556	1.9%	2.6%
PAT²	1,567	1,964	-20.2%	439	459	507	-4.4%	-13.4%
CAPEX	1,755	1,654	6.1%	1,010	385	665	162.3%	51.9%
Normalised PAT³	2,151	2,084	3.2%	507	598	627	-15.2%	-19.1%

Notes:

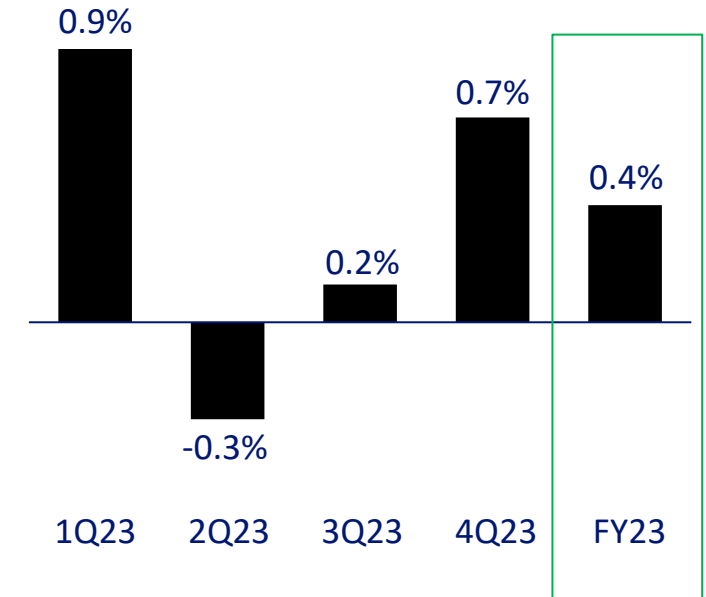
1. Comparable basis results which includes contribution from Celcom's results as if the merger was completed on 1 January 2022 and after excluding merger transaction costs and accounting alignment adjustments
2. The restatements were made to reflect the measuring period adjustments relating to the finalisation of purchase consideration and reassessment of Purchase Price Allocation exercise relating to the acquisition of Celcom Berhad, in accordance to the MFRS 3 Business Combination
3. Normalised PAT to exclude the accelerated depreciation which commenced in 4Q2022 with the revision in assets useful life and sites rationalisation

Growth Momentum Continued Across Core Segments

Service Revenue (RM'm)



Service Revenue YoY Growth



4Q23 Q-Q: Higher roaming revenues supporting Postpaid growth, steady growth from Wholesale and Home Fibre on increased traffic demand and expanded convergence offerings, respectively

4Q23 Y-Y: Home Fibre's strong performance attributed to our best convergence offerings, while growth in the Wholesale segment helped mitigate the softer Postpaid revenue, which was impacted by lower interconnect revenue

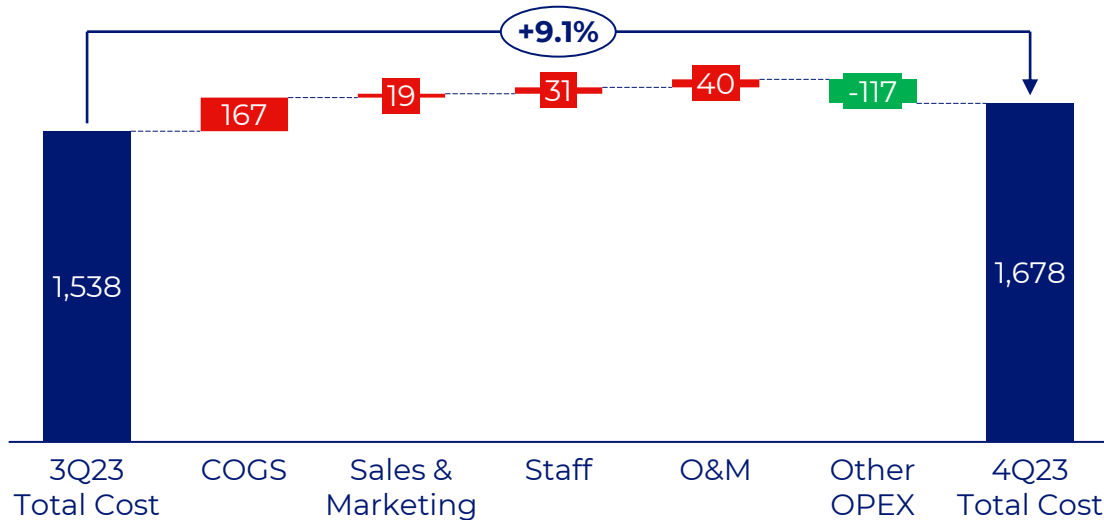
FY23: Higher revenues from Prepaid and Home Fibre, alongside total subs growth of 466K, Postpaid was impacted by the reduction in interconnect rate effective March 2023, despite being cushioned by better roaming activities.

- Stronger uptake of **new subscribers** facilitated by the introduction of **enhanced product offerings, home connectivity** and **affordability**

Sustained FY23 Costs On Synergy Efforts Despite Higher 4Q23 Costs

4Q23 Total Cost Q-Q Movement

(RM'm)



FY23 Total Cost Y-Y Change

(RM'm)

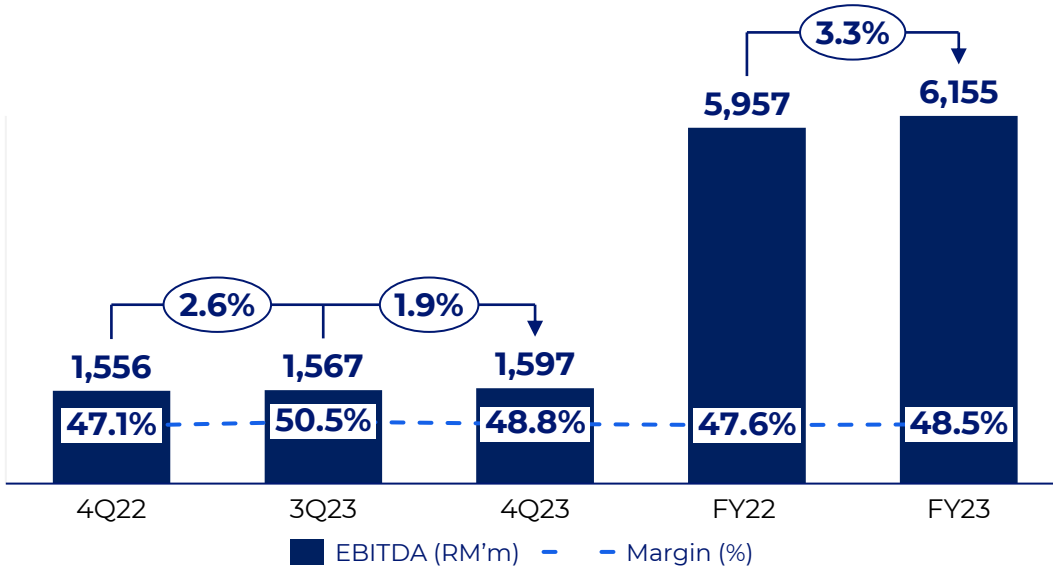


- **Q-Q total cost** rose in tandem with **increased traffic and roaming activities**, and seasonally **high device sales**
- **OPEX improvements** were attributed to **reassessment of credit allowances and synergy efforts** to offset higher staff, regulatory and network-related expenses

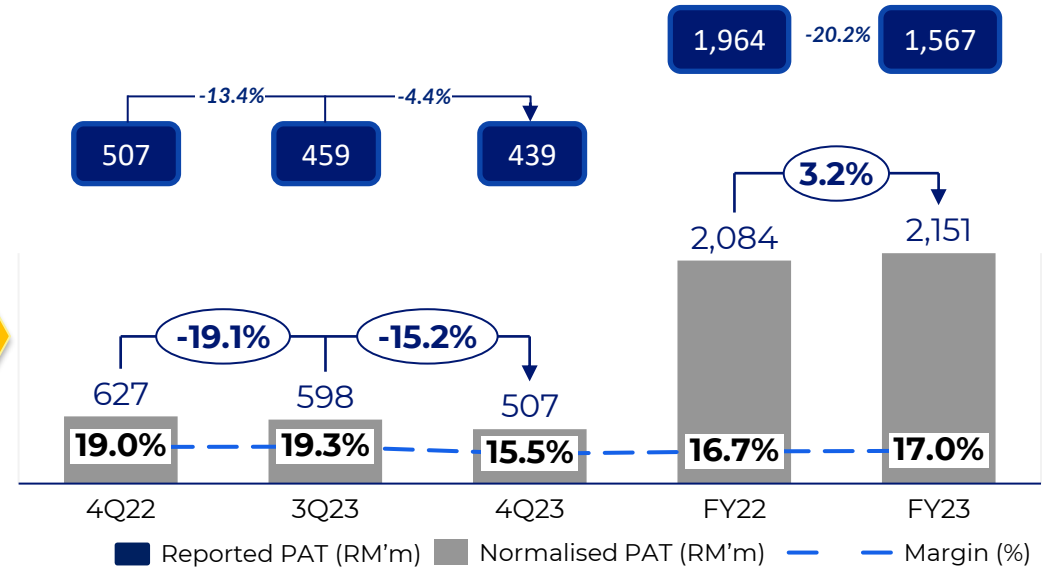
- **FY23 total cost** stood at **RM6,527m, -0.4%** as a result of :
 - Increased cost of sales from **devices** and **traffic charges**
 - Higher network and IT related **cost from expanded network**
 - Lower operating cost resulting from **cost optimization discipline** and the reassessment of credit allowances

Sustained Profitability Margins Driven By Solid Underlying Performance

EBITDA



Profit After Tax (PAT)

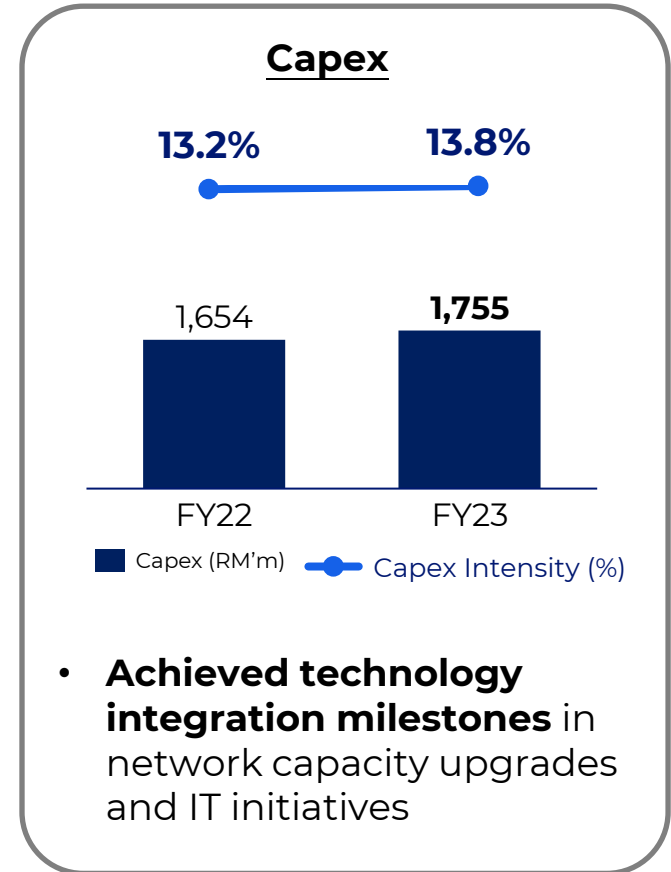
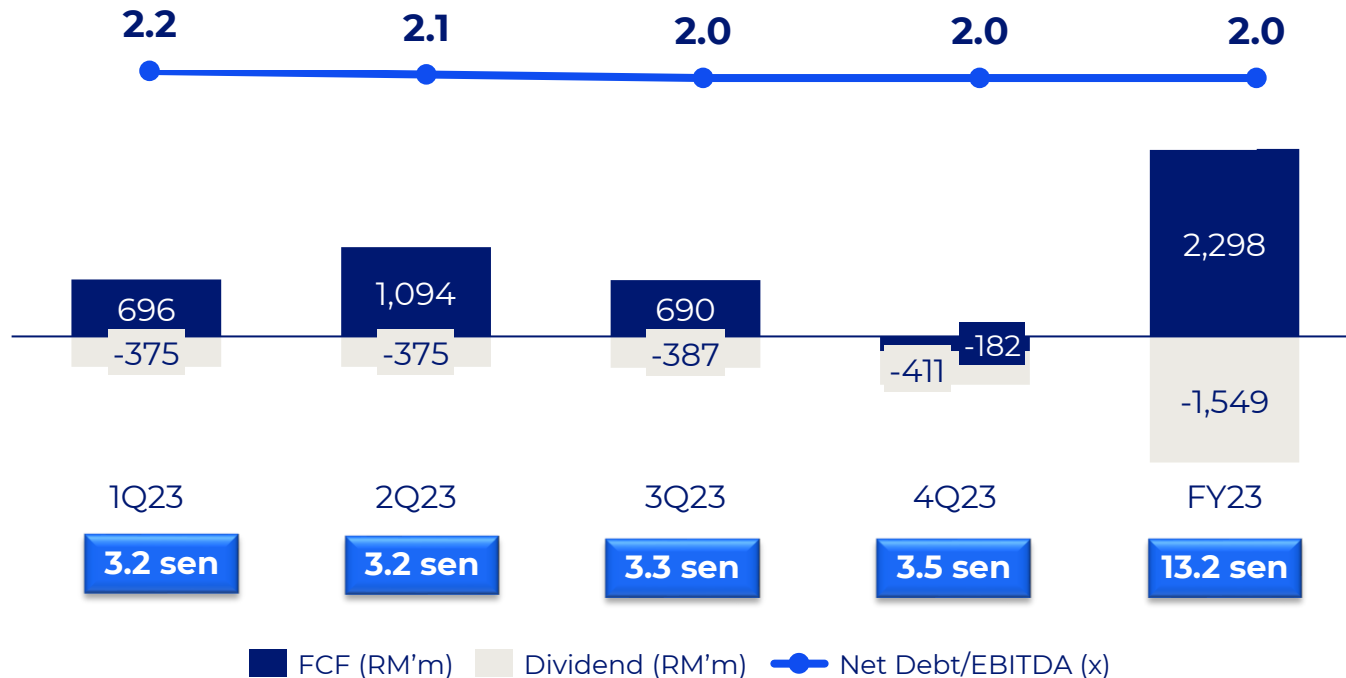


- **Q-Q EBITDA increased by 1.9%** to deliver margin of 48.8% underlining our steady execution across the board
- FY2023 EBITDA **improved by 3.3%**, with an **industry leading margin of 48.5%** attributed to topline improvements and sustained total costs from integration synergies and cost optimisation efforts

- **4Q23 PAT Y-Y reduced by 13.4%** impacted by higher taxation, despite lower depreciation
- **FY23 PAT declined 20.2%** due to full year impact of the revision in useful life for mobile network assets and sites earmarked for decommissioning, along with higher taxation

Healthy Cash Flow And Leverage Position in FY23 To Fund Future Growth

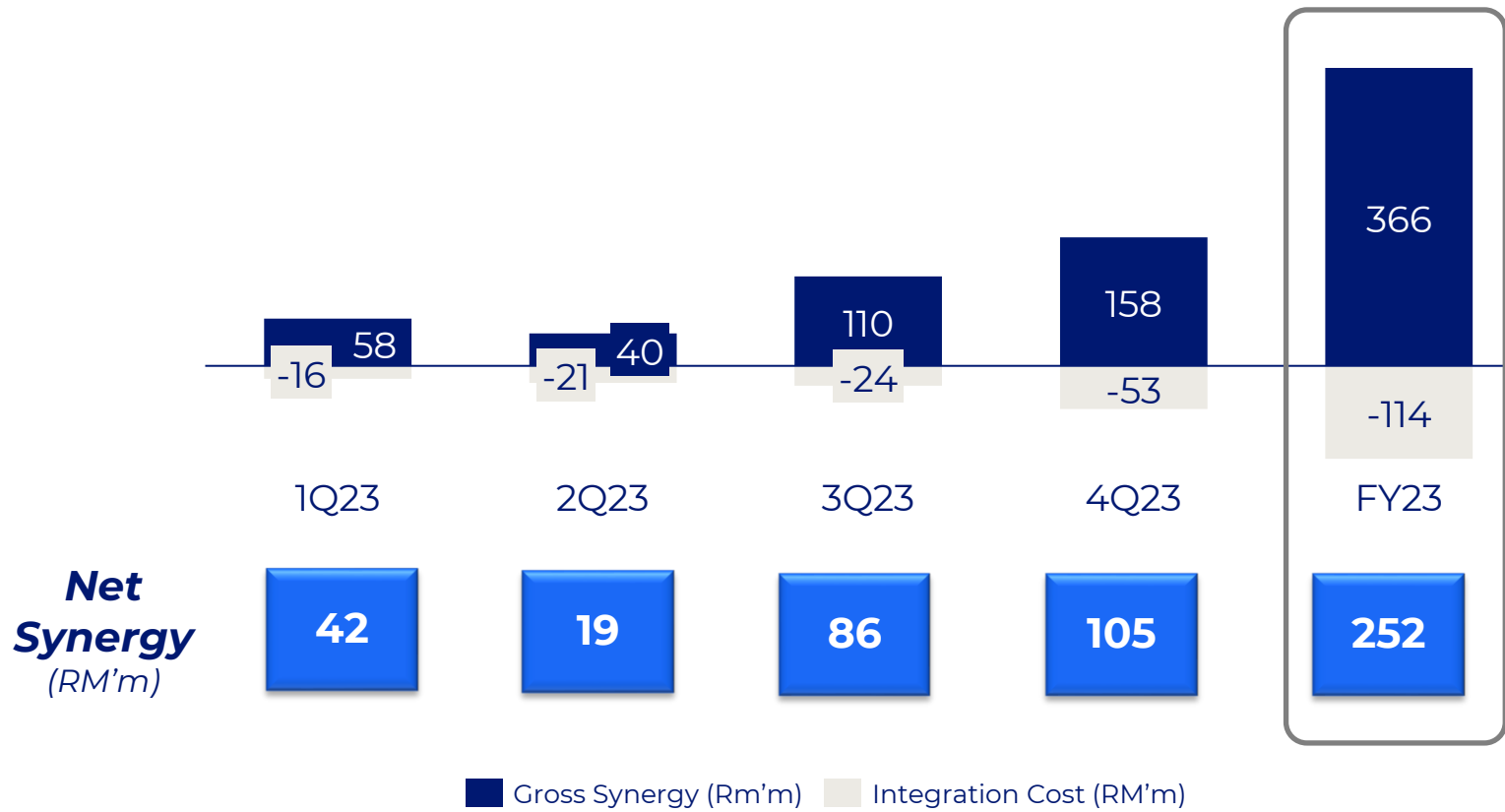
Net Debt/EBITDA, Free cash flow (FCF) & Dividend



- **Negative FCF in 4Q23** in tandem with high capital expenditure for network integration and payment of DNB's equity stake of RM233m
- **Healthy FY23 FCF of RM2,298m** driven by efficient working capital management and cash conservation strategies

Realised Gross Synergies From Structural Initiatives And Sourcing Efficiency

Synergy performance in 2023



- FY23 gross synergy amounted to **RM366m** attributed from:
 - **Sourcing efficiency on economies of scales and better re-negotiations** of commercial terms, particularly for network integration and modernisation program
 - **43% with PnL impact** driven by savings across sales & marketing channels and OE initiatives
- **Integration cost of RM114m** comprised costs incurred for organizational setup, brand campaigns and professional fees, among others

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2024 Outlook



Innovation As A Catalyst In Driving Partner Ecosystem

2023



Accelerating digitalisation of Malaysian businesses with innovative solutions



2024 Onwards



Tech Solutions and New Revenue Streams

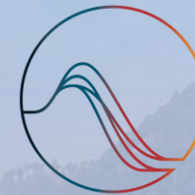


Future Of Internet Tech



Ecosystem Partnership and Innovation

Cementing ESG ambitions to operate a sustainable and responsible business for the long-term



SCIENCE
BASED
TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

CelcomDigi has **committed to set near and long-term company-wide emission reductions** in line with **science-based net-zero** with the SBTi

2024: CelcomDigi enters the year on stronger footing



2024: Focused On Executing These Priorities



***CEMENTING
MARKET
LEADERSHIP***



***INSTITUTIONALISING
OPERATIONAL
EXCELLENCE***



***A TRUSTED
BRAND FOR
MALAYSIANS***

Q&A SESSION WITH MANAGEMENT



Datuk Idham



Albern



Lucy

celcomdigi

CELCOMDIGI BERHAD

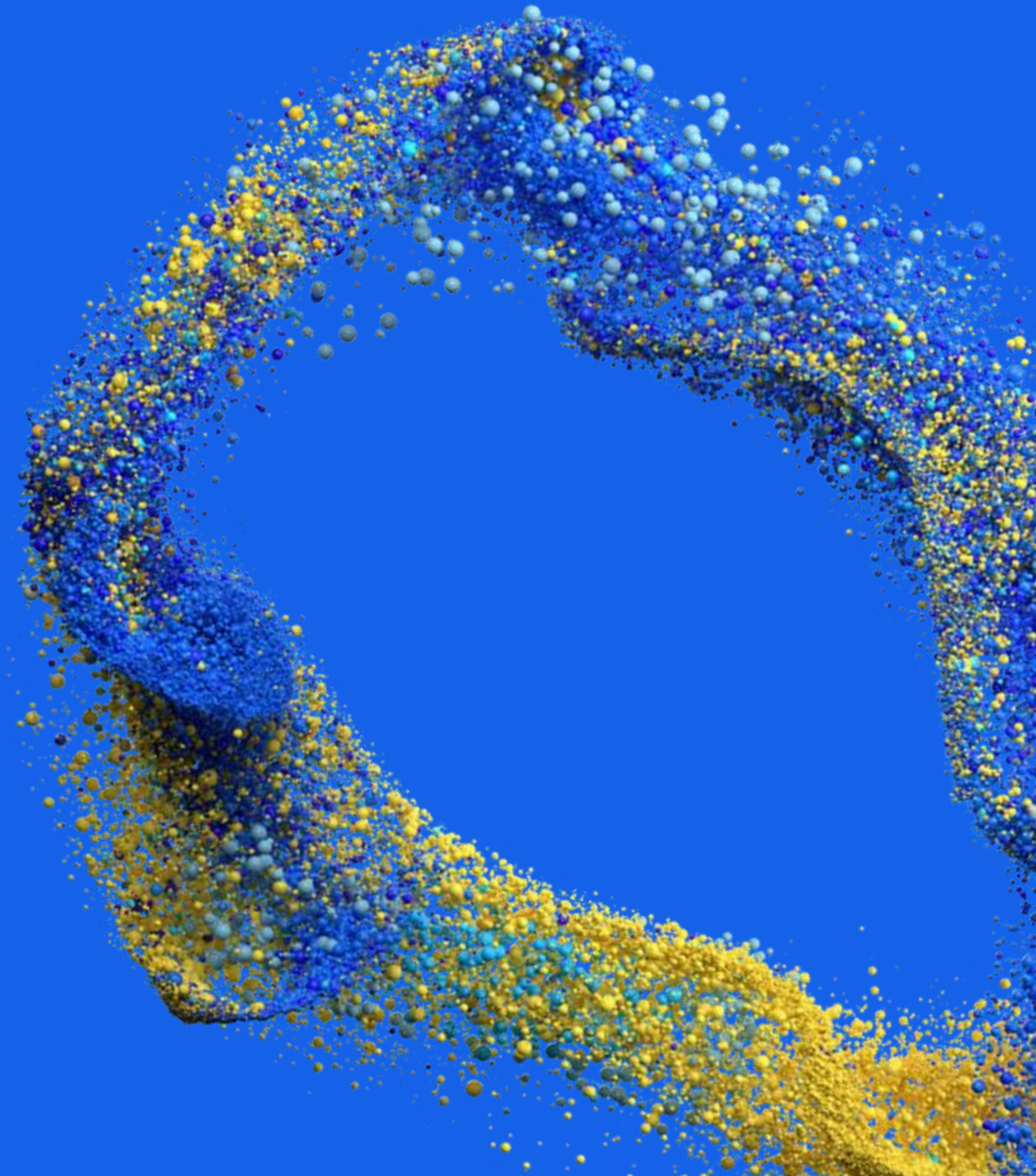
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20 February 2024

CelcomDigi Berhad Investor Relations

invesrel@celcomdigi.com

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



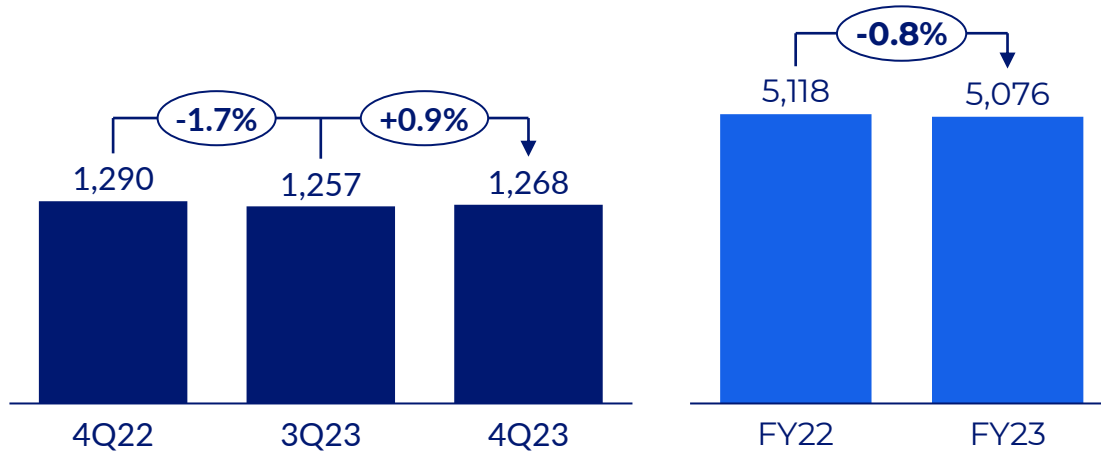
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APPENDICES



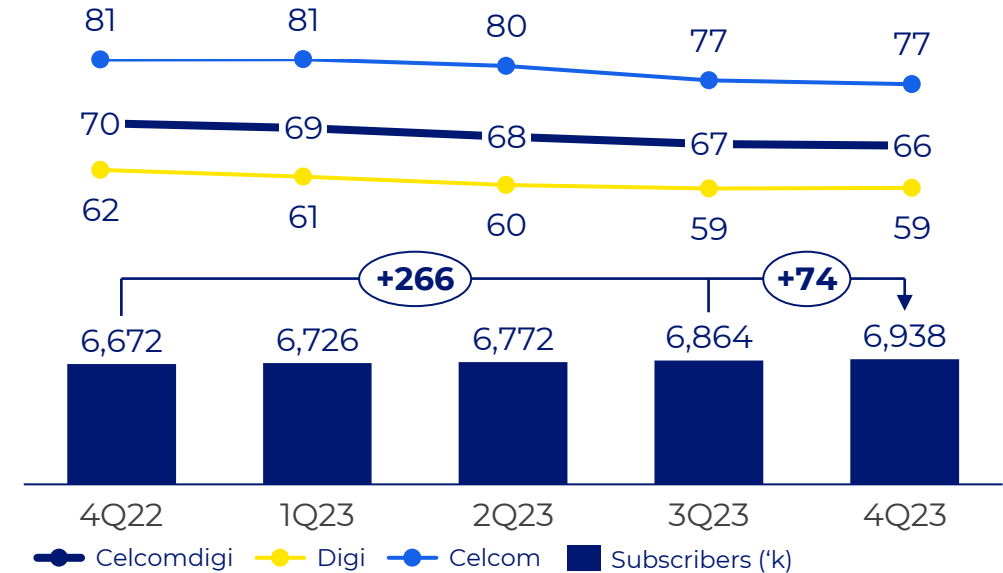
Postpaid Revenue and Operational Drivers

Postpaid Revenue (RM'm)



- Postpaid revenue was affected by a Y-Y decrease of 0.8%, primarily due to **reduced on-demand data** and **bulk SMS traffic**
- Additionally, there was a Q-Q growth of 0.9%, attributed to **increase in roaming activities** and **heightened traffic demand**

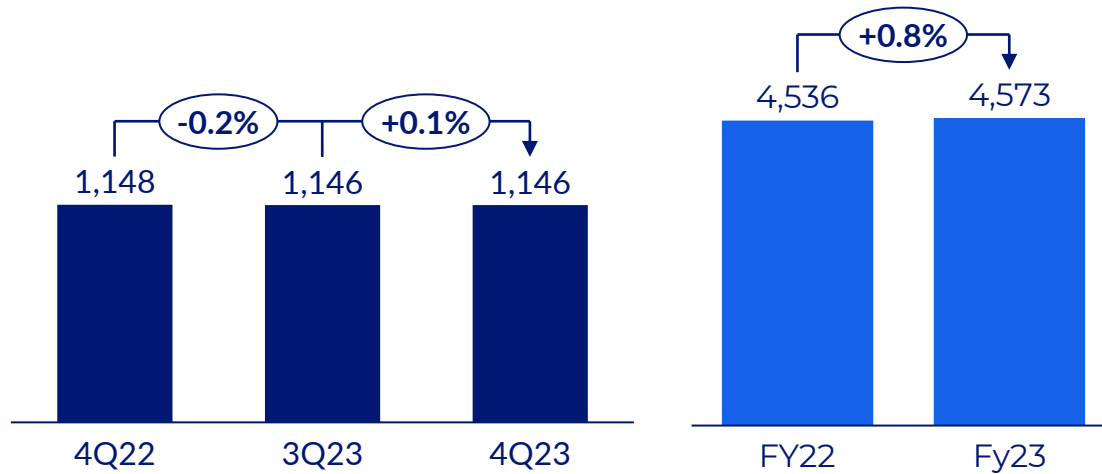
Subscribers & ARPU



- Substantial growth in net subscriber additions resulted from the **availability of diverse and appealing packages and bundles**
- Continued focus on **increasing contributions per account** through bundling and family lines

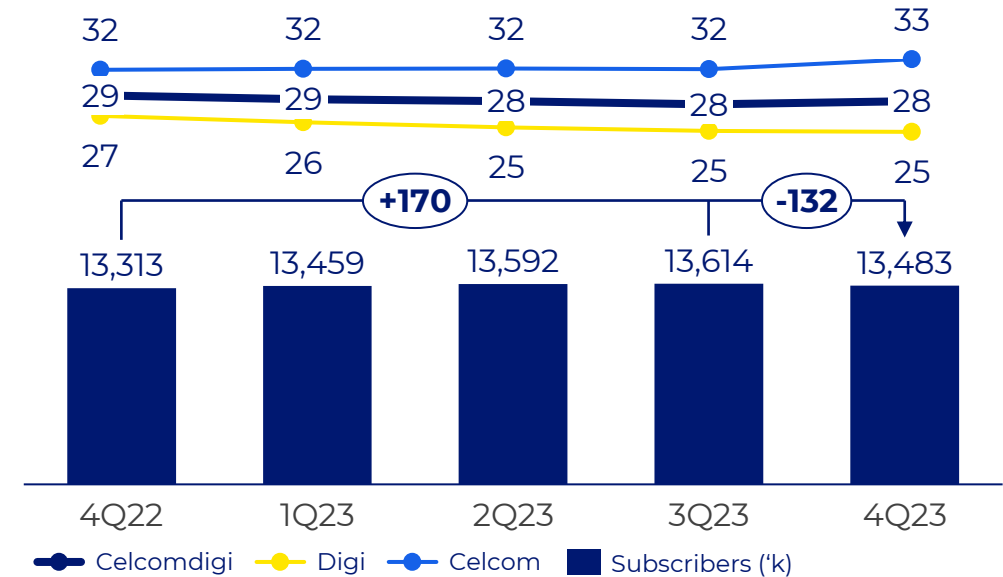
Prepaid Revenue and Operational Drivers

Prepaid Revenue (RM'm)



- Revenue sustained its upward trajectory, driven by **continued subscriber growth** and **sustained renewals** in monthly subscription packages

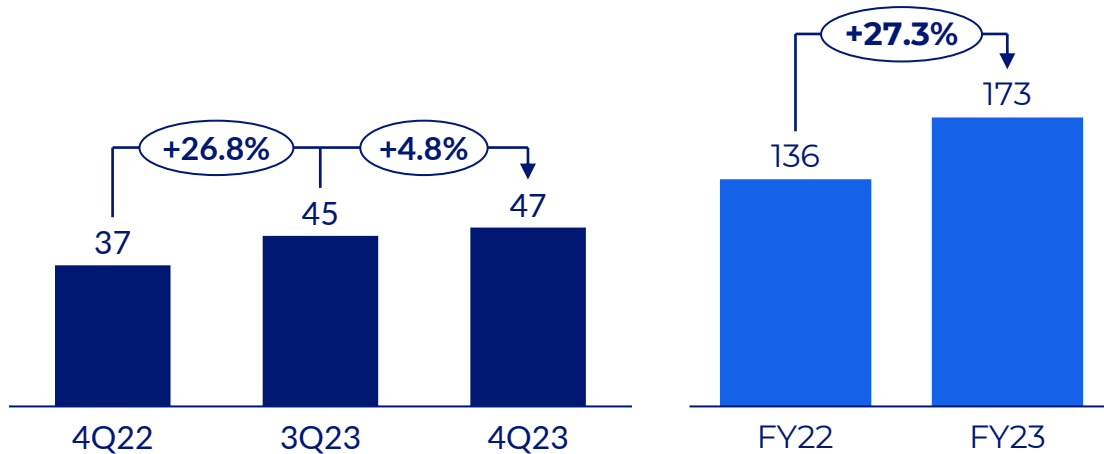
Subscribers & ARPU



- A decrease of **132K subscribers Q-Q**, primarily attributed to the **removal of non-revenue generating** subscribers

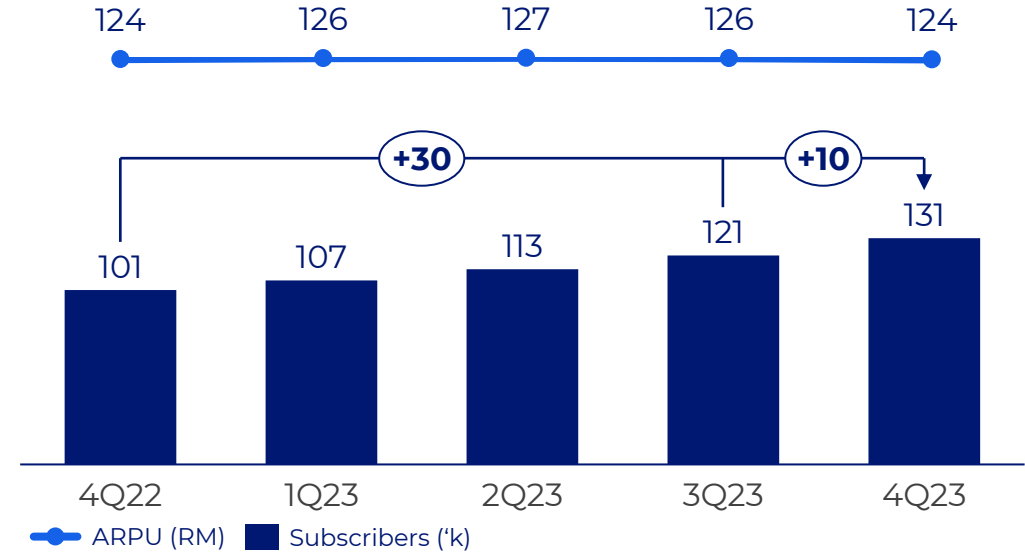
Home Fibre as a Significant Growth Segment

Home Fibre Revenue (RM'm)



- Revenue **maintained their upward trajectory**, benefiting from a **stronger uptake of new subscribers**
- Driven by **introduction of enhanced product offerings**, featuring a wider range of home connectivity product and affordable fibre plans

Subscribers & ARPU



- Net addition of **31K subscribers Y-Y**, facilitated by **improved plan offerings** serves as a catalyst to **ongoing subscriber acquisition** and **growth in ARPU**

Synergies and Integration Cost

Time to implement

3 yrs



In RM
Network

Net NPV Synergies
2023 - 2027

RM5.5b

3 yrs



IT

RM1.1b

<3.5 yrs



Others

RM1.4b

Net NPV Synergies **RM8.0 bil**

Gross Synergies 2023
RM200m to RM250m

~RM200m
(Estimate integration cost for 2023)

Net Debt/EBITDA Reconciliation

RM'm	4Q22	1Q23	2Q23	3Q23	4Q23
Borrowings*	8,876	8,291	7,429	7,430	7,642
Term Loan (Islamic)	4,361	4,290	2,479	2,480	2,780
Islamic Medium-Term Note (IMTN)/ Sukuk	3,248	3,248	4,250	4,247	4,247
Revolving Credit (Islamic)	450	-	-	-	-
Term Loan (Conventional)	813	749	694	697	609
Revolving Credit (Conventional)	1	-	1	1	1
Banker's Acceptance	3	4	4	5	5
Lease Liabilities**	6,269	5,888	6,112	5,847	5,354
Total Debt	15,145	14,179	13,541	13,278	12,996
Cash and Bank Balances	1,224	965	834	747	397
Net Debt	13,921	13,214	12,707	12,530	12,599
4Q Rolling EBITDA	5,957	6,007	5,997	6,114	6,155
Net Debt/EBITDA	2.3x	2.2x	2.1x	2.0x	2.0x

Becoming a trusted brand in the age of 'digital-everything'



Participated in **Bursa Bull Charge 2023** to contribute towards climate action



Deploying **Fixed Wireless Access (FWA)** for connectivity at flood relief centres



Empowering youths to become **online entrepreneurs** via **Siswamall** programme



#FightAgainstScams, through **Jelajah Anti-Scam Kebangsaan Malaysia**



Maintained 4 stars rating and Top 25 percentile on FTSE4Good Bursa Malaysia (F4GBM) Index