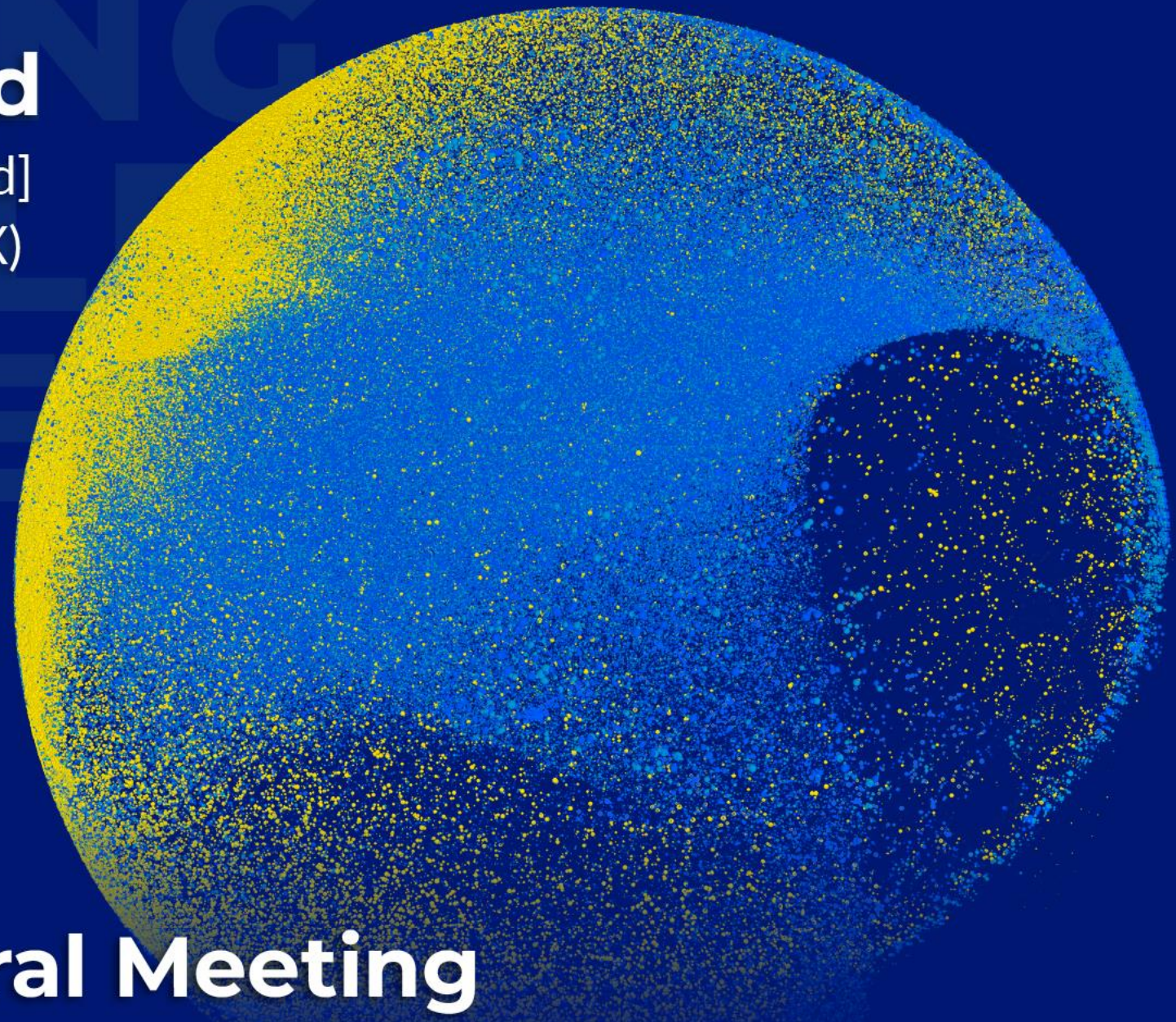


# CelcomDigi Berhad

[formerly known as Digi.Com Berhad]

Reg. No. 199701009694 (425190-X)



## 26th Annual General Meeting

Tuesday, 23 May 2023 | 10:00AM

# celcomdigi

**A NEW DIGITAL GROWTH ENGINE  
FOR THE NATION**



# Agenda

1

**CelcomDigi At A Glance**

2

**2022 Highlights**

3

**Fast Forward 2023**



# Historic Merger A New Chapter In Malaysia's Digitalisation Journey Creating A New Digital Growth Engine For The Nation!

## celcomdigi

*A Malaysian-owned, Malaysian-led connectivity and digital telco champion*



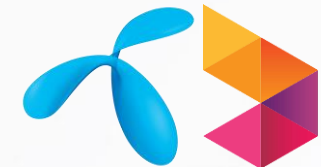
Partnership of two established telcos and iconic brands



Commercially stronger to better serve customers



Stronger capacity to invest and drive digitalisation & innovation



Built on the experience of two multi-market telco giants

## Market Leadership



**Serving 20.3  
mil customers**



**Largest and  
widest  
network**



**Largest retail  
and distribution  
channel in  
Malaysia**

## Responsible Business



**Diverse and  
Inclusive  
Organisation**



**Prioritising  
Cybersecurity  
& Privacy**



**Committing to  
Climate  
Action**

# Well Supported By Malaysian Institutional Investors

Backed by two largest global telco groups, Axiata and Telenor as equal owners

## CURRENT SHAREHOLDING AS AT 19 MAY 2023



**KWSP**  
**EPF**

9.8%

**PNB**  
Permodalan Nasional Berhad

7.1%

Other non  
substantial  
shareholders

16.9%



33.1%



33.1%

# celcomdigi

**Top 7 on Bursa  
with RM 52bil  
market cap**

**Largest tech  
stock on Bursa  
TMT Index**

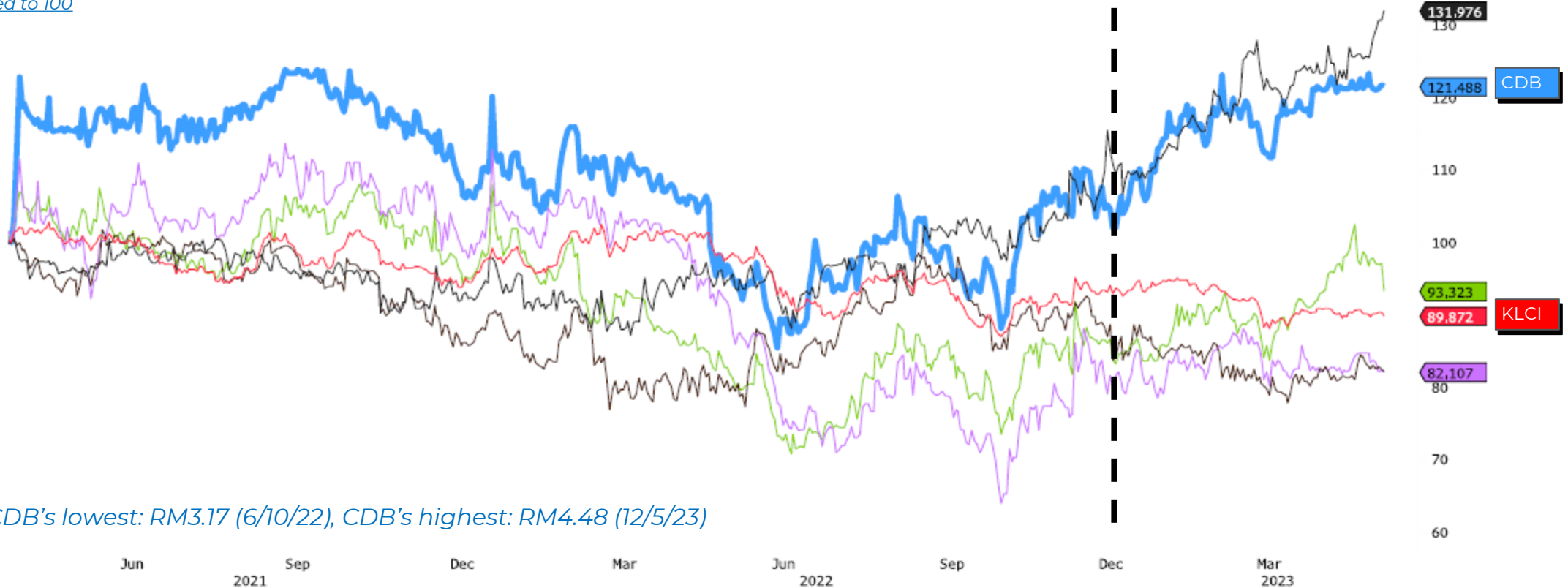
**59.6% of  
Malaysians  
shareholding**

# Share Price Outperformed Peers and Bursa Malaysia Composite Index

### CelcomDigi's share price against peers & KLCI from 6 April 2021 to 20 May 2023

*Indexed to 100*

**01/12/22 Listing Day 1**



**Share price rose 21.5% since merger announcement date on 7 Apr'21 driven by improving investor confidence and positive sector outlook**



# 2022 Highlights



# FY2022 Financials Reflecting Market Leadership Position

Total Revenue

**RM12.5bn**

Service Revenue

**RM10.7bn**

EBITDA

**RM6.0bn**

Margin of 48%

Profit After Tax

**RM2.1bn**

Margin of 15%

Total CAPEX

**RM1.9bn**

CAPEX-to-Sales Ratio of 14%

Total Assets

**RM37.5bn**

## Underpinning combined strength to drive growth

For meaningful analysis of the underlying business performance, comparatives are on comparable basis where:

- merger is assumed effective since 1 Jan 2022; and exclude merger-related costs and accounting adjustments to harmonise accounting policies and estimates

# Sustainable Shareholder Return in FY2022

Supported by solid balance sheet and focused core execution

**RM1,017 million**

**FY2022 Dividend Payout**

**12.2 sen per share**

**FY2022 Dividend Per Share**

**2.8% Dividend Yield**

**11.1% Total  
Shareholder Return\***

*\*Measured against first trading day on 3 Jan 22 with share price of RM4.07. Last trading day on 30 Dec 22 with share price of RM4.40*

# Value Creation For All Stakeholder Groups

## Building our nation

The nation's largest and strongest digital engine

**RM947 mil CAPEX**

*(13.4% of Total Revenue in 2022)*

To drive modernisation & digitalisation initiatives



**RM 335 mil**

*(In 2022)*

## Serving all Malaysians

**20.3 mil**

Customers & businesses served

**96% 4G | 90% 4G+**

Nationwide Coverage



Malaysians' preferred brands for communication network

*Putra Brand Awards 2022*

## Sustainable Supply Chain

Raising the standards of local supply chain and ecosystems

**~700** Local Vendors Supported

**~RM1.6 bil**

Spent on Local Vendors

*(2022)*

**2,245**



Suppliers signed Responsible Business Conduct Agreements

## Responsible business

Enabling digital empowerment & digital resilience

**~200,000**

Youth engaged

*(2022)*

*\*PED – Keluarga Malaysia Digital Economy Centres*

**307**

PEDi nationwide

**~1,000** Jobs created at PEDi

**~120,000** PEDi Users engaged

## Developing Talent



**~99%**

Malaysians

**~3,800**

Employees

**RM315 mil**

Staff investments

*(2022)*



Constituent of Bloomberg Gender Equality Index 2023

# Focused On Building A Leading Employer Brand And Culture



**Organisational design**  
completed

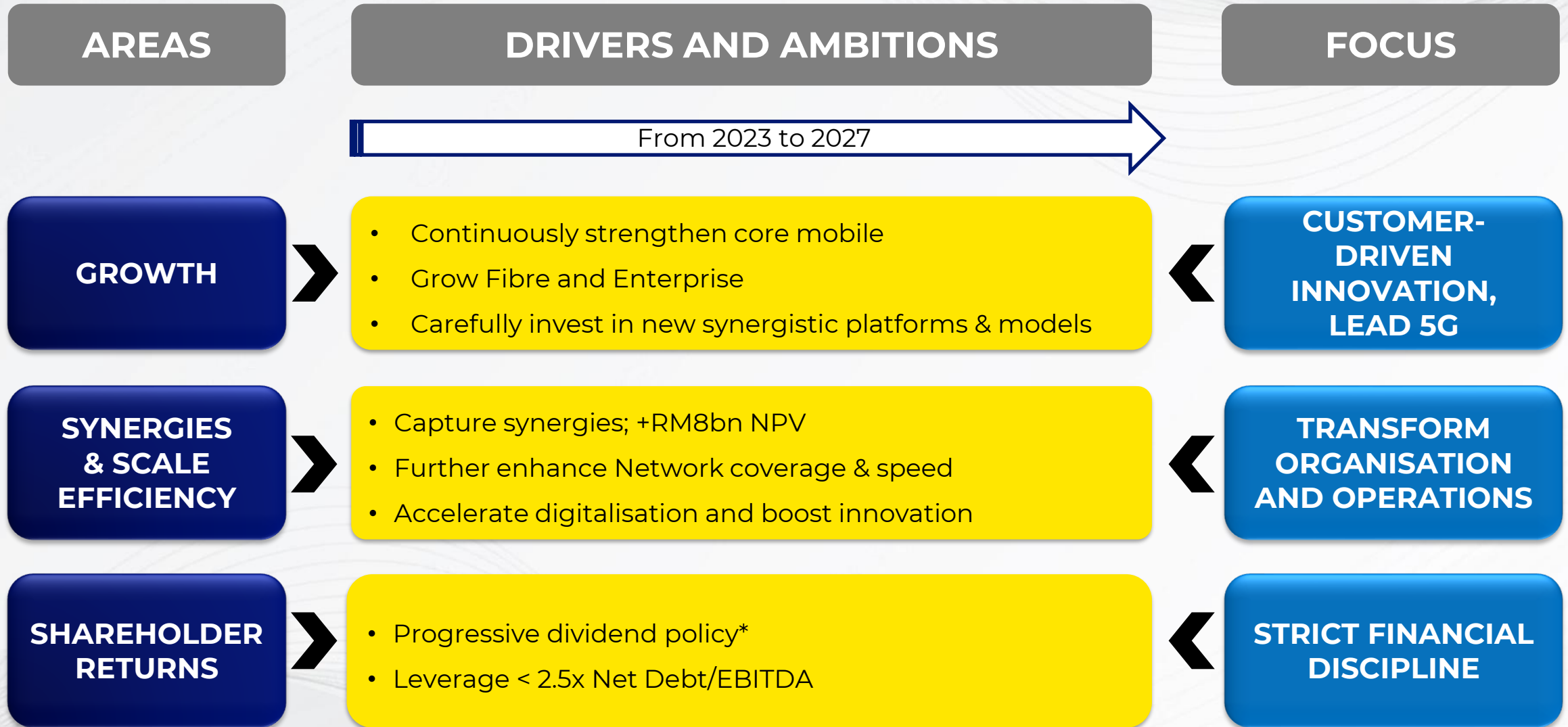
**Future-proof** talents  
and competencies

**Culture of innovation**  
built on efficiency &  
engagement



Fast Forward 2023

# Focused Execution Of Coherent Strategy



From 2023 to 2027

\* Subject to market factors and company's performances

# Committed To Driving 5G Leadership

celcom digi

**JOM 5G BERSAMA**

**Maximise your 5G experience with the best deals!**

FREE 5G Internet & phones, BONUS quota & MORE.



## 5G Product Offerings

- **Driving adoption of 5G** in Malaysia
- **Free 5G access for Postpaid and Prepaid** customers will be extended until 31 May 2023

## National 5G Development

- **Welcome the Government's decision** on 5G dual network model, with termination of previous equity process
- **Clearing path for new process** to take place
- Play **direct and active role** in national 5G, leveraging on our experience and resources

## OPPORTUNITIES

### First mover advantage in 5G

- Wide range of 5G offerings across all mobile segments
- 5G roaming passes in more than 30 countries



### Accelerating integration

- Focused execution while driving operational excellence transformation across the organization

### Investment in innovation

- Driving innovation through new partnerships, leveraging technological advancements



## RISKS



### Integration Risk

- Navigating integration efforts to fully realise our objectives

### Regulatory Risk

- Potential shifts in regulatory frameworks and policies



### Sustainability Risk

- Increasing focus and scrutiny on ESG management, which include climate management, data protection and cybersecurity



# Reaffirming FY2023 Guidance & Dividend Policy

## FY2023 Guidance



Service Revenue Growth

Maintaining growth momentum



EBITDA

Flat to low single digit increase



Capex-to-total revenue ratio<sup>1</sup>

Around 15% to 18%

<sup>1</sup> Total CAPEX will include all BAU planned investments and ongoing merger integration activities

## Dividend Policy

**Progressive dividends on quarterly basis** above our **minimum payout ratio of 80%**, backed by:

- Free cash flow strength and significant synergies
- Prudent cash management and capital allocation

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**Thank You**

Tuesday, 23 May 2023



# Q&A Session



**1**

Responses to questions raised by  
**Minority Shareholders Watch  
Group (MSWG)**

# 1) Responses To Questions Raised By MSWG

## Operational and Financial Matters

1. *With the merger of Celcom and Digi,*
  - a) *What are the key challenges that needed to be addressed?*
  - b) *What are the key strengths that each party brought to the table?*

## Key Challenges

The complexity of merging two large mobile operators of equal size was enormous, 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.

Key challenges and considerations faced during the merger:

- Massive and complex integration planning
- Ensure business continuity and protecting day-to-day operations (BAU)
- Consistent engagement and communication with all stakeholders involved
- Cultural integration as well as organisational design

# 1) Responses To Questions Raised By MSWG

*b) What are the key strengths that each party brought to the table?*

## Key Strengths

- CelcomDigi was established with the aim of realising the combination of scale, experience, resources, and strength of two iconic Malaysian brands – Celcom and Digi with a collective experience of more than 60 years.
- Key strengths of the merger included:
  1. Equal network strength and performance to deliver 4G and 4G+ population coverage reached 96% and 90%, respectively
  2. Economies of scale, experiences and resources of two home-grown brands
    - Stronger distribution and sales channels
    - Leveraging on procurement synergies and enable local start-ups, local vendors, SMEs, large enterprises to access global markets
  3. An inclusive and diverse workforce
  4. Driving operational excellence leveraging on each other's strength in cost and capital management

# 1) Responses To Questions Raised By MSWG

2. *CelcomDigi is committed to executing its strategy in three areas, one of which is to focus on growth which entails continuously strengthening the core mobile business to sustain its market leadership position, while expanding the Home & Fibre and Enterprise businesses. (page 13 of IAR 2022)*

- a) *What is CelcomDigi's market share in the mobile business? What is its target?*
- b) *What is the current status and achievements for the Group's Home & Fibre and Enterprise businesses and what are the aspirations and targets?*

- CelcomDigi currently holds over 40% of mobile service revenue market share driven by our combined market leadership position across all segments.
- For 2023, we are optimistic of maintaining the growth momentum of Service Revenue leveraging on our growing high-value and differentiated customer offerings for all customer segments.

# 1) Responses To Questions Raised By MSWG

b) *What is the current status and achievements for the Group's Home & Fibre and Enterprise businesses and what are the aspirations and targets?*

- We will be announcing our first full quarter results on 24 May 2023. More detailed financial information will be made available on our website. Summarised current status and targets as follows:

	Home & Fibre	Enterprise
<b>Current Status</b>	<ul style="list-style-type: none"> <li>Launched our first Home Fibre campaign under CelcomDigi brand, with high-value plans leveraging on high-speed internet proposition</li> </ul>	<ul style="list-style-type: none"> <li>Introduced a range of digital and connectivity solutions namely Mobile, Fixed, IoT, Cloud, and Cybersecurity under CelcomDigi Business brand</li> <li>Signed Memorandum of Understandings with entities:                             <ul style="list-style-type: none"> <li>MBSB Bank on banking digitalisation</li> <li>Langkawi Port on smart port initiative</li> </ul> </li> </ul>
<b>Targets</b>	<ul style="list-style-type: none"> <li>The fastest growth in the market by differentiating CelcomDigi brand</li> </ul>	<ul style="list-style-type: none"> <li>A clear leader in the Enterprise segment, serving enterprises of all sizes</li> </ul>

3. *One of the Group's strategic pillars is to accelerate the sustainable integration of two leading telcos' networks, IT systems, channels, and people into one merged entity in order to quickly realise synergy savings and efficiencies that can be used to reinvest in future growth. (page 34 of IAR 2022)*

*With the integration, what are the major areas of synergy and efficiencies? Is there a likelihood of staff layoff or voluntary separation scheme?*

## Major Areas of Synergy and Efficiencies

- Mainly through the network modernisation and integration activities, IT platform consolidations and channel integrations, to drive better customer experience and unlock synergies
- Driving operational excellence across the company through simplification and application of advanced technology and OE mindset change.

## Layoff or voluntary separation

- Reiterates our commitment to protect employee welfare with no forced retrenchments
- Create opportunities for employees to continue to develop and transform operating model to drive new growth opportunities and develop new innovation for the company
- Proactively review our human capital management from time to time as part of our OE transformation journey



4. *One strategic focus area is to grow significant market share across all Enterprise segments through strategic partnerships enabled by beyond connectivity solutions. (page 35 of IAR 2022)*

*What is the progress to date?*

- Our newly introduced product offerings under CelcomDigi Business segment reflects the company's commitment to supporting all enterprises throughout their digitalisation journey
- We are well positioned to expand our portfolio of managed services, digital solutions, as well as actively exploring possibilities using 5G technologies.
- Continues to leverage on the strength of internal expertise, partnerships, and our subsidiaries namely Bridgenet and Infront Consulting
  - Both of which are market leaders with significant credentials in their respective fields; cybersecurity and cloud.

# 1) Responses To Questions Raised By MSWG

5. *Other expenses at Group level rose sharply from RM771.715 million in FY 2021 to RM1,013.804 million in FY 2022. (page 134 of IAR 2022)*

*Which major areas accounted for the sharp increase and what are the reasons for the increase?  
What is the outlook for FY 2023?*

The increase in Other Expenses arose from:

- ✓ one-off stamp duty, professional and legal expenses in relation to the acquisition of subsidiaries of RM141.4 million as indicated in Note 7 d) to the accounts (page 172 of the IAR 2022); and
- ✓ 1 month contribution of expenses of subsidiaries acquired on 30 November 2022 of RM103 million.

# 1) Responses To Questions Raised By MSWG

## 6. Trade and other receivables:

	Group	
	2022 RM'000	2021 RM'000
Non-current		
Allowance for expected credit loss on trade receivables	(25,485)	-
Allowance for expected credit loss on deposits	(78,482)	-
Current		
Allowance for expected credit loss on trade receivables	(207,013)	(29,040)
Allowance for expected credit loss on other receivables	(415,699)	-
Allowance for expected credit loss on deposits	(96,168)	-

(page 190 of IAR 2022)

*At the Group level, in FY 2022, there were sharp increases in allowances for credit losses for trade receivables, deposits and other receivables.*

*Please explain the sharp increases. Is there a need for the credit risk management policy to be reviewed?*

- The increase is due to the inclusion of the expected credit losses of subsidiaries acquired during the year amounting to RM773.2 million as set out in the table on the movement in allowance for expected credit losses in Note 34.2 (page 213 of the IAR 2022).
- The charge for the current financial year is RM79.5 million (FY2021: RM54.5 million), increased with the inclusion of the expected credit losses charge of the subsidiaries acquired.
- The credit risk management policy of the Group as set out in Note 34.2 (page 212 of the IAR 2022) is reviewed periodically to ensure its effectiveness in addressing the credit risks of the Group.

# Q&A Session



2

Responses to **pre-submitted** questions by shareholders

## 2) Responses To Pre-Submitted Questions By Shareholders

1. *We understand that CelcomDigi has decided not to give door gifts. Would the Board consider giving out CelcomDigi's e-vouchers instead?*

- There will be no distribution of AGM door gifts physical or electronically this year.
- We will continue to curate products and services that offer best-value deals and bundles for all segments and walks of life.
  - Inclusive and affordable bundled plans to cater for a wider group of customers and to address industry-specific needs

## 2) Responses To Pre-Submitted Questions By Shareholders

2. *Resolution No. 9 is seeking approval for directors fees & allowance amounting to RM2.25mil & RM110K representing a 250% and 687% increase compared to each of the past 3 years of RM900K & 16K respectively. Please explain.*

- CelcomDigi is currently seeking shareholders' approval for the period from 23 May 2023 until AGM 2024 (approximately 12 months), the total amount of proposed fees (RM2,250,000) and benefits (RM110,000) to be approved in AGM 2023 are higher as compared to AGM 2022 due to:
  - a) adjustment in Director's fees when the MergeCo was formed. A HR consultancy firm was engaged to undertake a benchmark exercise on the structure and fees for the Directors.
  - a) increase in the number of Directors from 6 pre-merger (Digi) to 10 post-merger (CelcomDigi). This change in Board composition was previously approved at the EGM on merger. The number of paid Directors increased from 3 to 5, the Non-Executive Directors who are also the employees of Telenor or Axiata group are not entitled to the Directors' fees and benefits payable.
- The details on Directors' remuneration for the financial year 2022 is disclosed on named basis and based on pre-merger (Digi) and post-merger (CelcomDigi) in our Integrated Annual Report on page 103.

## 2) Responses To Pre-Submitted Questions By Shareholders

3. *If the Nomination and Remuneration Committee assesses outsider candidates prior in deciding on the retention of existing board members? Is there an interview process?*

- The BNRC evaluates the performance of each Director on annual basis based on criteria such as:
  - a) Ability to fulfill fiduciary duties and roles diligently, independently and effectively
  - b) Time commitment to the Company
  - c) Ability to challenge and ask question before making any decision, amongst others
- Continue to develop their knowledge within their professional fields as well as broaden the knowledge in relation to the telco industry.
- The Board appointment process is disclosed in our Integrated Annual Report on page 97.

## 2) Responses To Pre-Submitted Questions By Shareholders

*4. Any expected changes to dividend policy in the future?*

- There is no plan to change any existing dividend policy that we currently have right now.
- We continue to distribute minimum of 80% of profit after tax to be paid on quarterly basis



## 2) Responses To Pre-Submitted Questions By Shareholders

*5. What should shareholders expect in 2023?*

The Management has presented the Outlook and Guidance of 2023 in their presentation earlier.

To sum up, the Board is optimistic on the Company's focused execution in delivering its strategic priorities this year:

- Accelerating merger integration activities and drive operational excellence across the organisation
- Continuously strengthening the core business segments, while growing the new business segments such as Enterprise and Fibre
- Sustaining financial strength to deliver shareholder returns
- Delivering on business commitments responsibly and upholding high governance standards

# Q&A Session



**3**

Live Q&A

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**Thank You**

Tuesday, 23 May 2023

