

# Chief Executive Officer's Review

Dear Shareholders,

## DELIVERING A SOLID FIRST YEAR OF FINANCIAL, OPERATIONAL, AND INTEGRATION PERFORMANCE

2023 was our first full year of operations as CelcomDigi, a fully merged company. We are pleased to report that we delivered a strong performance with solid progress on integration, against the backdrop of intense market and macroeconomic pressures. We closed the year in a stronger leadership position with positive growth across all business areas. We also launched a new and exciting CelcomDigi brand which earmarked a new journey for us to become an institution that inspires the digital lives of all Malaysians we serve.

I strongly believe that our focus on people and culture was central in enabling many of the successes of our first year as a new company. I am extremely pleased in the way our employees - fondly known as CDzens - have come together, uniting under a common new DNA, and are single-mindedly pushing forward to ensure our customers are the biggest beneficiaries of this merger. Our CDzens are our greatest strength, and their passion and commitment to our purpose fills me with confidence and inspiration every day.

I am proud of all we have accomplished together as team CelcomDigi. By any objective measure we have surpassed stakeholder and market expectations on performance and integration - outpacing similar mergers of this magnitude in the first year of operations. We remain determined in our aspiration for CelcomDigi to be the innovation icon for the nation, leveraging our scale, resources, and experience to be Malaysia's digital growth engine, and remaining a caring and responsible corporate citizen. There is more to do, and I have full confidence in our ability to deliver.



**Datuk Idham Nawawi**  
Chief Executive Officer

## SUSTAINING MARKET LEADERSHIP, REAPING THE BENEFITS OF CONSOLIDATION

2023 was a well-executed year for us with full delivery of our strategy and guidance. We delivered on integration and synergy targets, with a deepened focus on managing the impact of our business to our ecosystem and the environment.

### One team, one direction, stronger together

In 2023, we made significant progress in integrating the organisation through a variety of people-oriented and customer experience initiatives. At the heart of this was internalising our purpose, strategy, ambitions, and core values, and setting clear expectations which helped rally CDzens towards a common

goal. The senior management team was identified and appointed on day one, and we completed the appointment of middle management and put in place a new organisation structure within the company's first 100 days. This was followed by the harmonisation of benefits, salaries, job levels, and roles for all employees.

In March, we enabled all Celcom Bluecubes and Digi Stores nationwide and exclusive partners' touchpoints to be able to serve both Celcom and Digi customers seamlessly with a range of sales and service functions. In July, we announced that all our 50 Celcom Bluecubes and 27 Digi Stores nationwide will be opened 365 days a year to serve the needs of all customers. To improve their network experience, Celcom and Digi customers nationwide

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enjoyed an improved coverage experience from close to 400 MOCN (Multiple Operator Core Network) sites activated.

### Sustained market leadership with growth across all segments and a stronger subscriber base

It has been a busy year for us in the market. We launched over 50 product campaigns, leveraging the strength of our 4G network and 5G connectivity to provide the best experience with a new portfolio of 5G products and solutions for all consumer and business segments. As a result, we added close to 500,000 new subscribers to our network, growing our total subscriber base to 20.6 million.

Our enterprise business delivered 7% growth in solutions revenue, contributing to a positive performance overall in the B2B segment. We also made solid progress in our Home & Fibre business with the fastest relative growth in the market, ending the year with more than 100,000 subscribers in our base.

### Fully delivered FY2023 guidance, synergy target on track

In 2023, we were able to grow both our revenue and profitability. We recorded the highest ever Total Revenue of RM12.7 billion at a 1.4% growth in FY2023, while maintaining a healthy EBITDA margin of 48.5%. Our Profit

After Tax (PAT) stood at RM1.6 billion, impacted by the short-term non-cash related adjustment from the merger. We also realised synergy savings of over RM300 million, achieved through focused market execution and disciplined cost management.

I am pleased to report that we delivered according to our guidance in all aspects and that we were able to pay total dividends of 13.2 sen per share for the year, in line with our dividend commitment to shareholders.

### Strong performance in 2023, delivering to shareholders

#### Delivered 2023 Financial Guidance

2023 Guidance		2023 Achievement
Maintaining growth momentum	Service Revenue Growth	0.4% <sup>1</sup>
Flat to low single digit increase	EBITDA Growth	3.3% <sup>1</sup>
Around 15% to 18%	Capex Intensity	RM1.7 billion / 13.8% <sup>2</sup>

Total Subscribers  
**20,552K**  
446k YoY

Total Revenue  
**RM12.7 billion**  
1.4%<sup>1</sup> YoY

PAT  
**RM1.6 billion**  
Normalised<sup>3</sup>: RM2.2 billion  
3.2% YoY

FY2023 Dividend  
**13.2 sen**

<sup>1</sup> 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

<sup>2</sup> Achieved through effective procurement strategy undertaken at the beginning of the merger

<sup>3</sup> Normalised PAT to exclude the accelerated depreciation which commenced in 4Q2022 with the revision in assets useful life and sites rationalisation



Watch the CEO Reflections video on FY2023 on CelcomDigi's website <https://celcomdigi.listedcompany.com/financials.html>.



Read more about our performance in Section 4: Financial Capital on pages 56 to 60.

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Solid first-year of integration, meeting all Year 1 milestones

### 2023: Integration Progress Highlights



Completed **organisational integration** for business continuity



Harmonised **channels** with integrated **sales** teams



Embracing **new CelcomDigi** culture

celcomdigi

Launched **new iconic CelcomDigi** brand



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



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



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



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



Realised **gross synergy** of **RM366 million**

### DELIVERING SUPERIOR CUSTOMER EXPERIENCE AND INSTITUTIONALISING OPERATIONAL EXCELLENCE

#### Building Malaysia's future digital network for better network experience

We commenced a massive network integration and modernisation project, to build Malaysia's most advanced and widest digital network with the latest 4G LTE and 5G-ready technologies. Upon completion in 2025, the new 18,000-site network will offer our customers an elevated quality of experience reaching 98% of populated areas. In 2023, we completed 35% of our modernisation targets, integrating over 5,600 sites across the country.

#### Serving customers across the largest network of physical and digital touchpoints

We are operating one of the largest retail networks in the country with more than 12,000 outlets, of which over 400 are

our own branded stores. All customer segments can experience our services and receive support across all our stores, including purchasing the latest mobile and smart home devices. Our customers are also being served digitally on two popular Digital apps, the Celcom Life and myDigi app, with 8.9 million active users daily. Our ambition is to develop the most used AI-enabled digital app in the country where customers can perform all their transactions with CelcomDigi.

#### Adopting the most effective and efficient operating models to support our customers

We are reviewing our current operating models and will make changes to how we operate in our technology, go-to-market, and support functions. While these new models will give us a strategic competitive advantage and ability to serve our customers better, we will also continue to prioritise maximising operational cost efficiencies in our decisions.

### INNOVATING TO DELIVER VALUE BEYOND CORE

Innovation is core to our strategy, and relevant across every area of our business. We believe that with our scale, CelcomDigi is well-positioned to become a strong partner to global technology leaders and to develop a thriving local digital ecosystem.

#### Empowering a new era of enterprise transformation through 5G, AI and more

In bringing 5G solutions to enterprises, we continued to work with various companies to develop technology solutions and use-cases across multiple industries, with a special focus on small and medium enterprises (SMEs).

We were also active in advocating the transformative benefits of 5G through a wide range of programmes. This includes the MY5G CEO Roundtable series, which gathered top leaders from diverse industries and global partners

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to share insights on fast-tracking industrial transformation. We also held the MY5G SME Digital workshops to engage Malaysian businesses on driving adoption of 5G applications and reaping the benefits of digitalisation.

### Partnerships with global technology giants to explore new frontiers

We are operating in a rapidly evolving sector that will witness the biggest transformations in the coming years with artificial intelligence (AI), virtual reality (VR), and augmented reality (AR) powering a range of new applications for consumers and businesses. We are also beginning to see AI feature more prominently in many captivating technologies – from futuristic gadgets that bridge the gap between human and machine interaction, to powerful business tools that leverage intelligent automation. These offer a glimpse into AI's exciting future and are changing the way our services are being built and

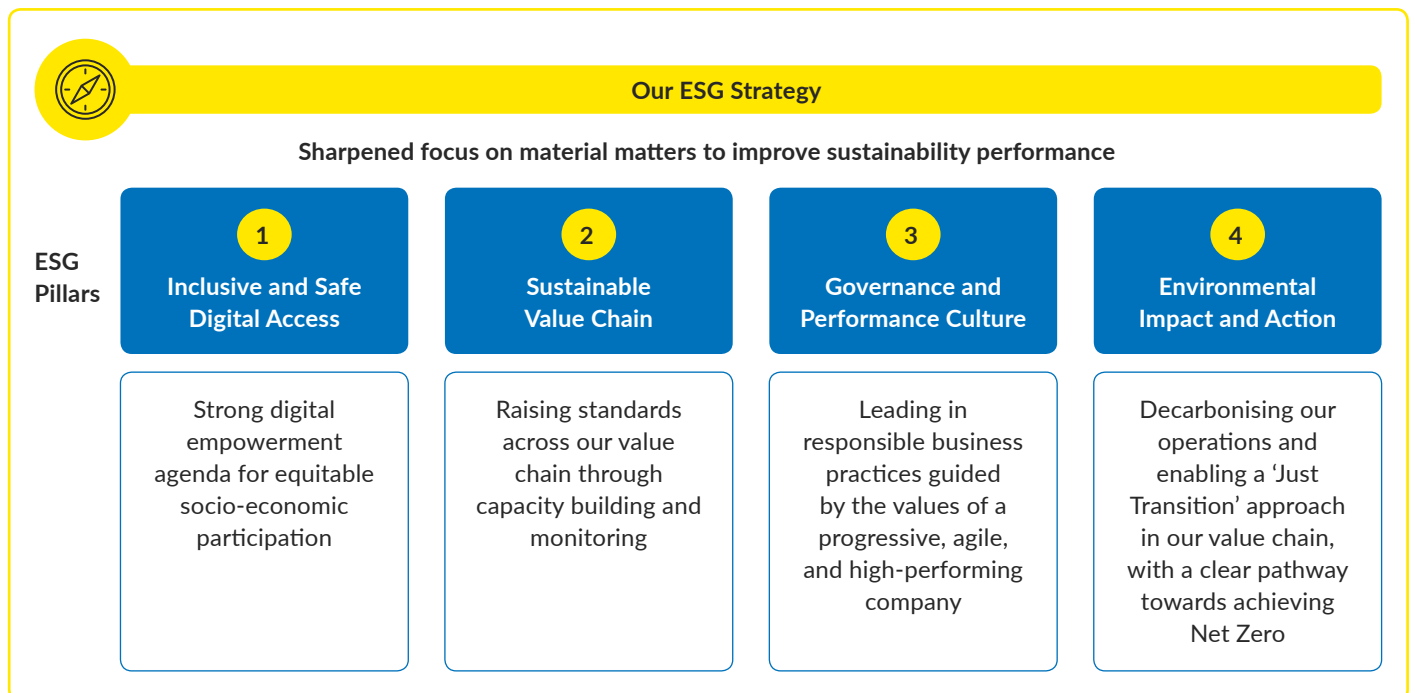
consumed. We will continue to invest in the infrastructure, partnerships, and competencies needed to support this demand. In the year, we established a number of collaborative partnerships with global technology companies from Asia, Europe, and the United States to ensure we keep abreast of these developments and position ourselves to take full advantage of these technologies to deliver innovation for customers, stay ahead of competition, and drive the nation's digital aspirations.

### FOCUS ON ESG TO BUILD A BRAND MALAYSIANS CAN TRUST AND RELY ON

As an organisation that reaches two thirds of the Malaysian population, it is our responsibility to ensure we prioritise the security and safety of customers on our network. In 2023, we established many initiatives that institutionalised high standards of privacy, governance,

and cybersecurity practices into every product, process, and system we manage. We also collaborated on a nationwide war against scam to protect customers from fraud tactics.

We are rooted on governing and conducting our business responsibly. We have received strong acknowledgement on various ESG and Sustainability indices this past year, demonstrating that we are on the right track in this area. We have put in place a comprehensive ESG strategy to ensure we focus on maturing our efforts and collective action in addressing all short- and long-term sustainability issues related to our sector. We believe that our ambitions to be a leader in ESG best practices and commitment to build a responsible business will make us a brand that Malaysians can trust and rely on for their digital needs.



Read more about our Sustainability Strategy Framework in Section 3 on page 42.

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### SHAPING UP FOR FUTURE GROWTH

We are building CelcomDigi to be a progressive, forward leaning, and customer-centric organisation that believes in developing talent and creating a work environment built on a culture of innovation. This strong foundation combined with leveraging our widest network footprint, extensive distribution channels and partner ecosystem, wide range of innovative digital products and services, and superior customer experience will enable us to become the nation's top telco-tech company.

Moving forward in our journey, achieving growth and profitability amid a challenging market environment remains a top priority, and our strategy to win is straightforward, outlined by three key priorities for 2024:

- Focus on growth**  
 We are strengthening core and new growth areas through delivering superior customer experience with 5G and converged services. We will drive new revenue growth in adjacent Enterprise connectivity and Digital ICT services and become a significant player in the Home & Fibre segment. We will selectively invest in new technologies and digital platforms to build a sustainable strategic competitive advantage and new revenue opportunities.
- Deliver synergies and scale efficiency**  
 We are accelerating integration activities and institutionalising operational excellence to realise RM8 billion synergies in net present value. This will enable us to further invest in service quality and overall brand and customer experience via digitalisation and innovation.

- Consistent shareholder returns**  
 We are committed to our promise of strengthening the resilience of shareholder returns with sustainable dividends to all shareholders, backed by a strong balance sheet and synergies.



Read more about our Value Creation Model and Strategy in Section 3 on pages 28 to 29 and 51 to 53.

### LOOKING AHEAD WITH THE OPPORTUNITY AND RESPONSIBILITY TO ADVANCE AND INSPIRE

I am optimistic that 2024 will be an exciting year for CelcomDigi as we build on our execution momentum, create new operating models grounded in operational excellence, and deepen our obsession on customer experience. We will continue building capacity and solutions leveraging the power of emerging technologies as we move forward to deliver on our purpose of Advancing and Inspiring Society, in support of Malaysia's broader ambition to be a thriving technology hub and digital nation.

#### CelcomDigi's 2024 guidance

- Low single digit increase in service revenue
- EBIT level similar to 2023
- Capex intensity of between 15% to 18%

*On behalf of the Management team, I would like to say thank you to all our customers for your trust and support as we continue this ambitious merger and network modernisation journey. Putting you first in all we do inspires us to keep looking forward and open to opportunities to do better for you.*

*My appreciation to all our partners and shareholders for your continued confidence and investment in CelcomDigi. We are also thankful to the Ministry and the MCMC for their collaboration and engagement in ensuring digital Malaysia is a shared and inclusive reality for all segments of society.*

*I would also like to thank the Board of Directors of CelcomDigi Berhad, for their guidance and in working closely with management to deliver on our goals and commitments in 2023.*

*Last but not least, I thank all CDzens, who have shown true grit and determination in executing our strategy and integration priorities to deliver a solid first-year. They have truly embodied the 'stronger together' spirit and proven what I believe is core to our DNA. It has been a true privilege for me personally and the management team to bring two amazing teams together in our first year post-merger, and we look forward with enthusiasm to team CelcomDigi winning in the era of 'digital-everything'.*