

Financial Capital



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Our approach

Guiding Factors

Material Matters

G1

EC2

S1

Strategic Pillars



UNSDGs



In 2023, CelcomDigi Berhad completed its inaugural year of operations as a merged entity. Our performance has been commendable, achieving strong growth in accordance with our 2023 guidance. This success has been underpinned by disciplined market execution and effective cost management strategies. In meeting all first-year integration milestones, we achieved gross synergy savings surpassing RM300 million. This underscores our commitment to realising the full potential of the merger and optimising operational efficiency.

We are making significant progress in transforming ourselves into a telco-tech company, and are becoming commercially robust in order to tackle industry challenges and meet the growing demand for digitalisation and innovation. With our increased capabilities after the merger, we continue to drive solid growth in our core mobile business and invest in new growth areas, thereby enabling us to deliver a strong performance and shareholders value.

Key inputs in 2023

- Top seven company by market capitalisation in Malaysia
- Healthy total revenue
- Healthy EBITDA margin
- Healthy operating cash flow
- Optimum capex allocation
- Solid balance sheet

Outputs

- Strengthening market leadership with growth across all core segments, with a stronger subscriber base
- Sustaining core profitability margins driven by strong underlying performance
- Optimising capex efficiencies to deliver network integration and modernisation initiatives
- Delivering sustainable returns to shareholders
- Realising gross synergies from structural initiatives and sourcing efficiencies
- Solid balance sheet management in maintaining financial strength for future growth

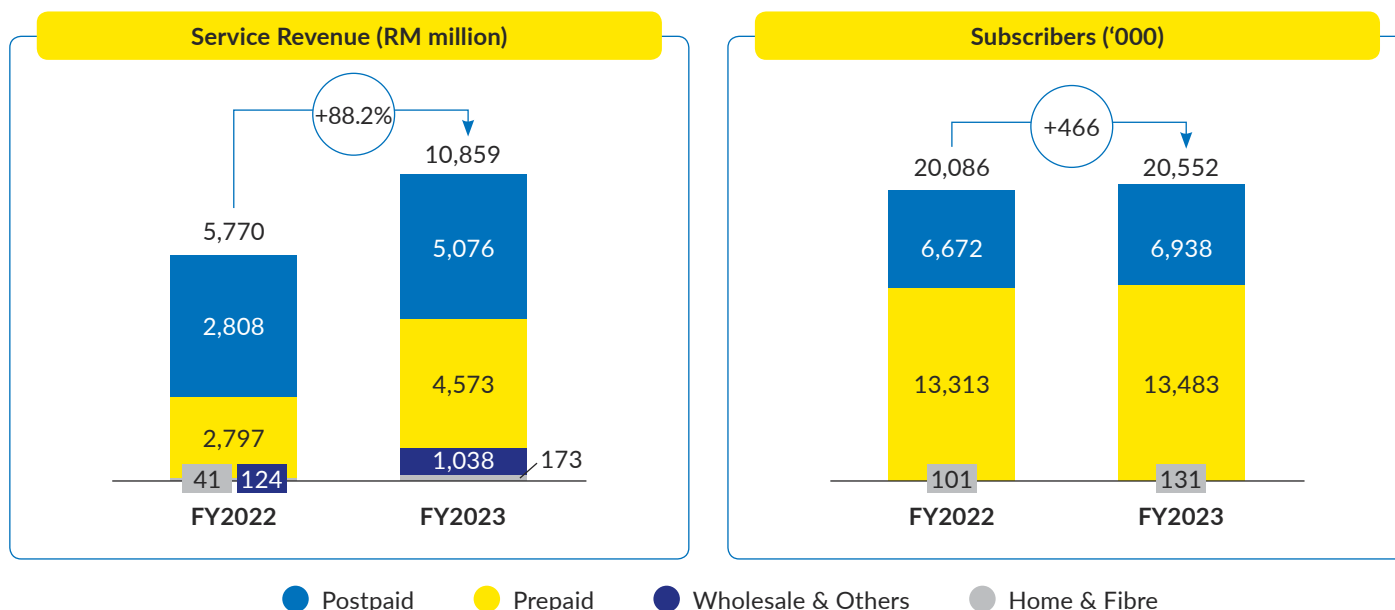
Looking ahead

CelcomDigi proudly serves 20.6 million subscribers, a testament to the strength and resilience of our combined offering in the telecommunications market. We are confident in our ability to achieve our integration and synergy goals due to our increased capacity to invest for growth, as well as our strengthened resilience in managing macroeconomic and industry challenges. We look forward to building upon this momentum and delivering even greater value to our customers in the years ahead.

- Sustain momentum of service revenue and EBIT growth
- Maintain capex intensity
- Institutionalise operational excellence (OE) mindset and financial discipline to create sustainable value
- Explore tech solutions and new revenue streams
- Capture synergies while accelerating digitalisation and innovation
- Invest in new synergistic platforms and new operating models
- Ensure disciplined capital structure and cost allocation
- Deliver sustainable dividends on the back of solid balance sheet and synergy potentials

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Strengthening market leadership with growth across all core segments, with a stronger subscriber base



The FY2023 results of the Group include Celcom's performance as it became a subsidiary on 30 November 2022, through the merger. In FY2022, only one month's portion from Celcom's results was added after the merger.

Service revenue increased YoY from RM5,770 million to RM10,859 million because of the merger effect as well as the expansion of all core segments except for Postpaid, which had a marginal decline due to lower interconnect revenue after interconnection rates were reduced during the year.

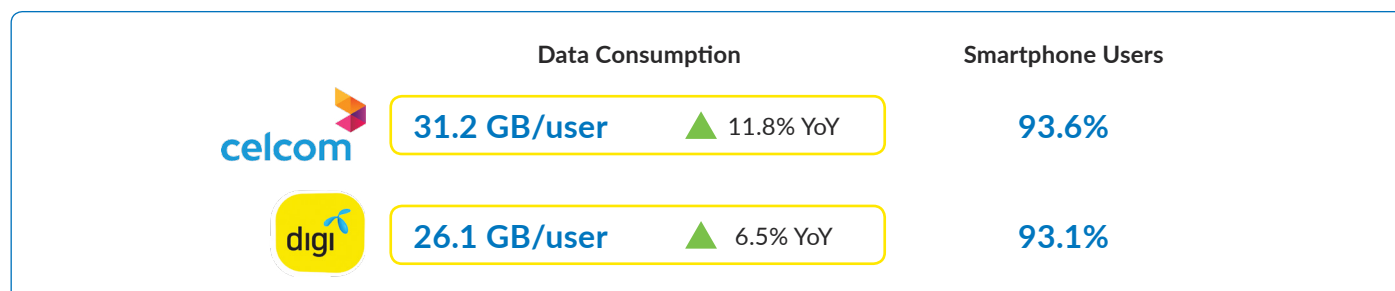
Prepaid revenue increased by 63.5% YoY from RM2,797 million to RM4,573 million due to the high demand for data services as well as the effect of the merger.

Home & Fibre service revenue significantly increased YoY, from RM41 million to RM173 million, as more customers chose the wider range of products and competitive fibre plans, resulting in net additions of 30,000 subscribers as well as due to merger effect.

ARPU (RM)	Postpaid	Prepaid	Home & Fibre	Blended
FY2023	68	28	126	41
FY2022 ¹	71	29	124	42

¹ Comparable basis results which includes contribution from Celcom's results as if the merger was completed on 1 January 2022

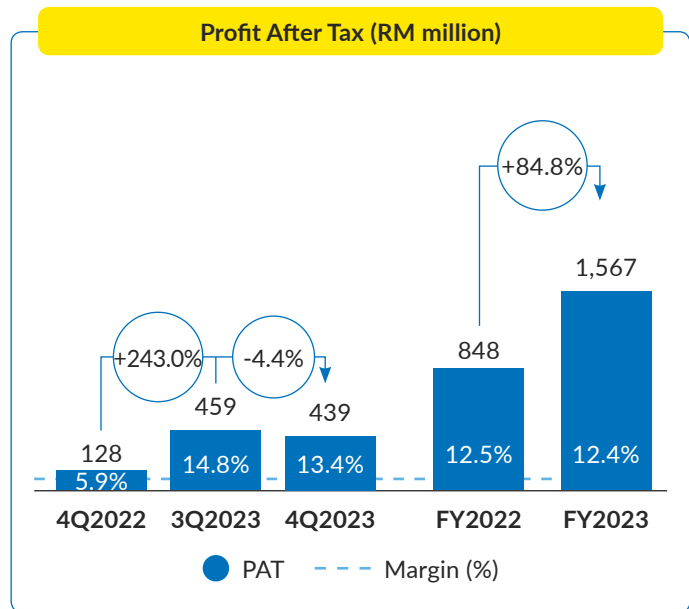
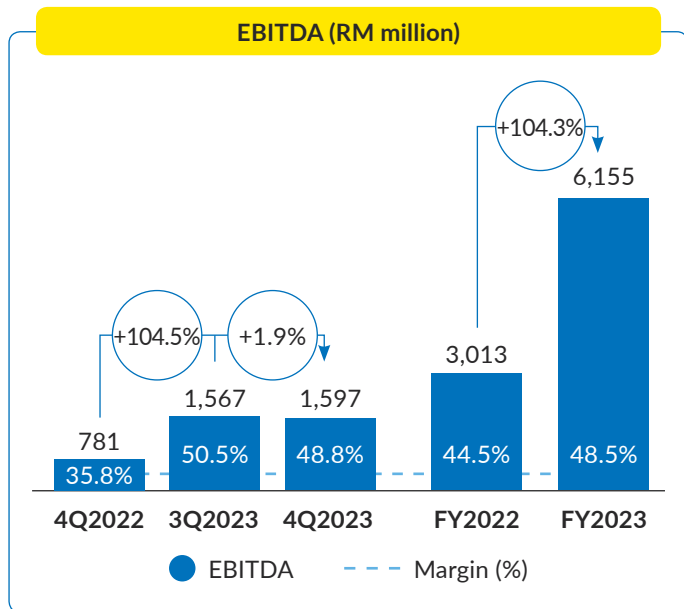
With the increasing number of smartphone users and ongoing enhancements of our network quality and coverage, the average monthly data usage per user reached 31.2 GB for Celcom and 26.1 GB for Digi.



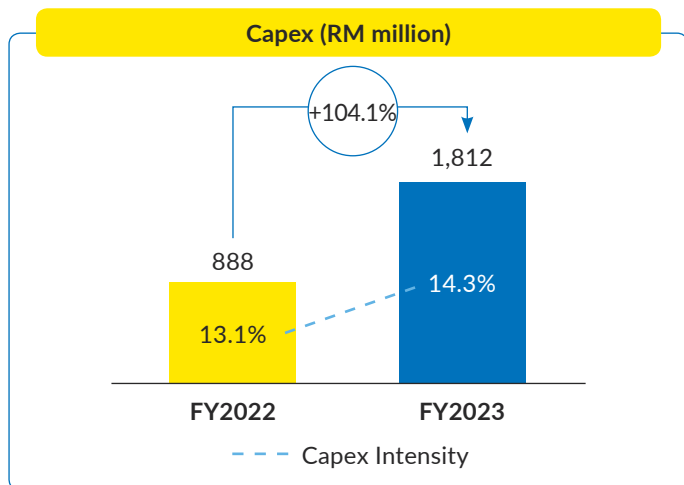
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Sustaining core profitability margins driven by strong underlying performance

- The merger was the main factor behind the 104.3% YoY growth in EBITDA for FY2023, which went up from RM3,013 million to RM6,155 million. The cost of sales, network, and IT-related expenses also increased because of the larger network and the higher data service demand. However, some of these cost increases were offset by cost optimisation initiatives and one-off credit.
- PAT rose by 84.8% from RM848 million to RM1,567 million because of the merger effect, partly balanced by higher depreciation costs from the full year effect of the change in useful life of mobile network assets and assets on sites that are planned for decommission as part of the network integration.



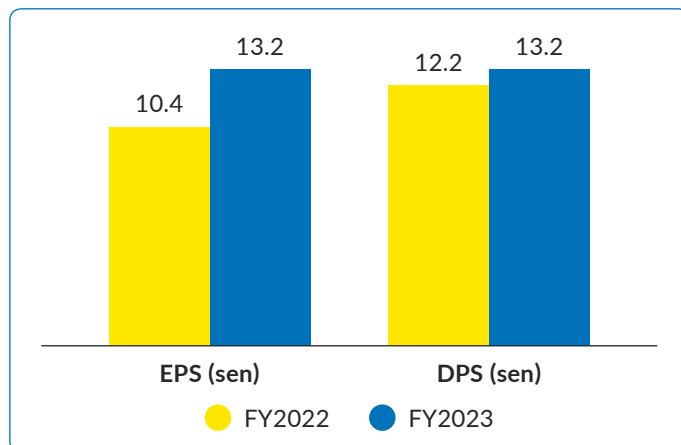
Optimising capex efficiencies to deliver network integration and modernisation initiatives



Capex in FY2023 amounted to RM1,812 million, reflecting a capex intensity of 14.3%, compared to 13.1% in FY2022. Most of the capex was allocated to support the network integration and modernisation programme as well as to address the growing demand for data services.

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Delivering sustainable returns to shareholders

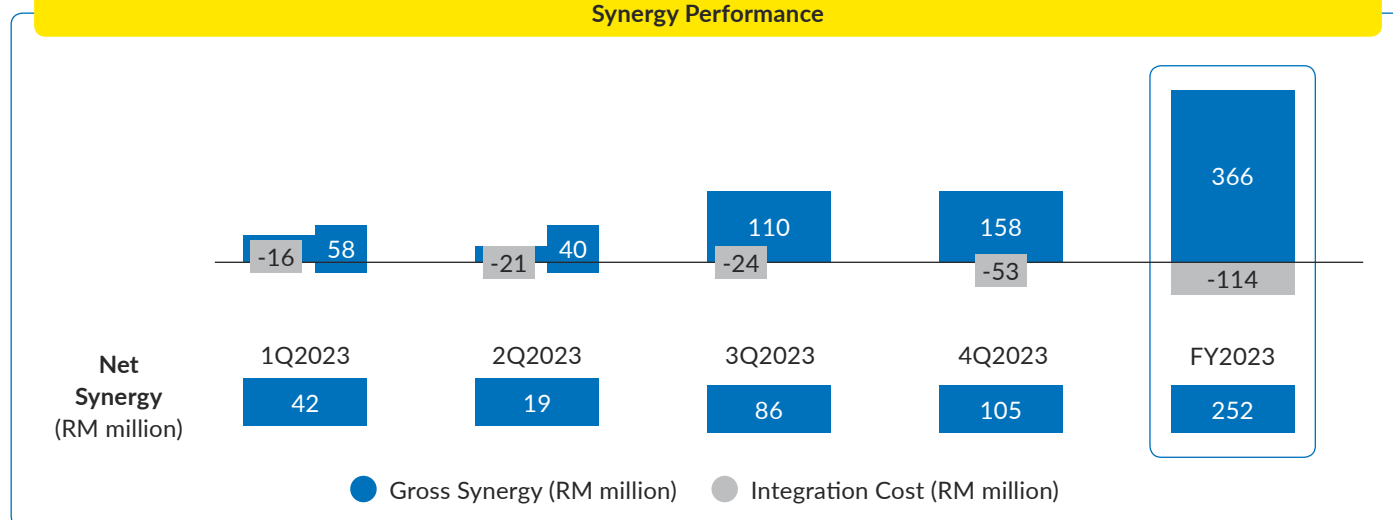


- Higher Earnings Per Share (EPS) and Dividend Per Share (DPS) from topline improvements and effective cost management.
- The total FY2023 dividend payout amounted to RM1,549 million, reflecting a 99% dividend payout ratio, which exceeds the company's dividend policy of a minimum of 80% of net profits.

Realising gross synergies from structural initiatives and sourcing efficiencies

- Delivered a gross synergy of RM366 million through enhanced sourcing efficiencies and favourable renegotiations of commercial terms, especially within the network integration and modernisation programme.
- Incurred integration costs totaling RM114 million, covering expenses related to organisational setup, brand campaigns, professional fees, and other associated costs.

Synergy Performance

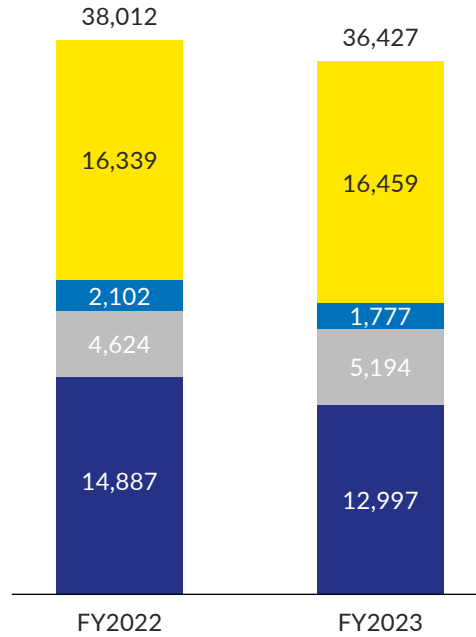
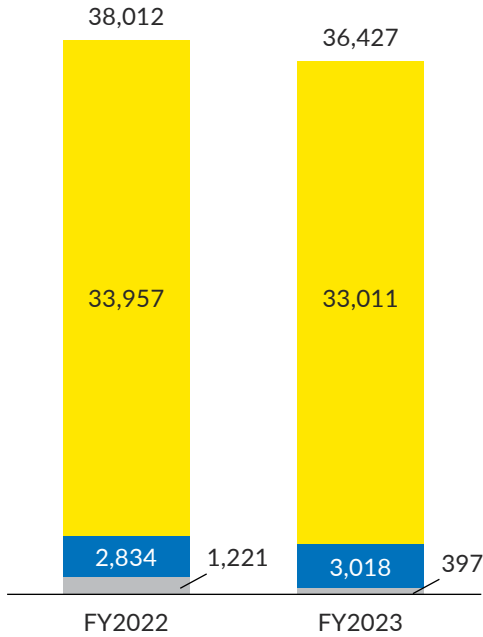


Financial Capital

Solid balance sheet management in maintaining financial strength for future growth

Assets (RM million)

Equities and Liabilities (RM million)



- Cash and short term deposits
- Current assets
- Non-current assets

- Debts
- Current liabilities
- Non-current liabilities
- Equity

- Leveraging our strong balance sheet and robust cash flow, we successfully obtained rating upgrade for Celcom Networks Sdn Bhd's RM5 billion sukuk programme from AA to AAA and reaffirmation of Digi Telecommunications Sdn Bhd's AAA rating from MARC Ratings and RAM Ratings respectively.
- Both AAA-rated programmes are a testament of our financial strength and operational excellence.