

28 November 2025

Axiata Group

Lower Costs Cushion Indonesia Losses

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AXIATA's 9MFY25 results met our expectation but trailed consensus'. Underlying 9MFY25 PATAMI (UPATAMI) on constant-currency basis expanded on the back of cost efficiencies, helping offset losses from Link Net's subscriber base carve-out and higher churn. We maintain our forecasts, and MARKET PERFORM recommendation, However, we trim our Sum-of-Parts TP to RM2.70 (from RM2.90) as we roll forward our valuation base year.

Within our expectation, but falls short of consensus. 9MFY25 UPATAMI at constant currency (cc) of RM378m (+20% YoY) tracked our expectation but missed consensus', representing 71% of our full-year forecast and 68% of consensus' estimate.

Chunky exceptional items excluded from 9MFY25 UPATAMI include: (i) gains from early redemption of AXIATA's Euro Medium Term Notes (EMTN) debt, (ii) accelerated depreciation at XL Smart, and (iii) impairment of Link Net's goodwill (RM543m).

Efficiency gains drove earnings, diluting Link Net's losses. On cc basis, the slight expansion in 9MFY25 revenue (+0.4% YoY) was mainly attributed to: (i) Dialog (+6% YoY): following consolidation of Airtel Lanka, (ii) Cambodia (+4% YoY): boosted by higher data revenue from its growing prepaid segment, and (iii) Boost (+49% YoY): uplifted by higher interest income from lending businesses.

9MFY25 cc UPATAMI expanded by a sharper 20% YoY, underpinned by improvements at: (i) Robi: driven by cost efficiencies and lower depreciation & amortization (D&A), (ii) Dialog: supported by lower opex from ongoing cost efficiencies and following the scale-down of its low margin international wholesale business, (iii) Smart: reflecting continued cost management and topline flow-through, (iv) Edotco: aided by lower opex, finance costs and D&A (following the extension of useful lives for infrastructure assets), and (v) ADA: boosted by lower opex.

These gains more than offset drag from: (i) Link Net: mainly due to losses arising from absence of residential revenue post transfer of business-to-consumer (B2C) segment to XLSMART and coupled with higher opex, and (ii) Boost: weighed by higher opex and taxes.

Forecasts. Maintained.

Valuations. Our Sum-of-Parts TP is tweaked lower to RM2.70 from RM2.90 (refer to table below) as we roll forward our valuation base year to FY26F. There is no adjustment to our TP based on ESG given a 3-star rating as appraised by us (see Page 5).

Investment case. AXIATA's digital telcos and TowerCo operations at frontier and emerging markets (i.e. Bangladesh, Sri Lanka, Cambodia) present growth opportunities, driven by low penetration rates and the upcoming roll-out of 5G. Additionally, AXIATA may unlock value through the monetization of its digital ventures (i.e. Boost and ADA) and infrastructure assets (Edotco and Link Net).

However, we believe AXIATA continues to face headwinds at Indonesia, impacted by elevated depreciation and financing costs at Link Net. This is driven by accelerated fixed broadband roll-out in regions where adoption lags network deployment.

MARKET PERFORM ↔

Price : **RM2.59**
Target Price: **RM2.70** ↓

Share Price Performance



KLCI	1,617.46
YTD KLCI chg	-1.5%
YTD stock price chg	4.0%

Stock Information

Shariah Compliant	Yes
Bloomberg Ticker	AXIATA MK EQUITY
Market Cap (RM m)	23,792.4
Share Outstanding	9,186.3
52-week range (H)	2.79
52-week range (L)	1.63
3-mthavg. daily vol.	5,355,814
Free Float	44%
Beta	1.3

Major Shareholders

Khazanah Nasional Bh	36.4%
Employees Provident	19.0%
Amanah Saham Nasiona	16.6%

Summary Earnings Table

FYE Dec (RM m)	2024A	2025F	2026F
Revenue	22,335	11,794	12,314
EBITDA	11,440	6,332	5,662
EBIT	4,098	2,435	1,940
PBT	2,564	993	1,137
Net Profit (NP)	947	108	546
Core PATAMI	852	531	546
Consensus (NP)	-	552.6	664.3
Earnings Revision	-	-	-
Core EPS (sen)	12.3	5.8	5.9
Core EPS Growth (%)	1199.6	-53.1	2.8
DPS (sen)	10.0	10.5	10.5
BVPS (RM)	2.3	2.2	2.2
PER (x)	21.0	44.8	43.6
PBV (x)	1.1	1.2	1.2
Net Gearing (x)	0.9	0.7	0.7
Div. Yield (%)	3.9	4.1	4.1

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Moreover, XL-Smart will likely incur significant near-term cash outflows to fund strategic capex (including acquisition of 5G spectrum) and the roll-out of 5G infrastructure in Indonesia. Consequently, this may limit the group's capacity to sustain dividend pay-outs. Maintain **MARKET PERFORM**.

Risks to our call include: (i) geopolitical instability at frontier markets (e.g. Sri Lanka & Bangladesh), (ii) new spectrum bids and capex up-cycle from the impending 5G roll-out in Indonesia could further strain dividend payment capacity, and (iii) local currency volatility and depreciation against the USD may raise financing for Opcos with USD-denominated debt.

Results Highlights								
	3Q	2Q	QoQ	3Q	YoY	9M	9M	YoY
FYE Dec (RM m)	FY25*	FY25*	Chg	FY24	Chg	FY25*	FY24*	Chg
Revenue	2,920.5	2,966.4	-1.5%	5,321.6	-45.1%	8,778.8	11,830.4	-25.8%
EBITDA	1,683.1	1,842.4	-8.6%	2,839.4	-40.7%	4,801.9	5,746.6	-16.4%
Depreciation	(1,019.1)	(1,133.4)	-10.1%	(1,818.9)	-44.0%	(2,978.4)	(3,775.0)	-21.1%
Net Finance Costs	(270.9)	(264.4)	2.4%	(507.2)	-46.6%	(808.2)	(1,157.0)	-30.1%
JV and Associates	(27.9)	0.2	>-100%	137.4	>-100%	52.7	393.7	-86.6%
EI	(196.0)	(219.0)	-10.5%	782.4	>-100%	(432.5)	559.2	>-100%
PBT	169.2	225.8	-25.1%	1,433.2	-88.2%	635.6	1,767.5	-64.0%
Taxation	(155.7)	(260.4)	-40.2%	(289.5)	-46.2%	(539.4)	(615.2)	-12.3%
Minority Interest	(44.6)	(31.4)	42.0%	(192.3)	-76.8%	(150.7)	(277.1)	-45.6%
Reported Net Profit	(31.0)	(66.0)	-52.9%	951.4	->-100%	(54.5)	875.2	>-100%
Core Net Profit	165.0	153.0	7.8%	169.0	-2.4%	378.0	316.0	19.7%
Core EPS (sen)	1.6	1.9	-14.1%	0.0	>100%	5.5	3.5	57.0%
DPS (sen)	0.0	5.0	nm	0.0	nm	5.0	5.0	0.0%
EBITDA margin	57.6%	62.1%		53.4%		54.7%	48.6%	
PBT Margin	5.8%	7.6%		26.9%		7.2%	14.9%	
Core Net margin	5.6%	5.2%		3.2%		4.3%	2.7%	

* Excludes XL and edotco Myanmar

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Segmental Revenue

	3Q	2Q	QoQ	3Q	YoY	9M	9M	YoY
FYE Dec (RM m)	FY25	FY25	Chg	FY24	Chg	FY25	FY24	Chg
Segmental Revenue								
Robi (Bangladesh)	855	885	-3.4%	907	-5.8%	2,575	3,027	-14.9%
Dialog (Sri Lanka)	642	635	1.2%	692	-7.2%	1,926	1,964	-1.9%
Smart (Cambodia)	451	453	-0.4%	445	1.3%	1,361	1,387	-1.9%
Link Net (Indonesia)	211	293	-27.9%	262	-19.3%	632	799	-20.9%
EDOTCO	453	418	8.3%	448	1.1%	1,386	1,463	-5.3%
ADA	232	234	-0.8%	229	1.4%	684	691	-1.0%
Boost	53	50	6.1%	35	51.1%	149	99	49.7%
Others & eliminations	23	42	-45.6%	14	57.2%	66	(4,861)	-101.4%
Total Revenue	2,920	2,966	-1.5%	5,322	-45.1%	8,779	11,830	-25.8%
% Revenue Contribution								
Robi (Bangladesh)	29.3%	29.8%		17.0%		29.3%	25.6%	
Dialog (Sri Lanka)	22.0%	21.4%		13.0%		21.9%	16.6%	
Smart (Cambodia)	15.4%	15.3%		8.4%		15.5%	11.7%	
Link Net (Indonesia)	7.2%	9.9%		4.9%		7.2%	6.8%	
EDOTCO	15.5%	14.1%		8.4%		15.8%	12.4%	
ADA	7.9%	7.9%		4.3%		7.8%	5.8%	
Boost	1.8%	1.7%		0.7%		1.7%	0.8%	
Others & eliminations	0.8%	1.4%		0.3%		0.7%	-41.1%	

Source: Company, Kenanga Research

Key Operating Indicators

	3Q	2Q	QoQ	3Q	YoY
	FY25	FY25	Chg	FY24	Chg
Subscribers ('000)					
XL Smart (Indonesia)	79,584	82,596	(3,012)	58,558	21,026
Robi (Bangladesh)	57,523	57,397	127	57,877	(354)
Dialog (Sri Lanka)	19,213	19,438	(225)	19,653	(440)
Blended ARPU (LCY)					
XL (IDR '000)	38	36	1.8	41.0	(3)
Robi (BDT)	141	145	(4.3)	136.5	4
Dialog (SLR)	463	452	11.0	444.0	19

Source: Company, Kenanga Research

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AXIATA's Sum-of-Parts Valuation					
Unit	Valuation Methodology	Enterprise Value (RM m)	Effective Stake	Hold Co. Discount	Effective Value (RM m)
CDB (Malaysia)	CDB TP	54,786	33.0%	20%	14,464
XL Smart (Indonesia)	5.0x EV/EBITDA	27,081	36.9%	20%	7,994
Robi (Bangladesh)	5.0x EV/EBITDA	9,266	61.9%	20%	4,590
Dialog (Sri Lanka)	3.0x EV/EBITDA	2,786	74.0%	20%	1,650
Smart (Cambodia)	3.0x EV/EBITDA	3,186	72.5%		2,310
Link Net (Indonesia)	5.0x EV/EBITDA	1,476.2	79.5%		1,174
EDOTCO	7.0x EV/EBITDA	11,513.4	63.0%		7,253
Digital Services	EV/Sales	1,245.17	100.0%		1,245
Total Effective Enterprise Value					40,679
(-) Hold Co Net Debt and MI					-15,886
Total Equity Value					24,793
No. of Shares (m)					9,186
Target Price (RM)					2.70

Source: Kenanga Research

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Peer Comparison – Telecommunication

Name	Rating	Last Price (RM)	Target Price (RM)	Upside	Market Cap (RM m)	Shariah Compliant	Current FYE	Core EPS (sen)		Core EPS Growth		PER (x) - Core Earnings		PBV (x)	ROE	Net Div. (sen)	Net Div Yld
								1-Yr. Fwd.	2-Yr. Fwd.	1-Yr. Fwd.	2-Yr. Fwd.	1-Yr. Fwd.	2-Yr. Fwd.	1-Yr. Fwd.	1-Yr. Fwd.	1-Yr. Fwd.	1-Yr. Fwd.
Telecommunication																	
AXIATA GROUP BHD	MP	2.59	2.70	4.2%	23,792.4	Y	12/2025	5.8	5.9	-37.7%	2.8%	44.8	43.6	1.3	0.5%	11.0	4.2%
CELCOMDIGI BHD	OP	3.34	4.19	25.4%	39,183.2	Y	12/2025	14.4	16.1	-5.8%	11.6%	23.2	20.8	2.4	10.4%	12.0	3.6%
MAXIS BHD	MP	4.06	3.56	-12.3%	31,810.4	Y	12/2025	19.7	19.1	8.8%	-3.0%	20.6	21.2	5.1	25.5%	16.0	3.9%
OCC GROUP BHD	OP	0.420	0.430	2.4%	447.1	Y	06/2026	2.5	2.8	-12.6%	10.8%	16.5	14.9	0.7	4.4%	1.0	2.4%
TELEKOM MALAYSIA BHD	OP	7.48	8.86	18.4%	28,706.3	Y	12/2025	52.3	52.8	-2.7%	1.1%	14.3	14.2	2.6	19.2%	37.0	4.9%
TIME DOTCOM BHD	OP	5.24	6.12	16.8%	9,687.8	Y	12/2025	25.8	28.2	9.2%	9.1%	20.3	18.6	2.5	11.1%	28.0	5.3%
SECTOR AGGREGATE					133,627.2					-4.9%	3.7%	21.4	20.6	2.4	11.8%		4.1%

Source: Bloomberg, Kenanga Research

Stock ESG Ratings:

	Criterion	Rating				
GENERAL	Earnings Sustainability & Quality	★	★	★	★	★
	Community Investment	★	★	★		
	Workers Safety & Wellbeing	★	★	★		
	Corporate Governance	★	★	★		
	Anti-Corruption Policy	★	★	★		
	Emissions Management	★	★			
SPECIFIC	Cybersecurity & Data Privacy	★	★	★		
	Network Quality & Coverage	★	★	★		
	Digitalisation & Innovation	★	★	★		
	Supply Chain Management	★	★	★		
	Talent Management	★	★	★		
Customer Satisfaction	★	★	★			
OVERALL		★	★	★		

- ☆ denotes half-star
- ★ -10% discount to TP
- ★★ -5% discount to TP
- ★★★ TP unchanged
- ★★★★ +5% premium to TP
- ★★★★★ +10% premium to TP

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Stock Ratings are defined as follows:**Stock Recommendations**

OUTPERFORM	: A particular stock's Expected Total Return is MORE than 10%
MARKET PERFORM	: A particular stock's Expected Total Return is WITHIN the range of -5% to 10%
UNDERPERFORM	: A particular stock's Expected Total Return is LESS than -5%

Sector Recommendations***

OVERWEIGHT	: A particular sector's Expected Total Return is MORE than 10%
NEUTRAL	: A particular sector's Expected Total Return is WITHIN the range of -5% to 10%
UNDERWEIGHT	: A particular sector's Expected Total Return is LESS than -5%

*****Sector recommendations are defined based on market capitalisation weighted average expected total return for stocks under our coverage.**

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