



Collaborative partnership between Celcom and TM

2 February 2016

Details on the collaborative partnership Celcom and TM to form a win-win collaborative partnership



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Infrastructure collaboration

- **TM Next-Gen Backhaul Services**

Wholesale fiber pricing for fiberisation of Celcom's sites over 10-years

- **TM High Speed Broadband (Access)**

Wholesale HSBB (fixed fiber to home) access pricing over 10-years

Domestic roaming services

- **2G and/or 3G domestic roaming services for voice, SMS, MMS and data.**
- **For 5 + 5 years, with automatic renewal**
- **Exclusive agreement between all parties**

Arms length transaction:

- Approved by Axiata Board Audit Committee and Axiata Board
- Khazanah representatives on Axiata Board did not deliberate / vote
- Other HSBB and NGBH options were also considered

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Axiata's long-term strategy

- In line with Axiata's strategy to moderately expand the core mobile business into convergence (or fixed mobile convergence).

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Meets Axiata's requirements

- Consistent with our commercial requirements:
 - i) Improved fiber backhaul deal
 - ii) Improved HSBB deal and process
 - iii) Complimentary segment focus

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Request from TM

- Request from TM for domestic roaming



- 1 Sweat 2G / 3G assets**
 - Domestic roaming services to TM will optimize Celcom's asset utilisation of its 2G / 3G networks as it transitions to 4G as a leading mobile data operator in Malaysia.
- 2 Fit to Celcom strategy**
 - In line with Celcom's MVNO strategy which aims to compliment Celcom's go to market.
- 3 New business opportunities**
 - Accelerate Celcom's reach into the emerging FMC segment, which could account for up to 25% of total telecoms market in Malaysia by 2020.
 - Provide Celcom's high value customers (HVCs) with a competitive and holistic product offering. This should improve customer retention and address latent demand.
- 4 Time to market**
 - Faster 4G rollout and go to market.
 - Celcom aims to accelerate the fiberisation of its 4G network, where over the next three years fiberised 4G sites increase by 3 - 4x.
- 5 Financial savings and flexibility**
 - Celcom now has financial flexibility with three options for its fiber rollout model – lease, co-build and own build.
 - Infrastructure collaboration will benefit Celcom through volume incentives.

TM's entry into mobile segment

Celcom's mitigating factors:

- Celcom has vast experience with MVNOs and domestic roaming partners.
- Wide distribution network of >18k dealers nationwide.
- Incentives based commercial structure for domestic roaming services.
- Domestic roaming services excludes 4G.
- Initial stage - relatively lower customer overlap assuming current HSBB footprint is focused in urban area.





EXECUTION

- Execution / implementation of collaborative partnership starting in 1Q16 with fiberisation.



PRODUCT LAUNCH

- FMC product launch by Celcom in 1H16.



FINANCIALS: CELCOM

- Initial estimates – minimal P&L impact on FY16, mixed for FY17 and positive for FY18 onwards.
- Capex investments in FY16 is estimated at RM50m – RM100m; minimal capex in FY17 onwards in relation to this collaboration.



FINANCIALS: AXIATA

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Thank You

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