

The Making of a Malaysia-based Global Champion

6 MAY 2019

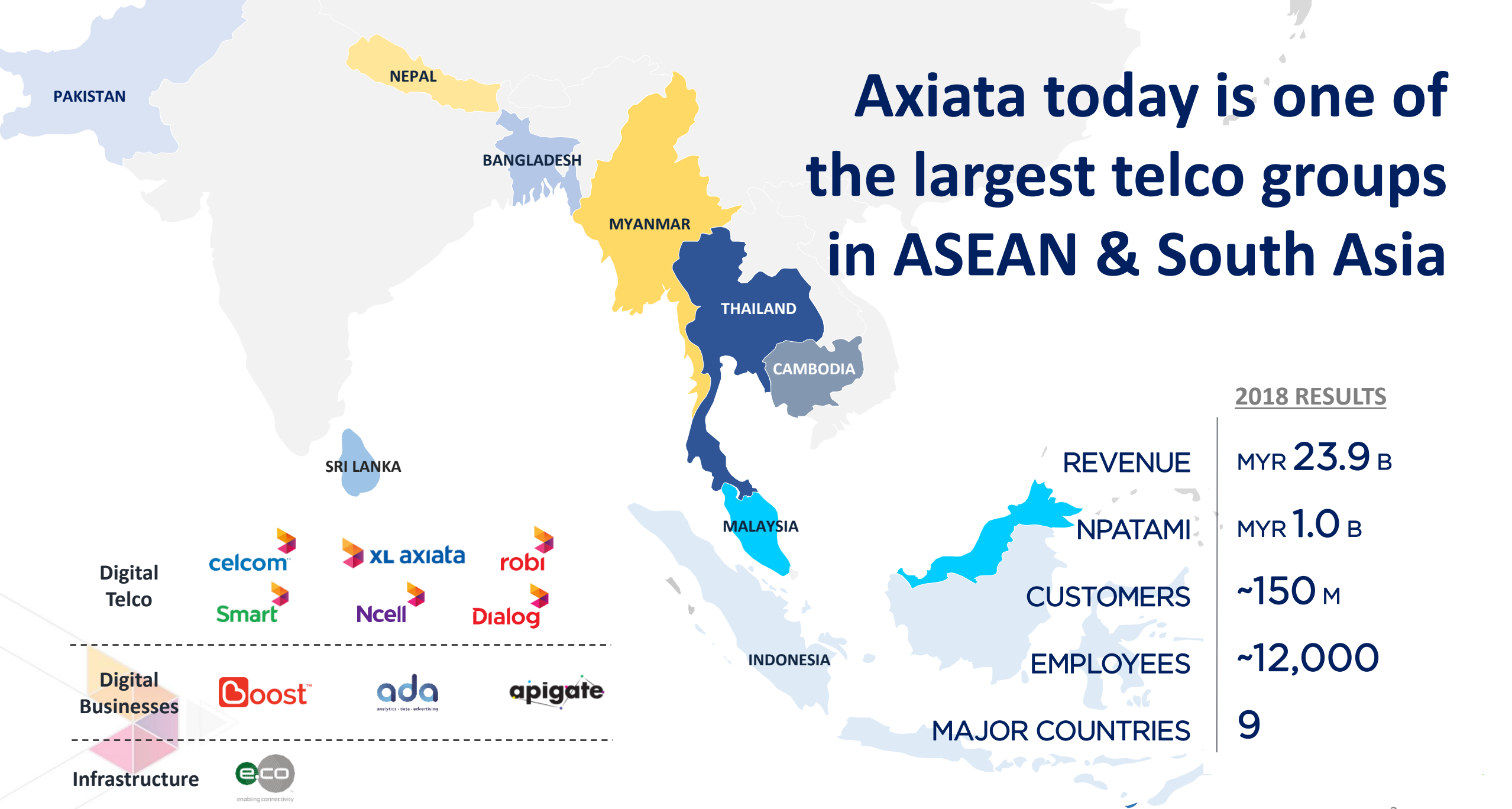


DISCLAIMER

There is no certainty that these discussions will result in any binding agreement or obligations on the Parties to proceed with any acquisition, merger or divestment.

While several issues and matters have yet to be determined and agreed upon, given the mutual due diligence to be undertaken shortly, involving more than one dozen entities across 9 countries, Axiata has opted for an early voluntary disclosure to provide transparency to our shareholders as discussions progress.

Axiata today is one of the largest telco groups in ASEAN & South Asia



Having established ourselves as a Regional Champion, our vision is now to become a ***New Generation Digital Champion by 2022***

Demerger with TM in April 2008



Phase 1
2008 - 2010

Building a New Distinct Company



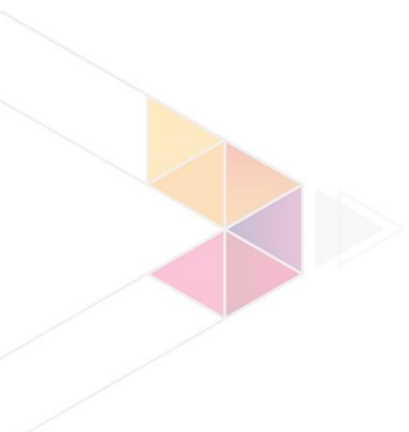
Phase 2
2011 - 2015

Creating a Regional Champion



Axiata 3.0
2016 - 2022

Building the New Generation Digital Champion



Axiata 3.0 Triple Core Strategy

Vision

Next Generation Digital Champion by 2022

Aspiration

1 Digital Operators	2 Digital Businesses	3 Infrastructure
Transform from Mobile-Centric Telco to Converged Digital Operators	Pivot from Portfolio Company to 3 Lines of Digital Businesses	Advance from Regional Champion to Global Champion
#1 Performer in All Markets	3 "Unicorns"	Top 5 in the World

Strategic Initiatives

Operational Performance & Cost Optimisation	New Growth Areas	Functional Superiority & Digitization	Distinct Competitive Diff. & Clear New Business Model
Industry Restructuring & Rationalization	Optimum Portfolio & Investor Proposition	Sustainability & Stakeholder Management	Organizational & Cultural Changes

2018/19 achievements will pave the way for a promising future...

Growth Momentum	<ul style="list-style-type: none">• #1 REVENUE Performer in ALL 6 OpCos• #1 EBITDA performer in 4 OpCos (<i>XL, Dialog, Robi, Ncell</i>)• #1 PROFIT Performer in 2 OpCos (<i>Robi, Smart</i>)
Operational Excellence	<ul style="list-style-type: none">• Celcom & XL: Significant operational improvement• Digitization: Outperformed peers*• Cost: MYR 1.5 B savings – exceeded target• “Shifting Gears”: Focus on Profitable Growth & Cash Generation
Portfolio Rationalization	<ul style="list-style-type: none">• Idea’s Impairment + Sale of M1• Asset Write-Offs• Validation of Digital Business: USD 640 M Valuation (2.6x)• Healthy Cash Balance: RM 5.1 B (<i>as at 31 December 2018</i>)
New Growth Areas <i>(Triple Core Strategy)</i>	<ul style="list-style-type: none">• Home & Enterprise• Digital Businesses: National, Regional & Global• Infrastructure: Global; Double-digit growth year-on-year

* Note: Independent assessment by external party

... however, in the long run, **operational performance alone is insufficient** – we need to specifically address the **following challenges & opportunities...**

★ **Industry Challenges**

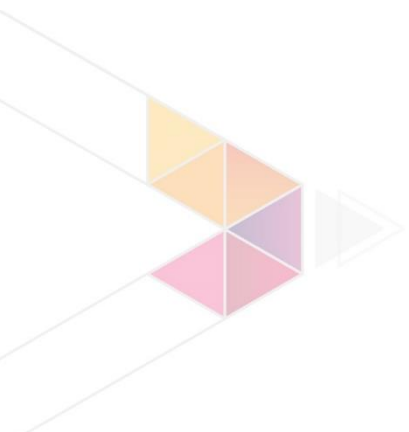
- Data Monetization : Price vs Cost
- Hyper Competition
- Capex Conundrum

★ **Industry Opportunities**

- Indonesian Market
- Home Broadband
- Enterprise Connectivity & Solutions

★ **Axiata Opportunities & Challenges**

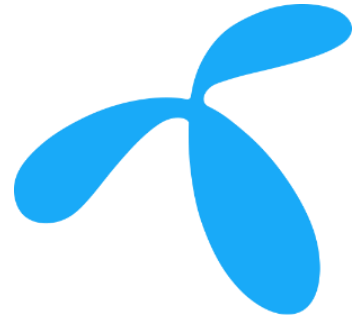
- Short-Term vs Long-Term Profit
- Value Illumination of Our Assets



Today, we have announced the intention to create a

Global Champion

through a mega merger of the operations of
Telenor Asia and Axiata



Telenor



Axiata

MergedCo

Axiata 4.0: Leapfrogging from Axiata 3.0 to become a **Global Digital Champion**...

Demerger with TM in April 2008



1. Other Assets (eg. Robi, ADS, Idea) not shown

Axiata 4.0: ... with significant benefits through 3 lenses

National	Commercial	Structure & Governance
<p>4 Entities – Global and Regional Champions based in Malaysia</p>	<p>A Mega Merger – biggest in the century within region¹</p>	<p>Spirit of "Merger of Equals"</p>
<p>International MergedCo (the new entity) → One of the Largest Telcos in the Region¹</p> <ul style="list-style-type: none"> • Proforma Revenue ~MYR 50 B, EBITDA ~MYR 20 B, PAT ~MYR 4 B • Close to 300 M customers in 9 countries with 6 being #1 in the country (vs. 150 M customers in 6 countries with 3 being #1 today) <p>MalaysiaCo (Celcom + Digi) → #1 in Malaysia</p> <ul style="list-style-type: none"> • Proforma Revenue ~MYR 14 B, EBITDA ~MYR 5 B <p>Global TowerCo → Top 5 Largest TowerCo Globally</p> <ul style="list-style-type: none"> • Potential to more than double the towers (50 - 60k operational towers) and become Global Top 5 player (vs 13th largest globally today) <p>Regional Innovation Centre → Largest in the Region</p> <ul style="list-style-type: none"> • ~MYR 100 M p.a. investment • Focusing on 5G, IoT, AI, Robotics, etc <p>Support National Aspirations → Bringing Global Innovation Home</p> <ul style="list-style-type: none"> • National Digital Agenda – affordable BB, innovation center • Global talent factory and main "applied university" for local management and digital talent development • Capital markets 	<p>Immediate Value Creation with Further Potential Upsides from Synergy Realisation</p> <ul style="list-style-type: none"> • Potentially realize additional present value (PV) upside of MYR 15 - 20 B due to consolidation/synergy realization <p>“Financial Fire Power“ - Potentially Large Debt Headroom</p> <ul style="list-style-type: none"> • For major expansion in Mobile, Broadband, non-traditional businesses, Enterprise & Digitization – organically and inorganically <p>Cash Generator</p> <ul style="list-style-type: none"> • Potentially large yearly free cash flow (FCF) <p>Vision of Digital Champion Accelerated</p> <ul style="list-style-type: none"> • Scale and synergies, consolidation in Malaysia, stronger balance sheet, unique portfolio, doubling number of towers 	<p>Structure</p> <ul style="list-style-type: none"> • Formation of a new MergedCo by merging Telenor Asia and Axiata operations (excl. Robi) • Shareholding reflect relative asset valuation injection – Telenor majority <p>Governance</p> <ul style="list-style-type: none"> • Professional Board-run company <p>MergedCo & MalaysiaCo</p> <ul style="list-style-type: none"> • Board and Management appointment to be determined jointly <p>Other OpCos</p> <ul style="list-style-type: none"> • As is

1. Defined as ASEAN and South Asia

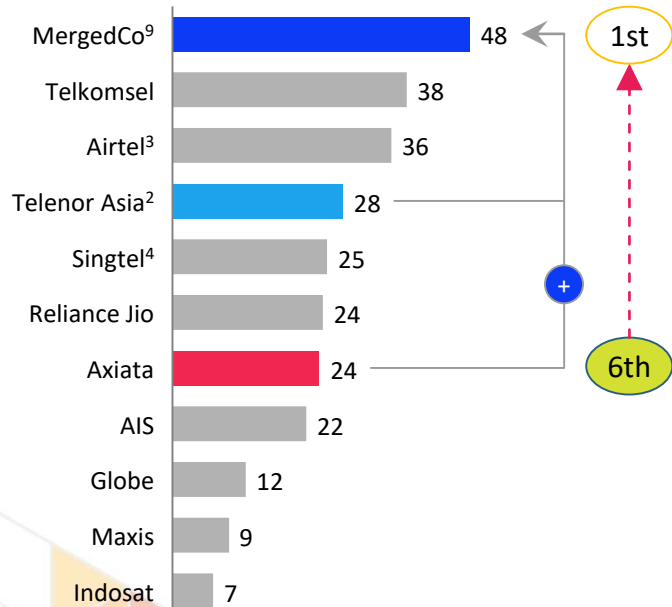
MergedCo: Largest operator by revenue in the region¹ upon merger completion

➔ With Pro-forma Revenue ~MYR 50 B and Net Profit ~MYR 4 B, immediately upon completion

xx 2022 Aspiration (LRP)
 xx Current position

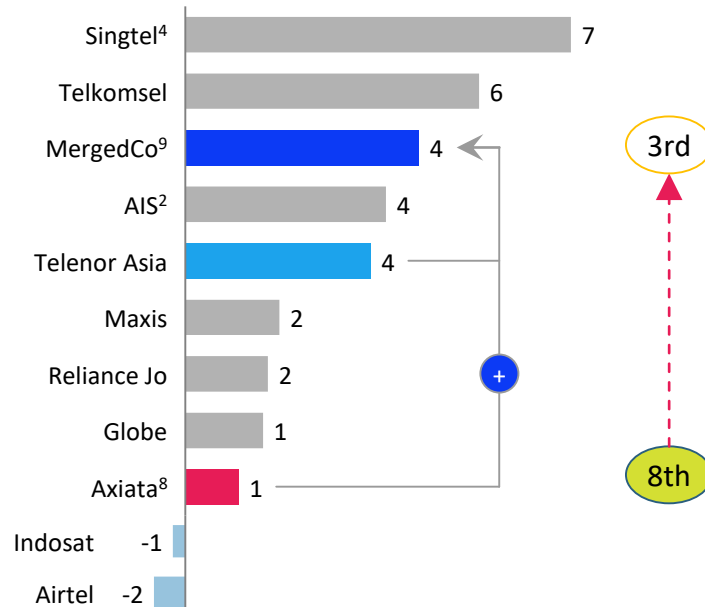
Revenue (MYR B)

CY 2018 actuals⁷



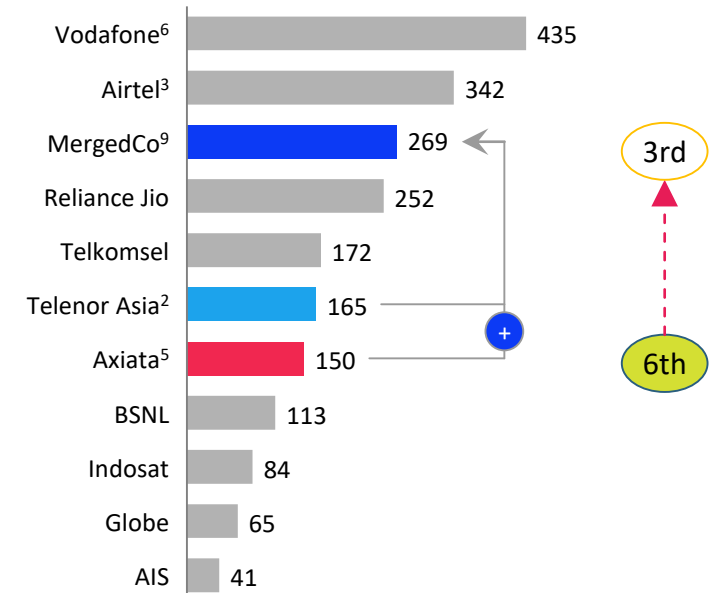
Profit after Tax (MYR B)

CY 2018 actuals⁷



No. of Customers (# M)

As of 30th Sept 2018 (Excl. holding below 20%)

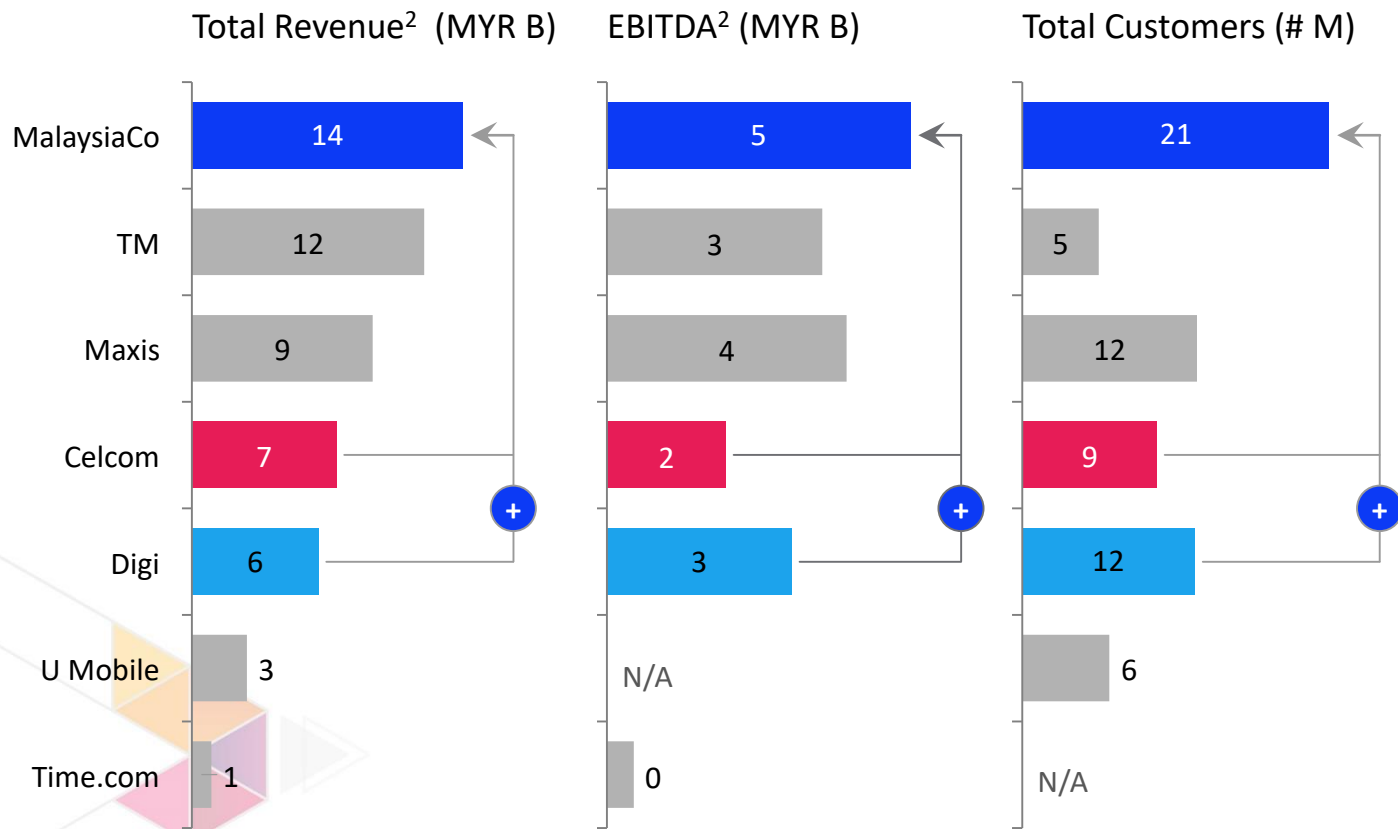


1. Defined as ASEAN and South Asia 2. Telenor Asia covers Thailand, Malaysia, Bangladesh, Pakistan and Myanmar only. For PAT calculations, 15% PAT margin assumed for Pakistan & Myanmar 3. Airtel covers Sri Lanka and India only 4. Singtel revenue and PAT excludes Optus, which operates outside target region 5. Idea is an associate of Axiata hence not taken into consideration for ranking purposes 6. Vodafone includes India only 7. Except for Telkomsel, as 4Q 2018 results not yet released. Consensus estimated CY18 used instead 8. Normalized figure instead of reported MYR 5 B loss 9. Robi excluded
 Source: Capital IQ, Company reports

MalaysiaCo: Intention to combine Celcom & Digi to create a Malaysian Champion

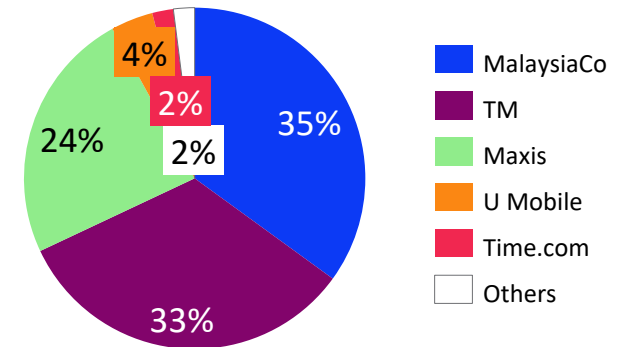
➔ With Pro-forma Revenue ~MYR 14 B and EBITDA ~MYR 5 B

Financials³



1. Mobile, Fixed, Home & Enterprise 2. Post MFRS 3. CY 2018 actuals
Source: Company financials, Capital IQ, Ovum, GSMA, Axiata Group Strategy analysis

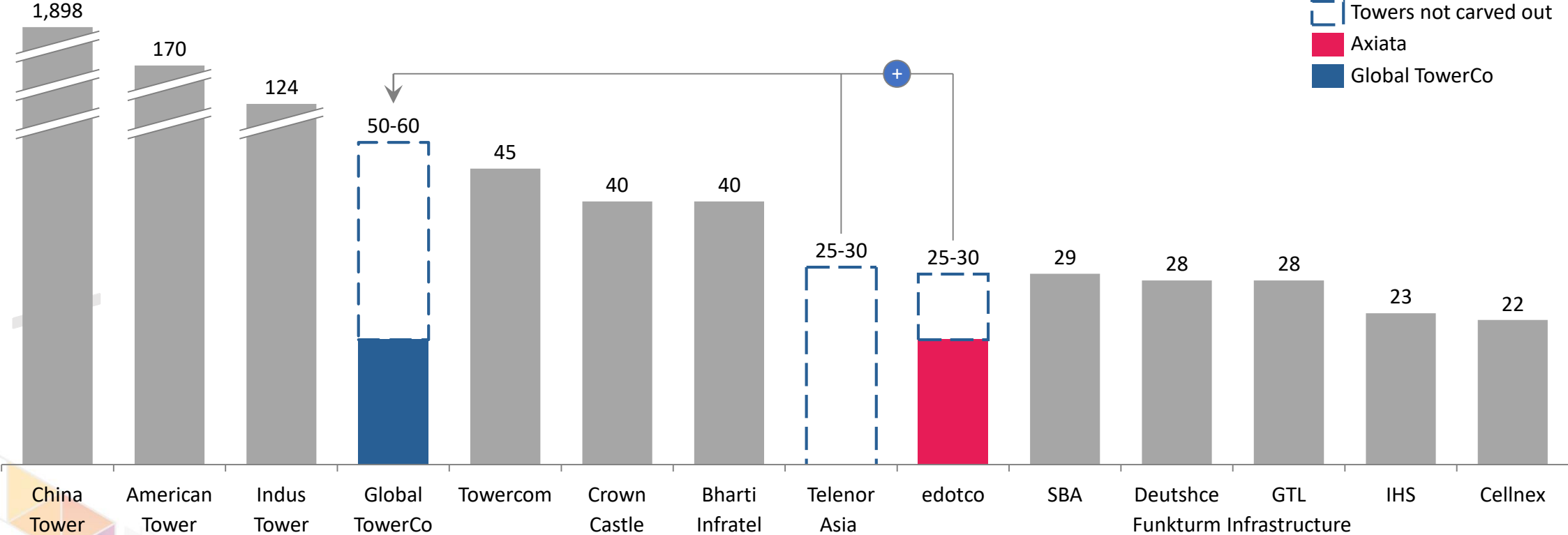
Converged¹ Telco Revenue Market Share (%)



- No clear dominant market leader. Healthy market competition remains (#1 and #2 differentiated only by 2pp)
- Scale would increase ability to invest in network quality in face of growing demand
- Promote healthy competitive market landscape focusing on higher quality services to consumers, anchored against sustainable pricing environment
- A much more profitable company due to scale, to contribute to Malaysian industry and society
- Operations remain fully separate during this process

Global TowerCo: Creation of the Top 5 Largest TowerCo globally

of towers ('000s)



Note: List of TowerCos not exhaustive
Source: WCIS, Capital IQ, 2018 data

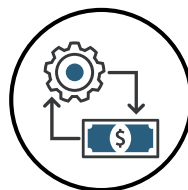


5 Core Synergy Areas with potential to deliver ~MYR 15 - 20 B of value to MergedCo...



Malaysian champion

- Benefits through capex avoidance, capacity gains from increased bandwidth and efficiency
- Benefits from opex efficiencies (e.g., optimization of network & IT expense, sales and marketing expense etc.)



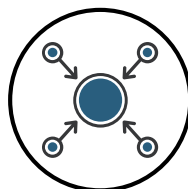
Procurement

- Improvement in pricing terms, leveraging on price books
- Scale benefits from combining volumes
- Network, IT, marketing and sales opex benefits



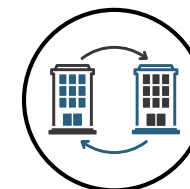
Tower

- Operational synergies e.g. increased tenancy, Capex and Opex benefits from efficient footprint and new build optimization, maintenance expenses etc.)
- Increase in TowerCo value with larger scale



HQ

- Incorporation of functional best practices
- Consolidation of HQ to KL



Wholesale

- Procurement savings from harmonizing roaming rates, scale etc.
- Traffic steering savings on international roaming spend

...with many **additional potential areas** driving value well into the future



Analytics

- Leverage analytics best practices across groups, cross-sell and monetize over larger base



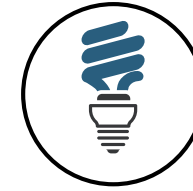
Software Center of Excellence

- Implement best practices to reduce, manage application blueprint and costs



Cybersecurity

- Harmonize cybersecurity and technology risk measures, co-invest and monetize over larger base



Capex Efficiency

- Leverage best practices in capex e.g. analytics driven planning and deployment



Opex Efficiency

- Leverage best practices in opex management in each market



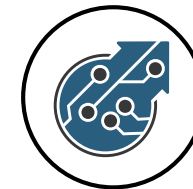
Enterprise/IoT

- Co-invest, sell and monetize new enterprise/IoT products and capabilities



Content & Partnership

- Strong position to build digital partnerships
- Extend ecosystem across broader base e.g. mobile wallets



Digitization Program

- Leverage best practices in driving core telco digitization initiatives

In summary, the proposed transaction addresses all key challenges and opportunities while remaining in line with our overarching strategy and strategic initiatives

Challenges & Opportunities

Industry Challenges

- Data Monetization : Price vs Cost
- Hyper Competition
- Capex Conundrum

Industry Opportunities

- Indonesian Market
- Home Broadband
- Enterprise Connectivity & Solutions

Axiata Opportunities & Challenges

- Short-Term vs Long-Term Profit
- Value Illumination of Our Assets

What We Need

Scale &
Synergy

Stronger
Balance Sheet

Consolidation

Monetization
/ Listing

What We Will Achieve with This Proposed Transaction

- Largest telco group by revenue in the region¹
- Potential synergy value of MYR 15 - 20 B

- “Financial fire power” of MYR 15 B - 20 B

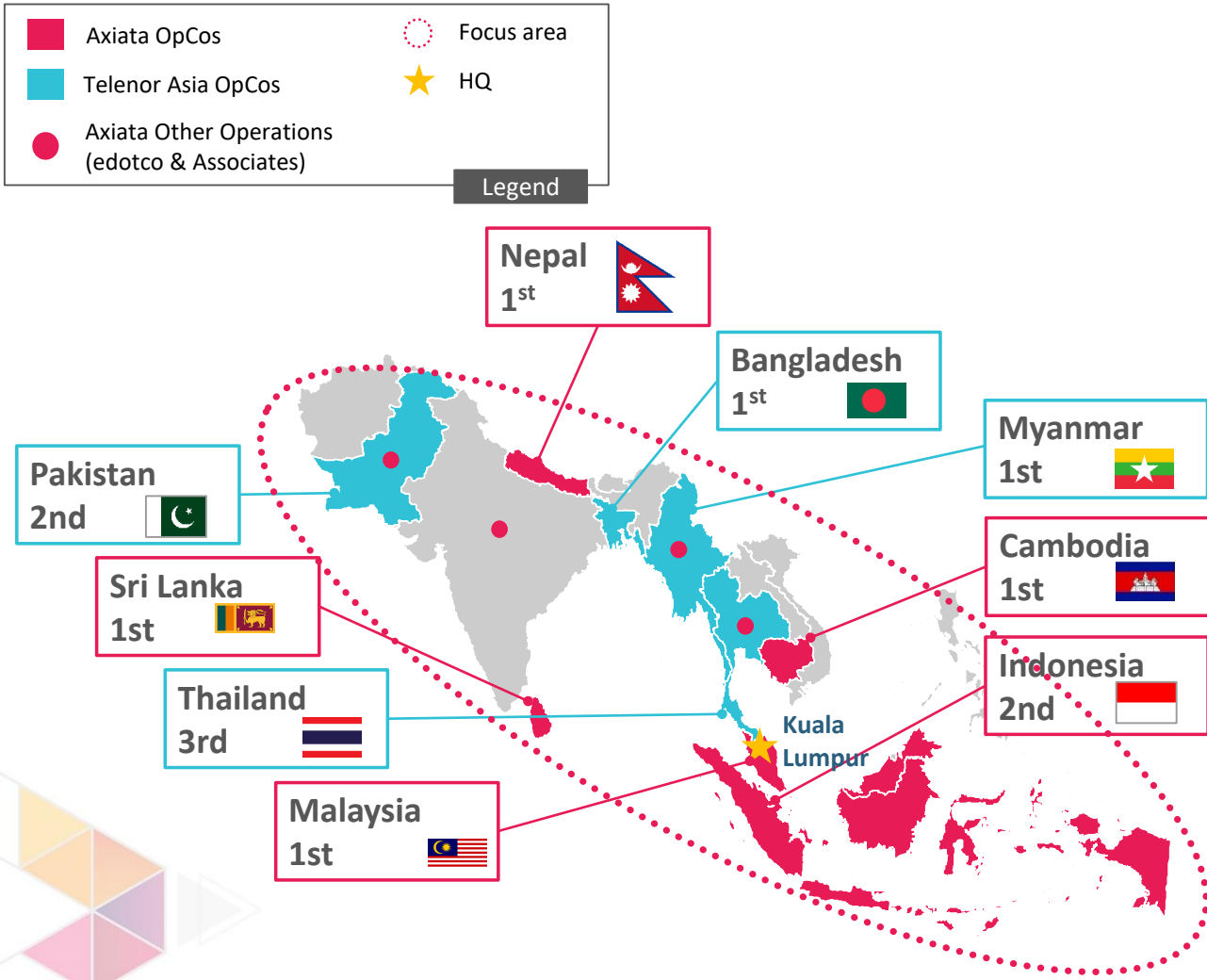
- Consolidation of Celcom & Digi to create the largest operator in Malaysia

- Listing of Celcom through injection into Digi

... while significantly enhancing our contribution to the Nation Building Agenda & our Talent Development aspirations...

1. Defined as ASEAN and South Asia

Merger of Axiata and Telenor Asia to become the **largest operator in the region**¹



- **Create a Global Champion** by combining Telenor Asia and Axiata operations (excluding Robi)
- **Intention to list the MergedCo in Bursa Malaysia and another major stock exchange** within the next few years
- **Create a Global TowerCo** by combining towers of Axiata & Telenor
- **Regional Innovation Center in Malaysia** to include IoT and 5G as well as developing Global Talent
- Transaction is expected to deliver **potential synergy of MYR 15 to 20 B** through consolidation of assets, economies of scale and scope
- **Shareholding will reflect relative value of assets**, with Telenor taking majority ownership of MergedCo with anticipated ownership of 56.5% for Telenor and Axiata will own 43.5% subject to adjustments and due diligence
- Binding agreement following the due diligence exercise is **planned to be completed by Q3 2019**.

1. Defined as ASEAN and South Asia



Q&A