

MEDIA RELEASE

Axiata and Telenor have mutually agreed to end discussions on the Proposed Transaction

KUALA LUMPUR, 6 September 2019 – Axiata Group Berhad (“Axiata” or “the Group”) and Telenor ASA (“Telenor”) (together “Parties”) have mutually agreed to end discussions regarding a non-cash combination of their telecom and infrastructure assets in Asia (the “Proposed Transaction”).

Over the last four months, both parties have been working on due diligence and finalising transaction agreements to be completed within the third quarter of 2019. Due to some complexities involved in the Proposed Transaction, the parties have mutually agreed to end the discussions.

Both parties still acknowledge the strong strategic rationale of the Proposed Transaction. The parties do not rule out that a future transaction could be possible.

The parties do not intend to provide further comments.

MOVING FORWARD FROM A POSITION OF STRENGTH

The termination of the Proposed Transaction will not in any way affect the Group in its ability to achieve its Digital Champion aspirations by 2022. Operating from a position of strength, Axiata is confident in its capacity to leverage opportunities across the Consumer, Home, Enterprise/IoT, Digital and TowerCo businesses as the industry globally moves towards convergence.

Excellent YTD19 results and encouraging FY2019 target

As evidenced in the Group’s YTD 2019 results, Axiata’s “Shifting Gear” focus towards profitable growth and cash generation continues to demonstrate excellent momentum and growing confidence in the Group’s PATAMI outlook.

Five out of six Operating Companies (OpCos) delivered highest profit growth in their respective markets which saw XL and Robi returned to profit. Celcom stabilised with improvements in PATAMI and EBITDA margin as result of its focus on network as well as sales & marketing efficiency.

Digital Businesses is well on its way to a path of profitability with ADA expected to be profitable in FY2019. edotco registered double-digit revenue and EBITDA growth.

The Group also announced it is likely to exceed its 2019 headline KPIs for EBITDA growth and ROIC with ongoing Capex Efficiency programme likely to deliver capex below guidance of RM6.8 billion for FY2019.

Mid- to long-term strategy to future-proof the Group

Axiata has made a major strategic shift towards Operational Excellence which will result in increased focus on profit and cash while future-proofing the Group with prudent investments in new growth areas of Enterprise, Home and Digital VAS. This will ensure its resilience in navigating an increasingly competitive business environment.

The Group therefore, continues to stay on course, among others, in the execution of its Operational Excellence initiatives focusing on:

- 1) *Business Model Transformation* to simplify, digitise & leverage analytics for “smarter” execution
- 2) *Network and IT Optimisation* to drive capex efficiency through “sweating” existing assets, coupled with more centralisation and standardisation to maximise economies of scale
- 3) *Cost Excellence Programme* on track to deliver RM5 billion savings, possibly even more with the above initiatives to prioritise near-term cash/profit & ROIC improvement

Axiata’s Chairman Tan Sri Ghazzali Sheikh Abdul Khalid said, “The Board acknowledges the strong strategic rationale of the Proposed Transaction and is equally cognizant of the level of complexity of such a deal that extends across nine countries and 14 major entities.”

“Regardless of the expressed synergies of the merger, we are confident that the termination of the Proposed Transaction does not affect the Group in achieving its Digital Champion ambitions.”

“On behalf of the Board of Axiata, we are grateful for the support of the Government of Malaysia, our investors and all of our employees during this process.”

Axiata’s President and Group Chief Executive Officer Tan Sri Jamaludin Ibrahim said, “Axiata continues to be a growth story and remains one of the largest mobile operators in the region. Today, we are operating from a position of strength, with all eight OpCos performing well and looking cautiously optimistic to meet our 2019 KPIs.”

“Moving forward, we are transforming into a digital technology company in what can be described as an increasingly converged global industry, branching out beyond mobile and consumer to home broadband, enterprise, digital and TowerCo.”

“We are confident of reaping the benefits of our investments in new growth areas including Enterprise, Home, Digital VAS, Digital Businesses and Infrastructure in the next few years.”

“We continue to actively explore possible consolidation and portfolio optimisation opportunities to extract synergies, maximise efficiency and fund future growth areas.”

-Ends-

About Axiata

As one of the leading telecommunications groups in Asia in pursuit of its vision to be the New Generation Digital Champion by 2022, Axiata has transformed itself from a holding entity with a portfolio of pure-play mobile assets into a Triple Core Strategy driven business focusing on Digital Telco, Digital Businesses and Infrastructure.

Within ASEAN and South Asia, the Group has controlling stakes in market-leading mobile and fixed operators in the region including ‘Celcom’ in Malaysia, ‘XL’ in Indonesia, ‘Dialog’ in Sri Lanka, ‘Robi’ in

Bangladesh, 'Smart' in Cambodia and 'Ncell' in Nepal. Axiata is actively spearheading efforts to transform its mobile-centric operations into digital converged companies.

Axiata's digital businesses are focused on three verticals namely Digital Financial Services ('Boost'), Digital Advertising ('ada') and Digital Platform ('APIgate') in the global market.

'edotco', the Group's infrastructure company, operates in six countries to deliver telecommunications infrastructure services, amassing approximately 27,500 towers. Presently the 12th largest independent tower companies globally, it aims to be one of the top regional telecommunications tower companies and is committed to responsible and sustainable business operations.

As a committed and long-term investor, and in line with its sustainability goals, the Group actively supports and drives young talent development; disaster response and recovery; as well as green initiatives. Axiata's broader goal of Advancing Asia aims to piece together the best in the region in terms of innovation, connectivity and talent.

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