

The Making of a Malaysia-based Global Champion

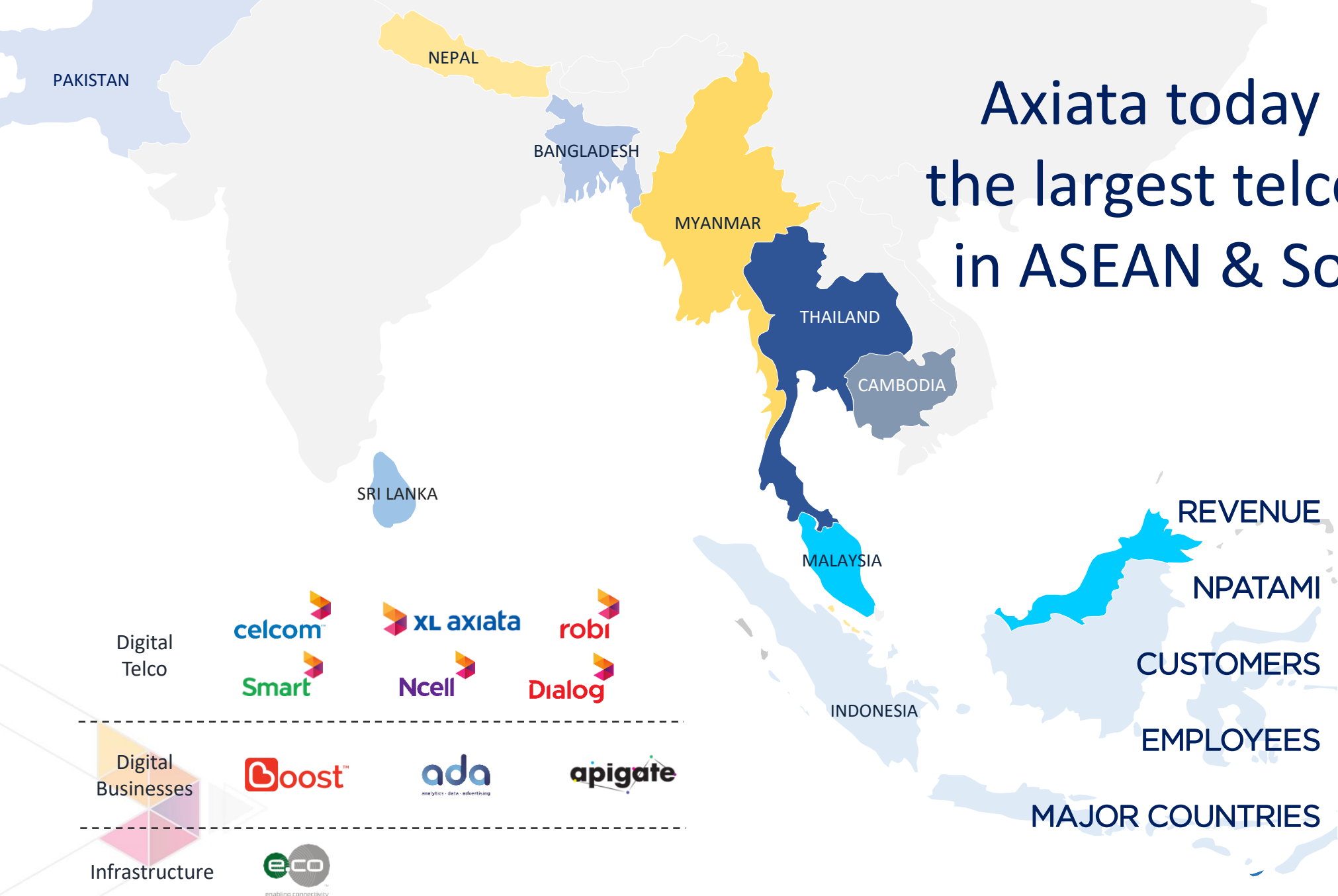
May 2019

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



2018 RESULTS

| | |
|-----------------|------------|
| REVENUE | MYR 23.9 B |
| NPATAMI | MYR 1.0 B |
| CUSTOMERS | ~150 M |
| EMPLOYEES | ~12,000 |
| MAJOR COUNTRIES | 9 |

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



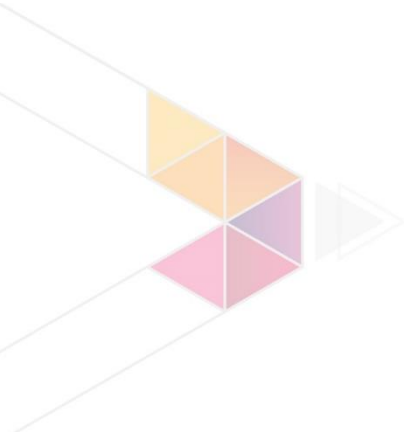
Phase 2
2011 - 2015

Creating a Regional Champion

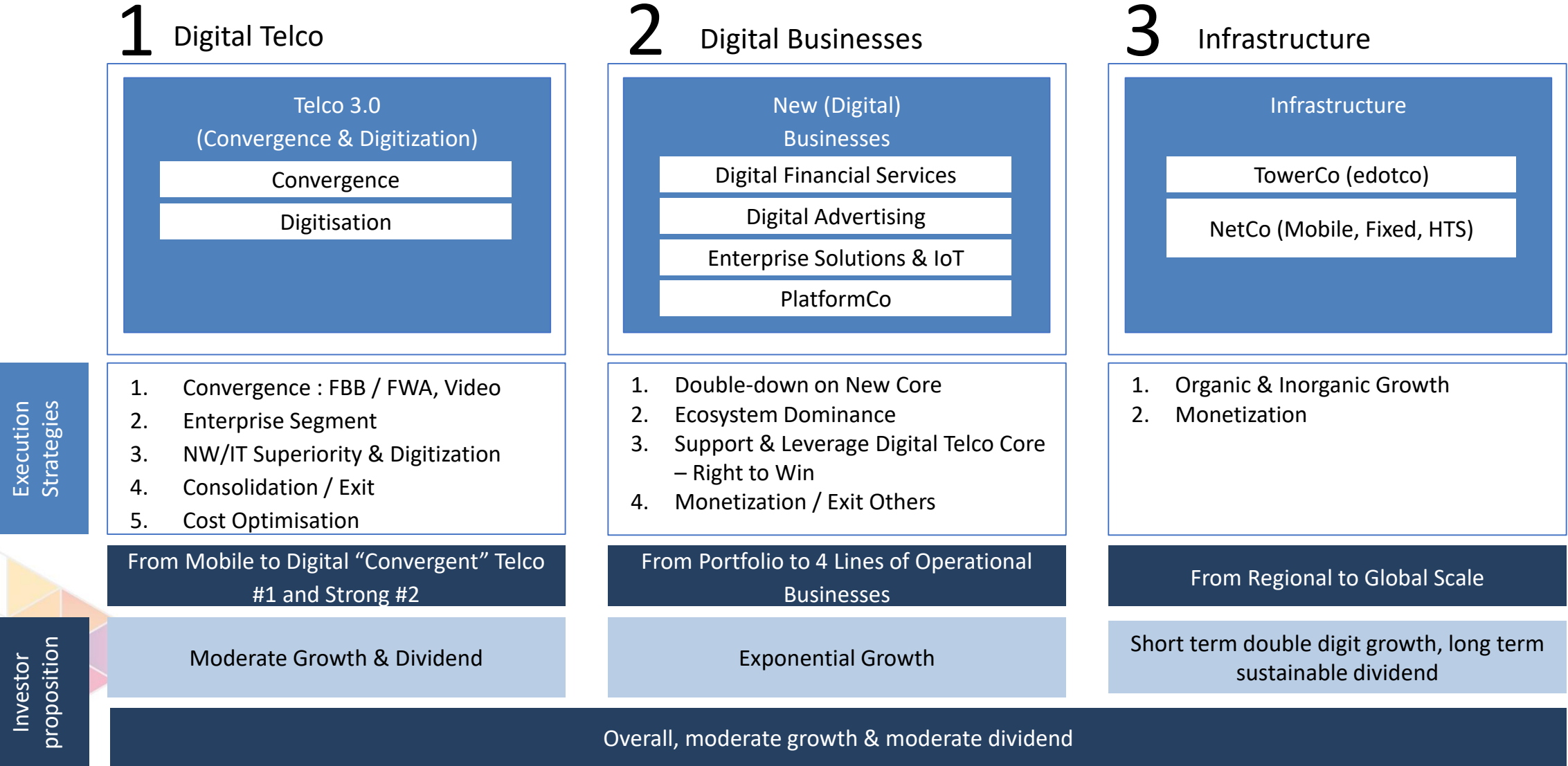


Axiata 3.0
2016 - 2022

Building the New Generation Digital Champion



Announced Triple Core strategy, with clear execution and investor proposition, as “center stage” of our long term strategy...



[Axiata 4.0] A new history in the making

➔ From Regional Champion to **Global Champion** by combining the operations of **Telenor Asia and Axiata**

National

4 Entities – Global and Regional Champions based in Malaysia

International MergedCo (the new entity)

- Proforma Revenue ~MYR 50 B, EBITDA ~MYR 20 B, PAT ~MYR 4 B
- One of the largest telcos in the region¹, with 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

MalaysiaCo (Celcom + Digi)

- Proforma Revenue ~MYR 14 B, EBITDA ~MYR 5 B
- #1 in Malaysia

Global TowerCo

- Currently, 13th largest globally, potential to more than double the towers (50 - 60k operational towers) and become Global Top 5 player

Regional Innovation Center

- Largest in the region with ~MYR 100 M p.a. investment
- Focusing on 5G, IoT, AI, Robotics, etc

Support National Aspirations

- National Digital Agenda (affordable BB, innovation center)
- Global talent factory and main "applied university" for local management and digital talent development
- Capital markets

Commercial

Mega Merger in Region 1

Immediate Value Creation with further potential upside from synergy realisation

- Potentially realize additional present value (PV) upside of MYR 15 - 20 B consolidation/ synergy realization

"Financial Fire Power" - Potentially large debt headroom

- For major expansion in Mobile, Broadband, non-traditional businesses, Enterprise & Digitization organically and inorganically

Cash Generator

- Potentially large yearly free cash flow (FCF)

Vision of Digital Champion accelerated

- Scale and synergies, consolidation in Malaysia, stronger balance sheet, unique portfolio, doubling number of towers

Structure & Governance

Spirit of "Merger of Equals"

Structure

- Formation of a new merged entity by merging Telenor (Asia) and Axiata operations (excluding Robi)
- Shareholding reflect relative asset valuation injection – Telenor majority

Governance

- Professional Board Run company

MergedCo & MalaysiaCo

- Board and Management appointment to be determined jointly

Other OpCos

- As is

1. Defined as ASEAN and South Asia

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

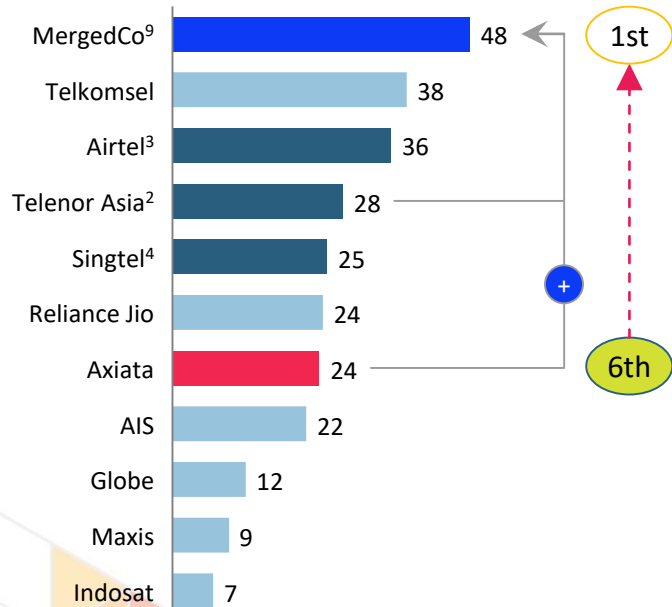
➔ With Pro-forma Revenue ~MYR 50 B and Net Profit ~MYR 4 B, immediately upon completion



xx Current position
 xx 2022 Aspiration (LRP)
 ■ Single Market Player
 ■ Regional Market Player¹
 ■ Axiata
 ■ MergedCo

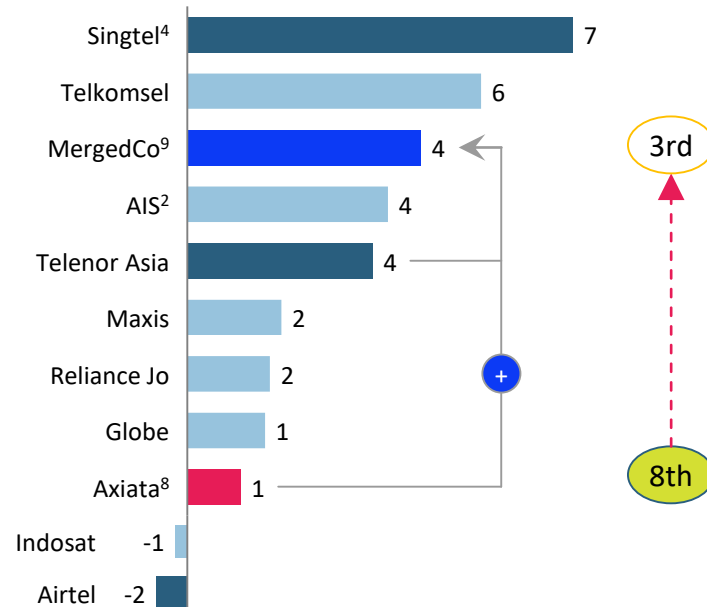
Revenue (MYR B)

CY 2018 actuals⁷



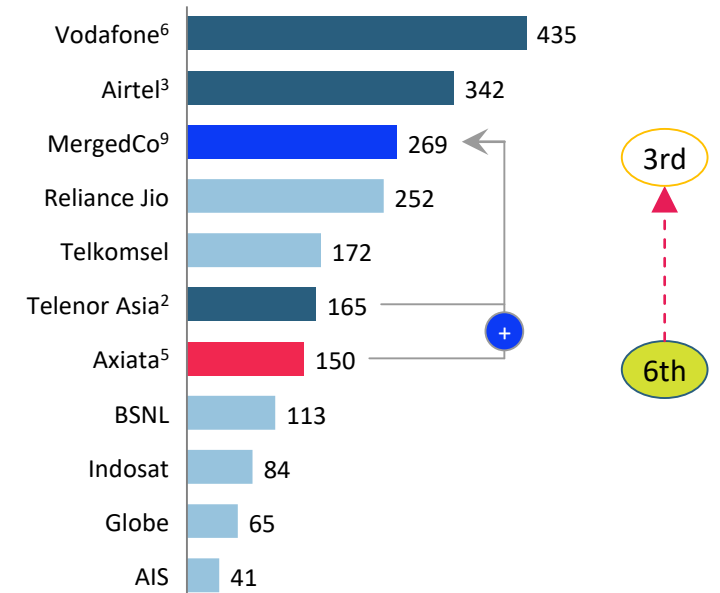
Profit after Tax (MYR B)

CY 2018 actuals⁷



No. of Customers (# M)

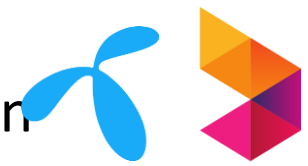
As of 30th Sept 2018 (Excl. holding below 20%)



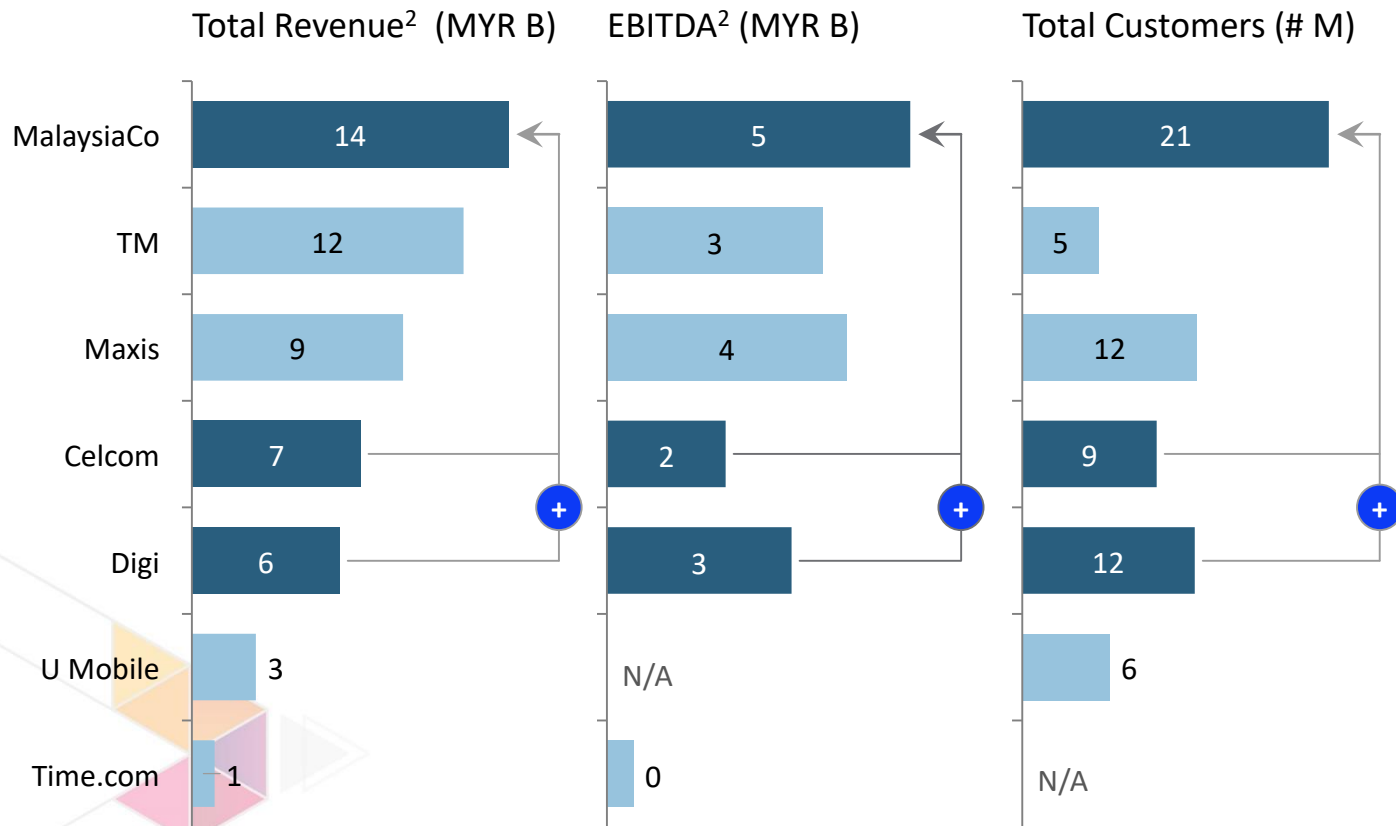
1. Defined as ASEAN and South Asia 2. Telenor Asia covers Thailand, Malaysia, Bangladesh, Pakistan and Myanmar only. For PAT calculations, 15% PAT margin assumed for Pakistan & Myanmar 3. Airtel covers Sri Lanka and India only 4. Singtel revenue and PAT excludes Optus, which operates outside target region 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

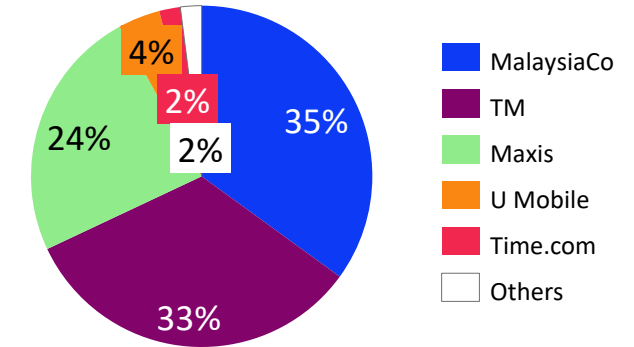


Financials³



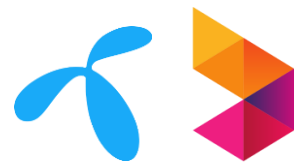
1. Mobile, Fixed, Home & Enterprise 2. Post MFRS 3. CY 2018 actuals
Source: Company financials, Capital IQ, Ovum, GSMA, Axiata Group Strategy analysis

Converged¹ Telco Revenue Market Share (%)

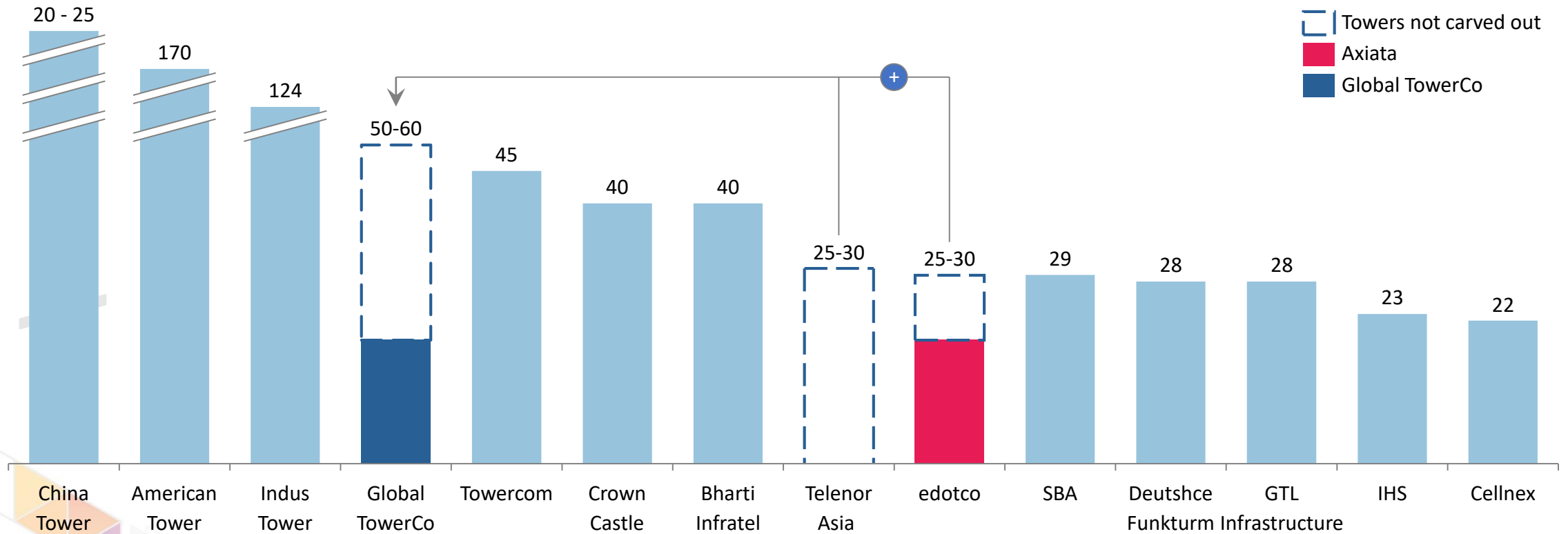


- No clear dominant market leader. Healthy market competition remains (#1 and #2 differentiated only by 2pp)
- Scale would increase ability to invest in network quality in face of growing demand
- Promote healthy competitive market landscape focusing on higher quality services to consumers, anchored 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

...plus creation of Top 5 Global TowerCo



of towers ('000s)



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

Merger carries several strong points from an investors' perspective

Revenue & New Growth Areas

Opex & Capex

Balance Sheet

Profit & Loss

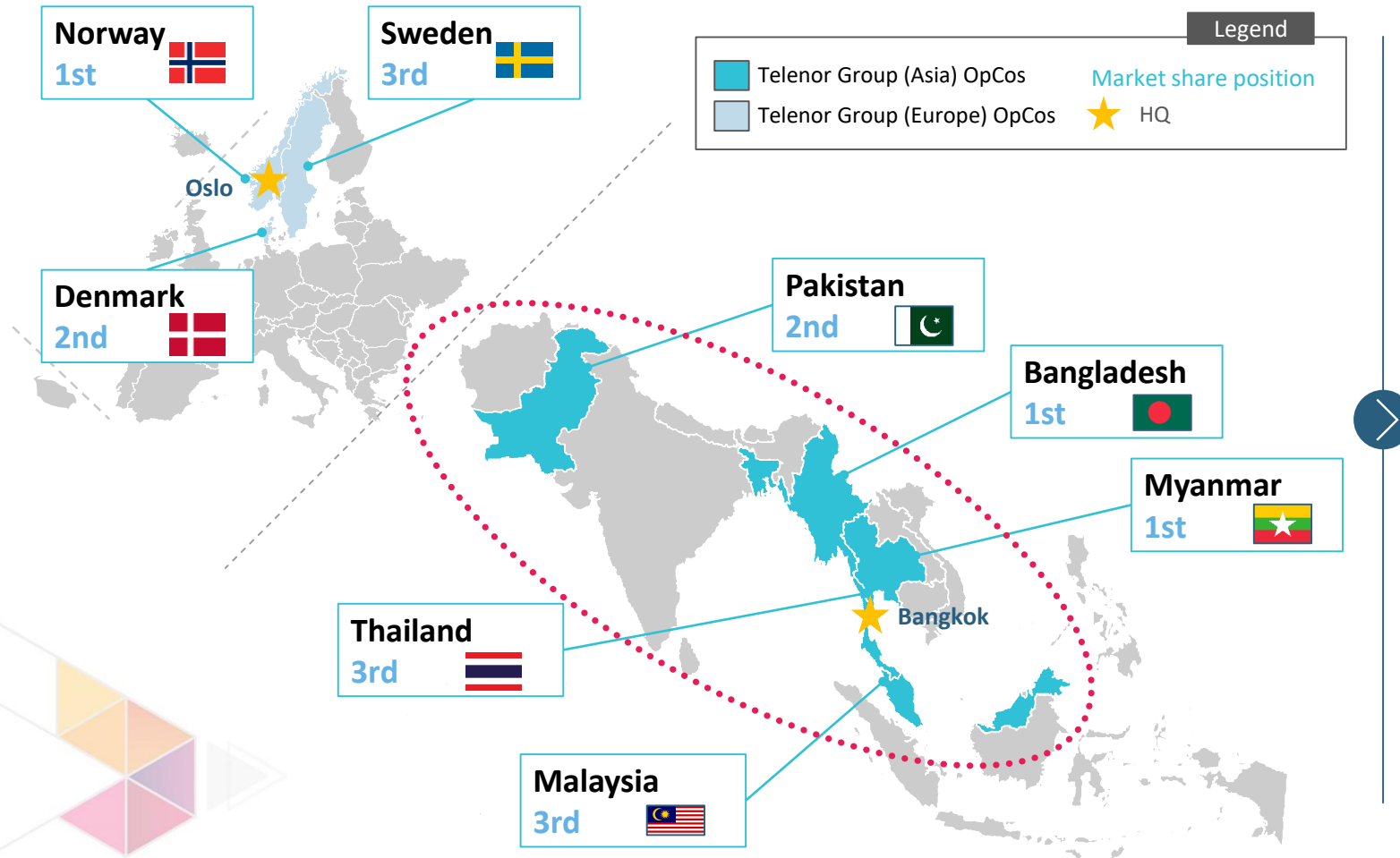
Cash Flow

Value Enhancement



- **Strong balance sheet** to fund capex-intensive growth in:
 - Growth opportunities in Indonesia and Thailand
 - Home & Enterprise ICT/IoT segments...
- ...supported by **increased debt head room & stronger cash flows**
- **Increased revenue growth opportunities** through access to 9 regional Footprints (incremental 3 new markets), with access to ~300 M customers
- # 1 operator in 6 of 9 markets, **best placed to capture future growth**
- **Cost synergies / avoidance** through improved network efficiency, removal of network duplication, economies of scale
- Other synergies through **sharing of best practices & building world-class operations** under strong governance
- Increased scale in Towerco (5th largest globally) and a diversified portfolio where TowerCo is the largest independent tower company in the respective markets, leading to **potential (higher) rerating**

Telenor Group – Europe based entity with strong presence in Asia



Telenor Group (Asia)

Leading operator with diversified portfolio & strong market positions in Europe & Asia

170M¹ subscribers generating revenues of MYR 28 B and EBITDA of MYR 12 B

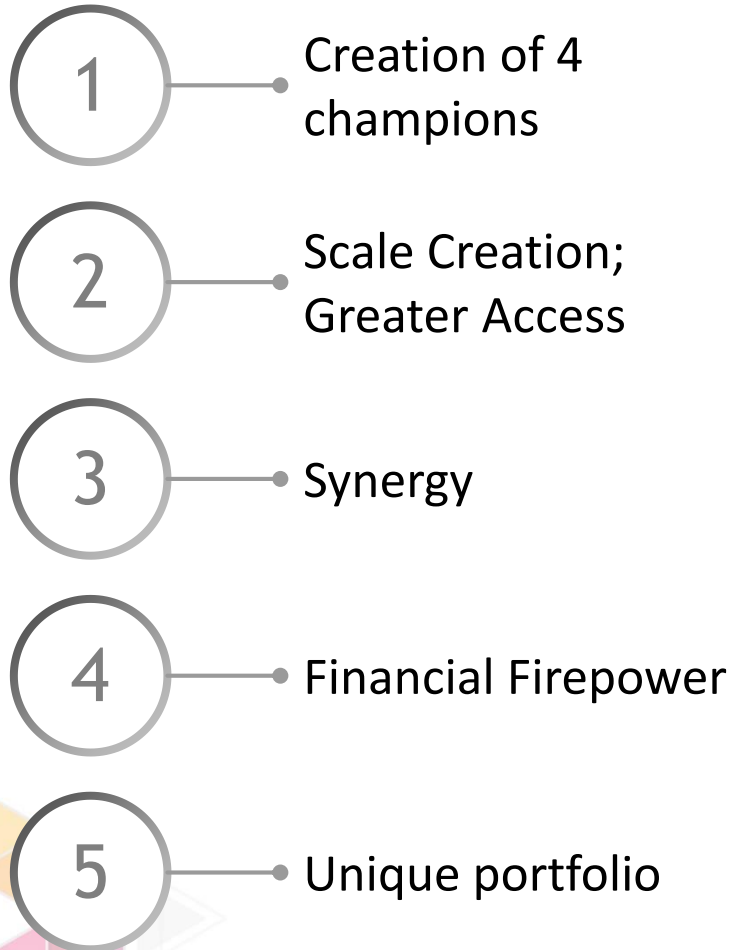
+160 years of Telco experience, more than 20 years in Asia

Proven track record of delivering on cost and efficiency agenda

Good cultural fit for a European company with long-established presence in Asia

1. Refers to focus area only – Telenor Group (Asia)

Winning equity story



- Global Champion, an international MergedCo with Pan-Asian presence
- Malaysian Champion by merging Celcom and Digi
- Global TowerCo
- Largest Innovation Center in Asean/ South Asia and Global Talent factory
- Exposure to ~300 M customers
- Revenue of \geq MYR 50 B, EBITDA of \geq MYR20 B
- ~50 – 60 k towers
- Significantly higher debt headroom to fuel future growth
- 5 areas of synergies include Malaysia Champion, Procurement, Tower, HQ & Wholesale, with expected synergy of ~MYR 15 – 20 B
- Investments into traditional growth areas + new growth areas (enterprise, home)
- Largest controlled footprint in the region
- Benefits of industry consolidation in Malaysia, addressing flat growth and hyper competition from too many competing players
- Combined ~50 years of experience in the region ¹

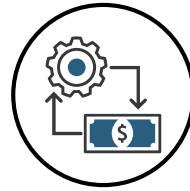
1. Defined as ASEAN and South Asia

5 Core Synergy Areas with potential to deliver ~MYR 15-20 B incremental 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.)



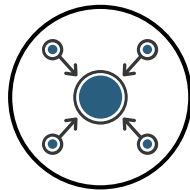
Procurement

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



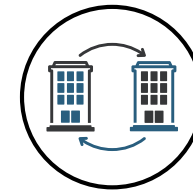
Tower

- 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



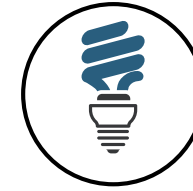
Software Center of Excellence

- 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



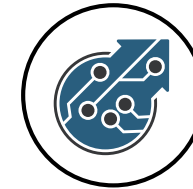
Enterprise/IoT

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



Content & Partnership

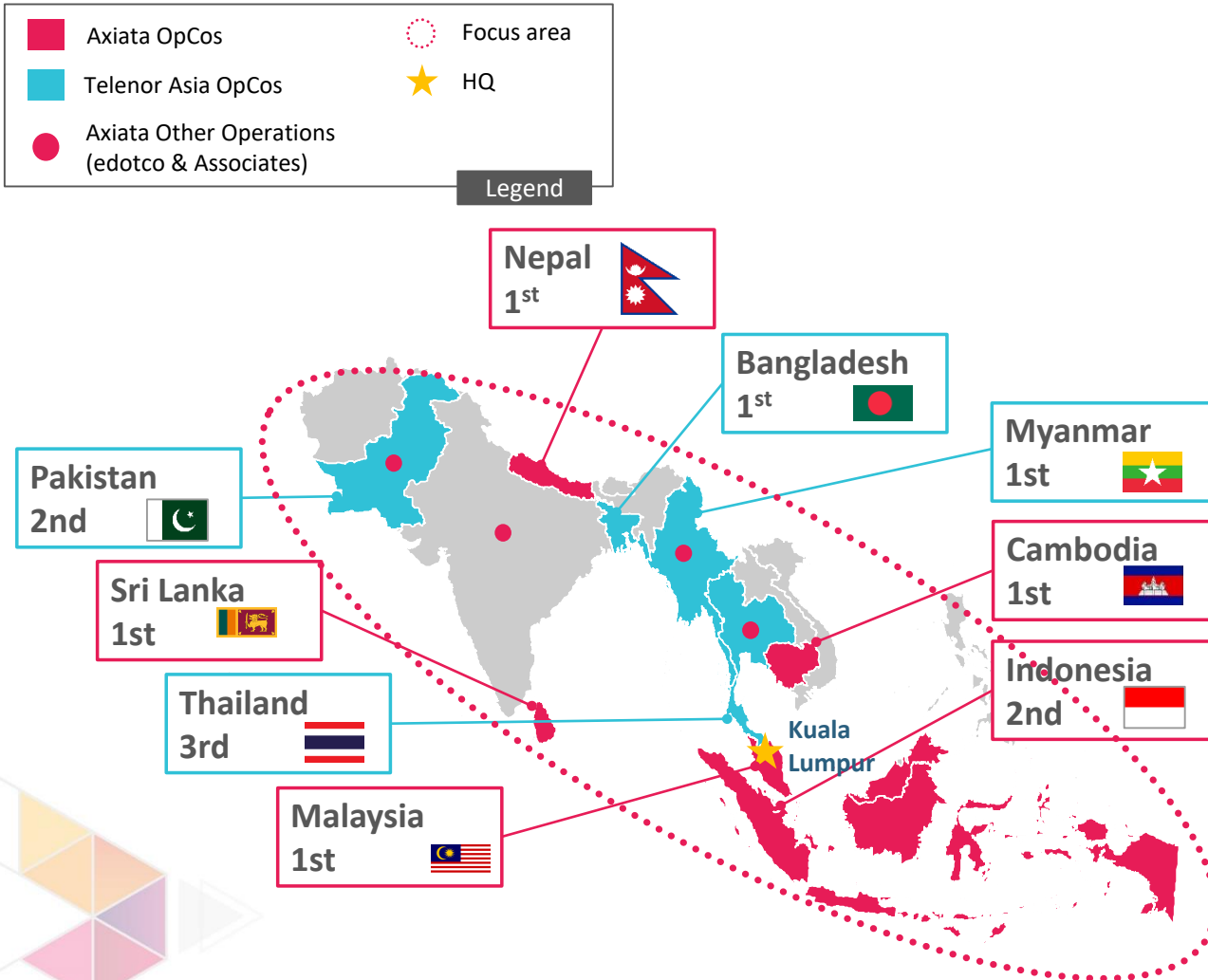
- Strong position to build digital partnerships
- Extend ecosystem across broader base e.g. mobile wallets



Digitization Program

- Leverage best practices in driving core telco digitization initiatives

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



1. Defined as ASEAN and South Asia

Largest telco group in the region¹, with operating subsidiaries in 9 countries (~300M customers)

True Malaysian Champion via merger of Celcom & Digi, with scale to invest in additional broadband

World's 4th largest TowerCo with >60,000 towers

"Must have" stock, potentially the largest market cap firm in Malaysia, for domestic and foreign investors, as well as listed internationally

Potential **synergies** up to **MYR 20 B (PV)**

Establishment of the **largest innovation center in the region** and **Global Platform for Malaysian Talent & R&D Centre** ~ MYR 100 M p.a.

Salient features of the announcement

- ✓ **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.**



Thank You

