

## MEDIA RELEASE

**Axiata and Telenor in Advanced Discussions to Merge Celcom and Digi**  
*Both to have equal shareholding at 33.1% each*  
*Axiata and Malaysian investors will own over 51 percent*

**KUALA LUMPUR**, 8 April 2021 – Axiata Group Berhad (“Axiata”) and Telenor Asia (“Telenor”) (together “Parties”) are in advanced discussions on the merger of the telco operations of Celcom Axiata Berhad (“Celcom”) and Digi.com Berhad (“Digi”) (“MergeCo”), in which the Parties will have equal ownership estimated at 33.1 percent each. Axiata together with Malaysian institutional funds will own over 51% of the MergeCo.

As part of the merger transaction, Axiata will receive newly issued shares in Digi representing 33.1 percent post-transaction shareholding and cash equalisation amount of around RM2 billion, of which RM1.7 billion to come from Digi as new debt, balance of RM300 million from Telenor.

With the intent to create the leading Malaysian Telco, MergeCo will bring together Axiata and Telenor’s Malaysian operations’ combined scale, competencies, finances and vast experiences to generate significant synergistic value for a commercially stronger and more resilient MergeCo, which will be better positioned to drive the country’s transition into a high-income digital society.

In face of the global Covid-19 pandemic accelerating the shift towards digitalisation, the Government’s announcement of the MyDIGITAL blueprint sets the pathway for economic transformation that strategically positions the nation to be highly competitive in the new norm.

Where connectivity is a critical digitalisation enabler, the telco industry will play an integral role in supporting the Government’s decision to fast-track 5G services and deliver ubiquitous high-quality broadband speed and services. This will bode well for customers as a move that would reap benefits for the economy and industry. As such, MergeCo will be uniquely positioned to take advantage of opportunities that come with technological advancements and the surge in the adoption of digital services while in parallel, manage the evolving challenges of a highly competitive and complex environment.

MergeCo will be considered a leading telecommunications service provider in Malaysia in terms of value, revenue and profit, with proforma revenue of about RM12.4 billion, pre-synergy EBITDA of the combined entity at approximately RM5.7 billion, and an estimated 19 million customers.

With national interests firmly in place, Axiata and key Malaysian institutional shareholders will own more than 51 percent of MergeCo. Axiata has the right to nominate the initial Chairman and Chief Executive Officer of MergeCo, and together with Telenor, have agreed to nominate the following individuals to the key positions:

Chairman – Dato’ Izzaddin Idris  
Vice Chairman – Jørgen C. Arentz Rostrup

Chief Executive Officer – Idham Nawawi  
Deputy Chief Executive Officer – Albern Murty

MergeCo will be named as Celcom Digi Berhad and will continue to be listed on Bursa Malaysia. MergeCo is expected to improve the liquidity and profile of Bursa Malaysia as one of the largest technology company in Malaysia and amongst the largest market capitalisation companies of the Exchange.

Employees are key assets and to address concerns of job security and employment, the Parties reiterate their commitment to protect employee welfare with no forced retrenchments. MergeCo will create opportunities for staff to continue to develop across functions, build new competence and be part of future growth of the company as it explores new technologies and innovation.

Customers on the other hand, will benefit significantly from the merger, as the merged company will have the capacity to invest even more to provide better quality of service and at competitive rates. Customers also will be able to maintain their choice of mobile operator brand, as both Celcom and Digi brands will continue as is post-merger.

Axiata and Telenor have also agreed to the creation of a world-class Innovation Centre to catalyze 4IR digital transformation, development of 5G use cases and other technological advancement. The Innovation Centre will not only drive technological advancement in Malaysia, but also play a direct role in upskilling employees for the future economy.

Both Parties will work towards finalizing agreements in relation to the proposed transaction within the second quarter of 2021 following due diligence.

The transaction will be subject to approval by Celcom and Digi shareholders, receipt of regulatory approvals and other customary terms and conditions. The Parties acknowledge that there is no certainty that these discussions will result in any agreement.

### **Commentary**

Chairman of the Axiata Board, Tan Sri Ghazzali Sheikh Abdul Khalid, said: “We are exceedingly pleased to have come this far in discussing the potential merger of our Malaysian operations. The joint creation of a true Malaysian Champion, this merger of Celcom and Digi will see the coming together of the largest mobile operator with the firepower to trigger tremendous opportunities in helping Malaysia leapfrog into the Fourth Industrial Revolution and fulfil our vision of a digitised nation.”

“As Malaysia charges ahead in new areas of 5G, cyber security, Artificial Intelligence and Internet-of-Things, the new entity will be positioned to compete amidst uncertainties and challenges in the post-pandemic world. As we face fierce competition from global internet-based services and content providers, our stronger strategic position will allow for better negotiation levers in how we choose to compete and cooperate.”

Axiata’s President & Group Chief Executive Officer, Dato’ Izzaddin Idris, said: “It is no secret that the telecommunications industry continues to face long-term structural headwinds of slower growth, increased operating costs and lower profits. On one hand, we see prices of products and services continue to slide while capital expenditure especially on network, quality coverage and advanced technology continue to rise. Against that, data traffic has doubled every year pre-Covid and expected to accelerate even faster in the new norm. Digital aspirations and the ever-increasing demand for connectivity call for significant investments. In order to stay ahead of the curve, we must strengthen the foundation to offer continuous high-quality broadband, improve 4G connectivity and subsequently, support the acceleration of 5G rollout.”

“We welcome the Government’s recent launch of MyDIGITAL and confident that Celcom Digi Berhad will have the capacity to invest and enable the realisation of these aspirations. We now will have the scale and competencies to deliver a wider range of innovative digital solutions to the Retail, Corporate and Enterprise segments.”

“As a commercially stronger and more resilient entity, Celcom Digi Berhad will help restore long-term growth and capacity to the industry, especially in terms of improved profitability. We will be well placed to further invest in research and innovation, and to improve our customer experience.”

“All in all, the proposed merger of two excellent Malaysian brands will serve to make lives better for our customers, giving them more choices for digital needs and higher quality services and solutions.”

-END-

#### **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 Digital, the digital services arm of Axiata is focused on two digital business verticals namely Digital Financial Services ('Boost', 'Aspirasi') and Digital Analytics & AI ('ADA').

'edotco', the Group's infrastructure company, operates in eight countries to deliver telecommunications infrastructure services, amassing approximately 32,800 towers. Presently the 16<sup>th</sup> 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.

#### **Issued By:**

Corporate Communications,  
Axiata Group Berhad  
Axiata Corporate Headquarters, Axiata Tower,  
9 Jalan Stesen Sentral 5, Kuala Lumpur Sentral.  
50470 Kuala Lumpur

#### **For media enquiries, please contact:**

Anuja Ravendran  
Corporate Communications  
Tel: +6012-2380581  
Email: [anuja@axiata.com](mailto:anuja@axiata.com)