

A photograph of three children playing in a lush garden. A boy in a striped shirt is on the left, a girl in a pink shirt is in the center holding a plant, and another boy is on the right. In the background, there is a house with a red roof and a large, modern, golden-colored structure. The scene is bright and sunny.

edotco acquires tower portfolio from PLDT to become the leading Independent TowerCo in the Philippines

20 April 2022

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“RM” shall mean Ringgit Malaysia being the lawful currency of Malaysia. Any discrepancies between individual amounts and totals are due to rounding.

edotco Successfully Secures its Targeted Portfolio from PLDT to Become The Leading TowerCo in the Philippines

Transformational deal further cementing edotco's position as the leading pan-Asian ITC with increased exposure to Emerging Markets

-  **Opportunity** to cement edotco's position as the leading pan-Asian ITC
-  **Strong Counterparty** with solid sale and leaseback MSA terms
-  **Attractive** pipeline of B2S growth opportunities
-  **Enhancing presence** in emerging markets with improved risk profile
-  **Superior** colocation potential from MNOs
-  **Unlocks significant value** to edotco ahead of future monetisation opportunities

Achieving immediate scale and #1 position in the Philippines with a portfolio of 2,973 towers and firm commitment of 750 B2S

Transaction Overview

edotco will acquire 2,973 towers through a sale and leaseback transaction with PLDT Group

- On 19 April 2022, edotco entered into SPA to acquire a portfolio of 2,973 towers and related assets from PLDT Group for PHP42bn (~US\$800m or ~RM3.4bn)
- In addition to the sale and leaseback of the towers, PLDT Group has also committed to place orders for an additional 750 build-to-suit (“BTS”) towers
- PLDT Group will enter into a leaseback arrangement for an initial 10-year Master Agreement (“MSA”), with 2 optional 5-year renewal periods as Anchor
- The monthly base rate for the sale and leaseback and BTS will be PHP100k and PHP120k per tenant per month (tower and power) respectively with inflation escalator of up to 3% p.a. on the O&M component
- The towers are expected to have immediate colocation potential
- Upon completion, edotco will become the largest ITC in the Philippines with >3k towers and an orderbook of >1k BTS
- Post transaction, edotco will own and manage a total of ~54k¹ passive telecommunication infrastructure assets

Transaction Timeline

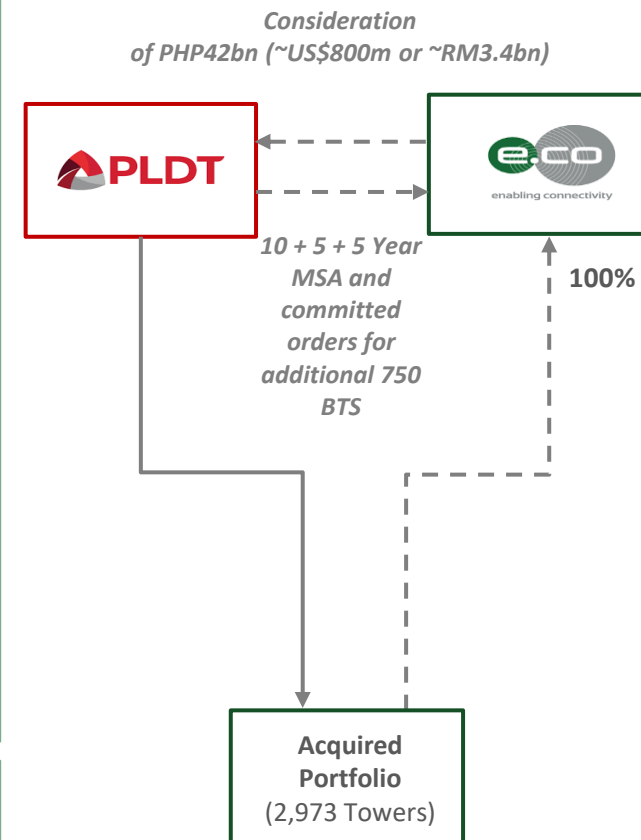
- Closing will be in batches, with the first batch of 1,500 towers is expected to be transferred by 2Q22, and the full portfolio before end-2022

US\$1 = PHP52.5; RM1 = PHP12.28

Note:

1. Tower count to date includes recent acquisitions post Dec’21.

Transaction Structure



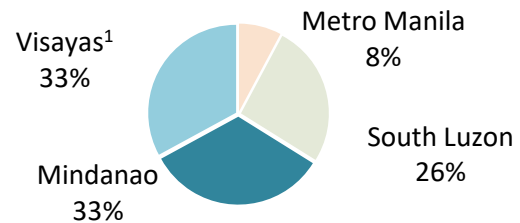
The selected portfolio enables edotco to gain access to a nationwide platform in the Philippines, strategically complementing its existing operations in Luzon region



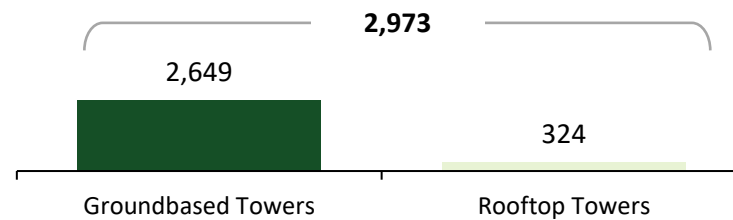
Chosen portfolio divested by PLDT Group

edotco's Acquired Portfolio (Nationwide)
 Comprises a **wide geographical spread** of sites across the Philippines, with **primarily ground-based towers (89%)** and **high colocation potential** on both **acquired towers** and **future BTS**

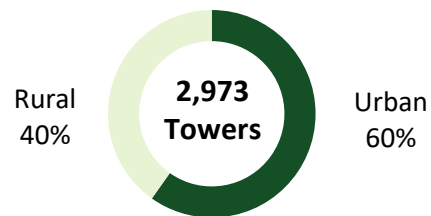
Regional Distribution



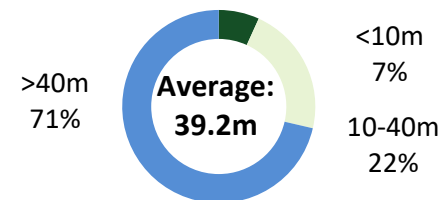
Tower Type Distribution



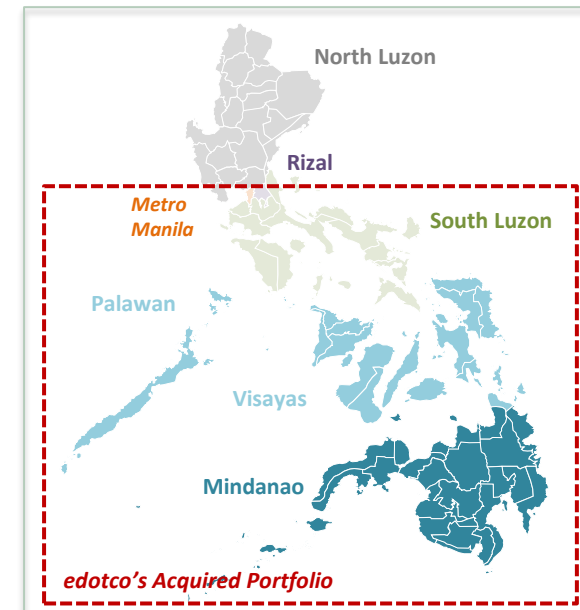
Site Area Distribution



Average Height



- ✓ **Strategic acquisition** to be the **first mover** in the **Southern region**, and to **secure nationwide access**
- ✓ **Strong growth and margin profile** translates into **superior financial returns**
- ✓ **Portfolio diversification** to Southern Philippines (Visayas and Mindanao), an **underserved region with significant infrastructure needs**, presenting **higher growth and colocation potential**
- ✓ Provides a **solid foundation** to harness **economies of scale** and build **operational track record** in the **frontier growth regions**

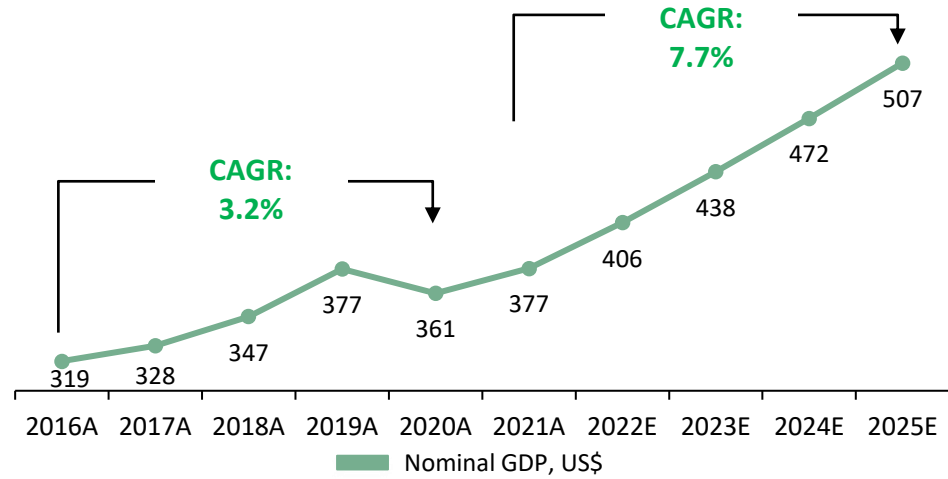


Note: 1. Includes Palawan

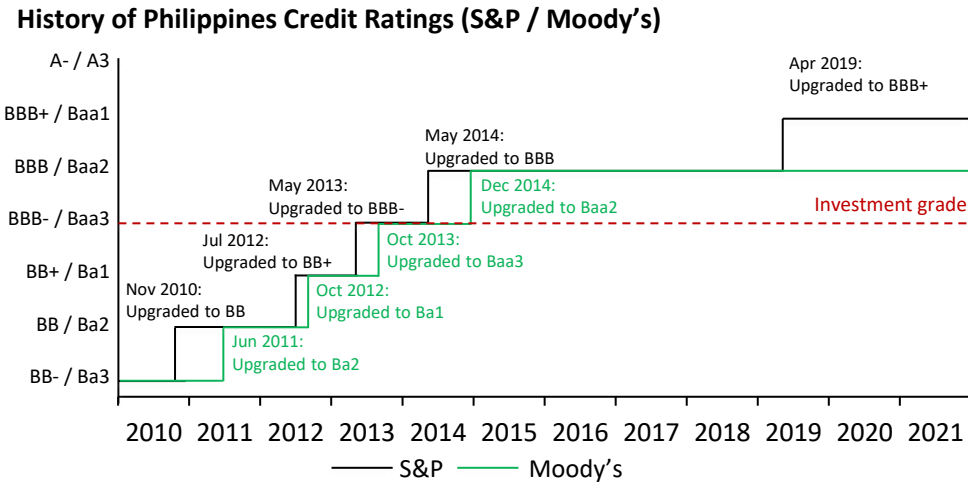
Unique opportunity for edotco to accelerate its Philippines expansion and become the leading domestic ITC on day 1

- 
- 1 Robust macroeconomic fundamentals underpinning the Philippines growth story**
 - 2 Enhancing presence in emerging markets and strengthening of pan-Asian platform**
 - 3 edotco to become the leading ITC in the Philippines**
 - 4 Ability to realise significant B2S growth and immediate colocation upside**
 - 5 Leveraging edotco's operational excellence and innovative infrastructure solutions to unlock synergies**
 - 6 Diversification and optimisation of edotco's portfolio**
 - 7 Immediate scale and strengthening of edotco's financial profile**

Robust GDP and economic outlook...

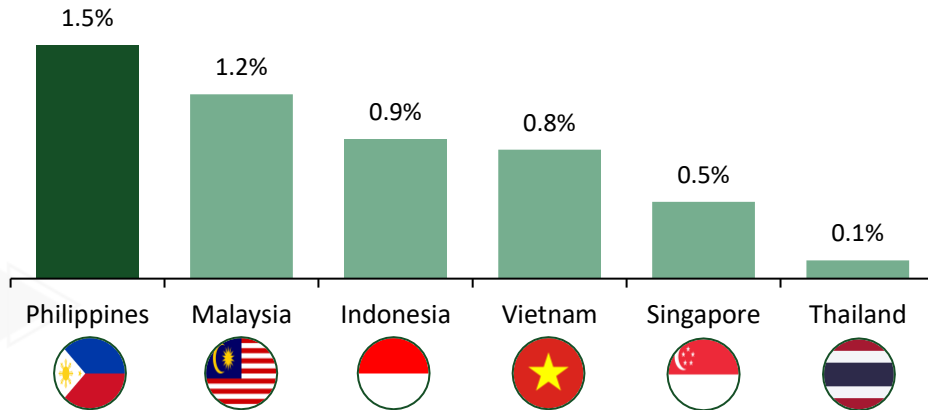


...and improving sovereign ratings



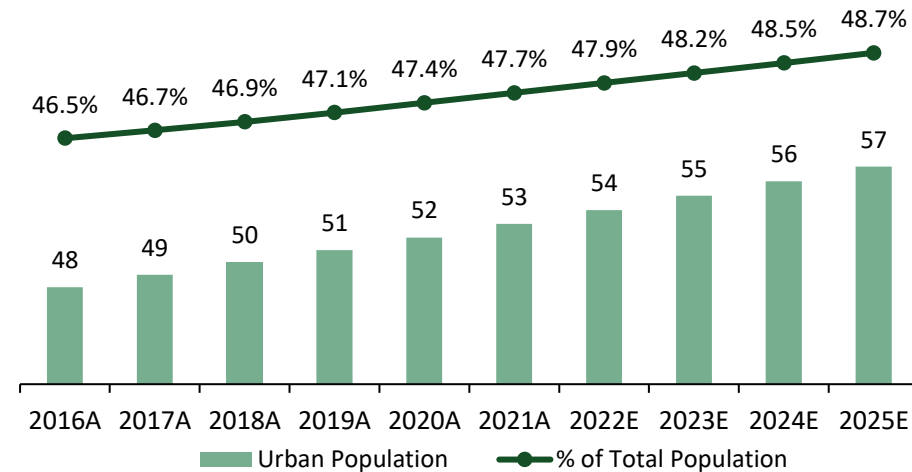
Highest population growth in the region...

Population CAGR, 2021 – 2025



...with an increasing urban population

Urban Population (mn) and % of total population



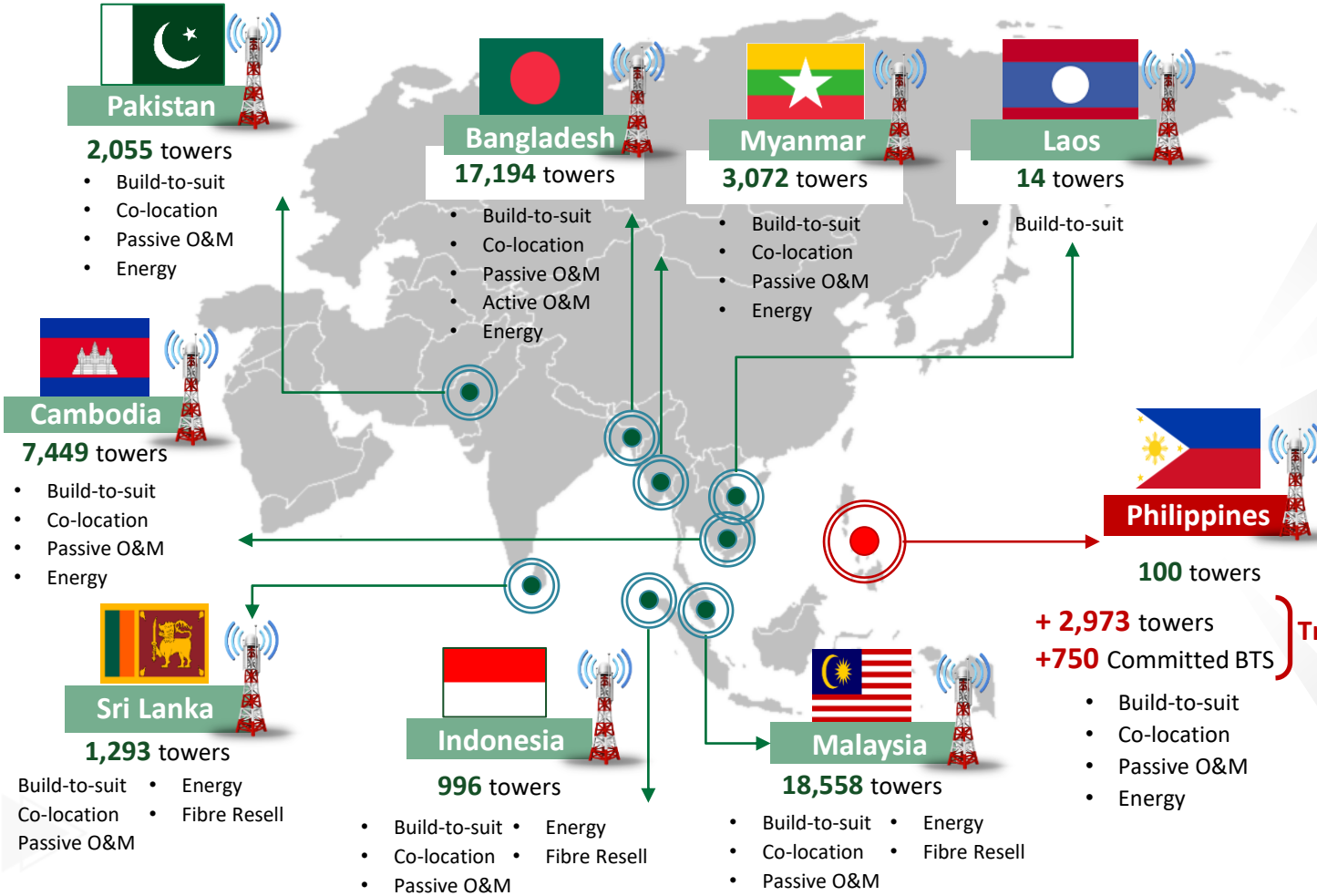
Source: IMF, World Bank, Philippine Statistics Authority, RTVM

First & Only Regional TowerCo in Asia

~54k¹ Towers owned and managed

6th Largest Tower Company Globally

Philippines is a Highly-Attractive Market...



66k Towers
(from ~25k as of June 2021)
Government Target

6.6k
Mobile Users per Tower

~163mn²
Mobile Subscribers

148%³
Mobile Penetration Rate

~20x
Mobile Data Traffic Growth since 2015

55%
(from ~1% currently)
5G Adoption Rate by 2030E

+ 2,973 towers
+750 Committed BTS } **Transaction**

- Build-to-suit
- Co-location
- Passive O&M
- Energy

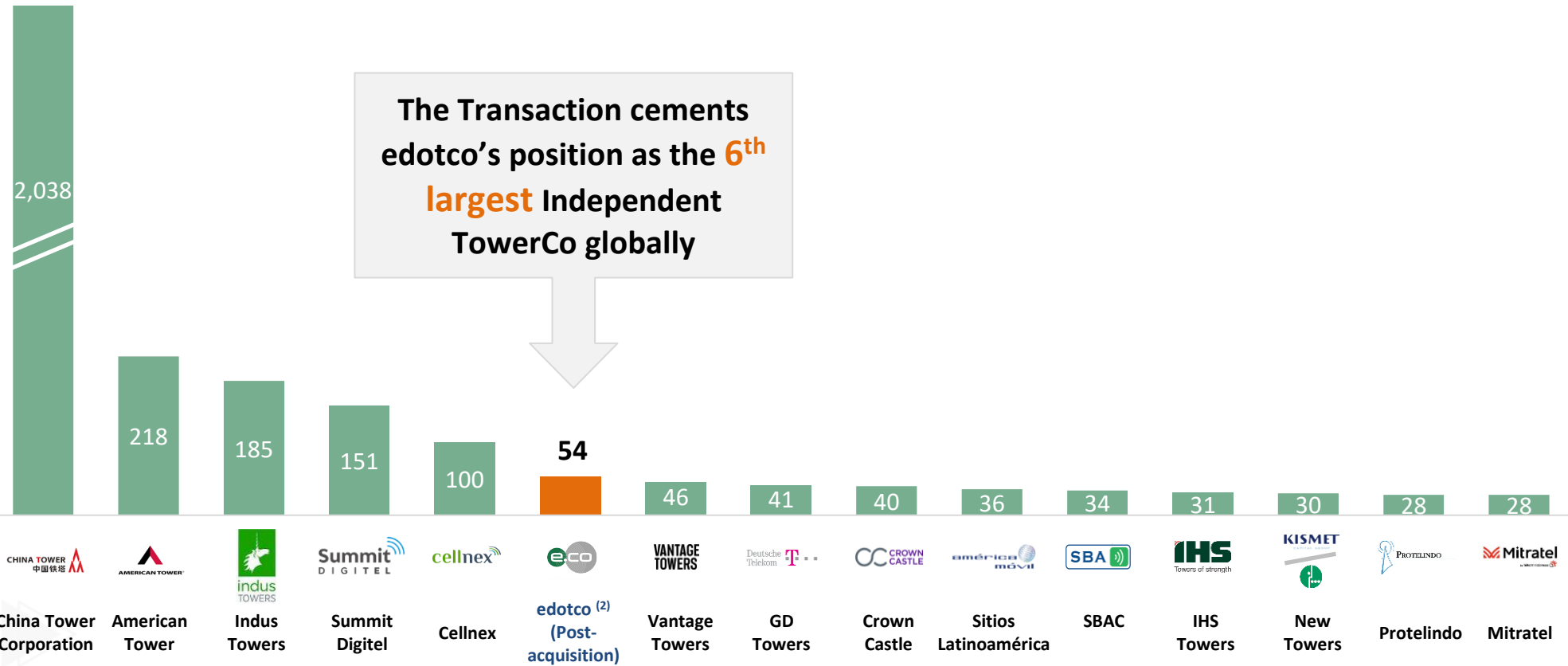
Source: edotco, newsrun, GSMA, IMF

Notes:

1. Tower count to date includes recent acquisitions post Dec'21; 2. Based on Globe, PLDT and Dito subscribers as of Dec'21; 3. Based on mobile subscribers divided by population count for 2021

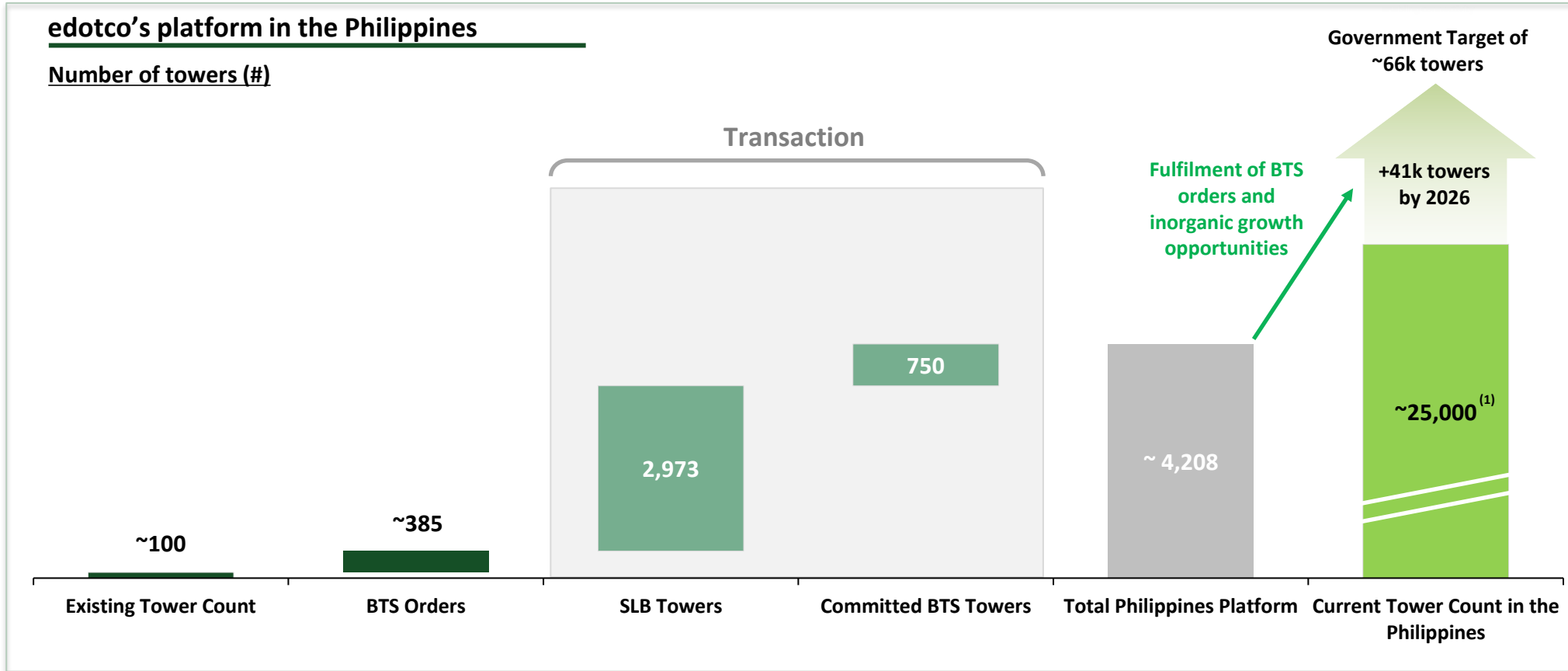
Global TowerCo Ranking by Tower Count ¹

Number of towers ('000s)



Source: Company websites, TowerXChange (1Q22)

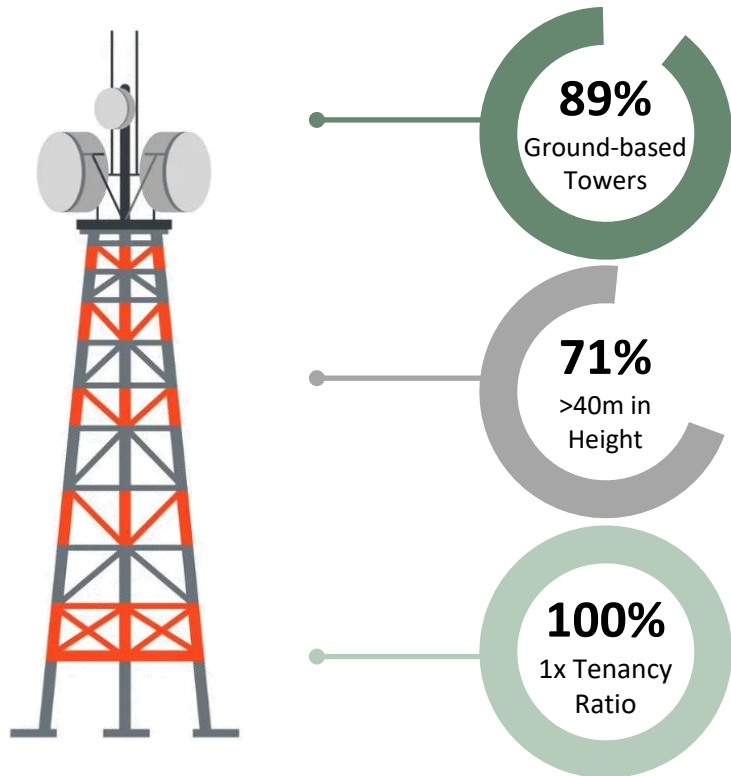
Note: 1. Tower count to date includes recent acquisitions post Dec'21; 2. Owned and managed towers



- **First mover advantage** for edotco with a **tower market at an inflection point** where the leading ITCs will drive future tower growth
- Total ITC towers built to date is <1,000, edotco is the **first ITC to reach milestone of ~100 towers built to date (Apr'22)**
- The Transaction will add an additional **2,973 towers** with PLDT placing orders for an **additional 750 built-to-suit towers**
- edotco will become the largest ITC in the Philippines with **>3k towers** and an **orderbook of >1k BTS** with a regional presence across the archipelago
- With the acquisition, edotco will **own ~17% of towers in the Philippines** and will be well-positioned to **capture a substantial share** of future tower roll-outs

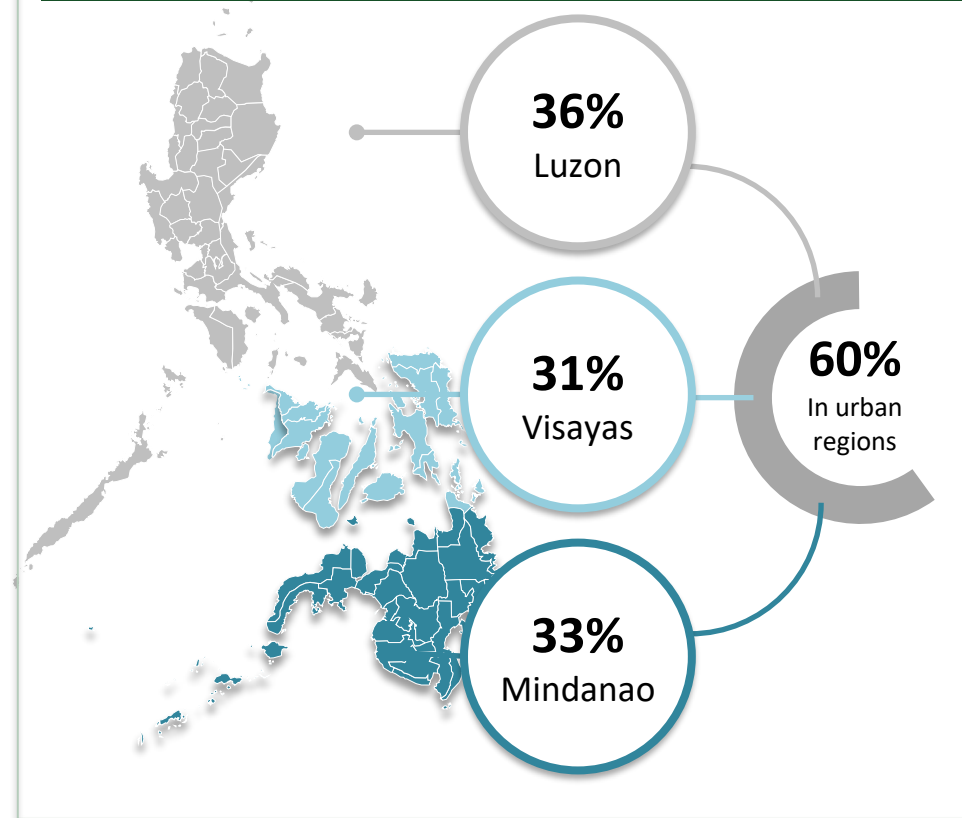
Note: 1. Tower count as disclosed by NTC as of 30 Jun '21

Ideal asset profile for colocation



- PLDT's towers are **89% ground-based structures (2,649 towers)** and **71% are >40m in height** making them optimal for colocation
- Given that these towers were **captive to PLDT** (and have a tenancy ratio of 1x), there is **increased scope** for the remaining two MNOs to share the passive tower infrastructure, leading to **significant colocation potential** on these towers (>2x)

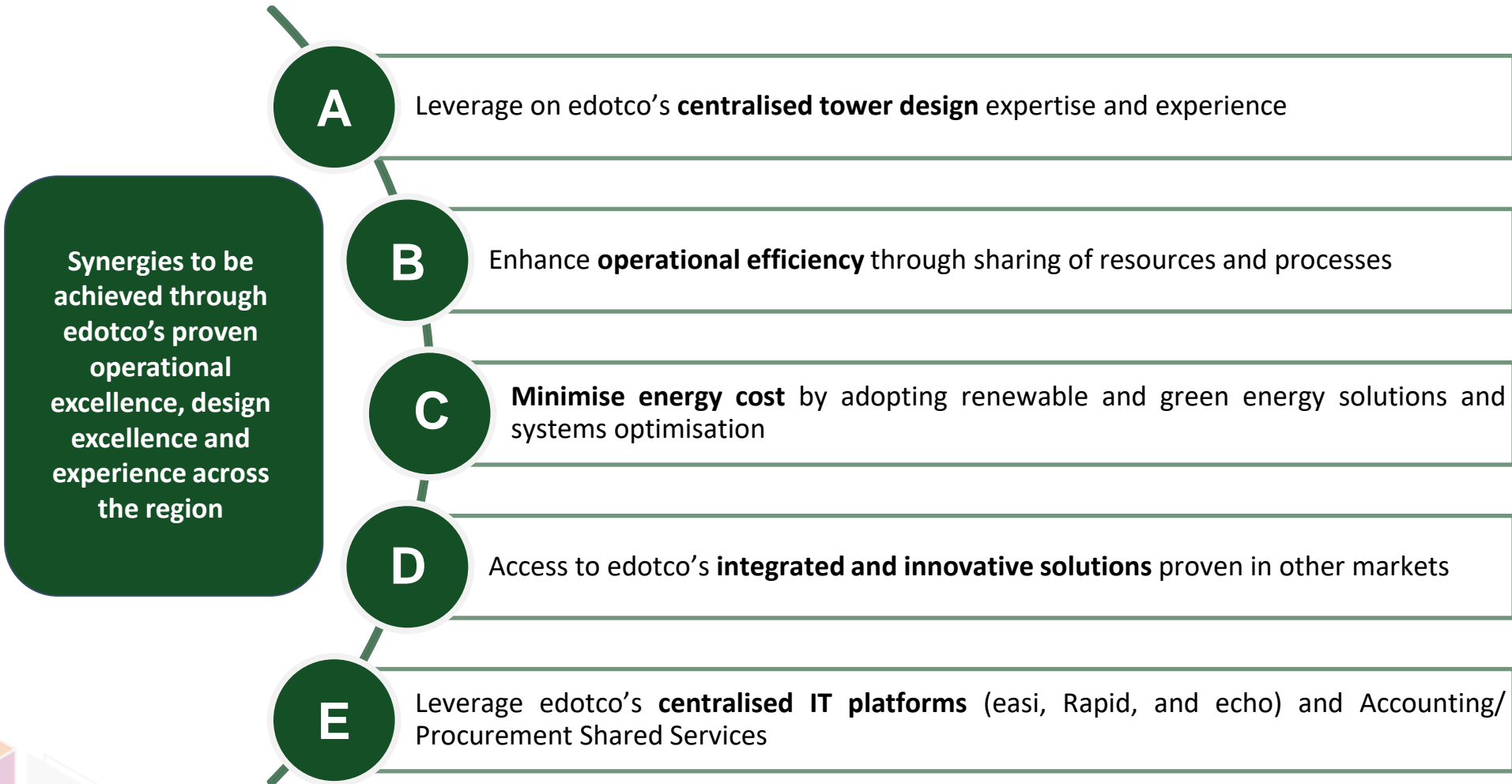
Wide geographical spread with a focus on the Southern region with higher growth potential



- The portfolio is also spread across the Southern region of the Philippines, **an underserved region with significant infrastructure needs** and expected to be the **next frontier of growth** for the MNOs
- The **750 committed BTS** will be in the **same regions** and are expected to have **high colocation potential**, driven by **fewer parallel sites**, the **roll out of 5G** and **network densification requirements**
- Operationally more attractive region given **lower land lease**, and relatively **easier permitting and electrification**



5 Leveraging edotco's operational excellence and innovative infrastructure solutions to unlock synergies 



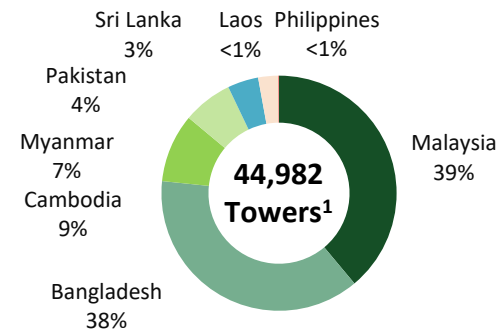
6 Diversification and optimisation of edotco's portfolio



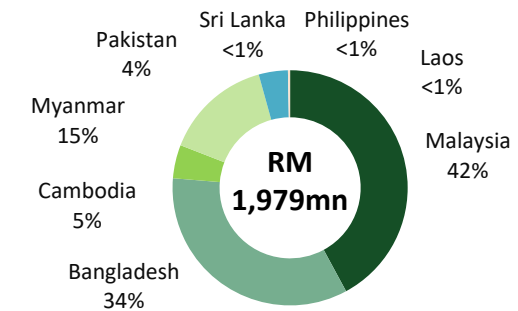
- Diversifies edotco's business to the more stable, fast-growing emerging markets with more predictable growth and lower risk profile
 - Philippines tower count contribution increases from <1% to 6%
 - Philippines revenue contribution increases from <1% to ~13%²
- Attractive EBITDA margin of ~76% and significant contribution of +16% to the edotco Group EBITDA
- Lower cost of capital vis-à-vis the edotco Group WACC and which rebalances the portfolio risk and unlocks immediate value for the group
- The purchase price is expected to deliver attractive returns that is above our cost of capital over a long-term period; it also represents an EV / Tower of ~US\$270k, which compares favorably with tower transactions in the region

Current

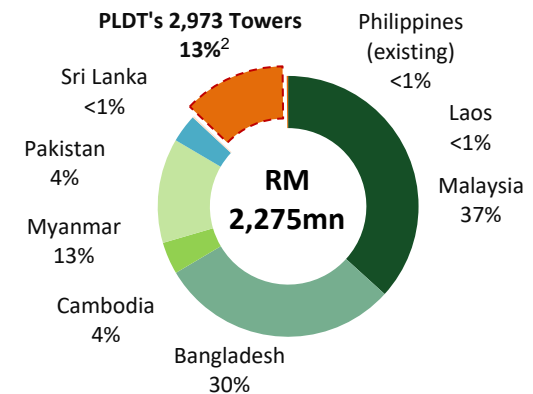
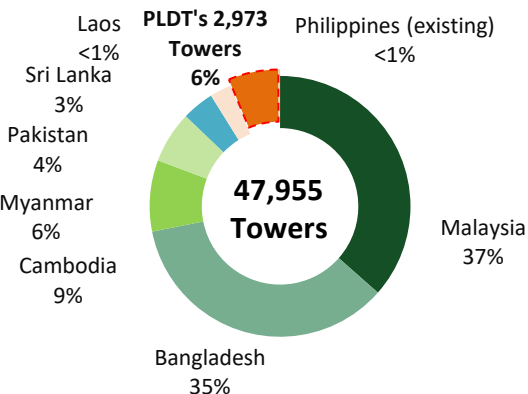
Owned and Managed Tower Distribution



Revenue Distribution (FY21A)



Post-Acquisition



RM1 = PHP12.28

Notes:

1. Based on tower count as of Dec '21

2. Illustrative pro-forma revenue contribution based on annualised figures for the acquired PLDT portfolio

7 Immediate scale and strengthening of edotco's financial profile



	edotco Standalone (FY21)	PLDT Portfolio	Post-Transaction (FY21)
Towers Owned	25,898 ¹	+2,973	28,871
Towers Managed	19,084 ¹	-	19,084
Towers Owned + Managed	44,982 ¹	+2,973	47,955
Revenue (RMmn)	1,979	+297 ²	2,275
Post-IFRS EBITDA (RMmn)	1,238	+227 ²	1,465
EBITDA Margins (%)	62.6%	76.4%	64.4%

RM1 = PHP12.28

Notes:

1. Based on tower count as of Dec '21

2. Illustrative pro-forma revenue and EBITDA contribution based on annualised figures for the acquired PLDT portfolio

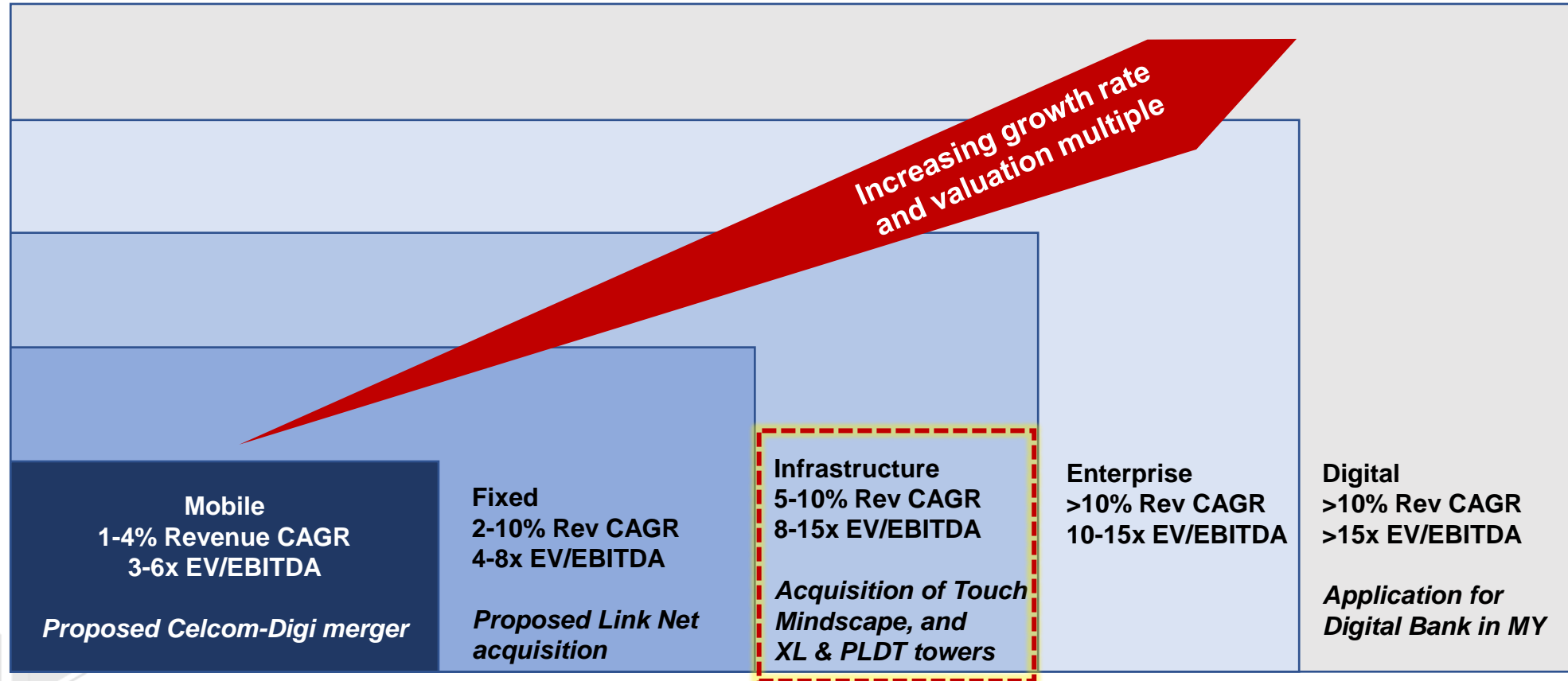
Axiata 5.0: Executing the strategy

edotco's recent acquisitions are in line with Axiata 5.0 'Key Focus Area #3: New Growth Areas' which aims to deliver long term sustainable growth for Axiata with investments in infrastructure, digital and enterprise. Furthermore, Axiata is also gearing up for value illumination of our infrastructure business, which is part of 'Key Focus Area #10: Portfolio Optimisation & Value Illumination'.



Value creation for shareholders

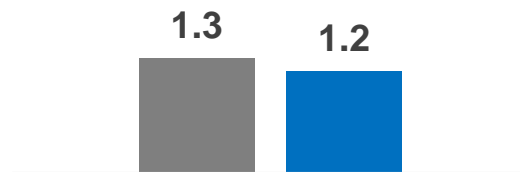
Investments in Infrastructure will generate long term value for shareholders, with strong revenue CAGR of 5-10% and command higher valuation multiples of up to 15x EV/EBITDA. Infrastructure business comes with assured cashflows.



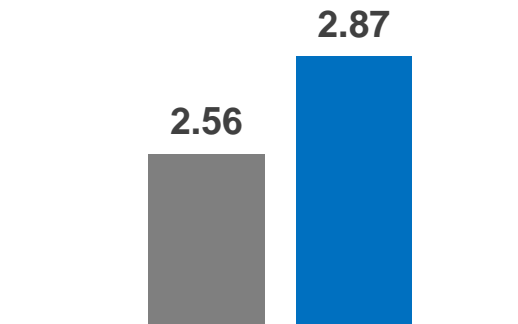
Axiata: Proforma 2021

Acquisition lowers Axiata's proforma 2021 N.PATAMI to RM1.2bn from higher D&A and finance costs; gross debt/EBITDA increases to 2.87x.

Norm PATAMI (RMbn)



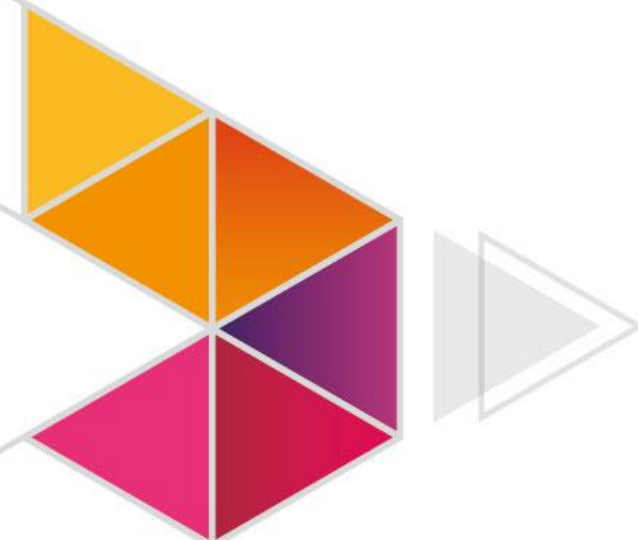
Gross debt/EBITDA (x)



■ 2021 ■ 2021 Proforma



Appendix



Competitive bidding process has driven telco towers valuation upwards due to the scarcity of attractive assets available for sale luring multiple strategic infrastructure investors

EBITDA multiple taken in isolation may not reflect the right benchmark comparison due to the nature of the sale and leaseback assets as the terms are not standard given the following parameters:



Colo: Single tenanted nature of the portfolio as the Philippines are at an inflection point with the government policy driving infra sharing



Growth: First mover advantage with significant future colo potential and B2S opportunities (including committed 750 B2S)



Cost optimisation: Various opportunities by leveraging on edotco existing regional operational capabilities and know how



MSA terms: Valuation is driven by the MSA negotiated terms which are unique to other deals



Lower cost of capital: Driven by stable macroeconomic conditions

The transaction is valued at a low to mid-teens EBITDA multiple (Post-IFRS)



Thank You

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