



Robi-Airtel merger

2 February 2016

Axiata is pleased to announce that Robi is leading the Bangladeshi telecom market consolidation, with the merger of Airtel. The completion of the merger is subject to relevant approvals.

Axiata has consistently emphasized its focus on in-market consolidation as a key value driver across its footprint.

1. In-country consolidation of the highly competitive and crowded 6-player market in Bangladesh will improve long term sustainability of the industry.
2. Robi will strengthen its #2 position, and drive mobile data through scale.
3. Spectrum : Merged entity will have 39.8Mhz relative to 19.8Mhz of Robi – 15/20Mhz is adjacent to rob
4. Synergy: Robi can benefit from synergy opportunities such as asset reuse, wider network coverage, and greater sales, service and distribution reach.

The transaction highlights Axiata's prudent investment philosophy

1. Valuation is based on sum of the parts methodology looking at specific component of the assets which drive the specific valuation blocks
2. Based on Axiata's FY14 proforma, immediate marginal accretion to revenue, neutral impact on EBITDA, and with PATAMI accretion in the medium term.
3. On a proforma basis for Robi, the transaction is immediately revenue accretive, whilst EBITDA and PATAMI will be accretive within the 2nd and 3rd year of merger, respectively

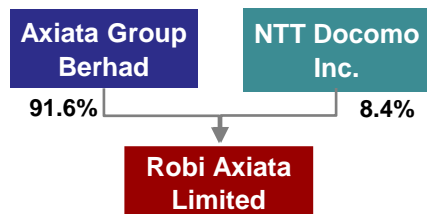
The transaction will be a first of its kind in terms of scale and complexity in the Bangladeshi telecommunications industry.

1. Robi's management team will secure immediate benefits and ensure the smooth integration of Airtel's operations to deliver a win-win for all stakeholders.
2. Robi can also leverage on Axiata's seasoned management team which has a successful integration track record in Sri Lanka, Cambodia and Indonesia.

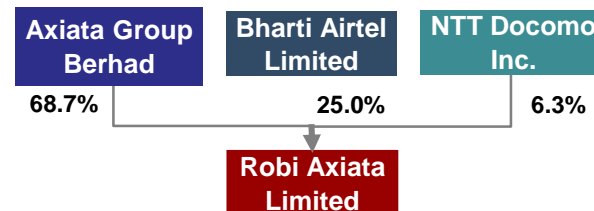


Summary transaction structure

Current shareholding structure



Pro forma shareholding structure



Transaction structure

- Axiata Group is entering into an agreement with Bharti Airtel to combine both companies' mobile operations in Bangladesh.

Transaction consideration

- Transaction to be funded by issuance of new equity in Robi to Bharti.
- Absorption of proportionate debt into merged entity.
- MergeCo is valued in the approximate range between USD1.85bn to USD2.20bn
- Post merger, Axiata, Bharti and NTT Docomo will own 68.7%, 25.0% and 6.3% respectively in Robi.

Indicative timeline and main completion conditions

- Conditional agreement is executed with closing subject to obtaining condition precedents including Bangladesh High Court, Bangladesh Telecommunication Regulatory Commission (BTRC) and Ministry of Posts & Telecommunications (MoPT) approvals.
- Transaction is expected to close in 2Q 2016.

1

STRATEGY: In-country consolidation

- With acquisition of #4 player Airtel, Robi becomes a strong #2 player with increased subscriber and revenue market share estimated at ~29% and ~30% respectively.
- Strengthens position in key markets of Chittagong-Comilla-Dhaka (CCD) regions; significant market share growth in rest of the regions.
- Strengthens position in the youth segment.

2

INDUSTRY: Improves market structure

- Consolidation in highly competitive and crowded 6-player market will result in a more rational market.
- Improves long term sustainability of the industry.

3

SYNERGY: Synergy opportunities

- Wider 2G and 3.5G network coverage in Bangladesh, and larger tower portfolio.
- Wider geographic reach with extensive sales and distribution channels
- Asset reuse – Tower, radio and transmission Infrastructure.

4

SPECTRUM : 20Mhz (900/1800/2100)

- Availability of an additional carrier in 2100MHz; and 10MHz in 1800MHz band which is contiguous to Robi's current spectrum holding along with 5MHz in 900MHz band.

5

FINANCIALS: Prudent transaction

- Prudent transaction focused on enhancing shareholders' value over the medium term.
- Based on Axiata's FY14 proforma, immediate marginal accretion to revenue, neutral impact on EBITDA, and with PATAMI accretion in the medium term.



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STRATEGY:

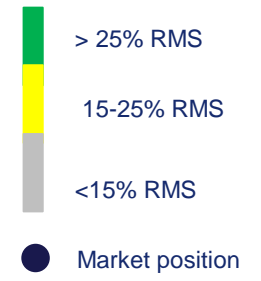
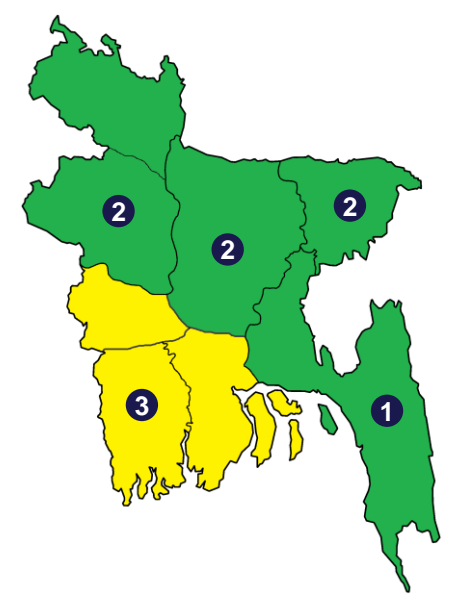
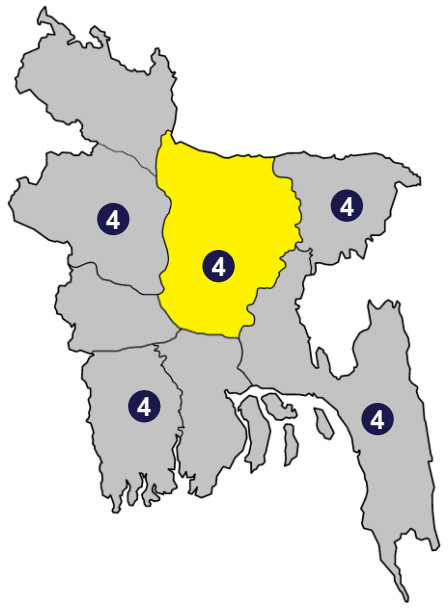
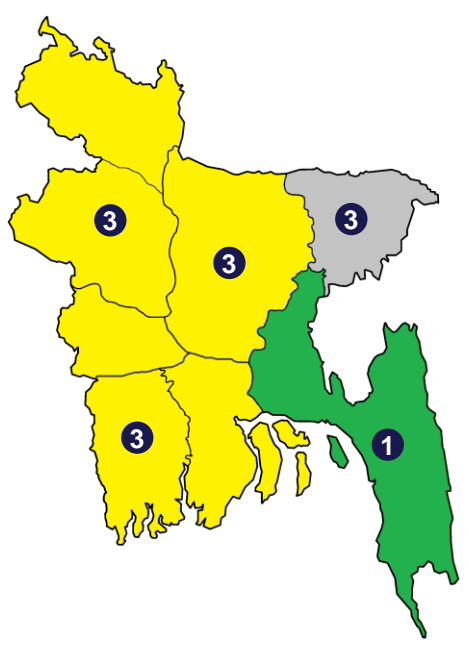
In-country consolidation to create a credible and strong #2 player



Robi

Airtel

MergeCo



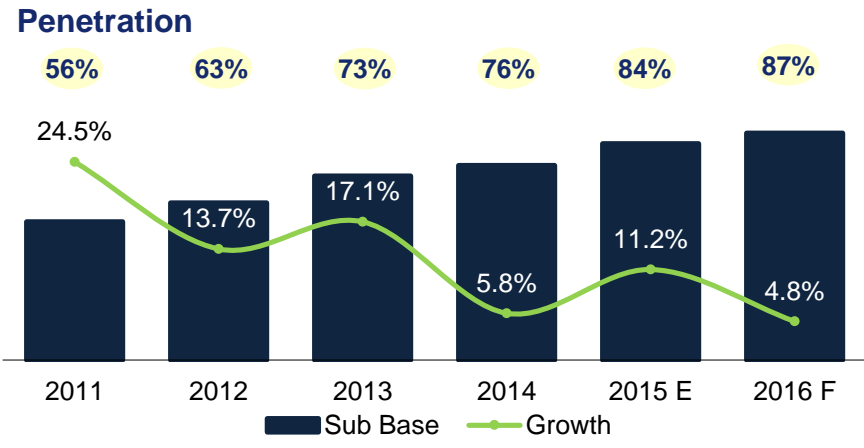
NRMS=National Revenue Market Share
Source: BTRC reports, market intelligence

INDUSTRY:

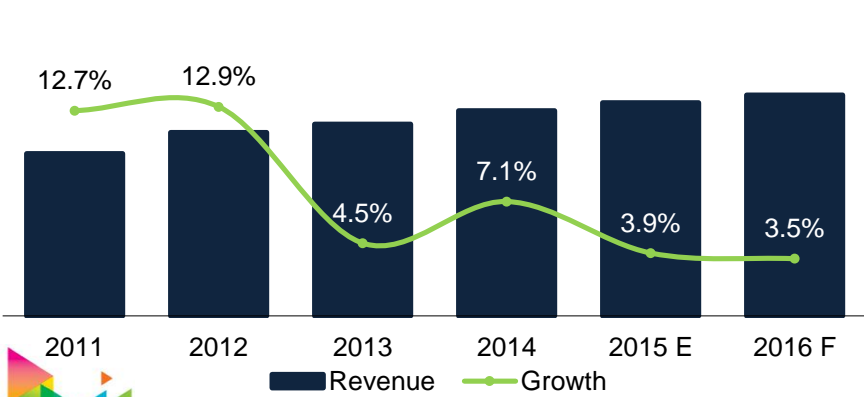
The proposed merger will improve the market structure and long term sustainability of the industry



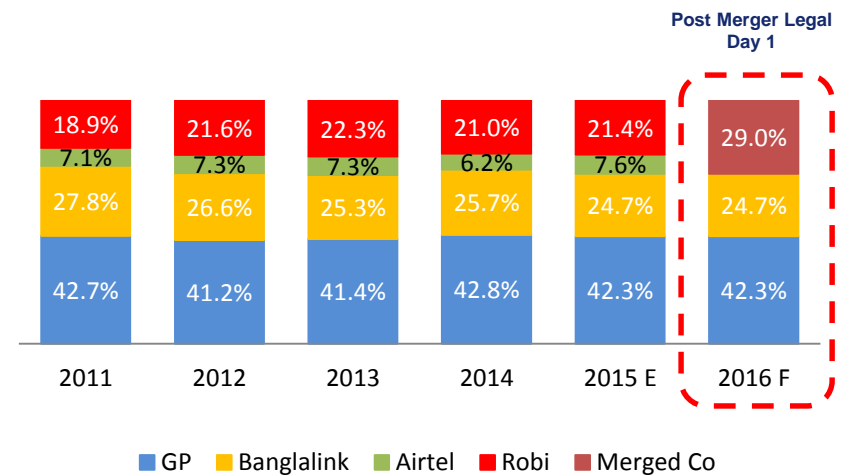
Market subscriber trend



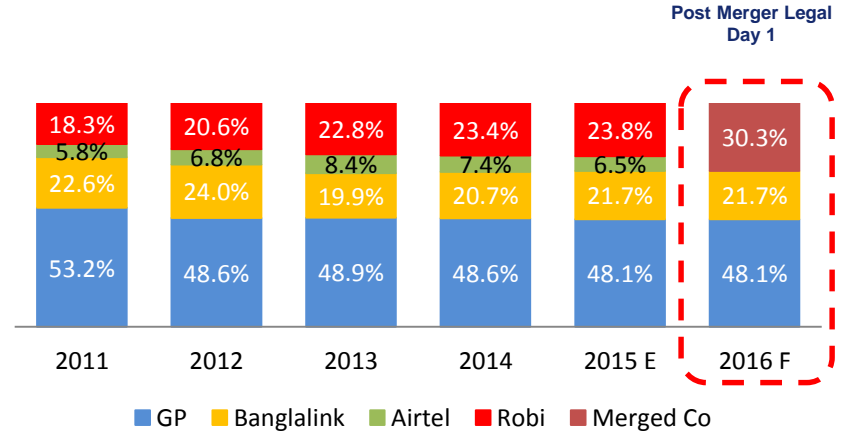
Market revenue trend



Pre & Post merger CMS trend



Pre & Post merger RMS trend

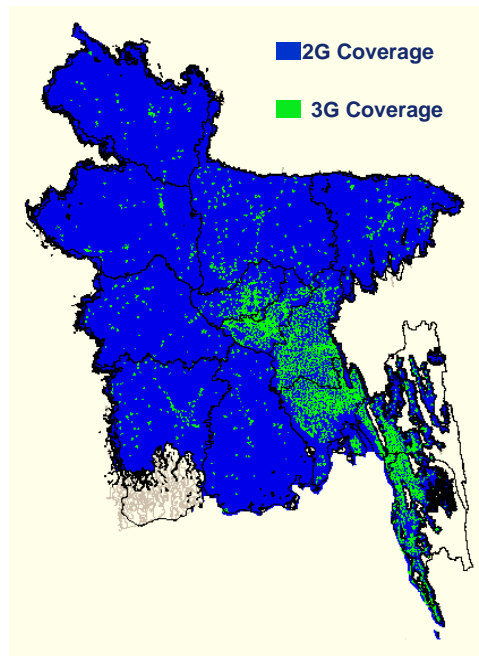


Source: Frost & Sullivan, BTRC, Company Published reports

SYNERGY:

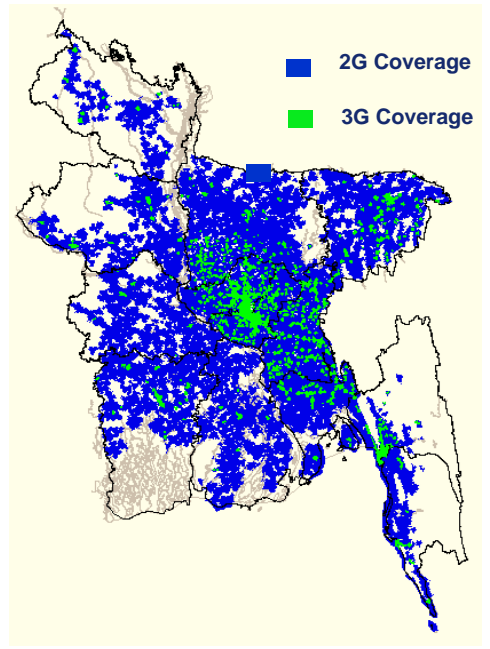
Combined network will have wider 2G and 3.5G network coverage to achieve best data network

Robi coverage map (2015)



2G Sites	3G Sites
8,850	3,800

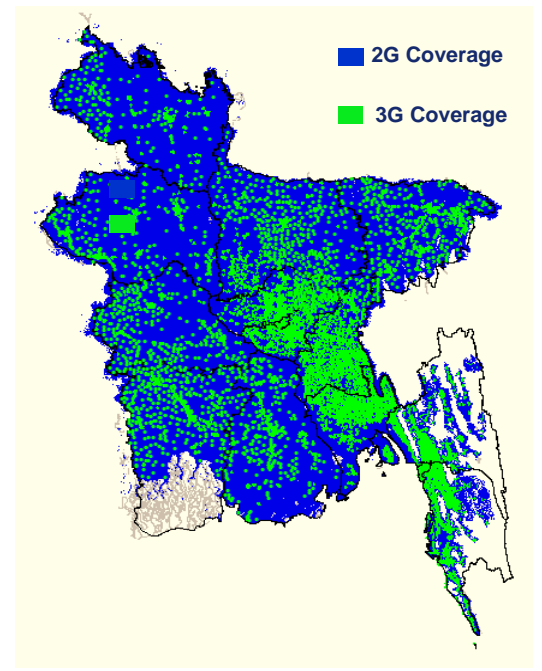
Airtel coverage map (2015)



2G Sites	3G Sites
5,250	2,700



MergeCo coverage map (Steady state)



Source: Internal analysis

SYNERGY:

MergeCo will have wider geographic reach with extensive sales and distribution channels, **axiata** and lower cost to serve



Enhanced retail coverage

- SIM selling outlets likely to increase by 20-25%
- Recharge POS likely to increase by 20-30%
- Store footprint likely to increase by 15-20%

Improved quality of distribution

- Stronger distributors due to larger scale of business
- Improved distributor viability in challenger markets

Lower cost to serve

- Synergies in distribution infrastructure
- Lower operational and distribution costs due to increased scale



5 FINANCIALS:

Axiata: Immediate accretion to revenue, and enhances shareholders' value over the medium term



Impact on Axiata from this transaction:

Revenue	■ FY2014 proforma revenue accretion of 4%.
EBITDA	■ FY2014 proforma EBITDA neutral.
PATAMI	■ PATAMI accretive from 2018 onwards.
ROIC	■ Marginal impact.



5 FINANCIALS:

Robi: Immediate revenue accretion of 20-25% in FY16

Impact on Robi from this transaction:

Revenue

- FY16 accretion of 20-25%.

EBITDA

- Marginal dilution in FY16 due to integration cost.
- Accretive from FY17 onwards.

PATAMI

- Accretive from FY18 onwards.

ROIC

- Accretive in FY18.



Axiata has proven track record with in-country consolidation and integration



We have successful integrated Dialog-Suntel, Hello-Smart and XL-Axis

Roadmap for successful integration

People development



- Ensure effective onboarding and engagement
- Provide extensive development opportunities in a high growth environment

Network optimization



- Deliver superior network coverage and quality
- Achieve greater economies of scale and efficiency

Service improvement



- Strengthen and simplify product portfolio
- Widen sales and service network

Customer experience enhancement



- Create best in class customer experience by integrating best practices from both organizations

Axiata has proven success with in-country consolidation and integration

Sri Lanka



Cambodia



Indonesia



Conclusion: Merger is in line with Axiata's long term strategy, financial objectives and M&A criteria



Long term strategy

- Long term commitment to core markets.
- In line with Axiata's M&A strategy for in-country consolidation



Financial objectives

- Based on FY14 proforma, immediate marginal accretion to revenue and neutral to EBITDA.
- PATAMI accretion from 2018 onwards.



M&A criteria

- Brownfield investment.
- Management control retained.
- Growth market in Bangladesh, especially mobile internet.



Thank You

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