

FOR IMMEDIATE RELEASE

Axiata Announces Signing of Definitive Agreement with Sinar Mas for the proposed merger of XL Axiata and Smartfren in Indonesia

KUALA LUMPUR, 11 DECEMBER 2024 – Axiata Group Berhad (“**Axiata**” or “**the Group**”) today announced the signing of a definitive agreement with Sinar Mas (“**Sinar Mas**”) to progress the proposed merger of PT XL Axiata Tbk (“**XL Axiata**”), PT Smartfren Telecom Tbk (“**Smartfren**”), and Smartfren’s subsidiary – PT Smart Telcom (“**SmartTel**”) – in Indonesia. The transaction marks a major milestone in advancing Axiata’s long-standing commitment to the Indonesian market.

The merged entity will combine Axiata’s regional expertise and deep experience in managing integrated operations with the local knowledge and established presence of Sinar Mas, creating a larger, financially robust organisation. It aims to serve millions of Indonesian customers by delivering seamless connectivity, innovative digital solutions, and investing in future technologies such as 5G, artificial intelligence, cloud-based services, and cyber resilience, driving growth in the Indonesian digital economy. The merged entity will be named PT XLSmart Telecom Sejahtera Tbk (“**XLSmart**”).

XLSmart will serve a combined mobile subscriber base of approximately 94.5¹ million, representing around 27%¹ of the local market share, further solidifying itself as one of Indonesia’s most influential and trusted telecommunications operators. This expanded scale will support combined pro forma revenues of IDR45.4¹ trillion (USD2.8 billion) and EBITDA of IDR22.4² trillion (USD1.4 billion), providing a solid financial foundation for reinvestment into profitable growth and yield.

Uniting two of Indonesia’s most trusted telecommunications operators with further market consolidation will foster a healthier competitive environment and advance the nation’s digital transformation agenda through enhanced-services, improved network quality, and greater capacity for innovation.

Building On Axiata’s Robust Regional Portfolio

This merger is a key pillar in Axiata’s broader strategy to drive performance, strengthen market structures through consolidation, and deliver sustainable, long-term value across its regional operations. Upon completion, Axiata will operate in markets with a three-player structure, where the Group holds an over 25% market share.

This includes realising opportunities to reshape the Group’s portfolio and build long-term sustainable businesses when they present themselves. Following the completion of the merger, XLSmart will join a high-value creation Indonesian portfolio of four other businesses - Link Net, EDOTCO, Boost, and ADA.

¹ All financials as of LTM September 2024; Assumed FX (USD / IDR) of 16,000; Financials presented are pre-synergies.
² EBITDA values denote revenue less operating expenses plus depreciation/amortisation.

XL Axiata will serve as the surviving entity while Smartfren and SmartTel will dissolve by operation of law upon merger completion and become part of XLSmart. Axiata and Sinar Mas will remain joint controlling shareholders with 34.8% ownership stake each in XLSmart, with equal influence over its strategic direction and decisions, as well as offering unique access to their extended networks, resources and expertise to support growth.

At completion, shareholding equalisation will result in Axiata receiving up to USD475 million. At transaction closing, the Group will receive USD400 million, along with an additional USD75 million at the end of the first year subject to the satisfaction of certain conditions. The Group will use the funds to primarily pare down debt. Additionally, by continuing to own shares of XLSmart, Axiata shareholders will have the opportunity to capture synergies and participate in the new company's long-term value creation potential.

As a joint controlling shareholder, Axiata will also stand to benefit from this strategic consolidation of XL Axiata and Smartfren, which will allow XLSmart to:

- **Achieve Operational Efficiencies and Cost Synergies:** By combining the operational resources and infrastructure assets of XL Axiata and Smartfren, XLSmart will benefit from significant cost efficiencies and improved economies of scale. These synergies, estimated to realise annual run-rate pre-tax synergies of USD300 to USD400 million post completion of integration, will enhance profitability, deliver sustainable returns and support reinvestment into critical areas such as 5G expansion, customer experiences, and network connectivity, contributing to long-term sustainable growth.
- **Strengthen Financial Performance:** With an expanded customer base, higher spectrum basket, broader service offerings, and enhanced financial stability, XLSmart is better positioned to compete with larger players in the market to capture market share, improve revenue streams, and drive shareholder value. The combined financial and operational capabilities will enable the new entity to deliver competitive services and innovative solutions at scale, meeting the demands of Indonesia's high-growth digital market.
- **Support Indonesia's Digital Economy Goals:** This merger aligns with Axiata's vision to bridge the digital divide by expanding digital access and promoting connectivity. XLSmart will have the resources to support the Indonesian government's agenda for a connected, inclusive digital economy, creating opportunities for individuals, businesses, and public sector entities to thrive in the digital era.

Tan Sri Shahril Ridza Ridzuan, Chairman of Axiata said "We are incredibly proud to deepen our partnership with Sinar Mas through the creation of XLSmart as we work together toward our ambitious commitment to bridging the digital divide and fostering a connected, inclusive, and thriving digital economy across Indonesia and the broader ASEAN region. Axiata understands that achieving these goals requires strong, strategic collaborations, and we believe that this relationship with Sinar Mas will further empower us to deliver sustainable

digital growth and make many of these goals a reality. We look forward to building a successful future with Sinar Mas and creating meaningful impact for generations to come.”

Vivek Sood, Group Chief Executive Officer and Managing Director of Axiata said, “An essential part of our value creation strategy is how we are reshaping the competitive landscape by leading consolidation in the markets in which we operate to create stronger, more competitive companies. Axiata has demonstrated significant expertise in executing successful mergers and unlocking value for shareholders. In Bangladesh, the merger of Robi and Airtel in 2016 increased the customer base and continues to deliver profitable growth. In Malaysia, the merger of Celcom and Digi in 2022 created a strong, unified brand that continues to deliver exceptional value and operational synergies. Similarly, in Sri Lanka, the merger of Dialog and Airtel earlier this year has opened new growth opportunities and strengthened our market presence.”

“We are excited to bring our expertise to XLSmart, combining two complementary and solid businesses to form a strong telecommunications operator uniquely positioned to meet the evolving needs of customers across all key segments. XLSmart will be a powerful platform to deliver enhanced connectivity, foster digital inclusion, and bridge the digital divide for communities across the country. XLSmart’s priorities will be on ensuring a stable market environment, maximising merger synergies and driving profitable growth.

“We are confident that XLSmart will be well-positioned to thrive in Indonesia’s dynamic digital economy. Ultimately, we aim to unlock lasting value and benefits for all our stakeholders, including shareholders, customers, employees, and Indonesia as a whole.”

The transaction remains subject to regulatory and shareholder approvals, as well as customary closing terms and conditions. Assuming all approvals and conditions are met, the proposed merger is expected to be completed by the first half of 2025.

As integration moves forward, both companies will support the XL Axiata and Smartfren leadership teams to ensure a smooth transition for all employees, customers, and partners, with an ongoing commitment to transparency and stakeholder engagement throughout the process.

All material updates regarding the merger will be communicated through official channels, including exchange announcements, regulatory disclosures and respective company websites.

- Ends -



About Axiata

In pursuit of its vision to be The Next Generation Digital Champion, Axiata is a diversified telecommunications and digital conglomerate operating Digital Telcos, Digital Businesses and Infrastructure businesses across a footprint spanning ASEAN and South Asia.

The Group has controlling stakes in market-leading mobile and fixed operators in the region including 'XL' and 'Link Net' in Indonesia, 'Dialog' in Sri Lanka, 'Robi' in Bangladesh, and 'Smart' in Cambodia while 'CelcomDigi' in Malaysia is a Key Associate Company. Axiata's regional digital business verticals comprise 'Boost' a fintech company, and 'ADA', a digital analytics and AI company. 'EDOTCO' is among the top 10 independent TowerCos globally, operating in nine countries to deliver telecommunications infrastructure services.

As a committed and long-term investor, the Group actively supports and drives young talent development; community outreach; as well as climate change initiatives. Axiata's broader goal of Advancing Asia aims to piece together the best in the region in terms of innovation, connectivity and talent to drive digital inclusion and sustainable progress across our markets. Find out more at www.axiata.com

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